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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Captured Documents Show Iraq Al Qaeda Plotted Attacks In US. ABC World News (1/22, story 3, 2:10, Gibson, 8.78M) reported, "American officials have long feared that insurgent and terrorist activity in Iraq could spill over into this country, and now it appears those fears were justified. For the first time, American officials uncovered a plan by al Qaeda in Iraq to strike inside the United States." ABC (Thomas) added that "highly-classified incident documents" were "captured in a raid on an al Qaeda in Iraq safe house," and "sources tell ABC News the documents show al Qaeda in Iraq was developing a plan to slip terrorists into the US using student visas, the same technique used by the 9/11 hijackers. … The plot was discovered six months ago, around the time Zarqawi was killed by coalition forces." The CBS Evening News (1/22, story 3, :30, Couric, 7.66M) noted, "CBS News has learned al Qaeda wanted to use student visas to get terrorists into this country. Intelligence officials say all of those involved have either been captured or killed."

The Los Angeles Times (1/23, Meyer, 850K) reports, "The plot appeared to be little more than an informal list of Al Qaeda-affiliated operatives and initial plans…said one official. But it was deemed serious enough to alert the FBI and the Department of Homeland Security, which mobilized agents in the United States to look for possible terrorists and for signs of attempted infiltration, said the official, who spoke on the condition of anonymity because he was not authorized to discuss classified details of the case."

D'Souza Says Radical Muslims Hate US Popular Culture, Not Freedom. In a USA Today (1/23, 2.27M) op-ed, author Dinesh D'Souza writes that Americans "are still under the illusion that America is fighting a war against the enemies of modernity. … In President Bush's words, 'They hate our freedoms.'" On the contrary, D'Souza notes, "Radical Islam's main charge against America is that we are a decadent, immoral society that is projecting its culture and values throughout the world and threatening their faith." D'Souza adds that the Bush administration "should stop calling for democracy worldwide," and "show the rest of the world the face of traditional America. … And America should promote traditional family values, not feminism and homosexual rights, in international forums like the United Nations. If traditional Muslims realized that there are millions of Americans who go to church, take care of their families and live by traditional values, they would be less likely to view us or our leaders as the Great Satan, and fewer of them will be tempted to join the camp of the Islamic radicals."

Prosecutors Claim Padilla Defense Leak Could Taint Jury. The AP (1/23, Anderson) reports, "The leak of transcripts of Jose Padilla's intercepted telephone conversations by a defense lawyer to The New York Times violated a court order and could jeopardize selection of an impartial jury, federal prosecutors said Monday. … 'There is no question that the disclosure was calculated and deliberate, with the effect of exposing potential jurors to evidence before it is introduced at trial when both sides will have the opportunity to argue its significance,' prosecutors said in court papers." The AP continues, "U.S. District Judge Marcia Cooke has scheduled a hearing Wednesday on the issue, the latest in a string of complications to arise in the case of the alleged al-Qaida operative." The AP adds, "Padilla, a 36-year-old U.S. citizen and former Chicago gang member, is charged with being part of a North American cell that provided cash, supplies and recruits to Islamic extremists. Originally accused of plotting a radioactive 'dirty bomb' attack after his 2002 arrest, Padilla was designated an enemy combatant by President Bush and held without criminal charge at a Navy brig for 3 1/2 years. … He was added to an existing Miami terrorism-support case in late 2005 during a legal battle over the president's wartime detention powers. The dirty bomb allegations are not mentioned in the Miami indictment. … Three Miami-based public defenders representing Padilla - Michael Caruso, Anthony Natale and Orlando do Campo - admitted in court papers that 'one of Jose Padilla's counsel' provided the transcripts to a Times reporter for a story published Jan. 4. The lawyer responsible was not identified."

Administration's Change Of Surveillance Policy Sparks Commentary. The Minneapolis Star Tribune (1/23) reports, "Just watching Alberto Gonzales being grilled over the Bush administration's new, classified domestic-surveillance agreement with the FISA court was an exercise in frustration. One can only imagine what it was like for the senators doing the grilling; they were simply trying to

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figure out whether the deal undermines or meets the intent of their own law to protect Americans' privacy." The Tribune continues, "They didn't get very far. In Thursday's Judiciary Committee hearing, the ever soft-spoken, ever genial attorney general would neither describe FISA orders that ended the warrantless wiretap program nor agree that senators had a right to see them. … That stance is untenable. Congress passed the Foreign Intelligence Surveillance Act to prevent unlawful eavesdropping by government, and it cannot determine whether to give congressional blessing to the new rules or amend the FISA law unless its members -- who are accustomed to receiving sensitive, classified material -- know how the rules work. Congress must press the White House until it gets the information." The Tribune adds, "Talks between the executive branch and the FISA court reportedly accelerated after the November elections. According to the Los Angeles Times, government officials said the negotiations 'centered on securing an agreement that would allow the administration to seek warrants on groups of people in certain circumstances, rather than being required to obtain separate court orders for every individual under suspicion.' The Times said the changes 'appear to require individual warrants when the target is a U.S. citizen or has permanent legal resident status.' … But senators heard no such explanation from Gonzales. They must persevere until they do."

The Staten Island Advance (NY) (1/23) editorializes, "Late last week U. S. Attorney General Alberto Gonzales, in a two-page letter to members of the Senate Judiciary Committee, announced the death of the Terrorist Surveillance Program, the super-secret program authorized by the president to eavesdrop on phone calls and e-mails of Americans believed to be communicating with suspected terrorists. … Mr. Gonzales' announcement ended a 13-month brewing battle over the constitutionality of the Terrorist Surveillance Program, the warranteless wiretapping conducted by the Bush administration, which had vehemently defended its right to conduct super-secret eavesdropping on phone calls and e-mails of Americans without going through the well-established legal channels before doing so." The Advance adds, "Democrats are crowing that the Bush administration could no longer -- in the face of widespread criticism from scholars and some Justice Department lawyers -- defend its actions. … But one senior Justice Department official said: 'Obviously, this issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny ... considering all of these circumstances, the president determined that this was the appropriate course.' … So, has the administration actually backed down on one of its key interpretations of executive power? … Already some are speculating that the Gonzales letter is really a Trojan Horse. They claim that a closer reading of the letter provides a major, unresolved loophole the administration plans to exploit. … Regardless, of which side of this debate readers fall, the program raised troubling questions, not the least of which is the extent and depth of presidential powers even in the time of war. … That fact is the most worrisome about this whole affair, that the White House, having publicly announced its compliance, would behind the scenes still do just the opposite."

The Milwaukee Journal Sentinel (1/23) editorializes, "'The truth of the matter is we looked at FISA, and we all concluded there's no way we can do what we have to do to protect this country under the strict reading of FISA.' … Attorney General Alberto Gonzales to the Senate Judiciary Committee last week … The element of the Foreign Intelligence Surveillance Act that likely caused such consternation? The one that said eavesdropping on Americans should occur with a warrant. And the all-too-typical administration response? Ignore the law." The Sentinel adds, "FISA actually is abundantly clear on this matter of warrants. Nonetheless, the administration had some choices. It could have asked Congress to change the law. It might have noted another part of FISA that allowed warrantless surveillance on an emergency basis for 72 hours before the warrant was requested. … Instead, the Bush administration followed the now familiar script - it ignored the law until it looked as if it would be forced to comply. Last week, the Justice Department announced that it would put its surveillance program under FISA court supervision. This occurred weeks after Democrats assumed control of Congress, just before Gonzales was to appear before the Senate committee and two weeks before a federal appeals court in Cincinnati was going to hear arguments about whether the program is legal. The administration's change of heart was clearly no coincidence. … Congress must continue its oversight of this program. The court cases challenging it must also proceed. There are simply too many unanswered questions."

In an op-ed for the Washington Times (1/23), Bruce Fein writes, "George Orwell had his 'Animal Farm,' and Attorney General Alberto Gonzales has his version of the Constitution. … According to the attorney general, the three

branches of the government are equal, but President Bush is more equal than Congress or the Supreme Court. Thus, the president is constitutionally empowered to open mail, conduct electronic surveillance, break and enter homes, or torture detainees in defiance of federal statutes. Congress is impotent to check the president's national security powers to prevent the massive intelligence abuses disclosed by the Church Committee, including the gathering of political intelligence under a false foreign intelligence banner. Mr. Gonzales further lectures that the president is authorized to sign bills passed by Congress but to disregard those portions he asserts are unconstitutional, which is tantamount to a line-item veto power rejected by the Supreme Court in New York v. Clinton (1998). … He adds that President Bush, like British kings, can do no wrong in national security matters. Thus, the Supreme Court improperly rebuked the commander in chief over indefinite detentions of alleged unlawful enemy combatants, habeas corpus and military commissions by disputing Mr. Gonzales' doctrine of presidential infallibility doctrine." Fein adds, "The Founding Fathers, in contrast, believed the three branches of government should be equal in the Constitution's checks and balances. Since men were not angels -- even saintly President George Washington -- ambition must be made to counteract ambition to forestall the tyranny of 'Animal Farm.' Judicial review of presidential actions was enshrined in the expectation the White House would chronically seek to usurp or misuse power to boost its political standing, especially in times of conflict." Fein concludes, "Notwithstanding the attorney general, the equilibrium of power among the legislative, executive and judicial branches has proven the best way to preserve an enlightened democratic dispensation for the ages."

The Corpus Christi (TX) Caller-Times (1/23) editorializes, "A year ago, when the program of warrantless wiretapping of overseas calls came to light, the Bush administration argued strongly that the surveillance was outside the purview of the courts. … By virtue of the president's executive powers on behalf of national security, the White House said, the administration already had the power to monitor those communications. … And aside from the inherent powers that gave the president the right to monitor those calls, the kind of massive electronic eavesdropping that was being done by the National Security Agency simply made the Carter-era Foreign Intelligence Surveillance Court an outmoded tool for dealing with the threat of terrorism." The Caller-Times continues, "Trust us, the White House said reassuringly: The program has all the necessary constitutional protections built into its system without any courts. … Then the November elections happened. And last week, in a quiet turnabout, the Bush administration announced that it was discontinuing the program of warrantless wiretaps and said that any future wiretaps would be done under the authority of the FISA Court. … It was a welcome change of method, even if it did not represent a change of heart on the part of the Bush White House." The Caller-Times adds, "The warrantless wiretapping program was an abuse of presidential powers and its dismantling should be welcomed by Americans. The program, while it operated, overrode one of the basic constitutional protections against unreasonable searches and seizures by the power of the state. That abuse fit the Bush administration's view that national security trumps all other concerns, when in fact the need to preserve our way of life in times of crisis demands that we uphold those constitutional protections then more zealously than ever."

US To Keep Syrian-Born Canadian On Terrorism Watch List. The New York Times (1/23, Shane, 1.16M) reports, "Despite a Canadian inquiry that cleared a Syrian-born Canadian citizen of any terrorist ties, the Bush administration has formally refused a Canadian government request that it remove the man, Maher Arar, from the terrorist watch list, saying that the United States has secret information justifying his inclusion." In a letter sent last week to Canadian public safety minister Stockwell Day, Attorney General Alberto Gonzales and DHS Secretary Michael Chertoff said that "their departments and American intelligence agencies 'have re-examined the materials in the possession of the United States regarding Mr. Arar.'" Sen. Patrick Leahy, who last week "angrily pressed Mr. Gonzales about the case," said in a statement yesterday, "This abhorrent practice stains America's reputation as a defender and protector of human rights, and I hope this administration will renounce it at long last."

CNN.com (1/23) reports, "American officials said Monday that a Canadian should remain on a U.S. terrorist watch list despite the Canadian government's conclusion otherwise and its apology after the designation led to his detention in Syria." CNN continues, "In a joint letter, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff informed Stockwell Day, Canada's minister of public safety, that they had again looked at

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intelligence in their possession concerning Maher Arar. … 'Based on this re-examination, we remain of the view that the continued watch listing of Mr. Arar is appropriate,' the U.S. officials said. … 'Our conclusion in this regard is supported by information developed by U.S. law enforcement agencies that is independent of that provided to us by Canada regarding Mr. Arar.'" CNN adds, "In 2002, U.S. officials detained Arar at a New York airport as he was trying to return home to Canada from a vacation in Tunisia. Canada had placed Arar, a Syrian native, on a terrorism watch list. He said the United States arrested him and eventually sent him to Syria, where he allegedly was tortured and held for 10 months. … In September, a Canadian report concluded that Arar wasn't a terrorism suspect. Gonzales has said the U.S. legally deported Arar and didn't send him to Syria to be tortured. Syria defends its handling of the case, saying a Canadian diplomat visited Arar twice and found he was treated well. Human rights groups widely criticize the Damascus government for torturing prisoners"

AFP (1/23) reports, "On Monday, the US Center for Constitutional Rights, which is supporting Arar in his legal efforts, denounced the US keeping Arar on its watch list. … 'It is now crystal clear that the US has shown everything it has on Mr. Arar to Canada, and that there is no reason for him to be on a watch-list,' said center attorney Maria LaHood."

Cohen Urges Stimson's Firing. Washington Post (1/23, 690K) columnist Richard Cohen writes about Deputy Assistant Secretary of Defense Cully Stimson, "I, for one, do not accept Stimson's apology. I think it is insincerely offered and beside the point. ... By now, any other administration would have fired Stimson, apology or not. His words show that he is unfit for government service, not to mention membership in the bar." Meanwhile, the New York Times (1/23, 1.16M) corrects an error from last Friday's editorial, noting Stimson "is a deputy assistant secretary of defense, not state."

HOMELAND RESPONSE:

Continental Airlines Flight In Texas Delayed By Bomb Threat. The AP (1/23) reports, "A Continental Airlines Inc. commuter flight was delayed without incident for about an hour Monday after its scheduled landing at George Bush Intercontinental Airport because of a bomb threat, authorities said. The flight…was diverted to a taxiway, where local, state and federal authorities took about an hour to determine the plane and its passengers were safe, said Marlene McClinton, spokeswoman for the Houston Airport System." The AP adds, "FBI spokeswoman Shauna Dunlap described the incident as a 'nonspecified bomb threat' that apparently started in Tyler," Texas, where the flight originated.

United Airlines Passenger Faces Federal Charges For Flight Disruption. The AP (1/23) reports, "A United Airlines passenger faces federal charges for allegedly making statements about a hijacking, trying to open a cabin door and fighting with flight attendants while aboard a flight from Boston to San Francisco. Erin Callahan Lambert, 28, who apparently was intoxicated during Flight 179 on Sunday, was taken into custody after the plane landed at San Francisco International Airport, authorities said. She was charged Monday with assaulting a flight attendant and interfering with the performance of duties of flight crew members." The AP notes, "Lambert, a Bay Area resident, was turned over to San Francisco airport police upon arrival at SFO, where she refused to be interviewed by the FBI and requested an attorney, the affidavit said."

NYTimes Urges Congress To Pass Chemical Plant Security Law "With Teeth." The New York Times (1/23, 1.16M) editorializes, "The new Democratic leadership in Congress has a chance to finally do what the Republican Congress and the Bush administration failed to do after Sept. 11: to protect the nation's chemical plants from an attack. Lawmakers should stop the Homeland Security Department from adopting new regulations that would block state and local governments from doing more to protect their residents and should finally pass a federal law with teeth." Though supporters of the "pre-emption" of local rules "always claim that they just want a uniform standard," in cases "like this one — where the federal law is absurdly weak — it is obvious that the real agenda is to block serious safety measures at every level of government."

WAR NEWS:

Warner Comes Out Against Surge Plan. GOP Sen. John Warner, the former chairman of the Senate Armed Services Committee, yesterday expressed his opposition to President Bush's new Iraq strategy. The CBS Evening News (1/22, lead story, 2:55, Axelrod, 7.66M) said last night "some key Republican senators are calling for the President to abandon this idea of a troop surge. Led by…Warner, the

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message was clear." Warner: "Mr. President, that level, 21,500, directly into the face of ever increasing polls that say the Iraqi people want us to go home." This "underscores the increasing likelihood that a majority of Congress, including a significant number of Republicans will go on the record opposing Mr. Bush's plan." GOP Sen. Susan Colins: "So I don't think this will work. I think it's a mistake to ask thousands of additional American GIs to go into the midst of a sectarian battle whose solution is political." NBC Nightly News (1/22, lead story, 3:30, Williams, 9.87M) also led its broadcast announcing that Warner, "a prominent Republican senator from Virginia, staunch on defense, today came out against the President."

The Los Angeles Times (1/23, Levey, 850K) calls Warner "one of the White House's most powerful supporters of the Iraq war," and calls the development "a serious setback for President Bush." Warner is "a widely respected onetime Navy secretary" and "had been largely restrained in his criticism of the president's plan until Monday." Warner's "decision to introduce a nonbinding resolution — co-sponsored by…Collins of Maine and Norm Coleman of Minnesota, along with Democratic Sen. Ben Nelson of Nebraska -- deals a blow to a White House that has been struggling to contain a revolt on Capitol Hill." The Times goes on to compare the Warner resolution with that introduced by Democratic Sen. Joseph Biden. The Biden resolution, "unlike Warner's, calls Bush's proposal an 'escalation,' a word criticized by some Republicans as politically loaded because of its association with Vietnam. It also does not include wording that acknowledges the president's constitutional authority to direct the war."

USA Today/AP (1/23, 7A) notes the action taken by Collins, Coleman and Warner "raised the number of Senate GOP publicly against Bush's plan to five. Sens. Chuck Hagel of Nebraska and Olympia Snowe of Maine have said they back the Democrats' resolution."

The Wall Street Journal (1/23, Rogers, 2.04M) reports, "In an interview last evening, Mr. Hagel said that…Warner had allowed him to preview the language on Friday and found it to be, in some instances, more detailed than his own in specifying what course the administration should follow. 'The bottom line is this is a pretty significant piece of legislation,' Mr. Hagel said. 'In no way is this good news for the administration.'" Biden "has called a meeting tomorrow on the matter and signaled a willingness to accept changes to broaden support. 'What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight a civil war,' said a Biden aide. … Nonetheless, the situation is complicated by the growing rivalry among would-be Democratic presidential candidates, including Mr. Biden himself. The Delaware Democrat has to navigate through this thicket, and if the various camps aren't careful, the whole debate could degenerate into the sort of political word games and posturing that so often bring ridicule on the Senate."

But the New York Times (1/23, Zeleny, Hulse, 1.16M) reports Sen. Edward M. Kennedy, "the Massachusetts Democrat who has proposed a resolution to block spending for any increase in troops, said the terminology in a final resolution may be less important than gaining Republican support for it." The Washington Times (1/23, Hurt, 88K) quotes Kennedy saying, "The opposition to the President's misguided escalation of the Iraq war is growing louder and louder."

In fact, the Washington Post (1/23, A6, Weisman, 690K) reports that "by last night, Warner had already met with Senate Majority Leader Harry Reid (D-Nev.), and the two camps were negotiating a single resolution likely to be approved by the Senate Foreign Relations Committee on Wednesday."

The Financial Times (1/23, Sevastopulo, Negus) runs a similar report under the headline "GOP Delivers New Blow On Troop Surge," noting "the intensified opposition to the surge came the day before General David Petraeus, the incoming US commander in Iraq, was to face tough questions on Capitol Hill on whether Nouri al-Maliki, the Iraqi prime minister, would live up to his promise to crack down on sectarian militias."

House GOP Wants Monthly Reports From Bush On War Progress. Meanwhile, said ABC World News (1/22, story 2, :30, Gibson, 8.78M), "House Republicans drafted strategic benchmarks for US and Iraqi forces to meet and want to require the Administration to issue monthly status reports on the war."

Fox News' Special Report (1/22, Hume) reported House Minority Leader John Boehner "emphasized the support for the President among rank-and-file Republicans on Iraq is no longer rock-solid." Boehner: "There are a lot of members of our party who are skeptical that the plan will work because of its dependence on the new Iraqi government stepping up its activities."

The Washington Post (1/23, A6, Weisman, 690K) reports "the House Republican benchmarks…represented a

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clear break from administration policy. Under the proposal, every 30 days the White House would have to present Congress clear measurements showing the Iraqi government's progress in purging insurgents and terrorists from its security forces, identifying the level of combat experience for Iraqi army battalions, tracking expenditures on Iraqi army equipment and measuring the effectiveness of the police force in Baghdad. The administration would also have to measure Iraqi government efforts to breed tolerance among its country's warring sects." The Post adds, "Some Republican aides saw both the Senate and House developments as positive for Bush, because they give Republicans eager to voice their opposition to the president's Iraq policy ways to go on record without siding with the more forthright statements of opposition drafted with more Democratic support. But Democrats characterized the development as strong evidence of Bush's eroding support."

McClatchy (1/23) reports, "Combined with near-unanimous Democratic opposition to Bush's war policy, the Republican stands show a broad bipartisan lack of confidence in the president's course."

Rockefeller Says "Iraq Adventure" Draining Domestic Security Funds. The AP (1/23, Shrader) reports, "The new chairman of the Senate Intelligence Committee said he fears the government will not have enough money for homeland security and other domestic priorities because of President Bush's 'Iraq adventure.'" In an interview, Sen. Jay Rockefeller "criticized almost every major facet of the Bush administration's national security course since Sept. 11, 2001. 'The president has in a sense walked away from the war on terror,' Rockefeller said."

Growing Number Of Lawmakers With Relatives In Iraq Noted. USA Today (1/23, Kiely, 2.27M) reports Montana Sen. Max Baucus (D) "lost his nephew, Philip, in Iraq. Rep. Joe Wilson, R-S.C., says his son, Alan, had two close calls: one from an improvised explosive device, the other from a sniper. Rep. Todd Akin, R-Mo., credits his nightly prayers with his son Perry's narrow escape from a mortar attack in Fallujah." USA Today adds, "Almost four years into the war, the conflict in Iraq has begun to touch some of the lawmakers who authorized it in a very personal way. That reality -- which stands in stark contrast to the popular stereotype of Congress -- will be embodied tonight by Sen. Jim Webb, the Virginia Democrat delivering the response to President Bush's State of the Union address. Webb's eldest son, Jimmy, is a Marine in the combat zone. He can't bring himself to talk about his son -- not even to the president -- but others speak eloquently of their loved ones' sacrifices." Sen. John McCain "faces the possibility that his youngest son, Jimmy, will go there this year." Other lawmakers with family in Iraq include Rep. Kenny Hulshof, Sen. Kit Bond and Rep. Duncan Hunter.

Poll Finds Bush Approval At 28%, With 59% Opposed To Iraq War. The CBS Evening News (1/22, lead story, 2:55, Couric, 7.66M) reported, "Opposition to President Bush's new Iraq strategy is growing in a new CBS News poll out tonight, and in Congress where more members of his own party are coming out against it. … Opposition to the war has driven the President's job approval rating to an all-time low, 28% on our CBS News poll." These numbers, added CBS, "are not good. And they come at a bad time for the President." CBS (Axelrod) added, "They come on the eve of the President's State of the Union address. And not only are his approval ratings at an all-time low, opposition to the war in Iraq is 59%, an all-time high."

Al Qaeda Mocks "Surge" Plan. The New York Times/AP (1/23, Press) reports, "Al Qaeda's deputy leader on Monday mocked…Bush's plan to send more than 20,000 additional troops to Iraq, challenging him to send the 'entire army' and vowing that insurgents would defeat them, according to a new videotape released by an American group that tracks messages from Al Qaeda." The group, the Washington-based SITE Institute, "said it had intercepted the video from Ayman al-Zawahri, which had not yet been posted on militant Islamist Web sites, where his messages usually appear. SITE, which assesses and analyzes intelligence related to terrorism, did not elaborate on how it had received the message."

ABC World News (1/22, story 4, :20, Gibson, 8.78M) reported that in the tape, "Zawahiri criticizes President Bush's troop buildup in Iraq. And in remarks addressed to the American public he says, 'If you continue the policy of Bush and his gang, you will never even dream of peace.'" The CBS Evening News (1/22, story 3, :30, Couric, 7.66M) also noted Zawahiri "challenged the President to send the whole US Army, vowing the insurgents will defeat them."

Surge Expected To Curtail Violence In Short Term. The Washington Post (1/23, A1, Ricks, 690K) reports, "The battle for Baghdad will start in mixed Sunni-Shiite neighborhoods chosen by military strategists as being the least likely to offer stiff resistance, raising the odds of early success, according to military planners and officials familiar

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with the thinking of the incoming Iraq commander, Lt. Gen. David H. Petraeus." But "that could be followed by a sharp increase in violence as insurgents learn US and Iraqi tactics, military officials said." Pretraeus "plans to send all 17,500 additional US troops ordered by President Bush into Baghdad, regardless of whether Iraqi army units join the fight as planned, according to officials familiar with his thinking. Anticipating an uneven performance by the Iraqi army, military planners are advocating using American force and funding quickly to establish early victories, both in improving security and showing economic progress." Petraeus "will require his troops to operate and live among the population, hoping to safeguard security and economic gains for neighborhoods cleared of violence. Military experts say that violence could decrease through April and May but that once insurgents get a feel for US and Iraqi army tactics, a new 'fighting season' could begin in late spring -- triggering potential political problems for U.S. public support of the operation."

Petraeus Claims Iraqi Elections Created Instability. The Washington Post (1/23, A13, Ricks, 690K) reports Petraeus "believes that the US government has made a host of serious mistakes there, according to written testimony he submitted yesterday to the Senate Armed Services Committee. Among the errors he cites are inadequate planning for the occupation, failing to recognize the emergence of the insurgency, not having enough troops in certain areas and holding elections in such a way that they deepened Iraq's sectarian divisions." Petraeus is quoted as saying, "There was the feeling that elections would enhance the Iraqi sense of nationalism. Instead, the elections hardened sectarian positions as Iraqis voted largely based on ethnic and sectarian group identity."

Ahead Of US-Iraqi Security Push, Insurgents Continue Campaign of Violence. The AP (1/23, Gamel) reports, "A suicide bomber crashed his car into a central Baghdad market crowded with Shiites just seconds after another car bomb tore through the stalls where vendors were hawking DVDs and used clothing, leaving 88 dead Monday in the bloodiest attack in two months." The bombings, "along with a double bombing that killed 12 people in the town of Khalis, battered Shiites during one of their holiest festivals. The attacks were the latest in a renewed campaign of insurgent violence in advance of a US-Iraqi security operation."

ABC World News (1/22, lead story, 2:25, Gibson, 8.78M) reported, "The Iraq theater of war is getting evermore dangerous and new US troops soon to arrive in Iraq are coming onto a bloody stage. … It almost seems as if the attacks are timed to taunt President Bush."

The CBS Evening News (1/22, story 2, 2:50, Couric, 7.66M) reported, "With all the talk about the troop buildup, we want to show you what it is like on one of Baghdad's most violent days." CBS added that "based on today's attacks," US troops "have their work cut out for them." NBC Nightly News (1/22, lead story, 3:30, Boettcher, 9.87M) said the violence "provides a grim backdrop as US troops arrive here, more reinforcements" who "find that they are in the middle of a civil war."

The New York Times (1/23, Santora, 1.16M) reports that "in the past such Sunni aggression has been met by swift reprisals by Shiites, a cycle of violence that left some 34,000 Iraqis dead last year. Monday's bombings, directed so specifically at civilians, seemed intended to elicit a reprisal, much like the bombings in the Shiite neighborhood of Sadr City one day last fall, which killed 144 people." The Times adds, "Late Monday, a Sunni mosque in the Dora section of Baghdad was blown up. There were no reports of casualties." The Washington Post (1/23, A12, Partlow, Nouri, 690K), Washington Times/AP (1/23, Salaheddin) and Los Angeles Times (1/23, Daragahi, 850K) also report the story.

Al Qaeda Claims Responsibility For Downing US Helicopter. The AP (1/23, El-Magd) reports, "An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed Monday that its fighters shot down an American military helicopter in a crash that killed 12 US soldiers. The US military has said the cause of the crash has not been determined."

US Soldiers Clearing Baghdad Serve As "Stationary Targets" For Militias. The New York Times (1/23, Santora, 1.16M) reports, "Two blocks from the new American outpost in Ghazaliya, one of Baghdad's most dangerous neighborhoods, a fight was raging. … On Friday morning, it became an American fight, too, after a few rounds whizzed by Sgt. Sergej Michaud's head, and he and three other soldiers returned fire. The battle would rage for nearly an hour, with mortar shells and rocket-propelled grenades exploding near the soldiers, who in turn laid down heavy fire, eventually driving the attackers away. Previously, that would have been the end of it, with the soldiers moving on to their next patrol area and eventually returning to their base. But this time, the Americans were staying, defending their new

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home in a neighborhood where the rule of law had been driven out by the reign of the gun." The Times describes this effort as "a test case for President Bush's new Baghdad security plan. … In the week since the Americans arrived, however, the troops have seen the truth of what their commanders warned in announcing the plan: it leaves Americans more exposed than ever, stationary targets for warring militias."

White House Praises Maliki's Move Against Sadr Militia. Fox News' Special Report (1/22, Hume) reported, "It does appear that Prime Minister Maliki has taken to heart US criticism of his failure to crack down on the militia led by cleric Muqtada al Sadr. But even as the militia reduced some of its threatening public appearances there was major bloodshed today. … One military analyst said it is possible that Sunni insurgents are trying to strike a blow before more US forces arrive in the capital." Fox noted, "One Iraqi government official said that U.S. Intelligence reports convinced Maliki that the Mahdi army included death squads targeting Sunnis. The crackdown was a move welcomed by the White House." White House Spokesman Tony Snow: "You are seeing a clear signal that the Maliki government is very serious about addressing, on a nonsectarian basis, the problem of those who are trying to operate outside the law."

Sunni Sheik Declares War On Insurgency. The Los Angeles Times (1/23, Perry, 850K) reports from Ramadi, Iraq, on "Sheik Sattar Bazeaa Fatikhan, [who] projects the aura of power and seriousness that comes to a man who has taken a stand. After Sunni insurgents killed his father and four of his brothers last year, Fatikhan declared war against the insurgency. He convened a summit of about a dozen prominent sheiks. From that meeting came a document called 'The Awakening,' in which Fatikhan persuaded all but one sheik to join him in opposition to the insurgency." Since then, "Fatikhan said, the sheiks have 'eliminated' a number of insurgents. U.S. officials regularly visit Fatikhan, seeking his counsel, showing him the kind of deference one might expect for a leading government official. ... For U.S. forces, Fatikhan's stand is a significant boost in a bitter fight with insurgents who, until recently, controlled large segments of Ramadi, the provincial capital." Army Col. Sean MacFarland "credits Fatikhan and other sheiks for an increase in police enrollment, a decrease in insurgent recruitment and new courage among Iraqi forces."

Insurgents Seize Baqouba's Mayor As US Officials Report Progress. The AP (1/23, Mroue) reports, "Many residents of Baqouba say they live hunkered down in cold, dark houses afraid to go out, that the once mixed Shiite-Sunni neighborhoods are riven by sectarian cleansing, that the police force has virtually collapsed." However, US and Iraqi military officials "paint a different portrait. They insist the city is not nearly as dangerous as 'rumors' put it. According to them, Baqouba is improving and violence is down. Events Monday seemed to contradict those assertions. A car bomb and mortar bombardment in nearby Khalis killed at least 12 people, and state television reported that gunmen in Baqouba proper attacked the mayor's office, ransacking the building and setting off explosive charges that damaged the structure. Police said the Sunni mayor was kidnapped, a report U.S. officials said they could not immediately confirm." Col. David W. Sutherland, 3rd Heavy Brigade Combat Team, 1st Cavalry Division, is quoted as saying "terrorists…would have you believe schools and markets are closed and people are afraid to go out of their homes. Again, in reality, markets are open with fruits, meat, and produce readily available."

The Washington Post (1/23, A12, Londono, Shammari, 690K) reports Maj. Brett G. Sylvia said, "Families are starting to move back into the area. A sense of normalcy is attempting to be reestablished in this area." However, "Minutes before the news conference began, armed men kidnapped the mayor of the provincial capital, Baqubah, blew up his office and stole six government cars, including three new Chevrolet police pickup trucks, officials in the province said. The near-simultaneous scenarios played out like a tale of two Iraqs, one inching toward stability, the other engulfed in chaos. After seizing Mayor Khalid al-Sanjari, one of the armed men grabbed a loudspeaker from a police car and taunted the chief of police, the officials said.

Suicide Bomber Kills 10 In Afghanistan Today. The AP (1/23, Shah) reports, "A suicide bomber blew himself up outside a US military base in eastern Afghanistan on Tuesday, killing 10 people and wounding 14 others, an Afghan official said. The bomber approached a group of Afghan men who were waiting outside the base in the city of Khost, in Khost province, before triggering an explosive strapped to his chest." The provincial governor "said the men were daily workers, lining up to get into the base at the time of the blast. Suicide attacks have increased

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as Taliban militants intensify their insurgency against Afghan government forces and foreign troops."

AFP (1/23) also reports the blast, saying, "No one immediately claimed responsibility for the blast but suicide attacks are a hallmark of the Taliban-led insurgency that kicked off when the hardline Islamic movement was driven from power in 2001."

Suicide Bomber Killed Four In North Waziristan Yesterday. The New York Times (1/23, Khan, 1.16M) reports a suicide bomber "rammed his explosive-laden car into a military convoy near Mirali in the restive North Waziristan tribal region on Monday, killing 4 people and wounding 23, witnesses said. … The attack occurred at a checkpoint about a mile east of the town of Mirali when a joint convoy of the army and paramilitary was heading from a garrison in Bannu to Miramshah, the restive region's administrative headquarters."'

Pakistanis Say Omar Likely In Afghanistan. The AP (1/22) reports, "Taliban leader Mullah Omar is likely based in southern Afghanistan and leading the resurgent Islamic militia from there, Pakistan's Foreign Ministry said Monday. A spokeswoman for the Pakistani Foreign Ministry said that Omar's exact whereabouts remain unknown." The ministry's "comments follow claims by Afghan officials that a captured spokesman for the Taliban militia told interrogators that Omar was living in the southwestern Pakistani city of Quetta and that he was protected by Pakistan's ISI intelligence service. ... Pakistan vehemently denies backing the militants."

US-Led Forces Kill Pakistani Soldier By Mistake. The AP (1/22, Jan) reports, "U.S.-led forces in Afghanistan mistakenly fired at a Pakistani border post and killed a soldier, Pakistan's military said Monday after lodging a protest over the death. A US military spokesman said four precision-guided bombs were dropped on four suspected militants who were firing rockets at a U.S. military outpost at Bermel in Afghanistan's Paktika province, near the Pakistani border. ... But the Pakistani military said in a statement the post that was hit is located near Shawal, a mountainous area close to the Afghan border in Pakistan's North Waziristan tribal region."

NYTimes Says Pakistan's Government "Perhaps Sponsoring" The Taliban. The New York Times (1/23, 1.16M), in an editorial, writes, "To learn why a resurgent Taliban is fighting American and NATO troops to a military draw in Afghanistan, you have to go to the frontier region on both sides of the Pakistan-Afghanistan border. Our colleague, Carlotta Gall, did just that last month and what she learned led to a physical assault on her by Pakistani intelligence officials and five hours in custody for her photographer, Akhtar Soomro. … We now know why. Ms. Gall's reporting has determined that Quetta is an important rear base for the Taliban, and that Pakistani authorities are encouraging and perhaps sponsoring the cross-border insurgency. That is a role that Pakistan's president, Gen. Pervez Musharraf, denies. But residents of the border area, opposition figures and Western diplomats point to specific cases of Pakistani involvement. Americans need to know more about this collusion and to demand better answers from General Musharraf."

IED "Jammers" Also Disrupt US Radio Communication. USA Today (1/23, Brook, 2.27M) reports the Pentagon "has launched an urgent effort to develop radio systems immune to the jamming signals that troops use to foil homemade bombs planted by insurgents in Iraq. The jammers, which block signals that detonate improvised explosive devices (IEDs), have become so powerful they can 'cause the loss of all communications' for U.S. troops, a Pentagon solicitation to contractors says. It calls for information on devices that will allow troops to use jammers and radios at the same time."

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Ensign Mum On Reasons For US Attorney Dismissals. The Las Vegas Sun (1/23, Skolnik, Mascaro) reports, "The Justice Department briefed Nevada Republican Sen. John Ensign last month on plans to replace Nevada's top federal prosecutor, but Ensign has decided that whatever the reasons, the public need not know them." The Sun continues, "U.S. Attorney Daniel Bogden of Las Vegas is one of at least seven top federal prosecutors being removed by the Bush administration, five from other Western states. All were appointed by Bush. … As is true with Bogden, the reasons for the departures remain mysterious." The Sun adds, "Absent explanations, Democratic lawmakers and lawyers across the West are speculating. They wonder if the prosecutors pursued cases that displeased Washington, or if the Justice Department wants to choose replacements under a new Patriot Act provision that allows the appointments without the customary review by the U.S. Senate. … 'If you ask

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me if my suspicions are aroused, they are,' said Sen. Diane Feinstein, D-Calif. Her state lost two U.S. attorneys. … During his five-year reign as the highest-ranking federal prosecutor in Nevada, Bogden has scored some notable successes. His office boosted firearms prosecutions, secured the convictions of dozens of violent gang members and oversaw the cases against four former Clark County commissioners convicted of taking bribes." The Sun notes, "Even defense lawyers, Bogden's frequent courtroom opponents, speak highly of his straightforward style and fair play. … So why did Bogden suddenly announce his resignation Wednesday, after days of speculation that he was forced out of office by the Justice Department? … Officials in Nevada and Washington, D.C., are only providing hints as to why he and the other prosecutors are leaving. … The sudden bloodletting involved U.S. attorneys up and down the West Coast, as well as New Mexico, and one in Arkansas. The new interim U.S. attorney in Arkansas had been a political operative who worked for powerful White House aide Karl Rove. … No potential replacements have yet been named for Bogden, although a Justice Department source confirmed that officials have talked to both Ensign and Senate Majority Leader Harry Reid in recent days regarding a replacement."

CORPORATE SCANDALS:

DOJ, SEC Officials Question Jobs In Apple Options Probe. Bloomberg (1/23, Gullo, Guglielmo) reports, "Apple Inc. Chief Executive Officer Steve Jobs was questioned by U.S. government investigators about backdating of employee stock options grants at the company, lawyers familiar with the matter said." Bloomberg continues, "Jobs met with officials from the Securities and Exchange Commission and the Justice Department last week in San Francisco, said the people, who spoke on condition of anonymity because the interviews are confidential. The company said last month that it found 'no misconduct' by Jobs or current management after an internal investigation of the stock-option backdating." Bloomberg adds, "The meeting, which took place the same week Apple announced record sales of its best-selling iPod music player, shows the U.S. government is still seeking information about Jobs's role in the backdating even after the company's report clearing him and others, said Nell Minow, editor at the Corporate Library, a corporate governance research firm in Portland, Maine. … 'It is after all the SEC's view on his culpability that matters, not the internal investigation at Apple,' Minow said. … The people wouldn't disclose specifics about what Jobs was asked, what he told investigators and whether there would be additional meetings."

Jobs Waited Months Before Filing Options Disclosure. The Washington Post (1/23, D1, Sipress) reports, "With federal prosecutors investigating the granting of stock options by Apple, the actions of its iconic chief executive, Steve Jobs, are being more closely examined." The Post continues, "A review of how Jobs handled his stock options from 2001 shows that he waited about two-thirds of a year to report the receipt of 7.5 million options that the company admitted last month were improperly backdated. The board meeting at which they were reportedly approved never took place." The Post adds, "The timing of Jobs's filing was not illegal and beat the deadline. But it broke with the practice common among other Apple officers and directors of submitting the report, in this case a Form 4, within weeks, not months. … Jobs filed his statement with the Securities and Exchange Commission in August 2002, reporting that he had received the stock options on Oct. 19, 2001. Apple now says the options were actually finalized in December 2001, when the value of the options was significantly less because of changes in the stock price. Jobs filed his personal disclosure about eight months later." The Post notes, "In contrast, three other directors who filed within days of Jobs had waited only four weeks to disclose their options. In fact, the filings of 53 other Form 4s by Apple officers and directors between the start of 1999 and late August 2002 -- when new disclosure requirements came into force -- took just under four weeks, on average. When Jobs received a previous grant of 10 million stock options in January 2000, he filed his Form 4 in just under three weeks."

US Attorney Shakeups Cloud Apple Probe. The California Recorder (1/23, Scheck) reports, "Two things set the investigation of Apple Inc. apart from the hundreds of other stock option backdating probes: the indispensability of the company's CEO, and the fact that while both in-house lawyers and HR staff were involved with options grants, it's the lawyers who are getting the most scrutiny." The Recorder continues, "With Apple's fortunes tightly linked to its leader, Silicon Valley titan Steve Jobs, anything seen as jeopardizing his role at the company strikes intense fear into stockholders. That helps explain why Jobs took the risky step last week of talking to federal prosecutors and SEC lawyers to convince them of his innocence. … But with turmoil in the U.S. Attorney's Office,

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and no joint defense agreement among potential targets of the investigation, the probe looks more uncertain now than at any time since it launched last fall." The Recorder adds, "Lead prosecutor Christopher Steskal announced Friday that he's leaving government for Fenwick & West. Earlier that week, his boss, U.S. Attorney Kevin Ryan was sacked, and has hired legal placement company MLegal to find him his next job. … Ryan's No. 2, Eumi Choi -- the other prosecutor on the Apple case -- has had her resume floating around Silicon Valley for weeks. … That means that every aspect of the probe -- including whether it even turns into a criminal case -- will remain uncertain until at least two key prosecutors are replaced."

Foundry Networks CEO To Remain Despite Role In Options Backdating. The San Jose Mercury News (1/23, Schwanhausser) reports, "Foundry Networks said Monday that Chairman and Chief Executive Bobby Johnson Jr. will surrender his role as chairman -- but will stay on the board and continue to run the company -- even though he personally picked the dates for a 'substantial' number of tainted stock options." The News continues, "The Santa Clara company said Johnson was not advised that such practices could violate accounting rules and cause the company to overstate its profits. Foundry said Monday it faces a pretax accounting charge that could mount to as much as $205 million because of misdated options it gave directors, officers and rank-and-file employees from 2000 to 2003. … Johnson received no misdated options, the company said." The News adds, "Foundry, which makes computer networking hardware, also stripped Timothy D. Heffner of his title as chief financial officer. But it shifted him into a new executive job that has no accounting or financial responsibilities. … Foundry's case is noteworthy because of the similarities to the high-profile case involving Apple CEO Steve Jobs. Though Apple acknowledges that Jobs recommended favorable grant dates, the company said he did not understand the accounting implications. Unlike Johnson, Jobs received tainted options. But Apple said he did not benefit from the options, which he later exchanged for restricted stock. … Foundry's decision to keep two central players despite acknowledging their roles in the options abuses is both rare and risky, said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues. Most companies have fired or forced out implicated executives and directors, he said."

US Charges 13 In Alleged Foodservice Fraud. The AP (1/23, Gordon) reports, "Federal regulators have accused an additional 13 people of aiding an alleged massive accounting fraud at U.S. Foodservice Inc., a subsidiary of Dutch grocery retailer Ahold NV, in a scandal that brought the resignation of top executives and criminal probes in the United States and the Netherlands." The AP continues, "The Ahold affair was one of Europe's biggest accounting scandals, and the Dutch company skirted bankruptcy in 2003. The U.S. Securities and Exchange Commission in 2004 accused Ahold of fraudulently overstating sales by billions of dollars and fabricating hundreds of millions of dollars of earnings." The AP adds, "The civil charges filed last Thursday by the SEC bring to 30 the number of people the agency has accused of aiding the alleged fraud by signing false audit statements that enabled a $1 billion overstatement of Ahold's earnings in 2001-02. The SEC announced the new charges on Monday. … All 13 of those charged most recently in federal court in Washington were employees of or agents for vendor companies that supplied Columbia, Md.-based U.S. Foodservice, which sells food in bulk to restaurants and cafeterias. … Nine of the 13 have each agreed to pay a $25,000 civil fine to settle the SEC's allegations, which they neither admitted nor denied, the agency said. They are: Carl Allen, Donald Childers, John Crowder, Chris Jakubek, John King, Steve LeBarron, Patrick Penderghast, Frank Riggio and Richard Vecchia. … The cases remain pending against the other four, whose titles at the time were: Gary Bell, vice president for business development at Hunt-Wesson Foodservice; Joseph Grendys, the owner of Koch Poultry; Anthony Holohan, sales representative for C.F. Sauer Foods Inc., and Michael Smith, corporate accounts manager for Citrus World."

Report Finds Take Two Allowed Former CEO To Backdate Options. USA Today (1/23, 5B, Iwata) reports, "Take-Two Interactive Software, maker of Grand Theft Auto and other popular video games, failed to monitor stock-option grants, including a significant number that were backdated over a six-year period, according to an internal report released Monday by the company." USA continues, "The report found that Take-Two's compensation committee abandoned its responsibilities and allowed former CEO Ryan

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Brant 'to control and dominate the granting process' and engage in 'a pattern and practice of backdating options' from 1997 to 2003. .. Brant resigned as CEO five years ago and as chairman last October." USA adds, "The investigation, by the BDO Seidman accounting firm and the law firm Kasowitz Benson Torres & Friedman, found no evidence that Take-Two's current executives engaged in misconduct, or that the company's former or current directors 'engaged in willful misconduct or other dishonest acts.' … However, the report found that three former Take-Two executives — a former controller and two former chief financial officers that the report did not name — 'appear to have had significant involvement in the company's stock-option granting process' and declined to appear for interviews with investigators."

The Wall Street Journal (1/23, A17, Kingsbury) reports, "The New York-based videogame maker disclosed in July the Securities and Exchange Commission was investigating its options-granting process, and Take-Two said last month that independent investigators found improprieties in the company's granting processes. Take-Two's review began with the company's April 15, 1997 initial public offering. … The company noted the outside law firm which conducted the options review said three former executives who 'appear to have had significant involvement in the company's stock-option granting process, declined to appear for interviews' and limited to some extend the information collected. The trio was Take-Two's former controller, who was fired last month, and the two chief financial officers Larry Muller and James David Jr. The pair served in that post from 1999 through 2001. Take Two's filing with the SEC on Monday didn't disclose the officials' names."

The New York Times (1/23, News) reports, "The restatement will be the second time Take-Two has revised earnings to fix accounting irregularities. In 2005, the company paid a $7.5 million fine in settling a Securities and Exchange Commission suit over how it booked sales. Take-Two is among at least 200 companies that are being investigated on suspicion of changing the date of options grants to inflate their value. … 'They're very familiar with the S.E.C.,' said Paul-Jon McNealy, an analyst with American Technology Research in Boston who rates the shares neutral. 'It's not finished yet.'"

Suspects In Siemens Probe Finger Finance Head. The Wall Street Journal (1/23, Crawford, Esterl) reports, "Two key suspects in a fraud investigation roiling Siemens AG have told German prosecutors that Chief Financial Officer Joe Kaeser has known for years about an alleged scheme to pay bribes to win overseas telecommunications contracts, according to witness statements reviewed by The Wall Street Journal." The Journal continues, "One suspect also told prosecutors that two other senior executives at the German conglomerate knew since at least early 2005 about the alleged bribes-for-business scheme: current management board member Rudi Lamprecht and Lothar Pauly, who headed the telecom division before leaving the company in late 2005." The Journal adds, "The revelations come at a sensitive time for top managers at Siemens, who have been fending off criticism ahead of an annual holders' meeting Thursday that they didn't do enough to stop corruption. Evidence of wrongdoing could cause some countries to ban Siemens from participating in big infrastructure projects that generate much of its revenue. … The investigation also could complicate the conglomerate's efforts to jettison its telecom business, merging much of it into a venture with Nokia Corp. of Finland. The testimony alleges that bribes took place in Siemens's wireless-telecom business, and weren't confined to the fixed-line unit, which was the original focus of the criminal investigation."

CRIMINAL LAW:

IG Report Criticizes FBI Response To Foley Emails. The AP (1/23, Margasak) reports, "The FBI should have acted to protect teenage House pages when it initially learned last July that Rep. Mark Foley had sent disturbing e-mails to a former page," according to a review released yesterday by Justice Department Inspector General Glenn Fine. Fine's report also "said that bureau spokesmen wrongly asserted that the decision was influenced by a congressional watchdog group's failure to provide information missing from the e-mails. … 'We believe the FBI should have considered taking some steps to ensure that any minors in the Congressional page program were not at risk of predatory behavior by Foley,' Fine reported." The AP adds, "The inspector general, however, found no misconduct by FBI officials, who at the time were aware only of e-mails to a former Louisiana page that were not sexually explicit and gave no indication of criminal activity."

The Miami Herald/McClatchy (1/23, Clark) reports the FBI "should have interviewed the page or alerted the House

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page program or, 'at the very least,' told the whistle-blower agency that provided it with the messages that it was declining to investigate, said the 31-page report." The Herald adds, "The FBI, in a statement issued late Monday, noted that the inspector general's report concluded that the agency had 'acted within the range of its discretion' in not opening a criminal investigation. And it noted that the U.S. Attorney's Office for the District of Columbia later reviewed the same messages 'and agreed that no further investigation was warranted.'"

With the exception of the Washington Times (1/23, Seper, 88K), which reports the story under the more positive headline "No Misconduct Found In FBI Decision On Foley," other news coverage of Fine's review takes a negative tone toward the FBI, echoing the AP and McClatchy reports. USA Today (1/23, Johnson, 2.27M) titles its story "FBI Should've Followed Up On Foley's E-Mails," noting, "In a written response, the FBI said it would review its internal policies. But the bureau said Foley's most explicit communications with pages were not part of its initial evaluation of the case. The FBI said internal 'misunderstandings' contributed to the release of inaccurate information to reporters." However, Citizens for Responsibility and Ethics in Washington Executive Director Melanie Sloan "said the government's release of inaccurate information amounted to a 'coverup' of the FBI's 'shocking inaction.'"

Under the headline "FBI Faulted For Inaction In Foley Scandal," the Washington Post (1/23, A4, Eggen, 690K) reports that after the scandal broke, "Several officials at the FBI and Justice Department" said to "reporters that the messages supplied by CREW had been 'heavily redacted' and that the group had refused to provide further information. Fine's review found, however, that the only thing removed from the messages was the identity of the person to whom the communications had been forwarded" and "that a chronology prepared by the FBI's Washington Field Office contained inaccuracies that were likely repeated to the press." The Post notes, "The FBI, in a prepared statement, attributed the erroneous statements about CREW to 'inaccurate information' that led to 'misunderstandings on the part of FBI and DOJ spokespersons.'"

Under the headline "FBI: We Flubbed Foley E-mails," ABC News' The Blotter (1/22, Ryan, Ross) noted, "In effect, the report finds the FBI's inaction contributed to the failure of officials to detect Foley's inappropriate behavior, which eventually led to his resignation when ABC News revealed more sexually explicit e-mails and instant messages to current and former pages. While finding no official misconduct on the part of FBI officials, the inspector general said 'the e-mails provided enough troubling indications on their face' to have warranted follow-up steps." The Palm Beach Post (1/23, Crowley) reports, "The supervisory special agent for the Public Corruption Squad told Fine that after reading the e-mails, he thought, 'What a freak,' but he decided they did not fall into his jurisdiction. He passed them to Crimes Against Children and Adult Obscenity. … The agent in charge of Cyber Crimes called the e-mails 'odd' but also 'did not see any evidence of wrongdoing,' Fine said. … She told Fine that the e-mails, which were not sexually explicit, were 'not the job of the FBI. This is a parental job.'"

Under the headline "Report Faults FBI Handling Of Foley Case," the Los Angeles Times (1/23, Schmitt, 850K) reports at the end of its story, CREW's Sloan "said: 'Not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming' the advocacy group. The FBI said it would study the report. 'The FBI shares the [inspector general's] interest in ensuring that information regarding potential criminal activity is evaluated objectively and in conformance with established policies and practices,' the bureau said in a statement. 'Accordingly, the FBI will carefully examine the … review for any changes to existing policies or procedures that may be warranted.'"

CNN.com (1/22), CBS News.com (1/22, Lambidakis), Government Executive (1/22, Mandel) and Bloomberg (1/23, Roland) similarly report on Fine's analysis, noting the yesterday's FBI statement in response. CNN's The Situation Room (1/22, Costello) and Fox News' Special Report with Brit Hume (1/22) also briefly noted Fine's report.

Boston Herald Says FBI "Flubbed" Investigation. Under the headline "FBI Flubbed Foley Probe," the Boston Herald (1/23, 184K) editorializes, "The Department of Justice yesterday concluded that the FBI should have investigated Foley and the inappropriate e-mails he had sent to a former House page when the agency was informed of them back in July." The Herald adds, "It appears that like everyone else tainted by this scandal, the FBI passed the buck until Foley resigned and the sordid details were reported by the media. Now the new Congress has revamped the board that oversees the page program and has pledged regular meetings. But unless every agency, every individual with an

interest in protecting these young people understands their duty, that will be of little comfort.

Libby Trial To Begin Today After Arduous Jury Selection. Fox News' Special Report (1/22, Hume) reported, "Lawyers in the trial of former White House aide Scooter Libby wrapped up the first stage of jury selection. It has not been easy to find an unbiased panel of 36 people in Washington D.C., from which the final jury can be chosen." Libby's lawyers have "spent a week trying to find jurors whose views of the administration or the war in Iraq would not interfere with their ability to render a fair verdict. … Though it is unusual to ask potential jurors about their political views, much of the questioning has focused on Iraq, especially the decision to go to war and the reasons for it, which are an inescapable aspect of this case."

The Washington Post (1/23, A4, Goldstein, 690K) reports the jury is "a largely apolitical, educated group. … The nine women and three men selected for the jury -- as well as four alternates -- are scheduled to hear Special Counsel Patrick J. Fitzgerald and one of Libby's attorneys, Theodore V. Wells Jr., lay out opposing portrayals of the celebrated case in opening statements today. Over the next four to six weeks, testimony in the case will expose the inner workings of the Bush White House shortly after the Iraq war began and confidential conversations between well-known journalists and their sources in the administration."

The New York Times (1/23, Lewis, 1.16M) reports, "In addition to the 12 jurors, Judge Reggie M. Walton seated four alternates to replace any of the 12 who may fall ill or have other problems. All 16 jurors will hear the case, unaware who are alternates, to ensure that they pay attention. The lawyers on both sides and reporters covering the case do know which jurors are which. … The jury includes a former reporter for The Washington Post who said his editor was Bob Woodward, a Post journalist who is expected to be a witness in the trial. The former Post reporter also said that until recently he was a neighbor of Tim Russert of NBC News, who is also expected to be a witness."

The New York Times' guest columnist Stacy Schiff (1/23) writes, "It is true that what began as a search for a leak ended — after much collateral damage — with an indictment for a lie. At this juncture it can be difficult to grasp what, precisely, is on trial. Some of us seem viscerally to wish something else were."

GOP Lawmakers Seek DOJ Polygraph Of Berger Over 9/11 Documents. Fox News (1/23) reports, The Justice Department should administer a polygraph test to former National Security Adviser Sandy Berger to find out what documents he took from the National Archives in 2002 and 2003, Rep. Tom Davis wrote in a letter to Attorney General Alberto Gonzales dated Monday." Fox continues, "Davis, ranking Republican on the Committee on Oversight and Government Reform, is leading a group of 18 lawmakers who say the Justice Department has been 'remarkably incurious' about Berger's decision to remove documents relating to the Sept. 11 commission's inquiry into his role in helping prevent terror attacks during the Clinton administration. … 'It is extraordinarily important that the Justice Department avail itself of its rights under the plea agreement and administer a polygraph examination to Mr. Berger to question him about the extent of his thievery. This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead up to the terrorist attacks on the United States,' Davis wrote. … The letter was signed by all Republican members of Congress." Fox adds, "Berger admitted to taking documents on two of the four occasions he went to the National Archives to bone up on his responses for the Sept. 11 commission on his inquiry into how intelligence and law enforcement communities failed to prevent the Sept. 11, 2001, terror attacks on the United States. He said he hid some of them at a construction site near the archives building in Washington. … Berger agreed to take a polygraph test as part of a plea deal reached in September 2005. As part of the guilty plea, he was also sentenced to 100 hours of community service, two years probation, three years of lost security clearance and a $50,000 fine plus court costs. … At the time of the report, Justice Department spokesman Bryan Sierra said the department 'has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter.'"

FNC Special Report with Brit Hume (1/22, 6:16 p.m.) broadcasted, "Virginia Republican Congressman Tom Davis was the ranking member of the House Ethics Committee has asked Alberto Gonzales to order a lie detector test promptly for Sandy Berger. The lawmakers remind the agreement that Berger who pleaded guilty of taking high the cost by dark documents from the National Archives had entered a plea,

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but the test was never administered. It is essential to National security to find out if he's hiding anything else about the case."

State Department Official Sentenced To Prison In Classified Documents Case. The Washington Post (1/23, A3, Markon, 690K) reports, "A former high-level State Department official was sentenced to a year in prison yesterday for keeping more than 3,500 classified documents at his Fairfax County home and concealing his relationship with a Taiwanese intelligence agent. Prosecutors said Donald W. Keyser possessed far more unauthorized classified documents than any government employee ever prosecuted by the Justice Department." The Post adds, "The sentencing did little to resolve the lingering mystery surrounding the downfall of Keyser, which stunned the Washington diplomatic establishment. When he was first charged in September 2004, the FBI said he had passed documents to Taiwanese agents during covert meetings in the Washington area. But court papers filed with Keyser's guilty plea in December 2005 did not mention passing any documents, and law enforcement and diplomatic sources said at the time that the case did not involve espionage but rather a government employee who became careless."

The AP (1/23, Barakat) reports, "At his sentencing hearing in U.S. District Court, Keyser admitted to egregiously bad judgment in striking up a personal relationship with 35-year-old Isabelle Cheng, a known intelligence officer with Taiwan's National Intelligence Bureau whom he first met in 2002. But Keyser rejected any accusation that he was acting as an agent of Taiwan or that he compromised U.S. interests." The AP notes, "Prosecutors never charged Keyser with disclosing classified information to Taiwan, but it was clear from Monday's hearing that they remain suspicious of his activities. Court records indicate that Keyser failed polygraph tests when he was quizzed about a secret trip he took to Taiwan in September 2003 to meet Cheng." The New York Sun (1/23, Gerstein) adds, "Keyser's sentencing was delayed repeatedly after prosecutors accused him of failing to keep his promise to cooperate in debriefings with the FBI."

"Girls Gone Wild" Producer Sentenced, Fined. The Los Angeles Times (1/23, Hoffman) reports, "The community service is piling up for 'Girls Gone Wild' mogul Joe Francis. … The producer of racy videos featuring young — and often naked — women was sentenced today to 200 hours of community service over two years by a federal judge in Los Angeles and was placed on two years probation for failing to adequately document the ages of his subjects. The amount of time was double what Francis' lawyers had sought." The Times continues, "The heavier-than-expected sentence is the second time that a federal judge has come down hard in sentencing Francis. In December, in Panama City, Fla., a federal judge sentenced Francis' company Mantra Films Inc. to serve 32 hours of monthly community service for 30 months. … The sentencing stems from a plea agreement Francis made with the Department of Justice in September, when he admitted to shooting underage women in his videos and pleaded guilty to two felony counts of violating federal record-keeping laws. … Those laws govern the way in which producers of adult material document the ages of performers in sexually explicit videos and are intended to hinder the sexual exploitation of children. … In addition, Francis has greed to pay $500,000 in fines in California, with his company paying an additional $1.6 million in fines in Florida in a related case."

Justices Strike Down California Sentencing Law. The Los Angeles Times (1/23, Savage, 850K) reports the U. Supreme Court yesterday "struck down a part of California's 30-year-old sentencing law, which allows judges to add several years to a criminal's prison term. The ruling could mean new sentencing hearings for several thousand state prisoners who were recently given longer terms. If their sentences are still being appealed, they can take advantage of today's ruling." But "the decision does not necessarily mean they will get lighter sentences. Indeed, the Supreme Court's interest was not in whether prison terms are too long or too short, but rather how they are decided." The New York Times (1/23, Steinhauer, 1.16M), in an analysis titled "Ruling's Effect On California Inmates Is Probably Limited," makes the same point.

The court made its ruling after a 6-3 split. USA Today (1/23, Biskupic, 2.27M) reports that dissenting from the majority ruling were Justices Anthony Kennedy, Stephen Breyer and Samuel Alito. The New York Times (1/23, Greenhouse, 1.16M) says the decision "will require the California courts to reconsider thousands of sentences as the Legislature contemplates its options for amending the statute to meet the justices' objections. While no other state is directly affected, Justice Ruth Bader Ginsburg's forcefully worded majority opinion demonstrated that the Roberts court

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is committed to carrying out the full implications of the revolution in criminal sentencing that the court began seven years ago in Apprendi v. New Jersey."

The Washington Post (1/23, A10, Barnes, 690K) reports Alito "argued that California's law met the standards the court had set for the federal system. 'The California sentencing law that the court strikes down today is indistinguishable in any constitutionally significant respect' from the remedy the court offered in 2005, Alito wrote. From the beginning, Kennedy and Breyer have opposed the court's resistance to systems that allow judicial discretion."

The Legal Times (1/23, Mauro) reports, "The 6-3 ruling in California v. Cunningham may throw into uncertainty a segment of recent sentences imposed in California under the state's 1977 sentencing law. … 'California has some work to do, but it should not cause havoc in the courts,' says Stanford Law School professor Jeffrey Fisher, who wrote a brief in the case for the National Association of Criminal Defense Lawyers and is a key strategist in challenges to sentencing laws. Fisher said defendants on direct review should get a 'fresh look' at their sentences as a result of the ruling Monday." The Times adds, "The decision also signals that the newly constituted Roberts Court is committed to the Apprendi line of cases, which, since 2000, have recalibrated the balance between judges and juries in the sentencing process and upended both state and federal sentencing laws. In Apprendi v. New Jersey, the Court held that any fact that increases a sentence beyond certain parameters set forth in the sentencing statute must be determined by a jury beyond a reasonable doubt."

The AP (1/23, Sherman) reports, "It is the latest in a series of high court rulings over the past seven years that limit judges' discretion in sentencing defendants. The court has held repeatedly that a judge may not increase a defendant's sentence based on factors that were not determined by a jury. … 'This court has repeatedly held that, under the Sixth Amendment, any fact that exposes a defendant to a greater potential sentence must be found by the jury, not a judge, and established beyond a reasonable doubt, not merely by a preponderance of the evidence,' Justice Ruth Bader Ginsburg wrote for the court, referring to an article in the U.S. Constitution. … Several states have changed their sentencing laws to require prosecutors to prove to a jury aggravating factors that could lead to longer sentences."

In an editorial, the Los Angeles Times (1/23, 850K) writes, "Much as Californians may resent this ruling, which comes in a heinous case and could potentially trigger challenges to thousands of sentences, we should have seen it coming. … Like its previous recent decisions on judicial sentencing, the ruling leaves both legislatures and judges considerable leeway. Legislatures can still establish minimum and maximum sentences, and judges (if state law allows) can choose a particular sentence based on characteristics of the perpetrator, including previous convictions." But "it is clearer than ever that if sentencing depends on the particular facts of the crime, then it is up to the jury, not the judge, to make that call."

Oregon Prison Official Allegedly Took Bribes From Contractors. The Oregonian (1/23, Green, 318K) reports, "Federal agents found more than $450,000 in cash in the home and safety deposit box of an Oregon prison official accused of taking bribes from companies that sell food for inmates' meals and snacks. Farhad 'Fred' Monem, who earns $75,500 a year as the food service administrator for the Oregon Department of Corrections, was placed on leave after IRS and FBI agents searched his home and office Jan. 10. A federal judge Friday unsealed court documents that describe a four-year kickback scheme and detail what agents discovered during their searches." The Oregonian notes, "No charges have been filed against Monem or others allegedly involved. Federal prosecutors declined to discuss a timeline for arrests in the bribery scheme, which they allege included Monem's wife, Karen, and officials from food distributors and brokers in California, New York and Maryland."

Opening Arguments Made At Coke Formula Theft Trial. The Atlanta Journal-Constitution (1/23, Stanford, 379K) reports, "Prosecutors opened their case in the Coke secrets trial Monday by vowing to prove that former secretary Joya Williams conspired with two accomplices to try to sell product samples and confidential documents for more than $1 million. 'This case is about greed and poor choices,' said Assistant U.S. Attorney Randy Chartash. But Williams' defense attorney, Janice Singer, said her client was taken advantage of by two lying ex-cons. She said Williams copied and took home various work materials for innocent reasons and never intended for them to fall into the hands of the alleged accomplices." WXIA-TV Atlanta (1/22, Shirek, King) reported on its Web site from a broadcast story, Chartash "showed the jury surveillance photos of Joya Williams at her

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desk at Coke's headquarters in Atlanta last year -- taken after the FBI began investigating her -- showing Williams filling her personal bag with company documents, and with bottles of brand new Coca-Cola drinks that were in development."

In a widely-distributed story, the AP (1/23, Weber) reports Williams "was angry at her employer for not treating her well and hatched a plan to steal trade secrets from the beverage maker to sell to rival PepsiCo Inc., a co-defendant testified Monday. Edmund Duhaney, "who pleaded guilty in the case and agreed to testify, told jurors that…Williams said the documents and product samples -- which include information about the company's new coffee-infused drink, Coca-Cola Blak -- could be worth a lot of money to a competitor. 'She made a statement, "This happens all the time in corporate America" -- that Pepsi, the rival company, would be interested in this,' Duhaney said, recalling an April 2006 meeting with Williams and another co-defendant, Ibrahim Dimson."

Cunningham Probe Spurs Questions On House Subpoena Response. The Hill (1/23, Crabtree) reports, "A flurry of subpoenas issued late last year to three powerful House committees and two staffers are raising new questions about House policies on document retention as well as internal House rules governing response to subpoenas. A U.S. district court in San Diego sent subpoenas to the House Appropriations, Armed Services and Intelligence committees late in the year, according to notices in the Dec. 27 and Jan. 4 editions of the Congressional Record. Elizabeth Phillips, an Appropriations staffer, and Rebecca Kuhn, who formerly worked as ex-Rep. Randy 'Duke' Cunningham's (R-Calif.) executive assistant, were also subpoenaed to testify, according to letters they submitted to then-House Speaker Dennis Hastert as required by House rules. … The U.S. attorney's office in San Diego first requested thousands of pages of documents from the panels last spring through a letter to the House general counsel. The subsequent subpoenas are an indication that federal prosecutors were concerned late last year that the committees were not voluntarily handing over the previously requested files, which, according to media reports, include classified documents relating to secret CIA contracts and a 59-page classified report into Cunningham's activities produced last fall by an investigator working on an internal probe for the House Intelligence panel."

Judge Reduces Sentence For Former Michigan School Official. The Macomb (MI) Daily (1/23, Hotts) reports, "Disgraced educator John Gardiner was placed in a wheelchair to be returned to prison Monday after a judge refused a plea for home confinement but did slice five months off Gardiner's original sentence." The Daily continues, "Gardiner, the former superintendent of East Detroit Public Schools, had sought a reduced sentence for his conviction in what has been called the largest public corruption scandal in Macomb County history. … However, U.S. District Court Judge Patrick Duggan issued a new sentence of 41 months in a federal prison in Morgantown, W.Va., reduced from the original sentence of up to 46 months for convictions on racketeering and extortion. … 'Dr. Gardiner has maintained he is not guilty and he has the right to feel that way, but a jury has found him guilty,' Duggan said." The Daily adds, "Monday's sentencing hearing was ordered after the 6th U.S. Circuit Court of Appeals ruled Duggan made an error at Gardiner's original sentencing because of confusion over mandatory sentencing guidelines. … At Monday's hearing, it was possible for the judge to add another year onto the original sentence. Instead, Duggan's new calculation resulted in a range of 37 to 46 months, and he opted for five fewer months. … Gardiner, who has been in prison for 22 months, will likely now be released from prison in March of 2008 instead of August 2008." The Daily notes, "The 74-year-old Gardiner was among 20 people named in a 35-count indictment handed down by the U.S. Justice Department. They were charged with accepting hundreds of thousands of dollars in gifts, vacations, cash, and home improvements financed by contractor William Hudson Jr. … In return, Gardiner and others helped arrange lucrative contracts for school bond work to Hudson, who also is in prison for his part in the scandal."

CDC Adviser Arrested On Public Indecency Charges. The AP (1/23) reports, "A prominent public health expert who is a top adviser to federal health agencies was arrested on suspicion of public indecency in an airport men's room. Dr. Hugh H. Tilson, 67, was arrested Jan. 16 at Hartsfield-Jackson Atlanta International Airport after a plainclothes police officer said he saw Tilson masturbating at a urinal while watching other men urinate. … Tilson recently co-chaired a task force advising the Atlanta-based federal Centers for Disease Control and Prevention on setting agency priorities and goals. He was visiting Atlanta last week for a

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senior leadership retreat with CDC Director Julie Gerberding and others."

Former Connecticut Church Official Pleads Guilty In Child Pornography Case. The AP (1/23, Christoffersen) reports from Bridgeport, CT, "The former music director of a church where former President Bush once worshipped pleaded guilty on Monday to possessing child pornography." The AP continues, "Robert F. Tate, 64, of Greenwich, admitted possessing between 150 and 300 pornographic images of children, some engaging in sexually explicit conduct. Prosecutors said some children in the images were younger than 12 years old. … Tate was the longtime music director of Christ Church in Greenwich, where former President George H.W. Bush attended while growing up. Funeral services for his parents, Prescott Bush Sr. and Dorothy Walker Bush, were held there." The AP adds, "At his last hearing in December, President Bush's aunt and other members of the church attended to support Tate. .. .Tate faces up to 10 years in prison and a $250,000 fine when he is sentenced April 12."

Judge To Review Federal Probe Of Pellicano Documents Leak. The Los Angeles Times (1/23, Krikorian, 850K) reports, "A federal judge Monday said she would personally review the government's investigation into the disclosure of confidential documents in the Anthony Pellicano wiretapping case, amid claims that the latest leak was triggered by a previously unreported FBI interview of billionaire Kirk Kerkorian. U.S. District Judge Dale S. Fischer's decision followed an acrimonious hearing at which attorneys for Pellicano and for Kerkorian's longtime attorney, Terry Christensen, complained that the leaks to the New York Times had severely hurt their clients' rights to a fair trial. The defense attorneys also pointedly questioned why authorities had not identified the source of the leaks after nine months of investigation." Christensen lawyer Terree Bowers "suggested that the government, fearing that the tapes might be ruled inadmissible, had decided to leak them," but US Attorney's office spokesman Thom Mrozek "said he would not comment on what he called 'the latest conspiracy theory being floated by people associated with the defense.'"

Pellicano Attorney Seeks Subpoenas Of NYTimes Reporters. The New York Times (1/23, Seelye) reports, "A defense lawyer in the case involving Anthony Pellicano, the Hollywood private eye accused of masterminding a long-running wiretapping ring, called yesterday for two New York Times reporters to be subpoenaed to find out who leaked them recordings of conversations and other evidence in the case." The Times continues, "On Jan. 11, The Times printed excerpts of 33 recorded conversations that Mr. Pellicano had with Terry N. Christensen, a lawyer for Kirk Kerkorian, the billionaire Hollywood mogul. The newspaper also put audio excerpts of the conversations on its Web site. Mr. Christensen has also been charged in connection with the wiretapping." The Times adds, "In papers filed last week in federal court, Mr. Christensen called on the judge, Dale S. Fischer of United States District Court, to force the two reporters, David M. Halbfinger and Allison Hope Weiner, to reveal their sources. … In a hearing yesterday in Los Angeles, Terree A. Bowers, the lawyer representing Mr. Christensen, told the judge that the reporters might be 'criminally liable' for their actions. He said in a telephone interview after the hearing that he told the judge that their posting of the conversations on the Internet violated his client's presumption of innocence. … The judge asked Mr. Bowers to spell out specifically what relief he is seeking and how he would like her to deal with the case. In a statement, Catherine J. Mathis, a spokeswoman for The New York Times Company, said: 'We believe it is critically important for reporters to be able to protect their confidential sources of information and will continue to advocate for their ability to do so.'"

Probe Finds Suspect Was Handcuffed Before Shooting LAPD Officer. The Los Angeles Times (1/23, Blankstein, Winton) reports, "A suspect who was handcuffed by police during an early morning arrest in the Westlake district managed to reach for a gun hidden in his pants and open fire, seriously wounding a veteran officer, several LAPD sources familiar with the investigation told The Times today." The Times continues, LAPD Rampart Division training Officer Andy Taylor, 37, was rushed by ambulance to Cedars-Sinai Medical Center in Los Angeles, where he was treated for a gunshot wound to his shoulder and chest. … The 12-year veteran, who was listed in stable condition, also was hit in his bullet-proof vest. Chief William J. Bratton said that the officer could be released from the hospital as early as Tuesday." The Times adds, "Bratton said he would withhold comment on the specifics of the shooting until he is presented with a full preliminary briefing by investigators with the LAPD's Force Investigation Division. … Department officials said Taylor was one of several officers who

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responded to an apartment building in the 600 block of Coronado Street about 5 a.m. today after a report of an assault there. .. .According to the LAPD sources, who spoke to The Times on the condition on anonymity, the officers questioned several men in a second floor residence at the multi-unit complex."

Former Mississippi County Official Pleads Guilty To Katrina Kickbacks. The AP (1/23) reports, "Former Bolivar County (MS) Administrator Adrian Brown pleaded guilty Monday to receiving a cash kickback from Hurricane Katrina relief funds." Brown "remains charged with witness tampering," although he "was not taken into custody and will continue under his current $20,000 bond and supervised release until sentencing." The AP notes, "Brown was arrested by FBI agents at his office on June 6 for requesting and accepting kickbacks from David Spikes, as well as witness tampering. Spikes, who owns Nternet Solutions in Pace, was hired to develop and maintain a Web site for the county to assist displaced Katrina residents who evacuated there. … The indictment also charged that Brown used intimidation and threats to try to influence the testimony of Spikes' wife, Monique Spikes, to a federal grand jury."

Three In Louisiana Plead Guilty To Katrina Relief Fraud. The Lafayette (LA) Daily Advertiser (1/23, Jackson) reports, "Two Morgan City residents and one New Iberia man pled guilty Monday after attempting to defraud FEMA. … Richard Hufnagel, 40, of New Iberia, admitted to applying for emergency benefits following Hurricane Katrina, claiming that he lived in a warehouse in New Orleans during the storm. Hufnagel received $55,000 in FEMA aid for flood damage he claimed to have suffered. … Morgan City resident Shannon Sylvester, 19, received $2,000 in disaster relief funds shortly after Hurricane Katrina in 2005, claiming she had to evacuate her New Orleans residence as a result of the storm. … Ashley Clark, 22, also of Morgan City, received $4,665 worth of FEMA aid after filing a claim for damages done to her residence as a result of Hurricane Rita."

Mississippi Woman Sentenced To Probation For FEMA Fraud. WLBT-TV Jackson (1/22) reported on its Web site, "A Ridgeland woman pled guilty and was sentenced for FEMA fraud related to Hurricane Katrina Monday. Tabuthia Bell was sentenced to three years of probation with forty hours of community service. Bell was accused of submitting a false claim to FEMA for Hurricane Katrina disaster assistance funds."

Immigrants Said To Keep Cockfighting Culture Alive. USA Today (1/23, 3A, Bazar) reports, "Immigration has helped fuel the popularity of cockfighting, a common practice in some countries that is illegal in most of the USA." USA continues, "Statistics are hard to come by, but law enforcement officials and animal rights groups in places such as Denver, Houston and Santa Barbara County, Calif., say they've seen a surge. Others question whether there's just more attention on the activity because police are cracking down. … Cockfighting is illegal in every state except Louisiana and New Mexico. … 'It's definitely on the rise,' says Wayne Pacelle, head of the Humane Society of the United States. Pacelle says the Internet has helped connect cockfighters. He also cites increased involvement of immigrants from countries such as Mexico and the Philippines. 'It's legal in a lot of places where there's significant immigration to the United States,' he says. 'You're seeing participation from people of those nations.'" USA notes, Mark Kumpf of the National Animal Control Association acknowledges there can be a cultural link. He doesn't think cockfighting is on the rise, though. What's up, he says, is enforcement. … Police are aggressively busting cockfighting operations, from fights to bird smuggling, because crimes such as drug dealing, assault and gambling often are associated, he says."

CIVIL LAW:

Maryland Couple, Company Settles Federal Contracting Fraud Charges. The AP (1/23) reports, "A Potomac (MD) couple and the company they run will pay $1.55 million to settle allegations that they submitted false claims on federal contracts, a case that involved a whistle blower who worked for the company." The AP continues, "Robert Yin and Karen Kaufman-Yin, along with their Bethesda-based company COSMOS Corp., allegedly submitted the claims for contracts with the National Science Foundation, the Department of Commerce, the Department of Health and Human Services and the Justice Department." The AP adds, "Yin is the president of COSMOS while Kaufman-Yin is the vice president and chief financial officer. The company provides research, analysis and other services to government agencies and private organizations. … According to federal prosecutors, COSMOS improperly charged government contracts for costs that dealt with the

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company's operations, including marketing, bid proposals and administrative labor. The company is also accused of shifting labor costs from private contracts to its government contracts."

Wrongful Imprisonment Case Against FBI Nears End. The AP (1/23, Lavoie) reports from Boston, "Two men who spent decades in prison for a 1965 gangland slaying they didn't commit wept on the witness stand as they recounted what the years behind bars did to them and their families. … But Justice Department lawyers made it clear Monday that theirs will not be the kind of emotional case presented by the men who are suing the government for wrongful imprisonment and malicious prosecution." The AP continues, Justice Department lawyer Bridget Bailey Lipscomb said the government will not offer testimony from a single live witness. Instead, the government will rely on depositions from several people involved in the 1965 murder case. … The government has argued federal authorities had no duty to share information with state officials who prosecuted Peter Limone, Joseph Salvati and two other men who died in prison after they were convicted in the 1965 killing of Edward 'Teddy' Deegan. They say the FBI cannot be held liable for the results of a separate state investigation." The AP adds, "Attorneys for the men, however, say the FBI knew the men had been framed for Deegan's killing, but hid evidence from state prosecutors that could have cleared the men to protect a Mafia hitman and FBI informant, Joseph 'The Animal' Barboza. … Salvati and Limone were exonerated in 2001 after FBI memos dating back to the Deegan case surfaced, showing the men were framed by Barboza. … The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi."

NYTimes Calls For FDA Regulation Of Tobacco Products. The New York Times (1/23, 1.16M) says in an editorial, "Any doubts that the tobacco industry has surreptitiously raised the nicotine content of cigarettes should be laid to rest by a study from researchers at the Harvard School of Public Health. They confirmed last year's discovery of the nicotine increase by the Massachusetts Department of Public Health and went on to identify how the tobacco companies designed their cigarettes to accomplish this." Their "continued bad behavior makes it imperative for Congress to grant the Food and Drug Administration the authority to regulate tobacco products, including the power to reduce nicotine levels and demand extensive data from the companies."

CIVIL RIGHTS:

Mississippi Voting Intimidation Case Resumes. The AP (1/23) reports from Jackson, MS, "The federal trial of a black Democratic Party official in Noxubee County entered its second week Monday with more testimony anticipated from whites who claim their right to participate in the election process has been violated." The AP continues, "Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites. … Noxubee County is a rural area along the Alabama line with a majority black population." The AP adds, "On Friday, two white witnesses said Brown had threatened to challenge their right to cast ballots in the party's 2003 primary. In addition, an unsuccessful white candidate for Noxubee County supervisor told the federal judge he was unfairly treated by the defendant as to how absentee ballots were counted in a close race against the eventual black winner. … Federal prosecutors want U.S. District Judge Tom Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped. … Cheri Anne Eaves and Kari Hardy testified on Friday that Brown accused them of being disloyal Democrats and had threatened to try to deny their right to vote in the 2003 Democratic primary. Brown allegedly had put them on a list he circulated of 174 white voters he would challenge as ineligible to participate in Democratic Party election because they were closet Republicans."

The Jackson (MS) Clarion-Ledger (1/23, Gates) reports, "A black Noxubee County Democratic Executive Committee official said she was going to follow her own law in counting absentee ballots during a 2003 primary election, a white candidate's son testified Monday. … 'I was not allowed to make challenges,' said Richard Heard, whose father was a candidate for county sheriff." The Clarion-Ledger continues, "In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against

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white voters. … A trial on the lawsuit is in its second week in U.S. District Court in Jackson. District Judge Tom S. Lee will decide the case. … The Justice Department is still presenting its side." The Clarion-Ledger adds, "Wil Colom, attorney for the Noxubee County Democratic Executive Committee and Chairman Ike Brown, said his clients believe the complaints are imagined. Colom said most of the charges regarding election discrepancies are normal election errors and miscues that happen every year in every county in America. … Heard testified that he remembered seeing one absentee ballot where the signature didn't match the name on the application and questioned pollworkers about it. … But Heard said the woman in charge at the polls eventually said 'We aren't going by state law but my law today.' … Heard said he also was concerned that an absentee ballot he notarized for a white voter was rejected."

Unanimous Supreme Court Strikes Down Prisoner Lawsuits' Hurdles. The New York Times (1/23, Greenhouse, 1.16M) reports the Supreme Court "ruled unanimously that a federal appeals court had overstepped its bounds by making prisoner lawsuits even harder to file than Congress intended. The barriers the lower court had put in place 'cannot fairly be viewed' as a correct interpretation of the law, the Prison Litigation Reform Act of 1995, Chief Justice John G. Roberts Jr. said for the court. Unless Congress explicitly provided otherwise, Chief Justice Roberts explained, courts should apply to prisoners' lawsuits the same procedural rules they apply to any other lawsuit and 'should generally not depart from the usual practice under the federal rules on the basis of perceived policy concerns.'"

The AP (1/23) reports, "In an opinion by Chief Justice John Roberts, the court overturned procedural obstacles in the 6th U.S. Circuit Court of Appeals that led to dismissal of civil rights complaints brought by three Michigan inmates. … The appeals court in Cincinnati covers the states of Michigan, Ohio, Tennessee and Kentucky. Federal courts in the circuit allowed just 18 of nearly 500 inmate civil rights suits to proceed, a recent American Civil Liberties Union study concluded, making the circuit the most restrictive in the country for such lawsuits." The AP adds, "The Republican-controlled Congress passed the Prison Litigation Reform Act in 1995, seeking to slow a flood of federal lawsuits. … The law requires prisoners to go through a lengthy administrative grievance process before they may sue in court. … The law worked – too well, according to critics. Nearly 42,000 civil rights petitions were filed in 1995 before the law took effect. Five years later, the number was down to 26,000, according to the Justice Department. … 'Today's decision will at least help to ensure that the courthouse door is not completely shut,' ACLU legal director Steven Shapiro said in a statement."

Long Beach, CA, Uneasily Awaits Hate-Crime Verdict. The Washington Post (1/23, A3, Geis) reports from Long Beach, CA, "A crowd of black teenagers and three young white women stood on a street corner on Halloween night. A male voice cried, 'I hate [expletive] white people!' The crowd surged, and someone cracked one of the whites in the head with a skateboard, dropping her to the ground. That much is not in dispute. … Who is responsible and how this could happen in the port city of Long Beach, which prides itself on its diversity and tolerance, has been the subject of arguments in court, civic forums and private living rooms here ever since." The Post continues, "Ten defendants -- nine female and one male, ages 12 to 18 -- were charged with assault for allegedly beating and kicking the women, giving one 12 facial fractures and another a concussion. Eight of the teenagers are also charged with a hate crime. Their trial has dragged on since early November." The Post adds, "This week attorneys are expected to finish closing arguments and a judge will render verdicts. The city is waiting uneasily to find out whether it will live up to its self-image as a unified, tolerant community or dissolve into racial hostility. … City leaders have reacted to the racial flare-up with alacrity, sending out volunteers to the victims and organizing community forums to denounce racism. … Yet some African Americans express frustration that city leaders have not been more visible in their community. Some are also angry at the local newspaper, which initially covered the victims' story that they were attacked, without reporting that some witnesses called it a mutual fight, or that the arrested teenagers have no criminal history and are accomplished athletes on a local high school track team."

Former California Executive Claims He Was Dismissed For Religious Reasons. The Los Angeles Times (1/23, Goffard) reports, "A former executive of an Irvine car wax manufacturer alleges in a lawsuit that the company fired him because he had not pursued 'a Christian lifestyle' and wasn't 'on fire for Jesus.'" The Times continues, "Atticus O. Firey, 34, of Newport Beach contends Meguiar's

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Inc. committed religious discrimination when it fired him in July after nearly 10 years with the company. Company president Barry Meguiar repeatedly urged Firey, then the chief operating officer, to attend church, the suit alleges, and told him he was 'robbing this company of the blessing of God by not being on your knees and on fire for Jesus.' … Meguiar, who is host of a cable TV and radio program called 'Car Crazy,' did not return a call seeking comment. His lawyer, Richard Ruben, said religion had nothing to do with Firey's firing. He said the company's senior management decided to terminate Firey because his job performance was sub-par, with a management style that was 'demeaning' and 'negative.' … He added that the company's management includes 'people of all religions' and characterized the lawsuit as a 'publicity stunt.' He said he expected a judge to throw out the suit, because Firey had previously agreed to submit to arbitration, rather than go to the courts, should such a dispute arise. … The suit, filed Friday in Orange County Superior Court, says Meguiar sat in Firey's office and read to him from the Bible, thrust Christian books on him and demanded he read them and forced managers to attend prayer meetings. When Firey asked about a promised bonus, the suit says, Meguiar said he would not give it to him until Firey joined a Christian church."

Virginia Delegate Makes Amends For Controversial Comments. The Washington Post (1/23, B1, Gardner, 690K) reports Virginia GOP Del. Frank Hargrove, "who caused an uproar last week by questioning the need for a state apology for slavery, proposed a measure Monday that would commemorate the freeing of the last U.S. slaves in June 1865." Hargrove "said he has been deluged with at least 4,000 phone calls and e-mails at his home and office since he inflamed the House of Delegates by saying that blacks should 'get over' slavery and that apologizing for slavery was no more necessary than asking Jews to apologize for 'killing Christ.'"

ANTITRUST:

Georgia State Lawmakers Urge DOJ To Reject Delta Bid. The AP (1/23, Bluestein) reports, "Georgia's legislative leaders signed a letter Monday urging the Justice Department to reject a takeover bid facing Delta Air Lines, the Atlanta-based carrier locked in a corporate battle to remain a stand-alone company." The AP continues, "The lawmakers said in the letter that a merger between Delta and Tempe, Ariz.-based US Airways Group Inc. would result in skyrocketing air fares and reduced competition. … 'The tremendous amount of overlap between the route networks of these carriers will drive significant consolidation, reduce flight choices, increase fares for our consumers, affect jobs and have a negative impact on our region,' the legislators said in the letter, which was addressed to U.S. Attorney General Alberto Gonzales." The AP adds, "The ceremonial signing by House Speaker Glenn Richardson and Senate President Pro-tem Eric Johnson drew a gaggle of reporters and lawmakers. It represents the latest attempt by Delta to bring its boardroom struggle into the public. … The airline, the nation's third-largest, has reached out to Atlanta's business and civic leaders and organized public rallies to protest the takeover bid launched by its archrival in November 2006."

The Athens (GA) Banner-Herald (1/23, Eckenrode) reports, "Legislators also on Monday introduced resolutions in the House and Senate voicing support for Atlanta-based Delta. .. US Airways is offering Delta's creditors more than $10 billion in cash and stock to accept the merger. … Delta is fighting the offer and wants to emerge from bankruptcy this year standing on its own." The Banner-Herald adds, "Delta's creditors have not yet weighed in on the bid. But if it is approved, the deal still will have to receive approval from the Justice Department because of antitrust questions. … A U.S. Senate committee on Wednesday also is expected to look at how the proposed merger would effect competition and air service on routes where the two airlines overlap."

WAGA-TV, Atlanta, GA (1/22, 10:00 p.m.) broadcasted, "A high-level show of support for Delta Air Lines as it tries to fight off a hostile takeover bid. Georgia's top legislative leaders signed a letter to US Attorney General Alberto Gonzalez asking for 'a full and careful review' of the takeover bid by Us Airways. Delta has said it wants to emerge from bankruptcy as a standalone airline. With this great company and ensuring that they stay here in Atlanta and they are vie Brant for the future." WSB-TV, Atlanta, GA (1/22, 6:00 p.m.) broadcasted, "This is an ad that the Delta pilots took out in USA Today outlining why they think the bid is a bad idea, this on the same day that Delta got support from Georgia's legislative leaders. From the Lieutenant Governor to Georgia's Speaker of the House, all signing a letter to Attorney General, Alberto Gonzalez reviewing the takeover bid for Delta. The lawmakers' letter saying that overlap between the

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two airlines will affect jobs and have a negative impact on Georgia's economy. I'm convinced that delta's standing alone will be in the best interest of all the citizens, not only just here in Georgia, but abroad. WXIA-TV, Atlanta, GA (1/22, 7:00 p.m.), and other cities also broadcasted this story. Some examples are: WAWS-TV, Jacksonville, FL (1/22, 4:00 p.m.), WTVQ-TV, Lexington, KY (1/22, 5:30 p.m.), and WAGT-TV, Augusta, GA (1/22, 11:00 p.m.) and Chattanooga, TN.

US Air's Delta Offer Loses Creditor Support. The Wall Street Journal (1/23, A2, Dade, Carey, Trottman) reports, "As a Senate committee prepares to take testimony tomorrow on consolidation in the airline industry, US Airways Group Inc.'s hostile $10.1 billion bid for Delta Air Lines Inc. appears to be losing traction among creditors who will determine the fate of the Atlanta airline, according to people familiar with the matter." The Journal continues, "After digging into the details of the US Airways offer -- which was sweetened 20% less than two weeks ago -- and hiring former Continental Airlines Inc. Chairman Gordon Bethune to help analyze its prospects, the Delta creditors' committee has grown skeptical of the proposed merger, these people said." The Journal adds, "Separately, talks about a possible merger between Delta and Northwest Airlines Corp. have been put on hold, without a framework for a deal and without specific plans for further negotiations, according to people familiar with the thinking of both sides. … Delta creditors encouraged the talks, which culminated in a series of 'detailed, specific conversations' among senior managers from the companies regarding potential structures, processes and timetables for a transaction, according to a person knowledgeable about the matter. A combination of Delta and Northwest remains 'a very viable option,' according to one person close to the situation, but isn't likely to be pursued until both airlines emerge from bankruptcy protection this year, if ever. Delta intends to leave Chapter 11 proceedings in April and has made its own proposal to creditors to emerge as a stand-alone company. Northwest hopes to emerge from bankruptcy-court protection in the second quarter."

Cemex Extends Bid For Rinker. Bloomberg (1/23, Steffens) reports, "Cemex SA, the world's third-largest cement maker, extended its $11.7 billion hostile takeover bid for Australia's Rinker Group Ltd. by two months while it waits for U.S. regulatory approval." Bloomberg continues, "Cemex's $13-a-share offer for Australia's biggest building materials company will now end March 30, the Monterrey, Mexico-based company said in a statement to the Australian Stock Exchange today. … Cemex wants to buy Rinker because of its business in the U.S., which is focused on Florida, Arizona and Nevada, the fastest-growing states. The deal would make it the world's biggest cement maker. Cemex Chairman Lorenzo Zambrano said today the offer is ``compelling" while Rinker has described it as 36 percent too low." Bloomberg adds, "Cemex is offering to pay Rinker's shareholders in U.S. dollars, saying they can choose to be paid in Australian dollars at the exchange rate prevailing at the time of settlement. … U.S. antitrust regulators on Nov. 30 said they needed more information from both companies before being able to make a ruling on the proposed deal."

3M Poised To Clear Books On Antitrust Suits. The Legal Intelligencer (1/23, Duffy) reports, "With a proposed settlement worth nearly $40 million, office supply giant 3M is poised to close the books on more than a decade of litigating antitrust suits." The Intelligencer continues, "In a series of suits, a competitor and purchasers accused 3M -- the maker of Scotch tape and Post-It Notes -- of abusing its monopoly power in the market for transparent tape by driving a competitor out of business." The Intelligencer adds, "The $39.75 million settlement in Bradburn Parent/Teacher Store Inc. v. 3M -- a class action brought by direct purchasers and retailers -- comes on the heels of a trio of settlements reached last year. … In court papers filed last week, plaintiffs lawyers asked U.S. District Judge John R. Padova to grant final approval of the settlement and to award them attorney fees of $13.9 million and nearly $1 million in litigation costs for their 11,000 hours of work over four years. … In August, Padova approved a $28.8 million settlement in Meijer Inc. v. 3M, a class action brought on behalf of large-volume retailers who were excluded from the Bradburn case. … And court papers show that 3M also struck deals with two big retailers that had opted out of the Meijer case -- Kmart and Publix Supermarkets Inc." The Intelligencer notes, "All of those suits stemmed directly from a 1997 suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape. … LePage's, a competing supplier of tape, had accused 3M of using illegal tactics to drive it out of business."

Qantas Suitors Seek To Reassure Unions. The Wall Street Journal (1/23, C9) reports, "The buyout group bidding for Australia's Qantas Airways Ltd. met with union

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officials yesterday, promising not to cut services or send maintenance operations offshore, amid fears about jobs and working conditions. … However, unions said they wanted legally binding guarantees to protect staff and would continue talks with the buyout consortium, Qantas and the Australian government." The Journal continues, "The Airline Partners Australia consortium, which includes Macquarie Bank Ltd., Allco Finance Group Ltd., Allco Equity Partners Ltd. and North American private equity firms Texas Pacific Group and Onex Corp., said it talked with representatives from the Transport Workers Union and the Australian & International Pilots Association."

Equity Officer Properties Considers Another Takeover Bid. The New York Times (1/23, Pristin) reports, "Equity Office Properties, which agreed in November to be bought by a private equity company, the Blackstone Group, for $36 billion, including debt, said yesterday that it would begin discussions with a rival group that has offered to top that price." The Times continues, "Equity Office, the nation's largest office landlord, with 585 buildings in 24 metropolitan areas, also said it would open its books to the challengers, a consortium led by Vornado Realty Trust." The Times adds, "Raising the stakes in what was already the largest buyout battle ever, Vornado and its partners, Starwood Capital Group and Walton Street Capital, proposed last week to pay $52 a share for Equity Office, or 7.2 percent more than what Blackstone has offered. Vornado, a real estate investment trust that owns more than 100 million square feet of office, retail and showroom property, said its offer would include about $10.6 billion of its stock. … Setting a Jan. 31 deadline for the Vornado group to submit a formal proposal, Equity Office said it continued to recommend approval of the Blackstone merger."

Record Industry Mulls Unrestricted Digital Music. The New York Times (1/23, Shannon) reports, "As even digital music revenue growth falters because of rampant file-sharing by consumers, the major record labels are moving closer to releasing music on the Internet with no copying restrictions — a step they once vowed never to take." The Times continues, "Executives of several technology companies meeting here at Midem, the annual global trade fair for the music industry, said over the weekend that at least one of the four major record companies could move toward the sale of unrestricted digital files in the MP3 format within months." The Times adds, "Most independent record labels already sell tracks digitally compressed in the MP3 format, which can be downloaded, e-mailed or copied to computers, cellphones, portable music players and compact discs without limit. … The independents see providing songs in MP3 partly as a way of generating publicity that could lead to future sales. … For the major recording companies, however, selling in the MP3 format would be a capitulation to the power of the Internet, which has destroyed their control over the worldwide distribution of music." The Times notes, "Until last year, the industry was counting on online purchases of music, led by Apple's iTunes music store, to make up the difference. … But digital sales in 2006, while 80 percent ahead of the year before, grew slower than in 2005 and did not compensate for the decline in physical sales, according to an industry report released in London last week."

ENVIRONMENT:

President To Link Energy Security, Global Warming In State Of The Union. In an analysis, the Financial Times (1/23, Daniel) writes, "In his quest for a defining legacy beyond the Iraq war, tonight a chastened President George W. Bush in his State of the Union address will put energy security - reducing US dependence on foreign oil - at the heart of his political agenda for his final two years." In tonight's speech, Bush "will make an explicit link between the demands of energy security and the environment, says Tony Snow, White House spokesman." The "fact that Mr Bush is even talking about his actions on climate change, and will set out how his own policy helps address it, marks a profound departure from the past. Yet there remain doubts about whether the White House is willing to embrace more radical energy efficiency initiatives, or abandon its policy of the first six years of seeking to expand the supply of domestic oil." The Times adds, "Senior aides say he has been frustrated by the barrage of leaders admonishing him on global warming, from Tony Blair's constant solicitations to interventions by Angela Merkel, the German chancellor."

Corporate Leaders Urge Bush To Support Carbon Dioxide Caps. The Washington Post (1/23, A6, Mufson, 690K) reports, "On the eve of the State of the Union address, the chief executives of 10 major corporations urged President Bush to embrace mandatory ceilings on U.S. greenhouse gas emissions in order to stem climate change. But yesterday White House spokesman Tony Snow said that binding caps

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on carbon dioxide emissions would not be part of the president's proposals tonight." There "has been widespread speculation about what Bush might say about climate change tonight." The Post adds, "Major corporate leaders have been changing their position on climate change for the past year or two, and many of them are convinced that some form of regulation of or tax on carbon emissions is inevitable. With many states talking about coming up with their own laws, corporate leaders have started to urge the federal government to establish a nationwide standard."

The Wall Street Journal (1/23, Ball, 2.04M) reports, "[S]ome of the country's biggest industrial companies are acknowledging that fossil fuels are a major culprit" in global warming and that their "emissions should be cut significantly over time. ... Some see a lucrative new market in clean-energy technologies. Many figure a regulation is politically inevitable and they want to be in the room when it's negotiated, to minimize the burden that falls on them." The "broadening, if incomplete, consensus that fossil fuels are at least a big part of the global-warming problem signals real change in the environmental debate. The biggest question going forward no longer is whether fossil-fuel emissions should be curbed. It's who will foot the bill for the cleanup -- and that battle is heating up."

Speech Expected To Boost Ethanol. The New York Times (1/23, Barrionuevo, 1.16M) reports, "After three decades of surviving mostly on tax subsidies," the ethanol industry "is poised tonight to get its biggest endorsement from on high that it has a long-term future as a home-grown alternative to gasoline. In his State of the Union address, President Bush is expected to call for a huge increase in the amount of ethanol that refiners mix with gasoline, probably double the current goal of 7.5 billion gallons by 2012." Although "the details of the proposal are not known, 15 billion gallons of ethanol would work out to more than 10 percent of the country's current gasoline consumption, and is far beyond the current capacity of about 5.4 billion gallons." The Times adds, "For an industry once dominated by the will of a single powerful producer, Archer Daniels Midland, ethanol has come a long way, joining the oil industry and producers of major agricultural commodities as an entrenched political force in Washington."

The Washington Post (1/23, A6, Mufson, 690K) reports, "The energy agenda in Washington has been long dominated by oil interests, but in a reversal of political fortunes, these days it is Big Oil fighting to preserve its tax incentives and the ethanol industry that is adding new ones. President Bush may up the ante tonight in his State of the Union address, many analysts think, by setting new targets for ethanol use or encouraging automakers to shift to engines capable of handling E85." The "ethanol industry is already on a roll" and "investors drove up the stock prices of ethanol companies yesterday in anticipation of Bush's speech." But "an increasing number of economists and energy experts are questioning whether the benefits of producing ethanol -- especially ethanol made from corn -- have been oversold."

Pelosi Plan For Climate Change Committee Meets Resistance. The Washington Post (1/23, A1, Eilperin, Grunwald, 690K) reports House Speaker Nancy Pelosi's "power play" in creating a select committee on energy independence and climate change, "demonstrated her seriousness about climate, a complex issue that may be as legislatively difficult and politically treacherous as health care was in the 1990s. But it also reflected her seriousness about imposing discipline on her caucus and preventing a return to the days when long-serving Democratic chairmen ran their committees as independent fiefdoms." Energy and Commerce Committee Chairman John D. Dingell, "a legendary defender of his committee's prerogatives as well as the carbon-emitting auto industry of his home state -- had made it clear that he expected to lead the party's global-warming debate in a rather leisurely fashion. Pelosi was end-running him." Dingell "saw Pelosi's new committee as a recipe for duplication, incompetence and the suppression of democracy." And California Rep. Henry A. Waxman, chairman of the Oversight and Government Reform Committee, "warned that Pelosi might be scheming to write bills out of her own office. 'That's the way the Republicans did it,' Waxman said. Those are fighting words in the new majority, and some Energy and Commerce Democrats are willing to fight."

The Hill (1/23, Snyder) reports Dingell "found an unlikely ally in his spat" with Pelosi "over a new climate-change panel: former committee chairman Joe Barton (R-Texas). While Barton and Dingell have butted heads on energy policy, the two were like-minded in their opposition to a select committee on climate change that would operate outside the bounds of their own committee." The "spat threatened to draw energy lobbyists, who largely had sat on the sidelines this session, into an awkward intra-caucus fight between two people — Dingell and Pelosi — it doesn't pay to upset."

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The Hill (1/23, Kaplan) reports New York Rep. Anthony Weiner and other Democrats on the House Energy and Commerce Committee "were disgruntled" about Pelosi's "plan to take away some of their turf by creating a Select Committee on Energy Independence and Global Warming" with Massachusetts Rep. Edward Markey at its head. The Hill adds, "Some liberal Democrats are said to be frustrated with [Dingell], who is closely allied with the auto industry and opposes some measures, such as increasing gas mileage standards, to reduce greenhouse gases. But a cross-section of members are frustrated with Markey."

Energy Self-Sufficiency Goal Called Unrealistic. In a Wall Street Journal (1/23, A19, 2.04M) op-ed, Daniel Yergin, chairman of Cambridge Energy Research Associates, writes, "With geopolitical turmoil, volatile prices and continuing reminders of the international political power of oil, the concept of energy independence is compelling and deeply appealing." But "if energy independence is presented as self-sufficiency, it will likely fall flat. And, as prices run through their cycles, disappointment will undermine the longer-term commitments that are required for a sound energy future. Today, quite simply, cutting ourselves off from global energy markets is not realistic." However, "if the goal of energy independence is understood differently, to mean energy security -- resilience, robustness, reduced vulnerability -- then it is much more useful." This kind of definition "emphasizes the central goal of diversification -- encouraging investment and higher levels of research and development in both alternative and conventional energy sources. It means a new push for energy conservation, higher energy efficiency, lower energy intensity." It also "requires an understanding that this kind of energy independence -- as measured in energy security -- actually requires interdependence with other nations, both consumers and producers of energy."

Ford Introduces Hydrogen Hybrid As Industry Hopes For More Research Funding. The Washington Post (1/23, D1, Freeman, 690K) reports on Ford's introduction of the HySeries Edge, "a plug-in hybrid with an electric drive powered by a battery and a hydrogen fuel cell." The car's "arrival intensifies the competition to manufacture a mass-market electric hybrid that reduces reliance on gasoline and curbs the emission of greenhouse gases. But the futuristic Edge vehicle is Ford's only one, and it cost $2 million to build." The Post adds, "To get a car like this into the showroom for sale to the public will require the automotive and energy industries to leap high technological hurdles. The infrastructure to deliver alternative fuels such as hydrogen is in its infancy, and engineers are puzzling over how to mass-produce a lightweight, inexpensive and safe electric battery." The "industry is hoping President Bush will announce his intention to increase research funding during his State of the Union speech tonight."

Judge Moves Hearing On Nevada Bomb Test To January 31. The AP (1/23) reports, "A federal judge has pushed forward by one day a scheduled hearing on a proposed non-nuclear explosion that authorities say would generate a mushroom-shaped dust cloud in the Nevada desert." The AP continues, "Judge Lloyd George cited a scheduling conflict in moving the date of the telephone conference call to January 31st. A Justice Department lawyer from Washington is due to provide an update of the federal Defense Threat Reduction Agency proposal. No date has been set for the blast. … It would involve detonating a 700-ton ammonium nitrate and fuel oil bomb at the Nevada Test Site -- about 85 miles northwest of Las Vegas." The AP adds, "Government officials call the test important for gathering data about penetrating hardened and deeply buried targets. Critics have called it a surrogate for a low-yield nuclear 'bunker-buster' bomb. … They say it'll scatter dust contaminated nuclear weapons tests at the test site. The explosion has been postponed since Western Shoshone tribe members and 'downwinders' in Utah and Nevada filed suit last year."

Utah Land-Use Plan Revisited. The Salt Lake Tribune (1/23, Baird) reports, "The federal government and environmental groups got a do-over Monday in their bid to dismiss a lawsuit filed by Kane and Garfield counties that seeks to overturn the Grand Stair- case-Escalante National Monument's land-use plan." The Tribune continues, "U.S. District Judge Ted Stewart originally heard arguments to dismiss the suit last fall, then recused himself. Judge Bruce Jenkins replaced Stewart, and opted to hear the arguments for a second time at the Moss Courthouse in downtown Salt Lake City. … But where Stewart seemed skeptical of the government's contention that the counties could show no harm from the monument plan - and thus had no standing to bring the suit - Jenkins appeared dubious that the counties could make their claims stick without laying out more specifics." The Tribune adds, "Jenkins also challenged the counties' argument that they have been permanently tied to the decisions made by the Bureau of Land Management in

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1999 that regulated travel, water diversions and other land uses in the monument. … 'What statute do you point to showing that this is a final agency action?' Jenkins asked Shawn Welch, the counties' attorney, during the nearly two-hour hearing. … The counties have claimed that there is a large network of county-owned roads that criss-cross the 1.8 million-acre monument that the BLM has refused to recognize. … Justice Department attorney Tom Snodgrass once again argued that the counties have failed to prove any road ownership claims beyond four routes that were recognized in the land-use plan - and thus could show no harm."

NRC Commissioner Says Efforts To Build New Reactors Hampered By Budget Delay. Under the headline, "Lack of Budget Could Hurt Nuclear Energy Revival, Official Says," the New York Times (1/23, Wald, 1.16M) reports, "The senior member of the Nuclear Regulatory Commission warned on Monday that the failure of Congress to pass a detailed budget for the current fiscal year could damage the nuclear renaissance that the government tried so hard to encourage with the energy bill of 2005." The Times adds that Commissioner "Edward McGaffigan Jr., said that if the commission received applications this year, 'we basically are going to have to put them on the shelf, because we're not going to have the folks to work on the applications until well into calendar year 2008.'" Having passed only "two of the 11 spending bills for the fiscal year that began Oct. 1, 2006," much of the "government has been operating under a 'continuing resolution,'" and "Democrats say they plan to extend that resolution through Sept. 30, the end of the fiscal year." Commissioner "McGaffigan said that if the commission could not process applications, some companies wanting to build would decide to wait."

Greater Oversight Of US Oil, Gas Leases Urged. Karin Lissakers, director of the Revenue Watch Institute, writes in the New York Times (1/23, 1.16M) that during the "last six months, media coverage, Congressional hearings, lawsuits by private citizens and a scathing report by the Interior Department's inspector general have exposed a litany of failures in the department's management of oil and gas leases on public lands and waters." In fact, Lissakers says the failures "have become so glaring, in fact, that there is even speculation that the President, a good friend to the energy industry, might speak about them in his State of the Union address tonight." She urges Congress, "with the president's encouragement," to "insist that the United States practice at home the transparency it preaches abroad," by "enact[ing] a requirement that all companies extracting oil, gas and other minerals from federal lands publicly report all of their production on those lands and all royalties and other payments made to the federal government from that production." Only then, she concludes, "can the American public have confidence that the taxes owed by those who have benefited from the use of our public lands are being properly accounted for and fully collected."

WPost Urges Cleanup Of Anacostia River. The Washington Post (1/23, A16) editorializes, "The promise of massive redevelopment in the District -- new neighborhoods, office buildings, parks, retail complexes, and baseball and soccer stadiums, with the Anacostia River as an urban centerpiece -- could wind up mired in muck. As reported in distressing detail by staff writer David A. Fahrenthold, the river is disgracefully dirty, brimming with trash, toxic chemicals, dead animals, diseased fish and raw sewage. At least the Potomac River and the Chesapeake Bay have constituencies pressing for improvements in those waters; but without a groundswell to revive the Anacostia, potential developers may hold their noses and turn away." The Post continues, "One revolting source of pollution is the District's sewer system, designed more than 100 years ago to dump raw sewage into the river during rainstorms. The D.C. Water and Sewer Authority has a plan to dig huge tunnels under the city to store this flow and then treat it to remove the sewage. But the agency's chief of staff, Johnnie Hemphill, told The Post that the project could take close to 20 years and $2 billion. This month, the U.S. Supreme Court let stand a lower court's ruling that set stricter caps on the amounts of pollutants dumped into the Anacostia. Jerry N. Johnson, the water and sewer authority's general manager, said the new rules may slow the project while officials figure out how to adapt. But the cleanup must go faster, not slower. … No single pollution solution exists, but until federal, state and local officials develop a sense of emergency, the Anacostia River will continue to dampen the chances of economic vitality in the core of this region."

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FBI/DEA/ATF/USMS:

Judge Disagrees With Attorneys On Timing Of Arellano Felix Trial. The San Diego Union-Tribune (1/23, Soto) reports, "The federal judge overseeing the possible death-penalty trial of accused drug cartel kingpin Francisco Javier Arellano Felix sharply disagreed with lawyers for both the defense and the prosecution over when a jury would hear the case." The Union-Tribune continues, "Prosecutors and defense lawyers told U.S. District Judge Larry Alan Burns Monday that they could be ready to take the case to trial in June 2008. … Burns disagreed and refused to put the case off that far. … He has been pushing the lawyers to get the case before a jury quickly, at first saying that it should go this spring, but now insisting it can get started this year." The Union-Tribune adds, "The lawyers say that's impossible, given the voluminous evidence gathered against Arellano and the fact that before the case can go forward, U.S. Attorney General Alberto Gonzales has to decide whether prosecutors will seek the death penalty. … Arellano is accused of racketeering and conspiracy, and could face the death penalty if convicted of operating a continuing criminal conspiracy that has led to several murders. … Also accused in the case is Manuel Arturo Villarreal Heredia, who prosecutors say was a top Arellano Felix henchman who ordered the beheadings of Rosarito Beach police officers last year."

Extradited Mexican "Drug Lords" Appear In US Court. There are now more than 400 media references to the extradition and U.S. court appearance of several Mexican "drug lords" and others. For example, the AP (1/23) reports four "drug lords who had been serving time in Mexican prisons were brought shackled into an American courtroom Monday to face drug and intimidation charges. Among them was Osiel Cardenas-Guillen, believed to be one of the kingpins most responsible for violence along the Texas-Mexico border in recent years, said Karen Tandy, chief of the U.S. Drug Enforcement Administration. 'This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership,' Tandy told reporters by teleconference from Washington." The AP adds, "Besides Cardenas-Guillen, the group includes Hector Palma Salazar, the suspected former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana."

In a separate story, the AP (1/23) reports from Mexico City that President Felipe Calderon "pledged Monday to wage a permanent war against organized crime by coordinating more closely with local police and giving all law enforcement better training, equipment and intelligence work. … His comments came three days after his administration extradited four alleged drug lords and 11 other suspects to the United States. He said he wouldn't give up the battle." Tandy "described the extraditions as 'an enormous leap forward.' 'Most were major drug traffickers. Many were long-term targets of the United States. All now face their worst fear: U.S. justice,' Tandy said in a media conference call Monday. 'On behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives.'"

The AP (1/22) also reported that more than a dozen leaders and workers in Mexico's "most brutal and powerful drug cartels were brought before a federal magistrate in Houston Monday before being shipped to several states to face charges. They face various drug-related charges in different states, including New York, Colorado and California, officials said." News outlets that used a version of the AP story include CBS News, FOX News, the New York Times, Washington Post, Houston Chronicle, Dallas Morning News, San Diego Union-Tribune, Miami Herald, Fort Worth Star Telegram, and Forbes.

USA Today (1/23, Leinwand) reports a "suspected Mexican drug lord whose cartel allegedly smuggled more than four tons of cocaine a month over the U.S. border will stand trial in Texas. Osiel Cardenas-Guillen, the alleged kingpin of the Gulf Cartel, and three other alleged drug lords appeared in a Houston court Monday. Mexican authorities delivered Cardenas-Guillen and 14 other alleged Mexican drug dealers and criminals to Houston late Friday and early Saturday, the Drug Enforcement Administration said." Cardenas-Guillen "was charged in Texas in December 2000 with drug trafficking and threatening to kill federal agents, Tandy said. Cardenas-Guillen and his cohorts allegedly attempted to kidnap and kill a DEA agent and an FBI agent during a confrontation in November 1999, the indictment said."

The Dallas Morning News (1/23, Corchado) reports President Calderón "called on the political opposition Monday to share 'co-responsibility' for fighting the drug war, and senior U.S. officials praised Mr. Calderón's 'stunning'

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leadership in extraditing alleged Mexican drug lords to the U.S." John Walters "said the Bush administration is prepared to 'look at added resources' to help strengthen Mexican security." Karen Tandy said, "This past weekend, the U.S. and Mexico took an enormous leap forward, particularly with the extradition of Mexican drug kingpin Osiel Cárdenas-Guillén. … For the past eight years, he commanded one of the most brutal and powerful drug cartels in the world." The Myrtle Beach Sun News, San Luis Obispo Tribune, and Contra Costa Times used the Dallas Morning News story.

On its Web site, KHOU-TV, Houston (1/22) reports federal agents in Mexico who "transported reputed kingpin Osiel Cardenas Guillen shot video that appeared on a Web site of the Mexican newspaper El Universal. It shows Osiel Cardenas on a flight to Houston where he was handed over to DEA agents."

KHOU-TV, Houston (1/23) also reports on its Web site that Karen Tandy said, "This is the first time that the Supreme Court of Mexico has extradited cartel leaders and leadership." KHOU adds that Cardenas "is considered to be one of the most dangerous drug kingpins in recent history who, according to DEA agents, transported up to six tons of cocaine per month to the U.S."

Suspects Won't Face Death Penalty. The Houston Chronicle (1/23) reports Cardenas "is also charged with leading an ambush of U.S. federal agents in Matamoros, across the border from Brownsville, in November 1999. Brandishing his trademark gold-plated .45-caliber pistol, Cardenas and a dozen of his henchmen surrounded a car carrying two agents from the DEA and the FBI and threatened to kill them if they didn't turn over an informant, Tandy said." Deputy Attorney General Paul McNulty said none of the suspects will face the death penalty, a punishment that does not exist in Mexico. 'We have to make the assurances necessary for a successful extradition,' McNulty said. John Walters...agreed, calling it 'a watershed event.'"

Mexico's Attorney General Plans More Extraditions. The Los Angeles Times (1/22, Enriquez, Martinez) reported, "On the heels of the extradition of four top drug cartel leaders, Mexico's attorney general said Sunday he planned to send more suspects to face U.S. trials, tacitly acknowledging that corruption had allowed drug kingpins to direct operations even while in maximum-security Mexican prisons. … Aggressive extradition is emerging as the second prong of Mexican President Felipe Calderon's get-tough approach to the drug gang violence that killed more than 2,000 people nationwide last year. In January, 17 Mexican suspects have been handed over to U.S. authorities, a pace that would easily surpass last year's record 63 extraditions."

Gonzales Praises Calderon. CNN Lou Dobbs Tonight (1/22, 6:14 p.m.) broadcasted, "US Attorney General Alberto Gonzales says we recognize the bold stance of President Felipe Calderon. Some of those most directly affected remain skeptical including US border sheriffs. The corruption is almost out of control. And it would be hard for anyone, including the President of Mexico, to come in and try to clean up the problem. In fact, US officials expect a short-term increase in violence. Many kingpins run their business prisons and some of those cartels are now leaderless. The DEA held a rare conference call to its reporters today. That the cooperation from Mexico President Calderon is both extraordinary and significant. And also one Justice Department official praised the Mexico government for showing what it called courage in taking on drug trafficking organizations."

Alabama Drug Ring Busted After Two-Year Probe. The Tuscaloosa News (Alabama) (1/23, Taylor) reports, "More than 20 people have been accused of taking part in a sophisticated operation that brought illegal drugs from the West Coast to West Alabama." The News continues, "A two-year investigation by dozens of federal agents and local law enforcement officers resulted in federal drug trafficking charges against 21 people from Tuscaloosa and Greene counties." The News adds, "A 37-count indictment unsealed Monday charges them with distribution of powder and crack cocaine. Twelve of them were arrested over the weekend. … The men allegedly used several drivers who used 18-wheeler freight trucks to haul drugs from California to a location in Greene County where it was then distributed to lower-level dealers, said Jill Ellis, spokeswoman for the U.S. Attorney's office in Birmingham. … David Smith, 58, of Boligee was described as the organizer of the operation." The News notes, "The first count of the indictment charges Smith with operating a continuing criminal enterprise. Other charges included using a telephone or computer to facilitate drug trafficking, conspiracy to posses with the intent to distribute and distribution of cocaine and crack. … 'Smith's drug trafficking organization was a major distributor of powder and crack cocaine to high- and mid-level dealers throughout West Alabama,' U.S. Attorney Alice Martin said in a written release. … The men arrested over the weekend were described as

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'lieutenants' within the organization, or distributors who use 'runners' to get the drugs to street-level buyers."

The Birmingham (AL) News (1/23) reports, "Dozens of federal, state and local law enforcement officers on Saturday rounded up the first dozen of those indicted, including David Smith, 58, of Boligee, whom U.S. Attorney Alice Martin described as the organizer of the ring. … Gregory Borland, assistant special agent in charge of Alabama's Drug Enforcement Administration, called the investigation one of the most significant he has been involved in Alabama."

Mike Tyson Pleads Not Guilty To Drug Charges In Arizona. In Phoenix, the AP (1/23) reports former heavyweight champion Mike Tyson "pleaded not guilty Monday to charges of drug possession and driving under the influence of drugs. … Tyson was indicted earlier this month on felony drug possession and paraphernalia possession counts and two misdemeanor counts of driving under the influence of drugs. If convicted of all four charges, he could be sentenced to up to 7 1/2 years in prison."

Researchers Tie Gun Ownership Rate To Homicide Rate. The New York Times (1/23, Nagourney, 1.16M) reports, "States with the greatest number of guns in the home also have the highest rates of homicide, a new study finds. The study, in the February issue of Social Science and Medicine, looked at gun ownership in all 50 states and then compared the results with the number of people killed over a three-year period. The research, the authors said, 'suggests that household firearms are a direct and an indirect source of firearms used to kill Americans both in their homes and on the streets.'"

Report Examines Problems With Philadelphia Gun Dealers. The Philadelphia Inquirer (1/23, Moran) reports, "Gun-control advocates joined Philadelphia Police Commissioner Sylvester M. Johnson yesterday in calling for more prosecutions of gun dealers who sell to the gun-traffickers and straw purchasers fueling the violence plaguing Philadelphia and other cities." The Inquirer continues, "At City Hall, the Brady Center to Prevent Gun Violence released a national report, 'Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers,' that highlights more than two dozen cases - including nine in Pennsylvania - of dealers who sold guns that wound up in the hands of criminals. The criminals were prosecuted but the dealers were not. … 'The recent upsurge in criminal gun violence places renewed importance on the question: Where do criminals get their guns?' the report states." The Inquirer adds, "The report identified, among others, Abington Gun Sports in Willow Grove, which allegedly sold to female straw buyers working for a man who authorities say then went on a rampage in Philadelphia in 2003, holding up fast-food restaurants, carjacking a Lexus, and robbing a bank of nearly $60,000. … The guns the women bought included an AK-47 SAR assault rifle, two 12-gauge shotguns, a Bushmaster .223-caliber rifle, and a Marlon 30-30 rifle, according to the federal indictment of Andre Henry, three other men and three female straw purchasers. The case is pending."

US Launches Program To Curb Illegal Gun Sales. KTVT-TV, CBS 11, Dallas-Fort Worth (1/23) reports, "The U.S. Attorney's Office, the Bureau of Alcohol, Tobacco and Firearms and the firearms industry are joining forces to stop the illegal purchases of firearms." KTVT-TV continues, "Monday they unveiled a campaign called 'Don't Lie for the Other Guy.' The program hopes to raise public awareness and educate firearms dealers about 'straw' purchases. … A straw purchase is when someone buys a firearm for someone who cannot legally buy one for themselves." KTVT-TV adds, "A spokesperson for the ATF said, 'This program is an important tool for ATF as we pursue our mission of preventing terrorism, reducing violent crime and protecting the public.' … It is a federal felony to purchase a gun for someone who can't, punishable up to 10 years in jail and up to a $250,000 fine. … In 2005, ATF arrests led to over 1440 individuals being convicted of illegal firearms trafficking. That's up 14 percent from the previous year. … The group will display flyers in all gun stores and distribute materials about illegal firearms transactions. Several public service announcements about the program are also planned to hit the airwaves."

Los Angeles County Sheriff Traces Guns' Path To Compton. The Los Angeles Times (1/22, Garvey) reports, "To crack down on gangs and stem soaring violence in Compton, Los Angeles County Sheriff Lee Baca asked his deputies and detectives not just to investigate crime but to also probe where gang members were getting their guns." The Times continues, "So sheriff's officials embarked on unprecedented census: tracking down the origins of nearly 900 weapons confiscated there last year. The results, released Monday, offer a glimpse into the complex and

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unexpected ways guns get into the hands of gang members." The Times adds, "Sixteen guns recovered in or near Compton were traced to a single store in Sparks, Nev., through databases of the Bureau of Alcohol, Tobacco, Firearms and Explosives. That same location, officials said, accounted for more than more than 350 weapons recovered nationwide by law enforcement officials last year, including 65 in the Los Angeles area. … The bureau is investigating the store and law enforcement officials declined to identify it, Baca said." The Times notes, "The bulk of the weapons confiscated in Compton were originally sold in California. But scores of others came from Arizona, Nevada and Colorado. Nine weapons were registered in Connecticut and a few others were registered in Ohio. … Several of the weapons were traced to murders."

Villaragosa Meets With Gonzales, Mueller About Gang Violence. CNN Paula Zahn Now (1/22, 8:18 p.m.) broadcasted, "Los Angeles Mayor Antonio Villaragosa: "It's bad enough that we believe we need to get a handle on it now. This approach has to be a comprehensive, multi-agency approach. About a couple weeks ago I met with Alberto Gonzales, the Attorney General, talked to him about the gang problem in Los Angeles. I spoke and met with the FBI director, Mr. Mueller, where we talked about providing more Federal FBI assets in our fight against gangs, and I've also met with and spoken with Governor Schwarzenegger."

IMMIGRATION:

Illegal Immigrant Charged With Sexual Assault Seeks Deportation. Fox News (1/23) reports from Woodstock, IL, "Not many illegal immigrants ask to be deported. But Jose Vallejo of Mexico did, rather than face a potential prison term of 30 years for sex assault here in the United States. And he nearly got his wish." Fox continues, "Prosecutors in Illinois say Vallejo, who is now a 17-year-old Mexican national, pinned a 4-year-old girl down on a bed, then molested her on April 12, 2006. Even though Vallejo was only 16 at the time of the alleged crime, he is being charged as an adult because of the age of the victim. He faces three counts, including aggravated criminal sexual assault, one count of unlawful restraint." Fox adds, "Originally, bond was set by a state judge at $150,000 but Vallejo's family posted the cash. So, Vallejo was released by the state, but soon after, was taken into custody by federal agents for illegally entering the country three years ago. .. While in federal custody, Vallejo asked a federal immigration judge to deport him. The request was granted during a Jan. 4 deportation hearing in Chicago. … But before Vallejo was sent back over the border, federal Immigration and Customs Enforcement officials alerted prosecutors in McHenry County, Ill., and that agency took custody of him."

Administration Blasted Over Immigrant Raids. The AP (1/23, Talhelm) reports, "The Bush administration is taking heat from lawmakers for the harm done to a company during last month's largest-ever immigration raid." The AP continues, "Immigration officials on Dec. 12 arrested 1,297 illegal workers at Swift & Co. meatpacking plants in Texas, Colorado, Minnesota, Iowa, Nebraska and Utah. … After a closed-door meeting Monday with Homeland Security Secretary Michael Chertoff, senators from the affected states said the raid exposed flaws in the federal government and in a program designed to help employers screen for illegal immigrants." The AP adds, "Among the concerns, senators reported, were that agencies can't share information about stolen identities and that programs designed to catch illegal immigrants allow many lawbreakers to slip through the cracks. … Chertoff acknowledged some of the problems, and said his department's programs are not "the perfect cure." Senators said they wanted Chertoff to enforce the laws, but they needed to assure companies that working with the government would not ultimately hurt them. … Swift participated in a program called Basic Pilot, which screens employees for illegal Social Security numbers. The system doesn't snag stolen Social Security numbers or numbers that are being used in multiple locations . … Since the arrests, Attorney General Alberto Gonzales has announced the indictments of 148 illegal immigrants, who used other peoples' Social Security numbers and other personal information to get jobs at Swift. Local prosecutors are bringing state charges against the immigrants, including 80 in Cache County, Utah, and 18 in Weld County, Colo."

Judge Closes Suit Against US Over Immigrant Raids. The AP (1/23, Kohler) reports from Denver, "A judge closed a lawsuit against the federal government Monday after federal officials disclosed the whereabouts and status of 262 workers arrested during last month's largest-ever immigration raid at Swift & Co. meatpacking plant in Greeley, Colorado." The AP continues, "Attorneys for the United Food and Commercial Workers Union, which filed the suit, said it

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should not have taken a lawsuit to get the information. The lawsuit alleged the U.S. government had violated the Greeley workers' constitutional right to due process." The AP adds, "The people arrested in Greeley were among 1,297 illegal workers at Swift & Co. meatpacking plants in six U.S. states who were taken into custody on Dec. 12, most on illegal immigration charges. The union lawsuit did not cover workers in the other states. … U.S. District Judge John Kane terminated the lawsuit after union and federal lawyers agreed that all the arrested workers had been accounted for and given a chance to seek bond. … The government released the information to the union last week under orders from Kane." The AP notes, "A total of 74 of the Greeley workers remained in federal custody in Denver and El Paso, Texas, and 75 voluntarily returned to Mexico, according to federal officials. Another 18 face state identity-theft charges in Weld County, Colorado, where the Greeley Swift plant is located."

Rohrabacher Blasts Bush On Illegal Immigration. Fox News' Special Report (1/22, Hume) reported, "The problem of illegal immigration is so large in Orange County, California that the local jails are full of illegal aliens arrested for local crimes. So, the jails therefore are a great place to find illegal aliens. The local sheriff knows this and would like to see the opportunity exploited. But there is a problem. … While responsibility for getting [criminal aliens] off the street typically calls to local police, when it comes to getting them out of the country, most cops can't get the training to do that. Letting local police enforce immigration law is controversial. Even in Orange County California where Sherriff Mike Carona wants his deputies cross-trained in immigration law with access to the federal immigration database. … 10 years ago, congress changed the law to allow local police agencies to enforce federal immigration statutes and it appropriated money to help. Yet when Carona asked Immigration and Customs Enforcement to train 500 of his deputies, the feds said it would cost too much. So he tried to hundred 200 – still too expensive. He got 12." Rep. Dana Rohrabacher: "We've authorized a great deal of help for these local people to help and enlist them in the battle to get control of illegal immigration and this administration turns around and gives them a pittance. … President Bush is not committed to stopping this flow of illegals into our country."

TAX:

Former North Carolina Tax Preparer Pleads Guilty To State Tax Charges. The Shelby (NC) Star (1/23, DeLea) reports from Raleigh, NC, "Former Shelby tax preparer Jerry O. Adams III, who still faces federal charges on defrauding the U.S. Department of Treasury of more than $3.8 million, pleaded guilty to failing to file and pay the state individual income tax last week in state court." The Star continues, "Judge K. Dean Black issued Adams a 45-day suspended sentence and placed him on supervised probation for two years. The sentence will be reduced to unsupervised probation after he pays $3,675 in court costs and restitution to the state. … 'It's the department's responsibility to make sure everyone pays their fair share of taxes,' said Kim Brooks, director of public affairs for the Department of Revenue. 'That's what we did here.'" The Star adds, "Adams said he's innocent but wanted a quick resolution. He said he's working on a settlement on the federal charges. … He said the state case started when the U.S. Internal Revenue Service audited him. He said the audit showed he owed more money than he originally stated. He said they then passed the information on to the N.C. Department of Revenue." The Star notes, "In the federal case, the U.S. Department of Justice claims that Adams, along with Demetria S. Adams, prepared tax returns that understated wages and overstated credits, which resulted in excessive refunds. … The suit against the couple states they defrauded the government of $3.8 million in more than 1,600 tax returns filed between 2004 and 2005 through businesses called First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby. … A July 2 trial date has been scheduled in U.S. District Court in front of Judge Dennis Howell, said Andrew Ames, a Justice Department spokesman."

CONGRESS-ADMINISTRATION:

Bush's State Of The Union To Focus On Domestic Agenda. Even as the media and the political debate in the nation continue to focus on the Iraq war, media reports this morning indicate President Bush will focus his State of the Union speech on domestic politics. The AP (1/23, Ben Feller) reports Bush will speak on "important plans for health care, education and other kitchen

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table topics that have little to do with Iraq." The Chicago Tribune (1/23, Silva, 617K) says the President is "planning a State of the Union address Tuesday night heavy on health care, energy and education," attempting "to get beyond a raging debate over the war in Iraq as he faces a new Democratic-controlled Congress for the first time. … The president, who plans to confront war critics in a speech starting at 8 p.m. CST and running longer than 40 minutes, also plans to spell out what the White House calls 'bold proposals' on health care, energy independence, global warming and immigration." The Tribune adds, "As Bush presses an ambitious domestic agenda for the remaining two years of his presidency, he will find himself facing a hostile new audience with a Democratic-controlled Congress unwilling to accept his stance on the war and ready to relegate him to lame-duck status as 2008 presidential campaigns get underway."

The Christian Science Monitor (1/23, Feldmann, 59K) also says that "as he seeks to show that he is not consumed by the Iraq war and its high-profile retooling, this year's annual message to Congress takes on added significance. In an effort to grab public attention, he is promising a different type of State of the Union – not the usual laundry list of items from the forthcoming budget, but a more focused look at a few key initiatives, most of them domestic. … This year, the most extensively previewed plan centers on a tax reform aimed at making health insurance more affordable to low-income people. The proposal would also reduce the tax break for more expensive health plans."

The Washington Times (1/23, Curl, 88K) says Bush "will reach out to Democrats in tonight's State of the Union address, pursuing common ground with his political adversaries on issues such as immigration, education and energy policy." Bush "plans a broad and thematic speech that will placate Republicans while seeking a central ground with Democrats, who along with a majority of Americans oppose Mr. Bush's strategy to deploy another 21,000 U.S. troops to Iraq."

A lot of the coverage in today's newspapers portrays the President as very weakened politically as he readies for his address tonight. The New York Times (1/23, Rutenberg, Pear, 1.16M) headlines its front-page report "Bush, At Low Point In Polls, Will Push Domestic Agenda," and says "the president's advisers said they hoped Mr. Bush's address would re-energize his domestic agenda by striking a bipartisan and ambitious tone as he faces further isolation on his Iraq policy. 'The power of the ideas requires people to take notice and take seriously important domestic initiatives,' said Dan Bartlett, the White House counselor. 'There will be key signals to the American people that despite disagreements over the war, other work can be done.'"

The Washington Post (1/23, A1, Baker, Cohen, 690K), under the headline "Bush To Face Skeptical Congress," refers to Bush's expected proposals as "recycled," adding the "uproar over his decision to send more US troops to Iraq has eclipsed potential consensus on domestic policy." Bush "faces deep skepticism inside the chamber, even within the House Republican leadership. … The doubt on Capitol Hill reflects the continuing erosion of Bush's public support across the country. His approval rating is at the lowest level of his presidency."

Television coverage last night largely ignored the run-up to the State of the Union speech, once again focusing on the Iraq debate in Congress and on the presidential candidacy of Sen. Hillary Clinton. But as was the case with much of the print media, what coverage there was dealt with the President's weakened political position as he prepares to deliver his speech. The CBS Evening News (1/22, lead story, 2:55, Couric, 7.66M), at the end of a story about recent poll data showing dwindling support for the President's Iraq plan (with 59% opposing the war and only 28% approving of Bush's performance), wondered whether Bush is "going to try to use the State of the Union speech to change the subject" or "stay focused on Iraq." CBS (Axelrod) added that "he's going to try to address domestic subjects. But when we asked in our poll what is the single most important issue facing Americans, the Iraq war, 33%, by far and away number one. Everything else single digits."

On NBC Nightly News (1/22, story 3, 2:30, Williams, 9.87M), Tim Russert said Bush is "not doing well. Here is the all-important favorable rating for the President: Only 35% approve of his performance as President, 60% disapprove. … Are his numbers are short term setback? 25% [say yes], a long term setback, 65%. And that includes 40% of those Republicans say it is long term difficulties for…Bush." If Congress "opposes sending the troops, should the President listen to Congress? Two out of three Americans say listen to Congress. Do not send more troops. But then this. Should Congress cut off funding? 41% say yes, 52% say no do not cut off funding for the war and that includes one half of the independent voters, one third of Democrats. People still do not want to cut off funding for the war in Iraq."

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The Wall Street Journal (1/23, A6, Harwood, 2.04M) says "Bush tonight gets another shot at persuading Americans to support his Iraq war strategy and domestic agenda. His problem: Much of the public has stopped listening to him." The "new Wall Street Journal/NBC News poll on the eve of Mr. Bush's State of the Union address underscores the extent to which he has lost the nation's ear. Just 22% of Americans say they want the president to set policy for the country, 27% express confidence in his goals, and 28% approve his handling of the Iraq war."

Florida Today (1/23, Wheeler, 81K) reports, "Florida lawmakers differ on whether President Bush heads into his sixth State of the Union address in a position to dictate the terms of his final two years in office or so weakened by events that it doesn't much matter what he says." Rep. Allen Boyd (D) said Bush's "political capital is certainly not what it was two years ago. That creates some different dynamics for him." Florida Today adds, "The once-swaggering Bush has admitted he made mistakes in Iraq." But GOP Sen. Mel Martinez "believes Bush's troop surge strategy has put the president on the offensive." Martinez said, "This is the best way for him to continue to be relevant over the next two years."

Bush's Claims That US Was "Winning" In Iraq In 2006 SOTU Noted. The Wall Street Journal (1/23, Ballinger, 2.04M), on its website, "took a look back at some of the vows -- both memorable and now-obscure -- that President Bush has made in his State of the Union addresses, to see whether they made it from the rostrum to reality. The Journal notes that last year Bush said of Iraq: "we are winning. … As we make progress on the ground, and Iraqi forces increasingly take the lead, we should be able to further decrease our troop levels." However, the Journal notes that "after perhaps the bloodiest year for both American troops and Iraqis since the 2003 invasion, the strategy in Iraq has shifted dramatically -- as has the language used to discuss the conflict." The Journal goes on to analyze portions of each of the president's past State of the Union speeches.

DC Mayor Declines Invitation To Sit With First Lady. The Washington Post (1/23, B1, Silverman, 690K) reports, "DC Mayor Adrian M. Fenty has declined a White House invitation to sit with first lady Laura Bush at tonight's State of the Union address, deciding to attend the event as a guest of House Speaker Nancy Pelosi." Fenty spokeswoman Carrie Brooks "confirmed yesterday that the city's new mayor will sit in the gallery along with others invited by Pelosi (D-Calif.), who recently became speaker after Democrats took control of the House of Representatives." The Post adds, "Although former mayor Anthony A. Williams, like Fenty, is a Democrat, Williams sat with the wife of Republican President Bush. … During his campaign for mayor, however, Fenty pledged that he would not sit as a guest of the White House because the president had not supported the city's quest for voting representation in Congress." The Washington Times (1/23, Emerling, 88K) also reports the story.

Pelosi Invites "Cluster Of Political Stars" To Speech. In its "Reliable Source" column, the Washington Post (1/23, C3, Argetsinger, Roberts, 690K) reports, "The party's not over! Newly minted House Speaker Nancy Pelosi will not only sit behind President Bush at tonight's State of the Union address, but she's filling the normally staid speaker's box with a cluster of political stars." The Post adds, "Many of Pelosi's guests, who will sit in 21 balcony seats, will be past and present celebs of the Democratic Party: former speakers Jim Wright and Tom Foley, Maryland Gov. Martin O'Malley, Los Angeles Mayor Antonio Villaraigosa and Washington's Adrian Fenty. Pelosi also invited two of the more influential 9/11 widows, Carrie Lemack and Mary Fetchet, and the wives of the Joint Chiefs of Staff chairman and vice chairman, Lynne Pace and Cindy Giambastiani."

Webb Reportedly Drafting His Own SOTU Response. The Christian Science Monitor (1/23, Chaddock, 59K) reports Sen. James Webb "is giving the Democratic response to this year's State of the Union – an unusually high profile for a freshman. But no Democrat in the Congress is more primed to talk on the No. 1 issue in congressional politics: the endgame in Iraq. 'We have never clearly defined what a win is – never, not since 2002,' says Webb, on a brisk walk through the Capitol basement after President Bush announced an increase of 21,500 troops in Iraq. One of them will be Webb's son, Jimmy, whose Marine unit has just been extended for an additional 60 days in Iraq. A decorated combat marine, Webb knows – and can articulate – the human face of war with an authority that is rare on Capitol Hill." The Monitor notes, "Aides say he is drafting his own response to the State of the Union, working mainly in the evenings, although Democratic leaders will have a say in the final language."

Bush To Unveil Healthcare Initiative. Among the proposals President Bush is expected to be announced tonight in his State of the Union speech, his federal healthcare reform plan is getting the most media attention.

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The AP (1/23, Ben Feller) reports Bush "will propose a tax deduction of $7,500 for individuals and $15,000 for families regardless of whether they buy their own health insurance or receive medical coverage at work. Health care insurance would be considered taxable income, and people with more generous policies could face tax increases unless they change plans. The administration says its plan will help people who buy insurance individually rather than through their employers." USA Today (1/23, Wolf, Jackson, 2.27M) says "Bush's plan would financially reward states that make basic private policies more widely available. … The president's plan would not involve any new federal money. It would redirect some of the $30 billion the government spends annually to care for people without health insurance who show up at hospitals and emergency rooms."

The Miami Herald (1/23, Fletcher, 286K) reports, "The proposal…marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans. Administration officials familiar with the plan say it reflects the new political order in Washington, where Democrats now control both chambers of Congress. They refuse to characterize the plan as a tax increase because it raises no new money for the federal government."

The New York Times (1/23, Rutenberg, Pear, 1.16M) reports the "initial response to Mr. Bush's health care plans has not been positive, on Capitol Hill or among constituencies including employers and labor unions." The Times notes, "Labor leaders were outspoken in opposing the plan. … Several public health officials reacted with alarm to Mr. Bush's plan to encourage states to take Medicaid money now earmarked for public hospitals and use it for state programs to cover the uninsured."

The AP (1/23, Freking) also reports "Bush's proposed tax deduction for health insurance appears to be shaping up as a tough sell in the Democratic Congress." Rep. Pete Stark (D) said, "Under the guise of tax breaks, the president is pursuing a policy designed to destroy the employer-based health care system through which 160 million people receive coverage." The AP continues, "Stark, who oversees a key House Ways and Means subcommittee, said he would not consider holding hearings on the proposal." The AP adds, "Insurers said the tax proposal would mostly help the nearly 17 million people who buy coverage through the individual or small group market. Their ranks include real estate agents, consultants and employees of small businesses that don't offer health coverage. Also benefiting would be those in newer industries where the workers tend to be younger and the health coverage is more basic, such as technology." The Washington Post (1/23, A1, Baker, Cohen, 690K) also reports the President "faces deep skepticism" in Congress, "even within the House Republican leadership,"

The Washington Times (1/23, Curl, 88K) quotes White House press secretary Tony Snow saying, "Americans want a [health care] system that's going to be more patient-friendly and that's going to meet their needs. … The president will talk about that. Education, always important ... Immigration has been an issue of considerable concern within this country."

The Los Angeles Times (1/23, Reynolds, 850K) reports that Bush "is expected to talk in more depth about an idea he floated over the weekend: that the tax code should put a limit on how much of workers' health insurance premiums are tax deductible. … The administration argues that while some Americans would have to pay taxes on some of their employer-provided insurance, that would make it easier for uninsured workers and the self-employed to buy coverage on the open market. The idea is opposed by the administration's major business allies, including the U.S. Chamber of Commerce." The Los Angeles Times (1/23, Alonso-Zaldivar, 850K) also says "the Bush approach adds to a growing list of proposals for expanding medical insurance coverage and dealing with other aspects of healthcare. Like the others, it is likely to fuel the coming debate on the issue in Congress and on the campaign trail."

Leavitt Proposes Giving Governors Greater Flexibility With Federal Healthcare Money. The Los Angeles Times (1/23, Alonso-Zaldivar, 850K) reports, "With Bush expected to address concern about rising premiums and shrinking coverage tonight in his State of the Union speech, Health and Human Services Secretary Mike Leavitt offered governors greater leeway in how they use federal healthcare money for the poor if they would take the lead on offering help to the estimated 47 million now uninsured. … Leavitt, in a session with reporters, outlined what he called an 'affordable choices initiative,' which he said was the second major piece of the administration's plan, along with a proposal to tax high-value medical insurance provided by employers to some workers. Under the initiative, the federal government could reallocate as much as $40 billion a year that now goes to hospitals and other providers that treat large numbers of uninsured and low-income patients, he said."

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WPost Approves Of Bush Initiative's Goals. The Washington Post (1/23, A16, 690K) editorializes, "At present, people who get health insurance from employers pay no tax on the value of the benefit. Someone with a marginal tax rate of 35 percent and a generous insurance policy worth $20,000 a year gets a $7,000 tax break. But people who buy insurance on the individual market must usually do so with post-tax dollars, so their tax break is normally zero. The administration proposes to eliminate that unfairness by giving salaried workers and freelancers the same tax deduction." The Post adds, "Rather than embracing tax deductions, which are most valuable to people in high tax brackets, Mr. Bush could have made his proposal even more progressive by recommending a refundable tax credit that would be worth the same to everyone." However, the Post says, "the president is right to go after the existing system of tax subsidies for health care. Like the deductions for mortgage interest, these subsidies are regressive and have perverse consequences. Mr. Bush has kicked off a needed discussion."

Universal Health Care Foundation Calls Plan Unaffordable. The New Haven Register (1/23, O'Leary, 82K) reports, "President Bush's plan to make health insurance affordable for more people is getting a thumbs down from one advocacy group, which has more faith in the efforts of individual states to tackle the problem. … Janet Davenport, spokeswoman for the Universal Health Care Foundation, said the fact that the president is addressing the issue recognizes there is a problem." Davenport "said individuals and families who can't afford insurance are in low-tax brackets and making premiums tax-deductible 'would be virtually meaningless.' She said while it is hopeful the issue is again on the national agenda, Connecticut has an opportunity to move forward before the federal government."

Few Enroll In Healthcare Savings Accounts. The Arizona Republic (1/23, Snyder) reports that while Bush "spotlighted health savings accounts" in his State of the Union address last year, and Congress has since "tweaked" the accounts, "enrollment in them hasn't really budged and few people know the facts about them." The Republic adds, "In comparing 2005 enrollment numbers with 2006 figures, Kaiser Family Foundation, a Washington, D.C.-based health care policy group, found no statistical difference between the two."

Bush Addresses Pro-Life March, Expresses Opposition To Stem Cell Bill. The AP (1/23) reports, "President Bush marked the 34th anniversary of the Roe v. Wade Supreme Court decision Monday, telling thousands of abortion foes he shares their goal of seeing 'the day when every child is welcomed in life and protected into law.'" Bush also "signaled his unchanged opposition to a key goal of the Democrats who now control Congress: broadening embryonic stem-cell research. 'Our challenge is to make sure that science serves the cause of humanity instead of the other way around,' the president said in a telephone call piped over loudspeakers to a Washington rally of opponents of abortion rights. 'I have made clear to the Congress, we must pursue medical advances in the name of life, not at the expense of it.'" Bush "calls the rally each year, usually from distant locations. This year, he extended his weekend stay at the Camp David presidential retreat in the Maryland mountains to phone the participants from there."

The New York Times (1/23, Abruzzese, 1.16M) reports that in his remarks, Bush also "mentioned his signing the Partial-Birth Abortion Ban Act of 2003, which is before the Supreme Court in a case to be decided this term."

The Washington Post (1/23, A10, Chandler, Boorstein, 690K) estimated that "tens of thousands of abortion opponents marched through melting snow on the Mall yesterday and vowed to work harder -- since Democrats have taken control of the Capitol -- to overturn the Roe v. Wade Supreme Court decision that legalized abortion in 1973." The Washington Times (1/23, Lively, Wagner, 88K) also reports the story.

Brownback, Hunter Pledge To Overturn Roe. The AP (1/23, Hananel) reports, "Two of the Republicans' most conservative presidential hopefuls promised anti-abortion activists on Monday that if elected, they would work to overturn the Supreme Court decision legalizing the procedure." Kansas Sen. Sam Brownback (R) and CA52 Rep. Duncan Hunter (R) "addressed the annual March for Life marking the anniversary of the 1973 Roe v. Wade ruling. 'We recognize a tragedy of life in Roe v. Wade, but that tragedy will not always stand,' Brownback told thousands of cheering abortion foes at an afternoon rally." Hunter, meanwhile, told the crowd, "If we have a judicial applicant, a judicial nominee who can look at a sonogram of an unborn child and not see the value of human life…if I should become president of the United States, he will not receive a judicial appointment,' Hunter said."

McClatchy (1/23, Stearns) reports, "Dozens of blue 'Brownback for President' posters dotted the National Mall,

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where marchers gathered before proceeding to the Supreme Court. Well-wishers approached to urge him on. … 'God bless you, Sam! You are the next president, in the name of Jesus!' shouted a voice near the onstage microphone after Brownback's speech. A surprising response for an underfunded politician mired at 1 or 2 percent in national polls? Not in this crowd. To many marchers, Brownback isn't an asterisk, he's a hero. And that's what gives Brownback hope that his grassroots-oriented campaign could take the establishment by surprise." McClatchy adds, "And what of Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney, two Republican front-runners? Neither was at the march."

Portman Outlines Bush Plan For Balancing Budget. In an op-ed in USA Today (1/23, 10A, 2.27M) OMB Director Rob Portman writes, "Three years ago, President Bush established the goal of cutting the federal budget deficit by half in five years, without raising taxes. At the time, many — including USA TODAY— expressed skepticism. But it was achieved last year, three years ahead of schedule. Now is the time to build on that success and work with Congress to balance the budget in the next five years. … The president's budget will demonstrate how balance can be achieved by using cautious economic and revenue projections in line with forecasts by outside experts. On spending, the president will propose realistic restraint, while increasing funding for the global war on terror, including all costs of Iraq and Afghanistan over the next two years."

USA Today Dismisses Bush Plan. USA Today (1/23, 10A, 2.27M), in an editorial, writes, "President Bush is expected to call for a balanced budget by 2012. In other words, after turning the Clinton-era surpluses into six straight years of deficits and putting the nation almost $3 trillion deeper into debt, he now wants to see the budget balanced after he leaves office, just as the demographic tidal wave of baby boomer retirements begins to inundate the federal ledgers in red ink. Call us party poopers, but that hardly seems reason to break out the champagne."

University Of Dallas Withdraws Bush Library Bid. The AP (1/23, Brown) reports the University of Dallas "withdrew its bid for George W. Bush's presidential library Monday, citing the library site selection committee's exclusive talks with nearby Southern Methodist University. Last month SMU emerged as the apparent winner for the library with the announcement of the negotiations, putting it ahead of the other two finalists, the University of Dallas and Baylor University in Waco."

Methodist Activist Opposes SMU's Bush Library Proposal. Fox News' The O'Reilly Factor (1/22) aired a segment on "where to put President Bush's library." Host Bill O'Reilly noted the "first choice is Southern Methodist University in Dallas but that is raising some controversy even though it would mean a lot of money for the school some Methodists are objecting on ideological grounds." Rev. Fred Kandeler, of the Methodist Committee for Social Action, appeared on the show and maintained, "there's been a disconnect between the Bush presidency and his positions on many issues, and the social principles or teachings of the church. … We're talking about issues on war and torture. Issues of poverty and economic justice. We're talking about issues of the death penalty and environmental protection."

Paulson, Portman Meet With New Democrat Coalition Members. The Hill (1/23, Snyder) reports the White House "reached out to Democrats last week in advance of President Bush's planned attendance at a party retreat later this month." Treasury Secretary Henry Paulson and Office of Management and Budget Director Rob Portman met with the New Democrat Coalition. NDC chairwoman Ellen Tauscher "said the meeting grew out of a phone conversation Paulson initiated with her over the holiday break. She described the exchange on the Hill as a 'meet-and-greet' event that lasted an hour. The two administration officials talked about trade and budget issues without getting into specifics, she said."

Gates Praised Carter In His 1996 Memoirs. The Washington Post (1/23, A15, Ricks, 690K) reports that in his memoirs Defense Secretary Gates "leaps repeatedly to the defense of Jimmy Carter, the sole Democrat for whom he worked, who was often seen as weak on the Soviet Union and taken by surprise when it invaded Afghanistan in December 1979. Gates's 1996 book, 'From the Shadows,' is now being combed for insights into the new defense secretary's thinking, how he might run the Pentagon and what he's had to say about his past bosses. When it comes to Carter, it isn't that Gates, a career Sovietologist who rose to become CIA director, is a closet dove. Rather, he thinks Carter was far tougher on Moscow than is generally recognized. … By

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contrast, Gates describes the first president for whom he worked, Richard Nixon, as 'by far the most liberal' of the group. (Gates also shows a bit of dovish ankle, revealing that before leaving the CIA to work in the Nixon White House, he marched in a May 1970 antiwar demonstration.)"

Byrd Among Democrats Opposed To "Modest" Line-Item Veto Bill. In an AP analysis piece (1/23) Andrew Taylor writes that the Senate "is moving toward its first vote in more than a decade on the line-item veto, and it's remarkable how much has changed — particularly the positions of many of the major players. … Put forward by Sen. Judd Gregg it's far weaker than the line-item veto power a GOP-dominated Congress gave President Clinton in 1996. Under that bill, before it was struck down by the Supreme Court in 1998, Clinton's line-item vetoes automatically went into effect unless overturned by a two-thirds vote of both House and Senate. Still, debate on Gregg's plan already has whipped up passions. Most adamant in opposition is Appropriations Committee Chairman Robert C. Byrd, D-W.Va., who assaulted the idea last week and again Monday as an attack on Congress' control over the federal purse strings."

Senate Minimum Wage Bill Exempts American Samoa's Tuna Industry. The Washington Times (1/23, Hurt, 88K) reports the Senate "took up a bill yesterday that would raise the minimum wage across the United States and its territories but exempt American Samoa, where tuna canneries pay workers $3.26 an hour." House Speaker Nancy Pelosi "told reporters less than two weeks ago that she would close the loophole after coming under criticism from Republicans for what they termed a 'fishy favor' to StarKist Tuna. StarKist has lobbied for years against raising the minimum wage in American Samoa, and its parent, Del Monte Corp., is based in Mrs. Pelosi's San Francisco district. … The House, however, passed the minimum-wage bill with the American Samoa exemption. And yesterday, Senate Democrats were moving ahead with the original legislation, which for the first time would enforce the minimum wage on the Northern Mariana Islands, another territory in the Pacific with a similarly low minimum wage."

Emanuel Works To Establish Cordial Relations With GOP Members. The Chicago Tribune (1/23, Zuckman, 617K) reports, "After mercilessly attacking the GOP for close to two years for what he called incompetence and blind allegiance to the failed policies of a failed president," Rep. Rahm Emanuel, chairman of the House Democratic Caucus, "acknowledged that he has some work to do in re-establishing a sense of trust on the other side of the aisle." The Tribune reports that Emanuel recently met with several GOP members of congress, including "notable moderates" Reps. Mike Castle, Jo Ann Emerson and Fred Upton, "along with a couple of conservatives—all chosen by Rep. Ray LaHood, co-host of the get-together. … LaHood organized the dinner with the understanding that Republicans could ask Emanuel anything they want." The Tribune notes that "when moderate Republicans needed a regular meeting space, Emanuel provided it for them after their own leaders declined. And he spearheaded an invitation to President Bush to address Democrats at their upcoming retreat in Williamsburg, Va., which the president accepted."

Liberal Groups Intend To Keep Pressure On Democrats. The AP (1/23, Kuhnhenn) reports, "Democratic lawmakers who stray too far from the party line could find themselves facing primary opponents financed by unions, trial lawyers and political activists eager to put the new congressional majority to the test." In addition to anti-war groups, recently "an influential group of organizers from labor and the liberal movement" created "a lobbying wing called They Work For Us and a campaign arm called Working for Us PAC — that will target lawmakers who don't support their agenda of raising wages, increasing jobs, providing more affordable health care and preventing job losses to foreign countries."

GOP Members Back Strict Congressional Ethics Reform. The Washington Times (1/23, Miller, 88K), in an article titled, "GOP Pushes For Stricter Ethics Reform," reports, "The debates on a House bill that would nix federal pensions for convicted lawmakers and a Senate measure to cut pork spending underscored how scandal-scarred Republicans are backing broader ethics reforms than the new Democratic majority is. 'We did have colleagues who violated the trust of the Congress and the public. We have to fix it,' said Rep. Lee Terry, a Nebraska Republican whose pension-reform bill was sidelined by Democratic leaders in favor of a weaker bill." The Time notes that the House "started considering a bill by Rep. Nancy

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Boyda, Kansas Democrat, that denies federal pensions to members of Congress convicted of bribery, perjury and conspiracy offenses related to the lawmaker's office. … Separate bills by Mr. Terry and Rep. Mark Steven Kirk, Illinois Republican, would have withheld the pension from lawmakers convicted of a longer list of felonies, including some unrelated to abuse of office -- ranging from white-collar embezzlement crimes to political crimes such as securing campaign contributions by intimidation."

Senate Private Jet Restriction Would Apply To Presidential Candidates. USA Today (1/23, Schouten, 2.27M) reports the Senate's plan "to require members traveling aboard plush private jets to pay full charter fares also would force changes in travel by all presidential candidates. Under the Senate-passed ethics bill, senators extended their new rules for reimbursement of such travel to any candidate seeking federal office. … House ethics rules, approved earlier this month, ban all corporate jet travel. The Senate measure exempts senators who have their own planes or whose spouses own them. The two measures must be reconciled by Congress. Travel aboard private planes has long been a favored perk for members of Congress and presidential candidates. The practice came under scrutiny during the investigation of disgraced lobbyist Jack Abramoff, who paid for trips by members on private jets."

Van Hollen Praised For "Bundling" Disclosure Amendment. In an editorial, the Washington Post (1/23, A16, 690K) says, "Last year, as the House Judiciary Committee was debating lobbying reform," Democratic Congressional Campaign Committee Chairman Chris Van Hollen "offered an amendment that would have required lobbyists to report not just the campaign contributions they give directly to lawmakers but also the campaign checks they 'bundle,' or solicit for or deliver to lawmakers. Astonishingly, this proposal passed the Judiciary Committee by a vote of 28 to 4. Less astonishingly, the provision had disappeared from the final version of the bill when it was brought up for debate on the House floor." Now, "with Democrats in charge of the House and Mr. Van Hollen ensconced at the campaign committee, the obvious temptation would be to let the matter drop." To his "credit, Mr. Van Hollen, along with Rep. Martin T. Meehan (D-Mass.), plans to introduce a measure today that would require such disclosure." Van Hollen "is right to insist that the bundlers be brought to light."

Survey Shows Managers Reluctant To Participate In Telecommuting Programs. The Washington Post's (1/23, D4, Barr) "Federal Diary" column reports, "Concerns over employee productivity and a lack of control over employee activities make it difficult for federal managers to support telecommuting, according to a survey released yesterday. But federal managers also think telecommuting improves 'work-life balance' for employees, and makes their agencies more competitive in hiring and keeping employees, the survey found." The Post adds that the survey was sponsored by "Telework Exchange, which brings federal officials and technology professionals together to promote telecommuting, and the Federal Managers Association, which represents the interests of nearly 200,000 supervisors and managers across government" and notes that "a relatively small number" of managers "214, responded." The Post adds, "The most recent data show that only 19 percent of eligible federal workers can be considered telecommuters, and managerial resistance is seen as the reason for what some officials consider to be a relatively low participation rate, given the size of the government."

Kristof Compares Bush To Captain Ahab. Nicholas Kristof writes in his column for the New York Times (1/23, 1.16M) that President Bush "has made the classics powerfully resonant today" and compares the war in Iraq with Thucydides's account of Athenian war in Sicily. After, "the war went badly" the Athenians "went with the 'surge'" but "the result was a catastrophic defeat." Kristof also compares President Bush to Captain Ahab who "abandons all rules and limits in his quest." He concludes, "Melville captures the trajectory of the Bush years." Because "Mr. Bush became obsessed by his responsibility to prevent another terror attack. This was an eminently worthy goal, but Mr. Bush abandoned traditional rules and boundaries" so "the compulsive search for security ended up creating insecurity."

OTHER NEWS:

Productivity Growth Slowest In Over A Decade. The Financial Times (1/23, Giles) reports, "The US economy last year recorded its lowest rate of labour productivity growth in more than a decade, with growth in output per hour worked falling behind the EU and Japan. The fall casts further doubt on the ability of the Federal Reserve to cut interest rates as the US economy slows." The Times

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adds, "Research to be published on Tuesday by the Conference Board, the international business organisation, shows that US labour productivity in the whole economy grew by 1.4 per cent in 2006 as slower economic growth was combined with a rapid rise in employment."

Stocks Down. NBC Nightly News (1/22, story 9, :10, Williams, 9.87M) reported, "On Wall Street, the Dow was down more than 88 points [to close at 12,477.16]. NASDAQ was also down during today's trading more than 20 points [to close at 2,431.07]. USA Today/Bloomberg (1/23, 6B) notes "the Standard & Poor's 500 fell 7.55 points, or 0.5%, to 1422.95."

Pump Prices Fall Another 6 Cents. ABC World News (1/22, story 7, :20, Gibson, 8.78M) reported, "Some good news for drivers tonight. The government says the price of gas fell another 6 cents in the past week to a national average of $2.17 a gallon and analysts say the recent drop in crude oil prices could push gas below $2 in the next month."

Growth Said Not To Be Necessary Cause Of Inflation. In a Wall Street Journal op-ed (1/23), Robert McTeer of the National Center for Policy Analysis says, "While a weaker economy might well reduce inflation, that isn't a necessary condition. Faster growth can also reduce inflation." Supply-side economics "is out of favor at universities that don't have good football teams. But that's largely because its bar for success has been raised too high. Tax-rate cuts may not fully pay for themselves at current rate levels, but they certainly have gone a long way in that direction, as the recent sharp decline in the budget deficit despite rapid spending growth clearly indicates. Tax-rate cuts that substantially pay for themselves in higher tax revenue are clearly a good thing."

Class Of 2007 Encounters Thriving Job Market. The Wall Street Journal (1/23, B1, White, 2.04M) reports, "This year is shaping up as the strongest for college recruiting since the downturn earlier this decade, colleges report. Traditionally heavy recruiters, including management consulting firms, investment banks and accounting firms, are intensifying college recruiting efforts. They're also facing more competition from other employers in such fields as technology, consumer products, government and even nonprofits." Employers "plan to hire 17% more graduates from the class of 2007 than they got from the class of 2006, according to the National Association of Colleges and Employers. That would make this year the strongest job market since 2000-2001, the association says. More than half of the surveyed employers said they planned to increase hiring; only 5% planned a decrease. Salaries were forecast to rise 4.6%, according to another survey by the same group. … Behind the increased recruiting are a relatively strong economy, growing business demands and heady corporate profits. Employers created about 1.8 million additional jobs in 2006. Average weekly earnings rose 4.5%, compared with a 3.2% increase in 2005."

Job Turnover Seen As Positive Force. In a Washington Post op-ed (1/23, A17), Deputy Secretary of the Treasury Roger Kimmitt says, "More than 55 million Americans, or four out of every 10 workers, left their jobs in 2005. And this is good news, because there were over 57 million new hires that same year. These statistics illustrate a recent and growing trend of dynamism in our job market, especially among younger workers." The data "show that each month millions of Americans leave their jobs -- most of them voluntarily -- and millions more are hired. This is what we want: an economy in which people looking to move up have as many opportunities as possible from which to choose. Promoting this dynamism, and the opportunities it creates, should be a focus of our economic policy."

NFIB Remaking Itself Into Nonpartisan Lobby. The Washington Post's "In the Loop: On K Street" column (1/23, A15, Birnbaum) reports the National Federation of Independent Business, "a bastion of Republicanism," is changing its image. New President Todd A. Stottlemyer "wants to rebrand the nation's premier small-business lobby as 'nonpartisan,' and to prove his resolve he is talking extensively to Democrats and preparing to donate more to their coffers. … With many lobbying shops scooping up Democrats after last November's elections, Stottlemyer's effort may not seem that newsworthy. But for NFIB, it is huge. Stottlemyer's predecessor, Jack Faris, was viewed as a zealous partisan. A former executive director of the Republican National Finance Committee, Faris stopped talking even to pro-business Democrats in the House after he got involved in a shouting match over dinner with a group of Blue Dogs half a dozen years ago."

Hillary Kicks Off Media Blitz With Network Interviews, Blog Chat. NBC Nightly News (1/22, story 2, 2:05, Gregory, 9.87M) reported, "Trying to temper the Obama buzz created by his announcement last week, Senator Hillary Clinton has burst onto the campaign field. Her

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online announcement followed a highly choreographed and newly minted anti-war stance and now a second round of TV interviews, Webchats and appearances meant to highlight her agenda including healthcare." Sen. Hilary Clinton: "It is simply wrong for any child in America to go without health insurance." Gregory: "The early emphasis is on the softer side of Mrs. Clinton. What advisors say is a concerted attempt to firm up her support among women."

The Washington Post (1/23, A2, Kornblut, 690K) reports that with a "call to 'let the conversation begin,' Sen. Hillary Rodham Clinton (D-N.Y.) fielded a handful of pre-selected questions from voters on her presidential campaign's Web site last night, speaking into a video camera as she held forth on movies ('Out of Africa' makes her top three), her football-fanatic brothers and her 'nice middle-class upbringing in a suburb of Chicago.'" The "effort to 'humanize' Clinton, as her advisers have put it, was in full swing just two days into her presidential campaign." The online chat "came amid what, for Clinton, is a media blitz at the outset of her campaign for president. She appeared on all three major television networks last night, is scheduled to appear on the morning shows today, and will hold two more online discussions on her Web site tonight and tomorrow."

The New York Times (1/23, Healy, 1.16M) reports Clinton "strived for an Oprah moment yesterday night, the third of her presidential campaign, by sitting in a fake living-room set and fielding questions on a live video Webcast about her vote for the Iraq war (if she had known then), universal health care (still wants it) and her favorite movies ('The Wizard of Oz,' 'Casablanca' and 'Out of Africa')." Clinton aides "say the Webcast demonstrates her determination to speak directly to voters, in as many ways as new technology allows, instead of dealing only with a news media that has sometimes been intensely skeptical of her actions and motives." The questions "e-mailed from Linda in Pensacola, Fla., and other visitors to the Web site were vetted by Mrs. Clinton's staff and offered or elicited few surprises." Her "answers suggested various personas that she wants to convey to voters: a hometown girl, a mother, a moviegoer, a churchgoer, a standard-bearer for women and a critic of the war."

Fox News' Special Report (1/22, Hume) reported that Sen. Hillary Clinton's "weekend announcement raised Democratic eyebrows as an obvious attempt to make her appear warm and likable. Polls suggest Clinton leaves voters cold. She met with families of the victims of 9/11 in New York today and will make her first campaign trip to Iowa this weekend." Billionaire activist donor George Soros "is helping [Sen. Barack] Obama – another sign the antiwar left remains unmotivated, not to say antagonistic, towards Clinton. Then there is her history. She had hoped to stay out of the harsh spotlight of scrutiny until later this spring, but now knows it will not be long before her appearances in the federal court in the 1990's and such things as Whitewater, her husband's impeachment, and her various combative and controversial statements over the years will be revisited in excruciating detail."

Clinton Does Round Of Interviews On Network News. ABC World News (1/22, story 6, 5:25, Gibson, 8.78M) interviewed Sen. Hillary Clinton, who said, "I think my experience and my understanding of the problems facing our country equip me to be the best person to take over in January 2009 when we will be facing a lot of problems at home and abroad and frankly, inheriting many of the problems that have been made worse by this Administration." Clinton said she wants to "be an instrument of bold but practical solutions, weather it is healthcare, making it universal, energy independence, finally dealing with climate change, restoring our leadership and respect for America around the world." Asked if she would "take a pledge not to sign a bill that would raise taxes," Clinton said, "Oh, I'm not going to take any pledges about any issue, because I want to be in a position to bring people together to figure out the best ideas to solve our problems and not get locked into this, you know, partisan ideological debate that's been so sterile so many years." Clinton added the Iraq war and domestic needs required making "some tough decisions."

The CBS Evening News (1/22, story 4, 3:10, Couric, 7.66M) interviewed Sen. Clinton. Asked why she would not support a vote "to cut off funding" for the Iraq war "so the President can't carry out this policy," Clinton said, "I am opposed to the escalation that the President has proposed. Unfortunately, the fact is he is carrying out the policy. He already had in motion the movement of troops into Iraq. What we're trying to do is send a bipartisan message, if possible, that we disapprove of this escalation." Asked to respond to those who "have questions about your electability," Clinton said, "I would say give me a chance. As a friend of mine said the other day, I'm the most famous woman that nobody really knows."

NBC Nightly News (1/22, story 5, 2:45, Williams, 9.87M) interviewed Clinton. Williams asked how she would "have to adjust to counter the presence of this Obama campaign,

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which is a surprise?" Sen. Hilary Clinton: "Well, you know, Brian, this is exactly how I intended to do this. Once I made up my mind that I was going to contest for the presidential nomination of my party, I wanted to do it on the Web, I wanted to do it before the President's State of the Union, because I wanted to draw the contrast between what we've seen over the last six years and the kind of leadership and experience that I would bring to the office."

Clinton Disapproval At 36% In CBS Poll. On the CBS Evening News (1/22, story 5, 1:00, Couric, 7.66M), Gloria Borger said, "Hillary Clinton knows well that she is well-known. That she comes with an awful lot of political baggage. But in our poll tonight, Katie, we see that as many people approve of her as disapprove of her. It's actually a tie, 36% to 36%. But she does have one thing really working in her favor, it's her great strength. After six years as a Senator people believe in our poll by overwhelming margin that she has the credentials and leadership skills to be president."

Hillary Has Early National Lead In WPost Poll. The Financial Times (1/23, Callan) reports Hillary Clinton "has launched her race for the White House with a commanding lead over her Democratic rivals for the 2008 presidential candidacy, according to an opinion poll published on Sunday." The Washington Post poll shows Clinton "was backed by 41 per cent of Democrats questioned, more than double the 17 per cent rating of Mr Obama."

Russert Says Hillary Faces "Toughly Fought Primary." On NBC Nightly News (1/22, story 3, 2:30, Williams, 9.87M), Tim Russert said Hillary Clinton will "be the frontrunner because of the money, the machine, her visibility, her high poll numbers and a national perspective. But we can't forget that this race will be decided in Iowa, Nevada, New Hampshire and South Carolina. States that could be anti-war, pro-labor, high African American turnout like in South Carolina. In those four states, the race with Barack Obama and John Edwards and Hillary Clinton is very competitive. She's not yet been anointed, nor will she be. This will be a toughly-fought primary battle."

Bill Clinton Signals Wife Will Make Healthcare A Centerpiece Of Campaign. The Hill (1/23, Cusack, Young) reports former President Clinton "has signaled privately that his wife…will include aggressive healthcare proposals in her campaign for the White House, despite the debacle of what critics labeled 'Hillary Care' 14 years ago." In remarks "to Democratic operatives last month, the ex-president caused a buzz by strongly defending the substance of his wife's 1990s plan, claiming it was a moderate, private-sector approach grossly mischaracterized by its critics." Clinton's "statements, delivered during a Democratic Leadership Council (DLC) conference at the Charles Hotel in Cambridge, Mass., have been interpreted as signaling that candidate Clinton could revive aspects of her 1993-94 approach that was vilified by Republicans and health-industry groups." The Hill adds the "indications are that Sen. Clinton's strategy will be to turn healthcare, a political weakness, into a strength."

Hillary's Position On Iraq Critiqued. In a Washington Post op-ed (1/23, A17), Liz Cheney, former principal deputy assistant secretary of state for Near Eastern affairs, says, "Sen. Hillary Clinton declared this weekend, 'I'm in to win.' Anyone who has watched her remarkable trajectory can have no doubt that she'll do whatever it takes to win the presidency. I wish she felt the same way about the war." Clinton, with "her proposal for arbitrary caps on troop levels and hemming and hawing about her vote for the war resolution, has company on both sides of the aisle. Sen. Joseph Lieberman is the only national Democrat showing any courage on this issue. We Republicans -- with help from senators such as Chuck Hagel -- seem ready to race the Democrats to the bottom." Cheney outlines the case for continuing the war in Iraq, adding, "It's time for everyone -- Republicans and Democrats -- to stop trying to find ways for America to quit. Victory is the only option. We must have the fortitude and the courage to do what it takes. In the words of Winston Churchill, we must deserve victory. We must be in it to win."

Morris Plans Hillary Clinton Expose Film. Political analyst Dick Morris, on Fox News' Hannity and Colmes (1/22), said he is "working with a group called Citizens United on a film about Hillary Clinton. It's going to be about 90 minutes long. It's going to play in real movie theaters in all of the early primary states. I'm going to go to those early primary states and give speeches introducing the film. … We are going to have about 30 different shots of her, each with a different hair color, each with a different accent, each with a different affect, each with a different approach and we are going to really showcase the inaccuracies of everything that this woman has said." Morris went on to say that Clinton's "announcement…this weekend has shown how flat-footed she is coming out of the gate which is a surprise to me. I thought she'd be in great shape. … She announces her exploratory committee on a Saturday. Saturday is the worst news day."

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Clinton Announcement May Be Death Knell For Public Finance. The New York Times (1/23, Kirkpatrick, 1.16M) reports the "public financing system for presidential campaigns, a post-Watergate initiative hailed for decades as the best way to rid politics of the corrupting influence of money, may have quietly died over the weekend." Sen. Clinton "became the first candidate since the program began in 1976 to forgo public financing for both the primary and the general election because of the spending limits that come with the federal money. By declaring her confidence that she could raise far more than the roughly $150 million the system would provide for the 2008 presidential primaries and general election, Mrs. Clinton makes it difficult for other serious candidates to participate in the system without putting themselves at a significant disadvantage." Federal Election Commission officials and campaign advisers "say they expect the two candidates who reach Election Day 2008 will raise more than $500 million apiece. Including money raised by other primary candidates, the total spent on the presidential election could easily exceed $1 billion."

In a similar story, the Washington Post (1/23, A1, Balz, Mosk, 690K) reports the "public financing system designed to clean up presidential campaigns in the wake of the Watergate scandal may have died on Saturday when" Clinton "announced her bid for the White House." What was "little noticed amid the announcement rollout was a page on her Web site in which she asked potential contributors to give her campaign checks of up to $4,200. That figure signaled not only that she plans to forgo public funds for primary season but also that, if she becomes the nominee, she will not take public money for the general election." Clinton's decision "will put pressure on other candidates in both parties to follow suit, and if they do, the 2008 campaign will complete what has been the rapid disintegration of a system designed to rein in unlimited spending in presidential campaigns."

The AP (1/23, Humbert) reports Clinton's "decision had been widely expected given her and her husband's proven ability to raise vast sums of money quickly. Her advisers have not disputed estimates that she will raise $100 million or more before the year is out." Clinton "already has more than $14 million in the bank, money left from her successful re-election campaign last year. The funds can be spent on her presidential bid."

Viable Candidates Expected To Need $100 Million. The Chicago Tribune (1/23, Dorning, 617K) reports the Iowa caucuses "that kick off the presidential campaign are nearly a year away. For the most viable contenders, make that one year and $100 million away." Sen. Hillary Rodham Clinton "has that capacity, and other contenders believe that they do as well." To "wage a serious presidential campaign in 2008, the ante is $50 million raised by Dec. 31 of this year, said one adviser to Sen. Barack Obama (D-Ill.). And that is just to get a place at the table." The Tribune adds, "Those are daunting figures. To make the $100 million mark in a year, a candidate must bring in an average of nearly $2 million a week. That's $274,000 a day, including Sundays and holidays, all of it raised in increments legally limited to no more than $2,100 per person."

ABC World News (1/22, story 5, 2:50, Gibson, 8.78M) reported, "Never have so many run so early, so hard. Why are we seeing so many candidates declare so early? As you might expect, one of the answers is money." ABC (Tapper) added, "The primary and caucus calendar will likely start earlier and be more front-loaded in 2008. What was typically a four- or five-month process will be condensed to two or three weeks. So candidates need to lay the groundwork in all those states now. And that costs money." Joseph Lockhart, Democratic strategist: "It used to be a candidate with a couple of million dollars in the bank could get them through Iowa, New Hampshire and hope from there. Now you have to be ready to run a full national campaign from day one, and that takes a lot of money."

NBC Nightly News (1/22, story 2, 2:05, Gregory, 9.87M) reported, "Experts say the rush is for campaign cash, the first test of a candidate's viability." John Harwood, CNBC chief Washington correspondent: "We may see in the first quarter of 2007 at least four candidates, two in each party, raise the kind of sums that George W. Bush ran and broke records with in the year 2000."

WSJournal Says Fundraising Rules Hurt Clinton's Competitors. The Wall Street Journal (1/23, 2.04M) says in an editorial, "Congratulations to Senator Hillary Rodham Clinton for acknowledging right from the start that she won't accept public money for her White House bid. Now if she'd only admit how much the current fund-raising rules hurt her competitors. Top-tier or wealthy candidates have been forgoing public financing for the Presidential primaries for some time because it limits their spending ability." Contribution limits and the matching funds system were intended to "limit the influence of special interests and make Presidential contests more competitive. The reality is close to the opposite. The system now benefits mainly well-known

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and well-heeled candidates and thus limits political competition. Serious Presidential contenders like Senator John McCain and Mrs. Clinton begin the race with greater name recognition, long donor lists and the ability to garner far more media attention."

Sniping Between Obama, Clinton Camps Begins. The Financial Times (1/23, Luce) reports the Democratic primary campaign "got into full swing on Monday with campaign staff for Barack Obama and Hillary Clinton already indulging in sniping contests over the relative merits of their candidates." Clinton aides "made indirect attacks on the relative inexperience of Mr Obama, who entered the race a week ago." Democratic consultants "said the campaign, which already includes five other candidates, most notably John Edwards, the party's 2004 vice-presidential candidate, was shaping up to be the most intense and long-running in the party's history." Joe Trippi, campaign manager for Howard Dean in 2004, "said both Mr Obama and Mrs Clinton had been bounced into declaring their candidacies early by the strength of the other's campaign."

Insight Report On Obama's Madrassah Attendance Debunked. The Washington Post (1/23, C7, Kurtz, 690K) reports, "Fresh doubt was cast yesterday on a magazine's allegation that Sen. Barack Obama (D-Ill.) attended a madrassah, or religious school that teaches a fundamentalist version of Islam." Hardi Priyono, "deputy headmaster of the Basuki school in Indonesia, told CNN that his institution -- which Obama attended four decades ago, beginning when he was 6 -- is not a madrassah." In an interview with CNN correspondent John Vause, Priyono said, "This is a public school. We don't focus on religion." The Post ads Insight, "a weekly Internet magazine owned by the conservative Washington Times, had reported the madrassah allegation late last week and added, citing unnamed sources, that the information had been unearthed by researchers close to the campaign of Obama's rival for the Democratic presidential nomination Sen. Hillary Rodham Clinton of New York."

Media Infatuation With Obama May Be Short-Lived. In his Christian Science Monitor column (1/23), Dante Chinni, a senior associate at the Project for Excellence in Journalism, says Sen. Barack Obama's "life story – father from Kenya, mother from Kansas – makes for compelling copy. But at this point in American political history, an African-American running for president isn't new." For "many in the media, Obama is a candidate to get excited about because he holds the promise of being interesting, different, and able to shake up Washington. And that means Obama-mania will probably be alive and well in the press for at least a few more months. But at some point that lack of a long public history could present some problems for the senator." Right now, "Obama enjoys a sweet story line. But at some point, the media will be eager to fill in the missing pages. And when they do, Obama may find that his biggest strength with the media has its problems."

Newsweek Poll Finds Edwards Fares Best Against Top GOP Candidates. The New York Times (1/23, Broder, 1.16M) reports, "Conventional wisdom may say Senator Hillary Rodham Clinton of New York is the Democrats' prohibitive front-runner. But a Newsweek poll released over the weekend, which otherwise shows the candidates tightly bunched, indicates that former Senator John Edwards, below, is the only one to beat the top two potential Republican candidates in head-to-head matchups." The Newsweek poll shows 48% would vote for Edwards, 43% for John McCain; 48% would vote for Clinton, 47% for McCain; 46% would vote for Obama, while 44% would vote for McCain; 48% would vote for Edwards, 45% would vote for Giuliani; 48% would vote for Giuliani, 47% would vote for Clinton; and 47% would vote for Giuliani, 45% would vote for Obama.

Dodd Hopeful His Experience Will Sway Voters. The Wall Street Journal (1/23, Calmes, 2.04M) reports that in contrast to the media frenzy around the candidacies of Sens. Hillary Clinton and Barack Obama, Democratic hopeful Sen. Chris Dodd "travels the country, a year before the first nominating votes, 'hoping someone will show up,' he quips." Dodd's "experiences are typical of the early days of a presidential campaign, which often are humbling, even demeaning, for all but the rare Clinton-like celebrities and Obama-like phenomenons." Dodd has "been in the Senate for more than a quarter-century and was in the House for six years before that. He is chairman of the Senate Banking Committee. And he is an asterisk in early 2008 presidential polls." Yet ask "many Democratic activists whom they'd personally most like to see as president, and Mr. Dodd's name comes up often -- including from some committed to other candidates, notably Mrs. Clinton. Frequently described as witty, smart, and one of the most qualified figures in the party, Mr. Dodd enjoys goodwill beyond

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Washington from his mid-1990s stint as national party chairman." Despite the "current 'Obama-mania' for his less-seasoned colleague, Mr. Dodd argues that with the nation roiled by war, terrorism and economic globalization, he can persuade voters that his experience is an asset."

Non-Senators Among 2008 Field Seen As Underrated. In his USA Today column (1/23, 11A), Dewayne Wickham says that with "neither President Bush nor Vice President Cheney seeking the presidency next year, and foreign policy again the cause of great discontent, a growing number of senators are lining up for the job. And journalists are treating them as though they have the inside track." But in the "current campaign, there's no shortage of governors who have entered — or are poised to enter — the race. Among Democrats, New Mexico Gov. Bill Richardson and former Iowa governor Tom Vilsack have thrown their hats in the ring. And three Republicans who recently left their statehouse jobs — Mitt Romney of Massachusetts, Mike Huckabee of Arkansas, and George Pataki of New York — have set up exploratory committees." Don't "let the pundits and the early polls fool you. One of these governors could turn out to be a dark horse candidate, especially if Clinton and Obama split the Democratic Party's liberal base during the primary elections."

Busy Week Ahead For Presidential Candidates. The New York Times (1/23, Nagourney, 1.16M) reports unusual "number of stages" where the 2008 presidential race is "being played on at once." In Washington, there is "a hearing of the Senate Armed Services Committee, a platform that could display the sharply contrasting views on Iraq of" Sens. John McCain and Clinton. Next comes President Bush's State of the Union address, "which many Democrats — notably Mrs. Clinton — view as providing an opportunity to tee off to advance their own presidential campaigns." For the "rest of the week, attention in the Senate will be focused on resolutions critical of President Bush's Iraq policy, giving a platform to other presidential hopefuls, including Senators Barack Obama of Illinois, Joseph R. Biden of Delaware, both Democrats, and Chuck Hagel of Nebraska." And "at week's end, Mrs. Clinton is making her first trip to Iowa since creating her presidential exploratory committee; it seems fair to surmise that this will not be the kind of small living-room chats — with 10 Democrats and a local reporter or two — that have put the state on the political map." Former Mayor Rudolph W. Giuliani "will be competing for attention by heading for New Hampshire."

Websites Said To Offer Window Into Campaigns. In his Washington Post column (1/23, A17), Eugene Robinson rates the Internet presences of the leading three Democratic candidates: "So what do the Web sites HillaryClinton.com, BarackObama.com and JohnEdwards.com tell us about their namesakes? At first glance, they seem to confirm what we think we already know. Clinton's site evokes a super-competent juggernaut, with every base covered and every hair in place. Obama's is very much a work in progress. And Edwards's Web site suggests the patience, attention to detail and willingness to take risks that you would expect from a trial lawyer who rose from nothing to become a self-made millionaire." The "real difference is depth and ambition. Both Clinton and Obama (he on his Senate campaign Web site) say they want to have a dialogue with the American people about how best to solve the nation's problems. But Edwards has already started his conversation with the nation. His Web site is an exercise in social networking that includes not only a blog, where surfers can post their thoughts, but also cyber-diaries written by Edwards's family members."

Casino Mogul Donates $1 Million To Gingrich 527. The Washington Post (1/23, A4, Solomon, 690K) reports former House Speaker Newt Gingrich "jump-started his new political group with a check for $1 million from a source many in his conservative base would shun -- the gambling industry. Gingrich's American Solutions for Winning the Future reported to the Internal Revenue Service that it collected a $1 million check from Las Vegas Sands Corp. Chairman Sheldon G. Adelson shortly after the November elections. … The contribution dwarfed the other checks, totaling just $60,000, gathered for the group's start-up. Gingrich announced the group late last fall, setting it up as a '527' organization." The post notes Adelson "was listed by Forbes magazine in 2006 as America's third-richest man, with assets of more than $20 billion."

Jindal Seeking Louisiana Governorship Again. The New York Times (1/23, Nossiter, 1.16M) reports Rep. Bobby Jindal will enter the 2007 Louisiana governor's race. … Jindal will be running against a weakened incumbent, Gov. Kathleen Babineaux Blanco, a

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Democrat. Ms. Blanco defeated Mr. Jindal in 2003, but her standing was damaged after Hurricane Katrina." The Washington Times (1/23, Hudson, 88K) reports Jindal "has a significant edge in early polling over" Blanco. A poll by the Southern Media and Opinion Research "shows Mrs. Blanco's support among voters is 35 percent, compared with 59 percent for Mr. Jindal."

Planned Demolition Of New Orleans Projects Draws Opposition. The Los Angeles Times (1/23, Simmons, 850K) reports that "with inhabitable housing of any kind at a premium here, the fate of New Orleans' four largest public housing complexes — St. Bernard, C.J. Peete, B.W. Cooper and Lafitte — is at the center of another battle in the city's turbulent efforts to reshape its future. The U.S. Department of Housing and Urban Development and the Housing Authority of New Orleans have approved plans to demolish these complexes, landmarks in their neighborhoods, and replace them with lower-density apartment clusters for mixed-income residents. Their decision has brought relentless opposition from former tenants who insist they want to restore their lives in their old homes."

State Farm Hit By Katrina-Related Lawsuits. The Wall Street Journal (1/23, Pleven, 2.04M) reports, "Nearly a year and a half after Katrina, the legal storm spawned by the deadly hurricane is coming to a head in Mississippi. At its center is the nation's largest home insurer: State Farm. The Bloomington, Ill., firm is the only insurer, so far, to face a major judgment against it in a Mississippi court over a disputed homeowner's claim related to Katrina. T he judgment came two weeks ago when a federal judge ordered it to pay a Mississippi couple $232,292, and a jury awarded the couple $2.5 million in punitive damages. On Friday, State Farm settled another case about to go to trial, and the insurer faces lawsuits from hundreds of other Mississippi homeowners."

Motherhood Increasingly Seen As An Asset For Politicians. The Los Angeles Times (1/23, Reynolds, 850K) reports, "It probably wasn't chance that Sen. Hillary Rodham Clinton's first public event after announcing her interest in running for president — a stop at a New York health center named for the Chelsea and Clinton neighborhoods — echoed the name of her daughter. Nor was it chance that the new speaker of the House, Rep. Nancy Pelosi, took up her gavel for the first time earlier this year surrounded by children, including some of her grandchildren. … Whether being a woman is an asset or liability in national politics may be an open question, but being a mother — or a grandmother — appears to be a sure winner. Strategists say that talking about motherhood is reassuring to voters, some of whom are still uncomfortable with women in powerful jobs. It also helps create a narrative for their lives that connects them to mainstream and traditionalist voters."

Arab Divisions Abroad Reflected In Dearborn. The New York Times (1/23, MacFarquhar, 1.16M) reports that after the death of Dearborn Mayor Michael A. Guido in December, "a flock of Arab-American candidates stepped forward in the hopes of claiming City Hall. But despite the fact that roughly one in three Dearborn residents is of Arab origin, most of the Arab-American candidates had dropped out by mid-January. Poll numbers showed that none of them could win." The existence of "internal rivalries echoing those that beset the Arab world, along with the general electorate's lingering unease about Muslims, combined to derail what many here had hoped would be the chance to prove that Arab-Americans had arrived politically — at least in Dearborn, their unofficial capital in this country."

WSJournal Pans Massachusetts, California Healthcare Reform Plans, Calls Them Illegal. In an editorial, the Wall Street Journal (1/23, 2.04M) says that "state schemes that feature 'pay or play' employer taxes or mandates" – such as the Massachusetts healthcare program and California Gov. Arnold Schwarzenegger's (R) recently proposed healthcare program -- "are probably illegal" under a decision in the Fourth Circuit Court of Appeals. That case "said that Maryland's 'Fair Share' health legislation -- otherwise known as 'the Wal-Mart tax' -- violates a federal employee-benefits law known by the acronym Erisa." The Journal continues, "Leave aside that the plan muscled into law by Maryland's Democratic legislature was far less ambitious. The basic similarity is that all three plans feature employer mandates or taxes aimed at changing employee-benefit plans -- in this case by requiring employers to provide health insurance. … There were sound reasons that Congress decided to create a uniform national regulatory framework when it wrote the Erisa law way back in 1974. To wit: Freeing employers from the administrative burden of having to comply with a multitude of state and local

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requirements leaves them with more money to spend on actual health care and other benefits." The Journal concludes, "We're all for state policy experiments, but these ballyhooed health care reforms are policy blunders that won't stand scrutiny in court, much less in the marketplace."

WSJournal Warns Spitzer On Financial Industry Competitiveness. The Wall Street Journal (1/23, 2.04M) says in an editorial that as New York's Attorney General, Democrat Eliot Spitzer "was the scourge of the financial industry. And in a final rhetorical flourish in that job, he was among the first to denounce last month's report by the Committee on Capital Markets Regulation pointing to a decline in American financial industry competitiveness." Now, however, "Mr. Spitzer is New York's Governor, and it will be fascinating to see if he assumes a more statesmanlike pose toward the same industry. Both the New York state budget, and Mr. Spitzer's own political future, depend on the financial industry's prosperity, as the same Capital Markets Committee report made clear."

Administration Said To Provide "Scant Evidence" To Back Iran Claims. The Los Angeles Times (1/23, A1, Zavis, Miller, 850K) reports on its front page, "If there is anywhere Iran could easily stir up trouble in Iraq, it would be in Diyala, a rugged province along the border between the two nations. … But even here, evidence of Iranian involvement in Iraq's troubles is limited." US troops have found "mortars and antitank mines with Iranian markings dated 2006, said US Army Col. David W. Sutherland, who oversees the province. But there has been little sign of more advanced weaponry crossing the border, and no Iranian agents have been found." The Times notes that in his speech this month outlining the new US strategy in Iraq, President Bush promised to "seek out and destroy" Iranian networks that he said were providing "advanced weaponry and training to our enemies," and is expected "to strike a similar note in tonight's State of the Union speech." However, the Administration "has provided scant evidence to support those claims. Nor have reporters traveling with US troops seen extensive signs of Iranian involvement." The lack of "publicly disclosed evidence" has "led to questions about whether the Administration is overstating its case," and some even "suggest Bush and his aides are pointing to Iran to deflect blame for US setbacks in Iraq."

Bush Address May Hint At Direction Of US Policy On Iran. The Christian Science Monitor (1/23, LaFranchi, 59K) reports, "With evidence mounting that international pressure on Iran is getting results, President Bush prepares to deliver a State of the Union speech Tuesday night that could provide signs of where efforts against Tehran and its nuclear program will go next." Some analysts and "a few prominent foreign diplomats -- including Russian Foreign Minister Sergei Lavrov -- have said they see unsettling parallels between US action and rhetoric on Iraq and America's Iran policy." Since early 2005, the US "has opened a diplomatic track, primarily with European powers, to stop Iran short of acquiring nuclear weapons through international pressure," but "the question now may be how long Bush…will be willing to stick with an approach whose steering wheel is not solely in American hands."

Iran Bars IAEA Inspectors. The AP (1/23, Karimi) reports Iran has barred 38 nuclear inspectors on a United Nations list from entering the country, the foreign minister said Monday "in what appeared to be retaliation for the UN sanctions imposed last month." Foreign Minister Manouchehr Mottaki told the official Islamic Republic News Agency, "The act of rejecting some inspectors is legal and in accordance with the agency's regulations," noting that others on the agency's list remain eligible. AFP (1/23) reports the IAEA "said it was discussing with Iran its demand to withdraw some nuclear inspectors but was confident it could continue monitoring the country's nuclear facilities."

The New York Times (1/23, A7, Fathi, 1.16M) notes the announcement "came only days after Grand Ayatollah Hossein Ali Montazeri, Iran's most senior dissident cleric, criticized President Mahmoud Ahmadinejad's defiant stance against the West on the nuclear issue in a speech on Friday, calling it provocative." The two developments "suggest an increasingly open debate within Iran over how forcefully to confront the West over Iran's nuclear ambitions, even as its government continues to defend them."

Similarly, the Washington Times/AP (1/23, Dareini) says Montazeri joined "a chorus of criticism that has included even the hard-line leader's allies" and "reflected a growing feeling among many that Mr. Ahmadinejad has concentrated too much on fiery, anti-US speeches and not enough on the economy."

Iran Begins Short-Range Missile Tests. Under the headline "Iran Tests Missiles As Fear Of Attack Grows," the Financial Times (1/23, Smyth) reports Iran began "military

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maneuvers in its central desert on Monday, testing short-range missiles at a time of rising tension with the US and as President Mahmoud Ahmadinejad faces continuing criticism at home." Iranian state radio reported that Revolutionary Guards were test-firing "both the 350km-range Zelzal-1 missile and the 70km range Fajr-5 near the town of Garmsar, 80km south-east of Tehran." Mohsen Rezaei, "an influential conservative politician and former Revolutionary Guards commander," told state television at the weekend that Washington had opted for "serious confrontation" with Iran, in which it "intends to resolve its problem in the Middle East." The Times says Rezaei' comments represent "a rare glimpse for the Iranian public of the seriousness with which leading officials view the situation, especially in his acknowledgment that America or Israel might attack Iran's atomic sites."

Seoul Asks Washington To Ease Sanctions On Pyongyang. AFP (1/23) reports Seoul "has told the United States that some of the frozen North Korean accounts in a Macau bank are from legitimate business and should be unblocked," South Korean news reports said Tuesday. The nation's Chosun Ilbo newspaper quoted an unidentifed high-ranking source in Washington as saying that South Korea asked the United States to consider unfreezing at least five of the 50 accounts with Banco Delta Asia (BDA). The source was quoted as saying, "Releasing money in those accounts from the freeze is aimed at saving North Korea's face in order to encourage it to proceed with the six-party talks."

Ban Announces Audit Of North Korean Fund. The AP (1/23, Bergman) reports UN Secretary-General Ban Ki-moon announced Monday that an external audit would be conducted of the UN Development Program in North Korea "after the US alleged the program had funneled millions of dollars to Kim Jong Il's regime." The audit will "initially focus on UNDP spending in North Korea and then be expanded to other UN agencies, though details have yet to be finalized," said Ban's spokeswoman, Michele Montas. The audit will be conducted by the U.N.'s Board of Auditors, which is comprised of accountants from eight U.N. members, she said.

The Washington Times (1/23, Pisik, 88K) says the audit, which is expected to be completed within three months, "will specifically look at hard-currency transactions, the independence of locally hired staff, and the agency's ability to monitor ongoing projects."

Korean Envoys Meet In China. The AP (1/23) reports nuclear envoys from North and South Korean met in Beijing as part of the latest efforts to restart six-nation talks, the South Korean Foreign Ministry said Tuesday. The South's Chun Yung-woo met North Korean negotiator Kim Kye Gwan in Beijing, the Foreign Ministry said, "without giving any further details."

Separately, the AP (1/23, Herman) reports envoys to the six-party talks "are sounding rare notes of optimism, raising hopes for progress after their expected return to the bargaining table in coming weeks." Russian nuclear envoy Deputy Foreign Minister Alexander Losyukov said Monday after meeting over the weekend with North Korean negotiator Kim Kye Gwan, "On the whole, the impression is developing that the North Korean side has interpreted the results of the talks in Berlin with a certain optimism." For his part, Assistant Secretary of State Christopher Hill said Monday in Beijing that there was "a basis for making progress" when the negotiations resume. The AP reports that "several envoys have said they expect the nuclear talks to resume before mid-February."

Hill Says Chinese Missile Test Will Not Affect Six-Party Talks. The Washington Times (1/23, Lanfranco, 88K) reports Assistant Secretary of State Christopher Hill "said yesterday that the resumption of six-party talks in Beijing should not be affected by US concerns over China's test of an anti-satellite missile." Hill told reporters, "My government's position on that is pretty clear. We've certainly conveyed [concern] to the Chinese, but I would say the six-party talks are on a different track."

Top Somali Militant Surrenders In Kenya. The New York Times (1/23, A8, Gettleman, 1.16M) reports the second in command of Somalia's Islamist forces "has surrendered to the Kenyan authorities and is staying at a hotel in Nairobi," Western diplomats and Somali officials said Monday. Sheik Sharif Ahmed, the head of the Islamist Courts Union executive council, "was part of a group of Islamist leaders being hunted down by American and Ethiopian troops in southern Somalia." Described as "a moderate Muslim and potential peacemaker," he "surfaced at the Kenya-Somalia border in the past week, Somali officials said, and now the Kenyan immigration authorities are deliberating on what to do with him." Several Western diplomats "said American officials…were instrumental in arranging Mr. Ahmed's safe passage to Kenya." However, On Monday, an American

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Embassy official "denied that the United States played any role in bringing him to Kenya."

The Washington Post (1/23, A14, McCrummen, 690K) says US officials "are hoping he can help subdue a rising insurgency among the movement's supporters" on the streets of Mogadishu.

China Says Test Does Not Signal Intent To Militarize Space. The AP (1/23) reports Chinese Foreign ministry officials told Assistant Secretary of State Christopher Hill that China's successful test of an anti-satellite weapon earlier this month "should not be seen as a threat and does not signal the beginning of a race to militarize space," the State Department said Monday. Hill raised the issue with Chinese officials over the weekend in Beijing, urging the Chinese to "be more forthcoming about their military activities and their defense budget."

AFP (1/23) reports State Department spokesman Sean McCormack said Monday, "The bottom line is we encourage them to be more forthcoming, more transparent with respect to not only this test but also their space program."

Zoellick Urges Greater US, Chinese Economic Cooperation. Former US trade representative and current vice chairman at Goldman Sachs Group, Robert Zoellick, writes in the Financial Times (1/23) that "America and China need to develop an agenda as mutual stakeholders in the world economy." To date, Zoellick says "the media focus has been on the appreciation of China's currency," but stresses that "the Sino-American agenda needs to be broader." A "successful strategy," he notes, "will need to open doors for the US and others to benefit while supporting China's development and encouraging China to help sustain the international economic system to which its growth is linked." Zoellick concludes, "If the US and China recognize the strategic stakes in guiding this transition, they can develop an agenda that builds confidence and support in both countries and beyond."

Rice To Unveil "Substantial" Aid Package For Lebanon. AFP (1/23, Millikin) reports Secretary of State Condoleezza Rice Thursday will announce "a substantial aid package for Lebanon at a donors conference in Paris" aimed at "bolstering the government of Prime Minister Fuad Siniora," State Department spokesman Sean McCormack said. The offer "will come on top of more than $230 million already pledged by Washington to help rebuild Lebanon following the devastating war between Israel and the Islamic militia Hezbollah last July and August. McCormack would not provide details of the US aid proposal, other than say it was "substantial." But another "senior official" said it would be "an equivalent vigorous effort" in comparison to the $230 million pledged by Washington at a donors conference in Stockholm shortly after a UN-brokered ceasefire that ended the war. While insisting the Paris conference was "about helping all Lebanese and not just Siniora," the US officials said it would "also highlight the failure of Hezbollah and its leader, Hassan Nasrallah, to repair the war damage."

The AP (1/23, Gedda) says the expected $230 million package "would be a major increase over the $30 million to $40 million that Washington had pledged for aid to Lebanon in recent years." The package is likely to include funds to rebuild "a vital bridge on the Beirut-Damascus highway, which is expected to cost about $20 million." Under Secretary of State Nicholas Burns said in Israel on Sunday that the assistance will be part of a world effort to defend Lebanon "from that axis of countries, Iran and Syria, and organizations like Hezbollah, Palestinian Islamic Jihad and others."

Diplomatic Activity Picks Up Ahead Of Mideast Summit. The AP (1/23, Teibel) reports, "After months of inaction, a flurry of diplomatic activity toward reviving Israeli-Palestinian peacemaking is under way." Secretary of State Condoleezza Rice "is planning a summit with Israeli and Palestinian leaders, top Israeli officials are floating peace initiatives and the moderate Palestinian president says he is ready to discuss the outlines of a final settlement. But with Hamas militants dominating the Palestinian parliament and Cabinet, and weak leadership on all sides, no one expects a deal any time soon." In the past few weeks, the Israeli and Palestinian leaders "held their first substantive meeting, and Israel followed up by transferring $100 million in frozen tax revenues to Abbas." However, "Sharp differences have emerged between the Israeli and Palestinian positions." The Palestinians "oppose an Israeli proposal for a provisional Palestinian state in the West Bank and Gaza, believing Israel could use it to usurp land while the sides negotiate endlessly over so-called final status issues." The AP notes that "it is precisely the big-picture issues -- final borders, the status of disputed Jerusalem and the

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Palestinians' demand to repatriate refugees and their descendants -- that have caused past peace talks to collapse."

Palestinians To Resume Unity Talks. AFP (1/23, El Oun) reports Palestinians are "preparing to press on with efforts to form a national unity government after inconclusive talks" between Hamas' Khaled Meshaal and Palestinian President Mahmoud Abbas. A statement issued Monday said a meeting would take place in Gaza City on Tuesday between representatives of Fatah and Hamas, but gave no further details.

Palestinian Father Seeks Peace With Israelis After Death Of Daughter. The New York Times (1/23, A3, Myre, 1.16M) profiles Bassam Aramin, whose 10-year-old daughter was killed last week during a clash between stone-throwing Palestinian youths and the Israeli police and now "says he wants to talk to Israelis about making peace." With his Israeli partner, Zohar Shapira, a former member of an elite commando unit, Aramin "has been speaking to students and community groups in Israel and the West Bank."

Israel Names New Army Chief Of Staff. The New York Times (1/23, A3, Myre, 1.16M) reports Gabi Ashkenazi, a former infantry officer who commanded Israeli troops against Hezbollah in southern Lebanon, was appointed Monday as the Israeli military's new chief of staff. Prime Minister Ehud Olmert and Defense Minister Amir Peretz agreed on the appointment at a meeting on Monday evening, the prime minister's office said. The nomination must still be approved by the cabinet and a government committee.

US Seeks Polish Approval For Missile-Shield Site.

USA Today (1/23, 5A, 2.27M) reports Washington "is asking Poland to allow ground-based interceptor missiles on its territory as part of a missile-defense system," the US Embassy in Warsaw said Monday. Polish Defense Minister Radek Sikorski "indicated a willingness to discuss the issue" with "our most important ally" but said nothing had been decided.

US Plans Raise Concerns. The AP (1/23, Gera) reports the "prospect of sophisticated US radar and interceptor systems in formerly communist Eastern Europe has led Russian military leaders to warn of a new arms race." The system "would create a clear threat for Russia," Col. Gen. Vladimir Popovkin, the chief of Russia's Space Forces, warned Monday. Washington has "repeatedly sought to reassure Russia it has nothing to fear from the system -- a message Andrew Schilling, a spokesman for the US Embassy in Warsaw, echoed Monday." He told The AP a US missile defense system in Europe would be solely aimed at countering "the evolving Middle Eastern ballistic missile threat."

Poll Shows Global View Of US Worsened In 2006.

The New York Times (1/23, A11, 1.16M) reports the "global view of the United States' role in world affairs deteriorated significantly again last year," according to a poll of more than 26,000 people in 25 countries. Negative feelings about the war in Iraq "were prevalent, and nearly 7 in 10 people polled said the American military presence in the Middle East provoked more violence than it prevented," according to the poll done for the BBC World Service by GlobeScan and the Program on International Policy Attitudes at the University of Maryland. In 18 countries previously polled, "an average of 29 percent of those surveyed saw the United States as having a mainly positive influence, down from 36 percent last year."

The Washington Post (1/23, A14, Sullivan, 690K) notes the survey of 26,381 people was conducted from November to January in Argentina, Australia, Brazil, Britain, Chile, China, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Kenya, Lebanon, Mexico, Nigeria, the Philippines, Poland, Portugal, Russia, South Korea, Turkey, the United Arab Emirates and the United States. The Post notes that "views of US foreign policy are also becoming more negative among US citizens, the poll found. Of the 1,000 Americans surveyed, 57 percent said the United States is having a mainly positive influence in the world. That is down from 63 percent last year and 71 percent two years ago."

Armenian Journalist's Death Leads To Conciliation.

The New York Times (1/23, A6, Fowler, Arsu, 1.16M) reports the killing of an Armenian-Turkish journalist in Istanbul last week "and the sorrow it has generated within Turkey are leading to rare conciliatory gestures between Turkey and Armenia, historic enemies, and to calls for changes in laws here defending Turkish identity." On Monday, Armenian "political and spiritual figures accepted an invitation from the Turkish government to attend the funeral of Hrant Dink." Despite "the fact that the Armenian-Turkish border has been sealed since 1993 and diplomatic relations severed," Armenia is sending a deputy foreign minister, Arman Kirakossian, to the funeral, and the

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archbishop of the Armenian Church of America, Khajag Barsamian, also accepted the government's invitation to the ceremony.

The Washington Times (1/23, Birch, 88K) reports on the reaction in the Turkish town of Trabzon to news that "a local youth confessed over the weekend" to the shooting Dink.

Schwab Says No Breakthrough On Doha Round Likely. USA Today (1/23, 5B, Lynch, 2.27M) reports trade negotiator Susan Schwab "said Monday there is no prospect of an imminent breakthrough in long-stalled global trade talks." Schwab leaves Wednesday for the World Economic Forum in Davos, Switzerland, "where she plans to meet with counterparts from Europe and key developing nations in hopes of reviving the flickering Doha Round negotiations." But in an interview with the newspaper, Schwab said, "We're still not close, I would say, to being able to sit down as trade ministers to talk about closing a Doha Round deal or to talk about a Doha Round breakthrough in substance." She said ongoing "technical" talks are "advancing and could pave the way for an eventual deal," but "major disagreements remain."

Reflecting Schwab's assessment, the New York Times (1/23, Bilefsky, Dougherty, 1.16M) reports the European Union's chief trade negotiator "said Monday that efforts to restart stalled global trade talks were showing new vigor. But he sought to discourage expectations that a breakthrough could come during a meeting of trade ministers this week" in Davos. EU trade commissioner Peter Mandelson said, "We are in the endgame, but we are not in a situation where we have the outlines of an agreement."

Report Cites British Collusion In N. Ireland Killings. AFP (1/23, Mallie) reports British police "colluded with paramilitaries behind at least 10 murders in Northern Ireland in the 1990s, a damning report said, triggering outrage in Dublin and Belfast and remorse in London." The report about Protestant militants "threatens to cloud current efforts to restore self-rule in the long-troubled British-run province, in which Catholic lack of confidence in policing is a key stumbling block." Irish premier Bertie Ahern responded, "Today's ombudsman's report is deeply disturbing. Its findings are of the utmost gravity."

Serbia Vote Could Lead To Coalition Of Democrats. The New York Times (1/23, Wood, 1.16M) reports, "Two leading democratic parties emerged Monday as the groups most likely to form a government in Serbia, despite a first-place showing for a nationalist party in the parliamentary elections on Sunday." The "prospect of slow negotiations to secure a coalition," however, "complicates international efforts to find a solution for the disputed province of Kosovo, which are approaching a turning point." Meanwhile, the formation of a coalition also "will not be easy," because the two main democratic parties "have longstanding rivalries, and the prime minister, Vojilsav Kostunica, seems unwilling to negotiate his job away, though his Serbian Democrats came in third."

Russia Seeks To Limit Foreign Labor In Crackdown On Illegal Immigration. On its front page, the Washington Times (1/23, A1, Mainville, 88K) reports, "Thousands of migrant workers from the Caucasus, Central Asia and China are leaving Russia as the government institutes tough new measures aimed at cracking down on illegal immigration." Campaigners against illegal immigration are "welcoming the measures, saying low-paid migrants were distorting the job market and taking work from Russian citizens. But critics say the moves are ill-advised because they will drive up retail prices and create a labor shortage that could hurt Russia's booming economy."

Author Criticizes China's New Adoption Rules. Beth Nonte Russell, author of the forthcoming "Forever Lily: An Unexpected Mother's Journey to Adoption in China," writes in the New York Times (1/23, 1.16M) in response to a recent announcement by the Chinese government that it "had prepared strict new criteria for foreign adoption applications because the country claimed it lacked 'available' babies to meet the 'spike' in demand." Russell questions whether, "as China increasingly asserts itself on the world stage and prepares to host the 2008 Summer Olympics, allowing Westerners to adopt thousands of infants each year would fit the image it wanted to project. I suspect not, and China's new restrictions lead me to believe that national pride is more important than getting these children into loving homes." She notes that the "issue of abandoned and institutionalized children remains a taboo subject in China, a problem the government does not even acknowledge exists. … But the answer is not to stop the foreigners from adopting; it is to put an end to their reasons for doing so."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"President's Speech Will Stay Close To Home."
"His Own Silent Spring."
"Scant Evidence Found Of Iran-Iraq Arms Link."
"Justices Find California's Sentencing Law Flawed."
"Black Coaches Open Up The Field."
"Sheriff Traces Guns' Crooked Paths To Compton's Streets."

USA Today:
"Flying By The Numbers."
"Senate Jet Rule Would Cost Others, Too."
"Find Tips Online For Managing Debt."
"More In GOP Oppose Iraq Plan."

New York Times:
"Death Knell May Be Near For Public Election Funds."
"Bush, At Low Point in Polls, Will Push Domestic Agenda."
"88 Killed As Car Bombs Devastate Busy Baghdad Market."
"In the Vortex Of Baghdad, Staying Put This Time."
"Illinois Is Putting Lottery On Block For Quick Payoff."
"In Douglass Tribute, Slave Folklore And Fact Collide."

Washington Post:
"Bush To Face Skeptical Congress."
"Overhaul Of Tysons Center Approved."
"General May See Early Success In Iraq."
"Internal Rifts Cloud Democrats' Opportunity on Warming."
"O'Malley Backs Md. 'Clean Car' Initiative."
"Clinton Bid Heralds Demise Of Public Financing."

Washington Times:
"Warner Bill Hits Bush's Troop Surge."
"GOP Pushes For Stricter Ethics Reform."
"O'Malley Eyes Health, Emissions."
"Russia Foreign Labor To Fight Illegals."
"WGNS Changes Its Tunes After Nearly 60 Years."
"How Byte-Size Temptations Ruin A Marriage."

Detroit Free Press:
"Wayne Co. Kids Gain On Meap."
"A Bitter Pill."
"Granholm Must Redouble Job Efforts."

Atlanta Journal-Constitution:
"DNA Frees Man After 21 Years."
"What To Expect Tonight."
"4 Swinged Dinosaurs Natures First Biplanes."
"Castle, Ted's Spread: Which City Gets Them?

Houston Chronicle:
"Perry Wants More Troops On Border."
"Officer Goes To Court On Bribe Charge."
"All Mexican kingpins In Court."
"Energy Efficiency Is Critical For Area's Growth, White Says."
"As New US Troops Arrive 2 Bombs Rock Baghdad."
"mayor Want Brazoria To outlaw The 'N Word'."

Story Lineup From Last Night's Network News:
ABC: Iraq Sectarian Violence; New Iraq Strategy-Under Fire; Terrorism Plots; New Al Qaeda Tape; Campaign 2008; Sen. Clinton Interview; Gas Prices; Super Bowl-Black Coaches; Bill Parcells Retires; Mona Lisa's Identity.
CBS: New Iraq Strategy-Under Fire; Iraq Sectarian Violence; New Al Qaeda Video Tape; Sen. Clinton Interview; Clinton Candidacy-Analysis; Health Care-Wellness Incentives; UK Grounded Ship; Super Bowl-Black Coaches.
NBC: Iraq Sectarian Violence; Campaign 2008; Clinton Candidacy-Analysis; Carter Administration 30th Anniversary; Sen. Clinton Interview; UK Grounded Ship; Spam Is Back; Pifizer Cuts Jobs; Stock Market; Super Bowl-Black Coaches; Soldiers Returning Home.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Al Qaeda In Iraq Plan To Attack US Discovered; Rep. Boehner-Iraq Progress Updates; Congress-Anti-Surge Resolution; Bush-State Of The Union Address; CA-Wildfire; CA-Police Office Shot By Handcuffed Suspect; Pro Wrestler Bam Bam Bigelow's Obit.
CBS: Bush-State Of The Union Address; Congress-Anti-Surge Resolution; CBS News Poll-2/3 Oppose Troop Surge; Zawahiri Ridicules Surge Plan; New US Passport Rules; Oscar Nominations.

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NPR: Bush-State Of The Union Address; Sen. Webb-Democratic Response To Bush Address; Congress-Iraq Resolutions; Afghanistan-Suicide Bombing; Libby Case-Opening Statements; China Confirms Satellite Strike; Tokyo Stock Exchange; Lebanon-Protests; Kenya-Islamic Courts Union Official Questioned; Sri Lanka-Roadside Bombs.Story Lineup From This Morning's Network News:

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — 9 p.m. Delivers the State of the Union address, Capitol.

VICE PRESIDENT CHENEY — 9 p.m. Attends the State of the Union address, Capitol.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iraq, focusing on federalism, strategicv redeployment and negotiations. Les Gelb, Council on Foreign Relations; EDward Luttwak, Center for Strategic and International Studies; Lawarence Korb, Center for Defense Information; Robert Malley, International Crisis Group. Location: Room 106, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Confirmation hearing on the nomination of Lt. Gen. David Petraeus to be general and commander of the Multi-National Forces in Iraq. Location: Room 325, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the US-VISIT program and border security. Location: Room 226, Dirksen.

9:30 a.m. VETERANS AFFAIRS _ Fiull Committee. Oversight hearing on DoD and DVA efforts to smooth the transition of servicemembers between military and civilian life. Location: Room 418, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on the tax gap and strategies for reducing it. Robert McIntyre, Citizens for Tax Justice; Michael Brostek, GAO; John Satagaj, Small Business Tax Compliance and Fairness Coalition. Location: Room 608, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Hearing on Iraq, focusing on alternative plans. Former House Speaker Newt Gingrich. Location: Room 106, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on intelligence revision proposals. Mary Margaret Graham, deputy director of National Intelligence; Thomas Fingar, deputy director of National Intelligence; Patrick Kennedy, deputy director of National Intelligence; Dale Meyerrose, chief information officer, Office of the Director of National Intelligence; Mark Ewin, deputy to the deputy director of National Intelligence; Susan Reingold, deputy program manager for information sharing environment, Office of the Director of National Intelligence. Location: Room 216, Hart.

US House: FLOOR SCHEDULE _ 10:30 a.m. Meets for morning hour and at Noon for legislative business. Note: House Floor will be cleared at 5 p.m. to allow a security sweep of the House Chamber prior to the Presidents State of the Union Address. The House will meet again at 8:40 p.m. in joint session with the Senate to receive a State of the Union Address. Highlights: Suspensions (3 bills): 1) H.R. 323 - Seasoned Customer CTR Exemption Act; 2) H.R. 392 - District of Columbia and United States Territories Circulating Quarter Dollar Program Act; 3) H.R.___ - To direct the Secretary of Homeland Security to streamline the SAFETY Act and anti-terrorism technology procurement process.

10 a.m. ARMED SERVICES _ Full Committee Hearing on Iraq and the implications of the President's policy. Army Chief of Staff Gen. Peter Schoomaker; Marine Corps Commandant Gen. James Conway. Location: Room 2118, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the federal deficit. Comptroller General David Walker, Edward Gramlich of the University of Michigan, and Edwin Truman, Peterson Institute for International Economics. Location: Room 210, Cannon.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Hearing on the state of economic development. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the state of the economy. Mark Zandi, Chief Economist, Moody's economy.com; William E. Spriggs, Professor and Chair, Department of Economics, Howard University; Richard L. Trumka, Secretary-Treasurer, AFL-CIO; Martin Regalia, Chief Economist, U.S. Chamber of Commerce; John W. Diamond, Fellow in Tax Policy Research, James A. Baker Institute for Public Policy. Location: Room 1100, Longworth.

11 a.m. HOMELAND SECURITY _ Full Committee. Organizational meeting. Location: Room 311, Cannon.

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11:30 a.m. RULES _ Full Committee. Meeting to consider rules for floor debate. Location: Room H-313, Capitol.

1 p.m. AGRICULTURE _ Full Committee. Organizational meeting. Location: Room 1300, Longworth.

2 p.m. WAYS AND MEANS _ Oversight Subcommittee. Organizational meeting. Location: Room 1105, Longworth.

2:30 p.m. FOREIGN AFFAIRS _ Full Committee. Meets for organizational meeting and then a hearing on H.Res. 24 - Resolution creating the House Democracy Assistance Commission for the 110th Congress. Location: Room 2172, Rayburn.

Other: STATE OF THE UNION-RELATED EVENTS _ Highlights: 9:30 a.m. The American Enterprise Institute holds a program to preview the speech,m with analysts Leon Aron, Dan Blumenthal, Lawrence Lindsey, Mark McClellan, others. 12th floor, 1150 17th St. NW. Contact: Veronique Rodman, 202-862-4870. 11 a.m. Rep. Henry Waxman and New Mexico Gov. Bill Richardson hold a telephone briefing to discuss climate change and energy issues in advance of the State of the Union address. Callin number: 800-351-6805; passcoce: warming. Contact: John Anthony, 202-277-2103.

WAR INJURIES _ The American Academy of Orthopaedic Surgeons holds a symposium, ``Extremity War Injuries: Development of Clinical Treatment Principles." Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 8:30 a.m. State of the Union Reception. Location: Capital Hilton, 16th and K Sts. NW.

CONGRESSIONAL DEMOCRATS _ 11 a.m. There will be a pen and pad briefing with House Speaker Nancy Pelosi, Senate Majority Leader Harry Reid and Sen. Jim Webb. Location: Room S-224, Capitol.

CUBA AFTER CASTRO _ 8 a.m. The Council on Foreign Relations sponsors an on-the-record meeting, ``Cuba After Catro: The Future of U.S.-Cuba Relations." Participants: Reps. Jo Ann Emerson, R-Mo., and Jane Harman, D-Calif.,members of congressional delegation to Cuba; and Julia E. Sweig, Nelson and David Rockefeller Senior Fellow for Latin America Studies and Director for Latin America Studies, Council on Foreign Relations. Location: Council on Foreign Relations, 1779 Massachusetts Ave. NW.

ENERGY POLICY _ 8 a.m. - 9:30 a.m. The US News & World Report holds its National Issues Briefing, in association with American Chemistry Council, to examine post-midterm election prospects for a renewed effort by Congress and the Bush Administration to promote greater energy security and diversity, lower and less volatile energy prices, energy efficiency, and the pursuit of alternative energy sources. Panelists: Clay Sell, DOE deputy secretary; Rep. John E. Peterson, R-Pa.; Sen. Mary Landrieu, D-La.; and Flynt Leverett, senior fellow and director, Geopolitics of EnergyInitiative, New America Foundation. Location: National Press Club, Holeman Lounge.

US-MUSLIMS-RELIGION _ 8:30 a.m. The Gallup Organization holds a news briefing to discuss highlights of findings gathered in both the Muslim world and the United States on what people think and feel about the role of religion in their personal lives and the role of religion in government. Brifers: Geneive Abdo, senior analyst, the Gallup Center for Muslim Studies; Dalia Mogahed, Gallup senior analyst and executive director of the Gallup Center for Muslim Studies; and Dr. Frank Newport, editor-in-chief of The Gallup Poll. Location: The Gallup Organization, 901 F St. NW.

GATES-O'CONNOR _ 9:35 a.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Canadian Minister of National Defense Gordon O'Connor to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

GOP LEADERSHIP _ 10 a.m. There will be a stakeout for a media availability with Republican Whip Roy Blunt, Conference Chairman Adam Putnam, and Conference Vice Chairman Kay Granger. Location: House Radio/TV Gallery.

HOYER _ 11:30 a.m. House Majority Leader Steny Hoyer holds his regular pen and pad briefing. Location: Room H-107, Capitol.

ENERGY-RENEWABLES _ 12 p.m. The World Bank holds a panel discussion on the potential of renewable energy and energy efficiency, with Jamal Saghir of the Bank, Elliot Morley of the UK Prime Minister's Special Representative to the Gleneagles Dialogue on Climate Change, others. Location: Room J1-050, 701 18th St. NW.

NUCLEAR DISARMAMENT _ 12 p.m. The Carnegie Endowment for International Peace holds a presentation on ``A Verifiable Fissile-Material Treaty as a Foundation for Nuclear Disarmament," with Frank Von Hippel of Princeton University, Harold Feiveson of Princeton, and Zia Mian of Princeton. Location: 1779 Massachusetts Ave. NW.

PUBLIC SCHOOLS-CONFLICT _ 12 p.m. The Cato Institute hosts a Policy Forum, ``Why We Fight: Do Public Schools Cause Social Conflict? Participants: Neal

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McCluskey, Policy Analyst, Center for Educational Freedom, Cato Institute; Charles Haynes, Senior Scholar and Director of Education Programs, Freedom Forum First Amendment Center; and Gerald Bracey, Associate High/Scope Educational Research Foundation. Location: Cato Institute, 1000 Massachusetts Ave. NW.

AFHSARI-IRAN _ 12 p.m. - 1:30 p.m. The Middle East Institute hosts an address by Ali Afhsari, an activist in the Iranian student movement for political reform and human rights, who will discuss the future of democracy in Iran after the failure of former President Mohammad Khatami's reform movement. Location: MEI Boardman Room, 1761 N St. NW.

CAPITALISM _ 12:15 p.m. - 1:45 p.m. The New America Foundation sponsors a discussion, ``Capitalism 3.0: A Guide to Reclaiming the Commons." Participants: Peter Barnes, Senior Fellow, Tomales Bay Institute, co-founder and former president, Working Assets Long Distance, and auuthor, ``Capitalism 3.0: A Guide to Reclaiming the Commons;" and Mark Schmitt, Senior Fellow, New America Foundation. Location: New America Foundation, 7th floor, 1630 Connecticut Ave. NW.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

SICK 9/11 WORKERS _ 12:30 p.m. Sick 9/11 Responders attending the State of the Union address members of the New York congressional delegation to discuss what they say is the lack of federal help more than five years after the 9/11 attacks. Participants: Reps. Carolyn Maloney, D-N.Y.; Vito Fossella, R-N.Y.; Maurice Hinchey, D-N.Y.; Jerrold Nadler, D-N.Y.; and Sens. Charles Schumer, D-N.Y.; Hillary Clinton, D-N.Y.; and 9/11 responders John Sferazo and Marvin Bethea. Location: Room 2128, Rayburn House Office Building.

FERC-NRC _ 1:30 p.m. Joint meeting of the Nuclear Regulatory Commission and the Federal Energy Regulatory Commission to discuss electric power grid relaibility. Location: NRC Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Md.

SWEATSHOPS _ 2 p.m. Sens. Byron Dorgan, Lindsey Graham, Sherrod Brown and others hold a news confererce to announce a bill outlawing the U.S. sale of imported sweatshop produced goods. Location: Senate Radio-TV Gallery.

ENERGY SUPPLY _ 2 p.m. - 4 p.m. The Brookings Institution hosts the inaugural Foreign Policy Studies Energy Security Series event with a panel comprised of leading energy experts who have written extensively on the rise of China and India as major global economic powers, the continued growth in U.S. energy demand, and instability in key oil-exporting regions. Panelists include: Erica Downs, Peter C. Evans China Energy Fellow Director, Global Oil; and John L. Thornton, China Center, Cambridge Energy Research. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

ANTIWAR PROTESTS _ 8 p.m. Antiwar groups hold what they say is a ``State of the Union/Emergency" Protest Rally. Location: Capitol Reflecting Pool, eastside at Grant statue.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TODAY'S EDITION

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TERRORISM NEWS:

Captured Documents Show Iraq Al Qaeda Plotted Attacks In US. ABC World News (1/22, story 3, 2:10, Gibson, 8.78M) reported, "American officials have long feared that insurgent and terrorist activity in Iraq could spill over into this country, and now it appears those fears were justified. For the first time, American officials uncovered a plan by al Qaeda in Iraq to strike inside the United States." ABC (Thomas) added that "highly-classified incident documents" were "captured in a raid on an al Qaeda in Iraq safe house," and "sources tell ABC News the documents show al Qaeda in Iraq was developing a plan to slip terrorists into the US using student visas, the same technique used by the 9/11 hijackers. … The plot was discovered six months ago, around the time Zarqawi was killed by coalition forces." The CBS Evening News (1/22, story 3, :30, Couric, 7.66M) noted, "CBS News has learned al Qaeda wanted to use student visas to get terrorists into this country. Intelligence officials say all of those involved have either been captured or killed."

The Los Angeles Times (1/23, Meyer, 850K) reports, "The plot appeared to be little more than an informal list of Al Qaeda-affiliated operatives and initial plans…said one official. But it was deemed serious enough to alert the FBI and the Department of Homeland Security, which mobilized agents in the United States to look for possible terrorists and for signs of attempted infiltration, said the official, who spoke on the condition of anonymity because he was not authorized to discuss classified details of the case."

D'Souza Says Radical Muslims Hate US Popular Culture, Not Freedom. In a USA Today (1/23, 2.27M) op-ed, author Dinesh D'Souza writes that Americans "are still under the illusion that America is fighting a war against the enemies of modernity. … In President Bush's words, 'They hate our freedoms.'" On the contrary, D'Souza notes, "Radical Islam's main charge against America is that we are a decadent, immoral society that is projecting its culture and values throughout the world and threatening their faith." D'Souza adds that the Bush administration "should stop calling for democracy worldwide," and "show the rest of the world the face of traditional America. … And America should promote traditional family values, not feminism and homosexual rights, in international forums like the United Nations. If traditional Muslims realized that there are millions of Americans who go to church, take care of their families and live by traditional values, they would be less likely to view us or our leaders as the Great Satan, and fewer of them will be tempted to join the camp of the Islamic radicals."

Prosecutors Claim Padilla Defense Leak Could Taint Jury. The AP (1/23, Anderson) reports, "The leak of transcripts of Jose Padilla's intercepted telephone conversations by a defense lawyer to The New York Times violated a court order and could jeopardize selection of an impartial jury, federal prosecutors said Monday. … 'There is no question that the disclosure was calculated and deliberate, with the effect of exposing potential jurors to evidence before it is introduced at trial when both sides will have the opportunity to argue its significance,' prosecutors said in court papers." The AP continues, "U.S. District Judge Marcia Cooke has scheduled a hearing Wednesday on the issue, the latest in a string of complications to arise in the case of the alleged al-Qaida operative." The AP adds, "Padilla, a 36-year-old U.S. citizen and former Chicago gang member, is charged with being part of a North American cell that provided cash, supplies and recruits to Islamic extremists. Originally accused of plotting a radioactive 'dirty bomb' attack after his 2002 arrest, Padilla was designated an enemy combatant by President Bush and held without criminal charge at a Navy brig for 3 1/2 years. … He was added to an existing Miami terrorism-support case in late 2005 during a legal battle over the president's wartime detention powers. The dirty bomb allegations are not mentioned in the Miami indictment. … Three Miami-based public defenders representing Padilla - Michael Caruso, Anthony Natale and Orlando do Campo - admitted in court papers that 'one of Jose Padilla's counsel' provided the transcripts to a Times reporter for a story published Jan. 4. The lawyer responsible was not identified."

Administration's Change Of Surveillance Policy Sparks Commentary. The Minneapolis Star Tribune (1/23) reports, "Just watching Alberto Gonzales being grilled over the Bush administration's new, classified domestic-surveillance agreement with the FISA court was an exercise in frustration. One can only imagine what it was like for the senators doing the grilling; they were simply trying to figure out whether the deal undermines or meets the intent of their own law to protect Americans' privacy." The Tribune continues, "They didn't get very far. In Thursday's Judiciary Committee hearing, the ever soft-spoken, ever genial attorney general would neither describe FISA orders that ended the warrantless wiretap program nor agree that senators had a right to see them. … That stance is untenable. Congress passed the Foreign Intelligence Surveillance Act to prevent unlawful eavesdropping by government, and it cannot determine whether to give congressional blessing to the new rules or amend the FISA law unless its members -- who are accustomed to receiving

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sensitive, classified material -- know how the rules work. Congress must press the White House until it gets the information." The Tribune adds, "Talks between the executive branch and the FISA court reportedly accelerated after the November elections. According to the Los Angeles Times, government officials said the negotiations 'centered on securing an agreement that would allow the administration to seek warrants on groups of people in certain circumstances, rather than being required to obtain separate court orders for every individual under suspicion.' The Times said the changes 'appear to require individual warrants when the target is a U.S. citizen or has permanent legal resident status.' … But senators heard no such explanation from Gonzales. They must persevere until they do."

The Staten Island Advance (NY) (1/23) editorializes, "Late last week U. S. Attorney General Alberto Gonzales, in a two-page letter to members of the Senate Judiciary Committee, announced the death of the Terrorist Surveillance Program, the super-secret program authorized by the president to eavesdrop on phone calls and e-mails of Americans believed to be communicating with suspected terrorists. … Mr. Gonzales' announcement ended a 13-month brewing battle over the constitutionality of the Terrorist Surveillance Program, the warranteless wiretapping conducted by the Bush administration, which had vehemently defended its right to conduct super-secret eavesdropping on phone calls and e-mails of Americans without going through the well-established legal channels before doing so." The Advance adds, "Democrats are crowing that the Bush administration could no longer -- in the face of widespread criticism from scholars and some Justice Department lawyers -- defend its actions. … But one senior Justice Department official said: 'Obviously, this issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny ... considering all of these circumstances, the president determined that this was the appropriate course.' … So, has the administration actually backed down on one of its key interpretations of executive power? … Already some are speculating that the Gonzales letter is really a Trojan Horse. They claim that a closer reading of the letter provides a major, unresolved loophole the administration plans to exploit. … Regardless, of which side of this debate readers fall, the program raised troubling questions, not the least of which is the extent and depth of presidential powers even in the time of war. … That fact is the most worrisome about this whole affair, that the White House, having publicly announced its compliance, would behind the scenes still do just the opposite."

The Milwaukee Journal Sentinel (1/23) editorializes, "'The truth of the matter is we looked at FISA, and we all concluded there's no way we can do what we have to do to protect this country under the strict reading of FISA.' … Attorney General Alberto Gonzales to the Senate Judiciary Committee last week … The element of the Foreign Intelligence Surveillance Act that likely caused such consternation? The one that said eavesdropping on Americans should occur with a warrant. And the all-too-typical administration response? Ignore the law." The Sentinel adds, "FISA actually is abundantly clear on this matter of warrants. Nonetheless, the administration had some choices. It could have asked Congress to change the law. It might have noted another part of FISA that allowed warrantless surveillance on an emergency basis for 72 hours before the warrant was requested. … Instead, the Bush administration followed the now familiar script - it ignored the law until it looked as if it would be forced to comply. Last week, the Justice Department announced that it would put its surveillance program under FISA court supervision. This occurred weeks after Democrats assumed control of Congress, just before Gonzales was to appear before the Senate committee and two weeks before a federal appeals court in Cincinnati was going to hear arguments about whether the program is legal. The administration's change of heart was clearly no coincidence. … Congress must continue its oversight of this program. The court cases challenging it must also proceed. There are simply too many unanswered questions."

In an op-ed for the Washington Times (1/23), Bruce Fein writes, "George Orwell had his 'Animal Farm,' and Attorney General Alberto Gonzales has his version of the Constitution. … According to the attorney general, the three branches of the government are equal, but President Bush is more equal than Congress or the Supreme Court. Thus, the president is constitutionally empowered to open mail, conduct electronic surveillance, break and enter homes, or torture detainees in defiance of federal statutes. Congress is impotent to check the president's national security powers to prevent the massive intelligence abuses disclosed by the Church Committee, including the gathering of political intelligence under a false foreign intelligence banner. Mr. Gonzales further lectures that the president is authorized to sign bills passed by Congress but to disregard those portions he asserts are unconstitutional, which is tantamount to a line-item veto power rejected by the Supreme Court in New York v. Clinton (1998). … He adds that President Bush, like British kings, can do no wrong in national security matters. Thus, the Supreme Court improperly rebuked the commander in chief over indefinite detentions of alleged unlawful enemy combatants, habeas corpus and military commissions by disputing Mr. Gonzales' doctrine of presidential infallibility doctrine." Fein adds, "The Founding Fathers, in contrast, believed the three branches of government should be equal in the Constitution's checks and balances. Since men were not angels -- even saintly President George Washington -- ambition must be made to counteract ambition to forestall the tyranny of 'Animal Farm.' Judicial review of presidential actions was enshrined in the expectation the White House

would chronically seek to usurp or misuse power to boost its political standing, especially in times of conflict." Fein concludes, "Notwithstanding the attorney general, the equilibrium of power among the legislative, executive and judicial branches has proven the best way to preserve an enlightened democratic dispensation for the ages."

The Corpus Christi (TX) Caller-Times (1/23) editorializes, "A year ago, when the program of warrantless wiretapping of overseas calls came to light, the Bush administration argued strongly that the surveillance was outside the purview of the courts. … By virtue of the president's executive powers on behalf of national security, the White House said, the administration already had the power to monitor those communications. … And aside from the inherent powers that gave the president the right to monitor those calls, the kind of massive electronic eavesdropping that was being done by the National Security Agency simply made the Carter-era Foreign Intelligence Surveillance Court an outmoded tool for dealing with the threat of terrorism." The Caller-Times continues, "Trust us, the White House said reassuringly: The program has all the necessary constitutional protections built into its system without any courts. … Then the November elections happened. And last week, in a quiet turnabout, the Bush administration announced that it was discontinuing the program of warrantless wiretaps and said that any future wiretaps would be done under the authority of the FISA Court. … It was a welcome change of method, even if it did not represent a change of heart on the part of the Bush White House." The Caller-Times adds, "The warrantless wiretapping program was an abuse of presidential powers and its dismantling should be welcomed by Americans. The program, while it operated, overrode one of the basic constitutional protections against unreasonable searches and seizures by the power of the state. That abuse fit the Bush administration's view that national security trumps all other concerns, when in fact the need to preserve our way of life in times of crisis demands that we uphold those constitutional protections then more zealously than ever."

US To Keep Syrian-Born Canadian On Terrorism Watch List. The New York Times (1/23, Shane, 1.16M) reports, "Despite a Canadian inquiry that cleared a Syrian-born Canadian citizen of any terrorist ties, the Bush administration has formally refused a Canadian government request that it remove the man, Maher Arar, from the terrorist watch list, saying that the United States has secret information justifying his inclusion." In a letter sent last week to Canadian public safety minister Stockwell Day, Attorney General Alberto Gonzales and DHS Secretary Michael Chertoff said that "their departments and American intelligence agencies 'have re-examined the materials in the possession of the United States regarding Mr. Arar.'" Sen. Patrick Leahy, who last week "angrily pressed Mr. Gonzales about the case," said in a statement yesterday, "This abhorrent practice stains America's reputation as a defender and protector of human rights, and I hope this administration will renounce it at long last."

CNN.com (1/23) reports, "American officials said Monday that a Canadian should remain on a U.S. terrorist watch list despite the Canadian government's conclusion otherwise and its apology after the designation led to his detention in Syria." CNN continues, "In a joint letter, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff informed Stockwell Day, Canada's minister of public safety, that they had again looked at intelligence in their possession concerning Maher Arar. … 'Based on this re-examination, we remain of the view that the continued watch listing of Mr. Arar is appropriate,' the U.S. officials said. … 'Our conclusion in this regard is supported by information developed by U.S. law enforcement agencies that is independent of that provided to us by Canada regarding Mr. Arar.'" CNN adds, "In 2002, U.S. officials detained Arar at a New York airport as he was trying to return home to Canada from a vacation in Tunisia. Canada had placed Arar, a Syrian native, on a terrorism watch list. He said the United States arrested him and eventually sent him to Syria, where he allegedly was tortured and held for 10 months. … In September, a Canadian report concluded that Arar wasn't a terrorism suspect. Gonzales has said the U.S. legally deported Arar and didn't send him to Syria to be tortured. Syria defends its handling of the case, saying a Canadian diplomat visited Arar twice and found he was treated well. Human rights groups widely criticize the Damascus government for torturing prisoners"

AFP (1/23) reports, "On Monday, the US Center for Constitutional Rights, which is supporting Arar in his legal efforts, denounced the US keeping Arar on its watch list. … 'It is now crystal clear that the US has shown everything it has on Mr. Arar to Canada, and that there is no reason for him to be on a watch-list,' said center attorney Maria LaHood."

Cohen Urges Stimson's Firing. Washington Post (1/23, 690K) columnist Richard Cohen writes about Deputy Assistant Secretary of Defense Cully Stimson, "I, for one, do not accept Stimson's apology. I think it is insincerely offered and beside the point. ... By now, any other administration would have fired Stimson, apology or not. His words show that he is unfit for government service, not to mention membership in the bar." Meanwhile, the New York Times (1/23, 1.16M) corrects an error from last Friday's editorial, noting Stimson "is a deputy assistant secretary of defense, not state."

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HOMELAND RESPONSE:

Continental Airlines Flight In Texas Delayed By Bomb Threat. The AP (1/23) reports, "A Continental Airlines Inc. commuter flight was delayed without incident for about an hour Monday after its scheduled landing at George Bush Intercontinental Airport because of a bomb threat, authorities said. The flight…was diverted to a taxiway, where local, state and federal authorities took about an hour to determine the plane and its passengers were safe, said Marlene McClinton, spokeswoman for the Houston Airport System." The AP adds, "FBI spokeswoman Shauna Dunlap described the incident as a 'nonspecified bomb threat' that apparently started in Tyler," Texas, where the flight originated.

United Airlines Passenger Faces Federal Charges For Flight Disruption. The AP (1/23) reports, "A United Airlines passenger faces federal charges for allegedly making statements about a hijacking, trying to open a cabin door and fighting with flight attendants while aboard a flight from Boston to San Francisco. Erin Callahan Lambert, 28, who apparently was intoxicated during Flight 179 on Sunday, was taken into custody after the plane landed at San Francisco International Airport, authorities said. She was charged Monday with assaulting a flight attendant and interfering with the performance of duties of flight crew members." The AP notes, "Lambert, a Bay Area resident, was turned over to San Francisco airport police upon arrival at SFO, where she refused to be interviewed by the FBI and requested an attorney, the affidavit said."

NYTimes Urges Congress To Pass Chemical Plant Security Law "With Teeth." The New York Times (1/23, 1.16M) editorializes, "The new Democratic leadership in Congress has a chance to finally do what the Republican Congress and the Bush administration failed to do after Sept. 11: to protect the nation's chemical plants from an attack. Lawmakers should stop the Homeland Security Department from adopting new regulations that would block state and local governments from doing more to protect their residents and should finally pass a federal law with teeth." Though supporters of the "pre-emption" of local rules "always claim that they just want a uniform standard," in cases "like this one — where the federal law is absurdly weak — it is obvious that the real agenda is to block serious safety measures at every level of government."

WAR NEWS:

Warner Comes Out Against Surge Plan. GOP Sen. John Warner, the former chairman of the Senate Armed Services Committee, yesterday expressed his opposition to President Bush's new Iraq strategy. The CBS Evening News (1/22, lead story, 2:55, Axelrod, 7.66M) said last night "some key Republican senators are calling for the President to abandon this idea of a troop surge. Led by…Warner, the message was clear." Warner: "Mr. President, that level, 21,500, directly into the face of ever increasing polls that say the Iraqi people want us to go home." This "underscores the increasing likelihood that a majority of Congress, including a significant number of Republicans will go on the record opposing Mr. Bush's plan." GOP Sen. Susan Colins: "So I don't think this will work. I think it's a mistake to ask thousands of additional American GIs to go into the midst of a sectarian battle whose solution is political." NBC Nightly News (1/22, lead story, 3:30, Williams, 9.87M) also led its broadcast announcing that Warner, "a prominent Republican senator from Virginia, staunch on defense, today came out against the President."

The Los Angeles Times (1/23, Levey, 850K) calls Warner "one of the White House's most powerful supporters of the Iraq war," and calls the development "a serious setback for President Bush." Warner is "a widely respected onetime Navy secretary" and "had been largely restrained in his criticism of the president's plan until Monday." Warner's "decision to introduce a nonbinding resolution — co-sponsored by…Collins of Maine and Norm Coleman of Minnesota, along with Democratic Sen. Ben Nelson of Nebraska -- deals a blow to a White House that has been struggling to contain a revolt on Capitol Hill." The Times goes on to compare the Warner resolution with that introduced by Democratic Sen. Joseph Biden. The Biden resolution, "unlike Warner's, calls Bush's proposal an 'escalation,' a word criticized by some Republicans as politically loaded because of its association with Vietnam. It also does not include wording that acknowledges the president's constitutional authority to direct the war."

USA Today/AP (1/23, 7A) notes the action taken by Collins, Coleman and Warner "raised the number of Senate GOP publicly against Bush's plan to five. Sens. Chuck Hagel of Nebraska and Olympia Snowe of Maine have said they back the Democrats' resolution."

The Wall Street Journal (1/23, Rogers, 2.04M) reports, "In an interview last evening, Mr. Hagel said that…Warner had allowed him to preview the language on Friday and found it to be, in some instances, more detailed than his own in specifying what course the administration should follow. 'The bottom line is this is a pretty significant piece of legislation,' Mr. Hagel said. 'In no way is this good news for the administration.'" Biden "has called a meeting tomorrow on the matter and signaled a willingness to accept changes to broaden support. 'What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight

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a civil war,' said a Biden aide. … Nonetheless, the situation is complicated by the growing rivalry among would-be Democratic presidential candidates, including Mr. Biden himself. The Delaware Democrat has to navigate through this thicket, and if the various camps aren't careful, the whole debate could degenerate into the sort of political word games and posturing that so often bring ridicule on the Senate."

But the New York Times (1/23, Zeleny, Hulse, 1.16M) reports Sen. Edward M. Kennedy, "the Massachusetts Democrat who has proposed a resolution to block spending for any increase in troops, said the terminology in a final resolution may be less important than gaining Republican support for it." The Washington Times (1/23, Hurt, 88K) quotes Kennedy saying, "The opposition to the President's misguided escalation of the Iraq war is growing louder and louder."

In fact, the Washington Post (1/23, A6, Weisman, 690K) reports that "by last night, Warner had already met with Senate Majority Leader Harry Reid (D-Nev.), and the two camps were negotiating a single resolution likely to be approved by the Senate Foreign Relations Committee on Wednesday."

The Financial Times (1/23, Sevastopulo, Negus) runs a similar report under the headline "GOP Delivers New Blow On Troop Surge," noting "the intensified opposition to the surge came the day before General David Petraeus, the incoming US commander in Iraq, was to face tough questions on Capitol Hill on whether Nouri al-Maliki, the Iraqi prime minister, would live up to his promise to crack down on sectarian militias."

House GOP Wants Monthly Reports From Bush On War Progress. Meanwhile, said ABC World News (1/22, story 2, :30, Gibson, 8.78M), "House Republicans drafted strategic benchmarks for US and Iraqi forces to meet and want to require the Administration to issue monthly status reports on the war."

Fox News' Special Report (1/22, Hume) reported House Minority Leader John Boehner "emphasized the support for the President among rank-and-file Republicans on Iraq is no longer rock-solid." Boehner: "There are a lot of members of our party who are skeptical that the plan will work because of its dependence on the new Iraqi government stepping up its activities."

The Washington Post (1/23, A6, Weisman, 690K) reports "the House Republican benchmarks…represented a clear break from administration policy. Under the proposal, every 30 days the White House would have to present Congress clear measurements showing the Iraqi government's progress in purging insurgents and terrorists from its security forces, identifying the level of combat experience for Iraqi army battalions, tracking expenditures on Iraqi army equipment and measuring the effectiveness of the police force in Baghdad. The administration would also have to measure Iraqi government efforts to breed tolerance among its country's warring sects." The Post adds, "Some Republican aides saw both the Senate and House developments as positive for Bush, because they give Republicans eager to voice their opposition to the president's Iraq policy ways to go on record without siding with the more forthright statements of opposition drafted with more Democratic support. But Democrats characterized the development as strong evidence of Bush's eroding support."

McClatchy (1/23) reports, "Combined with near-unanimous Democratic opposition to Bush's war policy, the Republican stands show a broad bipartisan lack of confidence in the president's course."

Rockefeller Says "Iraq Adventure" Draining Domestic Security Funds. The AP (1/23, Shrader) reports, "The new chairman of the Senate Intelligence Committee said he fears the government will not have enough money for homeland security and other domestic priorities because of President Bush's 'Iraq adventure.'" In an interview, Sen. Jay Rockefeller "criticized almost every major facet of the Bush administration's national security course since Sept. 11, 2001. 'The president has in a sense walked away from the war on terror,' Rockefeller said."

Growing Number Of Lawmakers With Relatives In Iraq Noted. USA Today (1/23, Kiely, 2.27M) reports Montana Sen. Max Baucus (D) "lost his nephew, Philip, in Iraq. Rep. Joe Wilson, R-S.C., says his son, Alan, had two close calls: one from an improvised explosive device, the other from a sniper. Rep. Todd Akin, R-Mo., credits his nightly prayers with his son Perry's narrow escape from a mortar attack in Fallujah." USA Today adds, "Almost four years into the war, the conflict in Iraq has begun to touch some of the lawmakers who authorized it in a very personal way. That reality -- which stands in stark contrast to the popular stereotype of Congress -- will be embodied tonight by Sen. Jim Webb, the Virginia Democrat delivering the response to President Bush's State of the Union address. Webb's eldest son, Jimmy, is a Marine in the combat zone. He can't bring himself to talk about his son -- not even to the president -- but others speak eloquently of their loved ones' sacrifices." Sen. John McCain "faces the possibility that his youngest son, Jimmy, will go there this year." Other lawmakers with family in Iraq include Rep. Kenny Hulshof, Sen. Kit Bond and Rep. Duncan Hunter.

Poll Finds Bush Approval At 28%, With 59% Opposed To Iraq War. The CBS Evening News (1/22, lead story, 2:55, Couric, 7.66M) reported, "Opposition to President Bush's new Iraq strategy is growing in a new CBS News poll out tonight, and in Congress where more members of his own party are coming out against it. … Opposition to the war has driven the President's job approval rating to an all-time low, 28% on our CBS News poll." These numbers, added CBS, "are not good. And they come at a bad time for the

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President." CBS (Axelrod) added, "They come on the eve of the President's State of the Union address. And not only are his approval ratings at an all-time low, opposition to the war in Iraq is 59%, an all-time high."

Al Qaeda Mocks "Surge" Plan. The New York Times/AP (1/23, Press) reports, "Al Qaeda's deputy leader on Monday mocked…Bush's plan to send more than 20,000 additional troops to Iraq, challenging him to send the 'entire army' and vowing that insurgents would defeat them, according to a new videotape released by an American group that tracks messages from Al Qaeda." The group, the Washington-based SITE Institute, "said it had intercepted the video from Ayman al-Zawahri, which had not yet been posted on militant Islamist Web sites, where his messages usually appear. SITE, which assesses and analyzes intelligence related to terrorism, did not elaborate on how it had received the message."

ABC World News (1/22, story 4, :20, Gibson, 8.78M) reported that in the tape, "Zawahiri criticizes President Bush's troop buildup in Iraq. And in remarks addressed to the American public he says, 'If you continue the policy of Bush and his gang, you will never even dream of peace.'" The CBS Evening News (1/22, story 3, :30, Couric, 7.66M) also noted Zawahiri "challenged the President to send the whole US Army, vowing the insurgents will defeat them."

Surge Expected To Curtail Violence In Short Term. The Washington Post (1/23, A1, Ricks, 690K) reports, "The battle for Baghdad will start in mixed Sunni-Shiite neighborhoods chosen by military strategists as being the least likely to offer stiff resistance, raising the odds of early success, according to military planners and officials familiar with the thinking of the incoming Iraq commander, Lt. Gen. David H. Petraeus." But "that could be followed by a sharp increase in violence as insurgents learn US and Iraqi tactics, military officials said." Pretraeus "plans to send all 17,500 additional US troops ordered by President Bush into Baghdad, regardless of whether Iraqi army units join the fight as planned, according to officials familiar with his thinking. Anticipating an uneven performance by the Iraqi army, military planners are advocating using American force and funding quickly to establish early victories, both in improving security and showing economic progress." Petraeus "will require his troops to operate and live among the population, hoping to safeguard security and economic gains for neighborhoods cleared of violence. Military experts say that violence could decrease through April and May but that once insurgents get a feel for US and Iraqi army tactics, a new 'fighting season' could begin in late spring -- triggering potential political problems for U.S. public support of the operation."

Petraeus Claims Iraqi Elections Created Instability. The Washington Post (1/23, A13, Ricks, 690K) reports Petraeus "believes that the US government has made a host of serious mistakes there, according to written testimony he submitted yesterday to the Senate Armed Services Committee. Among the errors he cites are inadequate planning for the occupation, failing to recognize the emergence of the insurgency, not having enough troops in certain areas and holding elections in such a way that they deepened Iraq's sectarian divisions." Petraeus is quoted as saying, "There was the feeling that elections would enhance the Iraqi sense of nationalism. Instead, the elections hardened sectarian positions as Iraqis voted largely based on ethnic and sectarian group identity."

Ahead Of US-Iraqi Security Push, Insurgents Continue Campaign of Violence. The AP (1/23, Gamel) reports, "A suicide bomber crashed his car into a central Baghdad market crowded with Shiites just seconds after another car bomb tore through the stalls where vendors were hawking DVDs and used clothing, leaving 88 dead Monday in the bloodiest attack in two months." The bombings, "along with a double bombing that killed 12 people in the town of Khalis, battered Shiites during one of their holiest festivals. The attacks were the latest in a renewed campaign of insurgent violence in advance of a US-Iraqi security operation."

ABC World News (1/22, lead story, 2:25, Gibson, 8.78M) reported, "The Iraq theater of war is getting evermore dangerous and new US troops soon to arrive in Iraq are coming onto a bloody stage. … It almost seems as if the attacks are timed to taunt President Bush."

The CBS Evening News (1/22, story 2, 2:50, Couric, 7.66M) reported, "With all the talk about the troop buildup, we want to show you what it is like on one of Baghdad's most violent days." CBS added that "based on today's attacks," US troops "have their work cut out for them." NBC Nightly News (1/22, lead story, 3:30, Boettcher, 9.87M) said the violence "provides a grim backdrop as US troops arrive here, more reinforcements" who "find that they are in the middle of a civil war."

The New York Times (1/23, Santora, 1.16M) reports that "in the past such Sunni aggression has been met by swift reprisals by Shiites, a cycle of violence that left some 34,000 Iraqis dead last year. Monday's bombings, directed so specifically at civilians, seemed intended to elicit a reprisal, much like the bombings in the Shiite neighborhood of Sadr City one day last fall, which killed 144 people." The Times adds, "Late Monday, a Sunni mosque in the Dora section of Baghdad was blown up. There were no reports of casualties." The Washington Post (1/23, A12, Partlow, Nouri, 690K),

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Washington Times/AP (1/23, Salaheddin) and Los Angeles Times (1/23, Daragahi, 850K) also report the story.

Al Qaeda Claims Responsibility For Downing US Helicopter. The AP (1/23, El-Magd) reports, "An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed Monday that its fighters shot down an American military helicopter in a crash that killed 12 US soldiers. The US military has said the cause of the crash has not been determined."

US Soldiers Clearing Baghdad Serve As "Stationary Targets" For Militias. The New York Times (1/23, Santora, 1.16M) reports, "Two blocks from the new American outpost in Ghazaliya, one of Baghdad's most dangerous neighborhoods, a fight was raging. … On Friday morning, it became an American fight, too, after a few rounds whizzed by Sgt. Sergej Michaud's head, and he and three other soldiers returned fire. The battle would rage for nearly an hour, with mortar shells and rocket-propelled grenades exploding near the soldiers, who in turn laid down heavy fire, eventually driving the attackers away. Previously, that would have been the end of it, with the soldiers moving on to their next patrol area and eventually returning to their base. But this time, the Americans were staying, defending their new home in a neighborhood where the rule of law had been driven out by the reign of the gun." The Times describes this effort as "a test case for President Bush's new Baghdad security plan. … In the week since the Americans arrived, however, the troops have seen the truth of what their commanders warned in announcing the plan: it leaves Americans more exposed than ever, stationary targets for warring militias."

White House Praises Maliki's Move Against Sadr Militia. Fox News' Special Report (1/22, Hume) reported, "It does appear that Prime Minister Maliki has taken to heart US criticism of his failure to crack down on the militia led by cleric Muqtada al Sadr. But even as the militia reduced some of its threatening public appearances there was major bloodshed today. … One military analyst said it is possible that Sunni insurgents are trying to strike a blow before more US forces arrive in the capital." Fox noted, "One Iraqi government official said that U.S. Intelligence reports convinced Maliki that the Mahdi army included death squads targeting Sunnis. The crackdown was a move welcomed by the White House." White House Spokesman Tony Snow: "You are seeing a clear signal that the Maliki government is very serious about addressing, on a nonsectarian basis, the problem of those who are trying to operate outside the law."

Sunni Sheik Declares War On Insurgency. The Los Angeles Times (1/23, Perry, 850K) reports from Ramadi, Iraq, on "Sheik Sattar Bazeaa Fatikhan, [who] projects the aura of power and seriousness that comes to a man who has taken a stand. After Sunni insurgents killed his father and four of his brothers last year, Fatikhan declared war against the insurgency. He convened a summit of about a dozen prominent sheiks. From that meeting came a document called 'The Awakening,' in which Fatikhan persuaded all but one sheik to join him in opposition to the insurgency." Since then, "Fatikhan said, the sheiks have 'eliminated' a number of insurgents. U.S. officials regularly visit Fatikhan, seeking his counsel, showing him the kind of deference one might expect for a leading government official. ... For U.S. forces, Fatikhan's stand is a significant boost in a bitter fight with insurgents who, until recently, controlled large segments of Ramadi, the provincial capital." Army Col. Sean MacFarland "credits Fatikhan and other sheiks for an increase in police enrollment, a decrease in insurgent recruitment and new courage among Iraqi forces."

Insurgents Seize Baqouba's Mayor As US Officials Report Progress. The AP (1/23, Mroue) reports, "Many residents of Baqouba say they live hunkered down in cold, dark houses afraid to go out, that the once mixed Shiite-Sunni neighborhoods are riven by sectarian cleansing, that the police force has virtually collapsed." However, US and Iraqi military officials "paint a different portrait. They insist the city is not nearly as dangerous as 'rumors' put it. According to them, Baqouba is improving and violence is down. Events Monday seemed to contradict those assertions. A car bomb and mortar bombardment in nearby Khalis killed at least 12 people, and state television reported that gunmen in Baqouba proper attacked the mayor's office, ransacking the building and setting off explosive charges that damaged the structure. Police said the Sunni mayor was kidnapped, a report U.S. officials said they could not immediately confirm." Col. David W. Sutherland, 3rd Heavy Brigade Combat Team, 1st Cavalry Division, is quoted as saying "terrorists…would have you believe schools and markets are closed and people are afraid to go out of their homes. Again, in reality, markets are open with fruits, meat, and produce readily available."

The Washington Post (1/23, A12, Londono, Shammari, 690K) reports Maj. Brett G. Sylvia said, "Families are starting to move back into the area. A sense of normalcy is attempting to be reestablished in this area." However, "Minutes before the news conference began, armed men kidnapped the mayor of the provincial capital, Baqubah, blew up his office and stole six government cars, including three new Chevrolet police pickup trucks, officials in the province said. The near-simultaneous scenarios played out like a tale of two Iraqs, one inching toward stability, the other engulfed in chaos. After seizing Mayor Khalid al-Sanjari, one of the armed men grabbed a loudspeaker from a police car and taunted the chief of police, the officials said.

Suicide Bomber Kills 10 In Afghanistan Today. The AP (1/23, Shah) reports, "A suicide bomber blew himself up outside a US military base in eastern Afghanistan on

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Tuesday, killing 10 people and wounding 14 others, an Afghan official said. The bomber approached a group of Afghan men who were waiting outside the base in the city of Khost, in Khost province, before triggering an explosive strapped to his chest." The provincial governor "said the men were daily workers, lining up to get into the base at the time of the blast. Suicide attacks have increased as Taliban militants intensify their insurgency against Afghan government forces and foreign troops."

AFP (1/23) also reports the blast, saying, "No one immediately claimed responsibility for the blast but suicide attacks are a hallmark of the Taliban-led insurgency that kicked off when the hardline Islamic movement was driven from power in 2001."

Suicide Bomber Killed Four In North Waziristan Yesterday. The New York Times (1/23, Khan, 1.16M) reports a suicide bomber "rammed his explosive-laden car into a military convoy near Mirali in the restive North Waziristan tribal region on Monday, killing 4 people and wounding 23, witnesses said. … The attack occurred at a checkpoint about a mile east of the town of Mirali when a joint convoy of the army and paramilitary was heading from a garrison in Bannu to Miramshah, the restive region's administrative headquarters."'

Pakistanis Say Omar Likely In Afghanistan. The AP (1/22) reports, "Taliban leader Mullah Omar is likely based in southern Afghanistan and leading the resurgent Islamic militia from there, Pakistan's Foreign Ministry said Monday. A spokeswoman for the Pakistani Foreign Ministry said that Omar's exact whereabouts remain unknown." The ministry's "comments follow claims by Afghan officials that a captured spokesman for the Taliban militia told interrogators that Omar was living in the southwestern Pakistani city of Quetta and that he was protected by Pakistan's ISI intelligence service. ... Pakistan vehemently denies backing the militants."

US-Led Forces Kill Pakistani Soldier By Mistake. The AP (1/22, Jan) reports, "U.S.-led forces in Afghanistan mistakenly fired at a Pakistani border post and killed a soldier, Pakistan's military said Monday after lodging a protest over the death. A US military spokesman said four precision-guided bombs were dropped on four suspected militants who were firing rockets at a U.S. military outpost at Bermel in Afghanistan's Paktika province, near the Pakistani border. ... But the Pakistani military said in a statement the post that was hit is located near Shawal, a mountainous area close to the Afghan border in Pakistan's North Waziristan tribal region."

NYTimes Says Pakistan's Government "Perhaps Sponsoring" The Taliban. The New York Times (1/23, 1.16M), in an editorial, writes, "To learn why a resurgent Taliban is fighting American and NATO troops to a military draw in Afghanistan, you have to go to the frontier region on both sides of the Pakistan-Afghanistan border. Our colleague, Carlotta Gall, did just that last month and what she learned led to a physical assault on her by Pakistani intelligence officials and five hours in custody for her photographer, Akhtar Soomro. … We now know why. Ms. Gall's reporting has determined that Quetta is an important rear base for the Taliban, and that Pakistani authorities are encouraging and perhaps sponsoring the cross-border insurgency. That is a role that Pakistan's president, Gen. Pervez Musharraf, denies. But residents of the border area, opposition figures and Western diplomats point to specific cases of Pakistani involvement. Americans need to know more about this collusion and to demand better answers from General Musharraf."

IED "Jammers" Also Disrupt US Radio Communication. USA Today (1/23, Brook, 2.27M) reports the Pentagon "has launched an urgent effort to develop radio systems immune to the jamming signals that troops use to foil homemade bombs planted by insurgents in Iraq. The jammers, which block signals that detonate improvised explosive devices (IEDs), have become so powerful they can 'cause the loss of all communications' for U.S. troops, a Pentagon solicitation to contractors says. It calls for information on devices that will allow troops to use jammers and radios at the same time."

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Ensign Mum On Reasons For US Attorney Dismissals. The Las Vegas Sun (1/23, Skolnik, Mascaro) reports, "The Justice Department briefed Nevada Republican Sen. John Ensign last month on plans to replace Nevada's top federal prosecutor, but Ensign has decided that whatever the reasons, the public need not know them." The Sun continues, "U.S. Attorney Daniel Bogden of Las Vegas is one of at least seven top federal prosecutors being removed by the Bush administration, five from other Western states. All were appointed by Bush. … As is true with Bogden, the reasons for the departures remain mysterious." The Sun adds, "Absent explanations, Democratic lawmakers and lawyers across the West are speculating. They wonder if the prosecutors pursued cases that displeased Washington, or if the Justice Department wants to choose replacements under a new Patriot Act provision that allows the appointments without the customary review by the U.S. Senate. … 'If you ask me if my suspicions are aroused, they are,' said Sen. Diane Feinstein, D-Calif. Her state lost two U.S. attorneys. … During his five-year reign as the highest-ranking federal prosecutor in Nevada, Bogden has scored some notable successes. His office boosted firearms prosecutions, secured the convictions of dozens of violent gang members and

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oversaw the cases against four former Clark County commissioners convicted of taking bribes." The Sun notes, "Even defense lawyers, Bogden's frequent courtroom opponents, speak highly of his straightforward style and fair play. … So why did Bogden suddenly announce his resignation Wednesday, after days of speculation that he was forced out of office by the Justice Department? … Officials in Nevada and Washington, D.C., are only providing hints as to why he and the other prosecutors are leaving. … The sudden bloodletting involved U.S. attorneys up and down the West Coast, as well as New Mexico, and one in Arkansas. The new interim U.S. attorney in Arkansas had been a political operative who worked for powerful White House aide Karl Rove. … No potential replacements have yet been named for Bogden, although a Justice Department source confirmed that officials have talked to both Ensign and Senate Majority Leader Harry Reid in recent days regarding a replacement."

CORPORATE SCANDALS:

DOJ, SEC Officials Question Jobs In Apple Options Probe. Bloomberg (1/23, Gullo, Guglielmo) reports, "Apple Inc. Chief Executive Officer Steve Jobs was questioned by U.S. government investigators about backdating of employee stock options grants at the company, lawyers familiar with the matter said." Bloomberg continues, "Jobs met with officials from the Securities and Exchange Commission and the Justice Department last week in San Francisco, said the people, who spoke on condition of anonymity because the interviews are confidential. The company said last month that it found 'no misconduct' by Jobs or current management after an internal investigation of the stock-option backdating." Bloomberg adds, "The meeting, which took place the same week Apple announced record sales of its best-selling iPod music player, shows the U.S. government is still seeking information about Jobs's role in the backdating even after the company's report clearing him and others, said Nell Minow, editor at the Corporate Library, a corporate governance research firm in Portland, Maine. … 'It is after all the SEC's view on his culpability that matters, not the internal investigation at Apple,' Minow said. … The people wouldn't disclose specifics about what Jobs was asked, what he told investigators and whether there would be additional meetings."

Jobs Waited Months Before Filing Options Disclosure. The Washington Post (1/23, D1, Sipress) reports, "With federal prosecutors investigating the granting of stock options by Apple, the actions of its iconic chief executive, Steve Jobs, are being more closely examined." The Post continues, "A review of how Jobs handled his stock options from 2001 shows that he waited about two-thirds of a year to report the receipt of 7.5 million options that the company admitted last month were improperly backdated. The board meeting at which they were reportedly approved never took place." The Post adds, "The timing of Jobs's filing was not illegal and beat the deadline. But it broke with the practice common among other Apple officers and directors of submitting the report, in this case a Form 4, within weeks, not months. … Jobs filed his statement with the Securities and Exchange Commission in August 2002, reporting that he had received the stock options on Oct. 19, 2001. Apple now says the options were actually finalized in December 2001, when the value of the options was significantly less because of changes in the stock price. Jobs filed his personal disclosure about eight months later." The Post notes, "In contrast, three other directors who filed within days of Jobs had waited only four weeks to disclose their options. In fact, the filings of 53 other Form 4s by Apple officers and directors between the start of 1999 and late August 2002 -- when new disclosure requirements came into force -- took just under four weeks, on average. When Jobs received a previous grant of 10 million stock options in January 2000, he filed his Form 4 in just under three weeks."

US Attorney Shakeups Cloud Apple Probe. The California Recorder (1/23, Scheck) reports, "Two things set the investigation of Apple Inc. apart from the hundreds of other stock option backdating probes: the indispensability of the company's CEO, and the fact that while both in-house lawyers and HR staff were involved with options grants, it's the lawyers who are getting the most scrutiny." The Recorder continues, "With Apple's fortunes tightly linked to its leader, Silicon Valley titan Steve Jobs, anything seen as jeopardizing his role at the company strikes intense fear into stockholders. That helps explain why Jobs took the risky step last week of talking to federal prosecutors and SEC lawyers to convince them of his innocence. … But with turmoil in the U.S. Attorney's Office, and no joint defense agreement among potential targets of the investigation, the probe looks more uncertain now than at any time since it launched last fall." The Recorder adds, "Lead prosecutor Christopher Steskal announced Friday that he's leaving government for Fenwick & West. Earlier that week, his boss, U.S. Attorney Kevin Ryan was sacked, and has hired legal placement company MLegal to find him his next job. … Ryan's No. 2, Eumi Choi -- the other prosecutor on the Apple case -- has had her resume floating around Silicon Valley for weeks. … That means that every aspect of the probe -- including whether it even turns into a criminal case -- will remain uncertain until at least two key prosecutors are replaced."

Foundry Networks CEO To Remain Despite Role In Options Backdating. The San Jose Mercury News (1/23, Schwanhausser) reports, "Foundry Networks

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said Monday that Chairman and Chief Executive Bobby Johnson Jr. will surrender his role as chairman -- but will stay on the board and continue to run the company -- even though he personally picked the dates for a 'substantial' number of tainted stock options." The News continues, "The Santa Clara company said Johnson was not advised that such practices could violate accounting rules and cause the company to overstate its profits. Foundry said Monday it faces a pretax accounting charge that could mount to as much as $205 million because of misdated options it gave directors, officers and rank-and-file employees from 2000 to 2003. … Johnson received no misdated options, the company said." The News adds, "Foundry, which makes computer networking hardware, also stripped Timothy D. Heffner of his title as chief financial officer. But it shifted him into a new executive job that has no accounting or financial responsibilities. … Foundry's case is noteworthy because of the similarities to the high-profile case involving Apple CEO Steve Jobs. Though Apple acknowledges that Jobs recommended favorable grant dates, the company said he did not understand the accounting implications. Unlike Johnson, Jobs received tainted options. But Apple said he did not benefit from the options, which he later exchanged for restricted stock. … Foundry's decision to keep two central players despite acknowledging their roles in the options abuses is both rare and risky, said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues. Most companies have fired or forced out implicated executives and directors, he said."

US Charges 13 In Alleged Foodservice Fraud. The AP (1/23, Gordon) reports, "Federal regulators have accused an additional 13 people of aiding an alleged massive accounting fraud at U.S. Foodservice Inc., a subsidiary of Dutch grocery retailer Ahold NV, in a scandal that brought the resignation of top executives and criminal probes in the United States and the Netherlands." The AP continues, "The Ahold affair was one of Europe's biggest accounting scandals, and the Dutch company skirted bankruptcy in 2003. The U.S. Securities and Exchange Commission in 2004 accused Ahold of fraudulently overstating sales by billions of dollars and fabricating hundreds of millions of dollars of earnings." The AP adds, "The civil charges filed last Thursday by the SEC bring to 30 the number of people the agency has accused of aiding the alleged fraud by signing false audit statements that enabled a $1 billion overstatement of Ahold's earnings in 2001-02. The SEC announced the new charges on Monday. … All 13 of those charged most recently in federal court in Washington were employees of or agents for vendor companies that supplied Columbia, Md.-based U.S. Foodservice, which sells food in bulk to restaurants and cafeterias. … Nine of the 13 have each agreed to pay a $25,000 civil fine to settle the SEC's allegations, which they neither admitted nor denied, the agency said. They are: Carl Allen, Donald Childers, John Crowder, Chris Jakubek, John King, Steve LeBarron, Patrick Penderghast, Frank Riggio and Richard Vecchia. … The cases remain pending against the other four, whose titles at the time were: Gary Bell, vice president for business development at Hunt-Wesson Foodservice; Joseph Grendys, the owner of Koch Poultry; Anthony Holohan, sales representative for C.F. Sauer Foods Inc., and Michael Smith, corporate accounts manager for Citrus World."

Report Finds Take Two Allowed Former CEO To Backdate Options. USA Today (1/23, 5B, Iwata) reports, "Take-Two Interactive Software, maker of Grand Theft Auto and other popular video games, failed to monitor stock-option grants, including a significant number that were backdated over a six-year period, according to an internal report released Monday by the company." USA continues, "The report found that Take-Two's compensation committee abandoned its responsibilities and allowed former CEO Ryan Brant 'to control and dominate the granting process' and engage in 'a pattern and practice of backdating options' from 1997 to 2003. .. Brant resigned as CEO five years ago and as chairman last October." USA adds, "The investigation, by the BDO Seidman accounting firm and the law firm Kasowitz Benson Torres & Friedman, found no evidence that Take-Two's current executives engaged in misconduct, or that the company's former or current directors 'engaged in willful misconduct or other dishonest acts.' … However, the report found that three former Take-Two executives — a former controller and two former chief financial officers that the report did not name — 'appear to have had significant involvement in the company's stock-option granting process' and declined to appear for interviews with investigators."

The Wall Street Journal (1/23, A17, Kingsbury) reports, "The New York-based videogame maker disclosed in July the Securities and Exchange Commission was investigating its options-granting process, and Take-Two said last month that independent investigators found improprieties in the company's granting processes. Take-Two's review began with the company's April 15, 1997 initial public offering. … The company noted the outside law firm which conducted the options review said three former executives who 'appear to have had significant involvement in the company's stock-option granting process, declined to appear for interviews' and limited to some extend the information collected. The trio was Take-Two's former controller, who was fired last month, and the two chief financial officers Larry Muller and James David Jr. The pair served in that post from 1999 through 2001. Take Two's filing with the SEC on Monday didn't disclose the officials' names."

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The New York Times (1/23, News) reports, "The restatement will be the second time Take-Two has revised earnings to fix accounting irregularities. In 2005, the company paid a $7.5 million fine in settling a Securities and Exchange Commission suit over how it booked sales. Take-Two is among at least 200 companies that are being investigated on suspicion of changing the date of options grants to inflate their value. … 'They're very familiar with the S.E.C.,' said Paul-Jon McNealy, an analyst with American Technology Research in Boston who rates the shares neutral. 'It's not finished yet.'"

Suspects In Siemens Probe Finger Finance Head. The Wall Street Journal (1/23, Crawford, Esterl) reports, "Two key suspects in a fraud investigation roiling Siemens AG have told German prosecutors that Chief Financial Officer Joe Kaeser has known for years about an alleged scheme to pay bribes to win overseas telecommunications contracts, according to witness statements reviewed by The Wall Street Journal." The Journal continues, "One suspect also told prosecutors that two other senior executives at the German conglomerate knew since at least early 2005 about the alleged bribes-for-business scheme: current management board member Rudi Lamprecht and Lothar Pauly, who headed the telecom division before leaving the company in late 2005." The Journal adds, "The revelations come at a sensitive time for top managers at Siemens, who have been fending off criticism ahead of an annual holders' meeting Thursday that they didn't do enough to stop corruption. Evidence of wrongdoing could cause some countries to ban Siemens from participating in big infrastructure projects that generate much of its revenue. … The investigation also could complicate the conglomerate's efforts to jettison its telecom business, merging much of it into a venture with Nokia Corp. of Finland. The testimony alleges that bribes took place in Siemens's wireless-telecom business, and weren't confined to the fixed-line unit, which was the original focus of the criminal investigation."

CRIMINAL LAW:

IG Report Criticizes FBI Response To Foley Emails. The AP (1/23, Margasak) reports, "The FBI should have acted to protect teenage House pages when it initially learned last July that Rep. Mark Foley had sent disturbing e-mails to a former page," according to a review released yesterday by Justice Department Inspector General Glenn Fine. Fine's report also "said that bureau spokesmen wrongly asserted that the decision was influenced by a congressional watchdog group's failure to provide information missing from the e-mails. … 'We believe the FBI should have considered taking some steps to ensure that any minors in the Congressional page program were not at risk of predatory behavior by Foley,' Fine reported." The AP adds, "The inspector general, however, found no misconduct by FBI officials, who at the time were aware only of e-mails to a former Louisiana page that were not sexually explicit and gave no indication of criminal activity."

The Miami Herald/McClatchy (1/23, Clark) reports the FBI "should have interviewed the page or alerted the House page program or, 'at the very least,' told the whistle-blower agency that provided it with the messages that it was declining to investigate, said the 31-page report." The Herald adds, "The FBI, in a statement issued late Monday, noted that the inspector general's report concluded that the agency had 'acted within the range of its discretion' in not opening a criminal investigation. And it noted that the U.S. Attorney's Office for the District of Columbia later reviewed the same messages 'and agreed that no further investigation was warranted.'"

With the exception of the Washington Times (1/23, Seper, 88K), which reports the story under the more positive headline "No Misconduct Found In FBI Decision On Foley," other news coverage of Fine's review takes a negative tone toward the FBI, echoing the AP and McClatchy reports. USA Today (1/23, Johnson, 2.27M) titles its story "FBI Should've Followed Up On Foley's E-Mails," noting, "In a written response, the FBI said it would review its internal policies. But the bureau said Foley's most explicit communications with pages were not part of its initial evaluation of the case. The FBI said internal 'misunderstandings' contributed to the release of inaccurate information to reporters." However, Citizens for Responsibility and Ethics in Washington Executive Director Melanie Sloan "said the government's release of inaccurate information amounted to a 'coverup' of the FBI's 'shocking inaction.'"

Under the headline "FBI Faulted For Inaction In Foley Scandal," the Washington Post (1/23, A4, Eggen, 690K) reports that after the scandal broke, "Several officials at the FBI and Justice Department" said to "reporters that the messages supplied by CREW had been 'heavily redacted' and that the group had refused to provide further information. Fine's review found, however, that the only thing removed from the messages was the identity of the person to whom the communications had been forwarded" and "that a chronology prepared by the FBI's Washington Field Office contained inaccuracies that were likely repeated to the press." The Post notes, "The FBI, in a prepared statement, attributed the erroneous statements about CREW to 'inaccurate information' that led to 'misunderstandings on the part of FBI and DOJ spokespersons.'"

Under the headline "FBI: We Flubbed Foley E-mails," ABC News' The Blotter (1/22, Ryan, Ross) noted, "In effect, the report finds the FBI's inaction contributed to the failure of

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officials to detect Foley's inappropriate behavior, which eventually led to his resignation when ABC News revealed more sexually explicit e-mails and instant messages to current and former pages. While finding no official misconduct on the part of FBI officials, the inspector general said 'the e-mails provided enough troubling indications on their face' to have warranted follow-up steps." The Palm Beach Post (1/23, Crowley) reports, "The supervisory special agent for the Public Corruption Squad told Fine that after reading the e-mails, he thought, 'What a freak,' but he decided they did not fall into his jurisdiction. He passed them to Crimes Against Children and Adult Obscenity. … The agent in charge of Cyber Crimes called the e-mails 'odd' but also 'did not see any evidence of wrongdoing,' Fine said. … She told Fine that the e-mails, which were not sexually explicit, were 'not the job of the FBI. This is a parental job.'"

Under the headline "Report Faults FBI Handling Of Foley Case," the Los Angeles Times (1/23, Schmitt, 850K) reports at the end of its story, CREW's Sloan "said: 'Not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming' the advocacy group. The FBI said it would study the report. 'The FBI shares the [inspector general's] interest in ensuring that information regarding potential criminal activity is evaluated objectively and in conformance with established policies and practices,' the bureau said in a statement. 'Accordingly, the FBI will carefully examine the … review for any changes to existing policies or procedures that may be warranted.'"

CNN.com (1/22), CBS News.com (1/22, Lambidakis), Government Executive (1/22, Mandel) and Bloomberg (1/23, Roland) similarly report on Fine's analysis, noting the yesterday's FBI statement in response. CNN's The Situation Room (1/22, Costello) and Fox News' Special Report with Brit Hume (1/22) also briefly noted Fine's report.

Boston Herald Says FBI "Flubbed" Investigation. Under the headline "FBI Flubbed Foley Probe," the Boston Herald (1/23, 184K) editorializes, "The Department of Justice yesterday concluded that the FBI should have investigated Foley and the inappropriate e-mails he had sent to a former House page when the agency was informed of them back in July." The Herald adds, "It appears that like everyone else tainted by this scandal, the FBI passed the buck until Foley resigned and the sordid details were reported by the media. Now the new Congress has revamped the board that oversees the page program and has pledged regular meetings. But unless every agency, every individual with an interest in protecting these young people understands their duty, that will be of little comfort.

Libby Trial To Begin Today After Arduous Jury Selection. Fox News' Special Report (1/22, Hume) reported, "Lawyers in the trial of former White House aide Scooter Libby wrapped up the first stage of jury selection. It has not been easy to find an unbiased panel of 36 people in Washington D.C., from which the final jury can be chosen." Libby's lawyers have "spent a week trying to find jurors whose views of the administration or the war in Iraq would not interfere with their ability to render a fair verdict. … Though it is unusual to ask potential jurors about their political views, much of the questioning has focused on Iraq, especially the decision to go to war and the reasons for it, which are an inescapable aspect of this case."

The Washington Post (1/23, A4, Goldstein, 690K) reports the jury is "a largely apolitical, educated group. … The nine women and three men selected for the jury -- as well as four alternates -- are scheduled to hear Special Counsel Patrick J. Fitzgerald and one of Libby's attorneys, Theodore V. Wells Jr., lay out opposing portrayals of the celebrated case in opening statements today. Over the next four to six weeks, testimony in the case will expose the inner workings of the Bush White House shortly after the Iraq war began and confidential conversations between well-known journalists and their sources in the administration."

The New York Times (1/23, Lewis, 1.16M) reports, "In addition to the 12 jurors, Judge Reggie M. Walton seated four alternates to replace any of the 12 who may fall ill or have other problems. All 16 jurors will hear the case, unaware who are alternates, to ensure that they pay attention. The lawyers on both sides and reporters covering the case do know which jurors are which. … The jury includes a former reporter for The Washington Post who said his editor was Bob Woodward, a Post journalist who is expected to be a witness in the trial. The former Post reporter also said that until recently he was a neighbor of Tim Russert of NBC News, who is also expected to be a witness."

The New York Times' guest columnist Stacy Schiff (1/23) writes, "It is true that what began as a search for a leak ended — after much collateral damage — with an indictment for a lie. At this juncture it can be difficult to grasp what, precisely, is on trial. Some of us seem viscerally to wish something else were."

GOP Lawmakers Seek DOJ Polygraph Of Berger Over 9/11 Documents. Fox News (1/23) reports, The Justice Department should administer a polygraph test to former National Security Adviser Sandy Berger to find out what documents he took from the National Archives in 2002 and 2003, Rep. Tom Davis wrote in a letter to Attorney General Alberto Gonzales dated Monday." Fox continues, "Davis, ranking Republican on the Committee on Oversight and Government Reform, is leading a group of 18 lawmakers who say the Justice Department has been 'remarkably incurious' about Berger's decision to remove

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documents relating to the Sept. 11 commission's inquiry into his role in helping prevent terror attacks during the Clinton administration. … 'It is extraordinarily important that the Justice Department avail itself of its rights under the plea agreement and administer a polygraph examination to Mr. Berger to question him about the extent of his thievery. This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead up to the terrorist attacks on the United States,' Davis wrote. … The letter was signed by all Republican members of Congress." Fox adds, "Berger admitted to taking documents on two of the four occasions he went to the National Archives to bone up on his responses for the Sept. 11 commission on his inquiry into how intelligence and law enforcement communities failed to prevent the Sept. 11, 2001, terror attacks on the United States. He said he hid some of them at a construction site near the archives building in Washington. … Berger agreed to take a polygraph test as part of a plea deal reached in September 2005. As part of the guilty plea, he was also sentenced to 100 hours of community service, two years probation, three years of lost security clearance and a $50,000 fine plus court costs. … At the time of the report, Justice Department spokesman Bryan Sierra said the department 'has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter.'"

FNC Special Report with Brit Hume (1/22, 6:16 p.m.) broadcasted, "Virginia Republican Congressman Tom Davis was the ranking member of the House Ethics Committee has asked Alberto Gonzales to order a lie detector test promptly for Sandy Berger. The lawmakers remind the agreement that Berger who pleaded guilty of taking high the cost by dark documents from the National Archives had entered a plea, but the test was never administered. It is essential to National security to find out if he's hiding anything else about the case."

State Department Official Sentenced To Prison In Classified Documents Case. The Washington Post (1/23, A3, Markon, 690K) reports, "A former high-level State Department official was sentenced to a year in prison yesterday for keeping more than 3,500 classified documents at his Fairfax County home and concealing his relationship with a Taiwanese intelligence agent. Prosecutors said Donald W. Keyser possessed far more unauthorized classified documents than any government employee ever prosecuted by the Justice Department." The Post adds, "The sentencing did little to resolve the lingering mystery surrounding the downfall of Keyser, which stunned the Washington diplomatic establishment. When he was first charged in September 2004, the FBI said he had passed documents to Taiwanese agents during covert meetings in the Washington area. But court papers filed with Keyser's guilty plea in December 2005 did not mention passing any documents, and law enforcement and diplomatic sources said at the time that the case did not involve espionage but rather a government employee who became careless."

The AP (1/23, Barakat) reports, "At his sentencing hearing in U.S. District Court, Keyser admitted to egregiously bad judgment in striking up a personal relationship with 35-year-old Isabelle Cheng, a known intelligence officer with Taiwan's National Intelligence Bureau whom he first met in 2002. But Keyser rejected any accusation that he was acting as an agent of Taiwan or that he compromised U.S. interests." The AP notes, "Prosecutors never charged Keyser with disclosing classified information to Taiwan, but it was clear from Monday's hearing that they remain suspicious of his activities. Court records indicate that Keyser failed polygraph tests when he was quizzed about a secret trip he took to Taiwan in September 2003 to meet Cheng." The New York Sun (1/23, Gerstein) adds, "Keyser's sentencing was delayed repeatedly after prosecutors accused him of failing to keep his promise to cooperate in debriefings with the FBI."

"Girls Gone Wild" Producer Sentenced, Fined. The Los Angeles Times (1/23, Hoffman) reports, "The community service is piling up for 'Girls Gone Wild' mogul Joe Francis. … The producer of racy videos featuring young — and often naked — women was sentenced today to 200 hours of community service over two years by a federal judge in Los Angeles and was placed on two years probation for failing to adequately document the ages of his subjects. The amount of time was double what Francis' lawyers had sought." The Times continues, "The heavier-than-expected sentence is the second time that a federal judge has come down hard in sentencing Francis. In December, in Panama City, Fla., a federal judge sentenced Francis' company Mantra Films Inc. to serve 32 hours of monthly community service for 30 months. … The sentencing stems from a plea agreement Francis made with the Department of Justice in September, when he admitted to shooting underage women in his videos and pleaded guilty to two felony counts of violating federal record-keeping laws. … Those laws govern the way in which producers of adult material document the ages of performers in sexually explicit videos and are intended to hinder the sexual exploitation of children. … In addition, Francis has greed to pay $500,000 in fines in California, with his company paying an additional $1.6 million in fines in Florida in a related case."

Justices Strike Down California Sentencing Law. The Los Angeles Times (1/23, Savage, 850K) reports the U. Supreme Court yesterday "struck down a part of California's 30-year-old sentencing law, which allows judges

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to add several years to a criminal's prison term. The ruling could mean new sentencing hearings for several thousand state prisoners who were recently given longer terms. If their sentences are still being appealed, they can take advantage of today's ruling." But "the decision does not necessarily mean they will get lighter sentences. Indeed, the Supreme Court's interest was not in whether prison terms are too long or too short, but rather how they are decided." The New York Times (1/23, Steinhauer, 1.16M), in an analysis titled "Ruling's Effect On California Inmates Is Probably Limited," makes the same point.

The court made its ruling after a 6-3 split. USA Today (1/23, Biskupic, 2.27M) reports that dissenting from the majority ruling were Justices Anthony Kennedy, Stephen Breyer and Samuel Alito. The New York Times (1/23, Greenhouse, 1.16M) says the decision "will require the California courts to reconsider thousands of sentences as the Legislature contemplates its options for amending the statute to meet the justices' objections. While no other state is directly affected, Justice Ruth Bader Ginsburg's forcefully worded majority opinion demonstrated that the Roberts court is committed to carrying out the full implications of the revolution in criminal sentencing that the court began seven years ago in Apprendi v. New Jersey."

The Washington Post (1/23, A10, Barnes, 690K) reports Alito "argued that California's law met the standards the court had set for the federal system. 'The California sentencing law that the court strikes down today is indistinguishable in any constitutionally significant respect' from the remedy the court offered in 2005, Alito wrote. From the beginning, Kennedy and Breyer have opposed the court's resistance to systems that allow judicial discretion."

The Legal Times (1/23, Mauro) reports, "The 6-3 ruling in California v. Cunningham may throw into uncertainty a segment of recent sentences imposed in California under the state's 1977 sentencing law. … 'California has some work to do, but it should not cause havoc in the courts,' says Stanford Law School professor Jeffrey Fisher, who wrote a brief in the case for the National Association of Criminal Defense Lawyers and is a key strategist in challenges to sentencing laws. Fisher said defendants on direct review should get a 'fresh look' at their sentences as a result of the ruling Monday." The Times adds, "The decision also signals that the newly constituted Roberts Court is committed to the Apprendi line of cases, which, since 2000, have recalibrated the balance between judges and juries in the sentencing process and upended both state and federal sentencing laws. In Apprendi v. New Jersey, the Court held that any fact that increases a sentence beyond certain parameters set forth in the sentencing statute must be determined by a jury beyond a reasonable doubt."

The AP (1/23, Sherman) reports, "It is the latest in a series of high court rulings over the past seven years that limit judges' discretion in sentencing defendants. The court has held repeatedly that a judge may not increase a defendant's sentence based on factors that were not determined by a jury. … 'This court has repeatedly held that, under the Sixth Amendment, any fact that exposes a defendant to a greater potential sentence must be found by the jury, not a judge, and established beyond a reasonable doubt, not merely by a preponderance of the evidence,' Justice Ruth Bader Ginsburg wrote for the court, referring to an article in the U.S. Constitution. … Several states have changed their sentencing laws to require prosecutors to prove to a jury aggravating factors that could lead to longer sentences."

In an editorial, the Los Angeles Times (1/23, 850K) writes, "Much as Californians may resent this ruling, which comes in a heinous case and could potentially trigger challenges to thousands of sentences, we should have seen it coming. … Like its previous recent decisions on judicial sentencing, the ruling leaves both legislatures and judges considerable leeway. Legislatures can still establish minimum and maximum sentences, and judges (if state law allows) can choose a particular sentence based on characteristics of the perpetrator, including previous convictions." But "it is clearer than ever that if sentencing depends on the particular facts of the crime, then it is up to the jury, not the judge, to make that call."

Oregon Prison Official Allegedly Took Bribes From Contractors. The Oregonian (1/23, Green, 318K) reports, "Federal agents found more than $450,000 in cash in the home and safety deposit box of an Oregon prison official accused of taking bribes from companies that sell food for inmates' meals and snacks. Farhad 'Fred' Monem, who earns $75,500 a year as the food service administrator for the Oregon Department of Corrections, was placed on leave after IRS and FBI agents searched his home and office Jan. 10. A federal judge Friday unsealed court documents that describe a four-year kickback scheme and detail what agents discovered during their searches." The Oregonian notes, "No charges have been filed against Monem or others allegedly involved. Federal prosecutors declined to discuss a timeline for arrests in the bribery scheme, which they allege included Monem's wife, Karen, and officials from food distributors and brokers in California, New York and Maryland."

Opening Arguments Made At Coke Formula Theft Trial. The Atlanta Journal-Constitution (1/23, Stanford, 379K) reports, "Prosecutors opened their case in the Coke secrets trial Monday by vowing to prove that former secretary Joya Williams conspired with two accomplices to try to sell product samples and confidential documents for more than $1 million. 'This case is about greed and poor choices,' said Assistant U.S. Attorney Randy Chartash. But Williams'

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defense attorney, Janice Singer, said her client was taken advantage of by two lying ex-cons. She said Williams copied and took home various work materials for innocent reasons and never intended for them to fall into the hands of the alleged accomplices." WXIA-TV Atlanta (1/22, Shirek, King) reported on its Web site from a broadcast story, Chartash "showed the jury surveillance photos of Joya Williams at her desk at Coke's headquarters in Atlanta last year -- taken after the FBI began investigating her -- showing Williams filling her personal bag with company documents, and with bottles of brand new Coca-Cola drinks that were in development."

In a widely-distributed story, the AP (1/23, Weber) reports Williams "was angry at her employer for not treating her well and hatched a plan to steal trade secrets from the beverage maker to sell to rival PepsiCo Inc., a co-defendant testified Monday. Edmund Duhaney, "who pleaded guilty in the case and agreed to testify, told jurors that…Williams said the documents and product samples -- which include information about the company's new coffee-infused drink, Coca-Cola Blak -- could be worth a lot of money to a competitor. 'She made a statement, "This happens all the time in corporate America" -- that Pepsi, the rival company, would be interested in this,' Duhaney said, recalling an April 2006 meeting with Williams and another co-defendant, Ibrahim Dimson."

Cunningham Probe Spurs Questions On House Subpoena Response. The Hill (1/23, Crabtree) reports, "A flurry of subpoenas issued late last year to three powerful House committees and two staffers are raising new questions about House policies on document retention as well as internal House rules governing response to subpoenas. A U.S. district court in San Diego sent subpoenas to the House Appropriations, Armed Services and Intelligence committees late in the year, according to notices in the Dec. 27 and Jan. 4 editions of the Congressional Record. Elizabeth Phillips, an Appropriations staffer, and Rebecca Kuhn, who formerly worked as ex-Rep. Randy 'Duke' Cunningham's (R-Calif.) executive assistant, were also subpoenaed to testify, according to letters they submitted to then-House Speaker Dennis Hastert as required by House rules. … The U.S. attorney's office in San Diego first requested thousands of pages of documents from the panels last spring through a letter to the House general counsel. The subsequent subpoenas are an indication that federal prosecutors were concerned late last year that the committees were not voluntarily handing over the previously requested files, which, according to media reports, include classified documents relating to secret CIA contracts and a 59-page classified report into Cunningham's activities produced last fall by an investigator working on an internal probe for the House Intelligence panel."

Judge Reduces Sentence For Former Michigan School Official. The Macomb (MI) Daily (1/23, Hotts) reports, "Disgraced educator John Gardiner was placed in a wheelchair to be returned to prison Monday after a judge refused a plea for home confinement but did slice five months off Gardiner's original sentence." The Daily continues, "Gardiner, the former superintendent of East Detroit Public Schools, had sought a reduced sentence for his conviction in what has been called the largest public corruption scandal in Macomb County history. … However, U.S. District Court Judge Patrick Duggan issued a new sentence of 41 months in a federal prison in Morgantown, W.Va., reduced from the original sentence of up to 46 months for convictions on racketeering and extortion. … 'Dr. Gardiner has maintained he is not guilty and he has the right to feel that way, but a jury has found him guilty,' Duggan said." The Daily adds, "Monday's sentencing hearing was ordered after the 6th U.S. Circuit Court of Appeals ruled Duggan made an error at Gardiner's original sentencing because of confusion over mandatory sentencing guidelines. … At Monday's hearing, it was possible for the judge to add another year onto the original sentence. Instead, Duggan's new calculation resulted in a range of 37 to 46 months, and he opted for five fewer months. … Gardiner, who has been in prison for 22 months, will likely now be released from prison in March of 2008 instead of August 2008." The Daily notes, "The 74-year-old Gardiner was among 20 people named in a 35-count indictment handed down by the U.S. Justice Department. They were charged with accepting hundreds of thousands of dollars in gifts, vacations, cash, and home improvements financed by contractor William Hudson Jr. … In return, Gardiner and others helped arrange lucrative contracts for school bond work to Hudson, who also is in prison for his part in the scandal."

CDC Adviser Arrested On Public Indecency Charges. The AP (1/23) reports, "A prominent public health expert who is a top adviser to federal health agencies was arrested on suspicion of public indecency in an airport men's room. Dr. Hugh H. Tilson, 67, was arrested Jan. 16 at Hartsfield-Jackson Atlanta International Airport after a plainclothes police officer said he saw Tilson masturbating at a urinal while watching other men urinate. … Tilson recently co-chaired a task force advising the Atlanta-based federal Centers for Disease Control and Prevention on setting agency priorities and goals. He was visiting Atlanta last week for a senior leadership retreat with CDC Director Julie Gerberding and others."

Former Connecticut Church Official Pleads Guilty In Child Pornography Case. The AP (1/23, Christoffersen) reports from Bridgeport, CT, "The former

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music director of a church where former President Bush once worshipped pleaded guilty on Monday to possessing child pornography." The AP continues, "Robert F. Tate, 64, of Greenwich, admitted possessing between 150 and 300 pornographic images of children, some engaging in sexually explicit conduct. Prosecutors said some children in the images were younger than 12 years old. … Tate was the longtime music director of Christ Church in Greenwich, where former President George H.W. Bush attended while growing up. Funeral services for his parents, Prescott Bush Sr. and Dorothy Walker Bush, were held there." The AP adds, "At his last hearing in December, President Bush's aunt and other members of the church attended to support Tate. .. .Tate faces up to 10 years in prison and a $250,000 fine when he is sentenced April 12."

Judge To Review Federal Probe Of Pellicano Documents Leak. The Los Angeles Times (1/23, Krikorian, 850K) reports, "A federal judge Monday said she would personally review the government's investigation into the disclosure of confidential documents in the Anthony Pellicano wiretapping case, amid claims that the latest leak was triggered by a previously unreported FBI interview of billionaire Kirk Kerkorian. U.S. District Judge Dale S. Fischer's decision followed an acrimonious hearing at which attorneys for Pellicano and for Kerkorian's longtime attorney, Terry Christensen, complained that the leaks to the New York Times had severely hurt their clients' rights to a fair trial. The defense attorneys also pointedly questioned why authorities had not identified the source of the leaks after nine months of investigation." Christensen lawyer Terree Bowers "suggested that the government, fearing that the tapes might be ruled inadmissible, had decided to leak them," but US Attorney's office spokesman Thom Mrozek "said he would not comment on what he called 'the latest conspiracy theory being floated by people associated with the defense.'"

Pellicano Attorney Seeks Subpoenas Of NYTimes Reporters. The New York Times (1/23, Seelye) reports, "A defense lawyer in the case involving Anthony Pellicano, the Hollywood private eye accused of masterminding a long-running wiretapping ring, called yesterday for two New York Times reporters to be subpoenaed to find out who leaked them recordings of conversations and other evidence in the case." The Times continues, "On Jan. 11, The Times printed excerpts of 33 recorded conversations that Mr. Pellicano had with Terry N. Christensen, a lawyer for Kirk Kerkorian, the billionaire Hollywood mogul. The newspaper also put audio excerpts of the conversations on its Web site. Mr. Christensen has also been charged in connection with the wiretapping." The Times adds, "In papers filed last week in federal court, Mr. Christensen called on the judge, Dale S. Fischer of United States District Court, to force the two reporters, David M. Halbfinger and Allison Hope Weiner, to reveal their sources. … In a hearing yesterday in Los Angeles, Terree A. Bowers, the lawyer representing Mr. Christensen, told the judge that the reporters might be 'criminally liable' for their actions. He said in a telephone interview after the hearing that he told the judge that their posting of the conversations on the Internet violated his client's presumption of innocence. … The judge asked Mr. Bowers to spell out specifically what relief he is seeking and how he would like her to deal with the case. In a statement, Catherine J. Mathis, a spokeswoman for The New York Times Company, said: 'We believe it is critically important for reporters to be able to protect their confidential sources of information and will continue to advocate for their ability to do so.'"

Probe Finds Suspect Was Handcuffed Before Shooting LAPD Officer. The Los Angeles Times (1/23, Blankstein, Winton) reports, "A suspect who was handcuffed by police during an early morning arrest in the Westlake district managed to reach for a gun hidden in his pants and open fire, seriously wounding a veteran officer, several LAPD sources familiar with the investigation told The Times today." The Times continues, LAPD Rampart Division training Officer Andy Taylor, 37, was rushed by ambulance to Cedars-Sinai Medical Center in Los Angeles, where he was treated for a gunshot wound to his shoulder and chest. … The 12-year veteran, who was listed in stable condition, also was hit in his bullet-proof vest. Chief William J. Bratton said that the officer could be released from the hospital as early as Tuesday." The Times adds, "Bratton said he would withhold comment on the specifics of the shooting until he is presented with a full preliminary briefing by investigators with the LAPD's Force Investigation Division. … Department officials said Taylor was one of several officers who responded to an apartment building in the 600 block of Coronado Street about 5 a.m. today after a report of an assault there. .. .According to the LAPD sources, who spoke to The Times on the condition on anonymity, the officers questioned several men in a second floor residence at the multi-unit complex."

Former Mississippi County Official Pleads Guilty To Katrina Kickbacks. The AP (1/23) reports, "Former Bolivar County (MS) Administrator Adrian Brown pleaded guilty Monday to receiving a cash kickback from Hurricane Katrina relief funds." Brown "remains charged with witness tampering," although he "was not taken into custody and will continue under his current $20,000 bond and supervised release until sentencing." The AP notes, "Brown was arrested by FBI agents at his office on June 6 for requesting and accepting kickbacks from David Spikes, as well as witness tampering. Spikes, who owns Nternet

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Solutions in Pace, was hired to develop and maintain a Web site for the county to assist displaced Katrina residents who evacuated there. … The indictment also charged that Brown used intimidation and threats to try to influence the testimony of Spikes' wife, Monique Spikes, to a federal grand jury."

Three In Louisiana Plead Guilty To Katrina Relief Fraud. The Lafayette (LA) Daily Advertiser (1/23, Jackson) reports, "Two Morgan City residents and one New Iberia man pled guilty Monday after attempting to defraud FEMA. … Richard Hufnagel, 40, of New Iberia, admitted to applying for emergency benefits following Hurricane Katrina, claiming that he lived in a warehouse in New Orleans during the storm. Hufnagel received $55,000 in FEMA aid for flood damage he claimed to have suffered. … Morgan City resident Shannon Sylvester, 19, received $2,000 in disaster relief funds shortly after Hurricane Katrina in 2005, claiming she had to evacuate her New Orleans residence as a result of the storm. … Ashley Clark, 22, also of Morgan City, received $4,665 worth of FEMA aid after filing a claim for damages done to her residence as a result of Hurricane Rita."

Mississippi Woman Sentenced To Probation For FEMA Fraud. WLBT-TV Jackson (1/22) reported on its Web site, "A Ridgeland woman pled guilty and was sentenced for FEMA fraud related to Hurricane Katrina Monday. Tabuthia Bell was sentenced to three years of probation with forty hours of community service. Bell was accused of submitting a false claim to FEMA for Hurricane Katrina disaster assistance funds."

Immigrants Said To Keep Cockfighting Culture Alive. USA Today (1/23, 3A, Bazar) reports, "Immigration has helped fuel the popularity of cockfighting, a common practice in some countries that is illegal in most of the USA." USA continues, "Statistics are hard to come by, but law enforcement officials and animal rights groups in places such as Denver, Houston and Santa Barbara County, Calif., say they've seen a surge. Others question whether there's just more attention on the activity because police are cracking down. … Cockfighting is illegal in every state except Louisiana and New Mexico. … 'It's definitely on the rise,' says Wayne Pacelle, head of the Humane Society of the United States. Pacelle says the Internet has helped connect cockfighters. He also cites increased involvement of immigrants from countries such as Mexico and the Philippines. 'It's legal in a lot of places where there's significant immigration to the United States,' he says. 'You're seeing participation from people of those nations.'" USA notes, Mark Kumpf of the National Animal Control Association acknowledges there can be a cultural link. He doesn't think cockfighting is on the rise, though. What's up, he says, is enforcement. … Police are aggressively busting cockfighting operations, from fights to bird smuggling, because crimes such as drug dealing, assault and gambling often are associated, he says."

CIVIL LAW:

Maryland Couple, Company Settles Federal Contracting Fraud Charges. The AP (1/23) reports, "A Potomac (MD) couple and the company they run will pay $1.55 million to settle allegations that they submitted false claims on federal contracts, a case that involved a whistle blower who worked for the company." The AP continues, "Robert Yin and Karen Kaufman-Yin, along with their Bethesda-based company COSMOS Corp., allegedly submitted the claims for contracts with the National Science Foundation, the Department of Commerce, the Department of Health and Human Services and the Justice Department." The AP adds, "Yin is the president of COSMOS while Kaufman-Yin is the vice president and chief financial officer. The company provides research, analysis and other services to government agencies and private organizations. … According to federal prosecutors, COSMOS improperly charged government contracts for costs that dealt with the company's operations, including marketing, bid proposals and administrative labor. The company is also accused of shifting labor costs from private contracts to its government contracts."

Wrongful Imprisonment Case Against FBI Nears End. The AP (1/23, Lavoie) reports from Boston, "Two men who spent decades in prison for a 1965 gangland slaying they didn't commit wept on the witness stand as they recounted what the years behind bars did to them and their families. … But Justice Department lawyers made it clear Monday that theirs will not be the kind of emotional case presented by the men who are suing the government for wrongful imprisonment and malicious prosecution." The AP continues, Justice Department lawyer Bridget Bailey Lipscomb said the government will not offer testimony from a single live witness. Instead, the government will rely on depositions from several people involved in the 1965 murder case. … The government has argued federal authorities had no duty to share information with state officials who prosecuted Peter Limone, Joseph Salvati and two other men who died in prison after they were convicted in the 1965 killing of Edward 'Teddy' Deegan. They say the FBI cannot be held liable for the results of a separate state investigation." The AP adds, "Attorneys for the men, however, say the FBI knew the men had been framed for Deegan's killing, but hid evidence from state prosecutors that could have cleared the men to protect a Mafia hitman and FBI informant, Joseph 'The Animal' Barboza. … Salvati and Limone were exonerated in 2001 after FBI memos dating back to the

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Deegan case surfaced, showing the men were framed by Barboza. … The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi."

NYTimes Calls For FDA Regulation Of Tobacco Products. The New York Times (1/23, 1.16M) says in an editorial, "Any doubts that the tobacco industry has surreptitiously raised the nicotine content of cigarettes should be laid to rest by a study from researchers at the Harvard School of Public Health. They confirmed last year's discovery of the nicotine increase by the Massachusetts Department of Public Health and went on to identify how the tobacco companies designed their cigarettes to accomplish this." Their "continued bad behavior makes it imperative for Congress to grant the Food and Drug Administration the authority to regulate tobacco products, including the power to reduce nicotine levels and demand extensive data from the companies."

CIVIL RIGHTS:

Mississippi Voting Intimidation Case Resumes. The AP (1/23) reports from Jackson, MS, "The federal trial of a black Democratic Party official in Noxubee County entered its second week Monday with more testimony anticipated from whites who claim their right to participate in the election process has been violated." The AP continues, "Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites. … Noxubee County is a rural area along the Alabama line with a majority black population." The AP adds, "On Friday, two white witnesses said Brown had threatened to challenge their right to cast ballots in the party's 2003 primary. In addition, an unsuccessful white candidate for Noxubee County supervisor told the federal judge he was unfairly treated by the defendant as to how absentee ballots were counted in a close race against the eventual black winner. … Federal prosecutors want U.S. District Judge Tom Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped. … Cheri Anne Eaves and Kari Hardy testified on Friday that Brown accused them of being disloyal Democrats and had threatened to try to deny their right to vote in the 2003 Democratic primary. Brown allegedly had put them on a list he circulated of 174 white voters he would challenge as ineligible to participate in Democratic Party election because they were closet Republicans."

The Jackson (MS) Clarion-Ledger (1/23, Gates) reports, "A black Noxubee County Democratic Executive Committee official said she was going to follow her own law in counting absentee ballots during a 2003 primary election, a white candidate's son testified Monday. … 'I was not allowed to make challenges,' said Richard Heard, whose father was a candidate for county sheriff." The Clarion-Ledger continues, "In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against white voters. … A trial on the lawsuit is in its second week in U.S. District Court in Jackson. District Judge Tom S. Lee will decide the case. … The Justice Department is still presenting its side." The Clarion-Ledger adds, "Wil Colom, attorney for the Noxubee County Democratic Executive Committee and Chairman Ike Brown, said his clients believe the complaints are imagined. Colom said most of the charges regarding election discrepancies are normal election errors and miscues that happen every year in every county in America. … Heard testified that he remembered seeing one absentee ballot where the signature didn't match the name on the application and questioned pollworkers about it. … But Heard said the woman in charge at the polls eventually said 'We aren't going by state law but my law today.' … Heard said he also was concerned that an absentee ballot he notarized for a white voter was rejected."

Unanimous Supreme Court Strikes Down Prisoner Lawsuits' Hurdles. The New York Times (1/23, Greenhouse, 1.16M) reports the Supreme Court "ruled unanimously that a federal appeals court had overstepped its bounds by making prisoner lawsuits even harder to file than Congress intended. The barriers the lower court had put in place 'cannot fairly be viewed' as a correct interpretation of the law, the Prison Litigation Reform Act of 1995, Chief Justice John G. Roberts Jr. said for the court. Unless Congress explicitly provided otherwise, Chief Justice Roberts explained, courts should apply to prisoners' lawsuits the same procedural rules they apply to any other lawsuit and 'should generally not depart from the usual practice under the federal rules on the basis of perceived policy concerns.'"

The AP (1/23) reports, "In an opinion by Chief Justice John Roberts, the court overturned procedural obstacles in the 6th U.S. Circuit Court of Appeals that led to dismissal of civil rights complaints brought by three Michigan inmates. … The appeals court in Cincinnati covers the states of Michigan, Ohio, Tennessee and Kentucky. Federal courts in the circuit allowed just 18 of nearly 500 inmate civil rights suits to proceed, a recent American Civil Liberties Union study concluded, making the circuit the most restrictive in the country for such lawsuits." The AP adds, "The Republican-controlled Congress passed the Prison Litigation Reform Act

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in 1995, seeking to slow a flood of federal lawsuits. … The law requires prisoners to go through a lengthy administrative grievance process before they may sue in court. … The law worked – too well, according to critics. Nearly 42,000 civil rights petitions were filed in 1995 before the law took effect. Five years later, the number was down to 26,000, according to the Justice Department. … 'Today's decision will at least help to ensure that the courthouse door is not completely shut,' ACLU legal director Steven Shapiro said in a statement."

Long Beach, CA, Uneasily Awaits Hate-Crime Verdict. The Washington Post (1/23, A3, Geis) reports from Long Beach, CA, "A crowd of black teenagers and three young white women stood on a street corner on Halloween night. A male voice cried, 'I hate [expletive] white people!' The crowd surged, and someone cracked one of the whites in the head with a skateboard, dropping her to the ground. That much is not in dispute. … Who is responsible and how this could happen in the port city of Long Beach, which prides itself on its diversity and tolerance, has been the subject of arguments in court, civic forums and private living rooms here ever since." The Post continues, "Ten defendants -- nine female and one male, ages 12 to 18 -- were charged with assault for allegedly beating and kicking the women, giving one 12 facial fractures and another a concussion. Eight of the teenagers are also charged with a hate crime. Their trial has dragged on since early November." The Post adds, "This week attorneys are expected to finish closing arguments and a judge will render verdicts. The city is waiting uneasily to find out whether it will live up to its self-image as a unified, tolerant community or dissolve into racial hostility. … City leaders have reacted to the racial flare-up with alacrity, sending out volunteers to the victims and organizing community forums to denounce racism. … Yet some African Americans express frustration that city leaders have not been more visible in their community. Some are also angry at the local newspaper, which initially covered the victims' story that they were attacked, without reporting that some witnesses called it a mutual fight, or that the arrested teenagers have no criminal history and are accomplished athletes on a local high school track team."

Former California Executive Claims He Was Dismissed For Religious Reasons. The Los Angeles Times (1/23, Goffard) reports, "A former executive of an Irvine car wax manufacturer alleges in a lawsuit that the company fired him because he had not pursued 'a Christian lifestyle' and wasn't 'on fire for Jesus.'" The Times continues, "Atticus O. Firey, 34, of Newport Beach contends Meguiar's Inc. committed religious discrimination when it fired him in July after nearly 10 years with the company. Company president Barry Meguiar repeatedly urged Firey, then the chief operating officer, to attend church, the suit alleges, and told him he was 'robbing this company of the blessing of God by not being on your knees and on fire for Jesus.' … Meguiar, who is host of a cable TV and radio program called 'Car Crazy,' did not return a call seeking comment. His lawyer, Richard Ruben, said religion had nothing to do with Firey's firing. He said the company's senior management decided to terminate Firey because his job performance was sub-par, with a management style that was 'demeaning' and 'negative.' … He added that the company's management includes 'people of all religions' and characterized the lawsuit as a 'publicity stunt.' He said he expected a judge to throw out the suit, because Firey had previously agreed to submit to arbitration, rather than go to the courts, should such a dispute arise. … The suit, filed Friday in Orange County Superior Court, says Meguiar sat in Firey's office and read to him from the Bible, thrust Christian books on him and demanded he read them and forced managers to attend prayer meetings. When Firey asked about a promised bonus, the suit says, Meguiar said he would not give it to him until Firey joined a Christian church."

Virginia Delegate Makes Amends For Controversial Comments. The Washington Post (1/23, B1, Gardner, 690K) reports Virginia GOP Del. Frank Hargrove, "who caused an uproar last week by questioning the need for a state apology for slavery, proposed a measure Monday that would commemorate the freeing of the last U.S. slaves in June 1865." Hargrove "said he has been deluged with at least 4,000 phone calls and e-mails at his home and office since he inflamed the House of Delegates by saying that blacks should 'get over' slavery and that apologizing for slavery was no more necessary than asking Jews to apologize for 'killing Christ.'"

ANTITRUST:

Georgia State Lawmakers Urge DOJ To Reject Delta Bid. The AP (1/23, Bluestein) reports, "Georgia's legislative leaders signed a letter Monday urging the Justice Department to reject a takeover bid facing Delta Air Lines, the Atlanta-based carrier locked in a corporate battle to remain a stand-alone company." The AP continues, "The lawmakers said in the letter that a merger between Delta and Tempe, Ariz.-based US Airways Group Inc. would result in skyrocketing air fares and reduced competition. … 'The tremendous amount of overlap between the route networks of these carriers will drive significant consolidation, reduce flight choices, increase fares for our consumers, affect jobs and have a negative impact on our region,' the legislators said in the letter, which was addressed to U.S. Attorney General

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Alberto Gonzales." The AP adds, "The ceremonial signing by House Speaker Glenn Richardson and Senate President Pro-tem Eric Johnson drew a gaggle of reporters and lawmakers. It represents the latest attempt by Delta to bring its boardroom struggle into the public. … The airline, the nation's third-largest, has reached out to Atlanta's business and civic leaders and organized public rallies to protest the takeover bid launched by its archrival in November 2006."

The Athens (GA) Banner-Herald (1/23, Eckenrode) reports, "Legislators also on Monday introduced resolutions in the House and Senate voicing support for Atlanta-based Delta. .. US Airways is offering Delta's creditors more than $10 billion in cash and stock to accept the merger. … Delta is fighting the offer and wants to emerge from bankruptcy this year standing on its own." The Banner-Herald adds, "Delta's creditors have not yet weighed in on the bid. But if it is approved, the deal still will have to receive approval from the Justice Department because of antitrust questions. … A U.S. Senate committee on Wednesday also is expected to look at how the proposed merger would effect competition and air service on routes where the two airlines overlap."

WAGA-TV, Atlanta, GA (1/22, 10:00 p.m.) broadcasted, "A high-level show of support for Delta Air Lines as it tries to fight off a hostile takeover bid. Georgia's top legislative leaders signed a letter to US Attorney General Alberto Gonzalez asking for 'a full and careful review' of the takeover bid by Us Airways. Delta has said it wants to emerge from bankruptcy as a standalone airline. With this great company and ensuring that they stay here in Atlanta and they are vie Brant for the future." WSB-TV, Atlanta, GA (1/22, 6:00 p.m.) broadcasted, "This is an ad that the Delta pilots took out in USA Today outlining why they think the bid is a bad idea, this on the same day that Delta got support from Georgia's legislative leaders. From the Lieutenant Governor to Georgia's Speaker of the House, all signing a letter to Attorney General, Alberto Gonzalez reviewing the takeover bid for Delta. The lawmakers' letter saying that overlap between the two airlines will affect jobs and have a negative impact on Georgia's economy. I'm convinced that delta's standing alone will be in the best interest of all the citizens, not only just here in Georgia, but abroad. WXIA-TV, Atlanta, GA (1/22, 7:00 p.m.), and other cities also broadcasted this story. Some examples are: WAWS-TV, Jacksonville, FL (1/22, 4:00 p.m.), WTVQ-TV, Lexington, KY (1/22, 5:30 p.m.), and WAGT-TV, Augusta, GA (1/22, 11:00 p.m.) and Chattanooga, TN.

US Air's Delta Offer Loses Creditor Support. The Wall Street Journal (1/23, A2, Dade, Carey, Trottman) reports, "As a Senate committee prepares to take testimony tomorrow on consolidation in the airline industry, US Airways Group Inc.'s hostile $10.1 billion bid for Delta Air Lines Inc. appears to be losing traction among creditors who will determine the fate of the Atlanta airline, according to people familiar with the matter." The Journal continues, "After digging into the details of the US Airways offer -- which was sweetened 20% less than two weeks ago -- and hiring former Continental Airlines Inc. Chairman Gordon Bethune to help analyze its prospects, the Delta creditors' committee has grown skeptical of the proposed merger, these people said." The Journal adds, "Separately, talks about a possible merger between Delta and Northwest Airlines Corp. have been put on hold, without a framework for a deal and without specific plans for further negotiations, according to people familiar with the thinking of both sides. … Delta creditors encouraged the talks, which culminated in a series of 'detailed, specific conversations' among senior managers from the companies regarding potential structures, processes and timetables for a transaction, according to a person knowledgeable about the matter. A combination of Delta and Northwest remains 'a very viable option,' according to one person close to the situation, but isn't likely to be pursued until both airlines emerge from bankruptcy protection this year, if ever. Delta intends to leave Chapter 11 proceedings in April and has made its own proposal to creditors to emerge as a stand-alone company. Northwest hopes to emerge from bankruptcy-court protection in the second quarter."

Cemex Extends Bid For Rinker. Bloomberg (1/23, Steffens) reports, "Cemex SA, the world's third-largest cement maker, extended its $11.7 billion hostile takeover bid for Australia's Rinker Group Ltd. by two months while it waits for U.S. regulatory approval." Bloomberg continues, "Cemex's $13-a-share offer for Australia's biggest building materials company will now end March 30, the Monterrey, Mexico-based company said in a statement to the Australian Stock Exchange today. … Cemex wants to buy Rinker because of its business in the U.S., which is focused on Florida, Arizona and Nevada, the fastest-growing states. The deal would make it the world's biggest cement maker. Cemex Chairman Lorenzo Zambrano said today the offer is ``compelling'' while Rinker has described it as 36 percent too low." Bloomberg adds, "Cemex is offering to pay Rinker's shareholders in U.S. dollars, saying they can choose to be paid in Australian dollars at the exchange rate prevailing at the time of settlement. … U.S. antitrust regulators on Nov. 30 said they needed more information from both companies before being able to make a ruling on the proposed deal."

3M Poised To Clear Books On Antitrust Suits. The Legal Intelligencer (1/23, Duffy) reports, "With a proposed settlement worth nearly $40 million, office supply giant 3M is poised to close the books on more than a decade of litigating antitrust suits." The Intelligencer continues, "In a series of suits, a competitor and purchasers accused 3M -- the maker of Scotch tape and Post-It Notes -- of abusing its monopoly power in the market for transparent tape by driving

a competitor out of business." The Intelligencer adds, "The $39.75 million settlement in Bradburn Parent/Teacher Store Inc. v. 3M -- a class action brought by direct purchasers and retailers -- comes on the heels of a trio of settlements reached last year. … In court papers filed last week, plaintiffs lawyers asked U.S. District Judge John R. Padova to grant final approval of the settlement and to award them attorney fees of $13.9 million and nearly $1 million in litigation costs for their 11,000 hours of work over four years. … In August, Padova approved a $28.8 million settlement in Meijer Inc. v. 3M, a class action brought on behalf of large-volume retailers who were excluded from the Bradburn case. … And court papers show that 3M also struck deals with two big retailers that had opted out of the Meijer case -- Kmart and Publix Supermarkets Inc." The Intelligencer notes, "All of those suits stemmed directly from a 1997 suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape. … LePage's, a competing supplier of tape, had accused 3M of using illegal tactics to drive it out of business."

Qantas Suitors Seek To Reassure Unions. The Wall Street Journal (1/23, C9) reports, "The buyout group bidding for Australia's Qantas Airways Ltd. met with union officials yesterday, promising not to cut services or send maintenance operations offshore, amid fears about jobs and working conditions. … However, unions said they wanted legally binding guarantees to protect staff and would continue talks with the buyout consortium, Qantas and the Australian government." The Journal continues, "The Airline Partners Australia consortium, which includes Macquarie Bank Ltd., Allco Finance Group Ltd., Allco Equity Partners Ltd. and North American private equity firms Texas Pacific Group and Onex Corp., said it talked with representatives from the Transport Workers Union and the Australian & International Pilots Association."

Equity Officer Properties Considers Another Takeover Bid. The New York Times (1/23, Pristin) reports, "Equity Office Properties, which agreed in November to be bought by a private equity company, the Blackstone Group, for $36 billion, including debt, said yesterday that it would begin discussions with a rival group that has offered to top that price." The Times continues, "Equity Office, the nation's largest office landlord, with 585 buildings in 24 metropolitan areas, also said it would open its books to the challengers, a consortium led by Vornado Realty Trust." The Times adds, "Raising the stakes in what was already the largest buyout battle ever, Vornado and its partners, Starwood Capital Group and Walton Street Capital, proposed last week to pay $52 a share for Equity Office, or 7.2 percent more than what Blackstone has offered. Vornado, a real estate investment trust that owns more than 100 million square feet of office, retail and showroom property, said its offer would include about $10.6 billion of its stock. … Setting a Jan. 31 deadline for the Vornado group to submit a formal proposal, Equity Office said it continued to recommend approval of the Blackstone merger."

Record Industry Mulls Unrestricted Digital Music. The New York Times (1/23, Shannon) reports, "As even digital music revenue growth falters because of rampant file-sharing by consumers, the major record labels are moving closer to releasing music on the Internet with no copying restrictions — a step they once vowed never to take." The Times continues, "Executives of several technology companies meeting here at Midem, the annual global trade fair for the music industry, said over the weekend that at least one of the four major record companies could move toward the sale of unrestricted digital files in the MP3 format within months." The Times adds, "Most independent record labels already sell tracks digitally compressed in the MP3 format, which can be downloaded, e-mailed or copied to computers, cellphones, portable music players and compact discs without limit. … The independents see providing songs in MP3 partly as a way of generating publicity that could lead to future sales. … For the major recording companies, however, selling in the MP3 format would be a capitulation to the power of the Internet, which has destroyed their control over the worldwide distribution of music." The Times notes, "Until last year, the industry was counting on online purchases of music, led by Apple's iTunes music store, to make up the difference. … But digital sales in 2006, while 80 percent ahead of the year before, grew slower than in 2005 and did not compensate for the decline in physical sales, according to an industry report released in London last week."

ENVIRONMENT:

President To Link Energy Security, Global Warming In State Of The Union. In an analysis, the Financial Times (1/23, Daniel) writes, "In his quest for a defining legacy beyond the Iraq war, tonight a chastened President George W. Bush in his State of the Union address will put energy security - reducing US dependence on foreign oil - at the heart of his political agenda for his final two years." In tonight's speech, Bush "will make an explicit link between the demands of energy security and the environment, says Tony Snow, White House spokesman." The "fact that Mr Bush is even talking about his actions on climate change, and will set out how his own policy helps address it, marks a profound departure from the past. Yet there remain doubts about whether the White House is willing to embrace more radical energy efficiency initiatives, or abandon its policy of the first six years of seeking to expand the supply of domestic

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oil." The Times adds, "Senior aides say he has been frustrated by the barrage of leaders admonishing him on global warming, from Tony Blair's constant solicitations to interventions by Angela Merkel, the German chancellor."

Corporate Leaders Urge Bush To Support Carbon Dioxide Caps. The Washington Post (1/23, A6, Mufson, 690K) reports, "On the eve of the State of the Union address, the chief executives of 10 major corporations urged President Bush to embrace mandatory ceilings on U.S. greenhouse gas emissions in order to stem climate change. But yesterday White House spokesman Tony Snow said that binding caps on carbon dioxide emissions would not be part of the president's proposals tonight." There "has been widespread speculation about what Bush might say about climate change tonight." The Post adds, "Major corporate leaders have been changing their position on climate change for the past year or two, and many of them are convinced that some form of regulation of or tax on carbon emissions is inevitable. With many states talking about coming up with their own laws, corporate leaders have started to urge the federal government to establish a nationwide standard."

The Wall Street Journal (1/23, Ball, 2.04M) reports, "[S]ome of the country's biggest industrial companies are acknowledging that fossil fuels are a major culprit" in global warming and that their "emissions should be cut significantly over time. ... Some see a lucrative new market in clean-energy technologies. Many figure a regulation is politically inevitable and they want to be in the room when it's negotiated, to minimize the burden that falls on them." The "broadening, if incomplete, consensus that fossil fuels are at least a big part of the global-warming problem signals real change in the environmental debate. The biggest question going forward no longer is whether fossil-fuel emissions should be curbed. It's who will foot the bill for the cleanup -- and that battle is heating up."

Speech Expected To Boost Ethanol. The New York Times (1/23, Barrionuevo, 1.16M) reports, "After three decades of surviving mostly on tax subsidies," the ethanol industry "is poised tonight to get its biggest endorsement from on high that it has a long-term future as a home-grown alternative to gasoline. In his State of the Union address, President Bush is expected to call for a huge increase in the amount of ethanol that refiners mix with gasoline, probably double the current goal of 7.5 billion gallons by 2012." Although "the details of the proposal are not known, 15 billion gallons of ethanol would work out to more than 10 percent of the country's current gasoline consumption, and is far beyond the current capacity of about 5.4 billion gallons." The Times adds, "For an industry once dominated by the will of a single powerful producer, Archer Daniels Midland, ethanol has come a long way, joining the oil industry and producers of major agricultural commodities as an entrenched political force in Washington."

The Washington Post (1/23, A6, Mufson, 690K) reports, "The energy agenda in Washington has been long dominated by oil interests, but in a reversal of political fortunes, these days it is Big Oil fighting to preserve its tax incentives and the ethanol industry that is adding new ones. President Bush may up the ante tonight in his State of the Union address, many analysts think, by setting new targets for ethanol use or encouraging automakers to shift to engines capable of handling E85." The "ethanol industry is already on a roll" and "investors drove up the stock prices of ethanol companies yesterday in anticipation of Bush's speech." But "an increasing number of economists and energy experts are questioning whether the benefits of producing ethanol -- especially ethanol made from corn -- have been oversold."

Pelosi Plan For Climate Change Committee Meets Resistance. The Washington Post (1/23, A1, Eilperin, Grunwald, 690K) reports House Speaker Nancy Pelosi's "power play" in creating a select committee on energy independence and climate change, "demonstrated her seriousness about climate, a complex issue that may be as legislatively difficult and politically treacherous as health care was in the 1990s. But it also reflected her seriousness about imposing discipline on her caucus and preventing a return to the days when long-serving Democratic chairmen ran their committees as independent fiefdoms." Energy and Commerce Committee Chairman John D. Dingell, "a legendary defender of his committee's prerogatives as well as the carbon-emitting auto industry of his home state -- had made it clear that he expected to lead the party's global-warming debate in a rather leisurely fashion. Pelosi was end-running him." Dingell "saw Pelosi's new committee as a recipe for duplication, incompetence and the suppression of democracy." And California Rep. Henry A. Waxman, chairman of the Oversight and Government Reform Committee, "warned that Pelosi might be scheming to write bills out of her own office. 'That's the way the Republicans did it,' Waxman said. Those are fighting words in the new majority, and some Energy and Commerce Democrats are willing to fight."

The Hill (1/23, Snyder) reports Dingell "found an unlikely ally in his spat" with Pelosi "over a new climate-change panel: former committee chairman Joe Barton (R-Texas). While Barton and Dingell have butted heads on energy policy, the two were like-minded in their opposition to a select committee on climate change that would operate outside the bounds of their own committee." The "spat threatened to draw energy lobbyists, who largely had sat on the sidelines this session, into an awkward intra-caucus fight between two people — Dingell and Pelosi — it doesn't pay to upset."

The Hill (1/23, Kaplan) reports New York Rep. Anthony Weiner and other Democrats on the House Energy and Commerce Committee "were disgruntled" about Pelosi's "plan

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to take away some of their turf by creating a Select Committee on Energy Independence and Global Warming" with Massachusetts Rep. Edward Markey at its head. The Hill adds, "Some liberal Democrats are said to be frustrated with [Dingell], who is closely allied with the auto industry and opposes some measures, such as increasing gas mileage standards, to reduce greenhouse gases. But a cross-section of members are frustrated with Markey."

Energy Self-Sufficiency Goal Called Unrealistic. In a Wall Street Journal (1/23, A19, 2.04M) op-ed, Daniel Yergin, chairman of Cambridge Energy Research Associates, writes, "With geopolitical turmoil, volatile prices and continuing reminders of the international political power of oil, the concept of energy independence is compelling and deeply appealing." But "if energy independence is presented as self-sufficiency, it will likely fall flat. And, as prices run through their cycles, disappointment will undermine the longer-term commitments that are required for a sound energy future. Today, quite simply, cutting ourselves off from global energy markets is not realistic." However, "if the goal of energy independence is understood differently, to mean energy security -- resilience, robustness, reduced vulnerability -- then it is much more useful." This kind of definition "emphasizes the central goal of diversification -- encouraging investment and higher levels of research and development in both alternative and conventional energy sources. It means a new push for energy conservation, higher energy efficiency, lower energy intensity." It also "requires an understanding that this kind of energy independence -- as measured in energy security -- actually requires interdependence with other nations, both consumers and producers of energy."

Ford Introduces Hydrogen Hybrid As Industry Hopes For More Research Funding. The Washington Post (1/23, D1, Freeman, 690K) reports on Ford's introduction of the HySeries Edge, "a plug-in hybrid with an electric drive powered by a battery and a hydrogen fuel cell." The car's "arrival intensifies the competition to manufacture a mass-market electric hybrid that reduces reliance on gasoline and curbs the emission of greenhouse gases. But the futuristic Edge vehicle is Ford's only one, and it cost $2 million to build." The Post adds, "To get a car like this into the showroom for sale to the public will require the automotive and energy industries to leap high technological hurdles. The infrastructure to deliver alternative fuels such as hydrogen is in its infancy, and engineers are puzzling over how to mass-produce a lightweight, inexpensive and safe electric battery." The "industry is hoping President Bush will announce his intention to increase research funding during his State of the Union speech tonight."

Judge Moves Hearing On Nevada Bomb Test To January 31. The AP (1/23) reports, "A federal judge has pushed forward by one day a scheduled hearing on a proposed non-nuclear explosion that authorities say would generate a mushroom-shaped dust cloud in the Nevada desert." The AP continues, "Judge Lloyd George cited a scheduling conflict in moving the date of the telephone conference call to January 31st. A Justice Department lawyer from Washington is due to provide an update of the federal Defense Threat Reduction Agency proposal. No date has been set for the blast. … It would involve detonating a 700-ton ammonium nitrate and fuel oil bomb at the Nevada Test Site -- about 85 miles northwest of Las Vegas." The AP adds, "Government officials call the test important for gathering data about penetrating hardened and deeply buried targets. Critics have called it a surrogate for a low-yield nuclear 'bunker-buster' bomb. … They say it'll scatter dust contaminated nuclear weapons tests at the test site. The explosion has been postponed since Western Shoshone tribe members and 'downwinders' in Utah and Nevada filed suit last year."

Utah Land-Use Plan Revisited. The Salt Lake Tribune (1/23, Baird) reports, "The federal government and environmental groups got a do-over Monday in their bid to dismiss a lawsuit filed by Kane and Garfield counties that seeks to overturn the Grand Stair- case-Escalante National Monument's land-use plan." The Tribune continues, "U.S. District Judge Ted Stewart originally heard arguments to dismiss the suit last fall, then recused himself. Judge Bruce Jenkins replaced Stewart, and opted to hear the arguments for a second time at the Moss Courthouse in downtown Salt Lake City. … But where Stewart seemed skeptical of the government's contention that the counties could show no harm from the monument plan - and thus had no standing to bring the suit - Jenkins appeared dubious that the counties could make their claims stick without laying out more specifics." The Tribune adds, "Jenkins also challenged the counties' argument that they have been permanently tied to the decisions made by the Bureau of Land Management in 1999 that regulated travel, water diversions and other land uses in the monument. … 'What statute do you point to showing that this is a final agency action?' Jenkins asked Shawn Welch, the counties' attorney, during the nearly two-hour hearing. … The counties have claimed that there is a large network of county-owned roads that criss-cross the 1.8 million-acre monument that the BLM has refused to recognize. … Justice Department attorney Tom Snodgrass once again argued that the counties have failed to prove any road ownership claims beyond four routes that were recognized in the land-use plan - and thus could show no harm."

NRC Commissioner Says Efforts To Build New Reactors Hampered By Budget Delay. Under the headline, "Lack of Budget Could Hurt Nuclear Energy

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Revival, Official Says," the New York Times (1/23, Wald, 1.16M) reports, "The senior member of the Nuclear Regulatory Commission warned on Monday that the failure of Congress to pass a detailed budget for the current fiscal year could damage the nuclear renaissance that the government tried so hard to encourage with the energy bill of 2005." The Times adds that Commissioner "Edward McGaffigan Jr., said that if the commission received applications this year, 'we basically are going to have to put them on the shelf, because we're not going to have the folks to work on the applications until well into calendar year 2008.'" Having passed only "two of the 11 spending bills for the fiscal year that began Oct. 1, 2006," much of the "government has been operating under a 'continuing resolution,'" and "Democrats say they plan to extend that resolution through Sept. 30, the end of the fiscal year." Commissioner "McGaffigan said that if the commission could not process applications, some companies wanting to build would decide to wait."

Greater Oversight Of US Oil, Gas Leases Urged. Karin Lissakers, director of the Revenue Watch Institute, writes in the New York Times (1/23, 1.16M) that during the "last six months, media coverage, Congressional hearings, lawsuits by private citizens and a scathing report by the Interior Department's inspector general have exposed a litany of failures in the department's management of oil and gas leases on public lands and waters." In fact, Lissakers says the failures "have become so glaring, in fact, that there is even speculation that the President, a good friend to the energy industry, might speak about them in his State of the Union address tonight." She urges Congress, "with the president's encouragement," to "insist that the United States practice at home the transparency it preaches abroad," by "enact[ing] a requirement that all companies extracting oil, gas and other minerals from federal lands publicly report all of their production on those lands and all royalties and other payments made to the federal government from that production." Only then, she concludes, "can the American public have confidence that the taxes owed by those who have benefited from the use of our public lands are being properly accounted for and fully collected."

WPost Urges Cleanup Of Anacostia River. The Washington Post (1/23, A16) editorializes, "The promise of massive redevelopment in the District -- new neighborhoods, office buildings, parks, retail complexes, and baseball and soccer stadiums, with the Anacostia River as an urban centerpiece -- could wind up mired in muck. As reported in distressing detail by staff writer David A. Fahrenthold, the river is disgracefully dirty, brimming with trash, toxic chemicals, dead animals, diseased fish and raw sewage. At least the Potomac River and the Chesapeake Bay have constituencies pressing for improvements in those waters; but without a groundswell to revive the Anacostia, potential developers may hold their noses and turn away." The Post continues, "One revolting source of pollution is the District's sewer system, designed more than 100 years ago to dump raw sewage into the river during rainstorms. The D.C. Water and Sewer Authority has a plan to dig huge tunnels under the city to store this flow and then treat it to remove the sewage. But the agency's chief of staff, Johnnie Hemphill, told The Post that the project could take close to 20 years and $2 billion. This month, the U.S. Supreme Court let stand a lower court's ruling that set stricter caps on the amounts of pollutants dumped into the Anacostia. Jerry N. Johnson, the water and sewer authority's general manager, said the new rules may slow the project while officials figure out how to adapt. But the cleanup must go faster, not slower. … No single pollution solution exists, but until federal, state and local officials develop a sense of emergency, the Anacostia River will continue to dampen the chances of economic vitality in the core of this region."

FBI/DEA/ATF/USMS:

Judge Disagrees With Attorneys On Timing Of Arellano Felix Trial. The San Diego Union-Tribune (1/23, Soto) reports, "The federal judge overseeing the possible death-penalty trial of accused drug cartel kingpin Francisco Javier Arellano Felix sharply disagreed with lawyers for both the defense and the prosecution over when a jury would hear the case." The Union-Tribune continues, "Prosecutors and defense lawyers told U.S. District Judge Larry Alan Burns Monday that they could be ready to take the case to trial in June 2008. … Burns disagreed and refused to put the case off that far. … He has been pushing the lawyers to get the case before a jury quickly, at first saying that it should go this spring, but now insisting it can get started this year." The Union-Tribune adds, "The lawyers say that's impossible, given the voluminous evidence gathered against Arellano and the fact that before the case can go forward, U.S. Attorney General Alberto Gonzales has to decide whether prosecutors will seek the death penalty. … Arellano is accused of racketeering and conspiracy, and could face the death penalty if convicted of operating a continuing criminal conspiracy that has led to several murders. … Also accused in the case is Manuel Arturo Villarreal Heredia, who prosecutors say was a top Arellano Felix henchman who ordered the beheadings of Rosarito Beach police officers last year."

Extradited Mexican "Drug Lords" Appear In US Court. There are now more than 400 media references to the extradition and U.S. court appearance of several Mexican "drug lords" and others. For example, the AP (1/23) reports

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four "drug lords who had been serving time in Mexican prisons were brought shackled into an American courtroom Monday to face drug and intimidation charges. Among them was Osiel Cardenas-Guillen, believed to be one of the kingpins most responsible for violence along the Texas-Mexico border in recent years, said Karen Tandy, chief of the U.S. Drug Enforcement Administration. 'This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership,' Tandy told reporters by teleconference from Washington." The AP adds, "Besides Cardenas-Guillen, the group includes Hector Palma Salazar, the suspected former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana."

In a separate story, the AP (1/23) reports from Mexico City that President Felipe Calderon "pledged Monday to wage a permanent war against organized crime by coordinating more closely with local police and giving all law enforcement better training, equipment and intelligence work. … His comments came three days after his administration extradited four alleged drug lords and 11 other suspects to the United States. He said he wouldn't give up the battle." Tandy "described the extraditions as 'an enormous leap forward.' 'Most were major drug traffickers. Many were long-term targets of the United States. All now face their worst fear: U.S. justice,' Tandy said in a media conference call Monday. 'On behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives.'"

The AP (1/22) also reported that more than a dozen leaders and workers in Mexico's "most brutal and powerful drug cartels were brought before a federal magistrate in Houston Monday before being shipped to several states to face charges. They face various drug-related charges in different states, including New York, Colorado and California, officials said." News outlets that used a version of the AP story include CBS News, FOX News, the New York Times, Washington Post, Houston Chronicle, Dallas Morning News, San Diego Union-Tribune, Miami Herald, Fort Worth Star Telegram, and Forbes.

USA Today (1/23, Leinwand) reports a "suspected Mexican drug lord whose cartel allegedly smuggled more than four tons of cocaine a month over the U.S. border will stand trial in Texas. Osiel Cardenas-Guillen, the alleged kingpin of the Gulf Cartel, and three other alleged drug lords appeared in a Houston court Monday. Mexican authorities delivered Cardenas-Guillen and 14 other alleged Mexican drug dealers and criminals to Houston late Friday and early Saturday, the Drug Enforcement Administration said." Cardenas-Guillen "was charged in Texas in December 2000 with drug trafficking and threatening to kill federal agents, Tandy said. Cardenas-Guillen and his cohorts allegedly attempted to kidnap and kill a DEA agent and an FBI agent during a confrontation in November 1999, the indictment said."

The Dallas Morning News (1/23, Corchado) reports President Calderón "called on the political opposition Monday to share 'co-responsibility' for fighting the drug war, and senior U.S. officials praised Mr. Calderón's 'stunning' leadership in extraditing alleged Mexican drug lords to the U.S." John Walters "said the Bush administration is prepared to 'look at added resources' to help strengthen Mexican security." Karen Tandy said, "This past weekend, the U.S. and Mexico took an enormous leap forward, particularly with the extradition of Mexican drug kingpin Osiel Cárdenas-Guillén. … For the past eight years, he commanded one of the most brutal and powerful drug cartels in the world." The Myrtle Beach Sun News, San Luis Obispo Tribune, and Contra Costa Times used the Dallas Morning News story.

On its Web site, KHOU-TV, Houston (1/22) reports federal agents in Mexico who "transported reputed kingpin Osiel Cardenas Guillen shot video that appeared on a Web site of the Mexican newspaper El Universal. It shows Osiel Cardenas on a flight to Houston where he was handed over to DEA agents."

KHOU-TV, Houston (1/23) also reports on its Web site that Karen Tandy said, "This is the first time that the Supreme Court of Mexico has extradited cartel leaders and leadership." KHOU adds that Cardenas "is considered to be one of the most dangerous drug kingpins in recent history who, according to DEA agents, transported up to six tons of cocaine per month to the U.S."

Suspects Won't Face Death Penalty. The Houston Chronicle (1/23) reports Cardenas "is also charged with leading an ambush of U.S. federal agents in Matamoros, across the border from Brownsville, in November 1999. Brandishing his trademark gold-plated .45-caliber pistol, Cardenas and a dozen of his henchmen surrounded a car carrying two agents from the DEA and the FBI and threatened to kill them if they didn't turn over an informant, Tandy said." Deputy Attorney General Paul McNulty said none of the suspects will face the death penalty, a punishment that does not exist in Mexico. 'We have to make the assurances necessary for a successful extradition,' McNulty said. John Walters...agreed, calling it 'a watershed event.'"

Mexico's Attorney General Plans More Extraditions. The Los Angeles Times (1/22, Enriquez, Martinez) reported, "On the heels of the extradition of four top drug cartel leaders, Mexico's attorney general said Sunday he planned to send more suspects to face U.S. trials, tacitly acknowledging that corruption had allowed drug kingpins to direct operations even while in maximum-security Mexican prisons. … Aggressive extradition is emerging as the second prong of Mexican President Felipe Calderon's get-tough approach to the drug gang violence that killed more than 2,000 people

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nationwide last year. In January, 17 Mexican suspects have been handed over to U.S. authorities, a pace that would easily surpass last year's record 63 extraditions."

Gonzales Praises Calderon. CNN Lou Dobbs Tonight (1/22, 6:14 p.m.) broadcasted, "US Attorney General Alberto Gonzales says we recognize the bold stance of President Felipe Calderon. Some of those most directly affected remain skeptical including US border sheriffs. The corruption is almost out of control. And it would be hard for anyone, including the President of Mexico, to come in and try to clean up the problem. In fact, US officials expect a short-term increase in violence. Many kingpins run their business prisons and some of those cartels are now leaderless. The DEA held a rare conference call to its reporters today. That the cooperation from Mexico President Calderon is both extraordinary and significant. And also one Justice Department official praised the Mexico government for showing what it called courage in taking on drug trafficking organizations."

Alabama Drug Ring Busted After Two-Year Probe. The Tuscaloosa News (Alabama) (1/23, Taylor) reports, "More than 20 people have been accused of taking part in a sophisticated operation that brought illegal drugs from the West Coast to West Alabama." The News continues, "A two-year investigation by dozens of federal agents and local law enforcement officers resulted in federal drug trafficking charges against 21 people from Tuscaloosa and Greene counties." The News adds, "A 37-count indictment unsealed Monday charges them with distribution of powder and crack cocaine. Twelve of them were arrested over the weekend. … The men allegedly used several drivers who used 18-wheeler freight trucks to haul drugs from California to a location in Greene County where it was then distributed to lower-level dealers, said Jill Ellis, spokeswoman for the U.S. Attorney's office in Birmingham. … David Smith, 58, of Boligee was described as the organizer of the operation." The News notes, "The first count of the indictment charges Smith with operating a continuing criminal enterprise. Other charges included using a telephone or computer to facilitate drug trafficking, conspiracy to posses with the intent to distribute and distribution of cocaine and crack. … 'Smith's drug trafficking organization was a major distributor of powder and crack cocaine to high- and mid-level dealers throughout West Alabama,' U.S. Attorney Alice Martin said in a written release. … The men arrested over the weekend were described as 'lieutenants' within the organization, or distributors who use 'runners' to get the drugs to street-level buyers."

The Birmingham (AL) News (1/23) reports, "Dozens of federal, state and local law enforcement officers on Saturday rounded up the first dozen of those indicted, including David Smith, 58, of Boligee, whom U.S. Attorney Alice Martin described as the organizer of the ring. … Gregory Borland, assistant special agent in charge of Alabama's Drug Enforcement Administration, called the investigation one of the most significant he has been involved in Alabama."

Mike Tyson Pleads Not Guilty To Drug Charges In Arizona. In Phoenix, the AP (1/23) reports former heavyweight champion Mike Tyson "pleaded not guilty Monday to charges of drug possession and driving under the influence of drugs. … Tyson was indicted earlier this month on felony drug possession and paraphernalia possession counts and two misdemeanor counts of driving under the influence of drugs. If convicted of all four charges, he could be sentenced to up to 7 1/2 years in prison."

Researchers Tie Gun Ownership Rate To Homicide Rate. The New York Times (1/23, Nagourney, 1.16M) reports, "States with the greatest number of guns in the home also have the highest rates of homicide, a new study finds. The study, in the February issue of Social Science and Medicine, looked at gun ownership in all 50 states and then compared the results with the number of people killed over a three-year period. The research, the authors said, 'suggests that household firearms are a direct and an indirect source of firearms used to kill Americans both in their homes and on the streets.'"

Report Examines Problems With Philadelphia Gun Dealers. The Philadelphia Inquirer (1/23, Moran) reports, "Gun-control advocates joined Philadelphia Police Commissioner Sylvester M. Johnson yesterday in calling for more prosecutions of gun dealers who sell to the gun-traffickers and straw purchasers fueling the violence plaguing Philadelphia and other cities." The Inquirer continues, "At City Hall, the Brady Center to Prevent Gun Violence released a national report, 'Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers,' that highlights more than two dozen cases - including nine in Pennsylvania - of dealers who sold guns that wound up in the hands of criminals. The criminals were prosecuted but the dealers were not. … 'The recent upsurge in criminal gun violence places renewed importance on the question: Where do criminals get their guns?' the report states." The Inquirer adds, "The report identified, among others, Abington Gun Sports in Willow Grove, which allegedly sold to female straw buyers working for a man who authorities say then went on a rampage in Philadelphia in 2003, holding up fast-food restaurants, carjacking a Lexus, and robbing a bank of nearly $60,000. … The guns the women bought included an AK-47 SAR assault rifle, two 12-gauge shotguns, a Bushmaster .223-caliber rifle, and a Marlon 30-30 rifle, according to the federal indictment of

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Andre Henry, three other men and three female straw purchasers. The case is pending."

US Launches Program To Curb Illegal Gun Sales. KTVT-TV, CBS 11, Dallas-Fort Worth (1/23) reports, "The U.S. Attorney's Office, the Bureau of Alcohol, Tobacco and Firearms and the firearms industry are joining forces to stop the illegal purchases of firearms." KTVT-TV continues, "Monday they unveiled a campaign called 'Don't Lie for the Other Guy.' The program hopes to raise public awareness and educate firearms dealers about 'straw' purchases. … A straw purchase is when someone buys a firearm for someone who cannot legally buy one for themselves." KTVT-TV adds, "A spokesperson for the ATF said, 'This program is an important tool for ATF as we pursue our mission of preventing terrorism, reducing violent crime and protecting the public.' … It is a federal felony to purchase a gun for someone who can't, punishable up to 10 years in jail and up to a $250,000 fine. … In 2005, ATF arrests led to over 1440 individuals being convicted of illegal firearms trafficking. That's up 14 percent from the previous year. … The group will display flyers in all gun stores and distribute materials about illegal firearms transactions. Several public service announcements about the program are also planned to hit the airwaves."

Los Angeles County Sheriff Traces Guns' Path To Compton. The Los Angeles Times (1/22, Garvey) reports, "To crack down on gangs and stem soaring violence in Compton, Los Angeles County Sheriff Lee Baca asked his deputies and detectives not just to investigate crime but to also probe where gang members were getting their guns." The Times continues, "So sheriff's officials embarked on unprecedented census: tracking down the origins of nearly 900 weapons confiscated there last year. The results, released Monday, offer a glimpse into the complex and unexpected ways guns get into the hands of gang members." The Times adds, "Sixteen guns recovered in or near Compton were traced to a single store in Sparks, Nev., through databases of the Bureau of Alcohol, Tobacco, Firearms and Explosives. That same location, officials said, accounted for more than more than 350 weapons recovered nationwide by law enforcement officials last year, including 65 in the Los Angeles area. … The bureau is investigating the store and law enforcement officials declined to identify it, Baca said." The Times notes, "The bulk of the weapons confiscated in Compton were originally sold in California. But scores of others came from Arizona, Nevada and Colorado. Nine weapons were registered in Connecticut and a few others were registered in Ohio. … Several of the weapons were traced to murders."

Villaragosa Meets With Gonzales, Mueller About Gang Violence. CNN Paula Zahn Now (1/22, 8:18 p.m.) broadcasted, "Los Angeles Mayor Antonio Villaragosa: "It's bad enough that we believe we need to get a handle on it now. This approach has to be a comprehensive, multi-agency approach. About a couple weeks ago I met with Alberto Gonzales, the Attorney General, talked to him about the gang problem in Los Angeles. I spoke and met with the FBI director, Mr. Mueller, where we talked about providing more Federal FBI assets in our fight against gangs, and I've also met with and spoken with Governor Schwarzenegger."

IMMIGRATION:

Illegal Immigrant Charged With Sexual Assault Seeks Deportation. Fox News (1/23) reports from Woodstock, IL, "Not many illegal immigrants ask to be deported. But Jose Vallejo of Mexico did, rather than face a potential prison term of 30 years for sex assault here in the United States. And he nearly got his wish." Fox continues, "Prosecutors in Illinois say Vallejo, who is now a 17-year-old Mexican national, pinned a 4-year-old girl down on a bed, then molested her on April 12, 2006. Even though Vallejo was only 16 at the time of the alleged crime, he is being charged as an adult because of the age of the victim. He faces three counts, including aggravated criminal sexual assault, one count of unlawful restraint." Fox adds, "Originally, bond was set by a state judge at $150,000 but Vallejo's family posted the cash. So, Vallejo was released by the state, but soon after, was taken into custody by federal agents for illegally entering the country three years ago. .. While in federal custody, Vallejo asked a federal immigration judge to deport him. The request was granted during a Jan. 4 deportation hearing in Chicago. … But before Vallejo was sent back over the border, federal Immigration and Customs Enforcement officials alerted prosecutors in McHenry County, Ill., and that agency took custody of him."

Administration Blasted Over Immigrant Raids. The AP (1/23, Talhelm) reports, "The Bush administration is taking heat from lawmakers for the harm done to a company during last month's largest-ever immigration raid." The AP continues, "Immigration officials on Dec. 12 arrested 1,297 illegal workers at Swift & Co. meatpacking plants in Texas, Colorado, Minnesota, Iowa, Nebraska and Utah. … After a closed-door meeting Monday with Homeland Security Secretary Michael Chertoff, senators from the affected states said the raid exposed flaws in the federal government and in a program designed to help employers screen for illegal immigrants." The AP adds, "Among the concerns, senators reported, were that agencies can't share information about stolen identities and that programs designed to catch illegal immigrants allow many lawbreakers to slip through the cracks. … Chertoff acknowledged some of the problems, and

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said his department's programs are not "the perfect cure." Senators said they wanted Chertoff to enforce the laws, but they needed to assure companies that working with the government would not ultimately hurt them. … Swift participated in a program called Basic Pilot, which screens employees for illegal Social Security numbers. The system doesn't snag stolen Social Security numbers or numbers that are being used in multiple locations . … Since the arrests, Attorney General Alberto Gonzales has announced the indictments of 148 illegal immigrants, who used other peoples' Social Security numbers and other personal information to get jobs at Swift. Local prosecutors are bringing state charges against the immigrants, including 80 in Cache County, Utah, and 18 in Weld County, Colo."

Judge Closes Suit Against US Over Immigrant Raids. The AP (1/23, Kohler) reports from Denver, "A judge closed a lawsuit against the federal government Monday after federal officials disclosed the whereabouts and status of 262 workers arrested during last month's largest-ever immigration raid at Swift & Co. meatpacking plant in Greeley, Colorado." The AP continues, "Attorneys for the United Food and Commercial Workers Union, which filed the suit, said it should not have taken a lawsuit to get the information. The lawsuit alleged the U.S. government had violated the Greeley workers' constitutional right to due process." The AP adds, "The people arrested in Greeley were among 1,297 illegal workers at Swift & Co. meatpacking plants in six U.S. states who were taken into custody on Dec. 12, most on illegal immigration charges. The union lawsuit did not cover workers in the other states. … U.S. District Judge John Kane terminated the lawsuit after union and federal lawyers agreed that all the arrested workers had been accounted for and given a chance to seek bond. … The government released the information to the union last week under orders from Kane." The AP notes, "A total of 74 of the Greeley workers remained in federal custody in Denver and El Paso, Texas, and 75 voluntarily returned to Mexico, according to federal officials. Another 18 face state identity-theft charges in Weld County, Colorado, where the Greeley Swift plant is located."

Rohrabacher Blasts Bush On Illegal Immigration. Fox News' Special Report (1/22, Hume) reported, "The problem of illegal immigration is so large in Orange County, California that the local jails are full of illegal aliens arrested for local crimes. So, the jails therefore are a great place to find illegal aliens. The local sheriff knows this and would like to see the opportunity exploited. But there is a problem. … While responsibility for getting [criminal aliens] off the street typically calls to local police, when it comes to getting them out of the country, most cops can't get the training to do that. Letting local police enforce immigration law is controversial. Even in Orange County California where Sherriff Mike Carona wants his deputies cross-trained in immigration law with access to the federal immigration database. … 10 years ago, congress changed the law to allow local police agencies to enforce federal immigration statutes and it appropriated money to help. Yet when Carona asked Immigration and Customs Enforcement to train 500 of his deputies, the feds said it would cost too much. So he tried to hundred 200 – still too expensive. He got 12." Rep. Dana Rohrabacher: "We've authorized a great deal of help for these local people to help and enlist them in the battle to get control of illegal immigration and this administration turns around and gives them a pittance. … President Bush is not committed to stopping this flow of illegals into our country."

TAX:

Former North Carolina Tax Preparer Pleads Guilty To State Tax Charges. The Shelby (NC) Star (1/23, DeLea) reports from Raleigh, NC, "Former Shelby tax preparer Jerry O. Adams III, who still faces federal charges on defrauding the U.S. Department of Treasury of more than $3.8 million, pleaded guilty to failing to file and pay the state individual income tax last week in state court." The Star continues, "Judge K. Dean Black issued Adams a 45-day suspended sentence and placed him on supervised probation for two years. The sentence will be reduced to unsupervised probation after he pays $3,675 in court costs and restitution to the state. … 'It's the department's responsibility to make sure everyone pays their fair share of taxes,' said Kim Brooks, director of public affairs for the Department of Revenue. 'That's what we did here.'" The Star adds, "Adams said he's innocent but wanted a quick resolution. He said he's working on a settlement on the federal charges. … He said the state case started when the U.S. Internal Revenue Service audited him. He said the audit showed he owed more money than he originally stated. He said they then passed the information on to the N.C. Department of Revenue." The Star notes, "In the federal case, the U.S. Department of Justice claims that Adams, along with Demetria S. Adams, prepared tax returns that understated wages and overstated credits, which resulted in excessive refunds. … The suit against the couple states they defrauded the government of $3.8 million in more than 1,600 tax returns filed between 2004 and 2005 through businesses called First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby. … A July 2 trial date has been scheduled in U.S. District Court in front of Judge Dennis Howell, said Andrew Ames, a Justice Department spokesman."

CONGRESS-ADMINISTRATION:

Bush's State Of The Union To Focus On Domestic Agenda. Even as the media and the political

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debate in the nation continue to focus on the Iraq war, media reports this morning indicate President Bush will focus his State of the Union speech on domestic politics. The AP (1/23, Ben Feller) reports Bush will speak on "important plans for health care, education and other kitchen table topics that have little to do with Iraq." The Chicago Tribune (1/23, Silva, 617K) says the President is "planning a State of the Union address Tuesday night heavy on health care, energy and education," attempting "to get beyond a raging debate over the war in Iraq as he faces a new Democratic-controlled Congress for the first time. … The president, who plans to confront war critics in a speech starting at 8 p.m. CST and running longer than 40 minutes, also plans to spell out what the White House calls 'bold proposals' on health care, energy independence, global warming and immigration." The Tribune adds, "As Bush presses an ambitious domestic agenda for the remaining two years of his presidency, he will find himself facing a hostile new audience with a Democratic-controlled Congress unwilling to accept his stance on the war and ready to relegate him to lame-duck status as 2008 presidential campaigns get underway."

The Christian Science Monitor (1/23, Feldmann, 59K) also says that "as he seeks to show that he is not consumed by the Iraq war and its high-profile retooling, this year's annual message to Congress takes on added significance. In an effort to grab public attention, he is promising a different type of State of the Union – not the usual laundry list of items from the forthcoming budget, but a more focused look at a few key initiatives, most of them domestic. … This year, the most extensively previewed plan centers on a tax reform aimed at making health insurance more affordable to low-income people. The proposal would also reduce the tax break for more expensive health plans."

The Washington Times (1/23, Curl, 88K) says Bush "will reach out to Democrats in tonight's State of the Union address, pursuing common ground with his political adversaries on issues such as immigration, education and energy policy." Bush "plans a broad and thematic speech that will placate Republicans while seeking a central ground with Democrats, who along with a majority of Americans oppose Mr. Bush's strategy to deploy another 21,000 U.S. troops to Iraq."

A lot of the coverage in today's newspapers portrays the President as very weakened politically as he readies for his address tonight. The New York Times (1/23, Rutenberg, Pear, 1.16M) headlines its front-page report "Bush, At Low Point In Polls, Will Push Domestic Agenda," and says "the president's advisers said they hoped Mr. Bush's address would re-energize his domestic agenda by striking a bipartisan and ambitious tone as he faces further isolation on his Iraq policy. 'The power of the ideas requires people to take notice and take seriously important domestic initiatives,' said Dan Bartlett, the White House counselor. 'There will be key signals to the American people that despite disagreements over the war, other work can be done.'"

The Washington Post (1/23, A1, Baker, Cohen, 690K), under the headline "Bush To Face Skeptical Congress," refers to Bush's expected proposals as "recycled," adding the "uproar over his decision to send more US troops to Iraq has eclipsed potential consensus on domestic policy." Bush "faces deep skepticism inside the chamber, even within the House Republican leadership. … The doubt on Capitol Hill reflects the continuing erosion of Bush's public support across the country. His approval rating is at the lowest level of his presidency."

Television coverage last night largely ignored the run-up to the State of the Union speech, once again focusing on the Iraq debate in Congress and on the presidential candidacy of Sen. Hillary Clinton. But as was the case with much of the print media, what coverage there was dealt with the President's weakened political position as he prepares to deliver his speech. The CBS Evening News (1/22, lead story, 2:55, Couric, 7.66M), at the end of a story about recent poll data showing dwindling support for the President's Iraq plan (with 59% opposing the war and only 28% approving of Bush's performance), wondered whether Bush is "going to try to use the State of the Union speech to change the subject" or "stay focused on Iraq." CBS (Axelrod) added that "he's going to try to address domestic subjects. But when we asked in our poll what is the single most important issue facing Americans, the Iraq war, 33%, by far and away number one. Everything else single digits."

On NBC Nightly News (1/22, story 3, 2:30, Williams, 9.87M), Tim Russert said Bush is "not doing well. Here is the all-important favorable rating for the President: Only 35% approve of his performance as President, 60% disapprove. … Are his numbers are short term setback? 25% [say yes], a long term setback, 65%. And that includes 40% of those Republicans say it is long term difficulties for…Bush." If Congress "opposes sending the troops, should the President listen to Congress? Two out of three Americans say listen to Congress. Do not send more troops. But then this. Should Congress cut off funding? 41% say yes, 52% say no do not cut off funding for the war and that includes one half of the independent voters, one third of Democrats. People still do not want to cut off funding for the war in Iraq."

The Wall Street Journal (1/23, A6, Harwood, 2.04M) says "Bush tonight gets another shot at persuading Americans to support his Iraq war strategy and domestic agenda. His problem: Much of the public has stopped listening to him." The "new Wall Street Journal/NBC News poll on the eve of Mr. Bush's State of the Union address underscores the extent to which he has lost the nation's ear. Just 22% of Americans say they want the president to set policy for the country, 27% express confidence in his goals, and 28% approve his handling of the Iraq war."

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Florida Today (1/23, Wheeler, 81K) reports, "Florida lawmakers differ on whether President Bush heads into his sixth State of the Union address in a position to dictate the terms of his final two years in office or so weakened by events that it doesn't much matter what he says." Rep. Allen Boyd (D) said Bush's "political capital is certainly not what it was two years ago. That creates some different dynamics for him." Florida Today adds, "The once-swaggering Bush has admitted he made mistakes in Iraq." But GOP Sen. Mel Martinez "believes Bush's troop surge strategy has put the president on the offensive." Martinez said, "This is the best way for him to continue to be relevant over the next two years."

Bush's Claims That US Was "Winning" In Iraq In 2006 SOTU Noted. The Wall Street Journal (1/23, Ballinger, 2.04M), on its website, "took a look back at some of the vows -- both memorable and now-obscure -- that President Bush has made in his State of the Union addresses, to see whether they made it from the rostrum to reality. The Journal notes that last year Bush said of Iraq: "we are winning. … As we make progress on the ground, and Iraqi forces increasingly take the lead, we should be able to further decrease our troop levels." However, the Journal notes that "after perhaps the bloodiest year for both American troops and Iraqis since the 2003 invasion, the strategy in Iraq has shifted dramatically -- as has the language used to discuss the conflict." The Journal goes on to analyze portions of each of the president's past State of the Union speeches.

DC Mayor Declines Invitation To Sit With First Lady. The Washington Post (1/23, B1, Silverman, 690K) reports, "DC Mayor Adrian M. Fenty has declined a White House invitation to sit with first lady Laura Bush at tonight's State of the Union address, deciding to attend the event as a guest of House Speaker Nancy Pelosi." Fenty spokeswoman Carrie Brooks "confirmed yesterday that the city's new mayor will sit in the gallery along with others invited by Pelosi (D-Calif.), who recently became speaker after Democrats took control of the House of Representatives." The Post adds, "Although former mayor Anthony A. Williams, like Fenty, is a Democrat, Williams sat with the wife of Republican President Bush. … During his campaign for mayor, however, Fenty pledged that he would not sit as a guest of the White House because the president had not supported the city's quest for voting representation in Congress." The Washington Times (1/23, Emerling, 88K) also reports the story.

Pelosi Invites "Cluster Of Political Stars" To Speech. In its "Reliable Source" column, the Washington Post (1/23, C3, Argetsinger, Roberts, 690K) reports, "The party's not over! Newly minted House Speaker Nancy Pelosi will not only sit behind President Bush at tonight's State of the Union address, but she's filling the normally staid speaker's box with a cluster of political stars." The Post adds, "Many of Pelosi's guests, who will sit in 21 balcony seats, will be past and present celebs of the Democratic Party: former speakers Jim Wright and Tom Foley, Maryland Gov. Martin O'Malley, Los Angeles Mayor Antonio Villaraigosa and Washington's Adrian Fenty. Pelosi also invited two of the more influential 9/11 widows, Carrie Lemack and Mary Fetchet, and the wives of the Joint Chiefs of Staff chairman and vice chairman, Lynne Pace and Cindy Giambastiani."

Webb Reportedly Drafting His Own SOTU Response. The Christian Science Monitor (1/23, Chaddock, 59K) reports Sen. James Webb "is giving the Democratic response to this year's State of the Union – an unusually high profile for a freshman. But no Democrat in the Congress is more primed to talk on the No. 1 issue in congressional politics: the endgame in Iraq. 'We have never clearly defined what a win is – never, not since 2002,' says Webb, on a brisk walk through the Capitol basement after President Bush announced an increase of 21,500 troops in Iraq. One of them will be Webb's son, Jimmy, whose Marine unit has just been extended for an additional 60 days in Iraq. A decorated combat marine, Webb knows – and can articulate – the human face of war with an authority that is rare on Capitol Hill." The Monitor notes, "Aides say he is drafting his own response to the State of the Union, working mainly in the evenings, although Democratic leaders will have a say in the final language."

Bush To Unveil Healthcare Initiative. Among the proposals President Bush is expected to be announced tonight in his State of the Union speech, his federal healthcare reform plan is getting the most media attention. The AP (1/23, Ben Feller) reports Bush "will propose a tax deduction of $7,500 for individuals and $15,000 for families regardless of whether they buy their own health insurance or receive medical coverage at work. Health care insurance would be considered taxable income, and people with more generous policies could face tax increases unless they change plans. The administration says its plan will help people who buy insurance individually rather than through their employers." USA Today (1/23, Wolf, Jackson, 2.27M) says "Bush's plan would financially reward states that make basic private policies more widely available. … The president's plan would not involve any new federal money. It would redirect some of the $30 billion the government spends annually to care for people without health insurance who show up at hospitals and emergency rooms."

The Miami Herald (1/23, Fletcher, 286K) reports, "The proposal…marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans. Administration officials familiar with the plan say it reflects the new political order in Washington, where Democrats now control both chambers of Congress. They refuse to characterize the plan as a tax

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increase because it raises no new money for the federal government."

The New York Times (1/23, Rutenberg, Pear, 1.16M) reports the "initial response to Mr. Bush's health care plans has not been positive, on Capitol Hill or among constituencies including employers and labor unions." The Times notes, "Labor leaders were outspoken in opposing the plan. … Several public health officials reacted with alarm to Mr. Bush's plan to encourage states to take Medicaid money now earmarked for public hospitals and use it for state programs to cover the uninsured."

The AP (1/23, Freking) also reports "Bush's proposed tax deduction for health insurance appears to be shaping up as a tough sell in the Democratic Congress." Rep. Pete Stark (D) said, "Under the guise of tax breaks, the president is pursuing a policy designed to destroy the employer-based health care system through which 160 million people receive coverage." The AP continues, "Stark, who oversees a key House Ways and Means subcommittee, said he would not consider holding hearings on the proposal." The AP adds, "Insurers said the tax proposal would mostly help the nearly 17 million people who buy coverage through the individual or small group market. Their ranks include real estate agents, consultants and employees of small businesses that don't offer health coverage. Also benefiting would be those in newer industries where the workers tend to be younger and the health coverage is more basic, such as technology." The Washington Post (1/23, A1, Baker, Cohen, 690K) also reports the President "faces deep skepticism" in Congress, "even within the House Republican leadership,"

The Washington Times (1/23, Curl, 88K) quotes White House press secretary Tony Snow saying, "Americans want a [health care] system that's going to be more patient-friendly and that's going to meet their needs. … The president will talk about that. Education, always important ... Immigration has been an issue of considerable concern within this country."

The Los Angeles Times (1/23, Reynolds, 850K) reports that Bush "is expected to talk in more depth about an idea he floated over the weekend: that the tax code should put a limit on how much of workers' health insurance premiums are tax deductible. … The administration argues that while some Americans would have to pay taxes on some of their employer-provided insurance, that would make it easier for uninsured workers and the self-employed to buy coverage on the open market. The idea is opposed by the administration's major business allies, including the U.S. Chamber of Commerce." The Los Angeles Times (1/23, Alonso-Zaldivar, 850K) also says "the Bush approach adds to a growing list of proposals for expanding medical insurance coverage and dealing with other aspects of healthcare. Like the others, it is likely to fuel the coming debate on the issue in Congress and on the campaign trail."

Leavitt Proposes Giving Governors Greater Flexibility With Federal Healthcare Money. The Los Angeles Times (1/23, Alonso-Zaldivar, 850K) reports, "With Bush expected to address concern about rising premiums and shrinking coverage tonight in his State of the Union speech, Health and Human Services Secretary Mike Leavitt offered governors greater leeway in how they use federal healthcare money for the poor if they would take the lead on offering help to the estimated 47 million now uninsured. … Leavitt, in a session with reporters, outlined what he called an 'affordable choices initiative,' which he said was the second major piece of the administration's plan, along with a proposal to tax high-value medical insurance provided by employers to some workers. Under the initiative, the federal government could reallocate as much as $40 billion a year that now goes to hospitals and other providers that treat large numbers of uninsured and low-income patients, he said."

WPost Approves Of Bush Initiative's Goals. The Washington Post (1/23, A16, 690K) editorializes, "At present, people who get health insurance from employers pay no tax on the value of the benefit. Someone with a marginal tax rate of 35 percent and a generous insurance policy worth $20,000 a year gets a $7,000 tax break. But people who buy insurance on the individual market must usually do so with post-tax dollars, so their tax break is normally zero. The administration proposes to eliminate that unfairness by giving salaried workers and freelancers the same tax deduction." The Post adds, "Rather than embracing tax deductions, which are most valuable to people in high tax brackets, Mr. Bush could have made his proposal even more progressive by recommending a refundable tax credit that would be worth the same to everyone." However, the Post says, "the president is right to go after the existing system of tax subsidies for health care. Like the deductions for mortgage interest, these subsidies are regressive and have perverse consequences. Mr. Bush has kicked off a needed discussion."

Universal Health Care Foundation Calls Plan Unaffordable. The New Haven Register (1/23, O'Leary, 82K) reports, "President Bush's plan to make health insurance affordable for more people is getting a thumbs down from one advocacy group, which has more faith in the efforts of individual states to tackle the problem. … Janet Davenport, spokeswoman for the Universal Health Care Foundation, said the fact that the president is addressing the issue recognizes there is a problem." Davenport "said individuals and families who can't afford insurance are in low-tax brackets and making premiums tax-deductible 'would be virtually meaningless.' She said while it is hopeful the issue is again on the national agenda, Connecticut has an opportunity to move forward before the federal government."

Few Enroll In Healthcare Savings Accounts. The Arizona Republic (1/23, Snyder) reports that while Bush

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"spotlighted health savings accounts" in his State of the Union address last year, and Congress has since "tweaked" the accounts, "enrollment in them hasn't really budged and few people know the facts about them." The Republic adds, "In comparing 2005 enrollment numbers with 2006 figures, Kaiser Family Foundation, a Washington, D.C.-based health care policy group, found no statistical difference between the two."

Bush Addresses Pro-Life March, Expresses Opposition To Stem Cell Bill. The AP (1/23) reports, "President Bush marked the 34th anniversary of the Roe v. Wade Supreme Court decision Monday, telling thousands of abortion foes he shares their goal of seeing 'the day when every child is welcomed in life and protected into law.'" Bush also "signaled his unchanged opposition to a key goal of the Democrats who now control Congress: broadening embryonic stem-cell research. 'Our challenge is to make sure that science serves the cause of humanity instead of the other way around,' the president said in a telephone call piped over loudspeakers to a Washington rally of opponents of abortion rights. 'I have made clear to the Congress, we must pursue medical advances in the name of life, not at the expense of it.'" Bush "calls the rally each year, usually from distant locations. This year, he extended his weekend stay at the Camp David presidential retreat in the Maryland mountains to phone the participants from there."

The New York Times (1/23, Abruzzese, 1.16M) reports that in his remarks, Bush also "mentioned his signing the Partial-Birth Abortion Ban Act of 2003, which is before the Supreme Court in a case to be decided this term."

The Washington Post (1/23, A10, Chandler, Boorstein, 690K) estimated that "tens of thousands of abortion opponents marched through melting snow on the Mall yesterday and vowed to work harder -- since Democrats have taken control of the Capitol -- to overturn the Roe v. Wade Supreme Court decision that legalized abortion in 1973." The Washington Times (1/23, Lively, Wagner, 88K) also reports the story.

Brownback, Hunter Pledge To Overturn Roe. The AP (1/23, Hananel) reports, "Two of the Republicans' most conservative presidential hopefuls promised anti-abortion activists on Monday that if elected, they would work to overturn the Supreme Court decision legalizing the procedure." Kansas Sen. Sam Brownback (R) and CA52 Rep. Duncan Hunter (R) "addressed the annual March for Life marking the anniversary of the 1973 Roe v. Wade ruling. 'We recognize a tragedy of life in Roe v. Wade, but that tragedy will not always stand,' Brownback told thousands of cheering abortion foes at an afternoon rally." Hunter, meanwhile, told the crowd, "If we have a judicial applicant, a judicial nominee who can look at a sonogram of an unborn child and not see the value of human life…if I should become president of the United States, he will not receive a judicial appointment,' Hunter said."

McClatchy (1/23, Stearns) reports, "Dozens of blue 'Brownback for President' posters dotted the National Mall, where marchers gathered before proceeding to the Supreme Court. Well-wishers approached to urge him on. … 'God bless you, Sam! You are the next president, in the name of Jesus!' shouted a voice near the onstage microphone after Brownback's speech. A surprising response for an underfunded politician mired at 1 or 2 percent in national polls? Not in this crowd. To many marchers, Brownback isn't an asterisk, he's a hero. And that's what gives Brownback hope that his grassroots-oriented campaign could take the establishment by surprise." McClatchy adds, "And what of Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney, two Republican front-runners? Neither was at the march."

Portman Outlines Bush Plan For Balancing Budget. In an op-ed in USA Today (1/23, 10A, 2.27M) OMB Director Rob Portman writes, "Three years ago, President Bush established the goal of cutting the federal budget deficit by half in five years, without raising taxes. At the time, many — including USA TODAY— expressed skepticism. But it was achieved last year, three years ahead of schedule. Now is the time to build on that success and work with Congress to balance the budget in the next five years. … The president's budget will demonstrate how balance can be achieved by using cautious economic and revenue projections in line with forecasts by outside experts. On spending, the president will propose realistic restraint, while increasing funding for the global war on terror, including all costs of Iraq and Afghanistan over the next two years."

USA Today Dismisses Bush Plan. USA Today (1/23, 10A, 2.27M), in an editorial, writes, "President Bush is expected to call for a balanced budget by 2012. In other words, after turning the Clinton-era surpluses into six straight years of deficits and putting the nation almost $3 trillion deeper into debt, he now wants to see the budget balanced after he leaves office, just as the demographic tidal wave of baby boomer retirements begins to inundate the federal ledgers in red ink. Call us party poopers, but that hardly seems reason to break out the champagne."

University Of Dallas Withdraws Bush Library Bid. The AP (1/23, Brown) reports the University of Dallas "withdrew its bid for George W. Bush's presidential library Monday, citing the library site selection committee's exclusive talks with nearby Southern Methodist University. Last month SMU emerged as the apparent winner for the library with the announcement of the negotiations, putting it ahead of the

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other two finalists, the University of Dallas and Baylor University in Waco."

Methodist Activist Opposes SMU's Bush Library Proposal. Fox News' The O'Reilly Factor (1/22) aired a segment on "where to put President Bush's library." Host Bill O'Reilly noted the "first choice is Southern Methodist University in Dallas but that is raising some controversy even though it would mean a lot of money for the school some Methodists are objecting on ideological grounds." Rev. Fred Kandeler, of the Methodist Committee for Social Action, appeared on the show and maintained, "there's been a disconnect between the Bush presidency and his positions on many issues, and the social principles or teachings of the church. … We're talking about issues on war and torture. Issues of poverty and economic justice. We're talking about issues of the death penalty and environmental protection."

Paulson, Portman Meet With New Democrat Coalition Members. The Hill (1/23, Snyder) reports the White House "reached out to Democrats last week in advance of President Bush's planned attendance at a party retreat later this month." Treasury Secretary Henry Paulson and Office of Management and Budget Director Rob Portman met with the New Democrat Coalition. NDC chairwoman Ellen Tauscher "said the meeting grew out of a phone conversation Paulson initiated with her over the holiday break. She described the exchange on the Hill as a 'meet-and-greet' event that lasted an hour. The two administration officials talked about trade and budget issues without getting into specifics, she said."

Gates Praised Carter In His 1996 Memoirs. The Washington Post (1/23, A15, Ricks, 690K) reports that in his memoirs Defense Secretary Gates "leaps repeatedly to the defense of Jimmy Carter, the sole Democrat for whom he worked, who was often seen as weak on the Soviet Union and taken by surprise when it invaded Afghanistan in December 1979. Gates's 1996 book, 'From the Shadows,' is now being combed for insights into the new defense secretary's thinking, how he might run the Pentagon and what he's had to say about his past bosses. When it comes to Carter, it isn't that Gates, a career Sovietologist who rose to become CIA director, is a closet dove. Rather, he thinks Carter was far tougher on Moscow than is generally recognized. … By contrast, Gates describes the first president for whom he worked, Richard Nixon, as 'by far the most liberal' of the group. (Gates also shows a bit of dovish ankle, revealing that before leaving the CIA to work in the Nixon White House, he marched in a May 1970 antiwar demonstration.)"

Byrd Among Democrats Opposed To "Modest" Line-Item Veto Bill. In an AP analysis piece (1/23) Andrew Taylor writes that the Senate "is moving toward its first vote in more than a decade on the line-item veto, and it's remarkable how much has changed — particularly the positions of many of the major players. … Put forward by Sen. Judd Gregg it's far weaker than the line-item veto power a GOP-dominated Congress gave President Clinton in 1996. Under that bill, before it was struck down by the Supreme Court in 1998, Clinton's line-item vetoes automatically went into effect unless overturned by a two-thirds vote of both House and Senate. Still, debate on Gregg's plan already has whipped up passions. Most adamant in opposition is Appropriations Committee Chairman Robert C. Byrd, D-W.Va., who assaulted the idea last week and again Monday as an attack on Congress' control over the federal purse strings."

Senate Minimum Wage Bill Exempts American Samoa's Tuna Industry. The Washington Times (1/23, Hurt, 88K) reports the Senate "took up a bill yesterday that would raise the minimum wage across the United States and its territories but exempt American Samoa, where tuna canneries pay workers $3.26 an hour." House Speaker Nancy Pelosi "told reporters less than two weeks ago that she would close the loophole after coming under criticism from Republicans for what they termed a 'fishy favor' to StarKist Tuna. StarKist has lobbied for years against raising the minimum wage in American Samoa, and its parent, Del Monte Corp., is based in Mrs. Pelosi's San Francisco district. … The House, however, passed the minimum-wage bill with the American Samoa exemption. And yesterday, Senate Democrats were moving ahead with the original legislation, which for the first time would enforce the minimum wage on the Northern Mariana Islands, another territory in the Pacific with a similarly low minimum wage."

Emanuel Works To Establish Cordial Relations With GOP Members. The Chicago Tribune (1/23, Zuckman, 617K) reports, "After mercilessly attacking the GOP for close to two years for what he called incompetence and blind allegiance to the failed policies of a failed president," Rep. Rahm Emanuel, chairman of the House Democratic Caucus, "acknowledged that he has some work to do in re-establishing a sense of trust on the other side of the aisle." The Tribune reports that Emanuel recently met with several GOP members of congress, including "notable moderates" Reps. Mike Castle, Jo Ann Emerson and Fred Upton, "along with a couple of conservatives—all chosen by Rep. Ray LaHood, co-host of the get-together. … LaHood organized the dinner with the understanding that Republicans could ask Emanuel anything they want." The Tribune notes that "when moderate Republicans needed a regular meeting space, Emanuel provided it for them after their own leaders

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declined. And he spearheaded an invitation to President Bush to address Democrats at their upcoming retreat in Williamsburg, Va., which the president accepted."

Liberal Groups Intend To Keep Pressure On Democrats. The AP (1/23, Kuhnhenn) reports, "Democratic lawmakers who stray too far from the party line could find themselves facing primary opponents financed by unions, trial lawyers and political activists eager to put the new congressional majority to the test." In addition to anti-war groups, recently "an influential group of organizers from labor and the liberal movement" created "a lobbying wing called They Work For Us and a campaign arm called Working for Us PAC — that will target lawmakers who don't support their agenda of raising wages, increasing jobs, providing more affordable health care and preventing job losses to foreign countries."

GOP Members Back Strict Congressional Ethics Reform. The Washington Times (1/23, Miller, 88K), in an article titled, "GOP Pushes For Stricter Ethics Reform," reports, "The debates on a House bill that would nix federal pensions for convicted lawmakers and a Senate measure to cut pork spending underscored how scandal-scarred Republicans are backing broader ethics reforms than the new Democratic majority is. 'We did have colleagues who violated the trust of the Congress and the public. We have to fix it,' said Rep. Lee Terry, a Nebraska Republican whose pension-reform bill was sidelined by Democratic leaders in favor of a weaker bill." The Time notes that the House "started considering a bill by Rep. Nancy Boyda, Kansas Democrat, that denies federal pensions to members of Congress convicted of bribery, perjury and conspiracy offenses related to the lawmaker's office. … Separate bills by Mr. Terry and Rep. Mark Steven Kirk, Illinois Republican, would have withheld the pension from lawmakers convicted of a longer list of felonies, including some unrelated to abuse of office -- ranging from white-collar embezzlement crimes to political crimes such as securing campaign contributions by intimidation."

Senate Private Jet Restriction Would Apply To Presidential Candidates. USA Today (1/23, Schouten, 2.27M) reports the Senate's plan "to require members traveling aboard plush private jets to pay full charter fares also would force changes in travel by all presidential candidates. Under the Senate-passed ethics bill, senators extended their new rules for reimbursement of such travel to any candidate seeking federal office. … House ethics rules, approved earlier this month, ban all corporate jet travel. The Senate measure exempts senators who have their own planes or whose spouses own them. The two measures must be reconciled by Congress. Travel aboard private planes has long been a favored perk for members of Congress and presidential candidates. The practice came under scrutiny during the investigation of disgraced lobbyist Jack Abramoff, who paid for trips by members on private jets."

Van Hollen Praised For "Bundling" Disclosure Amendment. In an editorial, the Washington Post (1/23, A16, 690K) says, "Last year, as the House Judiciary Committee was debating lobbying reform," Democratic Congressional Campaign Committee Chairman Chris Van Hollen "offered an amendment that would have required lobbyists to report not just the campaign contributions they give directly to lawmakers but also the campaign checks they 'bundle,' or solicit for or deliver to lawmakers. Astonishingly, this proposal passed the Judiciary Committee by a vote of 28 to 4. Less astonishingly, the provision had disappeared from the final version of the bill when it was brought up for debate on the House floor." Now, "with Democrats in charge of the House and Mr. Van Hollen ensconced at the campaign committee, the obvious temptation would be to let the matter drop." To his "credit, Mr. Van Hollen, along with Rep. Martin T. Meehan (D-Mass.), plans to introduce a measure today that would require such disclosure." Van Hollen "is right to insist that the bundlers be brought to light."

Survey Shows Managers Reluctant To Participate In Telecommuting Programs. The Washington Post's (1/23, D4, Barr) "Federal Diary" column reports, "Concerns over employee productivity and a lack of control over employee activities make it difficult for federal managers to support telecommuting, according to a survey released yesterday. But federal managers also think telecommuting improves 'work-life balance' for employees, and makes their agencies more competitive in hiring and keeping employees, the survey found." The Post adds that the survey was sponsored by "Telework Exchange, which brings federal officials and technology professionals together to promote telecommuting, and the Federal Managers Association, which represents the interests of nearly 200,000 supervisors and managers across government" and notes that "a relatively small number" of managers "214, responded." The Post adds, "The most recent data show that only 19 percent of eligible federal workers can be considered telecommuters, and managerial resistance is seen as the reason for what some officials consider to be a relatively low participation rate, given the size of the government."

Kristof Compares Bush To Captain Ahab. Nicholas Kristof writes in his column for the New York Times (1/23, 1.16M) that President Bush "has made the classics powerfully resonant today" and compares the war in Iraq with Thucydides's account of Athenian war in Sicily. After, "the

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war went badly" the Athenians "went with the 'surge'" but "the result was a catastrophic defeat." Kristof also compares President Bush to Captain Ahab who "abandons all rules and limits in his quest." He concludes, "Melville captures the trajectory of the Bush years." Because "Mr. Bush became obsessed by his responsibility to prevent another terror attack. This was an eminently worthy goal, but Mr. Bush abandoned traditional rules and boundaries" so "the compulsive search for security ended up creating insecurity."

OTHER NEWS:

Productivity Growth Slowest In Over A Decade.

The Financial Times (1/23, Giles) reports, "The US economy last year recorded its lowest rate of labour productivity growth in more than a decade, with growth in output per hour worked falling behind the EU and Japan. The fall casts further doubt on the ability of the Federal Reserve to cut interest rates as the US economy slows." The Times adds, "Research to be published on Tuesday by the Conference Board, the international business organisation, shows that US labour productivity in the whole economy grew by 1.4 per cent in 2006 as slower economic growth was combined with a rapid rise in employment."

Stocks Down. NBC Nightly News (1/22, story 9, :10, Williams, 9.87M) reported, "On Wall Street, the Dow was down more than 88 points [to close at 12,477.16]. NASDAQ was also down during today's trading more than 20 points [to close at 2,431.07]. USA Today/Bloomberg (1/23, 6B) notes "the Standard & Poor's 500 fell 7.55 points, or 0.5%, to 1422.95."

Pump Prices Fall Another 6 Cents. ABC World News (1/22, story 7, :20, Gibson, 8.78M) reported, "Some good news for drivers tonight. The government says the price of gas fell another 6 cents in the past week to a national average of $2.17 a gallon and analysts say the recent drop in crude oil prices could push gas below $2 in the next month."

Growth Said Not To Be Necessary Cause Of Inflation. In a Wall Street Journal op-ed (1/23), Robert McTeer of the National Center for Policy Analysis says, "While a weaker economy might well reduce inflation, that isn't a necessary condition. Faster growth can also reduce inflation." Supply-side economics "is out of favor at universities that don't have good football teams. But that's largely because its bar for success has been raised too high. Tax-rate cuts may not fully pay for themselves at current rate levels, but they certainly have gone a long way in that direction, as the recent sharp decline in the budget deficit despite rapid spending growth clearly indicates. Tax-rate cuts that substantially pay for themselves in higher tax revenue are clearly a good thing."

Class Of 2007 Encounters Thriving Job Market.

The Wall Street Journal (1/23, B1, White, 2.04M) reports, "This year is shaping up as the strongest for college recruiting since the downturn earlier this decade, colleges report. Traditionally heavy recruiters, including management consulting firms, investment banks and accounting firms, are intensifying college recruiting efforts. They're also facing more competition from other employers in such fields as technology, consumer products, government and even nonprofits." Employers "plan to hire 17% more graduates from the class of 2007 than they got from the class of 2006, according to the National Association of Colleges and Employers. That would make this year the strongest job market since 2000-2001, the association says. More than half of the surveyed employers said they planned to increase hiring; only 5% planned a decrease. Salaries were forecast to rise 4.6%, according to another survey by the same group. … Behind the increased recruiting are a relatively strong economy, growing business demands and heady corporate profits. Employers created about 1.8 million additional jobs in 2006. Average weekly earnings rose 4.5%, compared with a 3.2% increase in 2005."

Job Turnover Seen As Positive Force. In a Washington Post op-ed (1/23, A17), Deputy Secretary of the Treasury Roger Kimmitt says, "More than 55 million Americans, or four out of every 10 workers, left their jobs in 2005. And this is good news, because there were over 57 million new hires that same year. These statistics illustrate a recent and growing trend of dynamism in our job market, especially among younger workers." The data "show that each month millions of Americans leave their jobs -- most of them voluntarily -- and millions more are hired. This is what we want: an economy in which people looking to move up have as many opportunities as possible from which to choose. Promoting this dynamism, and the opportunities it creates, should be a focus of our economic policy."

NFIB Remaking Itself Into Nonpartisan Lobby.

The Washington Post's "In the Loop: On K Street" column (1/23, A15, Birnbaum) reports the National Federation of Independent Business, "a bastion of Republicanism," is changing its image. New President Todd A. Stottlemyer "wants to rebrand the nation's premier small-business lobby as 'nonpartisan,' and to prove his resolve he is talking extensively to Democrats and preparing to donate more to their coffers. … With many lobbying shops scooping up Democrats after last November's elections, Stottlemyer's effort may not seem that newsworthy. But for NFIB, it is huge. Stottlemyer's predecessor, Jack Faris, was viewed as a zealous partisan. A former executive director of the Republican National Finance Committee, Faris stopped talking even to pro-business Democrats in the House after he

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got involved in a shouting match over dinner with a group of Blue Dogs half a dozen years ago."

Hillary Kicks Off Media Blitz With Network Interviews, Blog Chat. NBC Nightly News (1/22, story 2, 2:05, Gregory, 9.87M) reported, "Trying to temper the Obama buzz created by his announcement last week, Senator Hillary Clinton has burst onto the campaign field. Her online announcement followed a highly choreographed and newly minted anti-war stance and now a second round of TV interviews, Webchats and appearances meant to highlight her agenda including healthcare." Sen. Hilary Clinton: "It is simply wrong for any child in America to go without health insurance." Gregory: "The early emphasis is on the softer side of Mrs. Clinton. What advisors say is a concerted attempt to firm up her support among women."

The Washington Post (1/23, A2, Kornblut, 690K) reports that with a "call to 'let the conversation begin,' Sen. Hillary Rodham Clinton (D-N.Y.) fielded a handful of pre-selected questions from voters on her presidential campaign's Web site last night, speaking into a video camera as she held forth on movies ('Out of Africa' makes her top three), her football-fanatic brothers and her 'nice middle-class upbringing in a suburb of Chicago.'" The "effort to 'humanize' Clinton, as her advisers have put it, was in full swing just two days into her presidential campaign." The online chat "came amid what, for Clinton, is a media blitz at the outset of her campaign for president. She appeared on all three major television networks last night, is scheduled to appear on the morning shows today, and will hold two more online discussions on her Web site tonight and tomorrow."

The New York Times (1/23, Healy, 1.16M) reports Clinton "strived for an Oprah moment yesterday night, the third of her presidential campaign, by sitting in a fake living-room set and fielding questions on a live video Webcast about her vote for the Iraq war (if she had known then), universal health care (still wants it) and her favorite movies ('The Wizard of Oz,' 'Casablanca' and 'Out of Africa')." Clinton aides "say the Webcast demonstrates her determination to speak directly to voters, in as many ways as new technology allows, instead of dealing only with a news media that has sometimes been intensely skeptical of her actions and motives." The questions "e-mailed from Linda in Pensacola, Fla., and other visitors to the Web site were vetted by Mrs. Clinton's staff and offered or elicited few surprises." Her "answers suggested various personas that she wants to convey to voters: a hometown girl, a mother, a moviegoer, a churchgoer, a standard-bearer for women and a critic of the war."

Fox News' Special Report (1/22, Hume) reported that Sen. Hillary Clinton's "weekend announcement raised Democratic eyebrows as an obvious attempt to make her appear warm and likable. Polls suggest Clinton leaves voters cold. She met with families of the victims of 9/11 in New York today and will make her first campaign trip to Iowa this weekend." Billionaire activist donor George Soros "is helping [Sen. Barack] Obama – another sign the antiwar left remains unmotivated, not to say antagonistic, towards Clinton. Then there is her history. She had hoped to stay out of the harsh spotlight of scrutiny until later this spring, but now knows it will not be long before her appearances in the federal court in the 1990's and such things as Whitewater, her husband's impeachment, and her various combative and controversial statements over the years will be revisited in excruciating detail."

Clinton Does Round Of Interviews On Network News. ABC World News (1/22, story 6, 5:25, Gibson, 8.78M) interviewed Sen. Hillary Clinton, who said, "I think my experience and my understanding of the problems facing our country equip me to be the best person to take over in January 2009 when we will be facing a lot of problems at home and abroad and frankly, inheriting many of the problems that have been made worse by this Administration." Clinton said she wants to "be an instrument of bold but practical solutions, weather it is healthcare, making it universal, energy independence, finally dealing with climate change, restoring our leadership and respect for America around the world." Asked if she would "take a pledge not to sign a bill that would raise taxes," Clinton said, "Oh, I'm not going to take any pledges about any issue, because I want to be in a position to bring people together to figure out the best ideas to solve our problems and not get locked into this, you know, partisan ideological debate that's been so sterile so many years." Clinton added the Iraq war and domestic needs required making "some tough decisions."

The CBS Evening News (1/22, story 4, 3:10, Couric, 7.66M) interviewed Sen. Clinton. Asked why she would not support a vote "to cut off funding" for the Iraq war "so the President can't carry out this policy," Clinton said, "I am opposed to the escalation that the President has proposed. Unfortunately, the fact is he is carrying out the policy. He already had in motion the movement of troops into Iraq. What we're trying to do is send a bipartisan message, if possible, that we disapprove of this escalation." Asked to respond to those who "have questions about your electability," Clinton said, "I would say give me a chance. As a friend of mine said the other day, I'm the most famous woman that nobody really knows."

NBC Nightly News (1/22, story 5, 2:45, Williams, 9.87M) interviewed Clinton. Williams asked how she would "have to adjust to counter the presence of this Obama campaign, which is a surprise?" Sen. Hilary Clinton: "Well, you know, Brian, this is exactly how I intended to do this. Once I made up my mind that I was going to contest for the presidential nomination of my party, I wanted to do it on the

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Web, I wanted to do it before the President's State of the Union, because I wanted to draw the contrast between what we've seen over the last six years and the kind of leadership and experience that I would bring to the office."

Clinton Disapproval At 36% In CBS Poll. On the CBS Evening News (1/22, story 5, 1:00, Couric, 7.66M), Gloria Borger said, "Hillary Clinton knows well that she is well-known. That she comes with an awful lot of political baggage. But in our poll tonight, Katie, we see that as many people approve of her as disapprove of her. It's actually a tie, 36% to 36%. But she does have one thing really working in her favor, it's her great strength. After six years as a Senator people believe in our poll by overwhelming margin that she has the credentials and leadership skills to be president."

Hillary Has Early National Lead In WPost Poll. The Financial Times (1/23, Callan) reports Hillary Clinton "has launched her race for the White House with a commanding lead over her Democratic rivals for the 2008 presidential candidacy, according to an opinion poll published on Sunday." The Washington Post poll shows Clinton "was backed by 41 per cent of Democrats questioned, more than double the 17 per cent rating of Mr Obama."

Russert Says Hillary Faces "Toughly Fought Primary." On NBC Nightly News (1/22, story 3, 2:30, Williams, 9.87M), Tim Russert said Hillary Clinton will "be the frontrunner because of the money, the machine, her visibility, her high poll numbers and a national perspective. But we can't forget that this race will be decided in Iowa, Nevada, New Hampshire and South Carolina. States that could be anti-war, pro-labor, high African American turnout like in South Carolina. In those four states, the race with Barack Obama and John Edwards and Hillary Clinton is very competitive. She's not yet been anointed, nor will she be. This will be a toughly-fought primary battle."

Bill Clinton Signals Wife Will Make Healthcare A Centerpiece Of Campaign. The Hill (1/23, Cusack, Young) reports former President Clinton "has signaled privately that his wife…will include aggressive healthcare proposals in her campaign for the White House, despite the debacle of what critics labeled 'Hillary Care' 14 years ago." In remarks "to Democratic operatives last month, the ex-president caused a buzz by strongly defending the substance of his wife's 1990s plan, claiming it was a moderate, private-sector approach grossly mischaracterized by its critics." Clinton's "statements, delivered during a Democratic Leadership Council (DLC) conference at the Charles Hotel in Cambridge, Mass., have been interpreted as signaling that candidate Clinton could revive aspects of her 1993-94 approach that was vilified by Republicans and health-industry groups." The Hill adds the "indications are that Sen. Clinton's strategy will be to turn healthcare, a political weakness, into a strength."

Hillary's Position On Iraq Critiqued. In a Washington Post op-ed (1/23, A17), Liz Cheney, former principal deputy assistant secretary of state for Near Eastern affairs, says, "Sen. Hillary Clinton declared this weekend, 'I'm in to win.' Anyone who has watched her remarkable trajectory can have no doubt that she'll do whatever it takes to win the presidency. I wish she felt the same way about the war." Clinton, with "her proposal for arbitrary caps on troop levels and hemming and hawing about her vote for the war resolution, has company on both sides of the aisle. Sen. Joseph Lieberman is the only national Democrat showing any courage on this issue. We Republicans -- with help from senators such as Chuck Hagel -- seem ready to race the Democrats to the bottom." Cheney outlines the case for continuing the war in Iraq, adding, "It's time for everyone -- Republicans and Democrats -- to stop trying to find ways for America to quit. Victory is the only option. We must have the fortitude and the courage to do what it takes. In the words of Winston Churchill, we must deserve victory. We must be in it to win."

Morris Plans Hillary Clinton Expose Film. Political analyst Dick Morris, on Fox News' Hannity and Colmes (1/22), said he is "working with a group called Citizens United on a film about Hillary Clinton. It's going to be about 90 minutes long. It's going to play in real movie theaters in all of the early primary states. I'm going to go to those early primary states and give speeches introducing the film. … We are going to have about 30 different shots of her, each with a different hair color, each with a different accent, each with a different affect, each with a different approach and we are going to really showcase the inaccuracies of everything that this woman has said." Morris went on to say that Clinton's "announcement…this weekend has shown how flat-footed she is coming out of the gate which is a surprise to me. I thought she'd be in great shape. … She announces her exploratory committee on a Saturday. Saturday is the worst news day."

Clinton Announcement May Be Death Knell For Public Finance. The New York Times (1/23, Kirkpatrick, 1.16M) reports the "public financing system for presidential campaigns, a post-Watergate initiative hailed for decades as the best way to rid politics of the corrupting influence of money, may have quietly died over the weekend." Sen. Clinton "became the first candidate since the program began in 1976 to forgo public financing for both the primary and the general election because of the spending limits that come with the federal money. By declaring her confidence that she could raise far more than the roughly $150 million the system would provide for the 2008 presidential primaries and general election, Mrs. Clinton makes it difficult for other serious candidates to participate in the system without putting themselves at a significant disadvantage." Federal Election Commission officials and campaign advisers "say they expect

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the two candidates who reach Election Day 2008 will raise more than $500 million apiece. Including money raised by other primary candidates, the total spent on the presidential election could easily exceed $1 billion."

In a similar story, the Washington Post (1/23, A1, Balz, Mosk, 690K) reports the "public financing system designed to clean up presidential campaigns in the wake of the Watergate scandal may have died on Saturday when" Clinton "announced her bid for the White House." What was "little noticed amid the announcement rollout was a page on her Web site in which she asked potential contributors to give her campaign checks of up to $4,200. That figure signaled not only that she plans to forgo public funds for primary season but also that, if she becomes the nominee, she will not take public money for the general election." Clinton's decision "will put pressure on other candidates in both parties to follow suit, and if they do, the 2008 campaign will complete what has been the rapid disintegration of a system designed to rein in unlimited spending in presidential campaigns."

The AP (1/23, Humbert) reports Clinton's "decision had been widely expected given her and her husband's proven ability to raise vast sums of money quickly. Her advisers have not disputed estimates that she will raise $100 million or more before the year is out." Clinton "already has more than $14 million in the bank, money left from her successful re-election campaign last year. The funds can be spent on her presidential bid."

Viable Candidates Expected To Need $100 Million. The Chicago Tribune (1/23, Dorning, 617K) reports the Iowa caucuses "that kick off the presidential campaign are nearly a year away. For the most viable contenders, make that one year and $100 million away." Sen. Hillary Rodham Clinton "has that capacity, and other contenders believe that they do as well." To "wage a serious presidential campaign in 2008, the ante is $50 million raised by Dec. 31 of this year, said one adviser to Sen. Barack Obama (D-Ill.). And that is just to get a place at the table." The Tribune adds, "Those are daunting figures. To make the $100 million mark in a year, a candidate must bring in an average of nearly $2 million a week. That's $274,000 a day, including Sundays and holidays, all of it raised in increments legally limited to no more than $2,100 per person."

ABC World News (1/22, story 5, 2:50, Gibson, 8.78M) reported, "Never have so many run so early, so hard. Why are we seeing so many candidates declare so early? As you might expect, one of the answers is money." ABC (Tapper) added, "The primary and caucus calendar will likely start earlier and be more front-loaded in 2008. What was typically a four- or five-month process will be condensed to two or three weeks. So candidates need to lay the groundwork in all those states now. And that costs money." Joseph Lockhart, Democratic strategist: "It used to be a candidate with a couple of million dollars in the bank could get them through Iowa, New Hampshire and hope from there. Now you have to be ready to run a full national campaign from day one, and that takes a lot of money."

NBC Nightly News (1/22, story 2, 2:05, Gregory, 9.87M) reported, "Experts say the rush is for campaign cash, the first test of a candidate's viability." John Harwood, CNBC chief Washington correspondent: "We may see in the first quarter of 2007 at least four candidates, two in each party, raise the kind of sums that George W. Bush ran and broke records with in the year 2000."

WSJournal Says Fundraising Rules Hurt Clinton's Competitors. The Wall Street Journal (1/23, 2.04M) says in an editorial, "Congratulations to Senator Hillary Rodham Clinton for acknowledging right from the start that she won't accept public money for her White House bid. Now if she'd only admit how much the current fund-raising rules hurt her competitors. Top-tier or wealthy candidates have been forgoing public financing for the Presidential primaries for some time because it limits their spending ability." Contribution limits and the matching funds system were intended to "limit the influence of special interests and make Presidential contests more competitive. The reality is close to the opposite. The system now benefits mainly well-known and well-heeled candidates and thus limits political competition. Serious Presidential contenders like Senator John McCain and Mrs. Clinton begin the race with greater name recognition, long donor lists and the ability to garner far more media attention."

Sniping Between Obama, Clinton Camps Begins. The Financial Times (1/23, Luce) reports the Democratic primary campaign "got into full swing on Monday with campaign staff for Barack Obama and Hillary Clinton already indulging in sniping contests over the relative merits of their candidates." Clinton aides "made indirect attacks on the relative inexperience of Mr Obama, who entered the race a week ago." Democratic consultants "said the campaign, which already includes five other candidates, most notably John Edwards, the party's 2004 vice-presidential candidate, was shaping up to be the most intense and long-running in the party's history." Joe Trippi, campaign manager for Howard Dean in 2004, "said both Mr Obama and Mrs Clinton had been bounced into declaring their candidacies early by the strength of the other's campaign."

Insight Report On Obama's Madrassah Attendance Debunked. The Washington Post (1/23, C7, Kurtz, 690K) reports, "Fresh doubt was cast yesterday on a magazine's allegation that Sen. Barack Obama (D-Ill.) attended a madrassah, or religious school that teaches a fundamentalist version of Islam." Hardi Priyono, "deputy headmaster of the Basuki school in Indonesia, told CNN that his institution -- which Obama attended four decades ago, beginning when he was 6 -- is not a madrassah." In an interview with CNN

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correspondent John Vause, Priyono said, "This is a public school. We don't focus on religion." The Post ads Insight, "a weekly Internet magazine owned by the conservative Washington Times, had reported the madrassah allegation late last week and added, citing unnamed sources, that the information had been unearthed by researchers close to the campaign of Obama's rival for the Democratic presidential nomination Sen. Hillary Rodham Clinton of New York."

Media Infatuation With Obama May Be Short-Lived. In his Christian Science Monitor column (1/23), Dante Chinni, a senior associate at the Project for Excellence in Journalism, says Sen. Barack Obama's "life story – father from Kenya, mother from Kansas – makes for compelling copy. But at this point in American political history, an African-American running for president isn't new." For "many in the media, Obama is a candidate to get excited about because he holds the promise of being interesting, different, and able to shake up Washington. And that means Obama-mania will probably be alive and well in the press for at least a few more months. But at some point that lack of a long public history could present some problems for the senator." Right now, "Obama enjoys a sweet story line. But at some point, the media will be eager to fill in the missing pages. And when they do, Obama may find that his biggest strength with the media has its problems."

Newsweek Poll Finds Edwards Fares Best Against Top GOP Candidates. The New York Times (1/23, Broder, 1.16M) reports, "Conventional wisdom may say Senator Hillary Rodham Clinton of New York is the Democrats' prohibitive front-runner. But a Newsweek poll released over the weekend, which otherwise shows the candidates tightly bunched, indicates that former Senator John Edwards, below, is the only one to beat the top two potential Republican candidates in head-to-head matchups." The Newsweek poll shows 48% would vote for Edwards, 43% for John McCain; 48% would vote for Clinton, 47% for McCain; 46% would vote for Obama, while 44% would vote for McCain; 48% would vote for Edwards, 45% would vote for Giuliani; 48% would vote for Giuliani, 47% would vote for Clinton; and 47% would vote for Giuliani, 45% would vote for Obama.

Dodd Hopeful His Experience Will Sway Voters. The Wall Street Journal (1/23, Calmes, 2.04M) reports that in contrast to the media frenzy around the candidacies of Sens. Hillary Clinton and Barack Obama, Democratic hopeful Sen. Chris Dodd "travels the country, a year before the first nominating votes, 'hoping someone will show up,' he quips." Dodd's "experiences are typical of the early days of a presidential campaign, which often are humbling, even demeaning, for all but the rare Clinton-like celebrities and Obama-like phenomenons." Dodd has "been in the Senate for more than a quarter-century and was in the House for six years before that. He is chairman of the Senate Banking Committee. And he is an asterisk in early 2008 presidential polls." Yet ask "many Democratic activists whom they'd personally most like to see as president, and Mr. Dodd's name comes up often -- including from some committed to other candidates, notably Mrs. Clinton. Frequently described as witty, smart, and one of the most qualified figures in the party, Mr. Dodd enjoys goodwill beyond Washington from his mid-1990s stint as national party chairman." Despite the "current 'Obama-mania' for his less-seasoned colleague, Mr. Dodd argues that with the nation roiled by war, terrorism and economic globalization, he can persuade voters that his experience is an asset."

Non-Senators Among 2008 Field Seen As Underrated. In his USA Today column (1/23, 11A), Dewayne Wickham says that with "neither President Bush nor Vice President Cheney seeking the presidency next year, and foreign policy again the cause of great discontent, a growing number of senators are lining up for the job. And journalists are treating them as though they have the inside track." But in the "current campaign, there's no shortage of governors who have entered — or are poised to enter — the race. Among Democrats, New Mexico Gov. Bill Richardson and former Iowa governor Tom Vilsack have thrown their hats in the ring. And three Republicans who recently left their statehouse jobs — Mitt Romney of Massachusetts, Mike Huckabee of Arkansas, and George Pataki of New York — have set up exploratory committees." Don't "let the pundits and the early polls fool you. One of these governors could turn out to be a dark horse candidate, especially if Clinton and Obama split the Democratic Party's liberal base during the primary elections."

Busy Week Ahead For Presidential Candidates. The New York Times (1/23, Nagourney, 1.16M) reports unusual "number of stages" where the 2008 presidential race is "being played on at once." In Washington, there is "a hearing of the Senate Armed Services Committee, a platform that could display the sharply contrasting views on Iraq of" Sens. John McCain and Clinton. Next comes President Bush's State of the Union address, "which many Democrats — notably Mrs. Clinton — view as providing an opportunity to tee off to advance their own presidential campaigns." For the "rest of the week, attention in the Senate will be focused on resolutions critical of President Bush's Iraq policy, giving a platform to other presidential hopefuls, including Senators Barack Obama of Illinois, Joseph R. Biden of Delaware, both Democrats, and Chuck Hagel of Nebraska." And "at week's end, Mrs. Clinton is making her first trip to Iowa since creating her presidential exploratory committee; it seems fair to surmise that this will not be the kind of small living-room chats

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— with 10 Democrats and a local reporter or two — that have put the state on the political map." Former Mayor Rudolph W. Giuliani "will be competing for attention by heading for New Hampshire."

Websites Said To Offer Window Into Campaigns. In his Washington Post column (1/23, A17), Eugene Robinson rates the Internet presences of the leading three Democratic candidates: "So what do the Web sites HillaryClinton.com, BarackObama.com and JohnEdwards.com tell us about their namesakes? At first glance, they seem to confirm what we think we already know. Clinton's site evokes a super-competent juggernaut, with every base covered and every hair in place. Obama's is very much a work in progress. And Edwards's Web site suggests the patience, attention to detail and willingness to take risks that you would expect from a trial lawyer who rose from nothing to become a self-made millionaire." The "real difference is depth and ambition. Both Clinton and Obama (he on his Senate campaign Web site) say they want to have a dialogue with the American people about how best to solve the nation's problems. But Edwards has already started his conversation with the nation. His Web site is an exercise in social networking that includes not only a blog, where surfers can post their thoughts, but also cyber-diaries written by Edwards's family members."

Casino Mogul Donates $1 Million To Gingrich 527. The Washington Post (1/23, A4, Solomon, 690K) reports former House Speaker Newt Gingrich "jump-started his new political group with a check for $1 million from a source many in his conservative base would shun -- the gambling industry. Gingrich's American Solutions for Winning the Future reported to the Internal Revenue Service that it collected a $1 million check from Las Vegas Sands Corp. Chairman Sheldon G. Adelson shortly after the November elections. … The contribution dwarfed the other checks, totaling just $60,000, gathered for the group's start-up. Gingrich announced the group late last fall, setting it up as a '527' organization." The post notes Adelson "was listed by Forbes magazine in 2006 as America's third-richest man, with assets of more than $20 billion."

Jindal Seeking Louisiana Governorship Again. The New York Times (1/23, Nossiter, 1.16M) reports Rep. Bobby Jindal will enter the 2007 Louisiana governor's race. … Jindal will be running against a weakened incumbent, Gov. Kathleen Babineaux Blanco, a Democrat. Ms. Blanco defeated Mr. Jindal in 2003, but her standing was damaged after Hurricane Katrina." The Washington Times (1/23, Hudson, 88K) reports Jindal "has a significant edge in early polling over" Blanco. A poll by the Southern Media and Opinion Research "shows Mrs. Blanco's support among voters is 35 percent, compared with 59 percent for Mr. Jindal."

Planned Demolition Of New Orleans Projects Draws Opposition. The Los Angeles Times (1/23, Simmons, 850K) reports that "with inhabitable housing of any kind at a premium here, the fate of New Orleans' four largest public housing complexes — St. Bernard, C.J. Peete, B.W. Cooper and Lafitte — is at the center of another battle in the city's turbulent efforts to reshape its future. The U.S. Department of Housing and Urban Development and the Housing Authority of New Orleans have approved plans to demolish these complexes, landmarks in their neighborhoods, and replace them with lower-density apartment clusters for mixed-income residents. Their decision has brought relentless opposition from former tenants who insist they want to restore their lives in their old homes."

State Farm Hit By Katrina-Related Lawsuits. The Wall Street Journal (1/23, Pleven, 2.04M) reports, "Nearly a year and a half after Katrina, the legal storm spawned by the deadly hurricane is coming to a head in Mississippi. At its center is the nation's largest home insurer: State Farm. The Bloomington, Ill., firm is the only insurer, so far, to face a major judgment against it in a Mississippi court over a disputed homeowner's claim related to Katrina. T he judgment came two weeks ago when a federal judge ordered it to pay a Mississippi couple $232,292, and a jury awarded the couple $2.5 million in punitive damages. On Friday, State Farm settled another case about to go to trial, and the insurer faces lawsuits from hundreds of other Mississippi homeowners."

Motherhood Increasingly Seen As An Asset For Politicians. The Los Angeles Times (1/23, Reynolds, 850K) reports, "It probably wasn't chance that Sen. Hillary Rodham Clinton's first public event after announcing her interest in running for president — a stop at a New York health center named for the Chelsea and Clinton neighborhoods — echoed the name of her daughter. Nor was it chance that the new speaker of the House, Rep. Nancy Pelosi, took up her gavel for the first time earlier this year surrounded by children, including some of her grandchildren. … Whether being a woman is an asset or liability in national politics may be an open question, but being a mother — or a grandmother — appears to be a sure winner. Strategists say that talking about motherhood is reassuring to voters, some of whom are still uncomfortable with women in powerful jobs. It also helps create a narrative for their lives that connects them to mainstream and traditionalist voters."

Arab Divisions Abroad Reflected In Dearborn. The New York Times (1/23, MacFarquhar, 1.16M) reports that after the death of Dearborn Mayor Michael A. Guido in

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December, "a flock of Arab-American candidates stepped forward in the hopes of claiming City Hall. But despite the fact that roughly one in three Dearborn residents is of Arab origin, most of the Arab-American candidates had dropped out by mid-January. Poll numbers showed that none of them could win." The existence of "internal rivalries echoing those that beset the Arab world, along with the general electorate's lingering unease about Muslims, combined to derail what many here had hoped would be the chance to prove that Arab-Americans had arrived politically — at least in Dearborn, their unofficial capital in this country."

WSJournal Pans Massachusetts, California Healthcare Reform Plans, Calls Them Illegal. In an editorial, the Wall Street Journal (1/23, 2.04M) says that "state schemes that feature 'pay or play' employer taxes or mandates" – such as the Massachusetts healthcare program and California Gov. Arnold Schwarzenegger's (R) recently proposed healthcare program -- "are probably illegal" under a decision in the Fourth Circuit Court of Appeals. That case "said that Maryland's 'Fair Share' health legislation -- otherwise known as 'the Wal-Mart tax' -- violates a federal employee-benefits law known by the acronym Erisa." The Journal continues, "Leave aside that the plan muscled into law by Maryland's Democratic legislature was far less ambitious. The basic similarity is that all three plans feature employer mandates or taxes aimed at changing employee-benefit plans -- in this case by requiring employers to provide health insurance. … There were sound reasons that Congress decided to create a uniform national regulatory framework when it wrote the Erisa law way back in 1974. To wit: Freeing employers from the administrative burden of having to comply with a multitude of state and local requirements leaves them with more money to spend on actual health care and other benefits." The Journal concludes, "We're all for state policy experiments, but these ballyhooed health care reforms are policy blunders that won't stand scrutiny in court, much less in the marketplace."

WSJournal Warns Spitzer On Financial Industry Competitiveness. The Wall Street Journal (1/23, 2.04M) says in an editorial that as New York's Attorney General, Democrat Eliot Spitzer "was the scourge of the financial industry. And in a final rhetorical flourish in that job, he was among the first to denounce last month's report by the Committee on Capital Markets Regulation pointing to a decline in American financial industry competitiveness." Now, however, "Mr. Spitzer is New York's Governor, and it will be fascinating to see if he assumes a more statesmanlike pose toward the same industry. Both the New York state budget, and Mr. Spitzer's own political future, depend on the financial industry's prosperity, as the same Capital Markets Committee report made clear."

Administration Said To Provide "Scant Evidence" To Back Iran Claims. The Los Angeles Times (1/23, A1, Zavis, Miller, 850K) reports on its front page, "If there is anywhere Iran could easily stir up trouble in Iraq, it would be in Diyala, a rugged province along the border between the two nations. … But even here, evidence of Iranian involvement in Iraq's troubles is limited." US troops have found "mortars and antitank mines with Iranian markings dated 2006, said US Army Col. David W. Sutherland, who oversees the province. But there has been little sign of more advanced weaponry crossing the border, and no Iranian agents have been found." The Times notes that in his speech this month outlining the new US strategy in Iraq, President Bush promised to "seek out and destroy" Iranian networks that he said were providing "advanced weaponry and training to our enemies," and is expected "to strike a similar note in tonight's State of the Union speech." However, the Administration "has provided scant evidence to support those claims. Nor have reporters traveling with US troops seen extensive signs of Iranian involvement." The lack of "publicly disclosed evidence" has "led to questions about whether the Administration is overstating its case," and some even "suggest Bush and his aides are pointing to Iran to deflect blame for US setbacks in Iraq."

Bush Address May Hint At Direction Of US Policy On Iran. The Christian Science Monitor (1/23, LaFranchi, 59K) reports, "With evidence mounting that international pressure on Iran is getting results, President Bush prepares to deliver a State of the Union speech Tuesday night that could provide signs of where efforts against Tehran and its nuclear program will go next." Some analysts and "a few prominent foreign diplomats -- including Russian Foreign Minister Sergei Lavrov -- have said they see unsettling parallels between US action and rhetoric on Iraq and America's Iran policy." Since early 2005, the US "has opened a diplomatic track, primarily with European powers, to stop Iran short of acquiring nuclear weapons through international pressure," but "the question now may be how long Bush…will be willing to stick with an approach whose steering wheel is not solely in American hands."

Iran Bars IAEA Inspectors. The AP (1/23, Karimi) reports Iran has barred 38 nuclear inspectors on a United Nations list from entering the country, the foreign minister said Monday "in what appeared to be retaliation for the UN sanctions imposed last month." Foreign Minister Manouchehr Mottaki told the official Islamic Republic News Agency, "The act of rejecting some inspectors is legal and in accordance with the agency's regulations," noting that others on the agency's list remain eligible. AFP (1/23) reports the

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IAEA "said it was discussing with Iran its demand to withdraw some nuclear inspectors but was confident it could continue monitoring the country's nuclear facilities."

The New York Times (1/23, A7, Fathi, 1.16M) notes the announcement "came only days after Grand Ayatollah Hossein Ali Montazeri, Iran's most senior dissident cleric, criticized President Mahmoud Ahmadinejad's defiant stance against the West on the nuclear issue in a speech on Friday, calling it provocative." The two developments "suggest an increasingly open debate within Iran over how forcefully to confront the West over Iran's nuclear ambitions, even as its government continues to defend them."

Similarly, the Washington Times/AP (1/23, Dareini) says Montazeri joined "a chorus of criticism that has included even the hard-line leader's allies" and "reflected a growing feeling among many that Mr. Ahmadinejad has concentrated too much on fiery, anti-US speeches and not enough on the economy."

Iran Begins Short-Range Missile Tests. Under the headline "Iran Tests Missiles As Fear Of Attack Grows," the Financial Times (1/23, Smyth) reports Iran began "military maneuvers in its central desert on Monday, testing short-range missiles at a time of rising tension with the US and as President Mahmoud Ahmadinejad faces continuing criticism at home." Iranian state radio reported that Revolutionary Guards were test-firing "both the 350km-range Zelzal-1 missile and the 70km range Fajr-5 near the town of Garmsar, 80km south-east of Tehran." Mohsen Rezaei, "an influential conservative politician and former Revolutionary Guards commander," told state television at the weekend that Washington had opted for "serious confrontation" with Iran, in which it "intends to resolve its problem in the Middle East." The Times says Rezaei' comments represent "a rare glimpse for the Iranian public of the seriousness with which leading officials view the situation, especially in his acknowledgment that America or Israel might attack Iran's atomic sites."

Seoul Asks Washington To Ease Sanctions On Pyongyang. AFP (1/23) reports Seoul "has told the United States that some of the frozen North Korean accounts in a Macau bank are from legitimate business and should be unblocked," South Korean news reports said Tuesday. The nation's Chosun Ilbo newspaper quoted an unidentifed high-ranking source in Washington as saying that South Korea asked the United States to consider unfreezing at least five of the 50 accounts with Banco Delta Asia (BDA). The source was quoted as saying, "Releasing money in those accounts from the freeze is aimed at saving North Korea's face in order to encourage it to proceed with the six-party talks."

Ban Announces Audit Of North Korean Fund. The AP (1/23, Bergman) reports UN Secretary-General Ban Ki-moon announced Monday that an external audit would be conducted of the UN Development Program in North Korea "after the US alleged the program had funneled millions of dollars to Kim Jong Il's regime." The audit will "initially focus on UNDP spending in North Korea and then be expanded to other UN agencies, though details have yet to be finalized," said Ban's spokeswoman, Michele Montas. The audit will be conducted by the U.N.'s Board of Auditors, which is comprised of accountants from eight U.N. members, she said.

The Washington Times (1/23, Pisik, 88K) says the audit, which is expected to be completed within three months, "will specifically look at hard-currency transactions, the independence of locally hired staff, and the agency's ability to monitor ongoing projects."

Korean Envoys Meet In China. The AP (1/23) reports nuclear envoys from North and South Korean met in Beijing as part of the latest efforts to restart six-nation talks, the South Korean Foreign Ministry said Tuesday. The South's Chun Yung-woo met North Korean negotiator Kim Kye Gwan in Beijing, the Foreign Ministry said, "without giving any further details."

Separately, the AP (1/23, Herman) reports envoys to the six-party talks "are sounding rare notes of optimism, raising hopes for progress after their expected return to the bargaining table in coming weeks." Russian nuclear envoy Deputy Foreign Minister Alexander Losyukov said Monday after meeting over the weekend with North Korean negotiator Kim Kye Gwan, "On the whole, the impression is developing that the North Korean side has interpreted the results of the talks in Berlin with a certain optimism." For his part, Assistant Secretary of State Christopher Hill said Monday in Beijing that there was "a basis for making progress" when the negotiations resume. The AP reports that "several envoys have said they expect the nuclear talks to resume before mid-February."

Hill Says Chinese Missile Test Will Not Affect Six-Party Talks. The Washington Times (1/23, Lanfranco, 88K) reports Assistant Secretary of State Christopher Hill "said yesterday that the resumption of six-party talks in Beijing should not be affected by US concerns over China's test of an anti-satellite missile." Hill told reporters, "My government's position on that is pretty clear. We've certainly conveyed [concern] to the Chinese, but I would say the six-party talks are on a different track."

Top Somali Militant Surrenders In Kenya. The New York Times (1/23, A8, Gettleman, 1.16M) reports the second in command of Somalia's Islamist forces "has surrendered to the Kenyan authorities and is staying at a hotel in Nairobi," Western diplomats and Somali officials said Monday. Sheik Sharif Ahmed, the head of the Islamist Courts Union executive council, "was part of a group of Islamist leaders being hunted down by American and

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Ethiopian troops in southern Somalia." Described as "a moderate Muslim and potential peacemaker," he "surfaced at the Kenya-Somalia border in the past week, Somali officials said, and now the Kenyan immigration authorities are deliberating on what to do with him." Several Western diplomats "said American officials…were instrumental in arranging Mr. Ahmed's safe passage to Kenya." However, On Monday, an American Embassy official "denied that the United States played any role in bringing him to Kenya."

The Washington Post (1/23, A14, McCrummen, 690K) says US officials "are hoping he can help subdue a rising insurgency among the movement's supporters" on the streets of Mogadishu.

China Says Test Does Not Signal Intent To Militarize Space. The AP (1/23) reports Chinese Foreign ministry officials told Assistant Secretary of State Christopher Hill that China's successful test of an anti-satellite weapon earlier this month "should not be seen as a threat and does not signal the beginning of a race to militarize space," the State Department said Monday. Hill raised the issue with Chinese officials over the weekend in Beijing, urging the Chinese to "be more forthcoming about their military activities and their defense budget."

AFP (1/23) reports State Department spokesman Sean McCormack said Monday, "The bottom line is we encourage them to be more forthcoming, more transparent with respect to not only this test but also their space program."

Zoellick Urges Greater US, Chinese Economic Cooperation. Former US trade representative and current vice chairman at Goldman Sachs Group, Robert Zoellick, writes in the Financial Times (1/23) that "America and China need to develop an agenda as mutual stakeholders in the world economy." To date, Zoellick says "the media focus has been on the appreciation of China's currency," but stresses that "the Sino-American agenda needs to be broader." A "successful strategy," he notes, "will need to open doors for the US and others to benefit while supporting China's development and encouraging China to help sustain the international economic system to which its growth is linked." Zoellick concludes, "If the US and China recognize the strategic stakes in guiding this transition, they can develop an agenda that builds confidence and support in both countries and beyond."

Rice To Unveil "Substantial" Aid Package For Lebanon. AFP (1/23, Millikin) reports Secretary of State Condoleezza Rice Thursday will announce "a substantial aid package for Lebanon at a donors conference in Paris" aimed at "bolstering the government of Prime Minister Fuad Siniora," State Department spokesman Sean McCormack said. The offer "will come on top of more than $230 million already pledged by Washington to help rebuild Lebanon following the devastating war between Israel and the Islamic militia Hezbollah last July and August. McCormack would not provide details of the US aid proposal, other than say it was "substantial." But another "senior official" said it would be "an equivalent vigorous effort" in comparison to the $230 million pledged by Washington at a donors conference in Stockholm shortly after a UN-brokered ceasefire that ended the war. While insisting the Paris conference was "about helping all Lebanese and not just Siniora," the US officials said it would "also highlight the failure of Hezbollah and its leader, Hassan Nasrallah, to repair the war damage."

The AP (1/23, Gedda) says the expected $230 million package "would be a major increase over the $30 million to $40 million that Washington had pledged for aid to Lebanon in recent years." The package is likely to include funds to rebuild "a vital bridge on the Beirut-Damascus highway, which is expected to cost about $20 million." Under Secretary of State Nicholas Burns said in Israel on Sunday that the assistance will be part of a world effort to defend Lebanon "from that axis of countries, Iran and Syria, and organizations like Hezbollah, Palestinian Islamic Jihad and others."

Diplomatic Activity Picks Up Ahead Of Mideast Summit. The AP (1/23, Teibel) reports, "After months of inaction, a flurry of diplomatic activity toward reviving Israeli-Palestinian peacemaking is under way." Secretary of State Condoleezza Rice "is planning a summit with Israeli and Palestinian leaders, top Israeli officials are floating peace initiatives and the moderate Palestinian president says he is ready to discuss the outlines of a final settlement. But with Hamas militants dominating the Palestinian parliament and Cabinet, and weak leadership on all sides, no one expects a deal any time soon." In the past few weeks, the Israeli and Palestinian leaders "held their first substantive meeting, and Israel followed up by transferring $100 million in frozen tax revenues to Abbas." However, "Sharp differences have emerged between the Israeli and Palestinian positions." The Palestinians "oppose an Israeli proposal for a provisional Palestinian state in the West Bank and Gaza, believing Israel could use it to usurp land while the sides negotiate endlessly over so-called final status issues." The AP notes that "it is precisely the big-picture issues -- final borders, the status of disputed Jerusalem and the Palestinians' demand to repatriate refugees and their descendants -- that have caused past peace talks to collapse."

Palestinians To Resume Unity Talks. AFP (1/23, El Oun) reports Palestinians are "preparing to press on with efforts to form a national unity government after inconclusive talks" between Hamas' Khaled Meshaal and Palestinian President Mahmoud Abbas. A statement issued Monday

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said a meeting would take place in Gaza City on Tuesday between representatives of Fatah and Hamas, but gave no further details.

Palestinian Father Seeks Peace With Israelis After Death Of Daughter. The New York Times (1/23, A3, Myre, 1.16M) profiles Bassam Aramin, whose 10-year-old daughter was killed last week during a clash between stone-throwing Palestinian youths and the Israeli police and now "says he wants to talk to Israelis about making peace." With his Israeli partner, Zohar Shapira, a former member of an elite commando unit, Aramin "has been speaking to students and community groups in Israel and the West Bank."

Israel Names New Army Chief Of Staff. The New York Times (1/23, A3, Myre, 1.16M) reports Gabi Ashkenazi, a former infantry officer who commanded Israeli troops against Hezbollah in southern Lebanon, was appointed Monday as the Israeli military's new chief of staff. Prime Minister Ehud Olmert and Defense Minister Amir Peretz agreed on the appointment at a meeting on Monday evening, the prime minister's office said. The nomination must still be approved by the cabinet and a government committee.

US Seeks Polish Approval For Missile-Shield Site. USA Today (1/23, 5A, 2.27M) reports Washington "is asking Poland to allow ground-based interceptor missiles on its territory as part of a missile-defense system," the US Embassy in Warsaw said Monday. Polish Defense Minister Radek Sikorski "indicated a willingness to discuss the issue" with "our most important ally" but said nothing had been decided.

US Plans Raise Concerns. The AP (1/23, Gera) reports the "prospect of sophisticated US radar and interceptor systems in formerly communist Eastern Europe has led Russian military leaders to warn of a new arms race." The system "would create a clear threat for Russia," Col. Gen. Vladimir Popovkin, the chief of Russia's Space Forces, warned Monday. Washington has "repeatedly sought to reassure Russia it has nothing to fear from the system -- a message Andrew Schilling, a spokesman for the US Embassy in Warsaw, echoed Monday." He told The AP a US missile defense system in Europe would be solely aimed at countering "the evolving Middle Eastern ballistic missile threat."

Poll Shows Global View Of US Worsened In 2006. The New York Times (1/23, A11, 1.16M) reports the "global view of the United States' role in world affairs deteriorated significantly again last year," according to a poll of more than 26,000 people in 25 countries. Negative feelings about the war in Iraq "were prevalent, and nearly 7 in 10 people polled said the American military presence in the Middle East provoked more violence than it prevented," according to the poll done for the BBC World Service by GlobeScan and the Program on International Policy Attitudes at the University of Maryland. In 18 countries previously polled, "an average of 29 percent of those surveyed saw the United States as having a mainly positive influence, down from 36 percent last year."

The Washington Post (1/23, A14, Sullivan, 690K) notes the survey of 26,381 people was conducted from November to January in Argentina, Australia, Brazil, Britain, Chile, China, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Kenya, Lebanon, Mexico, Nigeria, the Philippines, Poland, Portugal, Russia, South Korea, Turkey, the United Arab Emirates and the United States. The Post notes that "views of US foreign policy are also becoming more negative among US citizens, the poll found. Of the 1,000 Americans surveyed, 57 percent said the United States is having a mainly positive influence in the world. That is down from 63 percent last year and 71 percent two years ago."

Armenian Journalist's Death Leads To Conciliation. The New York Times (1/23, A6, Fowler, Arsu, 1.16M) reports the killing of an Armenian-Turkish journalist in Istanbul last week "and the sorrow it has generated within Turkey are leading to rare conciliatory gestures between Turkey and Armenia, historic enemies, and to calls for changes in laws here defending Turkish identity." On Monday, Armenian "political and spiritual figures accepted an invitation from the Turkish government to attend the funeral of Hrant Dink." Despite "the fact that the Armenian-Turkish border has been sealed since 1993 and diplomatic relations severed," Armenia is sending a deputy foreign minister, Arman Kirakossian, to the funeral, and the archbishop of the Armenian Church of America, Khajag Barsamian, also accepted the government's invitation to the ceremony.

The Washington Times (1/23, Birch, 88K) reports on the reaction in the Turkish town of Trabzon to news that "a local youth confessed over the weekend" to the shooting Dink.

Schwab Says No Breakthrough On Doha Round Likely. USA Today (1/23, 5B, Lynch, 2.27M) reports trade negotiator Susan Schwab "said Monday there is no prospect of an imminent breakthrough in long-stalled global trade talks." Schwab leaves Wednesday for the World Economic Forum in Davos, Switzerland, "where she plans to meet with counterparts from Europe and key developing nations in hopes of reviving the flickering Doha Round negotiations." But in an interview with the newspaper, Schwab said, "We're still not close, I would say, to being able to sit down as trade ministers to talk about closing a Doha Round deal or to talk about a Doha Round breakthrough in

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substance." She said ongoing "technical" talks are "advancing and could pave the way for an eventual deal," but "major disagreements remain."

Reflecting Schwab's assessment, the New York Times (1/23, Bilefsky, Dougherty, 1.16M) reports the European Union's chief trade negotiator "said Monday that efforts to restart stalled global trade talks were showing new vigor. But he sought to discourage expectations that a breakthrough could come during a meeting of trade ministers this week" in Davos. EU trade commissioner Peter Mandelson said, "We are in the endgame, but we are not in a situation where we have the outlines of an agreement."

Report Cites British Collusion In N. Ireland Killings. AFP (1/23, Mallie) reports British police "colluded with paramilitaries behind at least 10 murders in Northern Ireland in the 1990s, a damning report said, triggering outrage in Dublin and Belfast and remorse in London." The report about Protestant militants "threatens to cloud current efforts to restore self-rule in the long-troubled British-run province, in which Catholic lack of confidence in policing is a key stumbling block." Irish premier Bertie Ahern responded, "Today's ombudsman's report is deeply disturbing. Its findings are of the utmost gravity."

Serbia Vote Could Lead To Coalition Of Democrats. The New York Times (1/23, Wood, 1.16M) reports, "Two leading democratic parties emerged Monday as the groups most likely to form a government in Serbia, despite a first-place showing for a nationalist party in the parliamentary elections on Sunday." The "prospect of slow negotiations to secure a coalition," however, "complicates international efforts to find a solution for the disputed province of Kosovo, which are approaching a turning point." Meanwhile, the formation of a coalition also "will not be easy," because the two main democratic parties "have longstanding rivalries, and the prime minister, Vojilsav Kostunica, seems unwilling to negotiate his job away, though his Serbian Democrats came in third."

Russia Seeks To Limit Foreign Labor In Crackdown On Illegal Immigration. On its front page, the Washington Times (1/23, A1, Mainville, 88K) reports, "Thousands of migrant workers from the Caucasus, Central Asia and China are leaving Russia as the government institutes tough new measures aimed at cracking down on illegal immigration." Campaigners against illegal immigration are "welcoming the measures, saying low-paid migrants were distorting the job market and taking work from Russian citizens. But critics say the moves are ill-advised because they will drive up retail prices and create a labor shortage that could hurt Russia's booming economy."

Author Criticizes China's New Adoption Rules. Beth Nonte Russell, author of the forthcoming "Forever Lily: An Unexpected Mother's Journey to Adoption in China," writes in the New York Times (1/23, 1.16M) in response to a recent announcement by the Chinese government that it "had prepared strict new criteria for foreign adoption applications because the country claimed it lacked 'available' babies to meet the 'spike' in demand." Russell questions whether, "as China increasingly asserts itself on the world stage and prepares to host the 2008 Summer Olympics, allowing Westerners to adopt thousands of infants each year would fit the image it wanted to project. I suspect not, and China's new restrictions lead me to believe that national pride is more important than getting these children into loving homes." She notes that the "issue of abandoned and institutionalized children remains a taboo subject in China, a problem the government does not even acknowledge exists. … But the answer is not to stop the foreigners from adopting; it is to put an end to their reasons for doing so."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"President's Speech Will Stay Close To Home."
"His Own Silent Spring."
"Scant Evidence Found Of Iran-Iraq Arms Link."
"Justices Find California's Sentencing Law Flawed."
"Black Coaches Open Up The Field."
"Sheriff Traces Guns' Crooked Paths To Compton's Streets."

USA Today:
"Flying By The Numbers."
"Senate Jet Rule Would Cost Others, Too."
"Find Tips Online For Managing Debt."
"More In GOP Oppose Iraq Plan."

New York Times:
"Death Knell May Be Near For Public Election Funds."
"Bush, At Low Point in Polls, Will Push Domestic Agenda."
"88 Killed As Car Bombs Devastate Busy Baghdad Market."
"In the Vortex Of Baghdad, Staying Put This Time."
"Illinois Is Putting Lottery On Block For Quick Payoff."
"In Douglass Tribute, Slave Folklore And Fact Collide."

Washington Post:
"Bush To Face Skeptical Congress."
"Overhaul Of Tysons Center Approved."
"General May See Early Success In Iraq."
"Internal Rifts Cloud Democrats' Opportunity on Warming."
"O'Malley Backs Md. 'Clean Car' Initiative."
"Clinton Bid Heralds Demise Of Public Financing."

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Washington Times:
"Warner Bill Hits Bush's Troop Surge."
"GOP Pushes For Stricter Ethics Reform."
"O'Malley Eyes Health, Emissions."
"Russia Foreign Labor To Fight Illegals."
"WGNS Changes Its Tunes After Nearly 60 Years."
"How Byte-Size Temptations Ruin A Marriage."

Detroit Free Press:
"Wayne Co. Kids Gain On Meap."
"A Bitter Pill."
"Granholm Must Redouble Job Efforts."

Atlanta Journal-Constitution:
"DNA Frees Man After 21 Years."
"What To Expect Tonight."
"4 Swinged Dinosaurs Natures First Biplanes."
"Castle, Ted's Spread: Which City Gets Them?

Houston Chronicle:
"Perry Wants More Troops On Border."
"Officer Goes To Court On Bribe Charge."
"All Mexican kingpins In Court."
"Energy Efficiency Is Critical For Area's Growth, White Says."
"As New US Troops Arrive 2 Bombs Rock Baghdad."
"mayor Want Brazoria To outlaw The 'N Word'."

Story Lineup From Last Night's Network News:
ABC: Iraq Sectarian Violence; New Iraq Strategy-Under Fire; Terrorism Plots; New Al Qaeda Tape; Campaign 2008; Sen. Clinton Interview; Gas Prices; Super Bowl-Black Coaches; Bill Parcells Retires; Mona Lisa's Identity.
CBS: New Iraq Strategy-Under Fire; Iraq Sectarian Violence; New Al Qaeda Video Tape; Sen. Clinton Interview; Clinton Candidacy-Analysis; Health Care-Wellness Incentives; UK Grounded Ship; Super Bowl-Black Coaches.
NBC: Iraq Sectarian Violence; Campaign 2008; Clinton Candidacy-Analysis; Carter Administration 30th Anniversary; Sen. Clinton Interview; UK Grounded Ship; Spam Is Back; Pifizer Cuts Jobs; Stock Market; Super Bowl-Black Coaches; Soldiers Returning Home.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Al Qaeda In Iraq Plan To Attack US Discovered; Rep. Boehner-Iraq Progress Updates; Congress-Anti-Surge Resolution; Bush-State Of The Union Address; CA-Wildfire; CA-Police Office Shot By Handcuffed Suspect; Pro Wrestler Bam Bam Bigelow's Obit.
CBS: Bush-State Of The Union Address; Congress-Anti-Surge Resolution; CBS News Poll-2/3 Oppose Troop Surge; Zawahiri Ridicules Surge Plan; New US Passport Rules; Oscar Nominations.

NPR: Bush-State Of The Union Address; Sen. Webb-Democratic Response To Bush Address; Congress-Iraq Resolutions; Afghanistan-Suicide Bombing; Libby Case-Opening Statements; China Confirms Satellite Strike; Tokyo Stock Exchange; Lebanon-Protests; Kenya-Islamic Courts Union Official Questioned; Sri Lanka-Roadside Bombs.Story Lineup From This Morning's Network News:

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — 9 p.m. Delivers the State of the Union address, Capitol.

VICE PRESIDENT CHENEY — 9 p.m. Attends the State of the Union address, Capitol.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iraq, focusing on federalism, strategicv redeployment and negotiations. Les Gelb, Council on Foreign Relations; EDward Luttwak, Center for Strategic and International Studies; Lawarence Korb, Center for Defense Information; Robert Malley, International Crisis Group. Location: Room 106, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Confirmation hearing on the nomination of Lt. Gen. David Petraeus to be general and commander of the Multi-National Forces in Iraq. Location: Room 325, Russell.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on the US-VISIT program and border security. Location: Room 226, Dirksen.

9:30 a.m. VETERANS AFFAIRS _ Fiull Committee. Oversight hearing on DoD and DVA efforts to smooth the transition of servicemembers between military and civilian life. Location: Room 418, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on the tax gap and strategies for reducing it. Robert McIntyre, Citizens for Tax Justice; Michael Brostek, GAO; John Satagaj, Small Business Tax Compliance and Fairness Coalition. Location: Room 608, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ Hearing on Iraq, focusing on alternative plans. Former House Speaker Newt Gingrich. Location: Room 106, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on intelligence revision proposals. Mary Margaret Graham, deputy director of National Intelligence; Thomas Fingar, deputy director of National Intelligence; Patrick Kennedy, deputy director of National Intelligence; Dale Meyerrose, chief information officer, Office of the Director of National Intelligence; Mark Ewin, deputy to the deputy director of National Intelligence; Susan Reingold, deputy program manager for information sharing environment, Office of the Director of National Intelligence. Location: Room 216, Hart.

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US House: FLOOR SCHEDULE _ 10:30 a.m. Meets for morning hour and at Noon for legislative business. Note: House Floor will be cleared at 5 p.m. to allow a security sweep of the House Chamber prior to the Presidents State of the Union Address. The House will meet again at 8:40 p.m. in joint session with the Senate to receive a State of the Union Address. Highlights: Suspensions (3 bills): 1) H.R. 323 - Seasoned Customer CTR Exemption Act; 2) H.R. 392 - District of Columbia and United States Territories Circulating Quarter Dollar Program Act; 3) H.R.___ - To direct the Secretary of Homeland Security to streamline the SAFETY Act and anti-terrorism technology procurement process.

10 a.m. ARMED SERVICES _ Full Committee Hearing on Iraq and the implications of the President's policy. Army Chief of Staff Gen. Peter Schoomaker; Marine Corps Commandant Gen. James Conway. Location: Room 2118, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the federal deficit. Comptroller General David Walker, Edward Gramlich of the University of Michigan, and Edwin Truman, Peterson Institute for International Economics. Location: Room 210, Cannon.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Hearing on the state of economic development. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the state of the economy. Mark Zandi, Chief Economist, Moody's economy.com; William E. Spriggs, Professor and Chair, Department of Economics, Howard University; Richard L. Trumka, Secretary-Treasurer, AFL-CIO; Martin Regalia, Chief Economist, U.S. Chamber of Commerce; John W. Diamond, Fellow in Tax Policy Research, James A. Baker Institute for Public Policy. Location: Room 1100, Longworth.

11 a.m. HOMELAND SECURITY _ Full Committee. Organizational meeting. Location: Room 311, Cannon.

11:30 a.m. RULES _ Full Committee. Meeting to consider rules for floor debate. Location: Room H-313, Capitol.

1 p.m. AGRICULTURE _ Full Committee. Organizational meeting. Location: Room 1300, Longworth.

2 p.m. WAYS AND MEANS _ Oversight Subcommittee. Organizational meeting. Location: Room 1105, Longworth.

2:30 p.m. FOREIGN AFFAIRS _ Full Committee. Meets for organizational meeting and then a hearing on H.Res. 24 - Resolution creating the House Democracy Assistance Commission for the 110th Congress. Location: Room 2172, Rayburn.

Other: STATE OF THE UNION-RELATED EVENTS _ Highlights: 9:30 a.m. The American Enterprise Institute holds a program to preview the speech,m with analysts Leon Aron, Dan Blumenthal, Lawrence Lindsey, Mark McClellan, others. 12th floor, 1150 17th St. NW. Contact: Veronique Rodman, 202-862-4870. 11 a.m. Rep. Henry Waxman and New Mexico Gov. Bill Richardson hold a telephone briefing to discuss climate change and energy issues in advance of the State of the Union address. Callin number: 800-351-6805; passcoce: warming. Contact: John Anthony, 202-277-2103.

WAR INJURIES _ The American Academy of Orthopaedic Surgeons holds a symposium, ``Extremity War Injuries: Development of Clinical Treatment Principles." Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 8:30 a.m. State of the Union Reception. Location: Capital Hilton, 16th and K Sts. NW.

CONGRESSIONAL DEMOCRATS _ 11 a.m. There will be a pen and pad briefing with House Speaker Nancy Pelosi, Senate Majority Leader Harry Reid and Sen. Jim Webb. Location: Room S-224, Capitol.

CUBA AFTER CASTRO _ 8 a.m. The Council on Foreign Relations sponsors an on-the-record meeting, ``Cuba After Catro: The Future of U.S.-Cuba Relations." Participants: Reps. Jo Ann Emerson, R-Mo., and Jane Harman, D-Calif.,members of congressional delegation to Cuba; and Julia E. Sweig, Nelson and David Rockefeller Senior Fellow for Latin America Studies and Director for Latin America Studies, Council on Foreign Relations. Location: Council on Foreign Relations, 1779 Massachusetts Ave. NW.

ENERGY POLICY _ 8 a.m. - 9:30 a.m. The US News & World Report holds its National Issues Briefing, in association with American Chemistry Council, to examine post-midterm election prospects for a renewed effort by Congress and the Bush Administration to promote greater energy security and diversity, lower and less volatile energy prices, energy efficiency, and the pursuit of alternative energy sources. Panelists: Clay Sell, DOE deputy secretary; Rep. John E. Peterson, R-Pa.; Sen. Mary Landrieu, D-La.; and Flynt Leverett, senior fellow and director, Geopolitics of EnergyInitiative, New America Foundation. Location: National Press Club, Holeman Lounge.

US-MUSLIMS-RELIGION _ 8:30 a.m. The Gallup Organization holds a news briefing to discuss highlights of findings gathered in both the Muslim world and the United States on what people think and feel about the role of religion in their personal lives and the role of religion in government. Brifers: Geneive Abdo, senior analyst, the Gallup Center for Muslim Studies; Dalia Mogahed, Gallup senior analyst and executive director of the Gallup Center for Muslim Studies; and Dr. Frank Newport, editor-in-chief of The Gallup Poll. Location: The Gallup Organization, 901 F St. NW.

GATES-O'CONNOR _ 9:35 a.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Canadian Minister of National Defense Gordon O'Connor to

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the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

GOP LEADERSHIP _ 10 a.m. There will be a stakeout for a media availability with Republican Whip Roy Blunt, Conference Chairman Adam Putnam, and Conference Vice Chairman Kay Granger. Location: House Radio/TV Gallery.

HOYER _ 11:30 a.m. House Majority Leader Steny Hoyer holds his regular pen and pad briefing. Location: Room H-107, Capitol.

ENERGY-RENEWABLES _ 12 p.m. The World Bank holds a panel discussion on the potential of renewable energy and energy efficiency, with Jamal Saghir of the Bank, Elliot Morley of the UK Prime Minister's Special Representative to the Gleneagles Dialogue on Climate Change, others. Location: Room J1-050, 701 18th St. NW.

NUCLEAR DISARMAMENT _ 12 p.m. The Carnegie Endowment for International Peace holds a presentation on ``A Verifiable Fissile-Material Treaty as a Foundation for Nuclear Disarmament," with Frank Von Hippel of Princeton University, Harold Feiveson of Princeton, and Zia Mian of Princeton. Location: 1779 Massachusetts Ave. NW.

PUBLIC SCHOOLS-CONFLICT _ 12 p.m. The Cato Institute hosts a Policy Forum, ``Why We Fight: Do Public Schools Cause Social Conflict? Participants: Neal McCluskey, Policy Analyst, Center for Educational Freedom, Cato Institute; Charles Haynes, Senior Scholar and Director of Education Programs, Freedom Forum First Amendment Center; and Gerald Bracey, Associate High/Scope Educational Research Foundation. Location: Cato Institute, 1000 Massachusetts Ave. NW.

AFHSARI-IRAN _ 12 p.m. - 1:30 p.m. The Middle East Institute hosts an address by Ali Afhsari, an activist in the Iranian student movement for political reform and human rights, who will discuss the future of democracy in Iran after the failure of former President Mohammad Khatami's reform movement. Location: MEI Boardman Room, 1761 N St. NW.

CAPITALISM _ 12:15 p.m. - 1:45 p.m. The New America Foundation sponsors a discussion, ``Capitalism 3.0: A Guide to Reclaiming the Commons." Participants: Peter Barnes, Senior Fellow, Tomales Bay Institute, co-founder and former president, Working Assets Long Distance, and auuthor, ``Capitalism 3.0: A Guide to Reclaiming the Commons;" and Mark Schmitt, Senior Fellow, New America Foundation. Location: New America Foundation, 7th floor, 1630 Connecticut Ave. NW.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

SICK 9/11 WORKERS _ 12:30 p.m. Sick 9/11 Responders attending the State of the Union address members of the New York congressional delegation to discuss what they say is the lack of federal help more than five years after the 9/11 attacks. Participants: Reps. Carolyn Maloney, D-N.Y.; Vito Fossella, R-N.Y.; Maurice Hinchey, D-N.Y.; Jerrold Nadler, D-N.Y.; and Sens. Charles Schumer, D-N.Y.; Hillary Clinton, D-N.Y.; and 9/11 responders John Sferazo and Marvin Bethea. Location: Room 2128, Rayburn House Office Building.

FERC-NRC _ 1:30 p.m. Joint meeting of the Nuclear Regulatory Commission and the Federal Energy Regulatory Commission to discuss electric power grid relaibility. Location: NRC Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Md.

SWEATSHOPS _ 2 p.m. Sens. Byron Dorgan, Lindsey Graham, Sherrod Brown and others hold a news confererce to announce a bill outlawing the U.S. sale of imported sweatshop produced goods. Location: Senate Radio-TV Gallery.

ENERGY SUPPLY _ 2 p.m. - 4 p.m. The Brookings Institution hosts the inaugural Foreign Policy Studies Energy Security Series event with a panel comprised of leading energy experts who have written extensively on the rise of China and India as major global economic powers, the continued growth in U.S. energy demand, and instability in key oil-exporting regions. Panelists include: Erica Downs, Peter C. Evans China Energy Fellow Director, Global Oil; and John L. Thornton, China Center, Cambridge Energy Research. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

ANTIWAR PROTESTS _ 8 p.m. Antiwar groups hold what they say is a ``State of the Union/Emergency" Protest Rally. Location: Capitol Reflecting Pool, eastside at Grant statue.

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USDOJ- Office of Public Affairs

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To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Tuesday, January 23, 2007
Attachments:	dojclips070123.pdf; dojclips070123.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 23, 2007 7:45 AM EST

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TERRORISM NEWS:

Al Qaeda Linked To Plot To Use Student Visas (LAT)

By Josh Meyer,

The Los Angeles Times, January 23, 2007

Papers found in an Iraq militants' hide-out refer to a plan to get terrorists into the U.S., though none did.

WASHINGTON — Al Qaeda's Iraq-based faction considered trying to use student visas to get a dozen or more operatives into the United States to launch an attack, a ploy that was successful for one of the hijackers in the Sept. 11, 2001, attacks, U.S. counter-terrorism officials confirmed Monday.

The plot appeared to be little more than an informal list of Al Qaeda-affiliated operatives and initial plans found during a search of a militants' hide-out in Iraq shortly before Al Qaeda in Iraq leader Abu Musab Zarqawi was killed in a U.S. airstrike in June, said one official.

But it was deemed serious enough to alert the FBI and the Department of Homeland Security, which mobilized agents in the United States to look for possible terrorists and for signs of attempted infiltration, said the official, who spoke on the condition of anonymity because he was not authorized to discuss classified details of the case.

"Almost anything from Al Qaeda in Iraq is taken very seriously.

"Even though they don't normally operate beyond the region, the fact that they were thinking about that, and considering this method to enter the country, is serious in and of itself," said the U.S. official.

In the end, U.S. authorities concluded that none of the operatives had entered the United States, that one of its leaders was already dead and that the effort never got off the drawing board, the official said.

The plot was confirmed by a second U.S. counter-terrorism official, who described the seized document as showing the scheme to be a group of men "discussing ideas, not an actual operation that was in progress."

Details of the nascent plot were first reported Monday by ABC News.

It also was cited by Lt. Gen. Michael D. Maples, head of the Defense Intelligence Agency, during his testimony two weeks ago at a Senate Intelligence Committee hearing on threats to the United States.

Maples did not provide any details, saying only that documents seized by coalition forces "revealed [Al Qaeda in Iraq] was planning terrorist operations in the U.S."

The FBI issued a statement late Monday, saying it "has been aware of the information cited by the DIA.... Based on this information, we have no indication of a specific threat at this time."

The U.S. counter-terrorism officials said that Al Qaeda operatives appeared to have begun discussing the plot sometime after Al Qaeda's No. 2 leader, Ayman Zawahiri, sent Zarqawi a letter encouraging him to launch attacks far beyond the borders of Iraq.

One of the 19 Sept. 11 hijackers, Hani Hanjour, was allowed into the country on a student visa from Saudi Arabia after being turned down for a tourist visa, Janice L. Kephart, the former immigration counsel to the Sept. 11 commission that investigated the attacks, said Monday.

U.S. authorities now require that schools keep much closer tabs on visiting students.

Also on Monday, a Washington-based terrorism analysis group released a videotape in which Zawahiri purportedly ridiculed President Bush for his recently announced plan to send more than 20,000 additional American troops to Iraq to counter the increasing bloodshed and sectarian violence.

In the 14-minute videotape released by the SITE Institute and later broadcast on Islamist websites, Zawahiri challenged Bush to send "the entire army," vowing that insurgents could defeat the equivalent of 10 armies.

U.S. intelligence officials believe Zawahiri is hiding out in Pakistan or just over the border in Afghanistan, but is separated from Al Qaeda leader Osama bin Laden.

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In his latest tape, which included English subtitles, Zawahiri described Bush's Jan. 10 address in which he outlined his new proposal for Iraq as "ravings."

He also said U.S. and allied forces have not deprived Al Qaeda of a haven in Afghanistan, and he reiterated an earlier offer to Americans to reject Bush administration policies if they wanted to avoid being attacked by Al Qaeda and militant Islamists.

*

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The America Terrorists Never See (USAT)

By Dinesh D'souza

USA Today, January 23, 2007

Congress and the Bush administration are reconsidering America's policy toward Iraq, a topic that the president is sure to emphasize in his State of the Union address tonight. But perhaps a more radical re-examination is necessary.

More than five years after 9/11, we are still under the illusion that America is fighting a war against the enemies of modernity. We hear that these people are against modern science, modern capitalism and modern democracy. In President Bush's words, "They hate our freedoms."

Many of us think of radical Muslims as semiliterate seminarians or mullahs, the product of fanatical madrassa schools. But if you consider the suicide bombers who struck at 9/11, or in Madrid, or in London, most were born in the West, studied in the West, or lived in the West, and had scientific training. Osama bin Laden was a civil engineer, his deputy Ayman al-Zawahiri a medical doctor, Khalid Sheikh Mohammed (the chief architect of 9/11) a mechanical engineer, Muhammad Atta (head of the Hamburg group) an urban planner. The man who beheaded journalist Daniel Pearl attended the London School of Economics.

If the radical Muslims aren't opposed to science, neither do they reject capitalism. Historically, Islam has been quite friendly to free markets. The prophet Muhammad was a trader. The bin Laden team targeted the World Trade Center not simply because it represents capitalism, but because it represents U.S. capitalism, which is viewed as exporting the debased values of U.S. popular culture to the Islamic world.

Finally, in recent years Islamic radicals have become converts to the benefits of democracy. True, the Taliban hated democracy and bin Laden still rails against elections, charging that they substitute the will of the people for the will of God. But radical Islam's leading groups, such as Hamas, Hezbollah and the largest one, the Muslim Brotherhood, all support elections. Indeed they are, according to Islam expert Noah Feldman, "the loudest voices calling for democracy in nearly every Muslim country." This is not because their leaders have been reading John Stuart Mill or The Federalist Papers. Rather, these groups support democracy because they have discovered that it is their best way to win power.

The first lesson came in the early 1990s when a Muslim radical group called the Islamic Salvation Front ran on a platform of reinstituting Islamic holy law and won electoral victories in Algeria. More recently, Hamas was freely elected in the Palestinian territories, and the Muslim Brotherhood swept the 2005 parliamentary elections in Egypt. Hamas leader Sheikh Nayef Rajoub says radical Muslims have learned to love "the democracy game." And even though it has been called a terrorist group, Hamas thus far has governed like any elected government.

So, for now, Islamic radicals find it in their interest to embrace democracy. What they do when they lose their first election remains to be seen.

Radical Islam's main charge against America is that we are a decadent, immoral society that is projecting its culture and values throughout the world and threatening their faith. This is the basis of bin Laden's call to jihad. U.S. military power is viewed by many as one means for transmission of American values to the Muslim world, which is why radical Islam has been gaining recruits.

So how should the Bush administration respond? First, it should stop calling for democracy worldwide. Is America willing to risk a free election in Saudi Arabia in which bin Laden supporters take control of two holy sites and a significant portion of the world's oil? Of course not. Foreign policy is not philanthropy.

Iraq is part of a legitimate American effort not to have democracy everywhere but to have democracy somewhere. A pro-American democracy in the region would give traditional Muslims an alternative to the two bleak options currently on offer in the

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Middle East: Islamic tyranny (as in Iran) or secular tyranny (as in Syria, Jordan, Egypt, etc.). The radical Muslims are fighting so desperately in Iraq because they don't want Muslims to have a third choice that may prove vastly more attractive.

The best way for America to refute the radical Muslim allegation that we are an immoral, pagan society is for the Bush administration to show the rest of the world the face of traditional America. This is the America that is not portrayed by Hollywood and the music industry, and it is an America that the Muslims rarely see. Bush should highlight this America in his foreign policy speeches. He should not hesitate to speak out against American cultural exports that are shameless and corrupting. And America should promote traditional family values, not feminism and homosexual rights, in international forums like the United Nations.

If traditional Muslims realized that there are millions of Americans who go to church, take care of their families and live by traditional values, they would be less likely to view us or our leaders as the Great Satan, and fewer of them will be tempted to join the camp of the Islamic radicals. Improving our moral reputation is not just a way to look better, it may also be the best long-term strategy to make our country safer.

Dinesh D'Souza's new book is The Enemy at Home: The Cultural Left and Its Responsibility for 9/11. D'Souza is the Rishwain Fellow at the Hoover Institution.

Prosecutors Say Padilla Defense Leak Could Taint Jury (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, January 23, 2007

The leak of transcripts of Jose Padilla's intercepted telephone conversations by a defense lawyer to The New York Times violated a court order and could jeopardize selection of an impartial jury, federal prosecutors said Monday.

"There is no question that the disclosure was calculated and deliberate, with the effect of exposing potential jurors to evidence before it is introduced at trial when both sides will have the opportunity to argue its significance," prosecutors said in court papers.

U.S. District Judge Marcia Cooke has scheduled a hearing Wednesday on the issue, the latest in a string of complications to arise in the case of the alleged al-Qaida operative.

Padilla, a 36-year-old U.S. citizen and former Chicago gang member, is charged with being part of a North American cell that provided cash, supplies and recruits to Islamic extremists. Originally accused of plotting a radioactive "dirty bomb" attack after his 2002 arrest, Padilla was designated an enemy combatant by President Bush and held without criminal charge at a Navy brig for 3 1/2 years.

He was added to an existing Miami terrorism-support case in late 2005 during a legal battle over the president's wartime detention powers. The dirty bomb allegations are not mentioned in the Miami indictment.

Three Miami-based public defenders representing Padilla - Michael Caruso, Anthony Natale and Orlando do Campo - admitted in court papers that "one of Jose Padilla's counsel" provided the transcripts to a Times reporter for a story published Jan. 4. The lawyer responsible was not identified.

Padilla is also represented by attorney Andrew Patel of New York, but his name does not appear on the document acknowledging responsibility for the leak.

The seven transcripts were covered by a June 21, 2005, order by Cooke prohibiting dissemination of "sensitive" evidence. The transcripts were declassified telephone intercepts on which Padilla's voice is heard that were obtained under the Foreign Intelligence Surveillance Act.

Prosecutors contend that their disclosure violates Florida Bar and American Bar Association rules governing attorneys' professional conduct. Penalties for such violations vary greatly, from jail time in extreme cases to a judicial reprimand.

The defense lawyers said in their own court papers that disclosure of the transcripts was "born of confusion" about the judge's order. Because the 2005 order had been replaced in 2006, not everyone on Padilla's team understood that the rules regarding sensitive material still applied.

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Prosecutors, however, cast doubt on the argument, noting that Assistant U.S. Attorney Russell Killinger said in a letter when the transcripts were turned over to the defense on Jan. 23, 2006, that they were "sensitive discovery materials" covered by Cooke's original order.

Prosecutors accused defense lawyers of "whipping up a media frenzy" that could taint the pool of prospective jurors.

A spokeswoman for The Times declined comment. None of the four defense lawyers responded to e-mail messages seeking comment about the latest government claims.

The Padilla trial had been scheduled to start Monday but was delayed until April, in part to allow time for a mental competency evaluation. Two mental health experts hired by Padilla's lawyers say he suffers from post-traumatic stress disorder stemming from his long isolation in military custody and is unable to adequately assist in his own defense.

Padilla's lawyers claim he was tortured while in the brig and are seeking dismissal of the charges on that basis. Pentagon and Justice Department officials have denied those.

Editorial: Congress Must Press For FISA-rule Details (MINNST)

Minneapolis Star Tribune, January 23, 2007

Crucial questions remain about new NSA wiretaps.

Just watching Alberto Gonzales being grilled over the Bush administration's new, classified domestic-surveillance agreement with the FISA court was an exercise in frustration. One can only imagine what it was like for the senators doing the grilling; they were simply trying to figure out whether the deal undermines or meets the intent of their own law to protect Americans' privacy.

They didn't get very far. In Thursday's Judiciary Committee hearing, the ever soft-spoken, ever genial attorney general would neither describe FISA orders that ended the warrantless wiretap program nor agree that senators had a right to see them.

That stance is untenable. Congress passed the Foreign Intelligence Surveillance Act to prevent unlawful eavesdropping by government, and it cannot determine whether to give congressional blessing to the new rules or amend the FISA law unless its members -- who are accustomed to receiving sensitive, classified material -- know how the rules work. Congress must press the White House until it gets the information.

After more than a year of defending its warrantless surveillance on the basis of executive authority, the administration has clearly done some fast footwork in the face of two new factors: an emboldened, Democratic-led Congress and the prospect of imminent federal appeals-court proceedings on its wiretap program.

Talks between the executive branch and the FISA court reportedly accelerated after the November elections. According to the Los Angeles Times, government officials said the negotiations "centered on securing an agreement that would allow the administration to seek warrants on groups of people in certain circumstances, rather than being required to obtain separate court orders for every individual under suspicion." The Times said the changes "appear to require individual warrants when the target is a U.S. citizen or has permanent legal resident status."

But senators heard no such explanation from Gonzales. They must persevere until they do.

Editorial: End To Warrantless Taps? (STNIA)

Staten Island Advance (NY), January 23, 2007

Late last week U. S. Attorney General Alberto Gonzales, in a two-page letter to members of the Senate Judiciary Committee, announced the death of the Terrorist Surveillance Program, the super-secret program authorized by the president to eavesdrop on phone calls and e-mails of Americans believed to be communicating with suspected terrorists.

Mr. Gonzales' announcement ended a 13-month brewing battle over the constitutionality of the Terrorist Surveillance Program, the warranteless wiretapping conducted by the Bush administration, which had vehemently defended its right to conduct super-secret eavesdropping on phone calls and e-mails of Americans without going through the well-established legal channels before doing so.

The president and Mr. Gonzales, as well as other members of the Bush administration have vehemently defended the program, insisting that it was "critical," "vital," and "crucial to our national security," ever since The New York Times broke the news that the program existed, catching Americans off-guard.

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The administration has also claimed that it did not need to request and receive a warrant from the appropriate court -- the Foreign Intelligence Surveillance Act (FISA) court, the sole purpose of which is to monitor the government's wiretapping and monitoring of Americans.

Critics of the National Security Agency program have said from the beginning that FISA should handle the program in the first place. Yet the government argued that going through the FISA court took too long; they said it would impede the program's "speed and agility."

They argued that NSA, the government's eyes and ears of worldwide communication, needed to be able to listen to terror suspects as they moved throughout the world and communicated with people within the U.S. Now, it appears that the "speed and agility" issue is a moot point. And that the White House has beat a hasty retreat.

Or has it?

Democrats are crowing that the Bush administration could no longer -- in the face of widespread criticism from scholars and some Justice Department lawyers -- defend its actions.

But one senior Justice Department official said: "Obviously, this issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny ... considering all of these circumstances, the president determined that this was the appropriate course."

Mr. Gonzales, appearing on the Hill last week, and under intense questioning, said: "We believe the court's orders will allow the necessary speed and agility the government needs," he said. When asked if the court is now a 24-hour drivethru for electronic surveillance, a senior Justice official said that "the judges of the FISA court often make themselves available at all hours to approve emergency authorizations. So that's not something new."

A former Justice Department official has told CBS News that emergency wiretaps can be started and the necessary paperwork can be completed retroactively. Which by the way, was always the case, and the main argument advanced by critics of the program in response to the administration's claim that going through FISA took too long.

So, has the administration actually backed down on one of its key interpretations of executive power?

Already some are speculating that the Gonzales letter is really a Trojan Horse. They claim that a closer reading of the letter provides a major, unresolved loophole the administration plans to exploit.

As one expert pointed out, the National Security Agency surveillance program and the FISA system, as it currently exists, are fundamentally incompatible. Any hasty reconciliation of the two, he said, would involve either a "dramatic revision" of U.S. espionage activities or a very creative reading of the wiretapping statute. The question, he said, is which one?

Critics have also questioned the timing of the Bush administration's policy change, coming two weeks before scheduled oral arguments in the 6th Circuit Appeals Court of a trial court's finding that the wiretapping program is unconstitutional.

Regardless, of which side of this debate readers fall, the program raised troubling questions, not the least of which is the extent and depth of presidential powers even in the time of war.

We also find ourselves wondering why the Bush administration felt it necessary to make an end run around FISA in the he first place, especially in light of the fact that the court in all of its years has only turned down a handful of requests out of the thousands it has granted.

In addition, New York Democratic Sen. Charles Schumer pointed out that the White House is labeling its cooperation with FISA as a courtesy, and not a legal obligation, meaning the administration does not feel bound to follow a new set of procedures.

"Just as you instituted this program," Mr. Schumer said, "you could just go back to it if you get a decision you don't like."

That fact is the most worrisome about this whole affair, that the White House, having publicly announced its compliance, would behind the scenes still do just the opposite.

We will, for the moment at least, reserve judgment, but urge Congress to continue oversight of this program to ensure that the administration keeps its promise to the American people.

Editorial: Change Of Tactic Only (MJS)

Milwaukee Journal Sentinel, January 23, 2007

DOJ_NMG_0120147

Congress and the courts must not be placated by the administration's alleged change of position on spying. It's? a matter of accountability and constitutional obligation.

"The truth of the matter is we looked at FISA, and we all concluded there's no way we can do what we have to do to protect this country under the strict reading of FISA."

Attorney General Alberto Gonzales to the Senate Judiciary Committee last week

The element of the Foreign Intelligence Surveillance Act that likely caused such consternation? The one that said eavesdropping on Americans should occur with a warrant. And the all-too-typical administration response? Ignore the law.

FISA actually is abundantly clear on this matter of warrants. Nonetheless, the administration had some choices. It could have asked Congress to change the law. It might have noted another part of FISA that allowed warrantless surveillance on an emergency basis for 72 hours before the warrant was requested.

Instead, the Bush administration followed the now familiar script - it ignored the law until it looked as if it would be forced to comply. Last week, the Justice Department announced that it would put its surveillance program under FISA court supervision. This occurred weeks after Democrats assumed control of Congress, just before Gonzales was to appear before the Senate committee and two weeks before a federal appeals court in Cincinnati was going to hear arguments about whether the program is legal. The administration's change of heart was clearly no coincidence.

Among other things, it now hopes that the court challenges to the program will be ruled moot. It also is gambling that Congress will be placated. Neither should occur.

That's because still unexplained is whether this change means each individual warrant has to gain court approval or whether the court will use blanket approvals. The former is what should be occurring.

Also left unclear is whether the administration - which has claimed the president had the constitutional authority for warrantless eavesdropping - has in fact been spying on Americans with no connection to terrorism.

As for the court cases, a New York Times analysis Friday by Adam Liptak observed that the Supreme Court has ruled such court cases are moot only if it is "absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur."

Anyone buying that with this administration's track record?

Congress must continue its oversight of this program. The court cases challenging it must also proceed. There are simply too many unanswered questions.

The President Is More Equal? (WT)

By Bruce Fein

The Washington Times, January 23, 2007

George Orwell had his "Animal Farm," and Attorney General Alberto Gonzales has his version of the Constitution.

According to the attorney general, the three branches of the government are equal, but President Bush is more equal than Congress or the Supreme Court. Thus, the president is constitutionally empowered to open mail, conduct electronic surveillance, break and enter homes, or torture detainees in defiance of federal statutes. Congress is impotent to check the president's national security powers to prevent the massive intelligence abuses disclosed by the Church Committee, including the gathering of political intelligence under a false foreign intelligence banner. Mr. Gonzales further lectures that the president is authorized to sign bills passed by Congress but to disregard those portions he asserts are unconstitutional, which is tantamount to a line-item veto power rejected by the Supreme Court in New York v. Clinton (1998).

He adds that President Bush, like British kings, can do no wrong in national security matters. Thus, the Supreme Court improperly rebuked the commander in chief over indefinite detentions of alleged unlawful enemy combatants, habeas corpus and military commissions by disputing Mr. Gonzales' doctrine of presidential infallibility doctrine.

The Founding Fathers, in contrast, believed the three branches of government should be equal in the Constitution's checks and balances. Since men were not angels -- even saintly President George Washington -- ambition must be made to counteract ambition to forestall the tyranny of "Animal Farm." Judicial review of presidential actions was enshrined in the expectation the White House would chronically seek to usurp or misuse power to boost its political standing, especially in times of conflict.

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The Supreme Court adjudicates the constitutionality of national security measures not because it commands military expertise or foreign intelligence genius. On the latter counts, the president is demonstrably superior. But the commander in chief, unlike the justices, is institutionally motivated to twist the law or distort the facts to gain a direct political advantage.

Mr. Bush, for example, benefits from the hundreds of alleged enemy combatants held at Guantanamo Bay irrespective of whether the detentions are justified. Detainees in large numbers testify to the president's dubious claim that international terrorism is as dangerous to the nation as were Josef Stalin, Adolf Hitler or Hirohito.

While a former commandant and deputy commandant have opined that most of Guantanamo's detainees do not belong there, reducing the number to a handful would be a staggering political embarrassment to Mr. Bush. How can the nation's clash with international terrorism be deemed "war" without a sizable collection of captured illegal enemy combatants on display? The same reasoning will incline Mr. Bush's military commissions established to try alleged war crimes to convict every accused al Qaeda defendant. Any acquittal would undermine Mr. Bush's hyperbolic claim of a Manichean battle between international terrorism and Western civilization.

All presidents are irresistibly tempted to indiscriminate or wrongful detentions, punishments or overreaching whenever exigencies arise to generate popular political support or to justify the indefinite exercise of emergency or war powers. The White House gains from inflated fears. The justices of the Supreme Court do not. Neither do they possess a personal political agenda that would systematically warp their constitutional judgments in favor or against the president's national security actions. That is why the Founding Fathers did not exclude the latter from judicial review, which history vindicates.

President Harry Truman insisted seizing steel mills was essential to the Korean War effort. The Supreme Court voided the seizure in Youngstown Sheet & Tube v. Sawyer(1952), and Truman was proved wrong.

President Richard M. Nixon maintained that publication of the Pentagon Papers would irreparably damage the United States in Vietnam. The Supreme Court rejected the claim in New York Times v. United States (1971), and Nixon was proved wrong.

President Bush asserted that any judicial review of his decision to detain American citizens indefinitely as enemy combatants would cripple the fight against international terrorism. The Supreme Court repudiated the claim in Hamdi v. Rumsfeld (2005), and Mr. Bush was proved wrong. It speaks volumes that Attorney General Gonzales has failed to cite even one Supreme Court decision which he believes handicapped the president's national security performance.

When the Supreme Court virtually abdicated judicial review in line with the attorney general's views, mass injustice ensued. With congressional support, President Franklin D. Roosevelt interned 120,000 Japanese Americans five months after Pearl Harbor to placate popular racism. Not a crumb of evidence of disloyalty or sabotage was ever forthcoming. The Supreme Court ratified that abomination through blind deference to the commander in chief in Hirabiyashi v. United States (1943), and Korematsu v. United States (1944). Congress later apologized in the Civil Liberties Act of 1988.

Notwithstanding the attorney general, the equilibrium of power among the legislative, executive and judicial branches has proven the best way to preserve an enlightened democratic dispensation for the ages.

Bruce Fein is a constitutional lawyer and international consultant with Bruce Fein & Associates and the Lichfield Group.

Bush's Abrupt About-face On Wiretaps Is Welcome (CCCT)

Corpus Christi (TX) Caller-Times, January 23, 2007

Decision to abandon insistence that such surveillance could be conducted without warrants came late in the day, however.

A year ago, when the program of warrantless wiretapping of overseas calls came to light, the Bush administration argued strongly that the surveillance was outside the purview of the courts.

By virtue of the president's executive powers on behalf of national security, the White House said, the administration already had the power to monitor those communications.

And aside from the inherent powers that gave the president the right to monitor those calls, the kind of massive electronic eavesdropping that was being done by the National Security Agency simply made the Carter-era Foreign Intelligence Surveillance Court an outmoded tool for dealing with the threat of terrorism.

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Trust us, the White House said reassuringly: The program has all the necessary constitutional protections built into its system without any courts.

Then the November elections happened. And last week, in a quiet turnabout, the Bush administration announced that it was discontinuing the program of warrantless wiretaps and said that any future wiretaps would be done under the authority of the FISA Court.

It was a welcome change of method, even if it did not represent a change of heart on the part of the Bush White House.

The administration still believes that what it was doing before was not against the law, although a federal court had already found the program to be unconstitutional. It was highly likely that an appeal court later this month would have upheld the trial court.

The administration, before the takeover of Congress by Democrats, might have been inclined to continue the legal fight.

However, pragmatism, if not respect for the Constitution, prevailed. Not by coincidence did Attorney General Alberto Gonzales announce the change just as he was about to testify for the first time before the new Congress.

The warrantless wiretapping program was an abuse of presidential powers and its dismantling should be welcomed by Americans. The program, while it operated, overrode one of the basic constitutional protections against unreasonable searches and seizures by the power of the state. That abuse fit the Bush administration's view that national security trumps all other concerns, when in fact the need to preserve our way of life in times of crisis demands that we uphold those constitutional protections then more zealously than ever.

Canadian To Remain On U.S. Terrorist Watch List (NYT)

By Scott Shane

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — Despite a Canadian inquiry that cleared a Syrian-born Canadian citizen of any terrorist ties, the Bush administration has formally refused a Canadian government request that it remove the man, Maher Arar, from the terrorist watch list, saying that the United States has secret information justifying his inclusion.

On Monday, the Justice Department released a letter affirming Mr. Arar's listing sent last week by Attorney General Alberto R. Gonzales and Michael Chertoff, the homeland security secretary, to the Canadian minister of public safety, Stockwell Day.

In the letter, dated Jan. 16, Mr. Gonzales and Mr. Chertoff said their departments and American intelligence agencies "have re-examined the materials in the possession of the United States regarding Mr. Arar. Based on this re-examination, we remain of the view that the continued watch listing of Mr. Arar is appropriate."

After the letter was sent, Mr. Day met last week with Mr. Chertoff and Mr. Gonzales and reviewed the American dossier on Mr. Arar in its entirety, but still disagreed with the American decision, Canadian and American officials said.

For human rights advocates, Mr. Arar became a symbol of the United States' counterterrorism policies gone drastically awry, when he was detained in New York in 2002 while trying to change planes and then sent to Syria. He was imprisoned in Syria for more than a year and beaten repeatedly with a heavy metal cable before the Syrian authorities released him in October 2003.

A two-year investigation by a Canadian government commission concluded in September that Mr. Arar had no terrorist ties and that the Canadian authorities had passed misleading information about him to the United States before he was sent to Syria. The revelations led to the resignation of the head of the Royal Canadian Mounted Police and a formal protest by the Canadian government to the Bush administration over Mr. Arar's treatment.

The Bush administration refused to provide documents or witnesses to Canada's Arar Commission, and it has never admitted to any mistakes in its handling of Mr. Arar.

At a hearing last week, Senator Patrick J. Leahy, a Vermont Democrat who is the new Democratic chairman of the Senate Judiciary Committee, angrily pressed Mr. Gonzales about the case. In a statement on Monday, Senator Leahy said he was "puzzled" by the decision to keep Mr. Arar on the watch list.

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"This abhorrent practice stains America's reputation as a defender and protector of human rights, and I hope this administration will renounce it at long last," Senator Leahy said. Mr. Gonzales has agreed to brief Mr. Leahy and Senator Arlen Specter of Pennsylvania, the top Republican on the committee, on the case.

Spokesmen for Mr. Gonzales and Mr. Chertoff declined on Monday to discuss the case, noting that a federal lawsuit filed by Mr. Arar against the United States government and dismissed last year is still on appeal.

An attorney for Mr. Arar, Maria C. LaHood, said the recent exchange provided more support for a statement last month by the Canadian prime minister, Stephen Harper, that "we simply have a U.S. government that won't admit it's wrong."

U.S. Officials: Canadian Should Stay On Terror List (CNN)

CNN.com, January 23, 2007

WASHINGTON (CNN) -- American officials said Monday that a Canadian should remain on a U.S. terrorist watch list despite the Canadian government's conclusion otherwise and its apology after the designation led to his detention in Syria.

In a joint letter, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff informed Stockwell Day, Canada's minister of public safety, that they had again looked at intelligence in their possession concerning Maher Arar.

"Based on this re-examination, we remain of the view that the continued watch listing of Mr. Arar is appropriate," the U.S. officials said.

"Our conclusion in this regard is supported by information developed by U.S. law enforcement agencies that is independent of that provided to us by Canada regarding Mr. Arar."

In 2002, U.S. officials detained Arar at a New York airport as he was trying to return home to Canada from a vacation in Tunisia. Canada had placed Arar, a Syrian native, on a terrorism watch list. He said the United States arrested him and eventually sent him to Syria, where he allegedly was tortured and held for 10 months.

In September, a Canadian report concluded that Arar wasn't a terrorism suspect. Gonzales has said the U.S. legally deported Arar and didn't send him to Syria to be tortured. Syria defends its handling of the case, saying a Canadian diplomat visited Arar twice and found he was treated well. Human rights groups widely criticize the Damascus government for torturing prisoners

The Arar case has been politically charged. Last week, Sen. Patrick Leahy, chairman of the Senate Judiciary Committee, sharply criticized Gonzales about the case during the attorney general's appearance before the panel.

On Monday, Leahy complained the letter does not address what he called "the larger issues surrounding this case."

"The reason the Arar case is such a sore point and such an offense to American values is that he was sent to Syria on the Bush administration's orders, where he was tortured," Leahy said in a written statement.

He said he was puzzled by the decision to keep Arar on the watch list, but said he would await a promised briefing by Gonzales.

Justice Department officials said Monday that the attorney general will inform the lawmaker why the Bush administration believes Arar should remain on the watch list.

In their letter to the Canadian minister, the U.S. officials said they would like to brief the Canadians "in a confidential meeting with appropriate Canadian officials at their earliest convenience."

US Still Considers Mistreated Canadian Arar Suspicious (AFP)

AFP, January 23, 2007

The United States still considers a Canadian it detained in 2002 as an "Islamic extremist" and sent to Syria, where he says he was tortured, a suspicious person, despite Canada finding him free of suspicion, a US officials said in a letter.

The letter, written last week by the US Attorney General Alberto Gonzales and Homeland Security chief Michael Chertoff, said that the US still maintains Maher Aher, who was cleared last year of terror ties by Ottawa, on a watch list based on US intelligence.

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"Our departments, in conjunction with the intelligence community, have reexamined the materials in the possession of the United States regarding Mr. Arar. Based on that reexamination, we remain of the view that the continued watch-listing of Mr. Arar is appropriate," it said.

The letter said the basis for this conclusion is based on US information "independent of that provided to us by Canada regarding Mr. Arar."

Arar, who holds dual Canadian-Syrian citizenship, was detained by US authorities in New York while in transit from Tunisia to his home in Canada in September 2002 and deported to Syria where he was jailed for nearly a year.

After his return to Canada, Arar said he had been tortured and that both his arrest by the United States and interrogations in Syria were based on Canadian intelligence.

He has filed multimillion-dollar lawsuits against the governments of Canada and the United States.

Last September Canadian Public Safety Minister Stockwell Day said he had advised Chertoff that a public inquiry had found "no evidence against Mr. Arar" and that Canada had stripped Arar's name from security lists.

"We want the government of the United States to do the same thing," he said.

On Monday, the US Center for Constitutional Rights, which is supporting Arar in his legal efforts, denounced the US keeping Arar on its watch list.

"It is now crystal clear that the US has shown everything it has on Mr. Arar to Canada, and that there is no reason for him to be on a watch-list," said center attorney Maria LaHood.

US Senator Patrick Leahy criticized the stance of the administration of President George W. Bush on Arar Monday.

"The reason the Arar case is such a sore point and such an offense to American values is that he was sent to Syria, on the Bush administrations orders, where he was tortured.

"Yet the Bush administration has yet to renounce the practice of sending detainees to countries that torture prisoners, and it has yet to offer even the hint of an apology to Mr. Arar for what he endured with our governments complicity."

Deputy Assistant Secretary For The Indefensible (WP)

By Richard Cohen

The Washington Post, January 23, 2007

"On the cold moonlit evening of March 5, 1770," writes David McCullough in his magisterial "John Adams," "the streets of Boston were covered by nearly a foot of snow." A crowd set upon a lone British sentry at Boston's Province House, taunting him. Quickly, reinforcements arrived, and so did a larger crowd. Soon the crowd hurled snowballs, chunks of ice, oyster shells and stones. The soldiers, now nine, opened fire, killing five Bostonians -- "bloody butchery," Samuel Adams called it. Only one lawyer would defend the British soldiers. He was a different Adams -- John Adams, a good man on the path to being great.

I resurrect this tale about Adams because it is sorely needed. Just this month, an official in the Bush administration, a deputy assistant secretary of defense named Charles D. Stimson, suggested that lawyers who defend terrorism suspects being held at Guantanamo not only should not do so but that their firms ought to be blackballed as a result.

"I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," he said in a radio interview. You may want to read that again.

It's hard to know where to begin. Shall it be with the notion that the Sept. 11 terrorists did not so much murder about 3,000 people as hit the "bottom line" of American corporations? This is a stunningly original take on that awful day, an auditor's reading of history that Stimson, in the spare time he deserves to have in abundance, might want to apply to the bombing of Pearl Harbor or the burning of Atlanta. I doubt that any CEO looks at Sept. 11 as a bad day at the office.

More to the point, what sort of lawyer -- and Stimson is one -- not only thinks that a terrorism suspect does not deserve counsel but that the counsel ought to be punished as a result? It's hard to fathom a lawyer saying such a thing -- even hard to fathom it from a mere citizen.

It would be just a waste of my time, I suppose, to point out that the Guantanamo suspects are just suspects, convicted so far of nothing. In fact, some of them have been released and others, arrested and held elsewhere, turned out to not be the mass

murderers and master criminals the government, in a fit of hype, originally accused them of being. Anyone who thinks all prosecutors speak nothing but the truth need only familiarize themselves with the case of the lacrosse players at Duke. There's a sad lesson in American jurisprudence for you.

Naturally enough, Stimson's repudiation of everything John Adams stood for produced some protest, condemnation and outrage. Following the well-established Washington rule, Stimson apologized, doing so in a letter to The Post. He said his remarks did not reflect his "core beliefs." He did not blame his utterance on drugs, booze, Twinkies or a deep depression; he merely said that his words had left the wrong "impression." With that, he has returned to the obscurity from whence he came, his job presumably secure.

I, for one, do not accept Stimson's apology. I think it is insincerely offered and beside the point. What matters most is that he retains his job, which means he retains the confidence of his superiors in the government. How anyone can have confidence in such a man is beyond me. There are only two explanations, one inexcusable, the other chilling. The first is that his bosses don't care. The second is that they agree with him.

I would guess that Stimson strongly felt it was No. 2 -- agreement. From the get-go, the Bush administration has taken the position that anyone it detained on terrorism charges was guilty. Throw away the key. No need for lawyers. No need for judges. No need for anything except, of course, the word of the authorities. In recent months, a more assertive Congress and the courts have unaccountably challenged this view, and the Bush administration has beaten a tactical retreat on unchecked eavesdropping and the legality of trying alleged terrorists before military commissions. Still, we all know where its heart is on these matters. Justice is what the administration says it is.

By now, any other administration would have fired Stimson, apology or not. His words show that he is unfit for government service, not to mention membership in the bar. Fortunately for him, if and when someone does drop the ax, some misguided lawyer, infused with the spirit of John Adams, will defend him. I hope Stimson will forgive him.

For The Record (NYT)

The New York Times, January 23, 2007

In last Friday's editorial about the administration official who urged corporations to punish lawyers for representing Guantánamo detainees: Charles Stimson is a deputy assistant secretary of defense, not state.

HOMELAND RESPONSE:

Bomb Threat Delays Plane (HC/AP)

The Associated Press

Houston Chronicle, January 23, 2007

HOUSTON — A Continental Airlines Inc. commuter flight was delayed without incident for about an hour Monday after its scheduled landing at George Bush Intercontinental Airport because of a bomb threat, authorities said.

The flight from Tyler, about 200 miles north of Houston, landed about 10:50 a.m. and was diverted to a taxiway, where local, state and federal authorities took about an hour to determine the plane and its passengers were safe, said Marlene McClinton, spokeswoman for the Houston Airport System.

The airport continued to operate normally during the investigation, McClinton said.

The twin-turboprop, operated by Colgan Air Inc., holds 34 passengers, though it wasn't immediately known how many were onboard, a Continental spokeswoman said.

FBI spokeswoman Shauna Dunlap described the incident as a "nonspecified bomb threat" that apparently started in Tyler. A call to the airport in the East Texas city, which is located between Dallas and Shreveport, La., was not immediately returned.

United Passenger Charged For Alleged Drunken Behavior On Flight (SLOT)

San Luis Obispo Tribune, January 23, 2007

DOJ_NMG_0120153

SAN FRANCISCO - A United Airlines passenger faces federal charges for allegedly making statements about a hijacking, trying to open a cabin door and fighting with flight attendants while aboard a flight from Boston to San Francisco.

Erin Callahan Lambert, 28, who apparently was intoxicated during Flight 179 on Sunday, was taken into custody after the plane landed at San Francisco International Airport, authorities said. She was charged Monday with assaulting a flight attendant and interfering with the performance of duties of flight crew members.

About halfway through the six-hour, non-stop flight, Lambert got up, walked to the back of the plane and began talking on her cell phone, FBI Special Agent Brian Gilhooly wrote in an affidavit filed in U.S. District Court in San Francisco.

When two flight attendants told Lambert to turn off the phone and return to her seat, she "refused and became combative," Gilhooly wrote. Asked who she was talking to, she said "I'm calling 911 because the plane is being hijacked," the affidavit said.

Lambert eventually returned to her seat, but later she tried to take her luggage, including her pet dog in a carrier, to the restroom, according to the affidavit. When told to leave her belongings at her seat, she said, "No, you are going to have to kill me and my dog," then locked herself in the restroom, Gilhooly wrote.

Lambert exited moments later and "started walking rapidly toward the front of the airplane," saying, "I'm getting off the aircraft," he wrote.

Flight attendants and passengers stopped her as she headed for a cabin door and forced her into a seat, where the plane's purser handcuffed her, according to the affidavit. She managed to wriggle free from those handcuffs, so plastic ties were placed on her wrists, it said.

"During the entire assault, Ms. Lambert was yelling profanities, cursing and spitting on the flight attendants and other passengers," Gilhooly wrote.

Lambert, a Bay Area resident, was turned over to San Francisco airport police upon arrival at SFO, where she refused to be interviewed by the FBI and requested an attorney, the affidavit said.

Chemical Insecurity (NYT)

The New York Times, January 23, 2007

The new Democratic leadership in Congress has a chance to finally do what the Republican Congress and the Bush administration failed to do after Sept. 11: to protect the nation's chemical plants from an attack. Lawmakers should stop the Homeland Security Department from adopting new regulations that would block state and local governments from doing more to protect their residents and should finally pass a federal law with teeth.

An attack on a single plant could release deadly chemicals that could put hundreds of thousands of people at risk of death or serious injury. But since Sept. 11, the chemical industry — a major campaign contributor — has managed to ward off any significant new federal rules that might require it to spend money to increase security.

Now it is going a step further by trying to get the federal government to "pre-empt," or invalidate, state and local efforts to impose safety standards. Supporters of pre-emption always claim that they just want a uniform standard. But in situations like this one — where the federal law is absurdly weak — it is obvious that the real agenda is to block serious safety measures at every level of government.

Congress wisely refused to include a pre-emption provision in legislation it adopted last year. Now, however, the Homeland Security Department has proposed regulations that would give itself the authority to pre-empt state and local laws. If the proposed regulations were adopted, they could wipe away the serious chemical plant security law that New Jersey has passed, and prevent other states and cities from requiring the chemical industry to do more to protect their residents.

It is up to Congress to act. It should block these deeply flawed regulations and move quickly to pass a comprehensive law that imposes tough requirements on chemical plants to harden their facilities.

Last year Congress passed a bad rider, backed by the industry, that gives the chemical industry far too much leeway to decide on its own how its plants are vulnerable and how to protect them. The new law should contain specific requirements for plant safety. It should also require companies to switch to safer chemicals when the cost is not prohibitive, a key safety measure that the industry has resisted. And it should clearly state that federal chemical-plant laws do not pre-empt state and local laws. Congress should finally put the public's safety ahead of the chemical industry's bottom line.

DOJ_NMG_0120154

WAR NEWS:

Iraq Buildup Draws New Challenge (LAT)

By Noam N. Levey, Times Staff Writer

The Los Angeles Times, January 23, 2007

GOP's Sen. Warner is an author of the latest resolution opposing Bush's plan to send 21,500 more troops.

WASHINGTON — Three Senate Republicans, including one of the White House's most powerful supporters of the Iraq war, introduced a resolution Monday to oppose any troop buildup — a serious setback for President Bush.

The latest challenge is led by Sen. John W. Warner of Virginia, a widely respected onetime Navy secretary and former Senate Armed Services Committee chairman, who had been largely restrained in his criticism of the president's plan until Monday.

"I feel ever so strongly that the American GI was not trained, not sent over … to be placed in the middle of a fight between the Sunni and the Shia and the wanton, incomprehensible killing that's going on at this time," Warner said at a news conference. The resolution is the second that aims to put Congress on the record against Bush's plan to increase the number of U.S. troops in Iraq by 21,500, an issue the full Senate could start to debate next week. It expresses the sense that the Senate disagrees with the buildup and is largely similar to the earlier resolution, but is more deferential to presidential authority.

Warner's decision to introduce a nonbinding resolution — co-sponsored by Republican Sens. Susan Collins of Maine and Norm Coleman of Minnesota, along with Democratic Sen. Ben Nelson of Nebraska — deals a blow to a White House that has been struggling to contain a revolt on Capitol Hill.

It was greeted warmly Monday by congressional war opponents, who are pushing to rein in the president and force him to begin bringing home the roughly 132,000 troops in Iraq.

"If you look at what has happened to this debate in the last 10 days … not only from Democrats, but Republicans, this has been a major kind of escalation of expression of opposition," said Sen. Edward M. Kennedy (D-Mass.), who has introduced legislation that would require the president to get congressional authorization for the additional troop deployments.

A spokeswoman for Sen. Joseph R. Biden Jr. (D-Del.), who last week introduced the other anti-buildup resolution with Sens. Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.), said Biden was open to amending his resolution. Biden and other Democrats are working to round up the Republican votes that any resolution would need to overcome a possible filibuster. Sixty votes are required to cut off debate.

"What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight a civil war," said Elizabeth Alexander, Biden's spokeswoman.

The Biden resolution, unlike Warner's, calls Bush's proposal an "escalation," a word criticized by some Republicans as politically loaded because of its association with Vietnam. It also does not include wording that acknowledges the president's constitutional authority to direct the war.

On Monday, several Republican leaders rallied to the president's side.

"We should all want this strategy to work. We should do everything in our power to help make it work. And that begins by giving it a chance and not criticizing it before the strategy even has a few days to work out," Sen. Jon Kyl (R-Ariz.) said in an emphatic speech on the Senate floor. "That's why the possibility of a resolution, which is highly critical of the president's strategy and suggests a different course of action and a timeline for leaving, is the wrong strategy," said Kyl, the No. 3 GOP Senate leader.

In the House, Minority Leader John A. Boehner (R-Ohio), who has expressed strong support for the White House, challenged Democrats to cooperate with Republicans to make the president's strategy work.

Also potentially complicating the congressional debate over the war is that a growing number of senators — including several presidential candidates — are promoting their own proposals to challenge the president's Iraq plans.

But Warner's stature as a longtime supporter of the military and onetime White House ally helped drive the sense Monday that Congress was moving closer to a powerful, if symbolic, repudiation of Bush's position.

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The courtly five-term senator, whose bleak October assessment of the situation in Iraq helped unleash other GOP criticism of the White House in the run-up to the midterm election, was careful Monday not to directly challenge the president's role as the nation's commander in chief.

His resolution accepts the White House argument that "a failed state in Iraq would present a threat to regional and world peace" and explicitly rejects the calls of many Bush opponents for a withdrawal of U.S. forces.

"Those are matters that must be left to the president," Warner said on the floor of the Senate on Monday evening. "We do not mean to be confrontational with our president."

The resolution also accepts that additional troops may be needed in Al Anbar province to fight the insurgency there.

Bush has proposed deploying 4,000 of the 21,500 additional troops in the Sunni-dominated region.

But Warner and the resolution's other authors embraced many arguments made by the war's fiercest Democratic opponents.

The lawmakers also included the advice against an escalation by Army Gen. John P. Abizaid, the outgoing Middle East commander. They quote Iraqi Prime Minister Nouri Maliki's statement that "the crisis is political." They note the track record of unfulfilled promises by the Iraqi government. And they observe the growing public opposition to continued U.S. military presence in Iraq.

"The responsibility for Iraq's internal security and halting sectarian violence must rest primarily with the government of Iraq and Iraqi security forces," the resolution reads.

Warner said Monday that he envisions bringing up his resolution on the Senate floor as a substitute for Biden's.

But with the Senate Foreign Relations Committee, which Biden heads, set to begin consideration of the issue Wednesday, some senatorial aides say Democrats are likely to seek a compromise resolution.

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Times staff writer Richard Simon contributed to this report.

More From GOP Oppose Hike In U.S. Troop Levels (USAT/AP)

USA Today, January 23, 2007

WASHINGTON — Congressional Republicans pushed back Monday against President Bush's decision to increase troop strength in Iraq, some voicing opposition while others urged holding the administration and Iraqi government more accountable.

In the Senate, John Warner of Virginia, former chairman of the Armed Services Committee, joined fellow Republicans Susan Collins of Maine and Norm Coleman of Minnesota in producing non-binding legislation expressing disagreement with Bush's plan. Sen. Ben Nelson, D-Neb., joined them.

In the House of Representatives, members of the Republican leadership drafted a series of what they called "strategic benchmarks," and said the White House should submit monthly reports to Congress measuring progress.

The action taken by Collins, Coleman and Warner raised the number of Senate GOP publicly against Bush's plan to five. Sens. Chuck Hagel of Nebraska and Olympia Snowe of Maine have said they back the Democrats' resolution.

More Republicans Join Critics Of Bush Troop-Surge Strategy (WSJ)

By David Rogers

The Wall Street Journal, January 23, 2007

WASHINGTON -- Weighing into the Iraq debate, the Republican past chairman of the Senate Armed Services Committee broke ranks with the White House over sending 21,500 more U.S. troops to the war zone, especially for the purpose of quelling sectarian violence in Baghdad.

"The American GI was not trained, not sent over there, certainly not by resolution of this institution, to be placed in the middle of a fight between the Sunni and Shia and the wanton and just incomprehensible killing that's going on at this time," said Sen. John Warner (R., Va.) "That's a mission that's important...but it should be performed by the Iraqi forces and not the coalition forces."

Mr. Warner's remarks came as he and a handful of senators from both parties joined in offering a nonbinding Senate resolution intended to give voice to concerns about President Bush's policy. The tone is softer than a companion proposal offered last week by leading Democrats and Sen. Chuck Hagel (R., Neb.), but showed promise last night of sparking negotiations on a compromise able to maximize support from both parties.

"This resolution is aimed at broadening the support for the resolution dealing with the president's plan," said Sen. Ben Nelson (D., Neb.), who joined with Mr. Warner and Sen. Susan Collins (R., Maine) in drafting the resolution. In an interview last evening, Mr. Hagel said that Sen. Warner had allowed him to preview the language on Friday and found it to be, in some instances, more detailed than his own in specifying what course the administration should follow.

"The bottom line is this is a pretty significant piece of legislation," Mr. Hagel said. "In no way is this good news for the administration."

Senate Foreign Relations Committee Chairman Joe Biden (D., Del.), a chief sponsor of the earlier resolution with Sen. Hagel, has called a meeting tomorrow on the matter and signaled a willingness to accept changes to broaden support.

"What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight a civil war," said a Biden aide. "We're open to working with anybody and working on language to get a broad majority behind our resolution."

Nonetheless, the situation is complicated by the growing rivalry among would-be Democratic presidential candidates, including Mr. Biden himself. The Delaware Democrat has to navigate through this thicket, and if the various camps aren't careful, the whole debate could degenerate into the sort of political word games and posturing that so often bring ridicule on the Senate.

Mr. Bush, who delivers his State of the Union address before a joint session of Congress this evening, has shown no sign of backing away from the planned deployment of four infantry combat brigades over the coming months. But the nervousness among Republicans is palpable, especially among those up for re-election in 2008.

House Republican Leader John Boehner of Ohio surprised some of his own colleagues by proposing the creation of a bipartisan House select committee to oversee the president's strategy in Iraq and hold the White House accountable for achieving prescribed "benchmarks." And among the Republican senators speaking out most forcefully now are several facing re-election in two years.

"We're all struggling as to what the right thing to do is. On issues like this you are going to make some people happy and some people unhappy," said Sen. Norm Coleman (R., Minn.).

Mr. Warner, who will be 80 next month, is weighing his own future and whether to seek another term in 2008. Virginia just elected a Democrat, Sen. Jim Webb, a Vietnam veteran who ran strongly against the president on the war issue and will deliver the Democratic response to the State of the Union. But apart from any political considerations, Mr. Warner's unhappiness with the direction of the war has been growing for some time, and if he should break fully with the president, it would be a major blow.

"It's clear that the United States' strategy and operations in Iraq can only be sustained and achieved with the support of the American people," Mr. Warner said "I'm a veteran of the Vietnam period when I was secretary of the Navy, and while I suggest that that conflict does not have any direct parallels to this, I did witness the decline of the public support."

Key Republican Senator Offers Bipartisan Call To Reject Bush Plan For More Troops In Iraq (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — Senator John W. Warner of Virginia, one of Congress's leading authorities on the military, presented a bipartisan proposal on Monday that soundly rejected President Bush's plan to send more American troops to Baghdad and urged the administration to find a new course in Iraq.

"Mr. President," Mr. Warner declared, "go back and look at all the options."

On the eve of the State of the Union address, the proposal by Mr. Warner and two fellow Republican senators, Susan Collins of Maine and Norm Coleman of Minnesota, along with Ben Nelson, Democrat of Nebraska, was offered as an alternative to an Iraq resolution backed by Democratic leaders and is to be debated this week by the Foreign Relations Committee.

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While details of the competing Iraq plans varied, one point could not be mistaken: a growing number of senators in both parties find the president's strategy flawed. While some Republicans still vow to back the White House, the tough language from Mr. Warner, a former chairman of the Armed Services Committee and a onetime Navy secretary, dealt a blow to administration officials trying to salvage the Iraq plan.

"The American G.I. was not trained, not sent over there — certainly not by resolution of this institution — to be placed in the middle of a fight between the Sunni and the Shia and the wanton and just incomprehensible killing that's going on at this time," Mr. Warner said. "We don't lessen importance of that mission, but it should be performed by the Iraqi forces and not the coalition forces."

The new resolution reflected Mr. Warner's typical style — in their public comments, he and his allies took a diplomatic tone and sought to play down friction with the administration. Yet the language of the proposal itself was clear in declaring opposition to the troop buildup and urging the Iraqi leaders to seek a political solution to the sectarian violence.

"We've had four other surges since we first went into Iraq," Ms. Collins said. "None of them produced a long-lasting change in the situation on the ground. So I am very skeptical that this surge would produce the desired outcome."

The new Warner proposal and the resolution introduced last week by Senators Joseph R. Biden Jr. of Delaware, and Carl Levin of Michigan, both Democrats, and Chuck Hagel, Republican of Nebraska, are similar in many respects. Both are nonbinding but declare that United States involvement in Iraq cannot be sustained without strong public support and that the main military mission in Iraq should be ensuring the nation's territorial integrity.

"There is no misunderstanding, if anyone votes for this, you disagree with the president here," Mr. Hagel said, adding that he and other supporters of his resolution were open to negotiations.

But Mr. Warner's proposal says the Senate "disagrees with the 'plan' to augment our forces," while the other resolution states that it is "not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence."

Mr. Warner engineered a similar resolution demanding a change in Iraq policy in 2005. Building on a Democratic bill, Mr. Warner, then chairman of the Armed Services Committee, maneuvered a resolution through Congress that called for Iraqis to take the lead in securing their country and required reports to Congress on progress there.

That proposal also required 2006 to be a year of transition to full sovereignty in Iraq, and Mr. Warner's new plan cites that requirement as part of the basis for resisting the troop buildup.

As early as next week, the full Senate could open the most extensive Iraq debate to be conducted in more than four years. The proposal unveiled Monday, sponsors said, was fashioned to be more palatable to moderate Democrats and Republicans because it seeks to employ recommendations from the Iraq Study Group and offers guidelines to establish a military strategy.

"It's important to send a strong message to the White House," Mr. Nelson said. "And it's a stronger message when it has significant bipartisan support."

As Mr. Warner and his coalition acted, House Republicans advanced their own plan on Monday, hoping to find some middle ground between unqualified support for Mr. Bush's plan and mounting resistance among the rank and file, who are moving away from the administration.

Under a plan announced Monday by Representative John A. Boehner of Ohio, the minority leader, and other senior Republicans, Mr. Bush would be required to provide monthly reports on progress in meeting goals in Iraq beginning this month.

Among the new "benchmarks" proposed by Republicans would be the level of cooperation by the Iraqi government in military efforts as well as Iraqi troop deployments and spending on military equipment. Republicans said they have also asked the House speaker, Nancy Pelosi, to establish a bipartisan committee to monitor Mr. Bush's new strategy.

"The new majority has two choices," Mr. Boehner said. "They can either try to stop the president's new strategy and block funding for our troops, or they can join us in aggressively holding the Bush administration and the Iraqi government accountable for achieving success."

That comment hit a nerve with Democrats, who said Republicans failed consistently in their duty to scrutinize the administration's conduct of the war when they held majorities in the House and Senate.

"Where were the Republicans the last four years?" said Brendan Daly, a spokesman for Ms. Pelosi.

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Senator Edward M. Kennedy, the Massachusetts Democrat who has proposed a resolution to block spending for any increase in troops, said the terminology in a final resolution may be less important than gaining Republican support for it.

"If you look at what has happened to this debate in the last 10 days here in the United States, where not only from the Democrats but from the Republicans, this has been a major escalation of expression of opposition, reservation, exasperation, frustration, by members of the president's own party," he said. "It's going to be reflected in the votes here."

Warner Bill Hits Bush's Troop Surge (WT)

By Charles Hurt

The Washington Times, January 23, 2007

Sen. John W. Warner of Virginia and other Republicans publicly offered a resolution yesterday condemning President Bush's proposal to send more troops to Iraq.

The "Senate disagrees with the 'plan' to augment our forces by 21,500, and urges instead to consider all options and alternatives for achieving the strategic goals set forth below with reduced force levels than proposed," wrote Mr. Warner, joined by Republican Sens. Susan Collins of Maine and Norm Coleman of Minnesota.

Sen. Ben Nelson, Nebraska Democrat, also helped draft the nonbinding resolution.

The six-page proposal was less critical than one offered last week by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, but still included strict instructions for how Mr. Bush should better wage the war in Iraq.

It also contained a harsh assessment of the current situation, indicating that a broad bipartisan coalition on Capitol Hill will desert the commander in chief if he presses forward with his plan to add troops.

"I feel ever so strongly that the American GI was not trained, not sent over there, certainly not by resolution of this institution, to be placed in the middle of a fight between the Sunni and the Shi'a and the wanton and just incomprehensible killing that's going on at this time," Mr. Warner told reporters yesterday.

"That's a mission that's important; we don't lessen importance of that mission. But it should be performed by the Iraqi forces and not the coalition forces," he said.

The resolution has not been formally introduced as a bill. It will be offered as an alternative to Mr. Biden's resolution when it reaches the Senate floor in the coming weeks.

The three lawmakers who were in the Senate at the time voted for the October 2002 resolution authorizing the use of force against Iraq. Mr. Coleman did not join the Senate until 2003.

All four took pains at yesterday's press conference in the Capitol to include conciliatory words for the administration.

"The purpose of this resolution is not to cut our forces at the current level or to set any timetables for withdrawal, but rather to express the genuine -- and I repeat -- the genuine concerns of a number of senators from both parties about the president's plan," Mr. Warner said. "It is not meant to be confrontational but instead to provide a sense of bipartisan resolve that I hope we can achieve with regard to our new strategy in Iraq."

And, possibly more important, they embraced Mr. Bush's continued hopes for a victory there.

"We agree with the president -- a failed state of Iraq will threaten world peace for a long time to come," Mr. Warner said.

Mr. Coleman said the resolution "does recognize the consequences of failure. I want to succeed. I want to force us to succeed."

Among their directions is to increase troop levels in the volatile Anbar province, "specifically for the purpose of combating an insurgency, including elements associated with the Al Qaeda movement, and denying terrorists a safe haven."

Mr. Nelson said he expects the proposal to draw support from plenty of colleagues on both sides of the aisle.

"We've now just recently in the last hour or two circulated drafts. I've been talking to a number of my colleagues, many of whom have an interest in being supportive," he said. "This resolution will really, I think, be a very strong message to the White House."

He also said it avoids "any partisan rhetoric," a reference to the harsher Biden resolution, which has support from Mr. Nelson's Republican seatmate, Sen. Chuck Hagel of Nebraska.

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Although some Democrats who want to see troops withdrawn weren't signing onto the resolution yesterday, they hailed it as continued erosion of support for Mr. Bush's war policies.

"The opposition to the President's misguided escalation of the Iraq war is growing louder and louder," said Sen. Edward M. Kennedy, Massachusetts Democrat. "How much louder -- and how much clearer -- does the opposition to his plan need to be before the President will begin to listen and respond to the voices of the American people, the generals, and a bipartisan majority of Congress? The last thing America needs is to send more troops into a civil war that never would have been authorized by Congress, and will do nothing to end the war in Iraq."

Warner Backs Resolution Opposing Troop Increase (WP)

By Jonathan Weisman

The Washington Post, January 23, 2007

Sen. John W. Warner (R-Va.), the former chairman of the Senate Armed Services Committee, yesterday endorsed a new resolution opposing President Bush's buildup of troops in Baghdad, as even some of the most loyal Republicans scrambled to register their concerns and distance themselves from an unpopular policy.

The resolution, unveiled the day before the president's State of the Union address, is expected to garner the support of many Senate Republicans -- especially those facing reelection next year. The measure appeals to many rank-and-file Republicans because it allows them to voice their differences with the administration without embracing the highly critical language of another bipartisan resolution co-sponsored by Sen. Chuck Hagel (R-Neb.), one of the sharpest critics of the administration's Iraq policy.

By last night, Warner had already met with Senate Majority Leader Harry Reid (D-Nev.), and the two camps were negotiating a single resolution likely to be approved by the Senate Foreign Relations Committee on Wednesday.

Even House Republicans, once the president's firmest bulwark, made their skepticism clear yesterday, calling for firm benchmarks for success in the war that House Minority Leader John A. Boehner (R-Ohio) said would "hold the Bush administration and the Iraqi government accountable and require the administration to report to Congress every 30 days."

"I support the president's plan," Boehner said. "But we have a duty to candidly and honestly assess whether the new strategy will be effective and ultimately successful."

That statement marked an important shift within a Republican leadership that has rarely made demands on the administration's foreign policy team. With public support for the war at record lows, the Democrats back in control of Congress and many Republicans facing tough reelection campaigns in two years, party leaders feel they have little choice but to voice their disapproval with plans for a troop buildup.

With the introduction of the Warner resolution, five Republican senators are now on record opposing Bush's decision. The resolution's co-sponsors, Warner, Sen. Norm Coleman (R-Minn.) and Sen. Susan Collins (R-Maine), are all up for reelection next year, as is Sen. Gordon Smith (R-Ore.), who was included in the resolution's drafting over the weekend.

Another group of senior Republican senators, including Sens. Pete V. Domenici (R-N.M.), Thad Cochran (R-Miss.) and Ted Stevens (R-Alaska), are searching for their own avenue to express their concerns.

"The American people on November 7 changed management in the United States Congress. The overriding issue was Iraq," Hagel said. "What you're seeing is representative democracy in action. What you're seeing is the clear attitudes of the American people playing out among their elective representatives."

The Warner-Coleman-Collins resolution tones down some of the language in the competing resolution drafted by Sens. Joseph R. Biden Jr. (D-Del.), Carl M. Levin (D-Mich.), Hagel and Olympia J. Snowe (R-Maine) and couches its recommendations in wording deferential to the constitutional authority of the president.

But it states that "the Senate disagrees with the 'plan' to augment our forces by 21,500."

"Our overall military, diplomatic and economic strategy should not be regarded as an 'open-ended' or unconditional commitment, but rather as a new strategy that hereafter should be conditioned upon the Iraqi government's meeting benchmarks that must be specified by the Administration," it concludes.

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The House Republican benchmarks also represented a clear break from administration policy. Under the proposal, every 30 days the White House would have to present Congress clear measurements showing the Iraqi government's progress in purging insurgents and terrorists from its security forces, identifying the level of combat experience for Iraqi army battalions, tracking expenditures on Iraqi army equipment and measuring the effectiveness of the police force in Baghdad. The administration would also have to measure Iraqi government efforts to breed tolerance among its country's warring sects.

House Republicans also called on the administration to measure its efforts to cooperate with neighboring countries to stabilize Iraq, a push for regional diplomacy that the White House has resisted.

"We have a responsibility to reach across the aisle and to work with our Democrat counterparts to perform our obligation under the Constitution," Boehner said. "We're a separate branch of the government. We were sent here by the American people, and we believe that proper oversight of this plan and implementation of this plan can help make it successful."

Some Republican aides saw both the Senate and House developments as positive for Bush, because they give Republicans eager to voice their opposition to the president's Iraq policy ways to go on record without siding with the more forthright statements of opposition drafted with more Democratic support.

But Democrats characterized the development as strong evidence of Bush's eroding support. The Foreign Relations Committee will take up the Biden-Hagel language tomorrow and send a modified version for debate in the full Senate next week.

The Warner group has largely reached the same conclusion as Biden, Hagel and Levin: U.S. troops should focus on protecting Iraq's border, combating terrorism and training Iraqi forces, and the administration should step up diplomatic efforts to start a regional peace process.

Committee aides said they will study the Warner resolution and are almost certain to make changes to win support from his coalition.

Sen. Jon Kyl (R-Ariz.) took to the Senate floor yesterday to implore his colleagues not to go through with a vote on any resolution of opposition, calling the effort "pernicious" and "very, very dangerous."

GOP Delivers New Blow On Troop Surge (FT)

By Demetri Sevastopulo And Steve Negus

Financial Times, January 23, 2007

George W. Bush's efforts to shore up support for his military surge in Iraq suffered another blow on Monday when a senior Republican senator came out against the controversial plan.

John Warner, the former navy secretary and until last month chairman of the armed services committee, said he would introduce a resolution opposing the sending of 21,500 more US troops to Iraq. The resolution was also backed by two Republican senators, Susan Collins and Norm Coleman, and by Ben Nelson, a conservative Democrat.

Ayman al-Zawahiri, the deputy to Osama bin Laden, taunted Mr Bush on Monday over his decision to send more troops to Iraq.

"Why send 20,000 only – why not send 50,000 or 100,000? Aren't you aware that the dogs of Iraq are pining for your troops' dead bodies?" he said in a video released the day before Mr Bush was to address the nation with his annual State of the Union speech.

The intensified opposition to the surge came the day before General David Petraeus, the incoming US commander in Iraq, was to face tough questions on Capitol Hill on whether Nouri al-Maliki, the Iraqi prime minister, would live up to his promise to crack down on sectarian militias.

Senators are unlikely to challenge the nomination of the respected soldier but they will grill Gen Petraeus on the plan to pacify Baghdad. The problem facing US and Iraqi forces was underscored on Monday by bombings across Iraq that claimed more than 100 lives.

Gen Petraeus will run a military operation that has run into resistance on Capitol Hill. In addition to Mr Warner, whose move could sway wavering Republicans, a number of Democrats are pushing symbolic resolutions intended to press Mr Bush to abandon the surge, while others are introducing measures that would cap the number of troops or block funding for an increase.

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Mr Bush has argued that the surge will differ from previous failed operations in Baghdad because of the streng-thened commitment of Mr Maliki that there will be no political interference in operations aimed at clamping down on Shia militia loyal to Moqtada al-Sadr. The Shia cleric's political support has been crucial to the Maliki government.

Although US and Iraqi troops have raided safe houses used by the Mahdi army, Mr Sadr's militia, and detained commanders for months, US officers have accused the prime minister of offering political protection to the movement. In the past two weeks, however, that protection appears to have been withdrawn. In addition to raids on the Mahdi army over the past 10 days, US and Iraqi forces on Friday arrested Abdel al-Darraji, a senior aide to Mr Sadr.

But the continuation of insurgent attacks on civilian Shia targets such as the one on a busy Baghdad market on Monday that killed at least 88 people will test the authority of the government as it moves to dismantle a force that many Shia believe to be their first line of defence against Sunni extremists.

Also, the lack of benchmarks makes it difficult to gauge whether Mr Maliki genuinely wants to neutralise militias.

Congressional Republicans Voice Concerns Over Bush's Iraq Policy (LEXHL)

By Renee Schoof And Margaret Talev

Lexington Herald-Leader (KY), January 23, 2007

WASHINGTON - Sen. John Warner, an influential Republican on military affairs, introduced a bipartisan resolution Monday that opposes President Bush's plan to send 21,500 more American troops to Iraq and urges shifting U.S. soldiers out of the middle of the sectarian killings that are raging in Baghdad.

On the eve of Bush's State of the Union address, Warner's resolution was one of two strong signals that Republicans in Congress sent Monday showing their doubts about the war. The other came from Republicans in the House of Representatives, who said they wanted Bush to certify on a monthly basis whatever progress was being made in Iraq on military, political and social benchmarks.

Combined with near-unanimous Democratic opposition to Bush's war policy, the Republican stands show a broad bipartisan lack of confidence in the president's course.

Warner said the United States already had "made a tremendous sacrifice in our nation of life and limb and largess" to establish Iraq's sovereignty, and that now Iraqi forces should stop the violence.

Under the president's plan, U.S. troops would be asked to help stop the death squads and bombings now racking Baghdad.

"I feel ever so strongly that the American GI was not trained, not sent over there, certainly not by resolution of this institution, to be placed in the middle of a fight between the Sunni and the Shi'a and the wanton and just incomprehensible killing that's going on at this time," Warner said.

House Republican leader John Boehner, R-Ohio, who supports Bush's troop increase, made the recommendation for a monthly benchmark report in a letter to House Speaker Nancy Pelosi, D-Calif., and proposed that Pelosi create a bipartisan select committee to oversee the reports.

"Congress cannot and must not dictate the strategies or methods used in war," Boehner's letter said, "but we have a duty to the American people to candidly and honestly assess whether our efforts have been successful."

While Warner's resolution could pull support from a more strongly worded resolution of no confidence in Bush's Iraq policy that Democratic Senate leaders are promoting, it also could be the starting point for negotiations toward a compromise resolution opposing the troop increase that would win broad bipartisan support.

The resolution drafted by Warner and Sens. Susan Collins, R-Maine, and Ben Nelson, D-Neb., and supported by Sen. Norm Coleman, R-Minn., is nonconfrontational in tone. It stresses that the Senate doesn't question the president's power as commander in chief and notes that Bush himself, when he announced his new plan Jan. 10, invited members of Congress to suggest ways to improve it.

It's similar in key ways to a resolution proposed last week by Sens. Joseph Biden, D-Del., Carl Levin, D-Mich., Chuck Hagel, R-Neb., and Olympia Snowe, R-Maine, and favored by Senate Democratic leaders.

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Both resolutions oppose Bush's plan to increase the number of American troops in Iraq. Both stress that the job of quelling the fighting in Baghdad should belong to the Iraqi government, while U.S. troops should help protect Iraq's territory from outside assault, fight terrorists and train Iraqi troops.

But Warner's resolution avoids one politically loaded term: escalation. It uses the word "augment" to describe the president's increase in forces; the Biden resolution calls it "escalating" the U.S. military presence.

Warner said he'd vote against Biden's resolution as drafted but that he might support it if it were revised. The task of polishing the wording now goes to the Senate Foreign Relations Committee, which Biden chairs.

"What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight a civil war. We're open to working with anybody and look forward to a bipartisan discussion on the Biden-Hagel-Levin-Snowe resolution in the Foreign Relations Committee on Wednesday," Biden spokeswoman Elizabeth Alexander said.

Gordon Johndroe, a spokesman for Bush's National Security Council, said in an e-mail response to McClatchy Newspapers that "the president and Congress are in agreement on most elements of Iraq policy, including the Iraqis taking the lead in political reconciliation as well as security. ... The various resolutions show there are a lot of different ideas and disagreements on the way forward in Iraq."

Senate Majority Leader Harry Reid, D-Nev., said Warner's proposal appeared to help more than hinder Democrats' efforts. "It appears to me that the president's going to have bipartisan opposition to the escalation, or augmentation, or whatever you want to call it," he said.

Rockefeller: Iraq Drains Security Funds (AP)

By Katherine Shrader

AP, January 23, 2007

The new chairman of the Senate Intelligence Committee said he fears the government will not have enough money for homeland security and other domestic priorities because of President Bush's "Iraq adventure."

In an interview on Monday, Sen. Jay Rockefeller, D-W.Va., criticized almost every major facet of the Bush administration's national security course since Sept. 11, 2001. "The president has in a sense walked away from the war on terror," Rockefeller said.

Because of what he termed a misplaced fascination with Iraq based on faulty intelligence, Rockefeller said al-Qaida and Afghanistan have been neglected. He said he worries that U.S. intelligence on Iran is lacking, and what the nation knows about North Korea is even worse.

And he recently told Treasury Secretary Henry Paulson that domestic programs — such as education, health care, the environment and homeland security — are suffering. "That is one of my great, great worries about this Iraq adventure: the shortage of money for homeland security," he said.

Economically, "everything is going to close up and get tougher, and it's all because of the budget and the result of something called Iraq," Rockefeller later added. "I am furious about that."

In the State of the Union address Tuesday night, Bush is expected to reiterate that U.S. involvement in Iraq is part of a unified fight against terror, despite criticism from those who say the Iraqis themselves must do more to fight what now amounts to a civil war. Yet Bush has long said that if the United States doesn't stop the terrorists in Iraq, they will attack at home.

Disagreeing with Rockefeller, Missouri Sen. Kit Bond, the top Republican on the Senate Intelligence Committee, said statements from al-Qaida's leaders prove Iraq is central to the fight against extremism. "Both Osama bin Laden and Ayman al-Zawahri say that Iraq is the center piece in the war on terror. That is why they want to win it," he said in a separate interview.

Rockefeller plans two hearings this week on the course of intelligence reform. He said the FBI has made progress at protecting the country, but he still worries about the bureau's lack of technology and its ability to transition from an agency whose investigations are aimed at prosecuting criminals in court, to one that investigates to head off acts such as terrorism.

He said there are still missteps akin to those made on al-Qaida conspirator Zacarias Moussaoui, in which the FBI pounces too quickly on a visa violation, rather than tracking a suspected terrorist to learn more about his activities.

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Despite improvements at the FBI, he said, "I am not satisfied."

Rockefeller said he's also concerned that the Bush administration could be marching toward a military confrontation with Iran.

"Do I think it's possible that the president could get us involved marginally or even more fully in Iran as a way of distracting us from the war on terror, and from Iraq, as a way of getting past the elections in 2008?" Rockefeller asked. "I don't want to believe that. But after what I have been through with him ... yes, I worry about it enormously."

Rockefeller has formed working groups within his committee to focus on difficult national security issues, including Iran, and the 16 U.S. spy agencies are also working on a high-level National Intelligence Estimate on Iran.

Even as he and Bond have agreed on a forward-looking agenda, Rockefeller intends to finish the second phase of the committee's lingering investigation into the spy agencies' faulty prewar assessments of Iraq.

Rockefeller, who voted to authorize the Iraq invasion, said he was "a victim" of bad intelligence.

He said the intelligence analysis is better now, and he believes intelligence analysts are more willing to say when they don't know certain information. Yet he still sees many gaps in understanding — at the spy agencies and the White House.

The administration, he said, doesn't understand the insurgency because officials have never been in a war like this one. He's also concerned that the turmoil in Iraq will spill over into the region.

Rockefeller said he hasn't met Iraqi Prime Minister Nouri al-Maliki, but he does "not have a great deal" of faith in him. He said the United States must tell the Iraqis that American troops will leave — and they must believe it.

Then, the work will be up to the Sunnis and Shiites. "They have to face each other, and they really do have to decide for the first time since 1916 whether they can get along," he said, referring to the origins of the country that is now Iraq.

Lawmakers Have Loved Ones In Combat Zone (USAT)

By Kathy Kiely

USA Today, January 23, 2007

WASHINGTON — Sen. Max Baucus, D-Mont., lost his nephew, Philip, in Iraq. Rep. Joe Wilson, R-S.C., says his son, Alan, had two close calls: one from an improvised explosive device, the other from a sniper.

Rep. Todd Akin, R-Mo., credits his nightly prayers with his son Perry's narrow escape from a mortar attack in Fallujah.

Almost four years into the war, the conflict in Iraq has begun to touch some of the lawmakers who authorized it in a very personal way.

That reality — which stands in stark contrast to the popular stereotype of Congress — will be embodied tonight by Sen. Jim Webb, the Virginia Democrat delivering the response to President Bush's State of the Union address.

Webb's eldest son, Jimmy, is a Marine in the combat zone. He can't bring himself to talk about his son — not even to the president — but others speak eloquently of their loved ones' sacrifices.

"I understand and sympathize with the Americans who continue to support this war because they do not want their family and friends to have died in vain," Baucus said of his nephew's death in a Senate speech Feb. 10. "I know what it is like to pray for a reason and to become determined not to lose."

Perceptions of Congress

In his 2004 documentary Fahrenheit 9/11, filmmaker Michael Moore showed members of Congress sputtering as he put a camera in their faces and asked whether they'd send their children to Iraq. In arguing for a reinstatement of the military draft, Rep. Charles Rangel, D-N.Y., suggested his colleagues were out of touch when they authorized the war. "I continue to believe that decision-makers would never have supported the invasion if more of them had family members in line for deployment," he wrote in a column last fall.

At least nine members of Congress have sons or daughters who have served in Iraq, according to the U.S. Senate Library. A tenth, Sen. John McCain, faces the possibility that his youngest son, Jimmy, will go there this year.

Like other Americans in similar situations, the lawmakers are torn by powerful emotions. "We worried every day, but that did not take away from our pride," said Rep. Ileana Ros-Lehtinen, R-Fla., whose stepson, Douglas Lehtinen and his wife, Lindsey, are

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Marine fighter pilots. They ended an eight-month tour of duty in Iraq last year; Lindsey Lehtinen may be headed back there this year, Ros-Lehtinen said.

It's difficult to determine exactly how many lawmakers have had relatives in Iraq because some don't want to talk about it. In part it's because they don't want to appear to be seeking special treatment; in part it's out of security concerns. "When Perry was actually in Fallujah, I didn't want to mention the location to make him some sort of higher-value target," Akin said.

The number of lawmakers with relatives involved in the war is probably lower than in past conflicts, congressional historians say, in part because there are fewer soldiers involved. Compared with Vietnam, Korea and World War II, "this is a fairly limited conflict," said Ray Smock, director of the Robert C. Byrd legislative resource center at Shepherd University.

Members of Congress with Iraq veterans in the family are as divided as the rest of the country over the war. Sen. Sam Brownback, R-Kan., cited his niece and nephew, who both enlisted in the Marines, in a speech where he expressed misgivings about the president's plan to send more troops to Iraq. Baucus and Webb are also against it.

Others say they will support the Bush plan — with varying degrees of enthusiasm. "I'm a reluctant supporter," said Rep. Kenny Hulshof, R-Mo. The congressman's brother-in-law, Ryan Howell, is an Army major. Howell is back in the USA, and Hulshof said their talks over the family dinner table helped persuade him to back the Bush plan as a "last-ditch effort" to stabilize Iraq.

Sen. Kit Bond, R-Mo., whose son Sam is scheduled to return to Iraq for his second tour of duty this spring as the head of a Marine scout sniper platoon, is less equivocal. Bond said his son has convinced him that "pulling out early downgrades and denigrates the sacrifices that we've made."

Messages from the war

Members of Congress sometimes get bulletins from their relatives on the front lines. Rep. Joe Wilson, R-S.C., passed his Blackberry down the dais during House Armed Services Committee hearings, so his colleagues could read the latest message from his son, Alan, an Army reservist who spent a year in Iraq.

Rep. Duncan Hunter, R-Calif., who chaired the panel last year, said he was in a hearing when his son, also named Duncan, called him on a satellite phone during a battle in Fallujah.

The younger Hunter was "very unhappy," his father said, because the Marines were being ordered to stop attacking. "So I called up the Pentagon," the congressman said.

Lawmakers say having loved ones in Iraq makes them more sensitive to the war's implications. "When the early morning news comes on and says 'Marines killed in Iraq,' your stomach tightens," Bond said. Members of Congress insist, however, that their personal ties don't affect their decisions.

Baucus said he decided to oppose the president's proposal to increase troop levels because "our plan's not working," not because of his nephew's death. Hulshof said he voted for the 2002 resolution authorizing the use of military force in Iraq even though his brother-in-law was on maneuvers in Kuwait and "I knew my vote was going to put him in the middle of things."

Webb, a Vietnam War combat veteran, said members of Congress should weigh their decisions with equal care whether it is their flesh and blood on the line or their constituents'. "Every single person up here should act like they have somebody over there," he said.

In New Tape, Al Qaeda Deputy Taunts Bush (NYT/AP)

By The Associated Press

The New York Times, January 23, 2007

CAIRO, Jan. 22 (AP) — Al Qaeda's deputy leader on Monday mocked President Bush's plan to send more than 20,000 additional troops to Iraq, challenging him to send the "entire army" and vowing that insurgents would defeat them, according to a new videotape released by an American group that tracks messages from Al Qaeda.

The group, the Washington-based SITE Institute, said it had intercepted the video from Ayman al-Zawahri, which had not yet been posted on militant Islamist Web sites, where his messages usually appear. SITE, which assesses and analyzes intelligence related to terrorism, did not elaborate on how it had received the message.

In the tape, Mr. Zawahri said the United States strategy for Iraq, outlined by Mr. Bush in a speech on Jan. 9, was doomed to fail.

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"I ask him, why send 20,000 only — why not send 50,000 or 100,000?" Mr. Zawahri says on the video released by SITE. "Aren't you aware that the dogs of Iraq are pining for your troops' dead bodies?

"So send your entire army to be annihilated at the hands of the holy warriors to free the world from your evil," he continues, "because Iraq, land of the caliphate and jihad, is able to bury 10 armies like yours, with God's help and power."

The video showed Mr. Zawahri in a full gray beard, wearing a white turban, in front of a black backdrop.

The message was the first reaction from Al Qaeda's leadership to the new Iraq strategy.

The United States has said the extra troops will try to crack down on fighters from Al Qaeda and other Sunni Arab insurgents in Iraq, as well as Shiite militiamen who take part in sectarian violence.

General May See Early Success In Iraq (WP)

By Thomas E. Ricks

The Washington Post, January 23, 2007

The battle for Baghdad will start in mixed Sunni-Shiite neighborhoods chosen by military strategists as being the least likely to offer stiff resistance, raising the odds of early success, according to military planners and officials familiar with the thinking of the incoming Iraq commander, Lt. Gen. David H. Petraeus.

But that could be followed by a sharp increase in violence as insurgents learn U.S. and Iraqi tactics, military officials said.

The general, whose Senate confirmation hearing is scheduled for this morning, plans to send all 17,500 additional U.S. troops ordered by President Bush into Baghdad, regardless of whether Iraqi army units join the fight as planned, according to officials familiar with his thinking. Anticipating an uneven performance by the Iraqi army, military planners are advocating using American force and funding quickly to establish early victories, both in improving security and showing economic progress.

Petraeus's appointment as the top U.S. commander comes at a key point in the war, when public support is lower than ever and the congressional debate is coming to a head. The general offered a harsh critique of U.S. mistakes in Iraq in written testimony submitted to the Senate yesterday, noting a range of ills that included poorly managed elections and inadequate reconstruction plans. Now, as military and political leaders tout Petraeus as the best man to salvage the Iraq effort, he is in the delicate position of wanting to show progress quickly without raising expectations too high.

"This will be a difficult mission and time is not on our side," he states in the written testimony to the Senate Armed Services Committee.

Petraeus will require his troops to operate and live among the population, hoping to safeguard security and economic gains for neighborhoods cleared of violence. Military experts say that violence could decrease through April and May but that once insurgents get a feel for U.S. and Iraqi army tactics, a new "fighting season" could begin in late spring -- triggering potential political problems for U.S. public support of the operation.

Perhaps most important, Army insiders say they expect Petraeus to show a very different style from his reserved predecessor, Gen. George W. Casey Jr. "You are going to see a much more active command style than Casey," said one officer who has worked with both men. "Petraeus will be out walking the streets, visiting units and firing up both his Iraqi and coalition forces with his personal attention."

Like every active-duty officer and Pentagon official interviewed for this article, he asked not to be identified by name, noting the sensitivity of the situation as Petraeus awaits confirmation. Also, this officer noted, Petraeus has shown that he can use sticks as well as carrots: "He is also willing to fire people."

Petraeus aims to fly to Iraq as soon as possible, partly because, as one officer put it, he sees signs that "everyone's going on hold" there now as they await his arrival.

The plan to bring security to Baghdad will begin with the deployment of U.S. and Iraqi troops into nine sectors across the city. For years, most U.S. troops have lived on big "Forward Operating Bases." Petraeus plans to instead establish battalion command posts across the city. "I plan to ensure that some of our forces locate in the neighborhoods they protect," he said in his written statement.

People who have spoken with Petraeus recently said he believes that politicians and journalists have put too much emphasis on the increase in troop numbers and too little on his intention to use them differently. Their top priority will be

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protecting the Iraqi population, following counterinsurgency doctrine laid out in a new Army manual, which he oversaw, that says "the people are the prize."

The plan calls for large numbers of Iraqi and U.S. forces to flow into a targeted area like an ocean tide, temporarily overwhelming militia and insurgent fighters. But unlike in the past, when the tide goes out, it will leave behind a substantial residual force of Iraq army and police units, backed up by mobile U.S. troops. In this way, planners hope to "hold" neighborhoods rather than just "clear" them of the enemy.

The first big question will be whether Iraqi forces show up as promised. Early indications are good, said one person familiar with Iraqi troop movements over the past several days. But they will have to be monitored constantly. The next question will be whether the Iraqi forces actually do anything, or just pretend to comply with American requests. The third will be whether they remain to finish the job, or pull out before the campaign is really completed.

The next big question is how the militia of Moqtada al-Sadr, the radical Shiite cleric who is anti-American and a major power in the Iraqi government, will respond to the new U.S. troop presence on the streets of Baghdad. Sadr's Mahdi Army, the single most powerful Shiite militia, has been implicated in death squad activities. "Actions taken in Sadr City will have to be carefully considered," Petraeus says in his statement, referring to Sadr's stronghold in eastern Baghdad.

U.S. military intelligence officers believe that Sadr initially won't confront the new U.S. troops. "I think the Mahdi Army will lay low where we are in present in strength," one intelligence officer predicted yesterday.

The combination of factors -- a militia response of waiting out the U.S. campaign, combined with initial operations in easier areas -- should cause a reduction in violence early in the campaign, said one Army insider. But he predicted that any drop would be short-lived.

By about March, Defense Secretary Robert M. Gates said recently, U.S. commanders should have a good assessment of whether the Iraqi government is able to deliver on its promises. He said that deployment of all five extra U.S. brigades in the pipeline will depend on Iraqi performance.

But people familiar with Petraeus's thinking say that he is likely to take a different course, ignoring any Iraqi shortcomings and asking for all five brigades of planned U.S. reinforcements, figuring out that a true test of the strategy of clearing and holding, and of protecting the citizenry of Baghdad, will require all those 17,500 troops. "To do what has to be done, they all have to go," said a senior defense official who met last week with Petraeus.

During the first months of the campaign, Petraeus is likely to be wary of declarations of success or calls from Capitol Hill to begin curtailing the troop increase. "Gaining the trust of the populace is going to take more than 30 to 90 days, which means the timeline for obtaining real results are out of sync with what the Hill and the U.S. populace is looking for in the way of results," a strategist for the Joint Staff said.

By April or early May, American planners hope that the levels of violence will begin to go down. But they also fear that this is the point at which the campaign could begin to go quietly sour. Insurgents and militias will have had time to study the new U.S. approaches and determine where the points of vulnerability exist.

By June, all the troops in the planned increase should be operating in Baghdad, with U.S. forces in the city having increased from 24,000 to about 41,000, and Iraqi troop levels rising from 42,000 to about 50,000.

By mid-summer, officers involved in planning said, Petraeus hopes to be able to point to a sustained decrease in violence.

Yet summer may bring the most dangerous point of the entire campaign, especially if U.S. forces begin to withdraw, warned retired Marine Col. Gary Anderson, who has advised top U.S. officials on insurgencies. He predicted that Sunni insurgents and Shiite militias will "wait out the surge, falling upon the Iraqi security forces when the Americans start leaving, causing a Tet-like effect where the light at the end of the tunnel is an oncoming train."

Petraeus Cites Errors In Iraq (WP)

By Thomas E. Ricks

The Washington Post, January 23, 2007

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Army Lt. Gen. David H. Petraeus, who is poised to become the top commander in Iraq, believes that the U.S. government has made a host of serious mistakes there, according to written testimony he submitted yesterday to the Senate Armed Services Committee.

Among the errors he cites are inadequate planning for the occupation, failing to recognize the emergence of the insurgency, not having enough troops in certain areas and holding elections in such a way that they deepened Iraq's sectarian divisions.

Here are some excerpts (the entire document is available at washingtonpost.com):

-- "[T]here were a number of assumptions and assessments that did not bear out. Prominent among them was the assumption that Iraqis would remain in their barracks and ministry facilities and resume their functions as soon as interim governmental structures were in place."

-- "There was the feeling that elections would enhance the Iraqi sense of nationalism. Instead, the elections hardened sectarian positions as Iraqis voted largely based on ethnic and sectarian group identity."

-- "There was an underestimation of the security challenges in Iraq. . . . It repeatedly took us time to recognize changes in the security environment and to react to them. "

-- "Disbanding the Iraqi army . . . without simultaneously announcing a stipend and pension program for those in the Army. . . ."

-- "We took too long to recognize the growing insurgency and to take steps to counter it, though we did eventually come to grips with it."

137 Killed Or Found Dead Across Iraq (AP)

By Kim Gamel

AP, January 23, 2007

A suicide bomber crashed his car into a central Baghdad market crowded with Shiites just seconds after another car bomb tore through the stalls where vendors were hawking DVDs and used clothing, leaving 88 dead Monday in the bloodiest attack in two months.

The bombings, along with a double bombing that killed 12 people in the town of Khalis, battered Shiites during one of their holiest festivals. The attacks were the latest in a renewed campaign of insurgent violence in advance of a U.S.-Iraqi security operation.

In all, 137 people were killed or found dead across Iraq, including a teacher who was gunned down as she was on her way to work at a girls' school in a mainly Sunni area of Baghdad. The toll also included the bullet-riddled bodies of at least 30 people, apparent victims of death squads largely run by Shiite militias.

An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed its fighters shot down an American military helicopter in a Saturday crash that killed 12 U.S. soldiers. The U.S. military has said the cause of the crash has not been determined.

In Washington, a senior military official said investigators found debris near the scene of the helicopter crash that could be part of a shoulder-fired weapon. The official requested anonymity because the investigation is ongoing.

Monday's explosions, which could be heard a mile away from the banks of the Tigris River, tore through the Bab al-Sharqi market shortly after noon in a clear attempt to kill as many people as possible at a time of day when commuters and shoppers tend to gather there in large numbers.

Witnesses said the force of the blasts sent jagged pieces of the sales stalls hurtling through the crowd. Body parts were strewn on the pavement, and heavy gunfire erupted. Black smoke billowed above the center of the capital.

Rescue workers could be seen hauling away a bloodied man on a wooden cart that vendors use to bring goods to market. His pants had been blown off.

Nearby al-Kindi Hospital and its morgue were filled to capacity. Many of the dead were laid out in the courtyard, covered with white and blue cloths, as loved ones crouched beside them shrieking in grief and shouting oaths against the attackers.

Hours later, a bomb struck a market in the predominantly Shiite town of Khalis, 50 miles north of Baghdad, and a mortar shell slammed into the market. At least 12 people were killed and 29 wounded, police said.

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Khalis is in the volatile Diyala province, where fighting has raged for weeks among Sunni insurgents, Shiite militiamen and U.S. and Iraqi troops.

In the provincial capital of Baqouba, state television reported that gunmen attacked the mayor's office, ransacking the building and setting off explosives that damaged the structure. Police said the mayor was kidnapped, a report that U.S. officials said they could not immediately confirm.

The twin bombing in Baghdad was the single deadliest attack against civilians in Iraq since Nov. 23, when suspected al-Qaida in Iraq fighters attacked the capital's Sadr City Shiite slum with a series of car bombs and mortars that struck in quick succession, killing at least 215 people.

Prime Minister Nouri al-Maliki, a Shiite, denounced Monday's attack and blamed Sunnis. "The alliance of the terrorists and the remnants of Saddam have committed an ugly crime," he said in a statement.

Brig. Jihad al-Jabiri, director of the explosives experts department in the Interior Ministry, told state television that each car apparently carried more than 190 pounds of explosives.

Deputy Health Minister Hakim al-Zamili said at least 78 people were killed and 156 were wounded, but police and hospital officials put the death toll at 88.

The attack occurred two days after the start of the 10-day festival leading up to Ashoura, which marks the death of Imam Hussein, grandson of the Prophet Muhammad and one of the most revered Shiite saints.

Imam Hussein died in the battle of Karbala in A.D. 680. The battle cemented a schism in Islam between Shiites and Sunnis, a division that has grown in Iraq since the U.S.-led invasion in 2003. The festival culminates next week with processions and ceremonies, including self flagellation, in a show of grief to mark Hussein's death in battle.

Late Monday, the U.S. military announced it had launched a joint drive with Iraqi forces into a dangerous Sunni neighborhood in north Baghdad, a region that has seen significant violence in the sectarian warfare shaking the capital.

It was unclear if the operation marked the beginning of the security drive that al-Maliki and President Bush announced this month.

Bush has committed an additional 21,500 troops to the effort to secure Iraq, but congressional Democrats, mindful of a rising U.S. military death toll, oppose this move.

A U.S. soldier was killed Monday by a roadside bomb in northern Iraq, raising to 28 the number of American troops killed in the past three days; the U.S. military also reported that two Marines were killed Sunday in Anbar province.

Al-Qaida's deputy leader, Ayman al-Zawahri, mocked Bush's plan to send more troops, challenging him to send "the entire army" and vowing in a new videotape that insurgents will defeat them. The Washington-based SITE Institute, which tracks al-Qaida messages, said Monday it had intercepted the video, which had not been posted on Islamic militant Web sites.

The success of the new security plan is strongly linked to the Iraqi government's willingness and ability to take on Shiite militias and death squads. Past operations to end violence in the capital failed when al-Maliki intervened on behalf of his fellow Shiites.

In a rare statement that singled out the feared Mahdi Army of radical Shiite cleric Muqtada al-Sadr, the American military announced that U.S. and Iraqi forces captured 16 Shiite militia leaders and 33 key Sunni insurgents in the past 45 days. The military said 52 operations since Dec. 8 targeted the Mahdi Army, which has been blamed for much of the sectarian violence in the capital, while 42 focused on Sunni extremists.

U.S. and Iraqi military officials also detailed a recent operation near Baqouba in which they said 100 Sunni insurgents were killed and 50 captured.

88 Killed As Car Bombs Devastate Busy Baghdad Market (NYT)

By Marc Santora

The New York Times, January 23, 2007

BAGHDAD, Jan. 22 — Two powerful car bombs ripped through a market in central Baghdad on Monday, turning an area crowded with shoppers and commuters into one of the worst scenes of carnage since the war began.

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The bombs killed at least 88 people and wounded 160 others even as the first of some 21,000 extra American troops ordered by President Bush began arriving in Baghdad, and as other troops took up positions on SunniShiite fault lines as part of a new strategy to secure the city.

After a weekend in which 27 American soldiers were killed in Iraq, the attacks underscored the challenges that even an augmented American force faces in trying to quell the sectarian attacks. Military officials privately expressed concerns that a renewed period of intense sectarian fighting could easily overwhelm their efforts.

In addition to the market attacks, a bombing in a Shiite town north of Baghdad killed 15 people on Monday. Elsewhere, Iraqi government officials and members of security forces continued to be shot, blown up and kidnapped.

The blasts at the Baghdad market were in a Shiite area and seemed to have been timed to inflict maximum damage, occurring at noon, one of the busiest times of day. The explosions left so many bodies that they had to be loaded one on top of another on wooden carts, according to witnesses. Other victims were simply blown to pieces.

Ali Hussein 47, a biologist who was on his way home, said he had been knocked off his feet. The force of the blasts, which went off just seconds apart, turned everyday items like lotions and DVDs into deadly projectiles.

"Bottles of perfumes and deodorants were flying in the air like small rockets," Mr. Hussein said outside Kindi Hospital, which was quickly overwhelmed with victims. "I was wounded in my right leg."

Police officials said the blasts had been so large that each of the cars used must have carried a huge amount of explosives. From the eastern banks of the Tigris nearby, the two explosions could be heard in quick succession.

Massive clouds of smoke billowed high into the sky, and as the fires caused by the explosion engulfed at least a dozen cars, the cloud drifted over the heavily fortified Green Zone, about a half-mile away.

In the past such Sunni aggression has been met by swift reprisals by Shiites, a cycle of violence that left some 34,000 Iraqis dead last year. Monday's bombings, directed so specifically at civilians, seemed intended to elicit a reprisal, much like the bombings in the Shiite neighborhood of Sadr City one day last fall, which killed 144 people.

Late Monday, a Sunni mosque in the Dora section of Baghdad was blown up. There were no reports of casualties. Residents said the attack was likely to have been retribution for the bombing of a Shiite mosque in the same neighborhood last week.

Elsewhere, the Sunni mayor of Baquba, Khalid al-Sanjari, was abducted Monday, and after armed gunmen took him way from his office they burned it to the ground, according to a local police official.

Residents in Baquba, about 25 miles northeast of Baghdad, said Mr. Sanjari had close ties with armed groups formerly affiliated with the Saddam Hussein government.

"It is strange that this man was kidnapped," one resident said. "The Iraqi police and army have arrested him more than once, and he was released because of lack of evidence."

Although it is far from clear who abducted the mayor, another resident said, "This is a punishment for him, because armed groups tend to get rid of the person who is no longer useful for them."

Late Monday evening, just north of Baquba, at least 15 people were killed and 39 wounded in coordinated bomb and mortar attacks in the Shiite town of Khalis, according to a local police official.

In Tal Afar, the police were attacked in a bombing that left three dead and nine wounded. The town is considered to be one of the few success stories of the American occupation, a place where violence was largely quelled after intensive intervention. It is being used as the model for the new strategy to secure Baghdad.

Meanwhile, a group claiming to represent Al Qaeda in Mesopotamia took responsibility for shooting down an American Black Hawk helicopter northeast of Baghdad on Saturday. Local Iraqi officials at the site of the crash, which killed all 12 people on board, said the helicopter had been attacked, but American officials here said there an investigation was in progress and did not confirm those accounts.

Monday's bombing in Baghdad was followed by prolonged gun battles. The fighting could be heard across the city, although officials did not release any casualty figures from the ensuing skirmishes.

At the site of the car bombings, the popular market in Bab al Sharji, next to the Museum of Modern Art, Iraqi Army troops spotted someone on a nearby rooftop shortly afterward filming the carnage.

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They went after him as he tried to escape by jumping from rooftop to rooftop before he was shot dead, according to an Iraqi Army official. The official said the man was Egyptian and was filming the attack to use as propaganda for the Sunni insurgents.

The scene after the fact was all too familiar: charred human remains, pools of blood, unrecognizable body parts strewn among the used electronic equipment, CDs and vegetables.

Many of the shops on the square sell used goods at discount prices and are popular among working-class residents. Although the area is mainly Shiite, Sunnis often shop at the market, residents said.

Prime Minister Nuri Kamal al-Maliki condemned the attack. "The violent terrorists who committed this crime have illusions that their bloody ideology to kill large numbers of civilians will break the will of the Iraqis and tear their unity and to raise sectarianism," he said in a statement.

But on the streets of Baghdad, people said they had little hope for their country at the moment.

Outside the morgue, families lined up looking for loved ones. Bodies were lined up on the street, some covered in blue blankets. Near the dead there was a grim pile of arms and legs and other body parts.

Baghdad Market Bombings Kill At Least 79 (WP)

By Joshua Partlow And Naseer Nouri

The Washington Post, January 23, 2007

BAGHDAD, Jan. 22 -- The near-simultaneous explosions of two powerful car bombs devastated a crowded street bazaar in central Baghdad on Monday, killing at least 79 people, wounding more than 140 and showering the pavement with shards of metal, tattered vending carts and bloodied human remains.

The midday attack at the Bab al-Sherji market was the second mass-casualty bombing attack in Baghdad in a week and the deadliest of the year. The T-shirt vendors, DVD dealers and fruit peddlers it targeted were primarily working-class Shiite Muslims, a sign that the Sunni Muslim insurgency remains capable of inflicting heavy losses even as Iraqi and U.S. forces prepare to intensify a security crackdown.

The attack came as Shiites were marking Ashura, the 10-day religious holiday commemorating the death of the prophet Muhammad's grandson in the 7th century.

The bombs exploded within seconds of each other around noon, a peak shopping time, and sent a dark mushroom of smoke high into the blue sky over Baghdad. Witnesses said a suicide attacker drove in with one of the bombs, veering his vehicle into a cluster of stands before blowing it up. A second car exploded about 150 yards to the northeast along the same street.

At the Baghdad market, a woman had just asked fruit vendor Ali Khadhim for oranges, so he turned from his wooden trolley to fill her order when the bomb went off. The force of the blast launched him about 10 yards, he said, and by the time he recovered his bearings, the oranges lay scattered on the ground and the woman was gone.

"I couldn't hear for a while," said Khadhim, 42, as he stood on the fringes of the bombing scene, his neck wrapped in a white bandage, his shirt collar darkened by bloodstains. "I was looking at my body, my neck was bleeding. For a moment I asked myself, am I still alive?"

He found a human arm on the ground not far from him. "I looked at it. I looked at my arm. Thank God it was not my arm," he said.

The bombing produced the worst carnage since a Nov. 23 attack in the Shiite slum of Sadr City that killed more than 200 people. A bombing at a university in Baghdad last Tuesday killed at least 65. Iraqi officials saw a connection with the earlier attacks and blamed Sunni insurgents and supporters of the former government of Saddam Hussein.

"One can say there is a pattern emerging. They are attacking the infrastructure of our society: One is the university, one is the marketplace. It is really very, very, worrying. And the government must take this very seriously," said Haider al-Ebadi, a Shiite member of parliament. He also worried about reprisals. "I hope this time is different, but this has happened before: Whenever there is indiscriminate killing, the Shiite militias react by killing Sunnis in similar numbers."

Prime Minister Nouri al-Maliki issued a statement condemning the attack and promising that "the security forces will pursue all those involved in this crime and bring them to justice."

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The body count rose steadily throughout the day, but officials did not settle on a specific number. An official at the Health Ministry who spoke on condition of anonymity said that 87 people were killed and 207 wounded in the market bombings. Brig. Gen. Kasim Salim of the Interior Ministry said 79 people died and 168 were injured.

The bullet-riddled bodies of at least 30 people were found Monday, according to the Associated Press, which reported that a total of 137 Iraqis were killed or found dead across the country.

The timing of the attacks -- a day after the arrival in Baghdad of 3,200 additional U.S. troops intended to bolster the latest security crackdown -- prompted some Iraqi officials to speculate that the insurgents intended to provoke the Iraqi government into a hasty response.

The bombers "want to make the government start with their security plan before finishing all the preparations," said Hasan Suneid, a Shiite lawmaker, who promised that the government's security plan "will not allow things like this to happen."

In the shops and cloth-covered stalls near Tahrir Square, where vendors sell myriad discount goods, from camouflage military uniforms to CDs, secondhand clothes, electronics, tools and video-game consoles, residents expressed less optimism about the government's ability to respond.

An Iraqi police officer who wore a black ski mask over his face and would not give his name cursed Maliki. "Only the poor people are dying, and the killers on both sides are still alive," the officer said.

After the attack, shopkeepers picked through their scattered belongings. A bulldozer cleared the street while firefighters sprayed down the bloodied streets. Ahmed Hossein, 17, worked alongside them, using his wooden pushcart to ferry human body parts to waiting ambulances.

"I was putting in the heads and arms and legs that we found," he said. "But we couldn't match them. The pieces don't belong to one person."

"What did we do wrong?" he asked. "We voted for Maliki and this government; they have not given us anything, and now they're taking our lives."

Hossam Hadi gripped a broom and swept the broken glass from the floor of his clothing shop. Above him, dislodged wires and cables swung down into the room. "People don't care if they are watching this from outside. They are not losing their people. We are paying the price," he said. "Americans are stupid and slow, they see Maliki make mistakes and Bush says: 'Give him a chance.' He wants to try him out. Of course the Bush family is not paying the price. He has time to try people out, we don't."

Elsewhere Monday, a U.S. soldier was killed and four others were wounded by a roadside bomb in Nineveh province northwest of Baghdad, the U.S. military said in a statement. The soldiers belonged to Task Force Lightning assigned to the 4th Brigade Combat Team, 1st Cavalry Division. The killings brought the three-day death toll for U.S. service members to at least 28. Twelve of those occurred when a Black Hawk helicopter crashed Saturday in Diyala province north of Baghdad.

A Sunni insurgent group, the Islamic State of Iraq, said it shot down the Black Hawk, according to a statement posted on the Internet. The U.S. military has not confirmed that the helicopter was shot down and a spokesman said Monday that the incident was still under investigation.

In Khalis, a town north of Baqubah, a bomb exploded in a market, followed by three mortar explosions, in an attack that killed 12 people and wounded 29, according to Ali al-Khayam, a spokesman for the Diyala provincial police.

100 Killed In Market Bombings, Attacks (WT/AP)

By Sinan Salaheddin

The Washington Times, January 23, 2007

BAGHDAD -- Twin bombings yesterday tore through stalls of vendors selling secondhand clothes and DVDs in a busy Baghdad market catering to Shi'ite Muslims during a religious festival.

A market also was attacked north of the capital, and police said about 100 people died in the renewed campaign blamed on Sunni Muslim insurgents.

The U.S. military also reported the deaths Sunday of two Marines, raising the two-day death toll to 27 in a particularly bloody weekend for U.S. forces in Iraq. A roadside bomb killed a U.S. soldier and wounded four others yesterday in northern Iraq, it said.

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The two U.S. Marines were killed Sunday in separate attacks in the Anbar province, an insurgent stronghold west of Baghdad, the military said. The deaths came a day after 25 U.S. troops were killed Saturday in the third-deadliest day since the war started in March 2003 -- eclipsed only by the one-day toll of 37 U.S. fatalities on Jan. 26, 2005, and 28 on the third day of the U.S. invasion.

The heaviest tolls Saturday came from a Black Hawk helicopter crash in which 12 U.S. soldiers were killed northeast of Baghdad and in an attack on a provincial government building in the Shi'ite holy city of Karbala that left five U.S. troops dead.

Investigators probing the scene found a tube that may have been part of a shoulder-fired weapon used to shoot down the aircraft, officials said.

Yesterday's first blast, a parked-car bomb, detonated shortly after noon in the Bab al-Sharqi market between Tayaran and Tahrir squares -- one of the busiest parts of Baghdad. Seconds later, a suicide car bomber drove into the crowd.

Police estimated that each car was loaded with 220 pounds of explosives.

Deputy Health Minister Hakim al-Zamili said at least 78 persons were killed and 156 were wounded, making it the deadliest attack in two months. Figures provided by police and hospital officials showed that as many as 88 people were killed.

Hours later, a bomb followed by a mortar attack rocked a market in the predominantly Shi'ite town of Khalis, 50 miles north of Baghdad, killing at least 12 persons and wounding 29, police said.

The twin bombing in Baghdad was the single deadliest attack against civilians in Iraq since Nov. 23, when suspected al Qaeda in Iraq fighters attacked Baghdad's Sadr City Shi'ite slum with a series of car bombs and mortars that struck in quick succession, killing at least 215 persons.

In other violence, gunmen killed a teacher as she was on her way to work at a girls' school in the mainly Sunni area of Khadra in western Baghdad, police said, adding that the teacher's driver was wounded in the drive-by shooting.

Two mortar shells also landed on a primary school in the Sunni stronghold neighborhood of Dora in southern Baghdad, killing a woman waiting for her child and wounding eight students, police said.

88 Iraqis Killed In Blasts (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, January 23, 2007

The Baghdad bombings are seen as a Sunni insurgent challenge to the U.S. troop buildup.

BAGHDAD — Insurgents set off a pair of car bombs in a crowded Baghdad market Monday, killing at least 88 Iraqis in what may be a warning sign that Sunni Arab militants will challenge the proposed U.S. playbook for calming the country's sectarian violence.

The explosions left gruesome scenes of chaos in the capital's Tayaran Square, often a frenzied crossroad of commerce and traffic. The wounded dragged themselves into taxis past mangled vendor carts, blackened debris and piles of soot.

Dazed survivors prodded bodies for signs of life and bandaged wounds with secondhand clothes from the market's thrift stores. The smell of burned flesh hung in the air for hours.

At least 168 Iraqis were wounded in the attack, which had sectarian overtones and was similar to blasts carried out by Sunni insurgents, particularly those with ties to foreign extremist groups. The majority of businesspeople and workers in Baghdad's downtown marketplaces are Shiite Muslims.

Analysts said the increase in Sunni violence had exposed a weakness in the U.S.-Iraqi effort to stabilize the capital. The Bush administration, which is boosting the number of troops in Iraq by 21,500, has promised to pacify Shiite militias thought to be targeting Sunnis. But Sunni attacks on Shiites have continued unabated, threatening to strengthen the Shiite population's support of its militias and jeopardizing efforts for talks between the two sects.

President Bush is expected to outline and promote his plan for securing Baghdad in his State of the Union address tonight.

Victims of the bombings cursed the government of Iraqi Prime Minister Nouri Maliki as they hauled away bodies and debris.

"Where is Maliki now?" cried one man, whose brother died in the blasts. "We are being killed and they are sitting on their fancy chairs."

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One more car bomb was detonated near fruit and vegetable stalls in the mostly Shiite town of Khalis, 30 miles north of Baghdad, killing at least 12 Iraqis and injuring 40.

Authorities discovered the bodies of 29 men, apparent victims of Shiite death squads, scattered across Baghdad.

At least one U.S. soldier was killed and four wounded in a roadside bombing in Nineveh province, which is predominantly Sunni.

At least 30 American troops have died since Friday in apparent Sunni attacks, including a well-coordinated assault in Karbala on Saturday in which uniformed men stormed a security compound and killed five troops.

Frederick W. Kagan, a military analyst at the conservative American Enterprise Institute in Washington, said the attacks on U.S. forces could be a reaction to new American operations in Baghdad or a retaliation for a recent battle on the capital's Haifa Street, where U.S. forces killed Sunni insurgents.

But he said militants also could be launching an all-out effort to discourage the U.S. from sending more troops.

"Some insurgent groups could be trying to mass against us to inflict casualties as a way of turning the surge off," he said.

Monday's bombings occurred about a mile across the Tigris River from the U.S.-protected Green Zone. As pedestrians and shopkeepers rushed to aid the victims of the first explosion, another powerful blast shook the ground.

"I saw scores of injured people covered with blood being evacuated, and smoke and fire at two locations," said Raed abu Ahmad, a businessman who was shopping for a cellphone. "I saw bodies covered with blankets and burning cars."

Sirens erupted throughout the capital as ambulances raced to and from the bombing sites. Jittery police at the square screamed at passersby and fired into the air, attempting to clear the area of pedestrians.

A group of police officers briefly detained a pair of Los Angeles Times reporters, seizing their cellphones, identification cards and a tape recorder for several minutes before returning them.

Soldiers attached to the Army's 2nd Infantry Division arrived soon after the blasts, the military said. The area was sealed off as dump trucks hauled away debris.

The bombings flooded five hospitals with the dead and wounded.

"Most of the victims were burned and injured to the head and upper body," said Imad Abdul-Hadi, a medical assistant at a neurology hospital that took in more than 65 bombing victims. "Our hospital is suffering, as we are working at full capacity in a most abnormal way."

Witnesses were baffled by the attack's target, which appeared to be a group of stalls selling cigarettes and produce. Some said the first blast was caused by a suicide bomber driving a beat-up Volkswagen into a cafe.

The owners, vendors and laborers in the market tend to be Shiites, a result of longtime Sunni domination of government and civil service jobs that forced Shiites, Jews and Kurds to turn to the private sector for employment, especially in Baghdad.

"There weren't any Americans or Iraqi security forces," one witness said. "I don't know why they would target these people."

By early afternoon, several shopkeepers had reopened in an attempt to salvage some of the day's lost business and help pay for repairs after the blasts, which shattered windows and sent shrapnel hurtling through doors.

"This isn't the first time this has happened," said an employee of an appliance repair shop. "They're targeting innocent people. We could understand if they were targeting American or even Iraqi forces. Those are their ultimate enemies. But doing it this way is meaningless."

Gunmen killed a Sunni tribal leader in west Baghdad and a police academy trainer in east Baghdad. Mortar rounds struck a Shiite enclave in south Baghdad and a Sunni section of west Baghdad, killing four people and injuring 11.

Northeast of the capital, gunmen kidnapped Khalid Fenjari, the mayor of the provincial capital of Baqubah, which in recent weeks has been riven by sectarian warfare. The gunmen blew up the mayor's headquarters.

An investigation continued on the weekend crash of a U.S. Army Black Hawk helicopter, which killed 12 troops.

Fragments found at the crash site northeast of Baghdad have led investigators to think the helicopter may have been shot down by militants, said a defense official who spoke on condition of anonymity.

The Associated Press said investigators had found a tube that might be part of a shoulder-fired weapon. U.S. officials were not able to confirm the report.

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Times staff writers Julian E. Barnes in Washington and Said Rifai, Saif Rasheed and Suhail Ahmad in Baghdad, and special correspondents in Baghdad and Baqubah contributed to this report.

Al-Qaida Group Claims Copter Shoot Down (AP)

By Nadia Abou El-magd

AP, January 23, 2007

An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed Monday that its fighters shot down an American military helicopter in a crash that killed 12 U.S. soldiers. The U.S. military has said the cause of the crash has not been determined.

The insurgent coalition, the Islamic State in Iraq, posted the claim on an Islamic Web site, saying that "the lions of Iraq's Islamic state managed to down a Black Hawk on Saturday, which was followed by a clash with the Crusaders, and that led to the destruction of two Humvees and the annihilation of those inside, thanks be to God."

The posting's authenticity could not be independently verified, but it appeared on a Web site used as a clearing house for militant statements. The Islamic State in Iraq is believed to be the political wing of al-Qaida in Iraq.

The Army Black Hawk crashed in good weather in Diyala province, northeast of Baghdad. U.S. and Iraqi forces have been battling Sunni insurgents and Shiite militias for months in the province.

A U.S. military spokeswoman, Lt. Col. Josslyn Aberle, said the cause had not been determined. Navy Capt. Frank Pascual, a member of a U.S. media relations team in the United Arab Emirates, told Al-Arabiya television that the helicopter was believed to have suffered technical troubles before going down.

In Washington, a senior U.S. military official said Monday that investigators had found debris near the crash scene that could belong to a shoulder-fired weapon which may have been used to shoot down the helicopter. The official, who requested anonymity because the investigation is ongoing, said there was some belief that the piece of debris was a tube.

Officials were still combing through the debris to make a final determination about the cause of the crash.

The helicopter crash was the fourth deadliest since the start of the war in March 2003.

In The Vortex Of Baghdad, Staying Put This Time (NYT)

By Marc Santora

The New York Times, January 23, 2007

BAGHDAD, Jan. 22 — Two blocks from the new American outpost in Ghazaliya, one of Baghdad's most dangerous neighborhoods, a fight was raging. Shiites were battling Sunnis, the latest skirmish in a sectarian war that has left this area a wasteland.

On Friday morning, it became an American fight, too, after a few rounds whizzed by Sgt. Sergej Michaud's head, and he and three other soldiers returned fire.

The battle would rage for nearly an hour, with mortar shells and rocket-propelled grenades exploding near the soldiers, who in turn laid down heavy fire, eventually driving the attackers away.

Previously, that would have been the end of it, with the soldiers moving on to their next patrol area and eventually returning to their base. But this time, the Americans were staying, defending their new home in a neighborhood where the rule of law had been driven out by the reign of the gun.

Their outpost here, a cluster of fortified houses officially designated a joint security station and unofficially called the Alamo by some of the soldiers, is a test case for President Bush's new Baghdad security plan. The strategy envisions at least 20 more facilities like it in other troubled neighborhoods, all jointly staffed by Iraqi and American forces.

Even after the stations are set up, American commanders say, it will be many months, at best, before they can even hope to prevent bombings like the one that killed at least 88 people in a central Baghdad market area on Monday.

In the week since the Americans arrived, however, the troops have seen the truth of what their commanders warned in announcing the plan: it leaves Americans more exposed than ever, stationary targets for warring militias.

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The outpost sits on the fault line between Sunni and Shiite enclaves: Ghazaliya to the south, where fighters with Al Qaeda in Mesopotamia have moved in among the Sunni population, and Shula to the north, a base for Shiite militias that have been raiding this neighborhood for months.

Over the course of three days spent with the 105 soldiers here — Company C of the Second Battalion, 12th Cavalry — four American vehicles were hit by roadside bombs near the outpost. No soldiers from Company C were wounded, but they know the fighting will intensify.

"I'm a juicy target they are just trying to figure out," said Capt. Erik Peterson, 29, the commander at the outpost.

During the week, the soldiers also received their first glimpse of the green Iraqi forces who will share the mission and eventually, they hoped, take it over. The soldiers talked about them with a mixture of bemusement, disdain and mistrust.

"You could talk about partnership, but you would be lying," said one soldier who asked that his name not be used, for fear of punishment by his superiors.

It was also a week to start getting to know the desperate residents of Ghazaliya, where almost every remaining family has lost someone to kidnappings and executions, and where government services have long been cut off.

In their new role, the Americans find themselves acting as jailers and doctors, construction workers and garbage men, guardians and detectives — all in an effort to restore lasting order despite the threats on every side.

Wednesday: First Test

After three days of grueling work on muddy and filthy ground, including installing blast walls around the perimeter, filling 5,000 sandbags and hauling away trash, the soldiers had the beginnings of a functioning base on Wednesday.

That night, they had their first real test. It was nearing midnight, the generator had failed, there was no heat, the radio was malfunctioning — and an Iraqi girl no more than 4 was dying in the bitter cold on an Army cot.

At the same time, a loud firefight erupted outside, apparently an attack on an Iraqi Army checkpoint nearby.

Captain Peterson had brought the sick child to the base because her family was afraid to travel after curfew and no Iraqi government ambulance would dare visit the neighborhood after dark, if at all.

One of the company's medics, Cpl. Peter Callahan, 23, worked by flashlight, trying to soothe the girl, whose body was rejecting the medication her parents had given her.

"She needs to go to the hospital right now," he told Captain Peterson. With no time to call in support, Captain Peterson quickly arranged a convoy to the nearest hospital — a risky proposition even in daylight and with more soldiers to provide security.

But the girl's Sunni family resisted, fearing they would be killed at the hospital, which was in Shula, the Shiite district, if the Americans left them there.

Frustrated, Captain Peterson said over the radio, "I think they are pretty much willing to let this kid die instead of all dying together."

The Americans decided to head to a safer hospital farther away. But time was running out; the girl's pulse was dropping fast, dipping below 25.

Corporal Callahan gave her a small shot of atropine, which was all he had, to increase her heart rate. She stabilized, and when he emerged with the girl alive and breathing, he and her parents could barely contain their joy. He had saved her life.

Thursday: The Neighbors

After fortifying the outpost, the soldiers of Company C were ready for their first foray into the neighborhood. Most of them were familiar with the area, having conducted patrols here in armored Humvees for months, from a base near Baghdad's airport.

The platoon leader, First Lt. Samuel Cartee, 25, reminded his men that this would be different. "They know where we are coming from," he said.

It would be a short trip on foot, just two blocks north, circling back and checking out a local market area. The biggest threat was snipers.

"If we get shot at, and we know what house it is coming from, we are authorized to raid that house," he said.

A few minutes after setting out, the soldiers passed a school that, like the other two in the area, was closed. Two months ago, American officers say, a teacher was raped, mutilated and strung up by her feet outside the building, left to hang for days.

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It was unclear whether the killing was conducted by Shiites or Sunnis. But American officers said women were increasingly being attacked, especially by elements of Al Qaeda in the southern part of the neighborhood.

The soldiers soon came to an open area, and a shot rang out. A sniper.

They ran across the trash-strewn lot and took up battle positions, backs against a concrete wall, sun in their eyes. The shot came from about two blocks away — too far to pursue the shooter, who would be gone by the time they got there.

Later, two more snipers took shots, both far off the mark.

The Americans continued on, trudging through streets where rainwater had collected in pools and mixed with the open sewers.

Lieutenant Cartee passed out a flier announcing the presence of the station and inviting residents to call with information or problems. In this Sunni part of town, all the tips would point north, toward Shiite Shula. That fact was clearly painted in English on one wall the soldiers passed.

"Hey Americans, we want you to destroy the J.A.M." It was a reference to the largest Shiite militia, the Mahdi Army. In smaller letters, someone had written an equally clear message: "Bush is appalling and dreadful."

The soldiers made it to the market, and a crowd formed around them. But the soldiers were mostly unable to talk: interpreters are favored targets of snipers, so theirs had to stay in the armored Humvee that trailed behind.

The entire patrol lasted less than an hour. They had been shot at three times, handed out their new phone number to a few dozen people, seen several newly opened stores and made it back alive.

"Nice neighborhood," Lieutenant Cartee said, deadpan.

That evening, a firefight began outside, close enough that tracer fire whizzed over the station. But the Americans did not seem to be the target, this night at least.

Friday: Troubling Thoughts

The first big fight for the Americans came the next morning — the battle that found Sergeant Michaud. When it was over, the Americans had killed two suspected militia members and taken two prisoner.

The suspects were young men, wearing black — the uniform of the Mahdi militia. The Americans blindfolded them and put them in separate rooms, where they were tested for residue from explosives and held for questioning.

As residents began arriving to offer information, a man who lived next to the new station, a Sunni and former police commander, loaded his family's possessions into a pickup truck.

He was happy that the Americans were there, he said, but he was afraid that they would attract constant attacks, so he was moving to a different part of the neighborhood. As he packed up his family, he noticed a young boy loitering. The man became enraged, pointing two fingers at his eyes, then pointing at the boy, yelling, "Mahdi! Mahdi!"

The man explained that both the Mahdi Army and Al Qaeda were sending spies to see who was feeding the Americans information. The boy slipped away.

At the same time, Iraqi Army soldiers were starting to move into the outpost. They arrived in the late afternoon, one truck with a flat tire towing another truck that was not working.

Maj. Chasib Kattab, a boisterous Shiite who commands the Iraqi unit of two companies, about 200 men, started to provide information. But, in a likely hint of things to come, all his tips involved Sunni fighters. He had nothing to say about the Shiite militias.

He also seemed eager to fight. When he told the Americans about a car that was likely to be used as a bomb, he asked whether American helicopters would be able to destroy it. Told that, at night, they could make out the shape but not the color, Major Chasib seemed to think that was good enough. "They should just shoot it," he said.

Captain Peterson had to explain that was not how things worked, aware that his partner's decisions would affect how the Americans would be perceived.

Captain Peterson was under no illusions that establishing security and training the Iraqis to maintain it would be a difficult operation that could take time. He said he was initially skeptical about the plan, thinking the risks might be too great. But looking back over his experiences this fall patrolling the neighborhood, he said he had changed his mind.

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One recent event in particular swayed him. When the Americans canceled their usual patrol on Jan. 3, Sunni extremists used the opportunity to bait militiamen by waging war on the small Shiite civilian population in Ghazaliya.

“They just went into the streets and started killing as many people as they could,” he said. Captain Peterson was at the main American base for western Baghdad, three miles away near the airport, and it took him nearly an hour to respond to pleas for help.

“It was such a helpless feeling for me,” he said.

Corporal Callahan, for his part, said that he was not sure he agrees with the war, and that he knew his wife, Stacie, thought it was terrible. But to get through it, he focuses on the people he can help, like the little Iraqi girl he saved.

“As long as I am here, I am going to try and make it worthwhile as far as the kids are concerned,” he said. “The adults, they are going to do what they are going to do.”

Sunni Sheik Declares War On The Insurgency (LAT)

By Tony Perry,

The Los Angeles Times, January 23, 2007

A business-minded tribal leader in Al Anbar forges an alliance with U.S. forces.

RAMADI, IRAQ — At 35, he is younger than many sheiks. And his Sunni Arab tribe is not one of the largest in Al Anbar province. But Sheik Sattar Bazeaa Fatikhan projects the aura of power and seriousness that comes to a man who has taken a stand.

After Sunni insurgents killed his father and four of his brothers last year, Fatikhan declared war against the insurgency.

He convened a summit of about a dozen prominent sheiks. From that meeting came a document called "The Awakening," in which Fatikhan persuaded all but one sheik to join him in opposition to the insurgency.

The sheiks pledged to encourage young men to join the police force and even the Shiite-led army. The document states that killing an American is the same as killing a member of their tribes. Since the gathering, Fatikhan said, the sheiks have "eliminated" a number of insurgents.

U.S. officials regularly visit Fatikhan, seeking his counsel, showing him the kind of deference one might expect for a leading government official. When a British general visited recently, Fatikhan, the sheik of the Abo Resha tribe, noted that his great-grandfather had fought against the British in the early 1940s.

Still, he said, "The British respected the sheiks."

In a two-hour interview in his large, carpeted meeting hall, a stream of underlings whispered to Fatikhan or handed him messages. He nodded or spoke a few words, and they hurried off. Later, he allowed himself to joke about the duties of being a sheik.

"They give me a headache," he said through an interpreter.

Drinking tea and smoking Marlboros, Fatikhan listened to questions and then gave an unvarying response: The U.S. military and Iraqi tribes must unite to rid Sunni-dominated Al Anbar province of men who would "try to engineer our future with mortars and roadside bombs."

For U.S. forces, Fatikhan's stand is a significant boost in a bitter fight with insurgents who, until recently, controlled large segments of Ramadi, the provincial capital.

Army Col. Sean MacFarland, commander of the 1st Brigade Combat Team, 1st Armored Division, credits Fatikhan and other sheiks for an increase in police enrollment, a decrease in insurgent recruitment and new courage among Iraqi forces.

A year ago, insurgents blew up every police station in Ramadi, and officers were afraid to return to duty. The U.S. military rebuilt many of the stations. During a recent attack, Iraqi police officers stood their ground.

"They would not be intimidated," MacFarland said. "Why? Because their sheik, whom they respect, told them, 'You must do this.' "

Fatikhan ordered his followers to "adopt" the U.S. Army's liaison to the tribes and give him an Arabic name, Wissam, which means warrior. After the officer, Capt. Travis Patriquin, was killed by a roadside bomb, the sheik ordered that one of the new police stations be named in his honor.

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This month, Fatikhan was host of the first Ramadi reconstruction conference, held behind the high walls of his family compound. Contractors, sheiks and others met with U.S. officials to discuss projects to pave roads, rebuild schools and improve electrical, sewer, phone and water systems.

Fatikhan, who wears tailored suits when not in traditional clothing, understands U.S. politics. He told a visiting journalist, "Please take a message to the Democrats: Let the American forces stay until we can hold Iraq together. Then we will have a party when American forces go."

Outside Fatikhan's meeting room, other sheiks, some much older, waited to talk to him. So did Iraqi police officials. The sheik's bodyguards were nearby.

He offered his American and British visitors sweet tea and insisted that they stay for a lunch of goat, rice and sauces.

"The terrorists are not here for the interests of Iraq," Fatikhan said. "We don't need them here to say they're here to defend us. If Iraq was in danger, the real people of Iraq would stand up and defend Iraq."

He referred to the U.S. and Britain as "the two great nations."

British Lt. Gen. G.C.M. Lamb was quick to return the compliment.

"Baghdad was once considered the center of the civilized world, so I believe we have three great nations engaged in a great purpose," Lamb said.

"The British had an empire and lost it," he added, "and so we have learned that we do not know everything, that there is wisdom in many places."

Fatikhan is not above criticizing the U.S.-led forces.

"The coalition forces made many mistakes," he said. "That led a lot of people to accept [Al Qaeda's] offer: 'We will get rid of the coalition forces.' That was a mistake the people made."

Fatikhan said he didn't fear being killed. He has many bodyguards, and a U.S. tank is parked outside his compound.

"They killed my father and brothers," he said. "I have a different spirit."

His surviving brother lives in the family compound with him and his wife and five children.

The sheik has not traveled outside the Middle East but said he would like to visit Germany, Britain and the U.S.

He joked, without smiling, "When there is peace, I will learn English."

The alliance between U.S. forces and the sheiks is a marriage of convenience. The sheiks are rivals of the elected government in Al Anbar that the U.S. supports, but there is no functioning government in Ramadi.

"Their interests align with us — none of the tribes is making any money during the war," MacFarland said. "Many, like the mafia, own construction companies. There are limits on how far down their path we can walk together, but today it's a very good relationship."

Fatikhan is looking beyond the present toward posterity.

"Let history mention a hero, a man who brought the tribes together to fight," he said. "Let history show that a sheik stood up."

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Residents: Baqouba Is Deadly Ghost City (AP)

By Bassem Mroue

AP, January 23, 2007

Two tales of one city.

Many residents of Baqouba say they live hunkered down in cold, dark houses afraid to go out, that the once mixed Shiite-Sunni neighborhoods are riven by sectarian cleansing, that the police force has virtually collapsed, and that longtime rituals — like the annual orange festival — have become unthinkable.

U.S. and Iraqi military officials, in response to questions, paint a different portrait. They insist the city is not nearly as dangerous as "rumors" put it. According to them, Baqouba is improving and violence is down.

Events Monday seemed to contradict those assertions. A car bomb and mortar bombardment in nearby Khalis killed at least 12 people, and state television reported that gunmen in Baqouba proper attacked the mayor's office, ransacking the

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building and setting off explosive charges that damaged the structure. Police said the Sunni mayor was kidnapped, a report U.S. officials said they could not immediately confirm.

In a video news conference just prior to the attack and in an e-mail response two days earlier to The Associated Press, a senior U.S. military officer emphasized that progress is being made in Baqouba.

"The slow improvement of services is an example of the effects terrorism has on a community," said Col. David W. Sutherland, 3rd Heavy Brigade Combat Team, 1st Cavalry Division, said in his e-mail response. "The terrorists would have you believe there is no electricity, when in reality, most of the province has about 12 hours a day, which is better than the national average of 11 hours."

Terrorists "would have you believe schools and markets are closed and people are afraid to go out of their homes. Again, in reality, markets are open with fruits, meat, and produce readily available," Sutherland said.

Baqouba is a market center set amid lush orange and date groves about 35 miles north of Baghdad. It is also the capital of Diyala province, abutting Iran. In past years, Shiites and Sunnis abided here in relative peace, until a few months after the ouster of Saddam Hussein, when Sunni insurgents from rural areas began pushing into the city, then about equally divided between Shiites and Sunnis.

In a series of interviews conducted with residents by two Associated Press employees who live in the city but cannot move around freely because of security concerns, and also by telephone from Baghdad, townspeople from both sects gave a bleak assessment of life in Baqouba today.

They describe it as a place where Sunni insurgents signal one another by firing into the air and where in moments a quiet street can be turned into a sectarian hunting ground.

It begins with a pistol shot. Twenty minutes later, masked gunmen carrying automatic rifles march by the dozens through the streets, then set up checkpoints and demand identity cards from anyone who ventures outside. Before Iraqi soldiers or U.S. troops respond, the gunmen usually vanish like ghosts. But not always.

There have been major battles in Baqouba between the Iraqi forces and insurgents, raging firefights that have driven residents inside, where they say they stay home from work and away from schools and universities.

In the highly unusual teleconference, U.S. and Iraqi military leaders in Diyala province detailed a major operation last week in which about 100 insurgents were killed near Balad Ruz, a town 20 miles east of Baqouba. More than 1,300 rockets and 1,100 rocket-propelled grenades and launchers were seized, he said.

"The situation in Baqouba is reassuring and under control — but there are some rumors circulated by bad people," said provincial police commander Gen. Ghanem al-Qureishi.

Maj. Gen. Shaker Hulayel, commander of the 5th Division of the Iraqi army, added that "residents are going as usual with their work. ... Markets are open and trade continues. This is in addition to recruitment for police forces that are going on."

Residents interviewed by AP reporters on the basis that their names not be used because of security fears acknowledge markets are open, but, they say, only for a few hours a day. They say they are able to duck out for supplies, mostly food, for brief periods.

They also said they feel isolated, because roads in and out are too dangerous to use, phones work only sporadically. Electricity is rare. Water, they contend, flows through city mains about an hour a day.

"You rarely see anyone in the streets after midday," said one resident reached on a satellite telephone late last week. Gunfire crackled in the background. "People are fed up because all they hear is gunfire and explosions."

"We have no social life. We stay at home all day and the road is too dangerous to go to Baghdad," the resident said.

Another resident complained about a lack of services, blamed the government and said she yearned for the days of Saddam Hussein.

"We thought our life was going to get better. Had we stayed like before it would have been better," the woman said in a videotaped interview as she made tea over a kerosene heater.

Residents claim Sunni and Shiite gunmen have cleared some formerly mixed neighborhoods of sect members who were in the minority.

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The al-Mualimeen district in the southwest of the city and the western Tahrir neighborhood are now mostly Sunni while the Huwaider neighborhood, also in the southwestern district, now is nearly all Shiite.

In June, al-Qaida in Iraq leader Abu Musab al-Zarqawi was killed in a U.S. airstrike on his hideout near Baqouba, and his death was followed by a series of raids that the military said revealed a "treasure trove" of intelligence.

But the situation in Baqouba began to worsen in October when the predominantly Shiite Iraqi army launched a major detention campaign against suspected Sunni insurgents in the city. Angry Sunnis have fought back.

Days after the start of the campaign, leaflets of a little-known group called the "Mujahedeen of Diyala" were found in the streets. They demanded the resignation of the army and police commanders as well as the governor of the province — all Shiites — within 30 days.

None of the three resigned by the deadline. The insurgents attacked police, leaving scores of people dead. The police force nearly collapsed in late November, and the city has been under the authority of the Iraqi army since then.

And despite the success of the operation against insurgents in nearby Balad Ruz and the military assertions to the contrary, a Shiite resident of Baqouba spoke despairingly in front of his crumbling home last week.

"The only thing in the streets is killing. Some of us here are starting to wonder if death might be better than this life," the man said in a videotaped interview.

Col. Sutherland said the problems, where they do exist, can be laid at the feet of the insurgents.

"I don't want to paint a rosy picture," he said in his e-mail response. "There is violence in Baqouba. Terrorists target not only government workers, but also the Iraqi army soldiers, Iraqi police, and the citizens of Iraq."

North Of Capital, A Tale Of Two Iraqs (WP)

By Ernesto Londono And Hasan Shammari

The Washington Post, January 23, 2007

BAGHDAD, Jan. 22 -- U.S. Army officers described Monday how they disbanded what they called a terrorist network whose members killed tribesmen and otherwise sowed fear across large pockets of Diyala province north of Baghdad.

"There are shopkeepers who had closed their doors out of fear, that are now beginning to open their doors," said Maj. Brett G. Sylvia, speaking from Diyala through a satellite video link to reporters in Baghdad. "Families are starting to move back into the area. A sense of normalcy is attempting to be reestablished in this area."

Minutes before the news conference began, armed men kidnapped the mayor of the provincial capital, Baqubah, blew up his office and stole six government cars, including three new Chevrolet police pickup trucks, officials in the province said.

The near-simultaneous scenarios played out like a tale of two Iraqs, one inching toward stability, the other engulfed in chaos.

After seizing Mayor Khalid al-Sanjari, one of the armed men grabbed a loudspeaker from a police car and taunted the chief of police, the officials said.

" 'We are Ansar al-Sunna battalions,' the man blurted out," according to Abu Sajjad, a member of the Baqubah municipal council. " 'If you dare, come and take us.' " Ansar al-Sunna is a Sunni insurgent group active in the city.

The 3rd Brigade Combat Team of the U.S. Army's 1st Cavalry Division, made up of roughly 4,000 soldiers, is responsible for Diyala and some surrounding areas -- roughly the size of Vermont and New Hampshire -- in tandem with the Iraqi army's 5th Division.

In the video conference, the brigade commander, Col. David W. Sutherland, spoke proudly of his soldiers and commended his Iraqi counterparts for their role in the operation.

"There is no doubt that the cycle of violence is on the downturn," he said.

U.S. and Iraqi forces in Diyala first fought the insurgent network -- known as the Council, which officials said was an offshoot of the Sunni group al-Qaeda in Iraq -- in November. Then they spent several weeks analyzing the group's techniques and weaknesses, the colonel said.

On Jan. 4, U.S. and Iraqi forces began a concerted attack, which lasted nearly 10 days and resulted in the killing of nearly 100 members of the Council and the detention of 50, Sutherland said. The commanders also said they seized large caches of

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weapons, including nearly 1,200 Katyusha rockets and 1,300 rocket-propelled grenades. The enemy, military officials said, used spider holes and irrigation canals to store weapons and ammunition.

Sutherland was flanked by two Iraqi commanders, who were wearing slightly darker uniforms. They weren't there to paint "a rosy picture," Sutherland told reporters. But they wanted to highlight what he and Iraqi officials described as progress in the province.

"The situation in Baqubah is controlled," said Maj. Gen. Ghassan Adnan Awad al-Bawi, the provincial police chief, adding that rumors to the contrary should be ignored. "The purpose of these rumors is to hit the will of our citizens."

In Baqubah, meanwhile, the armed men arrived at the municipal building waving guns, said Abu Sajjad, the council member, who declined to give his full name for security reasons. The attackers targeted only the mayor, who runs the city of roughly 280,000 people.

"They did not take any one of his guards," Abu Sajjad said. "They didn't kill or wound anyone."

He wondered whether the mayor had been set up. Some high-ranking city officials who should have been at work had left unexpectedly, he said, adding that the parking lot behind the building was unusually deserted. The mayor's one-story building was destroyed.

"We don't know yet why he was targeted," said Hussein al-Zubaydi, a member of the provincial council and head of its security committee. "We don't know whether it was personal."

As the news conference ended, reporters who had assembled in Baghdad's fortified Green Zone were handed press kits with photographs, maps and biographical information about the American commanders. They also were given a DVD with raw footage of parts of the operation, called Turki Bowl because it happened close to the village of Turki.

About 30 minutes after the kidnapping, U.S. military and Iraqi security forces arrived at the scene, cordoned it off and inspected the damage as military helicopters hovered overhead, officials said.

Suicide Bomber Kills 10 In Afghanistan (AP)

By Amir Shah, Associated Press Writer

AP, January 23, 2007

A suicide bomber blew himself up outside a U.S. military base in eastern Afghanistan on Tuesday, killing 10 people and wounding 14 others, an Afghan official said.

The bomber approached a group of Afghan men who were waiting outside the base in the city of Khost, in Khost province, before triggering an explosive strapped to his chest, said Jamal Arsalah, the province's governor.

Maj. Matt Hackathorn, a U.S. military spokesman, confirmed the blast, but said that there were no U.S. military casualties known so far.

Jamal said the men were daily workers, lining up to get into the base at the time of the blast.

Suicide attacks have increased as Taliban militants intensify their insurgency against Afghan government forces and foreign troops. According to U.S. military figures, there were 139 suicide attacks during 2006, up from 27 in 2005.

In 2006, Taliban carried out a record number of attacks — suicide and otherwise — and some 4,000 people died in the insurgency-related violence, according to a tally by The Associated Press based on reports from Afghan, NATO and coalition officials.

Khost, where Tuesday's attack was carried out, is a former al-Qaida stronghold on the mountainous Pakistani border that has been a focus of militant activity.

Afghan and Western officials say insurgents use the tribal areas of neighboring Pakistan as sanctuaries from where they organize and launch operations in Afghanistan.

Pakistan argues that only remnants of the Taliban and al-Qaida remain on its side of the border and complain that it gets too little recognition for deploying thousands of troops to the region.

On Monday, a suicide car bomber killed four Pakistani soldiers in North Waziristan, across the frontier from Khost.

Senior U.S. officials have warned that fighting in Afghanistan is likely to surge again this spring, as warmer weather clears snow from mountain passes and militants try to weaken the grip of President Hamid Karzai's U.S.-backed government.

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Suicide Blast Kills 10 Afghans Outside NATO Base (AFP)

AFP, January 23, 2007

A suicide attacker blew himself up among a crowd of Afghan labourers queuing to enter a NATO base in eastern Afghanistan, killing 10 and wounding 14, an official said.

The attacker, who appeared to have been on foot, detonated his load of explosives outside a gate of an International Security Assistance Force (ISAF) base near the eastern city of Khost.

"Ten civilians were killed and 14 injured," Qasim Jan, an aide to the provincial governor, told AFP on Tuesday.

The crowd was waiting to pass security checks to enter the base, where most of them worked, Jan said. The attack took place at about 7:10 am (0240 GMT).

ISAF confirmed there had been an explosion at the Salerno base.

"There was an explosion in the vicinity of Salerno early this morning in Khost province. There were no ISAF casualties. However we are aware of a number of other casualties," said an ISAF spokeswoman in the capital Kabul.

Police could also not confirm the toll.

"The suicide bombing was in front of a base of the coalition forces," police spokesman Zemarai Bashary told AFP in Kabul.

On casualties, he said: "We cannot say -- the area was blocked by the coalition forces and no one was allowed in."

Provincial police were also not able to immediately give details.

Foreign troops cordoned off the area about a kilometre (mile) from the blast site and did not allow anyone to enter, an AFP reporter at the scene said.

No one immediately claimed responsibility for the blast but suicide attacks are a hallmark of the Taliban-led insurgency that kicked off when the hardline Islamic movement was driven from power in 2001.

There were nearly 140 such attacks in the country last year, according to US officials. They were mostly aimed at foreign and Afghan forces, but killed more civilians.

Suicide Bomber Kills 4 And Wounds 23 In Pakistan (NYT)

By Ismail Khan

The New York Times, January 23, 2007

PESHAWAR, Pakistan, Jan. 22 — A suicide bomber rammed his explosive-laden car into a military convoy near Mirali in the restive North Waziristan tribal region on Monday, killing 4 people and wounding 23, witnesses said.

The dead included two paramilitary officers, a member of the military and a woman civilian, the witnesses said, and 20 of those wounded were soldiers.

The attack occurred at a checkpoint about a mile east of the town of Mirali when a joint convoy of the army and paramilitary was heading from a garrison in Bannu to Miramshah, the restive region's administrative headquarters.

Witnesses said that three army vehicles and a passenger car were damaged in the attack, the first to cause fatalities since the government and Taliban-backed tribal insurgents signed a peace agreement on Sept. 5, 2006.

Army and paramilitary troops had vacated the checkpoint as a condition of the peace agreement, and it is now managed by a tribal force.

Militants in Miramshah who had signed the peace agreement promptly denounced the episode and said that they were not involved in the attack.

A statement that said it was issued from the "security office of the Taliban North Waziristan" said: "We (Taliban) do not have a hand in the bomb attack. We want to maintain the peace agreement and the government should also do so."

Taliban leaders in the region had called a meeting in Miramshah to discuss the situation, the statement said.

A militant commander in the neighboring South Waziristan tribal region, Baitullah Mehsud, had vowed to avenge an airstrike last week on what the government said was a militant training center in which, government officials said, more than 20 people were killed and 8 wounded.

A government official familiar with events in the region said Monday that the signers of the peace agreement had little influence over militants beyond Miramshah.

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“This brings into question the efficacy of the whole agreement,” he said, adding that the bombings could be expected to increase tensions in the region after a lull in hostilities since the agreement.

“There had been warnings to security forces to avoid traveling in the tribal region after Baitullah’s warning unless absolutely necessary,” the official said.

A spokesman for the North Waziristan governor told reporters that the government was making efforts to maintain the peace agreement and attributed the attack to criminal elements trying to derail the peace efforts.

Pakistan officials said that a paramilitary soldier was killed and two others were wounded on Monday when an American helicopter from across the border fired rockets at a border post in the Shawal region on Monday.

A military spokesman in Islamabad said that Pakistan would lodge a strong protest with the United States and demand an investigation. A NATO spokeswoman said that aircraft had attacked insurgents who fired on a NATO base near the border and there may have been casualties, [a news agency] reported.

Taliban Chief Said Likely In Afghanistan (AP)

AP, January 23, 2007

Taliban leader Mullah Omar is likely based in southern Afghanistan and leading the resurgent Islamic militia from there, Pakistan's Foreign Ministry said Monday. A spokeswoman for the Pakistani Foreign Ministry said that Omar's exact whereabouts remain unknown.

"But generally the likely scenario is that he is in Kandahar, from where he is marshaling his troops," spokeswoman Tasnim Aslam said at a news conference, referring to a city in southern Afghanistan.

Aslam's comments follow claims by Afghan officials that a captured spokesman for the Taliban militia told interrogators that Omar was living in the southwestern Pakistani city of Quetta and that he was protected by Pakistan's ISI intelligence service. The purported Taliban spokesman, Mohammad Hanif, was arrested last week in eastern Afghanistan.

Afghan and Western military officials have repeatedly complained that Taliban leaders find refuge in Pakistan and use it as a base for attacks against Afghanistan's U.S.-backed government.

Taliban fighters launched a record number of attacks against Afghan and international coalition forces last year. Some 4,000 people died in the insurgency-related violence, according to a count by The Associated Press.

Pakistan vehemently denies backing the militants.

"To say that the Afghan insurgency is being sustained by a few people who cross from here is very simplistic and naive, if not done with some other agenda of shifting the blame on Pakistan for failures inside Afghanistan," Aslam said.

Pakistan was a key supporter of the Taliban militia until it switched sides to become a U.S. anti-terrorism ally following the Sept. 11, 2001, attacks.

Fire From Afghanistan Kills Pakistani (AP)

By Sadaqat Jan

AP, January 23, 2007

U.S.-led forces in Afghanistan mistakenly fired at a Pakistani border post and killed a soldier, Pakistan's military said Monday after lodging a protest over the death.

A U.S. military spokesman said four precision-guided bombs were dropped on four suspected militants who were firing rockets at a U.S. military outpost at Bermel in Afghanistan's Paktika province, near the Pakistani border.

"I cannot confirm or deny loss or injury of Pakistani military," said Lt. Col. Paul Fitzpatrick, the spokesman. "This all happened inside Afghanistan."

He also said the coalition was investigating.

But the Pakistani military said in a statement the post that was hit is located near Shawal, a mountainous area close to the Afghan border in Pakistan's North Waziristan tribal region.

Pakistan, a key U.S. ally, has a long border with Afghanistan that straddles rugged mountain regions and is not clearly demarcated in places. It is under growing pressure to help contain Taliban and al-Qaida militants suspected to operate from its soil.

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Pakistan strongly protested to the coalition authorities, asking them to investigate and take "necessary steps to ensure that such incidents are not repeated in future," its statement said.

Fire by U.S.-led coalition forces has landed in Pakistan in the past. In January 2006, Pakistan protested to the U.S. military in Afghanistan over firing at a village in North Waziristan in which eight people were killed.

From Pakistan, With Jihad (NYT)

The New York Times, January 23, 2007

To learn why a resurgent Taliban is fighting American and NATO troops to a military draw in Afghanistan, you have to go to the frontier region on both sides of the Pakistan-Afghanistan border.

Our colleague, Carlotta Gall, did just that last month and what she learned led to a physical assault on her by Pakistani intelligence officials and five hours in custody for her photographer, Akhtar Soomro. The Pakistani agents broke into her hotel room and copied her notes and computer files. They then tracked down and questioned everyone she had interviewed in Quetta, a border city.

We now know why. Ms. Gall's reporting has determined that Quetta is an important rear base for the Taliban, and that Pakistani authorities are encouraging and perhaps sponsoring the cross-border insurgency. That is a role that Pakistan's president, Gen. Pervez Musharraf, denies. But residents of the border area, opposition figures and Western diplomats point to specific cases of Pakistani involvement. Americans need to know more about this collusion and to demand better answers from General Musharraf.

There are many reasons that things are now going badly for the American-backed Afghan government. America shortchanged Afghanistan's security in its rush to invade Iraq. European allies have inexcusably failed to provide NATO with enough soldiers to carry out the expanded Afghan security mission it took on last year and have imposed hobbling restrictions on the activities of those they did send. The government of the Afghan president, Hamid Karzai, is rife with corruption, and the regional warlord allies it depends on to control outlying areas are even more thieving as well as shockingly brutal.

These problems all need to be addressed. But the positive results will be limited as long as Afghanistan's much more populous and powerful neighbor, Pakistan, provides rear support and sanctuary for the Taliban insurgency.

It is simply impossible to believe that this support takes place without the approval of the Pakistani military, the country's dominant institution for a half-century.

Pakistan is now the third-largest recipient of American foreign aid. Yet more than five years after 9/11, the Bush administration has still not been able to secure Pakistan's active and consistent support against the Taliban. The very least Washington should be demanding of President Musharraf is that he enforce an immediate halt on Pakistani military support for the Taliban insurgents who are crossing the border and killing American troops.

Signals Foil IEDs But Also Radios (USAT)

By Tom Vanden Brook

USA Today, January 23, 2007

WASHINGTON — The Pentagon has launched an urgent effort to develop radio systems immune to the jamming signals that troops use to foil homemade bombs planted by insurgents in Iraq.

The jammers, which block signals that detonate improvised explosive devices (IEDs), have become so powerful they can "cause the loss of all communications" for U.S. troops, a Pentagon solicitation to contractors says. It calls for information on devices that will allow troops to use jammers and radios at the same time. The Pentagon said the information is needed "to support urgent, ongoing initiatives" for jammers.

Jammers have been a lifesaver by disabling IEDs, the leading cause of death of U.S. troops in Iraq.

Bombs have killed at least 1,168 U.S. troops, according to an analysis of Pentagon data by iCasualties.org. The total is probably higher, the website says, because the Pentagon does not include details of each death. The site noted that the highest monthly death toll for IEDs occurred in December, when bombs killed 71 U.S. troops. All told, more than 3,000 U.S. servicemembers have died in Iraq.

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Communication has been a historic advantage for the U.S. military, allowing it to send troops where they're needed most and to avoid "friendly fire" casualties. The jammers that protect troops from roadside bombs can keep them from knowing the location of enemies and allies. In close-quarters urban warfare, ensuring communication can be a life-or-death matter.

"It is a nightmare," said John Pike, director of GlobalSecurity.org, a military think tank. "Any part of the spectrum we can use to communicate is part of spectrum that the enemy can use to detonate an IED."

IEDs have killed 20 U.S. troops in Iraq this month, according to iCasualities. Adding 21,500 U.S. troops — as President Bush has announced — would be complicated by poor communication.

"Twice as many combat troops means twice as big a problem," Pike said.

The Pentagon posted the urgent notice on Jan 4. Jammers are a large portion of Pentagon efforts to fight IEDs. In 2006, the Pentagon spent $3.5 billion to counter IEDs, $1.4 billion of that on jammers.

The military has dealt with the communication problem for years. Troops initially kept power to jammers low enough to avoid interfering with communication, Marine Lt. Gen. James Mattis told Congress in 2005. But detonators for the bombs have grown more sophisticated, requiring more powerful jammers.

Christine DeVries, a spokeswoman for the Pentagon's Joint Improvised Explosive Device Defeat Organization — the military's lead agency in fighting IEDs — said she could not provide details on the urgency of the request.

The Army has ramped up efforts to deal with electronic communication and warfare. Since Jan. 1, each Army battalion headed to combat has been required to have an electronic warfare operator, said Col. Laurie Moe Buckhout, chief of Army electronic warfare. Rendering IEDs harmless by an electronic signal will be one of the operator's responsibilities, Buckhout said.

The Army has put electronic warfare on par with learning to fire a weapon or administer first aid.

Army electronic warfare operators disrupt enemy communication, ensure U.S and coalition troops can talk to one another and prevent the enemy from knowing what friendly forces are doing, Buckhout said. A large portion of their responsibilities will be dealing with IEDs.

DOJ:

Ensign, Others Won't Say Why Top Federal Prosecutors Getting The Ax (LVS)

By Sam Skolnik And Lisa Mascaro, Las Vegas Sun

Las Vegas Sun, January 23, 2007

The Justice Department briefed Nevada Republican Sen. John Ensign last month on plans to replace Nevada's top federal prosecutor, but Ensign has decided that whatever the reasons, the public need not know them.

U.S. Attorney Daniel Bogden of Las Vegas is one of at least seven top federal prosecutors being removed by the Bush administration, five from other Western states. All were appointed by Bush.

As is true with Bogden, the reasons for the departures remain mysterious.

Absent explanations, Democratic lawmakers and lawyers across the West are speculating. They wonder if the prosecutors pursued cases that displeased Washington, or if the Justice Department wants to choose replacements under a new Patriot Act provision that allows the appointments without the customary review by the U.S. Senate.

"If you ask me if my suspicions are aroused, they are," said Sen. Diane Feinstein, D-Calif. Her state lost two U.S. attorneys.

During his five-year reign as the highest-ranking federal prosecutor in Nevada, Bogden has scored some notable successes. His office boosted firearms prosecutions, secured the convictions of dozens of violent gang members and oversaw the cases against four former Clark County commissioners convicted of taking bribes.

Even defense lawyers, Bogden's frequent courtroom opponents, speak highly of his straightforward style and fair play.

So why did Bogden suddenly announce his resignation Wednesday, after days of speculation that he was forced out of office by the Justice Department?

Officials in Nevada and Washington, D.C., are only providing hints as to why he and the other prosecutors are leaving.

Bogden has declined comment, other than to make a brief statement in a Wednesday news release.

The sudden bloodletting involved U.S. attorneys up and down the West Coast, as well as New Mexico, and one in Arkansas. The new interim U.S. attorney in Arkansas had been a political operative who worked for powerful White House aide Karl Rove.

No potential replacements have yet been named for Bogden, although a Justice Department source confirmed that officials have talked to both Ensign and Senate Majority Leader Harry Reid in recent days regarding a replacement.

Feinstein said she's concerned Bush and his attorney general, Alberto Gonzales, are eager to use a newly added provision of the Patriot Act that would allow Bush to appoint new, interim U.S. attorneys, and to keep them in office until a new president takes charge, without having to get them confirmed by the Senate. This is just one of many speculations.

One theory suggests that Bogden got in political trouble by using the Patriot Act in his prosecution of former Clark County commissioners. The theory goes that the White House wanted to distance itself from what could be perceived as an example of an abuse of the controversial law. Reid and others had argued in 2003 that the prosecutor overreached by using the anti-terrorism law to fight domestic crime.

Reid's office could provide little information as to why Bogden was apparently forced out.

Ensign, a Republican who has known about Bogden's departure since Justice Department officials told him about it during a briefing last month, would not offer any explanation.

Other theories being posed in legal circles include Bush and Gonzales wanting to install a team of new prosecutors more receptive to carrying out the administration's law enforcement priorities; or more eager to investigate Democrats - and less eager to investigate Republicans - in public corruption cases.

The White House may also want to use the U.S. attorneys offices to develop a bench of potential Republican candidates for Congress.

Gonzales insisted at Thursday's hearing that the Justice Department plans to continue bringing all nominees before the Senate for confirmation. And as for the resignations, Gonzales testified: "I think I would never, ever make a change in a United States attorney for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it."

Feinstein, backed by Reid, is skeptical. She called any attempt by the administration to skirt the Senate confirmation process unacceptable and introduced legislation to reverse the law.

After Thursday's hearing, Feinstein said she still does not know why two U.S. attorneys in her state were stepping down. One had prosecuted former Rep. Randy "Duke" Cunningham, R-Calif., for bribery in a case that had been expected to include defense contractors and possibly other Republican lawmakers.

Justice Department spokesman Brian Roehrkasse declined to comment on any of the theories swirling about Bogden or the other U.S. attorneys.

"It is erroneous to believe that anyone would be encouraged to resign in an effort to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case," he said. Sam Skolnik can be reached at 474-7406 or at sam.skolnik@lasvegassun.com. Lisa Mascaro can be reached at (202) 662-7436 or at lisa.mascaro@lasvegassun.com.

CORPORATE SCANDALS:

Apple's Jobs Questioned In Options Probe, People Say (Update1) (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, January 23, 2007

Jan. 22 (Bloomberg) -- Apple Inc. Chief Executive Officer Steve Jobs was questioned by U.S. government investigators about backdating of employee stock options grants at the company, lawyers familiar with the matter said.

Jobs met with officials from the Securities and Exchange Commission and the Justice Department last week in San Francisco, said the people, who spoke on condition of anonymity because the interviews are confidential. The company said last month that it found ``no misconduct'' by Jobs or current management after an internal investigation of the stock-option backdating.

The meeting, which took place the same week Apple announced record sales of its best-selling iPod music player, shows the U.S. government is still seeking information about Jobs's role in the backdating even after the company's report clearing him and others, said Nell Minow, editor at the Corporate Library, a corporate governance research firm in Portland, Maine.

``It is after all the SEC's view on his culpability that matters, not the internal investigation at Apple,'' Minow said.

The people wouldn't disclose specifics about what Jobs was asked, what he told investigators and whether there would be additional meetings.

Mark Pomerantz, an attorney for Jobs, declined to comment. Luke Macaulay, a spokesman for U.S. Attorney Kevin Ryan, whose office is investigating Cupertino, California-based Apple, declined to comment. SEC spokesman John Nester in Washington declined to comment.

Apple shares fell $1.71 to $86.79 at 4 p.m. New York time in Nasdaq Stock Market composite trading.

6,500 Grants

Almost 6,500 grants to Apple employees were backdated between 1997 and 2002, including one grant to Jobs marked as approved at a special board meeting that never occurred, Apple said Dec. 29. Jobs chose dates for some options other than his own, the company said.

Apple hasn't publicly disclosed which options Jobs backdated, which other executives received backdated options or why it faked a board meeting. The company said no member of current management was aware of the ``irregularity'' concerning the fictitious meeting.

Apple continues to ``voluntarily and proactively'' inform government investigators of its findings and continues to answer their questions, Chief Financial Officer Peter Oppenheimer told analysts on a conference call on Jan. 17.

The interview with Jobs was first reported Jan. 19 by The Recorder, a legal newspaper in San Francisco.

Jobs's Options

At least 200 companies are being investigated for changing the dates of options grants to inflate their value. Companies have taken over $8.1 billion in charges or restatements to account for backdated options grants.

Stock options allow holders to buy shares at a later date, usually at the market price the day they were granted. Backdating options to days with low prices inflates their value. If not properly disclosed, the practice may break laws because it hides costs from shareholders and regulators.

In 2001, Jobs, 51, received options on 7.5 million shares. The terms of the grant were completed Dec. 18 of that year, when Apple's shares were trading at $21.01, Apple said. Oct. 19 was chosen as the grant's date, giving Jobs a lower exercise price of $18.30.

The company told shareholders in a March 2002 regulatory filing that the grant was approved at a special board meeting in October 2001. Apple disclosed last month that the meeting never took place.

Apple said it recorded $84 million in charges to correct its accounting for the backdated options, including $20 million for Jobs' 7.5 million share award. Jobs voluntarily canceled that grant and other outstanding options in March 2003. He chose to do so to make more stock available for employees, Apple said in an SEC filing at the time.

Instead, the board gave Jobs 5 million shares of restricted stock, which vested in March 2006. At the time, the shares were worth $646.6 million.

The Options Paper Trail (WP)

By Alan Sipress

The Washington Post, January 23, 2007

With federal prosecutors investigating the granting of stock options by Apple, the actions of its iconic chief executive, Steve Jobs, are being more closely examined.

A review of how Jobs handled his stock options from 2001 shows that he waited about two-thirds of a year to report the receipt of 7.5 million options that the company admitted last month were improperly backdated. The board meeting at which they were reportedly approved never took place.

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The timing of Jobs's filing was not illegal and beat the deadline. But it broke with the practice common among other Apple officers and directors of submitting the report, in this case a Form 4, within weeks, not months.

"That's clearly an anomaly worth pursuing," said Michael Levy, a former federal prosecutor who heads the white-collar group at the McKee Nelson law firm in the District. "The fact that it was this grant in particular that was subject to such a delayed filing of Form 4 seems very interesting."

Jobs filed his statement with the Securities and Exchange Commission in August 2002, reporting that he had received the stock options on Oct. 19, 2001. Apple now says the options were actually finalized in December 2001, when the value of the options was significantly less because of changes in the stock price. Jobs filed his personal disclosure about eight months later.

In contrast, three other directors who filed within days of Jobs had waited only four weeks to disclose their options. In fact, the filings of 53 other Form 4s by Apple officers and directors between the start of 1999 and late August 2002 -- when new disclosure requirements came into force -- took just under four weeks, on average. When Jobs received a previous grant of 10 million stock options in January 2000, he filed his Form 4 in just under three weeks.

Steve Dowling, Apple's director of corporate communications, declined to comment yesterday on Jobs's filing and repeated that the company's "exhaustive investigation" had found no evidence that the chief executive, board directors or other current members of management had been involved in backdating irregularities. He said Apple had voluntarily provided all details of its investigation to the U.S. attorney's office for Northern California and to the SEC.

The U.S. attorney's office confirmed this month that it was investigating options "irregularities" at Apple. Luke Macaulay, a spokesman for the office, declined to give more detail but added, "We've said repeatedly and publicly that something comes into the U.S. attorney's realm and the criminal realm when there's an intent to defraud."

The SEC is also reviewing the backdating of options at Apple. The Recorder, a legal newspaper in San Francisco, reported Friday that Jobs was interviewed last week by federal prosecutors and SEC lawyers.

Sources familiar with the investigation said Wendy Howell, who worked as a lawyer in the office of Apple's general counsel, played a part in creating the paperwork for Jobs's options. The sources spoke on condition of anonymity because of the ongoing criminal investigation.

Her attorney, Thomas Carlucci, said in statement: "While an Apple employee, Ms. Howell acted as instructed by Apple management and with the company's best interest being paramount."

Howell's boss at the time, former general counsel Nancy Heinen, has sought to distance herself from the scandal. "Each of the grants involving Ms. Heinen was authorized and approved by her superiors," her lawyer, Cristina Arguedas, said in a statement.

Apple has said Jobs never benefited from his options because he gave them up before they were exercised. But when he relinquished them, he received restricted stock estimated to be of about the same value. Last year, he used nearly half this stock, worth about $296 million, to meet tax obligations.

In Jobs's Form 4 filing in 2002, he cited the false October date four times. Adding to the confusion, he reported on the cover page that the statement covers November 2001.

Under SEC rules at the time, officers and directors of companies were instructed to report the acquisition of stock options not on Form 4 but on Form 5, which is an annual statement of transactions involving stocks and options. Nine Apple insiders filed this from 1999 to 2002.

Jobs chose the alternative, filing a Form 4. SEC rules said that an insider could disclose the receipt of stock options on a Form 4 as long as it was submitted before the deadline for the annual Form 5. Ten Apple insiders took this route from 1999 through 2002, though none of the others waited nearly as long as Jobs did in disclosing his 2001 options. Jobs filed before the legal deadline.

Congress adopted stricter disclosure standards in 2002 as the result of corporate and accounting scandals involving Enron, WorldCom and other firms. Under the rules, company officers and directors were required to disclose their transactions, including the acquisition of options, within two business days.

Staff researcher Richard Drezen contributed to this report.

DOJ_NMG_0120189

Direction Of Apple Probe Clouded By Shakeups In U.S. Attorney's Office (LAW)

By Justin Scheck, The Recorder

California Recorder, January 23, 2007

Two things set the investigation of Apple Inc. apart from the hundreds of other stock option backdating probes: the indispensability of the company's CEO, and the fact that while both in-house lawyers and HR staff were involved with options grants, it's the lawyers who are getting the most scrutiny.

With Apple's fortunes tightly linked to its leader, Silicon Valley titan Steve Jobs, anything seen as jeopardizing his role at the company strikes intense fear into stockholders. That helps explain why Jobs took the risky step last week of talking to federal prosecutors and SEC lawyers to convince them of his innocence.

But with turmoil in the U.S. Attorney's Office, and no joint defense agreement among potential targets of the investigation, the probe looks more uncertain now than at any time since it launched last fall.

Lead prosecutor Christopher Steskal announced Friday that he's leaving government for Fenwick & West. Earlier that week, his boss, U.S. Attorney Kevin Ryan was sacked, and has hired legal placement company MLegal to find him his next job.

Ryan's No. 2, Eumi Choi -- the other prosecutor on the Apple case -- has had her resume floating around Silicon Valley for weeks.

That means that every aspect of the probe -- including whether it even turns into a criminal case -- will remain uncertain until at least two key prosecutors are replaced.

PROTECT THE HEAD

Apple is in the unenviable situation of having had to publicly admit improperly dating thousands of grants, including a massive one to Jobs in 2002. Indeed, the company said that Jobs himself helped pick some of the dates.

But all along, the company and its CEO have insisted that he had no knowledge that when such grants aren't recorded as an expense, the practice is illegal.

In simple terms, Jobs has mounted a typical defense against accusations of fraud: He says that he didn't intend to commit a crime.

And to convince prosecutors of that, Jobs, according to people familiar with the probe, took the risky step of sitting down with them.

Agreeing to such a grilling -- which few potential targets of a criminal probe would submit to -- is one way for defendants to convince prosecutors that have nothing to hide.

"You're giving them free discovery, and you don't want to give them free discovery unless it's to your advantage," said Rory Little, a professor at Hastings College of the Law and a former federal prosecutor.

"It's a great show of openness," he said, adding that it can backfire if a person doesn't come across as completely forthright.

People familiar with the Apple probe, speaking on condition of anonymity because of their involvement, said that such a meeting was almost a requirement for Jobs after the company's insistence that he has no criminal exposure. By refusing to do the interview, they said, he could have undermined the assertion that he wasn't concealing anything.

LAWYERS ON THE GRILL

While there is great uncertainty in the staffing of the Apple probe -- and in the fate of Jobs -- the strides made so far by prosecutors have laid a solid foundation for whomever ends up taking over.

Apple's public statements and the actions of prosecutors so far indicate that Apple's legal department is the most highly scrutinized part of the company -- and that human resources officials, who have landed themselves in trouble in several other companies' backdating probes, seem likely to get a pass at Apple.

After completing an internal investigation of options issues, Apple last year blamed two former company officials. Though Apple didn't identify them, sources close to the case say they are former General Counsel Nancy Heinen and former CFO Fred Anderson.

"Usually, in most companies, HR people are involved in the award process," said Jordan Eth, a partner at Morrison & Foerster who is conducting internal options investigations for several companies.

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Apple is no exception: According to people with close knowledge of the company's options infrastructure throughout the late 1990s and early part of this decade, one lawyer in the general counsel's office and various human resources personnel were responsible for processing grants.

But the company's internal investigation turned away from HR -- a department that was under the purview of CFO Anderson -- and resulted in the firing of a low-level in-house lawyer, Wendy Howell.

It was her job to fill out options paperwork, and, according to people familiar with the probe, she is the one who faked meeting minutes for the 2002 Jobs grant.

It's not clear yet whether Howell will end up cooperating with the probe. People familiar with the case say no joint defense agreement has been signed, leaving open the possibility Howell, her supervisor, Heinen, and other officials could blame one another for the improprieties.

But one former official seemed sanguine when reached last week.

Dan Walker, Apple's former HR chief, wouldn't say whether he's been contacted by government investigators. But he did indicate that he's not expecting any legal problems.

"I don't have a lawyer," said Walker, who now runs a consulting firm in San Clemente. "I don't need a lawyer."

Foundry Networks CEO Keeps Job Despite Role In Backdating Options (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, January 23, 2007

Foundry Networks said Monday that Chairman and Chief Executive Bobby Johnson Jr. will surrender his role as chairman -- but will stay on the board and continue to run the company -- even though he personally picked the dates for a ``substantial" number of tainted stock options.

The Santa Clara company said Johnson was not advised that such practices could violate accounting rules and cause the company to overstate its profits. Foundry said Monday it faces a pretax accounting charge that could mount to as much as $205 million because of misdated options it gave directors, officers and rank-and-file employees from 2000 to 2003.

Johnson received no misdated options, the company said.

Foundry, which makes computer networking hardware, also stripped Timothy D. Heffner of his title as chief financial officer. But it shifted him into a new executive job that has no accounting or financial responsibilities.

Foundry's case is noteworthy because of the similarities to the high-profile case involving Apple CEO Steve Jobs. Though Apple acknowledges that Jobs recommended favorable grant dates, the company said he did not understand the accounting implications. Unlike Johnson, Jobs received tainted options. But Apple said he did not benefit from the options, which he later exchanged for restricted stock.

Foundry's decision to keep two central players despite acknowledging their roles in the options abuses is both rare and risky, said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues. Most companies have fired or forced out implicated executives and directors, he said.

``The board is taking a risk here," Fernandez said. ``The board is saying, `These guys were immersed in something highly questionable and fumbled accounting 101, yet let's give them another shot because they just didn't know what they were doing.' "

Among the key findings of the investigation by the company, which also faces investigations by the Securities and Exchange Commission and Justice Department:

• The company doled out backdated options to people at all levels of the company, including the board, top executives, new recruits and other employees. The company will take a pretax accounting charge of $185 million to $205 million in fiscal years 1999 through 2005. After accounting for tax deductions the company could have claimed, the after-tax charge will total $120 million to $135 million.

• Johnson ``selected" the grant dates and backdated option awards for a ``substantial number of cases" at the company. The company said Johnson did not receive any misdated options and ``found no evidence" that he had been advised about the accounting fallout of issuing misdated options.

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• Heffner, who resigned as CFO but will serve as vice president of corporate development, did not pick the dates for option grants but relayed the decisions to stock option administrators and human resources. Heffner received tainted grants and has agreed to repay tainted gains on options he has exercised and reprice options he still holds. The estimated cost: $162,000.

• The company will reprice one grant of discounted options awarded to directors. Non-management directors who exercised any of those options have agreed to repay a total of about $86,000.

13 Charged In Foodservice Alleged Fraud (AP)

By Marcy Gordon, AP Business Writer

AP, January 23, 2007

SEC Accuses 13 More People of Aiding Alleged U.S. Foodservice Fraud

WASHINGTON (AP) -- Federal regulators have accused an additional 13 people of aiding an alleged massive accounting fraud at U.S. Foodservice Inc., a subsidiary of Dutch grocery retailer Ahold NV, in a scandal that brought the resignation of top executives and criminal probes in the United States and the Netherlands.

The Ahold affair was one of Europe's biggest accounting scandals, and the Dutch company skirted bankruptcy in 2003. The U.S. Securities and Exchange Commission in 2004 accused Ahold of fraudulently overstating sales by billions of dollars and fabricating hundreds of millions of dollars of earnings.

The civil charges filed last Thursday by the SEC bring to 30 the number of people the agency has accused of aiding the alleged fraud by signing false audit statements that enabled a $1 billion overstatement of Ahold's earnings in 2001-02. The SEC announced the new charges on Monday.

All 13 of those charged most recently in federal court in Washington were employees of or agents for vendor companies that supplied Columbia, Md.-based U.S. Foodservice, which sells food in bulk to restaurants and cafeterias.

Nine of the 13 have each agreed to pay a $25,000 civil fine to settle the SEC's allegations, which they neither admitted nor denied, the agency said. They are: Carl Allen, Donald Childers, John Crowder, Chris Jakubek, John King, Steve LeBarron, Patrick Penderghast, Frank Riggio and Richard Vecchia.

The cases remain pending against the other four, whose titles at the time were: Gary Bell, vice president for business development at Hunt-Wesson Foodservice; Joseph Grendys, the owner of Koch Poultry; Anthony Holohan, sales representative for C.F. Sauer Foods Inc., and Michael Smith, corporate accounts manager for Citrus World.

Attorneys for Bell and Holohan disputed the SEC's allegations. Lawyers for Grendys and Smith couldn't immediately be reached for comment.

Ahold, which also operates the Giant and Stop & Shop supermarket chains in the United States, was not fined in an October 2004 settlement of related charges with the SEC; it did agree to a permanent injunction against violations of U.S. securities laws.

"The annual audit-confirmation process at U.S. Foodservice was systematically corrupted to help keep the fraud from being discovered," the SEC said in the civil lawsuits filed last week. The agency alleged that the 13 people signed and returned to U.S. Foodservice's outside auditors letters that they knew overstated the amounts of promotional fees paid or owed by the vendors to the company -- often by millions of dollars.

The scheme enabled U.S. Foodservice to inflate its income from promotional payments by at least $700 million for fiscal years 2001 and 2002, according to the SEC.

The former chief executive and chief financial officer of U.S. Foodservice were convicted of fraud and fined in 2005.

Ahold's former chief executive, Cees van der Hoeven, resigned in 2003 -- the year its stock lost 60 percent of its value after the accounting lapses came to light. The company's accounting was investigated by the U.S. Justice Department and Dutch authorities.

Last September, the company signed an agreement with the Justice Department under which it will not be prosecuted in connection with the alleged U.S. Foodservice fraud so long as it avoids further alleged violations.

Take-Two Let Ex-CEO Get Away With Backdating (USAT)

By Edward Iwata

USA Today, January 23, 2007

Take-Two Interactive Software, maker of Grand Theft Auto and other popular video games, failed to monitor stock-option grants, including a significant number that were backdated over a six-year period, according to an internal report released Monday by the company.

The report found that Take-Two's compensation committee abandoned its responsibilities and allowed former CEO Ryan Brant "to control and dominate the granting process" and engage in "a pattern and practice of backdating options" from 1997 to 2003.

Brant resigned as CEO five years ago and as chairman last October.

The investigation, by the BDO Seidman accounting firm and the law firm Kasowitz Benson Torres & Friedman, found no evidence that Take-Two's current executives engaged in misconduct, or that the company's former or current directors "engaged in willful misconduct or other dishonest acts."

However, the report found that three former Take-Two executives — a former controller and two former chief financial officers that the report did not name — "appear to have had significant involvement in the company's stock-option granting process" and declined to appear for interviews with investigators.

Also Monday, Take-Two said that the Nasdaq Stock Market warned the firm that its failure to file its Form 10-K with the Securities and Exchange Commission for the company's fiscal year ended Oct. 31 was another reason to delist the firm from Nasdaq.

Nasdaq already had warned Take-Two last year that it faced possible delisting for failing to hold its 2006 shareholders meeting and for not filing its quarterly earnings report with the SEC for the company's third quarter.

Take-Two said Monday it will file its required SEC forms "as soon as practicable," and will combine its 2005 and 2006 shareholders meetings. Take-Two said in December that it will restate its finances for the fiscal years from 1997 to 2006.

The company disclosed last August that it had received grand jury subpoenas on its stock options from Manhattan District Attorney Robert Morgenthau.

Two years ago, the SEC alleged that Brant, former chief operating officer Larry Muller, former chief financial officer James David Jr. and vice president of sales Robert Blau fraudulently inflated the company's revenue by $60 million for 2000 and 2001.

Without admitting or denying the charges, the men and Take-Two agreed to pay penalties totaling $9 million and to disgorge more than $5 million in bonuses and interest.

Take-Two Accuses Ex-CEO Of Options Backdating (WSJ)

By Kevin Kingsbury

The Wall Street Journal, January 23, 2007

Take-Two Interactive Software Inc. said former Chairman and Chief Executive Ryan Brant backdated stock options over a six-year period and said the company's failures allowed him "to control and dominate the granting process."

The New York-based videogame maker disclosed in July the Securities and Exchange Commission was investigating its options-granting process, and Take-Two said last month that independent investigators found improprieties in the company's granting processes. Take-Two's review began with the company's April 15, 1997 initial public offering.

FURTHER READING

• Options Scorecard: Companies under scrutiny1

• Perfect Payday: Complete coverage2

The company noted the outside law firm which conducted the options review said three former executives who "appear to have had significant involvement in the company's stock-option granting process, declined to appear for interviews" and limited to some extend the information collected. The trio was Take-Two's former controller, who was fired last month, and the two chief financial officers Larry Muller and James David Jr. The pair served in that post from 1999 through 2001. Take Two's filing with the SEC on Monday didn't disclose the officials' names.

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The law firm's report found that Take-Two's option-granting process usually didn't follow the company's rules and didn't have adequate control. In addition, the firm's compensation committee "abdicated its option granting responsibilities and permitted" Mr. Brant to "control and dominate the granting process."

Mr. Brant, who founded the company in 1993, was CEO until February 2001, chairman until March 2004 and resigned his remaining position with the maker of the "Grand Theft Auto" series of video games three months ago.

The probe's report also charged that between April 1997 and August 2003, Mr. Brant "engaged in a pattern and practice of backdating options," with many options during that period appearing to have been backdated. No backdating has been found since then.

Current management, including CEO Paul Eibeler and CFO Karl Winters, were cleared last month, at which time Take-Two said it would have to take charges regarding its past option practices. The amount of the charges has yet to be disclosed.

FROM THE FILING

3

"Between April 1997 and August 2003, Mr. Brant engaged in a pattern and practice of backdating options, and during such period, a significant number of option grants appear to have been backdated."

Read the full Take Two filing4, provided by 10-K Wizard (www.10kwizard.com5)

Take-Two, Messrs. Brant, Muller, David and another executive agreed to pay about $14 million to settle SEC civil charges they schemed to inflate revenue by $60 million in fiscal 2000 and 2001. Messrs. Brant and Muller each paid a $500,000 penalty. Mr. Brant also returned $3.1 million made up of bonus money and stock options he earned after the accounting scheme enabled Take-Two to meet financial targets, while Mr. Muller returned $1.2 million.

Mr. Brant agreed to be banned from serving as an officer or director of a public company for at least five years, while Mr. Muller -- called the scheme's "principal architect" -- accepted a permanent ban.

Mr. David succeeded Mr. Muller in July 2000 when Mr. Muller was promoted to chief operating officer. Mr. David, who was demoted in December 2001 when Take-Two announced it had to restate its 2000 and 2001 results, agreed to a $200,000 civil penalty and the return of almost $800,000.

Restatement By Take-Two Over Problems With Options (NYT)

By Bloomberg News

The New York Times, January 23, 2007

Take-Two Interactive Software, maker of the Grand Theft Auto video games, said yesterday that it let its former chief executive, Ryan A. Brant, “control and dominate” improper options backdating that began when the company went public in 1997.

The compensation committee abdicated its responsibilities for the grants and failed to maintain proper controls, the company said in a regulatory filing. Take-Two will restate results from 1997 to 2003 to reflect options costs.

The restatement will be the second time Take-Two has revised earnings to fix accounting irregularities. In 2005, the company paid a $7.5 million fine in settling a Securities and Exchange Commission suit over how it booked sales. Take-Two is among at least 200 companies that are being investigated on suspicion of changing the date of options grants to inflate their value.

“They’re very familiar with the S.E.C.,” said Paul-Jon McNealy, an analyst with American Technology Research in Boston who rates the shares neutral. “It’s not finished yet.”

A significant number of grants were backdated from 1997 to August 2003, the company said, but it also said that it had not found any backdating since then.

Shares of Take-Two gained 5 cents, to $17.54, on Nasdaq. They had declined 5.7 percent this year before yesterday. The billionaire Carl C. Icahn owned 2.89 million shares, or 4 percent, as of September.

Three former executives declined to be interviewed for the option investigation, which was led by Kasowitz, Benson, Torres & Friedman and was completed last Wednesday, Take-Two said in yesterday’s S.E.C. filing. They included a former controller

who was fired in December and two chief financial officers, one of whom served from late January 1999 to early 2000 and the other from early April 2000 through 2001.

Mr. Brant founded the company in 1993 at age 21 and served as chief until 2001. In March 2004, as the company's sales accounting was under investigation, he gave up the title of chairman and became director of software publishing. He was a nonexecutive vice president until his departure in October.

Take-Two faces possible delisting from the Nasdaq after failing to report results on time. It said yesterday that it planned to file earnings for the quarter ended July 31 and the year ended Oct. 31 "as soon as practicable."

Take-Two also said that Nasdaq said the company could continue to be listed as long as it reported before March 19 on the quarter that ended July 31 and also held a combined 2005 and 2006 annual shareholders' meeting before March 27.

Suspects In Siemens Probe Point To Finance Chief (WSJ)

By David Crawford In Berlin And Mike Esterl In Frankfurt

The Wall Street Journal, January 23, 2007

Two key suspects in a fraud investigation roiling Siemens AG have told German prosecutors that Chief Financial Officer Joe Kaeser has known for years about an alleged scheme to pay bribes to win overseas telecommunications contracts, according to witness statements reviewed by The Wall Street Journal.

One suspect also told prosecutors that two other senior executives at the German conglomerate knew since at least early 2005 about the alleged bribes-for-business scheme: current management board member Rudi Lamprecht and Lothar Pauly, who headed the telecom division before leaving the company in late 2005.

TELECOM TURMOIL

• The Situation: Siemens is facing a criminal bribery investigation involving hundreds of millions of dollars in suspicious payments.

• Why Investors Should Care: Evidence of wrongdoing could curb Siemens's ability to participate in major infrastructure projects.

• What's Next: Shareholders will vote on senior management's actions at Thursday's annual shareholder meeting.

The revelations come at a sensitive time for top managers at Siemens, who have been fending off criticism ahead of an annual holders' meeting Thursday that they didn't do enough to stop corruption. Evidence of wrongdoing could cause some countries to ban Siemens from participating in big infrastructure projects that generate much of its revenue.

The investigation also could complicate the conglomerate's efforts to jettison its telecom business, merging much of it into a venture with Nokia Corp. of Finland. The testimony alleges that bribes took place in Siemens's wireless-telecom business, and weren't confined to the fixed-line unit, which was the original focus of the criminal investigation.

German authorities are investigating the allegations, which were made in separate statements provided by long-time Siemens executives Michael Kutschenreuter and Reinhard Siekaczek.

Peik von Bestenbostel, a Siemens spokesman, said: "Mr. Kaeser and Mr. Lamprecht did not know of, and they were not involved in, bribes at any point." He said no current members of Siemens's management board have been approached by authorities.

A spokesman for the prosecutor's office in Munich declined to comment. A lawyer for Mr. Pauly, now a member of the management board at telecommunications titan Deutsche Telekom AG, said any allegation that his client knew of bribes or was involved in bribes is "completely false." He declined to comment on whether Mr. Pauly has been in contact with authorities regarding the fraud probe.

The scandal at Munich-based Siemens widened last month when the company said it had found €420 million ($544.4 million) in suspicious transactions spanning the past seven years -- double the amount German prosecutors flagged in November.

Police arrested half a dozen suspects -- including Messrs. Kutschenreuter and Siekaczek -- late last year. They were released last month after they agreed to cooperate in a widening, cross-border probe.

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Mr. Kutschenreuter's lawyer, Leonard Walischewski, said his client's statements are backed by documents supporting his allegations. "If prosecutors had any doubt about Mr. Kutschenreuter's statements, he would be in jail," Mr. Walischewski said.

Wolfgang Kreuzer, a lawyer for Mr. Siekaczek, said his client is cooperating with prosecutors. "Police have investigated and verified Mr. Siekaczek's statements," Mr. Kreuzer said.

The witness statements were made by two men who were considered loyal Siemens officials for decades. The statements are significant because they were presented as evidence in an arraignment hearing, where prosecutors would have been required to point out any contradictions or inaccuracies in the statements.

The two witnesses said that the alleged involvement of the finance chief, Mr. Kaeser, occurred while he oversaw finances at Siemens's wireless-telecom-equipment unit. He belonged to the executive management board of that unit from April 2001 to October 2004.

Mr. Siekaczek, who left Siemens in late 2004 after four decades, told prosecutors after being arrested in November that Mr. Kaeser "had people that created slush funds" at the wireless unit while Mr. Kaeser was employed there, according to the witness statements.

Mr. Kaeser became financial chief in May 2006 after succeeding Heinz-Joachim Neubürger, who left the company. German prosecutors said earlier this month that Mr. Neubürger is a suspect in the investigation.

Mr. Siekaczek testified that he himself helped carry out bribes at the wireless unit for a brief period around 2000. Mr. Kutschenreuter told prosecutors in December that a compliance manager told him in late 2004 or early 2005 that illegal payments were commonplace at the wireless unit, according to the statements.

Mr. Kutschenreuter became the chief financial officer of an expanded telecom division in October 2004, when the wireless and fixed-line units were merged.

Around that time, Mr. Kutschenreuter testified, he spoke with Mr. Pauly, who then headed the merged telecom division. He said Mr. Pauly told him the wireless unit's former top management -- including Messrs. Kaeser and Lamprecht -- were aware of bribe payments to win wireless contracts.

Mr. Lamprecht headed the mobile unit before being promoted in October 2004 to the management board of Siemens.

Prosecutors suspect Messrs. Kutschenreuter and Siekaczek helped orchestrate bribe payments at the fixed-line unit through a system of secret bank accounts and sham consulting contracts. Mr. Kutschenreuter was heading Siemens's real-estate unit at the time of his arrest.

German prosecutors presented the testimony of Messrs. Kutschenreuter and Siekaczek to an arraignment judge last month when seeking the detention of former management-board member Thomas Ganswindt. A lawyer for Mr. Ganswindt, who was released, said his client denies any wrongdoing.

The allegations could harm efforts by Siemens to merge the bulk of its telecom business into a 50-50 joint venture with Nokia. A merger would create the world's No. 3 supplier of equipment to telecom carriers with about €16 billion in annual revenue.

Nokia and Siemens said last month they expect to close the transaction in the first quarter of 2007, not Jan. 1 as originally planned, pending "an appropriate compliance review"' of the German company's telecom business.

The planned merger, which includes both fixed-line and wireless assets, was announced last June.

Top management at Siemens has consistently denied any wrongdoing. The company says it is cooperating fully with authorities. Authorities have said that Chief Executive Officer Klaus Kleinfeld is a witness, not a suspect, in the criminal investigation.

Investors will have a chance to question management further about the fraud investigation Thursday, when Siemens has its annual shareholder meeting. Shareholders also will be asked to vote to approve the actions of individual management and supervisory board members in the most recent fiscal year.

CRIMINAL LAW:

Justice Report Faults FBI In Foley Case (NSDY/AP)

By Larry Margasak

Long Island Newsday, January 23, 2007

WASHINGTON -- The FBI should have acted to protect teenage House pages when it initially learned last July that Rep. Mark Foley had sent disturbing e-mails to a former page, a Justice Department report concluded Monday.

The bureau, which at the time declined to investigate, also made inaccurate statements to the news media about its decision, the report said. It said that bureau spokesmen wrongly asserted that the decision was influenced by a congressional watchdog group's failure to provide information missing from the e-mails.

The report, by Inspector General Glenn Fine, said the group was not asked to provide any additional information from the e-mails -- nor did the missing material influence the decision not to investigate.

"We believe the FBI should have considered taking some steps to ensure that any minors in the Congressional page program were not at risk of predatory behavior by Foley," Fine reported.

Such actions by the FBI could have included interviewing the former page and notifying House officials overseeing the page program about the e-mails.

The inspector general, however, found no misconduct by FBI officials, who at the time were aware only of e-mails to a former Louisiana page that were not sexually explicit and gave no indication of criminal activity.

The FBI said the inspector general acknowledged that its assessment "was conducted after the fact and after explicit instant messages surfaced -- none of which were part of the FBI's initial evaluation."

The bureau promised to carefully examine its policies for disseminating information to see whether changes are warranted.

The group that provided the e-mails, Citizens for Responsibility and Ethics in Washington (CREW) said it had been vindicated by the report.

"Not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up it's shocking inaction by blaming CREW. The IG's report vindicates CREW completely."

The bureau did launch an investigation after Foley, R-Fla., resigned last Sept. 29 and the news media revealed he had sent instant electronic messages with sexual overtones to former male pages. The FBI has not commented on the results of that investigation.

"We believe that the e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps," the report said.

The action could have included a preliminary inquiry with an interview of a former page. Alternatively, officials should have considered "notifying the House authorities in charge of the page program about the concerns expressed by the former page," Fine's report said.

In fact, some House officials did know about the e-mails, sent in 2005. The chairman of the House Page Board overseeing the program, Republican Rep. John Shimkus of Illinois, confronted Foley about them and told him to stop sending the messages.

However, Shimkus has been criticized by members of both parties for failing to convene the page board, and the body was reconstituted last week to ensure that it would better handle future problems.

The substance of the e-mails to the Louisiana page has long been known. Foley asked what the youngster wanted for his birthday and asked for a picture.

The youngster told others the e-mails "freaked me out" and repeated multiple times that they were "sick."

The internal Justice report said that at the very least the bureau should have notified the organization that provided the e-mails that it had declined to open an investigation.

CREW had been relying on the FBI to pursue the matter and had not notified anyone else about the e-mails while waiting for the bureau to act.

The House voted unanimously last Friday to provide both parties equal membership on the board that oversees the page program and to add a parent and a former page to that body.

FBI Chided For Inaction On Foley Case (MH)

By Lesley Clark

The Miami Herald, January 23, 2007

WASHINGTON - The FBI -- which warns parents on its website about "individuals who attempt to sexually exploit children" via the Internet -- should have sounded alarms over questionable computer messages sent to a former teenage page by disgraced former Rep. Mark Foley, an inspector general's report concluded Monday.

The agency should have interviewed the page or alerted the House page program or, "at the very least," told the whistle-blower agency that provided it with the messages that it was declining to investigate, said the 31-page report by Justice Department Inspector General Glenn Fine.

"We believe the FBI should have considered taking some steps to ensure that any minors in the congressional page program were not at risk of predatory behavior by Foley," the report states.

The report also found that FBI officials misled reporters about the whistleblower group that provided the messages. The FBI, it said, suggested to reporters that its decision not to investigate the matter was partly because the group gave it messages that were "heavily redacted" and that it refused to cooperate further.

But the report shows that Citizens for Responsibility and Ethics in Washington provided messages that had the name of the page and a House employee to whom the message was sent. It chastises the FBI for not telling CREW that it wasn't going to investigate the matter, suggesting that CREW might have pursued it further.

The FBI, in a statement issued late Monday, noted that the inspector general's report concluded that the agency had "acted within the range of its discretion" in not opening a criminal investigation. And it noted that the U.S. Attorney's Office for the District of Columbia later reviewed the same messages ``and agreed that no further investigation was warranted."

The agency also promised to "carefully examine" the report to see whether policy changes are needed.

CREW Executive Director Melanie Sloan welcomed the report, but suggested it mirrored a pattern of agencies turning a blind eye to Foley's behavior. Amid criticism, the House of Representatives last week revised the Page Board in an attempt to avoid future problems.

Foley, a Lake Worth Republican, resigned Sept. 29 after sexually explicit instant messages he exchanged with other pages surfaced.

That action came several months after CREW sent copies of computer messages to the FBI. The e-mails did not contain any sexually explicit material, but the report suggests it was enough for the FBI to act.

The inspector general noted that the language in the messages fell within the type of behavior that the FBI warns against in A Parent's Guide to Internet Safety, which is available on its website.

No Misconduct Found In FBI Decision On Foley (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 23, 2007

The FBI's initial decision not to open a probe into Rep. Mark Foley's e-mail contact with House pages was within bureau guidelines, but the exchanges "provided enough troubling indications" to begin a preliminary inquiry, according to a report released yesterday.

The Justice Department's Office of Inspector General said that given the position of trust and authority the former Florida congressman held with respect to House pages, a better decision for the FBI in the matter would have been for it to take "at least some follow-up steps."

"Such action could have included a brief preliminary inquiry with an interview of the former page," said Inspector General Glenn A. Fine. "Alternatively, if the FBI did not think that such an interview was warranted, it should have considered notifying House authorities in charge of the page program.

"At a minimum, we believe the FBI should have notified CREW (Citizens for Responsibility and Ethics in Washington), the complainant in this case, that the FBI had declined to open an investigation," Mr. Fine said. "At the time, CREW was relying on the FBI to pursue the matter and as a result had not notified anyone else about the e-mails."

Melanie Sloan, CREW's executive director, had forwarded three e-mails to the FBI in July that she believed warranted investigation, although the bureau decided they did not warrant any investigative action. The FBI did not inform CREW of its decision or take any additional action.

In September, the sexually charged e-mails and other instant messages from Mr. Foley to other former congressional pages became public. Mr. Foley, a Republican, resigned from Congress on Sept. 29 and three days later, the FBI announced it was opening a "preliminary investigation" into Mr. Foley's e-mails with House pages.

Mr. Fine said five of the e-mails were written by Mr. Foley to a former male page and contained statements that, at a minimum, could be described as unusual between an adult in a position of authority and a juvenile. He said three additional e-mails were exchanged between the former page and a House employee in which the former page expressed concern about the nature of the Foley e-mails.

An investigation by Mr. Fine's office found that e-mails provided to the FBI by CREW had been forwarded promptly to the appropriate FBI supervisory special agent in the Washington field office. Mr. Fine said his investigators were told that while the e-mails were determined to be "odd," there was no evidence of criminal wrongdoing and no further investigation was warranted.

The Inspector General's Office concluded that the decision not to open an investigation did not constitute misconduct, but it said a preliminary inquiry should have been ordered.

The FBI in a statement yesterday noted that the U.S. Attorney's Office for the District of Columbia later reviewed the same e-mails and agreed no further investigation was warranted.

The statement said the e-mails were reviewed by three separate investigative squads and FBI agents acted "quickly and appropriately in assessing the information" and providing it to the Cyber Crimes Squad, where the decision was made not to pursue a criminal investigation.

FBI Should've Followed Up On Foley's E-mails, Inquiry Finds (USAT)

By Kevin Johnson

USA Today, January 23, 2007

WASHINGTON — The FBI should have made more inquiries into the "troubling" e-mails written by then-congressman Mark Foley to young congressional pages before the bureau decided against launching a formal investigation, the Justice Department's inspector general concluded Monday.

On Sept. 29 — two months after the FBI received information about the e-mails from the government watchdog group Citizens for Responsibility and Ethics in Washington (CREW) — Foley, R-Fla., resigned when ABC News confronted him about sexually suggestive e-mails he had sent to male pages.

The inspector general found that the FBI's handling of the matter did not constitute misconduct and that an unidentified FBI supervisory special agent acted within "the range of discretion" when the agent found no apparent evidence of criminal wrongdoing.

"However, the e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps with regard to the e-mails," the inspector general's report found.

"If the FBI did not think that such an interview was warranted, it should have considered notifying House authorities in charge of the page program about the concerns expressed" by a former page, the report said.

The inspector general also found that "FBI or Justice Department" officials provided "inaccurate information" to media outlets when they explained that an investigation had not been opened because CREW provided the FBI with "heavily-redacted" material and that CREW refused to provide details about the source of the e-mails.

In a written response, the FBI said it would review its internal policies. But the bureau said Foley's most explicit communications with pages were not part of its initial evaluation of the case. The FBI said internal "misunderstandings" contributed to the release of inaccurate information to reporters.

"The (inspector general) determined that the e-mails were reviewed by three separate investigative squads and that the FBI agents acted quickly and appropriately in assessing the information," the FBI said in its response.

CREW Executive Director Melanie Sloan said the government's release of inaccurate information amounted to a "coverup" of the FBI's "shocking inaction."

"By forwarding the e-mails to the FBI … CREW (was) the only party in this sordid affair to have done the right thing from the first instance," she said.

In December, the House ethics committee reported that several members had known about Foley's e-mails and did not do enough to protect pages. However, the panel found that no individual member had violated the chamber's ethics policies.

The Foley scandal, revealed just more than a month before the elections in November, was among a series of ethical issues Republicans faced before losing control of Congress in the elections.

The FBI, which opened an investigation into the Foley case after he resigned, is continuing to examine the case. The attorney general's office in Florida continues to investigate the case, spokeswoman Sandi Copes said.

FBI Faulted For Inaction In Foley Scandal (WP)

By Dan Eggen

The Washington Post, January 23, 2007

The FBI should have acted last summer to protect underage congressional pages after it was given "troubling" electronic messages sent by then-Rep. Mark Foley (R-Fla.), according to a report released yesterday.

The review by Justice Department Inspector General Glenn A. Fine also found that FBI and Justice officials misled the news media last fall when they asserted that an activist group that first provided the FBI with Foley's messages had not been cooperative and had withheld vital information from investigators.

In fact, Fine's report found that the group -- Citizens for Ethics and Responsibility in Washington, or CREW -- had notified the FBI within days of obtaining the electronic communications in July. But the FBI never asked for additional information from the group and never sought to interview the former page in Louisiana who received the messages from Foley, the report said.

The 31-page report provides additional evidence that government and legislative officials took little action in response to growing complaints about Foley's conduct with underage male pages. It also shows how officials frequently attempted to minimize their roles in the affair after the communications were publicized and Foley resigned.

"We believe that the e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps," the report concluded. It added later: "[E]ven if the FBI did not believe any interviews were warranted based upon the e-mails alone, we believe the FBI should have considered taking some steps to ensure that any minors in the Congressional page program were not at risk of predatory behavior by Foley."

Follow-up steps could have included interviewing the male page who received the electronic messages or notifying House leaders about the communications, the report said.

Foley resigned from the House in September after ABC News reported on the same communications given to the FBI, in which Foley praises the physical attributes of one page and asks another for his picture. The ensuing scandal was widely seen as a significant factor in the defeat of some Republicans in the November elections.

Both the FBI and the state of Florida have opened criminal investigations of Foley. In December, the House ethics committee concluded that House leaders and staff members knew for months or even years about Foley's inappropriate conduct, but the panel declined to recommend any disciplinary action.

The FBI's criminal probe appears to be ongoing. One 22-year-old former page who allegedly received explicit messages from Foley said in an interview yesterday that the FBI had most recently questioned him the week before Christmas. He said the agent was focused on determining his age at the time of the electronic exchanges with Foley and confirming other details.

Shortly after the Foley scandal broke, CREW publicly disclosed that it had provided the FBI with suspicious messages from Foley in July and criticized the bureau for not moving more aggressively in the case.

Several officials at the FBI and Justice Department -- all of whom requested anonymity at the time -- responded by telling reporters that the messages supplied by CREW had been "heavily redacted" and that the group had refused to provide further information.

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Fine's review found, however, that the only thing removed from the messages was the identity of the person to whom the communications had been forwarded, and that the "redactions in the e-mail did not factor into the FBI's decision to decline to investigate the matter." Fine's office also found that a chronology prepared by the FBI's Washington Field Office contained inaccuracies that were likely repeated to the press.

CREW's executive director, Melanie Sloan, said in a statement that "not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming CREW."

Justice Department spokesman Brian Roehrkasse referred questions about the report to the FBI. The FBI, in a prepared statement, attributed the erroneous statements about CREW to "inaccurate information" that led to "misunderstandings on the part of FBI and DOJ spokespersons."

The supervisory special agent who looked into the Foley messages said there was no evidence a crime had occurred and that the messages were "not the job of the FBI" but "a parental job."

"We are not the ethics police," the unidentified agent said later in the report.

One point of disagreement not answered in the report is whether Sloan was asked by an FBI agent to identify the person who provided the group with the messages. The FBI agent said she "may have" asked Sloan that question, but that she was not sure; Sloan has said since October that she was asked only whether the author of the communications was Foley.

Staff writer Elizabeth Williamson contributed to this report.

FBI: We Flubbed Foley E-mails (ABC)

By Jason Ryan And Brian Ross

ABC News' The Blotter, January 23, 2007

The FBI should have done more to investigate the Mark Foley e-mails or, alternatively, notified House authorities in charge of the congressional page program, the FBI's inspector general, Glenn A. Fine, said in a report today.

Read the Mark Foley e-mails.

In effect, the report finds the FBI's inaction contributed to the failure of officials to detect Foley's inappropriate behavior, which eventually led to his resignation when ABC News revealed more sexually explicit e-mails and instant messages to current and former pages.

While finding no official misconduct on the part of FBI officials, the inspector general said "the e-mails provided enough troubling indications on their face" to have warranted follow-up steps.

Instead, the inspector general found, the supervisory agent decided there was no evidence of criminal wrongdoing and "placed the e-mails in her in box and took no further action" even though she found the e-mails "odd."

The e-mails were provided to the FBI in July 2006 by the non-profit Citizens for Responsibility and Ethics in Washington (CREW).

Click Here for Full Blotter Coverage.

The inspector general said the FBI "at a minimum" should have told CREW it had decided against an investigation because "CREW was relying on the FBI to pursue the matter and as a result had not notified anyone else about the e-mails."

Melanie Sloan, the executive director of CREW, says the FBI's handling of the Foley e-mails was irresponsible. "They should take investigating potential, child sexual predators much more seriously," says Sloan. "Attorney General Gonzales said this is one of their top priorities, but their conduct in this case shows that clearly that is not the case."

The inspector general also concluded that widely reported comments by FBI officials on the e-mails provided by CREW were "not accurate."

Unnamed officials were quoted as saying "the reason that the FBI did nothing further at the time" was because CREW had provided heavily redacted e-mails and refused to provide information about the source of the e-mails.

Sloan says the agency owes her organization an apology. "The FBI didn't fail to take any action on the e-mails because of any of CREW's actions," she said. "What CREW gave the FBI, they failed to investigate all on their own."

The inspector general said it was unable to determine who was responsible for making the inaccurate statements to the media.

Justice Report Faults FBI On Foley, Says Agents Should Have Done More (PALMBEACHP)

By Brian E. Crowley, Palm Beach Post Political Editor

Palm Beach Post (FL), January 23, 2007

The Justice Department on Monday released a report criticizing the FBI for failing to take action to ensure the safety of congressional pages after receiving copies of e-mails sent by former U.S. Rep. Mark Foley.

In the 31-page report, Inspector General Glenn Fine said that although the failure to begin a formal investigation was "not misconduct," agents had enough information to "have raised enough concerns to warrant some action."

Fine also found that the FBI misled reporters by saying the e-mails they received were incomplete, with much of the writing blotted out. That was not true, Fine said.

The messages examined by Fine were not the sexually explicit e-mails that led to Foley's resignation from Congress.

The FBI obtained the messages in question in July from Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a government watchdog group. In one, Foley asks a teen to send a picture, asks how old he is and comments on another congressional page who is "in really great shape."

Sloan's office received copies of the e-mails and forwarded them to the Washington office of the FBI.

Fine's report details how the e-mails were batted from the Public Corruption Squad to the Crimes Against Children and Adult Obscenity Squad and finally to the Cyber Crimes Squad. None of the agents is named in the report.

The supervisory special agent for the Public Corruption Squad told Fine that after reading the e-mails, he thought, "What a freak," but he decided they did not fall into his jurisdiction. He passed them to Crimes Against Children and Adult Obscenity.

The agent in charge of that squad told Fine that it "was clear to me that there was no criminal violation," although she called the e-mails "inappropriate." Because of the type of messages, she passed them on to Cyber Crimes.

The agent in charge of Cyber Crimes called the e-mails "odd" but also "did not see any evidence of wrongdoing," Fine said.

She told him she decided not to investigate, in part, because the age of consent in the District of Columbia is 16.

During Fine's investigation, the Cyber Crimes agent said: "We only open a case if there is a reasonable indication that criminal activity has occurred or will occur. There was nothing in this that warranted taking any action."

The agent also was asked whether the e-mails suggested she should notify managers of the congressional page program. She said no.

She told Fine that the e-mails, which were not sexually explicit, were "not the job of the FBI. This is a parental job."

She said the fact that Foley was a congressman did not influence her decision.

Two months later, ABC News posted the same e-mails on its Web site. That prompted others to send copies of e-mails from Foley that were more sexually explicit. Foley, a Fort Pierce Republican, resigned Sept. 29.

Fine said the FBI's decision not to investigate the e-mails it received in July "fell within the range of discretion" of an FBI supervisor.

But Fine went on to say that because of Foley's "position of trust and authority" with House pages, "a better practice for the FBI would have been to take at least some follow-up steps."

At the very least, agents should have "notified the House authorities who ran the page program," Fine said.

The report also criticizes the FBI for not following up with Sloan and for claiming that the e-mails it received contained little useful information.

In a statement, Sloan said she hoped "the FBI would learn from this incident and, in the future, be quicker to investigate potential crimes against children."

Meanwhile, both the FBI and the Florida Department of Law Enforcement are continuing their investigations into Foley and his conduct with congressional pages.

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"We still have an active, open investigation, so there is no change on our part at this time," FDLE spokeswoman Kristen Perezluha said. "What we are doing is on the state level. We have been assisting the FBI in their investigation, but the FDLE investigation is separate."

Report Faults FBI Handling Of Foley Case (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 23, 2007

The agency's follow-up was inadequate and it gave "inaccurate" public accounts, inquiry finds.

WASHINGTON — The Justice Department's inspector general admonished the FBI on Monday for its handling of the page scandal involving former Rep. Mark Foley, saying the bureau failed to follow up on suggestive e-mails between the Florida Republican and a former male page and gave "inaccurate" public statements about the case.

The watchdog report was triggered by a complaint filed by a nonprofit advocacy group, Citizens for Responsibility and Ethics in Washington, which had sent the FBI copies of e-mails between Foley and a former page last summer. The e-mails were sent two months before the scandal became public and forced the lawmaker to resign after a series of sexually explicit messages surfaced.

The FBI dismissed the early e-mails, the inspector general found, because agents did not believe they showed evidence of criminal wrongdoing. The FBI later launched an investigation, which is pending.

In the e-mails, Foley beckons a former page to e-mail him a picture of himself and asks what he might like for his birthday. He also comments about another page being "in really great shape" and seeming "much older than his age."

The e-mails also included complaints about Foley from a former page who told a House employee that Foley's e-mails had "freaked me out" and calling the content of his messages "sick."

The inspector general found that the tip was handled by a senior supervisory agent in the cyber crimes division of the FBI Washington field office who found the messages "odd" but not indicative of any criminal wrongdoing because, the agent said, the law in the District of Columbia permits sexual relations between an adult and a 16-year-old — the minimum age for pages.

The report found that the decision not to investigate "fell within the range of discretion" afforded supervisory agents and "did not constitute misconduct." But it also found the messages "at a minimum" to be "unusual" and that the FBI should have taken some action.

"The e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up," the inspector general found.

The report also noted that, notwithstanding the law in the district, three of the eight states from which the e-mails were sent or received would have made sexual conduct between Foley and a 16-year-old a crime.

The report also criticized the bureau for public comments it made about the advocacy group's complaint.

Justice officials said at the time that the group had provided "heavily redacted" e-mails and refused to provide information about their source, indicating that was the reason the FBI did not pursue an investigation earlier.

The inspector general's office "concluded that such statements were not accurate. The e-mails were not heavily redacted and the evidence showed that the FBI did not seek additional information from" the advocacy group, the report found.

The inspector general "was unable to determine who was responsible for making the inaccurate statements," the report said, and concluded that the inaccuracies were caused by "a misinterpretation of the description of events that was disseminated within the FBI."

Melanie Sloan, the executive director of Citizens for Responsibility and Ethics, said: "Not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming" the advocacy group.

The FBI said it would study the report. "The FBI shares the [inspector general's] interest in ensuring that information regarding potential criminal activity is evaluated objectively and in conformance with established policies and practices," the

bureau said in a statement. "Accordingly, the FBI will carefully examine the … review for any changes to existing policies or procedures that may be warranted."

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Justice: FBI Could Have Handled Foley E-mails Better (CNN)

CNN.com, January 23, 2007

WASHINGTON (CNN) -- An internal Justice Department report concluded the FBI should have notified the House of Representatives or other officials after learning last summer of inappropriate e-mails former Rep. Mark Foley sent to a House page.

The report, released Monday and authored by the Justice Department inspector general, said the FBI acted within its "range of discretion" when it initially decided not to open a criminal investigation in the case.

But the internal watchdog's investigation concluded that the response was inadequate.

"The e-mails provided enough troubling indications on their face -- particularly given the position of trust and authority that Foley held with respect to House pages -- that a better practice for the FBI would have been to take at least some follow-up steps with regard to the e-mails," said Inspector General Glenn Fine.

Fine's investigation said that if the FBI determined an interview with the former page was not warranted, the FBI should have at least notified House officials charged with protecting congressional pages.

It also should have notified the complaining organization that sent the material, the report said.

In a written response late Monday, the FBI defended its handling of the case and stressed the inspector general's finding that the FBI acted appropriately in its decision not to launch a criminal investigation after the initial e-mails.

"The OIG [Office of Inspector General] acknowledges that its assessment was conducted after the fact and after explicit instant messages surfaced -- none of which were part of the FBI's initial evaluation," the FBI said.

"The review suggests certain follow-up steps could have been undertaken with regard to the e-mails," the response notes.

The inspector general confirmed the first Foley e-mails came to the FBI in July 2006 from the group Citizens for Responsibility and Ethics in Washington, after which the FBI decided no action was needed.

After eight more e-mails and explicit instant messages from Foley were made public in September, a political firestorm erupted on Capitol Hill.

Foley resigned September 29 and the FBI opened an investigation. To date, no charges have been filed.

The inspector general also criticized the FBI for making inaccurate statements about the reasons it had not opened an investigation after the initial batch of e-mails.

The report rejected the FBI's claims in press reports that the e-mails had been heavily redacted and that CREW had refused to provide information about the source of the e-mails.

In its response, the FBI said the bureau will conduct a review of whether any policies or procedures need to be changed in the interest of disseminating the most accurate information and avoiding internal misunderstandings.

Probe Faults FBI In Foley Investigation (CBS)

By Stephanie Lambidakis, CBS News Justice Department reporter

CBS News.com, January 23, 2007

Justice Department Report Says Bureau Mishandled Receipt Of Ex-Congressman's Improper E-mails

The Justice Department's Inspector General's internal investigation into how the FBI's Washington field office handled e-mails sent to pages by former Rep. Mark Foley has concluded that the agency handled the events poorly.

The Foley e-mails were sent to the FBI in July 2006 by Citizens for Responsibility in Ethics (CREW); the scandal broke in September 2006.

However, the investigation concludes that the FBI supervisors did not engage in "misconduct."

The report reveals that the e-mails "provided enough troubling indications" that the FBI supervisor who reviewed them should have, at a minimum, interviewed the former page. If the agents didn't think such an interview was warranted, they should

have gone to House authorities in charge of the page program about concerns that were expressed. Finally, the FBI should have notified CREW that the FBI decided not to investigate since CREW thought an investigation was already under way.

After Foley resigned from office in September, the Office of the Inspector General also concluded that the FBI made "inaccurate statements to the media" about the e-mails forward by CREW. The FBI claimed the e-mails were heavily redacted, and thus useless to investigators. But in fact, the e-mails were not heavily redacted, "and the evidence showed that the FBI did not seek additional information from CREW."

The Justice Department was faulted for disseminating inaccuracies to the news media as well.

Investigators: FBI Not Wrong To Dismiss Complaint About Foley (GOVEXEC)

By Jenny Mandel

Government Executive, January 23, 2007

The FBI misled reporters about its decision not to investigate a series of e-mails between former Rep. Mark Foley and a congressional page, but was justified in deciding not to open a case based on information provided in July 2006, Justice Department investigators said Monday.

A Justice inspector general's investigation cleared the FBI of accusations that officials were too quick in declining to open an investigation based on five e-mails from Foley, none of them explicit in nature, to a former page.

The e-mails were shared with the FBI in July, months before Foley resigned from the House, by the Washington advocacy group Citizens for Responsibility and Ethics. The group asked the IG to look into the FBI's handling of the matter after the scandal broke in late September. While the e-mails were less damning than the instant messages later uncovered between Foley and a House page, the minor who forwarded the e-mails to a House staff member described them as "sick sick sick sick sick."

Justice IG Glenn Fine's study found that after several hand-offs between FBI units, the e-mails provided by the advocacy group reached the Cyber Crimes Squad, where a supervisory special agent decided not to open an investigation because there was nothing in the messages that constituted a crime. Inspectors concluded that the agent's decision fell into an appropriate "range of discretion," but said the group should have been informed of the decision not to open an investigation.

"At a minimum, we believe the FBI should have notified CREW, the complainant in this case, that the FBI had declined to open an investigation," inspectors wrote, adding that CREW had been relying on the agency to pursue the issue and so had not taken other steps. The IG also noted that Foley's messages followed the lines of behavior that the FBI describes as "gradual seduction" in its Parent's Guide to Internet Safety.

Inspectors described the internal handoff of the case from a federal watchdog liaison agent to the Public Corruption Squad to the Crimes Against Children and Adult Obscenity Squad to the Cyber Crimes Squad, but found no indication that concern over pursuing a case against a congressman had factored into the agency's final decision not to investigate further. The FBI announced on Oct. 1 that an investigation would be opened into Foley's contacts with pages, just after his Sept. 29 resignation.

The advocacy group also asked the inspector general's office to investigate statements that Justice officials made to reporters in September that the agency had failed to act earlier because CREW had submitted only "heavily redacted" versions of the e-mails and had refused to provide further information when asked.

The watchdog group immediately contested those charges, and in its review, the IG office found that public statements attributed to FBI and Justice officials were not true. The only information redacted from the messages was the name and contact information of another person to whom the messages had been forwarded. The message bodies, the page's e-mail address and that of the House staffer to whom he reported the messages were all clear.

The IG office also found that the advocacy group participated in the only follow-up conducted by FBI agents, a telephone call from the liaison officer immediately after the messages were submitted. The group forwarded them to authorities immediately, not after a lag of several months, as media outlets reported an undisclosed official had suggested, the auditors found.

The inspectors attributed the misinformation to "misunderstandings" between FBI and Justice spokespeople, but said none of the three media representatives interviewed recalled giving out the inaccurate information.

"By forwarding the e-mails to the FBI for investigation, CREW stands out as the only party in this sordid affair to have done the right thing from the first instance," CREW Executive Director Melanie Sloan said Monday. "In marked contrast, not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming CREW."

In a statement, Justice officials said Monday that FBI "will carefully examine the OIG review for any changes to existing policies or procedures that may be warranted."

Last week, the House passed legislation intended to ensure Congress would respond better to future incidents involving pages by expanding representation on the board overseeing the page program to include a former page who is not a member of Congress, and a parent of a current or former page.

FBI Should Have Pursued Foley E-Mails, Report Says (Update1) (BLOOM)

By Neil Roland

Bloomberg, January 23, 2007

Jan. 22 (Bloomberg) -- The FBI should have followed up on e- mails sent in 2005 by then-U.S. Representative Mark Foley to a former teenage male congressional page instead of deciding not to investigate, a Justice Department report says.

Bureau officials also circulated inaccurate information about the e-mails, leading to false news reports that helped justify inaction by the Federal Bureau of Investigation, said the report today by the department's inspector general.

``The FBI's decision to decline to investigate this matter was not misconduct," the 21-page report said. ``Yet we believe that the e-mails should have raised enough concerns to warrant some action."

Foley, a Florida Republican, resigned in September after the e-mails became public. The controversy surrounding his conduct, and whether House Republican leaders ignored his transgressions, helped Democrats regain control of both houses of Congress for the first time in 12 years.

A House ethics committee report said in December that Republican congressional leaders failed to protect the pages after hearing warnings about Foley's behavior as much as two years earlier.

The FBI got the 2005 e-mails last July from a nonpartisan watchdog group called Citizens for Responsibility and Ethics in Washington. After reviewing the messages for two days, the bureau decided not to investigate, the report said.

Discipline Required

Melanie Sloan, executive director of the group that forwarded the e-mails to the FBI, said the Justice Department should discipline employees responsible for lapses identified in today's report.

``I think Foley would have resigned a lot sooner if he knew the FBI was looking at him," Sloan said in an interview.

None of the FBI agents who handled the e-mails were identified by name in the report. Sloan said she got the messages from another public-interest group.

The FBI said in a statement it shares the Justice Department inspector general's ``interest in ensuring that information regarding potential criminal activity" is properly evaluated, and it promised to study the report for any warranted ``changes to existing policies or procedures."

Within the FBI, a public-corruption agent who read the e- mails in July thought of Foley, ``What a freak," the Justice Department report said. The agent decided that the material should be examined by colleagues in other units, who found that the messages didn't warrant further investigation in part because they didn't contain sexually explicit language, the report said.

Asking for Photograph

In one e-mail given to the FBI, Foley inquired about a former page's safety in a hurricane and asked him for a photograph. The page passed on the e-mail to a House aide and added the comment: ``sick sick sick sick sick sick sick sick sick sick sick sick."

Today's report said the FBI could have conducted a preliminary inquiry that included an interview of the former page. The bureau also could have notified congressional leaders about concerns expressed by the former page in the e-mail.

When the messages became public, news reports quoted the FBI and the Justice Department as saying -- in what proved to be false -- that the messages were ``heavily redacted," or censored, and that Sloan's group refused to provide more information, the report said.

Editorial: FBI Flubbed Foley Probe (BOSH)

Boston Herald, January 23, 2007

The latest in the sordid saga of former Rep. Mark Foley proves once again that not a single agency - not a single individual - managed to see clearly through the Beltway haze to act in the best interests of vulnerable teens.

The Department of Justice yesterday concluded that the FBI should have investigated Foley and the inappropriate e-mails he had sent to a former House page when the agency was informed of them back in July.

"We believe the FBI should have considered taking some steps to ensure that any minors in the congressional page program were not at risk . . . " wrote DOJ Inspector General Glenn Fine.

The e-mails, while not sexually explicit, "provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held" to warrant an FBI probe, Fine wrote.

An FBI investigation might have included informing House officials who oversee the page program about the "Foley problem." Then again, as another investigation proved, some of those same House officials already knew, but did little to deal with it. It appears that like everyone else tainted by this scandal, the FBI passed the buck until Foley resigned and the sordid details were reported by the media.

Now the new Congress has revamped the board that oversees the page program and has pledged regular meetings. But unless every agency, every individual with an interest in protecting these young people understands their duty, that will be of little comfort.

Libby Jury Is Chosen; Arguments Set To Start (WP)

By Amy Goldstein

The Washington Post, January 23, 2007

A federal judge empaneled a jury yesterday in the perjury trial of I. Lewis "Scooter" Libby, seating a largely apolitical, educated group of D.C. residents to decide whether Vice President Cheney's former chief of staff lied to investigators about his role in divulging the identity of a covert CIA officer.

The nine women and three men selected for the jury -- as well as four alternates -- are scheduled to hear Special Counsel Patrick J. Fitzgerald and one of Libby's attorneys, Theodore V. Wells Jr., lay out opposing portrayals of the celebrated case in opening statements today. Over the next four to six weeks, testimony in the case will expose the inner workings of the Bush White House shortly after the Iraq war began and confidential conversations between well-known journalists and their sources in the administration.

Libby faces five felony charges that he lied to FBI agents and a grand jury investigating the leak of CIA officer Valerie Plame's name by aides to President Bush.

In a city where most residents are black, 90 percent are Democrats and the local culture is steeped in politics, the jury is not completely representative. Ten of the 12 jurors -- and two of the alternates -- are white. Most said during questioning that they have no political opinions about the administration's handling of Iraq or do not follow the news.

"I am a master of all things pop culture but nothing about current events," said a woman who books conventions for hotels. Another juror, an art historian with a doctorate, said she glances at newspapers perhaps twice a week and never watches television.

The large proportion of jurors without opinions of the president or the war is a result of the defense's strategy. Libby's attorneys told potential jurors that Cheney and other senior aides to Bush probably would testify and asked careful questions to determine how jurors would regard the credibility of those important defense witnesses.

By yesterday morning, when the two sides had narrowed an initial pool of 60 potential jurors to 37, a dozen in that group had expressed at least mild disagreement with the administration. Virtually all of them were excluded from the 16 who were seated.

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The jury includes a retired math teacher who said he does not always agree with Bush's Iraq policy and is "beginning to have less faith in him" as the war continues. But he emphasized his objectivity and said he does "not make any snap judgments."

During four days of jury selection in Courtroom 16 of the federal courthouse a few blocks from the Capitol, a large number of jury candidates said they were personally acquainted with people involved in the case. In the end, knowing those players did not, in itself, keep them off the jury. Among the jurors is a former Washington Post reporter who once worked for now-Assistant Managing Editor Bob Woodward, a defense witness, and until recently was a neighbor of NBC's Tim Russert, a prosecution witness.

U.S. District Judge Reggie B. Walton told the jury members that he would "semi-sequester" them. He said they could go home each night. But to minimize their contact with other people, he said, they would be picked up at a central location every morning and have breakfast and lunch delivered during the day. He ordered them not to discuss the case with anyone or follow the news.

The jurors do not know which of them have been designated as alternates. All 16 will hear the entire case.

Libby Jury Seated; Arguments May Start Today (NYT)

By Neil A. Lewis

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The judge in the perjury trial of I. Lewis Libby Jr. seated a jury of nine women and three men on Monday who are expected to spend a month or longer hearing the case against Vice President Dick Cheney's former top aide.

Mr. Libby, widely known by his nickname Scooter, is charged with lying to a grand jury and to Federal Bureau of Investigation agents who were trying to find out who leaked to journalists the identity of a C.I.A. operative and why. Neither Mr. Libby nor anyone else was charged with disclosing the name of the operative, Valerie Wilson.

Instead, he is charged with lying about the fact that he discussed Ms. Wilson with journalists and thus impeded the investigation.

In addition to the 12 jurors, Judge Reggie M. Walton seated four alternates to replace any of the 12 who may fall ill or have other problems.

All 16 jurors will hear the case, unaware who are alternates, to ensure that they pay attention. The lawyers on both sides and reporters covering the case do know which jurors are which.

The jurors include a woman who said she had worked for decades as a curator of prints and drawings at the Metropolitan Museum of Art and a retired postal worker who said in jury selection that Judge Walton sentenced her son to jail on drug charges years ago.

The jury includes a former reporter for The Washington Post who said his editor was Bob Woodward, a Post journalist who is expected to be a witness in the trial. The former Post reporter also said that until recently he was a neighbor of Tim Russert of NBC News, who is also expected to be a witness.

All the jurors had said they would be able to put aside any feelings about the Bush administration and assess the case fairly.

The jury selection spanned four days, an unusually long time, because so many prospective candidates said they might be biased because they were so strongly critical of the administration, especially Mr. Cheney. The vice president is expected to be a major witness for Mr. Libby.

Explaining that he wanted to shield the jurors from the news media and others at the courthouse who might inadvertently influence them, Judge Walton said jurors would be collected at an undisclosed location and brought in to hear the case.

At each day's end, they will be returned to that location to be dismissed to go home.

Each side is expected to make its opening statements on Tuesday, with Patrick J. Fitzgerald, the prosecutor, first.

He will be followed by Mr. Libby's lawyer, Theodore V. Wells Jr.

The first witnesses against Mr. Libby may begin testifying on Wednesday.

A Trial To Remember (NYT)

By Stacy Schiff

The New York Times, January 23, 2007

Who knew that 12 angry Americans could be so easy to come by — and a jury so difficult to assemble? "It took us all day to get six jurors qualified," Judge Reggie M. Walton lamented last Thursday, after a contentious afternoon of voir dire in the Scooter Libby trial. Judge Walton had hoped to have seated his panel by then; selection took twice as long as expected. Opening arguments are scheduled for today, not the sort of trailer you would normally run before a State of the Union address.

To some minds, a jury has not been the only thing missing from United States of America v. I. Lewis Libby. "In the most important sense, this is a case without a crime," The Wall Street Journal reminded us over the weekend. An artful leap followed: "Yes, Mr. Libby is charged with perjury and obstruction of justice, which are serious offenses."

It is true that what began as a search for a leak ended — after much collateral damage — with an indictment for a lie. At this juncture it can be difficult to grasp what, precisely, is on trial. Some of us seem viscerally to wish something else were. While the original investigation stemmed from the charge that a public official had provided accurate information to the press, potential jurors appear more eager to charge a public official with having provided false information to a country. It was, after all, Mr. Libby who drafted the 2003 masterpiece that Colin Powell presented to the United Nations, the one about Iraq's fabled chemical and biological weapons.

Juror 0420, an economist, couldn't help but say she thought the Iraq war "a tremendous mistake, a horrendous mistake, and a betrayal." She could not promise to be objective about Dick Cheney, who is slated to testify.

Juror 0244 reported "strong negative feelings about this current administration and its conduct of the war." He was gone in seconds.

Juror 1140 admitted: "I believe the vice president would have had the defendant leak." Had she any preconceived notions? "Guilty."

Juror 1298 felt that she could muster the maturity to be open-minded about Mr. Libby. But when pressed by Judge Walton on whether a witness from the administration would carry "a strike against them," she replied, "Probably." Home she went.

Juror 1980 made herself crystal clear: "I cannot believe any statement from the Bush administration." Bye-bye.

These exchanges produced a little rowdiness over in the press room, where stopwatches were set to see how long a potential juror could last. Remember that door-to-door campaign the president has promised for Baghdad? Those good-will ambassadors might be better deployed in our nation's capital.

On the stand will be the vagaries of human memory. Hence the carefully crafted questions submitted by Libby's team for prospective jurors: Can you honestly misremember? Is the memory like a tape recorder, or does it make mistakes? Can you falsely believe someone told you something when it was someone else, at a prior date? Can you hold to your memories even after they are found to be inaccurate?

The defense will contend that Mr. Libby's recollections were honest, even if incorrect. "Confused, forgot or misremembered" are not crimes. Deliberate lying is; to be convicted, Mr. Libby must be shown to have willfully misled.

He claims to have been preoccupied with vital security issues and buried under intelligence information; he paid little heed to the matter of a C.I.A. officer's employment. Technically this is called the "Honey, I was too busy preparing the family tax return to think clearly when you asked about the lap dancers" defense.

Surely it's a legitimate one, if perhaps a little tough to swallow after six years of distorted intelligence and Enron-grade responsibility. Also, is it just me, or does that argument sound disconcertingly familiar? Wasn't it Mr. Libby's ex-boss who — when asked why he hadn't served in Vietnam — replied, "I had other priorities in the '60s than military service"?

Generally, a memory can prove a dangerous thing to have under this administration. Even I can remember W.M.D., Mohamed Atta, African uranium, shock and awe, mission accomplished, and a heckuva job — and I'm lousy when it comes to plot. The prodigious Mr. Libby, on the other hand, remembers all 79 "Star Trek" episodes. And their titles, too.

Lawmakers Want Polygraph Of Berger Over Stolen 9/11 Documents (FOX)

Fox News, January 23, 2007

WASHINGTON — The Justice Department should administer a polygraph test to former National Security Adviser Sandy Berger to find out what documents he took from the National Archives in 2002 and 2003, Rep. Tom Davis wrote in a letter to Attorney General Alberto Gonzales dated Monday.

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Davis, ranking Republican on the Committee on Oversight and Government Reform, is leading a group of 18 lawmakers who say the Justice Department has been "remarkably incurious" about Berger's decision to remove documents relating to the Sept. 11 commission's inquiry into his role in helping prevent terror attacks during the Clinton administration.

"It is extraordinarily important that the Justice Department avail itself of its rights under the plea agreement and administer a polygraph examination to Mr. Berger to question him about the extent of his thievery. This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead up to the terrorist attacks on the United States," Davis wrote.

The letter was signed by all Republican members of Congress.

Berger admitted to taking documents on two of the four occasions he went to the National Archives to bone up on his responses for the Sept. 11 commission on his inquiry into how intelligence and law enforcement communities failed to prevent the Sept. 11, 2001, terror attacks on the United States. He said he hid some of them at a construction site near the archives building in Washington.

Berger agreed to take a polygraph test as part of a plea deal reached in September 2005. As part of the guilty plea, he was also sentenced to 100 hours of community service, two years probation, three years of lost security clearance and a $50,000 fine plus court costs.

A report issued two weeks ago by Davis said commission members expressed grave concerns about whether they had received all the relevant information on the Clinton administration's anti-terror activities. Archivists said they will never know what Berger took because none of the pages Berger said he took were inventoried.

At the time of the report, Justice Department spokesman Bryan Sierra said the department "has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Added Matt Bennett, a spokesman for Berger attorney Lanny Breuer: "I can state unequivocally that no documents were withheld, and that all documents that Mr. Berger took were disclosed to the Justice Department and the inspector general of the archives."

But Davis and the other lawmakers said the Justice Department's investigation is incomplete and two Justice Department officials confirmed that a polygraph was never administered despite the department being given the authority to do so.

FOX News' Molly Hooper and The Associated Press contributed to this report.

Former State Official Gets 1 Year Over Documents (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, January 23, 2007

A former high-level State Department official was sentenced to a year in prison yesterday for keeping more than 3,500 classified documents at his Fairfax County home and concealing his relationship with a Taiwanese intelligence agent.

Prosecutors said Donald W. Keyser possessed far more unauthorized classified documents than any government employee ever prosecuted by the Justice Department. Keyser, 63, is one of the nation's leading experts on China and was a top adviser to Colin L. Powell, former secretary of state.

Yesterday, the government that Keyser served for three decades as a Foreign Service officer said his actions endangered national security. Keyser "allowed himself to be seduced by a female intelligence officer for a foreign government," Assistant U.S. Attorney David Laufman said as he urged a sentence of 18 to 24 months. "This case is about abuse of the public trust, reckless disregard for the government's secrets and reckless disregard for the truth."

Keyser's attorney, Robert S. Litt, recommended a sentence of probation, calling the case "the classic Greek tragedy of a great man brought down by his tragic flaws." But U.S. District Judge T.S. Ellis III in Alexandria sentenced Keyser to a year and a day in prison. "You said you were just careless," the judge told the former diplomat. "I think the government correctly points out that you did this purposefully."

The sentencing did little to resolve the lingering mystery surrounding the downfall of Keyser, which stunned the Washington diplomatic establishment. When he was first charged in September 2004, the FBI said he had passed documents to Taiwanese agents during covert meetings in the Washington area.

But court papers filed with Keyser's guilty plea in December 2005 did not mention passing any documents, and law enforcement and diplomatic sources said at the time that the case did not involve espionage but rather a government employee who became careless. Keyser pleaded guilty to unlawfully removing classified documents and two counts of making false statements. He admitted to having a "personal relationship" with the Taiwanese agent, Isabelle Cheng, and meeting her on a trip to Taiwan in 2003, a trip he concealed from his supervisors.

Prosecutors later tried to void Keyser's plea agreement, saying he wasn't fully cooperating. They withdrew the motion in December.

Keyser said yesterday that he had only been trying to create a channel of information to Taiwanese intelligence to ensure that the message of U.S. policy toward Taiwan was getting through. "What I was doing was to further U.S. interests. It was not to further Taiwan's interests," he told Ellis. "I know that some people believe that I was some kind of agent. I want to stress in the strongest possible terms that I was not."

Laufman questioned Keyser's explanations, saying it was "curious" that Keyser never mentioned his planned outreach to Taiwanese intelligence to his supervisors.

But prosecutors offered no alternative explanation. "Your honor, we may never really know why Donald Keyser committed the acts that bring him before this court," Laufman concluded.

Former U.S. Diplomat Gets Year In Prison For Taiwan Affair (AP)

By Matthew Barakat, Associated Press Writer

AP, January 23, 2007

ALEXANDRIA, Va. -- A former top State Department official was sentenced to a year in prison Monday for mishandling classified documents and concealing his relationship with a female intelligence officer from Taiwan.

Donald W. Keyser, 63, of Fairfax, had been the second-ranking official in the State Department's Bureau of East Asian and Pacific Affairs before retiring in 2004.

Prosecutors at one point considered bringing espionage-related charges against Keyser but eventually settled on a plea bargain involving lesser counts--making false official statements and unlawful removal of classified documents from the State Department.

At his sentencing hearing in U.S. District Court, Keyser admitted to egregiously bad judgment in striking up a personal relationship with 35-year-old Isabelle Cheng, a known intelligence officer with Taiwan's National Intelligence Bureau whom he first met in 2002.

But Keyser rejected any accusation that he was acting as an agent of Taiwan or that he compromised U.S. interests.

"Ms. Cheng ... never sought from me or received from me any unauthorized information," Keyser said.

Prosecutors never charged Keyser with disclosing classified information to Taiwan, but it was clear from Monday's hearing that they remain suspicious of his activities. Court records indicate that Keyser failed polygraph tests when he was quizzed about a secret trip he took to Taiwan in September 2003 to meet Cheng.

Keyser's refusal to disclose this trip to his superiors, along with his failure to disclose his relationship with Cheng, formed the basis for his conviction on making false statements.

Keyser "exposed himself to compromise and blackmail by hostile intelligence services," prosecutor David Laufman said during the hearing. "We may never know why Donald Keyser committed the acts which bring him here today."

Although much of the evidence in the case is under seal, prosecutors were particularly concerned about e-mails Keyser sent to Cheng suggesting that one U.S. official was "ripe for recruitment" and that another individual was "a rare orchid to be cultivated and nurtured," presumably for recruitment as a spy.

Keyser and his lawyer, Robert Litt, said the government was misconstruing the e-mails.

Prosecutors had sought a sentence of 18 to 24 months, while Litt urged Judge T.S. Ellis III to sentence Keyser to probation.

Jail Sentence For Diplomat In Spy Case (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 23, 2007

WASHINGTON — A longtime high-ranking official at the State Department was sentenced to just over a year in jail yesterday for keeping thousands of classified documents at his home and for lying about his personal relationship with a younger Taiwanese diplomat.

In late 2005, the former deputy chief of the State Department's East Asian and Pacific Affairs Bureau, Donald Keyser, pleaded guilty to three felony charges stemming from an investigation into his contacts with the Taiwanese agent, Isabelle Cheng.

Judge Thomas Ellis of Alexandria, Va., imposed the sentence after a lengthy hearing yesterday. According to court records, the judge ordered Keyser to spend a year and a day in jail and two years on supervised release, and to pay a fine of $25,000.

Keyser had asked not to be sent to jail. He submitted a sheaf of letters from former colleagues praising him for his selfless devotion to America during more than three decades in the Foreign Service.

" Mr. Keyser had an absolute obligation to safeguard the classified information entrusted to him and utterly failed to do so. His sentence of imprisonment is a warning to others in positions of public trust," the U.S. attorney overseeing the case, Chuck Rosenberg, said in a written statement.

Keyser's sentencing was delayed repeatedly after prosecutors accused him of failing to keep his promise to cooperate in debriefings with the FBI. They also alleged that polygraph tests showed that Keyser was not telling the government the full truth about what transpired.

'Girls Gone Wild' Producer Gets Heavier-than-expected Sentence (LAT)

By Claire Hoffman, Times Staff Writer

The Los Angeles Times, January 23, 2007

The community service is piling up for "Girls Gone Wild" mogul Joe Francis.

The producer of racy videos featuring young — and often naked — women was sentenced today to 200 hours of community service over two years by a federal judge in Los Angeles and was placed on two years probation for failing to adequately document the ages of his subjects. The amount of time was double what Francis' lawyers had sought.

The heavier-than-expected sentence is the second time that a federal judge has come down hard in sentencing Francis. In December, in Panama City, Fla., a federal judge sentenced Francis' company Mantra Films Inc. to serve 32 hours of monthly community service for 30 months.

The sentencing stems from a plea agreement Francis made with the Department of Justice in September, when he admitted to shooting underage women in his videos and pleaded guilty to two felony counts of violating federal record-keeping laws.

Those laws govern the way in which producers of adult material document the ages of performers in sexually explicit videos and are intended to hinder the sexual exploitation of children.

In addition, Francis has greed to pay $500,000 in fines in California, with his company paying an additional $1.6 million in fines in Florida in a related case.

U.S. District Judge Richard Smoak in Panama City, Fla. said at the time that the financial burden of the agreed upon fines would make little impact on the wealthy 33-year-old entrepreneur. Smoak asked Francis to shoulder the majority of the time served in Florida. Francis attorney Aaron Dyer said he had appealed the community service sentence.

Outside the courthouse, Francis said he was relieved the process was over and that he now felt free to say that he had been unfairly persecuted by the Justice Department.

"Of course I've been unfairly targeted by the government," Francis said. "What better target than Joe Francis?"

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Judges Cannot Add Years To Prisoners' Sentences, High Court Rules (LAT)

By David G. Savage

The Los Angeles Times, January 23, 2007

WASHINGTON — The U.S. Supreme Court today struck down a part of California's 30-year-old sentencing law, which allows judges to add several years to a criminal's prison term.

The ruling could mean new sentencing hearings for several thousand state prisoners who were recently given longer terms. If their sentences are still being appealed, they can take advantage of today's ruling.

But the decision does not necessarily mean they will get lighter sentences.

Indeed, the Supreme Court's interest was not in whether prison terms are too long or too short, but rather how they are decided.

In a 6-3 ruling, the justices said California's sentencing law is flawed because it promises defendants a "middle term" prison term when they have been convicted of a crime, but it then allows judges to impose a much longer term based on "facts" decided by the judge alone. This extra prison time violates the defendant's right to a trial by jury, the court said.

Paradoxically, the solution may be to give judges even more authority to decide on a prison sentence, the high court said.

"The ball lies in California's court," said Justice Ruth Bader Ginsburg, apparently referring to the state Supreme Court. It could follow the lead of other states and "call upon the jury — either at trial or in a separate sentencing proceeding — to find any fact necessary to the imposition of an elevated sentence," she said.

Or it could do the opposite and "permit judges genuinely to exercise broad discretion with a statutory range" to impose a sentence, she said.

This curious result is the latest in a series of rulings in this decade in which the high court, though badly divided, has sought to readjust the balance between judges and juries when it comes to deciding prison sentences.

An odd coalition of its liberal and conservative blocs, led by Justices John Paul Stevens and Antonin Scalia, has moved to strike down sentences that were imposed based on facts found by the trial judges, not the jury.

In a New Jersey case, a defendant pleaded guilty to firing a shot into his neighbor's house, a crime with a 10-year maximum prison term. However, the judge sentenced the defendant, Charles Apprendi, to 12 years in prison after finding it was a racially motivated hate crime.

In a 5-4 decision in 2000, the court struck down the extra two years of prison time, saying the jury should have decided whether this behavior was a hate crime.

Since then, the court has struggled to decide whether this principle applies to midterm sentences, not just those that exceed the legal maximum for the crime.

The California case split the two new appointees. Chief Justice John G. Roberts Jr. joined the Scalia-Stevens bloc to say California's system is flawed. Also joining the ruling were Justices David H. Souter and Clarence Thomas.

Meanwhile, Justice Samuel A. Alito Jr. spoke for the dissenters. He noted that the Supreme Court, with Ginsburg in the majority, had upheld the federal sentencing system two years ago by concluding its guidelines were advisory, not mandatory.

California's system is quite similar, he said. "The California sentencing law that the court strikes down today is indistinguishable in any constitutionally significant respect from the advisory guideline scheme (in the federal system) that the court approved" two years ago, Alito said.

Justices Anthony M. Kennedy and Stephen G. Breyer voted with Alito.

In a separate dissent, Kennedy explained the difficulty of applying the court's new rule. Juries can decide some facts, such as whether a weapon was used or whether a large quantity of drugs was involved, he said. California's law refers to these facts as "sentence enhancements," and jurors are called upon to decide these facts.

But other facts are subjective. For example, did the defendant show remorse or cooperate with the prosecutors? "These are facts that should be taken into account at sentencing," but it makes sense for them to be "found by the judge," Kennedy wrote.

Prior to 1977, California's law set a maximum prison term for each crime and allowed judges and parole officials to decide how long a criminal would stay behind bars.

The new law replaced those open-ended prison terms with more precisely defined crimes and prison terms. For each crime, the law sets a lower, middle and upper term sentence.

The law also said the judge "shall order imposition of the middle term," unless the judge decides certain "aggravating circumstances" call for the upper term. Ginsburg pointed to this "shall order" mandate as the flaw that makes California's system unconstitutional.

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Today's ruling, in Cunningham vs. California, could mean a slightly shorter sentence for a Northern California man who was convicted of sexually abusing his child over several years.

This crime had a middle term of 12 years in prison, but the judge imposed the upper term of 16 years after finding the defendant was violent, a danger to the community and had perpetrated his crime against a vulnerable child.

In another California case, the court today refused to hear appeals from a former Carson official who was sentenced to 41 months in prison for federal corruption charges.

Roderick Keith McDonald, who served three terms on the West Basin Municipal Water District board, argued that federal prosecutors tried him in Orange County instead of Los Angeles County to keep blacks off the jury. McDonald, who is black, is the son of Rep. Juanita Millender-McDonald (D-Torrance). She was not implicated in the crime.

The court, which has never ruled on whether a trial's venue could violate a defendant's constitutional right to due process, declined to take up the case. McDonald had enlisted former Whitewater prosecutor Kenneth Starr and Eric Holder, who served in the Clinton Justice Department, to argue his case.

McDonald was convicted on 10 counts, including conspiracy to commit extortion, bribery and money laundering. Jurors acquitted McDonald on one count of mail fraud, two counts each of bribery and money laundering and told the judge they were split on eight counts.

Prosecutors said McDonald gave bribes to Carson City Council members for approving contracts. His sentence runs to Dec. 31, 2008.

In court filings, his lawyers argued that prosecutors moved his trial to Orange County, where the jury pool is only 2% African American, and not for the other Carson officials ensnared in the corruption case.

Ruling's Effect On California Inmates Is Probably Limited (NYT)

By Jennifer Steinhauer

The New York Times, January 23, 2007

LOS ANGELES, Jan. 22 — The Supreme Court decision on Monday that invalidated California's criminal sentencing law would probably affect only a small slice of the state's convicted felon population.

Over 90 percent of criminal cases here are resolved in plea agreements, which would be immune to challenges. Further, felons sentenced to life terms and those convicted under the state's three-strikes law would not be able to argue for an adjusted sentence.

But in a state with 173,000 inmates, thousands could be affected, lawmakers and criminal justice experts said, as they worked to puzzle out what the court's ruling meant and how to address it legislatively.

"We are very disappointed today," David LaBahn, the executive director of the California District Attorneys Association, said of the court's decision that the 30-year-old sentencing law gave judges authority that the Constitution places with juries. Mr. LaBahn added that prosecutors in the state would now move to force jury trials over plea bargains in some criminal cases.

"Will that slow down the trials?" Mr. LaBahn said, "Yes it will. Will there be arguments between prosecutors and defense lawyers over bifurcating the trial and sentencing portion? Yes. Some judges are going to be grumpy because it will add court days, but our folks will do what is right and just."

The ruling comes at a time when the state's Legislature is trying to come up with a solution to the problem of crowding in the state's prisons. Both Gov. Arnold Schwarzenegger and the Senate majority leader have proposed establishing a sentencing commission to address the issue.

The governor issued a statement saying that his office was trying to determine the impact of the ruling, adding: "I support longer sentences for criminals who deserve them. As governor, I will work to ensure that this decision will not be a threat to public safety."

Calif. Criminal Sentencing Law Tossed (USAT)

By Joan Biskupic

USA Today, January 23, 2007

DOJ_NMG_0120214

WASHINGTON — The U.S. Supreme Court struck down California's criminal sentencing law Monday, saying it violated defendants' right to a jury trial by giving judges too much power to toughen sentences. The decision could require new sentences for thousands of convicts in the nation's largest state prison system.

The 6-3 ruling in the case of a California man who sexually abused his son reflects a seven-year trend in which the high court has limited judges' discretion in sentencing. The ruling ensures that juries, not judges, determine any aggravating factors, such as the viciousness of the act or the vulnerability of a victim, that increase prison time.

"This court has repeatedly held that … any fact that exposes a defendant to a greater potential sentence must be found by a jury, not a judge, and established beyond a reasonable doubt," Justice Ruth Bader Ginsburg wrote for the majority.

The court's previous decisions on the issue were decided by a five-justice majority, with then-chief justice William Rehnquist regularly dissenting. On Monday, Chief Justice John Roberts, who joined the court after Rehnquist's death in 2005, voted with the majority to produce a six-justice bloc favoring limits on judges' authority.

At least nine states have changed their sentencing laws to meet the Supreme Court's jury requirement, which was most firmly established in a 2004 decision.

"It's possible that thousands of cases would have to be retried for the enhanced sentence," said California Attorney General Jerry Brown, who was governor in 1977 when the state's sentencing law took effect.

John Cunningham was convicted in 2003 of continuous sexual abuse of a child under 14. His son had lived with the boy's mother for his early years, then moved in with Cunningham and Cunningham's girlfriend when he was 10.

Under California's three-tier sentencing scheme, the crime warranted one of three terms — six, 12 or 16 years — depending on its severity. In Cunningham's case, the rules dictated that the judge sentence him to 12 years unless the judge found additional aggravating factors, such as great bodily harm to the victim. The judge gave Cunningham a 16-year sentence.

The sentence was upheld by a state appeals court, but Ginsburg said the four-year increase in Cunningham's sentence violated his Sixth Amendment right to a jury trial.

The justices rejected arguments by California officials that the state's sentencing system was flexible like the U.S. Sentencing Guidelines the justices narrowly upheld in 2005. Seven months earlier, in June 2004, the high court had invalidated a Washington state sentencing regime and cast doubt on several systems that allowed judges to determine aggravating factors.

As to how the California system can be fixed, Ginsburg wrote, "the ball lies in California's court."

Ginsburg said California can now have the jury find any facts necessary for a tougher sentence — as seven states have done — or write new legislation that gives judges broad discretion within a statutory range, which at least two states have done.

Dissenting were Justices Anthony Kennedy, Stephen Breyer and Samuel Alito.

Court Constrains Judges' Power In Sentencing (NYT)

By Linda Greenhouse

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The Supreme Court invalidated California's criminal sentencing law on Monday, ruling that the 30-year-old statute gave judges authority that the Constitution places with juries.

The 6-to-3 decision will require the California courts to reconsider thousands of sentences as the Legislature contemplates its options for amending the statute to meet the justices' objections.

While no other state is directly affected, Justice Ruth Bader Ginsburg's forcefully worded majority opinion demonstrated that the Roberts court is committed to carrying out the full implications of the revolution in criminal sentencing that the court began seven years ago in Apprendi v. New Jersey.

In fact, with Chief Justice John G. Roberts Jr. joining the majority, the court planted its stake more firmly than ever in what criminal law scholars and practitioners have taken to referring to as Apprendi-land.

That decision invalidated New Jersey's hate-crime statute, which gave judges the power to make the specific factual findings that converted an ordinary crime into a hate crime, with an enhanced sentence. The court ruled that the Sixth Amendment right to trial by jury gave that role to juries.

That decision was followed four years later by Blakely v. Washington, which invalidated Washington's sentencing guidelines for giving judges the power to impose sentences beyond the normal range based on specific findings about the defendant's conduct.

And two years ago, in United States v. Booker, the court applied that reasoning to the federal sentencing guidelines, ruling that the guidelines could be deemed constitutional only if they were regarded as "advisory" rather than mandatory.

All three cases were decided by 5-to-4 margins, with Chief Justice William H. Rehnquist a consistent dissenter from the court's Sixth Amendment analysis.

So Chief Justice Roberts's vote with the majority on Monday strengthened the court's Apprendi majority, which cuts across the court's normal ideological lines and in addition to Justice Ginsburg consists of Justices John Paul Stevens, Antonin Scalia, David H. Souter and Clarence Thomas.

Writing the principal dissenting opinion on Monday, Justice Samuel A. Alito Jr. stepped into the shoes of his predecessor, Justice Sandra Day O'Connor, a strong dissenter from all the Apprendi cases. Justices Anthony M. Kennedy and Stephen G. Breyer also dissented.

Douglas A. Berman, a law professor at Ohio State University and a leading authority on sentencing, said the decision confirmed the Supreme Court as "the most liberal, pro-defendant court in the country on sentencing procedure."

The California law represented an early legislative effort to make sentences more uniform and predictable, an effort that Congress picked up when it adopted the federal guidelines system in 1984. Under California's previous system, judges imposed open-ended sentences, often one year to life, and left it to the parole board to determine the time an offender would actually serve.

The 1977 law adopted what is known as a determinate-sentencing approach. Each crime carried three possible sentences. The middle sentence was presumed to be the correct one unless the judge made findings that justified the higher or lower alternatives.

As the Supreme Court proceeded with the Apprendi cases, the California law looked increasingly vulnerable.

In the case the court decided on Monday, the law was challenged by a former police officer, John Cunningham, who was convicted of sexually abusing his young son and who received the longest of the three sentences, 16 years as opposed to the other options, 12 and 6 years.

The judge found that six aggravating factors, including the victim's vulnerability and the defendant's violent conduct, merited the highest sentence.

The California Court of Appeal upheld the sentence, ruling that the Sixth Amendment concerns were satisfied as long as the judge issued a sentence within the statutory range, in this instance 6 to 16 years.

That was not the correct analysis, Justice Ginsburg said in her majority opinion, Cunningham v. California, No. 05-6551. She said the California law presented the judge not with a range, but with a "triad." The judge "had no discretion to select a sentence within a range of 6 to 16 years," Justice Ginsburg continued, adding:

"His instruction was to select 12 years, nothing less and nothing more, unless he found facts allowing the imposition of a sentence of 6 or 16 years. Factfinding to elevate a sentence from 12 to 16 years, our decisions make plain, falls within the province of the jury."

The California sentencing law, Justice Ginsburg concluded, "violates Apprendi's bright-line rule."

In his dissent, Justice Alito said that, to the contrary, the California system was "not meaningfully different" from the remedy the court endorsed, with Justice Ginsburg's concurrence, two years ago in the Booker case, on the federal sentencing guidelines.

By rendering the federal sentencing guidelines advisory, Justice Alito said, the court in the Booker case necessarily gave judges discretion to make factual findings to support their choice of sentence, a choice the court made subject to appellate review for "reasonableness."

Therefore, he said, the Booker decision "necessarily stands for the proposition that it is consistent with the Sixth Amendment for the imposition of an enhanced sentence to be conditioned on a factual finding made by a sentencing judge and not by a jury."

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Next month in Rita v. United States, No. 06-5754, the court will hear arguments on whether a federal sentence within the guidelines range should be presumed to be reasonable.

Supreme Court Strikes Down California's Sentencing Law (WP)

By Robert Barnes

The Washington Post, January 23, 2007

The U.S. Supreme Court yesterday struck down California's sentencing law and strongly reaffirmed the court's view that judges may not impose tough prison time based on factors that have not been determined by a jury.

The 6 to 3 decision orders California to overhaul its method of sentencing criminal defendants, which could mean shorter prison terms for thousands of state prisoners. For other states and the federal government, it was the latest in a series of rulings going back to 2000 that restrict a judge's ability to find the aggravating factors that would allow for tougher sentences.

"This court has repeatedly held that, under the Sixth Amendment, any fact that exposes a defendant to a greater potential sentence must be found by the jury, not a judge, and established beyond a reasonable doubt, not merely by a preponderance of the evidence," Justice Ruth Bader Ginsburg wrote for the majority.

It was a majority that gives credence to the justices' often-made complaint about attempts to peg them as either liberal or conservative.

The prevailing side in Cunningham v. California consisted of Ginsburg, Clarence Thomas, Antonin Scalia, John Paul Stevens and Chief Justice John G. Roberts Jr. The newest justice, Samuel A. Alito Jr., wrote a dissent that was joined by Stephen G. Breyer and Anthony M. Kennedy, who also filed a separate dissent.

Roberts's decision to join the majority is especially important, according to Marquette University law professor Michael O'Hear and others who follow criminal justice issues; his predecessor, William H. Rehnquist, was on the other side. "Roberts's acceptance of jury-trial rights" means a solid majority exists for the future, O'Hear said.

The court's move began with Apprendi v. New Jersey, in which a 5 to 4 majority said that "any fact that increases the penalty for a crime beyond the prescribed statutory maximum must be submitted to a jury and proved beyond a reasonable doubt."

The court expanded the finding in a 2004 ruling regarding the state of Washington, and in 2005 the court found federal mandatory-sentencing laws unconstitutional. The court held that to remedy the system, the mandatory guidelines must become advisory and appellate courts must review them for reasonableness.

Alito argued that California's law met the standards the court had set for the federal system. "The California sentencing law that the court strikes down today is indistinguishable in any constitutionally significant respect" from the remedy the court offered in 2005, Alito wrote.

From the beginning, Kennedy and Breyer have opposed the court's resistance to systems that allow judicial discretion.

The debate may seem procedural rather than substantive, but the case that arrived at the court shows the impact.

Police officer John Cunningham was convicted in 2003 of molesting his young son, who had come to live with him and his girlfriend. Under California's Determinate Sentencing Law, Cunningham's crime was punishable by six, 12 or 16 years in prison. The law said that Cunningham should receive the middle term unless the judge found one or more "circumstances in aggravation."

The judge found six aggravating circumstances, including violent conduct, the boy's vulnerability and threats he made against his son. The only thing that the judge found in Cunningham's favor was that he had never been arrested before; he was sentenced to 16 years.

"We reserve that disposition because the four-year sentence elevation, based solely on a judge's fact-finding, denied Cunningham his Sixth Amendment right to trial by jury," Ginsburg read from the bench.

As for a remedy, Ginsburg said, "the ball lies in California's court." She noted that some states have responded to the court's rulings by amending their determinate sentencing laws to involve the jury in finding any facts that could elevate the sentence. Others have "chosen to permit judges to genuinely exercise broad discretion within a statutory range . . . without a mandatory middle," she said.

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The court yesterday also unanimously struck down a lower court's decision that made it harder for prisoners to bring lawsuits alleging mistreatment. Jones v. Bock is one of many cases arising from the federal Prison Litigation Reform Act of 1995 to cut down on prisoner lawsuits.

Supreme Court Rejects California Sentencing Law (LAW)

By Tony Mauro, Legal Times

Legal Times, January 23, 2007

The Supreme Court on Monday struck down California's sentencing law because it gives judges too much power to increase sentences based on facts not found by the jury.

The 6-3 ruling in California v. Cunningham may throw into uncertainty a segment of recent sentences imposed in California under the state's 1977 sentencing law.

"California has some work to do, but it should not cause havoc in the courts," says Stanford Law School professor Jeffrey Fisher, who wrote a brief in the case for the National Association of Criminal Defense Lawyers and is a key strategist in challenges to sentencing laws. Fisher said defendants on direct review should get a "fresh look" at their sentences as a result of the ruling Monday.

The decision also signals that the newly constituted Roberts Court is committed to the Apprendi line of cases, which, since 2000, have recalibrated the balance between judges and juries in the sentencing process and upended both state and federal sentencing laws. In Apprendi v. New Jersey, the Court held that any fact that increases a sentence beyond certain parameters set forth in the sentencing statute must be determined by a jury beyond a reasonable doubt.

"Because the [California law] authorizes the judge, not the jury, to find the facts permitting an upper-term sentence, the system cannot withstand measurement against our Sixth Amendment precedents," Justice Ruth Bader Ginsburg wrote for the majority.

Chief Justice John Roberts Jr. voted with the majority upholding the Apprendi precedents, whereas his predecessor William Rehnquist opposed the recent sentencing decisions. Justice Samuel Alito Jr. dissented Monday, as his predecessor Sandra Day O'Connor probably would have. Justice Anthony Kennedy, joined by Justice Stephen Breyer, also dissented, asserting, "In my view, the Apprendi line of cases remains incorrect."

At issue Monday was the case of John Cunningham, convicted in 2003 of repeatedly molesting his son. Under the law, his offense carried a prison term of six, 12 or 16 years. The judge is obliged to pick the middle sentence unless he can find aggravating circumstances justifying the upper level. In Cunningham's case, the judge found six aggravating circumstances and gave Cunningham the higher sentence. California appeals courts upheld the higher sentence, setting the stage for Supreme Court review.

Ginsburg's ruling did not specify how California should repair its sentencing law, but it pointed to a dozen other states that have modified their sentencing laws to respond to the Apprendi precedents. Some have placed more of the fact-finding with the jury, while others have given judges discretion within a statutory range.

"California may follow the paths taken by its sister states or otherwise alter its system, so long as the state observes Sixth Amendment limitations declared in this Court's decisions," Ginsburg wrote.

Former California Attorney General John Van de Kamp, of counsel at Dewey Ballantine, says the ruling "will certainly spark a lot of debate on overall sentencing policies in California." But he says the ruling will actually affect only a small number of criminal cases in the state.

Supreme Court's Striking Down Of California Sentencing Law Could Mean Shorter Prison Sentences (AP)

By Mark Sherman, Associated Press Writer

AP, January 23, 2007

(AP) - WASHINGTON-The U.S. Supreme Court struck down California's sentencing law Monday, reaffirming limits on judges' discretion and presaging shorter sentences for thousands of state prisoners.

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The 6-3 ruling effectively shaves four years off the 16-year sentence of former police officer John Cunningham, who was convicted of sexually abusing his son.

It is the latest in a series of high court rulings over the past seven years that limit judges' discretion in sentencing defendants. The court has held repeatedly that a judge may not increase a defendant's sentence based on factors that were not determined by a jury.

"This court has repeatedly held that, under the Sixth Amendment, any fact that exposes a defendant to a greater potential sentence must be found by the jury, not a judge, and established beyond a reasonable doubt, not merely by a preponderance of the evidence," Justice Ruth Bader Ginsburg wrote for the court, referring to an article in the U.S. Constitution.

Several states have changed their sentencing laws to require prosecutors to prove to a jury aggravating factors that could lead to longer sentences.

California had argued that a 2005 state Supreme Court decision interpreting the state's Determinate Sentencing Law effectively brought the state into compliance with the U.S. high court's rulings. The law instructs judges to sentence inmates to the middle of three options, unless factors exist that justify the shorter or longer prison term.

The state warned that its criminal justice system would be burdened by having to re-sentence thousands of inmates.

Rather than prescribing a way to fix the law, Ginsburg said, "The ball lies in California's court."

Justice Samuel Alito said in dissent that California's law "is indistinguishable in any constitutionally significant respect" from the federal sentencing guidelines that have been approved by the Supreme Court.

There were just under a quarter-million felony convictions in the state in 2005. Data from the 1980s cited by the California Supreme Court suggests that roughly 15 percent of cases involving just one felony count result in sentences in which a judge, not a jury, finds an aggravating factor to justify the additional punishment.

But Peter Gold, Cunningham's lawyer, told the court that in many cases the standard term and longer option differ by just a year. In practical terms, many of those who might be affected by Wednesday's ruling might already have finished serving their time in prison.

Several justices suggested during oral argument in October that the state could tweak the law, rather than overhaul it, to remove constitutional violations.

Nine other states urged the court to uphold the California law.

Letting Juries Judge (LAT)

The Los Angeles Times, January 23, 2007

THE U.S. SUPREME COURT on Monday overturned the 16-year prison sentence of a former California police officer convicted of molesting his 10-year-old son. Much as Californians may resent this ruling, which comes in a heinous case and could potentially trigger challenges to thousands of sentences, we should have seen it coming.

In theory, there's a neat division of labor between judges and juries in criminal trials. Juries decide whether a defendant did the crime; judges decide whether the defendant will do the time, and how much.

In reality, judges over the years have engaged in some serious fact-finding of their own in deciding how much punishment to mete out — too much fact-finding, in the view of the 21st century Supreme Court. In a series of decisions beginning in 2000, the high court has ruled that any fact connected to a crime that leads to a higher sentence "must be submitted to a jury and proved beyond a reasonable doubt."

John Cunningham of Contra Costa County, who won his appeal Monday, received 16 rather than the prescribed 12 years in prison because of aggravating factors, including the "great violence" of his conduct. Those findings were made not by a jury but by a judge, as provided for in California's 1977 Uniform Determinate Sentencing Act. Writing for the court, Justice Ruth Bader Ginsburg reasoned that because California law "authorizes the judge, not the jury, to find the facts permitting an upper-term sentence, the system cannot withstand measurement against our 6th Amendment precedent."

In their last major pronouncement in this area in 2005, the justices, while striking down mandatory federal sentencing rules, said that such guidelines could nevertheless remain on the books if they were used as an "advisory" resource for judges. But on

Monday, six of nine justices rejected the argument that the rules that produced Cunningham's higher sentence fell into that same flexible category.

Like its previous recent decisions on judicial sentencing, the ruling leaves both legislatures and judges considerable leeway. Legislatures can still establish minimum and maximum sentences, and judges (if state law allows) can choose a particular sentence based on characteristics of the perpetrator, including previous convictions.

But it is clearer than ever that if sentencing depends on the particular facts of the crime, then it is up to the jury, not the judge, to make that call.

Feds: Prison Cost-cutter Took Bribes (OREG)

By ASHBEL S. GREEN

The Oregonian, January 23, 2007

Allegations - Agents link the food purchaser for Oregon corrections to a four-year kickback scheme

Federal agents found more than $450,000 in cash in the home and safety deposit box of an Oregon prison official accused of taking bribes from companies that sell food for inmates' meals and snacks.

Farhad "Fred" Monem, who earns $75,500 a year as the food service administrator for the Oregon Department of Corrections, was placed on leave after IRS and FBI agents searched his home and office Jan. 10.

A federal judge Friday unsealed court documents that describe a four-year kickback scheme and detail what agents discovered during their searches.

Monem's lawyer declined to comment Monday. No charges have been filed against Monem or others allegedly involved.

Federal prosecutors declined to discuss a timeline for arrests in the bribery scheme, which they allege included Monem's wife, Karen, and officials from food distributors and brokers in California, New York and Maryland.

Monem, 48, was considered a whiz kid at the prison system, credited with saving the state millions of dollars because of his shrewd working of the commodities market. Prison officials praised Monem for reducing the daily cost of prison food from $2.88 to $2.30, third lowest in the nation.

One food broker praised Monem's business savvy in a March 2002 profile in The Oregonian.

"He'll let you earn a living, but you're not going to get rich off him," said Doug Levene of 21st Century Supply.

Levene, who could not be reached for comment Monday, is one of several food industry officials accused in federal court records of taking part in a bribery scheme that included splashy Las Vegas casino meetings, a junket to a football game in Chicago between the Bears and the Green Bay Packers and the creation of a shell company allegedly controlled by Karen Monem.

Court records single out Levin & Lawrence, Inc., a wholesale food distributor based in Santa Clarita, Calif. The company buys bulk food, some of it labeled "distressed" because it was close to the expiration date, marks it up and resells it for a profit.

Ex-cons Duped Secretary In Coke Case, Lawyer Says But Feds Say Facts Show She Was In Cahoots With Accomplices (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 23, 2007

Prosecutors opened their case in the Coke secrets trial Monday by vowing to prove that former secretary Joya Williams conspired with two accomplices to try to sell product samples and confidential documents for more than $1 million.

"This case is about greed and poor choices," said Assistant U.S. Attorney Randy Chartash.

But Williams' defense attorney, Janice Singer, said her client was taken advantage of by two lying ex-cons.

She said Williams copied and took home various work materials for innocent reasons and never intended for them to fall into the hands of the alleged accomplices.

One of them, Edmond Duhaney of Decatur, who is testifying for the prosecution, took the stand for a short time Monday before the court broke for lunch. He pleaded guilty to one count of conspiracy in October and hasn't been sentenced. His testimony is expected to resume later Monday.

According to prosecutors, here's how the case unfolded:

An executive at archrival PepsiCo got a letter in May 2006 from someone named Dirk, who said he had four years' worth of detailed marketing records from Coke.

Dirk said the "very detailed and confidential information" would "ensure your company gains a very decisive position in the cola wars." The letter said some of the information involved Coke Blak, a new Coke-infused coffee product introduced by the company last year.

The letter writer said he would offer proof for free that he had valuable information but that PepsiCo better be ready to act fast.

PepsiCo faxed the letter to Coke executives, who contacted the FBI on May 24, 2006.

An undercover FBI agent posing as a PepsiCo go-between called the phone number listed for Dirk and reached Ibrahim Dimson, a New York resident. The agent negotiated to pay Dimson what amounted to a $5,000 deposit on June 8.

Dimson told the agent he had a product sample and they negotiated a $75,000 payment — $30,000 up front and $45,000 after the product was delivered.

By June 12, Coke had set up a camera at Williams' work station to record her movements. She worked as an administrative assistant for a marketing executive at Coke, scheduling his appointments and managing logistics for him. She also had access to his e-mails, prosecutors said.

On June 16, Dimson met with the agent at Hartsfield-Jackson Airport to make the exchange. The agent passed Dimson $30,000 in a Girl Scout Lemon Cooler cookie box. Dimson passed the sample in an Armani bag.

The next day, Duhaney got $8,000 from Dimson. He kept $2,000 and gave $6,000 to Williams. She deposited $4,000 into her bank account two days later.

On June 19, the camera at Williams' work station captured her putting a product sample in her bag. She also printed three copies of a an e-mail from her boss's account with the codename "project normandie."

On June 22, Dimson gave the undercover agent a list of documents he said he had from Coke. The two negotiated a $1.5 million payment. Dimson provided a bank account for a trucking business he set up.

A few days later, Williams was recorded taking more documents from Coke in a Staples box that was later found at Duhaney's house.

On June 29, the agent paid Dimson $10,000 through a wire transfer. Dimson then wrote a check to withdraw the money.

Dimson was arrested July 5 at a Marriot hotel near Perimeter Mall. Agents searched the homes of Williams, Dimson and Duhaney.

Prosecutors say the plot started in Nov. 2005, when Williams asked family friend Edmond Duhaney to come to her Norcross apartment. There he showed her stacks of documents from Coke. She told Duhaney she couldn't sell the documents because she signed a confidentiality agreement, but that Duhaney could, prosectors allege.

Duhaney, a convicted cocaine dealer, shopped the documents around but no one was interested until he reached Dimson, a man he had met in prison in Alabama.

Dimson, who served time for white collar fraud, flew to Atlanta to see the documents. The two then conspired with Williams to organize and sell the materials.

Defense attorney Singer, appointed by the court to defend Williams, told jurors that Duhaney and Dimson plotted the conspiracy behind Williams' back. She said Williams was taken advantage of by two "seasoned cons."

Singer said Duhaney had asked Williams for help with his resume, and during a visit to her apartment he saw the boxes of Coke documents.

"He saw an opportunity and began hatching his scheme," Singer said of Duhaney.

Singer said Williams, who grew up in Decatur and has a business degree from Georgia State University, was in her dream job. But health problems and demands of the job took their toll. Williams' performance was "forgetful" and flighty" and she wasn't getting her work done, Singer said, adding that co-workers and her boss took notice and she feared being fired.

Williams began copying every document and e-mail she touched to prove she was doing her job, Singer said. She didn't copy them to give to Duhaney or Dimson, Singer insisted.

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Singer said Williams carried out materials in plain view and pointed out with surveillance tapes that her desk was in plain view of other workers.

Singer said when Duhaney saw the documents, he brought in Dimson to look at them because of his business experience.

Dimson then began romancing Williams, Singer said. Duhaney also convinced Williams to let Duhaney stay with her while he got back on his feet. It was a pretense to get access to the Coke documents, Singer said.

"At no time did Joya give these two cons anything," Singer told the jury.

Coke Espionage Case Moves On (WXIA)

By Jon Shirek

WXIA-TV, January 23, 2007

A government witness testified in Atlanta on Monday that a Coca-Cola employee stole secret documents from company headquarters, then recruited him to try to sell the documents to rival Pepsi.

But the now-former Coke employee blames her accuser, and insists she had nothing to do with any of it.

The former Coke employee who is on trial is Joya Williams. She could go to prison for up to ten years if she's convicted of the single count against her -- conspiring to steal and sell Coke's trade secrets.

In court, the prosecutor said that the case against Williams is a case about greed.

The prosecutor, Randy Chartash, showed the jury surveillance photos of Joya Williams at her desk at Coke's headquarters in Atlanta last year -- taken after the FBI began investigating her -- showing Williams filling her personal bag with company documents, and with bottles of brand new Coca-Cola drinks that were in development.

Then the jury heard a family friend of Williams, Edmund Duhaney, testify that Williams invited him to her apartment a year ago and showed him the Coke secrets that she had taken piled on her coffee table.

He said she told him the material would be worth a lot of money to Coke's competitors, such as Pepsi, and she needed his help.

So, Duhaney testified, he and another man, Ibrahim Dimson, launched a scheme to write a Pepsi executive that they had "very detailed and confidential information about Coca Cola's marketing campaigns for the next 4 years."

And they offered to sell the secrets to the highest bidder -- never knowing that Pepsi told Coke about the letter, Coke told the FBI, and the FBI set up the sting that led to the arrests last summer of Williams and the two men.

The two men pleaded guilty.

Williams' attorney, Janice Singer, told the jury that Williams was always taking work home with her, including confidential Coke documents and other items, all openly, in full view of Coke security -- nothing sinister about any of it.

Not in any way, shape or form, Singer said, was Williams ever involved with the two men to steal Coke secrets and sell them.

The men stole the confidential material from Williams' apartment, Singer said, and then blamed Williams when they got caught.

The government's evidence against Williams involves and includes the Coke secrets she is accused of trying to sell. So Coca-Cola has several attorneys sitting in the courtroom, conferring with prosecutors and with the judge, to make sure no Coca-Cola company secrets are disclosed in open court, but only to the jury.

The trial is expected to last up to two weeks.

Secretary Stole Coke Secrets, Jurors Told (FLSUNSEN/AP)

By Harry R. Weber, The Associated Press

South Florida Sun-Sentinel, January 23, 2007

ATLANTA · A former secretary at The Coca-Cola Co. was angry at her employer for not treating her well and hatched a plan to steal trade secrets from the beverage maker to sell to rival PepsiCo Inc., a co-defendant testified Monday at the woman's conspiracy trial.

Edmund Duhaney, who pleaded guilty in the case and agreed to testify, told jurors that Joya Williams said the documents and product samples -- which include information about the company's new coffee-infused drink, Coca-Cola Blak -- could be worth a lot of money to a competitor.

"She made a statement, `This happens all the time in corporate America' -- that Pepsi, the rival company, would be interested in this," Duhaney said, recalling an April 2006 meeting with Williams and another co-defendant, Ibrahim Dimson.

Duhaney also testified that Williams was angry at the world's largest beverage maker.

"She felt she wasn't being treated right at her job," Duhaney said. He added, "She let it be known that, `People think I'm stupid, but I'm not stupid.'"

Duhaney said Williams told him she had been planning the scheme for some time, copying confidential documents little by little.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Williams remains free on bond pending the outcome of the trial. Duhaney and Dimson have pleaded guilty and are awaiting sentencing.

Williams, Duhaney and Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola, and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

Assistant U.S. Attorney Randy Chartash told jurors during his opening statement Monday that Williams was the one who first approached the two co-defendants in the case about selling Coca-Cola documents and samples of products that hadn't been launched to rival Pepsi.

But defense lawyer Janice Singer said the case is really about two ex-cons who duped Williams and conspired behind her back.

Subpoenas Raise New Questions (HILL)

By Susan Crabtree

The Hill, January 23, 2007

A flurry of subpoenas issued late last year to three powerful House committees and two staffers are raising new questions about House policies on document retention as well as internal House rules governing response to subpoenas.

A U.S. district court in San Diego sent subpoenas to the House Appropriations, Armed Services and Intelligence committees late in the year, according to notices in the Dec. 27 and Jan. 4 editions of the Congressional Record.

Elizabeth Phillips, an Appropriations staffer, and Rebecca Kuhn, who formerly worked as ex-Rep. Randy "Duke" Cunningham's (R-Calif.) executive assistant, were also subpoenaed to testify, according to letters they submitted to then-House Speaker Dennis Hastert (R-Ill.), as required by House rules.

The subpoenas originally carried a Jan. 11 deadline, but the assistant U.S. attorney's office in San Diego has extended it to Jan. 31 to give the new Democratic majority and new leaders of the three committees time to "compile documents that are responsive to the subpoena," said Drew Hammill, spokesman for Speaker Nancy Pelosi (D-Calif.)

The subpoenas stem from the case against Cunningham, a former member of the Appropriations and Intelligence panels who is serving eight years in prison for accepting more than $2.4 million in bribes in exchange for earmarking government contracts. A grand jury in San Diego has been considering evidence against Brent Wilkes, a defense contractor who is accused of conspiring with Cunningham.

The U.S. attorney's office in San Diego first requested thousands of pages of documents from the panels last spring through a letter to the House general counsel. The subsequent subpoenas are an indication that federal prosecutors were concerned late last year that the committees were not voluntarily handing over the previously requested files, which, according to

media reports, include classified documents relating to secret CIA contracts and a 59-page classified report into Cunningham's activities produced last fall by an investigator working on an internal probe for the House Intelligence panel.

Rep. Pete Hoekstra (R-Mich.), ranking member on the House Intelligence Committee, said in an interview that he was surprised by the subpoena because the committee was "working with" the Department of Justice last fall.

"… All of the sudden we got popped with a subpoena," he said in an interview Thursday.

Josh Holly, a spokesman for Republicans on the House Armed Services Committee, said that his boss, then-Chairman Duncan Hunter (R-Calif.), and top panel aides also were in the process of cooperating with prosecutors and were even setting up a time for the U.S. attorney to meet with Hunter and committee staff when the subpoena came.

Holly said the aides had reviewed the correspondence between Cunningham and the committee and "nothing came up as improper."

Spokesmen for other committee chairmen or ranking members either declined to comment or did not respond to calls for comment. Prosecutors in the U.S. attorney's office in San Diego also declined to comment on the subpoenas, as did a Justice Department spokesman.

House leaders now must decide whether to invoke the Speech or Debate Clause, which provides protections for members of Congress and staff, just as House GOP and Democratic leaders did in May after the FBI raided the office of Rep. William Jefferson (D-La.).

But the timing of the subpoenas' public disclosure raises other questions about internal House policies.

It is unclear when the committees received the subpoenas and whether the then-GOP committee chairmen who received them chose to wait until after Congress formally adjourned in December to disclose them publicly as a way to deflect attention.

The House rule governing responses to subpoenas only dictates that a member, officer or staffer notify the Speaker in writing "promptly."

And the Speaker has broad latitude in when he or she must respond to a notification. If the subpoena comes during a recess, the rules only state that "notification is not required until the reconvening of the House, when the notification shall promptly be laid before the House by the Speaker," according to the rules.

A Hastert spokesman declined to comment on when the subpoenas were served.

"Any good lawyer can argue what the definition of 'promptly' means," said Stan Brand, a former House general counsel.

In fact, in late December, the Los Angeles Times reported that former Rep. Curt Weldon (R-Pa.) had received a subpoena for documents before the election as a part of an escalating Justice Department corruption probe against him but had failed to report that subpoena to the House, as the rules require.

A review of the Congressional Record details a letter dated Dec. 14, which Weldon sent to Hastert, acknowledging the subpoena. The letter, however, did not appear until early January because Weldon had sent it after Congress adjourned for the year. Weldon lost his reelection race to Democrat Joe Sestak, a retired Navy vice admiral.

Weldon's attorney, William Canfield, said that he could not recall exactly when his client first received the subpoena, but believed it was before the election.

"My instinct tells me it was before the election," Canfield said.

The late disclosure of Weldon's subpoena, as well as the separate subpoenas to the committees and staffers, which all came after Congress formally adjourned, also raise questions about whether anyone in the House did anything to protect the documents, electronic or otherwise. According to two outside sources, the Chief Administrative Officer's office routinely erases the contents of members and staffers' computers once they leave the House.

Once subpoenas are issued, however, leaders in the House and Senate, as well as the general counsel, are legally required to make an effort to preserve documents and ensure they are not being inadvertently or purposefully deleted or destroyed. Because of the Democratic takeover, Republicans lost numerous committee staffers, making efforts to maintain documents even more important.

"If no one took any steps to protect these documents," Brand said, "then that's a major legal problem."

Several calls to the House general counsel's office were not returned.

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House Administration Committee spokeswoman Janice Crump declined to comment about what became of the computers of staffers who were let go after the election, referring all questions to the general counsel's office. In response to a question about Weldon's electronic documents, she said that House policy allows all members who are leaving the House for any reason to remove their entire content of their hard drives and take it with them.

"It was done this way to get out of the middle of any possible litigation to allow the Justice Department to contact the member about any information that was either on the computer or was part of his records while he was here," she said.

Generally, she said, members are allowed to take their papers with them and "this is just the 21st-century way of saying that they can take their electronic records with them."

Hoekstra said he met with the committee's Republican and Democratic counsels late last week and walked away confident that no relevant Intelligence panel documents were destroyed.

"There is no concern on anybody's part that there might have been documents of interest that somehow have gone into a shredder or e-mail wastebasket," he said. "Anything or everything that might be of interest is fully available."

Hoekstra explained that the committee found and saved any and all relevant e-mails when it conducted an internal investigation into the Cunningham matter last year. Hoekstra was angered when Rep. Jane Harman (D-Calif.), who served as the panel's ranking member at the time, released the internal report before the election. The report triggered concerns about how Cunningham used his status and influence over committee staff to get Pentagon contracts for political supporters.

"We are the only committee that when this Cunningham thing started, went out in a bipartisan basis and selected an independent attorney to come in and take a look at anything and everything that went on in the committee," Hoekstra said. "… And [that material is] still available."

Hoekstra, along with the general counsel, and House leaders are still determining whether to hand over that material along with any other documents that fall under the subpoena.

"House counsel along with the general counsel [and Democratic and GOP leaders] will have discussions with Justice to see exactly what the most effective and most appropriate way to address [the subpoena are]," he said.

Prison Stay Sliced For Ex-school Boss (MACD)

By Mitch Hotts, Macomb Daily Staff Writer

Macomb (MI) Daily, January 23, 2007

Judge decides Gardiner didn't know of other bribes, inflated bills

Disgraced educator John Gardiner was placed in a wheelchair to be returned to prison Monday after a judge refused a plea for home confinement but did slice five months off Gardiner's original sentence.

Advertisement

Gardiner, the former superintendent of East Detroit Public Schools, had sought a reduced sentence for his conviction in what has been called the largest public corruption scandal in Macomb County history.

However, U.S. District Court Judge Patrick Duggan issued a new sentence of 41 months in a federal prison in Morgantown, W.Va., reduced from the original sentence of up to 46 months for convictions on racketeering and extortion.

"Dr. Gardiner has maintained he is not guilty and he has the right to feel that way, but a jury has found him guilty," Duggan said.

Monday's sentencing hearing was ordered after the 6th U.S. Circuit Court of Appeals ruled Duggan made an error at Gardiner's original sentencing because of confusion over mandatory sentencing guidelines.

At Monday's hearing, it was possible for the judge to add another year onto the original sentence. Instead, Duggan's new calculation resulted in a range of 37 to 46 months, and he opted for five fewer months.

Gardiner, who has been in prison for 22 months, will likely now be released from prison in March of 2008 instead of August 2008.

The 74-year-old Gardiner was among 20 people named in a 35-count indictment handed down by the U.S. Justice Department. They were charged with accepting hundreds of thousands of dollars in gifts, vacations, cash, and home improvements financed by contractor William Hudson Jr.

In return, Gardiner and others helped arrange lucrative contracts for school bond work to Hudson, who also is in prison for his part in the scandal.

In deciding a new sentence, the judge had to decide whether Gardiner's conduct furthered the overall conspiracy and whether the loss to the district could have been reasonably foreseen by the former superintendent while in office.

Margaret Sind Raben, Gardiner's attorney, argued that the former superintendent was not aware of some $2 million in inflated bills submitted by Hudson. She said Hudson had his own relationship with assistant superintendents who approved the doctored bills that gave Hudson more money than he was owed while working on a bond construction program for East Detroit Public Schools.

Raben also pointed out Gardiner's deteriorating health should be a factor in reducing the sentence because he is legally blind and has health issues.

John Engstrom, the assistant U.S. Attorney for the case, said Gardiner accepted $150,000 in bribes from Hudson to have "willful blindness" to paperwork Hudson submitted for payment.

Gardiner accepted a $40,000 down payment for a new home from Hudson along with home improvements, and $12,000 for a house down payment for Gardiner's daughter, according to the Justice Department.

Hudson took in at least $2.4 million legally as the contractor for a $30 million bond issue for East Detroit.

The Justice Department also contends Gardiner drew up a phony contract for Hudson to use to obtain a $600,000 loan from the Bank of Bloomfield Hills when Hudson needed money to pay off his tax debts to the IRS. That showed Gardiner was aware of the criminal enterprise beyond East Detroit, according to Engstrom.

Duggan said it was a "close question" as to whether Gardiner was fully aware of the inflated bills. "He could be criticized for now being more careful," the judge said.

In the end, Duggan said he did not find evidence that Gardiner had a larger role in the conspiracy or knew how much it would cost East Detroit Public Schools.

When Gardiner was asked if he wished to make a statement, the ex-superintendent slowly stood, with his hands on his hips, and continued to maintain his innocence.

"Being involved in the business matters of the district was not my favorite thing," he said. "If I failed on that extent, I apologize."

Engstrom said Gardiner has only tried to minimize his involvement with the conspiracy by blaming his underlings.

"He has shown very little or no remorse to the school district. He's only concerned about his reputation in the future," Engstrom said.

After Monday's hearing, the U.S. Marshal's Service placed Gardiner in a wheelchair and prepared to take him back to a federal prison in Milan, Mich., where he will be housed until he is airlifted back to West Virginia to finish his sentence.

"Bye bye," he said to his wife and daughter as he was wheeled from the courtroom.

CDC Adviser Arrested For Urinal Incident (AP)

AP, January 23, 2007

A prominent public health expert who is a top adviser to federal health agencies was arrested on suspicion of public indecency in an airport men's room.

Dr. Hugh H. Tilson, 67, was arrested Jan. 16 at Hartsfield-Jackson Atlanta International Airport after a plainclothes police officer said he saw Tilson masturbating at a urinal while watching other men urinate.

Tilson, a part-time faculty member at the University of North Carolina's School of Public Health, has advised the government and industry on health issues and co-authored an influential 1988 report on the future of public health in the U.S.

Tilson recently co-chaired a task force advising the Atlanta-based federal Centers for Disease Control and Prevention on setting agency priorities and goals. He was visiting Atlanta last week for a senior leadership retreat with CDC Director Julie Gerberding and others.

CDC spokesman Glen Nowak said Monday that agency officials had just learned of Tilson's arrest. The agency had no comment "because it's a law enforcement matter," he said.

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Tilson could not immediately be reached for comment at his UNC office or Raleigh, N.C., home, or through his university e-mail.

UNC officials issued a statement that clarified that Tilson is not a classroom instructor. "The university takes the charges seriously. We think it is important to let the Georgia judicial system resolve the case," the statement said.

Public indecency is a city code violation, which is considered of less consequence than a misdemeanor, according to a police report. Tilson posted a $500 bond and was released, and is to return to Atlanta next month for a court appearance.

Ex-Church Official Guilty In Porn Case (AP)

By John Christoffersen, Associated Press Writer

AP, January 23, 2007

(AP) - BRIDGEPORT, Conn.-The former music director of a church where former President Bush once worshipped pleaded guilty on Monday to possessing child pornography.

Robert F. Tate, 64, of Greenwich, admitted possessing between 150 and 300 pornographic images of children, some engaging in sexually explicit conduct. Prosecutors said some children in the images were younger than 12 years old.

"Yes, your honor. I regret to say I did it," Tate told a federal judge.

Tate was the longtime music director of Christ Church in Greenwich, where former President George H.W. Bush attended while growing up. Funeral services for his parents, Prescott Bush Sr. and Dorothy Walker Bush, were held there.

At his last hearing in December, President Bush's aunt and other members of the church attended to support Tate.

Tate faces up to 10 years in prison and a $250,000 fine when he is sentenced April 12.

Judge To Review Inquiry Into Leaks In Pellicano Case (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, January 23, 2007

A federal judge Monday said she would personally review the government's investigation into the disclosure of confidential documents in the Anthony Pellicano wiretapping case, amid claims that the latest leak was triggered by a previously unreported FBI interview of billionaire Kirk Kerkorian.

U.S. District Judge Dale S. Fischer's decision followed an acrimonious hearing at which attorneys for Pellicano and for Kerkorian's longtime attorney, Terry Christensen, complained that the leaks to the New York Times had severely hurt their clients' rights to a fair trial.

The defense attorneys also pointedly questioned why authorities had not identified the source of the leaks after nine months of investigation.

"This is horrendous," Christensen's attorney, Terree Bowers, said of the leaks. "It is trampling on Mr. Christensen's presumption of innocence."

Last April, the judge issued a protective order to prevent the disclosure of evidence compiled against Pellicano, Christensen and six other co-defendants in a wide-ranging wiretapping case that has rocked legal and Hollywood circles. After the New York Times printed the first of several articles that quoted sealed FBI interview reports in the case, the U.S. attorney's office in San Diego opened an investigation into the leaks.

Two weeks ago, the newspaper published — and posted on its website — excerpts from audio recordings of conversations between Pellicano and Christensen. Attorneys for Christensen had challenged the government's right to use the recordings against their client on the grounds of attorney-client privilege. At the time, they also argued that authorities were so concerned about the tapes' admissibility that they had interviewed Kerkorian "in what appears to be an illicit attempt to get him to inadvertently waive the attorney-client privilege."

In the latest court documents, Bowers suggested that the government, fearing that the tapes might be ruled inadmissible, had decided to leak them.

"Faced with such a result, it is most likely that someone from the prosecution took this illegal and drastic step of ensuring that members of the public got to see excerpts and listen to the recordings," Bowers said in the latest court filing.

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Thom Mrozek, a spokesman for the U.S. attorney's office in Los Angeles, said, "We have honored at all times Mr. Kerkorian's claim of attorney-client privilege."

Mrozek said he would not comment on what he called "the latest conspiracy theory being floated by people associated with the defense."

San Diego Assistant U.S. Atty. Robert Ciaffa, who is directing the leak investigation, said he would not comment about that probe while it is underway. As is standard practice, the leak investigation is being conducted by another U.S. attorney's office to ensure its independence.

A spokeswoman for Kerkorian's Tracinda Corp. declined comment about the interview, which sources say lasted about two hours.

Bowers urged Judge Fischer to hold a hearing on the leaks, and to subpoena the New York Times reporters to testify. To bolster his argument, Bowers cited the BALCO case, in which two reporters from the San Francisco Chronicle face 18 months in federal prison for refusing to disclose who leaked them grand jury testimony about steroid use in professional sports. In court documents, Bowers also charged that the government's investigation of his client "has been fraught with government deceit, obfuscation, sensationalism and injustice from the minute [it] began."

Catherine J. Mathis, a spokeswoman for the New York Times, said the newspaper would continue to assert the reporters' right not to reveal how they obtained the court documents and recordings.

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Subpoenas Sought Against 2 Times Reporters (NYT)

By Katharine Q. Seelye

The New York Times, January 23, 2007

A defense lawyer in the case involving Anthony Pellicano, the Hollywood private eye accused of masterminding a long-running wiretapping ring, called yesterday for two New York Times reporters to be subpoenaed to find out who leaked them recordings of conversations and other evidence in the case.

On Jan. 11, The Times printed excerpts of 33 recorded conversations that Mr. Pellicano had with Terry N. Christensen, a lawyer for Kirk Kerkorian, the billionaire Hollywood mogul. The newspaper also put audio excerpts of the conversations on its Web site. Mr. Christensen has also been charged in connection with the wiretapping.

In papers filed last week in federal court, Mr. Christensen called on the judge, Dale S. Fischer of United States District Court, to force the two reporters, David M. Halbfinger and Allison Hope Weiner, to reveal their sources.

In a hearing yesterday in Los Angeles, Terree A. Bowers, the lawyer representing Mr. Christensen, told the judge that the reporters might be “criminally liable” for their actions. He said in a telephone interview after the hearing that he told the judge that their posting of the conversations on the Internet violated his client’s presumption of innocence.

The judge asked Mr. Bowers to spell out specifically what relief he is seeking and how he would like her to deal with the case. In a statement, Catherine J. Mathis, a spokeswoman for The New York Times Company, said: “We believe it is critically important for reporters to be able to protect their confidential sources of information and will continue to advocate for their ability to do so.”

The judge also said she wanted to meet privately with Robert Ciaffa, the assistant United States attorney in San Diego, who is investigating the source of information leaked to The Times over the last year in what the government has said was a violation of the judge’s order. Mr. Ciaffa, who did not attend the hearing, said in a telephone interview that he had no comment.

Judge Fischer also indicated yesterday that she was studying a similar case involving two reporters for The San Francisco Chronicle who have refused to reveal their sources and are facing up to 18 months in jail. The reporters, Mark Fainaru-Wada and Lance Williams, published federal grand jury testimony in which athletes admitted to using steroids supplied by the Bay Area Laboratory Cooperative, known as Balco. The jail terms, as well as a $1,000-a-day fine imposed on The Chronicle, have been suspended pending an appeal, to be heard in March.

The trial of Mr. Pellicano has been delayed until August because of the complexity of the case, the volume of evidence and lawyers’ scheduling conflicts.

Man Killed After Officer Is Shot (LAT)

By Andrew Blankstein And Richard Winton, Times Staff Writers

The Los Angeles Times, January 23, 2007

The handcuffed suspect apparently got a gun hidden in his pants and opened fire on police investigating an assault in the Westlake district.

A man who was handcuffed by police during an early morning arrest Monday in the Westlake district of Los Angeles managed to reach for a gun hidden in his pants and opened fire, seriously wounding a veteran officer, according to several LAPD sources familiar with the investigation.

Rampart Division training officer Andy Taylor, 37, was rushed by ambulance to Cedars-Sinai Medical Center, where he was treated for a gunshot wound to the shoulder and chest.

The 12-year veteran, who was in stable condition, also was hit in his bulletproof vest.

Police Chief William J. Bratton said the officer could be released from the hospital as early as today.

Bratton said he would withhold comment on the specifics of the shooting until he was presented with a full preliminary briefing by investigators with the Los Angeles Police Department's Force Investigation Division.

Department officials said Taylor was one of several officers who responded to an apartment building in the 600 block of Coronado Street about 5 a.m. after a report of an assault there.

According to the LAPD sources, who spoke to The Times on the condition that they not be named, the officers questioned several men in a second-floor residence at the multiunit complex.

A rookie officer, whom department officials did not identify, searched and handcuffed one of the suspects before leading him out into the hallway where Taylor was standing, the sources said.

As the officers talked to the other men, the suspect reached into his pants and pulled out a handgun, firing at least two shots that struck Taylor, the sources said.

Two other officers emerged from the apartment, firing multiple times before killing the suspect.

The dead man suffered at least two gunshot wounds.

Department officials said four people — two men and two women — were taken into custody. The women were later released; at least one of the men was held on a parole violation.

At a morning news conference, Mayor Antonio Villaraigosa blamed gang violence for the increase in assaults against police officers, though it was unknown if gangs were involved in Monday's incident.

"One of the reasons why we're targeting gangs, and we're not sure who these suspects are … is because too much of this kind of activity occurs in [the] city of Los Angeles and we've got to do something about it," Villaraigosa said.

Bratton expressed concern that the shooting was part of a spike in attacks on officers so far this year compared with last year.

He said there have been 10 instances in less than a month in which suspects have shot at officers.

LAPD statistics show that although attacks on police increased to 109 last year from 99 in 2005, they are still down from 2002, when there were nearly 130 incidents.

But the numbers also show that the increase in the last three years mirrors an uptick in reported gang crime. Gangs have been tied to several recent officer shootings.

Earlier this month, 13-year LAPD veteran Mark Wilbur was shot in the thigh while he and other officers were investigating a report of armed gang members at a house in Panorama City.

In August, Officer James Tuck was seriously injured when a man with an AK47-style assault weapon opened fire on him during a traffic stop in Montecito Heights.

In perhaps the most high-profile incident, Officer Kristina Ripatti was left paralyzed from the chest down when she was shot in June by an armed robber who also was described as a gang member.

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Former Bolivar County Official Changes Plea In Katrina Kickback (BSH)

Biloxi Sun Herald, January 23, 2007

CLEVELAND, Miss. - Former Bolivar County Administrator Adrian Brown pleaded guilty Monday to receiving a cash kickback from Hurricane Katrina relief funds.

Brown, 29, made the plea Monday in U.S. District Court in Aberdeen. He remains charged with witness tampering.

Brown, who had been administrator in Bolivar County since April 2004, was not taken into custody and will continue under his current $20,000 bond and supervised release until sentencing.

Brown was arrested by FBI agents at his office on June 6 for requesting and accepting kickbacks from David Spikes, as well as witness tampering.

Spikes, who owns Nternet Solutions in Pace, was hired to develop and maintain a Web site for the county to assist displaced Katrina residents who evacuated there. The Federal Emergency Management Agency reimbursed the county $48,402 for the Web site.

The indictment also charged that Brown used intimidation and threats to try to influence the testimony of Spikes' wife, Monique Spikes, to a federal grand jury.

The Boliver County Board of Supervisors suspended Brown without pay, then fired him in August.

A date for his sentencing is not yet known. Chief Judge Glen H. Davidson will handle the sentencing. Brown faces up to $500,000 in fines and up to 20 years in prison.

Iberia Parish Man, Morgan City Residents Plead Guilty To FEMA Fraud (DA)

By Kyle Jackson

The Daily Advertiser, January 22, 2007

MORGAN CITY— Two Morgan City residents and one New Iberia man pled guilty Monday after attempting to defraud FEMA.

According to a news release from Donald Washington, U.S. Attorney for the Western District of Louisiana, the following three individuals pled guilty before U.S. District Judge Tucker Melancon:

Richard Hufnagel, 40, of New Iberia, admitted to applying for emergency benefits following Hurricane Katrina, claiming that he lived in a warehouse in New Orleans during the storm.

Hufnagel received $55,000 in FEMA aid for flood damage he claimed to hae suffered.

Investigations into Hufnagel's claims found that he was living in a hotel room in Gretna prior to the hurricane.

Morgan City resident Shannon Sylvester, 19, received $2,000 in disaster relief funds shortly after Hurricane Katrina in 2005, claiming she had to evacuate her New Orleans residence as a result of the storm.

However, investigations into Sylvester's claim proved that she'd never lied in New Orleans and her primary address was in Morgan City.

Ashley Clark, 22, also of Morgan City, received $4,665 worth of FEMA aid after filing a claim for damages done to her residence as a result of Hurricane Rita.

All three defendants have yet to be sentenced.

When sentenced, each defendant could face up to a maximum of 10 years in federal prison and a fine of $250,000.

Ridgeland Woman Sentenced For FEMA Fraud (WLBT)

WLBT-TV Jackson (MS) Online, January 22, 2007

A Ridgeland woman pled guilty and was sentenced for FEMA fraud related to Hurricane Katrina Monday.

Tabuthia Bell was sentenced to three years of probation with forty hours of community service.

Bell was accused of submitting a false claim to fema for Hurricane Katrina disaster assistance funds.

She received 2-thousand dollars from fema by providing a false address in Ridgeland and claiming hurricane damage at that address.

Bell has already made full restitution to FEMA.

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Cockfighting's 'Cultural Tradition' Kept Alive In USA (USAT)

By Emily Bazar

USA Today, January 23, 2007

Immigration has helped fuel the popularity of cockfighting, a common practice in some countries that is illegal in most of the USA.

Statistics are hard to come by, but law enforcement officials and animal rights groups in places such as Denver, Houston and Santa Barbara County, Calif., say they've seen a surge. Others question whether there's just more attention on the activity because police are cracking down.

Cockfighting is illegal in every state except Louisiana and New Mexico.

"It's definitely on the rise," says Wayne Pacelle, head of the Humane Society of the United States. Pacelle says the Internet has helped connect cockfighters. He also cites increased involvement of immigrants from countries such as Mexico and the Philippines. "It's legal in a lot of places where there's significant immigration to the United States," he says. "You're seeing participation from people of those nations."

Mark Kumpf of the National Animal Control Association acknowledges there can be a cultural link. He doesn't think cockfighting is on the rise, though. What's up, he says, is enforcement.

Police are aggressively busting cockfighting operations, from fights to bird smuggling, because crimes such as drug dealing, assault and gambling often are associated, he says.

On Sunday, authorities raided a cockfight in Boydton, Va. Mecklenburg County Sheriff Danny Fox says 122 people were cited for violating the state's ban, 22 were arrested by Homeland Security officials and accused of being in the country illegally, and 126 birds were seized.

Kumpf says authorities also are motivated by concerns that cockfighting may contribute to the spread of bird flu. In Asia, it is suspected in some cases of spreading bird flu to humans, and, through smuggling, from country to country, the World Health Organization says.

In cockfighting, razor blades or sharp metal spurs called gaffs are strapped to the legs of specially bred roosters. Spectators place bets and watch the birds battle, often to the death.

U.S. Rep. Elton Gallegly, R-Calif., says fear of bird flu is one reason he is sponsoring a bill that would make it a felony to transport a bird or animal across state or national borders for fighting. It also would prohibit interstate and foreign commerce in cockfighting implements such as gaffs.

In Denver, the number of informal backyard fights is up, says Doug Kelley, director of the Division of Animal Care and Control. "It's normally a couple of households getting together for what they think of as a friendly competition," he says.

Animal control officer James Lopez says the practice is especially popular in Denver's Mexican community. "It's legal in Mexico, so a lot of people come up here and feel they should be able to do it here, too," he says.

The Santa Barbara County sheriff's department broke up four cockfighting rings last year, three run by Hispanics and one by Hmong, Sgt. Erik Raney says.

About 150 birds were confiscated in one case after a drug bust led to a broader investigation. "We often find that the people arrested have other criminal records," Raney says.

Cockfighting has increased "at an alarming rate" in the Houston area, says Sgt. Mark Timmers of the Harris County Constable Precinct 6. He says the number of fighting roosters seized doubles every year. Last year, it was about 800.

In New Mexico, Diana Orosco VanHoozen takes talk of cockfighting personally.

Once her two daughters were old enough to walk, they helped her feed and handle the roosters, she says. Her birds, numbering about 130, represent family and cultural tradition to VanHoozen. A self-described "fifth-generation cockfighter," she raises, breeds and fights roosters.

"This has been in our family for hundreds of years," says VanHoozen, 36, of Las Cruces, who traces some of her lineage to Mexico. "It's Mexican culture. Anywhere you go in Mexico, you can find a cockfight."

Some New Mexico lawmakers, animal rights groups and others want to make cockfighting illegal. Last month, Gov. Bill Richardson backed the idea.

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In Louisiana, state Sen. Arthur Lentini plans to introduce a bill to ban cockfighting when the Legislature convenes in April, according to his assistant, JoAnn Loebig.

VanHoozen calls New Mexico's effort discrimination. "I want to be able to still practice my cultural tradition," she says.

State Sen. Mary Jane Garcia, a Democrat, counters, "Whose culture are we talking about?"

Garcia's grandparents are from Mexico. She says her family has never participated in cockfighting.

Garcia has been trying to get a cockfighting ban in New Mexico for 18 years. Last week, she introduced a bill to make cockfighting — or attending a fight — a felony.

A 2004 Albuquerque Journal poll found that 66% of registered state voters would support a law banning cockfighting. Among Hispanic voters, 59% favored a ban. "To me, it's an animal-cruelty issue. It's barbaric and gruesome," Garcia says. "It's an illegal and unethical practice. They allow young boys to go in there and gamble."

Garcia acknowledges that cockfighting is still common south of the border. "It's still practiced a lot in Mexico, but we're not in Mexico anymore," she says.

Most cockfighters and spectators in New Mexico are Hispanic, says Ronald Barron of the New Mexico Gamefowl Breeders Association.

"At least 95% of the people raising game fowl in the state are Hispanic," he says. "It's part of the Hispanic tradition."

Fred Hawley, professor of criminal justice at Western Carolina University, has done research on cockfighting.

"Like any other folk practice, it's been spreading along with a number of other folk practices, like folk healing, into areas that attract large Hispanic populations," he says.

Hawley and Pacelle say cockfighting is also popular with rural whites.

Cockfighters take the practice from their native countries because they feel pride in the tradition, Hawley says. "For people who have been doing it for generations, this is symbolic and important," he says.

Timmers cautions against generalizing about ethnic groups. He says, "There are no cultural boundaries when it comes to cockfighting."

CIVIL LAW:

Maryland Couple And Their Company To Pay $1.5 Million Over Federal Contract Suit (AP)

AP, January 23, 2007

COSMOS to Pay $1.5M to Settle Suit

BALTIMORE (AP) -- A Potomac couple and the company they run will pay $1.55 million to settle allegations that they submitted false claims on federal contracts, a case that involved a whistle blower who worked for the company.

Robert Yin and Karen Kaufman-Yin, along with their Bethesda-based company COSMOS Corp., allegedly submitted the claims for contracts with the National Science Foundation, the Department of Commerce, the Department of Health and Human Services and the Justice Department.

Yin is the president of COSMOS while Kaufman-Yin is the vice president and chief financial officer. The company provides research, analysis and other services to government agencies and private organizations.

According to federal prosecutors, COSMOS improperly charged government contracts for costs that dealt with the company's operations, including marketing, bid proposals and administrative labor. The company is also accused of shifting labor costs from private contracts to its government contracts.

The allegations were made in a whistle blower lawsuit filed by former employee Jennifer H. Pobiak under the federal False Claims Act. The law allows Pobiak to receive money as part of the settlement after the government took over the case. Pobiak's share will be $263,500.

Wrongful Imprisonment Case Against FBI Winding Down (AP)

By Denise Lavoie

AP, January 23, 2007

BOSTON - Two men who spent decades in prison for a 1965 gangland slaying they didn't commit wept on the witness stand as they recounted what the years behind bars did to them and their families.

But Justice Department lawyers made it clear Monday that theirs will not be the kind of emotional case presented by the men who are suing the government for wrongful imprisonment and malicious prosecution.

Justice Department lawyer Bridget Bailey Lipscomb said the government will not offer testimony from a single live witness. Instead, the government will rely on depositions from several people involved in the 1965 murder case.

The government has argued federal authorities had no duty to share information with state officials who prosecuted Peter Limone, Joseph Salvati and two other men who died in prison after they were convicted in the 1965 killing of Edward "Teddy" Deegan. They say the FBI cannot be held liable for the results of a separate state investigation.

Attorneys for the men, however, say the FBI knew the men had been framed for Deegan's killing, but hid evidence from state prosecutors that could have cleared the men to protect a Mafia hitman and FBI informant, Joseph "The Animal" Barboza.

Salvati and Limone were exonerated in 2001 after FBI memos dating back to the Deegan case surfaced, showing the men were framed by Barboza.

The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

Limone, Salvati and the families of two other men who died in prison - Henry Tameleo and Louis Greco - are suing the federal government for $100 million.

Lawyers for the men are expected to finish presenting their evidence Tuesday after 19 days of testimony. Lipscomb told U.S. District Judge Nancy Gertner she expects to start and finish the government's case Tuesday, through depositions and exhibits. Final arguments are scheduled for Feb. 27. Gertner will decide the jury-waived case.

Nicotine Manipulation Confirmed (NYT)

The New York Times, January 23, 2007

Any doubts that the tobacco industry has surreptitiously raised the nicotine content of cigarettes should be laid to rest by a study from researchers at the Harvard School of Public Health. They confirmed last year's discovery of the nicotine increase by the Massachusetts Department of Public Health and went on to identify how the tobacco companies designed their cigarettes to accomplish this.

These manipulations were discovered because Massachusetts requires manufacturers to use a more realistic test to measure how much nicotine is deliverable to typical smokers and requires companies to report design features of their cigarettes. When Harvard researchers reanalyzed the data they found that the nicotine yield per cigarette rose by an average of 11 percent between 1998 and 2005, a conclusion contested by the industry.

Harvard researchers concluded that the companies managed this by using tobacco containing a higher concentration of nicotine and perhaps also by slowing the rate at which cigarettes burned — thus increasing the number of puffs per cigarette. The companies presumably hoped that additional nicotine would hook more new customers and keep old ones from breaking the habit.

Their continued bad behavior makes it imperative for Congress to grant the Food and Drug Administration the authority to regulate tobacco products, including the power to reduce nicotine levels and demand extensive data from the companies. The Senate overwhelmingly approved such legislation in 2004, only to have House Republicans block it. With new Democratic majorities in both houses, it is time to rein in this rogue industry.

CIVIL RIGHTS:

Trial Resumes In Noxubee County Reverse Discrimination Case (AP)

AP, January 23, 2007

DOJ_NMG_0120233

JACKSON, Miss. - The federal trial of a black Democratic Party official in Noxubee County entered its second week Monday with more testimony anticipated from whites who claim their right to participate in the election process has been violated.

Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites.

Noxubee County is a rural area along the Alabama line with a majority black population.

On Friday, two white witnesses said Brown had threatened to challenge their right to cast ballots in the party's 2003 primary. In addition, an unsuccessful white candidate for Noxubee County supervisor told the federal judge he was unfairly treated by the defendant as to how absentee ballots were counted in a close race against the eventual black winner.

Federal prosecutors want U.S. District Judge Tom Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

Cheri Anne Eaves and Kari Hardy testified on Friday that Brown accused them of being disloyal Democrats and had threatened to try to deny their right to vote in the 2003 Democratic primary. Brown allegedly had put them on a list he circulated of 174 white voters he would challenge as ineligible to participate in Democratic Party election because they were closet Republicans.

"I was angry that anybody would have the right to say I couldn't vote," Eaves said.

Despite the threat of being challenged at the polls, she told Lee she did vote in the Democratic primary. Hardy said she did not vote.

Both women testified that they didn't understand why Brown could question their right to vote. They said they hadn't voted in Republican primaries before. Mississippi has open primaries for the two political parties to hold and doesn't require voters to register as Democrat or Republican.

Brown claims the U.S. Justice Department is misconstruing as racial intimidation his attempts to keep Republicans from voting in Democratic primaries. However, the Justice Department alleges that the "relentless voting-related discrimination" is based on Noxubee County blacks trying to shut whites out of the process.

Absentee Vote Count Questioned (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 23, 2007

Candidate's son claims Noxubee ballot challenges dismissed

A black Noxubee County Democratic Executive Committee official said she was going to follow her own law in counting absentee ballots during a 2003 primary election, a white candidate's son testified Monday.

"I was not allowed to make challenges," said Richard Heard, whose father was a candidate for county sheriff.

In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against white voters.

A trial on the lawsuit is in its second week in U.S. District Court in Jackson. District Judge Tom S. Lee will decide the case.

The Justice Department is still presenting its side.

Wil Colom, attorney for the Noxubee County Democratic Executive Committee and Chairman Ike Brown, said his clients believe the complaints are imagined. Colom said most of the charges regarding election discrepancies are normal election errors and miscues that happen every year in every county in America.

Heard testified that he remembered seeing one absentee ballot where the signature didn't match the name on the application and questioned pollworkers about it.

"I said over and over something is wrong with this ballot," he testified.

But Heard said the woman in charge at the polls eventually said "We aren't going by state law but my law today."

Heard said he also was concerned that an absentee ballot he notarized for a white voter was rejected.

On cross-examination, Colom asked Heard if he actually saw the white voter's ballot rejected.

Heard said he was told it was rejected.

"You're going by what someone told you?" Colom asked Heard.

Colom asked Heard if he knew that only 15 absentee ballots were rejected and only two of those were from white voters. More than 1,200 total votes were cast in the election.

A black voter also testified for the government on Monday.

Nikki Nicole Halbert said she filed an absentee ballot but the signature on the envelope wasn't hers.

Colom objected that the government ambushed the defense with Halbert's testimony.

On cross-examination, Halbert said she had no reason to believe her ballot wasn't cast as she filled it out.

Limits On Prison Suits Are Eased (NYT)

By Linda Greenhouse

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — Twelve years ago, Congress passed a law intended to make it harder for prisoners to file lawsuits challenging prison conditions as illegal or unconstitutional. On Monday, the Supreme Court ruled unanimously that a federal appeals court had overstepped its bounds by making prisoner lawsuits even harder to file than Congress intended.

The barriers the lower court had put in place "cannot fairly be viewed" as a correct interpretation of the law, the Prison Litigation Reform Act of 1995, Chief Justice John G. Roberts Jr. said for the court. Unless Congress explicitly provided otherwise, Chief Justice Roberts explained, courts should apply to prisoners' lawsuits the same procedural rules they apply to any other lawsuit and "should generally not depart from the usual practice under the federal rules on the basis of perceived policy concerns."

The ruling was greeted with relief by advocates for prisoners' rights, who said the lower court's approach had threatened to make it all but impossible for an inmate not represented by a lawyer to navigate the procedural hurdles to get a case accepted for a hearing.

"A loss would have been devastating," said Elizabeth Alexander, director of the National Prison Project of the American Civil Liberties Union, which filed a brief in support of three Michigan inmates whose separate cases were consolidated by the court for a single decision. Dismissed by the United States Court of Appeals for the Sixth Circuit, their complaints about their treatment are now reinstated.

Ms. Alexander said the decision, Jones v. Bock, No. 05-7058, marked the first time in a half-dozen rulings that the Supreme Court had not adopted the most unfavorable possible interpretation of the Prison Litigation Reform Act.

At issue was the Sixth Circuit's interpretation of the law. The appeals court, which covers Ohio, Kentucky and Tennessee as well as Michigan, adopted three rules to carry out the law's requirement that before going to federal court with a complaint about prison conditions, an inmate must first "exhaust" any administrative remedies provided by the prison.

First, the appeals court held, this requirement meant that inmates had to prove they had exhausted their remedies, in contrast to the ordinary federal rule that places on the defendant the burden of showing, as a defense, that the plaintiff had failed to meet an exhaustion requirement. Second, prisoners could not sue anyone they had not first named during the internal grievance process. And third, a lawsuit that contained a mixture of exhausted and unexhausted claims should be dismissed in its entirety.

In his opinion on Monday, Chief Justice Roberts said "we understand the reasons" for the Sixth Circuit's approach. He noted that prisoners' lawsuits accounted for nearly 10 percent of all civil cases filed in federal court and that many are without merit.

But he added that the circuit's choice of its "more onerous pleading rules" was not based on the statute. "The judge's job is to construe the statute — not to make it better," he said.

Justices Overturn Restrictions On Inmates' Lawsuits (AP)

Associated Press

AP, January 23, 2007

DOJ_NMG_0120235

WASHINGTON – A unanimous Supreme Court signaled Monday that some courts are going too far in barring lawsuits by inmates complaining about their treatment.

In an opinion by Chief Justice John Roberts, the court overturned procedural obstacles in the 6th U.S. Circuit Court of Appeals that led to dismissal of civil rights complaints brought by three Michigan inmates.

The appeals court in Cincinnati covers the states of Michigan, Ohio, Tennessee and Kentucky. Federal courts in the circuit allowed just 18 of nearly 500 inmate civil rights suits to proceed, a recent American Civil Liberties Union study concluded, making the circuit the most restrictive in the country for such lawsuits.

The Republican-controlled Congress passed the Prison Litigation Reform Act in 1995, seeking to slow a flood of federal lawsuits.

The law requires prisoners to go through a lengthy administrative grievance process before they may sue in court.

The law worked – too well, according to critics. Nearly 42,000 civil rights petitions were filed in 1995 before the law took effect. Five years later, the number was down to 26,000, according to the Justice Department.

"Today's decision will at least help to ensure that the courthouse door is not completely shut," ACLU legal director Steven Shapiro said in a statement.

Roberts wrote that under the prison reform act, inmates are not required to demonstrate that they have exhausted the administrative complaint procedure. The chief justice said a lawsuit is not necessarily invalid just because a defendant was not named in the inmate's earlier administrative grievance. In addition, Roberts wrote, the prison litigation law does not require dismissing the entire lawsuit when an inmate fails to exhaust some of his claims administratively.

The Supreme Court is "not insensitive to the challenges faced by the lower federal courts in managing their dockets and attempting to separate ... needles from haystacks," Roberts wrote.

But the chief justice added that adopting "different and more onerous pleading rules ... should not be done on a case-by-case basis by the courts."

The cases are Jones v. Bock, 05-7058, and Williams v. Overton, and Walton v. Bouchard, 05-7142.

On the Net:

Supreme Court: www.supremecourtus.gov/

Long Beach Awaits Hate-Crime Verdict (WP)

By Sonya Geis

The Washington Post, January 23, 2007

LONG BEACH, Calif. -- A crowd of black teenagers and three young white women stood on a street corner on Halloween night. A male voice cried, "I hate [expletive] white people!" The crowd surged, and someone cracked one of the whites in the head with a skateboard, dropping her to the ground. That much is not in dispute.

Who is responsible and how this could happen in the port city of Long Beach, which prides itself on its diversity and tolerance, has been the subject of arguments in court, civic forums and private living rooms here ever since.

Ten defendants -- nine female and one male, ages 12 to 18 -- were charged with assault for allegedly beating and kicking the women, giving one 12 facial fractures and another a concussion. Eight of the teenagers are also charged with a hate crime. Their trial has dragged on since early November.

This week attorneys are expected to finish closing arguments and a judge will render verdicts. The city is waiting uneasily to find out whether it will live up to its self-image as a unified, tolerant community or dissolve into racial hostility.

City leaders have reacted to the racial flare-up with alacrity, sending out volunteers to the victims and organizing community forums to denounce racism.

Yet some African Americans express frustration that city leaders have not been more visible in their community. Some are also angry at the local newspaper, which initially covered the victims' story that they were attacked, without reporting that some witnesses called it a mutual fight, or that the arrested teenagers have no criminal history and are accomplished athletes on a local high school track team.

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As the Rev. O. Leon Wood Jr., the black pastor of the North Long Beach Community Prayer Center, said: "When we're in a situation where whites are on the receiving end of a problem, there appears to be a little more sensitivity added to the issue."

Meanwhile, conservative radio hosts took up the cause of the victims, calling Long Beach a dangerous place for white people.

And the victims, their attorney said, have been fearful of retaliation. During the course of the trial, a witness for the prosecution had her car rammed repeatedly by another vehicle while she was in court testifying. Police called it gang-related witness intimidation.

"I'm very nervous about what's going to happen when there are verdicts," said Doug Otto, the victims' attorney.

Long Beach, like neighboring Los Angeles, has a history of racial tension to match its diversity. In the 1920s, it had a Ku Klux Klan chapter and redlining that kept housing segregated.

The port is now the second-busiest in the country, and the city is a hodgepodge of bobbing oil derricks, leafy streets and run-down apartment buildings filled with newly arrived Latinos, working-class blacks and whites, and refugees from Vietnam and Cambodia.

"This city has made great strides since the Rodney King riots" in 1992, Long Beach Mayor Bob Foster said in an interview. That unrest started in South Central Los Angeles 15 miles away and spread to neighboring Long Beach, destroying more than 300 businesses there.

City officials often refer to a 2000 USA Today study of the 65 largest cities that found Long Beach to be the most diverse. Of Long Beach's 462,000 residents, 36 percent are Latino, 33 percent white, 14 percent black and 12 percent Asian.

Twenty-three hate crimes were reported in the city in 2005, down from 66 in 1998. The drop is steeper than an overall dip in Los Angeles County in the same period. So the Halloween beatings came as a shock.

Laura Schneider, 19, Michelle Smith, 19, and Loren Hyman, 21, were out for a night of fun on a street in a mostly white, middle-class neighborhood where residents deck out their houses for Halloween, prosecutors said. About 40 black teenagers, also in the neighborhood to trick-or-treat, began throwing lemons and small pumpkins at them and taunting them about their race.

When a boy cried out his hatred for whites, "the crowd surged" and began to beat the women, Deputy District Attorney Andrea Bouas argued in court. Hyman's jaw and eye socket were fractured, and Schneider suffered a concussion.

Parents of the arrested teenagers do not dispute the injuries, but they contend that police arrested the wrong children.

Defense testimony in court has bolstered their argument. Neighbors who called 911 on Halloween night reported black boys, not girls, beating the white women. Most of the arrested teenagers were identified by a passerby who recalled their clothing, not their faces. Her credibility was seriously eroded on the witness stand.

"Our hearts go out to the victims," Allene, the mother of a 16-year-old defendant who would not give her last name to protect her daughter's identity, said at a public meeting here Saturday. "We pray for them, because this should never happen to anyone. But our kids are incarcerated based on hairstyles, earrings, dark clothing. . . . It's a rush-to-judgment case."

But the victims are "absolutely convinced that these defendants are among those who attacked them," said Otto, their attorney.

"We haven't heard that anyone is planning on moving, so eventually when this is over people will get back to life," said Anitra Dempsey, coordinator of the city's human dignity program's youth and gang task force. "When the case was first reported there was outrage that this would occur anywhere, and particularly here. [But] Long Beach is one city, and we are not going to be divided or defined by this one event."

Former Exec In Irvine Says He Was Fired Over Religion (LAT)

By Christopher Goffard, Times Staff Writer

The Los Angeles Times, January 23, 2007

Discrimination suit alleges car wax manufacturer had expected him to be 'on fire for Jesus.'

A former executive of an Irvine car wax manufacturer alleges in a lawsuit that the company fired him because he had not pursued "a Christian lifestyle" and wasn't "on fire for Jesus."

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Atticus O. Firey, 34, of Newport Beach contends Meguiar's Inc. committed religious discrimination when it fired him in July after nearly 10 years with the company. Company president Barry Meguiar repeatedly urged Firey, then the chief operating officer, to attend church, the suit alleges, and told him he was "robbing this company of the blessing of God by not being on your knees and on fire for Jesus."

Meguiar, who is host of a cable TV and radio program called "Car Crazy," did not return a call seeking comment. His lawyer, Richard Ruben, said religion had nothing to do with Firey's firing. He said the company's senior management decided to terminate Firey because his job performance was sub-par, with a management style that was "demeaning" and "negative."

"The company was suffering economically, and Mr. Firey was not showing up at the office and was only sporadically attending to his duties," Ruben said.

He added that the company's management includes "people of all religions" and characterized the lawsuit as a "publicity stunt." He said he expected a judge to throw out the suit, because Firey had previously agreed to submit to arbitration, rather than go to the courts, should such a dispute arise.

The suit, filed Friday in Orange County Superior Court, says Meguiar sat in Firey's office and read to him from the Bible, thrust Christian books on him and demanded he read them and forced managers to attend prayer meetings. When Firey asked about a promised bonus, the suit says, Meguiar said he would not give it to him until Firey joined a Christian church.

Confronted with his behavior, the suit says, Meguiar said he had the right to manage the business, which has some 300 employees, by the tenets of Pentecostal Christianity.

The company hired and fired employees based on religion, the suit says, with Meguiar tutoring executives on how to interview prospective employees in a way that elicited information on their religious beliefs. In one case, Meguiar asked a candidate whether he thought he would go to heaven or hell if he died today, the suit says. When the candidate said he was a Catholic trying to lead a virtuous life, the suit alleges, Meguiar replied that merely "being a good person and following a works-oriented religion" would not save him from hell.

Firey, who is Meguiar's former son-in-law, alleges in his suit that in another instance, his boss tried to block the hiring of an employee because she was living "in sin as a fornicator" with her boyfriend.

"If there were two candidates and one was a Christian but had lesser skills than a non-Christian, Mr. Meguiar would pick the Christian," the suit alleges. In one case, the suit says, Meguiar blocked the hire because he was not "Christian" and accepted a weaker candidate who went to church.

Stuart Jasper, Firey's attorney, said the lawsuit was necessary because the company had "reneged on its obligation to pick an arbitration service." The lawsuit asks for unspecified damages and asks the court both to compel arbitration and to prevent the company from continuing the alleged discriminatory practices.

Jon Gunnemann, a professor of social ethics at the School of Theology at Emory University in Atlanta, said all companies have a "corporate culture," often with powerful implicit signals — such as what kind of jokes are acceptable — that define their boundaries.

"You learn very quickly what can get you hired and what can get you fired," he said. "Almost every business does have a corporate culture which functions not much differently from explicit religious belief. It's not easy to say why the one is all right and the other is not."

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Va. Delegate Proposes Juneteenth Measure (WP)

By Amy Gardner

The Washington Post, January 23, 2007

RICHMOND, Jan. 22 -- The Virginia lawmaker who caused an uproar last week by questioning the need for a state apology for slavery proposed a measure Monday that would commemorate the freeing of the last U.S. slaves in June 1865.

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Del. Frank D. Hargrove Sr., a Republican from Hanover County near Richmond, said he has been deluged with at least 4,000 phone calls and e-mails at his home and office since he inflamed the House of Delegates by saying that blacks should "get over" slavery and that apologizing for slavery was no more necessary than asking Jews to apologize for "killing Christ."

Hargrove said the vast majority of people who contacted him said they support his views, but he also said that he never intended to offend blacks or Jews. He offered the resolution in part to reach out to those he offended, he said.

"I think we can all agree that the end of slavery was a good thing," Hargrove said.

Black lawmakers said they are happy to support Hargrove's resolution to celebrate Juneteenth, but not if it is meant to replace theirs, which calls for Virginia to apologize for its role in slavery. The resolution is intended to coincide with the state's celebration of the 400th anniversary of the English settlement of Jamestown, where slaves first arrived in 1619.

"I can't question anybody else's motives," said Sen. Henry L. Marsh III, a Richmond Democrat and a sponsor of the apology proposal. "But obviously that resolution doesn't address the issues that we are trying to address."

Hargrove's resolution would celebrate Juneteenth, the widely observed name for the June 19, 1865, event in Galveston, Tex., in which federal troops are believed to have informed the country's last slaves that they were free. A number of organizations and jurisdictions celebrate Juneteenth to commemorate the moment when emancipation, foreseen in President Abraham Lincoln's 1863 Emancipation Proclamation, was finally recognized across the nation.

But Del. A. Donald McEachin (D-Richmond), another sponsor of the slavery apology, said it's one thing to recognize the end of slavery and quite another to offer an apology for Virginia's extensive role in it. McEachin thinks an apology is necessary to heal a state and a nation still divided by race.

Last week, the Richmond lawyer objected to Hargrove's assertion that "not a soul in this legislature" had anything to do with slavery. McEachin said he still hears stories from his 102-year-old grandmother about her parents, who were slaves in Virginia and North Carolina.

"Virginia didn't have anything to do with the Emancipation Proclamation," McEachin said. "It had a lot to do with establishing slavery here."

Hargrove said his measure is not intended to replace the apology. "I have no problem with that one going ahead," he said. "I won't vote for it, but I don't intend to block it, either."

ANTITRUST:

Ga. Legislature Chimes In On Delta's Fight Against Takeover Bid (AP)

By Greg Bluestein

AP, January 23, 2007

ATLANTA - Georgia's legislative leaders signed a letter Monday urging the Justice Department to reject a takeover bid facing Delta Air Lines, the Atlanta-based carrier locked in a corporate battle to remain a stand-alone company.

The lawmakers said in the letter that a merger between Delta and Tempe, Ariz.-based US Airways Group Inc. would result in skyrocketing air fares and reduced competition.

"The tremendous amount of overlap between the route networks of these carriers will drive significant consolidation, reduce flight choices, increase fares for our consumers, affect jobs and have a negative impact on our region," the legislators said in the letter, which was addressed to U.S. Attorney General Alberto Gonzales.

The ceremonial signing by House Speaker Glenn Richardson and Senate President Pro-tem Eric Johnson drew a gaggle of reporters and lawmakers. It represents the latest attempt by Delta to bring its boardroom struggle into the public.

The airline, the nation's third-largest, has reached out to Atlanta's business and civic leaders and organized public rallies to protest the takeover bid launched by its archrival in November 2006.

US Airways hasn't backed off. After Delta's board rejected one proposal, US Airways upped its offer by 20 percent, making the merger's total value roughly $10.2 billion. The increased offer is set to expire Feb. 1 unless creditors indicate they support the due diligence process, which would open up Delta's books to US Airways.

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Delta chief financial officer Ed Bastian, who attended Monday's event, said the airline's board will likely vote on the deal this week.

The airline is credited with helping to transform Atlanta's airport into the world's busiest and the city itself into an economic engine of the Southeast. But Delta was sent reeling after the Sept. 11, 2001, terror attacks. It filed for Chapter 11 bankruptcy protection in 2005, reporting a $2 billion loss.

Bastian said the company has rebounded since then and is making "great progress" in turning its fortunes around. In a reorganization plan filed in December, the company said it plans to emerge from bankruptcy by the middle of this year as a stand-alone carrier.

ON THE NET

Delta: http://www.delta.com

Georgia Legislature: http://www.legis.ga.gov/

General Assembly Backs Delta On Merger Attempt At The Capitol (ABH)

By Vicki Eckenrode, Morris News Service

Athens (GA) Banner-Herald, January 23, 2007

ATLANTA - State lawmakers supporting Delta Air Lines' efforts to stave off a takeover from US Airways are sending a letter to federal justice officials reviewing the merger proposal.

A dozen Republican and Democratic legislators Monday signed the note to U.S. Attorney General Alberto Gonzales, urging his office to carefully review US Airways' "hostile takeover bid."

"Along with the constituents we represent in Georgia, we also are very concerned about the significant loss of competition and the likely impact on air fares and regional concentration this merger will create," the letter states.

Legislators also on Monday introduced resolutions in the House and Senate voicing support for Atlanta-based Delta.

US Airways is offering Delta's creditors more than $10 billion in cash and stock to accept the merger.

Delta is fighting the offer and wants to emerge from bankruptcy this year standing on its own.

Delta's creditors have not yet weighed in on the bid. But if it is approved, the deal still will have to receive approval from the Justice Department because of antitrust questions.

A U.S. Senate committee on Wednesday also is expected to look at how the proposed merger would effect competition and air service on routes where the two airlines overlap.

State Senate Transportation Committee Chairman Jeff Mullis, R-Chickamauga, said state lawmakers sent the message to the Justice Department "to ensure that we do everything in our power that we see to keep Delta a Georgia company and here in our great state."

Delta Chief Financial Officer Ed Bastian, who attended a news conference Monday for the letter's signing, said the company remains on track to exit bankruptcy.

Airline officials have spent recent weeks rallying local governments, civic leaders and businesses across the state to fight the proposal on a public relations front.

Sen. Chip Pearson, R-Dawsonville, said he was concerned that a merger would reduce the number of flights in Georgia and effect businesses across the state.

"Those in secondary markets, such as Savannah, Augusta and Columbus, will be faced with higher air fare and fewer flight options," said Pearson, chairman of the Senate Economic Development committee. "The loss of Delta Air Lines would be a huge loss for the entire state of Georgia, not just the metro (Atlanta) area."

US Air's Offer For Delta Loses More Ground With Creditors (WSJ)

By Corey Dade, Susan Carey And Melanie Trottman

The Wall Street Journal, January 23, 2007

As a Senate committee prepares to take testimony tomorrow on consolidation in the airline industry, US Airways Group Inc.'s hostile $10.1 billion bid for Delta Air Lines Inc. appears to be losing traction among creditors who will determine the fate of the Atlanta airline, according to people familiar with the matter.

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After digging into the details of the US Airways offer -- which was sweetened 20% less than two weeks ago -- and hiring former Continental Airlines Inc. Chairman Gordon Bethune to help analyze its prospects, the Delta creditors' committee has grown skeptical of the proposed merger, these people said.

Separately, talks about a possible merger between Delta and Northwest Airlines Corp. have been put on hold, without a framework for a deal and without specific plans for further negotiations, according to people familiar with the thinking of both sides.

Delta creditors encouraged the talks, which culminated in a series of "detailed, specific conversations" among senior managers from the companies regarding potential structures, processes and timetables for a transaction, according to a person knowledgeable about the matter. A combination of Delta and Northwest remains "a very viable option," according to one person close to the situation, but isn't likely to be pursued until both airlines emerge from bankruptcy protection this year, if ever. Delta intends to leave Chapter 11 proceedings in April and has made its own proposal to creditors to emerge as a stand-alone company. Northwest hopes to emerge from bankruptcy-court protection in the second quarter.

The US Airways bid, which expires Feb. 1, is by no means dead. The situation could change, say people familiar with the situation, especially if Delta and its creditors have difficulty reaching agreement on issues such as board composition and compensation for the airline's management and employees. US Airways Chief Executive Officer Doug Parker said yesterday that he has had no indication creditors are lining up against his bid. "We've given them what we think is a compelling offer," he said.

In a flurry of behind-the-scenes meetings over the past week, representatives from the creditors' committee and Delta have been trying to iron out issues related to the airline's hope to emerge from bankruptcy protection as an independent carrier. Issues have included how the Delta board will be selected, compensation for senior management, and how to compensate nonunion front-line Delta employees, according to several people close to the discussions.

Delta creditors and the executive search firm Spencer Stuart recently spent more than a day interviewing current board members, some of whom likely will remain. The unsecured creditors' committee also has begun assembling a slate of potential directors, according to several people close to the process. Mr. Bethune's name has been floated as a possible board chairman, but not all creditors support that option. Mr. Bethune has said he isn't looking for a job.

The makeup of the board would be pivotal if Delta Chief Executive Gerald Grinstein keeps his pledge to retire after guiding the airline out of bankruptcy protection. The creditors' committee is seeking a strong hand alongside Delta's in selecting the directors, preferring members open to a merger that would keep Delta competitive in an anticipated wave of industry consolidation.

In his testimony tomorrow, Mr. Grinstein is expected to reprise his criticisms of the US Airways deal, which he says would cost thousands of Delta employees their jobs, severely diminish competition in many U.S. markets, and fail to pass antitrust scrutiny due to both airlines' concentrated operations on the East Coast. Some people involved in the Delta case believe the creditors are cooling on the US Airways offer, not for those reasons but because they think Delta management wouldn't cooperate to see the transaction through the antitrust process and other necessary steps.

Mr. Parker is expected to defend the merits of the merger, including $1.65 billion in cost and revenue synergies he promises will create a more-efficient and financially secure airline, similar to the merger he engineered in 2005 between America West Holdings Corp. and US Airways.

In a recent letter responding to questions from Sen. Charles Schumer, a New York Democrat, Mr. Parker said the merger would offer New York travelers "more reasonable fares" and flights to every city served by the two airlines. "It simply doesn't follow that consolidation should or will lead to higher fares, and we have our own track record -- nationally and in New York -- to prove it," he said in the letter.

Cemex Extends $11.7 Billion Takeover Bid For Rinker (Update3) (BLOOM)

By Miriam Steffens

Bloomberg, January 23, 2007

Jan. 23 (Bloomberg) -- Cemex SA, the world's third-largest cement maker, extended its $11.7 billion hostile takeover bid for Australia's Rinker Group Ltd. by two months while it waits for U.S. regulatory approval.

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Cemex's $13-a-share offer for Australia's biggest building materials company will now end March 30, the Monterrey, Mexico- based company said in a statement to the Australian Stock Exchange today.

Cemex wants to buy Rinker because of its business in the U.S., which is focused on Florida, Arizona and Nevada, the fastest-growing states. The deal would make it the world's biggest cement maker. Cemex Chairman Lorenzo Zambrano said today the offer is ``compelling" while Rinker has described it as 36 percent too low.

Shares of Rinker fell 8 cents to A$18.22 at the market close in Sydney, which equates to $14.36 using today's exchange rate. The stock has gained 31 percent since Cemex made its bid on Oct. 27.

Rinker Chairman John Morschel on Nov. 29 said the Mexican company could ``offer a lot more," citing a report by adviser Grant Samuel & Associates Pty. which valued the stock at up to $17.74.

Cemex is offering to pay Rinker's shareholders in U.S. dollars, saying they can choose to be paid in Australian dollars at the exchange rate prevailing at the time of settlement.

U.S. antitrust regulators on Nov. 30 said they needed more information from both companies before being able to make a ruling on the proposed deal.

Earnings Report

This also gives Rinker more time to find alternatives to the Cemex offer. The Sydney-based company will report third-quarter earnings on Jan. 30, when it may face questions from investors on its defense strategy.

``The longer the process drags out, the more it plays into Rinker's hands in that the worst of the downturn in the Florida housing market may be in the past," Goldman Sachs JBWere Pty. said in a trading note today.

The Department of Justice's request for information was an indication Cemex may have to sell some assets in Arizona and Florida, where both companies have strong market positions, according to Andrew Dale, an analyst at Macquarie Bank Ltd. in Sydney.

The regulators intervened in Cemex's takeover of Britain's RMC Group Plc for 2.3 billion pounds ($4.5 billion) in 2005, allowing the purchase only on condition it sold RMC's ready-mix concrete operations in Tucson, Arizona, within six months to preserve competition.

Cemex's bid for Rinker would be the biggest takeover of an Australian company after a record year of acquisitions. Proposed takeovers in the country jumped to $200 billion last year, from $111 billion in 2005, according to data compiled by Bloomberg.

Cemex is advised by Citigroup Inc. UBS AG is assisting Rinker on its defense.

'Sticky' 3M Antitrust Lawsuits Finally Losing Their Grip (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, January 23, 2007

The company is poised to close the books on 10-plus years of antitrust litigation

With a proposed settlement worth nearly $40 million, office supply giant 3M is poised to close the books on more than a decade of litigating antitrust suits.

In a series of suits, a competitor and purchasers accused 3M -- the maker of Scotch tape and Post-It Notes -- of abusing its monopoly power in the market for transparent tape by driving a competitor out of business.

The $39.75 million settlement in Bradburn Parent/Teacher Store Inc. v. 3M -- a class action brought by direct purchasers and retailers -- comes on the heels of a trio of settlements reached last year.

In court papers filed last week, plaintiffs lawyers asked U.S. District Judge John R. Padova to grant final approval of the settlement and to award them attorney fees of $13.9 million and nearly $1 million in litigation costs for their 11,000 hours of work over four years.

In August, Padova approved a $28.8 million settlement in Meijer Inc. v. 3M, a class action brought on behalf of large-volume retailers who were excluded from the Bradburn case.

And court papers show that 3M also struck deals with two big retailers that had opted out of the Meijer case -- Kmart and Publix Supermarkets Inc.

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All of those suits stemmed directly from a 1997 suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape.

LePage's, a competing supplier of tape, had accused 3M of using illegal tactics to drive it out of business.

To do so, the suit said, 3M offered "bundled" rebates to large retailers for reaching sales goals in several categories of 3M products. In reality, the suit said, the rebates could be earned only by removing LePage's products from their shelves.

At trial, LePage's had argued that it landed significant contracts to provide retailers such as Staples and Kmart with "private label" or store-brand tape, but lost those accounts when 3M offered the "bundled rebates" since they could be earned only if the retailers purchased targeted amounts of several 3M products.

The effect of the bundled rebate program, LePage's said, was to force the retailers to drop LePage's as a supplier.

A jury agreed and in an October 1999 verdict awarded LePage's $22,828,899 in damages -- a figure that was automatically trebled by Padova, for a total judgment of $68,486,697.

On appeal, 3M won the first round when a three-judge panel of the 3rd U.S. Circuit Court of Appeals overturned the verdict, saying the case was fatally flawed because there was no evidence that 3M had ever slashed its prices to below-cost levels.

But the case was later reargued before a 10-judge en banc panel, which reinstated the verdict by a vote of 7-3. Writing for the majority, Circuit Judge Dolores K. Sloviter said LePage's had a valid antitrust claim because the evidence showed that 3M had set out to "kill" the niche market LePage's had created for discount "private label" tape.

The U.S. Supreme Court later refused to take the case up in an order handed down on the final day of its term in June 2004.

But for 3M, the litigation was hardly over because retailers responded to the suit by filing class actions that said the LePage's verdict had proven that the company was selling its tape at "supra-competitive" prices.

If the Bradburn settlement is approved by Padova, 3M will finally be finished with a 10-year stretch of litigation that has likely cost it well in excess of $200 million -- and that's not even counting the defense lawyers' fees.

In the court papers filed last week, the Bradburn plaintiffs team -- R. Stephen Berry, J. Daniel Leftwich and Gregory Baruch of Berry & Leftwich in Washington, D.C., and Charles M. Jones and Billy N. Jones of Jones Osteen & Jones in Hinesville, Ga. -- argued that the settlement is an excellent result that is likely to bring about few or no objections from the class members.

By recovering more than 40 percent of the class members' damages, the settlement is "in the top tier of antitrust settlements nationwide," the brief said.

Courts analyze the fairness of a class action settlement on the basis of a nine-factor test, and the plaintiffs team argues that the Bradburn settlement easily passes that test.

The suit was a highly complex one, they argue, and was litigated up to the point of trial. If not for the settlement, however, the case would likely have continued for years in post-trial motions and appeals.

But despite having strong claims and winning several key pretrial rulings, the plaintiffs' team also said the case was not without significant risks.

Among the issues that posed a challenge, they said, were proving that 3M's anti-competitive conduct had not only harmed LePage's, but had also harmed purchasers by driving up prices, and that "ongoing monopolization" after 1999 had harmed the class members.

And while the plaintiffs had an expert witness who was ready to testify that the purchasers suffered between $82 million and $96 million in damages, the brief said, lawyers for 3M would have called experts who would have insisted that none of the class members were overcharged since tape prices were declining or stabilized during the class period.

In their fee petition, also filed last week, the plaintiffs lawyers asked Padova to award them more than $13.9 million in attorney fees, equal to 35 percent of the settlement fund.

The petition notes that the $39.7 million settlement is the "highest single damages recovery against 3M, since the Meijer class settled for $27.7 million and the LePage's verdict, prior to trebling, was $22.8 million."

As a percentage of purchases, the brief said, the Bradburn settlement recovers about 18.5 percent of the class members' purchases, while the Meijer class recovered just 2 percent.

Kmart and Publix, both of which opted out of the Bradburn class, also settled for 2 percent of purchases, the brief said.

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In an affidavit filed along with the fee petition, law professor Geoffrey Hazard said he believes a fee award of 35 percent -- despite being a higher percentage than is awarded in most class actions -- is "appropriate and justified" due to the value of the settlement.

Hazard said courts often approve antitrust settlements in which the class will recover only a small fraction of its damages -- often less than 20 percent -- while the Bradburn settlement recovers between 41 and 48 percent of the damages. And comparing the Bradburn settlement's recovery of 18.5 percent of purchases to the 2 percent of purchases settlements in the Meijer, Kmart and Publix cases, Hazard said, shows that the Bradburn settlement "is an exceptionally good one."

Qantas Bidders Try To Reassure Labor Unions (WSJ)

The Wall Street Journal, January 23, 2007

The buyout group bidding for Australia's Qantas Airways Ltd. met with union officials yesterday, promising not to cut services or send maintenance operations offshore, amid fears about jobs and working conditions.

However, unions said they wanted legally binding guarantees to protect staff and would continue talks with the buyout consortium, Qantas and the Australian government.

The Airline Partners Australia consortium, which includes Macquarie Bank Ltd., Allco Finance Group Ltd., Allco Equity Partners Ltd. and North American private equity firms Texas Pacific Group and Onex Corp., said it talked with representatives from the Transport Workers Union and the Australian & International Pilots Association.

"We reassured the representatives that Airline Partners Australia supports the existing management's approach and it will be business as usual for Qantas and its employees," APA director Bob Mansfield said. He said the support extended to Qantas' 10 billion Australian dollar (US$7.9 billion) fleet-renewal program over the next five years, its substantial training program, and continuation of its two-brand carrier strategy.

Peter Somerville, chief executive of the pilots association, which represents more than 2,300 Qantas technical flight crew, described the meeting as "cordial, but frank."

REIT To Consider Another Takeover Bid (NYT)

By Terry Pristin

The New York Times, January 23, 2007

Equity Office Properties, which agreed in November to be bought by a private equity company, the Blackstone Group, for $36 billion, including debt, said yesterday that it would begin discussions with a rival group that has offered to top that price.

Equity Office, the nation’s largest office landlord, with 585 buildings in 24 metropolitan areas, also said it would open its books to the challengers, a consortium led by Vornado Realty Trust.

Raising the stakes in what was already the largest buyout battle ever, Vornado and its partners, Starwood Capital Group and Walton Street Capital, proposed last week to pay $52 a share for Equity Office, or 7.2 percent more than what Blackstone has offered. Vornado, a real estate investment trust that owns more than 100 million square feet of office, retail and showroom property, said its offer would include about $10.6 billion of its stock.

Setting a Jan. 31 deadline for the Vornado group to submit a formal proposal, Equity Office said it continued to recommend approval of the Blackstone merger.

A Blackstone spokesman, John Ford, had no comment, except to point out that the Blackstone deal could close three days after Equity Office shareholders approve the transaction. The vote is scheduled for Feb. 5.

Record Labels Contemplate Unrestricted Digital Music (NYT)

By Victoria Shannon

The New York Times, January 23, 2007

CANNES, France, Jan. 22 — As even digital music revenue growth falters because of rampant file-sharing by consumers, the major record labels are moving closer to releasing music on the Internet with no copying restrictions — a step they once vowed never to take.

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Executives of several technology companies meeting here at Midem, the annual global trade fair for the music industry, said over the weekend that at least one of the four major record companies could move toward the sale of unrestricted digital files in the MP3 format within months.

Most independent record labels already sell tracks digitally compressed in the MP3 format, which can be downloaded, e-mailed or copied to computers, cellphones, portable music players and compact discs without limit.

The independents see providing songs in MP3 partly as a way of generating publicity that could lead to future sales.

For the major recording companies, however, selling in the MP3 format would be a capitulation to the power of the Internet, which has destroyed their control over the worldwide distribution of music.

Until last year, the industry was counting on online purchases of music, led by Apple's iTunes music store, to make up the difference.

But digital sales in 2006, while 80 percent ahead of the year before, grew slower than in 2005 and did not compensate for the decline in physical sales, according to an industry report released in London last week.

Even so, the move to MP3s is not inevitable, some insiders warn.

Publicly, music company executives say their systems for limiting copies are a way to fairly compensate artists and other copyright holders who contribute to the creation of music.

But privately, there are signs of a new appreciation in the industry for unrestricted copies, which could be sold as singles or through subscription services or made freely available on Internet sites that support advertising.

The EMI Group said last week that it would offer free streaming music on Baidu.com, the leading Web site and search engine in China, where 90 percent of music is pirated. EMI and Baidu also agreed to explore developing advertising-supported music download services. This summer EMI licensed its recording to Qtrax, an ad-supported music distribution service.

Experiments by Yahoo — last year it offered a handful of tracks from Norah Jones, Jessica Simpson, Jesse McCartney and Relient K without any digital restrictions — will continue this year, David Goldberg, vice president and general manager of Yahoo Music, said in an interview at Midem. Two of the major labels, Sony BMG and EMI, agreed to the tests in 2006.

In a handful of European countries, especially in France, consumer frustration has led to government proposals to legislate interoperability.

"There is a groundswell, and I say that on the basis of private conversations," said Rob Glaser, chief executive of RealNetworks, which sells digital music protected against piracy through the Rhapsody subscription service.

"It will happen between next year and five years from now, but it is more likely to be in one to two years," he said.

ENVIRONMENT:

Legacy Issue: How Bush Is Preparing An About-turn To Tackle Climate Change (FT)

By Caroline Daniel

Financial Times, January 23, 2007

In his quest for a defining legacy beyond the Iraq war, tonight a chastened President George W. Bush in his State of the Union address will put energy security - reducing US dependence on foreign oil - at the heart of his political agenda for his final two years.

It is not a new issue for the former oilman. He trumpeted it in 2001, cemented by an energy strategy he summed up as: "We darn sure have to do a betterjob of finding more supply. We can't conserve our way to energy independence."

But this year will see a transformation in this view. In his past five State of the Union speeches, Mr Bush made no reference to global warming. Tonight he will make an explicit link between the demands of energy security and the environment, says Tony Snow, White House spokesman. "Energy and environmental policy are linked, for the simple reason that the president has talked about getting rid of an addiction to oil, and looking for alternative sources of energy which do not contribute to greenhouse gases or global warming."

The fact that Mr Bush is even talking about his actions on climate change, and will set out how his own policy helps address it, marks a profound departure from the past. Yet there remain doubts about whether the White House is willing to

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embrace more radical energy efficiency initiatives, or abandon its policy of the first six years of seeking to expand the supply of domestic oil.

The shift comes amid radical changes affecting Washington, from the shake-up in Congress in favour of the Democratic party to a freakish change in weather patterns. Last month the capital enjoyed a winter heatwave: Mr Bush went cycling as temperatures reached the 70s Fahrenheit (above 21 degrees Celsius), way higher than normal. Last year was the hottest in 112 years in the US.

On the other coast, normally warm winters have turned frigid and newspapers have been full of pictures of fresh California oranges on trees covered in icicles. This month the fate of weight-losing polar bears became front-page news when the White House for the first time conceded that climate change was a grave threat to their future. Dirk Kempthorne, interior secretary, said: "We are concerned the polar bear's habitat may literally be melting."

Yet the fact that Mr Bush will be talking about a linkage is one of the clearest signals that he feels the need to defend his efforts to cut greenhouse gases and address his image as a climate change sceptic, impassively looking on as the earth warms. Senior aides say he has been frustrated by the barrage of leaders admonishing him on global warming, from Tony Blair's constant solicitations to interventions by Angela Merkel, the German chancellor. Ban Ki-Moon, the new United Nations secretary general, last week also sandbagged him in the Oval Office on climate change.

Finally, it marks an acceptance that Democrats have transformed the Washington agenda, forcing a focus on a different kind of energy policy that gives high priority to climate change and energy efficiency. Interest in that agenda is evident in the box office success of former vice-president Al Gore's film, An Inconvenient Truth, a story of the impact of climate change that has grossed $24m (£12m, €19m) in the US. Last week Nancy Pelosi, speaker of the House of Representatives, created the first ever select committee to focus on climate change and energy independence and called for an energy independence package by July 4.

Within their first two weeks in office, senators have introduced at least eight bills proposing mandatory limits on greenhouse gas emissions, including one from Republican Senator John McCain. That compares with just one substantive carbon bill in 2003 and two in 2005. In the first 100 legislative hours, the House voted to rescind $14bn in tax breaks for oil companies granted by the Bush administration.

Proposals to raise fuel economy standards for US vehicles, which remain below those of China, are receiving more attention. The powerful House environment and public works committee has seen a U-turn from the chairmanship of Republican Jim Inhofe, who called the threat of catastrophic climate change "the greatest hoax", to that of Barbara Boxer, who calls it a "crisis".

"Energy policy has become high politics. The concept of energy independence is embraced across the political spectrum, offering a starting point for talking about energy," says Daniel Yergin, chairman of Cambridge Energy Research Associates. "The shift in Congress ensures this will be at the centre of debate for the next two years. It ties together national security, climate change, the future of the Middle East, the US relationship with Latin America and of course the burning political issue of what people pay the pump."

The resonance of the phrase "energy independence" is evident in the number of citations in the US press, rising from 1,245 in 2003 and 3,370 in 2005 to 6,082 last year. All the front-runners to be the Democratic presidential nominee in 2008 use it. Hillary Clinton wants to cut dependence on foreign oil in half by 2025. Senator Barack Obama wants to cut oil imports by the amount imported from the Middle East by 2025. Senator Joe Biden has conceded that the overall goal is "grandiose" but important.

Democrats' embrace of the ideal has convinced Mr Bushthat energy independence offers a chance for bipartisan co-operation. "The president wants this as a legacy issue and the Democratic congress needs to show it can get results in the next year," says Robert Hormats, vice-chairman at Goldman Sachs and former economic policy adviser to Henry Kissinger.

In fact, energy independence is something both parties could always agree on. President Richard Nixon first put it on the map when he launched Project Independence after oil prices jumped from $3 a barrel to $11. "In the year 1980, the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes and to keep our transportation moving," he predicted.

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Gerald Ford sagely pushed the date back to 1985, but made progress introducing federal standards for energy efficiency for cars. In 1977 President Jimmy Carter called the energy crisis the "moral equivalent of war" and wore a woollen sweater in the White House in a sign of his personal conservation effort. Two years later he pledged: "This nation will never again use more foreign oil than we did in 1977 - never" and set the goal of "cutting our dependence on foreign oil by one-half by the end of the next decade".

All these initiatives, while slowing the rate of growth in US energy dependence, proved quixotic. Oil imports made up 35 per cent of US petroleum supplies in 1973. They have risen steadily since then to 40.5 per cent in 1980 and 66 per cent now, according to the Energy Information Administration. Dependence on imported oil has risen since Mr Bush took office, when it stood at 58 per cent.

George Shultz, former secretary of state, sees a stark change from three decades ago when he chaired task forces for Nixon on the oil import system and as Treasury secretary coped with the first big oil price explosion. The array of forces in favour of energy independence is stronger now, he says.

"The big difference I think is that in 1968-73, it was largely economic," he says. "Now there are people concerned about the environment, economics, national security. Those are very different constituencies and there is a chance they can interact together and produce something that will be different."

These constituencies, which have formed an unusually unwieldy coalition on energy independence, include national security hawks, dubbed "green hawks", concerned about dependence on oil from a volatile Middle East and oil giants such as Russia that use energy as a political weapon. The group includes Mr Shultz; John Deutch and James Woolsey, two former CIA directors; James Schlesinger, former defence secretary; and retired officers such as Air Force General Chuck Wald.

"Look where the money from high oil prices is going," says Mr Shultz. "Iran is rolling in money. Venezuela is rolling in money. Russia is consolidating an autocracy using oil money. We just hope Saudi Arabia keeps producing, because it is vulnerable."

The hawks find themselves strange bedfellows with trade unionists and the powerful Midwest farm lobby, which is eager to fan concerns about foreign oil in order to sustain the massive subsidies for ethanol, a renewable fuel created from corn. - Evangelical Christians have joined the coalition in order not to "destroy Creation": last February 86 evangelical leaders launched the Evangelical Climate Initiative.

US companies have also become more engaged, driven by self-interest, a desire to pre-empt punitive legislation and concern about the sprawling patchwork of regulation introduced by different states, such as Arnold Schwarzenegger, governor of -California (see right). A total of 22 states now require a fixed percentage of their electricity to come from renewable sourc es.

An alliance of 10 of the biggest US corporations yesterday joined environmental groups to demand caps on greenhouse emissions, to cut these by up to 30 per cent over the next 15 years. "Companies have concluded it is not 'if' but 'what' in terms of a carbon regime," says Mr Yergin. A Cera survey of electric utility chief executives and finance directors showed 85 per cent expected mandated restrictions within 10 years.

The Bush administration has been identified with efforts to boost US supply, to reduce dependence on foreign oil. Now, however, it could face more pressure to focus on energy efficiency, such as raising fuel economy standards.

On renewable fuels, the record has been mixed. The administration has shifted from backing hydrogen fuels in 2003 to ethanol last year. The $2bn it set aside for loan guarantees in renewable fuels has been snarled in bureaucracy. According to the General Accounting Office, the Department of Energy's budget for energy research and development fell by 85 per cent in real terms from 1978 to 2005 and has generated only "incremental progress in reducing costs for renewable energy technologies".

The White House therefore needs a bigger commitment to show that it is serious. Mr Bush is expected to set an aggressive target for how much ethanol US refiners must mix with gasoline, an attractive policy given the popularity of ethanol. "Carrots tend to work better than sticks," says Mr Snow. It has, however, ruled out imposing economy-wide caps on greenhouse gases. That sets it on a collision course with Capitol Hill. An industry lobbyist says: "Energy policy has been the creation of Congress. Almost anything Bush says in the speech is irrelevant the day after he says it."

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Oil companies, demonised by many Democrats as "Big Oil", are fearful of the momentum against them. As Red Cavaney, president of the American Petroleum Institute, put it in a speech last week: "Bad energy legislation has a decades-long shelf life, through both its adverse direct effects as well as its chilling effect on investment through fear of 'what's next'."

CEOs Urge Bush To Limit Greenhouse Gas Emissions (WP)

By Steven Mufson

Washington Post, January 23, 2007

On the eve of the State of the Union address, the chief executives of 10 major corporations urged President Bush to embrace mandatory ceilings on U.S. greenhouse gas emissions in order to stem climate change.

But yesterday White House spokesman Tony Snow said that binding caps on carbon dioxide emissions would not be part of the president's proposals tonight. And a member of the corporate delegation said that last week the White House canceled a meeting with the executives that had been scheduled for yesterday morning.

"The President has always believed, when it comes to climate change, that the best way to achieve reductions is through innovation," Snow said, "and to figure out ways to come up with energy sources that are going to meet our economy's constant demand for energy, and at the same time, do it in a way that's going to be friendly for the environment."

There has been widespread speculation about what Bush might say about climate change tonight. Several legislative proposals have emerged in Congress with different ways for addressing climate change.

Major corporate leaders have been changing their position on climate change for the past year or two, and many of them are convinced that some form of regulation of or tax on carbon emissions is inevitable. With many states talking about coming up with their own laws, corporate leaders have started to urge the federal government to establish a nationwide standard.

"We can and must take prompt action to establish a coordinated, economy-wide market-driven approach to climate protection," the executives said in a letter to Bush. In an interview later, Jeffry E. Sterba, chairman of PNM Resources, a New Mexico utility, said that it was better to act now than to be forced to act in a "precipitous way" later.

The executives support a system that would create a cap on emissions, give allocations to companies based on past emissions and allow firms to trade allocations to meet gradually declining emission targets. The system, similar to one being used in Europe, would have far-reaching implications for utility rates, power plant construction, energy efficiency and American automobiles.

The executives' plan would slow the growth in greenhouse gases over the next five years, then reverse that growth and cut annual emissions by 70 percent to 90 percent of today's levels in 15 years.

Jeffrey Immelt, chairman of General Electric, pointing to initiatives in California and a group of Northeastern states, said "this is happening already." In addition to Immelt and Sterba, the group included the chief executives of Lehman Brothers Holdings, PG&E, Alcoa, Caterpillar, BP America, Duke Energy, DuPont and FPL Group.

Snow said that he thought Bush's proposals "address in a comprehensive and realistic way concerns about greenhouse emissions, and also their primary sources."

NEW CONSENSUS In Climate Controversy, Industry Cedes Ground (WSJ)

By Jeffrey Ball

Wall Street Journal, January 23, 2007

The global-warming debate is shifting from science to economics.

For years, the fight over the Earth's rising temperature has been mostly over what's causing it: fossil-fuel emissions or natural factors beyond man's control. Now, some of the country's biggest industrial companies are acknowledging that fossil fuels are a major culprit whose emissions should be cut significantly over time.

A growing number of these companies are pushing for a mandatory emissions limit, or "cap." Some see a lucrative new market in clean-energy technologies. Many figure a regulation is politically inevitable and they want to be in the room when it's negotiated, to minimize the burden that falls on them.

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The broadening, if incomplete, consensus that fossil fuels are at least a big part of the global-warming problem signals real change in the environmental debate. The biggest question going forward no longer is whether fossil-fuel emissions should be curbed. It's who will foot the bill for the cleanup -- and that battle is heating up.

Yesterday, 10 companies, including industrial giants that make everything from bulldozers to chemicals to electricity, joined environmental groups in calling for a federal law to "slow, stop and reverse the growth" of global-warming emissions "over the shortest period of time reasonably achievable." Tonight, President Bush, whose administration has rejected such caps as economically unacceptable, will deliver a State of the Union address in which he's expected to announce a bigger push for such things as low-emission alternative fuels.

In the center of the regulatory cross hairs are utilities. They're the world's biggest emitters of carbon dioxide, the global-warming gas that's produced whenever fossil fuels are burned. Written one way, a cap would help utilities in the Southeast or the Midwest, which burn lots of coal, a particularly carbon-intensive fuel. Written another way, a rule would help utilities on the West Coast, the Northeast and the Gulf Coast. They use mainly natural gas, which produces lower CO2 emissions than coal, and nuclear energy, which produces essentially no CO2.

Auto makers and oil producers also are worried about a potential cap, and they're lashing out at each other. The Big Three auto companies are making speeches and running advertisements calling on Big Oil to crank out more low-carbon alternative fuels such as corn-based ethanol. Big Oil, in its own speeches and ads, says the auto makers should build more-efficient cars.

Lobbying on the issue is ramping up. The American Iron and Steel Institute, which opposes any emission cap, this month assigned an executive who had been working broadly on environmental issues to focus specifically on global warming. Some companies that oppose a cap argue it would raise their costs and hurt their competitiveness against rivals in developing countries such as China, where no cap exists.

DuPont Co., the chemical giant, heartily endorses a cap in part because it figures it would help boost demand for energy-efficiency products the company makes.

Entergy Corp., a utility that's also pushing for a cap, had a lobbyist in the room last week when Sen. Dianne Feinstein, a California Democrat, announced a carbon-cap bill. Entergy would likely benefit from her measure because the company's fuel mix includes a lot of low-carbon fuels.

"It was a hand-holding, kumbaya moment," says Brent Dorsey, Entergy's director of corporate environmental programs. "Every company is going to be playing to their own strengths and weaknesses" in the regulatory battle that's breaking out over global warming, he adds.

Among scientists, a broadening consensus has developed that fossil-fuel emissions are contributing to global warming; the debate has been over whether they're the main cause. In 2001, the Intergovernmental Panel on Climate Change, a United Nations body that periodically assesses climate science, cited "new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities." In 2005, representatives of scientific societies from 11 countries, including the U.S., called the science "sufficiently clear to justify nations taking prompt action."

Still, uncertainties remain. Among them, the U.N. panel noted in its 2001 report, is the extent to which "natural factors" unrelated to human activity play a role in the rising temperatures. The U.N. panel is set to release its next climate-science report Feb. 2.

Fossil fuels provided 80% of global energy in 2004, and they're on track to provide 81% in 2030, according to the International Energy Agency, a Paris-based energy watchdog for Western industrialized countries.

Significantly curbing their emissions would require sweeping technological change, from more-efficient power plants and cars to the potential injection and burial of massive amounts of CO2 underground.

Another possibility would be to reduce the rate of growth in fossil-fuel consumption by supplementing the fuel mix with alternatives, from nuclear power to crops to the wind and the sun.

Outside the U.S., many countries already have modest experience in emissions caps, thanks to the Kyoto Protocol. The treaty, which hasn't been ratified by the U.S., requires ratifying nations collectively to cut their emissions 5% below 1990 levels by 2012.

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Several Northeast states and California already have announced plans to impose emission caps of their own. And a handful of proposed federal caps are under consideration in Congress. The least stringent is one from senators led by Jeff Bingaman, a New Mexico Democrat. By 2030, it would raise gasoline prices 12 cents per gallon, according to a study issued this month by the U.S. Energy Information Administration, and slow the rate at which U.S. coal consumption increases.

The federal proposals differ in the structural details of the "cap and trade" system they would set up to regulate CO2 emissions. Under such a system, the government would set a ceiling on how much CO2 the U.S. economy -- or whichever sectors lawmakers pick -- could emit each year. It would ink a corresponding number of pollution permits, each entitling the bearer to emit one ton of the gas.

Then, based on complex allocation rules it devises, the government would divide up the permits among companies. Those companies could buy and sell permits among themselves on a greenhouse-gas market like a Kyoto-related one already under way outside the U.S. Companies that decide it's too expensive to cut their own emissions enough to comply with their government cap would go to the market and buy extra emission permits from companies that ended up with more than they needed. The theory behind the market is to create an economy of scale that reduces everyone's cost.

Other regulatory structures are possible, including a straight tax on CO2 emissions. Politically, a cap-and-trade system is more popular than a tax. Environmentalists like the severity of an absolute ceiling on the amount of CO2 companies can emit. Industry likes the flexibility of a market in which permits to pollute can be bought and sold.

And cap-and-trade systems already are in use. The U.S. has had one for more than a decade to curb the pollution that causes acid rain, a regulation widely viewed as successful.

Still, Steven Rowlan, director of environmental affairs for Nucor Corp., one of the biggest U.S. steelmakers, warns U.S. industry is in for a shock if Washington follows Europe and imposes a global-warming cap. The U.S. steel industry already has gotten more energy-efficient in recent years, he says, so it would be unfair to require it to make further emission cuts while its competitors in the developing world, where emissions are rising fastest, remain free from a cap. The steelmaking process itself emits large amounts of CO2.

A smarter tactic, he says, would be for the U.S. to slap trade restrictions on developing-world steelmakers requiring them to meet minimum environmental standards as a condition for exporting their products to the U.S.

"The biggest hammer that the United States has is its market," Mr. Rowlan says. "And that, more than anything we do domestically, will have the greatest impact on greenhouse gases." Nucor, based in Charlotte, N.C., is considering running ads to drive this point home.

DuPont, on the other hand, is actively promoting an emissions cap. It thinks a cap would help its business. DuPont makes materials used in such devices as solar cells, wind turbines, fuel cells, and lightweight automobiles -- all of which are likely to be in higher demand in an economy in which CO2 emissions carry a cost.

"We think there is a lot of market opportunity," says Linda Fisher, a former U.S. Environmental Protection Agency official who's now DuPont's chief sustainability officer.

But DuPont, based in Wilmington, Del., doesn't want just any cap. For one thing, it wants a cap that covers all sectors of the economy -- not one that's limited to utilities, as are some proposals pending in Washington. The more industries covered by a cap, the more potential customers for DuPont's environmental products.

DuPont also wants a cap to award companies credit for past emission cuts they've made. DuPont already has invested to significantly cut its emissions.

Utilities, for their part, are split on whether they want a cap -- and, if so, what kind. Where a utility stands on this issue depends largely on where in the country it sits.

Duke Energy Corp., based in Charlotte, is the country's third-largest burner of coal, though it also has significant nuclear assets. It's pushing for permits to be distributed based on the amount of CO2 a utility has emitted in the past -- a system that would protect big coal burners such as itself.

James Rogers, Duke's chairman and chief executive, notes that Duke already is assuming in its investment decisions that it will have to pay for carbon emissions. So it has begun investing in new plants that will burn coal more cleanly than today's plants do. He argues any cap should ensure adequate permits to utilities making such investments. "It's going to take several decades

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to bring this on," he says of the technology. "We shouldn't have an economic scheme that puts an undue economic burden on regions of the country that are reliant on coal."

Given Duke's coal reliance, it might seem strange that Mr. Rogers has emerged in recent years as perhaps the U.S. utility industry's most outspoken proponent of a global-warming constraint. His position is a bit "awkward," he notes, because he also serves as chairman of the Edison Electric Institute, the electric industry's Washington trade group, which opposes any mandatory global-warming cap. He's set to speak on three panels discussing global warming this week at the World Economic Forum in Davos, Switzerland.

Mr. Rogers, wearing his Duke hat, says he's just being realistic. He has concluded a cap is coming -- and that his shareholders are likely to do better if he can influence the details. "If you're not at the table when these negotiations are going on, you're going to be on the menu," he says. "This is about being at the table."

Fighting Duke and other coal-burners are utilities such as Entergy. Based in New Orleans, it uses a lot of natural gas and nuclear fuel. Unlike Duke, Entergy wants permits to be distributed based on a utility's total electricity output -- a system likely to give low-carbon generators such as itself excess permits they could sell.

Duke's Mr. Rogers says that would amount to a "windfall" for low-carbon utilities. "Even though they don't need allowances, they would get them, just because," he says.

Entergy's Mr. Dorsey says his company isn't asking for a windfall. The permits Entergy would get amount to "a revenue stream that we will need to build a new nuclear plant," he says. Still, he allows, "because of our natural gas and nuclear, we will fare better than most" under a carbon cap.

Auto companies also are jockeying to shape a potential carbon constraint to their advantage. They've been playing this sort of regulatory game for years.

They already face a kind of carbon limit in the federal government's longstanding fuel-economy standards for cars and trucks, because vehicles that burn less gasoline emit less CO2. Those rules give auto makers extra credit for building versions of their conventional vehicles they've modified to run on either gasoline or ethanol. Very few of those vehicles actually wind up running on anything but gasoline. But the credits let the auto makers build more thirsty sport-utility vehicles and pickup trucks -- the industry's bread and butter, particularly when oil was cheaper.

Auto officials who declined to be named said the industry probably will accept some toughening of the fuel-economy standards. But in return, it may seek bigger credits for selling vehicles that burn less oil, including those that can run on ethanol.

At the same time, auto makers want to ensure other industries get hit. In a speech last week in Detroit, Rick Wagoner, General Motors Corp.'s chairman and chief executive, said his company plans to build more ethanol-capable and electric-powered vehicles. But he also stressed "important roles for other industries, like oil and electric utilities, to name a few." He called for more tax credits and subsidies for alternative fuels.

The oil industry itself is mobilizing -- including Exxon Mobil Corp., the Irving, Texas, oil giant that in the past has been outspoken in its questioning of global-warming theories. Scientific questions remain, says Kenneth Cohen, Exxon's vice president for public affairs, but "we know enough now -- or society knows enough now -- that the risk is serious and action should be taken." Exxon isn't calling for an emission constraint, but it's starting to talk about how it wants one structured if one is imposed.

In November, Rex Tillerson, Exxon's chairman and chief executive, called in a speech for "steps now to reduce emissions in effective and meaningful ways." Then he listed two: boosting automotive fuel economy and cutting emissions from coal-fired power plants.

Springtime For Ethanol (NYT)

By Alexei Barrionuevo

New York Times, January 23, 2007

WASHINGTON — The Renewable Fuels Association, the ethanol industry's major lobbyist, works out of cramped offices that it shares with a lawyer near Capitol Hill. Pictures of ethanol plants from its 61 board members hang everywhere. "We're about to run out of wall space," said Bob Dinneen, the association's president.

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The association may only have six staff members but it is now bursting with energy, a far cry from the early days when its founder, a South Dakota farm boy who was convinced America needed to break the stranglehold of foreign oil, quit in frustration after four years.

After three decades of surviving mostly on tax subsidies, the industry is poised tonight to get its biggest endorsement from on high that it has a long-term future as a home-grown alternative to gasoline.

In his State of the Union address, President Bush is expected to call for a huge increase in the amount of ethanol that refiners mix with gasoline, probably double the current goal of 7.5 billion gallons by 2012.

While the details of the proposal are not known, 15 billion gallons of ethanol would work out to more than 10 percent of the country's current gasoline consumption, and is far beyond the current capacity of about 5.4 billion gallons.

At least half of the new ethanol would come from corn, signaling the administration's support to the Midwest farm states that have benefited the most from the recent ethanol boom.

For an industry once dominated by the will of a single powerful producer, Archer Daniels Midland, ethanol has come a long way, joining the oil industry and producers of major agricultural commodities as an entrenched political force in Washington. And it now enjoys a powerful role in presidential politics because of Iowa's status as one of the first states to select delegates to the parties' nominating conventions.

But with dozens of new ethanol plants coming online this year, the ethanol lobby is facing a critical point. The political reality is that corn's days as the chief crop for making the fuel may be numbered.

Corn-based ethanol can only marginally reduce America's dependence on foreign oil. But it does little, if anything, to improve energy efficiency, and the mounting concern of some politicians is that relying on corn is leading to collateral damage in other parts of the agricultural economy and threatening the nation's status as the leading corn exporter. The big increase in the works may mean consumers would end up paying more at the supermarket.

So the ethanol lobby and its political supporters now face the challenge of trying to maintain the momentum of ethanol's feel-good story before the potential negative consequences of the rapid ramp-up become all too apparent.

Clutching the reins these last five years is Mr. Dinneen, a longtime Washington lobbyist who joined the association in 1988. He recalled his early years there as a pitched war with the oil industry. "I would wake up in the morning and try to think of a way to vilify the oil guys," he said.

Today, to keep the ethanol train moving, ethanol makers are cozying up to the oil industry, forming political alliances and enlisting executives from companies like Chevron as they race to make a quicker transition to cellulosic ethanol made from nonfood crops, like switchgrass.

Otherwise, public support could turn against the fuel, which yields a third less energy than petroleum-based gasoline and still relies on a federal subsidy of 51 cents a gallon to remain competitive.

"We are no longer debating whether this makes sense, if this public policy should be pursued," Mr. Dinneen said. "The discourse now is how much ethanol can we produce, how quickly can we produce it and what is the pathway for greater production of domestic renewables."

That pathway, at the moment, relies on commercializing cellulosic ethanol made from crops like switchgrass or wood chips, which today is twice as expensive to produce as ethanol made from corn.

Some analysts, though, believe that politics has already trumped economics. "Once we have a corn-based technology up and running the political system will protect it," said Lawrence J. Goldstein, a board member at the Energy Policy Research Foundation. "We cannot afford to have 15 billion gallons of corn-based ethanol in 2015, and that's exactly where we are headed."

Mr. Goldstein said that rather than speed up the process of producing more ethanol, Congress should "step back and reflect on the damage we have already done."

By contrast, ethanol advocates in Congress are pushing to accelerate research into cellulosic sources with the stated goal of speeding the timetable for when corn can be supplemented — or supplanted — as the chief ethanol crop.

"We need additional funds for transitioning to making more energy crops for our national security," Senator Tom Harkin, an Iowa Democrat and the new chairman of the Senate Agriculture Committee, said in an interview earlier this month."

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The agriculture secretary, Mike Johanns, said there will be an "adjustment period" for ethanol that will last a few years. But he is confident that more corn will emerge to ease the pain of higher grain prices, as seed companies improve yields and farmers shift their acreage from other crops. "When you look at the whole constellation of issues, and advancements that are out there, it is a very encouraging time for agriculture," Mr. Johanns said in an interview.

The race to crack the code to produce cellulosic ethanol more efficiently has attracted dozens of researchers, venture capitalists and even the interest of major oil companies like BP and Chevron. Vinod Khosla, a major venture capitalist who has poured money into seven different start-up companies, has been pushing Washington lawmakers to set more aggressive targets to ensure that the demand for corn moves beyond corn. "If I am going to take the risk, the market has to be big," Mr. Khosla said.

The Renewable Fuels Association is trying to balance the competing concerns. The organization was not always interested in rapid expansion, particularly if that meant allowing competition for A.D.M. from sources like Brazilian sugar. David Hallberg, the association's founding president, said he left after four years in the job partly because he grew tired of disputes with A.D.M. executives over the future direction of the industry.

"I thought my job was to grow the industry to be as large as it could be," said Mr. Hallberg, who denied he was forced out. "That isn't what our bigger members always wanted."

By the time Mr. Hallberg left the organization in 1985, oil prices had plummeted to $9 a barrel, making ethanol uneconomic as a fuel. The industry turned its efforts toward selling ethanol as an oxygen enhancer for gasoline that could lift octane and reduce carbon monoxide.

With the influence of Dwayne O. Andreas, A.D.M.'s longtime chief executive and now chairman emeritus, Congress passed the federal excise tax in 1978 that gave ethanol its primary subsidy, a credit worth 51 cents per gallon of ethanol, or $21 per barrel of oil. Mr. Andreas had powerful friends in Congress, including Senator Robert J. Dole, a Republican from Kansas who rose to majority leader and who pushed consistently over the years to retain the ethanol subsidy.

In those early days the influence of Mr. Andreas and A.D.M.'s generous contributions to both Republicans and Democrats kept ethanol alive. The company also held greater sway within the organization because of its great weight as an ethanol producer. Even today, at around 25 percent of total ethanol capacity, A.D.M. remains the largest maker.

At first, the ethanol producers had few allies. The National Corn Growers Association was agnostic about ethanol at best, and the American Farm Bureau opposed ethanol, worrying that it could raise the price of livestock feed and cut into exports, Mr. Hallberg said.

That began to change in the late 1980s when the groups began to work together to supply ethanol to some 30 cities as a gasoline additive in the winter months. Those months were also when A.D.M.'s wet mill corn processing plants made more ethanol.

While the ethanol and corn forces preferred their wintertime plan, they later threw their support behind a federal proposal to implement a reformulated gasoline with an "oxygenate" — either ethanol or methyl tertiary-butyl ether — in nine of the country's smoggiest cities. The program took effect in 1995.

Ethanol's big breakthrough came over the battle to ban M.T.B.E. After gasoline spills in California revealed that M.T.B.E. could corrode groundwater, the Renewable Fuels Association and the corn growers were among those pushing ethanol as an environmentally safer alternative.

California banned M.T.B.E. in 1999 and requested a waiver from the federal oxygenate standard, arguing it could make a cleaner-burning gasoline without ethanol. President Bush rejected the waiver, spurring an ethanol construction miniboom.

In 2001, Mr. Dinneen took over as president, focused on reaching détente with the oil industry. To win approval for the renewable fuels standard, he eventually cobbled together an unlikely coalition of consumer groups, the American Petroleum Institute and environmentalists like the Natural Resources Defense Council.

The fuel standard Congress approved in 2005, which called for a ramp-up of ethanol use to 7.5 billion gallons by 2012, ended up lighting a fire under the industry. When oil prices shot over $50 a barrel, ethanol became profitable, and then President Bush set off an industry building boom when he said last January that "America is addicted to oil."

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It helped that the mix of ethanol's advocates had been changing. About a decade ago farmers began investing in ethanol plants; today more than half of the 110 ethanol plants in production are at least partly owned by farmers. The ownership by farmers brought home the rural benefits of the ethanol industry more directly.

The association's expanding board, which is 10 times the size it was some 20 years ago, has also become more diverse and less beholden to the business agendas of its biggest members.

As ethanol expands, Mr. Dinneen dismissed the concerns of some economists that its explosive growth could threaten exports and livestock prices, and that a potential investment bubble could burst before cellulosic ethanol has a chance to hit the market.

"I don't get all that worried that we are building too fast," he said. "I am not bright enough or foolish enough to try to control the market."

Ethanol Production Booming On Demand (WP)

By Steven Mufson

Washington Post, January 23, 2007

The energy agenda in Washington has been long dominated by oil interests, but in a reversal of political fortunes, these days it is Big Oil fighting to preserve its tax incentives and the ethanol industry that is adding new ones.

President Bush may up the ante tonight in his State of the Union address, many analysts think, by setting new targets for ethanol use or encouraging automakers to shift to engines capable of handling E85, a fuel that is 85 percent ethanol.

The ethanol industry is already on a roll: This year's production will surpass the mandate set for 2012 -- 7.5 billion gallons -- in the Energy Policy Act of 2005. And investors drove up the stock prices of ethanol companies yesterday in anticipation of Bush's speech. Though the stock market fell, shares of VeraSun Energy Corp. soared 7.2 percent and Pacific Ethanol Inc. jumped 7.6 percent. (One senator has invited VeraSun's chief executive to attend Bush's speech.) Bush may have trouble matching proposals made by Democratic lawmakers and farm-state Republicans. Sens. Tom Harkin (D-Iowa), Barack Obama (D-Ill.), Richard G. Lugar (R-Ind.), Joseph R. Biden Jr. (D-Del.) and Byron L. Dorgan (D-N.D.) have proposed raising to 60 billion gallons a year the amount of ethanol that oil companies must mix into automotive fuel supplies by 2030. That would amount to 3.9 million barrels a day, more than a third of current gasoline consumption.

Bill Wicker, communications director at the Senate Energy and Natural Resources Committee, said that biofuel and ethanol executives and lobbyists keep the committee's fuels expert busy "from the time she gets in in the morning until the time she grabs her coat to go home. It's a pretty steady stream of customers."

But an increasing number of economists and energy experts are questioning whether the benefits of producing ethanol -- especially ethanol made from corn -- have been oversold. They say that rising ethanol production is driving up corn prices, adding to summer smog and draining investment from other energy projects.

"We think that corn-based ethanol will grow to about 10 percent of the total gasoline pool, which is a significant number. It's the same level as Indonesia's oil production," said Daniel Yergin, chairman of Cambridge Energy Research Associates. "But then you really do run into the fuel-versus-food tradeoffs, which we're already beginning to see some signs of."

There are 111 ethanol refineries nationwide, with the capacity to produce more than 5.4 billion gallons annually, according to the Renewable Fuels Association. There are 78 ethanol refineries and eight expansions under construction with a combined annual capacity of more than 6 billion gallons.

Lester R. Brown, president of the Earth Policy Institute, said that existing ethanol refineries plus refineries under construction will gobble up half the U.S. corn harvest in 2008. That in turn will set up a global competition between rich automobile users and poor food consumers, Brown said.

Even at current levels, ethanol production is driving up demand for corn, and corn prices as a result. Many foods rely on corn feed and corn sweeteners, so prices could rise as well for a wide variety of goods. Because the United States accounts for 40 percent of the global corn harvest, higher corn prices here will affect consumers worldwide, Brown said. Last week, Mexican President Felipe CalderÃ³n sought to defuse anger over the rising price of corn tortillas by persuading producers to accept voluntary price controls.

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Ethanol also has foes in the environmental community. Because ethanol is a less stable compound than other additives, in the summer it evaporates easily and contributes to greater smog levels.

Meanwhile, an effective tariff protects American-made ethanol from cheaper imports from Brazil and elsewhere.

Many ethanol boosters say that the industry will move away from corn to cellulosic sources. But it remains unclear whether that technology will work. In December, when the Joint Committee on Taxation calculated the five-year cost of a tax break for the builders of cellulosic ethanol plants, the low cost suggested that it expected no more than one plant up and running by 2012.

Economists have also been warring over the question of how much energy it takes to produce ethanol. Most experts say that distilleries produce slightly more energy than they consume. But growing more corn has other costs, such as greater soil erosion and pesticide use. The numbers vary widely depending on process and location.

While the controversy continues, so does the boom. An economist at Iowa State University has calculated that when the ethanol distilleries under construction in Iowa are complete, the state will become a corn importer. But with the early start of the 2008 presidential fray, few politicians will suggest putting the brakes on corn ethanol for fear of alienating voters in Iowa caucuses, the first contest for presidential candidates.

Internal Rifts Cloud Democrats' Opportunity On Warming (WP)

By Juliet Eilperin And Michael Grunwald

Washington Post, January 23, 2007

The House Democrats had not quite finished their "100 hours" agenda when they met in the Capitol basement Thursday morning, but Speaker Nancy Pelosi (Calif.) was already looking ahead. As her colleagues ate bagels and turkey sausage, she warned that their next challenge would be a lot tougher than popular issues such as student loans and ethics reforms. For her next act, she planned to take on global warming.

Democrats, she explained, had to show a sense of urgency about the carbon emissions that threaten the planet, and so she was creating a select committee on energy independence and climate change to communicate that urgency. The new committee, she said, would help the caucus speak with one voice -- even if it trampled the turf of existing committees.

Caucus Chairman Rahm Emanuel (Ill.), a close Pelosi ally, raised his gavel and asked whether anyone had anything else to say, in the same pro forma way that question is posed at weddings. "One, do I hear anything?" he asked. "Two do I hear, 2 1/2 do I hear, three." Emanuel's gavel came down. "The caucus meeting is over."

Pelosi's power play demonstrated her seriousness about climate, a complex issue that may be as legislatively difficult and politically treacherous as health care was in the 1990s. But it also reflected her seriousness about imposing discipline on her caucus and preventing a return to the days when long-serving Democratic chairmen ran their committees as independent fiefdoms.

Energy and Commerce Committee Chairman John D. Dingell (Mich.) -- the longest-serving House member and a legendary defender of his committee's prerogatives as well as the carbon-emitting auto industry of his home state -- had made it clear that he expected to lead the party's global-warming debate in a rather leisurely fashion. Pelosi was end-running him.

When "Big John" chaired Energy and Commerce from 1981 to 1995, the prickly power broker displayed a prominent photo of the Earth to illustrate his view of the panel's jurisdiction. Now the photo is back, along with Dingell's determination to resist interference. A few hours after Pelosi presented her plan to the caucus, Dingell convened the 31 Democrats on Energy and Commerce. Predictably, he saw Pelosi's new committee as a recipe for duplication, incompetence and the suppression of democracy.

Less predictably, Dingell was supported by a longtime Energy and Commerce rival, Rep. Henry A. Waxman, a California liberal who agrees with Pelosi about global warming and persuaded her to co-sponsor his own aggressive climate bill last year, but who also wants her to respect her chairmen. That's because he chairs the Oversight and Government Reform Committee, where he plans to hold hearings on his bill. At the Energy and Commerce meeting, he warned that Pelosi might be scheming to write bills out of her own office.

"That's the way the Republicans did it," Waxman said.

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Those are fighting words in the new majority, and some Energy and Commerce Democrats are willing to fight. Several with mixed feelings about drastic carbon regulations -- including Rep. Rick Boucher, who represents a coal-heavy Virginia district and chairs the subcommittee on energy and air quality -- discussed working with Republicans to defeat the new committee on the House floor.

The strict emissions cuts that Pelosi supports had no chance in the GOP Congress, but they still face an uphill climb. Carbon-reliant industries including coal, oil, agriculture and manufacturing will resist any strong legislation, a position that will pose serious dilemmas for Democrats in districts where those industries and their unions hold sway. Some representatives of low-income minority districts are also concerned that a climate bill would slap heavy energy costs on their constituents.

Even if Pelosi manages to finagle a bill through the House, there is the problem of the Senate, where global-warming skeptic James M. Inhofe (R-Okla.) has lost his chairmanship to climate-conscious Barbara Boxer (D-Calif.) but has threatened a filibuster. And President Bush seems unlikely to sign anything too far-reaching.

That is why some environmentalists want Pelosi to delay until she can send a bill to a more sympathetic president in 2009, and why some Democrats want her to delay so they can use the issue against Republicans in 2008.

"It's a briar patch," said one industry lobbyist. "I can understand why Pelosi wants to hold hearings to show the Democrats care, but I can't believe she really wants to try to legislate."

But Pelosi and her leadership team believe action will be good politics as well as policy, branding climate as a Democratic issue while showing the caucus that recalcitrant chairmen are no longer free to freelance. Pelosi had already warned Rep. John Conyers Jr. (D-Mich.) not to use the Judiciary Committee to try to impeach Bush, and she denied her rival Rep. Jane Harman (D-Calif.) the gavel of the Intelligence Committee. Less than two hours after the mutinous Energy and Commerce meeting, she stood up to Dingell as well, holding a news conference to declare her select committee a done deal.

"It says to the American people, we are about the future," she said.Act Fast vs. Go Slow

Rep. Jay Inslee (D-Wash.) is worried about the future on a hotter planet, and the posters in his office show why. There's Glacier National Park, where Inslee believes "there will be no glaciers in 50 years." There's Mount Rainier, where alpine meadows are retreating as higher temperatures push the tree line higher. There's a photo of his 28-year-old son, Connor, skiing down Washington's Stevens Pass; two years ago, there was so little snow on the mountain that Connor could only work on the ski patrol for a few days.

For the first decade of Inslee's congressional career, Republicans controlled Congress, and emissions-reduction rules were about as likely as new gun restrictions or same-sex marriage rights. But now Inslee and many of his colleagues speak with a fervor reminiscent of the GOP revolutionaries who seized the House in 1995 and immediately wanted to shake things up.

"The flat-Earth society has been removed from power," Inslee said. "This opens the door to meaningful change."

Inslee is just a back-bencher on Energy and Commerce, but he is already trying to hash out details of climate change legislation. Last week, he spent an hour on the phone with Duke Energy chief executive Jim Rogers, who has endorsed a limit on carbon emissions. They delved into the details of how a limit could work, how to promote cleaner technologies, how it is easier to sequester carbon in the soil in Indiana than in North Carolina.

Inslee has no patience for the go-slow crowd that thinks Democrats would be smarter to grandstand the climate issue in 2008, then work with an eco-friendlier president in 2009. He wants to get to work.

"This should not be a planning year," he said. "This should not be a debating year. This should be an action year."

Dingell represents the other side of the debate, the side that is quick to point out that overzealous restrictions on emissions could decimate the U.S. economy. He wants to hold extensive hearings on climate change, to investigate the problem, if in fact it is a problem, and what it might cost to try to address it. That is the way he has dealt with issues since he came to Congress during the first Eisenhower administration. He says global warming will be a priority for his committee, but clearly not the only priority.

"We've got Medicaid, Medicare, health insurance, prescription drugs," Dingell said. "We've got leaky underground storage tanks."

Leaky underground storage tanks? When Glacier National Park is melting?

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"Superfund isn't being properly administered," he continued. "We have safe drinking water . . . what else?" His chief of staff, former auto lobbyist Dennis Fitzgibbons, mentions telecommunications, and Dingell is back to his list: Net neutrality. Universal service. "We have to address high-definition television, and a similar issue with regard to radio . . . "

Pelosi and her allies may think CO2 is more important than HDTV, but Dingell will not be rushed. He mentions that the politics of carbon are "substantially similar, if not identical" to the politics of the Clean Air Act, which required a decade of debate before it was amended in 1990 to deal with acid rain. He does not mention that his own opposition was the main obstacle to action, or that environmentalists -- who had loved his work on the Endangered Species Act and other wildlife protections -- dubbed him "Tailpipe Johnny" during the acid-rain debate.

Dingell is an older bull now; at 80, he sometimes walks with a cane, and his hearing aid doesn't seem to work as well as it once did. But he is still a formidable figure on the Hill, and he grumbles that it takes time to build consensus.

"I could bring up a bill like that," he said with a snap of his fingers. "It would take about a week, and I could get it on the floor a week or so after that, and I can give you the absolute certainty that it will not become law. I'm not sure you want that, do you?"

But Pelosi draws her power from the Inslees of the caucus, and they believe that the time for deliberation has passed. Inslee is careful to pay homage to Dingell, "one of the most brilliant people I've ever met in public policy, but he rejects the chairman's comparison of global warming to acid rain."

"The challenge we're facing is a hundredfold more critical," Inslee said. "We need to address this on an emergency basis." And he believes that Pelosi, with support from green manufacturers and green evangelicals as well as the usual green groups, will break the logjam on Capitol Hill -- with or without Dingell's help.

"She is willing to make a few omelets, which is to say, break a few eggs," Inslee said.A Question of Tactics

In the old Congress, with J. Dennis Hastert (R-Ill.) as speaker of the House, the "majority of the majority" ruled. Policies were hashed out inside the GOP caucus, which was dominated by conservatives; Hastert's team then pressured the entire caucus to back them. The result was a steady tack to the right -- and eventually, electoral disaster, especially for GOP moderates.

Pelosi has promised a more open and bipartisan process and has said she will not drag her caucus to the left. But global warming could be a telling test. Inslee's support for fast and aggressive legislation to reduce emissions is probably supported by a majority of House Democrats -- but not a majority of Congress.

On the other hand, when Dingell and Boucher talk about building consensus around a moderate bipartisan approach that respects the concerns of industry, the Earth-on-fire crowd suspects a do-nothing approach. The top Republican on Dingell's committee, Rep. Joe L. Barton (Tex.), has done more to block climate legislation than any other House member, with the possible exception of the top Republican on Boucher's subcommittee, Hastert.

"Industry is an important part of the equation," Boucher said.

But there are options beyond Inslee's strong-and-fast and Dingell's modest-and-slow.

Waxman's bill, for example, is extremely strong, mandating an 80 percent cut in emissions by 2050. Waxman is known as a dogged street fighter as well as a dealmaker; after feuding with Dingell for years over acid rain, they forged the compromise that led to the 1990 amendments. But while he believes that global warming may be irreversible if emissions do not start to decline within a decade, he does not see how Democrats can get strict emission limits past Bush. So he seems content to hold hearings that will expose GOP intransigence.

"Quite frankly, this is not a bill that's going to pass in six months, or even two years," he said.

While Waxman is willing to wait for radical change, other Democrats are pushing for lesser reductions with greater speed. For example, five-term Rep. Tom Udall (N.M.) has been lobbying for a "third way" between nothing and a hard-and-fast emissions limit, offering corporations a "safety valve" of modest fees if they cannot meet pollution targets.

Udall comes from a green pedigree -- his father served as interior secretary, and his uncle was a longtime conservationist congressman -- but some environmentalists dismiss his plan as a recipe for inaction. When Senate Energy and Natural Resources Committee Chairman Jeff Bingaman (D-N.M.) proposed a similar plan in 2004, the Environmental Defense Fund ran ads criticizing him in his home state.

Still, Udall has enlisted a Republican co-sponsor, Wisconsin Rep. Tom Petri, in hopes of engineering a quick compromise. He says the perfect should not be the enemy of the good.

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"I wrote this bill with the idea that Bush can sign it," he said. "Our idea is to start now."

But as long as Dingell wields his gavel, starting anything might be tough. Last October, Udall approached Dingell in the Democratic cloakroom and handed over some information about his bill. Dingell never got back to him. In an interview in his office, which is dominated by heads of animals he has shot and photos of presidents he has worked with, Dingell recalled his friendships with Udall's father and uncle, but brushed off questions about Udall's bill.

"If I thought it was a good idea, I would have already done it," he said.Gearing Up for Showdown

A recent Washington Post-ABC News poll found that only 27 percent of Americans approve of Bush's handling of global warming, so it's easy to see why Pelosi welcomes a confrontation. That is one reason she asked Rep. Edward J. Markey (D-Mass.), a Bush-bashing environmentalist and a Pelosi loyalist, to lead her new committee. In April 2005, when Bush walked hand in hand with Saudi Crown Prince Abdullah after asking him to produce more oil, Pelosi asked Markey to deliver the party's response to Bush's radio address.

"She does believe, along with Iraq, that this is a big issue on which we have to take on the president," Markey said.

Industry lobbyists say they expect to endure a lot of unpleasant climate hearings during this Congress, but they are not too worried about draconian legislation. They do not think the House or the Senate can pass anything too stringent, much less override a Bush veto. And they say their focus groups show that the public's eagerness to do something about global warming droops after hearing warnings of serious economic consequences.

With trillions of dollars at stake, it is reasonable to expect industry-funded ads to raise those alarms, in the vein of the "Harry and Louise" spots that helped sink President Bill Clinton's health-care plans.

"If you're a Democrat in a moderate district, this is not the kind of vote you want to take," said Myron Ebell, director of global-warming policy for the Competitive Enterprise Institute, an industry-funded think tank. "I think Democrats are really going to disappoint the enviros over the next two years, because all they're going to do is talk."

In fact, it's not clear that environmentalists would be all that disappointed. They believe the public is moving in their direction, as climate-friendly actions by companies such as Wal-Mart and states such as California help build pressure for a national solution. Many of them think two years of hearings could set the stage for a Waxman-style bill that a Democratic president -- or a climate-conscious Republican such as Sen. John McCain (Ariz.) -- could sign in 2009.

"If we can get some real facts into the public domain, keep educating the American people, lay down some principles about what kind of bill is acceptable and help get the next Congress ready to act, that would be a success," said Ana Unruh Cohen, a global-warming expert at the liberal Center for American Progress. "You know, Bush is still the president."

And Dingell is still the guy with the gavel. He and Boucher are already planning hearings on global warming, and they have invited former vice president Al Gore to testify. ("Al's a good friend," Dingell said. "So was his father.") But Dingell warns that he is a "fairly fussy, careful legislator."

Pelosi is pushing for action by July 4. She wants to show Americans that Democrats care. And she wants to show Dingell that a new guard is running the show.

"We shouldn't get hung up on procedural matters," Emanuel said. The select committee, he said, is "continuing to remind people this is a different Congress, with different priorities."

Climate Panel Creates Lobbying Stir (HILL)

By Jim Snyder

The Hill, January 23, 2007

Energy and Commerce Chairman John Dingell (D-Mich.) found an unlikely ally in his spat with House Speaker Nancy Pelosi (D-Calif.) over a new climate-change panel: former committee chairman Joe Barton (R-Texas).

While Barton and Dingell have butted heads on energy policy, the two were like-minded in their opposition to a select committee on climate change that would operate outside the bounds of their own committee.

Dingell compared the panel, which Pelosi is pushing as a way to draw attention to the issue of global warming, to “feathers on a fish.”

Keeping with the avian theme, Barton’s spokeswoman Lisa Miller called the effort “a publicity machine with wings.”

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The spat threatened to draw energy lobbyists, who largely had sat on the sidelines this session, into an awkward intra-caucus fight between two people — Dingell and Pelosi — it doesn't pay to upset.

Pelosi has put global warming and energy independence near the top of her priority list, after having successfully pushed through the Six in '06 agenda. She has said she wants a climate-change bill on the floor by July.

A select committee on global warming "will give us the opportunity to gather state-of-the-art scientific research, focus public attention on these urgent issues, and support the work of the authorizing committees," Pelosi said in a letter to colleagues.

After the select committee was announced, Barton quickly gathered about 15 Republican energy lobbyists in a meeting on Capitol Hill where he implored them to ask members they knew to vote against the creation of the committee.

"He said, 'Let's support Dingell on this,'" one lobbyist who attended the meeting said.

In an effort to ease opposition from Dingell and others, Pelosi wrote in her memo that the select committee would not have legislative authority and would be disbanded after two years. But the idea still makes members nervous, particularly those close to fossil fuel industries that would be among the hardest-hit under carbon dioxide caps. Dingell is a longtime supporter of the domestic auto industry, which could find it tough to comply with a tough global-warming bill.

"That's what they always say," one Democratic aide said of the limits the Speaker has put on the committee.

Lobbyists come into play because the creation of a select committee likely requires a floor vote.

Energy lobbyists largely sat out the debate on the tax subsidies, believing their efforts would be of more use in the Senate, where a closer voting margin improves the chances to alter some aspects of the package.

But the climate-change panel seemed to create a bigger stir on K Street. Democratic energy lobbyists began quietly to do their own whipping, fearing the select committee signaled a shift to the left on climate change.

The issue holds "enormous consequences" for their clients, one of the lobbyists said.

"It's game-changing for the entire economy," the lobbyist said.

Increasingly, however, businesses are coming forward seeking clarity on the issue of climate change. General Electric, DuPont, Alcoa and Duke Energy announced the creation of a coalition to press the administration and Congress to address global warming through efforts like a mandatory cap on carbon dioxide.

Democratic lobbyists, meanwhile, concentrated on members from energy-producing states, so-called oil-patch members already a little peeved at the repeal of billions of dollars in tax breaks the industry now receives, and on the Congressional Black Caucus (CBC), one of the most powerful subgroups within the Democratic Caucus.

Lobbyists argued, according to a Democratic aide and a lobbyist, that traditional committee structure is more suited to the interests of the Blue Dogs and the CBC, which has several members in charge of congressional panels.

A select committee likely requires a floor vote. Lobbyists said Speaker Pelosi could still create a lesser panel — a task force, for instance — that wouldn't require a vote.

Energy and Commerce Democrats met Friday, after which Dingell wrote a memo that summed up his position: "This entity would exist for a fixed period of time and can take the form of a Speaker's Committee within the Democratic Caucus or a Task Force of the House," the memo stated.

But a source close to the Speaker said a vote is likely to be held, although given the remaining confusion over what authority the panel would possess, the vote is likely to be delayed until after this week.

Some Dems Angry With Rep. Markey And New Energy Panel (HILL)

By Jonathan E. Kaplan

The Hill, January 23, 2007

"Let's get in his grille," said Rep. Anthony Weiner (D-N.Y.), referring colloquially and aggressively to Rep. Edward Markey (D-Mass.).

Weiner was talking to fellow Democrats on the House Energy and Commerce Committee panel last Thursday; they were disgruntled about Speaker Nancy Pelosi's (D-Calif.) plan to take away some of their turf by creating a Select Committee on Energy Independence and Global Warming with Markey at its head.

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"Guys from Boston are soft," Weiner added, according to sources at the private meeting last Thursday, and said they should constantly preempt Markey by holding Energy and Commerce panel hearings a day before any scheduled hearing by the new select panel. If Markey traveled to Stockholm, Energy and Commerce members would travel to Stockholm, he said. Lawmakers and aides present chuckled.

Some liberal Democrats are said to be frustrated with Rep. John Dingell (D-Mich.), the Energy and Commerce chairman, who is closely allied with the auto industry and opposes some measures, such as increasing gas mileage standards, to reduce greenhouse gases.

But a cross-section of members are frustrated with Markey.

Energy and Commerce committee members worry that creating a select panel would set a bad precedent. (The Homeland Security panel started as a temporary committee, but is now permanent.) They debated why a task force could not accomplish some of the same goals, said sources in the room.

"Members are angry with Markey because he already had a platform on these issues with three good committee assignments," said a senior Democratic aide. "Now it looks like he's trying to take away more from other members to add to his own portfolio."

Another senior Democratic aide who is an ally of Markey said, "The Speaker is turning to Markey because his past assignments ensure that he knows what he's talking about, and also because he has frequently helped the party by stepping aside when extra slots were needed on his other committees, and here again, this new select committee helps the Speaker by creating extra slots to help members get good assignments."

Since the Democrats recaptured the House, Markey has angled to move up the committee ladder. He is the third-ranking Democrat on the House Energy and Commerce Committee and serves on the Homeland Security and Natural Resources committees.

Markey suggested late last year that he wanted to head the House Resources Committee. Rep Nick Rahall (D-W.Va.), now chairman of the House Natural Resources Committee, had been the ranking Democrat, but Markey had more seniority.

Markey also expressed interest in reclaiming his seniority on the U.S. Helsinki Commission, which is part of the Organization for Security and Cooperation in Europe, but Pelosi named Rep. Alcee Hastings (D-Fla.) to the post, Democratic sources said.

Markey, 60, arrived in Congress in 1976 after winning a special election. He's become known for his expertise on telecommunications, energy and health issues. But he also is considered a media hound and his critics noted his penchant for foreign travel and being seen at A-list gatherings, such as last year's Academy Awards and the World Economic Forum in Davos, Switzerland.

Markey spent the weekend in Boston and returned to Washington yesterday. No further decisions had been made, said a committee aide.

The only lawmaker on Pelosi's side was her longtime friend, Rep. Anna Eshoo (D-Calif.). She said the panel was a "great idea" and didn't understand what everyone was worried about, according to Democratic sources familiar with the discussion.

The drama did not end Thursday.

On Friday, Dingell met Democratic Reps. Markey, Henry Waxman (Calif.), Rick Boucher (Va.), Bart Gordon (Tenn.), Bobby Rush (Ill.) and Albert Wynn (Md.). He wrote in a memo that "we should work with Markey toward achieving the Speaker's objectives of creating a communications entity through a different structure."

That's not quite how Markey remembered it, David Moulton, Markey's chief of staff, wrote in an e-mail.

"Rep. Markey appreciated the dialogue that the members had this morning. It was constructive and helpful," he wrote, adding that Markey did not share the same recollection of the meeting as some participants. The consensus, as far as there was one, was that the select committee would not have legislative power and it would last two years.

"He did not agree, however, that what Pelosi had proposed needed to be restructured," Moulton wrote.

Pelosi wrote in a memo released Friday, "This [committee] will be a bipartisan entity with no legislative authority [and] will be created only for the current Congress, and will not be extended beyond that date."

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If the proposed select committee were transformed into a task force, the committee chairmen would have more say in legislation. In 1982, former Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) forced the House Democratic Caucus to adopt a rule that gives committees five legislative days to review, consider or report on any legislative measure taken by an ad hoc task force, according to a Congressional Research Service report.

'Energy Independence' (WSJ)

By Daniel Yergin

The Wall Street Journal, January 23, 2007

A cry is being heard across the nation, and loudly so in Washington. It is the call for "energy independence," and it will be at the center of the national energy debate over the next several months, providing the rationale for new policies and expansion of existing ones. Indeed, one might even anticipate a "declaration of energy independence" this July 4.

But what does "energy independence" mean for a $13 trillion economy that uses the equivalent of 50 million barrels of oil every day? Is it realistic and achievable? Or is it rhetorical overreach that will lead, as in the past, to disappointment and cynicism, the kind that drives the cycles of inconsistency in energy policy and leaves the U.S. no less vulnerable? The latter is more likely -- at least without a realistic appraisal of the U.S. position and the country's possibilities. But "energy independence" can provide a constructive framework for policy if it is properly thought through and the realities are recognized. * * *

With geopolitical turmoil, volatile prices and continuing reminders of the international political power of oil, the concept of energy independence is compelling and deeply appealing. In fact, it has been appealing for quite some time. The idea was introduced by Richard Nixon in November 1973, three weeks after the Arab oil embargo, when he introduced "Project Independence" and pledged that the U.S. would, within seven years, "meet our own energy needs without depending on any foreign energy source." It was a bold assertion but one that puzzled his own advisers. "I cut the reference to 'independence' three times from the drafts, but it kept being put back," recalled Richard Fairbanks, a drafter of the speech. "Finally, I called over, and was told that it came from the Old Man himself." Nixon knew that energy independence was something that Americans would crave after the 1973 oil shock: He deliberately modeled his Project Independence on John F. Kennedy's Apollo goal of getting a man on the moon within a decade.

Back then, the goal may have seemed only somewhat unlikely. After all, when Nixon began his political career after World War II, the country already had a long history of energy independence -- and then some. For it had actually been the world's No. 1 oil exporter; indeed, out of seven billion barrels of oil used by the Allies in World War II, six billion were produced in the U.S. By the late 1940s, the U.S. had become a net importer of oil, although the real surge in imports did not begin until the 1970s.

It proved much easier to get a man on the moon than to make a nation energy independent. In the three and a half decades since Nixon, the U.S. has gone from importing a third of its oil to importing 60%, and that share is set to continue rising. The country is on a similar path for natural gas (which is about 25% of our total energy usage). North American supply has flattened out. Yet large amounts of new natural-gas-fired electric power generation have been added over the last decade, which means that demand will increase. Natural gas is also used in the making of ethanol, adding to the demand growth. This means growing imports of liquefied natural gas -- LNG -- rising from 3% of our current demand to more than 25% by 2020.

All of which suggests that thought needs to be given both to what energy independence means and what can be achieved. For, right now, the U.S. is moving at some speed in the opposite direction, toward greater integration into the global energy markets.

How dependent is the U.S.? If we look at total energy -- including coal, nuclear and a small but growing share from renewables -- the country is over 70% self-sufficient. Oil -- refined into liquid fuels for transportation -- is where most of the current dependence comes from. The risks do not owe to direct imports from the Middle East, contrary to the widespread belief. Some 81% of oil imports do not come from that region. Thus, only 19% of imports -- and 12% of total petroleum consumption -- originates in the Middle East

Our largest source of oil imports is Canada. It's also the source of most of our current natural gas imports, via pipelines. One can hardly say that either Canada or energy imports from Canada constitute a major threat to national security. The energy trade is part of a normal trading relationship with the country with which we're conjoined economically and which just happens to

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be our biggest trading partner. Our second largest source is Mexico, with which we are also in a dense relationship. Mexico depends upon oil for about a third of total government revenues.

The picture becomes more complex when one turns to our third largest source of oil imports, Venezuela. The once much-discussed "hemispheric energy solidarity" loses much of its resonance when balanced against the "21stcentury socialism" of Venezuela's Hugo Chávez. After all, President Chávez is currently nationalizing the private sector, has on occasion threatened to embargo oil shipments to the U.S., and is putting much effort into fashioning an anti-U.S. alliance, the latest manifestation being the visit of Iranian President Ahmadinejad to Caracas. These are not the actions one normally associates with a good friend or a reliable trading partner.

Yet the source of imports is significant only up to a point. Energy security is a global issue. Although oil around the world varies greatly in terms of physical qualities and transportation costs, there is only one world oil market. So disruptions and loss of supply in one place radiate throughout the global market -- and global politics -- affecting consumers everywhere. Even if the U.S. did not import a drop of oil, it would still be vulnerable to turmoil involving oil outside its borders.

What are the prospects for "energy independence" in the way that Richard Nixon defined it 34 years ago -- that is, 1930s-style "autarky" and total self-sufficiency? Based on where we are today, very small, at least for a couple of decades. In terms of vehicles, as pointed out in our new study on "Gasoline and the American People," only about 8% of the auto fleet turns over every year. So the lead times are long for more efficient vehicles to enter the fleet. Ethanol, derived from corn, is on track to grow to about 10% of our total gasoline pool in a few years. This is certainly not inconsequential; it represents diversification and is equivalent to creating a new Indonesia-level oil-producing country in America's Midwest. But signs are already evident of an upper bound on corn-based ethanol, as the fuel-versus-food trade-off pushes up corn prices, setting off vocal protests from livestock growers and dairy farmers and, in due course, from those who buy breakfast cereals and soft drinks made with high fructose corn syrup.

What about technological advances that provide new answers? There is a "great bubbling" all along the innovation frontier of energy, ranging from conventional energy and efficiency to, especially, renewables, alternatives and "clean tech." Activity this wide-ranging has never been witnessed before. The impact could well be considerable, or even transformative. One would be very hard-pressed today, however, to say when and what form this impact will take.

In the end, if energy independence is presented as self-sufficiency, it will likely fall flat. And, as prices run through their cycles, disappointment will undermine the longer-term commitments that are required for a sound energy future. Today, quite simply, cutting ourselves off from global energy markets is not realistic.

But, if the goal of energy independence is understood differently, to mean energy security -- resilience, robustness, reduced vulnerability -- then it is much more useful.

This kind of definition recognizes that trade, in itself, is not bad. At the same time, it emphasizes the central goal of diversification -- encouraging investment and higher levels of research and development in both alternative and conventional energy sources. It means a new push for energy conservation, higher energy efficiency, lower energy intensity -- a theme that German Chancellor Angela Merkel will make the centerpiece of her agenda as chairman of the G-8 countries later this year. It certainly requires a consistent commitment to pushing the innovation frontier in ways that, eventually, lead to economically competitive alternatives and new technologies.

And it requires an understanding that this kind of energy independence -- as measured in energy security -- actually requires interdependence with other nations, both consumers and producers of energy. Indeed, how we manage our relations with other countries and other regions is a very essential ingredient for our own energy well-being.

Mr. Yergin, chairman of Cambridge Energy Research Associates, is writing a book on energy and geopolitics.

Getting Hydrogen Cars To Live Up To Their Hype (WP)

By Sholnn Freeman

Washington Post, January 23, 2007

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The Ford Edge gliding along the George Washington Memorial Parkway doesn't have spinning rims or a booming sound system. The bling in this SUV is the technology. The vehicle runs almost silently. It needs no gas and releases no polluting exhaust.

The HySeries Edge, which is to be unveiled at the Washington Auto Show today, is a plug-in hybrid with an electric drive powered by a battery and a hydrogen fuel cell. Its arrival intensifies the competition to manufacture a mass-market electric hybrid that reduces reliance on gasoline and curbs the emission of greenhouse gases.

But the futuristic Edge vehicle is Ford's only one, and it cost $2 million to build. To get a car like this into the showroom for sale to the public will require the automotive and energy industries to leap high technological hurdles. The infrastructure to deliver alternative fuels such as hydrogen is in its infancy, and engineers are puzzling over how to mass-produce a lightweight, inexpensive and safe electric battery.

Because development costs are steep, the industry is hoping President Bush will announce his intention to increase research funding during his State of the Union speech tonight. Already the government pumps millions of dollars into the development of automotive technology. The carmakers frame their latest request as a battle cry against Japanese rivals, whose fuel-efficient models have cut sharply into the U.S. market. They have asked for as much as $500 million for battery research and development.

The Edge plug-in, a vehicle Ford calls the first drivable plug-in hybrid from a major auto company, is one result of a $44 million matching grant from the government, which has gone into a variety of projects. Its on-board fuel cell is used to recharge the battery while driving; it has a range of 225 miles with fuel cell recharging. The vehicle also can be plugged in for recharging.

Its appearance on the roads around the District tries to trump General Motors' entry in the race. This month, GM revealed an electric plug-in hybrid with a small gas engine. But while GM's vehicle, the Volt, looked sharp under glass on the floor of the Detroit auto show, there was no road-ready version.

"We are past this being a science experiment," said Mujeeb Ijaz, who directs Ford's hydrogen plug-in Edge project. "It's a tough road to commercialize. It takes support."

The Department of Energy is finalizing a comprehensive plug-in plan, according to industry and government officials who spoke on condition of anonymity because the plan has not been announced. The goal is to get plug-ins on the road within the next several years.

During the Clinton and Bush administrations, the federal government has spent hundreds of millions of dollars a year on advanced automotive technology. Joseph Romm, an Energy Department official in the late 1990s, estimates the total expense at $3 billion since the early 1990s.

President Clinton launched an initiative called the Partnership for a New Generation of Vehicles. The goal of the program was to deliver an advanced hybrid family sedan that could get 80 miles per gallon.

The Bush administration revised the program when it took power. In his 2003 State of the Union address, Bush said the goal of the government's auto policy would be to advance hydrogen technology in cars.

"As soon as George Bush got elected, the U.S. car companies walked away from the partnership and didn't continue developing hybrids," Romm said. "And the Japanese did. As a result, they ended up the leaders."

Producing electric batteries for automobiles presents several challenges. The preferred technology is found in lithium-ion batteries, which are smaller and lighter than others and have the capability to store two to three times as much power. But without the benefits of mass production, the batteries are still far too costly.

Battery engineers are also working on the safety problems of lithium-ion batteries. Under certain conditions, some of the materials in the batteries are unstable and can ignite or explode when packed together. Scientists have been working on reducing the risk, but technologies needed for those improvements make the batteries less powerful and less effective. Engineers are also testing to make sure the batteries can survive a 15-year lifetime without malfunctions.

Ford's Ijaz said the biggest hurdle is getting the costs down. Among the vehicle's other expenses, fuel cell technology is dependent on precious metals such as platinum.

"History shows that we are making the steps," he said. "Before, there were no fuel cell cars. Ford has 30. We've cut the weight of fuel cell power by half. The auto industry is pushing forward."

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Judge Moves 'Divine Strake' Court Hearing Up To Jan. 31 (AP)

AP, January 23, 2007

A federal judge has pushed forward by one day a scheduled hearing on a proposed non-nuclear explosion that authorities say would generate a mushroom-shaped dust cloud in the Nevada desert.

Judge Lloyd George cited a scheduling conflict in moving the date of the telephone conference call to January 31st. A Justice Department lawyer from Washington is due to provide an update of the federal Defense Threat Reduction Agency proposal. No date has been set for the blast.

It would involve detonating a 700-ton ammonium nitrate and fuel oil bomb at the Nevada Test Site -- about 85 miles northwest of Las Vegas.

Government officials call the test important for gathering data about penetrating hardened and deeply buried targets. Critics have called it a surrogate for a low-yield nuclear "bunker-buster" bomb.

They say it'll scatter dust contaminated nuclear weapons tests at the test site. The explosion has been postponed since Western Shoshone tribe members and "downwinders" in Utah and Nevada filed suit last year.

Judge Revisits Land-use Plan Suit (SLT)

By Joe Baird, The Salt Lake Tribune

Salt Lake Tribune, January 23, 2007

Feds, environmental groups argue that claims of harm from Grand Staircase plan won't hold up

The federal government and environmental groups got a do-over Monday in their bid to dismiss a lawsuit filed by Kane and Garfield counties that seeks to overturn the Grand Stair- case-Escalante National Monument's land-use plan.

U.S. District Judge Ted Stewart originally heard arguments to dismiss the suit last fall, then recused himself. Judge Bruce Jenkins replaced Stewart, and opted to hear the arguments for a second time at the Moss Courthouse in downtown Salt Lake City.

But where Stewart seemed skeptical of the government's contention that the counties could show no harm from the monument plan - and thus had no standing to bring the suit - Jenkins appeared dubious that the counties could make their claims stick without laying out more specifics.

Jenkins also challenged the counties' argument that they have been permanently tied to the decisions made by the Bureau of Land Management in 1999 that regulated travel, water diversions and other land uses in the monument.

"What statute do you point to showing that this is a final agency action?" Jenkins asked Shawn Welch, the counties' attorney, during the nearly two-hour hearing.

The counties have claimed that there is a large network of county-owned roads that criss-cross the 1.8 million-acre monument that the BLM has refused to recognize.

"The BLM knows what is out there. They know there were historical uses. We'd like the court to look at the record," said Welch.

Welch also charged that the BLM's refusal to allow the diversion of monument water to Kane County usurps the authority of the state engineer and is illegal.

Justice Department attorney Tom Snodgrass once again argued that the counties have failed to prove any road ownership claims beyond four routes that were recognized in the land-use plan - and thus could show no harm.

"The plan leaves the door wide open for the counties to come [to court] and prove their claims," added attorney Ted Zukoski, representing the Southern Utah Wilderness Alliance.

Snodgrass reiterated that the counties' water claims also fall short, saying that the monument's water resources are backed by federal law.

Jenkins took the dismissal request under advisement, though also indicated a quick decision would be forthcoming.

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Lack Of Budget Could Hurt Nuclear Energy Revival, Official Says (NYT)

By Matthew L. Wald

New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The senior member of the Nuclear Regulatory Commission warned on Monday that the failure of Congress to pass a detailed budget for the current fiscal year could damage the nuclear renaissance that the government tried so hard to encourage with the energy bill of 2005.

No one has applied for permission to build a power reactor since the 1970s. But with the incentives offered by the federal government in 2005, utilities are considering building about 20 reactors, and several of them are expected to apply for authorization this year.

The commission member, Edward McGaffigan Jr., said that if the commission received applications this year, "we basically are going to have to put them on the shelf, because we're not going to have the folks to work on the applications until well into calendar year 2008."

Congress passed only 2 of the 11 spending bills for the fiscal year that began Oct. 1, 2006, those covering the Pentagon and the Homeland Security Department. The rest of the government has been operating under a "continuing resolution," a stopgap measure that finances most agencies at the previous year's levels. Democrats say they plan to extend that resolution through Sept. 30, the end of the fiscal year.

According to the nuclear commission, under a continuing resolution its budget would be lower by $95 million, or about 12 percent, compared with the level approved by the House and Senate Appropriations Committees but never by the full Congress.

Most of the commission's budget comes from fees paid by companies licensed to use radioactive material. The agency has been arguing on Capitol Hill that giving it the amount already approved by the Appropriations Committees would require only $13 million of general tax revenues.

Mr. McGaffigan said that if the commission could not process applications, some companies wanting to build would decide to wait. But he said that "some, seeing the instability, may disappear" and build coal plants instead.

Earlier this month, Mr. McGaffigan, saying he had metastatic melanoma, told the White House that he would serve only until a successor could be confirmed. He spoke Monday at a meeting with reporters organized by Platts, an energy information company.

Mr. McGaffigan also said that the Energy Department should begin looking for alternatives to Yucca Mountain, in Nevada, for disposing of nuclear waste. When he came to the commission in 1996, he said, the opening of the repository was said to be 14 years away; now it is probably 20 years away.

"There's just tremendous uncertainty," he said, "and each year that passes, we're not going to get any closer to Yucca under the current circumstances." He said the government should look for a site where there was local cooperation.

Keeping Up With Nigeria (NYT)

By Karin Lissakers

The New York Times, January 23, 2007

IN the last six months, media coverage, Congressional hearings, lawsuits by private citizens and a scathing report by the Interior Department's inspector general have exposed a litany of failures in the department's management of oil and gas leases on public lands and waters.

These failures have lost the government billions of dollars in royalties. They have become so glaring, in fact, that there is even speculation that the president, a good friend to the energy industry, might speak about them in his State of the Union address tonight.

If he does, he would only be about a term-and-a-half too late. Our government's record on resource revenue management — a bipartisan record, one should add — looks more like that of a corruption-ridden failing state than that of an advanced industrial country. Many of the same failures we criticize elsewhere — for example, the mismanagement of the Iraqi oil industry — are rampant here.

Like the Iraqi government, the United States government lacks the systems to determine exactly how much oil and gas is being produced on federal properties. Private lawsuits and state investigations have exposed systematic underpayment by

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companies on gas leases, yet the Interior Department relies on these companies to tell the government how much they owe, with no independent verification.

The department's inspector general, Earl E. Devaney, found that the government's bookkeeping is so poor that it does not actually know how much money it recovered, nor how many audits it conducted. The inspector general also found the department unable to verify quantities and prices for payments-in-kind (when the government takes a share of the oil and gas instead of cash), which are a growing portion of the royalties the government collects.

Interior's mismanagement is compounded by the secrecy that surrounds the entire enterprise. Though these are payments to the government for oil and gas extracted from public lands, companies are not required to disclose either payments or production levels to the public. The department says such data must be protected, because it could reveal pricing strategies and cost structures.

Such secrecy is contrary to the public's right to know what is being done on public lands. It is also contrary to an emerging international standard of transparency and accountability regarding oil, gas and mining revenues — standards that the United States is pressing developing countries to adopt.

What's more, energy companies have shown a willingness to comply with these standards. BP almost got kicked out of Angola for trying to disclose its payments there without Angola's permission. Newmont and other mining companies have started posting on their Web sites information about taxes and fees they pay to individual governments. Statoil, a large international operator, is required by Norwegian law to report, country by country, all taxes paid at home and to foreign governments.

ExxonMobil, ChevronTexaco, Shell, Total, Anglo American and many other international oil and mining companies are part of the international Extractive Industries Transparency Initiative — under which they report all royalties, taxes, fees, bonuses and payments-in-kind.

In some countries that take part in the initiative, company payments are lumped together before publication. Nigeria, however, requires individual disclosure. Surely the United States should not have a lower standard of disclosure than Nigeria.

Congress, with the president's encouragement, should insist that the United States practice at home the transparency it preaches abroad. It should enact a requirement that all companies extracting oil, gas and other minerals from federal lands publicly report all of their production on those lands and all royalties and other payments made to the federal government from that production.

Only then can the American public have confidence that the taxes owed by those who have benefited from the use of our public lands are being properly accounted for and fully collected.

Troubled Waters (WP)

The Washington Post, January 23, 2007

THE PROMISE of massive redevelopment in the District -- new neighborhoods, office buildings, parks, retail complexes, and baseball and soccer stadiums, with the Anacostia River as an urban centerpiece -- could wind up mired in muck. As reported in distressing detail by staff writer David A. Fahrenthold, the river is disgracefully dirty, brimming with trash, toxic chemicals, dead animals, diseased fish and raw sewage. At least the Potomac River and the Chesapeake Bay have constituencies pressing for improvements in those waters; but without a groundswell to revive the Anacostia, potential developers may hold their noses and turn away.

With a ballpark already blooming near the Frederick Douglass Memorial Bridge, city officials and the owners of the Washington Nationals have a large stake in the redevelopment of this area. So, too, will the new owners of D.C. United, who have started a public push for a $150 million soccer stadium in Southeast. If a partnership with the District government does materialize, Mayor Adrian M. Fenty and the D.C. Council should insist that the team's owners ante up for a serious Anacostia River cleanup. Similar commitments should be extracted from other developers. After all, it is in their interest.

One revolting source of pollution is the District's sewer system, designed more than 100 years ago to dump raw sewage into the river during rainstorms. The D.C. Water and Sewer Authority has a plan to dig huge tunnels under the city to store this flow and then treat it to remove the sewage. But the agency's chief of staff, Johnnie Hemphill, told The Post that the project could take close to 20 years and $2 billion. This month, the U.S. Supreme Court let stand a lower court's ruling that set stricter caps on the

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amounts of pollutants dumped into the Anacostia. Jerry N. Johnson, the water and sewer authority's general manager, said the new rules may slow the project while officials figure out how to adapt. But the cleanup must go faster, not slower.

Maryland, home to more than 85 percent of the Anacostia's watershed, must help, too. Chesapeake Bay Foundation President William C. Baker says runoff from Montgomery and Prince George's counties is a significant river pollutant. The foundation is pressing for stricter requirements in federal Clean Water Act permits. No single pollution solution exists, but until federal, state and local officials develop a sense of emergency, the Anacostia River will continue to dampen the chances of economic vitality in the core of this region.

FBI/DEA/ATF/USMS:

Judge Overseeing Arellano Felix Case Disagrees On Trial Timing (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 23, 2007

SAN DIEGO – The federal judge overseeing the possible death-penalty trial of accused drug cartel kingpin Francisco Javier Arellano Felix sharply disagreed with lawyers for both the defense and the prosecution over when a jury would hear the case.

Prosecutors and defense lawyers told U.S. District Judge Larry Alan Burns Monday that they could be ready to take the case to trial in June 2008.

Burns disagreed and refused to put the case off that far.

He has been pushing the lawyers to get the case before a jury quickly, at first saying that it should go this spring, but now insisting it can get started this year.

The lawyers say that's impossible, given the voluminous evidence gathered against Arellano and the fact that before the case can go forward, U.S. Attorney General Alberto Gonzales has to decide whether prosecutors will seek the death penalty.

Arellano is accused of racketeering and conspiracy, and could face the death penalty if convicted of operating a continuing criminal conspiracy that has led to several murders.

Also accused in the case is Manuel Arturo Villarreal Heredia, who prosecutors say was a top Arellano Felix henchman who ordered the beheadings of Rosarito Beach police officers last year.

Burns said he had hoped to appoint a publicly paid lawyer for Villarreal by now, but has not yet found one willing and able to take the case.

Prosecutors said the cartel is responsible for moving tons of drugs north across the border, smuggling millions of dollars south and murders and kidnappings both in the United States and Mexico.

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Mexican Drug Lords Appear In U.S. Court (AP)

AP, January 23, 2007

HOUSTON (AP) -- With federal agents armed with automatic weapons standing guard on the courthouse roof, four drug lords who had been serving time in Mexican prisons were brought shackled into an American courtroom Monday to face drug and intimidation charges.

Among them was Osiel Cardenas-Guillen, believed to be one of the kingpins most responsible for violence along the Texas-Mexico border in recent years, said Karen Tandy, chief of the U.S. Drug Enforcement Administration.

"This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," Tandy told reporters by teleconference from Washington.

The Mexican government was willing to extradite Cardenas-Guillen and the other suspected drug lords because they had been able to continue their drug operations from within prison in Mexico, not because of U.S. pressure, officials said. They were flown into Houston late Friday and early Saturday.

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They faced a federal magistrate under extraordinary security measures, including agents with automatic weapons perched on the roof and around the outside of the downtown federal building.

Besides Cardenas-Guillen, the group includes Hector Palma Salazar, the suspected former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana.

Cardenas-Guillen, a former federal police officer in Mexico, faces 17 counts of drug importing and distribution, as well as three charges of threatening a federal agent and one count of money laundering. He faces a maximum sentence of life in prison if convicted.

Prosecutors said that the charges against Cardenas-Guillen originate in South Texas, but that he will be held in Houston, 350 miles from the border, out of concern for witness safety and border protection.

Cardenas-Guillen's lawyer, Robert Yzaguirre, said he hadn't had any time yet with his client.

The Guerreros, who face drug and money laundering charges, and Palma, who faces a charge of conspiracy to distribute cocaine, did not have attorneys with them.

Along with the suspected drug kingpins, Mexico also extradited 11 people wanted in the United States on charges including murder, drug trafficking, kidnapping and sex crimes. They also appeared in court Monday.

In all, 12 made their initial appearances in federal court, while three appeared in state district court in Houston. Most were set to have bond and arraignment hearings later this week. Cardenas-Guillen's was set for Feb. 1.

Once these hearings are done, the individuals are to be transferred to states where charges against them were originally filed, including California, New York and Colorado. Cardenas-Guillen is to remain in Texas, as will two other people. The Guerreros and Palma are to be transferred to California.

Mexico has recently shown more willingness to extradite drug lords, even those facing life in prison. A record 63 were sent to the U.S. in 2006 alone. However, it refuses to extradite anyone who would face the death penalty, which is illegal in Mexico.

Mexican President Felipe Calderon pledged Monday to wage a permanent war on organized crime.

"This is a permanent fight in which, unfortunately, many have lost their lives," he said. "We are fighting without pause so that these sacrifices will not have been in vain."

Associated Press writer Mark Stevenson in Mexico City and photographer Pat Sullivan in Houston contributed to this report.

Mexico's President Pledges War Against Organized Crime, Promises Better Police (AP)

By Mark Stevenson

AP, January 23, 2007

MEXICO CITY -- President Felipe Calderon pledged Monday to wage a permanent war against organized crime by coordinating more closely with local police and giving all law enforcement better training, equipment and intelligence work.

Calderon has largely relied on federal police and soldiers for a series of massive anti-crime sweeps in several Mexican states, but he has said future efforts will need to rely more on local police.

"In order to win the war on crime, it is indispensable that we work in a united manner," Calderon told a national gathering of state governors and top public safety officials.

His comments came three days after his administration extradited four alleged drug lords and 11 other suspects to the United States. He said he wouldn't give up the battle.

"This is a permanent fight in which, unfortunately, many have lost their lives," said Calderon. "We are fighting without pause so that these sacrifices will not have been in vain."

Karen Tandy, chief of the U.S. Drug Enforcement Administration, described the extraditions as "an enormous leap forward."

"Most were major drug traffickers. Many were long-term targets of the United States. All now face their worst fear: U.S. justice," Tandy said in a media conference call Monday. "On behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives."

Tough-to-control prisons, untrained or corrupt local police, and citizens' distrust of police are all major obstacles that Calderon faces in his crackdown on drug violence that includes executions, gunbattles and beheadings.

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He said on Monday that he hopes to use the federal operations to strengthen local police, although in some cities, like Tijuana, one of federal agents' first jobs has been to investigate local forces for alleged corruption or violence.

"We will extend and fortify joint operations against organized crime, with the aim of having these operations result, in the end, in leaving behind strengthened local police forces," Calderon said.

He proposed better training, equipment, vetting and intelligence work, including a unified national criminal information data center.

"The idea is for all police forces in Mexico -- local, state and, of course, federal -- to comply with standards that will ensure that the public can trust our police," he said.

Four Extradited Mexicans To Appear In Texas Court On Drug Charges (AP)

By JUAN A. LOZANO

AP, January 22, 2007

HOUSTON

More than a dozen leaders and workers in Mexico's most brutal and powerful drug cartels were brought before a federal magistrate in Houston Monday before being shipped to several states to face charges.

They face various drug-related charges in different states, including New York, Colorado and California, officials said.

Among the 15 individuals extradited were four alleged senior cartel leaders, including Osiel Cardenas-Guillen, believed to be one of the kingpins most responsible for violence along the Texas-Mexico border in recent years, said Karen Tandy, chief of the U.S. Drug Enforcement Administration.

Besides Cardenas-Guillen, allegedly the leader of the powerful Gulf cartel, the group includes Palmas Salazar, the alleged former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana, Mexico.

The Mexican government was willing to extradite the alleged drug cartel leaders because they had been able to continue their drug operations from within Mexican prisons.

They faced a federal magistrate under extraordinary security measures, including agents with automatic weapons perched on the roof and around the outside of the downtown federal building.

"This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," Tandy told reporters. "These people are drawn from the (Tijuana, Juarez, Gulf and Federation) cartels. The level of these leaders is extraordinary."

Cardenas-Guillen, who was shackled and wearing a blue prison jumpsuit, faces 17 counts of drug importing and distribution as well as three charges of threatening a federal agent and one count of money laundering. He faces a maximum sentence of up to life in prison. He answered the magistrate's questions through a translator.

Prosecutors said the charges against Cardenas-Guillen originate in South Texas, but he will be held in Houston, 350 miles north of the Mexican border.

Cardenas-Guillen's lawyer, Robert Yzaguirre, said he hadn't had any time yet with his client.

Mexican President Felipe Calderon pledged Monday to wage a permanent war on organized crime.

"This is a permanent fight in which, unfortunately, many have lost their lives," said Calderon. "We are fighting without pause so that these sacrifices will not have been in vain."

Eduardo Medina Mora, Mexico's attorney general, said Sunday the four defendants were extradited to stop them from communicating with their cartels from behind bars and to reduce the risk of violence and escape, not because of U.S. pressure.

"This decision was a unilateral and sovereign one by the Mexican government," Medina Mora said in Mexico City. The aim was to break any "physical and geographical" contact they might have had with their gangs while in Mexican prisons. He also said Mexico plans to extradite other criminals and suspects who have exhausted their legal appeals.

Mexico has recently shown more willingness to extradite drug lords, even those facing life in prison. A record 63 alleged criminals were sent to the U.S. in 2006 alone. However, it refuses to extradite anyone who would face the death penalty, which is illegal in Mexico

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Along with the four drug lords, Mexico also extradited 11 alleged criminals wanted in the United States on charges including murder, drug trafficking, kidnapping and sex crimes.

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Associated Press writer Mark Stevenson in Mexico City and photographer Pat Sullivan in Houston contributed to this report.

Alleged Cartel Members Extradited To Texas (USAT)

By Donna Leinwand, Usa Today

USA Today, January 23, 2007

A suspected Mexican drug lord whose cartel allegedly smuggled more than 4 tons of cocaine a month over the U.S. border will stand trial in Texas.

Osiel Cardenas-Guillen, the alleged kingpin of the Gulf Cartel, and three other alleged drug lords appeared in a Houston court Monday. Mexican authorities delivered Cardenas-Guillen and 14 other alleged Mexican drug dealers and criminals to Houston late Friday and early Saturday, the Drug Enforcement Administration said.

"These extraditions are unprecedented in the history of Mexico," DEA Administrator Karen Tandy said Monday. "Did we get all of Mexico's major drug dealers? Not yet. But this past weekend, the U.S. and Mexico took an enormous leap forward."

Cardenas-Guillen, whose trademark was a gold-plated .45-caliber pistol, was charged in Texas in December 2000 with drug trafficking and threatening to kill federal agents, Tandy said. Cardenas-Guillen and his cohorts allegedly attempted to kidnap and kill a DEA agent and an FBI agent during a confrontation in November 1999, the indictment said.

"He killed his way up the ladder to lead the Gulf Cartel," Tandy said.

The Mexican army captured Cardenas-Guillen in 2003. He continued to run his cartel from a Mexican maximum-security prison, Deputy Attorney General Paul McNulty said.

McNulty said the largest-ever Mexican extradition of drug traffickers demonstrates newly elected Mexican President Felipe Calderón's commitment to confronting the country's drug gangs.

"We can't say enough about the overall effort going on with the Calderón administration," McNulty said. "They are demonstrating courage by taking on these organizations as they have."

Other defendants extradited this weekend included brothers Ismael and Gilberto Higuera Guerrero, alleged leaders of a cartel operating in Tijuana; and Gilberto Salinas Doria, who is charged with trafficking more than 200 tons of cocaine.

"Prosecutors have been working for years to make these cases," McNulty said.

Calderón Outlines Drug Fighting Plan (DMN)

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, January 23, 2007

U.S. hails Mexican leader's extradition of accused cartel leaders

MEXICO CITY – President Felipe Calderón called on the political opposition Monday to share "co-responsibility" for fighting the drug war, and senior U.S. officials praised Mr. Calderón's "stunning" leadership in extraditing alleged Mexican drug lords to the U.S.

At a meeting of his security Cabinet, Mr. Calderón outlined an eight-point plan that calls for the creation of a national criminal database and higher standards for law enforcement officials. Mr. Calderón also called on leaders of the three major parties and Mexicans in general to leave aside their differences and focus on reinforcing their country's security.

"More than ever, Mexico demands co-responsibility," he said. "Mexicans expect much from us. We will not give up or give in ... because the progress of the nation is at stake."

On Friday Mexico extradited 15 criminal suspects, including four alleged drug kingpins from the nation's three top cartels, to the United States. In doing so, Mr. Calderón struck a blow against warring cartels, which killed about 2,500 people last year and turned large areas into lawless badlands.

The alleged drug traffickers were brought Monday before a federal magistrate in Houston before being shipped to several states to face charges, including New York, Colorado and California as well as Texas, officials said.

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Since taking office in December, Mr. Calderón has sent troops and elite police units to tackle drug gangs and halt a surge in violence as rival cartels fight over smuggling routes and drug fields.

In Washington on Monday, senior U.S. officials praised Mr. Calderón. John Walters, director of the Office of National Drug Control Policy, said the Bush administration is prepared to "look at added resources" to help strengthen Mexican security.

Mr. Walters, speaking to reporters by telephone, was joined by Deputy Attorney General Paul J. McNulty of the Department of Justice and Karen P. Tandy, administrator of the Drug Enforcement Administration.

"This past weekend, the U.S. and Mexico took an enormous leap forward, particularly with the extradition of Mexican drug kingpin Osiel Cárdenas-Guillén," Ms. Tandy said, adding that Mr. Cárdenas' organization, the Gulf cartel, and its arm enforcement, the Zetas, were responsible for much of the violence along parts of the Texas-Mexico border.

"For the past eight years, he commanded one of the most brutal and powerful drug cartels in the world," Ms. Tandy said. "For the last four of those years, he did so from a Mexican prison. Today we put an end to his reign of terror."

Mexican Drug Lord Jailed In Houston (KHOU)

KHOU-TV, January 22, 2007

It is an unprecedented move Osiel Cardenas and 13 other drug suspects were extradited to the United States.

The alleged drug kingpin is accused of running one of the biggest drug cartels on the Texas/Mexico border.

The high profile extraditions included the alleged leader of the gulf cartel—which operates along the Texas-Mexico border and is blamed for escalating violence.

Federal agents in Mexico who transported reputed kingping Osiel Cardenas Guillen shot video that appeared on a website of the Mexican Newspaper el universal.

It shows Osiel Cardenas on a flight to Houston where he was handed over to DEA agents.

He faces charges in Texas including conspiracy to murder federal agents.

The U.S. Government praised the extraditions.

Mexico's attorney general says it is part of a crackdown on drug traffickers who continue to run their illegal business behind bars in Mexico.

Mexican President Sends Alleged Cartel King To Houston (KHOU)

KHOU-TV, January 23, 2007

It didn't look like downtown Houston, automatic weapons at the ready. It looked more like an image from a war zone, but unprecedented actions call for unprecedented measures.

Monday, Houston's federal courthouse was the epicenter of the war on drugs.

The head of the Gulf Cartel, Osiel Cardenas, said to be responsible for much of the violence along the Texas-Mexico border, was extradited to Houston from Mexico, along with 14 other major drug traffickers.

"They have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," said Karen Tandy, DEA Administrator.

"They" refers to the administration of Mexican President Felipe Calderon.

"The Calderon administration has taken a position in favor of law abiding citizens everywhere. By choosing to stand up to these organized criminals," said U.S. Atty. Gen. Alberto Gonzalez.

"This is the first time that the Supreme Court of Mexico has extradited cartel leaders and leadership, " said Tandy.

Federal agents shot video footage of Cardenas being brought into Ellington Field. He is considered to be one of the most dangerous drug kingpins in recent history that, according to DEA agents, transported up to six tons of cocaine per month to the U.S.

Most recently, it was suspected that he continued running his drug empire from inside his prison cell in Mexico.

"He killed his way up the ladder to lead the cartel, but now the drug lord is facing 17 federal charges, including the transportation of drugs, money laundering, and threatening to kill U.S. FBI agents. Now he's looking forward to the first day of the rest of his life," said Tandy.

In addition to Cardenas-Guillen, the group includes Palmas Salazar, the

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alleged former leader of the Sinaloa cartel, and brothers Ismael

and Gilberto Higuera Guerrero, chiefs in the cartel in Tijuana.

After the initial court hearings the accused will be sent to various U.S. jurisdictions to face charges, some more than 10 years old.

John Walters is the U.S. drug czar and he calls these extraditions the beginning of the end for the Mexican cartels.

“Taken an enormously powerful and unprecedented step to take these structures down,” he said.

Alleged Mexican Kingpins In Court (HC)

By Marion Lloyd And Cindy George, Houston Chronicle

Houston Chronicle, January 23, 2007

Judge appoints lawyers for 12 of 15 defendants

He's known as the "Friend-Killer" and the "Crazy Man," testimony to his allegedly swift and ruthless rise to the pinnacle of Mexico's drug mafias.

Osiel Cardenas Guillen, the purported head of the powerful Gulf Cartel, is now facing trial in Houston on charges ranging from narcotics trafficking to threatening to kill U.S. federal agents.

U.S. officials say Cardenas is the biggest catch of the 15 Mexicans extradited to Texas on Friday and Saturday, in what they called unprecedented cooperation between the two countries. Other high-profile suspects include Hector "Blondy" Palma Salazar, an alleged former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, alleged lieutenants of the Tijuana cartel.

"Did we get all of Mexico's major drug traffickers?" Karen Tandy, head of the U.S. Drug Enforcement Administration, said Monday. "No, not yet. But this weekend the U.S. and Mexico have taken a tremendous leap forward, and particularly with Osiel Cardenas Guillen."

In Houston, 12 of the accused made their first appearances before a federal judge — most after having their indictments translated to them in Spanish. The dozen suspects are wanted on federal charges in Texas, California, New York, Colorado and Washington. They are accused of affiliation with the Tijuana, Juarez, Gulf and Federation cartels. The three others are being held on state charges in New York, Washington and in Ector County, Texas, where a child kidnapping and sex assault case is pending.

Calderon's vowThe people who are accused of running financially influential organizations asked for court-appointed lawyers. They said they worked menial jobs or not at all.

Houston was chosen as the first U.S. destination because federal officials "had to pick a location that would be as central and conducive to security and the resources that we needed to have available," Deputy Attorney General Paul McNulty said.

The extraditions came less than two months after Mexican President Felipe Calderon took office and vowed to clamp down on drug trafficking.

Top U.S. anti-drug officials on Monday praised Calderon and trumpeted the scope of the case.

"We cannot over-emphasize the significance of these actions," said McNulty.

"Mexico is extraditing to the U.S. for the first time defendants who have held serious high-level positions in the country's most significant drug cartels, and other serious violent criminals were included."

He added that none of the suspects will face the death penalty, a punishment that does not exist in Mexico.

"We have to make the assurances necessary for a successful extradition," McNulty said.

John Walters, director of the White House anti-drug office, agreed, calling it "a watershed event."

Tandy said Cardenas directed the trafficking of 4 to 6 tons of cocaine across the South Texas border each month — first from his base in the border city of Matamoros, and after his arrest in 2003 from a federal prison outside Mexico City.

Cardenas, 39, is also charged with leading an ambush of U.S. federal agents in Matamoros, across the border from Brownsville, in November 1999. Brandishing his trademark gold-plated .45-caliber pistol, Cardenas and a dozen of his henchmen surrounded a car carrying two agents from the DEA and the FBI and threatened to kill them if they didn't turn over an informant, Tandy said.

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A former policeman, Cardenas in the early 1990s joined the Gulf Cartel under the leadership of Juan Garcia Abrego.

In 1992, Cardenas was arrested in South Texas and charged with smuggling 5 1/2 pounds of cocaine into the United States, according to U.S. federal court documents. The charges were later dropped and he was released a year later, according to news reports.

After Garcia Abrego was arrested and extradited to Houston in 1996, Cardenas quickly established control by killing off many of his rivals, officials from both countries say.

But his crowning move was luring dozens of members of an elite army squad to join his criminal ranks in 1998, they say. The Zetas, as the elite gang of hitmen is known, have been crucial to establishing the Gulf Cartel as one of the country's most powerful criminal organizations, officials say.

In March 2003, Mexican authorities triumphantly announced Cardenas' arrest in Matamoros. But rather than isolate him, they placed him in a cell alongside the accused Tijuana cartel boss, Benjamin Arellano Felix. The two joined forces, continuing to run their businesses by using banned cell phones, officials say.

Last year, as the Gulf Cartel waged a turf war against its main rival — an alliance of several cartels known as the Federation — more than 2,000 people were killed in Mexico.

Prison operationsOperating from inside Mexico's notoriously corrupt prison system helped Cardenas cement his reputation as a kind of Robin Hood of the border, despite being behind bars.

In April 2004, he reportedly bankrolled a Children's Day party for thousands of flood victims in the border city of Piedras Negras, across from Eagle Pass, Texas.

Collaborators with bullhorns drove through nearby towns announcing that the gifts — including Nintendo sets and bicycles — were thanks to "Osiel Cardenas, friend of the poor," according to local news reports.

A month later, Cardenas hosted a giant Mother's Day celebration for working-class women in two border towns, where prizes included refrigerators and dining-room sets, local media reported.

However, Tandy said, Cardenas' glory days are now over.

"He killed his way up the ladder to lead the Gulf Cartel," she said, "and now he's looking forward to the rest of his life" in a U.S. prison.

Chronicle Washington Bureau reporter Michael Hedges contributed to this story.

More Extraditions To Come, Mexico Says (LAT)

By Sam Enriquez And Carlos Martinez, Times Staff Writers

The Los Angeles Times, January 22, 2007

Attorney general says transfer to U.S. of drug suspects severs criminal ties and restores the integrity of prisons.

MEXICO CITY — On the heels of the extradition of four top drug cartel leaders, Mexico's attorney general said Sunday he planned to send more suspects to face U.S. trials, tacitly acknowledging that corruption had allowed drug kingpins to direct operations even while in maximum-security Mexican prisons.

The latest round of extraditions Friday night — which also includes six other drug suspects of lesser rank — breaks ties between drug capos and "the structures of the criminal organizations in our country," Atty. Gen. Eduardo Medina Mora said. He added that the transfer of wealthy suspected traffickers to the United States would help return security and integrity to the prisons where they were held.

Aggressive extradition is emerging as the second prong of Mexican President Felipe Calderon's get-tough approach to the drug gang violence that killed more than 2,000 people nationwide last year. In January, 17 Mexican suspects have been handed over to U.S. authorities, a pace that would easily surpass last year's record 63 extraditions.

Calderon's first line of attack started shortly after he took office in December, when he began ordering the army, navy and federal police into several states, including his home state of Michoacan and the key smuggling cities of Tijuana and Acapulco.

Medina Mora said Sunday the army had also been working in Mexico's so-called Golden Triangle, where the states of Sinaloa, Chihuahua and Durango intersect in the western Sierra Madre. The mountainous region is a longtime center of marijuana and heroin production, and Sinaloa is home to Mexico's most notorious drug lords.

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Federal forces in recent weeks have burned 2,500 acres of marijuana fields and nearly 2,000 acres of opium poppy fields, security officials said Sunday. They've confiscated 2.6 tons of cocaine and 20 tons of harvested marijuana.

Authorities say they have arrested 98 people, mostly low-level growers, workers and a few alleged assassins.

Disrupting business

Among those turned over to U.S. authorities late Friday was Osiel Cardenas, a former police officer and the reputed head of the so-called Gulf cartel. His group has been battling a Sinaloa-based Pacific Coast organization for control of lucrative smuggling routes along the U.S.-Mexico border. He has allegedly been running his operation from a maximum-security prison outside of Mexico City since his 2003 arrest.

Two of the other top drug leaders extradited were Cardenas allies from Tijuana, brothers Ismael and Gilberto Higuera Guerrero; and one, Hector "Guero" Palma, a competitor from the Sinaloa group.

"There are dozens of extraditions pending, but there are ongoing legal procedures that federal courts haven't yet resolved," Medina Mora said. Cardenas and the other drug leaders had exhausted appeals in their legal fight against extradition, he said.

Calderon's short-term goal, officials say, is to warn competing leaders that he will disrupt business unless they end the daily kidnappings, beheadings and torture in the war between Mexico's east and west coast factions.

"Mexicans can be sure that we will continue working to reclaim public spaces and to close down territory on criminals," Mexican Interior Secretary Francisco Ramirez Acuna said Sunday.

Nearly all the cocaine and marijuana consumed in the U.S., an annual market estimated at more than $50 billion, comes via Mexican smugglers, wholesalers and dealers. Based on 2005-06 border seizures, about 60% of the cocaine arrives in Texas, and California and Arizona each account for about 20%.

Although experts believe some of the profits are invested in Mexican real estate and business, the Calderon administration worries that the drug war will scare off legitimate investors and hobble his promise to create millions of new jobs.

UPDATE: Drug Ring Busted After Two-year Investigation (TUSN)

By Stephanie Taylor, Staff Writer

Tuscaloosa News (Alabama), January 23, 2007

More than 20 people have been accused of taking part in a sophisticated operation that brought illegal drugs from the West Coast to West Alabama.

A two-year investigation by dozens of federal agents and local law enforcement officers resulted in federal drug trafficking charges against 21 people from Tuscaloosa and Greene counties.

A 37-count indictment unsealed Monday charges them with distribution of powder and crack cocaine. Twelve of them were arrested over the weekend.

The men allegedly used several drivers who used 18-wheeler freight trucks to haul drugs from California to a location in Greene County where it was then distributed to lower-level dealers, said Jill Ellis, spokeswoman for the U.S. Attorney's office in Birmingham.

David Smith, 58, of Boligee was described as the organizer of the operation.

The first count of the indictment charges Smith with operating a continuing criminal enterprise. Other charges included using a telephone or computer to facilitate drug trafficking, conspiracy to posses with the intent to distribute and distribution of cocaine and crack.

"Smith's drug trafficking organization was a major distributor of powder and crack cocaine to high- and mid-level dealers throughout West Alabama," U.S. Attorney Alice Martin said in a written release.

The men arrested over the weekend were described as "lieutenants" within the organization, or distributors who use "runners" to get the drugs to street-level buyers.

"This weekend's arrests are the result of an outstanding DEA led counter-drug investigation which targeted the organizational structure and its leadership," Martin said.

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The indictment filed seeks criminal forfeiture of at least $9.7 million in cash and seven parcels of property in Greene and Tuscaloosa counties. Also seized in the weekend arrests were 7.5 grams of cocaine, 32 firearms, $60,000 in cash, a Harley Davidson motorcycle, a Cadillac SUV, a Chevrolet SUV and a Mercedes G55 SUV.

Martin and Gregory Borland, Assistant Special Agent in Charge of the U.S. Drug Enforcement Agency's Alabama office, spoke about the indictments at a press conference in Birmingham Monday.

"This was a very complex and long-term investigation into the drug trafficking activities of an organization that has operated with impunity for many years," Borland said in a release. "The close-knit relationship of those involved in the conspiracy, as well as the rural area in which they operated, rendered the investigations security of paramount importance."

A task force was organized to gain access to the drug ring, which included special agents with the Drug Enforcement Administration; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the Internal Revenue Service; and the U.S. Marshals Service. Officers from the Alabama Bureau of Investigation, the Tuscaloosa and Jefferson County Sheriff's offices, the Calhoun County Drug Task Force, Birmingham, Alabaster, Fairfield and Montevallo Police departments assisted in the investigation.

"The ability of such a large number of officers from various agencies to work together without compromising the investigation speaks volumes about the professionalism of Alabama Law Enforcement," Martin said in the release.

The men alleged to have been involved in the drug ring have been arrested and were in the process Monday of making initial court appearances, including bond and detention hearings. The names of the remaining five people indicted were withheld pending the service of warrants. The U.S. Attorneys Office will prosecute the men.

Reach Stephanie Taylor at stephanie.taylor@tuscaloosanews.com or 205-722-0210

Drug Ring Probe Names 21, Catches 12 (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), January 23, 2007

A federal indictment unsealed Monday charges 21 people with involvement with a major drug distribution ring operating out of west Alabama.

The charges result from a two-year undercover Organized Crime Drug Enforcement Task Force investigation to dismantle the drug ring, which is believed to have been supplied with powder cocaine and crack cocaine delivered by several drivers using tractor-trailer rigs running from California to a central location in Greene County for distribution.

Dozens of federal, state and local law enforcement officers on Saturday rounded up the first dozen of those indicted, including David Smith, 58, of Boligee, whom U.S. Attorney Alice Martin described as the organizer of the ring.

The defendants were taken before federal court magistrate judges on Monday for court appearances such as bond and detention hearings.

Nine people are still being sought on warrants.

Authorities so far have seized 7½ kilograms of cocaine, 32 guns, $60,000, a Harley Davidson motorcycle and three luxury vehicles, including a Mercedes SUV, Martin said.

The indictment, which had been under seal since December, also seeks criminal forfeiture of seven parcels of land in Greene and Tuscaloosa counties.

Smith is charged with operating a continuing criminal enterprise, using a telephone to facilitate a drug-trafficking crime; conspiracy to possess with the intent to distribute, and distribution of cocaine and crack.

The government is seeking criminal forfeiture of at least $9.7 million by Smith.

The other defendants face charges of drug conspiracy and possession with the intent to distribute cocaine or crack, Martin said at a Monday news conference.

Separately, Freddie Hill, 64, of Livingston was charged by prosecutors in a criminal complaint Monday and arrested on drug conspiracy charges related to the drug ring, Martin said.

Gregory Borland, assistant special agent in charge of Alabama's Drug Enforcement Administration, called the investigation one of the most significant he has been involved in in Alabama.

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"This was a very complex and long-term investigation into drug trafficking activities of an organization that has operated with impunity for many years," Borland said.

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Tyson Pleads Not Guilty To Drug Charges (AP)

By The Associated Press

AP, January 23, 2007

PHOENIX (AP) -- Former heavyweight champion Mike Tyson pleaded not guilty Monday to charges of drug possession and driving under the influence of drugs.

Tyson spoke only to give his name and his birth date during the brief hearing before Maricopa County Superior Court Commissioner Lisa Vandenberg, who entered the plea on Tyson's behalf. Tyson stood with his arms crossed while Vandenberg spoke to his attorneys. He didn't speak to reporters after the hearing.

One of Tyson's four lawyers, David Chesnoff, said Tyson is seeking professional help "for whatever problems he has" and would fight to stay out of prison.

"Drug addiction is a victimless crime," Chesnoff said. "We believe this is the kind of crime where you shouldn't go to prison."

Tyson was indicted earlier this month on felony drug possession and paraphernalia possession counts and two misdemeanor counts of driving under the influence of drugs. If convicted of all four charges, he could be sentenced to up to 7 1/2 years in prison.

Maricopa County Attorney Andrew Thomas has said he would pursue prison time for Tyson, who was convicted of rape in Indiana in 1992 and pleaded no contest to misdemeanor assault charges in Maryland in 1999.

The latest charges stem from Tyson's Dec. 29 arrest in Scottsdale. Tyson was pulled over after leaving a nightclub, and an officer found bags of cocaine in his back pocket and another in a package of cigarettes in his car, according to court records.

Tyson is due back in court Feb. 26.

Tyson, who recently got back in the ring for a series of four-round exhibitions, became the youngest heavyweight champion in history at 20 in 1986, when he knocked out Trevor Berbick. Four years later, he was knocked out by James "Buster" Douglas. By 1997, Tyson's career hit a low point when he bit Evander Holyfield's ear during a fight.

Chesnoff, who previously represented celebrity homemaker Martha Stewart on charges of lying about a stock sale, said Tyson's celebrity has brought unfair attention to his arrest by the public and prosecutors.

"Mike provided a lot of thrills and excitement," Chesnoff said. "He made a lot of people rich. He's concerned about this. He's a sensitive guy. This is not a game to him."

Consequences: Gun Ownership Linked To Higher Homicide Rates (NYT)

By Eric Nagourney

The New York Times, January 23, 2007

States with the greatest number of guns in the home also have the highest rates of homicide, a new study finds.

The study, in the February issue of Social Science and Medicine, looked at gun ownership in all 50 states and then compared the results with the number of people killed over a three-year period.

The research, the authors said, “suggests that household firearms are a direct and an indirect source of firearms used to kill Americans both in their homes and on the streets.”

The researchers, led by Matthew Miller of the Harvard School of Public Health, drew on data gathered by the federal Centers for Disease Control and Prevention. In 2001, the agency surveyed more than 200,000 people and asked them, among other questions, whether they had a gun in or near the home.

In states in the highest quarter of gun ownership, the study found, the overall homicide rate was 60 percent higher than in states in the lowest quarter. The rate of homicides involving guns was more than twice as high.

Among the possible explanations for the higher homicide rates, the study said, is that states with high gun ownership tend to make it easier to buy guns. There are also more guns that can be stolen. And the presence of a gun may allow arguments and fights to turn fatal.

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The researchers said they could not prove that the guns caused the increase in homicides, only that there was a link. It may be, they said, that people are more likely to buy guns in states where violence is already high. But they said that explanation did not appear to be supported by their findings.

Report Details Problems With Gun Sellers (PHI)

By Robert Moran

The Philadelphia Inquirer, January 23, 2007

Gun-control advocates joined Philadelphia Police Commissioner Sylvester M. Johnson yesterday in calling for more prosecutions of gun dealers who sell to the gun-traffickers and straw purchasers fueling the violence plaguing Philadelphia and other cities.

At City Hall, the Brady Center to Prevent Gun Violence released a national report, "Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers," that highlights more than two dozen cases - including nine in Pennsylvania - of dealers who sold guns that wound up in the hands of criminals. The criminals were prosecuted but the dealers were not.

"The recent upsurge in criminal gun violence places renewed importance on the question: Where do criminals get their guns?" the report states.

The report identified, among others, Abington Gun Sports in Willow Grove, which allegedly sold to female straw buyers working for a man who authorities say then went on a rampage in Philadelphia in 2003, holding up fast-food restaurants, carjacking a Lexus, and robbing a bank of nearly $60,000.

The guns the women bought included an AK-47 SAR assault rifle, two 12-gauge shotguns, a Bushmaster .223-caliber rifle, and a Marlon 30-30 rifle, according to the federal indictment of Andre Henry, three other men and three female straw purchasers. The case is pending.

"Is it any wonder that Philadelphia streets are overrun by illegal guns?" asked Brian J. Siebel, coauthor of the report.

Johnson said Philadelphia needed federal help because Pennsylvania gun laws are weak.

Frank D. Strange, owner of Abington Gun Sports, said in a phone interview that he was vigilant about straw buyers and anyone else who shouldn't be buying guns, but that he couldn't spot everybody trying to fool him.

He said that in an effort to thwart illegal purchases, he bans customers from using cell phones in his store to prevent possible straw buyers from getting advice about which guns to buy.

He also said that when he suspects people are acting as straw buyers, he lets them fill out all the paperwork first, then refuses to make the sale. He then provides the completed paperwork and ID evidence to the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, which investigates gun trafficking.

In addition to the regular reports he must make to the ATF, Strange said, he must submit a separate report every three months about his activity because his store has a higher-than-normal rating for "time to crime" - the time that passes before a gun he sold is used in a crime.

He attributed the rating to his proximity to Philadelphia, but he said he can't stop selling to people from Philadelphia if they appear to be legitimate buyers.

Strange, 63, a retired banker, called the Brady Center "a bunch of whackjobs" who want to "disarm everybody."

Paul Helmke, president of the Brady Center and former mayor of Fort Wayne, Ind., said the ATF had been greatly weakened by pro-dealer legislation Congress passed, including some laws dating to 1986.

For example, if ATF agents make a surprise visit to a gun shop suspected of breaking the law, they are not allowed to make another surprise visit for 12 months, Helmke said. During that period, the ATF must warn the dealer in advance that they are coming.

Strange, who has owned his shop for about eight years, said ATF agents had inspected it three or four times, most recently last week when they came in to retrieve all his sales documentation from last year. He said the visits were all unannounced.

With Democrats now in control of Congress, gun-control advocates and law enforcement leaders will press their case for new laws and tougher enforcement.

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Today, Mayor Street is expected to join more than 50 other mayors, including Mayor Michael Bloomberg of New York, at a summit in Washington to address the proliferation of illegal guns.

Feds Unveil Plan To Stop Illegal Gun Sales (KTVT)

KTVT-TV, CBS 11, Dallas-Fort Worth, January 23, 2007

(CBS 11 News) DALLAS The U.S. Attorney's Office, the Bureau of Alcohol, Tobacco and Firearms and the firearms industry are joining forces to stop the illegal purchases of firearms.

Monday they unveiled a campaign called "Don't Lie for the Other Guy." The program hopes to raise public awareness and educate firearms dealers about "straw" purchases.

A straw purchase is when someone buys a firearm for someone who cannot legally buy one for themselves.

A spokesperson for the ATF said, "This program is an important tool for ATF as we pursue our mission of preventing terrorism, reducing violent crime and protecting the public."

It is a federal felony to purchase a gun for someone who can't, punishable up to 10 years in jail and up to a $250,000 fine.

In 2005, ATF arrests led to over 1440 individuals being convicted of illegal firearms trafficking. That's up 14 percent from the previous year.

The group will display flyers in all gun stores and distribute materials about illegal firearms transactions. Several public service announcements about the program are also planned to hit the airwaves.

Sheriff Traces Guns' Crooked Paths To Compton's Streets (LAT)

By Megan Garvey, Times Staff Writer

The Los Angeles Times, January 23, 2007

To crack down on gangs and stem soaring violence in Compton, Los Angeles County Sheriff Lee Baca asked his deputies and detectives not just to investigate crime but to also probe where gang members were getting their guns.

So sheriff's officials embarked on an unprecedented census to track down the origins of nearly 900 weapons confiscated there last year.

The results, released Monday, offer a glimpse into the complex and unexpected ways guns get into the hands of gang members.

Sixteen guns recovered in or near Compton were traced to a single store in Sparks, Nev., through databases of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

That same location, officials said, accounted for more than 350 weapons recovered nationwide by law enforcement officials last year, including 65 in the Los Angeles area.

The bureau is investigating the store, and law enforcement officials declined to identify it, Baca said.

The bulk of the weapons confiscated in Compton were originally sold in California. But scores of others came from Arizona, Nevada and Colorado. Nine weapons were registered in Connecticut and a few others were registered in Ohio.

Several of the weapons were traced to killings. Five of the recovered weapons were among 37 taken in a burglary of a Westminster gun store in October.

In all, however, only a couple dozen of the guns had been reported stolen, even though almost none were found in the possession of the registered owner.

"It tells us that these people are selling them," said Cmdr. Ralph Martin, referring to a practice known as "straw buys" in which a person who is legally able to buy a weapon turns around and passes the gun to someone who cannot.

By the end of 2006, gang suppression deputies and detectives, along with street officers working out of the Compton station, seized 875 weapons, about 10% of the total recovered by law enforcement countywide last year.

"There's only one or two gun stores in Compton," Martin said. "We thought: Is there a gun store or two that is selling to cons? If so, we thought we should know that."

Sheriff's officials said clear patterns have already emerged showing a disproportionate number of confiscated weapons originating from a relatively small number of gun dealers or retailers.

"Certain gun stores led the pack," said Lt. Paul Pietrantoni, who headed a gang task force sent to Compton a year ago after the city experienced soaring homicides in 2005.

Those stores, he said, are the focus of an investigation that may be concluded in the coming weeks.

Now, sheriff's investigators hope to go further, connecting the dots between the legal purchases and the guns ending up in the possession of known gang members on the streets of Compton.

Local law enforcement officials said they were surprised by the connection between Compton crime and a store in Sparks, a suburb of 81,000 near Reno. There are at least half a dozen gun dealers and gunsmiths in the Sparks area, including a pawnshop, gun stores and a specialty precision weapons maker.

In 1999, one Sparks-based gun manufacturer was found negligent in U.S. District Court in Brooklyn, N.Y., for marketing and distribution practices that a jury determined had contributed to illegal drug trafficking in New York state. Los Angeles law enforcement officials said Monday that they did not know if that maker had any connection to the current investigation.

The next step, they say, will be to knock on the doors of as many of the registered owners as possible.

"We need to ask: Do you know where your gun is? Where'd it go? Did you sell it? Why didn't you register the sale?" Pietrantoni said. "It shouldn't be easy to lose track of a gun."

Baca said the data collected so far suggest federal and local officials need to significantly improve the tracking of weapons that change hands.

He called the relationship between those who buy guns legally and those guns ending up being used illegally "the nexus between law-abiding and lawlessness."

"That gap has to be closed," said Baca, who added that he believed the survey of guns seized in Compton showed "the idea of checking people's background who are the purchasers is not enough. It's not only not doing enough, it's then not holding the original gun purchaser accountable for their guns."

He said he plans to pursue ways to go after gun owners who knowingly or willingly give or sell their weapons to people who cannot legally buy a gun.

"I think there is virtually no control," he said. "There should be a law against that. If you buy a gun, it is yours to care for and secure and you are prohibited from giving that gun to another person for any reason whatsoever."

Baca announced the overall results of the task force Monday at a news conference outside Compton City Hall. He said the goal had been to reduce homicides by 40%, a goal he said was exceeded.

In 2005, the station reported 72 gang-related homicides, compared with 36 last year. In addition, two suspected gang members were shot and killed by deputies in 2006.

The task force made 1,622 arrests, 959 of them on felony charges. It executed 301 search warrants and worked closely with probation and parole officers assigned to Compton.

The sheriff said Monday that he plans to keep the task force, which is paid for with county funds, in place for "a long time."

"When you have a crisis in any part of Los Angeles," Baca said, "it's absolutely irresponsible not to respond."

His goal: "There is no longer a significant gang problem in Compton."

Baca had moved several dozen gang suppression deputies and detectives as well as a narcotics team and homicide detectives to Compton a year ago, even though the city had no additional funds to increase services.

Since 2000, Compton has contracted with the sheriff for law enforcement, a move made by then-Mayor Omar Bradley, who said the police force was too costly to maintain.

When task force personnel were shifted back to other areas at midyear without the sheriff's knowledge, the city and nearby unincorporated areas experienced seven homicides in eight days.

In 2006, Compton had only 13 homicides through early July and had been on a pace to set the lowest number of killings in a generation.

"It was a mistake," Baca said of the task force's temporary removal. "It showed how quickly the guns and the gangs and the drugs and the racial hatred will return if you leave. We learned the hard way."

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IMMIGRATION:

Illegal Immigrant Charged With Sex Assault Asks To Be Deported To Avoid Punishment (FOX)

Fox News, January 23, 2007

WOODSTOCK, Ill. — Not many illegal immigrants ask to be deported. But Jose Vallejo of Mexico did, rather than face a potential prison term of 30 years for sex assault here in the United States. And he nearly got his wish.

Prosecutors in Illinois say Vallejo, who is now a 17-year-old Mexican national, pinned a 4-year-old girl down on a bed, then molested her on April 12, 2006. Even though Vallejo was only 16 at the time of the alleged crime, he is being charged as an adult because of the age of the victim. He faces three counts, including aggravated criminal sexual assault, one count of unlawful restraint.

Originally, bond was set by a state judge at $150,000 but Vallejo's family posted the cash. So, Vallejo was released by the state, but soon after, was taken into custody by federal agents for illegally entering the country three years ago.

While in federal custody, Vallejo asked a federal immigration judge to deport him. The request was granted during a Jan. 4 deportation hearing in Chicago.

But before Vallejo was sent back over the border, federal Immigration and Customs Enforcement officials alerted prosecutors in McHenry County, Ill., and that agency took custody of him.

"It's kind of terrifying to know that someone who has violated a four-year-old, sexually violated, would be washed from the system all of the sudden, he would escape from our country here and it'd be over," said state attorney Lou Bianchi.

Bianchi said a number of things could be added to courtrooms to give immigration judges tools to determine if someone before them has criminal charges pending, which could decide whether or not they stay in the United States to face charges.

"If they have a monitor, at least someone in the courtroom is watching the monitor and all of the sudden it would flash up on the screen that this man is wanted or he's got at least outstanding charges so that the appropriate authority like in this case," Bianchi said. "Our office could be notified so that we could take the proper precautions to make sure that these type of illegal aliens who commit crimes are not deported immediately so that we can prosecute them."

But Vallejo's attorney, Perry Grimaldi, argued in state court that the deportation order should stand, saying, "their law is supreme over the state laws. They are the ones that have taken him into custody. They are the ones that will conduct any further actions."

But a county judge on Jan. 16 ruled against Vallejo, upping his bond from $150,000 to $750,000 to prevent his deportation.

ICE characterizes this case as textbook, stressing that red flags were raised after the immigration judge's deportation order.

But immigration watchdogs say laws must be changed to ensure immigration judges are informed of pending criminal charges. Currently, these federal judges don't take criminal charges into account, unless that's the reason for the illegal immigrant's deportation hearing.

"The system should work in a way that the only people who go before an immigration judge who have committed some sort of crime has already served their time for that crime," said Jack Martin, special projects director for the Federation for American Immigration Reform. "In other words, they should not heave people coming before them that are involved in another judicial proceeding until that proceedings is completed."

Martin said the number of cases of this type is increasing with the illegal immigrant population in the United States; case loads of this type are growing by about 500,000 a year, and there are currently between 11 and 13 million — with some estimates saying as many as 20 million — people in the United States illegally.

Susan Eastwood, spokeswoman for the Justice Department's executive office for immigration review, told FOX News that immigration courts will not consider any crimes allegedly committed by an illegal immigrant, unless they are related to the immigration case at hand.

"Our judges do not take into account pending criminal charged against a defendant," Eastwood said. "The judges must stay fair and balanced on a case. A criminal case and a deportation hearing are separate trials. Immigration judges do not do criminal trials."

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Now that he'll be in the United States for awhile, Vallejo has requested a jury trial. His next court date is scheduled for March 2.

FOX News' Jeff Goldblatt and Abby Silverman contributed to this report.

Senators Meet On Recent Immigration Raid (AP)

By Jennifer Talhelm

AP, January 23, 2007

WASHINGTON Jan 22, 2007 (AP)— The Bush administration is taking heat from lawmakers for the harm done to a company during last month's largest-ever immigration raid.

Immigration officials on Dec. 12 arrested 1,297 illegal workers at Swift & Co. meatpacking plants in Texas, Colorado, Minnesota, Iowa, Nebraska and Utah.

After a closed-door meeting Monday with Homeland Security Secretary Michael Chertoff, senators from the affected states said the raid exposed flaws in the federal government and in a program designed to help employers screen for illegal immigrants.

Among the concerns, senators reported, were that agencies can't share information about stolen identities and that programs designed to catch illegal immigrants allow many lawbreakers to slip through the cracks.

"I can't think of a system that would be better designed to fail," Sen. John Cornyn, R-Texas, said.

Chertoff acknowledged some of the problems, and said his department's programs are not "the perfect cure." Senators said they wanted Chertoff to enforce the laws, but they needed to assure companies that working with the government would not ultimately hurt them.

Swift participated in a program called Basic Pilot, which screens employees for illegal Social Security numbers. The system doesn't snag stolen Social Security numbers or numbers that are being used in multiple locations.

Although the government took no action against Swift in the Dec. 12 raids, the Greeley, Colo., meat processor was forced to temporarily halt operations. The raids could cost the company an estimated $30 million.

"We want employers to use Basic Pilot," said Sen. Norm Coleman, R-Minn. "But we need to have a clear understanding with the business community. I think it's very unclear now."

The senators said they planned to introduce legislation to fix some of the problems.

For example, they hope to change the law to allow the Social Security Administration to tell the Homeland Security Department when a Social Security number is being used more than once.

Since the arrests, Attorney General Alberto Gonzales has announced the indictments of 148 illegal immigrants, who used other peoples' Social Security numbers and other personal information to get jobs at Swift. Local prosecutors are bringing state charges against the immigrants, including 80 in Cache County, Utah, and 18 in Weld County, Colo.

Judge Closes Lawsuit After US Federal Officials Account For Detainees In Immigration Raid (FINDLAW/AP)

By Judith Kohler, Associated Press Writer

AP, January 23, 2007

(AP) - DENVER-A judge closed a lawsuit against the federal government Monday after federal officials disclosed the whereabouts and status of 262 workers arrested during last month's largest-ever immigration raid at Swift & Co. meatpacking plant in Greeley, Colorado.

Attorneys for the United Food and Commercial Workers Union, which filed the suit, said it should not have taken a lawsuit to get the information. The lawsuit alleged the U.S. government had violated the Greeley workers' constitutional right to due process.

The people arrested in Greeley were among 1,297 illegal workers at Swift & Co. meatpacking plants in six U.S. states who were taken into custody on Dec. 12, most on illegal immigration charges. The union lawsuit did not cover workers in the other states.

U.S. District Judge John Kane terminated the lawsuit after union and federal lawyers agreed that all the arrested workers had been accounted for and given a chance to seek bond.

The government released the information to the union last week under orders from Kane.

A total of 74 of the Greeley workers remained in federal custody in Denver and El Paso, Texas, and 75 voluntarily returned to Mexico, according to federal officials. Another 18 face state identity-theft charges in Weld County, Colorado, where the Greeley Swift plant is located.

Kane said his jurisdiction was limited to whether workers' basic legal rights were protected and did not extend to the propriety of the raid itself. He said he saw no evidence that the detainees' rights were violated.

John Bowen, attorney for the union group, said the bond hearings should have been held within 48 hours of the raid, but the last one for the Swift employees did not take place until Friday.

"It should not have taken more than a month, by any stretch of the imagination," he added.

Immigration officials did not immediately answer a request for comment to The Associated Press

Immigration and Customs Enforcement agents raided Swift plants in Greeley; Grand Island, Nebraska; Cactus, Texas; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minnesota.

ICE officials said they were cracking down on an indentity-theft scheme, but union spokesman Dave Minshall called the arrests "a brutal immigration raid, pure and simple."

TAX:

Former Shelby Tax Preparer Pleads Guilty In State Court (SHELSTAR)

By Pete DeLea

Shelby (NC) Star, January 23, 2007

RALEIGH — Former Shelby tax preparer Jerry O. Adams III, who still faces federal charges on defrauding the U.S. Department of Treasury of more than $3.8 million, pleaded guilty to failing to file and pay the state individual income tax last week in state court.

Judge K. Dean Black issued Adams a 45-day suspended sentence and placed him on supervised probation for two years. The sentence will be reduced to unsupervised probation after he pays $3,675 in court costs and restitution to the state.

“It’s the department’s responsibility to make sure everyone pays their fair share of taxes,” said Kim Brooks, director of public affairs for the Department of Revenue. “That’s what we did here.”

Adams said he’s innocent but wanted a quick resolution. He said he’s working on a settlement on the federal charges.

“I didn’t owe it. I settled this because I want this to be done with,” said Adams. “I’m glad to get this over with and I want to move on with my life.”

He said the state case started when the U.S. Internal Revenue Service audited him. He said the audit showed he owed more money than he originally stated. He said they then passed the information on to the N.C. Department of Revenue.

“They audited my paperwork and they said, ‘If you owe them more money, you owe us more money,’” Adams said. “They didn’t give me an opportunity to present my receipts.”

In the federal case, the U.S. Department of Justice claims that Adams, along with Demetria S. Adams, prepared tax returns that understated wages and overstated credits, which resulted in excessive refunds.

The suit against the couple states they defrauded the government of $3.8 million in more than 1,600 tax returns filed between 2004 and 2005 through businesses called First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby.

A July 2 trial date has been scheduled in U.S. District Court in front of Judge Dennis Howell, said Andrew Ames, a Justice Department spokesman.

As part of an agreement with the federal government, Adams said he’s no longer allowed to prepare tax returns and has been doing paralegal work since the federal case was filed in May.

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CONGRESS-ADMINISTRATION:

Bush Speech To Showcase Domestic Agenda (AP)

By Ben Feller

AP, January 23, 2007

President Bush will tell Americans Tuesday night he has important plans for health care, education and other kitchen table topics that have little to do with Iraq. Yet if the state of the union is strong, so is the nation's skepticism that he can deliver.

For the first time, Bush will give his State of the Union address with Democrats in power and looking over his shoulder — literally, with House Speaker Nancy Pelosi seated right behind him. Most people have no confidence that Bush and a Democratic Congress can solve problems together, a troubling sentiment that has only deepened since the November election, an Associated Press-AOL News poll finds.

The 9 p.m. EST speech is a chance for Bush to pull his domestic agenda out from the shadow of the Iraq war, if only briefly. So Bush will focus on issues he hopes will appeal to mainstream America — and to Democrats on Capitol Hill, shifting pressure onto them to govern.

"He's got to be convincing, so that the American people believe that he's serious about working in a bipartisan way," said Charlie Black, a longtime Republican strategist and informal White House adviser. "If there's one headline they'd like to have out of this, that would be it."

The president is expected to address:

• Health care: Bush will propose a tax deduction of $7,500 for individuals and $15,000 for families regardless of whether they buy their own health insurance or receive medical coverage at work. Health care insurance would be considered taxable income, and people with more generous policies could face tax increases unless they change plans. The administration says its plan will help people who buy insurance individually rather than through their employers. The administration says the tax deductions will allow more Americans to buy insurance.

• Energy: Bush is expected to call for a sharp escalation of corn-based ethanol as a gasoline blend. He also may seek the power to raise fuel economy standards for passenger cars, probably as part of a plan to offer financial incentives for increasing alternative fuels. The auto industry has resisted upgraded mileage requirements and stressed a need for vehicles fueled by alternatives such as ethanol, diesel and eventually hydrogen. Bush asked for the same authority last year. Some Democrats worry the plan would give transportation officials overly broad authority to change the system and note the measure would not have any impact on current gas prices.

• Education: Bush will push for Congress to renew his education law, No Child Left Behind, which expires this year. Democrats have already signaled their intention to work with him but will expect him to go along with increases in spending. The law pushes schools that receive federal poverty aid to show yearly progress or face sanctions, including allowing students to transfer or demand extra tutoring.

Bush will also push for an immigration strategy that includes more than tougher border security.

Meanwhile, bitter feelings over the war stand in the way of the principal goal of the speech — a bipartisan agenda.

Just about everything Bush wants to do is dependent on a Congress in which even some Republicans are resisting his ideas. Within a day of his speech, the Senate Foreign Relations Committee is likely to vote on a resolution condemning his move to send more troops to Iraq.

No matter the emphasis on domestic issues, Bush cannot skirt the war, and he has no intention of trying.

Without rehashing the Iraq speech he gave two weeks ago, Bush will defend his stand that Iraq is part of a war on terror that will make Americans safer. That contention will come during a foreign policy passage in which Bush will also tout U.S. humanitarian efforts abroad.

Since Bush announced his latest Iraq plan, the White House has pointed to signs of progress by the Iraqi government on both political and security fronts. Yet U.S. forces and Iraqi civilians have also endured some of the heaviest, bloodiest attacks of the war.

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Coming after his Iraq speech, which had an enormous buildup, Bush's sixth State of the Union approaches with an anticlimactic feel. The Democrats and Republicans who want his job are already making headlines even though the 2008 election is still 22 months away.

With that in mind, Bush's aides took steps to keep the speech concise and relevant. Topics that might have made the cut in other years — such as recent advancements in cancer research and a drop in cancer-related deaths — have been set aside, often for separate events.

Bush Speech To Go Beyond War Policy (CHIT)

By Mark Silva

Chicago Tribune, January 23, 2007

WASHINGTON -- Planning a State of the Union address Tuesday night heavy on health care, energy and education, President Bush will attempt to get beyond a raging debate over the war in Iraq as he faces a new Democratic-controlled Congress for the first time.

Yet, with mounting U.S. casualties in Iraq and a majority of Americans voicing disapproval with the nation's direction, criticism is likely to remain fixed on the president's war policy while congressional leaders attempt to swiftly discredit some of his new domestic initiatives, such as a tax deduction for health insurance to offer more people coverage.

The president, who plans to confront war critics in a speech starting at 8 p.m. CST and running longer than 40 minutes, also plans to spell out what the White House calls "bold proposals" on health care, energy independence, global warming and immigration.

This includes a proposal for a new standard tax deduction for people with health insurance. It is likely to attract ready controversy as it offers health coverage for perhaps just 3 million of the 47 million Americans now uninsured, while asking an estimated 30 million taxpayers now insured through their workplace to pay higher taxes as employer-paid health benefits become taxable.

As Bush presses an ambitious domestic agenda for the remaining two years of his presidency, he will find himself facing a hostile new audience with a Democratic-controlled Congress unwilling to accept his stance on the war and ready to relegate him to lame-duck status as 2008 presidential campaigns get underway.

"It's a tough order," said John Mueller, professor of political science at Ohio State University, who doubts the president can get beyond the war with this address because the war is the No 1 concern on Americans' minds heading into the speech.

"This has become so dominant," he said. "What's frustrating, from the president's standpoint, is there is nothing even close."

With 63 percent of Americans surveyed in the latest Gallup Poll voicing disapproval with the nation's direction, and only 35 percent satisfied, Gallup also has found a correlation with the war. The vast majority of those who oppose the war are dissatisfied with the way things are going in the U.S.—82 percent—while those who support the war are largely satisfied with the nation's direction—67 percent.

The president, who devoted a nationally televised speech to his war policy two weeks ago, will once again stress the urgency of the challenge that the U.S. faces in Iraq and his formula for success. But he also will attempt to focus the public and a Democratic Congress on a domestic agenda that the parties can pursue together.

"The president is going to offer some bold proposals that Congress could, in fact, enact, and in the process make itself look good and, more importantly, do the people's business," White House spokesman Tony Snow said Monday.

"When you have these big issues—health care is a big issue, energy is a big issue, education is a big issue, immigration is a big issue… it's worth spending a little more time to walk through how the president analyzes the problem," Snow said, "and how he proposes to try to address them, and to reach out to members of Congress and say, 'We can do this. We can work together on these things.'"

Foremost among the president's proposals is a plan to promote health care—a plan Democratic leaders already have started attacking as "a tax on working families" before Bush details it.

Bush will propose:

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A new standard tax deduction for anyone with health insurance, exempting the first $7,500 of an individual's income and the first $15,000 of a family's income from income or payroll tax.

A new tax on the health benefits that workers receive from employers and also on the share of premiums that employees now pay before taxes—subjecting to taxation the money that companies and employees contribute to employees' insurance plans.

With the average cost of a family health care plan at work expected to be $13,600 in 2009, when this proposal could start, 80 percent of all workers now insured through work stand to benefit from the proposed new standard tax deduction, while 20 percent of those insured at work stand to face higher taxes.

A tax shift promising lower taxes for about 120 million taxpayers now insured through work and higher taxes for about 30 million people who have more "generous," costly policies at work.

Offering a new tax break for people who purchase insurance on their own, and enabling many who lack insurance now to afford it. A "conservative" estimate by the White House suggests that "upwards of 3 million" of the 47 million now uninsured might gain coverage under this plan.

There are "winners and losers" in the plan, said Jason Furman, an expert on tax policy at the Brookings Institution.

"It is great that the president has come along and identified that our existing health care system is inadequate. And he is giving more of an incentive for people who lack insurance to get insurance," Furman said. "But then, unfortunately, when you get to the details, some of these things have to be improved."

From the government's standpoint, in terms of the money collected from taxpayers, the plan is "revenue-neutral" over a 10-year period, according to Katherine Baicker of the White House's Council of Economic Advisers. But it's a "revenue-loser" in the first few years, and a money-maker in the later years of the cycle.

The plan "levels the playing field" for people now purchasing insurance on their own, Baicker said, offering the same standard tax deduction for insurance that people covered at work stand to get.

Senate Majority Leader Harry Reid already has pounced on the plan as "a tax hike on working families." The health care premiums that employees pay at work have risen dramatically, his office noted, while wages have not.

Yet the president's plan offers coverage for more Americans without increasing the government's long-range costs, said Mark McClellan, who served as director of Medicare and Medicaid services in the Bush administration and is a visiting senior fellow at Brookings and the American Enterprise Institute.

"This is overall budget-neutral, from the standpoint of the federal government," said McClellan, acknowledging that higher taxes for some people pose "the challenging part of the proposal." But, while averting higher costs for the government, he said, "I think this is a serious contribution to getting more people insured."

For State Of The Union 2007, A Leaner Agenda (CSM)

By Linda Feldmann

The Christian Science Monitor, January 23, 2007

When President Bush takes to the airwaves Tuesday night to deliver his sixth State of the Union address, the metamessage of the evening will be: "I am still relevant."

Of course, as commander in chief during wartime, Mr. Bush is central. But as he seeks to show that he is not consumed by the Iraq war and its high-profile retooling, this year's annual message to Congress takes on added significance. In an effort to grab public attention, he is promising a different type of State of the Union – not the usual laundry list of items from the forthcoming budget, but a more focused look at a few key initiatives, most of them domestic.

The irony is that, for the first time, Bush will be speaking to a Congress in which both chambers are controlled by the opposition. For him to implement any proposals, he must find the common ground with Democrats that has been so talked about since November. Even when Republicans controlled Congress, there were no guarantees; Bush's 2005 plan to partially privatize Social Security failed to get off the ground.

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This year, the most extensively previewed plan centers on a tax reform aimed at making health insurance more affordable to low-income people. The proposal would also reduce the tax break for more expensive health plans. In addition, Bush's speech will focus on energy, education, immigration, and the war on terror.

But will anyone be listening?

Just two weeks ago, Bush delivered a major address announcing the "new way forward" in Iraq, including a plan to add more than 20,000 US troops to try to bring some stability to Baghdad and areas where insurgents are believed to be operating. The speech did little to move polling numbers on Iraq and the Bush presidency, both stuck below 50 percent. In recent days Bush has said he will address the criticism of his plan – including from fellow Republicans – in the State of the Union speech.

A dissatisfied public

The president's job approval ratings have been mired mostly in the 30s for the past year, putting him in a league with some of the least popular US presidents of the 20th century, including Richard Nixon, Jimmy Carter, and Harry Truman.

Public satisfaction with the direction of the country has fared even worse. In the latest Gallup poll, released Monday, 35 percent reported they are satisfied "with the way things are going in the United States at this time" versus 63 percent dissatisfied. That number is better it was last month (30 percent) but about where it was one year ago.

Some presidential scholars are skeptical that Bush will really limit his penultimate State of the Union to just a few well-chosen ideas.

"I can't think of a point since his first run for governor in Texas where he didn't have a shopping list, where he wasn't thinking or acting on the notion that, unlike his dad [the first President Bush], he had the vision thing," says Fred Greenstein, a professor emeritus at Princeton University in New Jersey.

After all, a president who sets his sights modestly risks the dreaded label "lame duck." But after six years in office, most two-term presidents have already rolled out their biggest initiatives. The second half of second terms are more about completing unfinished business rather than starting something new. And it is debatable whether the bully pulpit is all it's cracked up to be, especially for an unpopular president.

"You've got a president who people know after six years, [and] you've got a dominant issue [Iraq] that people think they know after four years. So it's not like there's a lot of malleability there," says George Edwards, a political scientist at Texas A&M University and author of the book "On Deaf Ears: The Limits of the Bully Pulpit."

Bush now must also compete for attention with the rapidly expanding field of politicians who want to replace him in two years – including Democratic front-runner Sen. Hillary Rodham Clinton of New York, who announced her candidacy right before this year's State of the Union on purpose, her campaign says.

And in another moment of irony, one of Bush's central themes Tuesday night will be the rising cost of healthcare – the policy issue that Senator Clinton became infamous for as first lady when she headed up her husband's ill-fated healthcare reform effort.

Bush's health insurance plan

Tuesday night, Bush will propose that low-income people be given a tax break to help them afford health insurance. On the higher end of the scale, workers enrolled in more expensive plans would be taxed on coverage that exceeds a set limit. Some Democrats have already rejected the plan, calling it a tax increase on the middle class.

In his Saturday radio address, Bush focused on the relief his plan would provide to lower-income people:

"The current tax code encourages home ownership by allowing you to deduct the interest on your mortgage from your taxes. We can reform the tax code so that it provides a similar incentive for you to buy health insurance. So in my State of the Union Address next Tuesday, I will propose a tax reform designed to help make basic private health insurance more affordable – whether you get it through your job or on your own."

Leaner State Of The Union Aims For Common Ground (WT)

By Joseph Curl

The Washington Times, January 23, 2007

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President Bush will reach out to Democrats in tonight's State of the Union address, pursuing common ground with his political adversaries on issues such as immigration, education and energy policy.

But viewers tuning in at 9 p.m. will see a different picture: Just over his shoulder on the television screen will be House Speaker Nancy Pelosi, leader of the Democrats, who likely won't applaud the president's initiatives.

And some Republicans in the chamber may also sit on their hands to show displeasure as Mr. Bush seeks to draw support from a Democratic-led Congress for the first time in his presidency.

Mr. Bush plans a broad and thematic speech that will placate Republicans while seeking a central ground with Democrats, who along with a majority of Americans oppose Mr. Bush's strategy to deploy another 21,000 U.S. troops to Iraq.

"The president will need to focus on domestic policy issues that are widely recognized to be important and on which he can see some possibility of working with the new Democratic majority," said Cal Jillson, professor of political science at Southern Methodist University in Dallas.

The White House has made clear the speech will focus on five issues -- the global war on terrorism, health care, education, immigration and energy -- instead of a laundry list of policy initiatives used in previous addresses.

Mr. Bush, as he did nearly two weeks ago in a prime-time address to the nation, will lay out his case for his new Iraq strategy, but he'll move quickly to topics that polls show Americans care most about, especially health care and education.

"Americans want a [health care] system that's going to be more patient-friendly and that's going to meet their needs," White House press secretary Tony Snow said yesterday. "The president will talk about that. Education, always important ... Immigration has been an issue of considerable concern within this country."

"In other words, the president is going to address the areas that are foremost concern for Americans," Mr. Snow said. "When you have a Democratic Congress that came in two weeks ago saying, we want to get things done, we've got some offers that they're going to be pretty good for them."

Democrats, though, appear ready to oppose Mr. Bush at every turn. On Saturday, shortly after Mr. Bush proposed expanding health care coverage by putting incentives into the tax code for individuals to buy their own, Democratic leaders immediately opposed the plan.

Republican strategist Charlie Black, who works closely with the president, said Mr. Bush will not bend over backwards to win Democratic support. While he will seek to lay out an achievable bipartisan plan, "he will demonstrate that he is not a lame duck, that he is willing to tackle big issues."

Still, compounding the president's problems is the 2008 campaign for his job has already begun, and Democrats could well spend the next two years opposing Mr. Bush's plans.

Sen. Hillary Rodham Clinton, New York Democrat, said over the weekend as she announced her presidential candidacy that she "will spend [the next] two years doing everything in my power to limit the damage George W. Bush can do."

In his speech tonight, Mr. Bush will give Democrats that opportunity with immigration, which many Americans see as the nation's No. 1 issue. He will repeat his call from last year for comprehensive immigration reform. While the Republican-controlled Congress would not approve the president's proposal to create a guest-worker program and put more than 10 million illegal aliens on a path to citizenship, Democrats just might.

Mr. Bush also will seek to renew his bipartisan friendship with Sen. Edward M. Kennedy, Massachusetts Democrat, who he teamed with to win overwhelming approval in Congress for the No Child Left Behind Act.

The act comes up for renewal this year, and some Republicans fear the president may cut a deal with majority Democrats, offering more money if Democrats agree to include more requirements for the high school level.

Mr. Kennedy, chairman of the Senate education panel, has said the White House failed to fight to adequately fund the massive federal program.

Bush, At Low Point In Polls, Will Push Domestic Agenda (NYT)

By Jim Rutenberg And Robert Pear

The New York Times, January 23, 2007

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WASHINGTON, Jan. 22 — Carrying some of the worst public approval ratings of any president in a generation, President Bush is heading into his State of the Union address on Tuesday night seeking to revitalize his domestic agenda but facing stiff resistance over the initiatives the White House has previewed so far.

Administration officials said Monday that among Mr. Bush's proposals would be a plan to help states provide health care coverage to people who lack insurance by diverting federal aid from hospitals, especially public institutions. The provision is likely to draw loud criticism from municipalities across the nation and will significantly affect the New York City Health and Hospitals Corporation, the nation's largest municipal health care system.

Officials said Mr. Bush's speech would include proposals to address the nation's energy needs and global warming, partly by promoting the use and development of alternative fuels. He is also expected to renew his call for an overhaul of immigration law and to propose altering tax policies to help the uninsured.

The president's advisers said they hoped Mr. Bush's address would re-energize his domestic agenda by striking a bipartisan and ambitious tone as he faces further isolation on his Iraq policy.

"The power of the ideas requires people to take notice and take seriously important domestic initiatives," said Dan Bartlett, the White House counselor. "There will be key signals to the American people that despite disagreements over the war, other work can be done."

Mr. Bartlett said a major theme of the address would be that "divided government does not mean we cannot govern."

But the initial response to Mr. Bush's health care plans has not been positive, on Capitol Hill or among constituencies including employers and labor unions. And with the president's political authority diminished and the new Democratic majority in Congress emboldened, the fate of his domestic agenda, and his ability to forge compromises on his terms, is in question.

Behind the president on the podium will be not Representative J. Dennis Hastert, the former speaker and Mr. Bush's stalwart Republican ally, but Representative Nancy Pelosi, Democrat of California, with whom Mr. Bush traded insults throughout the 2006 campaign.

Giving the Democratic rebuttal will be Senator Jim Webb, Democrat of Virginia, whose son is serving in Iraq and who reported having a tense exchange with Mr. Bush at the Congressional Christmas party. The audience in the House chamber is expected to include the actor Michael J. Fox, who has become the face of the movement to overcome Mr. Bush's objections and increase federal financing for stem cell research.

The chamber will include an increasing number of Republicans who are questioning or breaking ranks with Mr. Bush on the war and other issues, as Senator John W. Warner of Virginia, the former chairman of the Senate Armed Services Committee, did Monday in criticizing the president's decision to send more troops to Iraq.

Mr. Bush also faces an increasingly skeptical public, one that has given him some of his lowest marks in several recent polls.

According to a CBS News poll conducted Thursday through Sunday, 28 percent of Americans approve of the way the president is handling his job, and more than twice as many, 64 percent, disapprove. It is the lowest approval rating the president has received in a CBS News poll, though it is statistically little different from the rating of 30 percent he received earlier this month.

Only Jimmy Carter has received a lower approval rating, 26 percent, in 1979, in surveys conducted by CBS News or its polling partner, The New York Times. In a Gallup poll conducted in August 1974, just before his resignation, Richard M. Nixon had a 24 percent approval rating.

In a new ABC News/Washington Post poll made public on Monday, only 33 percent approved of Mr. Bush's job performance, and 65 disapproved, tying the record for his worst marks in that poll.

Asked about the new batch of low ratings, Mr. Bush's spokesman, Tony Snow, attributed them to discouragement over Iraq that could be overcome at home.

"George W. Bush as a president," Mr. Snow said, "is not somebody who is going to cease to be bold because there has been — because right now people are concerned about the progress of the war. Instead he understands his obligation as commander in chief is to go ahead and address forthrightly big problems and come up with solutions that not only are going to have political appeal, but they're also going to be effective in making life better for Americans."

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On health care, Mr. Bush is trying to drive the debate through plans that would not cost the federal government additional money at a time when the White House is committed to showing a plan to balance the budget. This weekend, the administration sketched out a proposal under which people whose health care programs exceed a certain value would face a higher tax bill, with the revenue going to tax incentives to encourage the purchase of health coverage by lower-income people.

Two leaders of fiscally conservative advocacy groups, Grover Norquist of Americans for Tax Reform and Pat Toomey of the Club for Growth, endorsed Mr. Bush's plans. But in separate interviews, each expressed concern that Congressional Democrats would approve a plan that put greater emphasis on tax increases.

Labor leaders were outspoken in opposing the plan. "This is a wrongheaded, crazy proposal," said Gerald M. Shea, assistant to the president of the A.F.L.-C.I.O. "It would throw into turmoil the employment-based system of health insurance, and it would impose a new tax on the middle class."

Several public health officials reacted with alarm to Mr. Bush's plan to encourage states to take Medicaid money now earmarked for public hospitals and use it for state programs to cover the uninsured. The Bush administration proposes cutting Medicaid payments to public hospitals and other "safety net" providers by $3.9 billion over the next five years. Preliminary estimates suggest that 40 percent of the savings would come at the expense of the New York City Health and Hospitals Corporation, which operates 11 hospitals, 4 nursing homes and more than 80 community clinics.

Kenneth E. Raske, president of the Greater New York Hospital Association, called the proposal "an absolute disaster for New York."

Deborah Bachrach, a deputy commissioner in the New York State Health Department, said it would affect hospitals "that serve some of the lowest-income, most vulnerable patients."

Defending the proposal, Michael O. Leavitt, the secretary of health and human services, said: "We want to be able to redirect federal payments away from institutions and to needy individuals. Rather than perpetually paying bills for the uninsured, it's better to help them buy health insurance."

White House officials outlined the health care proposals ahead of the address to make way on Tuesday for a new emphasis on energy policy initiatives.

White House aides met Monday with two lawmakers who have pressed for the promotion and development of alternative fuels, Senator Tom Harkin, Democrat of Iowa, and Senator Richard G. Lugar, Republican of Indiana.

A Senate aide briefed on the meeting said the senators were told that the plan would be "very ambitious" in terms of increasing the development and use of alternative energy sources. They were also told that the plan would address "the use side," which could indicate a move to improve fuel standards, the aide said.

The new initiatives will require a political push by Mr. Bush, who will begin touring the nation to promote his policies on Wednesday.

Bush To Face Skeptical Congress (WP)

By Peter Baker And Jon Cohen

The Washington Post, January 23, 2007

President Bush plans to reach out to the opposition in his State of the Union address tonight with new and recycled proposals on health care, energy, immigration and education, but the uproar over his decision to send more U.S. troops to Iraq has eclipsed potential consensus on domestic policy.

As he addresses a Congress controlled entirely by Democrats for the first time since he took office, Bush faces deep skepticism inside the chamber, even within the House Republican leadership, which yesterday made proposals intended "to hold the Bush administration . . . accountable" for the progress of his latest Iraq plan.

The doubt on Capitol Hill reflects the continuing erosion of Bush's public support across the country. His approval rating is at the lowest level of his presidency, according to a new Washington Post-ABC News poll, and only twice in the past six decades has a president delivered his annual speech to the nation in a weaker condition in the polls -- Harry S. Truman in the midst of the Korean War in 1952 and Richard M. Nixon in the throes of Watergate in 1974.

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For the first time, majorities of Americans say Bush cannot be trusted in a crisis, has not made the country safer and should withdraw U.S. forces from Iraq to avoid further casualties rather than leave them until civil order is restored. And, in a sign of intensifying opposition, a majority -- 51 percent -- for the first time expressed strong disapproval of Bush's performance, compared with 17 percent who strongly approved.

"The world changed significantly on Election Day, and the only people who were surprised were them," GOP pollster Tony Fabrizio said of Bush and his aides. Now, he added, "they've backed themselves into a tough corner, and the problem is his continued insistence for the troop increase, which flies in the face of what 70 percent of Americans want, makes him look . . . like [he's saying], 'I'll listen to you, but I'll do what I want anyway.' "

The poll indicates that Bush has made no headway in selling his decision to bolster troop levels in Iraq by 21,500, with 65 percent now opposing it, compared with 61 percent the night of his Jan. 10 nationally televised address. Three in five Americans trust congressional Democrats more than Bush to deal with Iraq, and the same proportion want Congress to try to block his troop-increase plan.

Bush's overall approval rating of 33 percent matches the lowest it has been in Post-ABC polls since he became president, and 71 percent say the country is seriously off track, the highest such expression of national pessimism in more than a decade. By contrast, newly installed House Speaker Nancy Pelosi (D-Calif.) is enjoying a honeymoon, with 54 percent approving her handling of the job.

While Bush will devote about half of tonight's 40-minute-plus speech to Iraq, the broader battle with Islamic radicals and other foreign policy matters, advisers said they understand that only sustained and visible progress on the ground in Iraq might change American minds about the war. The best Bush can hope for tonight, they said, is to prevent a wholesale defection by Republicans and buy enough time for his plan to work.

"He knows there's great skepticism," said a senior White House official who spoke on the condition of anonymity to discuss the speech before its delivery. "But in spite of that, he believes there's much to be done if we can work together."

Aides said Bush will not directly engage in a debate over congressional efforts to block the troop increase. But in private briefings for administration allies yesterday, White House Deputy Chief of Staff Karl Rove said Bush will challenge Congress to put up its own plan if it does not like his "new way forward," according to people who were briefed.

Past presidents who found themselves facing an opposition Congress tried to tack to the middle after suffering midterm retreats. "This president, based on his speech last week, is taking the opposite approach," said Michael Waldman, a speechwriter for President Bill Clinton who heads New York University's Brennan Center for Justice. "The 2006 election was as close to a referendum on a president and issue as you get in our constitutional system. So for the president to move to escalate, it's very dramatic."

While recognizing differences over Iraq, Bush does aim to make progress with Democrats on domestic policy. The four main issues he will emphasize -- health care, immigration, energy and education -- are closer to Democratic priorities than issues in some past State of the Union addresses. And Bush tried to send a signal on the eve of the speech by accepting an invitation to address the House Democratic retreat in Williamsburg on Feb. 3.

"They're going to focus on issues and themes where they think they can get bipartisan cooperation," said Cesar Conda, former domestic policy adviser to Vice President Cheney. "It's a big difference from before, when he had a Republican Congress and the big issues would have been making the tax cuts permanent and reforming the tax code. It's a change in tone and focus. He's got to deal with the reality of a Democratic Congress."

Some of Bush's domestic discussion will sound familiar. He plans to repeat his call to overhaul immigration laws and allow illegal immigrants to become guest workers, an idea that may find more favor among Democrats than it did with Republicans last year. He plans to call for the extension of his No Child Left Behind education program, with modifications to make it more flexible, but will not ask Congress to expand it to high school as he did in the past.

The White House has previewed two new health-care proposals that will be in the speech. The first would make employer-provided health-care benefits taxable income after a deduction of $15,000 for families and $7,500 for singles. Officials said the plan would increase taxes for 30 million families whose benefits are worth more than the deduction but would provide a tax break

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to the vast majority of families with employer coverage as well as to 17 million people who purchase insurance on their own. The program would begin in 2009 and cost the government during its first years of operation but pay for itself by 2018, they said.

Bush also wants to redirect spending from Medicare, Medicaid and other federal programs toward new grants to help states ensure that everyone has access to affordable basic health insurance, Health and Human Services Secretary Mike Leavitt said yesterday. Leavitt did not specify a cost but said the new program would spur efforts already underway in states such as Massachusetts and California to provide coverage to people without health insurance.

The main uncertainty is what Bush will say about energy and the environment. Amid much talk about climate change and energy security, the president and his aides have promised unspecified "bold" ideas. Officials have ruled out binding caps on emissions of greenhouse gases, despite support among Democrats and some corporate executives who came to Washington yesterday. But they told allies that Bush will advance ideas for greatly expanding ethanol as an alternative to oil, and some insiders expect changes in fuel efficiency standards for vehicles.

President Faces Skeptical Public (WSJ)

By John Harwood

The Wall Street Journal, January 23, 2007

WASHINGTON -- President Bush tonight gets another shot at persuading Americans to support his Iraq war strategy and domestic agenda. His problem: Much of the public has stopped listening to him.

IN THE POLLS

• Graphic: Bush's approval ratings across multiple polls1

• See poll results2 (Adobe Acrobat required)

A new Wall Street Journal/NBC News poll on the eve of Mr. Bush's State of the Union address underscores the extent to which he has lost the nation's ear. Just 22% of Americans say they want the president to set policy for the country, 27% express confidence in his goals, and 28% approve his handling of the Iraq war.

Only one third of Americans rate Mr. Bush highly for being "honest and straightforward." That is down from half at the start of his second term two years ago. Two-thirds say his performance in office is unlikely to get better in his last two years as president.

"What he faces is an extremely skeptical audience," says Democratic pollster Peter Hart, who helps conduct the Journal/NBC poll. The findings, adds his Republican counterpart Bill McInturff, suggest "little capacity for movement on his major policy initiatives, especially Iraq."

Mr. Bush hopes to overcome that skepticism with a series of eye-catching ideas on domestic policy, particularly on health care and energy. His health-care plan -- outlined over the weekend -- focuses on overhauling the tax code to make health insurance more accessible to people not covered through employers. His energy plan likely will feature a big proposed increase in the use of alternative fuels like ethanol and a revamping of fuel-efficiency standards for passenger cars, as well as greater acknowledgment of the problem of global warming.

Still, the president has had a tough time breaking through. This month Mr. Bush spoke to the nation outlining plans to increase U.S. troop strength in Iraq, and the poll shows he failed to shift public opinion in his direction. Just one in four Americans calls it "an acceptable outcome" to increase U.S. troops now and keep them in Iraq until that nation becomes a stable democracy.

One reason: Majorities of men and women, of whites and nonwhites, of all ages, income groups and regions of the country, say the president's new Iraq strategy will make "very little difference" or none at all in securing Iraq. Though Mr. Bush has steadfastly resisted any timetable for U.S. withdrawal from Iraq, a 65% majority wants U.S. troops to leave within the next year.

"America has come to a public judgment on Iraq: Wrap it up," Mr. Hart says. The telephone survey of 1,007 adults was conducted Jan. 17-20 and has a margin of error of plus or minus 3.1 percentage points.

The president -- despite an overall approval rating standing at just 35%, while 60% disapprove -- has offered no indication of bending to that judgment. Instead, he has reiterated his intention to proceed in the face of opposition not only from Democrats, now the majority in Congress, but from an increasing number of his fellow Republicans. The survey shows Mr. Bush and his

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Republican allies on solid ground with rank-and-file Americans on at least one point: opposition to any legislative blocking of funds for U.S. troops in Iraq.

So while a 65% majority of Americans say the president should abandon his planned troop increase if Congress passes a nonbinding resolution against it, Americans oppose by 52%-41% congressional attempts to stop Mr. Bush by cutting off funds. Democratic lawmakers have been juggling that issue: Leaders insist they won't stop funding troops in the field, but some senators and House members seek restrictions such as caps on the number of troops in Iraq.

Both Journal/NBC pollsters say Mr. Bush may be able to improve his standing by accommodating his reduced stature and the loss of his Republican congressional majorities with a revamped policy agenda. To some degree, the White House has signaled plans to attempt just that.

Tonight, the president will tout a health-care initiative designed to expand coverage with new deductions for Americans seeking insurance on their own, financed by taxes on some generous employer provided health plans. That emphasis tracks the findings in the Journal/NBC poll showing health costs as Americans' foremost economic concern, and the number of Americans without health insurance as atop respondents' list of disturbing conditions in the country -- ahead of declining morals, illegal immigration, sub-par schools or outsize CEO compensation.

Mr. Bush's higher target for renewable fuels jibes with Democrats' stated aims. A U.S. diplomat held out hope that the higher renewable fuels standard also would create a steady demand for agricultural products that will keep prices high and hold down U.S. subsidies, thereby helping satisfy international demands in the Doha round of trade talks.

Many of the new White House domestic initiatives have features that appeal to Democrats, yet the Journal/NBC poll makes clear that Americans have little expectation that Mr. Bush will work effectively with his political adversaries on Capitol Hill. Just 37% expect the president to "strike the right balance" in dealing with the Democratic Congress, while 50% predict he will be "too inflexible."

The survey underscored the message of last November's midterm elections: that Americans are increasingly open to Democratic leadership. A 57% majority wants Congress rather than the White House setting policy for the country; by 42% to 15%, Americans say Democrats could bring "the right kind of change" to the country rather than the wrong kind, though 39% don't expect much change either way.

In the broadest gauge of the two parties' images, Americans rate Democrats favorably, 42%-30%, while Republicans are rated negatively, 44%-33%. On specific issues, Americans say they prefer the Democratic approach by a double-digit margin on issues such as Social Security, energy, and the federal deficit.

Florida Legislators Split On Bush's Effectiveness (FLTODAY)

By Larry Wheeler

Florida Today, January 23, 2007

Florida lawmakers differ on whether President Bush heads into his sixth State of the Union address in a position to dictate the terms of his final two years in office or so weakened by events that it doesn't much matter what he says.

"This is the president of the United States, the most powerful man in the world," said Rep. Allen Boyd, Jr., a Tallahassee Democrat. "But his political capital is certainly not what it was two years ago. That creates some different dynamics for him."

The once-swaggering Bush has admitted he made mistakes in Iraq.

His policies and low approval ratings contributed to the Republicans' loss of Congress in last year's elections.

Bush's plan to send more U.S. troops to Iraq was met with broad public skepticism and outright opposition from some in his own party.

A lot has not gone right for Bush, which puts him on the defensive as he delivers his annual address Tuesday night to a joint session of Congress.

"It's going to be a challenge," said Rep. Tom Feeney, a conservative Republican whose district includes part of Florida's Space Coast. "A new, freshly elected president can establish an agenda. But in the last quarter of an eight-year term with the country in a war that has not gone according to plan and your poll numbers in tough shape . . . you are basically responding, as opposed to creating an agenda."

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Feeney made it clear he supports Bush and his troop increase if the troops sent to fight insurgents disrupt the lines of support coming over the border from Iran and Syria.

Despite the prevailing political winds, some rank-and-file Florida conservatives remain supportive of the president.

Rep. Jeff Miller, a Republican who represents the Pensacola Bay Area, home to many active duty and retired military, praised Bush's troop "surge"strategy and anticipated hearing more about it from Bush during the State of the Union address.

"I imagine the last thing the insurgents expected to hear from President Bush after the November elections was an increase or a troop surge," said Miller, who has not wavered in his support for the president. "It shows a clear resolve that the United States is serious."

Sen. Mel Martinez, an Orlando Republican, believes Bush's troop surge strategy has put the president on the offensive.

"This is the best way for him to continue to be relevant over the next two years," Martinez said.

Last week, Martinez was elected general chairman of the Republican Party by the Republican National Committee. Bush handpicked Martinez for the post, which will make the Cuban-American senator the voice of the GOP.

Florida's senior senator, Orlando Democrat Bill Nelson, declined to speculate on whether Bush will speak to the nation Tuesday from a weakened position or one of renewed vigor.

"I don't know the answer to that right now," Nelson said after emerging from a White House briefing with National Security Advisor Stephen Hadley. "The war has not been going successfully. It is my hope that it will, but in order for that to occur, the (Iraqi) government has got to start reaching out and brining Sunni and Shiite together."

State Of The Union From Rostrum To Reality: How Past Pledges Played Out (WSJ)

By Megan Ballinger

The Wall Street Journal, January 23, 2007

The Constitution requires presidents to deliver their appraisal of the nation's health and well-being to Congress once a year, and President Bush will give the third address of his second term Tuesday night, touting accomplishments thus far in his presidency and laying out his agenda to the American people.

The Wall Street Journal Online took a look back at some of the vows -- both memorable and now-obscure -- that President Bush has made in his State of the Union addresses, to see whether they made it from the rostrum to reality.

2006: Iraq, energy, health care

On Iraq: "Fellow citizens, we are in this fight to win, and we are winning. The road of victory is the road that will take our troops home. As we make progress on the ground, and Iraqi forces increasingly take the lead, we should be able to further decrease our troop levels."

After perhaps the bloodiest year for both American troops and Iraqis since the 2003 invasion, the strategy in Iraq has shifted dramatically -- as has the language used to discuss the conflict. "Stay the course" is out, while "the way forward" is in.

Support among Americans and their representatives in Congress hit lows as the country spiraled toward a sectarian civil war and kidnappings and killings made daily headlines. Just after the midterm elections, in which voter anger about the war helped Democrats retake control of the House and Senate, Secretary of Defense Donald Rumsfeld was pushed out. The Iraq Study Group report, released in December, provided both a searing critique of the administration's policies and a bleak picture of how bad the situation really is. Conceding in an address earlier this month1,"Where mistakes have been made, the responsibility rests with me," Mr. Bush acknowledged a litany of American failures and announced plans to send at least 20,000 more troops to Iraq.

On energy: "America is addicted to oil, which is often imported from unstable parts of the world. The best way to break this addiction is through technology. To change how we power our homes and offices, we will invest more in zero-emission coal-fired plants; revolutionary solar and wind technologies; and clean, safe nuclear energy. We will increase our research in better batteries for hybrid and electric cars, and in pollution-free cars that run on hydrogen."

While Mr. Bush has talked a great deal in recent months about cleaner energies and finding alternatives to oil, he continues to be widely criticized by environmentalists for failing to back his rhetoric with enough government action -- either increasing spending or instituting tougher regulations to cut pollution. His resistance in particular to federal limits on greenhouse

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gases has left him at odds with some business leaders who have come to endorse stronger federal action. The CEOs of General Motors, Ford Motor and DaimlerChrysler's Chrysler Group pledged after an autumn meeting with Mr. Bush to make 50% of their new vehicles capable of running on alternative fuel by 2012. With Democrats in control of Congress, energy and environmental initiatives are gaining speed. The administration also is pursuing a strategy of encouraging technological innovation -- instead of regulation and mandated caps -- to reduce overall carbon-dioxide emissions. In December, officials announced the awarding of $1 billion in tax credits to nine companies to develop cleaner coal-burning power plants around the U.S.

On health care: "For all Americans, we must confront the rising cost of care… and help people afford the insurance coverage they need. We will strengthen health savings accounts -- by making sure individuals and small business employees can buy insurance with the same advantages that people working for big businesses now get."

Early in 2006, health care was at the top of the president's domestic agenda, as evidenced by a spate of speeches. His health-care proposals included providing bigger tax breaks for health-savings accounts, or HSAs, and making hospitals' and doctors' prices available to consumers. The president has followed through on both. In August, Mr. Bush issued an executive order requiring federal agencies to disclose the quality and cost of care provided to Medicare beneficiaries, federal employees, the military and veterans -- a group that includes one-fourth of all Americans. And in December, he signed a bill that increased the tax-free contributions many people are allowed to make each year to their HSAs. Still, with these changes attracting little attention, the president is expected to propose further and more dramatic changes in his last two years in office, such as a tax code change making it easier for consumers to buy health care on the open market, instead of relying on employers for coverage. * * *

2005: Social Security, peace in the Middle East, and immigration

On Social Security: "We must make Social Security permanently sound, not leave that task for another day. We must not jeopardize our economic strength by increasing payroll taxes."

In his first news conference after his re-election, President Bush declared: "We'll start on Social Security now." And the program was a centerpiece of his first post-reelection State of the Union address. But after a year of hard campaigning, the president acknowledged that reform plans had died. Mr. Bush's vision was that American workers would divert some Social Security payroll taxes to personal retirement accounts, assuming more of the responsibility and risk themselves. Democrats vehemently opposed any privatization, while Mr. Bush's party faced deep divisions of its own. A series of stump speeches across the country in 2005 did little to rally the public, as other crises, both at home and abroad, helped lessen any sense of urgency. When asked in October 2005 how the president could get his plan back on track, one senator responded: "Get the Gulf Coast rebuilt and get the troops out of Iraq." Mr. Bush has said he plans to revive his efforts at a later point in his presidency. With Democrats now in control of Congress, there's speculation that he may have to meet their price for coming to the bargaining table: dropping his goal of letting workers create private retirement accounts. If he doesn't, it is virtually certain that nothing will happen on the issue he has called the top domestic priority of his second term.

On peace in the Middle East: "To promote peace in the broader Middle East, we must confront regimes that continue to harbor terrorists and pursue weapons of mass murder. Syria still allows its territory, and parts of Lebanon, to be used by terrorists who seek to destroy every chance of peace in the region…. Iran remains the world's primary state sponsor of terror, pursuing nuclear weapons..."

In the Middle East, the Bush administration made strides in 2005, though some hot zones remained to be defused and have since become even more volatile. Elections in Egypt, Iraq and Gaza in the year after Mr. Bush's speech were among high points in the process toward democracy in the region, though none was without controversy or smatterings of violence. Pakistan has recently strengthened ties with the U.S., working with American soldiers to hunt al Qaeda fugitives, but a January 2006 deadly airstrike in that nation drew criticism.

Syria and Iran still are trouble spots. The Bush administration has taken a sharp tone with Syria, threatening to bring Damascus before the U.N. Security Council for international censure if the government refuses to cooperate with a probe into the assassination of Lebanese Prime Minister Rafik Hariri. But now, in exchange for cooperation on Iraq, Syria may ask the international community to drop the inquiry. Meanwhile, the U.S. is encouraging the other members of the Security Council to impose sanctions on Iran for its refusal to suspend its nuclear programs.

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On immigration: "We should not be content with laws that punish hardworking people who want only to provide for their families, and deny businesses willing workers, and invite chaos at our border. It is time for an immigration policy that perm its temporary guest workers to fill jobs Americans will not take, that rejects amnesty, that tells us who is entering and leaving our country, and that closes the border to drug dealers and terrorists."

Legislation on immigration has been slow-moving, despite Republicans' hopes that it would give them a boost in the 2006 congressional elections. Throughout 2005 and 2006, Mr. Bush rolled out specifics of his ideas, which include both an expansion of the guest worker program and a renewed emphasis on border security. The administration hoped to get big business in its corner, pushing Congress to pass measures that give more foreign-born workers legal status. On the national security front, the president laid out a series of steps aimed at closing gaps in enforcement, including expansion of a program where Mexicans caught illegally crossing the border are returned to their hometowns instead of just to the other side of the line. Since December 2005, the House and Senate have passed starkly different immigration bills. The Republican-proposed House bill calls for a fence along the border and makes illegal immigration a felony; it currently is a misdemeanor. The Senate bill, which attracted more support from Democrats than Republicans, would let most illegal immigrants stay in the U.S. after paying fines and back taxes. Congressional negotiators never met to iron out their differences, and the issue remains at a stalemate. * * *

2004: Patriot Act and gay marriage

On the Patriot Act: "Key provisions of the Patriot Act are set to expire next year. The terrorist threat will not expire on that schedule. Our law enforcement needs this vital legislation to protect our citizens. You need to renew the Patriot Act."

The Patriot Act was a big issue in the 2004 election season -- and as such, little legislative headway was made in renewing it that year. In late December 2005, facing a Dec. 31 deadline, lawmakers agreed to extend the antiterrorism law for five weeks, setting the new expiration date for 16 provisions of the law for Feb. 3, 2006. Democrats pushed for changes to better protect civil liberties and privacy of average Americans, and furor over White House wiretapping of some U.S. citizens made it seem as if major changes would have to be affected, but in March, 2006, the full Senate voted to renew the Patriot Act, by an 89-10 roll call, with only cosmetic amendments.

On gay marriage: "Activist judges … have begun redefining marriage by court order, without regard for the will of the people and their elected representatives. On an issue of such great consequence, the people's voice must be heard. If judges insist on forcing their arbitrary will upon the people, the only alternative left to the people would be the constitutional process. Ou r nation must defend the sanctity of marriage."

Gay marriage was a cultural flashpoint of the 2004 election, and these lines were manna for Mr. Bush's socially conservative base. But the issue has received scant attention since then, aside from mentions amid the vetting of Chief Justi ce John Roberts and fellow justice Samuel Alito. Both men were reluctant to discuss specifics of their stances during Senate hearings, though neither is expected to be supportive of gay marriage. Push for a constitutional amendment, though, seems to have died down: Some prominent Republicans have made it known that they don't support an amendment, and many states have already passed ballot measures limiting the definition of marriage, making the need for a federal amendment less urgent in th e eyes of many conservatives. In the 2006 elections, gay-marriage bans passed in seven states, but Arizonans defeated such a ban. * * *

2003: Health care and the environment

On health care: "Health-care reform must begin with Medicare; Medicare is the binding commitment of a caring society. We must renew that commitment by giving seniors access to preventive medicine and new drugs that are transforming health care in America. My budget will commit an additional $400 billion over the next decade to reform and strengthen Medicare."

Congress passed the huge Medicare prescription-drug benefit in 2003 but the legislation represented the biggest expansion of a federal entitlement program in a generation and will be considerably more expensive than originally estimated. The voluntary benefit went into effect on Jan. 1, 2006, covering the prescription-drug expenses of some 11 million low-income elderly and disabled Americans. Although the program's launch was marred by bureaucratic glitches, befuddled senior citizens, frustrated pharmacists and physicians, and experts asserting it should have been set up differently, critics' worst fears haven't materialized. More than 90% of Medicare beneficiaries have drug coverage, and costs are below initial estimates.

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On the environment: "I have sent you Clear Skies legislation that mandates a 70% cut in air pollution from power plants over the next 15 years. I have sent you a Healthy Forests Initiative, to help prevent the catastrophic fires that devastate communities, kill wildlife, and burn away millions of acres of treasured forest."

In March 2005, the Senate Environment and Public Works Committee deadlocked in a 9-9 vote and failed to pass Mr. Bush's "Clear Skies" on to the full Senate. Since then, the president has called a few times for its renewal, but action has been slow. Some Republicans in the business community have tried to distance themselves from efforts to roll back clean-air rules and the Endangered Species Act. Meanwhile, liberal critics have mocked the Clear Skies plan, calling it patronage for Bush campaign fundraisers in the energy business and a loosening of pollution regulations. The Healthy Forests Act passed in 2003. * * *

2002: Defense and trade

On defense: "We will work closely with our coalition to deny terrorists and their state sponsors the materials, technology, and expertise to make and deliver weapons of mass destruction. We will develop and deploy effective missile defenses to protect America and our allies from sudden attack."

The Bush administration decided to invade Iraq in the spring of 2003 because of perceived threat represented by Saddam Hussein's stockpiles of weapons of mass destruction. But those weapons never materialized, and U.S. troops remain in Iraq despite three successful elections there in 2005. Libya voluntarily disarmed and a black-market ring for nuclear materials headed up by a former top Pakistani scientist was broken up, but other successes have proved harder to come by. As Iran refuses to abandon its nuclear program, the U.S. is pushing to isolate Iran's economy, but Tehran shows no signs of backing down. The U.S. also remains wary of North Korea's nuclear intentions. Missile defense is still a touchy subject. Many critics don't see the need for it, calling the program a vestige of the Cold War that should be mothballed to beef up spending on other more pressing defense and homeland-security needs.

On trade: "Good jobs depend on expanded trade. Selling into new markets creates new jobs, so I ask Congress to finally approve trade-promotion authority."

Though Mr. Bush won back trade-promotion authority, which gives the president greater power in negotiating agreements, his record on trade has been mixed. A package of steel tariffs designed to protect U.S. producers from foreign competitors drew criticism both inside and outside the administration and was eventually rolled back. The generous subsidies the U.S. gives its farmers have proved to be a big sticking point in international trade talks. Meanwhile, the president has sent mixed signals on the question of offshoring. During the presidential campaign, he proclaimed his eagerness to protect American jobs and muzzled a top economic adviser who suggested that the outsourcing of jobs overseas was a long-term net positive for the U.S. But he also has repeatedly called for open markets. * * *

2001: Education, taxes and faith

On education: "Children should be tested on basic reading and math skills every year between grades three and eight. Measuring is the only way to know whether all our children are learning. And I want to know, because I refuse to leave any child behind in America."

The president's No Child Left Behind plan, which relies heavily on standardized testing to measure the performance of both students and schools, became law in 2002. The legislation mandated that annual report cards be issued for schools, and that those that don't measure up provide supplemental services like tutoring programs. Parents of children at underperforming schools also have the right to transfer their children to a better school in their district. States and school districts have greater flexibility in how they spend education funds. In 2005, Mr. Bush announced a $1.5 billion "intervention fund" to improve high-school learning and graduation rates, and to extend No Child Left Behind standardized testing to high-school students.

On estate taxes: "It's not fair to tax the same earnings twice -- once when you earn them, and again when you die -- so we must repeal the death tax."

The "death tax" -- or federal estate tax -- has been a perennial target of Republican ire. The president has been successful in reducing the estate tax, but total repeal is unlikely, especially with Democrats now controlling Congress. The White House can't count on lobbying muscle from the super-rich: Many of the very wealthiest Americans whose families would benefit greatly from the vanquishing of the estate tax don't support repeal, including investment guru Warren Buffett, who says untaxed

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inheritances would create an "aristocracy of wealth." In 2006, a bill that paired raising the minimum wage with a cut in the estate tax passed the House, but stalled in the Senate.

On faith-based initiatives: "My budget adopts a hopeful new approach to help the poor and the disadvantaged. We must encourage and support the work of charities and faith-based and community groups that offer help and love one person at a time."

Mr. Bush's emphasis on "faith-based initiatives" was one of the major flashpoints of his first 100 days in office. Many civil libertarians and even some religious leaders called his plans a breach of the church-state divide, while conservatives embraced the idea of farming out expensive social programs to churches. John Dilulio Jr., an early leader of the president's faith program, argued in an op-ed in the Wall Street Journal that failure to support faith-based initiatives in the war on poverty was tantamount to ignoring the 14th Amendment's equal-protection clause. Congress scuttled Mr. Bush's most ambitious faith-based plans, but the president did open a "compassion capital fund" to bankroll some initiatives.

Fenty Won't Sit With Laura Bush At Speech (WP)

By Elissa Silverman

The Washington Post, January 23, 2007

D.C. Mayor Adrian M. Fenty has declined a White House invitation to sit with first lady Laura Bush at tonight's State of the Union address, deciding to attend the event as a guest of House Speaker Nancy Pelosi.

Fenty spokeswoman Carrie Brooks confirmed yesterday that the city's new mayor will sit in the gallery along with others invited by Pelosi (D-Calif.), who recently became speaker after Democrats took control of the House of Representatives.

" 'Pelosi asked us first,' " Fenty said, according to Brooks.

Although former mayor Anthony A. Williams, like Fenty, is a Democrat, Williams sat with the wife of Republican President Bush. Presidents often acknowledge guests in the VIP box during the address, and Williams was often captured on television as the cameras panned to the seats around the first lady.

During his campaign for mayor, however, Fenty pledged that he would not sit as a guest of the White House because the president had not supported the city's quest for voting representation in Congress. "He committed during the campaign not to sit in the first lady's box," Brooks said.

Fenty has the made voting rights a top priority of his administration, beginning with a call for D.C. statehood in his inaugural address.

He has lobbied Pelosi to support a bill co-sponsored by Del. Eleanor Holmes Norton (D-D.C.) and Rep. Thomas M. Davis III (R-Va.) that would give the District a voting representative in the House.

Fenty will be joined by Maryland Gov. Martin O'Malley (D) and his wife, Judge Katie Curran O'Malley, also invited by Pelosi, a Baltimore native. Fenty and the O'Malleys will also attend a reception in Pelosi's office suite before the address.

Fenty To Attend Speech As Pelosi's Guest (WT)

By Gary Emerling

The Washington Times, January 23, 2007

D.C. Mayor Adrian M. Fenty will attend tonight's State of the Union presidential address as a guest of new House Speaker Nancy Pelosi, a departure from his predecessor's tradition of attending as the guest of first lady Laura Bush.

Mr. Fenty, a Democrat, had promised to watch the address from outside the first lady's viewing box at the U.S. Capitol to protest a lack of congressional voting rights for the District.

During his two terms as mayor, Anthony A. Williams, a Democrat, attended the address nearly every year as a guest of Mrs. Bush or of Hillary Rodham Clinton when she was first lady.

"I view it as an invitation to the mayor in his capacity as mayor of the District, as opposed to a personal invitation," Mr. Williams said. "The District should be represented in the halls of Congress for the State of the Union. That's how I always saw it."

It was not clear yesterday whether Mrs. Bush had extended an invitation to Mr. Fenty.

Officials in Mrs. Bush's White House press office said the list of those invited to attend the speech with the first lady would not be released until today, and Fenty officials could not confirm whether Mrs. Bush had invited the new mayor.

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Pelosi spokesman Drew Hammill said Mr. Fenty would attend as a guest of the House's new speaker, a California Democrat.

Mrs. Pelosi and Mr. Fenty have met to discuss voting rights and other D.C. issues that will come before Congress.

Mrs. Pelosi and Mr. Fenty "met shortly after her election as speaker to discuss a number of issues with respect to the District," Mr. Hammill said. "They came out of that meeting agreeing to work closely together on the District's priorities."

An invitation to watch the address with the first lady is part recent tradition, part honor for the District's chief executive.

Nelson F. Rimensnyder, a historian and former research director for the House Committee on the District of Columbia, said the practice of inviting guests to the address took on a grander meaning during the administration of President Reagan, who often singled out his invitees for honor during the speech.

"My recollection is it's a more recent thing, the mayors' being regularly invited to sit in on the State of the Union," Mr. Rimensnyder said. "Particularly of course, Tony Williams was invited all the time."

D.C. Council member Marion Barry could not recall yesterday whether he was invited or had attended the annual address while he was mayor, his spokesman said.

Mr. Fenty's attendance as Mrs. Pelosi's guest does represent a contrast between himself and Mr. Williams.

The former mayor has been criticized for not being more aggressive in advancing D.C. voting rights and not mobilizing more energetic efforts for the cause, although he did advocate for the issue during speeches both home and abroad.

Mr. Fenty said in his Jan. 3 inaugural address that "our goal is to become the 51st state." He has met with members of Congress about D.C. voting rights and is spearheading several initiatives, such as a lobbying day in February and a march in April, to further highlight the cause.

Mr. Fenty also has pledged to aggressively push for passage of the D.C. Voting Rights Act, a measure introduced by Delegate Eleanor Holmes Norton, a Democrat who serves as the District's nonvoting representative in Congress, and Rep. Thomas M. Davis III, Virginia Republican, that would give the District a House vote and also add a seat in the House for Utah.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 23, 2007

Pelosi Lures Cameras to the Speaker's Box

The party's not over! Newly minted House Speaker Nancy Pelosi will not only sit behind President Bush at tonight's State of the Union address, but she's filling the normally staid speaker's box with a cluster of political stars.

Many of Pelosi's guests, who will sit in 21 balcony seats, will be past and present celebs of the Democratic Party: former speakers Jim Wright and Tom Foley, Maryland Gov. Martin O'Malley, Los Angeles Mayor Antonio Villaraigosa and Washington's Adrian Fenty. Pelosi also invited two of the more influential 9/11 widows, Carrie Lemack and Mary Fetchet, and the wives of the Joint Chiefs of Staff chairman and vice chairman, Lynne Pace and Cindy Giambastiani.

Ronald Reagan began the tradition of inviting special guests, who sat with the first lady and were introduced at key moments in the address. Last year, an injured Iraq war veteran, Air Force Sgt. Jamie Dana (with her dog and former military partner, Rex), sat with Laura Bush. The speaker's box, by contrast, hardly merited a glance -- except in 1997, when conservatives blasted Newt Gingrich for inviting Jesse Jackson to sit in his box.

This is the second time this month Pelosi made the seats a camera magnet: Richard Gere and Tony Bennett sat there for her Jan. 4 swearing-in ceremony. No word who else might pop up, but Lynne Cheney-- who sat in the speaker's box in the past few years -- will move on over to the first lady's this year.The Million-Dollar Set, With Reason to Celebrate

If you're a young, talented actor-director trolling for a patron who loves the theater -- well, there was only one party to crash Saturday night: the "Happy Ever After Gala" at Signature Theatre's new digs in Arlington. (Signature's Artistic Director Eric Schaeffer was your basic starving artist 17 years ago.) The black-tie bash celebrated the company's new space, new production of Stephen Sondheim's"Into the Woods" and folks who made it all possible, especially the big-three couples who throw serious bucks to the arts in Washington.

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Maxine Isaacs and Jim Johnson (major donors to the Kennedy Center) gave the first $1 million for the new quarters, so the Max Theatre is named after her. Gilbert and Jaylee Mead (who recently gave $35 million to Arena Stage) also gave $1 million, and their names grace the theater lobby. And Arlene and Robert Kogod (they donated $25 million for the new glass roof on the Old Patent Office Building) wrote a check for $3 million, and both the entrance lobby and smaller Ark Theatre bear their monikers. Unlike MCI . . . er, Verizon Center, these names won't change.THIS JUST IN . . .

Special Celebrity Detox Edition:

Â· Miss USA Tara Conner has checked out of rehab and will resume beauty-queen duties soon, reports the New York Daily News. The New York bar where she spent some infamous nights is hosting a "Coming Out" party, but she's definitely not going, said a pageant rep -- although Donald Trump told Fox News he is considering an offer from Playboy magazine to feature a semi-clothed Conner inside and on the cover.

Â· Country singer Keith Urban calls the 90 days he spent at the Betty Ford Center "one of the most impactful times of my whole life." In a video message released yesterday to his fans, Urban -- who checked in just three months after his wedding to Nicole Kidman-- said he originally planned to stay a month but "I started to learn a lot about myself, and how I got to be in this position. . . . It feels really good to have gone through it and be where I am right now."HEY, ISN'T THAT . . .?

Â· Keith Olbermann, eating a hamburger at downtown's Les Halles yesterday with a dark-haired woman whose business suit led onlookers to conclude she was a political source, not a broadcast colleague. The N.Y.C.-based cable yakker has brought his MSNBC show south for the State of the Union address.

Â· Supreme Court Justices Sam Alito, Stephen Breyer and Ruth Bader Ginsburg at opening night of the Shakespeare Theatre Company's "Richard III" -- a little riff about the succession of power and why tyrants are bad. Hey, take notes, you guys!

Sen. Jim Webb To Rebut State Of The Union (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 23, 2007

When President Bush gave his 2006 State of the Union speech, Jim Webb hadn't yet decided to run for the US Senate. But he had no doubts about the war in Iraq, which he called "the greatest strategic blunder in modern times."

Tuesday night, Senator Webb is giving the Democratic response to this year's State of the Union – an unusually high profile for a freshman. But no Democrat in the Congress is more primed to talk on the No. 1 issue in congressional politics: the endgame in Iraq.

"We have never clearly defined what a win is – never, not since 2002," says Webb, on a brisk walk through the Capitol basement after President Bush announced an increase of 21,500 troops in Iraq. One of them will be Webb's son, Jimmy, whose Marine unit has just been extended for an additional 60 days in Iraq.

A decorated combat marine, Webb knows – and can articulate – the human face of war with an authority that is rare on Capitol Hill. As a company commander in the An Hoa Basin during the Vietnam War – the setting of his first of six bestselling novels, "Fields of Fire" – he was awarded the Navy Cross for exceptional heroism, three medals and two purple hearts. He dedicated that 1978 book to "the 100,000 Marines who became casualties in Vietnam. And for the others who became casualties upon their return."

As a law student at Georgetown University Law Center, Webb represented and later cleared the name of a marine convicted of war crimes in Vietnam, three years after his suicide. With the House Committee on Veterans Affairs from 1977 to 1981, he became the first Vietnam veteran to serve as a committee counsel on Capitol Hill. In 1987, President Reagan appointed Webb to be secretary of the Navy, but he resigned in 1988 over deep budget cuts that the Congress mandated for the Navy.

"The fact that he's a longtime Republican, until his recent conversion, plus his war-hero status, plus a strong association with Ronald Reagan, plus the fact that he delivered the Senate to the Democrats on the issue of Iraq – it makes him the logical choice for the Democrats," says Larry Sabato, a political scientist at the University of Virginia.

Democratic leaders who tapped Webb for his prime-time assignment describe him as "a new voice in a new Congress." "He's also a combat veteran who understands personally how important it is to find a new direction in Iraq and begin to bring the war to a close," said Senate majority leader Harry Reid.

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Once a reluctant campaigner

A reluctant campaigner, Webb was once the first person out the door at a campaign event in Arlington, Va., that he was headlining. But he is settling into his role in the Senate, where he often sits through oversight hearings on the war from start to finish – a practice typically rare for anyone but the committee chairman.

"I'm impressed. He was the only one who stayed the whole time... Senator Webb and [Chairman Joseph] Biden," says Marjorie Lasky, a war protester from Berkeley, Calif., who sat near the front row of recent Senate hearings. "I hope he stays right on top of this war."

For Webb, the key to getting out of Iraq is for the Bush administration to "aggressively deal with the situation in a regional context," he says. "If we do that, we get our combat troops out, and we can still address the war against international terrorism. We can help increase the stability of the region, and we can deal with our strategic interests elsewhere. That's how you define a win."

Webb's tough questions

His committee assignments on the Senate Armed Services Committee and Foreign Relations Committee give him a platform to raise these issues, even though his position at the bottom of the seniority rankings usually leaves him the last to speak.

At a Jan. 11 hearing of the Foreign Relations Committee, he challenged Secretary of State Condoleezza Rice to "more actively engage" in diplomatic efforts in the Middle East. "There are many, including myself, who warned that invading and occupying Iraq would in fact empower Iran, and that has become a reality," he said. Then, he asked: "Is it the position of this administration that it possesses the authority to take unilateral action against Iran in the absence of a direct threat without congressional approval?" Ms. Rice said that she would answer in writing.

Aides say he does much of his own research to prepare for hearings and develops his own questions. He generally reads at least four hours a day, aides say. "That's what he hated the most about campaigning – losing time to read," says Webb spokeswoman Jessica Smith.

Aides say he is drafting his own response to the State of the Union, working mainly in the evenings, although Democratic leaders will have a say in the final language.

While he's not one of those senators who seeks television lights – or print journalists, for that matter – like a heat seeking missile, he is clearly warming to the job. "It's a great time to be in the Senate," he says.

Ramrod straight and typically no- nonsense, Webb had a brief, much-reported skirmish with President Bush at a White House reception last year. When Mr. Bush asked after his son, Webb replied: "I'd like to get them out of Iraq, Mr. President." Pressed again, "How's your boy?", Webb said: "That's between me and my boy, Mr. President."

Bush's Speech To Push Health Insurance Plan (USAT)

By Richard Wolf And David Jackson

USA Today, January 23, 2007

WASHINGTON — President Bush will use Tuesday night's State of the Union address to begin a new effort to reduce the number of Americans without health insurance and try to capitalize on state innovations.

Bush's plan would financially reward states that make basic private policies more widely available. Already, more than a dozen states from Massachusetts to California have proposed expanding private health insurance, Health and Human Services Secretary Mike Leavitt said Monday.

The president's plan would not involve any new federal money. It would redirect some of the $30 billion the government spends annually to care for people without health insurance who show up at hospitals and emergency rooms.

The administration expects opposition from Democrats, particularly those who favor a system of government-subsidized health insurance. "I have not seen anything in health care to which there was not objection," Leavitt said.

There are 47 million Americans without health insurance. Groups representing business and consumers last week endorsed a renewed effort to get them covered. "There is real, tangible movement toward that objective right now, for the first time," Leavitt said.

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A number of states have taken steps recently to cover more uninsured residents, particularly children. They include Massachusetts, California, Illinois, Pennsylvania, New York, Arkansas, Indiana, Michigan, Texas, New Jersey, Missouri, Washington, Oregon, Louisiana, Tennessee, Connecticut and Vermont.

Democrats such as Rep. Pete Stark of California have questioned another Bush plan to offer standard deductions for health insurance — $7,500 for individuals, $15,000 for families — while subjecting employer-paid health insurance to income taxes. Rep. Jim McCrery of Louisiana, top Republican on the House Ways and Means Committee, has fielded complaints from some Republicans who call the plan a tax increase.

White House officials said the proposed changes to the tax code represent "reform," not tax hikes. "We think about it as tax reform that levels the playing field and provides a basic, standard benefit to all Americans," White House spokesman Tony Fratto said.

Of all taxpayers who get health insurance from their employers, about 20% face the prospect of paying higher taxes. They can adjust their health coverage.

"This is revenue-neutral tax reform," said Katherine Baicker of the Council of Economic Advisers. "There are always going to be some winners and losers, but the people who might initially be losers have options."

Bush's Health Plan: Tax Breaks To Uninsured (MH)

By Michael A. Fletcher

The Miami Herald, January 23, 2007

WASHINGTON - President Bush will propose deep tax breaks for Americans who purchase their own medical insurance and would finance the plan with an unprecedented tax on a portion of high-priced healthcare plans that workers receive from their employers, according to the White House.

The initiative, which the president briefly previewed in his radio address Saturday, has a dual purpose: It would create a financial incentive for the estimated 46 million to 48 million Americans who lack health insurance to buy it. And it would rein in the soaring cost of health insurance by encouraging workers in high-priced plans to seek more modest coverage.

"Today, the tax code unfairly penalizes people who do not get health insurance through their job," Bush said. ``It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise and many Americans cannot afford the coverage they need."

The proposal, which Bush plans to fully unveil in Tuesday's State of the Union address, marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans.

Administration officials familiar with the plan say it reflects the new political order in Washington, where Democrats now control both chambers of Congress.

They refuse to characterize the plan as a tax increase because it raises no new money for the federal government.

Instead, it would add a new tax on employer-provided healthcare plans worth more than $15,000 to subsidize those who buy modestly priced plans out of their pockets.

In addition, they say, the plan is consistent with Bush's idea of increasing access to health insurance through the private market while encouraging people to be more cost conscious as they purchase medical-care coverage.

In his speech Tuesday night, the president will also propose increasing the federal assistance to states that make private healthcare plans available to low-income or chronically unhealthy people who are uninsured.

The administration hopes to provide waivers under Medicaid -- the government health insurance program for the poor that is jointly funded by the federal government and the states -- to allow states to redirect money from hospitals and nursing homes to individuals to help them buy health insurance.

Some states already are moving to offer healthcare coverage to the uninsured. In California, Gov. Arnold Schwarzenegger recently announced a plan to provide coverage to about 6.5 million people, including many recent immigrants, who are uninsured. If the plan is approved by the state legislature, California would become the fourth state -- along with Massachusetts, Vermont and Maine -- to offer near universal health insurance.

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Taken together, Bush's proposals are his most ambitious attempt to address the healthcare crisis. In the past, Bush had pushed for limited tax breaks to help people buy health insurance, but those initiatives never gained traction. He has also advocated health savings accounts, consumer-driven plans with higher deductibles and lower premiums than those in traditional insurance.

The new tax measure would attempt to roughly equalize the benefits of people who have health insurance, regardless of whether they buy it or receive it from employers.

NEW TAX RULES

Currently, the 17 million Americans covered by health plans that they purchased out of pocket receive no federal tax break for the expenditure.

Meanwhile, the estimated 150 million people covered by employer-provided health insurance are not taxed on the value of their health insurance, regardless of how much it is worth. The average employer-provided family health insurance plan costs $11,500 a year, administration officials said -- three times what it cost 19 years ago.

Under Bush's proposal, workers who receive employer-provided health insurance would have to pay a tax on the cost of their benefit above $15,000, the threshold he proposes for the tax break.

For instance, if a person's health insurance costs $16,000, he would pay a tax on the $1,000 difference. People with families who buy low-cost policies, meanwhile, would have their taxable income reduced by $15,000, regardless of the cost of the plans and whether they itemize deductions on their tax returns. The deduction would be $7,500 for single individuals. The deduction, to be indexed to account for inflation, would also be extended to those with employer-provided plans, to be offset by the cost of their coverage.

"This is a huge incentive for the uninsured to get coverage, but, also, the vast majority of people with employer-provided coverage will benefit as well," a senior administration official said. The Bush administration estimates that 80 percent of people with employer-provided plans would see their tax liability fall because the deduction would be larger than the value of their insurance plans.

The idea of ending the taxpayer subsidy for what some in the health industry call "Cadillac health insurance" policies and using the savings to subsidize insurance for those who do not have it has been around for at least two decades, experts said.

Underlying the idea is the belief that the current tax structure essentially adds to the inflationary pressure on healthcare by subsidizing expensive healthcare plans, making coverage even more unaffordable for those who do not have it.

BIPARTISAN APPEAL

But now may be an interesting moment to resurrect the idea because the new Democratic Congress has vowed not to initiate any new programs that cannot pay for themselves.

Moreover, the idea of imposing a tax on those with generous coverage to help those without it has a progressive cast that could appeal to Democrats.

"It is being proposed by a Republican, but it's kind of a Democrat idea," said Robert Laszewski, a health policy consultant. ``It should be something that will interest a lot of Democrats."

Still, some leading Democrats are skeptical of the plan. "It is good that the president is finally talking about health care," said Sen. Edward Kennedy, D-Mass., chairman of the Senate committee that oversees healthcare matters. ``I question, however, why the president thinks the way to solve this problem is through the tax code."

Bush Insurance Plan Gets Cold Reception (AP)

By Kevin Freking

AP, January 23, 2007

President Bush's proposed tax deduction for health insurance appears to be shaping up as a tough sell in the Democratic Congress.

Rep. Pete Stark, D-Calif., said Monday that the tax changes, which Bush is expected to promote in Tuesday night's State of the Union address, would encourage employers to stop providing health insurance.

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"Under the guise of tax breaks, the president is pursuing a policy designed to destroy the employer-based health care system through which 160 million people receive coverage," the lawmaker said.

Stark, who oversees a key House Ways and Means subcommittee, said he would not consider holding hearings on the proposal, which includes a trade-off. Contributions from employers toward health insurance would begin to be treated as taxable income. At the same time, a standard deduction for taxpayers with health insurance would be set at $15,000 for families and $7,500 for individuals.

The White House says that 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. But about 20 percent would see a tax increase — those workers whose health insurance cost more than the standard deduction.

The change in tax policy is one of two major health proposals announced by Bush last weekend. The other would take some federal money now going to hospitals and other facilities and give it to states for programs to reduce the number of uninsured.

Insurers said the tax proposal would mostly help the nearly 17 million people who buy coverage through the individual or small group market. Their ranks include real estate agents, consultants and employees of small businesses that don't offer health coverage. Also benefiting would be those in newer industries where the workers tend to be younger and the health coverage is more basic, such as technology.

Meanwhile, many state employees, teachers, and older workers in such established industries as automobile and steel manufacturing could see their expenses go up, said Karen Ignagni, president of America's Health Insurance Plans, the insurers' trade group.

The trade group has not yet taken a position on the president's proposal. However, the insurers like the president's focus on health care going into the year.

"With the president coming forward and making health care such a major issue on his priority list, I think progress is definitely possible," Ignagni said. "We're going to see views and positions from all sides. We see that as a very promising thing. More and more people will come to the view that we've reached a tipping point."

President's Speech Will Stay Close To Home (LAT)

By Maura Reynolds

The Los Angeles Times, January 23, 2007

WASHINGTON — As President Bush prepares to deliver his first State of the Union address to a Democratic-controlled Congress tonight, he may be at the lowest point in his six-year presidency.

Yet on domestic policy, at least, the president may have an opportunity to revive his fortunes on several fronts, including healthcare, immigration and energy policy.

What that would take is a willingness by the president to work for compromises on Capitol Hill, even at the risk of displeasing the GOP's conservative base. And it would take a Democratic leadership willing to do the same with its base.

In past years, Bush has devoted roughly half his speech to national security and the "war on terror." But with his approval ratings well below 40% — largely a result of Americans' dissatisfaction over the Iraq war — this year he is expected to give greater emphasis to domestic policy, where he has the most opportunity to find common ground with Democrats.

In 2001, Bush did reach out to opposition lawmakers in the months immediately after his election, securing passage of the No Child Left Behind education law that remains a hallmark of his domestic record. White House officials are suggesting that, despite increasing partisanship since then, Bush is once again open to compromise.

"He understands his obligation ... is to go ahead forthrightly [on] big problems and come up with solutions that not only are going to have political appeal, but they're also going to be effective in making life better for Americans," White House spokesman Tony Snow said Monday.

"When you have a Democratic Congress that came in two weeks ago saying, 'We want to get things done' — we've got some offers that [are] going to be pretty good for them."

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Both sides are expected to use the speech to send signals to the other — the president with his words, and the Democrats with their applause, or lack thereof.

Forging compromises and persuading Democrats to join him in the effort will not be easy. Some analysts think it's too late for Bush to regain the confidence of Democrats — or of much of the nation.

"People don't have confidence in him or his trustworthiness, and both of those undermine his ability to bounce back," said George C. Edwards III, a presidential scholar at Texas A&M University. "This is the lowest point in his presidency, absolutely. It's almost the time of desperation."

Bush's approval rating averaged 37% over the last year, according to the Gallup Poll — one of the lowest yearly approval ratings of any president since the organization started collecting such data during the Truman administration. A Wall Street Journal/NBC News poll released Monday put Bush's approval rating at 35%.

Those low ratings, combined with the "thumping" that Republicans took at the polls in November, mean that the president has much less political capital this year, said Thomas E. Mann, who studies White House-congressional relations at the Brookings Institution, a centrist think tank.

"The president is in an exceedingly weak position," Mann said. "He is not in a position to advance his agenda if it is any way controversial in the country or conflicts with the views of Democrats."

Bush is scheduled to deliver his speech before a joint session of Congress at 6 p.m.

A narrower focus

Some lawmakers are concerned that the shift in political fortunes — and years of pent-up Democratic frustration with GOP hardball tactics — could lead to a less-than-decorous atmosphere in the House chamber during the speech.

"I hope we won't act like children," said Senate Assistant Minority Leader Trent Lott (R-Miss.). "The Democrats in the House, if they're not appropriately considerate of the president of the United States, then that will agitate those of us on our side, and then we'll respond in kind, and then the American people will turn us off."

Democrats, however strongly they are feeling their oats at the moment, say they do not intend to be disruptive.

"We've always been respectful of the president, and I would assume that would continue," said Sen. Dianne Feinstein (D-Calif.). "This is really his night to give us his view, and I think people generally make their views known through applause and non-applause."

White House aides said that instead of the traditional laundry list of subjects — in which the president gives at least a brief plug for the favored programs of every Cabinet department — Bush plans to focus on a few key issues.

"I just think some of the old State of the Union formulas have kind of run their course," Snow said.

This year, the speech comes just 10 days after the president delivered a prime-time address to the nation on the subject of national security, and aides say he does not intend to repeat himself. For instance, at a time of increasing tension between the Bush administration and Iran, foreign governments are likely to listen carefully to what the president says about that country and about Syria, another neighbor of Iraq.

Aside from foreign policy, aides say, Bush will concentrate his remarks on four domestic policy areas: energy, healthcare, immigration and education.

On healthcare, Bush is expected to talk in more depth about an idea he floated over the weekend: that the tax code should put a limit on how much of workers' health insurance premiums are tax deductible. The deduction cap would affect more generous healthcare plans, particularly those provided to highly paid employees and some union members.

The administration argues that while some Americans would have to pay taxes on some of their employer-provided insurance, that would make it easier for uninsured workers and the self-employed to buy coverage on the open market. The idea is opposed by the administration's major business allies, including the U.S. Chamber of Commerce.

Bush is also expected to promote health savings accounts — as he has for years — which let workers avoid taxes on dollars they set aside to pay medical expenses.

Democrats have complained that health savings accounts primarily benefit upper-income workers, but they might be open to an expansion of the existing program if it were combined with other steps they favor.

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On energy, Bush will mention global warming along with the country's "addiction" to foreign oil — a major theme of last year's address — and propose developing new technologies as the way to combat them.

"Energy and environmental policy are linked up," Snow said. "The way you do it is you encourage innovation.... Carrots work better than sticks."

In particular, Bush is expected to renew his support for a $2-billion program to spur development of alternative fuels and other technologies designed to reduce pollution from fossil fuels.

Many Democrats support development of new, environmentally friendly energy technology, though they differ with Bush on specifics. Environmental groups are demanding stronger action on global warming.

"Small steps at this point will not address the problem very significantly and we cannot accept them," said Frances Beinecke, president of the Natural Resources Defense Council.

Immigration divides GOP

On immigration, aides say Bush will reiterate his support for "comprehensive" immigration overhaul, but it remains to be seen whether he will specify what that means.

In the last two years, Bush has used his annual address to Congress to sketch out core elements — better border security, improved enforcement at workplaces and a guest-worker program for temporary workers. But so far he has not taken a firm position on the problem at the heart of the immigration debate: the fate of the 12 million illegal immigrants already in the country.

That issue has divided the GOP, with House Republicans adopting a hard-line stance that may have contributed to GOP losses in November.

That's why immigration legislation has a better chance of passing with Congress in Democratic hands, and lawmakers are preparing to broach the issue again.

On education, aides say the president intends to press for the reauthorization of his signature No Child Left Behind Act, which faces expiration if not renewed this year.

Congressional sources say that the bill will probably undergo some revision but that the Democrats and Republicans who signed on to it five years ago remain committed to its core principles: more testing of students and accountability standards for schools in an effort to improve achievement levels of disadvantaged students.

Beyond that, there is little consensus on where Bush could take his education agenda. Last year he expressed support for extending No Child Left Behind to secondary schools, but Democrats and Republicans say they want to work out the kinks at the elementary-school level before applying the idea to high schools.

In the end, it may not be proposals that determine the success or failure of the showcase address. Instead, it may simply be whether Bush avoids losing additional ground with the public and Congress.

"At six years, people think they know him," presidential historian Edwards said. "The idea that there is some magic phrasing or some magic policy that will give him a big boost and people will regain confidence in him — it's not going to happen."

Bush Wants States To Plan Coverage Of Uninsured (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 23, 2007

WASHINGTON — President Bush's top healthcare official on Monday proposed a strategy for covering the uninsured that would offer incentives to each state to develop its own plan for expanding access, but stopped short of guaranteeing universal protection.

With Bush expected to address concern about rising premiums and shrinking coverage tonight in his State of the Union speech, Health and Human Services Secretary Mike Leavitt offered governors greater leeway in how they use federal healthcare money for the poor if they would take the lead on offering help to the estimated 47 million now uninsured.

"The president will make clear he believes the federal government should not run healthcare," Leavitt told reporters. "He wants to partner with states." Leavitt said he expected a dozen or more states to pursue health reform efforts this year.

The Bush approach adds to a growing list of proposals for expanding medical insurance coverage and dealing with other aspects of healthcare. Like the others, it is likely to fuel the coming debate on the issue in Congress and on the campaign trail.

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Hospital groups warned that the administration's proposal could undermine existing programs by redirecting federal funds. And on Capitol Hill, some leading Democrats grew more outspoken in their criticism of Bush's emerging healthcare strategy — a sign it may not get very far in Congress.

Leavitt, in a session with reporters, outlined what he called an "affordable choices initiative," which he said was the second major piece of the administration's plan, along with a proposal to tax high-value medical insurance provided by employers to some workers.

Under the initiative, the federal government could reallocate as much as $40 billion a year that now goes to hospitals and other providers that treat large numbers of uninsured and low-income patients, he said.

Funds would instead be used to provide basic health insurance coverage for low-income people, who could then see their own doctors and perhaps avoid costly hospitalizations. "Rather than perpetually paying the bills of uninsured people, it would be better to use part of the money to help them get an insurance policy," Leavitt said.

Over the weekend, the president unveiled the first part of his plan — a tax deduction that would make insurance more affordable for people who don't have employer-sponsored coverage. The proposal would be financed by taxing people with the richest health plans, those with premiums of more than $15,000 a year for family coverage, or $7,500 for individuals. Revenue from the tax would be used to cover deductions given to middle-class workers, many of them self-employed, to buy coverage.

Monday, the office of Senate Majority Leader Harry Reid (D-Nev.) issued a press release saying that part of Bush's plan "amounts to a tax increase for the middle class."

And the chairman of the House Ways and Means health subcommittee, Rep. Pete Stark (D-Fremont), accused Bush of "pursuing a policy designed to destroy the employer-based healthcare system through which 160 million people receive coverage."

Some middle-of-the-road Democrats also questioned Bush's plan.

"I am concerned about how the administration's proposal will affect a middle-class person who's lucky enough to have a good healthcare package," said Sen. Ron Wyden (D-Ore.). "The proposal involves a lot of pieces, and its hard to calculate how they all fit together." Wyden has a health reform plan of his own.

White House officials said the Democrats were overreacting. About 80% of employer-provided polices have annual premiums under the $15,000 and $7,500 taxable thresholds, according to administration figures.

The tax changes, designed to take effect in 2009, would result in an estimated 5 million people gaining coverage, White House officials said. No estimate of gains in coverage could be made for the other part of the administration's package, because it would depend on the states.

States would set up insurance-purchasing pools, decide who is eligible for subsidized coverage, and determine a basic benefits package, Leavitt said. They may well have to invest additional state funds, he noted.

In exchange, Washington would provide the states with greater flexibility over how to spend federal dollars now allocated to provide healthcare for the poor and uninsured. Leavitt did not promise additional federal money, and some congressional aides predicted cuts in healthcare spending as part of the budget Bush will send to Congress next month.

But hospital groups said the idea comes with a catch. Many states don't pay enough to cover care for poor people who have Medicaid coverage, so hospitals depend on the federal payments to make ends meet.

"This is literally taking money away from the poor," said Peters Willson, vice president for public policy with the National Assn. of Children's Hospitals. "You are taking money

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The Bush approach adds to a growing list of proposals for expanding medical insurance coverage and dealing with other aspects of healthcare. Like the others, it is likely to fuel the coming debate on the issue in Congress and on the campaign trail.

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But hospital groups said the idea comes with a catch. Many states don't pay enough to cover care for poor people who have Medicaid coverage, so hospitals depend on the federal payments to make ends meet.

"This is literally taking money away from the poor," said Peters Willson, vice president for public policy with the National Assn. of Children's Hospitals. "You are taking money away from children covered by Medicaid, and you could throw the safety institutions we are counting on being there for everybody into financial jeopardy."

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A Healthy Initiative (WP)

The Washington Post, January 23, 2007

THIS TIME last year, President Bush's main health policy proposal was to expand tax-sheltered health savings accounts. In the days leading up to tonight's State of the Union address, he has signaled a welcome shift in policy. Expanded tax shelters for health savings accounts would have drained billions of dollars from the budget, and the shelters would have mainly benefited the affluent. Their legitimate goals -- to correct the tax bias against people who don't work for big companies and to discipline health costs -- would be far better advanced by Mr. Bush's new initiative, which is budget-neutral and progressive.

At present, people who get health insurance from employers pay no tax on the value of the benefit. Someone with a marginal tax rate of 35 percent and a generous insurance policy worth $20,000 a year gets a $7,000 tax break. But people who buy insurance on the individual market must usually do so with post-tax dollars, so their tax break is normally zero. The administration proposes to eliminate that unfairness by giving salaried workers and freelancers the same tax deduction.

The reform would also remove the tax incentive to buy excessive insurance. Currently, the more generous your health plan, the more tax subsidies you capture; the person in the example above would get a tax break worth only $3,500 if he chose a more restricted insurance plan worth $10,000 annually. Generous insurance plans, which impose few restrictions on visits to specialists or on possibly redundant tests, inflate demand for medical services and push up prices for everyone; they help explain why the United States spends almost twice as large a share of its economy on health care as do most rich economies. By giving all insurance buyers a standard deduction, irrespective of the type of health coverage they choose, Mr. Bush would restrain medical costs and promote fairness. Because richer people tend to have more expensive insurance, the reform would slightly increase tax rates for people in the top fifth of the income distribution while slightly reducing tax rates for others, according to the White House.

There are weaknesses in the president's proposal. Rather than embracing tax deductions, which are most valuable to people in high tax brackets, Mr. Bush could have made his proposal even more progressive by recommending a refundable tax credit that would be worth the same to everyone. Moreover, there's a danger that ending the tax privilege for employer-provided insurance will cause companies to discontinue coverage, driving more buyers into the individual market, where it's hard to buy insurance at a reasonable price, especially if you already have a medical problem. The administration promises to support state efforts to redeploy federal Medicaid dollars in ways that would make the individual insurance market work better. But success here will depend on the states, and the details are sketchy.

Despite these caveats, the president is right to go after the existing system of tax subsidies for health care. Like the deductions for mortgage interest, these subsidies are regressive and have perverse consequences. Mr. Bush has kicked off a needed discussion.

Bush's Health Plan Unaffordable, Says Advocacy Group (NHR)

By Mary E. O'Leary

New Haven Register, January 23, 2007

President Bush's plan to make health insurance affordable for more people is getting a thumbs down from one advocacy group, which has more faith in the efforts of individual states to tackle the problem.

Bush, in his radio address this weekend, talked of his plan to tax employee health benefits that exceed a certain value, while extending a tax credit across the board to those with and without insurance. He will elaborate further tonight in his State of the Union address.

Janet Davenport, spokeswoman for the Universal Health Care Foundation, said the fact that the president is addressing the issue recognizes there is a problem.

"We need health care reform on the national agenda, but we need the right plan," she said, and based on reports to date, Bush's proposal does not appear to be "in the best interest of middle-class and low-income families, in fact ... it could actually be harmful."

There are 47 million Americans without health insurance, 407,000 of whom reside in Connecticut.

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The Bush plan would allow a $15,000 tax deduction for a family with employer-based health insurance and the same deduction for those who lack coverage. If health insurance costs more than that, the individual would pay taxes on the difference.

One analysis said this would mean a tax increase for about 20 percent of workers.

Americans covered by employee plans, estimated by the U.S. Census Bureau at 175 million, don't pay taxes on health insurance benefits, estimated to cost an average of $11,500.

Davenport, however, said most of the uninsured in the state are low-wage workers, whose employers don't offer health insurance, or they can't afford the premium.

"Either way, it is just plain unaffordable," she said.

Davenport said individuals and families who can't afford insurance are in low-tax brackets and making premiums tax-deductible "would be virtually meaningless." She said while it is hopeful the issue is again on the national agenda, Connecticut has an opportunity to move forward before the federal government.

The foundation hired an outside consultant this year to do an extensive economic analysis of alternative universal plans for Connecticut as to cost containment and the effect on economic growth.

The best plan was a single-payer model run by the state, but a second one, with a state pool that used competing private insurance firms, also saved money and boosted the gross domestic product.

Davenport said she wants to see such an analysis of Bush's plan. She said a viable plan that is not only global, but sustainable is needed.

A coalition of business and union groups last week demanded government action because rising health costs put American businesses at a disadvantage globally.

Andrew Stern, president of the Service Employees International Union, Monday said he was happy Bush had joined the discussion.

"But, I am concerned that the president's tax proposal is more about shifting responsibility, rather than sharing the responsibility of our health care system. We should be making sure that everyone has good coverage, not punishing those who already do," he said.

A spokeswoman for the Connecticut Business and Industry Association said its analysts wanted to wait for further details before commenting on Bush's proposal.

Interest Lacking In Health Accounts (AR)

By Jodie Snyder

Arizona Republic, January 23, 2007

In his State of the Union address last January, President Bush spotlighted health savings accounts, saying that patients paying $1,000 deductibles rather than $20 co-pays would help control runaway health care costs.

Since then, Congress has tweaked health savings accounts, but enrollment in them hasn't really budged and few people know the facts about them.

In comparing 2005 enrollment numbers with 2006 figures, Kaiser Family Foundation, a Washington, D.C.-based health care policy group, found no statistical difference between the two.

advertisement

Health savings accounts are pools of tax-free money that employers or employees can contribute to. The accounts can be used to help with out-of-pocket medical expenses, and unlike flexible spending accounts, they can be rolled over to the next year. They are usually paired with high-deductible insurance policies to create consumer-driven health plans.

Bush and other advocates said that health savings accounts can make people think twice about going to the doctor and getting prescriptions, and that turning patients into better consumers could slow rising health care costs.

Employers also may like them because they generally have lower premiums than typical managed-care contracts, they argued.

"It (the acceptance) certainly hasn't been a tidal wave," said Gary Claxton, Kaiser vice president. "When you look at the total costs, the savings from these plans may not be enough to overcome consumer concerns about higher cost sharing."

Bush is not expected to talk about the accounts in tonight's address. Instead, his focus is expected to be on offering tax deductions to people who buy their own health insurance and possibly levying a tax on people who get hefty health benefits from their employer.

It took almost a year after Bush's last State of the Union address to get Congress to pass changes to make the health savings accounts more attractive.

One significant change was to allow employers to make a one-time transfer from the employee's flexible spending accounts to health savings accounts. Another important change was to allow employees to roll over their money into retirement accounts after they take a penalty for withdrawing the money, said Patricia Larsen, principal of the Phoenix office of Mercer Health and Benefits.

Other highlights include raising limits to $2,850 for an individual and $5,650 for a family. Previous limits on contributions had been tied to the size of the deductible.

Larsen said she believes the changes will help create more interest in the accounts as time passes.

Kaiser estimates that about 4 percent of employees are covered by high-deductible plans with a savings option, such as health savings accounts. Only 4 percent of companies that offer other types of health insurance say that they are "very likely" to adopt high-deductible plans/health savings accounts plans.

A recent survey by the Employee Benefits Research Institute, a Washington, D.C., public policy group, indicated that people enrolled in high-deductible plans continue to be less satisfied with their health plan than people in more comprehensive health plans. They are also less likely to recommend the plan.

Employees need to hear more about the plans and understand how they work, said Mike Cody, vice president of Lovitt and Touche, a Phoenix insurance brokerage.

"When people see that $2,000 deductible, they freak out. They don't understand it," Cody said.

One of the most frequent criticisms is that people don't know how to find out what a medical procedure is going to cost. It's hard to do comparison shopping when a doctor tells you have a suspicious mole that should be checked out, Cody said.

"You just want it to get taken care of."

Sandy Abalos, who owns Abalos and Associates, a Phoenix accounting firm, said she believes it's worth educating people about the accounts.

Abalos started using health savings accounts a couple of years ago. She said her employees have been happy with them.

Abalos took the money she saved on premiums and used it to fund up to 75 percent of her employees' deductibles.

She also works with a preferred provider organization network so that people can get reduced rates from network physicians.

The plan came in handy when Abalos had to pay for her daughter's braces.

The company has no dental plan but Abalos was able to dip into her account to pay for them.

"I think these are great. I just wish more people knew about them," she said.

Bush Hails Abortion Foes At Annual Rally (AP)

AP, January 23, 2007

President Bush marked the 34th anniversary of the Roe v. Wade Supreme Court decision Monday, telling thousands of abortion foes he shares their goal of seeing "the day when every child is welcomed in life and protected into law."

Bush also signaled his unchanged opposition to a key goal of the Democrats who now control Congress: broadening embryonic stem-cell research.

"Our challenge is to make sure that science serves the cause of humanity instead of the other way around," the president said in a telephone call piped over loudspeakers to a Washington rally of opponents of abortion rights. "I have made clear to the Congress, we must pursue medical advances in the name of life, not at the expense of it."

Bush calls the rally each year, usually from distant locations. This year, he extended his weekend stay at the Camp David presidential retreat in the Maryland mountains to phone the participants from there.

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Bush last year vetoed a bill bolstering embryonic stem cell research that advocates say shows promise for numerous medical cures. Earlier this month, the House passed such a bill again, though by a margin short of what would be required to overturn another veto from the president.

With abortion foes in a more defensive posture now that Democrats gained control of Capitol Hill, Bush urged them to do more than look toward legislative victories.

"We've all got to remember that a true culture of life cannot be built by changing laws alone. We've all got to work hard to change hearts," he said. "The sanctity of life is written in the life of all men and women. And so I think, go forth with confidence that a cause rooted in human dignity and appealing to the best instincts of our citizens cannot fail."

Thousands of abortion foes from around the country gathered on the National Mall at midday for speeches. Several thousand later made their way to the Supreme Court, where they waved signs and chanted.

Police said there were no arrests during either protest.

The court is considering an abortion case now, dealing with the first nationwide restrictions on an abortion procedure since the landmark 1973 case.

The Bush administration is asking the court to uphold a law he signed in 2003 banning a procedure opponents call partial-birth abortion. It takes place most often in the middle-third of pregnancy.

The law calls it gruesome, inhumane and never medically necessary. Abortion-rights advocates argue that such abortions sometimes are the safest for women.

Thousands Of Abortion Opponents Rally On Mall (NYT)

By Sarah Abruzzese

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — They marched down Seventh Street on Monday chanting, singing and eventually flooding onto the Mall to show disapproval on the 34th anniversary of the Roe v. Wade decision that legalized abortion.

In his annual call to the thousands of abortion opponents at the March for Life, President Bush, who delivered a telephone message from Camp David, said, “We believe every human life has value, and we pray for the day when every child is welcome in life and protected into law.”

The president told the group, “We’re making progress,” citing legislation that allows a person charged with killing a pregnant woman to be also charged with harming or killing a fetus.

Mr. Bush mentioned his signing the Partial-Birth Abortion Ban Act of 2003, which is before the Supreme Court in a case to be decided this term.

Senator Sam Brownback, the Kansas Republican who announced his presidential bid over the weekend, had supporters fan out over the Mall to pass out pamphlets proclaiming him as “proudly pro-life” and “a champion of our values.”

After the Mall rally, the demonstrators marched up Constitution Avenue to the Supreme Court.

This is the first anti-abortion march here since the Democrats took control of Congress. The change is “challenging us to fight harder,” said Natalie Campbell, 18, who was at the rally with her father and their church group from Kokomo, Ind.

Joe Konopa, 19, who traveled here with more than 60 people from three churches in the Kokomo area, said, “They are picking up on the fact that more and more Americans, especially the young, are against abortion.”

Gail Babalonis of Hooversville, Pa., said which party was in control did not matter.

“The last eight years have been pro-life, and the only thing they got accomplished is the ban on partial birth abortions,” Ms. Babalonis said.

Abortion Foes To Renew Efforts (WP)

By Michael Alison Chandler And Michelle Boorstein

The Washington Post, January 23, 2007

Tens of thousands of abortion opponents marched through melting snow on the Mall yesterday and vowed to work harder -- since Democrats have taken control of the Capitol -- to overturn the Roe v. Wade Supreme Court decision that legalized abortion in 1973.

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Demonstrators' hopes were buoyed a year ago at the annual March for Life by two new appointments to the Supreme Court. Now, with Democrats in power in both houses of Congress, abortion foes find themselves without allies in some key positions for the first time in more than a decade.

"Pro-lifers aren't going to pack up and go home because of the 2006 elections," said Karen Cross, political director of the National Right to Life Committee, at a news conference before the march. "Indeed, we will redouble our efforts and continue working until every unborn child is protected."

Democratic leaders have said they prefer what they consider a less combative approach in preparing legislation on the abortion issue. Several bills are circulating that would change the focus of the abortion debate to pregnancy prevention, through such measures as improved access to contraception.

Democrats say their goal is to find a political compromise, an approach echoed yesterday by some abortion rights advocates.

"We wish those people who are coming in town for a great adventure one day a year would join with us to put forth a prevention-first agenda that would significantly reduce the need for abortion," said Jatrice Martel Gaiter, president and chief executive of Planned Parenthood of Metropolitan Washington.

Some abortion opponents said a compromise might not be realistic.

"The pro-abortionists say you legally can kill an unborn child for any reason. We say the child should live. Where is the middle ground?" said Wanda Franz, president of the National Right to Life Committee.

Teenagers made up the majority of demonstrators yesterday who poured out of buses from across the country, wearing matching colored scarves or carrying posters with statements such as "Face It Abortion Kills."

"It's amazing!" said Annie Forsthoefel, 17, after an overnight trip with a church youth group from Cincinnati. She and her friends wore matching fleece headbands that said "PRO-LIFE." She said she had wanted to come to the march for the last three years. "How can you not love a baby? It seems unnatural," she said.

The young people joined older abortion opponents, some holding rosaries or draped in blankets depicting the Virgin Mary. Some said they make the pilgrimage every year. Organizers could not be reached for a crowd estimate, and police said they no longer provide such numbers.

About 100 abortion opponents had demonstrated Sunday morning in front of the Planned Parenthood abortion clinic on 16th Street NW, and dozens more gathered there yesterday.

The crowd on the Mall cheered when President Bush spoke to the protesters through a loudspeaker from Camp David, thanking those gathered for their help "to build a culture of life." Bush reminded demonstrators about progress his administration has made in the antiabortion movement, including supporting parental notification laws, funding crisis pregnancy centers and signing into law a ban on partial-birth abortions that the Supreme Court is expected to rule on this year.

The rally mirrored similar demonstrations in state capitals and was the culmination of a weekend of events in Washington, including a series of workshops and seminars, a youth rally and Mass that filled Verizon Center and a conference at which antiabortion bloggers discussed potential 2008 presidential candidates.

As the sun set in front of the Supreme Court at the end of the march, a group of women took to the microphone, one after another, holding black signs that said: "I regret my abortion."

Cindy Rose, 49, of Saginaw, Mich., told the lingering demonstrators about abortions she had in 1979 and 1981.

Rose said the guilt over her abortions killed her relationships and pushed her to alcohol and drugs. "One night I asked God to please forgive me," she said. "Abortion is a lie and not a solution."

As the women spoke, some in English and some in Spanish, their words were interrupted by about 100 abortion rights advocates linking arms and holding signs saying: "Trust women."

"Tonight I'm going to speak for my generation," said Susan Scanlan, chairwoman of the National Council of Women's Organizations. "Younger women do not share our memories of women going to grimy apartments. I took such a trip with a college roommate in 1968."

As Scanlon spoke, a chorus of abortion opponents rose in volume chanting Hail Marys.

Staff writer Shailagh Murray contributed to this report.

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Pro-lifers March By The Thousands (WT)

By Tarron Lively And Arlo Wagner

The Washington Times, January 23, 2007

Tens of thousands of people converged on the District yesterday to participate in the March for Life and to attend Masses in recognition of the 34th anniversary of the landmark Supreme Court decision in the Roe v. Wade case.

The march began at about 2 p.m. on the Mall and moved east past the U.S. Capitol and Supreme Court building in Northeast.

President Bush sent a message of support. In a telephone call broadcast over loudspeakers, he told the marchers that he shares their goal of seeing "the day when every child is welcomed in life and protected into law."

The court's decision overturned state laws barring abortion.

Mr. Bush calls the rally each year, usually from distant locations. This year, he extended his weekend stay at Camp David in Maryland to make the call. He phoned last year from Manhattan, Kan.

Students, members of religious groups, families and children slogged through mud and toted signs with messages such as "Abortion kills" and "Justice for all, born and preborn."

The Rev. Luke J. Robinson, pastor of Quinn Chapel A.M.E. Church in Frederick, Md., asked what would have happened had Martin Luther King been aborted, then described the process in detail.

"I know it sounds horrible, but abortion is horrible," he said, his voice thundering across the Mall. "It is a murderous and bloody business."

Before the march, a sea of teens, parents and clergy filled the Verizon Center downtown for a Mass and rally organized by the Archdiocese of Washington.

Washington Archbishop Donald W. Wuerl, who was joined by cardinals, bishops and priests from across the United States, said the Mass was to celebrate "the value and dignity of human life."

"The church is very much alive and pro-life," he said to cheers and applause.

The Rev. William D. Byrne, the chaplain at the University of Maryland Catholic Student Center and the archdiocese's director of campus ministry, delivered the homily and urged participants to "get on board with God's plan."

"Abortions happen not because of choice, but because people feel they have no choice," he said. "A plan will save a life -- not just the baby's."

Kevin O'Neill, 53, and Bill Stumf, 57, both of Titusville, Pa., came with a large group from the congregation of the Diocese of Erie.

Their group was made up largely of teens, including Mr. O'Neill's 16-year-old daughter, Erin. The message was not lost on the youths, Mr. O'Neill said.

Father Byrne delivered "a very good homily," he said. "He got the point across."

The archdiocese conducted its first rally marking the anniversary in 1995. As participation grew, the rallies were held in several places throughout the region until 2004, when they moved to the Verizon Center.

Simultaneous rallies were held yesterday at DAR (Daughters of the American Revolution) Constitution Hall and the Cathedral of St. Matthew the Apostle to handle the overflow at the Verizon Center.

Terry Fortier, 57, of Gaithersburg, joined the march with three of her four adopted children, leading them in chanting, "I was adopted, not aborted."

Attending her 20th march, Mrs. Fortier marveled at the turnout.

"There is a bigger number of people then there has ever been," she said as the march snaked toward Capitol Hill.

"It's nice to see people who care," said her son Eric, 17.

The Metropolitan Police Department closed several streets and activated the Joint Operations Command Center and its network of downtown surveillance cameras to monitor the activities. Officer Kenny Bryson, an agency spokesman, said late yesterday afternoon that no arrests or incidents had been reported.

Cheryl Rash and Debbie Siegel, both 17, came with a group from the Archdiocese of Philadelphia. They shared the president's view of protecting unborn children.

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"I decided since babies can't speak for themselves, I'd be here to speak for them," Cheryl said.

Debbie said she has been against abortion all her life.

"I've looked at it outside of religion," she said. "Just because you can't see doesn't mean you have to kill it."

Brownback, Hunter Vow To Overturn Roe (AP)

By Sam Hananel

AP, January 23, 2007

Two of the Republicans' most conservative presidential hopefuls promised anti-abortion activists on Monday that if elected, they would work to overturn the Supreme Court decision legalizing the procedure.

Kansas Sen. Sam Brownback and California Rep. Duncan Hunter addressed the annual March for Life marking the anniversary of the 1973 Roe v. Wade ruling.

"We recognize a tragedy of life in Roe v. Wade, but that tragedy will not always stand," Brownback told thousands of cheering abortion foes at an afternoon rally.

Brownback, who formally launched his presidential bid on Saturday, spoke about adopting his daughter, Jenna, from a Chinese orphanage.

"I mention her because some woman in China, who I probably will never meet, fought for her life," Brownback said. "Somebody fought for her life. You are fighting for somebody's life.

Hunter, who has established a presidential exploratory committee, told the crowd he and his wife would begin to campaign in earnest this Thursday in South Carolina, one of the earliest primary states.

"If we have a judicial applicant, a judicial nominee who can look at a sonogram of an unborn child and not see the value of human life ... if I should become president of the United States, he will not receive a judicial appointment," Hunter said.

Both lawmakers are viewed as long shots to win the nomination over better-known candidates like Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani. But each is aiming to corner the party's social conservative base, which considers abortion a key issue.

Brownback later hosted a reception on Capitol Hill for about 200 of the activists.

Brownback Finds Plenty Of Supporters At March Against Abortion (BRAH/MCT)

By Matt Stearns

The Bradenton Herald, January 23, 2007

WASHINGTON - Thousands of people marched against abortion here Monday. More than a few of them also marched for Sam Brownback.

Brownback, the conservative Kansas Republican senator, announced his bid for the 2008 Republican presidential nomination Saturday in his home state. Monday's march was his first major public appearance since.

He was feeling the love.

Dozens of blue "Brownback for President" posters dotted the National Mall, where marchers gathered before proceeding to the Supreme Court. Well-wishers approached to urge him on. A gaggle of photographers recorded virtually his entire participation. (He was one of the few politicians to march the entire way; most others gave speeches beforehand and then split on this toe-numbingly cold, damp day.)

"God bless you, Sam! You are the next president, in the name of Jesus!" shouted a voice near the onstage microphone after Brownback's speech.

A surprising response for an underfunded politician mired at 1 or 2 percent in national polls? Not in this crowd. To many marchers, Brownback isn't an asterisk, he's a hero. And that's what gives Brownback hope that his grassroots-oriented campaign could take the establishment by surprise.

Brownback so far is the only Republican presidential hopeful who appeals strongly to the party's social conservative wing, and his candidacy is a test of how influential that wing of the party remains.

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Speaking to reporters at a Capitol Hill reception his campaign hosted (it had to rent an overflow room to handle the crowd), Brownback unleashed a volley of facts and figures: In Iowa, 70 percent of Republican caucus-goers describe themselves as "pro-life," and 40 percent of them wouldn't support a candidate who wasn't opposed to abortion, Brownback said.

"This is where the heart of my base, and where the heart of the base of the Republican Party, lies," Brownback said. "When a proper voter contact is made, I think we'll be in great shape in this campaign."

And what of Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney, two Republican front-runners? Neither was at the march. (The only other possible Republican presidential candidate who appeared was California Rep. Duncan Hunter, who's an even longer shot than Brownback. Hunter vowed to make all potential judicial appointees watch a sonogram.)

McCain opposes abortion except in some circumstances, but he's had difficulty persuading religious conservatives to support him. That remained true Monday. Some dismissed him as "not pro-life" or "unimpressive." Whitty Whitesell of Plymouth, Mich., allowed that McCain was "a war hero and wonderful example" but said Brownback "stands for life."

Romney took a beating from a flier that featured pictures of him and Democratic Massachusetts Sen. John Kerry. The brochure was titled "Pro-Life Students Against Flip-Floppers from Massachusetts" and highlighted Romney's past support for Roe v. Wade. (Romney says he opposes abortion.) Cheryl Sinclair of Smithtown, N.Y., who said abortion was her No. 1 issue, called Romney "back and forth" before she even saw the flier.

Brownback wouldn't trash McCain or Romney, but he did say, "I don't think so, no," when he was asked whether any other Republican candidate could match his record on fighting abortion.

Still, even some in the crowd holding Brownback signs didn't know much about the man from Kansas.

"All I know is he's pro-life and they were passing out signs," said 17-year-old Laura Marshall of Livonia, Mich.

Some knew less.

"Who's Brownback?" a young man asked his mother. "I think he's from Nebraska," she responded.

But at this point, Brownback and his supporters are running more on faith than anything else.

"Pray for the campaign and we'll get it done in 2008," Brownback told the crowd at his reception.

Patricia Pitkus Bainbridge of Rockford, Ill., was among those listening. She'd never given a penny to a politician until Brownback came along. She has talked up Brownback to friends and is unperturbed by those who say he can't win.

"I believe God can raise people up who He wants to raise up," Bainbridge said. "I believe God is raising him up."

Deficit Halved 2 Years Early (USAT)

By Rob Portman

USA Today, January 23, 2007

Three years ago, President Bush established the goal of cutting the federal budget deficit by half in five years, without raising taxes. At the time, many — including USA TODAY— expressed skepticism. But it was achieved last year, three years ahead of schedule. Now is the time to build on that success and work with Congress to balance the budget in the next five years.

On Feb. 5, the president will propose the customary five-year budget, showing declining deficits every year and a surplus in 2012.

Getting to balance requires both keeping the economy strong and keeping federal spending under control.

Key to the first is continuing pro-growth policies — including tax relief — that have helped fuel our robust economy. Since the president's tax relief became fully effective in 2003, we've seen a dramatic increase in business investment, more than seven million new jobs created and higher wages for American workers. This stronger economy has also generated record revenues over the past two years, cutting our deficit by more than $150 billion. This is why it is so important to balance the budget without raising taxes and not put our economy at risk.

Key to the second condition is setting budget priorities and stopping unnecessary or wasteful spending. Fiscal restraint while investing in our national security is equally important to a balanced budget.

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The president's budget will demonstrate how balance can be achieved by using cautious economic and revenue projections in line with forecasts by outside experts. On spending, the president will propose realistic restraint, while increasing funding for the global war on terror, including all costs of Iraq and Afghanistan over the next two years.

In demonstrating how we can balance the budget in the next five years, the president will continue to call for bipartisan solutions to the longer term challenges posed by unsustainable growth in important entitlement programs. In fact, a key reason to pursue a balanced budget now is to position us better for that future challenge.

A balanced budget is good for the American taxpayer and for our economy. There's plenty of work to be done, but I am optimistic we can do it — across party lines — as the American people expect and deserve.

Bush Seeks Balanced Budget, 6 Years And $3 Trillion Late (USAT)

USA Today, January 23, 2007

In his State of the Union address tonight, President Bush is expected to call for a balanced budget by 2012. In other words, after turning the Clinton-era surpluses into six straight years of deficits and putting the nation almost $3 trillion deeper into debt, he now wants to see the budget balanced after he leaves office, just as the demographic tidal wave of baby boomer retirements begins to inundate the federal ledgers in red ink. Call us party poopers, but that hardly seems reason to break out the champagne.

At least the president is posturing on fiscal issues. With Democrats doing the same, it seems the deficit is heating up as a political issue, which is a good thing.

Mustering the political will to fix the problem is another matter, as Bush's plan attests. The president is not calling for a major new look at health spending. He is not scaling back his tax cuts. He is not prepping the nation for the tough choices that lie ahead or making any himself. In fact he is not expected to offer any specifics tonight.

In reality, his call is little more than an observation. If the economy continues to grow, if spending in Iraq begins to wind down, if the nation averts another Katrina or 9/11, then, presto! The budget will drift toward the break-even point with only modest fiscal restraint — most of which would fall to the next president and future Congresses.

But this surplus-as-destiny approach has a big problem. Bush's break-even point comes about the time baby boomers start to retire in droves. Their retirement, combined with surging health care costs and increased life expectancies will push spending on Medicare, Medicaid and Social Security off the charts. Already those programs account for 40% of all government spending.

In 2012, for instance, the Social Security surplus — the amount by which Social Security tax receipts exceed Social Security spending, masking the true size of the federal defict — will be about $64 billion. Just three years later, it will have plummeted to just $12 billion on its way to a deficit in 2017.At the same time, Medicare spending will increase by $158 billion, to $817 billion.

Fed Chairman Ben Bernanke summed up the situation last Thursday when he told a Senate committee that any short-term improvement in the fiscal outlook should be seen as "the calm before the storm." That storm will strike nearly everyone in the form of reduced benefits, rising taxes or both.

Now is not the time to ballyhoo the potential for a balanced budget in 2012. It is time to address health care costs, which rise by 10% to 15% in most years. It is also the time to fix Social Security and enact polices that encourage people to work longer.

The speech we'd like to hear would have a more urgent tone. The president would acknowledge that his tax cuts, the war in Iraq and the new Medicare drug plan have worsened the deficit in the short run, while reminding people that core problems would have existed anyway. He would agree to revisit his tax cuts in return for progress in controlling spending. And he would not shirk from the duty of laying out the challenges that lieahead. His speech might begin:

"Distinguished members of Congress, we face critical choices. If we do not act, our nation will face a financial crisis and a diminished quality of life for generations. …"

If there is good news, it is that Bush still wants to tackle Social Security. All in all, however, we hear too much bravado and too little concern; too much about the short term and too little about the long.

When Washington truly addresses the looming fiscal crisis, we'll uncork the bubbly.

U. Of Dallas Drops Bush Library Bid (AP)

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By Angela K. Brown

AP, January 23, 2007

The University of Dallas withdrew its bid for George W. Bush's presidential library Monday, citing the library site selection committee's exclusive talks with nearby Southern Methodist University.

Last month SMU emerged as the apparent winner for the library with the announcement of the negotiations, putting it ahead of the other two finalists, the University of Dallas and Baylor University in Waco.

University of Dallas officials said Monday that the school wanted to release some of the partners that had committed to the project, including the city of Irving's promise of $50 million in hotel tax revenues. The 3,000-student Catholic university also wanted to be free to develop the site it had set aside for the library, a sprawling 300 wooded acres with the Trinity River running through it.

"Our decision to withdraw from the selection process is not a loss for our university; this is not a failure. Instead, we think this is a tremendous success story for us," President Frank Lazarus said. "This process has propelled us into the national stage and our university is now characterized by a new vision for a very bright future."

President Bush said on Thursday that he was "leaning heavily toward SMU" and was close to a decision. First lady Laura Bush attended the 11,000-student, private university. The Bushes are Methodists.

A final decision is expected within months.

Bush Officials Meet New Democrats (HILL)

By Jim Snyder

The Hill, January 23, 2007

The White House reached out to Democrats last week in advance of President Bush's planned attendance at a party retreat later this month.

Treasury Secretary Henry Paulson and Office of Management and Budget Director Rob Portman met members of the New Democrat Coalition (NDC) on Capitol Hill.

NDC chairwoman Ellen Tauscher (D-Calif.) said the meeting grew out of a phone conversation Paulson initiated with her over the holiday break.

She described the exchange on the Hill as a "meet-and-greet" event that lasted an hour. The two administration officials talked about trade and budget issues without getting into specifics, she said.

"We talked about how we are moderate Democrats, interested in progressive public policies and committed to … widening the winner's circle," Tauscher said.

Tauscher said she welcomed the outreach but remained skeptical as to whether Bush "understood the message of the election," which was the public's desire for a new direction in the war in Iraq.

The meeting was not the first between the White House and the NDC, whose ranks grew after the election. Bush invited seven members of the NDC and a group of fiscal conservatives, the Blue Dogs, to the White House after midterms.

Surprises From Gates's 1996 Memoir (WP)

By Thomas E. Ricks

The Washington Post, January 23, 2007

Of all the presidents he worked for, Defense Secretary Robert M. Gates is particularly supportive of one -- but it isn't, as might be expected, Ronald Reagan, the first President Bush or even Gerald R. Ford.

Rather, in his memoirs, the new Pentagon chief leaps repeatedly to the defense of Jimmy Carter, the sole Democrat for whom he worked, who was often seen as weak on the Soviet Union and taken by surprise when it invaded Afghanistan in December 1979.

Gates's 1996 book, "From the Shadows," is now being combed for insights into the new defense secretary's thinking, how he might run the Pentagon and what he's had to say about his past bosses.

When it comes to Carter, it isn't that Gates, a career Sovietologist who rose to become CIA director, is a closet dove. Rather, he thinks Carter was far tougher on Moscow than is generally recognized.

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"I believe the Soviets saw a very different Jimmy Carter than did most Americans by 1980, different and more hostile and threatening," Gates writes. In both conventional weaponry and in the nuclear arena, he argues, Carter would "provide a strong foundation for Ronald Reagan to build upon." By contrast, Gates describes the first president for whom he worked, Richard Nixon, as "by far the most liberal" of the group. (Gates also shows a bit of dovish ankle, revealing that before leaving the CIA to work in the Nixon White House, he marched in a May 1970 antiwar demonstration.)

Most of all, writes Gates, who was the national intelligence officer for the Soviet Union at the time, Carter's emphasis on human rights cast a spotlight on the Soviets' greatest vulnerability. The rights theme, Gates says, made Carter "the first president during the Cold War to challenge publicly and consistently the legitimacy of Soviet rule at home." In his view, these were "the first steps" toward the beginning of the end of the Soviet Union.

Gates even defends Carter's handling of Afghanistan, reporting that the president and his advisers reacted far earlier than is generally understood, most notably by authorizing covert aid to Afghan insurgents.

The 604-page book contains a few other hints at how Gates might operate at the Pentagon during the last two years of the Bush administration.

Â· He might seek to borrow from the proposals and tactics of the administration's opponents. Some of the most effective U.S. officials he has seen, he says, were Henry A. Kissinger, Zbigniew Brzezinski and George P. Shultz, whom he describes as "basically hawks who drew extensively on the ideas and initiatives of the doves."

Â· He appears more inclined than his predecessor, Donald H. Rumsfeld, to try to enlist the support of the Pentagon bureaucracy for his policies. Reviewing the record of one CIA director, Adm. Stansfield Turner, he concludes that, "in nearly every case, his failure to build a substantial internal constituency for his changes led to the reversal of his initiatives very quickly after his departure."

Â· He doesn't make policy disagreements personal. He writes warmly about his former boss Brent Scowcroft, who was national security adviser under George H.W. Bush (and also under Ford) but has been considered something of a turncoat by the current president for opposing the invasion of Iraq. "I never argued as much with any person," he recalls. "I never got more frustrated at times with any person. But when I became DCI [director of central intelligence] and left the White House, I considered Brent Scowcroft my closest friend in the world."

Analysis: Dems Oppose Modest Veto Plan (AP)

By Andrew Taylor

AP, January 23, 2007

The Senate is moving toward its first vote in more than a decade on the line-item veto, and it's remarkable how much has changed — particularly the positions of many of the major players.

At issue is a watered-down GOP measure that would allow a president to scrutinize spending bills he signs into law for questionable items and then submit cuts, or rescissions, to Congress for a vote. Unlike the current system, Congress couldn't simply ignore the cuts — if both Houses voted to approve them, they'd go into effect.

Put forward by Sen. Judd Gregg, R-N.H., it's far weaker than the line-item veto power a GOP-dominated Congress gave President Clinton in 1996. Under that bill, before it was struck down by the Supreme Court in 1998, Clinton's line-item vetoes automatically went into effect unless overturned by a two-thirds vote of both House and Senate.

Still, debate on Gregg's plan already has whipped up passions. Most adamant in opposition is Appropriations Committee Chairman Robert C. Byrd, D-W.Va., who assaulted the idea last week and again Monday as an attack on Congress' control over the federal purse strings.

"Make no mistake, this line-item veto authority would grant tremendous — and dangerous — new power to the president," Byrd said. "He would have unchecked authority to imperil congressional power over the purse, a power that the constitutional framers felt was absolutely vital to reining in an overzealous president."

But in seeking to derail Gregg's bill, Byrd is effectively filibustering a version of the line-item veto that is similar to one he backed 12 years ago.

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That measure, written by then-Minority Leader Tom Daschle, D-S.D., was offered as an alternative to a GOP version requiring a two-thirds vote to override presidential line-item vetoes. Thirty-seven Senate Democrats voted for the proposition, including 20 Democrats still serving. Among them: Majority Leader Harry Reid of Nevada and Budget Committee Chairman Kent Conrad of North Dakota.

Nineteen Democrats, including liberal stalwarts like Edward Kennedy and John Kerry of Massachusetts, voted for the stronger GOP version; 11 are still in the Senate.

Daschle's plan, Byrd said at the time, "does not result in any shift of power from the legislative branch to the executive. It is clear cut. It gives the president the opportunity to get a vote."

Gregg mirrored those arguments Monday and said Democrats should join him if they want to be consistent with their previous votes.

"This basically gives no power to the Executive Branch other than to ask the Congress to take another look ... and vote again," Gregg said. "So one would presume that folks who voted for the line-item veto back in 1995, unless they've changed their view, would be supportive."

You might imagine Gregg's a big fan of the watered-down line-item veto. He's not. He told reporters last summer that it would have "very little impact" on the budget deficit.

And as chairman of the Budget Committee last year, Gregg rebuffed pleas from GOP leaders and the Bush White House to move a comparable plan through his committee as a stand-alone bill. He instead embedded his line-item plan in a much more controversial bill to overhaul the budget process — which died without reaching the floor.

Among Democrats, Kerry still backs the idea. So do Sens. Joe Lieberman, I-Conn., Evan Bayh, D-Ind., Tom Carper, D-Del., and Ben Nelson, D-Neb., among others. But since Gregg's "Second Look at Wasteful Spending" plan is being offered as an amendment to a bill to increase the minimum wage, some of those Democrats are likely to oppose it. A vote is expected Wednesday.

Old-school Republicans such as Ted Stevens of Alaska and Pete Domenici of New Mexico have also changed their minds on the line-item veto after Clinton used it to kill military construction projects.

The idea behind the line-item veto is that wasteful "pork barrel" spending would be vulnerable since Congress might vote to reject such items once they were no longer protected by their inclusion in bigger bills that the president had little choice but to sign.

Senate's Wage Bill Still Exempts Samoa (WT)

By Charles Hurt

The Washington Times, January 23, 2007

The Democrat-controlled Senate took up a bill yesterday that would raise the minimum wage across the United States and its territories but exempt American Samoa, where tuna canneries pay workers $3.26 an hour.

House Speaker Nancy Pelosi told reporters less than two weeks ago that she would close the loophole after coming under criticism from Republicans for what they termed a "fishy favor" to StarKist Tuna. StarKist has lobbied for years against raising the minimum wage in American Samoa, and its parent, Del Monte Corp., is based in Mrs. Pelosi's San Francisco district.

"I have asked the education and labor committee as they go forward with the legislation to make sure that all of the territories have to comply with U.S. law on the minimum wage," Mrs. Pelosi said earlier this month.

The House, however, passed the minimum-wage bill with the American Samoa exemption. And yesterday, Senate Democrats were moving ahead with the original legislation, which for the first time would enforce the minimum wage on the Northern Mariana Islands, another territory in the Pacific with a similarly low minimum wage.

That bill is co-sponsored by several dozen Democrats, including Sens. Dianne Feinstein and Barbara Boxer of California.

In addition to San Francisco-based StarKist, San Diego-based Chicken of the Sea also has a cannery in American Samoa. Together, the California companies employ about 75 percent of the Samoan work force.

Democrats said they are imposing the wage increase on the Northern Marianas -- a proposal long blocked by former Majority Leader Tom DeLay, Texas Republican -- because of the harsh labor conditions there.

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Delegate Eni F.H. Faleomavaega, a nonvoting Democrat representing American Samoa, opposes extending the minimum wage to that territory.

A "decrease in production or departure of one or both of the two canneries in American Samoa could devastate the local economy, resulting in massive layoffs and insurmountable financial difficulties," he said, echoing the arguments of conservatives against applying the wage to poorer regions of the U.S.

"The truth is the global tuna industry is so competitive that it is no longer possible for the federal government to demand mainland minimum-wage rates for American Samoa without causing the collapse of our economy and making us welfare wards of the federal government," Mr. Faleomavaega said.

Emanuel Makes Nice With GOP Foes (CHIT)

By Jill Zuckman

Chicago Tribune, January 23, 2007

WASHINGTON -- In a private, upstairs room at the Monocle, a storied meeting place for lawmakers, lobbyists and the like, a dinner of unlikely companions took place Monday night.

A high-ranking member of the House Democratic leadership broke bread with nine Republican congressmen, hoping to heal the rifts of the last election and possibly find common ground for future legislative endeavors.

The impresario was as improbable as the guest list—Rep. Rahm Emanuel (D-Ill.), chairman of the House Democratic Caucus and the architect of the Democratic effort to throw Republicans out of the majority last year. The renowned political street-fighter shelved the shiv for a salad fork, putting on his best manners for an evening of crab cakes, steak and red wine.

After mercilessly attacking the GOP for close to two years for what he called incompetence and blind allegiance to the failed policies of a failed president, Emanuel acknowledged that he has some work to do in re-establishing a sense of trust on the other side of the aisle.

"None of the people on the [dinner] list I ever went after, but it's a chilling thing," said Emanuel. "Their colleagues like their jobs, and my job was to take their jobs."

Those in attendance included several notable moderates, such as Reps. Mike Castle of Delaware, Jo Ann Emerson of Missouri and Fred Upton of Michigan, along with a couple of conservatives—all chosen by Rep. Ray LaHood (R-Ill.), co-host of the get-together.

It's far too soon to know if the make-nice dinner will have any long-term yield, but Washington is so riven that even a shared meal could be seen as modest progress.

"The perceptions are that the polarizations and the divisions in this country are beyond repair," said Rep. Zach Wamp (R-Tenn.), a Southern conservative who attended. "I know in my heart that's not true."

LaHood organized the dinner with the understanding that Republicans could ask Emanuel anything they want.

"I don't know that this has ever been done before," said LaHood, a past sponsor of four bipartisan retreats that fell by the wayside several years ago as the atmosphere in Washington became increasingly poisonous, with an ever-widening rift between the parties.

After 12 years of Republican rule, Democrats say they want to reach across the aisle, treat the minority fairly and work together for the common good. Of course, that's what Newt Gingrich said, too, when he became House Speaker in 1995.

Instead, Republicans pursued a policy of only bringing bills to the floor that could win "a majority of the majority," a strategy that effectively shut out Democrats from participating in the business of writing laws.

Now Democrats say they want to do things differently.

But many Republicans have already pointed out that the Democratic majority shut them out as Democrats fast-tracked six major pieces of legislation through the House floor in the first two weeks of the new session of Congress.

"We're short-circuiting democracy here," complained Republican Leader John Boehner (R-Ohio). "We're being silenced in this process."

Not all Republicans feel quite the same sense of outrage as their leader, noting that the Democrats were simply doing what Republicans had done for years.

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"I have a hard time waxing too indignant given the way we handled matters here," said Rep. Jeff Flake (R-Ariz.). He and Rep. Mike Pence (R-Ind.) are organizing a group of fiscal conservatives to have dinner with Emanuel, too. "We look a little whiny," said Flake.

Emanuel, however, inspires a special brand of suspicion given his aggressive effort to attack Republicans and take their jobs away.

"I think there are some members of Congress who probably would never trust Congressman Emanuel," said Rep. Thomas Reynolds (R-N.Y.), who played defense to Emanuel's offense last year as chairman of the National Republican Congressional Committee.

"There might be better members on the Democratic side to achieve that bipartisanship," he said. "We'll have to see."

Even so, Emanuel has a record of working with Republicans to further the issues he cares about, from the Great Lakes Restoration Act with Rep. Mark Kirk (R-Ill.) to the re-importation of prescription drugs with Emerson and Rep. Gil Gutknecht (R-Minn.).

When moderate Republicans needed a regular meeting space, Emanuel provided it for them after their own leaders declined. And he spearheaded an invitation to President Bush to address Democrats at their upcoming retreat in Williamsburg, Va., which the president accepted.

"I really don't think of him as a partisan, but as a colleague," said Emerson, who has worked with Emanuel on prescription drug and health care issues over the years.

Her constituents, she said, want to see Republicans and Democrats working together for the common good. And in the final years of the Republican majority, she said, little was accomplished as Republicans insisted on going it alone.

"I'm embarrassed to walk into a Rotary Club meeting to give the luncheon speech and say we haven't done anything," Emerson said. "We can always meet in the middle as long as nobody is trying to zap the other in the next election."

It is a sentiment echoed by Wamp, who voted for four of the Democrats' first pieces of legislation this year and hopes Emanuel will help resurrect the bipartisan retreats of old.

He doesn't hold Emanuel responsible, either, for Republicans losing the majority.

"The majority party grew arrogant," Wamp said. "I don't blame them for us losing. I blame us for us losing."

Lawmakers from Illinois have a long tradition of working together in a bipartisan manner, dating back to former Democratic Sen. Alan Dixon and former House Republican Leader Bob Michel. The entire delegation regularly lunches together to talk about issues of local concern.

Both Emanuel and LaHood said the dinner grew out of their own close friendship that evolved from an easy working relationship. Following the meal, the pair planned to split the tab between them.

"Here Rahm is of the Jewish faith and I am an Arab-American," LaHood noted. "Maybe between the two of us, if they put us in charge of the Israeli-Palestinian negotiations, perhaps he and I could get it settled."

New Coalition Aims To Keep Dems In Check (AP)

By Jim Kuhnhenn

AP, January 23, 2007

Democratic lawmakers who stray too far from the party line could find themselves facing primary opponents financed by unions, trial lawyers and political activists eager to put the new congressional majority to the test.

After two weeks of near perfect unity, congressional Democrats now move into more divisive territory that will test party discipline on such issues as the war in Iraq, worker rights and health care.

Anti-war activists led by groups such as MoveOn.org and Win Without War have already mobilized, pressuring Democrats and Republicans to denounce President Bush's troop boosting plan for Iraq. But they also want tougher action, arguing that the elections that put Democrats in power were a referendum on the war.

This week, an influential group of organizers from labor and the liberal movement are banding together to hold Democrats in line on populist issues such as expanded health care, trade restrictions and worker protections.

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"The idea is that this election was a watershed," said Steve Rosenthal, one of the main organizers of the new labor coalition. "There is a great opportunity to begin moving America in a new direction of economic populism and fairness."

The coalition has organized two entities — a lobbying wing called They Work For Us and a campaign arm called Working for Us PAC — that will target lawmakers who don't support their agenda of raising wages, increasing jobs, providing more affordable health care and preventing job losses to foreign countries.

"Our PAC will encourage Democrats to act like Democrats — and if they don't — they better get out of the way," Rosenthal wrote in a memorandum describing the organization.

Outside pressure on Democrats is a sensitive issue within the party caucus. Democrats acknowledge the need for party discipline, but also recognize the different blocs that make up the party. Voters last November elected new Democrats from liberal, moderate and conservative districts. These Democrats won in a variety of regions and often defy tidy ideological descriptions.

"Instilling party discipline in our party is simply harder than in the Republican Party," said Simon Rosenberg, head of the New Democrat Network. "We are a more diverse party than they are."

Rosenthal said his coalition won't target Democrats with moderate or conservative constituencies. As an example, he cited Heath Shuler, a former NFL quarterback who won a previously Republican seat in North Carolina. He ran as an opponent of abortion and gun control. But he voiced opposition to the North American Free Trade Agreement, a Clinton presidency deal long decried by organized labor.

"We're not trying to force people to the left of their districts," Rosenthal said. "We want to make sure that Democrats primarily represent their districts."

But They Work for Us is also naming lawmakers who coalition members say have defied their agenda and are out of step with their districts. Among them are Democratic Reps. Ellen Tauscher of California, Henry Cuellar of Texas and Al Wynn of Maryland.

Tauscher spokesman Kevin Lawlor said such attention is undeserved.

"Rep. Tauscher and her 63 New Dem colleagues were in lockstep with Speaker Pelosi and the Democratic Leadership throughout the first 100 hours" of the new congressional session, Lawlor said. "Rep. Tauscher was elected with 67 percent of the total vote last November, a number that far exceeds top-of-the ticket Democrats in her district."

In the first two weeks of this congressional session, House Speaker Nancy Pelosi of California pushed through a new package of ethics rules and popular legislation raising the minimum wage, expanding embryonic stem cell research, lowering student loan rates, requiring the government to negotiate Medicare drug prices and ending oil company subsidies. They all passed with unanimous or near unanimous support from Democrats and from Republicans as well.

"We're going to look for those issues that have a consensus within the caucus," said Rep. Chris Van Hollen, D-Md., the new chairman of the Democratic Congressional Campaign Committee, the political arm of the House Democrats.

But Democrats also have vowed to go beyond those votes. And it is the details of further legislation that could put the party divisions on display.

"There will be good days and there will be bad days," said Rep. Rahm Emanuel, D-Ill., who is credited for writing the script for the House Democratic victories last year. "You have the energy of the new members and the experience of the more senior members and you have to combine the two."

The war is likely to be the first test.

In the Senate, Democrats are trying to rally Republicans to their side on a nonbinding resolution opposing Bush's plan to increase troops in Iraq. The House would likely follow. Anti-war groups, however, see this is as a beginning, not an end.

"What the leadership is saying is, 'Look, we're going to take this in steps,'" said former Rep. Tom Andrews, D-Maine, head of the anti-war groups Win Without War. "The first step is going to be a nonbinding resolution. That leaves people wondering, 'OK, what is the next step?

A coalition of anti-war groups is primarily pressuring Republicans to oppose the president's new plan in Iraq. But it is also mobilizing voters to contact lawmakers from both parties to emphasize opposition to the war as well.

"If Democrats fail on that core issue," Andrews said, "all other issues are going to be much more difficult."

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GOP Pushes For Stricter Ethics Reform (WT)

By S.a. Miller

The Washington Times, January 23, 2007

The debates on a House bill that would nix federal pensions for convicted lawmakers and a Senate measure to cut pork spending underscored how scandal-scarred Republicans are backing broader ethics reforms than the new Democratic majority is.

"We did have colleagues who violated the trust of the Congress and the public. We have to fix it," said Rep. Lee Terry, a Nebraska Republican whose pension-reform bill was sidelined by Democratic leaders in favor of a weaker bill. "When one of our own breaks the rules, we don't rally around them."

The House yesterday started considering a bill by Rep. Nancy Boyda, Kansas Democrat, that denies federal pensions to members of Congress convicted of bribery, perjury and conspiracy offenses related to the lawmaker's office. A vote could come as soon as today.

Separate bills by Mr. Terry and Rep. Mark Steven Kirk, Illinois Republican, would have withheld the pension from lawmakers convicted of a longer list of felonies, including some unrelated to abuse of office -- ranging from white-collar embezzlement crimes to political crimes such as securing campaign contributions by intimidation.

The Democratic bill had a shorter list of pension-losing crimes because the leadership promised "this bill can be passed and enacted into law as soon as possible," said Shanan Guinn, spokeswoman for Mrs. Boyda.

Meanwhile, Senate Democrats fought to defeat a Republican measure that would authorize the president to remove earmarks -- and send them back to Congress for a second look and another vote. Earmarks, or pork, are provisions in a bill to fund specific projects, often used by members of Congress to pay for pet projects in their home districts or states.

Majority Leader Harry Reid, Nevada Democrat, said through a spokesman that earmark reform was just a ruse to pass a "line-item veto."

"It would be used to attack Social Security, Medicare and other items for those with the greatest need," spokesman Jim Manley said.

Under the proposal, the power to revise spending bills differs from a line-item veto in that either the House or Senate can reject it with a simple majority vote. Congress passed a true line-item veto in 1996, which would have required a two-thirds majority in both chambers to override. The Supreme Court declared the veto unconstitutional two years later.

Senate Minority Leader Mitch McConnell, Kentucky Republican, called it a common-sense approach to fiscal responsibility.

"Americans are watching, and we are committed to ensuring that this common-sense reform gets the vote it deserves," he said. "Fiscal responsibility is not just an Election Day issue. If we are serious about reform, we must take the steps necessary to connect fiscal rhetoric with fiscal reality."

A vote on the amendment could come as soon as tomorrow.

Mr. McConnell co-sponsored the amendment with Sen. Judd Gregg, New Hampshire Republican.

The amendment was originally attached to an ethics reform bill and nearly doomed that legislation when Sen. Robert C. Byrd, West Virginia Democrat, single-handedly blocked a deal to give Republicans the vote they demanded. The ethics bill passed 96-2 Thursday after both sides agreed to debate the earmark provision with the minimum-wage bill.

On the Senate floor yesterday, Mr. Byrd said revision authority was "a piece of garbage" and argued that Congress should not abdicate the "power of the purse" to the executive branch.

Other Republican-proposed ethics reforms have met resistance.

Last week, Senate Democrats initially balked at a Republican-backed measure to disclose all earmarks as opposed to just a sliver of the earmarks, as the majority proposed. In the face of criticism, Mr. Reid changed course and embraced the bill after delaying a final vote when the proposal unexpectedly survived a procedural vote to kill it.

The Senate voted 98-0 to adopt the measure as an amendment to ethics legislation, with 38 Democrats and seven Republicans switching their votes to support the measure they had opposed.

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Similarly, pension reform was not originally part of the agenda for House Democrats. They adopted the cause after the Senate passed it and Mr. Terry and Mr. Kirk introduced their bills.

House Majority Leader Steny H. Hoyer then assigned the bill to Mrs. Boyda, a freshman from a vulnerable district who made a strong issue of campaigning against Washington corruption.

Mr. Hoyer was restrained in his praise for Mrs. Boyda's bill, saying that it "could be better, but it is timely" and that Congress needs "to do the right thing" on ethics.

Neither the Boyda bill nor the Republican proposals would be retroactive. Pensions will still go to convicted felons such as former Republican congressman Bob Ney, who was sentenced Friday to 30 months in prison for bribery involving disgraced lobbyist Jack Abramoff. When Ney turns 62 in 2016, he will be eligible for an estimated $29,000 annual pension.

Senate Jet Rule Would Cost Others, Too (USAT)

By Fredreka Schouten

USA Today, January 23, 2007

WASHINGTON — The Senate's plan to require members traveling aboard plush private jets to pay full charter fares also would force changes in travel by all presidential candidates.

Under the Senate-passed ethics bill, senators extended their new rules for reimbursement of such travel to any candidate seeking federal office. That means anyone running for Congress or president would have to pay jet owners the charter cost of travel on the planes.

Currently, lawmakers flying aboard such jets — often owned or leased by businesses and labor unions — pay the equivalent of a first-class ticket using campaign funds or their office accounts if the trip is for official business.

For example, a lawmaker would pay about $800, equivalent to a first-class ticket, for a corporate jet trip between Washington and Los Angeles. The cost of a 12-seat Gulfstream: $31,450. Under the new rules, a senator or candidate would pay either all or part of that charter cost, depending on the number of lawmakers and aides on the jet.

"The companies don't just fly us around out of the goodness of their hearts," said Sen. Barack Obama, D-Ill., a likely 2008 presidential candidate. Obama stopped using private jets at the lower rate last year.

House ethics rules, approved earlier this month, ban all corporate jet travel. The Senate measure exempts senators who have their own planes or whose spouses own them. The two measures must be reconciled by Congress.

Travel aboard private planes has long been a favored perk for members of Congress and presidential candidates. The practice came under scrutiny during the investigation of disgraced lobbyist Jack Abramoff, who paid for trips by members on private jets.

Former Massachusetts governor Mitt Romney, a likely GOP presidential candidate, said he would pay the higher charter rate if the Senate rule becomes law. Romney "travels commercial unless there are the time constraints of a loaded schedule," aide Kevin Madden said. As governor, Romney faced criticism for a 2005 California trip on a Pfizer jet.

As a senator, Democrat John Edwards spent more than $325,000 in campaign money on private planes, mostly while he ran for the White House in 2004, according to PoliticalMoneyLine, which analyzes campaign data. That was the most of any senator in 2001-05. Edwards spokeswoman Andrea Purse declined to comment.

The six senators who have taken steps to formally run for president supported the travel rule.

Revealing The Bundlers (WP)

The Washington Post, January 23, 2007

REP. CHRIS Van Hollen (D-Md.) has a new job, but he's sticking with an old idea that could make it more complicated. Mr. Van Hollen's new job is to lead the Democratic Congressional Campaign Committee, meaning that he's responsible for helping House Democrats retain their majority and for coming up with the campaign cash to make that happen. That's where his old idea -- and the potential complication -- come in.

Last year, as the House Judiciary Committee was debating lobbying reform, Mr. Van Hollen offered an amendment that would have required lobbyists to report not just the campaign contributions they give directly to lawmakers but also the campaign checks they "bundle," or solicit for or deliver to lawmakers. Astonishingly, this proposal passed the Judiciary Committee by a vote

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of 28 to 4. Less astonishingly, the provision had disappeared from the final version of the bill when it was brought up for debate on the House floor.

Now, with Democrats in charge of the House and Mr. Van Hollen ensconced at the campaign committee, the obvious temptation would be to let the matter drop. After all, good relations with lobbyists -- and a steady stream of cash from K Street -- are essential to the fundraising of both parties. Shining a light on the role of these lobbyists might not be particularly comfortable for those on either side of the transaction. To his credit, Mr. Van Hollen, along with Rep. Martin T. Meehan (D-Mass.), plans to introduce a measure today that would require such disclosure. It mirrors the language of a bundling provision included in the ethics and lobbying legislation the Senate passed last week.

Mr. Van Hollen discounts the notion that his proposal could make his campaign committee job harder. "The rule will apply to everybody equally. The politics of it is probably a wash," he told us. "In terms of the public good, it's the right thing to do. The entire purpose of this is to begin to break that nexus between lawmaking, on the one hand, and the practice of bundling that lobbyists use to enhance their influence in that process."

For the first time, lobbyists would be required to list the fundraisers that they or their clients hosted and the amounts that were raised. They would have to provide a good-faith estimate of the total contributions they "collected or arranged" for individual candidates or political committees. In other words, they would have to provide the kind of information that is well known to those on the inside of the process but is obscured from outsiders. Mr. Van Hollen is right to insist that the bundlers be brought to light.

FEDERAL DIARY: Many Managers Resist The Call For More Telecommuting (WP)

By Stephen Barr

Washington Post, January 23, 2007

Concerns over employee productivity and a lack of control over employee activities make it difficult for federal managers to support telecommuting, according to a survey released yesterday.

But federal managers also think telecommuting improves "work-life balance" for employees, and makes their agencies more competitive in hiring and keeping employees, the survey found.

The survey was sponsored by the Telework Exchange, which brings federal officials and technology professionals together to promote telecommuting, and the Federal Managers Association, which represents the interests of nearly 200,000 supervisors and managers across government. The survey was underwritten by Tandberg, a company that makes software for video, voice and other data.

Darryl Perkinson, president of the managers association, called the survey "pretty accurate and reflective" of opinions held by federal managers, even though a relatively small number, 214, responded.

Perkinson acknowledged that allowing federal employees to work from home raises difficult questions and is not appropriate for some occupations. He added, "I don't think we need to give up on telework," especially if it could be a job perk that helps the government attract top-notch job applicants or lure back retirees interested in working part time or on projects.

Bush administration officials and some members of Congress, such as Rep. Frank R. Wolf (R-Va.), have urged federal agencies to allow employees to work from home at least one day a week or at the 14 telework centers in this region sponsored by the General Services Administration. They think telecommuting can ease traffic congestion and pollution in the region and also help agencies get their work done in the event of a natural disaster or a crisis that forces office shutdowns.

The most recent data show that only 19 percent of eligible federal workers can be considered telecommuters, and managerial resistance is seen as the reason for what some officials consider to be a relatively low participation rate, given the size of the government.

Federal managers were asked in the survey whether they think their agencies support telecommuting: 35 percent said yes, 47 percent said no and 18 percent were unsure.

Regardless of their involvement in telecommuting programs, almost three-quarters of respondents cited two common concerns: fear of losing control over employees and loss of productivity.

That stands in contrast with the common perception that lack of funding and security issues keep managers from embracing telework. Last year, a survey of 200 federal technology officials found that nearly 40 percent worried about security

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breaches involving telecommuters. The technology officials listed concerns about remote access to systems, violation of employee privacy and disruption of agency operations.

But the survey of federal managers showed that managers who are most involved in telecommuting -- and telecommute themselves -- hold more favorable attitudes than their colleagues: 21 percent of managers who telecommute said they were concerned about security issues, compared with 43 percent of managers who have no telecommuters in their office.

Still, federal managers in the survey said telecommuting programs can affect productivity by making it more challenging to communicate with employees. Thirty-two percent cited the lack of face-to-face contact with employees as a problem, and 22 percent cited the inability to sit around a table with employees as a disadvantage.

The mangers also said they do not see e-mail and voice messages as a substitute for face-to-face contact, with 61 percent saying they had misinterpreted e-mail and 43 percent saying they had misunderstood a phone message from co-workers.GSA Increases Mileage Rate

The General Services Administration announced yesterday that the standard mileage reimbursement rate for federal employees who use their cars for official business will be increased to 48.5 cents per mile, a 4-cent increase over the current rate. The new rate becomes effective Feb. 1, the GSA said, noting that it mirrors the rate adjustment approved by the Internal Revenue Service last year.

Et Tu, George? (NYT)

By Nicholas D. Kristof

The New York Times, January 23, 2007

Maybe George W. Bush is the education president after all. Whatever one thinks of his No Child Left Behind initiative, he has made the classics powerfully resonant today.

So for those schoolchildren and university students out there struggling through "Moby-Dick" or the "Aeneid," take heart! They're not just about white whales or Trojan wanderers — they're also about President Bush and Iraq.

Forget the Vietnam analogy that critics of the Iraq war usually toss out. A more trenchant analysis of Iraq-style adventures appears in the histories of Thucydides, written 2,400 years ago.

Great Athenian diplomats of the day, like Nicias, warned against military involvement in Sicily, calling it "a war that does not concern us," according to Thucydides. But smooth-talking neocons of the day, like the brilliant Alcibiades, said in effect that the Sicilians would welcome the Athenians with flowers. He promised that they would be treated not as occupiers but as liberators.

"We shall have many barbarians ... join us," Alcibiades declared, and he argued that the enemy would be easily defeated "rabble." "Never were the Peloponnesians more hopeless against us," he told the crowds.

So the Athenians rallied around the flag and dispatched a huge force. But as Thucydides notes, they had suffered a grievous intelligence failure: they did not get the support they had counted on, and the enemy was far larger and more organized than they had anticipated. The war went badly, and eventually Athens was forced to confront two options: withdraw or escalate.

The Athenians, deciding that defeat was not an option, went with the "surge." They dispatched an additional 70-odd ships and 5,000 troops.

The result was a catastrophic defeat. Thousands of Athenians were killed far from home, and others were sold into slavery. The Athenian navy was destroyed, and the double-or-nothing gambit meant that other nonaligned states sided with the Athenians' enemy, Sparta.

Within a few years, Athenian democracy had collapsed, and Athens, the great city-state of the ancient world, had been conquered by Sparta.

President Bush has lent a new thrill to readers of Virgil's account of the adventures of Aeneas from Troy to Rome. A marvelous new translation of the "Aeneid," by Robert Fagles, has just been published, and critics (and Professor Fagles himself) have noted its relevance: Virgil is suddenly newsy.

That's because this is a tale of war and empire, and a constant subtext is how easy it is to be uncivilized when promoting civilization.

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Aeneas is an exponent of reason who at the end of the book confronts an enemy who pleads with him to "go no further down the road of hatred." Aeneas sees that the enemy is wearing the sword-belt of his slain friend, and reason dissolves into fury: "Blazing with wrath," he plants his iron sword "hilt-deep in his enemy's heart." In war, moderation is the first casualty.

Yet the single best guide to Mr. Bush's presidency may be "Moby-Dick." Melville's book is, of course, about much more than Captain Ahab's pursuit of the white whale — a "nameless, inscrutable, unearthly" symbol of all that is dark and unknown in the world.

Rather, it is an allegory about the cost of obsession. Ahab has a reasonable goal, capturing a whale, yet he allows this quest to overwhelm him and erode his sense of perspective and balance. Ignoring warnings, refusing to admit error, Ahab abandons all rules and limits in his quest.

Ahab finally throws his pipe overboard; he will enjoy no pleasures until he gets that whale. The fanaticism becomes self-destructive, eventually destroying Ahab and his ship.

To me at least, Melville captures the trajectory of the Bush years. It begins with a president who started out after 9/11 with immense support at home and abroad and a genuine mandate to fight terrorism. But then Mr. Bush became obsessed by his responsibility to prevent another terror attack.

This was an eminently worthy goal, but Mr. Bush abandoned traditional rules and boundaries — like bans on torture and indefinite detentions — and eventually blundered into Iraq. And in a way that Melville could have foretold, the compulsive search for security ended up creating insecurity.

Melville's lesson is that even a heroic quest can be destructive when we abandon all sense of limits. And at a time when we hear the siren calls of moral clarity, the classics almost invariably emphasize the importance of moral nuance, an appreciation for complexity, the need for humility.

So, students, study those classics. They are timeless — and in the days of the Iraq war and Guantánamo, they have never been more timely.

OTHER NEWS:

US Productivity Growth Lowest For A Decade (FT)

By Chris Giles In London

Financial Times, January 23, 2007

The US economy last year recorded its lowest rate of labour productivity growth in more than a decade, with growth in output per hour worked falling behind the EU and Japan. The fall casts further doubt on the ability of the Federal Reserve to cut interest rates as the US economy slows.

Research to be published on Tuesday by the Conference Board, the international business organisation, shows that US labour productivity in the whole economy grew by 1.4 per cent in 2006 as slower economic growth was combined with a rapid rise in employment.

Gail Fosler, the chief economist of the Conference Board, told the Financial Times that the fall in productivity growth was unlikely to be cyclical and the result of weaker gains in services' industries, raising "concerns about the long-lasting productivity impact of information and communications technology".

If weak productivity growth continues, she said, "even in a slow growth environment, the US economy will be performing close to its potential", restricting the Fed's ability to cut interest rates.

Better economic figures released this year, alongside emerging signs of a slowdown in US economic potential, has led to tumbling market expectations of a rate cut in recent weeks. Investors now believe that there is only about a 10 per cent chance of a reduction in official interest rates by the May meeting of the Fed's interest rate-setting committee, according to the Federal Reserve Bank of Cleveland.

The US slowdown in whole economy productivity growth over the past three years - to a rate half that in 2002 and 2003 - contrasts with rising productivity growth in Japan, on the back of a surge in manufacturing exports on the Conference Board's internationally comparable figures.

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Japan's labour productivity grew by 2.5 per cent in 2006 as manufacturing companies took advantage of new demand from China in addition to its traditional export destinations.

Europe improved its productivity performance considerably last year as it enjoyed its first year of strong economic growth since 2000. However, the improvement in Nordic countries and Germany masked continued weakness in southern Europe, where growth was generated by surging employment rather than an improvement in the efficiency of the economies of Spain, Italy and Portugal.

The Conference Board recorded that productivity growth remained extremely high in emerging countries of China, India and Eastern Europe, as inefficient companies fell away and huge numbers of workers moved from relatively inefficient sectors such as agriculture to manufacturing.

China recorded 9.5 per cent productivity growth in 2006, while India achieved 6.9 per cent and the 12 new EU member states achieved 4.1 per cent growth.

Earnings Growth Fears Push Stocks Down (USAT/BLOOM)

USA Today, January 23, 2007

NEW YORK — Stocks fell Monday, sending the Dow Jones industrial average to its biggest decline in two months, on concern that reduced demand and increased competition will hurt corporate earnings growth.

The Dow slid 88.37 points, or 0.7%, to 12,477.16, its fourth-consecutive decrease since closing at a new high and biggest retreat since Nov. 27. The Standard & Poor's 500 fell 7.55 points, or 0.5%, to 1422.95. The Nasdaq composite lost 20.24 points, or 0.8%, to 2431.07.

Motorola, the world's second-largest mobile-phone maker, fell 55 cents to $18.72 and led technology shares lower after Piper Jaffray said the company's profit margins may be crimped by rivals' products. Boeing dropped $3.03 to $85.60 after Wachovia Securities downgraded the second-largest commercial-jet maker on concern deliveries for new aircraft may be delayed.

The retreat followed reports last week from Intel and IBM that suggested analysts may have to lower earnings estimates. Profits among S&P 500 companies are expected to rise 6.1% in the first quarter, according to analyst projections compiled by Bloomberg, down from a forecast of 7.8% made two months ago.

"We're not going to keep the same pace of earnings that we've seen in the past," says Barry James, chief equity strategist at James Investment Research. "That will eventually pass through the psyche of investors, and we're seeing that with the start of earnings season right now."

Eaton, the second-biggest maker of hydraulic equipment, lost $3.85 to $73.80 and was the biggest loser in the S&P 500 after the company said lower truck production will hurt orders. Pfizer fell 27 cents to $26.95 after the world's largest drug maker said it will lay off 10,000 workers to reduce costs (story, 1B).

Stocks were also dragged lower as natural gas futures rose to one-month highs on forecasts of colder-than-normal weather for much of the USA (story, 3B). Earlier gains in crude and heating oil futures were erased after midday.

All 10 major industry groups in the S&P 500 declined. A measure of consumer-related stocks fell for the first time in two weeks as concern grew that higher heating costs would limit spending and boost inflation. Federal Reserve Bank of Richmond President Jeffrey Lacker said late last week that inflation is still the "predominant" risk for policymakers because the recent slowing in price increases might be temporary.

P=MV/Q (WSJ)

By Robert D. Mcteer

The Wall Street Journal, January 23, 2007

The main question on financial TV lately has been whether the economy will continue to weaken and possibly slip into recession, but allow inflation to decelerate, or whether it will pick up and cause inflation to accelerate. More slack in the economy, or a larger output gap, would reduce inflation; more output, it is presumed, would make inflation worse. While a weaker economy might well reduce inflation, that isn't a necessary condition. Faster growth can also reduce inflation.

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While inflation may respond to a reduction in aggregate demand, it would also logically respond to an increase in aggregate supply. In the simple equation of exchange, MV=PQ, so P=MV/Q. In other words, other things equal, prices respond positively to an increase in MV, or aggregate demand, and negatively to an increase in Q, or aggregate supply. This is not rocket science.

But it is a truism rarely articulated. The Phillips Curve is rarely mentioned anymore, but it still pervades the common view that inflation can be tamed only through a weaker economy. Disinflationary growth is not considered an option, probably because we think of output as responding only passively to changes in aggregate demand, so that they rise together or fall together.

That may be the usual case, but it doesn't have to be. Supply-side factors may stimulate output independent of aggregate demand, through shifts in investment, exports or shifts from imports to domestically produced goods. Or animal spirits.

Monetary policy is currently in pause mode as far as interest rates are concerned, but moderate increases in the monetary base must be considered anti-inflationary whether output remains weak, or strengthens, as I expect.

Supply-side economics is out of favor at universities that don't have good football teams. But that's largely because its bar for success has been raised too high. Tax-rate cuts may not fully pay for themselves at current rate levels, but they certainly have gone a long way in that direction, as the recent sharp decline in the budget deficit despite rapid spending growth clearly indicates. Tax-rate cuts that substantially pay for themselves in higher tax revenue are clearly a good thing.

Our economy is remarkably healthy. Inflation has crept above our comfort zone, but current policies are bringing it down without a recession. Monetary policy is just about right, and is being helped in its fight against inflation by other factors: the Internet, globalization, China, India and other new players. Let's not be afraid of growth.

Mr. McTeer is a distinguished fellow of the National Center for Policy Analysis and former president of the Federal Reserve Bank of Dallas.

Class Of '07 Gets Plenty Of Job Offers (WSJ)

By Erin White

The Wall Street Journal, January 23, 2007

Employers are diving back into the fountain of youth.

This year is shaping up as the strongest for college recruiting since the downturn earlier this decade, colleges report. Traditionally heavy recruiters, including management consulting firms, investment banks and accounting firms, are intensifying college recruiting efforts. They're also facing more competition from other employers in such fields as technology, consumer products, government and even nonprofits.

Employers plan to hire 17% more graduates from the class of 2007 than they got from the class of 2006, according to the National Association of Colleges and Employers. That would make this year the strongest job market since 2000-2001, the association says. More than half of the surveyed employers said they planned to increase hiring; only 5% planned a decrease. Salaries were forecast to rise 4.6%, according to another survey by the same group.

"We now again have the nice problem of having to help some of our students choose among multiple job offers," says Jack Tinker, director of recruiting at the career office of Connecticut College. Mike Hendel, interim director for the career center at Carleton College in Northfield, Minn., says he, too, is counseling students deciding among "two or three really good offers."

Behind the increased recruiting are a relatively strong economy, growing business demands and heady corporate profits. Employers created about 1.8 million additional jobs in 2006. Average weekly earnings rose 4.5%, compared with a 3.2% increase in 2005.

Some companies are also planning for future work-force needs as the baby boomers' retirement looms. Employers "are finally starting to get the message that [they] really need to do more" with college recruiting as baby boomers age, says Dan Black, director of campus recruiting for the Americas at Ernst & Young LLP.

At New York University, close to 40% of seniors have job offers, which is more at this point in the year than in any year since 1998-99, estimates Trudy Steinfeld, executive director of career development. Salaries are up about 5% to 10% since last year, and companies are offering bigger signing bonuses -- up to $10,000, she says.

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At the University of Chicago, 119 companies conducted on-campus interviews with seniors during the fall quarter, compared with 93 a year earlier. Employers posted 180 jobs in that quarter, up from 135 a year before. Recruiting mainstays such as management-consulting and financial-services firms are active at Chicago, but so are nonprofits and public-service groups: About 15 such organizations have expressed interest in an April career fair, compared with none at this time last year, says Meredith Daw, co-director of career advising and planning services.

At a November job fair in Boston, the 12 sponsoring schools turned away at least five employers clamoring for space. At the University of California, Los Angeles, officials squeezed 10 additional employers into a job fair last week that they had initially limited to 100 employers. Many of the companies attended a fall fair but need more recruits.

Christopher Bothur, a Connecticut College senior, in the fall accepted a job in an analyst-training program at Deutsche Bank AG. Earlier, he had spoken briefly with the bank about a possible summer internship, but he spent the summer working for the United Nations in China.

When he returned to school, the bank called him, whisked him to New York for interviews and offered him a position that will include stints in New York, London and China. "The job kind of fell into my lap," he says. Mr. Bothur says his base salary alone will be roughly twice as much as it would have been at the think-tank jobs he was considering.

College career counselors say the tone of campus recruiting doesn't approach the dot-com era frenzy, among employers or students. Students saw older friends and siblings suffer through the downturn earlier this decade, and they understand that the job market could tank again. And while the economy as a whole is strong, sectors such as housing and autos are suffering.

One employer contributing to the rising demand on campuses is accounting and consulting firm Deloitte & Touche. The firm is recruiting about 3,300 seniors for full-time positions in the U.S. this year, up from fewer than 3,100 last year, says Diane Borhani, head of U.S. campus recruiting.

To attract candidates, Deloitte is raising salaries and signing bonuses. Full-time starting base salaries in the U.S. are up about 5% on average to as much as roughly $60,000 in certain markets. Signing bonuses for new college hires in consulting range from $6,000 to $10,000 this year, up from $4,000 to $8,000 last year, Ms. Borhani says.

Employers also hit campuses earlier. Yum Brands Inc., which markets restaurant chains including Taco Bell and KFC, sent students welcome-back postcards and emails in August, the earliest it has ever started campus recruiting efforts. "We tried to be there literally the day that they got to school," says Misty Reich, Yum's vice president of global talent management. Recruiters and senior executives soon followed.

Companies are also trying to make their recruiting efforts more personal. The management consultancy Boston Consulting Group sent more young employees to campus this fall to talk one on one about life at the firm.

Personal outreach went a long way to recruit Wayne Vonder Heide, a 21-year-old senior at the University of Illinois at Urbana-Champaign, who recently accepted a management-training position at Kraft Foods Inc. He interviewed with about a dozen companies last fall, mostly for sales positions. "Just seeing how many jobs are out there was really encouraging," says Mr. Vonder Heide, an advertising major with a business minor. He was confident enough in his prospects that he spurned follow-up interviews with about four companies.

Around Thanksgiving, Kraft offered him a post in Cincinnati. Management trainees contacted him and the company invited him to tour the office there. He met his would-be co-workers; one took him around the city, including neighborhoods popular with young professionals. "I could really see myself getting up every day and going to this office and getting along well with all of these employees," Mr. Vonder Heide says. "That was a deciding factor."

Why Job Churn Is Good (WP)

By Robert M. Kimmitt

The Washington Post, January 23, 2007

More than 55 million Americans, or four out of every 10 workers, left their jobs in 2005. And this is good news, because there were over 57 million new hires that same year.

These statistics illustrate a recent and growing trend of dynamism in our job market, especially among younger workers. Data on labor demand in the United States, gathered for the Job Openings and Labor Turnover Survey (JOLTS), show that the 12

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months ending in November had the highest average of labor turnover since the U.S. government began tracking this information in 2000. But the data also show that our economy has maintained a consistently strong ratio of new hires to separations. Over the year ending in November, new hires in America exceeded employee separations by an average of 364,000 per month.

Indeed, the data show that each month millions of Americans leave their jobs -- most of them voluntarily -- and millions more are hired. This is what we want: an economy in which people looking to move up have as many opportunities as possible from which to choose. Promoting this dynamism, and the opportunities it creates, should be a focus of our economic policy.

This flexibility of our job market is one key reason the United States successfully competes in an increasingly interconnected global economy. In fact, our workers lead the international marketplace in this trend. Job tenure averages 6.6 years for Americans, compared with an average of 8.2 years for Britons, 10.6 years for Germans, 11.2 years for the French and 12.2 years for the Japanese. Even more striking is that, on average, workers in the United States will have 10 different employers between ages 18 and 38.

This dynamism of our labor force strengthens the U.S. economy because each move to a new employer can involve greater responsibility, greater pay or both. And the time workers spend in search of employment is decreasing. In December, the average duration of a job search was the shortest in more than four years.

Unfortunately, what usually makes headlines is a big company's layoff of workers. What gets less coverage is the 40 months of job growth we have recently enjoyed, the historically low unemployment rate (4.5 percent), record tax revenue and an acceleration in real wage growth over the past year. This is good news for the generation preparing to graduate from high school and college. Unlike their grandparents, who built careers around companies rather than opportunities, members of the class of 2007 will enter the workforce with an understanding that change may be the only constant in their professional careers.

The dynamism of our workforce helps keep the United States competitive because it increases not only the number of jobs available but also the productivity of those holding jobs. U.S. productivity has steadily accelerated over the past three decades, as workers look to improve their standard of living and pursue different opportunities through new employment.

The challenge for policymakers is to keep pace with the dynamism of our economy, since the trend is likely to accelerate in the future. Governments, both federal and state, must build upon and support the institutions that make our country great. One strength is our educational system. Americans seeking to make job changes have a resource not found elsewhere in the world: our nation's community college system, which provides higher education and the chance for workers to retrain at a relatively minimal cost after they enter the workforce.

Government must also ensure that neither fiscal nor regulatory policy impedes the growing dynamism of our economy. For example, job seekers would benefit from the freedom to change employment without having to disrupt their health coverage and their retirement savings plans. Recognizing this, we will work throughout the administration to implement policies that both keep pace with the rapid change in our economy and strengthen our position in the international marketplace.

Consistently Conservative Small-Business Lobby Reaches Out To Democrats (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 23, 2007

The National Federation of Independent Business is a bastion of Republicanism. Its staff has for decades been a farm team for GOP operatives and its campaign giving has been notably one-sided. Of all major lobbying organizations last year, NFIB gave the lowest share of its political action committee money to Democrats, a mere 8 percent.

But with Democrats now in charge on Capitol Hill, NFIB says it's changing. Its new president, Todd A. Stottlemyer, 43, wants to rebrand the nation's premier small-business lobby as "nonpartisan," and to prove his resolve he is talking extensively to Democrats and preparing to donate more to their coffers. "We're trying to reach out," he said. "It doesn't matter if you're an R or a D."

With many lobbying shops scooping up Democrats after last November's elections, Stottlemyer's effort may not seem that newsworthy. But for NFIB, it is huge. Stottlemyer's predecessor, Jack Faris, was viewed as a zealous partisan. A former executive director of the Republican National Finance Committee, Faris stopped talking even to pro-business Democrats in the House after he got involved in a shouting match over dinner with a group of Blue Dogs half a dozen years ago. NFIB, under Faris, also

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boasted of its role in defeating two of Congress's highest-ranking Democrats, House Speaker Thomas S. Foley (Wash.) and Senate Minority Leader Thomas A. Daschle (S.D.).

Now, however, Stottlemyer and his right-hand man, Executive Vice President Dan Danner, are working to rebuild the bridges that Faris burned. Stottlemyer, who declined to talk about Faris, has met with and offered to cooperate with such prominent Blue Dogs as Reps. Allen Boyd (Fla.) and John Tanner (Tenn.). In the Senate, he has visited moderates such as Blanche Lincoln (Ark.), Ben Nelson (Neb.) and Ken Salazar (Colo.), and asked them to join him on several issues, especially health care.

And in a move that the Faris-led NFIB would never have made, the organization did not list as one of its "key votes" of the year the House Democrats' recent push to increase the minimum wage. Small businesses despise few policies more, yet NFIB decided that the measure's success was preordained and that listing its defeat as a top priority would only antagonize the Democrats it now aspires to court.

One of those is Rep. Albert R. Wynn (Md.). Late last year, NFIB dispatched volunteers and a few of its lobbyists to help his campaign. Wynn is exactly the kind of middle-of-the-roader that NFIB now wants as an ally. He's also African American, and NFIB's long-term survival depends on attracting more minority members.

"We don't agree on everything," Wynn said of his new suitors. "But we've been able to find some common ground."

Boyd, like much of official Washington, remains dubious. "For the last 10 years, the NFIB was a difficult organization to deal with; it didn't play it straight," he said. "We'll have to see over a period of time how it conducts itself." But because of Stottlemyer's entreaties, Boyd said, "I'm a little optimistic." From a Democrat, that is huge.Ethics Gone Wild

As a good deed, the American Heart Association likes to conduct a mini-class in cardiopulmonary resuscitation for House and Senate staffers. It's a very popular course. But this year, new lobbying rules have gotten in the way.

Association lobbyists asked the House ethics committee if they could provide staffers with a box lunch, a CPR kit (consisting of a training DVD and an inflatable mannequin to practice on) and an hour-long lesson. The committee's lawyers said no to the lunch and the kit (as the lobbyists expected) -- and they also nixed the class. Under the new gift ban, it was deemed a thing of value that a lobbying group could no longer provide. The event has been canceled.

Capitol Hill has never been for the faint of heart. Now, even more so.Republican Hires of the Week

Lobbying is still bipartisan despite the Democratic takeover of Congress, with senior Republicans in big demand.

Asa Hutchinson, the former Arkansas congressman and undersecretary of homeland security, has returned to the law firm Venable. Jennifer Millerwise Dyck, former spokeswoman for Bush-Cheney '04 and the CIA, was hired by APCO Worldwide. John R. Russell IV, a former aide to ex-House speaker J. Dennis Hastert (R-Ill.), was brought in by Sonnenschein Nath & Rosenthal.

Womble Carlyle Sandridge & Rice added Tim S. McClain, former general counsel of the Veterans Affairs Department, to help its clients "obtain contracts with the VA and related agencies," a firm spokesman said.

Even all-Republican firms are expanding. Barbour Griffith & Rogers hired Stephen G. Rademaker, an ex-aide to former Senate majority leader Bill Frist (R-Tenn.), and Philip D. Zelikow, former counselor to Secretary of State Condoleezza Rice.

Zelikow has for years served as a one-man think tank for Rice, advising her on Iraq and other policies. His role at the lobbying firm is undefined, though he won't be able to represent a foreign government for a year, said Ed Rogers, its chairman. "We'll see what evolves over time," said Rogers, a Zelikow friend.

But being under investigation is an impediment to a lobbying career for anyone, Republican or Democrat. Lundquist, Nethercutt & Griles split with former deputy interior secretary J. Steven Griles, who is the target of a corruption probe connected to disgraced lobbyist Jack Abramoff.The Gelman Update

Microsoft's deal with the House Democratic leadership is even sweeter than I reported last week. The software giant has loaned Matt Gelman, its chief House lobbyist, to the whip's office.

It turns out that the stint won't be long at all -- just 59 days -- and for a reason. If Gelman were to stay a congressional consultant for 60 days, he would be barred for a year from lobbying the folks he had just assisted.A New Idea

During a recent Web chat on washingtonpost.com, I received a fresh suggestion from out of the blue. Well, actually it came from Indianapolis -- or at least that was the city the correspondent listed.

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Here it is: If you want to jam the revolving door between Congress and the outside world -- and discourage K Street from hiring former congressmen as lobbyists -- then deny a congressional pension to any former lawmaker who registers to lobby. A lawmaker can accept public funds in retirement via his pension, or he can make a living extracting public funds for clients as a lobbyist. But he shouldn't be allowed to do both. Whaddya think?

Clinton Dives In Media Waters (WP)

By Anne E. Kornblut

The Washington Post, January 23, 2007

With a call to "let the conversation begin," Sen. Hillary Rodham Clinton (D-N.Y.) fielded a handful of pre-selected questions from voters on her presidential campaign's Web site last night, speaking into a video camera as she held forth on movies ("Out of Africa" makes her top three), her football-fanatic brothers and her "nice middle-class upbringing in a suburb of Chicago."

The effort to "humanize" Clinton, as her advisers have put it, was in full swing just two days into her presidential campaign.

In a carefully controlled setting where inquiries about affordable tuition and health care counted among the tougher topics, she reminisced, in response to a question about Hurricane Katrina, about walking the streets of New Orleans on visits when she and her husband lived in Arkansas. She acknowledged that her position papers on energy policy were too "wonkish" for a Web chat and said she turns to her daughter, Chelsea, for "advice and support in every way."

The online chat came amid what, for Clinton, is a media blitz at the outset of her campaign for president. She appeared on all three major television networks last night, is scheduled to appear on the morning shows today, and will hold two more online discussions on her Web site tonight and tomorrow. This weekend she will head to Iowa, which she has not visited for several years.

In her first public forays, Clinton made little substantive news. In an ABC News interview, she would not pledge not to raise taxes. But she also equivocated on whether the costs of the war in Iraq would require a tax increase. "We're going to have to make some tough decisions," she told interviewer Charles Gibson. "We also don't want to be straitjacketed."

On CBS, she told anchor Katie Couric that voters who doubt her ability to win should reserve judgment. "I would say: Give me a chance," she said. "As a friend of mine said the other day, I'm the most famous woman that nobody knows."

Dressed in the same pastel jacket for all her appearances, Clinton sat on a sofa against a soft backdrop of bookshelves and a yellow curtain for her Web chat. She was joined by her campaign's blogger, Crystal Patterson, who read viewer questions aloud. Almost all of the inquiries were from women, and nearly one-third were from New York. One question was about the role Chelsea Clinton will play in the campaign (unclear, her mom said).

She hedged on her favorite movie, saying that, as a child, she had loved "The Wizard of Oz," only to discover "Casablanca" in college and law school, watching it so often that she memorized the lines. (Her passion for the Meryl Streep-Robert Redford classic "Out of Africa" came later, she said.) But she was clear about her own conviction that she can become president.

Responding to a questioner identified only as Barbara in Massachusetts, who asked what she should tell people who do not think the country is ready for a woman to be president, Clinton said: "I hope you'll tell them we won't know until we try."

On Web, Voters Question Clinton Directly (NYT)

By Patrick Healy

The New York Times, January 23, 2007

Senator Hillary Rodham Clinton strived for an Oprah moment yesterday night, the third of her presidential campaign, by sitting in a fake living-room set and fielding questions on a live video Webcast about her vote for the Iraq war (if she had known then), universal health care (still wants it) and her favorite movies ("The Wizard of Oz," "Casablanca" and "Out of Africa").

But will she attain Oprah Winfrey's ratings? Advisers could not say how many people watched and took Mrs. Clinton's measure during the appearance — or whether any of them were anyone other than her diehard lovers and her diehard haters.

Mrs. Clinton's advisers say the Webcast demonstrates her determination to speak directly to voters, in as many ways as new technology allows, instead of dealing only with a news media that has sometimes been intensely skeptical of her actions and motives.

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The questions e-mailed from Linda in Pensacola, Fla., and other visitors to the Web site were vetted by Mrs. Clinton's staff and offered or elicited few surprises. Mrs. Clinton sat on a sofa in front of a bookcase looking relaxed as a young aide read questions from a monitor. Her answers suggested various personas that she wants to convey to voters: a hometown girl, a mother, a moviegoer, a churchgoer, a standard-bearer for women and a critic of the war.

She said she was rooting for the Chicago Bears in the Super Bowl, recalling that she grew up in Illinois (a crucial electoral state and the home of Senator Barack Obama, a rival). She spoke lovingly about her daughter, Chelsea.

She described her three favorite movies, linking herself with other Americans who can recite lines from "Casablanca." She told a 14-year-old girl that when she was young she found inspiration by volunteering through her church.

In response to the first question, about what Mrs. Clinton would say to people who wondered whether a woman could be president, she said it was "important that we demonstrate that women are fully capable to serve in the highest levels of government."

With the second question, about whether she regretted her vote on the Iraq war in 2002, the senator repeated her latest explanation, which she also used yesterday night on the network news programs — that if she knew in 2002 what she knows now "I certainly would not have voted" to authorize military action in Iraq.

Clinton In Clear Lead Over Rivals, Says Poll (FT)

By Eoin Callan In Washington

Financial Times, January 23, 2007

Hillary Clinton has launched her race for the White House with a commanding lead over her Democratic rivals for the 2008 presidential candidacy, according to an opinion poll published on Sunday.

The New York senator moved quickly to toughen her stance over the war in Iraq as she sought to sharpen her differences with President George W. Bush and fend off a challenge from Barack Obama, the first-term senator for Illinois and her closest rival.

In a Washington Post poll on Sunday, Mrs Clinton was backed by 41 per cent of Democrats questioned, more than double the 17 per cent rating of Mr Obama.

The former first lady is expected to lead the crucial early rounds of fundraising by the crowded field of Democratic aspirants – joined on Sunday by Bill Richardson, the New Mexico governor – in spite of a problematic record on both foreign and domestic policy.

Mrs Clinton called for withdrawal of US troops from Baghdad and an eventual end to the occupation of Iraq, which she backed in 2002 by voting in favour of a resolution authorising an invasion.

She did not have "faith" in Nouri al-Maliki, the Iraqi prime minister, as she stayed ahead of her Senate colleagues by backing a binding resolution aimed at stemming the flow of funds to Baghdad.

A separate bipartisan resolution that criticises Mr Bush's decision to send 21,500 more troops to Iraq would be non-binding, while Mrs Clinton's resolution would impose a congressional cap on existing US troop levels.

Her greatest liability on domestic policy is seen as her association with failed healthcare reforms under her husband's presidency.

Healthcare is likely to emerge as a defining issue in the 2008 campaign as the costs of healthcare outstrip inflation and US employers pare back health benefits.

The attention on healthcare is unwelcome for presidential contenders in both parties who are confronted by ideological and fiscal dilemmas in formulating policies to address the problem of uninsured Americans.

But the issue is becoming unavoidable and Mr Bush is expected to use his presidential address tomorrow to introduce legislation that would use tax increases for some workers whose health plans cost more than the national average to fund tax breaks for the uninsured.

Reprise Of 'Hillary Care' (HILL)

By Bob Cusack And Jeffrey Young

The Hill, January 23, 2007

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Former President Clinton has signaled privately that his wife, Sen. Hillary Rodham Clinton (D-N.Y.), will include aggressive healthcare proposals in her campaign for the White House, despite the debacle of what critics labeled "Hillary Care" 14 years ago.

In remarks to Democratic operatives last month, the ex-president caused a buzz by strongly defending the substance of his wife's 1990s plan, claiming it was a moderate, private-sector approach grossly mischaracterized by its critics.

The former president's statements, delivered during a Democratic Leadership Council (DLC) conference at the Charles Hotel in Cambridge, Mass., have been interpreted as signaling that candidate Clinton could revive aspects of her 1993-94 approach that was vilified by Republicans and health-industry groups.

President Clinton pointed out to the group of over 100 Democratic strategists the irony of today's debate on the government's negotiation of prescription-drug prices, saying that was part of "their" plan. The one-hour speech was closed to the press and deemed off the record for those who heard it.

He aggressively attacked the "urban myths" of his administration's plan, rejecting the widespread criticism that it was socialized medicine, according to a person in the room.

The indications are that Sen. Clinton's strategy will be to turn healthcare, a political weakness, into a strength.

"The difference is now for Sen. Clinton that she learned a lot from that experience," said Donna Shalala, who served eight years as secretary of Health and Human Services under President Clinton. "The fact is that she's learned a lot about tactics and a lot about getting things done," said Shalala, who is now president of the University of Miami.

A Democratic healthcare consultant said Sen. Clinton will be vulnerable to attacks again but it would not stop her from tackling the issue head-on.

"She could unveil President Bush's healthcare plan and the Republicans would call it a government takeover of healthcare," the consultant remarked. "People are kind of tired of that rhetoric. … [The GOP] would do that for every presidential candidate who has a 'D' by their name."

It would not work, the consultant predicted, because "if there was ever a more skilled communicator than the Clintons, I haven't seen them."

Judy Feder, professor and dean of the Georgetown Public Policy Institute who ran unsuccessfully against Rep. Frank Wolf (R-Va.) last year, said, "It's a much different time than 1994," adding that the environment for major changes to the nation's healthcare system is "not so poisonous."

The former president's prominence in his wife's campaign will, similarly, be an issue; he was the only one on stage with the senator as she delivered her victory speech after winning reelection on Nov. 7.

The former president told DLC officials that healthcare would be the most important domestic-policy matter of the next election. The Clintons have relied on each other's advice throughout their political careers and that will not change during the senator's White House run, political observers say.

Sen. Clinton is a fundraising machine but has not yet articulated a sound-bite friendly message like former Sen. John Edwards's (D-N.C.) "Two Americas" theme. She is unlikely to base that message on foreign affairs because of her vote for the Iraq war in 2002, which is now unpopular in her party. And she does not want her opponents to own healthcare, an area in which Democrats have traditionally enjoyed huge poll leads over Republicans.

She could use the issue to her advantage, a former Clinton administration official said, because she is "extremely knowledgeable about how the system works."

Shalala agreed, saying, "I believe, knowing Mrs. Clinton, the senator, as well as I do … that no candidate understands healthcare as well as she does." Shalala added, "She also understands the politics."

Said the consultant: "You have less credibility if you haven't been involved in these issues and suddenly you are now. … The public generally thinks that she knows a lot about the system … and that she has something very constructive to offer."

The former official added, "Yes, it's political, but she really cares about it."

Clinton must revisit her failed healthcare initiative soon, and her husband's analysis means she will "not be defensive" about it, said an informed source.

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“She’s going to reject advice to avoid the issue,” the consultant said. “Only people in Washington think that people who have tried and not succeeded shouldn’t try again.”

President Clinton said to DLC attendees that the 1990s plan failed because it was “overwhelmed” by health-insurance industry opposition and its “Harry and Louise” TV ads.

Sen. Clinton may benefit from the fact that business and healthcare sectors have increasingly aligned with organized labor and other Democratically affiliated interests in calling for federal action to address the rising cost of medical care and the growing ranks of uninsured.

Several states are also moving ahead without national healthcare reform. Former Massachusetts Gov. Mitt Romney (R), another presidential contender, forged a deal with the Democratic-controlled legislature to enact near-universal coverage last year. California Gov. Arnold Schwarzenegger (R) and Pennsylvania Gov. Ed Rendell (D) also recently proposed sweeping reforms.

Presidential candidates from both parties will have to put forward bold healthcare reforms, the former Clinton administration official said, adding, “I think we’re going to have a debate for the next two years. … The 2008 election is going to be a referendum on that debate.”

In announcing her bid for the White House and upcoming Web chats, Clinton said, “… and let’s definitely talk about how every American can have quality, affordable healthcare.”

Clinton’s first appearance after announcing her candidacy was at a Manhattan clinic Sunday, when she pushed for the expansion of the State Children’s Health Insurance Program (SCHIP).

SCHIP authorization expires this year, providing a prime opportunity for presidential candidates to champion the uninsured. Clinton is a member of the Health, Education, Labor and Pensions (HELP) Committee, which will write the SCHIP bill, and has partnered with House Energy and Commerce Committee Chairman John Dingell (D-Mich.), who will oversee the drafting of a companion bill. Sen. Barack Obama (D-Ill.), a leading presidential rival, also sits on the HELP Committee.

President Clinton’s office, the DLC and Sen. Clinton’s campaign did not comment for this article.

Retreat Isn't An Option (WP)

By Liz Cheney

The Washington Post, January 23, 2007

Sen. Hillary Clinton declared this weekend, " I'm in to win." Anyone who has watched her remarkable trajectory can have no doubt that she'll do whatever it takes to win the presidency. I wish she felt the same way about the war.

In fairness, Clinton, with her proposal for arbitrary caps on troop levels and hemming and hawing about her vote for the war resolution, has company on both sides of the aisle. Sen. Joseph Lieberman is the only national Democrat showing any courage on this issue. We Republicans -- with help from senators such as Chuck Hagel -- seem ready to race the Democrats to the bottom.

I'd like to ask the politicians in both parties who are heading for the hills to stop and reflect on these basic facts:

Â· We are at war. America faces an existential threat. This is not, as Speaker Nancy Pelosi has claimed, a "situation to be solved." It would be nice if we could wake up tomorrow and say, as Sen. Barack Obama suggested at a Jan. 11 hearing, "Enough is enough." Wishing doesn't make it so. We will have to fight these terrorists to the death somewhere, sometime. We can't negotiate with them or "solve" their jihad. If we quit in Iraq now, we must get ready for a harder, longer, more deadly struggle later.

Â· Quitting helps the terrorists. Few politicians want to be known as spokesmen for retreat. Instead we hear such words as "redeployment," "drawdown" or "troop cap." Let's be clear: If we restrict the ability of our troops to fight and win this war, we help the terrorists. Don't take my word for it. Read the plans of Abu Musab al-Zarqawi and Ayman Zawahiri to drive America from Iraq, establish a base for al-Qaeda and spread jihad across the Middle East. The terrorists are counting on us to lose our will and retreat under pressure. We're in danger of proving them right.

Â· Beware the polls. In November the American people expressed serious concerns about Iraq (and about Republican corruption and scandals). They did not say that they want us to lose this war. They did not say that they want us to allow Iraq to

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become a base for al-Qaeda to conduct global terrorist operations. They did not say that they would rather we fight the terrorists here at home. Until you see a poll that asks those questions, don't use election results as an excuse to retreat.

Â· Retreat from Iraq hurts us in the broader war. We are fighting the war on terrorism with allies across the globe, leaders such as Hamid Karzai in Afghanistan and Pervez Musharraf in Pakistan. Brave activists are also standing with us, fighting for freedom of speech, freedom of religion, the empowerment of women. They risk their lives every day to defeat the forces of terrorism. They can't win without us, and many of them won't continue to fight if they believe we're abandoning them. Politicians urging America to quit in Iraq should explain how we win the war on terrorism once we've scared all of our allies away.

What about Iran? There is no doubt that an American retreat from Iraq will embolden Mahmoud Ahmadinejad, making it even less likely that the Iranian president will bend to the will of the international community and halt his nuclear weapons program.

A member of Lebanon's parliament recently told me that Lebanese Sunnis, Shiites and Christians are lining up with Iran and Syria to fight against Sunnis, Shiites and Christians who want to stand with America. When I asked him why people were lining up with Iran and Syria, he said, "Because they know Iran and Syria aren't going anyplace. We're not so sure about America."

Â· Our soldiers will win if we let them. Read their blogs. Talk to them. They know that free people must fight to defend their freedom. No force on Earth -- especially not an army of terrorists and insurgents -- can defeat our soldiers militarily. American troops will win if we show even one-tenth the courage here at home that they show every day on the battlefield. And by the way, you cannot wish failure on our soldiers' mission and claim, at the same time, to be supporting the troops. It just doesn't compute.

I suppose Hillary Clinton's announcement was a sign of progress. In 2007, a woman can run for president and show the same level of courage and conviction about this war many of her male colleagues have. Steel in the spine? Not so much.

America deserves better. It's time for everyone -- Republicans and Democrats -- to stop trying to find ways for America to quit. Victory is the only option. We must have the fortitude and the courage to do what it takes. In the words of Winston Churchill, we must deserve victory.

We must be in it to win.

The writer is former principal deputy assistant secretary of state for Near Eastern affairs.

Death Knell May Be Near For Public Election Funds (NYT)

By David D. Kirkpatrick

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The public financing system for presidential campaigns, a post-Watergate initiative hailed for decades as the best way to rid politics of the corrupting influence of money, may have quietly died over the weekend.

Senator Hillary Rodham Clinton of New York became the first candidate since the program began in 1976 to forgo public financing for both the primary and the general election because of the spending limits that come with the federal money. By declaring her confidence that she could raise far more than the roughly $150 million the system would provide for the 2008 presidential primaries and general election, Mrs. Clinton makes it difficult for other serious candidates to participate in the system without putting themselves at a significant disadvantage.

Officials of the Federal Election Commission and advisers to several campaigns say they expect the two candidates who reach Election Day 2008 will raise more than $500 million apiece. Including money raised by other primary candidates, the total spent on the presidential election could easily exceed $1 billion.

People involved in the Republican primary campaign of Senator John McCain of Arizona say he, too, is beginning to seek private donations for the primary and general elections, albeit with the option of returning them. A longtime proponent of campaign finance change, Mr. McCain has recently removed his name as a co-sponsor of a bill to expand the presidential public financing program.

Former Gov. Mitt Romney of Massachusetts, another Republican primary contender, has already decided to forgo public financing for the primaries. Senator Barack Obama of Illinois, a rival to Mrs. Clinton for the Democratic nomination, declined to comment, as did spokesmen for several other candidates.

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In a sense, Mrs. Clinton was merely confirming what many in Washington already knew: that the public financing system has failed to keep pace with the torrents of money flowing toward the presidential elections. In 2004, President Bush and Senator John Kerry, the Democratic candidate, each opted out of the system for the primaries but not the general election. By accepting the public financing, they had to agree not to raise or spend any private money for the period after their nominating conventions.

But when Mr. Bush raised some $270 million, and Mr. Kerry about $235 million, it became clear that major-party candidates could raise far more from private donors than from the public system.

"The 2008 race will be the longest and most expensive presidential election in American history," said Michael E. Toner, chairman of the Federal Election Commission. "Top-tier candidates are going to have to raise $100 million by the end of 2007 to be a serious candidate." He added: "We are looking at a $100 million entry fee."

The turn away from public financing is the twilight of a system once welcomed as a new era of clean government.

In 1986, a decade after the first publicly financed presidential election, a bipartisan commission headed by Robert Strauss, the former Democratic Party chief, and Melvin R. Laird, the secretary of defense under President Richard M. Nixon, concluded: "Public financing of presidential elections has clearly proved its worth in opening up the process, reducing the influence of individuals and groups, and virtually ending corruption in presidential election finance."

Formed to curb candidates' dependence on big donors without running afoul of Supreme Court rulings protecting political spending as a form of free speech, the system provides taxpayer money for candidates who voluntarily agree to abide by spending limits.

Any primary candidate who raises an initial $100,000 in small donations receives federal money to match the first $250 of each donation. For 2008, candidates could receive matching grants of as much as $25 million for the primary season, grants of about $15 million for a nominating convention and grants of about $83 million for the general election.

The system is financed by taxpayers who check a box on their returns to allocate $3 to an election fund, with about 33 million people a year in recent years directing a total of about $400 million to each quadrennial presidential election.

But the fund has faced chronic shortfalls as the percentage of taxpayers contributing has declined to less than 10 percent last year from over 30 percent in the 1970s. Those who could tap wealthy supporters began looking for ways to outmaneuver it almost from the beginning.

In the 1980 Republican primary, for example, John B. Connally, the former Texas governor, became the first candidate to reject public money and outraise his rivals, but his candidacy failed to catch on.

By the mid-1980s, candidates and donors were circumventing the spending limits by raising unlimited "soft money" donations to party committees from corporations, unions and wealthy individuals. The party committees used the money to help support a candidate's presidential campaign or to attack his opponent.

In 2002, Congress changed the campaign finance laws to ban soft money contributions to party committees, and donors turned instead to so-called 527 groups, which could still spend unlimited contributions.

By 2000, two Republican candidates, the billionaire Steve Forbes and Mr. Bush, had turned down public money for the primary campaign. Mr. Bush became the first major-party nominee to do so. And in 2004, for the first time, both the Democratic and the Republican nominees turned down public financing for the primaries.

For Mrs. Clinton and other 2008 candidates, deciding this early to turn down public financing means that she can immediately begin building two war chests, one for the primary and one for the general election. Candidates can raise twice as much from each individual donor: $2,100 for the primary and $2,100 for the general, for a total of $4,200.

It also means that the presidential candidates will be more beholden than ever to the so-called bundlers, often lobbyists, who solicit donations to present to campaigns in a lump sum. In 2004, President Bush honored his biggest bundlers by calling them Pioneers and Rangers who raised $100,000 or $200,000, respectively.

Beginning with the first quarterly disclosure of presidential campaign finances, due at the end of April, candidates can show off their cash on hand as a deterrent to competitors. Mrs. Clinton, who faces doubts among some Democratic primary voters about whether she can win the general election, may be able to point to her general election fund-raising as evidence of her strength.

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Candidates who wait until 2008 to start raising contributions for the general election may be starting too late to catch up. In 2004, for example, Mr. Kerry demonstrated during the primaries that he could raise far more money than public financing provided. But by the time he had won the nomination it was too late to raise private money to compete in the general election, and he relied instead on public financing.

On Monday, a spokesman for Mr. Kerry, who is weighing another presidential bid, said, "It's smart for Democrats to keep their options open."

Mr. Toner, chairman of the Federal Election Commission, said he expected that even if the major candidates bypassed the election fund, the money would still be used by dark horses. Any hypothetical surplus would remain in the fund, he said.

Lawmakers in both chambers of Congress have proposed legislation to revamp and expand the presidential primary financing system, but the ideas have not gained much traction in recent years. Phil Singer, a spokesman for Mrs. Clinton, said she would support "modernizing" the system.

Spokesmen for the Democratic leaders of both chambers say they like the idea. But Republicans are wary. "The most massive poll ever taken on any subject is taken on the subject of using tax dollars for political campaigns," Senator Mitch McConnell of Kentucky, the Senate Republican leader, said in a statement.

"That poll is taken every April 15 on our tax return," he said, referring to the voluntary check-off. "About 10 percent of Americans choose to participate; 90 percent choose not to."

Charles E. M. Kolb, president of the Committee for Economic Development, a business group that advocates for election laws, said, "It may take a collapse of the system in order to build it back up."

For now, Mr. Kolb added, "obituary may be the right word."

Clinton Bid Heralds Demise Of Public Financing (WP)

By Dan Balz And Matthew Mosk

The Washington Post, January 23, 2007

The public financing system designed to clean up presidential campaigns in the wake of the Watergate scandal may have died on Saturday when Sen. Hillary Rodham Clinton (D-N.Y.) announced her bid for the White House.

Little noticed amid the announcement rollout was a page on her Web site in which she asked potential contributors to give her campaign checks of up to $4,200. That figure signaled not only that she plans to forgo public funds for primary season but also that, if she becomes the nominee, she will not take public money for the general election.

By opting out of the system, Clinton will be able to spend as much money as she can raise, both for the primaries and for the general election, rather than being forced to abide by strict spending limits imposed by the Federal Election Commission on candidates who accept public financing.

Others have opted out of public financing for the nomination campaigns, but Clinton is the first since the current structure was created in 1974 to declare she will forgo public financing in the general election as well.

Clinton's decision will put pressure on other candidates in both parties to follow suit, and if they do, the 2008 campaign will complete what has been the rapid disintegration of a system designed to rein in unlimited spending in presidential campaigns.

One effect is to put lesser-known candidates at a further disadvantage in competing with rivals who have the capacity to raise huge amounts of money.

"It's going to be a tremendous test of whether this system survives," Robert Lenhard, chairman of the Federal Election Commission, said of the pressure building on the existing system. Michael Toner, his predecessor, was less restrained. This election, he predicted, will be "basically the death" of public financing.

Under the current system, candidates raise money for the nomination battle and can qualify for public funds. For the general election, however, the federal government underwrites the entire cost of the campaign but limits candidate spending to a fixed amount, meaning the nominees have never raised money for that part of the campaign. By starting to raise funds for both the primary and general elections, Clinton made it clear she plans to opt out of the entire system.

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The 2008 campaign will be the most expensive in history. Candidates may be raising $2 million a week or more between now and early next year, and the eventual nominees of both parties will raise tens of millions between the time they clinch the nomination and the national conventions in late summer 2008.

Clinton is one of several candidates believed to have the capacity to finance their entire campaigns without any federal money, along with Sens. John McCain (R-Ariz.) and Barack Obama (D-Ill.). A campaign plan for former New York mayor Rudolph W. Giuliani indicated he would try to raise $100 million by early next year to win the nomination. Former Massachusetts governor Mitt Romney (R) attracted contributions and pledges worth $6.5 million in one day earlier this month.

President Bush built the new primary-season system in the past two campaigns, designating his most prodigious fundraisers -- those who raised $100,000 or $200,000 -- Pioneers and Rangers. The trend gives greater influence to wealthy fundraisers who can tap rich friends.

Campaigns are learning to tap into smaller contributors using the Internet, but Meredith McGehee, policy director at the Campaign Legal Center, said the breakdown of the system ultimately will put more distance between politicians and the people they are seeking to represent. "The pool of people that you're going to to finance the presidential election, the very nature of that pool of people is changing, and it's changing for the worse," she said.

A Clinton campaign official, defending her decision to opt out of all public financing, said the escalating cost of campaigns makes it difficult to stay within the current limits. "These dramatic increases make it clear that the current public financing system is in need of an update," said campaign spokesman Phil Singer, "and Senator Clinton would support modernizing it."

Among the presidential candidates, McCain has long championed the importance of campaign finance laws. Yesterday, his spokesman, Danny Diaz, said the senator thinks the current public finance system "is not fulfilling its original goal" and is also contemplating opting out.

The Watergate scandal helped produce a new system for financing campaigns, one that established limits on individual contributions to presidential candidates and disclosure requirements for campaigns to provide greater transparency about how money is raised and spent.

That system provided a carrot and stick for candidates designed to limit spending. For the primary season, the federal government agreed to match the first $250 of any individual contribution. In return, candidates agree to abide by strict state-by-state and overall spending limits during their nomination campaigns.

The system began to break down in 2000, when Bush decided to give up federal matching funds during his campaign for the nomination. That allowed him to raise and spend as much money as he could to win the nomination -- putting his rivals at a distinct disadvantage. He raised almost $100 million, breaking all previous records.

In 2004, Democrats John F. Kerry and Howard Dean joined Bush in opting out of public financing for the primaries. Bush and Kerry, the two nominees, both swamped Bush's 2000 campaign spending record. Kerry raised almost $235 million, Bush $270 million.

Both, however, chose to accept more than $80 million in public funds for their general election campaigns, though Kerry gave serious consideration to opting out. Few experts believe that either nominee will remain within the public financing system in 2008.

The system has broken down for several reasons, including the growing length of campaigns and escalating costs, especially for television advertising.

Public financing for the general election was designed to create a level playing field for the two nominees and relieve candidates of the need to raise money during the final months of the campaign. But candidates still see imbalances that can favor the party that holds the later convention, and the costs of both television and state-by-state organizations have strained what seem like generous allotments from the federal government.

Under new threshold limits adopted yesterday, individuals will be able to contribute up to $2,300 to a presidential candidate for the primaries and up to $2,300 for the general election. The limits are similar to those governing candidates for the House and Senate, but there is no public financing component for congressional candidates.

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Clinton now will be raising money simultaneously for the presidential primaries and a possible general election campaign. Under federal rules, money for the general election cannot be spent until the candidate secures the nomination. If the candidate fails to win the nomination, the money must be returned.

Her campaign has another wrinkle in its fundraising plan. Like others before her, Clinton will have a group of big-time fundraisers tap their networks to help assemble hundreds of thousands of dollars for the campaign. But she also is recruiting what the campaign calls "Hillraisers."

Supporters can set up accounts on their Web sites and encourage friends to contribute to Clinton's campaign. Those contributions will be credited to the Hillraiser's account, and the campaign Web site will maintain a running total of how much each person produces.

Clinton To Bypass Public Funds For Bid (AP)

By Marc Humbert

AP, January 23, 2007

White House hopeful Sen. Hillary Rodham Clinton will not accept public campaign financing for either the Democratic primaries or, if she wins the nomination, the general election campaign.

Clinton's decision had been widely expected given her and her husband's proven ability to raise vast sums of money quickly. Her advisers have not disputed estimates that she will raise $100 million or more before the year is out.

The New York senator already has more than $14 million in the bank, money left from her successful re-election campaign last year. The funds can be spent on her presidential bid.

While both President Bush and Democratic challenger John Kerry rejected public funding for their primary campaigns in 2004, they did accept $74.5 million each for the general election campaign. The funding for the general election was expected to reach $85 million for the major party candidates in 2008.

Analysts had been predicting that the major candidates for 2008 would reject the public financing option for both primaries and the general election because of the growing cost of competing. Not accepting public financing allows candidates to keep raising and spending as much as they want.

Clinton becomes the first of the top-tier candidates to announce the rejection of public financing.

"Both presidential nominees opted out of the public financing system in 2004 because the cost of running a modern campaign has gotten so expensive," said Phil Singer, a spokesman for the Clinton campaign. "These dramatic increases make it clear that the current public financing system is in need of an update and Senator Clinton would support modernizing it."

Strategists from both parties had estimated last year that the 2008 race could cost each nominee $500 million — far more than the Presidential Election Campaign Fund could afford. It is financed through the $3 checkoff on federal income tax returns.

The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money.

Big Bucks Needed To Wage Presidential Campaign (CHIT)

By Mike Dorning

Chicago Tribune, January 23, 2007

WASHINGTON -- The Iowa caucuses that kick off the presidential campaign are nearly a year away. For the most viable contenders, make that one year and $100 million away.

Sen. Hillary Rodham Clinton (D-N.Y.) has that capacity, and other contenders believe that they do as well.

To wage a serious presidential campaign in 2008, the ante is $50 million raised by Dec. 31 of this year, said one adviser to Sen. Barack Obama (D-Ill.). And that is just to get a place at the table.

Those are daunting figures. To make the $100 million mark in a year, a candidate must bring in an average of nearly $2 million a week. That's $274,000 a day, including Sundays and holidays, all of it raised in increments legally limited to no more than $2,100 per person.

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Start late or fall behind and the remaining burden increases. "Every single day, the biggest part of your day is fundraising. Fundraising is going to take up more of your time than sleep if you're a candidate," said Democratic strategist Tad Devine, who advised presidential nominee Sen. John Kerry (D-Mass.) in 2004.

Clinton and New Mexico Gov. Bill Richardson joined in the competition for campaign money last weekend, announcing their own presidential exploratory committees less than a week after Obama entered the race, highlighting the importance of the intense competition for campaign funds.

On the Republican side, Sen. Sam Brownback of Kansas entered the race, part of a surge of early announcements that strategists attribute to a rush to raise campaign funds.

In this election, candidates will court well-heeled, well-connected supporters who can bring in hundreds of thousands of dollars from wealthy friends and business contacts. They will commute back and forth among New York, Chicago, Los Angeles, San Francisco, Palm Beach, Fla., and other money centers for mammoth events that in some cases may raise $1 million or more in an evening. They will hone sophisticated marketing campaigns that use Internet sites, web videos and e-mail to galvanize large followings of dedicated supporters whose modest individual contributions can add up to staggering sums.

Federal Election Commission member Michael Toner predicted "an unprecedented fundraising sprint during the first six months of this year, with candidates raising up to $50 million to $60 million by the end of June and $100 million by the end of the year."

Presidential election campaigns regularly set records for their cost. But this time there is an extraordinary confluence of forces that most political professionals believe will drive the costs of the early primary campaigns especially high.

The primary schedule is highly front-loaded. In the Democratic Party, contests are tentatively scheduled in Iowa, Nevada, New Hampshire and South Carolina within a 15-day span next January.

So instead of the traditional focus on Iowa and New Hampshire, most top-tier candidates are expected to mount early full-fledged campaigns in all four states, with costly field operations, television advertising and travel back and forth among more locations. Moreover, because the contests are so close together on the calendar, there is less time to use a strong showing in one state to raise money for the campaigns in the others.

At the same time, the field of candidates is unusually crowded in both parties, with no incumbent president or vice president running for the first time since 1952, creating an open field. With such a large pack of candidates, a big campaign treasury demonstrates political strength that helps a candidate gain attention from the media and voters. And money also provides the means for a candidate's message to be heard above the din.

"You're not the only person competing for voters' attention, so you're going to have to be louder, more provocative, more consistent in your message and that's going to cost a lot of money," said Chip Smith, deputy campaign manager for Democratic presidential candidate Al Gore in 2000.

Add to that the wholesale defections of presidential candidates from a voluntary public financing system that previously had set strict limits on campaign spending for primaries in exchange for federal matching funds. Those candidates who choose to accept public financing, which provides matching payments for the first $250 of each individual contribution, will be limited to spending slightly over $40 million in their campaigns for the 2008 nomination and also must abide by state-by-state spending limits that inhibit the resources they can devote to crucial early primaries and caucuses.

George W. Bush opted out of the public financing system during the primaries in 2000 and went on to win the Republican nomination and the presidency. Kerry and Howard Dean declined public financing for the 2004 primaries and went on to lead the Democratic field that year.

Clinton already has declared she will forgo public financing in both the primary and general election campaigns to avoid the spending limits. Clinton spokesman Howard Wolfson cited "the rising cost of campaigns."

Most campaign consultants now believe the public financing system places crippling limits on a presidential primary campaign and do not expect the leading candidates to accept matching funds.

"Essentially, the lid's been blown off on the scheme of funding," Devine said. "And when there's no roof, the altitude can be extreme."

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Most candidates and campaign advisers deliberately play down expectations for fundraising, anxious to avoid perceptions that their campaigns are under-performing should they fall short.

But a confidential campaign strategy memo prepared for former New York Mayor Rudolph Giuliani, who is considering a run for the Republican nomination, leaked to the media recently and offered an inside glimpse of his fundraising plans. His advisers calculated he would need to raise $100 million by Dec. 31 of 2007. Likewise, former Massachusetts Gov. Mitt Romney, a Republican who has created an exploratory committee for a presidential run, has set a goal of $100 million by the end of 2007.

Clinton starts with more than $14 million left over from her Senate campaign last year that she can transfer directly to her presidential campaign. That, noted one Democratic strategist, "is a considerable down payment toward $100 million."

Clinton also can draw on the kind of formidable fundraising base normally associated with an incumbent president. She and her husband have been cultivating key Democratic fundraisers and donors since before Bill Clinton's election as president in 1992, and the former first lady has accrued plenty of political and social IOUs. She has in her husband a surrogate with almost unmatched appeal to party donors. And in the Senate, she has represented the nation's most important financial center for more than six years.

Former Sen. John Edwards (D-N.C.), a presidential primary candidate and vice presidential nominee in 2004, built his funding base for his last campaign and has had plenty of time to nurture it for his current presidential run.

In order to compete, Obama and other candidates have to rapidly assemble their own fundraising networks, filled with the kind of people willing and able to ask friends for big-dollar donations and serve on the host committees that make sure that $2,100-a-seat fundraising dinners are sold out. It often takes plenty of personal attention from a candidate in advance to nurture that kind of commitment.

"Even if you're Barack Obama or John McCain, you can't just show up in Los Angeles," said Monica Notzon, a Republican fundraiser. "There is a whole bunch of legwork they hopefully have done already."

On the strength of his electrifying speech at the 2004 Democratic National Convention, a compelling biography and his personal presence, Obama already has attracted an extraordinarily influential group of financial backers.

Billionaire investor Warren Buffett and Hollywood moguls Jeffrey Katzenberg, David Geffen and Steven Spielberg are among past supporters of Obama's political action committee, Hopefund. Billionaire philanthropist George Soros, an early supporter of Obama's U.S. Senate bid and Hopefund donor, demonstrated his backing for the presidential campaign by sending the maximum legal contribution—$2,100—within hours of Obama's announcement, Soros spokesman Michael Vachon said.

These high profile donors are helpful because they also bring with them potential networks of additional contributors. Corporations are prohibited from donating directly to campaigns; only individuals and political action committees can give candidates contributions.

The Internet opens the potential for a flood of additional money, particularly for a candidate who can generate excitement because of his personality or a cause.

Sen. John McCain (R-Ariz.) took in a surge of money after winning the 2000 New Hampshire primary and setting a style embodied by the name of his campaign bus, "Straight Talk Express." With his anti-war crusade, Dean attracted legions of givers through his Web site, bringing in more than $30 million from small-dollar donors who contributed no more than $200 each.

Broad-band Internet access is now much more common. And people have grown accustomed through electronic commerce to entering their credit numbers on a Web site and spending money with the click of a mouse. So most political strategists believe the potential for raising money through the web is even greater now.

"The real thing to watch is who's going to electrify the low-dollar donors," Smith said. "You can get to $40 million or $50 million very quickly."

Hillary Takes A Pass (WSJ)

The Wall Street Journal, January 23, 2007

Congratulations to Senator Hillary Rodham Clinton for acknowledging right from the start that she won't accept public money for her White House bid. Now if she'd only admit how much the current fund-raising rules hurt her competitors.

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Top-tier or wealthy candidates have been forgoing public financing for the Presidential primaries for some time because it limits their spending ability. Steve Forbes shunned it in 1996, as did he and George W. Bush in 2000. Howard Dean, John Kerry and President Bush all refused public funds in the 2004 primaries. But now Senator Clinton says that if she wins the Democratic nomination, she will be the first to forgo taxpayer funding in the general election as well.

Congress enacted a public financing law for Presidential candidates beginning with the 1976 election. Taxpayers fund the system by checking off a box on their income tax form. In return for receiving public funds -- which are expected to total around $84 million in 2008 -- a candidate agrees to limit private-fund raising and overall campaign spending. The claim, then and since, has been that this will limit the influence of special interests and make Presidential contests more competitive.

The reality is close to the opposite. The system now benefits mainly well-known and well-heeled candidates and thus limits political competition. Serious Presidential contenders like Senator John McCain and Mrs. Clinton begin the race with greater name recognition, long donor lists and the ability to garner far more media attention.

Their lesser-known challengers have to claw for every $2,000 individual contribution, and then they are limited in how much they can spend. Long gone are the days when a few rich backers could elevate an unknown with a cause -- antiwar Eugene McCarthy in 1968 -- by writing big checks. Instead, you have to be a gazillionaire yourself, or be a famous Senator or have a last name of Bush or Clinton. One irony of the 2008 race is that popular former Governors such as Tom Vilsack and Mike Huckabee probably can't raise enough cash to be competitive, but New York City Mayor Mike Bloomberg might be able to make waves next year as an Independent because he's a multibillionaire.

As for special interests, those handful of rich donors in the past could at least be identified and their interests put on the record. Now the candidates have to bow to interest-group lobbies that can "bundle" contributions (trial lawyers) or provide in-kind support. Does anyone really believe that John Kerry's decision to accept public funds in the 2004 general election made him immune to the pleadings of Big Labor, the trial bar and other liberal groups? Or that Mrs. Clinton's decision to spurn public financing will make her any less accountable to voters if she wins?

Speaking of which, the public these days doesn't think much of the current election financing scheme. Fewer than 10% of taxpayers want a portion of their tax dollars siphoned off for political purposes. Perhaps voters are more sophisticated than campaign-finance "reformers" give them credit for being. Or perhaps taxpayers understand that limiting the pool of candidates competing for the most powerful job in the world is a really bad idea.

Clinton And Obama Campaigners Trade Insults (FT)

By Edward Luce In Washington

Financial Times, January 23, 2007

The Democratic party's presidential campaign got into full swing on Monday with campaign staff for Barack Obama and Hillary Clinton already indulging in sniping contests over the relative merits of their candidates.

Campaign workers for Mrs Clinton, who on Monday signed the papers to set up a presidential exploratory committee – the first step before declaring a formal candidacy – made indirect attacks on the relative inexperience of Mr Obama, who entered the race a week ago.

Democratic consultants said the campaign, which already includes five other candidates, most notably John Edwards, the party's 2004 vice-presidential candidate, was shaping up to be the most intense and long-running in the party's history.

Polls show Mrs Clinton leading by a wide margin among registered Democrats. "Hillary's Democratic primary support is climbing while others are stalled or falling," wrote Mark Penn, Mrs Clinton's chief pollster, in a memo. "She is not just strong, but the strongest in the field."

Joe Trippi, who was campaign manager for Howard Dean, who almost took the 2004 Democratic nomination, said both Mr Obama and Mrs Clinton had been bounced into declaring their candidacies early by the strength of the other's campaign.

George Soros, the New York-based billionaire, declared his support for Mr Obama the moment the first-term senator from Illinois signed the papers last week. Mr Soros, who has been one of the most generous supporters of Democratic campaigns in recent years, gave Mr Obama the maximum permitted individual donation.

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"Both camps were watching the other sign up big-name donors in each other's cities [Chicago and New York] and realised there was no time to lose," said Mr Trippi, who is credited with running the most sophisticated internet campaign of its day.

On Monday night, Mrs Clinton kicked off what she said would be a running national "conversation" with voters via video weblink "about the direction our country is taking". At the weekend Mrs Clinton will make her first visit to Iowa, the venue of an early caucus in the Democratic nomination early next year, where John Edwards is already the front-runner. Mr Obama is ahead of Mrs Clinton in New Hampshire, the site of the first Democratic primary.

All three leading candidates are planning to launch extensive online operations to build campaign "netroots", which is considered important to their prospects. Mr Trippi, whose 2004 Howard Dean campaign attracted 650,000 internet supporters, says this time each will register millions.

"This is a completely different moment to 2004," he said. "Then we didn't have nearly as many blogs, we didn't have YouTube, or MySpace. It is a safe bet that one of these candidates will be derailed by some obscure video recording on a cellphone that will be posted on the web."

But the most intense competition between the candidates is likely to pivot around their Iraq war stances. Mrs Clinton, who last week returned from a visit to Iraq with a plan to launch a congressional resolution to "freeze" the number of US forces there at the January 1 level of 132,000, is probably the most vulnerable.

Having voted in favour of the war in 2002, Mrs Clinton has the most ground to make up among the party's liberal base. Mr Edwards also voted in favour but has since recanted. Mr Obama always opposed the war.

Headmaster Disputes Claim That Obama Attended Islamic School (WP)

By Howard Kurtz

The Washington Post, January 23, 2007

Fresh doubt was cast yesterday on a magazine's allegation that Sen. Barack Obama (D-Ill.) attended a madrassah, or religious school that teaches a fundamentalist version of Islam.

Hardi Priyono, deputy headmaster of the Basuki school in Indonesia, told CNN that his institution -- which Obama attended four decades ago, beginning when he was 6 -- is not a madrassah.

"This is a public school," Priyono told CNN correspondent John Vause in Jakarta. "We don't focus on religion." Classes in Islam are offered to the predominantly Muslim students at the school, CNN reported.

Insight, a weekly Internet magazine owned by the conservative Washington Times, had reported the madrassah allegation late last week and added, citing unnamed sources, that the information had been unearthed by researchers close to the campaign of Obama's rival for the Democratic presidential nomination Sen. Hillary Rodham Clinton of New York. In an online posting, Insight called yesterday's Washington Post article on the controversy a "hit piece" by the "liberal media establishment."

While not addressing the veracity of the madrassah allegation, the magazine said it had contacted the Obama camp, which declined to comment.

"Insight's story was not thinly sourced," the posting said. "Our reporter's sources close to the Clinton opposition research war room confirm the truth of the story. The Clinton camp's denial has as much credibility as the 'I never had sex with that woman' statement."

Spokesmen for Obama and Clinton called the Insight story absurd. Obama spokesman Robert Gibbs yesterday criticized Fox News for picking up the allegations, saying of the network's slogan: "It would be nice if 'fair and balanced' included some actual journalism once in a while." A Clinton spokesman, Howard Wolfson, said yesterday that "comments like this prove the point: This is a biased publication with no discernible journalistic standards."

Fox says two of its programs merely took note of what Insight had reported. The morning show "Fox & Friends" aired a clarification yesterday, reporting that Obama's camp had called the story "completely ridiculous" and that "the Clinton camp has said, 'We had nothing to do with that.' "

Howard Kurtz hosts CNN's weekly media program, "Reliable Sources."

Obama-mania May Backfire (CSM)

By Dante Chinni

DOJ_NMG_0120345

The Christian Science Monitor, January 23, 2007

Unless you were stranded on a desert island last week, you probably know that Sen. Barack Obama (D) of Illinois announced he is officially considering possibly running for president in an election almost two years away.

It wasn't exactly a shocking development, but it made big headlines. Last Tuesday, the day Senator Obama posted the video on his website announcing that he had created an exploratory committee – his intention to consider his intentions – cable news spent much of the day discussing the announcement.

In fact, there was so much coverage of the senator's statement that between Tuesday and Sunday last week the word "Obama" got 14,800 hits on a search of Google News. That was more than 10 times as many hits received over the same period for the terms "Iraq" and "34,452" – the UN's estimate last week of the number of Iraqi civilian deaths since the war there began.

Of course, last week's other big entry in the 2008 race, Sen. Hillary Clinton (D) of New York, scored slightly more coverage in the period with 15,300 hits, but Senator Clinton legitimately made history with her entry – the first time the spouse of a former president has sought the White House.

While Clinton has served an entire term in the Senate, Obama is just two years into his first term and has a slight track record.

Yes, Obama's life story – father from Kenya, mother from Kansas – makes for compelling copy. But at this point in American political history, an African-American running for president isn't new. Shirley Chisholm ran back in 1972. Jesse Jackson made an especially strong run in 1988. A 2004 contender, Al Sharpton, recently said he may run again, though that announcement drew less media interest.

So what is it about Obama that has the press's pens scribbling and cameras flashing?

Well, the senator's media talents are formidable: He is smooth and natural on camera and is an engrossing speaker. And he is generating real excitement with voters. His 2004 convention speech is still talked about. And his recent visit to New Hampshire drew huge crowds.

Ironically, however, a big reason for the press's fascination with him is that he is almost as much a mystery to the media as he is to the public. He has no lengthy public record we in the media can go back and study, as is the case with most senators – including Clinton – or governors. Other than his two years in the Senate, his political experience consists of seven years in the Illinois Senate. He has no previous big, close campaigns we can look at to see what he did in a pinch. He is as fresh and new to most of us as he is to you.

As much as people like to talk about "the media" as though "it" is a monolith, they are complex organisms made up of people – people that have ideas about the issues and personalities they cover. Years of covering politicians and the electorate leads many reporters to think that a certain kind of person may be the right kind of person to fix the problems and run the country.

It's less a Democrat or Republican issue than it is a type-of-person issue. The press gravitates toward well-educated moderates who talk about a third way or new paradigm in politics. In 2000, it was Sen. John McCain (R) of Arizona and his Straight Talk Express that captured attention.

For many in the media, Obama is a candidate to get excited about because he holds the promise of being interesting, different, and able to shake up Washington.

And that means Obama-mania will probably be alive and well in the press for at least a few more months. But at some point that lack of a long public history could present some problems for the senator.

Inevitably the "Who is Barack Obama?" stories will come – pseudo-psychological pieces that will put the senator on the couch. They will, as they most always do, look for "key moments" from his life to draw a picture. And what will they find?

Obama's short time in office means that image will be crafted probably even more than usual from old friends, old tales, and old pieces of writing. Those things may or may not have real significance – and may or may not be flattering – but are easy to draw from and more difficult to rebut.

Right now, Obama enjoys a sweet story line. But at some point, the media will be eager to fill in the missing pages. And when they do, Obama may find that his biggest strength with the media has its problems.

Never Too Early For Pollsters (NYT)

DOJ_NMG_0120346

By John M. Broder

The New York Times, January 23, 2007

Let the hypotheticals begin. Conventional wisdom may say Senator Hillary Rodham Clinton of New York is the Democrats' prohibitive front-runner. But a Newsweek poll released over the weekend, which otherwise shows the candidates tightly bunched, indicates that former Senator John Edwards, below, is the only one to beat the top two potential Republican candidates in head-to-head matchups. The poll shows that Mr. Edwards, of North Carolina, Mrs. Clinton and Senator Barack Obama of Illinois all would beat Senator John McCain of Arizona by a few percentage points. But Rudolph W. Giuliani, the former New York mayor, would narrowly defeat Senators Clinton and Obama while losing to Mr. Edwards, 45 percent to 48 percent. But the numbers are all close and fall within the poll's margin of sampling error of plus or minus four percentage points.

The matchups, in percentages:

Edwards 48, McCain 43

Clinton 48, McCain 47

Obama 46, McCain 44

Edwards 48, Giuliani 45

Giuliani 48, Clinton 47

Giuliani 47, Obama 45

Experienced Dodd Toils To Win Notice In '08 Bid (WSJ)

By Jackie Calmes

The Wall Street Journal, January 23, 2007

WASHINGTON -- At her first public event after declaring for president last weekend, New York Sen. Hillary Clinton drew a horde of cameras and reporters. For months before Illinois Sen. Barack Obama got into the 2008 race, fire marshals were turning fans away from his packed houses.

Meanwhile, another Democratic hopeful, Connecticut Sen. Chris Dodd, travels the country, a year before the first nominating votes, "hoping someone will show up," he quips.

Mr. Dodd's experiences are typical of the early days of a presidential campaign, which often are humbling, even demeaning, for all but the rare Clinton-like celebrities and Obama-like phenomenons. His colleague Mr. Obama has been a senator for two years. Mrs. Clinton is starting her second term. Mr. Dodd has been in the Senate for more than a quarter-century and was in the House for six years before that. He is chairman of the Senate Banking Committee. And he is an asterisk in early 2008 presidential polls.

Yet ask many Democratic activists whom they'd personally most like to see as president, and Mr. Dodd's name comes up often -- including from some committed to other candidates, notably Mrs. Clinton. Frequently described as witty, smart, and one of the most qualified figures in the party, Mr. Dodd enjoys goodwill beyond Washington from his mid-1990s stint as national party chairman.

At the same time, few of these Democrats have been pressing him to run. With voters as disgusted by Washington's partisan games as at any period in recent memory and seemingly hungry for a fresh face, a man who has been in Congress for a third of a century would be a hard sell, Democrats say. So would a New England liberal, even one with a business-friendly record who has tangled with one of his party's most powerful interests, trial lawyers.

Meanwhile, the competition includes the first viable female, African-American and Hispanic (New Mexico Gov. Bill Richardson) candidates, each of whom excites segments of the liberal Democratic base by the history-making potential.

Donna Brazile, Al Gore's 2000 campaign manager, who is neutral in the 2008 contest, says of Mr. Dodd, "He's like everybody's big brother. He's down-to-earth yet engaged in the nitty-gritty." But, she adds, "personally, I sometimes wish he'd just stay in the Senate. In a field that contains so many rockstars, I don't see how Dodd will take a slice of the electorate."

"I don't have any illusions about it," Mr. Dodd says, acknowledging his underdog status. But, he adds, "The most important compass is your own."

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The son of a senator who was a prosecutor at the Nuremberg Nazi war-crimes trials, and himself a Peace Corps volunteer in the Dominican Republic at 22, Mr. Dodd says he no longer can stay in the Senate "bleachers" with the country so tarnished in the eyes of the world. "I'm not afraid of using military force," he says, but the force of America's ideals around the globe have been squandered under the Bush administration. "I've got to try -- at this time -- because the nation's situation is too worrisome to me."

In politics, it is a truism that timing is everything. Yet politicians have their own clocks, as the contrast between the silver-haired, 62-year-old senator and the 45-year-old Mr. Obama suggests. Mr. Obama has said he didn't intend to run; the outpouring last fall at book-signings for his second bestseller, and the emergence of an Internet draft, spurred advisers to tell Mr. Obama he had to seize the moment.

Mr. Dodd, on the other hand, has been on the political scene so long that he can recall when one of his young campaign drivers was Mark Warner, who went on to be Virginia's governor and last year explored a presidential campaign himself -- before deciding this wasn't his time. Likewise, Mr. Dodd has weighed and ruled out presidential bids before, as evidenced by eBay's recent offer of an old campaign button featuring a dark-haired Dodd. In the past, he says, he believed being single was a liability, especially given something of a playboy image; or he had to defer when fellow Connecticut Sen. Joe Lieberman was running, or his Washington experience was a disqualifier in years voters preferred outsiders.

Now Mr. Dodd is married, the father of two young daughters. And despite the current "Obama-mania" for his less-seasoned colleague, Mr. Dodd argues that with the nation roiled by war, terrorism and economic globalization, he can persuade voters that his experience is an asset. "Certainly the last six years has reminded people that maybe, maybe, experience has value -- not that anyone's ever really ready for this job," Mr. Dodd says.

Having voted in 2002 to authorize President Bush to use force against Iraq, he now says Congress and the nation were misled. Last week, he proposed legislation to block Mr. Bush from sending more troops without new congressional authorization. As it happened, the media's focus that day was on the antiwar moves of his Democratic rivals, Sens. Clinton, Obama and Joe Biden of Delaware. Mr. Biden has been a senator even longer than Mr. Dodd -- since 1973 -- and faces some of the same doubts as he runs for president. But as chairman of the Senate Foreign Relations Committee, his foreign policy pronouncements grab greater attention.

Mr. Dodd ranks just under Mr. Biden on that committee and has been prominent in foreign-policy debates for two decades; in the 1980s, he was a main target for Republicans' attacks as he came to define the Democratic opposition to the Reagan administration's interventions in Central America's conflicts. He knows numerous world leaders and met with those in Iraq, Syria, Jordan and Israel last month.

The liberal gets credit for popular laws for workers' family and medical leave, child care and Head Start, and testing of prescription drugs for children. Yet he has a moderate record on business issues, reflecting Connecticut's corporate presence.

In 1995 and 1996, the same years he was serving as President Clinton's chairman of the Democratic Party, in the Senate Mr. Dodd was chief sponsor of two business measures that drew Mr. Clinton's vetoes, and the wrath of his party's special interests. The first was a bill to limit securities lawsuits that high-technology companies wanted, and trial lawyers didn't; Mr. Dodd got Congress to override that Clinton veto. The second was a bill restricting product-liability suits, also opposed by trial lawyers; Mr. Clinton's veto stood.

Senators Don't Have Lock On 2008 Campaign (USAT)

By Dewayne Wickham

USA Today, January 23, 2007

The last time the political stars lined up like this was in 1920. In that year's presidential contest, the nation was licking its wounds from a bruising war, and many Americans were angered by outgoing President Woodrow Wilson's attempt to turn that fight into a crusade to spread democracy around the globe.

Neither Wilson — who was ailing and had served two terms — nor his vice president, Thomas Marshall, sought the presidency in 1920. That lack of an incumbent candidate and the nation's obsession with foreign policy issues propelled Ohio Sen. Warren Harding into the White House.

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"America's present need is not heroics, but healing; not nostrums, but normalcy … not submergence in internationality, but sustainment in triumphant nationality," Harding said before winning a landslide victory.

Not surprisingly, with neither President Bush nor Vice President Cheney seeking the presidency next year, and foreign policy again the cause of great discontent, a growing number of senators are lining up for the job. And journalists are treating them as though they have the inside track.

Newsweek magazine ran pictures of Democratic senators Barack Obama of Illinois and Hillary Clinton of New York on its cover earlier this month with the headline, "The Race is On." Clinton launched her presidential campaign last week, and Obama is scheduled to officially announce his White House run next month.

Also this month, The Wall Street Journal reported that Sportsbook.com has made Arizona Sen. John McCain the odds-on favorite to win the GOP presidential nomination, even though he trails former New York mayor Rudolph Giuliani in a recent USA TODAY/Gallup Poll. But it's too soon to turn this campaign into a senatorial foot race.

"I wouldn't discount the prospect of a governor, or Mayor Giuliani, winning the presidency," said Meena Bose, a presidential scholar at Hofstra University. "Governors bring executive experience" to a White House campaign, which is something that shouldn't be overlooked, she said.

"It's a lot easier to attack a senator who has a voting record," said Jamie McKown, professor of government and policy at the College of the Atlantic in Bar Harbor, Maine. "Opponents of a senator who is running for president can make an issue of their voting record, which is often not easy to defend."

Remember 2004 Democratic presidential candidate John Kerry's fumble in answering how he voted on a military funding bill? "I actually did vote for the $87 billion before I voted against it," he said. His more expansive answer never caught up with that sound bite.

Governors usually don't bring that kind of baggage into a presidential campaign. That may explain why, of the 19 men who have held the office since the beginning of the 20th century, nine went from the statehouse to the White House, but only two came directly from the Senate.

In the current campaign, there's no shortage of governors who have entered — or are poised to enter — the race. Among Democrats, New Mexico Gov. Bill Richardson and former Iowa governor Tom Vilsack have thrown their hats in the ring. And three Republicans who recently left their statehouse jobs — Mitt Romney of Massachusetts, Mike Huckabee of Arkansas, and George Pataki of New York — have set up exploratory committees.

Don't let the pundits and the early polls fool you. One of these governors could turn out to be a dark horse candidate, especially if Clinton and Obama split the Democratic Party's liberal base during the primary elections.

And if McCain is upended by his support of Bush's decision to send more troops into Iraq, and Giuliani's liberal stance on social issues generates a backlash among right-wing Republicans, the GOP may end up with a governor at the head of its presidential ticket.

This much is certain: It's much too early to treat next year's presidential election like a graduation exercise for the U.S. Senate.

DeWayne Wickham writes on Tuesdays for USA TODAY.

Here, There And In Iowa (NYT)

By Adam Nagourney

The New York Times, January 23, 2007

One of the striking things about the 2008 presidential campaign is the number of stages it is being played on at once. Take today in Washington, for example, where things will be happening on two fronts. The afternoon brings a hearing of the Senate Armed Services Committee, a platform that could display the sharply contrasting views on Iraq of Senators John McCain, Republican of Arizona, and Hillary Rodham Clinton, Democrat of New York. The evening brings the president's State of the Union address, which many Democrats — notably Mrs. Clinton — view as providing an opportunity to tee off to advance their own presidential campaigns.

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For the rest of the week, attention in the Senate will be focused on resolutions critical of President Bush's Iraq policy, giving a platform to other presidential hopefuls, including Senators Barack Obama of Illinois, Joseph R. Biden of Delaware, both Democrats, and Chuck Hagel of Nebraska, a Republican who is considering running. Antiwar activists are planning a big demonstration in Washington on Saturday, an event that could provide the candidates another gauge of public sentiment against the war.

But the action is not limited to Washington. At week's end, Mrs. Clinton is making her first trip to Iowa since creating her presidential exploratory committee; it seems fair to surmise that this will not be the kind of small living-room chats — with 10 Democrats and a local reporter or two — that have put the state on the political map. Halfway across the country, Mrs. Clinton's former and potential future political rival, former Mayor Rudolph W. Giuliani of New York, will be competing for attention by heading for New Hampshire, a trip that was planned before Mrs. Clinton decided to spend the same weekend in Des Moines.

Throwing Their Blogs Into The Ring (WP)

By Eugene Robinson

The Washington Post, January 23, 2007

Last week's presidential announcement video from Barack Obama seemed fresh, futuristic and YouTube-friendly -- until Saturday, when Hillary Clinton's "I'm in to win" video, as pretty and polished as a Merchant-Ivory production, made Obama's clip look like a student project. Obama, here comes Mama. And she doesn't play.

As they size each other up, the Democratic front-runners might want to sneak a glance at John Edwards, who has outpaced them both in new-technology savvy. Edwards has been campaigning in cyberspace for months, building a deep, "sticky" Web site with tons of multimedia offerings and a destination-quality blog. Clinton is still working on a blog. Obama is apparently still working on a lot of things.

Who knows whether the presidential campaign Web sites of the three leading Democratic contenders reveal anything meaningful about the candidates? At this early stage, a year before the first primaries and caucuses, who knows what indicators to trust? A Post poll showed Clinton with a substantial lead nationwide, but other polls show a much tighter three-way contest in Iowa and New Hampshire, the states that count -- make that the states that will count, a year from now. New candidates are still piling in (e.g., Bill Richardson on Sunday). The race doesn't even have a complete starting field yet, much less a trend.

But the march of human progress does have a trend. More of you will read this column on the Internet than on newsprint. Those of you who want to tell me how surpassingly brilliant or irredeemably stupid it is will almost certainly do so by sending e-mails rather than putting pen to paper. In just about every realm of human activity I can think of, the Internet matters more now than it did five minutes ago. I can't think of any reason that politics should be exempt.

So what do the Web sites HillaryClinton.com, BarackObama.com and JohnEdwards.com tell us about their namesakes? At first glance, they seem to confirm what we think we already know. Clinton's site evokes a super-competent juggernaut, with every base covered and every hair in place. Obama's is very much a work in progress. And Edwards's Web site suggests the patience, attention to detail and willingness to take risks that you would expect from a trial lawyer who rose from nothing to become a self-made millionaire.

Clinton and Obama are first-name candidates on their sites -- "Hillary" says this, "Barack" says that. Edwards is more formal -- he's "John Edwards" or "Senator Edwards," if you please. Perhaps that's a necessary reminder, since he's not, technically speaking, a senator anymore.

As for overall tone and scope, it's hard to evaluate Obama's campaign cyber-HQ because it's so clearly a provisional, placeholding site with not much but a couple of videos (the announcement; a biography) and a big button you can click to become a contributor. There's a link to his Senate reelection Web site -- he would have to run in 2010 -- and if you find the link and click through, you get a fuller picture of the man.

The Clinton and Edwards sites, as one might expect, are largely about the business of getting elected. Clinton's home page tells you how to "Join Team Hillary" or become a "HillRaiser" of campaign funds. Edwards likewise prominently advises how to join his team, but his home page also focuses on some issues -- he's against global warming, we learn, and opposes an escalation of the war in Iraq.

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The real difference is depth and ambition. Both Clinton and Obama (he on his Senate campaign Web site) say they want to have a dialogue with the American people about how best to solve the nation's problems. But Edwards has already started his conversation with the nation. His Web site is an exercise in social networking that includes not only a blog, where surfers can post their thoughts, but also cyber-diaries written by Edwards's family members.

"The soft rain of last night has left the field behind the house dewy with a low fog. Maybe the gossamer meadow is the reason I feel contemplative this morning," begins a recent entry by Elizabeth Edwards. Her diary posts generally draw more comments than her husband's.

Somehow, it's hard to imagine Hillary Clinton waxing about any gossamer meadow.

Edwards's Web site is less YouTube than MySpace. It tries to take advantage of the Internet's great paradox -- that a technology so devoid of human contact can nevertheless create a sense of intimacy and connection.

So, Mama's playing it safe, Obama's not quite ready and Edwards is up to something interesting. In the "Second Life" sense, at least. We'll see about the real world.

Casino Executive Contributes $1 Million To Gingrich Group (WP)

By John Solomon

The Washington Post, January 23, 2007

Newt Gingrich, a former House speaker and a possible presidential contender, jump-started his new political group with a check for $1 million from a source many in his conservative base would shun -- the gambling industry.

Gingrich's American Solutions for Winning the Future reported to the Internal Revenue Service that it collected a $1 million check from Las Vegas Sands Corp. Chairman Sheldon G. Adelson shortly after the November elections. The IRS reported the donation in recent days.

The contribution dwarfed the other checks, totaling just $60,000, gathered for the group's start-up. Gingrich announced the group late last fall, setting it up as a "527" organization, a type of political nonprofit that can collect and spend donations of unlimited size.

Though Gingrich says his group is seeking bipartisan ideas, his movement is clearly courting conservatives with a new "Contract With America for the 21st Century" that proposes private savings accounts for Social Security, "patriotic education" in public schools and the appointment of judges who understand the "centrality of God in American history."

A decade after $100,000 checks to political parties and groups were the jaw-dropping phenomenon, Adelson's donation marks a new frontier in political fundraising -- a seven-figure check to a group associated with a single politician whose aspirations may include the White House. Gingrich has said that he will decide by the fall whether to enter the crowded race for the Republican Party's presidential nomination.

Kent Cooper, a former Federal Election Commission official, said: "A check of this size could either bankroll the start of a new organization or underwrite the exploration, traveling and contacts of a potential presidential candidate."

Gingrich's spokesman, Rick Tyler, said last night that the former speaker was traveling and unavailable to comment. "The 527 is designed to foster a dialogue with Americans. Hence the name American Solutions," Tyler said.

Adelson's office in Las Vegas declined to comment.

Adelson's check underscores the uncomfortable position that Republicans face on the issue of gambling. The party rose to power under Gingrich in the early 1990s on the strength of social and religious conservatives, and many of the latter oppose gambling on moral grounds.

Conservatives were stung during the Jack Abramoff lobbying scandal when it was revealed that one of their champions, political strategist Ralph Reed, made money from Indian gambling sources and that many GOP lawmakers wrote letters or intervened on behalf of Abramoff's casino-operating tribes and received donations from them.

"The problem is the income comes from what we call a vice, and that is an issue," said the Rev. Louis P. Sheldon, chairman of the Traditional Values Coalition, which has long been a powerful voice on social issues inside the GOP.

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"I certainly could never have done that and I certainly can't encourage it, but if good will comes out of it in terms of these issues . . . then that remains to be seen. There's an old expression that the devil's had the money long enough, it's about time the good people got their hands on it," he said.

Adelson was listed by Forbes magazine in 2006 as America's third-richest man, with assets of more than $20 billion. His long list of political donations, primarily to Republicans, includes $100,000 to the Republican National Committee in 1997 and 1998, when Gingrich was speaker.

Adelson made his mark in business by creating the nation's most famous technology show, Comdex, and was a relative latecomer to Las Vegas's gambling scene. He got into the casino business in the mid-1990s, buying the old Sands casino and imploding it to make room for the massive Venetian casino. That opened in 1999, four months after Gingrich left the House.

Louisiana: Congressman To Run For Governor (NYT)

By Adam Nossiter

The New York Times, January 23, 2007

Representative Bobby Jindal, Republican of Louisiana, said he would enter the 2007 governor's race, his second attempt at winning the office. Mr. Jindal will be running against a weakened incumbent, Gov. Kathleen Babineaux Blanco, a Democrat. Ms. Blanco defeated Mr. Jindal in 2003, but her standing was damaged after Hurricane Katrina. Mr. Jindal, 35, the son of immigrants from India, has also been the secretary of the Louisiana Department of Health and Hospitals and an assistant secretary at the federal Department of Health and Human Services in the Bush administration.

Jindal To Run Again To Lead Louisiana (WT)

By Audrey Hudson

The Washington Times, January 23, 2007

Republican Rep. Bobby Jindal yesterday declared his candidacy for the Louisiana governorship but vowed to delay campaigning until after the April conclusion of the state's legislative session to avoid politicizing Hurricane Katrina recovery efforts.

Mr. Jindal, who lost to Gov. Kathleen Babineaux Blanco in 2003, has a significant edge in early polling over Mrs. Blanco, a Democrat who has drawn criticism for her handling of the response to Katrina.

"Politics has a way of impeding progress, and Louisiana cannot afford to lose another second," Mr. Jindal wrote in his e-mail announcement sent to supporters.

"The upcoming state legislative session this spring is vital. We cannot afford failure, and the surest way to attain failure is to politicize every initiative and decision."

Mr. Jindal, whose parents emigrated from India, was elected to Congress at age 33 in 2004. He served as secretary of the state Health and Hospitals Department and in the Bush administration as an assistant secretary in the Health and Human Services Department in 2001.

A poll by the Southern Media and Opinion Research shows Mrs. Blanco's support among voters is 35 percent, compared with 59 percent for Mr. Jindal. Mrs. Blanco defeated Mr. Jindal by four percentage points in 2003.

Mrs. Blanco has announced her intention to seek re-election in the primary set for Oct. 20; she could not be reached for comment yesterday. If no candidate gets 50 percent of the vote, a runoff election will be held Nov. 17.

Mr. Jindal, the first to announce a candidacy to challenge Mrs. Blanco, emphasized his interest in contracting the race's length -- a move that runs counter to electoral trends.

"It is my belief that campaigns are too long as they are, and that people grow weary of the barrage of charges and countercharges," Mr. Jindal said. "I want to avoid D.C.-style politics with mudslinging and instead focus on solving the problems that our state faces."

The poll, conducted Jan. 12 to 14, shows that Mr. Jindal, whose district is in the New Orleans' suburbs, received overwhelming support in New Orleans -- 72 percent -- while Mrs. Blanco pulled 22 percent support.

Mrs. Blanco's low numbers are attributed to her responses to Hurricanes Katrina and Rita.

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Mrs. Blanco initially rejected President Bush's offer to deploy federal troops, after waiting 24 hours to make a decision. Days later, Mrs. Blanco was wired for a television interview and whispered to her press secretary that she wished she had requested troops earlier.

New Orleans Project Residents Face Home Demolition (LAT)

By Ann M. Simmons

The Los Angeles Times, January 23, 2007

NEW ORLEANS — To some, the four sprawling three-story brick complexes may not look like real estate worth fighting over.

But with inhabitable housing of any kind at a premium here, the fate of New Orleans' four largest public housing complexes — St. Bernard, C.J. Peete, B.W. Cooper and Lafitte — is at the center of another battle in the city's turbulent efforts to reshape its future.

The U.S. Department of Housing and Urban Development and the Housing Authority of New Orleans have approved plans to demolish these complexes, landmarks in their neighborhoods, and replace them with lower-density apartment clusters for mixed-income residents.

Their decision has brought relentless opposition from former tenants who insist they want to restore their lives in their old homes.

Last week, residents ignored "No Trespassing" signs and stormed through unlocked gates and torn barbed-wire fences into the St. Bernard complex to clean their units.

But Monday, lawyers for the city's public housing agency filed illegal-entry and property-damage claims against those trying to halt the public housing demolition. They are seeking a court order to bar entry into any of the projects without the agency's approval.

Housing officials argue that the apartments are too badly damaged to repair. They insist that redevelopment would improve tenants' lives by eliminating crime-infested dens of concentrated poverty.

"People deserve better than this," said Jereon "Jerry" Brown, a Washington-based spokesman for the Department of Housing and Urban Development, as he showed reporters flood-damaged and ransacked units at Lafitte last month. "If they could just be patient. A mixed-income neighborhood can better attract businesses and better schools. It's all tied together."

"It's not just about bricks and mortar," said C. Donald Babers, the New Orleans housing authority's federally appointed administrator, who accompanied Brown. "We're looking at quality of life for our families."

Dressed in a tailored suit and bowler hat, and wearing a diamond-studded gold ring on each hand, Babers did not enter the mold-crusted apartments, citing respiratory concerns. But advocates for public housing — where about 5,100 people lived before Katrina, and where some 1,200 have since returned — insist that the complexes were safe during past hurricanes because they were solidly built of steel, concrete and brick. Many apartments escaped flooding from Hurricane Katrina.

The advocates also argue that tearing them down prevents a key segment of the city's workforce from returning, and excludes thousands from the city's rebuilding process.

Nearly all the families who lived in New Orleans public housing were African Americans on low incomes.

"It's definitely about race and class," said Judith Browne-Dianis, co-director of Advancement Project, a Washington-based civil rights and racial justice group that is also representing tenants in a class-action lawsuit seeking to restore them to their apartments. "If you look at what happened after Hurricane Katrina, the people who were residents of public housing were the people who were left behind at the Superdome and Convention Center, and now they are the same people who are being locked out."

For former Lafitte tenant Jeffrey Hills, 31, a tuba and sousaphone player who used to live at Lafitte, the desire to return to the projects is simple.

"It's affordable housing," said Hills, who used to pay $400 a month rent, which included utilities, for a two-bedroom apartment with a balcony and parquet floors. "I'm a young man with three kids. I can't afford to pay $1,500 in rent."

The sense of place, community ties and social networks are also what former tenants say they miss most.

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"Every single person still displaced is constantly reevaluating wishes to come home with the unfolding reality they are not welcome at this point," said William P. Quigley, another attorney for the plaintiffs.

But Babers said tenants were swayed by nostalgia and had been isolated in such communities for so long that they were unable to consider alternative, viable living arrangements.

"It's a 1940s mind-set," said Babers, a reference to when many of the projects were built. "Change is difficult for people. They're afraid of the unknown."

Brown, his colleague, recalled how plans for demolishing and rebuilding public housing in other cities, such as Chicago and Atlanta, had met similar resistance. But once tenants moved into new, modern units in mixed-income neighborhoods with easy access to shops and schools, the opposition quickly waned, Brown said.

Jacquelyn Marshall, 36, a former resident of C.J. Peete, said tenants' reluctance to forsake their old units stemmed from distrust that the authorities would do right by them. The experience of residents of the city's former St. Thomas housing project has bred further skepticism, advocates say. The complex, originally designed to house around 1,500 families, was demolished in 2002. So far, 296 units have been constructed, 122 of them as low-income housing.

"We are not against the redevelopment of public housing," Marshall said. "We are against the process. I'm not for tearing down something that's livable when it will result in thousands of families being homeless. They need to start renovating before they demolish."

Linda Lockhart, one of the few dozen residents who have been allowed to move back to the B.W. Cooper complex, wept as she spoke of losing an estimated $140,000 worth of household goods and personal belongings, acquired through decades of scrimping and saving.

"If we had been allowed to return home sooner, I could have saved some things," said Lockhart, 51. Tenants were shut out for several months after Katrina, allowing vandals to ransack and steal possessions not destroyed by the storm.

Lockhart, a security company worker who raised two college-educated children at Cooper, shares a cramped one-bedroom unit with her daughter. Both sleep on the floor. They have one bamboo chair and no dining-room set. The view from the back porch is rows of dark and deserted flats, some with missing doors and shattered windows.

"If somebody had given me a house, I wouldn't be back," Lockhart said. "But I can't make it out there. When I lived [at Cooper] before, I was able to save money because the rent was reasonable, and I had a steady paying job."

Few public housing residents deny that crime was sometimes a problem, but they say troublemakers were typically outsiders. And Quigley, the lawyer, said that given the recent surge of murders in the city — 15 killed since Jan. 1 — it's clear that criminality is not confined to public housing, since most of the complexes are closed.

Babers, however, pointed to the Iberville complex, near the city's French Quarter: Over seven months through December, the complex was the site of 12 murders, he said.

Iberville residents forcibly reoccupied their complex after Katrina. Former St. Bernard residents are following that example.

Relatives helped Stephanie Mingo, a mother of four, pry off a steel cover sealing her front door so she could start washing and disinfecting the apartment.

Power and water have been shut off at St. Bernard, and rodents inhabit the filth. But diehard residents said they would continue to clean the complex until authorities allowed them to return.

"Soon you're gonna be sittin' on my porch while I braid your hair," Mingo shouted to a neighbor as she raced across the compound to reclaim her unit.

"Girl, just like the ol' days," the woman shouted back.

State Farm Legal Woes Hit Gale Force (WSJ)

By Liam Pleven

The Wall Street Journal, January 23, 2007

Nearly a year and a half after Katrina, the legal storm spawned by the deadly hurricane is coming to a head in Mississippi. At its center is the nation's largest home insurer: State Farm.

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The Bloomington, Ill., firm is the only insurer, so far, to face a major judgment against it in a Mississippi court over a disputed homeowner's claim related to Katrina. The judgment came two weeks ago when a federal judge ordered it to pay a Mississippi couple $232,292, and a jury awarded the couple $2.5 million in punitive damages. On Friday, State Farm settled another case about to go to trial, and the insurer faces lawsuits from hundreds of other Mississippi homeowners.

State Farm also is one of a number of insurers named in a civil lawsuit filed by Mississippi Attorney General Jim Hood. His office has been investigating what it calls "the insurance industry's fraudulent denial of claims." A grand jury met last week. A State Farm spokesman said the company is "cooperating fully" with the investigation.

Meanwhile, State Farm is involved in talks that could settle many of these legal issues, and the talks are at a critical stage, according to a person familiar with the matter.

A mutual company that is owned by its policyholders, State Farm insures more than one out of every five homes in the U.S. State Farm reported $3.24 billion in net income for 2005, a year when it experienced steep hurricane costs.

At the center of these and other insurance disputes is a long-running legal dilemma: Who pays a homeowner's claims when a house is damaged by both wind and water? Many homeowner policies cover wind damage but exclude flood damage because it is covered under the government's flood insurance program.

In 2005, State Farm was the largest home insurer in Mississippi, with roughly 30% of the market, according to A.M. Best Co. State Farm has already paid out $1.1 billion in Katrina-related claims in the state. But, besides the lawsuits from several hundred homeowners in Mississippi, more than a thousand homeowners in Louisiana have brought Katrina-related cases against the company. Other insurers, including Allstate Corp. and Nationwide Mutual Insurance Co., are also fighting suits. (A backlash against insurers is building in several coastal states. See article.1)

Disputed homeowner claims in Mississippi could cost the industry hundreds of millions of dollars, aside from possible punitive damages, says Robert Hartwig, president of Insurance Information Institute, a trade group.

In an interview last week, Mississippi's Mr. Hood said he hoped the judge's recent ruling against State Farm would bring insurers "to the table." State Farm has said it would like to resolve as many of the outstanding cases as possible. It isn't clear whether other major insurers would follow its lead if the negotiations bear fruit.

Only two homeowner cases against insurers have gone to court in Mississippi, and they ended very differently. U.S. District Judge L.T. Senter presided over both cases. State Farm potentially lost out on millions last week when the judge ordered it to pay the Mississippi couple and the jury followed with a punitive damage award. The other case involved Nationwide Mutual Insurance. In that instance, Judge Senter decided Nationwide should pay Paul and Julie Leonard $1,228.16 in addition to the $1,661.17 the company had previously paid the couple. Then he dismissed the case.

The Nationwide case varied from the State Farm case in important ways. The house Nationwide insured was standing after the hurricane, leaving behind evidence for the insurer to make a case for the coverage it offered. Judge Senter found most of the damage was due to water and wasn't covered.

The State Farm-insured house was destroyed, leaving little evidence beyond the foundation. State Farm denied the claim outright. Judge Senter said the insurer still bore the burden of proof that water, not wind, did the damage, and it didn't prove it.

A State Farm attorney, Peter Martin, said in an interview last week the Nationwide case was "much easier" because it left behind evidence. State Farm says it is likely to appeal the decision.

Mom Is At Home In House, Senate (LAT)

By Maura Reynolds

The Los Angeles Times, January 23, 2007

WASHINGTON — It probably wasn't chance that Sen. Hillary Rodham Clinton's first public event after announcing her interest in running for president — a stop at a New York health center named for the Chelsea and Clinton neighborhoods — echoed the name of her daughter.

Nor was it chance that the new speaker of the House, Rep. Nancy Pelosi, took up her gavel for the first time earlier this year surrounded by children, including some of her grandchildren.

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In recent days, female politicians have risen to new power and prominence. And they did so — deliberately — surrounded by reminders of their motherhood.

Whether being a woman is an asset or liability in national politics may be an open question, but being a mother — or a grandmother — appears to be a sure winner.

Strategists say that talking about motherhood is reassuring to voters, some of whom are still uncomfortable with women in powerful jobs. It also helps create a narrative for their lives that connects them to mainstream and traditionalist voters.

"Raising children is certainly something both have in common with millions of Americans, and parents everywhere worry about their kids' future, so why not talk about it?" said Democratic strategist Stephanie Cutter. "It's really no different than talking about a military record or experience in running a business — it gives voters a sense of who you are."

One example is freshman Sen. Amy Klobuchar (D-Minn.), who brought her 11-year-old daughter, Abigail, to the Senate floor for her swearing-in this month. Abigail frequently accompanied her mom on the campaign trail, and the story of her complicated birth — and the family's struggles with their healthcare plan — was a frequent campaign theme.

"Being a mom is a big part of who I am. Historically, I don't think there have been enough moms in the U.S. Senate, and I think it was good for mothers across our state to get the sense that someone who understands their lives is in the United States Senate," Klobuchar said recently.

For Pelosi (D-San Francisco), who has been little known on the national stage except as a "San Francisco liberal," highlighting her motherhood and grandmother-hood — she has five children and six grandchildren — is also part of a strategy to make her less of a caricature.

But perhaps no female politician has used motherhood as effectively as Clinton (D-N.Y.), who is starting the most serious run at the presidency by a woman. Not coincidentally, when she was asked about her presidential ambitions on a women's TV talk show last month, Clinton noted that "we've never had a mother … [in] that position."

Also not coincidentally, Clinton has just released a new edition of her 1996 book on raising children. The cover features a large photo of Clinton surrounded by school-age children. Inside is a soft-focus portrait of the senator with her 26-year-old daughter, Chelsea Clinton.

"At the core of this book is my own experience as a mother and my conviction that parents are the most important influences on the lives of their children," Clinton writes in the new introduction.

For Clinton, whose eight years as first lady left many with a view of her as a strident feminist and partisan, talking about being a mother could "soften" her image. Strategists say they expect Chelsea Clinton, now working for a New York City-based hedge fund, to take on a prominent role in her mother's campaign.

"Gender stereotypes are still alive and well in America and cut across men and women in all ideologies," Republican strategist Dick Morris and his wife, Eileen McGann — no fans of Clinton — wrote recently on their website, Vote.com. "Survey research shows that all voters believe that women are more compassionate, more focused on children and education, and more pro-peace than men."

Although many conservatives consider Clinton a liberal, she has tried to position herself more as a centrist on issues from immigration to abortion. One reason, political analysts suggest, is electoral strategy: More than half of the electorate is female and some of the most sought-after voters are mothers. Those voters tend toward moderate views.

"Swing women tend to be married and moms," said Democratic pollster Celinda Lake, who noted that talking about being a mother "creates a connection to married women."

Although mentioning motherhood is often seen as a softener for women, Lake says that the reverse is also true: It shows them as strong in a nonthreatening way.

"People think that mothers are very tough. It's comfortable for voters to see a woman being tough in that way," Lake said.

Pelosi took advantage of that "motherly" toughness strategy during the recent scandal over former Florida Republican Rep. Mark Foley's inappropriate advances to teenage congressional pages.

"As a mother and grandmother, I think 'lioness,' " Pelosi said as she criticized the Republican leadership's response. "You come near the cubs, you're dead."

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Ellen R. Malcolm, head of Emily's List, which works to propel the careers of Democratic women, said she considered the past year a watershed for political women: "It's kind of a coming of age."

After the 2006 midterm elections, there are 71 women in the House of Representatives and 16 in the Senate — a record for both chambers.

And a female governor heads the National Governors Assn. for the first time.

"One of the strongest themes of the last election was that we needed a change for the next generation," Malcolm said. "By talking about being mothers, they show that they are looking ahead to the next generation."

In Arab Capital Of U.S., Ethnic Divide Remains (NYT)

By Neil Macfarquhar

The New York Times, January 23, 2007

DEARBORN, Mich., Jan. 19 — After the longtime mayor, Michael A. Guido, died of cancer here in December, a flock of Arab-American candidates stepped forward in the hopes of claiming City Hall.

But despite the fact that roughly one in three Dearborn residents is of Arab origin, most of the Arab-American candidates had dropped out by mid-January. Poll numbers showed that none of them could win.

Internal rivalries echoing those that beset the Arab world, along with the general electorate's lingering unease about Muslims, combined to derail what many here had hoped would be the chance to prove that Arab-Americans had arrived politically — at least in Dearborn, their unofficial capital in this country.

"One day, an Arab-American will be in office at the top, but this will not be the time," said Osama Siblani, the burly publisher of the weekly Arab American News, whose friends tease him about his perennial "this is the time" editorial at every election. "There is no doubt that electing an Arab-American to the City Hall in Dearborn would have sent a strong message to the rest of the country that Arab-Americans are part of the political process. Would we want it? Yes. Is it possible? No."

Mayor Guido had something of a checkered reputation among Arab-Americans here, not least because his first campaign, in 1985, distributed a leaflet promising to address the "Arab problem." Things improved somewhat over the years — he visited Lebanon, and Arab-Americans donated heavily to his campaigns.

But last summer, he criticized the "mobs" protesting Israel's attacks against civilian targets in Lebanon and sent the Arab-American community a $23,000 bill for overtime for police officers and firefighters during the demonstration. The bill, sent to a coalition of Arab-American groups, resulted in a free-speech lawsuit.

When Mr. Guido died, several Arab-American candidates stepped forward, including a well-known local prosecutor and a former North American middleweight boxing champion who recently starred on "The Contender," a reality television series. An intensive vetting of candidates for the Feb. 27 election was started under the auspices of the Lebanese American Heritage Club so that the entire community could unite behind just one contender.

That did not happen, not least because the front-runner, John O'Reilly Jr., having been president of the City Council for 17 years, knew something about the internal rivalries pitting the Lebanese against the Iraqis against the Yemenis. Mr. O'Reilly, known as Jack, set out to separate the Yemenis from the rest of the Arab community here and succeeded in winning their early enthusiasm.

Arab-American candidates "come to us and say 'salaam aleikum' and a few other Arabic words to play on our emotions," said Nass Al Rayashi, one of the founders of the Yemeni American Political Action Committee, using the Arabic greeting of "peace be upon you." The committee was formed in March 2005 in large part because the Yemenis felt the Lebanese had dominated civic life at their expense.

The Yemenis, concentrated in the somewhat gritty South Side neighborhood sandwiched between the sprawling Ford Rouge plant and Woodmere Cemetery, want a candidate focused on local concerns. These include a lack of parking at the Dix Street mosque and pollution emitted by neighboring industrial areas including the Ford vehicle factory, which drew Arabs here for work for decades, but where fewer and fewer are finding jobs.

"Don't tell us you go to Ali so-and-so's house to eat Arab food," Mr. Rayashi added. "This is America, this is the melting pot. Our interests should be what is good for us here."

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There has long been a division between the economically better off western side of Dearborn and the eastern side. In the old days, recalled Mr. O'Reilly, whose father was mayor from 1978 to 1985, the division was known as the "cake eaters" versus the "factory rats."

Now some see it as more like the Muslims versus everybody else.

"People are a little bit afraid of them," Mr. O'Reilly said, attributing it partly to traditional Christian education that he said had long taught that "their philosophy of religion was 'convert to Islam or die.' "

The fact that Arab-Americans in Dearborn are prone to demonstrations, including protests against last summer's war in Lebanon and the recent hanging of Saddam Hussein, only adds to the unease, he said.

Although more affluent Arab-American lawyers and real estate developers have gradually integrated the western part of the city, an ethnic divide remains. Abed Hammoud, a lead lawyer in the Wayne County prosecutor's office and the favorite of the Arab community until he withdrew from the mayor's race on Jan. 12, said he was met with surprise when he knocked on doors in western Dearborn.

"People reacted like I had come from the moon," said Mr. Hammoud, 41, a kinetic figure with receding salt and pepper hair who left Lebanon in 1985. "They said things like 'It's good of you to come to this end of town,' or they asked me about the people 'over there' and they meant the other side of town."

The Arab American Political Action Committee, which Mr. Hammoud and Mr. Siblani, the newspaper publisher, helped found in 1998 largely to inspire Arabs to run and vote, commissioned a poll to assess Mr. Hammoud's chances. They found Mr. O'Reilly, suddenly alone in the non-Arab field, commanding an unbeatable 65 percent lead to Mr. Hammoud's roughly 30 percent. They consoled themselves with the fact that Mr. Hammoud was likely to do better this time as a candidate than he did in his first mayoral primary, which fell on the unfortunate date of Sept. 11, 2001.

But basically the results suggested that at best he would capture the Arab vote — not enough to win the entire city of 100,000.

Time alone may favor the Arab-Americans here. Mr. Hammoud cited numbers showing that in 1998, there were 60,000 registered voters in the city, 8,500 of them Arab-Americans. Today, it is 14,500 out of 57,000, and at least 60 percent of high school students are Arab-Americans.

"People look at an Arab now, and the first thing that pops into their head is terrorism," said Tarick Salmaci, the boxer, who withdrew from the race. "We want to change that. Arab-Americans have to become political figures to change that.

Illegal Health Care (WSJ)

The Wall Street Journal, January 23, 2007

GOP Governors Arnold Schwarzenegger and Mitt Romney have become media darlings for proposing sweeping state health insurance reforms aimed at achieving "universal" coverage. Now out of office, Mr. Romney is trying to ride his plan to the Republican Presidential nomination. But it turns out state schemes that feature "pay or play" employer taxes or mandates are probably illegal.

At least that's the clear implication of a significant but underreported ruling last week by the Fourth Circuit Court of Appeals, which said that Maryland's "Fair Share" health legislation -- otherwise known as "the Wal-Mart tax" -- violates a federal employee-benefits law known by the acronym Erisa.

In this case, Maryland had sought to require all companies with 10,000 or more employees to spend at least 8% of their payroll on employee health care or pay the state the difference. Wal-Mart happened to be the only employer in Maryland large enough to fit that precise definition. But it joined with other firms under the Retail Industry Leaders Association to challenge the law, which was first struck down by a district court last summer.

Judge J. Frederick Motz wrote for that court that "The Act violates Erisa's fundamental purpose of permitting multi-state employers to maintain nationwide health and welfare plans, providing uniform nationwide benefits and permitting uniform national administration." Last week's Fourth Circuit ruling affirmed that decision, and it could spell trouble for the California and Massachusetts schemes.

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Leave aside that the plan muscled into law by Maryland's Democratic legislature was far less ambitious. The basic similarity is that all three plans feature employer mandates or taxes aimed at changing employee-benefit plans -- in this case by requiring employers to provide health insurance.

Like the Maryland law, the California plan is explicit on the point, and would require all firms with 10 or more employers to provide health care or pay a 4% tax. This would seem clearly illegal according to the reasoning of the Fourth Circuit, which also said that the ostensibly "voluntary" nature of the Maryland tax was irrelevant from the standpoint of Erisa. No reasonable firm, it said, could be expected to choose to pay money to the state to avoid changing its employee-benefit plan.

Mr. Romney's Massachusetts scheme is slightly different, since it doesn't feature the same kind of percentage tax. But not only would Massachusetts charge a $295-a-head fee to employers that don't provide insurance, it would also make them liable for the catastrophic medical costs of uninsured employees. Again this is likely to fall afoul of Erisa, says one legal expert with whom we spoke, because these penalties are aimed at changing employee-benefit plans that are supposed to be voluntary according to federal law.

There were sound reasons that Congress decided to create a uniform national regulatory framework when it wrote the Erisa law way back in 1974. To wit: Freeing employers from the administrative burden of having to comply with a multitude of state and local requirements leaves them with more money to spend on actual health care and other benefits. It doesn't speak well of Messrs. Schwarzenegger and Romney and their staffs that they didn't seem to have given this well-known legislation much, if any, thought when crafting their reforms.

This week brings one other piece of bad news for proponents of the Massachusetts model, by the way. Early bids suggest the soon-to-be compulsory insurance policies that will pass muster under the scheme will be expensive -- starting at a whopping $380 per month, or $4,560 a year, for an individual. That's hardly surprising when you look at costs in other states that overregulate their insurance markets, such as New York. But it's more evidence that the better way to get people covered is to mimic the practices of less-regulated states such as Connecticut, where a 35-year-old man can get covered for as little as $50 per month.

We're all for state policy experiments, but these ballyhooed health care reforms are policy blunders that won't stand scrutiny in court, much less in the marketplace.

The Ironic Mr. Spitzer (WSJ)

The Wall Street Journal, January 23, 2007

What you denounce in politics can depend on where you sit, and here's hoping that's true of Eliot Spitzer. As New York's Attorney General, the Democrat was the scourge of the financial industry. And in a final rhetorical flourish in that job, he was among the first to denounce last month's report by the Committee on Capital Markets Regulation pointing to a decline in American financial industry competitiveness.

Now, however, Mr. Spitzer is New York's Governor, and it will be fascinating to see if he assumes a more statesmanlike pose toward the same industry. Both the New York state budget, and Mr. Spitzer's own political future, depend on the financial industry's prosperity, as the same Capital Markets Committee report made clear.

While the securities industry employs 2.2% of New York state's workers, those workers earned 9.2% of the state's gross income in 2005. The industry accounts for no less than 7% of "gross state product." And here's the kicker: At its peak in 2001, the securities industry paid 18.7% of total New York tax receipts, according to the state comptroller's office. The numbers for 2006 aren't yet in, but expect another banner year for bankers' tax bills. It's fashionable to decry big Wall Street bonuses, but New York politicians would be destitute without the income tax revenues from those bonuses.

Here's another irony: Mr. Spitzer's fate as Governor may also depend on the enforcement forbearance of his successor as AG, Andrew Cuomo. As the Capital Markets Committee noted, one of the main threats to U.S. public financial markets is multiple layers of regulation that can create double and triple jeopardy. In London, investors deal with a single regulator. But in New York, Mr. Spitzer made the state AG's office into another Securities and Exchange Commission. If Mr. Cuomo uses his powers the way Mr. Spitzer did, even fewer companies will want to go public in the U.S.

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Two other New York politicians -- New York City Mayor Michael Bloomberg and Senator Chuck Schumer -- issued a new report yesterday on the regulatory risks to U.S. financial markets that we'll have more to say about soon. They're calling for less onerous regulation and tort reform. Perhaps Mr. Spitzer will have a similar epiphany once he discovers how dependent he now is on the state's financial entrepreneurs.

Scant Evidence Found Of Iran-Iraq Arms Link (LAT)

By Alexandra Zavis And Greg Miller, Times Staff Writers

The Los Angeles Times, January 23, 2007

U.S. warnings of advanced weaponry crossing the border are overstated, critics say.

BAQUBAH, IRAQ — If there is anywhere Iran could easily stir up trouble in Iraq, it would be in Diyala, a rugged province along the border between the two nations.

The combination of Sunni Arab militants believed to be affiliated with Al Qaeda and Shiite Muslim militiamen with ties to Iran has fueled waves of sectarian and political violence here. The province is bisected by long-traveled routes leading from Iran to Baghdad and Shiite holy cities farther south in Iraq.

But even here, evidence of Iranian involvement in Iraq's troubles is limited. U.S. troops have found mortars and antitank mines with Iranian markings dated 2006, said U.S. Army Col. David W. Sutherland, who oversees the province. But there has been little sign of more advanced weaponry crossing the border, and no Iranian agents have been found.

In his speech this month outlining the new U.S. strategy in Iraq, President Bush promised to "seek out and destroy" Iranian networks that he said were providing "advanced weaponry and training to our enemies." He is expected to strike a similar note in tonight's State of the Union speech.

For all the aggressive rhetoric, however, the Bush administration has provided scant evidence to support these claims. Nor have reporters traveling with U.S. troops seen extensive signs of Iranian involvement. During a recent sweep through a stronghold of Sunni insurgents here, a single Iranian machine gun turned up among dozens of arms caches U.S. troops uncovered. British officials have similarly accused Iran of meddling in Iraqi affairs, but say they have not found Iranian-made weapons in areas they patrol.

The lack of publicly disclosed evidence has led to questions about whether the administration is overstating its case. Some suggest Bush and his aides are pointing to Iran to deflect blame for U.S. setbacks in Iraq. Others suggest they are laying the foundation for a military strike against Iran.

Before invading Iraq, the administration warned repeatedly that Saddam Hussein was developing nuclear, chemical and biological weapons. Those statements proved wrong. The administration's charges about Iran sound uncomfortably familiar to some. "To be quite honest, I'm a little concerned that it's Iraq again," Sen. John D. Rockefeller IV, head of the Senate Intelligence Committee, said last week, referring to the administration's comments on Iran.

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Lowered credibility

The accusations of Iranian meddling "illustrate what may be one of our greatest problems," said Anthony Cordesman, a former Defense Department official and military expert at the Center for Strategic and International Studies in Washington.

"We are still making arguments from authority without detail and explanation. We're making them in an America and in a world where we really don't have anything like the credibility we've had in the past."

Few doubt that Iran is seeking to extend its influence in Iraq. But the groups in Iraq that have received the most Iranian support are not those that have led attacks against U.S. forces. Instead, they are nominal U.S. allies.

The Supreme Council for Islamic Revolution in Iraq, one of the two largest parties in parliament, is believed to be the biggest beneficiary of Iranian help. The Shiite group was based in Iran during Hussein's reign, and Iran's Revolutionary Guard trained and equipped its Badr Brigade militia.

But the Supreme Council also has strong U.S. connections. Bush played host to the head of the party, Abdelaziz Hakim, at the White House in December, and administration officials have frequently cited Adel Abdul Mehdi, another party leader, as a person they would like to see as Iraq's prime minister.

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The Islamic Dawa Party of Iraq's current prime minister, Nouri Maliki, also has strong ties to Iran.

Some U.S. officials have also suggested that Iran, a Shiite theocracy, has provided aid to the Sunni insurgents, who have led most of the attacks against U.S. forces. Private analysts and other U.S. officials doubt that. Evidence is stronger that the Iranians are supporting a Shiite group that has attacked U.S. forces, the Al Mahdi militia, which is loyal to radical cleric Muqtada Sadr.

Top U.S. intelligence officials have been making increasingly confident assertions about Iran.

"I've come to a much darker interpretation of Iranian actions in the past 12 to 18 months," CIA Director Michael V. Hayden said in recent congressional testimony. Previously, Tehran's priority was to maneuver for a stable Iraq dominated by its Shiite majority, but that attitude has changed, he said.

"There is a clear line of evidence that points out the Iranians want to punish the United States, hurt the United States in Iraq, tie down the United States in Iraq," he said.

One high-ranking intelligence official in Washington acknowledged a lack of "fidelity" in the intelligence on Iran's activities, saying reports are sometimes unclear because it is difficult to track weapons and personnel that might be flowing across the long and porous border.

But U.S. forces have picked up specially shaped charges used to make roadside bombs capable of penetrating advanced armor, he said, with markings that could be traced to Iran and dates that were recent. The markings have been found on the devices themselves or the crates in which they were smuggled into the country, he said.

"Two years ago we were debating whether this was really happening," the official said. "Now the debate is over."

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Documents withheld

U.S. officials have declined to provide documentation of seized Iranian ordnance despite repeated requests. The U.S. military often releases photographs of other weapons finds.

British government officials, including Prime Minister Tony Blair, have also accused Iran of supplying advanced explosive devices to Iraq.

Blair said a year ago that the weapons bore the hallmarks of Iran or Hezbollah, the Iranian-backed militia in Lebanon. But British officers stationed in Iraq at the time said they had seized no such weapons in the districts for which they had responsibility.

"We do have intelligence which suggests that weapons and ammunition are being smuggled in from Iran," Maj. David Gell, a spokesman for British forces in Basra, said last week. "We don't always manage to find any."

U.S. military officials in Diyala have had the same experience. No munitions or personnel have been seized at the border, officers said.

Sutherland, the U.S. colonel who oversees Diyala, believes that Tehran is prepared to work with any group, Shiite or Sunni, that can tie up U.S. forces. But State Department and intelligence officials have privately expressed doubts that Iranians are helping Sunnis.

Sunni insurgents in Diyala don't appear to need outside suppliers. They exploit massive weapons stashes containing materiel dating back to the Iran-Iraq war, when Hussein had a major military base in the area. U.S. military officials say they have found the type of shaped charges they attribute to Iran and Hezbollah in majority-Shiite parts of the province.

Outside military analysts have questioned how many of these sorts of weapons actually come from Iran. The technology used to make them is simple and widely known in the Middle East, they note. Iran is a likely source for some of the more sophisticated devices, but other countries could also be pitching in.

"A lot of rather sophisticated weapons have actually been released by Syria," said Peter Felstead, editor of the London-based Jane's Defense Weekly.

Others note that smugglers could be bringing weapons across the border from Iran without government approval.

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'They are significant'

A second high-ranking U.S. intelligence official in Washington acknowledged that only a "small percentage" of explosions in Iraq could be linked to shaped charges coming from Iran.

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"But in terms of American casualties, they are significant," he said, because they are much more lethal than standard roadside bombs.

A senior U.S. military intelligence official said coalition forces in Iraq had also found shaped charges "in the presence of Iranians captured in the country." He declined to elaborate but noted that U.S. operatives who raided an Iranian office in the Iraqi city of Irbil this month captured documents and computer drives he called a "treasure trove" on Iran's "networks, supply lines, sourcing and funding."

Five Iranians were taken into custody in the raid, prompting angry protests from the Iraqi government.

U.S. intelligence officials emphasized that Iran intentionally stops short of steps that would be seen as direct provocation and provide justification for a military response. For example, Iran has refrained from supplying Shiite militias with surface-to-air missiles and other weaponry that was part of Hezbollah's arsenal in its fight with Israel last summer, they said.

A high-ranking U.S. intelligence official called it a "careful calibration" that probably reflected disagreements within the Islamic regime. "I don't doubt that Iranian national security council meetings are very contentious," the official said.

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Zavis reported from Baqubah and Miller from Washington. Times staff writers Peter Spiegel in Washington and Solomon Moore in Baghdad contributed to this report.

West's Iran Plan Shows Gains. Will US Stick To It? (CSM)

By Howard LaFranchi

The Christian Science Monitor, January 23, 2007

With evidence mounting that international pressure on Iran is getting results, President Bush prepares to deliver a State of the Union speech Tuesday night that could provide signs of where efforts against Tehran and its nuclear program will go next.

Although it remains debatable what exactly is working – sanctions, Western unity, the threat of force, targeted US actions, or even deteriorating internal conditions – Iran appears to be responding, analysts say.

"The sanctions and international pressure are having an effect," says Joseph Cirincione, a nonproliferation expert at the Center for American Progress in Washington.

But Mr. Cirincione cautions against interpreting everything going on inside Iran as a direct response to international pressure on the nuclear program. "The sanctions are hurting Iran's economy, especially by [sowing] doubts among international investors and discouraging their involvement in the Iranian economy," he says. "At the same time, the pragmatists and reformers are using the sense of Iran's growing international isolation to strike back at [President Mahmoud] Ahmadinejad, but for reasons unrelated to the nuclear issue."

In an unusual step, a majority in Iran's parliament has sent a letter to Mr. Ahmadinejad laying responsibility for the country's dire economic straits at his feet, and criticizing him for his high-profile foreign travel.

In addition, Ahmadinejad – who has made a global name for himself by defying the United States, European powers, and the United Nations Security Council with his nuclear-related taunts – appears to be coming under growing political pressure at home to stifle the brinkmanship.

Last week two prominent Iranian newspapers, including one owned by Ayatollah Ali Khamenei, Iran's supreme leader, rebuked Ahmadinejad over the nuclear issue and called on him to distance himself from nuclear policy. And in comments released Monday, Iran's most senior dissident cleric, Grand Ayatollah Hossein Ali Montazeri, joined the chorus of criticism.

Still, Ahmadinejad remained defiant over the weekend, dismissing criticism that his country's economy has been hurt by UN sanctions. Iran also announced new tests of short-range missiles.

While it is too early to say if Tehran will be ready to alter its nuclear course or is simply concerned about Ahmadinejad's extremist image, some experts say it is equally unclear how Mr. Bush will interpret the events in Tehran – and whether or not he will see them as the fruit of diplomacy.

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"What we are seeing is the success of American and European pressure. It is not American pressure on its own," says Anatol Lieven, a foreign-policy expert at the New America Foundation in Washington. He sees growing Iranian isolation in the region "as a result of Iran's overambitious and menacing stance."

The turn of events is "an example of multilateralism, not of America working on its own," he says.

But will Bush see it that way?

It was in his State of the Union address of 2002 that Bush first spoke of Iran as part of an "axis of evil," for its support of what the US deems terrorist organizations. Since then, Tehran has advanced its nuclear program to uranium enrichment, while the US has developed contingency plans for taking out Iranian nuclear installations with air power.

Some analysts and a few prominent foreign diplomats – including Russian Foreign Minister Sergei Lavrov – have said they see unsettling parallels between US action and rhetoric on Iraq and America's Iran policy.

Yet since early 2005, the US has opened a diplomatic track, primarily with European powers, to stop Iran short of acquiring nuclear weapons through international pressure.

The Security Council approved a sanctions resolution against Iran late last year. The resolution was considerably weakened under veto threat from Russia and China – two of Iran's key commercial partners – but the move paved the way for the US to pursue tougher financial sanctions. It has also pursued action with a "coalition of the willing" of primarily European countries.

Earlier this month, the Treasury Department took action against an Iranian bank, prohibiting it from completing transactions in US dollars. The European Union is also considering tougher action against Tehran than the measures called for in the UN resolution.

At the same time, the US is taking some aggressive military steps: moving a second aircraft carrier into the Persian Gulf, for example, and detaining Iranians in Iraq, who it claims have links to an Iranian Revolutionary Guard faction that is allegedly supporting insurgents in Iraq.

Meanwhile, a number of US partners in the Middle East have adopted tougher stances vis-à-vis Tehran. Saudi Arabia is rebuffing Iranian efforts to engineer a cut in OPEC oil production that could stem a decline in the price of crude oil. And in a Jan. 16 meeting with Secretary of State Condoleezza Rice, the foreign ministers of Egypt, Jordan, and several Gulf states issued a critical statement that, while oblique in its references, was clearly aimed at Iran.

The question now may be how long Bush – who has flatly ruled out allowing Iran to acquire nuclear weapons – will be willing to stick with an approach whose steering wheel is not solely in American hands.

Yet another question – raised to national prominence by the Iraq Study Group – is whether the US will eventually move to talks with Tehran as part of a regional effort to stabilize Iraq.

Mr. Lieven, speaking at a Washington forum last week, said that Iran is a "natural ally" when it comes to Afghanistan – indeed, the US worked with Iranian officials in the early stages of stabilizing post-Taliban Afghanistan.

Iran Bars 38 IAEA Nuclear Inspectors (AP)

By Nasser Karimi

AP, January 23, 2007

Iran has barred 38 nuclear inspectors on a United Nations list from entering the country, the foreign minister said Monday in what appeared to be retaliation for the U.N. sanctions imposed last month.

The rejected officials are on a list of potential inspectors drawn up by the International Atomic Energy Agency to visit and monitor Iran's nuclear facilities.

"The act of rejecting some inspectors is legal and in accordance with the agency's regulations," Foreign Minister Manouchehr Mottaki told the official Islamic Republic News Agency. He said others on the U.N. nuclear watchdog's list remain eligible, but did not explain how Iran decided which inspectors to bar.

The IAEA "submits a long list of inspectors to member countries and the countries have the right to oppose the visit by some inspectors," Mottaki said.

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Last month, the U.N. Security Council imposed limited trade sanctions on Iran over its refusal to cease uranium enrichment, a process that can produce the material for nuclear energy or bombs.

Days later, the Iranian parliament passed a motion that obliged the government to revise its cooperation with the IAEA, but gave it a free hand to determine the steps to be taken.

IAEA spokeswoman Melissa Fleming and other agency officials did not immediately return after-hours calls from The Associated Press.

The United States rebuked Iran for the move. State Department spokesman Sean McCormack said it was "another example of the Iranians trying to dictate the terms to the international community — in this case, the IAEA."

The United States and some of its allies accuse Tehran of trying to develop nuclear weapons. Iran denies this, saying its program is only to produce nuclear energy.

Iranian hard-liners had urged the government to respond to sanctions by abrogating the Nuclear Non-proliferation Treaty — the agreement under which the inspections are held.

Analysts said the decision to bar a limited number of inspectors appeared to be a measured retaliation.

"Iran is carefully calibrating its response, saving harsher measures for a further tit-for-tat response to the next U.N. Security Council resolution," said Mark Fitzpatrick, an Iran expert at the International Institute for Strategic Studies.

When the Security Council imposed sanctions on Dec. 23, it gave Iran 60 days to cease enrichment or face the likelihood of additional penalties.

Fitzpatrick said the decision to bar some inspectors was largely "a symbolic act of defiance."

"The IAEA has about 200 inspectors it could send to Iran, so stopping 38 of them will not impede its ability to carry out inspections, at least in the short term," he said. The move "demonstrates Iran's unwillingness to accept the U.N. Security Council mandate that it suspend enrichment."

The IAEA last visited Iranian nuclear facilities earlier this month when two inspectors came.

IAEA In Talks With Iran After Inspectors Blocked (AFP)

AFP, January 23, 2007

The International Atomic Energy Agency said it was discussing with Iran its demand to withdraw some nuclear inspectors but was confident it could continue monitoring the country's nuclear facilities.

"It should be noted however, that there are a sufficient number of inspectors designated for Iran and the IAEA is able to perform its inspection activities in accordance with Iran's Comprehensive Safeguards Agreement," IAEA spokeswoman Melissa Fleming said.

Earlier, the head of the Iranian parliament's national security commission told ISNA news agency that Iran has decided to block 38 IAEA inspectors in a fresh show of defiance over its nuclear aims.

Last month, Iran's parliament adopted a bill requiring the government to revise its cooperation with the IAEA after the UN Security Council passed a resolution to impose sanctions on Tehran for its refusal to suspend uranium enrichment work.

Alaeddin Borujerdi, head of parliament's national security commission, said on Monday that the blocking of the inspectors was a "first step in implementing the parliament legislation."

IAEA inspectors regularly visit Iranian nuclear sites under the nuclear Non-Proliferation Treaty, to which Iran is a signatory.

The parliament adopted the bill in response to the UN resolution 1737 that imposes sanctions on Iran's nuclear and missile programmes.

Iran, OPEC's second largest oil exporter, insists its nuclear programme is solely aimed at meeting peaceful energy needs. However, the West fears that it could be diverted towards building a bomb.

Iranian Foreign Minister Manouchehr Mottaki told reporters on Monday that "any country had the right to refuse admission to inspectors", a position confirmed by IAEA diplomats.

Last July IAEA chief Mohamed ElBaradei said that 200 inspectors were charged with investigating Iran's nuclear activities, but did not stay permanently in Iran.

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Previously they have only mainly encountered only minor problems, like delays in getting visas and restrictions on access to certain nuclear installations.

A diplomatic source at the IAEA said that Iran had a right to refuse access to its inspectors without giving a reason.

However, under Iran's agreement with the IAEA on the nuclear non-proliferation treaty, the IAEA can take action if Iran repeatedly refuses access to designated inspectors.

"If as a result of the repeated refusal of the government of Iran to accept the designation of agency inspectors, inspections to be conducted under this agreement would be impeded," according to the agreement.

"Such refusal shall be considered by the (IAEA) board upon referral by the director general of the agency with a view to its taking appropriate action," it says

The next meeting of the IAEA's council of governors is slated for March 5.

It is not the first time that Iran has denied access to an IAEA inspector.

Tehran banned a Belgian inspector, Chris Charlier, last April for talking to the press. It has also limited inspectors' access to some of its sites on several occasions.

Iran Bars Inspectors; Cleric Criticizes President (NYT)

By Nazila Fathi

The New York Times, January 23, 2007

TEHRAN, Jan. 22 — Iran is barring 38 nuclear agency inspectors from entering the country in retaliation for a United Nations resolution aiming to curb Iran's nuclear program, a senior Iranian lawmaker said Monday.

The announcement came only days after Grand Ayatollah Hossein Ali Montazeri, Iran's most senior dissident cleric, criticized President Mahmoud Ahmadinejad's defiant stance against the West on the nuclear issue in a speech on Friday, calling it provocative. His comments were the first direct public attack on the president's nuclear policy by such a senior cleric.

The two developments suggest an increasingly open debate within Iran over how forcefully to confront the West over Iran's nuclear ambitions, even as its government continues to defend them.

Two hard-line newspapers, including one owned by the supreme leader, Ayatollah Ali Khamenei, have already called for the president to stay out of all nuclear matters. Ayatollah Montazeri said Iran has the right to nuclear technology but questioned the way Mr. Ahmadinejad has confronted the West.

"One has to deal with the enemy with wisdom," he said. "We should not provoke the enemy, otherwise the country will be faced with problems.

"We should get our right in a way that it does not create problems or excuses for others," he said.

"Besides, is this our only irrefutable right and we have no other rights?" he asked, referring to rising inflation since Mr. Ahmadinejad took office over a year ago.

Ayatollah Montazeri was once in line to become Iran's supreme religious leader, until he was banished and put under house arrest for his criticisms. His comments reflect the growing concern in Iran over additional economic sanctions if Iran continues to defy the international demand to halt its uranium enrichment program.

The United Nations Security Council passed a resolution on Dec. 23 and imposed sanctions banning the trade of goods related to Iran's nuclear program. It also gave Iran a deadline of two months to halt its uranium enrichment program or face tougher sanctions.

In response, Parliament passed a bill last month calling for the government to limit its cooperation with the International Atomic Energy Agency.

"The committee has decided to bar 38 inspectors from coming to Iran and we have announced the new limitation to the agency," said Alaedin Boroujerdi, the head of Parliament's committee for foreign policy and national security, the ISNA news agency reported.

The nuclear agency's inspectors visit Iran's nuclear facilities regularly. But last summer Iran said that it had decided not to let some of the inspectors return.

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Still, Mr. Boroujerdi said that Iran planned to continue its cooperation with the agency, and that Iran would remain a party to the Nuclear Nonproliferation Treaty.

An I.A.E.A. spokeswoman, Melissa Flemming, said that the agency was confident that it could continue to monitor Iran's nuclear program.

"There are a sufficient number of inspectors designated for Iran, and the I.A.E.A. is able to perform its inspection activities in accordance with Iran's Comprehensive Safeguard Agreement," she said in an agency statement.

For his part, Mr. Ahmadinejad vowed again on Sunday that Iran would continue with its nuclear program, and brushed off the United Nations resolution as insignificant.

In Brussels on Monday, European Union foreign ministers called for all countries to enforce the sanctions against Iran. The British foreign secretary, Margaret Beckett, said a collective application of the sanctions was essential "to keep pressure on Iran to accept the offer of the international community to come back to the negotiating table."

European Union officials said they would apply the measures next month, including a ban on selling materials and technology that could be used in Iran's nuclear and missile programs and the freezing of the assets of 10 Iranian companies and individuals.

Germany's foreign minister, Frank-Walter Steinmeier, said it was time to take a tough and united stance on Iran but kept the option of diplomacy open. "There is a need to send a clear signal, and we need to show resolve," he said.

Iranian Cleric Hits Tehran's Tactics (WT/AP)

By Ali Akbar Dareini

The Washington Times, January 23, 2007

TEHRAN -- Iran's most senior dissident cleric said President Mahmoud Ahmadinejad's aggressive nuclear diplomacy had harmed the country, joining a chorus of criticism that has included even the hard-line leader's allies.

The comments by Grand Ayatollah Hossein Ali Montazeri, released yesterday, reflected a growing feeling among many that Mr. Ahmadinejad has concentrated too much on fiery, anti-U.S. speeches and not enough on the economy.

Ayatollah Montazeri, 85, is one of a few grand ayatollahs, the most senior theologians of the Shi'ite Muslim faith. He had been the designated successor of Ayatollah Ruhollah Khomeini, founder of the 1979 Islamic revolution, until he fell out with Ayatollah Khomeini shortly before his 1989 death after complaining about powers wielded by unelected clerics.

He said Iranians have the right to nuclear power, but questioned Mr. Ahmadinejad's dealings with the international community in obtaining it.

"One has to deal with the enemy with wisdom, not provoke it," he said, according to a copy of his comments made available to the Associated Press.

"This [provocation] only creates problems for the country," he told a group of reformists and opponents of Mr. Ahmadinejad on Friday in the holy city of Qom, 80 miles south of the capital, Tehran.

In the kind of action that might be described as a "provocation" by the dissident ayatollah, Iran said yesterday it has barred 38 members of a U.N. nuclear-inspection team from entering the country, in what appeared to be retaliation for sanctions imposed last month over its contentious atomic program.

Foreign Minister Manouchehr Mottaki said some inspectors were admitted, but he maintained that Iran could decide who should be turned away.

Last month, the U.N. Security Council imposed limited trade sanctions on Iran because of its refusal to cease uranium enrichment, a process that produces the material for nuclear reactors or bombs. Days later, the country's parliament passed a motion that obliged the government to revise its cooperation with the International Atomic Energy Agency but gave it a free hand to determine the steps to be taken.

Meanwhile, the prices of fruit, vegetables and food staples have skyrocketed since the U.N. imposed the limited sanctions.

"Some countries don't have oil and gas. Yet, they run their country and stand on their own. We have so much oil and gas but make useless expenditures work for others and don't think of our own people's problems, and the price of basic commodities go higher and higher every day," Ayatollah Montazeri said.

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Ayatollah Montazeri appeared to be referring to Mr. Ahmadinejad's foreign trips, the latest of which was to Latin America, and to Iranian financial aid to the Palestinians.

The Palestinian foreign minister for the Hamas-led government said in November while visiting Iran that Tehran had given his government more than $120 million in the previous year.

Mr. Ahmadinejad was elected last year on a populist agenda promising to bring oil revenues to every family, eradicate poverty and tackle unemployment. But he has faced increasingly fierce criticism in recent weeks for his failure to meet those promises.

Iran Tests Missiles As Fear Of Attack Grows (FT)

By Gareth Smyth

Financial Times, January 23, 2007

Iran began military manoeuvres in its central desert on Monday, testing short-range missiles at a time of rising tension with the US and as President Mahmoud Ahmadi-Nejad faces continuing criticism at home.

State radio reported that Revolutionary Guards were test-firing both the 350km-range Zelzal-1 missile and the 70km range Fajr-5 near the town of Garmsar, 80km south-east of Tehran.

Mohsen Rezaei, an influential conservative politician and former Revolutionary Guards commander, told state television at the weekend that Washington had opted for "serious confrontation" with Iran, in which it "intends to resolve its problem in the Middle East".

That was a rare glimpse for the Iranian public of the seriousness with which leading officials view the situation, especially in his acknowledgment that America or Israel might attack Iran's atomic sites.

The US announced this month it was moving a second aircraft carrier into the Gulf and deploying Patriot missiles capable of shooting down shorter-range missiles.

Questioned on Sunday by reporters over the possibility of military clashes, a confident Mr Ahmadi-Nejad replied: "What war?" But he faces criticism over both foreign policy and the budget for the Iranian year 2007-8, which he presented to parliament on Sunday.

Deputies from parliament's economic committees quoted in Monday's newspapers were generally sceptical of the accuracy of the budget figures given by Mr Ahmadi-Nejad. One economist told the Financial Times the budget was "structured in such a way as to hide what looks like a growing deficit".

Kazem Jalali, a deputy, was more poetic. "I hope the president's dreams come true one day," he told Ayandeh-No newspaper.

Criticism has also come from one of the most senior Shia clerics. Grand Ayatollah Hossein-Ali Montazeri made a thinly veiled attack on the president on Saturday for his "radical and provocative slogans", and argued that Iran's rights could be defended without giving "pretexts" to the US.

Grand Ayatollah Montazeri, 85, is a reformist dissident based in the holy city of Qom, where Mr Ahmadi-Nejad's allies won only three of nine seats in last month's local elections.

¦Manouchehr Mottaki, Iran's foreign minister, said on Monday that the country was barring some inspectors from the International Atomic Energy Agency, the United Nations body monitoring its nuclear facilities.

But Mr Mottaki added confusion when he said Iran would make a statement next week on "the nationalities Iran opposes", apparently contradicting a statement from Alaeddin Boroujerdi, the head of parliament's foreign affairs and national security commission, who said Iran was refusing entry to 38 inspectors but that nationality was "not the main basis".

Melissa Fleming, of the IAEA, said "details of inspector designation" were confidential and the agency was discussing Iran's "request for withdrawing the designation of certain . . . inspectors".

Seoul Asks Washington To Ease Sanctions On Pyongyang: Reports (AFP)

AFP, January 23, 2007

South Korea has told the United States that some of the frozen North Korean accounts in a Macau bank are from legitimate business and should be unblocked, news reports said Tuesday.

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North Korea insists its accounts be unfrozen before any more multinational talks are held on dismantling its nuclear weapons programme.

Chosun Ilbo newspaper quoted an unidentifed high-ranking source in Washington as saying that South Korea asked the United States to consider unfreezing at least five of the 50 accounts with Banco Delta Asia (BDA).

Yonhap news agency also said on Monday that top South Korean officials have told US counterparts that five to seven of the BDA accounts are legitimate.

"This means that as far as we've confirmed, those accounts have nothing to do with drug trafficking, money-laundering or counterfeit dollars," the source was quoted as saying by Chosun.

"Releasing money in those accounts from the freeze is aimed at saving North Korea's face in order to encourage it to proceed with the six-party talks," the source said.

The talks that began in 2003 and reached a tentative deal in September 2005 have failed to bring any tangible progress. Pyongyang insists that a US blacklist, which led to a freeze of its Macau accounts and others in Asia, be withdrawn.

The US has said the matter is a law enforcement issue aimed at curbing the North's counterfeiting of dollars and is unrelated to the six-party talks.

Chosun quoted Kim Kye-Gwan, North Korea's chief delegate to the six-party talks, as saying he and his US counterpart Christopher Hill made progress on the bank issue in talks in Berlin last week.

"When we say progress, it includes the financial sanctions, of course," Kim reportedly told journalists in Moscow.

"(The result of the Berlin talks) was okay with us as we have agreed that the US side must not shun the issue (when the six-party talks resume)."

Hill said on Monday in Tokyo that host China is expected to announce the date for a new round this week.

U.N. Chief Announces N.Korea Fund Audit (AP)

By Justin Bergman

AP, January 23, 2007

Secretary-General Ban Ki-moon announced Monday that an external audit would be conducted of the U.N. Development Program in North Korea after the U.S. alleged the program had funneled millions of dollars to Kim Jong Il's regime.

The audit will initially focus on UNDP spending in North Korea and then be expanded to other U.N. agencies, though details have yet to be finalized, said Ban's spokeswoman, Michele Montas, who made the announcement his behalf.

The audit will be conducted by the U.N.'s Board of Auditors, which is comprised of accountants from eight U.N. members, she said.

U.S. deputy ambassador Mark Wallace alleged Friday that the UNDP's North Korea operation had been run "in blatant violation of U.N. rules" for years. He demanded an outside audit focusing on concerns that development funds had been used by Pyongyang for "its own illicit purposes."

UNDP Administrator Kemal Dervis said Monday there is "no justification for the extreme allegations" made by Wallace, adding that UNDP is "doing its best in very difficult circumstances."

The agency said it welcomed the external audit, stressing it is committed to operating in a transparent manner.

"The external auditors can come in anytime they want and look at anything they want," said UNDP spokesman David Morrison.

U.S. officials said they first received indications there might be irregularities in UNDP's North Korea program last year. They raised concerns the cash might be misused, possibly for Pyongyang's nuclear program.

Wallace has made several allegations in letters to senior UNDP officials, which were first reported by The Wall Street Journal. He has said that UNDP's local staff is dominated by North Korean government employees who managed the agency's programs and finances in violation of UNDP rules.

The U.S. cited three other violations of U.N. rules — the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

On Monday, the agency sought to refute the allegations, insisting the North Korean program followed UNDP financial rules.

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Morrison said the agency has spent about $3 million annually over the last 10 years on programs in North Korea, in addition to about $600,000 in office costs, which include local salaries and supplies. The programs focus on food production, rural and environmental sector management, economic management and social sector management.

Morrison rejected the assertion that UNDP "has been doling out buckets of cash," saying the agency does the vast majority of its spending in euros through checks and bank transfers, using cash only for travel purposes and minor expenses.

He also said UNDP international staff have visited nearly all their project sites in the past two years to ensure funds are being used appropriately.

The UNDP has conducted three internal audits of its North Korean program in the last eight years, the last in 2004. Another internal audit was scheduled for this year, Morrison said.

The agency's executive board was expected to meet Thursday to discuss the program's mandate over the next three years. The agency is working with board members to find a compromise that would allow the program to continue operating in the country, said a UNDP staff member, who spoke on condition of anonymity because talks were ongoing.

Ban Orders Audit Of U.N. Operation In N. Korea (WT)

By Betsy Pisik

The Washington Times, January 23, 2007

NEW YORK -- U.N. Secretary-General Ban Ki-moon yesterday ordered a thorough audit of the U.N. Development Program's operation in North Korea, the first in a sweeping assessment of all U.N. agencies, funds and programs.

The audit will specifically look at hard-currency transactions, the independence of locally hired staff, and the agency's ability to monitor ongoing projects. UNDP, which spends about $3.6 million annually on a dozen projects inside the repressive country, yesterday welcomed the audit and promised to cooperate.

Mr. Ban said he wants the UNDP audit completed within three months, the first phase in an ambitious accounting that could take years and millions of dollars to complete. U.N. officials yesterday could not say how much the effort would eventually cost.

The United States -- which funds 11 percent of UNDP's annual budget but does not contribute to the North Korea program -- has raised serious concerns that hard currency from UNDP may be finding its way into the government's nuclear weapons program.

An editorial in Friday's Wall Street Journal suggested that hundreds of millions of dollars had been diverted by the government from UNDP programs, and said the agency was undermined by permitting the Pyongyang government to choose local personnel for its programs.

David Morrison, UNDP director of communications, told a small group of reporters yesterday that the program has four international staffers in North Korea. Those staffers have been able to visit 10 out of 11 projects in the country and have few concerns over access and monitoring issues, he said.

He rejected comparisons to the Iraq oil-for-food program, which Saddam Hussein was able to manipulate to siphon hundreds of millions of dollars into private pockets.

"Working in [North] Korea is a tough job," he said. "We always have to be wary of the possibility of any kind of misrepresentation of activities in any country in the world."

Mr. Morrison noted that UNDP long ago switched to using euros rather than dollars as the convertible currency in North Korea, in part because of U.S. concerns about counterfeiting and partly because Pyongyang prefers it for political reasons.

U.N. officials routinely refused to publicly criticize the governments of countries where they are running development or humanitarian work, saying that would will only make life more difficult for international staff on the ground, and possibly draw new restrictions on their efforts.

Many of these issues have been identified in UNDP's three internal audits of the North Korea program, in 1999, 2001 and 2004; a fourth will be under way shortly.

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Those audits are not made public or even shared with the 36 nations that serve on UNDP's Executive Board, which will discuss the North Korea program on Thursday. Instead, the reports are reviewed by an external auditor, then distilled further and presented to the executive committee.

U.S. officials, among others, have demanded access to the initial audits, as well as source material, saying that as major donors to UNDP programs they have a right to know how those programs are managed.

However, UNDP officials have maintained the audits are internal management tools and not intended for general distribution.

"We are aware that there is a difference between the regime I've just described and practices the secretariat has just introduced, and we are reviewing whether we should ... change our practice," Mr. Morrison said.

UNDP is also the coordinating agency for other U.N. efforts in the country, including programs of the World Food Program and UNICEF.

U.S. law prohibits using taxpayer money in repressive regimes such as Iran, Cuba and North Korea. Therefore, Washington subtracts its share of the North Korea program's costs from its overall contribution to the agency.

Korean Nuclear Envoys Meet In China (AP)

AP, January 23, 2007

The North and South Korean nuclear envoys met in Beijing, the South Korean Foreign Ministry said Tuesday, part of the latest efforts to restart six-nation negotiations on Pyongyang's atomic weapons program.

The South's Chun Yung-woo met North Korean negotiator Kim Kye Gwan in Beijing, the Foreign Ministry said, without giving any further details.

The meeting is the latest in a series of talks between envoys from the countries involved in the six-party negotiations — China, Japan, Russia, the U.S. and the two Koreas — aimed at setting a date for the resumption of wider discussions on dismantling North Korea's nuclear programs.

The last session of the talks in December, the first after the North's nuclear test, failed to make any progress. Officials have said they expect the negotiations to resume before mid-February.

Envoys At N. Korea Talks Optimistic (AP)

By Burt Herman

AP, January 23, 2007

Envoys to the six-party talks on North Korean nuclear disarmament are sounding rare notes of optimism, raising hopes for progress after their expected return to the bargaining table in coming weeks.

The talks could bring the first steps toward turning back the clock on North Korea's nuclear development since Pyongyang restarted its main nuclear reactor more than four years ago and proved its long-claimed atomic arsenal with its first test explosion in October.

At the last round of the talks in December, the United States and its partners — China, Japan, Russia and South Korea — could not even get North Korea to talk about its nuclear program. Instead, the North stuck to its previous demand that Washington desist from a campaign to financially isolate the country for alleged counterfeiting and money laundering.

But there have recently been hints of a positive foundation being laid for future arms talks, even though no date has been set for their resumption. That includes hopeful talk from the North itself, after an unusual series of one-on-one meetings in Berlin last week between the main U.S. and North Korean negotiators.

The North went out of its way Friday to say that a "certain agreement" had been reached at those sessions, sentiment that encouraged other countries involved.

"On the whole, the impression is developing that the North Korean side has interpreted the results of the talks in Berlin with a certain optimism," Russian nuclear envoy Deputy Foreign Minister Alexander Losyukov said Monday after meeting over the weekend with North Korean negotiator Kim Kye Gwan, according to a report by Russia's Interfax news agency.

U.S. Assistant Secretary of State Christopher Hill, who represents Washington at the nuclear talks, said Monday in Beijing that there was "a basis for making progress" when the six-nation nuclear negotiations resume.

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Officials have not publicly elaborated on what progress would mean. But a South Korean newspaper report Monday said the North and U.S. had come close to an agreement in Berlin for freezing North Korea's reactor and allowing the return of international monitoring in exchange for aid for the impoverished country.

Pyongyang kicked out international inspectors at the end of 2002 as it restarted its nuclear reactor. That prompted the latest nuclear crisis, sparked after the U.S. accused the North of a secret uranium enrichment program in violation of an earlier disarmament deal.

Since then the North's reactor has churned out more plutonium for use in bombs, with experts estimating the country could now have enough radioactive material for as much as about a dozen bombs.

The United States also denied a report by the Russian news agency Interfax that separate talks between the U.S. and North Korea on the financial sanctions would resume in Beijing this week.

The six-nation talks started in August 2003, and since then only resulted in a single agreement in September 2005 on a statement of principles for the North's disarmament in exchange for aid and security guarantees. They have yet to be put into practice.

Several envoys have said they expect the nuclear talks to resume before mid-February, when the Lunar New Year is celebrated across Asia.

Actual progress could be added cause for celebration this year on the continent, where North Korea's nuclear ambitions have rattled nerves and raised prospects for an arms race that could spread across northeast Asia.

But if there are no results this time, the holiday will instead be a time for serious soul-searching about the viability of the process — possibly leading to new means of pressuring North Korea to give up its nuclear arms.

Nuke Talks Unencumbered (WT)

By Edward Lanfranco

The Washington Times, January 23, 2007

BEIJING -- Christopher R. Hill, the top American envoy for eliminating North Korea's nuclear weapons program, said yesterday that the resumption of six-party talks in Beijing should not be affected by U.S. concerns over China's test of an anti-satellite missile.

"My government's position on that is pretty clear," Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs, told reporters. "We've certainly conveyed [concern] to the Chinese, but I would say the six-party talks are on a different track."

Mr. Hill acknowledged having "private discussions" Sunday night with his Chinese counterpart, Vice Foreign Minister Wu Dawei, about the Jan. 11 test in which China shot down an obsolete satellite with a ballistic missile. He referred further questions to other State Department officials and the Pentagon, saying, "I don't want to be the spokesman on it today."

The American diplomat was in Beijing to inform the Chinese of progress made in Berlin last week during three days of discussions with Kim Kye-gwan, the head of the North Korean delegation to the six-party talks. He already had briefed counterparts in Seoul and Tokyo.

Mr. Kim appears to have shown greater willingness to treat U.S. financial sanctions and North Korean nuclear disarmament as separate issues, clearing the way for a resumption of nuclear negotiations that broke down at the end of December.

Mr. Hill said no venue had been set for discussion of the financial issue, "although that will not be a problem." The State Department will have to "fine-tune the date for the talks" with the Treasury Department, but he predicted they would take place "very soon, probably at the same time or even before the six-party talks."

"We are down to a question of logistics now," he said, adding that his latest talks had been held in Berlin only because of a "coincidence of schedules."

Mr. Hill offered few details about what he called "lengthy discussions" with Mr. Wu, but said the two had agreed on the need to restart the six-party process at an early date.

"We felt we should have done more in the December round, and we want to get going on implementing the September Statement," he said. "We have some ideas for doing that and have had some good discussions all around about how to do it."

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In September 2005, negotiators struck a deal in which North Korea would abandon its nuclear weapons program in exchange for security guarantees and economic aid. Subsequent six-party talks stalled after the Treasury Department moved to have a North Korean bank account frozen in Macau and were further complicated when Pyongyang detonated a nuclear device in October.

"I don't want to go into the specifics, but I do believe we have a basis for making progress in the six-party talks," Mr. Hill said. "People ask if I'm optimistic. I'd rather not make a bet on the game I'm playing in, but I think based on all the consultations we've had in the last week we have a basis for getting together as soon as possible."

Somali Islamists' No. 2 Leader Surrenders In Kenyan Capital (NYT)

By Jeffrey Gettleman

The New York Times, January 23, 2007

NAIROBI, Kenya, Jan. 22 — The second in command of Somalia's defeated Islamist forces has surrendered to the Kenyan authorities and is staying at a hotel in Nairobi, Western diplomats and Somali officials said Monday.

Sheik Sharif Ahmed, the head of the Islamist Courts Union executive council, was part of a group of Islamist leaders being hunted down by American and Ethiopian troops in southern Somalia. Described as a moderate Muslim and potential peacemaker, he surfaced at the Kenya-Somalia border in the past week, Somali officials said, and now the Kenyan immigration authorities are deliberating on what to do with him.

"Sheik Sharif is in Nairobi," said Abdirahman Dinari, spokesman for Somalia's transitional government. "We are waiting for the next move."

Several Western diplomats said American officials, who have urged Somalia's newly empowered government to reconcile with moderate Islamist leaders, were instrumental in arranging Mr. Ahmed's safe passage to Kenya.

"He decided to come to Kenya only after getting a guarantee from the Americans that he would not be deported" back to Somalia, said one Western diplomat in Nairobi who spoke on condition of anonymity. "He's been here a week."

Over the weekend, the BBC broadcast an interview with Michael E. Ranneberger, the American ambassador to Kenya, in which Mr. Ranneberger said, "We certainly have made clear to the T.F.G.," Somalia's transitional federal government, "that it needs to talk to all elements, and that includes people such as, for example, Sheik Sharif."

At that point, Mr. Ahmed, a school-teacher turned religious leader, was still widely believed to be hiding in the marshes of southern Somalia or possibly dead.

On Monday, an American Embassy official denied that the United States played any role in bringing him to Kenya. "We're not holding or interrogating or protecting him," she said on condition of anonymity. "We're not involved in this operation in any way."

Kenyan officials did not return calls for comment.

European diplomats in Kenya said that American officials were playing an increasingly large behind-the-scenes role in Somalia, pursuing an aggressive counterterrorism agenda but also trying to shape Somalia's political future.

Several Somali leaders seemed to welcome this involvement, saying that Italy, the other Western power in Somalia, had discredited itself by trying to establish a rapport with the Islamists before they were defeated.

Last month, the Islamists attacked Somalia's transitional government, which was based in Baidoa. What they did not expect was a crushing response from Somalia's neighbor Ethiopia, which sided with the transitional government because Ethiopian officials viewed the Islamists as a regional threat.

It took all of one week for the Ethiopian-led forces, with approval from American officials, to rout the Islamist army and install the transitional government in Mogadishu, Somalia's bullet-pocked capital by the sea.

Mogadishu is now loosely controlled by a mix of Ethiopian troops and government soldiers, who are struggling to pacify a population that is armed to the teeth. On Monday, residents said a gun battle between Ethiopian troops and masked men in a crowded livestock market killed seven people, four of them insurgents and three civilians.

Western diplomats said Mr. Ahmed, 42, could be enormously helpful in defusing the violence because he has a devoted following among former Islamist fighters, who are suspected of being the backbone of Somalia's growing insurgency.

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United Nations officials said Mr. Ahmed could be granted political asylum in Kenya or another country in the region, possibly Yemen, so that he can meet with Somalia's new leaders on neutral soil and map out a path forward.

Abdirizak Adam Hassan, chief of staff for transitional president Abdullahi Yusuf Ahmed, said that if Mr. Ahmed renounced violence, he would be welcome back in Somalia.

"We're not after his blood," Mr. Hassan said.

The case is a little different, though, for Sheik Hassan Dahir Aweys, the Islamists' top leader. Mr. Aweys is nowhere to be found, and most Somalis believe that he will never turn himself in because American and Ethiopian officials have accused him of being a terrorist.

Somali Islamic Leader Surrenders In Kenya (WP)

By Stephanie McCrummen

The Washington Post, January 23, 2007

NAIROBI, Jan. 22 -- A top moderate leader of Somalia's ousted Islamic Courts movement surrendered to Kenyan authorities Monday, and U.S. officials are hoping he can help subdue a rising insurgency among the movement's supporters on the streets of the Somali capital, Mogadishu.

After dodging U.S. and Ethiopian airstrikes in the mangrove forests of southern Somalia, Sharif Ahmed is under the protection of Kenyan authorities in a comfortable Nairobi hotel that he is not allowed to leave. U.S. officials have never accused him of any crime and are portraying him as a moderate Islamic leader with whom the Somali government should negotiate.

European Union officials have made reconciliation with Islamic leaders in Somalia a condition of financing a proposal to send African Union peacekeepers to the country.

The U.S. and European diplomatic pressure to negotiate comes as Somali and Ethiopian troops in Mogadishu are conducting house-to-house hunts almost daily for people accused of supporting the Islamic movement, which Ethiopian troops overthrew last month.

The ongoing purge in the broken-down capital is creating an atmosphere veering toward paranoia. Many Somalis, including members of the new government's parliament, have gone into hiding for fear of being arrested, and others are afraid even to talk about the ousted Islamic movement, according to people in several Mogadishu neighborhoods who were interviewed by telephone.

Abdirahman Dinari, a spokesman for the Somali government, declined to comment on the prospect of negotiations with Ahmed or other Islamic leaders. He said the arrests in recent weeks have targeted people suspected of involvement in attacks on Somali and Ethiopian troops, including the shelling of the presidential residence in Mogadishu on Friday. On Saturday, the deputy chairman of the Islamic Courts, Ahmed Qare, asserted responsibility for that attack.

"If there is someone who is innocent, we will release them," Dinari said.

Families, neighbors and some local leaders, however, describe the arrests as part witch hunt and part orchestrated campaign of revenge.

"Anyone known to have spoken out in favor of the Courts is in hiding," said Mohamud Uluso, a prominent member of the sub-sub clan called the Ayr, which had provided substantial military and financial support to the Islamic Courts. "They did not commit any crime, but publicly they supported the Courts. They did not kill anyone. They did nothing."

According to witnesses, the arrests have at times been more like kidnappings, with plainclothes security forces blindfolding people, throwing them into trucks and hauling them off to secret locations. There have been reports of Somalis settling petty arguments with neighbors by accusing them of supporting the Islamic Courts, with Ethiopian troops then swooping in to take the accused away.

While some of those arrested have been released after several days -- or after relatives pay -- others remain missing.

Ethiopian and Somali government troops came after dark last week to Ahmed Luqman's crowded, lantern-lit neighborhood, where he has lived with his wife and six children for more than 20 years.

Soldiers surrounded the area known as Bulo Huvey, broke down a metal gate, shoved their way into a neighbor's house and arrested at least two people whom Luqman has known for years, he said.

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Certain he was next, although not sure why, he climbed through a window and ran.

"I escaped," recounted Luqman, who said he was never a staunch supporter of the Islamic movement. "Now I live somewhere far from where I used to live, because I'm afraid. I'm afraid for myself. I know a lot have been arrested. Some have been killed. But I can't tell exactly the number."

The U.S. State Department tacitly supported the Ethiopian invasion that pushed the Courts movement from power, and in December it cast the Islamic Courts as a group controlled by an al-Qaeda cell. Many regional analysts and diplomats have described that claim as exaggerated.

This month, U.S. and Ethiopian aircraft conducted strikes targeting not only three men suspected in the 1998 bombings of U.S. embassies -- and whom the Courts were accused of sheltering -- but also certain Courts leaders accused of having al-Qaeda connections.

"To defeat them, the U.S. put them all in one basket," said Uluso, who met with State Department officials when the Islamic Courts came to power last June. "Then, after they were defeated, the thinking was they could maybe reconsider and take the good guys and empower them, so that the image that America is against Islam will not be on the table. Because that has been the impression in the Islamic world."

But the U.S. airstrike in southern Somalia -- aid groups have reported that it killed at least 20 civilians -- plus the continuing arrests are working against the goal of inclusion, said a top leader of the Islamic movement who is still in the region.

The leader, who spoke on condition of anonymity because of the sensitivity of the situation, warned that if the detentions continue, "things could get ugly."

He said that the leadership of the Islamic Courts is "completely intact" and that U.S. ambassadors have been in contact with some of its members.

Somali Prime Minister Ali Mohamed Gedi has often used the label "terrorist" to justify the detentions. But the pattern of arrests suggests to many analysts in the region that the situation is less about fighting a global war on terrorism than it is about Ethiopia trying to address its internal security problems and help Somali government leaders settle their own old scores.

For one, the arrests are heavily targeting Ayr neighborhoods that had supported the Courts. The Ayr are considered rivals of Somali President Abdullahi Yusuf's clan, the Darod. Moreover, Yusuf, a close ally of Ethiopia, has had a long-standing personal feud with Islamic Courts leader Sheik Hassan Dahir Aweys, who is Ayr and is on a U.S. list of people suspected of ties to al-Qaeda. Aweys has consistently denied such ties.

There has also been an ethnic dimension to the arrests. Ethiopian and Somali security forces are focusing on people such as Luqman who are from a region of Ethiopia along the Somali border where an underground group has been fighting for years to end Ethiopian control. The group, the Oromo Liberation Front, was suspected of having people in Mogadishu and of cooperating with the Islamic Courts.

But the Oromo region has also been the scene of droughts and other tribulations that have forced thousands of refugees across the border and into Somali cities, including Mogadishu.

"Whether a man has relations with those organizations or not, he will be arrested," Luqman said. "Because he is Oromo. They can't distinguish if he belongs to the movement or not. So that's the problem."

At one Oromo refugee camp, a sprawl of doorless houses with cardboard roofs, the people left were mostly old men, women and children. A leader there, Abdirahman Omar, 67, said that Ethiopian and Somali troops showed up after morning prayers Jan. 4 and arrested 12 Oromo refugees, including his son, Aden. All remain missing.

"He does not even speak the Oromo language," said Omar, who came to Somalia in 1979 and said his son is a math teacher. "He knows nothing about Ethiopia, let alone Ethiopian politics."

In another neighborhood, Kilometre Four, Habiba Dahir said that her husband, Abdijabar Isee, an Oromo, was arrested recently as he was walking down the street with a Somali friend.

The friend told her later that a plainclothes Somali policeman approached them and asked Abdijabar for his name, and that shortly afterward a pickup truck full of green-uniformed Somali police officers drove up, blindfolded her husband and threw him in the truck with another blindfolded man.

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"At first we were told he was killed, but later we learned he is alive," said Dahir, who denied her husband was involved with any militant movement. "I can't say any more."

China Denies Intent To Militarize Space (AP)

AP, January 23, 2007

Chinese Foreign ministry officials have told a visiting U.S. diplomat that China's successful test of an anti-satellite weapon should not be seen as a threat and does not signal the beginning of a race to militarize space, the State Department said Monday.

Assistant Secretary of State Christopher Hill raised the issue with Chinese officials over the weekend in Beijing. China has not made a public announcement of the Jan. 11 test, in which it shot down one of its own old weather satellites, but officials acknowledged it during their meeting with Hill, State Department spokesman Sean McCormack said.

Hill, who heads the State Department's East Asia bureau, told the Chinese they should be more forthcoming about their military activities and their defense budget. These issues have been a long-running concern of the United States, and McCormack said the Chinese have taken only "baby steps" thus far toward more openness.

McCormack said the United States seeks "greater understanding of exactly what their intent was" in testing the anti-satellite weapon. He said Hill also asked for details of the test and what plans China may have for future tests.

"All of this is designed, really, to avoid any sort of misunderstandings, not only with the United States, but other countries around the world," McCormack said.

Hill was in Beijing as part of a three-nation visit to exchange views on talks with North Korea over its nuclear weapons program. He also visited South Korea and Japan.

In criticizing the test on Friday, the State Department said "modern life as we know it" depends on the security of space-based technology, whose uses include data transmission, communications and weather forecasting.

China Tells Senior US Official Not To Worry About Anti-satellite Test (AFP)

AFP, January 23, 2007

China has told a senior US official that a recent test of a Chinese satellite killer missile did not signal a threat to other countries or a bid to militarize space, the State Department said.

Assistant Secretary of State Christopher Hill raised US objections to the test with senior Chinese officials during a visit to Beijing over the weekend, State Department spokesman Sean McCormack said.

"The bottom line is we encourage them to be more forthcoming, more transparent with respect to not only this test but also their space program," McCormack said when asked about the message delivered by Hill.

The Chinese, who had not previously confirmed carrying out the test earlier this month, told Hill "this was not a threat against anybody and was not meant to spark a race to militarize space," McCormack told reporters.

Hill was in Beijing for separate talks on organizing a new round of six-party negotiations aimed at halting North Korea's nuclear weapons program.

"It's has been a continuing topic for us to encourage the Chinese to become a little more transparent in terms of their military spending and their military programs," McCormack said.

"They haven't been very forthcoming, is the assessment to date," he said.

The United States revealed last week that China had destroyed an orbiting weather satellite earlier this month using a ballistic missile -- making it the third country after the former Soviet Union and the United States to shoot down an object in space.

The successful test meant China can theoretically shoot down spy satellites or other orbiters operated by other nations, sparking fears of a space-based arms race.

On Friday Washington voiced concern the test may also have scattered debris in space that could endanger the manned International Space Station or orbiting satellites.

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US magazine Aviation Week and Space Technology, which first reported the test, said the missile was fired from the Xichang space center in central Sichuan province on January 11 and had destroyed a Chinese weather satellite launched in 1999.

The impact reportedly occurred more than 500 miles (800 kilometres) above Earth, high enough to hit orbiting satellites.

Washington for now has virtual supremacy in space, with Russia having lost much of its means and China generally still just starting out.

A Global Mission For China And America (FT)

By Robert Zoellick

Financial Times, January 23, 2007

America and China need to develop an agenda as mutual stakeholders in the world economy. The new strategic economic dialogue and the energy group launched by China with the US, India, Japan and South Korea supply the means to do so.

So far the media focus has been on the appreciation of China's currency. Progress on this issue will establish a sense of fair competition. Yet the Sino-American agenda needs to be broader. Some steps can prepare the way for China's transition to a flexible exchange rate. Others lay the foundation for two important economies to advance and share in global prosperity.

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China is understandably preoccupied by its staggering internal challenges. Nevertheless, its leaders recognise that China's development depends on the international marketplace. The US, in turn, needs to show the American public that China's economic growth creates opportunities and that China will share international responsibilities.

A successful strategy will need to open doors for the US and others to benefit while supporting China's development and encouraging China to help sustain the international economic system to which its growth is linked. Take China's core concern: the creation of a "harmonious society". China's leaders are striving for more balanced development – between the coast and the interior, the cities and countryside, the rich and poor, the environment and growth. China is seeking to boost consumption, in part to lower the high savings rate that fuels the contentious current account surplus.

America can assist these transformations. US businesses can help develop the interior and link these provinces to global sourcing networks. American farm products can lower the cost of food as rural Chinese move to higher value-added products. US retailers can help Chinese consumers get better goods and services at lower prices, just as they do for families at home.

Second, the Chinese have a high savings rate because the old social safety net has disintegrated. Given the one-child policy and rising longevity, China will grow old before it grows wealthy. It would benefit from US private sector involvement in building healthcare and funded pension systems.

Third, China's high rate of investment has masked the fact that investment returns have been declining because capital is allocated inefficiently. China is starting to complement its reform of commercial banks with steps to strengthen insurance and equity markets, develop a bond market and foster asset management and disposition services. Properly pursued, these plans offer business opportunities for US and other foreign companies and create the prerequisites for opening China's capital markets and freeing its currency. That step will enable China's central bank to rely on monetary policy tools to moderate inevitable fluctuations, instead of being tied to exchange rate targets.

Fourth, China and the US share energy and environmental interests. Both need to expand energy supplies to nuclear, clean coal and renewables. Both would benefit from more diverse sources of oil and gas. Both need advances in energy efficiency. Both need to co-ordinate strategic reserves with international partners to cope with shocks. Both need to protect the energy transport choke-points.

Fifth, China wants a "knowledge economy". This creates a mutual interest in protecting intellectual property and preventing counterfeiting. There is a need for educational services, including innovative information technology. China should be encouraged to participate in the development of international technology standards, rather than using local standards to protect against competition.

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Sixth, as Chinese businesses “go global”, both countries will have an interest in open, fair and transparent investment policies. Chinese companies will be pressed to improve corporate governance, transparency and to rely on private capital. When Chinese companies invest in developing markets, they should abide by standards for sustainable development and good governance.

Finally, China can be a responsible stakeholder in international economic, health, environmental and energy regimes. Since the new head of the World Health Organisation is Chinese, China can set a standard in practices to counter infectious diseases, chronic ailments and pandemics. China could strengthen enforcement against trade in endangered species and join the International Tropical Timber Organization. As a big investor in Sudan, it can press Khartoum to accept United Nations peacekeepers in Darfur. As one of the beneficiaries of the global trading system, China should play a more active role in closing a deal in the WTO’s Doha round.

China is sensitive to the history of rising powers. Its own story is different from past examples. China wants its economic rise to complement, not replace, the current order. If the US and China recognise the strategic stakes in guiding this transition, they can develop an agenda that builds confidence and support in both countries and beyond.

The author served as US trade representative and deputy secretary of state. He is vice chairman, international, at Goldman Sachs Group and contributes regularly to the FT

US Plans 'Substantial' Aid Pledge For Lebanon Government (AFP)

By David Millikin

AFP, January 23, 2007

The United States will announce a substantial aid package for Lebanon at a donors conference in Paris this week aimed at bolstering the government of Prime Minister Fuad Siniora, senior US officials said.

The offer, to be unveiled Thursday by Secretary of State Condoleezza Rice, will come on top of more than 230 million dollars already pledged by Washington to help rebuild Lebanon following the devastating war between Israel and the Islamic militia Hezbollah last July and August.

"It will be substantial," State Department spokesman Sean McCormack said of the new US contribution to Siniora's government, which since the war has been locked in a power struggle with Hezbollah and other pro-Syrian parties.

McCormack would not provide details of the US aid proposal.

But another senior official said it would be "an equivalent vigorous effort" in comparison to the 230 million dollars pledged by Washington at a donors conference in Stockholm shortly after a UN-brokered ceasefire that ended the war.

Washington has also begun delivering 39 million dollars in military hardware and other assistance to Lebanon's army, which under the UN plan moved into Hezbollah's stronghold along the Israeli border.

Siniora's government has estimated the 34-day Israeli offensive against Hezbollah left 3.5 billion dollars in damage, including flattened villages in south Lebanon and the destruction of major infrastructure around the country.

Israel attacked after Hezbollah kidnapped two Israeli soldiers in a cross-border raid.

Siniora has since faced a growing challenge from Hezbollah's political arm and allied parties seen as close to Syria, which dominated the country until being forced by popular protests to withdraw its troops in 2005.

The administration of President George W. Bush cites Lebanon alongside Iraq and the Palestinian areas as key battlegrounds in a strategic confrontation between Arab moderates and radical forces backed by Syria and Iran.

The one-day conference in Paris will draw ministers and other top officials from some 30 potential donor countries in a potent show of support for Siniora, the senior official said.

In addition to pledges of aid, the conference is expected to endorse an ambitious five-year economic reform plan drawn up by Siniora in collaboration with international financial institutions, the United States and other governments.

The plan, which includes a sales tax hike and the privatization of Lebanon's electricity and mobile telephone sectors, has drawn sharp criticism from Hezbollah and its allies, who have called a general strike for Tuesday ahead of the Paris meeting.

Hezbollah, a fundamentalist Shiite Muslim party, is seeking to oust Siniora's Western-backed government and replace it with a national unity cabinet in which the pro-Syrian opposition would have a veto.

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The senior US official said the Paris meeting's backing for the reform plan, which was under discussion well before the Israel-Hezbollah war, was more important in the long term than specific aid pledges.

"The basic bargain has been that if they were willing to undertake these reforms, we would work with the international community in marshalling support for Lebanon," said the official, who spoke to AFP on condition he not be named.

He acknowledged the reforms were "politically difficult" due to Hezbollah's opposition and because some measures will involve painful economic adjustments.

"So Lebanon will need help as it goes through this, and that's why people are gathering now in Paris," he said.

While insisting the Paris conference was about helping all Lebanese and not just Siniora, the US officials said it would also highlight the failure of Hezbollah and its leader, Hassan Nasrallah, to repair the war damage.

"There are a lot of questions in Lebanon about the mess that (Nasrallah) created," the official said, noting that the war left more than 750,000 displaced persons and devastated whole sectors of the economy.

"Why is it that they have joined -- and get this for ignominy -- Syria, Yemen and Iraq as the only countries in the Arab world which had negative per capita GDP growth rates last year?" he asked.

"These are things for which he and his leadership are responsible and I think there are many Lebanese who ask themselves, 'Did we deserve this?'"

U.S. To Contribute To Lebanon Revival (AP)

By George Gedda

AP, January 23, 2007

The United States will announce a substantial contribution to Lebanon at an international donors' conference this week as part of an effort to rebuild the country and strengthen its western-backed government, State Department officials said.

The total is expected to exceed the $230 million that the United States contributed for reconstruction efforts last year, a senior administration official said Monday. The official spoke on condition of anonymity because details of the proposal have not been announced.

The money, which would have to be approved by Congress, would be a major increase over the $30 million to $40 million that Washington had pledged for aid to Lebanon in recent years. The funds will be announced at a donors' conference in Paris, which Secretary of State Condoleezza Rice will attend.

The U.S. contribution is expected to include an effort the U.S. announced last October to rebuild a vital bridge on the Beirut-Damascus highway, which is expected to cost about $20 million. Israeli jets bombed the structure during last summer's 34-day war against Hezbollah, the militant group backed by Syria and Iran.

The donors meeting comes amid efforts to buttress Lebanon's government, which is led by Prime Minister Fuad Saniora. Since Dec. 1, Hezbollah has staged street protests and sit-ins aimed at toppling Saniora's government.

At the State Department on Monday, spokesman Sean McCormack said the donors' conference will demonstrate "the support of the international system for this democratically elected government and also the international system's support for the Lebanese people."

Under Secretary of State Nicholas Burns said in Israel on Sunday that the assistance will be part of a world effort to defend Lebanon "from that axis of countries, Iran and Syria, and organizations like Hezbollah, Palestinian Islamic Jihad and others."

The donor's conference will be chaired by French President Jacques Chirac.

After the meeting in Paris, Rice will travel to Brussels for a NATO meeting that will focus on Afghanistan and the resources needed to restore stability there in the face of continuing insurgent activities, McCormack said.

The meeting also will touch on the issue of NATO countries in Afghanistan that are declining to send troops to regions in the south, where the bulk of the violence is taking place. Canada and Britain are among the countries that have troops in Afghanistan's south.

Activity Picks Up For Mideast Talks (AP)

By Amy Teibel

AP, January 23, 2007

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After months of inaction, a flurry of diplomatic activity toward reviving Israeli-Palestinian peacemaking is under way. Secretary of State Condoleezza Rice is planning a summit with Israeli and Palestinian leaders, top Israeli officials are floating peace initiatives and the moderate Palestinian president says he is ready to discuss the outlines of a final settlement.

But with Hamas militants dominating the Palestinian parliament and Cabinet, and weak leadership on all sides, no one expects a deal any time soon.

The U.S. and Israel are trying to build on the "road map" peace plan by initiating confidence-building steps such as easing financial sanctions on the Palestinians and lifting West Bank roadblocks. They are also holding out the prospect of more wide-ranging concessions to help Palestinian President Mahmoud Abbas in his power struggle against Hamas militants.

"We're at the pre-negotiation stage where the emphasis is on confidence-building measures," Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert, said Monday. "But we're not talking about the substance."

The 2003 road map — which outlines a staged plan for creating a Palestinian state alongside Israel — never got off the ground because each side failed to meet its initial obligations. With the Israeli-Palestinian peace process in deep freeze since 2000, and the political rise of Hamas in the Palestinian territories, moderates on each side have found themselves with little choice but to start talking again.

In the past few weeks, the Israeli and Palestinian leaders held their first substantive meeting, and Israel followed up by transferring $100 million in frozen tax revenues to Abbas.

Rice has promised to lead a summit with Abbas and Olmert by mid-February, and is talking about reinvigorating U.S. involvement in Mideast peacemaking.

Meanwhile, the estranged leaders of the two most powerful Palestinian factions, Abbas and Hamas leader Khaled Mashaal, met over the weekend in Syria to try to put together a governing coalition that could negotiate with Israel. Though they did not reach agreement, they said they would continue the dialogue.

Early next month, the so-called quartet of Mideast peace brokers who launched the road map — the U.S., the European Union, Russia and the U.N. — also plan to meet to explore ways to re-energize peacemaking.

Sharp differences have emerged between the Israeli and Palestinian positions, however. The Palestinians oppose an Israeli proposal for a provisional Palestinian state in the West Bank and Gaza, believing Israel could use it to usurp land while the sides negotiate endlessly over so-called final status issues.

It is precisely the big-picture issues — final borders, the status of disputed Jerusalem and the Palestinians' demand to repatriate refugees and their descendants — that have caused past peace talks to collapse.

"We are for negotiations on a final status agreement, even if there are (confidence-building) steps," said Nimr Hammad, a political adviser to Abbas. "But (those steps) must be tied to a final status agreement."

The failure to reach agreement at the Abbas-Mashaal meeting bodes poorly for a resolution that could end months of Palestinian infighting. With Hamas holding so much power, Abbas' room for maneuvering in negotiations with Israel could be severely limited.

If the international community wants to move ahead in a meaningful peace process, "we have to get our act together internally," said Saeb Erekat, the chief Palestinian negotiator.

Israel and the U.S. insist they are not abandoning the road map, but rather attempting to find creative ways to revive it.

Israeli Foreign Minister Tzipi Livni and Israeli Defense Minister Amir Peretz have each offered peace plans based on the road map. Livni asked to strengthen Palestinian moderates by painting a clear picture of what a provisional Palestinian state would look like, and Peretz said a final peace deal could be reached within two years.

"Time is running out and we must use it to strengthen the moderates," Peretz said in a speech Monday at a security conference.

Speaking later at the same conference, Livni insisted the international community keep up pressure on Hamas beyond statements of principles.

"Now we are demanding that they enforce their values ... as a way of strengthening the moderates and weakening the extremists," she said.

Egypt has questioned the road map's viability, however, calling for a final deal that would bypass the plan's initial stages.

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Another obstacle to getting peace talks moving again is the weakness of the leading players.

A combination of corruption allegations and Israel's summer war with Hezbollah guerrillas in Lebanon have widely discredited Olmert in the eyes of the Israeli public.

Although his international standing is strong, Abbas has not prevailed over Hamas. And President Bush has his hands full with Iraq and a dismal approval rating at home, though achievements on the Israeli-Palestinian front could help burnish the U.S. image in the region.

Skeptics do not see real momentum building.

"No one treats the road map seriously any more," said Yossi Beilin, a dovish Israeli lawmaker who was involved in several rounds of negotiations with the Palestinians.

The re-energized U.S. involvement is intended "to create the impression that the Middle East is on their agenda," Beilin said. "They want to guarantee a pragmatic Arab coalition, and they know the stumbling block is the Arab-Israeli conflict," he said. "And since they can't solve it, they make do with talking about it."

Palestinian Factions Set To Resume Unity Talks (AFP)

By Sakher Abu El Oun

AFP, January 23, 2007

Palestinians were preparing to press on with efforts to form a national unity government after inconclusive talks between Khaled Meshaal, leader of the ruling Hamas movement, and president Mahmud Abbas, head of the rival Fatah party.

A statement from the umbrella group of Palestinian factions Monday said a meeting would take place in Gaza City on Tuesday between representatives of Fatah and Hamas, but gave no further details.

"We hope to achieve an inter-Palestinian understanding through this dialogue, because the Palestinian people and the factions have no alternative," Hamas spokesman Ismail Radwan said.

Speaking for Fatah, Tawfiq Abu Khusa said, "We need a government capable of lifting the blockade, reducing the suffering of our people and getting the Palestinian cause back on the international agenda."

Chief Palestinian negotiator Saeb Erakat, speaking from Damascus, echoed Abu Khusa, while stressing that the new government's political programme would have to be "acceptable to the Palestinians, the Arabs and the international community."

Abbas and Meshaal said after meeting in Damascus on Sunday that their respective factions were committed to further dialogue "within two weeks" to try to resolve remaining differences.

The talks had been touted as key to resolving the long-running feud between Fatah and Hamas, where intermittent violence that boiled over in December left more than 30 people dead.

Fatah and Hamas have tried for months to agree on a unity government in the hope of ending a boycott and aid freeze by the United States and the European Union that crippled the already staggering Palestinian economy.

Washington and the EU consider Hamas to be a terrorist group and suspended direct financial aid to the Palestinians after it took power in March because the Islamists refuse to renounce violence or recognise Israel's right to exist.

"We reiterate that dialogue is the only way to resolve our political differences," Meshaal said at a joint press conference, adding that it was wrong to speak of a "power struggle" within the Palestinian Authority.

"There are still points of divergence but the dialogue will continue in Gaza ... or outside to arrive at the formation of a government of national unity," he said.

A joint statement issued after the meeting stressed that discussions had "made progress."

Both sides condemned the spilling of Palestinian blood and agreed to avoid provocation.

Last month's clashes erupted after Abbas said he would call for early elections as a way of resolving the standoff with Hamas, which vehemently rejected the move as an attempted coup and warned it could set off civil war.

Russia, one of the four members of the Middle East peace quartet, Monday welcomed the talks in Syria even though they ended inconclusively.

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Contacts "will eventually lead to formation of a coalition government" that meets international demands for Hamas to renounce violence and recognise Israel's right to exist, allowing for the lifting of the boycott and aid freeze, foreign ministry spokesman Mikhail Kamynin said in Moscow.

"In those circumstances a real chance appears for positive steps forward in Palestinian-Israeli relations and the resumption of a meaningful negotiations process between Israel and the Palestinian Authority on the basis of the roadmap," Kamynin said.

In Amman, Jordanian government spokesman Nasser Jawdeh too welcomed Sunday's talks.

"If the result of the meeting ... leads to reviving the peace process, a national unity government, and a halt to inter-Palestinian fighting and bloodshed, then all this is positive and Jordan supports it," he said.

Father Of Dead West Bank Girl Seeks Peace With Israelis (NYT)

By Greg Myre

The New York Times, January 23, 2007

ANATA, West Bank, Jan. 22 — Even as Bassam Aramin mourns his 10-year-old daughter, killed last week during a clash between stone-throwing Palestinian youths and the Israeli police, he says he wants to talk to Israelis about making peace.

It has been a long journey for Mr. Aramin, 38, a former Palestinian fighter. He spent seven years in Israeli jails, from 1986 to 1993, for weapons possession and for belonging to the Fatah movement, which was banned at the time.

But his views gradually changed, and for the past two years he has been an active member of Combatants for Peace, a group of former Palestinian militants and former Israeli soldiers who have teamed up to urge reconciliation to both sides.

With his Israeli partner, Zohar Shapira, a former member of an elite commando unit, Mr. Aramin has been speaking to students and community groups in Israel and the West Bank.

“Over time I became convinced that we couldn’t solve our problem with weapons and we had to talk to the other side,” said Mr. Aramin, who lives in Anata, on the outskirts of Jerusalem. “I want to keep talking to Israelis so they can understand what happened to my daughter.”

His daughter, Abir, was in an upbeat mood last Tuesday after completing a math exam at the Anata Girls School. She walked out the front gate and crossed the dusty street, where she bought a small gift for her mother, Salwa, who had helped her study.

As Abir emerged from the store, a clash was erupting between stone-throwing Palestinian youths and the Israeli border police. A moment later Abir was hit in the back of the head, a blow that threw her headlong into the street, according to her sister, Areen, 12, who was with her. After three days in Hadassah University Hospital in Jerusalem, Abir died without ever regaining consciousness.

Israel’s separation barrier, a towering concrete wall here, is just a few yards from the adjacent boys’ and girls’ schools, and the area was the scene of frequent confrontations during its construction. But work on the wall was finished several months ago, and the area was calm until the border police began patrolling neighborhoods on the West Bank side of the wall in recent days. Youths threw stones at the Israeli jeeps on several occasions, residents said.

Areen and other Palestinian witnesses say they have no doubt that Abir was hit by Israeli fire. Michael Sfard, a prominent Israeli lawyer representing the Aramin family, said he had received a rubber-coated steel bullet that witnesses said they had found at the scene, which he presented to the Israeli police.

A preliminary report of the autopsy conducted by an Israeli government pathologist and one appointed by the Aramin family found that Abir’s head wounds were consistent with the impact of a rubber-coated bullet, though other possibilities could not be ruled out, Mr. Sfard said.

But the Israeli police say the autopsy did rule out the possibility of a rubber-coated bullet. The police say an investigation has found that police officers fired tear gas but has not confirmed the use of such bullets. A police official, speaking on condition of anonymity because the inquiry is continuing, said the police suspected that Abir might have been hit by a rock that one of the Palestinians had thrown toward the police.

The Aramin family adamantly rejects the police theory and is quick to note the strong support they have received from Israelis, particularly those from Mr. Aramin’s group.

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"They were at the hospital with me the entire time," said Mr. Aramin, who works at the Palestinian National Archives in Ramallah. "I received phone calls from tens of Israelis expressing their sympathy for my family and condemning the killing of my daughter."

In a conflict so long and bitter, killings more often prompt calls for revenge rather than understanding. Mr. Aramin said his own outlook had changed slowly, over many years.

Like many Palestinian prisoners, he learned to speak Hebrew while in jail and began conversing with prison guards and watching Israeli television. The peace negotiations of the 1990s gave him hope, and despite the chronic fighting of the last several years, his work with Combatants for Peace has helped sustain him, he said.

The group has about 300 members, with about half from each side, according to Avichay Sharon, 25, an Israeli who was one of the founders and who spent time at the hospital alongside Mr. Aramin.

"When I heard what happened I rushed to the hospital," Mr. Sharon said. "All of us took it upon ourselves to do what we could. Bassam knows there are a lot of people who love him and care about him."

The Israeli members of Combatants for Peace have already served their mandatory military service, though they may be called up for reserve duty that can last for several weeks each year. As an infantry soldier, Mr. Sharon fought in the West Bank and the Gaza Strip from 2000 to 2003. He decided he would not do it again as a reservist.

"I wouldn't point to any one incident," said Mr. Sharon, now a student at Hebrew University in philosophy and Jewish studies. "It was an accumulation of events that opened my eyes."

As a reservist he works in logistics and does not expect to be sent into Palestinian areas. But other members of Combatants for Peace have refused such orders, and served jail time as a result.

The group has held dozens of meetings in recent months, but finding an audience remains a challenge.

"I wouldn't say it's simple," Mr. Sharon said. "Many Israelis don't want a dialogue with someone they think is a terrorist. Palestinians don't want to speak to people they see as occupiers."

Israeli members wanted to pay condolences in Anata, where Mr. Aramin lives with his wife and their five surviving children. But the Aramin family advised against it, fearing that angry neighbors might insult a visiting Israeli, or worse.

Mr. Aramin said he would soon be back at work with his Israeli colleagues.

"I want my daughter to be the last victim," he said. "There are partners on the other side who believe what I believe."

Veteran Of Lebanon Campaigns Is Set To Lead Israeli Army (NYT)

By Greg Myre

The New York Times, January 23, 2007

JERUSALEM, Jan. 22 — A former infantry officer who commanded Israeli troops against Hezbollah in southern Lebanon for many years was appointed Monday as the Israeli military's new chief of staff.

Gabi Ashkenazi, 52, a former general and currently the director general of the Defense Ministry, was chosen to replace Lt. Gen. Dan Halutz, who resigned last week after heavy criticism of his handling of the war in Lebanon last summer.

Prime Minister Ehud Olmert and Defense Minister Amir Peretz agreed on the appointment at a meeting on Monday evening, the prime minister's office said. The nomination must still be approved by the cabinet and a government committee.

In a country where security is the paramount issue, the army chief is one of the country's most important and closely scrutinized positions. The vast majority of Israelis were disappointed with the inconclusive outcome of the one-month war last year with Hezbollah, the radical Islamic group.

Since then, the Israeli news media have engaged in almost daily speculation over possible shake-ups in the military. Two senior officers resigned before General Halutz announced last week that he also was stepping down.

Mr. Olmert has also faced intense criticism and has seen his poll ratings crash. In addition, Mr. Peretz has come under pressure to resign, but insists that he will not.

The prime minister has appointed a committee to examine how the war was handled. In response to a petition by a private group, Israel's High Court of Justice on Monday ordered Mr. Olmert's government to explain why naming a new chief of staff should not be delayed until the committee presents its report. But the nomination indicated that Mr. Olmert plans to press ahead.

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General Ashkenazi began his military service in 1972. Last July, he was appointed the Defense Ministry's director general.

U.S. Looks To Poland For Missile-shield Site (USAT)

USA Today, January 23, 2007

The United States is asking Poland to allow ground-based interceptor missiles on its territory as part of a missile-defense system, the U.S. Embassy in Warsaw said Monday. Polish Defense Minister Radek Sikorski indicated a willingness to discuss the issue with "our most important ally" but said nothing had been decided. Poland joined NATO in 1999.

The prime minister of the Czech Republic — another NATO member that was once part of the Soviet bloc — said Saturday that the United States has asked to base a radar station in his country for the system.

U.S. officials have said the missile shield is not intended as a defense against Russia, but the prospect of sophisticated U.S. radar and interceptor systems in formerly communist Eastern Europe has led to Russian warnings of a new arms race. The system "would create a clear threat for Russia," Col. Gen. Vladimir Popovkin, the chief of Russia's Space Forces, said Monday.

Serbian president backs reform coalition

Serbian President Boris Tadic urged pro-democratic reform parties to put their differences aside and quickly form a coalition government to stave off gains made over the weekend by ultranationalists in parliamentary elections. The formation of a government has taken on added urgency because a United Nations report this week will probably recommend that the southern Serbian province of Kosovo become independent. The Serb Radicals, loyal to the ideas of the late Slobodan Milosevic and opposed to Kosovo's independence, gained seats but fell well shy of a majority. Democratic parties are trying to form a coalition government.

Somali militia leader reportedly gives up

A top leader of the Islamic militia that was driven from power in Somalia surrendered to authorities in neighboring Kenya, the Associated Press reported. Sheik Sharif Sheik Ahmed of the Council of Islamic Courts was flown to Nairobi, according to a police report seen by the AP. In Somalia, the remnants of the militia are being hunted by Ethiopian troops and forces from Somali's transitional government. The militia, which had gained control of most of the country, was ousted in December. Somalia has not had an effective government since 1991, when warlords overthrew a dictator and then turned on one another.

Clashes in Guinea leave 10 dead

At least 10 civilians were killed and 115 were wounded in Guinea's capital, Conakry, when security forces clashed with protesters seeking the ouster of President Lansana Conte, hospital officials said. Most of the casualties appeared to have been caused by security forces firing on demonstrators, said Ousmane Bah, a physician who treated some of the victims. Protesters are in the second week of a strike aimed at toppling Conte, who seized power in a 1984 coup and has refused to step down despite ill health.

U.S. Plans Missile Bases In Europe (AP)

By Vanessa Gera

AP, January 23, 2007

The United States has entered a decisive phase in a plan to set up missile defense sites in Eastern Europe — a system Washington says is aimed at protecting itself and its allies against potential attacks from the Middle East.

But the prospect of sophisticated U.S. radar and interceptor systems in formerly communist Eastern Europe has led Russian military leaders to warn of a new arms race. The system "would create a clear threat for Russia," Col. Gen. Vladimir Popovkin, the chief of Russia's Space Forces, warned Monday.

The United States told Polish leaders it wants to open formal negotiations on the possibility of locating ground-based interceptor missiles in their country as part of a larger missile defense system, a U.S. Embassy spokesman in Warsaw said Monday.

Poland's Defense Minister Radek Sikorski indicated a willingness to talk with "our most important ally" on the issue, but said nothing had been decided.

The request comes after two years of exploratory talks and after the neighboring Czech Republic's prime minister said Saturday that Washington had asked to base a radar station in his country as another part of the system.

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Washington has repeatedly sought to reassure Russia it has nothing to fear from the system — a message Andrew Schilling, a spokesman for the U.S. Embassy in Warsaw, echoed Monday. He told The Associated Press a U.S. missile defense system in Europe would be solely aimed at countering "the evolving Middle Eastern ballistic missile threat."

Some experts single out Iran as the motivator behind the U.S. push to develop the system, meant to act as a protective umbrella over most of continental Europe with sensitive radars able to detect ballistic missiles and interceptors that could shoot them down.

"This is completely driven by the threat from Iran," said Riki Ellison, president of the Missile Defense Advocacy Alliance, a non-governmental group that promotes missile defense in the belief it increases world security.

"As Iranians continue to grow both their nuclear capabilities and their ballistic missile capabilities, this site in central Europe is needed," Ellison argued. "Not only for Europe and the troops that the United States has stationed in Europe ... but also for secondary protection of the United States."

Schilling said the request to Polish officials was first made Friday and a "formal diplomatic note" would follow. The U.S. hopes talks on the plan will begin "in the course of the next several months," he added.

Agreement is not guaranteed. Both the Czech and Polish parliaments would have to first approve the plan. Although their governments expressed their support, they are weak and face broad public opposition to the plan. Many fear it will raise the risk of attacks on their countries.

"The current governments are in favor because both of them are right-of-center and Euro-skeptic and they think that as far as security is concerned, they have to maintain very close ties with the United States," said Jiri Pehe, a Czech political analyst and director of New York University in Prague.

By supporting U.S. missile defense, the two European Union members are showing they do not trust the EU to guarantee their security — and are perhaps even trying to prevent the formation of a unified EU defense policy, Pehe said.

So far, four countries have working missile defense shields, including the U.S., which has interceptor bases in California and Alaska. Russia, Israel and Japan also have systems, while about 15 countries are also working to develop them, Ellison said.

In past months, Russian military leaders have occasionally threatened that an expansion of the U.S. system so close to its borders could provoke a new arms race.

But Pehe, the Czech analyst, said Russian threats should be taken with a grain of salt.

"Russians in the past have threatened to do all kinds of things — for example when NATO was enlarged," Pehe said. "I think they are aware that this particular system, if it's ever built, isn't aimed against them. I would see this more as pressure — and a bit of bluffing."

Global View Of U.S. Worsens, Poll Shows (NYT)

By The New York Times

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The global view of the United States' role in world affairs deteriorated significantly again last year, according to a poll of more than 26,000 people in 25 countries.

Negative feelings about the war in Iraq were prevalent, and nearly 7 in 10 people polled said the American military presence in the Middle East provoked more violence than it prevented.

In 18 countries polled previously, an average of 29 percent of those surveyed saw the United States as having a mainly positive influence, down from 36 percent last year.

Across all 25 countries, half of those polled said the United States played a mainly negative role in the world, according to the poll, done for the BBC World Service by GlobeScan and the Program on International Policy Attitudes at the University of Maryland.

Disapproval of the way the United States handled the Iraq war was strikingly strong, at 73 percent.

View Of US's Global Role 'worse' (BBC)

BBCNEWS, January 23, 2007

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The World Service survey, conducted in 25 nations including the US, found that three in four respondents disapproved of how Washington had dealt with Iraq.

The majority of the 26,381 respondents also disapproved of the way five other foreign policy areas had been handled.

The poll, released ahead of President Bush's State of the Union speech, was conducted between November and January.

Poll findings in more detail

At-a-glance

The number of those who said the US was a positive influence in the world fell in 18 nations polled in previous years.

In those countries, 29% of people said the US had a positive influence, down from 36% last year and 40% two years ago.

Across the 25 countries polled, 49% of respondents said the US played a mainly negative role in the world.

In Kenya, Nigeria, the Philippines and the US most of those polled said they thought America had a positive role.

But among Americans, the number of those who viewed their country's role positively fell to 57% - six percentage points down from last year and 14 percentage points down from two years ago.

Mid-East role

Respondents were also asked about the Bush administration's handling of six areas of foreign policy:

The war in Iraq: an average of 73% of respondents disapproved (57% in the US). Disapproval was strongest in Argentina and France, while people in Nigeria, Kenya and the Philippines were more likely to approve.

Detainees in Guantanamo: 67% disapproved (50% in the US). Backing for America on this issue was highest in Nigeria, where 49% approved.

Israeli-Hezbollah war: Washington's role met with approval from respondents in Nigeria and Philippines, but on average 65% disapproved across the 25 countries (50% in the US).

Iran's nuclear programme: again, support for US actions appeared strongest in Kenya (62%), Nigeria (53%) and the Philippines (52%). But, overall 60% of respondents disapproved (50% in the US).

Global warming: more than 80% of respondents in Argentina, France and Germany disapproved compared to 56% overall (54% in the US). But the White House had 50% or more support among those polled in Nigeria, Kenya, the Philippines and South Korea.

North Korea's nuclear programme: opposition to US policy was strongest among respondents in Argentina and Brazil. On average across the 25 countries 54% disapproved (43% in the US).

When asked about US military presence in the Middle East, an average of 68% of respondents across the 25 countries answered that it "provokes more conflict than it prevents".

Views On U.S. Drop Sharply In Worldwide Opinion Poll (WP)

By Kevin Sullivan

The Washington Post, January 23, 2007

LONDON, Jan. 23 -- Global opinion of U.S. foreign policy has sharply deteriorated in the past two years, according to a BBC poll released on the eve of President Bush's annual State of the Union address.

Nearly three-quarters of those polled in 25 countries disapprove of U.S. policies toward Iraq, and more than two-thirds said the U.S. military presence in the Middle East does more harm than good. Nearly half of those polled in Europe, Africa, Asia, South America and the Middle East said the United States is now playing a mainly negative role in the world.

More than 26,000 people were questioned for the survey.

"It's been a horrible slide," said Doug Miller, president of GlobeScan, an international polling company that conducted the BBC survey with the Program on International Policy Attitudes, an affiliate of the University of Maryland. He said views of U.S. policy have steadily declined since the annual poll began two years ago.

In the 18 countries previously polled by the BBC, people who said the United States was having a generally positive influence in the world dropped to 29 percent, from 36 percent last year and 40 percent the year before.

"I thought it had bottomed out a year ago, but it's gotten worse, and we really are at historic lows," said Steven Kull, director of the Program on International Policy Attitudes. Kull attributed much of the problem to a growing perception of "hypocrisy" on the

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part of the United States in such areas as cooperation with the United Nations and other international bodies, especially involving the use of military force.

"The thing that comes up repeatedly is not just anger about Iraq," Kull said, adding that the BBC poll is consistent with numerous other surveys around the world that have measured attitudes toward the United States. "The common theme is hypocrisy. The reaction tends to be: 'You were a champion of a certain set of rules. Now you are breaking your own rules, so you are being hypocritical.' "

The BBC survey found that a majority of those polled hold negative views on U.S. policies on a wide range of issues. Sixty-seven percent disapproved of U.S. handling of detainees at Guantanamo Bay, Cuba. Sixty-five percent disliked the U.S. stance on last summer's military conflict between Israel and the Hezbollah militia in Lebanon, 60 percent opposed U.S. policies on Iran's nuclear program, 56 percent opposed Washington's position on global climate change and 54 percent disapproved of U.S. policies toward North Korea.

"If this keeps up, it's going to be very difficult for the United States to exercise its moral suasion in the world," Miller said.

The survey of 26,381 people was conducted in Argentina, Australia, Brazil, Britain, Chile, China, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Kenya, Lebanon, Mexico, Nigeria, the Philippines, Poland, Portugal, Russia, South Korea, Turkey, the United Arab Emirates and the United States. The polling took place from November to January.

Although Prime Minister Tony Blair has been Bush's chief foreign ally in the Iraq war, British views of U.S. policies were particularly negative. Fifty-seven percent of Britons surveyed said the United States plays a mainly negative role in the world; 33 percent said the U.S. influence was mainly positive, down three percentage points from last year.

Eighty-one percent of Britons opposed U.S. actions in Iraq, while 72 percent said the U.S. military presence in the Middle East provokes more conflict than it prevents. Just 14 percent of Britons said the United States was a "stabilizing force" in the region.

Globally, the most common view in 23 of the 25 countries is that the United States is causing more Middle East conflict than it is preventing; the most common view in only one country, Nigeria, was that U.S. policies were "stabilizing" the region.

Views of U.S. foreign policy are also becoming more negative among U.S. citizens, the poll found. Of the 1,000 Americans surveyed, 57 percent said the United States is having a mainly positive influence in the world. That is down from 63 percent last year and 71 percent two years ago.

Armenian Editor's Death Leads To Conciliation (NYT)

By Susanne Fowler And Sebnem Arsu

The New York Times, January 23, 2007

ISTANBUL, Jan. 22 — The killing of an Armenian-Turkish editor in Istanbul last week and the sorrow it has generated within Turkey are leading to rare conciliatory gestures between Turkey and Armenia, historic enemies, and to calls for changes in laws here defending Turkish identity.

On Monday, Armenian political and spiritual figures accepted an invitation from the Turkish government to attend the funeral of Hrant Dink, the founder of an Armenian-Turkish newspaper, who was killed outside his office on Friday, apparently by a young nationalist fanatic.

The suspect in the slaying, Ogun Samast, 17, was escorted back to the scene of the crime Sunday night by law enforcement authorities.

The head of the Istanbul security forces said that Mr. Samast "was driven to commit the crime by his nationalistic feelings" and had no ties to any group.

Mr. Dink was a staunch defender of free speech and like other intellectuals was prosecuted for insulting "Turkishness" and sentenced to six months in jail, though his term was suspended.

Bulent Arinc, the parliamentary chairman from the ruling Justice and Development Party, said he would back efforts to abolish the measure under which Mr. Dink was prosecuted, known as Article 301.

"It can be discussed to totally abolish or completely revise the Article 301," Mr. Arinc said, adding that members of Parliament "are open to this."

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Despite the fact that the Armenian-Turkish border has been sealed since 1993 and diplomatic relations severed, Armenia is sending a deputy foreign minister, Arman Kirakossian, to the funeral, and the archbishop of the Armenian Church of America, Khajag Barsamian, also accepted the government's invitation to the ceremony.

Earlier, the Armenian defense minister, Serzh Sarkisyan, called for improved relations so that Armenia could "establish ties with Turkey with no preconditions," the Turkish news channel NTV reported.

High-level Turkish government officials are expected to attend the funeral.

Turkey and Armenia have long been at odds over Turkey's refusal to use the term "genocide" to describe the deaths of Armenians beginning in 1915. Many scholars and most Western governments say more than a million Armenians were killed in a campaign they describe as genocide. Turkey calls the loss of life a consequence of a war in which both sides suffered casualties, and has suggested that a group of envoys from each country analyze the history. Armenia has expressed a willingness to participate but insists that the border must first be reopened to trade.

But many Armenians living abroad hold a much harder line and are lobbying the United States and European governments to deny Turkey entrance into the European Union until Ankara recognizes the killings as genocide.

Norman Stone, professor of history at Koc University in Istanbul, said Mr. Dink was killed at a time when Turkey was reacting to pressure to respond to the Armenian issue.

"There are a lot of balanced people here who say, 'Look, the genocide issue is unclear, but if you just leave it as a matter of massacres, then we can start making progress,' " Mr. Stone said.

The funeral is shaping up to be far more than a farewell to a popular though controversial figure. The fact that the government is permitting it to take place on a grand scale is another sign of a change.

A wide boulevard in the heart of Istanbul's main commercial district will be closed to traffic as the funeral cortege gathers outside the offices of the newspaper where Mr. Dink was shot.

The mayor of the district, Mustafa Sarigul, said the local government will hand out carnations and release hundreds of pigeons as a symbol of peace. Mr. Dink once said, "I may see myself as frightened as a pigeon, but I know that in this country people do not touch pigeons."

The procession is expected to advance for about a mile before the body is driven across the Golden Horn to the Kumkapi district for a Christian funeral Mass at the Church of the Virgin Mary. Among the Turkish government officials expected to attend the Mass are the interior minister, Abdulkadir Aksu, and the deputy prime minister, Mehmet Ali Sahin. Burial is to follow at the Balikli Armenian Cemetery.

Most Armenian Turks live in Istanbul, the diverse and cosmopolitan center of Turkey. But the antinationalist demonstrations that followed Mr. Dink's killing also surfaced in places as diverse as Izmir, the Aegean coastal city that is Turkey's third largest, and in Sanliurfa and Hatay, which are close to Turkey's eastern border with Syria.

"Public opinion in both countries, weary of the years-long conflict, had reached a point of explosion," said Kaan Soyak, a director of the Turkish-Armenian Business Development Commission, the only bilateral trade council of Turkish and Armenian executives. "That's what lies behind the massive outpouring for Mr. Dink."

Ethnic Armenian Turks, like Jewish and Greek Turks, are an officially recognized minority group and as such are allowed to operate their own schools. Mr. Dink, for example, attended Armenian schools in Istanbul until entering a state-run university.

Mr. Dink was labeled as a target among nationalist groups on their Web sites. Mr. Samast, the suspect, read and was influenced by those postings, according to the Anatolian news agency.

Seven other suspects were also being detained over the weekend, including Yasin Hayal, who served 11 months in jail for the bombing of a McDonald's restaurant in Trabzon in 2004.

Mr. Hayal, a known nationalist, is suspected of having a history of Islamic militant activity. He attempted to join the rebels in Chechnya but was turned away at the border, his former lawyer, Fatih Cakir, said by telephone on Sunday.

Havva Samast, Mr. Samast's mother, knew that her son and Mr. Hayal were friends.

"I couldn't believe my eyes when I saw him on television and had a shock," she said during a televised interview with the Dogan News Agency from her and her son's home city of Trabzon. "He couldn't have done this on his own. I know that he was friends with" Mr. Hayal.

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But many here still blame Article 301 for Mr. Dink's death and see it as an obstacle to freedom of speech in Turkey.

Assassination Link Embarrasses City (WT)

By Nicholas Birch

The Washington Times, January 23, 2007

TRABZON, Turkey -- Few were surprised in this Black Sea coast city when a local youth confessed over the weekend to the shooting death of Turkish-Armenian journalist Hrant Dink, the latest incident to darken Turkey's international reputation.

"I bet that's the work of a local man" was the instant reaction to news of Mr. Dint's death in the mind of Mehmet Akcelep, a city councilor who has grown used to seeing his hometown in the news for the wrong reasons.

It was here, last February, that a 16-year-old boy fatally shot an Italian priest in the local Catholic church. It was also here, in May 2005, that four students distributing leaflets about prison conditions narrowly escaped death at the hands of a 2,000-strong lynch mob.

Mr. Akcelep did not have to wait long to see his fears justified. Arrested Saturday on an overnight train, 17-year-old high school dropout and amateur soccer player Ogun Samast turned out to be from Pelitli, a suburb of Trabzon.

"I said my prayers and then I shot [Mr. Dink]," Ogun reportedly told interrogators. "I feel no remorse. He said Turkish blood was dirty blood."

Nationalism always has been a fundamental ingredient of Turkish society. As a political movement, it has traditionally been strongest in the towns south of the 13,000-foot-high mountains dividing Trabzon from the bleak Anatolian interior.

Now, Trabzon has become a leading center of militant Turkish nationalism, and locals said the phenomenon could spiral out of control.

"What you have here is a headless monster, a nursery for potential assassins," said Omer Faruk Altuntas, a lawyer and local head of a small left-wing party.

"You may not like its policies, but at least the MHP controls its followers," agreed Mehmet Akcelep, referring to Turkey's biggest extreme nationalist party, the National Movement Party. "But Samast and hundreds of others like him aren't party people; they're free particles."

Locals say the sources of what one Turkish commentator has labeled "banal fascism" in Trabzon are partially economic. Surrounding villages used to be prosperous; then the hazelnut market collapsed and farmers fled to the city in the tens of thousands.

Ogun's district of Pelitli is made up of former villagers forced out of their homes by floods and landslides. Youth unemployment is high and most teenagers while away their time in one of two Internet cafes, or playing soccer.

Those deep-seated grievances have been stoked by the belief that Trabzon has suffered more than its share of casualties in Turkey's 25-year war against Kurdish separatists.

The May 2005 mob attack on four students occurred in an atmosphere of national hysteria triggered by an attempt by two Kurdish teenagers to burn the Turkish flag. Turkey's top general called the flag-burners "so-called citizens."

Critics of developments in Trabzon blame all local authorities, but reserve their harshest words for the press.

"Three or four times, they've pretty much invited people to take out their guns and start shooting," said retired teacher Nuri Topal. The lynch mob formed after local television stations ran news flashes saying the students were separatists.

In most Anatolian towns, few people watch local television or read local newspapers. In Trabzon, both are immensely popular and influential, mainly because of the town's obsessive relationship with soccer.

The only non-Istanbul club ever to win Turkey's soccer league, Trabzonspor is a central part of the city's identity. The club has long been rumored to be close to local mafia groups enriched by Trabzon's key position in Black Sea human-trafficking networks. Many think its influence on local society is negative, too.

"Trabzonspor and its supporters associations have become a semiofficial channel for nationalist thought," said local human rights activist Gultekin Yucesan.

No Quick Moves On Doha Round Likely (USAT)

By David J. Lynch

DOJ_NMG_0120388

USA Today, January 23, 2007

WASHINGTON — Chief U.S. trade negotiator Susan Schwab said Monday there is no prospect of an imminent breakthrough in long-stalled global trade talks.

Schwab leaves Wednesday for the World Economic Forum in Davos, Switzerland, where she plans to meet with counterparts from Europe and key developing nations in hopes of reviving the flickering Doha Round negotiations. The talks, named for the Qatari capital where they began in 2001, deadlocked in July and have made scant progress since then.

"We're still not close, I would say, to being able to sit down as trade ministers to talk about closing a Doha Round deal or to talk about a Doha Round breakthrough in substance," Schwab said in an interview with USA TODAY.

The trade chief said ongoing "technical" talks are advancing and could pave the way for an eventual deal. But major disagreements remain about the numerous components of a global accord billed as reducing trade barriers and promoting growth in developing nations. Any eventual deal would require the U.S. to reduce its farm subsidies in return for expanded access to overseas markets.

"We have a ways to go before we can translate the initial progress we are making on the technical front into a meaningful breakthrough. … It's not going to be at Davos," Schwab said.

The Doha Round was launched after the attacks of Sept. 11, 2001, in hopes of diminishing the economic despair in poorer countries believed to serve as a breeding ground for terrorism.

Now, after more than five years of fitful negotiations, the political calendar is an increasing concern. At the end of June, the president's "fast-track" authority to get congressional approval of trade deals on a straight yes or no vote expires.

The administration plans to seek a fast-track extension, Schwab said. That request is certain to trigger an intense political battle. In 2002, the last time Congress granted the president such powers, the legislation passed the House by just three votes. Achieving a Doha Round breakthrough would make it easier to obtain the extension, she said.

Peter Mandelson, Europe's top trade negotiator, has warned that if Doha Round progress is not made by the end of March, a new global trade deal would have to await the next U.S. president. Schwab rejected that "artificial deadline," but acknowledged that time is running out. "At some point, countries sort of stop paying attention. It stops being a priority. That is the only deadline out there now that we're concerned about," she said.

Still, her toughest bargaining may lie at home with Democrats who control Congress. Key Democrats, backed by the AFL-CIO labor organization, want tougher labor and environmental standards in any new trade deals. Schwab said discussions with the new Capitol Hill powers have only just begun.

European Trade Negotiator Sees Some Hope (NYT)

By Dan Bilefsky And Carter Dougherty

The New York Times, January 23, 2007

BRUSSELS, Jan. 22 — The European Union's chief trade negotiator said Monday that efforts to restart stalled global trade talks were showing new vigor. But he sought to discourage expectations that a breakthrough could come during a meeting of trade ministers this week alongside the Global Economic Forum in Davos, Switzerland.

"We are in the endgame, but we are not in a situation where we have the outlines of an agreement," the trade commissioner, Peter Mandelson, said.

Since Mr. Mandelson met with President Bush two weeks ago, the United States and the Europeans have tried to come up with a formula for cutting agricultural subsidies and tariffs, the major sticking point when the talks collapsed in July.

The talks — called "what if" negotiations by the United States trade representative, Susan C. Schwab — are aimed by each side at sounding out what it would take for the other to improve its offer, American and European officials said. If both sides like what they hear in private, they could try to win over other countries, notably India and Brazil.

"We can move, and we will do so, as long as it's not unilateral and as long as it is in proportion to the effort that others are making," Mr. Mandelson said.

The Europeans would like to see the United States improve its offer of limiting farm subsidies at $22.5 billion — something the Bush administration has said is possible with greater openness in Europe's markets.

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Roughly two dozen trade ministers are expected at an informal meeting Saturday on the sidelines of the economic forum in Davos, providing an opportunity to widen the scope of the talks.

That said, all sides have played down the possibility of tangible progress. One major matter in Davos will be how India reacts. India has proposed using exceptions for “sensitive products” to keep high tariffs on some of the most-traded goods, creating a sharp conflict with advanced industrial nations.

Prime Minister Manmohan Singh, an economist, is thought to be amenable to a trade deal. But his political party depends heavily on the votes of India’s vast rural population, limiting his room to maneuver.

European officials said Monday that the bloc had signaled its willingness to make concessions by reducing barriers to foreign farm products an average of 54 percent. This would bring Europe to a level sought by large developing countries, although it would be only a slight improvement over what Mr. Mandelson hinted last year that Europe might offer.

The European offer depends on an American reduction of farm subsidies to $15 billion or less a year, European Union officials said Monday.

American officials, in turn, have said that for a European offer to be politically viable, the European Union had to raise it significantly above last year’s proposal, and above 54 percent.

Outrage Over British Collusion In N. Ireland Killings (AFP)

By Eamonn Mallie

AFP, January 23, 2007

British police colluded with paramilitaries behind at least 10 murders in Northern Ireland in the 1990s, a damning report said, triggering outrage in Dublin and Belfast and remorse in London.

The report about Protestant militants threatens to cloud current efforts to restore self-rule in the long-troubled British-run province, in which Catholic lack of confidence in policing is a key stumbling block.

"Today's ombudsman's report is deeply disturbing," said Irish premier Bertie Ahern. "Its findings are of the utmost gravity. It paints a picture of despicable past behaviour."

"This was a war of terror that was inflicted on Republican and nationalist people for a very long time," said Sinn Fein head Gerry Adams, whose Republican movement meets next week to decide whether to back the current policing system.

The 160-page study by the Police Ombudsman for Northern Ireland also found evidence linking police informants to 10 cases of attempted murder, 10 punishment shootings and 13 punishment attacks by Protestant outlaws.

The report said that, from 1991-2003, one Ulster Volunteer Force (UVF) informer was paid 79,840 pounds (157,640 dollars, 121,710 euros) including a series of "incentive payments" by his police Special Branch handlers.

Police Ombudsman Nuala O'Loan "established a pattern of work by certain officers within Special Branch designed to ensure that (the informant) and his associates were protected from the law," said the report's authors.

"She also identified a series of instances when they took steps to ensure that police informants who had committed crimes were protected from police officers investigating those crimes and from other agencies within the criminal justice system."

The British government admitted the report made "uncomfortable reading."

A spokesman for Prime Minister Tony Blair said the activities by the Royal Ulster Constabulary (RUC) revealed by the report were "deeply disturbing, wrong and never should have happened."

"The serious failings that have been exposed within parts of the RUC Special Branch ... cannot be justified and no-one should attempt to justify them," added Northern Ireland Secretary Peter Hain.

"They should never have happened."

The report was the result of a three-and-a-half-year investigation centred on activities in north Belfast, during which more than 100 serving and retired police officers were interviewed, 24 of them under caution.

As well as the murders, attempted murders and punishment attacks, the report also cited police informant links with a bomb attack in the town of Monaghan, 110 kilometres (70 miles) southwest of Belfast across the border in the Republic of Ireland.

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The report also said informants were "babysat" by their minders to prevent them incriminating themselves during police interviews.

Britain and Ireland are battling to persuade both sides in Northern Ireland -- Catholic-backed Republicans who want union with Ireland, and Protestant Loyalists who favour keeping ties with Britain -- to end their differences.

Sinn Fein, the political wing of the Irish Republican Army, is resisting cooperation with the Police Service of Northern Ireland, the successor of the Protestant-dominated RUC.

Under the St Andrews Agreement struck last November, power-sharing in Belfast -- foreseen under the 1998 Good Friday Agreement, but suspended for the last four years -- can resume on March 26.

The British government insists it is still possible to achieve that date, but only so long as Sinn Fein agrees to cooperate fully with police in the British-run province.

Serbia Vote Could Lead To Coalition Of Democrats (NYT)

By Nicholas Wood

The New York Times, January 23, 2007

PRISTINA, Kosovo, Jan. 22 — Two leading democratic parties emerged Monday as the groups most likely to form a government in Serbia, despite a first-place showing for a nationalist party in the parliamentary elections on Sunday.

But the prospect of slow negotiations to secure a coalition complicates international efforts to find a solution for the disputed province of Kosovo, which are approaching a turning point.

The nationalist Radical Party took 82 seats in the 250-member Parliament, initial results indicate. A strong performance by the Democratic Party, led by President Boris Tadic, held back the Radicals.

The Democratic Party won 65 seats, according to initial results from the state election committee. Other parties, led by the Serbian Democratic Party — a different group from the Democratic Party — took 47 seats. That positions the two Democratic groups to lead a slightly broader coalition.

It will not be easy, however, because the two main democratic parties have longstanding rivalries, and the prime minister, Vojilsav Kostunica, seems unwilling to negotiate his job away, though his Serbian Democrats came in third.

Western governments are hoping for the installation of a strong negotiating partner in Belgrade as the United Nations prepares to make its proposals for the future of Kosovo, the Serbian province that has been under United Nations control since 1999.

Western diplomats in the region say that a Democratic Party-led coalition would be most able to track down Serbia's remaining war crimes suspects, notably the wartime Bosnian Serb Army commander, Ratko Mladic.

In Brussels on Monday, the European Union pledged to keep its door open to Serbia despite the strong showing by the nationalists. Speaking after a meeting of foreign ministers, Olli Rehn, the European Union's enlargement commissioner, commended the country for conducting a democratic vote.

President Tadic on Monday urged the rapid formation of a new administration, saying he would award the position of prime minister "to the one who has a best chance to gain a majority in the new Parliament."

Mr. Kostunica, the prime minister, who has headed a minority government for three years, said he was "open for talks with other parties." But he implied that Mr. Tadic's party would have to compromise.

The former Finnish president who is the United Nations envoy to the Kosovo negotiations, Martti Ahtisaari, has held back from announcing his proposals for Kosovo's future until the elections were over, in order not to influence them.

A spokesman for Mr. Ahtisaari's office said a version of the document would be presented to diplomats on Friday.

Mr. Ahtisaari's plan is expected to enable Kosovo to seek international recognition, and to transfer supervision of the province from a United Nations mission to a small body led by the European Union.

A 78-day bombing campaign led by NATO forced the Serb-dominated security forces to cede control of Kosovo in 1999, after the forces were accused of committing atrocities against the ethnic Albanians who predominate in Kosovo. In the election on Sunday, Serbs in Kosovo voted, but most Albanians did not.

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Diplomats familiar with the negotiating process say that Mr. Ahtisaari's document, which is ultimately subject to Security Council approval, is unlikely to mention independence explicitly. Instead, recognition of Kosovo would be left to individual countries.

But Russia has said it will oppose any resolution that does not have Serbia's support.

In Serbia, a leading contender for the job of prime minister, Bozidar Djelic of the Democratic Party, suggested that Mr. Ahtisaari should not act until the Serbs form a government, because earlier action on the delicate issue of Kosovo could strengthen the nationalists' position. Under Serbian law, the parties have until the end of April to agree on a coalition, or face the possibility of new elections.

One European affairs analyst suggested that some European Union nations might be reluctant to back a settlement that leads to an independent Kosovo. Spain, Slovakia, Romania, Greece and Cypress have all voiced their concerns about such an outcome.

"It could provide more opportunity for disunity to emerge," said the analyst, Judy Batt, a senior researcher at the European Union Institute for Security Studies in Paris, who was in Belgrade to monitor the elections.

Conversely, she said, "The longer Belgrade takes forming a government, the less sympathy they will have among member states."

Russia Limits Foreign Labor To Fight Illegals (WT)

By Michael Mainville

The Washington Times, January 23, 2007

MOSCOW -- Thousands of migrant workers from the Caucasus, Central Asia and China are leaving Russia as the government institutes tough new measures aimed at cracking down on illegal immigration.

Campaigners against illegal immigration are welcoming the measures, saying low-paid migrants were distorting the job market and taking work from Russian citizens. But critics say the moves are ill-advised because they will drive up retail prices and create a labor shortage that could hurt Russia's booming economy.

About 12 million people, mostly citizens of impoverished ex-Soviet republics who do not require a visa to enter the country, are currently working illegally in Russia, according to analysts.

The new rules set the quota for legal foreign workers at 6 million, while at same time imposing fines of up to $30,000 on companies that employ foreigners illegally. Also, as of this month, only 40 percent of workers in Russia's retail markets are allowed to be foreigners, and none should be by April 1.

Foreign workers have traditionally dominated in Russia's retail markets, with people from Azerbaijan, for example, selling fruits and vegetables, and Chinese selling cheap manufactured goods. Illegal migrants, mostly from Uzbekistan and Tajikistan, are also heavily employed as laborers in the construction industry.

"We aren't wanted anymore, so I guess we'll be going home," said Artak, an Armenian who sells cigarettes and alcohol at a kiosk in central Moscow. "I'll be surprised if they can find a Russian who is willing do this work all day for what they pay me."

With illegal migrants difficult to track, it's not clear exactly how many are leaving Russia. But Russian police have been out in force to enforce the new laws, and signs are that few are taking the risk of staying.

Many stalls at food markets across Moscow are empty as vendors leave the country. Some markets have closed altogether, while others have posted signs looking for vendors with Russian citizenship. Russian television has shown images of empty markets in the Far East, where Chinese stallholders have fled across the border.

A Russian union organizer who works with illegal migrants in the construction industry said companies are throwing thousands of workers off job sites in fear of being prosecuted.

"You used to be able to get off the plane and immediately find work. Now everyone wants to get back on planes to go home," said the organizer, who did not want his name used because he worries that he'll be targeted by authorities.

The new measures appear to be a response to a surge in ethnic nationalism and opposition to immigration that has occasionally erupted in violence. In August, a bomb tore through Moscow's Cherkizovsky market, killing 13 persons, mostly illegal workers from Central Asia.

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Racist attacks have grown dramatically, with at least 53 persons killed last year in racially motivated assaults, according to the human rights group Sova.

Last fall, President Vladimir Putin denounced "ethnic gangs" that control Russia's markets and called for regulation to protect "the native Russian population."

Alexander Belov, the head of the influential Movement Against Illegal Immigration, welcomed the new rules as "a step in the right direction." But he said Russia needs to go further and impose full visa requirements on "people from poor countries who take jobs from Russians and give nothing back to our society."

Russia's population is shrinking by 750,000 people a year and has fallen below 142 million due to low birth rates and high mortality rates, especially among working-age men. There are fears the new measures could lead to an economic slowdown if foreign workers cannot be replaced.

"Most of the migrants working in Russia are doing jobs Russian citizens don't want," said Svetlana Gannushkina, the head of the Migration and Law Network, which assists immigrants.

She said the measures are little more than a populist move ahead of elections to the State Duma, Russia's lower house of parliament, later this year. This could backfire, she added, because the crackdown may also drive up costs in retail markets, hurting Russia's poor.

The average Russian earns only about $5,000 a year, and low-income Russians do most of their shopping in retail markets. "This is going to damage not only migrant workers but also all the people who won't be able to afford to pay more for fruits, vegetables and meat," she said.

The government appears to be hedging its bets promising that prices will not rise and that the April 1 deadline for foreigners to be banned from markets could be extended.

"The laws are aimed at regulating the normal functioning of markets and not at reducing the quantity of goods traded," Economic Development Minister German Gref said in televised comments. "If we see any threat, the time limit can be extended by a government decision."

The Mystery Of The Chinese Baby Shortage (NYT)

By Beth Nonte Russell

The New York Times, January 23, 2007

McLean, Va.

ACCORDING to a State Department report released this week, American citizens adopted 6,493 children from China in 2006, a decline of 18 percent from the previous year's total of 7,906. And yet, just over a month ago, this newspaper reported that China had prepared strict new criteria for foreign adoption applications because the country claimed it lacked "available" babies to meet the "spike" in demand.

China has always limited foreign adoptions, and it does not publish reliable statistics on the number of children in its orphanages. So how is one to know whether the decrease in adoptions reflects a lack of supply or a lack of demand?

In the week following the report on the new guidelines, more than one bewildered person said to me, "But I thought there were lots of babies in orphanages in China!" My response was to helplessly reply, "So did I." My understanding of this was based not on conjecture, but on having been to China twice to adopt, having seen orphanages with my own eyes, and on research and other eyewitness accounts. Many hundreds and perhaps thousands of orphanages operate in China, most of them full of girls.

According to a February 2005 report in The Weekend Standard, a Chinese business newspaper, demographers in China found a ratio of 117 boys per 100 girls under the age of 5 in the 2000 census. Thanks to China's one-child policy, put into effect in 1979 in order to curb population growth, and a strong cultural preference for male children, this gender gap could result in as many as 60 million "missing" girls from the population by the end of the decade, enough to alarm even Chinese officials.

And what happened to these girls? According to the International Planned Parenthood Federation (a term that takes on a whole new meaning when referring to China), there are about seven million abortions in China per year, 70 percent of which are estimated to be of females. That adds up to around five million per year, or 50 million by the end of the decade; so where are the other 10 million girls? If even 10 percent end up in orphanages... well, you do the math.

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A few months ago, in a conversation with my friend Patrick Mason, executive director of the International Adoption Center at INOVA Fairfax Hospital in Virginia, I confessed a growing fear: that China, the country from which my two daughters were adopted, would sooner or later shut down its international adoption program. Dr. Mason immediately dismissed my concern, saying, "The number of orphans is just too great."

And yet, I continued to wonder whether, as China increasingly asserts itself on the world stage and prepares to host the 2008 Summer Olympics, allowing Westerners to adopt thousands of infants each year would fit the image it wanted to project. I suspect not, and China's new restrictions lead me to believe that national pride is more important than getting these children into loving homes.

The issue of abandoned and institutionalized children remains a taboo subject in China, a problem the government does not even acknowledge exists. The impulse to hide it seems to stem partly from embarrassment and partly from fear of revealing the grave human rights abuses the one-child policy has produced; surely, watching a parade of well-off foreigners cart off thousands of babies would make the Chinese authorities understandably uncomfortable.

But the answer is not to stop the foreigners from adopting; it is to put an end to their reasons for doing so. My fondest hope, and the hope of thousands of parents who have adopted from China, is for all the orphanages there to close because there are no more abandoned children to put in them. This will be accomplished only when China decides that there is no economic or political justification for the magnitude of suffering that has resulted from the one-child policy. The government must openly acknowledge the problem, in part by publishing verifiable information about the status of its orphaned children, and take real steps to correct it. To do so would go a long way toward building the international trust and respect China seems to want so badly.

China has announced the lifting of restrictions for foreign journalists in preparation for the 2008 Olympics. Perhaps this will allow reporters to look for answers to some basic questions: how many children are there in institutions in China? If there is nothing to hide, why do visitors need approval to visit orphanages? Why are only certain orphanages allowed to participate in the international adoption program, and what is going on in the ones that are not?

The Hague Convention on Intercountry Adoption, to which China and 69 other countries are signatories, goes a long way toward ensuring against child abduction and trafficking; but it does not include provisions that would require member countries to report such information as the number of children housed in institutions or the criteria used for selecting "suitable" children for adoption.

The treaty states that "for the full and harmonious development of his or her personality," each child should have the opportunity to grow up in a "family environment, in an atmosphere of happiness, love and understanding." Indeed, it requires that each signatory take "as a matter of priority, appropriate measures to enable the child to remain in the care of his or her family of origin." One could argue that China's one-child policy directly violates the treaty by ensuring that many children will not remain in the care of the family but be relinquished to the care of the state.

Under the new Chinese adoption guidelines, the international adoption celebrity Angelina Jolie could not adopt from China (she's not married, and alas, she and Brad have more than two divorces between them, which is a no-no); nor could the actress Meg Ryan (again, not married). Another person who is not eligible is yours truly. My husband is over 50, so I would have to trade him in, marry again, wait the required five years (another new rule) before beginning the adoption process, and by that time I would be sneaking up on 50 myself.

It is comforting to know that Madonna is still eligible, at least until she turns 50, gets fat (the new regulations call for a body mass index of less than 40), gets divorced or goes broke (anyone with a net worth of under $80,000 is excluded).

The Chinese have asserted that the demand for adoptions far exceeds the number of babies it deems "available," based on criteria that have never been made public. We can only wonder how many babies will be left behind by Beijing's new policies — perhaps spending their lives in institutions because of these arbitrary and artificial limits.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Al Qaeda Linked To Plot To Use Student Visas (LAT)

By Josh Meyer,

The Los Angeles Times, January 23, 2007

Papers found in an Iraq militants' hide-out refer to a plan to get terrorists into the U.S., though none did.

WASHINGTON — Al Qaeda's Iraq-based faction considered trying to use student visas to get a dozen or more operatives into the United States to launch an attack, a ploy that was successful for one of the hijackers in the Sept. 11, 2001, attacks, U.S. counter-terrorism officials confirmed Monday.

The plot appeared to be little more than an informal list of Al Qaeda-affiliated operatives and initial plans found during a search of a militants' hide-out in Iraq shortly before Al Qaeda in Iraq leader Abu Musab Zarqawi was killed in a U.S. airstrike in June, said one official.

But it was deemed serious enough to alert the FBI and the Department of Homeland Security, which mobilized agents in the United States to look for possible terrorists and for signs of attempted infiltration, said the official, who spoke on the condition of anonymity because he was not authorized to discuss classified details of the case.

"Almost anything from Al Qaeda in Iraq is taken very seriously.

"Even though they don't normally operate beyond the region, the fact that they were thinking about that, and considering this method to enter the country, is serious in and of itself," said the U.S. official.

In the end, U.S. authorities concluded that none of the operatives had entered the United States, that one of its leaders was already dead and that the effort never got off the drawing board, the official said.

The plot was confirmed by a second U.S. counter-terrorism official, who described the seized document as showing the scheme to be a group of men "discussing ideas, not an actual operation that was in progress."

Details of the nascent plot were first reported Monday by ABC News.

It also was cited by Lt. Gen. Michael D. Maples, head of the Defense Intelligence Agency, during his testimony two weeks ago at a Senate Intelligence Committee hearing on threats to the United States.

Maples did not provide any details, saying only that documents seized by coalition forces "revealed [Al Qaeda in Iraq] was planning terrorist operations in the U.S."

The FBI issued a statement late Monday, saying it "has been aware of the information cited by the DIA…. Based on this information, we have no indication of a specific threat at this time."

The U.S. counter-terrorism officials said that Al Qaeda operatives appeared to have begun discussing the plot sometime after Al Qaeda's No. 2 leader, Ayman Zawahiri, sent Zarqawi a letter encouraging him to launch attacks far beyond the borders of Iraq.

One of the 19 Sept. 11 hijackers, Hani Hanjour, was allowed into the country on a student visa from Saudi Arabia after being turned down for a tourist visa, Janice L. Kephart, the former immigration counsel to the Sept. 11 commission that investigated the attacks, said Monday.

U.S. authorities now require that schools keep much closer tabs on visiting students.

Also on Monday, a Washington-based terrorism analysis group released a videotape in which Zawahiri purportedly ridiculed President Bush for his recently announced plan to send more than 20,000 additional American troops to Iraq to counter the increasing bloodshed and sectarian violence.

In the 14-minute videotape released by the SITE Institute and later broadcast on Islamist websites, Zawahiri challenged Bush to send "the entire army," vowing that insurgents could defeat the equivalent of 10 armies.

U.S. intelligence officials believe Zawahiri is hiding out in Pakistan or just over the border in Afghanistan, but is separated from Al Qaeda leader Osama bin Laden.

In his latest tape, which included English subtitles, Zawahiri described Bush's Jan. 10 address in which he outlined his new proposal for Iraq as "ravings."

He also said U.S. and allied forces have not deprived Al Qaeda of a haven in Afghanistan, and he reiterated an earlier offer to Americans to reject Bush administration policies if they wanted to avoid being attacked by Al Qaeda and militant Islamists.

*

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The America Terrorists Never See (USAT)

By Dinesh D'souza

USA Today, January 23, 2007

Congress and the Bush administration are reconsidering America's policy toward Iraq, a topic that the president is sure to emphasize in his State of the Union address tonight. But perhaps a more radical re-examination is necessary.

More than five years after 9/11, we are still under the illusion that America is fighting a war against the enemies of modernity. We hear that these people are against modern science, modern capitalism and modern democracy. In President Bush's words, "They hate our freedoms."

Many of us think of radical Muslims as semiliterate seminarians or mullahs, the product of fanatical madrassa schools. But if you consider the suicide bombers who struck at 9/11, or in Madrid, or in London, most were born in the West, studied in the West, or lived in the West, and had scientific training. Osama bin Laden was a civil engineer, his deputy Ayman al-Zawahiri a medical doctor, Khalid Sheikh Mohammed (the chief architect of 9/11) a mechanical engineer, Muhammad Atta (head of the Hamburg group) an urban planner. The man who beheaded journalist Daniel Pearl attended the London School of Economics.

If the radical Muslims aren't opposed to science, neither do they reject capitalism. Historically, Islam has been quite friendly to free markets. The prophet Muhammad was a trader. The bin Laden team targeted the World Trade Center not simply because it represents capitalism, but because it represents U.S. capitalism, which is viewed as exporting the debased values of U.S. popular culture to the Islamic world.

Finally, in recent years Islamic radicals have become converts to the benefits of democracy. True, the Taliban hated democracy and bin Laden still rails against elections, charging that they substitute the will of the people for the will of God. But radical Islam's leading groups, such as Hamas, Hezbollah and the largest one, the Muslim Brotherhood, all support elections. Indeed they are, according to Islam expert Noah Feldman, "the loudest voices calling for democracy in nearly every Muslim country." This is not because their leaders have been reading John Stuart Mill or The Federalist Papers. Rather, these groups support democracy because they have discovered that it is their best way to win power.

The first lesson came in the early 1990s when a Muslim radical group called the Islamic Salvation Front ran on a platform of reinstituting Islamic holy law and won electoral victories in Algeria. More recently, Hamas was freely elected in the Palestinian territories, and the Muslim Brotherhood swept the 2005 parliamentary elections in Egypt. Hamas leader Sheikh Nayef Rajoub says radical Muslims have learned to love "the democracy game." And even though it has been called a terrorist group, Hamas thus far has governed like any elected government.

So, for now, Islamic radicals find it in their interest to embrace democracy. What they do when they lose their first election remains to be seen.

Radical Islam's main charge against America is that we are a decadent, immoral society that is projecting its culture and values throughout the world and threatening their faith. This is the basis of bin Laden's call to jihad. U.S. military power is viewed by many as one means for transmission of American values to the Muslim world, which is why radical Islam has been gaining recruits.

So how should the Bush administration respond? First, it should stop calling for democracy worldwide. Is America willing to risk a free election in Saudi Arabia in which bin Laden supporters take control of two holy sites and a significant portion of the world's oil? Of course not. Foreign policy is not philanthropy.

Iraq is part of a legitimate American effort not to have democracy everywhere but to have democracy somewhere. A pro-American democracy in the region would give traditional Muslims an alternative to the two bleak options currently on offer in the Middle East: Islamic tyranny (as in Iran) or secular tyranny (as in Syria, Jordan, Egypt, etc.). The radical Muslims are fighting so desperately in Iraq because they don't want Muslims to have a third choice that may prove vastly more attractive.

The best way for America to refute the radical Muslim allegation that we are an immoral, pagan society is for the Bush administration to show the rest of the world the face of traditional America. This is the America that is not portrayed by Hollywood and the music industry, and it is an America that the Muslims rarely see. Bush should highlight this America in his foreign policy speeches. He should not hesitate to speak out against American cultural exports that are shameless and corrupting. And America should promote traditional family values, not feminism and homosexual rights, in international forums like the United Nations.

If traditional Muslims realized that there are millions of Americans who go to church, take care of their families and live by traditional values, they would be less likely to view us or our leaders as the Great Satan, and fewer of them will be tempted to join the camp of the Islamic radicals. Improving our moral reputation is not just a way to look better, it may also be the best long-term strategy to make our country safer.

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Dinesh D'Souza's new book is The Enemy at Home: The Cultural Left and Its Responsibility for 9/11. D'Souza is the Rishwain Fellow at the Hoover Institution.

Prosecutors Say Padilla Defense Leak Could Taint Jury (AP)

By Curt Anderson, AP Legal Affairs Writer

AP, January 23, 2007

The leak of transcripts of Jose Padilla's intercepted telephone conversations by a defense lawyer to The New York Times violated a court order and could jeopardize selection of an impartial jury, federal prosecutors said Monday.

"There is no question that the disclosure was calculated and deliberate, with the effect of exposing potential jurors to evidence before it is introduced at trial when both sides will have the opportunity to argue its significance," prosecutors said in court papers.

U.S. District Judge Marcia Cooke has scheduled a hearing Wednesday on the issue, the latest in a string of complications to arise in the case of the alleged al-Qaida operative.

Padilla, a 36-year-old U.S. citizen and former Chicago gang member, is charged with being part of a North American cell that provided cash, supplies and recruits to Islamic extremists. Originally accused of plotting a radioactive "dirty bomb" attack after his 2002 arrest, Padilla was designated an enemy combatant by President Bush and held without criminal charge at a Navy brig for 3 1/2 years.

He was added to an existing Miami terrorism-support case in late 2005 during a legal battle over the president's wartime detention powers. The dirty bomb allegations are not mentioned in the Miami indictment.

Three Miami-based public defenders representing Padilla - Michael Caruso, Anthony Natale and Orlando do Campo - admitted in court papers that "one of Jose Padilla's counsel" provided the transcripts to a Times reporter for a story published Jan. 4. The lawyer responsible was not identified.

Padilla is also represented by attorney Andrew Patel of New York, but his name does not appear on the document acknowledging responsibility for the leak.

The seven transcripts were covered by a June 21, 2005, order by Cooke prohibiting dissemination of "sensitive" evidence. The transcripts were declassified telephone intercepts on which Padilla's voice is heard that were obtained under the Foreign Intelligence Surveillance Act.

Prosecutors contend that their disclosure violates Florida Bar and American Bar Association rules governing attorneys' professional conduct. Penalties for such violations vary greatly, from jail time in extreme cases to a judicial reprimand.

The defense lawyers said in their own court papers that disclosure of the transcripts was "born of confusion" about the judge's order. Because the 2005 order had been replaced in 2006, not everyone on Padilla's team understood that the rules regarding sensitive material still applied.

Prosecutors, however, cast doubt on the argument, noting that Assistant U.S. Attorney Russell Killinger said in a letter when the transcripts were turned over to the defense on Jan. 23, 2006, that they were "sensitive discovery materials" covered by Cooke's original order.

Prosecutors accused defense lawyers of "whipping up a media frenzy" that could taint the pool of prospective jurors.

A spokeswoman for The Times declined comment. None of the four defense lawyers responded to e-mail messages seeking comment about the latest government claims.

The Padilla trial had been scheduled to start Monday but was delayed until April, in part to allow time for a mental competency evaluation. Two mental health experts hired by Padilla's lawyers say he suffers from post-traumatic stress disorder stemming from his long isolation in military custody and is unable to adequately assist in his own defense.

Padilla's lawyers claim he was tortured while in the brig and are seeking dismissal of the charges on that basis. Pentagon and Justice Department officials have denied those.

Editorial: Congress Must Press For FISA-rule Details (MINNST)

Minneapolis Star Tribune, January 23, 2007

Crucial questions remain about new NSA wiretaps.

Just watching Alberto Gonzales being grilled over the Bush administration's new, classified domestic-surveillance agreement with the FISA court was an exercise in frustration. One can only imagine what it was like for the senators doing the grilling; they were simply trying to figure out whether the deal undermines or meets the intent of their own law to protect Americans' privacy.

They didn't get very far. In Thursday's Judiciary Committee hearing, the ever soft-spoken, ever genial attorney general would neither describe FISA orders that ended the warrantless wiretap program nor agree that senators had a right to see them.

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That stance is untenable. Congress passed the Foreign Intelligence Surveillance Act to prevent unlawful eavesdropping by government, and it cannot determine whether to give congressional blessing to the new rules or amend the FISA law unless its members -- who are accustomed to receiving sensitive, classified material -- know how the rules work. Congress must press the White House until it gets the information.

After more than a year of defending its warrantless surveillance on the basis of executive authority, the administration has clearly done some fast footwork in the face of two new factors: an emboldened, Democratic-led Congress and the prospect of imminent federal appeals-court proceedings on its wiretap program.

Talks between the executive branch and the FISA court reportedly accelerated after the November elections. According to the Los Angeles Times, government officials said the negotiations "centered on securing an agreement that would allow the administration to seek warrants on groups of people in certain circumstances, rather than being required to obtain separate court orders for every individual under suspicion." The Times said the changes "appear to require individual warrants when the target is a U.S. citizen or has permanent legal resident status."

But senators heard no such explanation from Gonzales. They must persevere until they do.

Editorial: End To Warrantless Taps? (STNIA)

Staten Island Advance (NY), January 23, 2007

Late last week U. S. Attorney General Alberto Gonzales, in a two-page letter to members of the Senate Judiciary Committee, announced the death of the Terrorist Surveillance Program, the super-secret program authorized by the president to eavesdrop on phone calls and e-mails of Americans believed to be communicating with suspected terrorists.

Mr. Gonzales' announcement ended a 13-month brewing battle over the constitutionality of the Terrorist Surveillance Program, the warranteless wiretapping conducted by the Bush administration, which had vehemently defended its right to conduct super-secret eavesdropping on phone calls and e-mails of Americans without going through the well-established legal channels before doing so.

The president and Mr. Gonzales, as well as other members of the Bush administration have vehemently defended the program, insisting that it was "critical," "vital," and "crucial to our national security," ever since The New York Times broke the news that the program existed, catching Americans off-guard.

The administration has also claimed that it did not need to request and receive a warrant from the appropriate court -- the Foreign Intelligence Surveillance Act (FISA) court, the sole purpose of which is to monitor the government's wiretapping and monitoring of Americans.

Critics of the National Security Agency program have said from the beginning that FISA should handle the program in the first place. Yet the government argued that going through the FISA court took too long; they said it would impede the program's "speed and agility."

They argued that NSA, the government's eyes and ears of worldwide communication, needed to be able to listen to terror suspects as they moved throughout the world and communicated with people within the U.S. Now, it appears that the "speed and agility" issue is a moot point. And that the White House has beat a hasty retreat.

Or has it?

Democrats are crowing that the Bush administration could no longer -- in the face of widespread criticism from scholars and some Justice Department lawyers -- defend its actions.

But one senior Justice Department official said: "Obviously, this issue of the terrorist surveillance program is one that has been under intense public debate and scrutiny ... considering all of these circumstances, the president determined that this was the appropriate course."

Mr. Gonzales, appearing on the Hill last week, and under intense questioning, said: "We believe the court's orders will allow the necessary speed and agility the government needs," he said. When asked if the court is now a 24-hour drivethru for electronic surveillance, a senior Justice official said that "the judges of the FISA court often make themselves available at all hours to approve emergency authorizations. So that's not something new."

A former Justice Department official has told CBS News that emergency wiretaps can be started and the necessary paperwork can be completed retroactively. Which by the way, was always the case, and the main argument advanced by critics of the program in response to the administration's claim that going through FISA took too long.

So, has the administration actually backed down on one of its key interpretations of executive power?

Already some are speculating that the Gonzales letter is really a Trojan Horse. They claim that a closer reading of the letter provides a major, unresolved loophole the administration plans to exploit.

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As one expert pointed out, the National Security Agency surveillance program and the FISA system, as it currently exists, are fundamentally incompatible. Any hasty reconciliation of the two, he said, would involve either a "dramatic revision" of U.S. espionage activities or a very creative reading of the wiretapping statute. The question, he said, is which one?

Critics have also questioned the timing of the Bush administration's policy change, coming two weeks before scheduled oral arguments in the 6th Circuit Appeals Court of a trial court's finding that the wiretapping program is unconstitutional.

Regardless, of which side of this debate readers fall, the program raised troubling questions, not the least of which is the extent and depth of presidential powers even in the time of war.

We also find ourselves wondering why the Bush administration felt it necessary to make an end run around FISA in the he first place, especially in light of the fact that the court in all of its years has only turned down a handful of requests out of the thousands it has granted.

In addition, New York Democratic Sen. Charles Schumer pointed out that the White House is labeling its cooperation with FISA as a courtesy, and not a legal obligation, meaning the administration does not feel bound to follow a new set of procedures.

"Just as you instituted this program," Mr. Schumer said, "you could just go back to it if you get a decision you don't like."

That fact is the most worrisome about this whole affair, that the White House, having publicly announced its compliance, would behind the scenes still do just the opposite.

We will, for the moment at least, reserve judgment, but urge Congress to continue oversight of this program to ensure that the administration keeps its promise to the American people.

Editorial: Change Of Tactic Only (MJS)

Milwaukee Journal Sentinel, January 23, 2007

Congress and the courts must not be placated by the administration's alleged change of position on spying. It's? a matter of accountability and constitutional obligation.

"The truth of the matter is we looked at FISA, and we all concluded there's no way we can do what we have to do to protect this country under the strict reading of FISA."

Attorney General Alberto Gonzales to the Senate Judiciary Committee last week

The element of the Foreign Intelligence Surveillance Act that likely caused such consternation? The one that said eavesdropping on Americans should occur with a warrant. And the all-too-typical administration response? Ignore the law.

FISA actually is abundantly clear on this matter of warrants. Nonetheless, the administration had some choices. It could have asked Congress to change the law. It might have noted another part of FISA that allowed warrantless surveillance on an emergency basis for 72 hours before the warrant was requested.

Instead, the Bush administration followed the now familiar script - it ignored the law until it looked as if it would be forced to comply. Last week, the Justice Department announced that it would put its surveillance program under FISA court supervision. This occurred weeks after Democrats assumed control of Congress, just before Gonzales was to appear before the Senate committee and two weeks before a federal appeals court in Cincinnati was going to hear arguments about whether the program is legal. The administration's change of heart was clearly no coincidence.

Among other things, it now hopes that the court challenges to the program will be ruled moot. It also is gambling that Congress will be placated. Neither should occur.

That's because still unexplained is whether this change means each individual warrant has to gain court approval or whether the court will use blanket approvals. The former is what should be occurring.

Also left unclear is whether the administration - which has claimed the president had the constitutional authority for warrantless eavesdropping - has in fact been spying on Americans with no connection to terrorism.

As for the court cases, a New York Times analysis Friday by Adam Liptak observed that the Supreme Court has ruled such court cases are moot only if it is "absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur."

Anyone buying that with this administration's track record?

Congress must continue its oversight of this program. The court cases challenging it must also proceed. There are simply too many unanswered questions.

The President Is More Equal? (WT)

By Bruce Fein

The Washington Times, January 23, 2007

George Orwell had his "Animal Farm," and Attorney General Alberto Gonzales has his version of the Constitution.

According to the attorney general, the three branches of the government are equal, but President Bush is more equal than Congress or the Supreme Court. Thus, the president is constitutionally empowered to open mail, conduct electronic surveillance, break and enter homes, or torture detainees in defiance of federal statutes. Congress is impotent to check the president's national security powers to prevent the massive intelligence abuses disclosed by the Church Committee, including the gathering of political intelligence under a false foreign intelligence banner. Mr. Gonzales further lectures that the president is authorized to sign bills passed by Congress but to disregard those portions he asserts are unconstitutional, which is tantamount to a line-item veto power rejected by the Supreme Court in New York v. Clinton (1998).

He adds that President Bush, like British kings, can do no wrong in national security matters. Thus, the Supreme Court improperly rebuked the commander in chief over indefinite detentions of alleged unlawful enemy combatants, habeas corpus and military commissions by disputing Mr. Gonzales' doctrine of presidential infallibility doctrine.

The Founding Fathers, in contrast, believed the three branches of government should be equal in the Constitution's checks and balances. Since men were not angels -- even saintly President George Washington -- ambition must be made to counteract ambition to forestall the tyranny of "Animal Farm." Judicial review of presidential actions was enshrined in the expectation the White House would chronically seek to usurp or misuse power to boost its political standing, especially in times of conflict.

The Supreme Court adjudicates the constitutionality of national security measures not because it commands military expertise or foreign intelligence genius. On the latter counts, the president is demonstrably superior. But the commander in chief, unlike the justices, is institutionally motivated to twist the law or distort the facts to gain a direct political advantage.

Mr. Bush, for example, benefits from the hundreds of alleged enemy combatants held at Guantanamo Bay irrespective of whether the detentions are justified. Detainees in large numbers testify to the president's dubious claim that international terrorism is as dangerous to the nation as were Josef Stalin, Adolf Hitler or Hirohito.

While a former commandant and deputy commandant have opined that most of Guantanamo's detainees do not belong there, reducing the number to a handful would be a staggering political embarrassment to Mr. Bush. How can the nation's clash with international terrorism be deemed "war" without a sizable collection of captured illegal enemy combatants on display? The same reasoning will incline Mr. Bush's military commissions established to try alleged war crimes to convict every accused al Qaeda defendant. Any acquittal would undermine Mr. Bush's hyperbolic claim of a Manichean battle between international terrorism and Western civilization.

All presidents are irresistibly tempted to indiscriminate or wrongful detentions, punishments or overreaching whenever exigencies arise to generate popular political support or to justify the indefinite exercise of emergency or war powers. The White House gains from inflated fears. The justices of the Supreme Court do not. Neither do they possess a personal political agenda that would systematically warp their constitutional judgments in favor or against the president's national security actions. That is why the Founding Fathers did not exclude the latter from judicial review, which history vindicates.

President Harry Truman insisted seizing steel mills was essential to the Korean War effort. The Supreme Court voided the seizure in Youngstown Sheet & Tube v. Sawyer(1952), and Truman was proved wrong.

President Richard M. Nixon maintained that publication of the Pentagon Papers would irreparably damage the United States in Vietnam. The Supreme Court rejected the claim in New York Times v. United States (1971), and Nixon was proved wrong.

President Bush asserted that any judicial review of his decision to detain American citizens indefinitely as enemy combatants would cripple the fight against international terrorism. The Supreme Court repudiated the claim in Hamdi v. Rumsfeld (2005), and Mr. Bush was proved wrong. It speaks volumes that Attorney General Gonzales has failed to cite even one Supreme Court decision which he believes handicapped the president's national security performance.

When the Supreme Court virtually abdicated judicial review in line with the attorney general's views, mass injustice ensued. With congressional support, President Franklin D. Roosevelt interned 120,000 Japanese Americans five months after Pearl Harbor to placate popular racism. Not a crumb of evidence of disloyalty or sabotage was ever forthcoming. The Supreme Court ratified that abomination through blind deference to the commander in chief in Hirabiyashi v. United States (1943), and Korematsu v. United States (1944). Congress later apologized in the Civil Liberties Act of 1988.

Notwithstanding the attorney general, the equilibrium of power among the legislative, executive and judicial branches has proven the best way to preserve an enlightened democratic dispensation for the ages.

Bruce Fein is a constitutional lawyer and international consultant with Bruce Fein & Associates and the Lichfield Group.

Bush's Abrupt About-face On Wiretaps Is Welcome (CCCT)

Corpus Christi (TX) Caller-Times, January 23, 2007

Decision to abandon insistence that such surveillance could be conducted without warrants came late in the day, however.

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A year ago, when the program of warrantless wiretapping of overseas calls came to light, the Bush administration argued strongly that the surveillance was outside the purview of the courts.

By virtue of the president's executive powers on behalf of national security, the White House said, the administration already had the power to monitor those communications.

And aside from the inherent powers that gave the president the right to monitor those calls, the kind of massive electronic eavesdropping that was being done by the National Security Agency simply made the Carter-era Foreign Intelligence Surveillance Court an outmoded tool for dealing with the threat of terrorism.

Trust us, the White House said reassuringly: The program has all the necessary constitutional protections built into its system without any courts.

Then the November elections happened. And last week, in a quiet turnabout, the Bush administration announced that it was discontinuing the program of warrantless wiretaps and said that any future wiretaps would be done under the authority of the FISA Court.

It was a welcome change of method, even if it did not represent a change of heart on the part of the Bush White House.

The administration still believes that what it was doing before was not against the law, although a federal court had already found the program to be unconstitutional. It was highly likely that an appeal court later this month would have upheld the trial court.

The administration, before the takeover of Congress by Democrats, might have been inclined to continue the legal fight.

However, pragmatism, if not respect for the Constitution, prevailed. Not by coincidence did Attorney General Alberto Gonzales announce the change just as he was about to testify for the first time before the new Congress.

The warrantless wiretapping program was an abuse of presidential powers and its dismantling should be welcomed by Americans. The program, while it operated, overrode one of the basic constitutional protections against unreasonable searches and seizures by the power of the state. That abuse fit the Bush administration's view that national security trumps all other concerns, when in fact the need to preserve our way of life in times of crisis demands that we uphold those constitutional protections then more zealously than ever.

Canadian To Remain On U.S. Terrorist Watch List (NYT)

By Scott Shane

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — Despite a Canadian inquiry that cleared a Syrian-born Canadian citizen of any terrorist ties, the Bush administration has formally refused a Canadian government request that it remove the man, Maher Arar, from the terrorist watch list, saying that the United States has secret information justifying his inclusion.

On Monday, the Justice Department released a letter affirming Mr. Arar's listing sent last week by Attorney General Alberto R. Gonzales and Michael Chertoff, the homeland security secretary, to the Canadian minister of public safety, Stockwell Day.

In the letter, dated Jan. 16, Mr. Gonzales and Mr. Chertoff said their departments and American intelligence agencies "have re-examined the materials in the possession of the United States regarding Mr. Arar. Based on this re-examination, we remain of the view that the continued watch listing of Mr. Arar is appropriate."

After the letter was sent, Mr. Day met last week with Mr. Chertoff and Mr. Gonzales and reviewed the American dossier on Mr. Arar in its entirety, but still disagreed with the American decision, Canadian and American officials said.

For human rights advocates, Mr. Arar became a symbol of the United States' counterterrorism policies gone drastically awry, when he was detained in New York in 2002 while trying to change planes and then sent to Syria. He was imprisoned in Syria for more than a year and beaten repeatedly with a heavy metal cable before the Syrian authorities released him in October 2003.

A two-year investigation by a Canadian government commission concluded in September that Mr. Arar had no terrorist ties and that the Canadian authorities had passed misleading information about him to the United States before he was sent to Syria. The revelations led to the resignation of the head of the Royal Canadian Mounted Police and a formal protest by the Canadian government to the Bush administration over Mr. Arar's treatment.

The Bush administration refused to provide documents or witnesses to Canada's Arar Commission, and it has never admitted to any mistakes in its handling of Mr. Arar.

At a hearing last week, Senator Patrick J. Leahy, a Vermont Democrat who is the new Democratic chairman of the Senate Judiciary Committee, angrily pressed Mr. Gonzales about the case. In a statement on Monday, Senator Leahy said he was "puzzled" by the decision to keep Mr. Arar on the watch list.

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"This abhorrent practice stains America's reputation as a defender and protector of human rights, and I hope this administration will renounce it at long last," Senator Leahy said. Mr. Gonzales has agreed to brief Mr. Leahy and Senator Arlen Specter of Pennsylvania, the top Republican on the committee, on the case.

Spokesmen for Mr. Gonzales and Mr. Chertoff declined on Monday to discuss the case, noting that a federal lawsuit filed by Mr. Arar against the United States government and dismissed last year is still on appeal.

An attorney for Mr. Arar, Maria C. LaHood, said the recent exchange provided more support for a statement last month by the Canadian prime minister, Stephen Harper, that "we simply have a U.S. government that won't admit it's wrong."

U.S. Officials: Canadian Should Stay On Terror List (CNN)

CNN.com, January 23, 2007

WASHINGTON (CNN) -- American officials said Monday that a Canadian should remain on a U.S. terrorist watch list despite the Canadian government's conclusion otherwise and its apology after the designation led to his detention in Syria.

In a joint letter, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff informed Stockwell Day, Canada's minister of public safety, that they had again looked at intelligence in their possession concerning Maher Arar.

"Based on this re-examination, we remain of the view that the continued watch listing of Mr. Arar is appropriate," the U.S. officials said.

"Our conclusion in this regard is supported by information developed by U.S. law enforcement agencies that is independent of that provided to us by Canada regarding Mr. Arar."

In 2002, U.S. officials detained Arar at a New York airport as he was trying to return home to Canada from a vacation in Tunisia. Canada had placed Arar, a Syrian native, on a terrorism watch list. He said the United States arrested him and eventually sent him to Syria, where he allegedly was tortured and held for 10 months.

In September, a Canadian report concluded that Arar wasn't a terrorism suspect. Gonzales has said the U.S. legally deported Arar and didn't send him to Syria to be tortured. Syria defends its handling of the case, saying a Canadian diplomat visited Arar twice and found he was treated well. Human rights groups widely criticize the Damascus government for torturing prisoners

The Arar case has been politically charged. Last week, Sen. Patrick Leahy, chairman of the Senate Judiciary Committee, sharply criticized Gonzales about the case during the attorney general's appearance before the panel.

On Monday, Leahy complained the letter does not address what he called "the larger issues surrounding this case."

"The reason the Arar case is such a sore point and such an offense to American values is that he was sent to Syria on the Bush administration's orders, where he was tortured," Leahy said in a written statement.

He said he was puzzled by the decision to keep Arar on the watch list, but said he would await a promised briefing by Gonzales.

Justice Department officials said Monday that the attorney general will inform the lawmaker why the Bush administration believes Arar should remain on the watch list.

In their letter to the Canadian minister, the U.S. officials said they would like to brief the Canadians "in a confidential meeting with appropriate Canadian officials at their earliest convenience."

US Still Considers Mistreated Canadian Arar Suspicious (AFP)

AFP, January 23, 2007

The United States still considers a Canadian it detained in 2002 as an "Islamic extremist" and sent to Syria, where he says he was tortured, a suspicious person, despite Canada finding him free of suspicion, a US officials said in a letter.

The letter, written last week by the US Attorney General Alberto Gonzales and Homeland Security chief Michael Chertoff, said that the US still maintains Maher Aher, who was cleared last year of terror ties by Ottawa, on a watch list based on US intelligence.

"Our departments, in conjunction with the intelligence community, have reexamined the materials in the possession of the United States regarding Mr. Arar. Based on that reexamination, we remain of the view that the continued watch-listing of Mr. Arar is appropriate," it said.

The letter said the basis for this conclusion is based on US information "independent of that provided to us by Canada regarding Mr. Arar."

Arar, who holds dual Canadian-Syrian citizenship, was detained by US authorities in New York while in transit from Tunisia to his home in Canada in September 2002 and deported to Syria where he was jailed for nearly a year.

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After his return to Canada, Arar said he had been tortured and that both his arrest by the United States and interrogations in Syria were based on Canadian intelligence.

He has filed multimillion-dollar lawsuits against the governments of Canada and the United States.

Last September Canadian Public Safety Minister Stockwell Day said he had advised Chertoff that a public inquiry had found "no evidence against Mr. Arar" and that Canada had stripped Arar's name from security lists.

"We want the government of the United States to do the same thing," he said.

On Monday, the US Center for Constitutional Rights, which is supporting Arar in his legal efforts, denounced the US keeping Arar on its watch list.

"It is now crystal clear that the US has shown everything it has on Mr. Arar to Canada, and that there is no reason for him to be on a watch-list," said center attorney Maria LaHood.

US Senator Patrick Leahy criticized the stance of the administration of President George W. Bush on Arar Monday.

"The reason the Arar case is such a sore point and such an offense to American values is that he was sent to Syria, on the Bush administrations orders, where he was tortured.

"Yet the Bush administration has yet to renounce the practice of sending detainees to countries that torture prisoners, and it has yet to offer even the hint of an apology to Mr. Arar for what he endured with our governments complicity."

Deputy Assistant Secretary For The Indefensible (WP)

By Richard Cohen

The Washington Post, January 23, 2007

"On the cold moonlit evening of March 5, 1770," writes David McCullough in his magisterial "John Adams," "the streets of Boston were covered by nearly a foot of snow." A crowd set upon a lone British sentry at Boston's Province House, taunting him. Quickly, reinforcements arrived, and so did a larger crowd. Soon the crowd hurled snowballs, chunks of ice, oyster shells and stones. The soldiers, now nine, opened fire, killing five Bostonians -- "bloody butchery," Samuel Adams called it. Only one lawyer would defend the British soldiers. He was a different Adams -- John Adams, a good man on the path to being great.

I resurrect this tale about Adams because it is sorely needed. Just this month, an official in the Bush administration, a deputy assistant secretary of defense named Charles D. Stimson, suggested that lawyers who defend terrorism suspects being held at Guantanamo not only should not do so but that their firms ought to be blackballed as a result.

"I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," he said in a radio interview. You may want to read that again.

It's hard to know where to begin. Shall it be with the notion that the Sept. 11 terrorists did not so much murder about 3,000 people as hit the "bottom line" of American corporations? This is a stunningly original take on that awful day, an auditor's reading of history that Stimson, in the spare time he deserves to have in abundance, might want to apply to the bombing of Pearl Harbor or the burning of Atlanta. I doubt that any CEO looks at Sept. 11 as a bad day at the office.

More to the point, what sort of lawyer -- and Stimson is one -- not only thinks that a terrorism suspect does not deserve counsel but that the counsel ought to be punished as a result? It's hard to fathom a lawyer saying such a thing -- even hard to fathom it from a mere citizen.

It would be just a waste of my time, I suppose, to point out that the Guantanamo suspects are just suspects, convicted so far of nothing. In fact, some of them have been released and others, arrested and held elsewhere, turned out to not be the mass murderers and master criminals the government, in a fit of hype, originally accused them of being. Anyone who thinks all prosecutors speak nothing but the truth need only familiarize themselves with the case of the lacrosse players at Duke. There's a sad lesson in American jurisprudence for you.

Naturally enough, Stimson's repudiation of everything John Adams stood for produced some protest, condemnation and outrage. Following the well-established Washington rule, Stimson apologized, doing so in a letter to The Post. He said his remarks did not reflect his "core beliefs." He did not blame his utterance on drugs, booze, Twinkies or a deep depression; he merely said that his words had left the wrong "impression." With that, he has returned to the obscurity from whence he came, his job presumably secure.

I, for one, do not accept Stimson's apology. I think it is insincerely offered and beside the point. What matters most is that he retains his job, which means he retains the confidence of his superiors in the government. How anyone can have confidence in such a man is beyond me. There are only two explanations, one inexcusable, the other chilling. The first is that his bosses don't care. The second is that they agree with him.

I would guess that Stimson strongly felt it was No. 2 -- agreement. From the get-go, the Bush administration has taken the position that anyone it detained on terrorism charges was guilty. Throw away the key. No need for lawyers. No need for judges.

No need for anything except, of course, the word of the authorities. In recent months, a more assertive Congress and the courts have unaccountably challenged this view, and the Bush administration has beaten a tactical retreat on unchecked eavesdropping and the legality of trying alleged terrorists before military commissions. Still, we all know where its heart is on these matters. Justice is what the administration says it is.

By now, any other administration would have fired Stimson, apology or not. His words show that he is unfit for government service, not to mention membership in the bar. Fortunately for him, if and when someone does drop the ax, some misguided lawyer, infused with the spirit of John Adams, will defend him. I hope Stimson will forgive him.

For The Record (NYT)

The New York Times, January 23, 2007

In last Friday's editorial about the administration official who urged corporations to punish lawyers for representing Guantánamo detainees: Charles Stimson is a deputy assistant secretary of defense, not state.

HOMELAND RESPONSE:

Bomb Threat Delays Plane (HC/AP)

The Associated Press

Houston Chronicle, January 23, 2007

HOUSTON — A Continental Airlines Inc. commuter flight was delayed without incident for about an hour Monday after its scheduled landing at George Bush Intercontinental Airport because of a bomb threat, authorities said.

The flight from Tyler, about 200 miles north of Houston, landed about 10:50 a.m. and was diverted to a taxiway, where local, state and federal authorities took about an hour to determine the plane and its passengers were safe, said Marlene McClinton, spokeswoman for the Houston Airport System.

The airport continued to operate normally during the investigation, McClinton said.

The twin-turboprop, operated by Colgan Air Inc., holds 34 passengers, though it wasn't immediately known how many were onboard, a Continental spokeswoman said.

FBI spokeswoman Shauna Dunlap described the incident as a "nonspecified bomb threat" that apparently started in Tyler. A call to the airport in the East Texas city, which is located between Dallas and Shreveport, La., was not immediately returned.

United Passenger Charged For Alleged Drunken Behavior On Flight (SLOT)

San Luis Obispo Tribune, January 23, 2007

SAN FRANCISCO - A United Airlines passenger faces federal charges for allegedly making statements about a hijacking, trying to open a cabin door and fighting with flight attendants while aboard a flight from Boston to San Francisco.

Erin Callahan Lambert, 28, who apparently was intoxicated during Flight 179 on Sunday, was taken into custody after the plane landed at San Francisco International Airport, authorities said. She was charged Monday with assaulting a flight attendant and interfering with the performance of duties of flight crew members.

About halfway through the six-hour, non-stop flight, Lambert got up, walked to the back of the plane and began talking on her cell phone, FBI Special Agent Brian Gilhooly wrote in an affidavit filed in U.S. District Court in San Francisco.

When two flight attendants told Lambert to turn off the phone and return to her seat, she "refused and became combative," Gilhooly wrote. Asked who she was talking to, she said "I'm calling 911 because the plane is being hijacked," the affidavit said.

Lambert eventually returned to her seat, but later she tried to take her luggage, including her pet dog in a carrier, to the restroom, according to the affidavit. When told to leave her belongings at her seat, she said, "No, you are going to have to kill me and my dog," then locked herself in the restroom, Gilhooly wrote.

Lambert exited moments later and "started walking rapidly toward the front of the airplane," saying, "I'm getting off the aircraft," he wrote.

Flight attendants and passengers stopped her as she headed for a cabin door and forced her into a seat, where the plane's purser handcuffed her, according to the affidavit. She managed to wriggle free from those handcuffs, so plastic ties were placed on her wrists, it said.

"During the entire assault, Ms. Lambert was yelling profanities, cursing and spitting on the flight attendants and other passengers," Gilhooly wrote.

Lambert, a Bay Area resident, was turned over to San Francisco airport police upon arrival at SFO, where she refused to be interviewed by the FBI and requested an attorney, the affidavit said.

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Chemical Insecurity (NYT)

The New York Times, January 23, 2007

The new Democratic leadership in Congress has a chance to finally do what the Republican Congress and the Bush administration failed to do after Sept. 11: to protect the nation's chemical plants from an attack. Lawmakers should stop the Homeland Security Department from adopting new regulations that would block state and local governments from doing more to protect their residents and should finally pass a federal law with teeth.

An attack on a single plant could release deadly chemicals that could put hundreds of thousands of people at risk of death or serious injury. But since Sept. 11, the chemical industry — a major campaign contributor — has managed to ward off any significant new federal rules that might require it to spend money to increase security.

Now it is going a step further by trying to get the federal government to "pre-empt," or invalidate, state and local efforts to impose safety standards. Supporters of pre-emption always claim that they just want a uniform standard. But in situations like this one — where the federal law is absurdly weak — it is obvious that the real agenda is to block serious safety measures at every level of government.

Congress wisely refused to include a pre-emption provision in legislation it adopted last year. Now, however, the Homeland Security Department has proposed regulations that would give itself the authority to pre-empt state and local laws. If the proposed regulations were adopted, they could wipe away the serious chemical plant security law that New Jersey has passed, and prevent other states and cities from requiring the chemical industry to do more to protect their residents.

It is up to Congress to act. It should block these deeply flawed regulations and move quickly to pass a comprehensive law that imposes tough requirements on chemical plants to harden their facilities.

Last year Congress passed a bad rider, backed by the industry, that gives the chemical industry far too much leeway to decide on its own how its plants are vulnerable and how to protect them. The new law should contain specific requirements for plant safety. It should also require companies to switch to safer chemicals when the cost is not prohibitive, a key safety measure that the industry has resisted. And it should clearly state that federal chemical-plant laws do not pre-empt state and local laws. Congress should finally put the public's safety ahead of the chemical industry's bottom line.

WAR NEWS:

Iraq Buildup Draws New Challenge (LAT)

By Noam N. Levey, Times Staff Writer

The Los Angeles Times, January 23, 2007

GOP's Sen. Warner is an author of the latest resolution opposing Bush's plan to send 21,500 more troops.

WASHINGTON — Three Senate Republicans, including one of the White House's most powerful supporters of the Iraq war, introduced a resolution Monday to oppose any troop buildup — a serious setback for President Bush.

The latest challenge is led by Sen. John W. Warner of Virginia, a widely respected onetime Navy secretary and former Senate Armed Services Committee chairman, who had been largely restrained in his criticism of the president's plan until Monday.

"I feel ever so strongly that the American GI was not trained, not sent over … to be placed in the middle of a fight between the Sunni and the Shia and the wanton, incomprehensible killing that's going on at this time," Warner said at a news conference. The resolution is the second that aims to put Congress on the record against Bush's plan to increase the number of U.S. troops in Iraq by 21,500, an issue the full Senate could start to debate next week. It expresses the sense that the Senate disagrees with the buildup and is largely similar to the earlier resolution, but is more deferential to presidential authority.

Warner's decision to introduce a nonbinding resolution — co-sponsored by Republican Sens. Susan Collins of Maine and Norm Coleman of Minnesota, along with Democratic Sen. Ben Nelson of Nebraska — deals a blow to a White House that has been struggling to contain a revolt on Capitol Hill.

It was greeted warmly Monday by congressional war opponents, who are pushing to rein in the president and force him to begin bringing home the roughly 132,000 troops in Iraq.

"If you look at what has happened to this debate in the last 10 days … not only from Democrats, but Republicans, this has been a major kind of escalation of expression of opposition," said Sen. Edward M. Kennedy (D-Mass.), who has introduced legislation that would require the president to get congressional authorization for the additional troop deployments.

A spokeswoman for Sen. Joseph R. Biden Jr. (D-Del.), who last week introduced the other anti-buildup resolution with Sens. Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.), said Biden was open to amending his resolution. Biden and other

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Democrats are working to round up the Republican votes that any resolution would need to overcome a possible filibuster. Sixty votes are required to cut off debate.

"What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight a civil war," said Elizabeth Alexander, Biden's spokeswoman.

The Biden resolution, unlike Warner's, calls Bush's proposal an "escalation," a word criticized by some Republicans as politically loaded because of its association with Vietnam. It also does not include wording that acknowledges the president's constitutional authority to direct the war.

On Monday, several Republican leaders rallied to the president's side.

"We should all want this strategy to work. We should do everything in our power to help make it work. And that begins by giving it a chance and not criticizing it before the strategy even has a few days to work out," Sen. Jon Kyl (R-Ariz.) said in an emphatic speech on the Senate floor. "That's why the possibility of a resolution, which is highly critical of the president's strategy and suggests a different course of action and a timeline for leaving, is the wrong strategy," said Kyl, the No. 3 GOP Senate leader.

In the House, Minority Leader John A. Boehner (R-Ohio), who has expressed strong support for the White House, challenged Democrats to cooperate with Republicans to make the president's strategy work.

Also potentially complicating the congressional debate over the war is that a growing number of senators — including several presidential candidates — are promoting their own proposals to challenge the president's Iraq plans.

But Warner's stature as a longtime supporter of the military and onetime White House ally helped drive the sense Monday that Congress was moving closer to a powerful, if symbolic, repudiation of Bush's position.

The courtly five-term senator, whose bleak October assessment of the situation in Iraq helped unleash other GOP criticism of the White House in the run-up to the midterm election, was careful Monday not to directly challenge the president's role as the nation's commander in chief.

His resolution accepts the White House argument that "a failed state in Iraq would present a threat to regional and world peace" and explicitly rejects the calls of many Bush opponents for a withdrawal of U.S. forces.

"Those are matters that must be left to the president," Warner said on the floor of the Senate on Monday evening. "We do not mean to be confrontational with our president."

The resolution also accepts that additional troops may be needed in Al Anbar province to fight the insurgency there.

Bush has proposed deploying 4,000 of the 21,500 additional troops in the Sunni-dominated region.

But Warner and the resolution's other authors embraced many arguments made by the war's fiercest Democratic opponents.

The lawmakers also included the advice against an escalation by Army Gen. John P. Abizaid, the outgoing Middle East commander. They quote Iraqi Prime Minister Nouri Maliki's statement that "the crisis is political." They note the track record of unfulfilled promises by the Iraqi government. And they observe the growing public opposition to continued U.S. military presence in Iraq.

"The responsibility for Iraq's internal security and halting sectarian violence must rest primarily with the government of Iraq and Iraqi security forces," the resolution reads.

Warner said Monday that he envisions bringing up his resolution on the Senate floor as a substitute for Biden's.

But with the Senate Foreign Relations Committee, which Biden heads, set to begin consideration of the issue Wednesday, some senatorial aides say Democrats are likely to seek a compromise resolution.

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Times staff writer Richard Simon contributed to this report.

More From GOP Oppose Hike In U.S. Troop Levels (USAT/AP)

USA Today, January 23, 2007

WASHINGTON — Congressional Republicans pushed back Monday against President Bush's decision to increase troop strength in Iraq, some voicing opposition while others urged holding the administration and Iraqi government more accountable.

In the Senate, John Warner of Virginia, former chairman of the Armed Services Committee, joined fellow Republicans Susan Collins of Maine and Norm Coleman of Minnesota in producing non-binding legislation expressing disagreement with Bush's plan. Sen. Ben Nelson, D-Neb., joined them.

In the House of Representatives, members of the Republican leadership drafted a series of what they called "strategic benchmarks," and said the White House should submit monthly reports to Congress measuring progress.

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The action taken by Collins, Coleman and Warner raised the number of Senate GOP publicly against Bush's plan to five. Sens. Chuck Hagel of Nebraska and Olympia Snowe of Maine have said they back the Democrats' resolution.

More Republicans Join Critics Of Bush Troop-Surge Strategy (WSJ)

By David Rogers

The Wall Street Journal, January 23, 2007

WASHINGTON -- Weighing into the Iraq debate, the Republican past chairman of the Senate Armed Services Committee broke ranks with the White House over sending 21,500 more U.S. troops to the war zone, especially for the purpose of quelling sectarian violence in Baghdad.

"The American GI was not trained, not sent over there, certainly not by resolution of this institution, to be placed in the middle of a fight between the Sunni and Shia and the wanton and just incomprehensible killing that's going on at this time," said Sen. John Warner (R., Va.) "That's a mission that's important...but it should be performed by the Iraqi forces and not the coalition forces."

Mr. Warner's remarks came as he and a handful of senators from both parties joined in offering a nonbinding Senate resolution intended to give voice to concerns about President Bush's policy. The tone is softer than a companion proposal offered last week by leading Democrats and Sen. Chuck Hagel (R., Neb.), but showed promise last night of sparking negotiations on a compromise able to maximize support from both parties.

"This resolution is aimed at broadening the support for the resolution dealing with the president's plan," said Sen. Ben Nelson (D., Neb.), who joined with Mr. Warner and Sen. Susan Collins (R., Maine) in drafting the resolution. In an interview last evening, Mr. Hagel said that Sen. Warner had allowed him to preview the language on Friday and found it to be, in some instances, more detailed than his own in specifying what course the administration should follow.

"The bottom line is this is a pretty significant piece of legislation," Mr. Hagel said. "In no way is this good news for the administration."

Senate Foreign Relations Committee Chairman Joe Biden (D., Del.), a chief sponsor of the earlier resolution with Sen. Hagel, has called a meeting tomorrow on the matter and signaled a willingness to accept changes to broaden support.

"What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight a civil war," said a Biden aide. "We're open to working with anybody and working on language to get a broad majority behind our resolution."

Nonetheless, the situation is complicated by the growing rivalry among would-be Democratic presidential candidates, including Mr. Biden himself. The Delaware Democrat has to navigate through this thicket, and if the various camps aren't careful, the whole debate could degenerate into the sort of political word games and posturing that so often bring ridicule on the Senate.

Mr. Bush, who delivers his State of the Union address before a joint session of Congress this evening, has shown no sign of backing away from the planned deployment of four infantry combat brigades over the coming months. But the nervousness among Republicans is palpable, especially among those up for re-election in 2008.

House Republican Leader John Boehner of Ohio surprised some of his own colleagues by proposing the creation of a bipartisan House select committee to oversee the president's strategy in Iraq and hold the White House accountable for achieving prescribed "benchmarks." And among the Republican senators speaking out most forcefully now are several facing re-election in two years.

"We're all struggling as to what the right thing to do is. On issues like this you are going to make some people happy and some people unhappy," said Sen. Norm Coleman (R., Minn.).

Mr. Warner, who will be 80 next month, is weighing his own future and whether to seek another term in 2008. Virginia just elected a Democrat, Sen. Jim Webb, a Vietnam veteran who ran strongly against the president on the war issue and will deliver the Democratic response to the State of the Union. But apart from any political considerations, Mr. Warner's unhappiness with the direction of the war has been growing for some time, and if he should break fully with the president, it would be a major blow.

"It's clear that the United States' strategy and operations in Iraq can only be sustained and achieved with the support of the American people," Mr. Warner said "I'm a veteran of the Vietnam period when I was secretary of the Navy, and while I suggest that that conflict does not have any direct parallels to this, I did witness the decline of the public support."

Key Republican Senator Offers Bipartisan Call To Reject Bush Plan For More Troops In Iraq (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 23, 2007

DOJ_NMG_0120411

WASHINGTON, Jan. 22 — Senator John W. Warner of Virginia, one of Congress's leading authorities on the military, presented a bipartisan proposal on Monday that soundly rejected President Bush's plan to send more American troops to Baghdad and urged the administration to find a new course in Iraq.

"Mr. President," Mr. Warner declared, "go back and look at all the options."

On the eve of the State of the Union address, the proposal by Mr. Warner and two fellow Republican senators, Susan Collins of Maine and Norm Coleman of Minnesota, along with Ben Nelson, Democrat of Nebraska, was offered as an alternative to an Iraq resolution backed by Democratic leaders and is to be debated this week by the Foreign Relations Committee.

While details of the competing Iraq plans varied, one point could not be mistaken: a growing number of senators in both parties find the president's strategy flawed. While some Republicans still vow to back the White House, the tough language from Mr. Warner, a former chairman of the Armed Services Committee and a onetime Navy secretary, dealt a blow to administration officials trying to salvage the Iraq plan.

"The American G.I. was not trained, not sent over there — certainly not by resolution of this institution — to be placed in the middle of a fight between the Sunni and the Shia and the wanton and just incomprehensible killing that's going on at this time," Mr. Warner said. "We don't lessen importance of that mission, but it should be performed by the Iraqi forces and not the coalition forces."

The new resolution reflected Mr. Warner's typical style — in their public comments, he and his allies took a diplomatic tone and sought to play down friction with the administration. Yet the language of the proposal itself was clear in declaring opposition to the troop buildup and urging the Iraqi leaders to seek a political solution to the sectarian violence.

"We've had four other surges since we first went into Iraq," Ms. Collins said. "None of them produced a long-lasting change in the situation on the ground. So I am very skeptical that this surge would produce the desired outcome."

The new Warner proposal and the resolution introduced last week by Senators Joseph R. Biden Jr. of Delaware, and Carl Levin of Michigan, both Democrats, and Chuck Hagel, Republican of Nebraska, are similar in many respects. Both are nonbinding but declare that United States involvement in Iraq cannot be sustained without strong public support and that the main military mission in Iraq should be ensuring the nation's territorial integrity.

"There is no misunderstanding, if anyone votes for this, you disagree with the president here," Mr. Hagel said, adding that he and other supporters of his resolution were open to negotiations.

But Mr. Warner's proposal says the Senate "disagrees with the 'plan' to augment our forces," while the other resolution states that it is "not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence."

Mr. Warner engineered a similar resolution demanding a change in Iraq policy in 2005. Building on a Democratic bill, Mr. Warner, then chairman of the Armed Services Committee, maneuvered a resolution through Congress that called for Iraqis to take the lead in securing their country and required reports to Congress on progress there.

That proposal also required 2006 to be a year of transition to full sovereignty in Iraq, and Mr. Warner's new plan cites that requirement as part of the basis for resisting the troop buildup.

As early as next week, the full Senate could open the most extensive Iraq debate to be conducted in more than four years. The proposal unveiled Monday, sponsors said, was fashioned to be more palatable to moderate Democrats and Republicans because it seeks to employ recommendations from the Iraq Study Group and offers guidelines to establish a military strategy.

"It's important to send a strong message to the White House," Mr. Nelson said. "And it's a stronger message when it has significant bipartisan support."

As Mr. Warner and his coalition acted, House Republicans advanced their own plan on Monday, hoping to find some middle ground between unqualified support for Mr. Bush's plan and mounting resistance among the rank and file, who are moving away from the administration.

Under a plan announced Monday by Representative John A. Boehner of Ohio, the minority leader, and other senior Republicans, Mr. Bush would be required to provide monthly reports on progress in meeting goals in Iraq beginning this month.

Among the new "benchmarks" proposed by Republicans would be the level of cooperation by the Iraqi government in military efforts as well as Iraqi troop deployments and spending on military equipment. Republicans said they have also asked the House speaker, Nancy Pelosi, to establish a bipartisan committee to monitor Mr. Bush's new strategy.

"The new majority has two choices," Mr. Boehner said. "They can either try to stop the president's new strategy and block funding for our troops, or they can join us in aggressively holding the Bush administration and the Iraqi government accountable for achieving success."

That comment hit a nerve with Democrats, who said Republicans failed consistently in their duty to scrutinize the administration's conduct of the war when they held majorities in the House and Senate.

"Where were the Republicans the last four years?" said Brendan Daly, a spokesman for Ms. Pelosi.

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Senator Edward M. Kennedy, the Massachusetts Democrat who has proposed a resolution to block spending for any increase in troops, said the terminology in a final resolution may be less important than gaining Republican support for it.

“If you look at what has happened to this debate in the last 10 days here in the United States, where not only from the Democrats but from the Republicans, this has been a major escalation of expression of opposition, reservation, exasperation, frustration, by members of the president’s own party,” he said. “It’s going to be reflected in the votes here.”

Warner Bill Hits Bush's Troop Surge (WT)

By Charles Hurt

The Washington Times, January 23, 2007

Sen. John W. Warner of Virginia and other Republicans publicly offered a resolution yesterday condemning President Bush's proposal to send more troops to Iraq.

The "Senate disagrees with the 'plan' to augment our forces by 21,500, and urges instead to consider all options and alternatives for achieving the strategic goals set forth below with reduced force levels than proposed," wrote Mr. Warner, joined by Republican Sens. Susan Collins of Maine and Norm Coleman of Minnesota.

Sen. Ben Nelson, Nebraska Democrat, also helped draft the nonbinding resolution.

The six-page proposal was less critical than one offered last week by Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, but still included strict instructions for how Mr. Bush should better wage the war in Iraq.

It also contained a harsh assessment of the current situation, indicating that a broad bipartisan coalition on Capitol Hill will desert the commander in chief if he presses forward with his plan to add troops.

"I feel ever so strongly that the American GI was not trained, not sent over there, certainly not by resolution of this institution, to be placed in the middle of a fight between the Sunni and the Shi'a and the wanton and just incomprehensible killing that's going on at this time," Mr. Warner told reporters yesterday.

"That's a mission that's important; we don't lessen importance of that mission. But it should be performed by the Iraqi forces and not the coalition forces," he said.

The resolution has not been formally introduced as a bill. It will be offered as an alternative to Mr. Biden's resolution when it reaches the Senate floor in the coming weeks.

The three lawmakers who were in the Senate at the time voted for the October 2002 resolution authorizing the use of force against Iraq. Mr. Coleman did not join the Senate until 2003.

All four took pains at yesterday's press conference in the Capitol to include conciliatory words for the administration.

"The purpose of this resolution is not to cut our forces at the current level or to set any timetables for withdrawal, but rather to express the genuine -- and I repeat -- the genuine concerns of a number of senators from both parties about the president's plan," Mr. Warner said. "It is not meant to be confrontational but instead to provide a sense of bipartisan resolve that I hope we can achieve with regard to our new strategy in Iraq."

And, possibly more important, they embraced Mr. Bush's continued hopes for a victory there.

"We agree with the president -- a failed state of Iraq will threaten world peace for a long time to come," Mr. Warner said.

Mr. Coleman said the resolution "does recognize the consequences of failure. I want to succeed. I want to force us to succeed."

Among their directions is to increase troop levels in the volatile Anbar province, "specifically for the purpose of combating an insurgency, including elements associated with the Al Qaeda movement, and denying terrorists a safe haven."

Mr. Nelson said he expects the proposal to draw support from plenty of colleagues on both sides of the aisle.

"We've now just recently in the last hour or two circulated drafts. I've been talking to a number of my colleagues, many of whom have an interest in being supportive," he said. "This resolution will really, I think, be a very strong message to the White House."

He also said it avoids "any partisan rhetoric," a reference to the harsher Biden resolution, which has support from Mr. Nelson's Republican seatmate, Sen. Chuck Hagel of Nebraska.

Although some Democrats who want to see troops withdrawn weren't signing onto the resolution yesterday, they hailed it as continued erosion of support for Mr. Bush's war policies.

"The opposition to the President's misguided escalation of the Iraq war is growing louder and louder," said Sen. Edward M. Kennedy, Massachusetts Democrat. "How much louder -- and how much clearer -- does the opposition to his plan need to be before the President will begin to listen and respond to the voices of the American people, the generals, and a bipartisan majority of Congress? The last thing America needs is to send more troops into a civil war that never would have been authorized by Congress, and will do nothing to end the war in Iraq."

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Warner Backs Resolution Opposing Troop Increase (WP)

By Jonathan Weisman

The Washington Post, January 23, 2007

Sen. John W. Warner (R-Va.), the former chairman of the Senate Armed Services Committee, yesterday endorsed a new resolution opposing President Bush's buildup of troops in Baghdad, as even some of the most loyal Republicans scrambled to register their concerns and distance themselves from an unpopular policy.

The resolution, unveiled the day before the president's State of the Union address, is expected to garner the support of many Senate Republicans -- especially those facing reelection next year. The measure appeals to many rank-and-file Republicans because it allows them to voice their differences with the administration without embracing the highly critical language of another bipartisan resolution co-sponsored by Sen. Chuck Hagel (R-Neb.), one of the sharpest critics of the administration's Iraq policy.

By last night, Warner had already met with Senate Majority Leader Harry Reid (D-Nev.), and the two camps were negotiating a single resolution likely to be approved by the Senate Foreign Relations Committee on Wednesday.

Even House Republicans, once the president's firmest bulwark, made their skepticism clear yesterday, calling for firm benchmarks for success in the war that House Minority Leader John A. Boehner (R-Ohio) said would "hold the Bush administration and the Iraqi government accountable and require the administration to report to Congress every 30 days."

"I support the president's plan," Boehner said. "But we have a duty to candidly and honestly assess whether the new strategy will be effective and ultimately successful."

That statement marked an important shift within a Republican leadership that has rarely made demands on the administration's foreign policy team. With public support for the war at record lows, the Democrats back in control of Congress and many Republicans facing tough reelection campaigns in two years, party leaders feel they have little choice but to voice their disapproval with plans for a troop buildup.

With the introduction of the Warner resolution, five Republican senators are now on record opposing Bush's decision. The resolution's co-sponsors, Warner, Sen. Norm Coleman (R-Minn.) and Sen. Susan Collins (R-Maine), are all up for reelection next year, as is Sen. Gordon Smith (R-Ore.), who was included in the resolution's drafting over the weekend.

Another group of senior Republican senators, including Sens. Pete V. Domenici (R-N.M.), Thad Cochran (R-Miss.) and Ted Stevens (R-Alaska), are searching for their own avenue to express their concerns.

"The American people on November 7 changed management in the United States Congress. The overriding issue was Iraq," Hagel said. "What you're seeing is representative democracy in action. What you're seeing is the clear attitudes of the American people playing out among their elective representatives."

The Warner-Coleman-Collins resolution tones down some of the language in the competing resolution drafted by Sens. Joseph R. Biden Jr. (D-Del.), Carl M. Levin (D-Mich.), Hagel and Olympia J. Snowe (R-Maine) and couches its recommendations in wording deferential to the constitutional authority of the president.

But it states that "the Senate disagrees with the 'plan' to augment our forces by 21,500."

"Our overall military, diplomatic and economic strategy should not be regarded as an 'open-ended' or unconditional commitment, but rather as a new strategy that hereafter should be conditioned upon the Iraqi government's meeting benchmarks that must be specified by the Administration," it concludes.

The House Republican benchmarks also represented a clear break from administration policy. Under the proposal, every 30 days the White House would have to present Congress clear measurements showing the Iraqi government's progress in purging insurgents and terrorists from its security forces, identifying the level of combat experience for Iraqi army battalions, tracking expenditures on Iraqi army equipment and measuring the effectiveness of the police force in Baghdad. The administration would also have to measure Iraqi government efforts to breed tolerance among its country's warring sects.

House Republicans also called on the administration to measure its efforts to cooperate with neighboring countries to stabilize Iraq, a push for regional diplomacy that the White House has resisted.

"We have a responsibility to reach across the aisle and to work with our Democrat counterparts to perform our obligation under the Constitution," Boehner said. "We're a separate branch of the government. We were sent here by the American people, and we believe that proper oversight of this plan and implementation of this plan can help make it successful."

Some Republican aides saw both the Senate and House developments as positive for Bush, because they give Republicans eager to voice their opposition to the president's Iraq policy ways to go on record without siding with the more forthright statements of opposition drafted with more Democratic support.

But Democrats characterized the development as strong evidence of Bush's eroding support. The Foreign Relations Committee will take up the Biden-Hagel language tomorrow and send a modified version for debate in the full Senate next week.

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The Warner group has largely reached the same conclusion as Biden, Hagel and Levin: U.S. troops should focus on protecting Iraq's border, combating terrorism and training Iraqi forces, and the administration should step up diplomatic efforts to start a regional peace process.

Committee aides said they will study the Warner resolution and are almost certain to make changes to win support from his coalition.

Sen. Jon Kyl (R-Ariz.) took to the Senate floor yesterday to implore his colleagues not to go through with a vote on any resolution of opposition, calling the effort "pernicious" and "very, very dangerous."

GOP Delivers New Blow On Troop Surge (FT)

By Demetri Sevastopulo And Steve Negus

Financial Times, January 23, 2007

George W. Bush's efforts to shore up support for his military surge in Iraq suffered another blow on Monday when a senior Republican senator came out against the controversial plan.

John Warner, the former navy secretary and until last month chairman of the armed services committee, said he would introduce a resolution opposing the sending of 21,500 more US troops to Iraq. The resolution was also backed by two Republican senators, Susan Collins and Norm Coleman, and by Ben Nelson, a conservative Democrat.

Ayman al-Zawahiri, the deputy to Osama bin Laden, taunted Mr Bush on Monday over his decision to send more troops to Iraq.

"Why send 20,000 only – why not send 50,000 or 100,000? Aren't you aware that the dogs of Iraq are pining for your troops' dead bodies?" he said in a video released the day before Mr Bush was to address the nation with his annual State of the Union speech.

The intensified opposition to the surge came the day before General David Petraeus, the incoming US commander in Iraq, was to face tough questions on Capitol Hill on whether Nouri al-Maliki, the Iraqi prime minister, would live up to his promise to crack down on sectarian militias.

Senators are unlikely to challenge the nomination of the respected soldier but they will grill Gen Petraeus on the plan to pacify Baghdad. The problem facing US and Iraqi forces was underscored on Monday by bombings across Iraq that claimed more than 100 lives.

Gen Petraeus will run a military operation that has run into resistance on Capitol Hill. In addition to Mr Warner, whose move could sway wavering Republicans, a number of Democrats are pushing symbolic resolutions intended to press Mr Bush to abandon the surge, while others are introducing measures that would cap the number of troops or block funding for an increase.

Mr Bush has argued that the surge will differ from previous failed operations in Baghdad because of the streng-thened commitment of Mr Maliki that there will be no political interference in operations aimed at clamping down on Shia militia loyal to Moqtada al-Sadr. The Shia cleric's political support has been crucial to the Maliki government.

Although US and Iraqi troops have raided safe houses used by the Mahdi army, Mr Sadr's militia, and detained commanders for months, US officers have accused the prime minister of offering political protection to the movement. In the past two weeks, however, that protection appears to have been withdrawn. In addition to raids on the Mahdi army over the past 10 days, US and Iraqi forces on Friday arrested Abdel al-Darraji, a senior aide to Mr Sadr.

But the continuation of insurgent attacks on civilian Shia targets such as the one on a busy Baghdad market on Monday that killed at least 88 people will test the authority of the government as it moves to dismantle a force that many Shia believe to be their first line of defence against Sunni extremists.

Also, the lack of benchmarks makes it difficult to gauge whether Mr Maliki genuinely wants to neutralise militias.

Congressional Republicans Voice Concerns Over Bush's Iraq Policy (LEXHL)

By Renee Schoof And Margaret Talev

Lexington Herald-Leader (KY), January 23, 2007

WASHINGTON - Sen. John Warner, an influential Republican on military affairs, introduced a bipartisan resolution Monday that opposes President Bush's plan to send 21,500 more American troops to Iraq and urges shifting U.S. soldiers out of the middle of the sectarian killings that are raging in Baghdad.

On the eve of Bush's State of the Union address, Warner's resolution was one of two strong signals that Republicans in Congress sent Monday showing their doubts about the war. The other came from Republicans in the House of Representatives, who said they wanted Bush to certify on a monthly basis whatever progress was being made in Iraq on military, political and social benchmarks.

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Combined with near-unanimous Democratic opposition to Bush's war policy, the Republican stands show a broad bipartisan lack of confidence in the president's course.

Warner said the United States already had "made a tremendous sacrifice in our nation of life and limb and largess" to establish Iraq's sovereignty, and that now Iraqi forces should stop the violence.

Under the president's plan, U.S. troops would be asked to help stop the death squads and bombings now racking Baghdad.

"I feel ever so strongly that the American GI was not trained, not sent over there, certainly not by resolution of this institution, to be placed in the middle of a fight between the Sunni and the Shi'a and the wanton and just incomprehensible killing that's going on at this time," Warner said.

House Republican leader John Boehner, R-Ohio, who supports Bush's troop increase, made the recommendation for a monthly benchmark report in a letter to House Speaker Nancy Pelosi, D-Calif., and proposed that Pelosi create a bipartisan select committee to oversee the reports.

"Congress cannot and must not dictate the strategies or methods used in war," Boehner's letter said, "but we have a duty to the American people to candidly and honestly assess whether our efforts have been successful."

While Warner's resolution could pull support from a more strongly worded resolution of no confidence in Bush's Iraq policy that Democratic Senate leaders are promoting, it also could be the starting point for negotiations toward a compromise resolution opposing the troop increase that would win broad bipartisan support.

The resolution drafted by Warner and Sens. Susan Collins, R-Maine, and Ben Nelson, D-Neb., and supported by Sen. Norm Coleman, R-Minn., is nonconfrontational in tone. It stresses that the Senate doesn't question the president's power as commander in chief and notes that Bush himself, when he announced his new plan Jan. 10, invited members of Congress to suggest ways to improve it.

It's similar in key ways to a resolution proposed last week by Sens. Joseph Biden, D-Del., Carl Levin, D-Mich., Chuck Hagel, R-Neb., and Olympia Snowe, R-Maine, and favored by Senate Democratic leaders.

Both resolutions oppose Bush's plan to increase the number of American troops in Iraq. Both stress that the job of quelling the fighting in Baghdad should belong to the Iraqi government, while U.S. troops should help protect Iraq's territory from outside assault, fight terrorists and train Iraqi troops.

But Warner's resolution avoids one politically loaded term: escalation. It uses the word "augment" to describe the president's increase in forces; the Biden resolution calls it "escalating" the U.S. military presence.

Warner said he'd vote against Biden's resolution as drafted but that he might support it if it were revised. The task of polishing the wording now goes to the Senate Foreign Relations Committee, which Biden chairs.

"What's striking is that the bottom line of both resolutions is the same: bipartisan opposition to the president's plan to send more American troops to Iraq to fight a civil war. We're open to working with anybody and look forward to a bipartisan discussion on the Biden-Hagel-Levin-Snowe resolution in the Foreign Relations Committee on Wednesday," Biden spokeswoman Elizabeth Alexander said.

Gordon Johndroe, a spokesman for Bush's National Security Council, said in an e-mail response to McClatchy Newspapers that "the president and Congress are in agreement on most elements of Iraq policy, including the Iraqis taking the lead in political reconciliation as well as security. ... The various resolutions show there are a lot of different ideas and disagreements on the way forward in Iraq."

Senate Majority Leader Harry Reid, D-Nev., said Warner's proposal appeared to help more than hinder Democrats' efforts. "It appears to me that the president's going to have bipartisan opposition to the escalation, or augmentation, or whatever you want to call it," he said.

Rockefeller: Iraq Drains Security Funds (AP)

By Katherine Shrader

AP, January 23, 2007

The new chairman of the Senate Intelligence Committee said he fears the government will not have enough money for homeland security and other domestic priorities because of President Bush's "Iraq adventure."

In an interview on Monday, Sen. Jay Rockefeller, D-W.Va., criticized almost every major facet of the Bush administration's national security course since Sept. 11, 2001. "The president has in a sense walked away from the war on terror," Rockefeller said.

Because of what he termed a misplaced fascination with Iraq based on faulty intelligence, Rockefeller said al-Qaida and Afghanistan have been neglected. He said he worries that U.S. intelligence on Iran is lacking, and what the nation knows about North Korea is even worse.

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And he recently told Treasury Secretary Henry Paulson that domestic programs — such as education, health care, the environment and homeland security — are suffering. "That is one of my great, great worries about this Iraq adventure: the shortage of money for homeland security," he said.

Economically, "everything is going to close up and get tougher, and it's all because of the budget and the result of something called Iraq," Rockefeller later added. "I am furious about that."

In the State of the Union address Tuesday night, Bush is expected to reiterate that U.S. involvement in Iraq is part of a unified fight against terror, despite criticism from those who say the Iraqis themselves must do more to fight what now amounts to a civil war. Yet Bush has long said that if the United States doesn't stop the terrorists in Iraq, they will attack at home.

Disagreeing with Rockefeller, Missouri Sen. Kit Bond, the top Republican on the Senate Intelligence Committee, said statements from al-Qaida's leaders prove Iraq is central to the fight against extremism. "Both Osama bin Laden and Ayman al-Zawahri say that Iraq is the center piece in the war on terror. That is why they want to win it," he said in a separate interview.

Rockefeller plans two hearings this week on the course of intelligence reform. He said the FBI has made progress at protecting the country, but he still worries about the bureau's lack of technology and its ability to transition from an agency whose investigations are aimed at prosecuting criminals in court, to one that investigates to head off acts such as terrorism.

He said there are still missteps akin to those made on al-Qaida conspirator Zacarias Moussaoui, in which the FBI pounces too quickly on a visa violation, rather than tracking a suspected terrorist to learn more about his activities.

Despite improvements at the FBI, he said, "I am not satisfied."

Rockefeller said he's also concerned that the Bush administration could be marching toward a military confrontation with Iran.

"Do I think it's possible that the president could get us involved marginally or even more fully in Iran as a way of distracting us from the war on terror, and from Iraq, as a way of getting past the elections in 2008?" Rockefeller asked. "I don't want to believe that. But after what I have been through with him ... yes, I worry about it enormously."

Rockefeller has formed working groups within his committee to focus on difficult national security issues, including Iran, and the 16 U.S. spy agencies are also working on a high-level National Intelligence Estimate on Iran.

Even as he and Bond have agreed on a forward-looking agenda, Rockefeller intends to finish the second phase of the committee's lingering investigation into the spy agencies' faulty prewar assessments of Iraq.

Rockefeller, who voted to authorize the Iraq invasion, said he was "a victim" of bad intelligence.

He said the intelligence analysis is better now, and he believes intelligence analysts are more willing to say when they don't know certain information. Yet he still sees many gaps in understanding — at the spy agencies and the White House.

The administration, he said, doesn't understand the insurgency because officials have never been in a war like this one. He's also concerned that the turmoil in Iraq will spill over into the region.

Rockefeller said he hasn't met Iraqi Prime Minister Nouri al-Maliki, but he does "not have a great deal" of faith in him. He said the United States must tell the Iraqis that American troops will leave — and they must believe it.

Then, the work will be up to the Sunnis and Shiites. "They have to face each other, and they really do have to decide for the first time since 1916 whether they can get along," he said, referring to the origins of the country that is now Iraq.

Lawmakers Have Loved Ones In Combat Zone (USAT)

By Kathy Kiely

USA Today, January 23, 2007

WASHINGTON — Sen. Max Baucus, D-Mont., lost his nephew, Philip, in Iraq. Rep. Joe Wilson, R-S.C., says his son, Alan, had two close calls: one from an improvised explosive device, the other from a sniper.

Rep. Todd Akin, R-Mo., credits his nightly prayers with his son Perry's narrow escape from a mortar attack in Fallujah.

Almost four years into the war, the conflict in Iraq has begun to touch some of the lawmakers who authorized it in a very personal way.

That reality — which stands in stark contrast to the popular stereotype of Congress — will be embodied tonight by Sen. Jim Webb, the Virginia Democrat delivering the response to President Bush's State of the Union address.

Webb's eldest son, Jimmy, is a Marine in the combat zone. He can't bring himself to talk about his son — not even to the president — but others speak eloquently of their loved ones' sacrifices.

"I understand and sympathize with the Americans who continue to support this war because they do not want their family and friends to have died in vain," Baucus said of his nephew's death in a Senate speech Feb. 10. "I know what it is like to pray for a reason and to become determined not to lose."

Perceptions of Congress

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In his 2004 documentary Fahrenheit 9/11, filmmaker Michael Moore showed members of Congress sputtering as he put a camera in their faces and asked whether they'd send their children to Iraq. In arguing for a reinstatement of the military draft, Rep. Charles Rangel, D-N.Y., suggested his colleagues were out of touch when they authorized the war. "I continue to believe that decision-makers would never have supported the invasion if more of them had family members in line for deployment," he wrote in a column last fall.

At least nine members of Congress have sons or daughters who have served in Iraq, according to the U.S. Senate Library. A tenth, Sen. John McCain, faces the possibility that his youngest son, Jimmy, will go there this year.

Like other Americans in similar situations, the lawmakers are torn by powerful emotions. "We worried every day, but that did not take away from our pride," said Rep. Ileana Ros-Lehtinen, R-Fla., whose stepson, Douglas Lehtinen and his wife, Lindsey, are Marine fighter pilots. They ended an eight-month tour of duty in Iraq last year; Lindsey Lehtinen may be headed back there this year, Ros-Lehtinen said.

It's difficult to determine exactly how many lawmakers have had relatives in Iraq because some don't want to talk about it. In part it's because they don't want to appear to be seeking special treatment; in part it's out of security concerns. "When Perry was actually in Fallujah, I didn't want to mention the location to make him some sort of higher-value target," Akin said.

The number of lawmakers with relatives involved in the war is probably lower than in past conflicts, congressional historians say, in part because there are fewer soldiers involved. Compared with Vietnam, Korea and World War II, "this is a fairly limited conflict," said Ray Smock, director of the Robert C. Byrd legislative resource center at Shepherd University.

Members of Congress with Iraq veterans in the family are as divided as the rest of the country over the war. Sen. Sam Brownback, R-Kan., cited his niece and nephew, who both enlisted in the Marines, in a speech where he expressed misgivings about the president's plan to send more troops to Iraq. Baucus and Webb are also against it.

Others say they will support the Bush plan — with varying degrees of enthusiasm. "I'm a reluctant supporter," said Rep. Kenny Hulshof, R-Mo. The congressman's brother-in-law, Ryan Howell, is an Army major. Howell is back in the USA, and Hulshof said their talks over the family dinner table helped persuade him to back the Bush plan as a "last-ditch effort" to stabilize Iraq.

Sen. Kit Bond, R-Mo., whose son Sam is scheduled to return to Iraq for his second tour of duty this spring as the head of a Marine scout sniper platoon, is less equivocal. Bond said his son has convinced him that "pulling out early downgrades and denigrates the sacrifices that we've made."

Messages from the war

Members of Congress sometimes get bulletins from their relatives on the front lines. Rep. Joe Wilson, R-S.C., passed his Blackberry down the dais during House Armed Services Committee hearings, so his colleagues could read the latest message from his son, Alan, an Army reservist who spent a year in Iraq.

Rep. Duncan Hunter, R-Calif., who chaired the panel last year, said he was in a hearing when his son, also named Duncan, called him on a satellite phone during a battle in Fallujah.

The younger Hunter was "very unhappy," his father said, because the Marines were being ordered to stop attacking. "So I called up the Pentagon," the congressman said.

Lawmakers say having loved ones in Iraq makes them more sensitive to the war's implications. "When the early morning news comes on and says 'Marines killed in Iraq,' your stomach tightens," Bond said. Members of Congress insist, however, that their personal ties don't affect their decisions.

Baucus said he decided to oppose the president's proposal to increase troop levels because "our plan's not working," not because of his nephew's death. Hulshof said he voted for the 2002 resolution authorizing the use of military force in Iraq even though his brother-in-law was on maneuvers in Kuwait and "I knew my vote was going to put him in the middle of things."

Webb, a Vietnam War combat veteran, said members of Congress should weigh their decisions with equal care whether it is their flesh and blood on the line or their constituents'. "Every single person up here should act like they have somebody over there," he said.

In New Tape, Al Qaeda Deputy Taunts Bush (NYT/AP)

By The Associated Press

The New York Times, January 23, 2007

CAIRO, Jan. 22 (AP) — Al Qaeda's deputy leader on Monday mocked President Bush's plan to send more than 20,000 additional troops to Iraq, challenging him to send the "entire army" and vowing that insurgents would defeat them, according to a new videotape released by an American group that tracks messages from Al Qaeda.

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The group, the Washington-based SITE Institute, said it had intercepted the video from Ayman al-Zawahri, which had not yet been posted on militant Islamist Web sites, where his messages usually appear. SITE, which assesses and analyzes intelligence related to terrorism, did not elaborate on how it had received the message.

In the tape, Mr. Zawahri said the United States strategy for Iraq, outlined by Mr. Bush in a speech on Jan. 9, was doomed to fail.

"I ask him, why send 20,000 only — why not send 50,000 or 100,000?" Mr. Zawahri says on the video released by SITE. "Aren't you aware that the dogs of Iraq are pining for your troops' dead bodies?

"So send your entire army to be annihilated at the hands of the holy warriors to free the world from your evil," he continues, "because Iraq, land of the caliphate and jihad, is able to bury 10 armies like yours, with God's help and power."

The video showed Mr. Zawahri in a full gray beard, wearing a white turban, in front of a black backdrop.

The message was the first reaction from Al Qaeda's leadership to the new Iraq strategy.

The United States has said the extra troops will try to crack down on fighters from Al Qaeda and other Sunni Arab insurgents in Iraq, as well as Shiite militiamen who take part in sectarian violence.

General May See Early Success In Iraq (WP)

By Thomas E. Ricks

The Washington Post, January 23, 2007

The battle for Baghdad will start in mixed Sunni-Shiite neighborhoods chosen by military strategists as being the least likely to offer stiff resistance, raising the odds of early success, according to military planners and officials familiar with the thinking of the incoming Iraq commander, Lt. Gen. David H. Petraeus.

But that could be followed by a sharp increase in violence as insurgents learn U.S. and Iraqi tactics, military officials said.

The general, whose Senate confirmation hearing is scheduled for this morning, plans to send all 17,500 additional U.S. troops ordered by President Bush into Baghdad, regardless of whether Iraqi army units join the fight as planned, according to officials familiar with his thinking. Anticipating an uneven performance by the Iraqi army, military planners are advocating using American force and funding quickly to establish early victories, both in improving security and showing economic progress.

Petraeus's appointment as the top U.S. commander comes at a key point in the war, when public support is lower than ever and the congressional debate is coming to a head. The general offered a harsh critique of U.S. mistakes in Iraq in written testimony submitted to the Senate yesterday, noting a range of ills that included poorly managed elections and inadequate reconstruction plans. Now, as military and political leaders tout Petraeus as the best man to salvage the Iraq effort, he is in the delicate position of wanting to show progress quickly without raising expectations too high.

"This will be a difficult mission and time is not on our side," he states in the written testimony to the Senate Armed Services Committee.

Petraeus will require his troops to operate and live among the population, hoping to safeguard security and economic gains for neighborhoods cleared of violence. Military experts say that violence could decrease through April and May but that once insurgents get a feel for U.S. and Iraqi army tactics, a new "fighting season" could begin in late spring -- triggering potential political problems for U.S. public support of the operation.

Perhaps most important, Army insiders say they expect Petraeus to show a very different style from his reserved predecessor, Gen. George W. Casey Jr. "You are going to see a much more active command style than Casey," said one officer who has worked with both men. "Petraeus will be out walking the streets, visiting units and firing up both his Iraqi and coalition forces with his personal attention."

Like every active-duty officer and Pentagon official interviewed for this article, he asked not to be identified by name, noting the sensitivity of the situation as Petraeus awaits confirmation. Also, this officer noted, Petraeus has shown that he can use sticks as well as carrots: "He is also willing to fire people."

Petraeus aims to fly to Iraq as soon as possible, partly because, as one officer put it, he sees signs that "everyone's going on hold" there now as they await his arrival.

The plan to bring security to Baghdad will begin with the deployment of U.S. and Iraqi troops into nine sectors across the city. For years, most U.S. troops have lived on big "Forward Operating Bases." Petraeus plans to instead establish battalion command posts across the city. "I plan to ensure that some of our forces locate in the neighborhoods they protect," he said in his written statement.

People who have spoken with Petraeus recently said he believes that politicians and journalists have put too much emphasis on the increase in troop numbers and too little on his intention to use them differently. Their top priority will be protecting the Iraqi population, following counterinsurgency doctrine laid out in a new Army manual, which he oversaw, that says "the people are the prize."

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The plan calls for large numbers of Iraqi and U.S. forces to flow into a targeted area like an ocean tide, temporarily overwhelming militia and insurgent fighters. But unlike in the past, when the tide goes out, it will leave behind a substantial residual force of Iraq army and police units, backed up by mobile U.S. troops. In this way, planners hope to "hold" neighborhoods rather than just "clear" them of the enemy.

The first big question will be whether Iraqi forces show up as promised. Early indications are good, said one person familiar with Iraqi troop movements over the past several days. But they will have to be monitored constantly. The next question will be whether the Iraqi forces actually do anything, or just pretend to comply with American requests. The third will be whether they remain to finish the job, or pull out before the campaign is really completed.

The next big question is how the militia of Moqtada al-Sadr, the radical Shiite cleric who is anti-American and a major power in the Iraqi government, will respond to the new U.S. troop presence on the streets of Baghdad. Sadr's Mahdi Army, the single most powerful Shiite militia, has been implicated in death squad activities. "Actions taken in Sadr City will have to be carefully considered," Petraeus says in his statement, referring to Sadr's stronghold in eastern Baghdad.

U.S. military intelligence officers believe that Sadr initially won't confront the new U.S. troops. "I think the Mahdi Army will lay low where we are in present in strength," one intelligence officer predicted yesterday.

The combination of factors -- a militia response of waiting out the U.S. campaign, combined with initial operations in easier areas -- should cause a reduction in violence early in the campaign, said one Army insider. But he predicted that any drop would be short-lived.

By about March, Defense Secretary Robert M. Gates said recently, U.S. commanders should have a good assessment of whether the Iraqi government is able to deliver on its promises. He said that deployment of all five extra U.S. brigades in the pipeline will depend on Iraqi performance.

But people familiar with Petraeus's thinking say that he is likely to take a different course, ignoring any Iraqi shortcomings and asking for all five brigades of planned U.S. reinforcements, figuring out that a true test of the strategy of clearing and holding, and of protecting the citizenry of Baghdad, will require all those 17,500 troops. "To do what has to be done, they all have to go," said a senior defense official who met last week with Petraeus.

During the first months of the campaign, Petraeus is likely to be wary of declarations of success or calls from Capitol Hill to begin curtailing the troop increase. "Gaining the trust of the populace is going to take more than 30 to 90 days, which means the timeline for obtaining real results are out of sync with what the Hill and the U.S. populace is looking for in the way of results," a strategist for the Joint Staff said.

By April or early May, American planners hope that the levels of violence will begin to go down. But they also fear that this is the point at which the campaign could begin to go quietly sour. Insurgents and militias will have had time to study the new U.S. approaches and determine where the points of vulnerability exist.

By June, all the troops in the planned increase should be operating in Baghdad, with U.S. forces in the city having increased from 24,000 to about 41,000, and Iraqi troop levels rising from 42,000 to about 50,000.

By mid-summer, officers involved in planning said, Petraeus hopes to be able to point to a sustained decrease in violence.

Yet summer may bring the most dangerous point of the entire campaign, especially if U.S. forces begin to withdraw, warned retired Marine Col. Gary Anderson, who has advised top U.S. officials on insurgencies. He predicted that Sunni insurgents and Shiite militias will "wait out the surge, falling upon the Iraqi security forces when the Americans start leaving, causing a Tet-like effect where the light at the end of the tunnel is an oncoming train."

Petraeus Cites Errors In Iraq (WP)

By Thomas E. Ricks

The Washington Post, January 23, 2007

Army Lt. Gen. David H. Petraeus, who is poised to become the top commander in Iraq, believes that the U.S. government has made a host of serious mistakes there, according to written testimony he submitted yesterday to the Senate Armed Services Committee.

Among the errors he cites are inadequate planning for the occupation, failing to recognize the emergence of the insurgency, not having enough troops in certain areas and holding elections in such a way that they deepened Iraq's sectarian divisions.

Here are some excerpts (the entire document is available at washingtonpost.com):

-- "[T]here were a number of assumptions and assessments that did not bear out. Prominent among them was the assumption that Iraqis would remain in their barracks and ministry facilities and resume their functions as soon as interim governmental structures were in place."

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-- "There was the feeling that elections would enhance the Iraqi sense of nationalism. Instead, the elections hardened sectarian positions as Iraqis voted largely based on ethnic and sectarian group identity."

-- "There was an underestimation of the security challenges in Iraq. . . . It repeatedly took us time to recognize changes in the security environment and to react to them. "

-- "Disbanding the Iraqi army . . . without simultaneously announcing a stipend and pension program for those in the Army. . . ."

-- "We took too long to recognize the growing insurgency and to take steps to counter it, though we did eventually come to grips with it."

137 Killed Or Found Dead Across Iraq (AP)

By Kim Gamel

AP, January 23, 2007

A suicide bomber crashed his car into a central Baghdad market crowded with Shiites just seconds after another car bomb tore through the stalls where vendors were hawking DVDs and used clothing, leaving 88 dead Monday in the bloodiest attack in two months.

The bombings, along with a double bombing that killed 12 people in the town of Khalis, battered Shiites during one of their holiest festivals. The attacks were the latest in a renewed campaign of insurgent violence in advance of a U.S.-Iraqi security operation.

In all, 137 people were killed or found dead across Iraq, including a teacher who was gunned down as she was on her way to work at a girls' school in a mainly Sunni area of Baghdad. The toll also included the bullet-riddled bodies of at least 30 people, apparent victims of death squads largely run by Shiite militias.

An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed its fighters shot down an American military helicopter in a Saturday crash that killed 12 U.S. soldiers. The U.S. military has said the cause of the crash has not been determined.

In Washington, a senior military official said investigators found debris near the scene of the helicopter crash that could be part of a shoulder-fired weapon. The official requested anonymity because the investigation is ongoing.

Monday's explosions, which could be heard a mile away from the banks of the Tigris River, tore through the Bab al-Sharqi market shortly after noon in a clear attempt to kill as many people as possible at a time of day when commuters and shoppers tend to gather there in large numbers.

Witnesses said the force of the blasts sent jagged pieces of the sales stalls hurtling through the crowd. Body parts were strewn on the pavement, and heavy gunfire erupted. Black smoke billowed above the center of the capital.

Rescue workers could be seen hauling away a bloodied man on a wooden cart that vendors use to bring goods to market. His pants had been blown off.

Nearby al-Kindi Hospital and its morgue were filled to capacity. Many of the dead were laid out in the courtyard, covered with white and blue cloths, as loved ones crouched beside them shrieking in grief and shouting oaths against the attackers.

Hours later, a bomb struck a market in the predominantly Shiite town of Khalis, 50 miles north of Baghdad, and a mortar shell slammed into the market. At least 12 people were killed and 29 wounded, police said.

Khalis is in the volatile Diyala province, where fighting has raged for weeks among Sunni insurgents, Shiite militiamen and U.S. and Iraqi troops.

In the provincial capital of Baqouba, state television reported that gunmen attacked the mayor's office, ransacking the building and setting off explosives that damaged the structure. Police said the mayor was kidnapped, a report that U.S. officials said they could not immediately confirm.

The twin bombing in Baghdad was the single deadliest attack against civilians in Iraq since Nov. 23, when suspected al-Qaida in Iraq fighters attacked the capital's Sadr City Shiite slum with a series of car bombs and mortars that struck in quick succession, killing at least 215 people.

Prime Minister Nouri al-Maliki, a Shiite, denounced Monday's attack and blamed Sunnis. "The alliance of the terrorists and the remnants of Saddam have committed an ugly crime," he said in a statement.

Brig. Jihad al-Jabiri, director of the explosives experts department in the Interior Ministry, told state television that each car apparently carried more than 190 pounds of explosives.

Deputy Health Minister Hakim al-Zamili said at least 78 people were killed and 156 were wounded, but police and hospital officials put the death toll at 88.

The attack occurred two days after the start of the 10-day festival leading up to Ashoura, which marks the death of Imam Hussein, grandson of the Prophet Muhammad and one of the most revered Shiite saints.

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Imam Hussein died in the battle of Karbala in A.D. 680. The battle cemented a schism in Islam between Shiites and Sunnis, a division that has grown in Iraq since the U.S.-led invasion in 2003. The festival culminates next week with processions and ceremonies, including self flagellation, in a show of grief to mark Hussein's death in battle.

Late Monday, the U.S. military announced it had launched a joint drive with Iraqi forces into a dangerous Sunni neighborhood in north Baghdad, a region that has seen significant violence in the sectarian warfare shaking the capital.

It was unclear if the operation marked the beginning of the security drive that al-Maliki and President Bush announced this month.

Bush has committed an additional 21,500 troops to the effort to secure Iraq, but congressional Democrats, mindful of a rising U.S. military death toll, oppose this move.

A U.S. soldier was killed Monday by a roadside bomb in northern Iraq, raising to 28 the number of American troops killed in the past three days; the U.S. military also reported that two Marines were killed Sunday in Anbar province.

Al-Qaida's deputy leader, Ayman al-Zawahri, mocked Bush's plan to send more troops, challenging him to send "the entire army" and vowing in a new videotape that insurgents will defeat them. The Washington-based SITE Institute, which tracks al-Qaida messages, said Monday it had intercepted the video, which had not been posted on Islamic militant Web sites.

The success of the new security plan is strongly linked to the Iraqi government's willingness and ability to take on Shiite militias and death squads. Past operations to end violence in the capital failed when al-Maliki intervened on behalf of his fellow Shiites.

In a rare statement that singled out the feared Mahdi Army of radical Shiite cleric Muqtada al-Sadr, the American military announced that U.S. and Iraqi forces captured 16 Shiite militia leaders and 33 key Sunni insurgents in the past 45 days. The military said 52 operations since Dec. 8 targeted the Mahdi Army, which has been blamed for much of the sectarian violence in the capital, while 42 focused on Sunni extremists.

U.S. and Iraqi military officials also detailed a recent operation near Baqouba in which they said 100 Sunni insurgents were killed and 50 captured.

88 Killed As Car Bombs Devastate Busy Baghdad Market (NYT)

By Marc Santora

The New York Times, January 23, 2007

BAGHDAD, Jan. 22 — Two powerful car bombs ripped through a market in central Baghdad on Monday, turning an area crowded with shoppers and commuters into one of the worst scenes of carnage since the war began.

The bombs killed at least 88 people and wounded 160 others even as the first of some 21,000 extra American troops ordered by President Bush began arriving in Baghdad, and as other troops took up positions on SunniShiite fault lines as part of a new strategy to secure the city.

After a weekend in which 27 American soldiers were killed in Iraq, the attacks underscored the challenges that even an augmented American force faces in trying to quell the sectarian attacks. Military officials privately expressed concerns that a renewed period of intense sectarian fighting could easily overwhelm their efforts.

In addition to the market attacks, a bombing in a Shiite town north of Baghdad killed 15 people on Monday. Elsewhere, Iraqi government officials and members of security forces continued to be shot, blown up and kidnapped.

The blasts at the Baghdad market were in a Shiite area and seemed to have been timed to inflict maximum damage, occurring at noon, one of the busiest times of day. The explosions left so many bodies that they had to be loaded one on top of another on wooden carts, according to witnesses. Other victims were simply blown to pieces.

Ali Hussein 47, a biologist who was on his way home, said he had been knocked off his feet. The force of the blasts, which went off just seconds apart, turned everyday items like lotions and DVDs into deadly projectiles.

“Bottles of perfumes and deodorants were flying in the air like small rockets,” Mr. Hussein said outside Kindi Hospital, which was quickly overwhelmed with victims. “I was wounded in my right leg.”

Police officials said the blasts had been so large that each of the cars used must have carried a huge amount of explosives. From the eastern banks of the Tigris nearby, the two explosions could be heard in quick succession.

Massive clouds of smoke billowed high into the sky, and as the fires caused by the explosion engulfed at least a dozen cars, the cloud drifted over the heavily fortified Green Zone, about a half-mile away.

In the past such Sunni aggression has been met by swift reprisals by Shiites, a cycle of violence that left some 34,000 Iraqis dead last year. Monday’s bombings, directed so specifically at civilians, seemed intended to elicit a reprisal, much like the bombings in the Shiite neighborhood of Sadr City one day last fall, which killed 144 people.

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Late Monday, a Sunni mosque in the Dora section of Baghdad was blown up. There were no reports of casualties. Residents said the attack was likely to have been retribution for the bombing of a Shiite mosque in the same neighborhood last week.

Elsewhere, the Sunni mayor of Baquba, Khalid al-Sanjari, was abducted Monday, and after armed gunmen took him way from his office they burned it to the ground, according to a local police official.

Residents in Baquba, about 25 miles northeast of Baghdad, said Mr. Sanjari had close ties with armed groups formerly affiliated with the Saddam Hussein government.

"It is strange that this man was kidnapped," one resident said. "The Iraqi police and army have arrested him more than once, and he was released because of lack of evidence."

Although it is far from clear who abducted the mayor, another resident said, "This is a punishment for him, because armed groups tend to get rid of the person who is no longer useful for them."

Late Monday evening, just north of Baquba, at least 15 people were killed and 39 wounded in coordinated bomb and mortar attacks in the Shiite town of Khalis, according to a local police official.

In Tal Afar, the police were attacked in a bombing that left three dead and nine wounded. The town is considered to be one of the few success stories of the American occupation, a place where violence was largely quelled after intensive intervention. It is being used as the model for the new strategy to secure Baghdad.

Meanwhile, a group claiming to represent Al Qaeda in Mesopotamia took responsibility for shooting down an American Black Hawk helicopter northeast of Baghdad on Saturday. Local Iraqi officials at the site of the crash, which killed all 12 people on board, said the helicopter had been attacked, but American officials here said there an investigation was in progress and did not confirm those accounts.

Monday's bombing in Baghdad was followed by prolonged gun battles. The fighting could be heard across the city, although officials did not release any casualty figures from the ensuing skirmishes.

At the site of the car bombings, the popular market in Bab al Sharji, next to the Museum of Modern Art, Iraqi Army troops spotted someone on a nearby rooftop shortly afterward filming the carnage.

They went after him as he tried to escape by jumping from rooftop to rooftop before he was shot dead, according to an Iraqi Army official. The official said the man was Egyptian and was filming the attack to use as propaganda for the Sunni insurgents.

The scene after the fact was all too familiar: charred human remains, pools of blood, unrecognizable body parts strewn among the used electronic equipment, CDs and vegetables.

Many of the shops on the square sell used goods at discount prices and are popular among working-class residents. Although the area is mainly Shiite, Sunnis often shop at the market, residents said.

Prime Minister Nuri Kamal al-Maliki condemned the attack. "The violent terrorists who committed this crime have illusions that their bloody ideology to kill large numbers of civilians will break the will of the Iraqis and tear their unity and to raise sectarianism," he said in a statement.

But on the streets of Baghdad, people said they had little hope for their country at the moment.

Outside the morgue, families lined up looking for loved ones. Bodies were lined up on the street, some covered in blue blankets. Near the dead there was a grim pile of arms and legs and other body parts.

Baghdad Market Bombings Kill At Least 79 (WP)

By Joshua Partlow And Naseer Nouri

The Washington Post, January 23, 2007

BAGHDAD, Jan. 22 -- The near-simultaneous explosions of two powerful car bombs devastated a crowded street bazaar in central Baghdad on Monday, killing at least 79 people, wounding more than 140 and showering the pavement with shards of metal, tattered vending carts and bloodied human remains.

The midday attack at the Bab al-Sherji market was the second mass-casualty bombing attack in Baghdad in a week and the deadliest of the year. The T-shirt vendors, DVD dealers and fruit peddlers it targeted were primarily working-class Shiite Muslims, a sign that the Sunni Muslim insurgency remains capable of inflicting heavy losses even as Iraqi and U.S. forces prepare to intensify a security crackdown.

The attack came as Shiites were marking Ashura, the 10-day religious holiday commemorating the death of the prophet Muhammad's grandson in the 7th century.

The bombs exploded within seconds of each other around noon, a peak shopping time, and sent a dark mushroom of smoke high into the blue sky over Baghdad. Witnesses said a suicide attacker drove in with one of the bombs, veering his vehicle into a cluster of stands before blowing it up. A second car exploded about 150 yards to the northeast along the same street.

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At the Baghdad market, a woman had just asked fruit vendor Ali Khadhim for oranges, so he turned from his wooden trolley to fill her order when the bomb went off. The force of the blast launched him about 10 yards, he said, and by the time he recovered his bearings, the oranges lay scattered on the ground and the woman was gone.

"I couldn't hear for a while," said Khadhim, 42, as he stood on the fringes of the bombing scene, his neck wrapped in a white bandage, his shirt collar darkened by bloodstains. "I was looking at my body, my neck was bleeding. For a moment I asked myself, am I still alive?"

He found a human arm on the ground not far from him. "I looked at it. I looked at my arm. Thank God it was not my arm," he said.

The bombing produced the worst carnage since a Nov. 23 attack in the Shiite slum of Sadr City that killed more than 200 people. A bombing at a university in Baghdad last Tuesday killed at least 65. Iraqi officials saw a connection with the earlier attacks and blamed Sunni insurgents and supporters of the former government of Saddam Hussein.

"One can say there is a pattern emerging. They are attacking the infrastructure of our society: One is the university, one is the marketplace. It is really very, very, worrying. And the government must take this very seriously," said Haider al-Ebadi, a Shiite member of parliament. He also worried about reprisals. "I hope this time is different, but this has happened before: Whenever there is indiscriminate killing, the Shiite militias react by killing Sunnis in similar numbers."

Prime Minister Nouri al-Maliki issued a statement condemning the attack and promising that "the security forces will pursue all those involved in this crime and bring them to justice."

The body count rose steadily throughout the day, but officials did not settle on a specific number. An official at the Health Ministry who spoke on condition of anonymity said that 87 people were killed and 207 wounded in the market bombings. Brig. Gen. Kasim Salim of the Interior Ministry said 79 people died and 168 were injured.

The bullet-riddled bodies of at least 30 people were found Monday, according to the Associated Press, which reported that a total of 137 Iraqis were killed or found dead across the country.

The timing of the attacks -- a day after the arrival in Baghdad of 3,200 additional U.S. troops intended to bolster the latest security crackdown -- prompted some Iraqi officials to speculate that the insurgents intended to provoke the Iraqi government into a hasty response.

The bombers "want to make the government start with their security plan before finishing all the preparations," said Hasan Suneid, a Shiite lawmaker, who promised that the government's security plan "will not allow things like this to happen."

In the shops and cloth-covered stalls near Tahrir Square, where vendors sell myriad discount goods, from camouflage military uniforms to CDs, secondhand clothes, electronics, tools and video-game consoles, residents expressed less optimism about the government's ability to respond.

An Iraqi police officer who wore a black ski mask over his face and would not give his name cursed Maliki. "Only the poor people are dying, and the killers on both sides are still alive," the officer said.

After the attack, shopkeepers picked through their scattered belongings. A bulldozer cleared the street while firefighters sprayed down the bloodied streets. Ahmed Hossein, 17, worked alongside them, using his wooden pushcart to ferry human body parts to waiting ambulances.

"I was putting in the heads and arms and legs that we found," he said. "But we couldn't match them. The pieces don't belong to one person."

"What did we do wrong?" he asked. "We voted for Maliki and this government; they have not given us anything, and now they're taking our lives."

Hossam Hadi gripped a broom and swept the broken glass from the floor of his clothing shop. Above him, dislodged wires and cables swung down into the room. "People don't care if they are watching this from outside. They are not losing their people. We are paying the price," he said. "Americans are stupid and slow, they see Maliki make mistakes and Bush says: 'Give him a chance.' He wants to try him out. Of course the Bush family is not paying the price. He has time to try people out, we don't."

Elsewhere Monday, a U.S. soldier was killed and four others were wounded by a roadside bomb in Nineveh province northwest of Baghdad, the U.S. military said in a statement. The soldiers belonged to Task Force Lightning assigned to the 4th Brigade Combat Team, 1st Cavalry Division. The killings brought the three-day death toll for U.S. service members to at least 28. Twelve of those occurred when a Black Hawk helicopter crashed Saturday in Diyala province north of Baghdad.

A Sunni insurgent group, the Islamic State of Iraq, said it shot down the Black Hawk, according to a statement posted on the Internet. The U.S. military has not confirmed that the helicopter was shot down and a spokesman said Monday that the incident was still under investigation.

In Khalis, a town north of Baqubah, a bomb exploded in a market, followed by three mortar explosions, in an attack that killed 12 people and wounded 29, according to Ali al-Khayam, a spokesman for the Diyala provincial police.

DOJ_NMG_0120424

100 Killed In Market Bombings, Attacks (WT/AP)

By Sinan Salaheddin

The Washington Times, January 23, 2007

BAGHDAD -- Twin bombings yesterday tore through stalls of vendors selling secondhand clothes and DVDs in a busy Baghdad market catering to Shi'ite Muslims during a religious festival.

A market also was attacked north of the capital, and police said about 100 people died in the renewed campaign blamed on Sunni Muslim insurgents.

The U.S. military also reported the deaths Sunday of two Marines, raising the two-day death toll to 27 in a particularly bloody weekend for U.S. forces in Iraq. A roadside bomb killed a U.S. soldier and wounded four others yesterday in northern Iraq, it said.

The two U.S. Marines were killed Sunday in separate attacks in the Anbar province, an insurgent stronghold west of Baghdad, the military said. The deaths came a day after 25 U.S. troops were killed Saturday in the third-deadliest day since the war started in March 2003 -- eclipsed only by the one-day toll of 37 U.S. fatalities on Jan. 26, 2005, and 28 on the third day of the U.S. invasion.

The heaviest tolls Saturday came from a Black Hawk helicopter crash in which 12 U.S. soldiers were killed northeast of Baghdad and in an attack on a provincial government building in the Shi'ite holy city of Karbala that left five U.S. troops dead.

Investigators probing the scene found a tube that may have been part of a shoulder-fired weapon used to shoot down the aircraft, officials said.

Yesterday's first blast, a parked-car bomb, detonated shortly after noon in the Bab al-Sharqi market between Tayaran and Tahrir squares -- one of the busiest parts of Baghdad. Seconds later, a suicide car bomber drove into the crowd.

Police estimated that each car was loaded with 220 pounds of explosives.

Deputy Health Minister Hakim al-Zamili said at least 78 persons were killed and 156 were wounded, making it the deadliest attack in two months. Figures provided by police and hospital officials showed that as many as 88 people were killed.

Hours later, a bomb followed by a mortar attack rocked a market in the predominantly Shi'ite town of Khalis, 50 miles north of Baghdad, killing at least 12 persons and wounding 29, police said.

The twin bombing in Baghdad was the single deadliest attack against civilians in Iraq since Nov. 23, when suspected al Qaeda in Iraq fighters attacked Baghdad's Sadr City Shi'ite slum with a series of car bombs and mortars that struck in quick succession, killing at least 215 persons.

In other violence, gunmen killed a teacher as she was on her way to work at a girls' school in the mainly Sunni area of Khadra in western Baghdad, police said, adding that the teacher's driver was wounded in the drive-by shooting.

Two mortar shells also landed on a primary school in the Sunni stronghold neighborhood of Dora in southern Baghdad, killing a woman waiting for her child and wounding eight students, police said.

88 Iraqis Killed In Blasts (LAT)

By Borzou Daragahi, Times Staff Writer

The Los Angeles Times, January 23, 2007

The Baghdad bombings are seen as a Sunni insurgent challenge to the U.S. troop buildup.

BAGHDAD — Insurgents set off a pair of car bombs in a crowded Baghdad market Monday, killing at least 88 Iraqis in what may be a warning sign that Sunni Arab militants will challenge the proposed U.S. playbook for calming the country's sectarian violence.

The explosions left gruesome scenes of chaos in the capital's Tayaran Square, often a frenzied crossroad of commerce and traffic. The wounded dragged themselves into taxis past mangled vendor carts, blackened debris and piles of soot.

Dazed survivors prodded bodies for signs of life and bandaged wounds with secondhand clothes from the market's thrift stores. The smell of burned flesh hung in the air for hours.

At least 168 Iraqis were wounded in the attack, which had sectarian overtones and was similar to blasts carried out by Sunni insurgents, particularly those with ties to foreign extremist groups. The majority of businesspeople and workers in Baghdad's downtown marketplaces are Shiite Muslims.

Analysts said the increase in Sunni violence had exposed a weakness in the U.S.-Iraqi effort to stabilize the capital. The Bush administration, which is boosting the number of troops in Iraq by 21,500, has promised to pacify Shiite militias thought to be targeting Sunnis. But Sunni attacks on Shiites have continued unabated, threatening to strengthen the Shiite population's support of its militias and jeopardizing efforts for talks between the two sects.

President Bush is expected to outline and promote his plan for securing Baghdad in his State of the Union address tonight.

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Victims of the bombings cursed the government of Iraqi Prime Minister Nouri Maliki as they hauled away bodies and debris.

"Where is Maliki now?" cried one man, whose brother died in the blasts. "We are being killed and they are sitting on their fancy chairs."

One more car bomb was detonated near fruit and vegetable stalls in the mostly Shiite town of Khalis, 30 miles north of Baghdad, killing at least 12 Iraqis and injuring 40.

Authorities discovered the bodies of 29 men, apparent victims of Shiite death squads, scattered across Baghdad.

At least one U.S. soldier was killed and four wounded in a roadside bombing in Nineveh province, which is predominantly Sunni.

At least 30 American troops have died since Friday in apparent Sunni attacks, including a well-coordinated assault in Karbala on Saturday in which uniformed men stormed a security compound and killed five troops.

Frederick W. Kagan, a military analyst at the conservative American Enterprise Institute in Washington, said the attacks on U.S. forces could be a reaction to new American operations in Baghdad or a retaliation for a recent battle on the capital's Haifa Street, where U.S. forces killed Sunni insurgents.

But he said militants also could be launching an all-out effort to discourage the U.S. from sending more troops.

"Some insurgent groups could be trying to mass against us to inflict casualties as a way of turning the surge off," he said.

Monday's bombings occurred about a mile across the Tigris River from the U.S.-protected Green Zone. As pedestrians and shopkeepers rushed to aid the victims of the first explosion, another powerful blast shook the ground.

"I saw scores of injured people covered with blood being evacuated, and smoke and fire at two locations," said Raed abu Ahmad, a businessman who was shopping for a cellphone. "I saw bodies covered with blankets and burning cars."

Sirens erupted throughout the capital as ambulances raced to and from the bombing sites. Jittery police at the square screamed at passersby and fired into the air, attempting to clear the area of pedestrians.

A group of police officers briefly detained a pair of Los Angeles Times reporters, seizing their cellphones, identification cards and a tape recorder for several minutes before returning them.

Soldiers attached to the Army's 2nd Infantry Division arrived soon after the blasts, the military said. The area was sealed off as dump trucks hauled away debris.

The bombings flooded five hospitals with the dead and wounded.

"Most of the victims were burned and injured to the head and upper body," said Imad Abdul-Hadi, a medical assistant at a neurology hospital that took in more than 65 bombing victims. "Our hospital is suffering, as we are working at full capacity in a most abnormal way."

Witnesses were baffled by the attack's target, which appeared to be a group of stalls selling cigarettes and produce. Some said the first blast was caused by a suicide bomber driving a beat-up Volkswagen into a cafe.

The owners, vendors and laborers in the market tend to be Shiites, a result of longtime Sunni domination of government and civil service jobs that forced Shiites, Jews and Kurds to turn to the private sector for employment, especially in Baghdad.

"There weren't any Americans or Iraqi security forces," one witness said. "I don't know why they would target these people."

By early afternoon, several shopkeepers had reopened in an attempt to salvage some of the day's lost business and help pay for repairs after the blasts, which shattered windows and sent shrapnel hurtling through doors.

"This isn't the first time this has happened," said an employee of an appliance repair shop. "They're targeting innocent people. We could understand if they were targeting American or even Iraqi forces. Those are their ultimate enemies. But doing it this way is meaningless."

Gunmen killed a Sunni tribal leader in west Baghdad and a police academy trainer in east Baghdad. Mortar rounds struck a Shiite enclave in south Baghdad and a Sunni section of west Baghdad, killing four people and injuring 11.

Northeast of the capital, gunmen kidnapped Khalid Fenjari, the mayor of the provincial capital of Baqubah, which in recent weeks has been riven by sectarian warfare. The gunmen blew up the mayor's headquarters.

An investigation continued on the weekend crash of a U.S. Army Black Hawk helicopter, which killed 12 troops.

Fragments found at the crash site northeast of Baghdad have led investigators to think the helicopter may have been shot down by militants, said a defense official who spoke on condition of anonymity.

The Associated Press said investigators had found a tube that might be part of a shoulder-fired weapon. U.S. officials were not able to confirm the report.

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Times staff writers Julian E. Barnes in Washington and Said Rifai, Saif Rasheed and Suhail Ahmad in Baghdad, and special correspondents in Baghdad and Baqubah contributed to this report.

DOJ_NMG_0120426

Al-Qaida Group Claims Copter Shoot Down (AP)

By Nadia Abou El-magd

AP, January 23, 2007

An al-Qaida-linked coalition of Iraqi Sunni insurgents claimed Monday that its fighters shot down an American military helicopter in a crash that killed 12 U.S. soldiers. The U.S. military has said the cause of the crash has not been determined.

The insurgent coalition, the Islamic State in Iraq, posted the claim on an Islamic Web site, saying that "the lions of Iraq's Islamic state managed to down a Black Hawk on Saturday, which was followed by a clash with the Crusaders, and that led to the destruction of two Humvees and the annihilation of those inside, thanks be to God."

The posting's authenticity could not be independently verified, but it appeared on a Web site used as a clearing house for militant statements. The Islamic State in Iraq is believed to be the political wing of al-Qaida in Iraq.

The Army Black Hawk crashed in good weather in Diyala province, northeast of Baghdad. U.S. and Iraqi forces have been battling Sunni insurgents and Shiite militias for months in the province.

A U.S. military spokeswoman, Lt. Col. Josslyn Aberle, said the cause had not been determined. Navy Capt. Frank Pascual, a member of a U.S. media relations team in the United Arab Emirates, told Al-Arabiya television that the helicopter was believed to have suffered technical troubles before going down.

In Washington, a senior U.S. military official said Monday that investigators had found debris near the crash scene that could belong to a shoulder-fired weapon which may have been used to shoot down the helicopter. The official, who requested anonymity because the investigation is ongoing, said there was some belief that the piece of debris was a tube.

Officials were still combing through the debris to make a final determination about the cause of the crash.

The helicopter crash was the fourth deadliest since the start of the war in March 2003.

In The Vortex Of Baghdad, Staying Put This Time (NYT)

By Marc Santora

The New York Times, January 23, 2007

BAGHDAD, Jan. 22 — Two blocks from the new American outpost in Ghazaliya, one of Baghdad's most dangerous neighborhoods, a fight was raging. Shiites were battling Sunnis, the latest skirmish in a sectarian war that has left this area a wasteland.

On Friday morning, it became an American fight, too, after a few rounds whizzed by Sgt. Sergej Michaud's head, and he and three other soldiers returned fire.

The battle would rage for nearly an hour, with mortar shells and rocket-propelled grenades exploding near the soldiers, who in turn laid down heavy fire, eventually driving the attackers away.

Previously, that would have been the end of it, with the soldiers moving on to their next patrol area and eventually returning to their base. But this time, the Americans were staying, defending their new home in a neighborhood where the rule of law had been driven out by the reign of the gun.

Their outpost here, a cluster of fortified houses officially designated a joint security station and unofficially called the Alamo by some of the soldiers, is a test case for President Bush's new Baghdad security plan. The strategy envisions at least 20 more facilities like it in other troubled neighborhoods, all jointly staffed by Iraqi and American forces.

Even after the stations are set up, American commanders say, it will be many months, at best, before they can even hope to prevent bombings like the one that killed at least 88 people in a central Baghdad market area on Monday.

In the week since the Americans arrived, however, the troops have seen the truth of what their commanders warned in announcing the plan: it leaves Americans more exposed than ever, stationary targets for warring militias.

The outpost sits on the fault line between Sunni and Shiite enclaves: Ghazaliya to the south, where fighters with Al Qaeda in Mesopotamia have moved in among the Sunni population, and Shula to the north, a base for Shiite militias that have been raiding this neighborhood for months.

Over the course of three days spent with the 105 soldiers here — Company C of the Second Battalion, 12th Cavalry — four American vehicles were hit by roadside bombs near the outpost. No soldiers from Company C were wounded, but they know the fighting will intensify.

"I'm a juicy target they are just trying to figure out," said Capt. Erik Peterson, 29, the commander at the outpost.

During the week, the soldiers also received their first glimpse of the green Iraqi forces who will share the mission and eventually, they hoped, take it over. The soldiers talked about them with a mixture of bemusement, disdain and mistrust.

"You could talk about partnership, but you would be lying," said one soldier who asked that his name not be used, for fear of punishment by his superiors.

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It was also a week to start getting to know the desperate residents of Ghazaliya, where almost every remaining family has lost someone to kidnappings and executions, and where government services have long been cut off.

In their new role, the Americans find themselves acting as jailers and doctors, construction workers and garbage men, guardians and detectives — all in an effort to restore lasting order despite the threats on every side.

Wednesday: First Test

After three days of grueling work on muddy and filthy ground, including installing blast walls around the perimeter, filling 5,000 sandbags and hauling away trash, the soldiers had the beginnings of a functioning base on Wednesday.

That night, they had their first real test. It was nearing midnight, the generator had failed, there was no heat, the radio was malfunctioning — and an Iraqi girl no more than 4 was dying in the bitter cold on an Army cot.

At the same time, a loud firefight erupted outside, apparently an attack on an Iraqi Army checkpoint nearby.

Captain Peterson had brought the sick child to the base because her family was afraid to travel after curfew and no Iraqi government ambulance would dare visit the neighborhood after dark, if at all.

One of the company's medics, Cpl. Peter Callahan, 23, worked by flashlight, trying to soothe the girl, whose body was rejecting the medication her parents had given her.

"She needs to go to the hospital right now," he told Captain Peterson. With no time to call in support, Captain Peterson quickly arranged a convoy to the nearest hospital — a risky proposition even in daylight and with more soldiers to provide security.

But the girl's Sunni family resisted, fearing they would be killed at the hospital, which was in Shula, the Shiite district, if the Americans left them there.

Frustrated, Captain Peterson said over the radio, "I think they are pretty much willing to let this kid die instead of all dying together."

The Americans decided to head to a safer hospital farther away. But time was running out; the girl's pulse was dropping fast, dipping below 25.

Corporal Callahan gave her a small shot of atropine, which was all he had, to increase her heart rate. She stabilized, and when he emerged with the girl alive and breathing, he and her parents could barely contain their joy. He had saved her life.

Thursday: The Neighbors

After fortifying the outpost, the soldiers of Company C were ready for their first foray into the neighborhood. Most of them were familiar with the area, having conducted patrols here in armored Humvees for months, from a base near Baghdad's airport.

The platoon leader, First Lt. Samuel Cartee, 25, reminded his men that this would be different. "They know where we are coming from," he said.

It would be a short trip on foot, just two blocks north, circling back and checking out a local market area. The biggest threat was snipers.

"If we get shot at, and we know what house it is coming from, we are authorized to raid that house," he said.

A few minutes after setting out, the soldiers passed a school that, like the other two in the area, was closed. Two months ago, American officers say, a teacher was raped, mutilated and strung up by her feet outside the building, left to hang for days.

It was unclear whether the killing was conducted by Shiites or Sunnis. But American officers said women were increasingly being attacked, especially by elements of Al Qaeda in the southern part of the neighborhood.

The soldiers soon came to an open area, and a shot rang out. A sniper.

They ran across the trash-strewn lot and took up battle positions, backs against a concrete wall, sun in their eyes. The shot came from about two blocks away — too far to pursue the shooter, who would be gone by the time they got there.

Later, two more snipers took shots, both far off the mark.

The Americans continued on, trudging through streets where rainwater had collected in pools and mixed with the open sewers.

Lieutenant Cartee passed out a flier announcing the presence of the station and inviting residents to call with information or problems. In this Sunni part of town, all the tips would point north, toward Shiite Shula. That fact was clearly painted in English on one wall the soldiers passed.

"Hey Americans, we want you to destroy the J.A.M." It was a reference to the largest Shiite militia, the Mahdi Army. In smaller letters, someone had written an equally clear message: "Bush is appalling and dreadful."

The soldiers made it to the market, and a crowd formed around them. But the soldiers were mostly unable to talk: interpreters are favored targets of snipers, so theirs had to stay in the armored Humvee that trailed behind.

The entire patrol lasted less than an hour. They had been shot at three times, handed out their new phone number to a few dozen people, seen several newly opened stores and made it back alive.

"Nice neighborhood," Lieutenant Cartee said, deadpan.

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That evening, a firefight began outside, close enough that tracer fire whizzed over the station. But the Americans did not seem to be the target, this night at least.

Friday: Troubling Thoughts

The first big fight for the Americans came the next morning — the battle that found Sergeant Michaud. When it was over, the Americans had killed two suspected militia members and taken two prisoner.

The suspects were young men, wearing black — the uniform of the Mahdi militia. The Americans blindfolded them and put them in separate rooms, where they were tested for residue from explosives and held for questioning.

As residents began arriving to offer information, a man who lived next to the new station, a Sunni and former police commander, loaded his family's possessions into a pickup truck.

He was happy that the Americans were there, he said, but he was afraid that they would attract constant attacks, so he was moving to a different part of the neighborhood. As he packed up his family, he noticed a young boy loitering. The man became enraged, pointing two fingers at his eyes, then pointing at the boy, yelling, "Mahdi! Mahdi!"

The man explained that both the Mahdi Army and Al Qaeda were sending spies to see who was feeding the Americans information. The boy slipped away.

At the same time, Iraqi Army soldiers were starting to move into the outpost. They arrived in the late afternoon, one truck with a flat tire towing another truck that was not working.

Maj. Chasib Kattab, a boisterous Shiite who commands the Iraqi unit of two companies, about 200 men, started to provide information. But, in a likely hint of things to come, all his tips involved Sunni fighters. He had nothing to say about the Shiite militias.

He also seemed eager to fight. When he told the Americans about a car that was likely to be used as a bomb, he asked whether American helicopters would be able to destroy it. Told that, at night, they could make out the shape but not the color, Major Chasib seemed to think that was good enough. "They should just shoot it," he said.

Captain Peterson had to explain that was not how things worked, aware that his partner's decisions would affect how the Americans would be perceived.

Captain Peterson was under no illusions that establishing security and training the Iraqis to maintain it would be a difficult operation that could take time. He said he was initially skeptical about the plan, thinking the risks might be too great. But looking back over his experiences this fall patrolling the neighborhood, he said he had changed his mind.

One recent event in particular swayed him. When the Americans canceled their usual patrol on Jan. 3, Sunni extremists used the opportunity to bait militiamen by waging war on the small Shiite civilian population in Ghazaliya.

"They just went into the streets and started killing as many people as they could," he said. Captain Peterson was at the main American base for western Baghdad, three miles away near the airport, and it took him nearly an hour to respond to pleas for help.

"It was such a helpless feeling for me," he said.

Corporal Callahan, for his part, said that he was not sure he agrees with the war, and that he knew his wife, Stacie, thought it was terrible. But to get through it, he focuses on the people he can help, like the little Iraqi girl he saved.

"As long as I am here, I am going to try and make it worthwhile as far as the kids are concerned," he said. "The adults, they are going to do what they are going to do."

Sunni Sheik Declares War On The Insurgency (LAT)

By Tony Perry,

The Los Angeles Times, January 23, 2007

A business-minded tribal leader in Al Anbar forges an alliance with U.S. forces.

RAMADI, IRAQ — At 35, he is younger than many sheiks. And his Sunni Arab tribe is not one of the largest in Al Anbar province. But Sheik Sattar Bazeaa Fatikhan projects the aura of power and seriousness that comes to a man who has taken a stand.

After Sunni insurgents killed his father and four of his brothers last year, Fatikhan declared war against the insurgency.

He convened a summit of about a dozen prominent sheiks. From that meeting came a document called "The Awakening," in which Fatikhan persuaded all but one sheik to join him in opposition to the insurgency.

The sheiks pledged to encourage young men to join the police force and even the Shiite-led army. The document states that killing an American is the same as killing a member of their tribes. Since the gathering, Fatikhan said, the sheiks have "eliminated" a number of insurgents.

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U.S. officials regularly visit Fatikhan, seeking his counsel, showing him the kind of deference one might expect for a leading government official. When a British general visited recently, Fatikhan, the sheik of the Abo Resha tribe, noted that his great-grandfather had fought against the British in the early 1940s.

Still, he said, "The British respected the sheiks."

In a two-hour interview in his large, carpeted meeting hall, a stream of underlings whispered to Fatikhan or handed him messages. He nodded or spoke a few words, and they hurried off. Later, he allowed himself to joke about the duties of being a sheik.

"They give me a headache," he said through an interpreter.

Drinking tea and smoking Marlboros, Fatikhan listened to questions and then gave an unvarying response: The U.S. military and Iraqi tribes must unite to rid Sunni-dominated Al Anbar province of men who would "try to engineer our future with mortars and roadside bombs."

For U.S. forces, Fatikhan's stand is a significant boost in a bitter fight with insurgents who, until recently, controlled large segments of Ramadi, the provincial capital.

Army Col. Sean MacFarland, commander of the 1st Brigade Combat Team, 1st Armored Division, credits Fatikhan and other sheiks for an increase in police enrollment, a decrease in insurgent recruitment and new courage among Iraqi forces.

A year ago, insurgents blew up every police station in Ramadi, and officers were afraid to return to duty. The U.S. military rebuilt many of the stations. During a recent attack, Iraqi police officers stood their ground.

"They would not be intimidated," MacFarland said. "Why? Because their sheik, whom they respect, told them, 'You must do this.' "

Fatikhan ordered his followers to "adopt" the U.S. Army's liaison to the tribes and give him an Arabic name, Wissam, which means warrior. After the officer, Capt. Travis Patriquin, was killed by a roadside bomb, the sheik ordered that one of the new police stations be named in his honor.

This month, Fatikhan was host of the first Ramadi reconstruction conference, held behind the high walls of his family compound. Contractors, sheiks and others met with U.S. officials to discuss projects to pave roads, rebuild schools and improve electrical, sewer, phone and water systems.

Fatikhan, who wears tailored suits when not in traditional clothing, understands U.S. politics. He told a visiting journalist, "Please take a message to the Democrats: Let the American forces stay until we can hold Iraq together. Then we will have a party when American forces go."

Outside Fatikhan's meeting room, other sheiks, some much older, waited to talk to him. So did Iraqi police officials. The sheik's bodyguards were nearby.

He offered his American and British visitors sweet tea and insisted that they stay for a lunch of goat, rice and sauces.

"The terrorists are not here for the interests of Iraq," Fatikhan said. "We don't need them here to say they're here to defend us. If Iraq was in danger, the real people of Iraq would stand up and defend Iraq."

He referred to the U.S. and Britain as "the two great nations."

British Lt. Gen. G.C.M. Lamb was quick to return the compliment.

"Baghdad was once considered the center of the civilized world, so I believe we have three great nations engaged in a great purpose," Lamb said.

"The British had an empire and lost it," he added, "and so we have learned that we do not know everything, that there is wisdom in many places."

Fatikhan is not above criticizing the U.S.-led forces.

"The coalition forces made many mistakes," he said. "That led a lot of people to accept [Al Qaeda's] offer: 'We will get rid of the coalition forces.' That was a mistake the people made."

Fatikhan said he didn't fear being killed. He has many bodyguards, and a U.S. tank is parked outside his compound.

"They killed my father and brothers," he said. "I have a different spirit."

His surviving brother lives in the family compound with him and his wife and five children.

The sheik has not traveled outside the Middle East but said he would like to visit Germany, Britain and the U.S.

He joked, without smiling, "When there is peace, I will learn English."

The alliance between U.S. forces and the sheiks is a marriage of convenience. The sheiks are rivals of the elected government in Al Anbar that the U.S. supports, but there is no functioning government in Ramadi.

"Their interests align with us — none of the tribes is making any money during the war," MacFarland said. "Many, like the mafia, own construction companies. There are limits on how far down their path we can walk together, but today it's a very good relationship."

Fatikhan is looking beyond the present toward posterity.

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"Let history mention a hero, a man who brought the tribes together to fight," he said. "Let history show that a sheik stood up."

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Residents: Baqouba Is Deadly Ghost City (AP)

By Bassem Mroue

AP, January 23, 2007

Two tales of one city.

Many residents of Baqouba say they live hunkered down in cold, dark houses afraid to go out, that the once mixed Shiite-Sunni neighborhoods are riven by sectarian cleansing, that the police force has virtually collapsed, and that longtime rituals — like the annual orange festival — have become unthinkable.

U.S. and Iraqi military officials, in response to questions, paint a different portrait. They insist the city is not nearly as dangerous as "rumors" put it. According to them, Baqouba is improving and violence is down.

Events Monday seemed to contradict those assertions. A car bomb and mortar bombardment in nearby Khalis killed at least 12 people, and state television reported that gunmen in Baqouba proper attacked the mayor's office, ransacking the building and setting off explosive charges that damaged the structure. Police said the Sunni mayor was kidnapped, a report U.S. officials said they could not immediately confirm.

In a video news conference just prior to the attack and in an e-mail response two days earlier to The Associated Press, a senior U.S. military officer emphasized that progress is being made in Baqouba.

"The slow improvement of services is an example of the effects terrorism has on a community," said Col. David W. Sutherland, 3rd Heavy Brigade Combat Team, 1st Cavalry Division, said in his e-mail response. "The terrorists would have you believe there is no electricity, when in reality, most of the province has about 12 hours a day, which is better than the national average of 11 hours."

Terrorists "would have you believe schools and markets are closed and people are afraid to go out of their homes. Again, in reality, markets are open with fruits, meat, and produce readily available," Sutherland said.

Baqouba is a market center set amid lush orange and date groves about 35 miles north of Baghdad. It is also the capital of Diyala province, abutting Iran. In past years, Shiites and Sunnis abided here in relative peace, until a few months after the ouster of Saddam Hussein, when Sunni insurgents from rural areas began pushing into the city, then about equally divided between Shiites and Sunnis.

In a series of interviews conducted with residents by two Associated Press employees who live in the city but cannot move around freely because of security concerns, and also by telephone from Baghdad, townspeople from both sects gave a bleak assessment of life in Baqouba today.

They describe it as a place where Sunni insurgents signal one another by firing into the air and where in moments a quiet street can be turned into a sectarian hunting ground.

It begins with a pistol shot. Twenty minutes later, masked gunmen carrying automatic rifles march by the dozens through the streets, then set up checkpoints and demand identity cards from anyone who ventures outside. Before Iraqi soldiers or U.S. troops respond, the gunmen usually vanish like ghosts. But not always.

There have been major battles in Baqouba between the Iraqi forces and insurgents, raging firefights that have driven residents inside, where they say they stay home from work and away from schools and universities.

In the highly unusual teleconference, U.S. and Iraqi military leaders in Diyala province detailed a major operation last week in which about 100 insurgents were killed near Balad Ruz, a town 20 miles east of Baqouba. More than 1,300 rockets and 1,100 rocket-propelled grenades and launchers were seized, he said.

"The situation in Baqouba is reassuring and under control — but there are some rumors circulated by bad people," said provincial police commander Gen. Ghanem al-Qureishi.

Maj. Gen. Shaker Hulayel, commander of the 5th Division of the Iraqi army, added that "residents are going as usual with their work. ... Markets are open and trade continues. This is in addition to recruitment for police forces that are going on."

Residents interviewed by AP reporters on the basis that their names not be used because of security fears acknowledge markets are open, but, they say, only for a few hours a day. They say they are able to duck out for supplies, mostly food, for brief periods.

They also said they feel isolated, because roads in and out are too dangerous to use, phones work only sporadically. Electricity is rare. Water, they contend, flows through city mains about an hour a day.

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"You rarely see anyone in the streets after midday," said one resident reached on a satellite telephone late last week. Gunfire crackled in the background. "People are fed up because all they hear is gunfire and explosions."

"We have no social life. We stay at home all day and the road is too dangerous to go to Baghdad," the resident said.

Another resident complained about a lack of services, blamed the government and said she yearned for the days of Saddam Hussein.

"We thought our life was going to get better. Had we stayed like before it would have been better," the woman said in a videotaped interview as she made tea over a kerosene heater.

Residents claim Sunni and Shiite gunmen have cleared some formerly mixed neighborhoods of sect members who were in the minority.

The al-Mualimeen district in the southwest of the city and the western Tahrir neighborhood are now mostly Sunni while the Huwaider neighborhood, also in the southwestern district, now is nearly all Shiite.

In June, al-Qaida in Iraq leader Abu Musab al-Zarqawi was killed in a U.S. airstrike on his hideout near Baqouba, and his death was followed by a series of raids that the military said revealed a "treasure trove" of intelligence.

But the situation in Baqouba began to worsen in October when the predominantly Shiite Iraqi army launched a major detention campaign against suspected Sunni insurgents in the city. Angry Sunnis have fought back.

Days after the start of the campaign, leaflets of a little-known group called the "Mujahedeen of Diyala" were found in the streets. They demanded the resignation of the army and police commanders as well as the governor of the province — all Shiites — within 30 days.

None of the three resigned by the deadline. The insurgents attacked police, leaving scores of people dead. The police force nearly collapsed in late November, and the city has been under the authority of the Iraqi army since then.

And despite the success of the operation against insurgents in nearby Balad Ruz and the military assertions to the contrary, a Shiite resident of Baqouba spoke despairingly in front of his crumbling home last week.

"The only thing in the streets is killing. Some of us here are starting to wonder if death might be better than this life," the man said in a videotaped interview.

Col. Sutherland said the problems, where they do exist, can be laid at the feet of the insurgents.

"I don't want to paint a rosy picture," he said in his e-mail response. "There is violence in Baqouba. Terrorists target not only government workers, but also the Iraqi army soldiers, Iraqi police, and the citizens of Iraq."

North Of Capital, A Tale Of Two Iraqs (WP)

By Ernesto Londono And Hasan Shammari

The Washington Post, January 23, 2007

BAGHDAD, Jan. 22 -- U.S. Army officers described Monday how they disbanded what they called a terrorist network whose members killed tribesmen and otherwise sowed fear across large pockets of Diyala province north of Baghdad.

"There are shopkeepers who had closed their doors out of fear, that are now beginning to open their doors," said Maj. Brett G. Sylvia, speaking from Diyala through a satellite video link to reporters in Baghdad. "Families are starting to move back into the area. A sense of normalcy is attempting to be reestablished in this area."

Minutes before the news conference began, armed men kidnapped the mayor of the provincial capital, Baqubah, blew up his office and stole six government cars, including three new Chevrolet police pickup trucks, officials in the province said.

The near-simultaneous scenarios played out like a tale of two Iraqs, one inching toward stability, the other engulfed in chaos.

After seizing Mayor Khalid al-Sanjari, one of the armed men grabbed a loudspeaker from a police car and taunted the chief of police, the officials said.

" 'We are Ansar al-Sunna battalions,' the man blurted out," according to Abu Sajjad, a member of the Baqubah municipal council. " 'If you dare, come and take us.' " Ansar al-Sunna is a Sunni insurgent group active in the city.

The 3rd Brigade Combat Team of the U.S. Army's 1st Cavalry Division, made up of roughly 4,000 soldiers, is responsible for Diyala and some surrounding areas -- roughly the size of Vermont and New Hampshire -- in tandem with the Iraqi army's 5th Division.

In the video conference, the brigade commander, Col. David W. Sutherland, spoke proudly of his soldiers and commended his Iraqi counterparts for their role in the operation.

"There is no doubt that the cycle of violence is on the downturn," he said.

U.S. and Iraqi forces in Diyala first fought the insurgent network -- known as the Council, which officials said was an offshoot of the Sunni group al-Qaeda in Iraq -- in November. Then they spent several weeks analyzing the group's techniques and weaknesses, the colonel said.

On Jan. 4, U.S. and Iraqi forces began a concerted attack, which lasted nearly 10 days and resulted in the killing of nearly 100 members of the Council and the detention of 50, Sutherland said. The commanders also said they seized large caches of weapons, including nearly 1,200 Katyusha rockets and 1,300 rocket-propelled grenades. The enemy, military officials said, used spider holes and irrigation canals to store weapons and ammunition.

Sutherland was flanked by two Iraqi commanders, who were wearing slightly darker uniforms. They weren't there to paint "a rosy picture," Sutherland told reporters. But they wanted to highlight what he and Iraqi officials described as progress in the province.

"The situation in Baqubah is controlled," said Maj. Gen. Ghassan Adnan Awad al-Bawi, the provincial police chief, adding that rumors to the contrary should be ignored. "The purpose of these rumors is to hit the will of our citizens."

In Baqubah, meanwhile, the armed men arrived at the municipal building waving guns, said Abu Sajjad, the council member, who declined to give his full name for security reasons. The attackers targeted only the mayor, who runs the city of roughly 280,000 people.

"They did not take any one of his guards," Abu Sajjad said. "They didn't kill or wound anyone."

He wondered whether the mayor had been set up. Some high-ranking city officials who should have been at work had left unexpectedly, he said, adding that the parking lot behind the building was unusually deserted. The mayor's one-story building was destroyed.

"We don't know yet why he was targeted," said Hussein al-Zubaydi, a member of the provincial council and head of its security committee. "We don't know whether it was personal."

As the news conference ended, reporters who had assembled in Baghdad's fortified Green Zone were handed press kits with photographs, maps and biographical information about the American commanders. They also were given a DVD with raw footage of parts of the operation, called Turki Bowl because it happened close to the village of Turki.

About 30 minutes after the kidnapping, U.S. military and Iraqi security forces arrived at the scene, cordoned it off and inspected the damage as military helicopters hovered overhead, officials said.

Suicide Bomber Kills 10 In Afghanistan (AP)

By Amir Shah, Associated Press Writer

AP, January 23, 2007

A suicide bomber blew himself up outside a U.S. military base in eastern Afghanistan on Tuesday, killing 10 people and wounding 14 others, an Afghan official said.

The bomber approached a group of Afghan men who were waiting outside the base in the city of Khost, in Khost province, before triggering an explosive strapped to his chest, said Jamal Arsalah, the province's governor.

Maj. Matt Hackathorn, a U.S. military spokesman, confirmed the blast, but said that there were no U.S. military casualties known so far.

Jamal said the men were daily workers, lining up to get into the base at the time of the blast.

Suicide attacks have increased as Taliban militants intensify their insurgency against Afghan government forces and foreign troops. According to U.S. military figures, there were 139 suicide attacks during 2006, up from 27 in 2005.

In 2006, Taliban carried out a record number of attacks — suicide and otherwise — and some 4,000 people died in the insurgency-related violence, according to a tally by The Associated Press based on reports from Afghan, NATO and coalition officials.

Khost, where Tuesday's attack was carried out, is a former al-Qaida stronghold on the mountainous Pakistani border that has been a focus of militant activity.

Afghan and Western officials say insurgents use the tribal areas of neighboring Pakistan as sanctuaries from where they organize and launch operations in Afghanistan.

Pakistan argues that only remnants of the Taliban and al-Qaida remain on its side of the border and complain that it gets too little recognition for deploying thousands of troops to the region.

On Monday, a suicide car bomber killed four Pakistani soldiers in North Waziristan, across the frontier from Khost.

Senior U.S. officials have warned that fighting in Afghanistan is likely to surge again this spring, as warmer weather clears snow from mountain passes and militants try to weaken the grip of President Hamid Karzai's U.S.-backed government.

Suicide Blast Kills 10 Afghans Outside NATO Base (AFP)

AFP, January 23, 2007

A suicide attacker blew himself up among a crowd of Afghan labourers queuing to enter a NATO base in eastern Afghanistan, killing 10 and wounding 14, an official said.

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The attacker, who appeared to have been on foot, detonated his load of explosives outside a gate of an International Security Assistance Force (ISAF) base near the eastern city of Khost.

"Ten civilians were killed and 14 injured," Qasim Jan, an aide to the provincial governor, told AFP on Tuesday.

The crowd was waiting to pass security checks to enter the base, where most of them worked, Jan said. The attack took place at about 7:10 am (0240 GMT).

ISAF confirmed there had been an explosion at the Salerno base.

"There was an explosion in the vicinity of Salerno early this morning in Khost province. There were no ISAF casualties. However we are aware of a number of other casualties," said an ISAF spokeswoman in the capital Kabul.

Police could also not confirm the toll.

"The suicide bombing was in front of a base of the coalition forces," police spokesman Zemarai Bashary told AFP in Kabul.

On casualties, he said: "We cannot say -- the area was blocked by the coalition forces and no one was allowed in."

Provincial police were also not able to immediately give details.

Foreign troops cordoned off the area about a kilometre (mile) from the blast site and did not allow anyone to enter, an AFP reporter at the scene said.

No one immediately claimed responsibility for the blast but suicide attacks are a hallmark of the Taliban-led insurgency that kicked off when the hardline Islamic movement was driven from power in 2001.

There were nearly 140 such attacks in the country last year, according to US officials. They were mostly aimed at foreign and Afghan forces, but killed more civilians.

Suicide Bomber Kills 4 And Wounds 23 In Pakistan (NYT)

By Ismail Khan

The New York Times, January 23, 2007

PESHAWAR, Pakistan, Jan. 22 — A suicide bomber rammed his explosive-laden car into a military convoy near Mirali in the restive North Waziristan tribal region on Monday, killing 4 people and wounding 23, witnesses said.

The dead included two paramilitary officers, a member of the military and a woman civilian, the witnesses said, and 20 of those wounded were soldiers.

The attack occurred at a checkpoint about a mile east of the town of Mirali when a joint convoy of the army and paramilitary was heading from a garrison in Bannu to Miramshah, the restive region's administrative headquarters.

Witnesses said that three army vehicles and a passenger car were damaged in the attack, the first to cause fatalities since the government and Taliban-backed tribal insurgents signed a peace agreement on Sept. 5, 2006.

Army and paramilitary troops had vacated the checkpoint as a condition of the peace agreement, and it is now managed by a tribal force.

Militants in Miramshah who had signed the peace agreement promptly denounced the episode and said that they were not involved in the attack.

A statement that said it was issued from the "security office of the Taliban North Waziristan" said: "We (Taliban) do not have a hand in the bomb attack. We want to maintain the peace agreement and the government should also do so."

Taliban leaders in the region had called a meeting in Miramshah to discuss the situation, the statement said.

A militant commander in the neighboring South Waziristan tribal region, Baitullah Mehsud, had vowed to avenge an airstrike last week on what the government said was a militant training center in which, government officials said, more than 20 people were killed and 8 wounded.

A government official familiar with events in the region said Monday that the signers of the peace agreement had little influence over militants beyond Miramshah.

"This brings into question the efficacy of the whole agreement," he said, adding that the bombings could be expected to increase tensions in the region after a lull in hostilities since the agreement.

"There had been warnings to security forces to avoid traveling in the tribal region after Baitullah's warning unless absolutely necessary," the official said.

A spokesman for the North Waziristan governor told reporters that the government was making efforts to maintain the peace agreement and attributed the attack to criminal elements trying to derail the peace efforts.

Pakistan officials said that a paramilitary soldier was killed and two others were wounded on Monday when an American helicopter from across the border fired rockets at a border post in the Shawal region on Monday.

A military spokesman in Islamabad said that Pakistan would lodge a strong protest with the United States and demand an investigation. A NATO spokeswoman said that aircraft had attacked insurgents who fired on a NATO base near the border and there may have been casualties, [a news agency] reported.

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Taliban Chief Said Likely In Afghanistan (AP)

AP, January 23, 2007

Taliban leader Mullah Omar is likely based in southern Afghanistan and leading the resurgent Islamic militia from there, Pakistan's Foreign Ministry said Monday. A spokeswoman for the Pakistani Foreign Ministry said that Omar's exact whereabouts remain unknown.

"But generally the likely scenario is that he is in Kandahar, from where he is marshaling his troops," spokeswoman Tasnim Aslam said at a news conference, referring to a city in southern Afghanistan.

Aslam's comments follow claims by Afghan officials that a captured spokesman for the Taliban militia told interrogators that Omar was living in the southwestern Pakistani city of Quetta and that he was protected by Pakistan's ISI intelligence service. The purported Taliban spokesman, Mohammad Hanif, was arrested last week in eastern Afghanistan.

Afghan and Western military officials have repeatedly complained that Taliban leaders find refuge in Pakistan and use it as a base for attacks against Afghanistan's U.S.-backed government.

Taliban fighters launched a record number of attacks against Afghan and international coalition forces last year. Some 4,000 people died in the insurgency-related violence, according to a count by The Associated Press.

Pakistan vehemently denies backing the militants.

"To say that the Afghan insurgency is being sustained by a few people who cross from here is very simplistic and naive, if not done with some other agenda of shifting the blame on Pakistan for failures inside Afghanistan," Aslam said.

Pakistan was a key supporter of the Taliban militia until it switched sides to become a U.S. anti-terrorism ally following the Sept. 11, 2001, attacks.

Fire From Afghanistan Kills Pakistani (AP)

By Sadaqat Jan

AP, January 23, 2007

U.S.-led forces in Afghanistan mistakenly fired at a Pakistani border post and killed a soldier, Pakistan's military said Monday after lodging a protest over the death.

A U.S. military spokesman said four precision-guided bombs were dropped on four suspected militants who were firing rockets at a U.S. military outpost at Bermel in Afghanistan's Paktika province, near the Pakistani border.

"I cannot confirm or deny loss or injury of Pakistani military," said Lt. Col. Paul Fitzpatrick, the spokesman. "This all happened inside Afghanistan."

He also said the coalition was investigating.

But the Pakistani military said in a statement the post that was hit is located near Shawal, a mountainous area close to the Afghan border in Pakistan's North Waziristan tribal region.

Pakistan, a key U.S. ally, has a long border with Afghanistan that straddles rugged mountain regions and is not clearly demarcated in places. It is under growing pressure to help contain Taliban and al-Qaida militants suspected to operate from its soil.

Pakistan strongly protested to the coalition authorities, asking them to investigate and take "necessary steps to ensure that such incidents are not repeated in future," its statement said.

Fire by U.S.-led coalition forces has landed in Pakistan in the past. In January 2006, Pakistan protested to the U.S. military in Afghanistan over firing at a village in North Waziristan in which eight people were killed.

From Pakistan, With Jihad (NYT)

The New York Times, January 23, 2007

To learn why a resurgent Taliban is fighting American and NATO troops to a military draw in Afghanistan, you have to go to the frontier region on both sides of the Pakistan-Afghanistan border.

Our colleague, Carlotta Gall, did just that last month and what she learned led to a physical assault on her by Pakistani intelligence officials and five hours in custody for her photographer, Akhtar Soomro. The Pakistani agents broke into her hotel room and copied her notes and computer files. They then tracked down and questioned everyone she had interviewed in Quetta, a border city.

We now know why. Ms. Gall's reporting has determined that Quetta is an important rear base for the Taliban, and that Pakistani authorities are encouraging and perhaps sponsoring the cross-border insurgency. That is a role that Pakistan's president, Gen. Pervez Musharraf, denies. But residents of the border area, opposition figures and Western diplomats point to specific cases of Pakistani involvement. Americans need to know more about this collusion and to demand better answers from General Musharraf.

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There are many reasons that things are now going badly for the American-backed Afghan government. America shortchanged Afghanistan's security in its rush to invade Iraq. European allies have inexcusably failed to provide NATO with enough soldiers to carry out the expanded Afghan security mission it took on last year and have imposed hobbling restrictions on the activities of those they did send. The government of the Afghan president, Hamid Karzai, is rife with corruption, and the regional warlord allies it depends on to control outlying areas are even more thieving as well as shockingly brutal.

These problems all need to be addressed. But the positive results will be limited as long as Afghanistan's much more populous and powerful neighbor, Pakistan, provides rear support and sanctuary for the Taliban insurgency.

It is simply impossible to believe that this support takes place without the approval of the Pakistani military, the country's dominant institution for a half-century.

Pakistan is now the third-largest recipient of American foreign aid. Yet more than five years after 9/11, the Bush administration has still not been able to secure Pakistan's active and consistent support against the Taliban. The very least Washington should be demanding of President Musharraf is that he enforce an immediate halt on Pakistani military support for the Taliban insurgents who are crossing the border and killing American troops.

Signals Foil IEDs But Also Radios (USAT)

By Tom Vanden Brook

USA Today, January 23, 2007

WASHINGTON — The Pentagon has launched an urgent effort to develop radio systems immune to the jamming signals that troops use to foil homemade bombs planted by insurgents in Iraq.

The jammers, which block signals that detonate improvised explosive devices (IEDs), have become so powerful they can "cause the loss of all communications" for U.S. troops, a Pentagon solicitation to contractors says. It calls for information on devices that will allow troops to use jammers and radios at the same time. The Pentagon said the information is needed "to support urgent, ongoing initiatives" for jammers.

Jammers have been a lifesaver by disabling IEDs, the leading cause of death of U.S. troops in Iraq.

Bombs have killed at least 1,168 U.S. troops, according to an analysis of Pentagon data by iCasualties.org. The total is probably higher, the website says, because the Pentagon does not include details of each death. The site noted that the highest monthly death toll for IEDs occurred in December, when bombs killed 71 U.S. troops. All told, more than 3,000 U.S. servicemembers have died in Iraq.

Communication has been a historic advantage for the U.S. military, allowing it to send troops where they're needed most and to avoid "friendly fire" casualties. The jammers that protect troops from roadside bombs can keep them from knowing the location of enemies and allies. In close-quarters urban warfare, ensuring communication can be a life-or-death matter.

"It is a nightmare," said John Pike, director of GlobalSecurity.org, a military think tank. "Any part of the spectrum we can use to communicate is part of spectrum that the enemy can use to detonate an IED."

IEDs have killed 20 U.S. troops in Iraq this month, according to iCasualities. Adding 21,500 U.S. troops — as President Bush has announced — would be complicated by poor communication.

"Twice as many combat troops means twice as big a problem," Pike said.

The Pentagon posted the urgent notice on Jan 4. Jammers are a large portion of Pentagon efforts to fight IEDs. In 2006, the Pentagon spent $3.5 billion to counter IEDs, $1.4 billion of that on jammers.

The military has dealt with the communication problem for years. Troops initially kept power to jammers low enough to avoid interfering with communication, Marine Lt. Gen. James Mattis told Congress in 2005. But detonators for the bombs have grown more sophisticated, requiring more powerful jammers.

Christine DeVries, a spokeswoman for the Pentagon's Joint Improvised Explosive Device Defeat Organization — the military's lead agency in fighting IEDs — said she could not provide details on the urgency of the request.

The Army has ramped up efforts to deal with electronic communication and warfare. Since Jan. 1, each Army battalion headed to combat has been required to have an electronic warfare operator, said Col. Laurie Moe Buckhout, chief of Army electronic warfare. Rendering IEDs harmless by an electronic signal will be one of the operator's responsibilities, Buckhout said.

The Army has put electronic warfare on par with learning to fire a weapon or administer first aid.

Army electronic warfare operators disrupt enemy communication, ensure U.S and coalition troops can talk to one another and prevent the enemy from knowing what friendly forces are doing, Buckhout said. A large portion of their responsibilities will be dealing with IEDs.

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Ensign, Others Won't Say Why Top Federal Prosecutors Getting The Ax (LVS)

By Sam Skolnik And Lisa Mascaro, Las Vegas Sun

Las Vegas Sun, January 23, 2007

The Justice Department briefed Nevada Republican Sen. John Ensign last month on plans to replace Nevada's top federal prosecutor, but Ensign has decided that whatever the reasons, the public need not know them.

U.S. Attorney Daniel Bogden of Las Vegas is one of at least seven top federal prosecutors being removed by the Bush administration, five from other Western states. All were appointed by Bush.

As is true with Bogden, the reasons for the departures remain mysterious.

Absent explanations, Democratic lawmakers and lawyers across the West are speculating. They wonder if the prosecutors pursued cases that displeased Washington, or if the Justice Department wants to choose replacements under a new Patriot Act provision that allows the appointments without the customary review by the U.S. Senate.

"If you ask me if my suspicions are aroused, they are," said Sen. Diane Feinstein, D-Calif. Her state lost two U.S. attorneys.

During his five-year reign as the highest-ranking federal prosecutor in Nevada, Bogden has scored some notable successes. His office boosted firearms prosecutions, secured the convictions of dozens of violent gang members and oversaw the cases against four former Clark County commissioners convicted of taking bribes.

Even defense lawyers, Bogden's frequent courtroom opponents, speak highly of his straightforward style and fair play.

So why did Bogden suddenly announce his resignation Wednesday, after days of speculation that he was forced out of office by the Justice Department?

Officials in Nevada and Washington, D.C., are only providing hints as to why he and the other prosecutors are leaving.

Bogden has declined comment, other than to make a brief statement in a Wednesday news release.

The sudden bloodletting involved U.S. attorneys up and down the West Coast, as well as New Mexico, and one in Arkansas. The new interim U.S. attorney in Arkansas had been a political operative who worked for powerful White House aide Karl Rove.

No potential replacements have yet been named for Bogden, although a Justice Department source confirmed that officials have talked to both Ensign and Senate Majority Leader Harry Reid in recent days regarding a replacement.

Feinstein said she's concerned Bush and his attorney general, Alberto Gonzales, are eager to use a newly added provision of the Patriot Act that would allow Bush to appoint new, interim U.S. attorneys, and to keep them in office until a new president takes charge, without having to get them confirmed by the Senate. This is just one of many speculations.

One theory suggests that Bogden got in political trouble by using the Patriot Act in his prosecution of former Clark County commissioners. The theory goes that the White House wanted to distance itself from what could be perceived as an example of an abuse of the controversial law. Reid and others had argued in 2003 that the prosecutor overreached by using the anti-terrorism law to fight domestic crime.

Reid's office could provide little information as to why Bogden was apparently forced out.

Ensign, a Republican who has known about Bogden's departure since Justice Department officials told him about it during a briefing last month, would not offer any explanation.

Other theories being posed in legal circles include Bush and Gonzales wanting to install a team of new prosecutors more receptive to carrying out the administration's law enforcement priorities; or more eager to investigate Democrats - and less eager to investigate Republicans - in public corruption cases.

The White House may also want to use the U.S. attorneys offices to develop a bench of potential Republican candidates for Congress.

Gonzales insisted at Thursday's hearing that the Justice Department plans to continue bringing all nominees before the Senate for confirmation. And as for the resignations, Gonzales testified: "I think I would never, ever make a change in a United States attorney for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it."

Feinstein, backed by Reid, is skeptical. She called any attempt by the administration to skirt the Senate confirmation process unacceptable and introduced legislation to reverse the law.

After Thursday's hearing, Feinstein said she still does not know why two U.S. attorneys in her state were stepping down. One had prosecuted former Rep. Randy "Duke" Cunningham, R-Calif., for bribery in a case that had been expected to include defense contractors and possibly other Republican lawmakers.

Justice Department spokesman Brian Roehrkasse declined to comment on any of the theories swirling about Bogden or the other U.S. attorneys.

"It is erroneous to believe that anyone would be encouraged to resign in an effort to retaliate against them or interfere with or inappropriately influence a particular investigation, criminal prosecution or civil case," he said. Sam Skolnik can be reached at 474-7406 or at sam.skolnik@lasvegassun.com. Lisa Mascaro can be reached at (202) 662-7436 or at lisa.mascaro@lasvegassun.com.

CORPORATE SCANDALS:

Apple's Jobs Questioned In Options Probe, People Say (Update1) (BLOOM)

By Karen Gullo And Connie Guglielmo

Bloomberg, January 23, 2007

Jan. 22 (Bloomberg) -- Apple Inc. Chief Executive Officer Steve Jobs was questioned by U.S. government investigators about backdating of employee stock options grants at the company, lawyers familiar with the matter said.

Jobs met with officials from the Securities and Exchange Commission and the Justice Department last week in San Francisco, said the people, who spoke on condition of anonymity because the interviews are confidential. The company said last month that it found ``no misconduct'' by Jobs or current management after an internal investigation of the stock-option backdating.

The meeting, which took place the same week Apple announced record sales of its best-selling iPod music player, shows the U.S. government is still seeking information about Jobs's role in the backdating even after the company's report clearing him and others, said Nell Minow, editor at the Corporate Library, a corporate governance research firm in Portland, Maine.

``It is after all the SEC's view on his culpability that matters, not the internal investigation at Apple,'' Minow said.

The people wouldn't disclose specifics about what Jobs was asked, what he told investigators and whether there would be additional meetings.

Mark Pomerantz, an attorney for Jobs, declined to comment. Luke Macaulay, a spokesman for U.S. Attorney Kevin Ryan, whose office is investigating Cupertino, California-based Apple, declined to comment. SEC spokesman John Nester in Washington declined to comment.

Apple shares fell $1.71 to $86.79 at 4 p.m. New York time in Nasdaq Stock Market composite trading.

6,500 Grants

Almost 6,500 grants to Apple employees were backdated between 1997 and 2002, including one grant to Jobs marked as approved at a special board meeting that never occurred, Apple said Dec. 29. Jobs chose dates for some options other than his own, the company said.

Apple hasn't publicly disclosed which options Jobs backdated, which other executives received backdated options or why it faked a board meeting. The company said no member of current management was aware of the ``irregularity'' concerning the fictitious meeting.

Apple continues to ``voluntarily and proactively'' inform government investigators of its findings and continues to answer their questions, Chief Financial Officer Peter Oppenheimer told analysts on a conference call on Jan. 17.

The interview with Jobs was first reported Jan. 19 by The Recorder, a legal newspaper in San Francisco.

Jobs's Options

At least 200 companies are being investigated for changing the dates of options grants to inflate their value. Companies have taken over $8.1 billion in charges or restatements to account for backdated options grants.

Stock options allow holders to buy shares at a later date, usually at the market price the day they were granted. Backdating options to days with low prices inflates their value. If not properly disclosed, the practice may break laws because it hides costs from shareholders and regulators.

In 2001, Jobs, 51, received options on 7.5 million shares. The terms of the grant were completed Dec. 18 of that year, when Apple's shares were trading at $21.01, Apple said. Oct. 19 was chosen as the grant's date, giving Jobs a lower exercise price of $18.30.

The company told shareholders in a March 2002 regulatory filing that the grant was approved at a special board meeting in October 2001. Apple disclosed last month that the meeting never took place.

Apple said it recorded $84 million in charges to correct its accounting for the backdated options, including $20 million for Jobs' 7.5 million share award. Jobs voluntarily canceled that grant and other outstanding options in March 2003. He chose to do so to make more stock available for employees, Apple said in an SEC filing at the time.

Instead, the board gave Jobs 5 million shares of restricted stock, which vested in March 2006. At the time, the shares were worth $646.6 million.

The Options Paper Trail (WP)

By Alan Sipress

The Washington Post, January 23, 2007

With federal prosecutors investigating the granting of stock options by Apple, the actions of its iconic chief executive, Steve Jobs, are being more closely examined.

A review of how Jobs handled his stock options from 2001 shows that he waited about two-thirds of a year to report the receipt of 7.5 million options that the company admitted last month were improperly backdated. The board meeting at which they were reportedly approved never took place.

The timing of Jobs's filing was not illegal and beat the deadline. But it broke with the practice common among other Apple officers and directors of submitting the report, in this case a Form 4, within weeks, not months.

"That's clearly an anomaly worth pursuing," said Michael Levy, a former federal prosecutor who heads the white-collar group at the McKee Nelson law firm in the District. "The fact that it was this grant in particular that was subject to such a delayed filing of Form 4 seems very interesting."

Jobs filed his statement with the Securities and Exchange Commission in August 2002, reporting that he had received the stock options on Oct. 19, 2001. Apple now says the options were actually finalized in December 2001, when the value of the options was significantly less because of changes in the stock price. Jobs filed his personal disclosure about eight months later.

In contrast, three other directors who filed within days of Jobs had waited only four weeks to disclose their options. In fact, the filings of 53 other Form 4s by Apple officers and directors between the start of 1999 and late August 2002 -- when new disclosure requirements came into force -- took just under four weeks, on average. When Jobs received a previous grant of 10 million stock options in January 2000, he filed his Form 4 in just under three weeks.

Steve Dowling, Apple's director of corporate communications, declined to comment yesterday on Jobs's filing and repeated that the company's "exhaustive investigation" had found no evidence that the chief executive, board directors or other current members of management had been involved in backdating irregularities. He said Apple had voluntarily provided all details of its investigation to the U.S. attorney's office for Northern California and to the SEC.

The U.S. attorney's office confirmed this month that it was investigating options "irregularities" at Apple. Luke Macaulay, a spokesman for the office, declined to give more detail but added, "We've said repeatedly and publicly that something comes into the U.S. attorney's realm and the criminal realm when there's an intent to defraud."

The SEC is also reviewing the backdating of options at Apple. The Recorder, a legal newspaper in San Francisco, reported Friday that Jobs was interviewed last week by federal prosecutors and SEC lawyers.

Sources familiar with the investigation said Wendy Howell, who worked as a lawyer in the office of Apple's general counsel, played a part in creating the paperwork for Jobs's options. The sources spoke on condition of anonymity because of the ongoing criminal investigation.

Her attorney, Thomas Carlucci, said in statement: "While an Apple employee, Ms. Howell acted as instructed by Apple management and with the company's best interest being paramount."

Howell's boss at the time, former general counsel Nancy Heinen, has sought to distance herself from the scandal. "Each of the grants involving Ms. Heinen was authorized and approved by her superiors," her lawyer, Cristina Arguedas, said in a statement.

Apple has said Jobs never benefited from his options because he gave them up before they were exercised. But when he relinquished them, he received restricted stock estimated to be of about the same value. Last year, he used nearly half this stock, worth about $296 million, to meet tax obligations.

In Jobs's Form 4 filing in 2002, he cited the false October date four times. Adding to the confusion, he reported on the cover page that the statement covers November 2001.

Under SEC rules at the time, officers and directors of companies were instructed to report the acquisition of stock options not on Form 4 but on Form 5, which is an annual statement of transactions involving stocks and options. Nine Apple insiders filed this from 1999 to 2002.

Jobs chose the alternative, filing a Form 4. SEC rules said that an insider could disclose the receipt of stock options on a Form 4 as long as it was submitted before the deadline for the annual Form 5. Ten Apple insiders took this route from 1999 through 2002, though none of the others waited nearly as long as Jobs did in disclosing his 2001 options. Jobs filed before the legal deadline.

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Congress adopted stricter disclosure standards in 2002 as the result of corporate and accounting scandals involving Enron, WorldCom and other firms. Under the rules, company officers and directors were required to disclose their transactions, including the acquisition of options, within two business days.

Staff researcher Richard Drezen contributed to this report.

Direction Of Apple Probe Clouded By Shakeups In U.S. Attorney's Office (LAW)

By Justin Scheck, The Recorder

California Recorder, January 23, 2007

Two things set the investigation of Apple Inc. apart from the hundreds of other stock option backdating probes: the indispensability of the company's CEO, and the fact that while both in-house lawyers and HR staff were involved with options grants, it's the lawyers who are getting the most scrutiny.

With Apple's fortunes tightly linked to its leader, Silicon Valley titan Steve Jobs, anything seen as jeopardizing his role at the company strikes intense fear into stockholders. That helps explain why Jobs took the risky step last week of talking to federal prosecutors and SEC lawyers to convince them of his innocence.

But with turmoil in the U.S. Attorney's Office, and no joint defense agreement among potential targets of the investigation, the probe looks more uncertain now than at any time since it launched last fall.

Lead prosecutor Christopher Steskal announced Friday that he's leaving government for Fenwick & West. Earlier that week, his boss, U.S. Attorney Kevin Ryan was sacked, and has hired legal placement company MLegal to find him his next job.

Ryan's No. 2, Eumi Choi -- the other prosecutor on the Apple case -- has had her resume floating around Silicon Valley for weeks.

That means that every aspect of the probe -- including whether it even turns into a criminal case -- will remain uncertain until at least two key prosecutors are replaced.

PROTECT THE HEAD

Apple is in the unenviable situation of having had to publicly admit improperly dating thousands of grants, including a massive one to Jobs in 2002. Indeed, the company said that Jobs himself helped pick some of the dates.

But all along, the company and its CEO have insisted that he had no knowledge that when such grants aren't recorded as an expense, the practice is illegal.

In simple terms, Jobs has mounted a typical defense against accusations of fraud: He says that he didn't intend to commit a crime.

And to convince prosecutors of that, Jobs, according to people familiar with the probe, took the risky step of sitting down with them.

Agreeing to such a grilling -- which few potential targets of a criminal probe would submit to -- is one way for defendants to convince prosecutors that have nothing to hide.

"You're giving them free discovery, and you don't want to give them free discovery unless it's to your advantage," said Rory Little, a professor at Hastings College of the Law and a former federal prosecutor.

"It's a great show of openness," he said, adding that it can backfire if a person doesn't come across as completely forthright.

People familiar with the Apple probe, speaking on condition of anonymity because of their involvement, said that such a meeting was almost a requirement for Jobs after the company's insistence that he has no criminal exposure. By refusing to do the interview, they said, he could have undermined the assertion that he wasn't concealing anything.

LAWYERS ON THE GRILL

While there is great uncertainty in the staffing of the Apple probe -- and in the fate of Jobs -- the strides made so far by prosecutors have laid a solid foundation for whomever ends up taking over.

Apple's public statements and the actions of prosecutors so far indicate that Apple's legal department is the most highly scrutinized part of the company -- and that human resources officials, who have landed themselves in trouble in several other companies' backdating probes, seem likely to get a pass at Apple.

After completing an internal investigation of options issues, Apple last year blamed two former company officials. Though Apple didn't identify them, sources close to the case say they are former General Counsel Nancy Heinen and former CFO Fred Anderson.

"Usually, in most companies, HR people are involved in the award process," said Jordan Eth, a partner at Morrison & Foerster who is conducting internal options investigations for several companies.

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Apple is no exception: According to people with close knowledge of the company's options infrastructure throughout the late 1990s and early part of this decade, one lawyer in the general counsel's office and various human resources personnel were responsible for processing grants.

But the company's internal investigation turned away from HR -- a department that was under the purview of CFO Anderson -- and resulted in the firing of a low-level in-house lawyer, Wendy Howell.

It was her job to fill out options paperwork, and, according to people familiar with the probe, she is the one who faked meeting minutes for the 2002 Jobs grant.

It's not clear yet whether Howell will end up cooperating with the probe. People familiar with the case say no joint defense agreement has been signed, leaving open the possibility Howell, her supervisor, Heinen, and other officials could blame one another for the improprieties.

But one former official seemed sanguine when reached last week.

Dan Walker, Apple's former HR chief, wouldn't say whether he's been contacted by government investigators. But he did indicate that he's not expecting any legal problems.

"I don't have a lawyer," said Walker, who now runs a consulting firm in San Clemente. "I don't need a lawyer."

Foundry Networks CEO Keeps Job Despite Role In Backdating Options (MERCN)

By Mark Schwanhausser

The San Jose Mercury News, January 23, 2007

Foundry Networks said Monday that Chairman and Chief Executive Bobby Johnson Jr. will surrender his role as chairman -- but will stay on the board and continue to run the company -- even though he personally picked the dates for a ``substantial'' number of tainted stock options.

The Santa Clara company said Johnson was not advised that such practices could violate accounting rules and cause the company to overstate its profits. Foundry said Monday it faces a pretax accounting charge that could mount to as much as $205 million because of misdated options it gave directors, officers and rank-and-file employees from 2000 to 2003.

Johnson received no misdated options, the company said.

Foundry, which makes computer networking hardware, also stripped Timothy D. Heffner of his title as chief financial officer. But it shifted him into a new executive job that has no accounting or financial responsibilities.

Foundry's case is noteworthy because of the similarities to the high-profile case involving Apple CEO Steve Jobs. Though Apple acknowledges that Jobs recommended favorable grant dates, the company said he did not understand the accounting implications. Unlike Johnson, Jobs received tainted options. But Apple said he did not benefit from the options, which he later exchanged for restricted stock.

Foundry's decision to keep two central players despite acknowledging their roles in the options abuses is both rare and risky, said Todd Fernandez, senior research analyst for Glass Lewis, which advises institutional investors on corporate governance issues. Most companies have fired or forced out implicated executives and directors, he said.

``The board is taking a risk here,'' Fernandez said. ``The board is saying, `These guys were immersed in something highly questionable and fumbled accounting 101, yet let's give them another shot because they just didn't know what they were doing.' ''

Among the key findings of the investigation by the company, which also faces investigations by the Securities and Exchange Commission and Justice Department:

· The company doled out backdated options to people at all levels of the company, including the board, top executives, new recruits and other employees. The company will take a pretax accounting charge of $185 million to $205 million in fiscal years 1999 through 2005. After accounting for tax deductions the company could have claimed, the after-tax charge will total $120 million to $135 million.

· Johnson ``selected'' the grant dates and backdated option awards for a ``substantial number of cases'' at the company. The company said Johnson did not receive any misdated options and ``found no evidence'' that he had been advised about the accounting fallout of issuing misdated options.

· Heffner, who resigned as CFO but will serve as vice president of corporate development, did not pick the dates for option grants but relayed the decisions to stock option administrators and human resources. Heffner received tainted grants and has agreed to repay tainted gains on options he has exercised and reprice options he still holds. The estimated cost: $162,000.

· The company will reprice one grant of discounted options awarded to directors. Non-management directors who exercised any of those options have agreed to repay a total of about $86,000.

13 Charged In Foodservice Alleged Fraud (AP)

By Marcy Gordon, AP Business Writer

AP, January 23, 2007

SEC Accuses 13 More People of Aiding Alleged U.S. Foodservice Fraud

WASHINGTON (AP) -- Federal regulators have accused an additional 13 people of aiding an alleged massive accounting fraud at U.S. Foodservice Inc., a subsidiary of Dutch grocery retailer Ahold NV, in a scandal that brought the resignation of top executives and criminal probes in the United States and the Netherlands.

The Ahold affair was one of Europe's biggest accounting scandals, and the Dutch company skirted bankruptcy in 2003. The U.S. Securities and Exchange Commission in 2004 accused Ahold of fraudulently overstating sales by billions of dollars and fabricating hundreds of millions of dollars of earnings.

The civil charges filed last Thursday by the SEC bring to 30 the number of people the agency has accused of aiding the alleged fraud by signing false audit statements that enabled a $1 billion overstatement of Ahold's earnings in 2001-02. The SEC announced the new charges on Monday.

All 13 of those charged most recently in federal court in Washington were employees of or agents for vendor companies that supplied Columbia, Md.-based U.S. Foodservice, which sells food in bulk to restaurants and cafeterias.

Nine of the 13 have each agreed to pay a $25,000 civil fine to settle the SEC's allegations, which they neither admitted nor denied, the agency said. They are: Carl Allen, Donald Childers, John Crowder, Chris Jakubek, John King, Steve LeBarron, Patrick Penderghast, Frank Riggio and Richard Vecchia.

The cases remain pending against the other four, whose titles at the time were: Gary Bell, vice president for business development at Hunt-Wesson Foodservice; Joseph Grendys, the owner of Koch Poultry; Anthony Holohan, sales representative for C.F. Sauer Foods Inc., and Michael Smith, corporate accounts manager for Citrus World.

Attorneys for Bell and Holohan disputed the SEC's allegations. Lawyers for Grendys and Smith couldn't immediately be reached for comment.

Ahold, which also operates the Giant and Stop & Shop supermarket chains in the United States, was not fined in an October 2004 settlement of related charges with the SEC; it did agree to a permanent injunction against violations of U.S. securities laws.

"The annual audit-confirmation process at U.S. Foodservice was systematically corrupted to help keep the fraud from being discovered," the SEC said in the civil lawsuits filed last week. The agency alleged that the 13 people signed and returned to U.S. Foodservice's outside auditors letters that they knew overstated the amounts of promotional fees paid or owed by the vendors to the company -- often by millions of dollars.

The scheme enabled U.S. Foodservice to inflate its income from promotional payments by at least $700 million for fiscal years 2001 and 2002, according to the SEC.

The former chief executive and chief financial officer of U.S. Foodservice were convicted of fraud and fined in 2005.

Ahold's former chief executive, Cees van der Hoeven, resigned in 2003 -- the year its stock lost 60 percent of its value after the accounting lapses came to light. The company's accounting was investigated by the U.S. Justice Department and Dutch authorities.

Last September, the company signed an agreement with the Justice Department under which it will not be prosecuted in connection with the alleged U.S. Foodservice fraud so long as it avoids further alleged violations.

Take-Two Let Ex-CEO Get Away With Backdating (USAT)

By Edward Iwata

USA Today, January 23, 2007

Take-Two Interactive Software, maker of Grand Theft Auto and other popular video games, failed to monitor stock-option grants, including a significant number that were backdated over a six-year period, according to an internal report released Monday by the company.

The report found that Take-Two's compensation committee abandoned its responsibilities and allowed former CEO Ryan Brant "to control and dominate the granting process" and engage in "a pattern and practice of backdating options" from 1997 to 2003.

Brant resigned as CEO five years ago and as chairman last October.

The investigation, by the BDO Seidman accounting firm and the law firm Kasowitz Benson Torres & Friedman, found no evidence that Take-Two's current executives engaged in misconduct, or that the company's former or current directors "engaged in willful misconduct or other dishonest acts."

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However, the report found that three former Take-Two executives — a former controller and two former chief financial officers that the report did not name — "appear to have had significant involvement in the company's stock-option granting process" and declined to appear for interviews with investigators.

Also Monday, Take-Two said that the Nasdaq Stock Market warned the firm that its failure to file its Form 10-K with the Securities and Exchange Commission for the company's fiscal year ended Oct. 31 was another reason to delist the firm from Nasdaq.

Nasdaq already had warned Take-Two last year that it faced possible delisting for failing to hold its 2006 shareholders meeting and for not filing its quarterly earnings report with the SEC for the company's third quarter.

Take-Two said Monday it will file its required SEC forms "as soon as practicable," and will combine its 2005 and 2006 shareholders meetings. Take-Two said in December that it will restate its finances for the fiscal years from 1997 to 2006.

The company disclosed last August that it had received grand jury subpoenas on its stock options from Manhattan District Attorney Robert Morgenthau.

Two years ago, the SEC alleged that Brant, former chief operating officer Larry Muller, former chief financial officer James David Jr. and vice president of sales Robert Blau fraudulently inflated the company's revenue by $60 million for 2000 and 2001.

Without admitting or denying the charges, the men and Take-Two agreed to pay penalties totaling $9 million and to disgorge more than $5 million in bonuses and interest.

Take-Two Accuses Ex-CEO Of Options Backdating (WSJ)

By Kevin Kingsbury

The Wall Street Journal, January 23, 2007

Take-Two Interactive Software Inc. said former Chairman and Chief Executive Ryan Brant backdated stock options over a six-year period and said the company's failures allowed him "to control and dominate the granting process."

The New York-based videogame maker disclosed in July the Securities and Exchange Commission was investigating its options-granting process, and Take-Two said last month that independent investigators found improprieties in the company's granting processes. Take-Two's review began with the company's April 15, 1997 initial public offering.

FURTHER READING

· Options Scorecard: Companies under scrutiny1

· Perfect Payday: Complete coverage2

The company noted the outside law firm which conducted the options review said three former executives who "appear to have had significant involvement in the company's stock-option granting process, declined to appear for interviews" and limited to some extend the information collected. The trio was Take-Two's former controller, who was fired last month, and the two chief financial officers Larry Muller and James David Jr. The pair served in that post from 1999 through 2001. Take Two's filing with the SEC on Monday didn't disclose the officials' names.

The law firm's report found that Take-Two's option-granting process usually didn't follow the company's rules and didn't have adequate control. In addition, the firm's compensation committee "abdicated its option granting responsibilities and permitted" Mr. Brant to "control and dominate the granting process."

Mr. Brant, who founded the company in 1993, was CEO until February 2001, chairman until March 2004 and resigned his remaining position with the maker of the "Grand Theft Auto" series of video games three months ago.

The probe's report also charged that between April 1997 and August 2003, Mr. Brant "engaged in a pattern and practice of backdating options," with many options during that period appearing to have been backdated. No backdating has been found since then.

Current management, including CEO Paul Eibeler and CFO Karl Winters, were cleared last month, at which time Take-Two said it would have to take charges regarding its past option practices. The amount of the charges has yet to be disclosed.

FROM THE FILING

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"Between April 1997 and August 2003, Mr. Brant engaged in a pattern and practice of backdating options, and during such period, a significant number of option grants appear to have been backdated."

Read the full Take Two filing4, provided by 10-K Wizard (www.10kwizard.com5)

Take-Two, Messrs. Brant, Muller, David and another executive agreed to pay about $14 million to settle SEC civil charges they schemed to inflate revenue by $60 million in fiscal 2000 and 2001. Messrs. Brant and Muller each paid a $500,000 penalty. Mr. Brant also returned $3.1 million made up of bonus money and stock options he earned after the accounting scheme enabled Take-Two to meet financial targets, while Mr. Muller returned $1.2 million.

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Mr. Brant agreed to be banned from serving as an officer or director of a public company for at least five years, while Mr. Muller -- called the scheme's "principal architect" -- accepted a permanent ban.

Mr. David succeeded Mr. Muller in July 2000 when Mr. Muller was promoted to chief operating officer. Mr. David, who was demoted in December 2001 when Take-Two announced it had to restate its 2000 and 2001 results, agreed to a $200,000 civil penalty and the return of almost $800,000.

Restatement By Take-Two Over Problems With Options (NYT)

By Bloomberg News

The New York Times, January 23, 2007

Take-Two Interactive Software, maker of the Grand Theft Auto video games, said yesterday that it let its former chief executive, Ryan A. Brant, "control and dominate" improper options backdating that began when the company went public in 1997.

The compensation committee abdicated its responsibilities for the grants and failed to maintain proper controls, the company said in a regulatory filing. Take-Two will restate results from 1997 to 2003 to reflect options costs.

The restatement will be the second time Take-Two has revised earnings to fix accounting irregularities. In 2005, the company paid a $7.5 million fine in settling a Securities and Exchange Commission suit over how it booked sales. Take-Two is among at least 200 companies that are being investigated on suspicion of changing the date of options grants to inflate their value.

"They're very familiar with the S.E.C.," said Paul-Jon McNealy, an analyst with American Technology Research in Boston who rates the shares neutral. "It's not finished yet."

A significant number of grants were backdated from 1997 to August 2003, the company said, but it also said that it had not found any backdating since then.

Shares of Take-Two gained 5 cents, to $17.54, on Nasdaq. They had declined 5.7 percent this year before yesterday. The billionaire Carl C. Icahn owned 2.89 million shares, or 4 percent, as of September.

Three former executives declined to be interviewed for the option investigation, which was led by Kasowitz, Benson, Torres & Friedman and was completed last Wednesday, Take-Two said in yesterday's S.E.C. filing. They included a former controller who was fired in December and two chief financial officers, one of whom served from late January 1999 to early 2000 and the other from early April 2000 through 2001.

Mr. Brant founded the company in 1993 at age 21 and served as chief until 2001. In March 2004, as the company's sales accounting was under investigation, he gave up the title of chairman and became director of software publishing. He was a nonexecutive vice president until his departure in October.

Take-Two faces possible delisting from the Nasdaq after failing to report results on time. It said yesterday that it planned to file earnings for the quarter ended July 31 and the year ended Oct. 31 "as soon as practicable."

Take-Two also said that Nasdaq said the company could continue to be listed as long as it reported before March 19 on the quarter that ended July 31 and also held a combined 2005 and 2006 annual shareholders' meeting before March 27.

Suspects In Siemens Probe Point To Finance Chief (WSJ)

By David Crawford In Berlin And Mike Esterl In Frankfurt

The Wall Street Journal, January 23, 2007

Two key suspects in a fraud investigation roiling Siemens AG have told German prosecutors that Chief Financial Officer Joe Kaeser has known for years about an alleged scheme to pay bribes to win overseas telecommunications contracts, according to witness statements reviewed by The Wall Street Journal.

One suspect also told prosecutors that two other senior executives at the German conglomerate knew since at least early 2005 about the alleged bribes-for-business scheme: current management board member Rudi Lamprecht and Lothar Pauly, who headed the telecom division before leaving the company in late 2005.

TELECOM TURMOIL

· The Situation: Siemens is facing a criminal bribery investigation involving hundreds of millions of dollars in suspicious payments.

· Why Investors Should Care: Evidence of wrongdoing could curb Siemens's ability to participate in major infrastructure projects.

· What's Next: Shareholders will vote on senior management's actions at Thursday's annual shareholder meeting.

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The revelations come at a sensitive time for top managers at Siemens, who have been fending off criticism ahead of an annual holders' meeting Thursday that they didn't do enough to stop corruption. Evidence of wrongdoing could cause some countries to ban Siemens from participating in big infrastructure projects that generate much of its revenue.

The investigation also could complicate the conglomerate's efforts to jettison its telecom business, merging much of it into a venture with Nokia Corp. of Finland. The testimony alleges that bribes took place in Siemens's wireless-telecom business, and weren't confined to the fixed-line unit, which was the original focus of the criminal investigation.

German authorities are investigating the allegations, which were made in separate statements provided by long-time Siemens executives Michael Kutschenreuter and Reinhard Siekaczek.

Peik von Bestenbostel, a Siemens spokesman, said: "Mr. Kaeser and Mr. Lamprecht did not know of, and they were not involved in, bribes at any point." He said no current members of Siemens's management board have been approached by authorities.

A spokesman for the prosecutor's office in Munich declined to comment. A lawyer for Mr. Pauly, now a member of the management board at telecommunications titan Deutsche Telekom AG, said any allegation that his client knew of bribes or was involved in bribes is "completely false." He declined to comment on whether Mr. Pauly has been in contact with authorities regarding the fraud probe.

The scandal at Munich-based Siemens widened last month when the company said it had found €420 million ($544.4 million) in suspicious transactions spanning the past seven years -- double the amount German prosecutors flagged in November.

Police arrested half a dozen suspects -- including Messrs. Kutschenreuter and Siekaczek -- late last year. They were released last month after they agreed to cooperate in a widening, cross-border probe.

Mr. Kutschenreuter's lawyer, Leonard Walischewski, said his client's statements are backed by documents supporting his allegations. "If prosecutors had any doubt about Mr. Kutschenreuter's statements, he would be in jail," Mr. Walischewski said.

Wolfgang Kreuzer, a lawyer for Mr. Siekaczek, said his client is cooperating with prosecutors. "Police have investigated and verified Mr. Siekaczek's statements," Mr. Kreuzer said.

The witness statements were made by two men who were considered loyal Siemens officials for decades. The statements are significant because they were presented as evidence in an arraignment hearing, where prosecutors would have been required to point out any contradictions or inaccuracies in the statements.

The two witnesses said that the alleged involvement of the finance chief, Mr. Kaeser, occurred while he oversaw finances at Siemens's wireless-telecom-equipment unit. He belonged to the executive management board of that unit from April 2001 to October 2004.

Mr. Siekaczek, who left Siemens in late 2004 after four decades, told prosecutors after being arrested in November that Mr. Kaeser "had people that created slush funds" at the wireless unit while Mr. Kaeser was employed there, according to the witness statements.

Mr. Kaeser became financial chief in May 2006 after succeeding Heinz-Joachim Neubürger, who left the company. German prosecutors said earlier this month that Mr. Neubürger is a suspect in the investigation.

Mr. Siekaczek testified that he himself helped carry out bribes at the wireless unit for a brief period around 2000. Mr. Kutschenreuter told prosecutors in December that a compliance manager told him in late 2004 or early 2005 that illegal payments were commonplace at the wireless unit, according to the statements.

Mr. Kutschenreuter became the chief financial officer of an expanded telecom division in October 2004, when the wireless and fixed-line units were merged.

Around that time, Mr. Kutschenreuter testified, he spoke with Mr. Pauly, who then headed the merged telecom division. He said Mr. Pauly told him the wireless unit's former top management -- including Messrs. Kaeser and Lamprecht -- were aware of bribe payments to win wireless contracts.

Mr. Lamprecht headed the mobile unit before being promoted in October 2004 to the management board of Siemens.

Prosecutors suspect Messrs. Kutschenreuter and Siekaczek helped orchestrate bribe payments at the fixed-line unit through a system of secret bank accounts and sham consulting contracts. Mr. Kutschenreuter was heading Siemens's real-estate unit at the time of his arrest.

German prosecutors presented the testimony of Messrs. Kutschenreuter and Siekaczek to an arraignment judge last month when seeking the detention of former management-board member Thomas Ganswindt. A lawyer for Mr. Ganswindt, who was released, said his client denies any wrongdoing.

The allegations could harm efforts by Siemens to merge the bulk of its telecom business into a 50-50 joint venture with Nokia. A merger would create the world's No. 3 supplier of equipment to telecom carriers with about €16 billion in annual revenue.

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Nokia and Siemens said last month they expect to close the transaction in the first quarter of 2007, not Jan. 1 as originally planned, pending "an appropriate compliance review"' of the German company's telecom business.

The planned merger, which includes both fixed-line and wireless assets, was announced last June.

Top management at Siemens has consistently denied any wrongdoing. The company says it is cooperating fully with authorities. Authorities have said that Chief Executive Officer Klaus Kleinfeld is a witness, not a suspect, in the criminal investigation.

Investors will have a chance to question management further about the fraud investigation Thursday, when Siemens has its annual shareholder meeting. Shareholders also will be asked to vote to approve the actions of individual management and supervisory board members in the most recent fiscal year.

CRIMINAL LAW:

Justice Report Faults FBI In Foley Case (NSDY/AP)

By Larry Margasak

Long Island Newsday, January 23, 2007

WASHINGTON -- The FBI should have acted to protect teenage House pages when it initially learned last July that Rep. Mark Foley had sent disturbing e-mails to a former page, a Justice Department report concluded Monday.

The bureau, which at the time declined to investigate, also made inaccurate statements to the news media about its decision, the report said. It said that bureau spokesmen wrongly asserted that the decision was influenced by a congressional watchdog group's failure to provide information missing from the e-mails.

The report, by Inspector General Glenn Fine, said the group was not asked to provide any additional information from the e-mails -- nor did the missing material influence the decision not to investigate.

"We believe the FBI should have considered taking some steps to ensure that any minors in the Congressional page program were not at risk of predatory behavior by Foley," Fine reported.

Such actions by the FBI could have included interviewing the former page and notifying House officials overseeing the page program about the e-mails.

The inspector general, however, found no misconduct by FBI officials, who at the time were aware only of e-mails to a former Louisiana page that were not sexually explicit and gave no indication of criminal activity.

The FBI said the inspector general acknowledged that its assessment "was conducted after the fact and after explicit instant messages surfaced -- none of which were part of the FBI's initial evaluation."

The bureau promised to carefully examine its policies for disseminating information to see whether changes are warranted.

The group that provided the e-mails, Citizens for Responsibility and Ethics in Washington (CREW) said it had been vindicated by the report.

"Not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up it's shocking inaction by blaming CREW. The IG's report vindicates CREW completely."

The bureau did launch an investigation after Foley, R-Fla., resigned last Sept. 29 and the news media revealed he had sent instant electronic messages with sexual overtones to former male pages. The FBI has not commented on the results of that investigation.

"We believe that the e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps," the report said.

The action could have included a preliminary inquiry with an interview of a former page. Alternatively, officials should have considered "notifying the House authorities in charge of the page program about the concerns expressed by the former page," Fine's report said.

In fact, some House officials did know about the e-mails, sent in 2005. The chairman of the House Page Board overseeing the program, Republican Rep. John Shimkus of Illinois, confronted Foley about them and told him to stop sending the messages.

However, Shimkus has been criticized by members of both parties for failing to convene the page board, and the body was reconstituted last week to ensure that it would better handle future problems.

The substance of the e-mails to the Louisiana page has long been known. Foley asked what the youngster wanted for his birthday and asked for a picture.

The youngster told others the e-mails "freaked me out" and repeated multiple times that they were "sick."

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The internal Justice report said that at the very least the bureau should have notified the organization that provided the e-mails that it had declined to open an investigation.

CREW had been relying on the FBI to pursue the matter and had not notified anyone else about the e-mails while waiting for the bureau to act.

The House voted unanimously last Friday to provide both parties equal membership on the board that oversees the page program and to add a parent and a former page to that body.

FBI Chided For Inaction On Foley Case (MH)

By Lesley Clark

The Miami Herald, January 23, 2007

WASHINGTON - The FBI -- which warns parents on its website about "individuals who attempt to sexually exploit children" via the Internet -- should have sounded alarms over questionable computer messages sent to a former teenage page by disgraced former Rep. Mark Foley, an inspector general's report concluded Monday.

The agency should have interviewed the page or alerted the House page program or, "at the very least," told the whistle-blower agency that provided it with the messages that it was declining to investigate, said the 31-page report by Justice Department Inspector General Glenn Fine.

"We believe the FBI should have considered taking some steps to ensure that any minors in the congressional page program were not at risk of predatory behavior by Foley," the report states.

The report also found that FBI officials misled reporters about the whistleblower group that provided the messages. The FBI, it said, suggested to reporters that its decision not to investigate the matter was partly because the group gave it messages that were "heavily redacted" and that it refused to cooperate further.

But the report shows that Citizens for Responsibility and Ethics in Washington provided messages that had the name of the page and a House employee to whom the message was sent. It chastises the FBI for not telling CREW that it wasn't going to investigate the matter, suggesting that CREW might have pursued it further.

The FBI, in a statement issued late Monday, noted that the inspector general's report concluded that the agency had "acted within the range of its discretion" in not opening a criminal investigation. And it noted that the U.S. Attorney's Office for the District of Columbia later reviewed the same messages ``and agreed that no further investigation was warranted."

The agency also promised to "carefully examine" the report to see whether policy changes are needed.

CREW Executive Director Melanie Sloan welcomed the report, but suggested it mirrored a pattern of agencies turning a blind eye to Foley's behavior. Amid criticism, the House of Representatives last week revised the Page Board in an attempt to avoid future problems.

Foley, a Lake Worth Republican, resigned Sept. 29 after sexually explicit instant messages he exchanged with other pages surfaced.

That action came several months after CREW sent copies of computer messages to the FBI. The e-mails did not contain any sexually explicit material, but the report suggests it was enough for the FBI to act.

The inspector general noted that the language in the messages fell within the type of behavior that the FBI warns against in A Parent's Guide to Internet Safety, which is available on its website.

No Misconduct Found In FBI Decision On Foley (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 23, 2007

The FBI's initial decision not to open a probe into Rep. Mark Foley's e-mail contact with House pages was within bureau guidelines, but the exchanges "provided enough troubling indications" to begin a preliminary inquiry, according to a report released yesterday.

The Justice Department's Office of Inspector General said that given the position of trust and authority the former Florida congressman held with respect to House pages, a better decision for the FBI in the matter would have been for it to take "at least some follow-up steps."

"Such action could have included a brief preliminary inquiry with an interview of the former page," said Inspector General Glenn A. Fine. "Alternatively, if the FBI did not think that such an interview was warranted, it should have considered notifying House authorities in charge of the page program.

"At a minimum, we believe the FBI should have notified CREW (Citizens for Responsibility and Ethics in Washington), the complainant in this case, that the FBI had declined to open an investigation," Mr. Fine said. "At the time, CREW was relying on the FBI to pursue the matter and as a result had not notified anyone else about the e-mails."

Melanie Sloan, CREW's executive director, had forwarded three e-mails to the FBI in July that she believed warranted investigation, although the bureau decided they did not warrant any investigative action. The FBI did not inform CREW of its decision or take any additional action.

In September, the sexually charged e-mails and other instant messages from Mr. Foley to other former congressional pages became public. Mr. Foley, a Republican, resigned from Congress on Sept. 29 and three days later, the FBI announced it was opening a "preliminary investigation" into Mr. Foley's e-mails with House pages.

Mr. Fine said five of the e-mails were written by Mr. Foley to a former male page and contained statements that, at a minimum, could be described as unusual between an adult in a position of authority and a juvenile. He said three additional e-mails were exchanged between the former page and a House employee in which the former page expressed concern about the nature of the Foley e-mails.

An investigation by Mr. Fine's office found that e-mails provided to the FBI by CREW had been forwarded promptly to the appropriate FBI supervisory special agent in the Washington field office. Mr. Fine said his investigators were told that while the e-mails were determined to be "odd," there was no evidence of criminal wrongdoing and no further investigation was warranted.

The Inspector General's Office concluded that the decision not to open an investigation did not constitute misconduct, but it said a preliminary inquiry should have been ordered.

The FBI in a statement yesterday noted that the U.S. Attorney's Office for the District of Columbia later reviewed the same e-mails and agreed no further investigation was warranted.

The statement said the e-mails were reviewed by three separate investigative squads and FBI agents acted "quickly and appropriately in assessing the information" and providing it to the Cyber Crimes Squad, where the decision was made not to pursue a criminal investigation.

FBI Should've Followed Up On Foley's E-mails, Inquiry Finds (USAT)

By Kevin Johnson

USA Today, January 23, 2007

WASHINGTON — The FBI should have made more inquiries into the "troubling" e-mails written by then-congressman Mark Foley to young congressional pages before the bureau decided against launching a formal investigation, the Justice Department's inspector general concluded Monday.

On Sept. 29 — two months after the FBI received information about the e-mails from the government watchdog group Citizens for Responsibility and Ethics in Washington (CREW) — Foley, R-Fla., resigned when ABC News confronted him about sexually suggestive e-mails he had sent to male pages.

The inspector general found that the FBI's handling of the matter did not constitute misconduct and that an unidentified FBI supervisory special agent acted within "the range of discretion" when the agent found no apparent evidence of criminal wrongdoing.

"However, the e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps with regard to the e-mails," the inspector general's report found.

"If the FBI did not think that such an interview was warranted, it should have considered notifying House authorities in charge of the page program about the concerns expressed" by a former page, the report said.

The inspector general also found that "FBI or Justice Department" officials provided "inaccurate information" to media outlets when they explained that an investigation had not been opened because CREW provided the FBI with "heavily-redacted" material and that CREW refused to provide details about the source of the e-mails.

In a written response, the FBI said it would review its internal policies. But the bureau said Foley's most explicit communications with pages were not part of its initial evaluation of the case. The FBI said internal "misunderstandings" contributed to the release of inaccurate information to reporters.

"The (inspector general) determined that the e-mails were reviewed by three separate investigative squads and that the FBI agents acted quickly and appropriately in assessing the information," the FBI said in its response.

CREW Executive Director Melanie Sloan said the government's release of inaccurate information amounted to a "coverup" of the FBI's "shocking inaction."

"By forwarding the e-mails to the FBI … CREW (was) the only party in this sordid affair to have done the right thing from the first instance," she said.

In December, the House ethics committee reported that several members had known about Foley's e-mails and did not do enough to protect pages. However, the panel found that no individual member had violated the chamber's ethics policies.

The Foley scandal, revealed just more than a month before the elections in November, was among a series of ethical issues Republicans faced before losing control of Congress in the elections.

The FBI, which opened an investigation into the Foley case after he resigned, is continuing to examine the case. The attorney general's office in Florida continues to investigate the case, spokeswoman Sandi Copes said.

FBI Faulted For Inaction In Foley Scandal (WP)

By Dan Eggen

The Washington Post, January 23, 2007

The FBI should have acted last summer to protect underage congressional pages after it was given "troubling" electronic messages sent by then-Rep. Mark Foley (R-Fla.), according to a report released yesterday.

The review by Justice Department Inspector General Glenn A. Fine also found that FBI and Justice officials misled the news media last fall when they asserted that an activist group that first provided the FBI with Foley's messages had not been cooperative and had withheld vital information from investigators.

In fact, Fine's report found that the group -- Citizens for Ethics and Responsibility in Washington, or CREW -- had notified the FBI within days of obtaining the electronic communications in July. But the FBI never asked for additional information from the group and never sought to interview the former page in Louisiana who received the messages from Foley, the report said.

The 31-page report provides additional evidence that government and legislative officials took little action in response to growing complaints about Foley's conduct with underage male pages. It also shows how officials frequently attempted to minimize their roles in the affair after the communications were publicized and Foley resigned.

"We believe that the e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps," the report concluded. It added later: "[E]ven if the FBI did not believe any interviews were warranted based upon the e-mails alone, we believe the FBI should have considered taking some steps to ensure that any minors in the Congressional page program were not at risk of predatory behavior by Foley."

Follow-up steps could have included interviewing the male page who received the electronic messages or notifying House leaders about the communications, the report said.

Foley resigned from the House in September after ABC News reported on the same communications given to the FBI, in which Foley praises the physical attributes of one page and asks another for his picture. The ensuing scandal was widely seen as a significant factor in the defeat of some Republicans in the November elections.

Both the FBI and the state of Florida have opened criminal investigations of Foley. In December, the House ethics committee concluded that House leaders and staff members knew for months or even years about Foley's inappropriate conduct, but the panel declined to recommend any disciplinary action.

The FBI's criminal probe appears to be ongoing. One 22-year-old former page who allegedly received explicit messages from Foley said in an interview yesterday that the FBI had most recently questioned him the week before Christmas. He said the agent was focused on determining his age at the time of the electronic exchanges with Foley and confirming other details.

Shortly after the Foley scandal broke, CREW publicly disclosed that it had provided the FBI with suspicious messages from Foley in July and criticized the bureau for not moving more aggressively in the case.

Several officials at the FBI and Justice Department -- all of whom requested anonymity at the time -- responded by telling reporters that the messages supplied by CREW had been "heavily redacted" and that the group had refused to provide further information.

Fine's review found, however, that the only thing removed from the messages was the identity of the person to whom the communications had been forwarded, and that the "redactions in the e-mail did not factor into the FBI's decision to decline to investigate the matter." Fine's office also found that a chronology prepared by the FBI's Washington Field Office contained inaccuracies that were likely repeated to the press.

CREW's executive director, Melanie Sloan, said in a statement that "not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming CREW."

Justice Department spokesman Brian Roehrkasse referred questions about the report to the FBI. The FBI, in a prepared statement, attributed the erroneous statements about CREW to "inaccurate information" that led to "misunderstandings on the part of FBI and DOJ spokespersons."

The supervisory special agent who looked into the Foley messages said there was no evidence a crime had occurred and that the messages were "not the job of the FBI" but "a parental job."

"We are not the ethics police," the unidentified agent said later in the report.

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One point of disagreement not answered in the report is whether Sloan was asked by an FBI agent to identify the person who provided the group with the messages. The FBI agent said she "may have" asked Sloan that question, but that she was not sure; Sloan has said since October that she was asked only whether the author of the communications was Foley.

Staff writer Elizabeth Williamson contributed to this report.

FBI: We Flubbed Foley E-mails (ABC)

By Jason Ryan And Brian Ross

ABC News' The Blotter, January 23, 2007

The FBI should have done more to investigate the Mark Foley e-mails or, alternatively, notified House authorities in charge of the congressional page program, the FBI's inspector general, Glenn A. Fine, said in a report today.

Read the Mark Foley e-mails.

In effect, the report finds the FBI's inaction contributed to the failure of officials to detect Foley's inappropriate behavior, which eventually led to his resignation when ABC News revealed more sexually explicit e-mails and instant messages to current and former pages.

While finding no official misconduct on the part of FBI officials, the inspector general said "the e-mails provided enough troubling indications on their face" to have warranted follow-up steps.

Instead, the inspector general found, the supervisory agent decided there was no evidence of criminal wrongdoing and "placed the e-mails in her in box and took no further action" even though she found the e-mails "odd."

The e-mails were provided to the FBI in July 2006 by the non-profit Citizens for Responsibility and Ethics in Washington (CREW).

Click Here for Full Blotter Coverage.

The inspector general said the FBI "at a minimum" should have told CREW it had decided against an investigation because "CREW was relying on the FBI to pursue the matter and as a result had not notified anyone else about the e-mails."

Melanie Sloan, the executive director of CREW, says the FBI's handling of the Foley e-mails was irresponsible. "They should take investigating potential, child sexual predators much more seriously," says Sloan. "Attorney General Gonzales said this is one of their top priorities, but their conduct in this case shows that clearly that is not the case."

The inspector general also concluded that widely reported comments by FBI officials on the e-mails provided by CREW were "not accurate."

Unnamed officials were quoted as saying "the reason that the FBI did nothing further at the time" was because CREW had provided heavily redacted e-mails and refused to provide information about the source of the e-mails.

Sloan says the agency owes her organization an apology. "The FBI didn't fail to take any action on the e-mails because of any of CREW's actions," she said. "What CREW gave the FBI, they failed to investigate all on their own."

The inspector general said it was unable to determine who was responsible for making the inaccurate statements to the media.

Justice Report Faults FBI On Foley, Says Agents Should Have Done More (PALMBEACHP)

By Brian E. Crowley, Palm Beach Post Political Editor

Palm Beach Post (FL), January 23, 2007

The Justice Department on Monday released a report criticizing the FBI for failing to take action to ensure the safety of congressional pages after receiving copies of e-mails sent by former U.S. Rep. Mark Foley.

In the 31-page report, Inspector General Glenn Fine said that although the failure to begin a formal investigation was "not misconduct," agents had enough information to "have raised enough concerns to warrant some action."

Fine also found that the FBI misled reporters by saying the e-mails they received were incomplete, with much of the writing blotted out. That was not true, Fine said.

The messages examined by Fine were not the sexually explicit e-mails that led to Foley's resignation from Congress.

The FBI obtained the messages in question in July from Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a government watchdog group. In one, Foley asks a teen to send a picture, asks how old he is and comments on another congressional page who is "in really great shape."

Sloan's office received copies of the e-mails and forwarded them to the Washington office of the FBI.

Fine's report details how the e-mails were batted from the Public Corruption Squad to the Crimes Against Children and Adult Obscenity Squad and finally to the Cyber Crimes Squad. None of the agents is named in the report.

The supervisory special agent for the Public Corruption Squad told Fine that after reading the e-mails, he thought, "What a freak," but he decided they did not fall into his jurisdiction. He passed them to Crimes Against Children and Adult Obscenity.

The agent in charge of that squad told Fine that it "was clear to me that there was no criminal violation," although she called the e-mails "inappropriate." Because of the type of messages, she passed them on to Cyber Crimes.

The agent in charge of Cyber Crimes called the e-mails "odd" but also "did not see any evidence of wrongdoing," Fine said.

She told him she decided not to investigate, in part, because the age of consent in the District of Columbia is 16.

During Fine's investigation, the Cyber Crimes agent said: "We only open a case if there is a reasonable indication that criminal activity has occurred or will occur. There was nothing in this that warranted taking any action."

The agent also was asked whether the e-mails suggested she should notify managers of the congressional page program. She said no.

She told Fine that the e-mails, which were not sexually explicit, were "not the job of the FBI. This is a parental job."

She said the fact that Foley was a congressman did not influence her decision.

Two months later, ABC News posted the same e-mails on its Web site. That prompted others to send copies of e-mails from Foley that were more sexually explicit. Foley, a Fort Pierce Republican, resigned Sept. 29.

Fine said the FBI's decision not to investigate the e-mails it received in July "fell within the range of discretion" of an FBI supervisor.

But Fine went on to say that because of Foley's "position of trust and authority" with House pages, "a better practice for the FBI would have been to take at least some follow-up steps."

At the very least, agents should have "notified the House authorities who ran the page program," Fine said.

The report also criticizes the FBI for not following up with Sloan and for claiming that the e-mails it received contained little useful information.

In a statement, Sloan said she hoped "the FBI would learn from this incident and, in the future, be quicker to investigate potential crimes against children."

Meanwhile, both the FBI and the Florida Department of Law Enforcement are continuing their investigations into Foley and his conduct with congressional pages.

"We still have an active, open investigation, so there is no change on our part at this time," FDLE spokeswoman Kristen Perezluha said. "What we are doing is on the state level. We have been assisting the FBI in their investigation, but the FDLE investigation is separate."

Report Faults FBI Handling Of Foley Case (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 23, 2007

The agency's follow-up was inadequate and it gave "inaccurate" public accounts, inquiry finds.

WASHINGTON — The Justice Department's inspector general admonished the FBI on Monday for its handling of the page scandal involving former Rep. Mark Foley, saying the bureau failed to follow up on suggestive e-mails between the Florida Republican and a former male page and gave "inaccurate" public statements about the case.

The watchdog report was triggered by a complaint filed by a nonprofit advocacy group, Citizens for Responsibility and Ethics in Washington, which had sent the FBI copies of e-mails between Foley and a former page last summer. The e-mails were sent two months before the scandal became public and forced the lawmaker to resign after a series of sexually explicit messages surfaced.

The FBI dismissed the early e-mails, the inspector general found, because agents did not believe they showed evidence of criminal wrongdoing. The FBI later launched an investigation, which is pending.

In the e-mails, Foley beckons a former page to e-mail him a picture of himself and asks what he might like for his birthday. He also comments about another page being "in really great shape" and seeming "much older than his age."

The e-mails also included complaints about Foley from a former page who told a House employee that Foley's e-mails had "freaked me out" and calling the content of his messages "sick."

The inspector general found that the tip was handled by a senior supervisory agent in the cyber crimes division of the FBI Washington field office who found the messages "odd" but not indicative of any criminal wrongdoing because, the agent said, the law in the District of Columbia permits sexual relations between an adult and a 16-year-old — the minimum age for pages.

The report found that the decision not to investigate "fell within the range of discretion" afforded supervisory agents and "did not constitute misconduct." But it also found the messages "at a minimum" to be "unusual" and that the FBI should have taken some action.

"The e-mails provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up," the inspector general found.

The report also noted that, notwithstanding the law in the district, three of the eight states from which the e-mails were sent or received would have made sexual conduct between Foley and a 16-year-old a crime.

The report also criticized the bureau for public comments it made about the advocacy group's complaint.

Justice officials said at the time that the group had provided "heavily redacted" e-mails and refused to provide information about their source, indicating that was the reason the FBI did not pursue an investigation earlier.

The inspector general's office "concluded that such statements were not accurate. The e-mails were not heavily redacted and the evidence showed that the FBI did not seek additional information from" the advocacy group, the report found.

The inspector general "was unable to determine who was responsible for making the inaccurate statements," the report said, and concluded that the inaccuracies were caused by "a misinterpretation of the description of events that was disseminated within the FBI."

Melanie Sloan, the executive director of Citizens for Responsibility and Ethics, said: "Not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming" the advocacy group.

The FBI said it would study the report. "The FBI shares the [inspector general's] interest in ensuring that information regarding potential criminal activity is evaluated objectively and in conformance with established policies and practices," the bureau said in a statement. "Accordingly, the FBI will carefully examine the … review for any changes to existing policies or procedures that may be warranted."

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Justice: FBI Could Have Handled Foley E-mails Better (CNN)

CNN.com, January 23, 2007

WASHINGTON (CNN) -- An internal Justice Department report concluded the FBI should have notified the House of Representatives or other officials after learning last summer of inappropriate e-mails former Rep. Mark Foley sent to a House page.

The report, released Monday and authored by the Justice Department inspector general, said the FBI acted within its "range of discretion" when it initially decided not to open a criminal investigation in the case.

But the internal watchdog's investigation concluded that the response was inadequate.

"The e-mails provided enough troubling indications on their face -- particularly given the position of trust and authority that Foley held with respect to House pages -- that a better practice for the FBI would have been to take at least some follow-up steps with regard to the e-mails," said Inspector General Glenn Fine.

Fine's investigation said that if the FBI determined an interview with the former page was not warranted, the FBI should have at least notified House officials charged with protecting congressional pages.

It also should have notified the complaining organization that sent the material, the report said.

In a written response late Monday, the FBI defended its handling of the case and stressed the inspector general's finding that the FBI acted appropriately in its decision not to launch a criminal investigation after the initial e-mails.

"The OIG [Office of Inspector General] acknowledges that its assessment was conducted after the fact and after explicit instant messages surfaced -- none of which were part of the FBI's initial evaluation," the FBI said.

"The review suggests certain follow-up steps could have been undertaken with regard to the e-mails," the response notes.

The inspector general confirmed the first Foley e-mails came to the FBI in July 2006 from the group Citizens for Responsibility and Ethics in Washington, after which the FBI decided no action was needed.

After eight more e-mails and explicit instant messages from Foley were made public in September, a political firestorm erupted on Capitol Hill.

Foley resigned September 29 and the FBI opened an investigation. To date, no charges have been filed.

The inspector general also criticized the FBI for making inaccurate statements about the reasons it had not opened an investigation after the initial batch of e-mails.

The report rejected the FBI's claims in press reports that the e-mails had been heavily redacted and that CREW had refused to provide information about the source of the e-mails.

In its response, the FBI said the bureau will conduct a review of whether any policies or procedures need to be changed in the interest of disseminating the most accurate information and avoiding internal misunderstandings.

Probe Faults FBI In Foley Investigation (CBS)

By Stephanie Lambidakis, CBS News Justice Department reporter

CBS News.com, January 23, 2007

Justice Department Report Says Bureau Mishandled Receipt Of Ex-Congressman's Improper E-mails

The Justice Department's Inspector General's internal investigation into how the FBI's Washington field office handled e-mails sent to pages by former Rep. Mark Foley has concluded that the agency handled the events poorly.

The Foley e-mails were sent to the FBI in July 2006 by Citizens for Responsibility in Ethics (CREW); the scandal broke in September 2006.

However, the investigation concludes that the FBI supervisors did not engage in "misconduct."

The report reveals that the e-mails "provided enough troubling indications" that the FBI supervisor who reviewed them should have, at a minimum, interviewed the former page. If the agents didn't think such an interview was warranted, they should have gone to House authorities in charge of the page program about concerns that were expressed. Finally, the FBI should have notified CREW that the FBI decided not to investigate since CREW thought an investigation was already under way.

After Foley resigned from office in September, the Office of the Inspector General also concluded that the FBI made "inaccurate statements to the media" about the e-mails forward by CREW. The FBI claimed the e-mails were heavily redacted, and thus useless to investigators. But in fact, the e-mails were not heavily redacted, "and the evidence showed that the FBI did not seek additional information from CREW."

The Justice Department was faulted for disseminating inaccuracies to the news media as well.

Investigators: FBI Not Wrong To Dismiss Complaint About Foley (GOVEXEC)

By Jenny Mandel

Government Executive, January 23, 2007

The FBI misled reporters about its decision not to investigate a series of e-mails between former Rep. Mark Foley and a congressional page, but was justified in deciding not to open a case based on information provided in July 2006, Justice Department investigators said Monday.

A Justice inspector general's investigation cleared the FBI of accusations that officials were too quick in declining to open an investigation based on five e-mails from Foley, none of them explicit in nature, to a former page.

The e-mails were shared with the FBI in July, months before Foley resigned from the House, by the Washington advocacy group Citizens for Responsibility and Ethics. The group asked the IG to look into the FBI's handling of the matter after the scandal broke in late September. While the e-mails were less damning than the instant messages later uncovered between Foley and a House page, the minor who forwarded the e-mails to a House staff member described them as "sick sick sick sick sick."

Justice IG Glenn Fine's study found that after several hand-offs between FBI units, the e-mails provided by the advocacy group reached the Cyber Crimes Squad, where a supervisory special agent decided not to open an investigation because there was nothing in the messages that constituted a crime. Inspectors concluded that the agent's decision fell into an appropriate "range of discretion," but said the group should have been informed of the decision not to open an investigation.

"At a minimum, we believe the FBI should have notified CREW, the complainant in this case, that the FBI had declined to open an investigation," inspectors wrote, adding that CREW had been relying on the agency to pursue the issue and so had not taken other steps. The IG also noted that Foley's messages followed the lines of behavior that the FBI describes as "gradual seduction" in its Parent's Guide to Internet Safety.

Inspectors described the internal handoff of the case from a federal watchdog liaison agent to the Public Corruption Squad to the Crimes Against Children and Adult Obscenity Squad to the Cyber Crimes Squad, but found no indication that concern over pursuing a case against a congressman had factored into the agency's final decision not to investigate further. The FBI announced on Oct. 1 that an investigation would be opened into Foley's contacts with pages, just after his Sept. 29 resignation.

The advocacy group also asked the inspector general's office to investigate statements that Justice officials made to reporters in September that the agency had failed to act earlier because CREW had submitted only "heavily redacted" versions of the e-mails and had refused to provide further information when asked.

The watchdog group immediately contested those charges, and in its review, the IG office found that public statements attributed to FBI and Justice officials were not true. The only information redacted from the messages was the name and contact information of another person to whom the messages had been forwarded. The message bodies, the page's e-mail address and that of the House staffer to whom he reported the messages were all clear.

The IG office also found that the advocacy group participated in the only follow-up conducted by FBI agents, a telephone call from the liaison officer immediately after the messages were submitted. The group forwarded them to authorities immediately, not after a lag of several months, as media outlets reported an undisclosed official had suggested, the auditors found.

The inspectors attributed the misinformation to "misunderstandings" between FBI and Justice spokespeople, but said none of the three media representatives interviewed recalled giving out the inaccurate information.

"By forwarding the e-mails to the FBI for investigation, CREW stands out as the only party in this sordid affair to have done the right thing from the first instance," CREW Executive Director Melanie Sloan said Monday. "In marked contrast, not only did the FBI fail to investigate the possible sexual abuse of minors by a sitting member of Congress, the bureau then tried to cover up its shocking inaction by blaming CREW."

In a statement, Justice officials said Monday that FBI "will carefully examine the OIG review for any changes to existing policies or procedures that may be warranted."

Last week, the House passed legislation intended to ensure Congress would respond better to future incidents involving pages by expanding representation on the board overseeing the page program to include a former page who is not a member of Congress, and a parent of a current or former page.

FBI Should Have Pursued Foley E-Mails, Report Says (Update1) (BLOOM)

By Neil Roland

Bloomberg, January 23, 2007

Jan. 22 (Bloomberg) -- The FBI should have followed up on e- mails sent in 2005 by then-U.S. Representative Mark Foley to a former teenage male congressional page instead of deciding not to investigate, a Justice Department report says.

Bureau officials also circulated inaccurate information about the e-mails, leading to false news reports that helped justify inaction by the Federal Bureau of Investigation, said the report today by the department's inspector general.

``The FBI's decision to decline to investigate this matter was not misconduct," the 21-page report said. ``Yet we believe that the e-mails should have raised enough concerns to warrant some action."

Foley, a Florida Republican, resigned in September after the e-mails became public. The controversy surrounding his conduct, and whether House Republican leaders ignored his transgressions, helped Democrats regain control of both houses of Congress for the first time in 12 years.

A House ethics committee report said in December that Republican congressional leaders failed to protect the pages after hearing warnings about Foley's behavior as much as two years earlier.

The FBI got the 2005 e-mails last July from a nonpartisan watchdog group called Citizens for Responsibility and Ethics in Washington. After reviewing the messages for two days, the bureau decided not to investigate, the report said.

Discipline Required

Melanie Sloan, executive director of the group that forwarded the e-mails to the FBI, said the Justice Department should discipline employees responsible for lapses identified in today's report.

``I think Foley would have resigned a lot sooner if he knew the FBI was looking at him," Sloan said in an interview.

None of the FBI agents who handled the e-mails were identified by name in the report. Sloan said she got the messages from another public-interest group.

The FBI said in a statement it shares the Justice Department inspector general's ``interest in ensuring that information regarding potential criminal activity" is properly evaluated, and it promised to study the report for any warranted ``changes to existing policies or procedures."

Within the FBI, a public-corruption agent who read the e- mails in July thought of Foley, ``What a freak," the Justice Department report said. The agent decided that the material should be examined by colleagues in other units, who found that the messages didn't warrant further investigation in part because they didn't contain sexually explicit language, the report said.

Asking for Photograph

In one e-mail given to the FBI, Foley inquired about a former page's safety in a hurricane and asked him for a photograph. The page passed on the e-mail to a House aide and added the comment: ``sick sick sick sick sick sick sick sick sick sick sick sick sick."

Today's report said the FBI could have conducted a preliminary inquiry that included an interview of the former page. The bureau also could have notified congressional leaders about concerns expressed by the former page in the e-mail.

When the messages became public, news reports quoted the FBI and the Justice Department as saying -- in what proved to be false -- that the messages were ``heavily redacted," or censored, and that Sloan's group refused to provide more information, the report said.

Editorial: FBI Flubbed Foley Probe (BOSH)

Boston Herald, January 23, 2007

The latest in the sordid saga of former Rep. Mark Foley proves once again that not a single agency - not a single individual - managed to see clearly through the Beltway haze to act in the best interests of vulnerable teens.

The Department of Justice yesterday concluded that the FBI should have investigated Foley and the inappropriate e-mails he had sent to a former House page when the agency was informed of them back in July.

"We believe the FBI should have considered taking some steps to ensure that any minors in the congressional page program were not at risk . . . " wrote DOJ Inspector General Glenn Fine.

The e-mails, while not sexually explicit, "provided enough troubling indications on their face, particularly given the position of trust and authority that Foley held" to warrant an FBI probe, Fine wrote.

An FBI investigation might have included informing House officials who oversee the page program about the "Foley problem." Then again, as another investigation proved, some of those same House officials already knew, but did little to deal with it. It appears that like everyone else tainted by this scandal, the FBI passed the buck until Foley resigned and the sordid details were reported by the media.

Now the new Congress has revamped the board that oversees the page program and has pledged regular meetings. But unless every agency, every individual with an interest in protecting these young people understands their duty, that will be of little comfort.

Libby Jury Is Chosen; Arguments Set To Start (WP)

By Amy Goldstein

The Washington Post, January 23, 2007

A federal judge empaneled a jury yesterday in the perjury trial of I. Lewis "Scooter" Libby, seating a largely apolitical, educated group of D.C. residents to decide whether Vice President Cheney's former chief of staff lied to investigators about his role in divulging the identity of a covert CIA officer.

The nine women and three men selected for the jury -- as well as four alternates -- are scheduled to hear Special Counsel Patrick J. Fitzgerald and one of Libby's attorneys, Theodore V. Wells Jr., lay out opposing portrayals of the celebrated case in opening statements today. Over the next four to six weeks, testimony in the case will expose the inner workings of the Bush White House shortly after the Iraq war began and confidential conversations between well-known journalists and their sources in the administration.

Libby faces five felony charges that he lied to FBI agents and a grand jury investigating the leak of CIA officer Valerie Plame's name by aides to President Bush.

In a city where most residents are black, 90 percent are Democrats and the local culture is steeped in politics, the jury is not completely representative. Ten of the 12 jurors -- and two of the alternates -- are white. Most said during questioning that they have no political opinions about the administration's handling of Iraq or do not follow the news.

"I am a master of all things pop culture but nothing about current events," said a woman who books conventions for hotels. Another juror, an art historian with a doctorate, said she glances at newspapers perhaps twice a week and never watches television.

The large proportion of jurors without opinions of the president or the war is a result of the defense's strategy. Libby's attorneys told potential jurors that Cheney and other senior aides to Bush probably would testify and asked careful questions to determine how jurors would regard the credibility of those important defense witnesses.

By yesterday morning, when the two sides had narrowed an initial pool of 60 potential jurors to 37, a dozen in that group had expressed at least mild disagreement with the administration. Virtually all of them were excluded from the 16 who were seated.

The jury includes a retired math teacher who said he does not always agree with Bush's Iraq policy and is "beginning to have less faith in him" as the war continues. But he emphasized his objectivity and said he does "not make any snap judgments."

During four days of jury selection in Courtroom 16 of the federal courthouse a few blocks from the Capitol, a large number of jury candidates said they were personally acquainted with people involved in the case. In the end, knowing those players did not, in itself, keep them off the jury. Among the jurors is a former Washington Post reporter who once worked for now-Assistant Managing Editor Bob Woodward, a defense witness, and until recently was a neighbor of NBC's Tim Russert, a prosecution witness.

U.S. District Judge Reggie B. Walton told the jury members that he would "semi-sequester" them. He said they could go home each night. But to minimize their contact with other people, he said, they would be picked up at a central location every morning and have breakfast and lunch delivered during the day. He ordered them not to discuss the case with anyone or follow the news.

The jurors do not know which of them have been designated as alternates. All 16 will hear the entire case.

Libby Jury Seated; Arguments May Start Today (NYT)

By Neil A. Lewis

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The judge in the perjury trial of I. Lewis Libby Jr. seated a jury of nine women and three men on Monday who are expected to spend a month or longer hearing the case against Vice President Dick Cheney's former top aide.

Mr. Libby, widely known by his nickname Scooter, is charged with lying to a grand jury and to Federal Bureau of Investigation agents who were trying to find out who leaked to journalists the identity of a C.I.A. operative and why. Neither Mr. Libby nor anyone else was charged with disclosing the name of the operative, Valerie Wilson.

Instead, he is charged with lying about the fact that he discussed Ms. Wilson with journalists and thus impeded the investigation.

In addition to the 12 jurors, Judge Reggie M. Walton seated four alternates to replace any of the 12 who may fall ill or have other problems.

All 16 jurors will hear the case, unaware who are alternates, to ensure that they pay attention. The lawyers on both sides and reporters covering the case do know which jurors are which.

The jurors include a woman who said she had worked for decades as a curator of prints and drawings at the Metropolitan Museum of Art and a retired postal worker who said in jury selection that Judge Walton sentenced her son to jail on drug charges years ago.

The jury includes a former reporter for The Washington Post who said his editor was Bob Woodward, a Post journalist who is expected to be a witness in the trial. The former Post reporter also said that until recently he was a neighbor of Tim Russert of NBC News, who is also expected to be a witness.

All the jurors had said they would be able to put aside any feelings about the Bush administration and assess the case fairly.

The jury selection spanned four days, an unusually long time, because so many prospective candidates said they might be biased because they were so strongly critical of the administration, especially Mr. Cheney. The vice president is expected to be a major witness for Mr. Libby.

Explaining that he wanted to shield the jurors from the news media and others at the courthouse who might inadvertently influence them, Judge Walton said jurors would be collected at an undisclosed location and brought in to hear the case.

At each day's end, they will be returned to that location to be dismissed to go home.

Each side is expected to make its opening statements on Tuesday, with Patrick J. Fitzgerald, the prosecutor, first.

He will be followed by Mr. Libby's lawyer, Theodore V. Wells Jr.

The first witnesses against Mr. Libby may begin testifying on Wednesday.

A Trial To Remember (NYT)

By Stacy Schiff

The New York Times, January 23, 2007

Who knew that 12 angry Americans could be so easy to come by — and a jury so difficult to assemble? "It took us all day to get six jurors qualified," Judge Reggie M. Walton lamented last Thursday, after a contentious afternoon of voir dire in the Scooter Libby trial. Judge Walton had hoped to have seated his panel by then; selection took twice as long as expected. Opening arguments are scheduled for today, not the sort of trailer you would normally run before a State of the Union address.

To some minds, a jury has not been the only thing missing from United States of America v. I. Lewis Libby. "In the most important sense, this is a case without a crime," The Wall Street Journal reminded us over the weekend. An artful leap followed: "Yes, Mr. Libby is charged with perjury and obstruction of justice, which are serious offenses."

It is true that what began as a search for a leak ended — after much collateral damage — with an indictment for a lie. At this juncture it can be difficult to grasp what, precisely, is on trial. Some of us seem viscerally to wish something else were. While the original investigation stemmed from the charge that a public official had provided accurate information to the press, potential jurors appear more eager to charge a public official with having provided false information to a country. It was, after all, Mr. Libby who drafted the 2003 masterpiece that Colin Powell presented to the United Nations, the one about Iraq's fabled chemical and biological weapons.

Juror 0420, an economist, couldn't help but say she thought the Iraq war "a tremendous mistake, a horrendous mistake, and a betrayal." She could not promise to be objective about Dick Cheney, who is slated to testify.

Juror 0244 reported "strong negative feelings about this current administration and its conduct of the war." He was gone in seconds.

Juror 1140 admitted: “I believe the vice president would have had the defendant leak.” Had she any preconceived notions? “Guilty.”

Juror 1298 felt that she could muster the maturity to be open-minded about Mr. Libby. But when pressed by Judge Walton on whether a witness from the administration would carry “a strike against them,” she replied, “Probably.” Home she went.

Juror 1980 made herself crystal clear: “I cannot believe any statement from the Bush administration.” Bye-bye.

These exchanges produced a little rowdiness over in the press room, where stopwatches were set to see how long a potential juror could last. Remember that door-to-door campaign the president has promised for Baghdad? Those good-will ambassadors might be better deployed in our nation’s capital.

On the stand will be the vagaries of human memory. Hence the carefully crafted questions submitted by Libby’s team for prospective jurors: Can you honestly misremember? Is the memory like a tape recorder, or does it make mistakes? Can you falsely believe someone told you something when it was someone else, at a prior date? Can you hold to your memories even after they are found to be inaccurate?

The defense will contend that Mr. Libby’s recollections were honest, even if incorrect. “Confused, forgot or misremembered” are not crimes. Deliberate lying is; to be convicted, Mr. Libby must be shown to have willfully misled.

He claims to have been preoccupied with vital security issues and buried under intelligence information; he paid little heed to the matter of a C.I.A. officer’s employment. Technically this is called the “Honey, I was too busy preparing the family tax return to think clearly when you asked about the lap dancers” defense.

Surely it’s a legitimate one, if perhaps a little tough to swallow after six years of distorted intelligence and Enron-grade responsibility. Also, is it just me, or does that argument sound disconcertingly familiar? Wasn’t it Mr. Libby’s ex-boss who — when asked why he hadn’t served in Vietnam — replied, “I had other priorities in the ’60s than military service”?

Generally, a memory can prove a dangerous thing to have under this administration. Even I can remember W.M.D., Mohamed Atta, African uranium, shock and awe, mission accomplished, and a heckuva job — and I’m lousy when it comes to plot. The prodigious Mr. Libby, on the other hand, remembers all 79 “Star Trek” episodes. And their titles, too.

Lawmakers Want Polygraph Of Berger Over Stolen 9/11 Documents (FOX)

Fox News, January 23, 2007

WASHINGTON — The Justice Department should administer a polygraph test to former National Security Adviser Sandy Berger to find out what documents he took from the National Archives in 2002 and 2003, Rep. Tom Davis wrote in a letter to Attorney General Alberto Gonzales dated Monday.

Davis, ranking Republican on the Committee on Oversight and Government Reform, is leading a group of 18 lawmakers who say the Justice Department has been "remarkably incurious" about Berger's decision to remove documents relating to the Sept. 11 commission's inquiry into his role in helping prevent terror attacks during the Clinton administration.

"It is extraordinarily important that the Justice Department avail itself of its rights under the plea agreement and administer a polygraph examination to Mr. Berger to question him about the extent of his thievery. This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead up to the terrorist attacks on the United States," Davis wrote.

The letter was signed by all Republican members of Congress.

Berger admitted to taking documents on two of the four occasions he went to the National Archives to bone up on his responses for the Sept. 11 commission on his inquiry into how intelligence and law enforcement communities failed to prevent the Sept. 11, 2001, terror attacks on the United States. He said he hid some of them at a construction site near the archives building in Washington.

Berger agreed to take a polygraph test as part of a plea deal reached in September 2005. As part of the guilty plea, he was also sentenced to 100 hours of community service, two years probation, three years of lost security clearance and a $50,000 fine plus court costs.

A report issued two weeks ago by Davis said commission members expressed grave concerns about whether they had received all the relevant information on the Clinton administration's anti-terror activities. Archivists said they will never know what Berger took because none of the pages Berger said he took were inventoried.

At the time of the report, Justice Department spokesman Bryan Sierra said the department "has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Added Matt Bennett, a spokesman for Berger attorney Lanny Breuer: "I can state unequivocally that no documents were withheld, and that all documents that Mr. Berger took were disclosed to the Justice Department and the inspector general of the archives."

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But Davis and the other lawmakers said the Justice Department's investigation is incomplete and two Justice Department officials confirmed that a polygraph was never administered despite the department being given the authority to do so.

FOX News' Molly Hooper and The Associated Press contributed to this report.

Former State Official Gets 1 Year Over Documents (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, January 23, 2007

A former high-level State Department official was sentenced to a year in prison yesterday for keeping more than 3,500 classified documents at his Fairfax County home and concealing his relationship with a Taiwanese intelligence agent.

Prosecutors said Donald W. Keyser possessed far more unauthorized classified documents than any government employee ever prosecuted by the Justice Department. Keyser, 63, is one of the nation's leading experts on China and was a top adviser to Colin L. Powell, former secretary of state.

Yesterday, the government that Keyser served for three decades as a Foreign Service officer said his actions endangered national security. Keyser "allowed himself to be seduced by a female intelligence officer for a foreign government," Assistant U.S. Attorney David Laufman said as he urged a sentence of 18 to 24 months. "This case is about abuse of the public trust, reckless disregard for the government's secrets and reckless disregard for the truth."

Keyser's attorney, Robert S. Litt, recommended a sentence of probation, calling the case "the classic Greek tragedy of a great man brought down by his tragic flaws." But U.S. District Judge T.S. Ellis III in Alexandria sentenced Keyser to a year and a day in prison. "You said you were just careless," the judge told the former diplomat. "I think the government correctly points out that you did this purposefully."

The sentencing did little to resolve the lingering mystery surrounding the downfall of Keyser, which stunned the Washington diplomatic establishment. When he was first charged in September 2004, the FBI said he had passed documents to Taiwanese agents during covert meetings in the Washington area.

But court papers filed with Keyser's guilty plea in December 2005 did not mention passing any documents, and law enforcement and diplomatic sources said at the time that the case did not involve espionage but rather a government employee who became careless. Keyser pleaded guilty to unlawfully removing classified documents and two counts of making false statements. He admitted to having a "personal relationship" with the Taiwanese agent, Isabelle Cheng, and meeting her on a trip to Taiwan in 2003, a trip he concealed from his supervisors.

Prosecutors later tried to void Keyser's plea agreement, saying he wasn't fully cooperating. They withdrew the motion in December.

Keyser said yesterday that he had only been trying to create a channel of information to Taiwanese intelligence to ensure that the message of U.S. policy toward Taiwan was getting through. "What I was doing was to further U.S. interests. It was not to further Taiwan's interests," he told Ellis. "I know that some people believe that I was some kind of agent. I want to stress in the strongest possible terms that I was not."

Laufman questioned Keyser's explanations, saying it was "curious" that Keyser never mentioned his planned outreach to Taiwanese intelligence to his supervisors.

But prosecutors offered no alternative explanation. "Your honor, we may never really know why Donald Keyser committed the acts that bring him before this court," Laufman concluded.

Former U.S. Diplomat Gets Year In Prison For Taiwan Affair (AP)

By Matthew Barakat, Associated Press Writer

AP, January 23, 2007

ALEXANDRIA, Va. -- A former top State Department official was sentenced to a year in prison Monday for mishandling classified documents and concealing his relationship with a female intelligence officer from Taiwan.

Donald W. Keyser, 63, of Fairfax, had been the second-ranking official in the State Department's Bureau of East Asian and Pacific Affairs before retiring in 2004.

Prosecutors at one point considered bringing espionage-related charges against Keyser but eventually settled on a plea bargain involving lesser counts--making false official statements and unlawful removal of classified documents from the State Department.

At his sentencing hearing in U.S. District Court, Keyser admitted to egregiously bad judgment in striking up a personal relationship with 35-year-old Isabelle Cheng, a known intelligence officer with Taiwan's National Intelligence Bureau whom he first met in 2002.

But Keyser rejected any accusation that he was acting as an agent of Taiwan or that he compromised U.S. interests.

"Ms. Cheng ... never sought from me or received from me any unauthorized information," Keyser said.

Prosecutors never charged Keyser with disclosing classified information to Taiwan, but it was clear from Monday's hearing that they remain suspicious of his activities. Court records indicate that Keyser failed polygraph tests when he was quizzed about a secret trip he took to Taiwan in September 2003 to meet Cheng.

Keyser's refusal to disclose this trip to his superiors, along with his failure to disclose his relationship with Cheng, formed the basis for his conviction on making false statements.

Keyser "exposed himself to compromise and blackmail by hostile intelligence services," prosecutor David Laufman said during the hearing. "We may never know why Donald Keyser committed the acts which bring him here today."

Although much of the evidence in the case is under seal, prosecutors were particularly concerned about e-mails Keyser sent to Cheng suggesting that one U.S. official was "ripe for recruitment" and that another individual was "a rare orchid to be cultivated and nurtured," presumably for recruitment as a spy.

Keyser and his lawyer, Robert Litt, said the government was misconstruing the e-mails.

Prosecutors had sought a sentence of 18 to 24 months, while Litt urged Judge T.S. Ellis III to sentence Keyser to probation.

Jail Sentence For Diplomat In Spy Case (NYS)

By Josh Gerstein, Staff Reporter of the Sun

New York Sun, January 23, 2007

WASHINGTON — A longtime high-ranking official at the State Department was sentenced to just over a year in jail yesterday for keeping thousands of classified documents at his home and for lying about his personal relationship with a younger Taiwanese diplomat.

In late 2005, the former deputy chief of the State Department's East Asian and Pacific Affairs Bureau, Donald Keyser, pleaded guilty to three felony charges stemming from an investigation into his contacts with the Taiwanese agent, Isabelle Cheng.

Judge Thomas Ellis of Alexandria, Va., imposed the sentence after a lengthy hearing yesterday. According to court records, the judge ordered Keyser to spend a year and a day in jail and two years on supervised release, and to pay a fine of $25,000.

Keyser had asked not to be sent to jail. He submitted a sheaf of letters from former colleagues praising him for his selfless devotion to America during more than three decades in the Foreign Service.

" Mr. Keyser had an absolute obligation to safeguard the classified information entrusted to him and utterly failed to do so. His sentence of imprisonment is a warning to others in positions of public trust," the U.S. attorney overseeing the case, Chuck Rosenberg, said in a written statement.

Keyser's sentencing was delayed repeatedly after prosecutors accused him of failing to keep his promise to cooperate in debriefings with the FBI. They also alleged that polygraph tests showed that Keyser was not telling the government the full truth about what transpired.

'Girls Gone Wild' Producer Gets Heavier-than-expected Sentence (LAT)

By Claire Hoffman, Times Staff Writer

The Los Angeles Times, January 23, 2007

The community service is piling up for "Girls Gone Wild" mogul Joe Francis.

The producer of racy videos featuring young — and often naked — women was sentenced today to 200 hours of community service over two years by a federal judge in Los Angeles and was placed on two years probation for failing to adequately document the ages of his subjects. The amount of time was double what Francis' lawyers had sought.

The heavier-than-expected sentence is the second time that a federal judge has come down hard in sentencing Francis. In December, in Panama City, Fla., a federal judge sentenced Francis' company Mantra Films Inc. to serve 32 hours of monthly community service for 30 months.

The sentencing stems from a plea agreement Francis made with the Department of Justice in September, when he admitted to shooting underage women in his videos and pleaded guilty to two felony counts of violating federal record-keeping laws.

Those laws govern the way in which producers of adult material document the ages of performers in sexually explicit videos and are intended to hinder the sexual exploitation of children.

In addition, Francis has greed to pay $500,000 in fines in California, with his company paying an additional $1.6 million in fines in Florida in a related case.

U.S. District Judge Richard Smoak in Panama City, Fla. said at the time that the financial burden of the agreed upon fines would make little impact on the wealthy 33-year-old entrepreneur. Smoak asked Francis to shoulder the majority of the time served in Florida. Francis attorney Aaron Dyer said he had appealed the community service sentence.

Outside the courthouse, Francis said he was relieved the process was over and that he now felt free to say that he had been unfairly persecuted by the Justice Department.

"Of course I've been unfairly targeted by the government," Francis said. "What better target than Joe Francis?"

claire.hoffman@latimes.com

Judges Cannot Add Years To Prisoners' Sentences, High Court Rules (LAT)

By David G. Savage

The Los Angeles Times, January 23, 2007

WASHINGTON — The U.S. Supreme Court today struck down a part of California's 30-year-old sentencing law, which allows judges to add several years to a criminal's prison term.

The ruling could mean new sentencing hearings for several thousand state prisoners who were recently given longer terms. If their sentences are still being appealed, they can take advantage of today's ruling.

But the decision does not necessarily mean they will get lighter sentences.

Indeed, the Supreme Court's interest was not in whether prison terms are too long or too short, but rather how they are decided.

In a 6-3 ruling, the justices said California's sentencing law is flawed because it promises defendants a "middle term" prison term when they have been convicted of a crime, but it then allows judges to impose a much longer term based on "facts" decided by the judge alone. This extra prison time violates the defendant's right to a trial by jury, the court said.

Paradoxically, the solution may be to give judges even more authority to decide on a prison sentence, the high court said.

"The ball lies in California's court," said Justice Ruth Bader Ginsburg, apparently referring to the state Supreme Court. It could follow the lead of other states and "call upon the jury — either at trial or in a separate sentencing proceeding — to find any fact necessary to the imposition of an elevated sentence," she said.

Or it could do the opposite and "permit judges genuinely to exercise broad discretion with a statutory range" to impose a sentence, she said.

This curious result is the latest in a series of rulings in this decade in which the high court, though badly divided, has sought to readjust the balance between judges and juries when it comes to deciding prison sentences.

An odd coalition of its liberal and conservative blocs, led by Justices John Paul Stevens and Antonin Scalia, has moved to strike down sentences that were imposed based on facts found by the trial judges, not the jury.

In a New Jersey case, a defendant pleaded guilty to firing a shot into his neighbor's house, a crime with a 10-year maximum prison term. However, the judge sentenced the defendant, Charles Apprendi, to 12 years in prison after finding it was a racially motivated hate crime.

In a 5-4 decision in 2000, the court struck down the extra two years of prison time, saying the jury should have decided whether this behavior was a hate crime.

Since then, the court has struggled to decide whether this principle applies to midterm sentences, not just those that exceed the legal maximum for the crime.

The California case split the two new appointees. Chief Justice John G. Roberts Jr. joined the Scalia-Stevens bloc to say California's system is flawed. Also joining the ruling were Justices David H. Souter and Clarence Thomas.

Meanwhile, Justice Samuel A. Alito Jr. spoke for the dissenters. He noted that the Supreme Court, with Ginsburg in the majority, had upheld the federal sentencing system two years ago by concluding its guidelines were advisory, not mandatory.

California's system is quite similar, he said. "The California sentencing law that the court strikes down today is indistinguishable in any constitutionally significant respect from the advisory guideline scheme (in the federal system) that the court approved" two years ago, Alito said.

Justices Anthony M. Kennedy and Stephen G. Breyer voted with Alito.

In a separate dissent, Kennedy explained the difficulty of applying the court's new rule. Juries can decide some facts, such as whether a weapon was used or whether a large quantity of drugs was involved, he said. California's law refers to these facts as "sentence enhancements," and jurors are called upon to decide these facts.

But other facts are subjective. For example, did the defendant show remorse or cooperate with the prosecutors? "These are facts that should be taken into account at sentencing," but it makes sense for them to be "found by the judge," Kennedy wrote.

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Prior to 1977, California's law set a maximum prison term for each crime and allowed judges and parole officials to decide how long a criminal would stay behind bars.

The new law replaced those open-ended prison terms with more precisely defined crimes and prison terms. For each crime, the law sets a lower, middle and upper term sentence.

The law also said the judge "shall order imposition of the middle term," unless the judge decides certain "aggravating circumstances" call for the upper term. Ginsburg pointed to this "shall order" mandate as the flaw that makes California's system unconstitutional.

Today's ruling, in Cunningham vs. California, could mean a slightly shorter sentence for a Northern California man who was convicted of sexually abusing his child over several years.

This crime had a middle term of 12 years in prison, but the judge imposed the upper term of 16 years after finding the defendant was violent, a danger to the community and had perpetrated his crime against a vulnerable child.

In another California case, the court today refused to hear appeals from a former Carson official who was sentenced to 41 months in prison for federal corruption charges.

Roderick Keith McDonald, who served three terms on the West Basin Municipal Water District board, argued that federal prosecutors tried him in Orange County instead of Los Angeles County to keep blacks off the jury. McDonald, who is black, is the son of Rep. Juanita Millender-McDonald (D-Torrance). She was not implicated in the crime.

The court, which has never ruled on whether a trial's venue could violate a defendant's constitutional right to due process, declined to take up the case. McDonald had enlisted former Whitewater prosecutor Kenneth Starr and Eric Holder, who served in the Clinton Justice Department, to argue his case.

McDonald was convicted on 10 counts, including conspiracy to commit extortion, bribery and money laundering. Jurors acquitted McDonald on one count of mail fraud, two counts each of bribery and money laundering and told the judge they were split on eight counts.

Prosecutors said McDonald gave bribes to Carson City Council members for approving contracts. His sentence runs to Dec. 31, 2008.

In court filings, his lawyers argued that prosecutors moved his trial to Orange County, where the jury pool is only 2% African American, and not for the other Carson officials ensnared in the corruption case.

Ruling's Effect On California Inmates Is Probably Limited (NYT)

By Jennifer Steinhauer

The New York Times, January 23, 2007

LOS ANGELES, Jan. 22 — The Supreme Court decision on Monday that invalidated California's criminal sentencing law would probably affect only a small slice of the state's convicted felon population.

Over 90 percent of criminal cases here are resolved in plea agreements, which would be immune to challenges. Further, felons sentenced to life terms and those convicted under the state's three-strikes law would not be able to argue for an adjusted sentence.

But in a state with 173,000 inmates, thousands could be affected, lawmakers and criminal justice experts said, as they worked to puzzle out what the court's ruling meant and how to address it legislatively.

"We are very disappointed today," David LaBahn, the executive director of the California District Attorneys Association, said of the court's decision that the 30-year-old sentencing law gave judges authority that the Constitution places with juries. Mr. LaBahn added that prosecutors in the state would now move to force jury trials over plea bargains in some criminal cases.

"Will that slow down the trials?" Mr. LaBahn said, "Yes it will. Will there be arguments between prosecutors and defense lawyers over bifurcating the trial and sentencing portion? Yes. Some judges are going to be grumpy because it will add court days, but our folks will do what is right and just."

The ruling comes at a time when the state's Legislature is trying to come up with a solution to the problem of crowding in the state's prisons. Both Gov. Arnold Schwarzenegger and the Senate majority leader have proposed establishing a sentencing commission to address the issue.

The governor issued a statement saying that his office was trying to determine the impact of the ruling, adding: "I support longer sentences for criminals who deserve them. As governor, I will work to ensure that this decision will not be a threat to public safety."

Calif. Criminal Sentencing Law Tossed (USAT)

By Joan Biskupic

USA Today, January 23, 2007

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WASHINGTON — The U.S. Supreme Court struck down California's criminal sentencing law Monday, saying it violated defendants' right to a jury trial by giving judges too much power to toughen sentences. The decision could require new sentences for thousands of convicts in the nation's largest state prison system.

The 6-3 ruling in the case of a California man who sexually abused his son reflects a seven-year trend in which the high court has limited judges' discretion in sentencing. The ruling ensures that juries, not judges, determine any aggravating factors, such as the viciousness of the act or the vulnerability of a victim, that increase prison time.

"This court has repeatedly held that … any fact that exposes a defendant to a greater potential sentence must be found by a jury, not a judge, and established beyond a reasonable doubt," Justice Ruth Bader Ginsburg wrote for the majority.

The court's previous decisions on the issue were decided by a five-justice majority, with then-chief justice William Rehnquist regularly dissenting. On Monday, Chief Justice John Roberts, who joined the court after Rehnquist's death in 2005, voted with the majority to produce a six-justice bloc favoring limits on judges' authority.

At least nine states have changed their sentencing laws to meet the Supreme Court's jury requirement, which was most firmly established in a 2004 decision.

"It's possible that thousands of cases would have to be retried for the enhanced sentence," said California Attorney General Jerry Brown, who was governor in 1977 when the state's sentencing law took effect.

John Cunningham was convicted in 2003 of continuous sexual abuse of a child under 14. His son had lived with the boy's mother for his early years, then moved in with Cunningham and Cunningham's girlfriend when he was 10.

Under California's three-tier sentencing scheme, the crime warranted one of three terms — six, 12 or 16 years — depending on its severity. In Cunningham's case, the rules dictated that the judge sentence him to 12 years unless the judge found additional aggravating factors, such as great bodily harm to the victim. The judge gave Cunningham a 16-year sentence.

The sentence was upheld by a state appeals court, but Ginsburg said the four-year increase in Cunningham's sentence violated his Sixth Amendment right to a jury trial.

The justices rejected arguments by California officials that the state's sentencing system was flexible like the U.S. Sentencing Guidelines the justices narrowly upheld in 2005. Seven months earlier, in June 2004, the high court had invalidated a Washington state sentencing regime and cast doubt on several systems that allowed judges to determine aggravating factors.

As to how the California system can be fixed, Ginsburg wrote, "the ball lies in California's court."

Ginsburg said California can now have the jury find any facts necessary for a tougher sentence — as seven states have done — or write new legislation that gives judges broad discretion within a statutory range, which at least two states have done.

Dissenting were Justices Anthony Kennedy, Stephen Breyer and Samuel Alito.

Court Constrains Judges' Power In Sentencing (NYT)

By Linda Greenhouse

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The Supreme Court invalidated California's criminal sentencing law on Monday, ruling that the 30-year-old statute gave judges authority that the Constitution places with juries.

The 6-to-3 decision will require the California courts to reconsider thousands of sentences as the Legislature contemplates its options for amending the statute to meet the justices' objections.

While no other state is directly affected, Justice Ruth Bader Ginsburg's forcefully worded majority opinion demonstrated that the Roberts court is committed to carrying out the full implications of the revolution in criminal sentencing that the court began seven years ago in Apprendi v. New Jersey.

In fact, with Chief Justice John G. Roberts Jr. joining the majority, the court planted its stake more firmly than ever in what criminal law scholars and practitioners have taken to referring to as Apprendi-land.

That decision invalidated New Jersey's hate-crime statute, which gave judges the power to make the specific factual findings that converted an ordinary crime into a hate crime, with an enhanced sentence. The court ruled that the Sixth Amendment right to trial by jury gave that role to juries.

That decision was followed four years later by Blakely v. Washington, which invalidated Washington's sentencing guidelines for giving judges the power to impose sentences beyond the normal range based on specific findings about the defendant's conduct.

And two years ago, in United States v. Booker, the court applied that reasoning to the federal sentencing guidelines, ruling that the guidelines could be deemed constitutional only if they were regarded as "advisory" rather than mandatory.

All three cases were decided by 5-to-4 margins, with Chief Justice William H. Rehnquist a consistent dissenter from the court's Sixth Amendment analysis.

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So Chief Justice Roberts's vote with the majority on Monday strengthened the court's Apprendi majority, which cuts across the court's normal ideological lines and in addition to Justice Ginsburg consists of Justices John Paul Stevens, Antonin Scalia, David H. Souter and Clarence Thomas.

Writing the principal dissenting opinion on Monday, Justice Samuel A. Alito Jr. stepped into the shoes of his predecessor, Justice Sandra Day O'Connor, a strong dissenter from all the Apprendi cases. Justices Anthony M. Kennedy and Stephen G. Breyer also dissented.

Douglas A. Berman, a law professor at Ohio State University and a leading authority on sentencing, said the decision confirmed the Supreme Court as "the most liberal, pro-defendant court in the country on sentencing procedure."

The California law represented an early legislative effort to make sentences more uniform and predictable, an effort that Congress picked up when it adopted the federal guidelines system in 1984. Under California's previous system, judges imposed open-ended sentences, often one year to life, and left it to the parole board to determine the time an offender would actually serve.

The 1977 law adopted what is known as a determinate-sentencing approach. Each crime carried three possible sentences. The middle sentence was presumed to be the correct one unless the judge made findings that justified the higher or lower alternatives.

As the Supreme Court proceeded with the Apprendi cases, the California law looked increasingly vulnerable.

In the case the court decided on Monday, the law was challenged by a former police officer, John Cunningham, who was convicted of sexually abusing his young son and who received the longest of the three sentences, 16 years as opposed to the other options, 12 and 6 years.

The judge found that six aggravating factors, including the victim's vulnerability and the defendant's violent conduct, merited the highest sentence.

The California Court of Appeal upheld the sentence, ruling that the Sixth Amendment concerns were satisfied as long as the judge issued a sentence within the statutory range, in this instance 6 to 16 years.

That was not the correct analysis, Justice Ginsburg said in her majority opinion, Cunningham v. California, No. 05-6551. She said the California law presented the judge not with a range, but with a "triad." The judge "had no discretion to select a sentence within a range of 6 to 16 years," Justice Ginsburg continued, adding:

"His instruction was to select 12 years, nothing less and nothing more, unless he found facts allowing the imposition of a sentence of 6 or 16 years. Factfinding to elevate a sentence from 12 to 16 years, our decisions make plain, falls within the province of the jury."

The California sentencing law, Justice Ginsburg concluded, "violates Apprendi's bright-line rule."

In his dissent, Justice Alito said that, to the contrary, the California system was "not meaningfully different" from the remedy the court endorsed, with Justice Ginsburg's concurrence, two years ago in the Booker case, on the federal sentencing guidelines.

By rendering the federal sentencing guidelines advisory, Justice Alito said, the court in the Booker case necessarily gave judges discretion to make factual findings to support their choice of sentence, a choice the court made subject to appellate review for "reasonableness."

Therefore, he said, the Booker decision "necessarily stands for the proposition that it is consistent with the Sixth Amendment for the imposition of an enhanced sentence to be conditioned on a factual finding made by a sentencing judge and not by a jury."

Next month in Rita v. United States, No. 06-5754, the court will hear arguments on whether a federal sentence within the guidelines range should be presumed to be reasonable.

Supreme Court Strikes Down California's Sentencing Law (WP)

By Robert Barnes

The Washington Post, January 23, 2007

The U.S. Supreme Court yesterday struck down California's sentencing law and strongly reaffirmed the court's view that judges may not impose tough prison time based on factors that have not been determined by a jury.

The 6 to 3 decision orders California to overhaul its method of sentencing criminal defendants, which could mean shorter prison terms for thousands of state prisoners. For other states and the federal government, it was the latest in a series of rulings going back to 2000 that restrict a judge's ability to find the aggravating factors that would allow for tougher sentences.

"This court has repeatedly held that, under the Sixth Amendment, any fact that exposes a defendant to a greater potential sentence must be found by the jury, not a judge, and established beyond a reasonable doubt, not merely by a preponderance of the evidence," Justice Ruth Bader Ginsburg wrote for the majority.

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It was a majority that gives credence to the justices' often-made complaint about attempts to peg them as either liberal or conservative.

The prevailing side in Cunningham v. California consisted of Ginsburg, Clarence Thomas, Antonin Scalia, John Paul Stevens and Chief Justice John G. Roberts Jr. The newest justice, Samuel A. Alito Jr., wrote a dissent that was joined by Stephen G. Breyer and Anthony M. Kennedy, who also filed a separate dissent.

Roberts's decision to join the majority is especially important, according to Marquette University law professor Michael O'Hear and others who follow criminal justice issues; his predecessor, William H. Rehnquist, was on the other side. "Roberts's acceptance of jury-trial rights" means a solid majority exists for the future, O'Hear said.

The court's move began with Apprendi v. New Jersey, in which a 5 to 4 majority said that "any fact that increases the penalty for a crime beyond the prescribed statutory maximum must be submitted to a jury and proved beyond a reasonable doubt."

The court expanded the finding in a 2004 ruling regarding the state of Washington, and in 2005 the court found federal mandatory-sentencing laws unconstitutional. The court held that to remedy the system, the mandatory guidelines must become advisory and appellate courts must review them for reasonableness.

Alito argued that California's law met the standards the court had set for the federal system. "The California sentencing law that the court strikes down today is indistinguishable in any constitutionally significant respect" from the remedy the court offered in 2005, Alito wrote.

From the beginning, Kennedy and Breyer have opposed the court's resistance to systems that allow judicial discretion.

The debate may seem procedural rather than substantive, but the case that arrived at the court shows the impact.

Police officer John Cunningham was convicted in 2003 of molesting his young son, who had come to live with him and his girlfriend. Under California's Determinate Sentencing Law, Cunningham's crime was punishable by six, 12 or 16 years in prison. The law said that Cunningham should receive the middle term unless the judge found one or more "circumstances in aggravation."

The judge found six aggravating circumstances, including violent conduct, the boy's vulnerability and threats he made against his son. The only thing that the judge found in Cunningham's favor was that he had never been arrested before; he was sentenced to 16 years.

"We reserve that disposition because the four-year sentence elevation, based solely on a judge's fact-finding, denied Cunningham his Sixth Amendment right to trial by jury," Ginsburg read from the bench.

As for a remedy, Ginsburg said, "the ball lies in California's court." She noted that some states have responded to the court's rulings by amending their determinate sentencing laws to involve the jury in finding any facts that could elevate the sentence. Others have "chosen to permit judges to genuinely exercise broad discretion within a statutory range . . . without a mandatory middle," she said.

The court yesterday also unanimously struck down a lower court's decision that made it harder for prisoners to bring lawsuits alleging mistreatment. Jones v. Bock is one of many cases arising from the federal Prison Litigation Reform Act of 1995 to cut down on prisoner lawsuits.

Supreme Court Rejects California Sentencing Law (LAW)

By Tony Mauro, Legal Times

Legal Times, January 23, 2007

The Supreme Court on Monday struck down California's sentencing law because it gives judges too much power to increase sentences based on facts not found by the jury.

The 6-3 ruling in California v. Cunningham may throw into uncertainty a segment of recent sentences imposed in California under the state's 1977 sentencing law.

"California has some work to do, but it should not cause havoc in the courts," says Stanford Law School professor Jeffrey Fisher, who wrote a brief in the case for the National Association of Criminal Defense Lawyers and is a key strategist in challenges to sentencing laws. Fisher said defendants on direct review should get a "fresh look" at their sentences as a result of the ruling Monday.

The decision also signals that the newly constituted Roberts Court is committed to the Apprendi line of cases, which, since 2000, have recalibrated the balance between judges and juries in the sentencing process and upended both state and federal sentencing laws. In Apprendi v. New Jersey, the Court held that any fact that increases a sentence beyond certain parameters set forth in the sentencing statute must be determined by a jury beyond a reasonable doubt.

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"Because the [California law] authorizes the judge, not the jury, to find the facts permitting an upper-term sentence, the system cannot withstand measurement against our Sixth Amendment precedents," Justice Ruth Bader Ginsburg wrote for the majority.

Chief Justice John Roberts Jr. voted with the majority upholding the Apprendi precedents, whereas his predecessor William Rehnquist opposed the recent sentencing decisions. Justice Samuel Alito Jr. dissented Monday, as his predecessor Sandra Day O'Connor probably would have. Justice Anthony Kennedy, joined by Justice Stephen Breyer, also dissented, asserting, "In my view, the Apprendi line of cases remains incorrect."

At issue Monday was the case of John Cunningham, convicted in 2003 of repeatedly molesting his son. Under the law, his offense carried a prison term of six, 12 or 16 years. The judge is obliged to pick the middle sentence unless he can find aggravating circumstances justifying the upper level. In Cunningham's case, the judge found six aggravating circumstances and gave Cunningham the higher sentence. California appeals courts upheld the higher sentence, setting the stage for Supreme Court review.

Ginsburg's ruling did not specify how California should repair its sentencing law, but it pointed to a dozen other states that have modified their sentencing laws to respond to the Apprendi precedents. Some have placed more of the fact-finding with the jury, while others have given judges discretion within a statutory range.

"California may follow the paths taken by its sister states or otherwise alter its system, so long as the state observes Sixth Amendment limitations declared in this Court's decisions," Ginsburg wrote.

Former California Attorney General John Van de Kamp, of counsel at Dewey Ballantine, says the ruling "will certainly spark a lot of debate on overall sentencing policies in California." But he says the ruling will actually affect only a small number of criminal cases in the state.

Supreme Court's Striking Down Of California Sentencing Law Could Mean Shorter Prison Sentences (AP)

By Mark Sherman, Associated Press Writer

AP, January 23, 2007

(AP) - WASHINGTON-The U.S. Supreme Court struck down California's sentencing law Monday, reaffirming limits on judges' discretion and presaging shorter sentences for thousands of state prisoners.

The 6-3 ruling effectively shaves four years off the 16-year sentence of former police officer John Cunningham, who was convicted of sexually abusing his son.

It is the latest in a series of high court rulings over the past seven years that limit judges' discretion in sentencing defendants. The court has held repeatedly that a judge may not increase a defendant's sentence based on factors that were not determined by a jury.

"This court has repeatedly held that, under the Sixth Amendment, any fact that exposes a defendant to a greater potential sentence must be found by the jury, not a judge, and established beyond a reasonable doubt, not merely by a preponderance of the evidence," Justice Ruth Bader Ginsburg wrote for the court, referring to an article in the U.S. Constitution.

Several states have changed their sentencing laws to require prosecutors to prove to a jury aggravating factors that could lead to longer sentences.

California had argued that a 2005 state Supreme Court decision interpreting the state's Determinate Sentencing Law effectively brought the state into compliance with the U.S. high court's rulings. The law instructs judges to sentence inmates to the middle of three options, unless factors exist that justify the shorter or longer prison term.

The state warned that its criminal justice system would be burdened by having to re-sentence thousands of inmates.

Rather than prescribing a way to fix the law, Ginsburg said, "The ball lies in California's court."

Justice Samuel Alito said in dissent that California's law "is indistinguishable in any constitutionally significant respect" from the federal sentencing guidelines that have been approved by the Supreme Court.

There were just under a quarter-million felony convictions in the state in 2005. Data from the 1980s cited by the California Supreme Court suggests that roughly 15 percent of cases involving just one felony count result in sentences in which a judge, not a jury, finds an aggravating factor to justify the additional punishment.

But Peter Gold, Cunningham's lawyer, told the court that in many cases the standard term and longer option differ by just a year. In practical terms, many of those who might be affected by Wednesday's ruling might already have finished serving their time in prison.

Several justices suggested during oral argument in October that the state could tweak the law, rather than overhaul it, to remove constitutional violations.

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Nine other states urged the court to uphold the California law.

Letting Juries Judge (LAT)

The Los Angeles Times, January 23, 2007

THE U.S. SUPREME COURT on Monday overturned the 16-year prison sentence of a former California police officer convicted of molesting his 10-year-old son. Much as Californians may resent this ruling, which comes in a heinous case and could potentially trigger challenges to thousands of sentences, we should have seen it coming.

In theory, there's a neat division of labor between judges and juries in criminal trials. Juries decide whether a defendant did the crime; judges decide whether the defendant will do the time, and how much.

In reality, judges over the years have engaged in some serious fact-finding of their own in deciding how much punishment to mete out — too much fact-finding, in the view of the 21st century Supreme Court. In a series of decisions beginning in 2000, the high court has ruled that any fact connected to a crime that leads to a higher sentence "must be submitted to a jury and proved beyond a reasonable doubt."

John Cunningham of Contra Costa County, who won his appeal Monday, received 16 rather than the prescribed 12 years in prison because of aggravating factors, including the "great violence" of his conduct. Those findings were made not by a jury but by a judge, as provided for in California's 1977 Uniform Determinate Sentencing Act. Writing for the court, Justice Ruth Bader Ginsburg reasoned that because California law "authorizes the judge, not the jury, to find the facts permitting an upper-term sentence, the system cannot withstand measurement against our 6th Amendment precedent."

In their last major pronouncement in this area in 2005, the justices, while striking down mandatory federal sentencing rules, said that such guidelines could nevertheless remain on the books if they were used as an "advisory" resource for judges. But on Monday, six of nine justices rejected the argument that the rules that produced Cunningham's higher sentence fell into that same flexible category.

Like its previous recent decisions on judicial sentencing, the ruling leaves both legislatures and judges considerable leeway. Legislatures can still establish minimum and maximum sentences, and judges (if state law allows) can choose a particular sentence based on characteristics of the perpetrator, including previous convictions.

But it is clearer than ever that if sentencing depends on the particular facts of the crime, then it is up to the jury, not the judge, to make that call.

Feds: Prison Cost-cutter Took Bribes (OREG)

By ASHBEL S. GREEN

The Oregonian, January 23, 2007

Allegations - Agents link the food purchaser for Oregon corrections to a four-year kickback scheme

Federal agents found more than $450,000 in cash in the home and safety deposit box of an Oregon prison official accused of taking bribes from companies that sell food for inmates' meals and snacks.

Farhad "Fred" Monem, who earns $75,500 a year as the food service administrator for the Oregon Department of Corrections, was placed on leave after IRS and FBI agents searched his home and office Jan. 10.

A federal judge Friday unsealed court documents that describe a four-year kickback scheme and detail what agents discovered during their searches.

Monem's lawyer declined to comment Monday. No charges have been filed against Monem or others allegedly involved.

Federal prosecutors declined to discuss a timeline for arrests in the bribery scheme, which they allege included Monem's wife, Karen, and officials from food distributors and brokers in California, New York and Maryland.

Monem, 48, was considered a whiz kid at the prison system, credited with saving the state millions of dollars because of his shrewd working of the commodities market. Prison officials praised Monem for reducing the daily cost of prison food from $2.88 to $2.30, third lowest in the nation.

One food broker praised Monem's business savvy in a March 2002 profile in The Oregonian.

"He'll let you earn a living, but you're not going to get rich off him," said Doug Levene of 21st Century Supply.

Levene, who could not be reached for comment Monday, is one of several food industry officials accused in federal court records of taking part in a bribery scheme that included splashy Las Vegas casino meetings, a junket to a football game in Chicago between the Bears and the Green Bay Packers and the creation of a shell company allegedly controlled by Karen Monem.

Court records single out Levin & Lawrence, Inc., a wholesale food distributor based in Santa Clarita, Calif. The company buys bulk food, some of it labeled "distressed" because it was close to the expiration date, marks it up and resells it for a profit.

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Ex-cons Duped Secretary In Coke Case, Lawyer Says But Feds Say Facts Show She Was In Cahoots With Accomplices (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 23, 2007

Prosecutors opened their case in the Coke secrets trial Monday by vowing to prove that former secretary Joya Williams conspired with two accomplices to try to sell product samples and confidential documents for more than $1 million.

"This case is about greed and poor choices," said Assistant U.S. Attorney Randy Chartash.

But Williams' defense attorney, Janice Singer, said her client was taken advantage of by two lying ex-cons.

She said Williams copied and took home various work materials for innocent reasons and never intended for them to fall into the hands of the alleged accomplices.

One of them, Edmond Duhaney of Decatur, who is testifying for the prosecution, took the stand for a short time Monday before the court broke for lunch. He pleaded guilty to one count of conspiracy in October and hasn't been sentenced. His testimony is expected to resume later Monday.

According to prosecutors, here's how the case unfolded:

An executive at archrival PepsiCo got a letter in May 2006 from someone named Dirk, who said he had four years' worth of detailed marketing records from Coke.

Dirk said the "very detailed and confidential information" would "ensure your company gains a very decisive position in the cola wars." The letter said some of the information involved Coke Blak, a new Coke-infused coffee product introduced by the company last year.

The letter writer said he would offer proof for free that he had valuable information but that PepsiCo better be ready to act fast.

PepsiCo faxed the letter to Coke executives, who contacted the FBI on May 24, 2006.

An undercover FBI agent posing as a PepsiCo go-between called the phone number listed for Dirk and reached Ibrahim Dimson, a New York resident. The agent negotiated to pay Dimson what amounted to a $5,000 deposit on June 8.

Dimson told the agent he had a product sample and they negotiated a $75,000 payment — $30,000 up front and $45,000 after the product was delivered.

By June 12, Coke had set up a camera at Williams' work station to record her movements. She worked as an administrative assistant for a marketing executive at Coke, scheduling his appointments and managing logistics for him. She also had access to his e-mails, prosecutors said.

On June 16, Dimson met with the agent at Hartsfield-Jackson Airport to make the exchange. The agent passed Dimson $30,000 in a Girl Scout Lemon Cooler cookie box. Dimson passed the sample in an Armani bag.

The next day, Duhaney got $8,000 from Dimson. He kept $2,000 and gave $6,000 to Williams. She deposited $4,000 into her bank account two days later.

On June 19, the camera at Williams' work station captured her putting a product sample in her bag. She also printed three copies of a an e-mail from her boss's account with the codename "project normandie."

On June 22, Dimson gave the undercover agent a list of documents he said he had from Coke. The two negotiated a $1.5 million payment. Dimson provided a bank account for a trucking business he set up.

A few days later, Williams was recorded taking more documents from Coke in a Staples box that was later found at Duhaney's house.

On June 29, the agent paid Dimson $10,000 through a wire transfer. Dimson then wrote a check to withdraw the money.

Dimson was arrested July 5 at a Marriot hotel near Perimeter Mall. Agents searched the homes of Williams, Dimson and Duhaney.

Prosecutors say the plot started in Nov. 2005, when Williams asked family friend Edmond Duhaney to come to her Norcross apartment. There he showed her stacks of documents from Coke. She told Duhaney she couldn't sell the documents because she signed a confidentiality agreement, but that Duhaney could, prosectors allege.

Duhaney, a convicted cocaine dealer, shopped the documents around but no one was interested until he reached Dimson, a man he had met in prison in Alabama.

Dimson, who served time for white collar fraud, flew to Atlanta to see the documents. The two then conspired with Williams to organize and sell the materials.

Defense attorney Singer, appointed by the court to defend Williams, told jurors that Duhaney and Dimson plotted the conspiracy behind Williams' back. She said Williams was taken advantage of by two "seasoned cons."

Singer said Duhaney had asked Williams for help with his resume, and during a visit to her apartment he saw the boxes of Coke documents.

"He saw an opportunity and began hatching his scheme," Singer said of Duhaney.

Singer said Williams, who grew up in Decatur and has a business degree from Georgia State University, was in her dream job. But health problems and demands of the job took their toll. Williams' performance was "forgetful" and flighty" and she wasn't getting her work done, Singer said, adding that co-workers and her boss took notice and she feared being fired.

Williams began copying every document and e-mail she touched to prove she was doing her job, Singer said. She didn't copy them to give to Duhaney or Dimson, Singer insisted.

Singer said Williams carried out materials in plain view and pointed out with surveillance tapes that her desk was in plain view of other workers.

Singer said when Duhaney saw the documents, he brought in Dimson to look at them because of his business experience.

Dimson then began romancing Williams, Singer said. Duhaney also convinced Williams to let Duhaney stay with her while he got back on his feet. It was a pretense to get access to the Coke documents, Singer said.

"At no time did Joya give these two cons anything," Singer told the jury.

Coke Espionage Case Moves On (WXIA)

By Jon Shirek

WXIA-TV, January 23, 2007

A government witness testified in Atlanta on Monday that a Coca-Cola employee stole secret documents from company headquarters, then recruited him to try to sell the documents to rival Pepsi.

But the now-former Coke employee blames her accuser, and insists she had nothing to do with any of it.

The former Coke employee who is on trial is Joya Williams. She could go to prison for up to ten years if she's convicted of the single count against her -- conspiring to steal and sell Coke's trade secrets.

In court, the prosecutor said that the case against Williams is a case about greed.

The prosecutor, Randy Chartash, showed the jury surveillance photos of Joya Williams at her desk at Coke's headquarters in Atlanta last year -- taken after the FBI began investigating her -- showing Williams filling her personal bag with company documents, and with bottles of brand new Coca-Cola drinks that were in development.

Then the jury heard a family friend of Williams, Edmund Duhaney, testify that Williams invited him to her apartment a year ago and showed him the Coke secrets that she had taken piled on her coffee table.

He said she told him the material would be worth a lot of money to Coke's competitors, such as Pepsi, and she needed his help.

So, Duhaney testified, he and another man, Ibrahim Dimson, launched a scheme to write a Pepsi executive that they had "very detailed and confidential information about Coca Cola's marketing campaigns for the next 4 years."

And they offered to sell the secrets to the highest bidder -- never knowing that Pepsi told Coke about the letter, Coke told the FBI, and the FBI set up the sting that led to the arrests last summer of Williams and the two men.

The two men pleaded guilty.

Williams' attorney, Janice Singer, told the jury that Williams was always taking work home with her, including confidential Coke documents and other items, all openly, in full view of Coke security -- nothing sinister about any of it.

Not in any way, shape or form, Singer said, was Williams ever involved with the two men to steal Coke secrets and sell them.

The men stole the confidential material from Williams' apartment, Singer said, and then blamed Williams when they got caught.

The government's evidence against Williams involves and includes the Coke secrets she is accused of trying to sell. So Coca-Cola has several attorneys sitting in the courtroom, conferring with prosecutors and with the judge, to make sure no Coca-Cola company secrets are disclosed in open court, but only to the jury.

The trial is expected to last up to two weeks.

Secretary Stole Coke Secrets, Jurors Told (FLSUNSEN/AP)

By Harry R. Weber, The Associated Press

South Florida Sun-Sentinel, January 23, 2007

ATLANTA · A former secretary at The Coca-Cola Co. was angry at her employer for not treating her well and hatched a plan to steal trade secrets from the beverage maker to sell to rival PepsiCo Inc., a co-defendant testified Monday at the woman's conspiracy trial.

Edmund Duhaney, who pleaded guilty in the case and agreed to testify, told jurors that Joya Williams said the documents and product samples -- which include information about the company's new coffee-infused drink, Coca-Cola Blak -- could be worth a lot of money to a competitor.

"She made a statement, `This happens all the time in corporate America' -- that Pepsi, the rival company, would be interested in this," Duhaney said, recalling an April 2006 meeting with Williams and another co-defendant, Ibrahim Dimson.

Duhaney also testified that Williams was angry at the world's largest beverage maker.

"She felt she wasn't being treated right at her job," Duhaney said. He added, "She let it be known that, `People think I'm stupid, but I'm not stupid.'"

Duhaney said Williams told him she had been planning the scheme for some time, copying confidential documents little by little.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Williams remains free on bond pending the outcome of the trial. Duhaney and Dimson have pleaded guilty and are awaiting sentencing.

Williams, Duhaney and Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola, and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

Assistant U.S. Attorney Randy Chartash told jurors during his opening statement Monday that Williams was the one who first approached the two co-defendants in the case about selling Coca-Cola documents and samples of products that hadn't been launched to rival Pepsi.

But defense lawyer Janice Singer said the case is really about two ex-cons who duped Williams and conspired behind her back.

Subpoenas Raise New Questions (HILL)

By Susan Crabtree

The Hill, January 23, 2007

A flurry of subpoenas issued late last year to three powerful House committees and two staffers are raising new questions about House policies on document retention as well as internal House rules governing response to subpoenas.

A U.S. district court in San Diego sent subpoenas to the House Appropriations, Armed Services and Intelligence committees late in the year, according to notices in the Dec. 27 and Jan. 4 editions of the Congressional Record.

Elizabeth Phillips, an Appropriations staffer, and Rebecca Kuhn, who formerly worked as ex-Rep. Randy "Duke" Cunningham's (R-Calif.) executive assistant, were also subpoenaed to testify, according to letters they submitted to then-House Speaker Dennis Hastert (R-Ill.), as required by House rules.

The subpoenas originally carried a Jan. 11 deadline, but the assistant U.S. attorney's office in San Diego has extended it to Jan. 31 to give the new Democratic majority and new leaders of the three committees time to "compile documents that are responsive to the subpoena," said Drew Hammill, spokesman for Speaker Nancy Pelosi (D-Calif.)

The subpoenas stem from the case against Cunningham, a former member of the Appropriations and Intelligence panels who is serving eight years in prison for accepting more than $2.4 million in bribes in exchange for earmarking government contracts. A grand jury in San Diego has been considering evidence against Brent Wilkes, a defense contractor who is accused of conspiring with Cunningham.

The U.S. attorney's office in San Diego first requested thousands of pages of documents from the panels last spring through a letter to the House general counsel. The subsequent subpoenas are an indication that federal prosecutors were concerned late last year that the committees were not voluntarily handing over the previously requested files, which, according to media reports, include classified documents relating to secret CIA contracts and a 59-page classified report into Cunningham's activities produced last fall by an investigator working on an internal probe for the House Intelligence panel.

Rep. Pete Hoekstra (R-Mich.), ranking member on the House Intelligence Committee, said in an interview that he was surprised by the subpoena because the committee was "working with" the Department of Justice last fall.

"… All of the sudden we got popped with a subpoena," he said in an interview Thursday.

Josh Holly, a spokesman for Republicans on the House Armed Services Committee, said that his boss, then-Chairman Duncan Hunter (R-Calif.), and top panel aides also were in the process of cooperating with prosecutors and were even setting up a time for the U.S. attorney to meet with Hunter and committee staff when the subpoena came.

Holly said the aides had reviewed the correspondence between Cunningham and the committee and "nothing came up as improper."

Spokesmen for other committee chairmen or ranking members either declined to comment or did not respond to calls for comment. Prosecutors in the U.S. attorney's office in San Diego also declined to comment on the subpoenas, as did a Justice Department spokesman.

House leaders now must decide whether to invoke the Speech or Debate Clause, which provides protections for members of Congress and staff, just as House GOP and Democratic leaders did in May after the FBI raided the office of Rep. William Jefferson (D-La.).

But the timing of the subpoenas' public disclosure raises other questions about internal House policies.

It is unclear when the committees received the subpoenas and whether the then-GOP committee chairmen who received them chose to wait until after Congress formally adjourned in December to disclose them publicly as a way to deflect attention.

The House rule governing responses to subpoenas only dictates that a member, officer or staffer notify the Speaker in writing "promptly."

And the Speaker has broad latitude in when he or she must respond to a notification. If the subpoena comes during a recess, the rules only state that "notification is not required until the reconvening of the House, when the notification shall promptly be laid before the House by the Speaker," according to the rules.

A Hastert spokesman declined to comment on when the subpoenas were served.

"Any good lawyer can argue what the definition of 'promptly' means," said Stan Brand, a former House general counsel.

In fact, in late December, the Los Angeles Times reported that former Rep. Curt Weldon (R-Pa.) had received a subpoena for documents before the election as a part of an escalating Justice Department corruption probe against him but had failed to report that subpoena to the House, as the rules require.

A review of the Congressional Record details a letter dated Dec. 14, which Weldon sent to Hastert, acknowledging the subpoena. The letter, however, did not appear until early January because Weldon had sent it after Congress adjourned for the year. Weldon lost his reelection race to Democrat Joe Sestak, a retired Navy vice admiral.

Weldon's attorney, William Canfield, said that he could not recall exactly when his client first received the subpoena, but believed it was before the election.

"My instinct tells me it was before the election," Canfield said.

The late disclosure of Weldon's subpoena, as well as the separate subpoenas to the committees and staffers, which all came after Congress formally adjourned, also raise questions about whether anyone in the House did anything to protect the documents, electronic or otherwise. According to two outside sources, the Chief Administrative Officer's office routinely erases the contents of members and staffers' computers once they leave the House.

Once subpoenas are issued, however, leaders in the House and Senate, as well as the general counsel, are legally required to make an effort to preserve documents and ensure they are not being inadvertently or purposefully deleted or destroyed. Because of the Democratic takeover, Republicans lost numerous committee staffers, making efforts to maintain documents even more important.

"If no one took any steps to protect these documents," Brand said, "then that's a major legal problem."

Several calls to the House general counsel's office were not returned.

House Administration Committee spokeswoman Janice Crump declined to comment about what became of the computers of staffers who were let go after the election, referring all questions to the general counsel's office. In response to a question about Weldon's electronic documents, she said that House policy allows all members who are leaving the House for any reason to remove their entire content of their hard drives and take it with them.

"It was done this way to get out of the middle of any possible litigation to allow the Justice Department to contact the member about any information that was either on the computer or was part of his records while he was here," she said.

Generally, she said, members are allowed to take their papers with them and "this is just the 21st-century way of saying that they can take their electronic records with them."

Hoekstra said he met with the committee's Republican and Democratic counsels late last week and walked away confident that no relevant Intelligence panel documents were destroyed.

"There is no concern on anybody's part that there might have been documents of interest that somehow have gone into a shredder or e-mail wastebasket," he said. "Anything or everything that might be of interest is fully available."

Hoekstra explained that the committee found and saved any and all relevant e-mails when it conducted an internal investigation into the Cunningham matter last year. Hoekstra was angered when Rep. Jane Harman (D-Calif.), who served as the panel's ranking member at the time, released the internal report before the election. The report triggered concerns about how Cunningham used his status and influence over committee staff to get Pentagon contracts for political supporters.

"We are the only committee that when this Cunningham thing started, went out in a bipartisan basis and selected an independent attorney to come in and take a look at anything and everything that went on in the committee," Hoekstra said. "… And [that material is] still available."

Hoekstra, along with the general counsel, and House leaders are still determining whether to hand over that material along with any other documents that fall under the subpoena.

"House counsel along with the general counsel [and Democratic and GOP leaders] will have discussions with Justice to see exactly what the most effective and most appropriate way to address [the subpoena are]," he said.

Prison Stay Sliced For Ex-school Boss (MACD)

By Mitch Hotts, Macomb Daily Staff Writer

Macomb (MI) Daily, January 23, 2007

Judge decides Gardiner didn't know of other bribes, inflated bills

Disgraced educator John Gardiner was placed in a wheelchair to be returned to prison Monday after a judge refused a plea for home confinement but did slice five months off Gardiner's original sentence.

Advertisement

Gardiner, the former superintendent of East Detroit Public Schools, had sought a reduced sentence for his conviction in what has been called the largest public corruption scandal in Macomb County history.

However, U.S. District Court Judge Patrick Duggan issued a new sentence of 41 months in a federal prison in Morgantown, W.Va., reduced from the original sentence of up to 46 months for convictions on racketeering and extortion.

"Dr. Gardiner has maintained he is not guilty and he has the right to feel that way, but a jury has found him guilty," Duggan said.

Monday's sentencing hearing was ordered after the 6th U.S. Circuit Court of Appeals ruled Duggan made an error at Gardiner's original sentencing because of confusion over mandatory sentencing guidelines.

At Monday's hearing, it was possible for the judge to add another year onto the original sentence. Instead, Duggan's new calculation resulted in a range of 37 to 46 months, and he opted for five fewer months.

Gardiner, who has been in prison for 22 months, will likely now be released from prison in March of 2008 instead of August 2008.

The 74-year-old Gardiner was among 20 people named in a 35-count indictment handed down by the U.S. Justice Department. They were charged with accepting hundreds of thousands of dollars in gifts, vacations, cash, and home improvements financed by contractor William Hudson Jr.

In return, Gardiner and others helped arrange lucrative contracts for school bond work to Hudson, who also is in prison for his part in the scandal.

In deciding a new sentence, the judge had to decide whether Gardiner's conduct furthered the overall conspiracy and whether the loss to the district could have been reasonably foreseen by the former superintendent while in office.

Margaret Sind Raben, Gardiner's attorney, argued that the former superintendent was not aware of some $2 million in inflated bills submitted by Hudson. She said Hudson had his own relationship with assistant superintendents who approved the doctored bills that gave Hudson more money than he was owed while working on a bond construction program for East Detroit Public Schools.

Raben also pointed out Gardiner's deteriorating health should be a factor in reducing the sentence because he is legally blind and has health issues.

John Engstrom, the assistant U.S. Attorney for the case, said Gardiner accepted $150,000 in bribes from Hudson to have "willful blindness" to paperwork Hudson submitted for payment.

Gardiner accepted a $40,000 down payment for a new home from Hudson along with home improvements, and $12,000 for a house down payment for Gardiner's daughter, according to the Justice Department.

Hudson took in at least $2.4 million legally as the contractor for a $30 million bond issue for East Detroit.

The Justice Department also contends Gardiner drew up a phony contract for Hudson to use to obtain a $600,000 loan from the Bank of Bloomfield Hills when Hudson needed money to pay off his tax debts to the IRS. That showed Gardiner was aware of the criminal enterprise beyond East Detroit, according to Engstrom.

Duggan said it was a "close question" as to whether Gardiner was fully aware of the inflated bills. "He could be criticized for now being more careful," the judge said.

In the end, Duggan said he did not find evidence that Gardiner had a larger role in the conspiracy or knew how much it would cost East Detroit Public Schools.

When Gardiner was asked if he wished to make a statement, the ex-superintendent slowly stood, with his hands on his hips, and continued to maintain his innocence.

"Being involved in the business matters of the district was not my favorite thing," he said. "If I failed on that extent, I apologize."

Engstrom said Gardiner has only tried to minimize his involvement with the conspiracy by blaming his underlings.

"He has shown very little or no remorse to the school district. He's only concerned about his reputation in the future," Engstrom said.

After Monday's hearing, the U.S. Marshal's Service placed Gardiner in a wheelchair and prepared to take him back to a federal prison in Milan, Mich., where he will be housed until he is airlifted back to West Virginia to finish his sentence.

"Bye bye," he said to his wife and daughter as he was wheeled from the courtroom.

CDC Adviser Arrested For Urinal Incident (AP)

AP, January 23, 2007

A prominent public health expert who is a top adviser to federal health agencies was arrested on suspicion of public indecency in an airport men's room.

Dr. Hugh H. Tilson, 67, was arrested Jan. 16 at Hartsfield-Jackson Atlanta International Airport after a plainclothes police officer said he saw Tilson masturbating at a urinal while watching other men urinate.

Tilson, a part-time faculty member at the University of North Carolina's School of Public Health, has advised the government and industry on health issues and co-authored an influential 1988 report on the future of public health in the U.S.

Tilson recently co-chaired a task force advising the Atlanta-based federal Centers for Disease Control and Prevention on setting agency priorities and goals. He was visiting Atlanta last week for a senior leadership retreat with CDC Director Julie Gerberding and others.

CDC spokesman Glen Nowak said Monday that agency officials had just learned of Tilson's arrest. The agency had no comment "because it's a law enforcement matter," he said.

Tilson could not immediately be reached for comment at his UNC office or Raleigh, N.C., home, or through his university e-mail.

UNC officials issued a statement that clarified that Tilson is not a classroom instructor. "The university takes the charges seriously. We think it is important to let the Georgia judicial system resolve the case," the statement said.

Public indecency is a city code violation, which is considered of less consequence than a misdemeanor, according to a police report. Tilson posted a $500 bond and was released, and is to return to Atlanta next month for a court appearance.

Ex-Church Official Guilty In Porn Case (AP)

By John Christoffersen, Associated Press Writer

AP, January 23, 2007

(AP) - BRIDGEPORT, Conn.-The former music director of a church where former President Bush once worshipped pleaded guilty on Monday to possessing child pornography.

Robert F. Tate, 64, of Greenwich, admitted possessing between 150 and 300 pornographic images of children, some engaging in sexually explicit conduct. Prosecutors said some children in the images were younger than 12 years old.

"Yes, your honor. I regret to say I did it," Tate told a federal judge.

Tate was the longtime music director of Christ Church in Greenwich, where former President George H.W. Bush attended while growing up. Funeral services for his parents, Prescott Bush Sr. and Dorothy Walker Bush, were held there.

At his last hearing in December, President Bush's aunt and other members of the church attended to support Tate.

Tate faces up to 10 years in prison and a $250,000 fine when he is sentenced April 12.

Judge To Review Inquiry Into Leaks In Pellicano Case (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, January 23, 2007

A federal judge Monday said she would personally review the government's investigation into the disclosure of confidential documents in the Anthony Pellicano wiretapping case, amid claims that the latest leak was triggered by a previously unreported FBI interview of billionaire Kirk Kerkorian.

U.S. District Judge Dale S. Fischer's decision followed an acrimonious hearing at which attorneys for Pellicano and for Kerkorian's longtime attorney, Terry Christensen, complained that the leaks to the New York Times had severely hurt their clients' rights to a fair trial.

The defense attorneys also pointedly questioned why authorities had not identified the source of the leaks after nine months of investigation.

"This is horrendous," Christensen's attorney, Terree Bowers, said of the leaks. "It is trampling on Mr. Christensen's presumption of innocence."

Last April, the judge issued a protective order to prevent the disclosure of evidence compiled against Pellicano, Christensen and six other co-defendants in a wide-ranging wiretapping case that has rocked legal and Hollywood circles. After the New York Times printed the first of several articles that quoted sealed FBI interview reports in the case, the U.S. attorney's office in San Diego opened an investigation into the leaks.

Two weeks ago, the newspaper published — and posted on its website — excerpts from audio recordings of conversations between Pellicano and Christensen. Attorneys for Christensen had challenged the government's right to use the recordings against their client on the grounds of attorney-client privilege. At the time, they also argued that authorities were so concerned about the tapes' admissibility that they had interviewed Kerkorian "in what appears to be an illicit attempt to get him to inadvertently waive the attorney-client privilege."

In the latest court documents, Bowers suggested that the government, fearing that the tapes might be ruled inadmissible, had decided to leak them.

"Faced with such a result, it is most likely that someone from the prosecution took this illegal and drastic step of ensuring that members of the public got to see excerpts and listen to the recordings," Bowers said in the latest court filing.

Thom Mrozek, a spokesman for the U.S. attorney's office in Los Angeles, said, "We have honored at all times Mr. Kerkorian's claim of attorney-client privilege."

Mrozek said he would not comment on what he called "the latest conspiracy theory being floated by people associated with the defense."

San Diego Assistant U.S. Atty. Robert Ciaffa, who is directing the leak investigation, said he would not comment about that probe while it is underway. As is standard practice, the leak investigation is being conducted by another U.S. attorney's office to ensure its independence.

A spokeswoman for Kerkorian's Tracinda Corp. declined comment about the interview, which sources say lasted about two hours.

Bowers urged Judge Fischer to hold a hearing on the leaks, and to subpoena the New York Times reporters to testify. To bolster his argument, Bowers cited the BALCO case, in which two reporters from the San Francisco Chronicle face 18 months in federal prison for refusing to disclose who leaked them grand jury testimony about steroid use in professional sports. In court documents, Bowers also charged that the government's investigation of his client "has been fraught with government deceit, obfuscation, sensationalism and injustice from the minute [it] began."

Catherine J. Mathis, a spokeswoman for the New York Times, said the newspaper would continue to assert the reporters' right not to reveal how they obtained the court documents and recordings.

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Subpoenas Sought Against 2 Times Reporters (NYT)

By Katharine Q. Seelye

The New York Times, January 23, 2007

A defense lawyer in the case involving Anthony Pellicano, the Hollywood private eye accused of masterminding a long-running wiretapping ring, called yesterday for two New York Times reporters to be subpoenaed to find out who leaked them recordings of conversations and other evidence in the case.

On Jan. 11, The Times printed excerpts of 33 recorded conversations that Mr. Pellicano had with Terry N. Christensen, a lawyer for Kirk Kerkorian, the billionaire Hollywood mogul. The newspaper also put audio excerpts of the conversations on its Web site. Mr. Christensen has also been charged in connection with the wiretapping.

In papers filed last week in federal court, Mr. Christensen called on the judge, Dale S. Fischer of United States District Court, to force the two reporters, David M. Halbfinger and Allison Hope Weiner, to reveal their sources.

In a hearing yesterday in Los Angeles, Terree A. Bowers, the lawyer representing Mr. Christensen, told the judge that the reporters might be “criminally liable” for their actions. He said in a telephone interview after the hearing that he told the judge that their posting of the conversations on the Internet violated his client’s presumption of innocence.

The judge asked Mr. Bowers to spell out specifically what relief he is seeking and how he would like her to deal with the case. In a statement, Catherine J. Mathis, a spokeswoman for The New York Times Company, said: “We believe it is critically important for reporters to be able to protect their confidential sources of information and will continue to advocate for their ability to do so.”

The judge also said she wanted to meet privately with Robert Ciaffa, the assistant United States attorney in San Diego, who is investigating the source of information leaked to The Times over the last year in what the government has said was a violation of the judge's order. Mr. Ciaffa, who did not attend the hearing, said in a telephone interview that he had no comment.

Judge Fischer also indicated yesterday that she was studying a similar case involving two reporters for The San Francisco Chronicle who have refused to reveal their sources and are facing up to 18 months in jail. The reporters, Mark Fainaru-Wada and Lance Williams, published federal grand jury testimony in which athletes admitted to using steroids supplied by the Bay Area Laboratory Cooperative, known as Balco. The jail terms, as well as a $1,000-a-day fine imposed on The Chronicle, have been suspended pending an appeal, to be heard in March.

The trial of Mr. Pellicano has been delayed until August because of the complexity of the case, the volume of evidence and lawyers' scheduling conflicts.

Man Killed After Officer Is Shot (LAT)

By Andrew Blankstein And Richard Winton, Times Staff Writers

The Los Angeles Times, January 23, 2007

The handcuffed suspect apparently got a gun hidden in his pants and opened fire on police investigating an assault in the Westlake district.

A man who was handcuffed by police during an early morning arrest Monday in the Westlake district of Los Angeles managed to reach for a gun hidden in his pants and opened fire, seriously wounding a veteran officer, according to several LAPD sources familiar with the investigation.

Rampart Division training officer Andy Taylor, 37, was rushed by ambulance to Cedars-Sinai Medical Center, where he was treated for a gunshot wound to the shoulder and chest.

The 12-year veteran, who was in stable condition, also was hit in his bulletproof vest.

Police Chief William J. Bratton said the officer could be released from the hospital as early as today.

Bratton said he would withhold comment on the specifics of the shooting until he was presented with a full preliminary briefing by investigators with the Los Angeles Police Department's Force Investigation Division.

Department officials said Taylor was one of several officers who responded to an apartment building in the 600 block of Coronado Street about 5 a.m. after a report of an assault there.

According to the LAPD sources, who spoke to The Times on the condition that they not be named, the officers questioned several men in a second-floor residence at the multiunit complex.

A rookie officer, whom department officials did not identify, searched and handcuffed one of the suspects before leading him out into the hallway where Taylor was standing, the sources said.

As the officers talked to the other men, the suspect reached into his pants and pulled out a handgun, firing at least two shots that struck Taylor, the sources said.

Two other officers emerged from the apartment, firing multiple times before killing the suspect.

The dead man suffered at least two gunshot wounds.

Department officials said four people — two men and two women — were taken into custody. The women were later released; at least one of the men was held on a parole violation.

At a morning news conference, Mayor Antonio Villaraigosa blamed gang violence for the increase in assaults against police officers, though it was unknown if gangs were involved in Monday's incident.

"One of the reasons why we're targeting gangs, and we're not sure who these suspects are … is because too much of this kind of activity occurs in [the] city of Los Angeles and we've got to do something about it," Villaraigosa said.

Bratton expressed concern that the shooting was part of a spike in attacks on officers so far this year compared with last year.

He said there have been 10 instances in less than a month in which suspects have shot at officers.

LAPD statistics show that although attacks on police increased to 109 last year from 99 in 2005, they are still down from 2002, when there were nearly 130 incidents.

But the numbers also show that the increase in the last three years mirrors an uptick in reported gang crime. Gangs have been tied to several recent officer shootings.

Earlier this month, 13-year LAPD veteran Mark Wilbur was shot in the thigh while he and other officers were investigating a report of armed gang members at a house in Panorama City.

In August, Officer James Tuck was seriously injured when a man with an AK47-style assault weapon opened fire on him during a traffic stop in Montecito Heights.

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In perhaps the most high-profile incident, Officer Kristina Ripatti was left paralyzed from the chest down when she was shot in June by an armed robber who also was described as a gang member.

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Former Bolivar County Official Changes Plea In Katrina Kickback (BSH)

Biloxi Sun Herald, January 23, 2007

CLEVELAND, Miss. - Former Bolivar County Administrator Adrian Brown pleaded guilty Monday to receiving a cash kickback from Hurricane Katrina relief funds.

Brown, 29, made the plea Monday in U.S. District Court in Aberdeen. He remains charged with witness tampering.

Brown, who had been administrator in Bolivar County since April 2004, was not taken into custody and will continue under his current $20,000 bond and supervised release until sentencing.

Brown was arrested by FBI agents at his office on June 6 for requesting and accepting kickbacks from David Spikes, as well as witness tampering.

Spikes, who owns Nternet Solutions in Pace, was hired to develop and maintain a Web site for the county to assist displaced Katrina residents who evacuated there. The Federal Emergency Management Agency reimbursed the county $48,402 for the Web site.

The indictment also charged that Brown used intimidation and threats to try to influence the testimony of Spikes' wife, Monique Spikes, to a federal grand jury.

The Boliver County Board of Supervisors suspended Brown without pay, then fired him in August.

A date for his sentencing is not yet known. Chief Judge Glen H. Davidson will handle the sentencing. Brown faces up to $500,000 in fines and up to 20 years in prison.

Iberia Parish Man, Morgan City Residents Plead Guilty To FEMA Fraud (DA)

By Kyle Jackson

The Daily Advertiser, January 22, 2007

MORGAN CITY— Two Morgan City residents and one New Iberia man pled guilty Monday after attempting to defraud FEMA.

According to a news release from Donald Washington, U.S. Attorney for the Western District of Louisiana, the following three individuals pled guilty before U.S. District Judge Tucker Melancon:

Richard Hufnagel, 40, of New Iberia, admitted to applying for emergency benefits following Hurricane Katrina, claiming that he lived in a warehouse in New Orleans during the storm.

Hufnagel received $55,000 in FEMA aid for flood damage he claimed to hae suffered.

Investigations into Hufnagel's claims found that he was living in a hotel room in Gretna prior to the hurricane.

Morgan City resident Shannon Sylvester, 19, received $2,000 in disaster relief funds shortly after Hurricane Katrina in 2005, claiming she had to evacuate her New Orleans residence as a result of the storm.

However, investigations into Sylvester's claim proved that she'd never lied in New Orleans and her primary address was in Morgan City.

Ashley Clark, 22, also of Morgan City, received $4,665 worth of FEMA aid after filing a claim for damages done to her residence as a result of Hurricane Rita.

All three defendants have yet to be sentenced.

When sentenced, each defendant could face up to a maximum of 10 years in federal prison and a fine of $250,000.

Ridgeland Woman Sentenced For FEMA Fraud (WLBT)

WLBT-TV Jackson (MS) Online, January 22, 2007

A Ridgeland woman pled guilty and was sentenced for FEMA fraud related to Hurricane Katrina Monday.

Tabuthia Bell was sentenced to three years of probation with forty hours of community service.

Bell was accused of submitting a false claim to fema for Hurricane Katrina disaster assistance funds.

She received 2-thousand dollars from fema by providing a false address in Ridgeland and claiming hurricane damage at that address.

Bell has already made full restitution to FEMA.

Cockfighting's 'Cultural Tradition' Kept Alive In USA (USAT)

DOJ_NMG_0120475

By Emily Bazar

USA Today, January 23, 2007

Immigration has helped fuel the popularity of cockfighting, a common practice in some countries that is illegal in most of the USA.

Statistics are hard to come by, but law enforcement officials and animal rights groups in places such as Denver, Houston and Santa Barbara County, Calif., say they've seen a surge. Others question whether there's just more attention on the activity because police are cracking down.

Cockfighting is illegal in every state except Louisiana and New Mexico.

"It's definitely on the rise," says Wayne Pacelle, head of the Humane Society of the United States. Pacelle says the Internet has helped connect cockfighters. He also cites increased involvement of immigrants from countries such as Mexico and the Philippines. "It's legal in a lot of places where there's significant immigration to the United States," he says. "You're seeing participation from people of those nations."

Mark Kumpf of the National Animal Control Association acknowledges there can be a cultural link. He doesn't think cockfighting is on the rise, though. What's up, he says, is enforcement.

Police are aggressively busting cockfighting operations, from fights to bird smuggling, because crimes such as drug dealing, assault and gambling often are associated, he says.

On Sunday, authorities raided a cockfight in Boydton, Va. Mecklenburg County Sheriff Danny Fox says 122 people were cited for violating the state's ban, 22 were arrested by Homeland Security officials and accused of being in the country illegally, and 126 birds were seized.

Kumpf says authorities also are motivated by concerns that cockfighting may contribute to the spread of bird flu. In Asia, it is suspected in some cases of spreading bird flu to humans, and, through smuggling, from country to country, the World Health Organization says.

In cockfighting, razor blades or sharp metal spurs called gaffs are strapped to the legs of specially bred roosters. Spectators place bets and watch the birds battle, often to the death.

U.S. Rep. Elton Gallegly, R-Calif., says fear of bird flu is one reason he is sponsoring a bill that would make it a felony to transport a bird or animal across state or national borders for fighting. It also would prohibit interstate and foreign commerce in cockfighting implements such as gaffs.

In Denver, the number of informal backyard fights is up, says Doug Kelley, director of the Division of Animal Care and Control. "It's normally a couple of households getting together for what they think of as a friendly competition," he says.

Animal control officer James Lopez says the practice is especially popular in Denver's Mexican community. "It's legal in Mexico, so a lot of people come up here and feel they should be able to do it here, too," he says.

The Santa Barbara County sheriff's department broke up four cockfighting rings last year, three run by Hispanics and one by Hmong, Sgt. Erik Raney says.

About 150 birds were confiscated in one case after a drug bust led to a broader investigation. "We often find that the people arrested have other criminal records," Raney says.

Cockfighting has increased "at an alarming rate" in the Houston area, says Sgt. Mark Timmers of the Harris County Constable Precinct 6. He says the number of fighting roosters seized doubles every year. Last year, it was about 800.

In New Mexico, Diana Orosco VanHoozen takes talk of cockfighting personally.

Once her two daughters were old enough to walk, they helped her feed and handle the roosters, she says. Her birds, numbering about 130, represent family and cultural tradition to VanHoozen. A self-described "fifth-generation cockfighter," she raises, breeds and fights roosters.

"This has been in our family for hundreds of years," says VanHoozen, 36, of Las Cruces, who traces some of her lineage to Mexico. "It's Mexican culture. Anywhere you go in Mexico, you can find a cockfight."

Some New Mexico lawmakers, animal rights groups and others want to make cockfighting illegal. Last month, Gov. Bill Richardson backed the idea.

In Louisiana, state Sen. Arthur Lentini plans to introduce a bill to ban cockfighting when the Legislature convenes in April, according to his assistant, JoAnn Loebig.

VanHoozen calls New Mexico's effort discrimination. "I want to be able to still practice my cultural tradition," she says.

State Sen. Mary Jane Garcia, a Democrat, counters, "Whose culture are we talking about?"

Garcia's grandparents are from Mexico. She says her family has never participated in cockfighting.

Garcia has been trying to get a cockfighting ban in New Mexico for 18 years. Last week, she introduced a bill to make cockfighting — or attending a fight — a felony.

DOJ_NMG_0120476

A 2004 Albuquerque Journal poll found that 66% of registered state voters would support a law banning cockfighting. Among Hispanic voters, 59% favored a ban. "To me, it's an animal-cruelty issue. It's barbaric and gruesome," Garcia says. "It's an illegal and unethical practice. They allow young boys to go in there and gamble."

Garcia acknowledges that cockfighting is still common south of the border. "It's still practiced a lot in Mexico, but we're not in Mexico anymore," she says.

Most cockfighters and spectators in New Mexico are Hispanic, says Ronald Barron of the New Mexico Gamefowl Breeders Association.

"At least 95% of the people raising game fowl in the state are Hispanic," he says. "It's part of the Hispanic tradition."

Fred Hawley, professor of criminal justice at Western Carolina University, has done research on cockfighting.

"Like any other folk practice, it's been spreading along with a number of other folk practices, like folk healing, into areas that attract large Hispanic populations," he says.

Hawley and Pacelle say cockfighting is also popular with rural whites.

Cockfighters take the practice from their native countries because they feel pride in the tradition, Hawley says. "For people who have been doing it for generations, this is symbolic and important," he says.

Timmers cautions against generalizing about ethnic groups. He says, "There are no cultural boundaries when it comes to cockfighting."

CIVIL LAW:

Maryland Couple And Their Company To Pay $1.5 Million Over Federal Contract Suit (AP)

AP, January 23, 2007

COSMOS to Pay $1.5M to Settle Suit

BALTIMORE (AP) -- A Potomac couple and the company they run will pay $1.55 million to settle allegations that they submitted false claims on federal contracts, a case that involved a whistle blower who worked for the company.

Robert Yin and Karen Kaufman-Yin, along with their Bethesda-based company COSMOS Corp., allegedly submitted the claims for contracts with the National Science Foundation, the Department of Commerce, the Department of Health and Human Services and the Justice Department.

Yin is the president of COSMOS while Kaufman-Yin is the vice president and chief financial officer. The company provides research, analysis and other services to government agencies and private organizations.

According to federal prosecutors, COSMOS improperly charged government contracts for costs that dealt with the company's operations, including marketing, bid proposals and administrative labor. The company is also accused of shifting labor costs from private contracts to its government contracts.

The allegations were made in a whistle blower lawsuit filed by former employee Jennifer H. Pobiak under the federal False Claims Act. The law allows Pobiak to receive money as part of the settlement after the government took over the case. Pobiak's share will be $263,500.

Wrongful Imprisonment Case Against FBI Winding Down (AP)

By Denise Lavoie

AP, January 23, 2007

BOSTON - Two men who spent decades in prison for a 1965 gangland slaying they didn't commit wept on the witness stand as they recounted what the years behind bars did to them and their families.

But Justice Department lawyers made it clear Monday that theirs will not be the kind of emotional case presented by the men who are suing the government for wrongful imprisonment and malicious prosecution.

Justice Department lawyer Bridget Bailey Lipscomb said the government will not offer testimony from a single live witness. Instead, the government will rely on depositions from several people involved in the 1965 murder case.

The government has argued federal authorities had no duty to share information with state officials who prosecuted Peter Limone, Joseph Salvati and two other men who died in prison after they were convicted in the 1965 killing of Edward "Teddy" Deegan. They say the FBI cannot be held liable for the results of a separate state investigation.

Attorneys for the men, however, say the FBI knew the men had been framed for Deegan's killing, but hid evidence from state prosecutors that could have cleared the men to protect a Mafia hitman and FBI informant, Joseph "The Animal" Barboza.

Salvati and Limone were exonerated in 2001 after FBI memos dating back to the Deegan case surfaced, showing the men were framed by Barboza.

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The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

Limone, Salvati and the families of two other men who died in prison - Henry Tameleo and Louis Greco - are suing the federal government for $100 million.

Lawyers for the men are expected to finish presenting their evidence Tuesday after 19 days of testimony. Lipscomb told U.S. District Judge Nancy Gertner she expects to start and finish the government's case Tuesday, through depositions and exhibits. Final arguments are scheduled for Feb. 27. Gertner will decide the jury-waived case.

Nicotine Manipulation Confirmed (NYT)

The New York Times, January 23, 2007

Any doubts that the tobacco industry has surreptitiously raised the nicotine content of cigarettes should be laid to rest by a study from researchers at the Harvard School of Public Health. They confirmed last year's discovery of the nicotine increase by the Massachusetts Department of Public Health and went on to identify how the tobacco companies designed their cigarettes to accomplish this.

These manipulations were discovered because Massachusetts requires manufacturers to use a more realistic test to measure how much nicotine is deliverable to typical smokers and requires companies to report design features of their cigarettes. When Harvard researchers reanalyzed the data they found that the nicotine yield per cigarette rose by an average of 11 percent between 1998 and 2005, a conclusion contested by the industry.

Harvard researchers concluded that the companies managed this by using tobacco containing a higher concentration of nicotine and perhaps also by slowing the rate at which cigarettes burned — thus increasing the number of puffs per cigarette. The companies presumably hoped that additional nicotine would hook more new customers and keep old ones from breaking the habit.

Their continued bad behavior makes it imperative for Congress to grant the Food and Drug Administration the authority to regulate tobacco products, including the power to reduce nicotine levels and demand extensive data from the companies. The Senate overwhelmingly approved such legislation in 2004, only to have House Republicans block it. With new Democratic majorities in both houses, it is time to rein in this rogue industry.

CIVIL RIGHTS:

Trial Resumes In Noxubee County Reverse Discrimination Case (AP)

AP, January 23, 2007

JACKSON, Miss. - The federal trial of a black Democratic Party official in Noxubee County entered its second week Monday with more testimony anticipated from whites who claim their right to participate in the election process has been violated.

Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites.

Noxubee County is a rural area along the Alabama line with a majority black population.

On Friday, two white witnesses said Brown had threatened to challenge their right to cast ballots in the party's 2003 primary. In addition, an unsuccessful white candidate for Noxubee County supervisor told the federal judge he was unfairly treated by the defendant as to how absentee ballots were counted in a close race against the eventual black winner.

Federal prosecutors want U.S. District Judge Tom Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

Cheri Anne Eaves and Kari Hardy testified on Friday that Brown accused them of being disloyal Democrats and had threatened to try to deny their right to vote in the 2003 Democratic primary. Brown allegedly had put them on a list he circulated of 174 white voters he would challenge as ineligible to participate in Democratic Party election because they were closet Republicans.

"I was angry that anybody would have the right to say I couldn't vote," Eaves said.

Despite the threat of being challenged at the polls, she told Lee she did vote in the Democratic primary. Hardy said she did not vote.

Both women testified that they didn't understand why Brown could question their right to vote. They said they hadn't voted in Republican primaries before. Mississippi has open primaries for the two political parties to hold and doesn't require voters to register as Democrat or Republican.

DOJ_NMG_0120478

Brown claims the U.S. Justice Department is misconstruing as racial intimidation his attempts to keep Republicans from voting in Democratic primaries. However, the Justice Department alleges that the "relentless voting-related discrimination" is based on Noxubee County blacks trying to shut whites out of the process.

Absentee Vote Count Questioned (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 23, 2007

Candidate's son claims Noxubee ballot challenges dismissed

A black Noxubee County Democratic Executive Committee official said she was going to follow her own law in counting absentee ballots during a 2003 primary election, a white candidate's son testified Monday.

"I was not allowed to make challenges," said Richard Heard, whose father was a candidate for county sheriff.

In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against white voters.

A trial on the lawsuit is in its second week in U.S. District Court in Jackson. District Judge Tom S. Lee will decide the case.

The Justice Department is still presenting its side.

Wil Colom, attorney for the Noxubee County Democratic Executive Committee and Chairman Ike Brown, said his clients believe the complaints are imagined. Colom said most of the charges regarding election discrepancies are normal election errors and miscues that happen every year in every county in America.

Heard testified that he remembered seeing one absentee ballot where the signature didn't match the name on the application and questioned pollworkers about it.

"I said over and over something is wrong with this ballot," he testified.

But Heard said the woman in charge at the polls eventually said "We aren't going by state law but my law today."

Heard said he also was concerned that an absentee ballot he notarized for a white voter was rejected.

On cross-examination, Colom asked Heard if he actually saw the white voter's ballot rejected.

Heard said he was told it was rejected.

"You're going by what someone told you?" Colom asked Heard.

Colom asked Heard if he knew that only 15 absentee ballots were rejected and only two of those were from white voters. More than 1,200 total votes were cast in the election.

A black voter also testified for the government on Monday.

Nikki Nicole Halbert said she filed an absentee ballot but the signature on the envelope wasn't hers.

Colom objected that the government ambushed the defense with Halbert's testimony.

On cross-examination, Halbert said she had no reason to believe her ballot wasn't cast as she filled it out.

Limits On Prison Suits Are Eased (NYT)

By Linda Greenhouse

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — Twelve years ago, Congress passed a law intended to make it harder for prisoners to file lawsuits challenging prison conditions as illegal or unconstitutional. On Monday, the Supreme Court ruled unanimously that a federal appeals court had overstepped its bounds by making prisoner lawsuits even harder to file than Congress intended.

The barriers the lower court had put in place “cannot fairly be viewed” as a correct interpretation of the law, the Prison Litigation Reform Act of 1995, Chief Justice John G. Roberts Jr. said for the court. Unless Congress explicitly provided otherwise, Chief Justice Roberts explained, courts should apply to prisoners’ lawsuits the same procedural rules they apply to any other lawsuit and “should generally not depart from the usual practice under the federal rules on the basis of perceived policy concerns.”

The ruling was greeted with relief by advocates for prisoners’ rights, who said the lower court’s approach had threatened to make it all but impossible for an inmate not represented by a lawyer to navigate the procedural hurdles to get a case accepted for a hearing.

“A loss would have been devastating,” said Elizabeth Alexander, director of the National Prison Project of the American Civil Liberties Union, which filed a brief in support of three Michigan inmates whose separate cases were consolidated by the court for a single decision. Dismissed by the United States Court of Appeals for the Sixth Circuit, their complaints about their treatment are now reinstated.

Ms. Alexander said the decision, Jones v. Bock, No. 05-7058, marked the first time in a half-dozen rulings that the Supreme Court had not adopted the most unfavorable possible interpretation of the Prison Litigation Reform Act.

DOJ_NMG_0120479

At issue was the Sixth Circuit's interpretation of the law. The appeals court, which covers Ohio, Kentucky and Tennessee as well as Michigan, adopted three rules to carry out the law's requirement that before going to federal court with a complaint about prison conditions, an inmate must first "exhaust" any administrative remedies provided by the prison.

First, the appeals court held, this requirement meant that inmates had to prove they had exhausted their remedies, in contrast to the ordinary federal rule that places on the defendant the burden of showing, as a defense, that the plaintiff had failed to meet an exhaustion requirement. Second, prisoners could not sue anyone they had not first named during the internal grievance process. And third, a lawsuit that contained a mixture of exhausted and unexhausted claims should be dismissed in its entirety.

In his opinion on Monday, Chief Justice Roberts said "we understand the reasons" for the Sixth Circuit's approach. He noted that prisoners' lawsuits accounted for nearly 10 percent of all civil cases filed in federal court and that many are without merit.

But he added that the circuit's choice of its "more onerous pleading rules" was not based on the statute. "The judge's job is to construe the statute — not to make it better," he said.

Justices Overturn Restrictions On Inmates' Lawsuits (AP)

Associated Press

AP, January 23, 2007

WASHINGTON – A unanimous Supreme Court signaled Monday that some courts are going too far in barring lawsuits by inmates complaining about their treatment.

In an opinion by Chief Justice John Roberts, the court overturned procedural obstacles in the 6th U.S. Circuit Court of Appeals that led to dismissal of civil rights complaints brought by three Michigan inmates.

The appeals court in Cincinnati covers the states of Michigan, Ohio, Tennessee and Kentucky. Federal courts in the circuit allowed just 18 of nearly 500 inmate civil rights suits to proceed, a recent American Civil Liberties Union study concluded, making the circuit the most restrictive in the country for such lawsuits.

The Republican-controlled Congress passed the Prison Litigation Reform Act in 1995, seeking to slow a flood of federal lawsuits.

The law requires prisoners to go through a lengthy administrative grievance process before they may sue in court.

The law worked – too well, according to critics. Nearly 42,000 civil rights petitions were filed in 1995 before the law took effect. Five years later, the number was down to 26,000, according to the Justice Department.

"Today's decision will at least help to ensure that the courthouse door is not completely shut," ACLU legal director Steven Shapiro said in a statement.

Roberts wrote that under the prison reform act, inmates are not required to demonstrate that they have exhausted the administrative complaint procedure. The chief justice said a lawsuit is not necessarily invalid just because a defendant was not named in the inmate's earlier administrative grievance. In addition, Roberts wrote, the prison litigation law does not require dismissing the entire lawsuit when an inmate fails to exhaust some of his claims administratively.

The Supreme Court is "not insensitive to the challenges faced by the lower federal courts in managing their dockets and attempting to separate ... needles from haystacks," Roberts wrote.

But the chief justice added that adopting "different and more onerous pleading rules ... should not be done on a case-by-case basis by the courts."

The cases are Jones v. Bock, 05-7058, and Williams v. Overton, and Walton v. Bouchard, 05-7142.

On the Net:

Supreme Court: www.supremecourtus.gov/

Long Beach Awaits Hate-Crime Verdict (WP)

By Sonya Geis

The Washington Post, January 23, 2007

LONG BEACH, Calif. -- A crowd of black teenagers and three young white women stood on a street corner on Halloween night. A male voice cried, "I hate [expletive] white people!" The crowd surged, and someone cracked one of the whites in the head with a skateboard, dropping her to the ground. That much is not in dispute.

Who is responsible and how this could happen in the port city of Long Beach, which prides itself on its diversity and tolerance, has been the subject of arguments in court, civic forums and private living rooms here ever since.

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Ten defendants -- nine female and one male, ages 12 to 18 -- were charged with assault for allegedly beating and kicking the women, giving one 12 facial fractures and another a concussion. Eight of the teenagers are also charged with a hate crime. Their trial has dragged on since early November.

This week attorneys are expected to finish closing arguments and a judge will render verdicts. The city is waiting uneasily to find out whether it will live up to its self-image as a unified, tolerant community or dissolve into racial hostility.

City leaders have reacted to the racial flare-up with alacrity, sending out volunteers to the victims and organizing community forums to denounce racism.

Yet some African Americans express frustration that city leaders have not been more visible in their community. Some are also angry at the local newspaper, which initially covered the victims' story that they were attacked, without reporting that some witnesses called it a mutual fight, or that the arrested teenagers have no criminal history and are accomplished athletes on a local high school track team.

As the Rev. O. Leon Wood Jr., the black pastor of the North Long Beach Community Prayer Center, said: "When we're in a situation where whites are on the receiving end of a problem, there appears to be a little more sensitivity added to the issue."

Meanwhile, conservative radio hosts took up the cause of the victims, calling Long Beach a dangerous place for white people.

And the victims, their attorney said, have been fearful of retaliation. During the course of the trial, a witness for the prosecution had her car rammed repeatedly by another vehicle while she was in court testifying. Police called it gang-related witness intimidation.

"I'm very nervous about what's going to happen when there are verdicts," said Doug Otto, the victims' attorney.

Long Beach, like neighboring Los Angeles, has a history of racial tension to match its diversity. In the 1920s, it had a Ku Klux Klan chapter and redlining that kept housing segregated.

The port is now the second-busiest in the country, and the city is a hodgepodge of bobbing oil derricks, leafy streets and run-down apartment buildings filled with newly arrived Latinos, working-class blacks and whites, and refugees from Vietnam and Cambodia.

"This city has made great strides since the Rodney King riots" in 1992, Long Beach Mayor Bob Foster said in an interview. That unrest started in South Central Los Angeles 15 miles away and spread to neighboring Long Beach, destroying more than 300 businesses there.

City officials often refer to a 2000 USA Today study of the 65 largest cities that found Long Beach to be the most diverse. Of Long Beach's 462,000 residents, 36 percent are Latino, 33 percent white, 14 percent black and 12 percent Asian.

Twenty-three hate crimes were reported in the city in 2005, down from 66 in 1998. The drop is steeper than an overall dip in Los Angeles County in the same period. So the Halloween beatings came as a shock.

Laura Schneider, 19, Michelle Smith, 19, and Loren Hyman, 21, were out for a night of fun on a street in a mostly white, middle-class neighborhood where residents deck out their houses for Halloween, prosecutors said. About 40 black teenagers, also in the neighborhood to trick-or-treat, began throwing lemons and small pumpkins at them and taunting them about their race.

When a boy cried out his hatred for whites, "the crowd surged" and began to beat the women, Deputy District Attorney Andrea Bouas argued in court. Hyman's jaw and eye socket were fractured, and Schneider suffered a concussion.

Parents of the arrested teenagers do not dispute the injuries, but they contend that police arrested the wrong children.

Defense testimony in court has bolstered their argument. Neighbors who called 911 on Halloween night reported black boys, not girls, beating the white women. Most of the arrested teenagers were identified by a passerby who recalled their clothing, not their faces. Her credibility was seriously eroded on the witness stand.

"Our hearts go out to the victims," Allene, the mother of a 16-year-old defendant who would not give her last name to protect her daughter's identity, said at a public meeting here Saturday. "We pray for them, because this should never happen to anyone. But our kids are incarcerated based on hairstyles, earrings, dark clothing. . . . It's a rush-to-judgment case."

But the victims are "absolutely convinced that these defendants are among those who attacked them," said Otto, their attorney.

"We haven't heard that anyone is planning on moving, so eventually when this is over people will get back to life," said Anitra Dempsey, coordinator of the city's human dignity program's youth and gang task force. "When the case was first reported there was outrage that this would occur anywhere, and particularly here. [But] Long Beach is one city, and we are not going to be divided or defined by this one event."

Former Exec In Irvine Says He Was Fired Over Religion (LAT)

By Christopher Goffard, Times Staff Writer

The Los Angeles Times, January 23, 2007

Discrimination suit alleges car wax manufacturer had expected him to be 'on fire for Jesus.'

A former executive of an Irvine car wax manufacturer alleges in a lawsuit that the company fired him because he had not pursued "a Christian lifestyle" and wasn't "on fire for Jesus."

Atticus O. Firey, 34, of Newport Beach contends Meguiar's Inc. committed religious discrimination when it fired him in July after nearly 10 years with the company. Company president Barry Meguiar repeatedly urged Firey, then the chief operating officer, to attend church, the suit alleges, and told him he was "robbing this company of the blessing of God by not being on your knees and on fire for Jesus."

Meguiar, who is host of a cable TV and radio program called "Car Crazy," did not return a call seeking comment. His lawyer, Richard Ruben, said religion had nothing to do with Firey's firing. He said the company's senior management decided to terminate Firey because his job performance was sub-par, with a management style that was "demeaning" and "negative."

"The company was suffering economically, and Mr. Firey was not showing up at the office and was only sporadically attending to his duties," Ruben said.

He added that the company's management includes "people of all religions" and characterized the lawsuit as a "publicity stunt." He said he expected a judge to throw out the suit, because Firey had previously agreed to submit to arbitration, rather than go to the courts, should such a dispute arise.

The suit, filed Friday in Orange County Superior Court, says Meguiar sat in Firey's office and read to him from the Bible, thrust Christian books on him and demanded he read them and forced managers to attend prayer meetings. When Firey asked about a promised bonus, the suit says, Meguiar said he would not give it to him until Firey joined a Christian church.

Confronted with his behavior, the suit says, Meguiar said he had the right to manage the business, which has some 300 employees, by the tenets of Pentecostal Christianity.

The company hired and fired employees based on religion, the suit says, with Meguiar tutoring executives on how to interview prospective employees in a way that elicited information on their religious beliefs. In one case, Meguiar asked a candidate whether he thought he would go to heaven or hell if he died today, the suit says. When the candidate said he was a Catholic trying to lead a virtuous life, the suit alleges, Meguiar replied that merely "being a good person and following a works-oriented religion" would not save him from hell.

Firey, who is Meguiar's former son-in-law, alleges in his suit that in another instance, his boss tried to block the hiring of an employee because she was living "in sin as a fornicator" with her boyfriend.

"If there were two candidates and one was a Christian but had lesser skills than a non-Christian, Mr. Meguiar would pick the Christian," the suit alleges. In one case, the suit says, Meguiar blocked the hire because he was not "Christian" and accepted a weaker candidate who went to church.

Stuart Jasper, Firey's attorney, said the lawsuit was necessary because the company had "reneged on its obligation to pick an arbitration service." The lawsuit asks for unspecified damages and asks the court both to compel arbitration and to prevent the company from continuing the alleged discriminatory practices.

Jon Gunnemann, a professor of social ethics at the School of Theology at Emory University in Atlanta, said all companies have a "corporate culture," often with powerful implicit signals — such as what kind of jokes are acceptable — that define their boundaries.

"You learn very quickly what can get you hired and what can get you fired," he said. "Almost every business does have a corporate culture which functions not much differently from explicit religious belief. It's not easy to say why the one is all right and the other is not."

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Va. Delegate Proposes Juneteenth Measure (WP)

By Amy Gardner

The Washington Post, January 23, 2007

RICHMOND, Jan. 22 -- The Virginia lawmaker who caused an uproar last week by questioning the need for a state apology for slavery proposed a measure Monday that would commemorate the freeing of the last U.S. slaves in June 1865.

Del. Frank D. Hargrove Sr., a Republican from Hanover County near Richmond, said he has been deluged with at least 4,000 phone calls and e-mails at his home and office since he inflamed the House of Delegates by saying that blacks should "get over" slavery and that apologizing for slavery was no more necessary than asking Jews to apologize for "killing Christ."

Hargrove said the vast majority of people who contacted him said they support his views, but he also said that he never intended to offend blacks or Jews. He offered the resolution in part to reach out to those he offended, he said.

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"I think we can all agree that the end of slavery was a good thing," Hargrove said.

Black lawmakers said they are happy to support Hargrove's resolution to celebrate Juneteenth, but not if it is meant to replace theirs, which calls for Virginia to apologize for its role in slavery. The resolution is intended to coincide with the state's celebration of the 400th anniversary of the English settlement of Jamestown, where slaves first arrived in 1619.

"I can't question anybody else's motives," said Sen. Henry L. Marsh III, a Richmond Democrat and a sponsor of the apology proposal. "But obviously that resolution doesn't address the issues that we are trying to address."

Hargrove's resolution would celebrate Juneteenth, the widely observed name for the June 19, 1865, event in Galveston, Tex., in which federal troops are believed to have informed the country's last slaves that they were free. A number of organizations and jurisdictions celebrate Juneteenth to commemorate the moment when emancipation, foreseen in President Abraham Lincoln's 1863 Emancipation Proclamation, was finally recognized across the nation.

But Del. A. Donald McEachin (D-Richmond), another sponsor of the slavery apology, said it's one thing to recognize the end of slavery and quite another to offer an apology for Virginia's extensive role in it. McEachin thinks an apology is necessary to heal a state and a nation still divided by race.

Last week, the Richmond lawyer objected to Hargrove's assertion that "not a soul in this legislature" had anything to do with slavery. McEachin said he still hears stories from his 102-year-old grandmother about her parents, who were slaves in Virginia and North Carolina.

"Virginia didn't have anything to do with the Emancipation Proclamation," McEachin said. "It had a lot to do with establishing slavery here."

Hargrove said his measure is not intended to replace the apology. "I have no problem with that one going ahead," he said. "I won't vote for it, but I don't intend to block it, either."

ANTITRUST:

Ga. Legislature Chimes In On Delta's Fight Against Takeover Bid (AP)

By Greg Bluestein

AP, January 23, 2007

ATLANTA - Georgia's legislative leaders signed a letter Monday urging the Justice Department to reject a takeover bid facing Delta Air Lines, the Atlanta-based carrier locked in a corporate battle to remain a stand-alone company.

The lawmakers said in the letter that a merger between Delta and Tempe, Ariz.-based US Airways Group Inc. would result in skyrocketing air fares and reduced competition.

"The tremendous amount of overlap between the route networks of these carriers will drive significant consolidation, reduce flight choices, increase fares for our consumers, affect jobs and have a negative impact on our region," the legislators said in the letter, which was addressed to U.S. Attorney General Alberto Gonzales.

The ceremonial signing by House Speaker Glenn Richardson and Senate President Pro-tem Eric Johnson drew a gaggle of reporters and lawmakers. It represents the latest attempt by Delta to bring its boardroom struggle into the public.

The airline, the nation's third-largest, has reached out to Atlanta's business and civic leaders and organized public rallies to protest the takeover bid launched by its archrival in November 2006.

US Airways hasn't backed off. After Delta's board rejected one proposal, US Airways upped its offer by 20 percent, making the merger's total value roughly $10.2 billion. The increased offer is set to expire Feb. 1 unless creditors indicate they support the due diligence process, which would open up Delta's books to US Airways.

Delta chief financial officer Ed Bastian, who attended Monday's event, said the airline's board will likely vote on the deal this week.

The airline is credited with helping to transform Atlanta's airport into the world's busiest and the city itself into an economic engine of the Southeast. But Delta was sent reeling after the Sept. 11, 2001, terror attacks. It filed for Chapter 11 bankruptcy protection in 2005, reporting a $2 billion loss.

Bastian said the company has rebounded since then and is making "great progress" in turning its fortunes around. In a reorganization plan filed in December, the company said it plans to emerge from bankruptcy by the middle of this year as a stand-alone carrier.

ON THE NET

Delta: http://www.delta.com

Georgia Legislature: http://www.legis.ga.gov/

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General Assembly Backs Delta On Merger Attempt At The Capitol (ABH)

By Vicki Eckenrode, Morris News Service

Athens (GA) Banner-Herald, January 23, 2007

ATLANTA - State lawmakers supporting Delta Air Lines' efforts to stave off a takeover from US Airways are sending a letter to federal justice officials reviewing the merger proposal.

A dozen Republican and Democratic legislators Monday signed the note to U.S. Attorney General Alberto Gonzales, urging his office to carefully review US Airways' "hostile takeover bid."

"Along with the constituents we represent in Georgia, we also are very concerned about the significant loss of competition and the likely impact on air fares and regional concentration this merger will create," the letter states.

Legislators also on Monday introduced resolutions in the House and Senate voicing support for Atlanta-based Delta.

US Airways is offering Delta's creditors more than $10 billion in cash and stock to accept the merger.

Delta is fighting the offer and wants to emerge from bankruptcy this year standing on its own.

Delta's creditors have not yet weighed in on the bid. But if it is approved, the deal still will have to receive approval from the Justice Department because of antitrust questions.

A U.S. Senate committee on Wednesday also is expected to look at how the proposed merger would effect competition and air service on routes where the two airlines overlap.

State Senate Transportation Committee Chairman Jeff Mullis, R-Chickamauga, said state lawmakers sent the message to the Justice Department "to ensure that we do everything in our power that we see to keep Delta a Georgia company and here in our great state."

Delta Chief Financial Officer Ed Bastian, who attended a news conference Monday for the letter's signing, said the company remains on track to exit bankruptcy.

Airline officials have spent recent weeks rallying local governments, civic leaders and businesses across the state to fight the proposal on a public relations front.

Sen. Chip Pearson, R-Dawsonville, said he was concerned that a merger would reduce the number of flights in Georgia and effect businesses across the state.

"Those in secondary markets, such as Savannah, Augusta and Columbus, will be faced with higher air fare and fewer flight options," said Pearson, chairman of the Senate Economic Development committee. "The loss of Delta Air Lines would be a huge loss for the entire state of Georgia, not just the metro (Atlanta) area."

US Air's Offer For Delta Loses More Ground With Creditors (WSJ)

By Corey Dade, Susan Carey And Melanie Trottman

The Wall Street Journal, January 23, 2007

As a Senate committee prepares to take testimony tomorrow on consolidation in the airline industry, US Airways Group Inc.'s hostile $10.1 billion bid for Delta Air Lines Inc. appears to be losing traction among creditors who will determine the fate of the Atlanta airline, according to people familiar with the matter.

After digging into the details of the US Airways offer -- which was sweetened 20% less than two weeks ago -- and hiring former Continental Airlines Inc. Chairman Gordon Bethune to help analyze its prospects, the Delta creditors' committee has grown skeptical of the proposed merger, these people said.

Separately, talks about a possible merger between Delta and Northwest Airlines Corp. have been put on hold, without a framework for a deal and without specific plans for further negotiations, according to people familiar with the thinking of both sides.

Delta creditors encouraged the talks, which culminated in a series of "detailed, specific conversations" among senior managers from the companies regarding potential structures, processes and timetables for a transaction, according to a person knowledgeable about the matter. A combination of Delta and Northwest remains "a very viable option," according to one person close to the situation, but isn't likely to be pursued until both airlines emerge from bankruptcy protection this year, if ever. Delta intends to leave Chapter 11 proceedings in April and has made its own proposal to creditors to emerge as a stand-alone company. Northwest hopes to emerge from bankruptcy-court protection in the second quarter.

The US Airways bid, which expires Feb. 1, is by no means dead. The situation could change, say people familiar with the situation, especially if Delta and its creditors have difficulty reaching agreement on issues such as board composition and compensation for the airline's management and employees. US Airways Chief Executive Officer Doug Parker said yesterday that he has had no indication creditors are lining up against his bid. "We've given them what we think is a compelling offer," he said.

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In a flurry of behind-the-scenes meetings over the past week, representatives from the creditors' committee and Delta have been trying to iron out issues related to the airline's hope to emerge from bankruptcy protection as an independent carrier. Issues have included how the Delta board will be selected, compensation for senior management, and how to compensate nonunion front-line Delta employees, according to several people close to the discussions.

Delta creditors and the executive search firm Spencer Stuart recently spent more than a day interviewing current board members, some of whom likely will remain. The unsecured creditors' committee also has begun assembling a slate of potential directors, according to several people close to the process. Mr. Bethune's name has been floated as a possible board chairman, but not all creditors support that option. Mr. Bethune has said he isn't looking for a job.

The makeup of the board would be pivotal if Delta Chief Executive Gerald Grinstein keeps his pledge to retire after guiding the airline out of bankruptcy protection. The creditors' committee is seeking a strong hand alongside Delta's in selecting the directors, preferring members open to a merger that would keep Delta competitive in an anticipated wave of industry consolidation.

In his testimony tomorrow, Mr. Grinstein is expected to reprise his criticisms of the US Airways deal, which he says would cost thousands of Delta employees their jobs, severely diminish competition in many U.S. markets, and fail to pass antitrust scrutiny due to both airlines' concentrated operations on the East Coast. Some people involved in the Delta case believe the creditors are cooling on the US Airways offer, not for those reasons but because they think Delta management wouldn't cooperate to see the transaction through the antitrust process and other necessary steps.

Mr. Parker is expected to defend the merits of the merger, including $1.65 billion in cost and revenue synergies he promises will create a more-efficient and financially secure airline, similar to the merger he engineered in 2005 between America West Holdings Corp. and US Airways.

In a recent letter responding to questions from Sen. Charles Schumer, a New York Democrat, Mr. Parker said the merger would offer New York travelers "more reasonable fares" and flights to every city served by the two airlines. "It simply doesn't follow that consolidation should or will lead to higher fares, and we have our own track record -- nationally and in New York -- to prove it," he said in the letter.

Cemex Extends $11.7 Billion Takeover Bid For Rinker (Update3) (BLOOM)

By Miriam Steffens

Bloomberg, January 23, 2007

Jan. 23 (Bloomberg) -- Cemex SA, the world's third-largest cement maker, extended its $11.7 billion hostile takeover bid for Australia's Rinker Group Ltd. by two months while it waits for U.S. regulatory approval.

Cemex's $13-a-share offer for Australia's biggest building materials company will now end March 30, the Monterrey, Mexico- based company said in a statement to the Australian Stock Exchange today.

Cemex wants to buy Rinker because of its business in the U.S., which is focused on Florida, Arizona and Nevada, the fastest-growing states. The deal would make it the world's biggest cement maker. Cemex Chairman Lorenzo Zambrano said today the offer is ``compelling'' while Rinker has described it as 36 percent too low.

Shares of Rinker fell 8 cents to A$18.22 at the market close in Sydney, which equates to $14.36 using today's exchange rate. The stock has gained 31 percent since Cemex made its bid on Oct. 27.

Rinker Chairman John Morschel on Nov. 29 said the Mexican company could ``offer a lot more,'' citing a report by adviser Grant Samuel & Associates Pty. which valued the stock at up to $17.74.

Cemex is offering to pay Rinker's shareholders in U.S. dollars, saying they can choose to be paid in Australian dollars at the exchange rate prevailing at the time of settlement.

U.S. antitrust regulators on Nov. 30 said they needed more information from both companies before being able to make a ruling on the proposed deal.

Earnings Report

This also gives Rinker more time to find alternatives to the Cemex offer. The Sydney-based company will report third-quarter earnings on Jan. 30, when it may face questions from investors on its defense strategy.

``The longer the process drags out, the more it plays into Rinker's hands in that the worst of the downturn in the Florida housing market may be in the past,'' Goldman Sachs JBWere Pty. said in a trading note today.

The Department of Justice's request for information was an indication Cemex may have to sell some assets in Arizona and Florida, where both companies have strong market positions, according to Andrew Dale, an analyst at Macquarie Bank Ltd. in Sydney.

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The regulators intervened in Cemex's takeover of Britain's RMC Group Plc for 2.3 billion pounds ($4.5 billion) in 2005, allowing the purchase only on condition it sold RMC's ready-mix concrete operations in Tucson, Arizona, within six months to preserve competition.

Cemex's bid for Rinker would be the biggest takeover of an Australian company after a record year of acquisitions. Proposed takeovers in the country jumped to $200 billion last year, from $111 billion in 2005, according to data compiled by Bloomberg.

Cemex is advised by Citigroup Inc. UBS AG is assisting Rinker on its defense.

'Sticky' 3M Antitrust Lawsuits Finally Losing Their Grip (LAW)

By Shannon P. Duffy, The Legal Intelligencer

Legal Intelligencer, January 23, 2007

The company is poised to close the books on 10-plus years of antitrust litigation

With a proposed settlement worth nearly $40 million, office supply giant 3M is poised to close the books on more than a decade of litigating antitrust suits.

In a series of suits, a competitor and purchasers accused 3M -- the maker of Scotch tape and Post-It Notes -- of abusing its monopoly power in the market for transparent tape by driving a competitor out of business.

The $39.75 million settlement in Bradburn Parent/Teacher Store Inc. v. 3M -- a class action brought by direct purchasers and retailers -- comes on the heels of a trio of settlements reached last year.

In court papers filed last week, plaintiffs lawyers asked U.S. District Judge John R. Padova to grant final approval of the settlement and to award them attorney fees of $13.9 million and nearly $1 million in litigation costs for their 11,000 hours of work over four years.

In August, Padova approved a $28.8 million settlement in Meijer Inc. v. 3M, a class action brought on behalf of large-volume retailers who were excluded from the Bradburn case.

And court papers show that 3M also struck deals with two big retailers that had opted out of the Meijer case -- Kmart and Publix Supermarkets Inc.

All of those suits stemmed directly from a 1997 suit, LePage's Inc. v. 3M, which resulted in a $68 million verdict in 1999 and a finding that 3M had set out to monopolize the market for transparent tape.

LePage's, a competing supplier of tape, had accused 3M of using illegal tactics to drive it out of business.

To do so, the suit said, 3M offered "bundled" rebates to large retailers for reaching sales goals in several categories of 3M products. In reality, the suit said, the rebates could be earned only by removing LePage's products from their shelves.

At trial, LePage's had argued that it landed significant contracts to provide retailers such as Staples and Kmart with "private label" or store-brand tape, but lost those accounts when 3M offered the "bundled rebates" since they could be earned only if the retailers purchased targeted amounts of several 3M products.

The effect of the bundled rebate program, LePage's said, was to force the retailers to drop LePage's as a supplier.

A jury agreed and in an October 1999 verdict awarded LePage's $22,828,899 in damages -- a figure that was automatically trebled by Padova, for a total judgment of $68,486,697.

On appeal, 3M won the first round when a three-judge panel of the 3rd U.S. Circuit Court of Appeals overturned the verdict, saying the case was fatally flawed because there was no evidence that 3M had ever slashed its prices to below-cost levels.

But the case was later reargued before a 10-judge en banc panel, which reinstated the verdict by a vote of 7-3. Writing for the majority, Circuit Judge Dolores K. Sloviter said LePage's had a valid antitrust claim because the evidence showed that 3M had set out to "kill" the niche market LePage's had created for discount "private label" tape.

The U.S. Supreme Court later refused to take the case up in an order handed down on the final day of its term in June 2004.

But for 3M, the litigation was hardly over because retailers responded to the suit by filing class actions that said the LePage's verdict had proven that the company was selling its tape at "supra-competitive" prices.

If the Bradburn settlement is approved by Padova, 3M will finally be finished with a 10-year stretch of litigation that has likely cost it well in excess of $200 million -- and that's not even counting the defense lawyers' fees.

In the court papers filed last week, the Bradburn plaintiffs team -- R. Stephen Berry, J. Daniel Leftwich and Gregory Baruch of Berry & Leftwich in Washington, D.C., and Charles M. Jones and Billy N. Jones of Jones Osteen & Jones in Hinesville, Ga. -- argued that the settlement is an excellent result that is likely to bring about few or no objections from the class members.

By recovering more than 40 percent of the class members' damages, the settlement is "in the top tier of antitrust settlements nationwide," the brief said.

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Courts analyze the fairness of a class action settlement on the basis of a nine-factor test, and the plaintiffs team argues that the Bradburn settlement easily passes that test.

The suit was a highly complex one, they argue, and was litigated up to the point of trial. If not for the settlement, however, the case would likely have continued for years in post-trial motions and appeals.

But despite having strong claims and winning several key pretrial rulings, the plaintiffs' team also said the case was not without significant risks.

Among the issues that posed a challenge, they said, were proving that 3M's anti-competitive conduct had not only harmed LePage's, but had also harmed purchasers by driving up prices, and that "ongoing monopolization" after 1999 had harmed the class members.

And while the plaintiffs had an expert witness who was ready to testify that the purchasers suffered between $82 million and $96 million in damages, the brief said, lawyers for 3M would have called experts who would have insisted that none of the class members were overcharged since tape prices were declining or stabilized during the class period.

In their fee petition, also filed last week, the plaintiffs lawyers asked Padova to award them more than $13.9 million in attorney fees, equal to 35 percent of the settlement fund.

The petition notes that the $39.7 million settlement is the "highest single damages recovery against 3M, since the Meijer class settled for $27.7 million and the LePage's verdict, prior to trebling, was $22.8 million."

As a percentage of purchases, the brief said, the Bradburn settlement recovers about 18.5 percent of the class members' purchases, while the Meijer class recovered just 2 percent.

Kmart and Publix, both of which opted out of the Bradburn class, also settled for 2 percent of purchases, the brief said.

In an affidavit filed along with the fee petition, law professor Geoffrey Hazard said he believes a fee award of 35 percent -- despite being a higher percentage than is awarded in most class actions -- is "appropriate and justified" due to the value of the settlement.

Hazard said courts often approve antitrust settlements in which the class will recover only a small fraction of its damages -- often less than 20 percent -- while the Bradburn settlement recovers between 41 and 48 percent of the damages. And comparing the Bradburn settlement's recovery of 18.5 percent of purchases to the 2 percent of purchases settlements in the Meijer, Kmart and Publix cases, Hazard said, shows that the Bradburn settlement "is an exceptionally good one."

Qantas Bidders Try To Reassure Labor Unions (WSJ)

The Wall Street Journal, January 23, 2007

The buyout group bidding for Australia's Qantas Airways Ltd. met with union officials yesterday, promising not to cut services or send maintenance operations offshore, amid fears about jobs and working conditions.

However, unions said they wanted legally binding guarantees to protect staff and would continue talks with the buyout consortium, Qantas and the Australian government.

The Airline Partners Australia consortium, which includes Macquarie Bank Ltd., Allco Finance Group Ltd., Allco Equity Partners Ltd. and North American private equity firms Texas Pacific Group and Onex Corp., said it talked with representatives from the Transport Workers Union and the Australian & International Pilots Association.

"We reassured the representatives that Airline Partners Australia supports the existing management's approach and it will be business as usual for Qantas and its employees," APA director Bob Mansfield said. He said the support extended to Qantas' 10 billion Australian dollar (US$7.9 billion) fleet-renewal program over the next five years, its substantial training program, and continuation of its two-brand carrier strategy.

Peter Somerville, chief executive of the pilots association, which represents more than 2,300 Qantas technical flight crew, described the meeting as "cordial, but frank."

REIT To Consider Another Takeover Bid (NYT)

By Terry Pristin

The New York Times, January 23, 2007

Equity Office Properties, which agreed in November to be bought by a private equity company, the Blackstone Group, for $36 billion, including debt, said yesterday that it would begin discussions with a rival group that has offered to top that price.

Equity Office, the nation's largest office landlord, with 585 buildings in 24 metropolitan areas, also said it would open its books to the challengers, a consortium led by Vornado Realty Trust.

Raising the stakes in what was already the largest buyout battle ever, Vornado and its partners, Starwood Capital Group and Walton Street Capital, proposed last week to pay $52 a share for Equity Office, or 7.2 percent more than what Blackstone

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has offered. Vornado, a real estate investment trust that owns more than 100 million square feet of office, retail and showroom property, said its offer would include about $10.6 billion of its stock.

Setting a Jan. 31 deadline for the Vornado group to submit a formal proposal, Equity Office said it continued to recommend approval of the Blackstone merger.

A Blackstone spokesman, John Ford, had no comment, except to point out that the Blackstone deal could close three days after Equity Office shareholders approve the transaction. The vote is scheduled for Feb. 5.

Record Labels Contemplate Unrestricted Digital Music (NYT)

By Victoria Shannon

The New York Times, January 23, 2007

CANNES, France, Jan. 22 — As even digital music revenue growth falters because of rampant file-sharing by consumers, the major record labels are moving closer to releasing music on the Internet with no copying restrictions — a step they once vowed never to take.

Executives of several technology companies meeting here at Midem, the annual global trade fair for the music industry, said over the weekend that at least one of the four major record companies could move toward the sale of unrestricted digital files in the MP3 format within months.

Most independent record labels already sell tracks digitally compressed in the MP3 format, which can be downloaded, e-mailed or copied to computers, cellphones, portable music players and compact discs without limit.

The independents see providing songs in MP3 partly as a way of generating publicity that could lead to future sales.

For the major recording companies, however, selling in the MP3 format would be a capitulation to the power of the Internet, which has destroyed their control over the worldwide distribution of music.

Until last year, the industry was counting on online purchases of music, led by Apple's iTunes music store, to make up the difference.

But digital sales in 2006, while 80 percent ahead of the year before, grew slower than in 2005 and did not compensate for the decline in physical sales, according to an industry report released in London last week.

Even so, the move to MP3s is not inevitable, some insiders warn.

Publicly, music company executives say their systems for limiting copies are a way to fairly compensate artists and other copyright holders who contribute to the creation of music.

But privately, there are signs of a new appreciation in the industry for unrestricted copies, which could be sold as singles or through subscription services or made freely available on Internet sites that support advertising.

The EMI Group said last week that it would offer free streaming music on Baidu.com, the leading Web site and search engine in China, where 90 percent of music is pirated. EMI and Baidu also agreed to explore developing advertising-supported music download services. This summer EMI licensed its recording to Qtrax, an ad-supported music distribution service.

Experiments by Yahoo — last year it offered a handful of tracks from Norah Jones, Jessica Simpson, Jesse McCartney and Relient K without any digital restrictions — will continue this year, David Goldberg, vice president and general manager of Yahoo Music, said in an interview at Midem. Two of the major labels, Sony BMG and EMI, agreed to the tests in 2006.

In a handful of European countries, especially in France, consumer frustration has led to government proposals to legislate interoperability.

"There is a groundswell, and I say that on the basis of private conversations," said Rob Glaser, chief executive of RealNetworks, which sells digital music protected against piracy through the Rhapsody subscription service.

"It will happen between next year and five years from now, but it is more likely to be in one to two years," he said.

ENVIRONMENT:

Legacy Issue: How Bush Is Preparing An About-turn To Tackle Climate Change (FT)

By Caroline Daniel

Financial Times, January 23, 2007

In his quest for a defining legacy beyond the Iraq war, tonight a chastened President George W. Bush in his State of the Union address will put energy security - reducing US dependence on foreign oil - at the heart of his political agenda for his final two years.

It is not a new issue for the former oilman. He trumpeted it in 2001, cemented by an energy strategy he summed up as: "We darn sure have to do a betterjob of finding more supply. We can't conserve our way to energy independence."

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But this year will see a transformation in this view. In his past five State of the Union speeches, Mr Bush made no reference to global warming. Tonight he will make an explicit link between the demands of energy security and the environment, says Tony Snow, White House spokesman. "Energy and environmental policy are linked, for the simple reason that the president has talked about getting rid of an addiction to oil, and looking for alternative sources of energy which do not contribute to greenhouse gases or global warming."

The fact that Mr Bush is even talking about his actions on climate change, and will set out how his own policy helps address it, marks a profound departure from the past. Yet there remain doubts about whether the White House is willing to embrace more radical energy efficiency initiatives, or abandon its policy of the first six years of seeking to expand the supply of domestic oil.

The shift comes amid radical changes affecting Washington, from the shake-up in Congress in favour of the Democratic party to a freakish change in weather patterns. Last month the capital enjoyed a winter heatwave: Mr Bush went cycling as temperatures reached the 70s Fahrenheit (above 21 degrees Celsius), way higher than normal. Last year was the hottest in 112 years in the US.

On the other coast, normally warm winters have turned frigid and newspapers have been full of pictures of fresh California oranges on trees covered in icicles. This month the fate of weight-losing polar bears became front-page news when the White House for the first time conceded that climate change was a grave threat to their future. Dirk Kempthorne, interior secretary, said: "We are concerned the polar bear's habitat may literally be melting."

Yet the fact that Mr Bush will be talking about a linkage is one of the clearest signals that he feels the need to defend his efforts to cut greenhouse gases and address his image as a climate change sceptic, impassively looking on as the earth warms. Senior aides say he has been frustrated by the barrage of leaders admonishing him on global warming, from Tony Blair's constant solicitations to interventions by Angela Merkel, the German chancellor. Ban Ki-Moon, the new United Nations secretary general, last week also sandbagged him in the Oval Office on climate change.

Finally, it marks an acceptance that Democrats have transformed the Washington agenda, forcing a focus on a different kind of energy policy that gives high priority to climate change and energy efficiency. Interest in that agenda is evident in the box office success of former vice-president Al Gore's film, An Inconvenient Truth, a story of the impact of climate change that has grossed $24m (£12m, €19m) in the US. Last week Nancy Pelosi, speaker of the House of Representatives, created the first ever select committee to focus on climate change and energy independence and called for an energy independence package by July 4.

Within their first two weeks in office, senators have introduced at least eight bills proposing mandatory limits on greenhouse gas emissions, including one from Republican Senator John McCain. That compares with just one substantive carbon bill in 2003 and two in 2005. In the first 100 legislative hours, the House voted to rescind $14bn in tax breaks for oil companies granted by the Bush administration.

Proposals to raise fuel economy standards for US vehicles, which remain below those of China, are receiving more attention. The powerful House environment and public works committee has seen a U-turn from the chairmanship of Republican Jim Inhofe, who called the threat of catastrophic climate change "the greatest hoax", to that of Barbara Boxer, who calls it a "crisis".

"Energy policy has become high politics. The concept of energy independence is embraced across the political spectrum, offering a starting point for talking about energy," says Daniel Yergin, chairman of Cambridge Energy Research Associates. "The shift in Congress ensures this will be at the centre of debate for the next two years. It ties together national security, climate change, the future of the Middle East, the US relationship with Latin America and of course the burning political issue of what people pay the pump."

The resonance of the phrase "energy independence" is evident in the number of citations in the US press, rising from 1,245 in 2003 and 3,370 in 2005 to 6,082 last year. All the front-runners to be the Democratic presidential nominee in 2008 use it. Hillary Clinton wants to cut dependence on foreign oil in half by 2025. Senator Barack Obama wants to cut oil imports by the amount imported from the Middle East by 2025. Senator Joe Biden has conceded that the overall goal is "grandiose" but important.

Democrats' embrace of the ideal has convinced Mr Bushthat energy independence offers a chance for bipartisan co-operation. "The president wants this as a legacy issue and the Democratic congress needs to show it can get results in the next year," says Robert Hormats, vice-chairman at Goldman Sachs and former economic policy adviser to Henry Kissinger.

In fact, energy independence is something both parties could always agree on. President Richard Nixon first put it on the map when he launched Project Independence after oil prices jumped from $3 a barrel to $11. "In the year 1980, the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes and to keep our transportation moving," he predicted.

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Gerald Ford sagely pushed the date back to 1985, but made progress introducing federal standards for energy efficiency for cars. In 1977 President Jimmy Carter called the energy crisis the "moral equivalent of war" and wore a woollen sweater in the White House in a sign of his personal conservation effort. Two years later he pledged: "This nation will never again use more foreign oil than we did in 1977 - never" and set the goal of "cutting our dependence on foreign oil by one-half by the end of the next decade".

All these initiatives, while slowing the rate of growth in US energy dependence, proved quixotic. Oil imports made up 35 per cent of US petroleum supplies in 1973. They have risen steadily since then to 40.5 per cent in 1980 and 66 per cent now, according to the Energy Information Administration. Dependence on imported oil has risen since Mr Bush took office, when it stood at 58 per cent.

George Shultz, former secretary of state, sees a stark change from three decades ago when he chaired task forces for Nixon on the oil import system and as Treasury secretary coped with the first big oil price explosion. The array of forces in favour of energy independence is stronger now, he says.

"The big difference I think is that in 1968-73, it was largely economic," he says. "Now there are people concerned about the environment, economics, national security. Those are very different constituencies and there is a chance they can interact together and produce something that will be different."

These constituencies, which have formed an unusually unwieldy coalition on energy independence, include national security hawks, dubbed "green hawks", concerned about dependence on oil from a volatile Middle East and oil giants such as Russia that use energy as a political weapon. The group includes Mr Shultz; John Deutch and James Woolsey, two former CIA directors; James Schlesinger, former defence secretary; and retired officers such as Air Force General Chuck Wald.

"Look where the money from high oil prices is going," says Mr Shultz. "Iran is rolling in money. Venezuela is rolling in money. Russia is consolidating an autocracy using oil money. We just hope Saudi Arabia keeps producing, because it is vulnerable."

The hawks find themselves strange bedfellows with trade unionists and the powerful Midwest farm lobby, which is eager to fan concerns about foreign oil in order to sustain the massive subsidies for ethanol, a renewable fuel created from corn. - Evangelical Christians have joined the coalition in order not to "destroy Creation": last February 86 evangelical leaders launched the Evangelical Climate Initiative.

US companies have also become more engaged, driven by self-interest, a desire to pre-empt punitive legislation and concern about the sprawling patchwork of regulation introduced by different states, such as Arnold Schwarzenegger, governor of -California (see right). A total of 22 states now require a fixed percentage of their electricity to come from renewable sources.

An alliance of 10 of the biggest US corporations yesterday joined environmental groups to demand caps on greenhouse emissions, to cut these by up to 30 per cent over the next 15 years. "Companies have concluded it is not 'if' but 'what' in terms of a carbon regime," says Mr Yergin. A Cera survey of electric utility chief executives and finance directors showed 85 per cent expected mandated restrictions within 10 years.

The Bush administration has been identified with efforts to boost US supply, to reduce dependence on foreign oil. Now, however, it could face more pressure to focus on energy efficiency, such as raising fuel economy standards.

On renewable fuels, the record has been mixed. The administration has shifted from backing hydrogen fuels in 2003 to ethanol last year. The $2bn it set aside for loan guarantees in renewable fuels has been snarled in bureaucracy. According to the General Accounting Office, the Department of Energy's budget for energy research and development fell by 85 per cent in real terms from 1978 to 2005 and has generated only "incremental progress in reducing costs for renewable energy technologies".

The White House therefore needs a bigger commitment to show that it is serious. Mr Bush is expected to set an aggressive target for how much ethanol US refiners must mix with gasoline, an attractive policy given the popularity of ethanol. "Carrots tend to work better than sticks," says Mr Snow. It has, however, ruled out imposing economy-wide caps on greenhouse gases. That sets it on a collision course with Capitol Hill. An industry lobbyist says: "Energy policy has been the creation of Congress. Almost anything Bush says in the speech is irrelevant the day after he says it."

Oil companies, demonised by many Democrats as "Big Oil", are fearful of the momentum against them. As Red Cavaney, president of the American Petroleum Institute, put it in a speech last week: "Bad energy legislation has a decades-long shelf life, through both its adverse direct effects as well as its chilling effect on investment through fear of 'what's next'."

CEOs Urge Bush To Limit Greenhouse Gas Emissions (WP)

By Steven Mufson

Washington Post, January 23, 2007

On the eve of the State of the Union address, the chief executives of 10 major corporations urged President Bush to embrace mandatory ceilings on U.S. greenhouse gas emissions in order to stem climate change.

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But yesterday White House spokesman Tony Snow said that binding caps on carbon dioxide emissions would not be part of the president's proposals tonight. And a member of the corporate delegation said that last week the White House canceled a meeting with the executives that had been scheduled for yesterday morning.

"The President has always believed, when it comes to climate change, that the best way to achieve reductions is through innovation," Snow said, "and to figure out ways to come up with energy sources that are going to meet our economy's constant demand for energy, and at the same time, do it in a way that's going to be friendly for the environment."

There has been widespread speculation about what Bush might say about climate change tonight. Several legislative proposals have emerged in Congress with different ways for addressing climate change.

Major corporate leaders have been changing their position on climate change for the past year or two, and many of them are convinced that some form of regulation of or tax on carbon emissions is inevitable. With many states talking about coming up with their own laws, corporate leaders have started to urge the federal government to establish a nationwide standard.

"We can and must take prompt action to establish a coordinated, economy-wide market-driven approach to climate protection," the executives said in a letter to Bush. In an interview later, Jeffry E. Sterba, chairman of PNM Resources, a New Mexico utility, said that it was better to act now than to be forced to act in a "precipitous way" later.

The executives support a system that would create a cap on emissions, give allocations to companies based on past emissions and allow firms to trade allocations to meet gradually declining emission targets. The system, similar to one being used in Europe, would have far-reaching implications for utility rates, power plant construction, energy efficiency and American automobiles.

The executives' plan would slow the growth in greenhouse gases over the next five years, then reverse that growth and cut annual emissions by 70 percent to 90 percent of today's levels in 15 years.

Jeffrey Immelt, chairman of General Electric, pointing to initiatives in California and a group of Northeastern states, said "this is happening already." In addition to Immelt and Sterba, the group included the chief executives of Lehman Brothers Holdings, PG&E, Alcoa, Caterpillar, BP America, Duke Energy, DuPont and FPL Group.

Snow said that he thought Bush's proposals "address in a comprehensive and realistic way concerns about greenhouse emissions, and also their primary sources."

NEW CONSENSUS In Climate Controversy, Industry Cedes Ground (WSJ)

By Jeffrey Ball

Wall Street Journal, January 23, 2007

The global-warming debate is shifting from science to economics.

For years, the fight over the Earth's rising temperature has been mostly over what's causing it: fossil-fuel emissions or natural factors beyond man's control. Now, some of the country's biggest industrial companies are acknowledging that fossil fuels are a major culprit whose emissions should be cut significantly over time.

A growing number of these companies are pushing for a mandatory emissions limit, or "cap." Some see a lucrative new market in clean-energy technologies. Many figure a regulation is politically inevitable and they want to be in the room when it's negotiated, to minimize the burden that falls on them.

The broadening, if incomplete, consensus that fossil fuels are at least a big part of the global-warming problem signals real change in the environmental debate. The biggest question going forward no longer is whether fossil-fuel emissions should be curbed. It's who will foot the bill for the cleanup -- and that battle is heating up.

Yesterday, 10 companies, including industrial giants that make everything from bulldozers to chemicals to electricity, joined environmental groups in calling for a federal law to "slow, stop and reverse the growth" of global-warming emissions "over the shortest period of time reasonably achievable." Tonight, President Bush, whose administration has rejected such caps as economically unacceptable, will deliver a State of the Union address in which he's expected to announce a bigger push for such things as low-emission alternative fuels.

In the center of the regulatory cross hairs are utilities. They're the world's biggest emitters of carbon dioxide, the global-warming gas that's produced whenever fossil fuels are burned. Written one way, a cap would help utilities in the Southeast or the Midwest, which burn lots of coal, a particularly carbon-intensive fuel. Written another way, a rule would help utilities on the West Coast, the Northeast and the Gulf Coast. They use mainly natural gas, which produces lower CO2 emissions than coal, and nuclear energy, which produces essentially no CO2.

Auto makers and oil producers also are worried about a potential cap, and they're lashing out at each other. The Big Three auto companies are making speeches and running advertisements calling on Big Oil to crank out more low-carbon alternative fuels such as corn-based ethanol. Big Oil, in its own speeches and ads, says the auto makers should build more-efficient cars.

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Lobbying on the issue is ramping up. The American Iron and Steel Institute, which opposes any emission cap, this month assigned an executive who had been working broadly on environmental issues to focus specifically on global warming. Some companies that oppose a cap argue it would raise their costs and hurt their competitiveness against rivals in developing countries such as China, where no cap exists.

DuPont Co., the chemical giant, heartily endorses a cap in part because it figures it would help boost demand for energy-efficiency products the company makes.

Entergy Corp., a utility that's also pushing for a cap, had a lobbyist in the room last week when Sen. Dianne Feinstein, a California Democrat, announced a carbon-cap bill. Entergy would likely benefit from her measure because the company's fuel mix includes a lot of low-carbon fuels.

"It was a hand-holding, kumbaya moment," says Brent Dorsey, Entergy's director of corporate environmental programs. "Every company is going to be playing to their own strengths and weaknesses" in the regulatory battle that's breaking out over global warming, he adds.

Among scientists, a broadening consensus has developed that fossil-fuel emissions are contributing to global warming; the debate has been over whether they're the main cause. In 2001, the Intergovernmental Panel on Climate Change, a United Nations body that periodically assesses climate science, cited "new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities." In 2005, representatives of scientific societies from 11 countries, including the U.S., called the science "sufficiently clear to justify nations taking prompt action."

Still, uncertainties remain. Among them, the U.N. panel noted in its 2001 report, is the extent to which "natural factors" unrelated to human activity play a role in the rising temperatures. The U.N. panel is set to release its next climate-science report Feb. 2.

Fossil fuels provided 80% of global energy in 2004, and they're on track to provide 81% in 2030, according to the International Energy Agency, a Paris-based energy watchdog for Western industrialized countries.

Significantly curbing their emissions would require sweeping technological change, from more-efficient power plants and cars to the potential injection and burial of massive amounts of CO2 underground.

Another possibility would be to reduce the rate of growth in fossil-fuel consumption by supplementing the fuel mix with alternatives, from nuclear power to crops to the wind and the sun.

Outside the U.S., many countries already have modest experience in emissions caps, thanks to the Kyoto Protocol. The treaty, which hasn't been ratified by the U.S., requires ratifying nations collectively to cut their emissions 5% below 1990 levels by 2012.

Several Northeast states and California already have announced plans to impose emission caps of their own. And a handful of proposed federal caps are under consideration in Congress. The least stringent is one from senators led by Jeff Bingaman, a New Mexico Democrat. By 2030, it would raise gasoline prices 12 cents per gallon, according to a study issued this month by the U.S. Energy Information Administration, and slow the rate at which U.S. coal consumption increases.

The federal proposals differ in the structural details of the "cap and trade" system they would set up to regulate CO2 emissions. Under such a system, the government would set a ceiling on how much CO2 the U.S. economy -- or whichever sectors lawmakers pick -- could emit each year. It would ink a corresponding number of pollution permits, each entitling the bearer to emit one ton of the gas.

Then, based on complex allocation rules it devises, the government would divide up the permits among companies. Those companies could buy and sell permits among themselves on a greenhouse-gas market like a Kyoto-related one already under way outside the U.S. Companies that decide it's too expensive to cut their own emissions enough to comply with their government cap would go to the market and buy extra emission permits from companies that ended up with more than they needed. The theory behind the market is to create an economy of scale that reduces everyone's cost.

Other regulatory structures are possible, including a straight tax on CO2 emissions. Politically, a cap-and-trade system is more popular than a tax. Environmentalists like the severity of an absolute ceiling on the amount of CO2 companies can emit. Industry likes the flexibility of a market in which permits to pollute can be bought and sold.

And cap-and-trade systems already are in use. The U.S. has had one for more than a decade to curb the pollution that causes acid rain, a regulation widely viewed as successful.

Still, Steven Rowlan, director of environmental affairs for Nucor Corp., one of the biggest U.S. steelmakers, warns U.S. industry is in for a shock if Washington follows Europe and imposes a global-warming cap. The U.S. steel industry already has gotten more energy-efficient in recent years, he says, so it would be unfair to require it to make further emission cuts while its competitors in the developing world, where emissions are rising fastest, remain free from a cap. The steelmaking process itself emits large amounts of CO2.

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A smarter tactic, he says, would be for the U.S. to slap trade restrictions on developing-world steelmakers requiring them to meet minimum environmental standards as a condition for exporting their products to the U.S.

"The biggest hammer that the United States has is its market," Mr. Rowlan says. "And that, more than anything we do domestically, will have the greatest impact on greenhouse gases." Nucor, based in Charlotte, N.C., is considering running ads to drive this point home.

DuPont, on the other hand, is actively promoting an emissions cap. It thinks a cap would help its business. DuPont makes materials used in such devices as solar cells, wind turbines, fuel cells, and lightweight automobiles -- all of which are likely to be in higher demand in an economy in which CO2 emissions carry a cost.

"We think there is a lot of market opportunity," says Linda Fisher, a former U.S. Environmental Protection Agency official who's now DuPont's chief sustainability officer.

But DuPont, based in Wilmington, Del., doesn't want just any cap. For one thing, it wants a cap that covers all sectors of the economy -- not one that's limited to utilities, as are some proposals pending in Washington. The more industries covered by a cap, the more potential customers for DuPont's environmental products.

DuPont also wants a cap to award companies credit for past emission cuts they've made. DuPont already has invested to significantly cut its emissions.

Utilities, for their part, are split on whether they want a cap -- and, if so, what kind. Where a utility stands on this issue depends largely on where in the country it sits.

Duke Energy Corp., based in Charlotte, is the country's third-largest burner of coal, though it also has significant nuclear assets. It's pushing for permits to be distributed based on the amount of CO2 a utility has emitted in the past -- a system that would protect big coal burners such as itself.

James Rogers, Duke's chairman and chief executive, notes that Duke already is assuming in its investment decisions that it will have to pay for carbon emissions. So it has begun investing in new plants that will burn coal more cleanly than today's plants do. He argues any cap should ensure adequate permits to utilities making such investments. "It's going to take several decades to bring this on," he says of the technology. "We shouldn't have an economic scheme that puts an undue economic burden on regions of the country that are reliant on coal."

Given Duke's coal reliance, it might seem strange that Mr. Rogers has emerged in recent years as perhaps the U.S. utility industry's most outspoken proponent of a global-warming constraint. His position is a bit "awkward," he notes, because he also serves as chairman of the Edison Electric Institute, the electric industry's Washington trade group, which opposes any mandatory global-warming cap. He's set to speak on three panels discussing global warming this week at the World Economic Forum in Davos, Switzerland.

Mr. Rogers, wearing his Duke hat, says he's just being realistic. He has concluded a cap is coming -- and that his shareholders are likely to do better if he can influence the details. "If you're not at the table when these negotiations are going on, you're going to be on the menu," he says. "This is about being at the table."

Fighting Duke and other coal-burners are utilities such as Entergy. Based in New Orleans, it uses a lot of natural gas and nuclear fuel. Unlike Duke, Entergy wants permits to be distributed based on a utility's total electricity output -- a system likely to give low-carbon generators such as itself excess permits they could sell.

Duke's Mr. Rogers says that would amount to a "windfall" for low-carbon utilities. "Even though they don't need allowances, they would get them, just because," he says.

Entergy's Mr. Dorsey says his company isn't asking for a windfall. The permits Entergy would get amount to "a revenue stream that we will need to build a new nuclear plant," he says. Still, he allows, "because of our natural gas and nuclear, we will fare better than most" under a carbon cap.

Auto companies also are jockeying to shape a potential carbon constraint to their advantage. They've been playing this sort of regulatory game for years.

They already face a kind of carbon limit in the federal government's longstanding fuel-economy standards for cars and trucks, because vehicles that burn less gasoline emit less CO2. Those rules give auto makers extra credit for building versions of their conventional vehicles they've modified to run on either gasoline or ethanol. Very few of those vehicles actually wind up running on anything but gasoline. But the credits let the auto makers build more thirsty sport-utility vehicles and pickup trucks -- the industry's bread and butter, particularly when oil was cheaper.

Auto officials who declined to be named said the industry probably will accept some toughening of the fuel-economy standards. But in return, it may seek bigger credits for selling vehicles that burn less oil, including those that can run on ethanol.

At the same time, auto makers want to ensure other industries get hit. In a speech last week in Detroit, Rick Wagoner, General Motors Corp.'s chairman and chief executive, said his company plans to build more ethanol-capable and electric-

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powered vehicles. But he also stressed "important roles for other industries, like oil and electric utilities, to name a few." He called for more tax credits and subsidies for alternative fuels.

The oil industry itself is mobilizing -- including Exxon Mobil Corp., the Irving, Texas, oil giant that in the past has been outspoken in its questioning of global-warming theories. Scientific questions remain, says Kenneth Cohen, Exxon's vice president for public affairs, but "we know enough now -- or society knows enough now -- that the risk is serious and action should be taken." Exxon isn't calling for an emission constraint, but it's starting to talk about how it wants one structured if one is imposed.

In November, Rex Tillerson, Exxon's chairman and chief executive, called in a speech for "steps now to reduce emissions in effective and meaningful ways." Then he listed two: boosting automotive fuel economy and cutting emissions from coal-fired power plants.

Springtime For Ethanol (NYT)

By Alexei Barrionuevo

New York Times, January 23, 2007

WASHINGTON — The Renewable Fuels Association, the ethanol industry's major lobbyist, works out of cramped offices that it shares with a lawyer near Capitol Hill. Pictures of ethanol plants from its 61 board members hang everywhere. "We're about to run out of wall space," said Bob Dinneen, the association's president.

The association may only have six staff members but it is now bursting with energy, a far cry from the early days when its founder, a South Dakota farm boy who was convinced America needed to break the stranglehold of foreign oil, quit in frustration after four years.

After three decades of surviving mostly on tax subsidies, the industry is poised tonight to get its biggest endorsement from on high that it has a long-term future as a home-grown alternative to gasoline.

In his State of the Union address, President Bush is expected to call for a huge increase in the amount of ethanol that refiners mix with gasoline, probably double the current goal of 7.5 billion gallons by 2012.

While the details of the proposal are not known, 15 billion gallons of ethanol would work out to more than 10 percent of the country's current gasoline consumption, and is far beyond the current capacity of about 5.4 billion gallons.

At least half of the new ethanol would come from corn, signaling the administration's support to the Midwest farm states that have benefited the most from the recent ethanol boom.

For an industry once dominated by the will of a single powerful producer, Archer Daniels Midland, ethanol has come a long way, joining the oil industry and producers of major agricultural commodities as an entrenched political force in Washington. And it now enjoys a powerful role in presidential politics because of Iowa's status as one of the first states to select delegates to the parties' nominating conventions.

But with dozens of new ethanol plants coming online this year, the ethanol lobby is facing a critical point. The political reality is that corn's days as the chief crop for making the fuel may be numbered.

Corn-based ethanol can only marginally reduce America's dependence on foreign oil. But it does little, if anything, to improve energy efficiency, and the mounting concern of some politicians is that relying on corn is leading to collateral damage in other parts of the agricultural economy and threatening the nation's status as the leading corn exporter. The big increase in the works may mean consumers would end up paying more at the supermarket.

So the ethanol lobby and its political supporters now face the challenge of trying to maintain the momentum of ethanol's feel-good story before the potential negative consequences of the rapid ramp-up become all too apparent.

Clutching the reins these last five years is Mr. Dinneen, a longtime Washington lobbyist who joined the association in 1988. He recalled his early years there as a pitched war with the oil industry. "I would wake up in the morning and try to think of a way to vilify the oil guys," he said.

Today, to keep the ethanol train moving, ethanol makers are cozying up to the oil industry, forming political alliances and enlisting executives from companies like Chevron as they race to make a quicker transition to cellulosic ethanol made from nonfood crops, like switchgrass.

Otherwise, public support could turn against the fuel, which yields a third less energy than petroleum-based gasoline and still relies on a federal subsidy of 51 cents a gallon to remain competitive.

"We are no longer debating whether this makes sense, if this public policy should be pursued," Mr. Dinneen said. "The discourse now is how much ethanol can we produce, how quickly can we produce it and what is the pathway for greater production of domestic renewables."

That pathway, at the moment, relies on commercializing cellulosic ethanol made from crops like switchgrass or wood chips, which today is twice as expensive to produce as ethanol made from corn.

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Some analysts, though, believe that politics has already trumped economics. “Once we have a corn-based technology up and running the political system will protect it,” said Lawrence J. Goldstein, a board member at the Energy Policy Research Foundation. “We cannot afford to have 15 billion gallons of corn-based ethanol in 2015, and that’s exactly where we are headed.”

Mr. Goldstein said that rather than speed up the process of producing more ethanol, Congress should “step back and reflect on the damage we have already done.”

By contrast, ethanol advocates in Congress are pushing to accelerate research into cellulosic sources with the stated goal of speeding the timetable for when corn can be supplemented — or supplanted — as the chief ethanol crop.

“We need additional funds for transitioning to making more energy crops for our national security,” Senator Tom Harkin, an Iowa Democrat and the new chairman of the Senate Agriculture Committee, said in an interview earlier this month.”

The agriculture secretary, Mike Johanns, said there will be an “adjustment period“ for ethanol that will last a few years. But he is confident that more corn will emerge to ease the pain of higher grain prices, as seed companies improve yields and farmers shift their acreage from other crops. “When you look at the whole constellation of issues, and advancements that are out there, it is a very encouraging time for agriculture,” Mr. Johanns said in an interview.

The race to crack the code to produce cellulosic ethanol more efficiently has attracted dozens of researchers, venture capitalists and even the interest of major oil companies like BP and Chevron. Vinod Khosla, a major venture capitalist who has poured money into seven different start-up companies, has been pushing Washington lawmakers to set more aggressive targets to ensure that the demand for corn moves beyond corn. “If I am going to take the risk, the market has to be big,” Mr. Khosla said.

The Renewable Fuels Association is trying to balance the competing concerns. The organization was not always interested in rapid expansion, particularly if that meant allowing competition for A.D.M. from sources like Brazilian sugar. David Hallberg, the association’s founding president, said he left after four years in the job partly because he grew tired of disputes with A.D.M. executives over the future direction of the industry.

“I thought my job was to grow the industry to be as large as it could be,“ said Mr. Hallberg, who denied he was forced out. “That isn’t what our bigger members always wanted.”

By the time Mr. Hallberg left the organization in 1985, oil prices had plummeted to $9 a barrel, making ethanol uneconomic as a fuel. The industry turned its efforts toward selling ethanol as an oxygen enhancer for gasoline that could lift octane and reduce carbon monoxide.

With the influence of Dwayne O. Andreas, A.D.M.’s longtime chief executive and now chairman emeritus, Congress passed the federal excise tax in 1978 that gave ethanol its primary subsidy, a credit worth 51 cents per gallon of ethanol, or $21 per barrel of oil. Mr. Andreas had powerful friends in Congress, including Senator Robert J. Dole, a Republican from Kansas who rose to majority leader and who pushed consistently over the years to retain the ethanol subsidy.

In those early days the influence of Mr. Andreas and A.D.M.’s generous contributions to both Republicans and Democrats kept ethanol alive. The company also held greater sway within the organization because of its great weight as an ethanol producer. Even today, at around 25 percent of total ethanol capacity, A.D.M. remains the largest maker.

At first, the ethanol producers had few allies. The National Corn Growers Association was agnostic about ethanol at best, and the American Farm Bureau opposed ethanol, worrying that it could raise the price of livestock feed and cut into exports, Mr. Hallberg said.

That began to change in the late 1980s when the groups began to work together to supply ethanol to some 30 cities as a gasoline additive in the winter months. Those months were also when A.D.M.’s wet mill corn processing plants made more ethanol.

While the ethanol and corn forces preferred their wintertime plan, they later threw their support behind a federal proposal to implement a reformulated gasoline with an “oxygenate” — either ethanol or methyl tertiary-butyl ether — in nine of the country’s smoggiest cities. The program took effect in 1995.

Ethanol’s big breakthrough came over the battle to ban M.T.B.E. After gasoline spills in California revealed that M.T.B.E. could corrode groundwater, the Renewable Fuels Association and the corn growers were among those pushing ethanol as an environmentally safer alternative.

California banned M.T.B.E. in 1999 and requested a waiver from the federal oxygenate standard, arguing it could make a cleaner-burning gasoline without ethanol. President Bush rejected the waiver, spurring an ethanol construction miniboom.

In 2001, Mr. Dinneen took over as president, focused on reaching détente with the oil industry. To win approval for the renewable fuels standard, he eventually cobbled together an unlikely coalition of consumer groups, the American Petroleum Institute and environmentalists like the Natural Resources Defense Council.

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The fuel standard Congress approved in 2005, which called for a ramp-up of ethanol use to 7.5 billion gallons by 2012, ended up lighting a fire under the industry. When oil prices shot over $50 a barrel, ethanol became profitable, and then President Bush set off an industry building boom when he said last January that “America is addicted to oil.”

It helped that the mix of ethanol’s advocates had been changing. About a decade ago farmers began investing in ethanol plants; today more than half of the 110 ethanol plants in production are at least partly owned by farmers. The ownership by farmers brought home the rural benefits of the ethanol industry more directly.

The association’s expanding board, which is 10 times the size it was some 20 years ago, has also become more diverse and less beholden to the business agendas of its biggest members.

As ethanol expands, Mr. Dinneen dismissed the concerns of some economists that its explosive growth could threaten exports and livestock prices, and that a potential investment bubble could burst before cellulosic ethanol has a chance to hit the market.

“I don’t get all that worried that we are building too fast,” he said. “I am not bright enough or foolish enough to try to control the market.”

Ethanol Production Booming On Demand (WP)

By Steven Mufson

Washington Post, January 23, 2007

The energy agenda in Washington has been long dominated by oil interests, but in a reversal of political fortunes, these days it is Big Oil fighting to preserve its tax incentives and the ethanol industry that is adding new ones.

President Bush may up the ante tonight in his State of the Union address, many analysts think, by setting new targets for ethanol use or encouraging automakers to shift to engines capable of handling E85, a fuel that is 85 percent ethanol.

The ethanol industry is already on a roll: This year's production will surpass the mandate set for 2012 -- 7.5 billion gallons -- in the Energy Policy Act of 2005. And investors drove up the stock prices of ethanol companies yesterday in anticipation of Bush's speech. Though the stock market fell, shares of VeraSun Energy Corp. soared 7.2 percent and Pacific Ethanol Inc. jumped 7.6 percent. (One senator has invited VeraSun's chief executive to attend Bush's speech.) Bush may have trouble matching proposals made by Democratic lawmakers and farm-state Republicans. Sens. Tom Harkin (D-Iowa), Barack Obama (D-Ill.), Richard G. Lugar (R-Ind.), Joseph R. Biden Jr. (D-Del.) and Byron L. Dorgan (D-N.D.) have proposed raising to 60 billion gallons a year the amount of ethanol that oil companies must mix into automotive fuel supplies by 2030. That would amount to 3.9 million barrels a day, more than a third of current gasoline consumption.

Bill Wicker, communications director at the Senate Energy and Natural Resources Committee, said that biofuel and ethanol executives and lobbyists keep the committee's fuels expert busy "from the time she gets in in the morning until the time she grabs her coat to go home. It's a pretty steady stream of customers."

But an increasing number of economists and energy experts are questioning whether the benefits of producing ethanol -- especially ethanol made from corn -- have been oversold. They say that rising ethanol production is driving up corn prices, adding to summer smog and draining investment from other energy projects.

"We think that corn-based ethanol will grow to about 10 percent of the total gasoline pool, which is a significant number. It's the same level as Indonesia's oil production," said Daniel Yergin, chairman of Cambridge Energy Research Associates. "But then you really do run into the fuel-versus-food tradeoffs, which we're already beginning to see some signs of."

There are 111 ethanol refineries nationwide, with the capacity to produce more than 5.4 billion gallons annually, according to the Renewable Fuels Association. There are 78 ethanol refineries and eight expansions under construction with a combined annual capacity of more than 6 billion gallons.

Lester R. Brown, president of the Earth Policy Institute, said that existing ethanol refineries plus refineries under construction will gobble up half the U.S. corn harvest in 2008. That in turn will set up a global competition between rich automobile users and poor food consumers, Brown said.

Even at current levels, ethanol production is driving up demand for corn, and corn prices as a result. Many foods rely on corn feed and corn sweeteners, so prices could rise as well for a wide variety of goods. Because the United States accounts for 40 percent of the global corn harvest, higher corn prices here will affect consumers worldwide, Brown said. Last week, Mexican President Felipe CalderÃ³n sought to defuse anger over the rising price of corn tortillas by persuading producers to accept voluntary price controls.

Ethanol also has foes in the environmental community. Because ethanol is a less stable compound than other additives, in the summer it evaporates easily and contributes to greater smog levels.

Meanwhile, an effective tariff protects American-made ethanol from cheaper imports from Brazil and elsewhere.

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Many ethanol boosters say that the industry will move away from corn to cellulosic sources. But it remains unclear whether that technology will work. In December, when the Joint Committee on Taxation calculated the five-year cost of a tax break for the builders of cellulosic ethanol plants, the low cost suggested that it expected no more than one plant up and running by 2012.

Economists have also been warring over the question of how much energy it takes to produce ethanol. Most experts say that distilleries produce slightly more energy than they consume. But growing more corn has other costs, such as greater soil erosion and pesticide use. The numbers vary widely depending on process and location.

While the controversy continues, so does the boom. An economist at Iowa State University has calculated that when the ethanol distilleries under construction in Iowa are complete, the state will become a corn importer. But with the early start of the 2008 presidential fray, few politicians will suggest putting the brakes on corn ethanol for fear of alienating voters in Iowa caucuses, the first contest for presidential candidates.

Internal Rifts Cloud Democrats' Opportunity On Warming (WP)

By Juliet Eilperin And Michael Grunwald

Washington Post, January 23, 2007

The House Democrats had not quite finished their "100 hours" agenda when they met in the Capitol basement Thursday morning, but Speaker Nancy Pelosi (Calif.) was already looking ahead. As her colleagues ate bagels and turkey sausage, she warned that their next challenge would be a lot tougher than popular issues such as student loans and ethics reforms. For her next act, she planned to take on global warming.

Democrats, she explained, had to show a sense of urgency about the carbon emissions that threaten the planet, and so she was creating a select committee on energy independence and climate change to communicate that urgency. The new committee, she said, would help the caucus speak with one voice -- even if it trampled the turf of existing committees.

Caucus Chairman Rahm Emanuel (Ill.), a close Pelosi ally, raised his gavel and asked whether anyone had anything else to say, in the same pro forma way that question is posed at weddings. "One, do I hear anything?" he asked. "Two do I hear, 2 1/2 do I hear, three." Emanuel's gavel came down. "The caucus meeting is over."

Pelosi's power play demonstrated her seriousness about climate, a complex issue that may be as legislatively difficult and politically treacherous as health care was in the 1990s. But it also reflected her seriousness about imposing discipline on her caucus and preventing a return to the days when long-serving Democratic chairmen ran their committees as independent fiefdoms.

Energy and Commerce Committee Chairman John D. Dingell (Mich.) -- the longest-serving House member and a legendary defender of his committee's prerogatives as well as the carbon-emitting auto industry of his home state -- had made it clear that he expected to lead the party's global-warming debate in a rather leisurely fashion. Pelosi was end-running him.

When "Big John" chaired Energy and Commerce from 1981 to 1995, the prickly power broker displayed a prominent photo of the Earth to illustrate his view of the panel's jurisdiction. Now the photo is back, along with Dingell's determination to resist interference. A few hours after Pelosi presented her plan to the caucus, Dingell convened the 31 Democrats on Energy and Commerce. Predictably, he saw Pelosi's new committee as a recipe for duplication, incompetence and the suppression of democracy.

Less predictably, Dingell was supported by a longtime Energy and Commerce rival, Rep. Henry A. Waxman, a California liberal who agrees with Pelosi about global warming and persuaded her to co-sponsor his own aggressive climate bill last year, but who also wants her to respect her chairmen. That's because he chairs the Oversight and Government Reform Committee, where he plans to hold hearings on his bill. At the Energy and Commerce meeting, he warned that Pelosi might be scheming to write bills out of her own office.

"That's the way the Republicans did it," Waxman said.

Those are fighting words in the new majority, and some Energy and Commerce Democrats are willing to fight. Several with mixed feelings about drastic carbon regulations -- including Rep. Rick Boucher, who represents a coal-heavy Virginia district and chairs the subcommittee on energy and air quality -- discussed working with Republicans to defeat the new committee on the House floor.

The strict emissions cuts that Pelosi supports had no chance in the GOP Congress, but they still face an uphill climb. Carbon-reliant industries including coal, oil, agriculture and manufacturing will resist any strong legislation, a position that will pose serious dilemmas for Democrats in districts where those industries and their unions hold sway. Some representatives of low-income minority districts are also concerned that a climate bill would slap heavy energy costs on their constituents.

Even if Pelosi manages to finagle a bill through the House, there is the problem of the Senate, where global-warming skeptic James M. Inhofe (R-Okla.) has lost his chairmanship to climate-conscious Barbara Boxer (D-Calif.) but has threatened a filibuster. And President Bush seems unlikely to sign anything too far-reaching.

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That is why some environmentalists want Pelosi to delay until she can send a bill to a more sympathetic president in 2009, and why some Democrats want her to delay so they can use the issue against Republicans in 2008.

"It's a briar patch," said one industry lobbyist. "I can understand why Pelosi wants to hold hearings to show the Democrats care, but I can't believe she really wants to try to legislate."

But Pelosi and her leadership team believe action will be good politics as well as policy, branding climate as a Democratic issue while showing the caucus that recalcitrant chairmen are no longer free to freelance. Pelosi had already warned Rep. John Conyers Jr. (D-Mich.) not to use the Judiciary Committee to try to impeach Bush, and she denied her rival Rep. Jane Harman (D-Calif.) the gavel of the Intelligence Committee. Less than two hours after the mutinous Energy and Commerce meeting, she stood up to Dingell as well, holding a news conference to declare her select committee a done deal.

"It says to the American people, we are about the future," she said.Act Fast vs. Go Slow

Rep. Jay Inslee (D-Wash.) is worried about the future on a hotter planet, and the posters in his office show why. There's Glacier National Park, where Inslee believes "there will be no glaciers in 50 years." There's Mount Rainier, where alpine meadows are retreating as higher temperatures push the tree line higher. There's a photo of his 28-year-old son, Connor, skiing down Washington's Stevens Pass; two years ago, there was so little snow on the mountain that Connor could only work on the ski patrol for a few days.

For the first decade of Inslee's congressional career, Republicans controlled Congress, and emissions-reduction rules were about as likely as new gun restrictions or same-sex marriage rights. But now Inslee and many of his colleagues speak with a fervor reminiscent of the GOP revolutionaries who seized the House in 1995 and immediately wanted to shake things up.

"The flat-Earth society has been removed from power," Inslee said. "This opens the door to meaningful change."

Inslee is just a back-bencher on Energy and Commerce, but he is already trying to hash out details of climate change legislation. Last week, he spent an hour on the phone with Duke Energy chief executive Jim Rogers, who has endorsed a limit on carbon emissions. They delved into the details of how a limit could work, how to promote cleaner technologies, how it is easier to sequester carbon in the soil in Indiana than in North Carolina.

Inslee has no patience for the go-slow crowd that thinks Democrats would be smarter to grandstand the climate issue in 2008, then work with an eco-friendlier president in 2009. He wants to get to work.

"This should not be a planning year," he said. "This should not be a debating year. This should be an action year."

Dingell represents the other side of the debate, the side that is quick to point out that overzealous restrictions on emissions could decimate the U.S. economy. He wants to hold extensive hearings on climate change, to investigate the problem, if in fact it is a problem, and what it might cost to try to address it. That is the way he has dealt with issues since he came to Congress during the first Eisenhower administration. He says global warming will be a priority for his committee, but clearly not the only priority.

"We've got Medicaid, Medicare, health insurance, prescription drugs," Dingell said. "We've got leaky underground storage tanks."

Leaky underground storage tanks? When Glacier National Park is melting?

"Superfund isn't being properly administered," he continued. "We have safe drinking water . . . what else?" His chief of staff, former auto lobbyist Dennis Fitzgibbons, mentions telecommunications, and Dingell is back to his list: Net neutrality. Universal service. "We have to address high-definition television, and a similar issue with regard to radio . . . "

Pelosi and her allies may think CO2 is more important than HDTV, but Dingell will not be rushed. He mentions that the politics of carbon are "substantially similar, if not identical" to the politics of the Clean Air Act, which required a decade of debate before it was amended in 1990 to deal with acid rain. He does not mention that his own opposition was the main obstacle to action, or that environmentalists -- who had loved his work on the Endangered Species Act and other wildlife protections -- dubbed him "Tailpipe Johnny" during the acid-rain debate.

Dingell is an older bull now; at 80, he sometimes walks with a cane, and his hearing aid doesn't seem to work as well as it once did. But he is still a formidable figure on the Hill, and he grumbles that it takes time to build consensus.

"I could bring up a bill like that," he said with a snap of his fingers. "It would take about a week, and I could get it on the floor a week or so after that, and I can give you the absolute certainty that it will not become law. I'm not sure you want that, do you?"

But Pelosi draws her power from the Inslees of the caucus, and they believe that the time for deliberation has passed. Inslee is careful to pay homage to Dingell, "one of the most brilliant people I've ever met in public policy, but he rejects the chairman's comparison of global warming to acid rain."

"The challenge we're facing is a hundredfold more critical," Inslee said. "We need to address this on an emergency basis." And he believes that Pelosi, with support from green manufacturers and green evangelicals as well as the usual green groups, will break the logjam on Capitol Hill -- with or without Dingell's help.

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"She is willing to make a few omelets, which is to say, break a few eggs," Inslee said.A Question of Tactics

In the old Congress, with J. Dennis Hastert (R-Ill.) as speaker of the House, the "majority of the majority" ruled. Policies were hashed out inside the GOP caucus, which was dominated by conservatives; Hastert's team then pressured the entire caucus to back them. The result was a steady tack to the right -- and eventually, electoral disaster, especially for GOP moderates.

Pelosi has promised a more open and bipartisan process and has said she will not drag her caucus to the left. But global warming could be a telling test. Inslee's support for fast and aggressive legislation to reduce emissions is probably supported by a majority of House Democrats -- but not a majority of Congress.

On the other hand, when Dingell and Boucher talk about building consensus around a moderate bipartisan approach that respects the concerns of industry, the Earth-on-fire crowd suspects a do-nothing approach. The top Republican on Dingell's committee, Rep. Joe L. Barton (Tex.), has done more to block climate legislation than any other House member, with the possible exception of the top Republican on Boucher's subcommittee, Hastert.

"Industry is an important part of the equation," Boucher said.

But there are options beyond Inslee's strong-and-fast and Dingell's modest-and-slow.

Waxman's bill, for example, is extremely strong, mandating an 80 percent cut in emissions by 2050. Waxman is known as a dogged street fighter as well as a dealmaker; after feuding with Dingell for years over acid rain, they forged the compromise that led to the 1990 amendments. But while he believes that global warming may be irreversible if emissions do not start to decline within a decade, he does not see how Democrats can get strict emission limits past Bush. So he seems content to hold hearings that will expose GOP intransigence.

"Quite frankly, this is not a bill that's going to pass in six months, or even two years," he said.

While Waxman is willing to wait for radical change, other Democrats are pushing for lesser reductions with greater speed. For example, five-term Rep. Tom Udall (N.M.) has been lobbying for a "third way" between nothing and a hard-and-fast emissions limit, offering corporations a "safety valve" of modest fees if they cannot meet pollution targets.

Udall comes from a green pedigree -- his father served as interior secretary, and his uncle was a longtime conservationist congressman -- but some environmentalists dismiss his plan as a recipe for inaction. When Senate Energy and Natural Resources Committee Chairman Jeff Bingaman (D-N.M.) proposed a similar plan in 2004, the Environmental Defense Fund ran ads criticizing him in his home state.

Still, Udall has enlisted a Republican co-sponsor, Wisconsin Rep. Tom Petri, in hopes of engineering a quick compromise. He says the perfect should not be the enemy of the good.

"I wrote this bill with the idea that Bush can sign it," he said. "Our idea is to start now."

But as long as Dingell wields his gavel, starting anything might be tough. Last October, Udall approached Dingell in the Democratic cloakroom and handed over some information about his bill. Dingell never got back to him. In an interview in his office, which is dominated by heads of animals he has shot and photos of presidents he has worked with, Dingell recalled his friendships with Udall's father and uncle, but brushed off questions about Udall's bill.

"If I thought it was a good idea, I would have already done it," he said.Gearing Up for Showdown

A recent Washington Post-ABC News poll found that only 27 percent of Americans approve of Bush's handling of global warming, so it's easy to see why Pelosi welcomes a confrontation. That is one reason she asked Rep. Edward J. Markey (D-Mass.), a Bush-bashing environmentalist and a Pelosi loyalist, to lead her new committee. In April 2005, when Bush walked hand in hand with Saudi Crown Prince Abdullah after asking him to produce more oil, Pelosi asked Markey to deliver the party's response to Bush's radio address.

"She does believe, along with Iraq, that this is a big issue on which we have to take on the president," Markey said.

Industry lobbyists say they expect to endure a lot of unpleasant climate hearings during this Congress, but they are not too worried about draconian legislation. They do not think the House or the Senate can pass anything too stringent, much less override a Bush veto. And they say their focus groups show that the public's eagerness to do something about global warming droops after hearing warnings of serious economic consequences.

With trillions of dollars at stake, it is reasonable to expect industry-funded ads to raise those alarms, in the vein of the "Harry and Louise" spots that helped sink President Bill Clinton's health-care plans.

"If you're a Democrat in a moderate district, this is not the kind of vote you want to take," said Myron Ebell, director of global-warming policy for the Competitive Enterprise Institute, an industry-funded think tank. "I think Democrats are really going to disappoint the enviros over the next two years, because all they're going to do is talk."

In fact, it's not clear that environmentalists would be all that disappointed. They believe the public is moving in their direction, as climate-friendly actions by companies such as Wal-Mart and states such as California help build pressure for a

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national solution. Many of them think two years of hearings could set the stage for a Waxman-style bill that a Democratic president -- or a climate-conscious Republican such as Sen. John McCain (Ariz.) -- could sign in 2009.

"If we can get some real facts into the public domain, keep educating the American people, lay down some principles about what kind of bill is acceptable and help get the next Congress ready to act, that would be a success," said Ana Unruh Cohen, a global-warming expert at the liberal Center for American Progress. "You know, Bush is still the president."

And Dingell is still the guy with the gavel. He and Boucher are already planning hearings on global warming, and they have invited former vice president Al Gore to testify. ("Al's a good friend," Dingell said. "So was his father.") But Dingell warns that he is a "fairly fussy, careful legislator."

Pelosi is pushing for action by July 4. She wants to show Americans that Democrats care. And she wants to show Dingell that a new guard is running the show.

"We shouldn't get hung up on procedural matters," Emanuel said. The select committee, he said, is "continuing to remind people this is a different Congress, with different priorities."

Climate Panel Creates Lobbying Stir (HILL)

By Jim Snyder

The Hill, January 23, 2007

Energy and Commerce Chairman John Dingell (D-Mich.) found an unlikely ally in his spat with House Speaker Nancy Pelosi (D-Calif.) over a new climate-change panel: former committee chairman Joe Barton (R-Texas).

While Barton and Dingell have butted heads on energy policy, the two were like-minded in their opposition to a select committee on climate change that would operate outside the bounds of their own committee.

Dingell compared the panel, which Pelosi is pushing as a way to draw attention to the issue of global warming, to “feathers on a fish.”

Keeping with the avian theme, Barton’s spokeswoman Lisa Miller called the effort “a publicity machine with wings.”

The spat threatened to draw energy lobbyists, who largely had sat on the sidelines this session, into an awkward intra-caucus fight between two people — Dingell and Pelosi — it doesn’t pay to upset.

Pelosi has put global warming and energy independence near the top of her priority list, after having successfully pushed through the Six in ’06 agenda. She has said she wants a climate-change bill on the floor by July.

A select committee on global warming “will give us the opportunity to gather state-of-the-art scientific research, focus public attention on these urgent issues, and support the work of the authorizing committees,” Pelosi said in a letter to colleagues.

After the select committee was announced, Barton quickly gathered about 15 Republican energy lobbyists in a meeting on Capitol Hill where he implored them to ask members they knew to vote against the creation of the committee.

“He said, ‘Let’s support Dingell on this,’” one lobbyist who attended the meeting said.

In an effort to ease opposition from Dingell and others, Pelosi wrote in her memo that the select committee would not have legislative authority and would be disbanded after two years. But the idea still makes members nervous, particularly those close to fossil fuel industries that would be among the hardest-hit under carbon dioxide caps. Dingell is a longtime supporter of the domestic auto industry, which could find it tough to comply with a tough global-warming bill.

“That’s what they always say,” one Democratic aide said of the limits the Speaker has put on the committee.

Lobbyists come into play because the creation of a select committee likely requires a floor vote.

Energy lobbyists largely sat out the debate on the tax subsidies, believing their efforts would be of more use in the Senate, where a closer voting margin improves the chances to alter some aspects of the package.

But the climate-change panel seemed to create a bigger stir on K Street. Democratic energy lobbyists began quietly to do their own whipping, fearing the select committee signaled a shift to the left on climate change.

The issue holds “enormous consequences” for their clients, one of the lobbyists said.

“It’s game-changing for the entire economy,” the lobbyist said.

Increasingly, however, businesses are coming forward seeking clarity on the issue of climate change. General Electric, DuPont, Alcoa and Duke Energy announced the creation of a coalition to press the administration and Congress to address global warming through efforts like a mandatory cap on carbon dioxide.

Democratic lobbyists, meanwhile, concentrated on members from energy-producing states, so-called oil-patch members already a little peeved at the repeal of billions of dollars in tax breaks the industry now receives, and on the Congressional Black Caucus (CBC), one of the most powerful subgroups within the Democratic Caucus.

Lobbyists argued, according to a Democratic aide and a lobbyist, that traditional committee structure is more suited to the interests of the Blue Dogs and the CBC, which has several members in charge of congressional panels.

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A select committee likely requires a floor vote. Lobbyists said Speaker Pelosi could still create a lesser panel -— a task force, for instance — that wouldn't require a vote.

Energy and Commerce Democrats met Friday, after which Dingell wrote a memo that summed up his position: "This entity would exist for a fixed period of time and can take the form of a Speaker's Committee within the Democratic Caucus or a Task Force of the House," the memo stated.

But a source close to the Speaker said a vote is likely to be held, although given the remaining confusion over what authority the panel would possess, the vote is likely to be delayed until after this week.

Some Dems Angry With Rep. Markey And New Energy Panel (HILL)

By Jonathan E. Kaplan

The Hill, January 23, 2007

"Let's get in his grille," said Rep. Anthony Weiner (D-N.Y.), referring colloquially and aggressively to Rep. Edward Markey (D-Mass.).

Weiner was talking to fellow Democrats on the House Energy and Commerce Committee panel last Thursday; they were disgruntled about Speaker Nancy Pelosi's (D-Calif.) plan to take away some of their turf by creating a Select Committee on Energy Independence and Global Warming with Markey at its head.

"Guys from Boston are soft," Weiner added, according to sources at the private meeting last Thursday, and said they should constantly preempt Markey by holding Energy and Commerce panel hearings a day before any scheduled hearing by the new select panel. If Markey traveled to Stockholm, Energy and Commerce members would travel to Stockholm, he said. Lawmakers and aides present chuckled.

Some liberal Democrats are said to be frustrated with Rep. John Dingell (D-Mich.), the Energy and Commerce chairman, who is closely allied with the auto industry and opposes some measures, such as increasing gas mileage standards, to reduce greenhouse gases.

But a cross-section of members are frustrated with Markey.

Energy and Commerce committee members worry that creating a select panel would set a bad precedent. (The Homeland Security panel started as a temporary committee, but is now permanent.) They debated why a task force could not accomplish some of the same goals, said sources in the room.

"Members are angry with Markey because he already had a platform on these issues with three good committee assignments," said a senior Democratic aide. "Now it looks like he's trying to take away more from other members to add to his own portfolio."

Another senior Democratic aide who is an ally of Markey said, "The Speaker is turning to Markey because his past assignments ensure that he knows what he's talking about, and also because he has frequently helped the party by stepping aside when extra slots were needed on his other committees, and here again, this new select committee helps the Speaker by creating extra slots to help members get good assignments."

Since the Democrats recaptured the House, Markey has angled to move up the committee ladder. He is the third-ranking Democrat on the House Energy and Commerce Committee and serves on the Homeland Security and Natural Resources committees.

Markey suggested late last year that he wanted to head the House Resources Committee. Rep Nick Rahall (D-W.Va.), now chairman of the House Natural Resources Committee, had been the ranking Democrat, but Markey had more seniority.

Markey also expressed interest in reclaiming his seniority on the U.S. Helsinki Commission, which is part of the Organization for Security and Cooperation in Europe, but Pelosi named Rep. Alcee Hastings (D-Fla.) to the post, Democratic sources said.

Markey, 60, arrived in Congress in 1976 after winning a special election. He's become known for his expertise on telecommunications, energy and health issues. But he also is considered a media hound and his critics noted his penchant for foreign travel and being seen at A-list gatherings, such as last year's Academy Awards and the World Economic Forum in Davos, Switzerland.

Markey spent the weekend in Boston and returned to Washington yesterday. No further decisions had been made, said a committee aide.

The only lawmaker on Pelosi's side was her longtime friend, Rep. Anna Eshoo (D-Calif.). She said the panel was a "great idea" and didn't understand what everyone was worried about, according to Democratic sources familiar with the discussion.

The drama did not end Thursday.

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On Friday, Dingell met Democratic Reps. Markey, Henry Waxman (Calif.), Rick Boucher (Va.), Bart Gordon (Tenn.), Bobby Rush (Ill.) and Albert Wynn (Md.). He wrote in a memo that "we should work with Markey toward achieving the Speaker's objectives of creating a communications entity through a different structure."

That's not quite how Markey remembered it, David Moulton, Markey's chief of staff, wrote in an e-mail.

"Rep. Markey appreciated the dialogue that the members had this morning. It was constructive and helpful," he wrote, adding that Markey did not share the same recollection of the meeting as some participants. The consensus, as far as there was one, was that the select committee would not have legislative power and it would last two years.

"He did not agree, however, that what Pelosi had proposed needed to be restructured," Moulton wrote.

Pelosi wrote in a memo released Friday, "This [committee] will be a bipartisan entity with no legislative authority [and] will be created only for the current Congress, and will not be extended beyond that date."

If the proposed select committee were transformed into a task force, the committee chairmen would have more say in legislation. In 1982, former Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) forced the House Democratic Caucus to adopt a rule that gives committees five legislative days to review, consider or report on any legislative measure taken by an ad hoc task force, according to a Congressional Research Service report.

'Energy Independence' (WSJ)

By Daniel Yergin

The Wall Street Journal, January 23, 2007

A cry is being heard across the nation, and loudly so in Washington. It is the call for "energy independence," and it will be at the center of the national energy debate over the next several months, providing the rationale for new policies and expansion of existing ones. Indeed, one might even anticipate a "declaration of energy independence" this July 4.

But what does "energy independence" mean for a $13 trillion economy that uses the equivalent of 50 million barrels of oil every day? Is it realistic and achievable? Or is it rhetorical overreach that will lead, as in the past, to disappointment and cynicism, the kind that drives the cycles of inconsistency in energy policy and leaves the U.S. no less vulnerable? The latter is more likely -- at least without a realistic appraisal of the U.S. position and the country's possibilities. But "energy independence" can provide a constructive framework for policy if it is properly thought through and the realities are recognized. * * *

With geopolitical turmoil, volatile prices and continuing reminders of the international political power of oil, the concept of energy independence is compelling and deeply appealing. In fact, it has been appealing for quite some time. The idea was introduced by Richard Nixon in November 1973, three weeks after the Arab oil embargo, when he introduced "Project Independence" and pledged that the U.S. would, within seven years, "meet our own energy needs without depending on any foreign energy source." It was a bold assertion but one that puzzled his own advisers. "I cut the reference to 'independence' three times from the drafts, but it kept being put back," recalled Richard Fairbanks, a drafter of the speech. "Finally, I called over, and was told that it came from the Old Man himself." Nixon knew that energy independence was something that Americans would crave after the 1973 oil shock: He deliberately modeled his Project Independence on John F. Kennedy's Apollo goal of getting a man on the moon within a decade.

Back then, the goal may have seemed only somewhat unlikely. After all, when Nixon began his political career after World War II, the country already had a long history of energy independence -- and then some. For it had actually been the world's No. 1 oil exporter; indeed, out of seven billion barrels of oil used by the Allies in World War II, six billion were produced in the U.S. By the late 1940s, the U.S. had become a net importer of oil, although the real surge in imports did not begin until the 1970s.

It proved much easier to get a man on the moon than to make a nation energy independent. In the three and a half decades since Nixon, the U.S. has gone from importing a third of its oil to importing 60%, and that share is set to continue rising. The country is on a similar path for natural gas (which is about 25% of our total energy usage). North American supply has flattened out. Yet large amounts of new natural-gas-fired electric power generation have been added over the last decade, which means that demand will increase. Natural gas is also used in the making of ethanol, adding to the demand growth. This means growing imports of liquefied natural gas -- LNG -- rising from 3% of our current demand to more than 25% by 2020.

All of which suggests that thought needs to be given both to what energy independence means and what can be achieved. For, right now, the U.S. is moving at some speed in the opposite direction, toward greater integration into the global energy markets.

How dependent is the U.S.? If we look at total energy -- including coal, nuclear and a small but growing share from renewables -- the country is over 70% self-sufficient. Oil -- refined into liquid fuels for transportation -- is where most of the current dependence comes from. The risks do not owe to direct imports from the Middle East, contrary to the widespread belief. Some 81% of oil imports do not come from that region. Thus, only 19% of imports -- and 12% of total petroleum consumption -- originates in the Middle East

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Our largest source of oil imports is Canada. It's also the source of most of our current natural gas imports, via pipelines. One can hardly say that either Canada or energy imports from Canada constitute a major threat to national security. The energy trade is part of a normal trading relationship with the country with which we're conjoined economically and which just happens to be our biggest trading partner. Our second largest source is Mexico, with which we are also in a dense relationship. Mexico depends upon oil for about a third of total government revenues.

The picture becomes more complex when one turns to our third largest source of oil imports, Venezuela. The once much-discussed "hemispheric energy solidarity" loses much of its resonance when balanced against the "21stcentury socialism" of Venezuela's Hugo Chávez. After all, President Chávez is currently nationalizing the private sector, has on occasion threatened to embargo oil shipments to the U.S., and is putting much effort into fashioning an anti-U.S. alliance, the latest manifestation being the visit of Iranian President Ahmadinejad to Caracas. These are not the actions one normally associates with a good friend or a reliable trading partner.

Yet the source of imports is significant only up to a point. Energy security is a global issue. Although oil around the world varies greatly in terms of physical qualities and transportation costs, there is only one world oil market. So disruptions and loss of supply in one place radiate throughout the global market -- and global politics -- affecting consumers everywhere. Even if the U.S. did not import a drop of oil, it would still be vulnerable to turmoil involving oil outside its borders.

What are the prospects for "energy independence" in the way that Richard Nixon defined it 34 years ago -- that is, 1930s-style "autarky" and total self-sufficiency? Based on where we are today, very small, at least for a couple of decades. In terms of vehicles, as pointed out in our new study on "Gasoline and the American People," only about 8% of the auto fleet turns over every year. So the lead times are long for more efficient vehicles to enter the fleet. Ethanol, derived from corn, is on track to grow to about 10% of our total gasoline pool in a few years. This is certainly not inconsequential; it represents diversification and is equivalent to creating a new Indonesia-level oil-producing country in America's Midwest. But signs are already evident of an upper bound on corn-based ethanol, as the fuel-versus-food trade-off pushes up corn prices, setting off vocal protests from livestock growers and dairy farmers and, in due course, from those who buy breakfast cereals and soft drinks made with high fructose corn syrup.

What about technological advances that provide new answers? There is a "great bubbling" all along the innovation frontier of energy, ranging from conventional energy and efficiency to, especially, renewables, alternatives and "clean tech." Activity this wide-ranging has never been witnessed before. The impact could well be considerable, or even transformative. One would be very hard-pressed today, however, to say when and what form this impact will take.

In the end, if energy independence is presented as self-sufficiency, it will likely fall flat. And, as prices run through their cycles, disappointment will undermine the longer-term commitments that are required for a sound energy future. Today, quite simply, cutting ourselves off from global energy markets is not realistic.

But, if the goal of energy independence is understood differently, to mean energy security -- resilience, robustness, reduced vulnerability -- then it is much more useful.

This kind of definition recognizes that trade, in itself, is not bad. At the same time, it emphasizes the central goal of diversification -- encouraging investment and higher levels of research and development in both alternative and conventional energy sources. It means a new push for energy conservation, higher energy efficiency, lower energy intensity -- a theme that German Chancellor Angela Merkel will make the centerpiece of her agenda as chairman of the G-8 countries later this year. It certainly requires a consistent commitment to pushing the innovation frontier in ways that, eventually, lead to economically competitive alternatives and new technologies.

And it requires an understanding that this kind of energy independence -- as measured in energy security -- actually requires interdependence with other nations, both consumers and producers of energy. Indeed, how we manage our relations with other countries and other regions is a very essential ingredient for our own energy well-being.

Mr. Yergin, chairman of Cambridge Energy Research Associates, is writing a book on energy and geopolitics.

Getting Hydrogen Cars To Live Up To Their Hype (WP)

By Sholnn Freeman

Washington Post, January 23, 2007

The Ford Edge gliding along the George Washington Memorial Parkway doesn't have spinning rims or a booming sound system. The bling in this SUV is the technology. The vehicle runs almost silently. It needs no gas and releases no polluting exhaust.

The HySeries Edge, which is to be unveiled at the Washington Auto Show today, is a plug-in hybrid with an electric drive powered by a battery and a hydrogen fuel cell. Its arrival intensifies the competition to manufacture a mass-market electric hybrid that reduces reliance on gasoline and curbs the emission of greenhouse gases.

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But the futuristic Edge vehicle is Ford's only one, and it cost $2 million to build. To get a car like this into the showroom for sale to the public will require the automotive and energy industries to leap high technological hurdles. The infrastructure to deliver alternative fuels such as hydrogen is in its infancy, and engineers are puzzling over how to mass-produce a lightweight, inexpensive and safe electric battery.

Because development costs are steep, the industry is hoping President Bush will announce his intention to increase research funding during his State of the Union speech tonight. Already the government pumps millions of dollars into the development of automotive technology. The carmakers frame their latest request as a battle cry against Japanese rivals, whose fuel-efficient models have cut sharply into the U.S. market. They have asked for as much as $500 million for battery research and development.

The Edge plug-in, a vehicle Ford calls the first drivable plug-in hybrid from a major auto company, is one result of a $44 million matching grant from the government, which has gone into a variety of projects. Its on-board fuel cell is used to recharge the battery while driving; it has a range of 225 miles with fuel cell recharging. The vehicle also can be plugged in for recharging.

Its appearance on the roads around the District tries to trump General Motors' entry in the race. This month, GM revealed an electric plug-in hybrid with a small gas engine. But while GM's vehicle, the Volt, looked sharp under glass on the floor of the Detroit auto show, there was no road-ready version.

"We are past this being a science experiment," said Mujeeb Ijaz, who directs Ford's hydrogen plug-in Edge project. "It's a tough road to commercialize. It takes support."

The Department of Energy is finalizing a comprehensive plug-in plan, according to industry and government officials who spoke on condition of anonymity because the plan has not been announced. The goal is to get plug-ins on the road within the next several years.

During the Clinton and Bush administrations, the federal government has spent hundreds of millions of dollars a year on advanced automotive technology. Joseph Romm, an Energy Department official in the late 1990s, estimates the total expense at $3 billion since the early 1990s.

President Clinton launched an initiative called the Partnership for a New Generation of Vehicles. The goal of the program was to deliver an advanced hybrid family sedan that could get 80 miles per gallon.

The Bush administration revised the program when it took power. In his 2003 State of the Union address, Bush said the goal of the government's auto policy would be to advance hydrogen technology in cars.

"As soon as George Bush got elected, the U.S. car companies walked away from the partnership and didn't continue developing hybrids," Romm said. "And the Japanese did. As a result, they ended up the leaders."

Producing electric batteries for automobiles presents several challenges. The preferred technology is found in lithium-ion batteries, which are smaller and lighter than others and have the capability to store two to three times as much power. But without the benefits of mass production, the batteries are still far too costly.

Battery engineers are also working on the safety problems of lithium-ion batteries. Under certain conditions, some of the materials in the batteries are unstable and can ignite or explode when packed together. Scientists have been working on reducing the risk, but technologies needed for those improvements make the batteries less powerful and less effective. Engineers are also testing to make sure the batteries can survive a 15-year lifetime without malfunctions.

Ford's Ijaz said the biggest hurdle is getting the costs down. Among the vehicle's other expenses, fuel cell technology is dependent on precious metals such as platinum.

"History shows that we are making the steps," he said. "Before, there were no fuel cell cars. Ford has 30. We've cut the weight of fuel cell power by half. The auto industry is pushing forward."

Judge Moves 'Divine Strake' Court Hearing Up To Jan. 31 (AP)

AP, January 23, 2007

A federal judge has pushed forward by one day a scheduled hearing on a proposed non-nuclear explosion that authorities say would generate a mushroom-shaped dust cloud in the Nevada desert.

Judge Lloyd George cited a scheduling conflict in moving the date of the telephone conference call to January 31st. A Justice Department lawyer from Washington is due to provide an update of the federal Defense Threat Reduction Agency proposal. No date has been set for the blast.

It would involve detonating a 700-ton ammonium nitrate and fuel oil bomb at the Nevada Test Site -- about 85 miles northwest of Las Vegas.

Government officials call the test important for gathering data about penetrating hardened and deeply buried targets. Critics have called it a surrogate for a low-yield nuclear "bunker-buster" bomb.

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They say it'll scatter dust contaminated nuclear weapons tests at the test site. The explosion has been postponed since Western Shoshone tribe members and "downwinders" in Utah and Nevada filed suit last year.

Judge Revisits Land-use Plan Suit (SLT)

By Joe Baird, The Salt Lake Tribune

Salt Lake Tribune, January 23, 2007

Feds, environmental groups argue that claims of harm from Grand Staircase plan won't hold up

The federal government and environmental groups got a do-over Monday in their bid to dismiss a lawsuit filed by Kane and Garfield counties that seeks to overturn the Grand Stair- case-Escalante National Monument's land-use plan.

U.S. District Judge Ted Stewart originally heard arguments to dismiss the suit last fall, then recused himself. Judge Bruce Jenkins replaced Stewart, and opted to hear the arguments for a second time at the Moss Courthouse in downtown Salt Lake City.

But where Stewart seemed skeptical of the government's contention that the counties could show no harm from the monument plan - and thus had no standing to bring the suit - Jenkins appeared dubious that the counties could make their claims stick without laying out more specifics.

Jenkins also challenged the counties' argument that they have been permanently tied to the decisions made by the Bureau of Land Management in 1999 that regulated travel, water diversions and other land uses in the monument.

"What statute do you point to showing that this is a final agency action?" Jenkins asked Shawn Welch, the counties' attorney, during the nearly two-hour hearing.

The counties have claimed that there is a large network of county-owned roads that criss-cross the 1.8 million-acre monument that the BLM has refused to recognize.

"The BLM knows what is out there. They know there were historical uses. We'd like the court to look at the record," said Welch.

Welch also charged that the BLM's refusal to allow the diversion of monument water to Kane County usurps the authority of the state engineer and is illegal.

Justice Department attorney Tom Snodgrass once again argued that the counties have failed to prove any road ownership claims beyond four routes that were recognized in the land-use plan - and thus could show no harm.

"The plan leaves the door wide open for the counties to come [to court] and prove their claims," added attorney Ted Zukoski, representing the Southern Utah Wilderness Alliance.

Snodgrass reiterated that the counties' water claims also fall short, saying that the monument's water resources are backed by federal law.

Jenkins took the dismissal request under advisement, though also indicated a quick decision would be forthcoming.

jbaird@sltrib.com

Lack Of Budget Could Hurt Nuclear Energy Revival, Official Says (NYT)

By Matthew L. Wald

New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The senior member of the Nuclear Regulatory Commission warned on Monday that the failure of Congress to pass a detailed budget for the current fiscal year could damage the nuclear renaissance that the government tried so hard to encourage with the energy bill of 2005.

No one has applied for permission to build a power reactor since the 1970s. But with the incentives offered by the federal government in 2005, utilities are considering building about 20 reactors, and several of them are expected to apply for authorization this year.

The commission member, Edward McGaffigan Jr., said that if the commission received applications this year, “we basically are going to have to put them on the shelf, because we’re not going to have the folks to work on the applications until well into calendar year 2008.”

Congress passed only 2 of the 11 spending bills for the fiscal year that began Oct. 1, 2006, those covering the Pentagon and the Homeland Security Department. The rest of the government has been operating under a “continuing resolution,” a stopgap measure that finances most agencies at the previous year’s levels. Democrats say they plan to extend that resolution through Sept. 30, the end of the fiscal year.

According to the nuclear commission, under a continuing resolution its budget would be lower by $95 million, or about 12 percent, compared with the level approved by the House and Senate Appropriations Committees but never by the full Congress.

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Most of the commission's budget comes from fees paid by companies licensed to use radioactive material. The agency has been arguing on Capitol Hill that giving it the amount already approved by the Appropriations Committees would require only $13 million of general tax revenues.

Mr. McGaffigan said that if the commission could not process applications, some companies wanting to build would decide to wait. But he said that "some, seeing the instability, may disappear" and build coal plants instead.

Earlier this month, Mr. McGaffigan, saying he had metastatic melanoma, told the White House that he would serve only until a successor could be confirmed. He spoke Monday at a meeting with reporters organized by Platts, an energy information company.

Mr. McGaffigan also said that the Energy Department should begin looking for alternatives to Yucca Mountain, in Nevada, for disposing of nuclear waste. When he came to the commission in 1996, he said, the opening of the repository was said to be 14 years away; now it is probably 20 years away.

"There's just tremendous uncertainty," he said, "and each year that passes, we're not going to get any closer to Yucca under the current circumstances." He said the government should look for a site where there was local cooperation.

Keeping Up With Nigeria (NYT)

By Karin Lissakers

The New York Times, January 23, 2007

IN the last six months, media coverage, Congressional hearings, lawsuits by private citizens and a scathing report by the Interior Department's inspector general have exposed a litany of failures in the department's management of oil and gas leases on public lands and waters.

These failures have lost the government billions of dollars in royalties. They have become so glaring, in fact, that there is even speculation that the president, a good friend to the energy industry, might speak about them in his State of the Union address tonight.

If he does, he would only be about a term-and-a-half too late. Our government's record on resource revenue management — a bipartisan record, one should add — looks more like that of a corruption-ridden failing state than that of an advanced industrial country. Many of the same failures we criticize elsewhere — for example, the mismanagement of the Iraqi oil industry — are rampant here.

Like the Iraqi government, the United States government lacks the systems to determine exactly how much oil and gas is being produced on federal properties. Private lawsuits and state investigations have exposed systematic underpayment by companies on gas leases, yet the Interior Department relies on these companies to tell the government how much they owe, with no independent verification.

The department's inspector general, Earl E. Devaney, found that the government's bookkeeping is so poor that it does not actually know how much money it recovered, nor how many audits it conducted. The inspector general also found the department unable to verify quantities and prices for payments-in-kind (when the government takes a share of the oil and gas instead of cash), which are a growing portion of the royalties the government collects.

Interior's mismanagement is compounded by the secrecy that surrounds the entire enterprise. Though these are payments to the government for oil and gas extracted from public lands, companies are not required to disclose either payments or production levels to the public. The department says such data must be protected, because it could reveal pricing strategies and cost structures.

Such secrecy is contrary to the public's right to know what is being done on public lands. It is also contrary to an emerging international standard of transparency and accountability regarding oil, gas and mining revenues — standards that the United States is pressing developing countries to adopt.

What's more, energy companies have shown a willingness to comply with these standards. BP almost got kicked out of Angola for trying to disclose its payments there without Angola's permission. Newmont and other mining companies have started posting on their Web sites information about taxes and fees they pay to individual governments. Statoil, a large international operator, is required by Norwegian law to report, country by country, all taxes paid at home and to foreign governments.

ExxonMobil, ChevronTexaco, Shell, Total, Anglo American and many other international oil and mining companies are part of the international Extractive Industries Transparency Initiative — under which they report all royalties, taxes, fees, bonuses and payments-in-kind.

In some countries that take part in the initiative, company payments are lumped together before publication. Nigeria, however, requires individual disclosure. Surely the United States should not have a lower standard of disclosure than Nigeria.

Congress, with the president's encouragement, should insist that the United States practice at home the transparency it preaches abroad. It should enact a requirement that all companies extracting oil, gas and other minerals from federal lands

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publicly report all of their production on those lands and all royalties and other payments made to the federal government from that production.

Only then can the American public have confidence that the taxes owed by those who have benefited from the use of our public lands are being properly accounted for and fully collected.

Troubled Waters (WP)

The Washington Post, January 23, 2007

THE PROMISE of massive redevelopment in the District -- new neighborhoods, office buildings, parks, retail complexes, and baseball and soccer stadiums, with the Anacostia River as an urban centerpiece -- could wind up mired in muck. As reported in distressing detail by staff writer David A. Fahrenthold, the river is disgracefully dirty, brimming with trash, toxic chemicals, dead animals, diseased fish and raw sewage. At least the Potomac River and the Chesapeake Bay have constituencies pressing for improvements in those waters; but without a groundswell to revive the Anacostia, potential developers may hold their noses and turn away.

With a ballpark already blooming near the Frederick Douglass Memorial Bridge, city officials and the owners of the Washington Nationals have a large stake in the redevelopment of this area. So, too, will the new owners of D.C. United, who have started a public push for a $150 million soccer stadium in Southeast. If a partnership with the District government does materialize, Mayor Adrian M. Fenty and the D.C. Council should insist that the team's owners ante up for a serious Anacostia River cleanup. Similar commitments should be extracted from other developers. After all, it is in their interest.

One revolting source of pollution is the District's sewer system, designed more than 100 years ago to dump raw sewage into the river during rainstorms. The D.C. Water and Sewer Authority has a plan to dig huge tunnels under the city to store this flow and then treat it to remove the sewage. But the agency's chief of staff, Johnnie Hemphill, told The Post that the project could take close to 20 years and $2 billion. This month, the U.S. Supreme Court let stand a lower court's ruling that set stricter caps on the amounts of pollutants dumped into the Anacostia. Jerry N. Johnson, the water and sewer authority's general manager, said the new rules may slow the project while officials figure out how to adapt. But the cleanup must go faster, not slower.

Maryland, home to more than 85 percent of the Anacostia's watershed, must help, too. Chesapeake Bay Foundation President William C. Baker says runoff from Montgomery and Prince George's counties is a significant river pollutant. The foundation is pressing for stricter requirements in federal Clean Water Act permits. No single pollution solution exists, but until federal, state and local officials develop a sense of emergency, the Anacostia River will continue to dampen the chances of economic vitality in the core of this region.

FBI/DEA/ATF/USMS:

Judge Overseeing Arellano Felix Case Disagrees On Trial Timing (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 23, 2007

SAN DIEGO – The federal judge overseeing the possible death-penalty trial of accused drug cartel kingpin Francisco Javier Arellano Felix sharply disagreed with lawyers for both the defense and the prosecution over when a jury would hear the case.

Prosecutors and defense lawyers told U.S. District Judge Larry Alan Burns Monday that they could be ready to take the case to trial in June 2008.

Burns disagreed and refused to put the case off that far.

He has been pushing the lawyers to get the case before a jury quickly, at first saying that it should go this spring, but now insisting it can get started this year.

The lawyers say that's impossible, given the voluminous evidence gathered against Arellano and the fact that before the case can go forward, U.S. Attorney General Alberto Gonzales has to decide whether prosecutors will seek the death penalty.

Arellano is accused of racketeering and conspiracy, and could face the death penalty if convicted of operating a continuing criminal conspiracy that has led to several murders.

Also accused in the case is Manuel Arturo Villarreal Heredia, who prosecutors say was a top Arellano Felix henchman who ordered the beheadings of Rosarito Beach police officers last year.

Burns said he had hoped to appoint a publicly paid lawyer for Villarreal by now, but has not yet found one willing and able to take the case.

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Prosecutors said the cartel is responsible for moving tons of drugs north across the border, smuggling millions of dollars south and murders and kidnappings both in the United States and Mexico.

Onell Soto: (619) 293-1280; onell.soto@uniontrib.com

Mexican Drug Lords Appear In U.S. Court (AP)

AP, January 23, 2007

HOUSTON (AP) -- With federal agents armed with automatic weapons standing guard on the courthouse roof, four drug lords who had been serving time in Mexican prisons were brought shackled into an American courtroom Monday to face drug and intimidation charges.

Among them was Osiel Cardenas-Guillen, believed to be one of the kingpins most responsible for violence along the Texas-Mexico border in recent years, said Karen Tandy, chief of the U.S. Drug Enforcement Administration.

"This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," Tandy told reporters by teleconference from Washington.

The Mexican government was willing to extradite Cardenas-Guillen and the other suspected drug lords because they had been able to continue their drug operations from within prison in Mexico, not because of U.S. pressure, officials said. They were flown into Houston late Friday and early Saturday.

They faced a federal magistrate under extraordinary security measures, including agents with automatic weapons perched on the roof and around the outside of the downtown federal building.

Besides Cardenas-Guillen, the group includes Hector Palma Salazar, the suspected former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana.

Cardenas-Guillen, a former federal police officer in Mexico, faces 17 counts of drug importing and distribution, as well as three charges of threatening a federal agent and one count of money laundering. He faces a maximum sentence of life in prison if convicted.

Prosecutors said that the charges against Cardenas-Guillen originate in South Texas, but that he will be held in Houston, 350 miles from the border, out of concern for witness safety and border protection.

Cardenas-Guillen's lawyer, Robert Yzaguirre, said he hadn't had any time yet with his client.

The Guerreros, who face drug and money laundering charges, and Palma, who faces a charge of conspiracy to distribute cocaine, did not have attorneys with them.

Along with the suspected drug kingpins, Mexico also extradited 11 people wanted in the United States on charges including murder, drug trafficking, kidnapping and sex crimes. They also appeared in court Monday.

In all, 12 made their initial appearances in federal court, while three appeared in state district court in Houston. Most were set to have bond and arraignment hearings later this week. Cardenas-Guillen's was set for Feb. 1.

Once these hearings are done, the individuals are to be transferred to states where charges against them were originally filed, including California, New York and Colorado. Cardenas-Guillen is to remain in Texas, as will two other people. The Guerreros and Palma are to be transferred to California.

Mexico has recently shown more willingness to extradite drug lords, even those facing life in prison. A record 63 were sent to the U.S. in 2006 alone. However, it refuses to extradite anyone who would face the death penalty, which is illegal in Mexico.

Mexican President Felipe Calderon pledged Monday to wage a permanent war on organized crime.

"This is a permanent fight in which, unfortunately, many have lost their lives," he said. "We are fighting without pause so that these sacrifices will not have been in vain."

Associated Press writer Mark Stevenson in Mexico City and photographer Pat Sullivan in Houston contributed to this report.

Mexico's President Pledges War Against Organized Crime, Promises Better Police (AP)

By Mark Stevenson

AP, January 23, 2007

MEXICO CITY -- President Felipe Calderon pledged Monday to wage a permanent war against organized crime by coordinating more closely with local police and giving all law enforcement better training, equipment and intelligence work.

Calderon has largely relied on federal police and soldiers for a series of massive anti-crime sweeps in several Mexican states, but he has said future efforts will need to rely more on local police.

"In order to win the war on crime, it is indispensable that we work in a united manner," Calderon told a national gathering of state governors and top public safety officials.

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His comments came three days after his administration extradited four alleged drug lords and 11 other suspects to the United States. He said he wouldn't give up the battle.

"This is a permanent fight in which, unfortunately, many have lost their lives," said Calderon. "We are fighting without pause so that these sacrifices will not have been in vain."

Karen Tandy, chief of the U.S. Drug Enforcement Administration, described the extraditions as "an enormous leap forward."

"Most were major drug traffickers. Many were long-term targets of the United States. All now face their worst fear: U.S. justice," Tandy said in a media conference call Monday. "On behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives."

Tough-to-control prisons, untrained or corrupt local police, and citizens' distrust of police are all major obstacles that Calderon faces in his crackdown on drug violence that includes executions, gunbattles and beheadings.

He said on Monday that he hopes to use the federal operations to strengthen local police, although in some cities, like Tijuana, one of federal agents' first jobs has been to investigate local forces for alleged corruption or violence.

"We will extend and fortify joint operations against organized crime, with the aim of having these operations result, in the end, in leaving behind strengthened local police forces," Calderon said.

He proposed better training, equipment, vetting and intelligence work, including a unified national criminal information data center.

"The idea is for all police forces in Mexico -- local, state and, of course, federal -- to comply with standards that will ensure that the public can trust our police," he said.

Four Extradited Mexicans To Appear In Texas Court On Drug Charges (AP)

By JUAN A. LOZANO

AP, January 22, 2007

HOUSTON

More than a dozen leaders and workers in Mexico's most brutal and powerful drug cartels were brought before a federal magistrate in Houston Monday before being shipped to several states to face charges.

They face various drug-related charges in different states, including New York, Colorado and California, officials said.

Among the 15 individuals extradited were four alleged senior cartel leaders, including Osiel Cardenas-Guillen, believed to be one of the kingpins most responsible for violence along the Texas-Mexico border in recent years, said Karen Tandy, chief of the U.S. Drug Enforcement Administration.

Besides Cardenas-Guillen, allegedly the leader of the powerful Gulf cartel, the group includes Palmas Salazar, the alleged former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, former chiefs in the Arellano-Felix cartel in Tijuana, Mexico.

The Mexican government was willing to extradite the alleged drug cartel leaders because they had been able to continue their drug operations from within Mexican prisons.

They faced a federal magistrate under extraordinary security measures, including agents with automatic weapons perched on the roof and around the outside of the downtown federal building.

"This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," Tandy told reporters. "These people are drawn from the (Tijuana, Juarez, Gulf and Federation) cartels. The level of these leaders is extraordinary."

Cardenas-Guillen, who was shackled and wearing a blue prison jumpsuit, faces 17 counts of drug importing and distribution as well as three charges of threatening a federal agent and one count of money laundering. He faces a maximum sentence of up to life in prison. He answered the magistrate's questions through a translator.

Prosecutors said the charges against Cardenas-Guillen originate in South Texas, but he will be held in Houston, 350 miles north of the Mexican border.

Cardenas-Guillen's lawyer, Robert Yzaguirre, said he hadn't had any time yet with his client.

Mexican President Felipe Calderon pledged Monday to wage a permanent war on organized crime.

"This is a permanent fight in which, unfortunately, many have lost their lives," said Calderon. "We are fighting without pause so that these sacrifices will not have been in vain."

Eduardo Medina Mora, Mexico's attorney general, said Sunday the four defendants were extradited to stop them from communicating with their cartels from behind bars and to reduce the risk of violence and escape, not because of U.S. pressure.

"This decision was a unilateral and sovereign one by the Mexican government," Medina Mora said in Mexico City. The aim was to break any "physical and geographical" contact they might have had with their gangs while in Mexican prisons. He also said Mexico plans to extradite other criminals and suspects who have exhausted their legal appeals.

Mexico has recently shown more willingness to extradite drug lords, even those facing life in prison. A record 63 alleged criminals were sent to the U.S. in 2006 alone. However, it refuses to extradite anyone who would face the death penalty, which is illegal in Mexico

Along with the four drug lords, Mexico also extradited 11 alleged criminals wanted in the United States on charges including murder, drug trafficking, kidnapping and sex crimes.

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Associated Press writer Mark Stevenson in Mexico City and photographer Pat Sullivan in Houston contributed to this report.

Alleged Cartel Members Extradited To Texas (USAT)

By Donna Leinwand, Usa Today

USA Today, January 23, 2007

A suspected Mexican drug lord whose cartel allegedly smuggled more than 4 tons of cocaine a month over the U.S. border will stand trial in Texas.

Osiel Cardenas-Guillen, the alleged kingpin of the Gulf Cartel, and three other alleged drug lords appeared in a Houston court Monday. Mexican authorities delivered Cardenas-Guillen and 14 other alleged Mexican drug dealers and criminals to Houston late Friday and early Saturday, the Drug Enforcement Administration said.

"These extraditions are unprecedented in the history of Mexico," DEA Administrator Karen Tandy said Monday. "Did we get all of Mexico's major drug dealers? Not yet. But this past weekend, the U.S. and Mexico took an enormous leap forward."

Cardenas-Guillen, whose trademark was a gold-plated .45-caliber pistol, was charged in Texas in December 2000 with drug trafficking and threatening to kill federal agents, Tandy said. Cardenas-Guillen and his cohorts allegedly attempted to kidnap and kill a DEA agent and an FBI agent during a confrontation in November 1999, the indictment said.

"He killed his way up the ladder to lead the Gulf Cartel," Tandy said.

The Mexican army captured Cardenas-Guillen in 2003. He continued to run his cartel from a Mexican maximum-security prison, Deputy Attorney General Paul McNulty said.

McNulty said the largest-ever Mexican extradition of drug traffickers demonstrates newly elected Mexican President Felipe Calderón's commitment to confronting the country's drug gangs.

"We can't say enough about the overall effort going on with the Calderón administration," McNulty said. "They are demonstrating courage by taking on these organizations as they have."

Other defendants extradited this weekend included brothers Ismael and Gilberto Higuera Guerrero, alleged leaders of a cartel operating in Tijuana; and Gilberto Salinas Doria, who is charged with trafficking more than 200 tons of cocaine.

"Prosecutors have been working for years to make these cases," McNulty said.

Calderón Outlines Drug Fighting Plan (DMN)

By Alfredo Corchado, The Dallas Morning News

The Dallas Morning News, January 23, 2007

U.S. hails Mexican leader's extradition of accused cartel leaders

MEXICO CITY – President Felipe Calderón called on the political opposition Monday to share "co-responsibility" for fighting the drug war, and senior U.S. officials praised Mr. Calderón's "stunning" leadership in extraditing alleged Mexican drug lords to the U.S.

At a meeting of his security Cabinet, Mr. Calderón outlined an eight-point plan that calls for the creation of a national criminal database and higher standards for law enforcement officials. Mr. Calderón also called on leaders of the three major parties and Mexicans in general to leave aside their differences and focus on reinforcing their country's security.

"More than ever, Mexico demands co-responsibility," he said. "Mexicans expect much from us. We will not give up or give in ... because the progress of the nation is at stake."

On Friday Mexico extradited 15 criminal suspects, including four alleged drug kingpins from the nation's three top cartels, to the United States. In doing so, Mr. Calderón struck a blow against warring cartels, which killed about 2,500 people last year and turned large areas into lawless badlands.

The alleged drug traffickers were brought Monday before a federal magistrate in Houston before being shipped to several states to face charges, including New York, Colorado and California as well as Texas, officials said.

Since taking office in December, Mr. Calderón has sent troops and elite police units to tackle drug gangs and halt a surge in violence as rival cartels fight over smuggling routes and drug fields.

In Washington on Monday, senior U.S. officials praised Mr. Calderón. John Walters, director of the Office of National Drug Control Policy, said the Bush administration is prepared to "look at added resources" to help strengthen Mexican security.

Mr. Walters, speaking to reporters by telephone, was joined by Deputy Attorney General Paul J. McNulty of the Department of Justice and Karen P. Tandy, administrator of the Drug Enforcement Administration.

"This past weekend, the U.S. and Mexico took an enormous leap forward, particularly with the extradition of Mexican drug kingpin Osiel Cárdenas-Guillén," Ms. Tandy said, adding that Mr. Cárdenas' organization, the Gulf cartel, and its arm enforcement, the Zetas, were responsible for much of the violence along parts of the Texas-Mexico border.

"For the past eight years, he commanded one of the most brutal and powerful drug cartels in the world," Ms. Tandy said. "For the last four of those years, he did so from a Mexican prison. Today we put an end to his reign of terror."

Mexican Drug Lord Jailed In Houston (KHOU)

KHOU-TV, January 22, 2007

It is an unprecedented move Osiel Cardenas and 13 other drug suspects were extradited to the United States.

The alleged drug kingpin is accused of running one of the biggest drug cartels on the Texas/Mexico border.

The high profile extraditions included the alleged leader of the gulf cartel—which operates along the Texas-Mexico border and is blamed for escalating violence.

Federal agents in Mexico who transported reputed kingping Osiel Cardenas Guillen shot video that appeared on a website of the Mexican Newspaper el universal.

It shows Osiel Cardenas on a flight to Houston where he was handed over to DEA agents.

He faces charges in Texas including conspiracy to murder federal agents.

The U.S. Government praised the extraditions.

Mexico's attorney general says it is part of a crackdown on drug traffickers who continue to run their illegal business behind bars in Mexico.

Mexican President Sends Alleged Cartel King To Houston (KHOU)

KHOU-TV, January 23, 2007

It didn't look like downtown Houston, automatic weapons at the ready. It looked more like an image from a war zone, but unprecedented actions call for unprecedented measures.

Monday, Houston's federal courthouse was the epicenter of the war on drugs.

The head of the Gulf Cartel, Osiel Cardenas, said to be responsible for much of the violence along the Texas-Mexico border, was extradited to Houston from Mexico, along with 14 other major drug traffickers.

"They have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," said Karen Tandy, DEA Administrator.

"They" refers to the administration of Mexican President Felipe Calderon.

"The Calderon administration has taken a position in favor of law abiding citizens everywhere. By choosing to stand up to these organized criminals," said U.S. Atty. Gen. Alberto Gonzalez.

"This is the first time that the Supreme Court of Mexico has extradited cartel leaders and leadership, " said Tandy.

Federal agents shot video footage of Cardenas being brought into Ellington Field. He is considered to be one of the most dangerous drug kingpins in recent history that, according to DEA agents, transported up to six tons of cocaine per month to the U.S.

Most recently, it was suspected that he continued running his drug empire from inside his prison cell in Mexico.

"He killed his way up the ladder to lead the cartel, but now the drug lord is facing 17 federal charges, including the transportation of drugs, money laundering, and threatening to kill U.S. FBI agents. Now he's looking forward to the first day of the rest of his life," said Tandy.

In addition to Cardenas-Guillen, the group includes Palmas Salazar, the
alleged former leader of the Sinaloa cartel, and brothers Ismael
and Gilberto Higuera Guerrero, chiefs in the cartel in Tijuana.

After the initial court hearings the accused will be sent to various U.S. jurisdictions to face charges, some more than 10 years old.

John Walters is the U.S. drug czar and he calls these extraditions the beginning of the end for the Mexican cartels.

"Taken an enormously powerful and unprecedented step to take these structures down," he said.

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Alleged Mexican Kingpins In Court (HC)

By Marion Lloyd And Cindy George, Houston Chronicle

Houston Chronicle, January 23, 2007

Judge appoints lawyers for 12 of 15 defendants

He's known as the "Friend-Killer" and the "Crazy Man," testimony to his allegedly swift and ruthless rise to the pinnacle of Mexico's drug mafias.

Osiel Cardenas Guillen, the purported head of the powerful Gulf Cartel, is now facing trial in Houston on charges ranging from narcotics trafficking to threatening to kill U.S. federal agents.

U.S. officials say Cardenas is the biggest catch of the 15 Mexicans extradited to Texas on Friday and Saturday, in what they called unprecedented cooperation between the two countries. Other high-profile suspects include Hector "Blondy" Palma Salazar, an alleged former leader of the Sinaloa cartel, and brothers Ismael and Gilberto Higuera Guerrero, alleged lieutenants of the Tijuana cartel.

"Did we get all of Mexico's major drug traffickers?" Karen Tandy, head of the U.S. Drug Enforcement Administration, said Monday. "No, not yet. But this weekend the U.S. and Mexico have taken a tremendous leap forward, and particularly with Osiel Cardenas Guillen."

In Houston, 12 of the accused made their first appearances before a federal judge — most after having their indictments translated to them in Spanish. The dozen suspects are wanted on federal charges in Texas, California, New York, Colorado and Washington. They are accused of affiliation with the Tijuana, Juarez, Gulf and Federation cartels. The three others are being held on state charges in New York, Washington and in Ector County, Texas, where a child kidnapping and sex assault case is pending.

Calderon's vowThe people who are accused of running financially influential organizations asked for court-appointed lawyers. They said they worked menial jobs or not at all.

Houston was chosen as the first U.S. destination because federal officials "had to pick a location that would be as central and conducive to security and the resources that we needed to have available," Deputy Attorney General Paul McNulty said.

The extraditions came less than two months after Mexican President Felipe Calderon took office and vowed to clamp down on drug trafficking.

Top U.S. anti-drug officials on Monday praised Calderon and trumpeted the scope of the case.

"We cannot over-emphasize the significance of these actions," said McNulty.

"Mexico is extraditing to the U.S. for the first time defendants who have held serious high-level positions in the country's most significant drug cartels, and other serious violent criminals were included."

He added that none of the suspects will face the death penalty, a punishment that does not exist in Mexico.

"We have to make the assurances necessary for a successful extradition," McNulty said.

John Walters, director of the White House anti-drug office, agreed, calling it "a watershed event."

Tandy said Cardenas directed the trafficking of 4 to 6 tons of cocaine across the South Texas border each month — first from his base in the border city of Matamoros, and after his arrest in 2003 from a federal prison outside Mexico City.

Cardenas, 39, is also charged with leading an ambush of U.S. federal agents in Matamoros, across the border from Brownsville, in November 1999. Brandishing his trademark gold-plated .45-caliber pistol, Cardenas and a dozen of his henchmen surrounded a car carrying two agents from the DEA and the FBI and threatened to kill them if they didn't turn over an informant, Tandy said.

A former policeman, Cardenas in the early 1990s joined the Gulf Cartel under the leadership of Juan Garcia Abrego.

In 1992, Cardenas was arrested in South Texas and charged with smuggling 5 1/2 pounds of cocaine into the United States, according to U.S. federal court documents. The charges were later dropped and he was released a year later, according to news reports.

After Garcia Abrego was arrested and extradited to Houston in 1996, Cardenas quickly established control by killing off many of his rivals, officials from both countries say.

But his crowning move was luring dozens of members of an elite army squad to join his criminal ranks in 1998, they say. The Zetas, as the elite gang of hitmen is known, have been crucial to establishing the Gulf Cartel as one of the country's most powerful criminal organizations, officials say.

In March 2003, Mexican authorities triumphantly announced Cardenas' arrest in Matamoros. But rather than isolate him, they placed him in a cell alongside the accused Tijuana cartel boss, Benjamin Arellano Felix. The two joined forces, continuing to run their businesses by using banned cell phones, officials say.

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Last year, as the Gulf Cartel waged a turf war against its main rival — an alliance of several cartels known as the Federation — more than 2,000 people were killed in Mexico.

Prison operationsOperating from inside Mexico's notoriously corrupt prison system helped Cardenas cement his reputation as a kind of Robin Hood of the border, despite being behind bars.

In April 2004, he reportedly bankrolled a Children's Day party for thousands of flood victims in the border city of Piedras Negras, across from Eagle Pass, Texas.

Collaborators with bullhorns drove through nearby towns announcing that the gifts — including Nintendo sets and bicycles — were thanks to "Osiel Cardenas, friend of the poor," according to local news reports.

A month later, Cardenas hosted a giant Mother's Day celebration for working-class women in two border towns, where prizes included refrigerators and dining-room sets, local media reported.

However, Tandy said, Cardenas' glory days are now over.

"He killed his way up the ladder to lead the Gulf Cartel," she said, "and now he's looking forward to the rest of his life" in a U.S. prison.

Chronicle Washington Bureau reporter Michael Hedges contributed to this story.

More Extraditions To Come, Mexico Says (LAT)

By Sam Enriquez And Carlos Martinez, Times Staff Writers

The Los Angeles Times, January 22, 2007

Attorney general says transfer to U.S. of drug suspects severs criminal ties and restores the integrity of prisons.

MEXICO CITY — On the heels of the extradition of four top drug cartel leaders, Mexico's attorney general said Sunday he planned to send more suspects to face U.S. trials, tacitly acknowledging that corruption had allowed drug kingpins to direct operations even while in maximum-security Mexican prisons.

The latest round of extraditions Friday night — which also includes six other drug suspects of lesser rank — breaks ties between drug capos and "the structures of the criminal organizations in our country," Atty. Gen. Eduardo Medina Mora said. He added that the transfer of wealthy suspected traffickers to the United States would help return security and integrity to the prisons where they were held.

Aggressive extradition is emerging as the second prong of Mexican President Felipe Calderon's get-tough approach to the drug gang violence that killed more than 2,000 people nationwide last year. In January, 17 Mexican suspects have been handed over to U.S. authorities, a pace that would easily surpass last year's record 63 extraditions.

Calderon's first line of attack started shortly after he took office in December, when he began ordering the army, navy and federal police into several states, including his home state of Michoacan and the key smuggling cities of Tijuana and Acapulco.

Medina Mora said Sunday the army had also been working in Mexico's so-called Golden Triangle, where the states of Sinaloa, Chihuahua and Durango intersect in the western Sierra Madre. The mountainous region is a longtime center of marijuana and heroin production, and Sinaloa is home to Mexico's most notorious drug lords.

Federal forces in recent weeks have burned 2,500 acres of marijuana fields and nearly 2,000 acres of opium poppy fields, security officials said Sunday. They've confiscated 2.6 tons of cocaine and 20 tons of harvested marijuana.

Authorities say they have arrested 98 people, mostly low-level growers, workers and a few alleged assassins.

Disrupting business

Among those turned over to U.S. authorities late Friday was Osiel Cardenas, a former police officer and the reputed head of the so-called Gulf cartel. His group has been battling a Sinaloa-based Pacific Coast organization for control of lucrative smuggling routes along the U.S.-Mexico border. He has allegedly been running his operation from a maximum-security prison outside of Mexico City since his 2003 arrest.

Two of the other top drug leaders extradited were Cardenas allies from Tijuana, brothers Ismael and Gilberto Higuera Guerrero; and one, Hector "Guero" Palma, a competitor from the Sinaloa group.

"There are dozens of extraditions pending, but there are ongoing legal procedures that federal courts haven't yet resolved," Medina Mora said. Cardenas and the other drug leaders had exhausted appeals in their legal fight against extradition, he said.

Calderon's short-term goal, officials say, is to warn competing leaders that he will disrupt business unless they end the daily kidnappings, beheadings and torture in the war between Mexico's east and west coast factions.

"Mexicans can be sure that we will continue working to reclaim public spaces and to close down territory on criminals," Mexican Interior Secretary Francisco Ramirez Acuna said Sunday.

Nearly all the cocaine and marijuana consumed in the U.S., an annual market estimated at more than $50 billion, comes via Mexican smugglers, wholesalers and dealers. Based on 2005-06 border seizures, about 60% of the cocaine arrives in Texas, and California and Arizona each account for about 20%.

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Although experts believe some of the profits are invested in Mexican real estate and business, the Calderon administration worries that the drug war will scare off legitimate investors and hobble his promise to create millions of new jobs.

UPDATE: Drug Ring Busted After Two-year Investigation (TUSN)

By Stephanie Taylor, Staff Writer

Tuscaloosa News (Alabama), January 23, 2007

More than 20 people have been accused of taking part in a sophisticated operation that brought illegal drugs from the West Coast to West Alabama.

A two-year investigation by dozens of federal agents and local law enforcement officers resulted in federal drug trafficking charges against 21 people from Tuscaloosa and Greene counties.

A 37-count indictment unsealed Monday charges them with distribution of powder and crack cocaine. Twelve of them were arrested over the weekend.

The men allegedly used several drivers who used 18-wheeler freight trucks to haul drugs from California to a location in Greene County where it was then distributed to lower-level dealers, said Jill Ellis, spokeswoman for the U.S. Attorney's office in Birmingham.

David Smith, 58, of Boligee was described as the organizer of the operation.

The first count of the indictment charges Smith with operating a continuing criminal enterprise. Other charges included using a telephone or computer to facilitate drug trafficking, conspiracy to posses with the intent to distribute and distribution of cocaine and crack.

"Smith's drug trafficking organization was a major distributor of powder and crack cocaine to high- and mid-level dealers throughout West Alabama," U.S. Attorney Alice Martin said in a written release.

The men arrested over the weekend were described as "lieutenants" within the organization, or distributors who use "runners" to get the drugs to street-level buyers.

"This weekend's arrests are the result of an outstanding DEA led counter-drug investigation which targeted the organizational structure and its leadership," Martin said.

The indictment filed seeks criminal forfeiture of at least $9.7 million in cash and seven parcels of property in Greene and Tuscaloosa counties. Also seized in the weekend arrests were 7.5 grams of cocaine, 32 firearms, $60,000 in cash, a Harley Davidson motorcycle, a Cadillac SUV, a Chevrolet SUV and a Mercedes G55 SUV.

Martin and Gregory Borland, Assistant Special Agent in Charge of the U.S. Drug Enforcement Agency's Alabama office, spoke about the indictments at a press conference in Birmingham Monday.

"This was a very complex and long-term investigation into the drug trafficking activities of an organization that has operated with impunity for many years," Borland said in a release. "The close-knit relationship of those involved in the conspiracy, as well as the rural area in which they operated, rendered the investigations security of paramount importance."

A task force was organized to gain access to the drug ring, which included special agents with the Drug Enforcement Administration; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the Internal Revenue Service; and the U.S. Marshals Service. Officers from the Alabama Bureau of Investigation, the Tuscaloosa and Jefferson County Sheriff's offices, the Calhoun County Drug Task Force, Birmingham, Alabaster, Fairfield and Montevallo Police departments assisted in the investigation.

"The ability of such a large number of officers from various agencies to work together without compromising the investigation speaks volumes about the professionalism of Alabama Law Enforcement," Martin said in the release.

The men alleged to have been involved in the drug ring have been arrested and were in the process Monday of making initial court appearances, including bond and detention hearings. The names of the remaining five people indicted were withheld pending the service of warrants. The U.S. Attorneys Office will prosecute the men.

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Drug Ring Probe Names 21, Catches 12 (BN)

By Val Walton, News Staff Writer

The Birmingham News (AL), January 23, 2007

A federal indictment unsealed Monday charges 21 people with involvement with a major drug distribution ring operating out of west Alabama.

The charges result from a two-year undercover Organized Crime Drug Enforcement Task Force investigation to dismantle the drug ring, which is believed to have been supplied with powder cocaine and crack cocaine delivered by several drivers using tractor-trailer rigs running from California to a central location in Greene County for distribution.

Dozens of federal, state and local law enforcement officers on Saturday rounded up the first dozen of those indicted, including David Smith, 58, of Boligee, whom U.S. Attorney Alice Martin described as the organizer of the ring.

The defendants were taken before federal court magistrate judges on Monday for court appearances such as bond and detention hearings.

Nine people are still being sought on warrants.

Authorities so far have seized 7½ kilograms of cocaine, 32 guns, $60,000, a Harley Davidson motorcycle and three luxury vehicles, including a Mercedes SUV, Martin said.

The indictment, which had been under seal since December, also seeks criminal forfeiture of seven parcels of land in Greene and Tuscaloosa counties.

Smith is charged with operating a continuing criminal enterprise, using a telephone to facilitate a drug-trafficking crime; conspiracy to possess with the intent to distribute, and distribution of cocaine and crack.

The government is seeking criminal forfeiture of at least $9.7 million by Smith.

The other defendants face charges of drug conspiracy and possession with the intent to distribute cocaine or crack, Martin said at a Monday news conference.

Separately, Freddie Hill, 64, of Livingston was charged by prosecutors in a criminal complaint Monday and arrested on drug conspiracy charges related to the drug ring, Martin said.

Gregory Borland, assistant special agent in charge of Alabama's Drug Enforcement Administration, called the investigation one of the most significant he has been involved in in Alabama.

"This was a very complex and long-term investigation into drug trafficking activities of an organization that has operated with impunity for many years," Borland said.

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Tyson Pleads Not Guilty To Drug Charges (AP)

By The Associated Press

AP, January 23, 2007

PHOENIX (AP) -- Former heavyweight champion Mike Tyson pleaded not guilty Monday to charges of drug possession and driving under the influence of drugs.

Tyson spoke only to give his name and his birth date during the brief hearing before Maricopa County Superior Court Commissioner Lisa Vandenberg, who entered the plea on Tyson's behalf. Tyson stood with his arms crossed while Vandenberg spoke to his attorneys. He didn't speak to reporters after the hearing.

One of Tyson's four lawyers, David Chesnoff, said Tyson is seeking professional help "for whatever problems he has" and would fight to stay out of prison.

"Drug addiction is a victimless crime," Chesnoff said. "We believe this is the kind of crime where you shouldn't go to prison."

Tyson was indicted earlier this month on felony drug possession and paraphernalia possession counts and two misdemeanor counts of driving under the influence of drugs. If convicted of all four charges, he could be sentenced to up to 7 1/2 years in prison.

Maricopa County Attorney Andrew Thomas has said he would pursue prison time for Tyson, who was convicted of rape in Indiana in 1992 and pleaded no contest to misdemeanor assault charges in Maryland in 1999.

The latest charges stem from Tyson's Dec. 29 arrest in Scottsdale. Tyson was pulled over after leaving a nightclub, and an officer found bags of cocaine in his back pocket and another in a package of cigarettes in his car, according to court records.

Tyson is due back in court Feb. 26.

Tyson, who recently got back in the ring for a series of four-round exhibitions, became the youngest heavyweight champion in history at 20 in 1986, when he knocked out Trevor Berbick. Four years later, he was knocked out by James "Buster" Douglas. By 1997, Tyson's career hit a low point when he bit Evander Holyfield's ear during a fight.

Chesnoff, who previously represented celebrity homemaker Martha Stewart on charges of lying about a stock sale, said Tyson's celebrity has brought unfair attention to his arrest by the public and prosecutors.

"Mike provided a lot of thrills and excitement," Chesnoff said. "He made a lot of people rich. He's concerned about this. He's a sensitive guy. This is not a game to him."

Consequences: Gun Ownership Linked To Higher Homicide Rates (NYT)

By Eric Nagourney

The New York Times, January 23, 2007

States with the greatest number of guns in the home also have the highest rates of homicide, a new study finds.

The study, in the February issue of Social Science and Medicine, looked at gun ownership in all 50 states and then compared the results with the number of people killed over a three-year period.

The research, the authors said, “suggests that household firearms are a direct and an indirect source of firearms used to kill Americans both in their homes and on the streets.”

The researchers, led by Matthew Miller of the Harvard School of Public Health, drew on data gathered by the federal Centers for Disease Control and Prevention. In 2001, the agency surveyed more than 200,000 people and asked them, among other questions, whether they had a gun in or near the home.

In states in the highest quarter of gun ownership, the study found, the overall homicide rate was 60 percent higher than in states in the lowest quarter. The rate of homicides involving guns was more than twice as high.

Among the possible explanations for the higher homicide rates, the study said, is that states with high gun ownership tend to make it easier to buy guns. There are also more guns that can be stolen. And the presence of a gun may allow arguments and fights to turn fatal.

The researchers said they could not prove that the guns caused the increase in homicides, only that there was a link. It may be, they said, that people are more likely to buy guns in states where violence is already high. But they said that explanation did not appear to be supported by their findings.

Report Details Problems With Gun Sellers (PHI)

By Robert Moran

The Philadelphia Inquirer, January 23, 2007

Gun-control advocates joined Philadelphia Police Commissioner Sylvester M. Johnson yesterday in calling for more prosecutions of gun dealers who sell to the gun-traffickers and straw purchasers fueling the violence plaguing Philadelphia and other cities.

At City Hall, the Brady Center to Prevent Gun Violence released a national report, "Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers," that highlights more than two dozen cases - including nine in Pennsylvania - of dealers who sold guns that wound up in the hands of criminals. The criminals were prosecuted but the dealers were not.

"The recent upsurge in criminal gun violence places renewed importance on the question: Where do criminals get their guns?" the report states.

The report identified, among others, Abington Gun Sports in Willow Grove, which allegedly sold to female straw buyers working for a man who authorities say then went on a rampage in Philadelphia in 2003, holding up fast-food restaurants, carjacking a Lexus, and robbing a bank of nearly $60,000.

The guns the women bought included an AK-47 SAR assault rifle, two 12-gauge shotguns, a Bushmaster .223-caliber rifle, and a Marlon 30-30 rifle, according to the federal indictment of Andre Henry, three other men and three female straw purchasers. The case is pending.

"Is it any wonder that Philadelphia streets are overrun by illegal guns?" asked Brian J. Siebel, coauthor of the report.

Johnson said Philadelphia needed federal help because Pennsylvania gun laws are weak.

Frank D. Strange, owner of Abington Gun Sports, said in a phone interview that he was vigilant about straw buyers and anyone else who shouldn't be buying guns, but that he couldn't spot everybody trying to fool him.

He said that in an effort to thwart illegal purchases, he bans customers from using cell phones in his store to prevent possible straw buyers from getting advice about which guns to buy.

He also said that when he suspects people are acting as straw buyers, he lets them fill out all the paperwork first, then refuses to make the sale. He then provides the completed paperwork and ID evidence to the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, which investigates gun trafficking.

In addition to the regular reports he must make to the ATF, Strange said, he must submit a separate report every three months about his activity because his store has a higher-than-normal rating for "time to crime" - the time that passes before a gun he sold is used in a crime.

He attributed the rating to his proximity to Philadelphia, but he said he can't stop selling to people from Philadelphia if they appear to be legitimate buyers.

Strange, 63, a retired banker, called the Brady Center "a bunch of whackjobs" who want to "disarm everybody."

Paul Helmke, president of the Brady Center and former mayor of Fort Wayne, Ind., said the ATF had been greatly weakened by pro-dealer legislation Congress passed, including some laws dating to 1986.

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For example, if ATF agents make a surprise visit to a gun shop suspected of breaking the law, they are not allowed to make another surprise visit for 12 months, Helmke said. During that period, the ATF must warn the dealer in advance that they are coming.

Strange, who has owned his shop for about eight years, said ATF agents had inspected it three or four times, most recently last week when they came in to retrieve all his sales documentation from last year. He said the visits were all unannounced.

With Democrats now in control of Congress, gun-control advocates and law enforcement leaders will press their case for new laws and tougher enforcement.

Today, Mayor Street is expected to join more than 50 other mayors, including Mayor Michael Bloomberg of New York, at a summit in Washington to address the proliferation of illegal guns.

Feds Unveil Plan To Stop Illegal Gun Sales (KTVT)

KTVT-TV, CBS 11, Dallas-Fort Worth, January 23, 2007

(CBS 11 News) DALLAS The U.S. Attorney's Office, the Bureau of Alcohol, Tobacco and Firearms and the firearms industry are joining forces to stop the illegal purchases of firearms.

Monday they unveiled a campaign called "Don't Lie for the Other Guy." The program hopes to raise public awareness and educate firearms dealers about "straw" purchases.

A straw purchase is when someone buys a firearm for someone who cannot legally buy one for themselves.

A spokesperson for the ATF said, "This program is an important tool for ATF as we pursue our mission of preventing terrorism, reducing violent crime and protecting the public."

It is a federal felony to purchase a gun for someone who can't, punishable up to 10 years in jail and up to a $250,000 fine.

In 2005, ATF arrests led to over 1440 individuals being convicted of illegal firearms trafficking. That's up 14 percent from the previous year.

The group will display flyers in all gun stores and distribute materials about illegal firearms transactions. Several public service announcements about the program are also planned to hit the airwaves.

Sheriff Traces Guns' Crooked Paths To Compton's Streets (LAT)

By Megan Garvey, Times Staff Writer

The Los Angeles Times, January 23, 2007

To crack down on gangs and stem soaring violence in Compton, Los Angeles County Sheriff Lee Baca asked his deputies and detectives not just to investigate crime but to also probe where gang members were getting their guns.

So sheriff's officials embarked on an unprecedented census to track down the origins of nearly 900 weapons confiscated there last year.

The results, released Monday, offer a glimpse into the complex and unexpected ways guns get into the hands of gang members.

Sixteen guns recovered in or near Compton were traced to a single store in Sparks, Nev., through databases of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

That same location, officials said, accounted for more than 350 weapons recovered nationwide by law enforcement officials last year, including 65 in the Los Angeles area.

The bureau is investigating the store, and law enforcement officials declined to identify it, Baca said.

The bulk of the weapons confiscated in Compton were originally sold in California. But scores of others came from Arizona, Nevada and Colorado. Nine weapons were registered in Connecticut and a few others were registered in Ohio.

Several of the weapons were traced to killings. Five of the recovered weapons were among 37 taken in a burglary of a Westminster gun store in October.

In all, however, only a couple dozen of the guns had been reported stolen, even though almost none were found in the possession of the registered owner.

"It tells us that these people are selling them," said Cmdr. Ralph Martin, referring to a practice known as "straw buys" in which a person who is legally able to buy a weapon turns around and passes the gun to someone who cannot.

By the end of 2006, gang suppression deputies and detectives, along with street officers working out of the Compton station, seized 875 weapons, about 10% of the total recovered by law enforcement countywide last year.

"There's only one or two gun stores in Compton," Martin said. "We thought: Is there a gun store or two that is selling to cons? If so, we thought we should know that."

Sheriff's officials said clear patterns have already emerged showing a disproportionate number of confiscated weapons originating from a relatively small number of gun dealers or retailers.

"Certain gun stores led the pack," said Lt. Paul Pietrantoni, who headed a gang task force sent to Compton a year ago after the city experienced soaring homicides in 2005.

Those stores, he said, are the focus of an investigation that may be concluded in the coming weeks.

Now, sheriff's investigators hope to go further, connecting the dots between the legal purchases and the guns ending up in the possession of known gang members on the streets of Compton.

Local law enforcement officials said they were surprised by the connection between Compton crime and a store in Sparks, a suburb of 81,000 near Reno. There are at least half a dozen gun dealers and gunsmiths in the Sparks area, including a pawnshop, gun stores and a specialty precision weapons maker.

In 1999, one Sparks-based gun manufacturer was found negligent in U.S. District Court in Brooklyn, N.Y., for marketing and distribution practices that a jury determined had contributed to illegal drug trafficking in New York state. Los Angeles law enforcement officials said Monday that they did not know if that maker had any connection to the current investigation.

The next step, they say, will be to knock on the doors of as many of the registered owners as possible.

"We need to ask: Do you know where your gun is? Where'd it go? Did you sell it? Why didn't you register the sale?" Pietrantoni said. "It shouldn't be easy to lose track of a gun."

Baca said the data collected so far suggest federal and local officials need to significantly improve the tracking of weapons that change hands.

He called the relationship between those who buy guns legally and those guns ending up being used illegally "the nexus between law-abiding and lawlessness."

"That gap has to be closed," said Baca, who added that he believed the survey of guns seized in Compton showed "the idea of checking people's background who are the purchasers is not enough. It's not only not doing enough, it's then not holding the original gun purchaser accountable for their guns."

He said he plans to pursue ways to go after gun owners who knowingly or willingly give or sell their weapons to people who cannot legally buy a gun.

"I think there is virtually no control," he said. "There should be a law against that. If you buy a gun, it is yours to care for and secure and you are prohibited from giving that gun to another person for any reason whatsoever."

Baca announced the overall results of the task force Monday at a news conference outside Compton City Hall. He said the goal had been to reduce homicides by 40%, a goal he said was exceeded.

In 2005, the station reported 72 gang-related homicides, compared with 36 last year. In addition, two suspected gang members were shot and killed by deputies in 2006.

The task force made 1,622 arrests, 959 of them on felony charges. It executed 301 search warrants and worked closely with probation and parole officers assigned to Compton.

The sheriff said Monday that he plans to keep the task force, which is paid for with county funds, in place for "a long time."

"When you have a crisis in any part of Los Angeles," Baca said, "it's absolutely irresponsible not to respond."

His goal: "There is no longer a significant gang problem in Compton."

Baca had moved several dozen gang suppression deputies and detectives as well as a narcotics team and homicide detectives to Compton a year ago, even though the city had no additional funds to increase services.

Since 2000, Compton has contracted with the sheriff for law enforcement, a move made by then-Mayor Omar Bradley, who said the police force was too costly to maintain.

When task force personnel were shifted back to other areas at midyear without the sheriff's knowledge, the city and nearby unincorporated areas experienced seven homicides in eight days.

In 2006, Compton had only 13 homicides through early July and had been on a pace to set the lowest number of killings in a generation.

"It was a mistake," Baca said of the task force's temporary removal. "It showed how quickly the guns and the gangs and the drugs and the racial hatred will return if you leave. We learned the hard way."

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IMMIGRATION:

Illegal Immigrant Charged With Sex Assault Asks To Be Deported To Avoid Punishment (FOX)

Fox News, January 23, 2007

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WOODSTOCK, Ill. — Not many illegal immigrants ask to be deported. But Jose Vallejo of Mexico did, rather than face a potential prison term of 30 years for sex assault here in the United States. And he nearly got his wish.

Prosecutors in Illinois say Vallejo, who is now a 17-year-old Mexican national, pinned a 4-year-old girl down on a bed, then molested her on April 12, 2006. Even though Vallejo was only 16 at the time of the alleged crime, he is being charged as an adult because of the age of the victim. He faces three counts, including aggravated criminal sexual assault, one count of unlawful restraint.

Originally, bond was set by a state judge at $150,000 but Vallejo's family posted the cash. So, Vallejo was released by the state, but soon after, was taken into custody by federal agents for illegally entering the country three years ago.

While in federal custody, Vallejo asked a federal immigration judge to deport him. The request was granted during a Jan. 4 deportation hearing in Chicago.

But before Vallejo was sent back over the border, federal Immigration and Customs Enforcement officials alerted prosecutors in McHenry County, Ill., and that agency took custody of him.

"It's kind of terrifying to know that someone who has violated a four-year-old, sexually violated, would be washed from the system all of the sudden, he would escape from our country here and it'd be over," said state attorney Lou Bianchi.

Bianchi said a number of things could be added to courtrooms to give immigration judges tools to determine if someone before them has criminal charges pending, which could decide whether or not they stay in the United States to face charges.

"If they have a monitor, at least someone in the courtroom is watching the monitor and all of the sudden it would flash up on the screen that this man is wanted or he's got at least outstanding charges so that the appropriate authority like in this case," Bianchi said. "Our office could be notified so that we could take the proper precautions to make sure that these type of illegal aliens who commit crimes are not deported immediately so that we can prosecute them."

But Vallejo's attorney, Perry Grimaldi, argued in state court that the deportation order should stand, saying, "their law is supreme over the state laws. They are the ones that have taken him into custody. They are the ones that will conduct any further actions."

But a county judge on Jan. 16 ruled against Vallejo, upping his bond from $150,000 to $750,000 to prevent his deportation.

ICE characterizes this case as textbook, stressing that red flags were raised after the immigration judge's deportation order.

But immigration watchdogs say laws must be changed to ensure immigration judges are informed of pending criminal charges. Currently, these federal judges don't take criminal charges into account, unless that's the reason for the illegal immigrant's deportation hearing.

"The system should work in a way that the only people who go before an immigration judge who have committed some sort of crime has already served their time for that crime," said Jack Martin, special projects director for the Federation for American Immigration Reform. "In other words, they should not heave people coming before them that are involved in another judicial proceeding until that proceedings is completed."

Martin said the number of cases of this type is increasing with the illegal immigrant population in the United States; case loads of this type are growing by about 500,000 a year, and there are currently between 11 and 13 million — with some estimates saying as many as 20 million — people in the United States illegally.

Susan Eastwood, spokeswoman for the Justice Department's executive office for immigration review, told FOX News that immigration courts will not consider any crimes allegedly committed by an illegal immigrant, unless they are related to the immigration case at hand.

"Our judges do not take into account pending criminal charged against a defendant," Eastwood said. "The judges must stay fair and balanced on a case. A criminal case and a deportation hearing are separate trials. Immigration judges do not do criminal trials."

Now that he'll be in the United States for awhile, Vallejo has requested a jury trial. His next court date is scheduled for March 2.

FOX News' Jeff Goldblatt and Abby Silverman contributed to this report.

Senators Meet On Recent Immigration Raid (AP)

By Jennifer Talhelm

AP, January 23, 2007

WASHINGTON Jan 22, 2007 (AP)— The Bush administration is taking heat from lawmakers for the harm done to a company during last month's largest-ever immigration raid.

Immigration officials on Dec. 12 arrested 1,297 illegal workers at Swift & Co. meatpacking plants in Texas, Colorado, Minnesota, Iowa, Nebraska and Utah.

After a closed-door meeting Monday with Homeland Security Secretary Michael Chertoff, senators from the affected states said the raid exposed flaws in the federal government and in a program designed to help employers screen for illegal immigrants.

Among the concerns, senators reported, were that agencies can't share information about stolen identities and that programs designed to catch illegal immigrants allow many lawbreakers to slip through the cracks.

"I can't think of a system that would be better designed to fail," Sen. John Cornyn, R-Texas, said.

Chertoff acknowledged some of the problems, and said his department's programs are not "the perfect cure." Senators said they wanted Chertoff to enforce the laws, but they needed to assure companies that working with the government would not ultimately hurt them.

Swift participated in a program called Basic Pilot, which screens employees for illegal Social Security numbers. The system doesn't snag stolen Social Security numbers or numbers that are being used in multiple locations.

Although the government took no action against Swift in the Dec. 12 raids, the Greeley, Colo., meat processor was forced to temporarily halt operations. The raids could cost the company an estimated $30 million.

"We want employers to use Basic Pilot," said Sen. Norm Coleman, R-Minn. "But we need to have a clear understanding with the business community. I think it's very unclear now."

The senators said they planned to introduce legislation to fix some of the problems.

For example, they hope to change the law to allow the Social Security Administration to tell the Homeland Security Department when a Social Security number is being used more than once.

Since the arrests, Attorney General Alberto Gonzales has announced the indictments of 148 illegal immigrants, who used other peoples' Social Security numbers and other personal information to get jobs at Swift. Local prosecutors are bringing state charges against the immigrants, including 80 in Cache County, Utah, and 18 in Weld County, Colo.

Judge Closes Lawsuit After US Federal Officials Account For Detainees In Immigration Raid (FINDLAW/AP)

By Judith Kohler, Associated Press Writer

AP, January 23, 2007

(AP) - DENVER-A judge closed a lawsuit against the federal government Monday after federal officials disclosed the whereabouts and status of 262 workers arrested during last month's largest-ever immigration raid at Swift & Co. meatpacking plant in Greeley, Colorado.

Attorneys for the United Food and Commercial Workers Union, which filed the suit, said it should not have taken a lawsuit to get the information. The lawsuit alleged the U.S. government had violated the Greeley workers' constitutional right to due process.

The people arrested in Greeley were among 1,297 illegal workers at Swift & Co. meatpacking plants in six U.S. states who were taken into custody on Dec. 12, most on illegal immigration charges. The union lawsuit did not cover workers in the other states.

U.S. District Judge John Kane terminated the lawsuit after union and federal lawyers agreed that all the arrested workers had been accounted for and given a chance to seek bond.

The government released the information to the union last week under orders from Kane.

A total of 74 of the Greeley workers remained in federal custody in Denver and El Paso, Texas, and 75 voluntarily returned to Mexico, according to federal officials. Another 18 face state identity-theft charges in Weld County, Colorado, where the Greeley Swift plant is located.

Kane said his jurisdiction was limited to whether workers' basic legal rights were protected and did not extend to the propriety of the raid itself. He said he saw no evidence that the detainees' rights were violated.

John Bowen, attorney for the union group, said the bond hearings should have been held within 48 hours of the raid, but the last one for the Swift employees did not take place until Friday.

"It should not have taken more than a month, by any stretch of the imagination," he added.

Immigration officials did not immediately answer a request for comment to The Associated Press

Immigration and Customs Enforcement agents raided Swift plants in Greeley; Grand Island, Nebraska; Cactus, Texas; Hyrum, Utah; Marshalltown, Iowa; and Worthington, Minnesota.

ICE officials said they were cracking down on an indentity-theft scheme, but union spokesman Dave Minshall called the arrests "a brutal immigration raid, pure and simple."

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TAX:

Former Shelby Tax Preparer Pleads Guilty In State Court (SHELSTAR)

By Pete DeLea

Shelby (NC) Star, January 23, 2007

RALEIGH — Former Shelby tax preparer Jerry O. Adams III, who still faces federal charges on defrauding the U.S. Department of Treasury of more than $3.8 million, pleaded guilty to failing to file and pay the state individual income tax last week in state court.

Judge K. Dean Black issued Adams a 45-day suspended sentence and placed him on supervised probation for two years. The sentence will be reduced to unsupervised probation after he pays $3,675 in court costs and restitution to the state.

"It's the department's responsibility to make sure everyone pays their fair share of taxes," said Kim Brooks, director of public affairs for the Department of Revenue. "That's what we did here."

Adams said he's innocent but wanted a quick resolution. He said he's working on a settlement on the federal charges.

"I didn't owe it. I settled this because I want this to be done with," said Adams. "I'm glad to get this over with and I want to move on with my life."

He said the state case started when the U.S. Internal Revenue Service audited him. He said the audit showed he owed more money than he originally stated. He said they then passed the information on to the N.C. Department of Revenue.

"They audited my paperwork and they said, 'If you owe them more money, you owe us more money,'" Adams said. "They didn't give me an opportunity to present my receipts."

In the federal case, the U.S. Department of Justice claims that Adams, along with Demetria S. Adams, prepared tax returns that understated wages and overstated credits, which resulted in excessive refunds.

The suit against the couple states they defrauded the government of $3.8 million in more than 1,600 tax returns filed between 2004 and 2005 through businesses called First Choice Tax Service, Precise Tax and D&S Tax Service in Charlotte and Shelby.

A July 2 trial date has been scheduled in U.S. District Court in front of Judge Dennis Howell, said Andrew Ames, a Justice Department spokesman.

As part of an agreement with the federal government, Adams said he's no longer allowed to prepare tax returns and has been doing paralegal work since the federal case was filed in May.

CONGRESS-ADMINISTRATION:

Bush Speech To Showcase Domestic Agenda (AP)

By Ben Feller

AP, January 23, 2007

President Bush will tell Americans Tuesday night he has important plans for health care, education and other kitchen table topics that have little to do with Iraq. Yet if the state of the union is strong, so is the nation's skepticism that he can deliver.

For the first time, Bush will give his State of the Union address with Democrats in power and looking over his shoulder — literally, with House Speaker Nancy Pelosi seated right behind him. Most people have no confidence that Bush and a Democratic Congress can solve problems together, a troubling sentiment that has only deepened since the November election, an Associated Press-AOL News poll finds.

The 9 p.m. EST speech is a chance for Bush to pull his domestic agenda out from the shadow of the Iraq war, if only briefly. So Bush will focus on issues he hopes will appeal to mainstream America — and to Democrats on Capitol Hill, shifting pressure onto them to govern.

"He's got to be convincing, so that the American people believe that he's serious about working in a bipartisan way," said Charlie Black, a longtime Republican strategist and informal White House adviser. "If there's one headline they'd like to have out of this, that would be it."

The president is expected to address:

· Health care: Bush will propose a tax deduction of $7,500 for individuals and $15,000 for families regardless of whether they buy their own health insurance or receive medical coverage at work. Health care insurance would be considered taxable income, and people with more generous policies could face tax increases unless they change plans. The administration says its

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plan will help people who buy insurance individually rather than through their employers. The administration says the tax deductions will allow more Americans to buy insurance.

· Energy: Bush is expected to call for a sharp escalation of corn-based ethanol as a gasoline blend. He also may seek the power to raise fuel economy standards for passenger cars, probably as part of a plan to offer financial incentives for increasing alternative fuels. The auto industry has resisted upgraded mileage requirements and stressed a need for vehicles fueled by alternatives such as ethanol, diesel and eventually hydrogen. Bush asked for the same authority last year. Some Democrats worry the plan would give transportation officials overly broad authority to change the system and note the measure would not have any impact on current gas prices.

· Education: Bush will push for Congress to renew his education law, No Child Left Behind, which expires this year. Democrats have already signaled their intention to work with him but will expect him to go along with increases in spending. The law pushes schools that receive federal poverty aid to show yearly progress or face sanctions, including allowing students to transfer or demand extra tutoring.

Bush will also push for an immigration strategy that includes more than tougher border security.

Meanwhile, bitter feelings over the war stand in the way of the principal goal of the speech — a bipartisan agenda.

Just about everything Bush wants to do is dependent on a Congress in which even some Republicans are resisting his ideas. Within a day of his speech, the Senate Foreign Relations Committee is likely to vote on a resolution condemning his move to send more troops to Iraq.

No matter the emphasis on domestic issues, Bush cannot skirt the war, and he has no intention of trying.

Without rehashing the Iraq speech he gave two weeks ago, Bush will defend his stand that Iraq is part of a war on terror that will make Americans safer. That contention will come during a foreign policy passage in which Bush will also tout U.S. humanitarian efforts abroad.

Since Bush announced his latest Iraq plan, the White House has pointed to signs of progress by the Iraqi government on both political and security fronts. Yet U.S. forces and Iraqi civilians have also endured some of the heaviest, bloodiest attacks of the war.

Coming after his Iraq speech, which had an enormous buildup, Bush's sixth State of the Union approaches with an anticlimactic feel. The Democrats and Republicans who want his job are already making headlines even though the 2008 election is still 22 months away.

With that in mind, Bush's aides took steps to keep the speech concise and relevant. Topics that might have made the cut in other years — such as recent advancements in cancer research and a drop in cancer-related deaths — have been set aside, often for separate events.

Bush Speech To Go Beyond War Policy (CHIT)

By Mark Silva

Chicago Tribune, January 23, 2007

WASHINGTON -- Planning a State of the Union address Tuesday night heavy on health care, energy and education, President Bush will attempt to get beyond a raging debate over the war in Iraq as he faces a new Democratic-controlled Congress for the first time.

Yet, with mounting U.S. casualties in Iraq and a majority of Americans voicing disapproval with the nation's direction, criticism is likely to remain fixed on the president's war policy while congressional leaders attempt to swiftly discredit some of his new domestic initiatives, such as a tax deduction for health insurance to offer more people coverage.

The president, who plans to confront war critics in a speech starting at 8 p.m. CST and running longer than 40 minutes, also plans to spell out what the White House calls "bold proposals" on health care, energy independence, global warming and immigration.

This includes a proposal for a new standard tax deduction for people with health insurance. It is likely to attract ready controversy as it offers health coverage for perhaps just 3 million of the 47 million Americans now uninsured, while asking an estimated 30 million taxpayers now insured through their workplace to pay higher taxes as employer-paid health benefits become taxable.

As Bush presses an ambitious domestic agenda for the remaining two years of his presidency, he will find himself facing a hostile new audience with a Democratic-controlled Congress unwilling to accept his stance on the war and ready to relegate him to lame-duck status as 2008 presidential campaigns get underway.

"It's a tough order," said John Mueller, professor of political science at Ohio State University, who doubts the president can get beyond the war with this address because the war is the No 1 concern on Americans' minds heading into the speech.

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"This has become so dominant," he said. "What's frustrating, from the president's standpoint, is there is nothing even close."

With 63 percent of Americans surveyed in the latest Gallup Poll voicing disapproval with the nation's direction, and only 35 percent satisfied, Gallup also has found a correlation with the war. The vast majority of those who oppose the war are dissatisfied with the way things are going in the U.S.—82 percent—while those who support the war are largely satisfied with the nation's direction—67 percent.

The president, who devoted a nationally televised speech to his war policy two weeks ago, will once again stress the urgency of the challenge that the U.S. faces in Iraq and his formula for success. But he also will attempt to focus the public and a Democratic Congress on a domestic agenda that the parties can pursue together.

"The president is going to offer some bold proposals that Congress could, in fact, enact, and in the process make itself look good and, more importantly, do the people's business," White House spokesman Tony Snow said Monday.

"When you have these big issues—health care is a big issue, energy is a big issue, education is a big issue, immigration is a big issue… it's worth spending a little more time to walk through how the president analyzes the problem," Snow said, "and how he proposes to try to address them, and to reach out to members of Congress and say, 'We can do this. We can work together on these things.'"

Foremost among the president's proposals is a plan to promote health care—a plan Democratic leaders already have started attacking as "a tax on working families" before Bush details it.

Bush will propose:

A new standard tax deduction for anyone with health insurance, exempting the first $7,500 of an individual's income and the first $15,000 of a family's income from income or payroll tax.

A new tax on the health benefits that workers receive from employers and also on the share of premiums that employees now pay before taxes—subjecting to taxation the money that companies and employees contribute to employees' insurance plans.

With the average cost of a family health care plan at work expected to be $13,600 in 2009, when this proposal could start, 80 percent of all workers now insured through work stand to benefit from the proposed new standard tax deduction, while 20 percent of those insured at work stand to face higher taxes.

A tax shift promising lower taxes for about 120 million taxpayers now insured through work and higher taxes for about 30 million people who have more "generous," costly policies at work.

Offering a new tax break for people who purchase insurance on their own, and enabling many who lack insurance now to afford it. A "conservative" estimate by the White House suggests that "upwards of 3 million" of the 47 million now uninsured might gain coverage under this plan.

There are "winners and losers" in the plan, said Jason Furman, an expert on tax policy at the Brookings Institution.

"It is great that the president has come along and identified that our existing health care system is inadequate. And he is giving more of an incentive for people who lack insurance to get insurance," Furman said. "But then, unfortunately, when you get to the details, some of these things have to be improved."

From the government's standpoint, in terms of the money collected from taxpayers, the plan is "revenue-neutral" over a 10-year period, according to Katherine Baicker of the White House's Council of Economic Advisers. But it's a "revenue-loser" in the first few years, and a money-maker in the later years of the cycle.

The plan "levels the playing field" for people now purchasing insurance on their own, Baicker said, offering the same standard tax deduction for insurance that people covered at work stand to get.

Senate Majority Leader Harry Reid already has pounced on the plan as "a tax hike on working families." The health care premiums that employees pay at work have risen dramatically, his office noted, while wages have not.

Yet the president's plan offers coverage for more Americans without increasing the government's long-range costs, said Mark McClellan, who served as director of Medicare and Medicaid services in the Bush administration and is a visiting senior fellow at Brookings and the American Enterprise Institute.

"This is overall budget-neutral, from the standpoint of the federal government," said McClellan, acknowledging that higher taxes for some people pose "the challenging part of the proposal." But, while averting higher costs for the government, he said, "I think this is a serious contribution to getting more people insured."

For State Of The Union 2007, A Leaner Agenda (CSM)

By Linda Feldmann

The Christian Science Monitor, January 23, 2007

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When President Bush takes to the airwaves Tuesday night to deliver his sixth State of the Union address, the metamessage of the evening will be: "I am still relevant."

Of course, as commander in chief during wartime, Mr. Bush is central. But as he seeks to show that he is not consumed by the Iraq war and its high-profile retooling, this year's annual message to Congress takes on added significance. In an effort to grab public attention, he is promising a different type of State of the Union – not the usual laundry list of items from the forthcoming budget, but a more focused look at a few key initiatives, most of them domestic.

The irony is that, for the first time, Bush will be speaking to a Congress in which both chambers are controlled by the opposition. For him to implement any proposals, he must find the common ground with Democrats that has been so talked about since November. Even when Republicans controlled Congress, there were no guarantees; Bush's 2005 plan to partially privatize Social Security failed to get off the ground.

This year, the most extensively previewed plan centers on a tax reform aimed at making health insurance more affordable to low-income people. The proposal would also reduce the tax break for more expensive health plans. In addition, Bush's speech will focus on energy, education, immigration, and the war on terror.

But will anyone be listening?

Just two weeks ago, Bush delivered a major address announcing the "new way forward" in Iraq, including a plan to add more than 20,000 US troops to try to bring some stability to Baghdad and areas where insurgents are believed to be operating. The speech did little to move polling numbers on Iraq and the Bush presidency, both stuck below 50 percent. In recent days Bush has said he will address the criticism of his plan – including from fellow Republicans – in the State of the Union speech.

A dissatisfied public

The president's job approval ratings have been mired mostly in the 30s for the past year, putting him in a league with some of the least popular US presidents of the 20th century, including Richard Nixon, Jimmy Carter, and Harry Truman.

Public satisfaction with the direction of the country has fared even worse. In the latest Gallup poll, released Monday, 35 percent reported they are satisfied "with the way things are going in the United States at this time" versus 63 percent dissatisfied. That number is better it was last month (30 percent) but about where it was one year ago.

Some presidential scholars are skeptical that Bush will really limit his penultimate State of the Union to just a few well-chosen ideas.

"I can't think of a point since his first run for governor in Texas where he didn't have a shopping list, where he wasn't thinking or acting on the notion that, unlike his dad [the first President Bush], he had the vision thing," says Fred Greenstein, a professor emeritus at Princeton University in New Jersey.

After all, a president who sets his sights modestly risks the dreaded label "lame duck." But after six years in office, most two-term presidents have already rolled out their biggest initiatives. The second half of second terms are more about completing unfinished business rather than starting something new. And it is debatable whether the bully pulpit is all it's cracked up to be, especially for an unpopular president.

"You've got a president who people know after six years, [and] you've got a dominant issue [Iraq] that people think they know after four years. So it's not like there's a lot of malleability there," says George Edwards, a political scientist at Texas A&M University and author of the book "On Deaf Ears: The Limits of the Bully Pulpit."

Bush now must also compete for attention with the rapidly expanding field of politicians who want to replace him in two years – including Democratic front-runner Sen. Hillary Rodham Clinton of New York, who announced her candidacy right before this year's State of the Union on purpose, her campaign says.

And in another moment of irony, one of Bush's central themes Tuesday night will be the rising cost of healthcare – the policy issue that Senator Clinton became infamous for as first lady when she headed up her husband's ill-fated healthcare reform effort.

Bush's health insurance plan

Tuesday night, Bush will propose that low-income people be given a tax break to help them afford health insurance. On the higher end of the scale, workers enrolled in more expensive plans would be taxed on coverage that exceeds a set limit. Some Democrats have already rejected the plan, calling it a tax increase on the middle class.

In his Saturday radio address, Bush focused on the relief his plan would provide to lower-income people:

"The current tax code encourages home ownership by allowing you to deduct the interest on your mortgage from your taxes. We can reform the tax code so that it provides a similar incentive for you to buy health insurance. So in my State of the Union Address next Tuesday, I will propose a tax reform designed to help make basic private health insurance more affordable – whether you get it through your job or on your own."

Leaner State Of The Union Aims For Common Ground (WT)

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By Joseph Curl

The Washington Times, January 23, 2007

President Bush will reach out to Democrats in tonight's State of the Union address, pursuing common ground with his political adversaries on issues such as immigration, education and energy policy.

But viewers tuning in at 9 p.m. will see a different picture: Just over his shoulder on the television screen will be House Speaker Nancy Pelosi, leader of the Democrats, who likely won't applaud the president's initiatives.

And some Republicans in the chamber may also sit on their hands to show displeasure as Mr. Bush seeks to draw support from a Democratic-led Congress for the first time in his presidency.

Mr. Bush plans a broad and thematic speech that will placate Republicans while seeking a central ground with Democrats, who along with a majority of Americans oppose Mr. Bush's strategy to deploy another 21,000 U.S. troops to Iraq.

"The president will need to focus on domestic policy issues that are widely recognized to be important and on which he can see some possibility of working with the new Democratic majority," said Cal Jillson, professor of political science at Southern Methodist University in Dallas.

The White House has made clear the speech will focus on five issues -- the global war on terrorism, health care, education, immigration and energy -- instead of a laundry list of policy initiatives used in previous addresses.

Mr. Bush, as he did nearly two weeks ago in a prime-time address to the nation, will lay out his case for his new Iraq strategy, but he'll move quickly to topics that polls show Americans care most about, especially health care and education.

"Americans want a [health care] system that's going to be more patient-friendly and that's going to meet their needs," White House press secretary Tony Snow said yesterday. "The president will talk about that. Education, always important ... Immigration has been an issue of considerable concern within this country."

"In other words, the president is going to address the areas that are foremost concern for Americans," Mr. Snow said. "When you have a Democratic Congress that came in two weeks ago saying, we want to get things done, we've got some offers that they're going to be pretty good for them."

Democrats, though, appear ready to oppose Mr. Bush at every turn. On Saturday, shortly after Mr. Bush proposed expanding health care coverage by putting incentives into the tax code for individuals to buy their own, Democratic leaders immediately opposed the plan.

Republican strategist Charlie Black, who works closely with the president, said Mr. Bush will not bend over backwards to win Democratic support. While he will seek to lay out an achievable bipartisan plan, "he will demonstrate that he is not a lame duck, that he is willing to tackle big issues."

Still, compounding the president's problems is the 2008 campaign for his job has already begun, and Democrats could well spend the next two years opposing Mr. Bush's plans.

Sen. Hillary Rodham Clinton, New York Democrat, said over the weekend as she announced her presidential candidacy that she "will spend [the next] two years doing everything in my power to limit the damage George W. Bush can do."

In his speech tonight, Mr. Bush will give Democrats that opportunity with immigration, which many Americans see as the nation's No. 1 issue. He will repeat his call from last year for comprehensive immigration reform. While the Republican-controlled Congress would not approve the president's proposal to create a guest-worker program and put more than 10 million illegal aliens on a path to citizenship, Democrats just might.

Mr. Bush also will seek to renew his bipartisan friendship with Sen. Edward M. Kennedy, Massachusetts Democrat, who he teamed with to win overwhelming approval in Congress for the No Child Left Behind Act.

The act comes up for renewal this year, and some Republicans fear the president may cut a deal with majority Democrats, offering more money if Democrats agree to include more requirements for the high school level.

Mr. Kennedy, chairman of the Senate education panel, has said the White House failed to fight to adequately fund the massive federal program.

Bush, At Low Point In Polls, Will Push Domestic Agenda (NYT)

By Jim Rutenberg And Robert Pear

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — Carrying some of the worst public approval ratings of any president in a generation, President Bush is heading into his State of the Union address on Tuesday night seeking to revitalize his domestic agenda but facing stiff resistance over the initiatives the White House has previewed so far.

Administration officials said Monday that among Mr. Bush's proposals would be a plan to help states provide health care coverage to people who lack insurance by diverting federal aid from hospitals, especially public institutions. The provision is likely

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to draw loud criticism from municipalities across the nation and will significantly affect the New York City Health and Hospitals Corporation, the nation's largest municipal health care system.

Officials said Mr. Bush's speech would include proposals to address the nation's energy needs and global warming, partly by promoting the use and development of alternative fuels. He is also expected to renew his call for an overhaul of immigration law and to propose altering tax policies to help the uninsured.

The president's advisers said they hoped Mr. Bush's address would re-energize his domestic agenda by striking a bipartisan and ambitious tone as he faces further isolation on his Iraq policy.

"The power of the ideas requires people to take notice and take seriously important domestic initiatives," said Dan Bartlett, the White House counselor. "There will be key signals to the American people that despite disagreements over the war, other work can be done."

Mr. Bartlett said a major theme of the address would be that "divided government does not mean we cannot govern."

But the initial response to Mr. Bush's health care plans has not been positive, on Capitol Hill or among constituencies including employers and labor unions. And with the president's political authority diminished and the new Democratic majority in Congress emboldened, the fate of his domestic agenda, and his ability to forge compromises on his terms, is in question.

Behind the president on the podium will be not Representative J. Dennis Hastert, the former speaker and Mr. Bush's stalwart Republican ally, but Representative Nancy Pelosi, Democrat of California, with whom Mr. Bush traded insults throughout the 2006 campaign.

Giving the Democratic rebuttal will be Senator Jim Webb, Democrat of Virginia, whose son is serving in Iraq and who reported having a tense exchange with Mr. Bush at the Congressional Christmas party. The audience in the House chamber is expected to include the actor Michael J. Fox, who has become the face of the movement to overcome Mr. Bush's objections and increase federal financing for stem cell research.

The chamber will include an increasing number of Republicans who are questioning or breaking ranks with Mr. Bush on the war and other issues, as Senator John W. Warner of Virginia, the former chairman of the Senate Armed Services Committee, did Monday in criticizing the president's decision to send more troops to Iraq.

Mr. Bush also faces an increasingly skeptical public, one that has given him some of his lowest marks in several recent polls.

According to a CBS News poll conducted Thursday through Sunday, 28 percent of Americans approve of the way the president is handling his job, and more than twice as many, 64 percent, disapprove. It is the lowest approval rating the president has received in a CBS News poll, though it is statistically little different from the rating of 30 percent he received earlier this month.

Only Jimmy Carter has received a lower approval rating, 26 percent, in 1979, in surveys conducted by CBS News or its polling partner, The New York Times. In a Gallup poll conducted in August 1974, just before his resignation, Richard M. Nixon had a 24 percent approval rating.

In a new ABC News/Washington Post poll made public on Monday, only 33 percent approved of Mr. Bush's job performance, and 65 disapproved, tying the record for his worst marks in that poll.

Asked about the new batch of low ratings, Mr. Bush's spokesman, Tony Snow, attributed them to discouragement over Iraq that could be overcome at home.

"George W. Bush as a president," Mr. Snow said, "is not somebody who is going to cease to be bold because there has been — because right now people are concerned about the progress of the war. Instead he understands his obligation as commander in chief is to go ahead and address forthrightly big problems and come up with solutions that not only are going to have political appeal, but they're also going to be effective in making life better for Americans."

On health care, Mr. Bush is trying to drive the debate through plans that would not cost the federal government additional money at a time when the White House is committed to showing a plan to balance the budget. This weekend, the administration sketched out a proposal under which people whose health care programs exceed a certain value would face a higher tax bill, with the revenue going to tax incentives to encourage the purchase of health coverage by lower-income people.

Two leaders of fiscally conservative advocacy groups, Grover Norquist of Americans for Tax Reform and Pat Toomey of the Club for Growth, endorsed Mr. Bush's plans. But in separate interviews, each expressed concern that Congressional Democrats would approve a plan that put greater emphasis on tax increases.

Labor leaders were outspoken in opposing the plan. "This is a wrongheaded, crazy proposal," said Gerald M. Shea, assistant to the president of the A.F.L.-C.I.O. "It would throw into turmoil the employment-based system of health insurance, and it would impose a new tax on the middle class."

Several public health officials reacted with alarm to Mr. Bush's plan to encourage states to take Medicaid money now earmarked for public hospitals and use it for state programs to cover the uninsured. The Bush administration proposes cutting

Medicaid payments to public hospitals and other "safety net" providers by $3.9 billion over the next five years. Preliminary estimates suggest that 40 percent of the savings would come at the expense of the New York City Health and Hospitals Corporation, which operates 11 hospitals, 4 nursing homes and more than 80 community clinics.

Kenneth E. Raske, president of the Greater New York Hospital Association, called the proposal "an absolute disaster for New York."

Deborah Bachrach, a deputy commissioner in the New York State Health Department, said it would affect hospitals "that serve some of the lowest-income, most vulnerable patients."

Defending the proposal, Michael O. Leavitt, the secretary of health and human services, said: "We want to be able to redirect federal payments away from institutions and to needy individuals. Rather than perpetually paying bills for the uninsured, it's better to help them buy health insurance."

White House officials outlined the health care proposals ahead of the address to make way on Tuesday for a new emphasis on energy policy initiatives.

White House aides met Monday with two lawmakers who have pressed for the promotion and development of alternative fuels, Senator Tom Harkin, Democrat of Iowa, and Senator Richard G. Lugar, Republican of Indiana.

A Senate aide briefed on the meeting said the senators were told that the plan would be "very ambitious" in terms of increasing the development and use of alternative energy sources. They were also told that the plan would address "the use side," which could indicate a move to improve fuel standards, the aide said.

The new initiatives will require a political push by Mr. Bush, who will begin touring the nation to promote his policies on Wednesday.

Bush To Face Skeptical Congress (WP)

By Peter Baker And Jon Cohen

The Washington Post, January 23, 2007

President Bush plans to reach out to the opposition in his State of the Union address tonight with new and recycled proposals on health care, energy, immigration and education, but the uproar over his decision to send more U.S. troops to Iraq has eclipsed potential consensus on domestic policy.

As he addresses a Congress controlled entirely by Democrats for the first time since he took office, Bush faces deep skepticism inside the chamber, even within the House Republican leadership, which yesterday made proposals intended "to hold the Bush administration . . . accountable" for the progress of his latest Iraq plan.

The doubt on Capitol Hill reflects the continuing erosion of Bush's public support across the country. His approval rating is at the lowest level of his presidency, according to a new Washington Post-ABC News poll, and only twice in the past six decades has a president delivered his annual speech to the nation in a weaker condition in the polls -- Harry S. Truman in the midst of the Korean War in 1952 and Richard M. Nixon in the throes of Watergate in 1974.

For the first time, majorities of Americans say Bush cannot be trusted in a crisis, has not made the country safer and should withdraw U.S. forces from Iraq to avoid further casualties rather than leave them until civil order is restored. And, in a sign of intensifying opposition, a majority -- 51 percent -- for the first time expressed strong disapproval of Bush's performance, compared with 17 percent who strongly approved.

"The world changed significantly on Election Day, and the only people who were surprised were them," GOP pollster Tony Fabrizio said of Bush and his aides. Now, he added, "they've backed themselves into a tough corner, and the problem is his continued insistence for the troop increase, which flies in the face of what 70 percent of Americans want, makes him look . . . like [he's saying], 'I'll listen to you, but I'll do what I want anyway.' "

The poll indicates that Bush has made no headway in selling his decision to bolster troop levels in Iraq by 21,500, with 65 percent now opposing it, compared with 61 percent the night of his Jan. 10 nationally televised address. Three in five Americans trust congressional Democrats more than Bush to deal with Iraq, and the same proportion want Congress to try to block his troop-increase plan.

Bush's overall approval rating of 33 percent matches the lowest it has been in Post-ABC polls since he became president, and 71 percent say the country is seriously off track, the highest such expression of national pessimism in more than a decade. By contrast, newly installed House Speaker Nancy Pelosi (D-Calif.) is enjoying a honeymoon, with 54 percent approving her handling of the job.

While Bush will devote about half of tonight's 40-minute-plus speech to Iraq, the broader battle with Islamic radicals and other foreign policy matters, advisers said they understand that only sustained and visible progress on the ground in Iraq might change American minds about the war. The best Bush can hope for tonight, they said, is to prevent a wholesale defection by Republicans and buy enough time for his plan to work.

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"He knows there's great skepticism," said a senior White House official who spoke on the condition of anonymity to discuss the speech before its delivery. "But in spite of that, he believes there's much to be done if we can work together."

Aides said Bush will not directly engage in a debate over congressional efforts to block the troop increase. But in private briefings for administration allies yesterday, White House Deputy Chief of Staff Karl Rove said Bush will challenge Congress to put up its own plan if it does not like his "new way forward," according to people who were briefed.

Past presidents who found themselves facing an opposition Congress tried to tack to the middle after suffering midterm retreats. "This president, based on his speech last week, is taking the opposite approach," said Michael Waldman, a speechwriter for President Bill Clinton who heads New York University's Brennan Center for Justice. "The 2006 election was as close to a referendum on a president and issue as you get in our constitutional system. So for the president to move to escalate, it's very dramatic."

While recognizing differences over Iraq, Bush does aim to make progress with Democrats on domestic policy. The four main issues he will emphasize -- health care, immigration, energy and education -- are closer to Democratic priorities than issues in some past State of the Union addresses. And Bush tried to send a signal on the eve of the speech by accepting an invitation to address the House Democratic retreat in Williamsburg on Feb. 3.

"They're going to focus on issues and themes where they think they can get bipartisan cooperation," said Cesar Conda, former domestic policy adviser to Vice President Cheney. "It's a big difference from before, when he had a Republican Congress and the big issues would have been making the tax cuts permanent and reforming the tax code. It's a change in tone and focus. He's got to deal with the reality of a Democratic Congress."

Some of Bush's domestic discussion will sound familiar. He plans to repeat his call to overhaul immigration laws and allow illegal immigrants to become guest workers, an idea that may find more favor among Democrats than it did with Republicans last year. He plans to call for the extension of his No Child Left Behind education program, with modifications to make it more flexible, but will not ask Congress to expand it to high school as he did in the past.

The White House has previewed two new health-care proposals that will be in the speech. The first would make employer-provided health-care benefits taxable income after a deduction of $15,000 for families and $7,500 for singles. Officials said the plan would increase taxes for 30 million families whose benefits are worth more than the deduction but would provide a tax break to the vast majority of families with employer coverage as well as to 17 million people who purchase insurance on their own. The program would begin in 2009 and cost the government during its first years of operation but pay for itself by 2018, they said.

Bush also wants to redirect spending from Medicare, Medicaid and other federal programs toward new grants to help states ensure that everyone has access to affordable basic health insurance, Health and Human Services Secretary Mike Leavitt said yesterday. Leavitt did not specify a cost but said the new program would spur efforts already underway in states such as Massachusetts and California to provide coverage to people without health insurance.

The main uncertainty is what Bush will say about energy and the environment. Amid much talk about climate change and energy security, the president and his aides have promised unspecified "bold" ideas. Officials have ruled out binding caps on emissions of greenhouse gases, despite support among Democrats and some corporate executives who came to Washington yesterday. But they told allies that Bush will advance ideas for greatly expanding ethanol as an alternative to oil, and some insiders expect changes in fuel efficiency standards for vehicles.

President Faces Skeptical Public (WSJ)

By John Harwood

The Wall Street Journal, January 23, 2007

WASHINGTON -- President Bush tonight gets another shot at persuading Americans to support his Iraq war strategy and domestic agenda. His problem: Much of the public has stopped listening to him.

IN THE POLLS

· Graphic: Bush's approval ratings across multiple polls1

· See poll results2 (Adobe Acrobat required)

A new Wall Street Journal/NBC News poll on the eve of Mr. Bush's State of the Union address underscores the extent to which he has lost the nation's ear. Just 22% of Americans say they want the president to set policy for the country, 27% express confidence in his goals, and 28% approve his handling of the Iraq war.

Only one third of Americans rate Mr. Bush highly for being "honest and straightforward." That is down from half at the start of his second term two years ago. Two-thirds say his performance in office is unlikely to get better in his last two years as president.

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"What he faces is an extremely skeptical audience," says Democratic pollster Peter Hart, who helps conduct the Journal/NBC poll. The findings, adds his Republican counterpart Bill McInturff, suggest "little capacity for movement on his major policy initiatives, especially Iraq."

Mr. Bush hopes to overcome that skepticism with a series of eye-catching ideas on domestic policy, particularly on health care and energy. His health-care plan -- outlined over the weekend -- focuses on overhauling the tax code to make health insurance more accessible to people not covered through employers. His energy plan likely will feature a big proposed increase in the use of alternative fuels like ethanol and a revamping of fuel-efficiency standards for passenger cars, as well as greater acknowledgment of the problem of global warming.

Still, the president has had a tough time breaking through. This month Mr. Bush spoke to the nation outlining plans to increase U.S. troop strength in Iraq, and the poll shows he failed to shift public opinion in his direction. Just one in four Americans calls it "an acceptable outcome" to increase U.S. troops now and keep them in Iraq until that nation becomes a stable democracy.

One reason: Majorities of men and women, of whites and nonwhites, of all ages, income groups and regions of the country, say the president's new Iraq strategy will make "very little difference" or none at all in securing Iraq. Though Mr. Bush has steadfastly resisted any timetable for U.S. withdrawal from Iraq, a 65% majority wants U.S. troops to leave within the next year.

"America has come to a public judgment on Iraq: Wrap it up," Mr. Hart says. The telephone survey of 1,007 adults was conducted Jan. 17-20 and has a margin of error of plus or minus 3.1 percentage points.

The president -- despite an overall approval rating standing at just 35%, while 60% disapprove -- has offered no indication of bending to that judgment. Instead, he has reiterated his intention to proceed in the face of opposition not only from Democrats, now the majority in Congress, but from an increasing number of his fellow Republicans. The survey shows Mr. Bush and his Republican allies on solid ground with rank-and-file Americans on at least one point: opposition to any legislative blocking of funds for U.S. troops in Iraq.

So while a 65% majority of Americans say the president should abandon his planned troop increase if Congress passes a nonbinding resolution against it, Americans oppose by 52%-41% congressional attempts to stop Mr. Bush by cutting off funds. Democratic lawmakers have been juggling that issue: Leaders insist they won't stop funding troops in the field, but some senators and House members seek restrictions such as caps on the number of troops in Iraq.

Both Journal/NBC pollsters say Mr. Bush may be able to improve his standing by accommodating his reduced stature and the loss of his Republican congressional majorities with a revamped policy agenda. To some degree, the White House has signaled plans to attempt just that.

Tonight, the president will tout a health-care initiative designed to expand coverage with new deductions for Americans seeking insurance on their own, financed by taxes on some generous employer provided health plans. That emphasis tracks the findings in the Journal/NBC poll showing health costs as Americans' foremost economic concern, and the number of Americans without health insurance as atop respondents' list of disturbing conditions in the country -- ahead of declining morals, illegal immigration, sub-par schools or outsize CEO compensation.

Mr. Bush's higher target for renewable fuels jibes with Democrats' stated aims. A U.S. diplomat held out hope that the higher renewable fuels standard also would create a steady demand for agricultural products that will keep prices high and hold down U.S. subsidies, thereby helping satisfy international demands in the Doha round of trade talks.

Many of the new White House domestic initiatives have features that appeal to Democrats, yet the Journal/NBC poll makes clear that Americans have little expectation that Mr. Bush will work effectively with his political adversaries on Capitol Hill. Just 37% expect the president to "strike the right balance" in dealing with the Democratic Congress, while 50% predict he will be "too inflexible."

The survey underscored the message of last November's midterm elections: that Americans are increasingly open to Democratic leadership. A 57% majority wants Congress rather than the White House setting policy for the country; by 42% to 15%, Americans say Democrats could bring "the right kind of change" to the country rather than the wrong kind, though 39% don't expect much change either way.

In the broadest gauge of the two parties' images, Americans rate Democrats favorably, 42%-30%, while Republicans are rated negatively, 44%-33%. On specific issues, Americans say they prefer the Democratic approach by a double-digit margin on issues such as Social Security, energy, and the federal deficit.

Florida Legislators Split On Bush's Effectiveness (FLTODAY)

By Larry Wheeler

Florida Today, January 23, 2007

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Florida lawmakers differ on whether President Bush heads into his sixth State of the Union address in a position to dictate the terms of his final two years in office or so weakened by events that it doesn't much matter what he says.

"This is the president of the United States, the most powerful man in the world," said Rep. Allen Boyd, Jr., a Tallahassee Democrat. "But his political capital is certainly not what it was two years ago. That creates some different dynamics for him."

The once-swaggering Bush has admitted he made mistakes in Iraq.

His policies and low approval ratings contributed to the Republicans' loss of Congress in last year's elections.

Bush's plan to send more U.S. troops to Iraq was met with broad public skepticism and outright opposition from some in his own party.

A lot has not gone right for Bush, which puts him on the defensive as he delivers his annual address Tuesday night to a joint session of Congress.

"It's going to be a challenge," said Rep. Tom Feeney, a conservative Republican whose district includes part of Florida's Space Coast. "A new, freshly elected president can establish an agenda. But in the last quarter of an eight-year term with the country in a war that has not gone according to plan and your poll numbers in tough shape . . . you are basically responding, as opposed to creating an agenda."

Feeney made it clear he supports Bush and his troop increase if the troops sent to fight insurgents disrupt the lines of support coming over the border from Iran and Syria.

Despite the prevailing political winds, some rank-and-file Florida conservatives remain supportive of the president.

Rep. Jeff Miller, a Republican who represents the Pensacola Bay Area, home to many active duty and retired military, praised Bush's troop "surge"strategy and anticipated hearing more about it from Bush during the State of the Union address.

"I imagine the last thing the insurgents expected to hear from President Bush after the November elections was an increase or a troop surge," said Miller, who has not wavered in his support for the president. "It shows a clear resolve that the United States is serious."

Sen. Mel Martinez, an Orlando Republican, believes Bush's troop surge strategy has put the president on the offensive.

"This is the best way for him to continue to be relevant over the next two years," Martinez said.

Last week, Martinez was elected general chairman of the Republican Party by the Republican National Committee. Bush handpicked Martinez for the post, which will make the Cuban-American senator the voice of the GOP.

Florida's senior senator, Orlando Democrat Bill Nelson, declined to speculate on whether Bush will speak to the nation Tuesday from a weakened position or one of renewed vigor.

"I don't know the answer to that right now," Nelson said after emerging from a White House briefing with National Security Advisor Stephen Hadley. "The war has not been going successfully. It is my hope that it will, but in order for that to occur, the (Iraqi) government has got to start reaching out and brining Sunni and Shiite together."

State Of The Union From Rostrum To Reality: How Past Pledges Played Out (WSJ)

By Megan Ballinger

The Wall Street Journal, January 23, 2007

The Constitution requires presidents to deliver their appraisal of the nation's health and well-being to Congress once a year, and President Bush will give the third address of his second term Tuesday night, touting accomplishments thus far in his presidency and laying out his agenda to the American people.

The Wall Street Journal Online took a look back at some of the vows -- both memorable and now-obscure -- that President Bush has made in his State of the Union addresses, to see whether they made it from the rostrum to reality.

2006: Iraq, energy, health care

On Iraq: "Fellow citizens, we are in this fight to win, and we are winning. The road of victory is the road that will take our troops home. As we make progress on the ground, and Iraqi forces increasingly take the lead, we should be able to further decrease our troop levels."

After perhaps the bloodiest year for both American troops and Iraqis since the 2003 invasion, the strategy in Iraq has shifted dramatically -- as has the language used to discuss the conflict. "Stay the course" is out, while "the way forward" is in.

Support among Americans and their representatives in Congress hit lows as the country spiraled toward a sectarian civil war and kidnappings and killings made daily headlines. Just after the midterm elections, in which voter anger about the war helped Democrats retake control of the House and Senate, Secretary of Defense Donald Rumsfeld was pushed out. The Iraq Study Group report, released in December, provided both a searing critique of the administration's policies and a bleak picture of how bad the situation really is. Conceding in an address earlier this month1,"Where mistakes have been made, the responsibility rests with me," Mr. Bush acknowledged a litany of American failures and announced plans to send at least 20,000 more troops to Iraq.

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On energy: "America is addicted to oil, which is often imported from unstable parts of the world. The best way to break this addiction is through technology. To change how we power our homes and offices, we will invest more in zero-emission coal-fired plants; revolutionary solar and wind technologies; and clean, safe nuclear energy. We will increase our research in better batteries for hybrid and electric cars, and in pollution-free cars that run on hydrogen."

While Mr. Bush has talked a great deal in recent months about cleaner energies and finding alternatives to oil, he continues to be widely criticized by environmentalists for failing to back his rhetoric with enough government action -- either increasing spending or instituting tougher regulations to cut pollution. His resistance in particular to federal limits on greenhouse gases has left him at odds with some business leaders who have come to endorse stronger federal action. The CEOs of General Motors, Ford Motor and DaimlerChrysler's Chrysler Group pledged after an autumn meeting with Mr. Bush to make 50% of their new vehicles capable of running on alternative fuel by 2012. With Democrats in control of Congress, energy and environmental initiatives are gaining speed. The administration also is pursuing a strategy of encouraging technological innovation -- instead of regulation and mandated caps -- to reduce overall carbon-dioxide emissions. In December, officials announced the awarding of $1 billion in tax credits to nine companies to develop cleaner coal-burning power plants around the U.S.

On health care: "For all Americans, we must confront the rising cost of care… and help people afford the insurance coverage they need. We will strengthen health savings accounts -- by making sure individuals and small business employees can buy insurance with the same advantages that people working for big businesses now get."

Early in 2006, health care was at the top of the president's domestic agenda, as evidenced by a spate of speeches. His health-care proposals included providing bigger tax breaks for health-savings accounts, or HSAs, and making hospitals' and doctors' prices available to consumers. The president has followed through on both. In August, Mr. Bush issued an executive order requiring federal agencies to disclose the quality and cost of care provided to Medicare beneficiaries, federal employees, the military and veterans -- a group that includes one-fourth of all Americans. And in December, he signed a bill that increased the tax-free contributions many people are allowed to make each year to their HSAs. Still, with these changes attracting little attention, the president is expected to propose further and more dramatic changes in his last two years in office, such as a tax code change making it easier for consumers to buy health care on the open market, instead of relying on employers for coverage. * * *

2005: Social Security, peace in the Middle East, and immigration

On Social Security: "We must make Social Security permanently sound, not leave that task for another day. We must not jeopardize our economic strength by increasing payroll taxes."

In his first news conference after his re-election, President Bush declared: "We'll start on Social Security now." And the program was a centerpiece of his first post-reelection State of the Union address. But after a year of hard campaigning, the president acknowledged that reform plans had died. Mr. Bush's vision was that American workers would divert some Social Security payroll taxes to personal retirement accounts, assuming more of the responsibility and risk themselves. Democrats vehemently opposed any privatization, while Mr. Bush's party faced deep divisions of its own. A series of stump speeches across the country in 2005 did little to rally the public, as other crises, both at home and abroad, helped lessen any sense of urgency. When asked in October 2005 how the president could get his plan back on track, one senator responded: "Get the Gulf Coast rebuilt and get the troops out of Iraq." Mr. Bush has said he plans to revive his efforts at a later point in his presidency. With Democrats now in control of Congress, there's speculation that he may have to meet their price for coming to the bargaining table: dropping his goal of letting workers create private retirement accounts. If he doesn't, it is virtually certain that nothing will happen on the issue he has called the top domestic priority of his second term.

On peace in the Middle East: "To promote peace in the broader Middle East, we must confront regimes that continue to harbor terrorists and pursue weapons of mass murder. Syria still allows its territory, and parts of Lebanon, to be used by terrorists who seek to destroy every chance of peace in the region…. Iran remains the world's primary state sponsor of terror, pursuing nuclear weapons..."

In the Middle East, the Bush administration made strides in 2005, though some hot zones remained to be defused and have since become even more volatile. Elections in Egypt, Iraq and Gaza in the year after Mr. Bush's speech were among high points in the process toward democracy in the region, though none was without controversy or smatterings of violence. Pakistan has recently strengthened ties with the U.S., working with American soldiers to hunt al Qaeda fugitives, but a January 2006 deadly airstrike in that nation drew criticism.

Syria and Iran still are trouble spots. The Bush administration has taken a sharp tone with Syria, threatening to bring Damascus before the U.N. Security Council for international censure if the government refuses to cooperate with a probe into the assassination of Lebanese Prime Minister Rafik Hariri. But now, in exchange for cooperation on Iraq, Syria may ask the international community to drop the inquiry. Meanwhile, the U.S. is encouraging the other members of the Security Council to impose sanctions on Iran for its refusal to suspend its nuclear programs.

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On immigration: "We should not be content with laws that punish hardworking people who want only to provide for their families, and deny businesses willing workers, and invite chaos at our border. It is time for an immigration policy that permits temporary guest workers to fill jobs Americans will not take, that rejects amnesty, that tells us who is entering and leaving our country, and that closes the border to drug dealers and terrorists."

Legislation on immigration has been slow-moving, despite Republicans' hopes that it would give them a boost in the 2006 congressional elections. Throughout 2005 and 2006, Mr. Bush rolled out specifics of his ideas, which include both an expansion of the guest worker program and a renewed emphasis on border security. The administration hoped to get big business in its corner, pushing Congress to pass measures that give more foreign-born workers legal status. On the national security front, the president laid out a series of steps aimed at closing gaps in enforcement, including expansion of a program where Mexicans caught illegally crossing the border are returned to their hometowns instead of just to the other side of the line. Since December 2005, the House and Senate have passed starkly different immigration bills. The Republican-proposed House bill calls for a fence along the border and makes illegal immigration a felony; it currently is a misdemeanor. The Senate bill, which attracted more support from Democrats than Republicans, would let most illegal immigrants stay in the U.S. after paying fines and back taxes. Congressional negotiators never met to iron out their differences, and the issue remains at a stalemate. * * *

2004: Patriot Act and gay marriage

On the Patriot Act: "Key provisions of the Patriot Act are set to expire next year. The terrorist threat will not expire on that schedule. Our law enforcement needs this vital legislation to protect our citizens. You need to renew the Patriot Act."

The Patriot Act was a big issue in the 2004 election season -- and as such, little legislative headway was made in renewing it that year. In late December 2005, facing a Dec. 31 deadline, lawmakers agreed to extend the antiterrorism law for five weeks, setting the new expiration date for 16 provisions of the law for Feb. 3, 2006. Democrats pushed for changes to better protect civil liberties and privacy of average Americans, and furor over White House wiretapping of some U.S. citizens made it seem as if major changes would have to be affected, but in March, 2006, the full Senate voted to renew the Patriot Act, by an 89-10 roll call, with only cosmetic amendments.

On gay marriage: "Activist judges … have begun redefining marriage by court order, without regard for the will of the people and their elected representatives. On an issue of such great consequence, the people's voice must be heard. If judges insist on forcing their arbitrary will upon the people, the only alternative left to the people would be the constitutional process. Our nation must defend the sanctity of marriage."

Gay marriage was a cultural flashpoint of the 2004 election, and these lines were manna for Mr. Bush's socially conservative base. But the issue has received scant attention since then, aside from mentions amid the vetting of Chief Justice John Roberts and fellow justice Samuel Alito. Both men were reluctant to discuss specifics of their stances during Senate hearings, though neither is expected to be supportive of gay marriage. Push for a constitutional amendment, though, seems to have died down: Some prominent Republicans have made it known that they don't support an amendment, and many states have already passed ballot measures limiting the definition of marriage, making the need for a federal amendment less urgent in the eyes of many conservatives. In the 2006 elections, gay-marriage bans passed in seven states, but Arizonans defeated such a ban. * * *

2003: Health care and the environment

On health care: "Health-care reform must begin with Medicare; Medicare is the binding commitment of a caring society. We must renew that commitment by giving seniors access to preventive medicine and new drugs that are transforming health care in America. My budget will commit an additional $400 billion over the next decade to reform and strengthen Medicare."

Congress passed the huge Medicare prescription-drug benefit in 2003 but the legislation represented the biggest expansion of a federal entitlement program in a generation and will be considerably more expensive than originally estimated. The voluntary benefit went into effect on Jan. 1, 2006, covering the prescription-drug expenses of some 11 million low-income elderly and disabled Americans. Although the program's launch was marred by bureaucratic glitches, befuddled senior citizens, frustrated pharmacists and physicians, and experts asserting it should have been set up differently, critics' worst fears haven't materialized. More than 90% of Medicare beneficiaries have drug coverage, and costs are below initial estimates.

On the environment: "I have sent you Clear Skies legislation that mandates a 70% cut in air pollution from power plants over the next 15 years. I have sent you a Healthy Forests Initiative, to help prevent the catastrophic fires that devastate communities, kill wildlife, and burn away millions of acres of treasured forest."

In March 2005, the Senate Environment and Public Works Committee deadlocked in a 9-9 vote and failed to pass Mr. Bush's "Clear Skies" on to the full Senate. Since then, the president has called a few times for its renewal, but action has been slow. Some Republicans in the business community have tried to distance themselves from efforts to roll back clean-air rules and the Endangered Species Act. Meanwhile, liberal critics have mocked the Clear Skies plan, calling it patronage for Bush

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campaign fundraisers in the energy business and a loosening of pollution regulations. The Healthy Forests Act passed in 2003. * * *

2002: Defense and trade

On defense: "We will work closely with our coalition to deny terrorists and their state sponsors the materials, technology, and expertise to make and deliver weapons of mass destruction. We will develop and deploy effective missile defenses to protect America and our allies from sudden attack."

The Bush administration decided to invade Iraq in the spring of 2003 because of perceived threat represented by Saddam Hussein's stockpiles of weapons of mass destruction. But those weapons never materialized, and U.S. troops remain in Iraq despite three successful elections there in 2005. Libya voluntarily disarmed and a black-market ring for nuclear materials headed up by a former top Pakistani scientist was broken up, but other successes have proved harder to come by. As Iran refuses to abandon its nuclear program, the U.S. is pushing to isolate Iran's economy, but Tehran shows no signs of backing down. The U.S. also remains wary of North Korea's nuclear intentions. Missile defense is still a touchy subject. Many critics don't see the need for it, calling the program a vestige of the Cold War that should be mothballed to beef up spending on other more pressing defense and homeland-security needs.

On trade: "Good jobs depend on expanded trade. Selling into new markets creates new jobs, so I ask Congress to finally approve trade-promotion authority."

Though Mr. Bush won back trade-promotion authority, which gives the president greater power in negotiating agreements, his record on trade has been mixed. A package of steel tariffs designed to protect U.S. producers from foreign competitors drew criticism both inside and outside the administration and was eventually rolled back. The generous subsidies the U.S. gives its farmers have proved to be a big sticking point in international trade talks. Meanwhile, the president has sent mixed signals on the question of offshoring. During the presidential campaign, he proclaimed his eagerness to protect American jobs and muzzled a top economic adviser who suggested that the outsourcing of jobs overseas was a long-term net positive for the U.S. But he also has repeatedly called for open markets. * * *

2001: Education, taxes and faith

On education: "Children should be tested on basic reading and math skills every year between grades three and eight. Measuring is the only way to know whether all our children are learning. And I want to know, because I refuse to leave any child behind in America."

The president's No Child Left Behind plan, which relies heavily on standardized testing to measure the performance of both students and schools, became law in 2002. The legislation mandated that annual report cards be issued for schools, and that those that don't measure up provide supplemental services like tutoring programs. Parents of children at underperforming schools also have the right to transfer their children to a better school in their district. States and school districts have greater flexibility in how they spend education funds. In 2005, Mr. Bush announced a $1.5 billion "intervention fund" to improve high-school learning and graduation rates, and to extend No Child Left Behind standardized testing to high-school students.

On estate taxes: "It's not fair to tax the same earnings twice -- once when you earn them, and again when you die -- so we must repeal the death tax."

The "death tax" -- or federal estate tax -- has been a perennial target of Republican ire. The president has been successful in reducing the estate tax, but total repeal is unlikely, especially with Democrats now controlling Congress. The White House can't count on lobbying muscle from the super-rich: Many of the very wealthiest Americans whose families would benefit greatly from the vanquishing of the estate tax don't support repeal, including investment guru Warren Buffett, who says untaxed inheritances would create an "aristocracy of wealth." In 2006, a bill that paired raising the minimum wage with a cut in the estate tax passed the House, but stalled in the Senate.

On faith-based initiatives: "My budget adopts a hopeful new approach to help the poor and the disadvantaged. We must encourage and support the work of charities and faith-based and community groups that offer help and love one person at a time."

Mr. Bush's emphasis on "faith-based initiatives" was one of the major flashpoints of his first 100 days in office. Many civil libertarians and even some religious leaders called his plans a breach of the church-state divide, while conservatives embraced the idea of farming out expensive social programs to churches. John DiIulio Jr., an early leader of the president's faith program, argued in an op-ed in the Wall Street Journal that failure to support faith-based initiatives in the war on poverty was tantamount to ignoring the 14th Amendment's equal-protection clause. Congress scuttled Mr. Bush's most ambitious faith-based plans, but the president did open a "compassion capital fund" to bankroll some initiatives.

Fenty Won't Sit With Laura Bush At Speech (WP)

By Elissa Silverman

DOJ_NMG_0120533

The Washington Post, January 23, 2007

D.C. Mayor Adrian M. Fenty has declined a White House invitation to sit with first lady Laura Bush at tonight's State of the Union address, deciding to attend the event as a guest of House Speaker Nancy Pelosi.

Fenty spokeswoman Carrie Brooks confirmed yesterday that the city's new mayor will sit in the gallery along with others invited by Pelosi (D-Calif.), who recently became speaker after Democrats took control of the House of Representatives.

" 'Pelosi asked us first,' " Fenty said, according to Brooks.

Although former mayor Anthony A. Williams, like Fenty, is a Democrat, Williams sat with the wife of Republican President Bush. Presidents often acknowledge guests in the VIP box during the address, and Williams was often captured on television as the cameras panned to the seats around the first lady.

During his campaign for mayor, however, Fenty pledged that he would not sit as a guest of the White House because the president had not supported the city's quest for voting representation in Congress. "He committed during the campaign not to sit in the first lady's box," Brooks said.

Fenty has the made voting rights a top priority of his administration, beginning with a call for D.C. statehood in his inaugural address.

He has lobbied Pelosi to support a bill co-sponsored by Del. Eleanor Holmes Norton (D-D.C.) and Rep. Thomas M. Davis III (R-Va.) that would give the District a voting representative in the House.

Fenty will be joined by Maryland Gov. Martin O'Malley (D) and his wife, Judge Katie Curran O'Malley, also invited by Pelosi, a Baltimore native. Fenty and the O'Malleys will also attend a reception in Pelosi's office suite before the address.

Fenty To Attend Speech As Pelosi's Guest (WT)

By Gary Emerling

The Washington Times, January 23, 2007

D.C. Mayor Adrian M. Fenty will attend tonight's State of the Union presidential address as a guest of new House Speaker Nancy Pelosi, a departure from his predecessor's tradition of attending as the guest of first lady Laura Bush.

Mr. Fenty, a Democrat, had promised to watch the address from outside the first lady's viewing box at the U.S. Capitol to protest a lack of congressional voting rights for the District.

During his two terms as mayor, Anthony A. Williams, a Democrat, attended the address nearly every year as a guest of Mrs. Bush or of Hillary Rodham Clinton when she was first lady.

"I view it as an invitation to the mayor in his capacity as mayor of the District, as opposed to a personal invitation," Mr. Williams said. "The District should be represented in the halls of Congress for the State of the Union. That's how I always saw it."

It was not clear yesterday whether Mrs. Bush had extended an invitation to Mr. Fenty.

Officials in Mrs. Bush's White House press office said the list of those invited to attend the speech with the first lady would not be released until today, and Fenty officials could not confirm whether Mrs. Bush had invited the new mayor.

Pelosi spokesman Drew Hammill said Mr. Fenty would attend as a guest of the House's new speaker, a California Democrat.

Mrs. Pelosi and Mr. Fenty have met to discuss voting rights and other D.C. issues that will come before Congress.

Mrs. Pelosi and Mr. Fenty "met shortly after her election as speaker to discuss a number of issues with respect to the District," Mr. Hammill said. "They came out of that meeting agreeing to work closely together on the District's priorities."

An invitation to watch the address with the first lady is part recent tradition, part honor for the District's chief executive.

Nelson F. Rimensnyder, a historian and former research director for the House Committee on the District of Columbia, said the practice of inviting guests to the address took on a grander meaning during the administration of President Reagan, who often singled out his invitees for honor during the speech.

"My recollection is it's a more recent thing, the mayors' being regularly invited to sit in on the State of the Union," Mr. Rimensnyder said. "Particularly of course, Tony Williams was invited all the time."

D.C. Council member Marion Barry could not recall yesterday whether he was invited or had attended the annual address while he was mayor, his spokesman said.

Mr. Fenty's attendance as Mrs. Pelosi's guest does represent a contrast between himself and Mr. Williams.

The former mayor has been criticized for not being more aggressive in advancing D.C. voting rights and not mobilizing more energetic efforts for the cause, although he did advocate for the issue during speeches both home and abroad.

Mr. Fenty said in his Jan. 3 inaugural address that "our goal is to become the 51st state." He has met with members of Congress about D.C. voting rights and is spearheading several initiatives, such as a lobbying day in February and a march in April, to further highlight the cause.

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Mr. Fenty also has pledged to aggressively push for passage of the D.C. Voting Rights Act, a measure introduced by Delegate Eleanor Holmes Norton, a Democrat who serves as the District's nonvoting representative in Congress, and Rep. Thomas M. Davis III, Virginia Republican, that would give the District a House vote and also add a seat in the House for Utah.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 23, 2007

Pelosi Lures Cameras to the Speaker's Box

The party's not over! Newly minted House Speaker Nancy Pelosi will not only sit behind President Bush at tonight's State of the Union address, but she's filling the normally staid speaker's box with a cluster of political stars.

Many of Pelosi's guests, who will sit in 21 balcony seats, will be past and present celebs of the Democratic Party: former speakers Jim Wright and Tom Foley, Maryland Gov. Martin O'Malley, Los Angeles Mayor Antonio Villaraigosa and Washington's Adrian Fenty. Pelosi also invited two of the more influential 9/11 widows, Carrie Lemack and Mary Fetchet, and the wives of the Joint Chiefs of Staff chairman and vice chairman, Lynne Pace and Cindy Giambastiani.

Ronald Reagan began the tradition of inviting special guests, who sat with the first lady and were introduced at key moments in the address. Last year, an injured Iraq war veteran, Air Force Sgt. Jamie Dana (with her dog and former military partner, Rex), sat with Laura Bush. The speaker's box, by contrast, hardly merited a glance -- except in 1997, when conservatives blasted Newt Gingrich for inviting Jesse Jackson to sit in his box.

This is the second time this month Pelosi made the seats a camera magnet: Richard Gere and Tony Bennett sat there for her Jan. 4 swearing-in ceremony. No word who else might pop up, but Lynne Cheney-- who sat in the speaker's box in the past few years -- will move on over to the first lady's this year.The Million-Dollar Set, With Reason to Celebrate

If you're a young, talented actor-director trolling for a patron who loves the theater -- well, there was only one party to crash Saturday night: the "Happy Ever After Gala" at Signature Theatre's new digs in Arlington. (Signature's Artistic Director Eric Schaeffer was your basic starving artist 17 years ago.) The black-tie bash celebrated the company's new space, new production of Stephen Sondheim's"Into the Woods" and folks who made it all possible, especially the big-three couples who throw serious bucks to the arts in Washington.

Maxine Isaacs and Jim Johnson (major donors to the Kennedy Center) gave the first $1 million for the new quarters, so the Max Theatre is named after her. Gilbert and Jaylee Mead (who recently gave $35 million to Arena Stage) also gave $1 million, and their names grace the theater lobby. And Arlene and Robert Kogod (they donated $25 million for the new glass roof on the Old Patent Office Building) wrote a check for $3 million, and both the entrance lobby and smaller Ark Theatre bear their monikers. Unlike MCI . . . er, Verizon Center, these names won't change.THIS JUST IN . . .

Special Celebrity Detox Edition:

Â· Miss USA Tara Conner has checked out of rehab and will resume beauty-queen duties soon, reports the New York Daily News. The New York bar where she spent some infamous nights is hosting a "Coming Out" party, but she's definitely not going, said a pageant rep -- although Donald Trump told Fox News he is considering an offer from Playboy magazine to feature a semi-clothed Conner inside and on the cover.

Â· Country singer Keith Urban calls the 90 days he spent at the Betty Ford Center "one of the most impactful times of my whole life." In a video message released yesterday to his fans, Urban -- who checked in just three months after his wedding to Nicole Kidman-- said he originally planned to stay a month but "I started to learn a lot about myself, and how I got to be in this position. . . . It feels really good to have gone through it and be where I am right now."HEY, ISN'T THAT . . .?

Â· Keith Olbermann, eating a hamburger at downtown's Les Halles yesterday with a dark-haired woman whose business suit led onlookers to conclude she was a political source, not a broadcast colleague. The N.Y.C.-based cable yakker has brought his MSNBC show south for the State of the Union address.

Â· Supreme Court Justices Sam Alito, Stephen Breyer and Ruth Bader Ginsburg at opening night of the Shakespeare Theatre Company's "Richard III" -- a little riff about the succession of power and why tyrants are bad. Hey, take notes, you guys!

Sen. Jim Webb To Rebut State Of The Union (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 23, 2007

When President Bush gave his 2006 State of the Union speech, Jim Webb hadn't yet decided to run for the US Senate. But he had no doubts about the war in Iraq, which he called "the greatest strategic blunder in modern times."

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Tuesday night, Senator Webb is giving the Democratic response to this year's State of the Union – an unusually high profile for a freshman. But no Democrat in the Congress is more primed to talk on the No. 1 issue in congressional politics: the endgame in Iraq.

"We have never clearly defined what a win is – never, not since 2002," says Webb, on a brisk walk through the Capitol basement after President Bush announced an increase of 21,500 troops in Iraq. One of them will be Webb's son, Jimmy, whose Marine unit has just been extended for an additional 60 days in Iraq.

A decorated combat marine, Webb knows – and can articulate – the human face of war with an authority that is rare on Capitol Hill. As a company commander in the An Hoa Basin during the Vietnam War – the setting of his first of six bestselling novels, "Fields of Fire" – he was awarded the Navy Cross for exceptional heroism, three medals and two purple hearts. He dedicated that 1978 book to "the 100,000 Marines who became casualties in Vietnam. And for the others who became casualties upon their return."

As a law student at Georgetown University Law Center, Webb represented and later cleared the name of a marine convicted of war crimes in Vietnam, three years after his suicide. With the House Committee on Veterans Affairs from 1977 to 1981, he became the first Vietnam veteran to serve as a committee counsel on Capitol Hill. In 1987, President Reagan appointed Webb to be secretary of the Navy, but he resigned in 1988 over deep budget cuts that the Congress mandated for the Navy.

"The fact that he's a longtime Republican, until his recent conversion, plus his war-hero status, plus a strong association with Ronald Reagan, plus the fact that he delivered the Senate to the Democrats on the issue of Iraq – it makes him the logical choice for the Democrats," says Larry Sabato, a political scientist at the University of Virginia.

Democratic leaders who tapped Webb for his prime-time assignment describe him as "a new voice in a new Congress." "He's also a combat veteran who understands personally how important it is to find a new direction in Iraq and begin to bring the war to a close," said Senate majority leader Harry Reid.

Once a reluctant campaigner

A reluctant campaigner, Webb was once the first person out the door at a campaign event in Arlington, Va., that he was headlining. But he is settling into his role in the Senate, where he often sits through oversight hearings on the war from start to finish – a practice typically rare for anyone but the committee chairman.

"I'm impressed. He was the only one who stayed the whole time... Senator Webb and [Chairman Joseph] Biden," says Marjorie Lasky, a war protester from Berkeley, Calif., who sat near the front row of recent Senate hearings. "I hope he stays right on top of this war."

For Webb, the key to getting out of Iraq is for the Bush administration to "aggressively deal with the situation in a regional context," he says. "If we do that, we get our combat troops out, and we can still address the war against international terrorism. We can help increase the stability of the region, and we can deal with our strategic interests elsewhere. That's how you define a win."

Webb's tough questions

His committee assignments on the Senate Armed Services Committee and Foreign Relations Committee give him a platform to raise these issues, even though his position at the bottom of the seniority rankings usually leaves him the last to speak.

At a Jan. 11 hearing of the Foreign Relations Committee, he challenged Secretary of State Condoleezza Rice to "more actively engage" in diplomatic efforts in the Middle East. "There are many, including myself, who warned that invading and occupying Iraq would in fact empower Iran, and that has become a reality," he said. Then, he asked: "Is it the position of this administration that it possesses the authority to take unilateral action against Iran in the absence of a direct threat without congressional approval?" Ms. Rice said that she would answer in writing.

Aides say he does much of his own research to prepare for hearings and develops his own questions. He generally reads at least four hours a day, aides say. "That's what he hated the most about campaigning – losing time to read," says Webb spokeswoman Jessica Smith.

Aides say he is drafting his own response to the State of the Union, working mainly in the evenings, although Democratic leaders will have a say in the final language.

While he's not one of those senators who seeks television lights – or print journalists, for that matter – like a heat seeking missile, he is clearly warming to the job. "It's a great time to be in the Senate," he says.

Ramrod straight and typically no- nonsense, Webb had a brief, much-reported skirmish with President Bush at a White House reception last year. When Mr. Bush asked after his son, Webb replied: "I'd like to get them out of Iraq, Mr. President." Pressed again, "How's your boy?", Webb said: "That's between me and my boy, Mr. President."

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Bush's Speech To Push Health Insurance Plan (USAT)

By Richard Wolf And David Jackson

USA Today, January 23, 2007

WASHINGTON — President Bush will use Tuesday night's State of the Union address to begin a new effort to reduce the number of Americans without health insurance and try to capitalize on state innovations.

Bush's plan would financially reward states that make basic private policies more widely available. Already, more than a dozen states from Massachusetts to California have proposed expanding private health insurance, Health and Human Services Secretary Mike Leavitt said Monday.

The president's plan would not involve any new federal money. It would redirect some of the $30 billion the government spends annually to care for people without health insurance who show up at hospitals and emergency rooms.

The administration expects opposition from Democrats, particularly those who favor a system of government-subsidized health insurance. "I have not seen anything in health care to which there was not objection," Leavitt said.

There are 47 million Americans without health insurance. Groups representing business and consumers last week endorsed a renewed effort to get them covered. "There is real, tangible movement toward that objective right now, for the first time," Leavitt said.

A number of states have taken steps recently to cover more uninsured residents, particularly children. They include Massachusetts, California, Illinois, Pennsylvania, New York, Arkansas, Indiana, Michigan, Texas, New Jersey, Missouri, Washington, Oregon, Louisiana, Tennessee, Connecticut and Vermont.

Democrats such as Rep. Pete Stark of California have questioned another Bush plan to offer standard deductions for health insurance — $7,500 for individuals, $15,000 for families — while subjecting employer-paid health insurance to income taxes. Rep. Jim McCrery of Louisiana, top Republican on the House Ways and Means Committee, has fielded complaints from some Republicans who call the plan a tax increase.

White House officials said the proposed changes to the tax code represent "reform," not tax hikes. "We think about it as tax reform that levels the playing field and provides a basic, standard benefit to all Americans," White House spokesman Tony Fratto said.

Of all taxpayers who get health insurance from their employers, about 20% face the prospect of paying higher taxes. They can adjust their health coverage.

"This is revenue-neutral tax reform," said Katherine Baicker of the Council of Economic Advisers. "There are always going to be some winners and losers, but the people who might initially be losers have options."

Bush's Health Plan: Tax Breaks To Uninsured (MH)

By Michael A. Fletcher

The Miami Herald, January 23, 2007

WASHINGTON - President Bush will propose deep tax breaks for Americans who purchase their own medical insurance and would finance the plan with an unprecedented tax on a portion of high-priced healthcare plans that workers receive from their employers, according to the White House.

The initiative, which the president briefly previewed in his radio address Saturday, has a dual purpose: It would create a financial incentive for the estimated 46 million to 48 million Americans who lack health insurance to buy it. And it would rein in the soaring cost of health insurance by encouraging workers in high-priced plans to seek more modest coverage.

"Today, the tax code unfairly penalizes people who do not get health insurance through their job," Bush said. ``It unwisely encourages workers to choose overly expensive, gold-plated plans. The result is that insurance premiums rise and many Americans cannot afford the coverage they need."

The proposal, which Bush plans to fully unveil in Tuesday's State of the Union address, marks a sharp departure for a president who has been criticized for advocating tax cuts that disproportionately benefit higher-income Americans.

Administration officials familiar with the plan say it reflects the new political order in Washington, where Democrats now control both chambers of Congress.

They refuse to characterize the plan as a tax increase because it raises no new money for the federal government.

Instead, it would add a new tax on employer-provided healthcare plans worth more than $15,000 to subsidize those who buy modestly priced plans out of their pockets.

In addition, they say, the plan is consistent with Bush's idea of increasing access to health insurance through the private market while encouraging people to be more cost conscious as they purchase medical-care coverage.

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In his speech Tuesday night, the president will also propose increasing the federal assistance to states that make private healthcare plans available to low-income or chronically unhealthy people who are uninsured.

The administration hopes to provide waivers under Medicaid -- the government health insurance program for the poor that is jointly funded by the federal government and the states -- to allow states to redirect money from hospitals and nursing homes to individuals to help them buy health insurance.

Some states already are moving to offer healthcare coverage to the uninsured. In California, Gov. Arnold Schwarzenegger recently announced a plan to provide coverage to about 6.5 million people, including many recent immigrants, who are uninsured. If the plan is approved by the state legislature, California would become the fourth state -- along with Massachusetts, Vermont and Maine -- to offer near universal health insurance.

Taken together, Bush's proposals are his most ambitious attempt to address the healthcare crisis. In the past, Bush had pushed for limited tax breaks to help people buy health insurance, but those initiatives never gained traction. He has also advocated health savings accounts, consumer-driven plans with higher deductibles and lower premiums than those in traditional insurance.

The new tax measure would attempt to roughly equalize the benefits of people who have health insurance, regardless of whether they buy it or receive it from employers.

NEW TAX RULES

Currently, the 17 million Americans covered by health plans that they purchased out of pocket receive no federal tax break for the expenditure.

Meanwhile, the estimated 150 million people covered by employer-provided health insurance are not taxed on the value of their health insurance, regardless of how much it is worth. The average employer-provided family health insurance plan costs $11,500 a year, administration officials said -- three times what it cost 19 years ago.

Under Bush's proposal, workers who receive employer-provided health insurance would have to pay a tax on the cost of their benefit above $15,000, the threshold he proposes for the tax break.

For instance, if a person's health insurance costs $16,000, he would pay a tax on the $1,000 difference. People with families who buy low-cost policies, meanwhile, would have their taxable income reduced by $15,000, regardless of the cost of the plans and whether they itemize deductions on their tax returns. The deduction would be $7,500 for single individuals. The deduction, to be indexed to account for inflation, would also be extended to those with employer-provided plans, to be offset by the cost of their coverage.

"This is a huge incentive for the uninsured to get coverage, but, also, the vast majority of people with employer-provided coverage will benefit as well," a senior administration official said. The Bush administration estimates that 80 percent of people with employer-provided plans would see their tax liability fall because the deduction would be larger than the value of their insurance plans.

The idea of ending the taxpayer subsidy for what some in the health industry call "Cadillac health insurance" policies and using the savings to subsidize insurance for those who do not have it has been around for at least two decades, experts said.

Underlying the idea is the belief that the current tax structure essentially adds to the inflationary pressure on healthcare by subsidizing expensive healthcare plans, making coverage even more unaffordable for those who do not have it.

BIPARTISAN APPEAL

But now may be an interesting moment to resurrect the idea because the new Democratic Congress has vowed not to initiate any new programs that cannot pay for themselves.

Moreover, the idea of imposing a tax on those with generous coverage to help those without it has a progressive cast that could appeal to Democrats.

"It is being proposed by a Republican, but it's kind of a Democrat idea," said Robert Laszewski, a health policy consultant. ``It should be something that will interest a lot of Democrats."

Still, some leading Democrats are skeptical of the plan. "It is good that the president is finally talking about healthcare," said Sen. Edward Kennedy, D-Mass., chairman of the Senate committee that oversees healthcare matters. ``I question, however, why the president thinks the way to solve this problem is through the tax code."

Bush Insurance Plan Gets Cold Reception (AP)

By Kevin Freking

AP, January 23, 2007

President Bush's proposed tax deduction for health insurance appears to be shaping up as a tough sell in the Democratic Congress.

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Rep. Pete Stark, D-Calif., said Monday that the tax changes, which Bush is expected to promote in Tuesday night's State of the Union address, would encourage employers to stop providing health insurance.

"Under the guise of tax breaks, the president is pursuing a policy designed to destroy the employer-based health care system through which 160 million people receive coverage," the lawmaker said.

Stark, who oversees a key House Ways and Means subcommittee, said he would not consider holding hearings on the proposal, which includes a trade-off. Contributions from employers toward health insurance would begin to be treated as taxable income. At the same time, a standard deduction for taxpayers with health insurance would be set at $15,000 for families and $7,500 for individuals.

The White House says that 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. But about 20 percent would see a tax increase — those workers whose health insurance cost more than the standard deduction.

The change in tax policy is one of two major health proposals announced by Bush last weekend. The other would take some federal money now going to hospitals and other facilities and give it to states for programs to reduce the number of uninsured.

Insurers said the tax proposal would mostly help the nearly 17 million people who buy coverage through the individual or small group market. Their ranks include real estate agents, consultants and employees of small businesses that don't offer health coverage. Also benefiting would be those in newer industries where the workers tend to be younger and the health coverage is more basic, such as technology.

Meanwhile, many state employees, teachers, and older workers in such established industries as automobile and steel manufacturing could see their expenses go up, said Karen Ignagni, president of America's Health Insurance Plans, the insurers' trade group.

The trade group has not yet taken a position on the president's proposal. However, the insurers like the president's focus on health care going into the year.

"With the president coming forward and making health care such a major issue on his priority list, I think progress is definitely possible," Ignagni said. "We're going to see views and positions from all sides. We see that as a very promising thing. More and more people will come to the view that we've reached a tipping point."

President's Speech Will Stay Close To Home (LAT)

By Maura Reynolds

The Los Angeles Times, January 23, 2007

WASHINGTON — As President Bush prepares to deliver his first State of the Union address to a Democratic-controlled Congress tonight, he may be at the lowest point in his six-year presidency.

Yet on domestic policy, at least, the president may have an opportunity to revive his fortunes on several fronts, including healthcare, immigration and energy policy.

What that would take is a willingness by the president to work for compromises on Capitol Hill, even at the risk of displeasing the GOP's conservative base. And it would take a Democratic leadership willing to do the same with its base.

In past years, Bush has devoted roughly half his speech to national security and the "war on terror." But with his approval ratings well below 40% — largely a result of Americans' dissatisfaction over the Iraq war — this year he is expected to give greater emphasis to domestic policy, where he has the most opportunity to find common ground with Democrats.

In 2001, Bush did reach out to opposition lawmakers in the months immediately after his election, securing passage of the No Child Left Behind education law that remains a hallmark of his domestic record. White House officials are suggesting that, despite increasing partisanship since then, Bush is once again open to compromise.

"He understands his obligation ... is to go ahead forthrightly [on] big problems and come up with solutions that not only are going to have political appeal, but they're also going to be effective in making life better for Americans," White House spokesman Tony Snow said Monday.

"When you have a Democratic Congress that came in two weeks ago saying, 'We want to get things done' — we've got some offers that [are] going to be pretty good for them."

Both sides are expected to use the speech to send signals to the other — the president with his words, and the Democrats with their applause, or lack thereof.

Forging compromises and persuading Democrats to join him in the effort will not be easy. Some analysts think it's too late for Bush to regain the confidence of Democrats — or of much of the nation.

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"People don't have confidence in him or his trustworthiness, and both of those undermine his ability to bounce back," said George C. Edwards III, a presidential scholar at Texas A&M University. "This is the lowest point in his presidency, absolutely. It's almost the time of desperation."

Bush's approval rating averaged 37% over the last year, according to the Gallup Poll — one of the lowest yearly approval ratings of any president since the organization started collecting such data during the Truman administration. A Wall Street Journal/NBC News poll released Monday put Bush's approval rating at 35%.

Those low ratings, combined with the "thumping" that Republicans took at the polls in November, mean that the president has much less political capital this year, said Thomas E. Mann, who studies White House-congressional relations at the Brookings Institution, a centrist think tank.

"The president is in an exceedingly weak position," Mann said. "He is not in a position to advance his agenda if it is any way controversial in the country or conflicts with the views of Democrats."

Bush is scheduled to deliver his speech before a joint session of Congress at 6 p.m.

A narrower focus

Some lawmakers are concerned that the shift in political fortunes — and years of pent-up Democratic frustration with GOP hardball tactics — could lead to a less-than-decorous atmosphere in the House chamber during the speech.

"I hope we won't act like children," said Senate Assistant Minority Leader Trent Lott (R-Miss.). "The Democrats in the House, if they're not appropriately considerate of the president of the United States, then that will agitate those of us on our side, and then we'll respond in kind, and then the American people will turn us off."

Democrats, however strongly they are feeling their oats at the moment, say they do not intend to be disruptive.

"We've always been respectful of the president, and I would assume that would continue," said Sen. Dianne Feinstein (D-Calif.). "This is really his night to give us his view, and I think people generally make their views known through applause and non-applause."

White House aides said that instead of the traditional laundry list of subjects — in which the president gives at least a brief plug for the favored programs of every Cabinet department — Bush plans to focus on a few key issues.

"I just think some of the old State of the Union formulas have kind of run their course," Snow said.

This year, the speech comes just 10 days after the president delivered a prime-time address to the nation on the subject of national security, and aides say he does not intend to repeat himself. For instance, at a time of increasing tension between the Bush administration and Iran, foreign governments are likely to listen carefully to what the president says about that country and about Syria, another neighbor of Iraq.

Aside from foreign policy, aides say, Bush will concentrate his remarks on four domestic policy areas: energy, healthcare, immigration and education.

On healthcare, Bush is expected to talk in more depth about an idea he floated over the weekend: that the tax code should put a limit on how much of workers' health insurance premiums are tax deductible. The deduction cap would affect more generous healthcare plans, particularly those provided to highly paid employees and some union members.

The administration argues that while some Americans would have to pay taxes on some of their employer-provided insurance, that would make it easier for uninsured workers and the self-employed to buy coverage on the open market. The idea is opposed by the administration's major business allies, including the U.S. Chamber of Commerce.

Bush is also expected to promote health savings accounts — as he has for years — which let workers avoid taxes on dollars they set aside to pay medical expenses.

Democrats have complained that health savings accounts primarily benefit upper-income workers, but they might be open to an expansion of the existing program if it were combined with other steps they favor.

On energy, Bush will mention global warming along with the country's "addiction" to foreign oil — a major theme of last year's address — and propose developing new technologies as the way to combat them.

"Energy and environmental policy are linked up," Snow said. "The way you do it is you encourage innovation.... Carrots work better than sticks."

In particular, Bush is expected to renew his support for a $2-billion program to spur development of alternative fuels and other technologies designed to reduce pollution from fossil fuels.

Many Democrats support development of new, environmentally friendly energy technology, though they differ with Bush on specifics. Environmental groups are demanding stronger action on global warming.

"Small steps at this point will not address the problem very significantly and we cannot accept them," said Frances Beinecke, president of the Natural Resources Defense Council.

Immigration divides GOP

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On immigration, aides say Bush will reiterate his support for "comprehensive" immigration overhaul, but it remains to be seen whether he will specify what that means.

In the last two years, Bush has used his annual address to Congress to sketch out core elements — better border security, improved enforcement at workplaces and a guest-worker program for temporary workers. But so far he has not taken a firm position on the problem at the heart of the immigration debate: the fate of the 12 million illegal immigrants already in the country.

That issue has divided the GOP, with House Republicans adopting a hard-line stance that may have contributed to GOP losses in November.

That's why immigration legislation has a better chance of passing with Congress in Democratic hands, and lawmakers are preparing to broach the issue again.

On education, aides say the president intends to press for the reauthorization of his signature No Child Left Behind Act, which faces expiration if not renewed this year.

Congressional sources say that the bill will probably undergo some revision but that the Democrats and Republicans who signed on to it five years ago remain committed to its core principles: more testing of students and accountability standards for schools in an effort to improve achievement levels of disadvantaged students.

Beyond that, there is little consensus on where Bush could take his education agenda. Last year he expressed support for extending No Child Left Behind to secondary schools, but Democrats and Republicans say they want to work out the kinks at the elementary-school level before applying the idea to high schools.

In the end, it may not be proposals that determine the success or failure of the showcase address. Instead, it may simply be whether Bush avoids losing additional ground with the public and Congress.

"At six years, people think they know him," presidential historian Edwards said. "The idea that there is some magic phrasing or some magic policy that will give him a big boost and people will regain confidence in him — it's not going to happen."

Bush Wants States To Plan Coverage Of Uninsured (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 23, 2007

WASHINGTON — President Bush's top healthcare official on Monday proposed a strategy for covering the uninsured that would offer incentives to each state to develop its own plan for expanding access, but stopped short of guaranteeing universal protection.

With Bush expected to address concern about rising premiums and shrinking coverage tonight in his State of the Union speech, Health and Human Services Secretary Mike Leavitt offered governors greater leeway in how they use federal healthcare money for the poor if they would take the lead on offering help to the estimated 47 million now uninsured.

"The president will make clear he believes the federal government should not run healthcare," Leavitt told reporters. "He wants to partner with states." Leavitt said he expected a dozen or more states to pursue health reform efforts this year.

The Bush approach adds to a growing list of proposals for expanding medical insurance coverage and dealing with other aspects of healthcare. Like the others, it is likely to fuel the coming debate on the issue in Congress and on the campaign trail.

Hospital groups warned that the administration's proposal could undermine existing programs by redirecting federal funds. And on Capitol Hill, some leading Democrats grew more outspoken in their criticism of Bush's emerging healthcare strategy — a sign it may not get very far in Congress.

Leavitt, in a session with reporters, outlined what he called an "affordable choices initiative," which he said was the second major piece of the administration's plan, along with a proposal to tax high-value medical insurance provided by employers to some workers.

Under the initiative, the federal government could reallocate as much as $40 billion a year that now goes to hospitals and other providers that treat large numbers of uninsured and low-income patients, he said.

Funds would instead be used to provide basic health insurance coverage for low-income people, who could then see their own doctors and perhaps avoid costly hospitalizations. "Rather than perpetually paying the bills of uninsured people, it would be better to use part of the money to help them get an insurance policy," Leavitt said.

Over the weekend, the president unveiled the first part of his plan — a tax deduction that would make insurance more affordable for people who don't have employer-sponsored coverage. The proposal would be financed by taxing people with the richest health plans, those with premiums of more than $15,000 a year for family coverage, or $7,500 for individuals. Revenue from the tax would be used to cover deductions given to middle-class workers, many of them self-employed, to buy coverage.

Monday, the office of Senate Majority Leader Harry Reid (D-Nev.) issued a press release saying that part of Bush's plan "amounts to a tax increase for the middle class."

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And the chairman of the House Ways and Means health subcommittee, Rep. Pete Stark (D-Fremont), accused Bush of "pursuing a policy designed to destroy the employer-based healthcare system through which 160 million people receive coverage."

Some middle-of-the-road Democrats also questioned Bush's plan.

"I am concerned about how the administration's proposal will affect a middle-class person who's lucky enough to have a good healthcare package," said Sen. Ron Wyden (D-Ore.). "The proposal involves a lot of pieces, and its hard to calculate how they all fit together." Wyden has a health reform plan of his own.

White House officials said the Democrats were overreacting. About 80% of employer-provided polices have annual premiums under the $15,000 and $7,500 taxable thresholds, according to administration figures.

The tax changes, designed to take effect in 2009, would result in an estimated 5 million people gaining coverage, White House officials said. No estimate of gains in coverage could be made for the other part of the administration's package, because it would depend on the states.

States would set up insurance-purchasing pools, decide who is eligible for subsidized coverage, and determine a basic benefits package, Leavitt said. They may well have to invest additional state funds, he noted.

In exchange, Washington would provide the states with greater flexibility over how to spend federal dollars now allocated to provide healthcare for the poor and uninsured. Leavitt did not promise additional federal money, and some congressional aides predicted cuts in healthcare spending as part of the budget Bush will send to Congress next month.

But hospital groups said the idea comes with a catch. Many states don't pay enough to cover care for poor people who have Medicaid coverage, so hospitals depend on the federal payments to make ends meet.

"This is literally taking money away from the poor," said Peters Willson, vice president for public policy with the National Assn. of Children's Hospitals. "You are taking money

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"This is literally taking money away from the poor," said Peters Willson, vice president for public policy with the National Assn. of Children's Hospitals. "You are taking money away from children covered by Medicaid, and you could throw the safety institutions we are counting on being there for everybody into financial jeopardy."

A Healthy Initiative (WP)

The Washington Post, January 23, 2007

THIS TIME last year, President Bush's main health policy proposal was to expand tax-sheltered health savings accounts. In the days leading up to tonight's State of the Union address, he has signaled a welcome shift in policy. Expanded tax shelters for health savings accounts would have drained billions of dollars from the budget, and the shelters would have mainly benefited the affluent. Their legitimate goals -- to correct the tax bias against people who don't work for big companies and to discipline health costs -- would be far better advanced by Mr. Bush's new initiative, which is budget-neutral and progressive.

At present, people who get health insurance from employers pay no tax on the value of the benefit. Someone with a marginal tax rate of 35 percent and a generous insurance policy worth $20,000 a year gets a $7,000 tax break. But people who buy insurance on the individual market must usually do so with post-tax dollars, so their tax break is normally zero. The administration proposes to eliminate that unfairness by giving salaried workers and freelancers the same tax deduction.

The reform would also remove the tax incentive to buy excessive insurance. Currently, the more generous your health plan, the more tax subsidies you capture; the person in the example above would get a tax break worth only $3,500 if he chose a more restricted insurance plan worth $10,000 annually. Generous insurance plans, which impose few restrictions on visits to specialists or on possibly redundant tests, inflate demand for medical services and push up prices for everyone; they help explain why the United States spends almost twice as large a share of its economy on health care as do most rich economies. By giving all insurance buyers a standard deduction, irrespective of the type of health coverage they choose, Mr. Bush would restrain medical costs and promote fairness. Because richer people tend to have more expensive insurance, the reform would slightly increase tax rates for people in the top fifth of the income distribution while slightly reducing tax rates for others, according to the White House.

There are weaknesses in the president's proposal. Rather than embracing tax deductions, which are most valuable to people in high tax brackets, Mr. Bush could have made his proposal even more progressive by recommending a refundable tax credit that would be worth the same to everyone. Moreover, there's a danger that ending the tax privilege for employer-provided insurance will cause companies to discontinue coverage, driving more buyers into the individual market, where it's hard to buy insurance at a reasonable price, especially if you already have a medical problem. The administration promises to support state efforts to redeploy federal Medicaid dollars in ways that would make the individual insurance market work better. But success here will depend on the states, and the details are sketchy.

Despite these caveats, the president is right to go after the existing system of tax subsidies for health care. Like the deductions for mortgage interest, these subsidies are regressive and have perverse consequences. Mr. Bush has kicked off a needed discussion.

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Bush's Health Plan Unaffordable, Says Advocacy Group (NHR)

By Mary E. O'Leary

New Haven Register, January 23, 2007

President Bush's plan to make health insurance affordable for more people is getting a thumbs down from one advocacy group, which has more faith in the efforts of individual states to tackle the problem.

Bush, in his radio address this weekend, talked of his plan to tax employee health benefits that exceed a certain value, while extending a tax credit across the board to those with and without insurance. He will elaborate further tonight in his State of the Union address.

Janet Davenport, spokeswoman for the Universal Health Care Foundation, said the fact that the president is addressing the issue recognizes there is a problem.

"We need health care reform on the national agenda, but we need the right plan," she said, and based on reports to date, Bush's proposal does not appear to be "in the best interest of middle-class and low-income families, in fact ... it could actually be harmful."

There are 47 million Americans without health insurance, 407,000 of whom reside in Connecticut.

The Bush plan would allow a $15,000 tax deduction for a family with employer-based health insurance and the same deduction for those who lack coverage. If health insurance costs more than that, the individual would pay taxes on the difference.

One analysis said this would mean a tax increase for about 20 percent of workers.

Americans covered by employee plans, estimated by the U.S. Census Bureau at 175 million, don't pay taxes on health insurance benefits, estimated to cost an average of $11,500.

Davenport, however, said most of the uninsured in the state are low-wage workers, whose employers don't offer health insurance, or they can't afford the premium.

"Either way, it is just plain unaffordable," she said.

Davenport said individuals and families who can't afford insurance are in low-tax brackets and making premiums tax-deductible "would be virtually meaningless." She said while it is hopeful the issue is again on the national agenda, Connecticut has an opportunity to move forward before the federal government.

The foundation hired an outside consultant this year to do an extensive economic analysis of alternative universal plans for Connecticut as to cost containment and the effect on economic growth.

The best plan was a single-payer model run by the state, but a second one, with a state pool that used competing private insurance firms, also saved money and boosted the gross domestic product.

Davenport said she wants to see such an analysis of Bush's plan. She said a viable plan that is not only global, but sustainable is needed.

A coalition of business and union groups last week demanded government action because rising health costs put American businesses at a disadvantage globally.

Andrew Stern, president of the Service Employees International Union, Monday said he was happy Bush had joined the discussion.

"But, I am concerned that the president's tax proposal is more about shifting responsibility, rather than sharing the responsibility of our health care system. We should be making sure that everyone has good coverage, not punishing those who already do," he said.

A spokeswoman for the Connecticut Business and Industry Association said its analysts wanted to wait for further details before commenting on Bush's proposal.

Interest Lacking In Health Accounts (AR)

By Jodie Snyder

Arizona Republic, January 23, 2007

In his State of the Union address last January, President Bush spotlighted health savings accounts, saying that patients paying $1,000 deductibles rather than $20 co-pays would help control runaway health care costs.

Since then, Congress has tweaked health savings accounts, but enrollment in them hasn't really budged and few people know the facts about them.

In comparing 2005 enrollment numbers with 2006 figures, Kaiser Family Foundation, a Washington, D.C.-based health care policy group, found no statistical difference between the two.

advertisement

Health savings accounts are pools of tax-free money that employers or employees can contribute to. The accounts can be used to help with out-of-pocket medical expenses, and unlike flexible spending accounts, they can be rolled over to the next year. They are usually paired with high-deductible insurance policies to create consumer-driven health plans.

Bush and other advocates said that health savings accounts can make people think twice about going to the doctor and getting prescriptions, and that turning patients into better consumers could slow rising health care costs.

Employers also may like them because they generally have lower premiums than typical managed-care contracts, they argued.

"It (the acceptance) certainly hasn't been a tidal wave," said Gary Claxton, Kaiser vice president. "When you look at the total costs, the savings from these plans may not be enough to overcome consumer concerns about higher cost sharing."

Bush is not expected to talk about the accounts in tonight's address. Instead, his focus is expected to be on offering tax deductions to people who buy their own health insurance and possibly levying a tax on people who get hefty health benefits from their employer.

It took almost a year after Bush's last State of the Union address to get Congress to pass changes to make the health savings accounts more attractive.

One significant change was to allow employers to make a one-time transfer from the employee's flexible spending accounts to health savings accounts. Another important change was to allow employees to roll over their money into retirement accounts after they take a penalty for withdrawing the money, said Patricia Larsen, principal of the Phoenix office of Mercer Health and Benefits.

Other highlights include raising limits to $2,850 for an individual and $5,650 for a family. Previous limits on contributions had been tied to the size of the deductible.

Larsen said she believes the changes will help create more interest in the accounts as time passes.

Kaiser estimates that about 4 percent of employees are covered by high-deductible plans with a savings option, such as health savings accounts. Only 4 percent of companies that offer other types of health insurance say that they are "very likely" to adopt high-deductible plans/health savings accounts plans.

A recent survey by the Employee Benefits Research Institute, a Washington, D.C., public policy group, indicated that people enrolled in high-deductible plans continue to be less satisfied with their health plan than people in more comprehensive health plans. They are also less likely to recommend the plan.

Employees need to hear more about the plans and understand how they work, said Mike Cody, vice president of Lovitt and Touche, a Phoenix insurance brokerage.

"When people see that $2,000 deductible, they freak out. They don't understand it," Cody said.

One of the most frequent criticisms is that people don't know how to find out what a medical procedure is going to cost. It's hard to do comparison shopping when a doctor tells you have a suspicious mole that should be checked out, Cody said.

"You just want it to get taken care of."

Sandy Abalos, who owns Abalos and Associates, a Phoenix accounting firm, said she believes it's worth educating people about the accounts.

Abalos started using health savings accounts a couple of years ago. She said her employees have been happy with them.

Abalos took the money she saved on premiums and used it to fund up to 75 percent of her employees' deductibles.

She also works with a preferred provider organization network so that people can get reduced rates from network physicians.

The plan came in handy when Abalos had to pay for her daughter's braces.

The company has no dental plan but Abalos was able to dip into her account to pay for them.

"I think these are great. I just wish more people knew about them," she said.

Bush Hails Abortion Foes At Annual Rally (AP)

AP, January 23, 2007

President Bush marked the 34th anniversary of the Roe v. Wade Supreme Court decision Monday, telling thousands of abortion foes he shares their goal of seeing "the day when every child is welcomed in life and protected into law."

Bush also signaled his unchanged opposition to a key goal of the Democrats who now control Congress: broadening embryonic stem-cell research.

"Our challenge is to make sure that science serves the cause of humanity instead of the other way around," the president said in a telephone call piped over loudspeakers to a Washington rally of opponents of abortion rights. "I have made clear to the Congress, we must pursue medical advances in the name of life, not at the expense of it."

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Bush calls the rally each year, usually from distant locations. This year, he extended his weekend stay at the Camp David presidential retreat in the Maryland mountains to phone the participants from there.

Bush last year vetoed a bill bolstering embryonic stem cell research that advocates say shows promise for numerous medical cures. Earlier this month, the House passed such a bill again, though by a margin short of what would be required to overturn another veto from the president.

With abortion foes in a more defensive posture now that Democrats gained control of Capitol Hill, Bush urged them to do more than look toward legislative victories.

"We've all got to remember that a true culture of life cannot be built by changing laws alone. We've all got to work hard to change hearts," he said. "The sanctity of life is written in the life of all men and women. And so I think, go forth with confidence that a cause rooted in human dignity and appealing to the best instincts of our citizens cannot fail."

Thousands of abortion foes from around the country gathered on the National Mall at midday for speeches. Several thousand later made their way to the Supreme Court, where they waved signs and chanted.

Police said there were no arrests during either protest.

The court is considering an abortion case now, dealing with the first nationwide restrictions on an abortion procedure since the landmark 1973 case.

The Bush administration is asking the court to uphold a law he signed in 2003 banning a procedure opponents call partial-birth abortion. It takes place most often in the middle-third of pregnancy.

The law calls it gruesome, inhumane and never medically necessary. Abortion-rights advocates argue that such abortions sometimes are the safest for women.

Thousands Of Abortion Opponents Rally On Mall (NYT)

By Sarah Abruzzese

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — They marched down Seventh Street on Monday chanting, singing and eventually flooding onto the Mall to show disapproval on the 34th anniversary of the Roe v. Wade decision that legalized abortion.

In his annual call to the thousands of abortion opponents at the March for Life, President Bush, who delivered a telephone message from Camp David, said, “We believe every human life has value, and we pray for the day when every child is welcome in life and protected into law.”

The president told the group, “We’re making progress,” citing legislation that allows a person charged with killing a pregnant woman to be also charged with harming or killing a fetus.

Mr. Bush mentioned his signing the Partial-Birth Abortion Ban Act of 2003, which is before the Supreme Court in a case to be decided this term.

Senator Sam Brownback, the Kansas Republican who announced his presidential bid over the weekend, had supporters fan out over the Mall to pass out pamphlets proclaiming him as “proudly pro-life” and “a champion of our values.”

After the Mall rally, the demonstrators marched up Constitution Avenue to the Supreme Court.

This is the first anti-abortion march here since the Democrats took control of Congress. The change is “challenging us to fight harder,” said Natalie Campbell, 18, who was at the rally with her father and their church group from Kokomo, Ind.

Joe Konopa, 19, who traveled here with more than 60 people from three churches in the Kokomo area, said, “They are picking up on the fact that more and more Americans, especially the young, are against abortion.”

Gail Babalonis of Hooversville, Pa., said which party was in control did not matter.

“The last eight years have been pro-life, and the only thing they got accomplished is the ban on partial birth abortions,” Ms. Babalonis said.

Abortion Foes To Renew Efforts (WP)

By Michael Alison Chandler And Michelle Boorstein

The Washington Post, January 23, 2007

Tens of thousands of abortion opponents marched through melting snow on the Mall yesterday and vowed to work harder -- since Democrats have taken control of the Capitol -- to overturn the Roe v. Wade Supreme Court decision that legalized abortion in 1973.

Demonstrators' hopes were buoyed a year ago at the annual March for Life by two new appointments to the Supreme Court. Now, with Democrats in power in both houses of Congress, abortion foes find themselves without allies in some key positions for the first time in more than a decade.

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"Pro-lifers aren't going to pack up and go home because of the 2006 elections," said Karen Cross, political director of the National Right to Life Committee, at a news conference before the march. "Indeed, we will redouble our efforts and continue working until every unborn child is protected."

Democratic leaders have said they prefer what they consider a less combative approach in preparing legislation on the abortion issue. Several bills are circulating that would change the focus of the abortion debate to pregnancy prevention, through such measures as improved access to contraception.

Democrats say their goal is to find a political compromise, an approach echoed yesterday by some abortion rights advocates.

"We wish those people who are coming in town for a great adventure one day a year would join with us to put forth a prevention-first agenda that would significantly reduce the need for abortion," said Jatrice Martel Gaiter, president and chief executive of Planned Parenthood of Metropolitan Washington.

Some abortion opponents said a compromise might not be realistic.

"The pro-abortionists say you legally can kill an unborn child for any reason. We say the child should live. Where is the middle ground?" said Wanda Franz, president of the National Right to Life Committee.

Teenagers made up the majority of demonstrators yesterday who poured out of buses from across the country, wearing matching colored scarves or carrying posters with statements such as "Face It Abortion Kills."

"It's amazing!" said Annie Forsthoefel, 17, after an overnight trip with a church youth group from Cincinnati. She and her friends wore matching fleece headbands that said "PRO-LIFE." She said she had wanted to come to the march for the last three years. "How can you not love a baby? It seems unnatural," she said.

The young people joined older abortion opponents, some holding rosaries or draped in blankets depicting the Virgin Mary. Some said they make the pilgrimage every year. Organizers could not be reached for a crowd estimate, and police said they no longer provide such numbers.

About 100 abortion opponents had demonstrated Sunday morning in front of the Planned Parenthood abortion clinic on 16th Street NW, and dozens more gathered there yesterday.

The crowd on the Mall cheered when President Bush spoke to the protesters through a loudspeaker from Camp David, thanking those gathered for their help "to build a culture of life." Bush reminded demonstrators about progress his administration has made in the antiabortion movement, including supporting parental notification laws, funding crisis pregnancy centers and signing into law a ban on partial-birth abortions that the Supreme Court is expected to rule on this year.

The rally mirrored similar demonstrations in state capitals and was the culmination of a weekend of events in Washington, including a series of workshops and seminars, a youth rally and Mass that filled Verizon Center and a conference at which antiabortion bloggers discussed potential 2008 presidential candidates.

As the sun set in front of the Supreme Court at the end of the march, a group of women took to the microphone, one after another, holding black signs that said: "I regret my abortion."

Cindy Rose, 49, of Saginaw, Mich., told the lingering demonstrators about abortions she had in 1979 and 1981.

Rose said the guilt over her abortions killed her relationships and pushed her to alcohol and drugs. "One night I asked God to please forgive me," she said. "Abortion is a lie and not a solution."

As the women spoke, some in English and some in Spanish, their words were interrupted by about 100 abortion rights advocates linking arms and holding signs saying: "Trust women."

"Tonight I'm going to speak for my generation," said Susan Scanlan, chairwoman of the National Council of Women's Organizations. "Younger women do not share our memories of women going to grimy apartments. I took such a trip with a college roommate in 1968."

As Scanlon spoke, a chorus of abortion opponents rose in volume chanting Hail Marys.

Staff writer Shailagh Murray contributed to this report.

Pro-lifers March By The Thousands (WT)

By Tarron Lively And Arlo Wagner

The Washington Times, January 23, 2007

Tens of thousands of people converged on the District yesterday to participate in the March for Life and to attend Masses in recognition of the 34th anniversary of the landmark Supreme Court decision in the Roe v. Wade case.

The march began at about 2 p.m. on the Mall and moved east past the U.S. Capitol and Supreme Court building in Northeast.

President Bush sent a message of support. In a telephone call broadcast over loudspeakers, he told the marchers that he shares their goal of seeing "the day when every child is welcomed in life and protected into law."

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The court's decision overturned state laws barring abortion.

Mr. Bush calls the rally each year, usually from distant locations. This year, he extended his weekend stay at Camp David in Maryland to make the call. He phoned last year from Manhattan, Kan.

Students, members of religious groups, families and children slogged through mud and toted signs with messages such as "Abortion kills" and "Justice for all, born and preborn."

The Rev. Luke J. Robinson, pastor of Quinn Chapel A.M.E. Church in Frederick, Md., asked what would have happened had Martin Luther King been aborted, then described the process in detail.

"I know it sounds horrible, but abortion is horrible," he said, his voice thundering across the Mall. "It is a murderous and bloody business."

Before the march, a sea of teens, parents and clergy filled the Verizon Center downtown for a Mass and rally organized by the Archdiocese of Washington.

Washington Archbishop Donald W. Wuerl, who was joined by cardinals, bishops and priests from across the United States, said the Mass was to celebrate "the value and dignity of human life."

"The church is very much alive and pro-life," he said to cheers and applause.

The Rev. William D. Byrne, the chaplain at the University of Maryland Catholic Student Center and the archdiocese's director of campus ministry, delivered the homily and urged participants to "get on board with God's plan."

"Abortions happen not because of choice, but because people feel they have no choice," he said. "A plan will save a life -- not just the baby's."

Kevin O'Neill, 53, and Bill Stumf, 57, both of Titusville, Pa., came with a large group from the congregation of the Diocese of Erie.

Their group was made up largely of teens, including Mr. O'Neill's 16-year-old daughter, Erin. The message was not lost on the youths, Mr. O'Neill said.

Father Byrne delivered "a very good homily," he said. "He got the point across."

The archdiocese conducted its first rally marking the anniversary in 1995. As participation grew, the rallies were held in several places throughout the region until 2004, when they moved to the Verizon Center.

Simultaneous rallies were held yesterday at DAR (Daughters of the American Revolution) Constitution Hall and the Cathedral of St. Matthew the Apostle to handle the overflow at the Verizon Center.

Terry Fortier, 57, of Gaithersburg, joined the march with three of her four adopted children, leading them in chanting, "I was adopted, not aborted."

Attending her 20th march, Mrs. Fortier marveled at the turnout.

"There is a bigger number of people then there has ever been," she said as the march snaked toward Capitol Hill.

"It's nice to see people who care," said her son Eric, 17.

The Metropolitan Police Department closed several streets and activated the Joint Operations Command Center and its network of downtown surveillance cameras to monitor the activities. Officer Kenny Bryson, an agency spokesman, said late yesterday afternoon that no arrests or incidents had been reported.

Cheryl Rash and Debbie Siegel, both 17, came with a group from the Archdiocese of Philadelphia. They shared the president's view of protecting unborn children.

"I decided since babies can't speak for themselves, I'd be here to speak for them," Cheryl said.

Debbie said she has been against abortion all her life.

"I've looked at it outside of religion," she said. "Just because you can't see doesn't mean you have to kill it."

Brownback, Hunter Vow To Overturn Roe (AP)

By Sam Hananel

AP, January 23, 2007

Two of the Republicans' most conservative presidential hopefuls promised anti-abortion activists on Monday that if elected, they would work to overturn the Supreme Court decision legalizing the procedure.

Kansas Sen. Sam Brownback and California Rep. Duncan Hunter addressed the annual March for Life marking the anniversary of the 1973 Roe v. Wade ruling.

"We recognize a tragedy of life in Roe v. Wade, but that tragedy will not always stand," Brownback told thousands of cheering abortion foes at an afternoon rally.

Brownback, who formally launched his presidential bid on Saturday, spoke about adopting his daughter, Jenna, from a Chinese orphanage.

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"I mention her because some woman in China, who I probably will never meet, fought for her life," Brownback said. "Somebody fought for her life. You are fighting for somebody's life.

Hunter, who has established a presidential exploratory committee, told the crowd he and his wife would begin to campaign in earnest this Thursday in South Carolina, one of the earliest primary states.

"If we have a judicial applicant, a judicial nominee who can look at a sonogram of an unborn child and not see the value of human life ... if I should become president of the United States, he will not receive a judicial appointment," Hunter said.

Both lawmakers are viewed as long shots to win the nomination over better-known candidates like Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani. But each is aiming to corner the party's social conservative base, which considers abortion a key issue.

Brownback later hosted a reception on Capitol Hill for about 200 of the activists.

Brownback Finds Plenty Of Supporters At March Against Abortion (BRAH/MCT)

By Matt Stearns

The Bradenton Herald, January 23, 2007

WASHINGTON - Thousands of people marched against abortion here Monday. More than a few of them also marched for Sam Brownback.

Brownback, the conservative Kansas Republican senator, announced his bid for the 2008 Republican presidential nomination Saturday in his home state. Monday's march was his first major public appearance since.

He was feeling the love.

Dozens of blue "Brownback for President" posters dotted the National Mall, where marchers gathered before proceeding to the Supreme Court. Well-wishers approached to urge him on. A gaggle of photographers recorded virtually his entire participation. (He was one of the few politicians to march the entire way; most others gave speeches beforehand and then split on this toe-numbingly cold, damp day.)

"God bless you, Sam! You are the next president, in the name of Jesus!" shouted a voice near the onstage microphone after Brownback's speech.

A surprising response for an underfunded politician mired at 1 or 2 percent in national polls? Not in this crowd. To many marchers, Brownback isn't an asterisk, he's a hero. And that's what gives Brownback hope that his grassroots-oriented campaign could take the establishment by surprise.

Brownback so far is the only Republican presidential hopeful who appeals strongly to the party's social conservative wing, and his candidacy is a test of how influential that wing of the party remains.

Speaking to reporters at a Capitol Hill reception his campaign hosted (it had to rent an overflow room to handle the crowd), Brownback unleashed a volley of facts and figures: In Iowa, 70 percent of Republican caucus-goers describe themselves as "pro-life," and 40 percent of them wouldn't support a candidate who wasn't opposed to abortion, Brownback said.

"This is where the heart of my base, and where the heart of the base of the Republican Party, lies," Brownback said. "When a proper voter contact is made, I think we'll be in great shape in this campaign."

And what of Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney, two Republican front-runners? Neither was at the march. (The only other possible Republican presidential candidate who appeared was California Rep. Duncan Hunter, who's an even longer shot than Brownback. Hunter vowed to make all potential judicial appointees watch a sonogram.)

McCain opposes abortion except in some circumstances, but he's had difficulty persuading religious conservatives to support him. That remained true Monday. Some dismissed him as "not pro-life" or "unimpressive." Whitty Whitesell of Plymouth, Mich., allowed that McCain was "a war hero and wonderful example" but said Brownback "stands for life."

Romney took a beating from a flier that featured pictures of him and Democratic Massachusetts Sen. John Kerry. The brochure was titled "Pro-Life Students Against Flip-Floppers from Massachusetts" and highlighted Romney's past support for Roe v. Wade. (Romney says he opposes abortion.) Cheryl Sinclair of Smithtown, N.Y., who said abortion was her No. 1 issue, called Romney "back and forth" before she even saw the flier.

Brownback wouldn't trash McCain or Romney, but he did say, "I don't think so, no," when he was asked whether any other Republican candidate could match his record on fighting abortion.

Still, even some in the crowd holding Brownback signs didn't know much about the man from Kansas.

"All I know is he's pro-life and they were passing out signs," said 17-year-old Laura Marshall of Livonia, Mich.

Some knew less.

"Who's Brownback?" a young man asked his mother. "I think he's from Nebraska," she responded.

But at this point, Brownback and his supporters are running more on faith than anything else.

"Pray for the campaign and we'll get it done in 2008," Brownback told the crowd at his reception.

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Patricia Pitkus Bainbridge of Rockford, Ill., was among those listening. She'd never given a penny to a politician until Brownback came along. She has talked up Brownback to friends and is unperturbed by those who say he can't win.

"I believe God can raise people up who He wants to raise up," Bainbridge said. "I believe God is raising him up."

Deficit Halved 2 Years Early (USAT)

By Rob Portman

USA Today, January 23, 2007

Three years ago, President Bush established the goal of cutting the federal budget deficit by half in five years, without raising taxes. At the time, many — including USA TODAY— expressed skepticism. But it was achieved last year, three years ahead of schedule. Now is the time to build on that success and work with Congress to balance the budget in the next five years.

On Feb. 5, the president will propose the customary five-year budget, showing declining deficits every year and a surplus in 2012.

Getting to balance requires both keeping the economy strong and keeping federal spending under control.

Key to the first is continuing pro-growth policies — including tax relief — that have helped fuel our robust economy. Since the president's tax relief became fully effective in 2003, we've seen a dramatic increase in business investment, more thanseven million new jobs created and higher wages for American workers. This stronger economy has also generated record revenues over the past two years, cutting our deficit by more than$150 billion. This is why it is so important to balance the budget without raising taxes and not put our economy at risk.

Key to the second condition is setting budget priorities and stopping unnecessary orwasteful spending. Fiscal restraint while investing in our national security is equally important to a balanced budget.

The president's budget will demonstrate how balance can be achieved by using cautious economic and revenue projections in line with forecasts by outside experts. On spending, the president will propose realistic restraint, while increasing funding for the global war on terror, including all costs of Iraq and Afghanistan over the next two years.

In demonstrating how we can balance the budget in the next five years, the president will continue to call for bipartisan solutions to the longer term challenges posed by unsustainable growth in important entitlement programs. In fact, a key reason to pursue a balanced budget now is to position us better for that future challenge.

A balanced budget is good for the American taxpayer and for our economy. There's plenty of work to be done, but I am optimistic we can do it — across party lines — as the American people expect and deserve.

Bush Seeks Balanced Budget, 6 Years And $3 Trillion Late (USAT)

USA Today, January 23, 2007

In his State of the Union address tonight, President Bush is expected to call for a balanced budget by 2012. In other words, after turning the Clinton-era surpluses into six straight years of deficits and putting the nation almost $3 trillion deeper into debt, he now wants to see the budget balanced after he leaves office, just as the demographic tidal wave of baby boomer retirements begins to inundate the federal ledgers in red ink. Call us party poopers, but that hardly seems reason to break out the champagne.

At least the president is posturing on fiscal issues. With Democrats doing the same, it seems the deficit is heating up as a political issue, which is a good thing.

Mustering the political will to fix the problem is another matter, as Bush's plan attests. The president is not calling for a major new look at health spending. He is not scaling back his tax cuts. He is not prepping the nation for the tough choices that lie ahead or making any himself. In fact he is not expected to offer any specifics tonight.

In reality, his call is little more than an observation. If the economy continues to grow, if spending in Iraq begins to wind down, if the nation averts another Katrina or 9/11, then, presto! The budget will drift toward the break-even point with only modest fiscal restraint — most of which would fall to the next president and future Congresses.

But this surplus-as-destiny approach has a big problem. Bush's break-even point comes about the time baby boomers start to retire in droves. Their retirement, combined with surging health care costs and increased life expectancies will push spending on Medicare, Medicaid and Social Security off the charts. Already those programs account for 40% of all government spending.

In 2012, for instance, the Social Security surplus — the amount by which Social Security tax receipts exceed Social Security spending, masking the true size of the federal defict — will be about $64 billion. Just three years later, it will have plummeted to just $12 billion on its way to a deficit in 2017.At the same time, Medicare spending will increase by $158 billion, to $817 billion.

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Fed Chairman Ben Bernanke summed up the situation last Thursday when he told a Senate committee that any short-term improvement in the fiscal outlook should be seen as "the calm before the storm." That storm will strike nearly everyone in the form of reduced benefits, rising taxes or both.

Now is not the time to ballyhoo the potential for a balanced budget in 2012. It is time to address health care costs, which rise by 10% to 15% in most years. It is also the time to fix Social Security and enact polices that encourage people to work longer.

The speech we'd like to hear would have a more urgent tone. The president would acknowledge that his tax cuts, the war in Iraq and the new Medicare drug plan have worsened the deficit in the short run, while reminding people that core problems would have existed anyway. He would agree to revisit his tax cuts in return for progress in controlling spending. And he would not shirk from the duty of laying out the challenges that lieahead. His speech might begin:

"Distinguished members of Congress, we face critical choices. If we do not act, our nation will face a financial crisis and a diminished quality of life for generations. …"

If there is good news, it is that Bush still wants to tackle Social Security. All in all, however, we hear too much bravado and too little concern; too much about the short term and too little about the long.

When Washington truly addresses the looming fiscal crisis, we'll uncork the bubbly.

U. Of Dallas Drops Bush Library Bid (AP)

By Angela K. Brown

AP, January 23, 2007

The University of Dallas withdrew its bid for George W. Bush's presidential library Monday, citing the library site selection committee's exclusive talks with nearby Southern Methodist University.

Last month SMU emerged as the apparent winner for the library with the announcement of the negotiations, putting it ahead of the other two finalists, the University of Dallas and Baylor University in Waco.

University of Dallas officials said Monday that the school wanted to release some of the partners that had committed to the project, including the city of Irving's promise of $50 million in hotel tax revenues. The 3,000-student Catholic university also wanted to be free to develop the site it had set aside for the library, a sprawling 300 wooded acres with the Trinity River running through it.

"Our decision to withdraw from the selection process is not a loss for our university; this is not a failure. Instead, we think this is a tremendous success story for us," President Frank Lazarus said. "This process has propelled us into the national stage and our university is now characterized by a new vision for a very bright future."

President Bush said on Thursday that he was "leaning heavily toward SMU" and was close to a decision. First lady Laura Bush attended the 11,000-student, private university. The Bushes are Methodists.

A final decision is expected within months.

Bush Officials Meet New Democrats (HILL)

By Jim Snyder

The Hill, January 23, 2007

The White House reached out to Democrats last week in advance of President Bush's planned attendance at a party retreat later this month.

Treasury Secretary Henry Paulson and Office of Management and Budget Director Rob Portman met members of the New Democrat Coalition (NDC) on Capitol Hill.

NDC chairwoman Ellen Tauscher (D-Calif.) said the meeting grew out of a phone conversation Paulson initiated with her over the holiday break.

She described the exchange on the Hill as a "meet-and-greet" event that lasted an hour. The two administration officials talked about trade and budget issues without getting into specifics, she said.

"We talked about how we are moderate Democrats, interested in progressive public policies and committed to … widening the winner's circle," Tauscher said.

Tauscher said she welcomed the outreach but remained skeptical as to whether Bush "understood the message of the election," which was the public's desire for a new direction in the war in Iraq.

The meeting was not the first between the White House and the NDC, whose ranks grew after the election. Bush invited seven members of the NDC and a group of fiscal conservatives, the Blue Dogs, to the White House after midterms.

Surprises From Gates's 1996 Memoir (WP)

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By Thomas E. Ricks
The Washington Post, January 23, 2007

Of all the presidents he worked for, Defense Secretary Robert M. Gates is particularly supportive of one -- but it isn't, as might be expected, Ronald Reagan, the first President Bush or even Gerald R. Ford.

Rather, in his memoirs, the new Pentagon chief leaps repeatedly to the defense of Jimmy Carter, the sole Democrat for whom he worked, who was often seen as weak on the Soviet Union and taken by surprise when it invaded Afghanistan in December 1979.

Gates's 1996 book, "From the Shadows," is now being combed for insights into the new defense secretary's thinking, how he might run the Pentagon and what he's had to say about his past bosses.

When it comes to Carter, it isn't that Gates, a career Sovietologist who rose to become CIA director, is a closet dove. Rather, he thinks Carter was far tougher on Moscow than is generally recognized.

"I believe the Soviets saw a very different Jimmy Carter than did most Americans by 1980, different and more hostile and threatening," Gates writes. In both conventional weaponry and in the nuclear arena, he argues, Carter would "provide a strong foundation for Ronald Reagan to build upon." By contrast, Gates describes the first president for whom he worked, Richard Nixon, as "by far the most liberal" of the group. (Gates also shows a bit of dovish ankle, revealing that before leaving the CIA to work in the Nixon White House, he marched in a May 1970 antiwar demonstration.)

Most of all, writes Gates, who was the national intelligence officer for the Soviet Union at the time, Carter's emphasis on human rights cast a spotlight on the Soviets' greatest vulnerability. The rights theme, Gates says, made Carter "the first president during the Cold War to challenge publicly and consistently the legitimacy of Soviet rule at home." In his view, these were "the first steps" toward the beginning of the end of the Soviet Union.

Gates even defends Carter's handling of Afghanistan, reporting that the president and his advisers reacted far earlier than is generally understood, most notably by authorizing covert aid to Afghan insurgents.

The 604-page book contains a few other hints at how Gates might operate at the Pentagon during the last two years of the Bush administration.

Â· He might seek to borrow from the proposals and tactics of the administration's opponents. Some of the most effective U.S. officials he has seen, he says, were Henry A. Kissinger, Zbigniew Brzezinski and George P. Shultz, whom he describes as "basically hawks who drew extensively on the ideas and initiatives of the doves."

Â· He appears more inclined than his predecessor, Donald H. Rumsfeld, to try to enlist the support of the Pentagon bureaucracy for his policies. Reviewing the record of one CIA director, Adm. Stansfield Turner, he concludes that, "in nearly every case, his failure to build a substantial internal constituency for his changes led to the reversal of his initiatives very quickly after his departure."

Â· He doesn't make policy disagreements personal. He writes warmly about his former boss Brent Scowcroft, who was national security adviser under George H.W. Bush (and also under Ford) but has been considered something of a turncoat by the current president for opposing the invasion of Iraq. "I never argued as much with any person," he recalls. "I never got more frustrated at times with any person. But when I became DCI [director of central intelligence] and left the White House, I considered Brent Scowcroft my closest friend in the world."

Analysis: Dems Oppose Modest Veto Plan (AP)

By Andrew Taylor
AP, January 23, 2007

The Senate is moving toward its first vote in more than a decade on the line-item veto, and it's remarkable how much has changed — particularly the positions of many of the major players.

At issue is a watered-down GOP measure that would allow a president to scrutinize spending bills he signs into law for questionable items and then submit cuts, or rescissions, to Congress for a vote. Unlike the current system, Congress couldn't simply ignore the cuts — if both Houses voted to approve them, they'd go into effect.

Put forward by Sen. Judd Gregg, R-N.H., it's far weaker than the line-item veto power a GOP-dominated Congress gave President Clinton in 1996. Under that bill, before it was struck down by the Supreme Court in 1998, Clinton's line-item vetoes automatically went into effect unless overturned by a two-thirds vote of both House and Senate.

Still, debate on Gregg's plan already has whipped up passions. Most adamant in opposition is Appropriations Committee Chairman Robert C. Byrd, D-W.Va., who assaulted the idea last week and again Monday as an attack on Congress' control over the federal purse strings.

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"Make no mistake, this line-item veto authority would grant tremendous — and dangerous — new power to the president," Byrd said. "He would have unchecked authority to imperil congressional power over the purse, a power that the constitutional framers felt was absolutely vital to reining in an overzealous president."

But in seeking to derail Gregg's bill, Byrd is effectively filibustering a version of the line-item veto that is similar to one he backed 12 years ago.

That measure, written by then-Minority Leader Tom Daschle, D-S.D., was offered as an alternative to a GOP version requiring a two-thirds vote to override presidential line-item vetoes. Thirty-seven Senate Democrats voted for the proposition, including 20 Democrats still serving. Among them: Majority Leader Harry Reid of Nevada and Budget Committee Chairman Kent Conrad of North Dakota.

Nineteen Democrats, including liberal stalwarts like Edward Kennedy and John Kerry of Massachusetts, voted for the stronger GOP version; 11 are still in the Senate.

Daschle's plan, Byrd said at the time, "does not result in any shift of power from the legislative branch to the executive. It is clear cut. It gives the president the opportunity to get a vote."

Gregg mirrored those arguments Monday and said Democrats should join him if they want to be consistent with their previous votes.

"This basically gives no power to the Executive Branch other than to ask the Congress to take another look ... and vote again," Gregg said. "So one would presume that folks who voted for the line-item veto back in 1995, unless they've changed their view, would be supportive."

You might imagine Gregg's a big fan of the watered-down line-item veto. He's not. He told reporters last summer that it would have "very little impact" on the budget deficit.

And as chairman of the Budget Committee last year, Gregg rebuffed pleas from GOP leaders and the Bush White House to move a comparable plan through his committee as a stand-alone bill. He instead embedded his line-item plan in a much more controversial bill to overhaul the budget process — which died without reaching the floor.

Among Democrats, Kerry still backs the idea. So do Sens. Joe Lieberman, I-Conn., Evan Bayh, D-Ind., Tom Carper, D-Del., and Ben Nelson, D-Neb., among others. But since Gregg's "Second Look at Wasteful Spending" plan is being offered as an amendment to a bill to increase the minimum wage, some of those Democrats are likely to oppose it. A vote is expected Wednesday.

Old-school Republicans such as Ted Stevens of Alaska and Pete Domenici of New Mexico have also changed their minds on the line-item veto after Clinton used it to kill military construction projects.

The idea behind the line-item veto is that wasteful "pork barrel" spending would be vulnerable since Congress might vote to reject such items once they were no longer protected by their inclusion in bigger bills that the president had little choice but to sign.

Senate's Wage Bill Still Exempts Samoa (WT)

By Charles Hurt

The Washington Times, January 23, 2007

The Democrat-controlled Senate took up a bill yesterday that would raise the minimum wage across the United States and its territories but exempt American Samoa, where tuna canneries pay workers $3.26 an hour.

House Speaker Nancy Pelosi told reporters less than two weeks ago that she would close the loophole after coming under criticism from Republicans for what they termed a "fishy favor" to StarKist Tuna. StarKist has lobbied for years against raising the minimum wage in American Samoa, and its parent, Del Monte Corp., is based in Mrs. Pelosi's San Francisco district.

"I have asked the education and labor committee as they go forward with the legislation to make sure that all of the territories have to comply with U.S. law on the minimum wage," Mrs. Pelosi said earlier this month.

The House, however, passed the minimum-wage bill with the American Samoa exemption. And yesterday, Senate Democrats were moving ahead with the original legislation, which for the first time would enforce the minimum wage on the Northern Mariana Islands, another territory in the Pacific with a similarly low minimum wage.

That bill is co-sponsored by several dozen Democrats, including Sens. Dianne Feinstein and Barbara Boxer of California.

In addition to San Francisco-based StarKist, San Diego-based Chicken of the Sea also has a cannery in American Samoa. Together, the California companies employ about 75 percent of the Samoan work force.

Democrats said they are imposing the wage increase on the Northern Marianas -- a proposal long blocked by former Majority Leader Tom DeLay, Texas Republican -- because of the harsh labor conditions there.

Delegate Eni F.H. Faleomavaega, a nonvoting Democrat representing American Samoa, opposes extending the minimum wage to that territory.

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A "decrease in production or departure of one or both of the two canneries in American Samoa could devastate the local economy, resulting in massive layoffs and insurmountable financial difficulties," he said, echoing the arguments of conservatives against applying the wage to poorer regions of the U.S.

"The truth is the global tuna industry is so competitive that it is no longer possible for the federal government to demand mainland minimum-wage rates for American Samoa without causing the collapse of our economy and making us welfare wards of the federal government," Mr. Faleomavaega said.

Emanuel Makes Nice With GOP Foes (CHIT)

By Jill Zuckman

Chicago Tribune, January 23, 2007

WASHINGTON -- In a private, upstairs room at the Monocle, a storied meeting place for lawmakers, lobbyists and the like, a dinner of unlikely companions took place Monday night.

A high-ranking member of the House Democratic leadership broke bread with nine Republican congressmen, hoping to heal the rifts of the last election and possibly find common ground for future legislative endeavors.

The impresario was as improbable as the guest list—Rep. Rahm Emanuel (D-Ill.), chairman of the House Democratic Caucus and the architect of the Democratic effort to throw Republicans out of the majority last year. The renowned political street-fighter shelved the shiv for a salad fork, putting on his best manners for an evening of crab cakes, steak and red wine.

After mercilessly attacking the GOP for close to two years for what he called incompetence and blind allegiance to the failed policies of a failed president, Emanuel acknowledged that he has some work to do in re-establishing a sense of trust on the other side of the aisle.

"None of the people on the [dinner] list I ever went after, but it's a chilling thing," said Emanuel. "Their colleagues like their jobs, and my job was to take their jobs."

Those in attendance included several notable moderates, such as Reps. Mike Castle of Delaware, Jo Ann Emerson of Missouri and Fred Upton of Michigan, along with a couple of conservatives—all chosen by Rep. Ray LaHood (R-Ill.), co-host of the get-together.

It's far too soon to know if the make-nice dinner will have any long-term yield, but Washington is so riven that even a shared meal could be seen as modest progress.

"The perceptions are that the polarizations and the divisions in this country are beyond repair," said Rep. Zach Wamp (R-Tenn.), a Southern conservative who attended. "I know in my heart that's not true."

LaHood organized the dinner with the understanding that Republicans could ask Emanuel anything they want.

"I don't know that this has ever been done before," said LaHood, a past sponsor of four bipartisan retreats that fell by the wayside several years ago as the atmosphere in Washington became increasingly poisonous, with an ever-widening rift between the parties.

After 12 years of Republican rule, Democrats say they want to reach across the aisle, treat the minority fairly and work together for the common good. Of course, that's what Newt Gingrich said, too, when he became House Speaker in 1995.

Instead, Republicans pursued a policy of only bringing bills to the floor that could win "a majority of the majority," a strategy that effectively shut out Democrats from participating in the business of writing laws.

Now Democrats say they want to do things differently.

But many Republicans have already pointed out that the Democratic majority shut them out as Democrats fast-tracked six major pieces of legislation through the House floor in the first two weeks of the new session of Congress.

"We're short-circuiting democracy here," complained Republican Leader John Boehner (R-Ohio). "We're being silenced in this process."

Not all Republicans feel quite the same sense of outrage as their leader, noting that the Democrats were simply doing what Republicans had done for years.

"I have a hard time waxing too indignant given the way we handled matters here," said Rep. Jeff Flake (R-Ariz.). He and Rep. Mike Pence (R-Ind.) are organizing a group of fiscal conservatives to have dinner with Emanuel, too. "We look a little whiny," said Flake.

Emanuel, however, inspires a special brand of suspicion given his aggressive effort to attack Republicans and take their jobs away.

"I think there are some members of Congress who probably would never trust Congressman Emanuel," said Rep. Thomas Reynolds (R-N.Y.), who played defense to Emanuel's offense last year as chairman of the National Republican Congressional Committee.

"There might be better members on the Democratic side to achieve that bipartisanship," he said. "We'll have to see."

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Even so, Emanuel has a record of working with Republicans to further the issues he cares about, from the Great Lakes Restoration Act with Rep. Mark Kirk (R-Ill.) to the re-importation of prescription drugs with Emerson and Rep. Gil Gutknecht (R-Minn.).

When moderate Republicans needed a regular meeting space, Emanuel provided it for them after their own leaders declined. And he spearheaded an invitation to President Bush to address Democrats at their upcoming retreat in Williamsburg, Va., which the president accepted.

"I really don't think of him as a partisan, but as a colleague," said Emerson, who has worked with Emanuel on prescription drug and health care issues over the years.

Her constituents, she said, want to see Republicans and Democrats working together for the common good. And in the final years of the Republican majority, she said, little was accomplished as Republicans insisted on going it alone.

"I'm embarrassed to walk into a Rotary Club meeting to give the luncheon speech and say we haven't done anything," Emerson said. "We can always meet in the middle as long as nobody is trying to zap the other in the next election."

It is a sentiment echoed by Wamp, who voted for four of the Democrats' first pieces of legislation this year and hopes Emanuel will help resurrect the bipartisan retreats of old.

He doesn't hold Emanuel responsible, either, for Republicans losing the majority.

"The majority party grew arrogant," Wamp said. "I don't blame them for us losing. I blame us for us losing."

Lawmakers from Illinois have a long tradition of working together in a bipartisan manner, dating back to former Democratic Sen. Alan Dixon and former House Republican Leader Bob Michel. The entire delegation regularly lunches together to talk about issues of local concern.

Both Emanuel and LaHood said the dinner grew out of their own close friendship that evolved from an easy working relationship. Following the meal, the pair planned to split the tab between them.

"Here Rahm is of the Jewish faith and I am an Arab-American," LaHood noted. "Maybe between the two of us, if they put us in charge of the Israeli-Palestinian negotiations, perhaps he and I could get it settled."

New Coalition Aims To Keep Dems In Check (AP)

By Jim Kuhnhenn

AP, January 23, 2007

Democratic lawmakers who stray too far from the party line could find themselves facing primary opponents financed by unions, trial lawyers and political activists eager to put the new congressional majority to the test.

After two weeks of near perfect unity, congressional Democrats now move into more divisive territory that will test party discipline on such issues as the war in Iraq, worker rights and health care.

Anti-war activists led by groups such as MoveOn.org and Win Without War have already mobilized, pressuring Democrats and Republicans to denounce President Bush's troop boosting plan for Iraq. But they also want tougher action, arguing that the elections that put Democrats in power were a referendum on the war.

This week, an influential group of organizers from labor and the liberal movement are banding together to hold Democrats in line on populist issues such as expanded health care, trade restrictions and worker protections.

"The idea is that this election was a watershed," said Steve Rosenthal, one of the main organizers of the new labor coalition. "There is a great opportunity to begin moving America in a new direction of economic populism and fairness."

The coalition has organized two entities — a lobbying wing called They Work For Us and a campaign arm called Working for Us PAC — that will target lawmakers who don't support their agenda of raising wages, increasing jobs, providing more affordable health care and preventing job losses to foreign countries.

"Our PAC will encourage Democrats to act like Democrats — and if they don't — they better get out of the way," Rosenthal wrote in a memorandum describing the organization.

Outside pressure on Democrats is a sensitive issue within the party caucus. Democrats acknowledge the need for party discipline, but also recognize the different blocs that make up the party. Voters last November elected new Democrats from liberal, moderate and conservative districts. These Democrats won in a variety of regions and often defy tidy ideological descriptions.

"Instilling party discipline in our party is simply harder than in the Republican Party," said Simon Rosenberg, head of the New Democrat Network. "We are a more diverse party than they are."

Rosenthal said his coalition won't target Democrats with moderate or conservative constituencies. As an example, he cited Heath Shuler, a former NFL quarterback who won a previously Republican seat in North Carolina. He ran as an opponent of abortion and gun control. But he voiced opposition to the North American Free Trade Agreement, a Clinton presidency deal long decried by organized labor.

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"We're not trying to force people to the left of their districts," Rosenthal said. "We want to make sure that Democrats primarily represent their districts."

But They Work for Us is also naming lawmakers who coalition members say have defied their agenda and are out of step with their districts. Among them are Democratic Reps. Ellen Tauscher of California, Henry Cuellar of Texas and Al Wynn of Maryland.

Tauscher spokesman Kevin Lawlor said such attention is undeserved.

"Rep. Tauscher and her 63 New Dem colleagues were in lockstep with Speaker Pelosi and the Democratic Leadership throughout the first 100 hours" of the new congressional session, Lawlor said. "Rep. Tauscher was elected with 67 percent of the total vote last November, a number that far exceeds top-of-the ticket Democrats in her district."

In the first two weeks of this congressional session, House Speaker Nancy Pelosi of California pushed through a new package of ethics rules and popular legislation raising the minimum wage, expanding embryonic stem cell research, lowering student loan rates, requiring the government to negotiate Medicare drug prices and ending oil company subsidies. They all passed with unanimous or near unanimous support from Democrats and from Republicans as well.

"We're going to look for those issues that have a consensus within the caucus," said Rep. Chris Van Hollen, D-Md., the new chairman of the Democratic Congressional Campaign Committee, the political arm of the House Democrats.

But Democrats also have vowed to go beyond those votes. And it is the details of further legislation that could put the party divisions on display.

"There will be good days and there will be bad days," said Rep. Rahm Emanuel, D-Ill., who is credited for writing the script for the House Democratic victories last year. "You have the energy of the new members and the experience of the more senior members and you have to combine the two."

The war is likely to be the first test.

In the Senate, Democrats are trying to rally Republicans to their side on a nonbinding resolution opposing Bush's plan to increase troops in Iraq. The House would likely follow. Anti-war groups, however, see this is as a beginning, not an end.

"What the leadership is saying is, 'Look, we're going to take this in steps,'" said former Rep. Tom Andrews, D-Maine, head of the anti-war groups Win Without War. "The first step is going to be a nonbinding resolution. That leaves people wondering, 'OK, what is the next step?

A coalition of anti-war groups is primarily pressuring Republicans to oppose the president's new plan in Iraq. But it is also mobilizing voters to contact lawmakers from both parties to emphasize opposition to the war as well.

"If Democrats fail on that core issue," Andrews said, "all other issues are going to be much more difficult."

GOP Pushes For Stricter Ethics Reform (WT)

By S.a. Miller

The Washington Times, January 23, 2007

The debates on a House bill that would nix federal pensions for convicted lawmakers and a Senate measure to cut pork spending underscored how scandal-scarred Republicans are backing broader ethics reforms than the new Democratic majority is.

"We did have colleagues who violated the trust of the Congress and the public. We have to fix it," said Rep. Lee Terry, a Nebraska Republican whose pension-reform bill was sidelined by Democratic leaders in favor of a weaker bill. "When one of our own breaks the rules, we don't rally around them."

The House yesterday started considering a bill by Rep. Nancy Boyda, Kansas Democrat, that denies federal pensions to members of Congress convicted of bribery, perjury and conspiracy offenses related to the lawmaker's office. A vote could come as soon as today.

Separate bills by Mr. Terry and Rep. Mark Steven Kirk, Illinois Republican, would have withheld the pension from lawmakers convicted of a longer list of felonies, including some unrelated to abuse of office -- ranging from white-collar embezzlement crimes to political crimes such as securing campaign contributions by intimidation.

The Democratic bill had a shorter list of pension-losing crimes because the leadership promised "this bill can be passed and enacted into law as soon as possible," said Shanan Guinn, spokeswoman for Mrs. Boyda.

Meanwhile, Senate Democrats fought to defeat a Republican measure that would authorize the president to remove earmarks -- and send them back to Congress for a second look and another vote. Earmarks, or pork, are provisions in a bill to fund specific projects, often used by members of Congress to pay for pet projects in their home districts or states.

Majority Leader Harry Reid, Nevada Democrat, said through a spokesman that earmark reform was just a ruse to pass a "line-item veto."

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"It would be used to attack Social Security, Medicare and other items for those with the greatest need," spokesman Jim Manley said.

Under the proposal, the power to revise spending bills differs from a line-item veto in that either the House or Senate can reject it with a simple majority vote. Congress passed a true line-item veto in 1996, which would have required a two-thirds majority in both chambers to override. The Supreme Court declared the veto unconstitutional two years later.

Senate Minority Leader Mitch McConnell, Kentucky Republican, called it a common-sense approach to fiscal responsibility.

"Americans are watching, and we are committed to ensuring that this common-sense reform gets the vote it deserves," he said. "Fiscal responsibility is not just an Election Day issue. If we are serious about reform, we must take the steps necessary to connect fiscal rhetoric with fiscal reality."

A vote on the amendment could come as soon as tomorrow.

Mr. McConnell co-sponsored the amendment with Sen. Judd Gregg, New Hampshire Republican.

The amendment was originally attached to an ethics reform bill and nearly doomed that legislation when Sen. Robert C. Byrd, West Virginia Democrat, single-handedly blocked a deal to give Republicans the vote they demanded. The ethics bill passed 96-2 Thursday after both sides agreed to debate the earmark provision with the minimum-wage bill.

On the Senate floor yesterday, Mr. Byrd said revision authority was "a piece of garbage" and argued that Congress should not abdicate the "power of the purse" to the executive branch.

Other Republican-proposed ethics reforms have met resistance.

Last week, Senate Democrats initially balked at a Republican-backed measure to disclose all earmarks as opposed to just a sliver of the earmarks, as the majority proposed. In the face of criticism, Mr. Reid changed course and embraced the bill after delaying a final vote when the proposal unexpectedly survived a procedural vote to kill it.

The Senate voted 98-0 to adopt the measure as an amendment to ethics legislation, with 38 Democrats and seven Republicans switching their votes to support the measure they had opposed.

Similarly, pension reform was not originally part of the agenda for House Democrats. They adopted the cause after the Senate passed it and Mr. Terry and Mr. Kirk introduced their bills.

House Majority Leader Steny H. Hoyer then assigned the bill to Mrs. Boyda, a freshman from a vulnerable district who made a strong issue of campaigning against Washington corruption.

Mr. Hoyer was restrained in his praise for Mrs. Boyda's bill, saying that it "could be better, but it is timely" and that Congress needs "to do the right thing" on ethics.

Neither the Boyda bill nor the Republican proposals would be retroactive. Pensions will still go to convicted felons such as former Republican congressman Bob Ney, who was sentenced Friday to 30 months in prison for bribery involving disgraced lobbyist Jack Abramoff. When Ney turns 62 in 2016, he will be eligible for an estimated $29,000 annual pension.

Senate Jet Rule Would Cost Others, Too (USAT)

By Fredreka Schouten

USA Today, January 23, 2007

WASHINGTON — The Senate's plan to require members traveling aboard plush private jets to pay full charter fares also would force changes in travel by all presidential candidates.

Under the Senate-passed ethics bill, senators extended their new rules for reimbursement of such travel to any candidate seeking federal office. That means anyone running for Congress or president would have to pay jet owners the charter cost of travel on the planes.

Currently, lawmakers flying aboard such jets — often owned or leased by businesses and labor unions — pay the equivalent of a first-class ticket using campaign funds or their office accounts if the trip is for official business.

For example, a lawmaker would pay about $800, equivalent to a first-class ticket, for a corporate jet trip between Washington and Los Angeles. The cost of a 12-seat Gulfstream: $31,450. Under the new rules, a senator or candidate would pay either all or part of that charter cost, depending on the number of lawmakers and aides on the jet.

"The companies don't just fly us around out of the goodness of their hearts," said Sen. Barack Obama, D-Ill., a likely 2008 presidential candidate. Obama stopped using private jets at the lower rate last year.

House ethics rules, approved earlier this month, ban all corporate jet travel. The Senate measure exempts senators who have their own planes or whose spouses own them. The two measures must be reconciled by Congress.

Travel aboard private planes has long been a favored perk for members of Congress and presidential candidates. The practice came under scrutiny during the investigation of disgraced lobbyist Jack Abramoff, who paid for trips by members on private jets.

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Former Massachusetts governor Mitt Romney, a likely GOP presidential candidate, said he would pay the higher charter rate if the Senate rule becomes law. Romney "travels commercial unless there are the time constraints of a loaded schedule," aide Kevin Madden said. As governor, Romney faced criticism for a 2005 California trip on a Pfizer jet.

As a senator, Democrat John Edwards spent more than $325,000 in campaign money on private planes, mostly while he ran for the White House in 2004, according to PoliticalMoneyLine, which analyzes campaign data. That was the most of any senator in 2001-05. Edwards spokeswoman Andrea Purse declined to comment.

The six senators who have taken steps to formally run for president supported the travel rule.

Revealing The Bundlers (WP)

The Washington Post, January 23, 2007

REP. CHRIS Van Hollen (D-Md.) has a new job, but he's sticking with an old idea that could make it more complicated. Mr. Van Hollen's new job is to lead the Democratic Congressional Campaign Committee, meaning that he's responsible for helping House Democrats retain their majority and for coming up with the campaign cash to make that happen. That's where his old idea -- and the potential complication -- come in.

Last year, as the House Judiciary Committee was debating lobbying reform, Mr. Van Hollen offered an amendment that would have required lobbyists to report not just the campaign contributions they give directly to lawmakers but also the campaign checks they "bundle," or solicit for or deliver to lawmakers. Astonishingly, this proposal passed the Judiciary Committee by a vote of 28 to 4. Less astonishingly, the provision had disappeared from the final version of the bill when it was brought up for debate on the House floor.

Now, with Democrats in charge of the House and Mr. Van Hollen ensconced at the campaign committee, the obvious temptation would be to let the matter drop. After all, good relations with lobbyists -- and a steady stream of cash from K Street -- are essential to the fundraising of both parties. Shining a light on the role of these lobbyists might not be particularly comfortable for those on either side of the transaction. To his credit, Mr. Van Hollen, along with Rep. Martin T. Meehan (D-Mass.), plans to introduce a measure today that would require such disclosure. It mirrors the language of a bundling provision included in the ethics and lobbying legislation the Senate passed last week.

Mr. Van Hollen discounts the notion that his proposal could make his campaign committee job harder. "The rule will apply to everybody equally. The politics of it is probably a wash," he told us. "In terms of the public good, it's the right thing to do. The entire purpose of this is to begin to break that nexus between lawmaking, on the one hand, and the practice of bundling that lobbyists use to enhance their influence in that process."

For the first time, lobbyists would be required to list the fundraisers that they or their clients hosted and the amounts that were raised. They would have to provide a good-faith estimate of the total contributions they "collected or arranged" for individual candidates or political committees. In other words, they would have to provide the kind of information that is well known to those on the inside of the process but is obscured from outsiders. Mr. Van Hollen is right to insist that the bundlers be brought to light.

FEDERAL DIARY: Many Managers Resist The Call For More Telecommuting (WP)

By Stephen Barr

Washington Post, January 23, 2007

Concerns over employee productivity and a lack of control over employee activities make it difficult for federal managers to support telecommuting, according to a survey released yesterday.

But federal managers also think telecommuting improves "work-life balance" for employees, and makes their agencies more competitive in hiring and keeping employees, the survey found.

The survey was sponsored by the Telework Exchange, which brings federal officials and technology professionals together to promote telecommuting, and the Federal Managers Association, which represents the interests of nearly 200,000 supervisors and managers across government. The survey was underwritten by Tandberg, a company that makes software for video, voice and other data.

Darryl Perkinson, president of the managers association, called the survey "pretty accurate and reflective" of opinions held by federal managers, even though a relatively small number, 214, responded.

Perkinson acknowledged that allowing federal employees to work from home raises difficult questions and is not appropriate for some occupations. He added, "I don't think we need to give up on telework," especially if it could be a job perk that helps the government attract top-notch job applicants or lure back retirees interested in working part time or on projects.

Bush administration officials and some members of Congress, such as Rep. Frank R. Wolf (R-Va.), have urged federal agencies to allow employees to work from home at least one day a week or at the 14 telework centers in this region sponsored

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by the General Services Administration. They think telecommuting can ease traffic congestion and pollution in the region and also help agencies get their work done in the event of a natural disaster or a crisis that forces office shutdowns.

The most recent data show that only 19 percent of eligible federal workers can be considered telecommuters, and managerial resistance is seen as the reason for what some officials consider to be a relatively low participation rate, given the size of the government.

Federal managers were asked in the survey whether they think their agencies support telecommuting: 35 percent said yes, 47 percent said no and 18 percent were unsure.

Regardless of their involvement in telecommuting programs, almost three-quarters of respondents cited two common concerns: fear of losing control over employees and loss of productivity.

That stands in contrast with the common perception that lack of funding and security issues keep managers from embracing telework. Last year, a survey of 200 federal technology officials found that nearly 40 percent worried about security breaches involving telecommuters. The technology officials listed concerns about remote access to systems, violation of employee privacy and disruption of agency operations.

But the survey of federal managers showed that managers who are most involved in telecommuting -- and telecommute themselves -- hold more favorable attitudes than their colleagues: 21 percent of managers who telecommute said they were concerned about security issues, compared with 43 percent of managers who have no telecommuters in their office.

Still, federal managers in the survey said telecommuting programs can affect productivity by making it more challenging to communicate with employees. Thirty-two percent cited the lack of face-to-face contact with employees as a problem, and 22 percent cited the inability to sit around a table with employees as a disadvantage.

The mangers also said they do not see e-mail and voice messages as a substitute for face-to-face contact, with 61 percent saying they had misinterpreted e-mail and 43 percent saying they had misunderstood a phone message from co-workers.GSA Increases Mileage Rate

The General Services Administration announced yesterday that the standard mileage reimbursement rate for federal employees who use their cars for official business will be increased to 48.5 cents per mile, a 4-cent increase over the current rate. The new rate becomes effective Feb. 1, the GSA said, noting that it mirrors the rate adjustment approved by the Internal Revenue Service last year.

Et Tu, George? (NYT)

By Nicholas D. Kristof

The New York Times, January 23, 2007

Maybe George W. Bush is the education president after all. Whatever one thinks of his No Child Left Behind initiative, he has made the classics powerfully resonant today.

So for those schoolchildren and university students out there struggling through “Moby-Dick” or the “Aeneid,” take heart! They’re not just about white whales or Trojan wanderers — they’re also about President Bush and Iraq.

Forget the Vietnam analogy that critics of the Iraq war usually toss out. A more trenchant analysis of Iraq-style adventures appears in the histories of Thucydides, written 2,400 years ago.

Great Athenian diplomats of the day, like Nicias, warned against military involvement in Sicily, calling it “a war that does not concern us,” according to Thucydides. But smooth-talking neocons of the day, like the brilliant Alcibiades, said in effect that the Sicilians would welcome the Athenians with flowers. He promised that they would be treated not as occupiers but as liberators.

“We shall have many barbarians ... join us,” Alcibiades declared, and he argued that the enemy would be easily defeated “rabble.” “Never were the Peloponnesians more hopeless against us,” he told the crowds.

So the Athenians rallied around the flag and dispatched a huge force. But as Thucydides notes, they had suffered a grievous intelligence failure: they did not get the support they had counted on, and the enemy was far larger and more organized than they had anticipated. The war went badly, and eventually Athens was forced to confront two options: withdraw or escalate.

The Athenians, deciding that defeat was not an option, went with the “surge.” They dispatched an additional 70-odd ships and 5,000 troops.

The result was a catastrophic defeat. Thousands of Athenians were killed far from home, and others were sold into slavery. The Athenian navy was destroyed, and the double-or-nothing gambit meant that other nonaligned states sided with the Athenians’ enemy, Sparta.

Within a few years, Athenian democracy had collapsed, and Athens, the great city-state of the ancient world, had been conquered by Sparta.

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President Bush has lent a new thrill to readers of Virgil's account of the adventures of Aeneas from Troy to Rome. A marvelous new translation of the "Aeneid," by Robert Fagles, has just been published, and critics (and Professor Fagles himself) have noted its relevance: Virgil is suddenly newsy.

That's because this is a tale of war and empire, and a constant subtext is how easy it is to be uncivilized when promoting civilization.

Aeneas is an exponent of reason who at the end of the book confronts an enemy who pleads with him to "go no further down the road of hatred." Aeneas sees that the enemy is wearing the sword-belt of his slain friend, and reason dissolves into fury: "Blazing with wrath," he plants his iron sword "hilt-deep in his enemy's heart." In war, moderation is the first casualty.

Yet the single best guide to Mr. Bush's presidency may be "Moby-Dick." Melville's book is, of course, about much more than Captain Ahab's pursuit of the white whale — a "nameless, inscrutable, unearthly" symbol of all that is dark and unknown in the world.

Rather, it is an allegory about the cost of obsession. Ahab has a reasonable goal, capturing a whale, yet he allows this quest to overwhelm him and erode his sense of perspective and balance. Ignoring warnings, refusing to admit error, Ahab abandons all rules and limits in his quest.

Ahab finally throws his pipe overboard; he will enjoy no pleasures until he gets that whale. The fanaticism becomes self-destructive, eventually destroying Ahab and his ship.

To me at least, Melville captures the trajectory of the Bush years. It begins with a president who started out after 9/11 with immense support at home and abroad and a genuine mandate to fight terrorism. But then Mr. Bush became obsessed by his responsibility to prevent another terror attack.

This was an eminently worthy goal, but Mr. Bush abandoned traditional rules and boundaries — like bans on torture and indefinite detentions — and eventually blundered into Iraq. And in a way that Melville could have foretold, the compulsive search for security ended up creating insecurity.

Melville's lesson is that even a heroic quest can be destructive when we abandon all sense of limits. And at a time when we hear the siren calls of moral clarity, the classics almost invariably emphasize the importance of moral nuance, an appreciation for complexity, the need for humility.

So, students, study those classics. They are timeless — and in the days of the Iraq war and Guantánamo, they have never been more timely.

OTHER NEWS:

US Productivity Growth Lowest For A Decade (FT)

By Chris Giles In London

Financial Times, January 23, 2007

The US economy last year recorded its lowest rate of labour productivity growth in more than a decade, with growth in output per hour worked falling behind the EU and Japan. The fall casts further doubt on the ability of the Federal Reserve to cut interest rates as the US economy slows.

Research to be published on Tuesday by the Conference Board, the international business organisation, shows that US labour productivity in the whole economy grew by 1.4 per cent in 2006 as slower economic growth was combined with a rapid rise in employment.

Gail Fosler, the chief economist of the Conference Board, told the Financial Times that the fall in productivity growth was unlikely to be cyclical and the result of weaker gains in services' industries, raising "concerns about the long-lasting productivity impact of information and communications technology".

If weak productivity growth continues, she said, "even in a slow growth environment, the US economy will be performing close to its potential", restricting the Fed's ability to cut interest rates.

Better economic figures released this year, alongside emerging signs of a slowdown in US economic potential, has led to tumbling market expectations of a rate cut in recent weeks. Investors now believe that there is only about a 10 per cent chance of a reduction in official interest rates by the May meeting of the Fed's interest rate-setting committee, according to the Federal Reserve Bank of Cleveland.

The US slowdown in whole economy productivity growth over the past three years - to a rate half that in 2002 and 2003 - contrasts with rising productivity growth in Japan, on the back of a surge in manufacturing exports on the Conference Board's internationally comparable figures.

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Japan's labour productivity grew by 2.5 per cent in 2006 as manufacturing companies took advantage of new demand from China in addition to its traditional export destinations.

Europe improved its productivity performance considerably last year as it enjoyed its first year of strong economic growth since 2000. However, the improvement in Nordic countries and Germany masked continued weakness in southern Europe, where growth was generated by surging employment rather than an improvement in the efficiency of the economies of Spain, Italy and Portugal.

The Conference Board recorded that productivity growth remained extremely high in emerging countries of China, India and Eastern Europe, as inefficient companies fell away and huge numbers of workers moved from relatively inefficient sectors such as agriculture to manufacturing.

China recorded 9.5 per cent productivity growth in 2006, while India achieved 6.9 per cent and the 12 new EU member states achieved 4.1 per cent growth.

Earnings Growth Fears Push Stocks Down (USAT/BLOOM)

USA Today, January 23, 2007

NEW YORK — Stocks fell Monday, sending the Dow Jones industrial average to its biggest decline in two months, on concern that reduced demand and increased competition will hurt corporate earnings growth.

The Dow slid 88.37 points, or 0.7%, to 12,477.16, its fourth-consecutive decrease since closing at a new high and biggest retreat since Nov. 27. The Standard & Poor's 500 fell 7.55 points, or 0.5%, to 1422.95. The Nasdaq composite lost 20.24 points, or 0.8%, to 2431.07.

Motorola, the world's second-largest mobile-phone maker, fell 55 cents to $18.72 and led technology shares lower after Piper Jaffray said the company's profit margins may be crimped by rivals' products. Boeing dropped $3.03 to $85.60 after Wachovia Securities downgraded the second-largest commercial-jet maker on concern deliveries for new aircraft may be delayed.

The retreat followed reports last week from Intel and IBM that suggested analysts may have to lower earnings estimates. Profits among S&P 500 companies are expected to rise 6.1% in the first quarter, according to analyst projections compiled by Bloomberg, down from a forecast of 7.8% made two months ago.

"We're not going to keep the same pace of earnings that we've seen in the past," says Barry James, chief equity strategist at James Investment Research. "That will eventually pass through the psyche of investors, and we're seeing that with the start of earnings season right now."

Eaton, the second-biggest maker of hydraulic equipment, lost $3.85 to $73.80 and was the biggest loser in the S&P 500 after the company said lower truck production will hurt orders. Pfizer fell 27 cents to $26.95 after the world's largest drugmaker said it will lay off 10,000 workers to reduce costs (story, 1B).

Stocks were also dragged lower as natural gas futures rose to one-month highs on forecasts of colder-than-normal weather for much of the USA (story, 3B). Earlier gains in crude and heating oil futures were erased after midday.

All 10 major industry groups in the S&P 500 declined. A measure of consumer-related stocks fell for the first time in two weeks as concern grew that higher heating costs would limit spending and boost inflation. Federal Reserve Bank of Richmond President Jeffrey Lacker said late last week that inflation is still the "predominant" risk for policymakers because the recent slowing in price increases might be temporary.

P=MV/Q (WSJ)

By Robert D. Mcteer

The Wall Street Journal, January 23, 2007

The main question on financial TV lately has been whether the economy will continue to weaken and possibly slip into recession, but allow inflation to decelerate, or whether it will pick up and cause inflation to accelerate. More slack in the economy, or a larger output gap, would reduce inflation; more output, it is presumed, would make inflation worse. While a weaker economy might well reduce inflation, that isn't a necessary condition. Faster growth can also reduce inflation.

While inflation may respond to a reduction in aggregate demand, it would also logically respond to an increase in aggregate supply. In the simple equation of exchange, MV=PQ, so P=MV/Q. In other words, other things equal, prices respond positively to an increase in MV, or aggregate demand, and negatively to an increase in Q, or aggregate supply. This is not rocket science.

But it is a truism rarely articulated. The Phillips Curve is rarely mentioned anymore, but it still pervades the common view that inflation can be tamed only through a weaker economy. Disinflationary growth is not considered an option, probably because we think of output as responding only passively to changes in aggregate demand, so that they rise together or fall together.

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That may be the usual case, but it doesn't have to be. Supply-side factors may stimulate output independent of aggregate demand, through shifts in investment, exports or shifts from imports to domestically produced goods. Or animal spirits.

Monetary policy is currently in pause mode as far as interest rates are concerned, but moderate increases in the monetary base must be considered anti-inflationary whether output remains weak, or strengthens, as I expect.

Supply-side economics is out of favor at universities that don't have good football teams. But that's largely because its bar for success has been raised too high. Tax-rate cuts may not fully pay for themselves at current rate levels, but they certainly have gone a long way in that direction, as the recent sharp decline in the budget deficit despite rapid spending growth clearly indicates. Tax-rate cuts that substantially pay for themselves in higher tax revenue are clearly a good thing.

Our economy is remarkably healthy. Inflation has crept above our comfort zone, but current policies are bringing it down without a recession. Monetary policy is just about right, and is being helped in its fight against inflation by other factors: the Internet, globalization, China, India and other new players. Let's not be afraid of growth.

Mr. McTeer is a distinguished fellow of the National Center for Policy Analysis and former president of the Federal Reserve Bank of Dallas.

Class Of '07 Gets Plenty Of Job Offers (WSJ)

By Erin White

The Wall Street Journal, January 23, 2007

Employers are diving back into the fountain of youth.

This year is shaping up as the strongest for college recruiting since the downturn earlier this decade, colleges report. Traditionally heavy recruiters, including management consulting firms, investment banks and accounting firms, are intensifying college recruiting efforts. They're also facing more competition from other employers in such fields as technology, consumer products, government and even nonprofits.

Employers plan to hire 17% more graduates from the class of 2007 than they got from the class of 2006, according to the National Association of Colleges and Employers. That would make this year the strongest job market since 2000-2001, the association says. More than half of the surveyed employers said they planned to increase hiring; only 5% planned a decrease. Salaries were forecast to rise 4.6%, according to another survey by the same group.

"We now again have the nice problem of having to help some of our students choose among multiple job offers," says Jack Tinker, director of recruiting at the career office of Connecticut College. Mike Hendel, interim director for the career center at Carleton College in Northfield, Minn., says he, too, is counseling students deciding among "two or three really good offers."

Behind the increased recruiting are a relatively strong economy, growing business demands and heady corporate profits. Employers created about 1.8 million additional jobs in 2006. Average weekly earnings rose 4.5%, compared with a 3.2% increase in 2005.

Some companies are also planning for future work-force needs as the baby boomers' retirement looms. Employers "are finally starting to get the message that [they] really need to do more" with college recruiting as baby boomers age, says Dan Black, director of campus recruiting for the Americas at Ernst & Young LLP.

At New York University, close to 40% of seniors have job offers, which is more at this point in the year than in any year since 1998-99, estimates Trudy Steinfeld, executive director of career development. Salaries are up about 5% to 10% since last year, and companies are offering bigger signing bonuses -- up to $10,000, she says.

At the University of Chicago, 119 companies conducted on-campus interviews with seniors during the fall quarter, compared with 93 a year earlier. Employers posted 180 jobs in that quarter, up from 135 a year before. Recruiting mainstays such as management-consulting and financial-services firms are active at Chicago, but so are nonprofits and public-service groups: About 15 such organizations have expressed interest in an April career fair, compared with none at this time last year, says Meredith Daw, co-director of career advising and planning services.

At a November job fair in Boston, the 12 sponsoring schools turned away at least five employers clamoring for space. At the University of California, Los Angeles, officials squeezed 10 additional employers into a job fair last week that they had initially limited to 100 employers. Many of the companies attended a fall fair but need more recruits.

Christopher Bothur, a Connecticut College senior, in the fall accepted a job in an analyst-training program at Deutsche Bank AG. Earlier, he had spoken briefly with the bank about a possible summer internship, but he spent the summer working for the United Nations in China.

When he returned to school, the bank called him, whisked him to New York for interviews and offered him a position that will include stints in New York, London and China. "The job kind of fell into my lap," he says. Mr. Bothur says his base salary alone will be roughly twice as much as it would have been at the think-tank jobs he was considering.

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College career counselors say the tone of campus recruiting doesn't approach the dot-com era frenzy, among employers or students. Students saw older friends and siblings suffer through the downturn earlier this decade, and they understand that the job market could tank again. And while the economy as a whole is strong, sectors such as housing and autos are suffering.

One employer contributing to the rising demand on campuses is accounting and consulting firm Deloitte & Touche. The firm is recruiting about 3,300 seniors for full-time positions in the U.S. this year, up from fewer than 3,100 last year, says Diane Borhani, head of U.S. campus recruiting.

To attract candidates, Deloitte is raising salaries and signing bonuses. Full-time starting base salaries in the U.S. are up about 5% on average to as much as roughly $60,000 in certain markets. Signing bonuses for new college hires in consulting range from $6,000 to $10,000 this year, up from $4,000 to $8,000 last year, Ms. Borhani says.

Employers also hit campuses earlier. Yum Brands Inc., which markets restaurant chains including Taco Bell and KFC, sent students welcome-back postcards and emails in August, the earliest it has ever started campus recruiting efforts. "We tried to be there literally the day that they got to school," says Misty Reich, Yum's vice president of global talent management. Recruiters and senior executives soon followed.

Companies are also trying to make their recruiting efforts more personal. The management consultancy Boston Consulting Group sent more young employees to campus this fall to talk one on one about life at the firm.

Personal outreach went a long way to recruit Wayne Vonder Heide, a 21-year-old senior at the University of Illinois at Urbana-Champaign, who recently accepted a management-training position at Kraft Foods Inc. He interviewed with about a dozen companies last fall, mostly for sales positions. "Just seeing how many jobs are out there was really encouraging," says Mr. Vonder Heide, an advertising major with a business minor. He was confident enough in his prospects that he spurned follow-up interviews with about four companies.

Around Thanksgiving, Kraft offered him a post in Cincinnati. Management trainees contacted him and the company invited him to tour the office there. He met his would-be co-workers; one took him around the city, including neighborhoods popular with young professionals. "I could really see myself getting up every day and going to this office and getting along well with all of these employees," Mr. Vonder Heide says. "That was a deciding factor."

Why Job Churn Is Good (WP)

By Robert M. Kimmitt

The Washington Post, January 23, 2007

More than 55 million Americans, or four out of every 10 workers, left their jobs in 2005. And this is good news, because there were over 57 million new hires that same year.

These statistics illustrate a recent and growing trend of dynamism in our job market, especially among younger workers. Data on labor demand in the United States, gathered for the Job Openings and Labor Turnover Survey (JOLTS), show that the 12 months ending in November had the highest average of labor turnover since the U.S. government began tracking this information in 2000. But the data also show that our economy has maintained a consistently strong ratio of new hires to separations. Over the year ending in November, new hires in America exceeded employee separations by an average of 364,000 per month.

Indeed, the data show that each month millions of Americans leave their jobs -- most of them voluntarily -- and millions more are hired. This is what we want: an economy in which people looking to move up have as many opportunities as possible from which to choose. Promoting this dynamism, and the opportunities it creates, should be a focus of our economic policy.

This flexibility of our job market is one key reason the United States successfully competes in an increasingly interconnected global economy. In fact, our workers lead the international marketplace in this trend. Job tenure averages 6.6 years for Americans, compared with an average of 8.2 years for Britons, 10.6 years for Germans, 11.2 years for the French and 12.2 years for the Japanese. Even more striking is that, on average, workers in the United States will have 10 different employers between ages 18 and 38.

This dynamism of our labor force strengthens the U.S. economy because each move to a new employer can involve greater responsibility, greater pay or both. And the time workers spend in search of employment is decreasing. In December, the average duration of a job search was the shortest in more than four years.

Unfortunately, what usually makes headlines is a big company's layoff of workers. What gets less coverage is the 40 months of job growth we have recently enjoyed, the historically low unemployment rate (4.5 percent), record tax revenue and an acceleration in real wage growth over the past year. This is good news for the generation preparing to graduate from high school and college. Unlike their grandparents, who built careers around companies rather than opportunities, members of the class of 2007 will enter the workforce with an understanding that change may be the only constant in their professional careers.

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The dynamism of our workforce helps keep the United States competitive because it increases not only the number of jobs available but also the productivity of those holding jobs. U.S. productivity has steadily accelerated over the past three decades, as workers look to improve their standard of living and pursue different opportunities through new employment.

The challenge for policymakers is to keep pace with the dynamism of our economy, since the trend is likely to accelerate in the future. Governments, both federal and state, must build upon and support the institutions that make our country great. One strength is our educational system. Americans seeking to make job changes have a resource not found elsewhere in the world: our nation's community college system, which provides higher education and the chance for workers to retrain at a relatively minimal cost after they enter the workforce.

Government must also ensure that neither fiscal nor regulatory policy impedes the growing dynamism of our economy. For example, job seekers would benefit from the freedom to change employment without having to disrupt their health coverage and their retirement savings plans. Recognizing this, we will work throughout the administration to implement policies that both keep pace with the rapid change in our economy and strengthen our position in the international marketplace.

Consistently Conservative Small-Business Lobby Reaches Out To Democrats (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 23, 2007

The National Federation of Independent Business is a bastion of Republicanism. Its staff has for decades been a farm team for GOP operatives and its campaign giving has been notably one-sided. Of all major lobbying organizations last year, NFIB gave the lowest share of its political action committee money to Democrats, a mere 8 percent.

But with Democrats now in charge on Capitol Hill, NFIB says it's changing. Its new president, Todd A. Stottlemyer, 43, wants to rebrand the nation's premier small-business lobby as "nonpartisan," and to prove his resolve he is talking extensively to Democrats and preparing to donate more to their coffers. "We're trying to reach out," he said. "It doesn't matter if you're an R or a D."

With many lobbying shops scooping up Democrats after last November's elections, Stottlemyer's effort may not seem that newsworthy. But for NFIB, it is huge. Stottlemyer's predecessor, Jack Faris, was viewed as a zealous partisan. A former executive director of the Republican National Finance Committee, Faris stopped talking even to pro-business Democrats in the House after he got involved in a shouting match over dinner with a group of Blue Dogs half a dozen years ago. NFIB, under Faris, also boasted of its role in defeating two of Congress's highest-ranking Democrats, House Speaker Thomas S. Foley (Wash.) and Senate Minority Leader Thomas A. Daschle (S.D.).

Now, however, Stottlemyer and his right-hand man, Executive Vice President Dan Danner, are working to rebuild the bridges that Faris burned. Stottlemyer, who declined to talk about Faris, has met with and offered to cooperate with such prominent Blue Dogs as Reps. Allen Boyd (Fla.) and John Tanner (Tenn.). In the Senate, he has visited moderates such as Blanche Lincoln (Ark.), Ben Nelson (Neb.) and Ken Salazar (Colo.), and asked them to join him on several issues, especially health care.

And in a move that the Faris-led NFIB would never have made, the organization did not list as one of its "key votes" of the year the House Democrats' recent push to increase the minimum wage. Small businesses despise few policies more, yet NFIB decided that the measure's success was preordained and that listing its defeat as a top priority would only antagonize the Democrats it now aspires to court.

One of those is Rep. Albert R. Wynn (Md.). Late last year, NFIB dispatched volunteers and a few of its lobbyists to help his campaign. Wynn is exactly the kind of middle-of-the-roader that NFIB now wants as an ally. He's also African American, and NFIB's long-term survival depends on attracting more minority members.

"We don't agree on everything," Wynn said of his new suitors. "But we've been able to find some common ground."

Boyd, like much of official Washington, remains dubious. "For the last 10 years, the NFIB was a difficult organization to deal with; it didn't play it straight," he said. "We'll have to see over a period of time how it conducts itself." But because of Stottlemyer's entreaties, Boyd said, "I'm a little optimistic." From a Democrat, that is huge.Ethics Gone Wild

As a good deed, the American Heart Association likes to conduct a mini-class in cardiopulmonary resuscitation for House and Senate staffers. It's a very popular course. But this year, new lobbying rules have gotten in the way.

Association lobbyists asked the House ethics committee if they could provide staffers with a box lunch, a CPR kit (consisting of a training DVD and an inflatable mannequin to practice on) and an hour-long lesson. The committee's lawyers said no to the lunch and the kit (as the lobbyists expected) -- and they also nixed the class. Under the new gift ban, it was deemed a thing of value that a lobbying group could no longer provide. The event has been canceled.

Capitol Hill has never been for the faint of heart. Now, even more so.Republican Hires of the Week

Lobbying is still bipartisan despite the Democratic takeover of Congress, with senior Republicans in big demand.

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Asa Hutchinson, the former Arkansas congressman and undersecretary of homeland security, has returned to the law firm Venable. Jennifer Millerwise Dyck, former spokeswoman for Bush-Cheney '04 and the CIA, was hired by APCO Worldwide. John R. Russell IV, a former aide to ex-House speaker J. Dennis Hastert (R-Ill.), was brought in by Sonnenschein Nath & Rosenthal.

Womble Carlyle Sandridge & Rice added Tim S. McClain, former general counsel of the Veterans Affairs Department, to help its clients "obtain contracts with the VA and related agencies," a firm spokesman said.

Even all-Republican firms are expanding. Barbour Griffith & Rogers hired Stephen G. Rademaker, an ex-aide to former Senate majority leader Bill Frist (R-Tenn.), and Philip D. Zelikow, former counselor to Secretary of State Condoleezza Rice.

Zelikow has for years served as a one-man think tank for Rice, advising her on Iraq and other policies. His role at the lobbying firm is undefined, though he won't be able to represent a foreign government for a year, said Ed Rogers, its chairman. "We'll see what evolves over time," said Rogers, a Zelikow friend.

But being under investigation is an impediment to a lobbying career for anyone, Republican or Democrat. Lundquist, Nethercutt & Griles split with former deputy interior secretary J. Steven Griles, who is the target of a corruption probe connected to disgraced lobbyist Jack Abramoff.The Gelman Update

Microsoft's deal with the House Democratic leadership is even sweeter than I reported last week. The software giant has loaned Matt Gelman, its chief House lobbyist, to the whip's office.

It turns out that the stint won't be long at all -- just 59 days -- and for a reason. If Gelman were to stay a congressional consultant for 60 days, he would be barred for a year from lobbying the folks he had just assisted.A New Idea

During a recent Web chat on washingtonpost.com, I received a fresh suggestion from out of the blue. Well, actually it came from Indianapolis -- or at least that was the city the correspondent listed.

Here it is: If you want to jam the revolving door between Congress and the outside world -- and discourage K Street from hiring former congressmen as lobbyists -- then deny a congressional pension to any former lawmaker who registers to lobby. A lawmaker can accept public funds in retirement via his pension, or he can make a living extracting public funds for clients as a lobbyist. But he shouldn't be allowed to do both. Whaddya think?

Clinton Dives In Media Waters (WP)

By Anne E. Kornblut

The Washington Post, January 23, 2007

With a call to "let the conversation begin," Sen. Hillary Rodham Clinton (D-N.Y.) fielded a handful of pre-selected questions from voters on her presidential campaign's Web site last night, speaking into a video camera as she held forth on movies ("Out of Africa" makes her top three), her football-fanatic brothers and her "nice middle-class upbringing in a suburb of Chicago."

The effort to "humanize" Clinton, as her advisers have put it, was in full swing just two days into her presidential campaign.

In a carefully controlled setting where inquiries about affordable tuition and health care counted among the tougher topics, she reminisced, in response to a question about Hurricane Katrina, about walking the streets of New Orleans on visits when she and her husband lived in Arkansas. She acknowledged that her position papers on energy policy were too "wonkish" for a Web chat and said she turns to her daughter, Chelsea, for "advice and support in every way."

The online chat came amid what, for Clinton, is a media blitz at the outset of her campaign for president. She appeared on all three major television networks last night, is scheduled to appear on the morning shows today, and will hold two more online discussions on her Web site tonight and tomorrow. This weekend she will head to Iowa, which she has not visited for several years.

In her first public forays, Clinton made little substantive news. In an ABC News interview, she would not pledge not to raise taxes. But she also equivocated on whether the costs of the war in Iraq would require a tax increase. "We're going to have to make some tough decisions," she told interviewer Charles Gibson. "We also don't want to be straitjacketed."

On CBS, she told anchor Katie Couric that voters who doubt her ability to win should reserve judgment. "I would say: Give me a chance," she said. "As a friend of mine said the other day, I'm the most famous woman that nobody knows."

Dressed in the same pastel jacket for all her appearances, Clinton sat on a sofa against a soft backdrop of bookshelves and a yellow curtain for her Web chat. She was joined by her campaign's blogger, Crystal Patterson, who read viewer questions aloud. Almost all of the inquiries were from women, and nearly one-third were from New York. One question was about the role Chelsea Clinton will play in the campaign (unclear, her mom said).

She hedged on her favorite movie, saying that, as a child, she had loved "The Wizard of Oz," only to discover "Casablanca" in college and law school, watching it so often that she memorized the lines. (Her passion for the Meryl Streep-Robert Redford classic "Out of Africa" came later, she said.) But she was clear about her own conviction that she can become president.

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Responding to a questioner identified only as Barbara in Massachusetts, who asked what she should tell people who do not think the country is ready for a woman to be president, Clinton said: "I hope you'll tell them we won't know until we try."

On Web, Voters Question Clinton Directly (NYT)

By Patrick Healy

The New York Times, January 23, 2007

Senator Hillary Rodham Clinton strived for an Oprah moment yesterday night, the third of her presidential campaign, by sitting in a fake living-room set and fielding questions on a live video Webcast about her vote for the Iraq war (if she had known then), universal health care (still wants it) and her favorite movies ("The Wizard of Oz," "Casablanca" and "Out of Africa").

But will she attain Oprah Winfrey's ratings? Advisers could not say how many people watched and took Mrs. Clinton's measure during the appearance — or whether any of them were anyone other than her diehard lovers and her diehard haters.

Mrs. Clinton's advisers say the Webcast demonstrates her determination to speak directly to voters, in as many ways as new technology allows, instead of dealing only with a news media that has sometimes been intensely skeptical of her actions and motives.

The questions e-mailed from Linda in Pensacola, Fla., and other visitors to the Web site were vetted by Mrs. Clinton's staff and offered or elicited few surprises. Mrs. Clinton sat on a sofa in front of a bookcase looking relaxed as a young aide read questions from a monitor. Her answers suggested various personas that she wants to convey to voters: a hometown girl, a mother, a moviegoer, a churchgoer, a standard-bearer for women and a critic of the war.

She said she was rooting for the Chicago Bears in the Super Bowl, recalling that she grew up in Illinois (a crucial electoral state and the home of Senator Barack Obama, a rival). She spoke lovingly about her daughter, Chelsea.

She described her three favorite movies, linking herself with other Americans who can recite lines from "Casablanca." She told a 14-year-old girl that when she was young she found inspiration by volunteering through her church.

In response to the first question, about what Mrs. Clinton would say to people who wondered whether a woman could be president, she said it was "important that we demonstrate that women are fully capable to serve in the highest levels of government."

With the second question, about whether she regretted her vote on the Iraq war in 2002, the senator repeated her latest explanation, which she also used yesterday night on the network news programs — that if she knew in 2002 what she knows now "I certainly would not have voted" to authorize military action in Iraq.

Clinton In Clear Lead Over Rivals, Says Poll (FT)

By Eoin Callan In Washington

Financial Times, January 23, 2007

Hillary Clinton has launched her race for the White House with a commanding lead over her Democratic rivals for the 2008 presidential candidacy, according to an opinion poll published on Sunday.

The New York senator moved quickly to toughen her stance over the war in Iraq as she sought to sharpen her differences with President George W. Bush and fend off a challenge from Barack Obama, the first-term senator for Illinois and her closest rival.

In a Washington Post poll on Sunday, Mrs Clinton was backed by 41 per cent of Democrats questioned, more than double the 17 per cent rating of Mr Obama.

The former first lady is expected to lead the crucial early rounds of fundraising by the crowded field of Democratic aspirants – joined on Sunday by Bill Richardson, the New Mexico governor – in spite of a problematic record on both foreign and domestic policy.

Mrs Clinton called for withdrawal of US troops from Baghdad and an eventual end to the occupation of Iraq, which she backed in 2002 by voting in favour of a resolution authorising an invasion.

She did not have "faith" in Nouri al-Maliki, the Iraqi prime minister, as she stayed ahead of her Senate colleagues by backing a binding resolution aimed at stemming the flow of funds to Baghdad.

A separate bipartisan resolution that criticises Mr Bush's decision to send 21,500 more troops to Iraq would be non-binding, while Mrs Clinton's resolution would impose a congressional cap on existing US troop levels.

Her greatest liability on domestic policy is seen as her association with failed healthcare reforms under her husband's presidency.

Healthcare is likely to emerge as a defining issue in the 2008 campaign as the costs of healthcare outstrip inflation and US employers pare back health benefits.

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The attention on healthcare is unwelcome for presidential contenders in both parties who are confronted by ideological and fiscal dilemmas in formulating policies to address the problem of uninsured Americans.

But the issue is becoming unavoidable and Mr Bush is expected to use his presidential address tomorrow to introduce legislation that would use tax increases for some workers whose health plans cost more than the national average to fund tax breaks for the uninsured.

Reprise Of 'Hillary Care' (HILL)

By Bob Cusack And Jeffrey Young

The Hill, January 23, 2007

Former President Clinton has signaled privately that his wife, Sen. Hillary Rodham Clinton (D-N.Y.), will include aggressive healthcare proposals in her campaign for the White House, despite the debacle of what critics labeled "Hillary Care" 14 years ago.

In remarks to Democratic operatives last month, the ex-president caused a buzz by strongly defending the substance of his wife's 1990s plan, claiming it was a moderate, private-sector approach grossly mischaracterized by its critics.

The former president's statements, delivered during a Democratic Leadership Council (DLC) conference at the Charles Hotel in Cambridge, Mass., have been interpreted as signaling that candidate Clinton could revive aspects of her 1993-94 approach that was vilified by Republicans and health-industry groups.

President Clinton pointed out to the group of over 100 Democratic strategists the irony of today's debate on the government's negotiation of prescription-drug prices, saying that was part of "their" plan. The one-hour speech was closed to the press and deemed off the record for those who heard it.

He aggressively attacked the "urban myths" of his administration's plan, rejecting the widespread criticism that it was socialized medicine, according to a person in the room.

The indications are that Sen. Clinton's strategy will be to turn healthcare, a political weakness, into a strength.

"The difference is now for Sen. Clinton that she learned a lot from that experience," said Donna Shalala, who served eight years as secretary of Health and Human Services under President Clinton. "The fact is that she's learned a lot about tactics and a lot about getting things done," said Shalala, who is now president of the University of Miami.

A Democratic healthcare consultant said Sen. Clinton will be vulnerable to attacks again but it would not stop her from tackling the issue head-on.

"She could unveil President Bush's healthcare plan and the Republicans would call it a government takeover of healthcare," the consultant remarked. "People are kind of tired of that rhetoric. … [The GOP] would do that for every presidential candidate who has a 'D' by their name."

It would not work, the consultant predicted, because "if there was ever a more skilled communicator than the Clintons, I haven't seen them."

Judy Feder, professor and dean of the Georgetown Public Policy Institute who ran unsuccessfully against Rep. Frank Wolf (R-Va.) last year, said, "It's a much different time than 1994," adding that the environment for major changes to the nation's healthcare system is "not so poisonous."

The former president's prominence in his wife's campaign will, similarly, be an issue; he was the only one on stage with the senator as she delivered her victory speech after winning reelection on Nov. 7.

The former president told DLC officials that healthcare would be the most important domestic-policy matter of the next election. The Clintons have relied on each other's advice throughout their political careers and that will not change during the senator's White House run, political observers say.

Sen. Clinton is a fundraising machine but has not yet articulated a sound-bite friendly message like former Sen. John Edwards's (D-N.C.) "Two Americas" theme. She is unlikely to base that message on foreign affairs because of her vote for the Iraq war in 2002, which is now unpopular in her party. And she does not want her opponents to own healthcare, an area in which Democrats have traditionally enjoyed huge poll leads over Republicans.

She could use the issue to her advantage, a former Clinton administration official said, because she is "extremely knowledgeable about how the system works."

Shalala agreed, saying, "I believe, knowing Mrs. Clinton, the senator, as well as I do … that no candidate understands healthcare as well as she does." Shalala added, "She also understands the politics."

Said the consultant: "You have less credibility if you haven't been involved in these issues and suddenly you are now. … The public generally thinks that she knows a lot about the system … and that she has something very constructive to offer."

The former official added, "Yes, it's political, but she really cares about it."

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Clinton must revisit her failed healthcare initiative soon, and her husband's analysis means she will "not be defensive" about it, said an informed source.

"She's going to reject advice to avoid the issue," the consultant said. "Only people in Washington think that people who have tried and not succeeded shouldn't try again."

President Clinton said to DLC attendees that the 1990s plan failed because it was "overwhelmed" by health-insurance industry opposition and its "Harry and Louise" TV ads.

Sen. Clinton may benefit from the fact that business and healthcare sectors have increasingly aligned with organized labor and other Democratically affiliated interests in calling for federal action to address the rising cost of medical care and the growing ranks of uninsured.

Several states are also moving ahead without national healthcare reform. Former Massachusetts Gov. Mitt Romney (R), another presidential contender, forged a deal with the Democratic-controlled legislature to enact near-universal coverage last year. California Gov. Arnold Schwarzenegger (R) and Pennsylvania Gov. Ed Rendell (D) also recently proposed sweeping reforms.

Presidential candidates from both parties will have to put forward bold healthcare reforms, the former Clinton administration official said, adding, "I think we're going to have a debate for the next two years. … The 2008 election is going to be a referendum on that debate."

In announcing her bid for the White House and upcoming Web chats, Clinton said, "… and let's definitely talk about how every American can have quality, affordable healthcare."

Clinton's first appearance after announcing her candidacy was at a Manhattan clinic Sunday, when she pushed for the expansion of the State Children's Health Insurance Program (SCHIP).

SCHIP authorization expires this year, providing a prime opportunity for presidential candidates to champion the uninsured. Clinton is a member of the Health, Education, Labor and Pensions (HELP) Committee, which will write the SCHIP bill, and has partnered with House Energy and Commerce Committee Chairman John Dingell (D-Mich.), who will oversee the drafting of a companion bill. Sen. Barack Obama (D-Ill.), a leading presidential rival, also sits on the HELP Committee.

President Clinton's office, the DLC and Sen. Clinton's campaign did not comment for this article.

Retreat Isn't An Option (WP)

By Liz Cheney

The Washington Post, January 23, 2007

Sen. Hillary Clinton declared this weekend, " I'm in to win." Anyone who has watched her remarkable trajectory can have no doubt that she'll do whatever it takes to win the presidency. I wish she felt the same way about the war.

In fairness, Clinton, with her proposal for arbitrary caps on troop levels and hemming and hawing about her vote for the war resolution, has company on both sides of the aisle. Sen. Joseph Lieberman is the only national Democrat showing any courage on this issue. We Republicans -- with help from senators such as Chuck Hagel -- seem ready to race the Democrats to the bottom.

I'd like to ask the politicians in both parties who are heading for the hills to stop and reflect on these basic facts:

Â· We are at war. America faces an existential threat. This is not, as Speaker Nancy Pelosi has claimed, a "situation to be solved." It would be nice if we could wake up tomorrow and say, as Sen. Barack Obama suggested at a Jan. 11 hearing, "Enough is enough." Wishing doesn't make it so. We will have to fight these terrorists to the death somewhere, sometime. We can't negotiate with them or "solve" their jihad. If we quit in Iraq now, we must get ready for a harder, longer, more deadly struggle later.

Â· Quitting helps the terrorists. Few politicians want to be known as spokesmen for retreat. Instead we hear such words as "redeployment," "drawdown" or "troop cap." Let's be clear: If we restrict the ability of our troops to fight and win this war, we help the terrorists. Don't take my word for it. Read the plans of Abu Musab al-Zarqawi and Ayman Zawahiri to drive America from Iraq, establish a base for al-Qaeda and spread jihad across the Middle East. The terrorists are counting on us to lose our will and retreat under pressure. We're in danger of proving them right.

Â· Beware the polls. In November the American people expressed serious concerns about Iraq (and about Republican corruption and scandals). They did not say that they want us to lose this war. They did not say that they want us to allow Iraq to become a base for al-Qaeda to conduct global terrorist operations. They did not say that they would rather we fight the terrorists here at home. Until you see a poll that asks those questions, don't use election results as an excuse to retreat.

Â· Retreat from Iraq hurts us in the broader war. We are fighting the war on terrorism with allies across the globe, leaders such as Hamid Karzai in Afghanistan and Pervez Musharraf in Pakistan. Brave activists are also standing with us, fighting for freedom of speech, freedom of religion, the empowerment of women. They risk their lives every day to defeat the forces of

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terrorism. They can't win without us, and many of them won't continue to fight if they believe we're abandoning them. Politicians urging America to quit in Iraq should explain how we win the war on terrorism once we've scared all of our allies away.

What about Iran? There is no doubt that an American retreat from Iraq will embolden Mahmoud Ahmadinejad, making it even less likely that the Iranian president will bend to the will of the international community and halt his nuclear weapons program.

A member of Lebanon's parliament recently told me that Lebanese Sunnis, Shiites and Christians are lining up with Iran and Syria to fight against Sunnis, Shiites and Christians who want to stand with America. When I asked him why people were lining up with Iran and Syria, he said, "Because they know Iran and Syria aren't going anyplace. We're not so sure about America."

Â· Our soldiers will win if we let them. Read their blogs. Talk to them. They know that free people must fight to defend their freedom. No force on Earth -- especially not an army of terrorists and insurgents -- can defeat our soldiers militarily. American troops will win if we show even one-tenth the courage here at home that they show every day on the battlefield. And by the way, you cannot wish failure on our soldiers' mission and claim, at the same time, to be supporting the troops. It just doesn't compute.

I suppose Hillary Clinton's announcement was a sign of progress. In 2007, a woman can run for president and show the same level of courage and conviction about this war many of her male colleagues have. Steel in the spine? Not so much.

America deserves better. It's time for everyone -- Republicans and Democrats -- to stop trying to find ways for America to quit. Victory is the only option. We must have the fortitude and the courage to do what it takes. In the words of Winston Churchill, we must deserve victory.

We must be in it to win.

The writer is former principal deputy assistant secretary of state for Near Eastern affairs.

Death Knell May Be Near For Public Election Funds (NYT)

By David D. Kirkpatrick

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The public financing system for presidential campaigns, a post-Watergate initiative hailed for decades as the best way to rid politics of the corrupting influence of money, may have quietly died over the weekend.

Senator Hillary Rodham Clinton of New York became the first candidate since the program began in 1976 to forgo public financing for both the primary and the general election because of the spending limits that come with the federal money. By declaring her confidence that she could raise far more than the roughly $150 million the system would provide for the 2008 presidential primaries and general election, Mrs. Clinton makes it difficult for other serious candidates to participate in the system without putting themselves at a significant disadvantage.

Officials of the Federal Election Commission and advisers to several campaigns say they expect the two candidates who reach Election Day 2008 will raise more than $500 million apiece. Including money raised by other primary candidates, the total spent on the presidential election could easily exceed $1 billion.

People involved in the Republican primary campaign of Senator John McCain of Arizona say he, too, is beginning to seek private donations for the primary and general elections, albeit with the option of returning them. A longtime proponent of campaign finance change, Mr. McCain has recently removed his name as a co-sponsor of a bill to expand the presidential public financing program.

Former Gov. Mitt Romney of Massachusetts, another Republican primary contender, has already decided to forgo public financing for the primaries. Senator Barack Obama of Illinois, a rival to Mrs. Clinton for the Democratic nomination, declined to comment, as did spokesmen for several other candidates.

In a sense, Mrs. Clinton was merely confirming what many in Washington already knew: that the public financing system has failed to keep pace with the torrents of money flowing toward the presidential elections. In 2004, President Bush and Senator John Kerry, the Democratic candidate, each opted out of the system for the primaries but not the general election. By accepting the public financing, they had to agree not to raise or spend any private money for the period after their nominating conventions.

But when Mr. Bush raised some $270 million, and Mr. Kerry about $235 million, it became clear that major-party candidates could raise far more from private donors than from the public system.

“The 2008 race will be the longest and most expensive presidential election in American history,” said Michael E. Toner, chairman of the Federal Election Commission. “Top-tier candidates are going to have to raise $100 million by the end of 2007 to be a serious candidate.” He added: “We are looking at a $100 million entry fee.”

The turn away from public financing is the twilight of a system once welcomed as a new era of clean government.

In 1986, a decade after the first publicly financed presidential election, a bipartisan commission headed by Robert Strauss, the former Democratic Party chief, and Melvin R. Laird, the secretary of defense under President Richard M. Nixon, concluded:

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"Public financing of presidential elections has clearly proved its worth in opening up the process, reducing the influence of individuals and groups, and virtually ending corruption in presidential election finance."

Formed to curb candidates' dependence on big donors without running afoul of Supreme Court rulings protecting political spending as a form of free speech, the system provides taxpayer money for candidates who voluntarily agree to abide by spending limits.

Any primary candidate who raises an initial $100,000 in small donations receives federal money to match the first $250 of each donation. For 2008, candidates could receive matching grants of as much as $25 million for the primary season, grants of about $15 million for a nominating convention and grants of about $83 million for the general election.

The system is financed by taxpayers who check a box on their returns to allocate $3 to an election fund, with about 33 million people a year in recent years directing a total of about $400 million to each quadrennial presidential election.

But the fund has faced chronic shortfalls as the percentage of taxpayers contributing has declined to less than 10 percent last year from over 30 percent in the 1970s. Those who could tap wealthy supporters began looking for ways to outmaneuver it almost from the beginning.

In the 1980 Republican primary, for example, John B. Connally, the former Texas governor, became the first candidate to reject public money and outraise his rivals, but his candidacy failed to catch on.

By the mid-1980s, candidates and donors were circumventing the spending limits by raising unlimited "soft money" donations to party committees from corporations, unions and wealthy individuals. The party committees used the money to help support a candidate's presidential campaign or to attack his opponent.

In 2002, Congress changed the campaign finance laws to ban soft money contributions to party committees, and donors turned instead to so-called 527 groups, which could still spend unlimited contributions.

By 2000, two Republican candidates, the billionaire Steve Forbes and Mr. Bush, had turned down public money for the primary campaign. Mr. Bush became the first major-party nominee to do so. And in 2004, for the first time, both the Democratic and the Republican nominees turned down public financing for the primaries.

For Mrs. Clinton and other 2008 candidates, deciding this early to turn down public financing means that she can immediately begin building two war chests, one for the primary and one for the general election. Candidates can raise twice as much from each individual donor: $2,100 for the primary and $2,100 for the general, for a total of $4,200.

It also means that the presidential candidates will be more beholden than ever to the so-called bundlers, often lobbyists, who solicit donations to present to campaigns in a lump sum. In 2004, President Bush honored his biggest bundlers by calling them Pioneers and Rangers who raised $100,000 or $200,000, respectively.

Beginning with the first quarterly disclosure of presidential campaign finances, due at the end of April, candidates can show off their cash on hand as a deterrent to competitors. Mrs. Clinton, who faces doubts among some Democratic primary voters about whether she can win the general election, may be able to point to her general election fund-raising as evidence of her strength.

Candidates who wait until 2008 to start raising contributions for the general election may be starting too late to catch up. In 2004, for example, Mr. Kerry demonstrated during the primaries that he could raise far more money than public financing provided. But by the time he had won the nomination it was too late to raise private money to compete in the general election, and he relied instead on public financing.

On Monday, a spokesman for Mr. Kerry, who is weighing another presidential bid, said, "It's smart for Democrats to keep their options open."

Mr. Toner, chairman of the Federal Election Commission, said he expected that even if the major candidates bypassed the election fund, the money would still be used by dark horses. Any hypothetical surplus would remain in the fund, he said.

Lawmakers in both chambers of Congress have proposed legislation to revamp and expand the presidential primary financing system, but the ideas have not gained much traction in recent years. Phil Singer, a spokesman for Mrs. Clinton, said she would support "modernizing" the system.

Spokesmen for the Democratic leaders of both chambers say they like the idea. But Republicans are wary. "The most massive poll ever taken on any subject is taken on the subject of using tax dollars for political campaigns," Senator Mitch McConnell of Kentucky, the Senate Republican leader, said in a statement.

"That poll is taken every April 15 on our tax return," he said, referring to the voluntary check-off. "About 10 percent of Americans choose to participate; 90 percent choose not to."

Charles E. M. Kolb, president of the Committee for Economic Development, a business group that advocates for election laws, said, "It may take a collapse of the system in order to build it back up."

For now, Mr. Kolb added, "obituary may be the right word."

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Clinton Bid Heralds Demise Of Public Financing (WP)

By Dan Balz And Matthew Mosk

The Washington Post, January 23, 2007

The public financing system designed to clean up presidential campaigns in the wake of the Watergate scandal may have died on Saturday when Sen. Hillary Rodham Clinton (D-N.Y.) announced her bid for the White House.

Little noticed amid the announcement rollout was a page on her Web site in which she asked potential contributors to give her campaign checks of up to $4,200. That figure signaled not only that she plans to forgo public funds for primary season but also that, if she becomes the nominee, she will not take public money for the general election.

By opting out of the system, Clinton will be able to spend as much money as she can raise, both for the primaries and for the general election, rather than being forced to abide by strict spending limits imposed by the Federal Election Commission on candidates who accept public financing.

Others have opted out of public financing for the nomination campaigns, but Clinton is the first since the current structure was created in 1974 to declare she will forgo public financing in the general election as well.

Clinton's decision will put pressure on other candidates in both parties to follow suit, and if they do, the 2008 campaign will complete what has been the rapid disintegration of a system designed to rein in unlimited spending in presidential campaigns.

One effect is to put lesser-known candidates at a further disadvantage in competing with rivals who have the capacity to raise huge amounts of money.

"It's going to be a tremendous test of whether this system survives," Robert Lenhard, chairman of the Federal Election Commission, said of the pressure building on the existing system. Michael Toner, his predecessor, was less restrained. This election, he predicted, will be "basically the death" of public financing.

Under the current system, candidates raise money for the nomination battle and can qualify for public funds. For the general election, however, the federal government underwrites the entire cost of the campaign but limits candidate spending to a fixed amount, meaning the nominees have never raised money for that part of the campaign. By starting to raise funds for both the primary and general elections, Clinton made it clear she plans to opt out of the entire system.

The 2008 campaign will be the most expensive in history. Candidates may be raising $2 million a week or more between now and early next year, and the eventual nominees of both parties will raise tens of millions between the time they clinch the nomination and the national conventions in late summer 2008.

Clinton is one of several candidates believed to have the capacity to finance their entire campaigns without any federal money, along with Sens. John McCain (R-Ariz.) and Barack Obama (D-Ill.). A campaign plan for former New York mayor Rudolph W. Giuliani indicated he would try to raise $100 million by early next year to win the nomination. Former Massachusetts governor Mitt Romney (R) attracted contributions and pledges worth $6.5 million in one day earlier this month.

President Bush built the new primary-season system in the past two campaigns, designating his most prodigious fundraisers -- those who raised $100,000 or $200,000 -- Pioneers and Rangers. The trend gives greater influence to wealthy fundraisers who can tap rich friends.

Campaigns are learning to tap into smaller contributors using the Internet, but Meredith McGehee, policy director at the Campaign Legal Center, said the breakdown of the system ultimately will put more distance between politicians and the people they are seeking to represent. "The pool of people that you're going to to finance the presidential election, the very nature of that pool of people is changing, and it's changing for the worse," she said.

A Clinton campaign official, defending her decision to opt out of all public financing, said the escalating cost of campaigns makes it difficult to stay within the current limits. "These dramatic increases make it clear that the current public financing system is in need of an update," said campaign spokesman Phil Singer, "and Senator Clinton would support modernizing it."

Among the presidential candidates, McCain has long championed the importance of campaign finance laws. Yesterday, his spokesman, Danny Diaz, said the senator thinks the current public finance system "is not fulfilling its original goal" and is also contemplating opting out.

The Watergate scandal helped produce a new system for financing campaigns, one that established limits on individual contributions to presidential candidates and disclosure requirements for campaigns to provide greater transparency about how money is raised and spent.

That system provided a carrot and stick for candidates designed to limit spending. For the primary season, the federal government agreed to match the first $250 of any individual contribution. In return, candidates agree to abide by strict state-by-state and overall spending limits during their nomination campaigns.

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The system began to break down in 2000, when Bush decided to give up federal matching funds during his campaign for the nomination. That allowed him to raise and spend as much money as he could to win the nomination -- putting his rivals at a distinct disadvantage. He raised almost $100 million, breaking all previous records.

In 2004, Democrats John F. Kerry and Howard Dean joined Bush in opting out of public financing for the primaries. Bush and Kerry, the two nominees, both swamped Bush's 2000 campaign spending record. Kerry raised almost $235 million, Bush $270 million.

Both, however, chose to accept more than $80 million in public funds for their general election campaigns, though Kerry gave serious consideration to opting out. Few experts believe that either nominee will remain within the public financing system in 2008.

The system has broken down for several reasons, including the growing length of campaigns and escalating costs, especially for television advertising.

Public financing for the general election was designed to create a level playing field for the two nominees and relieve candidates of the need to raise money during the final months of the campaign. But candidates still see imbalances that can favor the party that holds the later convention, and the costs of both television and state-by-state organizations have strained what seem like generous allotments from the federal government.

Under new threshold limits adopted yesterday, individuals will be able to contribute up to $2,300 to a presidential candidate for the primaries and up to $2,300 for the general election. The limits are similar to those governing candidates for the House and Senate, but there is no public financing component for congressional candidates.

Clinton now will be raising money simultaneously for the presidential primaries and a possible general election campaign. Under federal rules, money for the general election cannot be spent until the candidate secures the nomination. If the candidate fails to win the nomination, the money must be returned.

Her campaign has another wrinkle in its fundraising plan. Like others before her, Clinton will have a group of big-time fundraisers tap their networks to help assemble hundreds of thousands of dollars for the campaign. But she also is recruiting what the campaign calls "Hillraisers."

Supporters can set up accounts on their Web sites and encourage friends to contribute to Clinton's campaign. Those contributions will be credited to the Hillraiser's account, and the campaign Web site will maintain a running total of how much each person produces.

Clinton To Bypass Public Funds For Bid (AP)

By Marc Humbert

AP, January 23, 2007

White House hopeful Sen. Hillary Rodham Clinton will not accept public campaign financing for either the Democratic primaries or, if she wins the nomination, the general election campaign.

Clinton's decision had been widely expected given her and her husband's proven ability to raise vast sums of money quickly. Her advisers have not disputed estimates that she will raise $100 million or more before the year is out.

The New York senator already has more than $14 million in the bank, money left from her successful re-election campaign last year. The funds can be spent on her presidential bid.

While both President Bush and Democratic challenger John Kerry rejected public funding for their primary campaigns in 2004, they did accept $74.5 million each for the general election campaign. The funding for the general election was expected to reach $85 million for the major party candidates in 2008.

Analysts had been predicting that the major candidates for 2008 would reject the public financing option for both primaries and the general election because of the growing cost of competing. Not accepting public financing allows candidates to keep raising and spending as much as they want.

Clinton becomes the first of the top-tier candidates to announce the rejection of public financing.

"Both presidential nominees opted out of the public financing system in 2004 because the cost of running a modern campaign has gotten so expensive," said Phil Singer, a spokesman for the Clinton campaign. "These dramatic increases make it clear that the current public financing system is in need of an update and Senator Clinton would support modernizing it."

Strategists from both parties had estimated last year that the 2008 race could cost each nominee $500 million — far more than the Presidential Election Campaign Fund could afford. It is financed through the $3 checkoff on federal income tax returns.

The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money.

Big Bucks Needed To Wage Presidential Campaign (CHIT)

By Mike Dorning

Chicago Tribune, January 23, 2007

WASHINGTON -- The Iowa caucuses that kick off the presidential campaign are nearly a year away. For the most viable contenders, make that one year and $100 million away.

Sen. Hillary Rodham Clinton (D-N.Y.) has that capacity, and other contenders believe that they do as well.

To wage a serious presidential campaign in 2008, the ante is $50 million raised by Dec. 31 of this year, said one adviser to Sen. Barack Obama (D-Ill.). And that is just to get a place at the table.

Those are daunting figures. To make the $100 million mark in a year, a candidate must bring in an average of nearly $2 million a week. That's $274,000 a day, including Sundays and holidays, all of it raised in increments legally limited to no more than $2,100 per person.

Start late or fall behind and the remaining burden increases. "Every single day, the biggest part of your day is fundraising. Fundraising is going to take up more of your time than sleep if you're a candidate," said Democratic strategist Tad Devine, who advised presidential nominee Sen. John Kerry (D-Mass.) in 2004.

Clinton and New Mexico Gov. Bill Richardson joined in the competition for campaign money last weekend, announcing their own presidential exploratory committees less than a week after Obama entered the race, highlighting the importance of the intense competition for campaign funds.

On the Republican side, Sen. Sam Brownback of Kansas entered the race, part of a surge of early announcements that strategists attribute to a rush to raise campaign funds.

In this election, candidates will court well-heeled, well-connected supporters who can bring in hundreds of thousands of dollars from wealthy friends and business contacts. They will commute back and forth among New York, Chicago, Los Angeles, San Francisco, Palm Beach, Fla., and other money centers for mammoth events that in some cases may raise $1 million or more in an evening. They will hone sophisticated marketing campaigns that use Internet sites, web videos and e-mail to galvanize large followings of dedicated supporters whose modest individual contributions can add up to staggering sums.

Federal Election Commission member Michael Toner predicted "an unprecedented fundraising sprint during the first six months of this year, with candidates raising up to $50 million to $60 million by the end of June and $100 million by the end of the year."

Presidential election campaigns regularly set records for their cost. But this time there is an extraordinary confluence of forces that most political professionals believe will drive the costs of the early primary campaigns especially high.

The primary schedule is highly front-loaded. In the Democratic Party, contests are tentatively scheduled in Iowa, Nevada, New Hampshire and South Carolina within a 15-day span next January.

So instead of the traditional focus on Iowa and New Hampshire, most top-tier candidates are expected to mount early full-fledged campaigns in all four states, with costly field operations, television advertising and travel back and forth among more locations. Moreover, because the contests are so close together on the calendar, there is less time to use a strong showing in one state to raise money for the campaigns in the others.

At the same time, the field of candidates is unusually crowded in both parties, with no incumbent president or vice president running for the first time since 1952, creating an open field. With such a large pack of candidates, a big campaign treasury demonstrates political strength that helps a candidate gain attention from the media and voters. And money also provides the means for a candidate's message to be heard above the din.

"You're not the only person competing for voters' attention, so you're going to have to be louder, more provocative, more consistent in your message and that's going to cost a lot of money," said Chip Smith, deputy campaign manager for Democratic presidential candidate Al Gore in 2000.

Add to that the wholesale defections of presidential candidates from a voluntary public financing system that previously had set strict limits on campaign spending for primaries in exchange for federal matching funds. Those candidates who choose to accept public financing, which provides matching payments for the first $250 of each individual contribution, will be limited to spending slightly over $40 million in their campaigns for the 2008 nomination and also must abide by state-by-state spending limits that inhibit the resources they can devote to crucial early primaries and caucuses.

George W. Bush opted out of the public financing system during the primaries in 2000 and went on to win the Republican nomination and the presidency. Kerry and Howard Dean declined public financing for the 2004 primaries and went on to lead the Democratic field that year.

Clinton already has declared she will forgo public financing in both the primary and general election campaigns to avoid the spending limits. Clinton spokesman Howard Wolfson cited "the rising cost of campaigns."

Most campaign consultants now believe the public financing system places crippling limits on a presidential primary campaign and do not expect the leading candidates to accept matching funds.

"Essentially, the lid's been blown off on the scheme of funding," Devine said. "And when there's no roof, the altitude can be extreme."

Most candidates and campaign advisers deliberately play down expectations for fundraising, anxious to avoid perceptions that their campaigns are under-performing should they fall short.

But a confidential campaign strategy memo prepared for former New York Mayor Rudolph Giuliani, who is considering a run for the Republican nomination, leaked to the media recently and offered an inside glimpse of his fundraising plans. His advisers calculated he would need to raise $100 million by Dec. 31 of 2007. Likewise, former Massachusetts Gov. Mitt Romney, a Republican who has created an exploratory committee for a presidential run, has set a goal of $100 million by the end of 2007.

Clinton starts with more than $14 million left over from her Senate campaign last year that she can transfer directly to her presidential campaign. That, noted one Democratic strategist, "is a considerable down payment toward $100 million."

Clinton also can draw on the kind of formidable fundraising base normally associated with an incumbent president. She and her husband have been cultivating key Democratic fundraisers and donors since before Bill Clinton's election as president in 1992, and the former first lady has accrued plenty of political and social IOUs. She has in her husband a surrogate with almost unmatched appeal to party donors. And in the Senate, she has represented the nation's most important financial center for more than six years.

Former Sen. John Edwards (D-N.C.), a presidential primary candidate and vice presidential nominee in 2004, built his funding base for his last campaign and has had plenty of time to nurture it for his current presidential run.

In order to compete, Obama and other candidates have to rapidly assemble their own fundraising networks, filled with the kind of people willing and able to ask friends for big-dollar donations and serve on the host committees that make sure that $2,100-a-seat fundraising dinners are sold out. It often takes plenty of personal attention from a candidate in advance to nurture that kind of commitment.

"Even if you're Barack Obama or John McCain, you can't just show up in Los Angeles," said Monica Notzon, a Republican fundraiser. "There is a whole bunch of legwork they hopefully have done already."

On the strength of his electrifying speech at the 2004 Democratic National Convention, a compelling biography and his personal presence, Obama already has attracted an extraordinarily influential group of financial backers.

Billionaire investor Warren Buffett and Hollywood moguls Jeffrey Katzenberg, David Geffen and Steven Spielberg are among past supporters of Obama's political action committee, Hopefund. Billionaire philanthropist George Soros, an early supporter of Obama's U.S. Senate bid and Hopefund donor, demonstrated his backing for the presidential campaign by sending the maximum legal contribution—$2,100—within hours of Obama's announcement, Soros spokesman Michael Vachon said.

These high profile donors are helpful because they also bring with them potential networks of additional contributors. Corporations are prohibited from donating directly to campaigns; only individuals and political action committees can give candidates contributions.

The Internet opens the potential for a flood of additional money, particularly for a candidate who can generate excitement because of his personality or a cause.

Sen. John McCain (R-Ariz.) took in a surge of money after winning the 2000 New Hampshire primary and setting a style embodied by the name of his campaign bus, "Straight Talk Express." With his anti-war crusade, Dean attracted legions of givers through his Web site, bringing in more than $30 million from small-dollar donors who contributed no more than $200 each.

Broad-band Internet access is now much more common. And people have grown accustomed through electronic commerce to entering their credit numbers on a Web site and spending money with the click of a mouse. So most political strategists believe the potential for raising money through the web is even greater now.

"The real thing to watch is who's going to electrify the low-dollar donors," Smith said. "You can get to $40 million or $50 million very quickly."

Hillary Takes A Pass (WSJ)

The Wall Street Journal, January 23, 2007

Congratulations to Senator Hillary Rodham Clinton for acknowledging right from the start that she won't accept public money for her White House bid. Now if she'd only admit how much the current fund-raising rules hurt her competitors.

Top-tier or wealthy candidates have been forgoing public financing for the Presidential primaries for some time because it limits their spending ability. Steve Forbes shunned it in 1996, as did he and George W. Bush in 2000. Howard Dean, John Kerry and President Bush all refused public funds in the 2004 primaries. But now Senator Clinton says that if she wins the Democratic nomination, she will be the first to forgo taxpayer funding in the general election as well.

Congress enacted a public financing law for Presidential candidates beginning with the 1976 election. Taxpayers fund the system by checking off a box on their income tax form. In return for receiving public funds -- which are expected to total around

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$84 million in 2008 -- a candidate agrees to limit private-fund raising and overall campaign spending. The claim, then and since, has been that this will limit the influence of special interests and make Presidential contests more competitive.

The reality is close to the opposite. The system now benefits mainly well-known and well-heeled candidates and thus limits political competition. Serious Presidential contenders like Senator John McCain and Mrs. Clinton begin the race with greater name recognition, long donor lists and the ability to garner far more media attention.

Their lesser-known challengers have to claw for every $2,000 individual contribution, and then they are limited in how much they can spend. Long gone are the days when a few rich backers could elevate an unknown with a cause -- antiwar Eugene McCarthy in 1968 -- by writing big checks. Instead, you have to be a gazillionaire yourself, or be a famous Senator or have a last name of Bush or Clinton. One irony of the 2008 race is that popular former Governors such as Tom Vilsack and Mike Huckabee probably can't raise enough cash to be competitive, but New York City Mayor Mike Bloomberg might be able to make waves next year as an Independent because he's a multibillionaire.

As for special interests, those handful of rich donors in the past could at least be identified and their interests put on the record. Now the candidates have to bow to interest-group lobbies that can "bundle" contributions (trial lawyers) or provide in-kind support. Does anyone really believe that John Kerry's decision to accept public funds in the 2004 general election made him immune to the pleadings of Big Labor, the trial bar and other liberal groups? Or that Mrs. Clinton's decision to spurn public financing will make her any less accountable to voters if she wins?

Speaking of which, the public these days doesn't think much of the current election financing scheme. Fewer than 10% of taxpayers want a portion of their tax dollars siphoned off for political purposes. Perhaps voters are more sophisticated than campaign-finance "reformers" give them credit for being. Or perhaps taxpayers understand that limiting the pool of candidates competing for the most powerful job in the world is a really bad idea.

Clinton And Obama Campaigners Trade Insults (FT)

By Edward Luce In Washington

Financial Times, January 23, 2007

The Democratic party's presidential campaign got into full swing on Monday with campaign staff for Barack Obama and Hillary Clinton already indulging in sniping contests over the relative merits of their candidates.

Campaign workers for Mrs Clinton, who on Monday signed the papers to set up a presidential exploratory committee – the first step before declaring a formal candidacy – made indirect attacks on the relative inexperience of Mr Obama, who entered the race a week ago.

Democratic consultants said the campaign, which already includes five other candidates, most notably John Edwards, the party's 2004 vice-presidential candidate, was shaping up to be the most intense and long-running in the party's history.

Polls show Mrs Clinton leading by a wide margin among registered Democrats. "Hillary's Democratic primary support is climbing while others are stalled or falling," wrote Mark Penn, Mrs Clinton's chief pollster, in a memo. "She is not just strong, but the strongest in the field."

Joe Trippi, who was campaign manager for Howard Dean, who almost took the 2004 Democratic nomination, said both Mr Obama and Mrs Clinton had been bounced into declaring their candidacies early by the strength of the other's campaign.

George Soros, the New York-based billionaire, declared his support for Mr Obama the moment the first-term senator from Illinois signed the papers last week. Mr Soros, who has been one of the most generous supporters of Democratic campaigns in recent years, gave Mr Obama the maximum permitted individual donation.

"Both camps were watching the other sign up big-name donors in each other's cities [Chicago and New York] and realised there was no time to lose," said Mr Trippi, who is credited with running the most sophisticated internet campaign of its day.

On Monday night, Mrs Clinton kicked off what she said would be a running national "conversation" with voters via video weblink "about the direction our country is taking". At the weekend Mrs Clinton will make her first visit to Iowa, the venue of an early caucus in the Democratic nomination early next year, where John Edwards is already the front-runner. Mr Obama is ahead of Mrs Clinton in New Hampshire, the site of the first Democratic primary.

All three leading candidates are planning to launch extensive online operations to build campaign "netroots", which is considered important to their prospects. Mr Trippi, whose 2004 Howard Dean campaign attracted 650,000 internet supporters, says this time each will register millions.

"This is a completely different moment to 2004," he said. "Then we didn't have nearly as many blogs, we didn't have YouTube, or MySpace. It is a safe bet that one of these candidates will be derailed by some obscure video recording on a cellphone that will be posted on the web."

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But the most intense competition between the candidates is likely to pivot around their Iraq war stances. Mrs Clinton, who last week returned from a visit to Iraq with a plan to launch a congressional resolution to “freeze” the number of US forces there at the January 1 level of 132,000, is probably the most vulnerable.

Having voted in favour of the war in 2002, Mrs Clinton has the most ground to make up among the party’s liberal base. Mr Edwards also voted in favour but has since recanted. Mr Obama always opposed the war.

Headmaster Disputes Claim That Obama Attended Islamic School (WP)

By Howard Kurtz

The Washington Post, January 23, 2007

Fresh doubt was cast yesterday on a magazine's allegation that Sen. Barack Obama (D-Ill.) attended a madrassah, or religious school that teaches a fundamentalist version of Islam.

Hardi Priyono, deputy headmaster of the Basuki school in Indonesia, told CNN that his institution -- which Obama attended four decades ago, beginning when he was 6 -- is not a madrassah.

"This is a public school," Priyono told CNN correspondent John Vause in Jakarta. "We don't focus on religion." Classes in Islam are offered to the predominantly Muslim students at the school, CNN reported.

Insight, a weekly Internet magazine owned by the conservative Washington Times, had reported the madrassah allegation late last week and added, citing unnamed sources, that the information had been unearthed by researchers close to the campaign of Obama's rival for the Democratic presidential nomination Sen. Hillary Rodham Clinton of New York. In an online posting, Insight called yesterday's Washington Post article on the controversy a "hit piece" by the "liberal media establishment."

While not addressing the veracity of the madrassah allegation, the magazine said it had contacted the Obama camp, which declined to comment.

"Insight's story was not thinly sourced," the posting said. "Our reporter's sources close to the Clinton opposition research war room confirm the truth of the story. The Clinton camp's denial has as much credibility as the 'I never had sex with that woman' statement."

Spokesmen for Obama and Clinton called the Insight story absurd. Obama spokesman Robert Gibbs yesterday criticized Fox News for picking up the allegations, saying of the network's slogan: "It would be nice if 'fair and balanced' included some actual journalism once in a while." A Clinton spokesman, Howard Wolfson, said yesterday that "comments like this prove the point: This is a biased publication with no discernible journalistic standards."

Fox says two of its programs merely took note of what Insight had reported. The morning show "Fox & Friends" aired a clarification yesterday, reporting that Obama's camp had called the story "completely ridiculous" and that "the Clinton camp has said, 'We had nothing to do with that.' "

Howard Kurtz hosts CNN's weekly media program, "Reliable Sources."

Obama-mania May Backfire (CSM)

By Dante Chinni

The Christian Science Monitor, January 23, 2007

Unless you were stranded on a desert island last week, you probably know that Sen. Barack Obama (D) of Illinois announced he is officially considering possibly running for president in an election almost two years away.

It wasn't exactly a shocking development, but it made big headlines. Last Tuesday, the day Senator Obama posted the video on his website announcing that he had created an exploratory committee – his intention to consider his intentions – cable news spent much of the day discussing the announcement.

In fact, there was so much coverage of the senator's statement that between Tuesday and Sunday last week the word "Obama" got 14,800 hits on a search of Google News. That was more than 10 times as many hits received over the same period for the terms "Iraq" and "34,452" – the UN's estimate last week of the number of Iraqi civilian deaths since the war there began.

Of course, last week's other big entry in the 2008 race, Sen. Hillary Clinton (D) of New York, scored slightly more coverage in the period with 15,300 hits, but Senator Clinton legitimately made history with her entry – the first time the spouse of a former president has sought the White House.

While Clinton has served an entire term in the Senate, Obama is just two years into his first term and has a slight track record.

Yes, Obama's life story – father from Kenya, mother from Kansas – makes for compelling copy. But at this point in American political history, an African-American running for president isn't new. Shirley Chisholm ran back in 1972. Jesse Jackson made an especially strong run in 1988. A 2004 contender, Al Sharpton, recently said he may run again, though that announcement drew less media interest.

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So what is it about Obama that has the press's pens scribbling and cameras flashing?

Well, the senator's media talents are formidable: He is smooth and natural on camera and is an engrossing speaker. And he is generating real excitement with voters. His 2004 convention speech is still talked about. And his recent visit to New Hampshire drew huge crowds.

Ironically, however, a big reason for the press's fascination with him is that he is almost as much a mystery to the media as he is to the public. He has no lengthy public record we in the media can go back and study, as is the case with most senators – including Clinton – or governors. Other than his two years in the Senate, his political experience consists of seven years in the Illinois Senate. He has no previous big, close campaigns we can look at to see what he did in a pinch. He is as fresh and new to most of us as he is to you.

As much as people like to talk about "the media" as though "it" is a monolith, they are complex organisms made up of people – people that have ideas about the issues and personalities they cover. Years of covering politicians and the electorate leads many reporters to think that a certain kind of person may be the right kind of person to fix the problems and run the country.

It's less a Democrat or Republican issue than it is a type-of-person issue. The press gravitates toward well-educated moderates who talk about a third way or new paradigm in politics. In 2000, it was Sen. John McCain (R) of Arizona and his Straight Talk Express that captured attention.

For many in the media, Obama is a candidate to get excited about because he holds the promise of being interesting, different, and able to shake up Washington.

And that means Obama-mania will probably be alive and well in the press for at least a few more months. But at some point that lack of a long public history could present some problems for the senator.

Inevitably the "Who is Barack Obama?" stories will come – pseudo-psychological pieces that will put the senator on the couch. They will, as they most always do, look for "key moments" from his life to draw a picture. And what will they find?

Obama's short time in office means that image will be crafted probably even more than usual from old friends, old tales, and old pieces of writing. Those things may or may not have real significance – and may or may not be flattering – but are easy to draw from and more difficult to rebut.

Right now, Obama enjoys a sweet story line. But at some point, the media will be eager to fill in the missing pages. And when they do, Obama may find that his biggest strength with the media has its problems.

Never Too Early For Pollsters (NYT)

By John M. Broder

The New York Times, January 23, 2007

Let the hypotheticals begin. Conventional wisdom may say Senator Hillary Rodham Clinton of New York is the Democrats' prohibitive front-runner. But a Newsweek poll released over the weekend, which otherwise shows the candidates tightly bunched, indicates that former Senator John Edwards, below, is the only one to beat the top two potential Republican candidates in head-to-head matchups. The poll shows that Mr. Edwards, of North Carolina, Mrs. Clinton and Senator Barack Obama of Illinois all would beat Senator John McCain of Arizona by a few percentage points. But Rudolph W. Giuliani, the former New York mayor, would narrowly defeat Senators Clinton and Obama while losing to Mr. Edwards, 45 percent to 48 percent. But the numbers are all close and fall within the poll's margin of sampling error of plus or minus four percentage points.

The matchups, in percentages:

Edwards 48, McCain 43
Clinton 48, McCain 47
Obama 46, McCain 44
Edwards 48, Giuliani 45
Giuliani 48, Clinton 47
Giuliani 47, Obama 45

Experienced Dodd Toils To Win Notice In '08 Bid (WSJ)

By Jackie Calmes

The Wall Street Journal, January 23, 2007

WASHINGTON -- At her first public event after declaring for president last weekend, New York Sen. Hillary Clinton drew a horde of cameras and reporters. For months before Illinois Sen. Barack Obama got into the 2008 race, fire marshals were turning fans away from his packed houses.

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Meanwhile, another Democratic hopeful, Connecticut Sen. Chris Dodd, travels the country, a year before the first nominating votes, "hoping someone will show up," he quips.

Mr. Dodd's experiences are typical of the early days of a presidential campaign, which often are humbling, even demeaning, for all but the rare Clinton-like celebrities and Obama-like phenomenons. His colleague Mr. Obama has been a senator for two years. Mrs. Clinton is starting her second term. Mr. Dodd has been in the Senate for more than a quarter-century and was in the House for six years before that. He is chairman of the Senate Banking Committee. And he is an asterisk in early 2008 presidential polls.

Yet ask many Democratic activists whom they'd personally most like to see as president, and Mr. Dodd's name comes up often -- including from some committed to other candidates, notably Mrs. Clinton. Frequently described as witty, smart, and one of the most qualified figures in the party, Mr. Dodd enjoys goodwill beyond Washington from his mid-1990s stint as national party chairman.

At the same time, few of these Democrats have been pressing him to run. With voters as disgusted by Washington's partisan games as at any period in recent memory and seemingly hungry for a fresh face, a man who has been in Congress for a third of a century would be a hard sell, Democrats say. So would a New England liberal, even one with a business-friendly record who has tangled with one of his party's most powerful interests, trial lawyers.

Meanwhile, the competition includes the first viable female, African-American and Hispanic (New Mexico Gov. Bill Richardson) candidates, each of whom excites segments of the liberal Democratic base by the history-making potential.

Donna Brazile, Al Gore's 2000 campaign manager, who is neutral in the 2008 contest, says of Mr. Dodd, "He's like everybody's big brother. He's down-to-earth yet engaged in the nitty-gritty." But, she adds, "personally, I sometimes wish he'd just stay in the Senate. In a field that contains so many rockstars, I don't see how Dodd will take a slice of the electorate."

"I don't have any illusions about it," Mr. Dodd says, acknowledging his underdog status. But, he adds, "The most important compass is your own."

The son of a senator who was a prosecutor at the Nuremberg Nazi war-crimes trials, and himself a Peace Corps volunteer in the Dominican Republic at 22, Mr. Dodd says he no longer can stay in the Senate "bleachers" with the country so tarnished in the eyes of the world. "I'm not afraid of using military force," he says, but the force of America's ideals around the globe have been squandered under the Bush administration. "I've got to try -- at this time -- because the nation's situation is too worrisome to me."

In politics, it is a truism that timing is everything. Yet politicians have their own clocks, as the contrast between the silver-haired, 62-year-old senator and the 45-year-old Mr. Obama suggests. Mr. Obama has said he didn't intend to run; the outpouring last fall at book-signings for his second bestseller, and the emergence of an Internet draft, spurred advisers to tell Mr. Obama he had to seize the moment.

Mr. Dodd, on the other hand, has been on the political scene so long that he can recall when one of his young campaign drivers was Mark Warner, who went on to be Virginia's governor and last year explored a presidential campaign himself -- before deciding this wasn't his time. Likewise, Mr. Dodd has weighed and ruled out presidential bids before, as evidenced by eBay's recent offer of an old campaign button featuring a dark-haired Dodd. In the past, he says, he believed being single was a liability, especially given something of a playboy image; or he had to defer when fellow Connecticut Sen. Joe Lieberman was running, or his Washington experience was a disqualifier in years voters preferred outsiders.

Now Mr. Dodd is married, the father of two young daughters. And despite the current "Obama-mania" for his less-seasoned colleague, Mr. Dodd argues that with the nation roiled by war, terrorism and economic globalization, he can persuade voters that his experience is an asset. "Certainly the last six years has reminded people that maybe, maybe, experience has value -- not that anyone's ever really ready for this job," Mr. Dodd says.

Having voted in 2002 to authorize President Bush to use force against Iraq, he now says Congress and the nation were misled. Last week, he proposed legislation to block Mr. Bush from sending more troops without new congressional authorization. As it happened, the media's focus that day was on the antiwar moves of his Democratic rivals, Sens. Clinton, Obama and Joe Biden of Delaware. Mr. Biden has been a senator even longer than Mr. Dodd -- since 1973 -- and faces some of the same doubts as he runs for president. But as chairman of the Senate Foreign Relations Committee, his foreign policy pronouncements grab greater attention.

Mr. Dodd ranks just under Mr. Biden on that committee and has been prominent in foreign-policy debates for two decades; in the 1980s, he was a main target for Republicans' attacks as he came to define the Democratic opposition to the Reagan administration's interventions in Central America's conflicts. He knows numerous world leaders and met with those in Iraq, Syria, Jordan and Israel last month.

The liberal gets credit for popular laws for workers' family and medical leave, child care and Head Start, and testing of prescription drugs for children. Yet he has a moderate record on business issues, reflecting Connecticut's corporate presence.

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In 1995 and 1996, the same years he was serving as President Clinton's chairman of the Democratic Party, in the Senate Mr. Dodd was chief sponsor of two business measures that drew Mr. Clinton's vetoes, and the wrath of his party's special interests. The first was a bill to limit securities lawsuits that high-technology companies wanted, and trial lawyers didn't; Mr. Dodd got Congress to override that Clinton veto. The second was a bill restricting product-liability suits, also opposed by trial lawyers; Mr. Clinton's veto stood.

Senators Don't Have Lock On 2008 Campaign (USAT)

By Dewayne Wickham

USA Today, January 23, 2007

The last time the political stars lined up like this was in 1920. In that year's presidential contest, the nation was licking its wounds from a bruising war, and many Americans were angered by outgoing President Woodrow Wilson's attempt to turn that fight into a crusade to spread democracy around the globe.

Neither Wilson — who was ailing and had served two terms — nor his vice president, Thomas Marshall, sought the presidency in 1920. That lack of an incumbent candidate and the nation's obsession with foreign policy issues propelled Ohio Sen. Warren Harding into the White House.

"America's present need is not heroics, but healing; not nostrums, but normalcy … not submergence in internationality, but sustainment in triumphant nationality," Harding said before winning a landslide victory.

Not surprisingly, with neither President Bush nor Vice President Cheney seeking the presidency next year, and foreign policy again the cause of great discontent, a growing number of senators are lining up for the job. And journalists are treating them as though they have the inside track.

Newsweek magazine ran pictures of Democratic senators Barack Obama of Illinois and Hillary Clinton of New York on its cover earlier this month with the headline, "The Race is On." Clinton launched her presidential campaign last week, and Obama is scheduled to officially announce his White House run next month.

Also this month, The Wall Street Journal reported that Sportsbook.com has made Arizona Sen. John McCain the odds-on favorite to win the GOP presidential nomination, even though he trails former New York mayor Rudolph Giuliani in a recent USA TODAY/Gallup Poll. But it's too soon to turn this campaign into a senatorial foot race.

"I wouldn't discount the prospect of a governor, or Mayor Giuliani, winning the presidency," said Meena Bose, a presidential scholar at Hofstra University. "Governors bring executive experience" to a White House campaign, which is something that shouldn't be overlooked, she said.

"It's a lot easier to attack a senator who has a voting record," said Jamie McKown, professor of government and policy at the College of the Atlantic in Bar Harbor, Maine. "Opponents of a senator who is running for president can make an issue of their voting record, which is often not easy to defend."

Remember 2004 Democratic presidential candidate John Kerry's fumble in answering how he voted on a military funding bill? "I actually did vote for the $87 billion before I voted against it," he said. His more expansive answer never caught up with that sound bite.

Governors usually don't bring that kind of baggage into a presidential campaign. That may explain why, of the 19 men who have held the office since the beginning of the 20th century, nine went from the statehouse to the White House, but only two came directly from the Senate.

In the current campaign, there's no shortage of governors who have entered — or are poised to enter — the race. Among Democrats, New Mexico Gov. Bill Richardson and former Iowa governor Tom Vilsack have thrown their hats in the ring. And three Republicans who recently left their statehouse jobs — Mitt Romney of Massachusetts, Mike Huckabee of Arkansas, and George Pataki of New York — have set up exploratory committees.

Don't let the pundits and the early polls fool you. One of these governors could turn out to be a dark horse candidate, especially if Clinton and Obama split the Democratic Party's liberal base during the primary elections.

And if McCain is upended by his support of Bush's decision to send more troops into Iraq, and Giuliani's liberal stance on social issues generates a backlash among right-wing Republicans, the GOP may end up with a governor at the head of its presidential ticket.

This much is certain: It's much too early to treat next year's presidential election like a graduation exercise for the U.S. Senate.

DeWayne Wickham writes on Tuesdays for USA TODAY.

Here, There And In Iowa (NYT)

By Adam Nagourney

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The New York Times, January 23, 2007

One of the striking things about the 2008 presidential campaign is the number of stages it is being played on at once. Take today in Washington, for example, where things will be happening on two fronts. The afternoon brings a hearing of the Senate Armed Services Committee, a platform that could display the sharply contrasting views on Iraq of Senators John McCain, Republican of Arizona, and Hillary Rodham Clinton, Democrat of New York. The evening brings the president's State of the Union address, which many Democrats — notably Mrs. Clinton — view as providing an opportunity to tee off to advance their own presidential campaigns.

For the rest of the week, attention in the Senate will be focused on resolutions critical of President Bush's Iraq policy, giving a platform to other presidential hopefuls, including Senators Barack Obama of Illinois, Joseph R. Biden of Delaware, both Democrats, and Chuck Hagel of Nebraska, a Republican who is considering running. Antiwar activists are planning a big demonstration in Washington on Saturday, an event that could provide the candidates another gauge of public sentiment against the war.

But the action is not limited to Washington. At week's end, Mrs. Clinton is making her first trip to Iowa since creating her presidential exploratory committee; it seems fair to surmise that this will not be the kind of small living-room chats — with 10 Democrats and a local reporter or two — that have put the state on the political map. Halfway across the country, Mrs. Clinton's former and potential future political rival, former Mayor Rudolph W. Giuliani of New York, will be competing for attention by heading for New Hampshire, a trip that was planned before Mrs. Clinton decided to spend the same weekend in Des Moines.

Throwing Their Blogs Into The Ring (WP)

By Eugene Robinson

The Washington Post, January 23, 2007

Last week's presidential announcement video from Barack Obama seemed fresh, futuristic and YouTube-friendly -- until Saturday, when Hillary Clinton's "I'm in to win" video, as pretty and polished as a Merchant-Ivory production, made Obama's clip look like a student project. Obama, here comes Mama. And she doesn't play.

As they size each other up, the Democratic front-runners might want to sneak a glance at John Edwards, who has outpaced them both in new-technology savvy. Edwards has been campaigning in cyberspace for months, building a deep, "sticky" Web site with tons of multimedia offerings and a destination-quality blog. Clinton is still working on a blog. Obama is apparently still working on a lot of things.

Who knows whether the presidential campaign Web sites of the three leading Democratic contenders reveal anything meaningful about the candidates? At this early stage, a year before the first primaries and caucuses, who knows what indicators to trust? A Post poll showed Clinton with a substantial lead nationwide, but other polls show a much tighter three-way contest in Iowa and New Hampshire, the states that count -- make that the states that will count, a year from now. New candidates are still piling in (e.g., Bill Richardson on Sunday). The race doesn't even have a complete starting field yet, much less a trend.

But the march of human progress does have a trend. More of you will read this column on the Internet than on newsprint. Those of you who want to tell me how surpassingly brilliant or irredeemably stupid it is will almost certainly do so by sending e-mails rather than putting pen to paper. In just about every realm of human activity I can think of, the Internet matters more now than it did five minutes ago. I can't think of any reason that politics should be exempt.

So what do the Web sites HillaryClinton.com, BarackObama.com and JohnEdwards.com tell us about their namesakes? At first glance, they seem to confirm what we think we already know. Clinton's site evokes a super-competent juggernaut, with every base covered and every hair in place. Obama's is very much a work in progress. And Edwards's Web site suggests the patience, attention to detail and willingness to take risks that you would expect from a trial lawyer who rose from nothing to become a self-made millionaire.

Clinton and Obama are first-name candidates on their sites -- "Hillary" says this, "Barack" says that. Edwards is more formal -- he's "John Edwards" or "Senator Edwards," if you please. Perhaps that's a necessary reminder, since he's not, technically speaking, a senator anymore.

As for overall tone and scope, it's hard to evaluate Obama's campaign cyber-HQ because it's so clearly a provisional, placeholding site with not much but a couple of videos (the announcement; a biography) and a big button you can click to become a contributor. There's a link to his Senate reelection Web site-- he would have to run in 2010 -- and if you find the link and click through, you get a fuller picture of the man.

The Clinton and Edwards sites, as one might expect, are largely about the business of getting elected. Clinton's home page tells you how to "Join Team Hillary" or become a "HillRaiser" of campaign funds. Edwards likewise prominently advises how to join his team, but his home page also focuses on some issues -- he's against global warming, we learn, and opposes an escalation of the war in Iraq.

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The real difference is depth and ambition. Both Clinton and Obama (he on his Senate campaign Web site) say they want to have a dialogue with the American people about how best to solve the nation's problems. But Edwards has already started his conversation with the nation. His Web site is an exercise in social networking that includes not only a blog, where surfers can post their thoughts, but also cyber-diaries written by Edwards's family members.

"The soft rain of last night has left the field behind the house dewy with a low fog. Maybe the gossamer meadow is the reason I feel contemplative this morning," begins a recent entry by Elizabeth Edwards. Her diary posts generally draw more comments than her husband's.

Somehow, it's hard to imagine Hillary Clinton waxing about any gossamer meadow.

Edwards's Web site is less YouTube than MySpace. It tries to take advantage of the Internet's great paradox -- that a technology so devoid of human contact can nevertheless create a sense of intimacy and connection.

So, Mama's playing it safe, Obama's not quite ready and Edwards is up to something interesting. In the "Second Life" sense, at least. We'll see about the real world.

Casino Executive Contributes $1 Million To Gingrich Group (WP)

By John Solomon

The Washington Post, January 23, 2007

Newt Gingrich, a former House speaker and a possible presidential contender, jump-started his new political group with a check for $1 million from a source many in his conservative base would shun -- the gambling industry.

Gingrich's American Solutions for Winning the Future reported to the Internal Revenue Service that it collected a $1 million check from Las Vegas Sands Corp. Chairman Sheldon G. Adelson shortly after the November elections. The IRS reported the donation in recent days.

The contribution dwarfed the other checks, totaling just $60,000, gathered for the group's start-up. Gingrich announced the group late last fall, setting it up as a "527" organization, a type of political nonprofit that can collect and spend donations of unlimited size.

Though Gingrich says his group is seeking bipartisan ideas, his movement is clearly courting conservatives with a new "Contract With America for the 21st Century" that proposes private savings accounts for Social Security, "patriotic education" in public schools and the appointment of judges who understand the "centrality of God in American history."

A decade after $100,000 checks to political parties and groups were the jaw-dropping phenomenon, Adelson's donation marks a new frontier in political fundraising -- a seven-figure check to a group associated with a single politician whose aspirations may include the White House. Gingrich has said that he will decide by the fall whether to enter the crowded race for the Republican Party's presidential nomination.

Kent Cooper, a former Federal Election Commission official, said: "A check of this size could either bankroll the start of a new organization or underwrite the exploration, traveling and contacts of a potential presidential candidate."

Gingrich's spokesman, Rick Tyler, said last night that the former speaker was traveling and unavailable to comment. "The 527 is designed to foster a dialogue with Americans. Hence the name American Solutions," Tyler said.

Adelson's office in Las Vegas declined to comment.

Adelson's check underscores the uncomfortable position that Republicans face on the issue of gambling. The party rose to power under Gingrich in the early 1990s on the strength of social and religious conservatives, and many of the latter oppose gambling on moral grounds.

Conservatives were stung during the Jack Abramoff lobbying scandal when it was revealed that one of their champions, political strategist Ralph Reed, made money from Indian gambling sources and that many GOP lawmakers wrote letters or intervened on behalf of Abramoff's casino-operating tribes and received donations from them.

"The problem is the income comes from what we call a vice, and that is an issue," said the Rev. Louis P. Sheldon, chairman of the Traditional Values Coalition, which has long been a powerful voice on social issues inside the GOP.

"I certainly could never have done that and I certainly can't encourage it, but if good will comes out of it in terms of these issues . . . then that remains to be seen. There's an old expression that the devil's had the money long enough, it's about time the good people got their hands on it," he said.

Adelson was listed by Forbes magazine in 2006 as America's third-richest man, with assets of more than $20 billion. His long list of political donations, primarily to Republicans, includes $100,000 to the Republican National Committee in 1997 and 1998, when Gingrich was speaker.

Adelson made his mark in business by creating the nation's most famous technology show, Comdex, and was a relative latecomer to Las Vegas's gambling scene. He got into the casino business in the mid-1990s, buying the old Sands casino and imploding it to make room for the massive Venetian casino. That opened in 1999, four months after Gingrich left the House.

Louisiana: Congressman To Run For Governor (NYT)

By Adam Nossiter

The New York Times, January 23, 2007

Representative Bobby Jindal, Republican of Louisiana, said he would enter the 2007 governor's race, his second attempt at winning the office. Mr. Jindal will be running against a weakened incumbent, Gov. Kathleen Babineaux Blanco, a Democrat. Ms. Blanco defeated Mr. Jindal in 2003, but her standing was damaged after Hurricane Katrina. Mr. Jindal, 35, the son of immigrants from India, has also been the secretary of the Louisiana Department of Health and Hospitals and an assistant secretary at the federal Department of Health and Human Services in the Bush administration.

Jindal To Run Again To Lead Louisiana (WT)

By Audrey Hudson

The Washington Times, January 23, 2007

Republican Rep. Bobby Jindal yesterday declared his candidacy for the Louisiana governorship but vowed to delay campaigning until after the April conclusion of the state's legislative session to avoid politicizing Hurricane Katrina recovery efforts.

Mr. Jindal, who lost to Gov. Kathleen Babineaux Blanco in 2003, has a significant edge in early polling over Mrs. Blanco, a Democrat who has drawn criticism for her handling of the response to Katrina.

"Politics has a way of impeding progress, and Louisiana cannot afford to lose another second," Mr. Jindal wrote in his e-mail announcement sent to supporters.

"The upcoming state legislative session this spring is vital. We cannot afford failure, and the surest way to attain failure is to politicize every initiative and decision."

Mr. Jindal, whose parents emigrated from India, was elected to Congress at age 33 in 2004. He served as secretary of the state Health and Hospitals Department and in the Bush administration as an assistant secretary in the Health and Human Services Department in 2001.

A poll by the Southern Media and Opinion Research shows Mrs. Blanco's support among voters is 35 percent, compared with 59 percent for Mr. Jindal. Mrs. Blanco defeated Mr. Jindal by four percentage points in 2003.

Mrs. Blanco has announced her intention to seek re-election in the primary set for Oct. 20; she could not be reached for comment yesterday. If no candidate gets 50 percent of the vote, a runoff election will be held Nov. 17.

Mr. Jindal, the first to announce a candidacy to challenge Mrs. Blanco, emphasized his interest in contracting the race's length -- a move that runs counter to electoral trends.

"It is my belief that campaigns are too long as they are, and that people grow weary of the barrage of charges and countercharges," Mr. Jindal said. "I want to avoid D.C.-style politics with mudslinging and instead focus on solving the problems that our state faces."

The poll, conducted Jan. 12 to 14, shows that Mr. Jindal, whose district is in the New Orleans' suburbs, received overwhelming support in New Orleans -- 72 percent -- while Mrs. Blanco pulled 22 percent support.

Mrs. Blanco's low numbers are attributed to her responses to Hurricanes Katrina and Rita.

Mrs. Blanco initially rejected President Bush's offer to deploy federal troops, after waiting 24 hours to make a decision. Days later, Mrs. Blanco was wired for a television interview and whispered to her press secretary that she wished she had requested troops earlier.

New Orleans Project Residents Face Home Demolition (LAT)

By Ann M. Simmons

The Los Angeles Times, January 23, 2007

NEW ORLEANS — To some, the four sprawling three-story brick complexes may not look like real estate worth fighting over.

But with inhabitable housing of any kind at a premium here, the fate of New Orleans' four largest public housing complexes — St. Bernard, C.J. Peete, B.W. Cooper and Lafitte — is at the center of another battle in the city's turbulent efforts to reshape its future.

The U.S. Department of Housing and Urban Development and the Housing Authority of New Orleans have approved plans to demolish these complexes, landmarks in their neighborhoods, and replace them with lower-density apartment clusters for mixed-income residents.

Their decision has brought relentless opposition from former tenants who insist they want to restore their lives in their old homes.

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Last week, residents ignored "No Trespassing" signs and stormed through unlocked gates and torn barbed-wire fences into the St. Bernard complex to clean their units.

But Monday, lawyers for the city's public housing agency filed illegal-entry and property-damage claims against those trying to halt the public housing demolition. They are seeking a court order to bar entry into any of the projects without the agency's approval.

Housing officials argue that the apartments are too badly damaged to repair. They insist that redevelopment would improve tenants' lives by eliminating crime-infested dens of concentrated poverty.

"People deserve better than this," said Jereon "Jerry" Brown, a Washington-based spokesman for the Department of Housing and Urban Development, as he showed reporters flood-damaged and ransacked units at Lafitte last month. "If they could just be patient. A mixed-income neighborhood can better attract businesses and better schools. It's all tied together."

"It's not just about bricks and mortar," said C. Donald Babers, the New Orleans housing authority's federally appointed administrator, who accompanied Brown. "We're looking at quality of life for our families."

Dressed in a tailored suit and bowler hat, and wearing a diamond-studded gold ring on each hand, Babers did not enter the mold-crusted apartments, citing respiratory concerns. But advocates for public housing — where about 5,100 people lived before Katrina, and where some 1,200 have since returned — insist that the complexes were safe during past hurricanes because they were solidly built of steel, concrete and brick. Many apartments escaped flooding from Hurricane Katrina.

The advocates also argue that tearing them down prevents a key segment of the city's workforce from returning, and excludes thousands from the city's rebuilding process.

Nearly all the families who lived in New Orleans public housing were African Americans on low incomes.

"It's definitely about race and class," said Judith Browne-Dianis, co-director of Advancement Project, a Washington-based civil rights and racial justice group that is also representing tenants in a class-action lawsuit seeking to restore them to their apartments. "If you look at what happened after Hurricane Katrina, the people who were residents of public housing were the people who were left behind at the Superdome and Convention Center, and now they are the same people who are being locked out."

For former Lafitte tenant Jeffrey Hills, 31, a tuba and sousaphone player who used to live at Lafitte, the desire to return to the projects is simple.

"It's affordable housing," said Hills, who used to pay $400 a month rent, which included utilities, for a two-bedroom apartment with a balcony and parquet floors. "I'm a young man with three kids. I can't afford to pay $1,500 in rent."

The sense of place, community ties and social networks are also what former tenants say they miss most.

"Every single person still displaced is constantly reevaluating wishes to come home with the unfolding reality they are not welcome at this point," said William P. Quigley, another attorney for the plaintiffs.

But Babers said tenants were swayed by nostalgia and had been isolated in such communities for so long that they were unable to consider alternative, viable living arrangements.

"It's a 1940s mind-set," said Babers, a reference to when many of the projects were built. "Change is difficult for people. They're afraid of the unknown."

Brown, his colleague, recalled how plans for demolishing and rebuilding public housing in other cities, such as Chicago and Atlanta, had met similar resistance. But once tenants moved into new, modern units in mixed-income neighborhoods with easy access to shops and schools, the opposition quickly waned, Brown said.

Jacquelyn Marshall, 36, a former resident of C.J. Peete, said tenants' reluctance to forsake their old units stemmed from distrust that the authorities would do right by them. The experience of residents of the city's former St. Thomas housing project has bred further skepticism, advocates say. The complex, originally designed to house around 1,500 families, was demolished in 2002. So far, 296 units have been constructed, 122 of them as low-income housing.

"We are not against the redevelopment of public housing," Marshall said. "We are against the process. I'm not for tearing down something that's livable when it will result in thousands of families being homeless. They need to start renovating before they demolish."

Linda Lockhart, one of the few dozen residents who have been allowed to move back to the B.W. Cooper complex, wept as she spoke of losing an estimated $140,000 worth of household goods and personal belongings, acquired through decades of scrimping and saving.

"If we had been allowed to return home sooner, I could have saved some things," said Lockhart, 51. Tenants were shut out for several months after Katrina, allowing vandals to ransack and steal possessions not destroyed by the storm.

Lockhart, a security company worker who raised two college-educated children at Cooper, shares a cramped one-bedroom unit with her daughter. Both sleep on the floor. They have one bamboo chair and no dining-room set. The view from the back porch is rows of dark and deserted flats, some with missing doors and shattered windows.

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"If somebody had given me a house, I wouldn't be back," Lockhart said. "But I can't make it out there. When I lived [at Cooper] before, I was able to save money because the rent was reasonable, and I had a steady paying job."

Few public housing residents deny that crime was sometimes a problem, but they say troublemakers were typically outsiders. And Quigley, the lawyer, said that given the recent surge of murders in the city — 15 killed since Jan. 1 — it's clear that criminality is not confined to public housing, since most of the complexes are closed.

Babers, however, pointed to the Iberville complex, near the city's French Quarter: Over seven months through December, the complex was the site of 12 murders, he said.

Iberville residents forcibly reoccupied their complex after Katrina. Former St. Bernard residents are following that example.

Relatives helped Stephanie Mingo, a mother of four, pry off a steel cover sealing her front door so she could start washing and disinfecting the apartment.

Power and water have been shut off at St. Bernard, and rodents inhabit the filth. But diehard residents said they would continue to clean the complex until authorities allowed them to return.

"Soon you're gonna be sittin' on my porch while I braid your hair," Mingo shouted to a neighbor as she raced across the compound to reclaim her unit.

"Girl, just like the ol' days," the woman shouted back.

State Farm Legal Woes Hit Gale Force (WSJ)

By Liam Pleven

The Wall Street Journal, January 23, 2007

Nearly a year and a half after Katrina, the legal storm spawned by the deadly hurricane is coming to a head in Mississippi. At its center is the nation's largest home insurer: State Farm.

The Bloomington, Ill., firm is the only insurer, so far, to face a major judgment against it in a Mississippi court over a disputed homeowner's claim related to Katrina. The judgment came two weeks ago when a federal judge ordered it to pay a Mississippi couple $232,292, and a jury awarded the couple $2.5 million in punitive damages. On Friday, State Farm settled another case about to go to trial, and the insurer faces lawsuits from hundreds of other Mississippi homeowners.

State Farm also is one of a number of insurers named in a civil lawsuit filed by Mississippi Attorney General Jim Hood. His office has been investigating what it calls "the insurance industry's fraudulent denial of claims." A grand jury met last week. A State Farm spokesman said the company is "cooperating fully" with the investigation.

Meanwhile, State Farm is involved in talks that could settle many of these legal issues, and the talks are at a critical stage, according to a person familiar with the matter.

A mutual company that is owned by its policyholders, State Farm insures more than one out of every five homes in the U.S. State Farm reported $3.24 billion in net income for 2005, a year when it experienced steep hurricane costs.

At the center of these and other insurance disputes is a long-running legal dilemma: Who pays a homeowner's claims when a house is damaged by both wind and water? Many homeowner policies cover wind damage but exclude flood damage because it is covered under the government's flood insurance program.

In 2005, State Farm was the largest home insurer in Mississippi, with roughly 30% of the market, according to A.M. Best Co. State Farm has already paid out $1.1 billion in Katrina-related claims in the state. But, besides the lawsuits from several hundred homeowners in Mississippi, more than a thousand homeowners in Louisiana have brought Katrina-related cases against the company. Other insurers, including Allstate Corp. and Nationwide Mutual Insurance Co., are also fighting suits. (A backlash against insurers is building in several coastal states. See article.1)

Disputed homeowner claims in Mississippi could cost the industry hundreds of millions of dollars, aside from possible punitive damages, says Robert Hartwig, president of Insurance Information Institute, a trade group.

In an interview last week, Mississippi's Mr. Hood said he hoped the judge's recent ruling against State Farm would bring insurers "to the table." State Farm has said it would like to resolve as many of the outstanding cases as possible. It isn't clear whether other major insurers would follow its lead if the negotiations bear fruit.

Only two homeowner cases against insurers have gone to court in Mississippi, and they ended very differently. U.S. District Judge L.T. Senter presided over both cases. State Farm potentially lost out on millions last week when the judge ordered it to pay the Mississippi couple and the jury followed with a punitive damage award. The other case involved Nationwide Mutual Insurance. In that instance, Judge Senter decided Nationwide should pay Paul and Julie Leonard $1,228.16 in addition to the $1,661.17 the company had previously paid the couple. Then he dismissed the case.

The Nationwide case varied from the State Farm case in important ways. The house Nationwide insured was standing after the hurricane, leaving behind evidence for the insurer to make a case for the coverage it offered. Judge Senter found most of the damage was due to water and wasn't covered.

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The State Farm-insured house was destroyed, leaving little evidence beyond the foundation. State Farm denied the claim outright. Judge Senter said the insurer still bore the burden of proof that water, not wind, did the damage, and it didn't prove it.

A State Farm attorney, Peter Martin, said in an interview last week the Nationwide case was "much easier" because it left behind evidence. State Farm says it is likely to appeal the decision.

Mom Is At Home In House, Senate (LAT)

By Maura Reynolds

The Los Angeles Times, January 23, 2007

WASHINGTON — It probably wasn't chance that Sen. Hillary Rodham Clinton's first public event after announcing her interest in running for president — a stop at a New York health center named for the Chelsea and Clinton neighborhoods — echoed the name of her daughter.

Nor was it chance that the new speaker of the House, Rep. Nancy Pelosi, took up her gavel for the first time earlier this year surrounded by children, including some of her grandchildren.

In recent days, female politicians have risen to new power and prominence. And they did so — deliberately — surrounded by reminders of their motherhood.

Whether being a woman is an asset or liability in national politics may be an open question, but being a mother — or a grandmother — appears to be a sure winner.

Strategists say that talking about motherhood is reassuring to voters, some of whom are still uncomfortable with women in powerful jobs. It also helps create a narrative for their lives that connects them to mainstream and traditionalist voters.

"Raising children is certainly something both have in common with millions of Americans, and parents everywhere worry about their kids' future, so why not talk about it?" said Democratic strategist Stephanie Cutter. "It's really no different than talking about a military record or experience in running a business — it gives voters a sense of who you are."

One example is freshman Sen. Amy Klobuchar (D-Minn.), who brought her 11-year-old daughter, Abigail, to the Senate floor for her swearing-in this month. Abigail frequently accompanied her mom on the campaign trail, and the story of her complicated birth — and the family's struggles with their healthcare plan — was a frequent campaign theme.

"Being a mom is a big part of who I am. Historically, I don't think there have been enough moms in the U.S. Senate, and I think it was good for mothers across our state to get the sense that someone who understands their lives is in the United States Senate," Klobuchar said recently.

For Pelosi (D-San Francisco), who has been little known on the national stage except as a "San Francisco liberal," highlighting her motherhood and grandmother-hood — she has five children and six grandchildren — is also part of a strategy to make her less of a caricature.

But perhaps no female politician has used motherhood as effectively as Clinton (D-N.Y.), who is starting the most serious run at the presidency by a woman. Not coincidentally, when she was asked about her presidential ambitions on a women's TV talk show last month, Clinton noted that "we've never had a mother … [in] that position."

Also not coincidentally, Clinton has just released a new edition of her 1996 book on raising children. The cover features a large photo of Clinton surrounded by school-age children. Inside is a soft-focus portrait of the senator with her 26-year-old daughter, Chelsea Clinton.

"At the core of this book is my own experience as a mother and my conviction that parents are the most important influences on the lives of their children," Clinton writes in the new introduction.

For Clinton, whose eight years as first lady left many with a view of her as a strident feminist and partisan, talking about being a mother could "soften" her image. Strategists say they expect Chelsea Clinton, now working for a New York City-based hedge fund, to take on a prominent role in her mother's campaign.

"Gender stereotypes are still alive and well in America and cut across men and women in all ideologies," Republican strategist Dick Morris and his wife, Eileen McGann — no fans of Clinton — wrote recently on their website, Vote.com. "Survey research shows that all voters believe that women are more compassionate, more focused on children and education, and more pro-peace than men."

Although many conservatives consider Clinton a liberal, she has tried to position herself more as a centrist on issues from immigration to abortion. One reason, political analysts suggest, is electoral strategy: More than half of the electorate is female and some of the most sought-after voters are mothers. Those voters tend toward moderate views.

"Swing women tend to be married and moms," said Democratic pollster Celinda Lake, who noted that talking about being a mother "creates a connection to married women."

Although mentioning motherhood is often seen as a softener for women, Lake says that the reverse is also true: It shows them as strong in a nonthreatening way.

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"People think that mothers are very tough. It's comfortable for voters to see a woman being tough in that way," Lake said.

Pelosi took advantage of that "motherly" toughness strategy during the recent scandal over former Florida Republican Rep. Mark Foley's inappropriate advances to teenage congressional pages.

"As a mother and grandmother, I think 'lioness,' " Pelosi said as she criticized the Republican leadership's response. "You come near the cubs, you're dead."

Ellen R. Malcolm, head of Emily's List, which works to propel the careers of Democratic women, said she considered the past year a watershed for political women: "It's kind of a coming of age."

After the 2006 midterm elections, there are 71 women in the House of Representatives and 16 in the Senate — a record for both chambers.

And a female governor heads the National Governors Assn. for the first time.

"One of the strongest themes of the last election was that we needed a change for the next generation," Malcolm said. "By talking about being mothers, they show that they are looking ahead to the next generation."

In Arab Capital Of U.S., Ethnic Divide Remains (NYT)

By Neil Macfarquhar

The New York Times, January 23, 2007

DEARBORN, Mich., Jan. 19 — After the longtime mayor, Michael A. Guido, died of cancer here in December, a flock of Arab-American candidates stepped forward in the hopes of claiming City Hall.

But despite the fact that roughly one in three Dearborn residents is of Arab origin, most of the Arab-American candidates had dropped out by mid-January. Poll numbers showed that none of them could win.

Internal rivalries echoing those that beset the Arab world, along with the general electorate's lingering unease about Muslims, combined to derail what many here had hoped would be the chance to prove that Arab-Americans had arrived politically — at least in Dearborn, their unofficial capital in this country.

"One day, an Arab-American will be in office at the top, but this will not be the time," said Osama Siblani, the burly publisher of the weekly Arab American News, whose friends tease him about his perennial "this is the time" editorial at every election. "There is no doubt that electing an Arab-American to the City Hall in Dearborn would have sent a strong message to the rest of the country that Arab-Americans are part of the political process. Would we want it? Yes. Is it possible? No."

Mayor Guido had something of a checkered reputation among Arab-Americans here, not least because his first campaign, in 1985, distributed a leaflet promising to address the "Arab problem." Things improved somewhat over the years — he visited Lebanon, and Arab-Americans donated heavily to his campaigns.

But last summer, he criticized the "mobs" protesting Israel's attacks against civilian targets in Lebanon and sent the Arab-American community a $23,000 bill for overtime for police officers and firefighters during the demonstration. The bill, sent to a coalition of Arab-American groups, resulted in a free-speech lawsuit.

When Mr. Guido died, several Arab-American candidates stepped forward, including a well-known local prosecutor and a former North American middleweight boxing champion who recently starred on "The Contender," a reality television series. An intensive vetting of candidates for the Feb. 27 election was started under the auspices of the Lebanese American Heritage Club so that the entire community could unite behind just one contender.

That did not happen, not least because the front-runner, John O'Reilly Jr., having been president of the City Council for 17 years, knew something about the internal rivalries pitting the Lebanese against the Iraqis against the Yemenis. Mr. O'Reilly, known as Jack, set out to separate the Yemenis from the rest of the Arab community here and succeeded in winning their early enthusiasm.

Arab-American candidates "come to us and say 'salaam aleikum' and a few other Arabic words to play on our emotions," said Nass Al Rayashi, one of the founders of the Yemeni American Political Action Committee, using the Arabic greeting of "peace be upon you." The committee was formed in March 2005 in large part because the Yemenis felt the Lebanese had dominated civic life at their expense.

The Yemenis, concentrated in the somewhat gritty South Side neighborhood sandwiched between the sprawling Ford Rouge plant and Woodmere Cemetery, want a candidate focused on local concerns. These include a lack of parking at the Dix Street mosque and pollution emitted by neighboring industrial areas including the Ford vehicle factory, which drew Arabs here for work for decades, but where fewer and fewer are finding jobs.

"Don't tell us you go to Ali so-and-so's house to eat Arab food," Mr. Rayashi added. "This is America, this is the melting pot. Our interests should be what is good for us here."

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There has long been a division between the economically better off western side of Dearborn and the eastern side. In the old days, recalled Mr. O'Reilly, whose father was mayor from 1978 to 1985, the division was known as the "cake eaters" versus the "factory rats."

Now some see it as more like the Muslims versus everybody else.

"People are a little bit afraid of them," Mr. O'Reilly said, attributing it partly to traditional Christian education that he said had long taught that "their philosophy of religion was 'convert to Islam or die.' "

The fact that Arab-Americans in Dearborn are prone to demonstrations, including protests against last summer's war in Lebanon and the recent hanging of Saddam Hussein, only adds to the unease, he said.

Although more affluent Arab-American lawyers and real estate developers have gradually integrated the western part of the city, an ethnic divide remains. Abed Hammoud, a lead lawyer in the Wayne County prosecutor's office and the favorite of the Arab community until he withdrew from the mayor's race on Jan. 12, said he was met with surprise when he knocked on doors in western Dearborn.

"People reacted like I had come from the moon," said Mr. Hammoud, 41, a kinetic figure with receding salt and pepper hair who left Lebanon in 1985. "They said things like 'It's good of you to come to this end of town,' or they asked me about the people 'over there' and they meant the other side of town."

The Arab American Political Action Committee, which Mr. Hammoud and Mr. Siblani, the newspaper publisher, helped found in 1998 largely to inspire Arabs to run and vote, commissioned a poll to assess Mr. Hammoud's chances. They found Mr. O'Reilly, suddenly alone in the non-Arab field, commanding an unbeatable 65 percent lead to Mr. Hammoud's roughly 30 percent. They consoled themselves with the fact that Mr. Hammoud was likely to do better this time as a candidate than he did in his first mayoral primary, which fell on the unfortunate date of Sept. 11, 2001.

But basically the results suggested that at best he would capture the Arab vote — not enough to win the entire city of 100,000.

Time alone may favor the Arab-Americans here. Mr. Hammoud cited numbers showing that in 1998, there were 60,000 registered voters in the city, 8,500 of them Arab-Americans. Today, it is 14,500 out of 57,000, and at least 60 percent of high school students are Arab-Americans.

"People look at an Arab now, and the first thing that pops into their head is terrorism," said Tarick Salmaci, the boxer, who withdrew from the race. "We want to change that. Arab-Americans have to become political figures to change that.

Illegal Health Care (WSJ)

The Wall Street Journal, January 23, 2007

GOP Governors Arnold Schwarzenegger and Mitt Romney have become media darlings for proposing sweeping state health insurance reforms aimed at achieving "universal" coverage. Now out of office, Mr. Romney is trying to ride his plan to the Republican Presidential nomination. But it turns out state schemes that feature "pay or play" employer taxes or mandates are probably illegal.

At least that's the clear implication of a significant but underreported ruling last week by the Fourth Circuit Court of Appeals, which said that Maryland's "Fair Share" health legislation -- otherwise known as "the Wal-Mart tax" -- violates a federal employee-benefits law known by the acronym Erisa.

In this case, Maryland had sought to require all companies with 10,000 or more employees to spend at least 8% of their payroll on employee health care or pay the state the difference. Wal-Mart happened to be the only employer in Maryland large enough to fit that precise definition. But it joined with other firms under the Retail Industry Leaders Association to challenge the law, which was first struck down by a district court last summer.

Judge J. Frederick Motz wrote for that court that "The Act violates Erisa's fundamental purpose of permitting multi-state employers to maintain nationwide health and welfare plans, providing uniform nationwide benefits and permitting uniform national administration." Last week's Fourth Circuit ruling affirmed that decision, and it could spell trouble for the California and Massachusetts schemes.

Leave aside that the plan muscled into law by Maryland's Democratic legislature was far less ambitious. The basic similarity is that all three plans feature employer mandates or taxes aimed at changing employee-benefit plans -- in this case by requiring employers to provide health insurance.

Like the Maryland law, the California plan is explicit on the point, and would require all firms with 10 or more employers to provide health care or pay a 4% tax. This would seem clearly illegal according to the reasoning of the Fourth Circuit, which also said that the ostensibly "voluntary" nature of the Maryland tax was irrelevant from the standpoint of Erisa. No reasonable firm, it said, could be expected to choose to pay money to the state to avoid changing its employee-benefit plan.

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Mr. Romney's Massachusetts scheme is slightly different, since it doesn't feature the same kind of percentage tax. But not only would Massachusetts charge a $295-a-head fee to employers that don't provide insurance, it would also make them liable for the catastrophic medical costs of uninsured employees. Again this is likely to fall afoul of Erisa, says one legal expert with whom we spoke, because these penalties are aimed at changing employee-benefit plans that are supposed to be voluntary according to federal law.

There were sound reasons that Congress decided to create a uniform national regulatory framework when it wrote the Erisa law way back in 1974. To wit: Freeing employers from the administrative burden of having to comply with a multitude of state and local requirements leaves them with more money to spend on actual health care and other benefits. It doesn't speak well of Messrs. Schwarzenegger and Romney and their staffs that they didn't seem to have given this well-known legislation much, if any, thought when crafting their reforms.

This week brings one other piece of bad news for proponents of the Massachusetts model, by the way. Early bids suggest the soon-to-be compulsory insurance policies that will pass muster under the scheme will be expensive -- starting at a whopping $380 per month, or $4,560 a year, for an individual. That's hardly surprising when you look at costs in other states that overregulate their insurance markets, such as New York. But it's more evidence that the better way to get people covered is to mimic the practices of less-regulated states such as Connecticut, where a 35-year-old man can get covered for as little as $50 per month.

We're all for state policy experiments, but these ballyhooed health care reforms are policy blunders that won't stand scrutiny in court, much less in the marketplace.

The Ironic Mr. Spitzer (WSJ)

The Wall Street Journal, January 23, 2007

What you denounce in politics can depend on where you sit, and here's hoping that's true of Eliot Spitzer. As New York's Attorney General, the Democrat was the scourge of the financial industry. And in a final rhetorical flourish in that job, he was among the first to denounce last month's report by the Committee on Capital Markets Regulation pointing to a decline in American financial industry competitiveness.

Now, however, Mr. Spitzer is New York's Governor, and it will be fascinating to see if he assumes a more statesmanlike pose toward the same industry. Both the New York state budget, and Mr. Spitzer's own political future, depend on the financial industry's prosperity, as the same Capital Markets Committee report made clear.

While the securities industry employs 2.2% of New York state's workers, those workers earned 9.2% of the state's gross income in 2005. The industry accounts for no less than 7% of "gross state product." And here's the kicker: At its peak in 2001, the securities industry paid 18.7% of total New York tax receipts, according to the state comptroller's office. The numbers for 2006 aren't yet in, but expect another banner year for bankers' tax bills. It's fashionable to decry big Wall Street bonuses, but New York politicians would be destitute without the income tax revenues from those bonuses.

Here's another irony: Mr. Spitzer's fate as Governor may also depend on the enforcement forbearance of his successor as AG, Andrew Cuomo. As the Capital Markets Committee noted, one of the main threats to U.S. public financial markets is multiple layers of regulation that can create double and triple jeopardy. In London, investors deal with a single regulator. But in New York, Mr. Spitzer made the state AG's office into another Securities and Exchange Commission. If Mr. Cuomo uses his powers the way Mr. Spitzer did, even fewer companies will want to go public in the U.S.

Two other New York politicians -- New York City Mayor Michael Bloomberg and Senator Chuck Schumer -- issued a new report yesterday on the regulatory risks to U.S. financial markets that we'll have more to say about soon. They're calling for less onerous regulation and tort reform. Perhaps Mr. Spitzer will have a similar epiphany once he discovers how dependent he now is on the state's financial entrepreneurs.

Scant Evidence Found Of Iran-Iraq Arms Link (LAT)

By Alexandra Zavis And Greg Miller, Times Staff Writers

The Los Angeles Times, January 23, 2007

U.S. warnings of advanced weaponry crossing the border are overstated, critics say.

BAQUBAH, IRAQ — If there is anywhere Iran could easily stir up trouble in Iraq, it would be in Diyala, a rugged province along the border between the two nations.

The combination of Sunni Arab militants believed to be affiliated with Al Qaeda and Shiite Muslim militiamen with ties to Iran has fueled waves of sectarian and political violence here. The province is bisected by long-traveled routes leading from Iran to Baghdad and Shiite holy cities farther south in Iraq.

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But even here, evidence of Iranian involvement in Iraq's troubles is limited. U.S. troops have found mortars and antitank mines with Iranian markings dated 2006, said U.S. Army Col. David W. Sutherland, who oversees the province. But there has been little sign of more advanced weaponry crossing the border, and no Iranian agents have been found.

In his speech this month outlining the new U.S. strategy in Iraq, President Bush promised to "seek out and destroy" Iranian networks that he said were providing "advanced weaponry and training to our enemies." He is expected to strike a similar note in tonight's State of the Union speech.

For all the aggressive rhetoric, however, the Bush administration has provided scant evidence to support these claims. Nor have reporters traveling with U.S. troops seen extensive signs of Iranian involvement. During a recent sweep through a stronghold of Sunni insurgents here, a single Iranian machine gun turned up among dozens of arms caches U.S. troops uncovered. British officials have similarly accused Iran of meddling in Iraqi affairs, but say they have not found Iranian-made weapons in areas they patrol.

The lack of publicly disclosed evidence has led to questions about whether the administration is overstating its case. Some suggest Bush and his aides are pointing to Iran to deflect blame for U.S. setbacks in Iraq. Others suggest they are laying the foundation for a military strike against Iran.

Before invading Iraq, the administration warned repeatedly that Saddam Hussein was developing nuclear, chemical and biological weapons. Those statements proved wrong. The administration's charges about Iran sound uncomfortably familiar to some. "To be quite honest, I'm a little concerned that it's Iraq again," Sen. John D. Rockefeller IV, head of the Senate Intelligence Committee, said last week, referring to the administration's comments on Iran.

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Lowered credibility

The accusations of Iranian meddling "illustrate what may be one of our greatest problems," said Anthony Cordesman, a former Defense Department official and military expert at the Center for Strategic and International Studies in Washington.

"We are still making arguments from authority without detail and explanation. We're making them in an America and in a world where we really don't have anything like the credibility we've had in the past."

Few doubt that Iran is seeking to extend its influence in Iraq. But the groups in Iraq that have received the most Iranian support are not those that have led attacks against U.S. forces. Instead, they are nominal U.S. allies.

The Supreme Council for Islamic Revolution in Iraq, one of the two largest parties in parliament, is believed to be the biggest beneficiary of Iranian help. The Shiite group was based in Iran during Hussein's reign, and Iran's Revolutionary Guard trained and equipped its Badr Brigade militia.

But the Supreme Council also has strong U.S. connections. Bush played host to the head of the party, Abdelaziz Hakim, at the White House in December, and administration officials have frequently cited Adel Abdul Mehdi, another party leader, as a person they would like to see as Iraq's prime minister.

The Islamic Dawa Party of Iraq's current prime minister, Nouri Maliki, also has strong ties to Iran.

Some U.S. officials have also suggested that Iran, a Shiite theocracy, has provided aid to the Sunni insurgents, who have led most of the attacks against U.S. forces. Private analysts and other U.S. officials doubt that. Evidence is stronger that the Iranians are supporting a Shiite group that has attacked U.S. forces, the Al Mahdi militia, which is loyal to radical cleric Muqtada Sadr.

Top U.S. intelligence officials have been making increasingly confident assertions about Iran.

"I've come to a much darker interpretation of Iranian actions in the past 12 to 18 months," CIA Director Michael V. Hayden said in recent congressional testimony. Previously, Tehran's priority was to maneuver for a stable Iraq dominated by its Shiite majority, but that attitude has changed, he said.

"There is a clear line of evidence that points out the Iranians want to punish the United States, hurt the United States in Iraq, tie down the United States in Iraq," he said.

One high-ranking intelligence official in Washington acknowledged a lack of "fidelity" in the intelligence on Iran's activities, saying reports are sometimes unclear because it is difficult to track weapons and personnel that might be flowing across the long and porous border.

But U.S. forces have picked up specially shaped charges used to make roadside bombs capable of penetrating advanced armor, he said, with markings that could be traced to Iran and dates that were recent. The markings have been found on the devices themselves or the crates in which they were smuggled into the country, he said.

"Two years ago we were debating whether this was really happening," the official said. "Now the debate is over."

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Documents withheld

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U.S. officials have declined to provide documentation of seized Iranian ordnance despite repeated requests. The U.S. military often releases photographs of other weapons finds.

British government officials, including Prime Minister Tony Blair, have also accused Iran of supplying advanced explosive devices to Iraq.

Blair said a year ago that the weapons bore the hallmarks of Iran or Hezbollah, the Iranian-backed militia in Lebanon. But British officers stationed in Iraq at the time said they had seized no such weapons in the districts for which they had responsibility.

"We do have intelligence which suggests that weapons and ammunition are being smuggled in from Iran," Maj. David Gell, a spokesman for British forces in Basra, said last week. "We don't always manage to find any."

U.S. military officials in Diyala have had the same experience. No munitions or personnel have been seized at the border, officers said.

Sutherland, the U.S. colonel who oversees Diyala, believes that Tehran is prepared to work with any group, Shiite or Sunni, that can tie up U.S. forces. But State Department and intelligence officials have privately expressed doubts that Iranians are helping Sunnis.

Sunni insurgents in Diyala don't appear to need outside suppliers. They exploit massive weapons stashes containing materiel dating back to the Iran-Iraq war, when Hussein had a major military base in the area. U.S. military officials say they have found the type of shaped charges they attribute to Iran and Hezbollah in majority-Shiite parts of the province.

Outside military analysts have questioned how many of these sorts of weapons actually come from Iran. The technology used to make them is simple and widely known in the Middle East, they note. Iran is a likely source for some of the more sophisticated devices, but other countries could also be pitching in.

"A lot of rather sophisticated weapons have actually been released by Syria," said Peter Felstead, editor of the London-based Jane's Defense Weekly.

Others note that smugglers could be bringing weapons across the border from Iran without government approval.

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'They are significant'

A second high-ranking U.S. intelligence official in Washington acknowledged that only a "small percentage" of explosions in Iraq could be linked to shaped charges coming from Iran.

"But in terms of American casualties, they are significant," he said, because they are much more lethal than standard roadside bombs.

A senior U.S. military intelligence official said coalition forces in Iraq had also found shaped charges "in the presence of Iranians captured in the country." He declined to elaborate but noted that U.S. operatives who raided an Iranian office in the Iraqi city of Irbil this month captured documents and computer drives he called a "treasure trove" on Iran's "networks, supply lines, sourcing and funding."

Five Iranians were taken into custody in the raid, prompting angry protests from the Iraqi government.

U.S. intelligence officials emphasized that Iran intentionally stops short of steps that would be seen as direct provocation and provide justification for a military response. For example, Iran has refrained from supplying Shiite militias with surface-to-air missiles and other weaponry that was part of Hezbollah's arsenal in its fight with Israel last summer, they said.

A high-ranking U.S. intelligence official called it a "careful calibration" that probably reflected disagreements within the Islamic regime. "I don't doubt that Iranian national security council meetings are very contentious," the official said.

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Zavis reported from Baqubah and Miller from Washington. Times staff writers Peter Spiegel in Washington and Solomon Moore in Baghdad contributed to this report.

West's Iran Plan Shows Gains. Will US Stick To It? (CSM)

By Howard LaFranchi

The Christian Science Monitor, January 23, 2007

With evidence mounting that international pressure on Iran is getting results, President Bush prepares to deliver a State of the Union speech Tuesday night that could provide signs of where efforts against Tehran and its nuclear program will go next.

Although it remains debatable what exactly is working – sanctions, Western unity, the threat of force, targeted US actions, or even deteriorating internal conditions – Iran appears to be responding, analysts say.

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"The sanctions and international pressure are having an effect," says Joseph Cirincione, a nonproliferation expert at the Center for American Progress in Washington.

But Mr. Cirincione cautions against interpreting everything going on inside Iran as a direct response to international pressure on the nuclear program. "The sanctions are hurting Iran's economy, especially by [sowing] doubts among international investors and discouraging their involvement in the Iranian economy," he says. "At the same time, the pragmatists and reformers are using the sense of Iran's growing international isolation to strike back at [President Mahmoud] Ahmadinejad, but for reasons unrelated to the nuclear issue."

In an unusual step, a majority in Iran's parliament has sent a letter to Mr. Ahmadinejad laying responsibility for the country's dire economic straits at his feet, and criticizing him for his high-profile foreign travel.

In addition, Ahmadinejad – who has made a global name for himself by defying the United States, European powers, and the United Nations Security Council with his nuclear-related taunts – appears to be coming under growing political pressure at home to stifle the brinkmanship.

Last week two prominent Iranian newspapers, including one owned by Ayatollah Ali Khamenei, Iran's supreme leader, rebuked Ahmadinejad over the nuclear issue and called on him to distance himself from nuclear policy. And in comments released Monday, Iran's most senior dissident cleric, Grand Ayatollah Hossein Ali Montazeri, joined the chorus of criticism.

Still, Ahmadinejad remained defiant over the weekend, dismissing criticism that his country's economy has been hurt by UN sanctions. Iran also announced new tests of short-range missiles.

While it is too early to say if Tehran will be ready to alter its nuclear course or is simply concerned about Ahmadinejad's extremist image, some experts say it is equally unclear how Mr. Bush will interpret the events in Tehran – and whether or not he will see them as the fruit of diplomacy.

"What we are seeing is the success of American and European pressure. It is not American pressure on its own," says Anatol Lieven, a foreign-policy expert at the New America Foundation in Washington. He sees growing Iranian isolation in the region "as a result of Iran's overambitious and menacing stance."

The turn of events is "an example of multilateralism, not of America working on its own," he says.

But will Bush see it that way?

It was in his State of the Union address of 2002 that Bush first spoke of Iran as part of an "axis of evil," for its support of what the US deems terrorist organizations. Since then, Tehran has advanced its nuclear program to uranium enrichment, while the US has developed contingency plans for taking out Iranian nuclear installations with air power.

Some analysts and a few prominent foreign diplomats – including Russian Foreign Minister Sergei Lavrov – have said they see unsettling parallels between US action and rhetoric on Iraq and America's Iran policy.

Yet since early 2005, the US has opened a diplomatic track, primarily with European powers, to stop Iran short of acquiring nuclear weapons through international pressure.

The Security Council approved a sanctions resolution against Iran late last year. The resolution was considerably weakened under veto threat from Russia and China – two of Iran's key commercial partners – but the move paved the way for the US to pursue tougher financial sanctions. It has also pursued action with a "coalition of the willing" of primarily European countries.

Earlier this month, the Treasury Department took action against an Iranian bank, prohibiting it from completing transactions in US dollars. The European Union is also considering tougher action against Tehran than the measures called for in the UN resolution.

At the same time, the US is taking some aggressive military steps: moving a second aircraft carrier into the Persian Gulf, for example, and detaining Iranians in Iraq, who it claims have links to an Iranian Revolutionary Guard faction that is allegedly supporting insurgents in Iraq.

Meanwhile, a number of US partners in the Middle East have adopted tougher stances vis-à-vis Tehran. Saudi Arabia is rebuffing Iranian efforts to engineer a cut in OPEC oil production that could stem a decline in the price of crude oil. And in a Jan. 16 meeting with Secretary of State Condoleezza Rice, the foreign ministers of Egypt, Jordan, and several Gulf states issued a critical statement that, while oblique in its references, was clearly aimed at Iran.

The question now may be how long Bush – who has flatly ruled out allowing Iran to acquire nuclear weapons – will be willing to stick with an approach whose steering wheel is not solely in American hands.

Yet another question – raised to national prominence by the Iraq Study Group – is whether the US will eventually move to talks with Tehran as part of a regional effort to stabilize Iraq.

Mr. Lieven, speaking at a Washington forum last week, said that Iran is a "natural ally" when it comes to Afghanistan – indeed, the US worked with Iranian officials in the early stages of stabilizing post-Taliban Afghanistan.

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Iran Bars 38 IAEA Nuclear Inspectors (AP)

By Nasser Karimi

AP, January 23, 2007

Iran has barred 38 nuclear inspectors on a United Nations list from entering the country, the foreign minister said Monday in what appeared to be retaliation for the U.N. sanctions imposed last month.

The rejected officials are on a list of potential inspectors drawn up by the International Atomic Energy Agency to visit and monitor Iran's nuclear facilities.

"The act of rejecting some inspectors is legal and in accordance with the agency's regulations," Foreign Minister Manouchehr Mottaki told the official Islamic Republic News Agency. He said others on the U.N. nuclear watchdog's list remain eligible, but did not explain how Iran decided which inspectors to bar.

The IAEA "submits a long list of inspectors to member countries and the countries have the right to oppose the visit by some inspectors," Mottaki said.

Last month, the U.N. Security Council imposed limited trade sanctions on Iran over its refusal to cease uranium enrichment, a process that can produce the material for nuclear energy or bombs.

Days later, the Iranian parliament passed a motion that obliged the government to revise its cooperation with the IAEA, but gave it a free hand to determine the steps to be taken.

IAEA spokeswoman Melissa Fleming and other agency officials did not immediately return after-hours calls from The Associated Press.

The United States rebuked Iran for the move. State Department spokesman Sean McCormack said it was "another example of the Iranians trying to dictate the terms to the international community — in this case, the IAEA."

The United States and some of its allies accuse Tehran of trying to develop nuclear weapons. Iran denies this, saying its program is only to produce nuclear energy.

Iranian hard-liners had urged the government to respond to sanctions by abrogating the Nuclear Non-proliferation Treaty — the agreement under which the inspections are held.

Analysts said the decision to bar a limited number of inspectors appeared to be a measured retaliation.

"Iran is carefully calibrating its response, saving harsher measures for a further tit-for-tat response to the next U.N. Security Council resolution," said Mark Fitzpatrick, an Iran expert at the International Institute for Strategic Studies.

When the Security Council imposed sanctions on Dec. 23, it gave Iran 60 days to cease enrichment or face the likelihood of additional penalties.

Fitzpatrick said the decision to bar some inspectors was largely "a symbolic act of defiance."

"The IAEA has about 200 inspectors it could send to Iran, so stopping 38 of them will not impede its ability to carry out inspections, at least in the short term," he said. The move "demonstrates Iran's unwillingness to accept the U.N. Security Council mandate that it suspend enrichment."

The IAEA last visited Iranian nuclear facilities earlier this month when two inspectors came.

IAEA In Talks With Iran After Inspectors Blocked (AFP)

AFP, January 23, 2007

The International Atomic Energy Agency said it was discussing with Iran its demand to withdraw some nuclear inspectors but was confident it could continue monitoring the country's nuclear facilities.

"It should be noted however, that there are a sufficient number of inspectors designated for Iran and the IAEA is able to perform its inspection activities in accordance with Iran's Comprehensive Safeguards Agreement," IAEA spokeswoman Melissa Fleming said.

Earlier, the head of the Iranian parliament's national security commission told ISNA news agency that Iran has decided to block 38 IAEA inspectors in a fresh show of defiance over its nuclear aims.

Last month, Iran's parliament adopted a bill requiring the government to revise its cooperation with the IAEA after the UN Security Council passed a resolution to impose sanctions on Tehran for its refusal to suspend uranium enrichment work.

Alaeddin Borujerdi, head of parliament's national security commission, said on Monday that the blocking of the inspectors was a "first step in implementing the parliament legislation."

IAEA inspectors regularly visit Iranian nuclear sites under the nuclear Non-Proliferation Treaty, to which Iran is a signatory.

The parliament adopted the bill in response to the UN resolution 1737 that imposes sanctions on Iran's nuclear and missile programmes.

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Iran, OPEC's second largest oil exporter, insists its nuclear programme is solely aimed at meeting peaceful energy needs. However, the West fears that it could be diverted towards building a bomb.

Iranian Foreign Minister Manouchehr Mottaki told reporters on Monday that "any country had the right to refuse admission to inspectors", a position confirmed by IAEA diplomats.

Last July IAEA chief Mohamed ElBaradei said that 200 inspectors were charged with investigating Iran's nuclear activities, but did not stay permanently in Iran.

Previously they have only mainly encountered only minor problems, like delays in getting visas and restrictions on access to certain nuclear installations.

A diplomatic source at the IAEA said that Iran had a right to refuse access to its inspectors without giving a reason.

However, under Iran's agreement with the IAEA on the nuclear non-proliferation treaty, the IAEA can take action if Iran repeatedly refuses access to designated inspectors.

"If as a result of the repeated refusal of the government of Iran to accept the designation of agency inspectors, inspections to be conducted under this agreement would be impeded," according to the agreement.

"Such refusal shall be considered by the (IAEA) board upon referral by the director general of the agency with a view to its taking appropriate action," it says

The next meeting of the IAEA's council of governors is slated for March 5.

It is not the first time that Iran has denied access to an IAEA inspector.

Tehran banned a Belgian inspector, Chris Charlier, last April for talking to the press. It has also limited inspectors' access to some of its sites on several occasions.

Iran Bars Inspectors; Cleric Criticizes President (NYT)

By Nazila Fathi

The New York Times, January 23, 2007

TEHRAN, Jan. 22 — Iran is barring 38 nuclear agency inspectors from entering the country in retaliation for a United Nations resolution aiming to curb Iran's nuclear program, a senior Iranian lawmaker said Monday.

The announcement came only days after Grand Ayatollah Hossein Ali Montazeri, Iran's most senior dissident cleric, criticized President Mahmoud Ahmadinejad's defiant stance against the West on the nuclear issue in a speech on Friday, calling it provocative. His comments were the first direct public attack on the president's nuclear policy by such a senior cleric.

The two developments suggest an increasingly open debate within Iran over how forcefully to confront the West over Iran's nuclear ambitions, even as its government continues to defend them.

Two hard-line newspapers, including one owned by the supreme leader, Ayatollah Ali Khamenei, have already called for the president to stay out of all nuclear matters. Ayatollah Montazeri said Iran has the right to nuclear technology but questioned the way Mr. Ahmadinejad has confronted the West.

"One has to deal with the enemy with wisdom," he said. "We should not provoke the enemy, otherwise the country will be faced with problems.

"We should get our right in a way that it does not create problems or excuses for others," he said.

"Besides, is this our only irrefutable right and we have no other rights?" he asked, referring to rising inflation since Mr. Ahmadinejad took office over a year ago.

Ayatollah Montazeri was once in line to become Iran's supreme religious leader, until he was banished and put under house arrest for his criticisms. His comments reflect the growing concern in Iran over additional economic sanctions if Iran continues to defy the international demand to halt its uranium enrichment program.

The United Nations Security Council passed a resolution on Dec. 23 and imposed sanctions banning the trade of goods related to Iran's nuclear program. It also gave Iran a deadline of two months to halt its uranium enrichment program or face tougher sanctions.

In response, Parliament passed a bill last month calling for the government to limit its cooperation with the International Atomic Energy Agency.

"The committee has decided to bar 38 inspectors from coming to Iran and we have announced the new limitation to the agency," said Alaedin Boroujerdi, the head of Parliament's committee for foreign policy and national security, the ISNA news agency reported.

The nuclear agency's inspectors visit Iran's nuclear facilities regularly. But last summer Iran said that it had decided not to let some of the inspectors return.

Still, Mr. Boroujerdi said that Iran planned to continue its cooperation with the agency, and that Iran would remain a party to the Nuclear Nonproliferation Treaty.

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An I.A.E.A. spokeswoman, Melissa Flemming, said that the agency was confident that it could continue to monitor Iran's nuclear program.

"There are a sufficient number of inspectors designated for Iran, and the I.A.E.A. is able to perform its inspection activities in accordance with Iran's Comprehensive Safeguard Agreement," she said in an agency statement.

For his part, Mr. Ahmadinejad vowed again on Sunday that Iran would continue with its nuclear program, and brushed off the United Nations resolution as insignificant.

In Brussels on Monday, European Union foreign ministers called for all countries to enforce the sanctions against Iran. The British foreign secretary, Margaret Beckett, said a collective application of the sanctions was essential "to keep pressure on Iran to accept the offer of the international community to come back to the negotiating table."

European Union officials said they would apply the measures next month, including a ban on selling materials and technology that could be used in Iran's nuclear and missile programs and the freezing of the assets of 10 Iranian companies and individuals.

Germany's foreign minister, Frank-Walter Steinmeier, said it was time to take a tough and united stance on Iran but kept the option of diplomacy open. "There is a need to send a clear signal, and we need to show resolve," he said.

Iranian Cleric Hits Tehran's Tactics (WT/AP)

By Ali Akbar Dareini

The Washington Times, January 23, 2007

TEHRAN -- Iran's most senior dissident cleric said President Mahmoud Ahmadinejad's aggressive nuclear diplomacy had harmed the country, joining a chorus of criticism that has included even the hard-line leader's allies.

The comments by Grand Ayatollah Hossein Ali Montazeri, released yesterday, reflected a growing feeling among many that Mr. Ahmadinejad has concentrated too much on fiery, anti-U.S. speeches and not enough on the economy.

Ayatollah Montazeri, 85, is one of a few grand ayatollahs, the most senior theologians of the Shi'ite Muslim faith. He had been the designated successor of Ayatollah Ruhollah Khomeini, founder of the 1979 Islamic revolution, until he fell out with Ayatollah Khomeini shortly before his 1989 death after complaining about powers wielded by unelected clerics.

He said Iranians have the right to nuclear power, but questioned Mr. Ahmadinejad's dealings with the international community in obtaining it.

"One has to deal with the enemy with wisdom, not provoke it," he said, according to a copy of his comments made available to the Associated Press.

"This [provocation] only creates problems for the country," he told a group of reformists and opponents of Mr. Ahmadinejad on Friday in the holy city of Qom, 80 miles south of the capital, Tehran.

In the kind of action that might be described as a "provocation" by the dissident ayatollah, Iran said yesterday it has barred 38 members of a U.N. nuclear-inspection team from entering the country, in what appeared to be retaliation for sanctions imposed last month over its contentious atomic program.

Foreign Minister Manouchehr Mottaki said some inspectors were admitted, but he maintained that Iran could decide who should be turned away.

Last month, the U.N. Security Council imposed limited trade sanctions on Iran because of its refusal to cease uranium enrichment, a process that produces the material for nuclear reactors or bombs. Days later, the country's parliament passed a motion that obliged the government to revise its cooperation with the International Atomic Energy Agency but gave it a free hand to determine the steps to be taken.

Meanwhile, the prices of fruit, vegetables and food staples have skyrocketed since the U.N. imposed the limited sanctions.

"Some countries don't have oil and gas. Yet, they run their country and stand on their own. We have so much oil and gas but make useless expenditures work for others and don't think of our own people's problems, and the price of basic commodities go higher and higher every day," Ayatollah Montazeri said.

Ayatollah Montazeri appeared to be referring to Mr. Ahmadinejad's foreign trips, the latest of which was to Latin America, and to Iranian financial aid to the Palestinians.

The Palestinian foreign minister for the Hamas-led government said in November while visiting Iran that Tehran had given his government more than $120 million in the previous year.

Mr. Ahmadinejad was elected last year on a populist agenda promising to bring oil revenues to every family, eradicate poverty and tackle unemployment. But he has faced increasingly fierce criticism in recent weeks for his failure to meet those promises.

Iran Tests Missiles As Fear Of Attack Grows (FT)

By Gareth Smyth

Financial Times, January 23, 2007

Iran began military manoeuvres in its central desert on Monday, testing short-range missiles at a time of rising tension with the US and as President Mahmoud Ahmadi-Nejad faces continuing criticism at home.

State radio reported that Revolutionary Guards were test-firing both the 350km-range Zelzal-1 missile and the 70km range Fajr-5 near the town of Garmsar, 80km south-east of Tehran.

Mohsen Rezaei, an influential conservative politician and former Revolutionary Guards commander, told state television at the weekend that Washington had opted for "serious confrontation" with Iran, in which it "intends to resolve its problem in the Middle East".

That was a rare glimpse for the Iranian public of the seriousness with which leading officials view the situation, especially in his acknowledgment that America or Israel might attack Iran's atomic sites.

The US announced this month it was moving a second aircraft carrier into the Gulf and deploying Patriot missiles capable of shooting down shorter-range missiles.

Questioned on Sunday by reporters over the possibility of military clashes, a confident Mr Ahmadi-Nejad replied: "What war?" But he faces criticism over both foreign policy and the budget for the Iranian year 2007-8, which he presented to parliament on Sunday.

Deputies from parliament's economic committees quoted in Monday's newspapers were generally sceptical of the accuracy of the budget figures given by Mr Ahmadi-Nejad. One economist told the Financial Times the budget was "structured in such a way as to hide what looks like a growing deficit".

Kazem Jalali, a deputy, was more poetic. "I hope the president's dreams come true one day," he told Ayandeh-No newspaper.

Criticism has also come from one of the most senior Shia clerics. Grand Ayatollah Hossein-Ali Montazeri made a thinly veiled attack on the president on Saturday for his "radical and provocative slogans", and argued that Iran's rights could be defended without giving "pretexts" to the US.

Grand Ayatollah Montazeri, 85, is a reformist dissident based in the holy city of Qom, where Mr Ahmadi-Nejad's allies won only three of nine seats in last month's local elections.

¦Manouchehr Mottaki, Iran's foreign minister, said on Monday that the country was barring some inspectors from the International Atomic Energy Agency, the United Nations body monitoring its nuclear facilities.

But Mr Mottaki added confusion when he said Iran would make a statement next week on "the nationalities Iran opposes", apparently contradicting a statement from Alaeddin Boroujerdi, the head of parliament's foreign affairs and national security commission, who said Iran was refusing entry to 38 inspectors but that nationality was "not the main basis".

Melissa Fleming, of the IAEA, said "details of inspector designation" were confidential and the agency was discussing Iran's "request for withdrawing the designation of certain . . . inspectors".

Seoul Asks Washington To Ease Sanctions On Pyongyang: Reports (AFP)

AFP, January 23, 2007

South Korea has told the United States that some of the frozen North Korean accounts in a Macau bank are from legitimate business and should be unblocked, news reports said Tuesday.

North Korea insists its accounts be unfrozen before any more multinational talks are held on dismantling its nuclear weapons programme.

Chosun Ilbo newspaper quoted an unidentifed high-ranking source in Washington as saying that South Korea asked the United States to consider unfreezing at least five of the 50 accounts with Banco Delta Asia (BDA).

Yonhap news agency also said on Monday that top South Korean officials have told US counterparts that five to seven of the BDA accounts are legitimate.

"This means that as far as we've confirmed, those accounts have nothing to do with drug trafficking, money-laundering or counterfeit dollars," the source was quoted as saying by Chosun.

"Releasing money in those accounts from the freeze is aimed at saving North Korea's face in order to encourage it to proceed with the six-party talks," the source said.

The talks that began in 2003 and reached a tentative deal in September 2005 have failed to bring any tangible progress. Pyongyang insists that a US blacklist, which led to a freeze of its Macau accounts and others in Asia, be withdrawn.

The US has said the matter is a law enforcement issue aimed at curbing the North's counterfeiting of dollars and is unrelated to the six-party talks.

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Chosun quoted Kim Kye-Gwan, North Korea's chief delegate to the six-party talks, as saying he and his US counterpart Christopher Hill made progress on the bank issue in talks in Berlin last week.

"When we say progress, it includes the financial sanctions, of course," Kim reportedly told journalists in Moscow.

"(The result of the Berlin talks) was okay with us as we have agreed that the US side must not shun the issue (when the six-party talks resume)."

Hill said on Monday in Tokyo that host China is expected to announce the date for a new round this week.

U.N. Chief Announces N.Korea Fund Audit (AP)

By Justin Bergman

AP, January 23, 2007

Secretary-General Ban Ki-moon announced Monday that an external audit would be conducted of the U.N. Development Program in North Korea after the U.S. alleged the program had funneled millions of dollars to Kim Jong Il's regime.

The audit will initially focus on UNDP spending in North Korea and then be expanded to other U.N. agencies, though details have yet to be finalized, said Ban's spokeswoman, Michele Montas, who made the announcement his behalf.

The audit will be conducted by the U.N.'s Board of Auditors, which is comprised of accountants from eight U.N. members, she said.

U.S. deputy ambassador Mark Wallace alleged Friday that the UNDP's North Korea operation had been run "in blatant violation of U.N. rules" for years. He demanded an outside audit focusing on concerns that development funds had been used by Pyongyang for "its own illicit purposes."

UNDP Administrator Kemal Dervis said Monday there is "no justification for the extreme allegations" made by Wallace, adding that UNDP is "doing its best in very difficult circumstances."

The agency said it welcomed the external audit, stressing it is committed to operating in a transparent manner.

"The external auditors can come in anytime they want and look at anything they want," said UNDP spokesman David Morrison.

U.S. officials said they first received indications there might be irregularities in UNDP's North Korea program last year. They raised concerns the cash might be misused, possibly for Pyongyang's nuclear program.

Wallace has made several allegations in letters to senior UNDP officials, which were first reported by The Wall Street Journal. He has said that UNDP's local staff is dominated by North Korean government employees who managed the agency's programs and finances in violation of UNDP rules.

The U.S. cited three other violations of U.N. rules — the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

On Monday, the agency sought to refute the allegations, insisting the North Korean program followed UNDP financial rules.

Morrison said the agency has spent about $3 million annually over the last 10 years on programs in North Korea, in addition to about $600,000 in office costs, which include local salaries and supplies. The programs focus on food production, rural and environmental sector management, economic management and social sector management.

Morrison rejected the assertion that UNDP "has been doling out buckets of cash," saying the agency does the vast majority of its spending in euros through checks and bank transfers, using cash only for travel purposes and minor expenses.

He also said UNDP international staff have visited nearly all their project sites in the past two years to ensure funds are being used appropriately.

The UNDP has conducted three internal audits of its North Korean program in the last eight years, the last in 2004. Another internal audit was scheduled for this year, Morrison said.

The agency's executive board was expected to meet Thursday to discuss the program's mandate over the next three years. The agency is working with board members to find a compromise that would allow the program to continue operating in the country, said a UNDP staff member, who spoke on condition of anonymity because talks were ongoing.

Ban Orders Audit Of U.N. Operation In N. Korea (WT)

By Betsy Pisik

The Washington Times, January 23, 2007

NEW YORK -- U.N. Secretary-General Ban Ki-moon yesterday ordered a thorough audit of the U.N. Development Program's operation in North Korea, the first in a sweeping assessment of all U.N. agencies, funds and programs.

The audit will specifically look at hard-currency transactions, the independence of locally hired staff, and the agency's ability to monitor ongoing projects. UNDP, which spends about $3.6 million annually on a dozen projects inside the repressive country, yesterday welcomed the audit and promised to cooperate.

Mr. Ban said he wants the UNDP audit completed within three months, the first phase in an ambitious accounting that could take years and millions of dollars to complete. U.N. officials yesterday could not say how much the effort would eventually cost.

The United States -- which funds 11 percent of UNDP's annual budget but does not contribute to the North Korea program -- has raised serious concerns that hard currency from UNDP may be finding its way into the government's nuclear weapons program.

An editorial in Friday's Wall Street Journal suggested that hundreds of millions of dollars had been diverted by the government from UNDP programs, and said the agency was undermined by permitting the Pyongyang government to choose local personnel for its programs.

David Morrison, UNDP director of communications, told a small group of reporters yesterday that the program has four international staffers in North Korea. Those staffers have been able to visit 10 out of 11 projects in the country and have few concerns over access and monitoring issues, he said.

He rejected comparisons to the Iraq oil-for-food program, which Saddam Hussein was able to manipulate to siphon hundreds of millions of dollars into private pockets.

"Working in [North] Korea is a tough job," he said. "We always have to be wary of the possibility of any kind of misrepresentation of activities in any country in the world."

Mr. Morrison noted that UNDP long ago switched to using euros rather than dollars as the convertible currency in North Korea, in part because of U.S. concerns about counterfeiting and partly because Pyongyang prefers it for political reasons.

U.N. officials routinely refused to publicly criticize the governments of countries where they are running development or humanitarian work, saying that would will only make life more difficult for international staff on the ground, and possibly draw new restrictions on their efforts.

Many of these issues have been identified in UNDP's three internal audits of the North Korea program, in 1999, 2001 and 2004; a fourth will be under way shortly.

Those audits are not made public or even shared with the 36 nations that serve on UNDP's Executive Board, which will discuss the North Korea program on Thursday. Instead, the reports are reviewed by an external auditor, then distilled further and presented to the executive committee.

U.S. officials, among others, have demanded access to the initial audits, as well as source material, saying that as major donors to UNDP programs they have a right to know how those programs are managed.

However, UNDP officials have maintained the audits are internal management tools and not intended for general distribution.

"We are aware that there is a difference between the regime I've just described and practices the secretariat has just introduced, and we are reviewing whether we should ... change our practice," Mr. Morrison said.

UNDP is also the coordinating agency for other U.N. efforts in the country, including programs of the World Food Program and UNICEF.

U.S. law prohibits using taxpayer money in repressive regimes such as Iran, Cuba and North Korea. Therefore, Washington subtracts its share of the North Korea program's costs from its overall contribution to the agency.

Korean Nuclear Envoys Meet In China (AP)

AP, January 23, 2007

The North and South Korean nuclear envoys met in Beijing, the South Korean Foreign Ministry said Tuesday, part of the latest efforts to restart six-nation negotiations on Pyongyang's atomic weapons program.

The South's Chun Yung-woo met North Korean negotiator Kim Kye Gwan in Beijing, the Foreign Ministry said, without giving any further details.

The meeting is the latest in a series of talks between envoys from the countries involved in the six-party negotiations — China, Japan, Russia, the U.S. and the two Koreas — aimed at setting a date for the resumption of wider discussions on dismantling North Korea's nuclear programs.

The last session of the talks in December, the first after the North's nuclear test, failed to make any progress. Officials have said they expect the negotiations to resume before mid-February.

Envoys At N. Korea Talks Optimistic (AP)

By Burt Herman

AP, January 23, 2007

DOJ_NMG_0120597

Envoys to the six-party talks on North Korean nuclear disarmament are sounding rare notes of optimism, raising hopes for progress after their expected return to the bargaining table in coming weeks.

The talks could bring the first steps toward turning back the clock on North Korea's nuclear development since Pyongyang restarted its main nuclear reactor more than four years ago and proved its long-claimed atomic arsenal with its first test explosion in October.

At the last round of the talks in December, the United States and its partners — China, Japan, Russia and South Korea — could not even get North Korea to talk about its nuclear program. Instead, the North stuck to its previous demand that Washington desist from a campaign to financially isolate the country for alleged counterfeiting and money laundering.

But there have recently been hints of a positive foundation being laid for future arms talks, even though no date has been set for their resumption. That includes hopeful talk from the North itself, after an unusual series of one-on-one meetings in Berlin last week between the main U.S. and North Korean negotiators.

The North went out of its way Friday to say that a "certain agreement" had been reached at those sessions, sentiment that encouraged other countries involved.

"On the whole, the impression is developing that the North Korean side has interpreted the results of the talks in Berlin with a certain optimism," Russian nuclear envoy Deputy Foreign Minister Alexander Losyukov said Monday after meeting over the weekend with North Korean negotiator Kim Kye Gwan, according to a report by Russia's Interfax news agency.

U.S. Assistant Secretary of State Christopher Hill, who represents Washington at the nuclear talks, said Monday in Beijing that there was "a basis for making progress" when the six-nation nuclear negotiations resume.

Officials have not publicly elaborated on what progress would mean. But a South Korean newspaper report Monday said the North and U.S. had come close to an agreement in Berlin for freezing North Korea's reactor and allowing the return of international monitoring in exchange for aid for the impoverished country.

Pyongyang kicked out international inspectors at the end of 2002 as it restarted its nuclear reactor. That prompted the latest nuclear crisis, sparked after the U.S. accused the North of a secret uranium enrichment program in violation of an earlier disarmament deal.

Since then the North's reactor has churned out more plutonium for use in bombs, with experts estimating the country could now have enough radioactive material for as much as about a dozen bombs.

The United States also denied a report by the Russian news agency Interfax that separate talks between the U.S. and North Korea on the financial sanctions would resume in Beijing this week.

The six-nation talks started in August 2003, and since then only resulted in a single agreement in September 2005 on a statement of principles for the North's disarmament in exchange for aid and security guarantees. They have yet to be put into practice.

Several envoys have said they expect the nuclear talks to resume before mid-February, when the Lunar New Year is celebrated across Asia.

Actual progress could be added cause for celebration this year on the continent, where North Korea's nuclear ambitions have rattled nerves and raised prospects for an arms race that could spread across northeast Asia.

But if there are no results this time, the holiday will instead be a time for serious soul-searching about the viability of the process — possibly leading to new means of pressuring North Korea to give up its nuclear arms.

Nuke Talks Unencumbered (WT)

By Edward Lanfranco

The Washington Times, January 23, 2007

BEIJING -- Christopher R. Hill, the top American envoy for eliminating North Korea's nuclear weapons program, said yesterday that the resumption of six-party talks in Beijing should not be affected by U.S. concerns over China's test of an anti-satellite missile.

"My government's position on that is pretty clear," Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs, told reporters. "We've certainly conveyed [concern] to the Chinese, but I would say the six-party talks are on a different track."

Mr. Hill acknowledged having "private discussions" Sunday night with his Chinese counterpart, Vice Foreign Minister Wu Dawei, about the Jan. 11 test in which China shot down an obsolete satellite with a ballistic missile. He referred further questions to other State Department officials and the Pentagon, saying, "I don't want to be the spokesman on it today."

The American diplomat was in Beijing to inform the Chinese of progress made in Berlin last week during three days of discussions with Kim Kye-gwan, the head of the North Korean delegation to the six-party talks. He already had briefed counterparts in Seoul and Tokyo.

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Mr. Kim appears to have shown greater willingness to treat U.S. financial sanctions and North Korean nuclear disarmament as separate issues, clearing the way for a resumption of nuclear negotiations that broke down at the end of December.

Mr. Hill said no venue had been set for discussion of the financial issue, "although that will not be a problem." The State Department will have to "fine-tune the date for the talks" with the Treasury Department, but he predicted they would take place "very soon, probably at the same time or even before the six-party talks."

"We are down to a question of logistics now," he said, adding that his latest talks had been held in Berlin only because of a "coincidence of schedules."

Mr. Hill offered few details about what he called "lengthy discussions" with Mr. Wu, but said the two had agreed on the need to restart the six-party process at an early date.

"We felt we should have done more in the December round, and we want to get going on implementing the September Statement," he said. "We have some ideas for doing that and have had some good discussions all around about how to do it."

In September 2005, negotiators struck a deal in which North Korea would abandon its nuclear weapons program in exchange for security guarantees and economic aid. Subsequent six-party talks stalled after the Treasury Department moved to have a North Korean bank account frozen in Macau and were further complicated when Pyongyang detonated a nuclear device in October.

"I don't want to go into the specifics, but I do believe we have a basis for making progress in the six-party talks," Mr. Hill said. "People ask if I'm optimistic. I'd rather not make a bet on the game I'm playing in, but I think based on all the consultations we've had in the last week we have a basis for getting together as soon as possible."

Somali Islamists' No. 2 Leader Surrenders In Kenyan Capital (NYT)

By Jeffrey Gettleman

The New York Times, January 23, 2007

NAIROBI, Kenya, Jan. 22 — The second in command of Somalia's defeated Islamist forces has surrendered to the Kenyan authorities and is staying at a hotel in Nairobi, Western diplomats and Somali officials said Monday.

Sheik Sharif Ahmed, the head of the Islamist Courts Union executive council, was part of a group of Islamist leaders being hunted down by American and Ethiopian troops in southern Somalia. Described as a moderate Muslim and potential peacemaker, he surfaced at the Kenya-Somalia border in the past week, Somali officials said, and now the Kenyan immigration authorities are deliberating on what to do with him.

"Sheik Sharif is in Nairobi," said Abdirahman Dinari, spokesman for Somalia's transitional government. "We are waiting for the next move."

Several Western diplomats said American officials, who have urged Somalia's newly empowered government to reconcile with moderate Islamist leaders, were instrumental in arranging Mr. Ahmed's safe passage to Kenya.

"He decided to come to Kenya only after getting a guarantee from the Americans that he would not be deported" back to Somalia, said one Western diplomat in Nairobi who spoke on condition of anonymity. "He's been here a week."

Over the weekend, the BBC broadcast an interview with Michael E. Ranneberger, the American ambassador to Kenya, in which Mr. Ranneberger said, "We certainly have made clear to the T.F.G.," Somalia's transitional federal government, "that it needs to talk to all elements, and that includes people such as, for example, Sheik Sharif."

At that point, Mr. Ahmed, a school-teacher turned religious leader, was still widely believed to be hiding in the marshes of southern Somalia or possibly dead.

On Monday, an American Embassy official denied that the United States played any role in bringing him to Kenya. "We're not holding or interrogating or protecting him," she said on condition of anonymity. "We're not involved in this operation in any way."

Kenyan officials did not return calls for comment.

European diplomats in Kenya said that American officials were playing an increasingly large behind-the-scenes role in Somalia, pursuing an aggressive counterterrorism agenda but also trying to shape Somalia's political future.

Several Somali leaders seemed to welcome this involvement, saying that Italy, the other Western power in Somalia, had discredited itself by trying to establish a rapport with the Islamists before they were defeated.

Last month, the Islamists attacked Somalia's transitional government, which was based in Baidoa. What they did not expect was a crushing response from Somalia's neighbor Ethiopia, which sided with the transitional government because Ethiopian officials viewed the Islamists as a regional threat.

It took all of one week for the Ethiopian-led forces, with approval from American officials, to rout the Islamist army and install the transitional government in Mogadishu, Somalia's bullet-pocked capital by the sea.

Mogadishu is now loosely controlled by a mix of Ethiopian troops and government soldiers, who are struggling to pacify a population that is armed to the teeth. On Monday, residents said a gun battle between Ethiopian troops and masked men in a crowded livestock market killed seven people, four of them insurgents and three civilians.

Western diplomats said Mr. Ahmed, 42, could be enormously helpful in defusing the violence because he has a devoted following among former Islamist fighters, who are suspected of being the backbone of Somalia's growing insurgency.

United Nations officials said Mr. Ahmed could be granted political asylum in Kenya or another country in the region, possibly Yemen, so that he can meet with Somalia's new leaders on neutral soil and map out a path forward.

Abdirizak Adam Hassan, chief of staff for transitional president Abdullahi Yusuf Ahmed, said that if Mr. Ahmed renounced violence, he would be welcome back in Somalia.

"We're not after his blood," Mr. Hassan said.

The case is a little different, though, for Sheik Hassan Dahir Aweys, the Islamists' top leader. Mr. Aweys is nowhere to be found, and most Somalis believe that he will never turn himself in because American and Ethiopian officials have accused him of being a terrorist.

Somali Islamic Leader Surrenders In Kenya (WP)

By Stephanie McCrummen

The Washington Post, January 23, 2007

NAIROBI, Jan. 22 -- A top moderate leader of Somalia's ousted Islamic Courts movement surrendered to Kenyan authorities Monday, and U.S. officials are hoping he can help subdue a rising insurgency among the movement's supporters on the streets of the Somali capital, Mogadishu.

After dodging U.S. and Ethiopian airstrikes in the mangrove forests of southern Somalia, Sharif Ahmed is under the protection of Kenyan authorities in a comfortable Nairobi hotel that he is not allowed to leave. U.S. officials have never accused him of any crime and are portraying him as a moderate Islamic leader with whom the Somali government should negotiate.

European Union officials have made reconciliation with Islamic leaders in Somalia a condition of financing a proposal to send African Union peacekeepers to the country.

The U.S. and European diplomatic pressure to negotiate comes as Somali and Ethiopian troops in Mogadishu are conducting house-to-house hunts almost daily for people accused of supporting the Islamic movement, which Ethiopian troops overthrew last month.

The ongoing purge in the broken-down capital is creating an atmosphere veering toward paranoia. Many Somalis, including members of the new government's parliament, have gone into hiding for fear of being arrested, and others are afraid even to talk about the ousted Islamic movement, according to people in several Mogadishu neighborhoods who were interviewed by telephone.

Abdirahman Dinari, a spokesman for the Somali government, declined to comment on the prospect of negotiations with Ahmed or other Islamic leaders. He said the arrests in recent weeks have targeted people suspected of involvement in attacks on Somali and Ethiopian troops, including the shelling of the presidential residence in Mogadishu on Friday. On Saturday, the deputy chairman of the Islamic Courts, Ahmed Qare, asserted responsibility for that attack.

"If there is someone who is innocent, we will release them," Dinari said.

Families, neighbors and some local leaders, however, describe the arrests as part witch hunt and part orchestrated campaign of revenge.

"Anyone known to have spoken out in favor of the Courts is in hiding," said Mohamud Uluso, a prominent member of the sub-sub clan called the Ayr, which had provided substantial military and financial support to the Islamic Courts. "They did not commit any crime, but publicly they supported the Courts. They did not kill anyone. They did nothing."

According to witnesses, the arrests have at times been more like kidnappings, with plainclothes security forces blindfolding people, throwing them into trucks and hauling them off to secret locations. There have been reports of Somalis settling petty arguments with neighbors by accusing them of supporting the Islamic Courts, with Ethiopian troops then swooping in to take the accused away.

While some of those arrested have been released after several days -- or after relatives pay -- others remain missing.

Ethiopian and Somali government troops came after dark last week to Ahmed Luqman's crowded, lantern-lit neighborhood, where he has lived with his wife and six children for more than 20 years.

Soldiers surrounded the area known as Bulo Huvey, broke down a metal gate, shoved their way into a neighbor's house and arrested at least two people whom Luqman has known for years, he said.

Certain he was next, although not sure why, he climbed through a window and ran.

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"I escaped," recounted Luqman, who said he was never a staunch supporter of the Islamic movement. "Now I live somewhere far from where I used to live, because I'm afraid. I'm afraid for myself. I know a lot have been arrested. Some have been killed. But I can't tell exactly the number."

The U.S. State Department tacitly supported the Ethiopian invasion that pushed the Courts movement from power, and in December it cast the Islamic Courts as a group controlled by an al-Qaeda cell. Many regional analysts and diplomats have described that claim as exaggerated.

This month, U.S. and Ethiopian aircraft conducted strikes targeting not only three men suspected in the 1998 bombings of U.S. embassies -- and whom the Courts were accused of sheltering -- but also certain Courts leaders accused of having al-Qaeda connections.

"To defeat them, the U.S. put them all in one basket," said Uluso, who met with State Department officials when the Islamic Courts came to power last June. "Then, after they were defeated, the thinking was they could maybe reconsider and take the good guys and empower them, so that the image that America is against Islam will not be on the table. Because that has been the impression in the Islamic world."

But the U.S. airstrike in southern Somalia -- aid groups have reported that it killed at least 20 civilians -- plus the continuing arrests are working against the goal of inclusion, said a top leader of the Islamic movement who is still in the region.

The leader, who spoke on condition of anonymity because of the sensitivity of the situation, warned that if the detentions continue, "things could get ugly."

He said that the leadership of the Islamic Courts is "completely intact" and that U.S. ambassadors have been in contact with some of its members.

Somali Prime Minister Ali Mohamed Gedi has often used the label "terrorist" to justify the detentions. But the pattern of arrests suggests to many analysts in the region that the situation is less about fighting a global war on terrorism than it is about Ethiopia trying to address its internal security problems and help Somali government leaders settle their own old scores.

For one, the arrests are heavily targeting Ayr neighborhoods that had supported the Courts. The Ayr are considered rivals of Somali President Abdullahi Yusuf's clan, the Darod. Moreover, Yusuf, a close ally of Ethiopia, has had a long-standing personal feud with Islamic Courts leader Sheik Hassan Dahir Aweys, who is Ayr and is on a U.S. list of people suspected of ties to al-Qaeda. Aweys has consistently denied such ties.

There has also been an ethnic dimension to the arrests. Ethiopian and Somali security forces are focusing on people such as Luqman who are from a region of Ethiopia along the Somali border where an underground group has been fighting for years to end Ethiopian control. The group, the Oromo Liberation Front, was suspected of having people in Mogadishu and of cooperating with the Islamic Courts.

But the Oromo region has also been the scene of droughts and other tribulations that have forced thousands of refugees across the border and into Somali cities, including Mogadishu.

"Whether a man has relations with those organizations or not, he will be arrested," Luqman said. "Because he is Oromo. They can't distinguish if he belongs to the movement or not. So that's the problem."

At one Oromo refugee camp, a sprawl of doorless houses with cardboard roofs, the people left were mostly old men, women and children. A leader there, Abdirahman Omar, 67, said that Ethiopian and Somali troops showed up after morning prayers Jan. 4 and arrested 12 Oromo refugees, including his son, Aden. All remain missing.

"He does not even speak the Oromo language," said Omar, who came to Somalia in 1979 and said his son is a math teacher. "He knows nothing about Ethiopia, let alone Ethiopian politics."

In another neighborhood, Kilometre Four, Habiba Dahir said that her husband, Abdijabar Isee, an Oromo, was arrested recently as he was walking down the street with a Somali friend.

The friend told her later that a plainclothes Somali policeman approached them and asked Abdijabar for his name, and that shortly afterward a pickup truck full of green-uniformed Somali police officers drove up, blindfolded her husband and threw him in the truck with another blindfolded man.

"At first we were told he was killed, but later we learned he is alive," said Dahir, who denied her husband was involved with any militant movement. "I can't say any more."

China Denies Intent To Militarize Space (AP)

AP, January 23, 2007

Chinese Foreign ministry officials have told a visiting U.S. diplomat that China's successful test of an anti-satellite weapon should not be seen as a threat and does not signal the beginning of a race to militarize space, the State Department said Monday.

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Assistant Secretary of State Christopher Hill raised the issue with Chinese officials over the weekend in Beijing. China has not made a public announcement of the Jan. 11 test, in which it shot down one of its own old weather satellites, but officials acknowledged it during their meeting with Hill, State Department spokesman Sean McCormack said.

Hill, who heads the State Department's East Asia bureau, told the Chinese they should be more forthcoming about their military activities and their defense budget. These issues have been a long-running concern of the United States, and McCormack said the Chinese have taken only "baby steps" thus far toward more openness.

McCormack said the United States seeks "greater understanding of exactly what their intent was" in testing the anti-satellite weapon. He said Hill also asked for details of the test and what plans China may have for future tests.

"All of this is designed, really, to avoid any sort of misunderstandings, not only with the United States, but other countries around the world," McCormack said.

Hill was in Beijing as part of a three-nation visit to exchange views on talks with North Korea over its nuclear weapons program. He also visited South Korea and Japan.

In criticizing the test on Friday, the State Department said "modern life as we know it" depends on the security of space-based technology, whose uses include data transmission, communications and weather forecasting.

China Tells Senior US Official Not To Worry About Anti-satellite Test (AFP)

AFP, January 23, 2007

China has told a senior US official that a recent test of a Chinese satellite killer missile did not signal a threat to other countries or a bid to militarize space, the State Department said.

Assistant Secretary of State Christopher Hill raised US objections to the test with senior Chinese officials during a visit to Beijing over the weekend, State Department spokesman Sean McCormack said.

"The bottom line is we encourage them to be more forthcoming, more transparent with respect to not only this test but also their space program," McCormack said when asked about the message delivered by Hill.

The Chinese, who had not previously confirmed carrying out the test earlier this month, told Hill "this was not a threat against anybody and was not meant to spark a race to militarize space," McCormack told reporters.

Hill was in Beijing for separate talks on organizing a new round of six-party negotiations aimed at halting North Korea's nuclear weapons program.

"It's has been a continuing topic for us to encourage the Chinese to become a little more transparent in terms of their military spending and their military programs," McCormack said.

"They haven't been very forthcoming, is the assessment to date," he said.

The United States revealed last week that China had destroyed an orbiting weather satellite earlier this month using a ballistic missile -- making it the third country after the former Soviet Union and the United States to shoot down an object in space.

The successful test meant China can theoretically shoot down spy satellites or other orbiters operated by other nations, sparking fears of a space-based arms race.

On Friday Washington voiced concern the test may also have scattered debris in space that could endanger the manned International Space Station or orbiting satellites.

US magazine Aviation Week and Space Technology, which first reported the test, said the missile was fired from the Xichang space center in central Sichuan province on January 11 and had destroyed a Chinese weather satellite launched in 1999.

The impact reportedly occurred more than 500 miles (800 kilometres) above Earth, high enough to hit orbiting satellites.

Washington for now has virtual supremacy in space, with Russia having lost much of its means and China generally still just starting out.

A Global Mission For China And America (FT)

By Robert Zoellick

Financial Times, January 23, 2007

America and China need to develop an agenda as mutual stakeholders in the world economy. The new strategic economic dialogue and the energy group launched by China with the US, India, Japan and South Korea supply the means to do so.

So far the media focus has been on the appreciation of China's currency. Progress on this issue will establish a sense of fair competition. Yet the Sino-American agenda needs to be broader. Some steps can prepare the way for China's transition to a flexible exchange rate. Others lay the foundation for two important economies to advance and share in global prosperity.

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China is understandably preoccupied by its staggering internal challenges. Nevertheless, its leaders recognise that China's development depends on the international marketplace. The US, in turn, needs to show the American public that China's economic growth creates opportunities and that China will share international responsibilities.

A successful strategy will need to open doors for the US and others to benefit while supporting China's development and encouraging China to help sustain the international economic system to which its growth is linked. Take China's core concern: the creation of a "harmonious society". China's leaders are striving for more balanced development – between the coast and the interior, the cities and countryside, the rich and poor, the environment and growth. China is seeking to boost consumption, in part to lower the high savings rate that fuels the contentious current account surplus.

America can assist these transformations. US businesses can help develop the interior and link these provinces to global sourcing networks. American farm products can lower the cost of food as rural Chinese move to higher value-added products. US retailers can help Chinese consumers get better goods and services at lower prices, just as they do for families at home.

Second, the Chinese have a high savings rate because the old social safety net has disintegrated. Given the one-child policy and rising longevity, China will grow old before it grows wealthy. It would benefit from US private sector involvement in building healthcare and funded pension systems.

Third, China's high rate of investment has masked the fact that investment returns have been declining because capital is allocated inefficiently. China is starting to complement its reform of commercial banks with steps to strengthen insurance and equity markets, develop a bond market and foster asset management and disposition services. Properly pursued, these plans offer business opportunities for US and other foreign companies and create the prerequisites for opening China's capital markets and freeing its currency. That step will enable China's central bank to rely on monetary policy tools to moderate inevitable fluctuations, instead of being tied to exchange rate targets.

Fourth, China and the US share energy and environmental interests. Both need to expand energy supplies to nuclear, clean coal and renewables. Both would benefit from more diverse sources of oil and gas. Both need advances in energy efficiency. Both need to co-ordinate strategic reserves with international partners to cope with shocks. Both need to protect the energy transport choke-points.

Fifth, China wants a "knowledge economy". This creates a mutual interest in protecting intellectual property and preventing counterfeiting. There is a need for educational services, including innovative information technology. China should be encouraged to participate in the development of international technology standards, rather than using local standards to protect against competition.

Sixth, as Chinese businesses "go global", both countries will have an interest in open, fair and transparent investment policies. Chinese companies will be pressed to improve corporate governance, transparency and to rely on private capital. When Chinese companies invest in developing markets, they should abide by standards for sustainable development and good governance.

Finally, China can be a responsible stakeholder in international economic, health, environmental and energy regimes. Since the new head of the World Health Organisation is Chinese, China can set a standard in practices to counter infectious diseases, chronic ailments and pandemics. China could strengthen enforcement against trade in endangered species and join the International Tropical Timber Organization. As a big investor in Sudan, it can press Khartoum to accept United Nations peacekeepers in Darfur. As one of the beneficiaries of the global trading system, China should play a more active role in closing a deal in the WTO's Doha round.

China is sensitive to the history of rising powers. Its own story is different from past examples. China wants its economic rise to complement, not replace, the current order. If the US and China recognise the strategic stakes in guiding this transition, they can develop an agenda that builds confidence and support in both countries and beyond.

The author served as US trade representative and deputy secretary of state. He is vice chairman, international, at Goldman Sachs Group and contributes regularly to the FT

US Plans 'Substantial' Aid Pledge For Lebanon Government (AFP)

By David Millikin

AFP, January 23, 2007

The United States will announce a substantial aid package for Lebanon at a donors conference in Paris this week aimed at bolstering the government of Prime Minister Fuad Siniora, senior US officials said.

The offer, to be unveiled Thursday by Secretary of State Condoleezza Rice, will come on top of more than 230 million dollars already pledged by Washington to help rebuild Lebanon following the devastating war between Israel and the Islamic militia Hezbollah last July and August.

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"It will be substantial," State Department spokesman Sean McCormack said of the new US contribution to Siniora's government, which since the war has been locked in a power struggle with Hezbollah and other pro-Syrian parties.

McCormack would not provide details of the US aid proposal.

But another senior official said it would be "an equivalent vigorous effort" in comparison to the 230 million dollars pledged by Washington at a donors conference in Stockholm shortly after a UN-brokered ceasefire that ended the war.

Washington has also begun delivering 39 million dollars in military hardware and other assistance to Lebanon's army, which under the UN plan moved into Hezbollah's stronghold along the Israeli border.

Siniora's government has estimated the 34-day Israeli offensive against Hezbollah left 3.5 billion dollars in damage, including flattened villages in south Lebanon and the destruction of major infrastructure around the country.

Israel attacked after Hezbollah kidnapped two Israeli soldiers in a cross-border raid.

Siniora has since faced a growing challenge from Hezbollah's political arm and allied parties seen as close to Syria, which dominated the country until being forced by popular protests to withdraw its troops in 2005.

The administration of President George W. Bush cites Lebanon alongside Iraq and the Palestinian areas as key battlegrounds in a strategic confrontation between Arab moderates and radical forces backed by Syria and Iran.

The one-day conference in Paris will draw ministers and other top officials from some 30 potential donor countries in a potent show of support for Siniora, the senior official said.

In addition to pledges of aid, the conference is expected to endorse an ambitious five-year economic reform plan drawn up by Siniora in collaboration with international financial institutions, the United States and other governments.

The plan, which includes a sales tax hike and the privatization of Lebanon's electricity and mobile telephone sectors, has drawn sharp criticism from Hezbollah and its allies, who have called a general strike for Tuesday ahead of the Paris meeting.

Hezbollah, a fundamentalist Shiite Muslim party, is seeking to oust Siniora's Western-backed government and replace it with a national unity cabinet in which the pro-Syrian opposition would have a veto.

The senior US official said the Paris meeting's backing for the reform plan, which was under discussion well before the Israel-Hezbollah war, was more important in the long term than specific aid pledges.

"The basic bargain has been that if they were willing to undertake these reforms, we would work with the international community in marshalling support for Lebanon," said the official, who spoke to AFP on condition he not be named.

He acknowledged the reforms were "politically difficult" due to Hezbollah's opposition and because some measures will involve painful economic adjustments.

"So Lebanon will need help as it goes through this, and that's why people are gathering now in Paris," he said.

While insisting the Paris conference was about helping all Lebanese and not just Siniora, the US officials said it would also highlight the failure of Hezbollah and its leader, Hassan Nasrallah, to repair the war damage.

"There are a lot of questions in Lebanon about the mess that (Nasrallah) created," the official said, noting that the war left more than 750,000 displaced persons and devastated whole sectors of the economy.

"Why is it that they have joined -- and get this for ignominy -- Syria, Yemen and Iraq as the only countries in the Arab world which had negative per capita GDP growth rates last year?" he asked.

"These are things for which he and his leadership are responsible and I think there are many Lebanese who ask themselves, 'Did we deserve this?'"

U.S. To Contribute To Lebanon Revival (AP)

By George Gedda

AP, January 23, 2007

The United States will announce a substantial contribution to Lebanon at an international donors' conference this week as part of an effort to rebuild the country and strengthen its western-backed government, State Department officials said.

The total is expected to exceed the $230 million that the United States contributed for reconstruction efforts last year, a senior administration official said Monday. The official spoke on condition of anonymity because details of the proposal have not been announced.

The money, which would have to be approved by Congress, would be a major increase over the $30 million to $40 million that Washington had pledged for aid to Lebanon in recent years. The funds will be announced at a donors' conference in Paris, which Secretary of State Condoleezza Rice will attend.

The U.S. contribution is expected to include an effort the U.S. announced last October to rebuild a vital bridge on the Beirut-Damascus highway, which is expected to cost about $20 million. Israeli jets bombed the structure during last summer's 34-day war against Hezbollah, the militant group backed by Syria and Iran.

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The donors meeting comes amid efforts to buttress Lebanon's government, which is led by Prime Minister Fuad Saniora. Since Dec. 1, Hezbollah has staged street protests and sit-ins aimed at toppling Saniora's government.

At the State Department on Monday, spokesman Sean McCormack said the donors' conference will demonstrate "the support of the international system for this democratically elected government and also the international system's support for the Lebanese people."

Under Secretary of State Nicholas Burns said in Israel on Sunday that the assistance will be part of a world effort to defend Lebanon "from that axis of countries, Iran and Syria, and organizations like Hezbollah, Palestinian Islamic Jihad and others."

The donor's conference will be chaired by French President Jacques Chirac.

After the meeting in Paris, Rice will travel to Brussels for a NATO meeting that will focus on Afghanistan and the resources needed to restore stability there in the face of continuing insurgent activities, McCormack said.

The meeting also will touch on the issue of NATO countries in Afghanistan that are declining to send troops to regions in the south, where the bulk of the violence is taking place. Canada and Britain are among the countries that have troops in Afghanistan's south.

Activity Picks Up For Mideast Talks (AP)

By Amy Teibel

AP, January 23, 2007

After months of inaction, a flurry of diplomatic activity toward reviving Israeli-Palestinian peacemaking is under way. Secretary of State Condoleezza Rice is planning a summit with Israeli and Palestinian leaders, top Israeli officials are floating peace initiatives and the moderate Palestinian president says he is ready to discuss the outlines of a final settlement.

But with Hamas militants dominating the Palestinian parliament and Cabinet, and weak leadership on all sides, no one expects a deal any time soon.

The U.S. and Israel are trying to build on the "road map" peace plan by initiating confidence-building steps such as easing financial sanctions on the Palestinians and lifting West Bank roadblocks. They are also holding out the prospect of more wide-ranging concessions to help Palestinian President Mahmoud Abbas in his power struggle against Hamas militants.

"We're at the pre-negotiation stage where the emphasis is on confidence-building measures," Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert, said Monday. "But we're not talking about the substance."

The 2003 road map — which outlines a staged plan for creating a Palestinian state alongside Israel — never got off the ground because each side failed to meet its initial obligations. With the Israeli-Palestinian peace process in deep freeze since 2000, and the political rise of Hamas in the Palestinian territories, moderates on each side have found themselves with little choice but to start talking again.

In the past few weeks, the Israeli and Palestinian leaders held their first substantive meeting, and Israel followed up by transferring $100 million in frozen tax revenues to Abbas.

Rice has promised to lead a summit with Abbas and Olmert by mid-February, and is talking about reinvigorating U.S. involvement in Mideast peacemaking.

Meanwhile, the estranged leaders of the two most powerful Palestinian factions, Abbas and Hamas leader Khaled Mashaal, met over the weekend in Syria to try to put together a governing coalition that could negotiate with Israel. Though they did not reach agreement, they said they would continue the dialogue.

Early next month, the so-called quartet of Mideast peace brokers who launched the road map — the U.S., the European Union, Russia and the U.N. — also plan to meet to explore ways to re-energize peacemaking.

Sharp differences have emerged between the Israeli and Palestinian positions, however. The Palestinians oppose an Israeli proposal for a provisional Palestinian state in the West Bank and Gaza, believing Israel could use it to usurp land while the sides negotiate endlessly over so-called final status issues.

It is precisely the big-picture issues — final borders, the status of disputed Jerusalem and the Palestinians' demand to repatriate refugees and their descendants — that have caused past peace talks to collapse.

"We are for negotiations on a final status agreement, even if there are (confidence-building) steps," said Nimr Hammad, a political adviser to Abbas. "But (those steps) must be tied to a final status agreement."

The failure to reach agreement at the Abbas-Mashaal meeting bodes poorly for a resolution that could end months of Palestinian infighting. With Hamas holding so much power, Abbas' room for maneuvering in negotiations with Israel could be severely limited.

If the international community wants to move ahead in a meaningful peace process, "we have to get our act together internally," said Saeb Erekat, the chief Palestinian negotiator.

Israel and the U.S. insist they are not abandoning the road map, but rather attempting to find creative ways to revive it.

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Israeli Foreign Minister Tzipi Livni and Israeli Defense Minister Amir Peretz have each offered peace plans based on the road map. Livni asked to strengthen Palestinian moderates by painting a clear picture of what a provisional Palestinian state would look like, and Peretz said a final peace deal could be reached within two years.

"Time is running out and we must use it to strengthen the moderates," Peretz said in a speech Monday at a security conference.

Speaking later at the same conference, Livni insisted the international community keep up pressure on Hamas beyond statements of principles.

"Now we are demanding that they enforce their values ... as a way of strengthening the moderates and weakening the extremists," she said.

Egypt has questioned the road map's viability, however, calling for a final deal that would bypass the plan's initial stages.

Another obstacle to getting peace talks moving again is the weakness of the leading players.

A combination of corruption allegations and Israel's summer war with Hezbollah guerrillas in Lebanon have widely discredited Olmert in the eyes of the Israeli public.

Although his international standing is strong, Abbas has not prevailed over Hamas. And President Bush has his hands full with Iraq and a dismal approval rating at home, though achievements on the Israeli-Palestinian front could help burnish the U.S. image in the region.

Skeptics do not see real momentum building.

"No one treats the road map seriously any more," said Yossi Beilin, a dovish Israeli lawmaker who was involved in several rounds of negotiations with the Palestinians.

The re-energized U.S. involvement is intended "to create the impression that the Middle East is on their agenda," Beilin said. "They want to guarantee a pragmatic Arab coalition, and they know the stumbling block is the Arab-Israeli conflict," he said. "And since they can't solve it, they make do with talking about it."

Palestinian Factions Set To Resume Unity Talks (AFP)

By Sakher Abu El Oun

AFP, January 23, 2007

Palestinians were preparing to press on with efforts to form a national unity government after inconclusive talks between Khaled Meshaal, leader of the ruling Hamas movement, and president Mahmud Abbas, head of the rival Fatah party.

A statement from the umbrella group of Palestinian factions Monday said a meeting would take place in Gaza City on Tuesday between representatives of Fatah and Hamas, but gave no further details.

"We hope to achieve an inter-Palestinian understanding through this dialogue, because the Palestinian people and the factions have no alternative," Hamas spokesman Ismail Radwan said.

Speaking for Fatah, Tawfiq Abu Khusa said, "We need a government capable of lifting the blockade, reducing the suffering of our people and getting the Palestinian cause back on the international agenda."

Chief Palestinian negotiator Saeb Erakat, speaking from Damascus, echoed Abu Khusa, while stressing that the new government's political programme would have to be "acceptable to the Palestinians, the Arabs and the international community."

Abbas and Meshaal said after meeting in Damascus on Sunday that their respective factions were committed to further dialogue "within two weeks" to try to resolve remaining differences.

The talks had been touted as key to resolving the long-running feud between Fatah and Hamas, where intermittent violence that boiled over in December left more than 30 people dead.

Fatah and Hamas have tried for months to agree on a unity government in the hope of ending a boycott and aid freeze by the United States and the European Union that crippled the already staggering Palestinian economy.

Washington and the EU consider Hamas to be a terrorist group and suspended direct financial aid to the Palestinians after it took power in March because the Islamists refuse to renounce violence or recognise Israel's right to exist.

"We reiterate that dialogue is the only way to resolve our political differences," Meshaal said at a joint press conference, adding that it was wrong to speak of a "power struggle" within the Palestinian Authority.

"There are still points of divergence but the dialogue will continue in Gaza ... or outside to arrive at the formation of a government of national unity," he said.

A joint statement issued after the meeting stressed that discussions had "made progress."

Both sides condemned the spilling of Palestinian blood and agreed to avoid provocation.

Last month's clashes erupted after Abbas said he would call for early elections as a way of resolving the standoff with Hamas, which vehemently rejected the move as an attempted coup and warned it could set off civil war.

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Russia, one of the four members of the Middle East peace quartet, Monday welcomed the talks in Syria even though they ended inconclusively.

Contacts "will eventually lead to formation of a coalition government" that meets international demands for Hamas to renounce violence and recognise Israel's right to exist, allowing for the lifting of the boycott and aid freeze, foreign ministry spokesman Mikhail Kamynin said in Moscow.

"In those circumstances a real chance appears for positive steps forward in Palestinian-Israeli relations and the resumption of a meaningful negotiations process between Israel and the Palestinian Authority on the basis of the roadmap," Kamynin said.

In Amman, Jordanian government spokesman Nasser Jawdeh too welcomed Sunday's talks.

"If the result of the meeting ... leads to reviving the peace process, a national unity government, and a halt to inter-Palestinian fighting and bloodshed, then all this is positive and Jordan supports it," he said.

Father Of Dead West Bank Girl Seeks Peace With Israelis (NYT)

By Greg Myre

The New York Times, January 23, 2007

ANATA, West Bank, Jan. 22 — Even as Bassam Aramin mourns his 10-year-old daughter, killed last week during a clash between stone-throwing Palestinian youths and the Israeli police, he says he wants to talk to Israelis about making peace.

It has been a long journey for Mr. Aramin, 38, a former Palestinian fighter. He spent seven years in Israeli jails, from 1986 to 1993, for weapons possession and for belonging to the Fatah movement, which was banned at the time.

But his views gradually changed, and for the past two years he has been an active member of Combatants for Peace, a group of former Palestinian militants and former Israeli soldiers who have teamed up to urge reconciliation to both sides.

With his Israeli partner, Zohar Shapira, a former member of an elite commando unit, Mr. Aramin has been speaking to students and community groups in Israel and the West Bank.

“Over time I became convinced that we couldn’t solve our problem with weapons and we had to talk to the other side,” said Mr. Aramin, who lives in Anata, on the outskirts of Jerusalem. “I want to keep talking to Israelis so they can understand what happened to my daughter.”

His daughter, Abir, was in an upbeat mood last Tuesday after completing a math exam at the Anata Girls School. She walked out the front gate and crossed the dusty street, where she bought a small gift for her mother, Salwa, who had helped her study.

As Abir emerged from the store, a clash was erupting between stone-throwing Palestinian youths and the Israeli border police. A moment later Abir was hit in the back of the head, a blow that threw her headlong into the street, according to her sister, Areen, 12, who was with her. After three days in Hadassah University Hospital in Jerusalem, Abir died without ever regaining consciousness.

Israel’s separation barrier, a towering concrete wall here, is just a few yards from the adjacent boys’ and girls’ schools, and the area was the scene of frequent confrontations during its construction. But work on the wall was finished several months ago, and the area was calm until the border police began patrolling neighborhoods on the West Bank side of the wall in recent days. Youths threw stones at the Israeli jeeps on several occasions, residents said.

Areen and other Palestinian witnesses say they have no doubt that Abir was hit by Israeli fire. Michael Sfard, a prominent Israeli lawyer representing the Aramin family, said he had received a rubber-coated steel bullet that witnesses said they had found at the scene, which he presented to the Israeli police.

A preliminary report of the autopsy conducted by an Israeli government pathologist and one appointed by the Aramin family found that Abir’s head wounds were consistent with the impact of a rubber-coated bullet, though other possibilities could not be ruled out, Mr. Sfard said.

But the Israeli police say the autopsy did rule out the possibility of a rubber-coated bullet. The police say an investigation has found that police officers fired tear gas but has not confirmed the use of such bullets. A police official, speaking on condition of anonymity because the inquiry is continuing, said the police suspected that Abir might have been hit by a rock that one of the Palestinians had thrown toward the police.

The Aramin family adamantly rejects the police theory and is quick to note the strong support they have received from Israelis, particularly those from Mr. Aramin’s group.

“They were at the hospital with me the entire time,” said Mr. Aramin, who works at the Palestinian National Archives in Ramallah. “I received phone calls from tens of Israelis expressing their sympathy for my family and condemning the killing of my daughter.”

In a conflict so long and bitter, killings more often prompt calls for revenge rather than understanding. Mr. Aramin said his own outlook had changed slowly, over many years.

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Like many Palestinian prisoners, he learned to speak Hebrew while in jail and began conversing with prison guards and watching Israeli television. The peace negotiations of the 1990s gave him hope, and despite the chronic fighting of the last several years, his work with Combatants for Peace has helped sustain him, he said.

The group has about 300 members, with about half from each side, according to Avichay Sharon, 25, an Israeli who was one of the founders and who spent time at the hospital alongside Mr. Aramin.

"When I heard what happened I rushed to the hospital," Mr. Sharon said. "All of us took it upon ourselves to do what we could. Bassam knows there are a lot of people who love him and care about him."

The Israeli members of Combatants for Peace have already served their mandatory military service, though they may be called up for reserve duty that can last for several weeks each year. As an infantry soldier, Mr. Sharon fought in the West Bank and the Gaza Strip from 2000 to 2003. He decided he would not do it again as a reservist.

"I wouldn't point to any one incident," said Mr. Sharon, now a student at Hebrew University in philosophy and Jewish studies. "It was an accumulation of events that opened my eyes."

As a reservist he works in logistics and does not expect to be sent into Palestinian areas. But other members of Combatants for Peace have refused such orders, and served jail time as a result.

The group has held dozens of meetings in recent months, but finding an audience remains a challenge.

"I wouldn't say it's simple," Mr. Sharon said. "Many Israelis don't want a dialogue with someone they think is a terrorist. Palestinians don't want to speak to people they see as occupiers."

Israeli members wanted to pay condolences in Anata, where Mr. Aramin lives with his wife and their five surviving children. But the Aramin family advised against it, fearing that angry neighbors might insult a visiting Israeli, or worse.

Mr. Aramin said he would soon be back at work with his Israeli colleagues.

"I want my daughter to be the last victim," he said. "There are partners on the other side who believe what I believe."

Veteran Of Lebanon Campaigns Is Set To Lead Israeli Army (NYT)

By Greg Myre

The New York Times, January 23, 2007

JERUSALEM, Jan. 22 — A former infantry officer who commanded Israeli troops against Hezbollah in southern Lebanon for many years was appointed Monday as the Israeli military's new chief of staff.

Gabi Ashkenazi, 52, a former general and currently the director general of the Defense Ministry, was chosen to replace Lt. Gen. Dan Halutz, who resigned last week after heavy criticism of his handling of the war in Lebanon last summer.

Prime Minister Ehud Olmert and Defense Minister Amir Peretz agreed on the appointment at a meeting on Monday evening, the prime minister's office said. The nomination must still be approved by the cabinet and a government committee.

In a country where security is the paramount issue, the army chief is one of the country's most important and closely scrutinized positions. The vast majority of Israelis were disappointed with the inconclusive outcome of the one-month war last year with Hezbollah, the radical Islamic group.

Since then, the Israeli news media have engaged in almost daily speculation over possible shake-ups in the military. Two senior officers resigned before General Halutz announced last week that he also was stepping down.

Mr. Olmert has also faced intense criticism and has seen his poll ratings crash. In addition, Mr. Peretz has come under pressure to resign, but insists that he will not.

The prime minister has appointed a committee to examine how the war was handled. In response to a petition by a private group, Israel's High Court of Justice on Monday ordered Mr. Olmert's government to explain why naming a new chief of staff should not be delayed until the committee presents its report. But the nomination indicated that Mr. Olmert plans to press ahead.

General Ashkenazi began his military service in 1972. Last July, he was appointed the Defense Ministry's director general.

U.S. Looks To Poland For Missile-shield Site (USAT)

USA Today, January 23, 2007

The United States is asking Poland to allow ground-based interceptor missiles on its territory as part of a missile-defense system, the U.S. Embassy in Warsaw said Monday. Polish Defense Minister Radek Sikorski indicated a willingness to discuss the issue with "our most important ally" but said nothing had been decided. Poland joined NATO in 1999.

The prime minister of the Czech Republic — another NATO member that was once part of the Soviet bloc — said Saturday that the United States has asked to base a radar station in his country for the system.

U.S. officials have said the missile shield is not intended as a defense against Russia, but the prospect of sophisticated U.S. radar and interceptor systems in formerly communist Eastern Europe has led to Russian warnings of a new arms race. The system "would create a clear threat for Russia," Col. Gen. Vladimir Popovkin, the chief of Russia's Space Forces, said Monday.

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Serbian president backs reform coalition

Serbian President Boris Tadic urged pro-democratic reform parties to put their differences aside and quickly form a coalition government to stave off gains made over the weekend by ultranationalists in parliamentary elections. The formation of a government has taken on added urgency because a United Nations report this week will probably recommend that the southern Serbian province of Kosovo become independent. The Serb Radicals, loyal to the ideas of the late Slobodan Milosevic and opposed to Kosovo's independence, gained seats but fell well shy of a majority. Democratic parties are trying to form a coalition government.

Somali militia leader reportedly gives up

A top leader of the Islamic militia that was driven from power in Somalia surrendered to authorities in neighboring Kenya, the Associated Press reported. Sheik Sharif Sheik Ahmed of the Council of Islamic Courts was flown to Nairobi, according to a police report seen by the AP. In Somalia, the remnants of the militia are being hunted by Ethiopian troops and forces from Somali's transitional government. The militia, which had gained control of most of the country, was ousted in December. Somalia has not had an effective government since 1991, when warlords overthrew a dictator and then turned on one another.

Clashes in Guinea leave 10 dead

At least 10 civilians were killed and 115 were wounded in Guinea's capital, Conakry, when security forces clashed with protesters seeking the ouster of President Lansana Conte, hospital officials said. Most of the casualties appeared to have been caused by security forces firing on demonstrators, said Ousmane Bah, a physician who treated some of the victims. Protesters are in the second week of a strike aimed at toppling Conte, who seized power in a 1984 coup and has refused to step down despite ill health.

U.S. Plans Missile Bases In Europe (AP)

By Vanessa Gera

AP, January 23, 2007

The United States has entered a decisive phase in a plan to set up missile defense sites in Eastern Europe — a system Washington says is aimed at protecting itself and its allies against potential attacks from the Middle East.

But the prospect of sophisticated U.S. radar and interceptor systems in formerly communist Eastern Europe has led Russian military leaders to warn of a new arms race. The system "would create a clear threat for Russia," Col. Gen. Vladimir Popovkin, the chief of Russia's Space Forces, warned Monday.

The United States told Polish leaders it wants to open formal negotiations on the possibility of locating ground-based interceptor missiles in their country as part of a larger missile defense system, a U.S. Embassy spokesman in Warsaw said Monday.

Poland's Defense Minister Radek Sikorski indicated a willingness to talk with "our most important ally" on the issue, but said nothing had been decided.

The request comes after two years of exploratory talks and after the neighboring Czech Republic's prime minister said Saturday that Washington had asked to base a radar station in his country as another part of the system.

Washington has repeatedly sought to reassure Russia it has nothing to fear from the system — a message Andrew Schilling, a spokesman for the U.S. Embassy in Warsaw, echoed Monday. He told The Associated Press a U.S. missile defense system in Europe would be solely aimed at countering "the evolving Middle Eastern ballistic missile threat."

Some experts single out Iran as the motivator behind the U.S. push to develop the system, meant to act as a protective umbrella over most of continental Europe with sensitive radars able to detect ballistic missiles and interceptors that could shoot them down.

"This is completely driven by the threat from Iran," said Riki Ellison, president of the Missile Defense Advocacy Alliance, a non-governmental group that promotes missile defense in the belief it increases world security.

"As Iranians continue to grow both their nuclear capabilities and their ballistic missile capabilities, this site in central Europe is needed," Ellison argued. "Not only for Europe and the troops that the United States has stationed in Europe ... but also for secondary protection of the United States."

Schilling said the request to Polish officials was first made Friday and a "formal diplomatic note" would follow. The U.S. hopes talks on the plan will begin "in the course of the next several months," he added.

Agreement is not guaranteed. Both the Czech and Polish parliaments would have to first approve the plan. Although their governments expressed their support, they are weak and face broad public opposition to the plan. Many fear it will raise the risk of attacks on their countries.

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"The current governments are in favor because both of them are right-of-center and Euro-skeptic and they think that as far as security is concerned, they have to maintain very close ties with the United States," said Jiri Pehe, a Czech political analyst and director of New York University in Prague.

By supporting U.S. missile defense, the two European Union members are showing they do not trust the EU to guarantee their security — and are perhaps even trying to prevent the formation of a unified EU defense policy, Pehe said.

So far, four countries have working missile defense shields, including the U.S., which has interceptor bases in California and Alaska. Russia, Israel and Japan also have systems, while about 15 countries are also working to develop them, Ellison said.

In past months, Russian military leaders have occasionally threatened that an expansion of the U.S. system so close to its borders could provoke a new arms race.

But Pehe, the Czech analyst, said Russian threats should be taken with a grain of salt.

"Russians in the past have threatened to do all kinds of things — for example when NATO was enlarged," Pehe said. "I think they are aware that this particular system, if it's ever built, isn't aimed against them. I would see this more as pressure — and a bit of bluffing."

Global View Of U.S. Worsens, Poll Shows (NYT)

By The New York Times

The New York Times, January 23, 2007

WASHINGTON, Jan. 22 — The global view of the United States' role in world affairs deteriorated significantly again last year, according to a poll of more than 26,000 people in 25 countries.

Negative feelings about the war in Iraq were prevalent, and nearly 7 in 10 people polled said the American military presence in the Middle East provoked more violence than it prevented.

In 18 countries polled previously, an average of 29 percent of those surveyed saw the United States as having a mainly positive influence, down from 36 percent last year.

Across all 25 countries, half of those polled said the United States played a mainly negative role in the world, according to the poll, done for the BBC World Service by GlobeScan and the Program on International Policy Attitudes at the University of Maryland.

Disapproval of the way the United States handled the Iraq war was strikingly strong, at 73 percent.

View Of US's Global Role 'worse' (BBC)

BBCNEWS, January 23, 2007

The World Service survey, conducted in 25 nations including the US, found that three in four respondents disapproved of how Washington had dealt with Iraq.

The majority of the 26,381 respondents also disapproved of the way five other foreign policy areas had been handled.

The poll, released ahead of President Bush's State of the Union speech, was conducted between November and January.

Poll findings in more detail

At-a-glance

The number of those who said the US was a positive influence in the world fell in 18 nations polled in previous years.

In those countries, 29% of people said the US had a positive influence, down from 36% last year and 40% two years ago.

Across the 25 countries polled, 49% of respondents said the US played a mainly negative role in the world.

In Kenya, Nigeria, the Philippines and the US most of those polled said they thought America had a positive role.

But among Americans, the number of those who viewed their country's role positively fell to 57% - six percentage points down from last year and 14 percentage points down from two years ago.

Mid-East role

Respondents were also asked about the Bush administration's handling of six areas of foreign policy:

The war in Iraq: an average of 73% of respondents disapproved (57% in the US). Disapproval was strongest in Argentina and France, while people in Nigeria, Kenya and the Philippines were more likely to approve.

Detainees in Guantanamo: 67% disapproved (50% in the US). Backing for America on this issue was highest in Nigeria, where 49% approved.

Israeli-Hezbollah war: Washington's role met with approval from respondents in Nigeria and Philippines, but on average 65% disapproved across the 25 countries (50% in the US).

Iran's nuclear programme: again, support for US actions appeared strongest in Kenya (62%), Nigeria (53%) and the Philippines (52%). But, overall 60% of respondents disapproved (50% in the US).

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Global warming: more than 80% of respondents in Argentina, France and Germany disapproved compared to 56% overall (54% in the US). But the White House had 50% or more support among those polled in Nigeria, Kenya, the Philippines and South Korea.

North Korea's nuclear programme: opposition to US policy was strongest among respondents in Argentina and Brazil. On average across the 25 countries 54% disapproved (43% in the US).

When asked about US military presence in the Middle East, an average of 68% of respondents across the 25 countries answered that it "provokes more conflict than it prevents".

Views On U.S. Drop Sharply In Worldwide Opinion Poll (WP)

By Kevin Sullivan

The Washington Post, January 23, 2007

LONDON, Jan. 23 -- Global opinion of U.S. foreign policy has sharply deteriorated in the past two years, according to a BBC poll released on the eve of President Bush's annual State of the Union address.

Nearly three-quarters of those polled in 25 countries disapprove of U.S. policies toward Iraq, and more than two-thirds said the U.S. military presence in the Middle East does more harm than good. Nearly half of those polled in Europe, Africa, Asia, South America and the Middle East said the United States is now playing a mainly negative role in the world.

More than 26,000 people were questioned for the survey.

"It's been a horrible slide," said Doug Miller, president of GlobeScan, an international polling company that conducted the BBC survey with the Program on International Policy Attitudes, an affiliate of the University of Maryland. He said views of U.S. policy have steadily declined since the annual poll began two years ago.

In the 18 countries previously polled by the BBC, people who said the United States was having a generally positive influence in the world dropped to 29 percent, from 36 percent last year and 40 percent the year before.

"I thought it had bottomed out a year ago, but it's gotten worse, and we really are at historic lows," said Steven Kull, director of the Program on International Policy Attitudes. Kull attributed much of the problem to a growing perception of "hypocrisy" on the part of the United States in such areas as cooperation with the United Nations and other international bodies, especially involving the use of military force.

"The thing that comes up repeatedly is not just anger about Iraq," Kull said, adding that the BBC poll is consistent with numerous other surveys around the world that have measured attitudes toward the United States. "The common theme is hypocrisy. The reaction tends to be: 'You were a champion of a certain set of rules. Now you are breaking your own rules, so you are being hypocritical.' "

The BBC survey found that a majority of those polled hold negative views on U.S. policies on a wide range of issues. Sixty-seven percent disapproved of U.S. handling of detainees at Guantanamo Bay, Cuba. Sixty-five percent disliked the U.S. stance on last summer's military conflict between Israel and the Hezbollah militia in Lebanon, 60 percent opposed U.S. policies on Iran's nuclear program, 56 percent opposed Washington's position on global climate change and 54 percent disapproved of U.S. policies toward North Korea.

"If this keeps up, it's going to be very difficult for the United States to exercise its moral suasion in the world," Miller said.

The survey of 26,381 people was conducted in Argentina, Australia, Brazil, Britain, Chile, China, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Kenya, Lebanon, Mexico, Nigeria, the Philippines, Poland, Portugal, Russia, South Korea, Turkey, the United Arab Emirates and the United States. The polling took place from November to January.

Although Prime Minister Tony Blair has been Bush's chief foreign ally in the Iraq war, British views of U.S. policies were particularly negative. Fifty-seven percent of Britons surveyed said the United States plays a mainly negative role in the world; 33 percent said the U.S. influence was mainly positive, down three percentage points from last year.

Eighty-one percent of Britons opposed U.S. actions in Iraq, while 72 percent said the U.S. military presence in the Middle East provokes more conflict than it prevents. Just 14 percent of Britons said the United States was a "stabilizing force" in the region.

Globally, the most common view in 23 of the 25 countries is that the United States is causing more Middle East conflict than it is preventing; the most common view in only one country, Nigeria, was that U.S. policies were "stabilizing" the region.

Views of U.S. foreign policy are also becoming more negative among U.S. citizens, the poll found. Of the 1,000 Americans surveyed, 57 percent said the United States is having a mainly positive influence in the world. That is down from 63 percent last year and 71 percent two years ago.

Armenian Editor's Death Leads To Conciliation (NYT)

By Susanne Fowler And Sebnem Arsu

The New York Times, January 23, 2007

ISTANBUL, Jan. 22 — The killing of an Armenian-Turkish editor in Istanbul last week and the sorrow it has generated within Turkey are leading to rare conciliatory gestures between Turkey and Armenia, historic enemies, and to calls for changes in laws here defending Turkish identity.

On Monday, Armenian political and spiritual figures accepted an invitation from the Turkish government to attend the funeral of Hrant Dink, the founder of an Armenian-Turkish newspaper, who was killed outside his office on Friday, apparently by a young nationalist fanatic.

The suspect in the slaying, Ogun Samast, 17, was escorted back to the scene of the crime Sunday night by law enforcement authorities.

The head of the Istanbul security forces said that Mr. Samast "was driven to commit the crime by his nationalistic feelings" and had no ties to any group.

Mr. Dink was a staunch defender of free speech and like other intellectuals was prosecuted for insulting "Turkishness" and sentenced to six months in jail, though his term was suspended.

Bulent Arinc, the parliamentary chairman from the ruling Justice and Development Party, said he would back efforts to abolish the measure under which Mr. Dink was prosecuted, known as Article 301.

"It can be discussed to totally abolish or completely revise the Article 301," Mr. Arinc said, adding that members of Parliament "are open to this."

Despite the fact that the Armenian-Turkish border has been sealed since 1993 and diplomatic relations severed, Armenia is sending a deputy foreign minister, Arman Kirakossian, to the funeral, and the archbishop of the Armenian Church of America, Khajag Barsamian, also accepted the government's invitation to the ceremony.

Earlier, the Armenian defense minister, Serzh Sarkisyan, called for improved relations so that Armenia could "establish ties with Turkey with no preconditions," the Turkish news channel NTV reported.

High-level Turkish government officials are expected to attend the funeral.

Turkey and Armenia have long been at odds over Turkey's refusal to use the term "genocide" to describe the deaths of Armenians beginning in 1915. Many scholars and most Western governments say more than a million Armenians were killed in a campaign they describe as genocide. Turkey calls the loss of life a consequence of a war in which both sides suffered casualties, and has suggested that a group of envoys from each country analyze the history. Armenia has expressed a willingness to participate but insists that the border must first be reopened to trade.

But many Armenians living abroad hold a much harder line and are lobbying the United States and European governments to deny Turkey entrance into the European Union until Ankara recognizes the killings as genocide.

Norman Stone, professor of history at Koc University in Istanbul, said Mr. Dink was killed at a time when Turkey was reacting to pressure to respond to the Armenian issue.

"There are a lot of balanced people here who say, 'Look, the genocide issue is unclear, but if you just leave it as a matter of massacres, then we can start making progress,' " Mr. Stone said.

The funeral is shaping up to be far more than a farewell to a popular though controversial figure. The fact that the government is permitting it to take place on a grand scale is another sign of a change.

A wide boulevard in the heart of Istanbul's main commercial district will be closed to traffic as the funeral cortege gathers outside the offices of the newspaper where Mr. Dink was shot.

The mayor of the district, Mustafa Sarigul, said the local government will hand out carnations and release hundreds of pigeons as a symbol of peace. Mr. Dink once said, "I may see myself as frightened as a pigeon, but I know that in this country people do not touch pigeons."

The procession is expected to advance for about a mile before the body is driven across the Golden Horn to the Kumkapi district for a Christian funeral Mass at the Church of the Virgin Mary. Among the Turkish government officials expected to attend the Mass are the interior minister, Abdulkadir Aksu, and the deputy prime minister, Mehmet Ali Sahin. Burial is to follow at the Balikli Armenian Cemetery.

Most Armenian Turks live in Istanbul, the diverse and cosmopolitan center of Turkey. But the antinationalist demonstrations that followed Mr. Dink's killing also surfaced in places as diverse as Izmir, the Aegean coastal city that is Turkey's third largest, and in Sanliurfa and Hatay, which are close to Turkey's eastern border with Syria.

"Public opinion in both countries, weary of the years-long conflict, had reached a point of explosion," said Kaan Soyak, a director of the Turkish-Armenian Business Development Commission, the only bilateral trade council of Turkish and Armenian executives. "That's what lies behind the massive outpouring for Mr. Dink."

Ethnic Armenian Turks, like Jewish and Greek Turks, are an officially recognized minority group and as such are allowed to operate their own schools. Mr. Dink, for example, attended Armenian schools in Istanbul until entering a state-run university.

Mr. Dink was labeled as a target among nationalist groups on their Web sites. Mr. Samast, the suspect, read and was influenced by those postings, according to the Anatolian news agency.

Seven other suspects were also being detained over the weekend, including Yasin Hayal, who served 11 months in jail for the bombing of a McDonald's restaurant in Trabzon in 2004.

Mr. Hayal, a known nationalist, is suspected of having a history of Islamic militant activity. He attempted to join the rebels in Chechnya but was turned away at the border, his former lawyer, Fatih Cakir, said by telephone on Sunday.

Havva Samast, Mr. Samast's mother, knew that her son and Mr. Hayal were friends.

"I couldn't believe my eyes when I saw him on television and had a shock," she said during a televised interview with the Dogan News Agency from her and her son's home city of Trabzon. "He couldn't have done this on his own. I know that he was friends with" Mr. Hayal.

But many here still blame Article 301 for Mr. Dink's death and see it as an obstacle to freedom of speech in Turkey.

Assassination Link Embarrasses City (WT)

By Nicholas Birch

The Washington Times, January 23, 2007

TRABZON, Turkey -- Few were surprised in this Black Sea coast city when a local youth confessed over the weekend to the shooting death of Turkish-Armenian journalist Hrant Dink, the latest incident to darken Turkey's international reputation.

"I bet that's the work of a local man" was the instant reaction to news of Mr. Dint's death in the mind of Mehmet Akcelep, a city councilor who has grown used to seeing his hometown in the news for the wrong reasons.

It was here, last February, that a 16-year-old boy fatally shot an Italian priest in the local Catholic church. It was also here, in May 2005, that four students distributing leaflets about prison conditions narrowly escaped death at the hands of a 2,000-strong lynch mob.

Mr. Akcelep did not have to wait long to see his fears justified. Arrested Saturday on an overnight train, 17-year-old high school dropout and amateur soccer player Ogun Samast turned out to be from Pelitli, a suburb of Trabzon.

"I said my prayers and then I shot [Mr. Dink]," Ogun reportedly told interrogators. "I feel no remorse. He said Turkish blood was dirty blood."

Nationalism always has been a fundamental ingredient of Turkish society. As a political movement, it has traditionally been strongest in the towns south of the 13,000-foot-high mountains dividing Trabzon from the bleak Anatolian interior.

Now, Trabzon has become a leading center of militant Turkish nationalism, and locals said the phenomenon could spiral out of control.

"What you have here is a headless monster, a nursery for potential assassins," said Omer Faruk Altuntas, a lawyer and local head of a small left-wing party.

"You may not like its policies, but at least the MHP controls its followers," agreed Mehmet Akcelep, referring to Turkey's biggest extreme nationalist party, the National Movement Party. "But Samast and hundreds of others like him aren't party people; they're free particles."

Locals say the sources of what one Turkish commentator has labeled "banal fascism" in Trabzon are partially economic. Surrounding villages used to be prosperous; then the hazelnut market collapsed and farmers fled to the city in the tens of thousands.

Ogun's district of Pelitli is made up of former villagers forced out of their homes by floods and landslides. Youth unemployment is high and most teenagers while away their time in one of two Internet cafes, or playing soccer.

Those deep-seated grievances have been stoked by the belief that Trabzon has suffered more than its share of casualties in Turkey's 25-year war against Kurdish separatists.

The May 2005 mob attack on four students occurred in an atmosphere of national hysteria triggered by an attempt by two Kurdish teenagers to burn the Turkish flag. Turkey's top general called the flag-burners "so-called citizens."

Critics of developments in Trabzon blame all local authorities, but reserve their harshest words for the press.

"Three or four times, they've pretty much invited people to take out their guns and start shooting," said retired teacher Nuri Topal. The lynch mob formed after local television stations ran news flashes saying the students were separatists.

In most Anatolian towns, few people watch local television or read local newspapers. In Trabzon, both are immensely popular and influential, mainly because of the town's obsessive relationship with soccer.

The only non-Istanbul club ever to win Turkey's soccer league, Trabzonspor is a central part of the city's identity. The club has long been rumored to be close to local mafia groups enriched by Trabzon's key position in Black Sea human-trafficking networks. Many think its influence on local society is negative, too.

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"Trabzonspor and its supporters associations have become a semiofficial channel for nationalist thought," said local human rights activist Gultekin Yucesan.

No Quick Moves On Doha Round Likely (USAT)

By David J. Lynch

USA Today, January 23, 2007

WASHINGTON — Chief U.S. trade negotiator Susan Schwab said Monday there is no prospect of an imminent breakthrough in long-stalled global trade talks.

Schwab leaves Wednesday for the World Economic Forum in Davos, Switzerland, where she plans to meet with counterparts from Europe and key developing nations in hopes of reviving the flickering Doha Round negotiations. The talks, named for the Qatari capital where they began in 2001, deadlocked in July and have made scant progress since then.

"We're still not close, I would say, to being able to sit down as trade ministers to talk about closing a Doha Round deal or to talk about a Doha Round breakthrough in substance," Schwab said in an interview with USA TODAY.

The trade chief said ongoing "technical" talks are advancing and could pave the way for an eventual deal. But major disagreements remain about the numerous components of a global accord billed as reducing trade barriers and promoting growth in developing nations. Any eventual deal would require the U.S. to reduce its farm subsidies in return for expanded access to overseas markets.

"We have a ways to go before we can translate the initial progress we are making on the technical front into a meaningful breakthrough. … It's not going to be at Davos," Schwab said.

The Doha Round was launched after the attacks of Sept. 11, 2001, in hopes of diminishing the economic despair in poorer countries believed to serve as a breeding ground for terrorism.

Now, after more than five years of fitful negotiations, the political calendar is an increasing concern. At the end of June, the president's "fast-track" authority to get congressional approval of trade deals on a straight yes or no vote expires.

The administration plans to seek a fast-track extension, Schwab said. That request is certain to trigger an intense political battle. In 2002, the last time Congress granted the president such powers, the legislation passed the House by just three votes. Achieving a Doha Round breakthrough would make it easier to obtain the extension, she said.

Peter Mandelson, Europe's top trade negotiator, has warned that if Doha Round progress is not made by the end of March, a new global trade deal would have to await the next U.S. president. Schwab rejected that "artificial deadline," but acknowledged that time is running out. "At some point, countries sort of stop paying attention. It stops being a priority. That is the only deadline out there now that we're concerned about," she said.

Still, her toughest bargaining may lie at home with Democrats who control Congress. Key Democrats, backed by the AFL-CIO labor organization, want tougher labor and environmental standards in any new trade deals. Schwab said discussions with the new Capitol Hill powers have only just begun.

European Trade Negotiator Sees Some Hope (NYT)

By Dan Bilefsky And Carter Dougherty

The New York Times, January 23, 2007

BRUSSELS, Jan. 22 — The European Union's chief trade negotiator said Monday that efforts to restart stalled global trade talks were showing new vigor. But he sought to discourage expectations that a breakthrough could come during a meeting of trade ministers this week alongside the Global Economic Forum in Davos, Switzerland.

"We are in the endgame, but we are not in a situation where we have the outlines of an agreement," the trade commissioner, Peter Mandelson, said.

Since Mr. Mandelson met with President Bush two weeks ago, the United States and the Europeans have tried to come up with a formula for cutting agricultural subsidies and tariffs, the major sticking point when the talks collapsed in July.

The talks — called "what if" negotiations by the United States trade representative, Susan C. Schwab — are aimed by each side at sounding out what it would take for the other to improve its offer, American and European officials said. If both sides like what they hear in private, they could try to win over other countries, notably India and Brazil.

"We can move, and we will do so, as long as it's not unilateral and as long as it is in proportion to the effort that others are making," Mr. Mandelson said.

The Europeans would like to see the United States improve its offer of limiting farm subsidies at $22.5 billion — something the Bush administration has said is possible with greater openness in Europe's markets.

Roughly two dozen trade ministers are expected at an informal meeting Saturday on the sidelines of the economic forum in Davos, providing an opportunity to widen the scope of the talks.

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That said, all sides have played down the possibility of tangible progress. One major matter in Davos will be how India reacts. India has proposed using exceptions for “sensitive products” to keep high tariffs on some of the most-traded goods, creating a sharp conflict with advanced industrial nations.

Prime Minister Manmohan Singh, an economist, is thought to be amenable to a trade deal. But his political party depends heavily on the votes of India’s vast rural population, limiting his room to maneuver.

European officials said Monday that the bloc had signaled its willingness to make concessions by reducing barriers to foreign farm products an average of 54 percent. This would bring Europe to a level sought by large developing countries, although it would be only a slight improvement over what Mr. Mandelson hinted last year that Europe might offer.

The European offer depends on an American reduction of farm subsidies to $15 billion or less a year, European Union officials said Monday.

American officials, in turn, have said that for a European offer to be politically viable, the European Union had to raise it significantly above last year’s proposal, and above 54 percent.

Outrage Over British Collusion In N. Ireland Killings (AFP)

By Eamonn Mallie

AFP, January 23, 2007

British police colluded with paramilitaries behind at least 10 murders in Northern Ireland in the 1990s, a damning report said, triggering outrage in Dublin and Belfast and remorse in London.

The report about Protestant militants threatens to cloud current efforts to restore self-rule in the long-troubled British-run province, in which Catholic lack of confidence in policing is a key stumbling block.

"Today's ombudsman's report is deeply disturbing," said Irish premier Bertie Ahern. "Its findings are of the utmost gravity. It paints a picture of despicable past behaviour."

"This was a war of terror that was inflicted on Republican and nationalist people for a very long time," said Sinn Fein head Gerry Adams, whose Republican movement meets next week to decide whether to back the current policing system.

The 160-page study by the Police Ombudsman for Northern Ireland also found evidence linking police informants to 10 cases of attempted murder, 10 punishment shootings and 13 punishment attacks by Protestant outlaws.

The report said that, from 1991-2003, one Ulster Volunteer Force (UVF) informer was paid 79,840 pounds (157,640 dollars, 121,710 euros) including a series of "incentive payments" by his police Special Branch handlers.

Police Ombudsman Nuala O'Loan "established a pattern of work by certain officers within Special Branch designed to ensure that (the informant) and his associates were protected from the law," said the report's authors.

"She also identified a series of instances when they took steps to ensure that police informants who had committed crimes were protected from police officers investigating those crimes and from other agencies within the criminal justice system."

The British government admitted the report made "uncomfortable reading."

A spokesman for Prime Minister Tony Blair said the activities by the Royal Ulster Constabulary (RUC) revealed by the report were "deeply disturbing, wrong and never should have happened."

"The serious failings that have been exposed within parts of the RUC Special Branch ... cannot be justified and no-one should attempt to justify them," added Northern Ireland Secretary Peter Hain.

"They should never have happened."

The report was the result of a three-and-a-half-year investigation centred on activities in north Belfast, during which more than 100 serving and retired police officers were interviewed, 24 of them under caution.

As well as the murders, attempted murders and punishment attacks, the report also cited police informant links with a bomb attack in the town of Monaghan, 110 kilometres (70 miles) southwest of Belfast across the border in the Republic of Ireland.

The report also said informants were "babysat" by their minders to prevent them incriminating themselves during police interviews.

Britain and Ireland are battling to persuade both sides in Northern Ireland -- Catholic-backed Republicans who want union with Ireland, and Protestant Loyalists who favour keeping ties with Britain -- to end their differences.

Sinn Fein, the political wing of the Irish Republican Army, is resisting cooperation with the Police Service of Northern Ireland, the successor of the Protestant-dominated RUC.

Under the St Andrews Agreement struck last November, power-sharing in Belfast -- foreseen under the 1998 Good Friday Agreement, but suspended for the last four years -- can resume on March 26.

The British government insists it is still possible to achieve that date, but only so long as Sinn Fein agrees to cooperate fully with police in the British-run province.

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Serbia Vote Could Lead To Coalition Of Democrats (NYT)

By Nicholas Wood

The New York Times, January 23, 2007

PRISTINA, Kosovo, Jan. 22 — Two leading democratic parties emerged Monday as the groups most likely to form a government in Serbia, despite a first-place showing for a nationalist party in the parliamentary elections on Sunday.

But the prospect of slow negotiations to secure a coalition complicates international efforts to find a solution for the disputed province of Kosovo, which are approaching a turning point.

The nationalist Radical Party took 82 seats in the 250-member Parliament, initial results indicate. A strong performance by the Democratic Party, led by President Boris Tadic, held back the Radicals.

The Democratic Party won 65 seats, according to initial results from the state election committee. Other parties, led by the Serbian Democratic Party — a different group from the Democratic Party — took 47 seats. That positions the two Democratic groups to lead a slightly broader coalition.

It will not be easy, however, because the two main democratic parties have longstanding rivalries, and the prime minister, Vojilsav Kostunica, seems unwilling to negotiate his job away, though his Serbian Democrats came in third.

Western governments are hoping for the installation of a strong negotiating partner in Belgrade as the United Nations prepares to make its proposals for the future of Kosovo, the Serbian province that has been under United Nations control since 1999.

Western diplomats in the region say that a Democratic Party-led coalition would be most able to track down Serbia's remaining war crimes suspects, notably the wartime Bosnian Serb Army commander, Ratko Mladic.

In Brussels on Monday, the European Union pledged to keep its door open to Serbia despite the strong showing by the nationalists. Speaking after a meeting of foreign ministers, Olli Rehn, the European Union's enlargement commissioner, commended the country for conducting a democratic vote.

President Tadic on Monday urged the rapid formation of a new administration, saying he would award the position of prime minister "to the one who has a best chance to gain a majority in the new Parliament."

Mr. Kostunica, the prime minister, who has headed a minority government for three years, said he was "open for talks with other parties." But he implied that Mr. Tadic's party would have to compromise.

The former Finnish president who is the United Nations envoy to the Kosovo negotiations, Martti Ahtisaari, has held back from announcing his proposals for Kosovo's future until the elections were over, in order not to influence them.

A spokesman for Mr. Ahtisaari's office said a version of the document would be presented to diplomats on Friday.

Mr. Ahtisaari's plan is expected to enable Kosovo to seek international recognition, and to transfer supervision of the province from a United Nations mission to a small body led by the European Union.

A 78-day bombing campaign led by NATO forced the Serb-dominated security forces to cede control of Kosovo in 1999, after the forces were accused of committing atrocities against the ethnic Albanians who predominate in Kosovo. In the election on Sunday, Serbs in Kosovo voted, but most Albanians did not.

Diplomats familiar with the negotiating process say that Mr. Ahtisaari's document, which is ultimately subject to Security Council approval, is unlikely to mention independence explicitly. Instead, recognition of Kosovo would be left to individual countries.

But Russia has said it will oppose any resolution that does not have Serbia's support.

In Serbia, a leading contender for the job of prime minister, Bozidar Djelic of the Democratic Party, suggested that Mr. Ahtisaari should not act until the Serbs form a government, because earlier action on the delicate issue of Kosovo could strengthen the nationalists' position. Under Serbian law, the parties have until the end of April to agree on a coalition, or face the possibility of new elections.

One European affairs analyst suggested that some European Union nations might be reluctant to back a settlement that leads to an independent Kosovo. Spain, Slovakia, Romania, Greece and Cypress have all voiced their concerns about such an outcome.

"It could provide more opportunity for disunity to emerge," said the analyst, Judy Batt, a senior researcher at the European Union Institute for Security Studies in Paris, who was in Belgrade to monitor the elections.

Conversely, she said, "The longer Belgrade takes forming a government, the less sympathy they will have among member states."

Russia Limits Foreign Labor To Fight Illegals (WT)

By Michael Mainville

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The Washington Times, January 23, 2007

MOSCOW -- Thousands of migrant workers from the Caucasus, Central Asia and China are leaving Russia as the government institutes tough new measures aimed at cracking down on illegal immigration.

Campaigners against illegal immigration are welcoming the measures, saying low-paid migrants were distorting the job market and taking work from Russian citizens. But critics say the moves are ill-advised because they will drive up retail prices and create a labor shortage that could hurt Russia's booming economy.

About 12 million people, mostly citizens of impoverished ex-Soviet republics who do not require a visa to enter the country, are currently working illegally in Russia, according to analysts.

The new rules set the quota for legal foreign workers at 6 million, while at same time imposing fines of up to $30,000 on companies that employ foreigners illegally. Also, as of this month, only 40 percent of workers in Russia's retail markets are allowed to be foreigners, and none should be by April 1.

Foreign workers have traditionally dominated in Russia's retail markets, with people from Azerbaijan, for example, selling fruits and vegetables, and Chinese selling cheap manufactured goods. Illegal migrants, mostly from Uzbekistan and Tajikistan, are also heavily employed as laborers in the construction industry.

"We aren't wanted anymore, so I guess we'll be going home," said Artak, an Armenian who sells cigarettes and alcohol at a kiosk in central Moscow. "I'll be surprised if they can find a Russian who is willing do this work all day for what they pay me."

With illegal migrants difficult to track, it's not clear exactly how many are leaving Russia. But Russian police have been out in force to enforce the new laws, and signs are that few are taking the risk of staying.

Many stalls at food markets across Moscow are empty as vendors leave the country. Some markets have closed altogether, while others have posted signs looking for vendors with Russian citizenship. Russian television has shown images of empty markets in the Far East, where Chinese stallholders have fled across the border.

A Russian union organizer who works with illegal migrants in the construction industry said companies are throwing thousands of workers off job sites in fear of being prosecuted.

"You used to be able to get off the plane and immediately find work. Now everyone wants to get back on planes to go home," said the organizer, who did not want his name used because he worries that he'll be targeted by authorities.

The new measures appear to be a response to a surge in ethnic nationalism and opposition to immigration that has occasionally erupted in violence. In August, a bomb tore through Moscow's Cherkizovsky market, killing 13 persons, mostly illegal workers from Central Asia.

Racist attacks have grown dramatically, with at least 53 persons killed last year in racially motivated assaults, according to the human rights group Sova.

Last fall, President Vladimir Putin denounced "ethnic gangs" that control Russia's markets and called for regulation to protect "the native Russian population."

Alexander Belov, the head of the influential Movement Against Illegal Immigration, welcomed the new rules as "a step in the right direction." But he said Russia needs to go further and impose full visa requirements on "people from poor countries who take jobs from Russians and give nothing back to our society."

Russia's population is shrinking by 750,000 people a year and has fallen below 142 million due to low birth rates and high mortality rates, especially among working-age men. There are fears the new measures could lead to an economic slowdown if foreign workers cannot be replaced.

"Most of the migrants working in Russia are doing jobs Russian citizens don't want," said Svetlana Gannushkina, the head of the Migration and Law Network, which assists immigrants.

She said the measures are little more than a populist move ahead of elections to the State Duma, Russia's lower house of parliament, later this year. This could backfire, she added, because the crackdown may also drive up costs in retail markets, hurting Russia's poor.

The average Russian earns only about $5,000 a year, and low-income Russians do most of their shopping in retail markets. "This is going to damage not only migrant workers but also all the people who won't be able to afford to pay more for fruits, vegetables and meat," she said.

The government appears to be hedging its bets promising that prices will not rise and that the April 1 deadline for foreigners to be banned from markets could be extended.

"The laws are aimed at regulating the normal functioning of markets and not at reducing the quantity of goods traded," Economic Development Minister German Gref said in televised comments. "If we see any threat, the time limit can be extended by a government decision."

The Mystery Of The Chinese Baby Shortage (NYT)

By Beth Nonte Russell
The New York Times, January 23, 2007
McLean, Va.

ACCORDING to a State Department report released this week, American citizens adopted 6,493 children from China in 2006, a decline of 18 percent from the previous year's total of 7,906. And yet, just over a month ago, this newspaper reported that China had prepared strict new criteria for foreign adoption applications because the country claimed it lacked "available" babies to meet the "spike" in demand.

China has always limited foreign adoptions, and it does not publish reliable statistics on the number of children in its orphanages. So how is one to know whether the decrease in adoptions reflects a lack of supply or a lack of demand?

In the week following the report on the new guidelines, more than one bewildered person said to me, "But I thought there were lots of babies in orphanages in China!" My response was to helplessly reply, "So did I." My understanding of this was based not on conjecture, but on having been to China twice to adopt, having seen orphanages with my own eyes, and on research and other eyewitness accounts. Many hundreds and perhaps thousands of orphanages operate in China, most of them full of girls.

According to a February 2005 report in The Weekend Standard, a Chinese business newspaper, demographers in China found a ratio of 117 boys per 100 girls under the age of 5 in the 2000 census. Thanks to China's one-child policy, put into effect in 1979 in order to curb population growth, and a strong cultural preference for male children, this gender gap could result in as many as 60 million "missing" girls from the population by the end of the decade, enough to alarm even Chinese officials.

And what happened to these girls? According to the International Planned Parenthood Federation (a term that takes on a whole new meaning when referring to China), there are about seven million abortions in China per year, 70 percent of which are estimated to be of females. That adds up to around five million per year, or 50 million by the end of the decade; so where are the other 10 million girls? If even 10 percent end up in orphanages... well, you do the math.

A few months ago, in a conversation with my friend Patrick Mason, executive director of the International Adoption Center at INOVA Fairfax Hospital in Virginia, I confessed a growing fear: that China, the country from which my two daughters were adopted, would sooner or later shut down its international adoption program. Dr. Mason immediately dismissed my concern, saying, "The number of orphans is just too great."

And yet, I continued to wonder whether, as China increasingly asserts itself on the world stage and prepares to host the 2008 Summer Olympics, allowing Westerners to adopt thousands of infants each year would fit the image it wanted to project. I suspect not, and China's new restrictions lead me to believe that national pride is more important than getting these children into loving homes.

The issue of abandoned and institutionalized children remains a taboo subject in China, a problem the government does not even acknowledge exists. The impulse to hide it seems to stem partly from embarrassment and partly from fear of revealing the grave human rights abuses the one-child policy has produced; surely, watching a parade of well-off foreigners cart off thousands of babies would make the Chinese authorities understandably uncomfortable.

But the answer is not to stop the foreigners from adopting; it is to put an end to their reasons for doing so. My fondest hope, and the hope of thousands of parents who have adopted from China, is for all the orphanages there to close because there are no more abandoned children to put in them. This will be accomplished only when China decides that there is no economic or political justification for the magnitude of suffering that has resulted from the one-child policy. The government must openly acknowledge the problem, in part by publishing verifiable information about the status of its orphaned children, and take real steps to correct it. To do so would go a long way toward building the international trust and respect China seems to want so badly.

China has announced the lifting of restrictions for foreign journalists in preparation for the 2008 Olympics. Perhaps this will allow reporters to look for answers to some basic questions: how many children are there in institutions in China? If there is nothing to hide, why do visitors need approval to visit orphanages? Why are only certain orphanages allowed to participate in the international adoption program, and what is going on in the ones that are not?

The Hague Convention on Intercountry Adoption, to which China and 69 other countries are signatories, goes a long way toward ensuring against child abduction and trafficking; but it does not include provisions that would require member countries to report such information as the number of children housed in institutions or the criteria used for selecting "suitable" children for adoption.

The treaty states that "for the full and harmonious development of his or her personality," each child should have the opportunity to grow up in a "family environment, in an atmosphere of happiness, love and understanding." Indeed, it requires that each signatory take "as a matter of priority, appropriate measures to enable the child to remain in the care of his or her family of origin." One could argue that China's one-child policy directly violates the treaty by ensuring that many children will not remain in the care of the family but be relinquished to the care of the state.

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Under the new Chinese adoption guidelines, the international adoption celebrity Angelina Jolie could not adopt from China (she's not married, and alas, she and Brad have more than two divorces between them, which is a no-no); nor could the actress Meg Ryan (again, not married). Another person who is not eligible is yours truly. My husband is over 50, so I would have to trade him in, marry again, wait the required five years (another new rule) before beginning the adoption process, and by that time I would be sneaking up on 50 myself.

It is comforting to know that Madonna is still eligible, at least until she turns 50, gets fat (the new regulations call for a body mass index of less than 40), gets divorced or goes broke (anyone with a net worth of under $80,000 is excluded).

The Chinese have asserted that the demand for adoptions far exceeds the number of babies it deems "available," based on criteria that have never been made public. We can only wonder how many babies will be left behind by Beijing's new policies — perhaps spending their lives in institutions because of these arbitrary and artificial limits.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Judge Denies Bond For Rhode Island Terror Suspect. The Providence Journal (1/24, Ziner, 167K) reports, "Mohammed Yousuf Mullawala, a central figure in a national antiterrorism investigation, admitted lying to Rhode Island state police numerous times about his whereabouts and activities since he arrived in this country in 2002, according to a state police affidavit made public yesterday. Federal Immigration Judge Matthew J. D'Angelo cited those alleged lies and Mullawala's 'evasive and far-fetched explanations' in denying bond yesterday for Mullawala, whom he called a danger to the community and 'an extreme flight risk.'" The Journal notes, "Mullawala's behavior at the Nationwide Tractor-Trailer Driving School, in Smithfield, triggered Homeland Security concerns that have since widened into an investigation by an FBI Joint Terrorism Task Force. According to the school's instructor, that behavior included Mullawala's expressed interest in buying software or videos on hazardous materials and his stated interest in only learning how to drive the truck forward — not how to back it up or any other required technical maneuvers."

Al Arian Begins Hunger Strike Over Contempt Ruling. The Tampa Tribune (1/24, Silvestrini) reports, "Sami Al-Arian has begun another hunger strike after being held in contempt for refusing to testify before a grand jury in Virginia, his supporters say. In the meantime, Al-Arian has appealed an order with the 11th U.S. Circuit Court of Appeals that says his plea agreement in Tampa does not protect him from having to testify in Virginia." The Tribune notes, "During the trial, the government presented evidence that Al-Arian's think tank, World and Islam Studies Enterprise, received funding from the International Institute of Islamic Thought, based in Herndon, Va. … At the time of the plea agreement, his attorneys stressed Al-Arian would not cooperate with the government. In September, the U.S. attorney's office in the Eastern District of Virginia contacted attorneys for Al-Arian seeking his testimony before a grand jury investigating the institute."

House Democrats To Question Gates On Guantanamo Contractors. The Hill (1/24, Tiron) reports "several" House Democrats intend to "grill" Secretary of Defense Robert Gates on "the Pentagon's use of private contractors in interrogations at the military prison in Guantánamo Bay.' Chief Deputy Democratic Whip Jan Schakowsky and 26 other members "wrote to Gates Tuesday asking for a briefing on interrogation practice after the FBI revealed allegations this month of torture by contractors at Guantánamo.

HOMELAND RESPONSE:

Judge Mulls CSX Challenge To DC Hazmat Rail Ban. The Washington Post (1/24, B3, Cauvin) reports, "The fate of a District law banning rail shipments of hazardous materials was back before a federal judge yesterday, nearly two years after the prohibition was enacted by the D.C. Council." The Post continues, "The law, which was prompted by fears that the Capitol and other landmarks are vulnerable to a terrorist attack on rail lines that skirt downtown, was quickly challenged in 2005 by CSX Transportation Inc., which controls the key freight routes through the District. The law has never taken effect. Yesterday, a judge heard arguments to determine whether it ever will." The Post adds, "U.S. District Judge Emmet G. Sullivan set no timetable for a decision in the case, which is being monitored by cities and states throughout the country. … CSX said that the District is overstepping its legal authority and that the law, if allowed to stand, could lead other local governments to pass similar bans, crippling the transportation of hazardous materials nationwide. … Under federal regulations, rail operators bear much of the responsibility for assessing risks and determining how to deal with them -- an arrangement that critics say puts public safety at the mercy of profit-driven businesses." The Post notes, "After gathering evidence and taking preliminary steps for nearly a year, lawyers for the two sides appeared before Sullivan yesterday for nearly two hours -- on one side, Robert Utiger of the D.C. attorney general's office and James R. Wrathall of WilmerHale for the Sierra Club; on the other, Virginia Seitz of Sidley Austin for CSX and Arthur R. Goldberg of the Justice Department."

FBI Arrests Suspect In Los Angeles Subway Mercury Incident. The AP (1/24) reports, "The FBI on

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Tuesday arrested a man they believe spilled toxic mercury on a subway platform. Armando Bustamante Miranda, 27, was being questioned but it did not appear he was involved in any terrorist activity, FBI spokeswoman Laura Eimiller said. He was arrested and held for a parole violation unrelated to last month's spill, Eimiller said." However, she added, "We're not going to have anything more until we sort this thing out." The AP notes, "The county is conducting an investigation to determine why transit officials waited eight hours to alert authorities after they were told about the spilled mercury." The Los Angeles Times (1/24, Blankstein, Guccione, 850K) adds that "Miranda was being questioned by FBI agents and Los Angeles County sheriff's investigators," and the Times notes, "Detectives expressed frustration at the difficulty in finding the suspect, at one point creating more than a dozen potential profiles, including a prankster, a screenwriter working on a script, an actor seeking attention, a student working on a project and even a terrorist. Officials repeated Tuesday that they doubt the incident was related to terrorism." Fox News' Fox Report with Shepard Smith (1/23) also briefly reported on the arrest.

Group Attempting To Simplify Rules Concerning SBU Documents. The Washington Post (1/24, A21, Williamson, 690K) reports, "Inside an unmarked, secured office near the White House, intelligence officials, lawyers and police work to close a gaping hole in the nation's counterterrorism system: the failure of people in the government to communicate with one another." In coming days, the group, "known as the 'information-sharing environment' (ISE) program," is set to "send the president its recommendations for taming an explosion of 'sensitive but unclassified' (SBU) documents." ISE program manager Thomas McNamara says the presence of more than 100 "markers" dictating the rules for handling these documents results in "chaos." He said the group would like to reduce that number to "a dozen or fewer, develop one set of handling rules, and make the documents available to all who need them."

Few Difficulties Encountered Under New Travel Security Rules. The Washington Post (1/24, A3, Aizenman, 690K) reports, "Passengers experienced few difficulties yesterday as new border security rules went into effect requiring citizens of the United States, Canada, Mexico, Bermuda and some Caribbean islands to present a passport when entering the United States by air, officials said." The "smooth transition was largely because of the high percentage of travelers who had obtained a passport, said authorities." The Department of Homeland Security said "90 percent of US citizens flying into the country over the last week arrived with passports, compared with 81 percent during the week of Dec. 11."

Pilots Who Carry Guns On Jetliners May Leave Program Over Training. The Washington Post (1/24, D2, Wilber, 690K) reports a program for pilots aboard US jetliners "is showing signs of growing pains," as the pilots "and their labor groups complain about a lack of supervision and the difficulty in finding time to participate in training courses. Worried that pilots' handgun skills may be eroding, federal security officials are launching a refresher training program next month. … 'Using a weapon is a perishable skill, and we want to ensure they have the appropriate training,' said John A. Novak, an assistant director with the air marshal service." The Post continues that pilots said the course "could prompt some to leave the program," adding that participants "are not paid for their time," or "reimbursed for travel, lodging or food expenses."

DHS General Counsel Resigns. The Washington Post's (1/24, A21) Al Kamen writes in his "In the Loop" column that Homeland Security general counsel, Philip J. Perry, will resign effective Feb. 6, Secretary Michael Chertoff announced "after business hours yesterday," adding that he fully supported Perry's decision "to put his family first." Kamen notes, "That would include wife Elizabeth Cheney, daughter of Vice President Cheney, and their five children, the youngest of whom arrived last summer." Perry is expected to "rejoin the Washington office of his old firm, Latham & Watkins, as a partner in its litigation department."

WPost Says Report On Poor Conditions For Detainees Requires Action From ICE. Under the headline "Locked In Squalor," the Washington Post (1/24, A22, 690K) editorializes that Immigration and Customs Enforcement "has had guidelines on the books governing the treatment of detainees" for years, and the agency is "very good at meeting its standards," according to a spokesman. But "a report released by the Department of Homeland Security's inspector general last week suggests the opposite," having "found violations of basic ICE guidelines in every one" of the five facilities it examined. The Post adds, "In a written

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response to the report, ICE agreed that it needs to review its inspection regimen. That's a start. The next step should be promulgating the guidelines it professes to have no problem meeting as agency regulations, which would give them the force of law and provide a greater incentive to comply. … If the inspector general's portrait is indicative, the nation is failing a basic standard of human decency."

State Farm Settles With Mississippi Homeowners. NBC Nightly News (1/23, story 9, :30, Williams, 9.87M) reported, "State Farm insurance agreed today to settle hundreds of lawsuits by policyholders in Mississippi whose homes were wrecked by Hurricane Katrina. The company will put up $500 million to resolve the suits for refusing to cover damage from Katrina's storm surge nearly 17 months ago now. This settlement will end the Mississippi Attorney General's criminal probe of State Farm's claims practices." The Washington Post (1/24, D3, Kunzelman, 690K) notes, "The settlement comes less than two weeks after a federal jury in Gulfport awarded $2.5 million in punitive damages to a couple who sued State Farm for denying their claim after Katrina.

USA Today (1/24, Chu, 2.27M) reports the "landmark settlement" is "expected to reverberate across the storm-ravaged Gulf Coast." Meanwhile, State Farm "will settle more than 600 individual Mississippi homeowners' Katrina claims for roughly $80 million, according to a person with direct knowledge of the negotiations who didn't want to be named because the settlement is confidential." USA Today adds that the company "is fighting hundreds of other Katrina-related lawsuits along the Gulf Coast, including in Louisiana. Attorneys in those cases said they hoped the Mississippi development would cause State Farm and other insurers to settle quickly."

Calling the settlement "a move that is expected to jump-start rebuilding along the Mississippi Gulf Coast," the New York Times (1/24, Treaster, 1.16M) reports that it would also "remove a major public relations headache" for the insurer. "While State Farm and the other insurers may have had some strong legal arguments, they have been widely perceived as insensitive. In many cases, residents whose houses were reduced to concrete slab foundations received just a few thousand dollars in payments. Some received nothing."

WAR NEWS:

Bush Asks Congress To Give His Iraq Strategy "A Chance." While President Bush devoted much of his State of the Union speech to domestic policy proposals, national media stories focused on his comments about Iraq. A major theme in the coverage is Bush's political "weakness" as he enters the final two years of his presidency. In that context, the speech is being generally portrayed as an attempt to revive a Bush presidency against very tough odds – mainly the unpopularity of his Iraq policies. For example, under the headline "A Bid To Rescue A Presidency," the Los Angeles Times (1/24, Hook, 850K) asks, "Can this presidency be saved? That's the question that loomed Tuesday as…Bush gave his State of the Union speech in the most inhospitable climate he has ever faced for his annual address to Congress." Bush's domestic agenda "was potentially more appealing to Democrats," but "his plans may be too modest to accomplish the broader challenge facing Bush: How to rescue the last quarter of his presidency from irrelevance and patch his tattered legacy." Bush, adds the Times, "is trying to regain his footing when Iraq is littered with carnage."

The Washington Post (1/24, A1, Balz, 690K), in a front-page story titled "The State Of The President: Beleaguered," says Bush "used his State of the Union address last night to try to revive his presidency against what may be the greatest odds any chief executive has faced in a generation. … Bush's problems all stem from the same issue. The public has lost confidence in his Iraq war policy, and, in the face of evidence that Americans are looking for a change in course, the president has chosen with his new plan to deploy additional troops to the conflict -- a direction the public overwhelmingly opposes." But "his response last night was a speech that was very much in keeping with the style of leadership he has demonstrated repeatedly in office. If he was humbler in tone and rhetorically generous to his Democratic opponents in calling for cooperation, he was anything but defensive."

Another Washington Post (1/24, A1, Baker, Abramowitz, 690K) story describes Bush as "politically wounded but rhetorically unbowed," adding he "gave no ground on his decision to dispatch 21,500 more troops to Iraq despite a bipartisan cascade of criticism." Democrats "seemed unimpressed by his latest governing blueprint and signaled that they are in no mood to meet him in the middle."

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The Wall Street Journal (1/24, A1, McKinnon, Fialka, Dreazen, 2.04M) says the speech was "weighted heavily to domestic issues," as "the politically weakened" Bush moves to "try to define himself as something other than a lame-duck president, facing a hostile Democrat-led Congress and consumed largely with Iraq." The Chicago Tribune (1/24, Tackett, 617K) titles its report "Bush Turns Domestic, But War Won't Go Away," and reports that "after several years of using war and terror as the defining themes of his State of the Union message, the president who came to office with little inclination toward foreign affairs tried to recast his presidency Tuesday night with a notable emphasis on domestic issues. Indeed, the president was more than 3,100 words into his speech before his first invocation of Iraq." But Bush confronts a "formidable reality. No matter the merits of his plans offered Tuesday night, his presidency almost certainly seems destined to be defined by his stewardship of the war in Iraq."

The Baltimore Sun (1/24, Davis, 257K) reports Bush sought "to revive his waning influence," adding he "offered a conciliatory tone," singling out House Speaker Nancy Pelosi when he said "he had the 'high privilege and distinct honor' of being the first president to begin his annual address with the words 'Madam Speaker.'" Pelosi and Senate Majority Harry Reid "said they welcomed the bipartisan spirit in which Bush spoke but said he 'continues to ignore the will of the country' on Iraq and promised an 'up-or-down' vote on his plan."

The New York Times (1/24, Zernike, 1.16M) also notes Bush's comments about Pelosi, and says "the day was full of such reminders of how power has flowed away from the president in the new Washington. Not just because he spoke before a Democratic-led Congress for the first time in his presidency. Not just because his poll numbers are dismal. Not just because the mayor of the nation's capital had rejected the White House's invitation to sit with the first lady, Laura Bush, in her box and instead came as Ms. Pelosi's guest. Even Republicans, while noting that it was 'the president's day,' as Senator John W. Warner of Virginia described it, yielded him only a share of the spotlight."

The Los Angeles Times (1/24, McManus, Reynolds, 850K) reports Bush "sought to demonstrate that in the final two years of his presidency, he can still command enough popular support to compel both Democrats and Republicans to pay him heed." The Washington Times (1/24, Curl, 88K) says Bush's "domestic goals" last night "were relatively modest," and "focused…on Democrat-friendly issues." The Washington Post (1/24, A14, Weisman, Fletcher, 690K) makes the same point in a story titled "President Strays Into Democrats' Priorities, Themes."

The AP (1/24, Hunt) reports "a politically weakened President Bush implored a skeptical Congress Tuesday night to embrace his unpopular plan to send more US troops to Iraq, saying it represents the best hope in a war America must not lose. 'Give it a chance to work,' he said." Bush "was unyielding on Iraq," and "Democrats -- and even some Republicans -- scoffed at his…policy. Unmoved by Bush's appeal, Democrats said the House and Senate would vote on resolutions of disapproval of the troop buildup." McClatchy (1/24, Hutcheson) also terms Bush a "politically weak president," and like the AP says he was "unyielding on Iraq." On the White House's domestic agenda, McClatchy adds "the war is so divisive that it may overwhelm chances for bipartisan compromise on anything." Democrats reacted to the speech "with skepticism and, on some issues, outright hostility."

USA Today (1/24, Jackson, 2.27M) notes Bush "said failing in Iraq would create 'a nightmare scenario,'" adding his "plan for Iraq, unveiled two weeks ago, has also been criticized by Republicans such as Sen. John Warner of Virginia." But another USA Today (1/24, Page, 2.27M) story notes Robert Dallek, a presidential historian and author of Flawed Giant: Lyndon Johnson and His Times, says he "sees parallels between the situation Bush faces in Iraq and the one that Johnson faced in Vietnam -- including efforts by Johnson and his successor, Richard Nixon, to push the government that the United States was backing to adopt reforms and take charge, freeing US troops to come home. 'The echoes are so powerful,' he says."

Much of the local TV coverage last night after the speech also tended to focus on Bush's comments on Iraq. For example, WCBS-TV New York (1/23, 11:01 pm) said in its broadcast last night, "The Congress may be Democratic for the first time in 12 years and the American public may be skeptical, but President Bush used his annual State of the Union message to strike back at opponents who don't want him to send a new surge of troops to Iraq." KSAZ-TV Phoenix (1/23, 9:33 pm) said, "Despite the applause, the handshakes and ovations it was a tough room that greeted President Bush and his military surge into Iraq was a tough sell." WFTV-TV Orlando (1/23, 11:05 pm) reported Bush "refused to waiver on his decision to beef up the number of troops in Iraq," saying to the American people that "whatever you voted for, you did not

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vote for failure." That quote was often cited by local TV stations reviewing the President's address.

USA Today (1/24, 2.27M) also puts some of Bush's statements last night "in context." For example, to Bush's remark: "In the coming weeks, I will submit a budget that eliminates the federal deficit within the next five years. I ask you to make the same commitment. Together, we can restrain the spending appetite of the federal government and balance the federal budget," USA Today responds, "Bush inherited a $128 billion budget surplus. Within three years, a recession and the war on terrorism turned it into a $412 billion deficit. Rising tax receipts fueled by record corporate profits have since driven the deficit down to $248 billion. Getting back to balance won't be easy if the president is realistic about the future costs of the wars in Iraq and Afghanistan and the impact of extending his tax cuts, which he vows to do."

McClatchy (1/24, Thomma) says that while Bush "tried to go home Tuesday night," to what "he thought he left behind in Texas when he was a Republican governor with a Democratic legislature," the "mythical bipartisan place he tried to reach out to in his State of the Union address Tuesday was never like the one he romanticized in Texas. It's not what he's built in six years in Washington. And today it's as elusive as Oz."

USA Today (1/24, 7A, Gomez, 2.27M) and the Washington Times (1/24, Dinan, 88K), meanwhile, survey the numerous guests from both parties attending the speech last night. Says the Times, "Presidents use their State of the Union speeches to send a message to Congress, " but "lawmakers are increasingly using their guest tickets to send a message right back at him."

Instant Poll Finds 82% Back Bush Agenda, Support For "Surge" Jumps To 52%. The AP (1/24) reports that a "CBS News poll conducted by Knowledge Networks immediately after the speech found that 82 percent of viewers generally approved of the president's proposals while 18 percent disapproved. However, 68 percent of viewers said Mr. Bush will not be able to accomplish his goals, while 32 percent think he will." The AP goes on to say that according to the poll, Bush "rallied some support for his Iraq plan among those who watched the speech." Before the State of the Union, "43 percent of them backed the plan, while 52 percent of them supported it after the speech."

Bush Presentation "Arguably Misleading And Often Flawed." One of the most negative assessments of Bush's speech appears in today's Washington Post (1/24, A13, Kessler, 690K), under the headline "President's Portrayal of 'The Enemy' Often Flawed." The Post takes issue with Bush's "arguably misleading and often flawed description of 'the enemy' that the United States faces overseas, lumping together disparate groups with opposing ideologies to suggest that they have a single-minded focus in attacking the United States. Under Bush's rubric, a country such as Iran -- which enjoys diplomatic representation and billions of dollars in trade with major European countries -- is lumped together with al-Qaeda, the terrorist group responsible for the Sept. 11, 2001, attacks. … Similarly, Bush asserted that Shia Hezbollah, which has won seats in the Lebanese government, is a terrorist group 'second only to al-Qaeda in the American lives it has taken.'"

No Consensus In Reviews Of Bush's Performance. Commentators disagreed on their assessment of the President's performance. On the positive side, on CBS (1/23), correspondent Bob Schieffer said "this was a much better speech and a much better argument for his position than he made when he made the speech announcing the troop increase two weeks ago." The Weekly Standard's Bill Kristol, appearing on Fox News (1/23), thought "it was a good night for the President. I think the foreign policy part of the speech was very strong. I think he is going to win this debate on Iraq." Likewise, GOP strategist Mike Murphy, on CNN, contended the "elephant in the room" was Iraq and the President "did a good job of trying to explain the consequences of immediate failure in Iraq, and thereby make the case for give his plan a chance to work. I think he bought some time, not much. He doesn't have a lot of support, but I think he brought realism into the debate, and asked for a little more time. I think on the Republican side where he's had some erosion, he'll get some time."

But Roll Call's Mort Kondracke, on Fox News (1/23), said it was "clearly not one of" Bush's "great nights. … The White House put out a talking points memo to Republican supporters saying that the President tonight would be 'exuberant and determined.' I think the determined part was right but I didn't see much exuberance from him. … I thought the President's delivery was tepid until he got to his foreign policy section."

On NBC (1/23), Washington Bureau Chief Tim Russert added, "The President had told his advisors he was going to be sober tonight. It was that and more, it was somber. It really did not have the energy or enthusiasm or passion that we

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have seen" from Bush in the past. NBC correspondent Cambell Brown added, "It was obviously a carefully worded speech to try to ensure, I think, as few awkward moments as possible. There was a lot in there that everyone could applaud for but it definitely felt, from inside the chamber, extremely subdued." NBC correspondent Andrea Mitchell (1/23) also remarked on "the somber quality" to the speech.

The New York Times (1/24, A1, Sanger, Rutenberg, 1.16M) says the speech "was limited in ambition and political punch at home, with no proposals to rival his call two years ago to remake Social Security, no mention of rebuilding New Orleans and no allusions to limiting stem cell research or banning gay marriage. And when it came to his plan to send additional troops to Iraq, he was forced to plead with the Democrats who now control Congress." The Financial Times (1/24, Daniel), meanwhile, calls Bush's defense of his Iraq policies "pessimistic and assertive."

In the Washington Post (1/24, C1, 690K), media critic Tom Shales writes Bush "flirted with eloquence only at the end of his so-so, nuts-and-bolts State of the Union speech last night: 'The state of our union is strong,' he said, 'our cause in the world is right, and tonight that cause goes on.' With a quick 'God bless' he bolted from the podium as members of Congress, almost applauded out by that time, gave him his final ovation of the night. … As seen on all the major and minor networks, the speech was workmanlike and the presentation presentable. Bush seemed determined to keep it low-key."

The Washington Post (1/24, A15, Murray, Kornblut, 690K) also notes "Bush's audience at the Capitol last night included at least 10 Republicans and Democrats who hope to succeed him, and their response to his State of the Union address ranged from enthusiastic to tepid. The most generous was Sen. John McCain of Arizona, a leading contender for the GOP nomination and Bush's chief defender on the Iraq war, including the administration's latest plan to deploy an additional 21,500 troops. 'This strategy ought to be given a chance, because the consequences of failure are immense, and we'll be back again some day,' McCain told ABC News in a post-speech interview. 'This is going to be long and hard and tough.'" Sen. Hillary Rodham Clinton "was more skeptical, urging Bush to seek a more 'comprehensive approach' to the Iraq crisis. Bush's troop escalation proposal, she said, was 'really more of the same. We've gone down this road before.'"

As is the norm, much of the post-speech commentary fell along partisan lines. One exception was Sen. Barack Obama, appearing on CNN after the speech, who said, "The President recognized that healthcare and energy are two critical issues facing the country, and I think he put forward some serious proposals, not necessarily ones I would have put forward, but they're serious ways to engage the problem. I think the Democrats should be constructive, we should sit down with the president and say 'we are ready and willing to sit down and see if we can make progress on those two critical issues."

House majority leader Steny Hoyer, on Fox News after the speech said he agreed with the president that "none of us voted for failure" in Iraq, but "his escalation is too little too late. That sentiment is shared by the overwhelming number of military personnel that I have talked to from all levels. I think he is going to have a tough time selling this as a change of policy."

Former NYC Mayor Rudy Giuliani, on Fox News (1/23) after the President's address, said he "thought the speech was a very good one and I thought it did what the President had to do, which was to get us kind of beyond Iraq, meaning there are a lot of other things we have to concentrate on. … I think he made seven or eight points on domestic policy, most important one being the health care program, which is, in my way of thinking, innovative and a very, very good way to increase the number of people covered by health insurance."

CBS (1/23) also spoke to Nicole Wallace, who "was until last year communications director for…Bush, and Joe Lockhart, who "was press secretary for President Clinton." Wallace said, "I think one of the most important things he did tonight…was what he addressed directly to the Speaker. I thought his rousing tribute to Speaker Pelosi was very George W. Bush and what people like to see when they remember why they liked him back when he was far more popular. I think he also set a tone throughout the speech. He talked about Iraq in a very frank way. And I think he went a long way toward earning back some of the trust and credibility that they know they need to finish the job in Iraq and to start a conversation on health care, immigration, and some of the other domestic issues that he rolled out today." Lockhart said, "I don't think that it was a bad speech but I think it was a missed opportunity. An unpopular president this late in the presidency really needs events like this to change the political dynamic. This speech was sober, subdued. I think at times timid when it came to policy. So I think it was a real missed

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opportunity for him. He has not changed the dynamic at all here in Washington."

More Commentary. In an editorial, the New York Times (1/24, 1.16M) notes that the "White House spin" ahead of Bush's seventh State of the Union address "was that the president would make a bipartisan call to revive his domestic agenda with 'bold and innovative concepts.' The problem with that was obvious last night -- in six years, Mr. Bush has shown no interest in bipartisanship, and his domestic agenda was set years ago, with huge tax cuts for wealthy Americans and crippling debt for the country." Combined with the mounting cost of the war in Iraq, the Times says that makes "boldness and innovation impossible unless Mr. Bush truly changes course. And he gave no hint of that last night." Instead, the newspaper says he "offered up a tepid menu of ideas that would change little: a health insurance notion that would make only a tiny dent in a huge problem. More promises about cutting oil consumption with barely a word about global warming. And the same lip service about immigration reform on which he has failed to deliver."

The Los Angeles Times (1/24, 850K) editorializes this year's address "felt even more compulsory than usual" as Bush "seemed at times to be going through the motions, reasserting his position or making proposals on a number of issues -- immigration, healthcare, education, the war in Iraq, energy independence -- in an effort to remain relevant in the face of a Democratic Congress and plummeting public support. It's difficult to know how many of his ideas will amount to anything."

In an editorial, USA Today (1/24, 12A, 2.27M) says Bush "acknowledged" the "new reality" of Democratic majorities in both houses "in several ways," but "not on Iraq." Bush "appeared to be wedded Lyndon Johnson-like to a vision that is failing in the field, under bipartisan attack in Congress and opposed overwhelmingly by a public that expresses increasing restlessness in the polls." The newspaper said the President "argued for his new plan but largely with his old ideas."

On its editorial page, the Washington Post (1/24, A22, 690K) says Bush "offered the usual assurances last night about the healthy state of the union, but the state of his presidency has never been worse." The President now "faces a Democratic majority in both chambers of Congress and a public increasingly unhappy about the war in Iraq and disenchanted with his leadership" and "by the time he delivers next year's State of the Union address, the primaries will be underway, and Mr. Bush's relevance will be fading." Therefore, the Post says, "If he is to have a final chance to shape policy, this is it." Bush's goal last night "was not so much to argue anew for the troop increase but to drive home the point that the 'consequences of failure would be grievous and far reaching.' On this, Mr. Bush is assuredly correct."

In an editorial, the Wall Street Journal (1/24, A12, 2.04M) writes, "You may have noticed that 2006 ended without a recession" and "the big economic story going into this New Year is that growth is accelerating." And "if Bill Clinton were still President, he'd have used last night's State of the Union address to hail all of this as a triumph, taking political credit and claiming it was all due to his policies, with supportive headlines to match. It hardly matters what President Bush said last night; he still won't get any credit."

Webb Says Bush Took Nation To War "Recklessly." The AP (1/24, Kellman) reports, "Democrats blistered President Bush's war policy Tuesday night, challenging him to redeem the nation's credibility -- and his own -- with an immediate shift toward a diplomatic end to the bloody conflict in Iraq. 'The president took us into this war recklessly,' the Democrats' chosen messenger, Sen. Jim Webb of Virginia, said in response to Bush's State of the Union address Tuesday evening. 'We are now, as a nation, held hostage to the predictable -- and predicted -- disarray that has followed.'" Webb, "a Vietnam veteran who was Navy secretary during Republican President Reagan's administration, called for a new direction. 'Not one step back from the war against international terrorism. Not a precipitous withdrawal that ignores the possibility of further chaos,' said Webb. 'But an immediate shift toward strong regionally based diplomacy, a policy that takes our soldiers off the streets of Iraq's cities and a formula that will in short order allow our combat forces to leave Iraq.'"

The Washington Post (1/24, A12, Shear, 690K) notes accused the President of "forcing" the country "to endure 'a mismanaged war for nearly four years.' 'Many, including myself, warned even before the war began that it was unnecessary; that it would take our energy and attention away from the larger war against terrorism; and that invading and occupying Iraq would leave us strategically vulnerable,' Webb said." Webb "held up a picture of his father as a young Air Force captain. As a small boy, he said, he took the picture to bed with him to remind him of his father's sacrifice. Now, Webb's son is serving in Iraq as a Marine infantryman."

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McClatchy (1/24, Talev) reports Webb "delivered his harshest blows against the war in Iraq." But "he also jabbed at other openings, saying that now that Democrats control Congress for the first time in Bush's presidency, they'll hold him to deliver on promises to improve public education, health care, the plight of Hurricane Katrina survivors and economic conditions for the working class." USA Today (1/24, Kiely, 2.27M) notes Webb accused Bush of presiding "an imbalanced economy Tuesday in a bluntly worded speech that reflected the new Democratic majority's willingness to flex its muscle in Congress. … The aggressive note struck by Webb in the Democrats' official rebuttal reflected the changed political reality on Capitol Hill."

Webb's performance got generally positive reviews. The New York Times (1/24, Zeleny, 1.16M) reports, "The choice of Mr. Webb was intended to provide a symbol, through his words and appearance, for the new majority in Congress. In a commanding voice, the senator chastised the administration for its economic and foreign policies, but said Democrats would try to work with Mr. Bush to change course."

The New York Times' David Brooks, appearing on PBS (1/23) characterized Webb's speech as "intense," "eloquent," "forceful" and "well executed." However, Brooks noted, "There wasn't a hint of bipartisanship" in Webb's speech.

The Financial Times (1/24, Luce) says Webb "holds the ideal credentials to criticise Mr Bush's 'escalation' of the Iraq war while insulating the party against any charge of being soft on national security."

On CBS (1/23), Katie Couric said "the Democrats picked…Webb for, I think, very obvious reasons. His military credentials are above reproach." CBS correspondent Bob Schieffer added, "Absolutely. He has a son in Iraq. They did not want the President to draw attention away from the war. They want to keep the focus on this war because they believe it is George Bush's war." Webb "really ripped him tonight. saying he led us into this war recklessly. That's pretty tough talk."

On NBC (1/23), Washington bureau chief Tim Russert said Webb "threw down the gauntlet." Webb countered the President's speech "by saying, you brought us there recklessly, now it's time to get us out. If you don't do it, we're going to do it."

NBC (1/23) interviewed Sen. Hillary Clinton, who said Webb "eloquently articulated" the Democratic position. The "escalation proposed by the President is not" a "comprehensive" approach, "we need a full court diplomatic effort. We need to bring pressure and leverage on the Iraqi government to begin to deal with the political problems it has internally and what we have instead is a strategy that, by most accounts, by the experts with whom I've conferred, by public comments by many others, is really more of the same."

NBC (1/23) interviewed GOP Sen. Lindsey Graham, who said, "Here is my comment to Sen. Webb: I appreciate his service, I appreciate his son's service. … Those on the other side, our enemies are listening and see it as a weakening resolve. I would say to Senator Webb and anybody else, if you think this is a lost cause, this is folly, Vietnam, cut off funding. The worst thing anybody can do is pass a resolution declaring the war a loss, no confidence in the commander to fight it and the troop who will follow. So I hope that Republicans and Democrats will not send that message. If you really believe it's a bad idea, cut off funding."

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Gonzales Sits Out State Of The Union Address. The AP (1/24) reports, "Attorney General Alberto Gonzales stayed away from the Capitol Tuesday night in case of a catastrophic attack or accident as President Bush delivered his sixth State of the Union address." The AP continues, "By long-standing tradition, a member of the president's Cabinet misses the speech to Congress as a precaution against the entire administration's being wiped out and to maintain the presidential line of succession. Last year, Veterans Affairs Secretary Jim Nicholson did not attend."

Bloomberg Money and Politics (1/23, 9:03 p.m.) broadcasted, "The custom of course course for one member of the cabinet to remain behind just to have continuity of the government. The selection is the Attorney General, Alberto Gonzales, the lone member of the cabinet hanging back at the White House just in case. That's the procedure." CNN Paula Zahn Now (1/23, 8:01 p.m.) broadcasted, "Tonight CNN has learned it will be the Attorney General, Alberto Gonzales, as part of the Eerie Annual Ritual. What a difference a year makes. At this time last year the President stood before the congress and the nation and was talking and touting progress in Iraq, holding out the possibility of troops coming home in short order if that progress continued."

KPSP-TV, Palm Springs, CA (1/23, 11:00 p.m.) broadcasted, "As is customary, one of President Bush's cabinet members did not attend tonight's speech. Attorney

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General Alberto Gonzalez stayed away from Capitol Hill. That is a precaution taken in case a catastrophic event should take place and wipe out the president and all his cabinet members. Should the President and all who follow in the line of succession be killed, the surviving cabinet member would become head of the United States government."

WFIE-TV, Evansville, IN (1/23, 10:00 p.m.) broadcasted, "By tradition, a member of the President's cabinet forgoes attending the State of the Union Address in case of an attack or accident that wiped out the entire administration. Attorney General Alberto Gonzales is the one who stayed away tonight."

KWU-TV, Las Vegas, NV (1/23, 10:00 p.m.), KTXA-TV, Dallas, Ft. Worth, TX (1/23, 8:00 p.m.), WAVY-TV, Norfolk, Portsmouth, Newport News, Hampton, VA (1/23, 11:00 p.m.) and KJRH-TV, Tulsa, OK (1/23, 10:00 p.m.) also broadcasted this story.

Editorial Blasts DOJ Over US Attorney Dismissals. The Las Vegas Sun (1/24) editorializes, "Daniel Bogden, the U.S. attorney for Nevada, resigned last week, a victim of a Bush administration housecleaning. At least seven U.S. attorneys, most from the West, have been forced to resign, but no one will say why - not Bogden, not the Justice Department, not Sen. John Ensign, R-Nev., who was briefed by the Justice Department." The Sun continues, "Attorney General Alberto Gonzales told the Senate Judiciary Committee last week that it was simply good management, so he could get the 'very best' people into office. … That strikes us as odd because those fired had done fairly well. Bogden, a well-respected career prosecutor confirmed by the Senate in October 2001, oversaw the successful prosecution of the G-sting political corruption case, as well as prosecutions that put more than 40 members of the violent Rolling 60s Crips gang in federal prison. Others fired include the U.S. attorney in San Francisco, who was leading the probe into steroid use among professional athletes, and the U.S. attorney in San Diego, who oversaw the successful political corruption prosecution of former Republican Rep. Randy 'Duke' Cunningham." The Sun adds, "Democrats wonder if the Bush administration is trying to use a provision in the Patriot Act that lets the president appoint an 'interim' U.S. attorney without Senate approval. Gonzales denies the claim, but we note that one of the fired prosecutors was replaced with 38-year-old Tim Griffin, a former deputy to White House political guru Karl Rove, who would have little chance to survive confirmation in the Democratic-controlled Senate. … The sudden dismissal of these U.S. attorneys smacks of White House meddling. The justice system and the public deserve much better, starting with the truth."

CORPORATE SCANDALS:

Broadcom Restates Financial Results To Reflect Misdated Option Grants. Bloomberg (1/24, Brennan) reports, "Broadcom Corp., a maker of chips for consumer devices, restated financial results to reflect $2.2 billion in costs for misdated stock-option grants, a problem the company blamed on former Chief Executive Officer Henry Nicholas." Bloomberg continues, "Nicholas 'bears significant responsibility for the lack of adequate controls' in granting options, Irvine, California-based Broadcom said in a regulatory filing with the U.S. Securities and Exchange Commission. The filing also placed blame on former Chief Financial Officer William Ruehle and former Vice President of Human Resources Nancy Tullos." Bloomberg adds, "Henry Samueli, who co-founded Broadcom with Nicholas and is still chairman and chief technical officer, 'reasonably relied' on outside experts when granting options, the filing said. Broadcom is being investigated by both the SEC and the U.S. Justice Department. … 'It makes sense because Henry Nicholas was very much in charge of the company during his tenure,' Stifel Nicolaus & Co. analyst Cody Acree said about the blame being placed on Nicholas. 'He was iconic in the industry, and he was Broadcom. Henry Samueli has always been more on the engineering side.' … Broadcom restated its financial results for 1998 to 2005 and said the costs were noncash. 'Substantially all' of the extra costs were recorded in the periods before 2004, the company said."

The Wall Street Journal (1/24, C6, Forelle, Bandler) reports, "The company noted 68 instances in which it couldn't find contemporaneous paperwork to document grant-approval meetings, and 18 cases when grant dates were selected after the fact. The restatement is the largest of any company of those forced to admit to errors or malfeasance in the options scandal. Broadcom's figure eclipses the up to $1.7 billion in charges insurer UnitedHealth Group Inc. has said it expects to take. Broadcom's disclosure may draw fresh attention to the role of Mr. Nicholas." The Journal adds, "Broadcom said its evidence indicates Mr. Nicholas, who didn't receive any tainted options himself, was 'at times involved with the selection of grant dates after the fact,' noting

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he sought advice from William Ruehle, the longtime finance chief who left last year. Broadcom said there is 'substantial evidence' Mr. Ruehle was involved in the backdating. Broadcom said the charges totaled $2.69 billion from 1998 through the first quarter of 2006; after adjusting for taxes and nearly $400 million of options forfeited because of employee terminations, the figure is $2.24 billion, the company said."

New York Pension Fund Leads Suit Over Apple Options. The Washington Post/AP (1/24, D2) reports, "A New York pension system will be the lead plaintiff in a shareholders lawsuit accusing Apple of illegally backdating stock options." The AP continues, "The New York City Employees' Retirement System was named the primary plaintiff in the lawsuit Friday by U.S. District Judge Jeremy D. Fogel, according to Grant & Eisenhofer, the law firm representing the group." The AP adds, "The system, which manages about $89 billion in retirement assets for more than 200,000 municipal employees, owns about 1 million shares of Apple stock. The plaintiffs are seeking class-action status for their case and want damages in connection with what they allege were illegally backdated stock options. … Fogel is also hearing a separate but similar securities case that consolidates a number of civil complaints about Apple's stock-options accounting. Apple has not yet responded to either case." The AP notes, "Federal prosecutors are investigating Apple's past stock-options practices, including a specific stock option award to chief executive Steve Jobs. Federal investigators last week questioned Jobs about the company's backdating practices."

CRIMINAL LAW:

Libby Defense Says White House Made Him The Fall Guy. ABC World News (1/23, story 6, 2:10, Gibson, 8.78M) reported, "A jury, today, heard allegations of infighting at the highest levels of the Bush Administration. There were opening statements at the trial of former White House aide, Scooter Libby." ABC (Thomas) added, "Special counsel Patrick Fitzgerald issued a blistering assault on the Vice President's former chief of staff, calling him a liar who was part of a White House campaign to discredit critics of the war in Iraq. Fitzgerald told a transfixed jury, 'The evidence will show the defendant lied repeatedly' to FBI agents and a grand jury investigating who leaked the identity of Valerie Plame, a one-time covert CIA agent." But Libby's defense attorney "argued the government case is paper thin. He lashed out at the White House, accusing the Bush Administration of making Libby a fall guy to protect presidential adviser Karl Rove, who also had talked to reporters about Wilson's wife."

NBC Nightly News (1/23, story 6, 2:40, O'Donnell, 9.87M) reported, "The prosecution says Libby repeatedly lied, including Libby's claim that NBC's Tim Russert was first to tell him who Valerie Wilson was. Prosecutors say Russert will testify that he did not tell Libby. The suggested motive, Libby was trying to deflect blame from the Vice President over the flawed intelligence." But defense attorney Ted Wells "made a stunning charge. In the frenzy to find out who had leaked Wilson's name, the White House chose to protect top Bush advisor, Karl Rove, saying he didn't do it." Scott McClellan, former White House Press Secretary: "It is totally ridiculous." O'Donnell: "But the President's people did not back up Libby in the same way." Libby's defense "says Cheney intervened and wrote a letter saying it was wrong to protect one staffer, meaning Rove, and sacrifice the guy who stuck his neck in the meat grinder, referring to Libby who was ordered by Cheney to refute negative stories."

The CBS Evening News (1/23, story 6, :30, Couric, 7.66M) reported, "Lawyers for Libby, who used to be the top aide to Vice President Cheney, argued top White House officials wanted him to take the blame for the leak of a secret CIA agent's name so they could protect Karl Rove, the President's chief political strategist."

The Los Angeles Times (1/24, Schmitt, 850K) reports Wells "portrayed the former vice presidential aide as a sympathetic figure who was following his boss' orders to rebut an administration critic. But Wells said Libby came to believe that he had lost the support of the administration he had sought to defend." Wells said, "Karl Rove was President Bush's right-hand person in terms of political strategy. Karl Rove was the person most responsible that the Republican Party stayed in office. His fate was important to the Republican Party. He had to be protected." The Times adds the "defense suggestion of a high-level conspiracy, made on the opening day of the trial, was the first indication of a breach within the normally secretive White House over the handling of a case that had cast a legal and political cloud over the Bush administration for three years."

USA Today (1/24, Willing, 2.27M) reports Fitzgerald told "jurors that Libby learned of Plame's CIA job from Cheney, then from two other CIA employees, from a State Department

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official and from a Cheney spokesman in June or early July 2003, before Libby passed the information to two news reporters. Matt Cooper, formerly of Time magazine, and Judith Miller, formerly of The New York Times, are to testify for the prosecution." Fitzgerald said Libby "played a key role in helping Cheney deflect criticism beginning in July 2003 that he was responsible for 'twisting intelligence' to suggest that Iraq was in the process of acquiring uranium, possibly for a nuclear weapon."

The Washington Times (1/24, Curl, 88K) reports Wells "also sought to portray Mr. Libby, who faces 30 years in prison if convicted on five counts of lying to FBI agents, as incredibly busy, so busy that he forgot when and how he learned the identity of CIA employee Valerie Plame, the wife of a former ambassador who had been critical of the administration's Iraq invasion." But special prosecutor Fitzgerald "said in the government's opening argument that Mr. Libby consciously lied."

The Washington Post (1/24, A1, Goldstein, Leonnig, 690K) reports on its front page that Libby "was 'put through the meat grinder' by the White House shortly after the Iraq war began, scapegoated to conceal the fact that Karl Rove, the president's top political adviser, helped disclose an undercover CIA officer's identity," according to Wells. Wells and the special counsel "agreed that Vice President Cheney ordered Libby, then his chief of staff, to contact reporters early in the summer of 2003 in an effort to rebut criticism that the administration had selectively used intelligence to justify the invasion of Iraq." The "dramatic opening statements in the first hours of the celebrated trial laid bare fissures deep inside the White House." The "two sides' accounts exposed jurors to handwritten notes by Cheney, the internal culture of major newsrooms, a tape recording of Libby speaking to grand jurors and a White House under fire as its justification for war was beginning to unravel."

The New York Times (1/24, Lewis, 1.16M) reports Wells' statement "was the first indication that Mr. Libby, who is facing five felony counts of lying to investigators, would seek to deflect some of the blame onto his former White House colleagues." Wells "did not, however, fully explain the connection between an effort to protect Mr. Rove and the actions that led to Mr. Libby's indictment. It was also the first sign that there had been fighting within the Bush administration over the C.I.A. leak investigation." Wells' "most startling comment was his assertion that Mr. Libby had become enmeshed in legal difficulty because of White House efforts to protect Mr. Rove. If Mr. Libby and his lawyers press their strategy of blaming the White House, it could prove risky, possibly even jeopardizing chances of a presidential pardon for Mr. Libby if he is convicted."

Under the headline "'Scapegoat:' Scooter's Stunning Defense," Newsweek (1/23, Isikoff, 3.12M) reported on its Web site, "Libby, it was widely thought by legal experts, was going to be the good soldier. He would play it safe at his trial in order to preserve his options; mainly, if convicted, to seek a presidential pardon before Bush leaves office. But no sooner did he start his opening statement Tuesday morning than defense lawyer Ted Wells shocked the courtroom and all but tossed the 'pardon strategy' out the window."

The Wall Street Journal (1/24, A4, Perez, 2.04M) reports Libby's attorneys "moved to muddy the prosecution's case by alleging a White House effort to protect Karl Rove and make Mr. Libby the fall guy." The defense strategy "shows that Mr. Libby is willing to part ways with his former colleagues at the White House." As both sides 'laid out their strategies yesterday in federal court, it became clear that Special Prosecutor Patrick Fitzgerald's attempt to simplify a case that ended up far afield from its beginnings as a CIA leak investigation could be hampered by the defense's strategy to put the case in the context of the sharp-elbowed politics of the White House and the Iraq war."

The AP (1/24, Apuzzo) reports, "As the trial opened with a preview of each side's position, it was clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media. … Nobody, including Rove, has been charged with the leak. Libby is accused of lying to investigators and obstructing the probe."

The Legal Times (1/24, Schwartz) reports, "Libby, 56, is charged with five felony counts of false statements, obstruction of justice, and perjury in connection with what he told the FBI and a grand jury about conversations he had with three reporters in 2003. He was the only person charged as a result of Fitzgerald's 2 1/2-year investigation into whether classified information about Plame's CIA employment was illegally leaked to the press." The Times adds, "The arguments came on the eve of President George W. Bush's State of the Union address. It was in that speech, four years ago, that the president suggested Iraq had tried to purchase uranium from Africa. The veracity of that claim later served as the basis for attacks by Plame's husband, former Ambassador

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Joseph Wilson, on the administration's decision to invade Iraq and allegedly led to a campaign within the White House to discredit Wilson. … Although the trial, expected to last about six weeks, will not answer the question of whether the Bush administration intentionally misled the public about the rationale for invading Iraq, the war hung heavy over Tuesday's arguments."

Wells To Attack Armitage Aide's Credibility. In a widely-distributed story, the AP (1/24, Apuzzo) reports, "Attorneys for former White House aide I. Lewis 'Scooter' Libby say the testimony of the government's first witness in the CIA leak trial may have been improperly influenced. Marc Grossman, the former No. 3 official at the State Department, took the stand Tuesday and testified that in June 2003 he was the first person to tell Libby that one of the Bush administration's most vocal critics on Iraq was married to a CIA operative." The AP adds, "Grossman's memory is spotty," and defense attorney Theodore Wells "believes his testimony may have been influenced by his former boss at the State Department, Richard Armitage. … As Grossman continued to the cooperate in the probe, defense attorneys say, he went back to Armitage and told him what the FBI was asking and discussed his answers."

Former Black Militants Charged In 1971 Murder Of Police Officer. In a widely-distributed story, the AP (1/24, Wohlsen) reports, "A Florida man and seven others were arrested Tuesday in the 1971 slaying of a police officer that authorities say was part of a black power group's five-year campaign to kill law enforcement officers in San Francisco and New York. Police said seven of the eight are believed to be former members of the Black Liberation Army, an offshoot of the Black Panther Party." The "shooting death of Sgt. John V. Young, 51, at a San Francisco police station was one in a series of attacks by BLA members on law enforcement officials on both coasts, police said." The AP notes, "The arrests were just the latest attempt in recent years to hold antiwar radicals and black-power militants responsible for crimes committed a generation ago.

The San Francisco Chronicle (1/24, A1, Derbeken, Lagos, 384K) reports, "The actions Tuesday -- carried out in cooperation with local, state and federal officials -- follow by two years a grand jury investigation of the Young killing that resulted in no arrests or indictments. Lawyers for defendants contended that investigators haven't found new evidence since then that justifies bringing charges at this time," and Attorney General Jerry Brown's spokesman, Nathan Barankin, "acknowledged Tuesday that no new scientific evidence had been unearthed in an investigation made difficult by the lack of solid eyewitness testimony tying the defendants to Young's shooting." The Los Angeles Times (1/24, Glionna, Chawkins, 850K) reports from San Francisco, "The racial tensions of the civil rights era marched back into this city" with the arrest of the "eight former radicals — some now husbands, grandfathers and community organizers." The Times notes, "Defense lawyers and justice advocates Tuesday questioned the charges, one calling the long-running case "a perversion of justice."

Newsday (1/24, Lowe) reports, "NYPD detectives coordinating with San Francisco police and the FBI arrested Francisco Torres, 58, at his home" on Tuesday, and the New York Times (1/24, McKinley, 1.16M) notes NYPD Commissioner Raymond W. Kelly "said the arrests dealt a blow to the legacy of the protest group," but "current and former defense lawyers for several of the men said they were skeptical of the charges in the nearly 36-year-old case, saying the police had harassed their clients for years." Torres lawyer Michael Warren said yesterday, "The F.B.I., as well as the San Francisco police, have known his whereabouts for all these years. He has been an integral part of this community." The New York Daily News (1/24, , 729K) adds, "After several failed prosecutions, a special FBI task force began looking into the Young killing again in 1999 after 'advances in forensic science led to the discovery of new evidence,' the San Francisco Police Department said in a statement." Kelly "said Torres has been 'off the radar' for three decades since serving time for a bank robbery."

The New York Sun (1/24, Solomont) also reports on Torres' arrest, and WMBB-TV Panama City, FL (1/23, Foster) reported on its Web site from a broadcast story, "Today around 8 a.m., a task force comprised of the FBI, San Francisco Police Department, Bay County Sheriff's Office and Panama City Police Department, operated under an arrest warrant and booked Harold Taylor, 58, into the Bay County Jail on murder and conspiracy charges" in Jones' murder. "'Panama City Police Department was contacted by the FBI and San Francisco PD about four years ago and at that time we located Mr. Taylor,' said Panama City Police Chief John Van Etten in a Tuesday's press conference. … Van Etten said Taylor had been living in Panama City since 1981 and had an no remarkable criminal history."

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DOJ Has Not Decided On Details Of ISP Data Retention Requests. CNET News (1/24, Broache) reports, "The Bush administration hasn't settled on what data it would like Internet service providers to retain about their subscribers or for how long, a U.S. Department of Justice attorney said Tuesday." CNET continues, "U.S. Attorney General Alberto Gonzales made it clear last fall that he planned to seek national legislation requiring the controversial practice known as data retention, but 'we don't have any position officially about how long records would have to be retained or what records would have to be retained,' said Eric Wenger, a trial attorney with the Justice Department's computer crime unit." CNET adds, "During an event here hosted by the Federal Communications Bar Association, Wenger also said police already have ready access to other legal tools, such as the power to send letters to ISPs requesting 'preservation' of existing data for up to 90 days while law enforcement obtains the necessary court authority to obtain that data. … But he categorized the lack of consistent data retention by ISPs as a 'roadblock' to some investigations. He described, for example, a situation in which an investigator may be able to secure an IP address for a suspected phisher from Microsoft's Hotmail service. By the time the investigator took that IP address to the Internet service provider for more information about the suspect's identity, he may be told by the ISP that such information has already been purged. … 'We've been talking to some of the companies to explain the needs we have for the records,' he said, although he did not expressly urge adoption of new laws. Another possibility is that a data retention requirement could be extended beyond ISPs to search engines, which was discussed in private Justice Department meetings in October."

CREW Calls For Congressional Hearing On FBI Child Predator Probes. The Miami Herald (1/24, Clark, 286K) reports, "A watchdog group that blew the whistle on former Rep. Mark Foley, only to see the FBI decline to investigate, is asking the chairman of the House Judiciary Committee, Rep. John Conyers, to hold a hearing on the agency's practice of investigating potential child sex predators. The request by Citizens for Responsibility and Ethics in Washington (CREW), comes a day after an inspector general's report chided the FBI for failing to do more to alert the House about Foley's transgressions." The report "scolded the agency…saying it should have alerted House leadership to the e-mails or 'at least' told CREW that it was not going to investigate." The Herald adds, "CREW is asking Conyers to hold a hearing on the agency's practices 'as soon as possible, in order to help prevent other children from being victimized.'"

FEC Says Kolbe May Pay Foley Probe Legal Bills With Campaign Funds. The AP (1/24) reports former Rep. Jim Kolbe "may use campaign funds for legal expenses racked up while the House ethics committee and the Justice Department were investigating his connection to a scandal involving House pages, the Federal Election Commission wrote in a draft advisory opinion made public Tuesday." The AP adds, "FEC officials wrote that the legal fees count as 'ordinary and necessary expenses' incurred in connection with holding federal office. The commission will consider the case during a meeting Thursday."

Federal Prosecutors Say Idaho Suspect Admitted Three Slayings. The AP (1/24, Miller) reports from Boise, ID, "A man accused of kidnapping two Idaho children, killing one of them, after slaying their family has confessed to the killings of three other children a decade ago in Washington state and California, federal prosecutors said Tuesday." The AP continues, "The prosecutors cited the confessions to the old killings in court papers saying that intended to seek the death penalty against Joseph Edward Duncan III, who was indicted last week on charges involving the two northern Idaho children. … 'The defendant has engaged in a continuing pattern of violence, attempted violence, and threatened violence,' prosecutors said. Duncan 'is likely to commit criminal acts of violence in the future that would constitute a continuing and serious threat to the lives and safety of others.' … Roger Peven, Duncan's attorney, said he had not yet seen the filing and could not immediately comment on it." The AP notes, "Duncan is accused of kidnapping Dylan Groene, 9, and his sister Shasta, then 8, in May 2005, and taking them to the mountains of Montana, where prosecutors say he sexually abused them for weeks before killing Dylan. Duncan was arrested July 2, 2005, when he and Shasta were spotted at a Coeur d'Alene restaurant. The boy's body was found days later at a remote campsite. … The U.S. attorney's office said Duncan confessed that he killed Carmen Cubias, 9, and Sammiejo White, 11, in Washington state in 1996 and Anthony Martinez, 10, in California in 1997. Officials did not specify to whom Duncan made the confession."

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Former Washington Teachers Union Chief Has Sentence Reduced. The Washington Times (1/24, Mcelhatton) reports U.S. District Court Judge Richard J. Leon "reduced the prison sentence of former Washington Teachers Union chief Barbara A. Bullock by more than two years, in exchange for her help in convicting former colleagues in a massive embezzlement scam." Bullock "pleaded for leniency" saying, "I am sorry for what I did, and I can't do any more than that." She "had been sentenced to nine years in prison after pleading guilty in 2003 to taking part in a scam that embezzled more than $5 million in teachers' dues." Now "Bullock is likely to be released in about three years." Judge Leon "rejected the defense request to cut Bullock's sentence by an additional two years, saying she reaped more of the rewards in the embezzlement scam compared with any other defendant."

Los Angeles City Council OKs Vote On Anti-Gang Tax. The Los Angeles Times (1/24, McGreevy, Hymon) reports, "Desperate to stem the rise of gang violence in Los Angeles, the City Council agreed Tuesday to draft a ballot measure that would impose a parcel tax to raise $50 million or more annually for intervention and prevention programs. … However, council members said it was unlikely the proposal would go onto the ballot until next year, skipping the municipal election in May." The Times continues, "Also Tuesday, City Atty. Rocky Delgadillo released his plan for reducing gangs, which includes a call for school uniforms to be required for all Los Angeles Unified School District students, legal action to shut down the headquarters of the 10 worst gangs, and expanding his assignment of prosecutors to every police station and to neighborhoods around gang-plagued schools." The Times adds, "Delgadillo also said he would seek to expand the city attorney office's truancy program to numerous of middle schools, obtain stay-away orders for those who do not live in the neighborhoods they terrorize and push for legislation to increase penalties for gang-related crime. … Councilwoman Janice Hahn, who wrote and championed the proposal for a parcel tax to fight gangs, said action was needed because of the 267 gang-related homicides last year and the 14% increase in gang crime citywide. … After a sometimes emotional debate, the council voted 13 to 0 to direct the city attorney to draft language for a ballot measure. Another vote will be necessary to put it to voters."

Mother, Children Found Safe After Indiana Abduction. The Chicago Tribune (1/24, Doyle) reports, "A mother and four children who police said were abducted from their Elkhart, Ind., home on Saturday were found safe in a motel in the same city Tuesday night, officials said." The Tribune continues, "The children's father, Jerry White, is accused of kidnapping them after shooting a man in their home Saturday morning. Police initially thought White might have fled to the Chicago area, where he once lived. … But on Tuesday night, Kimberly Walker, 31, and her children Jaylan, 9; Justin, 8; Kyara, 6; and Kayla, 16 months, were 'doing well' in the Elkhart area, police said. … White, 30, is in custody, police said." The Tribune adds, "White, Walker and the children were found at the Sleepy Hollow motel on Elkhart's north side about 7 p.m., police said. Police declined to say how they found the family in the motel. … An arrest warrant was issued charging White with attempted murder and several counts of confinement. White is the father of all four children, police said. … White, according to court records, allegedly has a history of kidnapping Walker. He pleaded guilty in 2003 to felony domestic battery for attacking Walker while she was leaving work on the South Side, according to court records. The more serious aggravated kidnapping charges were dropped."

Agent Denies FBI Threatened Vigil Defense Witness With Prosecution. The AP (1/24) reports, "A federal judge made no immediate decision Tuesday afternoon on a request for a new trial for former (NM) State Treasurer Robert Vigil. … The hearing will resume Wednesday morning, but the judge also told both sides they should be prepared to go forth with Vigil's scheduled sentencing." The AP notes, "Tuesday's hearing was called after defense attorney Sam Bregman raised concerns about a potential witness. That witness, former Deputy State Treasurer Ann Marie Gallegos, claimed she had been intimidated by the FBI. But FBI agent Marcus McCaskill testified…it was never intimated that Gallegos would be prosecuted if she testified for the defense."

Defense Suffers Setbacks At Coke Formula Theft Trial. The Atlanta Journal-Constitution (1/24, Stanford, 379K) reports, "Defense attorneys in the Coca-Cola trade secrets trial suffered a pair of setbacks Tuesday during a second day of testimony full of fireworks. The federal judge in the case began by admonishing the attorney for former

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Coke secretary Joya Williams, who is accused of conspiring to sell confidential company documents and product samples to PepsiCo. The judge said attorney Janice Singer attempted to skirt the court's rules to 'attack' a prosecution witness," Edmund Duhaney. "As a result, the judge wouldn't allow Singer to introduce evidence the attorney said was at the 'core' of her case. Then jurors learned that Williams contacted another prosecution witness just days before the start of her trial to suggest how he should testify." The AJC notes, "Singer hammered away at Duhaney's credibility most of the morning. But Duhaney refused to say he was testifying to get a lighter sentence for his part in the crime."

In a widely-distributed story, the AP (1/24, Weber) reports Joya Williams' former boyfriend, Sedrick Wilson testified that Williams "wanted him to lie for her about a package she had sent to another man accused in the case." Wilson said Williams "sent him a text message on Jan. 7, nine days before jury selection began in her trial, saying that it was 'beyond important' that he call her. The subject, Wilson said, was a package she sent via FedEx to Ibrahim Dimson, a co-defendant in the case, during the first half of 2006. Wilson said he was with Williams when the shipment was sent. 'She said, "Make sure you say that it was for the trucking company,"' Wilson recalled of his recent conversation with Williams."

Jurors Hear FBI Surveillance Tapes. WXIA-TV Atlanta (1/23, Shirek, King) reported on its Web site from a broadcast story, "Secretly-recorded phone calls portray" Williams "as a willing participant" in the conspiracy. Jurors yesterday "heard those taped phone calls, and saw an eyeful." WXIA added, "Williams insists Duhaney is the one who stole all those Coke trade secrets from her, and, on his own, offered them to Pepsi, without her knowledge. But in court Tuesday, with Duhaney on the witness stand, Williams and the jury listened to phone calls the FBI recorded between Duhaney and his confessed partner in crime, Ibrahim Dimson, when agents secretly tapped Dimson's cell phone last year. … In their taped phone calls, the men…portray her as an associate, a willing and active participant, in the scheme."

Indianapolis Police Officer Sentenced To Prison For Mortgage Fraud. The Indianapolis Star (1/19, Evanoff, 268K) reported, "Indianapolis Police Department veteran Michael C. Smith was sentenced Wednesday to 57 months in prison by U.S. District Judge Sarah Evans Barker for his role in a mortgage-fraud scheme. One of the longer prison terms given for mortgage fraud in the city, it follows a probe by a little-known federal task force set up in 2002 to look into Indianapolis' long rash of real estate scams. Smith is the 58th individual convicted of fraud since the federal task force was assembled to look into real estate fraud in Central Indiana, U.S. Attorney Susan Brooks' office reported." The Star noted, "Brooks organized the task force with the FBI, Internal Revenue Service, U.S. Postal Service and U.S. Secret Service, which looks into some white-collar crimes. … 'Indianapolis has more fraud than other cities,' said original task force member Kent Paulin, who retired as an FBI agent in 2004. 'It's almost like a networking thing.'" The AP (1/19) also reported on Smith's sentence.

Kulongoski Calls For Policy Review In Light Of Federal Kickback Probe. The Oregonian (1/24, Walsh, Green, 318K) reports, "Gov. Ted Kulongoski on Tuesday called for an internal review of state procurement policies in the wake of a federal probe into allegations that a food service administrator for the prison system took bribes from companies in return for buying their food." Kulongoski spokeswoman Anna Richter Taylor said, "Once the (federal) investigation is complete, we will be re-evaluating whether or not the procurement and management policies that we have in place are sufficient and identify what changes need to be made to strengthen oversight." The Oregonian notes, "Farhad 'Fred' Monem was placed on leave after IRS and FBI agents searched his Salem home and office earlier this month. A federal judge has unsealed court documents that describe a four-year kickback scheme that alleges Monem took hundreds of thousands of dollars from companies that sell food to the state for inmate meals."

The AP (1/24, McCall) adds that "Kulongoski said Tuesday a federal investigation into alleged kickbacks to the state prison food service administrator totaling at least $650,000 may lead to tougher oversight of the purchasing program. … No charges have been filed against Monem or others accused of involvement." The AP also notes that the FBI and IRS were conducting the investigation.

US Will Not Charge New York Post Contributor. The New York Times (1/24, Barron) reports, "Federal prosecutors have decided not to file charges against a former freelance contributor to The New York Post's Page Six gossip column after an investigation into whether he

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had demanded payments for favorable coverage, a lawyer for the contributor said yesterday." The Times continues, "The contributor, Jared Paul Stern, was suspended last April after The Post reported that the California supermarket billionaire Ronald W. Burkle had complained to the authorities. … At the time, people involved in the investigation said that Mr. Burkle had secretly videotaped Mr. Stern demanding a $100,000 payment and a $10,000 monthly stipend. Mr. Stern was heard saying that in return, he would keep unfavorable mentions of Mr. Burkle out of Page Six." The Times adds, "Yesterday, a person with knowledge of the decision confirmed that federal prosecutors in Manhattan had decided not to prosecute Mr. Stern. The decision was reported on The New York Observer's Web site yesterday afternoon. … A spokeswoman for the United States attorney's office in Manhattan declined to comment. But Mr. Stern's lawyer, Joseph Tacopina, said he had been told of the decision. … 'We've always been confident that there was no evidence of any crime,' Mr. Tacopina said."

Attorneys Question Massachusetts Police Lab's DNA Results. The Boston Globe (1/24, Saltzman) reports, "Showing the widening fallout from the mishandling of DNA test results at the State Police lab, the lawyers in three high-profile murder cases challenged the reliability of such test results and suggested the problems could help their clients." The Globe continues, "A lawyer for Neil Entwistle, whose DNA was allegedly found on the gun used to kill his wife and infant daughter, said the suspension of Robert E. Pino, the civilian administrator of the DNA database at the State Police forensic laboratory, "calls into question the reliability, trustworthiness, and integrity" of the lab and should be investigated by an independent forensic scientist." The Globe adds, "The FBI began an audit of the laboratory last week because Pino allegedly failed to report 11 matches in old unsolved rape cases until the statute of limitations had expired and reported four test results incorrectly. … But Entwistle's lawyer, Elliot M. Weinstein, said in an interview that the bureau has had its own deficiencies with DNA analysis in recent years and lacks credibility." The Globe notes, "Weinstein, who unsuccessfully asked a judge last fall to toss out DNA evidence against Entwistle, declined to say whether he intends to submit a new motion on the basis of Pino's suspension. But his comments indicate that defense lawyers will probably cite the lab's problems as reasons that judges should block DNA results from being introduced as evidence, that juries should discount such evidence, or that convictions should be overturned. … Also yesterday, lawyer Robert A. George said he expects that Pino's actions will form the basis of challenges in two other high-profile murder cases: Christopher M. McCowen's conviction in November of the murder of Christa Worthington, and Edward S. O'Brien's 1997 conviction in the slaying of his best friend's mother. George represented both defendants."

House Republicans Seek Berger Polygraph. The Washington Times (1/24, Seper) reports, "Eighteen House Republicans have urged the Justice Department to proceed with a polygraph test for Samuel R. Berger, the former national security adviser who agreed to take the test as part of a plea of guilty of stealing documents from the National Archives. … 'This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead-up to the terrorist attacks on the United States,' the congressmen said in their letter to Attorney General Alberto R. Gonzales." The Times adds, "The congressmen -- led by Rep. Thomas M. Davis III of Virginia -- said a prompt lie-detector test is needed to determine the extent of Mr. Berger's thievery, especially because the former Clinton administration adviser reviewed original documents for which there were no copies or inventory. … Other signers of the letter are Reps. Duncan Hunter, Darrell Issa and Brian Bilbray of California, John L. Mica of Florida, F. James Sensenbrenner Jr. of Wisconsin, Dan Burton and Mark Souder of Indiana, Christopher Shays of Connecticut, John M. McHugh of New York, Chris Cannon of Utah, John J. 'Jimmy' Duncan Jr. of Tennessee, Michael R. Turner of Ohio, Kenny Marchant of Texas, Lynn Westmoreland of Georgia, Patrick T. McHenry and Virginia Foxx of North Carolina and Bill Sali of Idaho. …Mr. Davis, former chairman and now ranking Republican on the House Government Reform Committee, released a report by his staff on Jan. 9, saying a Justice Department investigation of Mr. Berger's admitted document theft was 'remarkably incurious.' … The report said the theft compromised national security 'much more than originally disclosed' and resulted in 'incomplete and misleading' information to the September 11 commission. It said Mr. Berger was willing to go to 'extraordinary lengths to compromise national security, apparently for his own convenience.'"

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State, Local Officials Take Action To Curb Cyber-Bullying. The Wall Street Journal (1/24, D1, Chaker) reports on "a growing problem for school administrators and local officials: how to handle so-called cyberbullying. As long as there have been kids, there have been bullies. Now, emboldened by the anonymity available online, a bully can be nastier -- and with the click of a mouse, have a far broader audience -- than in the past. What may once have been snickers in the hallway can now be an excruciatingly public humiliation spread via email, text messaging and online teen forums." The Journal continues, "Schools and local officials have been hearing increasing calls from parents to step in. But educators are torn between the desire to stop bad behavior and the limits on their ability to intervene. Much of the badmouthing takes place on home computers and off school grounds, where schools have little or no authority. … Now, school officials, states and even Web sites are taking action. Educators and state legislatures in Florida, South Carolina, Utah, Oregon and elsewhere are creating new policies that deal with cyberbullying, either incorporating electronic harassment into existing bullying policies, or spelling it out as an entirely new threat. In doing so, they are often crafting language that allows educators to intervene even in off-campus incidents if the activity affects the school environment." The Journal notes, "MySpace.com, the popular networking site, last fall released a guide for school administrators, advising them to contact the site about false or offensive user profiles or to report threats or cyberbullying. It also created a hotline and email address for the exclusive use of school officials to contact MySpace. … The challenge is that students, like everyone else, have First Amendment rights that school officials can't cross. In 1969, the Supreme Court ruled that to suppress student speech on campus, a public school must show it aims to prevent 'substantial disruption' in the classroom rather than 'a mere desire to avoid the discomfort and unpleasantness that always accompany an unpopular viewpoint.' … Later this year, the justices will consider whether public school officials can suppress student speech off campus, in a case where a Juneau, Alaska, high-school principal suspended a student for unfurling a banner reading 'Bong Hits 4 Jesus' on a sidewalk where students had gathered. The case could have implications for other forms of off-campus speech, such as online postings."

CIVIL LAW:

Attorneys Attend "Bankruptcy Boot Camps" To Prepare For Battle. The Wall Street Journal (1/24, B6D, Doss) reports, "Creditors beware: O. Max Gardner III is planning to train an army of consumer bankruptcy attorneys at his Bankruptcy Boot Camps this year." The Journal continues, "His mission isn't to beef up attorneys' muscles with a regimen of sit-ups or push-ups. Rather, Mr. Gardner's goal is to teach them the fine art of overcoming the hurdles put in place by bankruptcy legislation that creditors helped to pass in 2005. … Mr. Gardner, who started the boot camps last August, believes the new law is punitive toward debtor attorneys and makes it harder for consumers to file for bankruptcy-court protection." The Journal adds, "The Bankruptcy Abuse Prevention and Consumer Protection Act, which took effect in October 2005, ushered in sweeping changes to the federal bankruptcy code that affected both consumers and businesses in financial trouble. … Critics contend that the new law made it harder for consumers to file for bankruptcy protection and that it was essentially drafted by lobbyists for banks and credit-card companies. … Some judges have expressed that view, too. In a court opinion last year, Judge Frank R. Monroe of the U.S. Bankruptcy Court in Austin, Texas, said that 'the parties pushing the passage of the Act' appeared to have 'an agenda to make more money off the backs of the consumers in this country.' … Mr. Gardner, who has been a consumer-bankruptcy attorney for nearly three decades, said he plans to help boot-camp attendees fight back by putting them through a four-day seminar to 'de-program' and 're-engineer' their practices. … Consumer-bankruptcy attorneys tend to focus on filing a bankruptcy petition for their clients and getting their debts discharged, he said."

CIVIL RIGHTS:

DOJ Clears Louisiana Party Primary System. The Baton Rouge (LA) Advocate (1/24, Schuler) reports, "The U.S. Justice Department has cleared the way for Louisiana to return to a party primary system for congressional elections starting in 2008." The Advocate continues, "Justice Department Voting Rights Chief John Tanner's office advised state officials of the sign-off on legislation the Legislature approved in June. … The state Attorney General's Office

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released the letter Tuesday." The Advocate adds, "Sen. Cleo Fields, D-Baton Rouge, pushed the law to end the practice of Louisiana electing its congressmen after other states across the nation. … 'The issue should be squarely behind us and we can elect members of Congress at the same time as everybody else does,' Fields said Tuesday. … Under the plan, Democrats and Republicans would hold party primary elections with winners facing each other in a general election along with nonparty candidates who want to make the race." The Advocate notes, "The election schedule would allow winners of the party primaries and other party candidates to face each other on federal Election Day — the first Tuesday after the first Monday of November. … That's a move away from the open primary system, where all candidates regardless of party have vied against one another on the November ballot. … If nobody won outright, the two top vote-getters would face off in a December election. .. .U.S. District Judge Frank Polozola set the schedule in 1998 to prevent Louisiana from electing its U.S. senators and representatives before Election Day."

Courts Give Mixed Reviews To Voter ID Laws. USA Today (1/24, Biskupic, 2.27M) reports voter identification laws, "adopted by states in recent years amid concerns about fraud, are getting mixed reviews as courts weigh whether they unconstitutionally keep some people from the polls." State courts in Georgia and Missouri "last fall invalidated laws that required voters to show photo ID each time they cast ballots. Georgia and Missouri are among 11 states that have passed such laws since 2003, inspired partly by allegations of voter fraud raised in Florida and elsewhere during the 2000 elections." Elsewhere, however, "federal appeals courts have not been as willing to reject voter ID laws."

Media Outlets Embroiled In Debate Over Free-Speech Rights. USA Today (1/24, 2A, Kasindorf) reports, "In a dispute between the 'new media' of the Internet and the 'old media' of broadcasting, liberal bloggers and conservative talk-radio hosts are accusing each other of trampling the First Amendment's guarantees of free speech." USA continues, "Hundreds of blogs are exhorting national advertisers not to buy commercial time on Disney-owned KSFO-AM in San Francisco because some on-air hosts have made comments that the bloggers allege are racist or encourage violence. … KSFO personalities say the bloggers are trying to muzzle their political views. The bloggers say they're rallying behind the free-speech rights of a colleague whose website was briefly shut down after Disney's ABC network threatened to sue over alleged copyright violations." USA adds, "Some advertisers, including Bank of America and MasterCard, have deserted KSFO since an anonymous media critic identifying himself online as Spocko began posting recordings of the station's 'Hot Talk' hosts. Spocko and some of his readers have been e-mailing the audio to KSFO advertisers since 2005, asking the companies whether they want to be associated with the controversial rhetoric. … The First Amendment flap was debated Sunday on CNN's Reliable Sources. Dan Riehl, a blogger critical of Spocko, said some of the radio hosts' comments 'were blown out of proportion or misrepresented' in the complaints to sponsors. Mike Stark, another blogger and a Spocko ally, said: 'The way to fight free speech that you disagree with is to engage in more free speech. And that's exactly what Spocko did.'"

ANTITRUST:

Antitrust Issues Loom Large In Proposed Delta Merger. The Financial Times (1/24, Cameron) reports, "Antitrust concerns have re-emerged as the key barrier in US Airways' hostile pursuit of Delta Air Lines, according to aviation financiers surveyed by the Financial Times." The Times continues, "The airlines' chief executives will face off on Wednesday before a Senate hearing on airline consolidation, which both sides view as a key test of political sentiment for deals involving the largest US carriers." The Times adds, "Doug Parker, US Airways' chairman and chief executive, is adamant that a deal which would create the world's largest airline would be cleared by the Justice department. .. He is expected to provide assurances to the Senate commerce, science and transportation committee that the merger with its larger rival would not lead to higher fares or reduced service to smaller communities." The Times notes, "Jerry Grinstein, his opposite number at Delta, argues the airlines' overlap on the US east coast would see it blocked on competition grounds, though has entertained discussions with Northwest about a potential combination when both emerge from bankruptcy protection. .. Delta is reviewing final bids from banks to provide exit financing for its planned exit from bankruptcy as a standalone carrier, which could include private equity investment."

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Georgia Legislators Ask Gonzales To Investigate Delta Bid. WSB-TV, Atlanta, GA (1/23, 6:00 a.m.) broadcasted, "Several Georgia lawmakers signed a letter to Attorney General Alberto Gonzalez urging him to review the situation. They support Delta's stand-alone plan for getting out of bankruptcy. However, they say it will negativively impact jobs and our state's economy."

WCIV-TV, Charleston, SC (1/23, 6:00 a.m.) broadcasted, "Georgia lawmakers are rallying around Delta airlines in opposition to the hostile takeover by USAirways. The newest chapter in Delta's public voiced opposition to the merger is a letter from Georgia lawmakers to US Attorney General Alberto Gonzalez USAirways recently bolstered its takeover bid from $8.4 billion to $10.3 billion. The legislators say Georgia could lose thousands of jobs if the hostile takeover succeeds."

WCJB-TV, Gainesville, VA (1/23, 12:00 p.m.) broadcasted, "The newest chapter in delta's public opposition to the merger is a letter from Georgia lawmakers to US Attorney General Alberto Gonzalez. It states the merger would be bad for Georgia and for the nation. The legislators want a quote 'full land careful review' of the takeover attempt."

KSTU-TV, Salt Lake City, UT (1/23, 11:00 a.m.) broadcasted, "Georgia lawmakers are sending a request to US Attorney General Alberto Gonzales calling for a complete review of the US Airways hostile take-over bid of Delta airlines."

Bank Of America Halts Effort To Change Law Limiting Growth. The New York Times (1/24, Dash) reports, "Bank of America's chairman and chief executive, Kenneth D. Lewis, said yesterday that the company was backing away from a quiet lobbying effort to change a federal law that could prevent it from making major acquisitions." The Times continues, "Just weeks after agreeing to initiate discussions with lawmakers to raise the possibility of lifting the 10 percent federal deposit cap, Kenneth D. Lewis said that he had told bank representatives to 'back off' from those plans. … 'I thought we had gotten out there a little too far in terms of our level of aggressiveness, and it sent the wrong signals,' Mr. Lewis said in an interview yesterday. About two weeks ago, he made the decision to halt the political effort, he said." The Times adds, "Bank of America, which has about $693.5 billion, or just over 9 percent of the nation's deposits, had argued in a position paper that the law restricting a bank to no more than 10 percent of the nation's deposits is 'antiquated, conceptually flawed' and anticompetitive." The Times notes, "While American banks are prevented from increasing their deposit base through acquisitions that might push them over the federal threshold, foreign banks face no similar restrictions. The bank also argues that the law is unnecessary because of antitrust laws, state regulations and market forces. … But as the only bank near the 10 percent limit, Bank of America has found itself with virtually no allies. JPMorgan Chase, the next largest deposit holder, could acquire all but the five biggest banks and still remain under the federal cap. Wachovia, Wells Fargo and Citigroup, the next banks in line, have potentially even more room and time. … Smaller community banks, meanwhile, have vowed to fight any move to lift the cap."

Stolt-Nielsen Sues DOJ For Access To Antitrust Amnesty Agreements. Corporate Counsel (1/24, Reisinger) reports, "The Stolt-Nielsen Transportation Group wants to know why it's been singled out for special treatment by the government. The Norwegian shipping giant has sued the U.S. Department of Justice under the Freedom of Information Act, demanding that antitrust officials release scores of confidential deals that they've reached with other companies. Of the roughly 100 businesses that have signed amnesty agreements with Justice's antitrust division, Stolt-Nielsen is the only one to have subsequently been indicted." CC continues, "Why does Stolt-Nielsen want to pore through these deals? For one thing, it wants to know whether any of these other agreements specified a date by which companies had to cease their alleged wrongdoing. Antitrust officials indicted Stolt-Nielsen's U.S. subsidiary in September, claiming that it continued to engage in price-fixing even after it said it had stopped. Stolt-Nielsen responds that the subsidiary halted the misconduct by the time that it signed its amnesty agreement in January 2003 and that the deal didn't set a deadline for when it had to clean up its act." CC adds, 'Stolt-Nielsen's attorneys declined to comment for this story, but lawyers close to the case say that the company hopes to compare the text of its deal with those that the antitrust division struck with other businesses, as well as with the division's model amnesty agreement. These attorneys say that Stolt-Nielsen wants to show that other agreements usually included a date by which illegal conduct had to be halted. … Justice spokeswoman Gina Talamona says that the antitrust division considers amnesty applicants to be 'confidential sources,' and will disclose their

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agreements 'only if required to do so by a court in connection with litigation.'"

Judge Dismisses Suit Over Online Phone Service. The AP (1/24, Veiga) reports, "A federal judge has thrown out an antitrust lawsuit filed by the distributor of Morpheus file-sharing software against Internet phone service provider Skype Technologies SA, eBay Inc. and other defendants." The AP continues, "StreamCast Networks Inc. had sought more than $4.1 billion in unspecified damages and a court order blocking eBay from selling Skype services. StreamCast claimed the founders of Skype broke an agreement to give StreamCast the right of first refusal for the technology behind Skype's Voice over Internet Protocol, or VoIP, service." The AP adds, "In her ruling Thursday on a motion for dismissal, U.S. District Court Judge Florence-Marie Cooper concluded that StreamCast failed to make its case for relief under federal antitrust laws and dismissed all claims against Skype, eBay and more than a dozen other defendants. … Cooper declined to exercise discretionary jurisdiction to consider state law claims such as unfair competition and fraudulent transfer."

German Truck Maker Withdraws Bid For Scania. The Financial Times (1/24, Milne, Ibison) reports, "German truckmaker MAN on Tuesday withdrew its €10.3bn hostile bid for Scania, handing Sweden's powerful Wallenberg family victory in one of Europe's bitterest recent takeover battles." The Times continues, All parties to the bid saga said they now hoped to conduct friendly discussions to see if a tie-up would be possible between the two truckmakers, as well as the truck assets of carmaker Volkswagen, the biggest shareholder of both MAN and Scania." The Times adds, "The withdrawal of the offer just eight days before it was due to expire puts VW and particularly Investor in a position to stamp their mark over any future discussions. … Several people on the German side said they now expected a new company to be established into which all the groups would be merged. … Both VW and Investor would hold large stakes in such a group, according to people briefed on the plans. But advisers on all sides said first there would be a cooling off period and that any eventual tie-up would 'take months, not days or weeks.'"

Dutch Court Rules Against Bid For Dofasco. The Baltimore Sun (1/24, Connolly) reports, "A Dutch court yesterday tossed out a bid by ThyssenKrupp AG to force Arcelor Mittal to honor a pledge to sell Canadian steelmaker Dofasco, but it's not clear whether Mittal will sell either its steel plant in Sparrows Point or Weirton, W.Va." The Sun continues, "The Justice Department gave Mittal until Jan. 28 to sell Dofasco Inc. to ensure it would not have a monopoly on tin production in the United States after its $33 billion merger with Luxembourg-based Arcelor SA. … If Mittal is unable to sell Dofasco, a manufacturer of high-grade sheet metal for the North American auto industry, the Justice Department has said Mittal must sell either its Sparrows Point or Weirton facility." The Sun adds, "Arcelor placed the profitable Dofasco in a Dutch trust early last year in an effort to fend off Mittal's hostile takeover bid. While Arcelor finally agreed to merge with Mittal, creating the world's largest steelmaker with annual production topping 110 million tons, it has no control over the trust. … The three trustees have already rejected a proposal by Mittal to sell Dofasco to Germany's ThyssenKrupp for $4.6 billion, less than the $4.86 billion that Arcelor paid for it. … Mittal said this month that it would not sue the trust to release Dofasco." The Sun notes, "It appears Mittal has given up trying to sell Dofasco. Last week, Mittal confirmed it was in negotiations with a Chicago-based steel distributor, Esmark Inc., to sell all or parts of Weirton, a large producer of tin plate. The two parties have signed a nonbinding memorandum of understanding, but any sale hinges on approval from the Justice Department. Late last year, Esmark gained control over nearby Wheeling-Pittsburgh Steel Corp. and promised cash for Weirton if Mittal put it up for sale. … However, Justice has the final say about which plant is sold and to whom. … Gina Talamona, a spokeswoman for the Justice Department, said yesterday in an e-mail response that 'the matter is still pending.'"

ENVIRONMENT:

Bush Seeks To Curb US Gasoline Demand With Renewable Fuels, Greater Efficiency. The New York Times (1/24, Andrews, Barringer, 1.16M) reports, "President Bush, vowing to reduce the nation's thirst for foreign oil, called on Tuesday for a huge government-mandated increase in renewable fuels -- mainly ethanol -- and tougher mileage standards for cars and light trucks." The proposals "were more ambitious, and perhaps less achievable, than those he made a year ago when he said the nation was 'addicted to oil.' The centerpiece of Mr. Bush's proposal, which he said would cut the projected use of

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gasoline by 20 percent over the next decade, was a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks." Bush "called for a mandatory requirement that makers of fuel produce 35 billion gallons of alternative fuels a year by 2017, replacing about 15 percent of the projected gasoline use in that year. A second major plank of Mr. Bush's energy proposal calls for increasing fuel-efficiency standards of cars and trucks by 4 percent a year -- about one mile per gallon -- starting in 2010 for cars and 2012 for trucks." Bush also "called for doubling the amount of oil in the Strategic Petroleum Reserve to about 1.5 billion barrels of oil. The doubling would take place at a snail's pace over the next 20 years. Even so, advance word of the idea helped push up oil prices by $2.46 a barrel on Tuesday to $55.04." Bush's proposals "face a slew of obstacles, both practical and political."

USA Today (1/24, Healey, 2.27M) reports, "The energy portion of President Bush's State of the Union speech Tuesday included some eye-popping numbers that would amount to a boon for the ethanol industry and could begin boosting the fuel economy of cars and trucks as soon as 2009." The "most stunning number in Bush's plan is 35 billion gallons -- the amount of renewable and alternative fuels that the petroleum industry would have to blend with gasoline by 2017. That would displace one-fourth of the gasoline Americans use."

The Chicago Tribune (1/24, Neikirk, 617K) reports, "President Bush sought Tuesday night to counter criticism that he has failed to do enough to tackle global warming and energy security as he unveiled a 10-year plan to slash U.S. gasoline consumption by 20 percent." If "initial assessments of his new proposal are any guide, the president has more persuading to do. Critics said that while his plan had many good elements, it either does not go far enough or might not be practical in some cases." Bush "presented an ambitious proposal that goes far beyond anything else he has previously offered to address what he called America's addiction to oil."

The Los Angeles Times (1/24, Simon, Douglass, O'Dell, 850K) reports, "President Bush's proposals to reduce U.S. gasoline consumption by 20 percent in 10 years include more specific and ambitious new goals than in previous White House statements, but they also appear to rely on assumptions about energy markets, politics and technology that some experts say are debatable, and include some apparent contradictions." The Times adds, "In general, Bush's proposal to boost alternative fuels such as ethanol was greeted with conditional enthusiasm by many scientists, environmentalists and members of Congress." Congressional "Democrats and their environmental allies assailed Bush for failing to endorse mandatory limits on emissions blamed for global warming, commit to stricter vehicle miles-per-gallon rules or reconsider his past opposition to requiring a percentage of the nation's electricity to be generated from alternative energy sources such as solar and wind power." But "any effort to go beyond what Bush is proposing could be politically difficult." Bush's "call for ramping up production of ethanol and other alternative fuels generated more enthusiasm, especially on Capitol Hill among farm-state Democrats and Republicans."

The Wall Street Journal (1/24, A2, Ball, Etter, 2.04M) reports, "President Bush's call for the U.S. to reduce projected gasoline demand by 20% over the next decade faces a hurdle: a volatile energy market." The "economics both of alternative fuels and of more-efficient vehicles depend largely on the price of oil as well as other commodities, leaving them vulnerable to market shifts." The Journal adds, "The volatility ethanol producers have encountered underscores the uncertainty faced by companies and investors trying to develop alternate sources of energy. Lower prices can hurt the economic argument underpinning their development, and added supplies can bring prices down."

The Financial Times (1/24, Cameron) reports that the renewable fuels targets outlined in the speech "are expected to inflame the food-versus-fuel debate over the competing use of corn-based ethanol, while environmentalists have also expressed concern over plans to increase domestic oil production." The Times adds, "The president is expected to commit more funds to renewable fuel research – a call matched by the Democratic leaders – in a bid to meet the targets and make other feedstocks such as sawgrass more commercially viable. However, the target could also renew calls for the existing tariff on ethanol imports to be lifted."

The Washington Post (1/24, A14, Mufson, 690K) reports, "The energy proposals President Bush outlined last night break new ground for his administration. ... Each proposal, though, immediately prompted questions about its ultimate effectiveness." The Post outlines four energy proposals from the State of the Union speech and gives what it calls the "fine print" of each.

The Financial Times (1/24, Daniel) reports, "The speech marked Mr Bush's strongest effort yet to slow the growth of greenhouse gases." But "the White House energy

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policy fell short of hopes that it would engage in international discussions about a post-Kyoto accord after 2012 to control greenhouse gases or support tougher economy wide mandatory caps on carbon dioxide."

Plan To Double Petroleum Reserve Causes Big Jump In Oil Prices. NBC Nightly News (1/23, story 10, :20, Williams, 9.87M) reported that oil prices "shot up today after the government announced it will boost this nation's emergency oil stockpiles. That word sent crude oil up $2.48 a barrel. A gain of nearly 5% in one day to close at $55.04 a barrel."

The Financial Times (1/24, Daniel) reports, "President George W. Bush triggered the biggest one-day jump in oil prices in 16 months on Tuesday when he set out plans in his State of the Union address to double US strategic oil reserves." Energy Secretary Sam Bodman "said his department would start 'purchasing crude oil in the spring at a rate of about 100,000 barrels per day.'"

Samuelson Warns Against "Infatuation" With Biofuels. Washington Post (1/24, A23, 690K) columnist Robert J. Samuelson writes, "President Bush joined the biofuels enthusiasm in his State of the Union address, and no one can doubt the powerful allure." But it "may be a mirage. The great danger of the biofuels craze is that it will divert us from stronger steps to limit dependence on foreign oil: higher fuel taxes to prod Americans to buy more gasoline-efficient vehicles and tougher federal fuel economy standards to force auto companies to produce them." The "administration's ultimate target of 60 billion gallons in 2030" would "offset less than half of the projected increase in annual oil use." And the "60 billion-gallon goal -- and the 35 billion-gallon interim target -- are also probably unrealistic." Although biofuels "are certainly worth pursuing," there is "a real threat that the infatuation with biofuels is a political expediency that will turn into a classic government boondoggle, benefiting selected constituencies and providing few genuine public benefits."

Predictions Of US Action On Climate Change Doubted. Wall Street Journal columnist Holman W. Jenkins, Jr. (1/24) writes this morning, "Pundits tell us the mood shift, with Democrats now in control, favors action on climate change. Don't bet on it. It's still going to be hard for the legislative process to get past the fact that nothing on the table or capable of commanding majority support would make the slightest difference to climate change." Jenkins adds, "A carbon tax would be the efficient way of encouraging businesses and consumers to make less carbon-intensive energy choices." But "because a carbon tax would lead to a direct (rather than surreptitious) increase in the cost of gasoline, the path of enlightenment will not be the path of politics." US policy "will consist of symbolism on global warming but nothing so costly and radical as to require true climate worrywarts to brighten up."

Congress May Revise Federal Mercury Pollution Policy. The Christian Science Monitor (1/24, Spotts, 59K) reports several "draft bills in Congress – as well as a suit in federal court – are challenging the Bush administration's mercury pollution program, which took effect last year. A key reason, they charge, is that the plan's emissions-trading scheme – which has worked to curb other pollutants that spread far and wide – doesn't work for mercury, which accumulates locally as well as spreading over long distances." Lawmakers on Capitol Hill are "preparing bills that would tackle the toxic pollutant in a more direct manner. They aim to reduce mercury emissions from coal-fired power plants by 90 percent, rather than the Environmental Protection Agency's (EPA's) target of 70 percent. The bills also would set up a nationwide monitoring network to track airborne mercury and its effects on the environment."

US Fines Cruise Line In Whale's Death. The Anchorage (AK) Daily News (1/24, Hunter) reports, "Princess Cruise Lines has agreed to pay $755,000 in fines and restitution to resolve accusations that one of its ships struck and killed a humpback whale near Glacier Bay more than five years ago." The News continues, "A court date to finalize a plea agreement is set for Monday in U.S. District Court in Anchorage. According to documents filed last week, Princess is expected to plead guilty to a single misdemeanor of 'failing to operate at a slow, safe speed while near humpback whales.' Under a plea agreement yet to be filed, the company would pay a $200,000 fine to the government and $550,000 in 'community service restitution' to the National Park Service Foundation, court papers say. That money would go to an account for Glacier Bay National Park." The News adds, "John Quinley, an Alaska spokesman for the National Park Service, said Justice department attorneys have told Park Service officials not to discuss the case at least until next week. The body of a 45-foot humpback was found floating near the mouth of Glacier Bay in mid-July 2001. A necropsy conducted at the time showed the animal died of massive skull fractures. A Princess vessel, the Dawn Princess, had

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been operating near two humpback whales a few days before, according to the court papers and news reports at the time."

FBI/DEA/ATF/USMS:

Mexico's Attorney General Says Extradited Drug Suspects Could Return To Mexico. The AP (1/23) reported Mexico's attorney general "said an alarming increase in drug use in Mexico is leading cartels to fight primarily for markets and territory rather than shipping routes, as cocaine finds an easier market [in Mexico] than in the United States. Attorney General Eduardo Medina Mora also said Tuesday that a group of alleged drug traffickers extradited to the U.S. over the weekend could be returned to Mexican prisons once they are tried abroad, noting 'that possibility has not been discarded.'" The AP says his comments to congressional members that "some of the 15 extradited late Friday might wind up back in Mexico to serve unfinished sentences or face new trials seemed at odds with the expectations of U.S. officials, who apparently plan to keep them for life. On Monday, Karen Tandy…said that 'on behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives.'" The AP story was used by the International Herald Tribune, France.

The San Diego Union-Tribune (1/23, Soto) reported that four "drug cartel leaders" extradited from Mexico "are expected to appear in San Diego federal court within weeks. Officials refused to give details about their transfer…for security reasons. … Tandy said the greatest coup was the extradition of Osiel Cárdenas, a former police officer accused of running the Gulf Cartel, and of having corrupted specially trained Mexican federal officers. 'For the past eight years, Osiel Cárdenas Guillen commanded one of the most brutal and powerful drug cartels in the world,' she said." Mexico's attorney general "has said the cartel leaders…were extradited to stop their communications from behind bars and to reduce risks of violence and escape."

Former Texas Police Officer Among Extradited Fugitives. In McAllen, Texas, the Monitor (1/23) reported one of the 15 fugitives Mexico "extradited to the United States Friday was a former officer in the Donna and Weslaco police departments whose confession nine years ago helped bring down a powerful Mexican cartel. Gilberto Salinas-Doria's arrival at Ellington Field Friday outside Houston capped 16 years on the run from a federal indictment in Brownsville. … Salinas-Doria skipped bail on a 1990 charge in Brownsville that he tried to buy thousands of pounds of marijuana. Drug cases were later opened against him in Georgia and Houston."

Violence Expected Due To Extraditions. The San Antonio Express-News (1/23) reported the removal of alleged Mexican "drug kingpin" Osiel Cárdenas Guillén from communication with his organization "raised questions about whether a power vacuum would usher in a wave of violence in Gulf Cartel territory, which reaches from Matamoros, across from Brownsville, to west of Nuevo Laredo. 'This is going to add to the ongoing war between these groups,' said Bruce Bagley, an expert on drug trafficking at the University of Miami. 'It happens every time you behead one of these organizations.' Violence in the short term is almost assured as the Gulf Cartel restructures itself and as the rival Sinaloa Cartel may perceive the group as vulnerable, Bagley said."

Calderón's Efforts Called Extraordinary. In an editorial, the Christian Science Monitor (1/24) writes, "A new Mexican president, Felipe Calderón, has taken extraordinary steps to give fresh hope to a country that needs it. He's extradited drug kingpins to the US and sent troops into violent drug zones. This just may be a Mexican leader the US can get behind." The U.S. "should back Calderón's bold moves. For starters, it can reduce its consumption of illegal drugs and make it more difficult for Mexicans to cross the border and abandon their country. But now may be the time for the US to ask what more it can do to finally help fix its neighbor's seemingly intractable social and economic problems."

Eleven Suspected Gang Associates Arrested In Massachusetts. In Springfield, the Republican (1/24) reports a local gang task force "arrested 11 suspected gang associates early yesterday morning, billing the effort as a coordinated attempt to beat back rising street crime. … In addition to the FBI and Springfield police, agents with the U.S. Drug Enforcement Administration and Bureau of Alcohol, Tobacco, Firearms and Explosives joined in the sweep, plus U.S. Marshals, Massachusetts State Police and members of the Hampden County Sheriff's Department." The Republican says more arrests are expected to be announced today.

Prosecutors Say Chicago Car Dealers Created Haven For Drug Runners. The Chicago Sun-Times (1/23) reported two West Side auto dealer owners

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"lined their pockets by selling luxury SUVs for cash to drug dealers, who used them to smuggle cocaine or heroin. … The accusations came as the trial for Amir Hosseini and Hossein Obaei began in federal court. The men's dealerships...were shuttered by authorities in 2005 and more than 100 vehicles…were seized. … While seizing SUVs at the U.S.-Mexico border, the Drug Enforcement Administration and FBI discovered many were purchased at the West Side dealerships." The Sun-Times says Hosseini and Obaei "are accused of using their businesses as a haven for drug runners and gang-bangers, laundering millions of dollars."

Tennessee Newspaper Notes Cost Of Illegal Immigrant's Prosecution In Marijuana Case. The Knoxville (TN) News Sentinel (1/24, Satterfield) reports Assistant U.S. Attorney Mike Winck "said [Juan] Lino-Gomez in a single transaction last July sold 100 pounds of marijuana. Unlucky for him, though, his customer turned out to be an undercover agent, and he and his alleged cohorts were arrested." But Lino-Gomez's case "is a primer on the price tag that prosecutions involving illegal immigrants can carry. Start with the salaries of lead investigators, U.S. Drug Enforcement Administration Agent Todd Lee and Knoxville Police Department Investigator Bruce Conkey. Next, add in cash taxpayers fork out to cover Winck's salary."

Big City Mayors Hold Gun Summit In DC. The AP (1/24, Barrett) reports, "Dozens of mayors from around the country gathered Tuesday to urge the new Democratic Congress to fight crime by allowing wider tracking of illegal guns." The AP continues, "New York Mayor Michael Bloomberg and Boston Mayor Thomas Menino were joined by 50 other mayors, who argue more access to gun sales data would reduce crime in the streets of their cities. … Minneapolis, Miami, Newark, N.J., and Omaha, Neb., were among the cities represented." The AP adds, "Bloomberg, a moderate Republican, said it was time to 'begin showing Congress that it is possible to find common ground on common sense issues.' … 'We refuse to fall into the same old trap that it is an either-or: either respect the rights of gun owners or keep illegal guns out of the hands of criminals,' Bloomberg said. 'That's ideological nonsense, and we've just got to move past it.' … To buttress their case, several of the mayors cited the recent rises in violent crime across the country." The AP notes, "FBI data show that violent crime rose 3.7 percent nationwide in the first six months of 2006 compared to the previous year. .. In New York, the murder rate rose almost 10 percent in 2006, though the overall crime rate continued to decline."

The Washington Times (1/24, DeBose, 88K) reports "more than 120 of the nation's mayors urged Congress yesterday to allow federal and local law enforcement to share gun database tracking information in an effort to curtail the illegal sale of firearms." City executives "said they have run out of options to keep guns off their streets. Gun-buyback programs and stings on vendors who violate laws haven't solved the problem, they said." Mayors Michael R. Bloomberg of New York and Thomas M. Merino of Boston, "who in April formed a coalition called Mayors Against Illegal Guns, have crafted a policy agenda for Congress." The Mayors are "attempting to avoid serious conflicts with pro-gun groups, sportsmen and advocates of the Second Amendment, which protects Americans' right to bear arms."

Former ATF Agents Sue Chicago, Charging Police Corruption. The AP (1/24, Robinson) reports, "Chicago police retaliated with harsh reprisals against two government agents who blew the whistle on one of the city's most corrupt police officers ever, a federal court jury was told Tuesday." The AP continues, "Diane V. Klipfel and Michael V. Casali, a married couple who were agents with the Bureau of Alcohol, Tobacco and Firearms, found their lives in ruins after they leveled corruption charges in 1992 at decorated narcotics investigator Joseph Miedzianowski, attorney Sally H. Saltzberg said. … 'They went to enormous lengths to retaliate against Diane and Mike for their allegations,' Saltzberg said during opening statements in the couple's civil lawsuit against the city." The AP adds, "Klipfel and Casali are seeking almost $10 million apiece in damages from the city, saying they were not only the targets of retaliation but the victims of a 'blue wall of silence' designed to cover up corruption. … City of Chicago attorney Stephen Baker scoffed at the notion that the city had any responsibility for the problems that beset the couple. … He told jurors that police officials all but begged ATF for information about wrongdoing on the part of Miedzianowski. But it was the Chicago police who were met with silence, Baker said."

IMMIGRATION:

Bush Urges Congress To Pass Immigration Reform. The Washington Times (1/24, Dinan, 88K)

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reports, "President Bush last night said his administration has made huge strides clamping down on illegal border crossings, and called on Congress to finish the job this year by passing a guest-worker bill and extending citizenship rights to illegal aliens." In a State of the Union address "designed to highlight areas where he could work with the new majority Democrats, Mr. Bush put immigration front and center, along with education, health care and energy policy -- all domestic issues where he thinks he can find common ground. 'Convictions run deep in this Capitol when it comes to immigration. Let us have a serious, civil and conclusive debate -- so that you can pass and I can sign comprehensive immigration reform,' Mr. Bush said." But "the president's push will isolate many conservative Republicans who oppose his immigration and education plans, and shows the precarious balancing act Mr. Bush will have to do with his own party as he works with Democrats to try to achieve legacy accomplishments."

The Wall Street Journal (1/24, A2, Kronholz, Lueck, 2.04M) says "Bush's call for an overhaul of immigration law is largely a reprise of earlier plans, but with a twist: With his party out of power on Capitol Hill, it could pass." Bush" elevated immigration to one of four domestic-policy priorities in his State of the Union address, even while offering an agenda similar to last year's plan. He proposed a temporary-worker plan, a path to legalization for some of the estimated 12 million illegal immigrants, tougher border enforcement and measures to ensure employers hire only legal workers." Bush and congressional Democrats "agree on the outlines of a bill, but they are far apart on details. Both agree on helping employers fill jobs with temporary workers. Without that, they say, the US economy will remain a magnet for illegals. But the president insists those workers must eventually leave, a key demand of conservatives who fear the growing Hispanic population is undermining American culture. Generally, Democrats want to let them stay and eventually become citizens."

Rohrabacher's Body Language During Speech Noted. CNN's John Roberts noted he was watching Rep. Dana Rohrabacher (R) who was "shaking his head through much of what the President was saying, particularly about the guest worker program. … Rohrabacher shook his head and refused to stand up."

Immigration Raids In South California Net 761 Arrests. The AP (1/24, Flaccus) reports from Santa Ana, CA, "Federal immigration officials said Tuesday they arrested more than 750 illegal immigrant fugitives from 14 countries in what they described as one of the biggest such sweeps in U.S. history." The AP continues, "The weeklong series of raids in the five-county Los Angeles region targeted illegal immigrants who had previously been deported for crimes or had ignored final deportation orders." The AP adds, "The raids netted 338 illegal immigrants who were arrested at their homes and apartments and 423 who were identified in area jails since Jan. 17. Those already jailed will be transferred to federal custody when they finish serving their state sentences, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement. … The sweep netted illegal immigrants from Mexico, Honduras, Ukraine, India, Japan, Poland and Trinidad, among others. Of the 761 people arrested, more than 450 have already been deported, Kice said." The AP notes, "The raids were a major push within 'Operation Return to Sender,' a crackdown that has resulted in 13,192 arrests nationwide since late May. Immigration officials have also identified 3,000 inmates in state and local jails who will be deported. … The operation targets those illegal immigrants who hide after skipping their voluntary deportation proceedings and criminals who have re-entered the United States after being previously deported for crimes in the U.S."

TAX:

DOJ Seeks Back Taxes From Closed New York Center. The Buffalo News (1/24) reports, "In an attempt to recoup back taxes from the closed St. Augustine Center, the Tax Division of the U.S. Justice Department has filed a federal suit seeking to block state court action in the case." The News continues, "The Tax Division served papers Friday on State Supreme Court Justice John A. Michalek, who shut down the center last February, and Adam W. Perry, the attorney he assigned to close the books on the center and pay off unpaid workers. … U.S. District Judge John T. Elfvin has scheduled a hearing on the suit for Wednesday." The News adds, "Perry noted this is the third time in recent months that the Justice Department has sought to intervene in the state court action, in which he is seeking to partially compensate 85 employees, each now entitled to about $1,500, for their work during the final months. … The Justice Department lawsuit describes the court action as an effort to block Perry from distributing any funds collected for St.

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Augustine employees and 'enjoin the New York State Supreme Court, Erie County, from proceeding further in the receivership action.' … The federal government hopes to secure at least partial funding of the $699,553 in unpaid federal employment taxes, federal income tax liabilities and interest that continue to accumulate against the center."

CONGRESS-ADMINISTRATION:

Democrats Say Bush Healthcare Proposal "Dead On Arrival." In his State of the Union address yesterday evening, President Bush offered a new federal healthcare plan as part of his domestic agenda. Media coverage of Bush's speech focused primarily on Iraq, but national newspapers devoted some secondary stories to the healthcare plan. USA Today (1/24, 1B, Appleby, 2.27M) reports, "Bush's State of the Union health care proposal couples an old idea, capping tax-free benefits for health care, with a new one: a standard deduction for all who buy health insurance. If approved, and the plan faces a chilly reception in the Democrat-controlled Congress, the administration says it would give people who buy their own health insurance equal tax breaks with those who get coverage through their jobs. The tax savings could help 3 million to 5 million of the nearly 47 million now-uninsured people buy coverage, the administration says. … A similar plan to cap tax-free health benefits offered by employers was proposed by President Reagan in 1986 but failed to pass Congress."

According to reports, Democrats have categorically rejected President Bush's healthcare plan. Under the headline "Bush's Insurance Plan Looks DOA," Roll Call (1/24, Stanton) reports, "Bush's call for a major overhaul of the employer-based health insurance system is unlikely to see much, if any, action in the Senate this year in the face of near-universal opposition from Democrats and a GOP base still stinging from the Social Security debacle in the 109th Congress. … Senate Democrats have largely dismissed the proposal, charging it will cause a significant tax burden on middle-class families."

USA Today (1/24, 1B, Appleby, 2.27M) reports, "Rep. Pete Stark, D-Calif., chairman of a key health subcommittee in the House, said he would not even consider hearings on the proposal. He says it would give wealthier Americans with health insurance a far larger tax break than the lower-income uninsured that the plan purportedly aims to help."

The New York Times (1/24, Toner, Pear, 1.16M) reports "Congressional Democrats described the plan as a middle-class tax increase that would penalize people with good health benefits. They praised the new focus on health care, but said the Bush proposal was more likely to yield partisan debate than a search for consensus."

The Washington Times (1/24, Curl, 88K) reports, " As evidence of the partisanship in the House, Rep. Pete Stark, California Democrat and chairman of the Ways and Means health subcommittee, said he would not even consider holding hearings on the plan."

The Washington Post (1/24, A14, Weisman, Fletcher, 690K) reports "Democrats said they did not see much movement toward them beyond the rhetoric."

The Los Angeles Times (1/24, McManus, Reynolds, 850K) reports Democrats "criticized his healthcare plan as a threat to traditional employer-provided insurance."

The Wall Street Journal (1/24, Meckler, 2.04M) says the plan "could spell trouble for less-healthy workers who would likely pay higher premiums than they would if they were part of a group plan, critics say. … Critics also argue it would also do little to help those without insurance now. Most of the uninsured have relatively low incomes, meaning the new tax deduction for purchasing insurance on the open market is less valuable for them than for those who earn more."

The Chicago Tribune (1/24, Graham, 617K) summarizes the program and offers reaction from figures in the insurance agency and at think tanks. Karen Ignagni, president of America's Health Insurance Plans: "I think the president is jump-starting a national discussion over expanding health-care coverage." Meanwhile, Paul Fronstin, director of health research at the Employee Benefit Research Institute, "envisions a series of serious consequences. More employers would stop offering health insurance and younger and healthier workers would opt out of company plans if they could get better deals elsewhere." Also, "Robert Reischauer, president of the Urban Institute, worries that the president's plan would push more people into the individual insurance market, which is notorious for being expensive and excluding people with pre-existing medical conditions."

More Commentary. Editorials and op-eds offer a range of reaction to the plan, significantly, however, commentators also rap the Democrats for their immediate opposition to the president's plan. In a column appearing in the Washington Post (1/24, D1, 690K) Business section, Steven Pearlstein notes that Bush "last night in his State of the

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Union address that he is ready to come to the negotiating table on a range of domestic issues" including healthcare. Pearlstein writes, "[T]he most surprising and encouraging development is that a president who for six years has only nibbled around the edges of health-care issues has weighed in with some bold ideas to expand coverage, rein in costs and bring some fairness to the tax code. And get this: It actually involves raising taxes on the rich and lavishly insured and giving the money to the working poor and the uninsured. Given that, you'd think Democrats would have welcomed a politically courageous proposal to put a cap on one of the biggest and most regressive features of the individual income-tax code. But instead, they've shifted reflexively into partisan attack mode, mischaracterizing the impacts of the proposal and shamelessly parroting the propaganda from the labor dinosaurs at the AFL-CIO."

In her column in the Washington Post (1/24, A23, 690K), Ruth Marcus writes, "Listening to Democratic reaction to Bush's new health insurance proposal, you get the sense that if Bush picked a plank right out of the Democratic platform -- if he introduced Hillarycare itself -- and stuck it in his State of the Union address, Democrats would churn out press releases denouncing it. This sad situation is largely of Bush's own making. He is reaping the poisonous state of affairs that he helped sow for six years."

The New York Times editorializes, "Last night, Mr. Bush...acted as if he were really doing something to help the 47 million people in this country who don't have health insurance. What he offered, by the White House's own estimate, would take a few million off that scandalously high number and shift the burden to the states. Mr. Bush's plan would put a new tax on Americans who were lucky enough to still have good health-care coverage through their employers. Some large portion of those are middle class and represented by the labor unions that Mr. Bush and the Republicans are dedicated to destroying."

The Washington Post (1/24, A22, 690K) editorializes, "On health care, Mr. Bush would cap the currently unlimited tax deduction for employer-sponsored health insurance; he'd replace that with a standard deduction -- $15,000 for a family policy -- available for all insurance, whether offered by employers or bought privately. This would improve progressivity and fairness, and help contain health-care costs. As written, the proposal has flaws, but those can be addressed -- if Democrats are willing to do more than hurl criticism."

The Wall Street Journal (1/24, 2.04M) editorializes, "For all the griping about our system, Americans have the most advanced health care in the world in part because we still have something resembling a private market for insurance. But it is not a truly efficient market because current tax policy lets businesses -- but not individuals -- deduct the cost of health expenditures. Thus most Americans with private insurance get it from their employers, which leads to inequities and insulates individuals from the real cost of their treatment decisions. Mr. Bush's 'standard deduction' for health care would move in the direction of solving both problems." The Journal adds, "[T]he biggest problem with Mr. Bush's plan is that it wasn't offered two years ago, when it had a better chance to pass. The White House wasted its first term health energies on a failed attempt to buy votes with the Medicare drug benefit. Now the GOP is a minority in Congress, and Democrats aren't likely to favor Mr. Bush's ideas because they think health care is a winner for them in 2008."

The Washington Times (1/24, 88K) adds, "[T]his proposal to make the tax code fair and health care affordable comes from President Bush with a Congress under Democratic control in the run to a presidential election year. So it will be attacked for failing to be everything that everyone else's proposal is not. … It's not the entire answer, of course. Using existing monies to fund health care for children as tax credits for insurance would help, too. But you won't find the president's critics supporting his fair and compassionate plan."

The Pittsburgh Tribune-Review (1/24) editorializes, "Because many today have health insurance that covers even ordinary medical expenses, they have insufficient cause to restrain their use of services and demand efficiency and cost accountability from providers. … The Bush plan would institute some free-market-oriented elements. And that's why it's worth exploring further."

The Detroit Free Press (1/24, 373K) editorializes, "The details of the domestic agenda — on which Bush's advisers set up the speech to be judged — fell short of inspiration." On healthcare, the Free Press writes, "Bush offered a plan that would leave in the lurch those who need it most, punish those who have good coverage and discourage employers from offering top-notch benefits."

In an op-ed appearing in USA Today (1/24, 13A, 2.27M), Alan M. Webber, co-founding editor of Fast Company magazine, examines the healthcare debate in the context of

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US companies and competitiveness, particularly in the auto industry. He writes, "What if the real diagnosis of the competitive problems of GM, Ford and Chrysler, as well as many other deeply entrenched industrial companies, isn't really about health care costs? What if their problems aren't even about their products?... So how would reforming health care coverage change corporate culture? Imagine a shift in health care coverage that de-couples it from your job. … Imagine a chance to join a more entrepreneurial company, maybe even a start-up, without having to worry about health care costs. Imagine being the CEO of one of the old, ailing companies and suddenly realizing that, while your prayer for relief from your health-care-cost headache has been answered, all of a sudden, you've got a bigger malady: Your best employees no longer feel the need to put up with your stagnant organization just for the security of a lavish health care plan"

Bolten Hopeful White House, Congress Can Cooperate. The Politico (1/23, Allen) interviewed White House chief of staff Joshua B. Bolten. Asked for a "realistic assessment of what the president and Congress can accomplish this year," Bolten said, "I'm optimistic that the president's instinct to take on large issues will continue to be rewarded, even in the last two years of his term. The president's State of the Union is going to put on the table important reforms in health care, in energy, in the reauthorization of No Child Left Behind and in immigration. I think we have a good shot at substantial legislation in all of those." Bolten added what the "change in control means is that Democrats now will be under more pressure than they have been in the minority to deliver actual accomplishments." Bolten added there have been "good signs" for White House-congressional relations, such as "some of the personal relationships. The new leaders have been here to the White House and I think have established a pretty good dialogue directly with the president. There's been reasonably good tone in that dialogue."

House GOP Divisions First Test For Boehner. The Politico (1/23, O'Connor) reported last night that as House Republicans "depart today for a caucus retreat on Maryland's Eastern Shore, GOP ranks are increasingly divided over the best strategy for taking on the new Democratic majority." The dispute "is the first major test for new House Minority Leader John A. Boehner of Ohio, who is under pressure from some colleagues who believe he is too docile in challenging Democrats and laying the political foundation for a GOP comeback in 2008." Some Republicans are "advocating a wait-in-the-weeds strategy -- projecting an air of civility and selective cooperation with Speaker Nancy Pelosi and fellow Democrats, while waiting for the right moment to pounce for partisan gains." But many "backbench Republicans, joined by some members of the leadership team, believe it makes more sense to pounce early and often." Former Speaker Dennis Hastert "received a rousing ovation at a closed-door meeting in the Cannon Caucus Room last week when he urged colleagues to stand up and fight. Some members interpreted that as a veiled shot at Boehner." But Boehner said "the party can afford to be patient." Boehner said, "It's their honeymoon. We're not in a sprint here. We're in a marathon Chill out." The Politico adds President Bush "is scheduled to address the retreat on Friday, and some Republicans expect the three-day conference to be a contentious discussion about the direction of the party."

Roll Call (1/24, Duran, Drucker) reports some GOP strategists "say the party must woo independent voters and concentrate on issues important to them, such as economic matters, while others prefer the base-driven political tactics honed by Karl Rove and recently departed Republican National Committee Chairman Ken Mehlman in the past three elections." Those Republicans "espousing a more inclusive message say the results of the 2006 midterm elections repudiated the base-only strategy and signaled that if the GOP does not focus on rebuilding a governing coalition that elevates policy accomplishments above politics, they should get comfortable as the House and Senate's minority party."

House Votes To Block Pensions Of Convicted Lawmakers. The Washington Post (1/24, A4, Layton, 690K) reports the House "voted unanimously yesterday to deny federal pensions to lawmakers convicted of bribery, perjury and other related felonies." But the "punishment of those who betray the public trust will not be far-reaching. The measure is similar to one approved by the Senate last week and comes in the wake of major congressional scandals last year that led to the conviction of former Republican congressmen Randy 'Duke' Cunningham (Calif.) and Robert W. Ney (Ohio). The House passed the bill 431 to 0, with four members not voting." The bills "passed by the House and the Senate are not retroactive, which means

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that Cunningham and Ney will collect substantial pensions for the rest of their lives, courtesy of taxpayers." Both bills would also "allow the Office of Personnel Management, which calculates the pensions of members of Congress, to award the pensions of convicted lawmakers to their families, in cases of demonstrated financial need."

The Wall Street Journal/AP (1/24, A4) reports the "431-0 House vote comes four days after former Rep. Bob Ney (R., Ohio) received a 30-month prison term for taking political favors from Jack Abramoff, whose influence-peddling tactics helped make corruption a major issue in the November elections. Mr. Ney, as past chairman of the House Administration, backed similar legislation last year." The House bill, "like its Senate counterpart, isn't retroactive and wouldn't affect the benefits of Mr. Ney, who is eligible for a pension of about $29,000 a year if he waits until 2016, when he turns 62."

Pelosi Consolidating Power Within Democratic Caucus. Roll Call (1/24, Yachnin) reports that just "weeks into her tenure, Democratic Members and aides see" Speaker Nancy Pelosi "taking subtle steps to consolidate her power within the new House majority, provoking some grumbling, but largely avoiding any serious internal revolts as Democrats settle into their new roles." Pelosi has "made herself the Democratic Caucus' clear leader in formulating an agenda and message strategy, also while installing key staff at the party's campaign committee. At the same time, she is working to rein in the chamber's chairmen, an effort that aims to prevent the resurgence of largely autonomous chairmen that dominated the House chamber during the previous Democratic majority." Pelosi's efforts so far "are drawing largely muted reactions from the party's 21 newly installed chairmen — many of whom held gavels in the party's last majority 12 years ago. That initial response may not prevent troubles ahead, but for now, many are chalking up any discord to their new roles."

Presidential Race Could Prove Distraction For Democratic Leaders. Roll Call (1/24, Billings) reports, "Less than a month into their newly elected leadership roles," Senate Majority Leader Harry Reid and Speaker Nancy Pelosi "already are confronting a vocal and prominent cast of Congressional Democratic presidential hopefuls who quickly are capturing the national spotlight." While many congressional Democrats "say publicly they have grown used to Members and Senators using Capitol Hill as a platform for White House runs, they privately acknowledge the early 2008 campaign could become a distraction, and the window will be narrow for Reid and Pelosi to drive the party agenda and set the tone in the early days of the 110th Congress." Sen. Ben Nelson (D-Neb.) "said the early primary season has 'got to be a distraction' for the Senate leadership and 'at times can be an annoyance,' but also said it can serve to help drive the debate and encourage discussions among political players."

Proposed Bush Library Generates Debate At SMU. ABC World News (1/23, story 7, 2:20, Gibson, 8.78M) reported, "Southern Methodist University, SMU, in Dallas, is hardly a hotbed of protest. But plans to place the George W. Bush Presidential library at SMU has sparked a fierce debate on campus." ABC (Von Fremd) added, "At the heart of the debate here at SMU, the Bush legacy versus academic integrity versus a golden opportunity." Reverend William McElvaney, "Professor emeritus at SMU's school of theology, is 1 of 68 faculty members who oppose the Bush institution." Rev. William McElvaney, SMU: "I think the think tank has the danger of developing a political philosophy that is identified with the school that could well compromise our academic integrity." Von Fremd: "Scholars say the few schools fortunate enough to have" a presidential library "consider them a treasure. But scholars say it will enhance the reputation of the university, attract scholars from around the world as well as top students from across the country."

GAO Criticizes Administration For Declining Drug Subsidy For Federal Workers. The Washington Post's (1/24, D4, Barr) "Federal Diary" column reports that the Bush administration declined to participate in a "2003 law that allows employers to receive subsidies for prescription drug coverage on the condition that they provide a benefit for their Medicare-eligible retirees that is at least as good as the Medicare drug plan. The government, of course, is an employer, operating a medical-insurance program, but Bush officials decided it made little sense for the government, in effect, to pay a subsidy to itself." The Post adds that the GAO has "questioned" that decision in "a report" in which "GAO analysts think that allowing Uncle Sam to move money from one pocket to another would probably lower premiums in the Federal Employees Health Benefits Program, which provides medical coverage to about 8 million people." The

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Post adds that OPM "has ruled out applying for the Medicare subsidy," and adds that "the National Active and Retired Federal Employees Association has criticized the OPM for refusing to seek the Medicare subsidy, contending that the OPM is missing out on $1 billion annually." NARFE president Margaret L. Baptiste, "said yesterday that the White House budget office and the OPM 'should explain to federal workers, retirees and survivor annuitants, who often struggle to pay their steadily increasing premiums, why the federal government failed to do what a multitude of other employers have done to reduce this burden.'"

NYTimes Print Lyrics Of Song Mocking Bush. Under the headline "State of the Union: Another Take," the New York Times (1/24, 1.16M) prints on its editorial page the lyrics to a song performed by Randy Newman at Carnegie Hall in 2006 titled "A Few Words in Defense of Our Country." In the song, Newman jests, "Now the leaders we have, while they're the worst that we've had, are hardly the worst this poor world has seen."

WSJournal Critical Of Democratic Senators For Not Supporting Rescission Bill. The Wall Street Journal (1/24, A12, 2.04M) writes in an editorial about New Hampshire Sen. Judd Gregg's (R) bill to offer the president "'rescission' authority" that the bill "is nearly identical to a rescission amendment offered by former Democratic Senator (and one-time Majority Leader) Tom Daschle in 1995" that was supported by "37 Democrats…and 20 of them are still in the Senate." The Journal notes prior support by Democratic Sens. Robert Byrd, Dianne Feinstein, Russ Feingold, Patty Murray, Byron Dorgan, Chris Dodd, Carl Levin and Joe Biden, adding "if this crowd meant what they said, Mr. Gregg will easily get the 60 votes he needs to overcome a filibuster. Yet so far not a single Democrat has publicly supported the measure."

WPost Urges Democrats To Support Full House Representation For DC. The Washington Post (1/24, A22, 690K) writes in an editorial, "An early test of the courage and leadership of the new Democratic-controlled Congress will come on the question of extending full voting rights in the House of Representatives to the District of Columbia." The Post urges Democrats to support "a bipartisan measure co-sponsored by Rep. Thomas M. Davis III (R-Va.) and D.C. Del. Eleanor Holmes Norton (D)" that "would add two full-voting seats to Congress -- one for the mostly Democratic District and one for mostly Republican Utah." So "why is the Democratic leadership dithering?"

NYTimes Calls For Reform Of Drug-Manufacturing Loophole. The New York Times (1/24, 1.16M) editorializes, "Two excessively lenient court decisions have allowed the manufacturers of brand-name drugs to resume the underhanded practice of paying generic competitors to keep their drugs off the market. It is a costly legal loophole that needs to be plugged by Congressional legislation. … The Federal Trade Commission, which has been waging a valiant fight, succeeded for several years in eliminating such settlements. But two appeals court decisions in 2005 held that they are a legitimate way to resolve patent disputes. And sure enough, the F.T.C. reported last week that — after a five-year hiatus — brand-name companies made 3 such do-not-compete settlements in fiscal year 2005 and 14 more last year."

OTHER NEWS:

Energy Stocks Lead Wall Street Rally. The CBS Evening News (1/23, story 9, :15, Couric, 7.66M) reported, "Crude oil prices surged more than $2 a day, triggering a rally among energy stocks. The Dow finished up more than 56 points [to close at 12,533.80]. The Nasdaq was up a fraction [to close at 2,431.41]."

NBC Nightly News (1/23, story 11, :15, Williams, 9.87M) reported, "On Wall Street, those energy stocks were up on that news, which pushed the Dow higher by almost 57 points [to close at 12,533.80]. NASDAQ at the end of the day up less than 1 point [to close at 2,431.41]."

Tennessee High Court Rules Against US Foster Parents. The Washington Post (1/24, A3, Jones) reports, "The Tennessee Supreme Court ruled yesterday that a 7-year-old girl raised by an American couple since infancy must be returned to her Chinese parents, who say they never intended to give her up for adoption." The Post continues, "Shaoqiang He, a 42-year-old restaurant manager in Memphis, said he will probably return to China with his family after a transition period for Anna Mae He. She turns 8 on Sunday and has spent all but the first three weeks of her life with foster parents Jerry and Louise Baker. … 'We have a big bedroom for her in our apartment, and we're going to buy

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clothing and furniture for her,' He said in the telephone interview. 'She knows by her face that she is Chinese, and she must be asking the Bakers, "Where is my mom? Where is my dad?"' … Neither the Bakers nor their attorneys could be reached for comment. The Bakers have the option of appealing on the federal-court level. Tuesday's ruling set no timetable or conditions for Anna's return, leaving that for a lower court to iron out."

USA Today (1/24, 6D, Davis) reports, "The court ordered the Juvenile Court of Shelby County to reunite the child with her parents, who have been aided by pro bono lawyers. Psychologists will help her make the transition, lawyers say." USA continues, "The custody fight, which made headlines around the world, pitted the Hes against Jerry and Louise Baker of Cordova, Tenn. The Bakers took Anna Mae in soon after she was born at the Hes' request as they struggled with legal, financial and health problems. … The Hes have insisted they never intended to permanently relinquish custody. But the Bakers have long wanted to legally adopt Anna Mae and originally accused the Hes of abandoning the child. They have maintained that she would have a better life with them." USA adds, "The Hes had visited Anna Mae for a time, but things came to a head on her second birthday, on Jan. 28, 2001, when Casey refused to leave without her daughter. The Bakers called the police and five months later petitioned a court to revoke the Hes' parental rights. .. In its ruling Tuesday, the court said that 'the evidence overwhelmingly shows that the parents' voluntary relinquishment of custody was entered as a temporary measure to provide health insurance.'"

Jennings Receives Help From Democrats In Challenge To FL13 Election. The Miami Herald (1/24, Clark, 286K) reports 2006 FL13 Democratic candidate Christine Jennings, who is contesting the election, "wasn't able to line up and shake President Bush's hand when he walked down the House aisle Tuesday night to deliver his State of the Union address, but she did get a chance to make her point." She "sat in the House gallery to the president's right -- a symbol of the fact Democrats are not relinquishing dibs on the seat -- despite the presence of Rep. Vern Buchanan, R-Sarasota, who, as a member of Congress, got a seat on the floor." She "remains a favorite on Capitol Hill. She attended a breakfast Tuesday for new Democratic members of Congress and spent some of the day working the phones at the Democratic Congressional Campaign Committee, which helped her set up a fundraising account for the election challenge." Jennings "said she was warmly greeted at the breakfast and encouraged to keep waging the battle. One member, she noted, has received more than 100 letters from constituents alarmed about the lack of paper ballots for voting machines."

Obama Refusing Donations From Registered Lobbyists. Roll Call's "K Street Files" (1/24, Ackley) reports, "Any penny-pinching lobbyists looking to save a few thousand dollars in the sure-to-break-records 2008 presidential race have the perfect candidate to throw their theoretical support behind: Sen. Barack Obama. Not only has Obama's presidential exploratory committee said it will refuse all donations from political action committees, but it also is barring cash from registered federal lobbyists. Word has just started to spread among K Street's Democrats that when it comes to the candidate's coffers, they're off the hook." An unidentified lobbyist "said Obama can likely succeed in raising the $50 million he'll need to be competitive in early primaries through online donations and grass-roots support from beyond the Beltway, other Democratic contenders such as Sens. Chris Dodd (Conn.) and Joseph Biden (Del.) would find that banning lobbyists' contributions 'could potentially affect their ability to remain competitive' since both have large donor networks in the advocacy world. The party's frontrunner, Sen. Hillary Rodham Clinton (D-N.Y.) will cash lobbyists' campaign donations, too. But former Sen. John Edwards (D-N.C.) won't. "

Watergate Burglar Hunt Dies. The AP (1/24, Reynolds) reports E. Howard Hunt, "who helped organize the Watergate break-in, leading to the greatest scandal in American political history and the downfall of Richard Nixon's presidency, died Tuesday. He was 88." Hunt was "many things: World War II soldier, CIA officer, organizer of both a Guatemalan coup and the botched Bay of Pigs invasion, and author of more than 80 books, many from the spy-tale genre. Yet the bulk of his notoriety came from the one thing he always insisted he wasn't — a Watergate burglar. He often said he preferred the term 'Watergate conspirator.'"

The Washington Post (1/24, A1, Sullivan, 690K) reports on its front page that Hunt, "the shadowy former CIA man who organized the Watergate break-in and other 'dirty tricks' that ultimately brought down the presidency of Richard M. Nixon, died of complications from pneumonia yesterday at a hospital

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in Miami." Hunt "spent 33 months in prison for his role in the Watergate burglary. He was bitter that Nixon did not stand up for him. President Ronald Reagan rejected a pardon request for Hunt in 1983."

Conservatives Said To Have More Optimistic View Of Economy. Arthur C. Brooks, professor of public administration at Syracuse University's Maxwell School of Public Affairs and author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism" (Basic Books, 2006), writes in the Wall Street Journal (1/24, A13, 2.04M), "Conservatives are relatively untroubled by inequality, and unsupportive of government income redistribution, because they believe the American economy provides private opportunities to succeed. Liberals are far more pessimistic than conservatives about the possibility of a better future for Americans of modest means." So "conservatives' lack of anxiety about income inequality -- and perhaps even their opposition to redistributive government policies -- is evidence of a light heart, not a hard one."

NYTimes Critical Of Schumer-Bloomberg Report Calling For "Looser Regulations." The New York Times (1/24, 1.16M) writes in an editorial, "A healthy financial sector is crucial to the economic well-being of this country and to New York City in particular" but "beware of the doomsayers who argue that American markets are in free fall and…contend that looser regulations are the only way to save them." The paper is critical of a report by New York Sen. Charles Schumer (D) and New York Mayor Michael Bloomberg (R) which "seems to cull facts to prove predetermined conclusions." The Times favors "loosening restrictions on work visas for talented foreigners" and "efforts under way to reduce the costs associated with complying with Sarbanes-Oxley regulations" but it concludes, "financial firms might take a look in the mirror and ask whether lower underwriting fees and smaller bonuses could also contribute to their long-term health and the health of America's financial markets."

Petraeus Expresses Confidence In Bush's Plan For Iraq. The CBS Evening News (1/23, story 3, 2:40, Couric, 7.66M) reported Lt. Gen. David Petraeus, "the man chosen to command what may well be the last chance to salvage victory in Iraq had this stark warning of what to expect from the troop surge ordered by President Bush." Petraeus was shown testifying that "the way ahead will be neither quick nor easy, and there undoubtedly will be tough days." CBS went on to report, "Famous for challenging 20-year-old soldiers to push-up contests and winning, Petraeus has a near-perfect resume for the job. … Petraeus seems certain to be confirmed as the next commander in Iraq. But his chances of success are anything but certain." NBC Nightly News (1/23, story 3, , Williams, 9.87M) reported Petraeus "insisted the mission to stem the violence in Baghdad can and must succeed. … But even by his own numbers, the current plan comes up short. Petraeus himself wrote the Army's new doctrine on counter-insurgency, which suggests it would take 120,000 US and Iraqi troops to secure Baghdad, but Petraeus will have only 85,000 combined forces."

The AP (1/24, Burns) reports Petraeus "cautioned…against expecting quick results and used bleak terms to describe a country engulfed in war for nearly four years. Yet, he said the strategy can work as long as the Iraqis do their part." The New York Times (1/24, Gordon, 1.16M) adds that Petraeus contended "the new military strategy to secure Baghdad can work, and that he had asked that the additional troops the administration promised be deployed as quickly as possible. He asserted that the 'persistent presence' of American and Iraqi forces in strife-ridden Baghdad neighborhoods was a necessary step, but also cautioned that the mission would not succeed if the Iraqi government did not carry out its program of political reconciliation." ABC World News (1/23, story 3, :35, Gibson, 8.78M) noted Petraeus "warned it will take months to know if the mission is successful."

According to the Washington Post (1/24, A10, Tyson, 690K) Petraeus "voiced confidence…in a new approach that would shift the focus to protecting the population by pushing tens of thousands of additional U.S. and Iraqi troops deep into Baghdad neighborhoods, one aimed at allowing Iraq's government to 'come to grips with' what he called an 'exceedingly difficult situation.'" Petraeus "promised simply to provide 'the best leadership and direction I can muster' and 'forthright' military advice, even if he concludes the mission is lost. 'Should I determine that the new strategy cannot succeed, I will provide such an assessment,' he said, reassuring senator after senator that he would speak up if he believed U.S. civilian leaders were making false statements about Iraq." Sen. Bill Nelson "asked if Petraeus had a 'high degree of confidence' that the new plan would work. 'I

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believe this plan can succeed if in fact all of those enablers and all the rest of the assistance is provided,' Petraeus said, adding that interagency help for the war effort 'needs to be substantially more robust than it is.'" The Christian Science Monitor (1/24, Grier, 59K) contends Petraeus "was bluntly critical about the current situation in Iraq –perhaps more so than any Bush administration or military witness, ever."

Petraeus Peppered With Questions On Anti-Surge Resolutions. The AP (1/24, Burns) reports that though Petraeus "was warmly received by members of the panel, the war he will help lead -- and Bush's plan to prevail in it -- faced a rougher reception." The Los Angeles Times (1/24, Barnes, 850K) reports Petraeus admitted the situation in Iraq is "dire" and predicted "tough days" ahead, but "he pleaded for time to begin executing a new strategy." The Times characterizes Petraeus as "forthcoming and occasionally blunt" and goes on to point out that "throughout his hearing, Petraeus appeared assured and confident, answering questions crisply and directly." Asked by Sen. Joe Lieberman if "passage of a resolution denouncing the new Bush strategy would show the enemy that the American people are divided, Petraeus answered yes, it would. After other senators -- both Republicans and Democrats -- objected, Petraeus backed away." When Sen. John Thune "tried to get him to take another swipe at the resolution, Petraeus became more diplomatic. 'Learning that mine fields are best avoided and gone around rather than walked through on some occasions, I'd like to leave that one there, senator,' Petraeus said."

The Washington Times (1/24, Scarborough, 88K), in an article titled, "Anti-surge Efforts Called Enemy Hope," reports Petraeus testified that "pending Senate resolutions against a surge…give the enemy hope by depicting America as divided on winning the war." The Hill (1/24, Tiron) reports that "in a rare move for a uniformed officer…Petraeus, considered a shoo-in to become America's next top commander in Iraq, jumped into the political fray of his nomination hearing. … Petraeus spoke out against congressional attempts to pass resolutions of disapproval on the new White House strategy in Iraq." The New York Times (1/24, Gordon, 1.16M) add that Sen. John Warner, "who is promoting a resolution opposing Mr. Bush's troop reinforcement plan, cautioned General Petraeus to be sure that 'this colloquy has not entrapped you into some responses that you might later regret.'" Sen. Carl Levin, chairman of the panel, "said later that he was satisfied that the general had not intended to involve himself in the debate." The Times adds that the "exchanges at the hearing did not appear to have any ill effect on the prospects for the confirmation of General Petraeus." Sen. John McCain "said he hoped the commander would 'catch the next flight' to Iraq after winning Senate confirmation." The Washington Post (1/24, A21, Ricks, 690K) runs a separate piece on the exchange between Warner and Petraeus, noting Warner "explained to the general that he needed to be more careful about appearing to wade into a political debate and warned Petraeus to not let himself be trapped into portraying members of Congress as unpatriotic for disagreeing with President Bush:"

USA Today (1/24, Brook, 2.27M) reports that during the hearing Sen. Hillary Rodham Clinton "said Bush's plan 'inspires skepticism for good reason.' She accused former Defense secretary Donald Rumsfeld of refusing to adapt to increasing violence in Iraq and the previous Republican-led Congress for failing to challenge the administration's strategy there. She said she disapproved of the plan and called it a 'dead end.'" Sen. McCain "also criticized the administration's approach in Iraq. 'We've made many, many mistakes in this war,' McCain said. Among them, he said, were sending too few troops for the initial invasion in March 2003 and not responding to the 'hostile actions' of Iraqi religious sects." The Politico (1/24) reports Sen. Susan Collins "told Petraeus…that she wished success for the surge strategy -- and its other economic and political components -- and seemed to express hope that her resolution wouldn't be needed. 'Nothing divides us in our common support that we hope we're wrong,' she admitted, 'and that this strategy is a success.'"

The Financial Times (1/24, Sevastopulo) says, "Appearing more confident before the committee than Gen George Casey, the outgoing commander, Gen Petraeus waded into the political debate by agreeing…that congressional resolutions of opposition would send the wrong message to US troops and the enemy in Iraq." Sen. Lindsey Graham is quoted as saying, "No matter how well-intentioned, a resolution…opposed to this new strategy is a vote of no confidence. … Those people going to fight this war are going to say, well, I'm going, but the Congress says good luck, but you're going to lose."

Senators Said To Have Extended An Extraordinarily Warm Welcome To Petraeus. The Washington Post's David Ignatius (1/24, A23) writes that though "fundamentals on the ground appear as bleak as ever, and polls show the public doubts the war is winnable. But

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Petraeus offers something new: He is the last frail hope for a bipartisan consensus on Iraq. Petraeus won plaudits yesterday from nearly every member of the Senate Armed Services Committee, continuing the celebratory tone that greeted his nomination by President Bush. Even Sen. Edward Kennedy, one of the sharpest critics of the war, had good things to say about the new commander."

The New York Times' Maureen Dowd (1/24) writes "senators happily blew a chance to grill…Petraeus, W.'s choice to try to rescue Iraq, on whether those 21,500 additional troops will be cavalry to the rescue or lambs to the slaughter. Why dwell on the most consequential elements of American strategy when they can linger over something even more repercussive: their own political reputations?"

Senate Democrats Advocate Merging Anti-Surge Resolutions. The New York Times (1/24, Hulse, Zeleny, 1.16M) reports, "As they prepared for the Senate Foreign Relations Committee to consider the issue on Wednesday, both Democrats and Republicans said the two bipartisan resolutions were in fundamental agreement on objecting to the troop increase. 'The resolutions are so close in terms of the key issue: whether or not we support an increase in military involvement and increasing the number of troops in Iraq or not,' said Senator Carl Levin…a co-author of one proposal. 'There are other language issues, obviously, but they are not particularly significant. The likeness and the similarities far, far, far outweigh any language differences.'" Majority leader Sen. Harry Reid "said a hybrid version of the resolutions would produce a clearer sign of the depth of opposition to the president's plan than either of the proposals could individually." However, Sen. John Warner, "lead author of the other proposal, said he saw important distinctions between them. He said he was not prepared to enter any negotiations until after he saw wording approved by the Foreign Relations Committee." The Times notes that the proposal from Mr. Warner, and Sens Susan Collins and Ben Nelson, "declares that the president is the commander in chief and that it is not the Senate's intent to contravene his authority — wording that drew the attention of some lawmakers."

The Hill (1/24, Schor) reports Senate Democrats "worked to bridge the gap between the chamber's two resolutions…although the stronger language of Foreign Relations Committee Chairman Joseph Biden (D-Del.) will form the basis of that panel's markup today. Ongoing negotiations are intended to combine Biden's measure, cosponsored by Armed Services Committee Chairman Carl Levin (D-Mich.) and GOP Sens. Olympia Snowe (Maine) and Chuck Hagel (Neb.), with a less critical resolution released this week by Sen. Ben Nelson (D-Neb.) and three senior Republicans, all up for reelection in 2008."

Biden, Hagel Outline Alternative To Bush's Strategy. In an op-ed for the USA Today (1/24, 13A, 2.27M) Sens. Joseph Biden and Chuck Hagel write, "We agree with the president that our previous strategy in Iraq was failing. Equally, we are convinced that to succeed in Iraq, America's objective and strategy must enjoy the support of the American people and a bipartisan support in Congress. … The primary objective of America's strategy should be to help Iraqis achieve a political settlement in Iraq, secure support for that settlement from Iraq's neighbors and refocus the mission of our remaining troops on achievable objectives."

McCain Lashes Out At Cheney, Pentagon's "Bureaucratic Resistance" To Surge. In a piece from The Politico (1/23, Simon) that reverberated through the blogosphere yesterday, Sen. John McCain "blamed Vice President Cheney for what McCain calls the 'witch's brew' of a 'terribly mishandled' war in which U.S. forces are on the verge of defeat. … Although McCain had once lavished praise on the vice president, he said in an interview in his Senate office: 'The president listened too much to the Vice President…of course, the president bears the ultimate responsibility, but he was very badly served by both the Vice President and, most of all, the Secretary of Defense.' McCain added: 'Rumsfeld will go down in history, along with McNamara, as one of the worst secretaries of defense in history.'" According to The Politico, McCain "is making clear his frustrations with the Bush administration, the Iraqi military and 'bureaucratic resistance' in the Pentagon to a troop surge. … He said, 'There is still enormous bureaucratic resistance (to the troop surge) in the Pentagon, and it bothers me a great deal. The bureaucrats in the military are saying this is a terrible strain on the (National) Guard and the active duty forces, and it is. There is only one thing worse than an over-stressed military, and that's a defeated military. And we are on the verge of that.'"

Sen. Trent Lott, appearing on MSNBC's Hardball (1/23) told host Chris Matthews that he is backing Sen. John McCain's presidential bid, but he acknowledged being surprised by McCain's criticism of Vice president Cheney in

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yesterday's Politico. Lott added, "we all say things sometimes that maybe went a little further than we would want to, in retrospect. … I know he's unhappy that we should have done a surge or increase in numbers earlier. He's made that clear for three years.

Gingrich Accuses Bush Of Basing Iraq Policy On "Inherent Contradiction." Fox News' Special Report (1/23, Hume) reported former House Speaker Newt Gingrich "blasted the White House for basing its new Iraq policy on what he called an 'inherent contradiction.' Gingrich: "If Iraq is genuinely a matter of vital national interest, then, as Americans, we have an obligation to do what it takes to win. If Iraq is so unimportant that it is up to a new, relatively incompetent Iraqi government, then why are we risking a single young American? They cannot both be true."

US Officials Confirm Fewer Bodies Have Been Found Around Baghdad Recently. The Los Angeles Times (1/24, Daragahi, 850K) reports, "Iraqi authorities found 19 bodies of young men scattered around Baghdad on Tuesday, a sharp drop from the scores found each day several weeks ago. The reported daily body count for the last week or so has hovered around 30 or lower. The bodies of late also have not shown signs of torture often associated with Shiite Muslim militias, morgue and hospital officials say. Officials cautioned that the casualty figures were preliminary and sketchy. Previous drops in Baghdad violence have been followed by upsurges. … U.S. military officials in the capital's tumultuous northern district of Adhamiya confirmed the statistical drop shown in morgue and police casualty figures collected daily by the Los Angeles Times." The Times adds, "Some observers speculated that the drop in the number of bodies bearing marks of torture indicated a decline in Shiite militia activity."

US Cracks Down On Shia Militants. The Financial Times (1/24, Negus) reports, "More than 600 members of Iraq's Mahdi Army are in detention awaiting prosecution, the US military announced in a statement late on Monday – the latest indication that operations against the radical Shia militia have been stepped up and that Prime Minister Nouri al-Maliki has withdrawn political protection from the group. The statement is unusual in that it detailed the number of operations against specific organisations and seems intended to show that there is a new emphasis on neutralising the Mahdi Army." Maliki "may have decided that he needed to move against the militia to avoid losing US support and to avoid further alienating Iraq's Sunni Arab neighbours, or because he feels that his support among the Shia has been strengthened after the execution of Saddam Hussein." The FT continues, "The Sadrists' apparent acquiescence to the dismantling of their military wing however might not last, if Sunni insurgents succeed in striking at Shia civilian targets."

Baghdad Bombing Wave Tied To US Troop Increase. The Christian Science Monitor (1/24, Grier, 59K) reports, "Sectarian violence in Iraq's capital has spiked in recent days, even as the first US and Iraqi government military reinforcements have deployed into the embattled city. The car bombs that racked Baghdad Monday may not have been a response to the presence of new troops, strictly speaking. But if nothing else, they emphasize the chaos into which the city has sunk, and the prospect that the new US and Iraqi troops may be at just the beginning of what promises to be a difficult and protracted counterinsurgency campaign."

Five Americans Killed After Insurgents Fire On Their Helicopters. ABC World News (1/23, story 4, :20, Gibson, 8.78M) reported, "And a helicopter, owned by the private security firm, Blackwater USA, crashed in central Iraq. Five civilians were killed. A senior Iraqi defense official said the aircraft was shot down over a predominately Sunni neighborhood. And an insurgent group did claim responsibility." NBC Nightly News (1/23, story 4, :30, Williams, 9.87M) reported, There are conflicting reports tonight from the US military in Iraq and here in Washington about whether or not that chopper had been shot down."

The New York Times (1/24, Santora, Glanz, 1.16M) reports several helicopters "came under attack, and one plummeted to the pavement through a tangle of electrical wires in one of Baghdad's most dangerous neighborhoods. The four-man crew in one helicopter was killed, and the gunner in a second helicopter apparently died when he was struck by gunfire, American officials said. The crash set off a chaotic five-hour battle in which American attack helicopters crisscrossed the skies over Baghdad and fired at least one Hellfire missile into the streets below. It is unclear if the first helicopter, nicknamed a Little Bird because it is small and nimble, crashed as the result of gunfire, because it got tangled in the wires or as it was trying to land because a passenger was wounded. But an American military official said that at least four of the victims had suffered gunshot wounds to the head, raising the prospect that some of them had been shot on the ground."

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The Washington Post (1/24, A10, Londono, Partlow, Deyoung, 690K) reports, "The helicopter crashed after being 'riddled with small-arms fire,' a State Department official said. The official said it was unclear whether the men aboard died from gunfire or from the impact of the crash. No State Department employees were hurt in the attack, but some vehicles were destroyed, according to the summary of events in the report. Other vehicles in the convoy returned safely to the Green Zone. Two separate Sunni insurgent groups, Ansar al-Sunnah and the Islamic Army in Iraq, asserted responsibility for the attacks on Web sites used by the groups. The accounts differ in significant detail, although Ansar published photos of what it said were the U.S. Embassy badge, credit cards and dog tags of one of the men killed in the attack."

ABC Crew Witnesses IED Blast. ABC World News (1/23, story 5, 2:35, Gibson, 8.78M) reported, "We had a very stark reminder today of the dangers that American soldiers face on a daily basis in Iraq. It occurred as ABC's Chris Cuomo and his camera man, Bartley Price, traveled with an American patrol in one of the most dangerous neighborhoods." ABC added, "This is what soldiers refer to as a routine patrol in Iraq. Ghazaliya, in northwest Baghdad. ... Suddenly, a deafening blast. The bodies were booby-trapped. The blast cripples two Humvees. Blowing out their tires. ... The gunner spits out glass but never misses a beat. Bullets fly, but the patrol recovers quickly, making it back to the Iraqi police station."

The Washington Post (1/24, C7, Kurtz, 690K) notes, "The harrowing episode unfolded almost one year after another roadside bomb in Iraq badly injured ABC anchor Bob Woodruff, who is still recovering from head wounds.

Medical Care For Wounded Troops In Iraq Described. NBC Nightly News (1/23, story 5, 2:35, Williams, 9.87M) reported its chief science correspondent Robert Bazell "has traveled to the US Army's 28th Combat Support hospital in Baghdad's Green Zone, where he has seen the extraordinary work of some extraordinary doctors and nurses."

Friedman Deplores Muslim World's Indifference To Mass Killing In Iraq. The New York Times' Thomas Friedman (1/24) writes, "It's hard to know what's more disturbing: the barbaric sectarian murders by Sunnis and Shiites in Iraq, or the deafening silence with which these mass murders are received in the Muslim world. How could it be that Danish cartoons of Muhammad led to mass violent protests, while unspeakable violence by Muslims against Muslims in Iraq every day evokes about as much reaction in the Arab-Muslim world as the weather report? … Without a Muslim counternihilism strategy that delegitimizes the mass murder of Muslims by Muslims, there is no hope for decent politics there."

Maliki's Capacity To Rise Above Sectarian Divisions Questioned. USA Today (1/24, 1A, Jervis, 2.27M), in a front-page story titled, "Can Al-Maliki Make The Bush Plan For Iraq Work?: Critics ask whether prime minister will go after Shiite militias," reports, "For most of his life, Nouri al-Maliki, a Shiite Arab, says he has been persecuted and hunted by the Sunnis who dominated the government of Saddam Hussein. Now, as Iraq's prime minister, al-Maliki must make peace between the two bitterly divided Muslim factions. President Bush has said that al-Maliki's ability to do that, and to shift responsibility from U.S. forces to Iraq's military and police, may determine the nation's fate." USA Today goes on to report, "Al-Maliki's critics accuse him of protecting Shiite allies with blood on their hands. Since taking office last May, al-Maliki has blocked several attempts by U.S. and Iraqi troops to confront the Mahdi Army, a Shiite militia group led by one of al-Maliki's key political supporters, the rebel cleric Muqtada al-Sadr. Al-Maliki's 'personality and background make reconciliation impossible,' says Saleh al-Mutlaq, a leading Sunni politician."

Draft National Intelligence Estimate Finds Maliki Faces Long Odds. The Washington Post (1/24, A4, Pincus, 690K) reports the draft of a new National Intelligence Estimate on Iraq "says it will be 'very difficult' but 'not impossible'" for the Maliki government "to succeed in providing better governance," said Thomas Fingar, the deputy director of national intelligence for analysis and chairman of the National Intelligence Council. Fingar gave the Senate Select Committee on Intelligence "a rare preview of what the classified National Intelligence Estimate (NIE) will say when it is completed at the end of the month. 'Gains in stability could open a window for gains in reconciliation among and between sectarian groups and could open the possibilities for a moderate coalition that could permit better government,' Fingar said, but "it will be very difficult for the Maliki government to do this."

Prolonged Absence Of Most MPs Cripples Iraq's Parliament. The New York Times (1/24, Cave,

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1.16M) reports Mahmoud al-Mashhadani, the speaker of Parliament, "read a roll call of the 275 elected members with a goal of shaming the no-shows. Ayad Allawi, the former prime minister? Absent, living in Amman and London. Adnan Pachachi, the octogenarian statesman? Also gone, in Abu Dhabi. Others who failed to appear Monday included Saleh Mutlak, a senior Sunni legislator; several Shiites and Kurds; and Ayad al-Samaraei, chairman of the finance committee, whose absence led Mr. Mashhadani to ask: 'When will he be back? After we approve the budget?'" According to the Times, "Parliament in recent months has been at a standstill. Nearly every session since November has been adjourned because as few as 65 members made it to work, even as they and the absentees earned salaries and benefits worth about $120,000. Part of the problem is security, but Iraqi officials also said they feared that members were losing confidence in the institution and in the country's fragile democracy."

Security Concerns And Debate Over Revenue Hold Up Iraq Oil Projects. The Washington Post (1/24, D1, Mufson, 690K) reports, "Four months ago, about 80 oil company executives and consultants packed an office on St. James's Square in London for a briefing on exploration prospects in Iraq's Kurdish region and a Kurdish draft of an Iraqi national petroleum law. Despite the immense risks of working in Iraq -- pipeline explosions, kidnappings, insurgency, political infighting -- the oil company executives were lured by the potential rewards, which are immense, too. Outside Saudi Arabia, no country has proven oil reserves as big as Iraq's." However, "Four months after the London meeting, however, security remains elusive and so does the national petroleum law. Barham Saleh, Iraq's deputy prime minister, said in a recent telephone interview that a compromise was 'very, very close.' The proposed law has taken on significance beyond oil. While Iraq and foreign oil companies are eager to tap new revenue, the Bush administration and many Iraqis also hope that the law can be a model for resolving disputes and can bind Iraq's warring factions together."

Suicide Bomber Kills Eight Outside Of NATO Base In Afghanistan. The New York Times (1/24, Wafa, 1.16M) reports, "A suicide bomber wearing an explosive vest blew himself up Tuesday at the entrance to a NATO base in the southeastern province of Khost, killing 8 to 10 people, officials said. The attack occurred as Afghan laborers were lining up for security checks at the pedestrian entrance of the base known as Camp Salerno. The bomber was trying to enter the base, NATO said, but detonated the vest when he reached the search point."

General Says Larger Army Would Cost $70 Billion. The AP (1/23, Jelinek) reports, "Increasing the size of the Army, strained by America's two ongoing wars, will cost an estimated $70 billion, a top Army general said Tuesday. And if yet another conflict were to develop before the force can be bolstered, it would take longer to fight and cost more American casualties than otherwise might be expected, said Lt. Gen. Stephen Speakes, a deputy chief of staff. ... Speakes said the $70 billion figure includes everything — from equipment to pay to health benefits. No figure was immediately available for the increase in the Marine Corps." More than 70 sites carried this story.

Lack Of Medal Of Honor Winners Attributed To Pentagon's Quest For Accuracy. NBC Nightly News (1/23, story 7, 2:40, Williams, 9.87M) reported that "the highest honor this nation can bestow on those who wear the uniform" is the Medal of Honor. However, "It's so far been awarded to two heroes of the Iraq war and in both cases, after their deaths. ... Why have there been so few of them awarded in our current wars when compared to past conflicts?" NBC added, "Former Marine Joseph Kinney told the Congressional committee it's shameful the war on terror has seen so few awards for valor including only two posthumous Medals of Honor when Vietnam produced 245 and World War II, 464. ... In the wake of too hasty official stories about Jessica Lynch and Pat Tillman, Marine General Richard Mills told that same committee, accuracy is our number-one priority as opposed to timeliness."

US Launches 2nd Airstrike As Ethiopian Troops Begin Withdrawal From Somalia. The CBS Evening News (1/23, story 4, 0:20, Couric, 7.66M) reported, "US Special Forces have once again attacked terrorist targets in Somalia. CBS News has learned they conducted their second air strike in two weeks. The US is targeting three Al Qaeda operatives wanted for the bombing of two US Embassies in Africa in 1998."

The Washington Post (1/24, A9, Deyoung, McCrummen, 690K) reports, "A US Air Force AC-130 gunship staged an airstrike against suspected al-Qaeda operatives in

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southern Somalia on Monday," US officials said Tuesday. There was no immediate information on specific targets or the strike's results. News of the new attack came the same day Ethiopian troops began "a withdrawal from a fragile capital that many residents fear will now slip further into chaos." A spokesman for Somalia's transitional government, Abdirahman Dinari, said that the Ethiopians "may take several weeks to complete a full withdrawal from the country and that a large force would remain on the Ethiopian side of the Somalia-Ethiopia border."

The New York Times (1/24, Gettleman, 1.16M) adds, "Many Somalis say they now fear that a power vacuum will form and that the country will slip back into the lawlessness that has dominated it for much of the past 16 years." Although several African countries have" mused about sending peacekeepers to help quell Somalia's volatile mix of warring clans, well-armed thugs and now a growing insurgency, a comprehensive peacekeeping force may be months away."

The AP (1/24, Duhul) reports Ambassador Michael Ranneberger in Nairobi plans to meet with Sheik Sharif Sheik Ahmed, an Islamic militant who surrender earlier this week, to "urge Sheik Sharif to counsel his supporters not to carry out violence and to support the development of an inclusive government," the US Embassy said.

China Breaks Silence Over Missile Test. The Washington Post (1/24, A8, Cody, 690K) reports, "Breaking 12 days of silence, China confirmed Tuesday that it had fired a guided missile into space to destroy one of its satellites in a test that generated protests from the United States and other nations." Foreign Ministry spokesman Liu Jianchao "said the United States and other governments have now been informed about the secret test through diplomatic channels." Speaking to reporters, Liu said, "I should stress at this time that the test was not targeted against any country and does not pose a threat to any country." He also noted that he knew of no plans for another such test by the Chinese military.

The Wall Street Journal (1/24, A5, Dean, 2.04M) says that despite breaking "its public silence" about the test, China's "lack of openness has damaged its efforts to polish its international image, analysts said." Liu, it writes, "confirmed that the test] had occurred -- but offered no additional detail or explanation." Similarly, the Financial Times (1/24, Dickie, Nakamoto, Hille) notes that "even as Mr Liu insisted that Beijing's opposition to any space arms race remained undimmed, his refusal to shed any further light on the test or his government's intentions offered ready ammunition to those who say China's military policy is all about concealment."

The New York Times (1/24, Kahn, 1.16M) reports, "Senior Bush administration officials raised the possibility that the silence might have reflected the autonomy and isolation of the Chinese military. They said they could not be sure that President Hu Jintao, who oversees the military as well as the Communist Party, had personally authorized or overseen the test."

The Washington Times (1/24, A1, Gertz, 88K) notes the Jan. 11 test "also alarmed military and defense officials because it undermined American intelligence estimates that China's military trails the US military in terms of weapons and war-fighting capabilities by 10 years."

LATimes Calls On US Government To Contemplate Space Weapons Treaty. The Los Angeles Times (1/24, 850K) editorializes, "a ban on all weapons in space that could be enforced, while desirable, may be as utopian as some science fiction scenarios. Official U.S. space policy instructs the Pentagon 'to ensure freedom of action in space and, if directed, deny such freedom of action to adversaries.' The Chinese test, as well as other technological developments, suggest that a rethinking of this position is in order." The editorial adds, "It is in the U.S. interest to work to keep space clean and safe. It will be difficult to design, negotiate, verify and enforce international agreements that both protect U.S. and global security concerns and prevent the weaponization of space. But the Chinese test demonstrates the futility — and danger — of refusing to try."

China Reduces Fines For Violations Of One-Child Policy. The Washington Post (1/24, A7, Fan, 690K) reports, "Fines imposed on Chinese who violate the country's one-child-only policy may be reduced for the poor, a top family planning official said Tuesday, as authorities stressed a broader approach to population management." The announcement came a day after state media reported that "many Chinese believe it is unfair that the wealthy can 'buy' a second child by simply paying fines for breaking the one-child-only rule for most urban couples." The announcement "appeared to be part of a broader attempt by officials to put a more human face on China's much-maligned family planning policies."

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Ban To Press Sudan On Darfur. The AP (1/24, Bergman) reports U.N. Secretary-General Ban Ki-moon "will pressure Sudan's president next week to speed up the peace process in Darfur, which has been delayed by months of wrangling over the makeup of a larger peacekeeping force," U.N. officials said Tuesday. On his first overseas trip as head of the world body, Ban will meet with Sudanese President Omar al-Bashir on the sidelines of an African Union summit in Ethiopia. Their meeting "could be crucial to pushing through a three-phase U.N. plan to beef up the 7,000-member AU force that is struggling to maintain peace in the vast desert region."

US Condemns Assault Of UN Staff, Aid Workers. AFP (1/24) reports Washington "condemned the Sudanese government's arrest and subsequent assault of 20 staff from the U.N., African Union and non-governmental organizations in strife-torn Darfur." On Friday, Sudanese police raided the International Non Governmental Organization (INGO) compound in Nyala, southern Darfur, arresting 20 U.N. staff members and aid workers. State Department spokesman Sean McCormack said in a statement the US "condemns" their arrest and said, "There is no justification for these appalling recent attacks on humanitarian aid workers."

Protests In Lebanon Raise Fears Of Sectarian Conflict. The Financial Times (1/24, England) reports supporters of Hezbollah and its Christian allies "paralyzed Lebanon on Tuesday as they dramatically escalated their campaign to overthrow the government, blocking highways with burning cars and tires and triggering clashes that killed three people and injured dozens." The protests, called "a conspicuous show of strength by the opposition," took place in "most parts of the country and ramped up a political confrontation between the Shia militant group and its allies and the pro-western government." As a result of the demonstrations, Prime Minister Fouad Siniora, "cancelled a planned flight to Paris, where the government is to present an economic reform package at a donor conference on Thursday."

The New York Times (1/24, Bakri, Fattah, 1.16M) says the protests raised "fears that the political crisis might lead to open sectarian conflict." Police said "at least three people died and 100 more were wounded throughout the country in the violence, the worst since Hezbollah began demanding more political power late last year." Similarly, the Washington Post (1/24, A6, Shadid, 690K) reports, "There is a certain cynicism among many Lebanese that the deadlock will be broken only with more bloodshed, forcing a compromise short of civil war." The Posts says that "by any standard, Tuesday's campaign was a feat of logistics on parallel with December's protests. In addition to shutting down the capital, the vital thoroughfare to the Syrian capital, Damascus, was cut, and allied groups blocked roads in predominantly Sunni Muslim areas such as Tripoli and Akkar."

The Washington Times/AP (1/24, Karam) says the protests "gave a frightening glimpse of how quickly the confrontation…could spiral out of control, enflame tensions among Sunnis, Shiites and Christians and throw Lebanon into deeper turmoil."

The Los Angeles Times (1/24, Stack, 850K) says the "swift seizure of the country's roads took many here by surprise, and marked a major escalation in the militant group Hezbollah's campaign to overthrow Lebanon's US-backed government." The Christian Science Monitor (1/24, Peterson, 59K) also says the Hezbollah-led opposition "sharply escalated its campaign to topple the Western-backed government with a nationwide general strike."

Kamen Notes Errors Made By Rice During Exchanges With Reporters. The Washington Post's (1/24, A21) Al Kamen writes in his "In the Loop" column Secretary of State Condoleezza Rice's trip last week to the Middle East "produced some odd moments." For example, in London, Rice chatted with reporters, explaining how "the removal of Saddam Hussein set in motion a number of other circumstances, other changes in the Middle East: the removal of an eastern-front threat for Israel, for instance." Kamen "suggest[s] that perhaps a map of the region be consulted," noting that Iraq "would have had to go through hundreds of miles of desert -- not a lot of ground cover -- or through Damascus -- to get there." Meanwhile, during questions from Barbara Slavin of USA Today about the Mideast peace process, Rice said in 2000 Hamas was "sitting out as a resistance movement." Kamen notes that in "State's 2000 list of terrorist groups and find that, in Section H, Hamas, which now controls the Palestinian legislature, is listed as a terrorist group."

Presidential Hopefuls Court Israel, Cite Iran Threat. In a front page article, the Washington Times (1/24, A1, Mitnick, 88K) reports presidential hopefuls Mitt Romney, John Edwards and John McCain "all detoured

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through Israel on the way to New Hampshire this week, seemingly competing to see who could be strongest in defense of the Jewish state." Speaking in person or by video link to the Herzliya security conference outside Tel Aviv earlier this week, the politicians "spelled out tough measures they said were necessary to prevent Iran from acquiring nuclear weapons." Stressing the "strong US-Israeli relationship," the candidates "called for the United States to step up sanctions on Iran and leave the possibility of a military attack 'on the table.'" Edwards, the only Democratic candidate to address the conference, "similarly called to toughen sanctions on Iran and hold out the threat of military force, but he broke with the others by suggesting that Washington open a dialogue with Iran."

Ahmadinejad Says US Won't Succeed In Effort Against Nuclear Program. The AP (1/24, Dareini) reports Iranian President Mahmoud Ahmadinejad said Tuesday Washington "had not stepped up its campaign against Tehran, despite the standoff with the West over Iran's defiance of UN demands to halt uranium enrichment." In an interview with Iranian state television, he said, "US rhetoric against Iran has not increased. In 2003, they openly threatened to attack Iran. Now they have indirectly made such threats." Ahmadinejad also "spoke with confidence" over Iran's ability to withstand a strike, saying, "The United States is unable to inflict serious damage on Iran." Also Tuesday, during a meeting Tuesday with Syrian Foreign Minister Walid Moallem, Ahmadinejad accused the US of "stirring up conflict between rival Muslim sects to maintain influence" in the Middle East. "The US intends to cause insecurity and dispute and weaken independent governments in the region to continue with its dominance over the Middle East and achieve its arrogant goals," Ahmadinejad said, according to the state-run Islamic Republic News Agency, or IRNA.

Journalist Says Democracy Key To Withstanding Iran's Influence On Arab States. Michael Young, opinion editor at Lebanon's Daily Star newspaper, writes in the Wall Street Journal (1/24, A13, 2.04M) that a "recurrent theme in history, literature and, lately, engagé academics is that of brash Westerners trying to possess the East and failing -- or at best leaving a transitory mark. From Alexander the Great to George W. Bush, few have successfully reshaped the Middle East in their own image." While "Western grand projects frequently succumbed to Middle Eastern intransigence," Young writes, "as Shiite Iran makes a bid for regional hegemony, its leadership should consider that the mostly Sunni Arabs may be as resistant to hubris coming from the East as from the West." Young asserts that "only democracy could prepare Arab states to withstand Iran without recourse to sectarianism. But the Bush administration seems to have abandoned that inventive undertaking for the region."

Israeli President Faces Indictment On Rape Charges. The AP (1/24, Nessman) reports Israeli President Moshe Katsav faced indictment Tuesday on charges of rape and abuse of power "in the most serious accusation against a top Israeli official in the country's history." The allegation that Katsav "used his position as Israel's ceremonial head of state…to force himself on his female employees has left the nation reeling." However, news of the indictment is "only the latest corruption scandal roiling the government, with accusations reaching as high as Prime Minister Ehud Olmert."

Carter Continues To Stand By Controversial Book. The Washington Post (1/24, C1, Powell, 690K) reports former president Jimmy Carter 'flew north to Brandeis University to speak on Tuesday of his hurt at the personal attacks by some American Jews" that followed publication of his latest book, "Palestine Peace Not Apartheid." In an address, Carter said, "This is the first time that I've ever been called a liar and a bigot and an anti-Semite and a coward and a plagiarist." At the same time, he acknowledged that he "did not simply stumble into the title of his new book," rather saying he "chose that title knowing that it would be provocative."

Author Says Syrian-Israeli Peace Accord Could Anger US. Michael B. Oren, author and senior fellow at the Shalem Center in Jerusalem, writes in the New York Times (1/24, 1.16M), "Israel's newspapers are rife with reports of a peace agreement secretly forged between Israeli and Syrian negotiators. Though both the Syrian and Israeli governments have denied any involvement in the talks, past experience shows that such disavowals are often the first indication of truth behind the rumors." Oren says there is "nothing new about the details of the purported plan," but "what is new is the Bush administration's apparent opposition to a Syrian-Israeli accord and the possibility that Israel, by seeking peace with one of its Arab neighbors, risks

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precipitating a crisis with the United States." Oren warns that the "potentially disparate positions of Israel and the United States on the question of peace with Syria could trigger a significant crisis between" Israel and the US. Although Syrian President Bashar Assad "has made no Sadat-like gestures to Israel, and many Israelis agree with Mr. Bush that Syria should not be rewarded for its assistance to terrorism and its denial of Lebanese liberty," Oren says "if trust is established on both sides and the conditions are conducive to peace, a settlement between Syria and Israel may yet be attained -- and a clash between Israel and Washington ignited."

Noriega Set To Be Released In September. The Miami Herald (1/24, Reyes, Weaver, 286K) reports former Panamanian dictator Manuel Antonio Noriega, "imprisoned in South Miami-Dade on drug-trafficking and racketeering convictions since 1990, will be released on Sept. 9 -- due in part to good behavior and other credits." Noriega was "automatically eligible for parole after serving close to two-thirds of his 30-year federal sentence." However, when Noriega "steps out of his specially built, apartment-like cell at the Federal Correctional Institution in Southwest Miami-Dade," he will face charges in Panama and in France.

Lawmakers Urge Easing Of Cuba Embargo. The Financial Times (1/24, Dinmore) reports, "Members of Congress who believe Cuba is making a smooth transition of power said on Tuesday they would propose legislation to ease US embargo and travel restrictions." Missouri Rep. Jo Ann Emerson, who visited the nation last month as part of a congressional delegation, said, "Contrary to the notion that once Fidel Castro was gone there would be uproar and the Americans would come marching in, I didn't sense that at all." Emerson and James McGovern (D-MA) "said the House Cuba working group, equally represented by both parties, was agreed on the need to remove travel restrictions and loosen the embargo."

Russian Court Backs Closing Of Chechen Rights Group. The Washington Post (1/24, A8, Finn, 690K) reports the Russian Supreme Court Tuesday "upheld a lower court ruling that shut down the Russian-Chechen Friendship Society, a Western-funded grass-roots organization that had challenged the Kremlin's interpretation of events in the continuing conflict in Chechnya." The group's leadership called the decision "a chilling example of the government using a recently enacted law on nongovernmental organizations to quash activism that clashes with official policy." Oksana Chelysheva, one of the group's leaders, promised to fight the ruling, taking its case "to the European Court of Human Rights and, possibly, our Constitutional Court."

Breakthrough Unlikely At WTO Talks At Davos. Echoing comments made Tuesday by US trade representative Susan Schwab, the Wall Street Journal (1/24, A7, Miller, 2.04M) reports, "Global trade negotiators hope to restart the Doha round of world trade talks at the World Economic Forum in Davos, Switzerland, this week, but a return to the bargaining table will likely be more symbol than substance." According to the Journal, the "key players -- the US and the European Union -- remain unwilling to cut farm subsidies enough to satisfy emerging economies like Brazil and India."

Top Administration Officials Absent From This Year's Forum. On the front page of its business section, the New York Times (1/24, C1, Landler, 1.16M) reports the World Economic Forum convenes its annual conference Wednesday minus "Davos regulars like Bill Clinton, as well as marquee names from the Bush administration, which is sending only its trade negotiator, a deputy secretary of the Treasury, and a few other officials." Klaus Schwab, the forum's Swiss organizer, "played down the absence of a top Bush administration official like Secretary of State Condoleezza Rice, who was invited to speak but could not find time." Davos also says it is "shunning Hollywood celebrities, even though they have lent this sober event a dash of sex appeal."

Head Of Venezuelan TV Station Condemns Closure. Marcel Granier, chairman of Radio Caracas Television, writes in the Wall Street Journal (1/24, A12, 2.04M) that Venezuelan President Hugo Chávez's decision to shut down Radio Caracas Television "continues a long series of attacks against journalists, employees, management and shareholders of many independent media companies," the aim of which it "to limit the citizens' right to seek information and entertainment in the media of their choice, to impede public access to those media where they might express or encounter criticism of the government or their proposals for reform, to stifle the pluralism of opinion in news and talk programs, and to cut off the free flow of information and debate in Venezuela." Granier says Chavez's actions "are in

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violation of the Venezuelan constitution, the American Convention on Human Rights, and the Inter-American Democratic Charter" and represent "a clear example of abuse of power, and violate the right to work of all those in the media industry, not to mention a violation of the freedom of thought and expression of millions of citizens who seek information and ideas of their own free choice."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Seeks Compromise, Except On Iraq Strategy."
"Borders Fall As The Academy Reaches Around The Globe."
"Grief, Comfort Meet On MySpace."
"8 Ex-Radicals Arrested In '71 Police Slaying."
"Defense Says Libby Was 'Sacrificed'."
"More Californians At Risk Of Losing Homes."

USA Today:
"Can Al-Maliki Make The Bush Plan For Iraq Work?."

New York Times:
"Bush Insists U.S. Must Not Fail In Iraq."
"A Shift in Power, Starting With 'Madam Speaker'."
"Libby Defense Portrays Client As A Scapegoat."
"Iraq Parliament Finds A Quorum Hard To Come By."
"On Snowbound Plains, Grim Fight To Save Calves."
"Big Insurer Will Pay 640 Katrina Claims."
"New York Public Hospitals Fear Proposed Medicaid Changes."

Washington Post:
"Bush Urges Congress, Nation To Give His Iraq Plan a Chance."
"Defense Portrays Libby As Scapegoat."
"Va.'s Webb Offers A Blunt Challenge to Bush."
"Ex-Spy Crafted Watergate, Other Schemes."
"A President Beleaguered But Unbowed."
"Campaign Contributor Got An Assist From Johnson."

Washington Times:
"'We Must Not fail In Iraq.'"
"Officials fear War In Space By China."
"GOP urges Berger Lie Test."
"Candidates Court Israel, Cite Iran Risk."
"Grocery Stores Galore On Tap."

Detroit Free Press:
"$50-Million Grant Could Offer City A Bright Spot."
"President targets Oil, Energy Use."
"US Carmakers Face Crucial Year In Fixing Losses."

Atlanta Journal-Constitution:
"Takeover Of Delta Seems Lose Wind."
"'Show Our Enemies…That We Are United.'"
"Legislators Plan Mental Care Injury."
"Carter Tells Students Book Backlash Has 'Hurt.'"

Houston Chronicle:
"Bush Stands Firm On Iraq, Want Gas Use Cut 20%."
"Proposes Expanded health Coverage."
"Bonuses Bring Smiles, Frowns."
"In The Eyes Of UT, Sawed-Off Logo Illegal."
"'Insect Evidence' Prompts Court To Stay Execution."

Story Lineup From Last Night's Network News:
ABC: Bush State Of The Union; State Of The Union-Analysis; Top Generals-Hearings; Troops On Patrol-Iraq; Libby Trial-Opening Statements; Bush Presidential Library; E. Howard Hunt Obit; Birth Control Pills; UK Grounded Ship.
CBS: Bush State Of The Union; State Of The Union-Analysis; Top Generals-Hearings; US Attack In-Somalia; Global Warming; Libby Trial-Opening Statements; E. Howard Hunt Obit; Prescription Drug-Prices; Stock Market; Oscar Nominations; The State Of The Union.
NBC: Bush State Of The Union; State Of The Union-Analysis; Top General-Hearings; Chopper Crash-Iraq; Troop Medical Care; Libby Trial-Opening Statements; A Soldiers Story; E. Howard Hunt Obit; State Farm Settles; Oil Prices; Stock Market; Oscar Nominations.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-State Of The Union Address; Sen. Webb-Democratic Response To SOTU Address; Baghdad- Higher Education Minister's Motorcade Fired On; Petraeus-Senate Armed Services Committee; Iraq-Roadside Bomb Explodes Near ABC Reporter Chris Cuomo; E. Howard Hunt Obit; WA-Shoplifters Given Option To Work In Store.
CBS: Bush-State Of The Union Address; SOTU Address-CBS Poll; E. Howard Hunt Obit; Libby Trial; New US Passport Rules; CA-Illegal Aliens Rounded Up In Five Southern California Counties; FL-MA Couple Thrown Off Plane Due To Unruly Child's Behavior; NE-Terror-Free Gas Station.
NPR: Bush-State Of The Union Address; Senate-Iraq Resolution; Iraqi Military Says Private Helicopter Was Shot

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Down In Baghdad; House-Congressional Pension Restriction Bill; European Parliament Committee Report On CIA Secret Prisons; Sudanese Plane Hijacked; E. Howard Hunt Obit; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours the DuPont Experimental Station, Wilmington, Del.; remarks on energy initiatives, Hotel DuPont, Wilmington, Del.; meets the incoming commander for NATO International Security Assistance Force in Afghanistan, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 10:30 a.m. Meets for morning business for an hour for debate prior to the cloture vote on the Gregg amendment. At 11:30 a.m., the Senate will proceed to a vote on the motion to invoke cloture on the Gregg amendment. If cloture is not invoked on the Gregg amendment, the Senate will immediately proceed to a vote on the motion to invoke cloture on H.R.2, the Minimum Wage Bill.

9 a.m. FOREIGN RELATIONS _ Full Committee. Markup of S. Con. Res. 2 - Expressing the bipartisan resolution on Iraq. Location: Room 216, Hart.

9:45 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on progress made in dealing with a possible pandemic flu. NIAID Director Anthony Fauci, CDC Director Julie Gerberding; Gerald Parker, Principal Deputy Assistant Secretary of HHS; John Treanor, University of Rochester. Location: Room 124, Dirksen.

9:45 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on recent EIA analysis of energy market and economic impacts of a proposal to reduce greenhouse gas intensity. EIA Deputy Administrator Howard Gruenspecht; National Commission on Energy Policy Executive Director Jason Grumet; Natural Resources Defense Council Science Director Daniel Lashof; CRA International Vice President Anne Smith; and PNM Chairman/President/CEO Jeff Sterba. Location: Room 366, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the impact of airline mergers and airline industry consolidation and an organizational meeting. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Confirmation hearing on the nomination of Michael Astrue to be Social Security Commissioner. Location: Room 215, Dirksen.

10 a.m. HEALTH,. EDUCATION, LABOR AND PENSIONS _ Full Committee. Holds organizational meeting, followed by markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Organizational meeting. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.Res. 78 - Amend the House rules to permit delegates and the Resident Commissioner to the Congress to cast votes in the Committee of the Whole House on the state of the Union.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10 a.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on intelligence support to the policy makers. Location: Room H-405, Capitol.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways and Transit Subcommittee. Hearing on the challenges for the surface transportation system. Transportation Undersecretary Jeffrey Shane; attorney Jack Schenendorf; Steve Heminger, executive director, Metropolitan Transportation Commission; Alan Pisarski, private consultant; Joseph Schwieterman, DePaul University; Michael Bronzini, George Mason University; Timothy Lomax, Texas Transportation Institute. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on on the economic and societal costs of poverty. Witnesses: Dr. Harry J. Holzer - Professor and Associate Dean, Georgetown University Public Policy Institute.; David R. Jones - President and CEO, Community Service Society of New York; Dr. Jane Knitzer - Director, National Center for Children in Poverty; Dr. Sigurd R. Nilsen - Director, Education, Workforce and Income Security - U.S. Government Accountability Office; and Ron Haskins - Senior Fellow, Brookings Institution. Location: Room 1100, Longworth.

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10:30 a.m. EDUCATION AND LABOR _ Full Committee. Organizational meeting. Location: Room 2175, Rayburn.

Other: TRANSPORTATION RESEARCH BOARD _ The Transportation Research Board holds its 86th Annual Meeting at three Washington hotels. Some 10,000 transportation professionals from around the world are expected to attend. Highlights: 1 p.m. US Transportation Secretary Mary E. Peters addresses Chairman's Luncheon. Regency Ballroom, Omni Shoreham. Location: Marriott Wardman Park, 2660 Woodley Road NW; Omni Shoreham, 2500 Calvert St. NW; and Washington Hilton, 1919 Connecticut Ave. NW.

STATE OF THE UNION-RELATED EVENTS _ Highlights: 10 a.m. Democratic senators and mayors hold a news conference to react to the State of the Union speech. Room S-211, Capitol. Contact: Colleen Murray, 202-224-1437. 10 a.m. Brookings experts will discuss the President's agenda on tax reform, foreign policy, and Social Security reform, as well as how Bush's 2007 State of the Union Address will shape the last two years of his term. Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW. Contact: RSVP at 202-797-6105. 1 p.m. Physicians, nurses and patients hold a news conference to react to the Bush healthcare proposals. National Press Club. Contact: Charles Idelson, 510-273-2246. 3 p.m. The Center on Budget and Policy Priorities holds a conference call briefing to discuss the State of the Union address. Call Contact for details: Shannon spillane, 202-408-1080.

WAR INJURIES _ The American Academy of Orthopaedic Surgeons holds a symposium, ``Extremity War Injuries: Development of Clinical Treatment Principles." Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 8 a.m. Orientation for New Mayors and First Time Attendees with Tom Cochran, Exeutive Director. US Conference of Mayors' and Brian C. Wahler, Mayorr of Piscataway, chairman, Standing Committee on Membership. 8:30 a.m. Women Mayors Breakfast with chair Kay Barnes, Mayor of Kansas City, Mo. 9:30 a.m. - 10 a.m. Standing Committees on Criminal and Social Justice, with mayors of Rochester, N.Y.; St. Louis., Mo; and Austin, Texas; Denver, Colo.; and Sen. Joseph Biden, D-Del., others. 10:30 a.m. - 12 p.m. Open plenary session, featuring an address by Speaker of the House Nancy Pelosi (at 11:30 a.m.) 12 p.m. News conference on the mayors' 10-point agenda and meeting overview. Trenton Mayor Douglas Palmer. 12:30 p.m. Plenary luncheon with an address by Sen. Chuck Hagel, R-Neb; and presentation of the US Conference of Mayors Presidents Award to Atlanta Mayor Shirley Franklin. 2:30 p.m. Address by House Homeland Security Committee Chairman Bennie Thompson, and Sen. Joseph Biden. 6:30 p.m. Reception Honoring New Mayors. Note: This event at the National Building Museum, 401 F St. NW. 6:30 p.m. Gala dinner, with speakers Sen. Christopher Dodd, others. 7:30 p.m. Dinner Honoring New Leadership in Congress, featuring an address by Sen. Christopher Dodd, D-Conn. Note: This event at National Building Museum, 401 F St. NW. Location: Capital Hilton, 16th and K Sts. NW.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

LAW-COUNTERTERRORISM _ 8 a.m. - 11 a.m. The Foundation for Defense of Democracies holds its inaugural symposium to launch its new Center for Law & Counterterrorism. Highlights: Panel I" ``is It a War? Legal Ramifications," focusing on whether the War on Terror is, in fact, a war - and why that matters. Panelists: David B. Rivkin Jr., Baker & Hostetler; Roger Pilon, Cato Institute; Stuart Taylor, National Journal; and Prof. Mordechai Kremnitzer, Israel Democracy. Panel II: ``Should We Have a National Security Court?," to consider the 2006 Military Commissions Act. Panelists: Michael B. Mukasey, former chief judge, U.S. District Court for the Southern District of New York; George J. Terwilliger III, former U.S. Deputy Attorney General; and Steven Shapiro, Legal Director, ACLU. Location: National Press Club, Holeman Lounge.

CHILDRENS HEALTH _ 8:30 a.m. The Harvard School of Public Health, others, hold a briefing to launch a website showing how people of different racial/ethnic backgrounds live in U.S. metropolitan areas, and specifically examine the well-being of children in the 100 largest metro areas. Location: National Press Club.

RUSSIA-OIL _ 9 a.m. - 10:30 a.m. Radio Free Europe/Radio Liberty hosts a briefing, ``The Rise of the Post-Soviet Petrostate." Briefers: Christopher Walker, director of studies, Freedom House; and Daniel Kimmage, regional analyst for Central Asia, RFE/RL, Inc. Location: Conference Room A, fourth floor, Radio Free Europe/Radio Liberty, 1201 Rhode Island Ave. NW.

IRAN-IRAQ WAR _ 10 a.m. - 12 p.m. The Jamestown Foundation hosts an address by Mounir Elkhamri, Middle

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East military analyst, Foreign Military Studies Office, Fort Leavenworth, Kans., who will Discuss ``Fishing in Troubled Waters: Iranian Involvement in the Iraqi Civil War." Location: The Jamestown Foundation, 7th Floor Board Room, 1111 16th St. NW.

DRIVE ACT _ 10:45 a.m. - 11:15 a.m. Represenatives Bartlett, Engel, and Kingston, others, hold a press briefing to discuss the contributions to help America achieve the goal of liquid fuel independence through passage of the DRIVE ACT - Dependence Reduction through Innovation in Vehicles and Energy Act. Location: Room HC-9, Capitol.

CBO-ECONOMIC OUTLOOK _ 11 a.m. The Congressional Budget Office will release its 2007 Budget and Economic outlook. CBO Director Peter Orszag will conduct the on-the-record briefing. Location: CBO, Room 483, Ford House Office Building, 2nd & D Streets SW.

US-IRAN POLL _ 11 a.m. - 2 p.m. Search for Common Ground holds a news briefing on Iran's nuclear program, the NPT, Iran-US Relations, Islam and the West, Al Qaeda and terrorism, and other topics. Location: Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, Kenney Hall, 1740 Massachusetts Ave. NW.

IRAQ-SARANDON _ 11:30 a.m. Actress Susan Sarandon, Iraqi war vets, Reps. Lynn Woolsey, Barbara Lee and Maxine Waters discuss the current state of VA health care. Location: Room 2263, Rayburn.

GLOBAL WARMING _ 12 p.m. Greenpeace, others, hold a telephone briefing to release a report showing the U.S. can address global warming without relying on nuclear power or ``clean coal." Contacts: Joel Finkelstein, 202-822-5200 ext 279. Notes: Callin number: 800-896-8445; passcode: Greenpeace.

R&D INVESTMENTS _ 12 p.m. The American Chemical Society and the Senate Science & Technology Caucus sponsor a luncheon panel on the effect of research and development on our economy and what tools are needed to better understand R&D investments. Participants: Drs. Stephen Merrill, director, National Academies Board on Science, Technology and Economic Policy; Dale Jorgenson, Samuel W. Morris University Professor, Harvard University; Steve Landefeld, director, Bureau of Economic Analysis, U.S. Department of Commerce; and Irving Wladawsky-Berger, vice president, IBM Technical Strategy and Innovation. Location: Room 902, Hart Senate Office Building.

VILLARAIGOSA _ 12:30 p.m. Los Angeles Mayor Antonio Villaraigosa discusses urban issues and California politics at a National Press Club luncheon. Location: National Press Club.

HEALTH INSURANCE _ 1 p.m. Rep. Dennis Kucinich holds a news conference to discuss the reintroduction of H.R. 676 - the U.S. National Health Insurance Act. Location: National Press Club.

IRAQ-PROGRESSIVES _ 1 p.m. The Congressional Progressive Caucus holds a conversation about the Iraq war, supporting the troops and military escalation, with actress Susan Sarandon, Patricia Foulkrod of The Ground Truth and veterans. Location: Room 334, Cannon.

SCOUTING AWARD _ 1 p.m. - 2 p.m. Secretary of the Interior Dirk Kempthorne presents Eagle Scout Joshua P. Stone of Royal Oak, Md. with the William T. Hornaday Silver Medal for distinguished service in conservation. Location: Room 8015, U.S. Department of the Interior, 1849 C St. NW.

BUDGET OUTLOOK _ 2 p.m. Sen. Kent Conrad and Rep. John Spratt hold a news conference on the new CBO budget deficit projections. Location: Senate Radio-TV Gallery.

CALIFORNIA-FUEL STANDARDS _ 2 p.m. The Environmental and Energy Study Institute and the Natural Resources Defense Council hold a briefing on California's recently proposed Low Carbon Fuel Standard for transportation. Location: Room 2247, Rayburn.

INTERFAITH RELATIONS-MIDEAST _ 3 p.m. - 5 p.m. The United States Institute of Peace hosts a discussion, ``The Crisis in Interfaith Relations in the Middle East." Speakers: Rend Rahim Francke, USIP Senior Fellow and Executive Director of the Iraq Foundation, on ``Sunni/Shia relations"; Samuel Rizk, George Mason University and the Arab Group on Christian-Muslim Dialogue, on ``Christians in the Middle East"; Prof. Marc Gopin, Center on for World Religions, Diplomacy and Conflict Resolution, George Mason University, on ``Jews in the Middle East"; and prof. Mohammed Abu Nimer, American University, on ``interfaith dialogue in the Middle East." Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

WMD TERRORISM _ 6 p.m. Prof. Dan Byman and Dean Robert Gallucci debate the threat of WMD terrorism, sponsored by Georgetown University School of Foreign Service. Location: Bunn Center Auditorium, on campus.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 24, 2007 7:45 AM EST

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TERRORISM NEWS:

Judge Denies Bond For Rhode Island Terror Suspect. The Providence Journal (1/24, Ziner, 167K) reports, "Mohammed Yousuf Mullawala, a central figure in a national antiterrorism investigation, admitted lying to Rhode Island state police numerous times about his whereabouts and activities since he arrived in this country in 2002, according to a state police affidavit made public yesterday. Federal Immigration Judge Matthew J. D'Angelo cited those alleged lies and Mullawala's 'evasive and far-fetched explanations' in denying bond yesterday for Mullawala, whom he called a danger to the community and 'an extreme flight risk.'" The Journal notes, "Mullawala's behavior at the Nationwide Tractor-Trailer Driving School, in Smithfield, triggered Homeland Security concerns that have since widened into an investigation by an FBI Joint Terrorism Task Force. According to the school's instructor, that behavior included Mullawala's expressed interest in buying software or videos on hazardous materials and his stated interest in only learning how to drive the truck forward — not how to back it up or any other required technical maneuvers."

Al Arian Begins Hunger Strike Over Contempt Ruling. The Tampa Tribune (1/24, Silvestrini) reports, "Sami Al-Arian has begun another hunger strike after being held in contempt for refusing to testify before a grand jury in Virginia, his supporters say. In the meantime, Al-Arian has appealed an order with the 11th U.S. Circuit Court of Appeals that says his plea agreement in Tampa does not protect him from having to testify in Virginia." The Tribune notes, "During the trial, the government presented evidence that Al-Arian's think tank, World and Islam Studies Enterprise, received funding from the International Institute of Islamic Thought, based in Herndon, Va. … At the time of the plea agreement, his attorneys stressed Al-Arian would not cooperate with the government. In September, the U.S. attorney's office in the Eastern District of Virginia contacted attorneys for Al-Arian seeking his testimony before a grand jury investigating the institute."

House Democrats To Question Gates On Guantanamo Contractors. The Hill (1/24, Tiron) reports "several" House Democrats intend to "grill" Secretary of Defense Robert Gates on "the Pentagon's use of private contractors in interrogations at the military prison in Guantánamo Bay.' Chief Deputy Democratic Whip Jan Schakowsky and 26 other members "wrote to Gates Tuesday asking for a briefing on interrogation practice after the FBI revealed allegations this month of torture by contractors at Guantánamo.

HOMELAND RESPONSE:

Judge Mulls CSX Challenge To DC Hazmat Rail Ban. The Washington Post (1/24, B3, Cauvin) reports, "The fate of a District law banning rail shipments of hazardous materials was back before a federal judge yesterday, nearly two years after the prohibition was enacted by the D.C. Council." The Post continues, "The law, which was prompted by fears that the Capitol and other landmarks are vulnerable to a terrorist attack on rail lines that skirt downtown, was quickly challenged in 2005 by CSX Transportation Inc., which controls the key freight routes through the District. The law has never taken effect. Yesterday, a judge heard arguments to determine whether it ever will." The Post adds, "U.S. District Judge Emmet G. Sullivan set no timetable for a decision in the case, which is being monitored by cities and states throughout the country. … CSX said that the District is overstepping its legal authority and that the law, if allowed to stand, could lead other local governments to pass similar bans, crippling the transportation of hazardous materials nationwide. … Under federal regulations, rail operators bear much of the responsibility for assessing risks and determining how to deal with them -- an arrangement that critics say puts public safety at the mercy of profit-driven businesses." The Post notes, "After gathering evidence and taking preliminary steps for nearly a year, lawyers for the two sides appeared before Sullivan yesterday for nearly two hours -- on one side, Robert Utiger of the D.C. attorney general's office and James R. Wrathall of WilmerHale for the Sierra Club; on the other, Virginia Seitz of Sidley Austin for CSX and Arthur R. Goldberg of the Justice Department."

FBI Arrests Suspect In Los Angeles Subway Mercury Incident. The AP (1/24) reports, "The FBI on Tuesday arrested a man they believe spilled toxic mercury on a subway platform. Armando Bustamante Miranda, 27, was being questioned but it did not appear he was involved in any terrorist activity, FBI spokeswoman Laura Eimiller said. He was arrested and held for a parole violation unrelated to last month's spill, Eimiller said." However, she added, "We're not going to have anything more until we sort this thing out." The AP notes, "The county is conducting an investigation to determine why transit officials waited eight hours to alert authorities after they were told about the spilled mercury." The Los Angeles Times (1/24, Blankstein, Guccione, 850K) adds that "Miranda was being questioned by FBI agents and Los Angeles County sheriff's investigators," and the Times

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notes, "Detectives expressed frustration at the difficulty in finding the suspect, at one point creating more than a dozen potential profiles, including a prankster, a screenwriter working on a script, an actor seeking attention, a student working on a project and even a terrorist. Officials repeated Tuesday that they doubt the incident was related to terrorism." Fox News' Fox Report with Shepard Smith (1/23) also briefly reported on the arrest.

Group Attempting To Simplify Rules Concerning SBU Documents. The Washington Post (1/24, A21, Williamson, 690K) reports, "Inside an unmarked, secured office near the White House, intelligence officials, lawyers and police work to close a gaping hole in the nation's counterterrorism system: the failure of people in the government to communicate with one another." In coming days, the group, "known as the 'information-sharing environment' (ISE) program," is set to "send the president its recommendations for taming an explosion of 'sensitive but unclassified' (SBU) documents." ISE program manager Thomas McNamara says the presence of more than 100 "markers" dictating the rules for handling these documents results in "chaos." He said the group would like to reduce that number to "a dozen or fewer, develop one set of handling rules, and make the documents available to all who need them."

Few Difficulties Encountered Under New Travel Security Rules. The Washington Post (1/24, A3, Aizenman, 690K) reports, "Passengers experienced few difficulties yesterday as new border security rules went into effect requiring citizens of the United States, Canada, Mexico, Bermuda and some Caribbean islands to present a passport when entering the United States by air, officials said." The "smooth transition was largely because of the high percentage of travelers who had obtained a passport, said authorities." The Department of Homeland Security said "90 percent of US citizens flying into the country over the last week arrived with passports, compared with 81 percent during the week of Dec. 11."

Pilots Who Carry Guns On Jetliners May Leave Program Over Training. The Washington Post (1/24, D2, Wilber, 690K) reports a program for pilots aboard US jetliners "is showing signs of growing pains," as the pilots "and their labor groups complain about a lack of supervision and the difficulty in finding time to participate in training courses. Worried that pilots' handgun skills may be eroding, federal security officials are launching a refresher training program next month. … 'Using a weapon is a perishable skill, and we want to ensure they have the appropriate training,' said John A. Novak, an assistant director with the air marshal service." The Post continues that pilots said the course "could prompt some to leave the program," adding that participants "are not paid for their time," or "reimbursed for travel, lodging or food expenses."

DHS General Counsel Resigns. The Washington Post's (1/24, A21) Al Kamen writes in his "In the Loop" column that Homeland Security general counsel, Philip J. Perry, will resign effective Feb. 6, Secretary Michael Chertoff announced "after business hours yesterday," adding that he fully supported Perry's decision "to put his family first." Kamen notes, "That would include wife Elizabeth Cheney, daughter of Vice President Cheney, and their five children, the youngest of whom arrived last summer." Perry is expected to "rejoin the Washington office of his old firm, Latham & Watkins, as a partner in its litigation department."

WPost Says Report On Poor Conditions For Detainees Requires Action From ICE. Under the headline "Locked In Squalor," the Washington Post (1/24, A22, 690K) editorializes that Immigration and Customs Enforcement "has had guidelines on the books governing the treatment of detainees" for years, and the agency is "very good at meeting its standards," according to a spokesman. But "a report released by the Department of Homeland Security's inspector general last week suggests the opposite," having "found violations of basic ICE guidelines in every one" of the five facilities it examined. The Post adds, "In a written response to the report, ICE agreed that it needs to review its inspection regimen. That's a start. The next step should be promulgating the guidelines it professes to have no problem meeting as agency regulations, which would give them the force of law and provide a greater incentive to comply. … If the inspector general's portrait is indicative, the nation is failing a basic standard of human decency."

State Farm Settles With Mississippi Homeowners. NBC Nightly News (1/23, story 9, :30, Williams, 9.87M) reported, "State Farm insurance agreed today to settle hundreds of lawsuits by policyholders in Mississippi whose homes were wrecked by Hurricane Katrina. The company will put up $500 million to resolve the suits for refusing to cover damage from Katrina's storm surge nearly 17 months ago now. This settlement will end the Mississippi Attorney General's criminal probe of State Farm's claims practices." The Washington Post (1/24, D3, Kunzelman, 690K) notes, "The settlement comes less than two weeks after a federal jury in Gulfport awarded $2.5 million in punitive damages to a couple who sued State Farm for denying their claim after Katrina.

USA Today (1/24, Chu, 2.27M) reports the "landmark settlement" is "expected to reverberate across the storm-

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ravaged Gulf Coast." Meanwhile, State Farm "will settle more than 600 individual Mississippi homeowners' Katrina claims for roughly $80 million, according to a person with direct knowledge of the negotiations who didn't want to be named because the settlement is confidential." USA Today adds that the company "is fighting hundreds of other Katrina-related lawsuits along the Gulf Coast, including in Louisiana. Attorneys in those cases said they hoped the Mississippi development would cause State Farm and other insurers to settle quickly."

Calling the settlement "a move that is expected to jump-start rebuilding along the Mississippi Gulf Coast," the New York Times (1/24, Treaster, 1.16M) reports that it would also "remove a major public relations headache" for the insurer. "While State Farm and the other insurers may have had some strong legal arguments, they have been widely perceived as insensitive. In many cases, residents whose houses were reduced to concrete slab foundations received just a few thousand dollars in payments. Some received nothing."

WAR NEWS:

Bush Asks Congress To Give His Iraq Strategy "A Chance." While President Bush devoted much of his State of the Union speech to domestic policy proposals, national media stories focused on his comments about Iraq. A major theme in the coverage is Bush's political "weakness" as he enters the final two years of his presidency. In that context, the speech is being generally portrayed as an attempt to revive a Bush presidency against very tough odds – mainly the unpopularity of his Iraq policies. For example, under the headline "A Bid To Rescue A Presidency," the Los Angeles Times (1/24, Hook, 850K) asks, "Can this presidency be saved? That's the question that loomed Tuesday as…Bush gave his State of the Union speech in the most inhospitable climate he has ever faced for his annual address to Congress." Bush's domestic agenda "was potentially more appealing to Democrats," but "his plans may be too modest to accomplish the broader challenge facing Bush: How to rescue the last quarter of his presidency from irrelevance and patch his tattered legacy." Bush, adds the Times, "is trying to regain his footing when Iraq is littered with carnage."

The Washington Post (1/24, A1, Balz, 690K), in a front-page story titled "The State Of The President: Beleaguered," says Bush "used his State of the Union address last night to try to revive his presidency against what may be the greatest odds any chief executive has faced in a generation. … Bush's problems all stem from the same issue. The public has lost confidence in his Iraq war policy, and, in the face of evidence that Americans are looking for a change in course, the president has chosen with his new plan to deploy additional troops to the conflict -- a direction the public overwhelmingly opposes." But "his response last night was a speech that was very much in keeping with the style of leadership he has demonstrated repeatedly in office. If he was humbler in tone and rhetorically generous to his Democratic opponents in calling for cooperation, he was anything but defensive."

Another Washington Post (1/24, A1, Baker, Abramowitz, 690K) story describes Bush as "politically wounded but rhetorically unbowed," adding he "gave no ground on his decision to dispatch 21,500 more troops to Iraq despite a bipartisan cascade of criticism." Democrats "seemed unimpressed by his latest governing blueprint and signaled that they are in no mood to meet him in the middle."

The Wall Street Journal (1/24, A1, McKinnon, Fialka, Dreazen, 2.04M) says the speech was "weighted heavily to domestic issues," as "the politically weakened" Bush moves to "try to define himself as something other than a lame-duck president, facing a hostile Democrat-led Congress and consumed largely with Iraq." The Chicago Tribune (1/24, Tackett, 617K) titles its report "Bush Turns Domestic, But War Won't Go Away," and reports that "after several years of using war and terror as the defining themes of his State of the Union message, the president who came to office with little inclination toward foreign affairs tried to recast his presidency Tuesday night with a notable emphasis on domestic issues. Indeed, the president was more than 3,100 words into his speech before his first invocation of Iraq." But Bush confronts a "formidable reality. No matter the merits of his plans offered Tuesday night, his presidency almost certainly seems destined to be defined by his stewardship of the war in Iraq."

The Baltimore Sun (1/24, Davis, 257K) reports Bush sought "to revive his waning influence," adding he "offered a conciliatory tone," singling out House Speaker Nancy Pelosi when he said "he had the 'high privilege and distinct honor' of being the first president to begin his annual address with the words 'Madam Speaker.'" Pelosi and Senate Majority Harry Reid "said they welcomed the bipartisan spirit in which Bush spoke but said he 'continues to ignore the will of the country' on Iraq and promised an 'up-or-down' vote on his plan."

The New York Times (1/24, Zernike, 1.16M) also notes Bush's comments about Pelosi, and says "the day was full of such reminders of how power has flowed away from the president in the new Washington. Not just because he spoke before a Democratic-led Congress for the first time in his presidency. Not just because his poll numbers are dismal. Not just because the mayor of the nation's capital had rejected the White House's invitation to sit with the first lady, Laura Bush, in her box and instead came as Ms. Pelosi's guest. Even Republicans, while noting that it was 'the president's day,' as Senator John W. Warner of Virginia described it, yielded him only a share of the spotlight."

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The Los Angeles Times (1/24, McManus, Reynolds, 850K) reports Bush "sought to demonstrate that in the final two years of his presidency, he can still command enough popular support to compel both Democrats and Republicans to pay him heed." The Washington Times (1/24, Curl, 88K) says Bush's "domestic goals" last night "were relatively modest," and "focused…on Democrat-friendly issues." The Washington Post (1/24, A14, Weisman, Fletcher, 690K) makes the same point in a story titled "President Strays Into Democrats' Priorities, Themes."

The AP (1/24, Hunt) reports "a politically weakened President Bush implored a skeptical Congress Tuesday night to embrace his unpopular plan to send more US troops to Iraq, saying it represents the best hope in a war America must not lose. 'Give it a chance to work,' he said." Bush "was unyielding on Iraq," and "Democrats -- and even some Republicans -- scoffed at his…policy. Unmoved by Bush's appeal, Democrats said the House and Senate would vote on resolutions of disapproval of the troop buildup." McClatchy (1/24, Hutcheson) also terms Bush a "politically weak president," and like the AP says he was "unyielding on Iraq." On the White House's domestic agenda, McClatchy adds "the war is so divisive that it may overwhelm chances for bipartisan compromise on anything." Democrats reacted to the speech "with skepticism and, on some issues, outright hostility."

USA Today (1/24, Jackson, 2.27M) notes Bush "said failing in Iraq would create 'a nightmare scenario,'" adding his "plan for Iraq, unveiled two weeks ago, has also been criticized by Republicans such as Sen. John Warner of Virginia." But another USA Today (1/24, Page, 2.27M) story notes Robert Dallek, a presidential historian and author of Flawed Giant: Lyndon Johnson and His Times, says he "sees parallels between the situation Bush faces in Iraq and the one that Johnson faced in Vietnam -- including efforts by Johnson and his successor, Richard Nixon, to push the government that the United States was backing to adopt reforms and take charge, freeing US troops to come home. 'The echoes are so powerful,' he says."

Much of the local TV coverage last night after the speech also tended to focus on Bush's comments on Iraq. For example, WCBS-TV New York (1/23, 11:01 pm) said in its broadcast last night, "The Congress may be Democratic for the first time in 12 years and the American public may be skeptical, but President Bush used his annual State of the Union message to strike back at opponents who don't want him to send a new surge of troops to Iraq." KSAZ-TV Phoenix (1/23, 9:33 pm) said, "Despite the applause, the handshakes and ovations it was a tough room that greeted President Bush and his military surge into Iraq was a tough sell." WFTV-TV Orlando (1/23, 11:05 pm) reported Bush "refused to waiver on his decision to beef up the number of troops in Iraq," saying to the American people that "whatever you voted for, you did not vote for failure." That quote was often cited by local TV stations reviewing the President's address.

USA Today (1/24, 2.27M) also puts some of Bush's statements last night "in context." For example, to Bush's remark: "In the coming weeks, I will submit a budget that eliminates the federal deficit within the next five years. I ask you to make the same commitment. Together, we can restrain the spending appetite of the federal government and balance the federal budget," USA Today responds, "Bush inherited a $128 billion budget surplus. Within three years, a recession and the war on terrorism turned it into a $412 billion deficit. Rising tax receipts fueled by record corporate profits have since driven the deficit down to $248 billion. Getting back to balance won't be easy if the president is realistic about the future costs of the wars in Iraq and Afghanistan and the impact of extending his tax cuts, which he vows to do."

McClatchy (1/24, Thomma) says that while Bush "tried to go home Tuesday night," to what "he thought he left behind in Texas when he was a Republican governor with a Democratic legislature," the "mythical bipartisan place he tried to reach out to in his State of the Union address Tuesday was never like the one he romanticized in Texas. It's not what he's built in six years in Washington. And today it's as elusive as Oz."

USA Today (1/24, 7A, Gomez, 2.27M) and the Washington Times (1/24, Dinan, 88K), meanwhile, survey the numerous guests from both parties attending the speech last night. Says the Times, "Presidents use their State of the Union speeches to send a message to Congress, " but "lawmakers are increasingly using their guest tickets to send a message right back at him."

Instant Poll Finds 82% Back Bush Agenda, Support For "Surge" Jumps To 52%. The AP (1/24) reports that a "CBS News poll conducted by Knowledge Networks immediately after the speech found that 82 percent of viewers generally approved of the president's proposals while 18 percent disapproved. However, 68 percent of viewers said Mr. Bush will not be able to accomplish his goals, while 32 percent think he will." The AP goes on to say that according to the poll, Bush "rallied some support for his Iraq plan among those who watched the speech." Before the State of the Union, "43 percent of them backed the plan, while 52 percent of them supported it after the speech."

Bush Presentation "Arguably Misleading And Often Flawed." One of the most negative assessments of Bush's speech appears in today's Washington Post (1/24, A13, Kessler, 690K), under the headline "President's Portrayal of 'The Enemy' Often Flawed." The Post takes issue with Bush's "arguably misleading and often flawed description of 'the enemy' that the United States faces overseas, lumping together disparate groups with opposing ideologies to suggest that they have a single-minded focus in attacking the

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United States. Under Bush's rubric, a country such as Iran -- which enjoys diplomatic representation and billions of dollars in trade with major European countries -- is lumped together with al-Qaeda, the terrorist group responsible for the Sept. 11, 2001, attacks. … Similarly, Bush asserted that Shia Hezbollah, which has won seats in the Lebanese government, is a terrorist group 'second only to al-Qaeda in the American lives it has taken.'"

No Consensus In Reviews Of Bush's Performance. Commentators disagreed on their assessment of the President's performance. On the positive side, on CBS (1/23), correspondent Bob Schieffer said "this was a much better speech and a much better argument for his position than he made when he made the speech announcing the troop increase two weeks ago." The Weekly Standard's Bill Kristol, appearing on Fox News (1/23), thought "it was a good night for the President. I think the foreign policy part of the speech was very strong. I think he is going to win this debate on Iraq." Likewise, GOP strategist Mike Murphy, on CNN, contended the "elephant in the room" was Iraq and the President "did a good job of trying to explain the consequences of immediate failure in Iraq, and thereby make the case for give his plan a chance to work. I think he bought some time, not much. He doesn't have a lot of support, but I think he brought realism into the debate, and asked for a little more time. I think on the Republican side where he's had some erosion, he'll get some time."

But Roll Call's Mort Kondracke, on Fox News (1/23), said it was "clearly not one of" Bush's "great nights. … The White House put out a talking points memo to Republican supporters saying that the President tonight would be 'exuberant and determined.' I think the determined part was right but I didn't see much exuberance from him. … I thought the President's delivery was tepid until he got to his foreign policy section."

On NBC (1/23), Washington Bureau Chief Tim Russert added, "The President had told his advisors he was going to be sober tonight. It was that and more, it was somber. It really did not have the energy or enthusiasm or passion that we have seen" from Bush in the past. NBC correspondent Cambell Brown added, "It was obviously a carefully worded speech to try to ensure, I think, as few awkward moments as possible. There was a lot in there that everyone could applaud for but it definitely felt, from inside the chamber, extremely subdued." NBC correspondent Andrea Mitchell (1/23) also remarked on "the somber quality" to the speech.

The New York Times (1/24, A1, Sanger, Rutenberg, 1.16M) says the speech "was limited in ambition and political punch at home, with no proposals to rival his call two years ago to remake Social Security, no mention of rebuilding New Orleans and no allusions to limiting stem cell research or banning gay marriage. And when it came to his plan to send additional troops to Iraq, he was forced to plead with the Democrats who now control Congress." The Financial Times (1/24, Daniel), meanwhile, calls Bush's defense of his Iraq policies "pessimistic and assertive."

In the Washington Post (1/24, C1, 690K), media critic Tom Shales writes Bush "flirted with eloquence only at the end of his so-so, nuts-and-bolts State of the Union speech last night: 'The state of our union is strong,' he said, 'our cause in the world is right, and tonight that cause goes on.' With a quick 'God bless' he bolted from the podium as members of Congress, almost applauded out by that time, gave him his final ovation of the night. … As seen on all the major and minor networks, the speech was workmanlike and the presentation presentable. Bush seemed determined to keep it low-key."

The Washington Post (1/24, A15, Murray, Kornblut, 690K) also notes "Bush's audience at the Capitol last night included at least 10 Republicans and Democrats who hope to succeed him, and their response to his State of the Union address ranged from enthusiastic to tepid. The most generous was Sen. John McCain of Arizona, a leading contender for the GOP nomination and Bush's chief defender on the Iraq war, including the administration's latest plan to deploy an additional 21,500 troops. 'This strategy ought to be given a chance, because the consequences of failure are immense, and we'll be back again some day,' McCain told ABC News in a post-speech interview. 'This is going to be long and hard and tough.'" Sen. Hillary Rodham Clinton "was more skeptical, urging Bush to seek a more 'comprehensive approach' to the Iraq crisis. Bush's troop escalation proposal, she said, was 'really more of the same. We've gone down this road before.'"

As is the norm, much of the post-speech commentary fell along partisan lines. One exception was Sen. Barack Obama, appearing on CNN after the speech, who said, "The President recognized that healthcare and energy are two critical issues facing the country, and I think he put forward some serious proposals, not necessarily ones I would have put forward, but they're serious ways to engage the problem. I think the Democrats should be constructive, we should sit down with the president and say 'we are ready and willing to sit down and see if we can make progress on those two critical issues."

House majority leader Steny Hoyer, on Fox News after the speech said he agreed with the president that "none of us voted for failure" in Iraq, but "his escalation is too little too late. That sentiment is shared by the overwhelming number of military personnel that I have talked to from all levels. I think he is going to have a tough time selling this as a change of policy."

Former NYC Mayor Rudy Giuliani, on Fox News (1/23) after the President's address, said he "thought the speech was a very good one and I thought it did what the President had to do, which was to get us kind of beyond Iraq, meaning

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there are a lot of other things we have to concentrate on. … I think he made seven or eight points on domestic policy, most important one being the health care program, which is, in my way of thinking, innovative and a very, very good way to increase the number of people covered by health insurance."

CBS (1/23) also spoke to Nicole Wallace, who "was until last year communications director for…Bush, and Joe Lockhart, who "was press secretary for President Clinton." Wallace said, "I think one of the most important things he did tonight…was what he addressed directly to the Speaker. I thought his rousing tribute to Speaker Pelosi was very George W. Bush and what people like to see when they remember why they liked him back when he was far more popular. I think he also set a tone throughout the speech. He talked about Iraq in a very frank way. And I think he went a long way toward earning back some of the trust and credibility that they know they need to finish the job in Iraq and to start a conversation on health care, immigration, and some of the other domestic issues that he rolled out today." Lockhart said, "I don't think that it was a bad speech but I think it was a missed opportunity. An unpopular president this late in the presidency really needs events like this to change the political dynamic. This speech was sober, subdued. I think at times timid when it came to policy. So I think it was a real missed opportunity for him. He has not changed the dynamic at all here in Washington."

More Commentary. In an editorial, the New York Times (1/24, 1.16M) notes that the "White House spin" ahead of Bush's seventh State of the Union address "was that the president would make a bipartisan call to revive his domestic agenda with 'bold and innovative concepts.' The problem with that was obvious last night -- in six years, Mr. Bush has shown no interest in bipartisanship, and his domestic agenda was set years ago, with huge tax cuts for wealthy Americans and crippling debt for the country." Combined with the mounting cost of the war in Iraq, the Times says that makes "boldness and innovation impossible unless Mr. Bush truly changes course. And he gave no hint of that last night." Instead, the newspaper says he "offered up a tepid menu of ideas that would change little: a health insurance notion that would make only a tiny dent in a huge problem. More promises about cutting oil consumption with barely a word about global warming. And the same lip service about immigration reform on which he has failed to deliver."

The Los Angeles Times (1/24, 850K) editorializes this year's address "felt even more compulsory than usual" as Bush "seemed at times to be going through the motions, reasserting his position or making proposals on a number of issues -- immigration, healthcare, education, the war in Iraq, energy independence -- in an effort to remain relevant in the face of a Democratic Congress and plummeting public support. It's difficult to know how many of his ideas will amount to anything."

In an editorial, USA Today (1/24, 12A, 2.27M) says Bush "acknowledged" the "new reality" of Democratic majorities in both houses "in several ways," but "not on Iraq." Bush "appeared to be wedded Lyndon Johnson-like to a vision that is failing in the field, under bipartisan attack in Congress and opposed overwhelmingly by a public that expresses increasing restlessness in the polls." The newspaper said the President "argued for his new plan but largely with his old ideas."

On its editorial page, the Washington Post (1/24, A22, 690K) says Bush "offered the usual assurances last night about the healthy state of the union, but the state of his presidency has never been worse." The President now "faces a Democratic majority in both chambers of Congress and a public increasingly unhappy about the war in Iraq and disenchanted with his leadership" and "by the time he delivers next year's State of the Union address, the primaries will be underway, and Mr. Bush's relevance will be fading." Therefore, the Post says, "If he is to have a final chance to shape policy, this is it." Bush's goal last night "was not so much to argue anew for the troop increase but to drive home the point that the 'consequences of failure would be grievous and far reaching.' On this, Mr. Bush is assuredly correct."

In an editorial, the Wall Street Journal (1/24, A12, 2.04M) writes, "You may have noticed that 2006 ended without a recession" and "the big economic story going into this New Year is that growth is accelerating." And "if Bill Clinton were still President, he'd have used last night's State of the Union address to hail all of this as a triumph, taking political credit and claiming it was all due to his policies, with supportive headlines to match. It hardly matters what President Bush said last night; he still won't get any credit."

Webb Says Bush Took Nation To War "Recklessly." The AP (1/24, Kellman) reports, "Democrats blistered President Bush's war policy Tuesday night, challenging him to redeem the nation's credibility -- and his own -- with an immediate shift toward a diplomatic end to the bloody conflict in Iraq. 'The president took us into this war recklessly,' the Democrats' chosen messenger, Sen. Jim Webb of Virginia, said in response to Bush's State of the Union address Tuesday evening. 'We are now, as a nation, held hostage to the predictable -- and predicted -- disarray that has followed.'" Webb, "a Vietnam veteran who was Navy secretary during Republican President Reagan's administration, called for a new direction. 'Not one step back from the war against international terrorism. Not a precipitous withdrawal that ignores the possibility of further chaos,' said Webb. 'But an immediate shift toward strong regionally based diplomacy, a policy that takes our soldiers off the streets of Iraq's cities and a formula that will in short order allow our combat forces to leave Iraq.'"

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The Washington Post (1/24, A12, Shear, 690K) notes accused the President of "forcing" the country "to endure 'a mismanaged war for nearly four years.' 'Many, including myself, warned even before the war began that it was unnecessary; that it would take our energy and attention away from the larger war against terrorism; and that invading and occupying Iraq would leave us strategically vulnerable,' Webb said." Webb "held up a picture of his father as a young Air Force captain. As a small boy, he said, he took the picture to bed with him to remind him of his father's sacrifice. Now, Webb's son is serving in Iraq as a Marine infantryman."

McClatchy (1/24, Talev) reports Webb "delivered his harshest blows against the war in Iraq." But "he also jabbed at other openings, saying that now that Democrats control Congress for the first time in Bush's presidency, they'll hold him to deliver on promises to improve public education, health care, the plight of Hurricane Katrina survivors and economic conditions for the working class." USA Today (1/24, Kiely, 2.27M) notes Webb accused Bush of presiding "an imbalanced economy Tuesday in a bluntly worded speech that reflected the new Democratic majority's willingness to flex its muscle in Congress. … The aggressive note struck by Webb in the Democrats' official rebuttal reflected the changed political reality on Capitol Hill."

Webb's performance got generally positive reviews. The New York Times (1/24, Zeleny, 1.16M) reports, "The choice of Mr. Webb was intended to provide a symbol, through his words and appearance, for the new majority in Congress. In a commanding voice, the senator chastised the administration for its economic and foreign policies, but said Democrats would try to work with Mr. Bush to change course."

The New York Times' David Brooks, appearing on PBS (1/23) characterized Webb's speech as "intense," "eloquent," "forceful" and "well executed." However, Brooks noted, "There wasn't a hint of bipartisanship" in Webb's speech.

The Financial Times (1/24, Luce) says Webb "holds the ideal credentials to criticise Mr Bush's 'escalation' of the Iraq war while insulating the party against any charge of being soft on national security."

On CBS (1/23), Katie Couric said "the Democrats picked…Webb for, I think, very obvious reasons. His military credentials are above reproach." CBS correspondent Bob Schieffer added, "Absolutely. He has a son in Iraq. They did not want the President to draw attention away from the war. They want to keep the focus on this war because they believe it is George Bush's war." Webb "really ripped him tonight. saying he led us into this war recklessly. That's pretty tough talk."

On NBC (1/23), Washington bureau chief Tim Russert said Webb "threw down the gauntlet." Webb countered the President's speech "by saying, you brought us there recklessly, now it's time to get us out. If you don't do it, we're going to do it."

NBC (1/23) interviewed Sen. Hillary Clinton, who said Webb "eloquently articulated" the Democratic position. The "escalation proposed by the President is not" a "comprehensive" approach, "we need a full court diplomatic effort. We need to bring pressure and leverage on the Iraqi government to begin to deal with the political problems it has internally and what we have instead is a strategy that, by most accounts, by the experts with whom I've conferred, by public comments by many others, is really more of the same."

NBC (1/23) interviewed GOP Sen. Lindsey Graham, who said, "Here is my comment to Sen. Webb: I appreciate his service, I appreciate his son's service. … Those on the other side, our enemies are listening and see it as a weakening resolve. I would say to Senator Webb and anybody else, if you think this is a lost cause, this is folly, Vietnam, cut off funding. The worst thing anybody can do is pass a resolution declaring the war a loss, no confidence in the commander to fight it and the troop who will follow. So I hope that Republicans and Democrats will not send that message. If you really believe it's a bad idea, cut off funding."

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Gonzales Sits Out State Of The Union Address.

The AP (1/24) reports, "Attorney General Alberto Gonzales stayed away from the Capitol Tuesday night in case of a catastrophic attack or accident as President Bush delivered his sixth State of the Union address." The AP continues, "By long-standing tradition, a member of the president's Cabinet misses the speech to Congress as a precaution against the entire administration's being wiped out and to maintain the presidential line of succession. Last year, Veterans Affairs Secretary Jim Nicholson did not attend."

Bloomberg Money and Politics (1/23, 9:03 p.m.) broadcasted, "The custom of course course for one member of the cabinet to remain behind just to have continuity of the government. The selection is the Attorney General, Alberto Gonzales, the lone member of the cabinet hanging back at the White House just in case. That's the procedure." CNN Paula Zahn Now (1/23, 8:01 p.m.) broadcasted, "Tonight CNN has learned it will be the Attorney General, Alberto Gonzales, as part of the Eerie Annual Ritual. What a difference a year makes. At this time last year the President stood before the congress and the nation and was talking and touting progress in Iraq, holding out the possibility of troops coming home in short order if that progress continued."

KPSP-TV, Palm Springs, CA (1/23, 11:00 p.m.) broadcasted, "As is customary, one of President Bush's cabinet members did not attend tonight's speech. Attorney General Alberto Gonzalez stayed away from Capitol Hill.

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That is a precaution taken in case a catastrophic event should take place and wipe out the president and all his cabinet members. Should the President and all who follow in the line of succession be killed, the surviving cabinet member would become head of the United States government."

WFIE-TV, Evansville, IN (1/23, 10:00 p.m.) broadcasted, "By tradition, a member of the President's cabinet forgoes attending the State of the Union Address in case of an attack or accident that wiped out the entire administration. Attorney General Alberto Gonzales is the one who stayed away tonight."

KWU-TV, Las Vegas, NV (1/23, 10:00 p.m.), KTXA-TV, Dallas, Ft. Worth, TX (1/23, 8:00 p.m.), WAVY-TV, Norfolk, Portsmouth, Newport News, Hampton, VA (1/23, 11:00 p.m.) and KJRH-TV, Tulsa, OK (1/23, 10:00 p.m.) also broadcasted this story.

Editorial Blasts DOJ Over US Attorney Dismissals. The Las Vegas Sun (1/24) editorializes, "Daniel Bogden, the U.S. attorney for Nevada, resigned last week, a victim of a Bush administration housecleaning. At least seven U.S. attorneys, most from the West, have been forced to resign, but no one will say why - not Bogden, not the Justice Department, not Sen. John Ensign, R-Nev., who was briefed by the Justice Department." The Sun continues, "Attorney General Alberto Gonzales told the Senate Judiciary Committee last week that it was simply good management, so he could get the 'very best' people into office. … That strikes us as odd because those fired had done fairly well. Bogden, a well-respected career prosecutor confirmed by the Senate in October 2001, oversaw the successful prosecution of the G-sting political corruption case, as well as prosecutions that put more than 40 members of the violent Rolling 60s Crips gang in federal prison. Others fired include the U.S. attorney in San Francisco, who was leading the probe into steroid use among professional athletes, and the U.S. attorney in San Diego, who oversaw the successful political corruption prosecution of former Republican Rep. Randy 'Duke' Cunningham." The Sun adds, "Democrats wonder if the Bush administration is trying to use a provision in the Patriot Act that lets the president appoint an 'interim' U.S. attorney without Senate approval. Gonzales denies the claim, but we note that one of the fired prosecutors was replaced with 38-year-old Tim Griffin, a former deputy to White House political guru Karl Rove, who would have little chance to survive confirmation in the Democratic-controlled Senate. … The sudden dismissal of these U.S. attorneys smacks of White House meddling. The justice system and the public deserve much better, starting with the truth."

CORPORATE SCANDALS:

Broadcom Restates Financial Results To Reflect Misdated Option Grants. Bloomberg (1/24, Brennan) reports, "Broadcom Corp., a maker of chips for consumer devices, restated financial results to reflect $2.2 billion in costs for misdated stock-option grants, a problem the company blamed on former Chief Executive Officer Henry Nicholas." Bloomberg continues, "Nicholas 'bears significant responsibility for the lack of adequate controls' in granting options, Irvine, California-based Broadcom said in a regulatory filing with the U.S. Securities and Exchange Commission. The filing also placed blame on former Chief Financial Officer William Ruehle and former Vice President of Human Resources Nancy Tullos." Bloomberg adds, "Henry Samueli, who co-founded Broadcom with Nicholas and is still chairman and chief technical officer, 'reasonably relied' on outside experts when granting options, the filing said. Broadcom is being investigated by both the SEC and the U.S. Justice Department. … 'It makes sense because Henry Nicholas was very much in charge of the company during his tenure,' Stifel Nicolaus & Co. analyst Cody Acree said about the blame being placed on Nicholas. 'He was iconic in the industry, and he was Broadcom. Henry Samueli has always been more on the engineering side.' … Broadcom restated its financial results for 1998 to 2005 and said the costs were noncash. 'Substantially all' of the extra costs were recorded in the periods before 2004, the company said."

The Wall Street Journal (1/24, C6, Forelle, Bandler) reports, "The company noted 68 instances in which it couldn't find contemporaneous paperwork to document grant-approval meetings, and 18 cases when grant dates were selected after the fact. The restatement is the largest of any company of those forced to admit to errors or malfeasance in the options scandal. Broadcom's figure eclipses the up to $1.7 billion in charges insurer UnitedHealth Group Inc. has said it expects to take. Broadcom's disclosure may draw fresh attention to the role of Mr. Nicholas." The Journal adds, "Broadcom said its evidence indicates Mr. Nicholas, who didn't receive any tainted options himself, was 'at times involved with the selection of grant dates after the fact,' noting he sought advice from William Ruehle, the longtime finance chief who left last year. Broadcom said there is 'substantial evidence' Mr. Ruehle was involved in the backdating. Broadcom said the charges totaled $2.69 billion from 1998 through the first quarter of 2006; after adjusting for taxes and nearly $400 million of options forfeited because of employee terminations, the figure is $2.24 billion, the company said."

New York Pension Fund Leads Suit Over Apple Options. The Washington Post/AP (1/24, D2) reports, "A

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New York pension system will be the lead plaintiff in a shareholders lawsuit accusing Apple of illegally backdating stock options." The AP continues, "The New York City Employees' Retirement System was named the primary plaintiff in the lawsuit Friday by U.S. District Judge Jeremy D. Fogel, according to Grant & Eisenhofer, the law firm representing the group." The AP adds, "The system, which manages about $89 billion in retirement assets for more than 200,000 municipal employees, owns about 1 million shares of Apple stock. The plaintiffs are seeking class-action status for their case and want damages in connection with what they allege were illegally backdated stock options. … Fogel is also hearing a separate but similar securities case that consolidates a number of civil complaints about Apple's stock-options accounting. Apple has not yet responded to either case." The AP notes, "Federal prosecutors are investigating Apple's past stock-options practices, including a specific stock option award to chief executive Steve Jobs. Federal investigators last week questioned Jobs about the company's backdating practices."

CRIMINAL LAW:

Libby Defense Says White House Made Him The Fall Guy. ABC World News (1/23, story 6, 2:10, Gibson, 8.78M) reported, "A jury, today, heard allegations of infighting at the highest levels of the Bush Administration. There were opening statements at the trial of former White House aide, Scooter Libby." ABC (Thomas) added, "Special counsel Patrick Fitzgerald issued a blistering assault on the Vice President's former chief of staff, calling him a liar who was part of a White House campaign to discredit critics of the war in Iraq. Fitzgerald told a transfixed jury, 'The evidence will show the defendant lied repeatedly' to FBI agents and a grand jury investigating who leaked the identity of Valerie Plame, a one-time covert CIA agent." But Libby's defense attorney "argued the government case is paper thin. He lashed out at the White House, accusing the Bush Administration of making Libby a fall guy to protect presidential adviser Karl Rove, who also had talked to reporters about Wilson's wife."

NBC Nightly News (1/23, story 6, 2:40, O'Donnell, 9.87M) reported, "The prosecution says Libby repeatedly lied, including Libby's claim that NBC's Tim Russert was first to tell him who Valerie Wilson was. Prosecutors say Russert will testify that he did not tell Libby. The suggested motive, Libby was trying to deflect blame from the Vice President over the flawed intelligence." But defense attorney Ted Wells "made a stunning charge. In the frenzy to find out who had leaked Wilson's name, the White House chose to protect top Bush advisor, Karl Rove, saying he didn't do it." Scott McClellan, former White House Press Secretary: "It is totally ridiculous." O'Donnell: "But the President's people did not back up Libby in the same way." Libby's defense "says Cheney intervened and wrote a letter saying it was wrong to protect one staffer, meaning Rove, and sacrifice the guy who stuck his neck in the meat grinder, referring to Libby who was ordered by Cheney to refute negative stories."

The CBS Evening News (1/23, story 6, :30, Couric, 7.66M) reported, "Lawyers for Libby, who used to be the top aide to Vice President Cheney, argued top White House officials wanted him to take the blame for the leak of a secret CIA agent's name so they could protect Karl Rove, the President's chief political strategist."

The Los Angeles Times (1/24, Schmitt, 850K) reports Wells "portrayed the former vice presidential aide as a sympathetic figure who was following his boss' orders to rebut an administration critic. But Wells said Libby came to believe that he had lost the support of the administration he had sought to defend." Wells said, "Karl Rove was President Bush's right-hand person in terms of political strategy. Karl Rove was the person most responsible that the Republican Party stayed in office. His fate was important to the Republican Party. He had to be protected." The Times adds the "defense suggestion of a high-level conspiracy, made on the opening day of the trial, was the first indication of a breach within the normally secretive White House over the handling of a case that had cast a legal and political cloud over the Bush administration for three years."

USA Today (1/24, Willing, 2.27M) reports Fitzgerald told "jurors that Libby learned of Plame's CIA job from Cheney, then from two other CIA employees, from a State Department official and from a Cheney spokesman in June or early July 2003, before Libby passed the information to two news reporters. Matt Cooper, formerly of Time magazine, and Judith Miller, formerly of The New York Times, are to testify for the prosecution." Fitzgerald said Libby "played a key role in helping Cheney deflect criticism beginning in July 2003 that he was responsible for 'twisting intelligence' to suggest that Iraq was in the process of acquiring uranium, possibly for a nuclear weapon."

The Washington Times (1/24, Curl, 88K) reports Wells "also sought to portray Mr. Libby, who faces 30 years in prison if convicted on five counts of lying to FBI agents, as incredibly busy, so busy that he forgot when and how he learned the identity of CIA employee Valerie Plame, the wife of a former ambassador who had been critical of the administration's Iraq invasion." But special prosecutor Fitzgerald "said in the government's opening argument that Mr. Libby consciously lied."

The Washington Post (1/24, A1, Goldstein, Leonnig, 690K) reports on its front page that Libby "was 'put through the meat grinder' by the White House shortly after the Iraq war began, scapegoated to conceal the fact that Karl Rove, the president's top political adviser, helped disclose an

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undercover CIA officer's identity," according to Wells. Wells and the special counsel "agreed that Vice President Cheney ordered Libby, then his chief of staff, to contact reporters early in the summer of 2003 in an effort to rebut criticism that the administration had selectively used intelligence to justify the invasion of Iraq." The "dramatic opening statements in the first hours of the celebrated trial laid bare fissures deep inside the White House." The "two sides' accounts exposed jurors to handwritten notes by Cheney, the internal culture of major newsrooms, a tape recording of Libby speaking to grand jurors and a White House under fire as its justification for war was beginning to unravel."

The New York Times (1/24, Lewis, 1.16M) reports Wells' statement "was the first indication that Mr. Libby, who is facing five felony counts of lying to investigators, would seek to deflect some of the blame onto his former White House colleagues." Wells "did not, however, fully explain the connection between an effort to protect Mr. Rove and the actions that led to Mr. Libby's indictment. It was also the first sign that there had been fighting within the Bush administration over the C.I.A. leak investigation." Wells' "most startling comment was his assertion that Mr. Libby had become enmeshed in legal difficulty because of White House efforts to protect Mr. Rove. If Mr. Libby and his lawyers press their strategy of blaming the White House, it could prove risky, possibly even jeopardizing chances of a presidential pardon for Mr. Libby if he is convicted."

Under the headline "'Scapegoat:' Scooter's Stunning Defense," Newsweek (1/23, Isikoff, 3.12M) reported on its Web site, "Libby, it was widely thought by legal experts, was going to be the good soldier. He would play it safe at his trial in order to preserve his options; mainly, if convicted, to seek a presidential pardon before Bush leaves office. But no sooner did he start his opening statement Tuesday morning than defense lawyer Ted Wells shocked the courtroom and all but tossed the 'pardon strategy' out the window."

The Wall Street Journal (1/24, A4, Perez, 2.04M) reports Libby's attorneys "moved to muddy the prosecution's case by alleging a White House effort to protect Karl Rove and make Mr. Libby the fall guy." The defense strategy "shows that Mr. Libby is willing to part ways with his former colleagues at the White House." As both sides 'laid out their strategies yesterday in federal court, it became clear that Special Prosecutor Patrick Fitzgerald's attempt to simplify a case that ended up far afield from its beginnings as a CIA leak investigation could be hampered by the defense's strategy to put the case in the context of the sharp-elbowed politics of the White House and the Iraq war."

The AP (1/24, Apuzzo) reports, "As the trial opened with a preview of each side's position, it was clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media. … Nobody, including Rove, has been charged with the leak. Libby is accused of lying to investigators and obstructing the probe."

The Legal Times (1/24, Schwartz) reports, "Libby, 56, is charged with five felony counts of false statements, obstruction of justice, and perjury in connection with what he told the FBI and a grand jury about conversations he had with three reporters in 2003. He was the only person charged as a result of Fitzgerald's 2 1/2-year investigation into whether classified information about Plame's CIA employment was illegally leaked to the press." The Times adds, "The arguments came on the eve of President George W. Bush's State of the Union address. It was in that speech, four years ago, that the president suggested Iraq had tried to purchase uranium from Africa. The veracity of that claim later served as the basis for attacks by Plame's husband, former Ambassador Joseph Wilson, on the administration's decision to invade Iraq and allegedly led to a campaign within the White House to discredit Wilson. … Although the trial, expected to last about six weeks, will not answer the question of whether the Bush administration intentionally misled the public about the rationale for invading Iraq, the war hung heavy over Tuesday's arguments."

Wells To Attack Armitage Aide's Credibility. In a widely-distributed story, the AP (1/24, Apuzzo) reports, "Attorneys for former White House aide I. Lewis 'Scooter' Libby say the testimony of the government's first witness in the CIA leak trial may have been improperly influenced. Marc Grossman, the former No. 3 official at the State Department, took the stand Tuesday and testified that in June 2003 he was the first person to tell Libby that one of the Bush administration's most vocal critics on Iraq was married to a CIA operative." The AP adds, "Grossman's memory is spotty," and defense attorney Theodore Wells "believes his testimony may have been influenced by his former boss at the State Department, Richard Armitage. … As Grossman continued to the cooperate in the probe, defense attorneys say, he went back to Armitage and told him what the FBI was asking and discussed his answers."

Former Black Militants Charged In 1971 Murder Of Police Officer. In a widely-distributed story, the AP (1/24, Wohlsen) reports, "A Florida man and seven others were arrested Tuesday in the 1971 slaying of a police officer that authorities say was part of a black power group's five-year campaign to kill law enforcement officers in San Francisco and New York. Police said seven of the eight are believed to be former members of the Black Liberation Army, an offshoot of the Black Panther Party." The "shooting death of Sgt. John V. Young, 51, at a San Francisco police station was one in a series of attacks by BLA members on law enforcement officials on both coasts, police said." The AP

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notes, "The arrests were just the latest attempt in recent years to hold antiwar radicals and black-power militants responsible for crimes committed a generation ago.

The San Francisco Chronicle (1/24, A1, Derbeken, Lagos, 384K) reports, "The actions Tuesday -- carried out in cooperation with local, state and federal officials -- follow by two years a grand jury investigation of the Young killing that resulted in no arrests or indictments. Lawyers for defendants contended that investigators haven't found new evidence since then that justifies bringing charges at this time," and Attorney General Jerry Brown's spokesman, Nathan Barankin, "acknowledged Tuesday that no new scientific evidence had been unearthed in an investigation made difficult by the lack of solid eyewitness testimony tying the defendants to Young's shooting." The Los Angeles Times (1/24, Glionna, Chawkins, 850K) reports from San Francisco, "The racial tensions of the civil rights era marched back into this city" with the arrest of the "eight former radicals — some now husbands, grandfathers and community organizers." The Times notes, "Defense lawyers and justice advocates Tuesday questioned the charges, one calling the long-running case "a perversion of justice."

Newsday (1/24, Lowe) reports, "NYPD detectives coordinating with San Francisco police and the FBI arrested Francisco Torres, 58, at his home" on Tuesday, and the New York Times (1/24, McKinley, 1.16M) notes NYPD Commissioner Raymond W. Kelly "said the arrests dealt a blow to the legacy of the protest group," but "current and former defense lawyers for several of the men said they were skeptical of the charges in the nearly 36-year-old case, saying the police had harassed their clients for years." Torres lawyer Michael Warren said yesterday, "The F.B.I., as well as the San Francisco police, have known his whereabouts for all these years. He has been an integral part of this community." The New York Daily News (1/24, , 729K) adds, "After several failed prosecutions, a special FBI task force began looking into the Young killing again in 1999 after 'advances in forensic science led to the discovery of new evidence,' the San Francisco Police Department said in a statement." Kelly "said Torres has been 'off the radar' for three decades since serving time for a bank robbery."

The New York Sun (1/24, Solomont) also reports on Torres' arrest, and WMBB-TV Panama City, FL (1/23, Foster) reported on its Web site from a broadcast story, "Today around 8 a.m., a task force comprised of the FBI, San Francisco Police Department, Bay County Sheriff's Office and Panama City Police Department, operated under an arrest warrant and booked Harold Taylor, 58, into the Bay County Jail on murder and conspiracy charges" in Jones' murder. "'Panama City Police Department was contacted by the FBI and San Francisco PD about four years ago and at that time we located Mr. Taylor,' said Panama City Police Chief John Van Etten in a Tuesday's press conference. … Van Etten said Taylor had been living in Panama City since 1981 and had an no remarkable criminal history."

DOJ Has Not Decided On Details Of ISP Data Retention Requests. CNET News (1/24, Broache) reports, "The Bush administration hasn't settled on what data it would like Internet service providers to retain about their subscribers or for how long, a U.S. Department of Justice attorney said Tuesday." CNET continues, "U.S. Attorney General Alberto Gonzales made it clear last fall that he planned to seek national legislation requiring the controversial practice known as data retention, but 'we don't have any position officially about how long records would have to be retained or what records would have to be retained,' said Eric Wenger, a trial attorney with the Justice Department's computer crime unit." CNET adds, "During an event here hosted by the Federal Communications Bar Association, Wenger also said police already have ready access to other legal tools, such as the power to send letters to ISPs requesting 'preservation' of existing data for up to 90 days while law enforcement obtains the necessary court authority to obtain that data. … But he categorized the lack of consistent data retention by ISPs as a 'roadblock' to some investigations. He described, for example, a situation in which an investigator may be able to secure an IP address for a suspected phisher from Microsoft's Hotmail service. By the time the investigator took that IP address to the Internet service provider for more information about the suspect's identity, he may be told by the ISP that such information has already been purged. … 'We've been talking to some of the companies to explain the needs we have for the records,' he said, although he did not expressly urge adoption of new laws. Another possibility is that a data retention requirement could be extended beyond ISPs to search engines, which was discussed in private Justice Department meetings in October."

CREW Calls For Congressional Hearing On FBI Child Predator Probes. The Miami Herald (1/24, Clark, 286K) reports, "A watchdog group that blew the whistle on former Rep. Mark Foley, only to see the FBI decline to investigate, is asking the chairman of the House Judiciary Committee, Rep. John Conyers, to hold a hearing on the agency's practice of investigating potential child sex predators. The request by Citizens for Responsibility and Ethics in Washington (CREW), comes a day after an inspector general's report chided the FBI for failing to do more to alert the House about Foley's transgressions." The report "scolded the agency…saying it should have alerted House leadership to the e-mails or 'at least' told CREW that it was not going to investigate." The Herald adds, "CREW is asking Conyers to hold a hearing on the agency's practices 'as soon

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as possible, in order to help prevent other children from being victimized.'"

FEC Says Kolbe May Pay Foley Probe Legal Bills With Campaign Funds. The AP (1/24) reports former Rep. Jim Kolbe "may use campaign funds for legal expenses racked up while the House ethics committee and the Justice Department were investigating his connection to a scandal involving House pages, the Federal Election Commission wrote in a draft advisory opinion made public Tuesday." The AP adds, "FEC officials wrote that the legal fees count as 'ordinary and necessary expenses' incurred in connection with holding federal office. The commission will consider the case during a meeting Thursday."

Federal Prosecutors Say Idaho Suspect Admitted Three Slayings. The AP (1/24, Miller) reports from Boise, ID, "A man accused of kidnapping two Idaho children, killing one of them, after slaying their family has confessed to the killings of three other children a decade ago in Washington state and California, federal prosecutors said Tuesday." The AP continues, "The prosecutors cited the confessions to the old killings in court papers saying that intended to seek the death penalty against Joseph Edward Duncan III, who was indicted last week on charges involving the two northern Idaho children. … 'The defendant has engaged in a continuing pattern of violence, attempted violence, and threatened violence,' prosecutors said. Duncan 'is likely to commit criminal acts of violence in the future that would constitute a continuing and serious threat to the lives and safety of others.' … Roger Peven, Duncan's attorney, said he had not yet seen the filing and could not immediately comment on it." The AP notes, "Duncan is accused of kidnapping Dylan Groene, 9, and his sister Shasta, then 8, in May 2005, and taking them to the mountains of Montana, where prosecutors say he sexually abused them for weeks before killing Dylan. Duncan was arrested July 2, 2005, when he and Shasta were spotted at a Coeur d'Alene restaurant. The boy's body was found days later at a remote campsite. … The U.S. attorney's office said Duncan confessed that he killed Carmen Cubias, 9, and Sammiejo White, 11, in Washington state in 1996 and Anthony Martinez, 10, in California in 1997. Officials did not specify to whom Duncan made the confession."

Former Washington Teachers Union Chief Has Sentence Reduced. The Washington Times (1/24, Mcelhatton) reports U.S. District Court Judge Richard J. Leon "reduced the prison sentence of former Washington Teachers Union chief Barbara A. Bullock by more than two years, in exchange for her help in convicting former colleagues in a massive embezzlement scam." Bullock "pleaded for leniency" saying, "I am sorry for what I did, and I can't do any more than that." She "had been sentenced to nine years in prison after pleading guilty in 2003 to taking part in a scam that embezzled more than $5 million in teachers' dues." Now "Bullock is likely to be released in about three years." Judge Leon "rejected the defense request to cut Bullock's sentence by an additional two years, saying she reaped more of the rewards in the embezzlement scam compared with any other defendant."

Los Angeles City Council OKs Vote On Anti-Gang Tax. The Los Angeles Times (1/24, McGreevy, Hymon) reports, "Desperate to stem the rise of gang violence in Los Angeles, the City Council agreed Tuesday to draft a ballot measure that would impose a parcel tax to raise $50 million or more annually for intervention and prevention programs. … However, council members said it was unlikely the proposal would go onto the ballot until next year, skipping the municipal election in May." The Times continues, "Also Tuesday, City Atty. Rocky Delgadillo released his plan for reducing gangs, which includes a call for school uniforms to be required for all Los Angeles Unified School District students, legal action to shut down the headquarters of the 10 worst gangs, and expanding his assignment of prosecutors to every police station and to neighborhoods around gang-plagued schools." The Times adds, "Delgadillo also said he would seek to expand the city attorney office's truancy program to numerous of middle schools, obtain stay-away orders for those who do not live in the neighborhoods they terrorize and push for legislation to increase penalties for gang-related crime. … Councilwoman Janice Hahn, who wrote and championed the proposal for a parcel tax to fight gangs, said action was needed because of the 267 gang-related homicides last year and the 14% increase in gang crime citywide. … After a sometimes emotional debate, the council voted 13 to 0 to direct the city attorney to draft language for a ballot measure. Another vote will be necessary to put it to voters."

Mother, Children Found Safe After Indiana Abduction. The Chicago Tribune (1/24, Doyle) reports, "A mother and four children who police said were abducted from their Elkhart, Ind., home on Saturday were found safe in a motel in the same city Tuesday night, officials said." The Tribune continues, "The children's father, Jerry White, is accused of kidnapping them after shooting a man in their home Saturday morning. Police initially thought White might have fled to the Chicago area, where he once lived. … But on Tuesday night, Kimberly Walker, 31, and her children Jaylan, 9; Justin, 8; Kyara, 6; and Kayla, 16 months, were 'doing well' in the Elkhart area, police said. … White, 30, is in custody, police said." The Tribune adds, "White, Walker and the children were found at the Sleepy Hollow motel on Elkhart's

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north side about 7 p.m., police said. Police declined to say how they found the family in the motel. … An arrest warrant was issued charging White with attempted murder and several counts of confinement. White is the father of all four children, police said. … White, according to court records, allegedly has a history of kidnapping Walker. He pleaded guilty in 2003 to felony domestic battery for attacking Walker while she was leaving work on the South Side, according to court records. The more serious aggravated kidnapping charges were dropped."

Agent Denies FBI Threatened Vigil Defense Witness With Prosecution. The AP (1/24) reports, "A federal judge made no immediate decision Tuesday afternoon on a request for a new trial for former (NM) State Treasurer Robert Vigil. … The hearing will resume Wednesday morning, but the judge also told both sides they should be prepared to go forth with Vigil's scheduled sentencing." The AP notes, "Tuesday's hearing was called after defense attorney Sam Bregman raised concerns about a potential witness. That witness, former Deputy State Treasurer Ann Marie Gallegos, claimed she had been intimidated by the FBI. But FBI agent Marcus McCaskill testified…it was never intimated that Gallegos would be prosecuted if she testified for the defense."

Defense Suffers Setbacks At Coke Formula Theft Trial. The Atlanta Journal-Constitution (1/24, Stanford, 379K) reports, "Defense attorneys in the Coca-Cola trade secrets trial suffered a pair of setbacks Tuesday during a second day of testimony full of fireworks. The federal judge in the case began by admonishing the attorney for former Coke secretary Joya Williams, who is accused of conspiring to sell confidential company documents and product samples to PepsiCo. The judge said attorney Janice Singer attempted to skirt the court's rules to 'attack' a prosecution witness," Edmund Duhaney. "As a result, the judge wouldn't allow Singer to introduce evidence the attorney said was at the 'core' of her case. Then jurors learned that Williams contacted another prosecution witness just days before the start of her trial to suggest how he should testify." The AJC notes, "Singer hammered away at Duhaney's credibility most of the morning. But Duhaney refused to say he was testifying to get a lighter sentence for his part in the crime."

In a widely-distributed story, the AP (1/24, Weber) reports Joya Williams' former boyfriend, Sedrick Wilson testified that Williams "wanted him to lie for her about a package she had sent to another man accused in the case." Wilson said Williams "sent him a text message on Jan. 7, nine days before jury selection began in her trial, saying that it was 'beyond important' that he call her. The subject, Wilson said, was a package she sent via FedEx to Ibrahim Dimson, a co-defendant in the case, during the first half of 2006. Wilson said he was with Williams when the shipment was sent. 'She said, "Make sure you say that it was for the trucking company,"' Wilson recalled of his recent conversation with Williams."

Jurors Hear FBI Surveillance Tapes. WXIA-TV Atlanta (1/23, Shirek, King) reported on its Web site from a broadcast story, "Secretly-recorded phone calls portray" Williams "as a willing participant" in the conspiracy. Jurors yesterday "heard those taped phone calls, and saw an eyeful." WXIA added, "Williams insists Duhaney is the one who stole all those Coke trade secrets from her, and, on his own, offered them to Pepsi, without her knowledge. But in court Tuesday, with Duhaney on the witness stand, Williams and the jury listened to phone calls the FBI recorded between Duhaney and his confessed partner in crime, Ibrahim Dimson, when agents secretly tapped Dimson's cell phone last year. … In their taped phone calls, the men…portray her as an associate, a willing and active participant, in the scheme."

Indianapolis Police Officer Sentenced To Prison For Mortgage Fraud. The Indianapolis Star (1/19, Evanoff, 268K) reported, "Indianapolis Police Department veteran Michael C. Smith was sentenced Wednesday to 57 months in prison by U.S. District Judge Sarah Evans Barker for his role in a mortgage-fraud scheme. One of the longer prison terms given for mortgage fraud in the city, it follows a probe by a little-known federal task force set up in 2002 to look into Indianapolis' long rash of real estate scams. Smith is the 58th individual convicted of fraud since the federal task force was assembled to look into real estate fraud in Central Indiana, U.S. Attorney Susan Brooks' office reported." The Star noted, "Brooks organized the task force with the FBI, Internal Revenue Service, U.S. Postal Service and U.S. Secret Service, which looks into some white-collar crimes. … 'Indianapolis has more fraud than other cities,' said original task force member Kent Paulin, who retired as an FBI agent in 2004. 'It's almost like a networking thing.'" The AP (1/19) also reported on Smith's sentence.

Kulongoski Calls For Policy Review In Light Of Federal Kickback Probe. The Oregonian (1/24, Walsh, Green, 318K) reports, "Gov. Ted Kulongoski on Tuesday called for an internal review of state procurement policies in the wake of a federal probe into allegations that a food service administrator for the prison system took bribes from companies in return for buying their food." Kulongoski spokeswoman Anna Richter Taylor said, "Once the (federal) investigation is complete, we will be re-evaluating whether or not the procurement and management policies that we have in place are sufficient and identify what changes need to be

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made to strengthen oversight." The Oregonian notes, "Farhad 'Fred' Monem was placed on leave after IRS and FBI agents searched his Salem home and office earlier this month. A federal judge has unsealed court documents that describe a four-year kickback scheme that alleges Monem took hundreds of thousands of dollars from companies that sell food to the state for inmate meals."

The AP (1/24, McCall) adds that "Kulongoski said Tuesday a federal investigation into alleged kickbacks to the state prison food service administrator totaling at least $650,000 may lead to tougher oversight of the purchasing program. … No charges have been filed against Monem or others accused of involvement." The AP also notes that the FBI and IRS were conducting the investigation.

US Will Not Charge New York Post Contributor. The New York Times (1/24, Barron) reports, "Federal prosecutors have decided not to file charges against a former freelance contributor to The New York Post's Page Six gossip column after an investigation into whether he had demanded payments for favorable coverage, a lawyer for the contributor said yesterday." The Times continues, "The contributor, Jared Paul Stern, was suspended last April after The Post reported that the California supermarket billionaire Ronald W. Burkle had complained to the authorities. … At the time, people involved in the investigation said that Mr. Burkle had secretly videotaped Mr. Stern demanding a $100,000 payment and a $10,000 monthly stipend. Mr. Stern was heard saying that in return, he would keep unfavorable mentions of Mr. Burkle out of Page Six." The Times adds, "Yesterday, a person with knowledge of the decision confirmed that federal prosecutors in Manhattan had decided not to prosecute Mr. Stern. The decision was reported on The New York Observer's Web site yesterday afternoon. … A spokeswoman for the United States attorney's office in Manhattan declined to comment. But Mr. Stern's lawyer, Joseph Tacopina, said he had been told of the decision. … 'We've always been confident that there was no evidence of any crime,' Mr. Tacopina said."

Attorneys Question Massachusetts Police Lab's DNA Results. The Boston Globe (1/24, Saltzman) reports, "Showing the widening fallout from the mishandling of DNA test results at the State Police lab, the lawyers in three high-profile murder cases challenged the reliability of such test results and suggested the problems could help their clients." The Globe continues, "A lawyer for Neil Entwistle, whose DNA was allegedly found on the gun used to kill his wife and infant daughter, said the suspension of Robert E. Pino, the civilian administrator of the DNA database at the State Police forensic laboratory, "calls into question the reliability, trustworthiness, and integrity" of the lab and should be investigated by an independent forensic scientist." The Globe adds, "The FBI began an audit of the laboratory last week because Pino allegedly failed to report 11 matches in old unsolved rape cases until the statute of limitations had expired and reported four test results incorrectly. … But Entwistle's lawyer, Elliot M. Weinstein, said in an interview that the bureau has had its own deficiencies with DNA analysis in recent years and lacks credibility." The Globe notes, "Weinstein, who unsuccessfully asked a judge last fall to toss out DNA evidence against Entwistle, declined to say whether he intends to submit a new motion on the basis of Pino's suspension. But his comments indicate that defense lawyers will probably cite the lab's problems as reasons that judges should block DNA results from being introduced as evidence, that juries should discount such evidence, or that convictions should be overturned. … Also yesterday, lawyer Robert A. George said he expects that Pino's actions will form the basis of challenges in two other high-profile murder cases: Christopher M. McCowen's conviction in November of the murder of Christa Worthington, and Edward S. O'Brien's 1997 conviction in the slaying of his best friend's mother. George represented both defendants."

House Republicans Seek Berger Polygraph. The Washington Times (1/24, Seper) reports, "Eighteen House Republicans have urged the Justice Department to proceed with a polygraph test for Samuel R. Berger, the former national security adviser who agreed to take the test as part of a plea of guilty of stealing documents from the National Archives. … 'This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead-up to the terrorist attacks on the United States,' the congressmen said in their letter to Attorney General Alberto R. Gonzales." The Times adds, "The congressmen -- led by Rep. Thomas M. Davis III of Virginia -- said a prompt lie-detector test is needed to determine the extent of Mr. Berger's thievery, especially because the former Clinton administration adviser reviewed original documents for which there were no copies or inventory. … Other signers of the letter are Reps. Duncan Hunter, Darrell Issa and Brian Bilbray of California, John L. Mica of Florida, F. James Sensenbrenner Jr. of Wisconsin, Dan Burton and Mark Souder of Indiana, Christopher Shays of Connecticut, John M. McHugh of New York, Chris Cannon of Utah, John J. 'Jimmy' Duncan Jr. of Tennessee, Michael R. Turner of Ohio, Kenny Marchant of Texas, Lynn Westmoreland of Georgia, Patrick T. McHenry and Virginia Foxx of North Carolina and Bill Sali of Idaho. …Mr. Davis, former chairman and now ranking Republican on the House Government Reform Committee, released a report by his staff on Jan. 9, saying a Justice Department investigation of Mr. Berger's admitted document theft was 'remarkably incurious.' … The report said the theft compromised national security 'much more than originally disclosed' and resulted in

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'incomplete and misleading' information to the September 11 commission. It said Mr. Berger was willing to go to 'extraordinary lengths to compromise national security, apparently for his own convenience.'"

State, Local Officials Take Action To Curb Cyber-Bullying. The Wall Street Journal (1/24, D1, Chaker) reports on "a growing problem for school administrators and local officials: how to handle so-called cyberbullying. As long as there have been kids, there have been bullies. Now, emboldened by the anonymity available online, a bully can be nastier -- and with the click of a mouse, have a far broader audience -- than in the past. What may once have been snickers in the hallway can now be an excruciatingly public humiliation spread via email, text messaging and online teen forums." The Journal continues, "Schools and local officials have been hearing increasing calls from parents to step in. But educators are torn between the desire to stop bad behavior and the limits on their ability to intervene. Much of the badmouthing takes place on home computers and off school grounds, where schools have little or no authority. … Now, school officials, states and even Web sites are taking action. Educators and state legislatures in Florida, South Carolina, Utah, Oregon and elsewhere are creating new policies that deal with cyberbullying, either incorporating electronic harassment into existing bullying policies, or spelling it out as an entirely new threat. In doing so, they are often crafting language that allows educators to intervene even in off-campus incidents if the activity affects the school environment." The Journal notes, "MySpace.com, the popular networking site, last fall released a guide for school administrators, advising them to contact the site about false or offensive user profiles or to report threats or cyberbullying. It also created a hotline and email address for the exclusive use of school officials to contact MySpace. … The challenge is that students, like everyone else, have First Amendment rights that school officials can't cross. In 1969, the Supreme Court ruled that to suppress student speech on campus, a public school must show it aims to prevent 'substantial disruption' in the classroom rather than 'a mere desire to avoid the discomfort and unpleasantness that always accompany an unpopular viewpoint.' … Later this year, the justices will consider whether public school officials can suppress student speech off campus, in a case where a Juneau, Alaska, high-school principal suspended a student for unfurling a banner reading 'Bong Hits 4 Jesus' on a sidewalk where students had gathered. The case could have implications for other forms of off-campus speech, such as online postings."

CIVIL LAW:

Attorneys Attend "Bankruptcy Boot Camps" To Prepare For Battle. The Wall Street Journal (1/24, B6D, Doss) reports, "Creditors beware: O. Max Gardner III is planning to train an army of consumer bankruptcy attorneys at his Bankruptcy Boot Camps this year." The Journal continues, "His mission isn't to beef up attorneys' muscles with a regimen of sit-ups or push-ups. Rather, Mr. Gardner's goal is to teach them the fine art of overcoming the hurdles put in place by bankruptcy legislation that creditors helped to pass in 2005. … Mr. Gardner, who started the boot camps last August, believes the new law is punitive toward debtor attorneys and makes it harder for consumers to file for bankruptcy-court protection." The Journal adds, "The Bankruptcy Abuse Prevention and Consumer Protection Act, which took effect in October 2005, ushered in sweeping changes to the federal bankruptcy code that affected both consumers and businesses in financial trouble. … Critics contend that the new law made it harder for consumers to file for bankruptcy protection and that it was essentially drafted by lobbyists for banks and credit-card companies. … Some judges have expressed that view, too. In a court opinion last year, Judge Frank R. Monroe of the U.S. Bankruptcy Court in Austin, Texas, said that 'the parties pushing the passage of the Act' appeared to have 'an agenda to make more money off the backs of the consumers in this country.' … Mr. Gardner, who has been a consumer-bankruptcy attorney for nearly three decades, said he plans to help boot-camp attendees fight back by putting them through a four-day seminar to 'de-program' and 're-engineer' their practices. … Consumer-bankruptcy attorneys tend to focus on filing a bankruptcy petition for their clients and getting their debts discharged, he said."

CIVIL RIGHTS:

DOJ Clears Louisiana Party Primary System. The Baton Rouge (LA) Advocate (1/24, Schuler) reports, "The U.S. Justice Department has cleared the way for Louisiana to return to a party primary system for congressional elections starting in 2008." The Advocate continues, "Justice Department Voting Rights Chief John Tanner's office advised state officials of the sign-off on legislation the Legislature approved in June. … The state Attorney General's Office released the letter Tuesday." The Advocate adds, "Sen. Cleo Fields, D-Baton Rouge, pushed the law to end the practice of Louisiana electing its congressmen after other states across the nation. … 'The issue should be squarely behind us and we can elect members of Congress at the same time as everybody else does,' Fields said Tuesday. … Under the

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plan, Democrats and Republicans would hold party primary elections with winners facing each other in a general election along with nonparty candidates who want to make the race." The Advocate notes, "The election schedule would allow winners of the party primaries and other party candidates to face each other on federal Election Day — the first Tuesday after the first Monday of November. … That's a move away from the open primary system, where all candidates regardless of party have vied against one another on the November ballot. … If nobody won outright, the two top vote-getters would face off in a December election. .. .U.S. District Judge Frank Polozola set the schedule in 1998 to prevent Louisiana from electing its U.S. senators and representatives before Election Day."

Courts Give Mixed Reviews To Voter ID Laws. USA Today (1/24, Biskupic, 2.27M) reports voter identification laws, "adopted by states in recent years amid concerns about fraud, are getting mixed reviews as courts weigh whether they unconstitutionally keep some people from the polls." State courts in Georgia and Missouri "last fall invalidated laws that required voters to show photo ID each time they cast ballots. Georgia and Missouri are among 11 states that have passed such laws since 2003, inspired partly by allegations of voter fraud raised in Florida and elsewhere during the 2000 elections." Elsewhere, however, "federal appeals courts have not been as willing to reject voter ID laws."

Media Outlets Embroiled In Debate Over Free-Speech Rights. USA Today (1/24, 2A, Kasindorf) reports, "In a dispute between the 'new media' of the Internet and the 'old media' of broadcasting, liberal bloggers and conservative talk-radio hosts are accusing each other of trampling the First Amendment's guarantees of free speech." USA continues, "Hundreds of blogs are exhorting national advertisers not to buy commercial time on Disney-owned KSFO-AM in San Francisco because some on-air hosts have made comments that the bloggers allege are racist or encourage violence. … KSFO personalities say the bloggers are trying to muzzle their political views. The bloggers say they're rallying behind the free-speech rights of a colleague whose website was briefly shut down after Disney's ABC network threatened to sue over alleged copyright violations." USA adds, "Some advertisers, including Bank of America and MasterCard, have deserted KSFO since an anonymous media critic identifying himself online as Spocko began posting recordings of the station's 'Hot Talk' hosts. Spocko and some of his readers have been e-mailing the audio to KSFO advertisers since 2005, asking the companies whether they want to be associated with the controversial rhetoric. … The First Amendment flap was debated Sunday on CNN's Reliable Sources. Dan Riehl, a blogger critical of Spocko, said some of the radio hosts' comments 'were blown out of proportion or misrepresented' in the complaints to sponsors. Mike Stark, another blogger and a Spocko ally, said: 'The way to fight free speech that you disagree with is to engage in more free speech. And that's exactly what Spocko did.'"

ANTITRUST:

Antitrust Issues Loom Large In Proposed Delta Merger. The Financial Times (1/24, Cameron) reports, "Antitrust concerns have re-emerged as the key barrier in US Airways' hostile pursuit of Delta Air Lines, according to aviation financiers surveyed by the Financial Times." The Times continues, "The airlines' chief executives will face off on Wednesday before a Senate hearing on airline consolidation, which both sides view as a key test of political sentiment for deals involving the largest US carriers." The Times adds, "Doug Parker, US Airways' chairman and chief executive, is adamant that a deal which would create the world's largest airline would be cleared by the Justice department. .. He is expected to provide assurances to the Senate commerce, science and transportation committee that the merger with its larger rival would not lead to higher fares or reduced service to smaller communities." The Times notes, "Jerry Grinstein, his opposite number at Delta, argues the airlines' overlap on the US east coast would see it blocked on competition grounds, though has entertained discussions with Northwest about a potential combination when both emerge from bankruptcy protection. .. Delta is reviewing final bids from banks to provide exit financing for its planned exit from bankruptcy as a standalone carrier, which could include private equity investment."

Georgia Legislators Ask Gonzales To Investigate Delta Bid. WSB-TV, Atlanta, GA (1/23, 6:00 a.m.) broadcasted, "Several Georgia lawmakers signed a letter to Attorney General Alberto Gonzalez urging him to review the situation. They support Delta's stand-alone plan for getting out of bankruptcy. However, they say it will negativively impact jobs and our state's economy."

WCIV-TV, Charleston, SC (1/23, 6:00 a.m.) broadcasted, "Georgia lawmakers are rallying around Delta airlines in opposition to the hostile takeover by USAirways. The newest chapter in Delta's public voiced opposition to the merger is a letter from Georgia lawmakers to US Attorney General Alberto Gonzalez USAirways recently bolstered its takeover bid from $8.4 billion to $10.3 billion. The legislators say Georgia could lose thousands of jobs if the hostile takeover succeeds."

WCJB-TV, Gainesville, VA (1/23, 12:00 p.m.) broadcasted, "The newest chapter in delta's public opposition to the merger is a letter from Georgia lawmakers to US Attorney General Alberto Gonzalez. It states the merger would be bad for Georgia and for the nation. The legislators

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want a quote 'full land careful review' of the takeover attempt."

KSTU-TV, Salt Lake City, UT (1/23, 11:00 a.m.) broadcasted, "Georgia lawmakers are sending a request to US Attorney General Alberto Gonzales calling for a complete review of the US Airways hostile take-over bid of Delta airlines."

Bank Of America Halts Effort To Change Law Limiting Growth. The New York Times (1/24, Dash) reports, "Bank of America's chairman and chief executive, Kenneth D. Lewis, said yesterday that the company was backing away from a quiet lobbying effort to change a federal law that could prevent it from making major acquisitions." The Times continues, "Just weeks after agreeing to initiate discussions with lawmakers to raise the possibility of lifting the 10 percent federal deposit cap, Kenneth D. Lewis said that he had told bank representatives to 'back off' from those plans. … 'I thought we had gotten out there a little too far in terms of our level of aggressiveness, and it sent the wrong signals,' Mr. Lewis said in an interview yesterday. About two weeks ago, he made the decision to halt the political effort, he said." The Times adds, "Bank of America, which has about $693.5 billion, or just over 9 percent of the nation's deposits, had argued in a position paper that the law restricting a bank to no more than 10 percent of the nation's deposits is 'antiquated, conceptually flawed' and anticompetitive." The Times notes, "While American banks are prevented from increasing their deposit base through acquisitions that might push them over the federal threshold, foreign banks face no similar restrictions. The bank also argues that the law is unnecessary because of antitrust laws, state regulations and market forces. … But as the only bank near the 10 percent limit, Bank of America has found itself with virtually no allies. JPMorgan Chase, the next largest deposit holder, could acquire all but the five biggest banks and still remain under the federal cap. Wachovia, Wells Fargo and Citigroup, the next banks in line, have potentially even more room and time. … Smaller community banks, meanwhile, have vowed to fight any move to lift the cap."

Stolt-Nielsen Sues DOJ For Access To Antitrust Amnesty Agreements. Corporate Counsel (1/24, Reisinger) reports, "The Stolt-Nielsen Transportation Group wants to know why it's been singled out for special treatment by the government. The Norwegian shipping giant has sued the U.S. Department of Justice under the Freedom of Information Act, demanding that antitrust officials release scores of confidential deals that they've reached with other companies. Of the roughly 100 businesses that have signed amnesty agreements with Justice's antitrust division, Stolt-Nielsen is the only one to have subsequently been indicted." CC continues, "Why does Stolt-Nielsen want to pore through these deals? For one thing, it wants to know whether any of these other agreements specified a date by which companies had to cease their alleged wrongdoing. Antitrust officials indicted Stolt-Nielsen's U.S. subsidiary in September, claiming that it continued to engage in price-fixing even after it said it had stopped. Stolt-Nielsen responds that the subsidiary halted the misconduct by the time that it signed its amnesty agreement in January 2003 and that the deal didn't set a deadline for when it had to clean up its act." CC adds, 'Stolt-Nielsen's attorneys declined to comment for this story, but lawyers close to the case say that the company hopes to compare the text of its deal with those that the antitrust division struck with other businesses, as well as with the division's model amnesty agreement. These attorneys say that Stolt-Nielsen wants to show that other agreements usually included a date by which illegal conduct had to be halted. … Justice spokeswoman Gina Talamona says that the antitrust division considers amnesty applicants to be 'confidential sources,' and will disclose their agreements 'only if required to do so by a court in connection with litigation.'"

Judge Dismisses Suit Over Online Phone Service. The AP (1/24, Veiga) reports, "A federal judge has thrown out an antitrust lawsuit filed by the distributor of Morpheus file-sharing software against Internet phone service provider Skype Technologies SA, eBay Inc. and other defendants." The AP continues, "StreamCast Networks Inc. had sought more than $4.1 billion in unspecified damages and a court order blocking eBay from selling Skype services. StreamCast claimed the founders of Skype broke an agreement to give StreamCast the right of first refusal for the technology behind Skype's Voice over Internet Protocol, or VoIP, service." The AP adds, "In her ruling Thursday on a motion for dismissal, U.S. District Court Judge Florence-Marie Cooper concluded that StreamCast failed to make its case for relief under federal antitrust laws and dismissed all claims against Skype, eBay and more than a dozen other defendants. … Cooper declined to exercise discretionary jurisdiction to consider state law claims such as unfair competition and fraudulent transfer."

German Truck Maker Withdraws Bid For Scania. The Financial Times (1/24, Milne, Ibison) reports, "German truckmaker MAN on Tuesday withdrew its €10.3bn hostile bid for Scania, handing Sweden's powerful Wallenberg family victory in one of Europe's bitterest recent takeover battles." The Times continues, All parties to the bid saga said they now hoped to conduct friendly discussions to see if a tie-up would be possible between the two truckmakers, as well as the truck assets of carmaker Volkswagen, the biggest shareholder of both MAN and

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Scania." The Times adds, "The withdrawal of the offer just eight days before it was due to expire puts VW and particularly Investor in a position to stamp their mark over any future discussions. … Several people on the German side said they now expected a new company to be established into which all the groups would be merged. … Both VW and Investor would hold large stakes in such a group, according to people briefed on the plans. But advisers on all sides said first there would be a cooling off period and that any eventual tie-up would 'take months, not days or weeks.'"

Dutch Court Rules Against Bid For Dofasco. The Baltimore Sun (1/24, Connolly) reports, "A Dutch court yesterday tossed out a bid by ThyssenKrupp AG to force Arcelor Mittal to honor a pledge to sell Canadian steelmaker Dofasco, but it's not clear whether Mittal will sell either its steel plant in Sparrows Point or Weirton, W.Va." The Sun continues, "The Justice Department gave Mittal until Jan. 28 to sell Dofasco Inc. to ensure it would not have a monopoly on tin production in the United States after its $33 billion merger with Luxembourg-based Arcelor SA. … If Mittal is unable to sell Dofasco, a manufacturer of high-grade sheet metal for the North American auto industry, the Justice Department has said Mittal must sell either its Sparrows Point or Weirton facility." The Sun adds, "Arcelor placed the profitable Dofasco in a Dutch trust early last year in an effort to fend off Mittal's hostile takeover bid. While Arcelor finally agreed to merge with Mittal, creating the world's largest steelmaker with annual production topping 110 million tons, it has no control over the trust. … The three trustees have already rejected a proposal by Mittal to sell Dofasco to Germany's ThyssenKrupp for $4.6 billion, less than the $4.86 billion that Arcelor paid for it. … Mittal said this month that it would not sue the trust to release Dofasco." The Sun notes, "It appears Mittal has given up trying to sell Dofasco. Last week, Mittal confirmed it was in negotiations with a Chicago-based steel distributor, Esmark Inc., to sell all or parts of Weirton, a large producer of tin plate. The two parties have signed a nonbinding memorandum of understanding, but any sale hinges on approval from the Justice Department. Late last year, Esmark gained control over nearby Wheeling-Pittsburgh Steel Corp. and promised cash for Weirton if Mittal put it up for sale. … However, Justice has the final say about which plant is sold and to whom. … Gina Talamona, a spokeswoman for the Justice Department, said yesterday in an e-mail response that 'the matter is still pending.'"

ENVIRONMENT:

Bush Seeks To Curb US Gasoline Demand With Renewable Fuels, Greater Efficiency. The New York Times (1/24, Andrews, Barringer, 1.16M) reports, "President Bush, vowing to reduce the nation's thirst for foreign oil, called on Tuesday for a huge government-mandated increase in renewable fuels -- mainly ethanol -- and tougher mileage standards for cars and light trucks." The proposals "were more ambitious, and perhaps less achievable, than those he made a year ago when he said the nation was 'addicted to oil.' The centerpiece of Mr. Bush's proposal, which he said would cut the projected use of gasoline by 20 percent over the next decade, was a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks." Bush "called for a mandatory requirement that makers of fuel produce 35 billion gallons of alternative fuels a year by 2017, replacing about 15 percent of the projected gasoline use in that year. A second major plank of Mr. Bush's energy proposal calls for increasing fuel-efficiency standards of cars and trucks by 4 percent a year -- about one mile per gallon -- starting in 2010 for cars and 2012 for trucks." Bush also "called for doubling the amount of oil in the Strategic Petroleum Reserve to about 1.5 billion barrels of oil. The doubling would take place at a snail's pace over the next 20 years. Even so, advance word of the idea helped push up oil prices by $2.46 a barrel on Tuesday to $55.04." Bush's proposals "face a slew of obstacles, both practical and political."

USA Today (1/24, Healey, 2.27M) reports, "The energy portion of President Bush's State of the Union speech Tuesday included some eye-popping numbers that would amount to a boon for the ethanol industry and could begin boosting the fuel economy of cars and trucks as soon as 2009." The "most stunning number in Bush's plan is 35 billion gallons -- the amount of renewable and alternative fuels that the petroleum industry would have to blend with gasoline by 2017. That would displace one-fourth of the gasoline Americans use."

The Chicago Tribune (1/24, Neikirk, 617K) reports, "President Bush sought Tuesday night to counter criticism that he has failed to do enough to tackle global warming and energy security as he unveiled a 10-year plan to slash U.S. gasoline consumption by 20 percent." If "initial assessments of his new proposal are any guide, the president has more persuading to do. Critics said that while his plan had many good elements, it either does not go far enough or might not be practical in some cases." Bush "presented an ambitious proposal that goes far beyond anything else he has previously offered to address what he called America's addiction to oil."

The Los Angeles Times (1/24, Simon, Douglass, O'Dell, 850K) reports, "President Bush's proposals to reduce U.S. gasoline consumption by 20 percent in 10 years include more specific and ambitious new goals than in previous White House statements, but they also appear to rely on assumptions about energy markets, politics and technology that some experts say are debatable, and include some

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apparent contradictions." The Times adds, "In general, Bush's proposal to boost alternative fuels such as ethanol was greeted with conditional enthusiasm by many scientists, environmentalists and members of Congress." Congressional "Democrats and their environmental allies assailed Bush for failing to endorse mandatory limits on emissions blamed for global warming, commit to stricter vehicle miles-per-gallon rules or reconsider his past opposition to requiring a percentage of the nation's electricity to be generated from alternative energy sources such as solar and wind power." But "any effort to go beyond what Bush is proposing could be politically difficult." Bush's "call for ramping up production of ethanol and other alternative fuels generated more enthusiasm, especially on Capitol Hill among farm-state Democrats and Republicans."

The Wall Street Journal (1/24, A2, Ball, Etter, 2.04M) reports, "President Bush's call for the U.S. to reduce projected gasoline demand by 20% over the next decade faces a hurdle: a volatile energy market." The "economics both of alternative fuels and of more-efficient vehicles depend largely on the price of oil as well as other commodities, leaving them vulnerable to market shifts." The Journal adds, "The volatility ethanol producers have encountered underscores the uncertainty faced by companies and investors trying to develop alternate sources of energy. Lower prices can hurt the economic argument underpinning their development, and added supplies can bring prices down."

The Financial Times (1/24, Cameron) reports that the renewable fuels targets outlined in the speech "are expected to inflame the food-versus-fuel debate over the competing use of corn-based ethanol, while environmentalists have also expressed concern over plans to increase domestic oil production." The Times adds, "The president is expected to commit more funds to renewable fuel research – a call matched by the Democratic leaders – in a bid to meet the targets and make other feedstocks such as sawgrass more commercially viable. However, the target could also renew calls for the existing tariff on ethanol imports to be lifted."

The Washington Post (1/24, A14, Mufson, 690K) reports, "The energy proposals President Bush outlined last night break new ground for his administration. ... Each proposal, though, immediately prompted questions about its ultimate effectiveness." The Post outlines four energy proposals from the State of the Union speech and gives what it calls the "fine print" of each.

The Financial Times (1/24, Daniel) reports, "The speech marked Mr Bush's strongest effort yet to slow the growth of greenhouse gases." But "the White House energy policy fell short of hopes that it would engage in international discussions about a post-Kyoto accord after 2012 to control greenhouse gases or support tougher economy wide mandatory caps on carbon dioxide."

Plan To Double Petroleum Reserve Causes Big Jump In Oil Prices. NBC Nightly News (1/23, story 10, :20, Williams, 9.87M) reported that oil prices "shot up today after the government announced it will boost this nation's emergency oil stockpiles. That word sent crude oil up $2.48 a barrel. A gain of nearly 5% in one day to close at $55.04 a barrel."

The Financial Times (1/24, Daniel) reports, "President George W. Bush triggered the biggest one-day jump in oil prices in 16 months on Tuesday when he set out plans in his State of the Union address to double US strategic oil reserves." Energy Secretary Sam Bodman "said his department would start 'purchasing crude oil in the spring at a rate of about 100,000 barrels per day.'"

Samuelson Warns Against "Infatuation" With Biofuels. Washington Post (1/24, A23, 690K) columnist Robert J. Samuelson writes, "President Bush joined the biofuels enthusiasm in his State of the Union address, and no one can doubt the powerful allure." But it "may be a mirage. The great danger of the biofuels craze is that it will divert us from stronger steps to limit dependence on foreign oil: higher fuel taxes to prod Americans to buy more gasoline-efficient vehicles and tougher federal fuel economy standards to force auto companies to produce them." The "administration's ultimate target of 60 billion gallons in 2030" would "offset less than half of the projected increase in annual oil use." And the "60 billion-gallon goal -- and the 35 billion-gallon interim target -- are also probably unrealistic." Although biofuels "are certainly worth pursuing," there is "a real threat that the infatuation with biofuels is a political expediency that will turn into a classic government boondoggle, benefiting selected constituencies and providing few genuine public benefits."

Predictions Of US Action On Climate Change Doubted. Wall Street Journal columnist Holman W. Jenkins, Jr. (1/24) writes this morning, "Pundits tell us the mood shift, with Democrats now in control, favors action on climate change. Don't bet on it. It's still going to be hard for the legislative process to get past the fact that nothing on the table or capable of commanding majority support would make the slightest difference to climate change." Jenkins adds, "A carbon tax would be the efficient way of encouraging businesses and consumers to make less carbon-intensive energy choices." But "because a carbon tax would lead to a direct (rather than surreptitious) increase in the cost of gasoline, the path of enlightenment will not be the path of politics." US policy "will consist of symbolism on global warming but nothing so costly and radical as to require true climate worrywarts to brighten up."

Congress May Revise Federal Mercury Pollution Policy. The Christian Science Monitor (1/24, Spotts, 59K) reports several "draft bills in Congress – as well as a suit in federal court – are challenging the Bush

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administration's mercury pollution program, which took effect last year. A key reason, they charge, is that the plan's emissions-trading scheme – which has worked to curb other pollutants that spread far and wide – doesn't work for mercury, which accumulates locally as well as spreading over long distances." Lawmakers on Capitol Hill are "preparing bills that would tackle the toxic pollutant in a more direct manner. They aim to reduce mercury emissions from coal-fired power plants by 90 percent, rather than the Environmental Protection Agency's (EPA's) target of 70 percent. The bills also would set up a nationwide monitoring network to track airborne mercury and its effects on the environment."

US Fines Cruise Line In Whale's Death. The Anchorage (AK) Daily News (1/24, Hunter) reports, "Princess Cruise Lines has agreed to pay $755,000 in fines and restitution to resolve accusations that one of its ships struck and killed a humpback whale near Glacier Bay more than five years ago." The News continues, "A court date to finalize a plea agreement is set for Monday in U.S. District Court in Anchorage. According to documents filed last week, Princess is expected to plead guilty to a single misdemeanor of 'failing to operate at a slow, safe speed while near humpback whales.' Under a plea agreement yet to be filed, the company would pay a $200,000 fine to the government and $550,000 in 'community service restitution' to the National Park Service Foundation, court papers say. That money would go to an account for Glacier Bay National Park." The News adds, "John Quinley, an Alaska spokesman for the National Park Service, said Justice department attorneys have told Park Service officials not to discuss the case at least until next week. The body of a 45-foot humpback was found floating near the mouth of Glacier Bay in mid-July 2001. A necropsy conducted at the time showed the animal died of massive skull fractures. A Princess vessel, the Dawn Princess, had been operating near two humpback whales a few days before, according to the court papers and news reports at the time."

FBI/DEA/ATF/USMS:

Mexico's Attorney General Says Extradited Drug Suspects Could Return To Mexico. The AP (1/23) reported Mexico's attorney general "said an alarming increase in drug use in Mexico is leading cartels to fight primarily for markets and territory rather than shipping routes, as cocaine finds an easier market [in Mexico] than in the United States. Attorney General Eduardo Medina Mora also said Tuesday that a group of alleged drug traffickers extradited to the U.S. over the weekend could be returned to Mexican prisons once they are tried abroad, noting 'that possibility has not been discarded.'" The AP says his comments to congressional members that "some of the 15 extradited late Friday might wind up back in Mexico to serve unfinished sentences or face new trials seemed at odds with the expectations of U.S. officials, who apparently plan to keep them for life. On Monday, Karen Tandy…said that 'on behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives.'" The AP story was used by the International Herald Tribune, France.

The San Diego Union-Tribune (1/23, Soto) reported that four "drug cartel leaders" extradited from Mexico "are expected to appear in San Diego federal court within weeks. Officials refused to give details about their transfer…for security reasons. … Tandy said the greatest coup was the extradition of Osiel Cárdenas, a former police officer accused of running the Gulf Cartel, and of having corrupted specially trained Mexican federal officers. 'For the past eight years, Osiel Cárdenas Guillen commanded one of the most brutal and powerful drug cartels in the world,' she said." Mexico's attorney general "has said the cartel leaders…were extradited to stop their communications from behind bars and to reduce risks of violence and escape."

Former Texas Police Officer Among Extradited Fugitives. In McAllen, Texas, the Monitor (1/23) reported one of the 15 fugitives Mexico "extradited to the United States Friday was a former officer in the Donna and Weslaco police departments whose confession nine years ago helped bring down a powerful Mexican cartel. Gilberto Salinas-Doria's arrival at Ellington Field Friday outside Houston capped 16 years on the run from a federal indictment in Brownsville. … Salinas-Doria skipped bail on a 1990 charge in Brownsville that he tried to buy thousands of pounds of marijuana. Drug cases were later opened against him in Georgia and Houston."

Violence Expected Due To Extraditions. The San Antonio Express-News (1/23) reported the removal of alleged Mexican "drug kingpin" Osiel Cárdenas Guillén from communication with his organization "raised questions about whether a power vacuum would usher in a wave of violence in Gulf Cartel territory, which reaches from Matamoros, across from Brownsville, to west of Nuevo Laredo. 'This is going to add to the ongoing war between these groups,' said Bruce Bagley, an expert on drug trafficking at the University of Miami. 'It happens every time you behead one of these organizations.' Violence in the short term is almost assured as the Gulf Cartel restructures itself and as the rival Sinaloa Cartel may perceive the group as vulnerable, Bagley said."

Calderón's Efforts Called Extraordinary. In an editorial, the Christian Science Monitor (1/24) writes, "A new Mexican president, Felipe Calderón, has taken extraordinary steps to give fresh hope to a country that needs it. He's extradited drug kingpins to the US and sent troops into violent drug zones. This just may be a Mexican leader the US can

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get behind." The U.S. "should back Calderón's bold moves. For starters, it can reduce its consumption of illegal drugs and make it more difficult for Mexicans to cross the border and abandon their country. But now may be the time for the US to ask what more it can do to finally help fix its neighbor's seemingly intractable social and economic problems."

Eleven Suspected Gang Associates Arrested In Massachusetts. In Springfield, the Republican (1/24) reports a local gang task force "arrested 11 suspected gang associates early yesterday morning, billing the effort as a coordinated attempt to beat back rising street crime. … In addition to the FBI and Springfield police, agents with the U.S. Drug Enforcement Administration and Bureau of Alcohol, Tobacco, Firearms and Explosives joined in the sweep, plus U.S. Marshals, Massachusetts State Police and members of the Hampden County Sheriff's Department." The Republican says more arrests are expected to be announced today.

Prosecutors Say Chicago Car Dealers Created Haven For Drug Runners. The Chicago Sun-Times (1/23) reported two West Side auto dealer owners "lined their pockets by selling luxury SUVs for cash to drug dealers, who used them to smuggle cocaine or heroin. … The accusations came as the trial for Amir Hosseini and Hossein Obaei began in federal court. The men's dealerships...were shuttered by authorities in 2005 and more than 100 vehicles…were seized. … While seizing SUVs at the U.S.-Mexico border, the Drug Enforcement Administration and FBI discovered many were purchased at the West Side dealerships." The Sun-Times says Hosseini and Obaei "are accused of using their businesses as a haven for drug runners and gang-bangers, laundering millions of dollars."

Tennessee Newspaper Notes Cost Of Illegal Immigrant's Prosecution In Marijuana Case. The Knoxville (TN) News Sentinel (1/24, Satterfield) reports Assistant U.S. Attorney Mike Winck "said [Juan] Lino-Gomez in a single transaction last July sold 100 pounds of marijuana. Unlucky for him, though, his customer turned out to be an undercover agent, and he and his alleged cohorts were arrested." But Lino-Gomez's case "is a primer on the price tag that prosecutions involving illegal immigrants can carry. Start with the salaries of lead investigators, U.S. Drug Enforcement Administration Agent Todd Lee and Knoxville Police Department Investigator Bruce Conkey. Next, add in cash taxpayers fork out to cover Winck's salary."

Big City Mayors Hold Gun Summit In DC. The AP (1/24, Barrett) reports, "Dozens of mayors from around the country gathered Tuesday to urge the new Democratic Congress to fight crime by allowing wider tracking of illegal guns." The AP continues, "New York Mayor Michael Bloomberg and Boston Mayor Thomas Menino were joined by 50 other mayors, who argue more access to gun sales data would reduce crime in the streets of their cities. … Minneapolis, Miami, Newark, N.J., and Omaha, Neb., were among the cities represented." The AP adds, "Bloomberg, a moderate Republican, said it was time to 'begin showing Congress that it is possible to find common ground on common sense issues.' … 'We refuse to fall into the same old trap that it is an either-or: either respect the rights of gun owners or keep illegal guns out of the hands of criminals,' Bloomberg said. 'That's ideological nonsense, and we've just got to move past it.' … To buttress their case, several of the mayors cited the recent rises in violent crime across the country." The AP notes, "FBI data show that violent crime rose 3.7 percent nationwide in the first six months of 2006 compared to the previous year. .. In New York, the murder rate rose almost 10 percent in 2006, though the overall crime rate continued to decline."

The Washington Times (1/24, DeBose, 88K) reports "more than 120 of the nation's mayors urged Congress yesterday to allow federal and local law enforcement to share gun database tracking information in an effort to curtail the illegal sale of firearms." City executives "said they have run out of options to keep guns off their streets. Gun-buyback programs and stings on vendors who violate laws haven't solved the problem, they said." Mayors Michael R. Bloomberg of New York and Thomas M. Merino of Boston, "who in April formed a coalition called Mayors Against Illegal Guns, have crafted a policy agenda for Congress." The Mayors are "attempting to avoid serious conflicts with pro-gun groups, sportsmen and advocates of the Second Amendment, which protects Americans' right to bear arms."

Former ATF Agents Sue Chicago, Charging Police Corruption. The AP (1/24, Robinson) reports, "Chicago police retaliated with harsh reprisals against two government agents who blew the whistle on one of the city's most corrupt police officers ever, a federal court jury was told Tuesday." The AP continues, "Diane V. Klipfel and Michael V. Casali, a married couple who were agents with the Bureau of Alcohol, Tobacco and Firearms, found their lives in ruins after they leveled corruption charges in 1992 at decorated narcotics investigator Joseph Miedzianowski, attorney Sally H. Saltzberg said. … 'They went to enormous lengths to retaliate against Diane and Mike for their allegations,' Saltzberg said during opening statements in the couple's civil lawsuit against the city." The AP adds, "Klipfel and Casali are seeking almost $10 million apiece in damages from the city, saying they were not only the targets of retaliation but the victims of a 'blue wall of silence' designed to cover up corruption. … City of Chicago attorney Stephen Baker

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scoffed at the notion that the city had any responsibility for the problems that beset the couple. … He told jurors that police officials all but begged ATF for information about wrongdoing on the part of Miedzianowski. But it was the Chicago police who were met with silence, Baker said."

IMMIGRATION:

Bush Urges Congress To Pass Immigration Reform. The Washington Times (1/24, Dinan, 88K) reports, "President Bush last night said his administration has made huge strides clamping down on illegal border crossings, and called on Congress to finish the job this year by passing a guest-worker bill and extending citizenship rights to illegal aliens." In a State of the Union address "designed to highlight areas where he could work with the new majority Democrats, Mr. Bush put immigration front and center, along with education, health care and energy policy -- all domestic issues where he thinks he can find common ground. 'Convictions run deep in this Capitol when it comes to immigration. Let us have a serious, civil and conclusive debate -- so that you can pass and I can sign comprehensive immigration reform,' Mr. Bush said." But "the president's push will isolate many conservative Republicans who oppose his immigration and education plans, and shows the precarious balancing act Mr. Bush will have to do with his own party as he works with Democrats to try to achieve legacy accomplishments."

The Wall Street Journal (1/24, A2, Kronholz, Lueck, 2.04M) says "Bush's call for an overhaul of immigration law is largely a reprise of earlier plans, but with a twist: With his party out of power on Capitol Hill, it could pass." Bush" elevated immigration to one of four domestic-policy priorities in his State of the Union address, even while offering an agenda similar to last year's plan. He proposed a temporary-worker plan, a path to legalization for some of the estimated 12 million illegal immigrants, tougher border enforcement and measures to ensure employers hire only legal workers." Bush and congressional Democrats "agree on the outlines of a bill, but they are far apart on details. Both agree on helping employers fill jobs with temporary workers. Without that, they say, the US economy will remain a magnet for illegals. But the president insists those workers must eventually leave, a key demand of conservatives who fear the growing Hispanic population is undermining American culture. Generally, Democrats want to let them stay and eventually become citizens."

Rohrabacher's Body Language During Speech Noted. CNN's John Roberts noted he was watching Rep. Dana Rohrabacher (R) who was "shaking his head through much of what the President was saying, particularly about the guest worker program. … Rohrabacher shook his head and refused to stand up."

Immigration Raids In South California Net 761 Arrests. The AP (1/24, Flaccus) reports from Santa Ana, CA, "Federal immigration officials said Tuesday they arrested more than 750 illegal immigrant fugitives from 14 countries in what they described as one of the biggest such sweeps in U.S. history." The AP continues, "The weeklong series of raids in the five-county Los Angeles region targeted illegal immigrants who had previously been deported for crimes or had ignored final deportation orders." The AP adds, "The raids netted 338 illegal immigrants who were arrested at their homes and apartments and 423 who were identified in area jails since Jan. 17. Those already jailed will be transferred to federal custody when they finish serving their state sentences, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement. … The sweep netted illegal immigrants from Mexico, Honduras, Ukraine, India, Japan, Poland and Trinidad, among others. Of the 761 people arrested, more than 450 have already been deported, Kice said." The AP notes, "The raids were a major push within 'Operation Return to Sender,' a crackdown that has resulted in 13,192 arrests nationwide since late May. Immigration officials have also identified 3,000 inmates in state and local jails who will be deported. … The operation targets those illegal immigrants who hide after skipping their voluntary deportation proceedings and criminals who have re-entered the United States after being previously deported for crimes in the U.S."

TAX:

DOJ Seeks Back Taxes From Closed New York Center. The Buffalo News (1/24) reports, "In an attempt to recoup back taxes from the closed St. Augustine Center, the Tax Division of the U.S. Justice Department has filed a federal suit seeking to block state court action in the case." The News continues, "The Tax Division served papers Friday on State Supreme Court Justice John A. Michalek, who shut down the center last February, and Adam W. Perry, the attorney he assigned to close the books on the center and pay off unpaid workers. … U.S. District Judge John T. Elfvin has scheduled a hearing on the suit for Wednesday." The News adds, "Perry noted this is the third time in recent months that the Justice Department has sought to intervene in the state court action, in which he is seeking to partially compensate 85 employees, each now entitled to about $1,500, for their work during the final months. … The Justice Department lawsuit describes the court action as an effort to block Perry from distributing any funds collected for St. Augustine employees and 'enjoin the New York State

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Supreme Court, Erie County, from proceeding further in the receivership action.' … The federal government hopes to secure at least partial funding of the $699,553 in unpaid federal employment taxes, federal income tax liabilities and interest that continue to accumulate against the center."

CONGRESS-ADMINISTRATION:

Democrats Say Bush Healthcare Proposal "Dead On Arrival." In his State of the Union address yesterday evening, President Bush offered a new federal healthcare plan as part of his domestic agenda. Media coverage of Bush's speech focused primarily on Iraq, but national newspapers devoted some secondary stories to the healthcare plan. USA Today (1/24, 1B, Appleby, 2.27M) reports, "Bush's State of the Union health care proposal couples an old idea, capping tax-free benefits for health care, with a new one: a standard deduction for all who buy health insurance. If approved, and the plan faces a chilly reception in the Democrat-controlled Congress, the administration says it would give people who buy their own health insurance equal tax breaks with those who get coverage through their jobs. The tax savings could help 3 million to 5 million of the nearly 47 million now-uninsured people buy coverage, the administration says. … A similar plan to cap tax-free health benefits offered by employers was proposed by President Reagan in 1986 but failed to pass Congress."

According to reports, Democrats have categorically rejected President Bush's healthcare plan. Under the headline "Bush's Insurance Plan Looks DOA," Roll Call (1/24, Stanton) reports, "Bush's call for a major overhaul of the employer-based health insurance system is unlikely to see much, if any, action in the Senate this year in the face of near-universal opposition from Democrats and a GOP base still stinging from the Social Security debacle in the 109th Congress. … Senate Democrats have largely dismissed the proposal, charging it will cause a significant tax burden on middle-class families."

USA Today (1/24, 1B, Appleby, 2.27M) reports, "Rep. Pete Stark, D-Calif., chairman of a key health subcommittee in the House, said he would not even consider hearings on the proposal. He says it would give wealthier Americans with health insurance a far larger tax break than the lower-income uninsured that the plan purportedly aims to help."

The New York Times (1/24, Toner, Pear, 1.16M) reports "Congressional Democrats described the plan as a middle-class tax increase that would penalize people with good health benefits. They praised the new focus on health care, but said the Bush proposal was more likely to yield partisan debate than a search for consensus."

The Washington Times (1/24, Curl, 88K) reports, " As evidence of the partisanship in the House, Rep. Pete Stark, California Democrat and chairman of the Ways and Means health subcommittee, said he would not even consider holding hearings on the plan."

The Washington Post (1/24, A14, Weisman, Fletcher, 690K) reports "Democrats said they did not see much movement toward them beyond the rhetoric."

The Los Angeles Times (1/24, McManus, Reynolds, 850K) reports Democrats "criticized his healthcare plan as a threat to traditional employer-provided insurance."

The Wall Street Journal (1/24, Meckler, 2.04M) says the plan "could spell trouble for less-healthy workers who would likely pay higher premiums than they would if they were part of a group plan, critics say. … Critics also argue it would also do little to help those without insurance now. Most of the uninsured have relatively low incomes, meaning the new tax deduction for purchasing insurance on the open market is less valuable for them than for those who earn more."

The Chicago Tribune (1/24, Graham, 617K) summarizes the program and offers reaction from figures in the insurance agency and at think tanks. Karen Ignagni, president of America's Health Insurance Plans: "I think the president is jump-starting a national discussion over expanding health-care coverage." Meanwhile, Paul Fronstin, director of health research at the Employee Benefit Research Institute, "envisions a series of serious consequences. More employers would stop offering health insurance and younger and healthier workers would opt out of company plans if they could get better deals elsewhere." Also, "Robert Reischauer, president of the Urban Institute, worries that the president's plan would push more people into the individual insurance market, which is notorious for being expensive and excluding people with pre-existing medical conditions."

More Commentary. Editorials and op-eds offer a range of reaction to the plan, significantly, however, commentators also rap the Democrats for their immediate opposition to the president's plan. In a column appearing in the Washington Post (1/24, D1, 690K) Business section, Steven Pearlstein notes that Bush "last night in his State of the Union address that he is ready to come to the negotiating table on a range of domestic issues" including healthcare. Pearlstein writes, "[T]he most surprising and encouraging development is that a president who for six years has only nibbled around the edges of health-care issues has weighed in with some bold ideas to expand coverage, rein in costs and bring some fairness to the tax code. And get this: It actually involves raising taxes on the rich and lavishly insured and giving the money to the working poor and the uninsured. Given that, you'd think Democrats would have welcomed a politically courageous proposal to put a cap on one of the biggest and most regressive features of the individual income-tax code. But instead, they've shifted reflexively into partisan attack mode, mischaracterizing the impacts of the

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proposal and shamelessly parroting the propaganda from the labor dinosaurs at the AFL-CIO."

In her column in the Washington Post (1/24, A23, 690K), Ruth Marcus writes, "Listening to Democratic reaction to Bush's new health insurance proposal, you get the sense that if Bush picked a plank right out of the Democratic platform -- if he introduced Hillarycare itself -- and stuck it in his State of the Union address, Democrats would churn out press releases denouncing it. This sad situation is largely of Bush's own making. He is reaping the poisonous state of affairs that he helped sow for six years."

The New York Times editorializes, "Last night, Mr. Bush...acted as if he were really doing something to help the 47 million people in this country who don't have health insurance. What he offered, by the White House's own estimate, would take a few million off that scandalously high number and shift the burden to the states. Mr. Bush's plan would put a new tax on Americans who were lucky enough to still have good health-care coverage through their employers. Some large portion of those are middle class and represented by the labor unions that Mr. Bush and the Republicans are dedicated to destroying."

The Washington Post (1/24, A22, 690K) editorializes, "On health care, Mr. Bush would cap the currently unlimited tax deduction for employer-sponsored health insurance; he'd replace that with a standard deduction -- $15,000 for a family policy -- available for all insurance, whether offered by employers or bought privately. This would improve progressivity and fairness, and help contain health-care costs. As written, the proposal has flaws, but those can be addressed -- if Democrats are willing to do more than hurl criticism."

The Wall Street Journal (1/24, 2.04M) editorializes, "For all the griping about our system, Americans have the most advanced health care in the world in part because we still have something resembling a private market for insurance. But it is not a truly efficient market because current tax policy lets businesses -- but not individuals -- deduct the cost of health expenditures. Thus most Americans with private insurance get it from their employers, which leads to inequities and insulates individuals from the real cost of their treatment decisions. Mr. Bush's 'standard deduction' for health care would move in the direction of solving both problems." The Journal adds, "[T]he biggest problem with Mr. Bush's plan is that it wasn't offered two years ago, when it had a better chance to pass. The White House wasted its first term health energies on a failed attempt to buy votes with the Medicare drug benefit. Now the GOP is a minority in Congress, and Democrats aren't likely to favor Mr. Bush's ideas because they think health care is a winner for them in 2008."

The Washington Times (1/24, 88K) adds, "[T]his proposal to make the tax code fair and health care affordable comes from President Bush with a Congress under Democratic control in the run to a presidential election year. So it will be attacked for failing to be everything that everyone else's proposal is not. … It's not the entire answer, of course. Using existing monies to fund health care for children as tax credits for insurance would help, too. But you won't find the president's critics supporting his fair and compassionate plan."

The Pittsburgh Tribune-Review (1/24) editorializes, "Because many today have health insurance that covers even ordinary medical expenses, they have insufficient cause to restrain their use of services and demand efficiency and cost accountability from providers. … The Bush plan would institute some free-market-oriented elements. And that's why it's worth exploring further."

The Detroit Free Press (1/24, 373K) editorializes, "The details of the domestic agenda — on which Bush's advisers set up the speech to be judged — fell short of inspiration." On healthcare, the Free Press writes, "Bush offered a plan that would leave in the lurch those who need it most, punish those who have good coverage and discourage employers from offering top-notch benefits."

In an op-ed appearing in USA Today (1/24, 13A, 2.27M), Alan M. Webber, co-founding editor of Fast Company magazine, examines the healthcare debate in the context of US companies and competitiveness, particularly in the auto industry. He writes, "What if the real diagnosis of the competitive problems of GM, Ford and Chrysler, as well as many other deeply entrenched industrial companies, isn't really about health care costs? What if their problems aren't even about their products?... So how would reforming health care coverage change corporate culture? Imagine a shift in health care coverage that de-couples it from your job. … Imagine a chance to join a more entrepreneurial company, maybe even a start-up, without having to worry about health care costs. Imagine being the CEO of one of the old, ailing companies and suddenly realizing that, while your prayer for relief from your health-care-cost headache has been answered, all of a sudden, you've got a bigger malady: Your best employees no longer feel the need to put up with your stagnant organization just for the security of a lavish health care plan"

Bolten Hopeful White House, Congress Can Cooperate. The Politico (1/23, Allen) interviewed White House chief of staff Joshua B. Bolten. Asked for a "realistic assessment of what the president and Congress can accomplish this year," Bolten said, "I'm optimistic that the president's instinct to take on large issues will continue to be rewarded, even in the last two years of his term. The president's State of the Union is going to put on the table important reforms in health care, in energy, in the

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reauthorization of No Child Left Behind and in immigration. I think we have a good shot at substantial legislation in all of those." Bolten added what the "change in control means is that Democrats now will be under more pressure than they have been in the minority to deliver actual accomplishments." Bolten added there have been "good signs" for White House-congressional relations, such as "some of the personal relationships. The new leaders have been here to the White House and I think have established a pretty good dialogue directly with the president. There's been reasonably good tone in that dialogue."

House GOP Divisions First Test For Boehner. The Politico (1/23, O'Connor) reported last night that as House Republicans "depart today for a caucus retreat on Maryland's Eastern Shore, GOP ranks are increasingly divided over the best strategy for taking on the new Democratic majority." The dispute "is the first major test for new House Minority Leader John A. Boehner of Ohio, who is under pressure from some colleagues who believe he is too docile in challenging Democrats and laying the political foundation for a GOP comeback in 2008." Some Republicans are "advocating a wait-in-the-weeds strategy -- projecting an air of civility and selective cooperation with Speaker Nancy Pelosi and fellow Democrats, while waiting for the right moment to pounce for partisan gains." But many "backbench Republicans, joined by some members of the leadership team, believe it makes more sense to pounce early and often." Former Speaker Dennis Hastert "received a rousing ovation at a closed-door meeting in the Cannon Caucus Room last week when he urged colleagues to stand up and fight. Some members interpreted that as a veiled shot at Boehner." But Boehner said "the party can afford to be patient." Boehner said, "It's their honeymoon. We're not in a sprint here. We're in a marathon Chill out." The Politico adds President Bush "is scheduled to address the retreat on Friday, and some Republicans expect the three-day conference to be a contentious discussion about the direction of the party."

Roll Call (1/24, Duran, Drucker) reports some GOP strategists "say the party must woo independent voters and concentrate on issues important to them, such as economic matters, while others prefer the base-driven political tactics honed by Karl Rove and recently departed Republican National Committee Chairman Ken Mehlman in the past three elections." Those Republicans "espousing a more inclusive message say the results of the 2006 midterm elections repudiated the base-only strategy and signaled that if the GOP does not focus on rebuilding a governing coalition that elevates policy accomplishments above politics, they should get comfortable as the House and Senate's minority party."

House Votes To Block Pensions Of Convicted Lawmakers. The Washington Post (1/24, A4, Layton, 690K) reports the House "voted unanimously yesterday to deny federal pensions to lawmakers convicted of bribery, perjury and other related felonies." But the "punishment of those who betray the public trust will not be far-reaching. The measure is similar to one approved by the Senate last week and comes in the wake of major congressional scandals last year that led to the conviction of former Republican congressmen Randy 'Duke' Cunningham (Calif.) and Robert W. Ney (Ohio). The House passed the bill 431 to 0, with four members not voting." The bills "passed by the House and the Senate are not retroactive, which means that Cunningham and Ney will collect substantial pensions for the rest of their lives, courtesy of taxpayers." Both bills would also "allow the Office of Personnel Management, which calculates the pensions of members of Congress, to award the pensions of convicted lawmakers to their families, in cases of demonstrated financial need."

The Wall Street Journal/AP (1/24, A4) reports the "431-0 House vote comes four days after former Rep. Bob Ney (R., Ohio) received a 30-month prison term for taking political favors from Jack Abramoff, whose influence-peddling tactics helped make corruption a major issue in the November elections. Mr. Ney, as past chairman of the House Administration, backed similar legislation last year." The House bill, "like its Senate counterpart, isn't retroactive and wouldn't affect the benefits of Mr. Ney, who is eligible for a pension of about $29,000 a year if he waits until 2016, when he turns 62."

Pelosi Consolidating Power Within Democratic Caucus. Roll Call (1/24, Yachnin) reports that just "weeks into her tenure, Democratic Members and aides see" Speaker Nancy Pelosi "taking subtle steps to consolidate her power within the new House majority, provoking some grumbling, but largely avoiding any serious internal revolts as Democrats settle into their new roles." Pelosi has "made herself the Democratic Caucus' clear leader in formulating an agenda and message strategy, also while installing key staff at the party's campaign committee. At the same time, she is working to rein in the chamber's chairmen, an effort that aims to prevent the resurgence of largely autonomous chairmen that dominated the House chamber during the previous Democratic majority." Pelosi's efforts so far "are drawing largely muted reactions from the party's 21 newly installed chairmen — many of whom held gavels in the party's last majority 12 years ago. That initial response may not prevent troubles ahead, but for now, many are chalking up any discord to their new roles."

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Presidential Race Could Prove Distraction For Democratic Leaders. Roll Call (1/24, Billings) reports, "Less than a month into their newly elected leadership roles," Senate Majority Leader Harry Reid and Speaker Nancy Pelosi "already are confronting a vocal and prominent cast of Congressional Democratic presidential hopefuls who quickly are capturing the national spotlight." While many congressional Democrats "say publicly they have grown used to Members and Senators using Capitol Hill as a platform for White House runs, they privately acknowledge the early 2008 campaign could become a distraction, and the window will be narrow for Reid and Pelosi to drive the party agenda and set the tone in the early days of the 110th Congress." Sen. Ben Nelson (D-Neb.) "said the early primary season has 'got to be a distraction' for the Senate leadership and 'at times can be an annoyance,' but also said it can serve to help drive the debate and encourage discussions among political players."

Proposed Bush Library Generates Debate At SMU. ABC World News (1/23, story 7, 2:20, Gibson, 8.78M) reported, "Southern Methodist University, SMU, in Dallas, is hardly a hotbed of protest. But plans to place the George W. Bush Presidential library at SMU has sparked a fierce debate on campus." ABC (Von Fremd) added, "At the heart of the debate here at SMU, the Bush legacy versus academic integrity versus a golden opportunity." Reverend William McElvaney, "Professor emeritus at SMU's school of theology, is 1 of 68 faculty members who oppose the Bush institution." Rev. William McElvaney, SMU: "I think the think tank has the danger of developing a political philosophy that is identified with the school that could well compromise our academic integrity." Von Fremd: "Scholars say the few schools fortunate enough to have" a presidential library "consider them a treasure. But scholars say it will enhance the reputation of the university, attract scholars from around the world as well as top students from across the country."

GAO Criticizes Administration For Declining Drug Subsidy For Federal Workers. The Washington Post's (1/24, D4, Barr) "Federal Diary" column reports that the Bush administration declined to participate in a "2003 law that allows employers to receive subsidies for prescription drug coverage on the condition that they provide a benefit for their Medicare-eligible retirees that is at least as good as the Medicare drug plan. The government, of course, is an employer, operating a medical-insurance program, but Bush officials decided it made little sense for the government, in effect, to pay a subsidy to itself." The Post adds that the GAO has "questioned" that decision in "a report" in which "GAO analysts think that allowing Uncle Sam to move money from one pocket to another would probably lower premiums in the Federal Employees Health Benefits Program, which provides medical coverage to about 8 million people." The Post adds that OPM "has ruled out applying for the Medicare subsidy," and adds that "the National Active and Retired Federal Employees Association has criticized the OPM for refusing to seek the Medicare subsidy, contending that the OPM is missing out on $1 billion annually." NARFE president Margaret L. Baptiste, "said yesterday that the White House budget office and the OPM 'should explain to federal workers, retirees and survivor annuitants, who often struggle to pay their steadily increasing premiums, why the federal government failed to do what a multitude of other employers have done to reduce this burden.'"

NYTimes Print Lyrics Of Song Mocking Bush. Under the headline "State of the Union: Another Take," the New York Times (1/24, 1.16M) prints on its editorial page the lyrics to a song performed by Randy Newman at Carnegie Hall in 2006 titled "A Few Words in Defense of Our Country." In the song, Newman jests, "Now the leaders we have, while they're the worst that we've had, are hardly the worst this poor world has seen."

WSJournal Critical Of Democratic Senators For Not Supporting Rescission Bill. The Wall Street Journal (1/24, A12, 2.04M) writes in an editorial about New Hampshire Sen. Judd Gregg's (R) bill to offer the president "'rescission' authority" that the bill "is nearly identical to a rescission amendment offered by former Democratic Senator (and one-time Majority Leader) Tom Daschle in 1995" that was supported by "37 Democrats…and 20 of them are still in the Senate." The Journal notes prior support by Democratic Sens. Robert Byrd, Dianne Feinstein, Russ Feingold, Patty Murray, Byron Dorgan, Chris Dodd, Carl Levin and Joe Biden, adding "if this crowd meant what they said, Mr. Gregg will easily get the 60 votes he needs to overcome a filibuster. Yet so far not a single Democrat has publicly supported the measure."

WPost Urges Democrats To Support Full House Representation For DC. The Washington Post (1/24, A22, 690K) writes in an editorial, "An early test of the courage and leadership of the new Democratic-controlled Congress will come on the question of extending full voting rights in the House of Representatives to the District of Columbia." The Post urges Democrats to support "a bipartisan measure co-sponsored by Rep. Thomas M. Davis III (R-Va.) and D.C. Del. Eleanor Holmes Norton (D)" that "would add two full-voting seats to Congress -- one for the mostly Democratic District and one for mostly Republican Utah." So "why is the Democratic leadership dithering?"

NYTimes Calls For Reform Of Drug-Manufacturing Loophole. The New York Times (1/24,

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1.16M) editorializes, "Two excessively lenient court decisions have allowed the manufacturers of brand-name drugs to resume the underhanded practice of paying generic competitors to keep their drugs off the market. It is a costly legal loophole that needs to be plugged by Congressional legislation. … The Federal Trade Commission, which has been waging a valiant fight, succeeded for several years in eliminating such settlements. But two appeals court decisions in 2005 held that they are a legitimate way to resolve patent disputes. And sure enough, the F.T.C. reported last week that — after a five-year hiatus — brand-name companies made 3 such do-not-compete settlements in fiscal year 2005 and 14 more last year."

OTHER NEWS:

Energy Stocks Lead Wall Street Rally. The CBS Evening News (1/23, story 9, :15, Couric, 7.66M) reported, "Crude oil prices surged more than $2 a day, triggering a rally among energy stocks. The Dow finished up more than 56 points [to close at 12,533.80]. The Nasdaq was up a fraction [to close at 2,431.41]."

NBC Nightly News (1/23, story 11, :15, Williams, 9.87M) reported, "On Wall Street, those energy stocks were up on that news, which pushed the Dow higher by almost 57 points [to close at 12,533.80]. NASDAQ at the end of the day up less than 1 point [to close at 2,431.41]."

Tennessee High Court Rules Against US Foster Parents. The Washington Post (1/24, A3, Jones) reports, "The Tennessee Supreme Court ruled yesterday that a 7-year-old girl raised by an American couple since infancy must be returned to her Chinese parents, who say they never intended to give her up for adoption." The Post continues, "Shaoqiang He, a 42-year-old restaurant manager in Memphis, said he will probably return to China with his family after a transition period for Anna Mae He. She turns 8 on Sunday and has spent all but the first three weeks of her life with foster parents Jerry and Louise Baker. … 'We have a big bedroom for her in our apartment, and we're going to buy clothing and furniture for her,' He said in the telephone interview. 'She knows by her face that she is Chinese, and she must be asking the Bakers, "Where is my mom? Where is my dad?"' … Neither the Bakers nor their attorneys could be reached for comment. The Bakers have the option of appealing on the federal-court level. Tuesday's ruling set no timetable or conditions for Anna's return, leaving that for a lower court to iron out."

USA Today (1/24, 6D, Davis) reports, "The court ordered the Juvenile Court of Shelby County to reunite the child with her parents, who have been aided by pro bono lawyers. Psychologists will help her make the transition, lawyers say." USA continues, "The custody fight, which made headlines around the world, pitted the Hes against Jerry and Louise Baker of Cordova, Tenn. The Bakers took Anna Mae in soon after she was born at the Hes' request as they struggled with legal, financial and health problems. … The Hes have insisted they never intended to permanently relinquish custody. But the Bakers have long wanted to legally adopt Anna Mae and originally accused the Hes of abandoning the child. They have maintained that she would have a better life with them." USA adds, "The Hes had visited Anna Mae for a time, but things came to a head on her second birthday, on Jan. 28, 2001, when Casey refused to leave without her daughter. The Bakers called the police and five months later petitioned a court to revoke the Hes' parental rights. .. In its ruling Tuesday, the court said that 'the evidence overwhelmingly shows that the parents' voluntary relinquishment of custody was entered as a temporary measure to provide health insurance.'"

Jennings Receives Help From Democrats In Challenge To FL13 Election. The Miami Herald (1/24, Clark, 286K) reports 2006 FL13 Democratic candidate Christine Jennings, who is contesting the election, "wasn't able to line up and shake President Bush's hand when he walked down the House aisle Tuesday night to deliver his State of the Union address, but she did get a chance to make her point." She "sat in the House gallery to the president's right -- a symbol of the fact Democrats are not relinquishing dibs on the seat -- despite the presence of Rep. Vern Buchanan, R-Sarasota, who, as a member of Congress, got a seat on the floor." She "remains a favorite on Capitol Hill. She attended a breakfast Tuesday for new Democratic members of Congress and spent some of the day working the phones at the Democratic Congressional Campaign Committee, which helped her set up a fundraising account for the election challenge." Jennings "said she was warmly greeted at the breakfast and encouraged to keep waging the battle. One member, she noted, has received more than 100 letters from constituents alarmed about the lack of paper ballots for voting machines."

Obama Refusing Donations From Registered Lobbyists. Roll Call's "K Street Files" (1/24, Ackley) reports, "Any penny-pinching lobbyists looking to save a few thousand dollars in the sure-to-break-records 2008 presidential race have the perfect candidate to throw their theoretical support behind: Sen. Barack Obama. Not only has Obama's presidential exploratory committee said it will refuse all donations from political action committees, but it also is barring cash from registered federal lobbyists. Word has just started to spread among K Street's Democrats that when it comes to the candidate's coffers, they're off the

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hook." An unidentified lobbyist "said Obama can likely succeed in raising the $50 million he'll need to be competitive in early primaries through online donations and grass-roots support from beyond the Beltway, other Democratic contenders such as Sens. Chris Dodd (Conn.) and Joseph Biden (Del.) would find that banning lobbyists' contributions 'could potentially affect their ability to remain competitive' since both have large donor networks in the advocacy world. The party's frontrunner, Sen. Hillary Rodham Clinton (D-N.Y.) will cash lobbyists' campaign donations, too. But former Sen. John Edwards (D-N.C.) won't. "

Watergate Burglar Hunt Dies. The AP (1/24, Reynolds) reports E. Howard Hunt, "who helped organize the Watergate break-in, leading to the greatest scandal in American political history and the downfall of Richard Nixon's presidency, died Tuesday. He was 88." Hunt was "many things: World War II soldier, CIA officer, organizer of both a Guatemalan coup and the botched Bay of Pigs invasion, and author of more than 80 books, many from the spy-tale genre. Yet the bulk of his notoriety came from the one thing he always insisted he wasn't — a Watergate burglar. He often said he preferred the term 'Watergate conspirator.'"

The Washington Post (1/24, A1, Sullivan, 690K) reports on its front page that Hunt, "the shadowy former CIA man who organized the Watergate break-in and other 'dirty tricks' that ultimately brought down the presidency of Richard M. Nixon, died of complications from pneumonia yesterday at a hospital in Miami." Hunt "spent 33 months in prison for his role in the Watergate burglary. He was bitter that Nixon did not stand up for him. President Ronald Reagan rejected a pardon request for Hunt in 1983."

Conservatives Said To Have More Optimistic View Of Economy. Arthur C. Brooks, professor of public administration at Syracuse University's Maxwell School of Public Affairs and author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism" (Basic Books, 2006), writes in the Wall Street Journal (1/24, A13, 2.04M), "Conservatives are relatively untroubled by inequality, and unsupportive of government income redistribution, because they believe the American economy provides private opportunities to succeed. Liberals are far more pessimistic than conservatives about the possibility of a better future for Americans of modest means." So "conservatives' lack of anxiety about income inequality -- and perhaps even their opposition to redistributive government policies -- is evidence of a light heart, not a hard one."

NYTimes Critical Of Schumer-Bloomberg Report Calling For "Looser Regulations." The New York Times (1/24, 1.16M) writes in an editorial, "A healthy financial sector is crucial to the economic well-being of this country and to New York City in particular" but "beware of the doomsayers who argue that American markets are in free fall and…contend that looser regulations are the only way to save them." The paper is critical of a report by New York Sen. Charles Schumer (D) and New York Mayor Michael Bloomberg (R) which "seems to cull facts to prove predetermined conclusions." The Times favors "loosening restrictions on work visas for talented foreigners" and "efforts under way to reduce the costs associated with complying with Sarbanes-Oxley regulations" but it concludes, "financial firms might take a look in the mirror and ask whether lower underwriting fees and smaller bonuses could also contribute to their long-term health and the health of America's financial markets."

Petraeus Expresses Confidence In Bush's Plan For Iraq. The CBS Evening News (1/23, story 3, 2:40, Couric, 7.66M) reported Lt. Gen. David Petraeus, "the man chosen to command what may well be the last chance to salvage victory in Iraq had this stark warning of what to expect from the troop surge ordered by President Bush." Petraeus was shown testifying that "the way ahead will be neither quick nor easy, and there undoubtedly will be tough days." CBS went on to report, "Famous for challenging 20-year-old soldiers to push-up contests and winning, Petraeus has a near-perfect resume for the job. … Petraeus seems certain to be confirmed as the next commander in Iraq. But his chances of success are anything but certain." NBC Nightly News (1/23, story 3, , Williams, 9.87M) reported Petraeus "insisted the mission to stem the violence in Baghdad can and must succeed. … But even by his own numbers, the current plan comes up short. Petraeus himself wrote the Army's new doctrine on counter-insurgency, which suggests it would take 120,000 US and Iraqi troops to secure Baghdad, but Petraeus will have only 85,000 combined forces."

The AP (1/24, Burns) reports Petraeus "cautioned…against expecting quick results and used bleak terms to describe a country engulfed in war for nearly four years. Yet, he said the strategy can work as long as the Iraqis do their part." The New York Times (1/24, Gordon, 1.16M) adds that Petraeus contended "the new military strategy to secure Baghdad can work, and that he had asked that the additional troops the administration promised be deployed as quickly as possible. He asserted that the 'persistent presence' of American and Iraqi forces in strife-ridden Baghdad neighborhoods was a necessary step, but also cautioned that the mission would not succeed if the Iraqi government did not carry out its program of political reconciliation." ABC World News (1/23, story 3, :35, Gibson, 8.78M) noted Petraeus "warned it will take months to know if the mission is successful."

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According to the Washington Post (1/24, A10, Tyson, 690K) Petraeus "voiced confidence…in a new approach that would shift the focus to protecting the population by pushing tens of thousands of additional U.S. and Iraqi troops deep into Baghdad neighborhoods, one aimed at allowing Iraq's government to 'come to grips with' what he called an 'exceedingly difficult situation.'" Petraeus "promised simply to provide 'the best leadership and direction I can muster' and 'forthright' military advice, even if he concludes the mission is lost. 'Should I determine that the new strategy cannot succeed, I will provide such an assessment,' he said, reassuring senator after senator that he would speak up if he believed U.S. civilian leaders were making false statements about Iraq." Sen. Bill Nelson "asked if Petraeus had a 'high degree of confidence' that the new plan would work. 'I believe this plan can succeed if in fact all of those enablers and all the rest of the assistance is provided,' Petraeus said, adding that interagency help for the war effort 'needs to be substantially more robust than it is.'" The Christian Science Monitor (1/24, Grier, 59K) contends Petraeus "was bluntly critical about the current situation in Iraq –perhaps more so than any Bush administration or military witness, ever."

Petraeus Peppered With Questions On Anti-Surge Resolutions. The AP (1/24, Burns) reports that though Petraeus "was warmly received by members of the panel, the war he will help lead -- and Bush's plan to prevail in it -- faced a rougher reception." The Los Angeles Times (1/24, Barnes, 850K) reports Petraeus admitted the situation in Iraq is "dire" and predicted "tough days" ahead, but "he pleaded for time to begin executing a new strategy." The Times characterizes Petraeus as "forthcoming and occasionally blunt" and goes on to point out that "throughout his hearing, Petraeus appeared assured and confident, answering questions crisply and directly." Asked by Sen. Joe Lieberman if "passage of a resolution denouncing the new Bush strategy would show the enemy that the American people are divided, Petraeus answered yes, it would. After other senators -- both Republicans and Democrats -- objected, Petraeus backed away." When Sen. John Thune "tried to get him to take another swipe at the resolution, Petraeus became more diplomatic. 'Learning that mine fields are best avoided and gone around rather than walked through on some occasions, I'd like to leave that one there, senator,' Petraeus said."

The Washington Times (1/24, Scarborough, 88K), in an article titled, "Anti-surge Efforts Called Enemy Hope," reports Petraeus testified that "pending Senate resolutions against a surge…give the enemy hope by depicting America as divided on winning the war." The Hill (1/24, Tiron) reports that "in a rare move for a uniformed officer…Petraeus, considered a shoo-in to become America's next top commander in Iraq, jumped into the political fray of his nomination hearing. … Petraeus spoke out against congressional attempts to pass resolutions of disapproval on the new White House strategy in Iraq." The New York Times (1/24, Gordon, 1.16M) add that Sen. John Warner, "who is promoting a resolution opposing Mr. Bush's troop reinforcement plan, cautioned General Petraeus to be sure that 'this colloquy has not entrapped you into some responses that you might later regret.'" Sen. Carl Levin, chairman of the panel, "said later that he was satisfied that the general had not intended to involve himself in the debate." The Times adds that the "exchanges at the hearing did not appear to have any ill effect on the prospects for the confirmation of General Petraeus." Sen. John McCain "said he hoped the commander would 'catch the next flight' to Iraq after winning Senate confirmation." The Washington Post (1/24, A21, Ricks, 690K) runs a separate piece on the exchange between Warner and Petraeus, noting Warner "explained to the general that he needed to be more careful about appearing to wade into a political debate and warned Petraeus to not let himself be trapped into portraying members of Congress as unpatriotic for disagreeing with President Bush:"

USA Today (1/24, Brook, 2.27M) reports that during the hearing Sen. Hillary Rodham Clinton "said Bush's plan 'inspires skepticism for good reason.' She accused former Defense secretary Donald Rumsfeld of refusing to adapt to increasing violence in Iraq and the previous Republican-led Congress for failing to challenge the administration's strategy there. She said she disapproved of the plan and called it a 'dead end.'" Sen. McCain "also criticized the administration's approach in Iraq. 'We've made many, many mistakes in this war,' McCain said. Among them, he said, were sending too few troops for the initial invasion in March 2003 and not responding to the 'hostile actions' of Iraqi religious sects." The Politico (1/24) reports Sen. Susan Collins "told Petraeus…that she wished success for the surge strategy -- and its other economic and political components -- and seemed to express hope that her resolution wouldn't be needed. 'Nothing divides us in our common support that we hope we're wrong,' she admitted, 'and that this strategy is a success.'"

The Financial Times (1/24, Sevastopulo) says, "Appearing more confident before the committee than Gen George Casey, the outgoing commander, Gen Petraeus waded into the political debate by agreeing…that congressional resolutions of opposition would send the wrong message to US troops and the enemy in Iraq." Sen. Lindsey Graham is quoted as saying, "No matter how well-intentioned, a resolution…opposed to this new strategy is a vote of no confidence. … Those people going to fight this war are going to say, well, I'm going, but the Congress says good luck, but you're going to lose."

Senators Said To Have Extended An Extraordinarily Warm Welcome To Petraeus. The Washington Post's David Ignatius (1/24, A23) writes that though "fundamentals on the ground appear as bleak as ever, and polls show the

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public doubts the war is winnable. But Petraeus offers something new: He is the last frail hope for a bipartisan consensus on Iraq. Petraeus won plaudits yesterday from nearly every member of the Senate Armed Services Committee, continuing the celebratory tone that greeted his nomination by President Bush. Even Sen. Edward Kennedy, one of the sharpest critics of the war, had good things to say about the new commander."

The New York Times' Maureen Dowd (1/24) writes "senators happily blew a chance to grill…Petraeus, W.'s choice to try to rescue Iraq, on whether those 21,500 additional troops will be cavalry to the rescue or lambs to the slaughter. Why dwell on the most consequential elements of American strategy when they can linger over something even more repercussive: their own political reputations?"

Senate Democrats Advocate Merging Anti-Surge Resolutions. The New York Times (1/24, Hulse, Zeleny, 1.16M) reports, "As they prepared for the Senate Foreign Relations Committee to consider the issue on Wednesday, both Democrats and Republicans said the two bipartisan resolutions were in fundamental agreement on objecting to the troop increase. 'The resolutions are so close in terms of the key issue: whether or not we support an increase in military involvement and increasing the number of troops in Iraq or not,' said Senator Carl Levin…a co-author of one proposal. 'There are other language issues, obviously, but they are not particularly significant. The likeness and the similarities far, far, far outweigh any language differences.'" Majority leader Sen. Harry Reid "said a hybrid version of the resolutions would produce a clearer sign of the depth of opposition to the president's plan than either of the proposals could individually." However, Sen. John Warner, "lead author of the other proposal, said he saw important distinctions between them. He said he was not prepared to enter any negotiations until after he saw wording approved by the Foreign Relations Committee." The Times notes that the proposal from Mr. Warner, and Sens Susan Collins and Ben Nelson, "declares that the president is the commander in chief and that it is not the Senate's intent to contravene his authority — wording that drew the attention of some lawmakers."

The Hill (1/24, Schor) reports Senate Democrats "worked to bridge the gap between the chamber's two resolutions…although the stronger language of Foreign Relations Committee Chairman Joseph Biden (D-Del.) will form the basis of that panel's markup today. Ongoing negotiations are intended to combine Biden's measure, cosponsored by Armed Services Committee Chairman Carl Levin (D-Mich.) and GOP Sens. Olympia Snowe (Maine) and Chuck Hagel (Neb.), with a less critical resolution released this week by Sen. Ben Nelson (D-Neb.) and three senior Republicans, all up for reelection in 2008."

Biden, Hagel Outline Alternative To Bush's Strategy. In an op-ed for the USA Today (1/24, 13A, 2.27M) Sens. Joseph Biden and Chuck Hagel write, "We agree with the president that our previous strategy in Iraq was failing. Equally, we are convinced that to succeed in Iraq, America's objective and strategy must enjoy the support of the American people and a bipartisan support in Congress. … The primary objective of America's strategy should be to help Iraqis achieve a political settlement in Iraq, secure support for that settlement from Iraq's neighbors and refocus the mission of our remaining troops on achievable objectives."

McCain Lashes Out At Cheney, Pentagon's "Bureaucratic Resistance" To Surge. In a piece from The Politico (1/23, Simon) that reverberated through the blogosphere yesterday, Sen. John McCain "blamed Vice President Cheney for what McCain calls the 'witch's brew' of a 'terribly mishandled' war in which U.S. forces are on the verge of defeat. … Although McCain had once lavished praise on the vice president, he said in an interview in his Senate office: 'The president listened too much to the Vice President…of course, the president bears the ultimate responsibility, but he was very badly served by both the Vice President and, most of all, the Secretary of Defense.' McCain added: 'Rumsfeld will go down in history, along with McNamara, as one of the worst secretaries of defense in history.'" According to The Politico, McCain "is making clear his frustrations with the Bush administration, the Iraqi military and 'bureaucratic resistance' in the Pentagon to a troop surge. … He said, 'There is still enormous bureaucratic resistance (to the troop surge) in the Pentagon, and it bothers me a great deal. The bureaucrats in the military are saying this is a terrible strain on the (National) Guard and the active duty forces, and it is. There is only one thing worse than an over-stressed military, and that's a defeated military. And we are on the verge of that.'"

Sen. Trent Lott, appearing on MSNBC's Hardball (1/23) told host Chris Matthews that he is backing Sen. John McCain's presidential bid, but he acknowledged being surprised by McCain's criticism of Vice president Cheney in yesterday's Politico. Lott added, "we all say things sometimes that maybe went a little further than we would want to, in retrospect. … I know he's unhappy that we should have done a surge or increase in numbers earlier. He's made that clear for three years.

Gingrich Accuses Bush Of Basing Iraq Policy On "Inherent Contradiction." Fox News' Special Report (1/23, Hume) reported former House Speaker Newt Gingrich "blasted the White House for basing its new Iraq policy on what he called an 'inherent contradiction.' Gingrich: "If Iraq is genuinely a matter of vital national interest, then, as

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Americans, we have an obligation to do what it takes to win. If Iraq is so unimportant that it is up to a new, relatively incompetent Iraqi government, then why are we risking a single young American? They cannot both be true."

US Officials Confirm Fewer Bodies Have Been Found Around Baghdad Recently. The Los Angeles Times (1/24, Daragahi, 850K) reports, "Iraqi authorities found 19 bodies of young men scattered around Baghdad on Tuesday, a sharp drop from the scores found each day several weeks ago. The reported daily body count for the last week or so has hovered around 30 or lower. The bodies of late also have not shown signs of torture often associated with Shiite Muslim militias, morgue and hospital officials say. Officials cautioned that the casualty figures were preliminary and sketchy. Previous drops in Baghdad violence have been followed by upsurges. … U.S. military officials in the capital's tumultuous northern district of Adhamiya confirmed the statistical drop shown in morgue and police casualty figures collected daily by the Los Angeles Times." The Times adds, "Some observers speculated that the drop in the number of bodies bearing marks of torture indicated a decline in Shiite militia activity."

US Cracks Down On Shia Militants. The Financial Times (1/24, Negus) reports, "More than 600 members of Iraq's Mahdi Army are in detention awaiting prosecution, the US military announced in a statement late on Monday – the latest indication that operations against the radical Shia militia have been stepped up and that Prime Minister Nouri al-Maliki has withdrawn political protection from the group. The statement is unusual in that it detailed the number of operations against specific organisations and seems intended to show that there is a new emphasis on neutralising the Mahdi Army." Maliki "may have decided that he needed to move against the militia to avoid losing US support and to avoid further alienating Iraq's Sunni Arab neighbours, or because he feels that his support among the Shia has been strengthened after the execution of Saddam Hussein." The FT continues, "The Sadrists' apparent acquiescence to the dismantling of their military wing however might not last, if Sunni insurgents succeed in striking at Shia civilian targets."

Baghdad Bombing Wave Tied To US Troop Increase. The Christian Science Monitor (1/24, Grier, 59K) reports, "Sectarian violence in Iraq's capital has spiked in recent days, even as the first US and Iraqi government military reinforcements have deployed into the embattled city. The car bombs that racked Baghdad Monday may not have been a response to the presence of new troops, strictly speaking. But if nothing else, they emphasize the chaos into which the city has sunk, and the prospect that the new US and Iraqi troops may be at just the beginning of what promises to be a difficult and protracted counterinsurgency campaign."

Five Americans Killed After Insurgents Fire On Their Helicopters. ABC World News (1/23, story 4, :20, Gibson, 8.78M) reported, "And a helicopter, owned by the private security firm, Blackwater USA, crashed in central Iraq. Five civilians were killed. A senior Iraqi defense official said the aircraft was shot down over a predominately Sunni neighborhood. And an insurgent group did claim responsibility." NBC Nightly News (1/23, story 4, :30, Williams, 9.87M) reported, There are conflicting reports tonight from the US military in Iraq and here in Washington about whether or not that chopper had been shot down."

The New York Times (1/24, Santora, Glanz, 1.16M) reports several helicopters "came under attack, and one plummeted to the pavement through a tangle of electrical wires in one of Baghdad's most dangerous neighborhoods. The four-man crew in one helicopter was killed, and the gunner in a second helicopter apparently died when he was struck by gunfire, American officials said. The crash set off a chaotic five-hour battle in which American attack helicopters crisscrossed the skies over Baghdad and fired at least one Hellfire missile into the streets below. It is unclear if the first helicopter, nicknamed a Little Bird because it is small and nimble, crashed as the result of gunfire, because it got tangled in the wires or as it was trying to land because a passenger was wounded. But an American military official said that at least four of the victims had suffered gunshot wounds to the head, raising the prospect that some of them had been shot on the ground."

The Washington Post (1/24, A10, Londono, Partlow, Deyoung, 690K) reports, "The helicopter crashed after being 'riddled with small-arms fire,' a State Department official said. The official said it was unclear whether the men aboard died from gunfire or from the impact of the crash. No State Department employees were hurt in the attack, but some vehicles were destroyed, according to the summary of events in the report. Other vehicles in the convoy returned safely to the Green Zone. Two separate Sunni insurgent groups, Ansar al-Sunnah and the Islamic Army in Iraq, asserted responsibility for the attacks on Web sites used by the groups. The accounts differ in significant detail, although Ansar published photos of what it said were the U.S. Embassy badge, credit cards and dog tags of one of the men killed in the attack."

ABC Crew Witnesses IED Blast. ABC World News (1/23, story 5, 2:35, Gibson, 8.78M) reported, "We had a very stark reminder today of the dangers that American soldiers face on a daily basis in Iraq. It occurred as ABC's Chris Cuomo and his camera man, Bartley Price, traveled with an American patrol in one of the most dangerous

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neighborhoods." ABC added, "This is what soldiers refer to as a routine patrol in Iraq. Ghazaliya, in northwest Baghdad. ... Suddenly, a deafening blast. The bodies were booby-trapped. The blast cripples two Humvees. Blowing out their tires. ... The gunner spits out glass but never misses a beat. Bullets fly, but the patrol recovers quickly, making it back to the Iraqi police station."

The Washington Post (1/24, C7, Kurtz, 690K) notes, "The harrowing episode unfolded almost one year after another roadside bomb in Iraq badly injured ABC anchor Bob Woodruff, who is still recovering from head wounds.

Medical Care For Wounded Troops In Iraq Described. NBC Nightly News (1/23, story 5, 2:35, Williams, 9.87M) reported its chief science correspondent Robert Bazell "has traveled to the US Army's 28th Combat Support hospital in Baghdad's Green Zone, where he has seen the extraordinary work of some extraordinary doctors and nurses."

Friedman Deplores Muslim World's Indifference To Mass Killing In Iraq. The New York Times' Thomas Friedman (1/24) writes, "It's hard to know what's more disturbing: the barbaric sectarian murders by Sunnis and Shiites in Iraq, or the deafening silence with which these mass murders are received in the Muslim world. How could it be that Danish cartoons of Muhammad led to mass violent protests, while unspeakable violence by Muslims against Muslims in Iraq every day evokes about as much reaction in the Arab-Muslim world as the weather report? … Without a Muslim counternihilism strategy that delegitimizes the mass murder of Muslims by Muslims, there is no hope for decent politics there."

Maliki's Capacity To Rise Above Sectarian Divisions Questioned. USA Today (1/24, 1A, Jervis, 2.27M), in a front-page story titled, "Can Al-Maliki Make The Bush Plan For Iraq Work?: Critics ask whether prime minister will go after Shiite militias," reports, "For most of his life, Nouri al-Maliki, a Shiite Arab, says he has been persecuted and hunted by the Sunnis who dominated the government of Saddam Hussein. Now, as Iraq's prime minister, al-Maliki must make peace between the two bitterly divided Muslim factions. President Bush has said that al-Maliki's ability to do that, and to shift responsibility from U.S. forces to Iraq's military and police, may determine the nation's fate." USA Today goes on to report, "Al-Maliki's critics accuse him of protecting Shiite allies with blood on their hands. Since taking office last May, al-Maliki has blocked several attempts by U.S. and Iraqi troops to confront the Mahdi Army, a Shiite militia group led by one of al-Maliki's key political supporters, the rebel cleric Muqtada al-Sadr. Al-Maliki's 'personality and background make reconciliation impossible,' says Saleh al-Mutlaq, a leading Sunni politician."

Draft National Intelligence Estimate Finds Maliki Faces Long Odds. The Washington Post (1/24, A4, Pincus, 690K) reports the draft of a new National Intelligence Estimate on Iraq "says it will be 'very difficult' but 'not impossible'" for the Maliki government "to succeed in providing better governance," said Thomas Fingar, the deputy director of national intelligence for analysis and chairman of the National Intelligence Council. Fingar gave the Senate Select Committee on Intelligence "a rare preview of what the classified National Intelligence Estimate (NIE) will say when it is completed at the end of the month. 'Gains in stability could open a window for gains in reconciliation among and between sectarian groups and could open the possibilities for a moderate coalition that could permit better government,' Fingar said, but "it will be very difficult for the Maliki government to do this."

Prolonged Absence Of Most MPs Cripples Iraq's Parliament. The New York Times (1/24, Cave, 1.16M) reports Mahmoud al-Mashhadani, the speaker of Parliament, "read a roll call of the 275 elected members with a goal of shaming the no-shows. Ayad Allawi, the former prime minister? Absent, living in Amman and London. Adnan Pachachi, the octogenarian statesman? Also gone, in Abu Dhabi. Others who failed to appear Monday included Saleh Mutlak, a senior Sunni legislator; several Shiites and Kurds; and Ayad al-Samaraei, chairman of the finance committee, whose absence led Mr. Mashhadani to ask: 'When will he be back? After we approve the budget?'" According to the Times, "Parliament in recent months has been at a standstill. Nearly every session since November has been adjourned because as few as 65 members made it to work, even as they and the absentees earned salaries and benefits worth about $120,000. Part of the problem is security, but Iraqi officials also said they feared that members were losing confidence in the institution and in the country's fragile democracy."

Security Concerns And Debate Over Revenue Hold Up Iraq Oil Projects. The Washington Post (1/24, D1, Mufson, 690K) reports, "Four months ago, about 80 oil company executives and consultants packed an office on St. James's Square in London for a briefing on exploration prospects in Iraq's Kurdish region and a Kurdish draft of an Iraqi national petroleum law. Despite the immense risks of working in Iraq -- pipeline explosions, kidnappings, insurgency, political infighting -- the oil company executives were lured by the potential rewards, which are immense, too. Outside Saudi Arabia, no country has proven oil reserves as big as Iraq's." However, "Four months after the London meeting, however, security remains elusive and so does the national petroleum law. Barham Saleh, Iraq's deputy prime

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minister, said in a recent telephone interview that a compromise was 'very, very close.' The proposed law has taken on significance beyond oil. While Iraq and foreign oil companies are eager to tap new revenue, the Bush administration and many Iraqis also hope that the law can be a model for resolving disputes and can bind Iraq's warring factions together."

Suicide Bomber Kills Eight Outside Of NATO Base In Afghanistan. The New York Times (1/24, Wafa, 1.16M) reports, "A suicide bomber wearing an explosive vest blew himself up Tuesday at the entrance to a NATO base in the southeastern province of Khost, killing 8 to 10 people, officials said. The attack occurred as Afghan laborers were lining up for security checks at the pedestrian entrance of the base known as Camp Salerno. The bomber was trying to enter the base, NATO said, but detonated the vest when he reached the search point."

General Says Larger Army Would Cost $70 Billion. The AP (1/23, Jelinek) reports, "Increasing the size of the Army, strained by America's two ongoing wars, will cost an estimated $70 billion, a top Army general said Tuesday. And if yet another conflict were to develop before the force can be bolstered, it would take longer to fight and cost more American casualties than otherwise might be expected, said Lt. Gen. Stephen Speakes, a deputy chief of staff. ... Speakes said the $70 billion figure includes everything — from equipment to pay to health benefits. No figure was immediately available for the increase in the Marine Corps." More than 70 sites carried this story.

Lack Of Medal Of Honor Winners Attributed To Pentagon's Quest For Accuracy. NBC Nightly News (1/23, story 7, 2:40, Williams, 9.87M) reported that "the highest honor this nation can bestow on those who wear the uniform" is the Medal of Honor. However, "It's so far been awarded to two heroes of the Iraq war and in both cases, after their deaths. ... Why have there been so few of them awarded in our current wars when compared to past conflicts?" NBC added, "Former Marine Joseph Kinney told the Congressional committee it's shameful the war on terror has seen so few awards for valor including only two posthumous Medals of Honor when Vietnam produced 245 and World War II, 464. ... In the wake of too hasty official stories about Jessica Lynch and Pat Tillman, Marine General Richard Mills told that same committee, accuracy is our number-one priority as opposed to timeliness."

US Launches 2nd Airstrike As Ethiopian Troops Begin Withdrawal From Somalia. The CBS Evening News (1/23, story 4, 0:20, Couric, 7.66M) reported, "US Special Forces have once again attacked terrorist targets in Somalia. CBS News has learned they conducted their second air strike in two weeks. The US is targeting three Al Qaeda operatives wanted for the bombing of two US Embassies in Africa in 1998."

The Washington Post (1/24, A9, Deyoung, McCrummen, 690K) reports, "A US Air Force AC-130 gunship staged an airstrike against suspected al-Qaeda operatives in southern Somalia on Monday," US officials said Tuesday. There was no immediate information on specific targets or the strike's results. News of the new attack came the same day Ethiopian troops began "a withdrawal from a fragile capital that many residents fear will now slip further into chaos." A spokesman for Somalia's transitional government, Abdirahman Dinari, said that the Ethiopians "may take several weeks to complete a full withdrawal from the country and that a large force would remain on the Ethiopian side of the Somalia-Ethiopia border."

The New York Times (1/24, Gettleman, 1.16M) adds, "Many Somalis say they now fear that a power vacuum will form and that the country will slip back into the lawlessness that has dominated it for much of the past 16 years." Although several African countries have" mused about sending peacekeepers to help quell Somalia's volatile mix of warring clans, well-armed thugs and now a growing insurgency, a comprehensive peacekeeping force may be months away."

The AP (1/24, Duhul) reports Ambassador Michael Ranneberger in Nairobi plans to meet with Sheik Sharif Sheik Ahmed, an Islamic militant who surrender earlier this week, to "urge Sheik Sharif to counsel his supporters not to carry out violence and to support the development of an inclusive government," the US Embassy said.

China Breaks Silence Over Missile Test. The Washington Post (1/24, A8, Cody, 690K) reports, "Breaking 12 days of silence, China confirmed Tuesday that it had fired a guided missile into space to destroy one of its satellites in a test that generated protests from the United States and other nations." Foreign Ministry spokesman Liu Jianchao "said the United States and other governments have now been informed about the secret test through diplomatic channels." Speaking to reporters, Liu said, "I should stress at this time that the test was not targeted against any country and does not pose a threat to any country." He also noted that he knew of no plans for another such test by the Chinese military.

The Wall Street Journal (1/24, A5, Dean, 2.04M) says that despite breaking "its public silence" about the test, China's "lack of openness has damaged its efforts to polish its international image, analysts said." Liu, it writes, "confirmed that the test] had occurred -- but offered no additional detail or explanation." Similarly, the Financial

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Times (1/24, Dickie, Nakamoto, Hille) notes that "even as Mr Liu insisted that Beijing's opposition to any space arms race remained undimmed, his refusal to shed any further light on the test or his government's intentions offered ready ammunition to those who say China's military policy is all about concealment."

The New York Times (1/24, Kahn, 1.16M) reports, "Senior Bush administration officials raised the possibility that the silence might have reflected the autonomy and isolation of the Chinese military. They said they could not be sure that President Hu Jintao, who oversees the military as well as the Communist Party, had personally authorized or overseen the test."

The Washington Times (1/24, A1, Gertz, 88K) notes the Jan. 11 test "also alarmed military and defense officials because it undermined American intelligence estimates that China's military trails the US military in terms of weapons and war-fighting capabilities by 10 years."

LATimes Calls On US Government To Contemplate Space Weapons Treaty. The Los Angeles Times (1/24, 850K) editorializes, "a ban on all weapons in space that could be enforced, while desirable, may be as utopian as some science fiction scenarios. Official U.S. space policy instructs the Pentagon 'to ensure freedom of action in space and, if directed, deny such freedom of action to adversaries.' The Chinese test, as well as other technological developments, suggest that a rethinking of this position is in order." The editorial adds, "It is in the U.S. interest to work to keep space clean and safe. It will be difficult to design, negotiate, verify and enforce international agreements that both protect U.S. and global security concerns and prevent the weaponization of space. But the Chinese test demonstrates the futility — and danger — of refusing to try."

China Reduces Fines For Violations Of One-Child Policy. The Washington Post (1/24, A7, Fan, 690K) reports, "Fines imposed on Chinese who violate the country's one-child-only policy may be reduced for the poor, a top family planning official said Tuesday, as authorities stressed a broader approach to population management." The announcement came a day after state media reported that "many Chinese believe it is unfair that the wealthy can 'buy' a second child by simply paying fines for breaking the one-child-only rule for most urban couples." The announcement "appeared to be part of a broader attempt by officials to put a more human face on China's much-maligned family planning policies."

Ban To Press Sudan On Darfur. The AP (1/24, Bergman) reports U.N. Secretary-General Ban Ki-moon "will pressure Sudan's president next week to speed up the peace process in Darfur, which has been delayed by months of wrangling over the makeup of a larger peacekeeping force," U.N. officials said Tuesday. On his first overseas trip as head of the world body, Ban will meet with Sudanese President Omar al-Bashir on the sidelines of an African Union summit in Ethiopia. Their meeting "could be crucial to pushing through a three-phase U.N. plan to beef up the 7,000-member AU force that is struggling to maintain peace in the vast desert region."

US Condemns Assault Of UN Staff, Aid Workers. AFP (1/24) reports Washington "condemned the Sudanese government's arrest and subsequent assault of 20 staff from the U.N., African Union and non-governmental organizations in strife-torn Darfur." On Friday, Sudanese police raided the International Non Governmental Organization (INGO) compound in Nyala, southern Darfur, arresting 20 U.N. staff members and aid workers. State Department spokesman Sean McCormack said in a statement the US "condemns" their arrest and said, "There is no justification for these appalling recent attacks on humanitarian aid workers."

Protests In Lebanon Raise Fears Of Sectarian Conflict. The Financial Times (1/24, England) reports supporters of Hezbollah and its Christian allies "paralyzed Lebanon on Tuesday as they dramatically escalated their campaign to overthrow the government, blocking highways with burning cars and tires and triggering clashes that killed three people and injured dozens." The protests, called "a conspicuous show of strength by the opposition," took place in "most parts of the country and ramped up a political confrontation between the Shia militant group and its allies and the pro-western government." As a result of the demonstrations, Prime Minister Fouad Siniora, "cancelled a planned flight to Paris, where the government is to present an economic reform package at a donor conference on Thursday."

The New York Times (1/24, Bakri, Fattah, 1.16M) says the protests raised "fears that the political crisis might lead to open sectarian conflict." Police said "at least three people died and 100 more were wounded throughout the country in the violence, the worst since Hezbollah began demanding more political power late last year." Similarly, the Washington Post (1/24, A6, Shadid, 690K) reports, "There is a certain cynicism among many Lebanese that the deadlock will be broken only with more bloodshed, forcing a compromise short of civil war." The Posts says that "by any standard, Tuesday's campaign was a feat of logistics on parallel with December's protests. In addition to shutting down the capital, the vital thoroughfare to the Syrian capital, Damascus, was cut, and allied groups blocked roads in predominantly Sunni Muslim areas such as Tripoli and Akkar."

The Washington Times/AP (1/24, Karam) says the protests "gave a frightening glimpse of how quickly the confrontation…could spiral out of control, enflame tensions

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among Sunnis, Shiites and Christians and throw Lebanon into deeper turmoil."

The Los Angeles Times (1/24, Stack, 850K) says the "swift seizure of the country's roads took many here by surprise, and marked a major escalation in the militant group Hezbollah's campaign to overthrow Lebanon's US-backed government." The Christian Science Monitor (1/24, Peterson, 59K) also says the Hezbollah-led opposition "sharply escalated its campaign to topple the Western-backed government with a nationwide general strike."

Kamen Notes Errors Made By Rice During Exchanges With Reporters. The Washington Post's (1/24, A21) Al Kamen writes in his "In the Loop" column Secretary of State Condoleezza Rice's trip last week to the Middle East "produced some odd moments." For example, in London, Rice chatted with reporters, explaining how "the removal of Saddam Hussein set in motion a number of other circumstances, other changes in the Middle East: the removal of an eastern-front threat for Israel, for instance." Kamen "suggest[s] that perhaps a map of the region be consulted," noting that Iraq "would have had to go through hundreds of miles of desert -- not a lot of ground cover -- or through Damascus -- to get there." Meanwhile, during questions from Barbara Slavin of USA Today about the Mideast peace process, Rice said in 2000 Hamas was "sitting out as a resistance movement." Kamen notes that in "State's 2000 list of terrorist groups and find that, in Section H, Hamas, which now controls the Palestinian legislature, is listed as a terrorist group."

Presidential Hopefuls Court Israel, Cite Iran Threat. In a front page article, the Washington Times (1/24, A1, Mitnick, 88K) reports presidential hopefuls Mitt Romney, John Edwards and John McCain "all detoured through Israel on the way to New Hampshire this week, seemingly competing to see who could be strongest in defense of the Jewish state." Speaking in person or by video link to the Herzliya security conference outside Tel Aviv earlier this week, the politicians "spelled out tough measures they said were necessary to prevent Iran from acquiring nuclear weapons." Stressing the "strong US-Israeli relationship," the candidates "called for the United States to step up sanctions on Iran and leave the possibility of a military attack 'on the table.'" Edwards, the only Democratic candidate to address the conference, "similarly called to toughen sanctions on Iran and hold out the threat of military force, but he broke with the others by suggesting that Washington open a dialogue with Iran."

Ahmadinejad Says US Won't Succeed In Effort Against Nuclear Program. The AP (1/24, Dareini) reports Iranian President Mahmoud Ahmadinejad said Tuesday Washington "had not stepped up its campaign against Tehran, despite the standoff with the West over Iran's defiance of UN demands to halt uranium enrichment." In an interview with Iranian state television, he said, "US rhetoric against Iran has not increased. In 2003, they openly threatened to attack Iran. Now they have indirectly made such threats." Ahmadinejad also "spoke with confidence" over Iran's ability to withstand a strike, saying, "The United States is unable to inflict serious damage on Iran." Also Tuesday, during a meeting Tuesday with Syrian Foreign Minister Walid Moallem, Ahmadinejad accused the US of "stirring up conflict between rival Muslim sects to maintain influence" in the Middle East. "The US intends to cause insecurity and dispute and weaken independent governments in the region to continue with its dominance over the Middle East and achieve its arrogant goals," Ahmadinejad said, according to the state-run Islamic Republic News Agency, or IRNA.

Journalist Says Democracy Key To Withstanding Iran's Influence On Arab States. Michael Young, opinion editor at Lebanon's Daily Star newspaper, writes in the Wall Street Journal (1/24, A13, 2.04M) that a "recurrent theme in history, literature and, lately, engagé academics is that of brash Westerners trying to possess the East and failing -- or at best leaving a transitory mark. From Alexander the Great to George W. Bush, few have successfully reshaped the Middle East in their own image." While "Western grand projects frequently succumbed to Middle Eastern intransigence," Young writes, "as Shiite Iran makes a bid for regional hegemony, its leadership should consider that the mostly Sunni Arabs may be as resistant to hubris coming from the East as from the West." Young asserts that "only democracy could prepare Arab states to withstand Iran without recourse to sectarianism. But the Bush administration seems to have abandoned that inventive undertaking for the region."

Israeli President Faces Indictment On Rape Charges. The AP (1/24, Nessman) reports Israeli President Moshe Katsav faced indictment Tuesday on charges of rape and abuse of power "in the most serious accusation against a top Israeli official in the country's history." The allegation that Katsav "used his position as Israel's ceremonial head of state…to force himself on his female employees has left the nation reeling." However, news of the indictment is "only the latest corruption scandal roiling the government, with accusations reaching as high as Prime Minister Ehud Olmert."

Carter Continues To Stand By Controversial Book. The Washington Post (1/24, C1, Powell, 690K)

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reports former president Jimmy Carter 'flew north to Brandeis University to speak on Tuesday of his hurt at the personal attacks by some American Jews" that followed publication of his latest book, "Palestine Peace Not Apartheid." In an address, Carter said, "This is the first time that I've ever been called a liar and a bigot and an anti-Semite and a coward and a plagiarist." At the same time, he acknowledged that he "did not simply stumble into the title of his new book," rather saying he "chose that title knowing that it would be provocative."

Author Says Syrian-Israeli Peace Accord Could Anger US. Michael B. Oren, author and senior fellow at the Shalem Center in Jerusalem, writes in the New York Times (1/24, 1.16M), "Israel's newspapers are rife with reports of a peace agreement secretly forged between Israeli and Syrian negotiators. Though both the Syrian and Israeli governments have denied any involvement in the talks, past experience shows that such disavowals are often the first indication of truth behind the rumors." Oren says there is "nothing new about the details of the purported plan," but "what is new is the Bush administration's apparent opposition to a Syrian-Israeli accord and the possibility that Israel, by seeking peace with one of its Arab neighbors, risks precipitating a crisis with the United States." Oren warns that the "potentially disparate positions of Israel and the United States on the question of peace with Syria could trigger a significant crisis between" Israel and the US. Although Syrian President Bashar Assad "has made no Sadat-like gestures to Israel, and many Israelis agree with Mr. Bush that Syria should not be rewarded for its assistance to terrorism and its denial of Lebanese liberty," Oren says "if trust is established on both sides and the conditions are conducive to peace, a settlement between Syria and Israel may yet be attained -- and a clash between Israel and Washington ignited."

Noriega Set To Be Released In September. The Miami Herald (1/24, Reyes, Weaver, 286K) reports former Panamanian dictator Manuel Antonio Noriega, "imprisoned in South Miami-Dade on drug-trafficking and racketeering convictions since 1990, will be released on Sept. 9 -- due in part to good behavior and other credits." Noriega was "automatically eligible for parole after serving close to two-thirds of his 30-year federal sentence." However, when Noriega "steps out of his specially built, apartment-like cell at the Federal Correctional Institution in Southwest Miami-Dade," he will face charges in Panama and in France.

Lawmakers Urge Easing Of Cuba Embargo. The Financial Times (1/24, Dinmore) reports, "Members of Congress who believe Cuba is making a smooth transition of power said on Tuesday they would propose legislation to ease US embargo and travel restrictions." Missouri Rep. Jo Ann Emerson, who visited the nation last month as part of a congressional delegation, said, "Contrary to the notion that once Fidel Castro was gone there would be uproar and the Americans would come marching in, I didn't sense that at all." Emerson and James McGovern (D-MA) "said the House Cuba working group, equally represented by both parties, was agreed on the need to remove travel restrictions and loosen the embargo."

Russian Court Backs Closing Of Chechen Rights Group. The Washington Post (1/24, A8, Finn, 690K) reports the Russian Supreme Court Tuesday "upheld a lower court ruling that shut down the Russian-Chechen Friendship Society, a Western-funded grass-roots organization that had challenged the Kremlin's interpretation of events in the continuing conflict in Chechnya." The group's leadership called the decision "a chilling example of the government using a recently enacted law on nongovernmental organizations to quash activism that clashes with official policy." Oksana Chelysheva, one of the group's leaders, promised to fight the ruling, taking its case "to the European Court of Human Rights and, possibly, our Constitutional Court."

Breakthrough Unlikely At WTO Talks At Davos. Echoing comments made Tuesday by US trade representative Susan Schwab, the Wall Street Journal (1/24, A7, Miller, 2.04M) reports, "Global trade negotiators hope to restart the Doha round of world trade talks at the World Economic Forum in Davos, Switzerland, this week, but a return to the bargaining table will likely be more symbol than substance." According to the Journal, the "key players -- the US and the European Union -- remain unwilling to cut farm subsidies enough to satisfy emerging economies like Brazil and India."

Top Administration Officials Absent From This Year's Forum. On the front page of its business section, the New York Times (1/24, C1, Landler, 1.16M) reports the World Economic Forum convenes its annual conference Wednesday minus "Davos regulars like Bill Clinton, as well as marquee names from the Bush administration, which is sending only its trade negotiator, a deputy secretary of the Treasury, and a few other officials." Klaus Schwab, the forum's Swiss organizer, "played down the absence of a top Bush administration official like Secretary of State Condoleezza Rice, who was invited to speak but could not find time." Davos also says it is "shunning Hollywood celebrities, even though they have lent this sober event a dash of sex appeal."

Head Of Venezuelan TV Station Condemns Closure. Marcel Granier, chairman of Radio Caracas Television, writes in the Wall Street Journal (1/24, A12,

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2.04M) that Venezuelan President Hugo Chávez's decision to shut down Radio Caracas Television "continues a long series of attacks against journalists, employees, management and shareholders of many independent media companies," the aim of which it "to limit the citizens' right to seek information and entertainment in the media of their choice, to impede public access to those media where they might express or encounter criticism of the government or their proposals for reform, to stifle the pluralism of opinion in news and talk programs, and to cut off the free flow of information and debate in Venezuela." Granier says Chavez's actions "are in violation of the Venezuelan constitution, the American Convention on Human Rights, and the Inter-American Democratic Charter" and represent "a clear example of abuse of power, and violate the right to work of all those in the media industry, not to mention a violation of the freedom of thought and expression of millions of citizens who seek information and ideas of their own free choice."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bush Seeks Compromise, Except On Iraq Strategy."
"Borders Fall As The Academy Reaches Around The Globe."
"Grief, Comfort Meet On MySpace."
"8 Ex-Radicals Arrested In '71 Police Slaying."
"Defense Says Libby Was 'Sacrificed'."
"More Californians At Risk Of Losing Homes."

USA Today:
"Can Al-Maliki Make The Bush Plan For Iraq Work?."

New York Times:
"Bush Insists U.S. Must Not Fail In Iraq."
"A Shift in Power, Starting With 'Madam Speaker'."
"Libby Defense Portrays Client As A Scapegoat."
"Iraq Parliament Finds A Quorum Hard To Come By."
"On Snowbound Plains, Grim Fight To Save Calves."
"Big Insurer Will Pay 640 Katrina Claims."
"New York Public Hospitals Fear Proposed Medicaid Changes."

Washington Post:
"Bush Urges Congress, Nation To Give His Iraq Plan a Chance."
"Defense Portrays Libby As Scapegoat."
"Va.'s Webb Offers A Blunt Challenge to Bush."
"Ex-Spy Crafted Watergate, Other Schemes."
"A President Beleaguered But Unbowed."
"Campaign Contributor Got An Assist From Johnson."

Washington Times:
"'We Must Not fail In Iraq.'"
"Officials fear War In Space By China."
"GOP urges Berger Lie Test."
"Candidates Court Israel, Cite Iran Risk."
"Grocery Stores Galore On Tap."

Detroit Free Press:
"$50-Million Grant Could Offer City A Bright Spot."
"President targets Oil, Energy Use."
"US Carmakers Face Crucial Year In Fixing Losses."

Atlanta Journal-Constitution:
"Takeover Of Delta Seems Lose Wind."
"'Show Our Enemies…That We Are United.'"
"Legislators Plan Mental Care Injury."
"Carter Tells Students Book Backlash Has 'Hurt.'"

Houston Chronicle:
"Bush Stands Firm On Iraq, Want Gas Use Cut 20%."
"Proposes Expanded health Coverage."
"Bonuses Bring Smiles, Frowns."
"In The Eyes Of UT, Sawed-Off Logo Illegal."
"'Insect Evidence' Prompts Court To Stay Execution."

Story Lineup From Last Night's Network News:
ABC: Bush State Of The Union; State Of The Union-Analysis; Top Generals-Hearings; Troops On Patrol-Iraq; Libby Trial-Opening Statements; Bush Presidential Library; E. Howard Hunt Obit; Birth Control Pills; UK Grounded Ship.
CBS: Bush State Of The Union; State Of The Union-Analysis; Top Generals-Hearings; US Attack In-Somalia; Global Warming; Libby Trial-Opening Statements; E. Howard Hunt Obit; Prescription Drug-Prices; Stock Market; Oscar Nominations; The State Of The Union.
NBC: Bush State Of The Union; State Of The Union-Analysis; Top General-Hearings; Chopper Crash-Iraq; Troop Medical Care; Libby Trial-Opening Statements; A Soldiers Story; E. Howard Hunt Obit; State Farm Settles; Oil Prices; Stock Market; Oscar Nominations.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-State Of The Union Address; Sen. Webb-Democratic Response To SOTU Address; Baghdad- Higher Education Minister's Motorcade Fired On; Petraeus-Senate Armed Services Committee; Iraq-Roadside Bomb Explodes Near ABC Reporter Chris Cuomo; E. Howard Hunt Obit; WA-Shoplifters Given Option To Work In Store.
CBS: Bush-State Of The Union Address; SOTU Address-CBS Poll; E. Howard Hunt Obit; Libby Trial; New US Passport Rules; CA-Illegal Aliens Rounded Up In Five Southern California Counties; FL-MA Couple Thrown Off Plane Due To Unruly Child's Behavior; NE-Terror-Free Gas Station.
NPR: Bush-State Of The Union Address; Senate-Iraq Resolution; Iraqi Military Says Private Helicopter Was Shot

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Down In Baghdad; House-Congressional Pension Restriction Bill; European Parliament Committee Report On CIA Secret Prisons; Sudanese Plane Hijacked; E. Howard Hunt Obit; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours the DuPont Experimental Station, Wilmington, Del.; remarks on energy initiatives, Hotel DuPont, Wilmington, Del.; meets the incoming commander for NATO International Security Assistance Force in Afghanistan, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 10:30 a.m. Meets for morning business for an hour for debate prior to the cloture vote on the Gregg amendment. At 11:30 a.m., the Senate will proceed to a vote on the motion to invoke cloture on the Gregg amendment. If cloture is not invoked on the Gregg amendment, the Senate will immediately proceed to a vote on the motion to invoke cloture on H.R.2, the Minimum Wage Bill.

9 a.m. FOREIGN RELATIONS _ Full Committee. Markup of S. Con. Res. 2 - Expressing the bipartisan resolution on Iraq. Location: Room 216, Hart.

9:45 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on progress made in dealing with a possible pandemic flu. NIAID Director Anthony Fauci, CDC Director Julie Gerberding; Gerald Parker, Principal Deputy Assistant Secretary of HHS; John Treanor, University of Rochester. Location: Room 124, Dirksen.

9:45 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on recent EIA analysis of energy market and economic impacts of a proposal to reduce greenhouse gas intensity. EIA Deputy Administrator Howard Gruenspecht; National Commission on Energy Policy Executive Director Jason Grumet; Natural Resources Defense Council Science Director Daniel Lashof; CRA International Vice President Anne Smith; and PNM Chairman/President/CEO Jeff Sterba. Location: Room 366, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the impact of airline mergers and airline industry consolidation and an organizational meeting. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Confirmation hearing on the nomination of Michael Astrue to be Social Security Commissioner. Location: Room 215, Dirksen.

10 a.m. HEALTH,. EDUCATION, LABOR AND PENSIONS _ Full Committee. Holds organizational meeting, followed by markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Organizational meeting. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.Res. 78 - Amend the House rules to permit delegates and the Resident Commissioner to the Congress to cast votes in the Committee of the Whole House on the state of the Union.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10 a.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on intelligence support to the policy makers. Location: Room H-405, Capitol.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways and Transit Subcommittee. Hearing on the challenges for the surface transportation system. Transportation Undersecretary Jeffrey Shane; attorney Jack Schenendorf; Steve Heminger, executive director, Metropolitan Transportation Commission; Alan Pisarski, private consultant; Joseph Schwieterman, DePaul University; Michael Bronzini, George Mason University; Timothy Lomax, Texas Transportation Institute. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on on the economic and societal costs of poverty. Witnesses: Dr. Harry J. Holzer - Professor and Associate Dean, Georgetown University Public Policy Institute.; David R. Jones - President and CEO, Community Service Society of New York; Dr. Jane Knitzer - Director, National Center for Children in Poverty; Dr. Sigurd R. Nilsen - Director, Education, Workforce and Income Security - U.S. Government Accountability Office; and Ron Haskins - Senior Fellow, Brookings Institution. Location: Room 1100, Longworth.

10:30 a.m. EDUCATION AND LABOR _ Full Committee. Organizational meeting. Location: Room 2175, Rayburn.

Other: TRANSPORTATION RESEARCH BOARD _ The Transportation Research Board holds its 86th Annual Meeting at three Washington hotels. Some 10,000 transportation professionals from around the world are expected to attend. Highlights: 1 p.m. US Transportation Secretary Mary E. Peters addresses Chairman's Luncheon. Regency Ballroom, Omni Shoreham. Location: Marriott Wardman Park, 2660 Woodley Road NW; Omni Shoreham, 2500 Calvert St. NW; and Washington Hilton, 1919 Connecticut Ave. NW.

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STATE OF THE UNION-RELATED EVENTS _ Highlights: 10 a.m. Democratic senators and mayors hold a news conference to react to the State of the Union speech. Room S-211, Capitol. Contact: Colleen Murray, 202-224-1437. 10 a.m. Brookings experts will discuss the President's agenda on tax reform, foreign policy, and Social Security reform, as well as how Bush's 2007 State of the Union Address will shape the last two years of his term. Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW. Contact: RSVP at 202-797-6105. 1 p.m. Physicians, nurses and patients hold a news conference to react to the Bush healthcare proposals. National Press Club. Contact: Charles Idelson, 510-273-2246. 3 p.m. The Center on Budget and Policy Priorities holds a conference call briefing to discuss the State of the Union address. Call Contact for details: Shannon spillane, 202-408-1080.

WAR INJURIES _ The American Academy of Orthopaedic Surgeons holds a symposium, ``Extremity War Injuries: Development of Clinical Treatment Principles." Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 8 a.m. Orientation for New Mayors and First Time Attendees with Tom Cochran, Exeutive Director. US Conference of Mayors' and Brian C. Wahler, Mayorr of Piscataway, chairman, Standing Committee on Membership. 8:30 a.m. Women Mayors Breakfast with chair Kay Barnes, Mayor of Kansas City, Mo. 9:30 a.m. - 10 a.m. Standing Committees on Criminal and Social Justice, with mayors of Rochester, N.Y.; St. Louis., Mo; and Austin, Texas; Denver, Colo.; and Sen. Joseph Biden, D-Del., others. 10:30 a.m. - 12 p.m. Open plenary session, featuring an address by Speaker of the House Nancy Pelosi (at 11:30 a.m.) 12 p.m. News conference on the mayors' 10-point agenda and meeting overview. Trenton Mayor Douglas Palmer. 12:30 p.m. Plenary luncheon with an address by Sen. Chuck Hagel, R-Neb; and presentation of the US Conference of Mayors Presidents Award to Atlanta Mayor Shirley Franklin. 2:30 p.m. Address by House Homeland Security Committee Chairman Bennie Thompson, and Sen. Joseph Biden. 6:30 p.m. Reception Honoring New Mayors. Note: This event at the National Building Museum, 401 F St. NW. 6:30 p.m. Gala dinner, with speakers Sen. Christopher Dodd, others. 7:30 p.m. Dinner Honoring New Leadership in Congress, featuring an address by Sen. Christopher Dodd, D-Conn. Note: This event at National Building Museum, 401 F St. NW. Location: Capital Hilton, 16th and K Sts. NW.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

LAW-COUNTERTERRORISM _ 8 a.m. - 11 a.m. The Foundation for Defense of Democracies holds its inaugural symposium to launch its new Center for Law & Counterterrorism. Highlights: Panel I" ``is It a War? Legal Ramifications," focusing on whether the War on Terror is, in fact, a war - and why that matters. Panelists: David B. Rivkin Jr., Baker & Hostetler; Roger Pilon, Cato Institute; Stuart Taylor, National Journal; and Prof. Mordechai Kremnitzer, Israel Democracy. Panel II: ``Should We Have a National Security Court?," to consider the 2006 Military Commissions Act. Panelists: Michael B. Mukasey, former chief judge, U.S. District Court for the Southern District of New York; George J. Terwilliger III, former U.S. Deputy Attorney General; and Steven Shapiro, Legal Director, ACLU. Location: National Press Club, Holeman Lounge.

CHILDRENS HEALTH _ 8:30 a.m. The Harvard School of Public Health, others, hold a briefing to launch a website showing how people of different racial/ethnic backgrounds live in U.S. metropolitan areas, and specifically examine the well-being of children in the 100 largest metro areas. Location: National Press Club.

RUSSIA-OIL _ 9 a.m. - 10:30 a.m. Radio Free Europe/Radio Liberty hosts a briefing, ``The Rise of the Post-Soviet Petrostate." Briefers: Christopher Walker, director of studies, Freedom House; and Daniel Kimmage, regional analyst for Central Asia, RFE/RL, Inc. Location: Conference Room A, fourth floor, Radio Free Europe/Radio Liberty, 1201 Rhode Island Ave. NW.

IRAN-IRAQ WAR _ 10 a.m. - 12 p.m. The Jamestown Foundation hosts an address by Mounir Elkhamri, Middle East military analyst, Foreign Military Studies Office, Fort Leavenworth, Kans., who will Discuss ``Fishing in Troubled Waters: Iranian Involvement in the Iraqi Civil War." Location: The Jamestown Foundation, 7th Floor Board Room, 1111 16th St. NW.

DRIVE ACT _ 10:45 a.m. - 11:15 a.m. Represenatives Bartlett, Engel, and Kingston, others, hold a press briefing to discuss the contributions to help America achieve the goal of liquid fuel independence through passage of the DRIVE ACT - Dependence Reduction through Innovation in Vehicles and Energy Act. Location: Room HC-9, Capitol.

CBO-ECONOMIC OUTLOOK _ 11 a.m. The Congressional Budget Office will release its 2007 Budget and Economic outlook. CBO Director Peter Orszag will conduct the on-the-record briefing. Location: CBO, Room 483, Ford House Office Building, 2nd & D Streets SW.

US-IRAN POLL _ 11 a.m. - 2 p.m. Search for Common Ground holds a news briefing on Iran's nuclear program, the NPT, Iran-US Relations, Islam and the West, Al Qaeda and terrorism, and other topics. Location: Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, Kenney Hall, 1740 Massachusetts Ave. NW.

IRAQ-SARANDON _ 11:30 a.m. Actress Susan Sarandon, Iraqi war vets, Reps. Lynn Woolsey, Barbara Lee and Maxine Waters discuss the current state of VA health care. Location: Room 2263, Rayburn.

DOJ_NMG_0120710

GLOBAL WARMING _ 12 p.m. Greenpeace, others, hold a telephone briefing to release a report showing the U.S. can address global warming without relying on nuclear power or ``clean coal." Contacts: Joel Finkelstein, 202-822-5200 ext 279. Notes: Callin number: 800-896-8445; passcode: Greenpeace.

R&D INVESTMENTS _ 12 p.m. The American Chemical Society and the Senate Science & Technology Caucus sponsor a luncheon panel on the effect of research and development on our economy and what tools are needed to better understand R&D investments. Participants: Drs. Stephen Merrill, director, National Academies Board on Science, Technology and Economic Policy; Dale Jorgenson, Samuel W. Morris University Professor, Harvard University; Steve Landefeld, director, Bureau of Economic Analysis, U.S. Department of Commerce; and Irving Wladawsky-Berger, vice president, IBM Technical Strategy and Innovation. Location: Room 902, Hart Senate Office Building.

VILLARAIGOSA _ 12:30 p.m. Los Angeles Mayor Antonio Villaraigosa discusses urban issues and California politics at a National Press Club luncheon. Location: National Press Club.

HEALTH INSURANCE _ 1 p.m. Rep. Dennis Kucinich holds a news conference to discuss the reintroduction of H.R. 676 - the U.S. National Health Insurance Act. Location: National Press Club.

IRAQ-PROGRESSIVES _ 1 p.m. The Congressional Progressive Caucus holds a conversation about the Iraq war, supporting the troops and military escalation, with actress Susan Sarandon, Patricia Foulkrod of The Ground Truth and veterans. Location: Room 334, Cannon.

SCOUTING AWARD _ 1 p.m. - 2 p.m. Secretary of the Interior Dirk Kempthorne presents Eagle Scout Joshua P. Stone of Royal Oak, Md. with the William T. Hornaday Silver Medal for distinguished service in conservation. Location: Room 8015, U.S. Department of the Interior, 1849 C St. NW.

BUDGET OUTLOOK _ 2 p.m. Sen. Kent Conrad and Rep. John Spratt hold a news conference on the new CBO budget deficit projections. Location: Senate Radio-TV Gallery.

CALIFORNIA-FUEL STANDARDS _ 2 p.m. The Environmental and Energy Study Institute and the Natural Resources Defense Council hold a briefing on California's recently proposed Low Carbon Fuel Standard for transportation. Location: Room 2247, Rayburn.

INTERFAITH RELATIONS-MIDEAST _ 3 p.m. - 5 p.m. The United States Institute of Peace hosts a discussion, ``The Crisis in Interfaith Relations in the Middle East." Speakers: Rend Rahim Francke, USIP Senior Fellow and Executive Director of the Iraq Foundation, on ``Sunni/Shia relations"; Samuel Rizk, George Mason University and the Arab Group on Christian-Muslim Dialogue, on ``Christians in the Middle East"; Prof. Marc Gopin, Center on for World Religions, Diplomacy and Conflict Resolution, George Mason University, on ``Jews in the Middle East"; and prof. Mohammed Abu Nimer, American University, on ``interfaith dialogue in the Middle East." Location: U.S. Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

WMD TERRORISM _ 6 p.m. Prof. Dan Byman and Dean Robert Gallucci debate the threat of WMD terrorism, sponsored by Georgetown University School of Foreign Service. Location: Bunn Center Auditorium, on campus.

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TERRORISM NEWS:

Terror Suspect Denied Bond; Affidavit Shows He Admits To Lying (PROJO)

By Karen Lee Ziner, Journal Staff Writer

The Providence Journal, January 24, 2007

BOSTON — Mohammed Yousuf Mullawala, a central figure in a national antiterrorism investigation, admitted lying to Rhode Island state police numerous times about his whereabouts and activities since he arrived in this country in 2002, according to a state police affidavit made public yesterday.

Federal ImmigrationJudge Matthew J. D'Angelo cited those alleged lies and Mullawala's "evasive and far-fetched explanations" in denying bond yesterday for Mullawala, whom he called a danger to the community and "an extreme flight risk."

The 28-year-old Indian national has been held in federal detention on a violation of his student visa since Rhode Island state police arrested him last month. D'Angelo ordered Mullawala returned to the Suffolk County House of Detention until a deportation hearing next Tuesday.

Mullawala's behavior at the Nationwide Tractor-Trailer Driving School, in Smithfield, triggered Homeland Security concerns that have since widened into an investigation by an FBI Joint Terrorism Task Force.

According to the school's instructor, that behavior included Mullawala's expressed interest in buying software or videos on hazardous materials and his stated interest in only learning how to drive the truck forward — not how to back it up or any other required technical maneuvers.

"I do not find his responses or explanations to be credible," said D'Angelo. "The court is concerned about his conduct at the tractor-trailer school. … He has been evasive in both his residential and work history, and also, interestingly, he has no work authority — he's acting like he's lawfully working in this country. He's an extreme flight risk and it's very unlikely he will appear at a future hearing."

During a 1½-hour hearing at the JFK Building, Mullawala raised his manacled hands and told the judge, "Yes, I will tell the truth." Then he sat calmly, wearing prison clothes that billowed around his small frame.

Prosecutor Mary Kelley underscored Mullawala's alleged multiple lies, related to his numerous addresses, work history, school enrollments, trucking school application, behavior at the trucking school and more. She also argued that he posed a flight risk because he has no family or friends in the United States.

The affidavit, obtained by The Journal after it was filed in court yesterday, states that Mullawala first told investigators he lived at 181 Carpenter St. in Providence, then recanted after the police confronted him with evidence to the contrary.

Kelley said although Mullawala's application to the trucking school lists the Carpenter Street address, investigators learned from tenants "that there's no such person who lives here."

"He lied," said Kelley. "He lists a reference at 181 Carpenter, but no such person existed when they went out there … . He indicated he never had any speeding tickets — that was a lie."

When immigration agents were brought into the investigation, Kelley said, they learned that Mullawala enrolled at Johnson & Wales University "but then he drops out and re-enrolls. So he's not attending school … ."

"He lied after he was Mirandized about his numerous addresses, including 'I can't tell you where I lived,' " said Kelley. "He lies about where he worked. He doesn't even show up for traffic court … so I hardly think he's going to show up for a hearing here."

Kelley also said Mullawala's explanation for his "extreme mobility" — at least seven addresses that authorities have been able to confirm he lived at — doesn't wash.

Defense lawyer June Beack said Mullawala told her he moved numerous times in New York City because he wanted to avoid areas where the police ticket heavily for traffic violations, and said that as a young single man, "he wanted to learn about different parts of the city."

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Kelley maintained that Mullawala also lied when he said trucking-school instructor Ed Mowry steered him toward a hazardous-materials license, and not the other way around, and when he said investigators lied when they contradicted his statements during an initial questioning.

Pointing to Mullawala, Kelley said, "What he's asking you to believe is that everybody's lying except the man sitting 10 feet in front of you."

The affidavit was filed by state police detectives Michael J. Winquist and Kevin M. Barry. Winquist is assigned to the Rhode Island State Fusion Center, which handles investigations concerning Homeland Security. Barry is assigned to the FBI Joint Terrorism Task Force.

It includes a timeline that shows Mullawala's zigzag path between 2002 and last year.

The path leads from Rhode Island in 2002; to India and back in 2003; to India via Kuwait in the spring of 2003; to Bridgeport, Conn., then Shelton, Conn., in 2004; to the Bronx, N.Y., in 2004 and '05; to Jackson Heights, then Hicksville, Hyde Park, Kew Gardens and Floral Park in New York last year; to Hackensack, N.J., last year; back to Kew Gardens a month later; and then to Jamaica, N.Y.

Investigators have been able to verify that he lived briefly at seven of those addresses, but have been unable to establish whether he ever lived at the four others.

The affidavit also states that Mullawala provided false information on his application to the trucking school.

While Mullawala stated that he lived on Carpenter Street, "he was actually residing in the state of New York." When asked whether he had driver's licenses in other states besides Rhode Island, Mullawala noted his New York license but failed to mention a New Jersey license. He also said he had never been issued a traffic summons, when in fact, "he received summonses from the Rhode Island State Police and in New Jersey."

The affidavit provides a glimpse into the days leading up to Mullawala's arrest last month and into questions posed by police on that day.

On Dec. 1, state police called Mullawala on his cell phone "under the guise that an accident was being investigated that involved a Rhode Island registration plate" previously issued in his name.

"Mohammed Y. Mullawala was very argumentative and advised your co-affiant that he was unable to respond [to] Rhode Island since he was working in New York driving a limousine," the affidavit states.

Mullawala also said his parents had arrived from India "and that he planned to take them to California on a sight-seeing trip." The affidavit notes that Mullawala "later admitted that he lied when making this statement."

At the state police's request, the owner of the trucking school "made numerous fruitless attempts to reach Mohammed Y. Mullawala on his cell phone" regarding a refund on money paid to the school since he attended for only two days. Mullawala "never returned her calls."

On Dec. 5, Mullawala arrived at state police headquarters unannounced "for the purpose of making a complaint" against one of the detectives involved in the case. When a trooper at the front desk recognized Mullawala from a bulletin, Mullawala was taken into custody.

"During his interview, Mohammed Y. Mullawala appeared to be extremely nervous. Detectives also found several inconsistencies in his answers to the questions being asked. When detectives confronted him with those inconsistencies," the affidavit states, "Mohammed Y. Mullawala admitted to being untruthful."

Held In Contempt, Al-Arian Launches Hunger Strike (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, January 24, 2007

TAMPA - Sami Al-Arian has begun another hunger strike after being held in contempt for refusing to testify before a grand jury in Virginia, his supporters say.

In the meantime, Al-Arian has appealed an order with the 11th U.S. Circuit Court of Appeals that says his plea agreement in Tampa does not protect him from having to testify in Virginia.

Al-Arian, a former University of South Florida professor, pleaded guilty in April to providing support to the Palestinian Islamic Jihad, designated by the U.S. government as a terrorist organization.

In May, U.S. District Judge James Moody sentenced Al-Arian to 57 months in federal prison, 11 months longer than recommended by prosecutors in his plea deal. Had Al-Arian received the recommended sentence, his attorneys said, he was expected to be deported last June.

The federal Bureau of Prisons now calculates Al-Arian's projected release date as April 13. That date could be extended by as much as 18 months because of the contempt finding in Virginia.

Al-Arian's plea came after a five-month trial in which jurors failed to convict him of a charge but deadlocked on nine counts.

During the trial, the government presented evidence that Al-Arian's think tank, World and Islam Studies Enterprise, received funding from the International Institute of Islamic Thought, based in Herndon, Va. The institute's offices were raided in 2002 as part of the investigation into the think tank.

At the time of the plea agreement, his attorneys stressed Al-Arian would not cooperate with the government.

In September, the U.S. attorney's office in the Eastern District of Virginia contacted attorneys for Al-Arian seeking his testimony before a grand jury investigating the institute.

The defense filed a motion asking Moody to enforce the plea agreement and protect Al-Arian from having to cooperate. However, the judge ruled that cooperation is not the same as compelled testimony and said the plea agreement does not protect Al-Arian from grand jury subpoenas.

An Al-Arian supporter, the Tampa Bay Coalition for Justice and Peace, issued a news release Tuesday saying he was held in contempt Monday and has started his second hunger strike to protest "continued government harassment."

The news release gave a summary of a statement Al-Arian made to a Virginia federal judge complaining about his prison conditions. Al-Arian said he had to share his food with rats and roaches, and was forced to wear dirty and inadequate clothing.

Al-Arian's first declared hunger strike started shortly after he was arrested in February 2003 and continued for 140 days, his supporters say. Jail officials said Al-Arian drank Carnation Instant Breakfast during that hunger strike because he has diabetes and required nutrition along with his medication.

House Dems Seek Gates Briefing (HILL)

By Roxana Tiron

The Hill, January 24, 2007

Several House Democrats plan to grill Secretary of Defense Robert Gates on the Pentagon's use of private contractors in interrogations at the military prison in Guantánamo Bay, Cuba.

Chief Deputy Democratic Whip Jan Schakowsky (Ill.) and 26 other members wrote to Gates Tuesday asking for a briefing on interrogation practice after the FBI revealed allegations this month of torture by contractors at Guantánamo.

All interpreters and half of all jail workers at Abu Ghraib were private contractors, according to Schakowsky, a member of the intelligence committee.

Reps. Barney Frank (D-Mass.), David Price (D-N.C.) and George Miller (D-Calif.) also signed the letter demanding a briefing.

"As you assume your new duties, we would like to alert you to our concerns about the use of military contractors," they wrote. "The lack of proper oversight of military contractors results in wasted funds and frustrated missions. It also sends a message to contractors that they will not be held accountable for squandering taxpayer dollars at the expense of supporting our service members."

HOMELAND RESPONSE:

Judge Weighs Contested Rail Law (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 24, 2007

DOJ_NMG_0120719

CSX Challenging Suspended D.C. Ban on Hazardous Cargo

The fate of a District law banning rail shipments of hazardous materials was back before a federal judge yesterday, nearly two years after the prohibition was enacted by the D.C. Council.

The law, which was prompted by fears that the Capitol and other landmarks are vulnerable to a terrorist attack on rail lines that skirt downtown, was quickly challenged in 2005 by CSX Transportation Inc., which controls the key freight routes through the District. The law has never taken effect. Yesterday, a judge heard arguments to determine whether it ever will.

U.S. District Judge Emmet G. Sullivan set no timetable for a decision in the case, which is being monitored by cities and states throughout the country.

CSX said that the District is overstepping its legal authority and that the law, if allowed to stand, could lead other local governments to pass similar bans, crippling the transportation of hazardous materials nationwide.

Under federal regulations, rail operators bear much of the responsibility for assessing risks and determining how to deal with them -- an arrangement that critics say puts public safety at the mercy of profit-driven businesses.

Tighter federal control may be coming. Last month, the federal government, which has sided with CSX, proposed more stringent regulations on the transportation of hazardous materials.

But such changes may be months or years away, if enacted at all, and in any case, the proposals fall short of the ban that the District wants to impose.

When CSX first contested the law, Sullivan sided with the District and the Sierra Club, which had joined the city in defending the law. Sullivan ruled that the law could take effect while the broader legal issues were reviewed.

But after hearing the company's challenge as an expedited emergency matter, the U.S. Court of Appeals for the D.C. Circuit reversed Sullivan's decision and ordered that the ban be put on hold pending review.

After gathering evidence and taking preliminary steps for nearly a year, lawyers for the two sides appeared before Sullivan yesterday for nearly two hours -- on one side, Robert Utiger of the D.C. attorney general's office and James R. Wrathall of WilmerHale for the Sierra Club; on the other, Virginia Seitz of Sidley Austin for CSX and Arthur R. Goldberg of the Justice Department.

Much of the arguments focused on whether the District's law could be preempted by federal law. The Federal Railroad Safety Act allows states to enact laws related to rail safety or security until the U.S. Department of Transportation or the U.S. Department of Homeland Security issues a regulation covering the subject of the state requirement.

Opponents of the District's law say the federal government, through existing federal regulations on rail security, has rejected a hazardous-materials ban as part of any federal regulation, thereby precluding such a prohibition by a local government.

Supporters of the law say that such a ban was never considered during the drafting of current regulations and that the regulations were put forth by the Department of Transportation, not Homeland Security, as would have been required to preempt a local law related to rail security.

After the arguments were presented, Sullivan proposed that both sides submit additional briefs addressing the question of which agency had the power to preempt a local law such as the District's.

Man Questioned In LA Subway Mercury Spill (CCT)

The Contra Costa Times, January 24, 2007

LOS ANGELES - The FBI on Tuesday arrested a man they believe spilled toxic mercury on a subway platform.

Armando Bustamante Miranda, 27, was being questioned but it did not appear he was involved in any terrorist activity, FBI spokeswoman Laura Eimiller said.

He was arrested and held for a parole violation unrelated to last month's spill, Eimiller said.

She declined to reveal other details.

"We're not going to have anything more until we sort this thing out," she said.

A videotape showed a man crouching down and dropping something onto a platform at a downtown subway station on Dec. 22. The man appeared startled and walked to a Metropolitan Transit Authority call box, where he reported the mercury spill.

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The county is conducting an investigation to determine why transit officials waited eight hours to alert authorities after they were told about the spilled mercury.

No injuries were reported, and officials believe the small amount of mercury would have been harmful only if someone touched it or drank it.

A Los Angeles County sheriff's hazardous materials team confirmed the substance was mercury and removed it.

Transient Held In MTA Mercury Spill (LAT)

By Andrew Blankstein And Jean Guccione, Times Staff Writers

The Los Angeles Times, January 24, 2007

Authorities say the man told them he found it in trash on the Westside and hoped to sell it for money to buy drugs.

Federal and local authorities on Tuesday arrested a 27-year-old man they believe spilled mercury on a downtown L.A. subway platform, ending a weeklong dragnet that raised more questions about the handling of the incident.

Armando Bustamante Miranda was being questioned by FBI agents and Los Angeles County sheriff's investigators, who are trying to determine why the hazardous chemical was dropped in the station on Dec. 22 by a man who then called an MTA operator to say what he had done.

Detectives expressed frustration at the difficulty in finding the suspect, at one point creating more than a dozen potential profiles, including a prankster, a screenwriter working on a script, an actor seeking attention, a student working on a project and even a terrorist.

Officials repeated Tuesday that they doubt the incident was related to terrorism.

Sheriff's Det. Danny Regalado described Miranda as a transient who told authorities he found the mercury while scavenging through a commercial dumpster on the Westside for items he could sell to support his drug habit.

Miranda, according to Regalado, said during the two-hour interview with detectives that he was "fixated" on the mercury and the way it moved in the vial, adding that he recognized the substance from a "Terminator" movie. He told authorities he took it out of his pocket at the station and was showing it off, hoping another passenger would purchase it. When he spilled the mercury, he told police, another passenger told him to report it.

Detectives said an acquaintance of Miranda recognized his photo and contacted authorities, setting up a meeting with the suspect in Hollywood. Regalado said he was "very cooperative."

Authorities are concerned that some business was disposing mercury in the trash, and they plan to go door-to-door questioning owners about their disposal tactics.

The arrest comes amid a growing dispute about how MTA surveillance tapes were handled. An MTA tape of the Pershing Square station showed a man dropping a vial of mercury on the platform and later getting into a subway car.

But four law enforcement sources familiar with the investigation said investigators didn't receive all the videos taken inside the subway car.

Los Angeles County's top transit cop said his detectives reviewed the videos they received but didn't see the man.

"You can never have too much evidence," said Sheriff's Cmdr. Dan Finkelstein. "As it turned out, we didn't need anything else."

He added that another platform camera recorded the suspect getting off the train, a clue that helped in his capture.

Nonetheless, Los Angeles County Supervisor Gloria Molina, who chairs the Metropolitan Transportation Authority, asked agency officials Tuesday for a detailed account of what happened to all the videos from that night. She specifically wants information on whether some were recorded over before they could be analyzed.

Federal and local law enforcement sources said there was an internal debate early in the investigation about whether to go public with the search for the suspect.

The MTA initially described the mercury release as an accident. But the county's joint terrorism task force later reviewed the incident and decided last week to go public with the tape in hopes that authorities could find the suspect, the sources said.

Since 9/11, the MTA has spent $9 million on security enhancements that include equipping buses and trains with state-of-the-art cameras to monitor and record passenger activity.

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Ten fixed cameras have been installed on each subway train over the last two years. The MTA has also added platform cameras that pan, tilt and zoom.

The platform recordings are kept for 14 days, MTA officials said. Recordings from trains are held for 80 hours, then recorded over.

The dispute over the tapes comes as MTA officials admitted that the agency's response to the mercury incident was highly flawed.

The MTA waited eight hours after being told mercury was on the platform before clearing the station and cleaning up the spill. Police and transit officials said the workers erred by not immediately contacting law enforcement to cordon off the area and calling in hazardous-material experts. The incident also exposed the fact that many MTA workers are not trained to handle dangerous materials, including mercury.

The MTA said it is investigating the way its employees handled the incident.

At least four people touched or stepped on the mercury during the period, including one woman who tracked it home. Mercury can be hazardous if ingested, inhaled or touched, but there were no reports of health problems.

According to authorities, the man who spilled the mercury used an MTA intercom to tell an operator: "Yes, there's some mercury that's spilled down there," according to a transcript obtained by The Times.

He continues: "There's a jar that had mercury in it and it broke. It's on the floor down here on the, by the Wilshire, or I mean Western, North Hollywood sign."

The operator responds, "So, it needs a — a glass broke…. OK. I'll send somebody to clean it up."

But for unclear reasons, no one was sent for hours, until another passenger called authorities to report the spill.

Miranda was being held on a probation violation related to a previous drug charge.

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Times staff writer Richard Winton contributed to this report.

Group Attempting To Simplify Byzantine Terror-Alert System (WP)

By Elizabeth Williamson

The Washington Post, January 24, 2007

Inside an unmarked, secured office near the White House, intelligence officials, lawyers and police work to close a gaping hole in the nation's counterterrorism system: the failure of people in the government to communicate with one another.

The Sept. 11 commission report singled out official resistance to sharing information as a key reason the government failed to thwart the 2001 terrorist attacks. In response, Congress authorized the president to create the group now based near his office, known as the "information-sharing environment" (ISE) program. Its goal is to create a system for moving terrorism-related information among officials -- be it the president or a small-town mayor -- quickly and securely.

In coming days, the group will send the president its recommendations for taming an explosion of "sensitive but unclassified" (SBU) documents. These reports, papers and memos -- not classified but not meant for public eyes -- bear "markers": from the basic "For Official Use Only" or "Trade Secret" to the mind-bending "Information Related to a Continuity of Operations Plan." So far, the ISE has collected 108 markers, and McNamara says more probably exist. Each marker dictates the rules for handling, distributing and storing the document that bears it. Confusing things further, the rules vary by agency, even for the same marker.

The result is "chaos," said ISE program manager Thomas McNamara, a former State Department counterterrorism official who now reports to the director of national intelligence. Studies by the National Governors Association and the Government Accountability Office have found that the SBU mess undermines the effectiveness of terrorism alerts from Washington. In one example, a local police official received a confusing SBU memo from Washington, wrongly thought it was classified, and scrambled for days to find a secure phone line so he could ask about it.

SBU stands at the center of a trend toward greater government secrecy that "threatens accountability in government and promotes conflicts of interest," according to a report on the phenomenon released last year by the advocacy group OpenTheGovernment.org.

"You need an anthropologist to understand how these bureaucracies function," said Steven Aftergood, an open-government advocate who runs the Federation of American Scientists' Secrecy News blog. "But it's not their own information. It's government information, and it should be handled in a uniform manner."

McNamara said his goal is to narrow the number of SBU markers from more than 100 to a dozen or fewer, develop one set of handling rules, and make the documents available to all who need them.

Once approved, the new program will be rolled out in Washington and across federal and local agencies. That could take years.

The SBU system is a throwback to the Cold War, McNamara said, "when we as a government paid particular attention to classified information" that falls into "Secret," "Top Secret" and "Secret Compartmented Information" categories, with corresponding security clearances for those who use it. To be classified, documents must refer to defense, foreign policy or national intelligence. Since most agencies can't classify, McNamara said, they devised the SBU system to control information such as law enforcement evidence, personal records and trade secrets.

But just as governments tend to overclassify, the agencies used SBU designations so often that they created an insurmountable mountain of documents -- and undermined confidence in the system.

"Information flows are so dramatically large now that we can't depend on the old system," McNamara said. "We either create a new one or we're going to be very, very sorry we didn't."

Travel Security Rules Take Effect Smoothly (WP)

By N.c. Aizenman

The Washington Post, January 24, 2007

Passengers experienced few difficulties yesterday as new border security rules went into effect requiring citizens of the United States, Canada, Mexico, Bermuda and some Caribbean islands to present a passport when entering the United States by air, officials said.

Previously such passengers were able to prove their identity with a variety of documents, including a combination of a birth certificate and a driver's license. Now, under select circumstances, two other documents, the Merchant Mariner Document and the Nexus Air card, will be permitted instead of a passport.

The new rules do not extend to travelers flying to and from U.S. territories in the Caribbean.

The shift to the passport requirement at airports is the first phase of a broader initiative to strengthen scrutiny at all points of entry, an initiative recommended by the commission that investigated the terrorist attacks of Sept. 11, 2001. The new rules are likely to be instituted at land and sea ports as soon as Jan. 1, 2008.

Yesterday's smooth transition was largely because of the high percentage of travelers who had obtained a passport, said authorities.

More than 1.1 million U.S. citizens applied for passports in November, when the date for the new rule was announced, compared with 648,000 applicants in November 2005, said Derwood Staeben, senior adviser for the initiative at the State Department. According to the Department of Homeland Security, 90 percent of U.S. citizens flying into the country over the last week arrived with passports, compared with 81 percent during the week of Dec. 11.

Citizens of the other affected countries also rushed to obtain passports from their governments, with the percentage of air travelers now carrying them reaching 97 percent for Canadians and nearly 100 percent for Mexicans and Bermudans.

"People have got the message, and that's good news," Homeland Security Secretary Michael Chertoff said Thursday in an appearance with Canadian Minister of Public Safety Stockwell Day.

For now, those rare travelers who arrive at airports without passports are generally being accommodated rather than turned away, said Kelly Klundt, a spokeswoman for U.S. Customs and Border Protection.

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"The goal is not to strand travelers -- it's to advise them of the change," Klundt said. "If for whatever reason they haven't heard of it, we have emergency mechanisms to deal with the situation. . . . We will work with them with whatever documentation they present to try and verify the information we need."

Tourism officials in Mexico and Canada have expressed concern that potential tourists -- particularly those traveling by land -- will be turned off by the new passport requirement.

J. Willard "Bill" Marriott Jr., chairman and chief executive of Marriott International, dedicated an entry on his corporate blog Monday to the new passport regulation, part of the Western Hemisphere Travel Initiative.

"I'm afraid, if it's not properly implemented and communicated, that WHTI could have a serious negative impact on legitimate commerce and tourism, as well as our diplomatic relationships with our two largest trading partners, Canada and Mexico," wrote Marriott, who belongs to an association that has lobbied for changes in security programs.

Similarly, Mexican Tourism Secretary Rodolfo Elizondo Torres predicted that 318,000 fewer Americans would visit Mexico in the next year because of the new requirement. "The lost income could reach $254 million a year," Torres said in a statement.

Correspondent Manuel Roig-Franzia in Mexico City, staff writer Spencer S. Hsu in Washington and researcher Natalia Alexandrova in Toronto contributed to this report.

New Demands For Armed Pilots (WP)

By Del Quentin Wilber

The Washington Post, January 24, 2007

As the number of armed pilots aboard U.S. jetliners has steadily expanded in recent years, the program is showing signs of growing pains. Pilots and their labor groups complain about a lack of supervision and the difficulty in finding time to participate in training courses.

Worried that pilots' handgun skills may be eroding, federal security officials are launching a refresher training program next month. Armed pilots must attend a two-day mandatory course at a training facility near Atlantic City three to five years after getting their guns. Some pilots have already taken prototype refresher courses that are being evaluated by authorities, said officials with the Federal Air Marshal Service, which runs the program.

"Using a weapon is a perishable skill, and we want to ensure they have the appropriate training," said John A. Novak, an assistant director with the air marshal service. "We are taking the law enforcement culture and applying it to the experienced professionals of the aviation community."

The controversial gun program, which started in 2003, was backed enthusiastically by pilots and their unions as a way to prevent terrorist hijackings after the Sept. 11, 2001, attacks. When the program began, union officials said as many as 30,000 pilots would eventually carry firearms in cockpits.

The number of armed pilots is well short of that number, but there are now more armed pilots than there are federal air marshals, according to sources familiar with the program.

Federal officials requested that The Washington Post not publish the exact number of armed pilots for security reasons.

To be allowed to carry handguns in cockpits, pilots undergo psychological testing and a seven-day training course. They must visit a firing range to demonstrate their shooting skills every six months. So far, there have been no incidents in which a pilot has fired his weapon aboard an airliner.

Pilots said the refresher course was a good idea but could prompt some to leave the program. Those who participate are not paid for their time. They also are not reimbursed for travel, lodging or food expenses.

"This is going to cost me $2,000," said one pilot, who spoke on condition of anonymity because his membership in the program does not permit him to speak publicly. "If this was a really great program, they would treat us like adults."

Federal officials said they were working to find other sites across the country for the training. They said they have not noticed any increase in pilots quitting the program and that the number of applicants has remained steady. There was a 300 percent surge in applicants in the weeks after British authorities said in August that they uncovered a plot to blow up jetliners, according to the officials.

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Pilots said they also wish there were more supervision between visits to firing ranges and the longer refresher training. Among the ideas they have passed to federal officials: offering periodic classes at airports, more Internet-based training and a monthly newsletter on tactics. Pilots groups say such measures are needed to ensure that the program keeps pace with its growth.

"In 2003, this was a noble experiment," said Bob Hesselbein, an airline pilot and chairman of the national security committee for the Air Line Pilots Association. "Today, it's an institution. . . . As the institution grows, the institutional pillars aren't being built with it."

Officials said they were working to improve communication with pilots but added that they must also satisfy the demands of training armed pilots while minting new ones. Each week, several dozen newly armed pilots graduate from a training facility in New Mexico. The program's budget has remained steady, about $25 million a year, despite increases in the number of armed pilots.

Federal officials said they were taking other steps to address complaints raised by pilots. They plan to issue police-like badges to pilots in coming months to help them better identify themselves in a crisis. And they said they are taking undisclosed steps to make it easier for pilots to transport their weapons to and from work.

Hesselbein said his group would push for legislation requiring airlines to grant unpaid leave for the training, which could be tough for some pilots because of their schedules. The airlines, which generally resisted the creation of the program, are expected to fight such a proposal.

All Quiet On Israel's Eastern Front? Not Quite. (WP)

By Al Kamen

The Washington Post, January 24, 2007

Secretary of State Condoleezza Rice's trip last week to the Middle East produced some odd moments.

For example, in London, Rice chatted with reporters, explaining how "the removal of Saddam Hussein set in motion a number of other circumstances, other changes in the Middle East: the removal of an eastern-front threat for Israel, for instance."

We pause here, just for a moment, to suggest that perhaps a map of the region be consulted. Okay, let's see. On the "eastern front" of Israel we find Syria and Jordan on the borders. Iraq would have had to go through hundreds of miles of desert -- not a lot of ground cover -- or through Damascus -- to get there. The threat on Iran's western front, however, has been neatly eliminated.

Barbara Slavin of USA Today asked: "What is new and different? It seems to me that [Ehud] Olmert now is weaker, frankly, than [Ehud] Barak was, and certainly [Mahmoud] Abbas is weaker than [Yasser] Arafat was."

"Let's look at where it really was in 2000, all right?" Rice countered. "You had Yasser Arafat, who I think . . . had one foot in terror and one foot in politics." Well, better than both feet in terror.

"It's also the case that you had at that time a Palestinian Authority that was overrun by corruption, overrun by its ties with terrorism," Rice pointed out. "And strangely, you had Hamas, of course, sitting out as a resistance movement," and not involved.

"Resistance movement"? We pause here once again and set aside the map to pick up State's 2000 list of terrorist groups and find that, in Section H, Hamas, which now controls the Palestinian legislature, is listed as a terrorist group. Ditto on Page 118 of our National Counterterrorism Center 2007 daily planner.

"In fact, the United States had been, in past times, and not too far in the distant future -- or in the distant past, opposed to the establishment of a Palestinian state," she said. "And so when you have a Palestinian state -- the president declared that a Palestinian state is going to be the outcome here, it begins to change the -- it begins to condition the environment."

The administration has often trumpeted the notion that President Bush was the first president to call for creation of a Palestinian state. He certainly appears to be the first Republican president to have called for a Palestinian state. But President Bill Clinton, just before he left office, said a peace deal would mean "an independent and sovereign state with al-Quds [East Jerusalem] as its capital, recognized by all."A Wild Time in Minerals Management

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Speaking of the environment, the Interior Department's Minerals Management Service has been making news lately because of allegations that it has been too cozy with the offshore oil industry it helps regulate and from whom it collects royalties and lease money.

But that won't stop them from partying on. So they'll be celebrating the ninth annual industry awards programs this year at a bash in Houston on April 17. Last year's drew 700 folks from the agency and the companies.

A regular attendee and prior award winner is David Deal, a former American Petroleum Institute lawyer, who got an MMS award in 2003 for "utilizing expertise gained from his years of participation in numerous MMS regulatory initiatives to . . . propose viable options for resolving differences, reducing litigation, and developing simplified royalty processes."

Deal may go to the awards ceremony again this year, he told our colleague Elizabeth Williamson yesterday. He has his own law practice these days and has been working on the MMS's royalty-policy committee, which advises the agency on collecting fees for the oil the industry pumps out of public property. Deal's a "public at large" member -- one of three people on the committee who are supposed to represent non-aligned folks like you and me. "I nominated myself," he said.

And there was a party just yesterday at the main Interior Department auditorium to celebrate the 25th anniversary of the founding of the MMS. MMS invited all Interior employees to come celebrate.

Many surely did. As one Interior wag noted, folks at other Interior agencies are relieved at all the attention MMS is getting. "Thank God for MMS," he said. "They're not going to be coming after us for a while."Painting a Clinton as Kerry

The Republican National Committee was out quickly this week with an early attack line on presidential candidate Sen. Hillary Rodham Clinton (D-N.Y.). The initial feint is a flip-flop jab, comparing Clinton to the hapless 2004 candidate Sen. John F. Kerry's line about voting for the war in Iraq before voting against it.

"Hillary's Kerryoake on Iraq," the headline said.

"Hillary Campaign Kicks Off With A Kerry Classic: Use Of Force Vote Was Not A Vote For Use Of Force," citing her vote giving Bush authorization to wage war in Iraq. No need for a quotation from Clinton. The ad cited a comment by "Clinton advisor Terry McAuliffe" that sounded much like Kerry's comments.A Swing Through the Revolving Door

This just in. Homeland Security general counsel Philip J. Perry will resign effective Feb. 6, Secretary Michael Chertoff announced after business hours yesterday, adding that he fully supported Perry's decision "to put his family first."

That would include wife Elizabeth Cheney, daughter of Vice President Cheney, and their five children, the youngest of whom arrived last summer. Liz Cheney has stepped down as principal deputy assistant secretary of state for Near Eastern affairs, although she had time to publish an opinion column yesterday criticizing Sen. Hillary Rodham Clinton (D-N.Y.) on Iraq. Our colleague Spencer S. Hsu reports that the vice president's son-in-law will rejoin his the Washington office of his old firm, Latham & Watkins, as a partner in its litigation department.

Locked In Squalor (WP)

The Washington Post, January 24, 2007

NO MATTER your position in the debate over immigration policy, you no doubt agree that the United States ought to treat those accused of violating immigration law humanely. As it happens, so does U.S. Immigration and Customs Enforcement (ICE), which for years has had guidelines on the books governing the treatment of detainees (about 27,500 of whom are locked in its facilities every night). And, according to the agency's spokesman, ICE is very good at meeting its standards.

But a report released by the Department of Homeland Security's inspector general last week suggests the opposite. The study examined five facilities and found violations of basic ICE guidelines in every one. Among the more upsetting: roach and rat infestations; limited access to clean underwear; dirty food trays and undercooked poultry; faulty ventilation; and, perhaps most disturbing, constricted access to counsel. Unlike other types of prisoners in the United States, noncitizens held for violations of immigration law have no right to state-provided legal representation, but ICE's guidelines specify that they must have access to law libraries and to working telephones with up-to-date phone numbers connecting to free legal aid services. The inspector general found that phones often did not work and that the law libraries were often obsolete. In one facility, not one of the 12 numbers for legal services worked.

In its defense, ICE says that the report's findings are not statistically significant because the inspector general examined only a small number of facilities and that the report does not reflect the state of other detention centers. A spokesman points to the results of inspections ICE regularly conducts across the whole system as evidence that the agency does not have a problem complying with its own rules. Yet the very inspections ICE touts found each of the five facilities the report examined to be acceptable, failing to catch many of the problems the inspector general identified. This suggests that internal information describing better conditions in other detention centers is probably also inaccurate.

In a written response to the report, ICE agreed that it needs to review its inspection regimen. That's a start. The next step should be promulgating the guidelines it professes to have no problem meeting as agency regulations, which would give them the force of law and provide a greater incentive to comply. If ICE's claims are true, it should have no argument with making regulations of its own guidelines. If the inspector general's portrait is indicative, the nation is failing a basic standard of human decency.

State Farm Settles Mississippi Claims From Katrina Surge (AP)

By Michael Kunzelman

AP, January 23, 2007

State Farm Fire & Casualty agreed yesterday to settle hundreds of lawsuits by policyholders and reopen thousands of other disputed claims, a deal potentially worth hundreds of millions of dollars to homeowners devastated by Hurricane Katrina, a company spokesman said.

The settlement calls for State Farm to pay about $80 million to more than 600 policyholders who sued the company for refusing to cover damage from the Aug. 29, 2005, storm. State Farm also agreed to pay at least $50 million -- but possibly hundreds of millions more -- to thousands of Mississippi policyholders whose claims were denied but didn't sue the company.

State Farm's agreement with Mississippi Attorney General Jim Hood and policyholders' lawyers resolves a civil lawsuit that Hood filed against the company for refusing to cover damage from Katrina's storm surge nearly 17 months ago.

The accord also resolves Hood's criminal probe of allegations that the insurer fraudulently denied claims after the August 2005 storm.

"It's been like a death roll with an alligator for the last two months in these negotiations," Hood said.

"The agreement greatly reduces the time, the risk and the expense of defending multiple claims in individual litigation," said Phil Supple, a spokesman for State Farm.

Mississippi's mass settlement -- the first of its kind since Katrina spawned hundreds of lawsuits against State Farm and other major insurers -- does not involve any claims in other states.

The deal was to have been presented to U.S. District Judge L.T. Senter Jr. in Gulfport, Miss., yesterday.

Supple said the company will review claims filed by policyholders in Mississippi's three coastal counties whose claims were denied but didn't sue the company. They can have their claims reevaluated or resolved by binding arbitration, he said.

State Farm, the state's largest home insurer, says it already has paid roughly $1.1 billion for about 84,000 property claims in the state. State Farm and other insurers paid for Katrina's wind damage, but Hood and hundreds of policyholders sued the companies over their refusal to pay for more than $2 billion in damage from the storm's wind-driven surge.

The settlement comes less than two weeks after a federal jury in Gulfport awarded $2.5 million in punitive damages to a couple who sued State Farm for denying their claim after Katrina. A judge took part of that case out of jurors' hands, ruling that State Farm is liable for $223,292 in storm damage to the Biloxi home of Norman and Genevieve Broussard.

After Katrina, a legal team led by Richard "Dickie" Scruggs sued several major insurers on behalf of hundreds of Gulf Coast policyholders. Scruggs, a Gulf Coast native whose home in Pascagoula was destroyed by Katrina, rose to national prominence when he helped negotiate a multibillion-dollar settlement with tobacco companies in the mid-1990s.

Besides State Farm, Hood sued Allstate, Mississippi Farm Bureau Insurance, USAA and Nationwide. In addition, Hood has investigated allegations that State Farm and other insurers have fraudulently denied claims after Katrina. Last week, a grand jury in Pascagoula began hearing testimony on those allegations.

State Farm attorneys say a federal grand jury has been probing similar allegations.

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State Farm Agrees To Pay Up For Katrina In Mississippi (USAT)

By Kathy Chu

USA Today, January 24, 2007

State Farm has agreed to pay thousands of Mississippi homeowners hit by Hurricane Katrina likely hundreds of millions of dollars in a landmark settlement that's expected to reverberate across the storm-ravaged Gulf Coast.

The company agreed to a deal under which it will reopen thousands of homeowners' claims and is likely to pay as much as $500 million, Mississippi Attorney General Jim Hood announced Tuesday. There's no cap on the payout. The insurer will have to pay at least $50 million under the deal negotiated with the Scruggs law firm, which represents the majority of Mississippi homeowners who sued State Farm.

In a related development, State Farm will settle more than 600 individual Mississippi homeowners' Katrina claims for roughly $80 million, according to a person with direct knowledge of the negotiations who didn't want to be named because the settlement is confidential.

The settlement applies only to Mississippi homeowners — not to the thousands in Louisiana who are suing State Farm and other insurers, arguing that wind and rain ravaged their homes. Homeowners' policies cover wind and rain damage, but not flood damage, which is covered by federal flood insurance.

Homeowners could begin receiving insurance checks within a few weeks, after the class-action settlement is approved, as expected, by U.S. District Court Judge L.T. Senter Jr. As part of the agreement with State Farm in Mississippi, Hood agreed to drop a criminal probe against the insurer related to its claims-handling process.

Phil Supple, a spokesman for State Farm, the USA's largest home insurer, said its goal has always been to "reach a just, speedy and efficient resolution to these matters." A settlement "is in the best interest of our policyholders," Supple added.

About 35,000 Mississippi homeowners are eligible to have their claims reopened. For about 1,000 Mississippi residents whose homes were reduced to slabs by Katrina, State Farm will offer at least 50% of the homeowner's insurance on the property structure. The average house in Mississippi costs about $200,000, Hood estimates. Thousands more will receive lower amounts.

Homeowners who don't want to settle with State Farm can still sue the insurer. But the deal "gives a new opportunity for thousands of people to recover their insured losses through a quick process," says Zach Scruggs, an attorney who, with his father, Richard Scruggs, negotiated with State Farm.

State Farm is fighting hundreds of other Katrina-related lawsuits along the Gulf Coast, including in Louisiana. Attorneys in those cases said they hoped the Mississippi development would cause State Farm and other insurers to settle quickly.

"State Farm knows where to find me," says Madro Bandaries, who represents dozens of Louisiana homeowners disputing State Farm's payouts after Katrina. "They cannot, in my estimation, go to Mississippi and do one thing and then not go to Louisiana."

Big Insurer Will Pay 640 Katrina Claims (NYT)

By Joseph B. Treaster

The New York Times, January 24, 2007

In a move that is expected to jump-start rebuilding along the Mississippi Gulf Coast, State Farm Insurance said yesterday that it had reached an agreement with state officials to pay hundreds of millions of dollars to owners of homes along the coast that were wrecked by Hurricane Katrina.

The agreement settles lawsuits filed by 640 homeowners and allows thousands of others to reopen damage claims that State Farm previously closed. Insurance executives said they expected the outlines of the deal to be adopted by other carriers.

The agreement does not apply to New Orleans, where the failure of the levees left much of the city underwater for days. Lawyers and insurers say no similar settlement talks are in progress there.

For State Farm, the nation's largest home insurer and the biggest in Mississippi, the settlement allows for "a just, speedy and efficient resolution," as a spokesman, Phil Supple, put it.

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It would also remove a major public relations headache. While State Farm and the other insurers may have had some strong legal arguments, they have been widely perceived as insensitive. In many cases, residents whose houses were reduced to concrete slab foundations received just a few thousand dollars in payments. Some received nothing.

Under the settlement, 300 homeowners who lost everything will receive their full insurance coverage. Mississippi officials said 1,000 others would receive at least half, with the opportunity to negotiate for more.

"A lot of people on the coast are going to see money in their pockets sooner, rather than have to go through a long, drawn-out process of court proceedings," Mississippi's insurance commissioner, George Dale, said yesterday.

The core of the dispute was whether the damage to the houses was caused by high winds or surging floodwaters as Hurricane Katrina swept across the coast on Aug. 29, 2005. The insurers said their policies covered only wind damage. But in many cases, they also refused to pay for damage caused by a combination of wind and water.

The settlement does not affect the terms of coverage in the insurers' policies, but some insurance experts said they expected that the carriers would ultimately rewrite their policies to specifically bar coverage of damage from storm surges.

In the settlement talks, which began last fall, State Farm insisted that the Mississippi attorney general, Jim Hood, drop a criminal investigation of the company's handling of storm damage claims. It also demanded that he abandon a civil suit against it and other insurers.

The final sticking point in the agreement had been over the framing of a few sentences that would end the criminal investigation. Mr. Hood convened a grand jury last week that began hearing evidence.

The two sides reached agreement in a meeting yesterday afternoon in Jackson, the state capital. Then lawyers for State Farm and Richard F. Scruggs, who represents hundreds of storm victims and played a major role in drafting the settlement, flew to Gulfport on the coast, to seek the endorsement of Judge L. T. Senter Jr., the federal district judge overseeing most of the insurance disputes.

Judge Senter had suggested that he would like to see a global settlement, and some participants in the talks said the first money could begin to flow to storm victims as early as next week.

Under the agreement, State Farm will pay an initial $130 million and perhaps several hundred million more by the end of the year, depending on how many policyholders requested that their claims be reopened. About 35,000 homeowners along Mississippi's 70-mile-long coast are eligible. Among the homeowners who will benefit from the settlement are Senator Trent Lott and Representative Gene Taylor, both of whom lost their homes in the storm and were denied payment by State Farm.

Since Hurricane Katrina struck, the insurance companies have paid $5.3 billion for damage to more than 330,000 homes in Mississippi and $10.3 billion for nearly a million homes in Louisiana.

They have raised rates sharply because, they say, the risk of severe storms has increased. They have also refused to renew many policies in vulnerable areas. The settlement disclosed yesterday is expected to have minimum effect on the cost of coverage.

State Farm got a vivid picture of the hostility toward it in the first jury trial a little more than a week ago. Judge Senter abruptly declared that State Farm had failed to prove its case and the jury quickly came back with a decision requiring the company to pay $2.5 million in punitive damages to a couple in Biloxi who lost everything in the storm. The judge also awarded the couple the full value of their insurance policy: $223,000. State Farm had maintained that it owed them nothing.

Randy J. Maniloff, a lawyer at White & Williams in Philadelphia who represents insurance companies, said yesterday that it was clear that the bad publicity had been a big factor in State Farm's decision to settle. "They spent 80 years building up a brand," he said, "and the adverse publicity from these lawsuits has been clearly doing damage to the brand. It just flies in the face of their portrayal of themselves as good neighbors."

Indeed, according to people close to the talks, it was State Farm that first suggested a settlement in a telephone call early last fall to Mr. Scruggs, the lawyer.

Mr. Scruggs, who came to prominence by filing lawsuits against the tobacco industry, reached an agreement in principle with State Farm two weeks ago.

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But Mr. Hood, the state attorney general, and Mr. Dale, the insurance commissioner, expressed reservations. Both officials said they wanted to make sure that homeowners got the best possible deal. Mr. Dale, though, said it was also important that any agreement not be overly burdensome for the insurance companies.

Mr. Scruggs, whose home in Pascagoula was destroyed along with those of many neighbors, said that resolving the coverage dispute had been "the most personal and most difficult" work in his 30-year career. He has not settled with his own insurer. But for his work on the settlement, he will share as much as $46 million with lawyers from half a dozen firms — to be paid by State Farm on top of its payments to homeowners.

In the agreement, State Farm said it would pay $80 million to settle the 640 lawsuits and to reopen, at the request of homeowners, up to 35,000 other claims. The insurance company agreed to pay at least $50 million more on the previously closed claims.

Participants in the talks estimated that State Farm could pay a further $250 million to $600 million, depending on how many people reopened claims. For the 300 homes that were swept away, State Farm agreed to pay the full insured value. Those homes were insured for $69,700 to $2.34 million. The owners of the 340 other homes, with varying degrees of damage, are to receive an average of $124,400.

In the review of closed claims, homeowners may accept a new offer from State Farm or insist on binding arbitration in hopes of receiving more money. Storm victims are also free to ignore the settlement and file separate lawsuits against State Farm. But few are expected to do so.

WAR NEWS:

A Bid To Rescue A Presidency (LAT)

By Janet Hook

The Los Angeles Times, January 24, 2007

WASHINGTON — Can this presidency be saved?

That's the question that loomed Tuesday as President Bush gave his State of the Union speech in the most inhospitable climate he has ever faced for his annual address to Congress.

In proposing a short list of initiatives on healthcare, immigration and energy, Bush gave more attention than he has in past speeches to domestic issues. That agenda was potentially more appealing to Democrats - or at least harder for them to dismiss out of hand - than his ill-fated plan to overhaul Social Security, which was to be the crown jewel of his second term legacy.

But his plans may be too modest to accomplish the broader challenge facing Bush: How to rescue the last quarter of his presidency from irrelevance and patch his tattered legacy. Bush is trying to regain his footing when Iraq is littered with carnage; Democrats are calling the shots on Capitol Hill; and vast majorities of the public are disenchanted with his leadership.

"This represents the end of the Bush era," said Michael Tanner, a policy analyst for the Cato Institute, a libertarian think tank. "This speech shows that outside Iraq, he is increasingly irrelevant."

In the speech, Bush tried to remain gracious and optimistic about finding common ground with Democrats.

"Like many before us, we can work through our differences and achieve big things for the American people," he told the joint session of Congress.

The moment is reminiscent of the position Bill Clinton was in after Republicans won control of Congress in 1994. Clinton seemed so marginalized that he felt obliged to assert at a press conference that he was still "relevant."

But Clinton went on to work with the Republican-controlled Congress and rack up notable legislative accomplishments, including a balanced budget plan, an overhaul of welfare, a minimum wage increase and expansion of health insurance coverage.

Burdened by an unpopular war, Bush is not aiming as high on the domestic front. And he is following, more than leading, in a political environment where the agenda is increasingly being set by others - by Democratic leaders in Congress, the nation's governors and the crowd of politicians campaigning for president.

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Bush is chiming in on a burgeoning national debate about how to expand health insurance coverage. Republican governors - Arnold Schwarzenegger of California and Mitt Romney, late of Massachusetts - have broken the partisan mold and crafted ambitious healthcare plans.

Business and labor groups are making odd-bedfellow alliances to promote expanded coverage. Former Sen. John Edwards (D-N.C.) has made universal health insurance coverage a central plank of his presidential campaign. Sen. Hillary Rodham Clinton (D-N.Y.) offered a plan to broaden coverage on the first day of her campaign.

Bush's contribution is a proposal that has already been declared dead-on-arrival on Capitol Hill because it could hurt many who are already insured. He is proposing a change in the tax system to cap deductions for employer-provided health insurance and provide new tax breaks for people who buy their own insurance. It is a plan that is in keeping with Bush's aversion to government mandates.

"In all we do, we must remember that the best healthcare decisions are made not by government and insurance companies but by patients and their doctors," he said.

But the tax change would increase the number of people covered by only about 5 million, when nearly 47 million are uninsured. The plan is opposed by labor unions and many business leaders are not enthusiastic about it. It would face formidable obstacles even if Bush had introduced it at the height of his powers.

Bush also proposed giving states more leeway to use Medicaid funds to devise their own plans to expand health insurance coverage. But that initiative amounts only to redeploying money, not increasing the federal commitment, and it is unclear how many of the uninsured would be covered.

On energy, Bush seems on the defensive against Democrats who are trying to bring a new sense of urgency to the effort to combat global warming. House Speaker Nancy Pelosi (D-San Francisco) has appointed a special committee to study the issue. Al Gore won an Oscar nomination for his documentary on global warming. Sen. John McCain (R-Ariz.), one of the leading presidential candidates, is making it a signature issue.

Bush proposes tackling the issue by aiming to cut gasoline consumption by 20% in 10 years, mostly by promoting the use of alternative fuels. He did break new ground and move toward Democrats by proposing stricter fuel emission standards, but he did not go as far as most Democrats believe is needed to reduce global warming.

And Democrats remained skeptical about his commitment. "It's not just about what he says. It's about what he does," said Pelosi. "In the past he has talked the talk on climate change. But he hasn't walked the walk."

Two other issues that Bush promoted are old standbys: renewal of his landmark school reform law, No Child Left Behind, and an overhaul of immigration laws to allow illegal immigrants to become citizens.

Both measures put Bush at odds with conservative activists. They oppose his more intrusive federal role in schools and kept last year's immigration legislation from including what they called "amnesty" for illegal immigrants.

Even the parts of the speech that were touted as groundbreaking and bold by the White House are echoes of past speeches. Last year's State of the Union included plans to end the country's "addiction to oil." And his 2006 speech also spotlighted another tax-break approach to improving medical coverage, through tax-advantaged health savings accounts. Neither of those issues advanced even in a Congress controlled by his own party.

Joe Lockhart, a former Clinton aide and co-founder of the political website hotsoup.com, said Bush may have missed an opportunity to put Democrats on the defensive with a bolder agenda on issues such as global warming, healthcare and immigration.

"He offered only piecemeal approaches to dealing with these issues," said Lockhart. "Add to that no flexibility on Iraq and the speech is destined to be forgotten almost as soon as it's completed."

If Bush and the Democrats do not find a way to forge bipartisan deals, election day 2006 will turn out to be the beginning of the end of Bush's presidency. Then, some allies say, the best thing he can do in the next two years will be to recognize the limits of his legislative power and focus more on framing the debate for 2008.

"There's nothing good or useful that can be passed out of this Congress in the next two years," said Grover Norquist, a Bush ally and president of Americans for Tax Reform. "It's not as if he can bend Congress to his will. He can veto things, he can stop things, he can introduce ideas and repeat ideas. That is his power.

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The State Of The President: Beleaguered (WP)

By Dan Balz

The Washington Post, January 24, 2007

President Bush used his State of the Union address last night to try to revive his presidency against what may be the greatest odds any chief executive has faced in a generation.

Other presidents have encountered difficult moments and have been dealt electoral setbacks, but few have faced the combination of obstacles that now confront this White House. Bush arrived at the Capitol at his lowest point in public-opinion polls, facing new Democratic majorities in the House and Senate and lame-duck status as attention turns rapidly toward a 2008 presidential campaign that will choose his successor.

Bush's problems all stem from the same issue. The public has lost confidence in his Iraq war policy, and, in the face of evidence that Americans are looking for a change in course, the president has chosen with his new plan to deploy additional troops to the conflict -- a direction the public overwhelmingly opposes.

But his response last night was a speech that was very much in keeping with the style of leadership he has demonstrated repeatedly in office. If he was humbler in tone and rhetorically generous to his Democratic opponents in calling for cooperation, he was anything but defensive.

"This is not the fight we entered in Iraq, but it is the fight we're in," Bush said. "Every one of us wishes this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk. Ladies and gentlemen: On this day, at this hour, it is still within our power to shape the outcome of this battle. Let us find our resolve and turn events toward victory."

Last night's address was two speeches in one. Bush plowed through the domestic initiatives with little emotion, but suddenly came alive when he turned his attention to Iraq and terrorism, as passionate and determined as always when he speaks about the war that has defined his presidency.

The atmosphere in the House chamber also changed, signifying the divisions over the president's Iraq policy. House Speaker Nancy Pelosi (D-Calif.), who had basked in Bush's praise as the nation's first female speaker at the beginning of the speech, sat stony-faced as he exhorted the country to follow his lead in Iraq. As the president asked for a chance to make his Iraq policy work, Republicans leaped to applaud. Pelosi and the Democrats remained seated.

There were three underlying messages in the president's address. The first was a familiar argument about the terrorist threat and plea for patience on Iraq, a chord struck earlier in the day by Lt. Gen. David H. Petraeus, the expected new commander of U.S. forces there. Although about two in three Americans disagree with the decision to send more troops to Iraq and members of Congress are preparing nonbinding resolutions to declare their opposition, Bush asked for time to show that the strategy can succeed.

He recalled that the country was largely united at the time of the invasion in 2003 and acknowledged the divisions that have emerged since. But he argued that whatever motivated members of Congress at the time of the invasion, there was a consensus that the United States must win the war.

Bush may have been speaking into the void. Over the past six months, there has been a critical turn in public opinion. Long ago, a majority of Americans concluded that the president's decision to go to war was a mistake. The administration tried to shrug that off by focusing attention on the consequences of failure, believing that as long as Americans saw some chance for success they would continue to support the mission.

Today Bush has lost that battle for public opinion as well. NBC News-Wall Street Journal polls have tracked public confidence on the question of whether there will be a successful conclusion in Iraq. A year ago, the public was mildly pessimistic, with 41 percent saying they had confidence in a successful outcome and 49 percent saying they did not. Attitudes remained generally in that range throughout the summer, but last fall they took a sharp negative turn. By October, 27 percent saw hope for a successful conclusion, and 61 percent did not. In December, attitudes turned even more sour, with a 50-point gap between those who believe the United States can win and those who doubt there can be a successful conclusion.

"The American public thinks it's time to start wrapping up," said Republican pollster Bill McInturff, who jointly conducts the poll with Democratic pollster Peter D. Hart. "The president's doing something that is very difficult. It's the core of presidential

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leadership, and that is to stick to what he believes is the right policy in the face of an American public that has decided they disagree with him. . . . The president has very little capacity to change their mind."

The second message from the president was a call for bipartisan cooperation, particularly on domestic issues such as budget deficits, earmarks, immigration, energy, health care and education.

"We are not the first to come here with government divided and uncertainty in the air," Bush said. "Like many before us, we can work through our differences and achieve big things for the American people. Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done."

Administration officials expressed optimism yesterday that they can reach agreement with the Democrats in Congress on the path to a balanced budget, on the reauthorization of the No Child Left Behind education law and on some elements of a strategy to wean the nation off imported oil.

But even as Bush was calling for bipartisan cooperation, Democrats were seeking coalitions with Republicans to advance their own agenda. The Senate Foreign Relations Committee will begin working this morning on a resolution opposing Bush's Iraq plan, a measure that has the support of a growing number of Republican senators. In the House, Democrats completed work on the first six items of their agenda last week, attracting a substantial number of Republicans to several of the measures.

Sen. Charles E. Schumer (N.Y.), the third-ranking Democrat in the Senate, said yesterday that Bush so far has shown no evidence of wanting real compromise with Democrats on issues such as Iraq and health care.

"This year, I don't think the change is the president, who is staying in his ideological tower, but Republicans in the Senate, who have said we just can't keep following this president," he said. "That's where you will see the bipartisanship."

A Republican strategist, asked not to be identified in order to speak freely about the administration's problems, said Democrats are not in any mood to be generous to Bush. Referring to the president's approval rating, he said, "When you're sitting at 35 and you're telling them what to do after they won an election, they've got to chuckle."

Bush's third message last night was perhaps the most robust domestic agenda of his presidency, a way of saying to those who are ready to write him off that he still has the power of the bully pulpit to inject ideas into the national debate and force others to react to them. It was a message that said he should not be regarded as a lame duck.

"Either we're going to see progress on that agenda or it will be a banner to which our allies on the Hill, Republican or Democrat, can repair," a senior White House official said.

Even Republicans outside the White House questioned that optimism. "My view is that Bush's speech tonight, especially the domestic policy side, is an attempt to set the agenda for the 2008 Republican primaries, not for the 2007 Congress," said Daniel Casse, a strategist and writer. "I think their motivation is to make sure candidates in '08 are running on ideas established by George Bush, not running away from them."

Bush is by nature a competitor, and the State of the Union address reminded the country that he will continue to push his ideas even in the face of enormous public skepticism. Given the political balance in Congress, the chances of him getting his way domestically are slender. Prospects in Iraq appear even more difficult.

That is why, though he certainly did not intend to steal a page from Democratic Sen. Barack Obama's best-selling book, his speech last night may be remembered as "the audacity of hope."

Bush Urges Congress, Nation To Give His Iraq Plan A Chance (WP)

By Peter Baker And Michael Abramowitz

The Washington Post, January 24, 2007

President Bush implored lawmakers and the nation last night to give him one more chance to win the war in Iraq and avoid the "nightmare scenario" of defeat while presenting a domestic agenda intended to find common cause with the new Democratic Congress on issues such as energy and immigration.

Politically wounded but rhetorically unbowed, Bush gave no ground on his decision to dispatch 21,500 more troops to Iraq despite a bipartisan cascade of criticism. Addressing for the first time a Congress controlled by the other party, Bush challenged Democrats to "show our enemies abroad that we are united in the goal of victory" and warned that the consequences of failure in Iraq "would be grievous and far-reaching."

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"I respect you and the arguments you've made," Bush told skeptical lawmakers from both parties in his sixth State of the Union address and the fourth since the invasion of Iraq in March 2003. "We went into this largely united -- in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure. Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work."

With new House Speaker Nancy Pelosi (Calif.) sitting behind him in a vivid sign of the power shift on Capitol Hill, Bush congratulated Democrats on their victory in the November elections and paid tribute to the first woman to serve in the nation's third-highest office. "Tonight, I have a high privilege and distinct honor of my own as the first president to begin the State of the Union message with these words: 'Madam Speaker,' " Bush said, then turned to shake Pelosi's hand as she beamed and lawmakers cheered.

The president further reached out to Democrats in the 49-minute speech with ideas to expand health-care coverage, overhaul immigration laws and improve education performance, ideas that he framed as efforts to provide "hope and opportunity," a phrase he used six times. In his most ambitious new proposal, he laid out a plan to reduce projected gasoline consumption in the United States by 20 percent over the next 10 years.

"Congress has changed, but not our responsibilities," Bush said. He added: "We're not the first to come here with a government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people."

Yet his approach contrasted with the last two presidents to address an opposition Congress after their parties lost midterm elections. Ronald Reagan conceded "serious mistakes" in 1987, as did Bill Clinton in 1995. Clinton moved to the middle so conspicuously that the opposition leader who gave the official response noted that he "sounded pretty Republican." Although Bush acknowledged two weeks ago that "mistakes have been made" in Iraq, he appeared unchastened last night and took no responsibility for his party's defeat or errors in office.

Democrats seemed unimpressed by his latest governing blueprint and signaled that they are in no mood to meet him in the middle. Long before Bush arrived in the House chamber to deliver his remarks, Democratic leaders and allied interest groups rushed out statements blasting his domestic proposals as rehashed ideas, empty rhetoric or flawed concepts that would create other problems. But the divide between president and Congress was most inflamed by his leadership of a war that will soon enter its fifth year.

"The president took us into this war recklessly," said freshman Sen. James Webb (D-Va.), a former Marine who was tapped to give the formal response. Accusing Bush of disregarding warnings by national security experts before invading Iraq, Webb added: "We are now, as a nation, held hostage to the predictable -- and predicted -- disarray that has followed."

In a joint statement released after the speech, Pelosi and Senate Majority Leader Harry M. Reid (D-Nev.) chided Bush's Iraq troop increase and vowed to hold nonbinding votes on it. "While the president continues to ignore the will of the country, Congress will not ignore this president's failed policy," they said. "His plan will receive an up-or-down vote in both the House and the Senate, and we will continue to hold him accountable for changing course in Iraq."

The speech came at the nadir of the Bush presidency to date, with the war grinding on, ever-widening bloodshed and no end in sight, two-thirds of the public turned against him in opinion polls and Democrats controlling both houses of Congress.

Even as they sought to revive his political viability with the national address, White House officials spent yesterday monitoring reports from Iraq, where a U.S. security helicopter crashed and five American civilians were killed, amid disputed claims that it was shot down. And they nervously watched the opening of the perjury trial of Vice President Cheney's former chief aide, I. Lewis "Scooter" Libby, whose lawyer asserted the White House made him a scapegoat in the CIA leak case to protect Deputy Chief of Staff Karl Rove.

Bush devoted about half of his speech last night to Iraq, terrorism and foreign policy, largely recapitulating his familiar argument that the war is the central front in a broader battle with terrorists and represents a "generational struggle that will continue long after you and I have turned our duties over to others." He linked Sunni insurgents, Shiite extremists, al-Qaeda terrorists and Hezbollah militants as arms of a broader "Islamist radical movement" but acknowledged that the mission in Iraq has changed from deposing Saddam Hussein to stopping sectarian violence.

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"This is not the fight we entered in Iraq, but it is the fight we're in," he said. "Every one of us wishes this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk. Ladies and gentlemen, on this day, at this hour, it is still within our power to shape the outcome of this battle. Let us find our resolve and turn events toward victory."

He did not directly debate proposals by some Democrats to cut off funding for more troops in Iraq but asked them to let him try his new plan. "In the end, I chose this course of action because it provides the best chance for success," he said. "Many in this chamber understand that America must not fail in Iraq because you understand that the consequences of failure would be grievous and far-reaching."

The immediate consequence he envisioned was an Iraqi capital plunged into anarchy. "If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides," Bush said. "We could expect an epic battle between Shia extremists backed by Iran and Sunni extremists aided by al-Qaeda and supporters of the old regime. A contagion of violence could spill out across the country -- and in time the entire region could be drawn into the conflict."

Many in the chamber appeared unpersuaded. Pelosi sat grim-faced through the discussion of Iraq and did not clap when Republicans rose to support some of the president's statements. Although Iraq alone represented about a quarter of the speech, it generated applause just six times out of about 60 interruptions.

To reach out to skeptics, Bush repeated his call to create a bipartisan advisory council on the battle with terrorists and promoted his plan to permanently expand the U.S. military by 92,000 soldiers and Marines over five years to ease the burdens of fighting simultaneous wars in Iraq and Afghanistan.

Sitting with first lady Laura Bush's box in the gallery during the speech were five decorated Iraq veterans, including Air Force Tech. Sgt. Michelle Barefield, who survived three attacks by makeshift bombs at Baghdad International Airport, repelled an enemy assault with her M-16 rifle and was awarded the Bronze Star. The White House also invited a domestic hero, Wesley Autrey, a New York construction worker who earned acclaim by jumping onto subway tracks to save a man who had fallen during a seizure.

While harboring little hope of changing minds on Iraq, White House aides said the president's ideas on domestic policy could appeal to Democrats. "We do believe it's one that can serve as a basis for bipartisan outreach," said Deputy Chief of Staff Joel D. Kaplan.

The biggest previously undisclosed initiative announced last night was Bush's proposal to reduce U.S. gasoline consumption by 20 percent by 2017, largely by stimulating the growth of ethanol and other alternative fuels but also by increasing fuel efficiency of automobiles. Bush has spoken in past State of the Union addresses about his desire to break U.S. dependency on foreign oil and last year declared that "America is addicted to oil," but his speech last night represented his most aggressive effort to curtail the habit.

The president proposed an ambitious campaign to expand the use of ethanol, methanol, hydrogen and other alternative fuels by requiring oil refineries to use 35 billion gallons of renewable and alternative fuels by 2017, a fivefold increase in the current target. Aides calculated that doing so would displace about 15 percent of projected gasoline use.

Bush also asked Congress to overhaul the mileage standards for automobiles. Rather than forcing automakers to raise fuel-efficiency standards for new cars across the board, Bush is pushing for flexibility to set different standards for different sizes and makes so manufacturers do not make smaller cars that are less safe. Officials forecast raising fuel standards by 4 percent a year, which would reduce overall gasoline use by 5 percent by 2017.

Bush also announced plans to double the capacity of the Strategic Petroleum Reserve to 1.5 billion barrels by 2027 to further insulate the United States from short-term disruptions in foreign oil supplies. "Achieving these ambitious goals will dramatically reduce our dependence on foreign oil," he said.

Although the president did not embrace any plans specifically to combat greenhouse gases generally believed to contribute to global warming, as some in Washington urged him to do, he argued that technology and his energy plans "will help us to confront the serious challenge of global climate change."

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Democrats said Bush's plans contain significant loopholes or are not tough enough. The alternative-fuel plan could allow for more use of fuels that emit toxic gases, critics said. And on Monday, 11 senators, including eight Democrats, two Republicans and an independent, proposed an across-the-board increase in fuel standards to 35 miles per gallon by 2019.

As aides disclosed in recent days, Bush also called for a major change in the tax code in an effort to make health insurance more affordable. Under his plan, health insurance coverage would be taxable income but families would receive a $15,000 deduction. The plan would make it easier for those who buy health insurance out of pocket while increasing taxes on those who receive employer-funded health care worth more than $15,000 to eventually offset the cost.

"Changing the tax code is a vital and necessary step to making health care affordable for more Americans," Bush said. He added that he would also direct more federal money to states to cover low-income residents, although aides did not specify how much money would be provided.

Bush used the speech to press Congress to approve his long-standing immigration bill, which couples increased funding for border security with a plan for a temporary-worker program. The plan was blocked by the Republican-led Congress last year, but administration officials hope it may be more appealing to Democrats. "We need to resolve the status of the illegal immigrants who are already in our country -- without animosity and without amnesty," Bush said.

Bush also urged Congress to reauthorize -- and not weaken -- his signature No Child Left Behind education law, which is aimed at holding schools accountable through greater testing to make sure students meet minimum standards of achievement. And he repeated his vow to produce a plan next month that will balance the budget in five years while demanding that Congress cut special-interest projects in half by the end of this congressional session.

Bush Offers Plan To Curb Reliance On Foreign Oil (WSJ)

By John D. McKinnon, John J. Fialka And Yochi J. Dreazen

Wall Street Journal, January 24, 2007

WASHINGTON -- President Bush yesterday offered a blueprint he said would lead toward U.S. energy security and independence, calling for a 20% cut in gasoline consumption over the next decade through new fuel-economy standards and a massive boost in federal mandates for using ethanol and other alternative fuels.

Amplifying the theme of weaning the country from its reliance on oil, Mr. Bush used a State of the Union address weighted heavily to domestic issues to urge a doubling of the nation's strategic-petroleum stockpile to protect against a sudden cutoff of foreign supplies.

"For too long our nation has been dependent on foreign oil," he said, echoing his famous declaration of last year's speech that the country was "addicted to oil." "The dependence leaves us more vulnerable to hostile regimes and to terrorists," he added.

The politically weakened Mr. Bush's latest energy initiative marks the start of his attempt to try to define himself as something other than a lame-duck president, facing a hostile Democrat-led Congress and consumed largely with Iraq. His call for alternative fuels, with a brief nod toward global-warming concerns, was just one of many ways he tried to find common ground with the Democrats who will determine the fate of his agenda.

In his 50-minute address, the president also put forth plans for expanding health coverage to the uninsured, renewing calls for a comprehensive immigration package that was rejected by the previous Republican-led Congress, extending his "No Child Left Behind" education program and offering new overseas assistance to combat AIDS and malaria.

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when work is to be done," Mr. Bush said as a Democratic Speaker of the House, Nancy Pelosi, sat prominently behind him for the first time in his presidency.

While the White House touted the energy agenda as one of the most significant parts of Mr. Bush's agenda, achieving its goals rests on the uncertainty of technological breakthroughs, and the administration is promising relatively little money to subsidize what would be a major redirection in the country's energy markets.

Mr. Bush also asked Congress for the power to "reform and modernize" fuel-economy standards, yet continued to reject calls for legislation mandating specific higher fuel standards. He maintains that regulators, rather than lawmakers, are better situated to set new higher requirements for auto makers.

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And the president avoided widespread demands to embrace new economy-wide caps on so-called greenhouse gases, instead asserting that greater use of cleaner energies would lead to a reduction in these emissions, widely believed to cause global warming. "The way forward is through technology," he said.

By seizing on the goal of "energy independence," Mr. Bush has chosen a topic on which the public thirst for action is growing. It is also an initiative with significant consequences for national-security policy: If the country actually succeeded in significantly cutting its appetite for oil, its stake in the Middle Eastern problems that so bedevil the president would be reduced.

Though Mr. Bush focused on issues popular with Democrats -- and shunned old favorites he touted before the more friendly Republican majority, such as broad tax cuts -- it remains unclear how much he will be able to set the agenda in Washington. Virginia's newly elected Sen. James Webb, giving the Democrats' formal response to the address, asked Mr. Bush to move closer to Democrats on foreign policy and domestic issues. "If he does, we will join him," Mr. Webb said. "If he does not, we will be showing him the way."

Farm-state Democrats are likely to embrace -- and expand upon -- Mr. Bush's plans for a big bump in ethanol and biodiesel production. They are likely to take his proposals for increased research funding as an opening bid, and go up from there. Mr. Webb praised Mr. Bush's energy proposals and said: "We look forward to working with the president and his party to bring about these changes."

Mr. Bush's call for immigration-law changes seems likely to gain traction as well -- and drew a standing ovation from lawmakers. But his plans for overhauling fuel-economy standards face longer odds in Congress, as do proposals to give a big tax deduction to spur health-insurance purchases and to cull funds from federal low-income health programs for state efforts to create insurance pools for poor people.

Though Mr. Bush devoted the first half of his address entirely to domestic issues, he couldn't avoid the Iraq war and it consumed most of the second half. He included specific warnings to the country that failure would give Iraqi extremists a haven for plotting attacks against U.S. targets while emboldening Iran to pursue nuclear weapons. And he asked -- almost pleaded -- for a skeptical Congress to support his "new strategy in Iraq," saying, "I ask you to give it a chance to work."

But the significance the White House attached to the energy plan was underscored by the decision to send Mr. Bush on a first post-speech appearance this morning to Delaware with Energy Secretary Samuel Bodman, to visit a DuPont Co. research facility working on biofuels.

Last year, Mr. Bush called for doubling the research for fuels made from farm wastes such as corn stalks and straw. However, his proposed funding for the first commercial-size plants was stymied in Congress.

The centerpiece of Mr. Bush's newest energy plan is a significant increase in federal targets for use of renewable and alternative fuels, categories that include ethanol made from corn. The current standard aims for consumption of 7.5 billion gallons by 2012, a level the U.S. is likely to hit within about a year, thanks to ethanol's growing popularity. The new target would be 35 billion gallons of renewable and alternative fuels by 2017 -- an amount Mr. Bush hopes will reduce projected gasoline consumption by about 15%.

The White House said oil companies would be required to mix a certain proportion of renewables into the fuel they distribute. If they don't, they would face a penalty.

Democrats and Republicans, particularly those from Midwestern states, cheered the idea. But boosting ethanol use isn't as easy as the president made it sound. There isn't currently enough corn in the U.S. to make all the fuel the White House says will be used, and environmentalists worry that adding to corn production would increase pollution. Making ethanol from cleaner sources such as wood chips isn't yet commercially proven.

The energy plan's second main element is a rewrite of federal fuel-economy standards that assumes the administration will raise passenger-car mileage standards by 4% more each year. By 2017, those changes would shave another 5% off projected gasoline use, for a total reduction of 20% in 10 years. Together, the proposals also would speed up by eight years Mr. Bush's goal from last year's speech of eliminating the equivalent of 75% of current Middle East oil imports.

The increase in the Corporate Average Fuel Economy (CAFE) standard is about twice the increase the administration imposed last year on light trucks and is in line with several proposals on Capitol Hill. Industry and environmental lobbyists both consider 4% a year to be a significant increase, though some are skeptical the administration will follow through.

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While the CAFE change is likely to upset some auto makers, the administration has designed it with a feature that could be appealing to some: a provision for creating CAFE credits for manufacturers that exceed one or more of the standards, which could be traded or banked for future use.

The White House said in materials distributed earlier in the day that the energy plan would also serve as the administration's climate-change policy -- asserting it would "help confront climate change by stopping the projected growth of carbon emissions from cars, light trucks and SUVs within 10 years."

In his health-care package, Mr. Bush is offering to raise taxes on generally higher-income earners in the name of making health care more available for lower-income people. The White House plan would make employer-provided health insurance taxable for the first time. But it would create a big new tax deduction -- $15,000 for families and $7,500 for singles -- for everyone who gets insurance, whether at work or on their own. The plan would also help states extend insurance coverage by diverting money that now supports hospitals that care for the poor into state-created programs that subsidized basic insurance plans.

The foreign-policy component of Mr. Bush's remarks contained an implicit acknowledgment of how much U.S. power has ebbed in recent years because of the war in Iraq -- and how the conflict has significantly reduced leverage over adversaries such as Iran and North Korea. White House aides privately conceded before the speech that U.S. failures in Iraq had sharply increased Iran's influence, and that Tehran seemed to be gambling the U.S. would be unable to wage a military campaign against Iran because the American military was so overstretched.

Mr. Bush's public remarks about the Middle East have in the past focused heavily on Sunni Muslim extremist groups like al-Qaeda, but Mr. Bush last night said, "The Shia and Sunni extremists are different faces of the same totalitarian threat."

The speech also featured a revival of Mr. Bush's argument that the fighting in Iraq shouldn't be looked at in isolation, but as part of a broader confrontation with Islamic militants and as a more ideological conflict between forces of moderation and extremism. Both wars, Mr. Bush said, would last long after he had left office.

Bush Turns Domestic, But War Won't Go Away (CHIT)

By Michael Tackett

Chicago Tribune, January 24, 2007

WASHINGTON -- It was no small irony that President Bush seemed to be channeling Al Gore on energy policy on the very day that Gore's documentary film on global warming, "An Inconvenient Truth," was nominated for an Oscar.,

After several years of using war and terror as the defining themes of his State of the Union message, the president who came to office with little inclination toward foreign affairs tried to recast his presidency Tuesday night with a notable emphasis on domestic issues. Indeed, the president was more than 3,100 words into his speech before his first invocation of Iraq.

He did spend considerable time on energy. And while he didn't mention global warming specifically, he did emphasize a call to reduce U.S. gasoline usage by 20 percent over 10 years. Though he has mentioned energy independence seven straight years, his proposals have advanced only sporadically. Now the president's tone is far closer to the man he denied the White House in 2000, with talk of "hybrid vehicles," "biodiesel" and "solar and wind energy."

The president also made pitches for changes in health care, education and immigration. Much of it had the ring of George W. Bush, circa Sept. 10. 2001, which is to say an agenda focused tightly within America's borders.

But he confronts an older and more formidable reality. No matter the merits of his plans offered Tuesday night, his presidency almost certainly seems destined to be defined by his stewardship of the war in Iraq.

His audience was much different this time as well, at least in terms of relative power. Democrats, who for six years had in essence served as the loyal opposition, now hold effective veto power over anything the president sends up to Capitol Hill. And instead of having his ever-applauding wingmen of Dennis Hastert, as House speaker, and Vice President Dick Cheney, the president had new House Speaker Nancy Pelosi staring over his left shoulder, her vibrant sea foam ensemble a vivid contrast to the dark suits who have held her post.

Bush began with a grace note about Pelosi, the first woman speaker to preside over the chamber during a State of the Union speech. Those words came easily. Others, though didn't seem to roll naturally off Bush's tongue, such was when he talked of the State of the Union as a "rite of custom" and spoke of "endeavors underway."

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In body language, and in words, the Democrats were skeptics. And now they have the votes to go with it. This might well mark the night that the president formally ceded control of the national agenda.

Presidents use their State of the Union addresses to try to shape national priorities in their own vision. By using the first half of his address to talk about things close to home, the president signaled a new intention for the final two years of his term in office.

"…We are all held to the same standards and called to serve the same good purposes: to extend this nation's prosperity, to spend the people's money wisely, to solve problems, not leave them to future generations," the president said.

Many of his proposals, though, were studies in incrementalism. Wrong though they might be, there's hardly a national firestorm over earmarks, the dark-of-night practice by members of Congress of inserting pet projects into spending bills.

The early signs from Democrats evidenced their serious doubts about Bush's sincerity.

In many important respects, Bush really gave his State of the Union speech two weeks ago when he announced his plan to flood Iraq with about 21,500 additional troops to try to halt the sectarian violence. And on that score, the president must also shore up support among Republicans, including Sen. John Warner (R-Va.), a leading voice on military affairs who just a day ago rejected the Bush plan. Democrats seem to be ever more vocal in their opposition, a viewpoint forcefully expressed by Virginia's other senator, the newly elected Democrat, James Webb, who delivered his party's response.

Beyond specific proposals tied to issues, the president offered what in another context might be seen as a poetic appeal for bipartisanship. But if ever a twist was born of necessity this was it, and Democrats didn't seem to be in a reciprocal mood.

Webb seemed outwardly combative, particularly on Iraq, a conflict he opposed even before the first shots were fired. A decorated Marine in Vietnam, the son of a soldier, and the father of a Marine now serving in Iraq, Webb has a special credibility on military matters.

"This country has patiently endured a mismanaged war for nearly four years," Webb said.

"… The president took us into this war recklessly. …We are now, as a nation, held hostage to the predictable {ndash} and predicted {ndash} disarray that has followed." The barbed tenor of Webb's words sent a strong signal of just how much the center of gravity has shifted in Washington.

And how much the debate has shifted on Iraq. While the president was slow in coming to Iraq in his speech, he nonetheless devoted nearly half of his time to the war, with a now familiar narrative. That war, however, will occupy a much larger space in the history of his presidency.

Bush Asks For Time On Plan For Iraq (BSUN)

By Julie Hirschfeld Davis

The Baltimore Sun, January 24, 2007

WASHINGTON -- President Bush appealed to a recalcitrant Congress and an anxious public Tuesday night to give his Iraq troop increase a chance, seeking to revive his waning influence with plans to reduce gasoline usage and expand access to health coverage.

Bush offered a conciliatory tone and a suite of proposals on hot-button domestic issues for his first State of the Union before a Democratic Congress, one in which his aides said he was trying to be "gracious" and acknowledge a new dynamic on Capitol Hill.

"Congress has changed, but not our responsibilities," Bush said, after congratulating Democrats for their victories.

With his poll numbers sagging and war criticism swirling, the president called on Congress to work with him on issues of shared concern such as energy and health care. He renewed his calls for an immigration overhaul that would allow some illegal immigrants the chance to become citizens and a reauthorization of the "No Child Left Behind" education law.

"We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people," Bush said.

Singling out House Speaker Nancy Pelosi, Bush said he had the "high privilege and distinct honor" of being the first president to begin his annual address with the words "Madam Speaker."

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"In his day, the late Congressman Thomas D'Alesandro Jr., from Baltimore, Md., saw Presidents Roosevelt and Truman at this rostrum. But nothing could compare with the sight of his only daughter, Nancy, presiding to night as speaker of the House of Representatives," Bush said, turning to clasp hands with a beaming Pelosi as he began his 50-minute speech.

But the specter of Iraq hung heavily over the speech, which came a day after House and Senate Republicans signaled grave reservations about Bush's 21,500 troop build-up, adding their skeptical voices to the nearly unanimous chorus of Democrats who oppose the move.

The president acknowledged the doubts -- "I respect you, and the arguments you have made," he said -- but he made it clear that he was not about to change his mind.

"Whatever you voted for, you did not vote for failure," Bush said. "Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work."

Democrats tapped Sen. James Webb of Virginia, a Vietnam veteran who has been a vocal critic of Bush's war strategy, to give their official response. He had scathing criticism for the president, who he said "took us into this war recklessly" and had bungled every aspect of it and who he blamed for presiding over an economy where "benefits are not being fairly shared" with the average worker.

Invoking the examples of Theodore Roosevelt and Dwight D. Eisenhower, two popular Republican presidents who he said took on steep economic and national security challenges, Webb called on Bush to turn things around on both fronts: "If he does, we will join him. If he does not, we will be showing him the way."

Republicans, for their part, said the president had provided a basis for bipartisan compromise on important issues.

Bush "outlined an agenda that addresses our nation's most pressing challenges and lays the groundwork for continued economic growth and prosperity," Sen. Jon . Kyl of Arizona, the Senate's No. 3 Republican, said in a statement.

The president "brought serious proposals to the table to begin the debate," Kyl added.

Rep. John A. Boehner of Ohio, the House Republican leader, said Bush had "laid out a series of ambitious proposals addressing the nation's priorities, and I hope Congress will give each a fair hearing. If Democrat leaders are going to oppose the president's agenda, they have an obligation to present their own alternatives."

Bush defended his choice to add troops amid raging sectarian violence in Baghdad and elsewhere in Iraq, first announced in a speech he gave two weeks ago from the White House.

"Our military commanders and I have carefully weighed the options. We discussed every possible approach," Bush said. "In the end, I chose this course of action because it provides the best chance for success."

He did not specifically mention the tangle of measures opposing the strategy that could come before Congress in the coming weeks and instead focused on articulating the stakes for Americans if the mission in Iraq were to fail, something he called a "nightmare scenario."

"Nothing is more important at this moment in our history than for America to succeed in the Middle East, to succeed in Iraq, and to spare the American people from this danger," Bush said.

Pelosi and Senate Majority Harry Reid of Nevada said they welcomed the bipartisan spirit in which Bush spoke but said he "continues to ignore the will of the country" on Iraq and promised an "up-or-down" vote on his plan.

Bush faced an audience that reflected a new and very different political reality from the one surrounding his past appearances in the well of the House: one where Democrats outnumbered Republicans in a crowd dotted with the faces of presidential aspirants of both parties, whose intense competition is already sucking attention and influence from the current White House occupant.

The president laid out a narrowly tailored set of domestic proposals designed to build on possible areas of compromise with Democrats, but it was fraught with risks and challenges.

Aiming to make a splash with a proposal to reduce gasoline consumption by 20 percent within 10 years, Bush called weaning the country off of oil a national-security imperative. He said he would do so by substantially increasing federal mandates for the amount of ethanol blended into fuel each year -- a step the White House said would reduce gasoline usage by 15 percent. In addition, Bush proposed raising fuel efficiency standards for cars, which could displace gas by an additional 5 percent.

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Taking a new -- and somewhat controversial -- approach to expanding health insurance access, the president proposed making employer-provided coverage taxable, then creating a standard deduction of $15,000 per family or $7,500 per individual for those receiving it or purchasing their own private plan.

He said he would work with Health and Human Services Secretary Michael O. Leavitt to help states find ways to help uninsured patients afford private health coverage.

Bush plans to take his domestic proposals on the road starting Wednesday, with remarks on his energy initiatives in Wilmington, Del., and a roundtable on his health care proposals tomorrow in Lee's Summit, Mo.

Many senior Democrats are adamantly opposed to Bush's new health care proposal, which would open at least some middle- class workers who receive generous employer-provided benefits -- the White House estimates about 20 percent -- to higher income taxes.

Rep. Pete Stark, a California Democrat who chairs a key health subcommittee, said he would not even hold hearings on the proposal, saying it would "make a bad problem worse."

Rep. Charles B. Rangel, a New York Democrat who chairs the Ways and Means Committee, said Bush "really should have done more to reach out to Democrats before his speech to see if we can come together, rather than simply exchange policies and press releases." <

Democrats also say Bush's energy plans do not go far enough in encouraging the development of alternative fuel sources and combating global warming, such as through mandatory limits on carbon-dioxide emissions.

Some in Bush's own party are dead-set against his immigration plan, which crumbled last year amid conservative opposition to an approach that was branded as "amnesty" for lawbreakers.

Still, there were obvious attempts to reach out to Democrats and entice them with policy prescriptions they support. Bush promoted the potential benefits of his energy initiatives, for instance, on curbing carbon dioxide emissions believed to be a main culprit in global warming -- a problem Democrats have vowed to address. Expanding the use of alternative fuels including ethanol also has substantial bipartisan appeal.

Many Democrats have backed Bush's immigration plan, which has a ready-made bipartisan coalition left over from last year's abortive attempt to enact a new law.

Bush "has been a leader on this issue, and I am hopeful that he will continue his efforts with members of his party so that we can pass legislation that that will solve the problem once and for all," said Sen. Edward M. Kennedy, a Massachusetts Democrat who was a main sponsor of a Senate-passed immigration plan that tracked closely with the president's ideas.

Some Democrats also have supported the president's educational reforms, though many have complained since their 2001 enactment that Bush has shortchanged them in his annual budgets, and they are sure to oppose his call to move poor children in underperforming schools to private schools.

The president's speech also was notable for what it did not include.

Burned by his disastrous Social Security overhaul attempt in 2005, Bush steered clear of offering any specific plan for tackling the growth of huge government entitlement programs -- Social Security, Medicare and Medicaid -- that are eating up unsustainably large portions of the federal budget each year. He said only that policymakers were "failing in [the] duty" to fix them and invited Congress to join with him in doing so.

A Shift In Power, Starting With 'Madam Speaker' (NYT)

By Kate Zernike

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — From the president's very first words of the evening, it was clear how much had changed in the capital.

"Tonight, I have the high privilege and distinct honor to begin a speech with the words 'Madam Speaker,' " President Bush said Tuesday night in the House, setting off a wave of thunderous applause.

He referred, of course, to Representative Nancy Pelosi of California, the first woman to be speaker of the House and the first Democratic one of Mr. Bush's presidency, whom he greeted with a smile and a warm handshake. In preparation, her staff had

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coached Ms. Pelosi, an ardent critic of the president, to keep a neutral face, warning her that the cameras trained on him would capture any raised eyebrow or pursed lip.

But while Ms. Pelosi emphasized that she would be "respectful," her very choice of words earlier in the day signaled the new dynamic. "We always give the president a warm welcome as our guest in the chamber," she said, with the operative word, "guest."

The day was full of such reminders of how power has flowed away from the president in the new Washington. Not just because he spoke before a Democratic-led Congress for the first time in his presidency. Not just because his poll numbers are dismal. Not just because the mayor of the nation's capital had rejected the White House's invitation to sit with the first lady, Laura Bush, in her box and instead came as Ms. Pelosi's guest.

Even Republicans, while noting that it was "the president's day," as Senator John W. Warner of Virginia described it, yielded him only a share of the spotlight.

Mr. Warner and others were working with Democrats, whom six months ago they derided as Defeatocrats, on resolutions opposing Mr. Bush's proposal to increase the number of troops in Iraq. They had unveiled their resolutions in the days before the speech and planned to take them up the morning after.

The guests in the boxes on either side of the chamber — Ms. Pelosi's on one, the first lady's on the other — were a tableau of change.

In years past, Mr. Bush invited Iraqis to make his case for the war, including Ahmed Chalabi, the exile-turned-advocate for the war who has now fallen from favor, as well as ordinary Iraqis with ink-stained fingers to prove that they had cast their ballots in their first democratic elections. This year, the only reminders of Iraq were a few soldiers, but the box was mostly filled with educators, entrepreneurs, an energy researcher and those with heartwarming 9/11 stories.

The Democrats, meanwhile, invited people who symbolized the legislation they have passed in their first two weeks in office: people who support embryonic stem cell research, those who fought for national security reforms after the Sept. 11 attacks, and labor leaders who backed an increase in the minimum wage.

The city itself offered reminders of how much has changed for Mr. Bush; in a boxy courtroom down the street, I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, was on trial on perjury charges stemming from the administration's efforts to promote its Iraq policy. Democrats had decided it not in their interests to look churlish during the speech. Lawmakers were advised to take their cues when to stand up and sit down, when to applaud from Ms. Pelosi, who sat on the dais next to Mr. Cheney, her junior by several months, but a reminder of an older generation of white male politicians. They exchanged few words as they stood waiting for the parade of lawmakers to assemble. At some points, she beat him in jumping to an ovation.

Her caucus said that they expected Ms. Pelosi to, in the words of Representative John B. Larson of Connecticut, show "poise, dignity, comity."

Appearances were obviously important to Ms. Pelosi, who had changed from the brown suit she had worn earlier in the day to a soft green one, which offered more contrast to her leather speaker's chair.

The noise level in the chamber seemed more muted, as Democrats exercised their new majority by sitting on their hands and staying off their feet during many applause lines. Republicans, who had promised to be "boisterous" to make up for their diminished numbers, greeted Mr. Bush with a series of "ho's!"

Democrats, in turn, shouted, "Hey!" and "Yeah!" when the president introduced Ms. Pelosi as the first female speaker. The president's congratulations to the "Democrat majority" won only polite applause from both sides The chamber erupted most unanimously and loudly for Wesley Autrey, the man who leapt into the tracks of a New York subway to save a fellow passenger. (The only ones not clapping, it appeared, were Mr. Autrey's two young daughters, who napped beside him in their bubblegum-colored dresses.)

Democrats leapt to their feet with the Republicans when Mr. Bush said he wanted to balance the federal budget, provide affordable health care, leave medical decisions to doctors and patients rather than bureaucrats, reduce gasoline consumption and increase alternative fuels.

But the applause was more Republican-only when Mr. Bush said he could balance the budget without raising taxes. Almost no Democrats clapped when he said his candidates for federal judgeships should get quick "up or down votes."

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And there were lines that got little support from Mr. Bush's own side of the aisle. When he pledged to uphold the "tradition of the melting pot," the Republican House leader, Representative John A. Boehner of Ohio, grimaced and clapped just once. When Mr. Bush went further and vowed "comprehensive immigration reform" — code words for the plan the House rejected the Senate approved last year — two top House Republicans, Roy Blunt of Missouri and Adam Putnam of Florida, stayed seated, hands quiet.

And when the president addressed the issue that has dominated discussions on Capitol Hill in recent weeks, his proposed increase in troops in Iraq — there was little unanimity between the parties, or within them. Most Democrats remained seated as the president urged the chamber to "find our resolve." Senator Charles E. Schumer of New York cast a disapproving eye on those who stood, including Senators Joseph I. Lieberman and John Kerry. And while Secretary of State Condoleezza Rice sat forward in her seat and nodded as he described the increase in troops, Republicans who have criticized the plan, including Mr. Warner, stayed off their feet. Perhaps the most poignant commentary on the war and the plan to increase troops came in the Democratic response to the speech, given by Senator James Webb of Virginia. He had been chosen because, as Senator Harry Reid, the Democrats' leader, said, he understood what it meant to go to war. A former secretary of the Navy and ex-marine, his son is serving in Iraq.

During his speech, he held up a tattered photograph of his own father serving as an Air Force captain serving in Germany. He had carried it with him for most of his life, he said. And as a child, he had taken it to bed for three years as he prayed for his father's safe return.

Energy, Healthcare Are Major Points Of Bush's Address (LAT)

By Doyle Mcmanus And Maura Reynolds

The Los Angeles Times, January 24, 2007

Washington — President Bush, seeking to regain political ground lost to the new Democratic-led Congress, called Tuesday for bipartisan action on energy and other domestic issues while forcefully defending his unpopular decision to send more U.S. troops to Iraq.

Delivering his annual State of the Union Address before both houses of Congress with the nation's first woman speaker of the House, Rep. Nancy Pelosi (D-San Francisco), seated behind him, Bush acknowledged that millions of voters deserted his Republican Party in November. Still, he asserted that as president he could set the nation's agenda.

"We're not the first to come here with government divided and uncertainty in the air," he said. "Our citizens don't much care which side of the aisle we sit on, as long as we are willing to cross that aisle when there is work to be done."

But on the nation's most divisive issue — the war in Iraq — Bush stuck to his guns. "Many in this chamber understand that America must not fail in Iraq, because you understand that the consequences of failure would be grievous and far reaching," he said.

Yet before the president arrived at the Capitol, the Democrats' designated spokesman, in comments to reporters, brusquely dismissed Bush's plan to add 21,500 troops to Iraq as feckless.

"They don't have a plan," said Sen. Jim Webb (D-Va.), a Vietnam veteran whose upset election in November was key to giving the Democrats their majority in the Senate. "What they have put on the table is more a tactical adjustment."

Inside the House chamber, the atmosphere was cordial and polite. Bush drew cheers from members of both parties when, at the start of his speech, he noted that he was the first president in history to begin his State of the Union Address with the words "Madam Speaker."

In domestic policy, Bush presented a series of proposals that aides said were designed to appeal to Democrats as well as Republicans, with the aim of enticing at least some of the president's opponents to acknowledge that his ideas were worth considering.

He proposed cutting the nation's consumption of gasoline 20% in 10 years by requiring energy companies to use more alternative fuels such as ethanol, which can be produced from grains and grasses, and by raising fuel efficiency standards for automobiles.

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He also expanded on a proposal he unveiled Saturday to make spending on health insurance tax deductible up to a ceiling of $15,000 per family, a plan that would make insurance more affordable for some but more expensive for others.

Democrats largely applauded Bush's energy proposal — Webb said they "look forward to working with the president and his party" to encourage alternative energy sources — but criticized his healthcare plan as a threat to traditional employer-provided insurance.

For Bush, the stakes went beyond those individual issues: he sought to demonstrate that in the final two years of his presidency, he can still command enough popular support to compel both Democrats and Republicans to pay him heed.

During his first six years in the White House, Bush enjoyed the support of a solidly Republican majority in the House and, for most of that time, in the Senate. He wielded both his personal popularity and his fundraising prowess as weapons to keep his party in line. But now he faces a Democratic congressional majority that wants to overturn many of his policies — at a time when his own popularity has been badly diminished by the war.

In his official response, Webb did not echo the president's notes about bipartisanship, saying simply: "We in the Democratic Party hope that this administration is serious about improving education and healthcare for all Americans, and addressing such domestic priorities as restoring the vitality of New Orleans."

Bush did not mention New Orleans or Hurricane Katrina, which devastated the city in 2005, in his speech.

Instead, Webb focused on two issues on which he said the parties stand "in contradiction" — the state of the nation's economy and Iraq.

"Wages and salaries for our workers are at all-time lows as a percentage of national wealth, even though the productivity of American workers is the highest in the world," he said.

On Iraq, he charged that Bush "took us into this war recklessly" despite warnings from many senior military officers.

"The war's costs to our nation have been staggering," Webb said. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military. We need a new direction."

On energy, Bush's call for reducing gasoline consumption by 20% in the next decade rested on two specific initiatives:

He proposed raising the federal government standard for motor fuel to require the nation's energy supplies to include a much higher percentage of alternative fuels such as ethanol. The White House estimated that their proposed standard would reduce by 15% the amount of gasoline used to fuel cars.

Second, Bush called on Congress to alter the federal fuel efficiency requirement for passenger cars from the average standard of 27.5 miles per gallon to about 34 miles per gallon. White House officials estimated that this change would reduce gasoline consumption by another 5% over 10 years.

Environmentalists welcomed the administration's support for reduced energy consumption. In earlier years, the Bush administration focused its energy policies almost exclusively on increasing U.S. energy production.

"This could be the breakthrough we have been waiting for on fuel economy," said David Friedman, research director at the Union of Concerned Scientists.

But Friedman, along with other environmentalists and some Democratic lawmakers, complained that Bush's proposal fell short of their hopes of broader action against global climate change.

On healthcare, Bush outlined a two-part strategy to reduce the number of Americans who do not have health insurance, now nearly 47 million. But he stopped short of making a commitment to covering all the uninsured.

The first part of his plan would create the new health insurance tax deduction of $15,000 for families and $7,500 for individuals. That would make it easier for people who don't get coverage through an employer to purchase their own private plan. But those with employer plans that have annual premiums worth more than the deduction would have to pay taxes on the difference.

An analysis by Senate Democrats estimated that more than 7 million people could face higher taxes as a result.

The second part of Bush's health plan calls on each state to design its own plan to cover uninsured residents. To support the states, the federal government would redirect a portion of the billions of dollars it now spends on care for the poor and uninsured.

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For instance, instead of paying hospitals and other providers to treat the uninsured after they get sick, states could use the funds to help the poor obtain their own private coverage.

On immigration, Bush returned to familiar territory — reaffirming a proposal he first made in his 2004 State of the Union address, only to find that his ideas divided his own party.

The president stressed the need for a guest worker program to fill America's future labor needs. He also called for unspecified measures to "resolve the status of the illegal immigrants who are already in our country," without offering a path to automatic citizenship or "amnesty."

Advocates and opponents of Bush's vision for immigration reform said his comments did little to advance the debate, leaving it to Congress to hammer out the details.

There was no sign that Bush's comments swayed the GOP lawmakers who want to focus solely on tougher enforcement of immigration law and who last year thwarted efforts for the broader approach pushed by the president.

Rep. Dana Rohrabacher (R-Huntington Beach) harshly criticized Bush's position, saying he "has destroyed his own base."

On education, Bush cited the "No Child Left Behind" law he passed with Democratic help in the early stages of his presidency as an example of how the two parties can and should work together on domestic policy. He called on Congress to renew the law, which expires this year.

At the same time, Bush risked Democrats' ire by calling for a so-called voucher system that would permit parents to use government money to send their children to private schools. The president did not use the term "voucher," but he called for building on the success of No Child Left Behind "by giving families with children stuck in failing schools the right to choose something better."

Sen. Edward M. Kennedy (D-Mass.), the principal Democratic sponsor of the 2001 education law, charged that Bush's proposal would dilute the successes the president touted.

"Once again, he proposes siphoning crucial resources from our public schools — already reeling from increased requirements and budget cuts — for a private school voucher program," Kennedy said.

After outlining his domestic proposals, which aides described as the core of the speech, Bush offered a vigorous reiteration of his view of the war in Iraq and its relationship to the world-wide struggle against terrorism — evidence of the president's passion for the issue, which he has called his central mission.

The fight against terrorism "is more than a clash of arms — it is a decisive ideological struggle," he said. "And the security of our nation is in the balance."

Bush said that in the last two years, the forces of democratic change have advanced in the Middle East, from Lebanon, to Afghanistan and Iraq, only to see a violent reaction by those who oppose it.

"We have been sobered by the enemy's fierce reaction," he said.

He said the war in Iraq, with its sectarian fury, "is not the fight we entered in Iraq. But it is the fight we are in It is still within our power to shape the outcome of this battle. So let us find our resolve, and turn events toward victory."

He said that he and U.S. military commanders had chosen the new strategy in Iraq after discussing "every possible approach."

"In the end, I chose this course of action because it provides the best chance of success," he said. "Many in this chamber understand that America must not fail in Iraq — because you understand that the consequences of failure would be grievous and far reaching."

Following tradition, each party invited special guests to watch the speech from the galleries and released lists of their names.

First Lady Laura Bush's guests included basketball star Dikembe Mutombo and New York City subway hero Wesley Autrey, who recently jumped onto the tracks to save a man suffering from a seizure from being hit by a train. Pelosi's guests included AFL-CIO President John Sweeney, Los Angeles Mayor Antonio Villaraigosa and several relatives of the victims of the Sept. 1, 2001 terrorist attacks.

Times staff writers Ricardo Alonso-Zaldivar, Stacy Anderson, Nicole Gaouette, Noam N.. Levey, Johanna Neuman, Adam Schreck and Richard Simon contributed to this report.

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'We Must Not Fail In Iraq' (WT)

By Joseph Curl

The Washington Times, January 24, 2007

President Bush pleaded with Congress last night to give his new strategy for victory in the struggle in Iraq a chance because "America must not fail in Iraq."

Defeat in Iraq, he said, would be "grievous and far-reaching" because the fighting in Iraq is part of a broader struggle against Islamic extremists across the Middle East and stretching to the farther reaches of the globe.

He proposed wide-ranging domestic goals in his 50-minute State of the Union address, proposing to balance the budget with no new taxes over the next five years, slash gasoline consumption by 20 percent over the next 10 years, double the Strategic Petroleum Reserve to 1.5 billion barrels of oil over the next 20 years, offer tax benefits for Americans who buy their own health insurance, create a "temporary worker program" as the first step in comprehensive immigration reform and "remain a clear voice for freedom" in Cuba, Belarus and Burma.

The domestic goals were relatively modest, but the president was at his most impassioned in arguing that the war in Iraq must not be abandoned.

America faces "a generational struggle that will continue long after you and I have turned our duties over to others," he said. "That is why it is important to work together so our nation can see this great effort through.

"For all of us in this room, there is no higher responsibility than to protect the people of this country from danger. ... To win the war on terror, we must take the fight to the enemy. Both parties and both branches should work in close consultation."

Democrats, who now control both the House and the Senate, sat quietly as Republicans stood in a raucous ovation when the president declared "nothing is more important at this moment in our history than for America ... to succeed in Iraq." Vice President Dick Cheney often stood to applaud as House Speaker Nancy Pelosi remained seated, unsmiling.

Mr. Bush avoided a focus on major initiatives on contentious matters that divide the two parties, as he did in 2005, for example, when he made major Social Security reform a central theme of his speech, only to see it fail.

He focused instead on Democrat-friendly issues, calling on Congress to enact immigration reform this year, set up new health care tax breaks by 2009, increase the military by nearly 100,000 members in the next five years, double the Strategic Petroleum Reserve by 2027 and cut congressional earmarks in half in the next fiscal year.

As he did two weeks ago, the president said the only way to secure the war-torn country is to send in thousands of additional troops.

"Our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance of success. Many in this chamber understand that America must not fail in Iraq -- because you understand that the consequences of failure would be grievous and far-reaching," he said.

Democrats, many of whom support resolutions of opposition to the president's plan, quickly repeated their opposition in the wake of the speech.

"The president took us into this war recklessly," said Sen. James H. Webb of Virginia, who has been in office less than a month, who delivered the Democratic response. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military. We need a new direction," including "strong regionally based diplomacy" and "a formula that will in short order allow our combat forces to leave Iraq."

The president urged Congress to unite in the struggle against international terrorism as Americans did in the days after the September 11 terrorist attacks.

"We went into this largely united -- in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure. Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work," Mr. Bush said. "And I ask you to support our troops in the field, and those on their way."

Mr. Bush acknowledged that terrorists have made inroads across the Middle East and said sectarian violence and insurgents have outstripped American forces in Iraq.

"This is not the fight we entered in Iraq, but it is the fight we are in. Every one of us wishes this war were over and won, yet it would not be like us to leave our promises unkept, our friends abandoned, and our own security at risk."

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He said the United States cannot withdraw.

"If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides. ... For America, this is a nightmare scenario. On this day, at this hour, it is still within our power to shape the outcome of this battle. So let us find our resolve, and turn events toward victory."

Mr. Bush sought at several points to soothe harsh partisan feelings, opening his address by noting the ascendancy of House Speaker Nancy Pelosi, the first woman to head either chamber of Congress.

It was "high privilege and distinct honor," he said, echoing Mrs. Pelosi's words introducing him, to be the first president ever to start the address by thanking "Madame Speaker." As the gathered lawmakers and officials gave a standing ovation, Mr. Bush turned from his lectern and shook Mrs. Pelosi's hand.

At that moment, Rep. Stephanie Tubbs Jones, Ohio Democrat, flexed her arms in the boxer's stance, as Mrs. Pelosi did at her swearing-in week.

After a rare round of bipartisan applause, Mr. Bush reached out to Democrats, challenging the new majority to work with Republicans to get things done.

"Congress has changed, but our responsibilities have not," the president said. "We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people."

Despite growing rancor between the two parties -- Mrs. Pelosi last week accused the president of swiftly enacting his "surge" plan to prevent opponents on Capitol Hill from blocking the strategy, words the White House labeled "poisonous" -- Mr. Bush said that "both parties and both branches should work in close consultation."

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," he said.

Mr. Bush urged the congressmen to increase funding for his signature No Child Left Behind Act and reconsider school vouchers, urging Congress to give "families with children stuck in failing schools the right to choose some place better."

He repeated his rejection of new taxes, touted the booming economy -- in its 41st straight month of job growth, he noted -- and vowed to erase the federal deficit within five years.

Mr. Bush won far more applause from Democrats than from Republicans when he called for a "comprehensive" immigration bill and when he called for action to combat global warming. The entire Democratic side of the room stood for both, while many Republicans remained sitting and some of them shook their heads in seeming dismay.

Cameras in the chamber cut away to Rep. Tom Tancredo, the Colorado Republican who leads the House immigration caucus. Mr. Tancredo shook his head "no."

The biggest applause line of the night for Mr. Bush among Republicans was his call for an up-or-down vote in the Senate on his judicial nominees. But on the Democratic side just two stood -- Sens. Ben Nelson of Nebraska and Joe Lieberman of Connecticut, an independent who caucuses with the Democrats.

Mr. Bush made only a brief undetailed call for reform of Social Security, Medicare and Medicaid. "Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

One Republican-friendly feature of previous State of the Union addresses was notably absent. Mr. Bush made no mention of efforts to amend the Constitution against homosexual "marriage" by defining the union as joining a man and a woman.

In keeping the tradition, one Cabinet member -- last night it was Attorney General Alberto R. Gonzales -- did not attend the speech in case of a major attack on the Capitol.

The White House sought to highlight the president's energy initiative, holding an afternoon briefing for reporters featuring senior administration officials and lifting the usual embargo on specific proposals in the address. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," he said.

According to the president's proposal, Americans could cut gasoline consumption by 20 percent within 10 years by sharply increasing the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply.

Under current law, fuel blenders must use 7.5 billion gallons of renewable fuel annually by 2012; Mr. Bush wants to increase that to 35 billion gallons by 2017, which would achieve a 15 percent cut. The president's plan also calls for raising the

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fuel economy standards for passenger cars, a plan that Mr. Bush has proposed in the past but failed to win from Congress. Doing so would reduce annual gasoline consumption by 8.5 billion gallons, a further 5 percent reduction.

"Achieving these ambitious goals will dramatically reduce our dependence on foreign oil, but not eliminate it," he said.

Mr. Bush, who last year declared in his State of the Union that Americans are "addicted to oil," again urged lawmakers to move forward to reduce U.S. reliance on foreign petroleum.

Another major initiative in Mr. Bush's speech called for tax breaks for employer-financed health care benefits, analogous to the current child allowance. Instead of paying for health insurance with wages that already had been taxed, persons could pay for a significant part of their health insurance -- $15,000 per family and $7,500 for individuals -- with pre-tax dollars.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. Still, analysts say some 20 percent could see a tax increase, including those workers whose health insurance cost more than the standard deduction.

As evidence of the partisanship in the House, Rep. Pete Stark, California Democrat and chairman of the Ways and Means health subcommittee, said he would not even consider holding hearings on the plan.

Other proposals in Mr. Bush's speech included a call for "new resources" to expand the No Child Left Behind education act, which requires testing in elementary and middle schools to make sure students are learning. The president wants to expand the program and is seeking to give poor students the right to private-school vouchers.

The administration's proposal calls for giving vouchers to students in schools that repeatedly fail to meet standards set by the federal law, but Democrats blocked that idea when the bill was drafted five years ago.

Sen. Edward M. Kennedy, Massachusetts Democrat and new chairman of the Senate committee overseeing education, said again yesterday that he would work to keep vouchers out of the education law.

•Stephen Dinan contributed to this report.

President Strays Into Democrats' Priorities, Themes (WP)

By Jonathan Weisman And Michael A. Fletcher

Washington Post, January 24, 2007

In an overture to the new majority in Congress, President Bush strayed into Democratic territory last night with proposals on health insurance, gasoline efficiency and even the first real tax increase of his presidency.

Rhetorically, the shift was remarkable. The language he used to sell his health plan dwelled on the plight of the uninsured and on a tax on the well-to-do, a pitch that Republicans have dismissed as class warfare. His energy plan asked for new authority to raise automotive fuel-efficiency standards, a regular theme of the Democratic Party's liberal wing.

But senior Democrats for the most part responded with icy disdain, saying that Bush may be on their turf, but that he continues to clutch his conservative, free-market principles with little regard to the radically changed political terrain he faces.

Democratic displeasure stemmed from both the substance of the proposals Bush laid out and the way he did it: Fully formed, without prior consultation and without an acknowledgment of who controls Capitol Hill. If White House officials want to work with Democrats to reach a compromise, then take credit, that would be fine, Democrats said yesterday, before the speech. But they blanched at being dictated to on policies vital to their constituents.

"For some people to think this is bringing us together, I don't get it," said House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.), whose panel will decide the fate of Bush's centerpiece proposal on health insurance and taxes. "To be honest with you, I feel sorry for the guy. It seems to me somebody ought to talk to the guy and see if he can get some goodwill going for him down here."

In calling for an end to the Iraq war and a new emphasis on economic equality, Sen. James Webb (Va.) implored Bush to embrace those Democratic priorities. "If he does, we will join him," Webb said in the Democratic response to the State of the Union address. "If he does not, we will be showing him the way."

White House officials said they are mindful of the new political order in Washington. "Like many before us, we can work through our differences and achieve big things for the American people. Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," Bush said in his speech.

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But Democrats said they did not see much movement toward them beyond the rhetoric. At particular issue is Bush's proposal to encourage the purchase of individual health insurance policies through tax deductions financed by a new tax on the value of employer-provided health insurance. Under the plan, the government would allow each family to deduct $15,000 a year from its taxable income to offset the cost of health insurance -- and those who file their tax returns as individuals would be allowed $7,500 each. To pay for this tax break, the value of employer-provided health insurance exceeding the deductions would be taxed as income.

White House officials framed the proposal as a progressive plan to help cover the uninsured by taxing those with Cadillac-style health coverage, primarily well-paid workers and executives.

But Democrats did not buy it. Instead, they said they view it as a continuation of Republican efforts to drive workers away from employer-provided health insurance and into the free market. Even some conservatives questioned how it could help the uninsured. The conservative Tax Foundation said 53 percent of Americans without health insurance pay nothing in federal income taxes and would, therefore, get nothing from a tax break on such taxes.

Low-income workers would get a reduction in their Social Security and Medicare taxes, but probably not as large as the White House suggests, Democrats said. Half of those payroll taxes are paid by workers and half by employers. To reach their generous assessment of the proposal for the working poor, White House economists assume that employers would pass on their payroll tax cut to their workers in the form of raises.

"C'mon," scoffed Rep. Pete Stark (D-Calif.), chairman of the House Ways and Means subcommittee on health.

Democrats did marvel that Bush proposed a significant tax boost, but they were not about to embrace what they called a tax increase on the middle class while the president was simultaneously calling for Congress to make permanent the first-term cuts on income and inheritance taxes on the super-rich. The White House said its proposal would affect the highest 20 percent of incomes, starting at around $75,000 to $80,000 a year. That threshold is well above the U.S. median income, but to senior Democrats from high-cost West Coast and Northeastern districts, those are their constituents' incomes.

"I'm all for progressive tax policy," Stark said, " but they are being rather selective here."

Perhaps the biggest problem Bush faces in Congress is the question of trust. Rep. Chris Van Hollen (Md.), the chairman of the Democratic Congressional Campaign Committee, called it a "large credibility gap."

"He's good at identifying the challenges we face as a country," he said. "But he has failed to enact concrete solutions. The challenges he talked about tonight he's talked about for the past six years."

The president's call for an extension of the landmark No Child Left Behind education law might have been expected to be well-received by one of the its authors, House Education and Labor Committee Chairman George Miller (D-Calif.). But in an era of no-growth domestic budgets, Miller was not impressed.

"The task of renewing the law will be made much more difficult if the president's budget fails to provide a substantial increase in funding for schools to carry out their responsibilities under the law," Miller warned.

Bush Challenges Foes Of Iraq Troop Plan (AP)

By Terence Hunt

AP, January 24, 2007

A politically weakened President Bush implored a skeptical Congress Tuesday night to embrace his unpopular plan to send more U.S. troops to Iraq, saying it represents the best hope in a war America must not lose. "Give it a chance to work," he said.

Facing a political showdown with Democrats and Republicans alike, Bush was unyielding on Iraq in his annual State of the Union address. He also sought to revive his troubled presidency with proposals to expand health insurance coverage and to slash gasoline consumption by 20 percent in a decade.

Democrats — and even some Republicans — scoffed at his Iraq policy. Unmoved by Bush's appeal, Democrats said the House and Senate would vote on resolutions of disapproval of the troop buildup.

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"We need a new direction," said freshman Sen. Jim Webb, picked by the Democrats to deliver their TV response. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military," said Webb, a Vietnam veteran opposed to Bush's invasion of Iraq.

Republican Sen. Norm Coleman of Minnesota, also took issue with Bush. "I can't tell you what the path to success is, but it's not what the president has put on the table," he said.

It was a night of political theater as Bush went before the first Democratic-controlled Congress in a dozen years with his lowest approval ratings in polls.

Democratic Speaker Nancy Pelosi of California, the first woman to lead the House, sat over Bush's shoulder, next to Vice President Dick Cheney. Reaching out to the Democrats, Bush opened with a tribute to Pelosi and paused to shake her hand. He also asked for prayers for Democratic Sen. Tim Johnson, hospitalized for more than a month after suffering a brain hemorrhage, and Republican Georgia Rep. Charlie Norwood, suffering from cancer.

The speech audience included up to a dozen House and Senate members who have announced they are running for president or are considered possible contenders.

Bush divided his 49-minute address between domestic and foreign issues, but the war was topic No. 1.

Pelosi set the tone for Democrats. She sat silently and did not applaud as Bush warned of high stakes in Iraq and said American forces must not step back before Baghdad is secure.

With Congress poised to deliver a stinging rebuke on his troop increase, he made a personal plea to lawmakers.

"I have spoken with many of you in person. I respect you and the arguments you made," Bush said. "We went into this largely united, in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure."

"Our country is pursuing a new strategy in Iraq and I ask you to give it a chance to work," Bush said. "And I ask you to support our troops in the field and those on their way."

Pelosi and Senate Majority Leader Harry Reid gave Bush a swift answer. "While the president continues to ignore the will of the country, Congress will not ignore this president's failed policy," they said in a joint statement after his address. "His plan will receive an up-or-down vote in both the House and Senate, and we will continue to hold him accountable for changing course in Iraq."

Bush said the Iraq war had changed dramatically with the outbreak of sectarian warfare and reprisals.

"This is not the fight we entered in Iraq, but it is the fight we are in," the president said. "Every one of us wishes that this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk.

"Ladies and gentlemen: On this day, at this hour, it is still within our power to shape the outcome of this battle," the president said. "Let us find our resolve and turn events toward victory."

Key Republicans have joined Democrats in drafting resolutions of opposition to the plans he announced two weeks ago to send an additional 21,500 troops to Iraq. Bush said his approach had the best chance to succeed, but clearly many lawmakers — and overwhelming majority of Americans — disagreed.

"Many in this chamber understand that America must not fail in Iraq because you understand that the consequences of failure would be grievous and far reaching," the president said. "If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides."

In such a case, he forecast "an epic battle," Shiite extremists backed by Iran against Sunni extremists aided by al-Qaida and supporters of Saddam Hussein's government, leading to violence that could spread across the Middle East. "For America, this is a nightmare scenario," Bush said.

On domestic matters, he pressed Congress to help find ways to overhaul entitlements such as Social Security, Medicare and Medicaid before they impose huge problems for future generations.

"Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

On immigration, too, the president made a plea to lawmakers that he has made before, seeking comprehensive changes including a guest worker program, that go beyond tougher border controls. Members of his own party were the main obstacle to success in that area — a fact Bush acknowledged even as he pressed for a better result now than Capitol Hill is run by Democrats more amenable to his ideas.

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"Convictions run deep in this Capitol when it comes to immigration," he said. "Let us have a serious, civil and conclusive debate."

Bush said his energy proposals would cut American imports by the equivalent of 75 percent of the oil coming from the Middle East. His prescription, as always, relied primarily on market incentives and technological advances — not government mandates.

"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on oil," he said. "These technologies will help us become better stewards of the environment — and they will help us to confront the serious challenge of global climate change."

Bush called for changing the tax code to encourage more people not covered by medical insurance to buy a plan, and to discourage others from keeping the most costly health care plans.

Under Bush's proposal, employer-financed health care benefits would be considered taxable income after a deduction of $15,000 for families and $7,500 for individuals. Those buying their own plan would get the same deductions on their taxes.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. But about 20 percent would see a tax increase — those workers whose health insurance cost more than the standard deduction.

"With this reform, more than 100 million men, women and children who are now covered by employer-provided insurance will benefit from lower tax bills," Bush said. "At the same time, this reform will level the playing field for those who do not get health insurance through their job."

The administration sought to make Bush's energy initiatives — in particular a 20 percent cut in gasoline usage by 2017 — an eye-catching centerpiece of his address, the one major element not revealed until hours before the speech. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," Bush said.

The cut would be achieved primarily through a sharp escalation in the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply. The rest would come from raising fuel economy standards for passenger cars, a plan that Bush has proposed in the past but failed to win from Congress.

Acknowledging that some would say such a drastic increase in alternative fuels is unrealistic, the White House argued that the new mandate — which would need approval from Congress — would spur investments in the industry and give technological research a boost.

While setting cutback goals, the president spurned appeals from environmentalists and some major corporations to impose mandatory ceilings on U.S. greenhouse gas emissions in hopes of slowing climate change.

Bush Reaches Out To Skeptical Democrats (MCT)

By Ron Hutcheson

McClatchy Newspapers, January 24, 2007

WASHINGTON - Facing a Democratic-controlled - and hostile - Congress for the first time, a politically weak President Bush bowed to political reality in his State of the Union address Tuesday night by advancing domestic policies that he hoped might win bipartisan support.

Little consensus was apparent, however.

The president proposed to boost alternative fuels, reduce auto emissions and offer a tax break for buying health insurance - unless your employer buys an expensive plan for you, and then Bush would make you pay tax on it.

On the dominant issue of the day, the president was unyielding on Iraq and his plan to send 21,500 more U.S. troops there, despite bipartisan congressional opposition and polls showing that a large majority of Americans are against it.

"On this day, at this hour, it is still within our power to shape the outcome of this battle. So let us find our resolve and turn events toward victory," Bush told a joint session of Congress in the packed chamber of the House of Representatives.

"Our country is pursuing a new strategy in Iraq - and I ask you to give it a chance to work."

Yet the war is so divisive that it may overwhelm chances for bipartisan compromise on anything, despite Bush's invitation to try.

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"We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences, and achieve big things for the American people," Bush said.

Democrats reacted with skepticism and, on some issues, outright hostility.

On Iraq, "the majority of the nation no longer supports the way this war is being fought; nor does the majority of our military. We need a new direction," said Sen. James Webb, D-Va., delivering his party's official reaction to Bush's speech.

On health insurance, Senate Majority Leader Harry Reid, D-Nev., said: "Punish people because they have good insurance? I don't think they would agree with that. Taxing people who have health insurance doesn't make sense to me."

The one major initiative where Bush won what appeared to be genuine bipartisan response was his call to revive his stalled plan to overhaul immigration law, including a guest worker program and a path to citizenship for illegal immigrants here now. That won a standing ovation.

Still, that was the exception.

On prospects for bipartisan partnership, Rep. Charles Rangel, D-N.Y., chairman of the powerful House Ways and Means Committee, said, "I appreciate the president's visit tonight, but he really should have done more to reach out to Democrats before his speech to see if we can come together, rather than simply exchange policies and press releases."

While Republican leaders rallied behind the president, even some of their rank-and-file backbench GOP lawmakers seemed hard-pressed to cheer.

"He's facing a legislative body that's changed as a result of his policies, in large part because of his way of running the worldwide war on terror, especially in Iraq," said Rep. George Radanovich, R-Calif.

Bush Defends Iraq Plan To Skeptical Congress, Nation: 'America Must Not Fail' (USAT)

By David Jackson

USA Today, January 24, 2007

WASHINGTON — President Bush appealed Tuesday to a skeptical Congress to give his new Iraq plan "a chance to work" and called on lawmakers to help expand health insurance coverage and reduce gasoline use by 20% over the next decade.

In his first State of the Union address before a Congress controlled by Democrats, Bush said failing in Iraq would create "a nightmare scenario" and urged support for his plan to boost U.S. troop levels by 21,500. The Senate Foreign Relations Committee begins debate today on a resolution opposing the Bush proposal.

STATE OF THE UNION: The speech's key points | Full speech text

"On this day, at this hour, it is still within our power to shape the outcome of this battle," Bush said. "Let us find our resolve and turn events toward victory."

With his popularity and Americans' support for the Iraq war both sagging, Bush devoted less than half his speech to domestic initiatives that he believes Democrats can accept. Among them: reducing U.S. dependence on foreign oil, tax breaks for health insurance, and flexible education rules.

"Our citizens don't much care which side of the aisle we sit on — as long as we're willing to cross that aisle when there's work to be done," he said.

Sen. Jim Webb, D-Va., whose victory in November helped oust Republicans from power, said Bush's domestic proposals fall short and his plan for Iraq holds the USA "hostage" to chaos and disarray.

"The majority of the nation no longer supports the way this war is being fought," said Webb, a Vietnam War veteran chosen to give the formal Democratic response. "We need a new direction."

Bush's plan for Iraq, unveiled two weeks ago, has also been criticized by Republicans such as Sen. John Warner of Virginia.

The president did not mention the Senate resolution but said the boost in troop strength was necessary to stabilize a country riven by sectarian violence. The plan "provides the best chance of success," Bush said, while failure in Iraq would strengthen terrorists who want to strike the USA again.

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On energy policy, Bush said Americans' dependence on imported oil "leaves us more vulnerable to hostile regimes and to terrorists." The president said increasing the supply of alternative fuels will help to reach his goal for cutting gas consumption over 10 years. He also asked Congress to help improve fuel-efficiency standards for passenger vehicles.

Other issues:

•Immigration. Bush again asked Congress to send him a bill that includes more opportunities for temporary workers from other countries. "Convictions run deep," he said about "guest workers" and immigration. He urged "a serious, civil and conclusive debate."

•Military size. He asked Congress to authorize an increase in the active-duty Army and Marine Corps by 92,000 troops over five years.

•Entitlements. Bush again urged Congress to work on addressing the long-term solvency of Social Security and controlling the costs of Medicare and Medicaid. He did not offer specifics.

Tone Not As Bold As A Year Ago (USAT)

By Susan Page

USA Today, January 24, 2007

WASHINGTON — A year ago, President Bush bragged in his State of the Union address that the United States was "writing a new chapter in the story of self-government" across the Middle East and pledged to "seek the end of tyranny in our world."

On Tuesday night, the president's tone was less confident and his promises considerably more constrained. He pleaded for patience from lawmakers who are moving toward resolutions that urge a new course in Iraq and oppose his decision to commit another 21,500 U.S. troops to the fight.

WARTIME ADDRESSES: A look at speeches by previous presidents

Sitting behind him was a new speaker of the House, Democrat Nancy Pelosi of California, elected to the post after Republicans lost control of Congress in November elections driven in large part by opposition to the war.

As he begins his seventh year in office, Bush finds his presidency held hostage to a war that has drained his political standing and divided his party. Amid bipartisan criticism and a dismal 34% approval rating in the latest USA TODAY/Gallup Poll, some question whether Congress and the public are open to hearing Bush's case on Iraq or the domestic initiatives that he sought to spotlight in his speech.

Wartime presidents from Franklin Roosevelt during World War II to Lyndon Johnson during Vietnam have found domestic proposals difficult to deliver, says Robert Dallek, a presidential historian and author of Flawed Giant: Lyndon Johnson and His Times. "Energy is very hard to focus" during war, he says. "War, especially a war that's going badly, is an all-encompassing concern."

'Achieve big things'

Bush called for reducing Americans' gasoline consumption by 20% in 10 years, providing a path to legal status for illegal immigrants now in this country and modifying the tax code to help those without health insurance buy it. "We can work through our differences and achieve big things for the American people," he declared.

His proposals deal with some of the priorities of the new congressional majority — including global climate change and the problems of the 46 million who are uninsured — although Bush's prescriptions were dismissed as inadequate or ill-conceived by some Democrats. Senate Majority Leader Harry Reid of Nevada, for one, called Bush's health care plan "ridiculous."

Still, scoring progress on these domestic issues would bolster Bush's legacy, now defined by the war. It also would demonstrate that he still can command the powers of his office during the final two years of his tenure.

"He has a very attractive, very aggressive proposal on health coverage that has been long overdue," says Michael Franc, a former Republican House aide now at the conservative Heritage Foundation. "But I don't think anyone is going to listen, unfortunately."

The White House is calculating that the president can tap Americans' desire for action on the domestic front even as the war continues to rage. In a nationwide poll by the non-partisan Pew Research Center released Monday, there was an almost even split between those who said Bush should focus on domestic issues or foreign ones.

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"There's a great appetite to hear about domestic issues," says Andrew Kohut, director of the center. And for bipartisanship, even among Democrats: 4 in 10 said their party leaders should "work with President Bush" rather than "stand up" to him.

Bush opened his speech with a tribute to Pelosi as the first woman to be elected speaker of the House. As his speech continued, however, there was a visible partisan divide between the Republicans to his left, the Democrats to his right.

That was particularly true when, near the midpoint of the 49-minute address, he turned from domestic issues to Iraq. When he said U.S. forces couldn't withdraw until Baghdad was secure, many Republicans rose and applauded while Pelosi and most Democrats sat in their seats, silent.

Russell Riley, a presidential scholar at the University of Virginia's Miller Center of Public Affairs, says members of Congress "will be inclined to pay more attention to the message that they got in November from the electorate than the message coming from the well of the House" by Bush.

In surveys, Americans overwhelmingly oppose the increase in U.S. force levels. Most now say the invasion of Iraq was a mistake.

Bush was braced for a mixed reception, aides said beforehand.

"Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work," he said almost plaintively. "And I ask you support our troops in the field — and those on the way."

Rallying support

In a State of the Union nearly 200 years ago, James Madison argued that British aggression demanded "manly resistance" and justified the War of 1812. Since then, wartime presidents have used the annual addresses to rally support and chastise critics. Many of them, even Franklin Roosevelt, asked for patience when war fatigue rose.

"If we put forth our best efforts this year — and next year — we can be 'over the hump' in our effort to build strong defenses," Harry Truman said in 1952. He added, "This is a time for courage, not for grumbling and mumbling."

In his 1966 State of the Union, Lyndon Johnson said there was "no cause to doubt the American commitment" in Vietnam. He focused on promoting his Great Society domestic initiatives. A year later, he spoke at length about both, acknowledging, "Abroad, the question is whether we have the staying power to fight a very costly war."

And in 1968, Johnson promised that the United States would "persevere" in Vietnam. Two weeks later, however, the Tet Offensive crystallized opposition to the war. Beset by protests, his popularity sagging, Johnson unexpectedly decided not to run for re-election.

Dallek sees parallels between the situation Bush faces in Iraq and the one that Johnson faced in Vietnam — including efforts by Johnson and his successor, Richard Nixon, to push the government that the United States was backing to adopt reforms and take charge, freeing U.S. troops to come home. "The echoes are so powerful," he says.

The Speech's Key Points And Their Context (USAT)

USA Today, January 24, 2007

What the president said on the critical issues of the coming year.

Balanced budget

What President Bush said: "In the coming weeks, I will submit a budget that eliminates the federal deficit within the next five years. I ask you to make the same commitment. Together, we can restrain the spending appetite of the federal government and balance the federal budget."

Context: Bush inherited a $128 billion budget surplus. Within three years, a recession and the war on terrorism turned it into a $412 billion deficit. Rising tax receipts fueled by record corporate profits have since driven the deficit down to $248 billion.

Getting back to balance won't be easy if the president is realistic about the future costs of the wars in Iraq and Afghanistan and the impact of extending his tax cuts, which he vows to do. Bush will be long gone before any balanced budget is enacted. Even if balance is achieved, the long-term growth of Medicare, Medicaid and Social Security threaten much larger deficits in the future.

Economy

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What Bush said: "A future of hope and opportunity begins with a growing economy — and that is what we have. Unemployment is low, inflation is low, and wages are rising."

Context: The economy, while slowing, continues to be a bright spot for the president. Americans' earnings are keeping ahead of inflation, interest rates have stabilized, the jobless rate remains low at 4.5%, and more jobs have been created for 40 consecutive months. Gasoline prices are down from their summer peak; health care inflation, while high, is the lowest since 1999. Tax collections are running 8.2% higher than a year ago.

Whether this is tied to Bush's tax cuts in 2001 and 2003 remains in dispute. Bush says he can balance the budget by 2012 while making all his tax cuts permanent. Democrats are focused on the uneven nature of the recovery, which has left lower-income families behind. They want to redirect spending on tax cuts and the Iraq war to their priorities, such as health care, education and alternative energy. Expect a major clash of priorities over the 2008 budget, which Bush will unveil Feb. 5.

Education

What Bush said: "Five years ago we rose above partisan differences to pass the No Child Left Behind Act … And because we acted, students are performing better." Bush wants the act reauthorized.

Context: No Child Left Behind, Bush's ambitious 2002 education overhaul law, remains one of his few bipartisan successes. It expires this year, and Congress must reauthorize it. That effort could meet stiff resistance as lawmakers try to hold it off until after the 2008 election.

Members on both sides of the aisle have good reasons to wait: Many Democrats don't like the law's annual tests and punishments for failing schools. They don't want to give Bush a victory on education, traditionally a Democratic issue. Republican lawmakers in states such as Utah and Virginia have criticized the law for allowing too much government intervention.

Ethics

What Bush said: "Let us work together to reform the budget process … expose every earmark to the light of day and to a vote in Congress … and cut the number and cost of earmarks at least in half by the end of this session."

Context: Congress has required more public disclosure of earmarks, as the special projects that lawmakers quietly insert in spending bills are known. Lawmakers have not called for reductions; many defend the practice because they know best what their states and districts need.

Bush wants to go further; he even wants line-item veto power to eliminate earmarks, an idea Democratic leaders reject.

The use of earmarks has mushroomed in recent years — with $67 billion in taxpayer money going to these special projects in fiscal year 2006 alone, according to the Congressional Research Service.

Global disease

What Bush said: "We hear the call to take on the challenges of hunger, poverty and disease — and that is precisely what America is doing."

Context: In 2003, Bush announced a five-year, $15 billion initiative to combat AIDS, the largest international health campaign to target a single disease. The program targets 15 countries that are home to about half the world's 39 million people who are HIV-positive. Bush has also called for Congress to reauthorize the $2.1 billion Ryan White Care Act, the largest federal program for people with HIV/AIDS.

The White House says that before the program, 50,000 people were receiving drug treatment for AIDS, while today, more than 800,000 people are receiving medications. Democrats have acknowledged the treatment success of the 2003 Bush initiative but have complained that it focuses too much on promoting abstinence in trying to prevent HIV infections.

Bush announced a $1.2 billion, five-year plan in 2005 to control malaria in Africa. The goal of the initiative is to reduce malaria deaths by half in 15 target countries.

Homeland security

What Bush said: "For all the people in this room, there is no higher responsibility than to protect the people of this country from danger."

Context: Immigration reform and border security will continue to be hot political issues in 2007 and beyond.

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House Democrats have said they will reconsider legislation passed last year to build 700 miles of fence along the Mexican border. Government auditors have said the project could cost $30 billion. The Homeland Security Department, meanwhile, plans a new "virtual fence" that would help Border Patrol agents with cameras, sensors and other high-tech equipment.

Beyond the border, House Democrats this month passed a sweeping bill that would require inspections of all cargo on passenger airplanes and screening of cargo containers before they're loaded on ships headed to U.S. ports. The White House and some senators in both parties have questioned how the government will pay for the inspections.

Immigration

What Bush said: "Extending hope and opportunity in our country requires an immigration system worthy of America, with laws that are fair and borders that are secure. … Let us have a serious, civil, and conclusive debate — so that you can pass, and I can sign, comprehensive immigration reform into law.

Context: Immigration is one issue where Democrats and Bush are likely to reach a deal. Bush has been pressing since taking office for a major overhaul of immigration laws that would include giving legal status to an estimated 12 million people now living in the country illegally.

Last year, the Senate approved a bipartisan bill that met the president's requirements, but House Republicans blocked it. Now Democrats are in charge and are making it a priority.

Bipartisan negotiations already are underway to begin writing a bill that would beef up border security, create a secure ID system to help employers determine who can legally work for them and strengthen penalties on those who hire illegal employees. Still to be determined: how many of those now here illegally will be given a chance at citizenship, and how many conditions they will have to meet.

Iran

What Bush said: "The United Nations has imposed sanctions on Iran and made it clear that the world will not allow … Tehran to acquire nuclear weapons."

Context: The Bush administration has intensified pressure on Iran to stop trying to make nuclear fuel and to stop backing Iraqis who target U.S. troops. European nations, such as France and Germany, urged the United States to talk to Iran; in May, Secretary of State Condoleezza Rice said the United States would take part in multinational talks if Iran suspended uranium enrichment. Iran continued the program.

The United Nations Security Council passed a resolution in December forbidding trade that could help Iran's nuclear or missile programs.

The Bush administration rejected the Iraq Study Group's call for U.S.-Iranian talks. Instead, the administration increased pressure to ban foreign investment in Iran's oil industry and to stop Iranian banks from using U.S. dollars. Bush also sent a second aircraft carrier group to the Persian Gulf.

Iraq

What Bush said: "Our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance of success. Many in this chamber understand that America must not fail in Iraq — because you understand that the consequences of failure would be grievous and far-reaching."

Context: Attacks on U.S. troops and sectarian violence continue to plague Iraq. The Pentagon's most recent report to Congress in November noted a 22% increase in attacks, with 68% of them directed at U.S.-led coalition troops.

That has prompted Bush to forge a new strategy. The president's "new way forward" includes sending 21,500 additional U.S. troops and $1 billion in aid. The plan also would bolster the number of U.S. advisers in Iraqi security units.

Bush's plan has met opposition in Congress and among the public. Several Republican senators have joined Democrats behind a resolution expressing disagreement with Bush.

More than 60% of Americans surveyed by USA TODAY said they support a non-binding congressional resolution that opposes sending more troops.

Bush Can't Reclaim Bipartisanship That Never Existed (MCT)

DOJ_NMG_0120756

By Steven Thomma

McClatchy Newspapers, January 24, 2007

WASHINGTON - George Bush tried to go home Tuesday night.

His goal was what he thought he left behind in Texas when he was a Republican governor with a Democratic legislature. But the mythical bipartisan place he tried to reach out to in his State of the Union address Tuesday was never like the one he romanticized in Texas. It's not what he's built in six years in Washington. And today it's as elusive as Oz.

"We can work through our differences," Bush said hopefully Tuesday.

He spoke the language of cooperation, singling out four big issues on which he and Democrats both want action: education, energy, health care and immigration.

But his proposals were mostly familiar, and on energy, notably small-bore. There's little prospect that either he or the Democrats will shed their mistrust of each other, or that they'll compromise enough to find genuine agreement, with the possible exception of overhauling the nation's immigration policies.

"They're difficult issues. They're ones that have been attempted to solve in the past and have come up short," White House counselor Dan Bartlett said Tuesday. "We go into this process with no illusions about the atmosphere in which we're operating in."

Bush wanted to convince Americans watching on television that he's heard them and that he wants again to work with Democrats.

"Our citizens don't much care which side of the aisle we sit on," he said, "as long as we're willing to cross that aisle when there's work to be done."

Yet the chasm between the parties is wide and deep, the politics between them are poisonous and Bush bears much of the blame.

After reaching out to Democrats his first year, Bush governed after the 2001 terrorist attacks as the leader of a one-party state.

In Congress, his party locked Democrats out of negotiations, then hammered votes through without chance of input.

From the White House, Bush tacked "signing statements" onto bills he signed and used the threat of terrorism in three successive elections to attack Democrats as weak or, worse, aiding the enemy. Last fall he warned that if the Democrats won control of Congress, "terrorists win and America loses."

That makes it hard for Democrats to take his olive branch Tuesday without looking for thorns.

Democrats, too, share responsibility for the nation's polarized politics. These aren't the go-along, get-along, conservative Democrats that Bush ruled with in Texas.

"Dangerously incompetent," was the way Sen. Harry Reid, D-Nev., described Bush during last year's campaign. "A loser," he said another time.

Then there's the Iraq war.

Bush didn't spend the entire speech on the Iraq war, a political loser on which he's alienated virtually all Democrats and even many Republicans in Congress.

And it might not matter.

He said he's sending more troops to Iraq regardless of what the Democrats, the Congress or the country thinks.

The Democrats signaled in response that they're not in the mood for compromise either - on Iraq or at home. They want Bush to get U.S. troops out of Iraq and shift the government away from the wealthy and toward the poor.

"If he does, we will join him," said Sen. James Webb. D-Va., who gave his party's formal response to Bush's speech. "If he does not, we will be showing him the way."

Guests In The Gallery Punctuate Key Aspects Of The Address (USAT)

By Alan Gomez

USA Today, January 24, 2007

DOJ_NMG_0120757

The adulation continued Tuesday for the Harlem construction worker who jumped onto subway tracks in New York City this month to save a man. Wesley Autrey was a guest of Laura Bush during the State of the Union address.

Autrey has received the Bronze Medallion, New York's highest award for civilians; a trip for his family to Walt Disney World; and $10,000 from Donald Trump. Tuesday, he was among two dozen guests of the first lady for President Bush's speech.

Many of the guests were representative of the themes Bush laid out. They included one servicemember each from the Army, Air Force, Navy, Marines and Coast Guard for a speech that focused largely on the war in Iraq. Among the military invitees was Air Force Tech. Sgt. Michelle Barefield, a Bronze Star recipient who survived three attacks with improvised explosive devices while patrolling the Baghdad airport.

Nancy Ho, a molecular biologist at Purdue University who is researching yeasts necessary to develop ethanol, was on hand as Bush called for a massive increase in ethanol use to help cut gasoline consumption by 20% within 10 years.

Dan Jones of Kansas City owns a technology firm that he says cannot afford to pay for health insurance for its three full-time employees. A news release from the White House said Jones would save $2,272.50 a year if he purchased health insurance under Bush's health care proposal.

Listening to Bush's call for immigration reform was Alejandro Monteverde, a Mexican filmmaker who became a U.S. citizen last year. Monteverde got visas for his final year of high school and later to attend the University of Texas film school. As he worked to become a permanent resident and later a U.S. citizen, Monteverde won the People's Choice Award at the 2006 Toronto International Film Festival.

Bush asked Congress to help curb the spread of malaria and AIDS. Joining the first lady was retired admiral Tim Ziemer, former director of World Relief, who now leads the President's Malaria Initiative.

And with the recovery of New Orleans ongoing, Laura Bush hosted Craig Cuccia, who co-founded Reconcile New Orleans. The program started as Café Reconcile, a restaurant that provided culinary training for disadvantaged young people. The non-profit operation began feeding emergency workers and city residents in the weeks after Hurricane Katrina and has expanded to provide construction training to help rebuild the ravaged city.

House Speaker Nancy Pelosi invited 21 guests, including former speakers Jim Wright and Tom Foley, 9/11 widows Carrie Lemack and Mary Fetchet and officeholders from around the country.

Guests Speak Louder Than Words At Capitol (WT)

By Stephen Dinan

The Washington Times, January 24, 2007

Presidents use their State of the Union speeches to send a message to Congress, but lawmakers are increasingly using their guest tickets to send a message right back at him.

For last night's address, Rep. Jim Langevin, Rhode Island Democrat, invited actor Michael J. Fox, whose campaign commercials in favor of expanded embryonic stem-cell research may have helped Democrats win control of the Senate.

From the other side of the aisle, Rep. Dana Rohrabacher, California Republican, invited the wife of a U.S. Border Patrol agent whom the administration prosecuted for a shooting incident involving a suspected drug smuggler.

Meanwhile, Adrian M. Fenty, who as D.C. mayor would usually sit in first lady Laura Bush's box, refused as a protest against the District's lack of a voting representative in Congress. But the Democrat was present, as the guest of new House Speaker Nancy Pelosi, California Democrat.

"This has gotten to be such a big production about everything other than the address," said one Senate aide. "It's become a forum for everybody who wants to air grievances to a national audience rather than a forum to hear from the president on the state of the union."

Mr. Rohrabacher, who has been a vocal critic of President Bush's immigration plans, said inviting Monica Ramos "sends a powerful message" to the Bush administration.

Ignacio Ramos, Mrs. Ramos' husband, and fellow agent, Jose Alonso Compean, have been imprisoned for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico. They are serving 11- and 12-year sentences, respectively.

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"As these two fine men sit in federal prison cells unjustly, I am put in the position of consoling a devastated wife whose life has been destroyed, instead of having the opportunity to reward these men and their families for their brave service as law-enforcement officers," Mr. Rohrabacher said.

Mr. Langevin, a quadriplegic and disabilities advocate who has pushed for broader stem-cell research, said he tries to invite guests who have a high profile on big issues. In 2005, he hosted Dana Reeve, wife of actor Christopher Reeve.

"Michael will help to further Chris and Dana's legacy and underscore for the president just how serious I am about pursuing the promise of stem-cell research," Mr. Langevin said after issuing his invitation to Mr. Fox.

A guest invited by Sen. Hillary Rodham Clinton, New York Democrat, to highlight the health plight of his father, a September 11 emergency worker, learned that his father died last night just before the speech, according to the Associated Press.

The most coveted invitation at a State of the Union address is to sit in the first lady's box.

As mayor of the host town, Mr. Fenty would sit with her by tradition. But instead he joined a host of Democratic luminaries in Mrs. Pelosi's section. The new speaker invited former House Speakers Tom Foley and Jim Wright, both Democrats; Maryland Gov. Martin O'Malley; Los Angeles Mayor Antonio Villaraigosa; and Bruce Gordon, president of the National Association for the Advancement of Colored People.

Because of the way the chamber is situated, Mrs. Bush, sitting to the president's left, looked directly at Mr. Fenty and Mrs. Pelosi's other guests as her view across the chamber.

Among Mrs. Bush's 24 guests this year was Dikembe Mutombo, a pro basketball player and recently naturalized U.S. citizen who spends his off-season working to improve conditions in his native Democratic Republic of the Congo.

Mr. Mutombo, who played basketball at Georgetown University, towered over Mrs. Bush as he stood after the president recognized him.

"He came to Georgetown University on a scholarship to study medicine -- but Coach John Thompson got a look at Dikembe and had a different idea," Mr. Bush said, drawing a giant smile from Mr. Mutombo.

The president also pointed out Wesley Autrey, who saved the life of a man who fell onto the subway tracks in Harlem. Mr. Autrey pulled the man into a space between the rails as the train went by.

In the past, Mrs. Bush has hosted then-Afghan Interim Authority Chairman Hamid Karzai; the then-president of the Iraqi Governing Council, Adnan Pachachi; and a military German shepherd bomb-sniffing dog who had been deployed to Iraq.

The tradition of recognizing guests was started by President Reagan in his first State of the Union speech in 1982, when he acknowledged the presence of Lenny Skutnik, who just 13 days before had dived into the Potomac River to rescue a victim of the Air Florida plane crash.

Last year, the guest who garnered the most attention was anti-war activist Cindy Sheehan, who was arrested for demonstrating in the Capitol and removed from the House gallery minutes before Mr. Bush spoke. She was the guest of Rep. Lynn Woolsey, California Democrat.

The public galleries in the House have 623 seats occupying the tops of two sides and the wall the president faces. All but a few seats were taken, and the chamber was so packed that dozens of ticket holders ended up sitting on the steps in the aisles between the seats.

Not everyone gets into the act with his tickets.

Both Senate Majority Leader Harry Reid, Nevada Democrat, and Minority Leader Mitch McConnell, Kentucky Republican, gave tickets away to other offices who needed extra tickets.

And many offices offer tickets to mayors or other officials from back home.

Bush: Give Iraq Plan "A Chance To Work" (AP)

AP, January 24, 2007

(CBS/AP) A politically weakened President Bush implored a skeptical Congress Tuesday night to embrace his unpopular plan to send more U.S. troops to Iraq, saying it represents the best hope in a war America must not lose. "Give it a chance to work," he said.

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Facing a political showdown with Democrats and Republicans alike, Mr. Bush was unyielding on Iraq in his annual State of the Union address. He also sought to revive his troubled presidency with proposals to expand health insurance coverage and to slash gasoline consumption by 20 percent in a decade.

Democrats — and even some Republicans — scoffed at his Iraq policy. Unmoved by Mr. Bush's appeal, Democrats said the House and Senate would vote on resolutions of disapproval of the troop buildup.

"We need a new direction," said freshman Sen. Jim Webb, picked by the Democrats to deliver their response to the president's speech. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military," said Webb, a Vietnam veteran opposed to Mr. Bush's invasion of Iraq.

Republican Sen. Norm Coleman of Minnesota, also took issue with Mr. Bush. "I can't tell you what the path to success is, but it's not what the president has put on the table," he said.

It was a night of political theater as the president went before the first Democratic-controlled Congress in a dozen years with his lowest approval ratings in polls.

A CBS News poll conducted by Knowledge Networks immediately after the speech found that 82 percent of viewers generally approved of the president's proposals while 18 percent disapproved. However, 68 percent of viewers said Mr. Bush will not be able to accomplish his goals, while 32 percent think he will.

Mr. Bush rallied some support for his Iraq plan among those who watched the speech, according to the poll. Before the State of the Union, 43 percent of them backed the plan, while 52 percent of them supported it after the speech.

"This was a much better speech and a much better argument for his position than he made when he made the speech announcing the troop increase two weeks ago," CBS News chief Washington correspondent Bob Schieffer said. "But frankly, it comes down to this: If the president is right on this, this is going to be seen as a great profile in courage. If he's wrong, it will be seen as something much different."

With debate over the Iraq war sending Republicans scurrying away from the president, Mr. Bush's job approval rating stood at a new low of 28 percent in the latest CBS News poll.

Democratic Speaker Nancy Pelosi of California, the first woman to lead the House, sat over Mr. Bush's shoulder, next to Vice President Dick Cheney. Reaching out to the Democrats, the president opened with a tribute to Pelosi and paused to shake her hand. He also asked for prayers for South Dakota Democratic Sen. Tim Johnson, hospitalized for more than a month after suffering a brain hemorrhage, and Republican Rep. Charlie Norwood of Georgia, who's suffering from cancer.

The speech audience included up to a dozen House and Senate members who have announced they are running for president in 2008 or are considered possible contenders.

Mr. Bush divided his speech between domestic and foreign issues, but the war was topic No. 1.

Pelosi set the tone for Democrats. She sat silently and did not applaud as Mr. Bush warned of high stakes in Iraq and said American forces must not step back before Baghdad is secure.

With Congress poised to deliver a stinging rebuke on his troop increase, the president made a personal plea to lawmakers.

"I have spoken with many of you in person. I respect you and the arguments you made," Mr. Bush said. "We went into this largely united, in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure."

"Our country is pursuing a new strategy in Iraq and I ask you to give it a chance to work," he said. "And I ask you to support our troops in the field and those on their way."

The president said the Iraq war had changed dramatically with the outbreak of sectarian warfare and reprisals.

"This is not the fight we entered in Iraq, but it is the fight we are in," he said. "Every one of us wishes that this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk.

"Ladies and gentlemen: On this day, at this hour, it is still within our power to shape the outcome of this battle," the president said. "So let us find our resolve and turn events toward victory."

Key Republicans have joined Democrats in drafting resolutions of opposition to the plans he announced two weeks ago to send an additional 21,500 troops to Iraq. Mr. Bush said his approach had the best chance to succeed.

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"Many in this chamber understand that America must not fail in Iraq because you understand that the consequences of failure would be grievous and far reaching," the president said. "If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides."

In such a case, he forecast "an epic battle," Shiite extremists backed by Iran against Sunni extremists aided by al Qaeda and supporters of Saddam Hussein's government, leading to violence that could spread across the Middle East. "For America, this is a nightmare scenario," Mr. Bush said.

On domestic matters, the president pressed Congress to help find ways to overhaul entitlements such as Social Security, Medicare and Medicaid before they impose huge problems for future generations.

"Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

On immigration, too, the president made a plea to lawmakers that he has made before. Members of his own party were the main obstacle to success in that area — a fact Mr. Bush acknowledged even as he pressed for a better result now than Capitol Hill is run by Democrats more amenable to his ideas.

"Convictions run deep in this Capitol when it comes to immigration," he said. "Let us have a serious, civil and conclusive debate."

Mr. Bush said his energy proposals would cut American imports by the equivalent of 75 percent of the oil coming from the Middle East. His prescription, as always, relied primarily on market incentives and technological advances — not government mandates.

"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on oil," he said. "These technologies will help us become better stewards of the environment — and they will help us to confront the serious challenge of global climate change."

Mr. Bush called for changing the tax code to encourage more people not covered by medical insurance to buy a plan, and to discourage others from keeping the most costly health care plans.

Under the president's proposal, employer-financed health care benefits would be considered taxable income after a deduction of $15,000 for families and $7,500 for individuals. Those buying their own plan would get the same deductions on their taxes.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. But about 20 percent would see a tax increase — those workers whose health insurance cost more than the standard deduction.

"With this reform, more than 100 million men, women and children who are now covered by employer-provided insurance will benefit from lower tax bills," Mr. Bush said. "At the same time, this reform will level the playing field for those who do not get health insurance through their job."

The administration sought to make Mr. Bush's energy initiatives — in particular a 20 percent cut in gasoline usage by 2017 — an eye-catching centerpiece of his address, the one major element not revealed until hours before the speech. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," Bush said.

The cut would be achieved primarily through a sharp escalation in the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply. The rest would come from raising fuel economy standards for passenger cars, a plan that Mr. Bush has proposed in the past but failed to win from Congress.

Acknowledging that some would say such a drastic increase in alternative fuels is unrealistic, the White House argued that the new mandate — which would need approval from Congress — would spur investments in the industry and give technological research a boost.

While setting cutback goals, the president spurned appeals from environmentalists and some major corporations to impose mandatory ceilings on U.S. greenhouse gas emissions in hopes of slowing climate change.

President's Portrayal Of 'The Enemy' Often Flawed (WP)

By Glenn Kessler

The Washington Post, January 24, 2007

DOJ_NMG_0120761

In his State of the Union address last night, President Bush presented an arguably misleading and often flawed description of "the enemy" that the United States faces overseas, lumping together disparate groups with opposing ideologies to suggest that they have a single-minded focus in attacking the United States.

Under Bush's rubric, a country such as Iran -- which enjoys diplomatic representation and billions of dollars in trade with major European countries -- is lumped together with al-Qaeda, the terrorist group responsible for the Sept. 11, 2001, attacks. "The Shia and Sunni extremists are different faces of the same totalitarian threat," Bush said, referring to the different branches of the Muslim religion.

Similarly, Bush asserted that Shia Hezbollah, which has won seats in the Lebanese government, is a terrorist group "second only to al-Qaeda in the American lives it has taken." Bush is referring to attacks nearly a quarter-century ago on a U.S. embassy and a Marine barracks when the United States intervened in Lebanon's civil war by shelling Hezbollah strongholds. Hezbollah has evolved into primarily an anti-Israeli militant organization -- it fought a war with Israel last summer -- but the European Union does not list it as a terrorist organization.

At one point, Bush catalogued what he described as advances in the quest for freedom in the Middle East during 2005 -- such as the departure of Syrian troops from Lebanon and elections in Iraq. Then, Bush asserted, "a thinking enemy watched all of these scenes, adjusted their tactics and in 2006 they struck back." But his description of the actions of "the enemy" tried to tie together a series of diplomatic and military setbacks that had virtually no connection to one another, from an attack on a Sunni mosque in Iraq to the assassination of Maronite Lebanese political figure.

In his speech, Bush argued that "free people are not drawn to violent and malignant ideologies -- and most will choose a better way when they are given a chance." He also said that terrorist groups "want to overthrow moderate governments."

In the two of the most liberal and diverse societies in the Middle East -- Lebanon and the Palestinian territories -- events have undercut Bush's argument in the past year. Hezbollah has gained power and strength in Lebanon, partly at the ballot box. Meanwhile, Palestinians ousted the Fatah party -- which wants to pursue peace with Israel -- from the legislature in favor of Hamas, which is committed to Israel's destruction and is considered a terrorist organization by the State Department.

In fact, many of the countries that Bush considers "moderate" -- such as Egypt and Saudi Arabia -- are autocratic dictatorships rated among the worst of the "not free" nations by the nonpartisan Freedom House. Their Freedom House ratings are virtually indistinguishable from Cuba, Belarus and Burma, which Bush last night listed as nations in desperate need of freedom.

Bush also claimed that "we have a diplomatic strategy that is rallying the world to join in the fight against extremism." But Monday, a poll of 26,000 people in 25 countries was released that showed that global opinion of U.S. foreign policy has sharply deteriorated in the past two years. Nearly three-quarters of those polled by GlobeScan, an international polling company, disapprove of U.S. policies toward Iraq, and nearly half said the United States is playing a mainly negative role in the world.

In his State of the Union address a year ago, Bush said that progress in Iraq meant "we should be able to further decrease our troop levels" but that "those decisions will be made by our military commanders, not by politicians in Washington, D.C." Bush now proposes to increase troop levels, after having overruled the concerns of commanders. In his speech last night, he sidestepped this contradiction, saying that "our military commanders and I have carefully weighed the options" and "in the end, I chose this course of action."

On domestic policy, Bush at one point said that "the recovery" has added more than 7.2 million jobs since August 2003. But the net number of jobs created since Bush became president in January 2001, is much lower -- just 3.6 million. The Bush administration's performance is fairly mediocre for the sixth year of a presidency, according to historical statistics maintained by the Bureau of Labor Statistics. Nearly 18 million jobs were added by the sixth year of Bill Clinton's presidency -- and nearly 10 million were added at this point in Ronald Reagan's presidency.

Bush claimed credit for cutting the budget deficit ahead of schedule and proposed to eliminate it over the next five years. He did not mention that he inherited a huge budget surplus -- $236 billion in 2000 -- compared with a $296 billion deficit in the 2006 fiscal year, largely as a result of Bush's tax cuts and spending increases. Bush claimed that the No Child Left Behind Act has helped students to "perform better at reading and math, and minority students are closing the achievement gap." But states

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made stronger average annual gains in reading during the decade before the law took effect, education researchers have found, and half a dozen recent studies have shown little progress in narrowing the test-score gap between minority and white students.

Staff writer Amit R. Paley contributed to this report.

Bush Insists U.S. Must Not Fail In Iraq (NYT)

By David E. Sanger And Jim Rutenberg

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — President Bush tried to resuscitate his ailing presidency Tuesday night, using his State of the Union address to present a modest agenda of energy and health care proposals while warning an increasingly assertive Congress against undercutting his new Iraq strategy.

It was a speech that reflected Mr. Bush's difficult circumstances. It was limited in ambition and political punch at home, with no proposals to rival his call two years ago to remake Social Security, no mention of rebuilding New Orleans and no allusions to limiting stem cell research or banning gay marriage.

And when it came to his plan to send additional troops to Iraq, he was forced to plead with the Democrats who now control Congress — and with a growing number of Republican critics — to "give it a chance to work."

In an admission that the United States now finds itself trapped in the cross-fire of a sectarian conflict, Mr. Bush said, "This is not the fight we entered in Iraq, but it is the fight we are in." While he insisted that America could not afford to fail, he also warned the Iraqi government that "our commitment is not open-ended."

His freshest initiative was setting a goal of reducing projected gasoline consumption 20 percent over the next 10 years. This hit a theme tailored to his appeal for bipartisanship in a city where the balance of power has shifted markedly against Mr. Bush since the last State of the Union address. Although he did not propose any measures to deal with emissions from power plants and factories, the main sources of greenhouse gases, he spoke of "the serious challenge of global climate change."

The other main element of his domestic agenda, a package of proposals intended to improve access to health insurance, had drawn intense opposition from Democrats long before Mr. Bush walked to the well of the House chamber on Tuesday night, a scene he could not have relished but handled graciously. Behind him sat a Democratic House speaker, Representative Nancy Pelosi, sitting alongside Vice President Dick Cheney. In front of him was an audience of Democrats growing increasingly comfortable with their new power, including quite a few who are jockeying to take his job and reverse the policies he has put in place.

Mr. Bush gamely ticked off other goals he would like to achieve before leaving office in three days short of two years. They included overhauling immigration laws, taking steps toward a balanced budget, dealing with the long-term financial condition of Social Security and Medicare, and imposing tighter standards on schools.

Yet the proposals were overwhelmed by the Iraq debate.

"Many in this chamber understand that America must not fail in Iraq," Mr. Bush said, "because you understand that the consequences of failure would be grievous and far-reaching."

While Mr. Bush has traditionally used these speeches to present a hopeful vision of Iraq's future, he could not do so on Tuesday night. His own nominee to take over the command of United States forces in Iraq, Lt. Gen. David H. Petraeus, told the Senate Armed Services Committee earlier in the day that "the situation in Iraq is dire."

Mr. Bush started his speech 12 hours before the Senate Foreign Relations Committee was to begin working on a bipartisan resolution in opposition to his plan to send additional troops to Iraq. Despite his proposal of a bipartisan council to advise him on the battle against Islamic extremism, Democrats immediately assailed him, and members of his own party continued to show signs of edging away.

In the Democratic response to his address, Senator Jim Webb of Virginia, whose son is a marine serving in Iraq, said that Mr. Bush "took us into this war recklessly," and that the United States was now "held hostage to the predictable and predicted disarray that followed." Mr. Webb called for "a formula that will in short order allow our combat forces to leave Iraq," and said that if Mr. Bush did not change course in Iraq and in his economic policies, "we will be showing him the way."

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Mr. Bush got a polite reception, but one far more muted than in previous appearances. He waited until the end of his nearly 50-minute speech to deliver the assessment that typically opens these addresses, that "the state of our union is strong." For a man who finds himself struggling to maintain public and political support, Mr. Bush delivered the speech in a confident tone, with easy and relaxed smiles.

Seeking new ground for consensus, Mr. Bush reached back to a theme that marked the first days of his presidency, when he would regularly appeal for bipartisanship. "Our citizens don't much care which side of the aisle we sit on, as long as we are willing to cross that aisle when there is work to be done," he said.

But the power dynamic on Tuesday night was completely different. In the six years in which Republicans controlled one or both houses of Congress, Democrats said they saw little of that bipartisan instinct at work, and despite vows to behave differently, they have not shown much in return.

In fact, Mr. Bush's argument on Tuesday night for embracing his Iraq plan amounted to a reverse of the argument that he made from the same podium four years ago, when he contended that dealing with Saddam Hussein would help the United States bring other rogue states to heel. This time, Mr. Bush spoke of a "nightmare scenario," of an Iraq "overrun by extremists on all sides." He said the violence in the country would turn contagious, spread beyond Iraq's borders and inflame the entire Middle East.

And he appealed to Democrats to remember the votes many of them cast in 2002 to authorize the invasion, throwing some responsibility their way in the process.

"We went into this largely united, in our assumptions and in our convictions," he said, recalling the days when his approval ratings were sky-high. "And whatever you voted for, you did not vote for failure."

Mr. Bush was careful in describing what many in his administration believe could be a coming confrontation with Iran. While he vowed that the world would never allow Iran to obtain a nuclear weapon, he made no threats, saying he was relying on diplomacy to deal with both Iran and North Korea, the two countries that, five years ago, he declared in a State of the Union address made up an "axis of evil" with Saddam Hussein's Iraq.

There were no such labels on Tuesday, a reflection of the reality that with American forces tied down in Iraq, Mr. Bush's options are limited.

But the effect of Iraq extends to the domestic front. Even his allies say the war threatens the prospects of the new initiatives he described.

"Iraq casts a huge shadow over anything in the domestic policy arena that the president talks about," said Glen Bolger, a Republican pollster. "The situation makes it very difficult for the president to get Americans to pay attention to what he's saying on issues like energy and health care."

Dan Bartlett, the White House counselor, argued otherwise. "If you talk about the issues the public cares about, and you put forward innovative, bold ideas," Mr. Bartlett said, "the American people, regardless of what the polls say that day, will say, 'This is worth study, this is worth engaging the Democratic Congress on.' "

Ms. Pelosi and Senator Harry Reid of Nevada, the Senate majority leader, said in a joint statement that Mr. Bush's goals on energy were "commendable," but suggested they would seek to achieve them through different policies.

Senator Hillary Rodham Clinton of New York, speaking on ABC News, said Mr. Bush would find "a receptive audience" for his energy and health care goals, though she later said she found the early details of his health care plan "really troubling." The Republican minority leader in the Senate, Mitch McConnell of Kentucky, said the two parties should find innovative ways to tackle the issues.

Mr. Bush's aides and allies argue that he could exert some leverage by accusing Democrats of intransigence and "do-nothingness" should they flatly shoot down his proposals, as they were starting to do even before his speech.

"The real question is not whether he can make it work; he's extended his hand several times now," said Senator Jon Kyl, Republican of Arizona. "The real question is how much do the Democrats want to cooperate with him."

But the Democrats have been in control only a few weeks, and polls indicate that for now the public is more likely to side with them in a fight. And it is not clear that Mr. Bush's new proposals would do anything to reverse the political balance of power.

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Bush Urges Congress To 'find Resolve' On Iraq (FT)

By Caroline Daniel

Financial Times, January 24, 2007

President George W. Bush on Tuesday night made his most pessimistic and assertive defence of his new policy on the war in Iraq as he warned of a "nightmare scenario" of sectarian violence that could draw the entire region into the conflict.

In his annual State of the Union address, Mr Bush - battling criticism over the rationale for going to war and his strategy - sought support of Congress and the American people for sending an additional 21,500 more troops to Iraq.

"It is still within our power to shape the outcome of this battle. So let us find our resolve and turn events toward victory," he said.

He also offered a stark warning to senators and members of Congress who have opposed the surge.

"We could expect an epic battle between Shia extremists backed by Iran, and Sunni extremists aided by al Qaeda and supporters of the old regime. A contagion of violence could spill out across the country - and in time the entire region could be drawn into the conflict," the president said on Tuesday night.

"Chaos is their greatest ally in this struggle. And out of chaos in Iraq, would emerge an emboldened enemy with new safe havens, new recruits, new resources and an even greater determination to harm America. To allow this to happen would be to ignore the lessons of September 11 and invite tragedy."

The president's speech set no new policy on Iraq and painted a positive domestic agenda. At the centre of this was a new energy policy.

For the first time in his presidency he called the threat of global climate change a "serious challenge" and outlined plans to address the rise in greenhouse gas emissions by calling for Americans to cut demand for petrol by 20 per cent over the next 10 years.

His comments reflected a chastened president bowing to rising international and domestic criticism of his policy on global warming, and seeking to forge a legacy based on shifting the US from its dependence on foreign oil, echoing last year's most memorable line that "America is addicted to oil."

Mr Bush outlined his plans for an aggressive shift to alternative fuels such as ethanol, a politically popular stance in the Midwest, and a greater focus on energy efficiency with a call to increase fuel economy standards in the US, which remain below those of China. "These technologies will help us become better stewards of the environment and they will help us to confront the serious challenge of global climate change."

According to a White House document the plan "will confront climate change by stopping the projected growth of carbon dioxide emissions from cars, light trucks and SUVs within ten years."

The so-called "Twenty by ten" goal marks a significant shift for the White House towards recognising that it must give a higher priority to addressing domestic demand for oil as well as bolstering supply. It bows to pressure from international leaders, corporations and domestic concern to act on climate change, and recognises that Democrats have radically shifted the focus of energy policy towards energy efficiency. Mr Bush's first five State of the Union speeches have not directly addressed climate change, and in 2001 he summed up his energy policy as "We can't conserve our way to energy independence."

Mr Bush said he would achieve his goal of cutting US demand for petrol by raising fuel economy standards and shifting to alternative fuels. About three-quarters of the shift will come from moves towards fuels such as ethanol, rather than a more aggressive stance on fuel economy.

President George W. Bush triggered the biggest one-day jump in oil prices in 16 months on Tuesday when he set out plans to double US strategic oil reserves.

Oil prices rose 4.7 per cent to $55 a barrel after Mr Bush pledged to double the size of the reserves by 1.5bn barrels by 2027. Sam Bodman, energy secretary, said his department would start "purchasing crude oil in the spring at a rate of about 100,000 barrels per day".

In an echo of last year's most memorable line that the US is "addicted to oil", Mr Bush on Tuesday night warned: "For too long our nation has been dependent on foreign oil. And this dependence leaves us more vulnerable to hostile regimes, and to terrorists who could cause huge disruptions of oil shipments."

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Mr Bush's address comes as he faces the lowest approval ratings for any president ahead of a State of the Union since Richard Nixon in 1974. A recent Washington-Post/ABC News poll gave Mr Bush a 33 per cent approval rating. Dan Bartlett, White House counselor, said it reflected the fact that officials were "under no illusions about the atmosphere we are operating in."

Faced with opposition from Democrats and rising Republican dissent about his plans for a troop surge in Iraq, Mr Bush defended his strategy. "Many in this chamber understand that America must not fail in Iraq – because you understand that the consequences of failure would be grievous and far reaching."

Although Mr Bush called for bi-partisan co-operation in Iraq Democrats swiftly attacked his proposals. Jim Webb, the newly elected senator from Virginia, who was selected to give the Democratic party's rebuttal to the speech, criticised the president.

"He took us into this war recklessly. He disregarded warnings from the national security adviser during the first Gulf war, the chief of staff of the army, two former commanding generals of the central command, whose jurisdiction includes Iraq, the director of operations on the joint chiefs of staff."

The White House energy policy fell short of hopes it would engage in international discussions about a post Kyoto accord after 2012 to control greenhouse gases or support tougher economy wide mandatory caps on carbon dioxide.

Higher oil prices pushed energy stocks up sharply. The S&P's energy sector rose 2.4 per cent with shares in Exxon Mobil up 2.2 per cent at $74.49 and Chevron 1.9 per cent to $72.56.

Getting A Read On The Speech Makes For Quite A Snapshot (WP)

By Tom Shales

The Washington Post, January 24, 2007

George W. Bush flirted with eloquence only at the end of his so-so, nuts-and-bolts State of the Union speech last night: "The state of our union is strong," he said, "our cause in the world is right, and tonight that cause goes on." With a quick "God bless" he bolted from the podium as members of Congress, almost applauded out by that time, gave him his final ovation of the night.

Bedecked in yet another of his pale blue neckties, Bush began the speech on a conciliatory and bipartisan note, declaring himself "the first president to begin the State of the Union message with these words: Madam Speaker" -- a reference, of course, to Democrat Nancy Pelosi, who now presides over the House. Bush also congratulated "the Democratic majority" that he was facing en masse for the first time.

As seen on all the major and minor networks, the speech was workmanlike and the presentation presentable. Bush seemed determined to keep it low-key. Campbell Brown, reporting for NBC News, called it "extremely subdued." Brown had an unusual perspective, at least for a correspondent. Before the speech began, anchor Brian Williams told viewers that a journalist was being allowed to report from the floor of the House, right down there with the legislators, for the first time.

Brown was heard but not seen, however; she was not accompanied by a camera.

On CBS, Bob Schieffer called Bush's address "a much better speech" than the one in which he announced his plan to send more than 20,000 additional troops to Iraq, a speech delivered from the White House library earlier this month. Bush spoke of that plan last night as a fait accompli, not something he wants to talk over with anybody on Capitol Hill. "We are deploying" additional troops, he said -- not "we want to deploy" or "I would like to deploy."

To its credit, ABC News, alone among the three major networks, stayed on the air with coverage for the rest of the hour after Bush finished talking. Charles Gibson anchored from outside the Capitol in a topcoat. Even more exhaustive coverage was available on HDNet, a high-definition network whose anchor is Dan Rather. Yes, that Dan Rather, who preceded and followed the speech with interviews and features, signing off at 11 p.m.

On C-SPAN, which went to live pictures from the House chamber 15 minutes before the speech began, commentator Kenneth Walsh, of U.S. News & World Report, noted the presence of guest stars in the balcony both in the first lady's box and in the section controlled by Democrats. He predicted "dueling images of heroes and celebrities" during the speech.

Actually, it was more a case of dueling standing ovations as Republicans and Democrats took turns jumping to their feet to express approval for something Bush said. When the president used the terms "global warming" and "global climate change" -- probably for the first time in one of his State of the Union speeches, if not ever -- Democrats rose and clapped away. A moment

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later, when he called for quick approval of judges nominated to federal courts -- "a prompt up-or-down vote" in Congress, it was the Republicans' turn to stand and applaud, while most of the Democrats stewed in their seats.

Some members of Congress, forgetting they might be in a reaction shot at any moment, also forgot that it's best not to read along with the president from printed copies of his speech that they'd been given in advance. In a telling two-shot, viewers saw Illinois Sen. Barack Obama in the foreground reading from the speech, and thus appearing almost to be asleep, and right behind him New York Sen. Hillary Clinton, quite possibly Obama's major foe in pursuing the Democratic presidential nomination for 2008, looking bright-eyed (and for all we know, bushy-tailed) and appearing to give the president her full and eager attention.

Sen. Edward Kennedy (D-Mass.) was caught by cameras reading the speech, too, but he looks so venerable and distinguished by now that it's hard to get a bad picture of him. In fact he seems more and more to resemble Claude Rains as a veteran white-haired senator in Frank Capra's classic movie "Mr. Smith Goes to Washington." Life imitating art's imitation of life.

Although Katie Couric is the presiding anchor on CBS, she increasingly relies on the expertise of Schieffer when covering big political events. They are now virtual co-anchors. While Couric read from prepared historical information about past State of the Union addresses, Schieffer did the up-to-date political analysis. In fact, he seemed to get even more screen time than Couric in the minutes leading up to the speech.

MSNBC's Keith Olbermann told viewers the speech was to begin at 9:01:30 but allowed as how it could take 12 minutes for the president to make his way down the aisle to the podium, depending on how many hands got shaken. A lot did. And Bush didn't enter the chamber until 9:09; he finally began speaking at 9:13 (concluding at 10:03).

The Democratic response to the speech -- delivered last night by Virginia Sen. Jim Webb -- traditionally doesn't air until the president is out of sight. Could Bush have intentionally been delaying it by grasping every hand in sight and giving countless autographs when he got to the exit from the chamber? Whatever, he was, as the cliche goes, all smiles at this point, seemingly oblivious to the fact that he is now, according to polls, as unpopular as Richard Nixon was when wallowing in Watergate.

Some 2008 Contenders Disagree, Politely (WP)

By Shailagh Murray And Anne E. Kornblut

Washington Post, January 24, 2007

President Bush's audience at the Capitol last night included at least 10 Republicans and Democrats who hope to succeed him, and their response to his State of the Union address ranged from enthusiastic to tepid.

The most generous was Sen. John McCain of Arizona, a leading contender for the GOP nomination and Bush's chief defender on the Iraq war, including the administration's latest plan to deploy an additional 21,500 troops.

"This strategy ought to be given a chance, because the consequences of failure are immense, and we'll be back again some day," McCain told ABC News in a post-speech interview. "This is going to be long and hard and tough."

Sen. Hillary Rodham Clinton (N.Y.), the Democratic front-runner, was more skeptical, urging Bush to seek a more "comprehensive approach" to the Iraq crisis. Bush's troop escalation proposal, she said, was "really more of the same. We've gone down this road before."

"Most Americans believe that escalation will not bring the war in Iraq to a responsible end, and that's why I've proposed not just a troop cap, but a phased redeployment that will start bringing our troops home," added Sen. Barack Obama (D-Ill.), another major contender.

Bush was the main event last night, but the 2008 contenders created their own media sideshow. As lawmakers milled around on the House floor prior to the speech, cameras caught Obama joking with colleagues and Sen. Sam Brownback (R-Kan.) and applauding politely as Cabinet secretaries filed into the chamber. Obama sat directly in front of Clinton during the speech, while McCain sat with his head bowed, following along with a written version.

Presidential prospects dominated post-speech television coverage, with the national networks staking out a separate interview staging ground for party VIPs in the Russell Senate Office Building rotunda, away from the hoards of local television crews that packed Statuary Hall in the Capitol. Obama showed up first, immediately after the speech ended at 10:15 p.m., and announced that he hadn't heard anything surprising, although he did describe the mood in the chamber as "courteous."

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Meanwhile, Clinton stood a few steps away, noting the "very crowded rotunda" as she peered around for a way to duck past Obama.

As of last night, Obama had been booked on all the major morning news programs, while Clinton declined to appear. Sen. Joseph R. Biden Jr. (D-Del.), another 2008 contender, had been scheduled on several programs, but was bumped, according to a senior Democratic Senate aide.

John Edwards, a former senator and the 2004 Democratic vice presidential nominee, watched the speech from Miami and made a series of television appearances from there. He responded to Bush's speech with a full-page ad today in the Capitol Hill newspaper Roll Call that asks Congress to use its power to stop President Bush from sending more troops to Iraq.

The text reads, "Last night, you heard the president speak. Today, listen to the American people," and is followed by a list of voters who have endorsed Edwards's proposal that Congress block funding for a troop increase.

Sen. John F. Kerry (D-Mass.), the 2004 presidential nominee, offered some of the harshest criticism of the night, saying Bush "glossed over the disastrous war and its multibillion-dollar price tag and implied again that our presence in Iraq is somehow improving the situation in that chaotic and turbulent country."

Kerry added that he would soon introduce legislation to demand that the White House set a date for withdrawing troops from Iraq.

Democratic candidates were most generous in their response to Bush's domestic proposals, particularly ideas to expand health coverage and cut gasoline consumption. "The president offered some serious proposals tonight on two issues -- energy and health care -- that we all agree must be addressed," Obama said in a post-speech statement. "I'm glad he did and I think it's important to respond in a constructive way."

Clinton echoed Obama's more conciliatory response to the president's domestic proposals. "I'm willing to work with anyone," he said. "Let's try to get something done."

On the Republican side, former New York mayor Rudolph W. Giuliani, another major contender for the GOP presidential nomination, had warm things to say about Bush's speech during an interview on Fox.

"I thought the speech was a very good one and I thought it did what the president had to do, which is to get us kind of beyond Iraq, meaning there are a lot of other things we have to concentrate on," he said.

The State Of The Union (NYT)

The New York Times, January 24, 2007

The White House spin ahead of George W. Bush's seventh State of the Union address was that the president would make a bipartisan call to revive his domestic agenda with "bold and innovative concepts." The problem with that was obvious last night — in six years, Mr. Bush has shown no interest in bipartisanship, and his domestic agenda was set years ago, with huge tax cuts for wealthy Americans and crippling debt for the country.

Combined with the mounting cost of the war in Iraq, that makes boldness and innovation impossible unless Mr. Bush truly changes course. And he gave no hint of that last night. Instead, he offered up a tepid menu of ideas that would change little: a health insurance notion that would make only a tiny dent in a huge problem. More promises about cutting oil consumption with barely a word about global warming. And the same lip service about immigration reform on which he has failed to deliver.

At times, Mr. Bush sounded almost as if he'd gotten the message of the 2006 elections. "Our citizens don't much care which side of the aisle we sit on — as long as we are willing to cross that aisle when there is work to be done," he said.

But we've heard that from Mr. Bush before. In early 2001, he promised to bring Americans together and instead embarked on his irresponsible tax cuts, a divisive right-wing social agenda and a neo-conservative foreign policy that tore up international treaties and alienated even America's closest allies. In the wake of 9/11, Mr. Bush had a second chance to rally the nation — and the world — only to squander it on a pointless, catastrophic war in Iraq. Mr. Bush promised bipartisanship after his re-election in 2004, and again after Hurricane Katrina. Always, he failed to deliver. He did not even mention New Orleans last night.

When Republicans controlled Congress and the White House, Mr. Bush's only real interest was in making their majority permanent; consultation meant telling the Democrats what he had decided.

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Neither broken promises nor failed policies changed Mr. Bush's mind. So the nation has been saddled with tax cuts that have turned a budget surplus into a big deficit, education reform that has been badly managed and underfinanced, far-right judges with scant qualifications, the dismantling of regulations in order to benefit corporations at the expense of workers, and a triumph of ideology over science in policy making on the environment and medical research. All along, Americans' civil liberties and the constitutional balance have been trampled by a president determined to assert ever more power.

Now that the Democrats have taken Congress, Mr. Bush is acting as if he'd had the door to compromise open all along and the Democrats had refused to walk through it.

Last night, Mr. Bush also acted as if he were really doing something to help the 47 million people in this country who don't have health insurance. What he offered, by the White House's own estimate, would take a few million off that scandalously high number and shift the burden to the states. Mr. Bush's plan would put a new tax on Americans who were lucky enough to still have good health-care coverage through their employers. Some large portion of those are middle class and represented by the labor unions that Mr. Bush and the Republicans are dedicated to destroying.

Mr. Bush's comments on Iraq added nothing to his failed policies. He did, at last, propose a permanent increase in the size of the Army and Marines that would repair some of the damage he has done to those forces. But that would take years, and it would do nothing to halt Iraq's spiral. Mr. Bush failed to explain how he would pay for a larger force, which would almost certainly require cutting budget-busting weapons programs. That would mean going up against the arms industry and its lobbyists — something Mr. Bush has never been willing to do.

Mr. Bush almost certainly didn't intend it, but his speech did reinforce one vital political fact — that it's not just up to him anymore. There was a big change last night: the audience. Instead of solid Republican majorities marching in lock step with the White House, Congress is controlled by Democrats. It will be their task to give leadership to a nation that desperately wants change and expects its leaders to work together to deliver it. The Democrats' challenge will be to form real coalitions with willing Republicans. If they do, Mr. Bush may even be forced, finally, to compromise.

Say what you will about the flaws and shortcomings of the two-party system. After six years of the Bush presidency, at least we know it's a lot better than the one-party system.

Speaking On Demand (LAT)

Los Angeles Times, January 24, 2007

The State of the Union address, a constitutional requirement, seemed more forced than ever this year.

IT IS ALWAYS tempting to take the State of the Union address seriously. It is the Constitution, after all, that requires that the president "from time to time give to the Congress Information of the State of the Union," and even if the substance of the address rarely inspires, there is always the spectacle itself: the full chamber, the shouts and applause of the audience, the surprise guests in the gallery.

This year, however, the speech felt even more compulsory than usual. President Bush seemed at times to be going through the motions, reasserting his position or making proposals on a number of issues — immigration, healthcare, education, the war in Iraq, energy independence — in an effort to remain relevant in the face of a Democratic Congress and plummeting public support. It's difficult to know how many of his ideas will amount to anything. On a few fronts, however, they're either interesting or relevant (though not often both).

Immigration reform is the most pressing domestic business left from the previous Congress. It's also the policy area in which Bush's goal of establishing a "legal and orderly path for foreign workers to enter our country to work on a temporary basis" became more feasible, rather than less so, with the Democratic takeover of Congress.

Given that this is not a new debate, it would have been nice if the president had been more specific. But, in any event, the burden is now on the Democratic congressional leadership to, as Bush said, "resolve the status of the illegal immigrants who are already in our country." Alluding to the excessively prolonged legislative battle over immigration, Bush was right to plead for a "conclusive" debate on Capitol Hill.

Like his remarks on immigration, Bush's rhetoric on the need for affordable healthcare was hardly new; he has cited the issue in four previous State of the Union speeches. On Tuesday, Bush did tout two interesting proposals: offering a standard tax

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deduction that would make health insurance more affordable to workers without benefits, and letting states use some federal healthcare funds to provide insurance to low-income residents. Both ideas have merit. Yet both are long shots politically.

It's worth noting that on more than a few items on the president's domestic agenda, the real action is in the states. It's hard to say how much Bush's thinking owes to leaders such as former Massachusetts Gov. Mitt Romney (on healthcare) and Gov. Arnold Schwarzenegger (on healthcare and global warming), but they can claim that they helped put these issues on the agenda. Both problems can only be solved at the national level, so the president's attention is encouraging.

Of course, much of the president's speech concerned Iraq, although he said little that was particularly original or helpful. What happens there, even more than what he said Tuesday night, will be the true test of the president's seriousness and resolve in the months ahead.

The State Of The Union (USAT)

USA Today, January 24, 2007

As President Bush delivered his State of the Union address Tuesday night, the scene around him was as telling as his words. On camera over his left shoulder sat Nancy Pelosi, the first Democratic House Speaker in 12 years and a symbol that the compliant Republican Congresses that rubber-stamped the president's Iraq policies are gone. For the first time in his presidency, Democratic majorities of both houses filled the chamber.

The president acknowledged that new reality in several ways. But not on Iraq. Bush appeared to be wedded Lyndon Johnson-like to a vision that is failing in the field, under bipartisan attack in Congress and opposed overwhelmingly by a public that expresses increasing restlessness in the polls.

He argued for his new plan but largely with his old ideas: that the stakes are so high there is no option but to succeed, and that failure would embolden radicals, posing a threat to U.S. allies throughout the Middle East and ultimately a threat to Americans.

All are distinct possibilities, but whether Bush's plan "provides the best chance of success," as he put it, is questionable.

The president didn't sound like a man down to his last chance, but he is. With voters already restless and angry over a war that was sold as a quick strike but is now almost four years old, no candidate of either party wants to go into the 2008 elections with nothing changed. That makes the end of this year the practical outside limit for Bush's policy to show success. Testifying to Congress earlier Tuesday, David Petraeus, the Army general who would carry out Bush's plan, called the situation in Iraq "dire" and said it might take until late summer to know whether the new strategy is working. That leaves a very small window for success.

Bush's hope is that the United States and its Iraqi allies can gain the upper hand by "surging" 21,500 additional U.S. troops to help subdue violence in Baghdad and hunt al-Qaeda in Anbar province. With the surge already under way, Americans should wish the troops well and hope for success. Even a glimmer of hope that the violence might begin to subside could change the equation. At the very least, it would give the United States leverage it hasn't had since the heady days after the fall of Baghdad to rally international support and bargain from strength with interventionist neighbors such as Iran and Syria.

But even Bush's staunchest backers concede success will take time and initially increase American casualties, which will at some point wear away what little is left of American support. The president has too often staked his credibility on plans for victory that turned out to be terribly flawed.

Today comes the inevitable price for that, as the Senate Foreign Relations Committee takes up nonbinding resolutions to disapprove Bush's surge policy. In the short run, the worst Bush can expect is a symbolic but politically painful rebuke.

Eventually, though, if Bush remains at odds with Congress, he could find himself pushed toward the sort of phased withdrawal outlined by the Iraq Study Group and largely backed by the senators pushing the resolutions. Among other things, they advocate refocusing a smaller U.S. force on training the Iraqi army to handle most security and positioning Americans to strike against al-Qaeda.

No president can sustain a war without support from the voters, and, as President Ford discovered when he pushed Vietnam to a final confrontation in 1975, no war can continue if Congress refuses to fund it.

Time is running out.

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State Of Troubles (WP)

Washington Post, January 24, 2007

PRESIDENT BUSH offered the usual assurances last night about the healthy state of the union, but the state of his presidency has never been worse. He faces a Democratic majority in both chambers of Congress and a public increasingly unhappy about the war in Iraq and disenchanted with his leadership. By the time he delivers next year's State of the Union address, the primaries will be underway, and Mr. Bush's relevance will be fading. If he is to have a final chance to shape policy, this is it.

For that reason, Mr. Bush was probably right to save discussion of foreign policy for the second half of last night's speech. At this point, there isn't much he can do to convince skeptics in Congress or the public about the correctness of his approach in Iraq; the time to craft a policy with more public support and bipartisan agreement passed with Mr. Bush's speech two weeks ago. Mr. Bush's goal last night was not so much to argue anew for the troop increase but to drive home the point that the "consequences of failure would be grievous and far reaching." On this, Mr. Bush is assuredly correct.

There are more opportunities for bipartisan cooperation domestically, but here what was most significant -- and disappointing -- was what Mr. Bush left off his agenda. Once again, he did not offer a sustained and broad-scale effort to address climate change, instead choosing to treat progress on the issue as just a fortuitous byproduct of his effort to cut gasoline consumption. Similarly, Mr. Bush -- having tried and failed to reform Social Security, having promised a commission on entitlements in last year's State of the Union that he never managed to convene -- referred only briefly, and without specifics, to the need to tackle the coming explosion in entitlement spending. And at a time when the country could benefit from a serious discussion of the importance of free trade and the parallel need to mitigate the disruptions of globalization, Mr. Bush referred just glancingly to trade.

Mr. Bush concentrated his pitch on four domestic areas: energy, health care, immigration reform and reauthorization of his signature education measure, the No Child Left Behind Act. He called for reducing gasoline consumption by 20 percent in the next decade, in part by adopting new fuel economy standards but mostly through increased reliance on alternative fuels. These initiatives are attractive, but it's not clear that the president's ambitious plan -- he'd increase alternative fuel use from the current 4 billion gallons per year to 35 billion by 2017 -- is feasible.

On health care, Mr. Bush would cap the currently unlimited tax deduction for employer-sponsored health insurance; he'd replace that with a standard deduction -- $15,000 for a family policy -- available for all insurance, whether offered by employers or bought privately. This would improve progressivity and fairness, and help contain health-care costs. As written, the proposal has flaws, but those can be addressed -- if Democrats are willing to do more than hurl criticism.

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," Mr. Bush said last night. He missed key opportunities to put forward areas for such cooperation -- and in the past six years, he's done much to persuade Democrats that they have little to gain from partnership. Nonetheless, in the new political order that will dominate the final two years of the Bush presidency, it may be in the Democrats' interest as well as the nation's to seek bipartisan accomplishment. On energy, health care, education and immigration, Mr. Bush last night offered at least a reasonable basis for further discussion. Congress should engage, not reflexively dismiss.

State Of The Economy (WSJ)

The Wall Street Journal, January 24, 2007

Meanwhile, back at the economy, you may have noticed that 2006 ended without a recession. This follows the recessions of 2003, 2004 and 2005, all of which also never occurred, though they were widely warned about in the press and even forecast by many economists at some point during each of those years.

The big economic story going into this New Year is that growth is accelerating. Jobless claims have dipped, as the labor market stays tight amid a low 4.5% unemployment rate and rapidly rising real wages. Corporate profits continue to defy gravity, growing at nearly double-digit rates some five years into this expansion. Economist Ed Hyman's ISI Group reports that as of last Friday some 57% of companies had beat profit expectations for the fourth quarter.

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Then there's the "trade deficit," which was supposed to have produced a crisis any day now but is instead contributing to faster growth as American exports soar. Peppier growth abroad is helping, especially in Europe, assuming Germany's big increase in value-added taxes this month doesn't get in the way. Oil prices have come down, and even the housing slump seems to have stabilized in some parts of the country.

If Bill Clinton were still President, he'd have used last night's State of the Union address to hail all of this as a triumph, taking political credit and claiming it was all due to his policies, with supportive headlines to match. It hardly matters what President Bush said last night; he still won't get any credit.

Democrats Slam Bush War Policy (AP)

By Laurie Kellman

AP, January 24, 2007

Democrats blistered President Bush's war policy Tuesday night, challenging him to redeem the nation's credibility — and his own — with an immediate shift toward a diplomatic end to the bloody conflict in Iraq.

"The president took us into this war recklessly," the Democrats' chosen messenger, Sen. Jim Webb of Virginia, said in response to Bush's State of the Union address Tuesday evening. "We are now, as a nation, held hostage to the predictable — and predicted — disarray that has followed."

Webb, a Vietnam veteran who was Navy secretary during Republican President Reagan's administration, called for a new direction.

"Not one step back from the war against international terrorism. Not a precipitous withdrawal that ignores the possibility of further chaos," said Webb. "But an immediate shift toward strong regionally based diplomacy, a policy that takes our soldiers off the streets of Iraq's cities and a formula that will in short order allow our combat forces to leave Iraq."

Bush offered no such plan in his speech before the most unfriendly joint session of Congress of his tenure.

Instead, the president focused on making the case that "failure would be grievous and far-reaching" and he defended his plan to send 21,500 more troops to Iraq in a short-term surge. He also issued a long list of domestic policy initiatives centered on such pet Democratic issues as energy independence and health care.

Newly installed majority Democrats welcomed his overtures of bipartisanship but weren't interested in changing the subject.

"Unfortunately, tonight the president demonstrated he has not listened to Americans' single greatest concern: the war in Iraq," Senate Majority Leader Harry Reid, D-Nev., and House Speaker Nancy Pelosi, D-Calif., said in a joint statement. "We will continue to hold him accountable for changing course in Iraq."

In a speech written himself and previewed by senior Democratic officials, Webb challenged Bush to support the House-passed minimum wage increase and nurture an economy that restores the middle class. And he said Democrats would work with Bush to promote energy independence.

But he chose harsher rhetoric for what he framed Bush's abuse of the public's loyalty, trust and welfare in the rush to war.

"The war's costs to our nation have been staggering," said Webb, whose son is serving in the military in Iraq. "Financially. The damage to our reputation around the world. The lost opportunities to defeat the forces of international terrorism, and especially the precious blood of our citizens who have stepped forward to serve."

Democrats also hammered home a message that achieving bipartisanship must be as much a part of Bush's agenda as proposals on the war, energy independence and health care.

"We hope to begin working with him to move our country in a new direction," Reid and Pelosi said in their statement.

"If he does, we will join him," Webb said. "If he does not, we will be showing him the way."

The speech capped the Democrats' effort to have the first, most frequent and last words on the president's annual address.

Seated in the gallery above the chamber was a reminder of a key factor in the Republicans' loss of congressional control and the lone veto of Bush's presidency. Actor Michael J. Fox, who has Parkinson's disease, attended as the guest of Rep. Jim Langevin, D-R.I., who is a quadriplegic, Langevin's spokeswoman said.

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Both men have health problems that some scientists believe might someday be cured or treated by embryonic stem cell research. Bush last year vetoed a bill that would have allowed taxpayer money to speed up those studies, arguing that public funds should not be spent on research that destroys budding human life.

Fox then appeared in several campaign commercials for candidates that support the bill, sparking a controversy and helping tilt the election in the Democrats' favor. The House earlier this month passed the same bill by a margin far short of the two-thirds majority required to override a second veto.

Va.'s Webb Offers A Blunt Challenge To Bush (WP)

By Michael D. Shear

The Washington Post, January 24, 2007

Sen. James Webb (D-Va.) delivered a forceful nine-minute response to President Bush's State of the Union address last night, promising an aggressive challenge to Bush's Iraq and economic policies from the newly empowered Democratic majority in Congress.

Speaking live from a historic Capitol Hill meeting room, Webb displayed the same blunt manner that won over Virginia voters in November and later generated headlines after a face-to-face exchange with Bush at the White House.

Webb accused the president of taking the country into Iraq "recklessly" and forcing it to endure "a mismanaged war for nearly four years."

"Many, including myself, warned even before the war began that it was unnecessary; that it would take our energy and attention away from the larger war against terrorism; and that invading and occupying Iraq would leave us strategically vulnerable," Webb said.

Webb held up a picture of his father as a young Air Force captain. As a small boy, he said, he took the picture to bed with him to remind him of his father's sacrifice. Now, Webb's son is serving in Iraq as a Marine infantryman.

"We need a new direction," said Webb, a decorated Marine veteran of the Vietnam War. "Not one step back from the war against international terrorism, not a precipitous withdrawal that ignores the possibility of further chaos, but an immediate shift toward strong, regionally based diplomacy."

Democrats owe their newfound control of the Senate to Webb's slim and improbable victory over former Virginia senator George Allen. Webb -- who served as secretary of the Navy under Ronald Reagan -- also embodies his party's central message: a determination to oppose the Iraq war while supporting the troops who are there.

Webb has become a folk hero among liberals and Democratic bloggers for brusquely telling Bush at a White House event that questions from the president about Webb's son are "between me and my boy."

So after just three weeks as a U.S. senator, Webb became the choice of the Democratic leadership in the Senate and House of Representatives to carry their blunt warning about Bush's new war strategy.

"He represents to me what the new America is all about," said Senate Majority Leader Harry M. Reid (Nev.) as he faced about 40 reporters with Webb and House Speaker Nancy Pelosi (Calif.). "Someone who understands what it means to go to war, what it means to have peace, what it means to work on a bipartisan basis. I think he's the perfect person to answer the president."

For the second year, Democrats turned to a newly elected Virginian for their response to Bush. Last year, they picked Gov. Timothy M. Kaine, fresh from victory in the conservative state.

Kaine offered an upbeat, hopeful message tinged with a few jabs at Bush. Webb, a former boxer, offered a harsher critique of the president's six years in office. With his party in control of Congress, Webb gave a speech that was more aggressive and confident.

On the economy, he described a growing divide between rich and poor during the Bush presidency. "In short, the middle class of this country, our historic backbone and our best hope for a strong society in the future, is losing its place at the table," he said.

For Webb, the speech capped a remarkable year that began with an underfunded, largely dismissed campaign to unseat a leading presidential hopeful. For most of the year, his campaign was ignored by pundits and criticized by suspicious Democrats.

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But his bid for office caught on as Allen's was rocked by gaffes and scandal. After his 9,000-vote victory, Webb thrust his son's combat boots over his head, the first time Webb had had them off his feet in public since the Senate campaign began.

Webb began yesterday by spilling a cup of coffee on his blue shirt, prompting an aide to urge a change of clothes rather than just a buttoning of his jacket. "I told him this was one of the biggest appearances he'd make in his life, so maybe we should change the shirt," said Jessica Smith, Webb's communications director.

For the first time, networks planned to broadcast the State of the Union and Webb's response in high-definition television. That prompted Webb's staff to hire a makeup specialist who could make sure that Webb looked good in crystal-clear pictures.

Aides said Webb took the speech seriously, vigorously rewriting the initial draft suggested by the offices of Reid and Pelosi. But like past State of the Union responders, Webb received much unsolicited advice. Asked why the speech grew from five minutes to more than eight, Smith said, "That's what happens when you have input from everyone."

Webb concluded his speech with references to former presidents Dwight Eisenhower and Theodore Roosevelt and a warning for Bush:

"These presidents took the right kind of action for the benefit of the American people and for the health of our relations around the world. Tonight, we are calling on this president to take similar action in both areas. If he does, we will join him. If he does not, we will be showing him the way."

Democratic Sen. Webb Rebukes Bush's Handling Of Iraq (MCT)

By Margaret Talev

McClatchy Newspapers, January 24, 2007

WASHINGTON - In a stinging Democratic Party response to President Bush's State of the Union address, freshman Sen. James Webb of Virginia said Bush "took us into this war recklessly" and "we are now as a nation held hostage to the predictable and predicted disarray that has followed."

Webb, whose Marine son is serving in Iraq, said Bush has lost the support of the majority of the country and the military.

Webb called for "not one step back from the war against international terrorism, not a precipitous withdrawal that ignores the possibility of further chaos, but an immediate shift toward strong, regionally-based diplomacy, a policy that takes our soldiers off the streets of Iraq's cities and a formula that will in short order allow our combat forces to leave Iraq."

The Democratic-led Senate and House of Representatives plan to pass nonbinding resolutions opposing the president's troop buildup, but as of now they aren't threatening to withhold funding for it.

Before Webb was a Vietnam War hero, or President Reagan's Navy secretary, or a best-selling author, or the Republican-turned-Democrat who beat Sen. George Allen last year to give Democrats the last seat they needed to take control of the Senate, he was a boxer at the U.S. Naval Academy.

On Tuesday night, he delivered his harshest blows against the war in Iraq.

But he also jabbed at other openings, saying that now that Democrats control Congress for the first time in Bush's presidency, they'll hold him to deliver on promises to improve public education, health care, the plight of Hurricane Katrina survivors and economic conditions for the working class.

Invoking the legacies of two past Republican presidents - Theodore Roosevelt for taking on corporate robber barons and Dwight D. Eisenhower for ending the Korean War - Webb challenged Bush to follow their examples.

"If he does, we will join him," he said. "If he does not, we will be showing him the way."

Democrats Hit Bush On Iraq And Economy (USAT)

By Kathy Kiely

USA Today, January 24, 2007

WASHINGTON — Sen. Jim Webb of Virginia accused President Bush of presiding over a "mismanaged war" and an imbalanced economy Tuesday in a bluntly worded speech that reflected the new Democratic majority's willingness to flex its muscle in Congress.

Webb, who won last November in an upset after a campaign centered largely on his opposition to the war in Iraq, focused on the war in a nationally televised speech that served as his party's official response to the president.

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A decorated Vietnam War combat veteran, Webb invoked his family's tradition of military service. His father, an Air Force colonel, is buried in Arlington National Cemetery, and his son, Jimmy, is a Marine serving in Iraq.

"We owed them our loyalty, as Americans, and we gave it," he said. "They owed us sound judgment, clear thinking, concern for our welfare — a guarantee that the threat to our country was equal to the price we might be called upon to pay for defending it."

Bush and his advisers, he added, repaid the loyalty of the troops in Iraq by going to war "recklessly."

On the economy, Webb struck a populist note, decrying the widening disparity between the earnings of corporate executives and average workers, and the outsourcing of manufacturing jobs. "The middle class of this country, our historic backbone and our best hope for a strong society in the future, is losing its place at the table," he said.

The aggressive note struck by Webb in the Democrats' official rebuttal reflected the changed political reality on Capitol Hill. For the first time since assuming the presidency in 2001, Bush was addressing a Congress that his party does not control.

The change was personified by the presence of Nancy Pelosi, a California Democrat and the nation's first female speaker of the House, sitting next to Vice President Dick Cheney behind the president as he spoke. Even Republicans, having lost the majority, seemed less inclined to be generous with the huzzahs and ovations that have punctuated Bush's past appearances.

"There's a lot of angst," said Sen. Mel Martinez, a Florida Republican who served in Bush's Cabinet and now chairs the Republican National Committee. In a sign of how far the president's star has fallen on Capitol Hill, Martinez expressed concern about Bush's reception. "I hope it's respectful," he said before the speech.

Members from both parties made it plain the deference shown the president wouldn't last much beyond Bush's one-hour visit to the Capitol.

Rep. Patrick McHenry, R-N.C., called Bush's health care proposal "dead on arrival." He blamed Democratic leaders, but McHenry made it plain that he isn't enthused about a plan that would increase taxes on some Americans. "I'd rather see us focus on free-market measures, like health care savings accounts," he said.

Rep. John Murtha, D-Pa., dismissed Bush's call for a bipartisan task force on Iraq as "ridiculous." He said the president should instead consult with congressional committees on defense and foreign affairs. "It's a gimmick," Murtha, the top-ranking Democrat on the House panel that controls the defense budget, said of Bush's proposal.

Others saw it differently. "The president's bold, specific challenge to the Congress is to work together to tackle the big issues facing our nation," said Senate Minority Leader Mitch McConnell, R-Ky. "I believe we can find big solutions to big problems but only if the debate is aimed at accomplishment over political gain."

In his speech, Webb said the Democrats are "serious" about wanting to achieve bipartisan agreement. But he questioned Bush's sincerity by noting "this is the seventh time the president has mentioned energy independence in his State of the Union message."

Pelosi shared Webb's skepticism, telling reporters that Bush's deeds have so far not matched his rhetoric when it comes to weaning Americans from fossil fuels. "He has talked the talk, but he hasn't walked the walk," she said.

While Bush was seeking to work with Congress on domestic issues, Democrats and some Republicans were preparing to challenge him on Iraq. This morning, less than 12 hours after the president leaves Capitol Hill, the Senate Foreign Relations Committee is set to begin debating a resolution to express congressional disapproval of his plan to commit more troops to the Iraq war.

To Deliver Their Remarks, Democrats Opt To Put A Fresh Face Front And Center (NYT)

By Jeff Zeleny

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — When President Bush concluded his State of the Union address, Democrats did not turn to the House speaker, Nancy Pelosi, or to the Senate majority leader, Harry Reid, to deliver their response. They chose a different face for the party: a former Republican, an ex-marine and a secretary of the Navy in the Reagan administration.

That Democrat, Senator Jim Webb of Virginia, who won his seat at least in part through his tenacious opposition to the Iraq war, wore his son's combat boots on the campaign trail last year. And on Tuesday evening, Mr. Webb invoked his own biography,

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and his family's three generations of military service, as he declared that today's soldiers could no longer trust the judgment of their commander in chief.

"The majority of the nation no longer supports the way this war is being fought, nor do the majority of our military, nor does a majority of our Congress," Mr. Webb said. "We need a new direction."

The choice of Mr. Webb was intended to provide a symbol, through his words and appearance, for the new majority in Congress. In a commanding voice, the senator chastised the administration for its economic and foreign policies, but said Democrats would try to work with Mr. Bush to change course.

"If he does not," Mr. Webb said, "we will be showing him the way."

Late last year, before being sworn into the Senate, Mr. Webb created a minor furor when he declined to stand in line for a photograph with the president at a White House reception. When the two men finally came face to face, Mr. Bush asked Mr. Webb about his son, who was deployed in Iraq, to which Mr. Webb replied tersely, "That's between me and my boy."

In a city that cherishes photo opportunities, where even political rivals are inclined to extend a hand and smile, the private moment highlighted deep tensions of the day. The conservative columnist George F. Will derided Mr. Webb as a "pompous poseur" disrespectful of the president, while liberal bloggers hailed him as a burst of fresh air.

Mr. Webb, 60, is a leading member of the freshman class of Democrats who arrived here with a mandate of change. His triumph over Senator George Allen, a one-term Republican, made him a hero among Democrats, particularly among antiwar activists, and prompted Representative Pelosi, of California, and Senator Reid, of Nevada, to tap him for the marquee position.

"He represents to me what the new America is all about," Mr. Reid, "someone who understands what it means to go to war, what it means to have peace, what it means to work on a bipartisan basis, someone who understands Reagan Democrats and the non-Reagan Democrats and independents and Republicans out there."

At the same time, Mr. Webb also illustrates the internal challenges facing Democrats as they settle on a response to the president's Iraq strategy. His five-minute speech did wade into the thorny question of whether the party will go beyond a symbolic resolution denouncing Mr. Bush's plan to send more troops to Baghdad.

"We are now, as a nation, held hostage to the predictable — and predicted — disarray that has followed," Mr. Webb said, speaking against a backdrop of a United States and Virginia flag on the Capitol's second floor. "The war's costs to our nation have been staggering."

In his speech, which was approved by Democratic Congressional leaders, Mr. Webb also criticized Mr. Bush as presiding over an era of economic injustice.

"It's almost as if we are living in two different countries," Mr. Webb said, noting that corporate profits might be reaching new highs, but that those benefits were reserved for the few. "The middle class of this country — our historic backbone and our best hope for a strong society in the future — is losing its place at the table."

Sending A Clear 'Daddy' Message To The Public (FT)

By Edward Luce In Washington

Financial Times, January 24, 2007

Often referred to as the "Mommy party", the Democratic party's choice of Jim Webb – the newly-elected senator from Virginia – to respond to Tuesday night's annual State of the Union address by President George W. Bush was designed to send a clear "Daddy" message to the public.

A former navy secretary in Ronald Reagan's administration and a veteran of the Vietnam war, Mr Webb holds the ideal credentials to criticise Mr Bush's "escalation" of the Iraq war while insulating the party against any charge of being soft on national security.

"Obviously Jim is a combat veteran who has very strong views on Iraq," said Jim Manley, spokesman for Harry Reid, the Democratic Senate majority leader. "During the [November mid-term] election campaign Jim spoke from the heart against the war and captured the mood of the American public."

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So strongly does Mr Webb feel about the Iraq war that he refused last month to have his picture taken alongside Mr Bush in the White House. The two also had a testy exchange when the president asked about Mr Webb's son, who is serving as a marine in Iraq.

Mr Webb said that he wanted to bring the soldiers home. "That's not what I asked you. How's your boy?" Mr Bush asked again. "That's between me and my boy," the senator shot back.

Mr Webb was criticised by some for his alleged discourtesy to the president. But others felt the exchange reflected what they most admired in the freshman senator – a reputation for plain-speaking and strong convictions.

Tuesday night's short speech by Mr Webb, seen by the FT beforehand, also focused on the other key issue that motivates the senator and many of the new intake of Democratic lawmakers from last November's congressional election victory.

In addition to his opposition to the Iraq war, Mr Webb based his election campaign on a platform of "economic fairness" couched in a language of suspicion of free trade and globalisation.

The 60-year-old self-described "Scots-Irish", whose wife, Hong Le, is Vietnamese, has railed against the "internationalisation of corporate America" and identified what he describes as a "growing class divide" in the US.

This month, he said Mr Bush should spend money on rebuilding New Orleans and other parts of the south damaged by Hurricane Katrina in 2005 rather than "wasting billions on Iraq".

Democratic strategists say the choice of Mr Webb was also intended to send a strong signal about the party's economic agenda in the 110th Congress. This is likely to include proposals to expand healthcare coverage to the 47m Americans who are uninsured, new tax breaks for the middle classes and a much tighter rein on the president's scope to pursue trade agreements with developing countries.

"The Democratic party's economic fairness agenda is something you will see evidence of in the committee hearings and debates on Capitol Hill over the next weeks and months," said J.B. Poersch, head of the Democratic Senate campaign committee. "It is something Jim Webb is very well qualified to symbolise."

As is virtually obligatory in Washington, Mr Webb also spoke on Tuesday night about the need for bipartisan co-operation. Mr Bush, who used similar sentiments, desperately needs to create a new "era of bipartisanship" on Capitol Hill to give the White House a chance of pushing through what remains of the president's relatively ambitious agenda.

In order to do so, however, Mr Bush will have to win over people like Mr Webb who, in spite of being a prize-winning novelist, is not easily impressed by high-sounding words.

DOJ:

Attorney General Skips Speech (AP)

ASSOCIATED PRESS

AP, January 24, 2007

WASHINGTON (AP) - Attorney General Alberto Gonzales stayed away from the Capitol Tuesday night in case of a catastrophic attack or accident as President Bush delivered his sixth State of the Union address.

By long-standing tradition, a member of the president's Cabinet misses the speech to Congress as a precaution against the entire administration's being wiped out and to maintain the presidential line of succession. Last year, Veterans Affairs Secretary Jim Nicholson did not attend.

The State of the Union address typically draws most members of both congressional houses and other top government officials, including Vice President Dick Cheney, who is also the president of the Senate.

Editorial: Questionable Firings (LVS)

Las Vegas Sun, January 24, 2007

Using specious reasoning, Bush administration pushes out several veteran prosecutors

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Daniel Bogden, the U.S. attorney for Nevada, resigned last week, a victim of a Bush administration housecleaning. At least seven U.S. attorneys, most from the West, have been forced to resign, but no one will say why - not Bogden, not the Justice Department, not Sen. John Ensign, R-Nev., who was briefed by the Justice Department.

Attorney General Alberto Gonzales told the Senate Judiciary Committee last week that it was simply good management, so he could get the "very best" people into office.

That strikes us as odd because those fired had done fairly well. Bogden, a well-respected career prosecutor confirmed by the Senate in October 2001, oversaw the successful prosecution of the G-sting political corruption case, as well as prosecutions that put more than 40 members of the violent Rolling 60s Crips gang in federal prison. Others fired include the U.S. attorney in San Francisco, who was leading the probe into steroid use among professional athletes, and the U.S. attorney in San Diego, who oversaw the successful political corruption prosecution of former Republican Rep. Randy "Duke" Cunningham.

Democrats wonder if the Bush administration is trying to use a provision in the Patriot Act that lets the president appoint an "interim" U.S. attorney without Senate approval. Gonzales denies the claim, but we note that one of the fired prosecutors was replaced with 38-year-old Tim Griffin, a former deputy to White House political guru Karl Rove, who would have little chance to survive confirmation in the Democratic-controlled Senate. A Justice Department press release said Griffin would serve "under an Attorney General appointment" as interim U.S. attorney.

While nominated by the president, U.S. attorneys have, once confirmed, traditionally been insulated from much political pressure. The sudden dismissal of these U.S. attorneys smacks of White House meddling. The justice system and the public deserve much better, starting with the truth.

CORPORATE SCANDALS:

Broadcom Restates $2.22 Billion, Blames Former Chief (Update3) (BLOOM)

By Peter J. Brennan

Bloomberg, January 24, 2007

Jan. 23 (Bloomberg) -- Broadcom Corp., a maker of chips for consumer devices, restated financial results to reflect $2.2 billion in costs for misdated stock-option grants, a problem the company blamed on former Chief Executive Officer Henry Nicholas.

Nicholas ``bears significant responsibility for the lack of adequate controls" in granting options, Irvine, California-based Broadcom said in a regulatory filing with the U.S. Securities and Exchange Commission. The filing also placed blame on former Chief Financial Officer William Ruehle and former Vice President of Human Resources Nancy Tullos.

Henry Samueli, who co-founded Broadcom with Nicholas and is still chairman and chief technical officer, ``reasonably relied" on outside experts when granting options, the filing said. Broadcom is being investigated by both the SEC and the U.S. Justice Department.

``It makes sense because Henry Nicholas was very much in charge of the company during his tenure," Stifel Nicolaus & Co. analyst Cody Acree said about the blame being placed on Nicholas. ``He was iconic in the industry, and he was Broadcom. Henry Samueli has always been more on the engineering side."

Broadcom restated its financial results for 1998 to 2005 and said the costs were noncash. ``Substantially all" of the extra costs were recorded in the periods before 2004, the company said.

Shares of Broadcom fell 20 cents to $29.46 at 4:20 p.m. in Nasdaq Stock Market trading and have dropped 8.8 percent this year.

Lawyer's Response

The stock options ``in hindsight should have been accounted for differently," Nicholas's attorney, John Spiegel, said in an e-mail. He said Broadcom didn't find Nicholas had benefited from the backdated options and didn't ``knowingly" engage in selecting grant dates after the fact.

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Ruehle, who was CFO for almost 10 years before resigning in September, forfeited $32.8 million in stock options, the filing said. He personally benefited from the backdating, it said. The company spent $5.2 million buying back Ruehle's shares that were granted before it went public in 1998.

Ruehle ``was at the center of the flawed option-granting process," the filing said. ``There is substantial evidence he engaged in the selection of grant dates after the fact."

Broadcom terminated more than $4 million of options of Tullos, who resigned in 2003, the filing said. Ruehle, Nicholas and Tullos didn't agree to be interviewed during the investigation, the filing said.

Former High Flier

Broadcom was a high-flying company with expensive Italian Lamborghini sports cars dotting the parking lot when the stock price rose to split-adjusted $183.17 in August 2000. The company used stock options as a way to attract talented engineers. Its stock price fell as low as $6.47 cents in October 2002.

Nicholas resigned in January 2003, citing marital problems. Broadcom hired Scott McGregor as CEO in January 2005. Both McGregor and acting CFO Bruce Kiddoo can certify the company's financial records, Broadcom said.

The company makes chips for consumer electronics such as television set-top boxes, Apple Computer Inc.'s video iPod and Nintendo Co.'s Wii game console.

Broadcom in July originally estimated the stock-option costs at $750 million. In September it said the expenses would be more than $1.5 billion. The costs don't affect the company's cash position or reported revenue in prior years.

``The bigger benefit is that there is some finality to this," Acree said. ``We've had management changes and now restatements. The management can now focus on the fundamentals."

Broadcom Co-Founder Nicholas Faces Much Of Backdating Onus (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, January 24, 2007

Broadcom Corp. said Henry T. Nicholas III, its billionaire co-founder, bears responsibility for much of the stock-option backdating that occurred at the chip maker, which restated years of financial results and recorded $2.24 billion in extra expenses.

In restated securities filings made yesterday, Broadcom said it had slapdash options-granting procedures from its 1998 initial public offering through May 2003 that permitted the abuses, pointing to a "lack of adequate controls" thanks to the "tone and style of doing business" that Mr. Nicholas set.

The company noted 68 instances in which it couldn't find contemporaneous paperwork to document grant-approval meetings, and 18 cases when grant dates were selected after the fact. The restatement is the largest of any company of those forced to admit to errors or malfeasance in the options scandal. Broadcom's figure eclipses the up to $1.7 billion in charges insurer UnitedHealth Group Inc. has said it expects to take. Broadcom's disclosure may draw fresh attention to the role of Mr. Nicholas.

Broadcom said its evidence indicates Mr. Nicholas, who didn't receive any tainted options himself, was "at times involved with the selection of grant dates after the fact," noting he sought advice from William Ruehle, the longtime finance chief who left last year. Broadcom said there is "substantial evidence" Mr. Ruehle was involved in the backdating. Broadcom said the charges totaled $2.69 billion from 1998 through the first quarter of 2006; after adjusting for taxes and nearly $400 million of options forfeited because of employee terminations, the figure is $2.24 billion, the company said.

John W. Spiegel, attorney for Mr. Nicholas, said that the heady growth at Broadcom under Mr. Nichlolas' tenure and the high level of employee stock ownership resulted in "stock-option grants that in hindsight should have been accounted for differently." But Mr. Spiegel said the audit committee found that Mr. Nicholas "did not personally benefit, did not knowingly engage in selecting grant dates after the fact, and sought advice from appropriate persons regarding the process for option grants."

Mr. Ruehle's lawyer, Robert Feldman, said the Broadcom matter was less serious than that at the other companies under federal investigation. He said the board review "found no evidence of falsification or forgery -- conduct which is being found at

many other companies." Mr. Feldman said the Broadcom case was distinguished "only by the size of the restatement, which relates not to the nature of the conduct, but to the volatility and number of shares."

A Nicholas family trust controls about 30% of Broadcom's voting power, according to the company's most recent proxy statement. The Irvine, Calif., company said 232.9 million options -- largely granted to nonexecutive employees -- bore faulty dates. Accounting rules in place at the time of the grants required companies to record charges for discount options -- those whose strike price was below the stock's market value at the time the grant was made. In Broadcom's case, some of the discounts were enormous -- due, in part, to the stock's volatility during the tech boom. That helped account for the size of the restatements. The company has said one grant, purportedly made on the day the stock hit its quarterly low in May 2000, was finalized later that year. By midsummer, Broadcom's shares had risen more than $100.

In addition to citing the roles of Messrs. Nicholas and Ruehle, Broadcom said a former human-resources executive, Nancy Tullos, "bears significant responsibility" for the options troubles. The company said it found evidence Ms. Tullos "was fully aware of what was occurring, and encouraged, assisted in and enabled it," though it didn't find she participated in choosing the dates.

Ms. Tullos' attorney, Ismail "Izzy" Ramsey, said, "Ms. Tullos is neither an accountant nor a lawyer. And, as the company acknowledged, she didn't select any of the favorable grant dates. As an HR executive, everything Nancy did to assist in processing option grants was directed and approved by her superiors and other professionals... And, in every instance, she did what everyone thought was in the best interests of Broadcom and its employees." Broadcom said Ms. Tullos, who left in 2003, still held options last month valued at more than $4 million. It terminated those options, along with $32 million of options held by Mr. Ruehle.

N.Y. Pension Fund To Lead Lawsuit Over Apple Options (WP/AP)

The Washington Post, January 24, 2007

SAN JOSE -- A New York pension system will be the lead plaintiff in a shareholders lawsuit accusing Apple of illegally backdating stock options.

The New York City Employees' Retirement System was named the primary plaintiff in the lawsuit Friday by U.S. District Judge Jeremy D. Fogel, according to Grant & Eisenhofer, the law firm representing the group.

The system, which manages about $89 billion in retirement assets for more than 200,000 municipal employees, owns about 1 million shares of Apple stock. The plaintiffs are seeking class-action status for their case and want damages in connection with what they allege were illegally backdated stock options.

Fogel is also hearing a separate but similar securities case that consolidates a number of civil complaints about Apple's stock-options accounting. Apple has not yet responded to either case.

Federal prosecutors are investigating Apple's past stock-options practices, including a specific stock option award to chief executive Steve Jobs. Federal investigators last week questioned Jobs about the company's backdating practices.

Apple said its internal investigation cleared Jobs and other current management of wrongdoing.

CRIMINAL LAW:

Defense Says Libby Was 'Sacrificed' (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 24, 2007

WASHINGTON — I. Lewis "Scooter" Libby feared that White House officials were conspiring to make him the fall guy in the CIA leak scandal to protect political strategist Karl Rove, Libby's lawyer argued Tuesday.

In his opening remarks at Libby's perjury and obstruction trial, defense attorney Theodore Wells Jr. portrayed the former vice presidential aide as a sympathetic figure who was following his boss' orders to rebut an administration critic.

But Wells said Libby came to believe that he had lost the support of the administration he had sought to defend.

"Karl Rove was President Bush's right-hand person in terms of political strategy. Karl Rove was the person most responsible that the Republican Party stayed in office. His fate was important to the Republican Party. He had to be protected," Wells said.

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"The person who was to be sacrificed, that's Scooter Libby," Wells said. "The person whose neck had been put in the meat grinder, you'll learn, was Scooter Libby."

Vice President Dick Cheney was concerned that his chief of staff might be unjustly tarred, Wells said, producing an excerpt from a note handwritten by Cheney: "Not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

Special prosecutor Patrick J. Fitzgerald offered a sharply different portrait of the defendant, saying that Libby had obstructed the search for the truth to protect his boss. Fitzgerald said Libby assiduously gathered information about an outspoken critic of the administration's Iraq policy, former envoy Joseph C. Wilson IV, and his wife, Valerie Plame, from various officials and then discussed the findings with journalists in a series of conversations.

Libby is charged with five counts of perjury and obstruction of justice in connection with his descriptions of those conversations to FBI agents and a federal grand jury. The trial is expected to last up to six weeks and promises testimony from Cheney and such high-profile journalists as Judith Miller, then a reporter for the New York Times; "Meet the Press" moderator Tim Russert of NBC News; and Matthew Cooper, then of Time magazine.

The defense suggestion of a high-level conspiracy, made on the opening day of the trial, was the first indication of a breach within the normally secretive White House over the handling of a case that had cast a legal and political cloud over the Bush administration for three years.

Wells did not identify the officials who might have been involved. But he set the stage for a broad attack on some witnesses the government plans to call, saying they were not credible.

One of them, former White House Press Secretary Ari Fleischer, had initially asserted his 5th Amendment right against self-incrimination in the case and had agreed to cooperate with federal investigators only after being granted immunity, Wells said. He also indicated that he plans to challenge the testimony of three journalists who are key to the government case.

The investigation that resulted in Libby's indictment grew out of the revelation by syndicated columnist Robert Novak on July 14, 2003, that Plame worked for the CIA. Eight days earlier, the New York Times had published an op-ed article by Wilson accusing Bush of misleading the public in his 2003 State of the Union address.

Bush had asserted that then-Iraqi President Saddam Hussein had sought nuclear material in Africa — a contention Wilson had investigated for the CIA in 2002 and rejected.

Novak's column disclosed that "Wilson's wife" worked for the CIA on weapons of mass destruction. It suggested that Wilson's 2002 trip to Africa was due to nepotism, calling into question the credibility of his findings.

In July, Novak revealed Rove was one of the "administration sources" who confirmed Plame worked at the CIA but added he did not initially learn about her from Rove. No charges have been filed against Bush's top political aide. Libby has denied giving information about Plame to the journalists, but the journalists say he did exactly that.

Disclosing the identity of a covert agent can be a felony under federal law. But Libby did not know, Wells said, that Plame had worked undercover, and he considered her a footnote in a broader dispute with her husband.

Wells foreshadowed his defense Tuesday with a sympathetic portrayal of Libby as an influential Cheney loyalist who, on the command of his boss, took on an effort to talk with reporters to rebut allegations by Wilson that the administration had twisted prewar intelligence.

He conceded the possibility that his client may have not told the truth to investigators but said it was not deliberate. Rather, he said, it was because Libby was preoccupied with such weighty matters as a daily stream of terrorism threats, rumors of presidential assassination plots, and nuclear proliferation in North Korea and Iran.

"There will be no witness who takes that stand during this trial who takes the oath [and] swears to God and says, 'I know Scooter Libby lied,' " Wells said, adding: "This is a weak, paper-thin circumstantial evidence case about 'he said, she said.' "

Fitzgerald recounted to the jury how Wilson's column in the New York Times reverberated in the White House the day it was published.

"It's Sunday, July 6, 2003, the last day of a three-day Fourth of July weekend," Fitzgerald began. "Sunday, the fireworks are over, but a different kind of fireworks are about to begin."

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Wilson had "leveled a direct attack on the White House's credibility and an attack on the vice president in particular," Fitzgerald said. The White House was "stunned," he said. "But then the White House began to push back" with Libby in the lead. In the crossfire, Fitzgerald said, "Wilson's wife got dragged in."

Fitzgerald said that the defense Libby has offered — that he did not deliberately lie — was not credible.

He cited as proof the events of the week after Wilson's column was published.

Libby allegedly revealed the identity of Plame in hushed tones over lunch to press chief Fleischer on Monday and shared that fact in a conversation with the New York Times' Miller the next day. But he testified before a grand jury that on Thursday, he was surprised to hear in a conversation with Russert that Plame worked for the CIA.

"You can't learn something startling on Thursday that you are giving out on Monday and Tuesday," Fitzgerald said.

Wells replied that he intended to test the credibility of some of those journalists. He said that Cooper had no notes showing that Libby had shared information with him about Plame, and that Miller had an acknowledged memory problem.

"Tim Russert is a great reporter, but he is a human being," Wells said. Libby had told investigators that he learned the identity of Plame from Russert. But Russert denied giving Libby that information.

Wells said Russert may have been the one who did not remember the conversation with Libby correctly.

The lawyer said that another NBC newsman, White House correspondent David Gregory, learned that Plame worked at the CIA from Fleischer while the two were on a presidential trip to Africa.

Gregory learned about Plame just hours before Russert spoke with Libby and conceivably could have passed along the information to Russert, Wells said. That would mean Russert could have told Libby about Plame, as Libby contends.

"Tim Russert had a deal. He had a deal with the government whereby he would only be questioned about his conversation with Scooter Libby, and he could not be questioned about anything else," Wells said. "So Mr. Russert was not required to answer questions about David Gregory…. We will explore that deal when Mr. Russert comes to court."

Liar Or 'Scapegoat'? 2 Depictions Of Libby As Trial Opens (USAT)

By Richard Willing

USA Today, January 24, 2007

WASHINGTON — Vice presidential adviser Lewis "Scooter" Libby repeatedly lied to FBI agents and grand jurors to impede a politically embarrassing investigation into how and why a CIA officer's classified identity was leaked to reporters in 2003, a federal prosecutor charged Tuesday.

"This is not a case about bad memory; this is not a case about forgetfulness," prosecutor Patrick Fitzgerald said in his opening statement in Libby's trial.

Libby's attorney, Theodore Wells, attacked that argument. He said the case against Libby is weak and circumstantial. Wells said Libby is being made a "scapegoat" for White House political adviser Karl Rove. It was Rove, not Libby, the lawyer said, who identified CIA covert officer Valerie Plame in a phone call with a reporter.

When the White House press secretary said Rove was not involved in the leak but later refused to clear Libby, Wells said, Libby sought Vice President Cheney's help. " 'They're trying to set me up. They want me to be the sacrificial lamb,' " Wells said, describing Libby's part of the conversation. " 'I will not be sacrificed so Karl Rove can be protected.' "

"Libby was an important staffer," Wells said. "But Karl Rove was the lifeblood of the Republican Party."

Libby has not been charged with leaking classified information, Wells noted. "He had no motive to lie because he had done nothing wrong," Wells said.

Libby, 56, Cheney's former chief of staff and national security adviser, is charged with one count of obstruction and four counts of lying to FBI agents and a federal grand jury investigating how Plame's identity was leaked to reporters.

During his opening statement, prosecutor Fitzgerald said Libby leaked Plame's identity as part of a Bush administration plan to discredit her husband, former diplomat Joseph Wilson. Eight days before Plame was identified in print as a CIA officer, Wilson alleged in a New York Times column that the Bush administration had twisted some intelligence reports "to exaggerate the Iraqi threat" in leading the country to war. A year earlier, Wilson had been sent to Africa to explore reports that Iraq had tried to buy uranium from Niger. He found the reports groundless.

No one was charged with disclosing Plame's identity. Identifying a covert CIA officer can be a crime, if it is done with knowledge that the officer's status is classified.

The story of Plame's "outing" and the investigation that led to Libby's indictment in 2005 riveted political circles for more than two years. That drama, Fitzgerald said Tuesday, was not part of his case. Instead, he said, he had a "narrow focus" on Libby's alleged lies.

Fitzgerald told jurors that Libby learned of Plame's CIA job from Cheney, then from two other CIA employees, from a State Department official and from a Cheney spokesman in June or early July 2003, before Libby passed the information to two news reporters. Matt Cooper, formerly of Time magazine, and Judith Miller, formerly of The New York Times, are to testify for the prosecution.

Fitzgerald said Libby played a key role in helping Cheney deflect criticism beginning in July 2003 that he was responsible for "twisting intelligence" to suggest that Iraq was in the process of acquiring uranium, possibly for a nuclear weapon.

Wells, by contrast, continually invoked the political atmosphere of summer and early fall 2003, the time that gave rise to the leaks and investigation. He said that Libby, distracted by al-Qaeda and other national security issues, only reluctantly agreed to talk to reporters to defend Cheney against allegations of manipulating intelligence.

Libby Portrayed As 'Sacrificial Lamb' At Trial (WT)

By Joseph Curl

The Washington Times, January 24, 2007

The defense in the CIA leak trial of I. Lewis "Scooter" Libby Jr. charged yesterday that senior White House officials sought to protect political strategist Karl Rove by making the former vice presidential chief of staff a "sacrificial lamb."

During opening arguments in Mr. Libby's perjury trial, the only criminal case to emerge from a three-year investigation into the 2003 leak of a CIA operative's identity, attorney Theodore Wells said the White House quickly cleared Mr. Rove of wrongdoing but did not seek to exonerate the vice presidential aide.

Left out in the cold, Mr. Libby went to his boss, Vice President Dick Cheney.

"They're trying to set me up. They want me to be the sacrificial lamb," Mr. Wells said, recalling a conversation between Mr. Libby and Mr. Cheney shortly after the story became public. "I will not be sacrificed so Karl Rove can be protected."

Mr. Wells also sought to portray Mr. Libby, who faces 30 years in prison if convicted on five counts of lying to FBI agents, as incredibly busy, so busy that he forgot when and how he learned the identity of CIA employee Valerie Plame, the wife of a former ambassador who had been critical of the administration's Iraq invasion.

"He spends his day trying to connect the dots to be sure we don't have another 9/11," Mr. Wells said.

But special prosecutor Patrick J. Fitzgerald said in the government's opening argument that Mr. Libby consciously lied.

"When the FBI and grand jury asked about what the defendant did," Mr. Fitzgerald said, "he made up a story. ... This isn't a case about having a bad memory; having a bad memory is not a crime. He knowingly and intentionally lied."

The trial is the culmination of a saga that stretches back to July 2003, when former U.S. Ambassador Joseph C. Wilson IV accused the Bush administration of exaggerating the threat posed by Iraq to justify the invasion of Iraq. Mr. Wilson labeled as a lie Mr. Bush's claim that Iraq had sought uranium yellowcake from Africa.

The prosecutor said that in the days before syndicated columnist Robert Novak revealed that Mrs. Plame was married to Mr. Wilson, Mr. Libby learned her identity from at least five persons -- from his boss to members of the CIA and State Department.

Mr. Libby revealed her identity to at least three reporters, but later testified that he had actually learned her identity from them, Mr. Fitzgerald said.

Mr. Wells countered that Mr. Libby was too busy dealing with the world's most serious crises and simply couldn't recall "three phone calls, three reporters, three months later."

The defense attorney said Mr. Cheney shared Mr. Libby's concern that he was being set up to take the fall in an effort to protect Mr. Rove.

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"Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder," Mr. Cheney's notes from the meeting said, according to Mr. Wells. He added that it was clear the White House wanted to protect Mr. Rove, the architect of both Bush wins in 2000 and 2004 and the 2002 mid-term upset.

Mr. Cheney is expected to testify in the trial, making him the first sitting vice president to take the stand in a criminal case. The proceedings are expected to take four to six weeks.

Defense Portrays Libby As Scapegoat (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, January 24, 2007

I. Lewis "Scooter" Libby was "put through the meat grinder" by the White House shortly after the Iraq war began, scapegoated to conceal the fact that Karl Rove, the president's top political adviser, helped disclose an undercover CIA officer's identity, a defense attorney contended yesterday as Libby's perjury trial began.

The lawyer, Theodore V. Wells Jr., and Special Counsel Patrick J. Fitzgerald agreed that Vice President Cheney ordered Libby, then his chief of staff, to contact reporters early in the summer of 2003 in an effort to rebut criticism that the administration had selectively used intelligence to justify the invasion of Iraq.

According to Wells, the confidential conversations Libby had with several well-known journalists were not intended to spread the identity of Valerie Plame, the covert CIA officer. Instead, Libby's attorney said, he was acting at Cheney's instructions to respond to allegations that the vice president withheld information that would have raised doubts about whether Iraq was trying to develop weapons of mass destruction.

The dramatic opening statements in the first hours of the celebrated trial laid bare fissures deep inside the White House. They came as the prosecution and defense provided the jury crackling portrayals of their opposing theories of the case.

The two sides' accounts exposed jurors to handwritten notes by Cheney, the internal culture of major newsrooms, a tape recording of Libby speaking to grand jurors and a White House under fire as its justification for war was beginning to unravel.

Libby, 56, is accused of five felony charges stemming from a federal investigation into the leak of Plame's identity to the media. Libby is not charged with the leak itself, nor is anyone else. He faces two counts of making false statements to FBI agents, two counts of perjuring himself before a grand jury and one count of obstructing the investigation, and he has pleaded not guilty to all charges.

"How could we reach a point where the chief of staff for the vice president was repeatedly lying to federal investigators?" Fitzgerald asked jurors rhetorically. "That's what this case is all about."

During an hour-long opening statement that started the trial, the prosecutor painted for the jury what he called "a firestorm" inside the White House on the final day of the July 4, 2003, holiday weekend, when an op-ed article by Plame's husband, former ambassador Joseph C. Wilson IV, attacked the administration. Wilson, who had been sent to Niger by the CIA to determine whether Iraq was seeking uranium for its nuclear weapons program, said the president and his aides "may have twisted the intelligence" concerning whether Iraq was seeking weapons of mass destruction.

Libby told investigators that at one point he was surprised to learn from NBC's Tim Russert in July 2003 that Wilson was married to Plame. But Fitzgerald contended that Libby, at Cheney's direction, had been actively telling people about Wilson at the same time.

He said Libby's claim to a grand jury that he simply had forgotten what he knew was implausible, because he had passed on Plame's name to reporters and then-White House press secretary Ari Fleischer days before speaking with Russert.

"You can't learn something startling on Thursday that you're giving out Monday and Tuesday of the same week," Fitzgerald said. "Day after day after day after day, he focused on this controversy."

Wells, the defense attorney, countered that "this is a weak, paper-thin, circumstantial evidence case about he-said, she-said."

Wells asserted that the vice president's former right-hand man gave investigators his "good-faith recollection" and that any mistakes in his memory were innocent. He also contended that the journalists and administration officials who are to testify

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during the trial also have imperfect memories. He said that Libby did not aggressively push the Wilson story, did not know that Plame worked in a covert role and had no motive to lie to investigators.

According to Wells, when the federal investigation of the leak began in the fall of 2003, Libby was not worried about his job, but was "concerned about . . . being scapegoated." Scott McClellan, the White House press secretary at the time, said publicly that Rove was not responsible for any leaks, Wells said, but did not say the same about Libby.

Libby, Wells said, told Cheney he feared "people in the White House are trying to set me up." Wells then showed the jury the text of a note Cheney had jotted that said: "Not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

Wells said: "That one person was Karl Rove. He was viewed as a political genius. . . . He had to be protected. The person who was to be sacrificed was Scooter Libby." According to Wells, the vice president tried to persuade White House colleagues to publicly clear Libby's name as the source of the leak.

Plame's name first appeared in a July 14 column by Robert D. Novak. Rove and Richard L. Armitage, then the deputy secretary of state, have acknowledged being Novak's sources for the story.

Wells did not make it clear how the White House's handling of Libby's role influenced what he later told the FBI and grand jury. But the attorney said the "meat grinder" Libby was put through meant he took on the extra task of having brief conversations with reporters while carrying out his "day job" dealing with crucial national security matters.

Asked about the defense's portrayal, White House spokeswoman Dana M. Perino said yesterday: "We are not commenting on an ongoing criminal matter."

Both sides yesterday provided small pieces of new information about the events leading to Libby's indictment.

Fitzgerald disclosed, for instance, that Libby had underlined his own copy of Wilson's op-ed piece. Fitzgerald also identified a CIA employee Libby asked about Wilson as Craig Schmall.

Late in the afternoon, the prosecution's first witness, Marc Grossman, a former undersecretary of state, testified that Libby had asked him in late May 2003 to look into Wilson's CIA-sponsored trip to Niger to investigate the uranium claim. Grossman said he spoke to Wilson and learned that his wife worked at the CIA and had appeared to help arrange the trip.

"I thought the whole business was of less than zero importance," Grossman testified. "I thought the wife was an interesting tidbit, though."

Libby Defense Portrays Client As A Scapegoat (NYT)

By Neil A. Lewis

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — I. Lewis Libby Jr., the vice president's former chief of staff, was made a scapegoat by White House officials to protect the president's longtime political adviser, Karl Rove, Mr. Libby's lawyer asserted in his opening statement on Tuesday.

The unexpected assertion may foreshadow an effort to put distance between Mr. Libby and the administration.

The statement by the lawyer, Theodore V. Wells Jr., was the first indication that Mr. Libby, who is facing five felony counts of lying to investigators, would seek to deflect some of the blame onto his former White House colleagues.

Mr. Wells did not, however, fully explain the connection between an effort to protect Mr. Rove and the actions that led to Mr. Libby's indictment. It was also the first sign that there had been fighting within the Bush administration over the C.I.A. leak investigation.

Until Tuesday, Mr. Libby's defense on perjury and obstruction of justice charges was that he might simply have remembered incorrectly events he had described to a grand jury and to F.B.I. agents. But Mr. Wells told the jury that White House officials, whom he did not name, wanted to protect Mr. Rove because they believed his survival as President Bush's chief political adviser was crucial to the health of the Republican Party.

Mr. Wells said that his client was innocent and that a decision was made that "Scooter Libby was to be sacrificed," referring to Mr. Libby by his nickname. It was important to keep Mr. Rove out of trouble, Mr. Wells said, because he was Mr. Bush's right-hand man and "was most responsible for seeing the Republican Party stayed in office."

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"He had to be protected," Mr. Wells said.

Mr. Rove, who has not been charged, has acknowledged having been a source for a July 14, 2003, column by Robert D. Novak that first disclosed the identity of Valerie Wilson, who was known by her maiden name, Valerie Plame, as a Central Intelligence Agency officer. The disclosure led to the investigation resulting in Mr. Libby's indictment.

Mr. Wells's remarks followed the opening statement of the chief prosecutor, Patrick J. Fitzgerald, who told the jury that the evidence was clear that Mr. Libby had knowingly lied under oath about his conversations with three reporters about Ms. Wilson. Mr. Fitzgerald provided his own dramatic moment of the day when he played audiotapes of Mr. Libby's grand jury testimony in March 2004.

Before doing so, Mr. Fitzgerald meticulously laid the groundwork for his case that Mr. Libby had lied during those appearances. He first presented charts showing that Mr. Libby learned about Ms. Wilson in conversations with several fellow administration officials in June and early July 2003, and that he talked to reporters and other administration officials about her identity in that period.

Jurors then listened as Mr. Libby's voice wafted through the courtroom while he sat silently at the defense table. Mr. Libby was heard to say that he believed he first learned about Ms. Wilson in a conversation with Tim Russert of NBC on Thursday, July 10. Mr. Libby also told the grand jury that he had been taken aback by Mr. Russert's information.

"You can't be startled about something on Thursday that you told other people about on Monday and Tuesday," Mr. Fitzgerald said, referring to conversations Mr. Libby had only days before.

Further, he said, Mr. Russert will testify that his July 10 telephone conversation with Mr. Libby did not include any mention of Ms. Wilson. Mr. Libby, he said, had telephoned instead to complain about a talk show on the network.

"The evidence will show the conversation he claims took place about Wilson's wife never happened," Mr. Fitzgerald said. "And even if it did happen, he couldn't have been surprised."

Mr. Libby is charged with five felony accounts of lying to the grand jury and to officials of the Federal Bureau of Investigation who were investigating the leak of Ms. Wilson's name to Mr. Novak.

Ms. Wilson's identity was disclosed just days after her husband, Joseph C. Wilson IV, a former ambassador, wrote an Op-Ed article in The New York Times asserting that the Bush administration, to build its case for war, had distorted intelligence about Iraqi efforts to obtain uranium in Africa.

Mr. Libby had testified that he did not discuss Ms. Wilson's identity with Judith Miller, a former reporter for The Times, or with Matthew Cooper of Time magazine. Ms. Miller and Mr. Cooper testified that Mr. Libby did, in fact, discuss Ms. Wilson with them.

In the trial's opening day, Mr. Fitzgerald's task was to keep the issue before the jury simple: were Mr. Libby's statements about his conversations with reporters true? To that end, he spoke for only about an hour in outlining his case.

The mission of Mr. Wells, in contrast, was to present the case as hopelessly complicated, thus leaving the jurors in doubt about the validity of the charges. Mr. Wells spoke for nearly two and a half hours, ranging over issues of the reliability of memory; Mr. Libby's duties, which during the relevant period included crises in Liberia and Turkey; and threats from Al Qaeda on the days that Mr. Libby spoke to reporters.

But his most startling comment was his assertion that Mr. Libby had become enmeshed in legal difficulty because of White House efforts to protect Mr. Rove.

If Mr. Libby and his lawyers press their strategy of blaming the White House, it could prove risky, possibly even jeopardizing chances of a presidential pardon for Mr. Libby if he is convicted.

Mr. Libby, Mr. Wells said, complained to Vice President Dick Cheney that he was being set up as a fall guy. Mr. Cheney supported that view, Mr. Wells said, and handwrote a note saying, "Not going to protect one staffer + sacrifice the guy who was asked to stick his neck in the meat grinder because of the incompetence of others."

This incident appears to have occurred in fall 2003, when Mr. Libby was troubled that Scott McClellan, then the White House press secretary, had publicly said that Mr. Rove had not been involved in the leak but had initially declined to do the same for Mr. Libby and others in the administration. At that time, Mr. Rove had a major role in guiding Mr. Bush's re-election campaign.

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Interpreting the vice president's note, Mr. Wells said that "incompetence" was a reference to the fact that the C.I.A. had mistakenly allowed the White House to use inaccurate information in Mr. Bush's 2003 State of the Union speech about Iraq's efforts to obtain uranium in Africa. The staff official whom the vice president believed should not be protected, he said, was Mr. Rove. Mr. Libby had been assigned to speak to reporters to straighten out the confusion from Mr. Bush's speech, a chore Mr. Cheney likened to sticking his head in the meat grinder.

Mr. Wells did not, however, make it clear how the efforts to shield Mr. Rove had caused Mr. Libby to become embroiled in the issue, though he suggested that the attention paid to the disclosure of Ms. Wilson's name had obliged Mr. Libby to engage in the perilous task of talking to reporters.

Mr. Wells noted that, in his grand jury appearances and in interviews with the F.B.I., Mr. Libby had also said that he first learned of Ms. Wilson's identity from Mr. Cheney.

The charges against Mr. Libby, Mr. Wells said, amounted to "a weak, paper-thin circumstantial case about 'he said-she said.' "

'Scapegoat:' Scooter's Stunning Defense (NSWK)

By Michael Isikoff, Newsweek

Newsweek, January 24, 2007

A bombshell detonates on day one of the Libby perjury trial, as Cheney's longtime aide points the finger at Karl Rove

It was the last thing the White House needed at a time when President Bush is already on the defensive over Iraq: a circular firing squad in a federal courtroom in which the president's men—and Vice President Dick Cheney's—are all shooting at each other.

But that's how the perjury trial of I. Lewis (Scooter) Libby, Cheney's former chief of staff, began. Libby's long-awaited defense was laid out for the first time Tuesday in opening statements and it turned out to be a stunner: a "scorched earth" strategy in which his main defense lawyer pointed accusatory fingers at White House deputy chief of staff Karl Rove as well as other top current and former Bush aides.

Almost no legal experts had expected this plan of attack in the trial, the outcome of a drawn-out investigation into who leaked the identity of Valerie Plame, a CIA operative, to the media. According to chief prosecutor Patrick Fitzgerald, the leak occured amid an effort by Bush administration officials to discredit Plame's husband, former ambassador Joseph Wilson, who had publicly cast doubt on the administration's case for war against Iraq. The FBI began an investigation after newspaper columnist Robert Novak exposed Plame's identity in 2003. Libby is accused of obstructing the probe and lying to investigators. Neither of the two men later identified as the sources for Novak's column, Rove or former deputy secretary of State Richard Armitage, was charged in the case.

Libby, it was widely thought by legal experts, was going to be the good soldier. He would play it safe at his trial in order to preserve his options; mainly, if convicted, to seek a presidential pardon before Bush leaves office.

But no sooner did he start his opening statement Tuesday morning than defense lawyer Ted Wells shocked the courtroom and all but tossed the "pardon strategy" out the window. Seeking to rebut Fitzgerald's contention that Libby had lied about his knowledge of Plame's CIA employment in order to save his job with Cheney, Wells shot back: "Mr. Libby was not concerned about losing his job in the Bush administration. He was concerned about being set up, he was concerned about being made the scapegoat."

According to Wells, the chief culprit, or at least the beneficiary of the plot was Rove, described by the defense lawyer as "the president's right hand man," whose survival was essential for the president's re-election. As related by Wells, his client was so worried that Rove's fate was taking priority over his that Libby went to his boss, Cheney, in October 2003 and complained: "I think people in the White House are trying to set me up. People in the White House are trying to protect Karl Rove."

Well's argument was both brilliant and complex-and perhaps difficult for non-news hounds on the jury to follow. But it raised the prospect that the Libby trial will now turn into a horror show for the White House, forcing current and former top aides to testify against each other and revealing an administration that has been in turmoil over the Iraq war for more than three years.

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Libby is on trial for relatively narrow charges of perjury and obstruction: that he lied about what and when he knew about Plame's identity, falsely telling the FBI and a federal grand jury that he was told about her work at the CIA from journalists Tim Russert, Judy Miller and Matt Cooper in July 2003.

But Fitzgerald, in his own riveting opening statement, placed Cheney at the center of the case, telling the jurors that when Plame's husband, former ambassador Joseph Wilson, began accusing the White House of twisting intelligence about Iraq, it was the vice president himself who first disclosed Plame's identity to his chief of staff in June 2003. Cheney later intervened with the White House to get then-press secretary Scott McClellan to issue a misleading public statement clearing Libby of any involvement in the leak of Plame's CIA employment to reporters, Fitzgerald asserted.

Wells shot back that it was others at the White House and the State Department—and not just Rove—who were the real leakers. Former White House press secretary Ari Fleischer, Wells asserted for the first time, had gotten immunity from prosecution and then confessed to the FBI that he had personally leaked Plame's status to NBC White House reporter David Gregory. Dan Bartlett, now senior presidential counselor, also learned of Plame's identify and spread the information as well, according to Wells. (And, of course, Wells emphasized, it was then-deputy Secretary of State Armitage who set the whole case in motion by first disclosing Plame's identity to columnist Robert Novak.)

But, Wells contended, it was Rove—the political strategist—who had to be protected at all costs. He was, Wells said, "the lifeblood of the Republican Party" and the man George W. Bush absolutely needed for the coming re-election campaign. Indeed, after McClellan issued a public statement exonerating Rove of any involvement in the leak (a statement that turned out three years later to be false), Cheney and Libby huddled about the matter. McClellan had cleared Rove but at that point had said nothing about Libby, leaving the implication that Libby had leaked but Rove hadn't. Cheney personally wrote a note, an excerpt of which Wells read to the jury and highlighted by displaying on an audio-visual machine during his opening statement: "Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," Cheney's note read.

The translation, according to Wells: The vice president was not going to allow Karl Rove to be protected and Libby to be sacrificed. Libby had stuck his neck "in the meat grinder" because he had been authorized by President Bush himself to talk to reporters and rebut what the White House considered unfair criticism by Wilson that the intelligence about Iraq had been "twisted." And the "incompetence" Cheney was referring to was by the CIA which, he claimed, was responsible for whatever the White House had gotten wrong about Iraq's purported weapons of mass destruction.

The opening statements underscored what many had already suspected: that Cheney—who is slated to be called to testify by the defense—will be a crucial witness in the trial. But Wells' opening statement suggested that it will be more than just the vice president on the hot seat. Rove himself now appears likely to be called (he is on a list of possible witnesses) and forced to testify about how he had disclosed Plame's identity to then-Time magazine reporter Matt Cooper. Bartlett also appears likely to be called, as does Armitage, Fleischer and David Addington, Cheney's current chief of staff.

Libby Asserts He Was The Fall Guy (WSJ)

By Evan Perez

The Wall Street Journal, January 24, 2007

WASHINGTON -- Lawyers for Lewis "Scooter" Libby, the vice president's former chief of staff on trial for allegedly lying to federal investigators, moved to muddy the prosecution's case by alleging a White House effort to protect Karl Rove and make Mr. Libby the fall guy.

INITIAL SALVOS

• The Situation: Defense lawyers say White House officials trying to protect Karl Rove set up Lewis "Scooter" Libby to take the fall in the CIA-leak controversy.

• The Background: Mr. Libby, former chief of staff to Vice President Cheney, is on trial for allegedly lying to investigators and a grand jury during the leak investigation.

• What's Next: Mr. Libby's attorneys are expected to highlight conflicting witness statements as proof that "recollection problems" are common.

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The defense strategy shows that Mr. Libby is willing to part ways with his former colleagues at the White House. In opening arguments in federal court yesterday, Mr. Libby's attorney alleged that White House officials singled out the former aide to Vice President Cheney to take the blame for leaking the identity of a Central Intelligence Agency operative in an attempt to take the heat off Mr. Rove, President Bush's top political adviser.

As both sides laid out their strategies yesterday in federal court, it became clear that Special Prosecutor Patrick Fitzgerald's attempt to simplify a case that ended up far afield from its beginnings as a CIA leak investigation could be hampered by the defense's strategy to put the case in the context of the sharp-elbowed politics of the White House and the Iraq war. The trial is expected to provide a glimpse into the inner workings -- and infighting -- of a White House known for being cohesive and tightly managed. In addition, the strategizing behind the run-up to the Iraq war may get a public airing at the same time as a Democratic-controlled Congress is stepping up its scrutiny of the Bush administration's war policy. A White House spokeswoman declined to comment on the Libby case.

Addressing a jury of nine women and three men, Mr. Fitzgerald gave a one-hour summary of his case, which hinges on testimony and evidence he says show Mr. Libby knowingly deceived agents for the Federal Bureau of Investigation and the grand jury investigating the leak of the identity of former CIA agent Valerie Plame in 2003.

Mr. Fitzgerald told jurors that Mr. Libby was dispatched by Mr. Cheney to counter criticism of the administration from Ms. Plame's husband, former diplomat Joseph Wilson. Mr. Wilson had made a fact-finding trip, sponsored by the Central Intelligence Agency, in 2002 to Niger to investigate claims that Iraq, in a quest for nuclear weapons, had tried to buy yellowcake uranium from the country. Mr. Wilson subsequently contradicted the administration's claims about Iraq's efforts to build a nuclear-weapons program in a New York Times opinion piece and on television.

During Mr. Fitzgerald's investigation, both President Bush and a former White House spokesman said that any administration official found to have leaked the information would be asked to leave. Mr. Rove was among the officials who testified before the grand jury that Mr. Fitzgerald convened. Yesterday, Mr. Rove's attorney, Robert Luskin, declined to comment on opening arguments by Mr. Libby's attorney. Mr. Libby's defense team took jurors through a two-hour version of events that included the charge that Mr. Libby was the victim of a White House effort to make him the "sacrificial lamb" in order to protect Mr. Rove.

Theodore V. Wells Jr., an attorney for Mr. Libby, told jurors that as the Plame controversy exploded, Mr. Libby spoke to Mr. Cheney and expressed concerns that "they want me to be the sacrificial lamb. I will not be sacrificed in order for Karl Rove to be protected." Yesterday, Mr. Wells said that officials set up Mr. Libby to take the fall in the investigation because while he was "an important staffer," Mr. Rove was "the lifeblood of the Republican party."

Mr. Fitzgerald displayed to the jury a detailed timeline listing dates when Mr. Libby talked to reporters and to others in the White House about Ms. Plame. He suggested that Mr. Libby's misstatements to investigators about when he discussed Ms. Plame's identity and with whom weren't about "bad memory" but an effort to mislead investigators because he was afraid he would lose his job. In court yesterday, Mr. Fitzgerald played excerpts of tape recordings of Mr. Libby's testimony before the grand jury. In one segment, Mr. Libby told investigators he was surprised to learn that Ms. Plame worked for the CIA during a conversation believed to have taken place around July 10, 2003, with Tim Russert, host of NBC's "Meet the Press." But, Mr. Fitzgerald said yesterday, Mr. Libby knew of Ms. Plame's status, as he had learned it from others in the administration, including the vice president, and had passed along the information on July 7 to then-White House spokesman Ari Fleischer and on July 8 to Judith Miller, then a New York Times reporter.

Mr. Wells called the government's case "a weak, paper-thin circumstantial-evidence case about 'he said, she said.'" He told jurors to expect testimony from reporters including Mr. Russert and Ms. Miller, but suggested that, like Mr. Libby, they and other witnesses "have recollection problems."

Mr. Wells showed jurors his own timeline, emphasizing how Mr. Libby was asked by investigators about conversations with reporters many months after they occurred. He quoted from a handwritten note by Mr. Cheney, made after a conversation with Mr. Libby about the leak investigation, that read in part: "not going to protect one staffer & sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

The person being sacrificed was Mr. Libby and the incompetence was on the part of the CIA, Mr. Wells told jurors.

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Libby: White House Wanted To Sacrifice Him For Rove (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 24, 2007

(AP) - WASHINGTON-Special Prosecutor Patrick Fitzgerald described for jurors Tuesday a detailed Bush administration effort to beat back early criticism of the Iraq war and accused former White House aide "Scooter" Libby of covering up his role leaking the identity of a CIA operative.

I. Lewis Libby's attorney countered with a White House effort of his own, one in which Libby was blamed for the leak to protect Bush political adviser Karl Rove's own disclosures.

The investigation began after syndicated columnist Robert Novak revealed that a chief Bush administration critic of Iraq policy, Joseph Wilson, was married to CIA operative Valerie Plame. Rove was one of two sources for Novak's story.

As the trial opened with a preview of each side's position, it was clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media.

Nobody, including Rove, has been charged with the leak. Libby is accused of lying to investigators and obstructing the probe.

"They're trying to set me up. They want me to be the sacrificial lamb," attorney Theodore Wells said, recalling a conversation between Libby and his boss, Vice President Dick Cheney, as the leak investigation heated up in 2003. "I will not be sacrificed so Karl Rove can be protected."

By putting the focus on Rove, whom Wells referred to as "the lifeblood of the Republican party," Wells sought to cast Libby as someone who was drawn into discussions about Plame only to clear his own reputation. White House officials publicly cleared Rove of wrongdoing but originally stopped short of doing so for Libby.

Using a computerized calendar during opening statement, Fitzgerald cast Libby's actions much differently. Fitzgerald described a tumultuous week in 2003 when he said the White House was under "direct attack" from Wilson.

Fitzgerald said Libby learned from five people - from Cheney to members of the CIA and State Department - that Wilson's wife worked for the CIA. Libby discussed that fact to reporters and others in the White House, Fitzgerald said.

"But when the FBI and grand jury asked about what the defendant did," Fitzgerald said, "he made up a story."

Libby told investigators he learned about Plame from NBC News reporter Tim Russert. But Fitzgerald told jurors that was clearly a lie because Libby had already been discussing the matter inside and outside of the White House.

"You can't learn something on Thursday that you're giving out on Monday," Fitzgerald said.

Libby says he didn't lie but was simply bogged down by national security issues and couldn't remember his conversations with New York Times report Judith Miller, Time magazine reporter Matthew Cooper and Russert.

Opening statements were expected to continue into Tuesday afternoon. The trial is expected to last four to six weeks.

Prosecution Calls Libby A Liar During Opening Arguments (LAW)

By Emma Schwartz, Legal Times

Legal Times, January 24, 2007

During opening arguments Tuesday in the trial of ex-White House aide I. Lewis "Scooter" Libby Jr., the prosecution repeatedly fingered Libby as a liar who intentionally misled investigators about how he learned the identity of CIA employee Valerie Plame.

"This is not a case about bad memory," Special Prosecutor Patrick Fitzgerald told jurors. "It's about shifting information to reporters away from where he really learned it."

But defense lawyers for Libby accused the White House of making the former chief of staff to Vice President Dick Cheney the administration's fall guy for Fitzgerald's leak investigation. Addressing the jury, lawyer Theodore Wells Jr. tried to raise doubts about the memory -- and credibility -- of the government officials and reporters whose testimony is expected to contradict Libby's recollections.

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"It's a classic case of he said, she said, and what two people remember three months later," said Wells, telling the jury that the government's case is based entirely on circumstantial evidence and that no one will take the stand to say Libby lied.

Libby, 56, is charged with five felony counts of false statements, obstruction of justice, and perjury in connection with what he told the FBI and a grand jury about conversations he had with three reporters in 2003. He was the only person charged as a result of Fitzgerald's 2 1/2-year investigation into whether classified information about Plame's CIA employment was illegally leaked to the press.

The arguments came on the eve of President George W. Bush's State of the Union address. It was in that speech, four years ago, that the president suggested Iraq had tried to purchase uranium from Africa. The veracity of that claim later served as the basis for attacks by Plame's husband, former Ambassador Joseph Wilson, on the administration's decision to invade Iraq and allegedly led to a campaign within the White House to discredit Wilson.

Although the trial, expected to last about six weeks, will not answer the question of whether the Bush administration intentionally misled the public about the rationale for invading Iraq, the war hung heavy over Tuesday's arguments.

Over the course of an hour, Fitzgerald laid out the government's case to the jury. By Fitzgerald's account, the timeline of Libby's conversations simply does not add up: How, he asked, could Libby claim that he first learned about Valerie Plame's CIA employment on July 10, 2003, from Tim Russert of NBC's "Meet the Press" when Libby had already had conversations about Wilson's wife with at least six government officials?

According to Fitzgerald's calculation, Libby first learned about Wilson's wife from Cheney on June 11, 2003, and discussed it with multiple government officials in the following days and month. Those officials included Undersecretary of State Marc Grossman; CIA Associate Director Robert Grenier; Cathie Martin, a press secretary for the Office of the Vice President; David Addington, Cheney's chief counsel; CIA briefer Craig Schmall; and former White House press secretary Ari Fleischer.

On July 6, 2003, The New York Times published an opinion piece Wilson wrote questioning the accuracy of the 16 words in the State of the Union speech about Iraq's alleged acquisition of uranium in Niger. The next day, Fitzgerald said, he told Fleischer over lunch that he had "hush-hush" information that Wilson's wife was employed in the CIA's weapons of mass destruction section. On July 8, Libby met with then-New York Times reporter Judith Miller at the St. Regis Hotel about Wilson's wife. That same day, he asked Addington, a former CIA official, about someone at the CIA sending a spouse on an investigation.

"You can't learn something starting on Thursday [that] you're giving out on Monday and Tuesday," Fitzgerald said.

To back up his claim about Libby's conversation with reporters, Fitzgerald played excerpts of Libby's grand jury testimony with Russert and Time magazine's Matthew Cooper. Although Russert has said that he never spoke about Wilson's wife with Libby, on the tape Libby said he did: "And then he said, 'Did you know that Ambassador Wilson's wife works at the CIA?' I was a little taken aback by that. I said, 'No, I don't know that' ... I wanted to be very careful not to confirm it."

Similarly, during his testimony about Cooper, Libby said, "I was very careful; in my mind I still didn't know it as a fact." He added, "I didn't even know he had a wife."

Taking roughly two hours to outline Libby's defense, Wells declared that Libby was completely innocent. Instead, Wells painted a picture of deep bureaucratic infighting and pointed the finger squarely at the White House. He suggested that the White House -- specifically presidential adviser Karl Rove -- and the State Department may have pushed information to the press. "But Scooter Libby didn't push any reporter," Wells said.

Libby was afraid that he was "being set up" as the scapegoat for Rove, whose "fate was important to the Republican Party," Wells said. So Libby went to Cheney for help, Wells said. "I will not be sacrificed so that Karl Rove can be saved," Wells said Libby told his boss.

Cheney made a note, intended for the president, that he was "not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," according to a note Wells displayed.

Indeed, Cheney specifically asked Libby to speak to reporters about Wilson's attacks -- but to do so on the merits. A note card Cheney approved that contained specific statements to rebut Wilson's argument included no mention of Wilson's wife, Wells said. But while defending the claims against Wilson may have been important, Wells said, Plame was not.

Wells also took aim at the credibility of many of the government's witnesses. For instance, Wells said, not all of the government witnesses remembered their conversations with Libby the first time around. And, some, like Fleischer, did not speak

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with federal investigators before receiving immunity. As for the reporters, he noted, they had very few or no notes to back up their conversations.

Wells raised the possibility that Russert might have known about Wilson's wife because two of his reporters were chasing the Wilson story. Wells said that on July 11, 2003, Fleischer told White House correspondent David Gregory about Wilson's wife. Wells also mentioned NBC reporter Andrea Mitchell, who said during an Oct. 3, 2003, television broadcast that it was widely known before July 14 by reporters covering intelligence that Wilson's wife worked at the CIA.

"If Andrea Mitchell knew, doggone it, Tim Russert knew," Wells said. (Mitchell later retracted this statement.)

Wells asked why Libby would concoct the story. "If you're going to cook up a story, why are you going to cook up a story about a phony conversation you had with one of the most respected reporters in the country?" Wells said, referring to Russert.

Instead, Wells suggested that Libby may simply have confused his conversations with Russert and with Robert Novak, whose column first disclosed the name of Wilson's wife. Around that same time, Libby spoke with Novak. Wells said Novak would take the stand and say, "It's possible when he had Libby on the phone that he said to Libby, 'Do you know his wife works at the CIA?' and that Libby did not confirm anything to him."

Libby Lawyers Attack Witness Credibility (NSDY/AP)

By Matt Apuzzo, Associated Press Writer

Long Island Newsday, January 24, 2007

WASHINGTON -- Attorneys for former White House aide I. Lewis "Scooter" Libby say the testimony of the government's first witness in the CIA leak trial may have been improperly influenced.

Marc Grossman, the former No. 3 official at the State Department, took the stand Tuesday and testified that in June 2003 he was the first person to tell Libby that one of the Bush administration's most vocal critics on Iraq was married to a CIA operative.

Libby is charged with lying and obstructing the investigation into who leaked CIA operative Valerie Plame's identity to syndicated columnist Robert Novak. The leak came shortly after her husband, ex-ambassador Joseph Wilson, emerged as a prominent war critic.

Libby, who was Vice President Dick Cheney's chief of staff, told a grand jury that he believed he learned Plame's identity from NBC newsman Tim Russert. Grossman is the first in a string of government witnesses who will say they told Libby about Plame well before his conversation with Russert.

Foreshadowing a tactic he'll use throughout the case, defense attorney Theodore Wells planned to attack Grossman's credibility. Grossman's memory is spotty and Wells believes his testimony may have been influenced by his former boss at the State Department, Richard Armitage. The night before Grossman spoke to the FBI, Armitage confessed that he was Novak's original source and was a subject of the investigation.

As Grossman continued to the cooperate in the probe, defense attorneys say, he went back to Armitage and told him what the FBI was asking and discussed his answers. Prosecutors sought to block Wells from inquiring about those conversations but U.S. District Judge Reggie B. Walton refused.

"It seems to me there might have been some inappropriate behavior taking place," Walton said.

Prosecutor Patrick Fitzgerald is trying to make the case that it's implausible Libby would forget several conversations he had with officials about Plame.

Wells counters that Libby's memories are no more flawed than those of the government's key witnesses. The more doubt he can cast on their stories, the more likely Wells is to convince a jury that Libby made honest mistakes.

In opening arguments Monday, both sides described a tumultuous period in the White House in which the Bush administration was eager to rebut criticism from Plame's husband, Wilson, who charged in a New York Times opinion piece in July 2003 that the administration had distorted intelligence to justify its invasion of Iraq.

Fitzgerald believes that in such a high-stakes environment, Libby never would have forgotten details about in conversations with reporters. Wells countered that Libby was busy fielding intelligence on terrorist threats, possible assassination plots and Middle East tensions.

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Wells also accused the White House with unfairly blaming Libby for the leaks to protect political strategist Karl Rove's own leaks.

"They're trying to set me up. They want me to be the sacrificial lamb," Wells said, recalling Libby's end of a conversation with Cheney. "I will not be sacrificed so Karl Rove can be protected."

The trial is expected to last up to six weeks.

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Associated Press Writer Michael J. Sniffen contributed to this report.

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Documents for the Libby trial may be found at:

http://wid.ap.org/documents/libbytrial/index.html

8 Arrested In 1971 Police Killing In San Francisco (AP)

By Marcus Wohlsen

AP, January 24, 2007

SAN FRANCISCO - A Florida man and seven others were arrested Tuesday in the 1971 slaying of a police officer that authorities say was part of a black power group's five-year campaign to kill law enforcement officers in San Francisco and New York.

Police said seven of the eight are believed to be former members of the Black Liberation Army, an offshoot of the Black Panther Party.

The Aug. 29, 1971, shooting death of Sgt. John V. Young, 51, at a San Francisco police station was one in a series of attacks by BLA members on law enforcement officials on both coasts, police said.

The attacks, carried out between 1968 and 1973, also included the bombing of a police funeral in San Francisco and the slayings of two New York City police officers, as well as three armed bank robberies that helped fund their operations, police said.

Murder and conspiracy charges were filed against Ray Michael Boudreaux, 64, of Altadena; Richard Brown, 65, of San Francisco; Herman Bell, 59, and Anthony Bottom, 55, both behind bars in New York state; Henry Watson Jones, 71, of Altadena; Francisco Torres, 58, of New York City; and Harold Taylor, 58, of Panama City, Fla.

The arrests were just the latest attempt in recent years to hold antiwar radicals and black-power militants responsible for crimes committed a generation ago.

The investigation of the Black Liberation Army killing spree was reopened in 1999 after "advances in forensic science led to the discovery of new evidence in one of the unsolved cases," the San Francisco Police Department said in a statement.

Morris Tabak, the department's deputy chief of investigations, would not elaborate on the evidence except to say: "It could be fibers. It could be DNA. It could be other biological evidence."

Bell's lawyer, San Francisco attorney Stuart Hanlon, called the arrests a "prosecution based on vengeance and hate from the '60s."

"There's a law enforcement attitude that they hate these people, the Panthers," Hanlon said. "Now they're going after old men."

Richard O'Neal, 57, of San Francisco, was also arrested on conspiracy charges.

A ninth suspect, Ronald Stanley Bridgeforth, 62, was still being sought. Police said he could be in France, Belize or Tanzania.

It's unclear whether Bridgeforth and O'Neal were members of the Black Liberation Army.

None of the suspects will face the death penalty, said Maggy Krell, deputy state attorney general. The death penalty law in effect at the time of the attack was declared unconstitutional in 1972.

The slain officer was killed when Bell and Torres, armed with guns and dynamite, raided a neighborhood police station, firing a shotgun through a hole in the lobby's bulletproof window, as accomplices were posted outside as lookouts, according to police officials in New York. A civilian clerk was wounded. Torres is accused of trying to ignite the dynamite as the pair fled the station, but the explosives failed.

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The station was nearly empty that night as most officers responded to a diversionary bombing of a bank by other conspirators, according to the NYPD.

After his arrest Tuesday in New York, Torres called the case "a frame-up."

Three men, including Taylor, were charged in the attack in 1975. But the charges were thrown out by a San Francisco judge because of a ruling that evidence was obtained by torture after the suspects were arrested in New Orleans.

Bell and Bottom are serving life sentences for the killings of two New York police officers.

Another suspect in Young's slaying, John Bowman of Oklahoma, died in December, according to his lawyer, Ann Moorman of Ukiah.

Associated Press Writers Kim Curtis and Juliana Barbassa in San Francisco and Tom Hays in New York City contributed to this report.

Ex-militants Charged In S.F. Police Officer's '71 Slaying At Station (SFC)

By Jaxon Van Derbeken And Marisa Lagos, Chronicle Staff Writers

San Francisco Chronicle, January 24, 2007

The arrest and charging of a group of former black militants Tuesday for the 1971 slaying of a San Francisco police sergeant ends years of frustration for investigators who say the men were soldiers in a five-year war on law enforcement in the late 1960s and early 1970s.

The accused -- all reputed former members of the radical militant group known as the Black Liberation Army -- carried out a "terror and chaos" campaign aimed at "assassinating law enforcement officers" that began in 1968 and ended in 1973, Deputy Police Chief Morris Tabak said.

Tabak said one of the casualties was Sgt. John V. Young, slain on Aug. 29, 1971, whose killing was the focus of the arrests and the charges Tuesday. He was killed when at least three men burst into Ingleside police station and one fired a shotgun through an opening in a bulletproof glass window.

"After three decades, it's a real victory for law enforcement that these folks will finally have to answer for their actions," Tabak said in announcing charges against nine men, eight of whom are in custody.

Authorities arrested two San Francisco men, Richard Brown, 65, a community activist, and Richard O'Neal, 57, who worked as a custodian at San Francisco's City Hall.

Also arrested were Francisco "Cisco" Torres, 58, in Queens, New York, Ray Boudreaux, 64, an electrician for Los Angeles County from Altadena, Henry Watson Jones, 71, also of Altadena, and Harold Taylor, 58, of Panama City, Fla.

Two other men charged in the case already are incarcerated in New York. Herman Bell, 59, and Anthony Bottom, 55, were convicted of May 21, 1971, killings two police officers in New York.

One man who was still being sought is Ronald Stanley Bridgeforth, 62. Authorities believe he might have fled the country.

Eight of the men were charged with murder in the slaying of Young and conspiracy to commit murder for a string of attacks on other officers. O'Neal faces only a broader conspiracy to murder police officers charge for his role in a Feb. 6, 1971, non-fatal shotgun attack on a San Francisco police patrol special officer outside at a Grove Street convalescent hospital.

The actions Tuesday -- carried out in cooperation with local, state and federal officials -- follow by two years a grand jury investigation of the Young killing that resulted in no arrests or indictments.

Lawyers for defendants contended that investigators haven't found new evidence since then that justifies bringing charges at this time.

"I don't think they have anything new," said San Francisco attorney Stuart Hanlon, who represents Bell. "I don't think they have a case."

A spokesman for new state Attorney General Jerry Brown acknowledged Tuesday that no new scientific evidence had been unearthed in an investigation made difficult by the lack of solid eyewitness testimony tying the defendants to Young's shooting.

Only two other people were in the Ingleside police station at the time of the attack -- Ellen Lipney, a civilian clerk who also was shot but survived, and Officer Jim Nance. Nance did not see the shooting, and Lipney and he provided only a limited description of one of the assailants.

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The station was largely empty because the rest of the officers were responding to a bombing at the Bank of America in Stonestown, which investigators later said was a diversion from the assault on the station.

"We don't have O.J.'s bloody gloves," attorney general's spokesman Nathan Barankin said Tuesday. "This is not going to be an easy prosecution, but we are committed to seeing it through."

The charges identify Torres, Bell and Jones as the men who entered the Ingleside police station.

Bell was armed with the shotgun and he opened fire, killing Young and wounding Lipney, according to the charges. Jones fired several rounds from a high-powered rifle, trying to get into the station's assembly room, according to the charges. Three other men, the late John Bowman, Brown and Taylor, acted as lookouts, according to the charges.

Boudreaux and Bridgeforth acted as getaway drivers, the charges state. As he fled, Torres tried but failed to set off a bomb intended to blow up the building, according to the charges.

A letter signed by the Black Liberation Army was sent to The Chronicle on Aug. 31, 1971, claiming responsibility for the killing.

According to the allegations, the group made several other attacks on police.

The campaign began with the attack on two San Francisco Housing Authority officers on Oct. 21, 1968, according to the charges. Three men, including Brown, fired at the officers as many as seven times, the charges say. The officers fired back and fled. Brown was found lying on the sidewalk with a .45-caliber handgun in his hand at the time.

The following month, three members of the group -- Bridgeforth, Boudreaux and Jones -- allegedly attacked a group of South San Francisco police officers as they attempted to arrest them for trying to use a stolen credit card.

All three men were arrested at the time, and weapons and blasting cap explosives were found in their car.

On Oct. 22, 1970, Bottom and another man allegedly bombed a police officer's funeral at St. Brendan Church in San Francisco, according to the charges.

Just before the start of the funeral for the officer, Harold Hamilton, who had been slain in a gunbattle with a bank robbery suspect, a bomb exploded in the crowded church, but no one was seriously hurt.

Bottom, Torres and Bell also were named in the charges as being involved in a March 30, 1971, attempted bombing of SFPD's Mission Station. The bomb, set on the roof of the station, had the power of 30 pounds of dynamite. Bottom, according to the charges, admitted that, with the help of Torres, he put the bomb on the roof while two other members of the group drove off.

The same group orchestrated the murder of New York City police officers Waverly Jones and Joseph Piagentini, on May 21, 1971, according to the allegations. Bottom, now serving time in New York for the killings, was arrested after the slayings in San Francisco while in possession of Jones' service revolver. He was caught fleeing after getting into a shootout with San Francisco police Sgt. George Kowalksi on Aug. 28, 1971. Police found a cache of arms in his vehicle, including Jones' gun, which was used to shoot Piagentini.

According to authorities, the group robbed at least three banks to pay for its efforts, raising at least $25,000 to finance the war.

Authorities believe a separate radical group committed an earlier incident, the Feb. 16, 1970, attack in which a bomb was planted at SFPD's Park police station. Sgt. Brian McDonnell, 44, was killed in that attack, and eight other officers were injured.

One man arrested Tuesday has long been linked to the Young case, having been arrested after the slaying only to be released. The outcome of the early arrest highlights the troublesome history of the case.

Two years after the Young killing, Taylor was arrested in New Orleans, along with two other men, Bowman, who recently died, and Ruben Scott, who is not currently charged.

All three allegedly were tortured into making what they later claimed were false confessions.

In 1975, the three men were charged with murder in the Young attack. But a court found that when the two San Francisco police investigators who came to Louisiana to interview the three men were out of the room, New Orleans officers stripped the men, blindfolded them, beat them and covered them in blankets soaked in boiling water. They also used electric prods on their genitals, court records show. The men were freed after a court found their rights had been violated and they were not allowed to have counsel.

DOJ_NMG_0120795

In 1999, the case was reopened after police say they obtained unspecified new physical evidence in one of the attacks on police. A state grand jury heard evidence in the Young slaying. Several members of the group who were subpoenaed refused to testify, some of them jailed until they were freed by court order. No one was indicted.

In 2005, after consulting with San Francisco District Attorney Kamala Harris, police took the case to the state attorney general's office. Harris's office said Tuesday that it was determined that the matter would be best handled by the state prosecutors, who were already familiar with the facts of he case.

One of those arrested in San Francisco, Brown, is a longtime activist in the Western Addition and had been a job counselor at the Ella Hill Hutch Community Center until he was recently laid off.

"He has been involved trying to make things better in this community," said the Rev. Amos Brown, who has known the accused for more than 30 years. "I don't know what to make of it, after all this time -- I don't know what evidence is there, I don't prejudge situations."

Richard Brown's attorney, Richard Mazer, said Tuesday that he had represented him when Brown was summoned to the grand jury in 2005. He was briefly jailed when he refused to testify, but no charges were filed.

"They have been pursuing Mr. Brown and others in this case for decades," Mazer said. "We don't know what new information, if any new information, they have."

O'Neal, who was arrested at his home on McAllister Street, near City Hall, and charged with one count of conspiracy to murder police officers, worked as a custodian for the city. He had previously worked at the city's Hall of Justice, where the case for years frustrated law enforcement.

O'Neal's attorney, Jim Bustamante, said Tuesday that his client was just 18 or 19 at the time of the alleged conspiracy and has been a city employee for more than 25 years.

"I'm not aware of anything they've got that is new," said Bustamante, referring to the time that has transpired since the grand jury investigation in 2005.

Hanlon, the lawyer representing Bell, agreed and suggested justice would best be served by dropping the case against his client.

"If they have a case, we'll deal with it. But I'm afraid that this is just more vindictiveness against the Black Panthers and other groups who were active in the '60s and '70s," he said. "To my knowledge, they've got absolutely nothing new in this case. If they do, let's see it."

The Black Liberation Army, to which the men arrested and changed Tuesday belonged, was an offshoot of the Black Panthers and operated from about 1971 to 1981.

Boudreaux's attorney, Michael Burt, said Tuesday that his client spent 23 days in jail for refusing to speak to the grand jury in 2005.

Burt said Boudreaux's only involvement in the Black Panther movement was to work in a school lunch program in Oakland. He served in the military in the Air Force in Vietnam, Burt said.

"My guy is not a member of any conspiracy, he didn't murder anybody -- this is part of a long-standing vendetta by law enforcement," Burt said. "He is innocent of these charges."

The lawyer also said he knows of no new evidence in this case. "How they are going to work around that is a very interesting issue."

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8 Ex-radicals Arrested In '71 Police Slaying (LAT)

By John M. Glionna And Steve Chawkins, Times Staff Writers

The Los Angeles Times, January 24, 2007

SAN FRANCISCO — The racial tensions of the civil rights era marched back into this city Tuesday when eight former radicals — some now husbands, grandfathers and community organizers — were arrested in connection with the 1971 shotgun slaying of a white police officer.

The men, including a real-estate appraiser and a Los Angeles County employee both living in Altadena, were mostly taken into custody during early-morning raids in California, New York and Florida. They are accused of being part of what investigators called a five-year conspiracy that started in 1968 to kill police officers in the United States.

A joint state and federal task force identified seven of the arrested men as former members of the Black Liberation Army, a violent outgrowth of the Black Panthers.

San Francisco Police Sgt. John V. Young was gunned down Aug. 29, 1971, at a neighborhood police station. At the time, the Bay Area was a nexus for radical groups of all stripes.

Eight days earlier, a bloody prison riot after a foiled escape by a Black Panther engulfed San Quentin State Prison. Two inmates and three guards were killed. Attacks on police officers nationwide were being blamed on black militants.

Over 36 years, authorities doggedly pursued the Young case. Some suspects married and started families. Others committed crimes and went to prison. Two years ago, three went on a nationwide speaking tour to decry the renewed investigation. One died last month.

In the last two years, about a dozen suspects, including some of those arrested Tuesday, were called to testify before a grand jury in San Francisco and in recent months investigators sought DNA samples.

On Tuesday, 35 years after Young's death, charges finally were filed.

Charged in Young's killing were: Ray Michael Boudreaux, 64, and Henry Watson Jones, 71, both of Altadena; Richard Brown, 65, of San Francisco; Francisco Torres, 58, of Queens, N.Y.; Herman Bell, 59, and Anthony Bottom, 55, both incarcerated in New York state; and Harold Taylor, 58, of Panama City, Fla.

Another man, Richard O'Neal, 57, of San Francisco, was arrested on suspicion of conspiracy to murder police officers. He was not charged "as an active participant" in the Young killing, authorities said.

A ninth suspect, Ronald Stanley Bridgeforth, 62, was charged with murder, conspiracy to commit murder and aggravated assault on a police officer in connection with Young's killing. He was still at large Tuesday.

Defense lawyers and justice advocates Tuesday questioned the charges, one calling the long-running case "a perversion of justice."

"I'm stunned that the government is still trying to pursue criminal cases against these men. It's beyond explanation," said Charles Ogletree, a Harvard Law School professor and founder of the Charles Hamilton Houston Institute for Race and Justice, who appeared on the speaking tour.

"In the meantime, they've become husbands and grandfathers and neighborhood organizers," he said. "It's a reflection that with all they've been through, they've still been able to raise their heads high."

John Philipsborn, a San Francisco attorney who is representing Jones, added that he was skeptical that any convictions would result.

"This is a case that's been brought before," he said. "It's an old case, and the evidence we know of is of dubious value, given the fact that a number of statements had been several times found to be coerced."

The investigation, which was named the Phoenix Task Force, involves local, state and federal agencies and has been collecting evidence related to attacks on police officers in the turbulent years between 1968 and 1973.

They include the bombing of a police officer's funeral and the attempted bombing of a police station, both in San Francisco.

This is not the first time arrests have been made in Young's killing.

In 1975, three defendants were charged with the shooting, but a judge dismissed the case, ruling that evidence had been gained through torture. An attorney who represented one man said police in New Orleans had used cattle prods and electrodes to extract a confession. The statement was later thrown out of court.

Two then-San Francisco police inspectors, Frank McCoy and Ed Erdelatz, were present at the New Orleans police station when the confession was obtained. Attorneys say both were called out of retirement recently to work on the case.

"The problem with people like Erdelatz and McCoy is that they got the answer they wanted through improper means, and they have been running with it for 30 years," said Stuart Hanlon, who represents Herman Bell.

In the last two years, authorities convened two special grand juries to look into the killing.

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Ann Moorman, a Bay Area defense lawyer, said she represented Oklahoma City resident John Bowman, who was one of five suspects who refused to testify before the San Francisco grand jury hearing. They spent 20 days in jail.

"In my view this was another not-so-subtle effort to put pressure on them after decades, after they suffered extreme mental anguish," she said. "My client was tortured by the New Orleans police. He never forgot that."

Boudreaux, who also refused to testify, said he wasn't surprised when investigators showed up at his door in 2005.

"When I watched on TV the twin towers come down, deep in my heart I knew that someone will come by and visit me as soon as they can get it organized, and they did," Boudreaux told a Washington, D.C., news conference during the speaking tour. "Once upon a time, they called me a terrorist too. To expedite something in the system, they put the 'terror' tag on it, and it gets done."

Boudreaux was picked up on the way from his Altadena home to his job as an electrician for Los Angeles County, said his attorney, Michael Burt, of San Francisco.

At a news conference in San Francisco, task force members refused to discuss specifics of their investigation. They said in a news release that the probe into Young's death was reopened in 1999 "after advances in forensic science led to new evidence in one of the unsolved cases."

They would not confirm that DNA samples were part of the evidence. "It could be fibers. It could be DNA. It could be other biological evidence," said Morris Tabak, deputy chief of investigations for San Francisco police.

He said the Young murder was part of a tense era marked by racial strife nationwide.

"There was a strong anti-government sentiment in the late 1960s and early 1970s, when the BLA members were bent on creating terror and chaos by assassinating police officers," Tabak said. "We believe the motive for the crimes was the furtherance of these revolutionary views."

On the night of Young's killing, four black men strode into the Ingleside station about 9:40 p.m. As the officer stood behind bulletproof glass at the visitor's window, one of the men stuck a 12-gauge shotgun in the speaking hole and fired. The buckshot caught Young in the upper body. A female office clerk was hit in the left arm but was not seriously injured.

A second officer crawled to the wounded Young, who gasped, "Help me," according to a recent story in the SF Weekly.

"Recovered from his body were his most treasured possessions: his police star, rosary beads, religious medals and his wedding ring," according to a news release issued Tuesday.

Speaking at the news conference, San Francisco Police Chief Heather Fong described him as "someone who was doing community policing before the term was even coined."

Young worked with disadvantaged youths and was an avid fundraiser for groups such as the United Negro College Fund. After his death, a street near the station was renamed for him.

One retired San Francisco police officer recalled the turbulent times. "Everything was so racial back then, so much more than today," said Ed Collins, 58. "On the job we had to be double sure of everything. You never took anything for granted."

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Glionna reported from San Francisco. Chawkins reported from Ventura. Times staff writers Rone Tempest, Ashraf Khalil and Richard Winton also contributed to this report.

Held In '71 Cop Slay (NSDY/AP)

By Herbert Lowe, Staff Writer; Matthew Nestel Contributed To This Story, Which Was Supplemented With An Ap Report.

Long Island Newsday, January 24, 2007

Queens man, 2 convicted in NYPD killings, arrested with five others in death of S.F. police officer

A Queens man and two other men who are already serving time for killing two New York Police Department officers in 1971 were arrested yesterday in the death of a San Francisco police officer that same year, officials said.

They were among eight suspects - seven of whom officials believe to be former members of the Black Liberation Army - who were arrested in New York, California and Florida.

DOJ_NMG_0120798

A violent offshoot of the Black Panther Party, the BLA carried out a series of attacks against law enforcement officials on both coasts, along with three armed bank robberies, between 1968 and 1973, authorities said.

"Today is a good day for police officers in New York and San Francisco and everywhere," New York Police Commissioner Ray Kelly said in a statement.

NYPD detectives coordinating with San Francisco police and the FBI arrested Francisco Torres, 58, at his home at 145th Street in Jamaica at 6 a.m. yesterday in connection with the death of San Francisco police Sgt. John V. Young. Officials described Torres as a former BLA member. New technology such as DNA testing allowed police to reopen the case.

Young, 51, was killed when two men raided a neighborhood police station, firing a shotgun through a hole in a bulletproof window on Aug. 29, 1971. A civilian clerk was wounded in the attack and authorities said other accomplices were outside as lookouts and get-away drivers.

Herman Bell, 59, and Anthony Bottom, 55, were arrested at an upstate prison for Young's killing. They are serving life sentences for killing NYPD Officers Waverly Jones, 33, and Joseph Piagentini, 28, in an ambush outside the Colonial Park Houses in Harlem on May 21, 1971.

A third man, Albert Washington, was also convicted in the New York case, but he died in prison in 2002.

"Today's developments only reinforce our opposition to their parole," Kelly, referring to Bell and Bottom, said in a statement.

"They shot two New York City police officers in the back, as part of a series of assassinations directed against police officers in those murderous days," Kelly said. "It may have been 35 years ago, but I certainly haven't forgotten. Neither has anyone who was a member of the police department back then. "

Authorities said charges of murder and conspiracy were filed against Torres, Bell, Bottom, Richard Brown, 65, of San Francisco; Ray Boudreaux, 64, and Henry Jones, 71, both of Altadena, Calif., and Harold Taylor, 58, of Panama City, Fla.

Richard O'Neal, 57, of San Francisco, was also arrested on conspiracy charges. He is not believed to have been a member of the Black Liberation Army.

No one answered the door at Torres' house last night.

Neighbors said Torres lived with a teenage son and a son in his 20s who has sickle cell anemia. They also said he often helped neighbors with snow shoveling and other tasks.

"I couldn't believe it," said Priscilla Levine, 53, a retired state clerical worker who lives two doors away.

Bell's attorney, Stuart Hanlon, of San Francisco, called the arrests a "prosecution based on vengeance and hate from the '60s. " Hanlon added: "There's a law enforcement attitude that they hate these people, the Panthers. Now they're going after old men. "

A ninth suspect in Young's killing is still being sought, police said.

Matthew Nestel contributed to this story, which was supplemented with an AP report.

8 Arrested In 1971 Killing Of San Francisco Police Officer (NYT)

By Jesse Mckinley

The New York Times, January 24, 2007

SAN FRANCISCO, Jan. 23 — Eight men, including seven described as members of the radical Black Liberation Army, were arrested on Tuesday on charges of murdering a police officer here in 1971 and waging a violent five-year battle against the police and federal authorities.

The arrests, in morning raids in California, Florida and New York capped an investigation by San Francisco police into the murder of Sgt. John V. Young, who was killed by a shotgun at a desk in the Ingleside stationhouse on Aug. 29, 1971.

A civilian clerk was wounded.

New York police officials said two of the men arrested were the gunmen, Francisco Torres, 58, who was seized at his home in Queens, and Herman Bell, 59, who was rearrested at a New York prison where he is serving a murder sentence.

The rest of the aging men were said to have been lookouts, getaway drivers and participants in the assault on the police station and other attacks.

DOJ_NMG_0120799

A statement by the San Francisco police characterized Sergeant Young's killing as a part of a "conspiracy to kill law enforcement officers" from 1968 to 1973, a plan that included the murders of two New York police officers, four attempted murders of law enforcement personnel, the bombing of a police officers' funeral at a San Francisco church and the attempted bombing of another San Francisco police station, as well as three bank robberies, two here and one in Georgia.

In New York, Police Commissioner Raymond W. Kelly said the arrests dealt a blow to the legacy of the protest group, a violent offshoot of the black nationalist Black Panthers, which operated from the late 1960s until the early 1980s. Mr. Kelly said the arrests testified to the long memory of the police, especially for the killing of one of their own.

"It is a good day for police officers in New York and San Francisco and everywhere else," Mr. Kelly said in a telephone interview from Washington. "It underscores the fact that the law enforcement community is never going to forget."

Soon after the arrests, current and former defense lawyers for several of the men said they were skeptical of the charges in the nearly 36-year-old case, saying the police had harassed their clients for years.

Three men were charged with Sergeant Young's killing in 1975, The Associated Press reported, including one of the men arrested on Tuesday, but that case was dismissed.

A lawyer who represents Mr. Bell, Stuart Hanlon, said he thought that the case against Mr. Bell was based on a 30-year-old confession by a suspected Black Panther member that a judge threw out in the mid-'70s because it had been physically coerced.

"I think the police are outraged, and rightfully so, that one of their own was gunned down," Mr. Hanlon said. "They believe they are right. But the belief does not make it so."

Mr. Torres was one of the first arrested, taken from his red-brick home in Jamaica, Queens, before dawn. Also arrested in New York State were Mr. Bell, 59, and Anthony Bottom, 55, who were in prison for the murders in May 1971 of two New York City police officers, Waverly Jones and Joseph Piagentini.

All three men were charged with murder and conspiracy.

In San Francisco, the police arrested Richard Brown, 65, and Richard O'Neal, 57. They were held in $3 million bail with Mr. Brown charged with murder and conspiracy, and Mr. O'Neal, who is not believed to be a member of the so-called army, was charged with conspiracy.

The Los Angeles County sheriff confirmed the arrests of Ray Michael Boudreaux, 64, and Henry Watson Jones, 71, both of Altadena.

The police in Panama City, Fla., confirmed that they had taken Harold Taylor, 58, into custody without incident. He was held on $3 million bond.

The authorities said they were also seeking Ronald Stanley Bridgeforth, 62, on charges of murder, conspiracy and assault. Mr. Bridgeforth is thought to be living abroad.

In their statement, the San Francisco police said that in 1999 they began investigating again several killings of their officers after advances in forensic science had led to the discovery of new evidence in one case.

In 2005, a grand jury was convened to look into Sergeant Young's killing. Four of the men arrested on Tuesday were called to testify. They refused, and were briefly jailed.

A spokesman for the San Francisco police, Sgt. Neville Gittens, said the investigation into Sergeant Young's case and the other attacks would continue. Sergeant Gittens said the police and state attorney general were confident that enough evidence had been gathered to bring charges.

Mr. Hanlon said he doubted that the police had any new evidence.

"The only thing I can think of is the evidence they have from 1971 has been analyzed using a more sophisticated forensic science," he said. "But that is not the same as having new evidence."

Mr. Hanlon suggested that the police had long focused on the Black Panthers and other black power groups.

"I think there is a hatred of the Panthers," he said. "Police who were around then hated them, and the animosity was clear."

Mr. Torres's lawyer, Michael W. Warren, said Mr. Torres was innocent.

"He's been around in the community in New York for a number of years," Mr. Warren said. "The F.B.I., as well as the San Francisco police, have known his whereabouts for all these years. He has been an integral part of this community."

DOJ_NMG_0120800

The police said Mr. Torres tried to ignite dynamite in the Ingleside stationhouse in 1971.

Outside police headquarters in Manhattan, Mr. Torres said as detectives escorted him, “It’s a frame up.”

Busted In Cop Slay (NYDN)

By Alison Gendar, Kerry Burke And Corky Siemaszko, Daily News Staff Writers

New York Daily News, January 24, 2007

The radical past of a Queens father caught up with him yesterday when he was charged with taking part in the notorious murder of a San Francisco cop 35 years ago.

Francisco Torres, 58, a former member of the Black Liberation Army, was nabbed by detectives armed with DNA technology that didn't exist when Sgt. John Young was slain Aug. 29, 1971.

Two other New Yorkers, who already are serving time for killing two NYPD officers, and six other graying radicals in California and Florida also were arrested in connection with the killing. A ninth man was still being sought.

All but one of the men were in the BLA, a violent offshoot of the Black Panthers that staged a cop-killing campaign from 1968 to 1973.

Two of the cops killed by the extremists were NYPD Officers Joseph Piagentini and Waverly Jones, who were murdered on May 21, 1971 - a slaying Torres and his brother, Gabriel, were accused of, but never convicted of planning.

"My heart is beating now," Piagentini's widow, Diane, said yesterday. "Torres walked free in my husband's case. Maybe this other charge will stick and justice will finally be done."

Portly, gray-haired and wearing a black bomber jacket, Torres was led out of Police Headquarters in lower Manhattan yesterday afternoon.

"This is a frameup," he muttered.

But police sources said Torres, of South Jamaica, was linked to the San Francisco killing by a cigarette butt found at the crime scene. He was charged with homicide, conspiracy to commit homicide and bank robbery.

Young was killed when Torres and another radical allegedly burst into a precinct stationhouse and fired a shotgun through an opening in a bulletproof glass window. Torres allegedly tried to blow up the building by lighting a stick of dynamite with the cigarette. But the dynamite was a dud, sources said.

After several failed prosecutions, a special FBI task force began looking into the Young killing again in 1999 after "advances in forensic science led to the discovery of new evidence," the San Francisco Police Department said in a statement.

Police Commissioner Raymond Kelly said Torres has been "off the radar" for three decades since serving time for a bank robbery.

In 1974, a judge ruled there wasn't enough evidence to charge him and his brother for the murders of Jones and Piagentini. Two other BLA members - Herman Bell, 59, and Anthony Bottom, 55 - were convicted of the killings. They also were charged yesterday in connection with the San Francisco murder.

Torres' lawyer, Michael Warren, said police were trying to settle old scores. "It's not as if he's been trying to hide or evade the police," he said. "This is nothing but a gross form of retaliation."

Torres' neighbors on 145th St., where he raised two sons and even coached Little League, were shocked. They said "Cisco" never talked politics or got into trouble. His wife, Carolynn Hunter-Torres, is a traffic agent for the city's Parking Violations Bureau, they said.

"He told everyone he was a disabled Vietnam veteran," said Priscilla Levine, who lives two doors down from Torres' tidy brick home. "He was as friendly as you could be in New York City."

New Arrests In A Decades-Old Slaying Of Police Officers (NYS)

By Elizabeth Solomont, Special to the Sun

New York Sun, January 24, 2007

Two men serving sentences for murdering two New York City police officers in 1971 were rearrested yesterday in connection with the killing of a San Francisco officer that same year, in what officials described as a series of attacks on police by the Black Liberation Army.

DOJ_NMG_0120801

Along with five others, Herman Bell and Anthony Bottom were implicated in the murder of Sergeant John Young of the San Francisco Police Department, officials said. Young was killed on August 29, 1971, when officials said members of the radical group shot him through the bulletproof glass window of a police station in Ingleside, Calif.

Officials also arrested five individuals they described as former members of the Black Liberation Army in connection with the murder, including Francisco Torres, 58, of Queens. Also arrested in connected with the murder were Ray Michael Boudreaux, 64, of Altadena, Calif., Richard Brown, 65, of San Francisco, Henry Watson Jones, 71, of Altadena, and Harold Taylor, 58, of Panama City, Fla. Police arrested Richard O'Neal, 57, of San Francisco, on charges of conspiracy, but did not link him to Young's death.

Officials said Young's death was the result of one of a series of attacks on police between 1968 and 1973, including the 1971 murder of two New York City police officers, Waverly Jones and Joseph Piagentini. Jones and Piagentini were shot from behind in Harlem on May 21, 1971. Bell and Bottom, the latter of whom is known as Jalil Muntaqim, as well as another accomplice, Albert Washington, were later convicted of murdering them. Although nearly 36 years have passed since the attacks, officials in 1999 reopened investigations into several murders of San Francisco police officers in the 1960s and 1970s after "advances in forensic science led to the discovery of new evidence in one of the unsolved cases," officials at the San Francisco Police Department said yesterday in a news release.

Although officials declined to elaborate on the forensic evidence in this case, Mr. Torres in July was forced to provide a court-ordered DNA sample to the authorities, the Daily News reported. He and his brother, Gabriel Torres, were suspected of planning the attack on Jones and Piagentini, but a judge ruled that there was insufficient evidence.

However, officials have now implicated Bell and Mr. Torres in Young's murder. They said the two allegedly entered the Ingleside police station while several accomplices acted as lookouts and getaway drivers. Bell allegedly fired a shotgun through bulletproof glass, killing Young. Torres tried to set off dynamite as they fled, although the device failed.

Police also said Bottom and Washington were supposed to have joined them, but were arrested after a traffic stop that night when they fired on — but did not injure — a San Francisco police sergeant. When police searched their car, they discovered the .45-caliber gun used to kill the two New York City officers.

36 Years Later, Suspect Caught (WMBB)

WMBB-TV, January 24, 2007

PANAMA CITY, Fla.--A three decade-old cold case came to an end this morning during a multi-state operation that netted eight suspects allegedly involved in the 1971 murder of San Francisco Police Sergeant John V. Young.

Today around 8 a.m., a task force comprised of the FBI, San Francisco Police Department, Bay County Sheriff's Office and Panama City Police Department, operated under an arrest warrant and booked Harold Taylor, 58, into the Bay County Jail on murder and conspiracy charges.

"Panama City Police Department was contacted by the FBI and San Francisco PD about four years ago and at that time we located Mr. Taylor," said Panama City Police Chief John Van Etten in a Tuesday's press conference.

Asked why it took the task force so long to make the Taylor's arrest, Etten answered that during that time forensic evidence was being gathered against him.

Van Etten said Taylor had been living in Panama City since 1981 and had an no remarkable criminal history.

Investigators say on August 29, 1971 Taylor acting along with seven members of the Black Liberation Army, a radical group with ties to the Black Panthers--Ray Michael Boudreaux, 64; Richard Brown, 65; Herman Bell, 59; Anthony Bottom, 55; Henry Watson Jones, 71 and Francisco Torres, 58--charged into the San Francisco Police Department's station and opened fire on the occupants through a bullet proof window, killing Young and injuring a clerk.

The group has also been linked to other officer slayings in the late 1960's and 1970's in New York and California, where more arrests were said to have been arrested today.

Taylor is being held on $3,000,000 bond in the Bay County Jail.

Tomorrow morning he will make his first appearance in front of a judge. Van Etten did not know exactly when Taylor would be extradited back to San Francisco.

DOJ_NMG_0120802

Feds: Details Of ISP Snooping Haven't Been Decided (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, January 24, 2007

DOJ attorney says there has been no "official" decision on what data providers might be required to retain or for how long.

WASHINGTON--The Bush administration hasn't settled on what data it would like Internet service providers to retain about their subscribers or for how long, a U.S. Department of Justice attorney said Tuesday.

U.S. Attorney General Alberto Gonzales made it clear last fall that he planned to seek national legislation requiring the controversial practice known as data retention, but "we don't have any position officially about how long records would have to be retained or what records would have to be retained," said Eric Wenger, a trial attorney with the Justice Department's computer crime unit.

During an event here hosted by the Federal Communications Bar Association, Wenger also said police already have ready access to other legal tools, such as the power to send letters to ISPs requesting "preservation" of existing data for up to 90 days while law enforcement obtains the necessary court authority to obtain that data.

But he categorized the lack of consistent data retention by ISPs as a "roadblock" to some investigations. He described, for example, a situation in which an investigator may be able to secure an IP address for a suspected phisher from Microsoft's Hotmail service. By the time the investigator took that IP address to the Internet service provider for more information about the suspect's identity, he may be told by the ISP that such information has already been purged.

"We've been talking to some of the companies to explain the needs we have for the records," he said, although he did not expressly urge adoption of new laws. Another possibility is that a data retention requirement could be extended beyond ISPs to search engines, which was discussed in private Justice Department meetings in October.

As first reported by CNET News.com in June 2005, Justice Department officials began quietly discussing the idea of data retention requirements, akin to what the European Union has already enacted.

Last week, Gonzales told members of the Senate Judiciary Committee that he planned to resume discussions with Congress about data retention legislation this year. The attorney general did not elaborate on his plans, but last year, he repeatedly said the practice was necessary to help investigators nab elusive online criminals, particularly sexual predators.

Privacy advocates have long resisted such mandates, arguing that they allow police to obtain records of e-mail chatter, Web browsing or chat room activity that normally would have been discarded after a few months--or in some cases, never kept at all.

CNET News.com's Declan McCullagh contributed to this report.

Hearings Sought On FBI Predator Probes (MH)

By Lesley Clark

The Miami Herald, January 24, 2007

WASHINGTON - A watchdog group that blew the whistle on former Rep. Mark Foley, only to see the FBI decline to investigate, is asking the chairman of the House Judiciary Committee, Rep. John Conyers, to hold a hearing on the agency's practice of investigating potential child sex predators.

The request by Citizens for Responsibility and Ethics in Washington (CREW), comes a day after an inspector general's report chided the FBI for failing to do more to alert the House about Foley's transgressions.

The former Lake Worth Republican resigned in late September after sexually explicit instant messages he had exchanged with underage House pages surfaced. In July, CREW had supplied the FBI with less graphic, but troubling e-mail messages between Foley and a teenage page. But the agency declined to take up the case, saying it didn't rise to the level of criminal activity.

The inspector general's report scolded the agency for reaching that conclusion, saying it should have alerted House leadership to the e-mails or "at least" told CREW that it was not going to investigate.

In a press release today, CREW Executive Director Melanie Sloan said the report raises ``serious questions on how the FBI conducts its investigations into potential child predators."

CREW is asking Conyers to hold a hearing on the agency's practices ``as soon as possible, in order to help prevent other children from being victimized."

Kolbe May Use Campaign Funds For Legal Defense (AP)

AP, January 24, 2007

WASHINGTON - Retired U.S. Rep. Jim Kolbe, R-Ariz., may use campaign funds for legal expenses racked up while the House ethics committee and the Justice Department were investigating his connection to a scandal involving House pages, the Federal Election Commission wrote in a draft advisory opinion made public Tuesday.

Kolbe, who retired last year, told the FEC that he incurred legal expenses after he became involved in the unfolding scandal over former Republican Rep. Mark Foley's salacious communication with former House pages.

The Ethics panel last year examined what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley. Kolbe said he told the proper authorities about the incident.

Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip Kolbe took with two former pages.

FEC officials wrote that the legal fees count as "ordinary and necessary expenses" incurred in connection with holding federal office.

The commission will consider the case during a meeting Thursday.

Feds: Idaho Suspect Admitted 3 Slayings (FINDLAW/AP)

By John Miller, Associated Press Writer

AP, January 24, 2007

(AP) - BOISE, Idaho-A man accused of kidnapping two Idaho children, killing one of them, after slaying their family has confessed to the killings of three other children a decade ago in Washington state and California, federal prosecutors said Tuesday.

The prosecutors cited the confessions to the old killings in court papers saying that intended to seek the death penalty against Joseph Edward Duncan III, who was indicted last week on charges involving the two northern Idaho children.

"The defendant has engaged in a continuing pattern of violence, attempted violence, and threatened violence," prosecutors said. Duncan "is likely to commit criminal acts of violence in the future that would constitute a continuing and serious threat to the lives and safety of others."

Roger Peven, Duncan's attorney, said he had not yet seen the filing and could not immediately comment on it.

Duncan is accused of kidnapping Dylan Groene, 9, and his sister Shasta, then 8, in May 2005, and taking them to the mountains of Montana, where prosecutors say he sexually abused them for weeks before killing Dylan. Duncan was arrested July 2, 2005, when he and Shasta were spotted at a Coeur d'Alene restaurant. The boy's body was found days later at a remote campsite.

The U.S. attorney's office said Duncan confessed that he killed Carmen Cubias, 9, and Sammiejo White, 11, in Washington state in 1996 and Anthony Martinez, 10, in California in 1997. Officials did not specify to whom Duncan made the confession.

The two girls were kidnapped from the Crest Motel in Seattle in July 1996. Their skeletal remains were found 17 months later in Bothell, a Seattle suburb. Anthony was forced into a car in Beaumont, Calif., in April 1997 as his friends looked on. Sixteen days later a forest ranger found the boy's nude, bound body about 70 miles to the east.

Last October, Duncan pleaded guilty in Idaho state court to first-degree murder and kidnapping for the May 16, 2005, hammer slayings of Dylan and Shasta's mother, Brenda Groene; her fiance, Mark McKenzie; and Groene's 13-year-old son, Slade. Prosecutors say he killed them to get the younger children.

If federal prosecutors fail to win a death sentence in the case involving the two younger children, a jury will be chosen in Idaho state court to consider whether to impose the death penalty on the murder counts that Duncan pleaded guilty to in October.

Duncan was charged Thursday in a California state court in Anthony's death. Prosecutors there said they also intend to seek the death penalty.

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Duncan is a Tacoma, Wash., native who spent most of his adult life in Washington state prisons for sexual crimes against children.

In 2004, he had been arrested for allegedly molesting a 6-year-old boy and attempting to molest another boy in Detroit Lakes, Minn. Authorities say he jumped bail on that charge.

Judge Reduces Bullock's Prison Sentence (WT)

By Jim Mcelhatton

The Washington Times, January 24, 2007

A federal judge yesterday reduced the prison sentence of former Washington Teachers Union chief Barbara A. Bullock by more than two years, in exchange for her help in convicting former colleagues in a massive embezzlement scam.

Bullock, 68, dressed in a prisoner's jumpsuit and walking with a cane, pleaded for leniency. She told U.S. District Court Judge Richard J. Leon, "I am sorry for what I did, and I can't do any more than that."

Bullock previously had been sentenced to nine years in prison after pleading guilty in 2003 to taking part in a scam that embezzled more than $5 million in teachers' dues. Money that was taken in the scam was spent on personal items such as $500,000 on custom-made clothing and $100,000 on Washington Redskins and Washington Wizards season tickets.

The reduction means Bullock is likely to be released in about three years.

Prosecutors sought to reduce Bullock's original sentence because they said Bullock provided investigators with good leads. They said her testimony also helped convict former union treasurer James O. Baxter II and office manager Gwendolyn M. Hemphill.

Assistant U.S. Attorney Anthony Alexis said that without Bullock's help, investigators wouldn't have known about the "vast number" of furs purchased with union dues. The furs, he said, "basically became a currency in the conspiracy."

"Her testimony was useful, and we believe it was powerful," he said.

Bullock's attorney had sought to cut her overall sentence from nine to five years. Michelle Peterson said Bullock didn't know the extent of the fraud being committed by Baxter, Hemphill and others.

She also said Bullock has turned her life around, helping other inmates at the federal prison in Alderson, W.Va.

"As a former teacher, I do know how to teach children to read," Bullock told Judge Leon.

Bullock also mentioned that the prisoners she helps affectionately call her or know her as "grandma."

The criminal case was unusual because the person at the top of the conspiracy, Bullock, cooperated early and helped convict officials under her authority. Judge Leon said that's rare in such cases.

Bullock also will be out of prison sooner than the other major targets in the investigation.

Hemphill was sentenced to 11 years and Baxter to 10 years after they were convicted of embezzlement, conspiracy and other felony charges. Hemphill had sought leniency before her sentencing last year, claiming that Bullock was the mastermind of the conspiracy.

Attorneys for Hemphill also said the former office manager suffered from a mental disease, saying at one time she had psychotic episodes in which she thought she was being stalked by a small person with a spear.

Calling Bullock "a person who has turned a corner," the judge said he would have sentenced the former union president to about 14 years in prison if she did not cooperate.

"The smartest decision she ever made was getting on the right path," he said of Bullock's decision to work with prosecutors.

However, Judge Leon rejected the defense request to cut Bullock's sentence by an additional two years, saying she reaped more of the rewards in the embezzlement scam compared with any other defendant.

Judge Leon also rejected a request by prosecutors to sentence Bullock to a halfway house after her release. He said doing so would waste taxpayer money and that halfway-house spots tend to go to drug convicts.

Instead, the judge sentenced Bullock to six months of home detention after her release. Bullock also must complete 1,000 hours of community service and pay more than $4 million in restitution to the union.

Tax To Fight Gangs Set For Ballot (LAT)

By Patrick Mcgreevy And Steve Hymon

The Los Angeles Times, January 24, 2007

Desperate to stem the rise of gang violence in Los Angeles, the City Council agreed Tuesday to draft a ballot measure that would impose a parcel tax to raise $50 million or more annually for intervention and prevention programs.

However, council members said it was unlikely the proposal would go onto the ballot until next year, skipping the municipal election in May.

Also Tuesday, City Atty. Rocky Delgadillo released his plan for reducing gangs, which includes a call for school uniforms to be required for all Los Angeles Unified School District students, legal action to shut down the headquarters of the 10 worst gangs, and expanding his assignment of prosecutors to every police station and to neighborhoods around gang-plagued schools.

Delgadillo also said he would seek to expand the city attorney office's truancy program to numerous of middle schools, obtain stay-away orders for those who do not live in the neighborhoods they terrorize and push for legislation to increase penalties for gang-related crime.

Councilwoman Janice Hahn, who wrote and championed the proposal for a parcel tax to fight gangs, said action was needed because of the 267 gang-related homicides last year and the 14% increase in gang crime citywide.

"We have a major crisis in the city of Los Angeles," Hahn said. "I think the time is right that we ask the voters of Los Angeles if they would be willing to partner with us for a sustainable comprehensive approach to gang violence."

After a sometimes emotional debate, the council voted 13 to 0 to direct the city attorney to draft language for a ballot measure. Another vote will be necessary to put it to voters.

Hahn reluctantly agreed to remove a commitment to the May election from the council resolution after some of her colleagues said it was likely to fail because it needs two-thirds support to pass and voter turnout is expected to be low.

Hahn represents parts of South Los Angeles, including the Harbor Gateway neighborhood that has seen two killings of African American residents by Latino gang members in as many months. One was the Dec. 15 slaying of 14-year-old Cheryl Green. A Mexican immigrant was fatally shot Dec. 5 by a youth who witnesses believe was black, although his identity was shielded by a hood and mask.

"I have felt overwhelmed by the gang violence in my council district. I have felt desperate," Hahn told her colleagues, her voice cracking with emotion. "There was a huge part of me that just did not want to wait."

Hahn said she believes voters would support a parcel tax, which she estimated would cost property owners a flat $5 per month.

The vote to draft the ballot measure was particularly striking given the council's leeriness of tax hikes following two recent failures. City voters refused, in November 2004, to go along with a countywide sales tax increase to pay for more police, and they rejected a $1-billion affordable-housing bond last fall.

Hahn would like to see the measure go to voters early next year and is hoping that the state Legislature will act to move the presidential primary election forward to February. Meanwhile, she hopes to secure additional funds for city gang prevention programs during council budget negotiations in May.

Councilman Herb Wesson raised the need for a compromise on the timing of the election, telling his colleagues that his considerable political experience told him a ballot measure wouldn't win in May.

"People in our community are depending on us to do this right," Wesson said. "Let's not just deliver a ballot measure, let's deliver a winning ballot measure."

Some council members objected that a May vote would not provide enough time to digest and act on a study released last week by the Advancement Project that recommended an overhaul of intervention and prevention efforts.

The study said the city has failed to reduce gang violence, in large part because it lacks coordination and focus for the 23 scattered anti-gang programs it currently funds to the tune of $82 million a year.

Councilman Tony Cardenas, who leads a council committee on gang programs, said the city has not determined how much money is needed to get the job done, and he worried that $50 million might not be enough.

Councilman Dennis Zine, although he voted to draft the tax measure, questioned whether voters would support it less than a year after the council increased trash fees to pay for 1,000 more police officers.

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The concern about overburdening taxpayers was raised by Veronica Perez Becker, a vice president of the Central City Assn.

"Before imposing more taxes on your constituents, we urge you to take a careful look at the collective impact of recent tax increases," Becker told the council.

In a telephone interview, Jon Coupal, president of the Howard Jarvis Taxpayers Assn., predicted the council would face a tough time selling another tax hike to voters. "They have an uphill battle," he said.

In recent years, two other California cities — Santa Rosa and San Bernardino — have won voter approval for tax increases to combat gangs. In both instances, however, the added charges also helped pay for more police.

Family Found Safe After Amber Alert (CHIT)

By Gerry Doyle, Tribune Staff Reporter

Chicago Tribune, January 24, 2007

A mother and four children who police said were abducted from their Elkhart, Ind., home on Saturday were found safe in a motel in the same city Tuesday night, officials said.

The children's father, Jerry White, is accused of kidnapping them after shooting a man in their home Saturday morning. Police initially thought White might have fled to the Chicago area, where he once lived.

But on Tuesday night, Kimberly Walker, 31, and her children Jaylan, 9; Justin, 8; Kyara, 6; and Kayla, 16 months, were "doing well" in the Elkhart area, police said.

White, 30, is in custody, police said.

White, Walker and the children were found at the Sleepy Hollow motel on Elkhart's north side about 7 p.m., police said. Police declined to say how they found the family in the motel.

"She was sobbing hysterically and physically shaking like I've never seen anybody shake," Detective Sgt. Bill Wargo said. "I asked her if she was Kim. She very hesitantly shook her head yes. We grabbed her and pulled her out of the room and she was rushed away behind another building."

Wargo said he then began yelling for the children, but at first got no response.

"I continued to yell for the kids and the oldest boy Jaylan, I saw him poke his head out kind of as the big brother," he said. "I asked him to come out to me and as he came running out, they all came out in order like a row of ducks."

Officers caught White as he was trying escape through an air duct in the room, Wargo said.

An arrest warrant was issued charging White with attempted murder and several counts of confinement. White is the father of all four children, police said.

White, according to court records, allegedly has a history of kidnapping Walker. He pleaded guilty in 2003 to felony domestic battery for attacking Walker while she was leaving work on the South Side, according to court records. The more serious aggravated kidnapping charges were dropped.

Chicago police, the Illinois State Police and the FBI all had assisted in the investigation over the weekend.

Police said that White had been harassing Walker for several days before the shooting on Saturday, and that her sister and her sister's boyfriend had been staying in their home.

Police think White broke into Walker's house about 2 a.m. Saturday and shot her sister's boyfriend, Lathie Turnage, 30, of Chicago in the face and chest. He remains in critical but stable condition.

White then held everyone captive until leaving with Walker and the children about 11:30 a.m., police said. An Amber Alert was issued soon afterward.

Officials initially had been concerned particularly with the well-being of Jaylan Walker, who has serious asthma and needs to use a ventilator every few hours.

The Associated Press contributed to this report.

Judge Hears Request For New Trial From Vigil's Attorneys (AP)

AP, January 24, 2007

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ALBUQUERQUE - A federal judge made no immediate decision Tuesday afternoon on a request for a new trial for former State Treasurer Robert Vigil.

U.S. District Judge James Browning heard arguments on the defense's effort to get a new trial for the former state official.

The hearing will resume Wednesday morning, but the judge also told both sides they should be prepared to go forth with Vigil's scheduled sentencing. That sentencing hearing is scheduled to begin at 9 a.m.

Vigil was convicted in September on one count of attempted extortion. He was acquitted on 23 other charges.

Tuesday's hearing was called after defense attorney Sam Bregman raised concerns about a potential witness. That witness, former Deputy State Treasurer Ann Marie Gallegos, claimed she had been intimidated by the FBI.

But FBI agent Marcus McCaskill testified today it was never intimated that Gallegos would be prosecuted if she testified for the defense.

COKE SECRETS TRIAL: Defense Denied 'Core' Evidence (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 24, 2007

Defense attorneys in the Coca-Cola trade secrets trial suffered a pair of setbacks Tuesday during a second day of testimony full of fireworks.

The federal judge in the case began by admonishing the attorney for former Coke secretary Joya Williams, who is accused of conspiring to sell confidential company documents and product samples to PepsiCo.

The judge said attorney Janice Singer attempted to skirt the court's rules to "attack" a prosecution witness.

As a result, the judge wouldn't allow Singer to introduce evidence the attorney said was at the "core" of her case.

Then jurors learned that Williams contacted another prosecution witness just days before the start of her trial to suggest how he should testify.

The tension began during Singer's cross-examination of key prosecution witness Edmund Duhaney, who has pleaded guilty to one count of conspiring to steal trade secrets. He testified against Williams.

Singer tried to introduce as evidence a spiral notebook in which Duhaney copied something called "the 48 rules of power" taken from a book by the same name.

The statements he copied included one that stated "Conceal your intentions," and another that said, "Never put too much trust in friends, learn how to use enemies."

Singer argued that the statements would help show Duhaney's state of mind in dealing with Williams.

Judge J. Owen Forrester said the notebook could be used only if Singer asked questions that would reveal whether Duhaney believed the statements or simply copied them down. Forrester said the evidence could cast Duhaney in an unfair light.

After Singer twice forgot to follow the judge's order and was warned, the judge told her to move on. Singer apologized and pressed the judge to allow her to continue her questions, saying she had made a mistake.

The judge asked the jurors and Duhaney to leave the courtroom, and the debate continued with the judge telling the red-faced Singer she had tried on several occasions to unfairly attack witnesses' character.

After a lunch break, Singer again asked for leniency.

"It is the core of my case," she said of Duhaney's notebook, arguing she had a right to introduce it because it was being used to impeach Duhaney, not tarnish his character.

"I have already given you two chances," the judge fired back.

Earlier, before Singer's questioning was halted by the judge, Duhaney told her he didn't believe the statements from the book. He said he took them down from a copy of the book he borrowed because he thought, "Wow, these are something."

Singer hammered away at Duhaney's credibility most of the morning. But Duhaney refused to say he was testifying to get a lighter sentence for his part in the crime.

Prosecutors have agreed to recommend a lesser sentence for Duhaney if they are satisfied with his testimony. He faces a maximum 10 years in prison.

"I am here only to tell the truth," Duhaney said, adding that he believes his role in the crime has been exaggerated.

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Singer, taking an aggressive tone throughout her questioning, also fired away at Duhaney for lying to federal agents about the case when he was arrested July 5.

Duhaney said he was confused and wanted to say as little as possible after his arrest because he didn't have a lawyer present.

Williams' case suffered yet another setback during the afternoon session, when prosecutors called a former boyfriend of Williams to the stand.

He testified that he helped Williams send a package via Federal Express to another co-defendant in the case, Ibrahim Dimson. Dimson also pleaded guilty in October to the conspiracy charge but has not agreed to testify.

The boyfriend, Sedrick Wilson, said he didn't know what was in the package and that Williams kept him in the dark about the alleged trade secrets plot. Prosecutors will try to show later that the nearly 5-pound package contained confidential Coke materials.

Wilson also testified that he got a text message from Williams on Jan. 7, just days before jury selection in her trial, begging him to call her. When they spoke, according to Wilson, Williams urged him to say the Federal Express package contained trucking company documents.

"I guess she wanted me to lie," Wilson told a prosecutor during questioning, prompting an objection from Williams' attorney and an order from the judge to strike the statement.

Wilson then clarified: "She said, 'Make sure you say it was for the trucking company.' "

Wilson also testified he was at Williams' apartment last spring when she met with Dimson and Duhaney to discuss stacks of Coke documents.

Testimony today will resume with Williams' former boss, Javier Sanchez Lamelas, a marketing vice president at Coke.

Former Boyfriend Tells Court Coke Theft Suspect Wanted Him To Lie About A Package (AP)

By Harry R. Weber, Associated Press

AP, January 24, 2007

ATLANTA – An ex-boyfriend of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant testified Tuesday that the defendant wanted him to lie for her about a package she had sent to another man accused in the case.

Sedrick Wilson said Joya Williams sent him a text message on Jan. 7, nine days before jury selection began in her trial, saying that it was “beyond important” that he call her.

The subject, Wilson said, was a package she sent via FedEx to Ibrahim Dimson, a co-defendant in the case, during the first half of 2006. Wilson said he was with Williams when the shipment was sent.

“She said, 'Make sure you say that it was for the trucking company,'” Wilson recalled of his recent conversation with Williams.

Wilson testified he didn't know what was in the package.

“I guess she wanted me to lie for her,” Wilson said. A defense lawyer objected, and U.S. District Judge J. Owen Forrester ruled the comment out of consideration by the jury.

Williams has been free on bond leading up to the trial and during it.

The government did not say during Wilson's testimony what it believed was in the package, but a prosecutor asserted during a conference outside the presence of the jury that the text message and subsequent conversation show consciousness of guilt on Williams' part. Defense lawyer Janice Singer objected to allowing the testimony, but Forrester let it in.

The government has alleged that Williams took confidential documents and samples of products that Coca-Cola was developing and gave them to Dimson and another co-defendant, Edmund Duhaney. Dimson and Duhaney have pleaded guilty to conspiracy and are awaiting sentencing.

Earlier Tuesday, Duhaney, a key witness against Williams, admitted he lied to FBI agents when he was first questioned on July 5.

“You also told them you weren't sure where Joya Williams worked. That was a lie, right?” Singer asked.

"Yeah," Duhaney responded.

Singer also questioned whether Duhaney was only testifying that Williams spearheaded the scheme in hopes of getting a lighter sentence.

"Is it your hope in this case the government will file a motion for a lower sentence and that you will receive a lower sentence?" Singer asked.

"My hope in this case is that the truth will be told and that Judge (J. Owen) Forrester will make the final decision," Duhaney responded.

"You think you were a small player, right?" Singer said.

"I wasn't a small player," Duhaney responded. "I was involved. I didn't force anybody to do anything. I didn't steal anything."

Also Tuesday, the government played a recording of a June 29, 2006, conversation between Duhaney and Dimson in which they discuss some of the products under development by Coca-Cola that they were seeking to sell information about to Pepsi.

They included Vitamin Mineral 506, Healthy Green Tea, Plus 4 Omega, Lemon Hydration and Plus 2 Green Tea Diet. Those names likely were not what the final names of the products Coca-Cola was developing would be but only how Coca-Cola referred to them internally during the development process.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty.

Williams, Duhaney and Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

Coca-Cola had declined to say what product or products the samples relate to. But Duhaney's testimony shed some light on the products. On Monday, he testified that one product Williams had information about was Coca-Cola Blak, which Coca-Cola launched in January 2006.

The three suspects were hoping to get at least $1.5 million for the scheme, according to a taped phone call between Duhaney and Dimson that was played in court Monday. On the call, the two men discuss how to split the money.

Williams was expected to get a cut of up to $150,000, according to another recorded call between Dimson and Duhaney played in court Tuesday.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light. That executive, Javier Sanchez Lamelas, testified Tuesday that there was no reason for Williams to take confidential Coca-Cola information home with her.

During her opening statement in the trial on Monday, Singer referred to Dimson and Duhaney as "two seasoned liars, con men who took advantage of Joya Williams."

Singer said Duhaney's deal with the government is his "whole motive in this case" for testifying against Williams.

Dimson and Duhaney served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than one year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams does not have a criminal record, another attorney who previously represented her has said.

Coke Co-conspirator On The Stand (WXIA)

WXIA-TV, January 24, 2007

Secretly-recorded phone calls portray an Atlanta Coca-Cola employee as a willing participant last year in a conspiracy to try to sell Coke trade secrets to Pepsi.

But the now-former Coke employee, Joya Williams, insists that she knew nothing about any such conspiracy.

She is on trial in federal court in Atlanta, facing ten years in prison.

On Tuesday, the second day of testimony, the jury heard those taped phone calls, and saw an eyeful.

What they saw were bottles of two, secret drinks that Coca Cola was developing last year -- green tea drinks.

Coke did not want Pepsi to know about them.

Yet the government says Joya Williams, at her desk at Coke headquarters in Atlanta last year:

Slipped the two bottles into a small, red shopping bag

Put the bag into a cardboard box, along with a pile of secret Coke documents

Carried the box out of Coke's headquarters, in full view of security cameras and security personnel

And gave the box to a friend and accomplice, Edmund Duhaney, who brought it to his DeKalb County home and stuck it in his garage -- just part of a treasure chest of Coke trade secrets that Duhaney says Williams gave him to try to sell to Pepsi.

Williams insists Duhaney is the one who stole all those Coke trade secrets from her, and, on his own, offered them to Pepsi, without her knowledge.

But in court Tuesday, with Duhaney on the witness stand, Williams and the jury listened to phone calls the FBI recorded between Duhaney and his confessed partner in crime, Ibrahim Dimson, when agents secretly tapped Dimson's cell phone last year.

Both men, who were arrested along with Williams in July, ended up pleading guilty in October. Each faces up to ten years in prison..

In their taped phone calls, the men referto Williams with nicknames, "J" and "Shorty" and "Scram," and portray her as an associate, a willing and active participant, in the scheme.

They hoped to sell the Coke secrets to Pepsi for $1.5 million, never knowing until July 5th, the day they were to exchange the secrets for the cash, that the "Pepsi representative" who was going to meet them at Atlanta's airport to pay them was really an undercover FBI agent.

In their phone conversations in late June, they are laughing, excited about what they thought would be their big pay day. They discuss what they want to do with the cash.

They decide Joya Williams' share should be $150,000.

They want to give a total of $250,000 to two of Dimson's friends.

They want to spend $100,000 for a Muslim worship center and school, one of them saying, "That will be the most important thing we ever do in our life."

And they decide to keep for themselves the remaining $1 million.

In court Tuesday, Assistant U.S. Attorney B. J. Pak asked Duhaney, "Why pay Williams?"

Duhaney answered that he and Dimson credited Williams with coming up with the scheme, as opposed Williams' claim, since their arrests, that she was an unwitting victim of their scheme. "She had put everything together," Duhaney said on the stand, "getting the (Coca Cola) documents (for us) to sell."

Under cross examination, Williams' attorney, Janice Singer, attacked Duhaney's credibility, accusing him of lying for the government to try to get a lighter prison sentence.

Duhaney's plea agreement specifies that he is subject to serving the maximum penalty, ten years, although the government prosecutors will recommend to the judge a lighter sentence. Duhaney also agreed to pay $40,000 in restitution to Coca Cola, and he is subject to paying a fine to the government of up to $250,000.

Williams' ex-boyfriend, Sedrick Wilson testified against her Tuesday, describing meetings she'd had with the two men last year.

And Wilson testified that Williams contacted him just before the trial began, on January 7th, 2007, to try get him to say on the stand what she wanted him to say about a package she had air-expressed to Dimson in New York in May.

"Make sure you say [on the stand] it was for the trucking company," the company that Dimson and Duhaney were setting up, Wilson quoted Williams as telling him to testify.

The prosecution never said what Williams actually sent to Dimson, whether it was a package of trucking company materials, or additional, confidential Coke documents for Dimson and Duhaney to try to sell.

But just prior to Wilson's testimony, and outside the presence of the jury, Williams' attorney asked Judge J. Owen Forrester to order the prosecution not to ask Wilson about Williams trying to influence Wilson's testimony.

Forrester concluded Wilson's testimony against Williams would be an inference of guilt, and "prejudicial, but not unfairly prejudicial," and he ruled the jurors could hear it and decide for theselves.

Testimony continues Wednesday.

The case is expected to go to the jury next week.

Former Indianapolis Patrolman Gets 57 Months For Fraud (AP)

AP, January 24, 2007

INDIANAPOLIS - A former patrolman who moonlighted as a home appraiser has been sentenced to 57 months in federal prison for his role in a mortgage-fraud scheme that illegally inflated home loans.

Michael C. Smith, 45, who had been an Indianapolis Police Department officer for 19 years, was also ordered Thursday to pay $1.1 million in restitution. Smith resigned from the force as the department was starting procedures to fire him after charges were filed, said police spokesman Lt. Douglas Scheffel.

Smith was convicted of money laundering and wire fraud in two separate deals in 2001 and 2003 designed to illegally inflate mortgage loans in Indianapolis, Marion and Fairmount.

Smith is the 58th person convicted of fraud since a federal task force convened to look into real estate fraud in central Indiana, U.S. Attorney Susan Brooks' office reported.

Those schemes have depressed property values for nearby homeowners, cost lenders more than $40 million and riddled neighborhoods with abandoned houses, aggravating problems in older, deteriorating neighborhoods.

Indianapolis alone spent $21.2 million in federal money between 2000 and 2005 to repair 2,300 houses, even as abandoned houses have nearly doubled since the late 1980s. A 2003 survey counted 8,136 vacant city houses.

"There are so many of these foreclosures. But they're in small quantities. No one is watching," said Indianapolis real estate agent Margaret Huddleson, a member of an industry group monitoring fraud cases.

Since October, a federal grand jury has looked into a failed mortgage deal connected to Fishers real estate salesman Robert Penn that involved 112 houses.

A pending fraud lawsuit, filed last summer by mortgage giant Countrywide Home Loans, contends Penn was at the center of a conspiracy to borrow more money than the houses were worth.

Sentenced Thursday along with Smith in the conspiracy were Mark Speckman, 48, McCordville, and Joseph Britton, 47, both of Fishers. They each received 33-month sentences in a conspiracy that involved American Savings Mortgage.

The company's president, Kenneth McKinney, last year was ordered to serve seven years in prison.

Despite a flurry of convictions that have included 15 local mortgage brokers, nine loan officers and six appraisers, fraudulent home loan deals continue to fuel Indianapolis' high foreclosure rate.

Last year, industry watcher RealtyTrac ranked Indianapolis first among U.S. metro areas with one of every 69 houses in foreclosure, or 1.45 percent of the houses in the nine-county region.

Most of the fraudulent deals involve an array of lenders, title agents, brokers and others who help doctor documents to arrange bigger mortgage loans that the property is worth and pocket the difference.

Bribery Case Alarms Governor (OREG)

By EDWARD WALSH And ASHBEL GREEN

The Oregonian, January 24, 2007

Prisons - Ted Kulongoski orders a policy review and pledges to fix any failings found from an inquiry into a corrections food official

SALEM -- Gov. Ted Kulongoski on Tuesday called for an internal review of state procurement policies in the wake of a federal probe into allegations that a food service administrator for the prison system took bribes from companies in return for buying their food.

"The governor takes the investigation and accusations very seriously," said Kulongoski spokeswoman Anna Richter Taylor. "Once the (federal) investigation is complete, we will be re-evaluating whether or not the procurement and management policies that we have in place are sufficient and identify what changes need to be made to strengthen oversight."

Farhad "Fred" Monem was placed on leave after IRS and FBI agents searched his Salem home and office earlier this month. A federal judge has unsealed court documents that describe a four-year kickback scheme that alleges Monem took hundreds of thousands of dollars from companies that sell food to the state for inmate meals.

According to state officials, the Corrections Department operates its own procurement system that is different from that of most other state agencies. Corrections Department Director Max Williams appeared before the Joint Ways and Means Public Safety Subcommittee for a review of the department's operations.

In a prepared statement before his regular testimony, Williams said that when the federal investigation is complete, he will attempt to determine whether the agency was financially harmed by the alleged kickback scheme.

"You have my commitment that if the facts determine the state was in fact harmed, we will vigorously seek recovery of those funds," Williams told the subcommittee.

In a brief interview, Williams said he learned of the investigation from federal authorities less than a month ago. He said that he does not know whether the alleged scheme cost his department money and that he has had no indication the case involves anyone else in the agency.

Federal investigators declined to discuss details of the case Tuesday. It was unclear whether the alleged bribery scam in Oregon could occur in other states.

Oregon has a centralized purchasing system. And instead of simply seeking bids, Monem would scour the commodities markets for deals, sometimes reselling items if prices later went up.

Washington contracts with companies to provide food for a fixed price. Although the state does some purchasing centrally, prisons also buy from local distributors. Levin & Lawrence, the California-based food distributor that investigators singled out in the alleged kickbacks scheme in Oregon, did not show up on a list of companies that sell food to Washington prisons, according to a spokeswoman.

Florida doesn't directly purchase food for inmates. Instead, it contracts with a private company, Aramark, to provide the meals, according to a corrections spokeswoman.

Neither Monem nor any executive in the food companies has been charged. Monem's attorney declined to comment.

Food Service Manager Investigated For Alleged Kickbacks (AP)

By WILLIAM McCALL

AP, January 24, 2007

Gov. Ted Kulongoski said Tuesday a federal investigation into alleged kickbacks to the state prison food service administrator totaling at least $650,000 may lead to tougher oversight of the purchasing program.

"Certainly the governor takes this investigation very seriously," said Anna Richter Taylor, the governor's spokeswoman.

Farhad "Fred" Monem has been placed on administrative leave from the Oregon Department of Corrections after federal agents accused him and his wife, Karen, of receiving kickbacks or bribes.

No charges have been filed against Monem or others accused of involvement.

David Angeli, the attorney for Fred Monem, declined comment.

A spokeswoman for U.S. Attorney Karin Immergut also declined comment on the joint FBI and Internal Revenue Service investigation.

The allegations are part of an affidavit filed in U.S. District Court in Eugene to support a search warrant for the Monems' home, Fred Monem's business office in Salem, and a safe deposit box the couple kept at a Salem bank.

The affidavit portrayed the couple living a lavish lifestyle from 2003 to 2006, including at least 15 trips to the Mandalay Bay Hotel and Casino in Las Vegas and the purchase of a $77,000 BMW — roughly what Fred Monem earns per year at his state job.

The search turned up more than $12,000 in cash in a briefcase in a closet at the couple's house, along with four packages of marijuana and a package of hashish, according to court documents.

"Without the bribery/kickback payments made to Fred and Karen Monem ... it is my opinion that the purchase and acquisition of assets and lifestyle expenditures made by the Monems ... would not have been possible," IRS Special Agent Robert Salisbury wrote in the affidavit.

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Fred Monem, 48, had built a reputation as a "whiz kid" who had saved the state Department of Corrections millions of dollars in inmate food costs by purchasing food nearing its expiration date and also through buying in bulk.

The scheme allegedly involves food distributors and brokers in California, New York and Maryland but centered on a distributor in Santa Clarita, Calif., named Levin & Lawrence Inc.

Monem purchased bulk food from Levin & Lawrence that was labeled "distressed" because it is close to the expiration date and kicked back a profit to Fred Monem, according to the affidavit.

A man who answered the phone at Levin & Lawrence on Tuesday, but did not identify himself, declined comment on behalf of the company.

The Department of Corrections issued a statement Tuesday saying the investigation does not appear to involve any inmates or state prisons and no arrests have been made.

"We are of course disappointed that allegations have surfaced regarding a department employee," Max Williams, director of the Oregon Department of Corrections, said in the statement. "We hold ourselves and all employees to the highest ethical standards and we take very seriously any suggestion that those standards have been violated."

Contributor To Gossip Column Won't Be Charged (NYT)

By James Barron

The New York Times, January 24, 2007

Federal prosecutors have decided not to file charges against a former freelance contributor to The New York Post's Page Six gossip column after an investigation into whether he had demanded payments for favorable coverage, a lawyer for the contributor said yesterday.

The contributor, Jared Paul Stern, was suspended last April after The Post reported that the California supermarket billionaire Ronald W. Burkle had complained to the authorities.

At the time, people involved in the investigation said that Mr. Burkle had secretly videotaped Mr. Stern demanding a $100,000 payment and a $10,000 monthly stipend. Mr. Stern was heard saying that in return, he would keep unfavorable mentions of Mr. Burkle out of Page Six.

Yesterday, a person with knowledge of the decision confirmed that federal prosecutors in Manhattan had decided not to prosecute Mr. Stern. The decision was reported on The New York Observer's Web site yesterday afternoon.

"I'm relieved, obviously," Mr. Stern said. "I was not expecting to be charged, but it's always good to have them come out and say it."

A spokeswoman for the United States attorney's office in Manhattan declined to comment. But Mr. Stern's lawyer, Joseph Tacopina, said he had been told of the decision.

"We've always been confident that there was no evidence of any crime," Mr. Tacopina said. "What we've said from Day 1 is, this is a campaign to spread lies fueled by Burkle's personal vendetta against The New York Post. There was never any evidence of wrongdoing on Mr. Stern's part."

After the investigation became public, associates of Mr. Burkle said that he had been upset about items he considered inaccurate. He set up a meeting with Mr. Stern, who suggested that he become a source. Mr. Burkle said no, the associates said, but said he would buy five dozen shirts from Mr. Stern's clothing line.

Later, a Burkle associate said when the investigation became public, Mr. Stern sent an e-mail message saying that Mr. Burkle had "the means" to do something about the way Page Six covered him. Mr. Stern and Mr. Burkle met twice more, and Mr. Burkle's security detail videotaped the conversations.

A spokesman for Mr. Burkle issued a statement yesterday that repeated that Mr. Stern had sought money in return for "Mr. Stern's 'efforts' to stop the publication of false reports about Mr. Burkle."

"Mr. Burkle followed the government's instructions from the onset," the statement said.

"Mr. Burkle didn't question their decisions previously," the statement said, "and he isn't going to start doing so now."

A spokesman for The Post, Howard J. Rubenstein, said, "The Post is pleased that there is no crime involved."

The Post suspended Mr. Stern when it reported the allegations.

Mr. Stern said yesterday that if The Post offered to reinstate him, “I’d consider it.” Mr. Rubenstein said The Post would not comment on “a personnel matter.”

After the articles about Mr. Burkle’s recordings appeared, several law enforcement officials suggested that the news accounts had precluded federal prosecutors and F.B.I. agents from making additional recordings and possibly collecting enough evidence to make a case.

Lawyers Question Lab's DNA Results (BOS)

By Jonathan Saltzman, Globe Staff

The Boston Globe, January 24, 2007

Might affect Entwistle, others

Showing the widening fallout from the mishandling of DNA test results at the State Police lab, the lawyers in three high-profile murder cases challenged the reliability of such test results and suggested the problems could help their clients.

A lawyer for Neil Entwistle, whose DNA was allegedly found on the gun used to kill his wife and infant daughter, said the suspension of Robert E. Pino, the civilian administrator of the DNA database at the State Police forensic laboratory, "calls into question the reliability, trustworthiness, and integrity" of the lab and should be investigated by an independent forensic scientist.

The FBI began an audit of the laboratory last week because Pino allegedly failed to report 11 matches in old unsolved rape cases until the statute of limitations had expired and reported four test results incorrectly.

But Entwistle's lawyer, Elliot M. Weinstein, said in an interview that the bureau has had its own deficiencies with DNA analysis in recent years and lacks credibility.

Weinstein, who unsuccessfully asked a judge last fall to toss out DNA evidence against Entwistle, declined to say whether he intends to submit a new motion on the basis of Pino's suspension. But his comments indicate that defense lawyers will probably cite the lab's problems as reasons that judges should block DNA results from being introduced as evidence, that juries should discount such evidence, or that convictions should be overturned.

Also yesterday, lawyer Robert A. George said he expects that Pino's actions will form the basis of challenges in two other high-profile murder cases: Christopher M. McCowen's conviction in November of the murder of Christa Worthington, and Edward S. O'Brien's 1997 conviction in the slaying of his best friend's mother. George represented both defendants.

McCowen, a Hyannis trash collector, was sentenced to life in prison for raping and killing Worthington, a fashion writer, after prosecutors presented evidence that his DNA was recovered at her Truro house. O'Brien is serving a life sentence for killing Janet Downing when he was 15; DNA tests indicated that blood found in her Somerville home matched O'Brien's. Pino testified in the O'Brien case.

"Every lawyer who cares about whether justice was done in their cases will pursue whether Pino's involvement has destroyed the conviction," George said in an interview. "To assume that we're being told the truth about the depth of Pino's involvement in compromised cases is the equivalent of having the wool pulled over our eyes. I don't believe it, and no one else should either."

Kelly A. Nantel -- spokeswoman for the Executive Office of Public Safety, which oversees the State Police lab -- said Pino's alleged lapses had nothing to do with the reliability of DNA test results.

"We're talking about administrative problems," she said. "We're not talking about problems with the science."

A spokesman for Middlesex District Attorney Gerard T. Leone Jr., whose office is prosecuting Entwistle in a trial scheduled to start Oct. 1, said prosecutors are confident that the DNA evidence will pass muster.

Beyond saying that he remains an employee and that the allegations are under investigation, Pino has declined comment.

Pino, who was suspended with pay Jan. 11, oversaw the state's Combined DNA Indexing System, a computerized databank that matches DNA profiles of convicted felons with samples collected at crime scenes and analyzed by civilian scientists at the Sudbury facility or at private labs.

Weinstein said Pino's alleged actions cast doubts on the credibility of all DNA evidence handled by the lab. "The public is entitled to know that its crime laboratory is generating scientifically reliable test results," he said.

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He also said the FBI is not suited to review the lab's practices because it has had problems of its own. In 2003, for example, the Justice Department's inspector general investigated an FBI lab unit after a technician failed to follow required procedure in analyzing DNA evidence and went undetected for two years.

GOP Urges Berger Lie Test (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 24, 2007

Eighteen House Republicans have urged the Justice Department to proceed with a polygraph test for Samuel R. Berger, the former national security adviser who agreed to take the test as part of a plea of guilty of stealing documents from the National Archives.

"This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead-up to the terrorist attacks on the United States," the congressmen said in their letter to Attorney General Alberto R. Gonzales.

The congressmen -- led by Rep. Thomas M. Davis III of Virginia -- said a prompt lie-detector test is needed to determine the extent of Mr. Berger's thievery, especially because the former Clinton administration adviser reviewed original documents for which there were no copies or inventory.

Other signers of the letter are Reps. Duncan Hunter, Darrell Issa and Brian Bilbray of California, John L. Mica of Florida, F. James Sensenbrenner Jr. of Wisconsin, Dan Burton and Mark Souder of Indiana, Christopher Shays of Connecticut, John M. McHugh of New York, Chris Cannon of Utah, John J. "Jimmy" Duncan Jr. of Tennessee, Michael R. Turner of Ohio, Kenny Marchant of Texas, Lynn Westmoreland of Georgia, Patrick T. McHenry and Virginia Foxx of North Carolina and Bill Sali of Idaho.

Mr. Davis, former chairman and now ranking Republican on the House Government Reform Committee, released a report by his staff on Jan. 9, saying a Justice Department investigation of Mr. Berger's admitted document theft was "remarkably incurious."

The report said the theft compromised national security "much more than originally disclosed" and resulted in "incomplete and misleading" information to the September 11 commission. It said Mr. Berger was willing to go to "extraordinary lengths to compromise national security, apparently for his own convenience."

In October, Mr. Davis led an effort to hold hearings to determine whether any documents were "destroyed, removed or were missing" after visits by Mr. Berger to the Archives. He said the full extent of Mr. Berger's document removal "can never be known" and the Justice Department could not assure the September 11 commission that it received all the documents to which Mr. Berger had access.

Mr. Davis said that during sentencing, Mr. Berger agreed to a polygraph examination as part of a plea deal, but Justice never administered the test, according to two Justice officials closely connected to the case -- John Dion, chief of the counterespionage section, and Bruce Swartz, deputy assistant attorney general for the Criminal Division.

He said Mr. Berger assured the commission that it received all the documents it sought but that some of the papers Mr. Berger examined were originals for which there were no copies or inventory. He said there is no way to know whether Mr. Berger returned all of those documents.

Lanny Breuer, Mr. Berger's attorney, has said the matter was thoroughly investigated by the Justice Department for more than two years and effectively closed for more than a year. He said the report's conclusions were based on "pure conjecture."

"Sandy Berger made a mistake. But he has admitted that mistake, fully cooperated with the government's investigation, paid his debt to society, and moved on. It's time for the new congressional minority to do the same."

Justice Department spokes-man Bryan Sierra has said the department "has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Mr. Berger pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terrorist threats to the United States. Fined $50,000 and

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barred from access to classified material for three years, he faced a year in prison and a $100,000 fine, but his plea deal reduced the fine and kept him out of prison.

Schools Act To Short-Circuit Spread Of 'Cyberbullying' (WSJ)

By Anne Marie Chaker

The Wall Street Journal, January 24, 2007

New Laws, Policies Attempt To Address Harassment That Originates Off Campus

Kylie Kenney heard a crescendo of whispers and jeers as she moved through an otherwise unremarkable eighth-grade school day. The reason: Word had spread of a Web site posted by some of her peers, titled "Kill Kylie Incorporated."

The site featured a list of crude insults, beneath the heading: "She's queer because... ." It seemed everyone in school had read it. Distressed, she reported the site to the school but says that the impact of the bullying was so severe that she eventually changed schools. "I still have emotional damage," says Kylie, now a 10th-grader.

Kylie's story underscores a growing problem for school administrators and local officials: how to handle so-called cyberbullying. As long as there have been kids, there have been bullies. Now, emboldened by the anonymity available online, a bully can be nastier -- and with the click of a mouse, have a far broader audience -- than in the past. What may once have been snickers in the hallway can now be an excruciatingly public humiliation spread via email, text messaging and online teen forums.

Schools and local officials have been hearing increasing calls from parents to step in. But educators are torn between the desire to stop bad behavior and the limits on their ability to intervene. Much of the badmouthing takes place on home computers and off school grounds, where schools have little or no authority. An official at Kylie's former school, Frederick H. Tuttle Middle School in South Burlington, Vt., declined to discuss specifics of her case, though an attorney says, "The school acted appropriately in all respects."

Now, school officials, states and even Web sites are taking action. Educators and state legislatures in Florida, South Carolina, Utah, Oregon and elsewhere are creating new policies that deal with cyberbullying, either incorporating electronic harassment into existing bullying policies, or spelling it out as an entirely new threat. In doing so, they are often crafting language that allows educators to intervene even in off-campus incidents if the activity affects the school environment.

MySpace.com, the popular networking site, last fall released a guide for school administrators, advising them to contact the site about false or offensive user profiles or to report threats or cyberbullying. It also created a hotline and email address for the exclusive use of school officials to contact MySpace.

The challenge is that students, like everyone else, have First Amendment rights that school officials can't cross. In 1969, the Supreme Court ruled that to suppress student speech on campus, a public school must show it aims to prevent "substantial disruption" in the classroom rather than "a mere desire to avoid the discomfort and unpleasantness that always accompany an unpopular viewpoint."

Later this year, the justices will consider whether public school officials can suppress student speech off campus, in a case where a Juneau, Alaska, high-school principal suspended a student for unfurling a banner reading "Bong Hits 4 Jesus" on a sidewalk where students had gathered. The case could have implications for other forms of off-campus speech, such as online postings.

Some schools aren't waiting. In Florida, the Pasco County school board added language about cyberbullying to its code of conduct for the current school year. Its language states that "the school board has no duty to regulate or review off-campus Internet messages, statements postings, or acts" but adds that when those acts "threaten violence against another student or otherwise disrupts the learning environment or orderly conduct of the school," the school can take action, from conferencing in parents and students, to expulsion.

Linda Crosthwait, assistant principal at Leawood Middle School in Leawood, Kan., has her own rule of thumb for mean-spirited rumors online: "If it's carried into the classroom in some way -- a fight in school or something said in school -- then [the posting] becomes a piece of what we can deal with," she says.

These positions reflect the growing view of many school officials that electronic harassment that happens off campus can affect a student's education -- and therefore be a punishable offense. In Oregon last year, the state association of school boards

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consulted with the state Justice Department to draft policy language specific to cyberbullying. While state law already requires school districts to have a bullying policy in place, local districts wanted additional clarification.

The guidance provided from the state association says that "any form of harassment using electronic devices...is prohibited and will not be tolerated in the district." It leaves open the possibility that the school's reach could extend off campus.

"There's always the legal discussion of 'if it doesn't happen at school, can a district take action?'" says Joe Wehrli, policy-services director for the Oregon School Boards Association. "If a student is harassed for three hours at night on the Web and they come to school and have to sit in the same classroom with the student that's the bully, there is an effect on education, and in that way, there is a direct link to schools," he argues.

The decisions aren't easy. The National School Boards Association hosted an online discussion two months ago titled "Postings, Protection and Policies: What School Leaders Need to Know About Teen Hangouts" -- specifically online forums. Lawyer Kimberly Jessie Cunningham advised school leaders to warn parents that "the district is limited in its ability to discipline" bad behavior online. She characterized "substantial disruption" under the law as including such things as shutting down the school computer system for multiple days because too many students attempted to access bullying comments online.

"School administrators need to understand that their authority stops at the schoolhouse door," says Witold J. Walczak, legal director of the American Civil Liberties Union of Pennsylvania.

Jill Eckel, principal at Sussex County Charter School for Technology, a middle school in Sparta, N.J., recently got wind of a student's MySpace page laced with discussion of an upcoming fight involving students at her school. But the brawl was to take place away from campus.

"I sat for a long time, thinking, 'Is it my responsibility to call the parents?'" Ms. Eckel recalls. "I've had parents tell me it's not my business" to patrol online activity. In the end, she says, she alerted a parent she trusted, who in turn got in touch with the parents involved.

At Pope John XXIII High School in Sparta, N.J., principal Msgr. Kieran McHugh aims to keep it simple. He outright banned the use of MySpace last school year after hearing about students posting content he considered inappropriate. Now, "we monitor it," says Father McHugh, who has contacted parents when students have been found posting on the site. That, he says, has eliminated any further instances. As a private organization, a Catholic school has more leeway over student conduct than does a public school, since it isn't bound by the same First Amendment rules that limit government suppression of speech. (By the same token, a private religious school can mandate prayer or religious lessons, which public schools may not.)

Several states passed laws or other measures in 2006 that addressed bullying that can happen in cyberspace. Idaho's law that seeks to prohibit student bullying and harassment allows that such acts can be "committed through the use of a land line, car phone or wireless telephone or through the use of data or computer software that is accessed through a computer, computer system or computer network."

South Carolina's Safe School Climate Act to prevent school bullying includes "electronic communication" in its definition of harassment.

In a new rule that went into effect earlier this month, Utah's State Board of Education amended its existing discipline guidelines for districts to include policies specific to bullying. The changes also included a definition of cyberbullying, requiring districts to offer students and teachers training that would broadly address "electronic means for aggression inside or outside of school."

Write to Anne Marie Chaker at anne-marie.chaker@wsj.com1

CIVIL LAW:

'Bankruptcy Boot Camps' Gird Attorneys For Battle (WSJ)

By Kristina Doss

The Wall Street Journal, January 24, 2007

Creditors beware: O. Max Gardner III is planning to train an army of consumer bankruptcy attorneys at his Bankruptcy Boot Camps this year.

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His mission isn't to beef up attorneys' muscles with a regimen of sit-ups or push-ups. Rather, Mr. Gardner's goal is to teach them the fine art of overcoming the hurdles put in place by bankruptcy legislation that creditors helped to pass in 2005.

Mr. Gardner, who started the boot camps last August, believes the new law is punitive toward debtor attorneys and makes it harder for consumers to file for bankruptcy-court protection.

"I felt like if the creditors really wanted reform, I would give it to them, but my style," Mr. Gardner said, "I'm training an army of consumer advocates that will actively and aggressively look beyond just the bankruptcy in consumer bankruptcy cases, [at] all other remedies that may be available."

The Bankruptcy Abuse Prevention and Consumer Protection Act, which took effect in October 2005, ushered in sweeping changes to the federal bankruptcy code that affected both consumers and businesses in financial trouble.

Critics contend that the new law made it harder for consumers to file for bankruptcy protection and that it was essentially drafted by lobbyists for banks and credit-card companies.

Some judges have expressed that view, too. In a court opinion last year, Judge Frank R. Monroe of the U.S. Bankruptcy Court in Austin, Texas, said that "the parties pushing the passage of the Act" appeared to have "an agenda to make more money off the backs of the consumers in this country."

Mr. Gardner, who has been a consumer-bankruptcy attorney for nearly three decades, said he plans to help boot-camp attendees fight back by putting them through a four-day seminar to "de-program" and "re-engineer" their practices.

Consumer-bankruptcy attorneys tend to focus on filing a bankruptcy petition for their clients and getting their debts discharged, he said.

At Mr. Gardner's boot camps, which are held on his sprawling North Carolina farm, attorneys will learn that there is a whole lot more they can do for their clients. Boot-camp attendees will be trained to find bogus fees that creditors are charging their clients, violations of the automatic stay and laws meant to protect consumers' pocketbooks.

When those things are found, Mr. Gardner teaches boot-camp attendees how to go after the creditors by filing lawsuits.

One hot topic that campers are eager to learn about involves the mortgage industry, attendees said. For example, after a client buys a home, their mortgage is often sold to a mortgage servicer.

"Gardner has discovered and revealed that these mortgage servicers are engaged in a practice that costs additional expense to borrowers," said Bradford Botes, who will assist Mr. Gardner at the camp and is a principal of Bond & Botes P.C.

Mr. Gardner teaches attorneys to question why a mortgage servicer is, for example, charging a client a property-inspection fee of $9.17 a month or a broker-opinion fee of $200 a month, according to consumer bankruptcy attorney Andrew Miofsky, who has attended a boot camp.

"Is a mortgage servicer really sending people out to your client's home each month to inspect the property and do an appraisal?" Mr. Miofsky asked mockingly.

Besides learning how to identify and fight dubious fees and violations, boot-camp attendees will learn how to set up more efficient law practices by using electronic technology instead of paper and outsourcing most legal services.

Of course, the effort isn't purely altruistic. Consumer-bankruptcy attorneys also stand to make more money by knowing the ins and outs of the system. Suing creditors could lead to huge settlements or winning a lawsuit could lead to the creditors having to pay attorneys' fees.

"You don't need to handle thousands of cases a year in order to make a lot of money," said Kevin Chern, a former boot-camp attendee, and president of Total Bankruptcy Inc. and Start Fresh Today Inc. "You can make five times as much [by just knowing how to] look at these claims."

The four-day sessions involve classes led by Mr. Gardner that last for 12 hours each day, and the subject matter is complex.

It also isn't cheap: The price of attendance is $7,775, although many of those who have attended the boot camp said they considered the money well spent. Each camper gets a compact disk that he or she can take home, containing forms, letters, pleadings and articles to implement all of the lessons learned. Each graduate also is added to a Listserv, gains access to all current and future documents via a Web site and can contact fellow attendees or Mr. Gardner for advice.

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CIVIL RIGHTS:

Party Primary System Wins Federal Approval (BRADV)

By Marsha Shuler, Advocate Capitol News Bureau

Baton Rouge Advocate, January 24, 2007

The U.S. Justice Department has cleared the way for Louisiana to return to a party primary system for congressional elections starting in 2008.

Justice Department Voting Rights Chief John Tanner's office advised state officials of the sign-off on legislation the Legislature approved in June.

The state Attorney General's Office released the letter Tuesday.

Sen. Cleo Fields, D-Baton Rouge, pushed the law to end the practice of Louisiana electing its congressmen after other states across the nation.

"The issue should be squarely behind us and we can elect members of Congress at the same time as everybody else does," Fields said Tuesday.

Under the plan, Democrats and Republicans would hold party primary elections with winners facing each other in a general election along with nonparty candidates who want to make the race.

The election schedule would allow winners of the party primaries and other party candidates to face each other on federal Election Day — the first Tuesday after the first Monday of November.

That's a move away from the open primary system, where all candidates regardless of party have vied against one another on the November ballot.

If nobody won outright, the two top vote-getters would face off in a December election.

U.S. District Judge Frank Polozola set the schedule in 1998 to prevent Louisiana from electing its U.S. senators and representatives before Election Day.

Polozola set the schedule as part of a 1995 lawsuit that sought to get the state to return to the party primary system for federal elections. Instead, Polozola allowed the open primary to continue and changed the dates.

Polozola's schedule led to Louisiana electing some of its members of congress after everyone else in the nation.

Fields and others complained that the December election put some freshmen congressmen at a disadvantage when it came to jockeying for committee assignments and office space.

The new law does not affect elections for state and local offices such as governor and town council members, which would remain "open primary."

No Court Consensus On Voter ID Laws (USAT)

By Joan Biskupic

USA Today, January 24, 2007

Voter identification laws, adopted by states in recent years amid concerns about fraud, are getting mixed reviews as courts weigh whether they unconstitutionally keep some people from the polls.

State courts in Georgia and Missouri last fall invalidated laws that required voters to show photo ID each time they cast ballots. Georgia and Missouri are among 11 states that have passed such laws since 2003, inspired partly by allegations of voter fraud raised in Florida and elsewhere during the 2000 elections.

The Georgia law, blocked by federal and state judges, required people to show one of six government-issued forms of photo identification, such as a driver's license or passport. In the most recent challenge to the law, brought by voters who said they couldn't cast ballots because they did not have photo IDs, a judge ruled in September that Georgia's requirement put an unconstitutional condition on voting. Previously, state polling places had long accepted utility bills, bank statements and other types of non-photo ID as proof of residency.

In October, Missouri's Supreme Court struck down the state's requirement that registered voters show a state or federal photo ID to cast a ballot. The judges said the law was an illegal hurdle for poor, elderly and disabled residents.

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Elsewhere, however, federal appeals courts have not been as willing to reject voter ID laws.

On Jan. 4, a three-judge panel of the U.S. Court of Appeals for the 7th Circuit upheld Indiana's law requiring voters show photo ID in each election. Voting 2-1, the panel rejected claims by the state Democratic Party and others that the law violates the voting rights of those without easy access to such IDs.

Even as they upheld Indiana's law, Judge Richard Posner, joined by Judge Diane Sykes, cited the politics surrounding voter ID laws. "Most people who don't have photo ID are low on the economic ladder and … are more likely to vote for Democratic than Republican candidates," Posner wrote. He noted, however, that it's difficult to maneuver today without a photo ID and that "the vast majority of adults" have one.

Dissenting Judge Terence Evans sharply criticized the law: "Let's not beat around the bush: The Indiana voter photo ID law is a not-too-thinly-veiled attempt to discourage Election Day turnout by certain folks believed to skew Democratic."

Meanwhile, a three-judge panel of the U.S. Court of Appeals for the 9th Circuit has expressed skepticism about arguments that Arizona's voter ID law should be thrown out. The Arizona law is widely viewed as the nation's strictest because it requires voters to prove they are not just state residents, but also U.S. citizens.

Thomas Hudson, attorney for a group of challengers, told the appeals panel Jan. 8 that the law is like a poll tax because of the cost to Native Americans and others who may have difficulty obtaining birth certificates, passports or other documents to prove citizenship. The judges, who have not issued an opinion in the case, asked for evidence of the law's impact — including whether there was any record of how many Native Americans did not have IDs that would prove citizenship.

Hudson said he believed "thousands" of Native Americans could be affected but acknowledged that specific evidence had not been gathered. The 9th Circuit judges suggested by their questions that they would return the case to a trial court to get such answers.

"Much of the future litigation will be about finding real people who are adversely affected" by ID policies, says Richard Hasen, a professor at Loyola Law School in Los Angeles who specializes in election law. He adds, however, "There is not yet very good empirical evidence" to support either side: that many voters are being disenfranchised by ID requirements or that voter fraud is rampant.

Media Outlets Battle It Out Over Free-speech Rights (USAT)

By Martin Kasindorf

USA Today, January 24, 2007

LOS ANGELES — In a dispute between the "new media" of the Internet and the "old media" of broadcasting, liberal bloggers and conservative talk-radio hosts are accusing each other of trampling the First Amendment's guarantees of free speech.

Hundreds of blogs are exhorting national advertisers not to buy commercial time on Disney-owned KSFO-AM in San Francisco because some on-air hosts have made comments that the bloggers allege are racist or encourage violence.

KSFO personalities say the bloggers are trying to muzzle their political views. The bloggers say they're rallying behind the free-speech rights of a colleague whose website was briefly shut down after Disney's ABC network threatened to sue over alleged copyright violations.

Some advertisers, including Bank of America and MasterCard, have deserted KSFO since an anonymous media critic identifying himself online as Spocko began posting recordings of the station's "Hot Talk" hosts. Spocko and some of his readers have been e-mailing the audio to KSFO advertisers since 2005, asking the companies whether they want to be associated with the controversial rhetoric.

The First Amendment flap was debated Sunday on CNN's Reliable Sources. Dan Riehl, a blogger critical of Spocko, said some of the radio hosts' comments "were blown out of proportion or misrepresented" in the complaints to sponsors. Mike Stark, another blogger and a Spocko ally, said: "The way to fight free speech that you disagree with is to engage in more free speech. And that's exactly what Spocko did."

Examples of commentary that riles the bloggers:

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•In November, morning co-host Melanie Morgan said of then-incoming House Speaker Nancy Pelosi, a San Francisco Democrat: "We've got a bull's-eye painted on her big, wide, laughing eyes."

•Evening host Brian Sussman in December referred to Sen. Barack Obama, D-Ill., who has a Kenyan father and a white American mother, as a "halfrican." In October 2005, Sussman asked a caller to prove he wasn't a Muslim by saying "Allah is a whore."

•In October, host Lee Rodgers warned "enemy" Muslim nations: "You keep screwing around with stuff like this, we're going to kill a bunch of you — millions of you."

Spocko says on his blog that he won't identify himself because he fears retaliation from powerful conservative commentators.

KSFO parent ABC did retaliate. A network lawyer on Dec. 21 sent a "cease and desist" letter to Spocko's Internet service provider, saying the blogger was using copyrighted KSFO content "without authorization." The service provider, 1&1 Internet, shut down the blog on Jan. 2. Neil Simpkins, a 1&1 spokesman, says, "The decision was made to remove the copyrighted material from our servers until the matter is resolved." He says the notice posed a "credible risk" of being sued.

Spocko then e-mailed the KSFO audio to Stark, who posted it to the popular liberal blog Daily Kos. Stark urged other bloggers to install the sound bites in a "blogswarm" to defy ABC. At last count, more than 500 blogs posted the audio clips and asked viewers to forward them to advertisers, Stark says.

Spocko's website (spockosbrain.com) returned to cyberspace Jan. 6 through another Web host. The blog has free legal representation from the San Francisco-based Electronic Frontier Foundation (EFF), which advocates free speech on the Internet.

Matt Zimmerman, an EFF lawyer, says the first Web host surrendered too quickly to ABC's "saber-rattling." Spocko's use of the KSFO content comes "squarely" under federal law that protects "fair use" of copyrighted material for criticism and commentary, Zimmerman says.

MasterCard and the state-run Michigan Economic Development Corp. say they advertised on KSFO talk shows last year but won't place new ads. "It's hard to listen to those clips and not be offended," says Mike Shore, spokesman for the Michigan agency.

Bank of America says it withdrew ads last spring. The California chapter of the American Automobile Association says it pulled an insurance ad from Sussman's show in September.

KSFO claimed on its website that it is the victim of "an anonymous Internet smear campaign." The station canceled three hours of regular programs Jan. 12 and put the talk hosts on the air to explain their remarks.

During that broadcast, Morgan said ABC had reissued guidelines about "violent" commentary. "We don't believe we have crossed a single line," she said. "If you're waiting for an apology, you'll be waiting a long time," Rodgers said. When Stark called in, Rodgers called him a creep.

Sussman repeated an apology for his Obama remark and said he sometimes went over the line in talking 20 hours a week. Rodgers and other hosts complained that liberals are ganging up to threaten their jobs. "I will not be silenced by the left," Rodgers said.

"Yes, this is a freedom of speech issue, and this individual is entitled to say what he wants to," Morgan told the San Francisco Chronicle. "But he's trying to take away my livelihood, and I'm not trying to take away his."

Zimmerman says Spocko's rights are in more peril than the station's. "ABC/Disney tried to use the legal process to silence a critic who was actually amplifying their speech," he says. "Spocko was doing exactly what the First Amendment is designed to do — promote this marketplace of ideas."

Zimmerman says he'll defend Spocko if ABC sues, "which we don't think they will, at this point."

ABC, Disney and KSFO declined to comment.

"I think Disney learned a lesson," Stark says. "Strong-arm tactics on the blogosphere just don't work."

ANTITRUST:

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Antitrust Issues 'key Barrier' To Delta Merger (FT)

By Doug Cameron In Chicago

Financial Times, January 24, 2007

Antitrust concerns have re-emerged as the key barrier in US Airways' hostile pursuit of Delta Air Lines, according to aviation financiers surveyed by the Financial Times.

The airlines' chief executives will face off on Wednesday before a Senate hearing on airline consolidation, which both sides view as a key test of political sentiment for deals involving the largest US carriers.

Doug Parker, US Airways' chairman and chief executive, is adamant that a deal which would create the world's largest airline would be cleared by the Justice department.

He is expected to provide assurances to the Senate commerce, science and transportation committee that the merger with its larger rival would not lead to higher fares or reduced service to smaller communities.

Jerry Grinstein, his opposite number at Delta, argues the airlines' overlap on the US east coast would see it blocked on competition grounds, though has entertained discussions with Northwest about a potential combination when both emerge from bankruptcy protection.

Delta is reviewing final bids from banks to provide exit financing for its planned exit from bankruptcy as a standalone carrier, which could include private equity investment.

US Airways has already lined up more than $8bn in funding from Citigroup and Morgan Stanley to back its offer, and has set a February 1 deadline for Delta creditors to force airline management to the negotiating table and trigger an antitrust review.

While creditors, advised by former Continental Airlines chief executive Gordon Bethune, are reviewing the competing financial benefits of US Airways' raised bid and Delta's plan, financiers said the antitrust issue is assuming greater importance.

"Finance is not the issue," said one banker, noting there are funds available to back any of the potential combinations which could emerge if lawmakers and regulators signal a change in the industry climate. Six of the seven largest carriers have held talks on potential combinations.

The justice department effectively scuppered deals between United and US Airways and American and Northwest at the start of the decade. However, Mr Parker and other executives said the expanding role of low-cost rivals such as Southwest has intensified competition.

Another financier bidding on the Delta funding believes that the chances of regulatory approval have dropped to 50/50.

Big Bank Stops Effort To Change Law Limiting Growth (NYT)

By Eric Dash

The New York Times, January 24, 2007

Bank of America's chairman and chief executive, Kenneth D. Lewis, said yesterday that the company was backing away from a quiet lobbying effort to change a federal law that could prevent it from making major acquisitions.

Just weeks after agreeing to initiate discussions with lawmakers to raise the possibility of lifting the 10 percent federal deposit cap, Kenneth D. Lewis said that he had told bank representatives to "back off" from those plans.

"I thought we had gotten out there a little too far in terms of our level of aggressiveness, and it sent the wrong signals," Mr. Lewis said in an interview yesterday. About two weeks ago, he made the decision to halt the political effort, he said.

Bank of America, which has about $693.5 billion, or just over 9 percent of the nation's deposits, had argued in a position paper that the law restricting a bank to no more than 10 percent of the nation's deposits is "antiquated, conceptually flawed" and anticompetitive.

While American banks are prevented from increasing their deposit base through acquisitions that might push them over the federal threshold, foreign banks face no similar restrictions. The bank also argues that the law is unnecessary because of antitrust laws, state regulations and market forces.

But as the only bank near the 10 percent limit, Bank of America has found itself with virtually no allies. JPMorgan Chase, the next largest deposit holder, could acquire all but the five biggest banks and still remain under the federal cap. Wachovia, Wells Fargo and Citigroup, the next banks in line, have potentially even more room and time.

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Smaller community banks, meanwhile, have vowed to fight any move to lift the cap.

A Wells Fargo spokesman said the bank also opposed lifting the cap, preferring to stick to its internal growth strategy that does not come close to hitting the limit. JPMorgan declined to comment, while Wachovia and Citigroup said they had no position on the subject.

On Capitol Hill, the proposed change has met with a lukewarm reception. Representative Barney Frank, the Massachusetts Democrat who heads the House Financial Services Committee, has suggested that lifting the cap may be part of some sort of "grand compromise" between Wall Street and Main Street interests. There does not appear to be much enthusiasm, but other lawmakers have not dismissed the idea out of hand.

Bank of America's backpedaling is either the recognition of a rare misstep or a shrewd calculation for Mr. Lewis, who is known for his deliberate approach to corporate strategy.

On the one hand, reports of the plans were a reminder of the bank's bigger ambitions, leading to speculation that it was setting the stage to engage in a major deal. On the other, it may be a way of taking the temperature of a new Democratic-controlled Congress while planting the idea in people's minds. Typically, it takes years to pass legislation to repeal banking laws like those governing interstate banking.

"They are testing the waters and seeing what is out there," said Brian Gardner, a policy analyst with Keefe, Bruyette & Woods. With several Democratic lawmakers representing areas like New York that have strong banking ties, the perception that Democrats are less open to the idea of raising the cap may be wrong, he said. "It makes a lot of sense to probe and see how far the Democrats are willing to go."

Bank of America's plans may also underscore the challenge it faces in sustaining its robust growth.

Yesterday, Bank of America said fourth-quarter earnings rose 47 percent.

Much of that growth, however, was from the recognition of unusually large gains on its equity investments as well as new profits from the recently acquired MBNA.

Many of the biggest costs have been flushed out. And without the investment gains, internal growth appears to have stopped or slowed.

Over all, the bank earned $5.26 billion, or $1.16 a share, from a restated $3.57 billion, or 88 cents, in the quarter a year ago. Fourth-quarter profits for its global consumer and small- business operations rose 44 percent, to $2.53 billion, with the additional boost from MBNA. Its corporate and investment banking earnings rose 23 percent, to $1.57 billion, at a time when much bigger Wall Street investment bankers — with more commodities and international exposure — posted huge gains in the quarter. Profits at Bank of America's wealth management and investment businesses declined 1 percent.

The American economy, meanwhile, may be slowing. A downturn in the credit cycle is on the horizon if not already here.

"You know the headwinds will mute earnings growth; you also know that our businesses will perform quite well," said Joe Price, Bank of America's chief financial officer, in his first conference call with analysts and investors since succeeding Alvaro de Molina at the start of this year. "The biggest question for us is the health of the American economy, and we think we are in pretty good shape."

Some Wall Street analysts suggest Bank of America is at a strategic crossroads, balancing internal growth with bigger ambitions. One path that is unlikely to be taken, at least for now, is a major acquisition.

The federal deposit cap severely limits Bank of America's ability to buy a big bank in the United States. And on the conference call, Mr. Lewis seemed to rule out making a major European deal.

"I think a European acquisition will cause us to pause; that's not what we are thinking about," Mr. Lewis said.

Stolt-Nielsen Sues To See Other Justice Antitrust Amnesty Agreements (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, January 24, 2007

Company wants to know if it's being singled out

The Stolt-Nielsen Transportation Group wants to know why it's been singled out for special treatment by the government. The Norwegian shipping giant has sued the U.S. Department of Justice under the Freedom of Information Act, demanding that

antitrust officials release scores of confidential deals that they've reached with other companies. Of the roughly 100 businesses that have signed amnesty agreements with Justice's antitrust division, Stolt-Nielsen is the only one to have subsequently been indicted.

Why does Stolt-Nielsen want to pore through these deals? For one thing, it wants to know whether any of these other agreements specified a date by which companies had to cease their alleged wrongdoing. Antitrust officials indicted Stolt-Nielsen's U.S. subsidiary in September, claiming that it continued to engage in price-fixing even after it said it had stopped. Stolt-Nielsen responds that the subsidiary halted the misconduct by the time that it signed its amnesty agreement in January 2003 and that the deal didn't set a deadline for when it had to clean up its act.

Stolt-Nielsen's attorneys declined to comment for this story, but lawyers close to the case say that the company hopes to compare the text of its deal with those that the antitrust division struck with other businesses, as well as with the division's model amnesty agreement. These attorneys say that Stolt-Nielsen wants to show that other agreements usually included a date by which illegal conduct had to be halted.

Justice spokeswoman Gina Talamona says that the antitrust division considers amnesty applicants to be "confidential sources," and will disclose their agreements "only if required to do so by a court in connection with litigation."

While about 20 of the amnesty deals that the antitrust division has reached since 1993 have become public through court cases or company regulatory filings, the other 80 remain shrouded in secrecy. The amnesty agreements are distinct from the 55 deferred and nonprosecution agreements that the Justice Department's criminal division has struck with corporate defendants since 1992. All but four of those DPAs and NPAs have been made public.

The case against Stolt-Nielsen began in 2002, when the antitrust division started looking into claims that the company's Greenwich, Conn.-based subsidiary engaged in a price-fixing scheme with its competitors. When it signed its deal with Justice in January 2003, Stolt-Nielsen was granted amnesty in exchange for its cooperation in prosecuting the other shippers. But six months later, antitrust officials announced that the agreement was invalid. They said that Stolt-Nielsen had lied during settlement negotiations, claiming that the price-fixing had ended sooner than it really had. So the government filed a criminal complaint against the company in federal district court in Philadelphia, alleging antitrust violations.

Stolt-Nielsen fought the complaint all the way to the U.S. Supreme Court, first trying to block and then kill its eventual indictment. But this past October the high court ruled that the district court handling the case should determine whether the company's amnesty agreement is still valid. If the district court decides that it is, it could dismiss the indictment.

Even as they were trying to head off the looming indictment, Stolt-Nielsen's attorneys filed a dozen FOIA requests, starting in June 2005. Among other things, the company asked for copies of all of the amnesty agreements that still remain confidential. While the antitrust division has handed over a dozen or so pages here and there in response to Stolt-Nielsen's requests, it has withheld hundreds more, according to court filings by both parties over the past year. Justice lawyers have cited exemptions in FOIA that allow the department to protect confidential sources and to avoid "interference with enforcement proceedings." (Corporate Counsel has also submitted an FOIA request for copies of the amnesty deals.)

In response to the denial of its FOIA applications, Stolt-Nielsen sued the Justice Department in federal district court in Washington, D.C., in November 2005. In its most recent request for summary judgment, filed this past October, Stolt-Nielsen accused Justice of stonewalling. "When the government itself embarks on a public campaign to tarnish a company's reputation, that company is entitled to each and every communication [relevant to] that campaign," the company argues. A ruling could come down on Stolt-Nielsen's request as early as February.

One former Justice Department official thinks that Stolt-Nielsen has a strong argument. Alison Smith, now a partner with Haynes and Boone, was a deputy assistant attorney general in the antitrust division during the George H.W. Bush administration. Justice's own stated policy, she says, is to treat as confidential only the identity of amnesty applicants and the information obtained from that applicant. In Smith's view, the department should be able to release agreements that have been redacted to protect confidential sources. (Smith is not involved with Stolt-Nielsen's case.)

In its briefs, Stolt-Nielsen specifically says that it will accept the release of amnesty agreements in which the names of the companies have been edited out, but that Justice still refuses to release them. If a judge grants the company's request, however, antitrust lawyers across the country may have a field day with blind items, trying to figure out who did what.

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Judge Dismisses Online Phone Suit (AP)

By Alex Veiga, The Associated Press

AP, January 24, 2007

LOS ANGELES (AP) — A federal judge has thrown out an antitrust lawsuit filed by the distributor of Morpheus file-sharing software against Internet phone service provider Skype Technologies SA, eBay Inc. and other defendants.

StreamCast Networks Inc. had sought more than $4.1 billion in unspecified damages and a court order blocking eBay from selling Skype services. StreamCast claimed the founders of Skype broke an agreement to give StreamCast the right of first refusal for the technology behind Skype's Voice over Internet Protocol, or VoIP, service.

In her ruling Thursday on a motion for dismissal, U.S. District Court Judge Florence-Marie Cooper concluded that StreamCast failed to make its case for relief under federal antitrust laws and dismissed all claims against Skype, eBay and more than a dozen other defendants.

Cooper declined to exercise discretionary jurisdiction to consider state law claims such as unfair competition and fraudulent transfer.

Matthew A. Neco, StreamCast's general counsel, said the company will either appeal the ruling or seek to pursue claims in state court.

"This case is far from over," Neco said.

A call to eBay was not immediately returned.

In the lawsuit, StreamCast alleged that Skype's founders — who also developed the Kazaa online file-swapping software — took the phone technology with them after they sold Kazaa to another company and went on to wrongfully profit from its use.

Luxembourg-based Skype was acquired in 2005 by San Jose-based eBay for $2.6 billion.

MAN Withdraws €10.3bn Bid For Scania (FT)

By Richard Milne In Frankfurt And David Ibison In Stockholm

Financial Times, January 24, 2007

German truckmaker MAN on Tuesday withdrew its €10.3bn hostile bid for Scania, handing Sweden's powerful Wallenberg family victory in one of Europe's bitterest recent takeover battles.

All parties to the bid saga said they now hoped to conduct friendly discussions to see if a tie-up would be possible between the two truckmakers, as well as the truck assets of carmaker Volkswagen, the biggest shareholder of both MAN and Scania.

The withdrawal of the offer just eight days before it was due to expire puts VW and particularly Investor in a position to stamp their mark over any future discussions.

Several people on the German side said they now expected a new company to be established into which all the groups would be merged.

Both VW and Investor would hold large stakes in such a group, according to people briefed on the plans. But advisers on all sides said first there would be a cooling off period and that any eventual tie-up would "take months, not days or weeks." One adviser said: "The grass needs to grow on the battlefield."

Withdrawal of the offer will raise questions about the strategy and future of Hakan Samuelsson, MAN's chief executive and a former Scania manager.

Few industry executives or investment bankers understood his decision in September to proceed with an unsolicited bid without the support of two shareholders which, together, controlled two-thirds of Scania's shares.

Going hostile against the Wallenbergs, Sweden's most powerful industrial dynasty, in their home territory was seen as particularly daring.

But Mr Samuelsson was given the full support of his supervisory board as recently as Monday as speculation mounted that VW wanted to force him out.

The entanglement of shareholdings – MAN is Scania's third-largest shareholder while VW owns 34 per cent of Scania's voting rights and 20 per cent of MAN's – suggests the likelihood of a future deal.

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Investor and Scania would be happy to see the Swedish truckmaker remain independent, but the chances of that happening are slim since both have agreed that an alliance with MAN has “industrial merit”.

Investor can now ensure it retains a stake in any merged entity and that Scania participates meaningfully in the operations of any new company.

The chairmen of MAN, Investor and VW held talks last week aimed at creating a friendly atmosphere for discussions after Scania’s two largest shareholders reiterated their lack of support for a bid.

Advisers say a new company could be based in such locations as the Netherlands or Switzerland, but that any such decision remained some way off. “One company buying the other is now off the table. It wasn’t the terms of the offer that were wrong but the very concept of it,” one MAN adviser said.

Ruling Blocks Bid For Dofasco (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, January 24, 2007

Dutch court denies ThyssenKrupp effort

A Dutch court yesterday tossed out a bid by ThyssenKrupp AG to force Arcelor Mittal to honor a pledge to sell Canadian steelmaker Dofasco, but it's not clear whether Mittal will sell either its steel plant in Sparrows Point or Weirton, W.Va.

The Justice Department gave Mittal until Jan. 28 to sell Dofasco Inc. to ensure it would not have a monopoly on tin production in the United States after its $33 billion merger with Luxembourg-based Arcelor SA.

If Mittal is unable to sell Dofasco, a manufacturer of high-grade sheet metal for the North American auto industry, the Justice Department has said Mittal must sell either its Sparrows Point or Weirton facility.

Arcelor placed the profitable Dofasco in a Dutch trust early last year in an effort to fend off Mittal's hostile takeover bid. While Arcelor finally agreed to merge with Mittal, creating the world's largest steelmaker with annual production topping 110 million tons, it has no control over the trust.

The three trustees have already rejected a proposal by Mittal to sell Dofasco to Germany's ThyssenKrupp for $4.6 billion, less than the $4.86 billion that Arcelor paid for it.

Mittal said this month that it would not sue the trust to release Dofasco.

Rotterdam Court Judge F. van den Emster said yesterday that Mittal couldn't be "asked to do more than it has done so far" to complete the sale of Dofasco.

Shortly after yesterday's decision, ThyssenKrupp said in a statement that its chances of getting Dofasco were "very remote," and that it would "swiftly pursue" plans to build a steel mill in the United States. The company said previously that if it is unable to buy Dofasco, it would build a plant in Alabama, Arkansas or Louisiana at a cost of nearly $3 billion.

In response to yesterday's ruling, Mittal said that it "cannot be expected to do more than it has already done in order to seek dissolution of the [trust]."

It appears Mittal has given up trying to sell Dofasco. Last week, Mittal confirmed it was in negotiations with a Chicago-based steel distributor, Esmark Inc., to sell all or parts of Weirton, a large producer of tin plate. The two parties have signed a nonbinding memorandum of understanding, but any sale hinges on approval from the Justice Department. Late last year, Esmark gained control over nearby Wheeling-Pittsburgh Steel Corp. and promised cash for Weirton if Mittal put it up for sale.

However, Justice has the final say about which plant is sold and to whom.

Gina Talamona, a spokeswoman for the Justice Department, said yesterday in an e-mail response that "the matter is still pending."

Mittal stock closed up $1.48 yesterday at $43.59 a share.

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Bloomberg News contributed to this article.

ENVIRONMENT:

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Bush Seeks Vast, Mandatory Increase In Alternative Fuels And Greater Vehicle Efficiency (NYT)

By Edmund L. Andrews And Felicity Barringer

New York Times, January 24, 2007

WASHINGTON, Jan. 23 — President Bush, vowing to reduce the nation's thirst for foreign oil, called on Tuesday for a huge government-mandated increase in renewable fuels — mainly ethanol — and tougher mileage standards for cars and light trucks.

It was the second year in a row that Mr. Bush made "energy independence" a focal point of his State of the Union address, but his proposals on Tuesday were more ambitious, and perhaps less achievable, than those he made a year ago when he said the nation was "addicted to oil."

The centerpiece of Mr. Bush's proposal, which he said would cut the projected use of gasoline by 20 percent over the next decade, was a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks. The most obvious beneficiaries would be makers of ethanol and other biofuels, but it could also promote the production of liquefied coal.

Mr. Bush called for a mandatory requirement that makers of fuel produce 35 billion gallons of alternative fuels a year by 2017, replacing about 15 percent of the projected gasoline use in that year.

A second major plank of Mr. Bush's energy proposal calls for increasing fuel-efficiency standards of cars and trucks by 4 percent a year — about one mile per gallon — starting in 2010 for cars and 2012 for trucks.

That was a significant change from Mr. Bush's approach last year, when he called for "reform" of the corporate average fuel economy, or CAFE, rules, but avoided suggesting specific mileage requirements.

In a third proposal, Mr. Bush called for doubling the amount of oil in the Strategic Petroleum Reserve to about 1.5 billion barrels of oil. The doubling would take place at a snail's pace over the next 20 years. Even so, advance word of the idea helped push up oil prices by $2.46 a barrel on Tuesday to $55.04.

"It's a big change that the president has endorsed these new fuel-efficiency standards," said Frederick W. Smith, the chief executive of the FedEx Corporation and a co-chairman of the Energy Security Leadership Council, a group of executive and retired military officers. These standards, he said, match their recommendations, "which are achievable."

But the proposals face a slew of obstacles, both practical and political. On a practical level, skeptics noted that Mr. Bush's goal for ethanol would require big advances in "cellulosic ethanol," a form of ethanol made from plants like switchgrass that has yet to be produced at anything close to competitive prices. It could also require up to 40 million additional acres devoted to growing the plant material involved as well as a sprawling new infrastructure for transforming the feedstock into fuel.

On a political level, Mr. Bush faces a Congress that is now controlled by Democrats, some of whom criticized him on Tuesday for proposing little to reduce the production of greenhouse gases implicated in global warming.

"I am disappointed," said Senator Jeff Bingaman, Democrat of New Mexico and chairman of the Senate Energy Committee. He said Mr. Bush was "completely silent" on energy efficiency and reduction of carbon dioxide from electric power plants, which contribute 40 percent of these emissions.

Cars and trucks account for about one-third of greenhouse gases that result from burning fossil fuels. Electric utilities and other "smokestack" sources were not addressed.

"If this was a real effort to solve the climate problem, it would include large stationary sources and utilities," said Eileen Claussen, president of the Pew Center on Global Climate Change, a nonpartisan policy research group.

Ms. Claussen and other environmental leaders also criticized the absence of any proposal for a mandatory cap on greenhouse gas emissions.

Many supporters of ethanol and other renewable fuels praised Mr. Bush proposals. The Union of Concerned Scientists estimated that the mileage requirement could save 550,000 barrels of oil per day in 2017, and reduce emissions equivalent to "taking 14 million of today's cars and trucks off the road."

But many cautioned that the goals would be difficult to attain, might do little to reduce greenhouse gases and could lead to higher food prices as farmers cater to energy demand rather than food production.

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Philip Clapp, president of the National Environmental Trust, said, “The big numbers may sound impressive, but this is nothing more than stay-the-course on global warming.” The proposal, he said, represents a 1.5 percent cut in carbon emissions a decade hence. “They will still go up by 14 percent over the next decade.”

And if liquefied coal, which produces double the greenhouse gases of regular gasoline, is part of the alternative-fuel mix — as both coal-industry lobbyists and environmental groups say is the case — the emissions reductions would decrease significantly.

Mr. Bush called for increasing the requirement for annual production of alternative fuels to 35 billion gallons a year. That would almost quintuple the current mandate of producing 7.5 billion gallons of ethanol by 2012. Spurred by tax breaks and soaring oil prices, ethanol production has climbed rapidly and is expected to hit 6 billion gallons this year.

But energy analysts say that corn-based ethanol, which accounts for virtually all of today’s production, will not be able to produce more than about half as much alternative fuel as Mr. Bush envisions by 2017.

“There is really no plan here except to take the ethanol industry through the roof,” said Kenneth Cook, president of the Environmental Working Group.

But Mr. Bush also laced his proposals with numerous “safety valves” that could postpone the attainment of his goals.

Energy Plan Seeks Better Gas Mileage (USAT)

By James R. Healey

USA Today, January 24, 2007

The energy portion of President Bush's State of the Union speech Tuesday included some eye-popping numbers that would amount to a boon for the ethanol industry and could begin boosting the fuel economy of cars and trucks as soon as 2009.

The fuel economy increase isn't set at a specific number. It would result from a plan to cut U.S. gasoline use 20% in the next 10 years through better mileage and the increased use of gasoline substitutes such as ethanol.

The White House says that to meet the goal, mileage would have to improve 4% a year, beginning with 2010-model cars and 2012-model pickups, vans and SUVs.

The Union of Concerned Scientists says that translates to an average of 34 miles per gallon in 2017. "This could be the breakthrough we have been waiting for on fuel economy," says David Friedman, UCS research director.

UCS says that if Congress and the president can agree and thwart loopholes, the USA would use 550,000 fewer barrels of oil a day in 2017. That would cut the amount of carbon dioxide, a greenhouse gas blamed for global warming, as much as taking 14 million vehicles off the road, UCS says.

Combined with Bush's call for dramatically expanding the use of gasoline alternatives, the program "is a welcome, visionary proposal," says John DeCicco, auto expert at Environmental Defense — a group often opposed to Bush's policies.

DeCicco says a better way to protect the environment would be to limit the use of fuels with high carbon content, but the Bush plan would hit the same goal.

Joan Claybrook, president of Public Citizen, criticizes the Bush plan, saying it would set lower mileage targets for larger vehicles, encouraging automakers to build more of them.

The most stunning number in Bush's plan is 35 billion gallons — the amount of renewable and alternative fuels that the petroleum industry would have to blend with gasoline by 2017. That would displace one-fourth of the gasoline Americans use.

It's a huge jump from the current mandate of 7.5 billion gallons in 2012. Most renewable fuel is ethanol, grain alcohol usually made from corn.

"It's great to have the president of the United States out there saying we need this," says Bob Dinneen, president of the Renewable Fuels Association. RFA represents operators of 111 ethanol plants and another 78 under construction. The industry currently can produce 5.5 billion gallons of grain alcohol a year. The plants being built will double that — still far short of the 35 billion gallons that Bush wants.

To hit the mark will require development of a still-experimental process called cellulosic processing. It can convert an array of plants, not just corn, into ethanol and do it in greater quantities. But a plant costs several times as much as building a still to process corn kernels into ethanol.

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The White House hopes the high mandate creates an assured market that draws money and attention.

"We're going to need to see some technological breakthroughs. And that's why the president is setting this goal, so that investors, venture capitalists, researchers, scientists are all focused on that goal and can expedite and accelerate that technology," Joel Kaplan, deputy chief of staff, told reporters Tuesday afternoon.

Bush also called for doubling the emergency fuel supply, the Strategic Petroleum Reserve, to 1.5 billion barrels of oil by 2027. That would require expanding at least two of the current SPR sites and opening a new one, the Energy Department says.

Bush: Expand Alternative Energy Use (CHIT)

By William Neikirk

Chicago Tribune, January 24, 2007

WASHINGTON -- President Bush sought Tuesday night to counter criticism that he has failed to do enough to tackle global warming and energy security as he unveiled a 10-year plan to slash U.S. gasoline consumption by 20 percent.

The president used his State of the Union address to propose a dramatic expansion in the use of alternative fuels like ethanol to offset the cut in gasoline use and he asked for wider power to toughen fuel-economy standards for cars.

If initial assessments of his new proposal are any guide, the president has more persuading to do. Critics said that while his plan had many good elements, it either does not go far enough or might not be practical in some cases.

As a result, the global-warming issue in Congress and the country seems destined to grow even hotter as a Democratic-controlled Congress considers whether to slap an overall cap on carbon dioxide emissions said to contribute to warming of the planet. On Monday, several corporate executives from blue-chip companies backed such an idea.

Even so, Bush presented an ambitious proposal that goes far beyond anything else he has previously offered to address what he called America's addiction to oil. The White House said the plan would halt the projected growth of carbon dioxide emissions from cars, light trucks and sport utility vehicles within 10 years.

"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on foreign oil," Bush said. "These technologies will help us become better stewards of the environment—and they will help us to confront the serious challenge of global climate change."

His proposal signaled that climate change has joined energy security as a monster political issue, and that political leaders now may be prepared to take more extensive action.

"As the global warming issue heats up across America, the president's position on global warming is beginning to thaw," said Larry Schweiger, president and chief executive of the National Wildlife Federation.

But he and other supporters of a plan to cap greenhouse-gas emissions said Bush needs to go further. Richard Rosenzweig, chief operating officer of Natsource, a firm that manages buying and selling of clean-energy credits, said he expected to see such a mandatory program "in a couple of years."

Bush proposed that the amount of ethanol and other alternative fuels used in gasoline blends be set at 35 billion gallons in 2017, up from the 7.5 billion gallons required in 2012. This would be enough to displace 15 percent of projected annual gasoline consumption by 2017, the White House said.

Many members of Congress, including Sen. Barack Obama (D-Ill.), have offered similar plans to require that America put more emphasis on cleaner-burning alternative fuels such as ethanol.

But energy experts said that while the goal is laudable, it would require that automobile manufacturers build many more cars that are equipped to handle gasoline blends that have a higher alternative-fuel content. For example, only a small number of autos in the country can burn fuel containing 85 percent ethanol.

"The real questions are going to be whether we are going to have the infrastructure to move the fuels or have the vehicles to use the fuels," said KateriCallahan, president of the Alliance to Save Energy.

"Producing 35 billion gallons of ethanol a year would require putting an additional 129,000 square miles of farmland—an area the size of Kansas and Iowa—into corn production, which is not very likely," said Philip Clapp, president of the National Environmental Trust.

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The secretaries of energy and agriculture and the director of the Environmental Protection Agency could waive the 35 billion gallon standard if there are disruptions in the alternative-fuel market.

In another energy initiative, the president asked Congress for authority to "reform" fuel-economy standards for cars, even though congressional critics said Bush now has all the power he needs.

The plan would enable the government to set fuel-efficiency standards for cars based on their size, in the same way that it can set such standards for light trucks, the White House said.

The administration said these tougher so-called CAFE (for corporate average fuel economy) standards would reduce gasoline consumption by 5 percent, or 8.5 million gallons annually, by 2017.

Gas-reduction Proposals Raise Questions (LAT)

By Richard Simon, Elizabeth Douglass And John O'Dell

Los Angeles Times, January 24, 2007

WASHINGTON -- President Bush's proposals to reduce U.S. gasoline consumption by 20 percent in 10 years include more specific and ambitious new goals than in previous White House statements, but they also appear to rely on assumptions about energy markets, politics and technology that some experts say are debatable, and include some apparent contradictions.

In general, Bush's proposal to boost alternative fuels such as ethanol was greeted with conditional enthusiasm by many scientists, environmentalists and members of Congress. His plan would require suppliers to include 35 billion gallons of alternative fuels in the nation's vehicle fuel supply by 2017, up from the current 5 billion gallons.

"It is in our vital interest to diversify America's energy supply -- and the way forward is through technology," Bush said. " ... We need to press on with battery research for plug-in and hybrid vehicles, and expand the use of clean diesel vehicles and bio-diesel fuel. We must continue investing in new methods of producing ethanol -- using everything from wood chips, to grasses, to agricultural wastes."

Bush also called for Congress to give him new authority to set vehicle fuel-economy rules. His plan would overhaul the 31-year-old vehicle fuel-economy program established after the Arab oil embargo, contending that technology can be deployed to "significantly improve fuel economy" without compromising vehicle safety.

But he rejected bipartisan calls for Congress to set new fuel economy rules, preferring to have the Department of Transportation set the standard. Under current law, the DOT can only set mileage standards for trucks; raising the standard for passenger cars requires an act by Congress. Bush's plan asks Congress to allow DOT to set car standards using a vehicle size method rather than an overall fleet average.

Given the negative reaction Bush received from some Democrats on Capitol Hill Tuesday, that possibility appears remote.

Environmentalists were skeptical that Bush's proposal would lead to any significant increase in fuel economy rules.

Indeed, some aspects of the overall plan seemed to contradict each other. For one, Bush's proposal to save gasoline by increasing vehicle fuel economy standards could be undermined by his call for greater use of alternative fuels. Ethanol, for example, gets less mileage than gasoline and, without a major technological breakthrough, requiring more of it could make it harder to increase fuel efficiency.

Philip Clapp, president of the National Environmental Trust, said that the president's request for new legislation "letting him set standards basically model-by-model is something Detroit has pushed for years -- as a way to poke more loopholes in the current weak standards."

Currently, auto makers are required to have their fleets meet an average standard of 27.5 miles per gallon for passenger cars, unchanged since 1985, and 21.6 miles per gallon for light trucks, which is due to increase to 24 mpg by 2011. Bush said mileage standards should be increased enough to reduce gasoline consumption by 5 percent, or 8.5 billion gallons, by 2017. Achieving that would require an average fuel economy improvement of 4 percent a year starting in the 2010 model year for cars, he said.

Bill Prindle, acting executive director of the American Council for an Energy Efficient Economy, a Washington think tank, called Bush's fuel-economy proposal "pretty weak, plus it is totally noncommittal on substance and timing. It says, Congress, don't send us a standard, give us the power and we'll issue a rule.

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"The 4 percent per year improvement is a nice hypothetical, but the last rule this administration issued, for light trucks in March 2006, achieved barely a 2 percent annual improvement. So I am not optimistic that DOT will come out with a stronger rule for cars, and especially not within two years."

On Capitol Hill, Democrats and their environmental allies assailed Bush for failing to endorse mandatory limits on emissions blamed for global warming, commit to stricter vehicle miles-per-gallon rules or reconsider his past opposition to requiring a percentage of the nation's electricity to be generated from alternative energy sources such as solar and wind power.

Rep. Henry A. Waxman, D-Calif., called the energy proposals "the latest in a string of disappointments from this administration."

Sen. Dianne Feinstein, D-Calif., who is among a bipartisan group of lawmakers who has pushed for stricter miles per gallon rules, said the president's proposal "doesn't go nearly far enough."

"The president has had the ability to make real changes to fuel efficiency with regard to light trucks for six years -- and he hasn't made substantial increases. Why should we trust him now?" she said, contending the only secure substantial increases in fuel economy is through legislation.

But any effort to go beyond what Bush is proposing could be politically difficult. Previous efforts to pass much stricter fuel-economy standards have run into resistance not only from Bush and Republicans wary of government regulation but also Democrats from auto-producing states who have warned that congressional mandated rules could lead to lighter, less-safe vehicles, cost the U.S. auto industry jobs and harm the economy.

Bush's call for ramping up production of ethanol and other alternative fuels generated more enthusiasm, especially on Capitol Hill among farm-state Democrats and Republicans.

Bush's plan does not single out ethanol, even though it is in the best position to deliver the desired results. The goal can also be met with the use of biodiesel, butanol, methanol, hydrogen and other forms of alternative fuels.

Corn-based ethanol is not without its drawbacks, and would be a short-term solution at best. Corn-based ethanol consumes a valuable U.S. food crop and has driven the price up. What's more, the process of growing corn and transforming it into ethanol consumes large amounts of fossil fuels such as oil, coal and natural gas. And with current technology, U.S. farms could provide only enough corn to yield 15 billion gallons of fuel ethanol a year -- well below the president's new goal of 35 billion, according to some estimates.

While today's ethanol production involves trade-offs, its advocates believe new technology will soon erase many of the downsides. The most important breakthrough would be a switch to making ethanol from agricultural waste, switch grass, wood chips and other kinds of biomass that get broken down by enzymes or bacteria to yield what's known as cellulosic ethanol.

To get to Bush's new target, "it will take cellulosic-based ethanol, and it will take improvements in the efficiency of grain-ethanol production, and those things are improving on a daily basis," said Matt Hartwig, spokesman for the Renewable Fuels Assn., a Washington-based trade group. "It's the technology advancements today and down the road that will allow us to achieve the 35 billion gallons of fuel and beyond."

Hartwig and others said the president's new fuels plan, even if it comes without additional government research funding, would encourage investors to put money into ethanol and other biofuel projects. Cellulosic ethanol, for example, is already a proven technology, but more funding is needed to find ways to cut the cost of making it, according to Hartwig and others.

Mark Emalfarb, chief executive of the biotechnology firm Dyadic International Inc., is one of a handful of companies trying to make fiber-based ethanol commercially feasible. Bush's pronouncement Tuesday night, he said, would help companies like his to speed up advancements in ethanol production.

"For 14 years, we were working on this behind-the-scenes, and nobody cared," Emalfarb said. "But from the minute the president got on the air (last year) and said `America is addicted to oil' and mentioned cellulosic ethanol, the phone's been ringing off the hook. ... Now he's tripled the size of the market."

Volatile Markets May Crimp Energy Plan (WSJ)

By Jeffrey Ball And Lauren Etter

Wall Street Journal, January 24, 2007

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President Bush's call for the U.S. to reduce projected gasoline demand by 20% over the next decade faces a hurdle: a volatile energy market.

Mr. Bush called for in his State of the Union Address last night a massive increase in U.S. ethanol use by 2017 and a toughening of federal auto-fuel-economy standards -- actions that, together, will curb U.S. gasoline consumption 20% below projected levels in 2017, the administration said. But the economics both of alternative fuels and of more-efficient vehicles depend largely on the price of oil as well as other commodities, leaving them vulnerable to market shifts.

The volatility ethanol producers have encountered underscores the uncertainty faced by companies and investors trying to develop alternate sources of energy. Lower prices can hurt the economic argument underpinning their development, and added supplies can bring prices down. Increased supplies of ethanol world-wide are cited as one reason for the recent drop in oil prices, for example.

To be sure, Mr. Bush's policy does mandate increased renewable-fuel use. But the policy contains "safety valves" under which federal officials could waive or weaken the mandate if the economics of alternative fuels eroded. That is because "a bold policy move such as this could have an adverse effect on commodity prices, whether it be in corn, or cellulose, or oil," said Craig Stevens, a Department of Energy spokesman. Ethanol in the U.S. today is made from corn. But hopes are pinned on making the fuel from "cellulosic" material, such as switch grass and wood chips, which are more plentiful than corn.

After hitting $77 a barrel last summer, oil fell steadily in recent months, dipping briefly below $50 a barrel last week in intraday trading. It jumped yesterday 4.7% to settle at $55.04 in New York Mercantile Exchange trading. But oil remains below the levels that, for much of past year, sent the stocks of ethanol producers soaring and consumers flocking to more-efficient cars and trucks.

The economic disincentive of falling oil prices marks only the latest squeeze for ethanol producers. Production has surged over the past year. That has pushed up the price of corn, ethanol's main ingredient. In response, the profitability of ethanol plants is down.

The net profit of a 50-million-gallon ethanol plant today is about 7.2 cents a gallon of ethanol produced, down from 50 cents a gallon on Jan. 1, said Rick Kment, an ethanol analyst at DTN, an agricultural-commodities research firm.

That partly explains why shares of many ethanol producers have swooned. Shares of VeraSun Energy Corp., an ethanol producer that went public at the height of market interest last year, have fallen steadily since last November. Yesterday they finished at $17.96 in New York Stock Exchange composite trading, down almost 42% from its 52-week high of $30.75 in June.

Meanwhile, one of ethanol's big selling points, that it would significantly curb global-warming emissions, has come under debate amid concern over the amount of energy needed to process the ethanol itself.

Wally Tyner, an agricultural-energy analyst at Purdue University, worries Americans'" boom mentality" regarding ethanol will sputter out. "I don't think this growth rate can be sustained," he says. "If we have enough plants built, they will bid up corn prices to where it's no longer profitable" to produce ethanol.

Ethanol producers are somewhat insulated from the volatility of the market, since some of the corn used in current production was purchased earlier at lower prices. Dan Basse, president of Chicago research firm AgResource Co., says that corn would have to reach $4.80 a bushel while ethanol prices would have to drop to $1.60 a gallon for it to be unprofitable. Ethanol now is at about $2.16 a gallon. The average cash price of corn nationwide yesterday was $3.76 a bushel.

The U.S. uses about 5.2 billion gallons of ethanol a year. According to the Energy Department, the U.S. uses about 140 billion gallons of gasoline a year. It takes more than one gallon of ethanol to equal the energy in a gallon of gasoline.

Ethanol giant Archer-Daniels-Midland Co. is experimenting with ways to turn corn hulls into ethanol. By doing this ADM says it will be able to increase the production of ethanol by 15% without using any additional kernels of corn.

The American Petroleum Institute, the oil industry's Washington-based trade group, said ethanol and other alternative fuels "have an important role in our nation's present and future energy mix," but it said: "Attaining the full volumes included in the administration's proposal will require additional technological breakthroughs."

The Big Three auto companies have announced plans to significantly increase their production of versions of their conventional vehicles that have been modified so they can run on either gasoline or ethanol. Gloria Bergquist, a spokeswoman for the Alliance of Automobile Manufacturers, an industry group, said her group supports the president's efforts to increase

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alternative-fuel usage. But she said the government needs to boost research into technologies such as batteries for the next generation of hybrid vehicles, and oil companies need to do more to roll out alternative fuels.

Bush Vows To Cut US Petrol Demand (FT)

By Doug Cameron

Financial Times, January 24, 2007

The US has called for a 20 per cent cut in domestic gasoline consumption over the next 10 years and a five-fold increase in alternative and renewable fuel production as part of the much-vaunted push by the White House for "energy independence".

The targets outlined ahead of Tuesday's State of the Union address are expected to inflame the food-versus-fuel debate over the competing use of corn-based ethanol, while environmentalists have also expressed concern over plans to increase domestic oil production.

The president will also call on Congress to introduce tougher fuel-consumption standards for passenger cars, and for the size of the Strategic Petroleum Reserve to be doubled.

The White House plans to build on the push into ethanol from the current energy bill by mandating the use of 35bn gallons of renewable and alternative fuel by 2017 in the form of ethanol produced from corn and other biomass, as well as soybean-derived biodiesel.

This compares with the 7.5bn gallons which the energy bill currently requires by 2012, though the industry expects to surpass this as early as next year, with dozens of ethanol plants being developed across the country. About 5bn gallons was produced in 2006.

Industry experts said corn-based ethanol would have to account for about two-thirds of the 2017 target, at the top end of current estimates for potential production. The expansion will require the planting of more corn acres and advancement in crop science to improve yields.

The president is expected to commit more funds to renewable fuel research – a call matched by the Democratic leaders – in a bid to meet the targets and make other feedstocks such as sawgrass more commercially viable. However, the target could also renew calls for the existing tariff on ethanol imports to be lifted – notably from low-cost, sugar-based producers in Brazil.

The White House claimed the new targets would displace 15 per cent of current natural gas consumption.

Corn, ethanol and soybean futures all ended higher at the Chicago Board of Trade. Shares in Archer Daniel Midland, the largest US ethanol producer, climbed 2.7 per cent.

Critics See Little Meaningful Change (WP)

By Steven Mufson

Washington Post, January 24, 2007

Practicality, Effectiveness Questioned

The energy proposals President Bush outlined last night break new ground for his administration.

He combined a call to lower gasoline consumption with new mandates for oil companies and new standards for automakers. And he couched these in the context of enhancing U.S. energy security and addressing climate change.

Each proposal, though, immediately prompted questions about its ultimate effectiveness.

Â· Twenty in 10: Bush said he has a "goal of reducing U.S. gasoline usage by 20 percent in the next 10 years."

The fine print: Administration officials said that the goal is 20 percent below projected annual gasoline usage, not off today's levels.

That's very significant for oil markets, where analysts look at the balance of rising supplies and rising demand.

"If you made this type of reduction . . . U.S. petroleum consumption wouldn't be flat, but it would not grow meaningfully," said Frederick W. Smith, chairman of FedEx Corp., who said he applauds Bush's "balanced" approach.

But people worried about climate change were disappointed. Using projections means that carbon dioxide emissions from transportation fuels will drop only slightly from today's levels; other parts of the economy produce the other two-thirds of greenhouse gases.

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"This is not nearly enough to really put us on the path of reducing emissions down to 60 percent or 80 percent of current levels, which is what we really need," said Eileen Claussen, president of the Pew Center on Global Climate Change.

Â· Raising fuel-economy standards: Bush said that he would raise fuel-efficiency standards by about 4 percent a year, starting in model year 2010 for cars and model year 2012 for trucks. He also wants to change the way the standards are applied.

Currently the fuel standards apply to the average of all the cars each carmaker sells in a year. Bush would make new standards for cars "attribute-based" -- creating many different standards based on, for example, size. And he would give carmakers some flexibility in how they meet targets. (These standards are scheduled to go into effect for light trucks starting in 2008.)

The fine print: The new system promotes efficiency advances for every kind of vehicle, not just for one model. The president did not want Congress to set a new miles-per-gallon standard, but the Union of Concerned Scientists estimated that Bush's proposal could raise the fleet average to 34 miles a gallon by 2017.

UCS warned, though, that if attribute-based standards are not combined with fleet averages, they "could actually encourage automakers to sell heavier or larger vehicles that guzzle more gas." That would mean more efficient gas-guzzlers, but still more gas-guzzlers.

Â· New renewable-fuel target: Bush said he would ask Congress to require oil companies to use 35 billion gallons of renewable and alternative fuels by 2017. The administration said this would replace 15 percent of projected annual gasoline consumption.

The questions: How will that target be met? The ethanol industry will produce more than 7.5 billion gallons this year, almost all of it corn-based. But it would take more than last year's entire U.S. corn harvest to make enough ethanol to meet the target. Most industry experts say that there is not enough evidence that producing biofuels from other sources can be done on anything close to that scale.

The fine print: Bush changed the language on the mandate to say that "alternative," not just "renewable," fuels could be part of that volume. The only difference that makes by federal definitions is to add so-called coal-to-liquids fuels. One company has a proposal before the Energy Department for a $2 billion plant.

"You get the same amount of mileage and twice the pollution," said Anna Aurilio, legislative director of Public Interest Research Group. "That would be a huge step backwards." But an administration official said that the coal-to-liquids project could be used by the military.

Â· Doubling the Strategic Petroleum Reserve by 2027: The president's proposal calls for resuming the purchase of 100,000 barrels a day for the reserve, a practice suspended after Hurricane Katrina. The reserve has 691 million barrels; it has room for 727 million barrels.

The fine print: The plan calls for spending $10 billion to add additional storage facilities, including the expansion of sites in Louisiana and Texas, and addition of a new site at a salt cavern in Mississippi. Another $55 billion would be spent buying the fuel over 20 years -- a price of just under $69 a barrel, a hefty premium over the current price of $54.77 a barrel.

Bush Oil Reserve Plan Sparks Price Surge (FT)

By Caroline Daniel

Financial Times, January 24, 2007

President George W. Bush triggered the biggest one-day jump in oil prices in 16 months on Tuesday when he set out plans in his State of the Union address to double US strategic oil reserves.

Oil prices rose 4.7 per cent to $55 a barrel after Mr Bush pledged to double the size of the reserves by 1.5bn barrels by 2027. Sam Bodman, energy secretary, said his department would start “purchasing crude oil in the spring at a rate of about 100,000 barrels per day”.

The speech marked Mr Bush’s strongest effort yet to slow the growth of greenhouse gases with a plan to cut US demand for petrol by 20 per cent over the next 10 years by raising fuel-economy standards and setting targets for a shift to alternative fuels.

“The plan will confront climate change by stopping the projected growth of carbon dioxide emissions from cars, light trucks and SUVs within 10 years,” a White House document said.

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In an echo of last year's speech, when the president memorably warned that America was "addicted to oil", Mr Bush said: "For too long, our nation has been dependent on foreign oil. And this dependence leaves us more vulnerable to hostile regimes, and to terrorists – who could cause huge disruptions of oil shipments."

The policy shift – coming on the day that Al Gore, former vice-president, received two Oscar nominations for An Inconvenient Truth, his documentary film about the dangers of global warming – was outlined to a newly assertive Congress and a sceptical public.

Mr Bush's approval ratings this week were the lowest for any president ahead of a State of the Union address since Richard Nixon in 1974.

Dan Bartlett, White House counsellor, said that the speech reflected the fact that officials were "under no illusions about the atmosphere we are operating in."

However, the White House energy policy fell short of hopes that it would engage in international discussions about a post-Kyoto accord after 2012 to control greenhouse gases or support tougher economy wide mandatory caps on carbon dioxide.

Faced with opposition from Democrats and rising Republican dissent about his plans for a surge of 21,500 troops in Iraq, Mr Bush defended his strategy. "Many in this chamber understand that America must not fail in Iraq – because you understand that the consequences of failure would be grievous and far-reaching."

Officials said he would also "explain why it is time for the Iraqi government to act" and would not intensify the administration's anti-Iran rhetoric.

The goal to cut gasoline consumption by up to 20 per cent by 2017 marks a significant shift for the White House, recognising both pressure from international leaders for the US to act on climate change, and the new influence of the Democrats, who have shifted the focus of energy policy towards efficiency.

Mr Bush's first five State of the Union speeches did not directly address climate change, and in 2001 he summed up his energy policy as: "We can't conserve our way to energy independence".

The higher oil prices – crude oil yesterday made its biggest one-day jump since September 19 2005 – pushed energy stocks up sharply.

The S&P's energy sector rose 2.4 per cent with shares in Exxon Mobil up 2.2 per cent at $74.49, ConocoPhillips up 2.5 per cent to $64.97, and Chevron up 1.9 per cent to $72.56.

Blindness On Biofuels (WP)

By Robert J. Samuelson

Washington Post, January 24, 2007

President Bush joined the biofuels enthusiasm in his State of the Union address, and no one can doubt the powerful allure. Farmers, scientists and venture capitalists will liberate us from insecure foreign oil by converting corn, prairie grass and much more into gasoline substitutes. Biofuels will even curb greenhouse gases. Already, production of ethanol from corn has surged from 1.6 billion gallons in 2000 to 5 billion in 2006. Bush set an interim target of 35 billion gallons in 2017 on the way to the administration's ultimate goal of 60 billion in 2030. Sounds great, but be wary. It may be a mirage.

The great danger of the biofuels craze is that it will divert us from stronger steps to limit dependence on foreign oil: higher fuel taxes to prod Americans to buy more gasoline-efficient vehicles and tougher federal fuel economy standards to force auto companies to produce them. True, Bush supports tougher -- but unspecified -- fuel economy standards. But the implied increase above today's 27.5 miles per gallon for cars is modest, because the administration expects gasoline savings from biofuels to be triple those from higher fuel economy standards.

The politics are simple enough. Americans dislike high fuel prices; auto companies dislike tougher fuel economy standards. By contrast, everyone seems to win with biofuels: farmers, consumers, capitalists. American technology triumphs. Biofuels create rural jobs and drain money from foreign oil producers. What's not to like? Unfortunately, this enticing vision is dramatically overdrawn.

Let's do some basic math. In 2006, Americans used about 7.5 billion barrels of oil. By 2030, that could increase about 30 percent to 9.8 billion barrels, projects the Energy Information Administration. Much of that rise would reflect higher gasoline

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demand. In 2030, there will be more people (an estimated 365 million vs. 300 million in 2006) and more vehicles (316 million vs. 225 million). At most, biofuels would address part of the increase in oil demand; it wouldn't reduce our oil use or import dependence from current levels.

Suppose we reach the administration's ultimate target of 60 billion gallons in 2030. That would offset less than half of the projected increase in annual oil use. Here's why. First, it's necessary to convert the 60 billion gallons into barrels. Because there are 42 gallons in a barrel, that means dividing by 42. Further: Ethanol has only about two-thirds of the energy value of an equal volume of gasoline. When you do all the arithmetic, 60 billion gallons of ethanol displace just under 1 billion barrels of gasoline. If that merely offsets increases in oil use, it won't cut existing import dependence or greenhouse gases.

The 60 billion-gallon goal -- and the 35 billion-gallon interim target -- are also probably unrealistic. When we rhapsodize about biofuels, we're talking mainly about old-fashioned alcohol (aka ethanol). Until now, most ethanol has been made from corn. If small amounts of toxic gasoline were not added, it could become corn whiskey. Ethanol receives heavy federal subsidies. Oil refiners that blend it with gasoline get a 51-cents-a-gallon tax credit. The subsidy causes them to buy more ethanol, increasing corn demand.

Naturally, corn farmers love this. They've been the program's main beneficiaries. Although ethanol displaces only tiny amounts of oil (slightly more than 1 percent), it's had a big effect on corn prices. They're about $3 a bushel, up from $2 last year and the highest in a decade. They could go higher. In 2000, ethanol used 6 percent of the U.S. corn crop. In 2006, that was 20 percent, and the ethanol plants under construction would double capacity by 2010. Higher prices for corn (which is fed to poultry, hogs and cattle) raise retail meat prices. Ironically, fuel subsidies may boost food costs.

But corn harvests won't be large enough to meet either the 35 billion- or 60 billion-gallon targets. Large amounts of "cellulosic" ethanol would also be needed -- the term referring to the cellulose in other plants to be converted to ethanol. Prime candidates are farm wastes, including wheat straw and cornstalks. Unfortunately, the chemistry for doing this is far more costly than it is for corn kernels. Without technological advances, cellulosic ethanol won't be economically viable. It could be supported only with massive federal subsidies or direct requirements forcing refiners to use the fuel, regardless of cost. Then the high costs would be passed on to consumers. Congress started down that path in 2005 by enacting a modest mandate for biofuel use.

Biofuels are certainly worth pursuing. Up to some point, they're even worth subsidizing. Government can nurture new technologies, and breakthroughs for cellulosic ethanol -- hardly inconceivable -- would make a meaningful difference in the U.S. fuel balance. But there's also a real threat that the infatuation with biofuels is a political expediency that will turn into a classic government boondoggle, benefiting selected constituencies and providing few genuine public benefits. That has already happened with corn.

Our primary need is to curb reliance on foreign oil. If imports were dependable, they would not be dangerous, but they come from unstable or hostile suppliers. Although our dependence can't be eliminated, it can be reduced. The most obvious way is to improve the efficiency of vehicles by 30 to 50 percent over the next few decades. Americans need more hybrids and more small vehicles. Biofuels might be a complement, but if they blind us to this larger reality, they will be a step backward.

Decoding Climate Politics (WSJ)

By HOLMAN W. JENKINS, JR.

The Wall Street Journal, January 24, 2007

Holman W. Jenkins Jr. is a member of the editorial board of The Wall Street Journal and writes editorials and the weekly Business World column.

Mr. Jenkins joined the Journal in May 1992 as a writer for the editorial page in New York. In February 1994, he moved to Hong Kong as editor of The Asian Wall Street Journal's editorial page. He returned to the domestic Journal in December 1995 as a member of the paper's editorial board and was based in San Francisco. In April 1997, he returned to the Journal's New York office. Mr. Jenkins won a 1997 Gerald Loeb Award for distinguished business and financial coverage.

Born in Philadelphia, Mr. Jenkins received a bachelor's degree from Hobart and William Smith Colleges in Geneva, N.Y. He received a master's degree in journalism from Northwestern University in Evanston, Ill., and studied at the University of Michigan on a journalism fellowship.

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Mr. Jenkins invites comments to holman.jenkins@wsj.com1.

Decoding Climate Politics

January 24, 2007; Page A12

Pundits tell us the mood shift, with Democrats now in control, favors action on climate change. Don't bet on it.

It's still going to be hard for the legislative process to get past the fact that nothing on the table or capable of commanding majority support would make the slightest difference to climate change. Even a complete ban on burning fossil fuels in the U.S. wouldn't halt progress to the next milestone, a doubling of atmospheric carbon dioxide since the advent of industrial civilization. No joke to say the only live question for congresspersons and their voters back home is: How much are we going to spend to have no impact on global warming, and why?

Politics is a business of symbolism, but not without its pull toward the rational. The game in Washington today is how to turn global warming policy toward some other purpose that serves somebody's idea of self-interest or the national good. Let's rank these in order of the narrowness of the interests involved.

General Electric, DuPont, Alcoa, Caterpillar and other industrial pigpens this week endorsed cap-and-trade limits on carbon dioxide, which would turn their established habit of using the atmosphere as a free waste disposal into a property right, worth billions. Talk about a low-hanging fruit. They are accustomed to treating carbon dumping as a gimme. Now they'd at least be in a position to get paid for dumping less.

Their hero is retiring BP chief John Browne, who turned his little oil company into a big oil company, engaged in cost cutting (which he called "emissions cuts") and set about using public policy to get his shareholders compensated twice for these cuts (net, of course, of any deductions for oil spills, plant explosions, etc.).

Next up on the enlightenment scale, with straightened vertebrae and the first inkling of a "larger good," are Nancy Pelosi, George Bush and others who want to use climate change to advance a goal of "energy independence."

They may be praying to a false god, but their devotion is possibly sincere. And some public good might come from policies designed to encourage a "cellulosic" ethanol industry, which has the potential to be carbon-neutral as well as to improve the nation's "energy security" (a non-false god) by spurring a global market in biofuels to compete with OPEC.

However, to the extent that global warming becomes an excuse to shovel more subsidies and protectionist favors at the corn ethanol industry, neither energy security nor carbon reduction would be served.

Finally, walking upright, with knuckles no longer in proximity to the ground, are advocates -- mostly economists -- of a carbon tax.

A carbon tax would be the efficient way of encouraging businesses and consumers to make less carbon-intensive energy choices. Government would not have to exercise an improbable clairvoyance about which technologies will pay off in the future. There'd be less scope for Congress to favor some industries over others purely on the basis of lobbying clout.

The most enlightened of the enlightened (love note to Kevin Hassett) are those who see how a carbon tax might be used to overhaul the tax system and make it more pro-growth in its treatment of savings and investment.

There's your scorecard. Unfortunately, because a carbon tax would lead to a direct (rather than surreptitious) increase in the cost of gasoline, the path of enlightenment will not be the path of politics. Of one other thing you can also be sure -- the impact on climate change of any policy issuing from Washington will be nil.

By common (if fudgy) estimate, the biosphere can take up less than three billion tons of atmospheric carbon a year. Human industry produces 7.5 billion tons, a volume that continues to grow rapidly as China, India, Brazil and Indonesia (not covered by Kyoto) develop their economies, and as European countries and Japan (covered by Kyoto) blow past their limits. Consider too that carbon is hardly the sole, and perhaps not even the dominant, force behind the ostensible warming of the past century.

The only thing that will save us now is the likelihood (very high) that the most dire forecasts of climate change are wrong; the chance (not improbable) that the biosphere will evolve to make use of a slightly more carbon-rich atmosphere; and the prospect (nearly certain) that mankind will seek to adapt to whatever climate it finds itself confronted with.

Our private bet, of no relevance for the politics, is that real knowledge being so skimpy, today's "consensus" on climate change will turn out to be a perishable fruit. And those like Rep. John Dingell who are still willing to profess public doubts about whether any of us know what we're talking about when we talk about climate change will end up looking pretty good in retrospect.

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Polls say the public has heard Al Gore and believes a climate disaster is just around the corner, with rising sea levels and killer hurricanes. Yet Manhattan real-estate values increased 17% last year and the stock market is at all-time high. The same cognitive dissonance is guaranteed to be reflected in policy, which will consist of symbolism on global warming but nothing so costly and radical as to require true climate worrywarts to brighten up.

Rest assured, the great planetary chemistry experiment will continue. If you're curious about how the Earth might react to a myriad of human activities whose net effects are still far from reliably assessed, you only need to stick around. At least until science figures out how to harvest the gazillions of watts of free energy the sun sheds on the planet everyday, which will fix old problems but surely introduce new ones.

Push To Replace New US Mercury Plan (CSM)

By Peter N. Spotts

The Christian Science Monitor, January 24, 2007

The nation's new program to regulate mercury may be short-lived.

Several draft bills in Congress – as well as a suit in federal court – are challenging the Bush administration's mercury pollution program, which took effect last year. A key reason, they charge, is that the plan's emissions-trading scheme – which has worked to curb other pollutants that spread far and wide – doesn't work for mercury, which accumulates locally as well as spreading over long distances.

That's why lawmakers on Capitol Hill are preparing bills that would tackle the toxic pollutant in a more direct manner. They aim to reduce mercury emissions from coal-fired power plants by 90 percent, rather than the Environmental Protection Agency's (EPA's) target of 70 percent. The bills also would set up a nationwide monitoring network to track airborne mercury and its effects on the environment.

Democrats and Republicans have offered similar bills before. But three major scientific studies published during the past several months have added urgency to their efforts, they say. The upshot of the research: Unlike pollutants such as sulfur dioxide, airborne mercury is far more likely to drop back to earth close to its source, generating "hot spots" of contamination and accumulating in the food chain.

The research also is cited in a lawsuit 16 states and a handful of environmental groups have filed with the US Court of Appeals in Washington. The suit, initiated two years ago, challenges the EPA's regulatory tack on mercury pollution. Within the past two weeks, the plaintiffs filed opening briefs charging that the EPA is misusing the emissions-trading approach. They also argue that to set up the program, the agency illegally dropped power plants from a list of pollution sources that must face the most stringent controls under the Clean Air Act.

Emissions trading has helped the country dramatically reduce sulfur-dioxide pollution from power plants by establishing a market-based approach. Companies can balance out their big polluting plants either by running much cleaner plants elsewhere or buying pollution credits from other, cleaner utilities. As emission limits tighten, the cost of such credits goes up, encouraging companies to close or retrofit their biggest polluters.

But the recent studies provide new data that show why such a scheme should not be allowed for mercury, argues Rep. Tom Allen (D) of Maine, author of a bill to establish a national mercury monitoring network.

The first study, published last September in Environmental Science and Technology, found that over a two-year period, 70 percent of the mercury that rain or snow washed out of the skies over Steubenville, Ohio, came from local or regional sources. This is far higher than previous EPA studies indicated. The team picked Steubenville because 17 coal-fired power-plant boilers operate within 62 miles of the city, and another study had documented adverse health effects to people in the area from air pollution.

Two studies published this month in the journal BioScience discovered five biological hot spots in the northeastern US and southeastern Canada, and uncovered another nine that may be hot spots as well. The intensity of these hot spots varies with the type of coal burned in a boiler at the source and with other factors such as the landscape's chemistry or water levels in reservoirs. As with Steubenville, the researchers also established that at least two hot spots that cover southeastern New Hampshire and

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northeastern Massachusetts could be traced to local and regional sources and that the mercury was showing up in fish and birds.

One of the two studies carried some good news, notes Charles Driscoll, a Syracuse University scientist who took part in both studies. Between 1997 and 2002, mercury emissions fell by 45 percent in southern New Hampshire, thanks to emissions controls on incinerators. Concentrations found in wild loons in one of the hot spots fell by an average of 30 percent over that period. Mercury levels in yellow perch and in plankton also fell.

The results have led both groups to call for a more effective national system for monitoring the sources and effects of airborne mercury. The sulfur-dioxide program worked, Dr. Driscoll says, because the EPA had comprehensive monitoring network. "Those measurements are not in place for mercury."

Cruise Line Fined For Striking, Killing Whale (ADN)

By Don Hunter, Anchorage Daily News

Anchorage (AK) Daily News, January 24, 2007

Princess Cruise Lines has agreed to pay $755,000 in fines and restitution to resolve accusations that one of its ships struck and killed a humpback whale near Glacier Bay more than five years ago.

A court date to finalize a plea agreement is set for Monday in U.S. District Court in Anchorage. According to documents filed last week, Princess is expected to plead guilty to a single misdemeanor of “failing to operate at a slow, safe speed while near humpback whales.” Under a plea agreement yet to be filed, the company would pay a $200,000 fine to the government and $550,000 in “community service restitution” to the National Park Service Foundation, court papers say. That money would go to an account for Glacier Bay National Park.

A Princess spokeswoman, Julie Benson, confirmed that the company plans to enter the plea agreement, but said she could add little now. “There are things we would like to address later when we have more time and information,” Benson said.

John Quinley, an Alaska spokesman for the National Park Service, said Justice department attorneys have told Park Service officials not to discuss the case at least until next week. The body of a 45-foot humpback was found floating near the mouth of Glacier Bay in mid-July 2001. A necropsy conducted at the time showed the animal died of massive skull fractures. A Princess vessel, the Dawn Princess, had been operating near two humpback whales a few days before, according to the court papers and news reports at the time.

FBI/DEA/ATF/USMS:

Mexican Attorney General Cites 'alarming' Increase In Drug Consumption (AP)

AP, January 24, 2007

MEXICO CITY: Mexico's Attorney General said an alarming increase in drug use in Mexico is leading cartels to fight primarily for markets and territory rather than shipping routes, as cocaine finds an easier market here than in the United States.

Attorney General Eduardo Medina Mora also said Tuesday that a group of alleged drug traffickers extradited to the U.S. over the weekend could be returned to Mexican prisons once they are tried abroad, noting "that possibility has not been discarded."

His comments to congressional members that some of the 15 extradited late Friday might wind up back in Mexico to serve unfinished sentences or face new trials seemed at odds with the expectations of U.S. officials, who apparently plan to keep them for life.

On Monday, Karen Tandy, chief of the U.S. Drug Enforcement Administration, said that "on behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives." Those extradited to the U.S. include alleged drug lords like Osiel Cardenas and Hector Palma Salazar.

A so-called "temporary extradition" arrangement between the two countries allows suspects serving prison sentences in Mexico to be sent north for trial, but they must then return to Mexico to finish out their sentences here.

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However, a top Mexican law enforcement official who wasn't authorized to give his name said Calderon had decided that Friday's extraditions didn't fall under that accord.

Despite Mexico's massive anti-drug raids, Medina Mora said that drug cartels still threaten "government sovereignty and control" in some regions, in part because they do more business locally now, rather than just shipping most drugs north as in the past.

"The consumption of hard drugs is increasing at truly alarming rates ... at rates of as much as 20 percent annually," Medina Mora said during testimony before lawmakers.

"Changing international (drug) market conditions have not only caused an increase in violence as they fight for markets, but have also focused organized criminal groups more toward the domestic market."

That has forced Mexico to shift its anti-drug efforts toward "a new paradigm," Medina Mora said.

In the past, authorities focused on arresting top drug lords, a move that often served to temporarily disrupt the chain of command on shipment routes they controlled.

But now that money and drugs follow a somewhat more diffuse network of local and international sales, the government has decided to use an approach oriented toward the drug economy.

The new campaign, which includes sending thousands of federal police and soldiers into several key strongholds, is aimed at "breaking up the areas of power, moneymaking and privilege."

Medina Mora said that in Mexico, lawyers for drug traffickers carry messages from their clients to their henchmen on the outside. Breaking up such contacts, he said, was part of a "new trend" in international law enforcement, and one of the reasons for the extraditions.

4 Extradited Drug Cartel Leaders Appear In Houston Court (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 24, 2007

Four drug cartel leaders extradited this weekend from Mexico and facing charges in San Diego federal court appeared in a Houston courtroom yesterday under high security.

They were among 15 people turned over by Mexican officials late Friday and early Saturday in a move that authorities said signals unprecedented cooperation in the fight against drug traffickers.

“Now, did we get all of Mexico's major drug traffickers? No, not yet. But this past weekend, the U.S. and Mexico have taken a tremendous leap forward,” said Karen Tandy, head of the Drug Enforcement Administration.

The four are expected to appear in San Diego federal court within weeks. Officials refused to give details about their transfer here for security reasons.

Two are brothers accused of leading day-to-day operations for the Arellano Félix cartel. Authorities said the other two are an “enforcer” for the criminal organization who was a link to Southern California street gangs and a former member who then led a rival cartel.

Tandy said the greatest coup was the extradition of Osiel Cárdenas, a former police officer accused of running the Gulf Cartel, and of having corrupted specially trained Mexican federal officers.

“For the past eight years, Osiel Cárdenas Guillen commanded one of the most brutal and powerful drug cartels in the world,” she said. “For the last four of those years, he did it from within a Mexican prison outside of Mexico City.”

She lauded the extradition of Ismael and Gilberto Higuera Guerrero, indicted in 2003 in San Diego federal court. “Ismael was the Arellano Félix organization, or the Tijuana cartel's, chief of operations. Gilberto supervised operations in neighboring Mexicali.”

As important, drug trafficking experts said, is Hector Palma Salazar, indicted in San Diego in 1995 and accused of conspiring to distribute more than a ton of cocaine.

A former member of the Arellano organization, he joined with Joaquín Guzmán Loera and ran the rival Sinaloa cartel.

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Eduardo Medina Mora, Mexico's attorney general, has said the cartel leaders – Cárdenas, Palma and the Higuera brothers – were extradited to stop their communications from behind bars and to reduce risks of violence and escape, not because of U.S. pressure. The aim was to break "physical and geographical" contact with their gangs while they were in Mexican prisons.

Deputy U.S. Attorney General Paul McNulty said he was confident the U.S. prison system would be able to better control such communication.

"We have a long record of not having those kinds of problems occur within the Federal Bureau of Prisons," he said, including monitoring telephone calls, letters and visits.

One of those extradited, José Albert Márquez, is accused of being a leader in the Mexican Mafia prison gang, acting as a link to the Arellano Félix cartel.

The prison gang is accused of masterminding killings from inside prison and controlling drug distribution through threats and extortion using street gangs.

Also yesterday, the federal judge overseeing the possible death-penalty trial of accused kingpin Francisco Javier Arellano Félix sharply disagreed with prosecutors and defense lawyers over when a jury would hear the case. Arellano is accused of racketeering and conspiracy.

The lawyers told U.S. District Judge Larry Alan Burns they could be ready to take the case to trial in June 2008. Burns insists it can begin this year.

Although Arellano may face the death penalty since he was captured by U.S. officials, the group's top lieutenants won't because of terms of their extraditions from Mexico, where there is no death penalty.

Mexican President Felipe Calderón pledged yesterday to wage a permanent war on organized crime.

In addition to stepped-up extraditions, Calderón sent federal troops to patrol cities where police corruption is suspected, including Tijuana, where municipal officers were stripped of their weapons Jan. 4.

Man On Lam Flown Back To U.S. (MON)

Monitor, January 23, 2007

McALLEN — One of the 15 fugitives Mexico extradited to the United States Friday was a former officer in the Donna and Weslaco police departments whose confession nine years ago helped bring down a powerful Mexican cartel.

Gilberto Salinas-Doria's arrival at Ellington Field Friday outside Houston capped 16 years on the run from a federal indictment in Brownsville. But his most serious drug charges, the ones that prompted extradition, come from an indictment in New York, and stem from his time as a fugitive in Quintana Roo, the Mexican seaside state that is home to Cancun.

The extraditions Friday included the head of the Matamoros-based Gulf cartel and were done with only hours' notice to U.S. authorities. The extradition was aimed at removing top-level cartel leaders from Mexico, where they wield power even inside prison.

Salinas-Doria rose from lowly street dealer to making as much as $22 million a year, The Associated Press reported in 1999. He guaranteed cocaine and marijuana made it from Quintana Roo to Reynosa and then into the United States, according to the Mexican Attorney General's Office.

It is unclear whether prosecutors will reopen the 1990 Brownsville case that prompted Salinas-Doria to go on the lam.

Salinas-Doria entered the Donna police force in 1979, and took a job with Weslaco police the following year, according to The Monitor's archives. He was fired in 1982 after being investigated for selling drugs out of his police cruiser and other offenses, the AP has reported. He was never prosecuted.

His earliest convictions happened in 1983 when he pleaded guilty to possession of marijuana and in 1988 when he was convicted of conspiracy to sell marijuana and received 10 years' probation.

Salinas-Doria skipped bail on a 1990 charge in Brownsville that he tried to buy thousands of pounds of marijuana. Drug cases were later opened against him in Georgia and Houston.

Salinas-Doria's name also has been tied to the investigation into the murder of Francisco Jusino, a McAllen obstetrician who was killed in 1996. Salinas-Doria was living in Reynosa when his wife lost a baby Jusino delivered at a McAllen hospital. Police sought to question Salinas-Doria but never identified him as a suspect, according to Monitor archives

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He was finally arrested in 1998 in Mexico. His confession led to the opening of 40 cases against members of Amado Carillo Fuente's cartel in Southeast Mexico and implicated the governor of Quintana Roo in drug trafficking, according to the Drug Enforcement Administration.

Salinas-Doria escaped from Mexican police later that year and was recaptured months later trying to enter Venezuela.

Mexico Praised Over Extraditions (SAE)

San Antonio Express, January 23, 2007

LAREDO — Alleged Mexican drug kingpin Osiel Cárdenas Guillén was arrested in 2003, but his reputed control over the Matamoros-based Gulf Cartel likely didn't end until this weekend, when Mexico took the surprising step of extraditing him to the United States for prosecution.

Before Friday night, when Cárdenas was taken to the United States with other accused drug traffickers, he was suspected of running the cartel's operations — and its bloody border feud with other traffickers — from his jail cell in Mexico City.

Cárdenas and 14 other extradited Mexican prisoners wanted by the United States went before a federal judge in Houston on Monday. Top U.S. officials praised the Mexican action as unprecedented.

Since taking office in December, Mexican President Felipe Calderón has taken several steps to combat the drug cartel violence that has spread across the country — including sending troops to trafficking hot spots and now the high-profile extraditions.

"We cannot overstate the significance of these steps," Deputy U.S. Attorney General Paul McNulty told reporters during a teleconference Monday. "The Calderón administration has staked out its position in favor of law-abiding citizens everywhere by choosing to stand up to these vicious criminals."

Mexico didn't give U.S. officials much time to prepare to accept the prisoners, McNulty said. They were taken to Ellington Field in Houston on three flights that landed beginning at 7 p.m. Friday. The last flight, carrying 10 prisoners, landed just past midnight, McNulty said.

Among the prisoners were Ismael Higuera Guerrero and his brother Gilberto Higuera Guerrero, both reputed top lieutenants for the Tijuana Cartel.

Also now in U.S. custody is Hector Palma Salazar, who with fugitive Joaquin "El Chapo" Guzman allegedly headed the Sinaloa Cartel.

But the prize catch was Cárdenas, who during his reign as reputed head of the Gulf Cartel founded the Zetas, an enforcement arm made up of military defectors who have grown into a feared group behind much of the violence along the border with Texas.

"This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," Drug Enforcement Administration head Karen Tandy said during the news conference.

The removal of Cárdenas from communication with his organization raised questions about whether a power vacuum would usher in a wave of violence in Gulf Cartel territory, which reaches from Matamoros, across from Brownsville, to west of Nuevo Laredo.

"This is going to add to the ongoing war between these groups," said Bruce Bagley, an expert on drug trafficking at the University of Miami. "It happens every time you behead one of these organizations."

Violence in the short term is almost assured as the Gulf Cartel restructures itself and as the rival Sinaloa Cartel may perceive the group as vulnerable, Bagley said.

The Monitor's View (CSM)

The Christian Science Monitor, January 24, 2007

A new Mexican president, Felipe Calderón, has taken extraordinary steps to give fresh hope to a country that needs it. He's extradited drug kingpins to the US and sent troops into violent drug zones. This just may be a Mexican leader the US can get behind.

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In 2005, Mexico surpassed Colombia as Latin America's main producer and distributor of narcotics. And like "Plan Colombia," the multi-billion-dollar aid and law- enforcement effort supported by the US since the 1990s to suppress drug growing in that country, Mexico could now use a "Plan Mexico" to curb its own drug-gang scourge.

Mr. Calderón realizes he must first tackle the drug lords if he wants to improve the rule of law, human rights, and governance. Only then can he draw enough foreign investment to create jobs for the 40 percent of Mexicans who live in poverty and see El Norte as the promised land. (See a three-part Monitor series on Mexico that ends today.)

His boldest move since taking office Dec. 1 has been to deploy federal troops into places like Tijuana and Michoacán to confront both drug chieftains and corrupt local officials. (Tijuana police were disarmed during the operation.) Last year, Mexico saw more than 2,000 drug-related killings.

In recent days, Calderón has also sent more than a dozen captured drug bosses to the US for prosecution – a clear acknowledgment that Mexico's prisons and courts are too graft-ridden to safely contain them.

A US-educated technocrat who has shown the backbone of a live action figure, Calderón also launched a program to help Mexico's 100 poorest communities and another one to give cash incentives for companies to hire young workers. And he's proposed health insurance for infants.

Those compassionate moves indicate this leader of the conservative PAN party knows he barely won July's election against the leftist populist, Andrés Manuel López Obrador.

But they may also signal that the country's entrenched political establishment knows it must fix the country's fundamental problems or else it will see the election of a Hugo Chávez-style firebrand in 2012 by the "other Mexico."

Calderón is up against a deep culture of corruption and a concentration of wealth and power that only began to erode with the ouster of the long-ruling PRI party in 2000. His next steps, after cracking down on organized crime, must be to clean up the police and courts, while curbing public unions and breaking up monopolies. Last week's surge in the price of tortillas – a staple dominated by one company – shows the task he faces.

He has begun to open government actions to scrutiny and set up a uniform system for public spending. His severest test, however, may be in forming coalitions in the legislature, something his predecessor, Vicente Fox, failed to do. The PRI, which lost badly in the last election, may be open to assisting him.

The US should back Calderón's bold moves. For starters, it can reduce its consumption of illegal drugs and make it more difficult for Mexicans to cross the border and abandon their country. But now may be the time for the US to ask what more it can do to finally help fix its neighbor's seemingly intractable social and economic problems.

Gang Task Force Nabs 11 In Sweep (RMA)

By Stephanie Barry, Sbarry@repub.com

The Republican (MA), January 24, 2007

SPRINGFIELD - A local gang task force arrested 11 suspected gang associates early yesterday morning, billing the effort as a coordinated attempt to beat back rising street crime.

FBI supervisor Michael G. O'Reilly said 175 federal, state and city law enforcement officials joined in an orchestrated sweep at dawn. Eleven suspects were arrested on warrants and were in custody before noon, Springfield police records showed.

The police log did not specify the charges, but O'Reilly said the suspects were targeted for alleged narcotics dealing around the city's Mason Square neighborhood.

"We've been trying to get these guys off the street. The timing in the city was right," O'Reilly said yesterday, referring to an unsettling spike in violent crime including a shoot-out at a Main Street restaurant on New Year's Day.

In addition to the FBI and Springfield police, agents with the U.S. Drug Enforcement Administration and Bureau of Alcohol, Tobacco, Firearms and Explosives joined in the sweep, plus U.S. Marshals, Massachusetts State Police and members of the Hampden County Sheriff's Department.

Members of each agency contribute to the Hampden County Joint Gang Task Force. The task force last rounded up dozens of local Latin King affiliates in 2005.

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Yesterday, O'Reilly said law enforcement officials recovered a half-dozen handguns and small amounts of cash and drugs. Of the guns, he said ballistics tests will be performed to determine whether they can be linked to any local crimes.

"You never know what these guns are tied to," he said.

Springfield police spokeswoman Jennifer Flagg said joint law enforcement efforts are a key strategy in fighting local street crime.

"Partnerships with multiple law enforcement agencies allows us to pool our resources, share information on criminals and work towards putting them away for long prison terms," she said.

O'Reilly said the sweep was ongoing yesterday evening, and he expects to announce more arrests today.

Prosecutors: Car Dealers Were In Drug Business (CHIST)

Chicago Sun-Times, January 23, 2007

Two West Side auto dealer owners lined their pockets by selling luxury SUVs for cash to drug dealers, who used them to smuggle cocaine or heroin, prosecutors alleged Monday.

In one case, hundreds of thousands of dollars in cocaine was later found welded into the frame of an SUV seized by agents, prosecutors contend.

Luxury cars seized The accusations came as the trial for Amir Hosseini and Hossein Obaei began in federal court. The men's dealerships -- Amer Leasing Sales, American Car Exchange and SHO Auto Credit -- were shuttered by authorities in 2005 and more than 100 vehicles, including Jaguars, BMWs, Cadillacs and tricked-out SUVs, were seized.

Hosseini, of Winnetka, and Obaei, of Northbrook, are accused of using their businesses as a haven for drug runners and gang-bangers, laundering millions of dollars. They allegedly helped drug dealers conceal their large cash payments for vehicles and also put liens on paid-off cars.

The liens meant that if the feds seized the vehicles, they would have to turn them back over to the car dealers. The dealers then allowed the gang-bangers to recover the vehicle -- or any drugs still stashed inside, the government alleges.

But defense lawyers say their clients were legitimate businessmen who weren't about to question how their clientele were able to pay in cash.

"Mr. Obaei is a used car dealer. He is not a drug dealer," said his lawyer, Andrew Staes.

Staes said if some of Obaei's clients were drug dealers, there's no evidence he knew about it.

But Assistant U.S. Attorney Daniel Rubinstein said the two "took street money and drug money and converted it back into luxury cars."

Drugs welded into frame In opening statements, Hosseini's lawyer, Pat Tuite, said many of the witnesses expected to testify were doing so to save their own skin. He suggested sales people who worked for the men were tied to drugs and gangs -- not the owners.

While seizing SUVs at the U.S.-Mexico border, the Drug Enforcement Administration and FBI discovered many were purchased at the West Side dealerships.

In one case, a drug-sniffing canine hit on an SUV but authorities couldn't find the "trap," a hidden compartment used by drug dealers to stash drugs. They soon learned from witnesses that the cocaine was packaged and actually welded into the car's frame, Rubinstein said.

Taxpayers Footing Bill For Illegal Immigrant's Defense (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), January 24, 2007

Taxpayers, check those wallets.

If they seem a little light, consider the legal bills for a Mexican citizen's fight to get out of jail pending a Knoxville drug charge to which he pleaded guilty Tuesday.

Juan Lino-Gomez, 28, pleaded guilty before U.S. District Judge Tom Varlan to charges that he conspired with three other men to sell marijuana in East Tennessee over a two-year period.

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Assistant U.S. Attorney Mike Winck said Lino-Gomez in a single transaction last July sold 100 pounds of marijuana. Unlucky for him, though, his customer turned out to be an undercover agent, and he and his alleged cohorts were arrested, Winck said.

But Lino-Gomez's case offers up more than a garden-variety pot-pushing conspiracy. It is a primer on the price tag that prosecutions involving illegal immigrants can carry.

Start with the salaries of lead investigators, U.S. Drug Enforcement Administration Agent Todd Lee and Knoxville Police Department Investigator Bruce Conkey.

Next, add in cash taxpayers fork out to cover Winck's salary. As a veteran federal prosecutor, he doesn't come cheap.

Then, figure in the cost of defense attorney Stephen Ross Johnson, who was appointed to the case because Lino-Gomez said he could not afford to hire counsel.

Appointed attorneys earn $92 per hour up to a maximum of $7,000. A court-appointed attorney can earn another $5,000 to handle an appeal.

Because Lino-Gomez has not yet been sentenced, the cost of his defense has not yet been calculated. But Johnson certainly has racked up dozens of hours of work in the case, if not more. After all, the zealous defense attorney pitched an appeal for Lino-Gomez's freedom to two local judges and an appellate court panel.

According to court records, Lino-Gomez first entered the United States on a student visa. He returned on a work visa, but it had long run out when he was nabbed last July peddling marijuana in Knoxville.

Winck asked U.S. District Magistrate Judge Bruce Guyton to keep Lino-Gomez behind bars. He argued it was a no-brainer.

"Defendant is a citizen of and has ties to Mexico," Winck wrote. "(He) is facing a lengthy sentence if convicted. (He) has no ties to this district."

Not so fast, Johnson countered.

"A determination may be made that he is not deportable on the basis of his direct familial relationship with United States citizens, such as his two biological children," Johnson wrote in rebuttal.

Guyton sided with Winck. Johnson appealed to Varlan, who also sided with Winck. Johnson then took his argument to the 6th U.S. Circuit Court of Appeals. A three-judge panel shot him down in an order filed last month.

"The defendant is not a United States citizen," the court order stated.

Jamie Satterfield may be reached at 865-342-6308.

Bloomberg, Other Big-city Mayors Hold Gun Summit In D.C. (AP)

By Devlin Barrett, Associated Press Writer

AP, January 24, 2007

WASHINGTON -- Dozens of mayors from around the country gathered Tuesday to urge the new Democratic Congress to fight crime by allowing wider tracking of illegal guns.

New York Mayor Michael Bloomberg and Boston Mayor Thomas Menino were joined by 50 other mayors, who argue more access to gun sales data would reduce crime in the streets of their cities.

Minneapolis, Miami, Newark, N.J., and Omaha, Neb., were among the cities represented.

Bloomberg, a moderate Republican, said it was time to "begin showing Congress that it is possible to find common ground on common sense issues."

"We refuse to fall into the same old trap that it is an either-or: either respect the rights of gun owners or keep illegal guns out of the hands of criminals," Bloomberg said. "That's ideological nonsense, and we've just got to move past it."

To buttress their case, several of the mayors cited the recent rises in violent crime across the country.

FBI data show that violent crime rose 3.7 percent nationwide in the first six months of 2006 compared to the previous year.

In New York, the murder rate rose almost 10 percent in 2006, though the overall crime rate continued to decline.

New York's police commissioner, Ray Kelly, said: "After a significant downturn across the nation, violent crime is once again on the rise. Many cities are experiencing a substantial increase in shootings and homicides."

The mayors, most of whom were in town for separate meetings later this week of the U.S. Conference of Mayors, faulted the federal government for not doing more to crack down on the illegal movement of guns across city and state lines.

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The White House has said violent crime has been reduced significantly in recent years, especially in many large cities, and a lot of the credit for that goes to mayors and law enforcement personnel and cooperation at the local, state and federal levels. It has said President Bush and Attorney General Alberto Gonzales are committed to making sure that existing laws are enforced.

For years, Bloomberg and others have complained about the National Rifle Association's powerful opposition to allowing the government to release gun sales records, also known as trace data, to show which tiny percentage of gun dealers are providing the bulk of guns used in crimes.

The NRA and other groups have derided the mayor's agenda as an elitist attempt to fix local crime problems by curtailing the national right to bear arms under the Second Amendment of the Bill of Rights.

Wayne LaPierre, the CEO of the NRA, called Bloomberg's argument "a wolf in sheep's clothing for the average gun owner in the United States."

LaPierre argued past gun trace data was misused in a way that weakened criminal prosecutions of criminals.

"The rest of the country doesn't really want New York City-style gun laws imposed on them ... where (gun) permits are given out to the elite and the famous while the average guy is flat out of luck," LaPierre said.

The mayors contend lax enforcement of national laws has brought more guns and armed criminals to their doorsteps.

"Illegal guns are a national problem that require a national response," Menino said.

Menino and Bloomberg formed Mayors Against Illegal Guns last year to press the government to share federal trace data with local law enforcement.

That trace data could also be used in lawsuits against dealers and gun manufacturers.

The mayors argue that if the trace data were shared, dealers would not be able to skirt or break the law when selling to so-called straw purchasers _ those who technically buy the weapons but quickly give them to someone else.

During the gathering, Bloomberg also offered another declaration of confidence in his police commissioner.

"I guarantee you he will be our commissioner for the next three (years). After that, Ray, you're on your own," Bloomberg joked.

Mayors Unite On Gun-tracking Effort (WT)

By Brian Debose

The Washington Times, January 24, 2007

More than 120 of the nation's mayors urged Congress yesterday to allow federal and local law enforcement to share gun database tracking information in an effort to curtail the illegal sale of firearms.

City executives said they have run out of options to keep guns off their streets. Gun-buyback programs and stings on vendors who violate laws haven't solved the problem, they said.

Mayors Michael R. Bloomberg of New York and Thomas M. Merino of Boston, who in April formed a coalition called Mayors Against Illegal Guns, have crafted a policy agenda for Congress.

They are attempting to avoid serious conflicts with pro-gun groups, sportsmen and advocates of the Second Amendment, which protects Americans' right to bear arms.

"Gun owners support common-sense policies to keep illegal guns off our streets. This is not a Second Amendment issue; this is a crime issue," Mr. Bloomberg said yesterday during a coalition meeting in Washington. "The fact is, respecting the rights of gun owners while cracking down on illegal guns are completely compatible goals."

The mayors are asking lawmakers to allow the federal Bureau of Alcohol Tobacco Firearms and Explosives (ATF) to share gun registry information with city and state police forces. Conservative Republicans who oppose additional laws restricting gun purchases and ownership call the idea an undue intrusion on privacy rights.

An appropriations bill that passed in 2003 included an earmark amendment submitted by Rep. Todd Tiahrt, Kansas Republican, that limited the type of gun-tracing information that the ATF could share with police.

Some Republicans now are joining Democrats to support removal of that policy.

The mayors yesterday also announced the creation of a congressional task force that will study gun violence and recommend solutions to curb illegal gun sales.

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The committee will include Reps. Charles B. Rangel, New York Democrat; John Conyers Jr., Michigan Democrat; Peter T. King, New York Republican; and Mark Steven Kirk, Illinois Republican.

"Death by illegal guns doesn't show any racial, partisan, political or religious grounds. It is a national problem that has to be addressed," Mr. King said.

Former Federal Agents Suing City, Charge Police Corruption (BVND)

By Mike Robinson

AP, January 24, 2007

CHICAGO - Chicago police retaliated with harsh reprisals against two government agents who blew the whistle on one of the city's most corrupt police officers ever, a federal court jury was told Tuesday.

Diane V. Klipfel and Michael V. Casali, a married couple who were agents with the Bureau of Alcohol, Tobacco and Firearms, found their lives in ruins after they leveled corruption charges in 1992 at decorated narcotics investigator Joseph Miedzianowski, attorney Sally H. Saltzberg said.

"They went to enormous lengths to retaliate against Diane and Mike for their allegations," Saltzberg said during opening statements in the couple's civil lawsuit against the city.

Klipfel and Casali are seeking almost $10 million apiece in damages from the city, saying they were not only the targets of retaliation but the victims of a "blue wall of silence" designed to cover up corruption.

City of Chicago attorney Stephen Baker scoffed at the notion that the city had any responsibility for the problems that beset the couple.

He told jurors that police officials all but begged ATF for information about wrongdoing on the part of Miedzianowski. But it was the Chicago police who were met with silence, Baker said.

He noted that Klipfel had not only become involved in a controversy over Miedzianowski but allegations against superiors in her office.

Eventually, the "60 Minutes" television show produced a documentary about problems in the Chicago ATF office and an investigation was launched by the inspector general's office.

Klipfel and Casali have not been ATF agents since the late 1990s.

Saltzberg promised to shine a light on corruption and indifference at the police department. Among planned witnesses for the couple is Chicago Police Superintendent Phil Cline, who once supervised Miedzianowski.

Miedzianowski, who is also a defendant in the suit, was convicted in April 2001 of racketeering, narcotics conspiracy and firearms violations. He is serving a life sentence at a federal prison in California.

Witnesses at his trial testified that Miedzianowski supplied street gang members with drugs, guns and ammunition when he was supposed to be investigating them.

Attorneys for Klipfel and Casali plan to show jurors a televised deposition given by the wayward former officer from his federal prison.

Saltzberg said that "Phil Cline knew Miedzianowski was a crook - it was hard to miss." She said that Cline filed several reports suggesting that Miedzianowski might have been involved in corruption.

But she said that he didn't follow up on them.

Meanwhile, police hit Klipfel with 129 allegations of corruption on her part and additional allegations against her husband, Saltzberg said.

Miedzianowski also threatened the couple with violence, bringing a gunman into their home and telling him to "kill them all," she said.

The gunman didn't follow Miedzianowski's order. But the fear of what might happen prompted the couple to send their children away repeatedly. They also made the children sleep in a closet in the center of the home and kept them away from the walls and windows at other times, Saltzberg said.

IMMIGRATION:

DOJ_NMG_0120848

President Renews Push For Bill On Immigration (WT)

By Stephen Dinan

The Washington Times, January 24, 2007

President Bush last night said his administration has made huge strides clamping down on illegal border crossings, and called on Congress to finish the job this year by passing a guest-worker bill and extending citizenship rights to illegal aliens.

In a State of the Union address designed to highlight areas where he could work with the new majority Democrats, Mr. Bush put immigration front and center, along with education, health care and energy policy -- all domestic issues where he thinks he can find common ground.

"Convictions run deep in this Capitol when it comes to immigration. Let us have a serious, civil and conclusive debate -- so that you can pass and I can sign comprehensive immigration reform," Mr. Bush said.

But the president's push will isolate many conservative Republicans who oppose his immigration and education plans, and shows the precarious balancing act Mr. Bush will have to do with his own party as he works with Democrats to try to achieve legacy accomplishments.

"These last two years will be the years that the president's trying to establish a legacy. Oh, how I wish there was a magnificent legacy already in place," said Rep. Steve King, Iowa Republican, who said the president is tearing their party apart over his immigration policy, which Mr. King called amnesty.

"You can hear the hammer drive the wedge right into the Republican Party," said Mr. King, a supporter of Mr. Bush's war on terror.

House Republicans last year blocked Mr. Bush from winning a guest-worker bill, instead sending him an enforcement bill that he signed.

Mr. Bush did not tread new ground on policy last night, instead repeating his demand for an immigration bill that tackles five issues: border security, interior enforcement, a new program for future foreign workers, a path to citizenship for current illegal aliens and a push to assimilate immigrants into society.

But his emphasis on border security was new, compared with his past three State of the Union addresses.

Mr. Bush promised to fulfill his pledge of doubling the size of the U.S. Border Patrol, and said, "We will enforce our immigration laws at the work site and give employers the tools to verify the legal status of their workers so there is no excuse left for violating the law."

Rep. Jeff Flake, Arizona Republican and a supporter of Mr. Bush's immigration stance, said it helps to have Mr. Bush continue to push the issue.

Tamar Jacoby, a senior fellow at the Manhattan Institute who acts as an informal adviser to the White House on the issue, said Mr. Bush knows he must convince Republicans who say they cannot work on a broad bill without first tackling border security.

"How does he do that? He speaks to the issue that's holding them up. That's the right thing to do," she said. "He has the belief that if he pushes too far, they're just going to push back. The main thing he can do is address some of their concerns and motivate them."

Some of Mr. Bush's supporters then want the president to get into policy details, calling lawmakers to the White House and hammering out a compromise himself. Others say he should stay above the fray and instead focus on pressuring his own party.

"If he would do either, I would be thrilled," said Angela Kelley, deputy director of the National Immigration Forum. "So far he has made some terrific speeches about this issue, but yet, calling meetings, having press conferences, making phone calls, dispatching deputies to the Hill -- any of those steps are absolutely critical."

She said Mr. Bush has made a solid start, "but we're far from it being into the end zone."

For now, Mr. Bush's focus appears to be on convincing his own party he is serious about enforcement.

Southwest border apprehensions were down 26 percent from October through December 2006, compared with the same period in 2005. U.S. Border Patrol officials said that was a result of the president's decision last year to boost Border Patrol resources and deploy National Guard troops to help. Apprehensions of non-Mexican illegal aliens fell 58 percent.

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Immigration authorities say fewer apprehensions means fewer individuals are trying to cross, though critics say it could mean illegal aliens are shifting to cross in less-well-patrolled places.

Mr. Bush also pointed to stepped-up work-site enforcement, saying the number of arrests last year was seven times the level in 2002.

But Mr. King said 1,000 illegal aliens still cross the border each day and more needs to be done. He said Mr. Bush should start by following through on building 700 miles of border fence and producing the report on operational control of the border that he agreed to in signing the fence bill.

Immigration Proposals Reverse Party Loyalties (WSJ)

By June Kronholz And Sarah Lueck

The Wall Street Journal, January 24, 2007

WASHINGTON -- President Bush's call for an overhaul of immigration law is largely a reprise of earlier plans, but with a twist: With his party out of power on Capitol Hill, it could pass.

Mr. Bush elevated immigration to one of four domestic-policy priorities in his State of the Union address, even while offering an agenda similar to last year's plan. He proposed a temporary-worker plan, a path to legalization for some of the estimated 12 million illegal immigrants, tougher border enforcement and measures to ensure employers hire only legal workers.

TERMS OF ENTRY

• The Issue: President Bush again is making immigration reform a top priority in his domestic agenda.

• Behind the Debate: Whether to provide temporary immigrant workers a path to citizenship is a key difference between Mr. Bush and congressional Democrats.

• What's Next: Democrats are likely to press for their own "comprehensive" legislation and rely on Mr. Bush to help round up enough Republican votes.

Democratic control of Congress clears one big obstacle: a Republican House leadership focused on a crackdown, in part by building a fence along 700 miles of the U.S.-Mexico border. Both houses are expected to take up bills that resemble Mr. Bush's plan.

Senate Majority Leader Harry Reid (D., Nev.) said his chamber could pass a bill by August. The House, which hasn't held hearings on the most contentious issues, will take longer, although Rep, Zoe Lofgren (D., Calif.), who heads the House immigration subcommittee, said "we can get somewhere."

Even so, immigration is such a volatile issue that passing a bill "is going to be a mountain to climb," said Frank Sharry of the National Immigration Forum, a coalition of pro-immigration business, labor and advocacy groups.

Mr. Bush and congressional Democrats agree on the outlines of a bill, but they are far apart on details. Both agree on helping employers fill jobs with temporary workers. Without that, they say, the U.S. economy will remain a magnet for illegals. But the president insists those workers must eventually leave, a key demand of conservatives who fear the growing Hispanic population is undermining American culture. Generally, Democrats want to let them stay and eventually become citizens.

The issue cuts across party lines, which will make compromise difficult. Business groups, which generally are friendlier to Republicans, say making workers go home would be disruptive to employers and create a permanent underclass with no loyalty to the U.S. Mr. Bush's insistence that workers go home "would be the death knell for bipartisan agreement," Mr. Sharry said.

Labor unions, which are generally supportive of Democrats and wield more clout after Democratic wins in the November elections, fear that temporary workers will drive down wages for U.S. workers.

Mr. Bush and congressional Democrats favor legalizing many of the illegals now in the U.S. A Senate bill last year proposed treating them differently depending on how long they have been in the U.S. That's seen as unworkable, even by House Democrats.

Coming up with an alternative will be contentious. The president and pro-immigration Democrats fear that a plan that allows too many illegal immigrants to stay will be branded an amnesty by wary voters, while a plan that allows too few to stay won't work.

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The White House wants illegal immigrants to pay a fine and back taxes, learn English and hold jobs for a number of years (as yet unspecified) before they could legalize. The approach is popular with Democrats.

Passage of a bill in either house will depend on the support of Republicans, however, many of whom complain those measures are a slap on the wrist.

The November elections have given a boost to supporters of immigration overhaul, which could help ease passage. Hispanic voters peeled away from Republicans, largely because of the party's hard-line stand on immigration, and both parties are eager to claim that growing voter bloc.

Employers want a bill that sets worker-verification guidelines and protects them from immigration raids. The administration stepped up enforcement last year, making thousands of arrests. That created a furor among employers who say they have no way to know if a worker is legal.

The issue cuts both ways. Democrats fear handing Mr. Bush a big legislative victory, but they hope he can deliver Republican votes. Still, lawmakers are hopeful. "This is one issue where there's a lot of overlap between the president's position and our position," said Rep. Howard Berman (D., Calif.). "What the president hasn't ever been willing to do is spend credits on it. I hope he has some left."

Southern California Immigration Raid Nets 761 Arrests (FINDLAW/AP)

By Gillian Flaccus, Associated Press Writer

AP, January 24, 2007

(AP) - SANTA ANA, California-Federal immigration officials said Tuesday they arrested more than 750 illegal immigrant fugitives from 14 countries in what they described as one of the biggest such sweeps in U.S. history.

The weeklong series of raids in the five-county Los Angeles region targeted illegal immigrants who had previously been deported for crimes or had ignored final deportation orders.

The raids netted 338 illegal immigrants who were arrested at their homes and apartments and 423 who were identified in area jails since Jan. 17. Those already jailed will be transferred to federal custody when they finish serving their state sentences, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement.

The sweep netted illegal immigrants from Mexico, Honduras, Ukraine, India, Japan, Poland and Trinidad, among others. Of the 761 people arrested, more than 450 have already been deported, Kice said.

The raids were a major push within "Operation Return to Sender," a crackdown that has resulted in 13,192 arrests nationwide since late May. Immigration officials have also identified 3,000 inmates in state and local jails who will be deported.

The operation targets those illegal immigrants who hide after skipping their voluntary deportation proceedings and criminals who have re-entered the United States after being previously deported for crimes in the U.S.

Despite ongoing efforts, officials estimate that about 600,000 illegal immigrants who have ignored deportation orders are still at large, Kice said.

The Associated Press rode along for the first day of sweeps in Orange County last week.

Immigration officers gathered at 4 a.m. (1200 GMT) in a chilly parking lot for a pep talk, then fanned out to houses in Anaheim and Santa Ana.

At the first stop, an apartment complex, a half-dozen agents arrested a 29-year-old illegal immigrant wanted for a DUI conviction. Kice said that man is now helping them find his brother, who is a registered sex offender and immigration fugitive.

At the second stop, the agents were looking for a convicted rapist and immigration fugitive. Instead, they arrested six men who could not provide legal papers - and later learned that all six were illegal and four had criminal records.

The rapist they sought had moved out the week before, Kice said. Officials are still searching for him.

TAX:

Back Taxes Sought From Closed Center (BUFFNEWS)

Buffalo News, January 24, 2007

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In an attempt to recoup back taxes from the closed St. Augustine Center, the Tax Division of the U.S. Justice Department has filed a federal suit seeking to block state court action in the case.

The Tax Division served papers Friday on State Supreme Court Justice John A. Michalek, who shut down the center last February, and Adam W. Perry, the attorney he assigned to close the books on the center and pay off unpaid workers.

U.S. District Judge John T. Elfvin has scheduled a hearing on the suit for Wednesday.

Perry noted this is the third time in recent months that the Justice Department has sought to intervene in the state court action, in which he is seeking to partially compensate 85 employees, each now entitled to about $1,500, for their work during the final months.

The Justice Department lawsuit describes the court action as an effort to block Perry from distributing any funds collected for St. Augustine employees and "enjoin the New York State Supreme Court, Erie County, from proceeding further in the receivership action."

The federal government hopes to secure at least partial funding of the $699,553 in unpaid federal employment taxes, federal income tax liabilities and interest that continue to accumulate against the center.

Three weeks ago, Elfvin quashed an Internal Revenue Service effort to have the entire tax dispute handled in federal court. And last week, Michalek refused to permit the IRS to intervene in the state case.

CONGRESS-ADMINISTRATION:

Bush Unveils Health Plan Tied To Tax Deduction (USAT)

By Julie Appleby

USA Today, January 24, 2007

President's Bush's State of the Union health care proposal couples an old idea, capping tax-free benefits for health care, with a new one: a standard deduction for all who buy health insurance.

If approved, and the plan faces a chilly reception in the Democrat-controlled Congress, the administration says it would give people who buy their own health insurance equal tax breaks with those who get coverage through their jobs. The tax savings could help 3 million to 5 million of the nearly 47 million now-uninsured people buy coverage, the administration says.

For the rest, the president proposes moving some money that currently goes to hospitals and nursing homes into subsidies to help lower-income people buy health insurance through state-sponsored insurance programs.

Opponents, such as liberal advocacy group Families USA, says the proposal mainly benefits wealthier Americans. Others say it could lead some employers to drop insurance, forcing workers onto the individual market, where some may not be able to afford coverage.

A similar plan to cap tax-free health benefits offered by employers was proposed by President Reagan in 1986 but failed to pass Congress.

Rep. Pete Stark, D-Calif., chairman of a key health subcommittee in the House, said he would not even consider hearings on the proposal. He says it would give wealthier Americans with health insurance a far larger tax break than the lower-income uninsured that the plan purportedly aims to help.

The White House outlined some elements of the plan:

•Health insurance offered through jobs would become taxable income. But insured workers' taxable income would be reduced by a deduction of $15,000 for a family plan or $7,500 for an individual. Currently, the average family health plan offered by employers costs $11,500 for families and $4,300 for singles, a Kaiser Family Foundation survey says. Only people with insurance worth more than the deduction would pay more tax.

•People who buy their own insurance would get the same deductions: $15,000 for families, $7,500 for singles, lowering their taxable income by that amount — even if their health plans did not cost that much. Currently, only the self-employed who buy their own insurance get a tax deduction.

•The administration says more than 100 million workers — out of about 175 million — who now get their insurance through their jobs would see their tax bills go down.

"For a lot of people, it would be a bonanza," says Joe Antos of American Enterprise Institute. He and other supporters of the plan say it would encourage employers to offer less-generous insurance plans. They say generous plans drive up the cost of health care.

Paul Fronstin of the Employee Benefit Research Institute says the proposal might lead more employers to drop coverage. Some employers might also find that younger, healthier workers would opt out of company plans to buy their own insurance, leaving sicker, more expensive workers behind, he says.

Bush's Insurance Plan Looks DOA (RC)

By John Stanton

Roll Call, January 24, 2007

President Bush's call for a major overhaul of the employer-based health insurance system is unlikely to see much, if any, action in the Senate this year in the face of near-universal opposition from Democrats and a GOP base still stinging from the Social Security debacle in the 109th Congress.

Bush was expected to make the proposal a central aspect of the domestic policy section of his State of the Union address. The plan would create a new tax on individuals who have insurance through their work if the value of their coverage exceeded $15,000 a year. Those taxes would be used to help subsidize coverage for low-income citizens.

Senate Democrats have largely dismissed the proposal, charging it will cause a significant tax burden on middle-class families.

Senate Health, Education, Labor and Pensions Chairman Edward Kennedy (D-Mass.) said that while he is pleased the Bush administration is considering some sort of insurance overhaul, the president's plan is inadequate.

"The President's proposals are an opportunity missed. They will not improve access to good coverage, and won't help working families afford the spiraling cost of health care," Kennedy said in a statement.

Sen. Ron Wyden (D-Ore.), a longtime proponent of reforming the tax code's health insurance provisions, said he opposes Bush's plan. "I'm especially troubled by the example of a couple who makes $50-$55,000 a year, with a youngster who has big medical bills," Wyden said. "They'll pay hundreds of dollars in new taxes."

Presidential hopeful Sen. Barack Obama (D-Ill.) said he would not support the plan. "It's not going to be adequate," Obama said, arguing it does not do enough to cover a number of problems with the current insurance system.

A Democratic leadership aide argued that with Democrats strongly opposed to the proposal it is unlikely GOP leaders will have the muscle necessary to force Senate Majority Leader Harry Reid (D-Nev.) to take up the issue.

Republicans could attempt to attach it to stem-cell research — the only major health care bill scheduled for consideration in the near future — but the Democratic aide said Republicans would have difficulty drumming up the 60 votes needed to do so.

"They don't have the votes. It's not going to come up," the aide said.

A senior GOP leadership aide acknowledged that the insurance reforms would likely not get a serious look in the Senate.

However, the aide said Minority Leader Mitch McConnell (R-Ky.) could take a page from last year's Democratic playbook and use the issue to try to paint Democrats as protecting upper-middle-class citizens at the expense of the poor. "It gives us something to talk about," the aide said.

Democrats warned that should the GOP make a political push over the issue, they have begun laying the groundwork to use arguments similar to those Reid employed in 2005 to block Bush's Social Security plan.

For instance, one leadership aide pointed out that since word of the proposal began to leak late last week, Democrats have been successful in portraying the plan as a tax increase on the middle class and that by framing the debate in such a way, Republicans would be forced into the position of having to defend the proposal.

Similarly, a second Democratic aide said the plan's roots in the world of conservative think tanks and the seemingly arbitrary use of the $15,000 threshold will make it easy to paint as "this year's Social Security privatization. Drop it in the dumb file."

Bush Revives Some Past Proposals And Offers A New Initiative On Health Insurance (NYT)

By Robin Toner And Robert Pear

DOJ_NMG_0120853

New York Times, January 24, 2007

WASHINGTON, Jan. 23 — President Bush delivered a domestic agenda to Congressional Democrats on Tuesday that was, in large part, modest and a reiteration of past proposals. Where he did break ground — on health care — his initiative was quickly dismissed by leading Democrats and seemed unlikely to form the basis of bipartisan action.

There were some notable omissions in Mr. Bush's speech. He did not offer a new proposal for dealing with the long-term financial problems in Medicare and Social Security, although he again identified those entitlement programs as a challenge that must be confronted. Nor did he make the grand gesture that might have spurred Congressional Democrats into the bipartisan talks on entitlements that administration officials insist they want.

Mr. Bush renewed his call for an overhaul of immigration laws, considered one of his best chances to accomplish something big in the current Congress. But in general, his domestic agenda reflected the political constraints of a conservative second-term president facing a newly empowered Democratic-led Congress.

Aside from energy, the major focus of Mr. Bush's domestic proposals was an effort to expand access to affordable health insurance, by creating a new tax benefit for those buying insurance on their own rather than through their employer. The new benefit would be part of a sweeping change in the tax code under which employer-provided health insurance, which is how more than half of Americans get their coverage, would be treated as taxable income. For decades, those benefits have been exempt from income and payroll taxes.

In effect, the president is proposing a new standard deduction for health insurance — $15,000 for families and $7,500 for individuals. That would mean lower taxes for more than 100 million Americans with employer-provided coverage worth less than the standard deduction, Mr. Bush said. But it would raise taxes for about 30 million people with more expensive plans, unless they switched to less costly alternatives, White House officials said.

Mr. Bush said the tax proposal was an effort to "level the playing field" between Americans buying insurance on their own and those who get it through their employers. "For the millions of other Americans who have no health insurance at all, this deduction would help put a basic private health insurance plan within their reach," he said. "Changing the tax code is a vital and necessary step to making health care affordable for more Americans."

Democrats, labor unions and some consumer advocates said the proposal would shake the foundations of the nation's health insurance system, still largely built around the workplace.

Congressional Democrats described the plan as a middle-class tax increase that would penalize people with good health benefits. They praised the new focus on health care, but said the Bush proposal was more likely to yield partisan debate than a search for consensus.

"It's difficult to imagine a proposal like this making it through the House or the Senate," said a spokesman for Senator Harry Reid of Nevada, the Democratic leader.

Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, said, "I cannot conceive of this as an olive branch, as an attempt to get something done."

Representative Pete Stark, Democrat of California and chairman of the Ways and Means Subcommittee on Health, said his panel would not consider Mr. Bush's proposal.

Prospects were less grim for immigration legislation. Mr. Bush renewed his push for a law that would toughen border security, grant legal status to the nation's illegal immigrants and create a temporary worker program to ensure a steady flow of foreign workers to businesses.

The proposal, which would also toughen criminal and financial penalties for employers who hire illegal immigrants, has a much stronger chance of passage in a Democratic-led Congress this year than it did when Republicans were in control, lawmakers of both parties say.

Leading Democrats in the Senate, who have consulted with Mr. Bush in recent weeks, expect to introduce legislation next month. House Democrats expect to follow.

But passage is far from assured. The A.F.L-C.I.O, which is expected to have more leverage in this Congress, is determined to scuttle the temporary worker program, saying it threatens to replace American workers with foreigners. Administration officials

emphasized on Tuesday that the program would have to be “truly temporary,” which left some advocates for immigrants concerned that Mr. Bush might oppose a path to permanent residency or citizenship for temporary workers.

And some moderate Democrats, along with conservative Republicans, strongly oppose proposals that would legalize illegal immigrants, saying they amount to an amnesty for lawbreakers.

Still, critics and proponents of the legislation alike agree that this year offers Mr. Bush his best opportunity to build a bipartisan consensus on the issue. His focus on the need for immigrants to assimilate — by learning English and integrating more deeply into American society — may be intended to help ease concerns among some of his Republican supporters and some moderate Democrats.

Mr. Bush also returned to the signature bipartisan accomplishment of his first term, the No Child Left Behind legislation that requires schools to demonstrate yearly progress in students’ achievements. He urged Congress to renew the law.

'We Must Not Fail In Iraq' (WT)

By Joseph Curl,

The Washington Times, January 24, 2007

President Bush pleaded with Congress last night to give his new strategy for victory in the struggle in Iraq a chance because "America must not fail in Iraq."

Defeat in Iraq, he said, would be "grievous and far-reaching" because the fighting in Iraq is part of a broader struggle against Islamic extremists across the Middle East and stretching to the farther reaches of the globe.

He proposed wide-ranging domestic goals in his 50-minute State of the Union address, proposing to balance the budget with no new taxes over the next five years, slash gasoline consumption by 20 percent over the next 10 years, double the Strategic Petroleum Reserve to 1.5 billion barrels of oil over the next 20 years, offer tax benefits for Americans who buy their own health insurance, create a "temporary worker program" as the first step in comprehensive immigration reform and "remain a clear voice for freedom" in Cuba, Belarus and Burma.

The domestic goals were relatively modest, but the president was at his most impassioned in arguing that the war in Iraq must not be abandoned.

America faces "a generational struggle that will continue long after you and I have turned our duties over to others," he said. "That is why it is important to work together so our nation can see this great effort through.

"For all of us in this room, there is no higher responsibility than to protect the people of this country from danger. ... To win the war on terror, we must take the fight to the enemy. Both parties and both branches should work in close consultation."

Democrats, who now control both the House and the Senate, sat quietly as Republicans stood in a raucous ovation when the president declared "nothing is more important at this moment in our history than for America ... to succeed in Iraq." Vice President Dick Cheney often stood to applaud as House Speaker Nancy Pelosi remained seated, unsmiling.

Mr. Bush avoided a focus on major initiatives on contentious matters that divide the two parties, as he did in 2005, for example, when he made major Social Security reform a central theme of his speech, only to see it fail.

He focused instead on Democrat-friendly issues, calling on Congress to enact immigration reform this year, set up new health care tax breaks by 2009, increase the military by nearly 100,000 members in the next five years, double the Strategic Petroleum Reserve by 2027 and cut congressional earmarks in half in the next fiscal year.

As he did two weeks ago, the president said the only way to secure the war-torn country is to send in thousands of additional troops.

"Our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance of success. Many in this chamber understand that America must not fail in Iraq -- because you understand that the consequences of failure would be grievous and far-reaching," he said.

Democrats, many of whom support resolutions of opposition to the president's plan, quickly repeated their opposition in the wake of the speech.

"The president took us into this war recklessly," said Sen. James H. Webb of Virginia, who has been in office less than a month, who delivered the Democratic response. "The majority of the nation no longer supports the way this war is being fought;

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nor does the majority of our military. We need a new direction," including "strong regionally based diplomacy" and "a formula that will in short order allow our combat forces to leave Iraq."

The president urged Congress to unite in the struggle against international terrorism as Americans did in the days after the September 11 terrorist attacks.

"We went into this largely united -- in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure. Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work," Mr. Bush said. "And I ask you to support our troops in the field, and those on their way."

Mr. Bush acknowledged that terrorists have made inroads across the Middle East and said sectarian violence and insurgents have outstripped American forces in Iraq.

"This is not the fight we entered in Iraq, but it is the fight we are in. Every one of us wishes this war were over and won, yet it would not be like us to leave our promises unkept, our friends abandoned, and our own security at risk."

He said the United States cannot withdraw.

"If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides. ... For America, this is a nightmare scenario. On this day, at this hour, it is still within our power to shape the outcome of this battle. So let us find our resolve, and turn events toward victory."

Mr. Bush sought at several points to soothe harsh partisan feelings, opening his address by noting the ascendancy of House Speaker Nancy Pelosi, the first woman to head either chamber of Congress.

It was "high privilege and distinct honor," he said, echoing Mrs. Pelosi's words introducing him, to be the first president ever to start the address by thanking "Madame Speaker." As the gathered lawmakers and officials gave a standing ovation, Mr. Bush turned from his lectern and shook Mrs. Pelosi's hand.

At that moment, Rep. Stephanie Tubbs Jones, Ohio Democrat, flexed her arms in the boxer's stance, as Mrs. Pelosi did at her swearing-in week.

After a rare round of bipartisan applause, Mr. Bush reached out to Democrats, challenging the new majority to work with Republicans to get things done.

"Congress has changed, but our responsibilities have not," the president said. "We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people."

Despite growing rancor between the two parties -- Mrs. Pelosi last week accused the president of swiftly enacting his "surge" plan to prevent opponents on Capitol Hill from blocking the strategy, words the White House labeled "poisonous" -- Mr. Bush said that "both parties and both branches should work in close consultation."

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," he said.

Mr. Bush urged the congressmen to increase funding for his signature No Child Left Behind Act and reconsider school vouchers, urging Congress to give "families with children stuck in failing schools the right to choose some place better."

He repeated his rejection of new taxes, touted the booming economy -- in its 41st straight month of job growth, he noted -- and vowed to erase the federal deficit within five years.

Mr. Bush won far more applause from Democrats than from Republicans when he called for a "comprehensive" immigration bill and when he called for action to combat global warming. The entire Democratic side of the room stood for both, while many Republicans remained sitting and some of them shook their heads in seeming dismay.

Cameras in the chamber cut away to Rep. Tom Tancredo, the Colorado Republican who leads the House immigration caucus. Mr. Tancredo shook his head "no."

The biggest applause line of the night for Mr. Bush among Republicans was his call for an up-or-down vote in the Senate on his judicial nominees. But on the Democratic side just two stood -- Sens. Ben Nelson of Nebraska and Joe Lieberman of Connecticut, an independent who caucuses with the Democrats.

Mr. Bush made only a brief undetailed call for reform of Social Security, Medicare and Medicaid. "Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

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One Republican-friendly feature of previous State of the Union addresses was notably absent. Mr. Bush made no mention of efforts to amend the Constitution against homosexual "marriage" by defining the union as joining a man and a woman.

In keeping the tradition, one Cabinet member -- last night it was Attorney General Alberto R. Gonzales -- did not attend the speech in case of a major attack on the Capitol.

The White House sought to highlight the president's energy initiative, holding an afternoon briefing for reporters featuring senior administration officials and lifting the usual embargo on specific proposals in the address. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," he said.

According to the president's proposal, Americans could cut gasoline consumption by 20 percent within 10 years by sharply increasing the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply.

Under current law, fuel blenders must use 7.5 billion gallons of renewable fuel annually by 2012; Mr. Bush wants to increase that to 35 billion gallons by 2017, which would achieve a 15 percent cut. The president's plan also calls for raising the fuel economy standards for passenger cars, a plan that Mr. Bush has proposed in the past but failed to win from Congress. Doing so would reduce annual gasoline consumption by 8.5 billion gallons, a further 5 percent reduction.

"Achieving these ambitious goals will dramatically reduce our dependence on foreign oil, but not eliminate it," he said.

Mr. Bush, who last year declared in his State of the Union that Americans are "addicted to oil," again urged lawmakers to move forward to reduce U.S. reliance on foreign petroleum.

Another major initiative in Mr. Bush's speech called for tax breaks for employer-financed health care benefits, analogous to the current child allowance. Instead of paying for health insurance with wages that already had been taxed, persons could pay for a significant part of their health insurance -- $15,000 per family and $7,500 for individuals -- with pre-tax dollars.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. Still, analysts say some 20 percent could see a tax increase, including those workers whose health insurance cost more than the standard deduction.

As evidence of the partisanship in the House, Rep. Pete Stark, California Democrat and chairman of the Ways and Means health subcommittee, said he would not even consider holding hearings on the plan.

Other proposals in Mr. Bush's speech included a call for "new resources" to expand the No Child Left Behind education act, which requires testing in elementary and middle schools to make sure students are learning. The president wants to expand the program and is seeking to give poor students the right to private-school vouchers.

The administration's proposal calls for giving vouchers to students in schools that repeatedly fail to meet standards set by the federal law, but Democrats blocked that idea when the bill was drafted five years ago.

Sen. Edward M. Kennedy, Massachusetts Democrat and new chairman of the Senate committee overseeing education, said again yesterday that he would work to keep vouchers out of the education law.

•Stephen Dinan contributed to this report.

Bush's Focus On Health Care Draws Criticism, New Hope (WSJ)

By Laura Meckler

The Wall Street Journal, January 24, 2007

President Bush's new focus on shrinking the ranks of the uninsured is appealing to Democrats and others who have long hoped for a renewed debate over how to extend health insurance – but Mr. Bush's specific plans still face criticism.

"While the administration's current proposal is deeply flawed, the attention that the president is devoting to the issue could signal real progress in addressing the health-care crisis," said Sen. Edward Kennedy (D., Mass), who has worked many years on health issues.

STATE OF THE UNION

See excerpts1 from the speech, and a transcript2 of a White House briefing on the president's proposals.

Fact sheets, provided by the White House ahead of the address. (Full text PDF3) • Overview Fact Sheet: The 2007 State Of The Union Address4

• ENERGY: Twenty In Ten: Strengthening America's Energy Security5

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Mr. Bush's proposal would change how the tax break for health insurance is calculated. Critics said that approach would do little to reduce the ranks of the uninsured and could undermine the employer-based insurance system by shifting many Americans from stable employer-based insurance, where the risk is spread over an entire work force, into the unstable individual insurance market, where people are evaluated and charged based on their individual health and projected expenses.

If workers can get the same tax break for buying insurance on their own as they would get if they got insurance through work, employers may be tempted to drop insurance plans altogether. That could spell trouble for less-healthy workers who would likely pay higher premiums than they would if they were part of a group plan, critics say. "In the individual insurance market, people will be denied coverage because of family history, existing illnesses, or genetic makeup," predicted Rep. Pete Stark (D., Calif.), chairman of the House Ways and Means Committee's health subcommittee.

Critics also argue it would also do little to help those without insurance now. Most of the uninsured have relatively low incomes, meaning the new tax deduction for purchasing insurance on the open market is less valuable for them than for those who earn more. "Since most uninsured Americans pay low or no taxes, they would receive little help from this plan," said the Center for American Progress Action Fund.

Mr. Bush's second proposal would divert dollars that now support hospitals that care for the poor into state-created programs that subsidized basic insurance plans. That, too, came in for criticism and will surely be fought by the hospitals who rely on the existing programs. "The president's proposal pulls the rug out from under safety net hospitals that care for some of our nation's most vulnerable people," the American Hospital Association said.

Bush Wants Tax Code Changes To Spread Health Care (CHIT)

By Judith Graham

Chicago Tribune, January 24, 2007

On Tuesday, President Bush used his bully pulpit to argue that the nation should be doing much more to cover the uninsured.

"A future of hope and opportunity requires that all our citizens have affordable and available health care," he told Congress, which responded with hearty applause. It's a new message from the White House. And it's likely to have resonance as a reinvigorated debate on health reform gathers steam in Washington and the states.

"I think the president is jump-starting a national discussion over expanding health-care coverage," said Karen Ignagni, president of America's Health Insurance Plans.

The president's most important contribution is his focus on changing what health economists call "perverse incentives" in the tax code.

Currently, payroll and income taxes are waived for health insurance, unlike other forms of compensation. But only workers insured through their employers get these tax breaks.

Also, companies that spend more on health insurance get bigger tax breaks. As a result, "overly generous" policies that encourage "over-use of medical services" are common, said Michael Cannon, health policy director at the Cato Institute.

The president would change the incentives built into the tax code in three ways.

First, he'd eliminate the tax breaks for health insurance and treat it like any other form of compensation. That would make consumers more sensitive to costs, his advisers said.

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Second, the president would create a tax deduction for health insurance, similar to the existing deduction for having a child. Families would get a deduction of $15,000 beginning in 2009; individuals would could deduct $7,500. Annual increases would be tied to inflation.

Consumers would get the full value of the deduction, no matter how much they actually spent. Spending in excess of the deduction's amount would be taxed as ordinary compensation. Over a 10-year period, the extra taxes would pay for the broader deductions.

About 30 million people who currently get health insurance through employers would end up paying these new taxes if they keep current coverage arrangements, according to the administration. Another 120 million workers with employer-based policies would not be affected; most would enjoy some extra tax advantages.

Third, Bush would make the deduction available to everyone, wherever they purchase health insurance.

Paul Fronstin, director of health research at the Employee Benefit Research Institute, envisions a series of serious consequences. More employers would stop offering health insurance and younger and healthier workers would opt out of company plans if they could get better deals elsewhere.

"This would be the end of employer-based health insurance as we know it," Fronstin said.

Robert Reischauer, president of the Urban Institute, worries that the president's plan would push more people into the individual insurance market, which is notorious for being expensive and excluding people with pre-existing medical conditions. "It's a jungle, and that's on a good day," he said.

Sherry Glied, chair of the health policy department at Columbia University's Mailman School of Public Health, predicts that the president's proposal would have a "minimal" impact on the number of people without insurance. The vast majority of the uninsured pay minimal or no taxes, making a deduction of little value to them, she said.

The administration estimates 3 million of 47 million people with no insurance would gain coverage under its plans. States would also get more funds, redirected from other programs, to pay for new coverage for the uninsured.

Bipartisan Cooperation On Health Care Is Dead On Arrival (WP)

By Steven Pearlstein

Washington Post, January 24, 2007

When it comes to domestic economic policy, Bush the Wounded President is much to be preferred over Bush the Decider.

After six years of stubborn inflexibility, President Bush signaled last night in his State of the Union address that he is ready to come to the negotiating table on a range of domestic issues, holding some new and credible ideas that are consistent with his conservative philosophy but open to ideas that aren't.

Yes, it is possible it could be a bluff, a desperate and hollow attempt by an unpopular president to demonstrate that he's still relevant to the policy process. But whether it is or not, the right response for Democrats is to call that bluff, treating it as the jumping-off point for a much-delayed dialogue on domestic policy and seeing how his proposals can be transformed into something better.

Think about it. Here's an oil-man president who, having denied the existence of global warming for almost a decade and embraced increased drilling as the favored energy policy, is now willing to lead the charge for alternative fuels, raise automobile mileage standards and begin a conversation on what to do about global warming.

No, he's not yet come around to a modest carbon tax and cap-and-trade system for CO2 emissions, but now that corporate types have begun to accept the idea, is there any doubt where this all is headed?

This is also an administration that started out arguing that federal budget deficits don't matter and that even the teensiest, tiniest tax increase will destroy the economy. Now he's eager to be seen as a budget-balancer who is open to higher taxes as part of a financial rescue for Social Security and knows he'll have to sacrifice some of his tax cuts to save others.

And here is a president willing to take on members of his own party to celebrate the accomplishment of hard-working Hispanic immigrants, normally the kind of people Democrats like to champion, and give them a path to citizenship.

But the most surprising and encouraging development is that a president who for six years has only nibbled around the edges of health-care issues has weighed in with some bold ideas to expand coverage, rein in costs and bring some fairness to

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the tax code. And get this: It actually involves raising taxes on the rich and lavishly insured and giving the money to the working poor and the uninsured.

Given that, you'd think Democrats would have welcomed a politically courageous proposal to put a cap on one of the biggest and most regressive features of the individual income-tax code. But instead, they've shifted reflexively into partisan attack mode, mischaracterizing the impacts of the proposal and shamelessly parroting the propaganda from the labor dinosaurs at the AFL-CIO.

"Dead on arrival," declared Rep. Pete Stark (D-Calif.), chairman of a key health subcommittee in the House, hinting at a dark conspiracy to kill off employer-sponsored health insurance.

"A dangerous policy that ultimately shifts cost and risk from employers to employees," said Charlie Rangel, chairman of the House Ways and Means Committee.

Sen. Harry Reid, the majority leader, called it nothing less than an "attack" on American workers.

Worst of all was the five-page memo distributed by Sen. Edward Kennedy to Democratic colleagues that ought to embarrass a man who considers himself the Senate's leading health-care expert -- a compendium of half-truths, unsupported assumptions and outright lies. Kennedy reverted to the hackneyed rhetoric of class warfare, asserting that the president's proposals will do nothing for working families, give new tax breaks to the rich, increase the number of uninsured and encourage everyone to buy less insurance coverage than they should have.

In fact, all of these are almost precisely the opposite of the truth.

The president's health plan would, in fact, put a cap on a $200 billion-a-year tax break that now goes disproportionately to those with the most generous and costly employer-provided health insurance plans. It would redirect a small portion of that break to those who have less generous coverage or those who have to buy their own insurance because their employer does not offer it. For a few million of the roughly 47 million Americans with no insurance, it may also make the difference between being able to afford basic insurance or not.

The fact that some of those who have these rich policies happen to be members of auto or postal unions doesn't change that the president's proposal would make the tax code more progressive, not less. They are the aristocrats of the working class who, like lawyers, investment bankers and journalists, earn more in tax-free benefits each year than uninsured janitors earn in taxable wages. And whatever modest tax increase they might face from the cap on tax-free health benefits, it is certainly less than the tax cuts they got from Bush that Democrats are so eager to rescind.

Almost every health economist agrees that the tax subsidy for employer-paid health insurance is not only unfair but that it also encourages people to buy too much insurance, consume too much health care and pay too much for both. Bush deserves praise for having the political courage to confront the issue.

Now is this the magic bullet that will solve the health-care crisis? Of course not.

Would any real solution also require finding billions of dollars more to subsidize the purchase of health insurance by low-income workers and getting states to reform dysfunctional markets for individual and small group insurance? No doubt about it.

But anyone seriously interested in health reform would welcome the president's proposal as a basis for negotiations, raising public expectations and increasing pressure on the president to embrace more comprehensive reform. Unfortunately, that is not the approach of Messrs. Stark, Rangel, Reid and Kennedy, who apparently prefer demonizing the president and grandstanding on the issue until the next election.

Haven't we had enough of this?

The Knee-Jerk Opposition (WP)

By Ruth Marcus

The Washington Post, January 24, 2007

If George W. Bush proposes something, it must be bad. Such is the knee-jerk state of partisan suspiciousness that when the president actually endorses a tax increase -- a tax increase that would primarily hit the well-off, no less -- Democrats still howl.

Such is the level of distrust that when the president finally disavows the free lunch and comes up with a program not financed with deficit spending -- indeed, one that would actually bring in extra revenue as the years go on -- Democrats still howl.

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Listening to Democratic reaction to Bush's new health insurance proposal, you get the sense that if Bush picked a plank right out of the Democratic platform -- if he introduced Hillarycare itself -- and stuck it in his State of the Union address, Democrats would churn out press releases denouncing it.

This sad situation is largely of Bush's own making. He is reaping the poisonous state of affairs that he helped sow for six years. So many of the president's policies have been dishonest and wrongheaded, so much of his politics has been slashingly partisan, Democrats would be crazy if their instinctive reaction to a Bush plan for fill-in-the-blank wasn't intense distrust.

It's too bad, because the president's proposal to cap the deductibility of employer-sponsored health insurance deserves more of a chance than Democrats, from their initial reactions, seem inclined to give.

Instead of the irrational current system, in which all employer-sponsored health-care costs are deductible, Bush would create a standard deduction that would replace existing deductions for health insurance, both employer-sponsored and privately purchased, and other medical costs.

The deduction would be $15,000 for a family policy, leaving 80 percent of those with employer-sponsored coverage unaffected.

Yes, the plan should be more progressive, structured with refundable tax credits rather than a deduction, so that all can share equally in the benefit.

Yes, there are big risks involved, primarily that the already-teetering employer-based system will collapse as healthy individuals use their tax deduction to buy cheaper, private insurance, leaving employers with the older and the sicker.

And, yes, it's fair to argue that a more comprehensive approach -- Sen. Ron Wyden (D-Ore.) has proposed one -- is needed.

But Democrats -- if they care more about addressing health-care needs than scoring political points -- ought to be finding ways to improve and build on the Bush proposal, not condemning and mischaracterizing it. Given that nothing's going to pass without Democratic approval, what's the risk in engaging in the discussion?

The Bush plan starts with an assessment that has long been clear to sensible people across the political spectrum: The way the tax code now treats health insurance is unfair, regressive and counterproductive.

The fact that employers can deduct the full cost of health insurance premiums means that the richer you are, the bigger tax benefit you reap. That built-in advantage is exacerbated by the fact that the better-paid tend to have pricier insurance.

This unlimited subsidy increases wasteful spending, encouraging employers to purchase gold-plated plans and employees to use them. This drives up the cost of health care and, ultimately, insurance in a vicious cycle that ends up increasing the ranks of the uninsured.

Meanwhile, those who don't have employer-sponsored coverage get no tax break; the Bush plan would not only help those who already buy insurance on the private market, it would also encourage those currently uninsured to purchase coverage.

As Jason Furman, a leading Democratic economist, wrote last summer in Democracy: A Journal of Ideas, "[R]educing subsidies for pricey plans would likely lead to a health insurance system that includes more cost sharing, promotes more consumer consciousness, and plays a modest, but potentially meaningful, role in restraining health spending."

And so what do Democrats say when a Republican president suggests doing something along these lines? "It's a bad policy," House Ways and Means Committee Chairman Charles Rangel (N.Y.) told the New York Times. "We are trying to bring tax relief to the middle class. The president is trying to increase their tax liability." Likewise, the Senate Democrats complained: "President Bush's Health Insurance Proposal Amounts to a Tax Hike for the Middle Class."

This is flat wrong: According to the administration's analysis, on average, the top fifth of taxpayers would face a tax increase; the rest would save money.

If you doubt that some variation on Bush's plan is at least worth considering, try this thought experiment: What if the current system had the standard deduction that Bush wants and he was proposing, instead, to remove the cap and allow unlimited tax breaks, a benefit for the better-off and those with the priciest insurance?

Wouldn't Democrats be denouncing that, and demanding my imaginary status quo?

Health And Taxes (WSJ)

The Wall Street Journal, January 24, 2007

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Now we're getting somewhere. The U.S. has long needed a debate over health care and tax subsidies, and President Bush got ready to rumble last night with his proposal to make insurance more affordable for most Americans.

For all the griping about our system, Americans have the most advanced health care in the world in part because we still have something resembling a private market for insurance. But it is not a truly efficient market because current tax policy lets businesses -- but not individuals -- deduct the cost of health expenditures. Thus most Americans with private insurance get it from their employers, which leads to inequities and insulates individuals from the real cost of their treatment decisions.

Mr. Bush's "standard deduction" for health care would move in the direction of solving both problems. Instead of giving employers an unlimited deduction and individuals none, Mr. Bush would give every family a $15,000 deduction ($7,500 for individuals) regardless of their insurance source.

That might mean a slight tax increase for those who currently have the most expensive insurance plans. But the average employer-sponsored family plan runs about $11,500 annually, and about 80% of the 160 million employer-insured Americans would benefit. All Americans with employer-sponsored insurance would have to report the value of their health benefit as income, but they could deduct the full $15,000 no matter how much their insurance cost.

The 17 million Americans who buy their own coverage would be big winners. And because the tax deduction would apply to payroll as well as income taxes, the benefits would be large even for low-income earners. So a family making $60,000 would wind up with a tax savings of $4,500, which would offset the cost of acquiring coverage in many states. Meanwhile, a young person making $40,000 could buy a high-deductible plan for, say, $1,000 and actually get a tax break of $2,250 for doing so. The Treasury estimates the new deduction would add at least five million Americans to the ranks of the insured, but our guess is that would be higher given the incentives all of this would provide for new private insurance products.

Individuals who buy their own health insurance now struggle because there are so few of them and they can buy only in a single state market. That means insurers have little incentive to develop and market innovative products. But this will change if the equalized tax treatment convinces enough people that it makes more sense to have their own, portable policies than take whatever their boss offers. Imagine the same kind of capitalist energy devoted to selling health insurance as you now see selling where to roll over your 401(k).

These new products are also likely to be policies that put individuals directly in charge of more routine spending. That's because removing the tax advantage would mean it will make less financial sense to "insure" for predictable expenses like several annual office visits. That in turn could put pressure on health care providers to post -- and actually compete on -- prices. Such new price awareness might even generate pressure for states that overregulate their insurance markets (New York, Massachusetts) to ease their costly mandates.

It's true that additional subsidies might be needed for some people with chronic illnesses who might have a harder time finding private insurance in this kind of world. And we'd also like to see a more national insurance market, with companies able to sell policies over the Internet free of the worst state mandates.

But the biggest problem with Mr. Bush's plan is that it wasn't offered two years ago, when it had a better chance to pass. The White House wasted its first term health energies on a failed attempt to buy votes with the Medicare drug benefit. Now the GOP is a minority in Congress, and Democrats aren't likely to favor Mr. Bush's ideas because they think health care is a winner for them in 2008.

Ways and Means Chairman Charlie Rangel was quick out of the box to call the President's idea "a dangerous policy that ultimately shifts cost and risk from employers to employees." But the numbers show that most Americans would have lower costs, and in any case the current tax treatment of health care benefits tends to benefit the well-to-do over the poor. Figures from the Lewin Group show that the average tax subsidy under the current system was $2,780 for families earning over $100,000 in 2004, while those with incomes below $30,000 got less than $725 in aid. Democrats ought to favor this idea on equity grounds alone.

But no matter if they don't. We're fated to debate health care in 2008 anyway, and Mr. Bush is finally offering a GOP reform based on market principles that these pages have encouraged for years. Most Americans can see for themselves that the current employer-based system is breaking down, as more companies pass along the rising cost of their insurance to employees (in higher co-pays and deductibles). Yet the system remains opaque and frustrating because of the underlying tax bias for businesses instead of individuals.

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This status quo won't hold, and the political race is going to be between those who want to move to a more genuine market and consumer-based health care, and those who want to move toward Canada, Europe and more government control. The Bush plan ought to jump start that debate.

Bush's Better Health-care Policy (WT)

The Washington Times, January 24, 2007

If a liberal president proposed reforming the tax code to give working families a bigger tax break for health care than corporations and giving poor families direct assistance to buy health care to boot, the New York Times and rest of the mainstream media would be choking back tears as it praised an initiative that was so bold in its compassion and desire for fairness.

But this proposal to make the tax code fair and health care affordable comes from President Bush with a Congress under Democratic control in the run to a presidential election year. So it will be attacked for failing to be everything that everyone else's proposal is not.

The fact is, the Bush plan slices through the thicket of policy proposals -- all of which boil down to dumping more people into state Medicaid programs -- and gives the self employed and uninsured, from the single mom who cuts hair to the electrician starting his own business, a tax break of about $3,800 to buy health care. Under the president's plan, millions of working-class and middle-class families could buy health care with pretax dollars. It only comes at the expense of the richest health plans of top CEOs. Even then, those wanting to avoid a tax bite at that level can set up a health-savings account.

According to a study by the Urban Institute, 44 percent of people without health care don't have it because they don't want to spend the money or because they don't sign up for government-run health plans even when eligible. Add the Bush tax-break money to recent increases in contributions people can now make to health-savings accounts and another Bush proposal to allow the people to buy private health plans at group rates and the affordability issue is largely solved.

It's not the entire answer, of course. Using existing monies to fund health care for children as tax credits for insurance would help, too. But you won't find the president's critics supporting his fair and compassionate plan. Their solution, as the employer-based health-care system falters, is to expand Medicaid. That's like forcing people into the medical equivalent of public housing.

Many opponents of the president's proposal support expansion of government-run health plans because they don't believe Americans, when given the money and freedom to choose their own health care, will wind up better off. Rather, they believe we , the people, will mess it up because we're too stupid or poor or old to make decisions that are in our best interests.

We heard the same wailings and warnings when the president reformed Medicare. Sen. Barack Obama and others may believe hope is audacious, but it's President Bush who believes and has demonstrated that it creates better health care for every American.

State Of The Union: Bush's Health Plan (PTR)

Pittsburgh Tribune-Review, January 24, 2007

Democrats oppose President Bush's health care plan to increase the number of insured Americans; it's too private and encourages the exercise of freedom.

They want to soak the rich to pay for the Big Brother of all entitlements: universal health care. That must be resisted; refer to out-of-control Medicare and Medicaid costs.

Yet the president brings forth the germ of a good idea: extension of tax deductions now provided for employer plans to anyone who buys his own insurance in the private sector.

But there's more.The plan institutes tax-code disincentives for buying Cadillac policies. Any premiums above $15,000 a year for a family or $7,500 for an individual would not be federal tax free. And folks who buy insurance on their own can take the full deduction even though their policy may cost less.

These are incentives to buy less insurance, which may force consumers to deal with the real costs when bills arrive for what insurance does not cover.

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Because many today have health insurance that covers even ordinary medical expenses, they have insufficient cause to restrain their use of services and demand efficiency and cost accountability from providers.

As long as well-insured patients are cash cows, health care costs will not be brought into reason.

The Bush plan would institute some free-market-oriented elements. And that's why it's worth exploring further.

EDITORIAL: State Of The Union Faces Stiff Challenges (FREEP)

Detroit Free Press, January 24, 2007

EDITORIAL: State of the Union faces stiff challenges

President's health care, energy plans skip most effective reforms

January 23, 2007

Facing more Democrats in Congress, including several who seek to replace him in two years, President George W. Bush issued a confident State of the Union address Tuesday, every bit the commander in chief.

Although he revisited some of the same tired cliches about taking the battle to the enemy, his call not to fail Iraq was stirring: "Every one of us wishes that this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned, and our own security at risk."

But rhetoric does not win wars and Bush will have to put the bipartisanship he stressed to the test to devise a strategy that both countries can live with.

And the details of the domestic agenda — on which Bush's advisers set up the speech to be judged — fell short of inspiration.

Health care

Just as momentum is building for health care reform, Bush offered a plan that would leave in the lurch those who need it most, punish those who have good coverage and discourage employers from offering top-notch benefits.

The scheme he laid out would subject health coverage to taxes for the first time, then award deductions for basic health coverage and tax hikes on the good stuff.

The plan's goals are sound: To eliminate the inequity between people who get coverage as a perk of work (with no taxes) and those who have to buy their own expensive health care after taxes; and to help those who need coverage, many who are between jobs or work for small firms that don't provide it. But most of them don't make enough to pay enough taxes to be helped by the breaks ($7,500 for a single or $15,000 for a family) or to afford coverage.

The plan's goals are sound: To eliminate the inequity between people who get coverage as a perk of work (with no taxes) and those who have to buy their own expensive health care after taxes; and to help those who need coverage, many who are between jobs or work for small firms that don't provide it. But most of them don't make enough to pay enough taxes to be helped by the breaks ($7,500 for a single or $15,000 for a family) or to afford coverage.

The president did pledge to help states such as Michigan that are devising creative solutions to getting more people covered. But "support" and "incentives" are pretty nonspecific, so it's hard to tell whether they'll be effective, especially if Bush dumps more hard-to-insure clients on the states.

The need for substantial health care reform is acute, as the automakers and the 47 million people without coverage can detail. The president's plan doesn't advance that reform, and cannot be allowed to distract from it.

Energy

For Detroit, Bush's speech was a signal that offering to build more flex-fuel cars isn't enough. Automakers will have to pitch in on mileage efficiency, too — and Congress may see the president's goal as only a starting point.

The president's laudable plan to reduce gasoline use by 20% within 10 years may seem a bit tame to everyone but the automakers, and his strategy may not get the country even that far. Three-quarters of the cutback would come by replacing gasoline with ethanol or other alternatives, the rest from better car mileage.

But this combination of agricultural carrots and a single-industry stick will take America only so far. The country needs innovative breakthroughs across the energy spectrum, and not just to reduce dependence on foreign oil. It may make more sense for the auto industry to come to the table on global warming discussions, as an increasing number of big firms have. That

could give automakers more flexible options to drive efficiency rather than dickering over specific mileage standards — and lead to innovations that have yet to be conceived.

Rx For Our Corporate Culture (USAT)

By Alan M. Webber

USA Today, January 24, 2007

Could it be that the stars are finally coming into alignment to address two enormous and curiously intertwined items on the American domestic agenda — health care costs and the future competitiveness of big American business, starting with the auto industry?

Maybe it's just a coincidence, but the headlines over the past several weeks, when clipped from the nation's daily newspapers and placed side by side, seem to suggest some cosmic intersection.

Start with the news from the recent big Detroit auto show. Here the latest developments have less to do with the specifics of new models, new hybrid technology or new marketing campaigns, and more to do with the macro-picture of the global competition.

In a nutshell, after decades of dogged pursuit, determined improvement and developing innovation, Toyota is poised to overtake General Motors as the world's largest automaker. The hard truth is that the U.S. auto industry, starting with GM, extending to the badly depleted Ford and on to Chrysler, is starting to run out of gas.

For longtime observers of the U.S. auto industry, and big American companies in general, the diminishment of the Big Three has been a long time coming. It is possible to trace the decline of these once-great companies back to the oil crises of the 1970s that opened the floodgates to Japanese-made cars, in particular, which boasted better fuel-efficiency, fewer defects and lower manufacturing costs.

But the cars themselves have only been part of the problem for U.S. automakers — and here the story gets more interesting, and the stars start to form a new, possibly intriguing constellation.

GM has sought to make a national issue out of the role that health care costs play in its competitive problems. Every year, according to GM North America President Troy Clarke, the company spends more than $5 billion on employee health care costs, and that number rises annually. Spread those dollars over the company's entire manufacturing operation, and, says GM, health care adds something like $1,500 to each car that GM produces. No wonder Toyota, Nissan and other foreign manufacturers can overtake U.S. companies, the logic goes.

But wait! All of sudden, help may be on the way. First, the new Congress, under Democratic control for the first time in 12 years, has already begun to articulate a renewed interest in health care.

True, the Democrats are more outraged that nearly 47 million Americans — 16% of the population — lack any health care coverage. With the start of the new Congress, Massachusetts Sen. Ted Kennedy, for one, has wasted no time in calling for the federal government to join his home state in creating comprehensive health care coverage for every American. At almost the same moment, a temporarily hobbled California Gov. Arnold Schwarzenegger, himself a recent recipient of emergency health care measures in the wake of a painful skiing accident, proposed a sweeping $12 billon health care plan that would extend coverage to every Californian.

And as of last night, President Bush seems eager to join the far-flung Kennedy clan that stretches from Massachusetts to California, with his own health care reform initiative. Or, perhaps, finally something will happen to restructure the costs and coverage of health care, and to offer a financial Rx to America's ailing industrial giants.

But if that were to happen, the remedy might include some unexpected — and maybe even more restorative — side effects.

What if the real diagnosis of the competitive problems of GM, Ford and Chrysler, as well as many other deeply entrenched industrial companies, isn't really about health care costs? What if their problems aren't even about their products? What if, as is the case with so many large, old and ailing companies, the real problem is in their culture — in the structure, the habits, the deeply entrenched ways of doing business that, in many cases, date back at least 50 years? Too many of these dinosaurs have created workplaces and work styles that are simply inappropriate to today's global, knowledge-based economy.

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So how would reforming health care coverage change corporate culture? Imagine a shift in health care coverage that decouples it from your job. It's only a historical accident of President Franklin Roosevelt and the New Deal that coverage ever was linked to employment. Now, what if a Kennedy-Schwarzenegger reform movement — backed by a Democratic Congress that in the past has been willing to think of "portable insurance" that travels with each individual — can offer health care security to all Americans, even those stuck in dead-end jobs? Imagine the chance to leave a lousy corporate culture without losing your precious health care coverage.

Imagine a chance to join a more entrepreneurial company, maybe even a start-up, without having to worry about health care costs. Imagine being the CEO of one of the old, ailing companies and suddenly realizing that, while your prayer for relief from your health-care-cost headache has been answered, all of a sudden, you've got a bigger malady: Your best employees no longer feel the need to put up with your stagnant organization just for the security of a lavish health care plan.

If that were to happen, it would offer America more than a new world of better, fairer and more humane health care coverage. It could put the stars in a new alignment for our large industrial companies finally to become places where people want to work. In other words, they'd either have to heal themselves of their deeply rooted cultural disease — or die.

Alan M. Webber is co-founding editor of Fast Company magazine and former editorial director of the Harvard Business Review.

Bolten: Divided Leaders Have Shared Interest In Success (pol)

By Mike Allen

The Politico, January 24, 2007

White House Chief of Staff Joshua B. Bolten spoke to Mike Allen, The Politico's chief political correspondent, about the challenges a Republican president faces in dealing with a Democratic Congress following a brutal election. Bolten has been part of George W. Bush's operation since the Austin-based campaign of 2000, later serving as White House budget director. Here are excerpts of the conversation:

Q. What is your realistic assessment of what the president and Congress can accomplish this year?

A. I'm optimistic that the president's instinct to take on large issues will continue to be rewarded, even in the last two years of his term. The president's State of the Union is going to put on the table important reforms in health care, in energy, in the reauthorization of No Child Left Behind and in immigration. I think we have a good shot at substantial legislation in all of those.

Q. What will it take to make that happen with a Democratic majority on both sides?

A. It'll obviously take more cross-aisle cooperation than there has been in the past. But one of the silver linings of the change in control is that the Democrats now have a stronger interest in harvesting actual accomplishments. In the closely divided houses that we've had for most of this president's time in office, it's been difficult for Republicans to sustain a governing majority, especially in the Senate where you typically need 60 votes. It's always been difficult, without a larger majority than we've ever had, to advance a substantial legislative agenda. What the change in control means is that Democrats now will be under more pressure than they have been in the minority to deliver actual accomplishments. I hope what that means is that we will see more bipartisan accommodation, at least in some of the areas like energy, immigration, health care and education. In all four of those areas, there are large areas of common ground, and now we're no longer in a situation where one party may be seen as advantaged because it alone put across accomplishments. Rather, both parties have advantages in putting accomplishments across the goal line.

Q. Why should the Democrats give the president and his party anything to brag about?

A. Because they're in a position where (a) they can brag about it as well, and (b) they bear a much larger burden of responsibility, being in the majority, for not allowing good ideas to proceed forward. When you're in the minority, it's a much more comfortable political situation just to be blocking. In the majority, you have a responsibility to share in advancing an agenda. It seems to me, while we'd of course much rather have Republican majorities in both houses, this does create an opportunity for the White House.

Q. Does history bolster this theory of divided government?

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A. I think so. You can look back into some of the accomplishments in the Clinton administration like welfare reform or some fiscal restraint during the Clinton administration. During the first Bush administration, there were accomplishments in the international trade area. The president succeeded in getting negotiating authority and pursuing a trade agenda with some bipartisan support that I hope we can regenerate this time around, despite trade having become much more polarized and politicized.

Q. How do you view the current relations between the White House and Congress?

A. There have been good signs, from my perspective. I hope things break for the good. There's a lot of division on the Iraq war. No discredit to those who take a different view; there's a legitimate debate to be had there. Our hope is the debate can be held in a civil, principled way that's in the best interests of the country, not in a partisan way designed to divide the country. But it remains to be seen how all of that will play. We go into this season cautiously optimistic, and I would say it's too early to tell.

Q. What are the good signs?

A. Good signs have been some of the personal relationships. The new leaders have been here to the White House and I think have established a pretty good dialogue directly with the president. There's been reasonably good tone in that dialogue. But, like I said, a lot will be seen over the course of the next couple of months. I'm hopeful that we will end up putting the relationship on a good footing because the country is facing a lot of challenges right now and does not need partisan bickering getting in the way.

Q. Have the '06 election results caused you to change your tone or approach?

A. There's obviously a significant change involved in a change in party leadership. So the president needs to be aware that while the entire Congress should be a partner, on some issues those who are controlling the agenda will be political adversaries. We need to take that into account. To the White House, I think it means primarily that we need to work harder than ever at our congressional relations. On the one hand, it's harder to work with political adversaries than it is with political friends. On the other hand, especially when your own party is in the minority, you need to be extra careful not to neglect Republicans in the way we approach the Congress. They remain a very important and powerful element because the two houses are so closely divided.

Q. Do you think the president will sign an immigration bill this year?

A. I do.

Republicans In Retreat To Work On Resurgence (POL)

By Patrick O'Connor

The Politico, January 24, 2007

As House Republicans depart today for a caucus retreat on Maryland's Eastern Shore, GOP ranks are increasingly divided over the best strategy for taking on the new Democratic majority.

The dispute is the first major test for new House Minority Leader John A. Boehner of Ohio, who is under pressure from some colleagues who believe he is too docile in challenging Democrats and laying the political foundation for a GOP comeback in 2008.

Some Republicans are advocating a wait-in-the-weeds strategy -- projecting an air

of civility and selective cooperation with Speaker Nancy Pelosi and fellow Democrats, while waiting for the right moment to pounce for partisan gains.

But many backbench Republicans, joined by some members of the leadership team, believe it makes more sense to pounce early and often.

Rep. Dennis Hastert, R-Ill., the former speaker, received a rousing ovation at a closed-door meeting in the Cannon Caucus Room last week when he urged colleagues to stand up and fight. Some members interpreted that as a veiled shot at Boehner.

But Boehner said the party can afford to be patient. "It's their honeymoon," he said of the Democrats. "We're not in a sprint here. We're in a marathon Chill out."

There is some irony in that stance. Early in his 16-year House career, the Ohioan was part of a team of self-styled Republican Revolutionaries who waged daily partisan attacks in a successful campaign to wrest control from the Democratic majority in 1994.

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Now, at age 57, his early strategy is more an echo of former representative Bob Michel, R-Ill., than former representative Newt Gingrich, R-Ga. Michel was the moderate minority leader in the 1980s and early 1990s; Gingrich displayed a more partisan style during his climb to the speakership, a model that many Republicans believe can work again.

Republicans on Capitol Hill, though, don't have much time before the race for the White House drowns them out. A collection of prominent Republican pollsters told GOP House leaders recently that they have only three to eight months to establish their identity before the presidential race clogs the news cycles.

So, a small bloc of Republicans led by Conference Chairman Adam Putnam of Florida, Chief Deputy Whip Eric Cantor of Virginia; and Patrick McHenry of North Carolina and Tom Price of Georgia have been researching parliamentary procedure to wage floor fights against Democratic initiatives as the GOP staffs scour legislation for political fodder.

The group also has reached out to some of Boehner's contemporaries from the early 1990s who used guerrilla tactics to help Republicans secure their last majority after 40 years in the wilderness -- partisan firebrands such as Gingrich and former representative Bob Walker of Pennsylvania.

At a recent whip meeting, Cantor distributed copies of a Washington Post article from 1986 asking "Is Bob Walker the Most Obnoxious Man In Congress?"

Walker said his guerrilla tactics were necessary in a House where even Republican leaders had grown accustomed to Democratic dominance. But now, he suggested, the current minority faces a much different environment, in part because of the reforms approved during the early years of their majority to give the minority party more input in the legislative process.

"The circumstances are much different," Walker said.

The problem for Republicans occurs when their own leaders become too compliant with Democratic leaders and chairmen, Walker said. "There is a tendency for the institution to discipline you."

Cantor and his colleagues were well aware that they must stand up and fight without turning voters off.

"It is a balance," he explained. "We don't want to be dilatory, but we don't want to let up for a minute."

The peril for Boehner comes if his GOP colleagues come to view him as upstart Republicans once viewed Michel. As minority leader, Michel bartered with majority Democrats, which angered some of the agitators in his own party, including Boehner.

The well-pressed son of a bar owner, Boehner was a key figure in the later phase of the Republican rise to power. He led the Gang of Seven in their drive to expose abuse in the House Bank after 1990 and helped craft the "Contract With America." He was also part of the small group that included Walker, Gingrich, and Texans Dick Armey and Tom DeLay, who met regularly in the basement dining room of a Capitol Hill restaurant to plot the GOP's resurgence.

Boehner is often cast as a Dean Martin figure, a jocular, plainspoken lawmaker whose public image is that of a dapper, tanned chain-smoker who plays golf, teases members and reporters and spends his evenings drinking with a small cadre of lobbyists and fellow lawmakers.

On the other hand, though, he heads to bed early in order to get up for his regular early-morning stroll. And he has a strong sentimental streak that has prompted him to well up regularly, most notably during DeLay's resignation speech, even though Boehner was a major rival during their shared time on the Hill.

With Hastert's decision to step aside, Boehner is now the top Republican in the House. And it appears he'll continue the inclusive traditions he began when his party was in the minority.

The question for Republicans, though, is whether this inclusive style will work in the minority when the party is so divided on Iraq.

President Bush is scheduled to address the retreat on Friday, and some Republicans expect the three-day conference to be a contentious discussion about the direction of the party.

Republicans carry a skilled, experienced group of senior staffers into the minority, but leadership offices have taken time to organize.

Boehner is aware of the delicate challenge before him, allies say, but so far he has taken a decidedly passive approach to the Democrats.

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On the first day of the new Congress, Boehner followed a string of heated remarks by other Republicans to acknowledge the Democrats' honeymoon and be respectful of Pelosi's historic elevation as the first female speaker.

Later that day, he took an indirect shot at his own party while encouraging the two parties to be more cordial. "This is the people's Congress," Boehner told a packed chamber during his opening-day speech. "And most people don't care which party controls it; what they want is a government that is limited, honest, accountable and responsive to their needs. The moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

He has since endorsed some of the opposition tactics of outspoken legislators.

Putnam showed members a video during their regular closed-door meeting of McHenry squaring off against Financial Services Chairman Barney Frank, D-Mass., on the House floor earlier this month.

The youngest member of Congress, McHenry enraged the irascible Frank by raising parliamentary questions to highlight an exemption in the minimum-wage bill for American Samoa. And Frank furiously banged his gavel from the speaker's chair as he shouted down McHenry in an exchange that quickly found its way to YouTube.

"That is one way you can be respectful and get your point across," Boehner told his assembled colleagues afterward.

House GOP Reflects (RC)

By Nicole Duran And David M. Drucker

Roll Call, January 24, 2007

As House Republicans convene their annual retreat today to talk message and strategy, a debate persists among GOP operatives over how to best return the party to power on Capitol Hill.

Some strategists say the party must woo independent voters and concentrate on issues important to them, such as economic matters, while others prefer the base-driven political tactics honed by Karl Rove and recently departed Republican National Committee Chairman Ken Mehlman in the past three elections.

Those Republicans espousing a more inclusive message say the results of the 2006 midterm elections repudiated the base-only strategy and signaled that if the GOP does not focus on rebuilding a governing coalition that elevates policy accomplishments above politics, they should get comfortable as the House and Senate's minority party.

Republicans "over-catered to their base and as they over-played that, they looked less attractive to Independent voters," former House Majority Leader Dick Armey (R-Texas) said Tuesday. "The independent voter is not interested in politics, he's interested in policy. So when speaking to him, you need to speak with a policy voice, not a politics voice."

The GOP retreat — which will run from tonight through Friday at the Hyatt Regency Chesapeake Bay in Cambridge, Md. — is set to feature a panel discussion led by three pollsters titled "Message: you lost the moderates and independents, not the conservatives." It is part of what is likely to be an ongoing internal debate over what cost Republicans their majority as the party looks toward 2008 and what it can do to reclaim many of the House seats it lost to Democrats on Nov. 7.

Former Speaker Newt Gingrich (R-Ga.), who has advocated turning away from a base-only strategy and is an architect of the GOP's 1994 takeover, is scheduled to address the assembled Members as a keynote speaker.

A look back at much of the data from November 2006 appears to bolster the arguments of those, like Gingrich, who believe Republicans paid attention to their base voters at the expense of independents and conservative Democrats.

In the Nov. 7 contests, Democratic turnout increased slightly from 2004 relative to the GOP turnout, giving them about a 2-point edge over Republicans, but party breakdown remained essentially static, according to the Pew Research Center.

Democrats were able to pick up 30 House seats and six Senate seats because independents overwhelmingly supported them last fall — 57 percent to 39 percent — after splitting evenly between President Bush and Sen. John Kerry (D-Mass.) during the 2004 presidential election, the center found.

Additionally, contrary to popular belief, voter participation by independents actually increases during midterm elections, whereas participation by registered Democrats and registered Republicans historically dips, according to exit polling data.

"Independents decide all elections," Pew President Andrew Kohut said. "Given the fact that we've had partisan parity for a very long time, and I expect that we will continue to have it for a very long time, therefore, the winning party is the party that wins a plurality of independents."

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Dave Gilliard, a Republican strategist based in Sacramento, Calif., who steered now-Rep. Brian Bilbray (R-Calif.) to victory in last year's hotly contested 50th district special election to replace disgraced ex-Rep. Duke Cunningham (R), said independent voters as a share of the electorate has been increasing since 2004 — a phenomenon that he said is still under way.

Gilliard described today's independent voters as all over the map ideologically, and united only by their distrust of the two major political parties. He said lower-turnout, midterm elections used to consist of far more partisan voters than independents, making it more politically and cost effective to employ a base-driven strategy.

But he said that tact is now outdated.

"Now that independent voters have become higher-propensity voters, things have changed," Gilliard said. "They are more important, especially in lower-turnout elections. That's just a fact."

Armey explained that paying more attention to independents does not mean Republicans should abandon their core principles — and he said they don't have to. He urged them to shed the image of "earmarking pork-barreler" that they engendered in the 109th Congress and focus on bold ideas, such as addressing retirement security.

In doing so, Republicans will be in a position to prove to voters that they are tackling the nation's important issues, while simultaneously satisfying party activists' political desire for reform of a key government program.

"We lost our sense of boldness," Armey said, discussing what went wrong for Republicans last year.

While no Republican operative is publicly telling Members to ignore independents, some say rushing to implement a new strategy aimed squarely at unaffiliated voters is not necessarily a recipe for success either.

Carl Forti, who recently departed the National Republican Congressional Committee after a long tenure as its chief spokesman and one of its top strategists, said the key to electoral success in House races remains tailoring individual campaigns to each district.

"Treat each district as unique," said Forti, who is now a top operative for the presidential campaign of former Massachusetts Gov. Mitt Romney (R). "You can't think doing one thing on the national level, whether aimed at independents or Republicans, will do the same thing in Connecticut vs. Alabama."

Many Republican Members and party strategists believe they primarily lost last year because of the corruption and misconduct of a few Members, like Cunningham and former Rep. Mark Foley (R-Fla.) — and because of voter angst over the Iraq War.

Once Republicans get back "on message" and talk about cutting taxes, shrinking government and eliminating wasteful spending, the electorate will respond positively, they contend.

Mike Slanker, political director of the National Republican Senatorial Committee, said Republicans can rebuild their governing majority, and win back independents and conservative Democrats, by returning to their core principles.

"I think we have to reassure them that we remember why we were here as Republicans," said Slanker, who guided Rep. Jon Porter (R-Nev.) to a close re-election victory last November. "We came here for smaller government, lower taxes and less regulation ... whether or not we have lost touch with that is not for me to say.

"I do not believe that our coalition is fractured," he added. "It was a bad year. People were cranky; they weren't happy and we were in power."

Forti said a look back at individual Congressional campaigns in 2006 proves that all races are, in fact, local.

"The people that ran aggressive campaigns, even those in bad districts, won," he said, ticking off the names of several Republicans from swing districts who had close calls.

Those who lost "didn't go out and define their opponents early," Forti said.

Hill Pensions For The Convicted May End (WP)

By Lyndsey Layton

The Washington Post, January 24, 2007

With the rhetoric of reformers bent on sweeping corruption from the Capitol, the House voted unanimously yesterday to deny federal pensions to lawmakers convicted of bribery, perjury and other related felonies.

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"Corrupt politicians deserve prison sentences, not taxpayer-funded pensions," said freshman Rep. Nancy Boyda (D-Kan.), chief sponsor of the bill.

But the punishment of those who betray the public trust will not be far-reaching.

The measure is similar to one approved by the Senate last week and comes in the wake of major congressional scandals last year that led to the conviction of former Republican congressmen Randy "Duke" Cunningham (Calif.) and Robert W. Ney (Ohio). The House passed the bill 431 to 0, with four members not voting.

The bills passed by the House and the Senate are not retroactive, which means that Cunningham and Ney will collect substantial pensions for the rest of their lives, courtesy of taxpayers.

And a current House member under federal investigation for corruption, Democratic Rep. William J. Jefferson (La.), still might be entitled to a pension if he is indicted and convicted for past crimes. The Senate version would not take effect until January 2009, while the House-passed version would take effect immediately upon enactment.

What's more, both the House and Senate bills would allow the Office of Personnel Management, which calculates the pensions of members of Congress, to award the pensions of convicted lawmakers to their families, in cases of demonstrated financial need.

"They're trying to claim to fix the problem without backing it up with legislation," said Peter J. Sepp of the National Taxpayers Union. "It's a shame, really. This may not be the most ethical Congress ever after all."

The House bill would withhold pensions from lawmakers convicted of any one of five categories of felonies, including bribery and perjury, but would protect those who have already been convicted. Stacey F. Bernards, spokeswoman for House Majority Leader Steny H. Hoyer (D-Md.), said the House had no choice because criminalizing past behavior would have violated constitutional protections.

House leaders had also wanted to postpone the effective date of the measure to Jan. 2, 2009, to make it consistent with the language of the Senate-passed bill and reduce negotiations between the two chambers. They noted that, under the Constitution, a change in the compensation of members of Congress can only be carried out after the next general election.

But House Republicans objected to the 2009 date, saying that it was too distant, and privately told Democrats that they would not support it, a senior Democratic aide said. "We wanted this to have bipartisan support, so we changed it," the aide said.

For at least a decade, Congress has been kicking around bills to block pensions for convicted lawmakers. But the issue resonated following last year's influence-peddling scandal involving convicted lobbyist Jack Abramoff and the midterm elections, when the Democrats grabbed corruption as a campaign theme and used it to win control of Congress.

Currently, members of Congress can be denied pensions only if they commit treason or other espionage offenses.

The bill approved yesterday was a watered-down version of legislation proposed by Republican Rep. Mark Steven Kirk (Ill.), who wants pensions to be withheld from lawmakers convicted of a wider range of public integrity crimes. Kirk's plan lists 21 crimes, including wire fraud and tax evasion, compared with the five in the bill passed yesterday.

"The American people understand income-tax evasion -- you want to make sure a congressman who doesn't pay his taxes isn't rewarded with a taxpayer-funded pension," he said. "This falls far short."

But Kirk could not offer his bill yesterday -- the vote was taken under a suspension of the rules, which limited debate and blocked amendments. A parade of Republicans protested the way the bill was handled, objected to last-minute changes in language and said they were being locked out of meaningful participation.

The National Taxpayers Union estimates that at least 20 lawmakers convicted of felonies since 1980 are receiving federal pensions totaling about $1 million a year.

Ney, sentenced last week to 30 months in prison after pleading guilty to making false statements and to conspiracy to commit fraud in connection with the Abramoff influence-peddling scandal, can start collecting a full annual pension worth about $29,000 in 2016 or take a reduced annual pension of about $19,000 starting in 2010, according to the taxpayer group. Cunningham, who was convicted of accepting bribes from defense contractors, can receive as much as $64,000 annually if his military service is counted in computing his pension, the group said.

House Passes Bill Denying Pensions To Convicted Lawmakers (WSJ)

DOJ_NMG_0120871

The Wall Street Journal, January 24, 2007

WASHINGTON -- Lawmakers convicted of crimes such as bribery, fraud and perjury will be stripped of their congressional pensions under legislation the House passed yesterday.

The 431-0 House vote comes four days after former Rep. Bob Ney (R., Ohio) received a 30-month prison term for taking political favors from Jack Abramoff, whose influence-peddling tactics helped make corruption a major issue in the November elections. Mr. Ney, as past chairman of the House Administration, backed similar legislation last year.

The House bill, like its Senate counterpart, isn't retroactive and wouldn't affect the benefits of Mr. Ney, who is eligible for a pension of about $29,000 a year if he waits until 2016, when he turns 62.

Minor differences with the Senate bill, approved last week as part of larger ethics and lobbying overhaul, must be reconciled before the measure can be signed into law.

The House bill applies to conduct that occurs after the bill becomes law, while the Senate bill doesn't take effect until 2009.

Pelosi Cements Grip On Caucus (RC)

By Jennifer Yachnin

Roll Call, January 24, 2007

Just weeks into her tenure, Democratic Members and aides see Speaker Nancy Pelosi (D-Calif.) taking subtle steps to consolidate her power within the new House majority, provoking some grumbling, but largely avoiding any serious internal revolts as Democrats settle into their new roles.

Pelosi has made herself the Democratic Caucus' clear leader in formulating an agenda and message strategy, also while installing key staff at the party's campaign committee. At the same time, she is working to rein in the chamber's chairmen, an effort that aims to prevent the resurgence of largely autonomous chairmen that dominated the House chamber during the previous Democratic majority.

In the initial weeks of the 110th Congress, however, those efforts are drawing largely muted reactions from the party's 21 newly installed chairmen — many of whom held gavels in the party's last majority 12 years ago. That initial response may not prevent troubles ahead, but for now, many are chalking up any discord to their new roles.

"From my vantage point, the Democratic chairmen are happy to be in charge, and it takes some getting used too," said one Democratic chairman who asked not to be named, to allow him to speak more freely on sensitive issues. "I don't think there's real disagreement."

The chairman acknowledged a push for coordination between the Speaker and committee leaders, noting that he has met with Pelosi several times in recent weeks. "To some degree, the Speaker is the leader of the party and an effective Speaker would work with the chairmen," the Democrat said.

Despite the push for consolidation, however, one Democratic aide suggested that reaction is subdued because there is little concern that Democratic chairmen will become "irrelevant," as some Democrats viewed their Republican counterparts under the rule of then-Majority Leader Tom DeLay (R-Texas).

Nevertheless, Pelosi hasn't managed to avoid every dispute within her party.

In the most public spat in the first weeks of the 110th Congress, the Speaker drew the ire of Energy and Commerce Chairman John Dingell (D-Mich.) when she announced last week that she would seek a new select committee to examine the issue of global warming.

The Michigan lawmaker, loathe to forfeit any his committee's jurisdiction, publicly dismissed the panel. In a meeting of the Energy and Commerce panel's Democrats, Dingell later argued the Speaker's proposal would be better served as a task force or special committee within the Democratic Caucus.

But while the proposal drew criticism from others, including Rep. Henry Waxman (D-Calif.) — who said last week, "I can see the reason for this Speaker wanting to give this extra focus and attention," but stopped short of supporting the select committee — large numbers of Democrats are not expected to oppose the proposal when it reaches the House floor. Most Republicans are expected to object to the proposal.

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House Majority Leader Steny Hoyer (D-Md.), who said he spoke with Dingell Tuesday during a weekly chairmen's meeting, could not confirm when that measure will come to the House floor.

"I want to talk to more people on our side to see if we're going to have a problem on our side," Hoyer said, before later adding: "Jurisdictional issues are real issues ... but I think we'll work it out."

The new committee, which draws on the jurisdiction of eight committees, would not have legislative authority under the proposal unveiled by Pelosi last week.

Responding to criticisms of the proposed panel at a Tuesday press conference, which focused on last night's State of the Union address, Pelosi stated: "One percent of the people in the Caucus are opposed to it, and 99 percent want to be on the Select Committee."

One senior Democratic aide acknowledged that while Pelosi may be flexing her political muscle in this case — "She doesn't think he will move legislation as quickly as she wants," the aide said — it remains to be seen whether her action is unique, or intended as a warning for future challengers.

Another Democratic chairman, who spoke on the condition of anonymity, suggested that the spat largely remains between Dingell and the Speaker, rather than all the chairmen.

"I'm jealous of my jurisdiction, I'd be less than honest if I didn't say that," the chairman said. "But I believe if we are to govern effectively, there has to be better coordination, regardless of personal fiefdoms."

The Democratic chairman, who acknowledged that the Speaker had discussed the select committee with him at an earlier date, dismissed the idea that such a panel would take power away from any panels.

"It's not precedent setting," he asserted, adding that he "would not be surprised" to see additional select committees during the new Congress.

A Democratic aide, who asked not to be named, defended the Speaker's decision to call for the committee's creation, stating: "I think it's evident she's been leading by consensus."

Still, some Democratic chairmen questioned that commitment at the start of the Congress three weeks ago, when lawmakers discovered that Republican-authored term limits would be continued in the new session.

The rules, which limit lawmakers to six-year terms at the helm of a committee, were initially adopted by the Republican majority following the 1994 elections, as part of the "Contract with America."

When House lawmakers adopted rules governing the 110th Congress, the Democratic leadership authored a series of changes focused primarily on ethics and lobbying reforms, while maintaining the majority of the rules from the last session, including those term limits.

Although Democratic leaders stated that the House will revisit those rules, no definitive date has been set for that discussion.

The Speaker "has made it clear that she doesn't care for the term limits either," the Democratic aide said. "It's just a matter of when to approach changing that. We've got six years to look at it."

There also are indications that Pelosi intends to keep a strong hand in the Democratic Congressional Campaign Committee this cycle, notably the installment of Brian Wolff — a close political confidant to Pelosi and deputy executive director in charge of finance in the last cycle — as the new executive director.

DCCC Chairman Chris Van Hollen (Md.), tapped by Pelosi to head the campaign committee, also has opted to bring on another top Pelosi aide, Jennifer Crider, to run the communications shop.

'08 Race Looms Over Agenda (RC)

By Erin P. Billings

Roll Call, January 24, 2007

Less than a month into their newly elected leadership roles, Senate Majority Leader Harry Reid (D-Nev.) and Speaker Nancy Pelosi (D-Calif.) already are confronting a vocal and prominent cast of Congressional Democratic presidential hopefuls who quickly are capturing the national spotlight.

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And while many Congressional Democrats say publicly they have grown used to Members and Senators using Capitol Hill as a platform for White House runs, they privately acknowledge the early 2008 campaign could become a distraction, and the window will be narrow for Reid and Pelosi to drive the party agenda and set the tone in the early days of the 110th Congress.

"With the New Hampshire primary about a year away, we could be looking at only a few months before presidential interests completely over take party priorities," said a senior Senate Democratic aide.

Reid and Pelosi assumed their majority slots on Jan. 4 after a sweeping November election gave Democrats control of Congress. After a dozen years in the minority — interrupted only by a short period of Senate control — Democrats are relishing the chance to steer Congressional priorities over the next two years.

But in recent days, the field of Congressional Democratic presidential hopefuls has swelled with the entries of high-profile candidates, Sens. Barack Obama (Ill.) and Hillary Rodham Clinton (N.Y.).

Obama and Clinton joined a string of Democratic hopefuls including Sens. Joseph Biden (Del.), Chris Dodd (Conn.) and possibly John Kerry (D-Mass.).

Sen. Ben Nelson (D-Neb.) said the early primary season has "got to be a distraction" for the Senate leadership and "at times can be an annoyance," but also said it can serve to help drive the debate and encourage discussions among political players.

The challenge for Reid and others, he said, is that presidential candidates can often redirect the tone and force leaders to respond to candidates' ideas.

"Now they have to consider what others are saying," Nelson said.

Even so, Democratic Senators said presidential politics is part of the Senate, and early primaries or not, the chamber always is a launching pad for White House candidates.

Sen. Mark Pryor (D-Ark.) acknowledged the presidential primary seems to come "earlier and earlier" each cycle, but added: "The Senate adjusts to that.

"It probably will affect the operation of the Senate from time to time on both sides of the aisle," he said.

Reid appears content to let the nomination process play out with little or no interference.

A former Democratic leadership aide explained that Reid's primary focus will be on maintaining the cohesion of his 51-seat majority rather than simply focusing on the presidential hopefuls.

"The truth is, it's much harder to control the 51 than the few '08ers," this source said.

The source added, "The principal doesn't have to worry about what the kids do on the street, he just has to make sure there is order in the school."

Reid clearly has a heavier logistical burden than Pelosi, who heads the chamber where interest in the White House is slim.

So far, only Democratic Rep. Dennis Kucinich (Ohio) has hinted at launching another candidacy. Besides, with 435 Members serving in the House, the absence of a Member who is on the campaign trail is less of a problem.

But both leaders will have to work through the challenges of trying to move key pieces of legislation over the next two years, finding unity among Democrats and maintaining their roles as the party's top voices.

What's more, both Reid and Pelosi will undoubtedly be put in the sometimes-uncomfortable position of having to respond to Democratic presidential candidates' platforms and positions.

Jim Manley, Reid's spokesman, said his boss recognizes "there are always presidential candidates in the Senate. There were in the past and there will be in the future. The fact is, under the rules of the Senate — presidential candidate or not — [Senators] can have a pretty significant influence on how the Senate operates."

And Democratic leaders in both chambers said that neither Reid nor Pelosi is concerned that the candidates will steal their spotlight.

"As the first woman Speaker, there's no question that she's going to continue to receive a great deal of attention," said Pelosi's spokesman Brendan Daly. "We've had a very good first three weeks in office and that's going to continue as we move forward.

"There are plenty of people who continue to serve as the face of the Democratic Party," Manley added. "There's plenty of limelighting to go around."

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Biden said 2008 isn't all that different from previous presidential cycles, which typically draw a pool of prominent Democratic Senators to the field.

"We've been down there before," Biden said. "I think we agree on 85 percent of the issues. The idea that it's a distraction from the Senate" isn't reality.

Biden has used the early days of the 110th Congress to stake out a prominent role on Bush's call to increase troops in Iraq by 21,500. He is leading a bipartisan group of Senators introducing a resolution in opposition to the move, and in doing so, highlighting his foreign policy-oriented platform.

But Biden isn't the only Senator eyeing the White House who is using the Iraq War as a key aspect of a White House run. Dodd, Clinton and Obama all have come out with individual proposals on how best to deal with the war and the proposal for a troop surge.

The positions on Iraq by Clinton and Obama in particular have led to rumblings that the two candidates are embroiled in a bitter rivalry for frontrunner status.

Most Democrats dispute suggestions that the two are personal adversaries, but they acknowledge that the under-the-Dome campaign is sending a signal that their campaigns could present a headache for leadership down the road.

"The danger and difficulty for Democratic leaders is that the press makes it seem like what Democrats are and think is what those two are saying or not saying," said a senior Democratic House aide. "What we actually do gets lost in the shuffle."

Democratic leadership sources say that while much of the attention of late is on the presidential candidates, they expect the spotlight will dim following the president's State of the Union address and after Congress votes on various resolutions opposing his Iraq plan.

That gives Democrats a chance to push through additional legislative items before next January, the official kickoff of the 2008 presidential primary.

"It will die down," said a senior Democratic aide.

John Stanton contributed to this report.

FEDERAL DIARY: GAO Questions Administration's Decision To Decline Drug Subsidy (WP)

By Stephen Barr

Washington Post, January 24, 2007

Federal employee groups favored the subsidy. The U.S. Postal Service wanted the subsidy. But the Bush administration said no.

The pull-and-tug is over a 2003 law that allows employers to receive subsidies for prescription drug coverage on the condition that they provide a benefit for their Medicare-eligible retirees that is at least as good as the Medicare drug plan. The government, of course, is an employer, operating a medical-insurance program, but Bush officials decided it made little sense for the government, in effect, to pay a subsidy to itself.

That decision has been questioned in a report from the Government Accountability Office, the congressional auditing agency. GAO analysts think that allowing Uncle Sam to move money from one pocket to another would probably lower premiums in the Federal Employees Health Benefits Program, which provides medical coverage to about 8 million people.

Taking the subsidy from the Medicare program would have lowered the average 2006 premium in the federal health benefits program by 2.6 percentage points, the GAO calculated. Those premiums rose by 6.4 percent last year, meaning the increase would have been nearly 4 percent with the subsidy.

The GAO said that insurance companies in the federal program differed over how much the Medicare subsidy would have mitigated premium increases. Officials from two large federal health insurance plans with higher-than-average numbers of retirees told the GAO the subsidy would have helped lower premiums, with officials at one company claiming the subsidy would have led to a reduction of up to 4 percentage points for their plan.

The Office of Personnel Management, which runs the federal employee health program, has ruled out applying for the Medicare subsidy. OPM officials say the law was written to encourage employers to continue offering prescription drug coverage

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to their retirees, which the employees health benefits program does. The OPM says it has no intention of dropping retiree drug coverage.

The National Active and Retired Federal Employees Association has criticized the OPM for refusing to seek the Medicare subsidy, contending that the OPM is missing out on $1 billion annually. The retired employees group helped lead the effort on Capitol Hill to make the federal government eligible for the subsidy along with other employers, including state and local governments.

Margaret L. Baptiste, president of retired employees group, said yesterday that the White House budget office and the OPM "should explain to federal workers, retirees and survivor annuitants, who often struggle to pay their steadily increasing premiums, why the federal government failed to do what a multitude of other employers have done to reduce this burden."

One agency, the U.S. Postal Service, petitioned Medicare in 2005 to provide the subsidy but was rejected on the grounds that postal workers are covered by the health benefits program. Postal officials sought the subsidy because it would save the agency about $250 million annually. Agency officials said the subsidy would have helped rein in operating expenses, which are financed through postage rates.

Sen. Daniel K. Akaka (D-Hawaii), new chairman for the Senate's federal workforce subcommittee, said he plans to hold a hearing on the GAO report in the spring.

"I will take a closer look at how OPM decisions affect health care premiums," Akaka said in a statement. "Although OPM did a good job in keeping premium increases down in 2006, the GAO report clearly shows that if OPM had applied for and used the subsidy, premium growth would be reduced by 2.6 percent."

As Akaka noted, the GAO report shows that the OPM has been slowing the growth in the average federal health insurance premium since 2002, when premiums jumped by 12.9 percent. Federal Employees Health Benefit premiums, on average, are going up only 1.8 percent this year.

The rise in average premiums has slowed, the GAO said, because the costs of medical services and prescription drugs have risen at a slower pace in recent years. The GAO pointed out that the OPM has used the program's financial reserves to curb premium growth last year and this year, by 2 percent and 5 percent respectively.

The GAO also noted that the Federal Employees Health Benefits Program has done a better job of controlling premiums than many private-sector employers and the California Public Employees' Retirement System, known as Calpers and second in size to the federal program.

Over the past five years, the GAO said, the average annual growth in the federal health benefits premiums was 7.3 percent, compared with 14.2 percent for Calpers and 10.5 percent for companies surveyed by the GAO.

State Of The Union: Another Take (NYT)

By Randy Newman

The New York Times, January 24, 2007

Randy Newman, the singer, songwriter and composer, performed this song at Carnegie Hall in 2006. It will be released soon online. This is an abridged version.

A Few Words in Defense of Our Country

By Randy Newman

I'd like to say a few words
In defense of our country
Whose people aren't bad nor are they mean
Now the leaders we have
While they're the worst that we've had
Are hardly the worst this poor world has seen
Let's turn history's pages, shall we?
Take the Caesars for example
Why within the first few of them

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They had split Gaul into three parts
Fed the Christians to the lions
And burned down the City
And one of 'em
Appointed his own horse Consul of the Empire
That's like vice president or something
That's not a very good example, is it?
But wait, here's one, the Spanish Inquisition
They put people in a terrible position
I don't even like to think about it
Well, sometimes I like to think about it
Just a few words in defense of our country
Whose time at the top
Could be coming to an end
Now we don't want their love
And respect at this point is pretty much out of the question
But in times like these
We sure could use a friend
Hitler. Stalin.
Men who need no introduction
King Leopold of Belgium. That's right.
Everyone thinks he's so great
Well he owned The Congo
He tore it up too
He took the diamonds, he took the gold
He took the silver
Know what he left them with?
Malaria
A president once said,
"The only thing we have to fear is fear itself"
Now it seems like we're supposed to be afraid
It's patriotic in fact and color coded
And what are we supposed to be afraid of?
Why, of being afraid
That's what terror means, doesn't it?
That's what it used to mean
The end of an empire is messy at best
And this empire is ending
Like all the rest
Like the Spanish Armada adrift on the sea
We're adrift in the land of the brave
And the home of the free
Goodbye. Goodbye. Goodbye.

Spending Sincerity Test (WSJ)

The Wall Street Journal, January 24, 2007

DOJ_NMG_0120877

Members of Congress applauded President Bush's lines about spending restraint last night, but we are about to get a test of their sincerity when the Senate votes today on the line-item veto.

The official description of New Hampshire Senator Judd Gregg's legislation is "rescission" authority, and it is notably less powerful than the genuine "veto" power Congress granted Bill Clinton in 1996 before it was struck down by the Supreme Court. But the impulse behind it is the same: Give Mr. Bush and his successors the power to single out and send back to Congress the thousands of wasteful "earmark" projects that bloat today's spending bills. Congress would then be required to vote, up or down and within 10 days, on the spending cuts.

It's no accident that Mr. Gregg's bill is nearly identical to a rescission amendment offered by former Democratic Senator (and one-time Majority Leader) Tom Daschle in 1995. In fact, Mr. Daschle's version gave the President more power, allowing him to submit as many as 13 rescissions a year, compared with only four in the Gregg proposal. No fewer than 37 Democrats voted for the Daschle amendment in 1995, and 20 of them are still in the Senate.

Yet how times, and partisanship, have changed. West Virginia's Robert Byrd took to the Senate floor this week to denounce Mr. Gregg's amendment as "garbage" -- his eloquence is legendary -- and to complain that it gave too much power to the President. That's an old Byrd song when Republicans are in the White House. But back in 1995, with Mr. Clinton in office, the earl of earmarks noted that the Daschle proposal "does not result in any shift of power from the legislative branch to the executive. It is clear cut. It gives the President the opportunity to get a vote . . . So I am 100 percent behind the substitute by Mr. Daschle."

California's Dianne Feinstein also hailed rescission authority in 1995 as a "deterrence" to "the pork barrel." Wisconsin's Russ Feingold extolled it as "a useful tool." Washington's Patty Murray said the President should have the power to veto "pork items" that "contribute to our deficit." North Dakota's Byron Dorgan in 1996 said it would be "helpful in imposing budget discipline." Senators Chris Dodd, Carl Levin and Joe Biden also had nice things to say.

If this crowd meant what they said, Mr. Gregg will easily get the 60 votes he needs to overcome a filibuster. Yet so far not a single Democrat has publicly supported the measure, and Republicans had to threaten to hold up the ethics reform bill last week even to get an item-veto vote on the Senate floor. This is all the more remarkable given that the Senate Democratic caucus is teeming with wannabe Presidents who would love the power that Bill Clinton once had if they ever make it to the White House. Perhaps they lack confidence in their candidacies.

Or perhaps they simply don't want to hand Mr. Bush anything he could call a victory. Democrats ran hard against GOP overspending last year, so voters will be watching what they do in the run-up to 2008. A vote against the line-item veto is a vote for earmarks and spending as usual.

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As The Democrats Dither (WP)

The Washington Post, January 24, 2007

AN EARLY TEST of the courage and leadership of the new Democratic-controlled Congress will come on the question of extending full voting rights in the House of Representatives to the District of Columbia. Legislation to do just that fizzled in the final days of the past Congress as Republican leaders, seized by apathy and deaf to logic, left town without calling a vote. Now it is for Democrats to explain why citizens of the capital of the free world are disenfranchised in the halls of Congress.

They have scheduled a vote today on a half-measure that grants a partial voice to the District's delegate, as well as to delegates from U.S. territories. The resolution would allow the delegates to vote on some important House business, including amendments to legislation, but would withhold the right to vote on a bill's final passage. If adopted, it would restore the status quo in effect before the Republicans altered it 12 years ago but leave the District consigned to inferior status. It is, in other words, better than nothing, but it is decidedly not good enough. And it muddies the waters by lumping the District, whose residents pay

federal income taxes, together with Guam, American Samoa and the Northern Mariana Islands, whose (vastly fewer) residents do not.

The best and most comprehensive solution in sight is the one the Republicans spurned so heedlessly in the past Congress. Embodied in a bipartisan measure co-sponsored by Rep. Thomas M. Davis III (R-Va.) and D.C. Del. Eleanor Holmes Norton (D), it would add two full-voting seats to Congress -- one for the mostly Democratic District and one for mostly Republican Utah, which just missed getting an extra seat after the last census. That's about as nonpartisan as you could wish for (although only Utah would gain an electoral vote).

Mr. Davis believes that several dozen Republicans would support his approach should it ever see the light of day in a floor vote. And Democrats, who have every reason to grant the District a fully empowered representative in the House, should also be on board. So why is the Democratic leadership dithering?

Return Of The Drug Company Payoffs (NYT)

The New York Times, January 24, 2007

Two excessively lenient court decisions have allowed the manufacturers of brand-name drugs to resume the underhanded practice of paying generic competitors to keep their drugs off the market. It is a costly legal loophole that needs to be plugged by Congressional legislation.

The problem arises when a generic manufacturer tries to take its drug to market before the patent on a brand-name drug has expired by arguing that its product does not infringe upon the patent or that the patent is invalid. Huge sums of money are at stake, especially with blockbuster drugs whose annual sales can exceed a billion dollars.

Rather than risk it all, a brand-name manufacturer may choose to pay its generic competitor substantial compensation to drop its challenge and delay marketing its drug. Both companies make out handsomely. The big losers are consumers and the public and private insurers that must continue to pay monopoly prices for the brand-name drugs.

The Federal Trade Commission, which has been waging a valiant fight, succeeded for several years in eliminating such settlements. But two appeals court decisions in 2005 held that they are a legitimate way to resolve patent disputes. And sure enough, the F.T.C. reported last week that — after a five-year hiatus — brand-name companies made 3 such do-not-compete settlements in fiscal year 2005 and 14 more last year.

The pharmaceutical industry contends that the settlements are a reasonable way to resolve disputes and that they often result in bringing generic drugs to market before a patent has expired, albeit not as soon as the generic company wanted. The industry argues that regulators and the courts should judge such settlements on a case-by-case basis.

Our own hunch is that the better approach for Congress to take as it moves toward corrective legislation would be a “bright line” prohibition against making any payments to delay introduction of a generic drug. That would set a clear standard and enhance the likelihood that consumers would get a chance to benefit from real competition in the pharmaceutical market.

OTHER NEWS:

Court Rules Against Foster Parents (WP)

By Tamara Jones

The Washington Post, January 24, 2007

The Tennessee Supreme Court ruled yesterday that a 7-year-old girl raised by an American couple since infancy must be returned to her Chinese parents, who say they never intended to give her up for adoption.

Shaoqiang He, a 42-year-old restaurant manager in Memphis, said he will probably return to China with his family after a transition period for Anna Mae He. She turns 8 on Sunday and has spent all but the first three weeks of her life with foster parents Jerry and Louise Baker.

"We have a big bedroom for her in our apartment, and we're going to buy clothing and furniture for her," He said in the telephone interview. "She knows by her face that she is Chinese, and she must be asking the Bakers, 'Where is my mom? Where is my dad?' "

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Neither the Bakers nor their attorneys could be reached for comment. The Bakers have the option of appealing on the federal-court level. Tuesday's ruling set no timetable or conditions for Anna's return, leaving that for a lower court to iron out.

He and his wife, Qin Luo, 37, met the Bakers through the church both families attended. Financial and legal hardships prompted the Hes to place their newborn in the Bakers' care, He said, adding that another church member who ran an adoption agency had vouched for the couple and described them as experienced, loving foster parents. The Hes visited Anna, her father said, but relations turned ugly when they asked for her return at the age of 2.

"We did not give up custody," He said.

The Bakers won a court order barring the Hes from any contact with Anna, but He said his wife used to hide inside a neighborhood gas station to catch glimpses of Anna being taken for a walk or out for a ride. The Hes also have a 4-year-old daughter and 6-year-old son.

The custody dispute has wended through the U.S. court system for most of Anna's life, stirring public debate over the emotional, cultural and financial issues involved.

A Memphis judge stripped the Hes of their parental rights in February 2004, citing "parental misconduct" and abandonment, suggesting that the Hes had pursued the custody case merely to delay their own deportation. Shaoqiang He said his family's immigration status remains in legal limbo.

During the acrimonious battle, Qin Luo He had picketed outside the Bakers' home, shouting that she wanted her daughter back. The lower court concluded that her behavior amounted to "emotional instability" that would be "detrimental" to Anna.

But the state's high court found no evidence that the Hes willfully abandoned Anna. The justices concluded that the couple misunderstood the possible implications of transferring custody and guardianship to the Bakers, believing it merely enabled the Bakers to get Anna health insurance.

Emotional upheaval to Anna was dismissed as grounds for the Bakers to keep her. Being taken away from the only family she has really known "does not constitute the substantial harm required to prevent the parents from regaining custody," the Supreme Court ruling said.

6-year Custody Fight Ends In Tenn. Court (USAT)

By Robert Davis

USA Today, January 24, 2007

After six years of highly publicized court cases, a Chinese immigrant couple may soon be reunited with the daughter they have fought to get back.

The Tennessee Supreme Court ruled Tuesday that 7-year-old Anna Mae He, who has lived with a Memphis family since infancy, must be returned to birth parents Shaoqiang and Qin Luo He, who go by American names Jack and Casey.

The court ruled that lower courts had wrongly stripped the Hes of their parental rights.

The court ordered the Juvenile Court of Shelby County to reunite the child with her parents, who have been aided by pro bono lawyers. Psychologists will help her make the transition, lawyers say.

The custody fight, which made headlines around the world, pitted the Hes against Jerry and Louise Baker of Cordova, Tenn. The Bakers took Anna Mae in soon after she was born at the Hes' request as they struggled with legal, financial and health problems.

The Hes have insisted they never intended to permanently relinquish custody. But the Bakers have long wanted to legally adopt Anna Mae and originally accused the Hes of abandoning the child. They have maintained that she would have a better life with them.

"We never gave up hope," Jack He says. "This has been six years of nightmare." He hopes to be able to see his daughter again as early as her eighth birthday on Sunday.

The Hes had visited Anna Mae for a time, but things came to a head on her second birthday, on Jan. 28, 2001, when Casey refused to leave without her daughter. The Bakers called the police and five months later petitioned a court to revoke the Hes' parental rights.

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In its ruling Tuesday, the court said that "the evidence overwhelmingly shows that the parents' voluntary relinquishment of custody was entered as a temporary measure to provide health insurance."

Jerry Baker said he does not know what will happen next from a legal standpoint, but he hopes to have a child psychologist help determine the best way to "broach all of this" with the girl, who was in school when news of the ruling swept across Memphis.

Supporters from China and across the nation watched news reports and used the Internet to offer support for the Hes. One of the Hes' attorneys, Richard Gordon, says the lesson is: "This is America. Persistence pays off. Don't give up."

Jack He says that he looks forward to the day when his oldest daughter wakes up at home surrounded by the family she has never known: her parents, her brother, Andy, 6, and her sister, Avita, 4.

"She knows that she is Chinese," he says. "We want for her to wake up each morning and see all of the same faces surrounding her."

Baker pledged to put the girl and his daughter Aimee, who considers Anna Mae her sister, first with help from God. "Our God today is the same God that we thanked for all of the past decisions," he said. "He knows best. He will protect us all."

Candidate Who Thinks She Won Gets Gallery Seat (MH)

By Lesley Clark

The Miami Herald, January 24, 2007

WASHINGTON - Christine Jennings wasn't able to line up and shake President Bush's hand when he walked down the House aisle Tuesday night to deliver his State of the Union address, but she did get a chance to make her point.

Clad in a cherry red pantsuit, the banker from Sarasota County who is contesting her narrow loss to succeed Rep. Katherine Harris, sat in the House gallery to the president's right -- a symbol of the fact Democrats are not relinquishing dibs on the seat -- despite the presence of Rep. Vern Buchanan, R-Sarasota, who, as a member of Congress, got a seat on the floor.

"I hope it's a reminder that we need election reform and standards for the country," Jennings said of her presence in gallery 5, row B, seat 17. ``The message has never changed, we've got to know that we have fair and accurate elections."

Buchanan, who was sworn into office by the Democratic-controlled Congress on Jan. 4 -- but not without notice that his election was being contested -- pointedly called Jennings his "favorite constituent" and said he aimed a wave in her direction.

He said he was awed to see his first State of the Union address from the House floor -- noting he's attended before, ``but just in the gallery.

"To be a blue-collar kid from Detroit, you'd never think it's possible," Buchanan said. ``But it is in America."

Before the speech, Jennings said, perhaps only partly in jest, that she hoped Bush would use the annual address to take up the mantle for election reform. The president, she noted, won the White House in 2000 with a 527-vote margin -- but only after a contested election in Florida that raised similar questions about voter intent.

"I'm hopeful that the president will include in his message that he'll champion election reform," Jennings said, a broad smile on her face. ``I think it's very appropriate. He's obviously familiar with the voting problems in Florida."

Bush, not surprisingly, did not issue a call for election reform, though one of the prime players of the 2000 Florida recount made a guest appearance: Harris, a Sarasota Republican, appeared on the House floor, hugging former colleagues and chatting with several members.

Jennings was the guest of Rep. Ellen Tauscher, D-Calif., who gave the Florida Democrat her sole audience ticket to the event to "highlight the gross injustice of election problems" in the Florida congressional district.

Many Florida members of Congress gave their tickets to family or friends. Buchanan invited his wife. Democratic Rep. Tim Mahoney of Palm Beach Gardens invited Army Spc. Joshua Shirley of LaBelle, who was stationed in Iraq last month when his brother, Sgt. Luke Shirley, was seriously injured by a land mine.

A Coast Guardsman from Broward County who has patrolled the Persian Gulf near Iraq may have received the best invitation, however. Petty Officer 2nd Class Nathan Thomas of Hollywood was the invited guest of first lady Laura Bush, and he was seated in her box Tuesday night for the speech.

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Thomas joined the Coast Guard in August 2001, according to the White House, and has been twice deployed to the region -- for a total of seven consecutive months in 2006.

He was part of the U.S. Coast Guard Patrol Forces in Southwest Asia, Bahrain and Kuwait, where his job was to work as a boarding officer, on assignment to protect two major Iraqi offshore oil terminals from potential terrorist attacks.

As part of his work there, the White House said, Thomas designed a training video and lesson plan on law enforcement tactics on boarding missions.

He used those resources to train more than 500 foreign military servicemen, including marines and navy personnel from Iraq and Kuwait, the White House said.

In addition, "he trained 80 U.S. Coast Guard and 60 U.S. Navy members deployed to the Persian Gulf in high-risk, noncompliant boarding procedures, thereby improving the capabilities and readiness of coalition forces," the White House said.

Jennings lost the election by fewer than 400 votes, but is challenging the results because the voting machines failed to register votes in the congressional race for more than 18,000 voters in Sarasota County.

Some observers chalked it up to particularly nasty primary and general election campaigns, others to a bad ballot design. But Jennings contends the machines malfunctioned and cost her the election. She's suing to examine the computer source code used in the county's voting machines.

A state circuit judge last month refused to give Jennings access to the software; she's appealing the decision.

But Congress has the last say in who sits in the chamber and Democrats have signaled intense interest in the outcome of the contest. The chair of the House Administration Committee, which would investigate the matter, sent a letter to the Florida appeals court, urging it to give Jennings full access to the computer code. The court has rejected the letter.

Jennings, though, remains a favorite on Capitol Hill. She attended a breakfast Tuesday for new Democratic members of Congress and spent some of the day working the phones at the Democratic Congressional Campaign Committee, which helped her set up a fundraising account for the election challenge.

She said she was warmly greeted at the breakfast and encouraged to keep waging the battle. One member, she noted, has received more than 100 letters from constituents alarmed about the lack of paper ballots for voting machines.

"It's no small matter," she said. ``People are concerned about the situation."

No Money, No Problem (RC)

By Kate Ackley

Roll Call, January 24, 2007

Any penny-pinching lobbyists looking to save a few thousand dollars in the sure-to-break-records 2008 presidential race have the perfect candidate to throw their theoretical support behind: Sen. Barack Obama (D-Ill.).

Not only has Obama's presidential exploratory committee said it will refuse all donations from political action committees, but it also is barring cash from registered federal lobbyists. Word has just started to spread among K Street's Democrats that when it comes to the candidate's coffers, they're off the hook.

"Thank, God," quipped one prominent Democratic lobbyist who does not publicly support any candidate. "Now I'm for him."

Another well-known K Street Democrat, one who publicly supports another candidate in the party's primary field, echoed those sentiments, saying lobbyists are high-fiving the move.

"Most people are happy about it," this lobbyist said. "Some people are going to get hit up by multiple candidates, but not by Barack."

This lobbyist said Obama can likely succeed in raising the $50 million he'll need to be competitive in early primaries through online donations and grass-roots support from beyond the Beltway, other Democratic contenders such as Sens. Chris Dodd (Conn.) and Joseph Biden (Del.) would find that banning lobbyists' contributions "could potentially affect their ability to remain competitive" since both have large donor networks in the advocacy world.

The party's frontrunner, Sen. Hillary Rodham Clinton (D-N.Y.) will cash lobbyists' campaign donations, too. But former Sen. John Edwards (D-N.C.) won't. An aide with the Edwards campaign confirmed that Edwards wants nothing to do with the money of PACs or federally-registered lobbyists.

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Among the qualifications for acceptable donations listed on Obama's Web site are that the funds are not from a PAC. A donor also must certify that, "This contribution is not made from the funds of an individual registered as a federal lobbyist or a foreign agent, or an entity that is a federally registered lobbying firm or foreign agent."

Dan Pfeiffer, a spokesman for Obama's exploratory committee, said the prohibition is not limited to Web donations. "The same criteria applies to all donations," he said, including old fashioned handwritten checks. Pfeiffer said he was not certain whether Obama's campaign also would turn away funds that lobbyists helped raise from their family members, friends and non-lobbyist clients and colleagues or whether it applies to lobbyists who are registered at the state or local level.

While most lobbyists privately cheered Obama's move as a money-saver for their own bank accounts, one lobbyist

who supports Obama's candidacy said he was disappointed not to be able to put his money behind the presidential contender. "He just saved me $2,000, but I wish I could write the check," the lobbyist said.

Obama, who has been a leading proponent of tightening lobbying ethics laws, has not always shied away from lobbyist and PAC money. In the 2005-2006 cycle, according to the Federal Election Commission, Obama reported collecting about $100,000 from PACs alone, including those connected with BellSouth, Coca-Cola, Johnson & Johnson and the National Association of Realtors.

"If you're a lobbyist you just have to accept that elected officials, especially in the Democratic party, have decided we're a target and they're going to score political points on us," said one Democratic lobbyist.

New Congress, New Clients. Longtime lobbyist Alan Roth, a partner with Lent Scrivner & Roth and, more importantly, a one-time aide to Energy and Commerce Committee Chairman John Dingell (D-Mich.) has been tapped by pharmaceutical company Amgen, which has been locked in a long-running legislative feud with rival firm Roche.

Roth, who served as Democratic staff director and chief counsel on the tony committee in the 1990s, also added AT&T and Qualcomm to his firm's client roster and is close to inking a deal with the United States Telecom Association.

"After 10 years as a Democratic lobbyist, it's nice to get your phone calls returned," said Roth, who added that the firm is looking to pick up another Democrat. The firm's Louis Finkel left late last year for a corporate lobbying job with oil giant Exxon Mobil Corp., but Finkel has returned to Capitol Hill to work for the Science Committee.

As for the Amgen-Roche fight, the two companies have been warring over patent laws that could allow a Roche product that treats anemia into the U.S. market to compete with one of Amgen's most profitable therapies, Epogen.

K Street Moves. Sonnenschein Nath & Rosenthal has added John Russell IV and Gilberto Ocañas to its national public law and policy strategies group. Russell, who spent a decade on Capitol Hill including a stint as deputy to the chief of staff for former Speaker Dennis Hastert (R-Ill.), is signing on as managing director. Ocañas, who in 2000 led the National Latino Presidential Campaign for the Democratic National Committee, will be a senior adviser. "John and Gilberto both will be tremendous assets to Sonnenschein's public policy practice," said Mike McNamara, chair of Sonnenschein's lobbying group.

• Kerry Feehery, communications director to Sen. Mel Martinez (R-Fla.), has left Capitol Hill to lobby on behalf of the new Florida Gov. Charlie Crist (R). Her title will be director of the executive office of the Governor.

• Janene Jackson, formerly a staff member for the D.C. City Council, is joining the D.C. Chamber of Commerce as senior vice president of external affairs, a position that amounts to the group's top lobbyist.

Watergate Figure E. Howard Hunt Dies (AP)

By Tim Reynolds

AP, January 24, 2007

E. Howard Hunt, who helped organize the Watergate break-in, leading to the greatest scandal in American political history and the downfall of Richard Nixon's presidency, died Tuesday. He was 88.

Hunt died at a Miami hospital after a lengthy bout with pneumonia, according to his son Austin Hunt.

The elder Hunt was many things: World War II soldier, CIA officer, organizer of both a Guatemalan coup and the botched Bay of Pigs invasion, and author of more than 80 books, many from the spy-tale genre.

Yet the bulk of his notoriety came from the one thing he always insisted he wasn't — a Watergate burglar. He often said he preferred the term "Watergate conspirator."

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"I will always be called a Watergate burglar, even though I was never in the damn place," Hunt told The Miami Herald in 1997. "But it happened. Now I have to make the best of it."

While working for the CIA, Hunt recruited four of the five actual burglars — Bernard Barker, Virgilio Gonzalez, Rolando Eugenio Martinez and Frank Sturgis, all who had worked for Hunt a decade earlier in the Bay of Pigs invasion.

All four also had ties to Miami, where part of the Watergate plan was hatched. He said the burglary's aim was to see whether Fidel Castro's Cuban regime had given money to the campaign of Nixon's Democratic opponent, George McGovern.

"According to street gossip both in Washington and Miami, Mr. Castro had been making substantial contributions to the McGovern campaign," Hunt told CNN in February 1992. "And the idea was ... that somewhere in the books of the Democratic National Committee those illicit funds would be found."

The idea was wrong, and the fallout escalated into huge political scandal.

Nixon resigned on Aug. 9, 1974. Twenty-five men were sent to prison for their involvement in the botched plan, and a new era of skepticism toward government began.

"I had always assumed, working for the CIA for so many years, that anything the White House wanted done was the law of the land," Hunt told People magazine for its May 20, 1974, issue. "I viewed this like any other mission. It just happened to take place inside this country."

The Hunt recruits and James W. McCord Jr., security director for the Committee for the Re-election of the President, were arrested June 17, 1972, at the Watergate office building. One of the burglars was found to have Hunt's White House phone number.

Hunt and fellow operative G. Gordon Liddy, along with the five arrested at Watergate, were indicted on federal charges three months later. Hunt and his recruits pleaded guilty in January 1973, and McCord and Liddy were found guilty.

In March 1973, McCord wrote a letter to the federal judge in his case, John J. Sirica, claiming perjury occurred and that there was political pressure applied to the defendants to plead guilty and remain silent.

In a secretly recorded conversation that same month that became one of the key pieces of evidence of the White House cover-up, White House Counsel John Dean told Nixon that "we're being blackmailed ... Hunt now is demanding another $72,000 for his own personal expenses; another $50,000 to pay his attorneys' fees."

After some further discussion, Nixon said: "If you need the money, I mean you could get the money. ... I mean it's not easy, but it could be done."

Hunt eventually spent 33 months in prison on a conspiracy charge, and said he was bitter that he was sent to jail while Nixon was allowed to resign.

"I felt that in true politician's fashion, he'd assumed a degree of responsibility but not the blame," he told The Associated Press in 1992. "It wasn't my idea to go into the Watergate."

Hunt also was involved in organizing an event that foreshadowed Watergate: the burglary of the the office of the Beverly Hills psychiatrist treating Daniel Ellsberg, the defense analyst who leaked the Pentagon Papers, published in 1971.

Hunt and Liddy — the so-called White House "plumbers" — broke into Ellsberg's office to gain information about him. The break-in was revealed during the 1973 espionage trial against Ellsberg and co-defendant Anthony Russo, and was one of several incidents that led to dismissal of the case because of government misconduct.

Watergate was one of many wild tales — some true, some not — that followed Hunt through the final decades of his colorful life.

His alleged involvement in the purported conspiracy to kill President John F. Kennedy was among the most popular spy-esque stories Hunt was linked with. One theory, which still exists in the minds of some, was that Hunt was in Dallas on the day Kennedy was shot, that his image was captured in photographs from the scene.

"I was in Washington, D.C., on Nov. 22, 1963," Hunt wrote in a December 1975 letter to Time magazine, a note penned while he was incarcerated at Eglin Air Force Base's prison camp. "It is a physical law that an object can occupy only one space at one time."

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Everette Howard Hunt was born Oct. 9, 1918, in Hamburg, N.Y., graduated from Brown University in 1940 and was commissioned as a Naval Reserve officer in Annapolis, Md. the following year. He served as a destroyer gunnery officer, was injured at sea and honorably discharged from the Navy.

From 1949 through 1970 he worked for the CIA, and was involved in the operation that overthrew Jacobo Arbenz as Guatemala's president in 1954, plus the failed Bay of Pigs invasion in 1961.

Hunt declared bankruptcy in 1997, largely blaming his Watergate fines and legal fees. A court overturned a $650,000 libel settlement he was awarded in 1981 stemming from an article alleging his involvement in the assassination of Kennedy, and he never received any of that money.

"I think I've paid my debt to society," Hunt said in 1997. "I think I've paid it amply."

Hunt spent his final years in a modest home in Miami's Biscayne Park neighborhood with his second wife, Laura Martin Hunt, and declined many interview requests from The Associated Press.

He has a memoir coming out next month titled "American Spy: My Secret History in the CIA, Watergate and Beyond."

Hunt's first wife, the former Dorothy Wetzel Day Goutiere, died in a plane crash in 1972. Besides his wife, Hunt was survived by six children.

A memorial service was scheduled for Monday in Miami.

Ex-Spy Crafted Watergate, Other Schemes (WP)

By Patricia Sullivan

The Washington Post, January 24, 2007

E. Howard Hunt, 88, the shadowy former CIA man who organized the Watergate break-in and other "dirty tricks" that ultimately brought down the presidency of Richard M. Nixon, died of complications from pneumonia yesterday at a hospital in Miami.

The Watergate episode was the most notorious caper in a colorful career that included the overthrow of a Guatemalan president, oversight of a group of Cuban exiles in the Bay of Pigs fiasco and such over-the-top ideas as firebombing the Brookings Institution to distract guards while his crew burglarized the think tank.

Melodramatic and devious in character, resembling the actor Gene Hackman in appearance, Hunt donned a cheap red wig and wore a device that altered his gait while casing another burglary site -- the office of a psychiatrist to Daniel Ellsberg, who had released the classified Pentagon Papers on the Vietnam War.

Hunt recruited four of the five Cuban exiles who broke into the Democratic national headquarters at the Watergate Hotel on June 17, 1972. He was watching the burglary from an adjacent building when the group was discovered and arrested, and it was his phone number in their address books that let investigators and reporters connect the break-in to the president and his reelection campaign.

Hunt's covert background included some 20 years in the CIA, where he helped overthrow the president of Guatemala, Jacobo Arbenz Guzman, in 1954. As the CIA station chief in Mexico City, he planted false newspaper stories about politicians who were out of favor. In 1961, he was the planning director for a group of Cuban exiles who unsuccessfully attempted to overthrow Fidel Castro by invading the island at the Bay of Pigs. That's where he met Bernard Barker, Virgilio Gonzalez, Eugenio Martinez and Frank Sturgis, whom he would recruit for a covert group of "plumbers" whose job it was to fix the "leaks" that threatened the Nixon administration.

Their first job was in Los Angeles, where they broke into Ellsberg's psychiatrist's office. Back in Washington, Hunt and G. Gordon Liddy hatched the Watergate plan.

"What we were looking for is the same thing every congressional committee is looking for today, which was evidence of illegal foreign contributions," he told the Miami Herald in 1997. "That was the rationale for going in there. We'd heard rumors that both the Vietnamese and Fidel Castro were inserting funds illegally into the Democratic National Committee. And the idea was to look at the books, photograph them, in and out, and that's it. It didn't seem like such a deal to me. You know, I'd been doing that stuff for years, a 'black-bag job' into other embassies. But you know, I didn't have skilled people."

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Hunt didn't let his loyalty to Nixon prevent him from pressuring his bosses for money. In a secretly recorded conversation in March 1973 that became one of the key pieces of evidence of the White House cover-up, White House Counsel John Dean told Nixon that "we're being blackmailed. . . . Hunt now is demanding another $72,000 for his own personal expenses; another $50,000 to pay his attorneys' fees."

After some further discussion, Nixon said: "If you need the money, I mean you could get the money. . . . I mean it's not easy, but it could be done."

Nixon, facing impeachment, resigned Aug. 9, 1974.

Hunt spent 33 months in prison for his role in the Watergate burglary. He was bitter that Nixon did not stand up for him. President Ronald Reagan rejected a pardon request for Hunt in 1983.

He was born Everette Howard Hunt in Hamburg, N.Y., on Oct. 9, 1918. He graduated from Brown University in 1940 and was commissioned as a Naval Reserve officer the following year. A talented writer, he worked as a correspondent for Life magazine until he was called to active duty during World War II. He served as a gunnery officer on a destroyer.

After the war, he received a Guggenheim fellowship and worked as a screenwriter before joining the Office of Strategic Services, the precursor to the CIA. He retired from the CIA in 1970 because "I found out the CIA was just infested with Democrats," he told Slate magazine in 2004.

Throughout his life, he wrote more than 80 spy novels and thrillers, usually under such pseudonyms as John Baxter, Robert Dietrich, David St. John, P.S. Donoghue, Gordon Davis or David St. John. He described one of his leading characters, Peter Ward, who shares some of his background as a Washington-dwelling Brown graduate, as "the secret agent with the taste and the talent for fine living."

Tad Szulc, a former New York Times reporter, wrote in the 1974 book "Compulsive Spy: The Strange Career of E. Howard Hunt" that Hunt was a relatively low-level CIA officer not well thought of by most of his colleagues and superiors. Hunt's autobiography, "American Spy: My Secret History in the CIA, Watergate & Beyond," has a March publication date.

Hunt declared bankruptcy in 1997, largely blaming his Watergate fines and legal fees. A $650,000 libel settlement he was awarded in 1981 stemming from an article alleging his involvement in the assassination of President John F. Kennedy was overturned, and he received none of that money.

In the past few years, Hunt lost a leg to complications from atherosclerosis, battled lymphoma in his jaw and used an electric wheelchair to get around.

Hunt's first wife, Dorothy Wetzel Day Goutiere, was killed in the Dec. 8, 1972, plane crash of United Airlines Flight 533 in Chicago. Congress, the FBI, and the National Transportation Safety Board investigated the crash, but they did not find any basis for determining that the crash was not purely accidental. The more than $10,000 in cash found in Dorothy Hunt's handbag was generally regarded as part of the "hush money" paid to Watergate defendants in an attempt to procure their silence regarding White House involvement.

Survivors include his wife of 30 years, Laura Martin Hunt of Miami; and six children.

Who Cares About The Poor? (WSJ)

By Arthur C. Brooks

The Wall Street Journal, January 24, 2007

When control of the U.S. Congress changed hands earlier this month, it was clear that a raised minimum wage would be high on the legislative agenda. And indeed, an increase to $7.25 from $5.15 per hour raced through the House and is unlikely to face much substantive opposition in the Senate.

The Democrats have two reasons for focusing on the minimum wage. The first is poverty: $5.15 an hour is insufficient to support a family -- according to the Congressional Budget Office, about 18% of workers in 2005 making between $5.15 and the new minimum wage lived below the poverty line. Democrats believe raising the legal minimum will help solve this problem.

The Democrats' second reason for a minimum wage hike is relative (not absolute) deprivation: They hope that raising the minimum will lower income inequality, which has been a concern of the political left for generations. The Democratic National Committee defended the hike by charging, "The federal minimum wage is so disgracefully low that now, during a period of

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extraordinary prosperity for the nation's corporations and wealthiest families, the average CEO earns as much in just a few hours on the first workday of the year as a full-time minimum wage worker earns the entire year." The economic chasm between the CEO and the minimum wage worker, in this view, is evidence of an unjust society.

While just about everybody -- left and right -- agrees that poverty is unacceptable (although policy makers disagree as to whether a minimum wage hike would help or hurt the working poor), conservatives do not share liberals' concern about income inequality. According to the 2005 Maxwell Poll on Civic Engagement and Inequality, self-described liberals are more than twice as likely as conservatives to say income inequality in America is a "serious problem." And while 84% of liberals think the government should do more to reduce inequality, only 25% of conservatives agree.

This is empirical substantiation for the old cliché that conservatives just don't care about the poor, right? Wrong. In fact, the data do not tell us that conservatives are uncaring; they actually tell us that conservatives are optimists. Conservatives are relatively untroubled by inequality, and unsupportive of government income redistribution, because they believe the American economy provides private opportunities to succeed. Liberals are far more pessimistic than conservatives about the possibility of a better future for Americans of modest means.

Consider the evidence. While 92% of conservatives believe that hard work and perseverance can help a person overcome disadvantage, only 65% of liberals think so. This difference of opinion, contrary to the convention, is not because conservatives earn more money. In fact, lower-income conservatives are about twice as likely as upper-income liberals to say they think there's "a lot" of upward mobility in America. If a liberal and a conservative are exactly identical in income, education, sex, family situation, and race, the conservative will be 20 percentage points more likely than the liberal to say that hard work leads to success among the disadvantaged.

Naturally, well-to-do liberals must be amazed at the gullibility of the millions of poorer conservatives who still cling to the idea of America's promise of a better future through hard work and perseverance. Sunny conservatives of all economic classes may very well prefer to see things their way about America. Are conservatives naïve, or are liberals unjustifiably dour? Reasonable people disagree on this question. One thing that is clear, however, is that conservatives' lack of anxiety about income inequality -- and perhaps even their opposition to redistributive government policies -- is evidence of a light heart, not a hard one.

Mr. Brooks, a professor of public administration at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism" (Basic Books, 2006).

A Healthy, Well-Regulated Wall Street (NYT)

The New York Times, January 24, 2007

A healthy financial sector is crucial to the economic well-being of this country and to New York City in particular. And it is true that Wall Street is facing ever stiffer competition from financial markets like London's and Hong Kong's. But beware of the doomsayers who argue that American markets are in free fall and — not incidentally — contend that looser regulations are the only way to save them.

Senator Charles Schumer and Mayor Michael Bloomberg joined that chorus this week. In a new report, they warn that without changes to what they call America's "stringent regulations and high litigation risks," this country's share of the lucrative finance business will decline further, at a cost of billions of dollars and thousands of jobs.

We certainly don't want American regulations to drive away good business. But it is first important to remember that when investors lose their shirts in huge frauds like Enron, plenty of damage is done to markets as well. And any discussion about the health of our financial industry must be as honest and open as possible. This report at times seems to cull facts to prove predetermined conclusions.

For example, to support its argument that the United States markets are losing ground, the report notes that over the first 10 months of 2006, American exchanges managed barely a third of the overall share of initial public offerings that they did in 2001. It strikes us as odd that a report released in late January could not include data from the previous November. In that month, the Securities and Exchange Commission registered 32 initial public offerings worth a total of $8 billion — the highest monthly total in five years.

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The report goes on to say that the number and cost of securities class-action settlements in this nation set an all-time high in 2005. That's hardly surprising, considering the many settlements in that year stemming from the enormous fraud at WorldCom. But what about last year? The number of securities fraud class-action suits fell 38 percent in 2006, to the lowest level in 10 years. And in May, prosecutors indicted the nation's leading class-action securities law firm, Milberg Weiss Bershad & Schulman, for allegedly making secret payments to plaintiffs.

The report raises some valuable questions, and we agree with some of its conclusions. Loosening restrictions on work visas for talented foreigners and visitor visas for dealmakers strikes us as essential. And efforts under way to reduce the costs associated with complying with Sarbanes-Oxley regulations — for example, by focusing audits on the riskiest parts of balance sheets — are a valuable recalibration of the law's most onerous provisions.

While some common-sense changes are needed, the rights of shareholders and the stability of our markets cannot be trampled in the headlong rush for competitive advantages. United States financial markets are still the largest in the world, and Wall Street just enjoyed a year of record profits. And while we're talking about reforms, financial firms might take a look in the mirror and ask whether lower underwriting fees and smaller bonuses could also contribute to their long-term health and the health of America's financial markets.

Petraeus Supports Troop Increase In Iraq (AP)

By Robert Burns

AP, January 24, 2007

The general who will carry out President Bush's plan for Iraq cautioned on Tuesday against expecting quick results and used bleak terms to describe a country engulfed in war for nearly four years. Yet, he said the strategy can work as long as the Iraqis do their part.

Facing a skeptical Congress and an American public that has turned starkly against the war, Army Lt. Gen. David Petraeus promised lawmakers that as top U.S. commander in Iraq, he would speak up if he determines the new approach is failing. Bush is adding 21,500 U.S. troops to secure Baghdad and Anbar Province, home to many insurgents.

"The situation in Iraq is dire," he told the Senate Armed Services Committee, which is expected to easily approve his nomination for the Iraq command. "The stakes are high. There are no easy choices. The way ahead will be very hard. ... But hard is not hopeless."

Though Petraeus was warmly received by members of the panel, the war he will help lead — and Bush's plan to prevail in it — faced a rougher reception.

White House hopeful Sen. Hillary Clinton, D-N.Y., launched a sharp attack on the administration's Iraq record and called Bush's new strategy "a dead end."

"I wonder whether the clock has already run out," said Sen. Susan Collins, R-Maine, a sponsor of a GOP-led resolution saying the Senate disagrees with the build up. She said she was worried that U.S. troops in Iraq are already perceived "not as liberators, but as occupiers."

One of Congress' few vocal supporters of the war, Sen. Lindsey Graham, R-S.C., warned that upcoming votes criticizing the president's strategy would be harmful.

"No matter how well-intentioned, a resolution being opposed to this new strategy is a vote of no confidence in you," he told Petraeus. "No matter how well-intentioned, the enemy will see it as a weakened resolve."

Petraeus made his appearance as the Bush administration struggled to limit Republican defections when a Senate committee votes Wednesday on a measure declaring the president's new Iraq policy is not in the national interest.

All 11 Democrats on the Foreign Relations Committee panel are expected to support the proposal, and so far, Nebraska's Sen. Chuck Hagel is alone among 10 Republicans in favor of it.

The measure is expected to advance to the Senate floor next week, and several Republicans opposed to Bush's policy said they prefer a more mildly worded alternative. Advanced by GOP Sen. John Warner of Virginia and others, it expresses disagreement with the president's plans without criticizing them as contrary to the national interest, and also leaves open the possibility of adding troops to Anbar Province in western Iraq.

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Sen. Gordon Smith, R-Ore., seeking re-election in 2008, said he was swinging behind Warner's proposal. "This war has devolved far beyond what we authorized," placing U.S. troops in the middle of a sectarian war between Shiites and Sunnis, he told The Associated Press.

Warner and Senate Democrats are eventually expected to try and reach a compromise on the issue. If they are successful, the result would likely be a dramatic bipartisan rejection of a commander in chief in wartime.

If confirmed, Petraeus will implement Bush's plan to send an extra 21,500 U.S. troops to Iraq — most of them to Baghdad where the general said they will operate from smaller, dispersed bases in the city to help the Iraqi security forces clear specific neighborhoods of insurgents, illegal militias and death squads.

At Tuesday's hearing, Petraeus told the lawmakers that no amount of U.S. effort will succeed unless Iraqis learn to compromise.

"Ultimately, the outcome will be determined by the Iraqis," Petraeus said.

Petraeus would replace Gen. George Casey, who has led U.S. forces in Iraq since July 2004 and has been nominated to be the next Army chief of staff.

That move was part of a broad overhaul of the Iraq war effort. In addition to replacing Donald H. Rumsfeld with Robert Gates as defense secretary, Bush announced two weeks ago that he was increasing U.S. troop levels and ordering a more robust economic development program.

Levin, a leading war policy critic, pressed Petraeus on whether the flow of additional U.S. troops could be halted in midstream if the Iraqi government failed to meet its commitment to provide thousands more Iraqi troops.

"It could," Petraeus replied. Earlier, he said there were no "specific conditions" the Iraqis must meet in order to keep the flow of U.S. forces moving.

The last of five additional U.S. brigades are scheduled to arrive in the Iraqi capital in May; the first, from the 82nd Airborne Division, got there just days ago.

Asked by Sen. Edward Kennedy, D-Mass., how long the extra troops would remain in Iraq, Petraeus said he did not know. Casey said last week they might begin leaving as soon as late summer.

Sen. John McCain, R-Ariz., a leading proponent of Bush's plan, asked Petraeus how long he thought the U.S. buildup could be sustained.

"I am keenly aware of the strain" on the Army and Marine Corps, Petraeus said, adding that he welcomes Bush's proposal to increase the size of the land forces over the coming five years.

The concern about strains from the Iraq war also arose at a House hearing featuring the top Army and Marine Corps generals.

"We have examined other war plans and our capability to respond to those plans, and we see that we are lacking in some areas in our ability to do so," said Gen. James Conway, commandant of the Marine Corps.

"We feel we would be able to respond with those forces that are not committed to Iraq or Afghanistan — that the response would be slower than we might like," he said.

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, issued a written statement expressing similar worries. And he called Bush's troop buildup in Iraq "too little, far too late."

Asked by McCain how soon he thought he would know whether the new strategy was working, Petraeus said, "We would have indicators at the least during the late summer." As currently planned, he said, the last of the five additional U.S. Army brigades would be ready to fight in Baghdad by the end of May.

Petraeus said the U.S. military needs new, "greatly increased" contributions from other federal agencies to stabilize a country torn by political divisions and hobbled by a weak economy, a battered infrastructure and corrupt police.

General Says New Strategy In Iraq Can Work Over Time (NYT)

By Michael R. Gordon

The New York Times, January 24, 2007

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WASHINGTON, Jan. 23 — Lt. Gen. David H. Petraeus, President Bush's new choice as the top commander in Iraq, told senators on Tuesday that the new military strategy to secure Baghdad can work, and that he had asked that the additional troops the administration promised be deployed as quickly as possible.

In his first public comments about Mr. Bush's plan to send some 21,500 troops, the general described the situation in Iraq as "dire" but not hopeless. He asserted that the "persistent presence" of American and Iraqi forces in strife-ridden Baghdad neighborhoods was a necessary step, but also cautioned that the mission would not succeed if the Iraqi government did not carry out its program of political reconciliation.

"The way ahead will be neither quick nor easy, and undoubtedly there will be tough days," he told the Senate Armed Services Committee. "We face a determined, adaptable, barbaric enemy. He will try to wait us out. In fact any such endeavor is a test of wills, and there are no guarantees."

But much of the hearing focused not on details of the strategy about to unfold in Iraq, but rather on the political debate within the Senate over resolutions that would signal disapproval of the new strategy.

When Senator John McCain, Republican of Arizona, who has long favored sending more troops to Iraq, asked if approval of a Senate resolution assailing Mr. Bush's new strategy could hurt the morale of American troops, the general replied, "It would not be a beneficial effect, sir."

Asked by Senator Joseph I. Lieberman of Connecticut, who also backs the plan, if a resolution would also "give the enemy some encouragement" by suggesting that the American people are divided, General Petraeus replied, "That's correct, sir."

That answer sparked admonishments by critics of Mr. Bush's strategy, who insisted that the point of the Senate resolutions is to put pressure on the government of Prime Minister Nuri Kamal al-Maliki of Iraq to follow through on its political program and take more responsibility for its own security.

"We know this policy is going forward," said Senator Hillary Rodham Clinton, Democrat of New York. "We know the troops are moving. We know that we're not likely to stop this escalation. But we are going to do everything we can to send a message to our government and the Iraqi government that they had better change, because the enemy we are confronting is adaptable."

Senator John W. Warner, the Virginia Republican who is promoting a resolution opposing Mr. Bush's troop reinforcement plan, cautioned General Petraeus to be sure that "this colloquy has not entrapped you into some responses that you might later regret."

By the end of the hearing, General Petraeus sought to extricate himself from the political tussle by insisting that as a military man he did not want to take a position on the Senate debate. "There are a number of resolutions out there," he said. "Learning that minefields are best avoided and gone around rather than walked through on some occasions, I'd like to leave that one there."

Senator Carl Levin of Michigan, the Democratic chairman of the panel, said later that he was satisfied that the general had not intended to involve himself in the debate. The exchanges at the hearing did not appear to have any ill effect on the prospects for the confirmation of General Petraeus, and Mr. McCain said he hoped the commander would "catch the next flight" to Iraq after winning Senate confirmation.

When their questions focused on the military plan, senators elicited several new details. General Petraeus said Lt. Gen. Raymond T. Odierno, the day-to-day commander of American troops in Iraq, advised that in order to carry out the new strategy, five additional brigades were needed in Baghdad and two additional battalions were needed in Anbar Province in western Iraq.

Under the current deployment schedule, it will be May before all five of the brigades are in Iraq, but General Petraeus hinted that he would like them sooner, saying that he had asked the Pentagon to dispatch them "as rapidly as possible."

General Petraeus acknowledged that the guidelines in the military's counterinsurgency manual implied that 120,000 troops would be needed to secure Baghdad. But he reasoned that the roughly 32,000 American troops that would be deployed in the capital under the plan would be enough, because the total number of American and Iraqi security personnel would be about 85,000, while the use of civilian contractors to guard government buildings would reduce troop requirements.

If the troops are sent according to the current schedule, General Petraeus said the United States would know by late summer if the plan to clear contested neighborhoods of insurgents and militias, hold them with American and Iraqi security forces and win public support through reconstruction was working.

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He said he would raise the issue of suspending troop reinforcements with his military superiors if the Iraqi government appeared to have not lived up to its commitments. But he suggested that withholding assistance from specific Iraqi institutions that fall short would have a greater influence. The general also said that a decision to withdraw American troops within six months would lead to more sectarian attacks and increased “ethnic cleansing.”

General Petraeus acknowledged that he had concerns about the absence of a unified command structure. Under the new plan, the Iraqi Army and police units will be under direct Iraqi command. The American Army units that work with them will be under a parallel American command. To ensure proper coordination, American officers are trying to establish joint command posts.

Senator Levin said his committee had repeatedly asked the administration to make available a list of the security and political “benchmarks” the Iraqi had agreed to meet. He warned that the committee would use its subpoena power or hold up military nominations if benchmarks were not provided.

By insisting on that the benchmarks be provided, Mr. Levin seemed to be trying to position himself to argue that the “surge” of reinforcements be suspended if the Iraqis fell short of meeting commitments.

Petraeus Expresses Confidence In Buildup (WP)

By Ann Scott Tyson

The Washington Post, January 24, 2007

Lt. Gen. David H. Petraeus, the expected new top commander in Iraq, yesterday gave Congress a stark preview of the challenge ahead, saying sectarian violence has reduced Baghdad's population to a daily struggle for survival, undermined the U.S. strategy of handing responsibility to Iraqi forces and created the prospect of a "failed state."

Petraeus voiced confidence, however, in a new approach that would shift the focus to protecting the population by pushing tens of thousands of additional U.S. and Iraqi troops deep into Baghdad neighborhoods, one aimed at allowing Iraq's government to "come to grips with" what he called an "exceedingly difficult situation."

"The way ahead will be neither quick nor easy, and undoubtedly there will be tough days. We face a determined, adaptable, barbaric enemy. He will try to wait us out," Petraeus told the Senate Armed Services Committee at a confirmation hearing. "Any such endeavor is a test of wills, and there are no guarantees."

Indeed, Petraeus promised simply to provide "the best leadership and direction I can muster" and "forthright" military advice, even if he concludes the mission is lost. "Should I determine that the new strategy cannot succeed, I will provide such an assessment," he said, reassuring senator after senator that he would speak up if he believed U.S. civilian leaders were making false statements about Iraq.

Twice a commander in Iraq, Petraeus won strong endorsement from both Democratic and Republican senators as one of the U.S. military's most talented officers -- but many also wished him "Godspeed" in leading what they described as the "last chance" for the U.S. military to bring stability to Iraq.

Petraeus said he had asked Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, to execute the push of 21,500 U.S. troops into Iraq "as quickly as possible," saying the five additional brigades should be in place in Baghdad by May, providing a new "critical mass" to clear and hold districts of the city of 6 million people.

Asked by Sen. John McCain (R-Ariz.) whether he could carry out his mission without the additional troops, Petraeus said no. He said the Pentagon is planning options for continuing the buildup, and said Gates told him it was his job to request additional forces if needed. He applauded Gates's recent decision to increase the permanent size of the Army and Marine Corps by 92,000, acknowledging the stress that has depleted the readiness of U.S. ground forces.

Senior Army officers said yesterday that all the Army's combat brigades in the United States -- except for the handful on alert or ready to go overseas within a month -- are currently rated as unready to deploy. If there is another "combat scenario" involving the demand for heavy conventional forces, "that's where America is taking risk," Lt. Gen. Stephen Speakes, the Army's deputy chief of staff, told reporters.

Under questioning from senators opposed to the Iraq buildup, Petraeus allowed for the possibility that the troop flow could be aborted if the Iraqi government fails to provide three more Iraqi army brigades for Baghdad or fulfill other pledges. He said Iraqi

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commanders told him yesterday that three or four additional Iraqi battalions had already arrived in Baghdad, and that some of them, with predominantly Kurdish troops, were being welcomed by citizens.

He rejected the concern raised by Sen. Edward M. Kennedy (D-Mass.) that the addition of more U.S. troops would inflame the insurgency. "I think that at this point in Baghdad, the population just wants to be secure, and truthfully, they don't care who does it," he said.

Petraeus acknowledged that the strategy shift to "controlling" terrain and protecting the population would lead to heightened risks for U.S. troops, who have suffered a spike in casualties in recent days. He assured senators that U.S. troops in Baghdad would remain under an American military chain of command, though he acknowledged the complications of having a dual command chain with partnering Iraqi forces.

Despite such risks, Petraeus warned of incalculable dangers of any rapid U.S. military withdrawal from Iraq, as favored by many congressional Democrats, saying it would lead to intensified terrorist inroads, "ethnic cleansing" and a bloodbath in Baghdad.

In a move that is unusual for an active-duty officer, Petraeus also spoke against pending Senate resolutions disapproving of the new Bush administration strategy. Asked by Sen. Joseph I. Lieberman (I-Conn.) whether those resolutions would give encouragement to the enemy by exposing divisions among the American people, he replied: "That's correct."

His statement drew a sharp rebuke from Sen. Hillary Rodham Clinton (D-N.Y.), who said, "I very sincerely but wholeheartedly disagree," saying the point was to send a message to Iraqis.

Pressed later by other senators -- including committee Chairman Carl M. Levin (D-Mich.) and John W. Warner (R-Va.) -- Petraeus said he did not intend his statements to be taken as opposing or supporting any resolutions.

Levin, a leading critic of the administration's Iraq policy, also repeatedly urged Petraeus to hold the Iraqi government accountable on benchmarks it agreed to with President Bush. "We certainly will to the very best of our ability," Petraeus answered.

Levin then asked what leverage the United States had over the Iraqi government if it failed to perform to expectations, as it has in the past. "Providing assistance or withholding assistance in various forms," Petraeus replied, agreeing with Levin that the consequences should be "clear, real and significant."

Sen. Bill Nelson (D-Fla.) asked if Petraeus had a "high degree of confidence" that the new plan would work.

"I believe this plan can succeed if in fact all of those enablers and all the rest of the assistance is provided," Petraeus said, adding that interagency help for the war effort "needs to be substantially more robust than it is."

On a personal note, Petraeus said he fully understood the daunting job he faces.

"Many of the e-mails I've received in recent weeks have had as their subject line 'Congratulations -- I think,' " he said. "I know how heavy a rucksack I will have to shoulder in Iraq if confirmed," he said. But he said he would accept the call to "soldier again with those who are part of the brotherhood of the close fight" and out of an obligation to help the Iraqi people.

America's New Round In Iraq (CSM)

By Peter Grier

The Christian Science Monitor, January 24, 2007

Only days after President Bush announced a new US strategy for Iraq, a potentially pivotal battle for Baghdad already may have begun.

Sectarian violence in Iraq's capital has spiked in recent days, even as the first US and Iraqi government military reinforcements have deployed into the embattled city.

The car bombs that racked Baghdad Monday may not have been a response to the presence of new troops, strictly speaking. But if nothing else, they emphasize the chaos into which the city has sunk, and the prospect that the new US and Iraqi troops may be at just the beginning of what promises to be a difficult and protracted counterinsurgency campaign.

"The way ahead will be neither quick nor easy," said the incoming US commander for Iraq, Army Lt. Gen. David Petraeus, at his Senate confirmation hearing Tuesday.

Two bombs struck separate Shiite targets Tuesday, killing five – a day after a double car bomb killed 88 in the most deadly such attack in Baghdad in two months.

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For US troops, recent days similarly have been difficult. Twenty-eight died over the weekend, including 12 in a helicopter apparently shot down northeast of Baghdad, raising the war's US military toll to 3,064, according to an Associated Press count.

A few deadly events can distort the casualty trend lines in Iraq, notes Stephen Biddle, a senior fellow in defense policy at the Council on Foreign Relations. Thus it is easy to read too much into a difficult few days.

If anything, sectarian fighters in Baghdad soon may melt into the population, in an effort to wait out the coming surge in US and Iraqi government troops.

"My hunch is we are likely to see an artificial decrease in casualties soon," said Mr. Biddle.

That said, the White House and US military leadership are walking a number of difficult tightropes in regard to Iraq, Biddle adds. They are insisting they will stay the course, while hinting to the US public that the course will not be too long. They are warning the Iraqi government that if it does not move against Shiite death squads, the US may pull out – while at the same time insisting that US units will stay until the military job is done.

"The administration believes that a few months of calm [in Baghdad] will create momentum for reconciliation," says Biddle. "I'm concerned that nothing fundamental will have changed."

At his confirmation hearing Tuesday, General Petraeus was bluntly critical about the current situation in Iraq –perhaps more so than any Bush administration or military witness, ever.

He admitted that the current situation is dire. "Many Iraqis in Baghdad today confront life-or-death, stay-or-leave decisions on a daily basis, just to feed their children," he said.

Three of four promised battalions of Iraqi troops have already deployed into Baghdad, said Petraeus. All have more than 80 percent of their troops present.

On the US side, the 82nd Airborne Division's 2nd Brigade Combat team has also moved into Baghdad as part of the first of wave of US reinforcements. The paratroopers had been based in Kuwait as an Army ready reserve for the region.

The Iraqi and US forces will now provide a "persistent presence" in violence-racked Baghdad neighborhoods, said Petraeus, by living in 20 to 30 police stations or other fortified forward posts.

Setting this up won't be a quick operation. "It will take time for the additional forces to flow into Baghdad, and time for them to gain an understanding of the areas in which they will operate," said the new Iraq commander.

And the US command is fully aware that time may not be on their side, in this case. "My concern is that [the] timeline that we see needed is not the same timeline that the country is prepared to provide us," said Marine Commandant Gen. James Conway Tuesday at a hearing of the House Armed Services Committee.

Petraeus is not beloved by everyone in the US military. Some grumble that he is fond of press attention, among other things. At one point in his hearing, he did offhandedly remark about a conversation he had had with former NBC news anchor Tom Brokaw.

For the short term, however, the prospect of Petraeus as the new Iraq commander appeared to hearten the Senate Armed Services Committee, at the least. Sen. Edward Kennedy (D) of Massachusetts, for instance, quickly announced that he intended to vote for Petraeus's confirmation despite reservations about President Bush's policies.

Unsurprisingly, the questions of each key lawmaker said as much about them as they did about the general before them. Thus the panel chairman, Sen. Carl Levin (D) of Michigan, pressed Petraeus as to whether he believed the Iraqis would live up to their commitments. Sen. John McCain (R) of Arizona, a longtime proponent of a surge in US forces, asked whether the planned increase would be enough, and whether US forces now could withstand the strain of added deployments.

"I am keenly aware of the strain" on US troops, said Petraeus.

Blunt Commander Nominee Says 'Hard Is Not Hopeless' (LAT)

By Julian E. Barnes

The Los Angeles Times, January 24, 2007

WASHINGTON — President Bush's nominee to be the next commander in Iraq, Army Lt. Gen. David H. Petraeus, told Congress on Tuesday that the situation there is dire and poses "tough days" ahead, but he pleaded for time to begin executing a new strategy.

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Petraeus, a Princeton University Ph.D. who developed the Army's counterinsurgency warfare manual, is expected to win Senate approval later this week. But as Petraeus fielded questions from senators of both parties about the deepening dilemma facing U.S. forces, he was forthcoming and occasionally blunt in his assessment of American odds in the war-torn country.

"The situation in Iraq is dire. The stakes are high. There are no easy choices. The way ahead will be very hard," he said. "But hard is not hopeless."

If confirmed as a replacement for Army Gen. George W. Casey, Petraeus would represent the first step in a military restructuring ordered by Bush as part of his new strategy to send in 21,500 additional U.S. troops. Navy Adm. William J. Fallon faces a hearing Jan. 30 to succeed retiring Gen. John P. Abizaid as commander of U.S. forces throughout the Middle East.

Throughout his hearing, Petraeus appeared assured and confident, answering questions crisply and directly. Asked by Sen. Joe Lieberman, I-Conn. if passage of a resolution denouncing the new Bush strategy would show the enemy that the American people are divided, Petraeus answered yes, it would.

After other senators -- both Republicans and Democrats -- objected, Petraeus backed away. When Sen. John Thune, R-S.D., tried to get him to take another swipe at the resolution, Petraeus became more diplomatic.

"Learning that mine fields are best avoided and gone around rather than walked through on some occasions, I'd like to leave that one there, senator," Petraeus said.

Petraeus has served two tours of duty in Iraq, first as commander of the 101st Airborne Division and then as the general overseeing the training of Iraqi forces. For the past 15 months, he has been the commanding general at Ft. Leavenworth, supervising much of the Army's education system and developing the military's war fighting doctrine, including the new counterinsurgency manual.

At Fort Leavenworth and in the pages of the Army's academic journal, Petraeus has argued the most important goal in a counterinsurgency fight is making the population feel safe. And on Capitol Hill on Tuesday, Petraeus said that would be the cornerstone of the new strategy.

He said the sectarian violence in Baghdad amounted to "soft ethnic cleansing" and described the risks taken by ordinary Iraqi citizens every day as "incalculable." The erosion of security, he argued, had become the primary challenge for the U.S.

So rather than focusing on training the Iraqis, the new priority would be improving security in Baghdad. The new strategy, he argued, was as important as the additional forces.

"The objective will be to achieve sufficient security to provide the space and time for the Iraqi government to come to grips with the tough decisions its members must make to enable Iraq to move forward," Petraeus said.

Skeptics of the surge latched on to the counterinsurgency manual arguing that for every 50 people, one police officer or soldier is needed. Under that formula, securing Baghdad, a city of 6 million, would require at least 120,000 Iraqi and U.S. troops. By Petraeus' count, once the additional U.S. forces arrive, there will be 85,000 U.S. and Iraqi troops in Baghdad.

"You wrote the book, general, but the policy is not by the book," said Sen. Hillary Rodham Clinton, D-N.Y., a member of the committee and a presidential contender in 2008. "And you are being asked to square the circle, to find a military solution to a political crisis."

Petraeus argued that the additional brigades flowing into Baghdad would double the number of U.S. forces in the city.

Despite Clinton's attack on the Bush administration plan, she said she would support Petraeus' nomination.

"The president is going forward with the policy, the debate is academic," Clinton said outside the hearing room. "I want the very best leadership for the young men and women who will be implementing this strategy, and I have no doubt Gen. Petraeus is the person to try and pull this off."

It will be late May before the full complement of five additional U.S. brigades arrives in Baghdad, Petraeus said. Petraeus said he would not need all the new units to begin executing the new strategy but would like to have many of the extra forces to begin the shift in earnest.

"I think you have to wait until you have a certain critical mass of forces on the ground to take action," Petraeus said.

Petraeus promised senators skeptical of the administration's plan that he would provide them regular updates. But he cautioned it would not be until all the additional forces are in place before he would get a real sense of whether the plan was working.

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"I would think that we would have indicators at the least during the late summer of the ability to clear and hold and then build in the Baghdad area and to secure that population," he said.

Before troops move into an area, Petraeus suggested, U.S. units would need to assess their partner Iraqi units, meet the local leaders and learn about the localized sectarian tensions. Only then could U.S. forces successfully "hold and build" an area.

Petraeus said the new strategy has been tried with success in Fallouja and Tall Afar, where the U.S. moved to create "gated communities" to monitor and control the flow of people in and out of an area.

But the strategy, Petraeus emphasized throughout the hearing, would require time to work and patience from the Congress and public.

"None of this will be rapid," he said. "In fact, the way ahead will be neither quick nor easy, and there undoubtedly will be tough days."

Anti-surge Efforts Called Enemy Hope (WT)

By Rowan Scarborough

The Washington Times, January 24, 2007

The next U.S. commander for Iraq told Congress yesterday that pending Senate resolutions against a surge of more than 21,000 troops give the enemy hope by depicting America as divided on winning the war.

Army Lt. Gen. David Petraeus, President Bush's choice to take over command in Iraq and change the tide of a deteriorating battle, revealed his assessment in questioning from the Senate's two leading war hawks: Sens. John McCain, Arizona Republican, and Joe Lieberman, Connecticut independent.

Mr. McCain, who supports a larger troop increase, asked what the results would be if senators "tell those troops that we support you, but we are convinced that you cannot accomplish your mission. ... What effect does that have on the morale?"

"Well, it would not be a beneficial effect, sir," Gen. Petraeus replied during a confirmation hearing to four-star rank before the Senate Armed Services Committee. "Obviously, a commander would like to go forward with as much flexibility as he can achieve."

Mr. Lieberman tried to pull Gen. Petraeus further into the upcoming Senate debate. He asked what effect an anti-surge Senate resolution would have on the enemy. After praising the U.S. system of open political debate, the general added, "having said that, a commander in such an endeavor would obviously like the enemy to feel that there's no hope."

"A Senate-passed resolution of disapproval for this new strategy in Iraq would give the enemy some encouragement," Mr. Lieberman said, to which Gen. Petraeus answered, "That's correct, sir."

The Senate Foreign Relations Committee is set to vote today on a nonbinding resolution from Sen. Joseph R. Biden Jr., Delaware Democrat, that condemns Mr. Bush's plan. Sen. John W. Warner, Virginia Republican, has garnered bipartisan support for another resolution critical of the surge.

Gen. Petraeus spent much of the hearing explaining his views on counterinsurgency, assessing the "dire"situation in Iraq and predicting the troop surge can succeed. He testified that the government of Prime Minister Nouri al-Maliki has taken steps to change policy by bulking up Iraqi forces in Baghdad.

"The situation in Iraq is dire," he said. "The stakes are high. There are no easy choices. The way ahead will be very hard."

Gen. Petraeus, whose confirmation is expected by the full Senate, is to replace Army Gen. George Casey, whom Mr. Bush has selected as Army chief of staff. His hearing was the first of two confirmation proceedings that will change the nearly four-year war's military leadership. Next up is Adm. William J. Fallon, who is to replace Army Gen. John Abizaid as head of U.S. Central Command, which includes Iraq.

Sen. Carl Levin, Michigan Democrat and the committee chairman, expressed doubts that Mr. al-Maliki would keep his promise. Mr. al-Maliki had refused to order his military to crush the death squad forces of radical cleric Muqtada al-Sadr, who controls Shi'ite members in parliament who support Mr. al-Maliki.

"They have not complied with previous commitments that they've made," said Mr. Levin, who advocates a predetermined phased withdrawal of all U.S. forces. "I'm very doubtful, as one senator, that it's likely they're going to carry out the other

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commitments that they have made. I just think history should make us very dubious about the likelihood that they are going to carry out these critically important commitments."

Mr. Bush announced a surge to about 155,000 troops in what may be the last major bid to put down Sunni-Shi'ite sectarian violence and defeat al Qaeda in Iraq.

In Gen. Petraeus, Mr. Bush tapped a commander who led part of the force that invaded Iraq in 2003 and who then returned to the country to train its emerging security force. The general is commander of the U.S. Army Combined Arms Center at Fort Leavenworth, Kan., and oversaw the writing of the military's new counterinsurgency manual, which states that too many troops can alienate civilians and push them to supporting the insurgents.

Gen. Petraeus said, "I think that at this point in Baghdad, the population just wants to be secure. And truthfully, they don't care who does it."

Petraeus Criticizes Anti-surge Resolutions During Hearing (HILL)

By Roxana Tiron

The Hill, January 24, 2007

In a rare move for a uniformed officer, Lt. Gen. David Petraeus, considered a shoo-in to become America's next top commander in Iraq, jumped into the political fray of his nomination hearing.

Prompted by presidential hopeful and Armed Services Committee ranking member Sen. John McCain (R-Ariz.), Petraeus spoke out against congressional attempts to pass resolutions of disapproval on the new White House strategy in Iraq, which includes a troop increase of 21,500.

In response to a question from McCain regarding the effect of such congressional resolutions on troops, Petraeus said, "It would not be a beneficial effect, sir."

McCain supports sending additional U.S. troops to Iraq, and is at odds with Sen. Hillary Rodham Clinton (D-N.Y.), another presidential hopeful and member of the Armed Services panel.

When Sen. Joe Lieberman (I-Conn.), a strong supporter of the Bush administration's strategy for Iraq, later asked Petraeus whether the resolutions of disapproval would encourage the enemies in Iraq, the officer said: "That's correct."

"This is a test of will," he said, adding that as commander he would like "the enemy to feel that there is no hope." He stressed, however, that he respects freedom of speech and the discussions taking place in Congress.

Lieberman used the nomination hearing to ask his colleagues to defer the resolutions of disapproval and give both the "surge" plan and Petraeus a chance at success, "perhaps a last chance."

"If, God forbid, you are unable to succeed there will be plenty of time for resolutions of disapproval," Lieberman said.

Clinton, however, rebuked criticism of congressional attempts to condemn the president's Iraq plan. Clinton is authoring legislation that would require Bush to secure congressional consent for any troop increases above this month's level and set several other conditions for political and security progress before Iraqi troops receive further funding.

"I very sincerely but wholeheartedly disagree with those who are trying to up the rhetoric about our position in Iraq," Clinton said, adding that the resolutions' goal is to send a message to the Iraqis.

"It has nothing to do with the loyalty, the warrior skills and the leadership of our men and women," she said. "It has to do with years of lost opportunity and the failures of the Iraqis to step up and take responsibility."

She told reporters that the U.S. troops, by virtue of their access to the Internet, recognize "that there is a debate in this country." "This debate is academic," she added.

Clinton acknowledged that there is little Congress can do to stop an "escalation" already in progress, saying, "We know that this policy is going forward." She urged Petraeus to ask Congress for all resources necessary to provide the troops with the adequate equipment.

Clinton, who is giving her support to Petraeus, called the nominee "a very good soldier."

Petraeus's stance against the resolutions of disapproval, combined with Lieberman's rhetoric, sent Sen. Susan Collins (R-Maine), a co-sponsor of such a resolution, on the defensive. "The American people are not divided in their support for our troops.

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The American people are not divided in wishing you all the success in the world, despite our disagreement with the strategy," Collins said.

"And I must say that the resolution that I've been working on with Sen. Ben Nelson (D-Neb.) and Sen. [John] Warner (R-Va.) is very clear in expressing support for our troops," she added.

Warner also came to the defense of the congressional debate surrounding the surge plan. "We're trying to exercise the fundamental responsibilities of our democracy and how this nation has two co-equal branches of the government, each bearing its own responsibilities," he said.

"I hope that this colloquy has not entrapped you into some responses that you might later regret."

Petraeus predicted "tough days" ahead in Iraq. "None of this will be rapid," he told the Senate Armed Services Committee. "The way ahead will be neither quick nor easy." However, he voiced confidence in the administration's plan to send thousands of additional troops into Baghdad. He said he would not be able to carry out his assignment as top U.S. commander successfully without the additional troops.

But Petraeus encountered criticism from members of the panel for his planned implementation of a policy contrary to views he expressed in a manual he wrote on counterinsurgency. He wrote there that any counterinsurgency force should have at least 20 soldiers for every 1,000 members of the local population. That would require a force of at least 120,000 for Baghdad, a much higher number than the 85,000 combined U.S.-Iraqi force there

Clinton said she feared that Petraeus is being sent to administer a policy that "does not reflect your experience."

"You wrote the book, general, but the policy is not by the book," Clinton said.

Petraeus commanded the Army's 101st Airborne Division during the 2003 invasion of Iraq. He was later assigned to stabilize Iraq's third-largest city, Mosul.

He served for 15 months in 2004–05 as head of the U.S. effort to train Iraqi security forces. After that he was assigned to Fort Leavenworth, Kan., where he was in charge of revising the counterinsurgency manual.

Leave Politics To Us, Warner Tells General (WP)

By Thomas E. Ricks

The Washington Post, January 24, 2007

Sen. Joseph I. Lieberman (I-Conn.) asked Army Lt. Gen. David H . Petraeus during his confirmation hearing yesterday if Senate resolutions condemning White House Iraq policy "would give the enemy some comfort."

Petraeus agreed they would, saying, "That's correct, sir."

Sen. John W. Warner (R-Va.), until recently chairman of the Armed Services Committee and a co-sponsor of one of those resolutions, later explained to the general that he needed to be more careful about appearing to wade into a political debate and warned Petraeus to not let himself be trapped into portraying members of Congress as unpatriotic for disagreeing with President Bush:

We're not a division here today of patriots who support the troops and those who are making statements and working on resolutions that could be translated as aiding and abetting the enemy. We're trying to exercise the fundamental responsibilities of our democracy and how this nation has two co-equal branches of the government, each bearing its own responsibilities.

I hope that this colloquy has not entrapped you into some responses that you might later regret. I wonder if you would just give me the assurance that you'll go back and examine the transcript as to what you replied with respect to certain of these questions and review it, because we want you to succeed.

. . . I'm very proud of this committee and I don't want an impression, certainly among the armed forces, that we're not all steadfast behind them.

General: Iraq Situation 'Dire' But Not Hopeless (USAT)

By Tom Vanden Brook

USA Today, January 24, 2007

WASHINGTON — The commander chosen to implement President Bush's new strategy in Iraq warned a Senate panel on Tuesday of tough days ahead there.

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"The situation in Iraq is dire," Lt. Gen. David Petraeus told lawmakers skeptical of the plan to commit 21,500 more troops and an additional $1 billion in aid.

"The stakes are high. There are no easy choices. The way ahead will be very hard. … But hard is not hopeless," Petraeus said at a Senate hearing on his nomination to lead U.S. forces in Iraq.

Petraeus and the chiefs of the Army and Marine Corps converged on Capitol Hill on Tuesday, fielding questions from lawmakers about Bush's plan and troop readiness.

Nobody has announced opposition to Petraeus' nomination, and Senate Armed Services Committee Chairman Carl Levin, D-Mich., said after the hearing that a vote will come quickly.

Petraeus has served two tours of duty in Iraq, one as commander of the 101st Airborne Division and another as the top trainer of Iraqi forces. He recently co-authored the Army and Marine Corps manual on counterinsurgency, a type of troop-intensive warfare that emphasizes security for local populations.

Sen. Hillary Rodham Clinton, D-N.Y., who has announced initial steps to enter the race for president, said Bush's plan "inspires skepticism for good reason." She accused former Defense secretary Donald Rumsfeld of refusing to adapt to increasing violence in Iraq and the previous Republican-led Congress for failing to challenge the administration's strategy there. She said she disapproved of the plan and called it a "dead end."

Supporters of the president's plan, including Sen. John McCain, R-Ariz., another probable 2008 presidential candidate, also criticized the administration's approach in Iraq.

"We've made many, many mistakes in this war," McCain said. Among them, he said, were sending too few troops for the initial invasion in March 2003 and not responding to the "hostile actions" of Iraqi religious sects.

Sen. Joe Lieberman, an independent from Connecticut who is allied with the Democrats, pleaded with colleagues to reconsider adopting resolutions that oppose Bush's policy, which he called "perhaps a last chance to succeed in Iraq."

Lieberman asked Petraeus whether the resolutions could be interpreted as encouraging the enemy.

"That's correct, sir," Petraeus said.

Later, Petraeus said he was not taking a stand on the resolutions.

In the House Armed Services Committee, Chairman Ike Skelton, D-Mo., said Bush's plan would overextend U.S. forces and hinder their ability to deal with threats.

"Because I am convinced a 20,000-troop increase is too little far too late to make a difference in Iraq's security, this is a trade-off I cannot support," Skelton said.

Gen. Peter Schoomaker, the Army's chief of staff, told the committee that troops going into Iraq and Afghanistan are properly trained and equipped. But he said he had concerns about the military's readiness to fight other battles.

Schoomaker recently announced his retirement.

Marine Corps Commandant Gen. James Conway said that the response to threats outside Iraq and Afghanistan would be slower than he would like and that the military would not be equipped as it should.

"There is certainly a risk associated with that," Conway said.

Petraeus Discourages Anti-war Resolutions (POL)

By Christian Lowe

The Politico, January 24, 2007

Though he would have preferred to sidestep the political debate in the Senate over Iraq policy, Lt. Gen. David Petraeus said yesterday that resolutions opposing the administration's "surge" strategy would give the enemy encouragement and the impression that America is divided.

"Speaking purely as a military commander, albeit one that understands the value of free and open debate . . . I would want the enemy to feel that there was no hope," Petraeus said during his confirmation hearing before the Senate Armed Services Committee to become the top commander of coalition troops in Iraq.

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The general faced pointed questions from senators -- for and against President Bush's plan to boost troop levels in Iraq by 21,500. Both groups tried to draw Petraeus into the swirling political debate on how to confront the administration when polls show that nearly six in 10 American's oppose the plan.

"I don't think it is going to come as any surprise to the enemy that the American people are in fact deeply divided in this strategy," said Sen. Susan Collins, R-Maine, who unveiled a bipartisan resolution on Monday with Sen. John Warner, R-Va. It says: "The Senate disagrees with the plan to augment our forces by 21,500" and calls on Bush to achieve security "with reduced force levels than proposed."

Collins told Petraeus, however, that she wished success for the surge strategy -- and its other economic and political components -- and seemed to express hope that her resolution wouldn't be needed.

"Nothing divides us in our common support that we hope we're wrong," she admitted, "and that this strategy is a success."

Petraeus, a veteran commander in Iraq who co-authored the Army and Marine Corps' new counterinsurgency manual, faced questions from senators on the specifics of his plan to control the streets of Baghdad. In a sharp divergence from his predecessor, Gen. George Casey, Petraeus favors a buildup of American forces to "flood the zone" in insurgent hotspots as part of a three-pronged plan to secure the capital, rebuild local infrastructure and give the political process time to mature in relative calm.

Sen. John McCain, the Arizona Republican exploring a presidential run, asked Petraeus how troop limits would impact his counterinsurgency mission.

"A commander would like to go forward with as much flexibility as he can achieve," Petraeus said. "At some point, we may have to go back and say we cannot accomplish the mission because of the assets that have not been provided."

Petraeus Warns Of 'dire' Situation In Iraq (FT)

By Demetri Sevastopulo

Financial Times, January 24, 2007

General David Petraeus, the incoming US commander in Iraq, warned Congress on Tuesday that the situation in Iraq was "dire" but urged lawmakers not to oppose a military surge.

"None of this will be rapid. The way ahead will be neither quick nor easy and there undoubtedly will be tough days," he said.

Gen Petraeus, who will oversee the military surge in Iraq, said the US would have indications by late summer whether the plan to send another 21,500 US troops to help the Iraqi security forces stamp out sectarian violence was having success.

Earlier this month, however, Robert Gates, defence secretary, said it would be clear whether the Iraq government was living up to its pledges before all of the new US troops arrived in the Iraqi capital, which is expected by early June.

Gen Petraeus was appearing before the Senate armed services committee amid growing congressional opposition to the surge. Democrats and several key Republicans have introduced non-binding resolutions opposing escalating US troop levels.

"You talk about this being a race against the clock, but I wonder if the clock has already run out," said Susan Collins, a Maine Republican, who on Tuesday joined John Warner, the former Republican chairman of the committee, in opposing the surge.

Appearing more confident before the committee than Gen George Casey, the outgoing commander, Gen Petraeus waded into the political debate by agreeing with Republican senators John McCain and Lindsey Graham that congressional resolutions of opposition would send the wrong message to US troops and the enemy in Iraq.

"No matter how well-intentioned, a resolution. . .opposed to this new strategy is a vote of no confidence," said Mr Graham. "The enemy will see it as a weakened resolve . . . those people going to fight this war are going to say, well, I'm going, but the Congress says good luck, but you're going to lose."

Hillary Clinton, a New York Democrat, said: "I. . . have put forward ideas about disapproving the escalation not because we in any way embrace failure or defeat, but because we are trying to get the attention of our government and the government of Iraq."

While senators welcomed the choice of Gen Petraeus, credited with bringing stability to Mosul in 2004, to replace Gen Casey, they grilled him over the Baghdad plan, saying it was inconsistent with the military counter-insurgency manual he wrote.

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Instead of her usual methodical questioning, Mrs Clinton underscored her recently announced candidacy for president with a blistering attack on the Bush administration and the military surge.

"You wrote the book, general, but the policy is not by the book. And you are being asked to square the circle, to find a military solution to a political crisis," she said.

The counter-insurgency manual suggests that 120,000 troops would be needed to curb the sectarian violence in a city the size of Baghdad. Jack Reed, a Rhode Island Democrat, questioned how 41,000 US troops and 50,000 Iraqi forces could succeed.

In defending the plan, Gen Petraeus said US and Iraqi forces would be freed up for counter-insurgency operations because of the use of private security companies.

New Face On A Tough War (WP)

By David Ignatius

The Washington Post, January 24, 2007

For a nation bitterly divided over Iraq, the one point of agreement seems to be that Lt. Gen. David Petraeus is the right commander for U.S. forces in Baghdad. That gives Petraeus a surge of the most important strategic asset in this war -- which is time. But it also locks him into an awkward role for a professional military officer, as chief public spokesman for a war the public has come to doubt.

As long as Iraq was "Bush's war," it looked like a lost cause. This week, it became in part "Petraeus's war." The fundamentals on the ground appear as bleak as ever, and polls show the public doubts the war is winnable. But Petraeus offers something new: He is the last frail hope for a bipartisan consensus on Iraq.

Petraeus won plaudits yesterday from nearly every member of the Senate Armed Services Committee, continuing the celebratory tone that greeted his nomination by President Bush. Even Sen. Edward Kennedy, one of the sharpest critics of the war, had good things to say about the new commander. It was a momentary honeymoon from acrimonious debate.

The accolades for Petraeus symbolize a deeper change, one that carries benefits and risks for the general and the troops he will lead. Bush and his senior advisers have been wrong so many times on Iraq that the public no longer trusts them to frame a successful strategy. So now the public face of the war passes to a bright, ambitious general. It is an intensely political role, and it puts Petraeus in a hot seat that many military officers try to avoid.

Petraeus doesn't want to play politics. He tells friends that he doesn't vote in presidential elections, to maintain his political independence. In that, he emulates Gen. George Marshall, the architect of the Allied victory in World War II. But this is an inherently political command. As Petraeus answered questions yesterday from Sen. John McCain -- who is building his presidential campaign on the need for a troop surge and ultimate victory in Iraq -- it was clear just how charged the commander's job will be. As the publicly anointed "last, best hope" of a failing war, his actions will shape the key issue of the 2008 campaign.

Petraeus has embraced this kind of high-risk mission before. Indeed, he seems to thrive on the public role that many military officers shun. When he took command of the training of Iraqi forces in mid-2004, Newsweek featured Petraeus on its cover and asked, "Can This Man Save Iraq?" That prominence engendered some ill will among other officers, who saw him as too eager for publicity. But, at this point, I sense that senior officers wish him well. He's taking on a supremely demanding job that most know they couldn't do. And he's betting his carefully groomed reputation on the relatively small chance that he can salvage an American victory.

The smartest thing Petraeus has done is to draw Congress into his confidence, as co-manager of the new strategy. In his testimony yesterday, he promised regular progress reports and pledged to tell Congress if he decides that the new strategy can't succeed. The flip side is that Petraeus will tell Congress whether he needs more troops, which may prove to be the case. Petraeus helped draft the new counterinsurgency field manual, which warns that successful operations "often require a high ratio of security forces to the protected population." It's hard to believe that 21,500 more troops will be enough to protect an Iraqi population in the midst of a civil war.

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Petraeus knows how tough his new job will be: He told senators yesterday that many of the e-mails he received over the past two weeks had as their subject line "Congratulations, I think." Asked about troop morale, he gave an answer that will surely apply to him in the wearying, testing days ahead: "One day at a time, sometimes one foot in front of the other."

I spent a week traveling with Petraeus in Iraq in 2004, and another week with him in 2005. As he visited with Iraqi troops, I often heard him repeat one of his trademark phrases: "We'll see who has tiny hearts" -- meaning he would see who among the Iraqi officers was really willing to fight.

Petraeus is no "tiny heart." He believes in the power of his will to overcome adversity and prevail on the battlefield. That confidence is a necessary quality for a commander, but it is not sufficient to ensure success. Congress had a rare moment of unity yesterday in wishing Petraeus good luck as he heads back to Iraq, even as Petraeus himself must be wondering, deep down, whether he has taken on a mission impossible.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

A Case Of Hearing Without Listening (NYT)

By Maureen Dowd

The New York Times, January 24, 2007

WASHINGTON

Madame Speaker didn't lean over and boink the president on the head with her gavel, or garrote him with her red pashmina.

No one was gelded or cuckolded or left to bleed on the floor of the Senate, as in HBO's "Rome," that other gory saga of a declining empire with people who can't stop talking.

Still, the nation's capital had the aroma of treachery, as former allies brutally turned on one another. Despite W.'s attempt to salvage his presidency last night by changing the subject and going all domestic-sensitive, Washington was more consumed with betrayal than substance.

The city was riveted by opening statements in the Scooter Libby trial, where the aspens were turning but not in clusters. Scooter's lawyer claimed that the White House had made his client a scapegoat in the Valerie Plame case to protect Karl Rove because "Boy Genius," as W. calls him, was critical to keeping the Republican Party in power.

In light of the 2006 debacle, the White House might have been better off saving Scooter and making Karl the fall guy.

Vice got an extra dose of unflattering limelight in the debut issue of The Politico, a Capitol Hill publication. In an interview with Roger Simon, John McCain stopped pandering to the White House long enough to lambaste Dick Cheney for stirring a "witch's brew" of a "terribly mishandled" war. What took the brave senator so long?

"The president listened too much to the vice president," he said, adding, "Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense."

At a critical hearing yesterday, senators happily blew a chance to grill Lt. Gen. David Petraeus, W.'s choice to try to rescue Iraq, on whether those 21,500 additional troops will be cavalry to the rescue or lambs to the slaughter.

Why dwell on the most consequential elements of American strategy when they can linger over something even more repercussive: their own political reputations?

Hillary Clinton, who dodged a recent important Iraq hearing by flying to Iraq, did not have any questions at all for the general. She simply lectured him crisply on her belated discovery that the administration has a "dead-end" and "blank check" policy, as she tried to seem like the kind of gal who could command the most powerful military on earth. This is odd from someone who is running infomercials on her Web site promising "a conversation."

In their questioning, Senator Joe Lieberman and Mr. McCain seemed most interested in enlisting the general's prestige for their own campaign to discredit colleagues in both parties who are tired of passively watching W.'s disaster unfold.

If the Senate sends the additional troops but conveys the belief they cannot succeed, Mr. McCain asked, "what effect does that have on the morale of your troops?"

"It would not be a beneficial effect," the general replied.

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Senator Lieberman also asked whether a Senate resolution expressing disapproval of The Surge would give the enemy in Iraq "encouragement" that the American people "were divided."

The general agreed: "That's correct, sir."

Much of the rest of the hearing was squandered in attempts by Democrats and Republicans who had criticized the war to get the general to back away from his opinion that the troops would be hurt and the enemy emboldened by any impediment that the legislative branch might throw in W.'s way.

"Honorable people have different views, and they will voice their criticisms," chided John Warner, who presented a bipartisan resolution on Monday declaring that the Senate "disagrees with the 'plan' to augment our forces."

He told General Petraeus that as President Nixon's secretary of the Navy, he had sat where the general was, justifying another impossible war. "I hope," he warned the witness, "that this colloquy has not entrapped you into some responses that you might later regret."

The fact that Senator Warner attacked The Surge in a formal way means that a substantial majority of the Senate are willing to stick their necks out. It's the beginning of a slow procession to limit spending on the war and rein in Mr. Bush.

As one does in a job interview, the general tried to oblige everyone. After getting caught in a political mine field, he demurred that he had learned "that mine fields are best avoided and gone around rather than walked through."

The poor man. He probably thought that he came all this way to talk about how to fight the war, not to talk about how to talk about the war.

Senators Say Resolutions On Troop Plan Should Merge (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — Senate critics of President Bush's troop buildup in Iraq suggested Tuesday that competing resolutions opposing the plan should be merged in an effort to attract the largest bloc of senators in a strong statement of Congressional dissent.

As they prepared for the Senate Foreign Relations Committee to consider the issue on Wednesday, both Democrats and Republicans said the two bipartisan resolutions were in fundamental agreement on objecting to the troop increase.

"The resolutions are so close in terms of the key issue: whether or not we support an increase in military involvement and increasing the number of troops in Iraq or not," said Senator Carl Levin, the Michigan Democrat who is the chairman of the Armed Services Committee and a co-author of one proposal. "There are other language issues, obviously, but they are not particularly significant. The likeness and the similarities far, far, far outweigh any language differences."

Senator Harry Reid of Nevada, the Democratic leader, said a hybrid version of the resolutions would produce a clearer sign of the depth of opposition to the president's plan than either of the proposals could individually. "The bottom line is that the situation we have is unacceptable, and both resolutions clearly indicate that," Mr. Reid said.

But Senator John W. Warner, Republican of Virginia and lead author of the other proposal, said he saw important distinctions between them. He said he was not prepared to enter any negotiations until after he saw wording approved by the Foreign Relations Committee.

"I think there is substantial difference," Mr. Warner said Tuesday, adding that his approach puts more emphasis on specific benchmarks to assess progress in Iraq and calls for military rules of engagement to reflect that American forces are not to play a role in sectarian violence. "There is a lot in ours that is not in the other one."

The proposal from Mr. Warner and Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, also declares that the president is the commander in chief and that it is not the Senate's intent to contravene his authority — wording that drew the attention of some lawmakers.

"History tells us that Congress does have power when it comes to the president's authorities as commander in chief," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate. He and others said Democrats also raised questions about whether the Warner proposal would allow troops to be increased in areas outside Baghdad, particularly in Anbar Province, which Ms. Collins and others have said is a hub for activities of Al Qaeda.

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Senate Republican officials acknowledged that the prospect of one bipartisan resolution emerging was troubling in a political sense because it held the potential to attract significant numbers of Republicans and nearly all Democrats, producing a vote that would be a major embarrassment to Mr. Bush as he seeks to sell his Iraq plan.

On Tuesday, Senator Gordon H. Smith, Republican of Oregon, announced that he would sign on to the Warner resolution. Supporters of Mr. Bush's strategy used a Senate Armed Services Committee confirmation hearing on Tuesday to raise the prospect that any resolution expressing opposition to the strategy could bolster insurgents in Iraq and demoralize the American military. Other lawmakers dismissed the idea.

Senator Joseph R. Biden Jr., Democrat of Delaware and chairman of the Foreign Relations Committee, has said he is open to changes in the resolution he drew up with Mr. Levin and Senator Chuck Hagel, Republican of Nebraska. The panel will consider the proposal on Wednesday, and it could be sent to the Senate floor quickly.

Democrats Work To Clarify Message On Iraq (HILL)

By Elana Schor

The Hill, January 24, 2007

Senate Democrats yesterday worked to bridge the gap between the chamber's two resolutions of disapproval on President Bush's plan to increase troop levels in Iraq, although the stronger language of Foreign Relations Committee Chairman Joseph Biden (D-Del.) will form the basis of that panel's markup today.

Ongoing negotiations are intended to combine Biden's measure, cosponsored by Armed Services Committee Chairman Carl Levin (D-Mich.) and GOP Sens. Olympia Snowe (Maine) and Chuck Hagel (Neb.), with a less critical resolution released this week by Sen. Ben Nelson (D-Neb.) and three senior Republicans, all up for reelection in 2008.

Senate Majority Whip Dick Durbin (D-Ill.) said Democrats have pointed to "two or three" elements of the Nelson resolution's language as potentially problematic, including a portion that could allow a troop surge in Iraq's restive Anbar province and a clause that implies Congress has no power to check presidential authority over the war.

"I'm not sure they're deal-breakers," Durbin said, remaining optimistic that one resolution can come to the floor without a competing substitute. Before that floor vote, which could occur as soon as next week, Senate presidential hopefuls Chris Dodd (D-Conn.) and Barack Obama (D-Ill.) said they are readying amendments for today's Foreign Relations markup that could galvanize debate over capping troop levels.

A First Step In Iraq (USAT)

By Joseph Biden & Chuck Hagel

USA Today, January 24, 2007

Today, Congress takes an important step in what we believe is our constitutional responsibility to actively engage and debate the war in Iraq. We agree with the president that our previous strategy in Iraq was failing. Equally, we are convinced that to succeed in Iraq, America's objective and strategy must enjoy the support of the American people and a bipartisan support in Congress.

The Senate Foreign Relations Committee will vote on a resolution we introduced with our colleagues Carl Levin, D-Mich., and Olympia Snowe, R-Maine. The resolution says what we and many of our colleagues, Democrats and Republicans, believe: America should not deepen its military involvement in Iraq by sending more U.S. troops into the middle of a civil war. More troops in Baghdad will increase the likelihood of more American casualties and will not end the sectarian Iraqi massacres that are occurring every day.

Just as important, our resolution proposes an alternative. The primary objective of America's strategy should be to help Iraqis achieve a political settlement in Iraq, secure support for that settlement from Iraq's neighbors and refocus the mission of our remaining troops on achievable objectives. That is the only way to stop Shiites and Sunnis from killing each other and allow our troops to leave Iraq without leaving chaos behind.

Here are the main elements of our plan:

•Redeploy U.S. forces out of Iraq's cities with a more limited mission focused on defending Iraq's territorial integrity, counterterrorism, border control, and accelerated training of Iraqi forces;

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•Transfer responsibility for internal security and halting sectarian violence to Iraqi forces under an appropriately expedited timeline;

•Continue to support Iraq's political process while making it clear that Iraqi leaders must make the political compromises necessary to help Iraq move forward;

•Engage Iraq's neighbors and the international community to build a regional framework to help support and sustain a political solution and national reconciliation.

Two weeks ago, Secretary of State Condoleezza Rice presented the president's plan to the Foreign Relations Committee. The reaction from Democrats and Republicans alike ranged from profound skepticism to outright opposition.

A strong majority of the American people opposes sending more American troops into Iraq. So does a broad cross section of this country's leaders, military and civilian, as we have heard this month in hearings in Congress. In December, the Baker-Hamilton Commission issued a valuable report, suggesting a comprehensive strategy "to enable the United States to begin to move its combat forces out of Iraq responsibly" based on "new and enhanced diplomatic and political efforts in Iraq and the region."

Our fundamental objective is to build a bipartisan majority in Congress to support a U.S. policy on Iraq that stands the best chance of succeeding and bringing our men and women in uniform home.

We welcome debate of our resolution and proposed alternatives. The resolution by Sen. John Warner, R-Va., contributes to this debate. As we have made clear publicly and privately, we are prepared to adjust our resolution to help broaden bipartisan support. Ultimately, this debate will give every senator a chance to say where he or she stands.

We believe that the single most effective way for Congress to engage the president in developing a way forward in Iraq is to demonstrate the depth and breadth of bipartisan concern regarding his policy. The power of our resolution rests in its bipartisan foundation.

Iraq is not a partisan issue. It is a challenge that we must meet as Americans. No one in Congress and no one in America wants to see America defeated. We believe our nation is stronger when Congress fulfills its constitutional duty as a co-equal branch of government.

Sen. Joseph Biden, D-Del., is chairman of the Senate Foreign Relations Committee. Sen. Chuck Hagel, R-Neb., is a member of the committee.

McCain Bashes Cheney Over Iraq Policy (POL)

By Roger Simon

The Politico, January 24, 2007

With his presidential hopes tied to an administration whose Iraq policy he supports but cannot control, John McCain for the first time blamed Vice President Cheney for what McCain calls the "witch's brew" of a "terribly mishandled" war in which U.S. forces are on the verge of defeat.

McCain also for the first time opened the door to the possibility of a U.S. troop pullback to the borders of Iraq should the president's planned troop surge fail.

Although McCain had once lavished praise on the vice president, he said in an interview in his Senate office: "The president listened too much to the Vice President . . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the Vice President and, most of all, the Secretary of Defense."

McCain added: "Rumsfeld will go down in history, along with McNamara, as one of the worst secretaries of defense in history." Donald Rumsfeld served as President Bush's secretary of defense from January 2001 to December 2006. Robert McNamara was Secretary of Defense during the Vietnam War.

McCain has long criticized Rumsfeld, but in July 2004 at a campaign rally in Lansing, Mich., McCain said he had "known and admired" Cheney for more than 20 years and described him as "one of the most capable, experienced, intelligent and steady vice presidents this country has ever had."

But that was then and this is now, and now McCain is making clear his frustrations with the Bush administration, the Iraqi military and "bureaucratic resistance" in the Pentagon to a troop surge.

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McCain said in the interview that the success of the American mission in Iraq "will be directly related to the ability of the Iraqi military to take up responsibilities. Their record is terrible." Also, he said, "There is still enormous bureaucratic resistance (to the troop surge) in the Pentagon, and it bothers me a great deal. The bureaucrats in the military are saying this is a terrible strain on the (National) Guard and the active duty forces, and it is. There is only one thing worse than an over-stressed military, and that's a defeated military. And we are on the verge of that."

McCain said that even the planned insertion of 21,500 new U.S. troops into Iraq, which he supports, may not succeed. "I don't know if this is enough troops or not," McCain said. "I can't guarantee success by doing this."

The Arizona Republican, whose 2008 presidential campaign is well under way even though he has not yet officially announced, is keenly aware of how his support for the Iraq war is making him increasingly unpopular.

"The irony of all this for me is that I am the guy that for three years -- more than three years -- has said, 'You don't have enough troops there! And you are not running this war right! And you've (ital) got (unital) to change!' " McCain said. "And now I find myself the object of scorn because I think we can't afford to leave."

But McCain also said a withdrawal of troops to the borders of Iraq could be an option if the troop surge fails.

"If this strategy doesn't succeed, we will have to devise another strategy," McCain said. "But I have to hasten to add there are no good options." One of those options, McCain said "is to withdraw to the borders (of Iraq) to try to keep other countries from interfering. Maintaining our bases in Kuwait and other places. There are a lot of scenarios." But he also said the current troop surge strategy "has to be given time."

McCain's support for the Iraq war is unpopular with Democrats and Independents and is losing support within his own party, including among some of his fellow Republican senators. Sen. Chuck Hagel, Neb., has called the troop surge "the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out."

Without naming names, McCain said, "It is ironic that many of my colleagues who are now wavering were those who were down the line in support (of the war) and would come back from Iraq saying that everything is fine and the troops are wonderful and it's the media (that is the problem). And I came back from my first trip saying, 'You better get more boots on the ground! You better change this.' Now I am (ital) hung (unital) with it. It's fascinating!"

"Life isn't fair, as Jack Kennedy said," McCain added with his typical mordancy.

McCain will almost certainly announce his presidential candidacy soon, but he said, "This whole Iraq situation has really diverted most of my attention."

In the primaries, McCain is in danger of being whipsawed between Republican conservatives who think he is not really one of them and Republican centrists who are opposed to the war.

"There are still some elements of the party that are very skeptical about me," McCain acknowledged. "I think also, even amongst Republicans, there is a real concern about my position on the war in Iraq."

He did, however, give a peek at his game plan to gain the White House. "Most people in New Hampshire, South Carolina, Michigan, Arizona, people around the country know me rather well," he said. "It's not as if I am a blank slate out there. Most of them, I think, have confidence that I have the experience, knowledge and background that, even though they disagree with me on a specific issue, they think I will do the right thing. Or at least what I believe is right."

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by Midway1 on 01.23.2007 at 06:38 AM

McCain has himself covered, knowing there will never be 'enough' troops to satisfy him, plus keeps his support for Bush. So now he will put it on Cheney, to take some heat off Bush. Bush must have some secret 'IOU' from McCain to explain his loyalty. McCain is so far down on my list for '08, he could never recover.

by erica on 01.23.2007 at 07:17 AM

imho, McCain is too old to be president.

by kittycago on 01.23.2007 at 08:28 AM

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isn't it nice to be a player John? For starters you are not the only Viet Nam veteran in DC but you are the best marketer of your service.As you said the real heroes never came home.Play both sides in DC eventually your wicks burns out twice as fast. You have n chance of becoming president now so yuu did all that swinging for naught.

by south_yankee on 01.23.2007 at 08:32 AM

I could never support Senator McCain for President. I respect his service to our country with the exception of his refusal to stand up to this President on any issue. Blaming Cheney and Rumsfeld for our big mess is fine and they deserve part of the blame but the buck stops with the President, the Decider in Chief. Senator McCains unwavering support for the President and his policies is nauseating and will cost him in his attempt to capture the Presidency.

by matte on 01.23.2007 at 08:43 AM

All he had to do, was take up a moderately center-stand and stick to it. Instead, he tried this foolish gambit with "The Surge" which bet that Bush would never actually be allowed to do it, or it would be so watered-down, he could always say "See, they never did it my way, and that's why we lost." Now, he thinks he can regain some of that middle ground traction by peeing on Cheney's leg in public. Too little too late, John. You might as well **** up a rope.

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Daily Body Count In Baghdad Falls (LAT)

By Borzou Daragahi

The Los Angeles Times, January 24, 2007

BAGHDAD — Iraqi authorities found 19 bodies of young men scattered around Baghdad on Tuesday, a sharp drop from the scores found each day several weeks ago. The reported daily body count for the last week or so has hovered around 30 or lower.

The bodies of late also have not shown signs of torture often associated with Shiite Muslim militias, morgue and hospital officials say.

Officials cautioned that the casualty figures were preliminary and sketchy. Previous drops in Baghdad violence have been followed by upsurges.

U.S. and Iraqi officials hope an increase in the number of American troops, political pressure and aggressive new tactics to protect Baghdad neighborhoods can reduce the level of violence in the capital and pave the way for political reconciliation and an end to the country's undeclared sectarian civil war. In recent days, additional U.S. troops have begun to be deployed in certain volatile neighborhoods.

U.S. military officials in the capital's tumultuous northern district of Adhamiya confirmed the statistical drop shown in morgue and police casualty figures collected daily by the Los Angeles Times.

"During the last two weeks, Task Force 1-26 has seen a decrease in found dead bodies in Adhamiya," said Army Capt. Jared Purcell, spokesman for a Taji-based unit that patrols parts of northeastern Baghdad.

Purcell attributed the decline, which he said was in keeping with The Times' estimate of a 50% drop, to stepped-up pressure on cells of Sunni Arab insurgents and Shiite militiamen, including raids against high-level insurgents. Political pressure and aggressive patrols by the U.S. military and the Iraqi police and army are also factors, he said.

Some observers speculated that the drop in the number of bodies bearing marks of torture indicated a decline in Shiite militia activity, but Purcell said the decrease was not necessarily attributable to Shiite groups lying low.

"In our area of operations there are both Sunni and Shia terrorist groups," he said in an e-mail.

Still, violence continued across Iraq on Tuesday, with at least two U.S. military personnel and 56 Iraqis reported killed. And five Western security officers employed by Blackwater USA were killed in a helicopter crash in a residential neighborhood in east-central Baghdad amid reports of ground fire, officials and witnesses said.

The military said no U.S. forces were involved in the crash, but North Carolina-based Blackwater said the five employees, all American citizens, were killed while working on behalf of the U.S. government. Private security contractors sometimes dispatch small helicopters to accompany vehicle convoys throughout the country.

The incident apparently was the second in which an aircraft was forced down in Iraq in less than a week — the first being Saturday's crash of a Black Hawk helicopter northeast of Baghdad, which killed all 12 U.S. soldiers aboard. An American official in Washington said initial evidence suggested that helicopter was downed by ground fire.

Official word of Tuesday's incident coincided with reports that a chopper had been fired upon while flying low over a Sunni district.

Witnesses said authorities sealed off the area, known as Fadhil. They also reported hearing heavy gunfire and helicopters scouring the district after the apparent crash.

The U.S. military, meanwhile, reported the combat deaths of two service members.

A Marine assigned to the 1st Marine Expeditionary Force died Sunday of wounds from enemy action south of Baghdad. A U.S. soldier assigned to Regimental Combat Team 5 died Monday of wounds from enemy action while operating in Al Anbar province.

The deaths brought to 3,060 the total number of American military fatalities in the Iraq theater since the 2003 U.S.-led invasion, according to icasualties.org.

At least two British soldiers were injured when a Katyusha rocket struck their base in the southern city of Basra, a spokeswoman there said.

Bombings, shootings and rocket fire roiled a wide swath of the country.

In Baghdad, a day after a pair of car bombs killed 88 people in a crowded market, at least nine bomb blasts targeting official vehicle convoys and civilians shook the city, killing 11 people and injuring 36, many of them severely. Among those killed was Diya Meqoter, a business school professor who starred on a popular reality television show in which entrepreneurs received small loans to start businesses.

South of the capital in the religiously mixed province of Babil, gunmen killed a suspected former member of Saddam Hussein's Baath Party and a contractor working for the U.S. military.

Police also discovered the body of a police officer inside an explosives-packed vehicle, a booby trap apparently meant to kill responding officers.

Mortar shells struck various locations in Babil, killing 10 people and injuring six, many of them huddled in a tent during a pilgrimage to Karbala for the annual festival commemorating the martyrdom of Imam Hussein, a revered Shiite saint.

An Iraqi hospital official in Ramadi, Ahmed Jassem, said that at least 10 Iraqis were killed and 13 injured during apparent fighting between U.S. troops and insurgents in the war-torn capital of the western province of Al Anbar. The account could not be confirmed. The U.S. military said it killed nine insurgents and wounded another nine in various clashes with armed men in the city.

Violence also erupted in Iraq's north. In Kirkuk, capital of an oil-rich province claimed by Iraq's Kurds, Sunni Arabs and Turkmens, at least two Iraqis were killed and eight injured in insurgent violence.

Clashes broke out overnight between insurgents and police officers in the mostly Sunni Arab city of Mosul, leaving at least five officers dead and three wounded.

US Cracks Down On Iraq's Shia Militants (FT)

By Steve Negus

Financial Times, January 24, 2007

More than 600 members of Iraq's Mahdi Army are in detention awaiting prosecution, the US military announced in a statement late on Monday – the latest indication that operations against the radical Shia militia have been stepped up and that Prime Minister Nouri al-Maliki has withdrawn political protection from the group.

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The statement is unusual in that it detailed the number of operations against specific organisations and seems intended to show that there is a new emphasis on neutralising the Mahdi Army. It said that in the past 45 days, the US-led coalition and Iraqi security forces had carried out 52 operations focused primarily against the militia, compared to 42 targeting Sunni insurgents.

Mr Maliki has been accused of failing to act on his government's seven-month-old pledge to demobilise militias, but in the last two weeks his aides have hinted that the prime minister had authorised a crackdown on the Mahdi Army, some of whose commanders are believed to be responsible for the torture and killing of thousands of Sunni.

Mr Maliki may have decided that he needed to move against the militia to avoid losing US support and to avoid further alienating Iraq's Sunni Arab neighbours, or because he feels that his support among the Shia has been strengthened after the execution of Saddam Hussein.

Reaction from the Sadrists' political branch has been surprisingly muted, with parliamentarians on Sunday ending a two-month long boycott of the government even though a key Sadrist spokesman had been arrested the day before.

The Sadrists' apparent acquiescence to the dismantling of their military wing however might not last, if Sunni insurgents succeed in striking at Shia civilian targets. Many Shia consider Mahdi Army roadblocks, and Mahdi Army strikes against Sunni insurgent mosques, to be their best defence against the car bombers who have killed thousands over the past few years.

Bombers on Tuesday struck two separate Shia targets in the capital, killing at least five people, and on Monday a double car bombing in a Baghdad market district left at least 88 dead, the bloodiest attack in two months. The bombings are particularly sensitive as they come at the beginning of the month of Muharram, during which Shia commemorate the seventh-century martyrdom of the Prophet Mohammed's grandson Hussein.

Five American Security Employees Killed In Baghdad Helicopter Attack (NYT)

By Marc Santora And James Glanz

The New York Times, January 24, 2007

BAGHDAD, Jan. 23 — Five members of a private security detail protecting an American convoy were killed Tuesday when their helicopters came under attack, and one plummeted to the pavement through a tangle of electrical wires in one of Baghdad's most dangerous neighborhoods.

The four-man crew in one helicopter was killed, and the gunner in a second helicopter apparently died when he was struck by gunfire, American officials said. The crash set off a chaotic five-hour battle in which American attack helicopters crisscrossed the skies over Baghdad and fired at least one Hellfire missile into the streets below.

It is unclear if the first helicopter, nicknamed a Little Bird because it is small and nimble, crashed as the result of gunfire, because it got tangled in the wires or as it was trying to land because a passenger was wounded. But an American military official said that at least four of the victims had suffered gunshot wounds to the head, raising the prospect that some of them had been shot on the ground.

American ground forces made their way to the crash site to retrieve the bodies and secure the area, American officials said. It was unclear what condition the bodies were in when they were recovered.

The helicopters were operated by Blackwater, the same private security firm that lost four contractors in March 2004 in an ambush in the desert town of Falluja, their bodies mutilated, set on fire and hung from a bridge. That episode led to a three-week siege of the city by American marines.

This time, the Blackwater contractors were on a routine protection detail in Baghdad, monitoring an official convoy traveling by road, American and Iraqi officials said. The company has a major contract with the State Department to protect officials traveling outside the protected Green Zone.

A company statement said the men, all American citizens, "were killed while working on behalf of the United States government."

An Iraqi military officer said that the convoy being escorted also came under attack, but American and Iraqi officials said no one in the convoy was killed. Lou Fintor, a spokesman for the State Department, declined to comment on who was in the convoy.

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The attack was carried out as the helicopters swooped low over the Fadhil neighborhood, an ancient warren of narrow, twisting streets that is home predominantly to Sunni Arabs and has been the site of numerous battles with insurgents in recent months. The crash took place near the Shorja market in central Baghdad, an military officer said.

On the ground, fierce gun battles lasting several hours could be heard from blocks away. American Apache helicopters took to the sky soon after the attack and could be seen sweeping over the area, making sharp loops over the eastern banks of the Tigris River and then flying low over the neighborhoods.

Initially, according to an American military official, they were just searching for the downed helicopter.

But at one point, they fired at least one Hellfire missile, although military officials could not confirm that it was in response to the downed helicopter. Other small helicopters like the one that carried the Blackwater contractors darted repeatedly over the Baghdad skyline, occasionally disappearing from view as they dipped close to the streets.

Other violence swept the city all day, with multiple bombings in Shiite areas leaving at least seven people dead. Security forces recovered 27 bodies around the city, killed execution style. The killings may have been part of a cycle of revenge following sustained attacks on Shiite areas as they prepared for one of their most sacred holidays, Ashura.

In two other battles on Tuesday, American forces killed 16 insurgents, the military said. North of Baghdad in Haditha, the forces engaged in a hectic chase as a group of armed men tried to escape by boat across a lake. After those men met other insurgents across the lake, they were attacked by an American aircraft, killing seven. Separately, insurgents fled across rooftops in Baghdad before throwing grenades and firing at American forces that were in pursuit. The Americans returned fire and killed six of the insurgents.

Much about the helicopter attack remained unknown late Tuesday. But American officials said that no diplomats or embassy employees were killed. A spokesman for the State Department refused to comment on specifics.

“A small civilian helicopter crashed in Baghdad this afternoon,” Mr. Fintor said. “We are attempting to determine the facts.”

Insurgents have carried out a series of other sophisticated attacks in recent days. On Saturday, insurgents driving Humvees and dressed in American military clothing killed five American soldiers in an ambush in Karbala. The same day, an American Black Hawk helicopter crashed near Baghdad, killing all 12 people aboard.

An American officer who spoke with a witness in a second helicopter said flares from the Black Hawk’s antimissile systems were activated before it exploded in the air, strongly suggesting that it was shot down. As its investigation continues, the American military has so far refused to confirm officially that the Black Hawk was shot down.

Contractor Helicopter Downed In Iraq (WP)

By Ernesto Londono, Joshua Partlow And Karen Deyoung

The Washington Post, January 24, 2007

BAGHDAD, Jan. 24 -- A private security company helicopter was shot down after responding to assist a U.S. Embassy convoy that came under attack in central Baghdad on Tuesday afternoon, U.S. officials said.

One contractor traveling with the convoy and four contractors aboard the helicopter were killed. The contractors, officials said on condition of anonymity, were employed by North Carolina-based Blackwater USA. Blackwater officials declined to comment.

The convoy came under small-arms fire while traveling through a Sunni neighborhood en route to an Iraqi government ministry, officials said. The helicopter, a small, lightly armed surveillance craft, was dispatched to assist. According to a summary of events drafted by a U.S. Embassy employee and made available to The Washington Post, the convoy was also targeted with rocket-propelled grenades.

The helicopter crashed after being "riddled with small-arms fire," a State Department official said. The official said it was unclear whether the men aboard died from gunfire or from the impact of the crash.

No State Department employees were hurt in the attack, but some vehicles were destroyed, according to the summary of events in the report. Other vehicles in the convoy returned safely to the Green Zone.

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Two separate Sunni insurgent groups, Ansar al-Sunnah and the Islamic Army in Iraq, asserted responsibility for the attacks on Web sites used by the groups. The accounts differ in significant detail, although Ansar published photos of what it said were the U.S. Embassy badge, credit cards and dog tags of one of the men killed in the attack.

The authenticity of the statements, translated and made available by the Washington-based SITE Institute, could not be independently confirmed.

The identification posted by Ansar was that of Arthur Laguna, 52, a pilot for Blackwater. His mother, Lydia Laguna, said in an interview that she received a call early Tuesday morning from her other son, also a Blackwater pilot in Baghdad, notifying her that Arthur had been killed.

"As far as any details, we're waiting for representatives from Blackwater to come by tomorrow," said Mary Beth Laguna, 52, Arthur Laguna's wife. "All I know is he's gone."

Arthur Laguna joined Blackwater about six months ago, after a military career that spanned about three decades with the U.S. Army and the California National Guard, she said.

The Pentagon has estimated that there are 100,000 government contractors operating in Iraq. More than 700 civilian contractors have been killed since 2003.

Doug Brooks, president of the International Peace Operations Association, an industry group that includes security contractors, said the type of helicopter downed, known as a "little bird," is among the safest modes of transportation in war zones.

"Their crews are the best -- they really know their stuff," he said in an e-mail. "They are very good at avoiding fire, flying low and fast -- and the tiny helicopters are very hard to hit."

It appears to be the second civilian helicopter downed in Iraq since the war began. The attack occurred three days after a U.S. military Black Hawk crashed north of the capital, killing 12.

In another development, U.S. military officials said Tuesday that they have in custody four people suspected of unleashing a brazen attack on U.S. troops Saturday at a government building in Karbala.

The assailants apparently drove to the building in GMC trucks, slipping through checkpoints by displaying official-looking badges and wearing what looked like U.S. military uniforms. U.S. and Iraqi officials were discussing security plans for a Shiite holiday in the holy city when the assailants attacked the Americans with grenades and other weapons.

Also Tuesday, the military reported the deaths of three U.S. service members. Their deaths bring the death toll of American troops over the weekend to at least 29.

A soldier with the 89th Military Police Brigade was killed Monday in Baghdad by an improvised explosive device; a Marine with the 1st Marine Expeditionary Force died Sunday from wounds suffered in fighting in Baghdad; and a service member assigned to the Marine Regimental Combat Team 5 was killed Monday in Anbar province in western Baghdad.

Newsman Escapes Injury In Iraq Bombing (WP)

By Howard Kurtz

The Washington Post, January 24, 2007

ABC newsman Chris Cuomo narrowly escaped harm in Iraq yesterday when a roadside explosion crippled the armored Humvee he was riding in but the shrapnel failed to fully penetrate the vehicle.

"I got very, very lucky," Cuomo, 36, said in a telephone interview from Baghdad. He praised "the greatness of the soldiers" involved, saying: "I know if I had been there with any other group of individuals, I would not be able to have this conversation."

The harrowing episode unfolded almost one year after another roadside bomb in Iraq badly injured ABC anchor Bob Woodruff, who is still recovering from head wounds.

Two CBS crew members were killed and correspondent Kimberly Dozier was seriously wounded in a car-bomb explosion in Iraq in May.

Cuomo, the news anchor of "Good Morning America" and the son of former New York governor Mario Cuomo, was embedded with a U.S. military police unit in Baghdad when his convoy of four Humvees responded to a report of a burning Iraqi police car. On the side of the road, the unit noticed some bodies, which turned out to be booby-trapped with an improvised bomb. The device exploded with massive force.

"It rocked the entire vehicle, blew out the tires on two of the vehicles, destroyed much of the glass, rocked the vehicles in a very, very big way," Cuomo said on "Good Morning America." "A piece of shrapnel was barely stopped by this armored door. It came within fractions of an inch of going through the entire vehicle."

The unit came under heavy small-arms fire, and Cuomo was trapped inside his disabled Humvee. He said another military unit arrived and provided cover while his and another crippled vehicle were towed to safety. No soldiers were wounded in the incident.

A hubcap-size piece of shrapnel broke the glass of one of the Humvees, creating a five-inch indentation in the armor, Cuomo said. He said his vehicle had less armored plating and that the situation could have been "catastrophic" if it had been hit by shrapnel of that size.

What impressed him most, Cuomo said, was the way the gunner, still spitting glass from a shattered window, sprang into action without complaint. Capt. Jay Shama of the 410th Military Police Company told Cuomo the unit would return to the same area today.

"This is their routine," Cuomo said. "They go out day after day while people are trying to blow them up. . . . It's one thing to question the mission. To question the soldiers is completely without basis."

ABC spokesman Jeffrey Schneider said Cuomo had volunteered for the week-long assignment.

"For a news division that's been through what we've been through, every single person who goes to Iraq -- every cameraman, every sound man, every correspondent, every anchor -- we don't ever stop worrying about them," Schneider said. "It reminds you once again that Iraq is a terribly dangerous place, but a place where we owe it to our audience to tell the story of what soldiers go through on a daily basis."

Asked if he was still shaken up, Cuomo said: "I'm trying not to deal with it. I'm trying to deal with it like a soldier, just do my job."

Martin Luther Al-King? (NYT)

By Thomas L. Friedman

The New York Times, January 24, 2007

It's hard to know what's more disturbing: the barbaric sectarian murders by Sunnis and Shiites in Iraq, or the deafening silence with which these mass murders are received in the Muslim world. How could it be that Danish cartoons of Muhammad led to mass violent protests, while unspeakable violence by Muslims against Muslims in Iraq every day evokes about as much reaction in the Arab-Muslim world as the weather report? Where is the Muslim Martin Luther King? Where is the "Million Muslim March" under the banner: "No Shiites, No Sunnis: We are all children of the Prophet Muhammad."

I can logically understand the lack of protest when Muslims kill Americans in Iraq. We're seen as occupiers by many. But I can't understand how the mass slaughter of 70 Baghdad college students last week by Sunni suicide bombers or the blowing up of a Shiite mosque on the first day of Ramadan in 2005 evoke so little response. Every day it's 100 more.

I raise this question because the only hope left for Iraq — if there is any — is not in a U.S. counterinsurgency strategy. That may be necessary, but without a Muslim counternihilism strategy that delegitimizes the mass murder of Muslims by Muslims, there is no hope for decent politics there. It takes a village, and right now the Muslim village is mute. It has no moral voice when it comes to its own.

"The Koran describes the Prophet Muhammad as a Prophet of Mercy," said Husain Haqqani, the Pakistani-born director of Boston University's Center for International Relations. "Muslims begin all their acts, including worship, with the words: 'In the name of God, the compassionate, the merciful.' The Koran also says, 'To you, your faith, and to me, mine.' But unfortunately, these mercy-focused, peacemaking ideas are lost [today] in the overall discourse in the Muslim world about reviving lost glory and setting right the injustice of Western domination. ...

"For a Muslim Martin Luther King to emerge, Muslim discourse would have to shift away from the focus on power and glory and include taking responsibility as a community for our own situation."

In fairness, for a Martin Luther King to emerge requires some free space, Saad Eddin Ibrahim, the courageous Egyptian democracy campaigner, remarked to me. But right now many liberals in the Arab world are in one way or another under house

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arrest by their regimes. “While Islamists in Egypt have access to thousands of mosques and can meet with their followers five times a day,” Mr. Ibrahim said, liberal members of his own institute “can barely move in Cairo, let alone organize a march.”

The Arab regimes want America to believe that there are only two choices: Islamists and the regimes, so it will side with the regimes.

This is one reason Mr. Ibrahim hopes the Islamists will take up the democratic agenda. They could carry it to the masses. One of the most popular Islamist leaders in the Arab world today, he notes, is Hezbollah’s Sheik Hassan Nasrallah in Lebanon. Up to now, though, the leaders of Hezbollah and Hamas seem to prefer being of pawns of Syria and Iran than agents of democratic change and Muslim reconciliation.

There’s a lot at stake. If Iraq is ultimately unraveled by Muslim suicide-nihilism, it certainly will be a blot on our history — we opened this Pandora’s box. But it will be a plague on the future of the whole Arab world.

If Arab Muslims can summon the will to protest only against the insults of “the foreigner” but never the injuries inflicted by their own on their own, how can they ever generate a modern society or democracy — which is all about respecting and protecting minority voices and unorthodox views? And if Sunnis and Shiites can never form a social contract to rule themselves — and will always require an iron-fisted dictator — decent government will forever elude them.

The brutally honest Syrian-born poet Ali Ahmad Said, known as Adonis, gave an interview from Paris on March 11, 2006, with Dubai TV, and warned of what’s at stake (translation by Memri):

“The Arab individual is no less smart, no less a genius, than anyone else in the world. He can excel — but only outside his society. ... If I look at the Arabs, with all their resources and great capacities, and I compare what they have achieved over the past century with what others have achieved in that period, I would have to say that we Arabs are in a phase of extinction, in the sense that we have no creative presence in the world. ...

“We have the quantity. We have the masses of people, but a people becomes extinct when it no longer has a creative capacity, and the capacity to change its world.”

Can Al-Maliki Make The Bush Plan For Iraq Work? (USAT)

By Rick Jervis

USA Today, January 24, 2007

BAGHDAD — They killed more than 60 members of his extended family. They murdered even more of his friends. They issued a death warrant for him.

For most of his life, Nouri al-Maliki, a Shiite Arab, says he has been persecuted and hunted by the Sunnis who dominated the government of Saddam Hussein.

Now, as Iraq's prime minister, al-Maliki must make peace between the two bitterly divided Muslim factions. President Bush has said that al-Maliki's ability to do that, and to shift responsibility from U.S. forces to Iraq's military and police, may determine the nation's fate.

"The prime minister has perhaps the hardest job in the world," says Zalmay Khalilzad, the U.S. ambassador to Iraq. Bush's new security plan for Iraq includes committing 21,500 additional U.S. troops and hinges on whether al-Maliki is willing and able to crack down on the Shiite militias that U.S. commanders blame for much of the violence in the capital.

Al-Maliki's critics accuse him of protecting Shiite allies with blood on their hands. Since taking office last May, al-Maliki has blocked several attempts by U.S. and Iraqi troops to confront the Mahdi Army, a Shiite militia group led by one of al-Maliki's key political supporters, the rebel cleric Muqtada al-Sadr.

Al-Maliki's "personality and background make reconciliation impossible," says Saleh al-Mutlaq, a leading Sunni politician. "What he's trying to do now is buy time. The plan is to push Sunnis out of Baghdad."

In an interview Friday with USA TODAY, Bush said that he believes al-Maliki is "beginning to" go after all militias with equal vigor. Last week, al-Maliki's government announced the arrests of 400 Mahdi Army militants and a high-ranking al-Sadr aide whom the U.S. military accuses of being involved in death squads.

"There will not be any house or party headquarters or any office that has impunity from security operations," al-Maliki told reporters last week.

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The prime minister "is walking a very tight tightrope," says Stephen Biddle, a fellow at the New York-based Council on Foreign Relations. "The central narrative of this conflict, almost from the beginning, has been Shiite vs. Sunni. If he sides too overtly with Sadr, he loses our support. If he falls off the tightrope (by) siding too closely with us, he loses credibility among the Shiites."

Al-Maliki, 56, is a quiet, intense workaholic whose life has been intimately shaped by the long Shiite struggle against foreign and Sunni oppression, say colleagues such as Sami Alaskary, a Shiite lawmaker and close aide. Al-Maliki declined to be interviewed for this story.

Originally from Hindiyah, a small river village near Karbala, al-Maliki spent his youth in Iraq's Shiite-dominated south. His grandfather, Mohammed Hassan Abul Mahasin, was a poet and rebel fighter against British occupation in the 1920s. Al-Maliki studied literature and poetry at the College of Usol al-Din in Baghdad and later based his master's thesis on his grandfather's poetry. He still recites the verses today.

In the late 1960s, al-Maliki joined Dawa, a Shiite group that opposed Saddam and sought to establish an Islamic republic in Iraq. Al-Maliki worked in the political bureau, organizing groups and meetings.

When Saddam's regime mounted a campaign of mass arrests, torture and murder against Dawa members in the 1970s, al-Maliki took refuge in the marshes of southern Iraq. There, he and other Dawa members dressed as locals, moved from village to village and evaded Saddam's agents while trying to help fighters from Iran join Iraqi resistance efforts, Alaskary says.

Like many other opposition members, al-Maliki took on a nom de guerre — Jawad — in an attempt to protect family members from reprisals. It didn't work. His family was routinely targeted as a way to get to him, says Hassan al-Sunneid, an Iraqi Shiite lawmaker and longtime friend.

"People from his tribe and many, many of his friends were killed," Alaskary says.

In 1979, after Saddam's regime issued a death warrant for him, al-Maliki fled to Iran. Despite Tehran's strong support for the cause of Iraqi Shiites, al-Maliki "never felt comfortable around the Iranians," Alaskary says. "He thought the Iranians were dishonest, that they were not true to their word. And their ambitions were not in Iraq's best interest."

After just two months in Iran, Dawa Party leaders sent al-Maliki to Syria. There, his job was to recruit exiled Iraqis into the party and run the Dawa newspaper Al-Mawkif. Even there, al-Maliki still largely kept to himself. "There is a psychological structure inside of him that makes him want to work only with Iraqis," Sunneid says.

Al-Maliki long mistrusted Americans as well, Alaskary says. During the 1991 Gulf War, Bush's father, then-president George H.W. Bush, encouraged Iraqis to rebel against Saddam but didn't send U.S. support. Thousands of Iraqis, many of them Shiites, were killed in retaliatory attacks by the regime.

Al-Maliki was in Syria at the time and played no role in the largely spontaneous Shiite uprising. Many of his friends and tribal members were killed. Other family members fled Iraq, Alaskary says.

That sense of betrayal still lingered on the eve of the U.S. invasion. Alaskary relates how, during a Dawa meeting in Tehran in 2002, al-Maliki asked, "Why will George Bush's son be any different?"

Al-Maliki's difficult relationship with the United States came to the forefront when he was unexpectedly thrust into the premiership last May. Al-Maliki was a compromise candidate who emerged after Sunni, Shiite and Kurdish parties disagreed on two previous candidates.

Al-Maliki was chosen because he had won the respect of many Sunni and Kurdish leaders during negotiations to form the constitution the previous year, said Mahmoud Othman, a leading Kurdish lawmaker. "We have a prime minister who never dreamed of becoming prime minister," says Mithal al-Alusi, an independent Sunni lawmaker who meets frequently with al-Maliki.

At first, al-Maliki bristled at what he saw as U.S. interference and grew frustrated at the lack of control he had over his fledgling Iraqi military, says Sadiq al-Rikabi, his political adviser. "He's not an easy man to ask him to do this and do that," he says. "Sometimes when you pressure him, he becomes tougher, rather than more flexible."

Sectarian violence took a turn for the worse, and the U.S. government pressed al-Maliki to take a tougher stance toward armed groups. However, in an October interview with USA TODAY, al-Maliki said he felt large street fights with the militias, particularly the Mahdi Army, would alienate Shiites from his government and embolden al-Sadr.

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In October, al-Maliki ordered the release of a high-ranking al-Sadr associate arrested by U.S. troops for having links to death squads. A few weeks later, he demanded American troops remove a week-long cordon that had been set up around Sadr City, the volatile Shiite slum that is the stronghold of the Mahdi Army, as part of a search for a missing U.S. soldier.

According to a recent report by the United Nations, 34,452 Iraqi civilians lost their lives in 2006 as Sunnis and Shiites engaged in increasingly bloody revenge killings.

Then came the execution of Saddam on Dec. 30, which was marred by taunts and obscenities yelled by Shiites who took part in the hanging. Even Bush said it looked like "kind of a revenge killing."

The day before the execution, al-Maliki met with U.S. officials at his residence inside the Green Zone and signed stacks of papers to push the execution forward, even as his only son's wedding reception buzzed around him, says Basam Ridha, an adviser.

"The way the Saddam execution took place, the fact that sectarian violence has intensified the past several months, does not help in terms of establishing him as prime minister of all Iraqis," Khalilzad says.

Before becoming prime minister, al-Maliki served as deputy chairman of a committee that sought to remove former members of Saddam's Baath Party from government posts.

That has further deepened suspicions between him and Sunnis, says al-Mutlaq, the Sunni lawmaker.

Khalilzad acknowledges that al-Maliki has had trouble bridging divides between the two sects. "That has been a challenge for him," he says.

Many in the U.S. Congress have publicly wondered whether al-Maliki is the right man for the job.

Following a meeting with al-Maliki in Baghdad this month, Sen. Hillary Rodham Clinton, D-N.Y., said that the prime minister had paid only "lip service" to easing sectarian tensions.

Also this month, Secretary of State Condoleezza Rice said that al-Maliki's government knew it was operating "on borrowed time." Al-Maliki reacted strongly, saying such statements bolster the morale of terrorists and lead them to believe they are winning. Rice later apologized.

In December, al-Maliki told The Wall Street Journal that he was exhausted and would rather not be prime minister. "I wish I could be done with it," he was quoted as saying.

Yet starting late last year, colleagues such as al-Alusi say they noticed a gradual change in al-Maliki's behavior and policies. He began speaking more favorably of American strategies toward Iraq.

The clearest sign of a broader shift came when al-Maliki agreed to allow U.S. troops into all parts of Baghdad, including Sadr City — a strategy he had previously bitterly resisted, al-Alusi says. "This is a huge development," he says.

Al-Maliki often reminds fellow Shiite leaders that he represents all Iraqis, not just one sect, Alaskary says. "I've heard him say this many, many times," he says.

The prime minister organized a reconciliation conference in Amman, Jordan, last year that brought all of Iraq's groups together. He has routinely met with Sunni tribal leaders from Anbar province to plot ways to combat the al-Qaeda-led insurgency there.

Some Sunni leaders have expressed qualified support. "Since he became prime minister, things have deteriorated," says Nasir al-Ani, head of the reconciliation committee of the Iraqi Islamic Party, a leading Sunni group. "But what makes us optimistic is that he is very loyal to this cause and this country."

Al-Alusi says he has learned to try to meet with the prime minister in the mornings, when al-Maliki fresh and attentive, rather than at night, when the stress of a hard day usually has him in a dour mood. Al-Maliki always listens, he says.

"One of the things unique about him is that he's very direct," Khalilzad says. "He speaks his mind, and when he disagrees with you, you know it."

Al-Maliki sometimes breaks up long, tense meetings by suddenly calling for tea and asking if anyone's heard any good jokes about him, Ridha says. On the rare moments when he's not working, al-Maliki follows the Iraqi national soccer team on TV or reads local newspapers.

The coming weeks will show whether al-Maliki will rise to the occasion and bring Iraqis together, al-Alusi says.

"He's given us a few clues," al-Alusi says. "The question is: How far will he go?"

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Analysts See A Chance For Maliki Success (WP)

By Walter Pincus

The Washington Post, January 24, 2007

The draft of a new National Intelligence Estimate on Iraq says it will be "very difficult" but "not impossible" for the government of Prime Minister Nouri al-Maliki to succeed in providing better governance in that war-ravaged country, a top intelligence official told a Senate committee yesterday.

"Security is an impediment," said Thomas Fingar, the deputy director of national intelligence for analysis and chairman of the National Intelligence Council. Fingar gave the Senate Select Committee on Intelligence a rare preview of what the classified National Intelligence Estimate (NIE) will say when it is completed at the end of the month.

"Gains in stability could open a window for gains in reconciliation among and between sectarian groups and could open the possibilities for a moderate coalition that could permit better government," Fingar said in response to a question written by Sen. John W. Warner (R-Va.) and read by Chairman John D. Rockefeller IV (D-W.Va.), which sought the intelligence community's judgments as reflected in the NIE.

"It will be very difficult for the Maliki government to do this," Fingar said, "but he [Maliki] does not wish to fail or to preside over the disintegration of Iraq." Fingar added that in the NIE, there are "a lot of conditional statements, but it is not impossible."

Fingar had earlier been asked by several senators about the time it had taken to complete the NIE, which Congress requested in legislation that passed the Senate last August. Sen. Ron Wyden (D-Ore.) raised the issue, saying that under the present timetable, Congress will vote on resolutions questioning President Bush sending additional troops to Iraq without seeing the forthcoming NIE. "Intelligence has got to be available in a timely way," Wyden said.

He said that in 2002, the administration pushed out an NIE on Saddam Hussein's weapons of mass destruction in three weeks. But Sen. Christopher S. Bond (R-Mo.) noted that the result was a flawed document. "We learned the hard way in 2002" to wait for an NIE to be prepared in a timely fashion, Bond said.

Fingar explained that the time for completing the NIE dragged out because the number of highly skilled Iraq analysts is small and they often are called on by the White House and military for quick analyses and assessments. Asked by Sen. Sheldon Whitehouse (D-R.I.) whether the president or vice president had input in the NIE timing or content, Fingar said they did not. The panel's hearing was primarily directed at the workings of the restructuring of the intelligence community under the 2004 legislation that established the Office of the Director of National Intelligence.

Iraq Parliament Finds A Quorum Hard To Come By (NYT)

By Damien Cave

The New York Times, January 24, 2007

BAGHDAD, Jan. 23 — Mahmoud al-Mashhadani, the speaker of Parliament, read a roll call of the 275 elected members with a goal of shaming the no-shows.

Ayad Allawi, the former prime minister? Absent, living in Amman and London. Adnan Pachachi, the octogenarian statesman? Also gone, in Abu Dhabi.

Others who failed to appear Monday included Saleh Mutlak, a senior Sunni legislator; several Shiites and Kurds; and Ayad al-Samaraei, chairman of the finance committee, whose absence led Mr. Mashhadani to ask: “When will he be back? After we approve the budget?”

It was a joke barbed with outrage. Parliament in recent months has been at a standstill. Nearly every session since November has been adjourned because as few as 65 members made it to work, even as they and the absentees earned salaries and benefits worth about $120,000.

Part of the problem is security, but Iraqi officials also said they feared that members were losing confidence in the institution and in the country’s fragile democracy. As chaos has deepened, Parliament’s relevance has gradually receded.

Deals on important legislation, most recently the oil law, now take place largely out of public view, with Parliament — when it meets — rubber-stamping the final decisions. As a result, officials said, vital legislation involving the budget, provincial elections and amendments to the Constitution remain trapped in a legislative process that processes nearly nothing. American officials

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long hoped that Parliament could help foster dialogue between Iraq's increasingly fractured ethnic and religious groups, but that has not happened, either.

Goaded by American leaders, frustrated and desperate to prove that Iraq can govern itself, senior Iraqi officials have clearly had enough. Mr. Mashhadani said Parliament would soon start fining members $400 for every missed session and replace the absentees if they fail to attend a minimum amount of the time.

Some of Iraq's more seasoned leaders say attendance has been undermined by a widening sense of disillusionment about Parliament's ability to improve Iraqis' daily life. The country's dominant issue, security, is almost exclusively the policy realm of the American military and the office of the prime minister.

Every bombing like the one on Monday, which killed 88 people at a downtown market, suggests to some that Parliament's laws are irrelevant in the face of sprawling chaos and the government's inability to stop it.

"People are totally disenchanted," Mr. Pachachi said in a telephone interview from Abu Dhabi. "There has been no improvement in the security situation. The government seems to be incapable of doing anything despite all the promises."

Though the Constitution grants Iraq's only elected body wide powers to pass laws and investigate, sectarian divisions and the need for a twothirds majority in some cases have often led to deadlock. Sunni and Shiite power brokers have blocked efforts to scrutinize violence connected to their own sects.

"Parliament is the heart of the political process," Mr. Mashhadani said in an interview at his office, offering more hope than reality. "It is the center of everything. If the heart is not working, it all fails."

Monday's attendance actually surpassed the 50 percent plus one needed to pass laws. It was the first quorum in months, caused in part by the return of 30 members loyal to the Shiite cleric Moktada al-Sadr, whose end to a two-month boycott created a public relations blitz that helped attract 189 members.

But the scene in the convention center auditorium where Parliament meets only underscored the rarity of the gathering. It seemed at times like a reunion. At one point Abdul Aziz al-Hakim, who is head of the Supreme Council for the Islamic Revolution in Iraq and a Shiite rival of Mr. Sadr, arrived late — after being marked absent. He spent the first five minutes waving and nodding at colleagues, some of whom he apparently had not seen in months.

Parliamentary officials refused to provide attendance lists for every session, fearing retribution. They said all sects and regions had members who often did not come.

Each representative earns about $10,000 a month in salary and benefits, including money for guards. Yet on Monday, members from Baghdad neighborhoods to small towns in the hinterland — Sunnis, Shiites, Kurds, Christians and Turkmen — were all on the list of no-shows that Mr. Mashhadani read aloud.

The largest group of absentees consisted of unknown figures elected as part of the party lists that governed how most people voted in the December 2005 election. Party leaders in Baghdad said they had urged their members to attend but emphasized that for many, Parliament had become a hardship post.

Representatives who travel from afar stay at the Rashid Hotel in the Green Zone, across a road, two checkpoints and several pat-downs from the 1970s-era convention center. It is not luxurious. It is barely safe. The food is mediocre.

In short, many said, the job is not what members thought they had signed up for.

"Most of them were here for the game, for prestige, for the money," said Muhammad al-Ahmedawi, a Shiite member of the Fadhila Party. "It's upsetting and disappointing. We want the members to come, to pursue the interests of their constituents, especially in this sensitive time."

Mr. Ahmedawi said politicians who had larger shares of power before the elections seemed to view Parliament as a demotion best ignored. Mr. Allawi, for example, who did not return calls to his London aides requesting an interview, has been rallying support in Amman and London among exiles who have fled Iraq's violence.

Of the 25 members of his bloc, only six attended the session on Monday.

Mr. Pachachi, who is in his mid-80s, said he left Iraq a few months ago because his wife needed open-heart surgery and he did not trust that she would be well cared for in one of Baghdad's decrepit hospitals. He said he hoped to return in a few weeks, admitting that "one has to be there — you can't be a member of the Parliament and live abroad."

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But he said the dangers involved with being a public figure in Iraq had made it much more difficult to participate in government. He has 40 guards to protect him when he comes to Iraq, he said, and the salary from Parliament pays for only 20.

"I have protection, and unfortunately the protection is not sufficient for anyone anymore," he said. "The level of violence has become unmanageable."

Other Iraqi politicians take a harder line. Adnan Dulaimi, a member of the largest Sunni bloc in Parliament, put it simply, "If there are some members who think there is no benefit to attending, then they should resign."

Mr. Mashhadani seems to be shaping a slightly softer approach that mixes persuasion with punishment. Like Prime Minister Nuri Kamal al-Maliki, he has met repeatedly with party leaders, pushing them to ensure the attendance of their members.

During an interview in his office, lined with baroque cushioned chairs with gold trim, he also acknowledged that more money should be set aside for members' security, but only if members show up to pass a budget.

He said the shaming of the absentees at the public session, a first, was the first step. He said the fines and threat of replacement would also help.

There is, of course, only one problem. For the proposals to be put in place, a majority of members in Parliament have to be present to pass them.

Iraq Struggles To Finish Oil Law (WP)

By Steven Mufson

Washington Post, January 24, 2007

Four months ago, about 80 oil company executives and consultants packed an office on St. James's Square in London for a briefing on exploration prospects in Iraq's Kurdish region and a Kurdish draft of an Iraqi national petroleum law.

Despite the immense risks of working in Iraq -- pipeline explosions, kidnappings, insurgency, political infighting -- the oil company executives were lured by the potential rewards, which are immense, too. Outside Saudi Arabia, no country has proven oil reserves as big as Iraq's. And the oil there is high quality, easy and cheap to produce, and bottled up in reservoirs that many major oil companies were familiar with three decades ago before wars and sanctions drove them out.

"Exxon Mobil has more seismic data on Iraq than on Houston real estate," says Fadel Gheit, an oil analyst at Oppenheimer & Co. who used to work for Mobil. "If Exxon had security on the ground, the following day it would have crews there," Gheit said. "And money would be no object."

Gheit estimated that Iraq could easily produce 6 million barrels a day, more than three times its current output and enough to help keep a lid on world prices.

Four months after the London meeting, however, security remains elusive and so does the national petroleum law. Barham Saleh, Iraq's deputy prime minister, said in a recent telephone interview that a compromise was "very, very close."

The proposed law has taken on significance beyond oil. While Iraq and foreign oil companies are eager to tap new revenue, the Bush administration and many Iraqis also hope that the law can be a model for resolving disputes and can bind Iraq's warring factions together.

Agreement has been reached on sharing oil revenue on a per-capita basis, a benefit for Sunnis who live mostly in areas with less production. A deal also has been struck that recognizes the power of regional authorities, such as the Kurdish Regional Government, to award oil contracts, but establishes a national petroleum commission with the power to review contracts within 60 days. A "revamped" national oil company would continue to manage existing production while new regional affiliates would participate in new exploration and production.

"We need to close the deal on one or two small issues," Saleh said. "A number of the major issues have been resolved."

But an adviser to the Kurdish authorities said those "small issues" included some significant details. On Friday, the Kurdistan Regional Government posted an item on its Web site denying news reports that a deal was complete. The "important annexes to the law are still pending," it said.

Outstanding issues include how much oil revenue will go to the central government; a charter for the new national oil company; the role of the oil ministry; and the principles upon which the new commission could reject regionally negotiated

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contracts. Also unsettled is whether the commission will require a simple majority vote or a two-thirds vote to reject a contract's terms. Those provisions must all be part of one package with the petroleum law, Kurdish leaders said.

If the Shia-dominated Iraqi central government spends heavily on its own projects, it could deny the Kurds and other regional authorities significant shares of oil revenue.

Even if negotiators agree on a draft, it must win approval from Iraq's cabinet and fractious parliament, which hasn't met in weeks.

The United States has been pressing Iraq to complete the law. "As awful as the Saddam Hussein government was, it did have a record of dealing with foreign investors that wasn't that bad," said James A. Placke, an expert at Cambridge Energy Research Associates. "That's gone and hasn't been replaced."

Now, forging a petroleum law requires a balancing of sharply divided interest and ethnic groups, not just the word of a dictator.

"This is not a regular piece of Iraqi legislation being signed off on," said Jonathan Morrow, an adviser to the Kurdistan Regional Government. If successful, he said, "it . . . might show the way forward in Iraq."

Saleh suggested that a deal might discourage attacks on oil installations and reduce corruption. "Since we all agree on revenue sharing, all elements of Iraqi society will have an interest in maximizing revenues and best business practices," he said.

For now, however, the oil sector is a mess. Since the first attack on a pipeline on June 1, 2003, it has been a struggle to keep oil flowing. Basic production equipment has been looted or destroyed. Many wells still are not working properly. And last year, the U.S. special inspector general for Iraq reconstruction complained that Iraq's oil ministry was not reporting on its budget and had spent "only a fraction" of money set aside for capital costs.

While the Bush administration once thought that Iraqi oil revenue would cover occupation and reconstruction costs, the Iraq government still relies heavily on U.S. technical and financial aid. Placke estimated that Iraq produced 1.85 million barrels a day last year, less than the year before, less than the prewar output and well below the U.S. target of 3 million barrels a day.

Placke, who was part of the Iraq Study Group, estimated that 200,000 barrels a day is siphoned from the main export line through southern Iraq, put on barges, and loaded onto tankers waiting in the Persian Gulf. What's left after discounts and bribes goes to militias or insurgent groups, he said.

In the south, some local Shia militia, clan or clerical groups are trying to claim the rights to some Iraqi fields and a voice in negotiating access for foreign companies. A stake in a billion-barrel field could be more important than a stake in the parliament or cabinet. Some experts worry that, as in Sudan, oil could contribute more to tearing the country apart than to uniting it.

A senior Iraqi government official involved in the petroleum-law talks said that if militias and clans were to cut separate deals with foreign companies, it would be a "recipe for disaster and civil war." He warned foreign companies against signing such deals. "We are very interested in credible investment in the oil sector," he said. "We cannot afford to have these cowboys running around trying to manipulate the situation in Iraq."

The national petroleum law remains a touchy subject in part because of widespread suspicion that the U.S. invasion in 2003 was motivated by designs on Iraq's oil riches.

The Iraq Study Group report contained three pages of recommendations for the sector, including suggestions that international oil companies invest in the country and the government fight corruption on contracts.

"Before embarking on controversial measures such as this law favoring foreign oil firms, the Iraqi parliament and government must prove that they are capable of protecting the country's sovereignty," Kamil Mahdi, a senior lecturer in Middle East economics at the University of Exeter in England, wrote in the Guardian newspaper. "A government that is failing to protect the lives of its citizens must not embark on controversial legislation that ties the hands of future Iraqi leaders, and which threatens to squander the Iraqis' precious, exhaustible resource in an orgy of waste, corruption and theft."

In a telephone interview, Mahdi said, "My main worry is that if I were an official in the ministry of oil negotiating a contract and living under the kind of threats that people in Iraq are daily experiencing, I would probably be in a very weak negotiating position."

While the debate continues, the Kurdistan Regional Government is pushing ahead. In 2002, at the suggestion of Jalal Talabani, the Kurdish leader who is now Iraq's president, the Turkish conglomerate Cukurova Group set up an oil unit called

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Genel Enerji to look for oil in Kurdistan. Genel signed a production-sharing agreement in July 2002 and took over the Taq Taq oil field in February 2003 on the eve of the U.S-led invasion. It signed another exploration contract in July 2005. A Norwegian firm, DNO, and a Canadian firm, Heritage Oil, also struck exploration and production deals in the Kurdish region.

Tariq Shafiq, a former executive of Iraq National Oil and director of the consulting firm Petrolog & Associates, has drawn up three contracts -- service, buyback and production-sharing -- that the government will use in its new petroleum law. He said the Kurdish production-sharing contracts give away too much to the foreign companies; he said that after paying for capital and operations costs, as much as 55 percent of the oil goes to the foreign firms. "These, in the eye of many, are illegal and would have to undergo review to bring them in line with this law," he said.

But Kurdish authorities said they have no intention of submitting existing contracts for review. Duran said Genel's contract was renegotiated last November and falls within the 20 percent share production that would be the ceiling under the new law. "The commercial terms of the PSA are in conformity with internationally acceptable PSA terms," Duran said in an e-mail response to questions. "Therefore, our PSA is not generous at all."

Major U.S. oil companies haven't signed any contracts in Kurdistan yet. Some of them have tried to build goodwill with the central government. Chevron, for example, helped clear mines from the coastline. Others have collected seismic data or trained Iraqi oil company technicians in Dubai.

Some major companies from other nations -- Russia's Lukoil, a Chinese state company, France's Total -- are hoping to get their big Hussein-era concessions back. Their prospects remain uncertain.

Suicide Bomber Kills At Least 8 In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, January 24, 2007

KABUL, Afghanistan, Jan. 23 — A suicide bomber wearing an explosive vest blew himself up Tuesday at the entrance to a NATO base in the southeastern province of Khost, killing 8 to 10 people, officials said.

The attack occurred as Afghan laborers were lining up for security checks at the pedestrian entrance of the base known as Camp Salerno. The bomber was trying to enter the base, NATO said, but detonated the vest when he reached the search point.

Arsalah Jamal, the Afghan provincial governor of Khost, visited the scene after the bombing and confirmed the deaths of eight civilian laborers and two Afghan security guards, though a NATO statement put the toll at six Afghan civilians and two policemen.

“I confirm 10 people, including two Afghan security guards, were killed in a suicide attack at the entrance of the military base,” Mr. Jamal said.

He said 14 others had been wounded in the attack, all Afghan civilian daily workers for the military base. NATO said only five had been wounded.

Khost, in eastern Afghanistan, borders tribal areas in Pakistan that Afghan and Western officials contend offer a haven for militants organizing suicide attacks.

“Suicide attack is not an Afghani phenomenon,” Mr. Jamal said by telephone. “There are madrasas and camps on the other side of the border where some elements promise passport and visa” to “young people for killing themselves and others.”

The attack was one of the deadliest since Sept. 30, 2006, when a suicide bomber blew himself up outside the gates of the Interior Ministry in Kabul, killing 12 people and wounding up to 40.

General: Army Increase Will Cost $70B (AP)

By Pauline Jelinek

AP, January 24, 2007

WASHINGTON (AP) — Increasing the size of the Army, strained by America's two ongoing wars, will cost an estimated $70 billion, a top Army general said Tuesday.

And if yet another conflict were to develop before the force can be bolstered, it would take longer to fight and cost more American casualties than otherwise might be expected, said Lt. Gen. Stephen Speakes, a deputy chief of staff.

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Reversing previous administration thinking, President Bush said last month that he wants a larger military. And Defense Secretary Robert Gates earlier this month recommended that the Army's troop strength be increased by 65,000 soldiers, to a total of 547,000 worldwide and the Marines be increased by 27,000 to 202,000. Almost half of that Army increase already has been achieved under a temporary program that Gates said would be made permanent; the full increase is to be achieved within five years.

The Army's preliminary estimate is that it would cost $70 billion to increase its size and the funds would be spread over budget years 2009 through 2013, Speakes told a defense writers group Tuesday.

Army Chief of Staff Gen. Peter Schoomaker has said that the service budget jumps $1.2 billion with each 10,000 soldiers that it recruits and trains. Speakes said the $70 billion figure includes everything — from equipment to pay to health benefits. No figure was immediately available for the increase in the Marine Corps.

"What we are asking is that Americans make a decision about priorities," he said of the huge new defense cost.

Meanwhile, he acknowledged, fighting the war in Iraq on top of the war in Afghanistan has left ground forces in a weakened state of readiness.

That is, some units are below the standard measure used to determine if they are ready to fight a conventional, high-intensity war. This is because they have substantial equipment shortfalls and their training is focusing on the low-intensity, counterinsurgency battle being fought in Iraq.

"What America needs to do is realize that we can fulfill the national strategy (of defending against another conflict simultaneously), but ... that it will take more time and it will also take us increased casualties to do the job," he said.

"We have an issue, and that's part of what, I think, the recent decisions by the president and secretary of defense have addressed," Speakes said. "We're going to build a more robust Army, we're going to continue to invest in a ground force that has the right capabilities, the right equipment, the right training to do it's job," he said, adding that enormous improvements in the quality of the Army have been made in recent years.

"This is a voyage in progress, it's being measured against the harsh litmus test of combat which has forced some grim realities on all of us," Speakes said.

U.S. Stages 2nd Airstrike In Somalia; Ethiopians Leaving Capital (WP)

By Karen Deyoung And Stephanie McCrummen

The Washington Post, January 24, 2007

A U.S. Air Force AC-130 gunship staged an airstrike against suspected al-Qaeda operatives in southern Somalia on Monday, the second such attack this month, U.S. officials said Tuesday.

There was no immediate information on specific targets or the strike's results. The United States has said that at least three senior al-Qaeda operatives were being sheltered by the Islamic Courts movement that was ousted from power in the Somali capital, Mogadishu, by the Ethiopian military last month.

Word of the new attack came the same day as a long line of Ethiopian artillery, armored vehicles and trucks loaded with soldiers rolled toward the edges of Mogadishu, beginning a withdrawal from a fragile capital that many residents fear will now slip further into chaos.

A spokesman for Somalia's transitional government, Abdirahman Dinari, said that the Ethiopians may take several weeks to complete a full withdrawal from the country and that a large force would remain on the Ethiopian side of the Somalia-Ethiopia border.

The Ethiopians have remained in the capital to protect the nascent transitional government, which hardly has enough forces to secure the oceanside city.

Without the Ethiopian muscle, Somali officials have a "deep concern" about Islamic fighters who remain hidden in the city and have asserted responsibility for a recent string of attacks against Ethiopian and Somali government troops, Dinari said.

Details of a proposal to send in a peacekeeping force of at least 8,000 troops from other African countries are under negotiation, and many analysts doubt that that number can be mustered. Dinari said an initial force of about 1,000 soldiers from

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Uganda will probably arrive next week, and others from South Africa, Malawi and Nigeria will follow. The United States has promised airlift and logistics support.

On Monday, European Union officials tied funding for the African Union peacekeepers to the Somali government's willingness to negotiate with certain ousted Islamic leaders, who are thought to be crucial to preventing a full-scale insurgency. U.S. officials have voiced similar concern.

The European demand infuriated the Somali government. Dinari said it only "gives the Islamic fighters a signal" to continue their attacks.

On the streets of the capital Tuesday, people watched and sometimes waved as the Ethiopians rumbled along the sandy road that eventually reaches the Ethiopian border.

"The elements of the Islamists will come back," said Hassan Abdi Aden, 45, who was eating lunch nearby. "The warlords are already in Mogadishu. The clan fighting will start again. All this is something that can happen in the near future."

Mogadishu has been in an almost perpetual state of clan warfare since the fall of the last central government, the military dictatorship of Mohamed Said Barre, in 1991.

For two weeks, Ethiopian and Somali government troops have been attacked with mortars and rocket-propelled grenades fired from cars.

If Mogadishu descends into another period of clan warfare, some regional analysts say, that is precisely what Ethiopian Prime Minister Zenawi Meles wanted all along. As evidence, they point to an Ethiopian government foreign policy report submitted to that country's Parliament two years ago.

According to an English translation, Ethiopian security officials wrote that Somalia was so divided that it "no longer posed a threat" to Ethiopia.

The two U.S. airstrikes in southern Somalia this month have been undertaken in close cooperation with Ethiopian forces, which have conducted their own ground and air assaults in the same area with shared intelligence and operational information. In addition to the three alleged al-Qaeda operatives, believed responsible for the 1998 bombings of two U.S. embassies in Africa, targets have included Somali Islamic leader Sheik Hassan Dahir Aweys and Aden Ayrow, who served as de facto defense minister of the Islamic government.

U.S. officials have said that none of the targeted individuals was hit in the initial strike Jan. 7, which killed at least 10 and perhaps as many as 20 people. Although a U.S. military team entered Somali territory to assess the strike site and recover bodies, no information has been released on their identities.

Ethiopian Forces Start Leaving Somalia (NYT)

By Jeffrey Gettleman

The New York Times, January 24, 2007

NAIROBI, Kenya, Jan. 23 — The Ethiopian troops who helped install Somalia's fledging government in Mogadishu, its capital, began to pull out Tuesday, officials from each country said.

Many Somalis say they now fear that a power vacuum will form and that the country will slip back into the lawlessness that has dominated it for much of the past 16 years.

"Why can't they stay?" asked Muhammad Omar Ali, a milkman in Mogadishu, as he watched truckloads of Ethiopians chug away. "They're leaving us to the bandits."

Ethiopia played a pivotal role in rearranging Somalia's internal politics last month when it sent tanks, jet fighters and thousands of troops to vanquish an increasingly aggressive Islamist movement that ruled most of south-central Somalia. After routing the Islamist army, the Ethiopians paved the way for Somalia's transitional government, which until then was weak and divided, to take control of the country.

But the Ethiopians always insisted that they would not stay to police Somalia. And though several African countries have mused about sending peacekeepers to help quell Somalia's volatile mix of warring clans, well-armed thugs and now a growing insurgency, a comprehensive peacekeeping force may be months away.

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On Tuesday, 200 Ethiopian soldiers held a short goodbye ceremony at a defunct Somali Air Force base. “We have arrived in Mogadishu in support of the transitional federal government troops,” said an Ethiopian commander. “We have successfully completed our mission. We respect the order of the Ethiopian government to withdraw from Somalia.”

Some Somalis cheered. Others said the equivalent of good riddance.

“Our enemy is finally leaving the country,” grumbled Muhammad Gedi Nur, who was selling second-hand clothes on the street. “Now we can bring back Islamic law.”

Remnants of the Islamist army are suspected of the increasingly frequent attacks on transitional government soldiers and Ethiopian troops. Despite the limited withdrawal that began Tuesday, Ethiopian officials have reassured Somalia’s leaders that many troops would remain until international peacekeepers arrive.

Western diplomats have expressed hope the surrender to the Kenyan authorities last week of Sheik Sharif Ahmed, a moderate leader of the Islamist forces, could be another solution. As a well-respected figure among the Islamists and the influential Hawiye clan, he could help end the insurgency.

On Tuesday, American diplomats said they were eager to talk to him.

“The U.S. ambassador to Kenya plans to meet with Sheik Sharif later this week,” the embassy said. “The ambassador will urge Sheik Sharif to counsel his supporters not to carry out violence and to support the development of an inclusive government.”

Ethiopian Troops Begin To Leave Somalia (AP)

By Salad Duhul

AP, January 24, 2007

Ethiopian troops whose military strength was crucial to helping Somalia's government drive out a radical Islamic militia began withdrawing Tuesday, raising fears of a power vacuum unless peacekeepers arrive soon in this chaotic nation.

Somali government spokesman Abdirahman Dinari said Ethiopia helped chase out the Council of Islamic Courts militia, which had taken over the capital and much of southern Somalia. But it was time for the neighboring forces to leave.

"As of today, the Ethiopian troops have started to withdraw from Somalia. We are grateful that they played an important role in the restoration of law and order in the country," Dinari said.

Ethiopia's government spokesman, Zemedkun Tekle, confirmed Tuesday's pullout but gave no details.

The intervention of Ethiopia last month enabled a military advance that proved a stunning turnaround for Somalia's 2-year-old government. Without Ethiopia's tanks and fighter jets, the administration could barely assert control outside one southern town and could not enter the capital.

But the potential for violence in this Horn of Africa nation remains great because of clan rivalries, resentment of the government's Ethiopian backers and a threat of guerrilla war from remnants of the Islamic movement.

Nearly 200 people gathered at the former National University in Mogadishu, cheering as the Ethiopians moved out on trucks and tanks.

"Leave us alone and let us solve our problems," the crowd chanted.

The withdrawal gave a sense of urgency to the arrival of a proposed African peacekeeping force. The African Union has approved a plan to send about 8,000 peacekeepers for a six-month mission that would eventually be taken over by the U.N.

Many Somalis were angered by the presence of Ethiopian forces. Somalia, a Muslim country, and Ethiopia, which has a large Christian population, fought a brutal war in 1977.

"I am very happy the Ethiopians are leaving because it will end clashes in which civilians are the victims," said Ilmi Shardi Mahad, a resident of Mogadishu's Hurwa district, considered a hotbed of support for the Islamists.

The Islamic council has played on the traditional Somali-Ethiopian rivalry, saying the group would launch an Iraq-style guerrilla war on Ethiopian troops here.

"The withdrawal of Ethiopia will be the end of our ongoing insurgency," said Sheik Ahmed Muumin, a member of the Islamic council who contacted The Associated Press by telephone on Tuesday.

But it was not clear whether his views represented those of the Islamic leadership, which is largely in hiding.

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One top leader of the ousted movement, apparently afraid for his life, turned himself in to authorities in neighboring Kenya on Sunday and is in custody. Sheik Sharif Sheik Ahmed, considered by American officials a moderate who could contribute to rebuilding Somalia, is not believed to be wanted by the authorities.

U.S. Ambassador to Kenya Michael Ranneberger, who also represents U.S. interests in Somalia, plans to meet with Ahmed this week to "urge Sheik Sharif to counsel his supporters not to carry out violence and to support the development of an inclusive government," the U.S. Embassy said.

Ahmed was the chairman of the Executive Council of Islamic Courts and shared the leadership with Sheik Hassan Dahir Aweys, who was chairman of the court's legislative council. Aweys is on a U.S. list of people with suspected ties to al-Qaida, though he has repeatedly denied having ties to international terrorists.

In a newly released videotape, al-Qaida's deputy leader Ayman al-Zawahri vowed that the mujahedeen would "break (the) backs" of the Ethiopians in Somalia.

China Confirms Firing Missile To Destroy Satellite (WP)

By Edward Cody

The Washington Post, January 24, 2007

BEIJING, Jan. 23 -- Breaking 12 days of silence, China confirmed Tuesday that it had fired a guided missile into space to destroy one of its satellites in a test that generated protests from the United States and other nations.

A Foreign Ministry spokesman, Liu Jianchao, said the United States and other governments have now been informed about the secret test through diplomatic channels. He emphasized that the use of anti-satellite technology does not mean China has abandoned its long-standing opposition to the military use of space.

"I should stress at this time that the test was not targeted against any country and does not pose a threat to any country," Liu said at a ministry briefing. He added that he knew of no plans for another such test by the Chinese military.

The Chinese test shot, which culminated in the destruction of an overage weather satellite 537 miles above Earth, was detected by U.S. monitors Jan. 11, but the Chinese government refused to discuss it. The test raised concern in Washington, where officials and analysts interpreted it as a signal by China that U.S. military satellites could be vulnerable to attack.

With the U.S. military heavily reliant on satellites for reconnaissance, navigation, weapons guidance systems and anti-missile defenses, China's ability to shoot down satellites could pose an added threat in the event of hostilities over Taiwan. In addition, China's newly demonstrated ability could threaten Taiwanese satellites monitoring Chinese short- and medium-range missile deployments along the Taiwan Strait.

U.S. officials said they were also dismayed by the Chinese test because the United States and Russia, after testing anti-satellite technology in the 1980s, more recently have abstained from such tests, partly because destroying satellites creates debris that could damage satellites in nearby orbits. Liu declined to address questions on this danger.

Experts estimate that several hundred thousand debris fragments were created by the destruction of the satellite, which orbited in a section of space where as many as 125 other satellites fly.

China, which has embarked on an accelerated military modernization program, has repeatedly emphasized its desire to be able to compete in 21st-century warfare. The military, which runs the space program, has identified space-based communications and sensing systems as key to such efforts. Some Chinese military theorists also have advocated asymmetrical warfare, in which pinpoint weapons would be used to disrupt the more advanced and better-equipped U.S. military.

At the United Nations, China has consistently advocated the peaceful development of space and pushed for an international agreement to prevent it from becoming the theater for a new arms race. The Bush administration has opposed China's suggestion for an international conference to pursue such an accord, arguing there is no need for it.

In that light, Liu was asked whether the anti-satellite test violated the spirit of China's proclaimed position and, in any case, why China kept silent for nearly two weeks while officials around the world were discussing it on the basis of U.S. intelligence reports.

"We have nothing to hide," he responded. "After the relevant parties expressed their concerns, we made our response about the test quickly. We stressed that China opposes weaponization and an arms race in outer space."

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China Verifies Antisatellite-Missile Test (WSJ)

By Jason Dean

The Wall Street Journal, January 24, 2007

BEIJING -- China broke its public silence about its testing of an antisatellite missile this month, but its lack of openness has damaged its efforts to polish its international image, analysts said.

The Jan. 11 test, in which China destroyed one of its own aging weather satellites in orbit, triggered alarm in foreign capitals after news of it surfaced late last week. But Chinese officials had steadfastly refused to acknowledge the test publicly until yesterday, when Liu Jianchao, a spokesman for China's Ministry of Foreign Affairs, confirmed that it had occurred -- but offered no additional detail or explanation.

Mr. Liu, speaking at a routine news conference, offered reassurance that China continues to oppose the "weaponization" of space. And he said that China had briefed several foreign countries, including the U.S. and Japan, about the test after international concern arose. He declined to say when those briefings had occurred, but U.S. State Department spokesman Sean McCormack said Monday that Chinese officials had acknowledged the test to Assistant Secretary of State Christopher Hill during meetings in Beijing over the weekend. Mr. McCormack said the U.S. is hoping for more information.

Within China, there has been no discussion of the test in the Chinese press or on the Web, which is closely monitored by the government.

China has long tried to soothe international concerns about its rapid economic and military rise by telling the world that it is intent on "peaceful development." But the absence of any official explanation about the antisatellite test has fostered doubts about its intentions and plans, and given ammunition to critics in Washington who argue China is a growing military threat that the U.S. must do more to counter -- including in space. Indeed, analysts say, China's handling of the test could actually help bring about what Mr. Liu said yesterday that Beijing doesn't want: an arms race in space.

Beijing's approach has been "quite counterproductive as far as China's interests are concerned," said Andrew Yang, an expert on the Chinese military who heads the Chinese Council of Advanced Policy Studies, a Taiwan think tank. "I think they didn't really take into account the international concerns about this," said Mr. Yang, who was in Beijing yesterday meeting with Chinese military experts.

Analysts outside China have speculated that the test was aimed both at verifying China's antisatellite capability and at putting the U.S. on notice that it no longer enjoys unchallenged military domination of space. The U.S. military relies heavily on satellites for surveillance, communication and weapons-guidance systems.

The Chinese foreign ministry spokesman's comments are unlikely to calm international anxiety. Mr. Liu told reporters the test wasn't aimed at any particular country, and stressed that China "never has and never will participate in any form of arms race in space." But he offered no explanation for why China had conducted the test or why it took so long to confirm it. When asked about concerns that debris from the destroyed satellite could damage other countries' satellites, Mr. Liu said the issue was too technical for him to address.

Officials at China's Ministry of National Defense continued to decline to comment yesterday.

Mr. Yang said he believes the missile test was directed partly at Taiwan. The U.S. is Taiwan's biggest military backer, and U.S. satellites are an essential element of Taiwan's early-warning system against ballistic missiles that China has aimed at the island. Mr. Liu said the test wasn't directed at any particular country.

Write to Jason Dean at jason.dean@wsj.com1

China Confirms Missile Test (FT)

By Mure Dickie, Michiyo Nakamoto And Kathrin Hille

Financial Times, January 24, 2007

"China has nothing to hide," insisted foreign ministry spokesman Liu Jianchao on Tuesday as he issued Beijing's first public acknowledgment of its test of an anti-satellite weapon earlier this month.

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But even as Mr Liu insisted that Beijing's opposition to any space arms race remained undimmed, his refusal to shed any further light on the test or his government's intentions offered ready ammunition to those who say China's military policy is all about concealment.

For days, Beijing officials have declined to comment on Washington's revelations about the destruction of an old satellite with a missile-launched "kinetic kill vehicle", a test that prompted concern from the US, Japan and other countries.

Even as Mr Liu was offering confirmation, a spokesman for China's defence ministry on Tuesday professed ignorance that the test had taken place. "We don't know anything about this," said the spokesman, who declined to give his name.

China's reticence is already drawing diplomatic fire.

“The failure by China to ensure transparency in the matter will only lead to suspicions," Yasuhisa Shiozaki, Japan's chief cabinet secretary, said on Tuesday.

"It is not sufficient [for China] just to say that it has conducted just one experiment. It is natural for Japan to continue to demand a thorough explanation,” Mr Shiozaki said.

Beijing analysts have long argued that it is understandable for a still relatively weak military power such as China to be reluctant to give too much information about its defence.

But the cost of the belated and terse acknowledgment of the anti-satellite test has been to yield the propaganda field to its critics.

Beijing has yet to defend its much-criticised decision to add new debris to the clouds of space junk orbiting the earth to the hazard of satellites and astronauts.

Questions have even been raised about the degree to which China's leaders control their military. The New York Times at the weekend quoted Stephen J. Hadley, national security adviser to US president George W. Bush, as saying Hu Jintao might not have been kept fully informed – a suggestion Mr Liu dismissed as "baseless speculation".

China's lack of effective public diplomacy on the test of an anti-satellite weapon is not difficult to understand.

The US tested such weapons more than two decades ago and has continued to develop them, ensuring it has at least the potential to threaten China's growing number of military satellites.

Meanwhile, satellites have become a cornerstone of US military might with the US appearing keenly interested in the potential for orbiting weapons that could either provide defence against missiles or attack earth-bound targets.

Finally, Washington has itself been the strongest opponent of efforts by China and Russia to push for an international treaty that would ban the deployment of weapons in space and the use of force against objects in orbit.

Of course, China's lack of military transparency can itself be cited in support of Washington's opposition to such a treaty, given US fears that it would be impossible to guarantee compliance.

However, Robert Karniol of Jane's Defence Weekly says Beijing's test itself was entirely predictable and that suggestions it will trigger an space arms race are a matter of the "pot calling the kettle black".

"There has been such an arms race under way for many years," says Mr Karniol.

"This development may be leapt upon for its propaganda value, but the US programmes were already well under way."

Additional reporting by Michiyo Nakamoto.

China Confirms Space Test; Denies Intent To Intimidate (NYT)

By Joseph Kahn

The New York Times, January 24, 2007

BEIJING, Jan. 23 — The Chinese government publicly confirmed Tuesday that it had conducted a successful test of a new antisatellite weapon but said it had no intention of participating in a “space race.”

The confirmation was made at a regular Foreign Ministry news briefing, 12 days after China used a medium-range ballistic missile to destroy one of its own weather satellites 535 miles above Earth. Several countries, including the United States, Japan, Britain and Australia, pressed Beijing to explain the test, apparently the first successful destruction of a satellite in orbit in more than 20 years.

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Until now, Chinese officials declined to confirm or deny that it had occurred, despite news reports last week that quoted Bush administration officials describing the exercise in detail. Liu Jianchao, the Foreign Ministry spokesman, issued the first official comment.

"This test was not directed at any country and does not constitute a threat to any country," he said. "What needs to be stressed is that China has always advocated the peaceful use of space, opposes the weaponization of space and an arms race in space. China has never participated and will never participate in any arms race in outer space."

Mr. Liu did not say why the Chinese Army had conducted the test. He also did not directly address concerns that the use of a missile to shatter a satellite in a low orbit might be perceived as inconsistent with China's repeated calls to ban the use of weapons in space.

Beijing's prolonged silence about the test, which American intelligence officials said took place on Jan. 11, raised speculation about its intentions and the circumstances surrounding the test.

Senior Bush administration officials raised the possibility that the silence might have reflected the autonomy and isolation of the Chinese military. They said they could not be sure that President Hu Jintao, who oversees the military as well as the Communist Party, had personally authorized or overseen the test.

On Tuesday, Mr. Liu denied that officials had taken too much time before speaking publicly. "China has nothing to hide," he said. "After various parties expressed concerns, we explained this test in outer space to them."

Japanese and American officials said China had not volunteered any information until they had made formal diplomatic inquiries, and then it had taken at least four days to get a reply. The first confirmation apparently came when Christopher R. Hill, an assistant secretary of state, visited his counterparts in Beijing over the weekend to discuss efforts to revive six-nation negotiations on North Korea's nuclear weapons program.

Sean McCormack, the State Department spokesman, said Monday that Mr. Hill had been assured that the test "was not meant as a threat against anybody" and that Chinese officials had acknowledged that it had taken place.

Independent experts on the Chinese military say China has sought a workable antisatellite weapon since the 1980s. One reason is that the United States military depends heavily on satellites for missile guidance, navigation and communications, and any widespread damage to that network could hamper military action overseas.

China has long feared that the United States might intervene in any military conflict with Taiwan, and has invested heavily in new arms that experts say are intended to give it the power to attack Taiwan while keeping American forces at bay.

But others say China's intentions in conducting this test may have been more diplomatic in nature, intended to put pressure on the United States to negotiate a treaty to ban weapons in space. Russia and China have pressed for an international treaty that would limit the use of space for military purposes. The Bush administration has declined to take part in such talks.

Over the summer, President Bush authorized a new space policy that seeks to preserve "freedom of action" in space, and he said the United States reserved the right to use force against countries seeking to disrupt American satellites.

Xu Guangyu, a former Chinese Army officer and an official at the government-run China Arms Control and Disarmament Association, said the antisatellite test amounted to an attempt to redefine the "rules of the game" and press the United States into negotiations.

"What China is saying is, 'Let's sit down and talk,' " Mr. Xu said. "There is a trend toward weaponization of space that no one, especially China, wants to see."

Officials Fear War In Space By China (WT)

By Bill Gertz

The Washington Times, January 24, 2007

China's anti-satellite-interceptor test Jan. 11 is part of a covert space-weapons program designed to cripple the U.S. military in a conflict, defense officials said yesterday as Beijing confirmed it had destroyed one of its weather satellites. China said it had not "weaponized" space.

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The anti-satellite weapon was identified by U.S. government officials as a nonexplosive "kinetic kill vehicle," which destroys its target simply by colliding with it. It was the first success in four attempts by China to destroy an orbiting object in space over the past two years.

Chinese Foreign Ministry spokesman Liu Jianchao said in Beijing that the government briefed the Bush administration on the test and that international fears of Chinese space weapons were groundless.

"This test was not directed at any country and does not constitute a threat to any country," Mr. Liu said. It was the first official confirmation of the test, which was kept secret in Beijing as well as Washington until the magazine Aviation Week reported it Friday.

"What needs to be stressed is that China has always advocated the peaceful use of space, opposes the weaponization of space and arms races in space," Mr. Liu said at a press briefing.

The White House said China's explanation was not sufficient.

China's public and private "assurances" on the test were welcome but "are incomplete and do not answer many of the questions raised by the international community," said Gordon Johndroe, a spokesman for the National Security Council.

Protests were raised by the governments of Japan, Australia, India, Canada and other states, which saw the test as part of increasing Chinese military power that contrast with Beijing's public assurances of being engaged in a "peaceful rise."

"We are concerned about China's lack of transparency," Mr. Johndroe said. "For example, China has not explained the intent of this weapons test, nor has it stated whether or not it plans future tests."

Mr. Liu said he was not aware of plans for an additional test.

Mr. Johndroe also said that China's government failed to explain how the test "is compatible with its public stance against the weaponization of space," noting the issue will be pursued further in diplomatic channels.

U.S. officials familiar with intelligence reports said yesterday that three previous tests were unsuccessful. All four tests involved the launch of a commercial rocket booster carrying an anti-satellite (ASAT) warhead that would separate from the booster in space and seek to crash into the satellite about 530 miles above the earth.

Some U.S. policy and intelligence officials have tried in internal memorandums to play down the significance of the ASAT test, saying that the warhead hit a large, low-earth-orbit satellite and that it would be more difficult to hit higher-orbiting and smaller systems.

Other defense officials, however, said the test has raised alarm bells because it exposed a key strategic vulnerability. They also said that there are major gaps in U.S. intelligence about which other space weapons and capabilities China has or is developing that could cripple or disable U.S. satellites, which handle about 90 percent of all military communications, as well as intelligence and missile guidance.

The Jan. 11 test also alarmed military and defense officials because it undermined American intelligence estimates that China's military trails the U.S. military in terms of weapons and war-fighting capabilities by 10 years.

"The ASAT test showed they are not following us [militarily] but trying to leap ahead," one defense official said.

U.S. intelligence agencies received some advance indications of the test, in which a commercial KT-1 rocket, a version of the medium-range DF-21 missile, was launched from the Xichang space center, in southwestern Sichuan province.

The ASAT weapon separated from the last stage in space and then destroyed the Feng Yun-1C weather satellite, launched in 1999 and orbiting over both poles, by ramming into it at high speed. U.S. officials said debris from the destroyed satellite continues to orbit and poses a risk to some of the 800 satellites now in space, 400 of which are American.

China also illuminated a U.S. satellite with a ground-based laser in another anti-satellite test, according to a report by the congressional U.S.-China Economic and Security Review Commission.

The report, produced by defense analyst Michael Pillsbury, revealed that China has plans for secret space weapons that include ground-based lasers, air-to-space missile interceptors and an exotic plasma bomb that would destroy orbiting satellites by enveloping them in an electronic cloud.

The report also stated that three books written by Chinese colonels in 2001, 2002 and 2005 contain "proposals for covert deployment of antisatellite weapons directed at U.S. assets."

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One author, Col. Jia Junming, stated in his 2002 book that Chinese space-weapons development should be covert and "intense internally but relaxed in external appearance to maintain our good international image and position."

The 2005 book, "Joint Space War Campaigns," by Col. Yuan Zelu, calls for deploying an orbiting network of strike weapons that "will be concealed and launched only in a crisis or emergency" to "bring the opponent to his knees."

De-militarize Space (LAT)

The Los Angeles Times, January 24, 2007

We should not let space become a battlefield, but treaties banning weapons there will be difficult.

SPACE WARFARE may be a staple of science fiction, but almost no one in the real world thinks it's a good idea. That's why China's destruction this month of a moribund weather satellite is so alarming: It was the first time in more than 20 years that a ground-fired missile was used against a satellite.

Yet a ban on all weapons in space that could be enforced, while desirable, may be as utopian as some science fiction scenarios. Official U.S. space policy instructs the Pentagon "to ensure freedom of action in space and, if directed, deny such freedom of action to adversaries." The Chinese test, as well as other technological developments, suggest that a rethinking of this position is in order.

Some of the issues are easy. Space junk of the sort generated by the Chinese test now poses a danger to satellites from many nations. Whole orbital zones may become unusable in a decade — at great cost to science and commerce. The world should make more of an effort to reduce space debris. This could be done by amending the 1967 Outer Space Treaty, which bans weapons of mass destruction from space and which most nations, including China and the United States, have joined. Like other anti-litter laws, such a rule might be flouted, but it would at least set a standard for the need for good orbital hygiene. The space treaty's weak provisions against damaging others' satellites should be toughened with the addition of real enforcement mechanisms.

More thorny is whether new ways can be found to prohibit testing and development of anti-satellite systems without fatally compromising the ability to use anti-ballistic missile systems, which operate at altitudes of a few hundred miles. In the 1980s, arms control discussions foundered on disagreements about whether to ban only space-based weapons and ignore ground-based ones that could knock out objects in space. Because the United States had a technological advantage, it could afford to refuse to negotiate.

Now, U.S. government and commercial interests own 53% of the 845 satellites circling the Earth. Many more nations have or soon may have the technology to help put up such satellites or to knock them down. It is in the U.S. interest to work to keep space clean and safe. It will be difficult to design, negotiate, verify and enforce international agreements that both protect U.S. and global security concerns and prevent the weaponization of space. But the Chinese test demonstrates the futility — and danger — of refusing to try.

China May Lower Fines For Poor Who Violate One-Child-Only Policy (WP)

By Maureen Fan

The Washington Post, January 24, 2007

BEIJING, Jan. 23 -- Fines imposed on Chinese who violate the country's one-child-only policy may be reduced for the poor, a top family planning official said Tuesday, as authorities stressed a broader approach to population management.

The announcement came a day after state media reported that many Chinese believe it is unfair that the wealthy can "buy" a second child by simply paying fines for breaking the one-child-only rule for most urban couples.

"Rich people and poor people, they are all equal before the law," Zhang Weiqing, the head of the National Population and Family Planning Commission, told reporters in Beijing.

"With very poor families, we may reduce part of the social compensation fee or waive the fee, depending on the actual situation," he said. "As for their other difficulties, we will help them by all means, including providing compulsory education and medical care."

The announcement appeared to be part of a broader attempt by officials to put a more human face on China's much-maligned family planning policies. As the most populous country on Earth -- China has 1.3 billion people -- the country is

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struggling with an aging population, a growing rich-poor gap, unemployment pressures and continued reports of family planning abuses, including forced abortions and sterilizations.

"Our priority is to invest in human development -- to change from a country with a huge population base to a country with rich human capital," Zhao Baige, vice minister of the family planning commission, said last week.

This month, officials released what they said was their first "population development strategy research report," assembled by hundreds of scholars. That report credited China's national family planning policy with preventing the birth of more than 400 million people over the last 30 years.

The policy has also contributed to an imbalanced sex ratio; allowed only one child, many couples choose to abort female fetuses, in keeping with the traditional preference of the Chinese for boys. According to the population report, there are 118 boys for every 100 girls, and the gap is expected to grow. By 2020, if the current birthrate remains stable, marriage-age men will outnumber women by 30 million, a "serious hidden danger which may lead to social disorder," the report said.

A survey conducted Monday by the China Youth Daily and the popular http://QQ.com Web site found that 61 percent of respondents thought it was unfair that wealthy people could essentially afford to have more babies by paying fines. One-third thought officials should develop some punishment other than a fine.

That fines might be eased for the poor shows the great attention the government is paying to public opinion about the rich-poor gap, said Ma Mingjie, director of the Social Research Center of the newspaper, which conducted the survey. "They really want to take some effective measures to ease the tension."

Zhang, the head of the family planning commission, called for the improvement of living standards and the status of women, a social security system for the elderly and stricter laws prohibiting sex-selective abortions. But he did not detail any new major policy changes.

Instead, he and Vice Minister Wang Guoqiang emphasized the complexity of China's population policy, based on residency and other factors. About 36 percent of China's families -- those who live in cities and some rural areas -- are "encouraged" to have just one child; 53 percent are allowed to have a second child if their first baby is a girl. Other families, depending on where they live, are allowed to have two children and, in rare instances, more.

"Actually our policy is a more multidimensional policy," Wang said.

That policy has been abused frequently as local officials manipulated it for financial gain.

In areas where poor, rural families have one child or only two girls, local governments will now give those parents a pension or reward, Zhang said. In an indication of rampant corruption, Zhang said distribution of aid to the poor will be managed by different agencies that will monitor each other.

Ban To Press Sudan President On Darfur (AP)

By Justin Bergman

AP, January 24, 2007

U.N. Secretary-General Ban Ki-moon will pressure Sudan's president next week to speed up the peace process in Darfur, which has been delayed by months of wrangling over the makeup of a larger peacekeeping force, U.N. officials said Tuesday.

Ban, on his first overseas trip as head of the world body, will meet with Sudanese President Omar al-Bashir on the sidelines of an African Union summit in Ethiopia. The meeting could be crucial to pushing through a three-phase U.N. plan to beef up the 7,000-member AU force that is struggling to maintain peace in the vast desert region.

Al-Bashir has refused to allow U.N. peacekeeping troops to replace the beleaguered African force in Darfur. Last month, he appeared to endorse the new U.N. plan that culminates with the deployment of a 22,000-strong "hybrid" AU-U.N. force, but Sudanese officials have since wavered on that support.

"The secretary-general is hoping to make the whole issue of Darfur move forward," his spokeswoman, Michele Montas, said at a news briefing Tuesday. "The U.N. plan for the AU force is still on the table and being discussed. What we will see is how fast the different stages can be implemented."

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Another U.N. official put it more bluntly: "We want unambiguous commitment on the schedule of the deployment. ... (The Sudanese) need to give us firm dates." The official spoke on the condition of anonymity because of the sensitivity of the negotiations.

Sudan's U.N. mission did not return several phone calls Tuesday seeking comment.

During Ban's week-long, seven-nation trip, which starts Wednesday, he plans to attend a donor's conference in Paris on reconstruction aid for Lebanon, and visit the European Union office in Brussels and the International Court of Justice and Yugoslav war crimes tribunal in The Hague.

But Africa will be the primary focus of the trip, part of what Ban said last week would be a theme throughout his tenure as U.N. chief.

The secretary-general is scheduled to spend a day in Congo, where 18,000 peacekeepers are serving in the world's largest U.N. mission. He plans to address the National Assembly and meet with newly elected President Joseph Kabila.

He will also travel to Kenya to hold talks with President Mwai Kibaki.

The Darfur crisis, in which more than 200,000 people have been killed and 2.5 million displaced, began in February 2003 when rebels from black African tribes took up arms, complaining of decades of neglect and discrimination by Sudan's Arab-dominated government. The government is accused of unleashing Arab tribal militia known as janjaweed against civilians in a campaign of killings, rapes and arson. The government denies the allegations.

The government signed a peace agreement with one of the rebel factions in May, but violence has since worsened in the region and the conflict has spilled over into neighboring Chad and Central African Republic.

In Ethiopia, Ban will seek to bolster support for the U.N. security plan by asking African countries to pressure Sudan to allow the hybrid peacekeeping force into Darfur, said the U.N. official who spoke on condition of anonymity.

Al-Bashir agreed to the force in a letter to former U.N. Secretary-General Kofi Annan last month, but his country's U.N. ambassador has since said the force must be smaller and have no U.N. peacekeepers in traditional blue helmets, only African troops supported by U.N. technical and logistical experts.

"Sudan has jumped at every opportunity to distance itself from the agreement," the U.N. official said.

Ban has also reached out to China, meeting Tuesday with U.N. Ambassador Wang Guangya. The U.N. official declined to offer details of their discussions, but said, "(Wang) is the one person who could put pressure on Sudan. ... Once we have a Chinese agreement, things will move a lot faster."

China, which is one of Sudan's biggest oil customers, has resisted U.N. attempts to force Khartoum to accept peacekeepers. China's U.N. mission declined to comment on Wang's meeting with Ban.

US Condemns Sudanese Government Assault Of UN Staff, Aid Workers (AFP)

AFP, January 24, 2007

The United States condemned the Sudanese government's arrest and subsequent assault of 20 staff from the UN, African Union and non-governmental organizations in strife-torn Darfur.

Sudanese police raided the International Non Governmental Organization (INGO) compound in Nyala, southern Darfur on Friday and arrested 20 people, including INGO, UN and African Union staff gathered for a social function, according to the United Nations.

US State Department spokesman Sean McCormack said the United States "condemns" their arrest and assault and added that the Sudanese government had an obligation to protect humanitarian aid workers and others providing "life-saving" assistance to Sudanese.

"There is no justification for these appalling recent attacks on humanitarian aid workers," he said in a statement.

But he pointed out that such attacks would not weaken international resolve to assist the people of war-ravaged Darfur.

"Rather, the Sudanese government's actions will only bring about additional international scrutiny," he said.

McCormack called on all parties in Darfur to demonstrate their commitment to peace and serving the needs of the people of Sudan.

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More than 200,000 people have died, according to the United Nations, since the February 2003 civil war broke out in Darfur province where African Union peacekeepers supplemented by UN advisers struggle to maintain order.

Anti-government Protests Paralyse Lebanon (FT)

By Andrew England

Financial Times, January 24, 2007

Supporters of Hizbollah and its Christian allies paralysed Lebanon on Tuesday as they dramatically escalated their campaign to overthrow the government, blocking highways with burning cars and tyres and triggering clashes that killed three people and injured dozens.

The protests – a conspicuous show of strength by the opposition, which had called for a general strike – took place in most parts of the country and ramped up a political confrontation between the Shia militant group and its allies and the pro-western government.

As a result of the demonstrations, Fouad Siniora, prime minister, cancelled a planned flight to Paris, where the government is to present an economic reform package at a donor conference on Thursday. It is seeking aid to rebuild the nation after last year's war between Hizbollah and Israel, which cost Lebanon an estimated $9bn (€7bn, £4.6bn).

"Our hands are stretched out for dialogue," Mr Siniora told reporters. "What happened today was very dangerous, it reminds us of the images of war."

The main road to the airport was among the highways blocked by burning cars, tyres and mounds of sand and dirt.

The Shia group and its allies, including Michel Aoun, who has the largest following of any Christian party leader, have been seeking to capitalise on Hizbollah's claimed success in the 34-day conflict since the United Nations-brokered ceasefire in August. The timing of the protests was seen as a deliberate attempt to draw attention away from the Paris3 conference, where the government will receive strong international support.

The finance and economic ministers, as well as the central bank governor, were already in France ahead of the conference, a government official said.

It was unclear how long the protests would last. "Most of the people of Lebanon are against the [economic] paper of the government and do not want any aid under any conditions," said Hussein Rahal, a Hizbollah spokesman. "The people of the opposition will not surrender to the government because it is illegal and it is supported by foreigners not by [the] Lebanese."

In a speech on Monday, Sayyed Hassan Nasrallah, Hizbollah's leader, launched a fierce attack on Mr Siniora, saying if his administration remained in power Lebanon was "headed to economic collapse".

Mr Nasrallah has vowed that all protests would be peaceful but clashes broke out between government and opposition supporters, particularly between rival Christian groups, whose community has become increasingly divided during the political crisis, as well as between Shia and Sunni.

Sectarian tensions have been escalating dangerously since the opposition began its campaign against the western-backed government. The administration has a parliamentary majority and accuses the opposition of attempting a coup.

In Lebanon and abroad the crisis is seen as part of a wider regional conflict, particularly the standoff between the US and Iran and Syria, which back Hizbollah.

The army took action in some areas where there were clashes and cleared some routes, but it did not attempt to remove blockades in others. The military was criticised by both sides and appeared keen to avoid direct confrontation, which could divide the army – an institution that mirrors the sectarian fabric of Lebanon.

Supporters of the Shia group have been camped outside the prime minister's office in downtown Beirut since the beginning of December as part of the opposition's efforts to pressure the government. But that protest has made little headway and both sides are deadlocked over the issue of the opposition's representation in the cabinet.

The opposition is seeking a blocking minority and wants to force early elections. Hizbollah and the country's highly politicised labour unions have also condemned the economic recovery package.

It includes privatisations, public sector reforms, fuel price increases and an incremental rise in VAT on goods and services, from 10 to 12 per cent, then to 15 per cent.

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Clash Pits Hezbollah Against Rule In Lebanon (NYT)

By Nada Bakri And Hassan M. Fattah

The New York Times, January 24, 2007

BEIRUT, Lebanon, Jan. 23 — Thousands of supporters of the Iranian-backed Hezbollah, which is seeking to bring down the pro-Western government, clashed with government supporters and blocked highways leading into Beirut, the capital, on Tuesday, raising fears that the political crisis might lead to open sectarian conflict.

The police said at least three people died and 100 more were wounded throughout the country in the violence, the worst since Hezbollah began demanding more political power late last year. Mobs of men burned tires, set cars on fire and fought occasional gun battles with their political opponents.

In some cases, partisans yelled slogans with clear sectarian undertones, an especially frightening development for those who lived through Lebanon's bloody civil war from 1975 to 1990.

By nightfall, the opposition began removing most of the makeshift roadblocks in the Beirut area and announced that it would call off the nationwide general strike that had set off the unrest. But the group warned that more protests could follow.

"This is a one-day show of force for the time being," said Paul Salem, director of the Carnegie Middle East Center in Beirut.

The opposition has accused Prime Minister Fouad Siniora, a Sunni, of corruption and graft and has dismissed him as a Western puppet. Opposition forces have called for his resignation and for a "unity" government that would ultimately give Hezbollah and its allies veto power.

The violence on Tuesday occurred two days before a crucial conference of donor nations in Paris to secure $5 billion in loans and aid to rebuild parts of Lebanon destroyed in the Israeli-Hezbollah war last summer. Hezbollah has vied with the government to provide help to residents in the country's south and in Beirut's southern suburbs, which were the worst hit during the monthlong war.

Mr. Siniora insisted Tuesday that nothing would keep him from Paris.

"I urge you to think clearly where they want to take you, away from your interest and that of the country," Mr. Siniora told the protesters on television. "We will stay together against intimidation. We will stand together against strife."

The turmoil started at dawn, when groups of protesters set up roadblocks along major thoroughfares leading into Beirut, blocking roads with burning tires, trucks and rubble said to be from buildings demolished last summer by Israeli bombs. They set fire to vehicles and, on several instances, were filmed attacking cars trying to pass their cordon.

In Beirut, many of the clashes were in mixed neighborhoods, where young men on each side shouted epithets and hurled stones at each other.

Along a thoroughfare, the men got into a brawl amid sporadic gunfire. One side raised photos of Sheik Hassan Nasrallah, the Hezbollah leader and a Shiite, and burned those of former Lebanese Prime Minister Rafiq Hariri, whose assassination in 2005 set off Lebanon's latest political turmoil, a witness said. The other side lined up across the street and raised photos of Mr. Hariri, Mr. Siniora and even of Saddam Hussein, a Sunni.

On the coastal highway north of Beirut, supporters of Gen. Michel Aoun, leader of the Free Patriotic Movement, a Christian group and a Hezbollah ally, fought with men loyal to Samir Geagea, a government ally, in especially violent clashes.

"It is a revolution against us, they are attacking us with stones and burning pictures of our leaders and blocking our roads," said Ibrahim Hijazi, 29, a government backer.

Opposition leaders insisted their supporters were protesting "peacefully" when residents began hurling stones at them. They also said they would not allow themselves to be dragged into a sectarian conflict.

"Blocking roads is a democratic expression that happens all over the world," said Hussein Haj Hassan, a member of Hezbollah's parliamentary bloc. "The government refused all the solutions we proposed, so we were left with only these options, and I warn them that we still have many other means of protest."

Mr. Siniora, on Lebanese television on Tuesday night, insisted that he would not step down and that he still enjoyed the country's support.

"We are at a crossroads today," he said. "Let's choose coexistence, civic peace, unity and stability, freedom and democracy instead of roads that will further split us and waste our energy and increase chances for violence and terrorism."

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Stores and businesses in many parts of Lebanon were closed in support of the general strike called by Sheik Nasrallah, as streets remained empty and many areas were covered in smoke from the burning tires.

At Rafik Hariri International Airport, Hezbollah men in black ski masks and brandishing batons blocked travelers.

According to The Associated Press, two of the deaths were in Tripoli, where two groups — one largely Sunni and one Alawite, a Shiite Muslim offshoot — fought each other in a gun battle. The other death was in a gunfight in the Christian Batroun region, The A.P. said.

Hezbollah Leads A Fiery Strike (WP)

By Anthony Shadid

The Washington Post, January 24, 2007

BEIRUT, Jan. 23 -- The Hezbollah-led opposition cut roads in Beirut and across Lebanon with burning tires, uprooted trees, incinerated cars and barricades to enforce a strike Tuesday aimed at toppling the government, paralyzing the country and embarrassing Lebanese officials ahead of an international aid conference. Clashes erupted along the country's crisis fault lines, leaving at least three people dead and scores injured in the worst violence since the protests began in December.

Fires at dozens of barricades sent black smoke billowing against a pale blue sky, framing the capital in scenes redolent of war. Along the airport highway, the opposition sent trucks and bulldozers to pour more rubble on roadblocks set up by dawn, forcing some passengers to drag their luggage on foot to the airport, where airlines canceled flights.

An overextended army, hewing to a policy of neutrality, rarely intervened to break the blockades, effectively ensuring the success of the most dramatic escalation yet in the two-month campaign led by Hezbollah, the militant Shiite organization, to force the resignation of Prime Minister Fouad Siniora.

Opposition leaders hailed the success of a one-day strike that, by choice or circumstance, closed shops, shut schools, emptied streets of traffic and blocked key roads to the airport and seaport on the Mediterranean. Government supporters spoke darkly of a coup d'etat, warning that the violence would only escalate, and some suggested that elements within the military might be complicit.

"If it goes on like this, nobody will be able to do anything. The government will have to step down," said Mohammed Harb, a 20-year-old Hezbollah supporter, standing at a fiery barricade that blocked six armored personnel carriers from passing. "And what's beautiful? It's not just Beirut. We've shut down all of Lebanon."

Siniora, who was scheduled to travel to Paris for the international conference, remained in Beirut and delivered an address on national television Tuesday evening. He promised to stand firm against what he called "intimidation" and said the military should permit "no flexibility or compromise" in keeping the peace.

More than a fight between a government and its opposition, the struggle here pits two camps that roughly divide the country in half, each sensing the other's victory as an existential threat. The divisions are as diverse as Lebanon itself, with its 18 religious sects: whether the government's patrons in the United States and France will have a greater say here, or Hezbollah's allies in Iran and Syria; what posture the country will take toward Israel; which sect -- Sunni or Shiite Muslim -- will be decisive in politics.

There is a certain cynicism among many Lebanese that the deadlock will be broken only with more bloodshed, forcing a compromise short of civil war. Each camp has mobilized its supporters -- for the government, Sunni, Druze and some Christians; for Hezbollah and Amal, its Shiite supporters, along with allied Christians led by Michel Aoun, a former general and prime minister. Each side has escalated, with a sense it can mount pressure on the other while still controlling passions in the streets.

But Tuesday's clashes, from Sunni-Shiite and Christian fault lines in Beirut to outlying towns that have so far skirted the crisis, may prove most memorable for scenes of strife defying those assumptions: the army and security forces firing into the air and lobbing tear gas; at other times helpless in separating the feuding sides, which threw rocks, sticks and insults across barricades in fights that lasted hours. At least three people were killed in towns north of Beirut, and more than 100 were injured before the opposition declared an end to the strike and began removing barricades late at night.

At times in the confrontations, a dehumanizing language entered the discourse.

"This is not democracy," said Roger Hayek, a government supporter and member of the Phalange Party, a Christian group. He pointed across lines of soldiers separating the sides, standing in a smoky haze. "This is an image of Iraq."

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A friend jumped in: "They're animals."

Hezbollah and its allies launched the campaign against Siniora's government with a sprawling protest in downtown Beirut on Dec. 1. Another one, possibly the largest in Lebanese history, followed Dec. 10, along with a sit-in that continues today in scores of tents pitched at the foot of the barricaded government headquarters.

The government has viewed it as a power grab through the street, vowing not to resign under pressure, and government-allied newspapers routinely refer to the opposition as coup plotters. But the opposition has its own collection of complaints, including what Hezbollah sees as Siniora's subservience to the United States and complicity in Israel's attack, as well as the populist economic grievances stressed by Aoun's supporters.

By any standard, Tuesday's campaign was a feat of logistics on parallel with December's protests. In addition to shutting down the capital, the vital thoroughfare to the Syrian capital, Damascus, was cut, and allied groups blocked roads in predominantly Sunni Muslim areas such as Tripoli and Akkar.

Virtually the only cars on the road to the airport were the incinerated carcasses of vehicles used as barricades, some of them sitting next to a smashed sign that read, "Beirut International Airport."

Hezbollah officials said privately that the strike was timed in part to embarrass the government ahead of Thursday's conference in Paris to consider what Lebanese officials hope will be $5 billion in grants and loans for reconstruction. The government, its priority mainly survival at this point, has made the conference, along with an international court to try the killers of a former Lebanese prime minister, its primary goals.

As the day dragged on, some of the barricades were removed or abandoned, and a smattering of traffic returned to the streets. But this faint sense of a typical weekday followed the worst violence since the opposition began its campaign.

At a road along Death River, one of the city's entrances, Christian foes and supporters of the government fought occasional melees with stones before the army intervened. With sticks, rocks and fists, crowds of government supporters attacked cars that carried orange banners, the color of Aoun, Hezbollah's ally. His partisans, tending blazing barricades, refused to make way for soldiers trying to open the road.

"There is a saying in Lebanon that goes, 'It doesn't get smaller unless it gets bigger,' " said Nayla Abiaad, a 25-year-old Aoun supporter standing at the barricade.

Her sister, Rana, dressed in orange, stood next to her. "This is bigger," she said, smiling, as she pointed at burning tires, "and there's going to be more."

Across town, in the neighborhood of Mazraa, Sunni and Shiite residents fought a battle with rocks that lasted nearly two hours. By its end, they were separated by armored personnel carriers, a charred, rubble-strewn street, a dirt lot and the stones they threw.

In seemingly contradictory ways, the crisis has both politicized and disillusioned the country. Few people are without opinions on the righteousness of one side or the other, but tens of thousands have emigrated since the war ended last summer. Chantal Braidi, a 31-year-old cafe owner in Beirut, called the country "dead."

"I want to live in this country, and it hurts me to leave -- I'm leaving all my family and friends behind -- but I want to live my life," she said. "Everything I have, I put in this country. What did I get in return? Nothing. Absolutely nothing."

"I'm leaving for my sanity," she added. "We're going crazy in this country."

Special correspondents Alia Ibrahim and Lynn Maalouf contributed to this report.

Hezbollah Leads Bloody Clash With Siniora Camp (WT/AP)

By Zeina Karam

The Washington Times, January 24, 2007

BEIRUT -- Hezbollah-led protesters burned tires and cars and clashed with government supporters yesterday, paralyzing Beirut and areas across Lebanon in the worst violence yet in the pro-Iranian group's campaign to topple U.S.-backed Prime Minister Fuad Siniora.

At least three persons were killed and dozens injured as the two camps battled each other around street barricades with stone-throwing and in some cases gunfire. Black smoke poured into the sky over Beirut from burning roadblocks.

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The fighting quickly took on a dangerous sectarian tone in a country whose divided communities fought a bloody 1975-90 civil war. Gunmen from neighboring districts in the northern city of Tripoli -- one largely Sunni Muslim, the other largely Alawites, a Shi'ite Muslim offshoot -- fought each other, causing two of the fatalities.

In the evening, the opposition announced that it would call off the roadblocks and the nationwide general strike that sparked the unrest, saying it had delivered a warning to the government. But it threatened more protests.

Suleiman Franjieh, a Christian opposition leader, told Hezbollah's Al-Manar television that the next steps "will be nothing compared to what we saw today" if the government does not respond to the opposition's demands.

The Hezbollah-led opposition is growing increasingly frustrated after two months of sit-in protests outside Mr. Siniora's offices in downtown Beirut failed to force him to step down or form a new government giving the opposition more power.

Mr. Siniora vowed not to yield, saying in a televised address: "We will stand together against intimidation and to confront sedition."

But he repeated his willingness to discuss a political solution to the impasse and called for a special session of parliament.

The violence called into question whether Mr. Siniora will be able to attend a conference of donor nations in Paris tomorrow aimed at raising billions of dollars in aid for rebuilding Lebanon after the devastation wreaked by the summer's Israel-Hezbollah war.

Cabinet Minister Ahmed Fatfat said the economy and finance ministers already were in Paris and the conference could proceed without Mr. Siniora.

The day's turmoil brought the Beirut airport to a halt, with Hezbollah supporters building earthen barricades on roads to the facility.

Their cars blocked, departing passengers wheeled suitcases past protesters and burning tires on the highway leading to the airport. Airlines canceled flights later in the day, and 400 passengers were stranded at the terminal. Among those stuck for hours were 146 Chinese troops who were joining U.N. peacekeepers in south Lebanon.

Protesters set up barricades of burning tires and cars at major intersections in Beirut and other cities. In many areas, violence erupted when government backers moved in to confront the protesters.

Security forces struggled to contain the violence. In some places, officers moved between battling camps of protesters amid a rain of stones. In others, they broke down barricades only to see them rebuilt.

Protests Bring Lebanon To A Halt (LAT)

By Megan K. Stack

The Los Angeles Times, January 24, 2007

Hezbollah and its allies paralyzed Lebanon on Tuesday, sending thousands of demonstrators to seize control of major roads, brawl with government supporters and choke the seaside capital in the acrid smoke of burning tires.

The swift seizure of the country's roads took many here by surprise, and marked a major escalation in the militant group Hezbollah's campaign to overthrow Lebanon's U.S.-backed government. At least three people died and more than 100 were wounded as clashes flared around the country.

The opposition, dominated by the powerful Shiite Muslim Hezbollah, had called for a general strike Tuesday, and the roadblocks gave people little choice but to stay home.

The roads to Beirut's airport were impassable, blocked by sand berms, garbage and roaring fires. Some flights were canceled, and arriving passengers languished at the airport.

The roadblocks in the capital were being cleared overnight, but the opposition threatened further escalation if the government didn't step down.

Hour after tense hour, the army and security services gave free rein to the protesters. While young men barricaded neighborhoods and halted cars to interrogate the drivers, soldiers and police officers stood by and watched. Security forces in riot gear lined some streets, and armored personnel carriers crunched over the rubble. But to the delight of some Lebanese and the disgust of others, they didn't interfere.

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"They are on our side," crowed Kamal Yehiya, a 20-year-old Hezbollah supporter who was hurling rubble into a fire near downtown.

The blockade tapped into the deep well of tribal rage and sectarian animosities that seem to fester just beneath the surface in Lebanon.

"Welcome to hell," said Mohammed Boukari, 29, who stood watching as his south Beirut neighborhood dissolved into a melee of religious taunts, gunfire and rock-throwing.

Sunnis, Shiites face off

On one side of the road, Sunni supporters of Prime Minister Fouad Siniora clambered onto the roof of a gas station, lobbed stones and cursed Shiite leaders. On the other side, young Shiite men responded in kind, waving the pipes and bedposts they carried as weapons and hollering with rage.

Clad in riot gear, soldiers raced through the streets between the two mobs, shooting into the air and blocking the young men from charging at one another.

"We are from the same neighborhood. We are Lebanese," Boukari said. "But look at this."

Barricaded indoors, the government decried the opposition's tactics as an attempted coup d'etat.

"This is not a strike. This is military action," Cabinet minister Ahmed Fatfat told Al Arabiya satellite channel.

Speaking on Lebanese television, Siniora said the government was ready for talks with the opposition and called for parliament to convene.

"The current explosive crisis needs to be dealt with quickly by moving the fights from the streets to the legitimate political institutions," he said.

For more than 50 wintry days, Hezbollah and its allies have camped on the pavement downtown in a massive sit-in aimed at toppling the government. The demonstrators deride the government as an illegitimate tool of the United States and Israel.

But Siniora's government has dug in its heels, vowing not to relinquish power. When hundreds of thousands of people flooded the capital to demand his ouster, he dismissed their calls as a coup attempt engineered by Syria and Iran, the main backers of Hezbollah.

"The opposition was well aware that it was running out of cards," said Amal Saad-Ghorayeb, a Hezbollah expert and visiting fellow at the Carnegie Endowment for International Peace. "This is perhaps their only remaining weapon."

In Washington, the Bush administration criticized the demonstrators and accused Syria of fueling the turmoil.

"These factions are trying to use violence, threats and intimidation to impose their political will on Lebanon," said chief State Department spokesman Sean McCormack.

But in the Lebanese capital, one of the many demonstrators at an intersection in front of Beirut's museum explained her motivation as fires blazed around her.

"We have to do something to make them hear us, to make them know we exist," said Natalie Rizek, 23, a medical student who supports popular Christian opposition leader Gen. Michel Aoun.

"We tried everything," she said. "They were continuing as if nothing was happening."

Residents who ventured forth held tissues to their noses or wore surgical masks to shield against the black smoke that billowed through the streets.

"This is not democracy," sputtered Noha Qaisi, a 48-year-old homemaker. "My kids are saying they're suffocating from all the smoke inside."

Premier alters plans

As the capital smoldered around him, Siniora was forced to postpone his departure for an international donors conference in Paris. Supporters of the government have been banking on the Paris meeting to help Lebanon recover from the devastation of last summer's war between Israel and Hezbollah.

Like most events backed by Hezbollah, Tuesday's demonstrations were carefully coordinated. Trucks loaded with tires were parked along the roadsides to feed the fires. At intersections, older men with walkie-talkies supervised the fire building. Young men on mopeds buzzed from one corner to the next, passing along news and instructions.

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A red Volvo rolled slowly between stained apartment blocks, a loudspeaker strapped to its roof and the driver's words echoing off the buildings:

"Starting now, and until our demands are met, the noble people of Lebanon must rise up," he said. He closed, as if signing a letter, with a curt "Hezbollah."

Mindful of the risk of igniting Shiite-Sunni tensions, especially as a civil war rages in nearby Iraq, Hezbollah has tried to fight the perception that the push against the government is being led solely by Shiites.

It's true that the old notion of a definitive Christian-Muslim split is now defunct; both religions are present on both sides of the political chasm, and some of the fiercest fighting erupted Tuesday among Christians allied with Hezbollah and those who back the government.

Corniche Mazraa, a boulevard in south Beirut that divides a predominantly Shiite neighborhood from a mainly Sunni area, degenerated into a scene of urban warfare as gangs from each neighborhood battled the army to get at their rivals across the street.

"If the government doesn't fall, there will be a sectarian war," said Ali Shihadi, a 23-year-old Shiite geography student. Behind him, men were smashing cinder blocks on the pavement, breaking them into rubble to hurl across the street. "Syria! Syria! Syria!" some of the Shiite men chanted.

On the other side of the road, Sunni youths stopped hurling rocks long enough to hang the flag of Sunni-ruled Saudi Arabia from an electrical pole.

"Saddam, Saddam, Saddam," chanted the young men, invoking the executed former president of Iraq, who was a Sunni. They thumped themselves on the head, mocking Shiite self-flagellation rites. They chanted for Siniora, beat a tambourine and danced wildly, waving their makeshift weapons.

"They want us to be ruled by Iran and Syria," said Omar Senou, a 27-year-old photography clerk. "That will never happen, even if we have to cut throats."

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Times staff writer Paul Richter in Washington and special correspondent Raed Rafei in Beirut contributed to this report.

'We have to do something to make them hear us, to make them know we exist.'

Candidates Court Israel, Cite Iran Risks (WT)

By Joshua Mitnick

The Washington Times, January 24, 2007

HERZLIYA, Israel -- Presidential hopefuls Mitt Romney, John Edwards and John McCain all detoured through Israel on the way to New Hampshire this week, seemingly competing to see who could be strongest in defense of the Jewish state.

Speaking in person or by video link Monday and yesterday, the politicians spelled out tough measures they said were necessary to prevent Iran from acquiring nuclear weapons. Former House Speaker Newt Gingrich also addressed the conference.

Stressing the strong U.S.-Israeli relationship at the Herzliya security conference outside Tel Aviv, the Americans called for the United States to step up sanctions on Iran and leave the possibility of a military attack "on the table."

In less than a decade, the annual conference has become a mecca for Middle East specialists, partly because Ariel Sharon used it to outline his plan to pull out of the Gaza Strip when he was prime minister.

For American politicians, the gathering provides an opportunity to float policy positions and reach out to Jewish voters in the United States.

"This forum has become the Davos for Middle East wonks," said David Makovsky, a senior fellow at the Washington Institute for Near East Policy who also was scheduled to speak. The Swiss town of Davos plays host to World Economic Forum meetings.

"During the Cold War, the Middle East was a backwater of American policy. But with the end of the Cold War, the Middle East has become the center of American policy. [The conference is] a legitimate forum for them to express their views on a region that's important."

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Mr. Romney, a former governor of Massachusetts and potential contender for the 2008 Republican presidential nomination, called for economic sanctions on Iran that are "at least as severe" as those imposed on South Africa during its apartheid era.

He compared the challenge posed by Iran and militant Islam to the great threats of the 20th century -- fascism and totalitarian communism. He also recommended that Iranian President Mahmoud Ahmadinejad be brought before an international court and be tried for threatening genocide.

"It is time for the world to plainly speak these three truths," said Mr. Romney, the only one of the four to attend in person. "One, Iran must be stopped. Two, Iran can be stopped. And three, Iran will be stopped."

Mr. Gingrich, speaking by satellite video link, said Israel faced the most serious threat to its existence since the 1967 Arab-Israeli war. But many in Israel and the United States do not fully appreciate the nature, size and scope of the Iranian threat, he said.

"I have two grandchildren," said Mr. Gingrich, who has declared that he would run for president next year only as a last resort, "and I think there is a greater danger of them dying in an action than I faced during the Cold War."

Mr. McCain, Arizona Republican and a presidential front-runner, said he supported exploring a strengthening of ties between Israel and NATO as a means of easing Israel's insecurity.

"A friendly democracy under siege should be closer partners to the world's most successful security alliance," he said via satellite link. "American support for Israel should intensify. The enemies are too numerous, the margin of error too small, and shared values too great."

Mr. Edwards, of North Carolina, the only Democratic presidential candidate to address the conference, similarly called to toughen sanctions on Iran and hold out the threat of military force, but he broke with the others by suggesting that Washington open a dialogue with Iran.

"I support being tough, but I think it's a mistake strategically and ideologically not to engage them on this issue," he said. "America should engage directly on this issue."

Iranian President Derides U.S. Threats (AP)

By Ali Akbar Dareini

AP, January 24, 2007

The United States is incapable of inflicting "serious damage" on Iran, President Mahmoud Ahmadinejad said Tuesday, as a second U.S. aircraft carrier group steamed toward the Gulf as a warning from Washington for Iran to back down in its attempts to dominate the region.

In an interview with Iranian state television, Ahmadinejad said Washington had not stepped up its campaign against Tehran, despite the standoff with the West over Iran's defiance of U.N. demands to halt uranium enrichment. The U.N. Security Council imposed limited sanctions on Iran last month.

"U.S. rhetoric against Iran has not increased," Ahmadinejad said. "In 2003, they openly threatened to attack Iran. Now they have indirectly made such threats."

He spoke with confidence over Iran's ability to withstand a strike. "The United States is unable to inflict serious damage on Iran," the president said. He also noted, "They (U.S.) are not really in a position to carry out this action (of attacking Iran). I believe there are many wise people in the United States who would not let it happen."

Iran says its atomic program is aimed solely at generating energy, but the United States and some of its allies suspect it is geared toward making nuclear weapons.

Ahmadinejad, during a meeting Tuesday with Syrian Foreign Minister Walid Moallem, accused the U.S. of stirring up conflict between rival Muslim sects to maintain influence in the Middle East.

"The U.S. intends to cause insecurity and dispute and weaken independent governments in the region to continue with its dominance over the Middle East and achieve its arrogant goals," Ahmadinejad said, according to the state-run Islamic Republic News Agency, or IRNA.

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Opinion-makers from both ends of Iran's political spectrum have recently criticized Ahmadinejad, accusing him of stirring opposition to Iran by taking a hard line on the nuclear dispute and employing fiery anti-Western rhetoric.

But Ahmadinejad said his goals were peaceful. "Iran is not seeking confrontation with anybody," he told the state television interviewers.

U.S. officials have long refused to rule out any options in the faceoff with Tehran, but say military action would be a last resort.

Nicholas Burns, U.S. undersecretary of state for political affairs, ruled out direct negotiations with Iran and said a rapprochement between Washington and Tehran was "not possible" until Iran halts uranium enrichment.

"The Middle East isn't a region to be dominated by Iran. The Gulf isn't a body of water to be controlled by Iran. That's why we've seen the United States station two carrier battle groups in the region," Burns said Tuesday in an address to influential think-tank Gulf Research Center, based in the United Arab Emirates.

"Iran is going to have to understand that the United States will protect its interests if Iran seeks to confront us," Burns continued.

Some among the audience of Dubai-based diplomats and analysts complained that American wars in the Middle East were already threatening the region's stability and asked Burns to sort out Iraq and the Israel-Palestinian conflict before turning attention to Iran.

"What we are not interested in is another war in the region," Mohammed al-Naqbi, who heads the Gulf Negotiations Center, told Burns. "Iraq is your problem, not the problem of the Arabs. You destroyed a country that had institutions. You handed that country to Iran. Now you are crying to Europe and the Arabs to help you out of this mess."

The aircraft carrier USS John C. Stennis and accompanying warships have been sent to the Gulf as part of a buildup of forces that U.S. Defense Secretary Robert Gates has said is aimed to impress on Iran that the four-year war in Iraq has not made America vulnerable.

The Stennis, which is expected to arrive in late February, will join an aircraft carrier group already in the region, the USS Dwight D. Eisenhower.

The Stennis's arrival in the Middle East will mark the first time since the U.S.-led Iraq invasion in 2003 that the United States has had two carrier battle groups in the region.

Iran conducted missile tests on Monday, the first of five days of military maneuvers. The Islamic republic also barred 38 inspectors from the U.N. nuclear watchdog — the International Atomic Energy Agency, prompting fears that it was seeking to restrict access to its facilities.

"This is obviously not a sign of goodwill, nor a sign of willingness to cooperate with the international community," French Foreign Ministry spokesman Jean-Baptiste Mattei told reporters.

But Ali Larijani, Iran's top nuclear negotiator, said Tuesday that the decision had been misinterpreted and that there had been no change in Iran's cooperation with the IAEA.

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Associated Press Writer Jim Krane in Dubai contributed to this report.

Red Lines (WSJ)

By Michael Young

The Wall Street Journal, January 24, 2007

BEIRUT -- A recurrent theme in history, literature and, lately, engagé academics is that of brash Westerners trying to possess the East and failing -- or at best leaving a transitory mark. From Alexander the Great to George W. Bush, few have successfully reshaped the Middle East in their own image. In his book "Figures de Proue," the great French historian René Grousset used an excellent formulation to express a discordant interplay between West and East. Describing how the Orientalization of Hellenism under Alexander had removed from Hellenism its "superior humanism," even though concepts were still being expressed in Greek, Grousset wrote: "As so often in history, words would, henceforth, lie to [the reality of] things."

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A similar thought came to my mind when reading from a letter written at the end of December by Iran's supreme guide, Ali Khamenei, to religious pilgrims. In his missive, Supreme Guide Khamenei condemned all those who criticized Hezbollah, who believed in the "illusory danger" of a so-called Shiite arc in the Middle East, who sought to bring down the "Islamic government" in Iraq, and who applied pressure against Hamas. They were "criminals who will be remembered in Islamic history, and by future generations, with hatred and anger as agents of the perfidious enemy." If Iran's supreme guide thought the Arab world would welcome his words, his pushing of ideological buttons in expectation of a rallying response among his listeners, then he underestimated how the Arabs' growing suspicion of Iran means they see his words increasingly as "lying to things."

Western grand projects frequently succumbed to Middle Eastern intransigence. But as Shiite Iran makes a bid for regional hegemony, its leadership should consider that the mostly Sunni Arabs may be as resistant to hubris coming from the East as from the West. That Arab regimes are weak, and because of their autocratic nature enjoy only dubious legitimacy at home, might only harden their resistance. Facing what they see as an Iranian threat, unsure of their ability to contain it, with or without American assistance, aware of the tenuousness of the oil weapon, these regimes may ultimately resort to the most ready defense at hand, one that would briefly enhance their influence: Sunni sectarian mobilization.

Take Lebanon and the Palestinian territories. Since December, the Lebanese government of Prime Minister Fouad Siniora has been facing opposition demands to resign. While that opposition includes members of all religious groups, its vital force and street muscle are the Shiite supporters of Hezbollah. That's why Lebanese viewed the open-ended protests through a sectarian prism. The Sunni community rallied to the side of the government, whose prime minister and a majority of ministers are allied with or members of Saad Hariri's Future Movement, which now represents most of Lebanon's Sunnis. Mr. Siniora, in order to protect himself, asserted that Hezbollah was bent on staging an Iranian- and Syrian-backed coup d'état, by which he effectively meant a Shiite coup.

Not surprisingly, the Sunni Arab regimes entered the fray to bolster the government. They dispatched Arab League secretary general Amr Moussa to Beirut to mediate. Sunni-Shiite tensions remain alarmingly high, and on Tuesday the opposition escalated its confrontation with the government by cutting off roads. Sunnis and Shiites clashed in some neighborhoods, though neither Hezbollah's leader, Hassan Nasrallah, nor Mr. Hariri (nor, for that matter, their respective sponsors in Iran and Saudi Arabia) wants to let the sectarian genie out of the bottle. However, as political interests kick in, sectarianism may emerge as the default weapon that the parties, in Lebanon and outside, may use against each other.

Something similar is happening in the Palestinian territories. Palestinian Authority President Mahmoud Abbas's recent call for early elections, like his ongoing differences with Hamas, transcends local politics. His aim is to check Hamas at a time when the organization is consolidating its ties with Tehran. Mr. Abbas failed to reach an agreement last weekend in Damascus with exiled Hamas leader Khaled Mashal, who controls Hamas from Syria, Iran's main Arab partner. In rallies in Palestinian areas, the president's Fatah movement has taken to taunting members of the rival Hamas by calling them "Shiites," though they are Sunni.

Wherever they look today, Arab Sunnis see setbacks, real or imagined. In Iraq, where Sunni dominance ended in 2003, Saddam Hussein's hanging provoked an angry sectarian response. Saudi Arabia's King Abdullah recently warned Vice President Dick Cheney that the kingdom would openly support Iraqi Sunnis if the Americans withdrew. In the Palestinian territories and Lebanon, accusations are now routine that Hezbollah and Hamas are serving Tehran's agenda. In Syria, a minority Alawite regime rules over a mostly Sunni society. In Bahrain, the Shiite majority is affirming itself against a Sunni royal family. And in Saudi Arabia, the oil-rich Eastern Province is home to a sizeable though marginalized Shiite minority. While the notion of a Shiite arc stretching from Iran to Lebanon is crude, Ayatollah Khamenei overlooked that many Arab Sunnis are buying into that view, and do not see themselves as criminals for doing so.

A primarily sectarian Arab counter-reaction to expanding Iranian power would be a disaster. It might halt Iran and its comrades in the short term, but Arab regimes could soon become sorcerers' apprentices, swallowed by the forces they unleash. Iran, wrongly believing that popular anti-Israeli and anti-American sentiment would overcome Sunni suspicions of their true intentions, should realize what a Sunni backlash would mean for their security. Once opened, the floodgates of Sunni-Shiite antagonism could become a Leviathan, sweeping away the fragile reality on the ground: Even in societies where Sunnis and Shiites now peacefully coexist, sectarian discord would become the norm.

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Then there is the United States. Whatever one thinks of the war in Iraq, it will soon become obvious that it was easier for the Americans to enter the country than to leave it. If a departure leads to metastasizing sectarian hostility throughout the Middle East, then the U.S. will have to seriously rethink its strategy. Whatever else happens, the one assured winner of such a fracas would be the Islamists. Only democracy could prepare Arab states to withstand Iran without recourse to sectarianism. But the Bush administration seems to have abandoned that inventive undertaking for the region.

A chain of sectarian wars is not inevitable. But the only way to avoid it is for all sides to understand the existential red lines of the other sides. Iran's overconfidence is no easier for the region to stomach than was America's. For the first time in decades, the nationalism, tribalism or regime-sponsored Islamism of the Sunni Arab states seem incapable of steeling them against a resurgent Iran, but also its allies, striving to fill the vacuum of fading Arab power. Only these regimes' Sunni identity, an offended Sunni identity at that, might do so. The problem is that what shields them will likely lead the Middle East into further disarray.

Mr. Young is opinion editor at the Daily Star newspaper in Beirut and a contributing editor at Reason magazine.

Israeli President Faces Indictment (AP)

By Ravi Nessman

AP, January 24, 2007

Israeli President Moshe Katsav faced indictment Tuesday on charges of rape and abuse of power in the most serious accusation against a top Israeli official in the country's history.

The allegation that Katsav used his position as Israel's ceremonial head of state — a job supposed to serve as the nation's moral compass — to force himself on his female employees has left the nation reeling.

"It is a sad day for the state of Israel," said lawmaker Benny Elon, who called on Katsav to resign to spare Israel further trauma. But Katsav gave no indication he was preparing to step down, despite a wave of demands that he quit.

Attorney General Meni Mazuz's announcement that he intended to indict Katsav on a raft of charges was only the latest corruption scandal roiling the government, with accusations reaching as high as Prime Minister Ehud Olmert.

Katsav has insisted he is innocent and his lawyers said Tuesday they hoped to persuade Mazuz to change his mind before a formal indictment, a step that would make Katsav Israel's first sitting president to be charged with a crime. But many Israelis say the enormity of the scandal has already badly tainted the office of the presidency.

"He should be the symbol of Israel, the uniting person and an ideal model for all the politicians ... So this is a bad sign for Israeli politics," said Gabriel Sheffer, a political science professor at Hebrew University in Jerusalem.

The presidency was once filled by Zionist legends and revered statesmen. Albert Einstein declined an invitation to serve as the nation's first president, with the job eventually going to the scientist Chaim Weizmann, a Zionist leader who was instrumental in creation of the Jewish state. The presidency has also gone to a biophysicist, a historian and other men of letters.

But the office, whose main responsibilities include receiving foreign diplomats and representing Israel at formal ceremonies, has dropped in esteem in recent years.

Katsav's predecessor, the outspoken war hero turned peacemaker Ezer Weizman, resigned in 2000 after the attorney general ruled he had improperly accepted more than $300,000 in gifts from a French millionaire. Weizman was never indicted.

Katsav, 61, has a far less lofty resume than his predecessors. He had been a low-level Cabinet minister and a Likud Party stalwart when the parliament chose him to be president in 2000 in a shocking upset over Nobel Peace Prize winner Shimon Peres, after a revered rabbi said a "vision" showed him that Katsav was favored by the heavens, swinging votes among believers.

But Katsav's relatively quiet presidency was rocked last summer when one of his employees accused him of forcing her to have sex in his office. A flood of other women quickly came forward with similar accusations, describing a politician who had abused his power throughout his career.

In the face of the growing scandal, Katsav disappeared from public life, hunkering down in the president's compound in Jerusalem. He even briefly removed himself from office in September instead of presiding over the inauguration of a new chief justice for the Supreme Court.

On Tuesday, Mazuz said he had collected enough evidence to indict Katsav on charges of rape, harassment, abusing his power for sex, obstructing justice and illegally accepting gifts, stemming from his time as president and Cabinet minister.

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Legal authorities said the charges could carry a sentence of more than 20 years in jail, though in most cases the defendant, if found guilty, would receive a five-to-10-year sentence. A final decision on the indictment would only be made after Katsav is given the opportunity to present his case.

Katsav's lawyers said they believed Mazuz would drop the indictment after hearing his side of the story.

"The president believes that everyone will see that he is the victim of false charges," said his lawyer David Libai. Some of the complainants were motivated by "revenge" after they were fired from their jobs, he said.

The president enjoys immunity while in office and could be tried only after his resignation, his impeachment by three-quarters of the parliament or the conclusion of his term, which ends this summer. Katsav had previously said he would step down if indicted. His lawyers declined to address the issue, and he was expected to hold a news conference Wednesday.

Lawmakers from across the political spectrum — including those from his old party — called on him to resign.

"The fact that he is going to be indicted is neither good for our reputation abroad nor for the morale of this country, and I hope that the sooner the president himself draws the conclusion, the sooner he decides to leave office, the better off we all will be," said Colette Avital of the Labor Party, mentioned as a possible successor.

Kineret Barashi, an attorney for one of the Katsav's accusers, praised the indictment, saying it proved no one was above the law in the Israeli justice system.

The Katsav scandal erupted amid a spate of other political scandals that have darkened the Israeli government's reputation.

Police opened a criminal investigation earlier this month into Olmert's involvement in the sale of a government-controlled bank in 2005. Several other high-level politicians have been implicated in separate scandals.

Jimmy Carter's 'Peace' Mission To Brandeis (WP)

By Michael Powell

The Washington Post, January 24, 2007

WALTHAM, Mass., Jan. 23 -- Former president Jimmy Carter flew north to Brandeis University to speak on Tuesday of his hurt at the personal attacks by some American Jews that followed publication of his latest book, "Palestine Peace Not Apartheid," which urges Israel to turn away from a policy of creating "Bantustans" on the West Bank.

"This is the first time that I've ever been called a liar and a bigot and an anti-Semite and a coward and a plagiarist." Carter paused and squinted at the audience. "This has hurt me."

At the same time, he acknowledged, with a flash of his trademark smile, that he did not simply stumble into the title of his new book. "I can see it would precipitate some harsh feelings. I chose that title knowing that it would be provocative."

Provocative mission accomplished.

Carter, who won the 2002 Nobel Peace Prize partly for brokering peace between Israel and Egypt in 1998, has a long history of involvement in the Middle East. But the former president has encountered much criticism since the publication of his latest book, in which his frustration with the current Israeli policy in the West Bank is palpable. In particular, he has attracted much anger for his use of the word "apartheid," redolent as it is of South Africa's policy of state-sanctioned racism.

Fourteen members of the board of the Carter Center at Emory University in Atlanta recently resigned in protest, and several expressed particular disappointment with the use of the word "apartheid."

Carter did not step back from the word Tuesday. He noted that he and his successors, notably Bill Clinton, have tried and failed to nudge the Palestinians and Israelis toward a lasting peace. The last six years, he said, have been marked by failure on all sides. The administration of George W. Bush all but abandoned such efforts, putting the onus on the Palestinians to turn their back on PLO leaders and now the fundamentalist Islamic Hamas leadership. And the Israelis, too, have all but abandoned negotiation, he said, turning instead to the building of walls.

Carter spoke of Israeli's decision to build barriers and set aside certain highways for Israelis only as creating a "spider web" that constricts and divides historic Arab lands. The West Bank, he said, has become a place of "Bantustans, isolated cantons," referring to the territories created for black South Africans under apartheid. He noted that many liberal Israelis, from newspaper

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journalists to professors to peace activists, also refer to Israeli policy on the West Bank as apartheid, albeit a policy grounded not in racism but in a religion-based desire to control land.

Israelis "have all used and explained the word 'apartheid' in much harsher words than mine," Carter said.

The Israeli government and others have defended the barriers as a successful tool to prevent suicide bombings against civilians. Fatalities from such bombings have fallen by 90 percent since the construction of the barriers, according to government officials.

Carter referred several times to the fact that his arguments might stir anger in a largely Jewish audience. But the former president received a mostly polite reception at Brandeis, a nonsectarian college founded by Jews where 50 percent of the students are Jewish. Students and faculty gave him a standing ovation at the beginning and end of his talk. But in between he received a number of tough questions. As a moderator noted, "There are not too many matzoh balls coming your way."

In particular, some students challenged Carter on a sentence that has brought him much grief. On Page 213 of his book, Carter wrote: "It is imperative that the general Arab community and all significant Palestinian groups make it clear that they will end the suicide bombings and other acts of terrorism when international laws and the ultimate goals of the Roadmap for Peace are accepted by Israel."

This sentence, the students noted, suggests that suicide bombings are a tactic of war, to be suspended only when peace is achieved. Carter agreed -- and apologized -- and said this sentence was a great mistake on his part.

"The sentence was worded in an absolutely improper and stupid way," Carter said. "I apologize to you and to everyone here . . . it was a mistake on my part."

He added that Palestinians who embrace terrorism draw no support from him. Calls for the destruction of Israel, he said, "are completely obnoxious to me. I would have no brief for them and no sympathy for them."

But Carter insisted that one botched line in his book should not drain his larger argument of its power. He urged Brandeis to send a delegation of students and professors to the West Bank and to report back on their findings. "You decide if I was accurate," he said, leaving little doubt as to what he thought they would find.

It was an argument that left more than a few students shaking their heads afterward. They said Carter is not quite so rare a voice on college campuses as he might imagine. They said they were familiar with his arguments and acknowledge some of the criticisms of Israel.

Yuval Brokman, a 20-year-old junior majoring in Islamic and Middle Eastern studies, said, "He underestimates how hard it is for Israel to live in that part of the world. It's ridiculous to think that they have a choice. The Palestinian people have been oppressed more by their own leaders."

What If Israel And Syria Find Common Ground? (NYT)

By Michael B. Oren

The New York Times, January 24, 2007

ISRAEL'S newspapers are rife with reports of a peace agreement secretly forged between Israeli and Syrian negotiators. Though both the Syrian and Israeli governments have denied any involvement in the talks, past experience shows that such disavowals are often the first indication of truth behind the rumors.

Certainly, there is nothing new about the details of the purported plan, which involves a staged Israeli withdrawal from the Golan Heights, occupied since 1967, and the full normalization of relations between Damascus and Jerusalem. Nor is there a precedent in the willingness of Israeli and Arab leaders to enter into direct discussions without the participation or knowledge of the United States.

What is new is the Bush administration's apparent opposition to a Syrian-Israeli accord and the possibility that Israel, by seeking peace with one of its Arab neighbors, risks precipitating a crisis with the United States.

On more than one occasion, Israeli and Arab leaders have engaged in clandestine talks without informing the White House. In 1977, the envoys of Prime Minister Menachem Begin of Israel and President Anwar Sadat of Egypt quietly met and laid the groundwork for Sadat's historic visit to Jerusalem and for the advent of the Egyptian-Israeli peace process. Only later, when negotiations snagged, did the parties turn to the United States and request presidential mediation.

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In 1993, Israeli and Palestinian interlocutors, convening in Oslo, worked out the details of a peace arrangement and requested President Bill Clinton's imprimatur on the accord only days before its signing. Jordan and Israel also asked Mr. Clinton to sponsor their peace treaty, initialed the following year, after they had independently agreed on its terms.

And in 2005, Prime Minister Ariel Sharon of Israel unilaterally ordered the evacuation of the Gaza Strip, a move widely welcomed as a stepping stone toward peace but from which the Bush administration, committed to the multilateral process stipulated by the "road map," kept its distance. Syria and Israel have also exchanged peace proposals in the past, sometimes under American auspices, as in the 1991 conference in Madrid.

Yet even when the two sides negotiated bilaterally, as during the secret exchanges between Prime Minister Benjamin Netanyahu and Hafez al-Assad of Syria in the late 1990s, Washington approved of the contacts. American leaders agreed that the Syrian-Israeli track offered a promising alternative to the perennially stalled Israeli-Palestinian talks, and that achieving peace between the Syrian and Israeli enemies would open the door to regional reconciliation.

All that was before Sept. 11, however, and Syria's inclusion, alongside Iran and North Korea, in President Bush's "axis of evil." Once regarded as a possible partner in a Middle East peace process, the Baathist regime of Bashar al-Assad was suddenly viewed as a source of Middle East instability, a state sponsor of terrorist groups and an implacable foe of the United States.

Hostility toward Damascus intensified after the incursion into Iraq, during which administration officials accused the Syrians of abetting the insurgency and concealing unconventional weapons in Iraq. More recently, the United States has accused Mr. Assad of plotting to undermine Lebanon's efforts to achieve independence from Syria, of assassinating anti-Syrian Lebanese and of acting as an Iranian agent in the Western Arab world.

The last thing Washington wants is a Syrian-Israeli treaty that would transform Mr. Assad from pariah to peacemaker and lend him greater latitude in promoting terrorism and quashing Lebanon's freedom. Some Israeli officials, by contrast, see substantive benefits in ending their nation's 60-year conflict with Syria. An accord would invariably provide for the cessation of Syrian aid to Hamas and Hezbollah, which endanger Israel's northern and southern sectors.

More crucial still, by detaching Syria from Iran's orbit, Israel will be able to address the Iranian nuclear threat — perhaps by military means — without fear of retribution from Syrian ground forces and missiles. Forfeiting the Golan Heights, for these Israelis, seems to be a sufferable price to pay to avoid conventional and ballistic attacks across most of Israel's borders.

The potentially disparate positions of Israel and the United States on the question of peace with Syria could trigger a significant crisis between the two countries — the first of Mr. Bush's expressly pro-Israel presidency. And yet, facing opposition from a peace-minded Democratic Congress and from members of his own party who have advocated a more robust American role in Middle East mediation, Mr. Bush would have difficulty in withholding approval from a comprehensive Syrian-Israeli agreement.

Mr. Bush may not have to make that decision for some time, if ever. For all his talk of good will, Mr. Assad has made no Sadat-like gestures to Israel, and many Israelis agree with Mr. Bush that Syria should not be rewarded for its assistance to terrorism and its denial of Lebanese liberty.

But if trust is established on both sides and the conditions are conducive to peace, a settlement between Syria and Israel may yet be attained — and a clash between Israel and Washington ignited.

Noriega Set To Be Released (MH)

By Gerardo Reyes And Jay Weaver

The Miami Herald, January 24, 2007

Former Panamanian dictator Manuel Antonio Noriega, imprisoned in South Miami-Dade on drug-trafficking and racketeering convictions since 1990, will be released on Sept. 9 -- due in part to good behavior and other credits.

Noriega, the military ruler toppled by a massive U.S. invasion of his country in late 1989, was automatically eligible for parole after serving close to two-thirds of his 30-year federal sentence.

"There is no turning back," said Noriega's attorney, Frank Rubino. ``The order is obligatory, and nobody can stop it. He's in good health and he wants to go home. He has no intention of remaining here."

The federal judge who sentenced the former general agreed he has paid his debt.

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"I think under the circumstances, he has served a sufficient sentence," Senior U.S. District Judge William Hoeveler said Tuesday night.

When Noriega steps out of his specially built, apartment-like cell at the Federal Correctional Institution in Southwest Miami-Dade, he probably won't be free. Noriega -- reportedly 68 or 72, depending on conflicting birth records -- is wanted in Panama and in France.

The U.S. attorney's office in Miami is expected to file a request for his extradition on behalf of the French later this year, authorities said.

Panama's foreign minister, Samuel Lewis Navarro, recently told the daily La Prensa newspaper that his government has already filed a petition for Noriega's extradition but has not received a response from U.S. officials.

"As much as Noriega may be celebrating his early release, the truth is it's a celebration for naught," said former U.S. Attorney Guy Lewis, who tried his case along with prosecutors Richard Gregorie and Michael "Pat" Sullivan. ``He's been convicted in absentia on murder charges in Panama, and he's been convicted in absentia on money-laundering charges in France.

"The real question is not whether he will be released from custody," said Lewis. ``The real question is will he be turned over to the Panamanians or the French to continue his prison sentence?"

Rubino said Noriega wants to go home and will deal with the charges in Panama.

An opinion poll conducted by La Prensa showed that 62 percent of 859 respondents believed Noriega must be sent to Panama.

Some say the presence of Noriega followers in the current government might mean he won't pay for his crimes, the newspaper said.

The president is Martin Torrijos, son of Gen. Omar Torrijos, for whom Noriega professed great loyalty. Gen. Torrijos led Panama from 1965 to 1981, when he died in a plane crash.

Noriega eventually seized power, ruling Panama until the U.S. invasion, Operation Just Cause, in December 1989. Noriega took sanctuary in the Vatican Embassy in Panama City but surrendered to U.S. troops a few weeks later. While he was there, the U.S. military played rock music, including Guns 'n' Roses -- at top volume. The music stopped after the Vatican complained of harassment.

The general was whisked to Miami, where he would later stand trial. It took until 1992 for the U.S. attorney's office to convict him.

The case posed legal and political problems, primarily because Noriega was a head of state. "It was the big one," said Tom Raffanello, who headed the team of 22 DEA agents.

Raffanello, his agents and prosecutors convinced imprisoned Medellín cartel figurehead Carlos Lehder to testify against Noriega, who allowed Panama to be used as a transshipment point for tons of U.S.-bound cocaine.

After his conviction and sentencing, Hoeveler declared him "a prisoner of war" who should be accorded special privileges, including the apartment-like cell -- complete with phone, color TV and exercise bike -- at the low-security Southwest Miami-Dade federal prison.

Noriega sought early release four times, starting in 2000. He was denied at every turn.

In March 2000, Noriega lost his bid because former President George H.W. Bush said he feared Noriega would try to assassinate him if he were released early, Rubino said -- calling Bush's involvement in Noriega's request ``outrageous."

"It is a low blow, a cheap shot," Rubino said at the time.

In February 2004, Hoeveler recommended Noriega's early release in a letter to the U.S. Parole Commission -- the first time in 27 years he had done so for a defendant convicted in his court.

"Among other things, which I take seriously myself, he has converted to the Baptist faith," Hoeveler wrote. ``It has been reported to me that while incarcerated, General Noriega has frequently received the pastor who baptized him."

But the next month, a parole commissioner rejected the former general's request.

With good behavior and other prison credits, Noriega became automatically eligible to serve about two-thirds of his 30-year sentence.

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Noriega had spoken well of Hoeveler in the past.

Before the 1991-92 trial began, Noriega said in open court: ``The one shining light through this legal nightmare has been your honor. You have acted as honest and fair as anyone could hope for."

Miami Herald staff writer Carol Rosenberg and translator Renato Pérez contributed to this report. Gerardo Reyes is an El Nuevo Herald staff writer.

Lawmakers Urge Easing Of Cuba Embargo (FT)

By Guy Dinmore

Financial Times, January 24, 2007

Members of Congress who believe Cuba is making a smooth transition of power said on Tuesday they would propose legislation to ease US embargo and travel restrictions.

"Contrary to the notion that once Fidel Castro was gone there would be uproar and the Americans would come marching in, I didn't sense that at all," said Jo Ann Emerson, a Republican representative for Missouri who visited Cuba last month as part of a delegation of US lawmakers.

Ms Emerson and James McGovern, a Massachusetts Democrat, said the House Cuba working group, equally represented by both parties, was agreed on the need to remove travel restrictions and loosen the embargo. This was the "mainstream view" in Congress, Mr McGovern said.

Previous initiatives have failed in committee, but with both houses of Congress under Democratic control for the first time in 12 years, President George W. Bush may be forced to use his veto if he is to keep his hardline Cuba policy intact.

"Our policy to Cuba has done more to keep Castro in power than anything else," Mr McGovern told a seminar hosted by the Council on Foreign Relations think-tank. He said the Cuban people were taking the demise of Mr Castro in their stride, and that the Bush administration was starting to accept this "reality".

John Negroponte, director of national intelligence, said the Cuban "regime" was trying to create a "soft landing" while transitioning power to Raúl Castro. "We don't want to see that happen," he told the Senate intelligence committee. "But what is not known is whether people are holding back. Maybe we're not seeing the kind of ferment yet that one might expect to see once Mr Castro has definitively departed the scene."

Julia Sweig, analyst at the Council on Foreign Relations, says Washington must "finally wake up to the reality of how and why the Castro regime has proved so durable, and recognise that, as a result of its wilful ignorance, it has few tools with which to effectively influence Cuba after Fidel has gone."

The official Commission for Assistance to a Free Cuba, whose recommendations have been accepted by Mr Bush, has proposed maintaining economic pressure on Cuba to undermine its succession strategy. A big humanitarian relief operation is ready to be mounted – once a new Cuban government asks for it. "Our Cuba policy hasn't changed," the State Department said.

Thomas Shannon, assistant secretary of state, on Tuesday spoke of 2007 being the year of engagement and listening in the region for the US. He spoke positively about efforts to get a dialogue going with Venezuela's President Hugo Chávez, but made no mention of Cuba in more than an hour speaking to the Center for Strategic and International Studies.

Russian Court Backs Closing Of Chechen Rights Group (WP)

By Peter Finn

The Washington Post, January 24, 2007

MOSCOW, Jan. 23 -- The Russian Supreme Court on Tuesday upheld a lower court ruling that shut down the Russian-Chechen Friendship Society, a Western-funded grass-roots organization that had challenged the Kremlin's interpretation of events in the continuing conflict in Chechnya.

The society's leadership called the decision a chilling example of the government using a recently enacted law on nongovernmental organizations to quash activism that clashes with official policy. The society, which had a network of correspondents and activists in Chechnya, a republic in southern Russia, reported on rights abuses by Russian forces and their Chechen allies.

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Oksana Chelysheva, one of the group's leaders, promised to fight the ruling. "We are going to take our case to the European Court of Human Rights and, possibly, our Constitutional Court."

Last February, Stanislav Dmitrievsky, co-chair of the society, was convicted of inciting racial hatred for publishing in a society newsletter a statement by Aslan Maskhadov, a Chechen separatist leader, calling for negotiations to end the Chechen conflict. Another published statement cited by prosecutors was a commentary critical of the Kremlin by the London-based Chechen separatist Akhmed Zakayev.

Maskhadov -- who officials here say played a role in the 2004 Beslan school massacre in southern Russia that left 331 people dead, including 186 children -- was killed by Russian forces in March 2005. After that, the society, in its monthly newsletter Human Rights Defender, ran a portrait of the separatist with a black mourning border, a decision that infuriated Russian officials and raised eyebrows among other Russian human rights activists.

Dmitrievsky was given a two-year suspended sentence by a court in Nizhny Novgorod, about 250 miles east of Moscow, where the society was based.

The law on nongovernmental organizations, signed by President Vladimir Putin in January 2006, makes it illegal for grass-roots groups to have people convicted of extremism as leaders or members.

The Russian-Chechen Friendship Society was later prosecuted for failing to remove Dmitrievsky from its board and membership roll. Moreover, the society was supposed to publicly denounce Dmitrievsky within five days of his conviction, which it refused to do.

The judicial assault on the group has drawn protests from Western Europe and the United States. A group of Western politicians and intellectuals wrote an open letter to Putin this month asking him to allow the group to continue to work.

"Neither the act of printing statements by separatist leaders, nor the content of the statements themselves, would be considered extremist in most Western countries, no matter how unpopular the cause involved," said the letter, which was signed by members of the European Parliament, among others.

"Moreover the flood of genuinely extremist material that appears almost daily in the Russian media, which has gone without comment from the Russian prosecutor's office, makes it clear that the law is being selectively applied in order to silence the society."

The Russian-Chechen Friendship Society was almost entirely underwritten by the European Union, the U.S. government-funded National Endowment for Democracy and the Norwegian Foreign Ministry.

Chelysheva said her group would try to work in Russia in another form.

Doha Revival Talks Are Set, But Accord Is Unlikely (WSJ)

By John W. Miller

The Wall Street Journal, January 24, 2007

BRUSSELS -- Global trade negotiators hope to restart the Doha round of world trade talks at the World Economic Forum in Davos, Switzerland, this week, but a return to the bargaining table will likely be more symbol than substance.

The key players -- the U.S. and the European Union -- remain unwilling to cut farm subsidies enough to satisfy emerging economies like Brazil and India.

Trade representatives from 30 leading economies, including the EU, the U.S., China, India and Brazil, will hold one-on-one talks in the Swiss resort before meeting as a group Saturday. They hope to tell the World Trade Organization they are prepared to resume "serious" formal negotiations, said EU Trade Commissioner Peter Mandelson.

Started in 2001, the Doha round is meant to help poor countries gain access to the developed world's markets by cutting subsidies and tariffs in rich markets -- especially in agriculture. In return, wealthy nations would win access to key markets for services such as banking and insurance.

Talks collapsed in July after the EU and U.S. turned down requests by emerging economies such as Brazil and India to trim their generous farm handouts. With little change since then, the ministers are "trying to save face, to show they're working hard for a deal," says an official familiar with the negotiations.

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"We've reached the end game," Mr. Mandelson told businesspeople and lobbyists in Brussels yesterday. "It's up to the EU and the U.S. to show leadership."

In both the U.S. and the EU, however, trade negotiators face resistance from powerful farm lobbies.

Mr. Mandelson proposes a 54% cut in agriculture import tariffs. France, Europe's largest agriculture producer, wants to cut tariffs by just 39% -- and isn't budging. Without France there is no deal: Mr. Mandelson needs support from all 27 EU members in order to reach a global trade deal.

U.S. agriculture subsidies total some $20 billion a year, above the $17 billion ceiling demanded by the Europeans. At a farmers' conference last week, U.S. Rep. Collin Peterson, a Minnesota Democrat and chairman of the House Agriculture Committee, promised that the next round of subsidies would "look a lot like what we have now."

Reworking The A-List (NYT)

By Mark Landler

The New York Times, January 24, 2007

DAVOS, Switzerland, Jan. 23 — The World Economic Forum convenes its annual conference here Wednesday with the theme "Shaping the Global Agenda: The Shifting Power Equation." To judge by the names on the guest list — and those not on it — the phrase aptly reflects the turnout at this high-altitude huddle.

Missing are Davos regulars like Bill Clinton, as well as marquee names from the Bush administration, which is sending only its trade negotiator, a deputy secretary of the Treasury, and a few other officials.

On the list is Prime Minister Nguyen Tan Dung of Vietnam, newest member of the club of rising world economies, as well as Chad Hurley, the head of YouTube, the Internet site that allows anyone to post a video on the Web.

"The power shift is twofold," said Klaus Schwab, the Swiss organizer who has managed to keep Davos a hot ticket for three decades by latching onto the latest political and business trends. "Power is shifting from the center to the periphery, and from the top to the bottom."

Mr. Schwab insists there will be no shortage of familiar names at this Alpine ski resort, with 24 heads of state or government, 85 cabinet ministers and more than 800 corporate chiefs. But the sense of flux in the United States, Europe and elsewhere is hard to miss in the program.

For example, Mr. Schwab played down the absence of a top Bush administration official like Secretary of State Condoleezza Rice, who was invited to speak but could not find time. Senator John McCain, a strong presidential candidate, however, will be here to give his views on Iraq and other issues.

"People may be interested to listen to him to get the longer-term perspective," Mr. Schwab said in an interview.

Some of the traditional heavyweights who do plan to attend are themselves victims of fading fortunes. Prime Minister Tony Blair of Britain will close the conference with a speech that amounts to a farewell address — his tenure running out amid recriminations over the Iraq war.

John Browne, the chief executive of BP and a co-chairman of the conference, has announced he will step down from the giant energy company in July, a year earlier than planned, after a team of outside investigators harshly criticized BP for safety lapses that led to 15 deaths at its Texas refinery.

Davos also says it is shunning Hollywood celebrities, even though they have lent this sober event a dash of sex appeal. Angelina Jolie and Brad Pitt, who stopped moguls and ministers in their tracks last year, will not be here, leaving Bono, the Irish rock star who has assumed a statesman's mantle, to twinkle on his own.

"We noticed there was undue publicity given to the attendance of those celebrities at the last meeting," Mr. Schwab said. "We have to be careful that we are not hijacked by the celebrity world."

That does not mean the World Economic Forum is playing down big names in other fields. Among the political leaders scheduled to take part are Chancellor Angela Merkel of Germany; Gordon Brown, Mr. Blair's presumptive heir; King Abdullah of Jordan; and Mahmoud Abbas, the head of the Palestinian Authority, who canceled last year.

Davos lost another sure-fire draw when Gov. Arnold Schwarzenegger of California, who had planned to discuss climate-related issues, pulled out after breaking his leg in a skiing accident.

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Climate change will nevertheless be a lively topic of conversation, and not just because the Swiss Alps have had little snow during this Caribbean winter. There will be 17 sessions on climate-related issues, and the organizers are hoping for announcements on a number of initiatives.

From the corporate world, the organizers have booked repeat guests like Bill Gates, Michael S. Dell, Carlos Ghosn of Renault and Nissan, and the Google co-founders Sergey Brin and Larry Page, as well as a few newcomers, like Rex W. Tillerson, the chief executive of Exxon Mobil.

Rupert Murdoch, who last attended the conference when it was held in New York in 2002, is scheduled to come. Mr. Murdoch will take part in a panel about the global agenda.

For anyone with a laptop or a BlackBerry, the future of media will be clear in the Web logs that are proliferating at the conference, including one by The New York Times and The International Herald Tribune. The organizers are aggregating blogs in something called the Davos Conversation.

Already, bloggers are busy debating the merits of minute-by-minute coverage of the doings at Davos. For some, the openness at a gathering of world leaders is welcome. Others wonder whether the ubiquitous scrutiny will reduce the likelihood of anything real getting done here.

In truth, Davos has rarely been a place for political breakthroughs, and while the schmoozing opportunities are nonpareil, it is not a seedbed for business deals, like Allen & Company's annual media conference in Sun Valley, Idaho.

Mr. Schwab views the spread of Web logs as more evidence of the changing power equation. He said he might have to rethink guidelines for reporting events, which put many of the sessions off the record.

The one issue on which progress is possible at Davos — trade — will be discussed behind closed doors. More than 30 trade and agricultural ministers are expected here, including the United States trade representative, Susan C. Schwab, and the chief European negotiator, Peter Mandelson.

On Saturday, the ministers will gather to try to revive the stalled Doha round of global trade negotiations. After reports of a renewed focus on reaching a deal in the United States and Europe, there is cautious optimism that Doha could get a breath of new life in Davos.

"Everyone knows we're just about out of time," said a spokesman for the World Trade Organization, Keith Rockwell, referring to the approaching summer expiration of President Bush's special negotiating authority. "This will mark the negotiations' kicking into a higher gear."

Remote Control (WSJ)

By Marcel Granier

The Wall Street Journal, January 24, 2007

CARACAS -- The president of the Bolivarian Republic of Venezuela, Hugo Chávez, has verbally announced his decision to shut down Radio Caracas Television (RCTV) -- our TV station, the oldest in Venezuela as well as the one with the largest audience.

So continues a long series of attacks against journalists, employees, management and shareholders of many independent media companies. The aim of all this is to limit the citizens' right to seek information and entertainment in the media of their choice, to impede public access to those media where they might express or encounter criticism of the government or their proposals for reform, to stifle the pluralism of opinion in news and talk programs, and to cut off the free flow of information and debate in Venezuela. Instead, the Chávez government seeks to install a system that it has described, without apparent irony, as the "communicational and informative hegemony of the state."

On June 14, 2006, President Chávez -- dressed in military fatigues -- gave a speech on the occasion of the delivery of a batch of Kalashnikov AK-103s to an army battalion. He brandished a weapon, then pointed it at a cameraman and said: "With this rifle, which has a range of 1,000 meters, I could take out that wee red light on your camera." Moments later, he declared: "We have to review the licenses of the TV companies."

In the weeks that followed the incident, various government officials repeated the same threat and started to monitor the editorial positions of the media. "There have been qualitative changes in programming, in news selection, and in the editorial

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line" of some media, an official observed; "[but] there are other cases in which we have not seen this change, this rectification . . ." He reminded us all that the government "has the ability not to renew a [media] license."

On Nov. 3, 2006, a month before the Venezuelan presidential elections, President Chávez repeated his threat: "I'm reminding certain media, above all in television, that they mustn't be surprised if I say, 'There are no more licenses for certain TV channels.' . . . I'm the head of state."

On Dec. 28, 2006, President Chávez, again in military uniform, declared that the broadcasting license for RCTV would not be renewed: "The order has already been drafted, so they should start shutting down their studios." He provided detail: "the license ends in March"; but two weeks later, in the National Assembly, he contradicted himself, saying that our license would end in May. At that same time, he launched a campaign of attack ads in all state-run media, paid for with public funds, aimed at discrediting our station in the eyes of the country.

On Jan. 13, in his annual address to the National Assembly, he changed his tune again and said: "The transmission signal belongs to the Venezuelan people and will be nationalized for all Venezuelans." He added: "RCTV has only a few days left . . . they can scream, stomp their feet, do whatever they want, but the license is finished. They can say whatever they want, I don't care, it's over."

These verbal threats constitute, de facto, a public decision to silence RCTV. But RCTV has never been informed legally or formally of the measures that are to be taken against it; nor have we ever been told what exactly are the accusations against us, which makes it difficult for us to defend ourselves. President Chávez has violated the presumption of innocence and has denied us due process.

The actions against RCTV of President Chávez and his subordinates are in violation of the Venezuelan constitution, the American Convention on Human Rights, and the Inter-American Democratic Charter. They are a clear example of abuse of power, and violate the right to work of all those in the media industry, not to mention a violation of the freedom of thought and expression of millions of citizens who seek information and ideas of their own free choice.

We are faced, in effect, with an aggressive campaign to extinguish all thought that differs from that which is officially dubbed "revolutionary."

In fact, President Chávez's threat to shut down RCTV has even led Jose Miguel Insulza, secretary general of the Organization of American States, to express his dismay publicly: "The shut-down of a large media company is a very rare occurrence in the history of our continent, and has no precedent in the last decades of democracy."

Organizations such as Human Rights Watch and the Committee to Protect Journalists, among others, have also raised the alarm. But the reaction of Hugo Chávez has been typically crude. It's the way he reacts whenever faced with someone who has the temerity to disagree with him. He says, and has said repeatedly, that there's nothing to discuss. "RCTV has only a few days left. They can scream, stomp their feet, do whatever they want. But it's all over."

Mr. Granier is chairman of Radio Caracas Television. (This piece was translated from the original Spanish by Tunku Varadarajan.)

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Terror Suspect Denied Bond; Affidavit Shows He Admits To Lying (PROJO)

By Karen Lee Ziner, Journal Staff Writer

The Providence Journal, January 24, 2007

BOSTON — Mohammed Yousuf Mullawala, a central figure in a national antiterrorism investigation, admitted lying to Rhode Island state police numerous times about his whereabouts and activities since he arrived in this country in 2002, according to a state police affidavit made public yesterday.

Federal ImmigrationJudge Matthew J. D'Angelo cited those alleged lies and Mullawala's "evasive and far-fetched explanations" in denying bond yesterday for Mullawala, whom he called a danger to the community and "an extreme flight risk."

The 28-year-old Indian national has been held in federal detention on a violation of his student visa since Rhode Island state police arrested him last month. D'Angelo ordered Mullawala returned to the Suffolk County House of Detention until a deportation hearing next Tuesday.

Mullawala's behavior at the Nationwide Tractor-Trailer Driving School, in Smithfield, triggered Homeland Security concerns that have since widened into an investigation by an FBI Joint Terrorism Task Force.

According to the school's instructor, that behavior included Mullawala's expressed interest in buying software or videos on hazardous materials and his stated interest in only learning how to drive the truck forward — not how to back it up or any other required technical maneuvers.

"I do not find his responses or explanations to be credible," said D'Angelo. "The court is concerned about his conduct at the tractor-trailer school. … He has been evasive in both his residential and work history, and also, interestingly, he has no work authority — he's acting like he's lawfully working in this country. He's an extreme flight risk and it's very unlikely he will appear at a future hearing."

During a 1½-hour hearing at the JFK Building, Mullawala raised his manacled hands and told the judge, "Yes, I will tell the truth." Then he sat calmly, wearing prison clothes that billowed around his small frame.

Prosecutor Mary Kelley underscored Mullawala's alleged multiple lies, related to his numerous addresses, work history, school enrollments, trucking school application, behavior at the trucking school and more. She also argued that he posed a flight risk because he has no family or friends in the United States.

The affidavit, obtained by The Journal after it was filed in court yesterday, states that Mullawala first told investigators he lived at 181 Carpenter St. in Providence, then recanted after the police confronted him with evidence to the contrary.

Kelley said although Mullawala's application to the trucking school lists the Carpenter Street address, investigators learned from tenants "that there's no such person who lives here."

"He lied," said Kelley. "He lists a reference at 181 Carpenter, but no such person existed when they went out there … . He indicated he never had any speeding tickets — that was a lie."

When immigration agents were brought into the investigation, Kelley said, they learned that Mullawala enrolled at Johnson & Wales University "but then he drops out and re-enrolls. So he's not attending school … ."

"He lied after he was Mirandized about his numerous addresses, including 'I can't tell you where I lived,' " said Kelley. "He lies about where he worked. He doesn't even show up for traffic court … so I hardly think he's going to show up for a hearing here."

Kelley also said Mullawala's explanation for his "extreme mobility" — at least seven addresses that authorities have been able to confirm he lived at — doesn't wash.

Defense lawyer June Beack said Mullawala told her he moved numerous times in New York City because he wanted to avoid areas where the police ticket heavily for traffic violations, and said that as a young single man, "he wanted to learn about different parts of the city."

Kelley maintained that Mullawala also lied when he said trucking-school instructor Ed Mowry steered him toward a hazardous-materials license, and not the other way around, and when he said investigators lied when they contradicted his statements during an initial questioning.

Pointing to Mullawala, Kelley said, "What he's asking you to believe is that everybody's lying except the man sitting 10 feet in front of you."

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The affidavit was filed by state police detectives Michael J. Winquist and Kevin M. Barry. Winquist is assigned to the Rhode Island State Fusion Center, which handles investigations concerning Homeland Security. Barry is assigned to the FBI Joint Terrorism Task Force.

It includes a timeline that shows Mullawala's zigzag path between 2002 and last year.

The path leads from Rhode Island in 2002; to India and back in 2003; to India via Kuwait in the spring of 2003; to Bridgeport, Conn., then Shelton, Conn., in 2004; to the Bronx, N.Y., in 2004 and '05; to Jackson Heights, then Hicksville, Hyde Park, Kew Gardens and Floral Park in New York last year; to Hackensack, N.J., last year; back to Kew Gardens a month later; and then to Jamaica, N.Y.

Investigators have been able to verify that he lived briefly at seven of those addresses, but have been unable to establish whether he ever lived at the four others.

The affidavit also states that Mullawala provided false information on his application to the trucking school.

While Mullawala stated that he lived on Carpenter Street, "he was actually residing in the state of New York." When asked whether he had driver's licenses in other states besides Rhode Island, Mullawala noted his New York license but failed to mention a New Jersey license. He also said he had never been issued a traffic summons, when in fact, "he received summonses from the Rhode Island State Police and in New Jersey."

The affidavit provides a glimpse into the days leading up to Mullawala's arrest last month and into questions posed by police on that day.

On Dec. 1, state police called Mullawala on his cell phone "under the guise that an accident was being investigated that involved a Rhode Island registration plate" previously issued in his name.

"Mohammed Y. Mullawala was very argumentative and advised your co-affiant that he was unable to respond [to] Rhode Island since he was working in New York driving a limousine," the affidavit states.

Mullawala also said his parents had arrived from India "and that he planned to take them to California on a sight-seeing trip." The affidavit notes that Mullawala "later admitted that he lied when making this statement."

At the state police's request, the owner of the trucking school "made numerous fruitless attempts to reach Mohammed Y. Mullawala on his cell phone" regarding a refund on money paid to the school since he attended for only two days. Mullawala "never returned her calls."

On Dec. 5, Mullawala arrived at state police headquarters unannounced "for the purpose of making a complaint" against one of the detectives involved in the case. When a trooper at the front desk recognized Mullawala from a bulletin, Mullawala was taken into custody.

"During his interview, Mohammed Y. Mullawala appeared to be extremely nervous. Detectives also found several inconsistencies in his answers to the questions being asked. When detectives confronted him with those inconsistencies," the affidavit states, "Mohammed Y. Mullawala admitted to being untruthful."

Held In Contempt, Al-Arian Launches Hunger Strike (TAMPTRIB)

By Elaine Silvestrini

Tampa Tribune, January 24, 2007

TAMPA - Sami Al-Arian has begun another hunger strike after being held in contempt for refusing to testify before a grand jury in Virginia, his supporters say.

In the meantime, Al-Arian has appealed an order with the 11th U.S. Circuit Court of Appeals that says his plea agreement in Tampa does not protect him from having to testify in Virginia.

Al-Arian, a former University of South Florida professor, pleaded guilty in April to providing support to the Palestinian Islamic Jihad, designated by the U.S. government as a terrorist organization.

In May, U.S. District Judge James Moody sentenced Al-Arian to 57 months in federal prison, 11 months longer than recommended by prosecutors in his plea deal. Had Al-Arian received the recommended sentence, his attorneys said, he was expected to be deported last June.

The federal Bureau of Prisons now calculates Al-Arian's projected release date as April 13. That date could be extended by as much as 18 months because of the contempt finding in Virginia.

Al-Arian's plea came after a five-month trial in which jurors failed to convict him of a charge but deadlocked on nine counts.

During the trial, the government presented evidence that Al-Arian's think tank, World and Islam Studies Enterprise, received funding from the International Institute of Islamic Thought, based in Herndon, Va. The institute's offices were raided in 2002 as part of the investigation into the think tank.

At the time of the plea agreement, his attorneys stressed Al-Arian would not cooperate with the government.

In September, the U.S. attorney's office in the Eastern District of Virginia contacted attorneys for Al-Arian seeking his testimony before a grand jury investigating the institute.

The defense filed a motion asking Moody to enforce the plea agreement and protect Al-Arian from having to cooperate. However, the judge ruled that cooperation is not the same as compelled testimony and said the plea agreement does not protect Al-Arian from grand jury subpoenas.

An Al-Arian supporter, the Tampa Bay Coalition for Justice and Peace, issued a news release Tuesday saying he was held in contempt Monday and has started his second hunger strike to protest "continued government harassment."

The news release gave a summary of a statement Al-Arian made to a Virginia federal judge complaining about his prison conditions. Al-Arian said he had to share his food with rats and roaches, and was forced to wear dirty and inadequate clothing.

Al-Arian's first declared hunger strike started shortly after he was arrested in February 2003 and continued for 140 days, his supporters say. Jail officials said Al-Arian drank Carnation Instant Breakfast during that hunger strike because he has diabetes and required nutrition along with his medication.

House Dems Seek Gates Briefing (HILL)

By Roxana Tiron

The Hill, January 24, 2007

Several House Democrats plan to grill Secretary of Defense Robert Gates on the Pentagon's use of private contractors in interrogations at the military prison in Guantánamo Bay, Cuba.

Chief Deputy Democratic Whip Jan Schakowsky (Ill.) and 26 other members wrote to Gates Tuesday asking for a briefing on interrogation practice after the FBI revealed allegations this month of torture by contractors at Guantánamo.

All interpreters and half of all jail workers at Abu Ghraib were private contractors, according to Schakowsky, a member of the intelligence committee.

Reps. Barney Frank (D-Mass.), David Price (D-N.C.) and George Miller (D-Calif.) also signed the letter demanding a briefing.

"As you assume your new duties, we would like to alert you to our concerns about the use of military contractors," they wrote. "The lack of proper oversight of military contractors results in wasted funds and frustrated missions. It also sends a message to contractors that they will not be held accountable for squandering taxpayer dollars at the expense of supporting our service members."

HOMELAND RESPONSE:

Judge Weighs Contested Rail Law (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 24, 2007

CSX Challenging Suspended D.C. Ban on Hazardous Cargo

The fate of a District law banning rail shipments of hazardous materials was back before a federal judge yesterday, nearly two years after the prohibition was enacted by the D.C. Council.

The law, which was prompted by fears that the Capitol and other landmarks are vulnerable to a terrorist attack on rail lines that skirt downtown, was quickly challenged in 2005 by CSX Transportation Inc., which controls the key freight routes through the District. The law has never taken effect. Yesterday, a judge heard arguments to determine whether it ever will.

U.S. District Judge Emmet G. Sullivan set no timetable for a decision in the case, which is being monitored by cities and states throughout the country.

CSX said that the District is overstepping its legal authority and that the law, if allowed to stand, could lead other local governments to pass similar bans, crippling the transportation of hazardous materials nationwide.

Under federal regulations, rail operators bear much of the responsibility for assessing risks and determining how to deal with them -- an arrangement that critics say puts public safety at the mercy of profit-driven businesses.

Tighter federal control may be coming. Last month, the federal government, which has sided with CSX, proposed more stringent regulations on the transportation of hazardous materials.

But such changes may be months or years away, if enacted at all, and in any case, the proposals fall short of the ban that the District wants to impose.

When CSX first contested the law, Sullivan sided with the District and the Sierra Club, which had joined the city in defending the law. Sullivan ruled that the law could take effect while the broader legal issues were reviewed.

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But after hearing the company's challenge as an expedited emergency matter, the U.S. Court of Appeals for the D.C. Circuit reversed Sullivan's decision and ordered that the ban be put on hold pending review.

After gathering evidence and taking preliminary steps for nearly a year, lawyers for the two sides appeared before Sullivan yesterday for nearly two hours -- on one side, Robert Utiger of the D.C. attorney general's office and James R. Wrathall of WilmerHale for the Sierra Club; on the other, Virginia Seitz of Sidley Austin for CSX and Arthur R. Goldberg of the Justice Department.

Much of the arguments focused on whether the District's law could be preempted by federal law. The Federal Railroad Safety Act allows states to enact laws related to rail safety or security until the U.S. Department of Transportation or the U.S. Department of Homeland Security issues a regulation covering the subject of the state requirement.

Opponents of the District's law say the federal government, through existing federal regulations on rail security, has rejected a hazardous-materials ban as part of any federal regulation, thereby precluding such a prohibition by a local government.

Supporters of the law say that such a ban was never considered during the drafting of current regulations and that the regulations were put forth by the Department of Transportation, not Homeland Security, as would have been required to preempt a local law related to rail security.

After the arguments were presented, Sullivan proposed that both sides submit additional briefs addressing the question of which agency had the power to preempt a local law such as the District's.

Man Questioned In LA Subway Mercury Spill (CCT)

The Contra Costa Times, January 24, 2007

LOS ANGELES - The FBI on Tuesday arrested a man they believe spilled toxic mercury on a subway platform.

Armando Bustamante Miranda, 27, was being questioned but it did not appear he was involved in any terrorist activity, FBI spokeswoman Laura Eimiller said.

He was arrested and held for a parole violation unrelated to last month's spill, Eimiller said.

She declined to reveal other details.

"We're not going to have anything more until we sort this thing out," she said.

A videotape showed a man crouching down and dropping something onto a platform at a downtown subway station on Dec. 22. The man appeared startled and walked to a Metropolitan Transit Authority call box, where he reported the mercury spill.

The county is conducting an investigation to determine why transit officials waited eight hours to alert authorities after they were told about the spilled mercury.

No injuries were reported, and officials believe the small amount of mercury would have been harmful only if someone touched it or drank it.

A Los Angeles County sheriff's hazardous materials team confirmed the substance was mercury and removed it.

Transient Held In MTA Mercury Spill (LAT)

By Andrew Blankstein And Jean Guccione, Times Staff Writers

The Los Angeles Times, January 24, 2007

Authorities say the man told them he found it in trash on the Westside and hoped to sell it for money to buy drugs.

Federal and local authorities on Tuesday arrested a 27-year-old man they believe spilled mercury on a downtown L.A. subway platform, ending a weeklong dragnet that raised more questions about the handling of the incident.

Armando Bustamante Miranda was being questioned by FBI agents and Los Angeles County sheriff's investigators, who are trying to determine why the hazardous chemical was dropped in the station on Dec. 22 by a man who then called an MTA operator to say what he had done.

Detectives expressed frustration at the difficulty in finding the suspect, at one point creating more than a dozen potential profiles, including a prankster, a screenwriter working on a script, an actor seeking attention, a student working on a project and even a terrorist.

Officials repeated Tuesday that they doubt the incident was related to terrorism.

Sheriff's Det. Danny Regalado described Miranda as a transient who told authorities he found the mercury while scavenging through a commercial dumpster on the Westside for items he could sell to support his drug habit.

Miranda, according to Regalado, said during the two-hour interview with detectives that he was "fixated" on the mercury and the way it moved in the vial, adding that he recognized the substance from a "Terminator" movie. He told authorities he took it out of his pocket at the station and was showing it off, hoping another passenger would purchase it. When he spilled the mercury, he told police, another passenger told him to report it.

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Detectives said an acquaintance of Miranda recognized his photo and contacted authorities, setting up a meeting with the suspect in Hollywood. Regalado said he was "very cooperative."

Authorities are concerned that some business was disposing mercury in the trash, and they plan to go door-to-door questioning owners about their disposal tactics.

The arrest comes amid a growing dispute about how MTA surveillance tapes were handled. An MTA tape of the Pershing Square station showed a man dropping a vial of mercury on the platform and later getting into a subway car.

But four law enforcement sources familiar with the investigation said investigators didn't receive all the videos taken inside the subway car.

Los Angeles County's top transit cop said his detectives reviewed the videos they received but didn't see the man.

"You can never have too much evidence," said Sheriff's Cmdr. Dan Finkelstein. "As it turned out, we didn't need anything else."

He added that another platform camera recorded the suspect getting off the train, a clue that helped in his capture.

Nonetheless, Los Angeles County Supervisor Gloria Molina, who chairs the Metropolitan Transportation Authority, asked agency officials Tuesday for a detailed account of what happened to all the videos from that night. She specifically wants information on whether some were recorded over before they could be analyzed.

Federal and local law enforcement sources said there was an internal debate early in the investigation about whether to go public with the search for the suspect.

The MTA initially described the mercury release as an accident. But the county's joint terrorism task force later reviewed the incident and decided last week to go public with the tape in hopes that authorities could find the suspect, the sources said.

Since 9/11, the MTA has spent $9 million on security enhancements that include equipping buses and trains with state-of-the-art cameras to monitor and record passenger activity.

Ten fixed cameras have been installed on each subway train over the last two years. The MTA has also added platform cameras that pan, tilt and zoom.

The platform recordings are kept for 14 days, MTA officials said. Recordings from trains are held for 80 hours, then recorded over.

The dispute over the tapes comes as MTA officials admitted that the agency's response to the mercury incident was highly flawed.

The MTA waited eight hours after being told mercury was on the platform before clearing the station and cleaning up the spill. Police and transit officials said the workers erred by not immediately contacting law enforcement to cordon off the area and calling in hazardous-material experts. The incident also exposed the fact that many MTA workers are not trained to handle dangerous materials, including mercury.

The MTA said it is investigating the way its employees handled the incident.

At least four people touched or stepped on the mercury during the period, including one woman who tracked it home. Mercury can be hazardous if ingested, inhaled or touched, but there were no reports of health problems.

According to authorities, the man who spilled the mercury used an MTA intercom to tell an operator: "Yes, there's some mercury that's spilled down there," according to a transcript obtained by The Times.

He continues: "There's a jar that had mercury in it and it broke. It's on the floor down here on the, by the Wilshire, or I mean Western, North Hollywood sign."

The operator responds, "So, it needs a — a glass broke…. OK. I'll send somebody to clean it up."

But for unclear reasons, no one was sent for hours, until another passenger called authorities to report the spill.

Miranda was being held on a probation violation related to a previous drug charge.

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Times staff writer Richard Winton contributed to this report.

Group Attempting To Simplify Byzantine Terror-Alert System (WP)

By Elizabeth Williamson

The Washington Post, January 24, 2007

Inside an unmarked, secured office near the White House, intelligence officials, lawyers and police work to close a gaping hole in the nation's counterterrorism system: the failure of people in the government to communicate with one another.

The Sept. 11 commission report singled out official resistance to sharing information as a key reason the government failed to thwart the 2001 terrorist attacks. In response, Congress authorized the president to create the group now based near his

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office, known as the "information-sharing environment" (ISE) program. Its goal is to create a system for moving terrorism-related information among officials -- be it the president or a small-town mayor -- quickly and securely.

In coming days, the group will send the president its recommendations for taming an explosion of "sensitive but unclassified" (SBU) documents. These reports, papers and memos -- not classified but not meant for public eyes -- bear "markers": from the basic "For Official Use Only" or "Trade Secret" to the mind-bending "Information Related to a Continuity of Operations Plan." So far, the ISE has collected 108 markers, and McNamara says more probably exist. Each marker dictates the rules for handling, distributing and storing the document that bears it. Confusing things further, the rules vary by agency, even for the same marker.

The result is "chaos," said ISE program manager Thomas McNamara, a former State Department counterterrorism official who now reports to the director of national intelligence. Studies by the National Governors Association and the Government Accountability Office have found that the SBU mess undermines the effectiveness of terrorism alerts from Washington. In one example, a local police official received a confusing SBU memo from Washington, wrongly thought it was classified, and scrambled for days to find a secure phone line so he could ask about it.

SBU stands at the center of a trend toward greater government secrecy that "threatens accountability in government and promotes conflicts of interest," according to a report on the phenomenon released last year by the advocacy group OpenTheGovernment.org.

"You need an anthropologist to understand how these bureaucracies function," said Steven Aftergood, an open-government advocate who runs the Federation of American Scientists' Secrecy News blog. "But it's not their own information. It's government information, and it should be handled in a uniform manner."

McNamara said his goal is to narrow the number of SBU markers from more than 100 to a dozen or fewer, develop one set of handling rules, and make the documents available to all who need them.

Once approved, the new program will be rolled out in Washington and across federal and local agencies. That could take years.

The SBU system is a throwback to the Cold War, McNamara said, "when we as a government paid particular attention to classified information" that falls into "Secret," "Top Secret" and "Secret Compartmented Information" categories, with corresponding security clearances for those who use it. To be classified, documents must refer to defense, foreign policy or national intelligence. Since most agencies can't classify, McNamara said, they devised the SBU system to control information such as law enforcement evidence, personal records and trade secrets.

But just as governments tend to overclassify, the agencies used SBU designations so often that they created an insurmountable mountain of documents -- and undermined confidence in the system.

"Information flows are so dramatically large now that we can't depend on the old system," McNamara said. "We either create a new one or we're going to be very, very sorry we didn't."

Travel Security Rules Take Effect Smoothly (WP)

By N.c. Aizenman

The Washington Post, January 24, 2007

Passengers experienced few difficulties yesterday as new border security rules went into effect requiring citizens of the United States, Canada, Mexico, Bermuda and some Caribbean islands to present a passport when entering the United States by air, officials said.

Previously such passengers were able to prove their identity with a variety of documents, including a combination of a birth certificate and a driver's license. Now, under select circumstances, two other documents, the Merchant Mariner Document and the Nexus Air card, will be permitted instead of a passport.

The new rules do not extend to travelers flying to and from U.S. territories in the Caribbean.

The shift to the passport requirement at airports is the first phase of a broader initiative to strengthen scrutiny at all points of entry, an initiative recommended by the commission that investigated the terrorist attacks of Sept. 11, 2001. The new rules are likely to be instituted at land and sea ports as soon as Jan. 1, 2008.

Yesterday's smooth transition was largely because of the high percentage of travelers who had obtained a passport, said authorities.

More than 1.1 million U.S. citizens applied for passports in November, when the date for the new rule was announced, compared with 648,000 applicants in November 2005, said Derwood Staeben, senior adviser for the initiative at the State Department. According to the Department of Homeland Security, 90 percent of U.S. citizens flying into the country over the last week arrived with passports, compared with 81 percent during the week of Dec. 11.

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Citizens of the other affected countries also rushed to obtain passports from their governments, with the percentage of air travelers now carrying them reaching 97 percent for Canadians and nearly 100 percent for Mexicans and Bermudans.

"People have got the message, and that's good news," Homeland Security Secretary Michael Chertoff said Thursday in an appearance with Canadian Minister of Public Safety Stockwell Day.

For now, those rare travelers who arrive at airports without passports are generally being accommodated rather than turned away, said Kelly Klundt, a spokeswoman for U.S. Customs and Border Protection.

"The goal is not to strand travelers -- it's to advise them of the change," Klundt said. "If for whatever reason they haven't heard of it, we have emergency mechanisms to deal with the situation. . . . We will work with them with whatever documentation they present to try and verify the information we need."

Tourism officials in Mexico and Canada have expressed concern that potential tourists -- particularly those traveling by land -- will be turned off by the new passport requirement.

J. Willard "Bill" Marriott Jr., chairman and chief executive of Marriott International, dedicated an entry on his corporate blog Monday to the new passport regulation, part of the Western Hemisphere Travel Initiative.

"I'm afraid, if it's not properly implemented and communicated, that WHTI could have a serious negative impact on legitimate commerce and tourism, as well as our diplomatic relationships with our two largest trading partners, Canada and Mexico," wrote Marriott, who belongs to an association that has lobbied for changes in security programs.

Similarly, Mexican Tourism Secretary Rodolfo Elizondo Torres predicted that 318,000 fewer Americans would visit Mexico in the next year because of the new requirement. "The lost income could reach $254 million a year," Torres said in a statement.

Correspondent Manuel Roig-Franzia in Mexico City, staff writer Spencer S. Hsu in Washington and researcher Natalia Alexandrova in Toronto contributed to this report.

New Demands For Armed Pilots (WP)

By Del Quentin Wilber

The Washington Post, January 24, 2007

As the number of armed pilots aboard U.S. jetliners has steadily expanded in recent years, the program is showing signs of growing pains. Pilots and their labor groups complain about a lack of supervision and the difficulty in finding time to participate in training courses.

Worried that pilots' handgun skills may be eroding, federal security officials are launching a refresher training program next month. Armed pilots must attend a two-day mandatory course at a training facility near Atlantic City three to five years after getting their guns. Some pilots have already taken prototype refresher courses that are being evaluated by authorities, said officials with the Federal Air Marshal Service, which runs the program.

"Using a weapon is a perishable skill, and we want to ensure they have the appropriate training," said John A. Novak, an assistant director with the air marshal service. "We are taking the law enforcement culture and applying it to the experienced professionals of the aviation community."

The controversial gun program, which started in 2003, was backed enthusiastically by pilots and their unions as a way to prevent terrorist hijackings after the Sept. 11, 2001, attacks. When the program began, union officials said as many as 30,000 pilots would eventually carry firearms in cockpits.

The number of armed pilots is well short of that number, but there are now more armed pilots than there are federal air marshals, according to sources familiar with the program.

Federal officials requested that The Washington Post not publish the exact number of armed pilots for security reasons.

To be allowed to carry handguns in cockpits, pilots undergo psychological testing and a seven-day training course. They must visit a firing range to demonstrate their shooting skills every six months. So far, there have been no incidents in which a pilot has fired his weapon aboard an airliner.

Pilots said the refresher course was a good idea but could prompt some to leave the program. Those who participate are not paid for their time. They also are not reimbursed for travel, lodging or food expenses.

"This is going to cost me $2,000," said one pilot, who spoke on condition of anonymity because his membership in the program does not permit him to speak publicly. "If this was a really great program, they would treat us like adults."

Federal officials said they were working to find other sites across the country for the training. They said they have not noticed any increase in pilots quitting the program and that the number of applicants has remained steady. There was a 300 percent surge in applicants in the weeks after British authorities said in August that they uncovered a plot to blow up jetliners, according to the officials.

Pilots said they also wish there were more supervision between visits to firing ranges and the longer refresher training. Among the ideas they have passed to federal officials: offering periodic classes at airports, more Internet-based training and a

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monthly newsletter on tactics. Pilots groups say such measures are needed to ensure that the program keeps pace with its growth.

"In 2003, this was a noble experiment," said Bob Hesselbein, an airline pilot and chairman of the national security committee for the Air Line Pilots Association. "Today, it's an institution. . . . As the institution grows, the institutional pillars aren't being built with it."

Officials said they were working to improve communication with pilots but added that they must also satisfy the demands of training armed pilots while minting new ones. Each week, several dozen newly armed pilots graduate from a training facility in New Mexico. The program's budget has remained steady, about $25 million a year, despite increases in the number of armed pilots.

Federal officials said they were taking other steps to address complaints raised by pilots. They plan to issue police-like badges to pilots in coming months to help them better identify themselves in a crisis. And they said they are taking undisclosed steps to make it easier for pilots to transport their weapons to and from work.

Hesselbein said his group would push for legislation requiring airlines to grant unpaid leave for the training, which could be tough for some pilots because of their schedules. The airlines, which generally resisted the creation of the program, are expected to fight such a proposal.

All Quiet On Israel's Eastern Front? Not Quite. (WP)

By Al Kamen

The Washington Post, January 24, 2007

Secretary of State Condoleezza Rice's trip last week to the Middle East produced some odd moments.

For example, in London, Rice chatted with reporters, explaining how "the removal of Saddam Hussein set in motion a number of other circumstances, other changes in the Middle East: the removal of an eastern-front threat for Israel, for instance."

We pause here, just for a moment, to suggest that perhaps a map of the region be consulted. Okay, let's see. On the "eastern front" of Israel we find Syria and Jordan on the borders. Iraq would have had to go through hundreds of miles of desert -- not a lot of ground cover -- or through Damascus -- to get there. The threat on Iran's western front, however, has been neatly eliminated.

Barbara Slavin of USA Today asked: "What is new and different? It seems to me that [Ehud] Olmert now is weaker, frankly, than [Ehud] Barak was, and certainly [Mahmoud] Abbas is weaker than [Yasser] Arafat was."

"Let's look at where it really was in 2000, all right?" Rice countered. "You had Yasser Arafat, who I think . . . had one foot in terror and one foot in politics." Well, better than both feet in terror.

"It's also the case that you had at that time a Palestinian Authority that was overrun by corruption, overrun by its ties with terrorism," Rice pointed out. "And strangely, you had Hamas, of course, sitting out as a resistance movement," and not involved.

"Resistance movement"? We pause here once again and set aside the map to pick up State's 2000 list of terrorist groups and find that, in Section H, Hamas, which now controls the Palestinian legislature, is listed as a terrorist group. Ditto on Page 118 of our National Counterterrorism Center 2007 daily planner.

"In fact, the United States had been, in past times, and not too far in the distant future -- or in the distant past, opposed to the establishment of a Palestinian state," she said. "And so when you have a Palestinian state -- the president declared that a Palestinian state is going to be the outcome here, it begins to change the -- it begins to condition the environment."

The administration has often trumpeted the notion that President Bush was the first president to call for creation of a Palestinian state. He certainly appears to be the first Republican president to have called for a Palestinian state. But President Bill Clinton, just before he left office, said a peace deal would mean "an independent and sovereign state with al-Quds [East Jerusalem] as its capital, recognized by all."A Wild Time in Minerals Management

Speaking of the environment, the Interior Department's Minerals Management Service has been making news lately because of allegations that it has been too cozy with the offshore oil industry it helps regulate and from whom it collects royalties and lease money.

But that won't stop them from partying on. So they'll be celebrating the ninth annual industry awards programs this year at a bash in Houston on April 17. Last year's drew 700 folks from the agency and the companies.

A regular attendee and prior award winner is David Deal, a former American Petroleum Institute lawyer, who got an MMS award in 2003 for "utilizing expertise gained from his years of participation in numerous MMS regulatory initiatives to . . . propose viable options for resolving differences, reducing litigation, and developing simplified royalty processes."

Deal may go to the awards ceremony again this year, he told our colleague Elizabeth Williamson yesterday. He has his own law practice these days and has been working on the MMS's royalty-policy committee, which advises the agency on

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collecting fees for the oil the industry pumps out of public property. Deal's a "public at large" member -- one of three people on the committee who are supposed to represent non-aligned folks like you and me. "I nominated myself," he said.

And there was a party just yesterday at the main Interior Department auditorium to celebrate the 25th anniversary of the founding of the MMS. MMS invited all Interior employees to come celebrate.

Many surely did. As one Interior wag noted, folks at other Interior agencies are relieved at all the attention MMS is getting. "Thank God for MMS," he said. "They're not going to be coming after us for a while."Painting a Clinton as Kerry

The Republican National Committee was out quickly this week with an early attack line on presidential candidate Sen. Hillary Rodham Clinton (D-N.Y.). The initial feint is a flip-flop jab, comparing Clinton to the hapless 2004 candidate Sen. John F. Kerry's line about voting for the war in Iraq before voting against it.

"Hillary's Kerryoake on Iraq," the headline said.

"Hillary Campaign Kicks Off With A Kerry Classic: Use Of Force Vote Was Not A Vote For Use Of Force," citing her vote giving Bush authorization to wage war in Iraq. No need for a quotation from Clinton. The ad cited a comment by "Clinton advisor Terry McAuliffe" that sounded much like Kerry's comments.A Swing Through the Revolving Door

This just in. Homeland Security general counsel Philip J. Perry will resign effective Feb. 6, Secretary Michael Chertoff announced after business hours yesterday, adding that he fully supported Perry's decision "to put his family first."

That would include wife Elizabeth Cheney, daughter of Vice President Cheney, and their five children, the youngest of whom arrived last summer. Liz Cheney has stepped down as principal deputy assistant secretary of state for Near Eastern affairs, although she had time to publish an opinion column yesterday criticizing Sen. Hillary Rodham Clinton (D-N.Y.) on Iraq. Our colleague Spencer S. Hsu reports that the vice president's son-in-law will rejoin his the Washington office of his old firm, Latham & Watkins, as a partner in its litigation department.

Locked In Squalor (WP)

The Washington Post, January 24, 2007

NO MATTER your position in the debate over immigration policy, you no doubt agree that the United States ought to treat those accused of violating immigration law humanely. As it happens, so does U.S. Immigration and Customs Enforcement (ICE), which for years has had guidelines on the books governing the treatment of detainees (about 27,500 of whom are locked in its facilities every night). And, according to the agency's spokesman, ICE is very good at meeting its standards.

But a report released by the Department of Homeland Security's inspector general last week suggests the opposite. The study examined five facilities and found violations of basic ICE guidelines in every one. Among the more upsetting: roach and rat infestations; limited access to clean underwear; dirty food trays and undercooked poultry; faulty ventilation; and, perhaps most disturbing, constricted access to counsel. Unlike other types of prisoners in the United States, noncitizens held for violations of immigration law have no right to state-provided legal representation, but ICE's guidelines specify that they must have access to law libraries and to working telephones with up-to-date phone numbers connecting to free legal aid services. The inspector general found that phones often did not work and that the law libraries were often obsolete. In one facility, not one of the 12 numbers for legal services worked.

In its defense, ICE says that the report's findings are not statistically significant because the inspector general examined only a small number of facilities and that the report does not reflect the state of other detention centers. A spokesman points to the results of inspections ICE regularly conducts across the whole system as evidence that the agency does not have a problem complying with its own rules. Yet the very inspections ICE touts found each of the five facilities the report examined to be acceptable, failing to catch many of the problems the inspector general identified. This suggests that internal information describing better conditions in other detention centers is probably also inaccurate.

In a written response to the report, ICE agreed that it needs to review its inspection regimen. That's a start. The next step should be promulgating the guidelines it professes to have no problem meeting as agency regulations, which would give them the force of law and provide a greater incentive to comply. If ICE's claims are true, it should have no argument with making regulations of its own guidelines. If the inspector general's portrait is indicative, the nation is failing a basic standard of human decency.

State Farm Settles Mississippi Claims From Katrina Surge (AP)

By Michael Kunzelman

AP, January 23, 2007

State Farm Fire & Casualty agreed yesterday to settle hundreds of lawsuits by policyholders and reopen thousands of other disputed claims, a deal potentially worth hundreds of millions of dollars to homeowners devastated by Hurricane Katrina, a company spokesman said.

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The settlement calls for State Farm to pay about $80 million to more than 600 policyholders who sued the company for refusing to cover damage from the Aug. 29, 2005, storm. State Farm also agreed to pay at least $50 million -- but possibly hundreds of millions more -- to thousands of Mississippi policyholders whose claims were denied but didn't sue the company.

State Farm's agreement with Mississippi Attorney General Jim Hood and policyholders' lawyers resolves a civil lawsuit that Hood filed against the company for refusing to cover damage from Katrina's storm surge nearly 17 months ago.

The accord also resolves Hood's criminal probe of allegations that the insurer fraudulently denied claims after the August 2005 storm.

"It's been like a death roll with an alligator for the last two months in these negotiations," Hood said.

"The agreement greatly reduces the time, the risk and the expense of defending multiple claims in individual litigation," said Phil Supple, a spokesman for State Farm.

Mississippi's mass settlement -- the first of its kind since Katrina spawned hundreds of lawsuits against State Farm and other major insurers -- does not involve any claims in other states.

The deal was to have been presented to U.S. District Judge L.T. Senter Jr. in Gulfport, Miss., yesterday.

Supple said the company will review claims filed by policyholders in Mississippi's three coastal counties whose claims were denied but didn't sue the company. They can have their claims reevaluated or resolved by binding arbitration, he said.

State Farm, the state's largest home insurer, says it already has paid roughly $1.1 billion for about 84,000 property claims in the state. State Farm and other insurers paid for Katrina's wind damage, but Hood and hundreds of policyholders sued the companies over their refusal to pay for more than $2 billion in damage from the storm's wind-driven surge.

The settlement comes less than two weeks after a federal jury in Gulfport awarded $2.5 million in punitive damages to a couple who sued State Farm for denying their claim after Katrina. A judge took part of that case out of jurors' hands, ruling that State Farm is liable for $223,292 in storm damage to the Biloxi home of Norman and Genevieve Broussard.

After Katrina, a legal team led by Richard "Dickie" Scruggs sued several major insurers on behalf of hundreds of Gulf Coast policyholders. Scruggs, a Gulf Coast native whose home in Pascagoula was destroyed by Katrina, rose to national prominence when he helped negotiate a multibillion-dollar settlement with tobacco companies in the mid-1990s.

Besides State Farm, Hood sued Allstate, Mississippi Farm Bureau Insurance, USAA and Nationwide. In addition, Hood has investigated allegations that State Farm and other insurers have fraudulently denied claims after Katrina. Last week, a grand jury in Pascagoula began hearing testimony on those allegations.

State Farm attorneys say a federal grand jury has been probing similar allegations.

State Farm Agrees To Pay Up For Katrina In Mississippi (USAT)

By Kathy Chu

USA Today, January 24, 2007

State Farm has agreed to pay thousands of Mississippi homeowners hit by Hurricane Katrina likely hundreds of millions of dollars in a landmark settlement that's expected to reverberate across the storm-ravaged Gulf Coast.

The company agreed to a deal under which it will reopen thousands of homeowners' claims and is likely to pay as much as $500 million, Mississippi Attorney General Jim Hood announced Tuesday. There's no cap on the payout. The insurer will have to pay at least $50 million under the deal negotiated with the Scruggs law firm, which represents the majority of Mississippi homeowners who sued State Farm.

In a related development, State Farm will settle more than 600 individual Mississippi homeowners' Katrina claims for roughly $80 million, according to a person with direct knowledge of the negotiations who didn't want to be named because the settlement is confidential.

The settlement applies only to Mississippi homeowners — not to the thousands in Louisiana who are suing State Farm and other insurers, arguing that wind and rain ravaged their homes. Homeowners' policies cover wind and rain damage, but not flood damage, which is covered by federal flood insurance.

Homeowners could begin receiving insurance checks within a few weeks, after the class-action settlement is approved, as expected, by U.S. District Court Judge L.T. Senter Jr. As part of the agreement with State Farm in Mississippi, Hood agreed to drop a criminal probe against the insurer related to its claims-handling process.

Phil Supple, a spokesman for State Farm, the USA's largest home insurer, said its goal has always been to "reach a just, speedy and efficient resolution to these matters." A settlement "is in the best interest of our policyholders," Supple added.

About 35,000 Mississippi homeowners are eligible to have their claims reopened. For about 1,000 Mississippi residents whose homes were reduced to slabs by Katrina, State Farm will offer at least 50% of the homeowner's insurance on the property structure. The average house in Mississippi costs about $200,000, Hood estimates. Thousands more will receive lower amounts.

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Homeowners who don't want to settle with State Farm can still sue the insurer. But the deal "gives a new opportunity for thousands of people to recover their insured losses through a quick process," says Zach Scruggs, an attorney who, with his father, Richard Scruggs, negotiated with State Farm.

State Farm is fighting hundreds of other Katrina-related lawsuits along the Gulf Coast, including in Louisiana. Attorneys in those cases said they hoped the Mississippi development would cause State Farm and other insurers to settle quickly.

"State Farm knows where to find me," says Madro Bandaries, who represents dozens of Louisiana homeowners disputing State Farm's payouts after Katrina. "They cannot, in my estimation, go to Mississippi and do one thing and then not go to Louisiana."

Big Insurer Will Pay 640 Katrina Claims (NYT)

By Joseph B. Treaster

The New York Times, January 24, 2007

In a move that is expected to jump-start rebuilding along the Mississippi Gulf Coast, State Farm Insurance said yesterday that it had reached an agreement with state officials to pay hundreds of millions of dollars to owners of homes along the coast that were wrecked by Hurricane Katrina.

The agreement settles lawsuits filed by 640 homeowners and allows thousands of others to reopen damage claims that State Farm previously closed. Insurance executives said they expected the outlines of the deal to be adopted by other carriers.

The agreement does not apply to New Orleans, where the failure of the levees left much of the city underwater for days. Lawyers and insurers say no similar settlement talks are in progress there.

For State Farm, the nation's largest home insurer and the biggest in Mississippi, the settlement allows for "a just, speedy and efficient resolution," as a spokesman, Phil Supple, put it.

It would also remove a major public relations headache. While State Farm and the other insurers may have had some strong legal arguments, they have been widely perceived as insensitive. In many cases, residents whose houses were reduced to concrete slab foundations received just a few thousand dollars in payments. Some received nothing.

Under the settlement, 300 homeowners who lost everything will receive their full insurance coverage. Mississippi officials said 1,000 others would receive at least half, with the opportunity to negotiate for more.

"A lot of people on the coast are going to see money in their pockets sooner, rather than have to go through a long, drawn-out process of court proceedings," Mississippi's insurance commissioner, George Dale, said yesterday.

The core of the dispute was whether the damage to the houses was caused by high winds or surging floodwaters as Hurricane Katrina swept across the coast on Aug. 29, 2005. The insurers said their policies covered only wind damage. But in many cases, they also refused to pay for damage caused by a combination of wind and water.

The settlement does not affect the terms of coverage in the insurers' policies, but some insurance experts said they expected that the carriers would ultimately rewrite their policies to specifically bar coverage of damage from storm surges.

In the settlement talks, which began last fall, State Farm insisted that the Mississippi attorney general, Jim Hood, drop a criminal investigation of the company's handling of storm damage claims. It also demanded that he abandon a civil suit against it and other insurers.

The final sticking point in the agreement had been over the framing of a few sentences that would end the criminal investigation. Mr. Hood convened a grand jury last week that began hearing evidence.

The two sides reached agreement in a meeting yesterday afternoon in Jackson, the state capital. Then lawyers for State Farm and Richard F. Scruggs, who represents hundreds of storm victims and played a major role in drafting the settlement, flew to Gulfport on the coast, to seek the endorsement of Judge L. T. Senter Jr., the federal district judge overseeing most of the insurance disputes.

Judge Senter had suggested that he would like to see a global settlement, and some participants in the talks said the first money could begin to flow to storm victims as early as next week.

Under the agreement, State Farm will pay an initial $130 million and perhaps several hundred million more by the end of the year, depending on how many policyholders requested that their claims be reopened. About 35,000 homeowners along Mississippi's 70-mile-long coast are eligible. Among the homeowners who will benefit from the settlement are Senator Trent Lott and Representative Gene Taylor, both of whom lost their homes in the storm and were denied payment by State Farm.

Since Hurricane Katrina struck, the insurance companies have paid $5.3 billion for damage to more than 330,000 homes in Mississippi and $10.3 billion for nearly a million homes in Louisiana.

They have raised rates sharply because, they say, the risk of severe storms has increased. They have also refused to renew many policies in vulnerable areas. The settlement disclosed yesterday is expected to have minimum effect on the cost of coverage.

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State Farm got a vivid picture of the hostility toward it in the first jury trial a little more than a week ago. Judge Senter abruptly declared that State Farm had failed to prove its case and the jury quickly came back with a decision requiring the company to pay $2.5 million in punitive damages to a couple in Biloxi who lost everything in the storm. The judge also awarded the couple the full value of their insurance policy: $223,000. State Farm had maintained that it owed them nothing.

Randy J. Maniloff, a lawyer at White & Williams in Philadelphia who represents insurance companies, said yesterday that it was clear that the bad publicity had been a big factor in State Farm's decision to settle. "They spent 80 years building up a brand," he said, "and the adverse publicity from these lawsuits has been clearly doing damage to the brand. It just flies in the face of their portrayal of themselves as good neighbors."

Indeed, according to people close to the talks, it was State Farm that first suggested a settlement in a telephone call early last fall to Mr. Scruggs, the lawyer.

Mr. Scruggs, who came to prominence by filing lawsuits against the tobacco industry, reached an agreement in principle with State Farm two weeks ago.

But Mr. Hood, the state attorney general, and Mr. Dale, the insurance commissioner, expressed reservations. Both officials said they wanted to make sure that homeowners got the best possible deal. Mr. Dale, though, said it was also important that any agreement not be overly burdensome for the insurance companies.

Mr. Scruggs, whose home in Pascagoula was destroyed along with those of many neighbors, said that resolving the coverage dispute had been "the most personal and most difficult" work in his 30-year career. He has not settled with his own insurer. But for his work on the settlement, he will share as much as $46 million with lawyers from half a dozen firms — to be paid by State Farm on top of its payments to homeowners.

In the agreement, State Farm said it would pay $80 million to settle the 640 lawsuits and to reopen, at the request of homeowners, up to 35,000 other claims. The insurance company agreed to pay at least $50 million more on the previously closed claims.

Participants in the talks estimated that State Farm could pay a further $250 million to $600 million, depending on how many people reopened claims. For the 300 homes that were swept away, State Farm agreed to pay the full insured value. Those homes were insured for $69,700 to $2.34 million. The owners of the 340 other homes, with varying degrees of damage, are to receive an average of $124,400.

In the review of closed claims, homeowners may accept a new offer from State Farm or insist on binding arbitration in hopes of receiving more money. Storm victims are also free to ignore the settlement and file separate lawsuits against State Farm. But few are expected to do so.

WAR NEWS:

A Bid To Rescue A Presidency (LAT)

By Janet Hook

The Los Angeles Times, January 24, 2007

WASHINGTON — Can this presidency be saved?

That's the question that loomed Tuesday as President Bush gave his State of the Union speech in the most inhospitable climate he has ever faced for his annual address to Congress.

In proposing a short list of initiatives on healthcare, immigration and energy, Bush gave more attention than he has in past speeches to domestic issues. That agenda was potentially more appealing to Democrats - or at least harder for them to dismiss out of hand - than his ill-fated plan to overhaul Social Security, which was to be the crown jewel of his second term legacy.

But his plans may be too modest to accomplish the broader challenge facing Bush: How to rescue the last quarter of his presidency from irrelevance and patch his tattered legacy. Bush is trying to regain his footing when Iraq is littered with carnage; Democrats are calling the shots on Capitol Hill; and vast majorities of the public are disenchanted with his leadership.

"This represents the end of the Bush era," said Michael Tanner, a policy analyst for the Cato Institute, a libertarian think tank. "This speech shows that outside Iraq, he is increasingly irrelevant."

In the speech, Bush tried to remain gracious and optimistic about finding common ground with Democrats.

"Like many before us, we can work through our differences and achieve big things for the American people," he told the joint session of Congress.

The moment is reminiscent of the position Bill Clinton was in after Republicans won control of Congress in 1994. Clinton seemed so marginalized that he felt obliged to assert at a press conference that he was still "relevant."

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But Clinton went on to work with the Republican-controlled Congress and rack up notable legislative accomplishments, including a balanced budget plan, an overhaul of welfare, a minimum wage increase and expansion of health insurance coverage.

Burdened by an unpopular war, Bush is not aiming as high on the domestic front. And he is following, more than leading, in a political environment where the agenda is increasingly being set by others - by Democratic leaders in Congress, the nation's governors and the crowd of politicians campaigning for president.

Bush is chiming in on a burgeoning national debate about how to expand health insurance coverage. Republican governors - Arnold Schwarzenegger of California and Mitt Romney, late of Massachusetts - have broken the partisan mold and crafted ambitious healthcare plans.

Business and labor groups are making odd-bedfellow alliances to promote expanded coverage. Former Sen. John Edwards (D-N.C.) has made universal health insurance coverage a central plank of his presidential campaign. Sen. Hillary Rodham Clinton (D-N.Y.) offered a plan to broaden coverage on the first day of her campaign.

Bush's contribution is a proposal that has already been declared dead-on-arrival on Capitol Hill because it could hurt many who are already insured. He is proposing a change in the tax system to cap deductions for employer-provided health insurance and provide new tax breaks for people who buy their own insurance. It is a plan that is in keeping with Bush's aversion to government mandates.

"In all we do, we must remember that the best healthcare decisions are made not by government and insurance companies but by patients and their doctors," he said.

But the tax change would increase the number of people covered by only about 5 million, when nearly 47 million are uninsured. The plan is opposed by labor unions and many business leaders are not enthusiastic about it. It would face formidable obstacles even if Bush had introduced it at the height of his powers.

Bush also proposed giving states more leeway to use Medicaid funds to devise their own plans to expand health insurance coverage. But that initiative amounts only to redeploying money, not increasing the federal commitment, and it is unclear how many of the uninsured would be covered.

On energy, Bush seems on the defensive against Democrats who are trying to bring a new sense of urgency to the effort to combat global warming. House Speaker Nancy Pelosi (D-San Francisco) has appointed a special committee to study the issue. Al Gore won an Oscar nomination for his documentary on global warming. Sen. John McCain (R-Ariz.), one of the leading presidential candidates, is making it a signature issue.

Bush proposes tackling the issue by aiming to cut gasoline consumption by 20% in 10 years, mostly by promoting the use of alternative fuels. He did break new ground and move toward Democrats by proposing stricter fuel emission standards, but he did not go as far as most Democrats believe is needed to reduce global warming.

And Democrats remained skeptical about his commitment. "It's not just about what he says. It's about what he does," said Pelosi. "In the past he has talked the talk on climate change. But he hasn't walked the walk."

Two other issues that Bush promoted are old standbys: renewal of his landmark school reform law, No Child Left Behind, and an overhaul of immigration laws to allow illegal immigrants to become citizens.

Both measures put Bush at odds with conservative activists. They oppose his more intrusive federal role in schools and kept last year's immigration legislation from including what they called "amnesty" for illegal immigrants.

Even the parts of the speech that were touted as groundbreaking and bold by the White House are echoes of past speeches. Last year's State of the Union included plans to end the country's "addiction to oil." And his 2006 speech also spotlighted another tax-break approach to improving medical coverage, through tax-advantaged health savings accounts. Neither of those issues advanced even in a Congress controlled by his own party.

Joe Lockhart, a former Clinton aide and co-founder of the political website hotsoup.com, said Bush may have missed an opportunity to put Democrats on the defensive with a bolder agenda on issues such as global warming, healthcare and immigration.

"He offered only piecemeal approaches to dealing with these issues," said Lockhart. "Add to that no flexibility on Iraq and the speech is destined to be forgotten almost as soon as it's completed."

If Bush and the Democrats do not find a way to forge bipartisan deals, election day 2006 will turn out to be the beginning of the end of Bush's presidency. Then, some allies say, the best thing he can do in the next two years will be to recognize the limits of his legislative power and focus more on framing the debate for 2008.

"There's nothing good or useful that can be passed out of this Congress in the next two years," said Grover Norquist, a Bush ally and president of Americans for Tax Reform. "It's not as if he can bend Congress to his will. He can veto things, he can stop things, he can introduce ideas and repeat ideas. That is his power.

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The State Of The President: Beleaguered (WP)

By Dan Balz

The Washington Post, January 24, 2007

President Bush used his State of the Union address last night to try to revive his presidency against what may be the greatest odds any chief executive has faced in a generation.

Other presidents have encountered difficult moments and have been dealt electoral setbacks, but few have faced the combination of obstacles that now confront this White House. Bush arrived at the Capitol at his lowest point in public-opinion polls, facing new Democratic majorities in the House and Senate and lame-duck status as attention turns rapidly toward a 2008 presidential campaign that will choose his successor.

Bush's problems all stem from the same issue. The public has lost confidence in his Iraq war policy, and, in the face of evidence that Americans are looking for a change in course, the president has chosen with his new plan to deploy additional troops to the conflict -- a direction the public overwhelmingly opposes.

But his response last night was a speech that was very much in keeping with the style of leadership he has demonstrated repeatedly in office. If he was humbler in tone and rhetorically generous to his Democratic opponents in calling for cooperation, he was anything but defensive.

"This is not the fight we entered in Iraq, but it is the fight we're in," Bush said. "Every one of us wishes this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk. Ladies and gentlemen: On this day, at this hour, it is still within our power to shape the outcome of this battle. Let us find our resolve and turn events toward victory."

Last night's address was two speeches in one. Bush plowed through the domestic initiatives with little emotion, but suddenly came alive when he turned his attention to Iraq and terrorism, as passionate and determined as always when he speaks about the war that has defined his presidency.

The atmosphere in the House chamber also changed, signifying the divisions over the president's Iraq policy. House Speaker Nancy Pelosi (D-Calif.), who had basked in Bush's praise as the nation's first female speaker at the beginning of the speech, sat stony-faced as he exhorted the country to follow his lead in Iraq. As the president asked for a chance to make his Iraq policy work, Republicans leaped to applaud. Pelosi and the Democrats remained seated.

There were three underlying messages in the president's address. The first was a familiar argument about the terrorist threat and plea for patience on Iraq, a chord struck earlier in the day by Lt. Gen. David H. Petraeus, the expected new commander of U.S. forces there. Although about two in three Americans disagree with the decision to send more troops to Iraq and members of Congress are preparing nonbinding resolutions to declare their opposition, Bush asked for time to show that the strategy can succeed.

He recalled that the country was largely united at the time of the invasion in 2003 and acknowledged the divisions that have emerged since. But he argued that whatever motivated members of Congress at the time of the invasion, there was a consensus that the United States must win the war.

Bush may have been speaking into the void. Over the past six months, there has been a critical turn in public opinion. Long ago, a majority of Americans concluded that the president's decision to go to war was a mistake. The administration tried to shrug that off by focusing attention on the consequences of failure, believing that as long as Americans saw some chance for success they would continue to support the mission.

Today Bush has lost that battle for public opinion as well. NBC News-Wall Street Journal polls have tracked public confidence on the question of whether there will be a successful conclusion in Iraq. A year ago, the public was mildly pessimistic, with 41 percent saying they had confidence in a successful outcome and 49 percent saying they did not. Attitudes remained generally in that range throughout the summer, but last fall they took a sharp negative turn. By October, 27 percent saw hope for a successful conclusion, and 61 percent did not. In December, attitudes turned even more sour, with a 50-point gap between those who believe the United States can win and those who doubt there can be a successful conclusion.

"The American public thinks it's time to start wrapping up," said Republican pollster Bill McInturff, who jointly conducts the poll with Democratic pollster Peter D. Hart. "The president's doing something that is very difficult. It's the core of presidential leadership, and that is to stick to what he believes is the right policy in the face of an American public that has decided they disagree with him. . . . The president has very little capacity to change their mind."

The second message from the president was a call for bipartisan cooperation, particularly on domestic issues such as budget deficits, earmarks, immigration, energy, health care and education.

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"We are not the first to come here with government divided and uncertainty in the air," Bush said. "Like many before us, we can work through our differences and achieve big things for the American people. Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done."

Administration officials expressed optimism yesterday that they can reach agreement with the Democrats in Congress on the path to a balanced budget, on the reauthorization of the No Child Left Behind education law and on some elements of a strategy to wean the nation off imported oil.

But even as Bush was calling for bipartisan cooperation, Democrats were seeking coalitions with Republicans to advance their own agenda. The Senate Foreign Relations Committee will begin working this morning on a resolution opposing Bush's Iraq plan, a measure that has the support of a growing number of Republican senators. In the House, Democrats completed work on the first six items of their agenda last week, attracting a substantial number of Republicans to several of the measures.

Sen. Charles E. Schumer (N.Y.), the third-ranking Democrat in the Senate, said yesterday that Bush so far has shown no evidence of wanting real compromise with Democrats on issues such as Iraq and health care.

"This year, I don't think the change is the president, who is staying in his ideological tower, but Republicans in the Senate, who have said we just can't keep following this president," he said. "That's where you will see the bipartisanship."

A Republican strategist, asked not to be identified in order to speak freely about the administration's problems, said Democrats are not in any mood to be generous to Bush. Referring to the president's approval rating, he said, "When you're sitting at 35 and you're telling them what to do after they won an election, they've got to chuckle."

Bush's third message last night was perhaps the most robust domestic agenda of his presidency, a way of saying to those who are ready to write him off that he still has the power of the bully pulpit to inject ideas into the national debate and force others to react to them. It was a message that said he should not be regarded as a lame duck.

"Either we're going to see progress on that agenda or it will be a banner to which our allies on the Hill, Republican or Democrat, can repair," a senior White House official said.

Even Republicans outside the White House questioned that optimism. "My view is that Bush's speech tonight, especially the domestic policy side, is an attempt to set the agenda for the 2008 Republican primaries, not for the 2007 Congress," said Daniel Casse, a strategist and writer. "I think their motivation is to make sure candidates in '08 are running on ideas established by George Bush, not running away from them."

Bush is by nature a competitor, and the State of the Union address reminded the country that he will continue to push his ideas even in the face of enormous public skepticism. Given the political balance in Congress, the chances of him getting his way domestically are slender. Prospects in Iraq appear even more difficult.

That is why, though he certainly did not intend to steal a page from Democratic Sen. Barack Obama's best-selling book, his speech last night may be remembered as "the audacity of hope."

Bush Urges Congress, Nation To Give His Iraq Plan A Chance (WP)

By Peter Baker And Michael Abramowitz

The Washington Post, January 24, 2007

President Bush implored lawmakers and the nation last night to give him one more chance to win the war in Iraq and avoid the "nightmare scenario" of defeat while presenting a domestic agenda intended to find common cause with the new Democratic Congress on issues such as energy and immigration.

Politically wounded but rhetorically unbowed, Bush gave no ground on his decision to dispatch 21,500 more troops to Iraq despite a bipartisan cascade of criticism. Addressing for the first time a Congress controlled by the other party, Bush challenged Democrats to "show our enemies abroad that we are united in the goal of victory" and warned that the consequences of failure in Iraq "would be grievous and far-reaching."

"I respect you and the arguments you've made," Bush told skeptical lawmakers from both parties in his sixth State of the Union address and the fourth since the invasion of Iraq in March 2003. "We went into this largely united -- in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure. Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work."

With new House Speaker Nancy Pelosi (Calif.) sitting behind him in a vivid sign of the power shift on Capitol Hill, Bush congratulated Democrats on their victory in the November elections and paid tribute to the first woman to serve in the nation's third-highest office. "Tonight, I have a high privilege and distinct honor of my own as the first president to begin the State of the Union message with these words: 'Madam Speaker,' " Bush said, then turned to shake Pelosi's hand as she beamed and lawmakers cheered.

The president further reached out to Democrats in the 49-minute speech with ideas to expand health-care coverage, overhaul immigration laws and improve education performance, ideas that he framed as efforts to provide "hope and

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opportunity," a phrase he used six times. In his most ambitious new proposal, he laid out a plan to reduce projected gasoline consumption in the United States by 20 percent over the next 10 years.

"Congress has changed, but not our responsibilities," Bush said. He added: "We're not the first to come here with a government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people."

Yet his approach contrasted with the last two presidents to address an opposition Congress after their parties lost midterm elections. Ronald Reagan conceded "serious mistakes" in 1987, as did Bill Clinton in 1995. Clinton moved to the middle so conspicuously that the opposition leader who gave the official response noted that he "sounded pretty Republican." Although Bush acknowledged two weeks ago that "mistakes have been made" in Iraq, he appeared unchastened last night and took no responsibility for his party's defeat or errors in office.

Democrats seemed unimpressed by his latest governing blueprint and signaled that they are in no mood to meet him in the middle. Long before Bush arrived in the House chamber to deliver his remarks, Democratic leaders and allied interest groups rushed out statements blasting his domestic proposals as rehashed ideas, empty rhetoric or flawed concepts that would create other problems. But the divide between president and Congress was most inflamed by his leadership of a war that will soon enter its fifth year.

"The president took us into this war recklessly," said freshman Sen. James Webb (D-Va.), a former Marine who was tapped to give the formal response. Accusing Bush of disregarding warnings by national security experts before invading Iraq, Webb added: "We are now, as a nation, held hostage to the predictable -- and predicted -- disarray that has followed."

In a joint statement released after the speech, Pelosi and Senate Majority Leader Harry M. Reid (D-Nev.) chided Bush's Iraq troop increase and vowed to hold nonbinding votes on it. "While the president continues to ignore the will of the country, Congress will not ignore this president's failed policy," they said. "His plan will receive an up-or-down vote in both the House and the Senate, and we will continue to hold him accountable for changing course in Iraq."

The speech came at the nadir of the Bush presidency to date, with the war grinding on, ever-widening bloodshed and no end in sight, two-thirds of the public turned against him in opinion polls and Democrats controlling both houses of Congress.

Even as they sought to revive his political viability with the national address, White House officials spent yesterday monitoring reports from Iraq, where a U.S. security helicopter crashed and five American civilians were killed, amid disputed claims that it was shot down. And they nervously watched the opening of the perjury trial of Vice President Cheney's former chief aide, I. Lewis "Scooter" Libby, whose lawyer asserted the White House made him a scapegoat in the CIA leak case to protect Deputy Chief of Staff Karl Rove.

Bush devoted about half of his speech last night to Iraq, terrorism and foreign policy, largely recapitulating his familiar argument that the war is the central front in a broader battle with terrorists and represents a "generational struggle that will continue long after you and I have turned our duties over to others." He linked Sunni insurgents, Shiite extremists, al-Qaeda terrorists and Hezbollah militants as arms of a broader "Islamist radical movement" but acknowledged that the mission in Iraq has changed from deposing Saddam Hussein to stopping sectarian violence.

"This is not the fight we entered in Iraq, but it is the fight we're in," he said. "Every one of us wishes this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk. Ladies and gentlemen, on this day, at this hour, it is still within our power to shape the outcome of this battle. Let us find our resolve and turn events toward victory."

He did not directly debate proposals by some Democrats to cut off funding for more troops in Iraq but asked them to let him try his new plan. "In the end, I chose this course of action because it provides the best chance for success," he said. "Many in this chamber understand that America must not fail in Iraq because you understand that the consequences of failure would be grievous and far-reaching."

The immediate consequence he envisioned was an Iraqi capital plunged into anarchy. "If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides," Bush said. "We could expect an epic battle between Shia extremists backed by Iran and Sunni extremists aided by al-Qaeda and supporters of the old regime. A contagion of violence could spill out across the country -- and in time the entire region could be drawn into the conflict."

Many in the chamber appeared unpersuaded. Pelosi sat grim-faced through the discussion of Iraq and did not clap when Republicans rose to support some of the president's statements. Although Iraq alone represented about a quarter of the speech, it generated applause just six times out of about 60 interruptions.

To reach out to skeptics, Bush repeated his call to create a bipartisan advisory council on the battle with terrorists and promoted his plan to permanently expand the U.S. military by 92,000 soldiers and Marines over five years to ease the burdens of fighting simultaneous wars in Iraq and Afghanistan.

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Sitting with first lady Laura Bush's box in the gallery during the speech were five decorated Iraq veterans, including Air Force Tech. Sgt. Michelle Barefield, who survived three attacks by makeshift bombs at Baghdad International Airport, repelled an enemy assault with her M-16 rifle and was awarded the Bronze Star. The White House also invited a domestic hero, Wesley Autrey, a New York construction worker who earned acclaim by jumping onto subway tracks to save a man who had fallen during a seizure.

While harboring little hope of changing minds on Iraq, White House aides said the president's ideas on domestic policy could appeal to Democrats. "We do believe it's one that can serve as a basis for bipartisan outreach," said Deputy Chief of Staff Joel D. Kaplan.

The biggest previously undisclosed initiative announced last night was Bush's proposal to reduce U.S. gasoline consumption by 20 percent by 2017, largely by stimulating the growth of ethanol and other alternative fuels but also by increasing fuel efficiency of automobiles. Bush has spoken in past State of the Union addresses about his desire to break U.S. dependency on foreign oil and last year declared that "America is addicted to oil," but his speech last night represented his most aggressive effort to curtail the habit.

The president proposed an ambitious campaign to expand the use of ethanol, methanol, hydrogen and other alternative fuels by requiring oil refineries to use 35 billion gallons of renewable and alternative fuels by 2017, a fivefold increase in the current target. Aides calculated that doing so would displace about 15 percent of projected gasoline use.

Bush also asked Congress to overhaul the mileage standards for automobiles. Rather than forcing automakers to raise fuel-efficiency standards for new cars across the board, Bush is pushing for flexibility to set different standards for different sizes and makes so manufacturers do not make smaller cars that are less safe. Officials forecast raising fuel standards by 4 percent a year, which would reduce overall gasoline use by 5 percent by 2017.

Bush also announced plans to double the capacity of the Strategic Petroleum Reserve to 1.5 billion barrels by 2027 to further insulate the United States from short-term disruptions in foreign oil supplies. "Achieving these ambitious goals will dramatically reduce our dependence on foreign oil," he said.

Although the president did not embrace any plans specifically to combat greenhouse gases generally believed to contribute to global warming, as some in Washington urged him to do, he argued that technology and his energy plans "will help us to confront the serious challenge of global climate change."

Democrats said Bush's plans contain significant loopholes or are not tough enough. The alternative-fuel plan could allow for more use of fuels that emit toxic gases, critics said. And on Monday, 11 senators, including eight Democrats, two Republicans and an independent, proposed an across-the-board increase in fuel standards to 35 miles per gallon by 2019.

As aides disclosed in recent days, Bush also called for a major change in the tax code in an effort to make health insurance more affordable. Under his plan, health insurance coverage would be taxable income but families would receive a $15,000 deduction. The plan would make it easier for those who buy health insurance out of pocket while increasing taxes on those who receive employer-funded health care worth more than $15,000 to eventually offset the cost.

"Changing the tax code is a vital and necessary step to making health care affordable for more Americans," Bush said. He added that he would also direct more federal money to states to cover low-income residents, although aides did not specify how much money would be provided.

Bush used the speech to press Congress to approve his long-standing immigration bill, which couples increased funding for border security with a plan for a temporary-worker program. The plan was blocked by the Republican-led Congress last year, but administration officials hope it may be more appealing to Democrats. "We need to resolve the status of the illegal immigrants who are already in our country -- without animosity and without amnesty," Bush said.

Bush also urged Congress to reauthorize -- and not weaken -- his signature No Child Left Behind education law, which is aimed at holding schools accountable through greater testing to make sure students meet minimum standards of achievement. And he repeated his vow to produce a plan next month that will balance the budget in five years while demanding that Congress cut special-interest projects in half by the end of this congressional session.

Bush Offers Plan To Curb Reliance On Foreign Oil (WSJ)

By John D. McKinnon, John J. Fialka And Yochi J. Dreazen

Wall Street Journal, January 24, 2007

WASHINGTON -- President Bush yesterday offered a blueprint he said would lead toward U.S. energy security and independence, calling for a 20% cut in gasoline consumption over the next decade through new fuel-economy standards and a massive boost in federal mandates for using ethanol and other alternative fuels.

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Amplifying the theme of weaning the country from its reliance on oil, Mr. Bush used a State of the Union address weighted heavily to domestic issues to urge a doubling of the nation's strategic-petroleum stockpile to protect against a sudden cutoff of foreign supplies.

"For too long our nation has been dependent on foreign oil," he said, echoing his famous declaration of last year's speech that the country was "addicted to oil." "The dependence leaves us more vulnerable to hostile regimes and to terrorists," he added.

The politically weakened Mr. Bush's latest energy initiative marks the start of his attempt to try to define himself as something other than a lame-duck president, facing a hostile Democrat-led Congress and consumed largely with Iraq. His call for alternative fuels, with a brief nod toward global-warming concerns, was just one of many ways he tried to find common ground with the Democrats who will determine the fate of his agenda.

In his 50-minute address, the president also put forth plans for expanding health coverage to the uninsured, renewing calls for a comprehensive immigration package that was rejected by the previous Republican-led Congress, extending his "No Child Left Behind" education program and offering new overseas assistance to combat AIDS and malaria.

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when work is to be done," Mr. Bush said as a Democratic Speaker of the House, Nancy Pelosi, sat prominently behind him for the first time in his presidency.

While the White House touted the energy agenda as one of the most significant parts of Mr. Bush's agenda, achieving its goals rests on the uncertainty of technological breakthroughs, and the administration is promising relatively little money to subsidize what would be a major redirection in the country's energy markets.

Mr. Bush also asked Congress for the power to "reform and modernize" fuel-economy standards, yet continued to reject calls for legislation mandating specific higher fuel standards. He maintains that regulators, rather than lawmakers, are better situated to set new higher requirements for auto makers.

And the president avoided widespread demands to embrace new economy-wide caps on so-called greenhouse gases, instead asserting that greater use of cleaner energies would lead to a reduction in these emissions, widely believed to cause global warming. "The way forward is through technology," he said.

By seizing on the goal of "energy independence," Mr. Bush has chosen a topic on which the public thirst for action is growing. It is also an initiative with significant consequences for national-security policy: If the country actually succeeded in significantly cutting its appetite for oil, its stake in the Middle Eastern problems that so bedevil the president would be reduced.

Though Mr. Bush focused on issues popular with Democrats -- and shunned old favorites he touted before the more friendly Republican majority, such as broad tax cuts -- it remains unclear how much he will be able to set the agenda in Washington. Virginia's newly elected Sen. James Webb, giving the Democrats' formal response to the address, asked Mr. Bush to move closer to Democrats on foreign policy and domestic issues. "If he does, we will join him," Mr. Webb said. "If he does not, we will be showing him the way."

Farm-state Democrats are likely to embrace -- and expand upon -- Mr. Bush's plans for a big bump in ethanol and biodiesel production. They are likely to take his proposals for increased research funding as an opening bid, and go up from there. Mr. Webb praised Mr. Bush's energy proposals and said: "We look forward to working with the president and his party to bring about these changes."

Mr. Bush's call for immigration-law changes seems likely to gain traction as well -- and drew a standing ovation from lawmakers. But his plans for overhauling fuel-economy standards face longer odds in Congress, as do proposals to give a big tax deduction to spur health-insurance purchases and to cull funds from federal low-income health programs for state efforts to create insurance pools for poor people.

Though Mr. Bush devoted the first half of his address entirely to domestic issues, he couldn't avoid the Iraq war and it consumed most of the second half. He included specific warnings to the country that failure would give Iraqi extremists a haven for plotting attacks against U.S. targets while emboldening Iran to pursue nuclear weapons. And he asked -- almost pleaded -- for a skeptical Congress to support his "new strategy in Iraq," saying, "I ask you to give it a chance to work."

But the significance the White House attached to the energy plan was underscored by the decision to send Mr. Bush on a first post-speech appearance this morning to Delaware with Energy Secretary Samuel Bodman, to visit a DuPont Co. research facility working on biofuels.

Last year, Mr. Bush called for doubling the research for fuels made from farm wastes such as corn stalks and straw. However, his proposed funding for the first commercial-size plants was stymied in Congress.

The centerpiece of Mr. Bush's newest energy plan is a significant increase in federal targets for use of renewable and alternative fuels, categories that include ethanol made from corn. The current standard aims for consumption of 7.5 billion gallons by 2012, a level the U.S. is likely to hit within about a year, thanks to ethanol's growing popularity. The new target would be 35

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billion gallons of renewable and alternative fuels by 2017 -- an amount Mr. Bush hopes will reduce projected gasoline consumption by about 15%.

The White House said oil companies would be required to mix a certain proportion of renewables into the fuel they distribute. If they don't, they would face a penalty.

Democrats and Republicans, particularly those from Midwestern states, cheered the idea. But boosting ethanol use isn't as easy as the president made it sound. There isn't currently enough corn in the U.S. to make all the fuel the White House says will be used, and environmentalists worry that adding to corn production would increase pollution. Making ethanol from cleaner sources such as wood chips isn't yet commercially proven.

The energy plan's second main element is a rewrite of federal fuel-economy standards that assumes the administration will raise passenger-car mileage standards by 4% more each year. By 2017, those changes would shave another 5% off projected gasoline use, for a total reduction of 20% in 10 years. Together, the proposals also would speed up by eight years Mr. Bush's goal from last year's speech of eliminating the equivalent of 75% of current Middle East oil imports.

The increase in the Corporate Average Fuel Economy (CAFE) standard is about twice the increase the administration imposed last year on light trucks and is in line with several proposals on Capitol Hill. Industry and environmental lobbyists both consider 4% a year to be a significant increase, though some are skeptical the administration will follow through.

While the CAFE change is likely to upset some auto makers, the administration has designed it with a feature that could be appealing to some: a provision for creating CAFE credits for manufacturers that exceed one or more of the standards, which could be traded or banked for future use.

The White House said in materials distributed earlier in the day that the energy plan would also serve as the administration's climate-change policy -- asserting it would "help confront climate change by stopping the projected growth of carbon emissions from cars, light trucks and SUVs within 10 years."

In his health-care package, Mr. Bush is offering to raise taxes on generally higher-income earners in the name of making health care more available for lower-income people. The White House plan would make employer-provided health insurance taxable for the first time. But it would create a big new tax deduction -- $15,000 for families and $7,500 for singles -- for everyone who gets insurance, whether at work or on their own. The plan would also help states extend insurance coverage by diverting money that now supports hospitals that care for the poor into state-created programs that subsidized basic insurance plans.

The foreign-policy component of Mr. Bush's remarks contained an implicit acknowledgment of how much U.S. power has ebbed in recent years because of the war in Iraq -- and how the conflict has significantly reduced leverage over adversaries such as Iran and North Korea. White House aides privately conceded before the speech that U.S. failures in Iraq had sharply increased Iran's influence, and that Tehran seemed to be gambling the U.S. would be unable to wage a military campaign against Iran because the American military was so overstretched.

Mr. Bush's public remarks about the Middle East have in the past focused heavily on Sunni Muslim extremist groups like al-Qaeda, but Mr. Bush last night said, "The Shia and Sunni extremists are different faces of the same totalitarian threat."

The speech also featured a revival of Mr. Bush's argument that the fighting in Iraq shouldn't be looked at in isolation, but as part of a broader confrontation with Islamic militants and as a more ideological conflict between forces of moderation and extremism. Both wars, Mr. Bush said, would last long after he had left office.

Bush Turns Domestic, But War Won't Go Away (CHIT)

By Michael Tackett

Chicago Tribune, January 24, 2007

WASHINGTON -- It was no small irony that President Bush seemed to be channeling Al Gore on energy policy on the very day that Gore's documentary film on global warming, "An Inconvenient Truth," was nominated for an Oscar.,

After several years of using war and terror as the defining themes of his State of the Union message, the president who came to office with little inclination toward foreign affairs tried to recast his presidency Tuesday night with a notable emphasis on domestic issues. Indeed, the president was more than 3,100 words into his speech before his first invocation of Iraq.

He did spend considerable time on energy. And while he didn't mention global warming specifically, he did emphasize a call to reduce U.S. gasoline usage by 20 percent over 10 years. Though he has mentioned energy independence seven straight years, his proposals have advanced only sporadically. Now the president's tone is far closer to the man he denied the White House in 2000, with talk of "hybrid vehicles," "biodiesel" and "solar and wind energy."

The president also made pitches for changes in health care, education and immigration. Much of it had the ring of George W. Bush, circa Sept. 10. 2001, which is to say an agenda focused tightly within America's borders.

But he confronts an older and more formidable reality. No matter the merits of his plans offered Tuesday night, his presidency almost certainly seems destined to be defined by his stewardship of the war in Iraq.

His audience was much different this time as well, at least in terms of relative power. Democrats, who for six years had in essence served as the loyal opposition, now hold effective veto power over anything the president sends up to Capitol Hill. And instead of having his ever-applauding wingmen of Dennis Hastert, as House speaker, and Vice President Dick Cheney, the president had new House Speaker Nancy Pelosi staring over his left shoulder, her vibrant sea foam ensemble a vivid contrast to the dark suits who have held her post.

Bush began with a grace note about Pelosi, the first woman speaker to preside over the chamber during a State of the Union speech. Those words came easily. Others, though didn't seem to roll naturally off Bush's tongue, such was when he talked of the State of the Union as a "rite of custom" and spoke of "endeavors underway."

In body language, and in words, the Democrats were skeptics. And now they have the votes to go with it. This might well mark the night that the president formally ceded control of the national agenda.

Presidents use their State of the Union addresses to try to shape national priorities in their own vision. By using the first half of his address to talk about things close to home, the president signaled a new intention for the final two years of his term in office.

"…We are all held to the same standards and called to serve the same good purposes: to extend this nation's prosperity, to spend the people's money wisely, to solve problems, not leave them to future generations," the president said.

Many of his proposals, though, were studies in incrementalism. Wrong though they might be, there's hardly a national firestorm over earmarks, the dark-of-night practice by members of Congress of inserting pet projects into spending bills.

The early signs from Democrats evidenced their serious doubts about Bush's sincerity.

In many important respects, Bush really gave his State of the Union speech two weeks ago when he announced his plan to flood Iraq with about 21,500 additional troops to try to halt the sectarian violence. And on that score, the president must also shore up support among Republicans, including Sen. John Warner (R-Va.), a leading voice on military affairs who just a day ago rejected the Bush plan. Democrats seem to be ever more vocal in their opposition, a viewpoint forcefully expressed by Virginia's other senator, the newly elected Democrat, James Webb, who delivered his party's response.

Beyond specific proposals tied to issues, the president offered what in another context might be seen as a poetic appeal for bipartisanship. But if ever a twist was born of necessity this was it, and Democrats didn't seem to be in a reciprocal mood.

Webb seemed outwardly combative, particularly on Iraq, a conflict he opposed even before the first shots were fired. A decorated Marine in Vietnam, the son of a soldier, and the father of a Marine now serving in Iraq, Webb has a special credibility on military matters.

"This country has patiently endured a mismanaged war for nearly four years," Webb said.

"… The president took us into this war recklessly. …We are now, as a nation, held hostage to the predictable {ndash} and predicted {ndash} disarray that has followed." The barbed tenor of Webb's words sent a strong signal of just how much the center of gravity has shifted in Washington.

And how much the debate has shifted on Iraq. While the president was slow in coming to Iraq in his speech, he nonetheless devoted nearly half of his time to the war, with a now familiar narrative. That war, however, will occupy a much larger space in the history of his presidency.

Bush Asks For Time On Plan For Iraq (BSUN)

By Julie Hirschfeld Davis

The Baltimore Sun, January 24, 2007

WASHINGTON -- President Bush appealed to a recalcitrant Congress and an anxious public Tuesday night to give his Iraq troop increase a chance, seeking to revive his waning influence with plans to reduce gasoline usage and expand access to health coverage.

Bush offered a conciliatory tone and a suite of proposals on hot-button domestic issues for his first State of the Union before a Democratic Congress, one in which his aides said he was trying to be "gracious" and acknowledge a new dynamic on Capitol Hill.

"Congress has changed, but not our responsibilities," Bush said, after congratulating Democrats for their victories.

With his poll numbers sagging and war criticism swirling, the president called on Congress to work with him on issues of shared concern such as energy and health care. He renewed his calls for an immigration overhaul that would allow some illegal immigrants the chance to become citizens and a reauthorization of the "No Child Left Behind" education law.

"We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people," Bush said.

Singling out House Speaker Nancy Pelosi, Bush said he had the "high privilege and distinct honor" of being the first president to begin his annual address with the words "Madam Speaker."

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"In his day, the late Congressman Thomas D'Alesandro Jr., from Baltimore, Md., saw Presidents Roosevelt and Truman at this rostrum. But nothing could compare with the sight of his only daughter, Nancy, presiding to night as speaker of the House of Representatives," Bush said, turning to clasp hands with a beaming Pelosi as he began his 50-minute speech.

But the specter of Iraq hung heavily over the speech, which came a day after House and Senate Republicans signaled grave reservations about Bush's 21,500 troop build-up, adding their skeptical voices to the nearly unanimous chorus of Democrats who oppose the move.

The president acknowledged the doubts -- "I respect you, and the arguments you have made," he said -- but he made it clear that he was not about to change his mind.

"Whatever you voted for, you did not vote for failure," Bush said. "Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work."

Democrats tapped Sen. James Webb of Virginia, a Vietnam veteran who has been a vocal critic of Bush's war strategy, to give their official response. He had scathing criticism for the president, who he said "took us into this war recklessly" and had bungled every aspect of it and who he blamed for presiding over an economy where "benefits are not being fairly shared" with the average worker.

Invoking the examples of Theodore Roosevelt and Dwight D. Eisenhower, two popular Republican presidents who he said took on steep economic and national security challenges, Webb called on Bush to turn things around on both fronts: "If he does, we will join him. If he does not, we will be showing him the way."

Republicans, for their part, said the president had provided a basis for bipartisan compromise on important issues.

Bush "outlined an agenda that addresses our nation's most pressing challenges and lays the groundwork for continued economic growth and prosperity," Sen. Jon . Kyl of Arizona, the Senate's No. 3 Republican, said in a statement.

The president "brought serious proposals to the table to begin the debate," Kyl added.

Rep. John A. Boehner of Ohio, the House Republican leader, said Bush had "laid out a series of ambitious proposals addressing the nation's priorities, and I hope Congress will give each a fair hearing. If Democrat leaders are going to oppose the president's agenda, they have an obligation to present their own alternatives."

Bush defended his choice to add troops amid raging sectarian violence in Baghdad and elsewhere in Iraq, first announced in a speech he gave two weeks ago from the White House.

"Our military commanders and I have carefully weighed the options. We discussed every possible approach," Bush said. "In the end, I chose this course of action because it provides the best chance for success."

He did not specifically mention the tangle of measures opposing the strategy that could come before Congress in the coming weeks and instead focused on articulating the stakes for Americans if the mission in Iraq were to fail, something he called a "nightmare scenario."

"Nothing is more important at this moment in our history than for America to succeed in the Middle East, to succeed in Iraq, and to spare the American people from this danger," Bush said.

Pelosi and Senate Majority Harry Reid of Nevada said they welcomed the bipartisan spirit in which Bush spoke but said he "continues to ignore the will of the country" on Iraq and promised an "up-or-down" vote on his plan.

Bush faced an audience that reflected a new and very different political reality from the one surrounding his past appearances in the well of the House: one where Democrats outnumbered Republicans in a crowd dotted with the faces of presidential aspirants of both parties, whose intense competition is already sucking attention and influence from the current White House occupant.

The president laid out a narrowly tailored set of domestic proposals designed to build on possible areas of compromise with Democrats, but it was fraught with risks and challenges.

Aiming to make a splash with a proposal to reduce gasoline consumption by 20 percent within 10 years, Bush called weaning the country off of oil a national-security imperative. He said he would do so by substantially increasing federal mandates for the amount of ethanol blended into fuel each year -- a step the White House said would reduce gasoline usage by 15 percent. In addition, Bush proposed raising fuel efficiency standards for cars, which could displace gas by an additional 5 percent.

Taking a new -- and somewhat controversial -- approach to expanding health insurance access, the president proposed making employer-provided coverage taxable, then creating a standard deduction of $15,000 per family or $7,500 per individual for those receiving it or purchasing their own private plan.

He said he would work with Health and Human Services Secretary Michael O. Leavitt to help states find ways to help uninsured patients afford private health coverage.

Bush plans to take his domestic proposals on the road starting Wednesday, with remarks on his energy initiatives in Wilmington, Del., and a roundtable on his health care proposals tomorrow in Lee's Summit, Mo.

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Many senior Democrats are adamantly opposed to Bush's new health care proposal, which would open at least some middle- class workers who receive generous employer-provided benefits -- the White House estimates about 20 percent -- to higher income taxes.

Rep. Pete Stark, a California Democrat who chairs a key health subcommittee, said he would not even hold hearings on the proposal, saying it would "make a bad problem worse."

Rep. Charles B. Rangel, a New York Democrat who chairs the Ways and Means Committee, said Bush "really should have done more to reach out to Democrats before his speech to see if we can come together, rather than simply exchange policies and press releases." <

Democrats also say Bush's energy plans do not go far enough in encouraging the development of alternative fuel sources and combating global warming, such as through mandatory limits on carbon-dioxide emissions.

Some in Bush's own party are dead-set against his immigration plan, which crumbled last year amid conservative opposition to an approach that was branded as "amnesty" for lawbreakers.

Still, there were obvious attempts to reach out to Democrats and entice them with policy prescriptions they support. Bush promoted the potential benefits of his energy initiatives, for instance, on curbing carbon dioxide emissions believed to be a main culprit in global warming -- a problem Democrats have vowed to address. Expanding the use of alternative fuels including ethanol also has substantial bipartisan appeal.

Many Democrats have backed Bush's immigration plan, which has a ready-made bipartisan coalition left over from last year's abortive attempt to enact a new law.

Bush "has been a leader on this issue, and I am hopeful that he will continue his efforts with members of his party so that we can pass legislation that that will solve the problem once and for all," said Sen. Edward M. Kennedy, a Massachusetts Democrat who was a main sponsor of a Senate-passed immigration plan that tracked closely with the president's ideas.

Some Democrats also have supported the president's educational reforms, though many have complained since their 2001 enactment that Bush has shortchanged them in his annual budgets, and they are sure to oppose his call to move poor children in underperforming schools to private schools.

The president's speech also was notable for what it did not include.

Burned by his disastrous Social Security overhaul attempt in 2005, Bush steered clear of offering any specific plan for tackling the growth of huge government entitlement programs -- Social Security, Medicare and Medicaid -- that are eating up unsustainably large portions of the federal budget each year. He said only that policymakers were "failing in [the] duty" to fix them and invited Congress to join with him in doing so.

A Shift In Power, Starting With 'Madam Speaker' (NYT)

By Kate Zernike

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — From the president's very first words of the evening, it was clear how much had changed in the capital.

"Tonight, I have the high privilege and distinct honor to begin a speech with the words 'Madam Speaker,' " President Bush said Tuesday night in the House, setting off a wave of thunderous applause.

He referred, of course, to Representative Nancy Pelosi of California, the first woman to be speaker of the House and the first Democratic one of Mr. Bush's presidency, whom he greeted with a smile and a warm handshake. In preparation, her staff had coached Ms. Pelosi, an ardent critic of the president, to keep a neutral face, warning her that the cameras trained on him would capture any raised eyebrow or pursed lip.

But while Ms. Pelosi emphasized that she would be "respectful," her very choice of words earlier in the day signaled the new dynamic. "We always give the president a warm welcome as our guest in the chamber," she said, with the operative word, "guest."

The day was full of such reminders of how power has flowed away from the president in the new Washington. Not just because he spoke before a Democratic-led Congress for the first time in his presidency. Not just because his poll numbers are dismal. Not just because the mayor of the nation's capital had rejected the White House's invitation to sit with the first lady, Laura Bush, in her box and instead came as Ms. Pelosi's guest.

Even Republicans, while noting that it was "the president's day," as Senator John W. Warner of Virginia described it, yielded him only a share of the spotlight.

Mr. Warner and others were working with Democrats, whom six months ago they derided as Defeatocrats, on resolutions opposing Mr. Bush's proposal to increase the number of troops in Iraq. They had unveiled their resolutions in the days before the speech and planned to take them up the morning after.

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The guests in the boxes on either side of the chamber — Ms. Pelosi's on one, the first lady's on the other — were a tableau of change.

In years past, Mr. Bush invited Iraqis to make his case for the war, including Ahmed Chalabi, the exile-turned-advocate for the war who has now fallen from favor, as well as ordinary Iraqis with ink-stained fingers to prove that they had cast their ballots in their first democratic elections. This year, the only reminders of Iraq were a few soldiers, but the box was mostly filled with educators, entrepreneurs, an energy researcher and those with heartwarming 9/11 stories.

The Democrats, meanwhile, invited people who symbolized the legislation they have passed in their first two weeks in office: people who support embryonic stem cell research, those who fought for national security reforms after the Sept. 11 attacks, and labor leaders who backed an increase in the minimum wage.

The city itself offered reminders of how much has changed for Mr. Bush; in a boxy courtroom down the street, I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, was on trial on perjury charges stemming from the administration's efforts to promote its Iraq policy. Democrats had decided it not in their interests to look churlish during the speech. Lawmakers were advised to take their cues when to stand up and sit down, when to applaud from Ms. Pelosi, who sat on the dais next to Mr. Cheney, her junior by several months, but a reminder of an older generation of white male politicians. They exchanged few words as they stood waiting for the parade of lawmakers to assemble. At some points, she beat him in jumping to an ovation.

Her caucus said that they expected Ms. Pelosi to, in the words of Representative John B. Larson of Connecticut, show "poise, dignity, comity."

Appearances were obviously important to Ms. Pelosi, who had changed from the brown suit she had worn earlier in the day to a soft green one, which offered more contrast to her leather speaker's chair.

The noise level in the chamber seemed more muted, as Democrats exercised their new majority by sitting on their hands and staying off their feet during many applause lines. Republicans, who had promised to be "boisterous" to make up for their diminished numbers, greeted Mr. Bush with a series of "ho's!"

Democrats, in turn, shouted, "Hey!" and "Yeah!" when the president introduced Ms. Pelosi as the first female speaker. The president's congratulations to the "Democrat majority" won only polite applause from both sides The chamber erupted most unanimously and loudly for Wesley Autrey, the man who leapt into the tracks of a New York subway to save a fellow passenger. (The only ones not clapping, it appeared, were Mr. Autrey's two young daughters, who napped beside him in their bubblegum-colored dresses.)

Democrats leapt to their feet with the Republicans when Mr. Bush said he wanted to balance the federal budget, provide affordable health care, leave medical decisions to doctors and patients rather than bureaucrats, reduce gasoline consumption and increase alternative fuels.

But the applause was more Republican-only when Mr. Bush said he could balance the budget without raising taxes. Almost no Democrats clapped when he said his candidates for federal judgeships should get quick "up or down votes."

And there were lines that got little support from Mr. Bush's own side of the aisle. When he pledged to uphold the "tradition of the melting pot," the Republican House leader, Representative John A. Boehner of Ohio, grimaced and clapped just once. When Mr. Bush went further and vowed "comprehensive immigration reform" — code words for the plan the House rejected the Senate approved last year — two top House Republicans, Roy Blunt of Missouri and Adam Putnam of Florida, stayed seated, hands quiet.

And when the president addressed the issue that has dominated discussions on Capitol Hill in recent weeks, his proposed increase in troops in Iraq — there was little unanimity between the parties, or within them. Most Democrats remained seated as the president urged the chamber to "find our resolve." Senator Charles E. Schumer of New York cast a disapproving eye on those who stood, including Senators Joseph I. Lieberman and John Kerry. And while Secretary of State Condoleezza Rice sat forward in her seat and nodded as he described the increase in troops, Republicans who have criticized the plan, including Mr. Warner, stayed off their feet. Perhaps the most poignant commentary on the war and the plan to increase troops came in the Democratic response to the speech, given by Senator James Webb of Virginia. He had been chosen because, as Senator Harry Reid, the Democrats' leader, said, he understood what it meant to go to war. A former secretary of the Navy and ex-marine, his son is serving in Iraq.

During his speech, he held up a tattered photograph of his own father serving as an Air Force captain serving in Germany. He had carried it with him for most of his life, he said. And as a child, he had taken it to bed for three years as he prayed for his father's safe return.

Energy, Healthcare Are Major Points Of Bush's Address (LAT)

By Doyle Mcmanus And Maura Reynolds

The Los Angeles Times, January 24, 2007

Washington — President Bush, seeking to regain political ground lost to the new Democratic-led Congress, called Tuesday for bipartisan action on energy and other domestic issues while forcefully defending his unpopular decision to send more U.S. troops to Iraq.

Delivering his annual State of the Union Address before both houses of Congress with the nation's first woman speaker of the House, Rep. Nancy Pelosi (D-San Francisco), seated behind him, Bush acknowledged that millions of voters deserted his Republican Party in November. Still, he asserted that as president he could set the nation's agenda.

"We're not the first to come here with government divided and uncertainty in the air," he said. "Our citizens don't much care which side of the aisle we sit on, as long as we are willing to cross that aisle when there is work to be done."

But on the nation's most divisive issue — the war in Iraq — Bush stuck to his guns. "Many in this chamber understand that America must not fail in Iraq, because you understand that the consequences of failure would be grievous and far reaching," he said.

Yet before the president arrived at the Capitol, the Democrats' designated spokesman, in comments to reporters, brusquely dismissed Bush's plan to add 21,500 troops to Iraq as feckless.

"They don't have a plan," said Sen. Jim Webb (D-Va.), a Vietnam veteran whose upset election in November was key to giving the Democrats their majority in the Senate. "What they have put on the table is more a tactical adjustment."

Inside the House chamber, the atmosphere was cordial and polite. Bush drew cheers from members of both parties when, at the start of his speech, he noted that he was the first president in history to begin his State of the Union Address with the words "Madam Speaker."

In domestic policy, Bush presented a series of proposals that aides said were designed to appeal to Democrats as well as Republicans, with the aim of enticing at least some of the president's opponents to acknowledge that his ideas were worth considering.

He proposed cutting the nation's consumption of gasoline 20% in 10 years by requiring energy companies to use more alternative fuels such as ethanol, which can be produced from grains and grasses, and by raising fuel efficiency standards for automobiles.

He also expanded on a proposal he unveiled Saturday to make spending on health insurance tax deductible up to a ceiling of $15,000 per family, a plan that would make insurance more affordable for some but more expensive for others.

Democrats largely applauded Bush's energy proposal — Webb said they "look forward to working with the president and his party" to encourage alternative energy sources — but criticized his healthcare plan as a threat to traditional employer-provided insurance.

For Bush, the stakes went beyond those individual issues: he sought to demonstrate that in the final two years of his presidency, he can still command enough popular support to compel both Democrats and Republicans to pay him heed.

During his first six years in the White House, Bush enjoyed the support of a solidly Republican majority in the House and, for most of that time, in the Senate. He wielded both his personal popularity and his fundraising prowess as weapons to keep his party in line. But now he faces a Democratic congressional majority that wants to overturn many of his policies — at a time when his own popularity has been badly diminished by the war.

In his official response, Webb did not echo the president's notes about bipartisanship, saying simply: "We in the Democratic Party hope that this administration is serious about improving education and healthcare for all Americans, and addressing such domestic priorities as restoring the vitality of New Orleans."

Bush did not mention New Orleans or Hurricane Katrina, which devastated the city in 2005, in his speech.

Instead, Webb focused on two issues on which he said the parties stand "in contradiction" — the state of the nation's economy and Iraq.

"Wages and salaries for our workers are at all-time lows as a percentage of national wealth, even though the productivity of American workers is the highest in the world," he said.

On Iraq, he charged that Bush "took us into this war recklessly" despite warnings from many senior military officers.

"The war's costs to our nation have been staggering," Webb said. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military. We need a new direction."

On energy, Bush's call for reducing gasoline consumption by 20% in the next decade rested on two specific initiatives:

He proposed raising the federal government standard for motor fuel to require the nation's energy supplies to include a much higher percentage of alternative fuels such as ethanol. The White House estimated that their proposed standard would reduce by 15% the amount of gasoline used to fuel cars.

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Second, Bush called on Congress to alter the federal fuel efficiency requirement for passenger cars from the average standard of 27.5 miles per gallon to about 34 miles per gallon. White House officials estimated that this change would reduce gasoline consumption by another 5% over 10 years.

Environmentalists welcomed the administration's support for reduced energy consumption. In earlier years, the Bush administration focused its energy policies almost exclusively on increasing U.S. energy production.

"This could be the breakthrough we have been waiting for on fuel economy," said David Friedman, research director at the Union of Concerned Scientists.

But Friedman, along with other environmentalists and some Democratic lawmakers, complained that Bush's proposal fell short of their hopes of broader action against global climate change.

On healthcare, Bush outlined a two-part strategy to reduce the number of Americans who do not have health insurance, now nearly 47 million. But he stopped short of making a commitment to covering all the uninsured.

The first part of his plan would create the new health insurance tax deduction of $15,000 for families and $7,500 for individuals. That would make it easier for people who don't get coverage through an employer to purchase their own private plan. But those with employer plans that have annual premiums worth more than the deduction would have to pay taxes on the difference.

An analysis by Senate Democrats estimated that more than 7 million people could face higher taxes as a result.

The second part of Bush's health plan calls on each state to design its own plan to cover uninsured residents. To support the states, the federal government would redirect a portion of the billions of dollars it now spends on care for the poor and uninsured.

For instance, instead of paying hospitals and other providers to treat the uninsured after they get sick, states could use the funds to help the poor obtain their own private coverage.

On immigration, Bush returned to familiar territory — reaffirming a proposal he first made in his 2004 State of the Union address, only to find that his ideas divided his own party.

The president stressed the need for a guest worker program to fill America's future labor needs. He also called for unspecified measures to "resolve the status of the illegal immigrants who are already in our country," without offering a path to automatic citizenship or "amnesty."

Advocates and opponents of Bush's vision for immigration reform said his comments did little to advance the debate, leaving it to Congress to hammer out the details.

There was no sign that Bush's comments swayed the GOP lawmakers who want to focus solely on tougher enforcement of immigration law and who last year thwarted efforts for the broader approach pushed by the president.

Rep. Dana Rohrabacher (R-Huntington Beach) harshly criticized Bush's position, saying he "has destroyed his own base."

On education, Bush cited the "No Child Left Behind" law he passed with Democratic help in the early stages of his presidency as an example of how the two parties can and should work together on domestic policy. He called on Congress to renew the law, which expires this year.

At the same time, Bush risked Democrats' ire by calling for a so-called voucher system that would permit parents to use government money to send their children to private schools. The president did not use the term "voucher," but he called for building on the success of No Child Left Behind "by giving families with children stuck in failing schools the right to choose something better."

Sen. Edward M. Kennedy (D-Mass.), the principal Democratic sponsor of the 2001 education law, charged that Bush's proposal would dilute the successes the president touted.

"Once again, he proposes siphoning crucial resources from our public schools — already reeling from increased requirements and budget cuts — for a private school voucher program," Kennedy said.

After outlining his domestic proposals, which aides described as the core of the speech, Bush offered a vigorous reiteration of his view of the war in Iraq and its relationship to the world-wide struggle against terrorism — evidence of the president's passion for the issue, which he has called his central mission.

The fight against terrorism "is more than a clash of arms — it is a decisive ideological struggle," he said. "And the security of our nation is in the balance."

Bush said that in the last two years, the forces of democratic change have advanced in the Middle East, from Lebanon, to Afghanistan and Iraq, only to see a violent reaction by those who oppose it.

"We have been sobered by the enemy's fierce reaction," he said.

He said the war in Iraq, with its sectarian fury, "is not the fight we entered in Iraq. But it is the fight we are in It is still within our power to shape the outcome of this battle. So let us find our resolve, and turn events toward victory."

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He said that he and U.S. military commanders had chosen the new strategy in Iraq after discussing "every possible approach."

"In the end, I chose this course of action because it provides the best chance of success," he said. "Many in this chamber understand that America must not fail in Iraq — because you understand that the consequences of failure would be grievous and far reaching."

Following tradition, each party invited special guests to watch the speech from the galleries and released lists of their names.

First Lady Laura Bush's guests included basketball star Dikembe Mutombo and New York City subway hero Wesley Autrey, who recently jumped onto the tracks to save a man suffering from a seizure from being hit by a train. Pelosi's guests included AFL-CIO President John Sweeney, Los Angeles Mayor Antonio Villaraigosa and several relatives of the victims of the Sept. 1, 2001 terrorist attacks.

Times staff writers Ricardo Alonso-Zaldivar, Stacy Anderson, Nicole Gaouette, Noam N.. Levey, Johanna Neuman, Adam Schreck and Richard Simon contributed to this report.

'We Must Not Fail In Iraq' (WT)

By Joseph Curl

The Washington Times, January 24, 2007

President Bush pleaded with Congress last night to give his new strategy for victory in the struggle in Iraq a chance because "America must not fail in Iraq."

Defeat in Iraq, he said, would be "grievous and far-reaching" because the fighting in Iraq is part of a broader struggle against Islamic extremists across the Middle East and stretching to the farther reaches of the globe.

He proposed wide-ranging domestic goals in his 50-minute State of the Union address, proposing to balance the budget with no new taxes over the next five years, slash gasoline consumption by 20 percent over the next 10 years, double the Strategic Petroleum Reserve to 1.5 billion barrels of oil over the next 20 years, offer tax benefits for Americans who buy their own health insurance, create a "temporary worker program" as the first step in comprehensive immigration reform and "remain a clear voice for freedom" in Cuba, Belarus and Burma.

The domestic goals were relatively modest, but the president was at his most impassioned in arguing that the war in Iraq must not be abandoned.

America faces "a generational struggle that will continue long after you and I have turned our duties over to others," he said. "That is why it is important to work together so our nation can see this great effort through.

"For all of us in this room, there is no higher responsibility than to protect the people of this country from danger. ... To win the war on terror, we must take the fight to the enemy. Both parties and both branches should work in close consultation."

Democrats, who now control both the House and the Senate, sat quietly as Republicans stood in a raucous ovation when the president declared "nothing is more important at this moment in our history than for America ... to succeed in Iraq." Vice President Dick Cheney often stood to applaud as House Speaker Nancy Pelosi remained seated, unsmiling.

Mr. Bush avoided a focus on major initiatives on contentious matters that divide the two parties, as he did in 2005, for example, when he made major Social Security reform a central theme of his speech, only to see it fail.

He focused instead on Democrat-friendly issues, calling on Congress to enact immigration reform this year, set up new health care tax breaks by 2009, increase the military by nearly 100,000 members in the next five years, double the Strategic Petroleum Reserve by 2027 and cut congressional earmarks in half in the next fiscal year.

As he did two weeks ago, the president said the only way to secure the war-torn country is to send in thousands of additional troops.

"Our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance of success. Many in this chamber understand that America must not fail in Iraq -- because you understand that the consequences of failure would be grievous and far-reaching," he said.

Democrats, many of whom support resolutions of opposition to the president's plan, quickly repeated their opposition in the wake of the speech.

"The president took us into this war recklessly," said Sen. James H. Webb of Virginia, who has been in office less than a month, who delivered the Democratic response. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military. We need a new direction," including "strong regionally based diplomacy" and "a formula that will in short order allow our combat forces to leave Iraq."

The president urged Congress to unite in the struggle against international terrorism as Americans did in the days after the September 11 terrorist attacks.

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"We went into this largely united -- in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure. Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work," Mr. Bush said. "And I ask you to support our troops in the field, and those on their way."

Mr. Bush acknowledged that terrorists have made inroads across the Middle East and said sectarian violence and insurgents have outstripped American forces in Iraq.

"This is not the fight we entered in Iraq, but it is the fight we are in. Every one of us wishes this war were over and won, yet it would not be like us to leave our promises unkept, our friends abandoned, and our own security at risk."

He said the United States cannot withdraw.

"If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides. ... For America, this is a nightmare scenario. On this day, at this hour, it is still within our power to shape the outcome of this battle. So let us find our resolve, and turn events toward victory."

Mr. Bush sought at several points to soothe harsh partisan feelings, opening his address by noting the ascendancy of House Speaker Nancy Pelosi, the first woman to head either chamber of Congress.

It was "high privilege and distinct honor," he said, echoing Mrs. Pelosi's words introducing him, to be the first president ever to start the address by thanking "Madame Speaker." As the gathered lawmakers and officials gave a standing ovation, Mr. Bush turned from his lectern and shook Mrs. Pelosi's hand.

At that moment, Rep. Stephanie Tubbs Jones, Ohio Democrat, flexed her arms in the boxer's stance, as Mrs. Pelosi did at her swearing-in week.

After a rare round of bipartisan applause, Mr. Bush reached out to Democrats, challenging the new majority to work with Republicans to get things done.

"Congress has changed, but our responsibilities have not," the president said. "We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people."

Despite growing rancor between the two parties -- Mrs. Pelosi last week accused the president of swiftly enacting his "surge" plan to prevent opponents on Capitol Hill from blocking the strategy, words the White House labeled "poisonous" -- Mr. Bush said that "both parties and both branches should work in close consultation."

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," he said.

Mr. Bush urged the congressmen to increase funding for his signature No Child Left Behind Act and reconsider school vouchers, urging Congress to give "families with children stuck in failing schools the right to choose some place better."

He repeated his rejection of new taxes, touted the booming economy -- in its 41st straight month of job growth, he noted -- and vowed to erase the federal deficit within five years.

Mr. Bush won far more applause from Democrats than from Republicans when he called for a "comprehensive" immigration bill and when he called for action to combat global warming. The entire Democratic side of the room stood for both, while many Republicans remained sitting and some of them shook their heads in seeming dismay.

Cameras in the chamber cut away to Rep. Tom Tancredo, the Colorado Republican who leads the House immigration caucus. Mr. Tancredo shook his head "no."

The biggest applause line of the night for Mr. Bush among Republicans was his call for an up-or-down vote in the Senate on his judicial nominees. But on the Democratic side just two stood -- Sens. Ben Nelson of Nebraska and Joe Lieberman of Connecticut, an independent who caucuses with the Democrats.

Mr. Bush made only a brief undetailed call for reform of Social Security, Medicare and Medicaid. "Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

One Republican-friendly feature of previous State of the Union addresses was notably absent. Mr. Bush made no mention of efforts to amend the Constitution against homosexual "marriage" by defining the union as joining a man and a woman.

In keeping the tradition, one Cabinet member -- last night it was Attorney General Alberto R. Gonzales -- did not attend the speech in case of a major attack on the Capitol.

The White House sought to highlight the president's energy initiative, holding an afternoon briefing for reporters featuring senior administration officials and lifting the usual embargo on specific proposals in the address. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," he said.

According to the president's proposal, Americans could cut gasoline consumption by 20 percent within 10 years by sharply increasing the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply.

Under current law, fuel blenders must use 7.5 billion gallons of renewable fuel annually by 2012; Mr. Bush wants to increase that to 35 billion gallons by 2017, which would achieve a 15 percent cut. The president's plan also calls for raising the

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fuel economy standards for passenger cars, a plan that Mr. Bush has proposed in the past but failed to win from Congress. Doing so would reduce annual gasoline consumption by 8.5 billion gallons, a further 5 percent reduction.

"Achieving these ambitious goals will dramatically reduce our dependence on foreign oil, but not eliminate it," he said.

Mr. Bush, who last year declared in his State of the Union that Americans are "addicted to oil," again urged lawmakers to move forward to reduce U.S. reliance on foreign petroleum.

Another major initiative in Mr. Bush's speech called for tax breaks for employer-financed health care benefits, analogous to the current child allowance. Instead of paying for health insurance with wages that already had been taxed, persons could pay for a significant part of their health insurance -- $15,000 per family and $7,500 for individuals -- with pre-tax dollars.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. Still, analysts say some 20 percent could see a tax increase, including those workers whose health insurance cost more than the standard deduction.

As evidence of the partisanship in the House, Rep. Pete Stark, California Democrat and chairman of the Ways and Means health subcommittee, said he would not even consider holding hearings on the plan.

Other proposals in Mr. Bush's speech included a call for "new resources" to expand the No Child Left Behind education act, which requires testing in elementary and middle schools to make sure students are learning. The president wants to expand the program and is seeking to give poor students the right to private-school vouchers.

The administration's proposal calls for giving vouchers to students in schools that repeatedly fail to meet standards set by the federal law, but Democrats blocked that idea when the bill was drafted five years ago.

Sen. Edward M. Kennedy, Massachusetts Democrat and new chairman of the Senate committee overseeing education, said again yesterday that he would work to keep vouchers out of the education law.

·Stephen Dinan contributed to this report.

President Strays Into Democrats' Priorities, Themes (WP)

By Jonathan Weisman And Michael A. Fletcher

Washington Post, January 24, 2007

In an overture to the new majority in Congress, President Bush strayed into Democratic territory last night with proposals on health insurance, gasoline efficiency and even the first real tax increase of his presidency.

Rhetorically, the shift was remarkable. The language he used to sell his health plan dwelled on the plight of the uninsured and on a tax on the well-to-do, a pitch that Republicans have dismissed as class warfare. His energy plan asked for new authority to raise automotive fuel-efficiency standards, a regular theme of the Democratic Party's liberal wing.

But senior Democrats for the most part responded with icy disdain, saying that Bush may be on their turf, but that he continues to clutch his conservative, free-market principles with little regard to the radically changed political terrain he faces.

Democratic displeasure stemmed from both the substance of the proposals Bush laid out and the way he did it: Fully formed, without prior consultation and without an acknowledgment of who controls Capitol Hill. If White House officials want to work with Democrats to reach a compromise, then take credit, that would be fine, Democrats said yesterday, before the speech. But they blanched at being dictated to on policies vital to their constituents.

"For some people to think this is bringing us together, I don't get it," said House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.), whose panel will decide the fate of Bush's centerpiece proposal on health insurance and taxes. "To be honest with you, I feel sorry for the guy. It seems to me somebody ought to talk to the guy and see if he can get some goodwill going for him down here."

In calling for an end to the Iraq war and a new emphasis on economic equality, Sen. James Webb (Va.) implored Bush to embrace those Democratic priorities. "If he does, we will join him," Webb said in the Democratic response to the State of the Union address. "If he does not, we will be showing him the way."

White House officials said they are mindful of the new political order in Washington. "Like many before us, we can work through our differences and achieve big things for the American people. Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," Bush said in his speech.

But Democrats said they did not see much movement toward them beyond the rhetoric. At particular issue is Bush's proposal to encourage the purchase of individual health insurance policies through tax deductions financed by a new tax on the value of employer-provided health insurance. Under the plan, the government would allow each family to deduct $15,000 a year from its taxable income to offset the cost of health insurance -- and those who file their tax returns as individuals would be allowed $7,500 each. To pay for this tax break, the value of employer-provided health insurance exceeding the deductions would be taxed as income.

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White House officials framed the proposal as a progressive plan to help cover the uninsured by taxing those with Cadillac-style health coverage, primarily well-paid workers and executives.

But Democrats did not buy it. Instead, they said they view it as a continuation of Republican efforts to drive workers away from employer-provided health insurance and into the free market. Even some conservatives questioned how it could help the uninsured. The conservative Tax Foundation said 53 percent of Americans without health insurance pay nothing in federal income taxes and would, therefore, get nothing from a tax break on such taxes.

Low-income workers would get a reduction in their Social Security and Medicare taxes, but probably not as large as the White House suggests, Democrats said. Half of those payroll taxes are paid by workers and half by employers. To reach their generous assessment of the proposal for the working poor, White House economists assume that employers would pass on their payroll tax cut to their workers in the form of raises.

"C'mon," scoffed Rep. Pete Stark (D-Calif.), chairman of the House Ways and Means subcommittee on health.

Democrats did marvel that Bush proposed a significant tax boost, but they were not about to embrace what they called a tax increase on the middle class while the president was simultaneously calling for Congress to make permanent the first-term cuts on income and inheritance taxes on the super-rich. The White House said its proposal would affect the highest 20 percent of incomes, starting at around $75,000 to $80,000 a year. That threshold is well above the U.S. median income, but to senior Democrats from high-cost West Coast and Northeastern districts, those are their constituents' incomes.

"I'm all for progressive tax policy," Stark said, " but they are being rather selective here."

Perhaps the biggest problem Bush faces in Congress is the question of trust. Rep. Chris Van Hollen (Md.), the chairman of the Democratic Congressional Campaign Committee, called it a "large credibility gap."

"He's good at identifying the challenges we face as a country," he said. "But he has failed to enact concrete solutions. The challenges he talked about tonight he's talked about for the past six years."

The president's call for an extension of the landmark No Child Left Behind education law might have been expected to be well-received by one of the its authors, House Education and Labor Committee Chairman George Miller (D-Calif.). But in an era of no-growth domestic budgets, Miller was not impressed.

"The task of renewing the law will be made much more difficult if the president's budget fails to provide a substantial increase in funding for schools to carry out their responsibilities under the law," Miller warned.

Bush Challenges Foes Of Iraq Troop Plan (AP)

By Terence Hunt

AP, January 24, 2007

A politically weakened President Bush implored a skeptical Congress Tuesday night to embrace his unpopular plan to send more U.S. troops to Iraq, saying it represents the best hope in a war America must not lose. "Give it a chance to work," he said.

Facing a political showdown with Democrats and Republicans alike, Bush was unyielding on Iraq in his annual State of the Union address. He also sought to revive his troubled presidency with proposals to expand health insurance coverage and to slash gasoline consumption by 20 percent in a decade.

Democrats — and even some Republicans — scoffed at his Iraq policy. Unmoved by Bush's appeal, Democrats said the House and Senate would vote on resolutions of disapproval of the troop buildup.

"We need a new direction," said freshman Sen. Jim Webb, picked by the Democrats to deliver their TV response. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military," said Webb, a Vietnam veteran opposed to Bush's invasion of Iraq.

Republican Sen. Norm Coleman of Minnesota, also took issue with Bush. "I can't tell you what the path to success is, but it's not what the president has put on the table," he said.

It was a night of political theater as Bush went before the first Democratic-controlled Congress in a dozen years with his lowest approval ratings in polls.

Democratic Speaker Nancy Pelosi of California, the first woman to lead the House, sat over Bush's shoulder, next to Vice President Dick Cheney. Reaching out to the Democrats, Bush opened with a tribute to Pelosi and paused to shake her hand. He also asked for prayers for Democratic Sen. Tim Johnson, hospitalized for more than a month after suffering a brain hemorrhage, and Republican Georgia Rep. Charlie Norwood, suffering from cancer.

The speech audience included up to a dozen House and Senate members who have announced they are running for president or are considered possible contenders.

Bush divided his 49-minute address between domestic and foreign issues, but the war was topic No. 1.

Pelosi set the tone for Democrats. She sat silently and did not applaud as Bush warned of high stakes in Iraq and said American forces must not step back before Baghdad is secure.

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With Congress poised to deliver a stinging rebuke on his troop increase, he made a personal plea to lawmakers.

"I have spoken with many of you in person. I respect you and the arguments you made," Bush said. "We went into this largely united, in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure."

"Our country is pursuing a new strategy in Iraq and I ask you to give it a chance to work," Bush said. "And I ask you to support our troops in the field and those on their way."

Pelosi and Senate Majority Leader Harry Reid gave Bush a swift answer. "While the president continues to ignore the will of the country, Congress will not ignore this president's failed policy," they said in a joint statement after his address. "His plan will receive an up-or-down vote in both the House and Senate, and we will continue to hold him accountable for changing course in Iraq."

Bush said the Iraq war had changed dramatically with the outbreak of sectarian warfare and reprisals.

"This is not the fight we entered in Iraq, but it is the fight we are in," the president said. "Every one of us wishes that this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk.

"Ladies and gentlemen: On this day, at this hour, it is still within our power to shape the outcome of this battle," the president said. "Let us find our resolve and turn events toward victory."

Key Republicans have joined Democrats in drafting resolutions of opposition to the plans he announced two weeks ago to send an additional 21,500 troops to Iraq. Bush said his approach had the best chance to succeed, but clearly many lawmakers — and overwhelming majority of Americans — disagreed.

"Many in this chamber understand that America must not fail in Iraq because you understand that the consequences of failure would be grievous and far reaching," the president said. "If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides."

In such a case, he forecast "an epic battle," Shiite extremists backed by Iran against Sunni extremists aided by al-Qaida and supporters of Saddam Hussein's government, leading to violence that could spread across the Middle East. "For America, this is a nightmare scenario," Bush said.

On domestic matters, he pressed Congress to help find ways to overhaul entitlements such as Social Security, Medicare and Medicaid before they impose huge problems for future generations.

"Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

On immigration, too, the president made a plea to lawmakers that he has made before, seeking comprehensive changes including a guest worker program, that go beyond tougher border controls. Members of his own party were the main obstacle to success in that area — a fact Bush acknowledged even as he pressed for a better result now than Capitol Hill is run by Democrats more amenable to his ideas.

"Convictions run deep in this Capitol when it comes to immigration," he said. "Let us have a serious, civil and conclusive debate."

Bush said his energy proposals would cut American imports by the equivalent of 75 percent of the oil coming from the Middle East. His prescription, as always, relied primarily on market incentives and technological advances — not government mandates.

"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on oil," he said. "These technologies will help us become better stewards of the environment — and they will help us to confront the serious challenge of global climate change."

Bush called for changing the tax code to encourage more people not covered by medical insurance to buy a plan, and to discourage others from keeping the most costly health care plans.

Under Bush's proposal, employer-financed health care benefits would be considered taxable income after a deduction of $15,000 for families and $7,500 for individuals. Those buying their own plan would get the same deductions on their taxes.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. But about 20 percent would see a tax increase — those workers whose health insurance cost more than the standard deduction.

"With this reform, more than 100 million men, women and children who are now covered by employer-provided insurance will benefit from lower tax bills," Bush said. "At the same time, this reform will level the playing field for those who do not get health insurance through their job."

The administration sought to make Bush's energy initiatives — in particular a 20 percent cut in gasoline usage by 2017 — an eye-catching centerpiece of his address, the one major element not revealed until hours before the speech. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," Bush said.

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The cut would be achieved primarily through a sharp escalation in the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply. The rest would come from raising fuel economy standards for passenger cars, a plan that Bush has proposed in the past but failed to win from Congress.

Acknowledging that some would say such a drastic increase in alternative fuels is unrealistic, the White House argued that the new mandate — which would need approval from Congress — would spur investments in the industry and give technological research a boost.

While setting cutback goals, the president spurned appeals from environmentalists and some major corporations to impose mandatory ceilings on U.S. greenhouse gas emissions in hopes of slowing climate change.

Bush Reaches Out To Skeptical Democrats (MCT)

By Ron Hutcheson

McClatchy Newspapers, January 24, 2007

WASHINGTON - Facing a Democratic-controlled - and hostile - Congress for the first time, a politically weak President Bush bowed to political reality in his State of the Union address Tuesday night by advancing domestic policies that he hoped might win bipartisan support.

Little consensus was apparent, however.

The president proposed to boost alternative fuels, reduce auto emissions and offer a tax break for buying health insurance - unless your employer buys an expensive plan for you, and then Bush would make you pay tax on it.

On the dominant issue of the day, the president was unyielding on Iraq and his plan to send 21,500 more U.S. troops there, despite bipartisan congressional opposition and polls showing that a large majority of Americans are against it.

"On this day, at this hour, it is still within our power to shape the outcome of this battle. So let us find our resolve and turn events toward victory," Bush told a joint session of Congress in the packed chamber of the House of Representatives.

"Our country is pursuing a new strategy in Iraq - and I ask you to give it a chance to work."

Yet the war is so divisive that it may overwhelm chances for bipartisan compromise on anything, despite Bush's invitation to try.

"We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences, and achieve big things for the American people," Bush said.

Democrats reacted with skepticism and, on some issues, outright hostility.

On Iraq, "the majority of the nation no longer supports the way this war is being fought; nor does the majority of our military. We need a new direction," said Sen. James Webb, D-Va., delivering his party's official reaction to Bush's speech.

On health insurance, Senate Majority Leader Harry Reid, D-Nev., said: "Punish people because they have good insurance? I don't think they would agree with that. Taxing people who have health insurance doesn't make sense to me."

The one major initiative where Bush won what appeared to be genuine bipartisan response was his call to revive his stalled plan to overhaul immigration law, including a guest worker program and a path to citizenship for illegal immigrants here now. That won a standing ovation.

Still, that was the exception.

On prospects for bipartisan partnership, Rep. Charles Rangel, D-N.Y., chairman of the powerful House Ways and Means Committee, said, "I appreciate the president's visit tonight, but he really should have done more to reach out to Democrats before his speech to see if we can come together, rather than simply exchange policies and press releases."

While Republican leaders rallied behind the president, even some of their rank-and-file backbench GOP lawmakers seemed hard-pressed to cheer.

"He's facing a legislative body that's changed as a result of his policies, in large part because of his way of running the worldwide war on terror, especially in Iraq," said Rep. George Radanovich, R-Calif.

Bush Defends Iraq Plan To Skeptical Congress, Nation: 'America Must Not Fail' (USAT)

By David Jackson

USA Today, January 24, 2007

WASHINGTON — President Bush appealed Tuesday to a skeptical Congress to give his new Iraq plan "a chance to work" and called on lawmakers to help expand health insurance coverage and reduce gasoline use by 20% over the next decade.

In his first State of the Union address before a Congress controlled by Democrats, Bush said failing in Iraq would create "a nightmare scenario" and urged support for his plan to boost U.S. troop levels by 21,500. The Senate Foreign Relations Committee begins debate today on a resolution opposing the Bush proposal.

STATE OF THE UNION: The speech's key points | Full speech text

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"On this day, at this hour, it is still within our power to shape the outcome of this battle," Bush said. "Let us find our resolve and turn events toward victory."

With his popularity and Americans' support for the Iraq war both sagging, Bush devoted less than half his speech to domestic initiatives that he believes Democrats can accept. Among them: reducing U.S. dependence on foreign oil, tax breaks for health insurance, and flexible education rules.

"Our citizens don't much care which side of the aisle we sit on — as long as we're willing to cross that aisle when there's work to be done," he said.

Sen. Jim Webb, D-Va., whose victory in November helped oust Republicans from power, said Bush's domestic proposals fall short and his plan for Iraq holds the USA "hostage" to chaos and disarray.

"The majority of the nation no longer supports the way this war is being fought," said Webb, a Vietnam War veteran chosen to give the formal Democratic response. "We need a new direction."

Bush's plan for Iraq, unveiled two weeks ago, has also been criticized by Republicans such as Sen. John Warner of Virginia.

The president did not mention the Senate resolution but said the boost in troop strength was necessary to stabilize a country riven by sectarian violence. The plan "provides the best chance of success," Bush said, while failure in Iraq would strengthen terrorists who want to strike the USA again.

On energy policy, Bush said Americans' dependence on imported oil "leaves us more vulnerable to hostile regimes and to terrorists." The president said increasing the supply of alternative fuels will help to reach his goal for cutting gas consumption over 10 years. He also asked Congress to help improve fuel-efficiency standards for passenger vehicles.

Other issues:

·Immigration. Bush again asked Congress to send him a bill that includes more opportunities for temporary workers from other countries. "Convictions run deep," he said about "guest workers" and immigration. He urged "a serious, civil and conclusive debate."

·Military size. He asked Congress to authorize an increase in the active-duty Army and Marine Corps by 92,000 troops over five years.

·Entitlements. Bush again urged Congress to work on addressing the long-term solvency of Social Security and controlling the costs of Medicare and Medicaid. He did not offer specifics.

Tone Not As Bold As A Year Ago (USAT)

By Susan Page

USA Today, January 24, 2007

WASHINGTON — A year ago, President Bush bragged in his State of the Union address that the United States was "writing a new chapter in the story of self-government" across the Middle East and pledged to "seek the end of tyranny in our world."

On Tuesday night, the president's tone was less confident and his promises considerably more constrained. He pleaded for patience from lawmakers who are moving toward resolutions that urge a new course in Iraq and oppose his decision to commit another 21,500 U.S. troops to the fight.

WARTIME ADDRESSES: A look at speeches by previous presidents

Sitting behind him was a new speaker of the House, Democrat Nancy Pelosi of California, elected to the post after Republicans lost control of Congress in November elections driven in large part by opposition to the war.

As he begins his seventh year in office, Bush finds his presidency held hostage to a war that has drained his political standing and divided his party. Amid bipartisan criticism and a dismal 34% approval rating in the latest USA TODAY/Gallup Poll, some question whether Congress and the public are open to hearing Bush's case on Iraq or the domestic initiatives that he sought to spotlight in his speech.

Wartime presidents from Franklin Roosevelt during World War II to Lyndon Johnson during Vietnam have found domestic proposals difficult to deliver, says Robert Dallek, a presidential historian and author of Flawed Giant: Lyndon Johnson and His Times. "Energy is very hard to focus" during war, he says. "War, especially a war that's going badly, is an all-encompassing concern."

'Achieve big things'

Bush called for reducing Americans' gasoline consumption by 20% in 10 years, providing a path to legal status for illegal immigrants now in this country and modifying the tax code to help those without health insurance buy it. "We can work through our differences and achieve big things for the American people," he declared.

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His proposals deal with some of the priorities of the new congressional majority — including global climate change and the problems of the 46 million who are uninsured — although Bush's prescriptions were dismissed as inadequate or ill-conceived by some Democrats. Senate Majority Leader Harry Reid of Nevada, for one, called Bush's health care plan "ridiculous."

Still, scoring progress on these domestic issues would bolster Bush's legacy, now defined by the war. It also would demonstrate that he still can command the powers of his office during the final two years of his tenure.

"He has a very attractive, very aggressive proposal on health coverage that has been long overdue," says Michael Franc, a former Republican House aide now at the conservative Heritage Foundation. "But I don't think anyone is going to listen, unfortunately."

The White House is calculating that the president can tap Americans' desire for action on the domestic front even as the war continues to rage. In a nationwide poll by the non-partisan Pew Research Center released Monday, there was an almost even split between those who said Bush should focus on domestic issues or foreign ones.

"There's a great appetite to hear about domestic issues," says Andrew Kohut, director of the center. And for bipartisanship, even among Democrats: 4 in 10 said their party leaders should "work with President Bush" rather than "stand up" to him.

Bush opened his speech with a tribute to Pelosi as the first woman to be elected speaker of the House. As his speech continued, however, there was a visible partisan divide between the Republicans to his left, the Democrats to his right.

That was particularly true when, near the midpoint of the 49-minute address, he turned from domestic issues to Iraq. When he said U.S. forces couldn't withdraw until Baghdad was secure, many Republicans rose and applauded while Pelosi and most Democrats sat in their seats, silent.

Russell Riley, a presidential scholar at the University of Virginia's Miller Center of Public Affairs, says members of Congress "will be inclined to pay more attention to the message that they got in November from the electorate than the message coming from the well of the House" by Bush.

In surveys, Americans overwhelmingly oppose the increase in U.S. force levels. Most now say the invasion of Iraq was a mistake.

Bush was braced for a mixed reception, aides said beforehand.

"Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work," he said almost plaintively. "And I ask you support our troops in the field — and those on the way."

Rallying support

In a State of the Union nearly 200 years ago, James Madison argued that British aggression demanded "manly resistance" and justified the War of 1812. Since then, wartime presidents have used the annual addresses to rally support and chastise critics. Many of them, even Franklin Roosevelt, asked for patience when war fatigue rose.

"If we put forth our best efforts this year — and next year — we can be 'over the hump' in our effort to build strong defenses," Harry Truman said in 1952. He added, "This is a time for courage, not for grumbling and mumbling."

In his 1966 State of the Union, Lyndon Johnson said there was "no cause to doubt the American commitment" in Vietnam. He focused on promoting his Great Society domestic initiatives. A year later, he spoke at length about both, acknowledging, "Abroad, the question is whether we have the staying power to fight a very costly war."

And in 1968, Johnson promised that the United States would "persevere" in Vietnam. Two weeks later, however, the Tet Offensive crystallized opposition to the war. Beset by protests, his popularity sagging, Johnson unexpectedly decided not to run for re-election.

Dallek sees parallels between the situation Bush faces in Iraq and the one that Johnson faced in Vietnam — including efforts by Johnson and his successor, Richard Nixon, to push the government that the United States was backing to adopt reforms and take charge, freeing U.S. troops to come home. "The echoes are so powerful," he says.

The Speech's Key Points And Their Context (USAT)

USA Today, January 24, 2007

What the president said on the critical issues of the coming year.

Balanced budget

What President Bush said: "In the coming weeks, I will submit a budget that eliminates the federal deficit within the next five years. I ask you to make the same commitment. Together, we can restrain the spending appetite of the federal government and balance the federal budget."

Context: Bush inherited a $128 billion budget surplus. Within three years, a recession and the war on terrorism turned it into a $412 billion deficit. Rising tax receipts fueled by record corporate profits have since driven the deficit down to $248 billion.

Getting back to balance won't be easy if the president is realistic about the future costs of the wars in Iraq and Afghanistan and the impact of extending his tax cuts, which he vows to do. Bush will be long gone before any balanced budget is enacted.

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Even if balance is achieved, the long-term growth of Medicare, Medicaid and Social Security threaten much larger deficits in the future.

Economy

What Bush said: "A future of hope and opportunity begins with a growing economy — and that is what we have. Unemployment is low, inflation is low, and wages are rising."

Context: The economy, while slowing, continues to be a bright spot for the president. Americans' earnings are keeping ahead of inflation, interest rates have stabilized, the jobless rate remains low at 4.5%, and more jobs have been created for 40 consecutive months. Gasoline prices are down from their summer peak; health care inflation, while high, is the lowest since 1999. Tax collections are running 8.2% higher than a year ago.

Whether this is tied to Bush's tax cuts in 2001 and 2003 remains in dispute. Bush says he can balance the budget by 2012 while making all his tax cuts permanent. Democrats are focused on the uneven nature of the recovery, which has left lower-income families behind. They want to redirect spending on tax cuts and the Iraq war to their priorities, such as health care, education and alternative energy. Expect a major clash of priorities over the 2008 budget, which Bush will unveil Feb. 5.

Education

What Bush said: "Five years ago we rose above partisan differences to pass the No Child Left Behind Act … And because we acted, students are performing better." Bush wants the act reauthorized.

Context: No Child Left Behind, Bush's ambitious 2002 education overhaul law, remains one of his few bipartisan successes. It expires this year, and Congress must reauthorize it. That effort could meet stiff resistance as lawmakers try to hold it off until after the 2008 election.

Members on both sides of the aisle have good reasons to wait: Many Democrats don't like the law's annual tests and punishments for failing schools. They don't want to give Bush a victory on education, traditionally a Democratic issue. Republican lawmakers in states such as Utah and Virginia have criticized the law for allowing too much government intervention.

Ethics

What Bush said: "Let us work together to reform the budget process … expose every earmark to the light of day and to a vote in Congress … and cut the number and cost of earmarks at least in half by the end of this session."

Context: Congress has required more public disclosure of earmarks, as the special projects that lawmakers quietly insert in spending bills are known. Lawmakers have not called for reductions; many defend the practice because they know best what their states and districts need.

Bush wants to go further; he even wants line-item veto power to eliminate earmarks, an idea Democratic leaders reject.

The use of earmarks has mushroomed in recent years — with $67 billion in taxpayer money going to these special projects in fiscal year 2006 alone, according to the Congressional Research Service.

Global disease

What Bush said: "We hear the call to take on the challenges of hunger, poverty and disease — and that is precisely what America is doing."

Context: In 2003, Bush announced a five-year, $15 billion initiative to combat AIDS, the largest international health campaign to target a single disease. The program targets 15 countries that are home to about half the world's 39 million people who are HIV-positive. Bush has also called for Congress to reauthorize the $2.1 billion Ryan White Care Act, the largest federal program for people with HIV/AIDS.

The White House says that before the program, 50,000 people were receiving drug treatment for AIDS, while today, more than 800,000 people are receiving medications. Democrats have acknowledged the treatment success of the 2003 Bush initiative but have complained that it focuses too much on promoting abstinence in trying to prevent HIV infections.

Bush announced a $1.2 billion, five-year plan in 2005 to control malaria in Africa. The goal of the initiative is to reduce malaria deaths by half in 15 target countries.

Homeland security

What Bush said: "For all the people in this room, there is no higher responsibility than to protect the people of this country from danger."

Context: Immigration reform and border security will continue to be hot political issues in 2007 and beyond.

House Democrats have said they will reconsider legislation passed last year to build 700 miles of fence along the Mexican border. Government auditors have said the project could cost $30 billion. The Homeland Security Department, meanwhile, plans a new "virtual fence" that would help Border Patrol agents with cameras, sensors and other high-tech equipment.

Beyond the border, House Democrats this month passed a sweeping bill that would require inspections of all cargo on passenger airplanes and screening of cargo containers before they're loaded on ships headed to U.S. ports. The White House and some senators in both parties have questioned how the government will pay for the inspections.

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Immigration

What Bush said: "Extending hope and opportunity in our country requires an immigration system worthy of America, with laws that are fair and borders that are secure. … Let us have a serious, civil, and conclusive debate — so that you can pass, and I can sign, comprehensive immigration reform into law.

Context: Immigration is one issue where Democrats and Bush are likely to reach a deal. Bush has been pressing since taking office for a major overhaul of immigration laws that would include giving legal status to an estimated 12 million people now living in the country illegally.

Last year, the Senate approved a bipartisan bill that met the president's requirements, but House Republicans blocked it. Now Democrats are in charge and are making it a priority.

Bipartisan negotiations already are underway to begin writing a bill that would beef up border security, create a secure ID system to help employers determine who can legally work for them and strengthen penalties on those who hire illegal employees. Still to be determined: how many of those now here illegally will be given a chance at citizenship, and how many conditions they will have to meet.

Iran

What Bush said: "The United Nations has imposed sanctions on Iran and made it clear that the world will not allow … Tehran to acquire nuclear weapons."

Context: The Bush administration has intensified pressure on Iran to stop trying to make nuclear fuel and to stop backing Iraqis who target U.S. troops. European nations, such as France and Germany, urged the United States to talk to Iran; in May, Secretary of State Condoleezza Rice said the United States would take part in multinational talks if Iran suspended uranium enrichment. Iran continued the program.

The United Nations Security Council passed a resolution in December forbidding trade that could help Iran's nuclear or missile programs.

The Bush administration rejected the Iraq Study Group's call for U.S.-Iranian talks. Instead, the administration increased pressure to ban foreign investment in Iran's oil industry and to stop Iranian banks from using U.S. dollars. Bush also sent a second aircraft carrier group to the Persian Gulf.

Iraq

What Bush said: "Our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance of success. Many in this chamber understand that America must not fail in Iraq — because you understand that the consequences of failure would be grievous and far-reaching."

Context: Attacks on U.S. troops and sectarian violence continue to plague Iraq. The Pentagon's most recent report to Congress in November noted a 22% increase in attacks, with 68% of them directed at U.S.-led coalition troops.

That has prompted Bush to forge a new strategy. The president's "new way forward" includes sending 21,500 additional U.S. troops and $1 billion in aid. The plan also would bolster the number of U.S. advisers in Iraqi security units.

Bush's plan has met opposition in Congress and among the public. Several Republican senators have joined Democrats behind a resolution expressing disagreement with Bush.

More than 60% of Americans surveyed by USA TODAY said they support a non-binding congressional resolution that opposes sending more troops.

Bush Can't Reclaim Bipartisanship That Never Existed (MCT)

By Steven Thomma

McClatchy Newspapers, January 24, 2007

WASHINGTON - George Bush tried to go home Tuesday night.

His goal was what he thought he left behind in Texas when he was a Republican governor with a Democratic legislature. But the mythical bipartisan place he tried to reach out to in his State of the Union address Tuesday was never like the one he romanticized in Texas. It's not what he's built in six years in Washington. And today it's as elusive as Oz.

"We can work through our differences," Bush said hopefully Tuesday.

He spoke the language of cooperation, singling out four big issues on which he and Democrats both want action: education, energy, health care and immigration.

But his proposals were mostly familiar, and on energy, notably small-bore. There's little prospect that either he or the Democrats will shed their mistrust of each other, or that they'll compromise enough to find genuine agreement, with the possible exception of overhauling the nation's immigration policies.

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"They're difficult issues. They're ones that have been attempted to solve in the past and have come up short," White House counselor Dan Bartlett said Tuesday. "We go into this process with no illusions about the atmosphere in which we're operating in."

Bush wanted to convince Americans watching on television that he's heard them and that he wants again to work with Democrats.

"Our citizens don't much care which side of the aisle we sit on," he said, "as long as we're willing to cross that aisle when there's work to be done."

Yet the chasm between the parties is wide and deep, the politics between them are poisonous and Bush bears much of the blame.

After reaching out to Democrats his first year, Bush governed after the 2001 terrorist attacks as the leader of a one-party state.

In Congress, his party locked Democrats out of negotiations, then hammered votes through without chance of input.

From the White House, Bush tacked "signing statements" onto bills he signed and used the threat of terrorism in three successive elections to attack Democrats as weak or, worse, aiding the enemy. Last fall he warned that if the Democrats won control of Congress, "terrorists win and America loses."

That makes it hard for Democrats to take his olive branch Tuesday without looking for thorns.

Democrats, too, share responsibility for the nation's polarized politics. These aren't the go-along, get-along, conservative Democrats that Bush ruled with in Texas.

"Dangerously incompetent," was the way Sen. Harry Reid, D-Nev., described Bush during last year's campaign. "A loser," he said another time.

Then there's the Iraq war.

Bush didn't spend the entire speech on the Iraq war, a political loser on which he's alienated virtually all Democrats and even many Republicans in Congress.

And it might not matter.

He said he's sending more troops to Iraq regardless of what the Democrats, the Congress or the country thinks.

The Democrats signaled in response that they're not in the mood for compromise either - on Iraq or at home. They want Bush to get U.S. troops out of Iraq and shift the government away from the wealthy and toward the poor.

"If he does, we will join him," said Sen. James Webb. D-Va., who gave his party's formal response to Bush's speech. "If he does not, we will be showing him the way."

Guests In The Gallery Punctuate Key Aspects Of The Address (USAT)

By Alan Gomez

USA Today, January 24, 2007

The adulation continued Tuesday for the Harlem construction worker who jumped onto subway tracks in New York City this month to save a man. Wesley Autrey was a guest of Laura Bush during the State of the Union address.

Autrey has received the Bronze Medallion, New York's highest award for civilians; a trip for his family to Walt Disney World; and $10,000 from Donald Trump. Tuesday, he was among two dozen guests of the first lady for President Bush's speech.

Many of the guests were representative of the themes Bush laid out. They included one servicemember each from the Army, Air Force, Navy, Marines and Coast Guard for a speech that focused largely on the war in Iraq. Among the military invitees was Air Force Tech. Sgt. Michelle Barefield, a Bronze Star recipient who survived three attacks with improvised explosive devices while patrolling the Baghdad airport.

Nancy Ho, a molecular biologist at Purdue University who is researching yeasts necessary to develop ethanol, was on hand as Bush called for a massive increase in ethanol use to help cut gasoline consumption by 20% within 10 years.

Dan Jones of Kansas City owns a technology firm that he says cannot afford to pay for health insurance for its three full-time employees. A news release from the White House said Jones would save $2,272.50 a year if he purchased health insurance under Bush's health care proposal.

Listening to Bush's call for immigration reform was Alejandro Monteverde, a Mexican filmmaker who became a U.S. citizen last year. Monteverde got visas for his final year of high school and later to attend the University of Texas film school. As he worked to become a permanent resident and later a U.S. citizen, Monteverde won the People's Choice Award at the 2006 Toronto International Film Festival.

Bush asked Congress to help curb the spread of malaria and AIDS. Joining the first lady was retired admiral Tim Ziemer, former director of World Relief, who now leads the President's Malaria Initiative.

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And with the recovery of New Orleans ongoing, Laura Bush hosted Craig Cuccia, who co-founded Reconcile New Orleans. The program started as Café Reconcile, a restaurant that provided culinary training for disadvantaged young people. The non-profit operation began feeding emergency workers and city residents in the weeks after Hurricane Katrina and has expanded to provide construction training to help rebuild the ravaged city.

House Speaker Nancy Pelosi invited 21 guests, including former speakers Jim Wright and Tom Foley, 9/11 widows Carrie Lemack and Mary Fetchet and officeholders from around the country.

Guests Speak Louder Than Words At Capitol (WT)

By Stephen Dinan

The Washington Times, January 24, 2007

Presidents use their State of the Union speeches to send a message to Congress, but lawmakers are increasingly using their guest tickets to send a message right back at him.

For last night's address, Rep. Jim Langevin, Rhode Island Democrat, invited actor Michael J. Fox, whose campaign commercials in favor of expanded embryonic stem-cell research may have helped Democrats win control of the Senate.

From the other side of the aisle, Rep. Dana Rohrabacher, California Republican, invited the wife of a U.S. Border Patrol agent whom the administration prosecuted for a shooting incident involving a suspected drug smuggler.

Meanwhile, Adrian M. Fenty, who as D.C. mayor would usually sit in first lady Laura Bush's box, refused as a protest against the District's lack of a voting representative in Congress. But the Democrat was present, as the guest of new House Speaker Nancy Pelosi, California Democrat.

"This has gotten to be such a big production about everything other than the address," said one Senate aide. "It's become a forum for everybody who wants to air grievances to a national audience rather than a forum to hear from the president on the state of the union."

Mr. Rohrabacher, who has been a vocal critic of President Bush's immigration plans, said inviting Monica Ramos "sends a powerful message" to the Bush administration.

Ignacio Ramos, Mrs. Ramos' husband, and fellow agent, Jose Alonso Compean, have been imprisoned for shooting a drug-smuggling suspect in the buttocks after he assaulted one of them, dumped nearly 800 pounds of marijuana along the Rio Grande and then fled into Mexico. They are serving 11- and 12-year sentences, respectively.

"As these two fine men sit in federal prison cells unjustly, I am put in the position of consoling a devastated wife whose life has been destroyed, instead of having the opportunity to reward these men and their families for their brave service as law-enforcement officers," Mr. Rohrabacher said.

Mr. Langevin, a quadriplegic and disabilities advocate who has pushed for broader stem-cell research, said he tries to invite guests who have a high profile on big issues. In 2005, he hosted Dana Reeve, wife of actor Christopher Reeve.

"Michael will help to further Chris and Dana's legacy and underscore for the president just how serious I am about pursuing the promise of stem-cell research," Mr. Langevin said after issuing his invitation to Mr. Fox.

A guest invited by Sen. Hillary Rodham Clinton, New York Democrat, to highlight the health plight of his father, a September 11 emergency worker, learned that his father died last night just before the speech, according to the Associated Press.

The most coveted invitation at a State of the Union address is to sit in the first lady's box.

As mayor of the host town, Mr. Fenty would sit with her by tradition. But instead he joined a host of Democratic luminaries in Mrs. Pelosi's section. The new speaker invited former House Speakers Tom Foley and Jim Wright, both Democrats; Maryland Gov. Martin O'Malley; Los Angeles Mayor Antonio Villaraigosa; and Bruce Gordon, president of the National Association for the Advancement of Colored People.

Because of the way the chamber is situated, Mrs. Bush, sitting to the president's left, looked directly at Mr. Fenty and Mrs. Pelosi's other guests as her view across the chamber.

Among Mrs. Bush's 24 guests this year was Dikembe Mutombo, a pro basketball player and recently naturalized U.S. citizen who spends his off-season working to improve conditions in his native Democratic Republic of the Congo.

Mr. Mutombo, who played basketball at Georgetown University, towered over Mrs. Bush as he stood after the president recognized him.

"He came to Georgetown University on a scholarship to study medicine -- but Coach John Thompson got a look at Dikembe and had a different idea," Mr. Bush said, drawing a giant smile from Mr. Mutombo.

The president also pointed out Wesley Autrey, who saved the life of a man who fell onto the subway tracks in Harlem. Mr. Autrey pulled the man into a space between the rails as the train went by.

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In the past, Mrs. Bush has hosted then-Afghan Interim Authority Chairman Hamid Karzai; the then-president of the Iraqi Governing Council, Adnan Pachachi; and a military German shepherd bomb-sniffing dog who had been deployed to Iraq.

The tradition of recognizing guests was started by President Reagan in his first State of the Union speech in 1982, when he acknowledged the presence of Lenny Skutnik, who just 13 days before had dived into the Potomac River to rescue a victim of the Air Florida plane crash.

Last year, the guest who garnered the most attention was anti-war activist Cindy Sheehan, who was arrested for demonstrating in the Capitol and removed from the House gallery minutes before Mr. Bush spoke. She was the guest of Rep. Lynn Woolsey, California Democrat.

The public galleries in the House have 623 seats occupying the tops of two sides and the wall the president faces. All but a few seats were taken, and the chamber was so packed that dozens of ticket holders ended up sitting on the steps in the aisles between the seats.

Not everyone gets into the act with his tickets.

Both Senate Majority Leader Harry Reid, Nevada Democrat, and Minority Leader Mitch McConnell, Kentucky Republican, gave tickets away to other offices who needed extra tickets.

And many offices offer tickets to mayors or other officials from back home.

Bush: Give Iraq Plan "A Chance To Work" (AP)

AP, January 24, 2007

(CBS/AP) A politically weakened President Bush implored a skeptical Congress Tuesday night to embrace his unpopular plan to send more U.S. troops to Iraq, saying it represents the best hope in a war America must not lose. "Give it a chance to work," he said.

Facing a political showdown with Democrats and Republicans alike, Mr. Bush was unyielding on Iraq in his annual State of the Union address. He also sought to revive his troubled presidency with proposals to expand health insurance coverage and to slash gasoline consumption by 20 percent in a decade.

Democrats — and even some Republicans — scoffed at his Iraq policy. Unmoved by Mr. Bush's appeal, Democrats said the House and Senate would vote on resolutions of disapproval of the troop buildup.

"We need a new direction," said freshman Sen. Jim Webb, picked by the Democrats to deliver their response to the president's speech. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military," said Webb, a Vietnam veteran opposed to Mr. Bush's invasion of Iraq.

Republican Sen. Norm Coleman of Minnesota, also took issue with Mr. Bush. "I can't tell you what the path to success is, but it's not what the president has put on the table," he said.

It was a night of political theater as the president went before the first Democratic-controlled Congress in a dozen years with his lowest approval ratings in polls.

A CBS News poll conducted by Knowledge Networks immediately after the speech found that 82 percent of viewers generally approved of the president's proposals while 18 percent disapproved. However, 68 percent of viewers said Mr. Bush will not be able to accomplish his goals, while 32 percent think he will.

Mr. Bush rallied some support for his Iraq plan among those who watched the speech, according to the poll. Before the State of the Union, 43 percent of them backed the plan, while 52 percent of them supported it after the speech.

"This was a much better speech and a much better argument for his position than he made when he made the speech announcing the troop increase two weeks ago," CBS News chief Washington correspondent Bob Schieffer said. "But frankly, it comes down to this: If the president is right on this, this is going to be seen as a great profile in courage. If he's wrong, it will be seen as something much different."

With debate over the Iraq war sending Republicans scurrying away from the president, Mr. Bush's job approval rating stood at a new low of 28 percent in the latest CBS News poll.

Democratic Speaker Nancy Pelosi of California, the first woman to lead the House, sat over Mr. Bush's shoulder, next to Vice President Dick Cheney. Reaching out to the Democrats, the president opened with a tribute to Pelosi and paused to shake her hand. He also asked for prayers for South Dakota Democratic Sen. Tim Johnson, hospitalized for more than a month after suffering a brain hemorrhage, and Republican Rep. Charlie Norwood of Georgia, who's suffering from cancer.

The speech audience included up to a dozen House and Senate members who have announced they are running for president in 2008 or are considered possible contenders.

Mr. Bush divided his speech between domestic and foreign issues, but the war was topic No. 1.

Pelosi set the tone for Democrats. She sat silently and did not applaud as Mr. Bush warned of high stakes in Iraq and said American forces must not step back before Baghdad is secure.

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With Congress poised to deliver a stinging rebuke on his troop increase, the president made a personal plea to lawmakers.

"I have spoken with many of you in person. I respect you and the arguments you made," Mr. Bush said. "We went into this largely united, in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure."

"Our country is pursuing a new strategy in Iraq and I ask you to give it a chance to work," he said. "And I ask you to support our troops in the field and those on their way."

The president said the Iraq war had changed dramatically with the outbreak of sectarian warfare and reprisals.

"This is not the fight we entered in Iraq, but it is the fight we are in," he said. "Every one of us wishes that this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned and our own security at risk.

"Ladies and gentlemen: On this day, at this hour, it is still within our power to shape the outcome of this battle," the president said. "So let us find our resolve and turn events toward victory."

Key Republicans have joined Democrats in drafting resolutions of opposition to the plans he announced two weeks ago to send an additional 21,500 troops to Iraq. Mr. Bush said his approach had the best chance to succeed.

"Many in this chamber understand that America must not fail in Iraq because you understand that the consequences of failure would be grievous and far reaching," the president said. "If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides."

In such a case, he forecast "an epic battle," Shiite extremists backed by Iran against Sunni extremists aided by al Qaeda and supporters of Saddam Hussein's government, leading to violence that could spread across the Middle East. "For America, this is a nightmare scenario," Mr. Bush said.

On domestic matters, the president pressed Congress to help find ways to overhaul entitlements such as Social Security, Medicare and Medicaid before they impose huge problems for future generations.

"Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

On immigration, too, the president made a plea to lawmakers that he has made before. Members of his own party were the main obstacle to success in that area — a fact Mr. Bush acknowledged even as he pressed for a better result now than Capitol Hill is run by Democrats more amenable to his ideas.

"Convictions run deep in this Capitol when it comes to immigration," he said. "Let us have a serious, civil and conclusive debate."

Mr. Bush said his energy proposals would cut American imports by the equivalent of 75 percent of the oil coming from the Middle East. His prescription, as always, relied primarily on market incentives and technological advances — not government mandates.

"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on oil," he said. "These technologies will help us become better stewards of the environment — and they will help us to confront the serious challenge of global climate change."

Mr. Bush called for changing the tax code to encourage more people not covered by medical insurance to buy a plan, and to discourage others from keeping the most costly health care plans.

Under the president's proposal, employer-financed health care benefits would be considered taxable income after a deduction of $15,000 for families and $7,500 for individuals. Those buying their own plan would get the same deductions on their taxes.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. But about 20 percent would see a tax increase — those workers whose health insurance cost more than the standard deduction.

"With this reform, more than 100 million men, women and children who are now covered by employer-provided insurance will benefit from lower tax bills," Mr. Bush said. "At the same time, this reform will level the playing field for those who do not get health insurance through their job."

The administration sought to make Mr. Bush's energy initiatives — in particular a 20 percent cut in gasoline usage by 2017 — an eye-catching centerpiece of his address, the one major element not revealed until hours before the speech. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," Bush said.

The cut would be achieved primarily through a sharp escalation in the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply. The rest would come from raising fuel economy standards for passenger cars, a plan that Mr. Bush has proposed in the past but failed to win from Congress.

Acknowledging that some would say such a drastic increase in alternative fuels is unrealistic, the White House argued that the new mandate — which would need approval from Congress — would spur investments in the industry and give technological research a boost.

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While setting cutback goals, the president spurned appeals from environmentalists and some major corporations to impose mandatory ceilings on U.S. greenhouse gas emissions in hopes of slowing climate change.

President's Portrayal Of 'The Enemy' Often Flawed (WP)

By Glenn Kessler

The Washington Post, January 24, 2007

In his State of the Union address last night, President Bush presented an arguably misleading and often flawed description of "the enemy" that the United States faces overseas, lumping together disparate groups with opposing ideologies to suggest that they have a single-minded focus in attacking the United States.

Under Bush's rubric, a country such as Iran -- which enjoys diplomatic representation and billions of dollars in trade with major European countries -- is lumped together with al-Qaeda, the terrorist group responsible for the Sept. 11, 2001, attacks. "The Shia and Sunni extremists are different faces of the same totalitarian threat," Bush said, referring to the different branches of the Muslim religion.

Similarly, Bush asserted that Shia Hezbollah, which has won seats in the Lebanese government, is a terrorist group "second only to al-Qaeda in the American lives it has taken." Bush is referring to attacks nearly a quarter-century ago on a U.S. embassy and a Marine barracks when the United States intervened in Lebanon's civil war by shelling Hezbollah strongholds. Hezbollah has evolved into primarily an anti-Israeli militant organization -- it fought a war with Israel last summer -- but the European Union does not list it as a terrorist organization.

At one point, Bush catalogued what he described as advances in the quest for freedom in the Middle East during 2005 -- such as the departure of Syrian troops from Lebanon and elections in Iraq. Then, Bush asserted, "a thinking enemy watched all of these scenes, adjusted their tactics and in 2006 they struck back." But his description of the actions of "the enemy" tried to tie together a series of diplomatic and military setbacks that had virtually no connection to one another, from an attack on a Sunni mosque in Iraq to the assassination of Maronite Lebanese political figure.

In his speech, Bush argued that "free people are not drawn to violent and malignant ideologies -- and most will choose a better way when they are given a chance." He also said that terrorist groups "want to overthrow moderate governments."

In the two of the most liberal and diverse societies in the Middle East -- Lebanon and the Palestinian territories -- events have undercut Bush's argument in the past year. Hezbollah has gained power and strength in Lebanon, partly at the ballot box. Meanwhile, Palestinians ousted the Fatah party -- which wants to pursue peace with Israel -- from the legislature in favor of Hamas, which is committed to Israel's destruction and is considered a terrorist organization by the State Department.

In fact, many of the countries that Bush considers "moderate" -- such as Egypt and Saudi Arabia -- are autocratic dictatorships rated among the worst of the "not free" nations by the nonpartisan Freedom House. Their Freedom House ratings are virtually indistinguishable from Cuba, Belarus and Burma, which Bush last night listed as nations in desperate need of freedom.

Bush also claimed that "we have a diplomatic strategy that is rallying the world to join in the fight against extremism." But Monday, a poll of 26,000 people in 25 countries was released that showed that global opinion of U.S. foreign policy has sharply deteriorated in the past two years. Nearly three-quarters of those polled by GlobeScan, an international polling company, disapprove of U.S. policies toward Iraq, and nearly half said the United States is playing a mainly negative role in the world.

In his State of the Union address a year ago, Bush said that progress in Iraq meant "we should be able to further decrease our troop levels" but that "those decisions will be made by our military commanders, not by politicians in Washington, D.C." Bush now proposes to increase troop levels, after having overruled the concerns of commanders. In his speech last night, he sidestepped this contradiction, saying that "our military commanders and I have carefully weighed the options" and "in the end, I chose this course of action."

On domestic policy, Bush at one point said that "the recovery" has added more than 7.2 million jobs since August 2003. But the net number of jobs created since Bush became president in January 2001, is much lower -- just 3.6 million. The Bush administration's performance is fairly mediocre for the sixth year of a presidency, according to historical statistics maintained by the Bureau of Labor Statistics. Nearly 18 million jobs were added by the sixth year of Bill Clinton's presidency -- and nearly 10 million were added at this point in Ronald Reagan's presidency.

Bush claimed credit for cutting the budget deficit ahead of schedule and proposed to eliminate it over the next five years. He did not mention that he inherited a huge budget surplus -- $236 billion in 2000 -- compared with a $296 billion deficit in the 2006 fiscal year, largely as a result of Bush's tax cuts and spending increases. Bush claimed that the No Child Left Behind Act has helped students to "perform better at reading and math, and minority students are closing the achievement gap." But states made stronger average annual gains in reading during the decade before the law took effect, education researchers have found, and half a dozen recent studies have shown little progress in narrowing the test-score gap between minority and white students.

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Staff writer Amit R. Paley contributed to this report.

Bush Insists U.S. Must Not Fail In Iraq (NYT)

By David E. Sanger And Jim Rutenberg

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — President Bush tried to resuscitate his ailing presidency Tuesday night, using his State of the Union address to present a modest agenda of energy and health care proposals while warning an increasingly assertive Congress against undercutting his new Iraq strategy.

It was a speech that reflected Mr. Bush's difficult circumstances. It was limited in ambition and political punch at home, with no proposals to rival his call two years ago to remake Social Security, no mention of rebuilding New Orleans and no allusions to limiting stem cell research or banning gay marriage.

And when it came to his plan to send additional troops to Iraq, he was forced to plead with the Democrats who now control Congress — and with a growing number of Republican critics — to "give it a chance to work."

In an admission that the United States now finds itself trapped in the cross-fire of a sectarian conflict, Mr. Bush said, "This is not the fight we entered in Iraq, but it is the fight we are in." While he insisted that America could not afford to fail, he also warned the Iraqi government that "our commitment is not open-ended."

His freshest initiative was setting a goal of reducing projected gasoline consumption 20 percent over the next 10 years. This hit a theme tailored to his appeal for bipartisanship in a city where the balance of power has shifted markedly against Mr. Bush since the last State of the Union address. Although he did not propose any measures to deal with emissions from power plants and factories, the main sources of greenhouse gases, he spoke of "the serious challenge of global climate change."

The other main element of his domestic agenda, a package of proposals intended to improve access to health insurance, had drawn intense opposition from Democrats long before Mr. Bush walked to the well of the House chamber on Tuesday night, a scene he could not have relished but handled graciously. Behind him sat a Democratic House speaker, Representative Nancy Pelosi, sitting alongside Vice President Dick Cheney. In front of him was an audience of Democrats growing increasingly comfortable with their new power, including quite a few who are jockeying to take his job and reverse the policies he has put in place.

Mr. Bush gamely ticked off other goals he would like to achieve before leaving office in three days short of two years. They included overhauling immigration laws, taking steps toward a balanced budget, dealing with the long-term financial condition of Social Security and Medicare, and imposing tighter standards on schools.

Yet the proposals were overwhelmed by the Iraq debate.

"Many in this chamber understand that America must not fail in Iraq," Mr. Bush said, "because you understand that the consequences of failure would be grievous and far-reaching."

While Mr. Bush has traditionally used these speeches to present a hopeful vision of Iraq's future, he could not do so on Tuesday night. His own nominee to take over the command of United States forces in Iraq, Lt. Gen. David H. Petraeus, told the Senate Armed Services Committee earlier in the day that "the situation in Iraq is dire."

Mr. Bush started his speech 12 hours before the Senate Foreign Relations Committee was to begin working on a bipartisan resolution in opposition to his plan to send additional troops to Iraq. Despite his proposal of a bipartisan council to advise him on the battle against Islamic extremism, Democrats immediately assailed him, and members of his own party continued to show signs of edging away.

In the Democratic response to his address, Senator Jim Webb of Virginia, whose son is a marine serving in Iraq, said that Mr. Bush "took us into this war recklessly," and that the United States was now "held hostage to the predictable and predicted disarray that followed." Mr. Webb called for "a formula that will in short order allow our combat forces to leave Iraq," and said that if Mr. Bush did not change course in Iraq and in his economic policies, "we will be showing him the way."

Mr. Bush got a polite reception, but one far more muted than in previous appearances. He waited until the end of his nearly 50-minute speech to deliver the assessment that typically opens these addresses, that "the state of our union is strong." For a man who finds himself struggling to maintain public and political support, Mr. Bush delivered the speech in a confident tone, with easy and relaxed smiles.

Seeking new ground for consensus, Mr. Bush reached back to a theme that marked the first days of his presidency, when he would regularly appeal for bipartisanship. "Our citizens don't much care which side of the aisle we sit on, as long as we are willing to cross that aisle when there is work to be done," he said.

But the power dynamic on Tuesday night was completely different. In the six years in which Republicans controlled one or both houses of Congress, Democrats said they saw little of that bipartisan instinct at work, and despite vows to behave differently, they have not shown much in return.

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In fact, Mr. Bush's argument on Tuesday night for embracing his Iraq plan amounted to a reverse of the argument that he made from the same podium four years ago, when he contended that dealing with Saddam Hussein would help the United States bring other rogue states to heel. This time, Mr. Bush spoke of a "nightmare scenario," of an Iraq "overrun by extremists on all sides." He said the violence in the country would turn contagious, spread beyond Iraq's borders and inflame the entire Middle East.

And he appealed to Democrats to remember the votes many of them cast in 2002 to authorize the invasion, throwing some responsibility their way in the process.

"We went into this largely united, in our assumptions and in our convictions," he said, recalling the days when his approval ratings were sky-high. "And whatever you voted for, you did not vote for failure."

Mr. Bush was careful in describing what many in his administration believe could be a coming confrontation with Iran. While he vowed that the world would never allow Iran to obtain a nuclear weapon, he made no threats, saying he was relying on diplomacy to deal with both Iran and North Korea, the two countries that, five years ago, he declared in a State of the Union address made up an "axis of evil" with Saddam Hussein's Iraq.

There were no such labels on Tuesday, a reflection of the reality that with American forces tied down in Iraq, Mr. Bush's options are limited.

But the effect of Iraq extends to the domestic front. Even his allies say the war threatens the prospects of the new initiatives he described.

"Iraq casts a huge shadow over anything in the domestic policy arena that the president talks about," said Glen Bolger, a Republican pollster. "The situation makes it very difficult for the president to get Americans to pay attention to what he's saying on issues like energy and health care."

Dan Bartlett, the White House counselor, argued otherwise. "If you talk about the issues the public cares about, and you put forward innovative, bold ideas," Mr. Bartlett said, "the American people, regardless of what the polls say that day, will say, 'This is worth study, this is worth engaging the Democratic Congress on.' "

Ms. Pelosi and Senator Harry Reid of Nevada, the Senate majority leader, said in a joint statement that Mr. Bush's goals on energy were "commendable," but suggested they would seek to achieve them through different policies.

Senator Hillary Rodham Clinton of New York, speaking on ABC News, said Mr. Bush would find "a receptive audience" for his energy and health care goals, though she later said she found the early details of his health care plan "really troubling." The Republican minority leader in the Senate, Mitch McConnell of Kentucky, said the two parties should find innovative ways to tackle the issues.

Mr. Bush's aides and allies argue that he could exert some leverage by accusing Democrats of intransigence and "do-nothingness" should they flatly shoot down his proposals, as they were starting to do even before his speech.

"The real question is not whether he can make it work; he's extended his hand several times now," said Senator Jon Kyl, Republican of Arizona. "The real question is how much do the Democrats want to cooperate with him."

But the Democrats have been in control only a few weeks, and polls indicate that for now the public is more likely to side with them in a fight. And it is not clear that Mr. Bush's new proposals would do anything to reverse the political balance of power.

Bush Urges Congress To 'find Resolve' On Iraq (FT)

By Caroline Daniel

Financial Times, January 24, 2007

President George W. Bush on Tuesday night made his most pessimistic and assertive defence of his new policy on the war in Iraq as he warned of a "nightmare scenario" of sectarian violence that could draw the entire region into the conflict.

In his annual State of the Union address, Mr Bush - battling criticism over the rationale for going to war and his strategy - sought support of Congress and the American people for sending an additional 21,500 more troops to Iraq.

"It is still within our power to shape the outcome of this battle. So let us find our resolve and turn events toward victory," he said.

He also offered a stark warning to senators and members of Congress who have opposed the surge.

"We could expect an epic battle between Shia extremists backed by Iran, and Sunni extremists aided by al Qaeda and supporters of the old regime. A contagion of violence could spill out across the country - and in time the entire region could be drawn into the conflict," the president said on Tuesday night.

"Chaos is their greatest ally in this struggle. And out of chaos in Iraq, would emerge an emboldened enemy with new safe havens, new recruits, new resources and an even greater determination to harm America. To allow this to happen would be to ignore the lessons of September 11 and invite tragedy."

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The president's speech set no new policy on Iraq and painted a positive domestic agenda. At the centre of this was a new energy policy.

For the first time in his presidency he called the threat of global climate change a "serious challenge" and outlined plans to address the rise in greenhouse gas emissions by calling for Americans to cut demand for petrol by 20 per cent over the next 10 years.

His comments reflected a chastened president bowing to rising international and domestic criticism of his policy on global warming, and seeking to forge a legacy based on shifting the US from its dependence on foreign oil, echoing last year's most memorable line that "America is addicted to oil."

Mr Bush outlined his plans for an aggressive shift to alternative fuels such as ethanol, a politically popular stance in the Midwest, and a greater focus on energy efficiency with a call to increase fuel economy standards in the US, which remain below those of China. "These technologies will help us become better stewards of the environment and they will help us to confront the serious challenge of global climate change."

According to a White House document the plan "will confront climate change by stopping the projected growth of carbon dioxide emissions from cars, light trucks and SUVs within ten years."

The so-called "Twenty by ten" goal marks a significant shift for the White House towards recognising that it must give a higher priority to addressing domestic demand for oil as well as bolstering supply. It bows to pressure from international leaders, corporations and domestic concern to act on climate change, and recognises that Democrats have radically shifted the focus of energy policy towards energy efficiency. Mr Bush's first five State of the Union speeches have not directly addressed climate change, and in 2001 he summed up his energy policy as "We can't conserve our way to energy independence."

Mr Bush said he would achieve his goal of cutting US demand for petrol by raising fuel economy standards and shifting to alternative fuels. About three-quarters of the shift will come from moves towards fuels such as ethanol, rather than a more aggressive stance on fuel economy.

President George W. Bush triggered the biggest one-day jump in oil prices in 16 months on Tuesday when he set out plans to double US strategic oil reserves.

Oil prices rose 4.7 per cent to $55 a barrel after Mr Bush pledged to double the size of the reserves by 1.5bn barrels by 2027. Sam Bodman, energy secretary, said his department would start "purchasing crude oil in the spring at a rate of about 100,000 barrels per day".

In an echo of last year's most memorable line that the US is "addicted to oil", Mr Bush on Tuesday night warned: "For too long our nation has been dependent on foreign oil. And this dependence leaves us more vulnerable to hostile regimes, and to terrorists who could cause huge disruptions of oil shipments."

Mr Bush's address comes as he faces the lowest approval ratings for any president ahead of a State of the Union since Richard Nixon in 1974. A recent Washington-Post/ABC News poll gave Mr Bush a 33 per cent approval rating. Dan Bartlett, White House counselor, said it reflected the fact that officials were "under no illusions about the atmosphere we are operating in."

Faced with opposition from Democrats and rising Republican dissent about his plans for a troop surge in Iraq, Mr Bush defended his strategy. "Many in this chamber understand that America must not fail in Iraq – because you understand that the consequences of failure would be grievous and far reaching."

Although Mr Bush called for bi-partisan co-operation in Iraq Democrats swiftly attacked his proposals. Jim Webb, the newly elected senator from Virginia, who was selected to give the Democratic party's rebuttal to the speech, criticised the president.

"He took us into this war recklessly. He disregarded warnings from the national security adviser during the first Gulf war, the chief of staff of the army, two former commanding generals of the central command, whose jurisdiction includes Iraq, the director of operations on the joint chiefs of staff."

The White House energy policy fell short of hopes it would engage in international discussions about a post Kyoto accord after 2012 to control greenhouse gases or support tougher economy wide mandatory caps on carbon dioxide.

Higher oil prices pushed energy stocks up sharply. The S&P's energy sector rose 2.4 per cent with shares in Exxon Mobil up 2.2 per cent at $74.49 and Chevron 1.9 per cent to $72.56.

Getting A Read On The Speech Makes For Quite A Snapshot (WP)

By Tom Shales

The Washington Post, January 24, 2007

George W. Bush flirted with eloquence only at the end of his so-so, nuts-and-bolts State of the Union speech last night: "The state of our union is strong," he said, "our cause in the world is right, and tonight that cause goes on." With a quick "God bless" he bolted from the podium as members of Congress, almost applauded out by that time, gave him his final ovation of the night.

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Bedecked in yet another of his pale blue neckties, Bush began the speech on a conciliatory and bipartisan note, declaring himself "the first president to begin the State of the Union message with these words: Madam Speaker" -- a reference, of course, to Democrat Nancy Pelosi, who now presides over the House. Bush also congratulated "the Democratic majority" that he was facing en masse for the first time.

As seen on all the major and minor networks, the speech was workmanlike and the presentation presentable. Bush seemed determined to keep it low-key. Campbell Brown, reporting for NBC News, called it "extremely subdued." Brown had an unusual perspective, at least for a correspondent. Before the speech began, anchor Brian Williams told viewers that a journalist was being allowed to report from the floor of the House, right down there with the legislators, for the first time.

Brown was heard but not seen, however; she was not accompanied by a camera.

On CBS, Bob Schieffer called Bush's address "a much better speech" than the one in which he announced his plan to send more than 20,000 additional troops to Iraq, a speech delivered from the White House library earlier this month. Bush spoke of that plan last night as a fait accompli, not something he wants to talk over with anybody on Capitol Hill. "We are deploying" additional troops, he said -- not "we want to deploy" or "I would like to deploy."

To its credit, ABC News, alone among the three major networks, stayed on the air with coverage for the rest of the hour after Bush finished talking. Charles Gibson anchored from outside the Capitol in a topcoat. Even more exhaustive coverage was available on HDNet, a high-definition network whose anchor is Dan Rather. Yes, that Dan Rather, who preceded and followed the speech with interviews and features, signing off at 11 p.m.

On C-SPAN, which went to live pictures from the House chamber 15 minutes before the speech began, commentator Kenneth Walsh, of U.S. News & World Report, noted the presence of guest stars in the balcony both in the first lady's box and in the section controlled by Democrats. He predicted "dueling images of heroes and celebrities" during the speech.

Actually, it was more a case of dueling standing ovations as Republicans and Democrats took turns jumping to their feet to express approval for something Bush said. When the president used the terms "global warming" and "global climate change" -- probably for the first time in one of his State of the Union speeches, if not ever -- Democrats rose and clapped away. A moment later, when he called for quick approval of judges nominated to federal courts -- "a prompt up-or-down vote" in Congress, it was the Republicans' turn to stand and applaud, while most of the Democrats stewed in their seats.

Some members of Congress, forgetting they might be in a reaction shot at any moment, also forgot that it's best not to read along with the president from printed copies of his speech that they'd been given in advance. In a telling two-shot, viewers saw Illinois Sen. Barack Obama in the foreground reading from the speech, and thus appearing almost to be asleep, and right behind him New York Sen. Hillary Clinton, quite possibly Obama's major foe in pursuing the Democratic presidential nomination for 2008, looking bright-eyed (and for all we know, bushy-tailed) and appearing to give the president her full and eager attention.

Sen. Edward Kennedy (D-Mass.) was caught by cameras reading the speech, too, but he looks so venerable and distinguished by now that it's hard to get a bad picture of him. In fact he seems more and more to resemble Claude Rains as a veteran white-haired senator in Frank Capra's classic movie "Mr. Smith Goes to Washington." Life imitating art's imitation of life.

Although Katie Couric is the presiding anchor on CBS, she increasingly relies on the expertise of Schieffer when covering big political events. They are now virtual co-anchors. While Couric read from prepared historical information about past State of the Union addresses, Schieffer did the up-to-date political analysis. In fact, he seemed to get even more screen time than Couric in the minutes leading up to the speech.

MSNBC's Keith Olbermann told viewers the speech was to begin at 9:01:30 but allowed as how it could take 12 minutes for the president to make his way down the aisle to the podium, depending on how many hands got shaken. A lot did. And Bush didn't enter the chamber until 9:09; he finally began speaking at 9:13 (concluding at 10:03).

The Democratic response to the speech -- delivered last night by Virginia Sen. Jim Webb -- traditionally doesn't air until the president is out of sight. Could Bush have intentionally been delaying it by grasping every hand in sight and giving countless autographs when he got to the exit from the chamber? Whatever, he was, as the cliche goes, all smiles at this point, seemingly oblivious to the fact that he is now, according to polls, as unpopular as Richard Nixon was when wallowing in Watergate.

Some 2008 Contenders Disagree, Politely (WP)

By Shailagh Murray And Anne E. Kornblut

Washington Post, January 24, 2007

President Bush's audience at the Capitol last night included at least 10 Republicans and Democrats who hope to succeed him, and their response to his State of the Union address ranged from enthusiastic to tepid.

The most generous was Sen. John McCain of Arizona, a leading contender for the GOP nomination and Bush's chief defender on the Iraq war, including the administration's latest plan to deploy an additional 21,500 troops.

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"This strategy ought to be given a chance, because the consequences of failure are immense, and we'll be back again some day," McCain told ABC News in a post-speech interview. "This is going to be long and hard and tough."

Sen. Hillary Rodham Clinton (N.Y.), the Democratic front-runner, was more skeptical, urging Bush to seek a more "comprehensive approach" to the Iraq crisis. Bush's troop escalation proposal, she said, was "really more of the same. We've gone down this road before."

"Most Americans believe that escalation will not bring the war in Iraq to a responsible end, and that's why I've proposed not just a troop cap, but a phased redeployment that will start bringing our troops home," added Sen. Barack Obama (D-Ill.), another major contender.

Bush was the main event last night, but the 2008 contenders created their own media sideshow. As lawmakers milled around on the House floor prior to the speech, cameras caught Obama joking with colleagues and Sen. Sam Brownback (R-Kan.) and applauding politely as Cabinet secretaries filed into the chamber. Obama sat directly in front of Clinton during the speech, while McCain sat with his head bowed, following along with a written version.

Presidential prospects dominated post-speech television coverage, with the national networks staking out a separate interview staging ground for party VIPs in the Russell Senate Office Building rotunda, away from the hoards of local television crews that packed Statuary Hall in the Capitol. Obama showed up first, immediately after the speech ended at 10:15 p.m., and announced that he hadn't heard anything surprising, although he did describe the mood in the chamber as "courteous."

Meanwhile, Clinton stood a few steps away, noting the "very crowded rotunda" as she peered around for a way to duck past Obama.

As of last night, Obama had been booked on all the major morning news programs, while Clinton declined to appear. Sen. Joseph R. Biden Jr. (D-Del.), another 2008 contender, had been scheduled on several programs, but was bumped, according to a senior Democratic Senate aide.

John Edwards, a former senator and the 2004 Democratic vice presidential nominee, watched the speech from Miami and made a series of television appearances from there. He responded to Bush's speech with a full-page ad today in the Capitol Hill newspaper Roll Call that asks Congress to use its power to stop President Bush from sending more troops to Iraq.

The text reads, "Last night, you heard the president speak. Today, listen to the American people," and is followed by a list of voters who have endorsed Edwards's proposal that Congress block funding for a troop increase.

Sen. John F. Kerry (D-Mass.), the 2004 presidential nominee, offered some of the harshest criticism of the night, saying Bush "glossed over the disastrous war and its multibillion-dollar price tag and implied again that our presence in Iraq is somehow improving the situation in that chaotic and turbulent country."

Kerry added that he would soon introduce legislation to demand that the White House set a date for withdrawing troops from Iraq.

Democratic candidates were most generous in their response to Bush's domestic proposals, particularly ideas to expand health coverage and cut gasoline consumption. "The president offered some serious proposals tonight on two issues -- energy and health care -- that we all agree must be addressed," Obama said in a post-speech statement. "I'm glad he did and I think it's important to respond in a constructive way."

Clinton echoed Obama's more conciliatory response to the president's domestic proposals. "I'm willing to work with anyone," he said. "Let's try to get something done."

On the Republican side, former New York mayor Rudolph W. Giuliani, another major contender for the GOP presidential nomination, had warm things to say about Bush's speech during an interview on Fox.

"I thought the speech was a very good one and I thought it did what the president had to do, which is to get us kind of beyond Iraq, meaning there are a lot of other things we have to concentrate on," he said.

The State Of The Union (NYT)

The New York Times, January 24, 2007

The White House spin ahead of George W. Bush's seventh State of the Union address was that the president would make a bipartisan call to revive his domestic agenda with "bold and innovative concepts." The problem with that was obvious last night — in six years, Mr. Bush has shown no interest in bipartisanship, and his domestic agenda was set years ago, with huge tax cuts for wealthy Americans and crippling debt for the country.

Combined with the mounting cost of the war in Iraq, that makes boldness and innovation impossible unless Mr. Bush truly changes course. And he gave no hint of that last night. Instead, he offered up a tepid menu of ideas that would change little: a health insurance notion that would make only a tiny dent in a huge problem. More promises about cutting oil consumption with barely a word about global warming. And the same lip service about immigration reform on which he has failed to deliver.

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At times, Mr. Bush sounded almost as if he'd gotten the message of the 2006 elections. "Our citizens don't much care which side of the aisle we sit on — as long as we are willing to cross that aisle when there is work to be done," he said.

But we've heard that from Mr. Bush before. In early 2001, he promised to bring Americans together and instead embarked on his irresponsible tax cuts, a divisive right-wing social agenda and a neo-conservative foreign policy that tore up international treaties and alienated even America's closest allies. In the wake of 9/11, Mr. Bush had a second chance to rally the nation — and the world — only to squander it on a pointless, catastrophic war in Iraq. Mr. Bush promised bipartisanship after his re-election in 2004, and again after Hurricane Katrina. Always, he failed to deliver. He did not even mention New Orleans last night.

When Republicans controlled Congress and the White House, Mr. Bush's only real interest was in making their majority permanent; consultation meant telling the Democrats what he had decided.

Neither broken promises nor failed policies changed Mr. Bush's mind. So the nation has been saddled with tax cuts that have turned a budget surplus into a big deficit, education reform that has been badly managed and underfinanced, far-right judges with scant qualifications, the dismantling of regulations in order to benefit corporations at the expense of workers, and a triumph of ideology over science in policy making on the environment and medical research. All along, Americans' civil liberties and the constitutional balance have been trampled by a president determined to assert ever more power.

Now that the Democrats have taken Congress, Mr. Bush is acting as if he'd had the door to compromise open all along and the Democrats had refused to walk through it.

Last night, Mr. Bush also acted as if he were really doing something to help the 47 million people in this country who don't have health insurance. What he offered, by the White House's own estimate, would take a few million off that scandalously high number and shift the burden to the states. Mr. Bush's plan would put a new tax on Americans who were lucky enough to still have good health-care coverage through their employers. Some large portion of those are middle class and represented by the labor unions that Mr. Bush and the Republicans are dedicated to destroying.

Mr. Bush's comments on Iraq added nothing to his failed policies. He did, at last, propose a permanent increase in the size of the Army and Marines that would repair some of the damage he has done to those forces. But that would take years, and it would do nothing to halt Iraq's spiral. Mr. Bush failed to explain how he would pay for a larger force, which would almost certainly require cutting budget-busting weapons programs. That would mean going up against the arms industry and its lobbyists — something Mr. Bush has never been willing to do.

Mr. Bush almost certainly didn't intend it, but his speech did reinforce one vital political fact — that it's not just up to him anymore. There was a big change last night: the audience. Instead of solid Republican majorities marching in lock step with the White House, Congress is controlled by Democrats. It will be their task to give leadership to a nation that desperately wants change and expects its leaders to work together to deliver it. The Democrats' challenge will be to form real coalitions with willing Republicans. If they do, Mr. Bush may even be forced, finally, to compromise.

Say what you will about the flaws and shortcomings of the two-party system. After six years of the Bush presidency, at least we know it's a lot better than the one-party system.

Speaking On Demand (LAT)

Los Angeles Times, January 24, 2007

The State of the Union address, a constitutional requirement, seemed more forced than ever this year.

IT IS ALWAYS tempting to take the State of the Union address seriously. It is the Constitution, after all, that requires that the president "from time to time give to the Congress Information of the State of the Union," and even if the substance of the address rarely inspires, there is always the spectacle itself: the full chamber, the shouts and applause of the audience, the surprise guests in the gallery.

This year, however, the speech felt even more compulsory than usual. President Bush seemed at times to be going through the motions, reasserting his position or making proposals on a number of issues — immigration, healthcare, education, the war in Iraq, energy independence — in an effort to remain relevant in the face of a Democratic Congress and plummeting public support. It's difficult to know how many of his ideas will amount to anything. On a few fronts, however, they're either interesting or relevant (though not often both).

Immigration reform is the most pressing domestic business left from the previous Congress. It's also the policy area in which Bush's goal of establishing a "legal and orderly path for foreign workers to enter our country to work on a temporary basis" became more feasible, rather than less so, with the Democratic takeover of Congress.

Given that this is not a new debate, it would have been nice if the president had been more specific. But, in any event, the burden is now on the Democratic congressional leadership to, as Bush said, "resolve the status of the illegal immigrants who are already in our country." Alluding to the excessively prolonged legislative battle over immigration, Bush was right to plead for a "conclusive" debate on Capitol Hill.

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Like his remarks on immigration, Bush's rhetoric on the need for affordable healthcare was hardly new; he has cited the issue in four previous State of the Union speeches. On Tuesday, Bush did tout two interesting proposals: offering a standard tax deduction that would make health insurance more affordable to workers without benefits, and letting states use some federal healthcare funds to provide insurance to low-income residents. Both ideas have merit. Yet both are long shots politically.

It's worth noting that on more than a few items on the president's domestic agenda, the real action is in the states. It's hard to say how much Bush's thinking owes to leaders such as former Massachusetts Gov. Mitt Romney (on healthcare) and Gov. Arnold Schwarzenegger (on healthcare and global warming), but they can claim that they helped put these issues on the agenda. Both problems can only be solved at the national level, so the president's attention is encouraging.

Of course, much of the president's speech concerned Iraq, although he said little that was particularly original or helpful. What happens there, even more than what he said Tuesday night, will be the true test of the president's seriousness and resolve in the months ahead.

The State Of The Union (USAT)

USA Today, January 24, 2007

As President Bush delivered his State of the Union address Tuesday night, the scene around him was as telling as his words. On camera over his left shoulder sat Nancy Pelosi, the first Democratic House Speaker in 12 years and a symbol that the compliant Republican Congresses that rubber-stamped the president's Iraq policies are gone. For the first time in his presidency, Democratic majorities of both houses filled the chamber.

The president acknowledged that new reality in several ways. But not on Iraq. Bush appeared to be wedded Lyndon Johnson-like to a vision that is failing in the field, under bipartisan attack in Congress and opposed overwhelmingly by a public that expresses increasing restlessness in the polls.

He argued for his new plan but largely with his old ideas: that the stakes are so high there is no option but to succeed, and that failure would embolden radicals, posing a threat to U.S. allies throughout the Middle East and ultimately a threat to Americans.

All are distinct possibilities, but whether Bush's plan "provides the best chance of success," as he put it, is questionable.

The president didn't sound like a man down to his last chance, but he is. With voters already restless and angry over a war that was sold as a quick strike but is now almost four years old, no candidate of either party wants to go into the 2008 elections with nothing changed. That makes the end of this year the practical outside limit for Bush's policy to show success. Testifying to Congress earlier Tuesday, David Petraeus, the Army general who would carry out Bush's plan, called the situation in Iraq "dire" and said it might take until late summer to know whether the new strategy is working. That leaves a very small window for success.

Bush's hope is that the United States and its Iraqi allies can gain the upper hand by "surging" 21,500 additional U.S. troops to help subdue violence in Baghdad and hunt al-Qaeda in Anbar province. With the surge already under way, Americans should wish the troops well and hope for success. Even a glimmer of hope that the violence might begin to subside could change the equation. At the very least, it would give the United States leverage it hasn't had since the heady days after the fall of Baghdad to rally international support and bargain from strength with interventionist neighbors such as Iran and Syria.

But even Bush's staunchest backers concede success will take time and initially increase American casualties, which will at some point wear away what little is left of American support. The president has too often staked his credibility on plans for victory that turned out to be terribly flawed.

Today comes the inevitable price for that, as the Senate Foreign Relations Committee takes up nonbinding resolutions to disapprove Bush's surge policy. In the short run, the worst Bush can expect is a symbolic but politically painful rebuke.

Eventually, though, if Bush remains at odds with Congress, he could find himself pushed toward the sort of phased withdrawal outlined by the Iraq Study Group and largely backed by the senators pushing the resolutions. Among other things, they advocate refocusing a smaller U.S. force on training the Iraqi army to handle most security and positioning Americans to strike against al-Qaeda.

No president can sustain a war without support from the voters, and, as President Ford discovered when he pushed Vietnam to a final confrontation in 1975, no war can continue if Congress refuses to fund it.

Time is running out.

State Of Troubles (WP)

Washington Post, January 24, 2007

PRESIDENT BUSH offered the usual assurances last night about the healthy state of the union, but the state of his presidency has never been worse. He faces a Democratic majority in both chambers of Congress and a public increasingly

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unhappy about the war in Iraq and disenchanted with his leadership. By the time he delivers next year's State of the Union address, the primaries will be underway, and Mr. Bush's relevance will be fading. If he is to have a final chance to shape policy, this is it.

For that reason, Mr. Bush was probably right to save discussion of foreign policy for the second half of last night's speech. At this point, there isn't much he can do to convince skeptics in Congress or the public about the correctness of his approach in Iraq; the time to craft a policy with more public support and bipartisan agreement passed with Mr. Bush's speech two weeks ago. Mr. Bush's goal last night was not so much to argue anew for the troop increase but to drive home the point that the "consequences of failure would be grievous and far reaching." On this, Mr. Bush is assuredly correct.

There are more opportunities for bipartisan cooperation domestically, but here what was most significant -- and disappointing -- was what Mr. Bush left off his agenda. Once again, he did not offer a sustained and broad-scale effort to address climate change, instead choosing to treat progress on the issue as just a fortuitous byproduct of his effort to cut gasoline consumption. Similarly, Mr. Bush -- having tried and failed to reform Social Security, having promised a commission on entitlements in last year's State of the Union that he never managed to convene -- referred only briefly, and without specifics, to the need to tackle the coming explosion in entitlement spending. And at a time when the country could benefit from a serious discussion of the importance of free trade and the parallel need to mitigate the disruptions of globalization, Mr. Bush referred just glancingly to trade.

Mr. Bush concentrated his pitch on four domestic areas: energy, health care, immigration reform and reauthorization of his signature education measure, the No Child Left Behind Act. He called for reducing gasoline consumption by 20 percent in the next decade, in part by adopting new fuel economy standards but mostly through increased reliance on alternative fuels. These initiatives are attractive, but it's not clear that the president's ambitious plan -- he'd increase alternative fuel use from the current 4 billion gallons per year to 35 billion by 2017 -- is feasible.

On health care, Mr. Bush would cap the currently unlimited tax deduction for employer-sponsored health insurance; he'd replace that with a standard deduction -- $15,000 for a family policy -- available for all insurance, whether offered by employers or bought privately. This would improve progressivity and fairness, and help contain health-care costs. As written, the proposal has flaws, but those can be addressed -- if Democrats are willing to do more than hurl criticism.

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," Mr. Bush said last night. He missed key opportunities to put forward areas for such cooperation -- and in the past six years, he's done much to persuade Democrats that they have little to gain from partnership. Nonetheless, in the new political order that will dominate the final two years of the Bush presidency, it may be in the Democrats' interest as well as the nation's to seek bipartisan accomplishment. On energy, health care, education and immigration, Mr. Bush last night offered at least a reasonable basis for further discussion. Congress should engage, not reflexively dismiss.

State Of The Economy (WSJ)

The Wall Street Journal, January 24, 2007

Meanwhile, back at the economy, you may have noticed that 2006 ended without a recession. This follows the recessions of 2003, 2004 and 2005, all of which also never occurred, though they were widely warned about in the press and even forecast by many economists at some point during each of those years.

The big economic story going into this New Year is that growth is accelerating. Jobless claims have dipped, as the labor market stays tight amid a low 4.5% unemployment rate and rapidly rising real wages. Corporate profits continue to defy gravity, growing at nearly double-digit rates some five years into this expansion. Economist Ed Hyman's ISI Group reports that as of last Friday some 57% of companies had beat profit expectations for the fourth quarter.

Then there's the "trade deficit," which was supposed to have produced a crisis any day now but is instead contributing to faster growth as American exports soar. Peppier growth abroad is helping, especially in Europe, assuming Germany's big increase in value-added taxes this month doesn't get in the way. Oil prices have come down, and even the housing slump seems to have stabilized in some parts of the country.

If Bill Clinton were still President, he'd have used last night's State of the Union address to hail all of this as a triumph, taking political credit and claiming it was all due to his policies, with supportive headlines to match. It hardly matters what President Bush said last night; he still won't get any credit.

Democrats Slam Bush War Policy (AP)

By Laurie Kellman

AP, January 24, 2007

DOJ_NMG_0121001

Democrats blistered President Bush's war policy Tuesday night, challenging him to redeem the nation's credibility — and his own — with an immediate shift toward a diplomatic end to the bloody conflict in Iraq.

"The president took us into this war recklessly," the Democrats' chosen messenger, Sen. Jim Webb of Virginia, said in response to Bush's State of the Union address Tuesday evening. "We are now, as a nation, held hostage to the predictable — and predicted — disarray that has followed."

Webb, a Vietnam veteran who was Navy secretary during Republican President Reagan's administration, called for a new direction.

"Not one step back from the war against international terrorism. Not a precipitous withdrawal that ignores the possibility of further chaos," said Webb. "But an immediate shift toward strong regionally based diplomacy, a policy that takes our soldiers off the streets of Iraq's cities and a formula that will in short order allow our combat forces to leave Iraq."

Bush offered no such plan in his speech before the most unfriendly joint session of Congress of his tenure.

Instead, the president focused on making the case that "failure would be grievous and far-reaching" and he defended his plan to send 21,500 more troops to Iraq in a short-term surge. He also issued a long list of domestic policy initiatives centered on such pet Democratic issues as energy independence and health care.

Newly installed majority Democrats welcomed his overtures of bipartisanship but weren't interested in changing the subject.

"Unfortunately, tonight the president demonstrated he has not listened to Americans' single greatest concern: the war in Iraq," Senate Majority Leader Harry Reid, D-Nev., and House Speaker Nancy Pelosi, D-Calif., said in a joint statement. "We will continue to hold him accountable for changing course in Iraq."

In a speech written himself and previewed by senior Democratic officials, Webb challenged Bush to support the House-passed minimum wage increase and nurture an economy that restores the middle class. And he said Democrats would work with Bush to promote energy independence.

But he chose harsher rhetoric for what he framed Bush's abuse of the public's loyalty, trust and welfare in the rush to war.

"The war's costs to our nation have been staggering," said Webb, whose son is serving in the military in Iraq. "Financially. The damage to our reputation around the world. The lost opportunities to defeat the forces of international terrorism, and especially the precious blood of our citizens who have stepped forward to serve."

Democrats also hammered home a message that achieving bipartisanship must be as much a part of Bush's agenda as proposals on the war, energy independence and health care.

"We hope to begin working with him to move our country in a new direction," Reid and Pelosi said in their statement.

"If he does, we will join him," Webb said. "If he does not, we will be showing him the way."

The speech capped the Democrats' effort to have the first, most frequent and last words on the president's annual address.

Seated in the gallery above the chamber was a reminder of a key factor in the Republicans' loss of congressional control and the lone veto of Bush's presidency. Actor Michael J. Fox, who has Parkinson's disease, attended as the guest of Rep. Jim Langevin, D-R.I., who is a quadriplegic, Langevin's spokeswoman said.

Both men have health problems that some scientists believe might someday be cured or treated by embryonic stem cell research. Bush last year vetoed a bill that would have allowed taxpayer money to speed up those studies, arguing that public funds should not be spent on research that destroys budding human life.

Fox then appeared in several campaign commercials for candidates that support the bill, sparking a controversy and helping tilt the election in the Democrats' favor. The House earlier this month passed the same bill by a margin far short of the two-thirds majority required to override a second veto.

Va.'s Webb Offers A Blunt Challenge To Bush (WP)

By Michael D. Shear

The Washington Post, January 24, 2007

Sen. James Webb (D-Va.) delivered a forceful nine-minute response to President Bush's State of the Union address last night, promising an aggressive challenge to Bush's Iraq and economic policies from the newly empowered Democratic majority in Congress.

Speaking live from a historic Capitol Hill meeting room, Webb displayed the same blunt manner that won over Virginia voters in November and later generated headlines after a face-to-face exchange with Bush at the White House.

Webb accused the president of taking the country into Iraq "recklessly" and forcing it to endure "a mismanaged war for nearly four years."

DOJ_NMG_0121002

"Many, including myself, warned even before the war began that it was unnecessary; that it would take our energy and attention away from the larger war against terrorism; and that invading and occupying Iraq would leave us strategically vulnerable," Webb said.

Webb held up a picture of his father as a young Air Force captain. As a small boy, he said, he took the picture to bed with him to remind him of his father's sacrifice. Now, Webb's son is serving in Iraq as a Marine infantryman.

"We need a new direction," said Webb, a decorated Marine veteran of the Vietnam War. "Not one step back from the war against international terrorism, not a precipitous withdrawal that ignores the possibility of further chaos, but an immediate shift toward strong, regionally based diplomacy."

Democrats owe their newfound control of the Senate to Webb's slim and improbable victory over former Virginia senator George Allen. Webb -- who served as secretary of the Navy under Ronald Reagan -- also embodies his party's central message: a determination to oppose the Iraq war while supporting the troops who are there.

Webb has become a folk hero among liberals and Democratic bloggers for brusquely telling Bush at a White House event that questions from the president about Webb's son are "between me and my boy."

So after just three weeks as a U.S. senator, Webb became the choice of the Democratic leadership in the Senate and House of Representatives to carry their blunt warning about Bush's new war strategy.

"He represents to me what the new America is all about," said Senate Majority Leader Harry M. Reid (Nev.) as he faced about 40 reporters with Webb and House Speaker Nancy Pelosi (Calif.). "Someone who understands what it means to go to war, what it means to have peace, what it means to work on a bipartisan basis. I think he's the perfect person to answer the president."

For the second year, Democrats turned to a newly elected Virginian for their response to Bush. Last year, they picked Gov. Timothy M. Kaine, fresh from victory in the conservative state.

Kaine offered an upbeat, hopeful message tinged with a few jabs at Bush. Webb, a former boxer, offered a harsher critique of the president's six years in office. With his party in control of Congress, Webb gave a speech that was more aggressive and confident.

On the economy, he described a growing divide between rich and poor during the Bush presidency. "In short, the middle class of this country, our historic backbone and our best hope for a strong society in the future, is losing its place at the table," he said.

For Webb, the speech capped a remarkable year that began with an underfunded, largely dismissed campaign to unseat a leading presidential hopeful. For most of the year, his campaign was ignored by pundits and criticized by suspicious Democrats.

But his bid for office caught on as Allen's was rocked by gaffes and scandal. After his 9,000-vote victory, Webb thrust his son's combat boots over his head, the first time Webb had had them off his feet in public since the Senate campaign began.

Webb began yesterday by spilling a cup of coffee on his blue shirt, prompting an aide to urge a change of clothes rather than just a buttoning of his jacket. "I told him this was one of the biggest appearances he'd make in his life, so maybe we should change the shirt," said Jessica Smith, Webb's communications director.

For the first time, networks planned to broadcast the State of the Union and Webb's response in high-definition television. That prompted Webb's staff to hire a makeup specialist who could make sure that Webb looked good in crystal-clear pictures.

Aides said Webb took the speech seriously, vigorously rewriting the initial draft suggested by the offices of Reid and Pelosi. But like past State of the Union responders, Webb received much unsolicited advice. Asked why the speech grew from five minutes to more than eight, Smith said, "That's what happens when you have input from everyone."

Webb concluded his speech with references to former presidents Dwight Eisenhower and Theodore Roosevelt and a warning for Bush:

"These presidents took the right kind of action for the benefit of the American people and for the health of our relations around the world. Tonight, we are calling on this president to take similar action in both areas. If he does, we will join him. If he does not, we will be showing him the way."

Democratic Sen. Webb Rebukes Bush's Handling Of Iraq (MCT)

By Margaret Talev

McClatchy Newspapers, January 24, 2007

WASHINGTON - In a stinging Democratic Party response to President Bush's State of the Union address, freshman Sen. James Webb of Virginia said Bush "took us into this war recklessly" and "we are now as a nation held hostage to the predictable and predicted disarray that has followed."

Webb, whose Marine son is serving in Iraq, said Bush has lost the support of the majority of the country and the military.

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Webb called for "not one step back from the war against international terrorism, not a precipitous withdrawal that ignores the possibility of further chaos, but an immediate shift toward strong, regionally-based diplomacy, a policy that takes our soldiers off the streets of Iraq's cities and a formula that will in short order allow our combat forces to leave Iraq."

The Democratic-led Senate and House of Representatives plan to pass nonbinding resolutions opposing the president's troop buildup, but as of now they aren't threatening to withhold funding for it.

Before Webb was a Vietnam War hero, or President Reagan's Navy secretary, or a best-selling author, or the Republican-turned-Democrat who beat Sen. George Allen last year to give Democrats the last seat they needed to take control of the Senate, he was a boxer at the U.S. Naval Academy.

On Tuesday night, he delivered his harshest blows against the war in Iraq.

But he also jabbed at other openings, saying that now that Democrats control Congress for the first time in Bush's presidency, they'll hold him to deliver on promises to improve public education, health care, the plight of Hurricane Katrina survivors and economic conditions for the working class.

Invoking the legacies of two past Republican presidents - Theodore Roosevelt for taking on corporate robber barons and Dwight D. Eisenhower for ending the Korean War - Webb challenged Bush to follow their examples.

"If he does, we will join him," he said. "If he does not, we will be showing him the way."

Democrats Hit Bush On Iraq And Economy (USAT)

By Kathy Kiely

USA Today, January 24, 2007

WASHINGTON — Sen. Jim Webb of Virginia accused President Bush of presiding over a "mismanaged war" and an imbalanced economy Tuesday in a bluntly worded speech that reflected the new Democratic majority's willingness to flex its muscle in Congress.

Webb, who won last November in an upset after a campaign centered largely on his opposition to the war in Iraq, focused on the war in a nationally televised speech that served as his party's official response to the president.

A decorated Vietnam War combat veteran, Webb invoked his family's tradition of military service. His father, an Air Force colonel, is buried in Arlington National Cemetery, and his son, Jimmy, is a Marine serving in Iraq.

"We owed them our loyalty, as Americans, and we gave it," he said. "They owed us sound judgment, clear thinking, concern for our welfare — a guarantee that the threat to our country was equal to the price we might be called upon to pay for defending it."

Bush and his advisers, he added, repaid the loyalty of the troops in Iraq by going to war "recklessly."

On the economy, Webb struck a populist note, decrying the widening disparity between the earnings of corporate executives and average workers, and the outsourcing of manufacturing jobs. "The middle class of this country, our historic backbone and our best hope for a strong society in the future, is losing its place at the table," he said.

The aggressive note struck by Webb in the Democrats' official rebuttal reflected the changed political reality on Capitol Hill. For the first time since assuming the presidency in 2001, Bush was addressing a Congress that his party does not control.

The change was personified by the presence of Nancy Pelosi, a California Democrat and the nation's first female speaker of the House, sitting next to Vice President Dick Cheney behind the president as he spoke. Even Republicans, having lost the majority, seemed less inclined to be generous with the huzzahs and ovations that have punctuated Bush's past appearances.

"There's a lot of angst," said Sen. Mel Martinez, a Florida Republican who served in Bush's Cabinet and now chairs the Republican National Committee. In a sign of how far the president's star has fallen on Capitol Hill, Martinez expressed concern about Bush's reception. "I hope it's respectful," he said before the speech.

Members from both parties made it plain the deference shown the president wouldn't last much beyond Bush's one-hour visit to the Capitol.

Rep. Patrick McHenry, R-N.C., called Bush's health care proposal "dead on arrival." He blamed Democratic leaders, but McHenry made it plain that he isn't enthused about a plan that would increase taxes on some Americans. "I'd rather see us focus on free-market measures, like health care savings accounts," he said.

Rep. John Murtha, D-Pa., dismissed Bush's call for a bipartisan task force on Iraq as "ridiculous." He said the president should instead consult with congressional committees on defense and foreign affairs. "It's a gimmick," Murtha, the top-ranking Democrat on the House panel that controls the defense budget, said of Bush's proposal.

Others saw it differently. "The president's bold, specific challenge to the Congress is to work together to tackle the big issues facing our nation," said Senate Minority Leader Mitch McConnell, R-Ky. "I believe we can find big solutions to big problems but only if the debate is aimed at accomplishment over political gain."

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In his speech, Webb said the Democrats are "serious" about wanting to achieve bipartisan agreement. But he questioned Bush's sincerity by noting "this is the seventh time the president has mentioned energy independence in his State of the Union message."

Pelosi shared Webb's skepticism, telling reporters that Bush's deeds have so far not matched his rhetoric when it comes to weaning Americans from fossil fuels. "He has talked the talk, but he hasn't walked the walk," she said.

While Bush was seeking to work with Congress on domestic issues, Democrats and some Republicans were preparing to challenge him on Iraq. This morning, less than 12 hours after the president leaves Capitol Hill, the Senate Foreign Relations Committee is set to begin debating a resolution to express congressional disapproval of his plan to commit more troops to the Iraq war.

To Deliver Their Remarks, Democrats Opt To Put A Fresh Face Front And Center (NYT)

By Jeff Zeleny

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — When President Bush concluded his State of the Union address, Democrats did not turn to the House speaker, Nancy Pelosi, or to the Senate majority leader, Harry Reid, to deliver their response. They chose a different face for the party: a former Republican, an ex-marine and a secretary of the Navy in the Reagan administration.

That Democrat, Senator Jim Webb of Virginia, who won his seat at least in part through his tenacious opposition to the Iraq war, wore his son's combat boots on the campaign trail last year. And on Tuesday evening, Mr. Webb invoked his own biography, and his family's three generations of military service, as he declared that today's soldiers could no longer trust the judgment of their commander in chief.

"The majority of the nation no longer supports the way this war is being fought, nor do the majority of our military, nor does a majority of our Congress," Mr. Webb said. "We need a new direction."

The choice of Mr. Webb was intended to provide a symbol, through his words and appearance, for the new majority in Congress. In a commanding voice, the senator chastised the administration for its economic and foreign policies, but said Democrats would try to work with Mr. Bush to change course.

"If he does not," Mr. Webb said, "we will be showing him the way."

Late last year, before being sworn into the Senate, Mr. Webb created a minor furor when he declined to stand in line for a photograph with the president at a White House reception. When the two men finally came face to face, Mr. Bush asked Mr. Webb about his son, who was deployed in Iraq, to which Mr. Webb replied tersely, "That's between me and my boy."

In a city that cherishes photo opportunities, where even political rivals are inclined to extend a hand and smile, the private moment highlighted deep tensions of the day. The conservative columnist George F. Will derided Mr. Webb as a "pompous poseur" disrespectful of the president, while liberal bloggers hailed him as a burst of fresh air.

Mr. Webb, 60, is a leading member of the freshman class of Democrats who arrived here with a mandate of change. His triumph over Senator George Allen, a one-term Republican, made him a hero among Democrats, particularly among antiwar activists, and prompted Representative Pelosi, of California, and Senator Reid, of Nevada, to tap him for the marquee position.

"He represents to me what the new America is all about," Mr. Reid, "someone who understands what it means to go to war, what it means to have peace, what it means to work on a bipartisan basis, someone who understands Reagan Democrats and the non-Reagan Democrats and independents and Republicans out there."

At the same time, Mr. Webb also illustrates the internal challenges facing Democrats as they settle on a response to the president's Iraq strategy. His five-minute speech did wade into the thorny question of whether the party will go beyond a symbolic resolution denouncing Mr. Bush's plan to send more troops to Baghdad.

"We are now, as a nation, held hostage to the predictable — and predicted — disarray that has followed," Mr. Webb said, speaking against a backdrop of a United States and Virginia flag on the Capitol's second floor. "The war's costs to our nation have been staggering."

In his speech, which was approved by Democratic Congressional leaders, Mr. Webb also criticized Mr. Bush as presiding over an era of economic injustice.

"It's almost as if we are living in two different countries," Mr. Webb said, noting that corporate profits might be reaching new highs, but that those benefits were reserved for the few. "The middle class of this country — our historic backbone and our best hope for a strong society in the future — is losing its place at the table."

Sending A Clear 'Daddy' Message To The Public (FT)

By Edward Luce In Washington

Financial Times, January 24, 2007

DOJ_NMG_0121005

Often referred to as the "Mommy party", the Democratic party's choice of Jim Webb – the newly-elected senator from Virginia – to respond to Tuesday night's annual State of the Union address by President George W. Bush was designed to send a clear "Daddy" message to the public.

A former navy secretary in Ronald Reagan's administration and a veteran of the Vietnam war, Mr Webb holds the ideal credentials to criticise Mr Bush's "escalation" of the Iraq war while insulating the party against any charge of being soft on national security.

"Obviously Jim is a combat veteran who has very strong views on Iraq," said Jim Manley, spokesman for Harry Reid, the Democratic Senate majority leader. "During the [November mid-term] election campaign Jim spoke from the heart against the war and captured the mood of the American public."

So strongly does Mr Webb feel about the Iraq war that he refused last month to have his picture taken alongside Mr Bush in the White House. The two also had a testy exchange when the president asked about Mr Webb's son, who is serving as a marine in Iraq.

Mr Webb said that he wanted to bring the soldiers home. "That's not what I asked you. How's your boy?" Mr Bush asked again. "That's between me and my boy," the senator shot back.

Mr Webb was criticised by some for his alleged discourtesy to the president. But others felt the exchange reflected what they most admired in the freshman senator – a reputation for plain-speaking and strong convictions.

Tuesday night's short speech by Mr Webb, seen by the FT beforehand, also focused on the other key issue that motivates the senator and many of the new intake of Democratic lawmakers from last November's congressional election victory.

In addition to his opposition to the Iraq war, Mr Webb based his election campaign on a platform of "economic fairness" couched in a language of suspicion of free trade and globalisation.

The 60-year-old self-described "Scots-Irish", whose wife, Hong Le, is Vietnamese, has railed against the "internationalisation of corporate America" and identified what he describes as a "growing class divide" in the US.

This month, he said Mr Bush should spend money on rebuilding New Orleans and other parts of the south damaged by Hurricane Katrina in 2005 rather than "wasting billions on Iraq".

Democratic strategists say the choice of Mr Webb was also intended to send a strong signal about the party's economic agenda in the 110th Congress. This is likely to include proposals to expand healthcare coverage to the 47m Americans who are uninsured, new tax breaks for the middle classes and a much tighter rein on the president's scope to pursue trade agreements with developing countries.

"The Democratic party's economic fairness agenda is something you will see evidence of in the committee hearings and debates on Capitol Hill over the next weeks and months," said J.B. Poersch, head of the Democratic Senate campaign committee. "It is something Jim Webb is very well qualified to symbolise."

As is virtually obligatory in Washington, Mr Webb also spoke on Tuesday night about the need for bipartisan co-operation. Mr Bush, who used similar sentiments, desperately needs to create a new "era of bipartisanship" on Capitol Hill to give the White House a chance of pushing through what remains of the president's relatively ambitious agenda.

In order to do so, however, Mr Bush will have to win over people like Mr Webb who, in spite of being a prize-winning novelist, is not easily impressed by high-sounding words.

DOJ:

Attorney General Skips Speech (AP)

ASSOCIATED PRESS

AP, January 24, 2007

WASHINGTON (AP) - Attorney General Alberto Gonzales stayed away from the Capitol Tuesday night in case of a catastrophic attack or accident as President Bush delivered his sixth State of the Union address.

By long-standing tradition, a member of the president's Cabinet misses the speech to Congress as a precaution against the entire administration's being wiped out and to maintain the presidential line of succession. Last year, Veterans Affairs Secretary Jim Nicholson did not attend.

The State of the Union address typically draws most members of both congressional houses and other top government officials, including Vice President Dick Cheney, who is also the president of the Senate.

Editorial: Questionable Firings (LVS)

Las Vegas Sun, January 24, 2007

Using specious reasoning, Bush administration pushes out several veteran prosecutors

Daniel Bogden, the U.S. attorney for Nevada, resigned last week, a victim of a Bush administration housecleaning. At least seven U.S. attorneys, most from the West, have been forced to resign, but no one will say why - not Bogden, not the Justice Department, not Sen. John Ensign, R-Nev., who was briefed by the Justice Department.

Attorney General Alberto Gonzales told the Senate Judiciary Committee last week that it was simply good management, so he could get the "very best" people into office.

That strikes us as odd because those fired had done fairly well. Bogden, a well-respected career prosecutor confirmed by the Senate in October 2001, oversaw the successful prosecution of the G-sting political corruption case, as well as prosecutions that put more than 40 members of the violent Rolling 60s Crips gang in federal prison. Others fired include the U.S. attorney in San Francisco, who was leading the probe into steroid use among professional athletes, and the U.S. attorney in San Diego, who oversaw the successful political corruption prosecution of former Republican Rep. Randy "Duke" Cunningham.

Democrats wonder if the Bush administration is trying to use a provision in the Patriot Act that lets the president appoint an "interim" U.S. attorney without Senate approval. Gonzales denies the claim, but we note that one of the fired prosecutors was replaced with 38-year-old Tim Griffin, a former deputy to White House political guru Karl Rove, who would have little chance to survive confirmation in the Democratic-controlled Senate. A Justice Department press release said Griffin would serve "under an Attorney General appointment" as interim U.S. attorney.

While nominated by the president, U.S. attorneys have, once confirmed, traditionally been insulated from much political pressure. The sudden dismissal of these U.S. attorneys smacks of White House meddling. The justice system and the public deserve much better, starting with the truth.

CORPORATE SCANDALS:

Broadcom Restates $2.22 Billion, Blames Former Chief (Update3) (BLOOM)

By Peter J. Brennan

Bloomberg, January 24, 2007

Jan. 23 (Bloomberg) -- Broadcom Corp., a maker of chips for consumer devices, restated financial results to reflect $2.2 billion in costs for misdated stock-option grants, a problem the company blamed on former Chief Executive Officer Henry Nicholas.

Nicholas ``bears significant responsibility for the lack of adequate controls'' in granting options, Irvine, California-based Broadcom said in a regulatory filing with the U.S. Securities and Exchange Commission. The filing also placed blame on former Chief Financial Officer William Ruehle and former Vice President of Human Resources Nancy Tullos.

Henry Samueli, who co-founded Broadcom with Nicholas and is still chairman and chief technical officer, ``reasonably relied'' on outside experts when granting options, the filing said. Broadcom is being investigated by both the SEC and the U.S. Justice Department.

``It makes sense because Henry Nicholas was very much in charge of the company during his tenure,'' Stifel Nicolaus & Co. analyst Cody Acree said about the blame being placed on Nicholas. ``He was iconic in the industry, and he was Broadcom. Henry Samueli has always been more on the engineering side.''

Broadcom restated its financial results for 1998 to 2005 and said the costs were noncash. ``Substantially all'' of the extra costs were recorded in the periods before 2004, the company said.

Shares of Broadcom fell 20 cents to $29.46 at 4:20 p.m. in Nasdaq Stock Market trading and have dropped 8.8 percent this year.

Lawyer's Response

The stock options ``in hindsight should have been accounted for differently,'' Nicholas's attorney, John Spiegel, said in an e-mail. He said Broadcom didn't find Nicholas had benefited from the backdated options and didn't ``knowingly'' engage in selecting grant dates after the fact.

Ruehle, who was CFO for almost 10 years before resigning in September, forfeited $32.8 million in stock options, the filing said. He personally benefited from the backdating, it said. The company spent $5.2 million buying back Ruehle's shares that were granted before it went public in 1998.

Ruehle ``was at the center of the flawed option-granting process,'' the filing said. ``There is substantial evidence he engaged in the selection of grant dates after the fact.''

Broadcom terminated more than $4 million of options of Tullos, who resigned in 2003, the filing said. Ruehle, Nicholas and Tullos didn't agree to be interviewed during the investigation, the filing said.

Former High Flier

Broadcom was a high-flying company with expensive Italian Lamborghini sports cars dotting the parking lot when the stock price rose to split-adjusted $183.17 in August 2000. The company used stock options as a way to attract talented engineers. Its stock price fell as low as $6.47 cents in October 2002.

Nicholas resigned in January 2003, citing marital problems. Broadcom hired Scott McGregor as CEO in January 2005. Both McGregor and acting CFO Bruce Kiddoo can certify the company's financial records, Broadcom said.

The company makes chips for consumer electronics such as television set-top boxes, Apple Computer Inc.'s video iPod and Nintendo Co.'s Wii game console.

Broadcom in July originally estimated the stock-option costs at $750 million. In September it said the expenses would be more than $1.5 billion. The costs don't affect the company's cash position or reported revenue in prior years.

``The bigger benefit is that there is some finality to this," Acree said. ``We've had management changes and now restatements. The management can now focus on the fundamentals."

Broadcom Co-Founder Nicholas Faces Much Of Backdating Onus (WSJ)

By Charles Forelle And James Bandler

The Wall Street Journal, January 24, 2007

Broadcom Corp. said Henry T. Nicholas III, its billionaire co-founder, bears responsibility for much of the stock-option backdating that occurred at the chip maker, which restated years of financial results and recorded $2.24 billion in extra expenses.

In restated securities filings made yesterday, Broadcom said it had slapdash options-granting procedures from its 1998 initial public offering through May 2003 that permitted the abuses, pointing to a "lack of adequate controls" thanks to the "tone and style of doing business" that Mr. Nicholas set.

The company noted 68 instances in which it couldn't find contemporaneous paperwork to document grant-approval meetings, and 18 cases when grant dates were selected after the fact. The restatement is the largest of any company of those forced to admit to errors or malfeasance in the options scandal. Broadcom's figure eclipses the up to $1.7 billion in charges insurer UnitedHealth Group Inc. has said it expects to take. Broadcom's disclosure may draw fresh attention to the role of Mr. Nicholas.

Broadcom said its evidence indicates Mr. Nicholas, who didn't receive any tainted options himself, was "at times involved with the selection of grant dates after the fact," noting he sought advice from William Ruehle, the longtime finance chief who left last year. Broadcom said there is "substantial evidence" Mr. Ruehle was involved in the backdating. Broadcom said the charges totaled $2.69 billion from 1998 through the first quarter of 2006; after adjusting for taxes and nearly $400 million of options forfeited because of employee terminations, the figure is $2.24 billion, the company said.

John W. Spiegel, attorney for Mr. Nicholas, said that the heady growth at Broadcom under Mr. Nichlolas' tenure and the high level of employee stock ownership resulted in "stock-option grants that in hindsight should have been accounted for differently." But Mr. Spiegel said the audit committee found that Mr. Nicholas "did not personally benefit, did not knowingly engage in selecting grant dates after the fact, and sought advice from appropriate persons regarding the process for option grants."

Mr. Ruehle's lawyer, Robert Feldman, said the Broadcom matter was less serious than that at the other companies under federal investigation. He said the board review "found no evidence of falsification or forgery -- conduct which is being found at many other companies." Mr. Feldman said the Broadcom case was distinguished "only by the size of the restatement, which relates not to the nature of the conduct, but to the volatility and number of shares."

A Nicholas family trust controls about 30% of Broadcom's voting power, according to the company's most recent proxy statement. The Irvine, Calif., company said 232.9 million options -- largely granted to nonexecutive employees -- bore faulty dates. Accounting rules in place at the time of the grants required companies to record charges for discount options -- those whose strike price was below the stock's market value at the time the grant was made. In Broadcom's case, some of the discounts were enormous -- due, in part, to the stock's volatility during the tech boom. That helped account for the size of the restatements. The company has said one grant, purportedly made on the day the stock hit its quarterly low in May 2000, was finalized later that year. By midsummer, Broadcom's shares had risen more than $100.

In addition to citing the roles of Messrs. Nicholas and Ruehle, Broadcom said a former human-resources executive, Nancy Tullos, "bears significant responsibility" for the options troubles. The company said it found evidence Ms. Tullos "was fully aware of what was occurring, and encouraged, assisted in and enabled it," though it didn't find she participated in choosing the dates.

Ms. Tullos' attorney, Ismail "Izzy" Ramsey, said, "Ms. Tullos is neither an accountant nor a lawyer. And, as the company acknowledged, she didn't select any of the favorable grant dates. As an HR executive, everything Nancy did to assist in

processing option grants was directed and approved by her superiors and other professionals... And, in every instance, she did what everyone thought was in the best interests of Broadcom and its employees." Broadcom said Ms. Tullos, who left in 2003, still held options last month valued at more than $4 million. It terminated those options, along with $32 million of options held by Mr. Ruehle.

N.Y. Pension Fund To Lead Lawsuit Over Apple Options (WP/AP)

The Washington Post, January 24, 2007

SAN JOSE -- A New York pension system will be the lead plaintiff in a shareholders lawsuit accusing Apple of illegally backdating stock options.

The New York City Employees' Retirement System was named the primary plaintiff in the lawsuit Friday by U.S. District Judge Jeremy D. Fogel, according to Grant & Eisenhofer, the law firm representing the group.

The system, which manages about $89 billion in retirement assets for more than 200,000 municipal employees, owns about 1 million shares of Apple stock. The plaintiffs are seeking class-action status for their case and want damages in connection with what they allege were illegally backdated stock options.

Fogel is also hearing a separate but similar securities case that consolidates a number of civil complaints about Apple's stock-options accounting. Apple has not yet responded to either case.

Federal prosecutors are investigating Apple's past stock-options practices, including a specific stock option award to chief executive Steve Jobs. Federal investigators last week questioned Jobs about the company's backdating practices.

Apple said its internal investigation cleared Jobs and other current management of wrongdoing.

CRIMINAL LAW:

Defense Says Libby Was 'Sacrificed' (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 24, 2007

WASHINGTON — I. Lewis "Scooter" Libby feared that White House officials were conspiring to make him the fall guy in the CIA leak scandal to protect political strategist Karl Rove, Libby's lawyer argued Tuesday.

In his opening remarks at Libby's perjury and obstruction trial, defense attorney Theodore Wells Jr. portrayed the former vice presidential aide as a sympathetic figure who was following his boss' orders to rebut an administration critic.

But Wells said Libby came to believe that he had lost the support of the administration he had sought to defend.

"Karl Rove was President Bush's right-hand person in terms of political strategy. Karl Rove was the person most responsible that the Republican Party stayed in office. His fate was important to the Republican Party. He had to be protected," Wells said.

"The person who was to be sacrificed, that's Scooter Libby," Wells said. "The person whose neck had been put in the meat grinder, you'll learn, was Scooter Libby."

Vice President Dick Cheney was concerned that his chief of staff might be unjustly tarred, Wells said, producing an excerpt from a note handwritten by Cheney: "Not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

Special prosecutor Patrick J. Fitzgerald offered a sharply different portrait of the defendant, saying that Libby had obstructed the search for the truth to protect his boss. Fitzgerald said Libby assiduously gathered information about an outspoken critic of the administration's Iraq policy, former envoy Joseph C. Wilson IV, and his wife, Valerie Plame, from various officials and then discussed the findings with journalists in a series of conversations.

Libby is charged with five counts of perjury and obstruction of justice in connection with his descriptions of those conversations to FBI agents and a federal grand jury. The trial is expected to last up to six weeks and promises testimony from Cheney and such high-profile journalists as Judith Miller, then a reporter for the New York Times; "Meet the Press" moderator Tim Russert of NBC News; and Matthew Cooper, then of Time magazine.

The defense suggestion of a high-level conspiracy, made on the opening day of the trial, was the first indication of a breach within the normally secretive White House over the handling of a case that had cast a legal and political cloud over the Bush administration for three years.

Wells did not identify the officials who might have been involved. But he set the stage for a broad attack on some witnesses the government plans to call, saying they were not credible.

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One of them, former White House Press Secretary Ari Fleischer, had initially asserted his 5th Amendment right against self-incrimination in the case and had agreed to cooperate with federal investigators only after being granted immunity, Wells said. He also indicated that he plans to challenge the testimony of three journalists who are key to the government case.

The investigation that resulted in Libby's indictment grew out of the revelation by syndicated columnist Robert Novak on July 14, 2003, that Plame worked for the CIA. Eight days earlier, the New York Times had published an op-ed article by Wilson accusing Bush of misleading the public in his 2003 State of the Union address.

Bush had asserted that then-Iraqi President Saddam Hussein had sought nuclear material in Africa — a contention Wilson had investigated for the CIA in 2002 and rejected.

Novak's column disclosed that "Wilson's wife" worked for the CIA on weapons of mass destruction. It suggested that Wilson's 2002 trip to Africa was due to nepotism, calling into question the credibility of his findings.

In July, Novak revealed Rove was one of the "administration sources" who confirmed Plame worked at the CIA but added he did not initially learn about her from Rove. No charges have been filed against Bush's top political aide. Libby has denied giving information about Plame to the journalists, but the journalists say he did exactly that.

Disclosing the identity of a covert agent can be a felony under federal law. But Libby did not know, Wells said, that Plame had worked undercover, and he considered her a footnote in a broader dispute with her husband.

Wells foreshadowed his defense Tuesday with a sympathetic portrayal of Libby as an influential Cheney loyalist who, on the command of his boss, took on an effort to talk with reporters to rebut allegations by Wilson that the administration had twisted prewar intelligence.

He conceded the possibility that his client may have not told the truth to investigators but said it was not deliberate. Rather, he said, it was because Libby was preoccupied with such weighty matters as a daily stream of terrorism threats, rumors of presidential assassination plots, and nuclear proliferation in North Korea and Iran.

"There will be no witness who takes that stand during this trial who takes the oath [and] swears to God and says, 'I know Scooter Libby lied,' " Wells said, adding: "This is a weak, paper-thin circumstantial evidence case about 'he said, she said.' "

Fitzgerald recounted to the jury how Wilson's column in the New York Times reverberated in the White House the day it was published.

"It's Sunday, July 6, 2003, the last day of a three-day Fourth of July weekend," Fitzgerald began. "Sunday, the fireworks are over, but a different kind of fireworks are about to begin."

Wilson had "leveled a direct attack on the White House's credibility and an attack on the vice president in particular," Fitzgerald said. The White House was "stunned," he said. "But then the White House began to push back" with Libby in the lead. In the crossfire, Fitzgerald said, "Wilson's wife got dragged in."

Fitzgerald said that the defense Libby has offered — that he did not deliberately lie — was not credible.

He cited as proof the events of the week after Wilson's column was published.

Libby allegedly revealed the identity of Plame in hushed tones over lunch to press chief Fleischer on Monday and shared that fact in a conversation with the New York Times' Miller the next day. But he testified before a grand jury that on Thursday, he was surprised to hear in a conversation with Russert that Plame worked for the CIA.

"You can't learn something startling on Thursday that you are giving out on Monday and Tuesday," Fitzgerald said.

Wells replied that he intended to test the credibility of some of those journalists. He said that Cooper had no notes showing that Libby had shared information with him about Plame, and that Miller had an acknowledged memory problem.

"Tim Russert is a great reporter, but he is a human being," Wells said. Libby had told investigators that he learned the identity of Plame from Russert. But Russert denied giving Libby that information.

Wells said Russert may have been the one who did not remember the conversation with Libby correctly.

The lawyer said that another NBC newsman, White House correspondent David Gregory, learned that Plame worked at the CIA from Fleischer while the two were on a presidential trip to Africa.

Gregory learned about Plame just hours before Russert spoke with Libby and conceivably could have passed along the information to Russert, Wells said. That would mean Russert could have told Libby about Plame, as Libby contends.

"Tim Russert had a deal. He had a deal with the government whereby he would only be questioned about his conversation with Scooter Libby, and he could not be questioned about anything else," Wells said. "So Mr. Russert was not required to answer questions about David Gregory…. We will explore that deal when Mr. Russert comes to court."

Liar Or 'Scapegoat'? 2 Depictions Of Libby As Trial Opens (USAT)

By Richard Willing

USA Today, January 24, 2007

WASHINGTON — Vice presidential adviser Lewis "Scooter" Libby repeatedly lied to FBI agents and grand jurors to impede a politically embarrassing investigation into how and why a CIA officer's classified identity was leaked to reporters in 2003, a federal prosecutor charged Tuesday.

"This is not a case about bad memory; this is not a case about forgetfulness," prosecutor Patrick Fitzgerald said in his opening statement in Libby's trial.

Libby's attorney, Theodore Wells, attacked that argument. He said the case against Libby is weak and circumstantial. Wells said Libby is being made a "scapegoat" for White House political adviser Karl Rove. It was Rove, not Libby, the lawyer said, who identified CIA covert officer Valerie Plame in a phone call with a reporter.

When the White House press secretary said Rove was not involved in the leak but later refused to clear Libby, Wells said, Libby sought Vice President Cheney's help. " 'They're trying to set me up. They want me to be the sacrificial lamb,' " Wells said, describing Libby's part of the conversation. " 'I will not be sacrificed so Karl Rove can be protected.' "

"Libby was an important staffer," Wells said. "But Karl Rove was the lifeblood of the Republican Party."

Libby has not been charged with leaking classified information, Wells noted. "He had no motive to lie because he had done nothing wrong," Wells said.

Libby, 56, Cheney's former chief of staff and national security adviser, is charged with one count of obstruction and four counts of lying to FBI agents and a federal grand jury investigating how Plame's identity was leaked to reporters.

During his opening statement, prosecutor Fitzgerald said Libby leaked Plame's identity as part of a Bush administration plan to discredit her husband, former diplomat Joseph Wilson. Eight days before Plame was identified in print as a CIA officer, Wilson alleged in a New York Times column that the Bush administration had twisted some intelligence reports "to exaggerate the Iraqi threat" in leading the country to war. A year earlier, Wilson had been sent to Africa to explore reports that Iraq had tried to buy uranium from Niger. He found the reports groundless.

No one was charged with disclosing Plame's identity. Identifying a covert CIA officer can be a crime, if it is done with knowledge that the officer's status is classified.

The story of Plame's "outing" and the investigation that led to Libby's indictment in 2005 riveted political circles for more than two years. That drama, Fitzgerald said Tuesday, was not part of his case. Instead, he said, he had a "narrow focus" on Libby's alleged lies.

Fitzgerald told jurors that Libby learned of Plame's CIA job from Cheney, then from two other CIA employees, from a State Department official and from a Cheney spokesman in June or early July 2003, before Libby passed the information to two news reporters. Matt Cooper, formerly of Time magazine, and Judith Miller, formerly of The New York Times, are to testify for the prosecution.

Fitzgerald said Libby played a key role in helping Cheney deflect criticism beginning in July 2003 that he was responsible for "twisting intelligence" to suggest that Iraq was in the process of acquiring uranium, possibly for a nuclear weapon.

Wells, by contrast, continually invoked the political atmosphere of summer and early fall 2003, the time that gave rise to the leaks and investigation. He said that Libby, distracted by al-Qaeda and other national security issues, only reluctantly agreed to talk to reporters to defend Cheney against allegations of manipulating intelligence.

Libby Portrayed As 'Sacrificial Lamb' At Trial (WT)

By Joseph Curl

The Washington Times, January 24, 2007

The defense in the CIA leak trial of I. Lewis "Scooter" Libby Jr. charged yesterday that senior White House officials sought to protect political strategist Karl Rove by making the former vice presidential chief of staff a "sacrificial lamb."

During opening arguments in Mr. Libby's perjury trial, the only criminal case to emerge from a three-year investigation into the 2003 leak of a CIA operative's identity, attorney Theodore Wells said the White House quickly cleared Mr. Rove of wrongdoing but did not seek to exonerate the vice presidential aide.

Left out in the cold, Mr. Libby went to his boss, Vice President Dick Cheney.

"They're trying to set me up. They want me to be the sacrificial lamb," Mr. Wells said, recalling a conversation between Mr. Libby and Mr. Cheney shortly after the story became public. "I will not be sacrificed so Karl Rove can be protected."

Mr. Wells also sought to portray Mr. Libby, who faces 30 years in prison if convicted on five counts of lying to FBI agents, as incredibly busy, so busy that he forgot when and how he learned the identity of CIA employee Valerie Plame, the wife of a former ambassador who had been critical of the administration's Iraq invasion.

"He spends his day trying to connect the dots to be sure we don't have another 9/11," Mr. Wells said.

But special prosecutor Patrick J. Fitzgerald said in the government's opening argument that Mr. Libby consciously lied.

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"When the FBI and grand jury asked about what the defendant did," Mr. Fitzgerald said, "he made up a story. ... This isn't a case about having a bad memory; having a bad memory is not a crime. He knowingly and intentionally lied."

The trial is the culmination of a saga that stretches back to July 2003, when former U.S. Ambassador Joseph C. Wilson IV accused the Bush administration of exaggerating the threat posed by Iraq to justify the invasion of Iraq. Mr. Wilson labeled as a lie Mr. Bush's claim that Iraq had sought uranium yellowcake from Africa.

The prosecutor said that in the days before syndicated columnist Robert Novak revealed that Mrs. Plame was married to Mr. Wilson, Mr. Libby learned her identity from at least five persons -- from his boss to members of the CIA and State Department.

Mr. Libby revealed her identity to at least three reporters, but later testified that he had actually learned her identity from them, Mr. Fitzgerald said.

Mr. Wells countered that Mr. Libby was too busy dealing with the world's most serious crises and simply couldn't recall "three phone calls, three reporters, three months later."

The defense attorney said Mr. Cheney shared Mr. Libby's concern that he was being set up to take the fall in an effort to protect Mr. Rove.

"Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder," Mr. Cheney's notes from the meeting said, according to Mr. Wells. He added that it was clear the White House wanted to protect Mr. Rove, the architect of both Bush wins in 2000 and 2004 and the 2002 mid-term upset.

Mr. Cheney is expected to testify in the trial, making him the first sitting vice president to take the stand in a criminal case. The proceedings are expected to take four to six weeks.

Defense Portrays Libby As Scapegoat (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, January 24, 2007

I. Lewis "Scooter" Libby was "put through the meat grinder" by the White House shortly after the Iraq war began, scapegoated to conceal the fact that Karl Rove, the president's top political adviser, helped disclose an undercover CIA officer's identity, a defense attorney contended yesterday as Libby's perjury trial began.

The lawyer, Theodore V. Wells Jr., and Special Counsel Patrick J. Fitzgerald agreed that Vice President Cheney ordered Libby, then his chief of staff, to contact reporters early in the summer of 2003 in an effort to rebut criticism that the administration had selectively used intelligence to justify the invasion of Iraq.

According to Wells, the confidential conversations Libby had with several well-known journalists were not intended to spread the identity of Valerie Plame, the covert CIA officer. Instead, Libby's attorney said, he was acting at Cheney's instructions to respond to allegations that the vice president withheld information that would have raised doubts about whether Iraq was trying to develop weapons of mass destruction.

The dramatic opening statements in the first hours of the celebrated trial laid bare fissures deep inside the White House. They came as the prosecution and defense provided the jury crackling portrayals of their opposing theories of the case.

The two sides' accounts exposed jurors to handwritten notes by Cheney, the internal culture of major newsrooms, a tape recording of Libby speaking to grand jurors and a White House under fire as its justification for war was beginning to unravel.

Libby, 56, is accused of five felony charges stemming from a federal investigation into the leak of Plame's identity to the media. Libby is not charged with the leak itself, nor is anyone else. He faces two counts of making false statements to FBI agents, two counts of perjuring himself before a grand jury and one count of obstructing the investigation, and he has pleaded not guilty to all charges.

"How could we reach a point where the chief of staff for the vice president was repeatedly lying to federal investigators?" Fitzgerald asked jurors rhetorically. "That's what this case is all about."

During an hour-long opening statement that started the trial, the prosecutor painted for the jury what he called "a firestorm" inside the White House on the final day of the July 4, 2003, holiday weekend, when an op-ed article by Plame's husband, former ambassador Joseph C. Wilson IV, attacked the administration. Wilson, who had been sent to Niger by the CIA to determine whether Iraq was seeking uranium for its nuclear weapons program, said the president and his aides "may have twisted the intelligence" concerning whether Iraq was seeking weapons of mass destruction.

Libby told investigators that at one point he was surprised to learn from NBC's Tim Russert in July 2003 that Wilson was married to Plame. But Fitzgerald contended that Libby, at Cheney's direction, had been actively telling people about Wilson at the same time.

He said Libby's claim to a grand jury that he simply had forgotten what he knew was implausible, because he had passed on Plame's name to reporters and then-White House press secretary Ari Fleischer days before speaking with Russert.

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"You can't learn something startling on Thursday that you're giving out Monday and Tuesday of the same week," Fitzgerald said. "Day after day after day after day, he focused on this controversy."

Wells, the defense attorney, countered that "this is a weak, paper-thin, circumstantial evidence case about he-said, she-said."

Wells asserted that the vice president's former right-hand man gave investigators his "good-faith recollection" and that any mistakes in his memory were innocent. He also contended that the journalists and administration officials who are to testify during the trial also have imperfect memories. He said that Libby did not aggressively push the Wilson story, did not know that Plame worked in a covert role and had no motive to lie to investigators.

According to Wells, when the federal investigation of the leak began in the fall of 2003, Libby was not worried about his job, but was "concerned about . . . being scapegoated." Scott McClellan, the White House press secretary at the time, said publicly that Rove was not responsible for any leaks, Wells said, but did not say the same about Libby.

Libby, Wells said, told Cheney he feared "people in the White House are trying to set me up." Wells then showed the jury the text of a note Cheney had jotted that said: "Not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

Wells said: "That one person was Karl Rove. He was viewed as a political genius. . . . He had to be protected. The person who was to be sacrificed was Scooter Libby." According to Wells, the vice president tried to persuade White House colleagues to publicly clear Libby's name as the source of the leak.

Plame's name first appeared in a July 14 column by Robert D. Novak. Rove and Richard L. Armitage, then the deputy secretary of state, have acknowledged being Novak's sources for the story.

Wells did not make it clear how the White House's handling of Libby's role influenced what he later told the FBI and grand jury. But the attorney said the "meat grinder" Libby was put through meant he took on the extra task of having brief conversations with reporters while carrying out his "day job" dealing with crucial national security matters.

Asked about the defense's portrayal, White House spokeswoman Dana M. Perino said yesterday: "We are not commenting on an ongoing criminal matter."

Both sides yesterday provided small pieces of new information about the events leading to Libby's indictment.

Fitzgerald disclosed, for instance, that Libby had underlined his own copy of Wilson's op-ed piece. Fitzgerald also identified a CIA employee Libby asked about Wilson as Craig Schmall.

Late in the afternoon, the prosecution's first witness, Marc Grossman, a former undersecretary of state, testified that Libby had asked him in late May 2003 to look into Wilson's CIA-sponsored trip to Niger to investigate the uranium claim. Grossman said he spoke to Wilson and learned that his wife worked at the CIA and had appeared to help arrange the trip.

"I thought the whole business was of less than zero importance," Grossman testified. "I thought the wife was an interesting tidbit, though."

Libby Defense Portrays Client As A Scapegoat (NYT)

By Neil A. Lewis

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — I. Lewis Libby Jr., the vice president's former chief of staff, was made a scapegoat by White House officials to protect the president's longtime political adviser, Karl Rove, Mr. Libby's lawyer asserted in his opening statement on Tuesday.

The unexpected assertion may foreshadow an effort to put distance between Mr. Libby and the administration.

The statement by the lawyer, Theodore V. Wells Jr., was the first indication that Mr. Libby, who is facing five felony counts of lying to investigators, would seek to deflect some of the blame onto his former White House colleagues.

Mr. Wells did not, however, fully explain the connection between an effort to protect Mr. Rove and the actions that led to Mr. Libby's indictment. It was also the first sign that there had been fighting within the Bush administration over the C.I.A. leak investigation.

Until Tuesday, Mr. Libby's defense on perjury and obstruction of justice charges was that he might simply have remembered incorrectly events he had described to a grand jury and to F.B.I. agents. But Mr. Wells told the jury that White House officials, whom he did not name, wanted to protect Mr. Rove because they believed his survival as President Bush's chief political adviser was crucial to the health of the Republican Party.

Mr. Wells said that his client was innocent and that a decision was made that "Scooter Libby was to be sacrificed," referring to Mr. Libby by his nickname. It was important to keep Mr. Rove out of trouble, Mr. Wells said, because he was Mr. Bush's right-hand man and "was most responsible for seeing the Republican Party stayed in office."

"He had to be protected," Mr. Wells said.

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Mr. Rove, who has not been charged, has acknowledged having been a source for a July 14, 2003, column by Robert D. Novak that first disclosed the identity of Valerie Wilson, who was known by her maiden name, Valerie Plame, as a Central Intelligence Agency officer. The disclosure led to the investigation resulting in Mr. Libby's indictment.

Mr. Wells's remarks followed the opening statement of the chief prosecutor, Patrick J. Fitzgerald, who told the jury that the evidence was clear that Mr. Libby had knowingly lied under oath about his conversations with three reporters about Ms. Wilson. Mr. Fitzgerald provided his own dramatic moment of the day when he played audiotapes of Mr. Libby's grand jury testimony in March 2004.

Before doing so, Mr. Fitzgerald meticulously laid the groundwork for his case that Mr. Libby had lied during those appearances. He first presented charts showing that Mr. Libby learned about Ms. Wilson in conversations with several fellow administration officials in June and early July 2003, and that he talked to reporters and other administration officials about her identity in that period.

Jurors then listened as Mr. Libby's voice wafted through the courtroom while he sat silently at the defense table. Mr. Libby was heard to say that he believed he first learned about Ms. Wilson in a conversation with Tim Russert of NBC on Thursday, July 10. Mr. Libby also told the grand jury that he had been taken aback by Mr. Russert's information.

"You can't be startled about something on Thursday that you told other people about on Monday and Tuesday," Mr. Fitzgerald said, referring to conversations Mr. Libby had only days before.

Further, he said, Mr. Russert will testify that his July 10 telephone conversation with Mr. Libby did not include any mention of Ms. Wilson. Mr. Libby, he said, had telephoned instead to complain about a talk show on the network.

"The evidence will show the conversation he claims took place about Wilson's wife never happened," Mr. Fitzgerald said. "And even if it did happen, he couldn't have been surprised."

Mr. Libby is charged with five felony accounts of lying to the grand jury and to officials of the Federal Bureau of Investigation who were investigating the leak of Ms. Wilson's name to Mr. Novak.

Ms. Wilson's identity was disclosed just days after her husband, Joseph C. Wilson IV, a former ambassador, wrote an Op-Ed article in The New York Times asserting that the Bush administration, to build its case for war, had distorted intelligence about Iraqi efforts to obtain uranium in Africa.

Mr. Libby had testified that he did not discuss Ms. Wilson's identity with Judith Miller, a former reporter for The Times, or with Matthew Cooper of Time magazine. Ms. Miller and Mr. Cooper testified that Mr. Libby did, in fact, discuss Ms. Wilson with them.

In the trial's opening day, Mr. Fitzgerald's task was to keep the issue before the jury simple: were Mr. Libby's statements about his conversations with reporters true? To that end, he spoke for only about an hour in outlining his case.

The mission of Mr. Wells, in contrast, was to present the case as hopelessly complicated, thus leaving the jurors in doubt about the validity of the charges. Mr. Wells spoke for nearly two and a half hours, ranging over issues of the reliability of memory; Mr. Libby's duties, which during the relevant period included crises in Liberia and Turkey; and threats from Al Qaeda on the days that Mr. Libby spoke to reporters.

But his most startling comment was his assertion that Mr. Libby had become enmeshed in legal difficulty because of White House efforts to protect Mr. Rove.

If Mr. Libby and his lawyers press their strategy of blaming the White House, it could prove risky, possibly even jeopardizing chances of a presidential pardon for Mr. Libby if he is convicted.

Mr. Libby, Mr. Wells said, complained to Vice President Dick Cheney that he was being set up as a fall guy. Mr. Cheney supported that view, Mr. Wells said, and handwrote a note saying, "Not going to protect one staffer + sacrifice the guy who was asked to stick his neck in the meat grinder because of the incompetence of others."

This incident appears to have occurred in fall 2003, when Mr. Libby was troubled that Scott McClellan, then the White House press secretary, had publicly said that Mr. Rove had not been involved in the leak but had initially declined to do the same for Mr. Libby and others in the administration. At that time, Mr. Rove had a major role in guiding Mr. Bush's re-election campaign.

Interpreting the vice president's note, Mr. Wells said that "incompetence" was a reference to the fact that the C.I.A. had mistakenly allowed the White House to use inaccurate information in Mr. Bush's 2003 State of the Union speech about Iraq's efforts to obtain uranium in Africa. The staff official whom the vice president believed should not be protected, he said, was Mr. Rove. Mr. Libby had been assigned to speak to reporters to straighten out the confusion from Mr. Bush's speech, a chore Mr. Cheney likened to sticking his head in the meat grinder.

Mr. Wells did not, however, make it clear how the efforts to shield Mr. Rove had caused Mr. Libby to become embroiled in the issue, though he suggested that the attention paid to the disclosure of Ms. Wilson's name had obliged Mr. Libby to engage in the perilous task of talking to reporters.

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Mr. Wells noted that, in his grand jury appearances and in interviews with the F.B.I., Mr. Libby had also said that he first learned of Ms. Wilson's identity from Mr. Cheney.

The charges against Mr. Libby, Mr. Wells said, amounted to "a weak, paper-thin circumstantial case about 'he said-she said.' "

'Scapegoat:' Scooter's Stunning Defense (NSWK)

By Michael Isikoff, Newsweek

Newsweek, January 24, 2007

A bombshell detonates on day one of the Libby perjury trial, as Cheney's longtime aide points the finger at Karl Rove

It was the last thing the White House needed at a time when President Bush is already on the defensive over Iraq: a circular firing squad in a federal courtroom in which the president's men—and Vice President Dick Cheney's—are all shooting at each other.

But that's how the perjury trial of I. Lewis (Scooter) Libby, Cheney's former chief of staff, began. Libby's long-awaited defense was laid out for the first time Tuesday in opening statements and it turned out to be a stunner: a "scorched earth" strategy in which his main defense lawyer pointed accusatory fingers at White House deputy chief of staff Karl Rove as well as other top current and former Bush aides.

Almost no legal experts had expected this plan of attack in the trial, the outcome of a drawn-out investigation into who leaked the identity of Valerie Plame, a CIA operative, to the media. According to chief prosecutor Patrick Fitzgerald, the leak occured amid an effort by Bush administration officials to discredit Plame's husband, former ambassador Joseph Wilson, who had publicly cast doubt on the administration's case for war against Iraq. The FBI began an investigation after newspaper columnist Robert Novak exposed Plame's identity in 2003. Libby is accused of obstructing the probe and lying to investigators. Neither of the two men later identified as the sources for Novak's column, Rove or former deputy secretary of State Richard Armitage, was charged in the case.

Libby, it was widely thought by legal experts, was going to be the good soldier. He would play it safe at his trial in order to preserve his options; mainly, if convicted, to seek a presidential pardon before Bush leaves office.

But no sooner did he start his opening statement Tuesday morning than defense lawyer Ted Wells shocked the courtroom and all but tossed the "pardon strategy" out the window. Seeking to rebut Fitzgerald's contention that Libby had lied about his knowledge of Plame's CIA employment in order to save his job with Cheney, Wells shot back: "Mr. Libby was not concerned about losing his job in the Bush administration. He was concerned about being set up, he was concerned about being made the scapegoat."

According to Wells, the chief culprit, or at least the beneficiary of the plot was Rove, described by the defense lawyer as "the president's right hand man," whose survival was essential for the president's re-election. As related by Wells, his client was so worried that Rove's fate was taking priority over his that Libby went to his boss, Cheney, in October 2003 and complained: "I think people in the White House are trying to set me up. People in the White House are trying to protect Karl Rove."

Well's argument was both brilliant and complex-and perhaps difficult for non-news hounds on the jury to follow. But it raised the prospect that the Libby trial will now turn into a horror show for the White House, forcing current and former top aides to testify against each other and revealing an administration that has been in turmoil over the Iraq war for more than three years.

Libby is on trial for relatively narrow charges of perjury and obstruction: that he lied about what and when he knew about Plame's identity, falsely telling the FBI and a federal grand jury that he was told about her work at the CIA from journalists Tim Russert, Judy Miller and Matt Cooper in July 2003.

But Fitzgerald, in his own riveting opening statement, placed Cheney at the center of the case, telling the jurors that when Plame's husband, former ambassador Joseph Wilson, began accusing the White House of twisting intelligence about Iraq, it was the vice president himself who first disclosed Plame's identity to his chief of staff in June 2003. Cheney later intervened with the White House to get then-press secretary Scott McClellan to issue a misleading public statement clearing Libby of any involvement in the leak of Plame's CIA employment to reporters, Fitzgerald asserted.

Wells shot back that it was others at the White House and the State Department—and not just Rove—who were the real leakers. Former White House press secretary Ari Fleischer, Wells asserted for the first time, had gotten immunity from prosecution and then confessed to the FBI that he had personally leaked Plame's status to NBC White House reporter David Gregory. Dan Bartlett, now senior presidential counselor, also learned of Plame's identify and spread the information as well, according to Wells. (And, of course, Wells emphasized, it was then-deputy Secretary of State Armitage who set the whole case in motion by first disclosing Plame's identity to columnist Robert Novak.)

But, Wells contended, it was Rove—the political strategist—who had to be protected at all costs. He was, Wells said, "the lifeblood of the Republican Party" and the man George W. Bush absolutely needed for the coming re-election campaign. Indeed,

after McClellan issued a public statement exonerating Rove of any involvement in the leak (a statement that turned out three years later to be false), Cheney and Libby huddled about the matter. McClellan had cleared Rove but at that point had said nothing about Libby, leaving the implication that Libby had leaked but Rove hadn't. Cheney personally wrote a note, an excerpt of which Wells read to the jury and highlighted by displaying on an audio-visual machine during his opening statement: "Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," Cheney's note read.

The translation, according to Wells: The vice president was not going to allow Karl Rove to be protected and Libby to be sacrificed. Libby had stuck his neck "in the meat grinder" because he had been authorized by President Bush himself to talk to reporters and rebut what the White House considered unfair criticism by Wilson that the intelligence about Iraq had been "twisted." And the "incompetence" Cheney was referring to was by the CIA which, he claimed, was responsible for whatever the White House had gotten wrong about Iraq's purported weapons of mass destruction.

The opening statements underscored what many had already suspected: that Cheney—who is slated to be called to testify by the defense—will be a crucial witness in the trial. But Wells' opening statement suggested that it will be more than just the vice president on the hot seat. Rove himself now appears likely to be called (he is on a list of possible witnesses) and forced to testify about how he had disclosed Plame's identity to then-Time magazine reporter Matt Cooper. Bartlett also appears likely to be called, as does Armitage, Fleischer and David Addington, Cheney's current chief of staff.

Libby Asserts He Was The Fall Guy (WSJ)

By Evan Perez

The Wall Street Journal, January 24, 2007

WASHINGTON -- Lawyers for Lewis "Scooter" Libby, the vice president's former chief of staff on trial for allegedly lying to federal investigators, moved to muddy the prosecution's case by alleging a White House effort to protect Karl Rove and make Mr. Libby the fall guy.

INITIAL SALVOS

· The Situation: Defense lawyers say White House officials trying to protect Karl Rove set up Lewis "Scooter" Libby to take the fall in the CIA-leak controversy.

· The Background: Mr. Libby, former chief of staff to Vice President Cheney, is on trial for allegedly lying to investigators and a grand jury during the leak investigation.

· What's Next: Mr. Libby's attorneys are expected to highlight conflicting witness statements as proof that "recollection problems" are common.

The defense strategy shows that Mr. Libby is willing to part ways with his former colleagues at the White House. In opening arguments in federal court yesterday, Mr. Libby's attorney alleged that White House officials singled out the former aide to Vice President Cheney to take the blame for leaking the identity of a Central Intelligence Agency operative in an attempt to take the heat off Mr. Rove, President Bush's top political adviser.

As both sides laid out their strategies yesterday in federal court, it became clear that Special Prosecutor Patrick Fitzgerald's attempt to simplify a case that ended up far afield from its beginnings as a CIA leak investigation could be hampered by the defense's strategy to put the case in the context of the sharp-elbowed politics of the White House and the Iraq war. The trial is expected to provide a glimpse into the inner workings -- and infighting -- of a White House known for being cohesive and tightly managed. In addition, the strategizing behind the run-up to the Iraq war may get a public airing at the same time as a Democratic-controlled Congress is stepping up its scrutiny of the Bush administration's war policy. A White House spokeswoman declined to comment on the Libby case.

Addressing a jury of nine women and three men, Mr. Fitzgerald gave a one-hour summary of his case, which hinges on testimony and evidence he says show Mr. Libby knowingly deceived agents for the Federal Bureau of Investigation and the grand jury investigating the leak of the identity of former CIA agent Valerie Plame in 2003.

Mr. Fitzgerald told jurors that Mr. Libby was dispatched by Mr. Cheney to counter criticism of the administration from Ms. Plame's husband, former diplomat Joseph Wilson. Mr. Wilson had made a fact-finding trip, sponsored by the Central Intelligence Agency, in 2002 to Niger to investigate claims that Iraq, in a quest for nuclear weapons, had tried to buy yellowcake uranium from the country. Mr. Wilson subsequently contradicted the administration's claims about Iraq's efforts to build a nuclear-weapons program in a New York Times opinion piece and on television.

During Mr. Fitzgerald's investigation, both President Bush and a former White House spokesman said that any administration official found to have leaked the information would be asked to leave. Mr. Rove was among the officials who testified before the grand jury that Mr. Fitzgerald convened. Yesterday, Mr. Rove's attorney, Robert Luskin, declined to comment on opening arguments by Mr. Libby's attorney. Mr. Libby's defense team took jurors through a two-hour version of events that

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included the charge that Mr. Libby was the victim of a White House effort to make him the "sacrificial lamb" in order to protect Mr. Rove.

Theodore V. Wells Jr., an attorney for Mr. Libby, told jurors that as the Plame controversy exploded, Mr. Libby spoke to Mr. Cheney and expressed concerns that "they want me to be the sacrificial lamb. I will not be sacrificed in order for Karl Rove to be protected." Yesterday, Mr. Wells said that officials set up Mr. Libby to take the fall in the investigation because while he was "an important staffer," Mr. Rove was "the lifeblood of the Republican party."

Mr. Fitzgerald displayed to the jury a detailed timeline listing dates when Mr. Libby talked to reporters and to others in the White House about Ms. Plame. He suggested that Mr. Libby's misstatements to investigators about when he discussed Ms. Plame's identity and with whom weren't about "bad memory" but an effort to mislead investigators because he was afraid he would lose his job. In court yesterday, Mr. Fitzgerald played excerpts of tape recordings of Mr. Libby's testimony before the grand jury. In one segment, Mr. Libby told investigators he was surprised to learn that Ms. Plame worked for the CIA during a conversation believed to have taken place around July 10, 2003, with Tim Russert, host of NBC's "Meet the Press." But, Mr. Fitzgerald said yesterday, Mr. Libby knew of Ms. Plame's status, as he had learned it from others in the administration, including the vice president, and had passed along the information on July 7 to then-White House spokesman Ari Fleischer and on July 8 to Judith Miller, then a New York Times reporter.

Mr. Wells called the government's case "a weak, paper-thin circumstantial-evidence case about 'he said, she said.'" He told jurors to expect testimony from reporters including Mr. Russert and Ms. Miller, but suggested that, like Mr. Libby, they and other witnesses "have recollection problems."

Mr. Wells showed jurors his own timeline, emphasizing how Mr. Libby was asked by investigators about conversations with reporters many months after they occurred. He quoted from a handwritten note by Mr. Cheney, made after a conversation with Mr. Libby about the leak investigation, that read in part: "not going to protect one staffer & sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

The person being sacrificed was Mr. Libby and the incompetence was on the part of the CIA, Mr. Wells told jurors.

Libby: White House Wanted To Sacrifice Him For Rove (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 24, 2007

(AP) - WASHINGTON-Special Prosecutor Patrick Fitzgerald described for jurors Tuesday a detailed Bush administration effort to beat back early criticism of the Iraq war and accused former White House aide "Scooter" Libby of covering up his role leaking the identity of a CIA operative.

I. Lewis Libby's attorney countered with a White House effort of his own, one in which Libby was blamed for the leak to protect Bush political adviser Karl Rove's own disclosures.

The investigation began after syndicated columnist Robert Novak revealed that a chief Bush administration critic of Iraq policy, Joseph Wilson, was married to CIA operative Valerie Plame. Rove was one of two sources for Novak's story.

As the trial opened with a preview of each side's position, it was clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media.

Nobody, including Rove, has been charged with the leak. Libby is accused of lying to investigators and obstructing the probe.

"They're trying to set me up. They want me to be the sacrificial lamb," attorney Theodore Wells said, recalling a conversation between Libby and his boss, Vice President Dick Cheney, as the leak investigation heated up in 2003. "I will not be sacrificed so Karl Rove can be protected."

By putting the focus on Rove, whom Wells referred to as "the lifeblood of the Republican party," Wells sought to cast Libby as someone who was drawn into discussions about Plame only to clear his own reputation. White House officials publicly cleared Rove of wrongdoing but originally stopped short of doing so for Libby.

Using a computerized calendar during opening statement, Fitzgerald cast Libby's actions much differently. Fitzgerald described a tumultuous week in 2003 when he said the White House was under "direct attack" from Wilson.

Fitzgerald said Libby learned from five people - from Cheney to members of the CIA and State Department - that Wilson's wife worked for the CIA. Libby discussed that fact to reporters and others in the White House, Fitzgerald said.

"But when the FBI and grand jury asked about what the defendant did," Fitzgerald said, "he made up a story."

Libby told investigators he learned about Plame from NBC News reporter Tim Russert. But Fitzgerald told jurors that was clearly a lie because Libby had already been discussing the matter inside and outside of the White House.

"You can't learn something on Thursday that you're giving out on Monday," Fitzgerald said.

Libby says he didn't lie but was simply bogged down by national security issues and couldn't remember his conversations with New York Times report Judith Miller, Time magazine reporter Matthew Cooper and Russert.

Opening statements were expected to continue into Tuesday afternoon. The trial is expected to last four to six weeks.

Prosecution Calls Libby A Liar During Opening Arguments (LAW)

By Emma Schwartz, Legal Times

Legal Times, January 24, 2007

During opening arguments Tuesday in the trial of ex-White House aide I. Lewis "Scooter" Libby Jr., the prosecution repeatedly fingered Libby as a liar who intentionally misled investigators about how he learned the identity of CIA employee Valerie Plame.

"This is not a case about bad memory," Special Prosecutor Patrick Fitzgerald told jurors. "It's about shifting information to reporters away from where he really learned it."

But defense lawyers for Libby accused the White House of making the former chief of staff to Vice President Dick Cheney the administration's fall guy for Fitzgerald's leak investigation. Addressing the jury, lawyer Theodore Wells Jr. tried to raise doubts about the memory -- and credibility -- of the government officials and reporters whose testimony is expected to contradict Libby's recollections.

"It's a classic case of he said, she said, and what two people remember three months later," said Wells, telling the jury that the government's case is based entirely on circumstantial evidence and that no one will take the stand to say Libby lied.

Libby, 56, is charged with five felony counts of false statements, obstruction of justice, and perjury in connection with what he told the FBI and a grand jury about conversations he had with three reporters in 2003. He was the only person charged as a result of Fitzgerald's 2 1/2-year investigation into whether classified information about Plame's CIA employment was illegally leaked to the press.

The arguments came on the eve of President George W. Bush's State of the Union address. It was in that speech, four years ago, that the president suggested Iraq had tried to purchase uranium from Africa. The veracity of that claim later served as the basis for attacks by Plame's husband, former Ambassador Joseph Wilson, on the administration's decision to invade Iraq and allegedly led to a campaign within the White House to discredit Wilson.

Although the trial, expected to last about six weeks, will not answer the question of whether the Bush administration intentionally misled the public about the rationale for invading Iraq, the war hung heavy over Tuesday's arguments.

Over the course of an hour, Fitzgerald laid out the government's case to the jury. By Fitzgerald's account, the timeline of Libby's conversations simply does not add up: How, he asked, could Libby claim that he first learned about Valerie Plame's CIA employment on July 10, 2003, from Tim Russert of NBC's "Meet the Press" when Libby had already had conversations about Wilson's wife with at least six government officials?

According to Fitzgerald's calculation, Libby first learned about Wilson's wife from Cheney on June 11, 2003, and discussed it with multiple government officials in the following days and month. Those officials included Undersecretary of State Marc Grossman; CIA Associate Director Robert Grenier; Cathie Martin, a press secretary for the Office of the Vice President; David Addington, Cheney's chief counsel; CIA briefer Craig Schmall; and former White House press secretary Ari Fleischer.

On July 6, 2003, The New York Times published an opinion piece Wilson wrote questioning the accuracy of the 16 words in the State of the Union speech about Iraq's alleged acquisition of uranium in Niger. The next day, Fitzgerald said, he told Fleischer over lunch that he had "hush-hush" information that Wilson's wife was employed in the CIA's weapons of mass destruction section. On July 8, Libby met with then-New York Times reporter Judith Miller at the St. Regis Hotel about Wilson's wife. That same day, he asked Addington, a former CIA official, about someone at the CIA sending a spouse on an investigation.

"You can't learn something starting on Thursday [that] you're giving out on Monday and Tuesday," Fitzgerald said.

To back up his claim about Libby's conversation with reporters, Fitzgerald played excerpts of Libby's grand jury testimony with Russert and Time magazine's Matthew Cooper. Although Russert has said that he never spoke about Wilson's wife with Libby, on the tape Libby said he did: "And then he said, 'Did you know that Ambassador Wilson's wife works at the CIA?' I was a little taken aback by that. I said, 'No, I don't know that' ... I wanted to be very careful not to confirm it."

Similarly, during his testimony about Cooper, Libby said, "I was very careful; in my mind I still didn't know it as a fact." He added, "I didn't even know he had a wife."

Taking roughly two hours to outline Libby's defense, Wells declared that Libby was completely innocent. Instead, Wells painted a picture of deep bureaucratic infighting and pointed the finger squarely at the White House. He suggested that the White House -- specifically presidential adviser Karl Rove -- and the State Department may have pushed information to the press. "But Scooter Libby didn't push any reporter," Wells said.

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Libby was afraid that he was "being set up" as the scapegoat for Rove, whose "fate was important to the Republican Party," Wells said. So Libby went to Cheney for help, Wells said. "I will not be sacrificed so that Karl Rove can be saved," Wells said Libby told his boss.

Cheney made a note, intended for the president, that he was "not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," according to a note Wells displayed.

Indeed, Cheney specifically asked Libby to speak to reporters about Wilson's attacks -- but to do so on the merits. A note card Cheney approved that contained specific statements to rebut Wilson's argument included no mention of Wilson's wife, Wells said. But while defending the claims against Wilson may have been important, Wells said, Plame was not.

Wells also took aim at the credibility of many of the government's witnesses. For instance, Wells said, not all of the government witnesses remembered their conversations with Libby the first time around. And, some, like Fleischer, did not speak with federal investigators before receiving immunity. As for the reporters, he noted, they had very few or no notes to back up their conversations.

Wells raised the possibility that Russert might have known about Wilson's wife because two of his reporters were chasing the Wilson story. Wells said that on July 11, 2003, Fleischer told White House correspondent David Gregory about Wilson's wife. Wells also mentioned NBC reporter Andrea Mitchell, who said during an Oct. 3, 2003, television broadcast that it was widely known before July 14 by reporters covering intelligence that Wilson's wife worked at the CIA.

"If Andrea Mitchell knew, doggone it, Tim Russert knew," Wells said. (Mitchell later retracted this statement.)

Wells asked why Libby would concoct the story. "If you're going to cook up a story, why are you going to cook up a story about a phony conversation you had with one of the most respected reporters in the country?" Wells said, referring to Russert.

Instead, Wells suggested that Libby may simply have confused his conversations with Russert and with Robert Novak, whose column first disclosed the name of Wilson's wife. Around that same time, Libby spoke with Novak. Wells said Novak would take the stand and say, "It's possible when he had Libby on the phone that he said to Libby, 'Do you know his wife works at the CIA?' and that Libby did not confirm anything to him."

Libby Lawyers Attack Witness Credibility (NSDY/AP)

By Matt Apuzzo, Associated Press Writer

Long Island Newsday, January 24, 2007

WASHINGTON -- Attorneys for former White House aide I. Lewis "Scooter" Libby say the testimony of the government's first witness in the CIA leak trial may have been improperly influenced.

Marc Grossman, the former No. 3 official at the State Department, took the stand Tuesday and testified that in June 2003 he was the first person to tell Libby that one of the Bush administration's most vocal critics on Iraq was married to a CIA operative.

Libby is charged with lying and obstructing the investigation into who leaked CIA operative Valerie Plame's identity to syndicated columnist Robert Novak. The leak came shortly after her husband, ex-ambassador Joseph Wilson, emerged as a prominent war critic.

Libby, who was Vice President Dick Cheney's chief of staff, told a grand jury that he believed he learned Plame's identity from NBC newsman Tim Russert. Grossman is the first in a string of government witnesses who will say they told Libby about Plame well before his conversation with Russert.

Foreshadowing a tactic he'll use throughout the case, defense attorney Theodore Wells planned to attack Grossman's credibility. Grossman's memory is spotty and Wells believes his testimony may have been influenced by his former boss at the State Department, Richard Armitage. The night before Grossman spoke to the FBI, Armitage confessed that he was Novak's original source and was a subject of the investigation.

As Grossman continued to the cooperate in the probe, defense attorneys say, he went back to Armitage and told him what the FBI was asking and discussed his answers. Prosecutors sought to block Wells from inquiring about those conversations but U.S. District Judge Reggie B. Walton refused.

"It seems to me there might have been some inappropriate behavior taking place," Walton said.

Prosecutor Patrick Fitzgerald is trying to make the case that it's implausible Libby would forget several conversations he had with officials about Plame.

Wells counters that Libby's memories are no more flawed than those of the government's key witnesses. The more doubt he can cast on their stories, the more likely Wells is to convince a jury that Libby made honest mistakes.

In opening arguments Monday, both sides described a tumultuous period in the White House in which the Bush administration was eager to rebut criticism from Plame's husband, Wilson, who charged in a New York Times opinion piece in July 2003 that the administration had distorted intelligence to justify its invasion of Iraq.

Fitzgerald believes that in such a high-stakes environment, Libby never would have forgotten details about in conversations with reporters. Wells countered that Libby was busy fielding intelligence on terrorist threats, possible assassination plots and Middle East tensions.

Wells also accused the White House with unfairly blaming Libby for the leaks to protect political strategist Karl Rove's own leaks.

"They're trying to set me up. They want me to be the sacrificial lamb," Wells said, recalling Libby's end of a conversation with Cheney. "I will not be sacrificed so Karl Rove can be protected."

The trial is expected to last up to six weeks.

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Associated Press Writer Michael J. Sniffen contributed to this report.

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Documents for the Libby trial may be found at:
http://wid.ap.org/documents/libbytrial/index.html

8 Arrested In 1971 Police Killing In San Francisco (AP)

By Marcus Wohlsen

AP, January 24, 2007

SAN FRANCISCO - A Florida man and seven others were arrested Tuesday in the 1971 slaying of a police officer that authorities say was part of a black power group's five-year campaign to kill law enforcement officers in San Francisco and New York.

Police said seven of the eight are believed to be former members of the Black Liberation Army, an offshoot of the Black Panther Party.

The Aug. 29, 1971, shooting death of Sgt. John V. Young, 51, at a San Francisco police station was one in a series of attacks by BLA members on law enforcement officials on both coasts, police said.

The attacks, carried out between 1968 and 1973, also included the bombing of a police funeral in San Francisco and the slayings of two New York City police officers, as well as three armed bank robberies that helped fund their operations, police said.

Murder and conspiracy charges were filed against Ray Michael Boudreaux, 64, of Altadena; Richard Brown, 65, of San Francisco; Herman Bell, 59, and Anthony Bottom, 55, both behind bars in New York state; Henry Watson Jones, 71, of Altadena; Francisco Torres, 58, of New York City; and Harold Taylor, 58, of Panama City, Fla.

The arrests were just the latest attempt in recent years to hold antiwar radicals and black-power militants responsible for crimes committed a generation ago.

The investigation of the Black Liberation Army killing spree was reopened in 1999 after "advances in forensic science led to the discovery of new evidence in one of the unsolved cases," the San Francisco Police Department said in a statement.

Morris Tabak, the department's deputy chief of investigations, would not elaborate on the evidence except to say: "It could be fibers. It could be DNA. It could be other biological evidence."

Bell's lawyer, San Francisco attorney Stuart Hanlon, called the arrests a "prosecution based on vengeance and hate from the '60s."

"There's a law enforcement attitude that they hate these people, the Panthers," Hanlon said. "Now they're going after old men."

Richard O'Neal, 57, of San Francisco, was also arrested on conspiracy charges.

A ninth suspect, Ronald Stanley Bridgeforth, 62, was still being sought. Police said he could be in France, Belize or Tanzania.

It's unclear whether Bridgeforth and O'Neal were members of the Black Liberation Army.

None of the suspects will face the death penalty, said Maggy Krell, deputy state attorney general. The death penalty law in effect at the time of the attack was declared unconstitutional in 1972.

The slain officer was killed when Bell and Torres, armed with guns and dynamite, raided a neighborhood police station, firing a shotgun through a hole in the lobby's bulletproof window, as accomplices were posted outside as lookouts, according to police officials in New York. A civilian clerk was wounded. Torres is accused of trying to ignite the dynamite as the pair fled the station, but the explosives failed.

The station was nearly empty that night as most officers responded to a diversionary bombing of a bank by other conspirators, according to the NYPD.

After his arrest Tuesday in New York, Torres called the case "a frame-up."

Three men, including Taylor, were charged in the attack in 1975. But the charges were thrown out by a San Francisco judge because of a ruling that evidence was obtained by torture after the suspects were arrested in New Orleans.

Bell and Bottom are serving life sentences for the killings of two New York police officers.

Another suspect in Young's slaying, John Bowman of Oklahoma, died in December, according to his lawyer, Ann Moorman of Ukiah.

Associated Press Writers Kim Curtis and Juliana Barbassa in San Francisco and Tom Hays in New York City contributed to this report.

Ex-militants Charged In S.F. Police Officer's '71 Slaying At Station (SFC)

By Jaxon Van Derbeken And Marisa Lagos, Chronicle Staff Writers

San Francisco Chronicle, January 24, 2007

The arrest and charging of a group of former black militants Tuesday for the 1971 slaying of a San Francisco police sergeant ends years of frustration for investigators who say the men were soldiers in a five-year war on law enforcement in the late 1960s and early 1970s.

The accused -- all reputed former members of the radical militant group known as the Black Liberation Army -- carried out a "terror and chaos" campaign aimed at "assassinating law enforcement officers" that began in 1968 and ended in 1973, Deputy Police Chief Morris Tabak said.

Tabak said one of the casualties was Sgt. John V. Young, slain on Aug. 29, 1971, whose killing was the focus of the arrests and the charges Tuesday. He was killed when at least three men burst into Ingleside police station and one fired a shotgun through an opening in a bulletproof glass window.

"After three decades, it's a real victory for law enforcement that these folks will finally have to answer for their actions," Tabak said in announcing charges against nine men, eight of whom are in custody.

Authorities arrested two San Francisco men, Richard Brown, 65, a community activist, and Richard O'Neal, 57, who worked as a custodian at San Francisco's City Hall.

Also arrested were Francisco "Cisco" Torres, 58, in Queens, New York, Ray Boudreaux, 64, an electrician for Los Angeles County from Altadena, Henry Watson Jones, 71, also of Altadena, and Harold Taylor, 58, of Panama City, Fla.

Two other men charged in the case already are incarcerated in New York. Herman Bell, 59, and Anthony Bottom, 55, were convicted of May 21, 1971, killings two police officers in New York.

One man who was still being sought is Ronald Stanley Bridgeforth, 62. Authorities believe he might have fled the country.

Eight of the men were charged with murder in the slaying of Young and conspiracy to commit murder for a string of attacks on other officers. O'Neal faces only a broader conspiracy to murder police officers charge for his role in a Feb. 6, 1971, non-fatal shotgun attack on a San Francisco police patrol special officer outside at a Grove Street convalescent hospital.

The actions Tuesday -- carried out in cooperation with local, state and federal officials -- follow by two years a grand jury investigation of the Young killing that resulted in no arrests or indictments.

Lawyers for defendants contended that investigators haven't found new evidence since then that justifies bringing charges at this time.

"I don't think they have anything new," said San Francisco attorney Stuart Hanlon, who represents Bell. "I don't think they have a case."

A spokesman for new state Attorney General Jerry Brown acknowledged Tuesday that no new scientific evidence had been unearthed in an investigation made difficult by the lack of solid eyewitness testimony tying the defendants to Young's shooting.

Only two other people were in the Ingleside police station at the time of the attack -- Ellen Lipney, a civilian clerk who also was shot but survived, and Officer Jim Nance. Nance did not see the shooting, and Lipney and he provided only a limited description of one of the assailants.

The station was largely empty because the rest of the officers were responding to a bombing at the Bank of America in Stonestown, which investigators later said was a diversion from the assault on the station.

"We don't have O.J.'s bloody gloves," attorney general's spokesman Nathan Barankin said Tuesday. "This is not going to be an easy prosecution, but we are committed to seeing it through."

The charges identify Torres, Bell and Jones as the men who entered the Ingleside police station.

Bell was armed with the shotgun and he opened fire, killing Young and wounding Lipney, according to the charges. Jones fired several rounds from a high-powered rifle, trying to get into the station's assembly room, according to the charges. Three other men, the late John Bowman, Brown and Taylor, acted as lookouts, according to the charges.

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Boudreaux and Bridgeforth acted as getaway drivers, the charges state. As he fled, Torres tried but failed to set off a bomb intended to blow up the building, according to the charges.

A letter signed by the Black Liberation Army was sent to The Chronicle on Aug. 31, 1971, claiming responsibility for the killing.

According to the allegations, the group made several other attacks on police.

The campaign began with the attack on two San Francisco Housing Authority officers on Oct. 21, 1968, according to the charges. Three men, including Brown, fired at the officers as many as seven times, the charges say. The officers fired back and fled. Brown was found lying on the sidewalk with a .45-caliber handgun in his hand at the time.

The following month, three members of the group -- Bridgeforth, Boudreaux and Jones -- allegedly attacked a group of South San Francisco police officers as they attempted to arrest them for trying to use a stolen credit card.

All three men were arrested at the time, and weapons and blasting cap explosives were found in their car.

On Oct. 22, 1970, Bottom and another man allegedly bombed a police officer's funeral at St. Brendan Church in San Francisco, according to the charges.

Just before the start of the funeral for the officer, Harold Hamilton, who had been slain in a gunbattle with a bank robbery suspect, a bomb exploded in the crowded church, but no one was seriously hurt.

Bottom, Torres and Bell also were named in the charges as being involved in a March 30, 1971, attempted bombing of SFPD's Mission Station. The bomb, set on the roof of the station, had the power of 30 pounds of dynamite. Bottom, according to the charges, admitted that, with the help of Torres, he put the bomb on the roof while two other members of the group drove off.

The same group orchestrated the murder of New York City police officers Waverly Jones and Joseph Piagentini, on May 21, 1971, according to the allegations. Bottom, now serving time in New York for the killings, was arrested after the slayings in San Francisco while in possession of Jones' service revolver. He was caught fleeing after getting into a shootout with San Francisco police Sgt. George Kowalksi on Aug. 28, 1971. Police found a cache of arms in his vehicle, including Jones' gun, which was used to shoot Piagentini.

According to authorities, the group robbed at least three banks to pay for its efforts, raising at least $25,000 to finance the war.

Authorities believe a separate radical group committed an earlier incident, the Feb. 16, 1970, attack in which a bomb was planted at SFPD's Park police station. Sgt. Brian McDonnell, 44, was killed in that attack, and eight other officers were injured.

One man arrested Tuesday has long been linked to the Young case, having been arrested after the slaying only to be released. The outcome of the early arrest highlights the troublesome history of the case.

Two years after the Young killing, Taylor was arrested in New Orleans, along with two other men, Bowman, who recently died, and Ruben Scott, who is not currently charged.

All three allegedly were tortured into making what they later claimed were false confessions.

In 1975, the three men were charged with murder in the Young attack. But a court found that when the two San Francisco police investigators who came to Louisiana to interview the three men were out of the room, New Orleans officers stripped the men, blindfolded them, beat them and covered them in blankets soaked in boiling water. They also used electric prods on their genitals, court records show. The men were freed after a court found their rights had been violated and they were not allowed to have counsel.

In 1999, the case was reopened after police say they obtained unspecified new physical evidence in one of the attacks on police. A state grand jury heard evidence in the Young slaying. Several members of the group who were subpoenaed refused to testify, some of them jailed until they were freed by court order. No one was indicted.

In 2005, after consulting with San Francisco District Attorney Kamala Harris, police took the case to the state attorney general's office. Harris's office said Tuesday that it was determined that the matter would be best handled by the state prosecutors, who were already familiar with the facts of he case.

One of those arrested in San Francisco, Brown, is a longtime activist in the Western Addition and had been a job counselor at the Ella Hill Hutch Community Center until he was recently laid off.

"He has been involved trying to make things better in this community," said the Rev. Amos Brown, who has known the accused for more than 30 years. "I don't know what to make of it, after all this time -- I don't know what evidence is there, I don't prejudge situations."

Richard Brown's attorney, Richard Mazer, said Tuesday that he had represented him when Brown was summoned to the grand jury in 2005. He was briefly jailed when he refused to testify, but no charges were filed.

"They have been pursuing Mr. Brown and others in this case for decades," Mazer said. "We don't know what new information, if any new information, they have."

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O'Neal, who was arrested at his home on McAllister Street, near City Hall, and charged with one count of conspiracy to murder police officers, worked as a custodian for the city. He had previously worked at the city's Hall of Justice, where the case for years frustrated law enforcement.

O'Neal's attorney, Jim Bustamante, said Tuesday that his client was just 18 or 19 at the time of the alleged conspiracy and has been a city employee for more than 25 years.

"I'm not aware of anything they've got that is new," said Bustamante, referring to the time that has transpired since the grand jury investigation in 2005.

Hanlon, the lawyer representing Bell, agreed and suggested justice would best be served by dropping the case against his client.

"If they have a case, we'll deal with it. But I'm afraid that this is just more vindictiveness against the Black Panthers and other groups who were active in the '60s and '70s," he said. "To my knowledge, they've got absolutely nothing new in this case. If they do, let's see it."

The Black Liberation Army, to which the men arrested and changed Tuesday belonged, was an offshoot of the Black Panthers and operated from about 1971 to 1981.

Boudreaux's attorney, Michael Burt, said Tuesday that his client spent 23 days in jail for refusing to speak to the grand jury in 2005.

Burt said Boudreaux's only involvement in the Black Panther movement was to work in a school lunch program in Oakland. He served in the military in the Air Force in Vietnam, Burt said.

"My guy is not a member of any conspiracy, he didn't murder anybody -- this is part of a long-standing vendetta by law enforcement," Burt said. "He is innocent of these charges."

The lawyer also said he knows of no new evidence in this case. "How they are going to work around that is a very interesting issue."

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8 Ex-radicals Arrested In '71 Police Slaying (LAT)

By John M. Glionna And Steve Chawkins, Times Staff Writers

The Los Angeles Times, January 24, 2007

SAN FRANCISCO — The racial tensions of the civil rights era marched back into this city Tuesday when eight former radicals — some now husbands, grandfathers and community organizers — were arrested in connection with the 1971 shotgun slaying of a white police officer.

The men, including a real-estate appraiser and a Los Angeles County employee both living in Altadena, were mostly taken into custody during early-morning raids in California, New York and Florida. They are accused of being part of what investigators called a five-year conspiracy that started in 1968 to kill police officers in the United States.

A joint state and federal task force identified seven of the arrested men as former members of the Black Liberation Army, a violent outgrowth of the Black Panthers.

San Francisco Police Sgt. John V. Young was gunned down Aug. 29, 1971, at a neighborhood police station. At the time, the Bay Area was a nexus for radical groups of all stripes.

Eight days earlier, a bloody prison riot after a foiled escape by a Black Panther engulfed San Quentin State Prison. Two inmates and three guards were killed. Attacks on police officers nationwide were being blamed on black militants.

Over 36 years, authorities doggedly pursued the Young case. Some suspects married and started families. Others committed crimes and went to prison. Two years ago, three went on a nationwide speaking tour to decry the renewed investigation. One died last month.

In the last two years, about a dozen suspects, including some of those arrested Tuesday, were called to testify before a grand jury in San Francisco and in recent months investigators sought DNA samples.

On Tuesday, 35 years after Young's death, charges finally were filed.

Charged in Young's killing were: Ray Michael Boudreaux, 64, and Henry Watson Jones, 71, both of Altadena; Richard Brown, 65, of San Francisco; Francisco Torres, 58, of Queens, N.Y.; Herman Bell, 59, and Anthony Bottom, 55, both incarcerated in New York state; and Harold Taylor, 58, of Panama City, Fla.

Another man, Richard O'Neal, 57, of San Francisco, was arrested on suspicion of conspiracy to murder police officers. He was not charged "as an active participant" in the Young killing, authorities said.

A ninth suspect, Ronald Stanley Bridgeforth, 62, was charged with murder, conspiracy to commit murder and aggravated assault on a police officer in connection with Young's killing. He was still at large Tuesday.

Defense lawyers and justice advocates Tuesday questioned the charges, one calling the long-running case "a perversion of justice."

"I'm stunned that the government is still trying to pursue criminal cases against these men. It's beyond explanation," said Charles Ogletree, a Harvard Law School professor and founder of the Charles Hamilton Houston Institute for Race and Justice, who appeared on the speaking tour.

"In the meantime, they've become husbands and grandfathers and neighborhood organizers," he said. "It's a reflection that with all they've been through, they've still been able to raise their heads high."

John Philipsborn, a San Francisco attorney who is representing Jones, added that he was skeptical that any convictions would result.

"This is a case that's been brought before," he said. "It's an old case, and the evidence we know of is of dubious value, given the fact that a number of statements had been several times found to be coerced."

The investigation, which was named the Phoenix Task Force, involves local, state and federal agencies and has been collecting evidence related to attacks on police officers in the turbulent years between 1968 and 1973.

They include the bombing of a police officer's funeral and the attempted bombing of a police station, both in San Francisco.

This is not the first time arrests have been made in Young's killing.

In 1975, three defendants were charged with the shooting, but a judge dismissed the case, ruling that evidence had been gained through torture. An attorney who represented one man said police in New Orleans had used cattle prods and electrodes to extract a confession. The statement was later thrown out of court.

Two then-San Francisco police inspectors, Frank McCoy and Ed Erdelatz, were present at the New Orleans police station when the confession was obtained. Attorneys say both were called out of retirement recently to work on the case.

"The problem with people like Erdelatz and McCoy is that they got the answer they wanted through improper means, and they have been running with it for 30 years," said Stuart Hanlon, who represents Herman Bell.

In the last two years, authorities convened two special grand juries to look into the killing.

Ann Moorman, a Bay Area defense lawyer, said she represented Oklahoma City resident John Bowman, who was one of five suspects who refused to testify before the San Francisco grand jury hearing. They spent 20 days in jail.

"In my view this was another not-so-subtle effort to put pressure on them after decades, after they suffered extreme mental anguish," she said. "My client was tortured by the New Orleans police. He never forgot that."

Boudreaux, who also refused to testify, said he wasn't surprised when investigators showed up at his door in 2005.

"When I watched on TV the twin towers come down, deep in my heart I knew that someone will come by and visit me as soon as they can get it organized, and they did," Boudreaux told a Washington, D.C., news conference during the speaking tour. "Once upon a time, they called me a terrorist too. To expedite something in the system, they put the 'terror' tag on it, and it gets done."

Boudreaux was picked up on the way from his Altadena home to his job as an electrician for Los Angeles County, said his attorney, Michael Burt, of San Francisco.

At a news conference in San Francisco, task force members refused to discuss specifics of their investigation. They said in a news release that the probe into Young's death was reopened in 1999 "after advances in forensic science led to new evidence in one of the unsolved cases."

They would not confirm that DNA samples were part of the evidence. "It could be fibers. It could be DNA. It could be other biological evidence," said Morris Tabak, deputy chief of investigations for San Francisco police.

He said the Young murder was part of a tense era marked by racial strife nationwide.

"There was a strong anti-government sentiment in the late 1960s and early 1970s, when the BLA members were bent on creating terror and chaos by assassinating police officers," Tabak said. "We believe the motive for the crimes was the furtherance of these revolutionary views."

On the night of Young's killing, four black men strode into the Ingleside station about 9:40 p.m. As the officer stood behind bulletproof glass at the visitor's window, one of the men stuck a 12-gauge shotgun in the speaking hole and fired. The buckshot caught Young in the upper body. A female office clerk was hit in the left arm but was not seriously injured.

A second officer crawled to the wounded Young, who gasped, "Help me," according to a recent story in the SF Weekly.

"Recovered from his body were his most treasured possessions: his police star, rosary beads, religious medals and his wedding ring," according to a news release issued Tuesday.

Speaking at the news conference, San Francisco Police Chief Heather Fong described him as "someone who was doing community policing before the term was even coined."

Young worked with disadvantaged youths and was an avid fundraiser for groups such as the United Negro College Fund. After his death, a street near the station was renamed for him.

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One retired San Francisco police officer recalled the turbulent times. "Everything was so racial back then, so much more than today," said Ed Collins, 58. "On the job we had to be double sure of everything. You never took anything for granted."

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Glionna reported from San Francisco. Chawkins reported from Ventura. Times staff writers Rone Tempest, Ashraf Khalil and Richard Winton also contributed to this report.

Held In '71 Cop Slay (NSDY/AP)

By Herbert Lowe, Staff Writer; Matthew Nestel Contributed To This Story, Which Was Supplemented With An Ap Report.

Long Island Newsday, January 24, 2007

Queens man, 2 convicted in NYPD killings, arrested with five others in death of S.F. police officer

A Queens man and two other men who are already serving time for killing two New York Police Department officers in 1971 were arrested yesterday in the death of a San Francisco police officer that same year, officials said.

They were among eight suspects - seven of whom officials believe to be former members of the Black Liberation Army - who were arrested in New York, California and Florida.

A violent offshoot of the Black Panther Party, the BLA carried out a series of attacks against law enforcement officials on both coasts, along with three armed bank robberies, between 1968 and 1973, authorities said.

"Today is a good day for police officers in New York and San Francisco and everywhere," New York Police Commissioner Ray Kelly said in a statement.

NYPD detectives coordinating with San Francisco police and the FBI arrested Francisco Torres, 58, at his home at 145th Street in Jamaica at 6 a.m. yesterday in connection with the death of San Francisco police Sgt. John V. Young. Officials described Torres as a former BLA member. New technology such as DNA testing allowed police to reopen the case.

Young, 51, was killed when two men raided a neighborhood police station, firing a shotgun through a hole in a bulletproof window on Aug. 29, 1971. A civilian clerk was wounded in the attack and authorities said other accomplices were outside as lookouts and get-away drivers.

Herman Bell, 59, and Anthony Bottom, 55, were arrested at an upstate prison for Young's killing. They are serving life sentences for killing NYPD Officers Waverly Jones, 33, and Joseph Piagentini, 28, in an ambush outside the Colonial Park Houses in Harlem on May 21, 1971.

A third man, Albert Washington, was also convicted in the New York case, but he died in prison in 2002.

"Today's developments only reinforce our opposition to their parole," Kelly, referring to Bell and Bottom, said in a statement.

"They shot two New York City police officers in the back, as part of a series of assassinations directed against police officers in those murderous days," Kelly said. "It may have been 35 years ago, but I certainly haven't forgotten. Neither has anyone who was a member of the police department back then. "

Authorities said charges of murder and conspiracy were filed against Torres, Bell, Bottom, Richard Brown, 65, of San Francisco; Ray Boudreaux, 64, and Henry Jones, 71, both of Altadena, Calif., and Harold Taylor, 58, of Panama City, Fla.

Richard O'Neal, 57, of San Francisco, was also arrested on conspiracy charges. He is not believed to have been a member of the Black Liberation Army.

No one answered the door at Torres' house last night.

Neighbors said Torres lived with a teenage son and a son in his 20s who has sickle cell anemia. They also said he often helped neighbors with snow shoveling and other tasks.

"I couldn't believe it," said Priscilla Levine, 53, a retired state clerical worker who lives two doors away.

Bell's attorney, Stuart Hanlon, of San Francisco, called the arrests a "prosecution based on vengeance and hate from the '60s. " Hanlon added: "There's a law enforcement attitude that they hate these people, the Panthers. Now they're going after old men. "

A ninth suspect in Young's killing is still being sought, police said.

Matthew Nestel contributed to this story, which was supplemented with an AP report.

8 Arrested In 1971 Killing Of San Francisco Police Officer (NYT)

By Jesse Mckinley

The New York Times, January 24, 2007

DOJ_NMG_0121025

SAN FRANCISCO, Jan. 23 — Eight men, including seven described as members of the radical Black Liberation Army, were arrested on Tuesday on charges of murdering a police officer here in 1971 and waging a violent five-year battle against the police and federal authorities.

The arrests, in morning raids in California, Florida and New York capped an investigation by San Francisco police into the murder of Sgt. John V. Young, who was killed by a shotgun at a desk in the Ingleside stationhouse on Aug. 29, 1971.

A civilian clerk was wounded.

New York police officials said two of the men arrested were the gunmen, Francisco Torres, 58, who was seized at his home in Queens, and Herman Bell, 59, who was rearrested at a New York prison where he is serving a murder sentence.

The rest of the aging men were said to have been lookouts, getaway drivers and participants in the assault on the police station and other attacks.

A statement by the San Francisco police characterized Sergeant Young's killing as a part of a "conspiracy to kill law enforcement officers" from 1968 to 1973, a plan that included the murders of two New York police officers, four attempted murders of law enforcement personnel, the bombing of a police officers' funeral at a San Francisco church and the attempted bombing of another San Francisco police station, as well as three bank robberies, two here and one in Georgia.

In New York, Police Commissioner Raymond W. Kelly said the arrests dealt a blow to the legacy of the protest group, a violent offshoot of the black nationalist Black Panthers, which operated from the late 1960s until the early 1980s. Mr. Kelly said the arrests testified to the long memory of the police, especially for the killing of one of their own.

"It is a good day for police officers in New York and San Francisco and everywhere else," Mr. Kelly said in a telephone interview from Washington. "It underscores the fact that the law enforcement community is never going to forget."

Soon after the arrests, current and former defense lawyers for several of the men said they were skeptical of the charges in the nearly 36-year-old case, saying the police had harassed their clients for years.

Three men were charged with Sergeant Young's killing in 1975, The Associated Press reported, including one of the men arrested on Tuesday, but that case was dismissed.

A lawyer who represents Mr. Bell, Stuart Hanlon, said he thought that the case against Mr. Bell was based on a 30-year-old confession by a suspected Black Panther member that a judge threw out in the mid-'70s because it had been physically coerced.

"I think the police are outraged, and rightfully so, that one of their own was gunned down," Mr. Hanlon said. "They believe they are right. But the belief does not make it so."

Mr. Torres was one of the first arrested, taken from his red-brick home in Jamaica, Queens, before dawn. Also arrested in New York State were Mr. Bell, 59, and Anthony Bottom, 55, who were in prison for the murders in May 1971 of two New York City police officers, Waverly Jones and Joseph Piagentini.

All three men were charged with murder and conspiracy.

In San Francisco, the police arrested Richard Brown, 65, and Richard O'Neal, 57. They were held in $3 million bail with Mr. Brown charged with murder and conspiracy, and Mr. O'Neal, who is not believed to be a member of the so-called army, was charged with conspiracy.

The Los Angeles County sheriff confirmed the arrests of Ray Michael Boudreaux, 64, and Henry Watson Jones, 71, both of Altadena.

The police in Panama City, Fla., confirmed that they had taken Harold Taylor, 58, into custody without incident. He was held on $3 million bond.

The authorities said they were also seeking Ronald Stanley Bridgeforth, 62, on charges of murder, conspiracy and assault. Mr. Bridgeforth is thought to be living abroad.

In their statement, the San Francisco police said that in 1999 they began investigating again several killings of their officers after advances in forensic science had led to the discovery of new evidence in one case.

In 2005, a grand jury was convened to look into Sergeant Young's killing. Four of the men arrested on Tuesday were called to testify. They refused, and were briefly jailed.

A spokesman for the San Francisco police, Sgt. Neville Gittens, said the investigation into Sergeant Young's case and the other attacks would continue. Sergeant Gittens said the police and state attorney general were confident that enough evidence had been gathered to bring charges.

Mr. Hanlon said he doubted that the police had any new evidence.

"The only thing I can think of is the evidence they have from 1971 has been analyzed using a more sophisticated forensic science," he said. "But that is not the same as having new evidence."

Mr. Hanlon suggested that the police had long focused on the Black Panthers and other black power groups.

"I think there is a hatred of the Panthers," he said. "Police who were around then hated them, and the animosity was clear."

Mr. Torres's lawyer, Michael W. Warren, said Mr. Torres was innocent.

“He’s been around in the community in New York for a number of years,” Mr. Warren said. “The F.B.I., as well as the San Francisco police, have known his whereabouts for all these years. He has been an integral part of this community.”

The police said Mr. Torres tried to ignite dynamite in the Ingleside stationhouse in 1971.

Outside police headquarters in Manhattan, Mr. Torres said as detectives escorted him, “It’s a frame up.”

Busted In Cop Slay (NYDN)

By Alison Gendar, Kerry Burke And Corky Siemaszko, Daily News Staff Writers

New York Daily News, January 24, 2007

The radical past of a Queens father caught up with him yesterday when he was charged with taking part in the notorious murder of a San Francisco cop 35 years ago.

Francisco Torres, 58, a former member of the Black Liberation Army, was nabbed by detectives armed with DNA technology that didn't exist when Sgt. John Young was slain Aug. 29, 1971.

Two other New Yorkers, who already are serving time for killing two NYPD officers, and six other graying radicals in California and Florida also were arrested in connection with the killing. A ninth man was still being sought.

All but one of the men were in the BLA, a violent offshoot of the Black Panthers that staged a cop-killing campaign from 1968 to 1973.

Two of the cops killed by the extremists were NYPD Officers Joseph Piagentini and Waverly Jones, who were murdered on May 21, 1971 - a slaying Torres and his brother, Gabriel, were accused of, but never convicted of planning.

"My heart is beating now," Piagentini's widow, Diane, said yesterday. "Torres walked free in my husband's case. Maybe this other charge will stick and justice will finally be done."

Portly, gray-haired and wearing a black bomber jacket, Torres was led out of Police Headquarters in lower Manhattan yesterday afternoon.

"This is a frameup," he muttered.

But police sources said Torres, of South Jamaica, was linked to the San Francisco killing by a cigarette butt found at the crime scene. He was charged with homicide, conspiracy to commit homicide and bank robbery.

Young was killed when Torres and another radical allegedly burst into a precinct stationhouse and fired a shotgun through an opening in a bulletproof glass window. Torres allegedly tried to blow up the building by lighting a stick of dynamite with the cigarette. But the dynamite was a dud, sources said.

After several failed prosecutions, a special FBI task force began looking into the Young killing again in 1999 after "advances in forensic science led to the discovery of new evidence," the San Francisco Police Department said in a statement.

Police Commissioner Raymond Kelly said Torres has been "off the radar" for three decades since serving time for a bank robbery.

In 1974, a judge ruled there wasn't enough evidence to charge him and his brother for the murders of Jones and Piagentini. Two other BLA members - Herman Bell, 59, and Anthony Bottom, 55 - were convicted of the killings. They also were charged yesterday in connection with the San Francisco murder.

Torres' lawyer, Michael Warren, said police were trying to settle old scores. "It's not as if he's been trying to hide or evade the police," he said. "This is nothing but a gross form of retaliation."

Torres' neighbors on 145th St., where he raised two sons and even coached Little League, were shocked. They said "Cisco" never talked politics or got into trouble. His wife, Carolynn Hunter-Torres, is a traffic agent for the city's Parking Violations Bureau, they said.

"He told everyone he was a disabled Vietnam veteran," said Priscilla Levine, who lives two doors down from Torres' tidy brick home. "He was as friendly as you could be in New York City."

New Arrests In A Decades-Old Slaying Of Police Officers (NYS)

By Elizabeth Solomont, Special to the Sun

New York Sun, January 24, 2007

Two men serving sentences for murdering two New York City police officers in 1971 were rearrested yesterday in connection with the killing of a San Francisco officer that same year, in what officials described as a series of attacks on police by the Black Liberation Army.

Along with five others, Herman Bell and Anthony Bottom were implicated in the murder of Sergeant John Young of the San Francisco Police Department, officials said. Young was killed on August 29, 1971, when officials said members of the radical group shot him through the bulletproof glass window of a police station in Ingleside, Calif.

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Officials also arrested five individuals they described as former members of the Black Liberation Army in connection with the murder, including Francisco Torres, 58, of Queens. Also arrested in connected with the murder were Ray Michael Boudreaux, 64, of Altadena, Calif., Richard Brown, 65, of San Francisco, Henry Watson Jones, 71, of Altadena, and Harold Taylor, 58, of Panama City, Fla. Police arrested Richard O'Neal, 57, of San Francisco, on charges of conspiracy, but did not link him to Young's death.

Officials said Young's death was the result of one of a series of attacks on police between 1968 and 1973, including the 1971 murder of two New York City police officers, Waverly Jones and Joseph Piagentini. Jones and Piagentini were shot from behind in Harlem on May 21, 1971. Bell and Bottom, the latter of whom is known as Jalil Muntaqim, as well as another accomplice, Albert Washington, were later convicted of murdering them. Although nearly 36 years have passed since the attacks, officials in 1999 reopened investigations into several murders of San Francisco police officers in the 1960s and 1970s after "advances in forensic science led to the discovery of new evidence in one of the unsolved cases," officials at the San Francisco Police Department said yesterday in a news release.

Although officials declined to elaborate on the forensic evidence in this case, Mr. Torres in July was forced to provide a court-ordered DNA sample to the authorities, the Daily News reported. He and his brother, Gabriel Torres, were suspected of planning the attack on Jones and Piagentini, but a judge ruled that there was insufficient evidence.

However, officials have now implicated Bell and Mr. Torres in Young's murder. They said the two allegedly entered the Ingleside police station while several accomplices acted as lookouts and getaway drivers. Bell allegedly fired a shotgun through bulletproof glass, killing Young. Torres tried to set off dynamite as they fled, although the device failed.

Police also said Bottom and Washington were supposed to have joined them, but were arrested after a traffic stop that night when they fired on — but did not injure — a San Francisco police sergeant. When police searched their car, they discovered the .45-caliber gun used to kill the two New York City officers.

36 Years Later, Suspect Caught (WMBB)

WMBB-TV, January 24, 2007

PANAMA CITY, Fla.--A three decade-old cold case came to an end this morning during a multi-state operation that netted eight suspects allegedly involved in the 1971 murder of San Francisco Police Sergeant John V. Young.

Today around 8 a.m., a task force comprised of the FBI, San Francisco Police Department, Bay County Sheriff's Office and Panama City Police Department, operated under an arrest warrant and booked Harold Taylor, 58, into the Bay County Jail on murder and conspiracy charges.

"Panama City Police Department was contacted by the FBI and San Francisco PD about four years ago and at that time we located Mr. Taylor," said Panama City Police Chief John Van Etten in a Tuesday's press conference.

Asked why it took the task force so long to make the Taylor's arrest, Etten answered that during that time forensic evidence was being gathered against him.

Van Etten said Taylor had been living in Panama City since 1981 and had an no remarkable criminal history.

Investigators say on August 29, 1971 Taylor acting along with seven members of the Black Liberation Army, a radical group with ties to the Black Panthers--Ray Michael Boudreaux, 64; Richard Brown, 65; Herman Bell, 59; Anthony Bottom, 55; Henry Watson Jones, 71 and Francisco Torres, 58--charged into the San Francisco Police Department's station and opened fire on the occupants through a bullet proof window, killing Young and injuring a clerk.

The group has also been linked to other officer slayings in the late 1960's and 1970's in New York and California, where more arrests were said to have been arrested today.

Taylor is being held on $3,000,000 bond in the Bay County Jail.

Tomorrow morning he will make his first appearance in front of a judge. Van Etten did not know exactly when Taylor would be extradited back to San Francisco.

Feds: Details Of ISP Snooping Haven't Been Decided (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, January 24, 2007

DOJ attorney says there has been no "official" decision on what data providers might be required to retain or for how long.

WASHINGTON--The Bush administration hasn't settled on what data it would like Internet service providers to retain about their subscribers or for how long, a U.S. Department of Justice attorney said Tuesday.

U.S. Attorney General Alberto Gonzales made it clear last fall that he planned to seek national legislation requiring the controversial practice known as data retention, but "we don't have any position officially about how long records would have to be

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retained or what records would have to be retained," said Eric Wenger, a trial attorney with the Justice Department's computer crime unit.

During an event here hosted by the Federal Communications Bar Association, Wenger also said police already have ready access to other legal tools, such as the power to send letters to ISPs requesting "preservation" of existing data for up to 90 days while law enforcement obtains the necessary court authority to obtain that data.

But he categorized the lack of consistent data retention by ISPs as a "roadblock" to some investigations. He described, for example, a situation in which an investigator may be able to secure an IP address for a suspected phisher from Microsoft's Hotmail service. By the time the investigator took that IP address to the Internet service provider for more information about the suspect's identity, he may be told by the ISP that such information has already been purged.

"We've been talking to some of the companies to explain the needs we have for the records," he said, although he did not expressly urge adoption of new laws. Another possibility is that a data retention requirement could be extended beyond ISPs to search engines, which was discussed in private Justice Department meetings in October.

As first reported by CNET News.com in June 2005, Justice Department officials began quietly discussing the idea of data retention requirements, akin to what the European Union has already enacted.

Last week, Gonzales told members of the Senate Judiciary Committee that he planned to resume discussions with Congress about data retention legislation this year. The attorney general did not elaborate on his plans, but last year, he repeatedly said the practice was necessary to help investigators nab elusive online criminals, particularly sexual predators.

Privacy advocates have long resisted such mandates, arguing that they allow police to obtain records of e-mail chatter, Web browsing or chat room activity that normally would have been discarded after a few months--or in some cases, never kept at all.

CNET News.com's Declan McCullagh contributed to this report.

Hearings Sought On FBI Predator Probes (MH)

By Lesley Clark

The Miami Herald, January 24, 2007

WASHINGTON - A watchdog group that blew the whistle on former Rep. Mark Foley, only to see the FBI decline to investigate, is asking the chairman of the House Judiciary Committee, Rep. John Conyers, to hold a hearing on the agency's practice of investigating potential child sex predators.

The request by Citizens for Responsibility and Ethics in Washington (CREW), comes a day after an inspector general's report chided the FBI for failing to do more to alert the House about Foley's transgressions.

The former Lake Worth Republican resigned in late September after sexually explicit instant messages he had exchanged with underage House pages surfaced. In July, CREW had supplied the FBI with less graphic, but troubling e-mail messages between Foley and a teenage page. But the agency declined to take up the case, saying it didn't rise to the level of criminal activity.

The inspector general's report scolded the agency for reaching that conclusion, saying it should have alerted House leadership to the e-mails or "at least" told CREW that it was not going to investigate.

In a press release today, CREW Executive Director Melanie Sloan said the report raises ``serious questions on how the FBI conducts its investigations into potential child predators."

CREW is asking Conyers to hold a hearing on the agency's practices ``as soon as possible, in order to help prevent other children from being victimized."

Kolbe May Use Campaign Funds For Legal Defense (AP)

AP, January 24, 2007

WASHINGTON - Retired U.S. Rep. Jim Kolbe, R-Ariz., may use campaign funds for legal expenses racked up while the House ethics committee and the Justice Department were investigating his connection to a scandal involving House pages, the Federal Election Commission wrote in a draft advisory opinion made public Tuesday.

Kolbe, who retired last year, told the FEC that he incurred legal expenses after he became involved in the unfolding scandal over former Republican Rep. Mark Foley's salacious communication with former House pages.

The Ethics panel last year examined what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley. Kolbe said he told the proper authorities about the incident.

Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip Kolbe took with two former pages.

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FEC officials wrote that the legal fees count as "ordinary and necessary expenses" incurred in connection with holding federal office.

The commission will consider the case during a meeting Thursday.

Feds: Idaho Suspect Admitted 3 Slayings (FINDLAW/AP)

By John Miller, Associated Press Writer

AP, January 24, 2007

(AP) - BOISE, Idaho-A man accused of kidnapping two Idaho children, killing one of them, after slaying their family has confessed to the killings of three other children a decade ago in Washington state and California, federal prosecutors said Tuesday.

The prosecutors cited the confessions to the old killings in court papers saying that intended to seek the death penalty against Joseph Edward Duncan III, who was indicted last week on charges involving the two northern Idaho children.

"The defendant has engaged in a continuing pattern of violence, attempted violence, and threatened violence," prosecutors said. Duncan "is likely to commit criminal acts of violence in the future that would constitute a continuing and serious threat to the lives and safety of others."

Roger Peven, Duncan's attorney, said he had not yet seen the filing and could not immediately comment on it.

Duncan is accused of kidnapping Dylan Groene, 9, and his sister Shasta, then 8, in May 2005, and taking them to the mountains of Montana, where prosecutors say he sexually abused them for weeks before killing Dylan. Duncan was arrested July 2, 2005, when he and Shasta were spotted at a Coeur d'Alene restaurant. The boy's body was found days later at a remote campsite.

The U.S. attorney's office said Duncan confessed that he killed Carmen Cubias, 9, and Sammiejo White, 11, in Washington state in 1996 and Anthony Martinez, 10, in California in 1997. Officials did not specify to whom Duncan made the confession.

The two girls were kidnapped from the Crest Motel in Seattle in July 1996. Their skeletal remains were found 17 months later in Bothell, a Seattle suburb. Anthony was forced into a car in Beaumont, Calif., in April 1997 as his friends looked on. Sixteen days later a forest ranger found the boy's nude, bound body about 70 miles to the east.

Last October, Duncan pleaded guilty in Idaho state court to first-degree murder and kidnapping for the May 16, 2005, hammer slayings of Dylan and Shasta's mother, Brenda Groene; her fiance, Mark McKenzie; and Groene's 13-year-old son, Slade. Prosecutors say he killed them to get the younger children.

If federal prosecutors fail to win a death sentence in the case involving the two younger children, a jury will be chosen in Idaho state court to consider whether to impose the death penalty on the murder counts that Duncan pleaded guilty to in October.

Duncan was charged Thursday in a California state court in Anthony's death. Prosecutors there said they also intend to seek the death penalty.

Duncan is a Tacoma, Wash., native who spent most of his adult life in Washington state prisons for sexual crimes against children.

In 2004, he had been arrested for allegedly molesting a 6-year-old boy and attempting to molest another boy in Detroit Lakes, Minn. Authorities say he jumped bail on that charge.

Judge Reduces Bullock's Prison Sentence (WT)

By Jim Mcelhatton

The Washington Times, January 24, 2007

A federal judge yesterday reduced the prison sentence of former Washington Teachers Union chief Barbara A. Bullock by more than two years, in exchange for her help in convicting former colleagues in a massive embezzlement scam.

Bullock, 68, dressed in a prisoner's jumpsuit and walking with a cane, pleaded for leniency. She told U.S. District Court Judge Richard J. Leon, "I am sorry for what I did, and I can't do any more than that."

Bullock previously had been sentenced to nine years in prison after pleading guilty in 2003 to taking part in a scam that embezzled more than $5 million in teachers' dues. Money that was taken in the scam was spent on personal items such as $500,000 on custom-made clothing and $100,000 on Washington Redskins and Washington Wizards season tickets.

The reduction means Bullock is likely to be released in about three years.

Prosecutors sought to reduce Bullock's original sentence because they said Bullock provided investigators with good leads. They said her testimony also helped convict former union treasurer James O. Baxter II and office manager Gwendolyn M. Hemphill.

Assistant U.S. Attorney Anthony Alexis said that without Bullock's help, investigators wouldn't have known about the "vast number" of furs purchased with union dues. The furs, he said, "basically became a currency in the conspiracy."

"Her testimony was useful, and we believe it was powerful," he said.

Bullock's attorney had sought to cut her overall sentence from nine to five years. Michelle Peterson said Bullock didn't know the extent of the fraud being committed by Baxter, Hemphill and others.

She also said Bullock has turned her life around, helping other inmates at the federal prison in Alderson, W.Va.

"As a former teacher, I do know how to teach children to read," Bullock told Judge Leon.

Bullock also mentioned that the prisoners she helps affectionately call her or know her as "grandma."

The criminal case was unusual because the person at the top of the conspiracy, Bullock, cooperated early and helped convict officials under her authority. Judge Leon said that's rare in such cases.

Bullock also will be out of prison sooner than the other major targets in the investigation.

Hemphill was sentenced to 11 years and Baxter to 10 years after they were convicted of embezzlement, conspiracy and other felony charges. Hemphill had sought leniency before her sentencing last year, claiming that Bullock was the mastermind of the conspiracy.

Attorneys for Hemphill also said the former office manager suffered from a mental disease, saying at one time she had psychotic episodes in which she thought she was being stalked by a small person with a spear.

Calling Bullock "a person who has turned a corner," the judge said he would have sentenced the former union president to about 14 years in prison if she did not cooperate.

"The smartest decision she ever made was getting on the right path," he said of Bullock's decision to work with prosecutors.

However, Judge Leon rejected the defense request to cut Bullock's sentence by an additional two years, saying she reaped more of the rewards in the embezzlement scam compared with any other defendant.

Judge Leon also rejected a request by prosecutors to sentence Bullock to a halfway house after her release. He said doing so would waste taxpayer money and that halfway-house spots tend to go to drug convicts.

Instead, the judge sentenced Bullock to six months of home detention after her release. Bullock also must complete 1,000 hours of community service and pay more than $4 million in restitution to the union.

Tax To Fight Gangs Set For Ballot (LAT)

By Patrick Mcgreevy And Steve Hymon

The Los Angeles Times, January 24, 2007

Desperate to stem the rise of gang violence in Los Angeles, the City Council agreed Tuesday to draft a ballot measure that would impose a parcel tax to raise $50 million or more annually for intervention and prevention programs.

However, council members said it was unlikely the proposal would go onto the ballot until next year, skipping the municipal election in May.

Also Tuesday, City Atty. Rocky Delgadillo released his plan for reducing gangs, which includes a call for school uniforms to be required for all Los Angeles Unified School District students, legal action to shut down the headquarters of the 10 worst gangs, and expanding his assignment of prosecutors to every police station and to neighborhoods around gang-plagued schools.

Delgadillo also said he would seek to expand the city attorney office's truancy program to numerous of middle schools, obtain stay-away orders for those who do not live in the neighborhoods they terrorize and push for legislation to increase penalties for gang-related crime.

Councilwoman Janice Hahn, who wrote and championed the proposal for a parcel tax to fight gangs, said action was needed because of the 267 gang-related homicides last year and the 14% increase in gang crime citywide.

"We have a major crisis in the city of Los Angeles," Hahn said. "I think the time is right that we ask the voters of Los Angeles if they would be willing to partner with us for a sustainable comprehensive approach to gang violence."

After a sometimes emotional debate, the council voted 13 to 0 to direct the city attorney to draft language for a ballot measure. Another vote will be necessary to put it to voters.

Hahn reluctantly agreed to remove a commitment to the May election from the council resolution after some of her colleagues said it was likely to fail because it needs two-thirds support to pass and voter turnout is expected to be low.

Hahn represents parts of South Los Angeles, including the Harbor Gateway neighborhood that has seen two killings of African American residents by Latino gang members in as many months. One was the Dec. 15 slaying of 14-year-old Cheryl Green. A Mexican immigrant was fatally shot Dec. 5 by a youth who witnesses believe was black, although his identity was shielded by a hood and mask.

"I have felt overwhelmed by the gang violence in my council district. I have felt desperate," Hahn told her colleagues, her voice cracking with emotion. "There was a huge part of me that just did not want to wait."

Hahn said she believes voters would support a parcel tax, which she estimated would cost property owners a flat $5 per month.

The vote to draft the ballot measure was particularly striking given the council's leeriness of tax hikes following two recent failures. City voters refused, in November 2004, to go along with a countywide sales tax increase to pay for more police, and they rejected a $1-billion affordable-housing bond last fall.

Hahn would like to see the measure go to voters early next year and is hoping that the state Legislature will act to move the presidential primary election forward to February. Meanwhile, she hopes to secure additional funds for city gang prevention programs during council budget negotiations in May.

Councilman Herb Wesson raised the need for a compromise on the timing of the election, telling his colleagues that his considerable political experience told him a ballot measure wouldn't win in May.

"People in our community are depending on us to do this right," Wesson said. "Let's not just deliver a ballot measure, let's deliver a winning ballot measure."

Some council members objected that a May vote would not provide enough time to digest and act on a study released last week by the Advancement Project that recommended an overhaul of intervention and prevention efforts.

The study said the city has failed to reduce gang violence, in large part because it lacks coordination and focus for the 23 scattered anti-gang programs it currently funds to the tune of $82 million a year.

Councilman Tony Cardenas, who leads a council committee on gang programs, said the city has not determined how much money is needed to get the job done, and he worried that $50 million might not be enough.

Councilman Dennis Zine, although he voted to draft the tax measure, questioned whether voters would support it less than a year after the council increased trash fees to pay for 1,000 more police officers.

The concern about overburdening taxpayers was raised by Veronica Perez Becker, a vice president of the Central City Assn.

"Before imposing more taxes on your constituents, we urge you to take a careful look at the collective impact of recent tax increases," Becker told the council.

In a telephone interview, Jon Coupal, president of the Howard Jarvis Taxpayers Assn., predicted the council would face a tough time selling another tax hike to voters. "They have an uphill battle," he said.

In recent years, two other California cities — Santa Rosa and San Bernardino — have won voter approval for tax increases to combat gangs. In both instances, however, the added charges also helped pay for more police.

Family Found Safe After Amber Alert (CHIT)

By Gerry Doyle, Tribune Staff Reporter

Chicago Tribune, January 24, 2007

A mother and four children who police said were abducted from their Elkhart, Ind., home on Saturday were found safe in a motel in the same city Tuesday night, officials said.

The children's father, Jerry White, is accused of kidnapping them after shooting a man in their home Saturday morning. Police initially thought White might have fled to the Chicago area, where he once lived.

But on Tuesday night, Kimberly Walker, 31, and her children Jaylan, 9; Justin, 8; Kyara, 6; and Kayla, 16 months, were "doing well" in the Elkhart area, police said.

White, 30, is in custody, police said.

White, Walker and the children were found at the Sleepy Hollow motel on Elkhart's north side about 7 p.m., police said. Police declined to say how they found the family in the motel.

"She was sobbing hysterically and physically shaking like I've never seen anybody shake," Detective Sgt. Bill Wargo said. "I asked her if she was Kim. She very hesitantly shook her head yes. We grabbed her and pulled her out of the room and she was rushed away behind another building."

Wargo said he then began yelling for the children, but at first got no response.

"I continued to yell for the kids and the oldest boy Jaylan, I saw him poke his head out kind of as the big brother," he said. "I asked him to come out to me and as he came running out, they all came out in order like a row of ducks."

Officers caught White as he was trying escape through an air duct in the room, Wargo said.

An arrest warrant was issued charging White with attempted murder and several counts of confinement. White is the father of all four children, police said.

DOJ_NMG_0121032

White, according to court records, allegedly has a history of kidnapping Walker. He pleaded guilty in 2003 to felony domestic battery for attacking Walker while she was leaving work on the South Side, according to court records. The more serious aggravated kidnapping charges were dropped.

Chicago police, the Illinois State Police and the FBI all had assisted in the investigation over the weekend.

Police said that White had been harassing Walker for several days before the shooting on Saturday, and that her sister and her sister's boyfriend had been staying in their home.

Police think White broke into Walker's house about 2 a.m. Saturday and shot her sister's boyfriend, Lathie Turnage, 30, of Chicago in the face and chest. He remains in critical but stable condition.

White then held everyone captive until leaving with Walker and the children about 11:30 a.m., police said. An Amber Alert was issued soon afterward.

Officials initially had been concerned particularly with the well-being of Jaylan Walker, who has serious asthma and needs to use a ventilator every few hours.

The Associated Press contributed to this report.

Judge Hears Request For New Trial From Vigil's Attorneys (AP)

AP, January 24, 2007

ALBUQUERQUE - A federal judge made no immediate decision Tuesday afternoon on a request for a new trial for former State Treasurer Robert Vigil.

U.S. District Judge James Browning heard arguments on the defense's effort to get a new trial for the former state official.

The hearing will resume Wednesday morning, but the judge also told both sides they should be prepared to go forth with Vigil's scheduled sentencing. That sentencing hearing is scheduled to begin at 9 a.m.

Vigil was convicted in September on one count of attempted extortion. He was acquitted on 23 other charges.

Tuesday's hearing was called after defense attorney Sam Bregman raised concerns about a potential witness. That witness, former Deputy State Treasurer Ann Marie Gallegos, claimed she had been intimidated by the FBI.

But FBI agent Marcus McCaskill testified today it was never intimated that Gallegos would be prosecuted if she testified for the defense.

COKE SECRETS TRIAL: Defense Denied 'Core' Evidence (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 24, 2007

Defense attorneys in the Coca-Cola trade secrets trial suffered a pair of setbacks Tuesday during a second day of testimony full of fireworks.

The federal judge in the case began by admonishing the attorney for former Coke secretary Joya Williams, who is accused of conspiring to sell confidential company documents and product samples to PepsiCo.

The judge said attorney Janice Singer attempted to skirt the court's rules to "attack" a prosecution witness.

As a result, the judge wouldn't allow Singer to introduce evidence the attorney said was at the "core" of her case.

Then jurors learned that Williams contacted another prosecution witness just days before the start of her trial to suggest how he should testify.

The tension began during Singer's cross-examination of key prosecution witness Edmund Duhaney, who has pleaded guilty to one count of conspiring to steal trade secrets. He testified against Williams.

Singer tried to introduce as evidence a spiral notebook in which Duhaney copied something called "the 48 rules of power" taken from a book by the same name.

The statements he copied included one that stated "Conceal your intentions," and another that said, "Never put too much trust in friends, learn how to use enemies."

Singer argued that the statements would help show Duhaney's state of mind in dealing with Williams.

Judge J. Owen Forrester said the notebook could be used only if Singer asked questions that would reveal whether Duhaney believed the statements or simply copied them down. Forrester said the evidence could cast Duhaney in an unfair light.

After Singer twice forgot to follow the judge's order and was warned, the judge told her to move on. Singer apologized and pressed the judge to allow her to continue her questions, saying she had made a mistake.

The judge asked the jurors and Duhaney to leave the courtroom, and the debate continued with the judge telling the red-faced Singer she had tried on several occasions to unfairly attack witnesses' character.

After a lunch break, Singer again asked for leniency.

"It is the core of my case," she said of Duhaney's notebook, arguing she had a right to introduce it because it was being used to impeach Duhaney, not tarnish his character.

"I have already given you two chances," the judge fired back.

Earlier, before Singer's questioning was halted by the judge, Duhaney told her he didn't believe the statements from the book. He said he took them down from a copy of the book he borrowed because he thought, "Wow, these are something."

Singer hammered away at Duhaney's credibility most of the morning. But Duhaney refused to say he was testifying to get a lighter sentence for his part in the crime.

Prosecutors have agreed to recommend a lesser sentence for Duhaney if they are satisfied with his testimony. He faces a maximum 10 years in prison.

"I am here only to tell the truth," Duhaney said, adding that he believes his role in the crime has been exaggerated.

Singer, taking an aggressive tone throughout her questioning, also fired away at Duhaney for lying to federal agents about the case when he was arrested July 5.

Duhaney said he was confused and wanted to say as little as possible after his arrest because he didn't have a lawyer present.

Williams' case suffered yet another setback during the afternoon session, when prosecutors called a former boyfriend of Williams to the stand.

He testified that he helped Williams send a package via Federal Express to another co-defendant in the case, Ibrahim Dimson. Dimson also pleaded guilty in October to the conspiracy charge but has not agreed to testify.

The boyfriend, Sedrick Wilson, said he didn't know what was in the package and that Williams kept him in the dark about the alleged trade secrets plot. Prosecutors will try to show later that the nearly 5-pound package contained confidential Coke materials.

Wilson also testified that he got a text message from Williams on Jan. 7, just days before jury selection in her trial, begging him to call her. When they spoke, according to Wilson, Williams urged him to say the Federal Express package contained trucking company documents.

"I guess she wanted me to lie," Wilson told a prosecutor during questioning, prompting an objection from Williams' attorney and an order from the judge to strike the statement.

Wilson then clarified: "She said, 'Make sure you say it was for the trucking company.' "

Wilson also testified he was at Williams' apartment last spring when she met with Dimson and Duhaney to discuss stacks of Coke documents.

Testimony today will resume with Williams' former boss, Javier Sanchez Lamelas, a marketing vice president at Coke.

Former Boyfriend Tells Court Coke Theft Suspect Wanted Him To Lie About A Package (AP)

By Harry R. Weber, Associated Press

AP, January 24, 2007

ATLANTA – An ex-boyfriend of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant testified Tuesday that the defendant wanted him to lie for her about a package she had sent to another man accused in the case.

Sedrick Wilson said Joya Williams sent him a text message on Jan. 7, nine days before jury selection began in her trial, saying that it was “beyond important” that he call her.

The subject, Wilson said, was a package she sent via FedEx to Ibrahim Dimson, a co-defendant in the case, during the first half of 2006. Wilson said he was with Williams when the shipment was sent.

“She said, 'Make sure you say that it was for the trucking company,'” Wilson recalled of his recent conversation with Williams.

Wilson testified he didn't know what was in the package.

“I guess she wanted me to lie for her,” Wilson said. A defense lawyer objected, and U.S. District Judge J. Owen Forrester ruled the comment out of consideration by the jury.

Williams has been free on bond leading up to the trial and during it.

The government did not say during Wilson's testimony what it believed was in the package, but a prosecutor asserted during a conference outside the presence of the jury that the text message and subsequent conversation show consciousness of guilt on Williams' part. Defense lawyer Janice Singer objected to allowing the testimony, but Forrester let it in.

The government has alleged that Williams took confidential documents and samples of products that Coca-Cola was developing and gave them to Dimson and another co-defendant, Edmund Duhaney. Dimson and Duhaney have pleaded guilty to conspiracy and are awaiting sentencing.

Earlier Tuesday, Duhaney, a key witness against Williams, admitted he lied to FBI agents when he was first questioned on July 5.

"You also told them you weren't sure where Joya Williams worked. That was a lie, right?" Singer asked.

"Yeah," Duhaney responded.

Singer also questioned whether Duhaney was only testifying that Williams spearheaded the scheme in hopes of getting a lighter sentence.

"Is it your hope in this case the government will file a motion for a lower sentence and that you will receive a lower sentence?" Singer asked.

"My hope in this case is that the truth will be told and that Judge (J. Owen) Forrester will make the final decision," Duhaney responded.

"You think you were a small player, right?" Singer said.

"I wasn't a small player," Duhaney responded. "I was involved. I didn't force anybody to do anything. I didn't steal anything."

Also Tuesday, the government played a recording of a June 29, 2006, conversation between Duhaney and Dimson in which they discuss some of the products under development by Coca-Cola that they were seeking to sell information about to Pepsi.

They included Vitamin Mineral 506, Healthy Green Tea, Plus 4 Omega, Lemon Hydration and Plus 2 Green Tea Diet. Those names likely were not what the final names of the products Coca-Cola was developing would be but only how Coca-Cola referred to them internally during the development process.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty.

Williams, Duhaney and Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

Coca-Cola had declined to say what product or products the samples relate to. But Duhaney's testimony shed some light on the products. On Monday, he testified that one product Williams had information about was Coca-Cola Blak, which Coca-Cola launched in January 2006.

The three suspects were hoping to get at least $1.5 million for the scheme, according to a taped phone call between Duhaney and Dimson that was played in court Monday. On the call, the two men discuss how to split the money.

Williams was expected to get a cut of up to $150,000, according to another recorded call between Dimson and Duhaney played in court Tuesday.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light. That executive, Javier Sanchez Lamelas, testified Tuesday that there was no reason for Williams to take confidential Coca-Cola information home with her.

During her opening statement in the trial on Monday, Singer referred to Dimson and Duhaney as "two seasoned liars, con men who took advantage of Joya Williams."

Singer said Duhaney's deal with the government is his "whole motive in this case" for testifying against Williams.

Dimson and Duhaney served prison terms at the same time at a federal penitentiary in Montgomery, Ala. Duhaney served nearly five years of a seven-year sentence on a cocaine charge before being released in 2005; Dimson served less than one year of a two-year sentence on a bank fraud charge before his release in 2004.

Williams does not have a criminal record, another attorney who previously represented her has said.

Coke Co-conspirator On The Stand (WXIA)

WXIA-TV, January 24, 2007

Secretly-recorded phone calls portray an Atlanta Coca-Cola employee as a willing participant last year in a conspiracy to try to sell Coke trade secrets to Pepsi.

But the now-former Coke employee, Joya Williams, insists that she knew nothing about any such conspiracy.

She is on trial in federal court in Atlanta, facing ten years in prison.

On Tuesday, the second day of testimony, the jury heard those taped phone calls, and saw an eyeful.

What they saw were bottles of two, secret drinks that Coca Cola was developing last year -- green tea drinks.

Coke did not want Pepsi to know about them.

Yet the government says Joya Williams, at her desk at Coke headquarters in Atlanta last year:

Slipped the two bottles into a small, red shopping bag

Put the bag into a cardboard box, along with a pile of secret Coke documents

Carried the box out of Coke's headquarters, in full view of security cameras and security personnel

And gave the box to a friend and accomplice, Edmund Duhaney, who brought it to his DeKalb County home and stuck it in his garage -- just part of a treasure chest of Coke trade secrets that Duhaney says Williams gave him to try to sell to Pepsi.

Williams insists Duhaney is the one who stole all those Coke trade secrets from her, and, on his own, offered them to Pepsi, without her knowledge.

But in court Tuesday, with Duhaney on the witness stand, Williams and the jury listened to phone calls the FBI recorded between Duhaney and his confessed partner in crime, Ibrahim Dimson, when agents secretly tapped Dimson's cell phone last year.

Both men, who were arrested along with Williams in July, ended up pleading guilty in October. Each faces up to ten years in prison..

In their taped phone calls, the men referto Williams with nicknames, "J" and "Shorty" and "Scram," and portray her as an associate, a willing and active participant, in the scheme.

They hoped to sell the Coke secrets to Pepsi for $1.5 million, never knowing until July 5th, the day they were to exchange the secrets for the cash, that the "Pepsi representative" who was going to meet them at Atlanta's airport to pay them was really an undercover FBI agent.

In their phone conversations in late June, they are laughing, excited about what they thought would be their big pay day. They discuss what they want to do with the cash.

They decide Joya Williams' share should be $150,000.

They want to give a total of $250,000 to two of Dimson's friends.

They want to spend $100,000 for a Muslim worship center and school, one of them saying, "That will be the most important thing we ever do in our life."

And they decide to keep for themselves the remaining $1 million.

In court Tuesday, Assistant U.S. Attorney B. J. Pak asked Duhaney, "Why pay Williams?"

Duhaney answered that he and Dimson credited Williams with coming up with the scheme, as opposed Williams' claim, since their arrests, that she was an unnwitting victim of their scheme. "She had put everything together," Duhaney said on the stand, "getting the (Coca Cola) documents (for us) to sell."

Under cross examination, Williams' attorney, Janice Singer, attacked Duhaney's credibility, accusing him of lying for the government to try to get a lighter prison sentence.

Duhaney's plea agreement specifies that he is subject to serving the maximum penalty, ten years, although the government prosecutors will recommend to the judge a lighter sentence. Duhaney also agreed to pay $40,000 in restitution to Coca Cola, and he is subject to paying a fine to the government of up to $250,000.

Williams' ex-boyfriend, Sedrick Wilson testified against her Tuesday, describing meetings she'd had with the two men last year.

And Wilson testified that Williams contacted him just before the trial began, on January 7th, 2007, to try get him to say on the stand what she wanted him to say about a package she had air-expressed to Dimson in New York in May.

"Make sure you say [on the stand] it was for the trucking company," the company that Dimson and Duhaney were setting up, Wilson quoted Williams as telling him to testify.

The prosecution never said what Williams actually sent to Dimson, whether it was a package of trucking company materials, or additional, confidential Coke documents for Dimson and Duhaney to try to sell.

But just prior to Wilson's testimony, and outside the presence of the jury, Williams' attorney asked Judge J. Owen Forrester to order the prosecution not to ask Wilson about Williams trying to influence Wilson's testimony.

Forrester concluded Wilson's testimony against Williams would be an inference of guilt, and "prejuducial, but not unfairly prejudicial," and he ruled the jurors could hear it and decide for theselves.

Testimony continues Wednesday.

The case is expected to go to the jury next week.

Former Indianapolis Patrolman Gets 57 Months For Fraud (AP)

AP, January 24, 2007

INDIANAPOLIS - A former patrolman who moonlighted as a home appraiser has been sentenced to 57 months in federal prison for his role in a mortgage-fraud scheme that illegally inflated home loans.

Michael C. Smith, 45, who had been an Indianapolis Police Department officer for 19 years, was also ordered Thursday to pay $1.1 million in restitution. Smith resigned from the force as the department was starting procedures to fire him after charges were filed, said police spokesman Lt. Douglas Scheffel.

Smith was convicted of money laundering and wire fraud in two separate deals in 2001 and 2003 designed to illegally inflate mortgage loans in Indianapolis, Marion and Fairmount.

Smith is the 58th person convicted of fraud since a federal task force convened to look into real estate fraud in central Indiana, U.S. Attorney Susan Brooks' office reported.

Those schemes have depressed property values for nearby homeowners, cost lenders more than $40 million and riddled neighborhoods with abandoned houses, aggravating problems in older, deteriorating neighborhoods.

Indianapolis alone spent $21.2 million in federal money between 2000 and 2005 to repair 2,300 houses, even as abandoned houses have nearly doubled since the late 1980s. A 2003 survey counted 8,136 vacant city houses.

"There are so many of these foreclosures. But they're in small quantities. No one is watching," said Indianapolis real estate agent Margaret Huddleson, a member of an industry group monitoring fraud cases.

Since October, a federal grand jury has looked into a failed mortgage deal connected to Fishers real estate salesman Robert Penn that involved 112 houses.

A pending fraud lawsuit, filed last summer by mortgage giant Countrywide Home Loans, contends Penn was at the center of a conspiracy to borrow more money than the houses were worth.

Sentenced Thursday along with Smith in the conspiracy were Mark Speckman, 48, McCordville, and Joseph Britton, 47, both of Fishers. They each received 33-month sentences in a conspiracy that involved American Savings Mortgage.

The company's president, Kenneth McKinney, last year was ordered to serve seven years in prison.

Despite a flurry of convictions that have included 15 local mortgage brokers, nine loan officers and six appraisers, fraudulent home loan deals continue to fuel Indianapolis' high foreclosure rate.

Last year, industry watcher RealtyTrac ranked Indianapolis first among U.S. metro areas with one of every 69 houses in foreclosure, or 1.45 percent of the houses in the nine-county region.

Most of the fraudulent deals involve an array of lenders, title agents, brokers and others who help doctor documents to arrange bigger mortgage loans that the property is worth and pocket the difference.

Bribery Case Alarms Governor (OREG)

By EDWARD WALSH And ASHBEL GREEN

The Oregonian, January 24, 2007

Prisons - Ted Kulongoski orders a policy review and pledges to fix any failings found from an inquiry into a corrections food official

SALEM -- Gov. Ted Kulongoski on Tuesday called for an internal review of state procurement policies in the wake of a federal probe into allegations that a food service administrator for the prison system took bribes from companies in return for buying their food.

"The governor takes the investigation and accusations very seriously," said Kulongoski spokeswoman Anna Richter Taylor. "Once the (federal) investigation is complete, we will be re-evaluating whether or not the procurement and management policies that we have in place are sufficient and identify what changes need to be made to strengthen oversight."

Farhad "Fred" Monem was placed on leave after IRS and FBI agents searched his Salem home and office earlier this month. A federal judge has unsealed court documents that describe a four-year kickback scheme that alleges Monem took hundreds of thousands of dollars from companies that sell food to the state for inmate meals.

According to state officials, the Corrections Department operates its own procurement system that is different from that of most other state agencies. Corrections Department Director Max Williams appeared before the Joint Ways and Means Public Safety Subcommittee for a review of the department's operations.

In a prepared statement before his regular testimony, Williams said that when the federal investigation is complete, he will attempt to determine whether the agency was financially harmed by the alleged kickback scheme.

"You have my commitment that if the facts determine the state was in fact harmed, we will vigorously seek recovery of those funds," Williams told the subcommittee.

In a brief interview, Williams said he learned of the investigation from federal authorities less than a month ago. He said that he does not know whether the alleged scheme cost his department money and that he has had no indication the case involves anyone else in the agency.

Federal investigators declined to discuss details of the case Tuesday. It was unclear whether the alleged bribery scam in Oregon could occur in other states.

Oregon has a centralized purchasing system. And instead of simply seeking bids, Monem would scour the commodities markets for deals, sometimes reselling items if prices later went up.

Washington contracts with companies to provide food for a fixed price. Although the state does some purchasing centrally, prisons also buy from local distributors. Levin & Lawrence, the California-based food distributor that investigators singled out in the alleged kickbacks scheme in Oregon, did not show up on a list of companies that sell food to Washington prisons, according to a spokeswoman.

Florida doesn't directly purchase food for inmates. Instead, it contracts with a private company, Aramark, to provide the meals, according to a corrections spokeswoman.

Neither Monem nor any executive in the food companies has been charged. Monem's attorney declined to comment.

Food Service Manager Investigated For Alleged Kickbacks (AP)

By WILLIAM McCALL

AP, January 24, 2007

Gov. Ted Kulongoski said Tuesday a federal investigation into alleged kickbacks to the state prison food service administrator totaling at least $650,000 may lead to tougher oversight of the purchasing program.

"Certainly the governor takes this investigation very seriously," said Anna Richter Taylor, the governor's spokeswoman.

Farhad "Fred" Monem has been placed on administrative leave from the Oregon Department of Corrections after federal agents accused him and his wife, Karen, of receiving kickbacks or bribes.

No charges have been filed against Monem or others accused of involvement.

David Angeli, the attorney for Fred Monem, declined comment.

A spokeswoman for U.S. Attorney Karin Immergut also declined comment on the joint FBI and Internal Revenue Service investigation.

The allegations are part of an affidavit filed in U.S. District Court in Eugene to support a search warrant for the Monems' home, Fred Monem's business office in Salem, and a safe deposit box the couple kept at a Salem bank.

The affidavit portrayed the couple living a lavish lifestyle from 2003 to 2006, including at least 15 trips to the Mandalay Bay Hotel and Casino in Las Vegas and the purchase of a $77,000 BMW — roughly what Fred Monem earns per year at his state job.

The search turned up more than $12,000 in cash in a briefcase in a closet at the couple's house, along with four packages of marijuana and a package of hashish, according to court documents.

"Without the bribery/kickback payments made to Fred and Karen Monem ... it is my opinion that the purchase and acquisition of assets and lifestyle expenditures made by the Monems ... would not have been possible," IRS Special Agent Robert Salisbury wrote in the affidavit.

Fred Monem, 48, had built a reputation as a "whiz kid" who had saved the state Department of Corrections millions of dollars in inmate food costs by purchasing food nearing its expiration date and also through buying in bulk.

The scheme allegedly involves food distributors and brokers in California, New York and Maryland but centered on a distributor in Santa Clarita, Calif., named Levin & Lawrence Inc.

Monem purchased bulk food from Levin & Lawrence that was labeled "distressed" because it is close to the expiration date and kicked back a profit to Fred Monem, according to the affidavit.

A man who answered the phone at Levin & Lawrence on Tuesday, but did not identify himself, declined comment on behalf of the company.

The Department of Corrections issued a statement Tuesday saying the investigation does not appear to involve any inmates or state prisons and no arrests have been made.

"We are of course disappointed that allegations have surfaced regarding a department employee," Max Williams, director of the Oregon Department of Corrections, said in the statement. "We hold ourselves and all employees to the highest ethical standards and we take very seriously any suggestion that those standards have been violated."

Contributor To Gossip Column Won't Be Charged (NYT)

By James Barron

The New York Times, January 24, 2007

Federal prosecutors have decided not to file charges against a former freelance contributor to The New York Post's Page Six gossip column after an investigation into whether he had demanded payments for favorable coverage, a lawyer for the contributor said yesterday.

The contributor, Jared Paul Stern, was suspended last April after The Post reported that the California supermarket billionaire Ronald W. Burkle had complained to the authorities.

At the time, people involved in the investigation said that Mr. Burkle had secretly videotaped Mr. Stern demanding a $100,000 payment and a $10,000 monthly stipend. Mr. Stern was heard saying that in return, he would keep unfavorable mentions of Mr. Burkle out of Page Six.

Yesterday, a person with knowledge of the decision confirmed that federal prosecutors in Manhattan had decided not to prosecute Mr. Stern. The decision was reported on The New York Observer's Web site yesterday afternoon.

"I'm relieved, obviously," Mr. Stern said. "I was not expecting to be charged, but it's always good to have them come out and say it."

A spokeswoman for the United States attorney's office in Manhattan declined to comment. But Mr. Stern's lawyer, Joseph Tacopina, said he had been told of the decision.

"We've always been confident that there was no evidence of any crime," Mr. Tacopina said. "What we've said from Day 1 is, this is a campaign to spread lies fueled by Burkle's personal vendetta against The New York Post. There was never any evidence of wrongdoing on Mr. Stern's part."

After the investigation became public, associates of Mr. Burkle said that he had been upset about items he considered inaccurate. He set up a meeting with Mr. Stern, who suggested that he become a source. Mr. Burkle said no, the associates said, but said he would buy five dozen shirts from Mr. Stern's clothing line.

Later, a Burkle associate said when the investigation became public, Mr. Stern sent an e-mail message saying that Mr. Burkle had "the means" to do something about the way Page Six covered him. Mr. Stern and Mr. Burkle met twice more, and Mr. Burkle's security detail videotaped the conversations.

A spokesman for Mr. Burkle issued a statement yesterday that repeated that Mr. Stern had sought money in return for "Mr. Stern's 'efforts' to stop the publication of false reports about Mr. Burkle."

"Mr. Burkle followed the government's instructions from the onset," the statement said.

"Mr. Burkle didn't question their decisions previously," the statement said, "and he isn't going to start doing so now."

A spokesman for The Post, Howard J. Rubenstein, said, "The Post is pleased that there is no crime involved."

The Post suspended Mr. Stern when it reported the allegations.

Mr. Stern said yesterday that if The Post offered to reinstate him, "I'd consider it." Mr. Rubenstein said The Post would not comment on "a personnel matter."

After the articles about Mr. Burkle's recordings appeared, several law enforcement officials suggested that the news accounts had precluded federal prosecutors and F.B.I. agents from making additional recordings and possibly collecting enough evidence to make a case.

Lawyers Question Lab's DNA Results (BOS)

By Jonathan Saltzman, Globe Staff

The Boston Globe, January 24, 2007

Might affect Entwistle, others

Showing the widening fallout from the mishandling of DNA test results at the State Police lab, the lawyers in three high-profile murder cases challenged the reliability of such test results and suggested the problems could help their clients.

A lawyer for Neil Entwistle, whose DNA was allegedly found on the gun used to kill his wife and infant daughter, said the suspension of Robert E. Pino, the civilian administrator of the DNA database at the State Police forensic laboratory, "calls into question the reliability, trustworthiness, and integrity" of the lab and should be investigated by an independent forensic scientist.

The FBI began an audit of the laboratory last week because Pino allegedly failed to report 11 matches in old unsolved rape cases until the statute of limitations had expired and reported four test results incorrectly.

But Entwistle's lawyer, Elliot M. Weinstein, said in an interview that the bureau has had its own deficiencies with DNA analysis in recent years and lacks credibility.

Weinstein, who unsuccessfully asked a judge last fall to toss out DNA evidence against Entwistle, declined to say whether he intends to submit a new motion on the basis of Pino's suspension. But his comments indicate that defense lawyers will probably cite the lab's problems as reasons that judges should block DNA results from being introduced as evidence, that juries should discount such evidence, or that convictions should be overturned.

Also yesterday, lawyer Robert A. George said he expects that Pino's actions will form the basis of challenges in two other high-profile murder cases: Christopher M. McCowen's conviction in November of the murder of Christa Worthington, and Edward S. O'Brien's 1997 conviction in the slaying of his best friend's mother. George represented both defendants.

McCowen, a Hyannis trash collector, was sentenced to life in prison for raping and killing Worthington, a fashion writer, after prosecutors presented evidence that his DNA was recovered at her Truro house. O'Brien is serving a life sentence for killing Janet Downing when he was 15; DNA tests indicated that blood found in her Somerville home matched O'Brien's. Pino testified in the O'Brien case.

"Every lawyer who cares about whether justice was done in their cases will pursue whether Pino's involvement has destroyed the conviction," George said in an interview. "To assume that we're being told the truth about the depth of Pino's involvement in compromised cases is the equivalent of having the wool pulled over our eyes. I don't believe it, and no one else should either."

Kelly A. Nantel -- spokeswoman for the Executive Office of Public Safety, which oversees the State Police lab -- said Pino's alleged lapses had nothing to do with the reliability of DNA test results.

"We're talking about administrative problems," she said. "We're not talking about problems with the science."

A spokesman for Middlesex District Attorney Gerard T. Leone Jr., whose office is prosecuting Entwistle in a trial scheduled to start Oct. 1, said prosecutors are confident that the DNA evidence will pass muster.

Beyond saying that he remains an employee and that the allegations are under investigation, Pino has declined comment.

Pino, who was suspended with pay Jan. 11, oversaw the state's Combined DNA Indexing System, a computerized databank that matches DNA profiles of convicted felons with samples collected at crime scenes and analyzed by civilian scientists at the Sudbury facility or at private labs.

Weinstein said Pino's alleged actions cast doubts on the credibility of all DNA evidence handled by the lab. "The public is entitled to know that its crime laboratory is generating scientifically reliable test results," he said.

He also said the FBI is not suited to review the lab's practices because it has had problems of its own. In 2003, for example, the Justice Department's inspector general investigated an FBI lab unit after a technician failed to follow required procedure in analyzing DNA evidence and went undetected for two years.

GOP Urges Berger Lie Test (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 24, 2007

Eighteen House Republicans have urged the Justice Department to proceed with a polygraph test for Samuel R. Berger, the former national security adviser who agreed to take the test as part of a plea of guilty of stealing documents from the National Archives.

"This may be the only way for anyone to know whether Mr. Berger denied the 9/11 commission and the public the complete account of the Clinton administration's actions or inactions during the lead-up to the terrorist attacks on the United States," the congressmen said in their letter to Attorney General Alberto R. Gonzales.

The congressmen -- led by Rep. Thomas M. Davis III of Virginia -- said a prompt lie-detector test is needed to determine the extent of Mr. Berger's thievery, especially because the former Clinton administration adviser reviewed original documents for which there were no copies or inventory.

Other signers of the letter are Reps. Duncan Hunter, Darrell Issa and Brian Bilbray of California, John L. Mica of Florida, F. James Sensenbrenner Jr. of Wisconsin, Dan Burton and Mark Souder of Indiana, Christopher Shays of Connecticut, John M. McHugh of New York, Chris Cannon of Utah, John J. "Jimmy" Duncan Jr. of Tennessee, Michael R. Turner of Ohio, Kenny Marchant of Texas, Lynn Westmoreland of Georgia, Patrick T. McHenry and Virginia Foxx of North Carolina and Bill Sali of Idaho.

Mr. Davis, former chairman and now ranking Republican on the House Government Reform Committee, released a report by his staff on Jan. 9, saying a Justice Department investigation of Mr. Berger's admitted document theft was "remarkably incurious."

The report said the theft compromised national security "much more than originally disclosed" and resulted in "incomplete and misleading" information to the September 11 commission. It said Mr. Berger was willing to go to "extraordinary lengths to compromise national security, apparently for his own convenience."

In October, Mr. Davis led an effort to hold hearings to determine whether any documents were "destroyed, removed or were missing" after visits by Mr. Berger to the Archives. He said the full extent of Mr. Berger's document removal "can never be known" and the Justice Department could not assure the September 11 commission that it received all the documents to which Mr. Berger had access.

Mr. Davis said that during sentencing, Mr. Berger agreed to a polygraph examination as part of a plea deal, but Justice never administered the test, according to two Justice officials closely connected to the case -- John Dion, chief of the counterespionage section, and Bruce Swartz, deputy assistant attorney general for the Criminal Division.

He said Mr. Berger assured the commission that it received all the documents it sought but that some of the papers Mr. Berger examined were originals for which there were no copies or inventory. He said there is no way to know whether Mr. Berger returned all of those documents.

Lanny Breuer, Mr. Berger's attorney, has said the matter was thoroughly investigated by the Justice Department for more than two years and effectively closed for more than a year. He said the report's conclusions were based on "pure conjecture."

"Sandy Berger made a mistake. But he has admitted that mistake, fully cooperated with the government's investigation, paid his debt to society, and moved on. It's time for the new congressional minority to do the same."

Justice Department spokes-man Bryan Sierra has said the department "has no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Mr. Berger pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the government's knowledge of terrorist threats to the United States. Fined $50,000 and barred from access to classified material for three years, he faced a year in prison and a $100,000 fine, but his plea deal reduced the fine and kept him out of prison.

Schools Act To Short-Circuit Spread Of 'Cyberbullying' (WSJ)

By Anne Marie Chaker

The Wall Street Journal, January 24, 2007

New Laws, Policies Attempt To Address Harassment That Originates Off Campus

Kylie Kenney heard a crescendo of whispers and jeers as she moved through an otherwise unremarkable eighth-grade school day. The reason: Word had spread of a Web site posted by some of her peers, titled "Kill Kylie Incorporated."

The site featured a list of crude insults, beneath the heading: "She's queer because... ." It seemed everyone in school had read it. Distressed, she reported the site to the school but says that the impact of the bullying was so severe that she eventually changed schools. "I still have emotional damage," says Kylie, now a 10th-grader.

Kylie's story underscores a growing problem for school administrators and local officials: how to handle so-called cyberbullying. As long as there have been kids, there have been bullies. Now, emboldened by the anonymity available online, a bully can be nastier -- and with the click of a mouse, have a far broader audience -- than in the past. What may once have been snickers in the hallway can now be an excruciatingly public humiliation spread via email, text messaging and online teen forums.

Schools and local officials have been hearing increasing calls from parents to step in. But educators are torn between the desire to stop bad behavior and the limits on their ability to intervene. Much of the badmouthing takes place on home computers and off school grounds, where schools have little or no authority. An official at Kylie's former school, Frederick H. Tuttle Middle School in South Burlington, Vt., declined to discuss specifics of her case, though an attorney says, "The school acted appropriately in all respects."

Now, school officials, states and even Web sites are taking action. Educators and state legislatures in Florida, South Carolina, Utah, Oregon and elsewhere are creating new policies that deal with cyberbullying, either incorporating electronic harassment into existing bullying policies, or spelling it out as an entirely new threat. In doing so, they are often crafting language that allows educators to intervene even in off-campus incidents if the activity affects the school environment.

MySpace.com, the popular networking site, last fall released a guide for school administrators, advising them to contact the site about false or offensive user profiles or to report threats or cyberbullying. It also created a hotline and email address for the exclusive use of school officials to contact MySpace.

The challenge is that students, like everyone else, have First Amendment rights that school officials can't cross. In 1969, the Supreme Court ruled that to suppress student speech on campus, a public school must show it aims to prevent "substantial disruption" in the classroom rather than "a mere desire to avoid the discomfort and unpleasantness that always accompany an unpopular viewpoint."

Later this year, the justices will consider whether public school officials can suppress student speech off campus, in a case where a Juneau, Alaska, high-school principal suspended a student for unfurling a banner reading "Bong Hits 4 Jesus" on a sidewalk where students had gathered. The case could have implications for other forms of off-campus speech, such as online postings.

Some schools aren't waiting. In Florida, the Pasco County school board added language about cyberbullying to its code of conduct for the current school year. Its language states that "the school board has no duty to regulate or review off-campus Internet messages, statements postings, or acts" but adds that when those acts "threaten violence against another student or otherwise disrupts the learning environment or orderly conduct of the school," the school can take action, from conferencing in parents and students, to expulsion.

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Linda Crosthwait, assistant principal at Leawood Middle School in Leawood, Kan., has her own rule of thumb for mean-spirited rumors online: "If it's carried into the classroom in some way -- a fight in school or something said in school -- then [the posting] becomes a piece of what we can deal with," she says.

These positions reflect the growing view of many school officials that electronic harassment that happens off campus can affect a student's education -- and therefore be a punishable offense. In Oregon last year, the state association of school boards consulted with the state Justice Department to draft policy language specific to cyberbullying. While state law already requires school districts to have a bullying policy in place, local districts wanted additional clarification.

The guidance provided from the state association says that "any form of harassment using electronic devices...is prohibited and will not be tolerated in the district." It leaves open the possibility that the school's reach could extend off campus.

"There's always the legal discussion of 'if it doesn't happen at school, can a district take action?'" says Joe Wehrli, policy-services director for the Oregon School Boards Association. "If a student is harassed for three hours at night on the Web and they come to school and have to sit in the same classroom with the student that's the bully, there is an effect on education, and in that way, there is a direct link to schools," he argues.

The decisions aren't easy. The National School Boards Association hosted an online discussion two months ago titled "Postings, Protection and Policies: What School Leaders Need to Know About Teen Hangouts" -- specifically online forums. Lawyer Kimberly Jessie Cunningham advised school leaders to warn parents that "the district is limited in its ability to discipline" bad behavior online. She characterized "substantial disruption" under the law as including such things as shutting down the school computer system for multiple days because too many students attempted to access bullying comments online.

"School administrators need to understand that their authority stops at the schoolhouse door," says Witold J. Walczak, legal director of the American Civil Liberties Union of Pennsylvania.

Jill Eckel, principal at Sussex County Charter School for Technology, a middle school in Sparta, N.J., recently got wind of a student's MySpace page laced with discussion of an upcoming fight involving students at her school. But the brawl was to take place away from campus.

"I sat for a long time, thinking, 'Is it my responsibility to call the parents?'" Ms. Eckel recalls. "I've had parents tell me it's not my business" to patrol online activity. In the end, she says, she alerted a parent she trusted, who in turn got in touch with the parents involved.

At Pope John XXIII High School in Sparta, N.J., principal Msgr. Kieran McHugh aims to keep it simple. He outright banned the use of MySpace last school year after hearing about students posting content he considered inappropriate. Now, "we monitor it," says Father McHugh, who has contacted parents when students have been found posting on the site. That, he says, has eliminated any further instances. As a private organization, a Catholic school has more leeway over student conduct than does a public school, since it isn't bound by the same First Amendment rules that limit government suppression of speech. (By the same token, a private religious school can mandate prayer or religious lessons, which public schools may not.)

Several states passed laws or other measures in 2006 that addressed bullying that can happen in cyberspace. Idaho's law that seeks to prohibit student bullying and harassment allows that such acts can be "committed through the use of a land line, car phone or wireless telephone or through the use of data or computer software that is accessed through a computer, computer system or computer network."

South Carolina's Safe School Climate Act to prevent school bullying includes "electronic communication" in its definition of harassment.

In a new rule that went into effect earlier this month, Utah's State Board of Education amended its existing discipline guidelines for districts to include policies specific to bullying. The changes also included a definition of cyberbullying, requiring districts to offer students and teachers training that would broadly address "electronic means for aggression inside or outside of school."

Write to Anne Marie Chaker at anne-marie.chaker@wsj.com1

CIVIL LAW:

'Bankruptcy Boot Camps' Gird Attorneys For Battle (WSJ)

By Kristina Doss

The Wall Street Journal, January 24, 2007

Creditors beware: O. Max Gardner III is planning to train an army of consumer bankruptcy attorneys at his Bankruptcy Boot Camps this year.

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His mission isn't to beef up attorneys' muscles with a regimen of sit-ups or push-ups. Rather, Mr. Gardner's goal is to teach them the fine art of overcoming the hurdles put in place by bankruptcy legislation that creditors helped to pass in 2005.

Mr. Gardner, who started the boot camps last August, believes the new law is punitive toward debtor attorneys and makes it harder for consumers to file for bankruptcy-court protection.

"I felt like if the creditors really wanted reform, I would give it to them, but my style," Mr. Gardner said, "I'm training an army of consumer advocates that will actively and aggressively look beyond just the bankruptcy in consumer bankruptcy cases, [at] all other remedies that may be available."

The Bankruptcy Abuse Prevention and Consumer Protection Act, which took effect in October 2005, ushered in sweeping changes to the federal bankruptcy code that affected both consumers and businesses in financial trouble.

Critics contend that the new law made it harder for consumers to file for bankruptcy protection and that it was essentially drafted by lobbyists for banks and credit-card companies.

Some judges have expressed that view, too. In a court opinion last year, Judge Frank R. Monroe of the U.S. Bankruptcy Court in Austin, Texas, said that "the parties pushing the passage of the Act" appeared to have "an agenda to make more money off the backs of the consumers in this country."

Mr. Gardner, who has been a consumer-bankruptcy attorney for nearly three decades, said he plans to help boot-camp attendees fight back by putting them through a four-day seminar to "de-program" and "re-engineer" their practices.

Consumer-bankruptcy attorneys tend to focus on filing a bankruptcy petition for their clients and getting their debts discharged, he said.

At Mr. Gardner's boot camps, which are held on his sprawling North Carolina farm, attorneys will learn that there is a whole lot more they can do for their clients. Boot-camp attendees will be trained to find bogus fees that creditors are charging their clients, violations of the automatic stay and laws meant to protect consumers' pocketbooks.

When those things are found, Mr. Gardner teaches boot-camp attendees how to go after the creditors by filing lawsuits.

One hot topic that campers are eager to learn about involves the mortgage industry, attendees said. For example, after a client buys a home, their mortgage is often sold to a mortgage servicer.

"Gardner has discovered and revealed that these mortgage servicers are engaged in a practice that costs additional expense to borrowers," said Bradford Botes, who will assist Mr. Gardner at the camp and is a principal of Bond & Botes P.C.

Mr. Gardner teaches attorneys to question why a mortgage servicer is, for example, charging a client a property-inspection fee of $9.17 a month or a broker-opinion fee of $200 a month, according to consumer bankruptcy attorney Andrew Miofsky, who has attended a boot camp.

"Is a mortgage servicer really sending people out to your client's home each month to inspect the property and do an appraisal?" Mr. Miofsky asked mockingly.

Besides learning how to identify and fight dubious fees and violations, boot-camp attendees will learn how to set up more efficient law practices by using electronic technology instead of paper and outsourcing most legal services.

Of course, the effort isn't purely altruistic. Consumer-bankruptcy attorneys also stand to make more money by knowing the ins and outs of the system. Suing creditors could lead to huge settlements or winning a lawsuit could lead to the creditors having to pay attorneys' fees.

"You don't need to handle thousands of cases a year in order to make a lot of money," said Kevin Chern, a former boot-camp attendee, and president of Total Bankruptcy Inc. and Start Fresh Today Inc. "You can make five times as much [by just knowing how to] look at these claims."

The four-day sessions involve classes led by Mr. Gardner that last for 12 hours each day, and the subject matter is complex.

It also isn't cheap: The price of attendance is $7,775, although many of those who have attended the boot camp said they considered the money well spent. Each camper gets a compact disk that he or she can take home, containing forms, letters, pleadings and articles to implement all of the lessons learned. Each graduate also is added to a Listserv, gains access to all current and future documents via a Web site and can contact fellow attendees or Mr. Gardner for advice.

CIVIL RIGHTS:

Party Primary System Wins Federal Approval (BRADV)

By Marsha Shuler, Advocate Capitol News Bureau

Baton Rouge Advocate, January 24, 2007

DOJ_NMG_0121043

The U.S. Justice Department has cleared the way for Louisiana to return to a party primary system for congressional elections starting in 2008.

Justice Department Voting Rights Chief John Tanner's office advised state officials of the sign-off on legislation the Legislature approved in June.

The state Attorney General's Office released the letter Tuesday.

Sen. Cleo Fields, D-Baton Rouge, pushed the law to end the practice of Louisiana electing its congressmen after other states across the nation.

"The issue should be squarely behind us and we can elect members of Congress at the same time as everybody else does," Fields said Tuesday.

Under the plan, Democrats and Republicans would hold party primary elections with winners facing each other in a general election along with nonparty candidates who want to make the race.

The election schedule would allow winners of the party primaries and other party candidates to face each other on federal Election Day — the first Tuesday after the first Monday of November.

That's a move away from the open primary system, where all candidates regardless of party have vied against one another on the November ballot.

If nobody won outright, the two top vote-getters would face off in a December election.

U.S. District Judge Frank Polozola set the schedule in 1998 to prevent Louisiana from electing its U.S. senators and representatives before Election Day.

Polozola set the schedule as part of a 1995 lawsuit that sought to get the state to return to the party primary system for federal elections. Instead, Polozola allowed the open primary to continue and changed the dates.

Polozola's schedule led to Louisiana electing some of its members of congress after everyone else in the nation.

Fields and others complained that the December election put some freshmen congressmen at a disadvantage when it came to jockeying for committee assignments and office space.

The new law does not affect elections for state and local offices such as governor and town council members, which would remain "open primary."

No Court Consensus On Voter ID Laws (USAT)

By Joan Biskupic

USA Today, January 24, 2007

Voter identification laws, adopted by states in recent years amid concerns about fraud, are getting mixed reviews as courts weigh whether they unconstitutionally keep some people from the polls.

State courts in Georgia and Missouri last fall invalidated laws that required voters to show photo ID each time they cast ballots. Georgia and Missouri are among 11 states that have passed such laws since 2003, inspired partly by allegations of voter fraud raised in Florida and elsewhere during the 2000 elections.

The Georgia law, blocked by federal and state judges, required people to show one of six government-issued forms of photo identification, such as a driver's license or passport. In the most recent challenge to the law, brought by voters who said they couldn't cast ballots because they did not have photo IDs, a judge ruled in September that Georgia's requirement put an unconstitutional condition on voting. Previously, state polling places had long accepted utility bills, bank statements and other types of non-photo ID as proof of residency.

In October, Missouri's Supreme Court struck down the state's requirement that registered voters show a state or federal photo ID to cast a ballot. The judges said the law was an illegal hurdle for poor, elderly and disabled residents.

Elsewhere, however, federal appeals courts have not been as willing to reject voter ID laws.

On Jan. 4, a three-judge panel of the U.S. Court of Appeals for the 7th Circuit upheld Indiana's law requiring voters show photo ID in each election. Voting 2-1, the panel rejected claims by the state Democratic Party and others that the law violates the voting rights of those without easy access to such IDs.

Even as they upheld Indiana's law, Judge Richard Posner, joined by Judge Diane Sykes, cited the politics surrounding voter ID laws. "Most people who don't have photo ID are low on the economic ladder and … are more likely to vote for Democratic than Republican candidates," Posner wrote. He noted, however, that it's difficult to maneuver today without a photo ID and that "the vast majority of adults" have one.

Dissenting Judge Terence Evans sharply criticized the law: "Let's not beat around the bush: The Indiana voter photo ID law is a not-too-thinly-veiled attempt to discourage Election Day turnout by certain folks believed to skew Democratic."

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Meanwhile, a three-judge panel of the U.S. Court of Appeals for the 9th Circuit has expressed skepticism about arguments that Arizona's voter ID law should be thrown out. The Arizona law is widely viewed as the nation's strictest because it requires voters to prove they are not just state residents, but also U.S. citizens.

Thomas Hudson, attorney for a group of challengers, told the appeals panel Jan. 8 that the law is like a poll tax because of the cost to Native Americans and others who may have difficulty obtaining birth certificates, passports or other documents to prove citizenship. The judges, who have not issued an opinion in the case, asked for evidence of the law's impact — including whether there was any record of how many Native Americans did not have IDs that would prove citizenship.

Hudson said he believed "thousands" of Native Americans could be affected but acknowledged that specific evidence had not been gathered. The 9th Circuit judges suggested by their questions that they would return the case to a trial court to get such answers.

"Much of the future litigation will be about finding real people who are adversely affected" by ID policies, says Richard Hasen, a professor at Loyola Law School in Los Angeles who specializes in election law. He adds, however, "There is not yet very good empirical evidence" to support either side: that many voters are being disenfranchised by ID requirements or that voter fraud is rampant.

Media Outlets Battle It Out Over Free-speech Rights (USAT)

By Martin Kasindorf

USA Today, January 24, 2007

LOS ANGELES — In a dispute between the "new media" of the Internet and the "old media" of broadcasting, liberal bloggers and conservative talk-radio hosts are accusing each other of trampling the First Amendment's guarantees of free speech.

Hundreds of blogs are exhorting national advertisers not to buy commercial time on Disney-owned KSFO-AM in San Francisco because some on-air hosts have made comments that the bloggers allege are racist or encourage violence.

KSFO personalities say the bloggers are trying to muzzle their political views. The bloggers say they're rallying behind the free-speech rights of a colleague whose website was briefly shut down after Disney's ABC network threatened to sue over alleged copyright violations.

Some advertisers, including Bank of America and MasterCard, have deserted KSFO since an anonymous media critic identifying himself online as Spocko began posting recordings of the station's "Hot Talk" hosts. Spocko and some of his readers have been e-mailing the audio to KSFO advertisers since 2005, asking the companies whether they want to be associated with the controversial rhetoric.

The First Amendment flap was debated Sunday on CNN's Reliable Sources. Dan Riehl, a blogger critical of Spocko, said some of the radio hosts' comments "were blown out of proportion or misrepresented" in the complaints to sponsors. Mike Stark, another blogger and a Spocko ally, said: "The way to fight free speech that you disagree with is to engage in more free speech. And that's exactly what Spocko did."

Examples of commentary that riles the bloggers:

·In November, morning co-host Melanie Morgan said of then-incoming House Speaker Nancy Pelosi, a San Francisco Democrat: "We've got a bull's-eye painted on her big, wide, laughing eyes."

·Evening host Brian Sussman in December referred to Sen. Barack Obama, D-Ill., who has a Kenyan father and a white American mother, as a "halfrican." In October 2005, Sussman asked a caller to prove he wasn't a Muslim by saying "Allah is a whore."

·In October, host Lee Rodgers warned "enemy" Muslim nations: "You keep screwing around with stuff like this, we're going to kill a bunch of you — millions of you."

Spocko says on his blog that he won't identify himself because he fears retaliation from powerful conservative commentators.

KSFO parent ABC did retaliate. A network lawyer on Dec. 21 sent a "cease and desist" letter to Spocko's Internet service provider, saying the blogger was using copyrighted KSFO content "without authorization." The service provider, 1&1 Internet, shut down the blog on Jan. 2. Neil Simpkins, a 1&1 spokesman, says, "The decision was made to remove the copyrighted material from our servers until the matter is resolved." He says the notice posed a "credible risk" of being sued.

Spocko then e-mailed the KSFO audio to Stark, who posted it to the popular liberal blog Daily Kos. Stark urged other bloggers to install the sound bites in a "blogswarm" to defy ABC. At last count, more than 500 blogs posted the audio clips and asked viewers to forward them to advertisers, Stark says.

Spocko's website (spockosbrain.com) returned to cyberspace Jan. 6 through another Web host. The blog has free legal representation from the San Francisco-based Electronic Frontier Foundation (EFF), which advocates free speech on the Internet.

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Matt Zimmerman, an EFF lawyer, says the first Web host surrendered too quickly to ABC's "saber-rattling." Spocko's use of the KSFO content comes "squarely" under federal law that protects "fair use" of copyrighted material for criticism and commentary, Zimmerman says.

MasterCard and the state-run Michigan Economic Development Corp. say they advertised on KSFO talk shows last year but won't place new ads. "It's hard to listen to those clips and not be offended," says Mike Shore, spokesman for the Michigan agency.

Bank of America says it withdrew ads last spring. The California chapter of the American Automobile Association says it pulled an insurance ad from Sussman's show in September.

KSFO claimed on its website that it is the victim of "an anonymous Internet smear campaign." The station canceled three hours of regular programs Jan. 12 and put the talk hosts on the air to explain their remarks.

During that broadcast, Morgan said ABC had reissued guidelines about "violent" commentary. "We don't believe we have crossed a single line," she said. "If you're waiting for an apology, you'll be waiting a long time," Rodgers said. When Stark called in, Rodgers called him a creep.

Sussman repeated an apology for his Obama remark and said he sometimes went over the line in talking 20 hours a week. Rodgers and other hosts complained that liberals are ganging up to threaten their jobs. "I will not be silenced by the left," Rodgers said.

"Yes, this is a freedom of speech issue, and this individual is entitled to say what he wants to," Morgan told the San Francisco Chronicle. "But he's trying to take away my livelihood, and I'm not trying to take away his."

Zimmerman says Spocko's rights are in more peril than the station's. "ABC/Disney tried to use the legal process to silence a critic who was actually amplifying their speech," he says. "Spocko was doing exactly what the First Amendment is designed to do — promote this marketplace of ideas."

Zimmerman says he'll defend Spocko if ABC sues, "which we don't think they will, at this point."

ABC, Disney and KSFO declined to comment.

"I think Disney learned a lesson," Stark says. "Strong-arm tactics on the blogosphere just don't work."

ANTITRUST:

Antitrust Issues 'key Barrier' To Delta Merger (FT)

By Doug Cameron In Chicago

Financial Times, January 24, 2007

Antitrust concerns have re-emerged as the key barrier in US Airways' hostile pursuit of Delta Air Lines, according to aviation financiers surveyed by the Financial Times.

The airlines' chief executives will face off on Wednesday before a Senate hearing on airline consolidation, which both sides view as a key test of political sentiment for deals involving the largest US carriers.

Doug Parker, US Airways' chairman and chief executive, is adamant that a deal which would create the world's largest airline would be cleared by the Justice department.

He is expected to provide assurances to the Senate commerce, science and transportation committee that the merger with its larger rival would not lead to higher fares or reduced service to smaller communities.

Jerry Grinstein, his opposite number at Delta, argues the airlines' overlap on the US east coast would see it blocked on competition grounds, though has entertained discussions with Northwest about a potential combination when both emerge from bankruptcy protection.

Delta is reviewing final bids from banks to provide exit financing for its planned exit from bankruptcy as a standalone carrier, which could include private equity investment.

US Airways has already lined up more than $8bn in funding from Citigroup and Morgan Stanley to back its offer, and has set a February 1 deadline for Delta creditors to force airline management to the negotiating table and trigger an antitrust review.

While creditors, advised by former Continental Airlines chief executive Gordon Bethune, are reviewing the competing financial benefits of US Airways' raised bid and Delta's plan, financiers said the antitrust issue is assuming greater importance.

"Finance is not the issue," said one banker, noting there are funds available to back any of the potential combinations which could emerge if lawmakers and regulators signal a change in the industry climate. Six of the seven largest carriers have held talks on potential combinations.

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The justice department effectively scuppered deals between United and US Airways and American and Northwest at the start of the decade. However, Mr Parker and other executives said the expanding role of low-cost rivals such as Southwest has intensified competition.

Another financier bidding on the Delta funding believes that the chances of regulatory approval have dropped to 50/50.

Big Bank Stops Effort To Change Law Limiting Growth (NYT)

By Eric Dash

The New York Times, January 24, 2007

Bank of America's chairman and chief executive, Kenneth D. Lewis, said yesterday that the company was backing away from a quiet lobbying effort to change a federal law that could prevent it from making major acquisitions.

Just weeks after agreeing to initiate discussions with lawmakers to raise the possibility of lifting the 10 percent federal deposit cap, Kenneth D. Lewis said that he had told bank representatives to "back off" from those plans.

"I thought we had gotten out there a little too far in terms of our level of aggressiveness, and it sent the wrong signals," Mr. Lewis said in an interview yesterday. About two weeks ago, he made the decision to halt the political effort, he said.

Bank of America, which has about $693.5 billion, or just over 9 percent of the nation's deposits, had argued in a position paper that the law restricting a bank to no more than 10 percent of the nation's deposits is "antiquated, conceptually flawed" and anticompetitive.

While American banks are prevented from increasing their deposit base through acquisitions that might push them over the federal threshold, foreign banks face no similar restrictions. The bank also argues that the law is unnecessary because of antitrust laws, state regulations and market forces.

But as the only bank near the 10 percent limit, Bank of America has found itself with virtually no allies. JPMorgan Chase, the next largest deposit holder, could acquire all but the five biggest banks and still remain under the federal cap. Wachovia, Wells Fargo and Citigroup, the next banks in line, have potentially even more room and time.

Smaller community banks, meanwhile, have vowed to fight any move to lift the cap.

A Wells Fargo spokesman said the bank also opposed lifting the cap, preferring to stick to its internal growth strategy that does not come close to hitting the limit. JPMorgan declined to comment, while Wachovia and Citigroup said they had no position on the subject.

On Capitol Hill, the proposed change has met with a lukewarm reception. Representative Barney Frank, the Massachusetts Democrat who heads the House Financial Services Committee, has suggested that lifting the cap may be part of some sort of "grand compromise" between Wall Street and Main Street interests. There does not appear to be much enthusiasm, but other lawmakers have not dismissed the idea out of hand.

Bank of America's backpedaling is either the recognition of a rare misstep or a shrewd calculation for Mr. Lewis, who is known for his deliberate approach to corporate strategy.

On the one hand, reports of the plans were a reminder of the bank's bigger ambitions, leading to speculation that it was setting the stage to engage in a major deal. On the other, it may be a way of taking the temperature of a new Democratic-controlled Congress while planting the idea in people's minds. Typically, it takes years to pass legislation to repeal banking laws like those governing interstate banking.

"They are testing the waters and seeing what is out there," said Brian Gardner, a policy analyst with Keefe, Bruyette & Woods. With several Democratic lawmakers representing areas like New York that have strong banking ties, the perception that Democrats are less open to the idea of raising the cap may be wrong, he said. "It makes a lot of sense to probe and see how far the Democrats are willing to go."

Bank of America's plans may also underscore the challenge it faces in sustaining its robust growth.

Yesterday, Bank of America said fourth-quarter earnings rose 47 percent.

Much of that growth, however, was from the recognition of unusually large gains on its equity investments as well as new profits from the recently acquired MBNA.

Many of the biggest costs have been flushed out. And without the investment gains, internal growth appears to have stopped or slowed.

Over all, the bank earned $5.26 billion, or $1.16 a share, from a restated $3.57 billion, or 88 cents, in the quarter a year ago. Fourth-quarter profits for its global consumer and small- business operations rose 44 percent, to $2.53 billion, with the additional boost from MBNA. Its corporate and investment banking earnings rose 23 percent, to $1.57 billion, at a time when much bigger Wall Street investment bankers — with more commodities and international exposure — posted huge gains in the quarter. Profits at Bank of America's wealth management and investment businesses declined 1 percent.

The American economy, meanwhile, may be slowing. A downturn in the credit cycle is on the horizon if not already here.

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"You know the headwinds will mute earnings growth; you also know that our businesses will perform quite well," said Joe Price, Bank of America's chief financial officer, in his first conference call with analysts and investors since succeeding Alvaro de Molina at the start of this year. "The biggest question for us is the health of the American economy, and we think we are in pretty good shape."

Some Wall Street analysts suggest Bank of America is at a strategic crossroads, balancing internal growth with bigger ambitions. One path that is unlikely to be taken, at least for now, is a major acquisition.

The federal deposit cap severely limits Bank of America's ability to buy a big bank in the United States. And on the conference call, Mr. Lewis seemed to rule out making a major European deal.

"I think a European acquisition will cause us to pause; that's not what we are thinking about," Mr. Lewis said.

Stolt-Nielsen Sues To See Other Justice Antitrust Amnesty Agreements (LAW)

By Sue Reisinger, Corporate Counsel

Corporate Counsel, January 24, 2007

Company wants to know if it's being singled out

The Stolt-Nielsen Transportation Group wants to know why it's been singled out for special treatment by the government. The Norwegian shipping giant has sued the U.S. Department of Justice under the Freedom of Information Act, demanding that antitrust officials release scores of confidential deals that they've reached with other companies. Of the roughly 100 businesses that have signed amnesty agreements with Justice's antitrust division, Stolt-Nielsen is the only one to have subsequently been indicted.

Why does Stolt-Nielsen want to pore through these deals? For one thing, it wants to know whether any of these other agreements specified a date by which companies had to cease their alleged wrongdoing. Antitrust officials indicted Stolt-Nielsen's U.S. subsidiary in September, claiming that it continued to engage in price-fixing even after it said it had stopped. Stolt-Nielsen responds that the subsidiary halted the misconduct by the time that it signed its amnesty agreement in January 2003 and that the deal didn't set a deadline for when it had to clean up its act.

Stolt-Nielsen's attorneys declined to comment for this story, but lawyers close to the case say that the company hopes to compare the text of its deal with those that the antitrust division struck with other businesses, as well as with the division's model amnesty agreement. These attorneys say that Stolt-Nielsen wants to show that other agreements usually included a date by which illegal conduct had to be halted.

Justice spokeswoman Gina Talamona says that the antitrust division considers amnesty applicants to be "confidential sources," and will disclose their agreements "only if required to do so by a court in connection with litigation."

While about 20 of the amnesty deals that the antitrust division has reached since 1993 have become public through court cases or company regulatory filings, the other 80 remain shrouded in secrecy. The amnesty agreements are distinct from the 55 deferred and nonprosecution agreements that the Justice Department's criminal division has struck with corporate defendants since 1992. All but four of those DPAs and NPAs have been made public.

The case against Stolt-Nielsen began in 2002, when the antitrust division started looking into claims that the company's Greenwich, Conn.-based subsidiary engaged in a price-fixing scheme with its competitors. When it signed its deal with Justice in January 2003, Stolt-Nielsen was granted amnesty in exchange for its cooperation in prosecuting the other shippers. But six months later, antitrust officials announced that the agreement was invalid. They said that Stolt-Nielsen had lied during settlement negotiations, claiming that the price-fixing had ended sooner than it really had. So the government filed a criminal complaint against the company in federal district court in Philadelphia, alleging antitrust violations.

Stolt-Nielsen fought the complaint all the way to the U.S. Supreme Court, first trying to block and then kill its eventual indictment. But this past October the high court ruled that the district court handling the case should determine whether the company's amnesty agreement is still valid. If the district court decides that it is, it could dismiss the indictment.

Even as they were trying to head off the looming indictment, Stolt-Nielsen's attorneys filed a dozen FOIA requests, starting in June 2005. Among other things, the company asked for copies of all of the amnesty agreements that still remain confidential. While the antitrust division has handed over a dozen or so pages here and there in response to Stolt-Nielsen's requests, it has withheld hundreds more, according to court filings by both parties over the past year. Justice lawyers have cited exemptions in FOIA that allow the department to protect confidential sources and to avoid "interference with enforcement proceedings." (Corporate Counsel has also submitted an FOIA request for copies of the amnesty deals.)

In response to the denial of its FOIA applications, Stolt-Nielsen sued the Justice Department in federal district court in Washington, D.C., in November 2005. In its most recent request for summary judgment, filed this past October, Stolt-Nielsen accused Justice of stonewalling. "When the government itself embarks on a public campaign to tarnish a company's reputation,

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that company is entitled to each and every communication [relevant to] that campaign," the company argues. A ruling could come down on Stolt-Nielsen's request as early as February.

One former Justice Department official thinks that Stolt-Nielsen has a strong argument. Alison Smith, now a partner with Haynes and Boone, was a deputy assistant attorney general in the antitrust division during the George H.W. Bush administration. Justice's own stated policy, she says, is to treat as confidential only the identity of amnesty applicants and the information obtained from that applicant. In Smith's view, the department should be able to release agreements that have been redacted to protect confidential sources. (Smith is not involved with Stolt-Nielsen's case.)

In its briefs, Stolt-Nielsen specifically says that it will accept the release of amnesty agreements in which the names of the companies have been edited out, but that Justice still refuses to release them. If a judge grants the company's request, however, antitrust lawyers across the country may have a field day with blind items, trying to figure out who did what.

Judge Dismisses Online Phone Suit (AP)

By Alex Veiga, The Associated Press

AP, January 24, 2007

LOS ANGELES (AP) — A federal judge has thrown out an antitrust lawsuit filed by the distributor of Morpheus file-sharing software against Internet phone service provider Skype Technologies SA, eBay Inc. and other defendants.

StreamCast Networks Inc. had sought more than $4.1 billion in unspecified damages and a court order blocking eBay from selling Skype services. StreamCast claimed the founders of Skype broke an agreement to give StreamCast the right of first refusal for the technology behind Skype's Voice over Internet Protocol, or VoIP, service.

In her ruling Thursday on a motion for dismissal, U.S. District Court Judge Florence-Marie Cooper concluded that StreamCast failed to make its case for relief under federal antitrust laws and dismissed all claims against Skype, eBay and more than a dozen other defendants.

Cooper declined to exercise discretionary jurisdiction to consider state law claims such as unfair competition and fraudulent transfer.

Matthew A. Neco, StreamCast's general counsel, said the company will either appeal the ruling or seek to pursue claims in state court.

"This case is far from over," Neco said.

A call to eBay was not immediately returned.

In the lawsuit, StreamCast alleged that Skype's founders — who also developed the Kazaa online file-swapping software — took the phone technology with them after they sold Kazaa to another company and went on to wrongfully profit from its use.

Luxembourg-based Skype was acquired in 2005 by San Jose-based eBay for $2.6 billion.

MAN Withdraws €10.3bn Bid For Scania (FT)

By Richard Milne In Frankfurt And David Ibison In Stockholm

Financial Times, January 24, 2007

German truckmaker MAN on Tuesday withdrew its €10.3bn hostile bid for Scania, handing Sweden's powerful Wallenberg family victory in one of Europe's bitterest recent takeover battles.

All parties to the bid saga said they now hoped to conduct friendly discussions to see if a tie-up would be possible between the two truckmakers, as well as the truck assets of carmaker Volkswagen, the biggest shareholder of both MAN and Scania.

The withdrawal of the offer just eight days before it was due to expire puts VW and particularly Investor in a position to stamp their mark over any future discussions.

Several people on the German side said they now expected a new company to be established into which all the groups would be merged.

Both VW and Investor would hold large stakes in such a group, according to people briefed on the plans. But advisers on all sides said first there would be a cooling off period and that any eventual tie-up would "take months, not days or weeks." One adviser said: "The grass needs to grow on the battlefield."

Withdrawal of the offer will raise questions about the strategy and future of Hakan Samuelsson, MAN's chief executive and a former Scania manager.

Few industry executives or investment bankers understood his decision in September to proceed with an unsolicited bid without the support of two shareholders which, together, controlled two-thirds of Scania's shares.

Going hostile against the Wallenbergs, Sweden's most powerful industrial dynasty, in their home territory was seen as particularly daring.

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But Mr Samuelsson was given the full support of his supervisory board as recently as Monday as speculation mounted that VW wanted to force him out.

The entanglement of shareholdings – MAN is Scania's third-largest shareholder while VW owns 34 per cent of Scania's voting rights and 20 per cent of MAN's – suggests the likelihood of a future deal.

Investor and Scania would be happy to see the Swedish truckmaker remain independent, but the chances of that happening are slim since both have agreed that an alliance with MAN has "industrial merit".

Investor can now ensure it retains a stake in any merged entity and that Scania participates meaningfully in the operations of any new company.

The chairmen of MAN, Investor and VW held talks last week aimed at creating a friendly atmosphere for discussions after Scania's two largest shareholders reiterated their lack of support for a bid.

Advisers say a new company could be based in such locations as the Netherlands or Switzerland, but that any such decision remained some way off. "One company buying the other is now off the table. It wasn't the terms of the offer that were wrong but the very concept of it," one MAN adviser said.

Ruling Blocks Bid For Dofasco (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, January 24, 2007

Dutch court denies ThyssenKrupp effort

A Dutch court yesterday tossed out a bid by ThyssenKrupp AG to force Arcelor Mittal to honor a pledge to sell Canadian steelmaker Dofasco, but it's not clear whether Mittal will sell either its steel plant in Sparrows Point or Weirton, W.Va.

The Justice Department gave Mittal until Jan. 28 to sell Dofasco Inc. to ensure it would not have a monopoly on tin production in the United States after its $33 billion merger with Luxembourg-based Arcelor SA.

If Mittal is unable to sell Dofasco, a manufacturer of high-grade sheet metal for the North American auto industry, the Justice Department has said Mittal must sell either its Sparrows Point or Weirton facility.

Arcelor placed the profitable Dofasco in a Dutch trust early last year in an effort to fend off Mittal's hostile takeover bid. While Arcelor finally agreed to merge with Mittal, creating the world's largest steelmaker with annual production topping 110 million tons, it has no control over the trust.

The three trustees have already rejected a proposal by Mittal to sell Dofasco to Germany's ThyssenKrupp for $4.6 billion, less than the $4.86 billion that Arcelor paid for it.

Mittal said this month that it would not sue the trust to release Dofasco.

Rotterdam Court Judge F. van den Emster said yesterday that Mittal couldn't be "asked to do more than it has done so far" to complete the sale of Dofasco.

Shortly after yesterday's decision, ThyssenKrupp said in a statement that its chances of getting Dofasco were "very remote," and that it would "swiftly pursue" plans to build a steel mill in the United States. The company said previously that if it is unable to buy Dofasco, it would build a plant in Alabama, Arkansas or Louisiana at a cost of nearly $3 billion.

In response to yesterday's ruling, Mittal said that it "cannot be expected to do more than it has already done in order to seek dissolution of the [trust]."

It appears Mittal has given up trying to sell Dofasco. Last week, Mittal confirmed it was in negotiations with a Chicago-based steel distributor, Esmark Inc., to sell all or parts of Weirton, a large producer of tin plate. The two parties have signed a nonbinding memorandum of understanding, but any sale hinges on approval from the Justice Department. Late last year, Esmark gained control over nearby Wheeling-Pittsburgh Steel Corp. and promised cash for Weirton if Mittal put it up for sale.

However, Justice has the final say about which plant is sold and to whom.

Gina Talamona, a spokeswoman for the Justice Department, said yesterday in an e-mail response that "the matter is still pending."

Mittal stock closed up $1.48 yesterday at $43.59 a share.

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Bloomberg News contributed to this article.

ENVIRONMENT:

Bush Seeks Vast, Mandatory Increase In Alternative Fuels And Greater Vehicle Efficiency (NYT)

By Edmund L. Andrews And Felicity Barringer

New York Times, January 24, 2007

WASHINGTON, Jan. 23 — President Bush, vowing to reduce the nation's thirst for foreign oil, called on Tuesday for a huge government-mandated increase in renewable fuels — mainly ethanol — and tougher mileage standards for cars and light trucks.

It was the second year in a row that Mr. Bush made "energy independence" a focal point of his State of the Union address, but his proposals on Tuesday were more ambitious, and perhaps less achievable, than those he made a year ago when he said the nation was "addicted to oil."

The centerpiece of Mr. Bush's proposal, which he said would cut the projected use of gasoline by 20 percent over the next decade, was a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks. The most obvious beneficiaries would be makers of ethanol and other biofuels, but it could also promote the production of liquefied coal.

Mr. Bush called for a mandatory requirement that makers of fuel produce 35 billion gallons of alternative fuels a year by 2017, replacing about 15 percent of the projected gasoline use in that year.

A second major plank of Mr. Bush's energy proposal calls for increasing fuel-efficiency standards of cars and trucks by 4 percent a year — about one mile per gallon — starting in 2010 for cars and 2012 for trucks.

That was a significant change from Mr. Bush's approach last year, when he called for "reform" of the corporate average fuel economy, or CAFE, rules, but avoided suggesting specific mileage requirements.

In a third proposal, Mr. Bush called for doubling the amount of oil in the Strategic Petroleum Reserve to about 1.5 billion barrels of oil. The doubling would take place at a snail's pace over the next 20 years. Even so, advance word of the idea helped push up oil prices by $2.46 a barrel on Tuesday to $55.04.

"It's a big change that the president has endorsed these new fuel-efficiency standards," said Frederick W. Smith, the chief executive of the FedEx Corporation and a co-chairman of the Energy Security Leadership Council, a group of executive and retired military officers. These standards, he said, match their recommendations, "which are achievable."

But the proposals face a slew of obstacles, both practical and political. On a practical level, skeptics noted that Mr. Bush's goal for ethanol would require big advances in "cellulosic ethanol," a form of ethanol made from plants like switchgrass that has yet to be produced at anything close to competitive prices. It could also require up to 40 million additional acres devoted to growing the plant material involved as well as a sprawling new infrastructure for transforming the feedstock into fuel.

On a political level, Mr. Bush faces a Congress that is now controlled by Democrats, some of whom criticized him on Tuesday for proposing little to reduce the production of greenhouse gases implicated in global warming.

"I am disappointed," said Senator Jeff Bingaman, Democrat of New Mexico and chairman of the Senate Energy Committee. He said Mr. Bush was "completely silent" on energy efficiency and reduction of carbon dioxide from electric power plants, which contribute 40 percent of these emissions.

Cars and trucks account for about one-third of greenhouse gases that result from burning fossil fuels. Electric utilities and other "smokestack" sources were not addressed.

"If this was a real effort to solve the climate problem, it would include large stationary sources and utilities," said Eileen Claussen, president of the Pew Center on Global Climate Change, a nonpartisan policy research group.

Ms. Claussen and other environmental leaders also criticized the absence of any proposal for a mandatory cap on greenhouse gas emissions.

Many supporters of ethanol and other renewable fuels praised Mr. Bush proposals. The Union of Concerned Scientists estimated that the mileage requirement could save 550,000 barrels of oil per day in 2017, and reduce emissions equivalent to "taking 14 million of today's cars and trucks off the road."

But many cautioned that the goals would be difficult to attain, might do little to reduce greenhouse gases and could lead to higher food prices as farmers cater to energy demand rather than food production.

Philip Clapp, president of the National Environmental Trust, said, "The big numbers may sound impressive, but this is nothing more than stay-the-course on global warming." The proposal, he said, represents a 1.5 percent cut in carbon emissions a decade hence. "They will still go up by 14 percent over the next decade."

And if liquefied coal, which produces double the greenhouse gases of regular gasoline, is part of the alternative-fuel mix — as both coal-industry lobbyists and environmental groups say is the case — the emissions reductions would decrease significantly.

Mr. Bush called for increasing the requirement for annual production of alternative fuels to 35 billion gallons a year. That would almost quintuple the current mandate of producing 7.5 billion gallons of ethanol by 2012. Spurred by tax breaks and soaring oil prices, ethanol production has climbed rapidly and is expected to hit 6 billion gallons this year.

But energy analysts say that corn-based ethanol, which accounts for virtually all of today's production, will not be able to produce more than about half as much alternative fuel as Mr. Bush envisions by 2017.

"There is really no plan here except to take the ethanol industry through the roof," said Kenneth Cook, president of the Environmental Working Group.

But Mr. Bush also laced his proposals with numerous "safety valves" that could postpone the attainment of his goals.

Energy Plan Seeks Better Gas Mileage (USAT)

By James R. Healey

USA Today, January 24, 2007

The energy portion of President Bush's State of the Union speech Tuesday included some eye-popping numbers that would amount to a boon for the ethanol industry and could begin boosting the fuel economy of cars and trucks as soon as 2009.

The fuel economy increase isn't set at a specific number. It would result from a plan to cut U.S. gasoline use 20% in the next 10 years through better mileage and the increased use of gasoline substitutes such as ethanol.

The White House says that to meet the goal, mileage would have to improve 4% a year, beginning with 2010-model cars and 2012-model pickups, vans and SUVs.

The Union of Concerned Scientists says that translates to an average of 34 miles per gallon in 2017. "This could be the breakthrough we have been waiting for on fuel economy," says David Friedman, UCS research director.

UCS says that if Congress and the president can agree and thwart loopholes, the USA would use 550,000 fewer barrels of oil a day in 2017. That would cut the amount of carbon dioxide, a greenhouse gas blamed for global warming, as much as taking 14 million vehicles off the road, UCS says.

Combined with Bush's call for dramatically expanding the use of gasoline alternatives, the program "is a welcome, visionary proposal," says John DeCicco, auto expert at Environmental Defense — a group often opposed to Bush's policies.

DeCicco says a better way to protect the environment would be to limit the use of fuels with high carbon content, but the Bush plan would hit the same goal.

Joan Claybrook, president of Public Citizen, criticizes the Bush plan, saying it would set lower mileage targets for larger vehicles, encouraging automakers to build more of them.

The most stunning number in Bush's plan is 35 billion gallons — the amount of renewable and alternative fuels that the petroleum industry would have to blend with gasoline by 2017. That would displace one-fourth of the gasoline Americans use.

It's a huge jump from the current mandate of 7.5 billion gallons in 2012. Most renewable fuel is ethanol, grain alcohol usually made from corn.

"It's great to have the president of the United States out there saying we need this," says Bob Dinneen, president of the Renewable Fuels Association. RFA represents operators of 111 ethanol plants and another 78 under construction. The industry currently can produce 5.5 billion gallons of grain alcohol a year. The plants being built will double that — still far short of the 35 billion gallons that Bush wants.

To hit the mark will require development of a still-experimental process called cellulosic processing. It can convert an array of plants, not just corn, into ethanol and do it in greater quantities. But a plant costs several times as much as building a still to process corn kernels into ethanol.

The White House hopes the high mandate creates an assured market that draws money and attention.

"We're going to need to see some technological breakthroughs. And that's why the president is setting this goal, so that investors, venture capitalists, researchers, scientists are all focused on that goal and can expedite and accelerate that technology," Joel Kaplan, deputy chief of staff, told reporters Tuesday afternoon.

Bush also called for doubling the emergency fuel supply, the Strategic Petroleum Reserve, to 1.5 billion barrels of oil by 2027. That would require expanding at least two of the current SPR sites and opening a new one, the Energy Department says.

Bush: Expand Alternative Energy Use (CHIT)

By William Neikirk

Chicago Tribune, January 24, 2007

WASHINGTON -- President Bush sought Tuesday night to counter criticism that he has failed to do enough to tackle global warming and energy security as he unveiled a 10-year plan to slash U.S. gasoline consumption by 20 percent.

The president used his State of the Union address to propose a dramatic expansion in the use of alternative fuels like ethanol to offset the cut in gasoline use and he asked for wider power to toughen fuel-economy standards for cars.

If initial assessments of his new proposal are any guide, the president has more persuading to do. Critics said that while his plan had many good elements, it either does not go far enough or might not be practical in some cases.

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As a result, the global-warming issue in Congress and the country seems destined to grow even hotter as a Democratic-controlled Congress considers whether to slap an overall cap on carbon dioxide emissions said to contribute to warming of the planet. On Monday, several corporate executives from blue-chip companies backed such an idea.

Even so, Bush presented an ambitious proposal that goes far beyond anything else he has previously offered to address what he called America's addiction to oil. The White House said the plan would halt the projected growth of carbon dioxide emissions from cars, light trucks and sport utility vehicles within 10 years.

"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on foreign oil," Bush said. "These technologies will help us become better stewards of the environment—and they will help us to confront the serious challenge of global climate change."

His proposal signaled that climate change has joined energy security as a monster political issue, and that political leaders now may be prepared to take more extensive action.

"As the global warming issue heats up across America, the president's position on global warming is beginning to thaw," said Larry Schweiger, president and chief executive of the National Wildlife Federation.

But he and other supporters of a plan to cap greenhouse-gas emissions said Bush needs to go further. Richard Rosenzweig, chief operating officer of Natsource, a firm that manages buying and selling of clean-energy credits, said he expected to see such a mandatory program "in a couple of years."

Bush proposed that the amount of ethanol and other alternative fuels used in gasoline blends be set at 35 billion gallons in 2017, up from the 7.5 billion gallons required in 2012. This would be enough to displace 15 percent of projected annual gasoline consumption by 2017, the White House said.

Many members of Congress, including Sen. Barack Obama (D-Ill.), have offered similar plans to require that America put more emphasis on cleaner-burning alternative fuels such as ethanol.

But energy experts said that while the goal is laudable, it would require that automobile manufacturers build many more cars that are equipped to handle gasoline blends that have a higher alternative-fuel content. For example, only a small number of autos in the country can burn fuel containing 85 percent ethanol.

"The real questions are going to be whether we are going to have the infrastructure to move the fuels or have the vehicles to use the fuels," said KateriCallahan, president of the Alliance to Save Energy.

"Producing 35 billion gallons of ethanol a year would require putting an additional 129,000 square miles of farmland—an area the size of Kansas and Iowa—into corn production, which is not very likely," said Philip Clapp, president of the National Environmental Trust.

The secretaries of energy and agriculture and the director of the Environmental Protection Agency could waive the 35 billion gallon standard if there are disruptions in the alternative-fuel market.

In another energy initiative, the president asked Congress for authority to "reform" fuel-economy standards for cars, even though congressional critics said Bush now has all the power he needs.

The plan would enable the government to set fuel-efficiency standards for cars based on their size, in the same way that it can set such standards for light trucks, the White House said.

The administration said these tougher so-called CAFE (for corporate average fuel economy) standards would reduce gasoline consumption by 5 percent, or 8.5 million gallons annually, by 2017.

Gas-reduction Proposals Raise Questions (LAT)

By Richard Simon, Elizabeth Douglass And John O'Dell

Los Angeles Times, January 24, 2007

WASHINGTON -- President Bush's proposals to reduce U.S. gasoline consumption by 20 percent in 10 years include more specific and ambitious new goals than in previous White House statements, but they also appear to rely on assumptions about energy markets, politics and technology that some experts say are debatable, and include some apparent contradictions.

In general, Bush's proposal to boost alternative fuels such as ethanol was greeted with conditional enthusiasm by many scientists, environmentalists and members of Congress. His plan would require suppliers to include 35 billion gallons of alternative fuels in the nation's vehicle fuel supply by 2017, up from the current 5 billion gallons.

"It is in our vital interest to diversify America's energy supply -- and the way forward is through technology," Bush said. " ... We need to press on with battery research for plug-in and hybrid vehicles, and expand the use of clean diesel vehicles and bio-diesel fuel. We must continue investing in new methods of producing ethanol -- using everything from wood chips, to grasses, to agricultural wastes."

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Bush also called for Congress to give him new authority to set vehicle fuel-economy rules. His plan would overhaul the 31-year-old vehicle fuel-economy program established after the Arab oil embargo, contending that technology can be deployed to "significantly improve fuel economy" without compromising vehicle safety.

But he rejected bipartisan calls for Congress to set new fuel economy rules, preferring to have the Department of Transportation set the standard. Under current law, the DOT can only set mileage standards for trucks; raising the standard for passenger cars requires an act by Congress. Bush's plan asks Congress to allow DOT to set car standards using a vehicle size method rather than an overall fleet average.

Given the negative reaction Bush received from some Democrats on Capitol Hill Tuesday, that possibility appears remote.

Environmentalists were skeptical that Bush's proposal would lead to any significant increase in fuel economy rules.

Indeed, some aspects of the overall plan seemed to contradict each other. For one, Bush's proposal to save gasoline by increasing vehicle fuel economy standards could be undermined by his call for greater use of alternative fuels. Ethanol, for example, gets less mileage than gasoline and, without a major technological breakthrough, requiring more of it could make it harder to increase fuel efficiency.

Philip Clapp, president of the National Environmental Trust, said that the president's request for new legislation "letting him set standards basically model-by-model is something Detroit has pushed for years -- as a way to poke more loopholes in the current weak standards."

Currently, auto makers are required to have their fleets meet an average standard of 27.5 miles per gallon for passenger cars, unchanged since 1985, and 21.6 miles per gallon for light trucks, which is due to increase to 24 mpg by 2011. Bush said mileage standards should be increased enough to reduce gasoline consumption by 5 percent, or 8.5 billion gallons, by 2017. Achieving that would require an average fuel economy improvement of 4 percent a year starting in the 2010 model year for cars, he said.

Bill Prindle, acting executive director of the American Council for an Energy Efficient Economy, a Washington think tank, called Bush's fuel-economy proposal "pretty weak, plus it is totally noncommittal on substance and timing. It says, Congress, don't send us a standard, give us the power and we'll issue a rule.

"The 4 percent per year improvement is a nice hypothetical, but the last rule this administration issued, for light trucks in March 2006, achieved barely a 2 percent annual improvement. So I am not optimistic that DOT will come out with a stronger rule for cars, and especially not within two years."

On Capitol Hill, Democrats and their environmental allies assailed Bush for failing to endorse mandatory limits on emissions blamed for global warming, commit to stricter vehicle miles-per-gallon rules or reconsider his past opposition to requiring a percentage of the nation's electricity to be generated from alternative energy sources such as solar and wind power.

Rep. Henry A. Waxman, D-Calif., called the energy proposals "the latest in a string of disappointments from this administration."

Sen. Dianne Feinstein, D-Calif., who is among a bipartisan group of lawmakers who has pushed for stricter miles per gallon rules, said the president's proposal "doesn't go nearly far enough."

"The president has had the ability to make real changes to fuel efficiency with regard to light trucks for six years -- and he hasn't made substantial increases. Why should we trust him now?" she said, contending the only secure substantial increases in fuel economy is through legislation.

But any effort to go beyond what Bush is proposing could be politically difficult. Previous efforts to pass much stricter fuel-economy standards have run into resistance not only from Bush and Republicans wary of government regulation but also Democrats from auto-producing states who have warned that congressional mandated rules could lead to lighter, less-safe vehicles, cost the U.S. auto industry jobs and harm the economy.

Bush's call for ramping up production of ethanol and other alternative fuels generated more enthusiasm, especially on Capitol Hill among farm-state Democrats and Republicans.

Bush's plan does not single out ethanol, even though it is in the best position to deliver the desired results. The goal can also be met with the use of biodiesel, butanol, methanol, hydrogen and other forms of alternative fuels.

Corn-based ethanol is not without its drawbacks, and would be a short-term solution at best. Corn-based ethanol consumes a valuable U.S. food crop and has driven the price up. What's more, the process of growing corn and transforming it into ethanol consumes large amounts of fossil fuels such as oil, coal and natural gas. And with current technology, U.S. farms could provide only enough corn to yield 15 billion gallons of fuel ethanol a year -- well below the president's new goal of 35 billion, according to some estimates.

While today's ethanol production involves trade-offs, its advocates believe new technology will soon erase many of the downsides. The most important breakthrough would be a switch to making ethanol from agricultural waste, switch grass, wood chips and other kinds of biomass that get broken down by enzymes or bacteria to yield what's known as cellulosic ethanol.

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To get to Bush's new target, "it will take cellulosic-based ethanol, and it will take improvements in the efficiency of grain-ethanol production, and those things are improving on a daily basis," said Matt Hartwig, spokesman for the Renewable Fuels Assn., a Washington-based trade group. "It's the technology advancements today and down the road that will allow us to achieve the 35 billion gallons of fuel and beyond."

Hartwig and others said the president's new fuels plan, even if it comes without additional government research funding, would encourage investors to put money into ethanol and other biofuel projects. Cellulosic ethanol, for example, is already a proven technology, but more funding is needed to find ways to cut the cost of making it, according to Hartwig and others.

Mark Emalfarb, chief executive of the biotechnology firm Dyadic International Inc., is one of a handful of companies trying to make fiber-based ethanol commercially feasible. Bush's pronouncement Tuesday night, he said, would help companies like his to speed up advancements in ethanol production.

"For 14 years, we were working on this behind-the-scenes, and nobody cared," Emalfarb said. "But from the minute the president got on the air (last year) and said `America is addicted to oil' and mentioned cellulosic ethanol, the phone's been ringing off the hook. ... Now he's tripled the size of the market."

Volatile Markets May Crimp Energy Plan (WSJ)

By Jeffrey Ball And Lauren Etter

Wall Street Journal, January 24, 2007

President Bush's call for the U.S. to reduce projected gasoline demand by 20% over the next decade faces a hurdle: a volatile energy market.

Mr. Bush called for in his State of the Union Address last night a massive increase in U.S. ethanol use by 2017 and a toughening of federal auto-fuel-economy standards -- actions that, together, will curb U.S. gasoline consumption 20% below projected levels in 2017, the administration said. But the economics both of alternative fuels and of more-efficient vehicles depend largely on the price of oil as well as other commodities, leaving them vulnerable to market shifts.

The volatility ethanol producers have encountered underscores the uncertainty faced by companies and investors trying to develop alternate sources of energy. Lower prices can hurt the economic argument underpinning their development, and added supplies can bring prices down. Increased supplies of ethanol world-wide are cited as one reason for the recent drop in oil prices, for example.

To be sure, Mr. Bush's policy does mandate increased renewable-fuel use. But the policy contains "safety valves" under which federal officials could waive or weaken the mandate if the economics of alternative fuels eroded. That is because "a bold policy move such as this could have an adverse effect on commodity prices, whether it be in corn, or cellulose, or oil," said Craig Stevens, a Department of Energy spokesman. Ethanol in the U.S. today is made from corn. But hopes are pinned on making the fuel from "cellulosic" material, such as switch grass and wood chips, which are more plentiful than corn.

After hitting $77 a barrel last summer, oil fell steadily in recent months, dipping briefly below $50 a barrel last week in intraday trading. It jumped yesterday 4.7% to settle at $55.04 in New York Mercantile Exchange trading. But oil remains below the levels that, for much of past year, sent the stocks of ethanol producers soaring and consumers flocking to more-efficient cars and trucks.

The economic disincentive of falling oil prices marks only the latest squeeze for ethanol producers. Production has surged over the past year. That has pushed up the price of corn, ethanol's main ingredient. In response, the profitability of ethanol plants is down.

The net profit of a 50-million-gallon ethanol plant today is about 7.2 cents a gallon of ethanol produced, down from 50 cents a gallon on Jan. 1, said Rick Kment, an ethanol analyst at DTN, an agricultural-commodities research firm.

That partly explains why shares of many ethanol producers have swooned. Shares of VeraSun Energy Corp., an ethanol producer that went public at the height of market interest last year, have fallen steadily since last November. Yesterday they finished at $17.96 in New York Stock Exchange composite trading, down almost 42% from its 52-week high of $30.75 in June.

Meanwhile, one of ethanol's big selling points, that it would significantly curb global-warming emissions, has come under debate amid concern over the amount of energy needed to process the ethanol itself.

Wally Tyner, an agricultural-energy analyst at Purdue University, worries Americans'" boom mentality" regarding ethanol will sputter out. "I don't think this growth rate can be sustained," he says. "If we have enough plants built, they will bid up corn prices to where it's no longer profitable" to produce ethanol.

Ethanol producers are somewhat insulated from the volatility of the market, since some of the corn used in current production was purchased earlier at lower prices. Dan Basse, president of Chicago research firm AgResource Co., says that corn would have to reach $4.80 a bushel while ethanol prices would have to drop to $1.60 a gallon for it to be unprofitable. Ethanol now is at about $2.16 a gallon. The average cash price of corn nationwide yesterday was $3.76 a bushel.

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The U.S. uses about 5.2 billion gallons of ethanol a year. According to the Energy Department, the U.S. uses about 140 billion gallons of gasoline a year. It takes more than one gallon of ethanol to equal the energy in a gallon of gasoline.

Ethanol giant Archer-Daniels-Midland Co. is experimenting with ways to turn corn hulls into ethanol. By doing this ADM says it will be able to increase the production of ethanol by 15% without using any additional kernels of corn.

The American Petroleum Institute, the oil industry's Washington-based trade group, said ethanol and other alternative fuels "have an important role in our nation's present and future energy mix," but it said: "Attaining the full volumes included in the administration's proposal will require additional technological breakthroughs."

The Big Three auto companies have announced plans to significantly increase their production of versions of their conventional vehicles that have been modified so they can run on either gasoline or ethanol. Gloria Bergquist, a spokeswoman for the Alliance of Automobile Manufacturers, an industry group, said her group supports the president's efforts to increase alternative-fuel usage. But she said the government needs to boost research into technologies such as batteries for the next generation of hybrid vehicles, and oil companies need to do more to roll out alternative fuels.

Bush Vows To Cut US Petrol Demand (FT)

By Doug Cameron

Financial Times, January 24, 2007

The US has called for a 20 per cent cut in domestic gasoline consumption over the next 10 years and a five-fold increase in alternative and renewable fuel production as part of the much-vaunted push by the White House for “energy independence”.

The targets outlined ahead of Tuesday’s State of the Union address are expected to inflame the food-versus-fuel debate over the competing use of corn-based ethanol, while environmentalists have also expressed concern over plans to increase domestic oil production.

The president will also call on Congress to introduce tougher fuel-consumption standards for passenger cars, and for the size of the Strategic Petroleum Reserve to be doubled.

The White House plans to build on the push into ethanol from the current energy bill by mandating the use of 35bn gallons of renewable and alternative fuel by 2017 in the form of ethanol produced from corn and other biomass, as well as soybean-derived biodiesel.

This compares with the 7.5bn gallons which the energy bill currently requires by 2012, though the industry expects to surpass this as early as next year, with dozens of ethanol plants being developed across the country. About 5bn gallons was produced in 2006.

Industry experts said corn-based ethanol would have to account for about two-thirds of the 2017 target, at the top end of current estimates for potential production. The expansion will require the planting of more corn acres and advancement in crop science to improve yields.

The president is expected to commit more funds to renewable fuel research – a call matched by the Democratic leaders – in a bid to meet the targets and make other feedstocks such as sawgrass more commercially viable. However, the target could also renew calls for the existing tariff on ethanol imports to be lifted – notably from low-cost, sugar-based producers in Brazil.

The White House claimed the new targets would displace 15 per cent of current natural gas consumption.

Corn, ethanol and soybean futures all ended higher at the Chicago Board of Trade. Shares in Archer Daniel Midland, the largest US ethanol producer, climbed 2.7 per cent.

Critics See Little Meaningful Change (WP)

By Steven Mufson

Washington Post, January 24, 2007

Practicality, Effectiveness Questioned

The energy proposals President Bush outlined last night break new ground for his administration.

He combined a call to lower gasoline consumption with new mandates for oil companies and new standards for automakers. And he couched these in the context of enhancing U.S. energy security and addressing climate change.

Each proposal, though, immediately prompted questions about its ultimate effectiveness.

Â· Twenty in 10: Bush said he has a "goal of reducing U.S. gasoline usage by 20 percent in the next 10 years."

The fine print: Administration officials said that the goal is 20 percent below projected annual gasoline usage, not off today's levels.

That's very significant for oil markets, where analysts look at the balance of rising supplies and rising demand.

"If you made this type of reduction . . . U.S. petroleum consumption wouldn't be flat, but it would not grow meaningfully," said Frederick W. Smith, chairman of FedEx Corp., who said he applauds Bush's "balanced" approach.

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But people worried about climate change were disappointed. Using projections means that carbon dioxide emissions from transportation fuels will drop only slightly from today's levels; other parts of the economy produce the other two-thirds of greenhouse gases.

"This is not nearly enough to really put us on the path of reducing emissions down to 60 percent or 80 percent of current levels, which is what we really need," said Eileen Claussen, president of the Pew Center on Global Climate Change.

Â· Raising fuel-economy standards: Bush said that he would raise fuel-efficiency standards by about 4 percent a year, starting in model year 2010 for cars and model year 2012 for trucks. He also wants to change the way the standards are applied.

Currently the fuel standards apply to the average of all the cars each carmaker sells in a year. Bush would make new standards for cars "attribute-based" -- creating many different standards based on, for example, size. And he would give carmakers some flexibility in how they meet targets. (These standards are scheduled to go into effect for light trucks starting in 2008.)

The fine print: The new system promotes efficiency advances for every kind of vehicle, not just for one model. The president did not want Congress to set a new miles-per-gallon standard, but the Union of Concerned Scientists estimated that Bush's proposal could raise the fleet average to 34 miles a gallon by 2017.

UCS warned, though, that if attribute-based standards are not combined with fleet averages, they "could actually encourage automakers to sell heavier or larger vehicles that guzzle more gas." That would mean more efficient gas-guzzlers, but still more gas-guzzlers.

Â· New renewable-fuel target: Bush said he would ask Congress to require oil companies to use 35 billion gallons of renewable and alternative fuels by 2017. The administration said this would replace 15 percent of projected annual gasoline consumption.

The questions: How will that target be met? The ethanol industry will produce more than 7.5 billion gallons this year, almost all of it corn-based. But it would take more than last year's entire U.S. corn harvest to make enough ethanol to meet the target. Most industry experts say that there is not enough evidence that producing biofuels from other sources can be done on anything close to that scale.

The fine print: Bush changed the language on the mandate to say that "alternative," not just "renewable," fuels could be part of that volume. The only difference that makes by federal definitions is to add so-called coal-to-liquids fuels. One company has a proposal before the Energy Department for a $2 billion plant.

"You get the same amount of mileage and twice the pollution," said Anna Aurilio, legislative director of Public Interest Research Group. "That would be a huge step backwards." But an administration official said that the coal-to-liquids project could be used by the military.

Â· Doubling the Strategic Petroleum Reserve by 2027: The president's proposal calls for resuming the purchase of 100,000 barrels a day for the reserve, a practice suspended after Hurricane Katrina. The reserve has 691 million barrels; it has room for 727 million barrels.

The fine print: The plan calls for spending $10 billion to add additional storage facilities, including the expansion of sites in Louisiana and Texas, and addition of a new site at a salt cavern in Mississippi. Another $55 billion would be spent buying the fuel over 20 years -- a price of just under $69 a barrel, a hefty premium over the current price of $54.77 a barrel.

Bush Oil Reserve Plan Sparks Price Surge (FT)

By Caroline Daniel

Financial Times, January 24, 2007

President George W. Bush triggered the biggest one-day jump in oil prices in 16 months on Tuesday when he set out plans in his State of the Union address to double US strategic oil reserves.

Oil prices rose 4.7 per cent to $55 a barrel after Mr Bush pledged to double the size of the reserves by 1.5bn barrels by 2027. Sam Bodman, energy secretary, said his department would start “purchasing crude oil in the spring at a rate of about 100,000 barrels per day”.

The speech marked Mr Bush’s strongest effort yet to slow the growth of greenhouse gases with a plan to cut US demand for petrol by 20 per cent over the next 10 years by raising fuel-economy standards and setting targets for a shift to alternative fuels.

“The plan will confront climate change by stopping the projected growth of carbon dioxide emissions from cars, light trucks and SUVs within 10 years,” a White House document said.

In an echo of last year’s speech, when the president memorably warned that America was “addicted to oil”, Mr Bush said: “For too long, our nation has been dependent on foreign oil. And this dependence leaves us more vulnerable to hostile regimes, and to terrorists – who could cause huge disruptions of oil shipments.”

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The policy shift – coming on the day that Al Gore, former vice-president, received two Oscar nominations for An Inconvenient Truth, his documentary film about the dangers of global warming – was outlined to a newly assertive Congress and a sceptical public.

Mr Bush's approval ratings this week were the lowest for any president ahead of a State of the Union address since Richard Nixon in 1974.

Dan Bartlett, White House counsellor, said that the speech reflected the fact that officials were "under no illusions about the atmosphere we are operating in."

However, the White House energy policy fell short of hopes that it would engage in international discussions about a post-Kyoto accord after 2012 to control greenhouse gases or support tougher economy wide mandatory caps on carbon dioxide.

Faced with opposition from Democrats and rising Republican dissent about his plans for a surge of 21,500 troops in Iraq, Mr Bush defended his strategy. "Many in this chamber understand that America must not fail in Iraq – because you understand that the consequences of failure would be grievous and far-reaching."

Officials said he would also "explain why it is time for the Iraqi government to act" and would not intensify the administration's anti-Iran rhetoric.

The goal to cut gasoline consumption by up to 20 per cent by 2017 marks a significant shift for the White House, recognising both pressure from international leaders for the US to act on climate change, and the new influence of the Democrats, who have shifted the focus of energy policy towards efficiency.

Mr Bush's first five State of the Union speeches did not directly address climate change, and in 2001 he summed up his energy policy as: "We can't conserve our way to energy independence".

The higher oil prices – crude oil yesterday made its biggest one-day jump since September 19 2005 – pushed energy stocks up sharply.

The S&P's energy sector rose 2.4 per cent with shares in Exxon Mobil up 2.2 per cent at $74.49, ConocoPhillips up 2.5 per cent to $64.97, and Chevron up 1.9 per cent to $72.56.

Blindness On Biofuels (WP)

By Robert J. Samuelson

Washington Post, January 24, 2007

President Bush joined the biofuels enthusiasm in his State of the Union address, and no one can doubt the powerful allure. Farmers, scientists and venture capitalists will liberate us from insecure foreign oil by converting corn, prairie grass and much more into gasoline substitutes. Biofuels will even curb greenhouse gases. Already, production of ethanol from corn has surged from 1.6 billion gallons in 2000 to 5 billion in 2006. Bush set an interim target of 35 billion gallons in 2017 on the way to the administration's ultimate goal of 60 billion in 2030. Sounds great, but be wary. It may be a mirage.

The great danger of the biofuels craze is that it will divert us from stronger steps to limit dependence on foreign oil: higher fuel taxes to prod Americans to buy more gasoline-efficient vehicles and tougher federal fuel economy standards to force auto companies to produce them. True, Bush supports tougher -- but unspecified -- fuel economy standards. But the implied increase above today's 27.5 miles per gallon for cars is modest, because the administration expects gasoline savings from biofuels to be triple those from higher fuel economy standards.

The politics are simple enough. Americans dislike high fuel prices; auto companies dislike tougher fuel economy standards. By contrast, everyone seems to win with biofuels: farmers, consumers, capitalists. American technology triumphs. Biofuels create rural jobs and drain money from foreign oil producers. What's not to like? Unfortunately, this enticing vision is dramatically overdrawn.

Let's do some basic math. In 2006, Americans used about 7.5 billion barrels of oil. By 2030, that could increase about 30 percent to 9.8 billion barrels, projects the Energy Information Administration. Much of that rise would reflect higher gasoline demand. In 2030, there will be more people (an estimated 365 million vs. 300 million in 2006) and more vehicles (316 million vs. 225 million). At most, biofuels would address part of the increase in oil demand; it wouldn't reduce our oil use or import dependence from current levels.

Suppose we reach the administration's ultimate target of 60 billion gallons in 2030. That would offset less than half of the projected increase in annual oil use. Here's why. First, it's necessary to convert the 60 billion gallons into barrels. Because there are 42 gallons in a barrel, that means dividing by 42. Further: Ethanol has only about two-thirds of the energy value of an equal volume of gasoline. When you do all the arithmetic, 60 billion gallons of ethanol displace just under 1 billion barrels of gasoline. If that merely offsets increases in oil use, it won't cut existing import dependence or greenhouse gases.

The 60 billion-gallon goal -- and the 35 billion-gallon interim target -- are also probably unrealistic. When we rhapsodize about biofuels, we're talking mainly about old-fashioned alcohol (aka ethanol). Until now, most ethanol has been made from corn.

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If small amounts of toxic gasoline were not added, it could become corn whiskey. Ethanol receives heavy federal subsidies. Oil refiners that blend it with gasoline get a 51-cents-a-gallon tax credit. The subsidy causes them to buy more ethanol, increasing corn demand.

Naturally, corn farmers love this. They've been the program's main beneficiaries. Although ethanol displaces only tiny amounts of oil (slightly more than 1 percent), it's had a big effect on corn prices. They're about $3 a bushel, up from $2 last year and the highest in a decade. They could go higher. In 2000, ethanol used 6 percent of the U.S. corn crop. In 2006, that was 20 percent, and the ethanol plants under construction would double capacity by 2010. Higher prices for corn (which is fed to poultry, hogs and cattle) raise retail meat prices. Ironically, fuel subsidies may boost food costs.

But corn harvests won't be large enough to meet either the 35 billion- or 60 billion-gallon targets. Large amounts of "cellulosic" ethanol would also be needed -- the term referring to the cellulose in other plants to be converted to ethanol. Prime candidates are farm wastes, including wheat straw and cornstalks. Unfortunately, the chemistry for doing this is far more costly than it is for corn kernels. Without technological advances, cellulosic ethanol won't be economically viable. It could be supported only with massive federal subsidies or direct requirements forcing refiners to use the fuel, regardless of cost. Then the high costs would be passed on to consumers. Congress started down that path in 2005 by enacting a modest mandate for biofuel use.

Biofuels are certainly worth pursuing. Up to some point, they're even worth subsidizing. Government can nurture new technologies, and breakthroughs for cellulosic ethanol -- hardly inconceivable -- would make a meaningful difference in the U.S. fuel balance. But there's also a real threat that the infatuation with biofuels is a political expediency that will turn into a classic government boondoggle, benefiting selected constituencies and providing few genuine public benefits. That has already happened with corn.

Our primary need is to curb reliance on foreign oil. If imports were dependable, they would not be dangerous, but they come from unstable or hostile suppliers. Although our dependence can't be eliminated, it can be reduced. The most obvious way is to improve the efficiency of vehicles by 30 to 50 percent over the next few decades. Americans need more hybrids and more small vehicles. Biofuels might be a complement, but if they blind us to this larger reality, they will be a step backward.

Decoding Climate Politics (WSJ)

By HOLMAN W. JENKINS, JR.

The Wall Street Journal, January 24, 2007

Holman W. Jenkins Jr. is a member of the editorial board of The Wall Street Journal and writes editorials and the weekly Business World column.

Mr. Jenkins joined the Journal in May 1992 as a writer for the editorial page in New York. In February 1994, he moved to Hong Kong as editor of The Asian Wall Street Journal's editorial page. He returned to the domestic Journal in December 1995 as a member of the paper's editorial board and was based in San Francisco. In April 1997, he returned to the Journal's New York office. Mr. Jenkins won a 1997 Gerald Loeb Award for distinguished business and financial coverage.

Born in Philadelphia, Mr. Jenkins received a bachelor's degree from Hobart and William Smith Colleges in Geneva, N.Y. He received a master's degree in journalism from Northwestern University in Evanston, Ill., and studied at the University of Michigan on a journalism fellowship.

Mr. Jenkins invites comments to holman.jenkins@wsj.com1.

Decoding Climate Politics

January 24, 2007; Page A12

Pundits tell us the mood shift, with Democrats now in control, favors action on climate change. Don't bet on it.

It's still going to be hard for the legislative process to get past the fact that nothing on the table or capable of commanding majority support would make the slightest difference to climate change. Even a complete ban on burning fossil fuels in the U.S. wouldn't halt progress to the next milestone, a doubling of atmospheric carbon dioxide since the advent of industrial civilization. No joke to say the only live question for congresspersons and their voters back home is: How much are we going to spend to have no impact on global warming, and why?

Politics is a business of symbolism, but not without its pull toward the rational. The game in Washington today is how to turn global warming policy toward some other purpose that serves somebody's idea of self-interest or the national good. Let's rank these in order of the narrowness of the interests involved.

General Electric, DuPont, Alcoa, Caterpillar and other industrial pigpens this week endorsed cap-and-trade limits on carbon dioxide, which would turn their established habit of using the atmosphere as a free waste disposal into a property right, worth billions. Talk about a low-hanging fruit. They are accustomed to treating carbon dumping as a gimme. Now they'd at least be in a position to get paid for dumping less.

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Their hero is retiring BP chief John Browne, who turned his little oil company into a big oil company, engaged in cost cutting (which he called "emissions cuts") and set about using public policy to get his shareholders compensated twice for these cuts (net, of course, of any deductions for oil spills, plant explosions, etc.).

Next up on the enlightenment scale, with straightened vertebrae and the first inkling of a "larger good," are Nancy Pelosi, George Bush and others who want to use climate change to advance a goal of "energy independence."

They may be praying to a false god, but their devotion is possibly sincere. And some public good might come from policies designed to encourage a "cellulosic" ethanol industry, which has the potential to be carbon-neutral as well as to improve the nation's "energy security" (a non-false god) by spurring a global market in biofuels to compete with OPEC.

However, to the extent that global warming becomes an excuse to shovel more subsidies and protectionist favors at the corn ethanol industry, neither energy security nor carbon reduction would be served.

Finally, walking upright, with knuckles no longer in proximity to the ground, are advocates -- mostly economists -- of a carbon tax.

A carbon tax would be the efficient way of encouraging businesses and consumers to make less carbon-intensive energy choices. Government would not have to exercise an improbable clairvoyance about which technologies will pay off in the future. There'd be less scope for Congress to favor some industries over others purely on the basis of lobbying clout.

The most enlightened of the enlightened (love note to Kevin Hassett) are those who see how a carbon tax might be used to overhaul the tax system and make it more pro-growth in its treatment of savings and investment.

There's your scorecard. Unfortunately, because a carbon tax would lead to a direct (rather than surreptitious) increase in the cost of gasoline, the path of enlightenment will not be the path of politics. Of one other thing you can also be sure -- the impact on climate change of any policy issuing from Washington will be nil.

By common (if fudgy) estimate, the biosphere can take up less than three billion tons of atmospheric carbon a year. Human industry produces 7.5 billion tons, a volume that continues to grow rapidly as China, India, Brazil and Indonesia (not covered by Kyoto) develop their economies, and as European countries and Japan (covered by Kyoto) blow past their limits. Consider too that carbon is hardly the sole, and perhaps not even the dominant, force behind the ostensible warming of the past century.

The only thing that will save us now is the likelihood (very high) that the most dire forecasts of climate change are wrong; the chance (not improbable) that the biosphere will evolve to make use of a slightly more carbon-rich atmosphere; and the prospect (nearly certain) that mankind will seek to adapt to whatever climate it finds itself confronted with.

Our private bet, of no relevance for the politics, is that real knowledge being so skimpy, today's "consensus" on climate change will turn out to be a perishable fruit. And those like Rep. John Dingell who are still willing to profess public doubts about whether any of us know what we're talking about when we talk about climate change will end up looking pretty good in retrospect.

Polls say the public has heard Al Gore and believes a climate disaster is just around the corner, with rising sea levels and killer hurricanes. Yet Manhattan real-estate values increased 17% last year and the stock market is at all-time high. The same cognitive dissonance is guaranteed to be reflected in policy, which will consist of symbolism on global warming but nothing so costly and radical as to require true climate worrywarts to brighten up.

Rest assured, the great planetary chemistry experiment will continue. If you're curious about how the Earth might react to a myriad of human activities whose net effects are still far from reliably assessed, you only need to stick around. At least until science figures out how to harvest the gazillions of watts of free energy the sun sheds on the planet everyday, which will fix old problems but surely introduce new ones.

Push To Replace New US Mercury Plan (CSM)

By Peter N. Spotts

The Christian Science Monitor, January 24, 2007

The nation's new program to regulate mercury may be short-lived.

Several draft bills in Congress – as well as a suit in federal court – are challenging the Bush administration's mercury pollution program, which took effect last year. A key reason, they charge, is that the plan's emissions-trading scheme – which has worked to curb other pollutants that spread far and wide – doesn't work for mercury, which accumulates locally as well as spreading over long distances.

That's why lawmakers on Capitol Hill are preparing bills that would tackle the toxic pollutant in a more direct manner. They aim to reduce mercury emissions from coal-fired power plants by 90 percent, rather than the Environmental Protection Agency's (EPA's) target of 70 percent. The bills also would set up a nationwide monitoring network to track airborne mercury and its effects on the environment.

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Democrats and Republicans have offered similar bills before. But three major scientific studies published during the past several months have added urgency to their efforts, they say. The upshot of the research: Unlike pollutants such as sulfur dioxide, airborne mercury is far more likely to drop back to earth close to its source, generating "hot spots" of contamination and accumulating in the food chain.

The research also is cited in a lawsuit 16 states and a handful of environmental groups have filed with the US Court of Appeals in Washington. The suit, initiated two years ago, challenges the EPA's regulatory tack on mercury pollution. Within the past two weeks, the plaintiffs filed opening briefs charging that the EPA is misusing the emissions-trading approach. They also argue that to set up the program, the agency illegally dropped power plants from a list of pollution sources that must face the most stringent controls under the Clean Air Act.

Emissions trading has helped the country dramatically reduce sulfur-dioxide pollution from power plants by establishing a market-based approach. Companies can balance out their big polluting plants either by running much cleaner plants elsewhere or buying pollution credits from other, cleaner utilities. As emission limits tighten, the cost of such credits goes up, encouraging companies to close or retrofit their biggest polluters.

But the recent studies provide new data that show why such a scheme should not be allowed for mercury, argues Rep. Tom Allen (D) of Maine, author of a bill to establish a national mercury monitoring network.

The first study, published last September in Environmental Science and Technology, found that over a two-year period, 70 percent of the mercury that rain or snow washed out of the skies over Steubenville, Ohio, came from local or regional sources. This is far higher than previous EPA studies indicated. The team picked Steubenville because 17 coal-fired power-plant boilers operate within 62 miles of the city, and another study had documented adverse health effects to people in the area from air pollution.

Two studies published this month in the journal BioScience discovered five biological hot spots in the northeastern US and southeastern Canada, and uncovered another nine that may be hot spots as well. The intensity of these hot spots varies with the type of coal burned in a boiler at the source and with other factors such as the landscape's chemistry or water levels in reservoirs. As with Steubenville, the researchers also established that at least two hot spots that cover southeastern New Hampshire and northeastern Massachusetts could be traced to local and regional sources and that the mercury was showing up in fish and birds.

One of the two studies carried some good news, notes Charles Driscoll, a Syracuse University scientist who took part in both studies. Between 1997 and 2002, mercury emissions fell by 45 percent in southern New Hampshire, thanks to emissions controls on incinerators. Concentrations found in wild loons in one of the hot spots fell by an average of 30 percent over that period. Mercury levels in yellow perch and in plankton also fell.

The results have led both groups to call for a more effective national system for monitoring the sources and effects of airborne mercury. The sulfur-dioxide program worked, Dr. Driscoll says, because the EPA had comprehensive monitoring network. "Those measurements are not in place for mercury."

Cruise Line Fined For Striking, Killing Whale (ADN)

By Don Hunter, Anchorage Daily News

Anchorage (AK) Daily News, January 24, 2007

Princess Cruise Lines has agreed to pay $755,000 in fines and restitution to resolve accusations that one of its ships struck and killed a humpback whale near Glacier Bay more than five years ago.

A court date to finalize a plea agreement is set for Monday in U.S. District Court in Anchorage. According to documents filed last week, Princess is expected to plead guilty to a single misdemeanor of “failing to operate at a slow, safe speed while near humpback whales.” Under a plea agreement yet to be filed, the company would pay a $200,000 fine to the government and $550,000 in “community service restitution” to the National Park Service Foundation, court papers say. That money would go to an account for Glacier Bay National Park.

A Princess spokeswoman, Julie Benson, confirmed that the company plans to enter the plea agreement, but said she could add little now. “There are things we would like to address later when we have more time and information,” Benson said.

John Quinley, an Alaska spokesman for the National Park Service, said Justice department attorneys have told Park Service officials not to discuss the case at least until next week. The body of a 45-foot humpback was found floating near the mouth of Glacier Bay in mid-July 2001. A necropsy conducted at the time showed the animal died of massive skull fractures. A Princess vessel, the Dawn Princess, had been operating near two humpback whales a few days before, according to the court papers and news reports at the time.

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FBI/DEA/ATF/USMS:

Mexican Attorney General Cites 'alarming' Increase In Drug Consumption (AP)

AP, January 24, 2007

MEXICO CITY: Mexico's Attorney General said an alarming increase in drug use in Mexico is leading cartels to fight primarily for markets and territory rather than shipping routes, as cocaine finds an easier market here than in the United States.

Attorney General Eduardo Medina Mora also said Tuesday that a group of alleged drug traffickers extradited to the U.S. over the weekend could be returned to Mexican prisons once they are tried abroad, noting "that possibility has not been discarded."

His comments to congressional members that some of the 15 extradited late Friday might wind up back in Mexico to serve unfinished sentences or face new trials seemed at odds with the expectations of U.S. officials, who apparently plan to keep them for life.

On Monday, Karen Tandy, chief of the U.S. Drug Enforcement Administration, said that "on behalf of the DEA, I have one last thing to say to these 15 criminals: Welcome to the first day of the rest of your lives." Those extradited to the U.S. include alleged drug lords like Osiel Cardenas and Hector Palma Salazar.

A so-called "temporary extradition" arrangement between the two countries allows suspects serving prison sentences in Mexico to be sent north for trial, but they must then return to Mexico to finish out their sentences here.

However, a top Mexican law enforcement official who wasn't authorized to give his name said Calderon had decided that Friday's extraditions didn't fall under that accord.

Despite Mexico's massive anti-drug raids, Medina Mora said that drug cartels still threaten "government sovereignty and control" in some regions, in part because they do more business locally now, rather than just shipping most drugs north as in the past.

"The consumption of hard drugs is increasing at truly alarming rates ... at rates of as much as 20 percent annually," Medina Mora said during testimony before lawmakers.

"Changing international (drug) market conditions have not only caused an increase in violence as they fight for markets, but have also focused organized criminal groups more toward the domestic market."

That has forced Mexico to shift its anti-drug efforts toward "a new paradigm," Medina Mora said.

In the past, authorities focused on arresting top drug lords, a move that often served to temporarily disrupt the chain of command on shipment routes they controlled.

But now that money and drugs follow a somewhat more diffuse network of local and international sales, the government has decided to use an approach oriented toward the drug economy.

The new campaign, which includes sending thousands of federal police and soldiers into several key strongholds, is aimed at "breaking up the areas of power, moneymaking and privilege."

Medina Mora said that in Mexico, lawyers for drug traffickers carry messages from their clients to their henchmen on the outside. Breaking up such contacts, he said, was part of a "new trend" in international law enforcement, and one of the reasons for the extraditions.

4 Extradited Drug Cartel Leaders Appear In Houston Court (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 24, 2007

Four drug cartel leaders extradited this weekend from Mexico and facing charges in San Diego federal court appeared in a Houston courtroom yesterday under high security.

They were among 15 people turned over by Mexican officials late Friday and early Saturday in a move that authorities said signals unprecedented cooperation in the fight against drug traffickers.

“Now, did we get all of Mexico's major drug traffickers? No, not yet. But this past weekend, the U.S. and Mexico have taken a tremendous leap forward,” said Karen Tandy, head of the Drug Enforcement Administration.

The four are expected to appear in San Diego federal court within weeks. Officials refused to give details about their transfer here for security reasons.

Two are brothers accused of leading day-to-day operations for the Arellano Félix cartel. Authorities said the other two are an “enforcer” for the criminal organization who was a link to Southern California street gangs and a former member who then led a rival cartel.

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Tandy said the greatest coup was the extradition of Osiel Cárdenas, a former police officer accused of running the Gulf Cartel, and of having corrupted specially trained Mexican federal officers.

"For the past eight years, Osiel Cárdenas Guillen commanded one of the most brutal and powerful drug cartels in the world," she said. "For the last four of those years, he did it from within a Mexican prison outside of Mexico City."

She lauded the extradition of Ismael and Gilberto Higuera Guerrero, indicted in 2003 in San Diego federal court. "Ismael was the Arellano Félix organization, or the Tijuana cartel's, chief of operations. Gilberto supervised operations in neighboring Mexicali."

As important, drug trafficking experts said, is Hector Palma Salazar, indicted in San Diego in 1995 and accused of conspiring to distribute more than a ton of cocaine.

A former member of the Arellano organization, he joined with Joaquín Guzmán Loera and ran the rival Sinaloa cartel.

Eduardo Medina Mora, Mexico's attorney general, has said the cartel leaders – Cárdenas, Palma and the Higuera brothers – were extradited to stop their communications from behind bars and to reduce risks of violence and escape, not because of U.S. pressure. The aim was to break "physical and geographical" contact with their gangs while they were in Mexican prisons.

Deputy U.S. Attorney General Paul McNulty said he was confident the U.S. prison system would be able to better control such communication.

"We have a long record of not having those kinds of problems occur within the Federal Bureau of Prisons," he said, including monitoring telephone calls, letters and visits.

One of those extradited, José Albert Márquez, is accused of being a leader in the Mexican Mafia prison gang, acting as a link to the Arellano Félix cartel.

The prison gang is accused of masterminding killings from inside prison and controlling drug distribution through threats and extortion using street gangs.

Also yesterday, the federal judge overseeing the possible death-penalty trial of accused kingpin Francisco Javier Arellano Félix sharply disagreed with prosecutors and defense lawyers over when a jury would hear the case. Arellano is accused of racketeering and conspiracy.

The lawyers told U.S. District Judge Larry Alan Burns they could be ready to take the case to trial in June 2008. Burns insists it can begin this year.

Although Arellano may face the death penalty since he was captured by U.S. officials, the group's top lieutenants won't because of terms of their extraditions from Mexico, where there is no death penalty.

Mexican President Felipe Calderón pledged yesterday to wage a permanent war on organized crime.

In addition to stepped-up extraditions, Calderón sent federal troops to patrol cities where police corruption is suspected, including Tijuana, where municipal officers were stripped of their weapons Jan. 4.

Man On Lam Flown Back To U.S. (MON)

Monitor, January 23, 2007

McALLEN — One of the 15 fugitives Mexico extradited to the United States Friday was a former officer in the Donna and Weslaco police departments whose confession nine years ago helped bring down a powerful Mexican cartel.

Gilberto Salinas-Doria's arrival at Ellington Field Friday outside Houston capped 16 years on the run from a federal indictment in Brownsville. But his most serious drug charges, the ones that prompted extradition, come from an indictment in New York, and stem from his time as a fugitive in Quintana Roo, the Mexican seaside state that is home to Cancun.

The extraditions Friday included the head of the Matamoros-based Gulf cartel and were done with only hours' notice to U.S. authorities. The extradition was aimed at removing top-level cartel leaders from Mexico, where they wield power even inside prison.

Salinas-Doria rose from lowly street dealer to making as much as $22 million a year, The Associated Press reported in 1999. He guaranteed cocaine and marijuana made it from Quintana Roo to Reynosa and then into the United States, according to the Mexican Attorney General's Office.

It is unclear whether prosecutors will reopen the 1990 Brownsville case that prompted Salinas-Doria to go on the lam.

Salinas-Doria entered the Donna police force in 1979, and took a job with Weslaco police the following year, according to The Monitor's archives. He was fired in 1982 after being investigated for selling drugs out of his police cruiser and other offenses, the AP has reported. He was never prosecuted.

His earliest convictions happened in 1983 when he pleaded guilty to possession of marijuana and in 1988 when he was convicted of conspiracy to sell marijuana and received 10 years' probation.

Salinas-Doria skipped bail on a 1990 charge in Brownsville that he tried to buy thousands of pounds of marijuana. Drug cases were later opened against him in Georgia and Houston.

Salinas-Doria's name also has been tied to the investigation into the murder of Francisco Jusino, a McAllen obstetrician who was killed in 1996. Salinas-Doria was living in Reynosa when his wife lost a baby Jusino delivered at a McAllen hospital. Police sought to question Salinas-Doria but never identified him as a suspect, according to Monitor archives

He was finally arrested in 1998 in Mexico. His confession led to the opening of 40 cases against members of Amado Carillo Fuente's cartel in Southeast Mexico and implicated the governor of Quintana Roo in drug trafficking, according to the Drug Enforcement Administration.

Salinas-Doria escaped from Mexican police later that year and was recaptured months later trying to enter Venezuela.

Mexico Praised Over Extraditions (SAE)

San Antonio Express, January 23, 2007

LAREDO — Alleged Mexican drug kingpin Osiel Cárdenas Guillén was arrested in 2003, but his reputed control over the Matamoros-based Gulf Cartel likely didn't end until this weekend, when Mexico took the surprising step of extraditing him to the United States for prosecution.

Before Friday night, when Cárdenas was taken to the United States with other accused drug traffickers, he was suspected of running the cartel's operations — and its bloody border feud with other traffickers — from his jail cell in Mexico City.

Cárdenas and 14 other extradited Mexican prisoners wanted by the United States went before a federal judge in Houston on Monday. Top U.S. officials praised the Mexican action as unprecedented.

Since taking office in December, Mexican President Felipe Calderón has taken several steps to combat the drug cartel violence that has spread across the country — including sending troops to trafficking hot spots and now the high-profile extraditions.

"We cannot overstate the significance of these steps," Deputy U.S. Attorney General Paul McNulty told reporters during a teleconference Monday. "The Calderón administration has staked out its position in favor of law-abiding citizens everywhere by choosing to stand up to these vicious criminals."

Mexico didn't give U.S. officials much time to prepare to accept the prisoners, McNulty said. They were taken to Ellington Field in Houston on three flights that landed beginning at 7 p.m. Friday. The last flight, carrying 10 prisoners, landed just past midnight, McNulty said.

Among the prisoners were Ismael Higuera Guerrero and his brother Gilberto Higuera Guerrero, both reputed top lieutenants for the Tijuana Cartel.

Also now in U.S. custody is Hector Palma Salazar, who with fugitive Joaquin "El Chapo" Guzman allegedly headed the Sinaloa Cartel.

But the prize catch was Cárdenas, who during his reign as reputed head of the Gulf Cartel founded the Zetas, an enforcement arm made up of military defectors who have grown into a feared group behind much of the violence along the border with Texas.

"This is the first time in the history of Mexico that they have extradited to the United States what amounts to a clean sweep geographically of the cartel leadership," Drug Enforcement Administration head Karen Tandy said during the news conference.

The removal of Cárdenas from communication with his organization raised questions about whether a power vacuum would usher in a wave of violence in Gulf Cartel territory, which reaches from Matamoros, across from Brownsville, to west of Nuevo Laredo.

"This is going to add to the ongoing war between these groups," said Bruce Bagley, an expert on drug trafficking at the University of Miami. "It happens every time you behead one of these organizations."

Violence in the short term is almost assured as the Gulf Cartel restructures itself and as the rival Sinaloa Cartel may perceive the group as vulnerable, Bagley said.

The Monitor's View (CSM)

The Christian Science Monitor, January 24, 2007

A new Mexican president, Felipe Calderón, has taken extraordinary steps to give fresh hope to a country that needs it. He's extradited drug kingpins to the US and sent troops into violent drug zones. This just may be a Mexican leader the US can get behind.

In 2005, Mexico surpassed Colombia as Latin America's main producer and distributor of narcotics. And like "Plan Colombia," the multi-billion-dollar aid and law- enforcement effort supported by the US since the 1990s to suppress drug growing in that country, Mexico could now use a "Plan Mexico" to curb its own drug-gang scourge.

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Mr. Calderón realizes he must first tackle the drug lords if he wants to improve the rule of law, human rights, and governance. Only then can he draw enough foreign investment to create jobs for the 40 percent of Mexicans who live in poverty and see El Norte as the promised land. (See a three-part Monitor series on Mexico that ends today.)

His boldest move since taking office Dec. 1 has been to deploy federal troops into places like Tijuana and Michoacán to confront both drug chieftains and corrupt local officials. (Tijuana police were disarmed during the operation.) Last year, Mexico saw more than 2,000 drug-related killings.

In recent days, Calderón has also sent more than a dozen captured drug bosses to the US for prosecution – a clear acknowledgment that Mexico's prisons and courts are too graft-ridden to safely contain them.

A US-educated technocrat who has shown the backbone of a live action figure, Calderón also launched a program to help Mexico's 100 poorest communities and another one to give cash incentives for companies to hire young workers. And he's proposed health insurance for infants.

Those compassionate moves indicate this leader of the conservative PAN party knows he barely won July's election against the leftist populist, Andrés Manuel López Obrador.

But they may also signal that the country's entrenched political establishment knows it must fix the country's fundamental problems or else it will see the election of a Hugo Chávez-style firebrand in 2012 by the "other Mexico."

Calderón is up against a deep culture of corruption and a concentration of wealth and power that only began to erode with the ouster of the long-ruling PRI party in 2000. His next steps, after cracking down on organized crime, must be to clean up the police and courts, while curbing public unions and breaking up monopolies. Last week's surge in the price of tortillas – a staple dominated by one company – shows the task he faces.

He has begun to open government actions to scrutiny and set up a uniform system for public spending. His severest test, however, may be in forming coalitions in the legislature, something his predecessor, Vicente Fox, failed to do. The PRI, which lost badly in the last election, may be open to assisting him.

The US should back Calderón's bold moves. For starters, it can reduce its consumption of illegal drugs and make it more difficult for Mexicans to cross the border and abandon their country. But now may be the time for the US to ask what more it can do to finally help fix its neighbor's seemingly intractable social and economic problems.

Gang Task Force Nabs 11 In Sweep (RMA)

By Stephanie Barry, Sbarry@repub.com

The Republican (MA), January 24, 2007

SPRINGFIELD - A local gang task force arrested 11 suspected gang associates early yesterday morning, billing the effort as a coordinated attempt to beat back rising street crime.

FBI supervisor Michael G. O'Reilly said 175 federal, state and city law enforcement officials joined in an orchestrated sweep at dawn. Eleven suspects were arrested on warrants and were in custody before noon, Springfield police records showed.

The police log did not specify the charges, but O'Reilly said the suspects were targeted for alleged narcotics dealing around the city's Mason Square neighborhood.

"We've been trying to get these guys off the street. The timing in the city was right," O'Reilly said yesterday, referring to an unsettling spike in violent crime including a shoot-out at a Main Street restaurant on New Year's Day.

In addition to the FBI and Springfield police, agents with the U.S. Drug Enforcement Administration and Bureau of Alcohol, Tobacco, Firearms and Explosives joined in the sweep, plus U.S. Marshals, Massachusetts State Police and members of the Hampden County Sheriff's Department.

Members of each agency contribute to the Hampden County Joint Gang Task Force. The task force last rounded up dozens of local Latin King affiliates in 2005.

Yesterday, O'Reilly said law enforcement officials recovered a half-dozen handguns and small amounts of cash and drugs. Of the guns, he said ballistics tests will be performed to determine whether they can be linked to any local crimes.

"You never know what these guns are tied to," he said.

Springfield police spokeswoman Jennifer Flagg said joint law enforcement efforts are a key strategy in fighting local street crime.

"Partnerships with multiple law enforcement agencies allows us to pool our resources, share information on criminals and work towards putting them away for long prison terms," she said.

O'Reilly said the sweep was ongoing yesterday evening, and he expects to announce more arrests today.

Prosecutors: Car Dealers Were In Drug Business (CHIST)

Chicago Sun-Times, January 23, 2007

DOJ_NMG_0121065

Two West Side auto dealer owners lined their pockets by selling luxury SUVs for cash to drug dealers, who used them to smuggle cocaine or heroin, prosecutors alleged Monday.

In one case, hundreds of thousands of dollars in cocaine was later found welded into the frame of an SUV seized by agents, prosecutors contend.

Luxury cars seized The accusations came as the trial for Amir Hosseini and Hossein Obaei began in federal court. The men's dealerships -- Amer Leasing Sales, American Car Exchange and SHO Auto Credit -- were shuttered by authorities in 2005 and more than 100 vehicles, including Jaguars, BMWs, Cadillacs and tricked-out SUVs, were seized.

Hosseini, of Winnetka, and Obaei, of Northbrook, are accused of using their businesses as a haven for drug runners and gang-bangers, laundering millions of dollars. They allegedly helped drug dealers conceal their large cash payments for vehicles and also put liens on paid-off cars.

The liens meant that if the feds seized the vehicles, they would have to turn them back over to the car dealers. The dealers then allowed the gang-bangers to recover the vehicle -- or any drugs still stashed inside, the government alleges.

But defense lawyers say their clients were legitimate businessmen who weren't about to question how their clientele were able to pay in cash.

"Mr. Obaei is a used car dealer. He is not a drug dealer," said his lawyer, Andrew Staes.

Staes said if some of Obaei's clients were drug dealers, there's no evidence he knew about it.

But Assistant U.S. Attorney Daniel Rubinstein said the two "took street money and drug money and converted it back into luxury cars."

Drugs welded into frame In opening statements, Hosseini's lawyer, Pat Tuite, said many of the witnesses expected to testify were doing so to save their own skin. He suggested sales people who worked for the men were tied to drugs and gangs -- not the owners.

While seizing SUVs at the U.S.-Mexico border, the Drug Enforcement Administration and FBI discovered many were purchased at the West Side dealerships.

In one case, a drug-sniffing canine hit on an SUV but authorities couldn't find the "trap," a hidden compartment used by drug dealers to stash drugs. They soon learned from witnesses that the cocaine was packaged and actually welded into the car's frame, Rubinstein said.

Taxpayers Footing Bill For Illegal Immigrant's Defense (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), January 24, 2007

Taxpayers, check those wallets.

If they seem a little light, consider the legal bills for a Mexican citizen's fight to get out of jail pending a Knoxville drug charge to which he pleaded guilty Tuesday.

Juan Lino-Gomez, 28, pleaded guilty before U.S. District Judge Tom Varlan to charges that he conspired with three other men to sell marijuana in East Tennessee over a two-year period.

Assistant U.S. Attorney Mike Winck said Lino-Gomez in a single transaction last July sold 100 pounds of marijuana. Unlucky for him, though, his customer turned out to be an undercover agent, and he and his alleged cohorts were arrested, Winck said.

But Lino-Gomez's case offers up more than a garden-variety pot-pushing conspiracy. It is a primer on the price tag that prosecutions involving illegal immigrants can carry.

Start with the salaries of lead investigators, U.S. Drug Enforcement Administration Agent Todd Lee and Knoxville Police Department Investigator Bruce Conkey.

Next, add in cash taxpayers fork out to cover Winck's salary. As a veteran federal prosecutor, he doesn't come cheap.

Then, figure in the cost of defense attorney Stephen Ross Johnson, who was appointed to the case because Lino-Gomez said he could not afford to hire counsel.

Appointed attorneys earn $92 per hour up to a maximum of $7,000. A court-appointed attorney can earn another $5,000 to handle an appeal.

Because Lino-Gomez has not yet been sentenced, the cost of his defense has not yet been calculated. But Johnson certainly has racked up dozens of hours of work in the case, if not more. After all, the zealous defense attorney pitched an appeal for Lino-Gomez's freedom to two local judges and an appellate court panel.

According to court records, Lino-Gomez first entered the United States on a student visa. He returned on a work visa, but it had long run out when he was nabbed last July peddling marijuana in Knoxville.

Winck asked U.S. District Magistrate Judge Bruce Guyton to keep Lino-Gomez behind bars. He argued it was a no-brainer.

"Defendant is a citizen of and has ties to Mexico," Winck wrote. "(He) is facing a lengthy sentence if convicted. (He) has no ties to this district."

Not so fast, Johnson countered.

"A determination may be made that he is not deportable on the basis of his direct familial relationship with United States citizens, such as his two biological children," Johnson wrote in rebuttal.

Guyton sided with Winck. Johnson appealed to Varlan, who also sided with Winck. Johnson then took his argument to the 6th U.S. Circuit Court of Appeals. A three-judge panel shot him down in an order filed last month.

"The defendant is not a United States citizen," the court order stated.

Jamie Satterfield may be reached at 865-342-6308.

Bloomberg, Other Big-city Mayors Hold Gun Summit In D.C. (AP)

By Devlin Barrett, Associated Press Writer

AP, January 24, 2007

WASHINGTON -- Dozens of mayors from around the country gathered Tuesday to urge the new Democratic Congress to fight crime by allowing wider tracking of illegal guns.

New York Mayor Michael Bloomberg and Boston Mayor Thomas Menino were joined by 50 other mayors, who argue more access to gun sales data would reduce crime in the streets of their cities.

Minneapolis, Miami, Newark, N.J., and Omaha, Neb., were among the cities represented.

Bloomberg, a moderate Republican, said it was time to "begin showing Congress that it is possible to find common ground on common sense issues."

"We refuse to fall into the same old trap that it is an either-or: either respect the rights of gun owners or keep illegal guns out of the hands of criminals," Bloomberg said. "That's ideological nonsense, and we've just got to move past it."

To buttress their case, several of the mayors cited the recent rises in violent crime across the country.

FBI data show that violent crime rose 3.7 percent nationwide in the first six months of 2006 compared to the previous year.

In New York, the murder rate rose almost 10 percent in 2006, though the overall crime rate continued to decline.

New York's police commissioner, Ray Kelly, said: "After a significant downturn across the nation, violent crime is once again on the rise. Many cities are experiencing a substantial increase in shootings and homicides."

The mayors, most of whom were in town for separate meetings later this week of the U.S. Conference of Mayors, faulted the federal government for not doing more to crack down on the illegal movement of guns across city and state lines.

The White House has said violent crime has been reduced significantly in recent years, especially in many large cities, and a lot of the credit for that goes to mayors and law enforcement personnel and cooperation at the local, state and federal levels. It has said President Bush and Attorney General Alberto Gonzales are committed to making sure that existing laws are enforced.

For years, Bloomberg and others have complained about the National Rifle Association's powerful opposition to allowing the government to release gun sales records, also known as trace data, to show which tiny percentage of gun dealers are providing the bulk of guns used in crimes.

The NRA and other groups have derided the mayor's agenda as an elitist attempt to fix local crime problems by curtailing the national right to bear arms under the Second Amendment of the Bill of Rights.

Wayne LaPierre, the CEO of the NRA, called Bloomberg's argument "a wolf in sheep's clothing for the average gun owner in the United States."

LaPierre argued past gun trace data was misused in a way that weakened criminal prosecutions of criminals.

"The rest of the country doesn't really want New York City-style gun laws imposed on them ... where (gun) permits are given out to the elite and the famous while the average guy is flat out of luck," LaPierre said.

The mayors contend lax enforcement of national laws has brought more guns and armed criminals to their doorsteps.

"Illegal guns are a national problem that require a national response," Menino said.

Menino and Bloomberg formed Mayors Against Illegal Guns last year to press the government to share federal trace data with local law enforcement.

That trace data could also be used in lawsuits against dealers and gun manufacturers.

The mayors argue that if the trace data were shared, dealers would not be able to skirt or break the law when selling to so-called straw purchasers _ those who technically buy the weapons but quickly give them to someone else.

During the gathering, Bloomberg also offered another declaration of confidence in his police commissioner.

"I guarantee you he will be our commissioner for the next three (years). After that, Ray, you're on your own," Bloomberg joked.

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Mayors Unite On Gun-tracking Effort (WT)

By Brian Debose

The Washington Times, January 24, 2007

More than 120 of the nation's mayors urged Congress yesterday to allow federal and local law enforcement to share gun database tracking information in an effort to curtail the illegal sale of firearms.

City executives said they have run out of options to keep guns off their streets. Gun-buyback programs and stings on vendors who violate laws haven't solved the problem, they said.

Mayors Michael R. Bloomberg of New York and Thomas M. Merino of Boston, who in April formed a coalition called Mayors Against Illegal Guns, have crafted a policy agenda for Congress.

They are attempting to avoid serious conflicts with pro-gun groups, sportsmen and advocates of the Second Amendment, which protects Americans' right to bear arms.

"Gun owners support common-sense policies to keep illegal guns off our streets. This is not a Second Amendment issue; this is a crime issue," Mr. Bloomberg said yesterday during a coalition meeting in Washington. "The fact is, respecting the rights of gun owners while cracking down on illegal guns are completely compatible goals."

The mayors are asking lawmakers to allow the federal Bureau of Alcohol Tobacco Firearms and Explosives (ATF) to share gun registry information with city and state police forces. Conservative Republicans who oppose additional laws restricting gun purchases and ownership call the idea an undue intrusion on privacy rights.

An appropriations bill that passed in 2003 included an earmark amendment submitted by Rep. Todd Tiahrt, Kansas Republican, that limited the type of gun-tracing information that the ATF could share with police.

Some Republicans now are joining Democrats to support removal of that policy.

The mayors yesterday also announced the creation of a congressional task force that will study gun violence and recommend solutions to curb illegal gun sales.

The committee will include Reps. Charles B. Rangel, New York Democrat; John Conyers Jr., Michigan Democrat; Peter T. King, New York Republican; and Mark Steven Kirk, Illinois Republican.

"Death by illegal guns doesn't show any racial, partisan, political or religious grounds. It is a national problem that has to be addressed," Mr. King said.

Former Federal Agents Suing City, Charge Police Corruption (BVND)

By Mike Robinson

AP, January 24, 2007

CHICAGO - Chicago police retaliated with harsh reprisals against two government agents who blew the whistle on one of the city's most corrupt police officers ever, a federal court jury was told Tuesday.

Diane V. Klipfel and Michael V. Casali, a married couple who were agents with the Bureau of Alcohol, Tobacco and Firearms, found their lives in ruins after they leveled corruption charges in 1992 at decorated narcotics investigator Joseph Miedzianowski, attorney Sally H. Saltzberg said.

"They went to enormous lengths to retaliate against Diane and Mike for their allegations," Saltzberg said during opening statements in the couple's civil lawsuit against the city.

Klipfel and Casali are seeking almost $10 million apiece in damages from the city, saying they were not only the targets of retaliation but the victims of a "blue wall of silence" designed to cover up corruption.

City of Chicago attorney Stephen Baker scoffed at the notion that the city had any responsibility for the problems that beset the couple.

He told jurors that police officials all but begged ATF for information about wrongdoing on the part of Miedzianowski. But it was the Chicago police who were met with silence, Baker said.

He noted that Klipfel had not only become involved in a controversy over Miedzianowski but allegations against superiors in her office.

Eventually, the "60 Minutes" television show produced a documentary about problems in the Chicago ATF office and an investigation was launched by the inspector general's office.

Klipfel and Casali have not been ATF agents since the late 1990s.

Saltzberg promised to shine a light on corruption and indifference at the police department. Among planned witnesses for the couple is Chicago Police Superintendent Phil Cline, who once supervised Miedzianowski.

Miedzianowski, who is also a defendant in the suit, was convicted in April 2001 of racketeering, narcotics conspiracy and firearms violations. He is serving a life sentence at a federal prison in California.

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Witnesses at his trial testified that Miedzianowski supplied street gang members with drugs, guns and ammunition when he was supposed to be investigating them.

Attorneys for Klipfel and Casali plan to show jurors a televised deposition given by the wayward former officer from his federal prison.

Saltzberg said that "Phil Cline knew Miedzianowski was a crook - it was hard to miss." She said that Cline filed several reports suggesting that Miedzianowski might have been involved in corruption.

But she said that he didn't follow up on them.

Meanwhile, police hit Klipfel with 129 allegations of corruption on her part and additional allegations against her husband, Saltzberg said.

Miedzianowski also threatened the couple with violence, bringing a gunman into their home and telling him to "kill them all," she said.

The gunman didn't follow Miedzianowski's order. But the fear of what might happen prompted the couple to send their children away repeatedly. They also made the children sleep in a closet in the center of the home and kept them away from the walls and windows at other times, Saltzberg said.

IMMIGRATION:

President Renews Push For Bill On Immigration (WT)

By Stephen Dinan

The Washington Times, January 24, 2007

President Bush last night said his administration has made huge strides clamping down on illegal border crossings, and called on Congress to finish the job this year by passing a guest-worker bill and extending citizenship rights to illegal aliens.

In a State of the Union address designed to highlight areas where he could work with the new majority Democrats, Mr. Bush put immigration front and center, along with education, health care and energy policy -- all domestic issues where he thinks he can find common ground.

"Convictions run deep in this Capitol when it comes to immigration. Let us have a serious, civil and conclusive debate -- so that you can pass and I can sign comprehensive immigration reform," Mr. Bush said.

But the president's push will isolate many conservative Republicans who oppose his immigration and education plans, and shows the precarious balancing act Mr. Bush will have to do with his own party as he works with Democrats to try to achieve legacy accomplishments.

"These last two years will be the years that the president's trying to establish a legacy. Oh, how I wish there was a magnificent legacy already in place," said Rep. Steve King, Iowa Republican, who said the president is tearing their party apart over his immigration policy, which Mr. King called amnesty.

"You can hear the hammer drive the wedge right into the Republican Party," said Mr. King, a supporter of Mr. Bush's war on terror.

House Republicans last year blocked Mr. Bush from winning a guest-worker bill, instead sending him an enforcement bill that he signed.

Mr. Bush did not tread new ground on policy last night, instead repeating his demand for an immigration bill that tackles five issues: border security, interior enforcement, a new program for future foreign workers, a path to citizenship for current illegal aliens and a push to assimilate immigrants into society.

But his emphasis on border security was new, compared with his past three State of the Union addresses.

Mr. Bush promised to fulfill his pledge of doubling the size of the U.S. Border Patrol, and said, "We will enforce our immigration laws at the work site and give employers the tools to verify the legal status of their workers so there is no excuse left for violating the law."

Rep. Jeff Flake, Arizona Republican and a supporter of Mr. Bush's immigration stance, said it helps to have Mr. Bush continue to push the issue.

Tamar Jacoby, a senior fellow at the Manhattan Institute who acts as an informal adviser to the White House on the issue, said Mr. Bush knows he must convince Republicans who say they cannot work on a broad bill without first tackling border security.

"How does he do that? He speaks to the issue that's holding them up. That's the right thing to do," she said. "He has the belief that if he pushes too far, they're just going to push back. The main thing he can do is address some of their concerns and motivate them."

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Some of Mr. Bush's supporters then want the president to get into policy details, calling lawmakers to the White House and hammering out a compromise himself. Others say he should stay above the fray and instead focus on pressuring his own party.

"If he would do either, I would be thrilled," said Angela Kelley, deputy director of the National Immigration Forum. "So far he has made some terrific speeches about this issue, but yet, calling meetings, having press conferences, making phone calls, dispatching deputies to the Hill -- any of those steps are absolutely critical."

She said Mr. Bush has made a solid start, "but we're far from it being into the end zone."

For now, Mr. Bush's focus appears to be on convincing his own party he is serious about enforcement.

Southwest border apprehensions were down 26 percent from October through December 2006, compared with the same period in 2005. U.S. Border Patrol officials said that was a result of the president's decision last year to boost Border Patrol resources and deploy National Guard troops to help. Apprehensions of non-Mexican illegal aliens fell 58 percent.

Immigration authorities say fewer apprehensions means fewer individuals are trying to cross, though critics say it could mean illegal aliens are shifting to cross in less-well-patrolled places.

Mr. Bush also pointed to stepped-up work-site enforcement, saying the number of arrests last year was seven times the level in 2002.

But Mr. King said 1,000 illegal aliens still cross the border each day and more needs to be done. He said Mr. Bush should start by following through on building 700 miles of border fence and producing the report on operational control of the border that he agreed to in signing the fence bill.

Immigration Proposals Reverse Party Loyalties (WSJ)

By June Kronholz And Sarah Lueck

The Wall Street Journal, January 24, 2007

WASHINGTON -- President Bush's call for an overhaul of immigration law is largely a reprise of earlier plans, but with a twist: With his party out of power on Capitol Hill, it could pass.

Mr. Bush elevated immigration to one of four domestic-policy priorities in his State of the Union address, even while offering an agenda similar to last year's plan. He proposed a temporary-worker plan, a path to legalization for some of the estimated 12 million illegal immigrants, tougher border enforcement and measures to ensure employers hire only legal workers.

TERMS OF ENTRY

· The Issue: President Bush again is making immigration reform a top priority in his domestic agenda.

· Behind the Debate: Whether to provide temporary immigrant workers a path to citizenship is a key difference between Mr. Bush and congressional Democrats.

· What's Next: Democrats are likely to press for their own "comprehensive" legislation and rely on Mr. Bush to help round up enough Republican votes.

Democratic control of Congress clears one big obstacle: a Republican House leadership focused on a crackdown, in part by building a fence along 700 miles of the U.S.-Mexico border. Both houses are expected to take up bills that resemble Mr. Bush's plan.

Senate Majority Leader Harry Reid (D., Nev.) said his chamber could pass a bill by August. The House, which hasn't held hearings on the most contentious issues, will take longer, although Rep, Zoe Lofgren (D., Calif.), who heads the House immigration subcommittee, said "we can get somewhere."

Even so, immigration is such a volatile issue that passing a bill "is going to be a mountain to climb," said Frank Sharry of the National Immigration Forum, a coalition of pro-immigration business, labor and advocacy groups.

Mr. Bush and congressional Democrats agree on the outlines of a bill, but they are far apart on details. Both agree on helping employers fill jobs with temporary workers. Without that, they say, the U.S. economy will remain a magnet for illegals. But the president insists those workers must eventually leave, a key demand of conservatives who fear the growing Hispanic population is undermining American culture. Generally, Democrats want to let them stay and eventually become citizens.

The issue cuts across party lines, which will make compromise difficult. Business groups, which generally are friendlier to Republicans, say making workers go home would be disruptive to employers and create a permanent underclass with no loyalty to the U.S. Mr. Bush's insistence that workers go home "would be the death knell for bipartisan agreement," Mr. Sharry said.

Labor unions, which are generally supportive of Democrats and wield more clout after Democratic wins in the November elections, fear that temporary workers will drive down wages for U.S. workers.

Mr. Bush and congressional Democrats favor legalizing many of the illegals now in the U.S. A Senate bill last year proposed treating them differently depending on how long they have been in the U.S. That's seen as unworkable, even by House Democrats.

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Coming up with an alternative will be contentious. The president and pro-immigration Democrats fear that a plan that allows too many illegal immigrants to stay will be branded an amnesty by wary voters, while a plan that allows too few to stay won't work.

The White House wants illegal immigrants to pay a fine and back taxes, learn English and hold jobs for a number of years (as yet unspecified) before they could legalize. The approach is popular with Democrats.

Passage of a bill in either house will depend on the support of Republicans, however, many of whom complain those measures are a slap on the wrist.

The November elections have given a boost to supporters of immigration overhaul, which could help ease passage. Hispanic voters peeled away from Republicans, largely because of the party's hard-line stand on immigration, and both parties are eager to claim that growing voter bloc.

Employers want a bill that sets worker-verification guidelines and protects them from immigration raids. The administration stepped up enforcement last year, making thousands of arrests. That created a furor among employers who say they have no way to know if a worker is legal.

The issue cuts both ways. Democrats fear handing Mr. Bush a big legislative victory, but they hope he can deliver Republican votes. Still, lawmakers are hopeful. "This is one issue where there's a lot of overlap between the president's position and our position," said Rep. Howard Berman (D., Calif.). "What the president hasn't ever been willing to do is spend credits on it. I hope he has some left."

Southern California Immigration Raid Nets 761 Arrests (FINDLAW/AP)

By Gillian Flaccus, Associated Press Writer

AP, January 24, 2007

(AP) - SANTA ANA, California-Federal immigration officials said Tuesday they arrested more than 750 illegal immigrant fugitives from 14 countries in what they described as one of the biggest such sweeps in U.S. history.

The weeklong series of raids in the five-county Los Angeles region targeted illegal immigrants who had previously been deported for crimes or had ignored final deportation orders.

The raids netted 338 illegal immigrants who were arrested at their homes and apartments and 423 who were identified in area jails since Jan. 17. Those already jailed will be transferred to federal custody when they finish serving their state sentences, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement.

The sweep netted illegal immigrants from Mexico, Honduras, Ukraine, India, Japan, Poland and Trinidad, among others. Of the 761 people arrested, more than 450 have already been deported, Kice said.

The raids were a major push within "Operation Return to Sender," a crackdown that has resulted in 13,192 arrests nationwide since late May. Immigration officials have also identified 3,000 inmates in state and local jails who will be deported.

The operation targets those illegal immigrants who hide after skipping their voluntary deportation proceedings and criminals who have re-entered the United States after being previously deported for crimes in the U.S.

Despite ongoing efforts, officials estimate that about 600,000 illegal immigrants who have ignored deportation orders are still at large, Kice said.

The Associated Press rode along for the first day of sweeps in Orange County last week.

Immigration officers gathered at 4 a.m. (1200 GMT) in a chilly parking lot for a pep talk, then fanned out to houses in Anaheim and Santa Ana.

At the first stop, an apartment complex, a half-dozen agents arrested a 29-year-old illegal immigrant wanted for a DUI conviction. Kice said that man is now helping them find his brother, who is a registered sex offender and immigration fugitive.

At the second stop, the agents were looking for a convicted rapist and immigration fugitive. Instead, they arrested six men who could not provide legal papers - and later learned that all six were illegal and four had criminal records.

The rapist they sought had moved out the week before, Kice said. Officials are still searching for him.

TAX:

Back Taxes Sought From Closed Center (BUFFNEWS)

Buffalo News, January 24, 2007

In an attempt to recoup back taxes from the closed St. Augustine Center, the Tax Division of the U.S. Justice Department has filed a federal suit seeking to block state court action in the case.

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The Tax Division served papers Friday on State Supreme Court Justice John A. Michalek, who shut down the center last February, and Adam W. Perry, the attorney he assigned to close the books on the center and pay off unpaid workers.

U.S. District Judge John T. Elfvin has scheduled a hearing on the suit for Wednesday.

Perry noted this is the third time in recent months that the Justice Department has sought to intervene in the state court action, in which he is seeking to partially compensate 85 employees, each now entitled to about $1,500, for their work during the final months.

The Justice Department lawsuit describes the court action as an effort to block Perry from distributing any funds collected for St. Augustine employees and "enjoin the New York State Supreme Court, Erie County, from proceeding further in the receivership action."

The federal government hopes to secure at least partial funding of the $699,553 in unpaid federal employment taxes, federal income tax liabilities and interest that continue to accumulate against the center.

Three weeks ago, Elfvin quashed an Internal Revenue Service effort to have the entire tax dispute handled in federal court. And last week, Michalek refused to permit the IRS to intervene in the state case.

CONGRESS-ADMINISTRATION:

Bush Unveils Health Plan Tied To Tax Deduction (USAT)

By Julie Appleby

USA Today, January 24, 2007

President's Bush's State of the Union health care proposal couples an old idea, capping tax-free benefits for health care, with a new one: a standard deduction for all who buy health insurance.

If approved, and the plan faces a chilly reception in the Democrat-controlled Congress, the administration says it would give people who buy their own health insurance equal tax breaks with those who get coverage through their jobs. The tax savings could help 3 million to 5 million of the nearly 47 million now-uninsured people buy coverage, the administration says.

For the rest, the president proposes moving some money that currently goes to hospitals and nursing homes into subsidies to help lower-income people buy health insurance through state-sponsored insurance programs.

Opponents, such as liberal advocacy group Families USA, says the proposal mainly benefits wealthier Americans. Others say it could lead some employers to drop insurance, forcing workers onto the individual market, where some may not be able to afford coverage.

A similar plan to cap tax-free health benefits offered by employers was proposed by President Reagan in 1986 but failed to pass Congress.

Rep. Pete Stark, D-Calif., chairman of a key health subcommittee in the House, said he would not even consider hearings on the proposal. He says it would give wealthier Americans with health insurance a far larger tax break than the lower-income uninsured that the plan purportedly aims to help.

The White House outlined some elements of the plan:

·Health insurance offered through jobs would become taxable income. But insured workers' taxable income would be reduced by a deduction of $15,000 for a family plan or $7,500 for an individual. Currently, the average family health plan offered by employers costs $11,500 for families and $4,300 for singles, a Kaiser Family Foundation survey says. Only people with insurance worth more than the deduction would pay more tax.

·People who buy their own insurance would get the same deductions: $15,000 for families, $7,500 for singles, lowering their taxable income by that amount — even if their health plans did not cost that much. Currently, only the self-employed who buy their own insurance get a tax deduction.

·The administration says more than 100 million workers — out of about 175 million — who now get their insurance through their jobs would see their tax bills go down.

"For a lot of people, it would be a bonanza," says Joe Antos of American Enterprise Institute. He and other supporters of the plan say it would encourage employers to offer less-generous insurance plans. They say generous plans drive up the cost of health care.

Paul Fronstin of the Employee Benefit Research Institute says the proposal might lead more employers to drop coverage. Some employers might also find that younger, healthier workers would opt out of company plans to buy their own insurance, leaving sicker, more expensive workers behind, he says.

Bush's Insurance Plan Looks DOA (RC)

By John Stanton

Roll Call, January 24, 2007

President Bush's call for a major overhaul of the employer-based health insurance system is unlikely to see much, if any, action in the Senate this year in the face of near-universal opposition from Democrats and a GOP base still stinging from the Social Security debacle in the 109th Congress.

Bush was expected to make the proposal a central aspect of the domestic policy section of his State of the Union address. The plan would create a new tax on individuals who have insurance through their work if the value of their coverage exceeded $15,000 a year. Those taxes would be used to help subsidize coverage for low-income citizens.

Senate Democrats have largely dismissed the proposal, charging it will cause a significant tax burden on middle-class families.

Senate Health, Education, Labor and Pensions Chairman Edward Kennedy (D-Mass.) said that while he is pleased the Bush administration is considering some sort of insurance overhaul, the president's plan is inadequate.

"The President's proposals are an opportunity missed. They will not improve access to good coverage, and won't help working families afford the spiraling cost of health care," Kennedy said in a statement.

Sen. Ron Wyden (D-Ore.), a longtime proponent of reforming the tax code's health insurance provisions, said he opposes Bush's plan. "I'm especially troubled by the example of a couple who makes $50-$55,000 a year, with a youngster who has big medical bills," Wyden said. "They'll pay hundreds of dollars in new taxes."

Presidential hopeful Sen. Barack Obama (D-Ill.) said he would not support the plan. "It's not going to be adequate," Obama said, arguing it does not do enough to cover a number of problems with the current insurance system.

A Democratic leadership aide argued that with Democrats strongly opposed to the proposal it is unlikely GOP leaders will have the muscle necessary to force Senate Majority Leader Harry Reid (D-Nev.) to take up the issue.

Republicans could attempt to attach it to stem-cell research — the only major health care bill scheduled for consideration in the near future — but the Democratic aide said Republicans would have difficulty drumming up the 60 votes needed to do so.

"They don't have the votes. It's not going to come up," the aide said.

A senior GOP leadership aide acknowledged that the insurance reforms would likely not get a serious look in the Senate.

However, the aide said Minority Leader Mitch McConnell (R-Ky.) could take a page from last year's Democratic playbook and use the issue to try to paint Democrats as protecting upper-middle-class citizens at the expense of the poor. "It gives us something to talk about," the aide said.

Democrats warned that should the GOP make a political push over the issue, they have begun laying the groundwork to use arguments similar to those Reid employed in 2005 to block Bush's Social Security plan.

For instance, one leadership aide pointed out that since word of the proposal began to leak late last week, Democrats have been successful in portraying the plan as a tax increase on the middle class and that by framing the debate in such a way, Republicans would be forced into the position of having to defend the proposal.

Similarly, a second Democratic aide said the plan's roots in the world of conservative think tanks and the seemingly arbitrary use of the $15,000 threshold will make it easy to paint as "this year's Social Security privatization. Drop it in the dumb file."

Bush Revives Some Past Proposals And Offers A New Initiative On Health Insurance (NYT)

By Robin Toner And Robert Pear

New York Times, January 24, 2007

WASHINGTON, Jan. 23 — President Bush delivered a domestic agenda to Congressional Democrats on Tuesday that was, in large part, modest and a reiteration of past proposals. Where he did break ground — on health care — his initiative was quickly dismissed by leading Democrats and seemed unlikely to form the basis of bipartisan action.

There were some notable omissions in Mr. Bush's speech. He did not offer a new proposal for dealing with the long-term financial problems in Medicare and Social Security, although he again identified those entitlement programs as a challenge that must be confronted. Nor did he make the grand gesture that might have spurred Congressional Democrats into the bipartisan talks on entitlements that administration officials insist they want.

Mr. Bush renewed his call for an overhaul of immigration laws, considered one of his best chances to accomplish something big in the current Congress. But in general, his domestic agenda reflected the political constraints of a conservative second-term president facing a newly empowered Democratic-led Congress.

Aside from energy, the major focus of Mr. Bush's domestic proposals was an effort to expand access to affordable health insurance, by creating a new tax benefit for those buying insurance on their own rather than through their employer. The new benefit would be part of a sweeping change in the tax code under which employer-provided health insurance, which is how more

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than half of Americans get their coverage, would be treated as taxable income. For decades, those benefits have been exempt from income and payroll taxes.

In effect, the president is proposing a new standard deduction for health insurance — $15,000 for families and $7,500 for individuals. That would mean lower taxes for more than 100 million Americans with employer-provided coverage worth less than the standard deduction, Mr. Bush said. But it would raise taxes for about 30 million people with more expensive plans, unless they switched to less costly alternatives, White House officials said.

Mr. Bush said the tax proposal was an effort to "level the playing field" between Americans buying insurance on their own and those who get it through their employers. "For the millions of other Americans who have no health insurance at all, this deduction would help put a basic private health insurance plan within their reach," he said. "Changing the tax code is a vital and necessary step to making health care affordable for more Americans."

Democrats, labor unions and some consumer advocates said the proposal would shake the foundations of the nation's health insurance system, still largely built around the workplace.

Congressional Democrats described the plan as a middle-class tax increase that would penalize people with good health benefits. They praised the new focus on health care, but said the Bush proposal was more likely to yield partisan debate than a search for consensus.

"It's difficult to imagine a proposal like this making it through the House or the Senate," said a spokesman for Senator Harry Reid of Nevada, the Democratic leader.

Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, said, "I cannot conceive of this as an olive branch, as an attempt to get something done."

Representative Pete Stark, Democrat of California and chairman of the Ways and Means Subcommittee on Health, said his panel would not consider Mr. Bush's proposal.

Prospects were less grim for immigration legislation. Mr. Bush renewed his push for a law that would toughen border security, grant legal status to the nation's illegal immigrants and create a temporary worker program to ensure a steady flow of foreign workers to businesses.

The proposal, which would also toughen criminal and financial penalties for employers who hire illegal immigrants, has a much stronger chance of passage in a Democratic-led Congress this year than it did when Republicans were in control, lawmakers of both parties say.

Leading Democrats in the Senate, who have consulted with Mr. Bush in recent weeks, expect to introduce legislation next month. House Democrats expect to follow.

But passage is far from assured. The A.F.L-C.I.O, which is expected to have more leverage in this Congress, is determined to scuttle the temporary worker program, saying it threatens to replace American workers with foreigners. Administration officials emphasized on Tuesday that the program would have to be "truly temporary," which left some advocates for immigrants concerned that Mr. Bush might oppose a path to permanent residency or citizenship for temporary workers.

And some moderate Democrats, along with conservative Republicans, strongly oppose proposals that would legalize illegal immigrants, saying they amount to an amnesty for lawbreakers.

Still, critics and proponents of the legislation alike agree that this year offers Mr. Bush his best opportunity to build a bipartisan consensus on the issue. His focus on the need for immigrants to assimilate — by learning English and integrating more deeply into American society — may be intended to help ease concerns among some of his Republican supporters and some moderate Democrats.

Mr. Bush also returned to the signature bipartisan accomplishment of his first term, the No Child Left Behind legislation that requires schools to demonstrate yearly progress in students' achievements. He urged Congress to renew the law.

'We Must Not Fail In Iraq' (WT)

By Joseph Curl,

The Washington Times, January 24, 2007

President Bush pleaded with Congress last night to give his new strategy for victory in the struggle in Iraq a chance because "America must not fail in Iraq."

Defeat in Iraq, he said, would be "grievous and far-reaching" because the fighting in Iraq is part of a broader struggle against Islamic extremists across the Middle East and stretching to the farther reaches of the globe.

He proposed wide-ranging domestic goals in his 50-minute State of the Union address, proposing to balance the budget with no new taxes over the next five years, slash gasoline consumption by 20 percent over the next 10 years, double the Strategic Petroleum Reserve to 1.5 billion barrels of oil over the next 20 years, offer tax benefits for Americans who buy their own

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health insurance, create a "temporary worker program" as the first step in comprehensive immigration reform and "remain a clear voice for freedom" in Cuba, Belarus and Burma.

The domestic goals were relatively modest, but the president was at his most impassioned in arguing that the war in Iraq must not be abandoned.

America faces "a generational struggle that will continue long after you and I have turned our duties over to others," he said. "That is why it is important to work together so our nation can see this great effort through.

"For all of us in this room, there is no higher responsibility than to protect the people of this country from danger. ... To win the war on terror, we must take the fight to the enemy. Both parties and both branches should work in close consultation."

Democrats, who now control both the House and the Senate, sat quietly as Republicans stood in a raucous ovation when the president declared "nothing is more important at this moment in our history than for America ... to succeed in Iraq." Vice President Dick Cheney often stood to applaud as House Speaker Nancy Pelosi remained seated, unsmiling.

Mr. Bush avoided a focus on major initiatives on contentious matters that divide the two parties, as he did in 2005, for example, when he made major Social Security reform a central theme of his speech, only to see it fail.

He focused instead on Democrat-friendly issues, calling on Congress to enact immigration reform this year, set up new health care tax breaks by 2009, increase the military by nearly 100,000 members in the next five years, double the Strategic Petroleum Reserve by 2027 and cut congressional earmarks in half in the next fiscal year.

As he did two weeks ago, the president said the only way to secure the war-torn country is to send in thousands of additional troops.

"Our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance of success. Many in this chamber understand that America must not fail in Iraq -- because you understand that the consequences of failure would be grievous and far-reaching," he said.

Democrats, many of whom support resolutions of opposition to the president's plan, quickly repeated their opposition in the wake of the speech.

"The president took us into this war recklessly," said Sen. James H. Webb of Virginia, who has been in office less than a month, who delivered the Democratic response. "The majority of the nation no longer supports the way this war is being fought; nor does the majority of our military. We need a new direction," including "strong regionally based diplomacy" and "a formula that will in short order allow our combat forces to leave Iraq."

The president urged Congress to unite in the struggle against international terrorism as Americans did in the days after the September 11 terrorist attacks.

"We went into this largely united -- in our assumptions and in our convictions. And whatever you voted for, you did not vote for failure. Our country is pursuing a new strategy in Iraq, and I ask you to give it a chance to work," Mr. Bush said. "And I ask you to support our troops in the field, and those on their way."

Mr. Bush acknowledged that terrorists have made inroads across the Middle East and said sectarian violence and insurgents have outstripped American forces in Iraq.

"This is not the fight we entered in Iraq, but it is the fight we are in. Every one of us wishes this war were over and won, yet it would not be like us to leave our promises unkept, our friends abandoned, and our own security at risk."

He said the United States cannot withdraw.

"If American forces step back before Baghdad is secure, the Iraqi government would be overrun by extremists on all sides. ... For America, this is a nightmare scenario. On this day, at this hour, it is still within our power to shape the outcome of this battle. So let us find our resolve, and turn events toward victory."

Mr. Bush sought at several points to soothe harsh partisan feelings, opening his address by noting the ascendancy of House Speaker Nancy Pelosi, the first woman to head either chamber of Congress.

It was "high privilege and distinct honor," he said, echoing Mrs. Pelosi's words introducing him, to be the first president ever to start the address by thanking "Madame Speaker." As the gathered lawmakers and officials gave a standing ovation, Mr. Bush turned from his lectern and shook Mrs. Pelosi's hand.

At that moment, Rep. Stephanie Tubbs Jones, Ohio Democrat, flexed her arms in the boxer's stance, as Mrs. Pelosi did at her swearing-in week.

After a rare round of bipartisan applause, Mr. Bush reached out to Democrats, challenging the new majority to work with Republicans to get things done.

"Congress has changed, but our responsibilities have not," the president said. "We are not the first to come here with government divided and uncertainty in the air. Like many before us, we can work through our differences and achieve big things for the American people."

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Despite growing rancor between the two parties -- Mrs. Pelosi last week accused the president of swiftly enacting his "surge" plan to prevent opponents on Capitol Hill from blocking the strategy, words the White House labeled "poisonous" -- Mr. Bush said that "both parties and both branches should work in close consultation."

"Our citizens don't much care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done," he said.

Mr. Bush urged the congressmen to increase funding for his signature No Child Left Behind Act and reconsider school vouchers, urging Congress to give "families with children stuck in failing schools the right to choose some place better."

He repeated his rejection of new taxes, touted the booming economy -- in its 41st straight month of job growth, he noted -- and vowed to erase the federal deficit within five years.

Mr. Bush won far more applause from Democrats than from Republicans when he called for a "comprehensive" immigration bill and when he called for action to combat global warming. The entire Democratic side of the room stood for both, while many Republicans remained sitting and some of them shook their heads in seeming dismay.

Cameras in the chamber cut away to Rep. Tom Tancredo, the Colorado Republican who leads the House immigration caucus. Mr. Tancredo shook his head "no."

The biggest applause line of the night for Mr. Bush among Republicans was his call for an up-or-down vote in the Senate on his judicial nominees. But on the Democratic side just two stood -- Sens. Ben Nelson of Nebraska and Joe Lieberman of Connecticut, an independent who caucuses with the Democrats.

Mr. Bush made only a brief undetailed call for reform of Social Security, Medicare and Medicaid. "Somehow we have not found it in ourselves to act," he said. "So let us work together and do it now."

One Republican-friendly feature of previous State of the Union addresses was notably absent. Mr. Bush made no mention of efforts to amend the Constitution against homosexual "marriage" by defining the union as joining a man and a woman.

In keeping the tradition, one Cabinet member -- last night it was Attorney General Alberto R. Gonzales -- did not attend the speech in case of a major attack on the Capitol.

The White House sought to highlight the president's energy initiative, holding an afternoon briefing for reporters featuring senior administration officials and lifting the usual embargo on specific proposals in the address. "It is in our vital interest to diversify America's energy supply, and the way forward is through technology," he said.

According to the president's proposal, Americans could cut gasoline consumption by 20 percent within 10 years by sharply increasing the amount of ethanol and other alternative fuels that the government mandates must be blended into the fuel supply.

Under current law, fuel blenders must use 7.5 billion gallons of renewable fuel annually by 2012; Mr. Bush wants to increase that to 35 billion gallons by 2017, which would achieve a 15 percent cut. The president's plan also calls for raising the fuel economy standards for passenger cars, a plan that Mr. Bush has proposed in the past but failed to win from Congress. Doing so would reduce annual gasoline consumption by 8.5 billion gallons, a further 5 percent reduction.

"Achieving these ambitious goals will dramatically reduce our dependence on foreign oil, but not eliminate it," he said.

Mr. Bush, who last year declared in his State of the Union that Americans are "addicted to oil," again urged lawmakers to move forward to reduce U.S. reliance on foreign petroleum.

Another major initiative in Mr. Bush's speech called for tax breaks for employer-financed health care benefits, analogous to the current child allowance. Instead of paying for health insurance with wages that already had been taxed, persons could pay for a significant part of their health insurance -- $15,000 per family and $7,500 for individuals -- with pre-tax dollars.

The White House said 80 percent of workers with health insurance through their jobs would see a tax cut as a result of the change. Still, analysts say some 20 percent could see a tax increase, including those workers whose health insurance cost more than the standard deduction.

As evidence of the partisanship in the House, Rep. Pete Stark, California Democrat and chairman of the Ways and Means health subcommittee, said he would not even consider holding hearings on the plan.

Other proposals in Mr. Bush's speech included a call for "new resources" to expand the No Child Left Behind education act, which requires testing in elementary and middle schools to make sure students are learning. The president wants to expand the program and is seeking to give poor students the right to private-school vouchers.

The administration's proposal calls for giving vouchers to students in schools that repeatedly fail to meet standards set by the federal law, but Democrats blocked that idea when the bill was drafted five years ago.

Sen. Edward M. Kennedy, Massachusetts Democrat and new chairman of the Senate committee overseeing education, said again yesterday that he would work to keep vouchers out of the education law.

·Stephen Dinan contributed to this report.

Bush's Focus On Health Care Draws Criticism, New Hope (WSJ)

By Laura Meckler

The Wall Street Journal, January 24, 2007

President Bush's new focus on shrinking the ranks of the uninsured is appealing to Democrats and others who have long hoped for a renewed debate over how to extend health insurance – but Mr. Bush's specific plans still face criticism.

"While the administration's current proposal is deeply flawed, the attention that the president is devoting to the issue could signal real progress in addressing the health-care crisis," said Sen. Edward Kennedy (D., Mass), who has worked many years on health issues.

STATE OF THE UNION

See excerpts1 from the speech, and a transcript2 of a White House briefing on the president's proposals.

Fact sheets, provided by the White House ahead of the address. (Full text PDF3) · Overview Fact Sheet: The 2007 State Of The Union Address4

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Mr. Bush's proposal would change how the tax break for health insurance is calculated. Critics said that approach would do little to reduce the ranks of the uninsured and could undermine the employer-based insurance system by shifting many Americans from stable employer-based insurance, where the risk is spread over an entire work force, into the unstable individual insurance market, where people are evaluated and charged based on their individual health and projected expenses.

If workers can get the same tax break for buying insurance on their own as they would get if they got insurance through work, employers may be tempted to drop insurance plans altogether. That could spell trouble for less-healthy workers who would likely pay higher premiums than they would if they were part of a group plan, critics say. "In the individual insurance market, people will be denied coverage because of family history, existing illnesses, or genetic makeup," predicted Rep. Pete Stark (D., Calif.), chairman of the House Ways and Means Committee's health subcommittee.

Critics also argue it would also do little to help those without insurance now. Most of the uninsured have relatively low incomes, meaning the new tax deduction for purchasing insurance on the open market is less valuable for them than for those who earn more. "Since most uninsured Americans pay low or no taxes, they would receive little help from this plan," said the Center for American Progress Action Fund.

Mr. Bush's second proposal would divert dollars that now support hospitals that care for the poor into state-created programs that subsidized basic insurance plans. That, too, came in for criticism and will surely be fought by the hospitals who rely on the existing programs. "The president's proposal pulls the rug out from under safety net hospitals that care for some of our nation's most vulnerable people," the American Hospital Association said.

Bush Wants Tax Code Changes To Spread Health Care (CHIT)

By Judith Graham

Chicago Tribune, January 24, 2007

On Tuesday, President Bush used his bully pulpit to argue that the nation should be doing much more to cover the uninsured.

"A future of hope and opportunity requires that all our citizens have affordable and available health care," he told Congress, which responded with hearty applause. It's a new message from the White House. And it's likely to have resonance as a reinvigorated debate on health reform gathers steam in Washington and the states.

"I think the president is jump-starting a national discussion over expanding health-care coverage," said Karen Ignagni, president of America's Health Insurance Plans.

The president's most important contribution is his focus on changing what health economists call "perverse incentives" in the tax code.

Currently, payroll and income taxes are waived for health insurance, unlike other forms of compensation. But only workers insured through their employers get these tax breaks.

Also, companies that spend more on health insurance get bigger tax breaks. As a result, "overly generous" policies that encourage "over-use of medical services" are common, said Michael Cannon, health policy director at the Cato Institute.

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The president would change the incentives built into the tax code in three ways.

First, he'd eliminate the tax breaks for health insurance and treat it like any other form of compensation. That would make consumers more sensitive to costs, his advisers said.

Second, the president would create a tax deduction for health insurance, similar to the existing deduction for having a child. Families would get a deduction of $15,000 beginning in 2009; individuals would could deduct $7,500. Annual increases would be tied to inflation.

Consumers would get the full value of the deduction, no matter how much they actually spent. Spending in excess of the deduction's amount would be taxed as ordinary compensation. Over a 10-year period, the extra taxes would pay for the broader deductions.

About 30 million people who currently get health insurance through employers would end up paying these new taxes if they keep current coverage arrangements, according to the administration. Another 120 million workers with employer-based policies would not be affected; most would enjoy some extra tax advantages.

Third, Bush would make the deduction available to everyone, wherever they purchase health insurance.

Paul Fronstin, director of health research at the Employee Benefit Research Institute, envisions a series of serious consequences. More employers would stop offering health insurance and younger and healthier workers would opt out of company plans if they could get better deals elsewhere.

"This would be the end of employer-based health insurance as we know it," Fronstin said.

Robert Reischauer, president of the Urban Institute, worries that the president's plan would push more people into the individual insurance market, which is notorious for being expensive and excluding people with pre-existing medical conditions. "It's a jungle, and that's on a good day," he said.

Sherry Glied, chair of the health policy department at Columbia University's Mailman School of Public Health, predicts that the president's proposal would have a "minimal" impact on the number of people without insurance. The vast majority of the uninsured pay minimal or no taxes, making a deduction of little value to them, she said.

The administration estimates 3 million of 47 million people with no insurance would gain coverage under its plans. States would also get more funds, redirected from other programs, to pay for new coverage for the uninsured.

Bipartisan Cooperation On Health Care Is Dead On Arrival (WP)

By Steven Pearlstein

Washington Post, January 24, 2007

When it comes to domestic economic policy, Bush the Wounded President is much to be preferred over Bush the Decider.

After six years of stubborn inflexibility, President Bush signaled last night in his State of the Union address that he is ready to come to the negotiating table on a range of domestic issues, holding some new and credible ideas that are consistent with his conservative philosophy but open to ideas that aren't.

Yes, it is possible it could be a bluff, a desperate and hollow attempt by an unpopular president to demonstrate that he's still relevant to the policy process. But whether it is or not, the right response for Democrats is to call that bluff, treating it as the jumping-off point for a much-delayed dialogue on domestic policy and seeing how his proposals can be transformed into something better.

Think about it. Here's an oil-man president who, having denied the existence of global warming for almost a decade and embraced increased drilling as the favored energy policy, is now willing to lead the charge for alternative fuels, raise automobile mileage standards and begin a conversation on what to do about global warming.

No, he's not yet come around to a modest carbon tax and cap-and-trade system for CO2 emissions, but now that corporate types have begun to accept the idea, is there any doubt where this all is headed?

This is also an administration that started out arguing that federal budget deficits don't matter and that even the teensiest, tiniest tax increase will destroy the economy. Now he's eager to be seen as a budget-balancer who is open to higher taxes as part of a financial rescue for Social Security and knows he'll have to sacrifice some of his tax cuts to save others.

And here is a president willing to take on members of his own party to celebrate the accomplishment of hard-working Hispanic immigrants, normally the kind of people Democrats like to champion, and give them a path to citizenship.

But the most surprising and encouraging development is that a president who for six years has only nibbled around the edges of health-care issues has weighed in with some bold ideas to expand coverage, rein in costs and bring some fairness to the tax code. And get this: It actually involves raising taxes on the rich and lavishly insured and giving the money to the working poor and the uninsured.

Given that, you'd think Democrats would have welcomed a politically courageous proposal to put a cap on one of the biggest and most regressive features of the individual income-tax code. But instead, they've shifted reflexively into partisan

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attack mode, mischaracterizing the impacts of the proposal and shamelessly parroting the propaganda from the labor dinosaurs at the AFL-CIO.

"Dead on arrival," declared Rep. Pete Stark (D-Calif.), chairman of a key health subcommittee in the House, hinting at a dark conspiracy to kill off employer-sponsored health insurance.

"A dangerous policy that ultimately shifts cost and risk from employers to employees," said Charlie Rangel, chairman of the House Ways and Means Committee.

Sen. Harry Reid, the majority leader, called it nothing less than an "attack" on American workers.

Worst of all was the five-page memo distributed by Sen. Edward Kennedy to Democratic colleagues that ought to embarrass a man who considers himself the Senate's leading health-care expert -- a compendium of half-truths, unsupported assumptions and outright lies. Kennedy reverted to the hackneyed rhetoric of class warfare, asserting that the president's proposals will do nothing for working families, give new tax breaks to the rich, increase the number of uninsured and encourage everyone to buy less insurance coverage than they should have.

In fact, all of these are almost precisely the opposite of the truth.

The president's health plan would, in fact, put a cap on a $200 billion-a-year tax break that now goes disproportionately to those with the most generous and costly employer-provided health insurance plans. It would redirect a small portion of that break to those who have less generous coverage or those who have to buy their own insurance because their employer does not offer it. For a few million of the roughly 47 million Americans with no insurance, it may also make the difference between being able to afford basic insurance or not.

The fact that some of those who have these rich policies happen to be members of auto or postal unions doesn't change that the president's proposal would make the tax code more progressive, not less. They are the aristocrats of the working class who, like lawyers, investment bankers and journalists, earn more in tax-free benefits each year than uninsured janitors earn in taxable wages. And whatever modest tax increase they might face from the cap on tax-free health benefits, it is certainly less than the tax cuts they got from Bush that Democrats are so eager to rescind.

Almost every health economist agrees that the tax subsidy for employer-paid health insurance is not only unfair but that it also encourages people to buy too much insurance, consume too much health care and pay too much for both. Bush deserves praise for having the political courage to confront the issue.

Now is this the magic bullet that will solve the health-care crisis? Of course not.

Would any real solution also require finding billions of dollars more to subsidize the purchase of health insurance by low-income workers and getting states to reform dysfunctional markets for individual and small group insurance? No doubt about it.

But anyone seriously interested in health reform would welcome the president's proposal as a basis for negotiations, raising public expectations and increasing pressure on the president to embrace more comprehensive reform. Unfortunately, that is not the approach of Messrs. Stark, Rangel, Reid and Kennedy, who apparently prefer demonizing the president and grandstanding on the issue until the next election.

Haven't we had enough of this?

The Knee-Jerk Opposition (WP)

By Ruth Marcus

The Washington Post, January 24, 2007

If George W. Bush proposes something, it must be bad. Such is the knee-jerk state of partisan suspiciousness that when the president actually endorses a tax increase -- a tax increase that would primarily hit the well-off, no less -- Democrats still howl.

Such is the level of distrust that when the president finally disavows the free lunch and comes up with a program not financed with deficit spending -- indeed, one that would actually bring in extra revenue as the years go on -- Democrats still howl.

Listening to Democratic reaction to Bush's new health insurance proposal, you get the sense that if Bush picked a plank right out of the Democratic platform -- if he introduced Hillarycare itself -- and stuck it in his State of the Union address, Democrats would churn out press releases denouncing it.

This sad situation is largely of Bush's own making. He is reaping the poisonous state of affairs that he helped sow for six years. So many of the president's policies have been dishonest and wrongheaded, so much of his politics has been slashingly partisan, Democrats would be crazy if their instinctive reaction to a Bush plan for fill-in-the-blank wasn't intense distrust.

It's too bad, because the president's proposal to cap the deductibility of employer-sponsored health insurance deserves more of a chance than Democrats, from their initial reactions, seem inclined to give.

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Instead of the irrational current system, in which all employer-sponsored health-care costs are deductible, Bush would create a standard deduction that would replace existing deductions for health insurance, both employer-sponsored and privately purchased, and other medical costs.

The deduction would be $15,000 for a family policy, leaving 80 percent of those with employer-sponsored coverage unaffected.

Yes, the plan should be more progressive, structured with refundable tax credits rather than a deduction, so that all can share equally in the benefit.

Yes, there are big risks involved, primarily that the already-teetering employer-based system will collapse as healthy individuals use their tax deduction to buy cheaper, private insurance, leaving employers with the older and the sicker.

And, yes, it's fair to argue that a more comprehensive approach -- Sen. Ron Wyden (D-Ore.) has proposed one -- is needed.

But Democrats -- if they care more about addressing health-care needs than scoring political points -- ought to be finding ways to improve and build on the Bush proposal, not condemning and mischaracterizing it. Given that nothing's going to pass without Democratic approval, what's the risk in engaging in the discussion?

The Bush plan starts with an assessment that has long been clear to sensible people across the political spectrum: The way the tax code now treats health insurance is unfair, regressive and counterproductive.

The fact that employers can deduct the full cost of health insurance premiums means that the richer you are, the bigger tax benefit you reap. That built-in advantage is exacerbated by the fact that the better-paid tend to have pricier insurance.

This unlimited subsidy increases wasteful spending, encouraging employers to purchase gold-plated plans and employees to use them. This drives up the cost of health care and, ultimately, insurance in a vicious cycle that ends up increasing the ranks of the uninsured.

Meanwhile, those who don't have employer-sponsored coverage get no tax break; the Bush plan would not only help those who already buy insurance on the private market, it would also encourage those currently uninsured to purchase coverage.

As Jason Furman, a leading Democratic economist, wrote last summer in Democracy: A Journal of Ideas, "[R]educing subsidies for pricey plans would likely lead to a health insurance system that includes more cost sharing, promotes more consumer consciousness, and plays a modest, but potentially meaningful, role in restraining health spending."

And so what do Democrats say when a Republican president suggests doing something along these lines? "It's a bad policy," House Ways and Means Committee Chairman Charles Rangel (N.Y.) told the New York Times. "We are trying to bring tax relief to the middle class. The president is trying to increase their tax liability." Likewise, the Senate Democrats complained: "President Bush's Health Insurance Proposal Amounts to a Tax Hike for the Middle Class."

This is flat wrong: According to the administration's analysis, on average, the top fifth of taxpayers would face a tax increase; the rest would save money.

If you doubt that some variation on Bush's plan is at least worth considering, try this thought experiment: What if the current system had the standard deduction that Bush wants and he was proposing, instead, to remove the cap and allow unlimited tax breaks, a benefit for the better-off and those with the priciest insurance?

Wouldn't Democrats be denouncing that, and demanding my imaginary status quo?

Health And Taxes (WSJ)

The Wall Street Journal, January 24, 2007

Now we're getting somewhere. The U.S. has long needed a debate over health care and tax subsidies, and President Bush got ready to rumble last night with his proposal to make insurance more affordable for most Americans.

For all the griping about our system, Americans have the most advanced health care in the world in part because we still have something resembling a private market for insurance. But it is not a truly efficient market because current tax policy lets businesses -- but not individuals -- deduct the cost of health expenditures. Thus most Americans with private insurance get it from their employers, which leads to inequities and insulates individuals from the real cost of their treatment decisions.

Mr. Bush's "standard deduction" for health care would move in the direction of solving both problems. Instead of giving employers an unlimited deduction and individuals none, Mr. Bush would give every family a $15,000 deduction ($7,500 for individuals) regardless of their insurance source.

That might mean a slight tax increase for those who currently have the most expensive insurance plans. But the average employer-sponsored family plan runs about $11,500 annually, and about 80% of the 160 million employer-insured Americans would benefit. All Americans with employer-sponsored insurance would have to report the value of their health benefit as income, but they could deduct the full $15,000 no matter how much their insurance cost.

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The 17 million Americans who buy their own coverage would be big winners. And because the tax deduction would apply to payroll as well as income taxes, the benefits would be large even for low-income earners. So a family making $60,000 would wind up with a tax savings of $4,500, which would offset the cost of acquiring coverage in many states. Meanwhile, a young person making $40,000 could buy a high-deductible plan for, say, $1,000 and actually get a tax break of $2,250 for doing so. The Treasury estimates the new deduction would add at least five million Americans to the ranks of the insured, but our guess is that would be higher given the incentives all of this would provide for new private insurance products.

Individuals who buy their own health insurance now struggle because there are so few of them and they can buy only in a single state market. That means insurers have little incentive to develop and market innovative products. But this will change if the equalized tax treatment convinces enough people that it makes more sense to have their own, portable policies than take whatever their boss offers. Imagine the same kind of capitalist energy devoted to selling health insurance as you now see selling where to roll over your 401(k).

These new products are also likely to be policies that put individuals directly in charge of more routine spending. That's because removing the tax advantage would mean it will make less financial sense to "insure" for predictable expenses like several annual office visits. That in turn could put pressure on health care providers to post -- and actually compete on -- prices. Such new price awareness might even generate pressure for states that overregulate their insurance markets (New York, Massachusetts) to ease their costly mandates.

It's true that additional subsidies might be needed for some people with chronic illnesses who might have a harder time finding private insurance in this kind of world. And we'd also like to see a more national insurance market, with companies able to sell policies over the Internet free of the worst state mandates.

But the biggest problem with Mr. Bush's plan is that it wasn't offered two years ago, when it had a better chance to pass. The White House wasted its first term health energies on a failed attempt to buy votes with the Medicare drug benefit. Now the GOP is a minority in Congress, and Democrats aren't likely to favor Mr. Bush's ideas because they think health care is a winner for them in 2008.

Ways and Means Chairman Charlie Rangel was quick out of the box to call the President's idea "a dangerous policy that ultimately shifts cost and risk from employers to employees." But the numbers show that most Americans would have lower costs, and in any case the current tax treatment of health care benefits tends to benefit the well-to-do over the poor. Figures from the Lewin Group show that the average tax subsidy under the current system was $2,780 for families earning over $100,000 in 2004, while those with incomes below $30,000 got less than $725 in aid. Democrats ought to favor this idea on equity grounds alone.

But no matter if they don't. We're fated to debate health care in 2008 anyway, and Mr. Bush is finally offering a GOP reform based on market principles that these pages have encouraged for years. Most Americans can see for themselves that the current employer-based system is breaking down, as more companies pass along the rising cost of their insurance to employees (in higher co-pays and deductibles). Yet the system remains opaque and frustrating because of the underlying tax bias for businesses instead of individuals.

This status quo won't hold, and the political race is going to be between those who want to move to a more genuine market and consumer-based health care, and those who want to move toward Canada, Europe and more government control. The Bush plan ought to jump start that debate.

Bush's Better Health-care Policy (WT)

The Washington Times, January 24, 2007

If a liberal president proposed reforming the tax code to give working families a bigger tax break for health care than corporations and giving poor families direct assistance to buy health care to boot, the New York Times and rest of the mainstream media would be choking back tears as it praised an initiative that was so bold in its compassion and desire for fairness.

But this proposal to make the tax code fair and health care affordable comes from President Bush with a Congress under Democratic control in the run to a presidential election year. So it will be attacked for failing to be everything that everyone else's proposal is not.

The fact is, the Bush plan slices through the thicket of policy proposals -- all of which boil down to dumping more people into state Medicaid programs -- and gives the self employed and uninsured, from the single mom who cuts hair to the electrician starting his own business, a tax break of about $3,800 to buy health care. Under the president's plan, millions of working-class and middle-class families could buy health care with pretax dollars. It only comes at the expense of the richest health plans of top CEOs. Even then, those wanting to avoid a tax bite at that level can set up a health-savings account.

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According to a study by the Urban Institute, 44 percent of people without health care don't have it because they don't want to spend the money or because they don't sign up for government-run health plans even when eligible. Add the Bush tax-break money to recent increases in contributions people can now make to health-savings accounts and another Bush proposal to allow the people to buy private health plans at group rates and the affordability issue is largely solved.

It's not the entire answer, of course. Using existing monies to fund health care for children as tax credits for insurance would help, too. But you won't find the president's critics supporting his fair and compassionate plan. Their solution, as the employer-based health-care system falters, is to expand Medicaid. That's like forcing people into the medical equivalent of public housing.

Many opponents of the president's proposal support expansion of government-run health plans because they don't believe Americans, when given the money and freedom to choose their own health care, will wind up better off. Rather, they believe we, the people, will mess it up because we're too stupid or poor or old to make decisions that are in our best interests.

We heard the same wailings and warnings when the president reformed Medicare. Sen. Barack Obama and others may believe hope is audacious, but it's President Bush who believes and has demonstrated that it creates better health care for every American.

State Of The Union: Bush's Health Plan (PTR)

Pittsburgh Tribune-Review, January 24, 2007

Democrats oppose President Bush's health care plan to increase the number of insured Americans; it's too private and encourages the exercise of freedom.

They want to soak the rich to pay for the Big Brother of all entitlements: universal health care. That must be resisted; refer to out-of-control Medicare and Medicaid costs.

Yet the president brings forth the germ of a good idea: extension of tax deductions now provided for employer plans to anyone who buys his own insurance in the private sector.

But there's more.The plan institutes tax-code disincentives for buying Cadillac policies. Any premiums above $15,000 a year for a family or $7,500 for an individual would not be federal tax free. And folks who buy insurance on their own can take the full deduction even though their policy may cost less.

These are incentives to buy less insurance, which may force consumers to deal with the real costs when bills arrive for what insurance does not cover.

Because many today have health insurance that covers even ordinary medical expenses, they have insufficient cause to restrain their use of services and demand efficiency and cost accountability from providers.

As long as well-insured patients are cash cows, health care costs will not be brought into reason.

The Bush plan would institute some free-market-oriented elements. And that's why it's worth exploring further.

EDITORIAL: State Of The Union Faces Stiff Challenges (FREEP)

Detroit Free Press, January 24, 2007

EDITORIAL: State of the Union faces stiff challenges

President's health care, energy plans skip most effective reforms

January 23, 2007

Facing more Democrats in Congress, including several who seek to replace him in two years, President George W. Bush issued a confident State of the Union address Tuesday, every bit the commander in chief.

Although he revisited some of the same tired cliches about taking the battle to the enemy, his call not to fail Iraq was stirring: “Every one of us wishes that this war were over and won. Yet it would not be like us to leave our promises unkept, our friends abandoned, and our own security at risk.”

But rhetoric does not win wars and Bush will have to put the bipartisanship he stressed to the test to devise a strategy that both countries can live with.

And the details of the domestic agenda — on which Bush’s advisers set up the speech to be judged — fell short of inspiration.

Health care

Just as momentum is building for health care reform, Bush offered a plan that would leave in the lurch those who need it most, punish those who have good coverage and discourage employers from offering top-notch benefits.

The scheme he laid out would subject health coverage to taxes for the first time, then award deductions for basic health coverage and tax hikes on the good stuff.

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The plan's goals are sound: To eliminate the inequity between people who get coverage as a perk of work (with no taxes) and those who have to buy their own expensive health care after taxes; and to help those who need coverage, many who are between jobs or work for small firms that don't provide it. But most of them don't make enough to pay enough taxes to be helped by the breaks ($7,500 for a single or $15,000 for a family) or to afford coverage.

The plan's goals are sound: To eliminate the inequity between people who get coverage as a perk of work (with no taxes) and those who have to buy their own expensive health care after taxes; and to help those who need coverage, many who are between jobs or work for small firms that don't provide it. But most of them don't make enough to pay enough taxes to be helped by the breaks ($7,500 for a single or $15,000 for a family) or to afford coverage.

The president did pledge to help states such as Michigan that are devising creative solutions to getting more people covered. But "support" and "incentives" are pretty nonspecific, so it's hard to tell whether they'll be effective, especially if Bush dumps more hard-to-insure clients on the states.

The need for substantial health care reform is acute, as the automakers and the 47 million people without coverage can detail. The president's plan doesn't advance that reform, and cannot be allowed to distract from it.

Energy

For Detroit, Bush's speech was a signal that offering to build more flex-fuel cars isn't enough. Automakers will have to pitch in on mileage efficiency, too — and Congress may see the president's goal as only a starting point.

The president's laudable plan to reduce gasoline use by 20% within 10 years may seem a bit tame to everyone but the automakers, and his strategy may not get the country even that far. Three-quarters of the cutback would come by replacing gasoline with ethanol or other alternatives, the rest from better car mileage.

But this combination of agricultural carrots and a single-industry stick will take America only so far. The country needs innovative breakthroughs across the energy spectrum, and not just to reduce dependence on foreign oil. It may make more sense for the auto industry to come to the table on global warming discussions, as an increasing number of big firms have. That could give automakers more flexible options to drive efficiency rather than dickering over specific mileage standards — and lead to innovations that have yet to be conceived.

Rx For Our Corporate Culture (USAT)

By Alan M. Webber

USA Today, January 24, 2007

Could it be that the stars are finally coming into alignment to address two enormous and curiously intertwined items on the American domestic agenda — health care costs and the future competitiveness of big American business, starting with the auto industry?

Maybe it's just a coincidence, but the headlines over the past several weeks, when clipped from the nation's daily newspapers and placed side by side, seem to suggest some cosmic intersection.

Start with the news from the recent big Detroit auto show. Here the latest developments have less to do with the specifics of new models, new hybrid technology or new marketing campaigns, and more to do with the macro-picture of the global competition.

In a nutshell, after decades of dogged pursuit, determined improvement and developing innovation, Toyota is poised to overtake General Motors as the world's largest automaker. The hard truth is that the U.S. auto industry, starting with GM, extending to the badly depleted Ford and on to Chrysler, is starting to run out of gas.

For longtime observers of the U.S. auto industry, and big American companies in general, the diminishment of the Big Three has been a long time coming. It is possible to trace the decline of these once-great companies back to the oil crises of the 1970s that opened the floodgates to Japanese-made cars, in particular, which boasted better fuel-efficiency, fewer defects and lower manufacturing costs.

But the cars themselves have only been part of the problem for U.S. automakers — and here the story gets more interesting, and the stars start to form a new, possibly intriguing constellation.

GM has sought to make a national issue out of the role that health care costs play in its competitive problems. Every year, according to GM North America President Troy Clarke, the company spends more than $5 billion on employee health care costs, and that number rises annually. Spread those dollars over the company's entire manufacturing operation, and, says GM, health care adds something like $1,500 to each car that GM produces. No wonder Toyota, Nissan and other foreign manufacturers can overtake U.S. companies, the logic goes.

But wait! All of sudden, help may be on the way. First, the new Congress, under Democratic control for the first time in 12 years, has already begun to articulate a renewed interest in health care.

True, the Democrats are more outraged that nearly 47 million Americans — 16% of the population — lack any health care coverage. With the start of the new Congress, Massachusetts Sen. Ted Kennedy, for one, has wasted no time in calling for the federal government to join his home state in creating comprehensive health care coverage for every American. At almost the same moment, a temporarily hobbled California Gov. Arnold Schwarzenegger, himself a recent recipient of emergency health care measures in the wake of a painful skiing accident, proposed a sweeping $12 billon health care plan that would extend coverage to every Californian.

And as of last night, President Bush seems eager to join the far-flung Kennedy clan that stretches from Massachusetts to California, with his own health care reform initiative. Or, perhaps, finally something will happen to restructure the costs and coverage of health care, and to offer a financial Rx to America's ailing industrial giants.

But if that were to happen, the remedy might include some unexpected — and maybe even more restorative — side effects.

What if the real diagnosis of the competitive problems of GM, Ford and Chrysler, as well as many other deeply entrenched industrial companies, isn't really about health care costs? What if their problems aren't even about their products? What if, as is the case with so many large, old and ailing companies, the real problem is in their culture — in the structure, the habits, the deeply entrenched ways of doing business that, in many cases, date back at least 50 years? Too many of these dinosaurs have created workplaces and work styles that are simply inappropriate to today's global, knowledge-based economy.

So how would reforming health care coverage change corporate culture? Imagine a shift in health care coverage that de-couples it from your job. It's only a historical accident of President Franklin Roosevelt and the New Deal that coverage ever was linked to employment. Now, what if a Kennedy-Schwarzenegger reform movement — backed by a Democratic Congress that in the past has been willing to think of "portable insurance" that travels with each individual — can offer health care security to all Americans, even those stuck in dead-end jobs? Imagine the chance to leave a lousy corporate culture without losing your precious health care coverage.

Imagine a chance to join a more entrepreneurial company, maybe even a start-up, without having to worry about health care costs. Imagine being the CEO of one of the old, ailing companies and suddenly realizing that, while your prayer for relief from your health-care-cost headache has been answered, all of a sudden, you've got a bigger malady: Your best employees no longer feel the need to put up with your stagnant organization just for the security of a lavish health care plan.

If that were to happen, it would offer America more than a new world of better, fairer and more humane health care coverage. It could put the stars in a new alignment for our large industrial companies finally to become places where people want to work. In other words, they'd either have to heal themselves of their deeply rooted cultural disease — or die.

Alan M. Webber is co-founding editor of Fast Company magazine and former editorial director of the Harvard Business Review.

Bolten: Divided Leaders Have Shared Interest In Success (pol)

By Mike Allen

The Politico, January 24, 2007

White House Chief of Staff Joshua B. Bolten spoke to Mike Allen, The Politico's chief political correspondent, about the challenges a Republican president faces in dealing with a Democratic Congress following a brutal election. Bolten has been part of George W. Bush's operation since the Austin-based campaign of 2000, later serving as White House budget director. Here are excerpts of the conversation:

Q. What is your realistic assessment of what the president and Congress can accomplish this year?

A. I'm optimistic that the president's instinct to take on large issues will continue to be rewarded, even in the last two years of his term. The president's State of the Union is going to put on the table important reforms in health care, in energy, in the reauthorization of No Child Left Behind and in immigration. I think we have a good shot at substantial legislation in all of those.

Q. What will it take to make that happen with a Democratic majority on both sides?

A. It'll obviously take more cross-aisle cooperation than there has been in the past. But one of the silver linings of the change in control is that the Democrats now have a stronger interest in harvesting actual accomplishments. In the closely divided houses that we've had for most of this president's time in office, it's been difficult for Republicans to sustain a governing majority, especially in the Senate where you typically need 60 votes. It's always been difficult, without a larger majority than we've ever had, to advance a substantial legislative agenda. What the change in control means is that Democrats now will be under more pressure than they have been in the minority to deliver actual accomplishments. I hope what that means is that we will see more bipartisan accommodation, at least in some of the areas like energy, immigration, health care and education. In all four of those areas, there are large areas of common ground, and now we're no longer in a situation where one party may be seen as

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advantaged because it alone put across accomplishments. Rather, both parties have advantages in putting accomplishments across the goal line.

Q. Why should the Democrats give the president and his party anything to brag about?

A. Because they're in a position where (a) they can brag about it as well, and (b) they bear a much larger burden of responsibility, being in the majority, for not allowing good ideas to proceed forward. When you're in the minority, it's a much more comfortable political situation just to be blocking. In the majority, you have a responsibility to share in advancing an agenda. It seems to me, while we'd of course much rather have Republican majorities in both houses, this does create an opportunity for the White House.

Q. Does history bolster this theory of divided government?

A. I think so. You can look back into some of the accomplishments in the Clinton administration like welfare reform or some fiscal restraint during the Clinton administration. During the first Bush administration, there were accomplishments in the international trade area. The president succeeded in getting negotiating authority and pursuing a trade agenda with some bipartisan support that I hope we can regenerate this time around, despite trade having become much more polarized and politicized.

Q. How do you view the current relations between the White House and Congress?

A. There have been good signs, from my perspective. I hope things break for the good. There's a lot of division on the Iraq war. No discredit to those who take a different view; there's a legitimate debate to be had there. Our hope is the debate can be held in a civil, principled way that's in the best interests of the country, not in a partisan way designed to divide the country. But it remains to be seen how all of that will play. We go into this season cautiously optimistic, and I would say it's too early to tell.

Q. What are the good signs?

A. Good signs have been some of the personal relationships. The new leaders have been here to the White House and I think have established a pretty good dialogue directly with the president. There's been reasonably good tone in that dialogue. But, like I said, a lot will be seen over the course of the next couple of months. I'm hopeful that we will end up putting the relationship on a good footing because the country is facing a lot of challenges right now and does not need partisan bickering getting in the way.

Q. Have the '06 election results caused you to change your tone or approach?

A. There's obviously a significant change involved in a change in party leadership. So the president needs to be aware that while the entire Congress should be a partner, on some issues those who are controlling the agenda will be political adversaries. We need to take that into account. To the White House, I think it means primarily that we need to work harder than ever at our congressional relations. On the one hand, it's harder to work with political adversaries than it is with political friends. On the other hand, especially when your own party is in the minority, you need to be extra careful not to neglect Republicans in the way we approach the Congress. They remain a very important and powerful element because the two houses are so closely divided.

Q. Do you think the president will sign an immigration bill this year?

A. I do.

Republicans In Retreat To Work On Resurgence (POL)

By Patrick O'Connor

The Politico, January 24, 2007

As House Republicans depart today for a caucus retreat on Maryland's Eastern Shore, GOP ranks are increasingly divided over the best strategy for taking on the new Democratic majority.

The dispute is the first major test for new House Minority Leader John A. Boehner of Ohio, who is under pressure from some colleagues who believe he is too docile in challenging Democrats and laying the political foundation for a GOP comeback in 2008.

Some Republicans are advocating a wait-in-the-weeds strategy -- projecting an air

of civility and selective cooperation with Speaker Nancy Pelosi and fellow Democrats, while waiting for the right moment to pounce for partisan gains.

But many backbench Republicans, joined by some members of the leadership team, believe it makes more sense to pounce early and often.

Rep. Dennis Hastert, R-Ill., the former speaker, received a rousing ovation at a closed-door meeting in the Cannon Caucus Room last week when he urged colleagues to stand up and fight. Some members interpreted that as a veiled shot at Boehner.

But Boehner said the party can afford to be patient. "It's their honeymoon," he said of the Democrats. "We're not in a sprint here. We're in a marathon Chill out."

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There is some irony in that stance. Early in his 16-year House career, the Ohioan was part of a team of self-styled Republican Revolutionaries who waged daily partisan attacks in a successful campaign to wrest control from the Democratic majority in 1994.

Now, at age 57, his early strategy is more an echo of former representative Bob Michel, R-Ill., than former representative Newt Gingrich, R-Ga. Michel was the moderate minority leader in the 1980s and early 1990s; Gingrich displayed a more partisan style during his climb to the speakership, a model that many Republicans believe can work again.

Republicans on Capitol Hill, though, don't have much time before the race for the White House drowns them out. A collection of prominent Republican pollsters told GOP House leaders recently that they have only three to eight months to establish their identity before the presidential race clogs the news cycles.

So, a small bloc of Republicans led by Conference Chairman Adam Putnam of Florida, Chief Deputy Whip Eric Cantor of Virginia; and Patrick McHenry of North Carolina and Tom Price of Georgia have been researching parliamentary procedure to wage floor fights against Democratic initiatives as the GOP staffs scour legislation for political fodder.

The group also has reached out to some of Boehner's contemporaries from the early 1990s who used guerrilla tactics to help Republicans secure their last majority after 40 years in the wilderness -- partisan firebrands such as Gingrich and former representative Bob Walker of Pennsylvania.

At a recent whip meeting, Cantor distributed copies of a Washington Post article from 1986 asking "Is Bob Walker the Most Obnoxious Man In Congress?"

Walker said his guerrilla tactics were necessary in a House where even Republican leaders had grown accustomed to Democratic dominance. But now, he suggested, the current minority faces a much different environment, in part because of the reforms approved during the early years of their majority to give the minority party more input in the legislative process.

"The circumstances are much different," Walker said.

The problem for Republicans occurs when their own leaders become too compliant with Democratic leaders and chairmen, Walker said. "There is a tendency for the institution to discipline you."

Cantor and his colleagues were well aware that they must stand up and fight without turning voters off.

"It is a balance," he explained. "We don't want to be dilatory, but we don't want to let up for a minute."

The peril for Boehner comes if his GOP colleagues come to view him as upstart Republicans once viewed Michel. As minority leader, Michel bartered with majority Democrats, which angered some of the agitators in his own party, including Boehner.

The well-pressed son of a bar owner, Boehner was a key figure in the later phase of the Republican rise to power. He led the Gang of Seven in their drive to expose abuse in the House Bank after 1990 and helped craft the "Contract With America." He was also part of the small group that included Walker, Gingrich, and Texans Dick Armey and Tom DeLay, who met regularly in the basement dining room of a Capitol Hill restaurant to plot the GOP's resurgence.

Boehner is often cast as a Dean Martin figure, a jocular, plainspoken lawmaker whose public image is that of a dapper, tanned chain-smoker who plays golf, teases members and reporters and spends his evenings drinking with a small cadre of lobbyists and fellow lawmakers.

On the other hand, though, he heads to bed early in order to get up for his regular early-morning stroll. And he has a strong sentimental streak that has prompted him to well up regularly, most notably during DeLay's resignation speech, even though Boehner was a major rival during their shared time on the Hill.

With Hastert's decision to step aside, Boehner is now the top Republican in the House. And it appears he'll continue the inclusive traditions he began when his party was in the minority.

The question for Republicans, though, is whether this inclusive style will work in the minority when the party is so divided on Iraq.

President Bush is scheduled to address the retreat on Friday, and some Republicans expect the three-day conference to be a contentious discussion about the direction of the party.

Republicans carry a skilled, experienced group of senior staffers into the minority, but leadership offices have taken time to organize.

Boehner is aware of the delicate challenge before him, allies say, but so far he has taken a decidedly passive approach to the Democrats.

On the first day of the new Congress, Boehner followed a string of heated remarks by other Republicans to acknowledge the Democrats' honeymoon and be respectful of Pelosi's historic elevation as the first female speaker.

Later that day, he took an indirect shot at his own party while encouraging the two parties to be more cordial. "This is the people's Congress," Boehner told a packed chamber during his opening-day speech. "And most people don't care which party

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controls it; what they want is a government that is limited, honest, accountable and responsive to their needs. The moment a majority forgets this lesson, it begins writing itself a ticket to minority status."

He has since endorsed some of the opposition tactics of outspoken legislators.

Putnam showed members a video during their regular closed-door meeting of McHenry squaring off against Financial Services Chairman Barney Frank, D-Mass., on the House floor earlier this month.

The youngest member of Congress, McHenry enraged the irascible Frank by raising parliamentary questions to highlight an exemption in the minimum-wage bill for American Samoa. And Frank furiously banged his gavel from the speaker's chair as he shouted down McHenry in an exchange that quickly found its way to YouTube.

"That is one way you can be respectful and get your point across," Boehner told his assembled colleagues afterward.

House GOP Reflects (RC)

By Nicole Duran And David M. Drucker

Roll Call, January 24, 2007

As House Republicans convene their annual retreat today to talk message and strategy, a debate persists among GOP operatives over how to best return the party to power on Capitol Hill.

Some strategists say the party must woo independent voters and concentrate on issues important to them, such as economic matters, while others prefer the base-driven political tactics honed by Karl Rove and recently departed Republican National Committee Chairman Ken Mehlman in the past three elections.

Those Republicans espousing a more inclusive message say the results of the 2006 midterm elections repudiated the base-only strategy and signaled that if the GOP does not focus on rebuilding a governing coalition that elevates policy accomplishments above politics, they should get comfortable as the House and Senate's minority party.

Republicans "over-catered to their base and as they over-played that, they looked less attractive to Independent voters," former House Majority Leader Dick Armey (R-Texas) said Tuesday. "The independent voter is not interested in politics, he's interested in policy. So when speaking to him, you need to speak with a policy voice, not a politics voice."

The GOP retreat — which will run from tonight through Friday at the Hyatt Regency Chesapeake Bay in Cambridge, Md. — is set to feature a panel discussion led by three pollsters titled "Message: you lost the moderates and independents, not the conservatives." It is part of what is likely to be an ongoing internal debate over what cost Republicans their majority as the party looks toward 2008 and what it can do to reclaim many of the House seats it lost to Democrats on Nov. 7.

Former Speaker Newt Gingrich (R-Ga.), who has advocated turning away from a base-only strategy and is an architect of the GOP's 1994 takeover, is scheduled to address the assembled Members as a keynote speaker.

A look back at much of the data from November 2006 appears to bolster the arguments of those, like Gingrich, who believe Republicans paid attention to their base voters at the expense of independents and conservative Democrats.

In the Nov. 7 contests, Democratic turnout increased slightly from 2004 relative to the GOP turnout, giving them about a 2-point edge over Republicans, but party breakdown remained essentially static, according to the Pew Research Center.

Democrats were able to pick up 30 House seats and six Senate seats because independents overwhelmingly supported them last fall — 57 percent to 39 percent — after splitting evenly between President Bush and Sen. John Kerry (D-Mass.) during the 2004 presidential election, the center found.

Additionally, contrary to popular belief, voter participation by independents actually increases during midterm elections, whereas participation by registered Democrats and registered Republicans historically dips, according to exit polling data.

"Independents decide all elections," Pew President Andrew Kohut said. "Given the fact that we've had partisan parity for a very long time, and I expect that we will continue to have it for a very long time, therefore, the winning party is the party that wins a plurality of independents."

Dave Gilliard, a Republican strategist based in Sacramento, Calif., who steered now-Rep. Brian Bilbray (R-Calif.) to victory in last year's hotly contested 50th district special election to replace disgraced ex-Rep. Duke Cunningham (R), said independent voters as a share of the electorate has been increasing since 2004 — a phenomenon that he said is still under way.

Gilliard described today's independent voters as all over the map ideologically, and united only by their distrust of the two major political parties. He said lower-turnout, midterm elections used to consist of far more partisan voters than independents, making it more politically and cost effective to employ a base-driven strategy.

But he said that tact is now outdated.

"Now that independent voters have become higher-propensity voters, things have changed," Gilliard said. "They are more important, especially in lower-turnout elections. That's just a fact."

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Armey explained that paying more attention to independents does not mean Republicans should abandon their core principles — and he said they don't have to. He urged them to shed the image of "earmarking pork-barreler" that they engendered in the 109th Congress and focus on bold ideas, such as addressing retirement security.

In doing so, Republicans will be in a position to prove to voters that they are tackling the nation's important issues, while simultaneously satisfying party activists' political desire for reform of a key government program.

"We lost our sense of boldness," Armey said, discussing what went wrong for Republicans last year.

While no Republican operative is publicly telling Members to ignore independents, some say rushing to implement a new strategy aimed squarely at unaffiliated voters is not necessarily a recipe for success either.

Carl Forti, who recently departed the National Republican Congressional Committee after a long tenure as its chief spokesman and one of its top strategists, said the key to electoral success in House races remains tailoring individual campaigns to each district.

"Treat each district as unique," said Forti, who is now a top operative for the presidential campaign of former Massachusetts Gov. Mitt Romney (R). "You can't think doing one thing on the national level, whether aimed at independents or Republicans, will do the same thing in Connecticut vs. Alabama."

Many Republican Members and party strategists believe they primarily lost last year because of the corruption and misconduct of a few Members, like Cunningham and former Rep. Mark Foley (R-Fla.) — and because of voter angst over the Iraq War.

Once Republicans get back "on message" and talk about cutting taxes, shrinking government and eliminating wasteful spending, the electorate will respond positively, they contend.

Mike Slanker, political director of the National Republican Senatorial Committee, said Republicans can rebuild their governing majority, and win back independents and conservative Democrats, by returning to their core principles.

"I think we have to reassure them that we remember why we were here as Republicans," said Slanker, who guided Rep. Jon Porter (R-Nev.) to a close re-election victory last November. "We came here for smaller government, lower taxes and less regulation ... whether or not we have lost touch with that is not for me to say.

"I do not believe that our coalition is fractured," he added. "It was a bad year. People were cranky; they weren't happy and we were in power."

Forti said a look back at individual Congressional campaigns in 2006 proves that all races are, in fact, local.

"The people that ran aggressive campaigns, even those in bad districts, won," he said, ticking off the names of several Republicans from swing districts who had close calls.

Those who lost "didn't go out and define their opponents early," Forti said.

Hill Pensions For The Convicted May End (WP)

By Lyndsey Layton

The Washington Post, January 24, 2007

With the rhetoric of reformers bent on sweeping corruption from the Capitol, the House voted unanimously yesterday to deny federal pensions to lawmakers convicted of bribery, perjury and other related felonies.

"Corrupt politicians deserve prison sentences, not taxpayer-funded pensions," said freshman Rep. Nancy Boyda (D-Kan.), chief sponsor of the bill.

But the punishment of those who betray the public trust will not be far-reaching.

The measure is similar to one approved by the Senate last week and comes in the wake of major congressional scandals last year that led to the conviction of former Republican congressmen Randy "Duke" Cunningham (Calif.) and Robert W. Ney (Ohio). The House passed the bill 431 to 0, with four members not voting.

The bills passed by the House and the Senate are not retroactive, which means that Cunningham and Ney will collect substantial pensions for the rest of their lives, courtesy of taxpayers.

And a current House member under federal investigation for corruption, Democratic Rep. William J. Jefferson (La.), still might be entitled to a pension if he is indicted and convicted for past crimes. The Senate version would not take effect until January 2009, while the House-passed version would take effect immediately upon enactment.

What's more, both the House and Senate bills would allow the Office of Personnel Management, which calculates the pensions of members of Congress, to award the pensions of convicted lawmakers to their families, in cases of demonstrated financial need.

"They're trying to claim to fix the problem without backing it up with legislation," said Peter J. Sepp of the National Taxpayers Union. "It's a shame, really. This may not be the most ethical Congress ever after all."

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The House bill would withhold pensions from lawmakers convicted of any one of five categories of felonies, including bribery and perjury, but would protect those who have already been convicted. Stacey F. Bernards, spokeswoman for House Majority Leader Steny H. Hoyer (D-Md.), said the House had no choice because criminalizing past behavior would have violated constitutional protections.

House leaders had also wanted to postpone the effective date of the measure to Jan. 2, 2009, to make it consistent with the language of the Senate-passed bill and reduce negotiations between the two chambers. They noted that, under the Constitution, a change in the compensation of members of Congress can only be carried out after the next general election.

But House Republicans objected to the 2009 date, saying that it was too distant, and privately told Democrats that they would not support it, a senior Democratic aide said. "We wanted this to have bipartisan support, so we changed it," the aide said.

For at least a decade, Congress has been kicking around bills to block pensions for convicted lawmakers. But the issue resonated following last year's influence-peddling scandal involving convicted lobbyist Jack Abramoff and the midterm elections, when the Democrats grabbed corruption as a campaign theme and used it to win control of Congress.

Currently, members of Congress can be denied pensions only if they commit treason or other espionage offenses.

The bill approved yesterday was a watered-down version of legislation proposed by Republican Rep. Mark Steven Kirk (Ill.), who wants pensions to be withheld from lawmakers convicted of a wider range of public integrity crimes. Kirk's plan lists 21 crimes, including wire fraud and tax evasion, compared with the five in the bill passed yesterday.

"The American people understand income-tax evasion -- you want to make sure a congressman who doesn't pay his taxes isn't rewarded with a taxpayer-funded pension," he said. "This falls far short."

But Kirk could not offer his bill yesterday -- the vote was taken under a suspension of the rules, which limited debate and blocked amendments. A parade of Republicans protested the way the bill was handled, objected to last-minute changes in language and said they were being locked out of meaningful participation.

The National Taxpayers Union estimates that at least 20 lawmakers convicted of felonies since 1980 are receiving federal pensions totaling about $1 million a year.

Ney, sentenced last week to 30 months in prison after pleading guilty to making false statements and to conspiracy to commit fraud in connection with the Abramoff influence-peddling scandal, can start collecting a full annual pension worth about $29,000 in 2016 or take a reduced annual pension of about $19,000 starting in 2010, according to the taxpayer group. Cunningham, who was convicted of accepting bribes from defense contractors, can receive as much as $64,000 annually if his military service is counted in computing his pension, the group said.

House Passes Bill Denying Pensions To Convicted Lawmakers (WSJ)

The Wall Street Journal, January 24, 2007

WASHINGTON -- Lawmakers convicted of crimes such as bribery, fraud and perjury will be stripped of their congressional pensions under legislation the House passed yesterday.

The 431-0 House vote comes four days after former Rep. Bob Ney (R., Ohio) received a 30-month prison term for taking political favors from Jack Abramoff, whose influence-peddling tactics helped make corruption a major issue in the November elections. Mr. Ney, as past chairman of the House Administration, backed similar legislation last year.

The House bill, like its Senate counterpart, isn't retroactive and wouldn't affect the benefits of Mr. Ney, who is eligible for a pension of about $29,000 a year if he waits until 2016, when he turns 62.

Minor differences with the Senate bill, approved last week as part of larger ethics and lobbying overhaul, must be reconciled before the measure can be signed into law.

The House bill applies to conduct that occurs after the bill becomes law, while the Senate bill doesn't take effect until 2009.

Pelosi Cements Grip On Caucus (RC)

By Jennifer Yachnin

Roll Call, January 24, 2007

Just weeks into her tenure, Democratic Members and aides see Speaker Nancy Pelosi (D-Calif.) taking subtle steps to consolidate her power within the new House majority, provoking some grumbling, but largely avoiding any serious internal revolts as Democrats settle into their new roles.

Pelosi has made herself the Democratic Caucus' clear leader in formulating an agenda and message strategy, also while installing key staff at the party's campaign committee. At the same time, she is working to rein in the chamber's chairmen, an effort that aims to prevent the resurgence of largely autonomous chairmen that dominated the House chamber during the previous Democratic majority.

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In the initial weeks of the 110th Congress, however, those efforts are drawing largely muted reactions from the party's 21 newly installed chairmen — many of whom held gavels in the party's last majority 12 years ago. That initial response may not prevent troubles ahead, but for now, many are chalking up any discord to their new roles.

"From my vantage point, the Democratic chairmen are happy to be in charge, and it takes some getting used too," said one Democratic chairman who asked not to be named, to allow him to speak more freely on sensitive issues. "I don't think there's real disagreement."

The chairman acknowledged a push for coordination between the Speaker and committee leaders, noting that he has met with Pelosi several times in recent weeks. "To some degree, the Speaker is the leader of the party and an effective Speaker would work with the chairmen," the Democrat said.

Despite the push for consolidation, however, one Democratic aide suggested that reaction is subdued because there is little concern that Democratic chairmen will become "irrelevant," as some Democrats viewed their Republican counterparts under the rule of then-Majority Leader Tom DeLay (R-Texas).

Nevertheless, Pelosi hasn't managed to avoid every dispute within her party.

In the most public spat in the first weeks of the 110th Congress, the Speaker drew the ire of Energy and Commerce Chairman John Dingell (D-Mich.) when she announced last week that she would seek a new select committee to examine the issue of global warming.

The Michigan lawmaker, loathe to forfeit any his committee's jurisdiction, publicly dismissed the panel. In a meeting of the Energy and Commerce panel's Democrats, Dingell later argued the Speaker's proposal would be better served as a task force or special committee within the Democratic Caucus.

But while the proposal drew criticism from others, including Rep. Henry Waxman (D-Calif.) — who said last week, "I can see the reason for this Speaker wanting to give this extra focus and attention," but stopped short of supporting the select committee — large numbers of Democrats are not expected to oppose the proposal when it reaches the House floor. Most Republicans are expected to object to the proposal.

House Majority Leader Steny Hoyer (D-Md.), who said he spoke with Dingell Tuesday during a weekly chairmen's meeting, could not confirm when that measure will come to the House floor.

"I want to talk to more people on our side to see if we're going to have a problem on our side," Hoyer said, before later adding: "Jurisdictional issues are real issues ... but I think we'll work it out."

The new committee, which draws on the jurisdiction of eight committees, would not have legislative authority under the proposal unveiled by Pelosi last week.

Responding to criticisms of the proposed panel at a Tuesday press conference, which focused on last night's State of the Union address, Pelosi stated: "One percent of the people in the Caucus are opposed to it, and 99 percent want to be on the Select Committee."

One senior Democratic aide acknowledged that while Pelosi may be flexing her political muscle in this case — "She doesn't think he will move legislation as quickly as she wants," the aide said — it remains to be seen whether her action is unique, or intended as a warning for future challengers.

Another Democratic chairman, who spoke on the condition of anonymity, suggested that the spat largely remains between Dingell and the Speaker, rather than all the chairmen.

"I'm jealous of my jurisdiction, I'd be less than honest if I didn't say that," the chairman said. "But I believe if we are to govern effectively, there has to be better coordination, regardless of personal fiefdoms."

The Democratic chairman, who acknowledged that the Speaker had discussed the select committee with him at an earlier date, dismissed the idea that such a panel would take power away from any panels.

"It's not precedent setting," he asserted, adding that he "would not be surprised" to see additional select committees during the new Congress.

A Democratic aide, who asked not to be named, defended the Speaker's decision to call for the committee's creation, stating: "I think it's evident she's been leading by consensus."

Still, some Democratic chairmen questioned that commitment at the start of the Congress three weeks ago, when lawmakers discovered that Republican-authored term limits would be continued in the new session.

The rules, which limit lawmakers to six-year terms at the helm of a committee, were initially adopted by the Republican majority following the 1994 elections, as part of the "Contract with America."

When House lawmakers adopted rules governing the 110th Congress, the Democratic leadership authored a series of changes focused primarily on ethics and lobbying reforms, while maintaining the majority of the rules from the last session, including those term limits.

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Although Democratic leaders stated that the House will revisit those rules, no definitive date has been set for that discussion.

The Speaker "has made it clear that she doesn't care for the term limits either," the Democratic aide said. "It's just a matter of when to approach changing that. We've got six years to look at it."

There also are indications that Pelosi intends to keep a strong hand in the Democratic Congressional Campaign Committee this cycle, notably the installment of Brian Wolff — a close political confidant to Pelosi and deputy executive director in charge of finance in the last cycle — as the new executive director.

DCCC Chairman Chris Van Hollen (Md.), tapped by Pelosi to head the campaign committee, also has opted to bring on another top Pelosi aide, Jennifer Crider, to run the communications shop.

'08 Race Looms Over Agenda (RC)

By Erin P. Billings

Roll Call, January 24, 2007

Less than a month into their newly elected leadership roles, Senate Majority Leader Harry Reid (D-Nev.) and Speaker Nancy Pelosi (D-Calif.) already are confronting a vocal and prominent cast of Congressional Democratic presidential hopefuls who quickly are capturing the national spotlight.

And while many Congressional Democrats say publicly they have grown used to Members and Senators using Capitol Hill as a platform for White House runs, they privately acknowledge the early 2008 campaign could become a distraction, and the window will be narrow for Reid and Pelosi to drive the party agenda and set the tone in the early days of the 110th Congress.

"With the New Hampshire primary about a year away, we could be looking at only a few months before presidential interests completely over take party priorities," said a senior Senate Democratic aide.

Reid and Pelosi assumed their majority slots on Jan. 4 after a sweeping November election gave Democrats control of Congress. After a dozen years in the minority — interrupted only by a short period of Senate control — Democrats are relishing the chance to steer Congressional priorities over the next two years.

But in recent days, the field of Congressional Democratic presidential hopefuls has swelled with the entries of high-profile candidates, Sens. Barack Obama (Ill.) and Hillary Rodham Clinton (N.Y.).

Obama and Clinton joined a string of Democratic hopefuls including Sens. Joseph Biden (Del.), Chris Dodd (Conn.) and possibly John Kerry (D-Mass.).

Sen. Ben Nelson (D-Neb.) said the early primary season has "got to be a distraction" for the Senate leadership and "at times can be an annoyance," but also said it can serve to help drive the debate and encourage discussions among political players.

The challenge for Reid and others, he said, is that presidential candidates can often redirect the tone and force leaders to respond to candidates' ideas.

"Now they have to consider what others are saying," Nelson said.

Even so, Democratic Senators said presidential politics is part of the Senate, and early primaries or not, the chamber always is a launching pad for White House candidates.

Sen. Mark Pryor (D-Ark.) acknowledged the presidential primary seems to come "earlier and earlier" each cycle, but added: "The Senate adjusts to that.

"It probably will affect the operation of the Senate from time to time on both sides of the aisle," he said.

Reid appears content to let the nomination process play out with little or no interference.

A former Democratic leadership aide explained that Reid's primary focus will be on maintaining the cohesion of his 51-seat majority rather than simply focusing on the presidential hopefuls.

"The truth is, it's much harder to control the 51 than the few '08ers," this source said.

The source added, "The principal doesn't have to worry about what the kids do on the street, he just has to make sure there is order in the school."

Reid clearly has a heavier logistical burden than Pelosi, who heads the chamber where interest in the White House is slim.

So far, only Democratic Rep. Dennis Kucinich (Ohio) has hinted at launching another candidacy. Besides, with 435 Members serving in the House, the absence of a Member who is on the campaign trail is less of a problem.

But both leaders will have to work through the challenges of trying to move key pieces of legislation over the next two years, finding unity among Democrats and maintaining their roles as the party's top voices.

What's more, both Reid and Pelosi will undoubtedly be put in the sometimes-uncomfortable position of having to respond to Democratic presidential candidates' platforms and positions.

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Jim Manley, Reid's spokesman, said his boss recognizes "there are always presidential candidates in the Senate. There were in the past and there will be in the future. The fact is, under the rules of the Senate — presidential candidate or not — [Senators] can have a pretty significant influence on how the Senate operates."

And Democratic leaders in both chambers said that neither Reid nor Pelosi is concerned that the candidates will steal their spotlight.

"As the first woman Speaker, there's no question that she's going to continue to receive a great deal of attention," said Pelosi's spokesman Brendan Daly. "We've had a very good first three weeks in office and that's going to continue as we move forward.

"There are plenty of people who continue to serve as the face of the Democratic Party," Manley added. "There's plenty of limelighting to go around."

Biden said 2008 isn't all that different from previous presidential cycles, which typically draw a pool of prominent Democratic Senators to the field.

"We've been down there before," Biden said. "I think we agree on 85 percent of the issues. The idea that it's a distraction from the Senate" isn't reality.

Biden has used the early days of the 110th Congress to stake out a prominent role on Bush's call to increase troops in Iraq by 21,500. He is leading a bipartisan group of Senators introducing a resolution in opposition to the move, and in doing so, highlighting his foreign policy-oriented platform.

But Biden isn't the only Senator eyeing the White House who is using the Iraq War as a key aspect of a White House run. Dodd, Clinton and Obama all have come out with individual proposals on how best to deal with the war and the proposal for a troop surge.

The positions on Iraq by Clinton and Obama in particular have led to rumblings that the two candidates are embroiled in a bitter rivalry for frontrunner status.

Most Democrats dispute suggestions that the two are personal adversaries, but they acknowledge that the under-the-Dome campaign is sending a signal that their campaigns could present a headache for leadership down the road.

"The danger and difficulty for Democratic leaders is that the press makes it seem like what Democrats are and think is what those two are saying or not saying," said a senior Democratic House aide. "What we actually do gets lost in the shuffle."

Democratic leadership sources say that while much of the attention of late is on the presidential candidates, they expect the spotlight will dim following the president's State of the Union address and after Congress votes on various resolutions opposing his Iraq plan.

That gives Democrats a chance to push through additional legislative items before next January, the official kickoff of the 2008 presidential primary.

"It will die down," said a senior Democratic aide.

John Stanton contributed to this report.

FEDERAL DIARY: GAO Questions Administration's Decision To Decline Drug Subsidy (WP)

By Stephen Barr

Washington Post, January 24, 2007

Federal employee groups favored the subsidy. The U.S. Postal Service wanted the subsidy. But the Bush administration said no.

The pull-and-tug is over a 2003 law that allows employers to receive subsidies for prescription drug coverage on the condition that they provide a benefit for their Medicare-eligible retirees that is at least as good as the Medicare drug plan. The government, of course, is an employer, operating a medical-insurance program, but Bush officials decided it made little sense for the government, in effect, to pay a subsidy to itself.

That decision has been questioned in a report from the Government Accountability Office, the congressional auditing agency. GAO analysts think that allowing Uncle Sam to move money from one pocket to another would probably lower premiums in the Federal Employees Health Benefits Program, which provides medical coverage to about 8 million people.

Taking the subsidy from the Medicare program would have lowered the average 2006 premium in the federal health benefits program by 2.6 percentage points, the GAO calculated. Those premiums rose by 6.4 percent last year, meaning the increase would have been nearly 4 percent with the subsidy.

The GAO said that insurance companies in the federal program differed over how much the Medicare subsidy would have mitigated premium increases. Officials from two large federal health insurance plans with higher-than-average numbers of retirees told the GAO the subsidy would have helped lower premiums, with officials at one company claiming the subsidy would have led to a reduction of up to 4 percentage points for their plan.

The Office of Personnel Management, which runs the federal employee health program, has ruled out applying for the Medicare subsidy. OPM officials say the law was written to encourage employers to continue offering prescription drug coverage to their retirees, which the employees health benefits program does. The OPM says it has no intention of dropping retiree drug coverage.

The National Active and Retired Federal Employees Association has criticized the OPM for refusing to seek the Medicare subsidy, contending that the OPM is missing out on $1 billion annually. The retired employees group helped lead the effort on Capitol Hill to make the federal government eligible for the subsidy along with other employers, including state and local governments.

Margaret L. Baptiste, president of retired employees group, said yesterday that the White House budget office and the OPM "should explain to federal workers, retirees and survivor annuitants, who often struggle to pay their steadily increasing premiums, why the federal government failed to do what a multitude of other employers have done to reduce this burden."

One agency, the U.S. Postal Service, petitioned Medicare in 2005 to provide the subsidy but was rejected on the grounds that postal workers are covered by the health benefits program. Postal officials sought the subsidy because it would save the agency about $250 million annually. Agency officials said the subsidy would have helped rein in operating expenses, which are financed through postage rates.

Sen. Daniel K. Akaka (D-Hawaii), new chairman for the Senate's federal workforce subcommittee, said he plans to hold a hearing on the GAO report in the spring.

"I will take a closer look at how OPM decisions affect health care premiums," Akaka said in a statement. "Although OPM did a good job in keeping premium increases down in 2006, the GAO report clearly shows that if OPM had applied for and used the subsidy, premium growth would be reduced by 2.6 percent."

As Akaka noted, the GAO report shows that the OPM has been slowing the growth in the average federal health insurance premium since 2002, when premiums jumped by 12.9 percent. Federal Employees Health Benefit premiums, on average, are going up only 1.8 percent this year.

The rise in average premiums has slowed, the GAO said, because the costs of medical services and prescription drugs have risen at a slower pace in recent years. The GAO pointed out that the OPM has used the program's financial reserves to curb premium growth last year and this year, by 2 percent and 5 percent respectively.

The GAO also noted that the Federal Employees Health Benefits Program has done a better job of controlling premiums than many private-sector employers and the California Public Employees' Retirement System, known as Calpers and second in size to the federal program.

Over the past five years, the GAO said, the average annual growth in the federal health benefits premiums was 7.3 percent, compared with 14.2 percent for Calpers and 10.5 percent for companies surveyed by the GAO.

State Of The Union: Another Take (NYT)

By Randy Newman

The New York Times, January 24, 2007

Randy Newman, the singer, songwriter and composer, performed this song at Carnegie Hall in 2006. It will be released soon online. This is an abridged version.

A Few Words in Defense of Our Country

By Randy Newman

I'd like to say a few words
In defense of our country
Whose people aren't bad nor are they mean
Now the leaders we have
While they're the worst that we've had
Are hardly the worst this poor world has seen
Let's turn history's pages, shall we?
Take the Caesars for example
Why within the first few of them
They had split Gaul into three parts
Fed the Christians to the lions
And burned down the City
And one of 'em
Appointed his own horse Consul of the Empire

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That's like vice president or something
That's not a very good example, is it?
But wait, here's one, the Spanish Inquisition
They put people in a terrible position
I don't even like to think about it
Well, sometimes I like to think about it
Just a few words in defense of our country
Whose time at the top
Could be coming to an end
Now we don't want their love
And respect at this point is pretty much out of the question
But in times like these
We sure could use a friend
Hitler. Stalin.
Men who need no introduction
King Leopold of Belgium. That's right.
Everyone thinks he's so great
Well he owned The Congo
He tore it up too
He took the diamonds, he took the gold
He took the silver
Know what he left them with?
Malaria
A president once said,
"The only thing we have to fear is fear itself"
Now it seems like we're supposed to be afraid
It's patriotic in fact and color coded
And what are we supposed to be afraid of?
Why, of being afraid
That's what terror means, doesn't it?
That's what it used to mean
The end of an empire is messy at best
And this empire is ending
Like all the rest
Like the Spanish Armada adrift on the sea
We're adrift in the land of the brave
And the home of the free
Goodbye. Goodbye. Goodbye.

Spending Sincerity Test (WSJ)

The Wall Street Journal, January 24, 2007

Members of Congress applauded President Bush's lines about spending restraint last night, but we are about to get a test of their sincerity when the Senate votes today on the line-item veto.

The official description of New Hampshire Senator Judd Gregg's legislation is "rescission" authority, and it is notably less powerful than the genuine "veto" power Congress granted Bill Clinton in 1996 before it was struck down by the Supreme Court. But the impulse behind it is the same: Give Mr. Bush and his successors the power to single out and send back to Congress the thousands of wasteful "earmark" projects that bloat today's spending bills. Congress would then be required to vote, up or down and within 10 days, on the spending cuts.

It's no accident that Mr. Gregg's bill is nearly identical to a rescission amendment offered by former Democratic Senator (and one-time Majority Leader) Tom Daschle in 1995. In fact, Mr. Daschle's version gave the President more power, allowing him to submit as many as 13 rescissions a year, compared with only four in the Gregg proposal. No fewer than 37 Democrats voted for the Daschle amendment in 1995, and 20 of them are still in the Senate.

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Yet how times, and partisanship, have changed. West Virginia's Robert Byrd took to the Senate floor this week to denounce Mr. Gregg's amendment as "garbage" -- his eloquence is legendary -- and to complain that it gave too much power to the President. That's an old Byrd song when Republicans are in the White House. But back in 1995, with Mr. Clinton in office, the earl of earmarks noted that the Daschle proposal "does not result in any shift of power from the legislative branch to the executive. It is clear cut. It gives the President the opportunity to get a vote . . . So I am 100 percent behind the substitute by Mr. Daschle."

California's Dianne Feinstein also hailed rescission authority in 1995 as a "deterrence" to "the pork barrel." Wisconsin's Russ Feingold extolled it as "a useful tool." Washington's Patty Murray said the President should have the power to veto "pork items" that "contribute to our deficit." North Dakota's Byron Dorgan in 1996 said it would be "helpful in imposing budget discipline." Senators Chris Dodd, Carl Levin and Joe Biden also had nice things to say.

If this crowd meant what they said, Mr. Gregg will easily get the 60 votes he needs to overcome a filibuster. Yet so far not a single Democrat has publicly supported the measure, and Republicans had to threaten to hold up the ethics reform bill last week even to get an item-veto vote on the Senate floor. This is all the more remarkable given that the Senate Democratic caucus is teeming with wannabe Presidents who would love the power that Bill Clinton once had if they ever make it to the White House. Perhaps they lack confidence in their candidacies.

Or perhaps they simply don't want to hand Mr. Bush anything he could call a victory. Democrats ran hard against GOP overspending last year, so voters will be watching what they do in the run-up to 2008. A vote against the line-item veto is a vote for earmarks and spending as usual.

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As The Democrats Dither (WP)

The Washington Post, January 24, 2007

AN EARLY TEST of the courage and leadership of the new Democratic-controlled Congress will come on the question of extending full voting rights in the House of Representatives to the District of Columbia. Legislation to do just that fizzled in the final days of the past Congress as Republican leaders, seized by apathy and deaf to logic, left town without calling a vote. Now it is for Democrats to explain why citizens of the capital of the free world are disenfranchised in the halls of Congress.

They have scheduled a vote today on a half-measure that grants a partial voice to the District's delegate, as well as to delegates from U.S. territories. The resolution would allow the delegates to vote on some important House business, including amendments to legislation, but would withhold the right to vote on a bill's final passage. If adopted, it would restore the status quo in effect before the Republicans altered it 12 years ago but leave the District consigned to inferior status. It is, in other words, better than nothing, but it is decidedly not good enough. And it muddies the waters by lumping the District, whose residents pay federal income taxes, together with Guam, American Samoa and the Northern Mariana Islands, whose (vastly fewer) residents do not.

The best and most comprehensive solution in sight is the one the Republicans spurned so heedlessly in the past Congress. Embodied in a bipartisan measure co-sponsored by Rep. Thomas M. Davis III (R-Va.) and D.C. Del. Eleanor Holmes Norton (D), it would add two full-voting seats to Congress -- one for the mostly Democratic District and one for mostly Republican Utah, which just missed getting an extra seat after the last census. That's about as nonpartisan as you could wish for (although only Utah would gain an electoral vote).

Mr. Davis believes that several dozen Republicans would support his approach should it ever see the light of day in a floor vote. And Democrats, who have every reason to grant the District a fully empowered representative in the House, should also be on board. So why is the Democratic leadership dithering?

Return Of The Drug Company Payoffs (NYT)

The New York Times, January 24, 2007

Two excessively lenient court decisions have allowed the manufacturers of brand-name drugs to resume the underhanded practice of paying generic competitors to keep their drugs off the market. It is a costly legal loophole that needs to be plugged by Congressional legislation.

The problem arises when a generic manufacturer tries to take its drug to market before the patent on a brand-name drug has expired by arguing that its product does not infringe upon the patent or that the patent is invalid. Huge sums of money are at stake, especially with blockbuster drugs whose annual sales can exceed a billion dollars.

Rather than risk it all, a brand-name manufacturer may choose to pay its generic competitor substantial compensation to drop its challenge and delay marketing its drug. Both companies make out handsomely. The big losers are consumers and the public and private insurers that must continue to pay monopoly prices for the brand-name drugs.

The Federal Trade Commission, which has been waging a valiant fight, succeeded for several years in eliminating such settlements. But two appeals court decisions in 2005 held that they are a legitimate way to resolve patent disputes. And sure enough, the F.T.C. reported last week that — after a five-year hiatus — brand-name companies made 3 such do-not-compete settlements in fiscal year 2005 and 14 more last year.

The pharmaceutical industry contends that the settlements are a reasonable way to resolve disputes and that they often result in bringing generic drugs to market before a patent has expired, albeit not as soon as the generic company wanted. The industry argues that regulators and the courts should judge such settlements on a case-by-case basis.

Our own hunch is that the better approach for Congress to take as it moves toward corrective legislation would be a “bright line” prohibition against making any payments to delay introduction of a generic drug. That would set a clear standard and enhance the likelihood that consumers would get a chance to benefit from real competition in the pharmaceutical market.

OTHER NEWS:

Court Rules Against Foster Parents (WP)

By Tamara Jones

The Washington Post, January 24, 2007

The Tennessee Supreme Court ruled yesterday that a 7-year-old girl raised by an American couple since infancy must be returned to her Chinese parents, who say they never intended to give her up for adoption.

Shaoqiang He, a 42-year-old restaurant manager in Memphis, said he will probably return to China with his family after a transition period for Anna Mae He. She turns 8 on Sunday and has spent all but the first three weeks of her life with foster parents Jerry and Louise Baker.

"We have a big bedroom for her in our apartment, and we're going to buy clothing and furniture for her," He said in the telephone interview. "She knows by her face that she is Chinese, and she must be asking the Bakers, 'Where is my mom? Where is my dad?' "

Neither the Bakers nor their attorneys could be reached for comment. The Bakers have the option of appealing on the federal-court level. Tuesday's ruling set no timetable or conditions for Anna's return, leaving that for a lower court to iron out.

He and his wife, Qin Luo, 37, met the Bakers through the church both families attended. Financial and legal hardships prompted the Hes to place their newborn in the Bakers' care, He said, adding that another church member who ran an adoption agency had vouched for the couple and described them as experienced, loving foster parents. The Hes visited Anna, her father said, but relations turned ugly when they asked for her return at the age of 2.

"We did not give up custody," He said.

The Bakers won a court order barring the Hes from any contact with Anna, but He said his wife used to hide inside a neighborhood gas station to catch glimpses of Anna being taken for a walk or out for a ride. The Hes also have a 4-year-old daughter and 6-year-old son.

The custody dispute has wended through the U.S. court system for most of Anna's life, stirring public debate over the emotional, cultural and financial issues involved.

A Memphis judge stripped the Hes of their parental rights in February 2004, citing "parental misconduct" and abandonment, suggesting that the Hes had pursued the custody case merely to delay their own deportation. Shaoqiang He said his family's immigration status remains in legal limbo.

During the acrimonious battle, Qin Luo He had picketed outside the Bakers' home, shouting that she wanted her daughter back. The lower court concluded that her behavior amounted to "emotional instability" that would be "detrimental" to Anna.

But the state's high court found no evidence that the Hes willfully abandoned Anna. The justices concluded that the couple misunderstood the possible implications of transferring custody and guardianship to the Bakers, believing it merely enabled the Bakers to get Anna health insurance.

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Emotional upheaval to Anna was dismissed as grounds for the Bakers to keep her. Being taken away from the only family she has really known "does not constitute the substantial harm required to prevent the parents from regaining custody," the Supreme Court ruling said.

6-year Custody Fight Ends In Tenn. Court (USAT)

By Robert Davis

USA Today, January 24, 2007

After six years of highly publicized court cases, a Chinese immigrant couple may soon be reunited with the daughter they have fought to get back.

The Tennessee Supreme Court ruled Tuesday that 7-year-old Anna Mae He, who has lived with a Memphis family since infancy, must be returned to birth parents Shaoqiang and Qin Luo He, who go by American names Jack and Casey.

The court ruled that lower courts had wrongly stripped the Hes of their parental rights.

The court ordered the Juvenile Court of Shelby County to reunite the child with her parents, who have been aided by pro bono lawyers. Psychologists will help her make the transition, lawyers say.

The custody fight, which made headlines around the world, pitted the Hes against Jerry and Louise Baker of Cordova, Tenn. The Bakers took Anna Mae in soon after she was born at the Hes' request as they struggled with legal, financial and health problems.

The Hes have insisted they never intended to permanently relinquish custody. But the Bakers have long wanted to legally adopt Anna Mae and originally accused the Hes of abandoning the child. They have maintained that she would have a better life with them.

"We never gave up hope," Jack He says. "This has been six years of nightmare." He hopes to be able to see his daughter again as early as her eighth birthday on Sunday.

The Hes had visited Anna Mae for a time, but things came to a head on her second birthday, on Jan. 28, 2001, when Casey refused to leave without her daughter. The Bakers called the police and five months later petitioned a court to revoke the Hes' parental rights.

In its ruling Tuesday, the court said that "the evidence overwhelmingly shows that the parents' voluntary relinquishment of custody was entered as a temporary measure to provide health insurance."

Jerry Baker said he does not know what will happen next from a legal standpoint, but he hopes to have a child psychologist help determine the best way to "broach all of this" with the girl, who was in school when news of the ruling swept across Memphis.

Supporters from China and across the nation watched news reports and used the Internet to offer support for the Hes. One of the Hes' attorneys, Richard Gordon, says the lesson is: "This is America. Persistence pays off. Don't give up."

Jack He says that he looks forward to the day when his oldest daughter wakes up at home surrounded by the family she has never known: her parents, her brother, Andy, 6, and her sister, Avita, 4.

"She knows that she is Chinese," he says. "We want for her to wake up each morning and see all of the same faces surrounding her."

Baker pledged to put the girl and his daughter Aimee, who considers Anna Mae her sister, first with help from God. "Our God today is the same God that we thanked for all of the past decisions," he said. "He knows best. He will protect us all."

Candidate Who Thinks She Won Gets Gallery Seat (MH)

By Lesley Clark

The Miami Herald, January 24, 2007

WASHINGTON - Christine Jennings wasn't able to line up and shake President Bush's hand when he walked down the House aisle Tuesday night to deliver his State of the Union address, but she did get a chance to make her point.

Clad in a cherry red pantsuit, the banker from Sarasota County who is contesting her narrow loss to succeed Rep. Katherine Harris, sat in the House gallery to the president's right -- a symbol of the fact Democrats are not relinquishing dibs on the seat -- despite the presence of Rep. Vern Buchanan, R-Sarasota, who, as a member of Congress, got a seat on the floor.

"I hope it's a reminder that we need election reform and standards for the country," Jennings said of her presence in gallery 5, row B, seat 17. ``The message has never changed, we've got to know that we have fair and accurate elections."

Buchanan, who was sworn into office by the Democratic-controlled Congress on Jan. 4 -- but not without notice that his election was being contested -- pointedly called Jennings his "favorite constituent" and said he aimed a wave in her direction.

He said he was awed to see his first State of the Union address from the House floor -- noting he's attended before, ``but just in the gallery.

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"To be a blue-collar kid from Detroit, you'd never think it's possible," Buchanan said. ``But it is in America."

Before the speech, Jennings said, perhaps only partly in jest, that she hoped Bush would use the annual address to take up the mantle for election reform. The president, she noted, won the White House in 2000 with a 527-vote margin -- but only after a contested election in Florida that raised similar questions about voter intent.

"I'm hopeful that the president will include in his message that he'll champion election reform," Jennings said, a broad smile on her face. ``I think it's very appropriate. He's obviously familiar with the voting problems in Florida."

Bush, not surprisingly, did not issue a call for election reform, though one of the prime players of the 2000 Florida recount made a guest appearance: Harris, a Sarasota Republican, appeared on the House floor, hugging former colleagues and chatting with several members.

Jennings was the guest of Rep. Ellen Tauscher, D-Calif., who gave the Florida Democrat her sole audience ticket to the event to "highlight the gross injustice of election problems" in the Florida congressional district.

Many Florida members of Congress gave their tickets to family or friends. Buchanan invited his wife. Democratic Rep. Tim Mahoney of Palm Beach Gardens invited Army Spc. Joshua Shirley of LaBelle, who was stationed in Iraq last month when his brother, Sgt. Luke Shirley, was seriously injured by a land mine.

A Coast Guardsman from Broward County who has patrolled the Persian Gulf near Iraq may have received the best invitation, however. Petty Officer 2nd Class Nathan Thomas of Hollywood was the invited guest of first lady Laura Bush, and he was seated in her box Tuesday night for the speech.

Thomas joined the Coast Guard in August 2001, according to the White House, and has been twice deployed to the region -- for a total of seven consecutive months in 2006.

He was part of the U.S. Coast Guard Patrol Forces in Southwest Asia, Bahrain and Kuwait, where his job was to work as a boarding officer, on assignment to protect two major Iraqi offshore oil terminals from potential terrorist attacks.

As part of his work there, the White House said, Thomas designed a training video and lesson plan on law enforcement tactics on boarding missions.

He used those resources to train more than 500 foreign military servicemen, including marines and navy personnel from Iraq and Kuwait, the White House said.

In addition, "he trained 80 U.S. Coast Guard and 60 U.S. Navy members deployed to the Persian Gulf in high-risk, noncompliant boarding procedures, thereby improving the capabilities and readiness of coalition forces," the White House said.

Jennings lost the election by fewer than 400 votes, but is challenging the results because the voting machines failed to register votes in the congressional race for more than 18,000 voters in Sarasota County.

Some observers chalked it up to particularly nasty primary and general election campaigns, others to a bad ballot design. But Jennings contends the machines malfunctioned and cost her the election. She's suing to examine the computer source code used in the county's voting machines.

A state circuit judge last month refused to give Jennings access to the software; she's appealing the decision.

But Congress has the last say in who sits in the chamber and Democrats have signaled intense interest in the outcome of the contest. The chair of the House Administration Committee, which would investigate the matter, sent a letter to the Florida appeals court, urging it to give Jennings full access to the computer code. The court has rejected the letter.

Jennings, though, remains a favorite on Capitol Hill. She attended a breakfast Tuesday for new Democratic members of Congress and spent some of the day working the phones at the Democratic Congressional Campaign Committee, which helped her set up a fundraising account for the election challenge.

She said she was warmly greeted at the breakfast and encouraged to keep waging the battle. One member, she noted, has received more than 100 letters from constituents alarmed about the lack of paper ballots for voting machines.

"It's no small matter," she said. ``People are concerned about the situation."

No Money, No Problem (RC)

By Kate Ackley

Roll Call, January 24, 2007

Any penny-pinching lobbyists looking to save a few thousand dollars in the sure-to-break-records 2008 presidential race have the perfect candidate to throw their theoretical support behind: Sen. Barack Obama (D-Ill.).

Not only has Obama's presidential exploratory committee said it will refuse all donations from political action committees, but it also is barring cash from registered federal lobbyists. Word has just started to spread among K Street's Democrats that when it comes to the candidate's coffers, they're off the hook.

"Thank, God," quipped one prominent Democratic lobbyist who does not publicly support any candidate. "Now I'm for him."

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Another well-known K Street Democrat, one who publicly supports another candidate in the party's primary field, echoed those sentiments, saying lobbyists are high-fiving the move.

"Most people are happy about it," this lobbyist said. "Some people are going to get hit up by multiple candidates, but not by Barack."

This lobbyist said Obama can likely succeed in raising the $50 million he'll need to be competitive in early primaries through online donations and grass-roots support from beyond the Beltway, other Democratic contenders such as Sens. Chris Dodd (Conn.) and Joseph Biden (Del.) would find that banning lobbyists' contributions "could potentially affect their ability to remain competitive" since both have large donor networks in the advocacy world.

The party's frontrunner, Sen. Hillary Rodham Clinton (D-N.Y.) will cash lobbyists' campaign donations, too. But former Sen. John Edwards (D-N.C.) won't. An aide with the Edwards campaign confirmed that Edwards wants nothing to do with the money of PACs or federally-registered lobbyists.

Among the qualifications for acceptable donations listed on Obama's Web site are that the funds are not from a PAC. A donor also must certify that, "This contribution is not made from the funds of an individual registered as a federal lobbyist or a foreign agent, or an entity that is a federally registered lobbying firm or foreign agent."

Dan Pfeiffer, a spokesman for Obama's exploratory committee, said the prohibition is not limited to Web donations. "The same criteria applies to all donations," he said, including old fashioned handwritten checks. Pfeiffer said he was not certain whether Obama's campaign also would turn away funds that lobbyists helped raise from their family members, friends and non-lobbyist clients and colleagues or whether it applies to lobbyists who are registered at the state or local level.

While most lobbyists privately cheered Obama's move as a money-saver for their own bank accounts, one lobbyist

who supports Obama's candidacy said he was disappointed not to be able to put his money behind the presidential contender. "He just saved me $2,000, but I wish I could write the check," the lobbyist said.

Obama, who has been a leading proponent of tightening lobbying ethics laws, has not always shied away from lobbyist and PAC money. In the 2005-2006 cycle, according to the Federal Election Commission, Obama reported collecting about $100,000 from PACs alone, including those connected with BellSouth, Coca-Cola, Johnson & Johnson and the National Association of Realtors.

"If you're a lobbyist you just have to accept that elected officials, especially in the Democratic party, have decided we're a target and they're going to score political points on us," said one Democratic lobbyist.

New Congress, New Clients. Longtime lobbyist Alan Roth, a partner with Lent Scrivner & Roth and, more importantly, a one-time aide to Energy and Commerce Committee Chairman John Dingell (D-Mich.) has been tapped by pharmaceutical company Amgen, which has been locked in a long-running legislative feud with rival firm Roche.

Roth, who served as Democratic staff director and chief counsel on the tony committee in the 1990s, also added AT&T and Qualcomm to his firm's client roster and is close to inking a deal with the United States Telecom Association.

"After 10 years as a Democratic lobbyist, it's nice to get your phone calls returned," said Roth, who added that the firm is looking to pick up another Democrat. The firm's Louis Finkel left late last year for a corporate lobbying job with oil giant Exxon Mobil Corp., but Finkel has returned to Capitol Hill to work for the Science Committee.

As for the Amgen-Roche fight, the two companies have been warring over patent laws that could allow a Roche product that treats anemia into the U.S. market to compete with one of Amgen's most profitable therapies, Epogen.

K Street Moves. Sonnenschein Nath & Rosenthal has added John Russell IV and Gilberto Ocañas to its national public law and policy strategies group. Russell, who spent a decade on Capitol Hill including a stint as deputy to the chief of staff for former Speaker Dennis Hastert (R-Ill.), is signing on as managing director. Ocañas, who in 2000 led the National Latino Presidential Campaign for the Democratic National Committee, will be a senior adviser. "John and Gilberto both will be tremendous assets to Sonnenschein's public policy practice," said Mike McNamara, chair of Sonnenschein's lobbying group.

· Kerry Feehery, communications director to Sen. Mel Martinez (R-Fla.), has left Capitol Hill to lobby on behalf of the new Florida Gov. Charlie Crist (R). Her title will be director of the executive office of the Governor.

· Janene Jackson, formerly a staff member for the D.C. City Council, is joining the D.C. Chamber of Commerce as senior vice president of external affairs, a position that amounts to the group's top lobbyist.

Watergate Figure E. Howard Hunt Dies (AP)

By Tim Reynolds

AP, January 24, 2007

E. Howard Hunt, who helped organize the Watergate break-in, leading to the greatest scandal in American political history and the downfall of Richard Nixon's presidency, died Tuesday. He was 88.

Hunt died at a Miami hospital after a lengthy bout with pneumonia, according to his son Austin Hunt.

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The elder Hunt was many things: World War II soldier, CIA officer, organizer of both a Guatemalan coup and the botched Bay of Pigs invasion, and author of more than 80 books, many from the spy-tale genre.

Yet the bulk of his notoriety came from the one thing he always insisted he wasn't — a Watergate burglar. He often said he preferred the term "Watergate conspirator."

"I will always be called a Watergate burglar, even though I was never in the damn place," Hunt told The Miami Herald in 1997. "But it happened. Now I have to make the best of it."

While working for the CIA, Hunt recruited four of the five actual burglars — Bernard Barker, Virgilio Gonzalez, Rolando Eugenio Martinez and Frank Sturgis, all who had worked for Hunt a decade earlier in the Bay of Pigs invasion.

All four also had ties to Miami, where part of the Watergate plan was hatched. He said the burglary's aim was to see whether Fidel Castro's Cuban regime had given money to the campaign of Nixon's Democratic opponent, George McGovern.

"According to street gossip both in Washington and Miami, Mr. Castro had been making substantial contributions to the McGovern campaign," Hunt told CNN in February 1992. "And the idea was ... that somewhere in the books of the Democratic National Committee those illicit funds would be found."

The idea was wrong, and the fallout escalated into huge political scandal.

Nixon resigned on Aug. 9, 1974. Twenty-five men were sent to prison for their involvement in the botched plan, and a new era of skepticism toward government began.

"I had always assumed, working for the CIA for so many years, that anything the White House wanted done was the law of the land," Hunt told People magazine for its May 20, 1974, issue. "I viewed this like any other mission. It just happened to take place inside this country."

The Hunt recruits and James W. McCord Jr., security director for the Committee for the Re-election of the President, were arrested June 17, 1972, at the Watergate office building. One of the burglars was found to have Hunt's White House phone number.

Hunt and fellow operative G. Gordon Liddy, along with the five arrested at Watergate, were indicted on federal charges three months later. Hunt and his recruits pleaded guilty in January 1973, and McCord and Liddy were found guilty.

In March 1973, McCord wrote a letter to the federal judge in his case, John J. Sirica, claiming perjury occurred and that there was political pressure applied to the defendants to plead guilty and remain silent.

In a secretly recorded conversation that same month that became one of the key pieces of evidence of the White House cover-up, White House Counsel John Dean told Nixon that "we're being blackmailed ... Hunt now is demanding another $72,000 for his own personal expenses; another $50,000 to pay his attorneys' fees."

After some further discussion, Nixon said: "If you need the money, I mean you could get the money. ... I mean it's not easy, but it could be done."

Hunt eventually spent 33 months in prison on a conspiracy charge, and said he was bitter that he was sent to jail while Nixon was allowed to resign.

"I felt that in true politician's fashion, he'd assumed a degree of responsibility but not the blame," he told The Associated Press in 1992. "It wasn't my idea to go into the Watergate."

Hunt also was involved in organizing an event that foreshadowed Watergate: the burglary of the the office of the Beverly Hills psychiatrist treating Daniel Ellsberg, the defense analyst who leaked the Pentagon Papers, published in 1971.

Hunt and Liddy — the so-called White House "plumbers" — broke into Ellsberg's office to gain information about him. The break-in was revealed during the 1973 espionage trial against Ellsberg and co-defendant Anthony Russo, and was one of several incidents that led to dismissal of the case because of government misconduct.

Watergate was one of many wild tales — some true, some not — that followed Hunt through the final decades of his colorful life.

His alleged involvement in the purported conspiracy to kill President John F. Kennedy was among the most popular spy-esque stories Hunt was linked with. One theory, which still exists in the minds of some, was that Hunt was in Dallas on the day Kennedy was shot, that his image was captured in photographs from the scene.

"I was in Washington, D.C., on Nov. 22, 1963," Hunt wrote in a December 1975 letter to Time magazine, a note penned while he was incarcerated at Eglin Air Force Base's prison camp. "It is a physical law that an object can occupy only one space at one time."

Everette Howard Hunt was born Oct. 9, 1918, in Hamburg, N.Y., graduated from Brown University in 1940 and was commissioned as a Naval Reserve officer in Annapolis, Md. the following year. He served as a destroyer gunnery officer, was injured at sea and honorably discharged from the Navy.

From 1949 through 1970 he worked for the CIA, and was involved in the operation that overthrew Jacobo Arbenz as Guatemala's president in 1954, plus the failed Bay of Pigs invasion in 1961.

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Hunt declared bankruptcy in 1997, largely blaming his Watergate fines and legal fees. A court overturned a $650,000 libel settlement he was awarded in 1981 stemming from an article alleging his involvement in the assassination of Kennedy, and he never received any of that money.

"I think I've paid my debt to society," Hunt said in 1997. "I think I've paid it amply."

Hunt spent his final years in a modest home in Miami's Biscayne Park neighborhood with his second wife, Laura Martin Hunt, and declined many interview requests from The Associated Press.

He has a memoir coming out next month titled "American Spy: My Secret History in the CIA, Watergate and Beyond."

Hunt's first wife, the former Dorothy Wetzel Day Goutiere, died in a plane crash in 1972. Besides his wife, Hunt was survived by six children.

A memorial service was scheduled for Monday in Miami.

Ex-Spy Crafted Watergate, Other Schemes (WP)

By Patricia Sullivan

The Washington Post, January 24, 2007

E. Howard Hunt, 88, the shadowy former CIA man who organized the Watergate break-in and other "dirty tricks" that ultimately brought down the presidency of Richard M. Nixon, died of complications from pneumonia yesterday at a hospital in Miami.

The Watergate episode was the most notorious caper in a colorful career that included the overthrow of a Guatemalan president, oversight of a group of Cuban exiles in the Bay of Pigs fiasco and such over-the-top ideas as firebombing the Brookings Institution to distract guards while his crew burglarized the think tank.

Melodramatic and devious in character, resembling the actor Gene Hackman in appearance, Hunt donned a cheap red wig and wore a device that altered his gait while casing another burglary site -- the office of a psychiatrist to Daniel Ellsberg, who had released the classified Pentagon Papers on the Vietnam War.

Hunt recruited four of the five Cuban exiles who broke into the Democratic national headquarters at the Watergate Hotel on June 17, 1972. He was watching the burglary from an adjacent building when the group was discovered and arrested, and it was his phone number in their address books that let investigators and reporters connect the break-in to the president and his reelection campaign.

Hunt's covert background included some 20 years in the CIA, where he helped overthrow the president of Guatemala, Jacobo Arbenz Guzman, in 1954. As the CIA station chief in Mexico City, he planted false newspaper stories about politicians who were out of favor. In 1961, he was the planning director for a group of Cuban exiles who unsuccessfully attempted to overthrow Fidel Castro by invading the island at the Bay of Pigs. That's where he met Bernard Barker, Virgilio Gonzalez, Eugenio Martinez and Frank Sturgis, whom he would recruit for a covert group of "plumbers" whose job it was to fix the "leaks" that threatened the Nixon administration.

Their first job was in Los Angeles, where they broke into Ellsberg's psychiatrist's office. Back in Washington, Hunt and G. Gordon Liddy hatched the Watergate plan.

"What we were looking for is the same thing every congressional committee is looking for today, which was evidence of illegal foreign contributions," he told the Miami Herald in 1997. "That was the rationale for going in there. We'd heard rumors that both the Vietnamese and Fidel Castro were inserting funds illegally into the Democratic National Committee. And the idea was to look at the books, photograph them, in and out, and that's it. It didn't seem like such a deal to me. You know, I'd been doing that stuff for years, a 'black-bag job' into other embassies. But you know, I didn't have skilled people."

Hunt didn't let his loyalty to Nixon prevent him from pressuring his bosses for money. In a secretly recorded conversation in March 1973 that became one of the key pieces of evidence of the White House cover-up, White House Counsel John Dean told Nixon that "we're being blackmailed. . . . Hunt now is demanding another $72,000 for his own personal expenses; another $50,000 to pay his attorneys' fees."

After some further discussion, Nixon said: "If you need the money, I mean you could get the money. . . . I mean it's not easy, but it could be done."

Nixon, facing impeachment, resigned Aug. 9, 1974.

Hunt spent 33 months in prison for his role in the Watergate burglary. He was bitter that Nixon did not stand up for him. President Ronald Reagan rejected a pardon request for Hunt in 1983.

He was born Everette Howard Hunt in Hamburg, N.Y., on Oct. 9, 1918. He graduated from Brown University in 1940 and was commissioned as a Naval Reserve officer the following year. A talented writer, he worked as a correspondent for Life magazine until he was called to active duty during World War II. He served as a gunnery officer on a destroyer.

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After the war, he received a Guggenheim fellowship and worked as a screenwriter before joining the Office of Strategic Services, the precursor to the CIA. He retired from the CIA in 1970 because "I found out the CIA was just infested with Democrats," he told Slate magazine in 2004.

Throughout his life, he wrote more than 80 spy novels and thrillers, usually under such pseudonyms as John Baxter, Robert Dietrich, David St. John, P.S. Donoghue, Gordon Davis or David St. John. He described one of his leading characters, Peter Ward, who shares some of his background as a Washington-dwelling Brown graduate, as "the secret agent with the taste and the talent for fine living."

Tad Szulc, a former New York Times reporter, wrote in the 1974 book "Compulsive Spy: The Strange Career of E. Howard Hunt" that Hunt was a relatively low-level CIA officer not well thought of by most of his colleagues and superiors. Hunt's autobiography, "American Spy: My Secret History in the CIA, Watergate & Beyond," has a March publication date.

Hunt declared bankruptcy in 1997, largely blaming his Watergate fines and legal fees. A $650,000 libel settlement he was awarded in 1981 stemming from an article alleging his involvement in the assassination of President John F. Kennedy was overturned, and he received none of that money.

In the past few years, Hunt lost a leg to complications from atherosclerosis, battled lymphoma in his jaw and used an electric wheelchair to get around.

Hunt's first wife, Dorothy Wetzel Day Goutiere, was killed in the Dec. 8, 1972, plane crash of United Airlines Flight 533 in Chicago. Congress, the FBI, and the National Transportation Safety Board investigated the crash, but they did not find any basis for determining that the crash was not purely accidental. The more than $10,000 in cash found in Dorothy Hunt's handbag was generally regarded as part of the "hush money" paid to Watergate defendants in an attempt to procure their silence regarding White House involvement.

Survivors include his wife of 30 years, Laura Martin Hunt of Miami; and six children.

Who Cares About The Poor? (WSJ)

By Arthur C. Brooks

The Wall Street Journal, January 24, 2007

When control of the U.S. Congress changed hands earlier this month, it was clear that a raised minimum wage would be high on the legislative agenda. And indeed, an increase to $7.25 from $5.15 per hour raced through the House and is unlikely to face much substantive opposition in the Senate.

The Democrats have two reasons for focusing on the minimum wage. The first is poverty: $5.15 an hour is insufficient to support a family -- according to the Congressional Budget Office, about 18% of workers in 2005 making between $5.15 and the new minimum wage lived below the poverty line. Democrats believe raising the legal minimum will help solve this problem.

The Democrats' second reason for a minimum wage hike is relative (not absolute) deprivation: They hope that raising the minimum will lower income inequality, which has been a concern of the political left for generations. The Democratic National Committee defended the hike by charging, "The federal minimum wage is so disgracefully low that now, during a period of extraordinary prosperity for the nation's corporations and wealthiest families, the average CEO earns as much in just a few hours on the first workday of the year as a full-time minimum wage worker earns the entire year." The economic chasm between the CEO and the minimum wage worker, in this view, is evidence of an unjust society.

While just about everybody -- left and right -- agrees that poverty is unacceptable (although policy makers disagree as to whether a minimum wage hike would help or hurt the working poor), conservatives do not share liberals' concern about income inequality. According to the 2005 Maxwell Poll on Civic Engagement and Inequality, self-described liberals are more than twice as likely as conservatives to say income inequality in America is a "serious problem." And while 84% of liberals think the government should do more to reduce inequality, only 25% of conservatives agree.

This is empirical substantiation for the old cliché that conservatives just don't care about the poor, right? Wrong. In fact, the data do not tell us that conservatives are uncaring; they actually tell us that conservatives are optimists. Conservatives are relatively untroubled by inequality, and unsupportive of government income redistribution, because they believe the American economy provides private opportunities to succeed. Liberals are far more pessimistic than conservatives about the possibility of a better future for Americans of modest means.

Consider the evidence. While 92% of conservatives believe that hard work and perseverance can help a person overcome disadvantage, only 65% of liberals think so. This difference of opinion, contrary to the convention, is not because conservatives earn more money. In fact, lower-income conservatives are about twice as likely as upper-income liberals to say they think there's "a lot" of upward mobility in America. If a liberal and a conservative are exactly identical in income, education, sex, family situation, and race, the conservative will be 20 percentage points more likely than the liberal to say that hard work leads to success among the disadvantaged.

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Naturally, well-to-do liberals must be amazed at the gullibility of the millions of poorer conservatives who still cling to the idea of America's promise of a better future through hard work and perseverance. Sunny conservatives of all economic classes may very well prefer to see things their way about America. Are conservatives naïve, or are liberals unjustifiably dour? Reasonable people disagree on this question. One thing that is clear, however, is that conservatives' lack of anxiety about income inequality -- and perhaps even their opposition to redistributive government policies -- is evidence of a light heart, not a hard one.

Mr. Brooks, a professor of public administration at Syracuse University's Maxwell School of Public Affairs, is the author of "Who Really Cares: The Surprising Truth About Compassionate Conservatism" (Basic Books, 2006).

A Healthy, Well-Regulated Wall Street (NYT)

The New York Times, January 24, 2007

A healthy financial sector is crucial to the economic well-being of this country and to New York City in particular. And it is true that Wall Street is facing ever stiffer competition from financial markets like London's and Hong Kong's. But beware of the doomsayers who argue that American markets are in free fall and — not incidentally — contend that looser regulations are the only way to save them.

Senator Charles Schumer and Mayor Michael Bloomberg joined that chorus this week. In a new report, they warn that without changes to what they call America's "stringent regulations and high litigation risks," this country's share of the lucrative finance business will decline further, at a cost of billions of dollars and thousands of jobs.

We certainly don't want American regulations to drive away good business. But it is first important to remember that when investors lose their shirts in huge frauds like Enron, plenty of damage is done to markets as well. And any discussion about the health of our financial industry must be as honest and open as possible. This report at times seems to cull facts to prove predetermined conclusions.

For example, to support its argument that the United States markets are losing ground, the report notes that over the first 10 months of 2006, American exchanges managed barely a third of the overall share of initial public offerings that they did in 2001. It strikes us as odd that a report released in late January could not include data from the previous November. In that month, the Securities and Exchange Commission registered 32 initial public offerings worth a total of $8 billion — the highest monthly total in five years.

The report goes on to say that the number and cost of securities class-action settlements in this nation set an all-time high in 2005. That's hardly surprising, considering the many settlements in that year stemming from the enormous fraud at WorldCom. But what about last year? The number of securities fraud class-action suits fell 38 percent in 2006, to the lowest level in 10 years. And in May, prosecutors indicted the nation's leading class-action securities law firm, Milberg Weiss Bershad & Schulman, for allegedly making secret payments to plaintiffs.

The report raises some valuable questions, and we agree with some of its conclusions. Loosening restrictions on work visas for talented foreigners and visitor visas for dealmakers strikes us as essential. And efforts under way to reduce the costs associated with complying with Sarbanes-Oxley regulations — for example, by focusing audits on the riskiest parts of balance sheets — are a valuable recalibration of the law's most onerous provisions.

While some common-sense changes are needed, the rights of shareholders and the stability of our markets cannot be trampled in the headlong rush for competitive advantages. United States financial markets are still the largest in the world, and Wall Street just enjoyed a year of record profits. And while we're talking about reforms, financial firms might take a look in the mirror and ask whether lower underwriting fees and smaller bonuses could also contribute to their long-term health and the health of America's financial markets.

Petraeus Supports Troop Increase In Iraq (AP)

By Robert Burns

AP, January 24, 2007

The general who will carry out President Bush's plan for Iraq cautioned on Tuesday against expecting quick results and used bleak terms to describe a country engulfed in war for nearly four years. Yet, he said the strategy can work as long as the Iraqis do their part.

Facing a skeptical Congress and an American public that has turned starkly against the war, Army Lt. Gen. David Petraeus promised lawmakers that as top U.S. commander in Iraq, he would speak up if he determines the new approach is failing. Bush is adding 21,500 U.S. troops to secure Baghdad and Anbar Province, home to many insurgents.

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"The situation in Iraq is dire," he told the Senate Armed Services Committee, which is expected to easily approve his nomination for the Iraq command. "The stakes are high. There are no easy choices. The way ahead will be very hard. ... But hard is not hopeless."

Though Petraeus was warmly received by members of the panel, the war he will help lead — and Bush's plan to prevail in it — faced a rougher reception.

White House hopeful Sen. Hillary Clinton, D-N.Y., launched a sharp attack on the administration's Iraq record and called Bush's new strategy "a dead end."

"I wonder whether the clock has already run out," said Sen. Susan Collins, R-Maine, a sponsor of a GOP-led resolution saying the Senate disagrees with the build up. She said she was worried that U.S. troops in Iraq are already perceived "not as liberators, but as occupiers."

One of Congress' few vocal supporters of the war, Sen. Lindsey Graham, R-S.C., warned that upcoming votes criticizing the president's strategy would be harmful.

"No matter how well-intentioned, a resolution being opposed to this new strategy is a vote of no confidence in you," he told Petraeus. "No matter how well-intentioned, the enemy will see it as a weakened resolve."

Petraeus made his appearance as the Bush administration struggled to limit Republican defections when a Senate committee votes Wednesday on a measure declaring the president's new Iraq policy is not in the national interest.

All 11 Democrats on the Foreign Relations Committee panel are expected to support the proposal, and so far, Nebraska's Sen. Chuck Hagel is alone among 10 Republicans in favor of it.

The measure is expected to advance to the Senate floor next week, and several Republicans opposed to Bush's policy said they prefer a more mildly worded alternative. Advanced by GOP Sen. John Warner of Virginia and others, it expresses disagreement with the president's plans without criticizing them as contrary to the national interest, and also leaves open the possibility of adding troops to Anbar Province in western Iraq.

Sen. Gordon Smith, R-Ore., seeking re-election in 2008, said he was swinging behind Warner's proposal. "This war has devolved far beyond what we authorized," placing U.S. troops in the middle of a sectarian war between Shiites and Sunnis, he told The Associated Press.

Warner and Senate Democrats are eventually expected to try and reach a compromise on the issue. If they are successful, the result would likely be a dramatic bipartisan rejection of a commander in chief in wartime.

If confirmed, Petraeus will implement Bush's plan to send an extra 21,500 U.S. troops to Iraq — most of them to Baghdad where the general said they will operate from smaller, dispersed bases in the city to help the Iraqi security forces clear specific neighborhoods of insurgents, illegal militias and death squads.

At Tuesday's hearing, Petraeus told the lawmakers that no amount of U.S. effort will succeed unless Iraqis learn to compromise.

"Ultimately, the outcome will be determined by the Iraqis," Petraeus said.

Petraeus would replace Gen. George Casey, who has led U.S. forces in Iraq since July 2004 and has been nominated to be the next Army chief of staff.

That move was part of a broad overhaul of the Iraq war effort. In addition to replacing Donald H. Rumsfeld with Robert Gates as defense secretary, Bush announced two weeks ago that he was increasing U.S. troop levels and ordering a more robust economic development program.

Levin, a leading war policy critic, pressed Petraeus on whether the flow of additional U.S. troops could be halted in midstream if the Iraqi government failed to meet its commitment to provide thousands more Iraqi troops.

"It could," Petraeus replied. Earlier, he said there were no "specific conditions" the Iraqis must meet in order to keep the flow of U.S. forces moving.

The last of five additional U.S. brigades are scheduled to arrive in the Iraqi capital in May; the first, from the 82nd Airborne Division, got there just days ago.

Asked by Sen. Edward Kennedy, D-Mass., how long the extra troops would remain in Iraq, Petraeus said he did not know. Casey said last week they might begin leaving as soon as late summer.

Sen. John McCain, R-Ariz., a leading proponent of Bush's plan, asked Petraeus how long he thought the U.S. buildup could be sustained.

"I am keenly aware of the strain" on the Army and Marine Corps, Petraeus said, adding that he welcomes Bush's proposal to increase the size of the land forces over the coming five years.

The concern about strains from the Iraq war also arose at a House hearing featuring the top Army and Marine Corps generals.

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"We have examined other war plans and our capability to respond to those plans, and we see that we are lacking in some areas in our ability to do so," said Gen. James Conway, commandant of the Marine Corps.

"We feel we would be able to respond with those forces that are not committed to Iraq or Afghanistan — that the response would be slower than we might like," he said.

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, issued a written statement expressing similar worries. And he called Bush's troop buildup in Iraq "too little, far too late."

Asked by McCain how soon he thought he would know whether the new strategy was working, Petraeus said, "We would have indicators at the least during the late summer." As currently planned, he said, the last of the five additional U.S. Army brigades would be ready to fight in Baghdad by the end of May.

Petraeus said the U.S. military needs new, "greatly increased" contributions from other federal agencies to stabilize a country torn by political divisions and hobbled by a weak economy, a battered infrastructure and corrupt police.

General Says New Strategy In Iraq Can Work Over Time (NYT)

By Michael R. Gordon

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — Lt. Gen. David H. Petraeus, President Bush's new choice as the top commander in Iraq, told senators on Tuesday that the new military strategy to secure Baghdad can work, and that he had asked that the additional troops the administration promised be deployed as quickly as possible.

In his first public comments about Mr. Bush's plan to send some 21,500 troops, the general described the situation in Iraq as "dire" but not hopeless. He asserted that the "persistent presence" of American and Iraqi forces in strife-ridden Baghdad neighborhoods was a necessary step, but also cautioned that the mission would not succeed if the Iraqi government did not carry out its program of political reconciliation.

"The way ahead will be neither quick nor easy, and undoubtedly there will be tough days," he told the Senate Armed Services Committee. "We face a determined, adaptable, barbaric enemy. He will try to wait us out. In fact any such endeavor is a test of wills, and there are no guarantees."

But much of the hearing focused not on details of the strategy about to unfold in Iraq, but rather on the political debate within the Senate over resolutions that would signal disapproval of the new strategy.

When Senator John McCain, Republican of Arizona, who has long favored sending more troops to Iraq, asked if approval of a Senate resolution assailing Mr. Bush's new strategy could hurt the morale of American troops, the general replied, "It would not be a beneficial effect, sir."

Asked by Senator Joseph I. Lieberman of Connecticut, who also backs the plan, if a resolution would also "give the enemy some encouragement" by suggesting that the American people are divided, General Petraeus replied, "That's correct, sir."

That answer sparked admonishments by critics of Mr. Bush's strategy, who insisted that the point of the Senate resolutions is to put pressure on the government of Prime Minister Nuri Kamal al-Maliki of Iraq to follow through on its political program and take more responsibility for its own security.

"We know this policy is going forward," said Senator Hillary Rodham Clinton, Democrat of New York. "We know the troops are moving. We know that we're not likely to stop this escalation. But we are going to do everything we can to send a message to our government and the Iraqi government that they had better change, because the enemy we are confronting is adaptable."

Senator John W. Warner, the Virginia Republican who is promoting a resolution opposing Mr. Bush's troop reinforcement plan, cautioned General Petraeus to be sure that "this colloquy has not entrapped you into some responses that you might later regret."

By the end of the hearing, General Petraeus sought to extricate himself from the political tussle by insisting that as a military man he did not want to take a position on the Senate debate. "There are a number of resolutions out there," he said. "Learning that minefields are best avoided and gone around rather than walked through on some occasions, I'd like to leave that one there."

Senator Carl Levin of Michigan, the Democratic chairman of the panel, said later that he was satisfied that the general had not intended to involve himself in the debate. The exchanges at the hearing did not appear to have any ill effect on the prospects for the confirmation of General Petraeus, and Mr. McCain said he hoped the commander would "catch the next flight" to Iraq after winning Senate confirmation.

When their questions focused on the military plan, senators elicited several new details. General Petraeus said Lt. Gen. Raymond T. Odierno, the day-to-day commander of American troops in Iraq, advised that in order to carry out the new strategy, five additional brigades were needed in Baghdad and two additional battalions were needed in Anbar Province in western Iraq.

Under the current deployment schedule, it will be May before all five of the brigades are in Iraq, but General Petraeus hinted that he would like them sooner, saying that he had asked the Pentagon to dispatch them “as rapidly as possible.”

General Petraeus acknowledged that the guidelines in the military’s counterinsurgency manual implied that 120,000 troops would be needed to secure Baghdad. But he reasoned that the roughly 32,000 American troops that would be deployed in the capital under the plan would be enough, because the total number of American and Iraqi security personnel would be about 85,000, while the use of civilian contractors to guard government buildings would reduce troop requirements.

If the troops are sent according to the current schedule, General Petraeus said the United States would know by late summer if the plan to clear contested neighborhoods of insurgents and militias, hold them with American and Iraqi security forces and win public support through reconstruction was working.

He said he would raise the issue of suspending troop reinforcements with his military superiors if the Iraqi government appeared to have not lived up to its commitments. But he suggested that withholding assistance from specific Iraqi institutions that fall short would have a greater influence. The general also said that a decision to withdraw American troops within six months would lead to more sectarian attacks and increased “ethnic cleansing.”

General Petraeus acknowledged that he had concerns about the absence of a unified command structure. Under the new plan, the Iraqi Army and police units will be under direct Iraqi command. The American Army units that work with them will be under a parallel American command. To ensure proper coordination, American officers are trying to establish joint command posts.

Senator Levin said his committee had repeatedly asked the administration to make available a list of the security and political “benchmarks” the Iraqi had agreed to meet. He warned that the committee would use its subpoena power or hold up military nominations if benchmarks were not provided.

By insisting on that the benchmarks be provided, Mr. Levin seemed to be trying to position himself to argue that the “surge” of reinforcements be suspended if the Iraqis fell short of meeting commitments.

Petraeus Expresses Confidence In Buildup (WP)

By Ann Scott Tyson

The Washington Post, January 24, 2007

Lt. Gen. David H. Petraeus, the expected new top commander in Iraq, yesterday gave Congress a stark preview of the challenge ahead, saying sectarian violence has reduced Baghdad's population to a daily struggle for survival, undermined the U.S. strategy of handing responsibility to Iraqi forces and created the prospect of a "failed state."

Petraeus voiced confidence, however, in a new approach that would shift the focus to protecting the population by pushing tens of thousands of additional U.S. and Iraqi troops deep into Baghdad neighborhoods, one aimed at allowing Iraq's government to "come to grips with" what he called an "exceedingly difficult situation."

"The way ahead will be neither quick nor easy, and undoubtedly there will be tough days. We face a determined, adaptable, barbaric enemy. He will try to wait us out," Petraeus told the Senate Armed Services Committee at a confirmation hearing. "Any such endeavor is a test of wills, and there are no guarantees."

Indeed, Petraeus promised simply to provide "the best leadership and direction I can muster" and "forthright" military advice, even if he concludes the mission is lost. "Should I determine that the new strategy cannot succeed, I will provide such an assessment," he said, reassuring senator after senator that he would speak up if he believed U.S. civilian leaders were making false statements about Iraq.

Twice a commander in Iraq, Petraeus won strong endorsement from both Democratic and Republican senators as one of the U.S. military's most talented officers -- but many also wished him "Godspeed" in leading what they described as the "last chance" for the U.S. military to bring stability to Iraq.

Petraeus said he had asked Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, to execute the push of 21,500 U.S. troops into Iraq "as quickly as possible," saying the five additional brigades should be in place in Baghdad by May, providing a new "critical mass" to clear and hold districts of the city of 6 million people.

Asked by Sen. John McCain (R-Ariz.) whether he could carry out his mission without the additional troops, Petraeus said no. He said the Pentagon is planning options for continuing the buildup, and said Gates told him it was his job to request additional forces if needed. He applauded Gates's recent decision to increase the permanent size of the Army and Marine Corps by 92,000, acknowledging the stress that has depleted the readiness of U.S. ground forces.

Senior Army officers said yesterday that all the Army's combat brigades in the United States -- except for the handful on alert or ready to go overseas within a month -- are currently rated as unready to deploy. If there is another "combat scenario" involving the demand for heavy conventional forces, "that's where America is taking risk," Lt. Gen. Stephen Speakes, the Army's deputy chief of staff, told reporters.

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Under questioning from senators opposed to the Iraq buildup, Petraeus allowed for the possibility that the troop flow could be aborted if the Iraqi government fails to provide three more Iraqi army brigades for Baghdad or fulfill other pledges. He said Iraqi commanders told him yesterday that three or four additional Iraqi battalions had already arrived in Baghdad, and that some of them, with predominantly Kurdish troops, were being welcomed by citizens.

He rejected the concern raised by Sen. Edward M. Kennedy (D-Mass.) that the addition of more U.S. troops would inflame the insurgency. "I think that at this point in Baghdad, the population just wants to be secure, and truthfully, they don't care who does it," he said.

Petraeus acknowledged that the strategy shift to "controlling" terrain and protecting the population would lead to heightened risks for U.S. troops, who have suffered a spike in casualties in recent days. He assured senators that U.S. troops in Baghdad would remain under an American military chain of command, though he acknowledged the complications of having a dual command chain with partnering Iraqi forces.

Despite such risks, Petraeus warned of incalculable dangers of any rapid U.S. military withdrawal from Iraq, as favored by many congressional Democrats, saying it would lead to intensified terrorist inroads, "ethnic cleansing" and a bloodbath in Baghdad.

In a move that is unusual for an active-duty officer, Petraeus also spoke against pending Senate resolutions disapproving of the new Bush administration strategy. Asked by Sen. Joseph I. Lieberman (I-Conn.) whether those resolutions would give encouragement to the enemy by exposing divisions among the American people, he replied: "That's correct."

His statement drew a sharp rebuke from Sen. Hillary Rodham Clinton (D-N.Y.), who said, "I very sincerely but wholeheartedly disagree," saying the point was to send a message to Iraqis.

Pressed later by other senators -- including committee Chairman Carl M. Levin (D-Mich.) and John W. Warner (R-Va.) -- Petraeus said he did not intend his statements to be taken as opposing or supporting any resolutions.

Levin, a leading critic of the administration's Iraq policy, also repeatedly urged Petraeus to hold the Iraqi government accountable on benchmarks it agreed to with President Bush. "We certainly will to the very best of our ability," Petraeus answered.

Levin then asked what leverage the United States had over the Iraqi government if it failed to perform to expectations, as it has in the past. "Providing assistance or withholding assistance in various forms," Petraeus replied, agreeing with Levin that the consequences should be "clear, real and significant."

Sen. Bill Nelson (D-Fla.) asked if Petraeus had a "high degree of confidence" that the new plan would work.

"I believe this plan can succeed if in fact all of those enablers and all the rest of the assistance is provided," Petraeus said, adding that interagency help for the war effort "needs to be substantially more robust than it is."

On a personal note, Petraeus said he fully understood the daunting job he faces.

"Many of the e-mails I've received in recent weeks have had as their subject line 'Congratulations -- I think,' " he said. "I know how heavy a rucksack I will have to shoulder in Iraq if confirmed," he said. But he said he would accept the call to "soldier again with those who are part of the brotherhood of the close fight" and out of an obligation to help the Iraqi people.

America's New Round In Iraq (CSM)

By Peter Grier

The Christian Science Monitor, January 24, 2007

Only days after President Bush announced a new US strategy for Iraq, a potentially pivotal battle for Baghdad already may have begun.

Sectarian violence in Iraq's capital has spiked in recent days, even as the first US and Iraqi government military reinforcements have deployed into the embattled city.

The car bombs that racked Baghdad Monday may not have been a response to the presence of new troops, strictly speaking. But if nothing else, they emphasize the chaos into which the city has sunk, and the prospect that the new US and Iraqi troops may be at just the beginning of what promises to be a difficult and protracted counterinsurgency campaign.

"The way ahead will be neither quick nor easy," said the incoming US commander for Iraq, Army Lt. Gen. David Petraeus, at his Senate confirmation hearing Tuesday.

Two bombs struck separate Shiite targets Tuesday, killing five – a day after a double car bomb killed 88 in the most deadly such attack in Baghdad in two months.

For US troops, recent days similarly have been difficult. Twenty-eight died over the weekend, including 12 in a helicopter apparently shot down northeast of Baghdad, raising the war's US military toll to 3,064, according to an Associated Press count.

A few deadly events can distort the casualty trend lines in Iraq, notes Stephen Biddle, a senior fellow in defense policy at the Council on Foreign Relations. Thus it is easy to read too much into a difficult few days.

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If anything, sectarian fighters in Baghdad soon may melt into the population, in an effort to wait out the coming surge in US and Iraqi government troops.

"My hunch is we are likely to see an artificial decrease in casualties soon," said Mr. Biddle.

That said, the White House and US military leadership are walking a number of difficult tightropes in regard to Iraq, Biddle adds. They are insisting they will stay the course, while hinting to the US public that the course will not be too long. They are warning the Iraqi government that if it does not move against Shiite death squads, the US may pull out – while at the same time insisting that US units will stay until the military job is done.

"The administration believes that a few months of calm [in Baghdad] will create momentum for reconciliation," says Biddle. "I'm concerned that nothing fundamental will have changed."

At his confirmation hearing Tuesday, General Petraeus was bluntly critical about the current situation in Iraq –perhaps more so than any Bush administration or military witness, ever.

He admitted that the current situation is dire. "Many Iraqis in Baghdad today confront life-or-death, stay-or-leave decisions on a daily basis, just to feed their children," he said.

Three of four promised battalions of Iraqi troops have already deployed into Baghdad, said Petraeus. All have more than 80 percent of their troops present.

On the US side, the 82nd Airborne Division's 2nd Brigade Combat team has also moved into Baghdad as part of the first of wave of US reinforcements. The paratroopers had been based in Kuwait as an Army ready reserve for the region.

The Iraqi and US forces will now provide a "persistent presence" in violence-racked Baghdad neighborhoods, said Petraeus, by living in 20 to 30 police stations or other fortified forward posts.

Setting this up won't be a quick operation. "It will take time for the additional forces to flow into Baghdad, and time for them to gain an understanding of the areas in which they will operate," said the new Iraq commander.

And the US command is fully aware that time may not be on their side, in this case. "My concern is that [the] timeline that we see needed is not the same timeline that the country is prepared to provide us," said Marine Commandant Gen. James Conway Tuesday at a hearing of the House Armed Services Committee.

Petraeus is not beloved by everyone in the US military. Some grumble that he is fond of press attention, among other things. At one point in his hearing, he did offhandedly remark about a conversation he had had with former NBC news anchor Tom Brokaw.

For the short term, however, the prospect of Petraeus as the new Iraq commander appeared to hearten the Senate Armed Services Committee, at the least. Sen. Edward Kennedy (D) of Massachusetts, for instance, quickly announced that he intended to vote for Petraeus's confirmation despite reservations about President Bush's policies.

Unsurprisingly, the questions of each key lawmaker said as much about them as they did about the general before them. Thus the panel chairman, Sen. Carl Levin (D) of Michigan, pressed Petraeus as to whether he believed the Iraqis would live up to their commitments. Sen. John McCain (R) of Arizona, a longtime proponent of a surge in US forces, asked whether the planned increase would be enough, and whether US forces now could withstand the strain of added deployments.

"I am keenly aware of the strain" on US troops, said Petraeus.

Blunt Commander Nominee Says 'Hard Is Not Hopeless' (LAT)

By Julian E. Barnes

The Los Angeles Times, January 24, 2007

WASHINGTON — President Bush's nominee to be the next commander in Iraq, Army Lt. Gen. David H. Petraeus, told Congress on Tuesday that the situation there is dire and poses "tough days" ahead, but he pleaded for time to begin executing a new strategy.

Petraeus, a Princeton University Ph.D. who developed the Army's counterinsurgency warfare manual, is expected to win Senate approval later this week. But as Petraeus fielded questions from senators of both parties about the deepening dilemma facing U.S. forces, he was forthcoming and occasionally blunt in his assessment of American odds in the war-torn country.

"The situation in Iraq is dire. The stakes are high. There are no easy choices. The way ahead will be very hard," he said. "But hard is not hopeless."

If confirmed as a replacement for Army Gen. George W. Casey, Petraeus would represent the first step in a military restructuring ordered by Bush as part of his new strategy to send in 21,500 additional U.S. troops. Navy Adm. William J. Fallon faces a hearing Jan. 30 to succeed retiring Gen. John P. Abizaid as commander of U.S. forces throughout the Middle East.

Throughout his hearing, Petraeus appeared assured and confident, answering questions crisply and directly. Asked by Sen. Joe Lieberman, I-Conn. if passage of a resolution denouncing the new Bush strategy would show the enemy that the American people are divided, Petraeus answered yes, it would.

After other senators -- both Republicans and Democrats -- objected, Petraeus backed away. When Sen. John Thune, R-S.D., tried to get him to take another swipe at the resolution, Petraeus became more diplomatic.

"Learning that mine fields are best avoided and gone around rather than walked through on some occasions, I'd like to leave that one there, senator," Petraeus said.

Petraeus has served two tours of duty in Iraq, first as commander of the 101st Airborne Division and then as the general overseeing the training of Iraqi forces. For the past 15 months, he has been the commanding general at Ft. Leavenworth, supervising much of the Army's education system and developing the military's war fighting doctrine, including the new counterinsurgency manual.

At Fort Leavenworth and in the pages of the Army's academic journal, Petraeus has argued the most important goal in a counterinsurgency fight is making the population feel safe. And on Capitol Hill on Tuesday, Petraeus said that would be the cornerstone of the new strategy.

He said the sectarian violence in Baghdad amounted to "soft ethnic cleansing" and described the risks taken by ordinary Iraqi citizens every day as "incalculable." The erosion of security, he argued, had become the primary challenge for the U.S.

So rather than focusing on training the Iraqis, the new priority would be improving security in Baghdad. The new strategy, he argued, was as important as the additional forces.

"The objective will be to achieve sufficient security to provide the space and time for the Iraqi government to come to grips with the tough decisions its members must make to enable Iraq to move forward," Petraeus said.

Skeptics of the surge latched on to the counterinsurgency manual arguing that for every 50 people, one police officer or soldier is needed. Under that formula, securing Baghdad, a city of 6 million, would require at least 120,000 Iraqi and U.S. troops. By Petraeus' count, once the additional U.S. forces arrive, there will be 85,000 U.S. and Iraqi troops in Baghdad.

"You wrote the book, general, but the policy is not by the book," said Sen. Hillary Rodham Clinton, D-N.Y., a member of the committee and a presidential contender in 2008. "And you are being asked to square the circle, to find a military solution to a political crisis."

Petraeus argued that the additional brigades flowing into Baghdad would double the number of U.S. forces in the city.

Despite Clinton's attack on the Bush administration plan, she said she would support Petraeus' nomination.

"The president is going forward with the policy, the debate is academic," Clinton said outside the hearing room. "I want the very best leadership for the young men and women who will be implementing this strategy, and I have no doubt Gen. Petraeus is the person to try and pull this off."

It will be late May before the full complement of five additional U.S. brigades arrives in Baghdad, Petraeus said. Petraeus said he would not need all the new units to begin executing the new strategy but would like to have many of the extra forces to begin the shift in earnest.

"I think you have to wait until you have a certain critical mass of forces on the ground to take action," Petraeus said.

Petraeus promised senators skeptical of the administration's plan that he would provide them regular updates. But he cautioned it would not be until all the additional forces are in place before he would get a real sense of whether the plan was working.

"I would think that we would have indicators at the least during the late summer of the ability to clear and hold and then build in the Baghdad area and to secure that population," he said.

Before troops move into an area, Petraeus suggested, U.S. units would need to assess their partner Iraqi units, meet the local leaders and learn about the localized sectarian tensions. Only then could U.S. forces successfully "hold and build" an area.

Petraeus said the new strategy has been tried with success in Fallouja and Tall Afar, where the U.S. moved to create "gated communities" to monitor and control the flow of people in and out of an area.

But the strategy, Petraeus emphasized throughout the hearing, would require time to work and patience from the Congress and public.

"None of this will be rapid," he said. "In fact, the way ahead will be neither quick nor easy, and there undoubtedly will be tough days."

Anti-surge Efforts Called Enemy Hope (WT)

By Rowan Scarborough

The Washington Times, January 24, 2007

The next U.S. commander for Iraq told Congress yesterday that pending Senate resolutions against a surge of more than 21,000 troops give the enemy hope by depicting America as divided on winning the war.

DOJ_NMG_0121109

Army Lt. Gen. David Petraeus, President Bush's choice to take over command in Iraq and change the tide of a deteriorating battle, revealed his assessment in questioning from the Senate's two leading war hawks: Sens. John McCain, Arizona Republican, and Joe Lieberman, Connecticut independent.

Mr. McCain, who supports a larger troop increase, asked what the results would be if senators "tell those troops that we support you, but we are convinced that you cannot accomplish your mission. ... What effect does that have on the morale?"

"Well, it would not be a beneficial effect, sir," Gen. Petraeus replied during a confirmation hearing to four-star rank before the Senate Armed Services Committee. "Obviously, a commander would like to go forward with as much flexibility as he can achieve."

Mr. Lieberman tried to pull Gen. Petraeus further into the upcoming Senate debate. He asked what effect an anti-surge Senate resolution would have on the enemy. After praising the U.S. system of open political debate, the general added, "having said that, a commander in such an endeavor would obviously like the enemy to feel that there's no hope."

"A Senate-passed resolution of disapproval for this new strategy in Iraq would give the enemy some encouragement," Mr. Lieberman said, to which Gen. Petraeus answered, "That's correct, sir."

The Senate Foreign Relations Committee is set to vote today on a nonbinding resolution from Sen. Joseph R. Biden Jr., Delaware Democrat, that condemns Mr. Bush's plan. Sen. John W. Warner, Virginia Republican, has garnered bipartisan support for another resolution critical of the surge.

Gen. Petraeus spent much of the hearing explaining his views on counterinsurgency, assessing the "dire"situation in Iraq and predicting the troop surge can succeed. He testified that the government of Prime Minister Nouri al-Maliki has taken steps to change policy by bulking up Iraqi forces in Baghdad.

"The situation in Iraq is dire," he said. "The stakes are high. There are no easy choices. The way ahead will be very hard."

Gen. Petraeus, whose confirmation is expected by the full Senate, is to replace Army Gen. George Casey, whom Mr. Bush has selected as Army chief of staff. His hearing was the first of two confirmation proceedings that will change the nearly four-year war's military leadership. Next up is Adm. William J. Fallon, who is to replace Army Gen. John Abizaid as head of U.S. Central Command, which includes Iraq.

Sen. Carl Levin, Michigan Democrat and the committee chairman, expressed doubts that Mr. al-Maliki would keep his promise. Mr. al-Maliki had refused to order his military to crush the death squad forces of radical cleric Muqtada al-Sadr, who controls Shi'ite members in parliament who support Mr. al-Maliki.

"They have not complied with previous commitments that they've made," said Mr. Levin, who advocates a predetermined phased withdrawal of all U.S. forces. "I'm very doubtful, as one senator, that it's likely they're going to carry out the other commitments that they have made. I just think history should make us very dubious about the likelihood that they are going to carry out these critically important commitments."

Mr. Bush announced a surge to about 155,000 troops in what may be the last major bid to put down Sunni-Shi'ite sectarian violence and defeat al Qaeda in Iraq.

In Gen. Petraeus, Mr. Bush tapped a commander who led part of the force that invaded Iraq in 2003 and who then returned to the country to train its emerging security force. The general is commander of the U.S. Army Combined Arms Center at Fort Leavenworth, Kan., and oversaw the writing of the military's new counterinsurgency manual, which states that too many troops can alienate civilians and push them to supporting the insurgents.

Gen. Petraeus said, "I think that at this point in Baghdad, the population just wants to be secure. And truthfully, they don't care who does it."

Petraeus Criticizes Anti-surge Resolutions During Hearing (HILL)

By Roxana Tiron

The Hill, January 24, 2007

In a rare move for a uniformed officer, Lt. Gen. David Petraeus, considered a shoo-in to become America's next top commander in Iraq, jumped into the political fray of his nomination hearing.

Prompted by presidential hopeful and Armed Services Committee ranking member Sen. John McCain (R-Ariz.), Petraeus spoke out against congressional attempts to pass resolutions of disapproval on the new White House strategy in Iraq, which includes a troop increase of 21,500.

In response to a question from McCain regarding the effect of such congressional resolutions on troops, Petraeus said, "It would not be a beneficial effect, sir."

McCain supports sending additional U.S. troops to Iraq, and is at odds with Sen. Hillary Rodham Clinton (D-N.Y.), another presidential hopeful and member of the Armed Services panel.

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When Sen. Joe Lieberman (I-Conn.), a strong supporter of the Bush administration's strategy for Iraq, later asked Petraeus whether the resolutions of disapproval would encourage the enemies in Iraq, the officer said: "That's correct."

"This is a test of will," he said, adding that as commander he would like "the enemy to feel that there is no hope." He stressed, however, that he respects freedom of speech and the discussions taking place in Congress.

Lieberman used the nomination hearing to ask his colleagues to defer the resolutions of disapproval and give both the "surge" plan and Petraeus a chance at success, "perhaps a last chance."

"If, God forbid, you are unable to succeed there will be plenty of time for resolutions of disapproval," Lieberman said.

Clinton, however, rebuked criticism of congressional attempts to condemn the president's Iraq plan. Clinton is authoring legislation that would require Bush to secure congressional consent for any troop increases above this month's level and set several other conditions for political and security progress before Iraqi troops receive further funding.

"I very sincerely but wholeheartedly disagree with those who are trying to up the rhetoric about our position in Iraq," Clinton said, adding that the resolutions' goal is to send a message to the Iraqis.

"It has nothing to do with the loyalty, the warrior skills and the leadership of our men and women," she said. "It has to do with years of lost opportunity and the failures of the Iraqis to step up and take responsibility."

She told reporters that the U.S. troops, by virtue of their access to the Internet, recognize "that there is a debate in this country." "This debate is academic," she added.

Clinton acknowledged that there is little Congress can do to stop an "escalation" already in progress, saying, "We know that this policy is going forward." She urged Petraeus to ask Congress for all resources necessary to provide the troops with the adequate equipment.

Clinton, who is giving her support to Petraeus, called the nominee "a very good soldier."

Petraeus's stance against the resolutions of disapproval, combined with Lieberman's rhetoric, sent Sen. Susan Collins (R-Maine), a co-sponsor of such a resolution, on the defensive. "The American people are not divided in their support for our troops. The American people are not divided in wishing you all the success in the world, despite our disagreement with the strategy," Collins said.

"And I must say that the resolution that I've been working on with Sen. Ben Nelson (D-Neb.) and Sen. [John] Warner (R-Va.) is very clear in expressing support for our troops," she added.

Warner also came to the defense of the congressional debate surrounding the surge plan. "We're trying to exercise the fundamental responsibilities of our democracy and how this nation has two co-equal branches of the government, each bearing its own responsibilities," he said.

"I hope that this colloquy has not entrapped you into some responses that you might later regret."

Petraeus predicted "tough days" ahead in Iraq. "None of this will be rapid," he told the Senate Armed Services Committee. "The way ahead will be neither quick nor easy." However, he voiced confidence in the administration's plan to send thousands of additional troops into Baghdad. He said he would not be able to carry out his assignment as top U.S. commander successfully without the additional troops.

But Petraeus encountered criticism from members of the panel for his planned implementation of a policy contrary to views he expressed in a manual he wrote on counterinsurgency. He wrote there that any counterinsurgency force should have at least 20 soldiers for every 1,000 members of the local population. That would require a force of at least 120,000 for Baghdad, a much higher number than the 85,000 combined U.S.-Iraqi force there

Clinton said she feared that Petraeus is being sent to administer a policy that "does not reflect your experience."

"You wrote the book, general, but the policy is not by the book," Clinton said.

Petraeus commanded the Army's 101st Airborne Division during the 2003 invasion of Iraq. He was later assigned to stabilize Iraq's third-largest city, Mosul.

He served for 15 months in 2004–05 as head of the U.S. effort to train Iraqi security forces. After that he was assigned to Fort Leavenworth, Kan., where he was in charge of revising the counterinsurgency manual.

Leave Politics To Us, Warner Tells General (WP)

By Thomas E. Ricks

The Washington Post, January 24, 2007

Sen. Joseph I. Lieberman (I-Conn.) asked Army Lt. Gen. David H . Petraeus during his confirmation hearing yesterday if Senate resolutions condemning White House Iraq policy "would give the enemy some comfort."

Petraeus agreed they would, saying, "That's correct, sir."

Sen. John W. Warner (R-Va.), until recently chairman of the Armed Services Committee and a co-sponsor of one of those resolutions, later explained to the general that he needed to be more careful about appearing to wade into a political debate and

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warned Petraeus to not let himself be trapped into portraying members of Congress as unpatriotic for disagreeing with President Bush:

We're not a division here today of patriots who support the troops and those who are making statements and working on resolutions that could be translated as aiding and abetting the enemy. We're trying to exercise the fundamental responsibilities of our democracy and how this nation has two co-equal branches of the government, each bearing its own responsibilities.

I hope that this colloquy has not entrapped you into some responses that you might later regret. I wonder if you would just give me the assurance that you'll go back and examine the transcript as to what you replied with respect to certain of these questions and review it, because we want you to succeed.

. . . I'm very proud of this committee and I don't want an impression, certainly among the armed forces, that we're not all steadfast behind them.

General: Iraq Situation 'Dire' But Not Hopeless (USAT)

By Tom Vanden Brook

USA Today, January 24, 2007

WASHINGTON — The commander chosen to implement President Bush's new strategy in Iraq warned a Senate panel on Tuesday of tough days ahead there.

"The situation in Iraq is dire," Lt. Gen. David Petraeus told lawmakers skeptical of the plan to commit 21,500 more troops and an additional $1 billion in aid.

"The stakes are high. There are no easy choices. The way ahead will be very hard. … But hard is not hopeless," Petraeus said at a Senate hearing on his nomination to lead U.S. forces in Iraq.

Petraeus and the chiefs of the Army and Marine Corps converged on Capitol Hill on Tuesday, fielding questions from lawmakers about Bush's plan and troop readiness.

Nobody has announced opposition to Petraeus' nomination, and Senate Armed Services Committee Chairman Carl Levin, D-Mich., said after the hearing that a vote will come quickly.

Petraeus has served two tours of duty in Iraq, one as commander of the 101st Airborne Division and another as the top trainer of Iraqi forces. He recently co-authored the Army and Marine Corps manual on counterinsurgency, a type of troop-intensive warfare that emphasizes security for local populations.

Sen. Hillary Rodham Clinton, D-N.Y., who has announced initial steps to enter the race for president, said Bush's plan "inspires skepticism for good reason." She accused former Defense secretary Donald Rumsfeld of refusing to adapt to increasing violence in Iraq and the previous Republican-led Congress for failing to challenge the administration's strategy there. She said she disapproved of the plan and called it a "dead end."

Supporters of the president's plan, including Sen. John McCain, R-Ariz., another probable 2008 presidential candidate, also criticized the administration's approach in Iraq.

"We've made many, many mistakes in this war," McCain said. Among them, he said, were sending too few troops for the initial invasion in March 2003 and not responding to the "hostile actions" of Iraqi religious sects.

Sen. Joe Lieberman, an independent from Connecticut who is allied with the Democrats, pleaded with colleagues to reconsider adopting resolutions that oppose Bush's policy, which he called "perhaps a last chance to succeed in Iraq."

Lieberman asked Petraeus whether the resolutions could be interpreted as encouraging the enemy.

"That's correct, sir," Petraeus said.

Later, Petraeus said he was not taking a stand on the resolutions.

In the House Armed Services Committee, Chairman Ike Skelton, D-Mo., said Bush's plan would overextend U.S. forces and hinder their ability to deal with threats.

"Because I am convinced a 20,000-troop increase is too little far too late to make a difference in Iraq's security, this is a trade-off I cannot support," Skelton said.

Gen. Peter Schoomaker, the Army's chief of staff, told the committee that troops going into Iraq and Afghanistan are properly trained and equipped. But he said he had concerns about the military's readiness to fight other battles.

Schoomaker recently announced his retirement.

Marine Corps Commandant Gen. James Conway said that the response to threats outside Iraq and Afghanistan would be slower than he would like and that the military would not be equipped as it should.

"There is certainly a risk associated with that," Conway said.

Petraeus Discourages Anti-war Resolutions (POL)

By Christian Lowe

DOJ_NMG_0121112

The Politico, January 24, 2007

Though he would have preferred to sidestep the political debate in the Senate over Iraq policy, Lt. Gen. David Petraeus said yesterday that resolutions opposing the administration's "surge" strategy would give the enemy encouragement and the impression that America is divided.

"Speaking purely as a military commander, albeit one that understands the value of free and open debate . . . I would want the enemy to feel that there was no hope," Petraeus said during his confirmation hearing before the Senate Armed Services Committee to become the top commander of coalition troops in Iraq.

The general faced pointed questions from senators -- for and against President Bush's plan to boost troop levels in Iraq by 21,500. Both groups tried to draw Petraeus into the swirling political debate on how to confront the administration when polls show that nearly six in 10 American's oppose the plan.

"I don't think it is going to come as any surprise to the enemy that the American people are in fact deeply divided in this strategy," said Sen. Susan Collins, R-Maine, who unveiled a bipartisan resolution on Monday with Sen. John Warner, R-Va. It says: "The Senate disagrees with the plan to augment our forces by 21,500" and calls on Bush to achieve security "with reduced force levels than proposed."

Collins told Petraeus, however, that she wished success for the surge strategy -- and its other economic and political components -- and seemed to express hope that her resolution wouldn't be needed.

"Nothing divides us in our common support that we hope we're wrong," she admitted, "and that this strategy is a success."

Petraeus, a veteran commander in Iraq who co-authored the Army and Marine Corps' new counterinsurgency manual, faced questions from senators on the specifics of his plan to control the streets of Baghdad. In a sharp divergence from his predecessor, Gen. George Casey, Petraeus favors a buildup of American forces to "flood the zone" in insurgent hotspots as part of a three-pronged plan to secure the capital, rebuild local infrastructure and give the political process time to mature in relative calm.

Sen. John McCain, the Arizona Republican exploring a presidential run, asked Petraeus how troop limits would impact his counterinsurgency mission.

"A commander would like to go forward with as much flexibility as he can achieve," Petraeus said. "At some point, we may have to go back and say we cannot accomplish the mission because of the assets that have not been provided."

Petraeus Warns Of 'dire' Situation In Iraq (FT)

By Demetri Sevastopulo

Financial Times, January 24, 2007

General David Petraeus, the incoming US commander in Iraq, warned Congress on Tuesday that the situation in Iraq was "dire" but urged lawmakers not to oppose a military surge.

"None of this will be rapid. The way ahead will be neither quick nor easy and there undoubtedly will be tough days," he said.

Gen Petraeus, who will oversee the military surge in Iraq, said the US would have indications by late summer whether the plan to send another 21,500 US troops to help the Iraqi security forces stamp out sectarian violence was having success.

Earlier this month, however, Robert Gates, defence secretary, said it would be clear whether the Iraq government was living up to its pledges before all of the new US troops arrived in the Iraqi capital, which is expected by early June.

Gen Petraeus was appearing before the Senate armed services committee amid growing congressional opposition to the surge. Democrats and several key Republicans have introduced non-binding resolutions opposing escalating US troop levels.

"You talk about this being a race against the clock, but I wonder if the clock has already run out," said Susan Collins, a Maine Republican, who on Tuesday joined John Warner, the former Republican chairman of the committee, in opposing the surge.

Appearing more confident before the committee than Gen George Casey, the outgoing commander, Gen Petraeus waded into the political debate by agreeing with Republican senators John McCain and Lindsey Graham that congressional resolutions of opposition would send the wrong message to US troops and the enemy in Iraq.

"No matter how well-intentioned, a resolution. . .opposed to this new strategy is a vote of no confidence," said Mr Graham. "The enemy will see it as a weakened resolve . . . those people going to fight this war are going to say, well, I'm going, but the Congress says good luck, but you're going to lose."

Hillary Clinton, a New York Democrat, said: "I. . . have put forward ideas about disapproving the escalation not because we in any way embrace failure or defeat, but because we are trying to get the attention of our government and the government of Iraq."

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While senators welcomed the choice of Gen Petraeus, credited with bringing stability to Mosul in 2004, to replace Gen Casey, they grilled him over the Baghdad plan, saying it was inconsistent with the military counter-insurgency manual he wrote.

Instead of her usual methodical questioning, Mrs Clinton underscored her recently announced candidacy for president with a blistering attack on the Bush administration and the military surge.

"You wrote the book, general, but the policy is not by the book. And you are being asked to square the circle, to find a military solution to a political crisis," she said.

The counter-insurgency manual suggests that 120,000 troops would be needed to curb the sectarian violence in a city the size of Baghdad. Jack Reed, a Rhode Island Democrat, questioned how 41,000 US troops and 50,000 Iraqi forces could succeed.

In defending the plan, Gen Petraeus said US and Iraqi forces would be freed up for counter-insurgency operations because of the use of private security companies.

New Face On A Tough War (WP)

By David Ignatius

The Washington Post, January 24, 2007

For a nation bitterly divided over Iraq, the one point of agreement seems to be that Lt. Gen. David Petraeus is the right commander for U.S. forces in Baghdad. That gives Petraeus a surge of the most important strategic asset in this war -- which is time. But it also locks him into an awkward role for a professional military officer, as chief public spokesman for a war the public has come to doubt.

As long as Iraq was "Bush's war," it looked like a lost cause. This week, it became in part "Petraeus's war." The fundamentals on the ground appear as bleak as ever, and polls show the public doubts the war is winnable. But Petraeus offers something new: He is the last frail hope for a bipartisan consensus on Iraq.

Petraeus won plaudits yesterday from nearly every member of the Senate Armed Services Committee, continuing the celebratory tone that greeted his nomination by President Bush. Even Sen. Edward Kennedy, one of the sharpest critics of the war, had good things to say about the new commander. It was a momentary honeymoon from acrimonious debate.

The accolades for Petraeus symbolize a deeper change, one that carries benefits and risks for the general and the troops he will lead. Bush and his senior advisers have been wrong so many times on Iraq that the public no longer trusts them to frame a successful strategy. So now the public face of the war passes to a bright, ambitious general. It is an intensely political role, and it puts Petraeus in a hot seat that many military officers try to avoid.

Petraeus doesn't want to play politics. He tells friends that he doesn't vote in presidential elections, to maintain his political independence. In that, he emulates Gen. George Marshall, the architect of the Allied victory in World War II. But this is an inherently political command. As Petraeus answered questions yesterday from Sen. John McCain -- who is building his presidential campaign on the need for a troop surge and ultimate victory in Iraq -- it was clear just how charged the commander's job will be. As the publicly anointed "last, best hope" of a failing war, his actions will shape the key issue of the 2008 campaign.

Petraeus has embraced this kind of high-risk mission before. Indeed, he seems to thrive on the public role that many military officers shun. When he took command of the training of Iraqi forces in mid-2004, Newsweek featured Petraeus on its cover and asked, "Can This Man Save Iraq?" That prominence engendered some ill will among other officers, who saw him as too eager for publicity. But, at this point, I sense that senior officers wish him well. He's taking on a supremely demanding job that most know they couldn't do. And he's betting his carefully groomed reputation on the relatively small chance that he can salvage an American victory.

The smartest thing Petraeus has done is to draw Congress into his confidence, as co-manager of the new strategy. In his testimony yesterday, he promised regular progress reports and pledged to tell Congress if he decides that the new strategy can't succeed. The flip side is that Petraeus will tell Congress whether he needs more troops, which may prove to be the case. Petraeus helped draft the new counterinsurgency field manual, which warns that successful operations "often require a high ratio of security forces to the protected population." It's hard to believe that 21,500 more troops will be enough to protect an Iraqi population in the midst of a civil war.

Petraeus knows how tough his new job will be: He told senators yesterday that many of the e-mails he received over the past two weeks had as their subject line "Congratulations, I think." Asked about troop morale, he gave an answer that will surely apply to him in the wearying, testing days ahead: "One day at a time, sometimes one foot in front of the other."

I spent a week traveling with Petraeus in Iraq in 2004, and another week with him in 2005. As he visited with Iraqi troops, I often heard him repeat one of his trademark phrases: "We'll see who has tiny hearts" -- meaning he would see who among the Iraqi officers was really willing to fight.

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Petraeus is no "tiny heart." He believes in the power of his will to overcome adversity and prevail on the battlefield. That confidence is a necessary quality for a commander, but it is not sufficient to ensure success. Congress had a rare moment of unity yesterday in wishing Petraeus good luck as he heads back to Iraq, even as Petraeus himself must be wondering, deep down, whether he has taken on a mission impossible.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

A Case Of Hearing Without Listening (NYT)

By Maureen Dowd

The New York Times, January 24, 2007

WASHINGTON

Madame Speaker didn't lean over and boink the president on the head with her gavel, or garrote him with her red pashmina.

No one was gelded or cuckolded or left to bleed on the floor of the Senate, as in HBO's "Rome," that other gory saga of a declining empire with people who can't stop talking.

Still, the nation's capital had the aroma of treachery, as former allies brutally turned on one another. Despite W.'s attempt to salvage his presidency last night by changing the subject and going all domestic-sensitive, Washington was more consumed with betrayal than substance.

The city was riveted by opening statements in the Scooter Libby trial, where the aspens were turning but not in clusters. Scooter's lawyer claimed that the White House had made his client a scapegoat in the Valerie Plame case to protect Karl Rove because "Boy Genius," as W. calls him, was critical to keeping the Republican Party in power.

In light of the 2006 debacle, the White House might have been better off saving Scooter and making Karl the fall guy.

Vice got an extra dose of unflattering limelight in the debut issue of The Politico, a Capitol Hill publication. In an interview with Roger Simon, John McCain stopped pandering to the White House long enough to lambaste Dick Cheney for stirring a "witch's brew" of a "terribly mishandled" war. What took the brave senator so long?

"The president listened too much to the vice president," he said, adding, "Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense."

At a critical hearing yesterday, senators happily blew a chance to grill Lt. Gen. David Petraeus, W.'s choice to try to rescue Iraq, on whether those 21,500 additional troops will be cavalry to the rescue or lambs to the slaughter.

Why dwell on the most consequential elements of American strategy when they can linger over something even more repercussive: their own political reputations?

Hillary Clinton, who dodged a recent important Iraq hearing by flying to Iraq, did not have any questions at all for the general. She simply lectured him crisply on her belated discovery that the administration has a "dead-end" and "blank check" policy, as she tried to seem like the kind of gal who could command the most powerful military on earth. This is odd from someone who is running infomercials on her Web site promising "a conversation."

In their questioning, Senator Joe Lieberman and Mr. McCain seemed most interested in enlisting the general's prestige for their own campaign to discredit colleagues in both parties who are tired of passively watching W.'s disaster unfold.

If the Senate sends the additional troops but conveys the belief they cannot succeed, Mr. McCain asked, "what effect does that have on the morale of your troops?"

"It would not be a beneficial effect," the general replied.

Senator Lieberman also asked whether a Senate resolution expressing disapproval of The Surge would give the enemy in Iraq "encouragement" that the American people "were divided."

The general agreed: "That's correct, sir."

Much of the rest of the hearing was squandered in attempts by Democrats and Republicans who had criticized the war to get the general to back away from his opinion that the troops would be hurt and the enemy emboldened by any impediment that the legislative branch might throw in W.'s way.

"Honorable people have different views, and they will voice their criticisms," chided John Warner, who presented a bipartisan resolution on Monday declaring that the Senate "disagrees with the 'plan' to augment our forces."

He told General Petraeus that as President Nixon's secretary of the Navy, he had sat where the general was, justifying another impossible war. "I hope," he warned the witness, "that this colloquy has not entrapped you into some responses that you might later regret."

The fact that Senator Warner attacked The Surge in a formal way means that a substantial majority of the Senate are willing to stick their necks out. It's the beginning of a slow procession to limit spending on the war and rein in Mr. Bush.

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As one does in a job interview, the general tried to oblige everyone. After getting caught in a political mine field, he demurred that he had learned "that mine fields are best avoided and gone around rather than walked through."

The poor man. He probably thought that he came all this way to talk about how to fight the war, not to talk about how to talk about the war.

Senators Say Resolutions On Troop Plan Should Merge (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, January 24, 2007

WASHINGTON, Jan. 23 — Senate critics of President Bush's troop buildup in Iraq suggested Tuesday that competing resolutions opposing the plan should be merged in an effort to attract the largest bloc of senators in a strong statement of Congressional dissent.

As they prepared for the Senate Foreign Relations Committee to consider the issue on Wednesday, both Democrats and Republicans said the two bipartisan resolutions were in fundamental agreement on objecting to the troop increase.

"The resolutions are so close in terms of the key issue: whether or not we support an increase in military involvement and increasing the number of troops in Iraq or not," said Senator Carl Levin, the Michigan Democrat who is the chairman of the Armed Services Committee and a co-author of one proposal. "There are other language issues, obviously, but they are not particularly significant. The likeness and the similarities far, far, far outweigh any language differences."

Senator Harry Reid of Nevada, the Democratic leader, said a hybrid version of the resolutions would produce a clearer sign of the depth of opposition to the president's plan than either of the proposals could individually. "The bottom line is that the situation we have is unacceptable, and both resolutions clearly indicate that," Mr. Reid said.

But Senator John W. Warner, Republican of Virginia and lead author of the other proposal, said he saw important distinctions between them. He said he was not prepared to enter any negotiations until after he saw wording approved by the Foreign Relations Committee.

"I think there is substantial difference," Mr. Warner said Tuesday, adding that his approach puts more emphasis on specific benchmarks to assess progress in Iraq and calls for military rules of engagement to reflect that American forces are not to play a role in sectarian violence. "There is a lot in ours that is not in the other one."

The proposal from Mr. Warner and Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, also declares that the president is the commander in chief and that it is not the Senate's intent to contravene his authority — wording that drew the attention of some lawmakers.

"History tells us that Congress does have power when it comes to the president's authorities as commander in chief," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate. He and others said Democrats also raised questions about whether the Warner proposal would allow troops to be increased in areas outside Baghdad, particularly in Anbar Province, which Ms. Collins and others have said is a hub for activities of Al Qaeda.

Senate Republican officials acknowledged that the prospect of one bipartisan resolution emerging was troubling in a political sense because it held the potential to attract significant numbers of Republicans and nearly all Democrats, producing a vote that would be a major embarrassment to Mr. Bush as he seeks to sell his Iraq plan.

On Tuesday, Senator Gordon H. Smith, Republican of Oregon, announced that he would sign on to the Warner resolution. Supporters of Mr. Bush's strategy used a Senate Armed Services Committee confirmation hearing on Tuesday to raise the prospect that any resolution expressing opposition to the strategy could bolster insurgents in Iraq and demoralize the American military. Other lawmakers dismissed the idea.

Senator Joseph R. Biden Jr., Democrat of Delaware and chairman of the Foreign Relations Committee, has said he is open to changes in the resolution he drew up with Mr. Levin and Senator Chuck Hagel, Republican of Nebraska. The panel will consider the proposal on Wednesday, and it could be sent to the Senate floor quickly.

Democrats Work To Clarify Message On Iraq (HILL)

By Elana Schor

The Hill, January 24, 2007

Senate Democrats yesterday worked to bridge the gap between the chamber's two resolutions of disapproval on President Bush's plan to increase troop levels in Iraq, although the stronger language of Foreign Relations Committee Chairman Joseph Biden (D-Del.) will form the basis of that panel's markup today.

Ongoing negotiations are intended to combine Biden's measure, cosponsored by Armed Services Committee Chairman Carl Levin (D-Mich.) and GOP Sens. Olympia Snowe (Maine) and Chuck Hagel (Neb.), with a less critical resolution released this week by Sen. Ben Nelson (D-Neb.) and three senior Republicans, all up for reelection in 2008.

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Senate Majority Whip Dick Durbin (D-Ill.) said Democrats have pointed to “two or three” elements of the Nelson resolution’s language as potentially problematic, including a portion that could allow a troop surge in Iraq’s restive Anbar province and a clause that implies Congress has no power to check presidential authority over the war.

“I’m not sure they’re deal-breakers,” Durbin said, remaining optimistic that one resolution can come to the floor without a competing substitute. Before that floor vote, which could occur as soon as next week, Senate presidential hopefuls Chris Dodd (D-Conn.) and Barack Obama (D-Ill.) said they are readying amendments for today’s Foreign Relations markup that could galvanize debate over capping troop levels.

A First Step In Iraq (USAT)

By Joseph Biden & Chuck Hagel

USA Today, January 24, 2007

Today, Congress takes an important step in what we believe is our constitutional responsibility to actively engage and debate the war in Iraq. We agree with the president that our previous strategy in Iraq was failing. Equally, we are convinced that to succeed in Iraq, America's objective and strategy must enjoy the support of the American people and a bipartisan support in Congress.

The Senate Foreign Relations Committee will vote on a resolution we introduced with our colleagues Carl Levin, D-Mich., and Olympia Snowe, R-Maine. The resolution says what we and many of our colleagues, Democrats and Republicans, believe: America should not deepen its military involvement in Iraq by sending more U.S. troops into the middle of a civil war. More troops in Baghdad will increase the likelihood of more American casualties and will not end the sectarian Iraqi massacres that are occurring every day.

Just as important, our resolution proposes an alternative. The primary objective of America's strategy should be to help Iraqis achieve a political settlement in Iraq, secure support for that settlement from Iraq's neighbors and refocus the mission of our remaining troops on achievable objectives. That is the only way to stop Shiites and Sunnis from killing each other and allow our troops to leave Iraq without leaving chaos behind.

Here are the main elements of our plan:

·Redeploy U.S. forces out of Iraq's cities with a more limited mission focused on defending Iraq's territorial integrity, counterterrorism, border control, and accelerated training of Iraqi forces;

·Transfer responsibility for internal security and halting sectarian violence to Iraqi forces under an appropriately expedited timeline;

·Continue to support Iraq's political process while making it clear that Iraqi leaders must make the political compromises necessary to help Iraq move forward;

·Engage Iraq's neighbors and the international community to build a regional framework to help support and sustain a political solution and national reconciliation.

Two weeks ago, Secretary of State Condoleezza Rice presented the president's plan to the Foreign Relations Committee. The reaction from Democrats and Republicans alike ranged from profound skepticism to outright opposition.

A strong majority of the American people opposes sending more American troops into Iraq. So does a broad cross section of this country's leaders, military and civilian, as we have heard this month in hearings in Congress. In December, the Baker-Hamilton Commission issued a valuable report, suggesting a comprehensive strategy "to enable the United States to begin to move its combat forces out of Iraq responsibly" based on "new and enhanced diplomatic and political efforts in Iraq and the region."

Our fundamental objective is to build a bipartisan majority in Congress to support a U.S. policy on Iraq that stands the best chance of succeeding and bringing our men and women in uniform home.

We welcome debate of our resolution and proposed alternatives. The resolution by Sen. John Warner, R-Va., contributes to this debate. As we have made clear publicly and privately, we are prepared to adjust our resolution to help broaden bipartisan support. Ultimately, this debate will give every senator a chance to say where he or she stands.

We believe that the single most effective way for Congress to engage the president in developing a way forward in Iraq is to demonstrate the depth and breadth of bipartisan concern regarding his policy. The power of our resolution rests in its bipartisan foundation.

Iraq is not a partisan issue. It is a challenge that we must meet as Americans. No one in Congress and no one in America wants to see America defeated. We believe our nation is stronger when Congress fulfills its constitutional duty as a co-equal branch of government.

Sen. Joseph Biden, D-Del., is chairman of the Senate Foreign Relations Committee. Sen. Chuck Hagel, R-Neb., is a member of the committee.

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McCain Bashes Cheney Over Iraq Policy (POL)

By Roger Simon

The Politico, January 24, 2007

With his presidential hopes tied to an administration whose Iraq policy he supports but cannot control, John McCain for the first time blamed Vice President Cheney for what McCain calls the "witch's brew" of a "terribly mishandled" war in which U.S. forces are on the verge of defeat.

McCain also for the first time opened the door to the possibility of a U.S. troop pullback to the borders of Iraq should the president's planned troop surge fail.

Although McCain had once lavished praise on the vice president, he said in an interview in his Senate office: "The president listened too much to the Vice President . . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the Vice President and, most of all, the Secretary of Defense."

McCain added: "Rumsfeld will go down in history, along with McNamara, as one of the worst secretaries of defense in history." Donald Rumsfeld served as President Bush's secretary of defense from January 2001 to December 2006. Robert McNamara was Secretary of Defense during the Vietnam War.

McCain has long criticized Rumsfeld, but in July 2004 at a campaign rally in Lansing, Mich., McCain said he had "known and admired" Cheney for more than 20 years and described him as "one of the most capable, experienced, intelligent and steady vice presidents this country has ever had."

But that was then and this is now, and now McCain is making clear his frustrations with the Bush administration, the Iraqi military and "bureaucratic resistance" in the Pentagon to a troop surge.

McCain said in the interview that the success of the American mission in Iraq "will be directly related to the ability of the Iraqi military to take up responsibilities. Their record is terrible." Also, he said, "There is still enormous bureaucratic resistance (to the troop surge) in the Pentagon, and it bothers me a great deal. The bureaucrats in the military are saying this is a terrible strain on the (National) Guard and the active duty forces, and it is. There is only one thing worse than an over-stressed military, and that's a defeated military. And we are on the verge of that."

McCain said that even the planned insertion of 21,500 new U.S. troops into Iraq, which he supports, may not succeed. "I don't know if this is enough troops or not," McCain said. "I can't guarantee success by doing this."

The Arizona Republican, whose 2008 presidential campaign is well under way even though he has not yet officially announced, is keenly aware of how his support for the Iraq war is making him increasingly unpopular.

"The irony of all this for me is that I am the guy that for three years -- more than three years -- has said, 'You don't have enough troops there! And you are not running this war right! And you've (ital) got (unital) to change!' " McCain said. "And now I find myself the object of scorn because I think we can't afford to leave."

But McCain also said a withdrawal of troops to the borders of Iraq could be an option if the troop surge fails.

"If this strategy doesn't succeed, we will have to devise another strategy," McCain said. "But I have to hasten to add there are no good options." One of those options, McCain said "is to withdraw to the borders (of Iraq) to try to keep other countries from interfering. Maintaining our bases in Kuwait and other places. There are a lot of scenarios." But he also said the current troop surge strategy "has to be given time."

McCain's support for the Iraq war is unpopular with Democrats and Independents and is losing support within his own party, including among some of his fellow Republican senators. Sen. Chuck Hagel, Neb., has called the troop surge "the most dangerous foreign policy blunder in this country since Vietnam, if it's carried out."

Without naming names, McCain said, "It is ironic that many of my colleagues who are now wavering were those who were down the line in support (of the war) and would come back from Iraq saying that everything is fine and the troops are wonderful and it's the media (that is the problem). And I came back from my first trip saying, 'You better get more boots on the ground! You better change this.' Now I am (ital) hung (unital) with it. It's fascinating!"

"Life isn't fair, as Jack Kennedy said," McCain added with his typical mordancy.

McCain will almost certainly announce his presidential candidacy soon, but he said, "This whole Iraq situation has really diverted most of my attention."

In the primaries, McCain is in danger of being whipsawed between Republican conservatives who think he is not really one of them and Republican centrists who are opposed to the war.

"There are still some elements of the party that are very skeptical about me," McCain acknowledged. "I think also, even amongst Republicans, there is a real concern about my position on the war in Iraq."

He did, however, give a peek at his game plan to gain the White House. "Most people in New Hampshire, South Carolina, Michigan, Arizona, people around the country know me rather well," he said. "It's not as if I am a blank slate out there. Most of

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them, I think, have confidence that I have the experience, knowledge and background that, even though they disagree with me on a specific issue, they think I will do the right thing. Or at least what I believe is right."

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by Midway1 on 01.23.2007 at 06:38 AM

McCain has himself covered, knowing there will never be 'enough' troops to satisfy him, plus keeps his support for Bush. So now he will put it on Cheney, to take some heat off Bush. Bush must have some secret 'IOU' from McCain to explain his loyalty. McCain is so far down on my list for '08, he could never recover.

by erica on 01.23.2007 at 07:17 AM

imho, McCain is too old to be president.

by kittycago on 01.23.2007 at 08:28 AM

isn't it nice to be a player John? For starters you are not the only Viet Nam veteran in DC but you are the best marketer of your service.As you said the real heroes never came home.Play both sides in DC eventually your wicks burns out twice as fast.You have n chance of becoming president now so yuu did all that swinging for naught.

by south_yankee on 01.23.2007 at 08:32 AM

I could never support Senator McCain for President. I respect his service to our country with the exception of his refusal to stand up to this President on any issue. Blaming Cheney and Rumsfeld for our big mess is fine and they deserve part of the blame but the buck stops with the President, the Decider in Chief. Senator McCains unwavering support for the President and his policies is nauseating and will cost him in his attempt to capture the Presidency.

by matte on 01.23.2007 at 08:43 AM

All he had to do, was take up a moderately center-stand and stick to it. Instead, he tried this foolish gambit with "The Surge" which bet that Bush would never actually be allowed to do it, or it would be so watered-down, he could always say "See, they never did it my way, and that's why we lost." Now, he thinks he can regain some of that middle ground traction by peeing on Cheney's leg in public. Too little too late, John. You might as well **** up a rope.

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Daily Body Count In Baghdad Falls (LAT)

By Borzou Daragahi

The Los Angeles Times, January 24, 2007

BAGHDAD — Iraqi authorities found 19 bodies of young men scattered around Baghdad on Tuesday, a sharp drop from the scores found each day several weeks ago. The reported daily body count for the last week or so has hovered around 30 or lower.

The bodies of late also have not shown signs of torture often associated with Shiite Muslim militias, morgue and hospital officials say.

Officials cautioned that the casualty figures were preliminary and sketchy. Previous drops in Baghdad violence have been followed by upsurges.

U.S. and Iraqi officials hope an increase in the number of American troops, political pressure and aggressive new tactics to protect Baghdad neighborhoods can reduce the level of violence in the capital and pave the way for political reconciliation and an end to the country's undeclared sectarian civil war. In recent days, additional U.S. troops have begun to be deployed in certain volatile neighborhoods.

U.S. military officials in the capital's tumultuous northern district of Adhamiya confirmed the statistical drop shown in morgue and police casualty figures collected daily by the Los Angeles Times.

"During the last two weeks, Task Force 1-26 has seen a decrease in found dead bodies in Adhamiya," said Army Capt. Jared Purcell, spokesman for a Taji-based unit that patrols parts of northeastern Baghdad.

Purcell attributed the decline, which he said was in keeping with The Times' estimate of a 50% drop, to stepped-up pressure on cells of Sunni Arab insurgents and Shiite militiamen, including raids against high-level insurgents. Political pressure and aggressive patrols by the U.S. military and the Iraqi police and army are also factors, he said.

Some observers speculated that the drop in the number of bodies bearing marks of torture indicated a decline in Shiite militia activity, but Purcell said the decrease was not necessarily attributable to Shiite groups lying low.

"In our area of operations there are both Sunni and Shia terrorist groups," he said in an e-mail.

Still, violence continued across Iraq on Tuesday, with at least two U.S. military personnel and 56 Iraqis reported killed. And five Western security officers employed by Blackwater USA were killed in a helicopter crash in a residential neighborhood in east-central Baghdad amid reports of ground fire, officials and witnesses said.

The military said no U.S. forces were involved in the crash, but North Carolina-based Blackwater said the five employees, all American citizens, were killed while working on behalf of the U.S. government. Private security contractors sometimes dispatch small helicopters to accompany vehicle convoys throughout the country.

The incident apparently was the second in which an aircraft was forced down in Iraq in less than a week — the first being Saturday's crash of a Black Hawk helicopter northeast of Baghdad, which killed all 12 U.S. soldiers aboard. An American official in Washington said initial evidence suggested that helicopter was downed by ground fire.

Official word of Tuesday's incident coincided with reports that a chopper had been fired upon while flying low over a Sunni district.

Witnesses said authorities sealed off the area, known as Fadhil. They also reported hearing heavy gunfire and helicopters scouring the district after the apparent crash.

The U.S. military, meanwhile, reported the combat deaths of two service members.

A Marine assigned to the 1st Marine Expeditionary Force died Sunday of wounds from enemy action south of Baghdad. A U.S. soldier assigned to Regimental Combat Team 5 died Monday of wounds from enemy action while operating in Al Anbar province.

The deaths brought to 3,060 the total number of American military fatalities in the Iraq theater since the 2003 U.S.-led invasion, according to icasualties.org.

At least two British soldiers were injured when a Katyusha rocket struck their base in the southern city of Basra, a spokeswoman there said.

Bombings, shootings and rocket fire roiled a wide swath of the country.

In Baghdad, a day after a pair of car bombs killed 88 people in a crowded market, at least nine bomb blasts targeting official vehicle convoys and civilians shook the city, killing 11 people and injuring 36, many of them severely. Among those killed was Diya Meqoter, a business school professor who starred on a popular reality television show in which entrepreneurs received small loans to start businesses.

South of the capital in the religiously mixed province of Babil, gunmen killed a suspected former member of Saddam Hussein's Baath Party and a contractor working for the U.S. military.

Police also discovered the body of a police officer inside an explosives-packed vehicle, a booby trap apparently meant to kill responding officers.

Mortar shells struck various locations in Babil, killing 10 people and injuring six, many of them huddled in a tent during a pilgrimage to Karbala for the annual festival commemorating the martyrdom of Imam Hussein, a revered Shiite saint.

An Iraqi hospital official in Ramadi, Ahmed Jassem, said that at least 10 Iraqis were killed and 13 injured during apparent fighting between U.S. troops and insurgents in the war-torn capital of the western province of Al Anbar. The account could not be confirmed. The U.S. military said it killed nine insurgents and wounded another nine in various clashes with armed men in the city.

Violence also erupted in Iraq's north. In Kirkuk, capital of an oil-rich province claimed by Iraq's Kurds, Sunni Arabs and Turkmens, at least two Iraqis were killed and eight injured in insurgent violence.

Clashes broke out overnight between insurgents and police officers in the mostly Sunni Arab city of Mosul, leaving at least five officers dead and three wounded.

US Cracks Down On Iraq's Shia Militants (FT)

By Steve Negus

Financial Times, January 24, 2007

More than 600 members of Iraq's Mahdi Army are in detention awaiting prosecution, the US military announced in a statement late on Monday – the latest indication that operations against the radical Shia militia have been stepped up and that Prime Minister Nouri al-Maliki has withdrawn political protection from the group.

The statement is unusual in that it detailed the number of operations against specific organisations and seems intended to show that there is a new emphasis on neutralising the Mahdi Army. It said that in the past 45 days, the US-led coalition and Iraqi security forces had carried out 52 operations focused primarily against the militia, compared to 42 targeting Sunni insurgents.

Mr Maliki has been accused of failing to act on his government's seven-month-old pledge to demobilise militias, but in the last two weeks his aides have hinted that the prime minister had authorised a crackdown on the Mahdi Army, some of whose commanders are believed to be responsible for the torture and killing of thousands of Sunni.

Mr Maliki may have decided that he needed to move against the militia to avoid losing US support and to avoid further alienating Iraq's Sunni Arab neighbours, or because he feels that his support among the Shia has been strengthened after the execution of Saddam Hussein.

Reaction from the Sadrists' political branch has been surprisingly muted, with parliamentarians on Sunday ending a two-month long boycott of the government even though a key Sadrist spokesman had been arrested the day before.

The Sadrists' apparent acquiescence to the dismantling of their military wing however might not last, if Sunni insurgents succeed in striking at Shia civilian targets. Many Shia consider Mahdi Army roadblocks, and Mahdi Army strikes against Sunni insurgent mosques, to be their best defence against the car bombers who have killed thousands over the past few years.

Bombers on Tuesday struck two separate Shia targets in the capital, killing at least five people, and on Monday a double car bombing in a Baghdad market district left at least 88 dead, the bloodiest attack in two months. The bombings are particularly sensitive as they come at the beginning of the month of Muharram, during which Shia commemorate the seventh-century martyrdom of the Prophet Mohammed's grandson Hussein.

Five American Security Employees Killed In Baghdad Helicopter Attack (NYT)

By Marc Santora And James Glanz

The New York Times, January 24, 2007

BAGHDAD, Jan. 23 — Five members of a private security detail protecting an American convoy were killed Tuesday when their helicopters came under attack, and one plummeted to the pavement through a tangle of electrical wires in one of Baghdad's most dangerous neighborhoods.

The four-man crew in one helicopter was killed, and the gunner in a second helicopter apparently died when he was struck by gunfire, American officials said. The crash set off a chaotic five-hour battle in which American attack helicopters crisscrossed the skies over Baghdad and fired at least one Hellfire missile into the streets below.

It is unclear if the first helicopter, nicknamed a Little Bird because it is small and nimble, crashed as the result of gunfire, because it got tangled in the wires or as it was trying to land because a passenger was wounded. But an American military official said that at least four of the victims had suffered gunshot wounds to the head, raising the prospect that some of them had been shot on the ground.

American ground forces made their way to the crash site to retrieve the bodies and secure the area, American officials said. It was unclear what condition the bodies were in when they were recovered.

The helicopters were operated by Blackwater, the same private security firm that lost four contractors in March 2004 in an ambush in the desert town of Falluja, their bodies mutilated, set on fire and hung from a bridge. That episode led to a three-week siege of the city by American marines.

This time, the Blackwater contractors were on a routine protection detail in Baghdad, monitoring an official convoy traveling by road, American and Iraqi officials said. The company has a major contract with the State Department to protect officials traveling outside the protected Green Zone.

A company statement said the men, all American citizens, "were killed while working on behalf of the United States government."

An Iraqi military officer said that the convoy being escorted also came under attack, but American and Iraqi officials said no one in the convoy was killed. Lou Fintor, a spokesman for the State Department, declined to comment on who was in the convoy.

The attack was carried out as the helicopters swooped low over the Fadhil neighborhood, an ancient warren of narrow, twisting streets that is home predominantly to Sunni Arabs and has been the site of numerous battles with insurgents in recent months. The crash took place near the Shorja market in central Baghdad, an military officer said.

On the ground, fierce gun battles lasting several hours could be heard from blocks away. American Apache helicopters took to the sky soon after the attack and could be seen sweeping over the area, making sharp loops over the eastern banks of the Tigris River and then flying low over the neighborhoods.

Initially, according to an American military official, they were just searching for the downed helicopter.

But at one point, they fired at least one Hellfire missile, although military officials could not confirm that it was in response to the downed helicopter. Other small helicopters like the one that carried the Blackwater contractors darted repeatedly over the Baghdad skyline, occasionally disappearing from view as they dipped close to the streets.

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Other violence swept the city all day, with multiple bombings in Shiite areas leaving at least seven people dead. Security forces recovered 27 bodies around the city, killed execution style. The killings may have been part of a cycle of revenge following sustained attacks on Shiite areas as they prepared for one of their most sacred holidays, Ashura.

In two other battles on Tuesday, American forces killed 16 insurgents, the military said. North of Baghdad in Haditha, the forces engaged in a hectic chase as a group of armed men tried to escape by boat across a lake. After those men met other insurgents across the lake, they were attacked by an American aircraft, killing seven. Separately, insurgents fled across rooftops in Baghdad before throwing grenades and firing at American forces that were in pursuit. The Americans returned fire and killed six of the insurgents.

Much about the helicopter attack remained unknown late Tuesday. But American officials said that no diplomats or embassy employees were killed. A spokesman for the State Department refused to comment on specifics.

“A small civilian helicopter crashed in Baghdad this afternoon,” Mr. Fintor said. “We are attempting to determine the facts.”

Insurgents have carried out a series of other sophisticated attacks in recent days. On Saturday, insurgents driving Humvees and dressed in American military clothing killed five American soldiers in an ambush in Karbala. The same day, an American Black Hawk helicopter crashed near Baghdad, killing all 12 people aboard.

An American officer who spoke with a witness in a second helicopter said flares from the Black Hawk’s antimissile systems were activated before it exploded in the air, strongly suggesting that it was shot down. As its investigation continues, the American military has so far refused to confirm officially that the Black Hawk was shot down.

Contractor Helicopter Downed In Iraq (WP)

By Ernesto Londono, Joshua Partlow And Karen Deyoung

The Washington Post, January 24, 2007

BAGHDAD, Jan. 24 -- A private security company helicopter was shot down after responding to assist a U.S. Embassy convoy that came under attack in central Baghdad on Tuesday afternoon, U.S. officials said.

One contractor traveling with the convoy and four contractors aboard the helicopter were killed. The contractors, officials said on condition of anonymity, were employed by North Carolina-based Blackwater USA. Blackwater officials declined to comment.

The convoy came under small-arms fire while traveling through a Sunni neighborhood en route to an Iraqi government ministry, officials said. The helicopter, a small, lightly armed surveillance craft, was dispatched to assist. According to a summary of events drafted by a U.S. Embassy employee and made available to The Washington Post, the convoy was also targeted with rocket-propelled grenades.

The helicopter crashed after being "riddled with small-arms fire," a State Department official said. The official said it was unclear whether the men aboard died from gunfire or from the impact of the crash.

No State Department employees were hurt in the attack, but some vehicles were destroyed, according to the summary of events in the report. Other vehicles in the convoy returned safely to the Green Zone.

Two separate Sunni insurgent groups, Ansar al-Sunnah and the Islamic Army in Iraq, asserted responsibility for the attacks on Web sites used by the groups. The accounts differ in significant detail, although Ansar published photos of what it said were the U.S. Embassy badge, credit cards and dog tags of one of the men killed in the attack.

The authenticity of the statements, translated and made available by the Washington-based SITE Institute, could not be independently confirmed.

The identification posted by Ansar was that of Arthur Laguna, 52, a pilot for Blackwater. His mother, Lydia Laguna, said in an interview that she received a call early Tuesday morning from her other son, also a Blackwater pilot in Baghdad, notifying her that Arthur had been killed.

"As far as any details, we're waiting for representatives from Blackwater to come by tomorrow," said Mary Beth Laguna, 52, Arthur Laguna's wife. "All I know is he's gone."

Arthur Laguna joined Blackwater about six months ago, after a military career that spanned about three decades with the U.S. Army and the California National Guard, she said.

The Pentagon has estimated that there are 100,000 government contractors operating in Iraq. More than 700 civilian contractors have been killed since 2003.

Doug Brooks, president of the International Peace Operations Association, an industry group that includes security contractors, said the type of helicopter downed, known as a "little bird," is among the safest modes of transportation in war zones.

"Their crews are the best -- they really know their stuff," he said in an e-mail. "They are very good at avoiding fire, flying low and fast -- and the tiny helicopters are very hard to hit."

It appears to be the second civilian helicopter downed in Iraq since the war began. The attack occurred three days after a U.S. military Black Hawk crashed north of the capital, killing 12.

In another development, U.S. military officials said Tuesday that they have in custody four people suspected of unleashing a brazen attack on U.S. troops Saturday at a government building in Karbala.

The assailants apparently drove to the building in GMC trucks, slipping through checkpoints by displaying official-looking badges and wearing what looked like U.S. military uniforms. U.S. and Iraqi officials were discussing security plans for a Shiite holiday in the holy city when the assailants attacked the Americans with grenades and other weapons.

Also Tuesday, the military reported the deaths of three U.S. service members. Their deaths bring the death toll of American troops over the weekend to at least 29.

A soldier with the 89th Military Police Brigade was killed Monday in Baghdad by an improvised explosive device; a Marine with the 1st Marine Expeditionary Force died Sunday from wounds suffered in fighting in Baghdad; and a service member assigned to the Marine Regimental Combat Team 5 was killed Monday in Anbar province in western Baghdad.

Newsman Escapes Injury In Iraq Bombing (WP)

By Howard Kurtz

The Washington Post, January 24, 2007

ABC newsman Chris Cuomo narrowly escaped harm in Iraq yesterday when a roadside explosion crippled the armored Humvee he was riding in but the shrapnel failed to fully penetrate the vehicle.

"I got very, very lucky," Cuomo, 36, said in a telephone interview from Baghdad. He praised "the greatness of the soldiers" involved, saying: "I know if I had been there with any other group of individuals, I would not be able to have this conversation."

The harrowing episode unfolded almost one year after another roadside bomb in Iraq badly injured ABC anchor Bob Woodruff, who is still recovering from head wounds.

Two CBS crew members were killed and correspondent Kimberly Dozier was seriously wounded in a car-bomb explosion in Iraq in May.

Cuomo, the news anchor of "Good Morning America" and the son of former New York governor Mario Cuomo, was embedded with a U.S. military police unit in Baghdad when his convoy of four Humvees responded to a report of a burning Iraqi police car. On the side of the road, the unit noticed some bodies, which turned out to be booby-trapped with an improvised bomb. The device exploded with massive force.

"It rocked the entire vehicle, blew out the tires on two of the vehicles, destroyed much of the glass, rocked the vehicles in a very, very big way," Cuomo said on "Good Morning America." "A piece of shrapnel was barely stopped by this armored door. It came within fractions of an inch of going through the entire vehicle."

The unit came under heavy small-arms fire, and Cuomo was trapped inside his disabled Humvee. He said another military unit arrived and provided cover while his and another crippled vehicle were towed to safety. No soldiers were wounded in the incident.

A hubcap-size piece of shrapnel broke the glass of one of the Humvees, creating a five-inch indentation in the armor, Cuomo said. He said his vehicle had less armored plating and that the situation could have been "catastrophic" if it had been hit by shrapnel of that size.

What impressed him most, Cuomo said, was the way the gunner, still spitting glass from a shattered window, sprang into action without complaint. Capt. Jay Shama of the 410th Military Police Company told Cuomo the unit would return to the same area today.

"This is their routine," Cuomo said. "They go out day after day while people are trying to blow them up. . . . It's one thing to question the mission. To question the soldiers is completely without basis."

ABC spokesman Jeffrey Schneider said Cuomo had volunteered for the week-long assignment.

"For a news division that's been through what we've been through, every single person who goes to Iraq -- every cameraman, every sound man, every correspondent, every anchor -- we don't ever stop worrying about them," Schneider said. "It reminds you once again that Iraq is a terribly dangerous place, but a place where we owe it to our audience to tell the story of what soldiers go through on a daily basis."

Asked if he was still shaken up, Cuomo said: "I'm trying not to deal with it. I'm trying to deal with it like a soldier, just do my job."

Martin Luther Al-King? (NYT)

By Thomas L. Friedman

The New York Times, January 24, 2007

It's hard to know what's more disturbing: the barbaric sectarian murders by Sunnis and Shiites in Iraq, or the deafening silence with which these mass murders are received in the Muslim world. How could it be that Danish cartoons of Muhammad led to mass violent protests, while unspeakable violence by Muslims against Muslims in Iraq every day evokes about as much reaction in the Arab-Muslim world as the weather report? Where is the Muslim Martin Luther King? Where is the "Million Muslim March" under the banner: "No Shiites, No Sunnis: We are all children of the Prophet Muhammad."

I can logically understand the lack of protest when Muslims kill Americans in Iraq. We're seen as occupiers by many. But I can't understand how the mass slaughter of 70 Baghdad college students last week by Sunni suicide bombers or the blowing up of a Shiite mosque on the first day of Ramadan in 2005 evoke so little response. Every day it's 100 more.

I raise this question because the only hope left for Iraq — if there is any — is not in a U.S. counterinsurgency strategy. That may be necessary, but without a Muslim counternihilism strategy that delegitimizes the mass murder of Muslims by Muslims, there is no hope for decent politics there. It takes a village, and right now the Muslim village is mute. It has no moral voice when it comes to its own.

"The Koran describes the Prophet Muhammad as a Prophet of Mercy," said Husain Haqqani, the Pakistani-born director of Boston University's Center for International Relations. "Muslims begin all their acts, including worship, with the words: 'In the name of God, the compassionate, the merciful.' The Koran also says, 'To you, your faith, and to me, mine.' But unfortunately, these mercy-focused, peacemaking ideas are lost [today] in the overall discourse in the Muslim world about reviving lost glory and setting right the injustice of Western domination. ...

"For a Muslim Martin Luther King to emerge, Muslim discourse would have to shift away from the focus on power and glory and include taking responsibility as a community for our own situation."

In fairness, for a Martin Luther King to emerge requires some free space, Saad Eddin Ibrahim, the courageous Egyptian democracy campaigner, remarked to me. But right now many liberals in the Arab world are in one way or another under house arrest by their regimes. "While Islamists in Egypt have access to thousands of mosques and can meet with their followers five times a day," Mr. Ibrahim said, liberal members of his own institute "can barely move in Cairo, let alone organize a march."

The Arab regimes want America to believe that there are only two choices: Islamists and the regimes, so it will side with the regimes.

This is one reason Mr. Ibrahim hopes the Islamists will take up the democratic agenda. They could carry it to the masses. One of the most popular Islamist leaders in the Arab world today, he notes, is Hezbollah's Sheik Hassan Nasrallah in Lebanon. Up to now, though, the leaders of Hezbollah and Hamas seem to prefer being of pawns of Syria and Iran than agents of democratic change and Muslim reconciliation.

There's a lot at stake. If Iraq is ultimately unraveled by Muslim suicide-nihilism, it certainly will be a blot on our history — we opened this Pandora's box. But it will be a plague on the future of the whole Arab world.

If Arab Muslims can summon the will to protest only against the insults of "the foreigner" but never the injuries inflicted by their own on their own, how can they ever generate a modern society or democracy — which is all about respecting and protecting minority voices and unorthodox views? And if Sunnis and Shiites can never form a social contract to rule themselves — and will always require an iron-fisted dictator — decent government will forever elude them.

The brutally honest Syrian-born poet Ali Ahmad Said, known as Adonis, gave an interview from Paris on March 11, 2006, with Dubai TV, and warned of what's at stake (translation by Memri):

"The Arab individual is no less smart, no less a genius, than anyone else in the world. He can excel — but only outside his society. ... If I look at the Arabs, with all their resources and great capacities, and I compare what they have achieved over the past century with what others have achieved in that period, I would have to say that we Arabs are in a phase of extinction, in the sense that we have no creative presence in the world. ...

"We have the quantity. We have the masses of people, but a people becomes extinct when it no longer has a creative capacity, and the capacity to change its world."

Can Al-Maliki Make The Bush Plan For Iraq Work? (USAT)

By Rick Jervis

USA Today, January 24, 2007

BAGHDAD — They killed more than 60 members of his extended family. They murdered even more of his friends. They issued a death warrant for him.

For most of his life, Nouri al-Maliki, a Shiite Arab, says he has been persecuted and hunted by the Sunnis who dominated the government of Saddam Hussein.

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Now, as Iraq's prime minister, al-Maliki must make peace between the two bitterly divided Muslim factions. President Bush has said that al-Maliki's ability to do that, and to shift responsibility from U.S. forces to Iraq's military and police, may determine the nation's fate.

"The prime minister has perhaps the hardest job in the world," says Zalmay Khalilzad, the U.S. ambassador to Iraq. Bush's new security plan for Iraq includes committing 21,500 additional U.S. troops and hinges on whether al-Maliki is willing and able to crack down on the Shiite militias that U.S. commanders blame for much of the violence in the capital.

Al-Maliki's critics accuse him of protecting Shiite allies with blood on their hands. Since taking office last May, al-Maliki has blocked several attempts by U.S. and Iraqi troops to confront the Mahdi Army, a Shiite militia group led by one of al-Maliki's key political supporters, the rebel cleric Muqtada al-Sadr.

Al-Maliki's "personality and background make reconciliation impossible," says Saleh al-Mutlaq, a leading Sunni politician. "What he's trying to do now is buy time. The plan is to push Sunnis out of Baghdad."

In an interview Friday with USA TODAY, Bush said that he believes al-Maliki is "beginning to" go after all militias with equal vigor. Last week, al-Maliki's government announced the arrests of 400 Mahdi Army militants and a high-ranking al-Sadr aide whom the U.S. military accuses of being involved in death squads.

"There will not be any house or party headquarters or any office that has impunity from security operations," al-Maliki told reporters last week.

The prime minister "is walking a very tight tightrope," says Stephen Biddle, a fellow at the New York-based Council on Foreign Relations. "The central narrative of this conflict, almost from the beginning, has been Shiite vs. Sunni. If he sides too overtly with Sadr, he loses our support. If he falls off the tightrope (by) siding too closely with us, he loses credibility among the Shiites."

Al-Maliki, 56, is a quiet, intense workaholic whose life has been intimately shaped by the long Shiite struggle against foreign and Sunni oppression, say colleagues such as Sami Alaskary, a Shiite lawmaker and close aide. Al-Maliki declined to be interviewed for this story.

Originally from Hindiyah, a small river village near Karbala, al-Maliki spent his youth in Iraq's Shiite-dominated south. His grandfather, Mohammed Hassan Abul Mahasin, was a poet and rebel fighter against British occupation in the 1920s. Al-Maliki studied literature and poetry at the College of Usol al-Din in Baghdad and later based his master's thesis on his grandfather's poetry. He still recites the verses today.

In the late 1960s, al-Maliki joined Dawa, a Shiite group that opposed Saddam and sought to establish an Islamic republic in Iraq. Al-Maliki worked in the political bureau, organizing groups and meetings.

When Saddam's regime mounted a campaign of mass arrests, torture and murder against Dawa members in the 1970s, al-Maliki took refuge in the marshes of southern Iraq. There, he and other Dawa members dressed as locals, moved from village to village and evaded Saddam's agents while trying to help fighters from Iran join Iraqi resistance efforts, Alaskary says.

Like many other opposition members, al-Maliki took on a nom de guerre — Jawad — in an attempt to protect family members from reprisals. It didn't work. His family was routinely targeted as a way to get to him, says Hassan al-Sunneid, an Iraqi Shiite lawmaker and longtime friend.

"People from his tribe and many, many of his friends were killed," Alaskary says.

In 1979, after Saddam's regime issued a death warrant for him, al-Maliki fled to Iran. Despite Tehran's strong support for the cause of Iraqi Shiites, al-Maliki "never felt comfortable around the Iranians," Alaskary says. "He thought the Iranians were dishonest, that they were not true to their word. And their ambitions were not in Iraq's best interest."

After just two months in Iran, Dawa Party leaders sent al-Maliki to Syria. There, his job was to recruit exiled Iraqis into the party and run the Dawa newspaper Al-Mawkif. Even there, al-Maliki still largely kept to himself. "There is a psychological structure inside of him that makes him want to work only with Iraqis," Sunneid says.

Al-Maliki long mistrusted Americans as well, Alaskary says. During the 1991 Gulf War, Bush's father, then-president George H.W. Bush, encouraged Iraqis to rebel against Saddam but didn't send U.S. support. Thousands of Iraqis, many of them Shiites, were killed in retaliatory attacks by the regime.

Al-Maliki was in Syria at the time and played no role in the largely spontaneous Shiite uprising. Many of his friends and tribal members were killed. Other family members fled Iraq, Alaskary says.

That sense of betrayal still lingered on the eve of the U.S. invasion. Alaskary relates how, during a Dawa meeting in Tehran in 2002, al-Maliki asked, "Why will George Bush's son be any different?"

Al-Maliki's difficult relationship with the United States came to the forefront when he was unexpectedly thrust into the premiership last May. Al-Maliki was a compromise candidate who emerged after Sunni, Shiite and Kurdish parties disagreed on two previous candidates.

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Al-Maliki was chosen because he had won the respect of many Sunni and Kurdish leaders during negotiations to form the constitution the previous year, said Mahmoud Othman, a leading Kurdish lawmaker. "We have a prime minister who never dreamed of becoming prime minister," says Mithal al-Alusi, an independent Sunni lawmaker who meets frequently with al-Maliki.

At first, al-Maliki bristled at what he saw as U.S. interference and grew frustrated at the lack of control he had over his fledgling Iraqi military, says Sadiq al-Rikabi, his political adviser. "He's not an easy man to ask him to do this and do that," he says. "Sometimes when you pressure him, he becomes tougher, rather than more flexible."

Sectarian violence took a turn for the worse, and the U.S. government pressed al-Maliki to take a tougher stance toward armed groups. However, in an October interview with USA TODAY, al-Maliki said he felt large street fights with the militias, particularly the Mahdi Army, would alienate Shiites from his government and embolden al-Sadr.

In October, al-Maliki ordered the release of a high-ranking al-Sadr associate arrested by U.S. troops for having links to death squads. A few weeks later, he demanded American troops remove a week-long cordon that had been set up around Sadr City, the volatile Shiite slum that is the stronghold of the Mahdi Army, as part of a search for a missing U.S. soldier.

According to a recent report by the United Nations, 34,452 Iraqi civilians lost their lives in 2006 as Sunnis and Shiites engaged in increasingly bloody revenge killings.

Then came the execution of Saddam on Dec. 30, which was marred by taunts and obscenities yelled by Shiites who took part in the hanging. Even Bush said it looked like "kind of a revenge killing."

The day before the execution, al-Maliki met with U.S. officials at his residence inside the Green Zone and signed stacks of papers to push the execution forward, even as his only son's wedding reception buzzed around him, says Basam Ridha, an adviser.

"The way the Saddam execution took place, the fact that sectarian violence has intensified the past several months, does not help in terms of establishing him as prime minister of all Iraqis," Khalilzad says.

Before becoming prime minister, al-Maliki served as deputy chairman of a committee that sought to remove former members of Saddam's Baath Party from government posts.

That has further deepened suspicions between him and Sunnis, says al-Mutlaq, the Sunni lawmaker.

Khalilzad acknowledges that al-Maliki has had trouble bridging divides between the two sects. "That has been a challenge for him," he says.

Many in the U.S. Congress have publicly wondered whether al-Maliki is the right man for the job.

Following a meeting with al-Maliki in Baghdad this month, Sen. Hillary Rodham Clinton, D-N.Y., said that the prime minister had paid only "lip service" to easing sectarian tensions.

Also this month, Secretary of State Condoleezza Rice said that al-Maliki's government knew it was operating "on borrowed time." Al-Maliki reacted strongly, saying such statements bolster the morale of terrorists and lead them to believe they are winning. Rice later apologized.

In December, al-Maliki told The Wall Street Journal that he was exhausted and would rather not be prime minister. "I wish I could be done with it," he was quoted as saying.

Yet starting late last year, colleagues such as al-Alusi say they noticed a gradual change in al-Maliki's behavior and policies. He began speaking more favorably of American strategies toward Iraq.

The clearest sign of a broader shift came when al-Maliki agreed to allow U.S. troops into all parts of Baghdad, including Sadr City — a strategy he had previously bitterly resisted, al-Alusi says. "This is a huge development," he says.

Al-Maliki often reminds fellow Shiite leaders that he represents all Iraqis, not just one sect, Alaskary says. "I've heard him say this many, many times," he says.

The prime minister organized a reconciliation conference in Amman, Jordan, last year that brought all of Iraq's groups together. He has routinely met with Sunni tribal leaders from Anbar province to plot ways to combat the al-Qaeda-led insurgency there.

Some Sunni leaders have expressed qualified support. "Since he became prime minister, things have deteriorated," says Nasir al-Ani, head of the reconciliation committee of the Iraqi Islamic Party, a leading Sunni group. "But what makes us optimistic is that he is very loyal to this cause and this country."

Al-Alusi says he has learned to try to meet with the prime minister in the mornings, when al-Maliki fresh and attentive, rather than at night, when the stress of a hard day usually has him in a dour mood. Al-Maliki always listens, he says.

"One of the things unique about him is that he's very direct," Khalilzad says. "He speaks his mind, and when he disagrees with you, you know it."

Al-Maliki sometimes breaks up long, tense meetings by suddenly calling for tea and asking if anyone's heard any good jokes about him, Ridha says. On the rare moments when he's not working, al-Maliki follows the Iraqi national soccer team on TV or reads local newspapers.

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The coming weeks will show whether al-Maliki will rise to the occasion and bring Iraqis together, al-Alusi says.

"He's given us a few clues," al-Alusi says. "The question is: How far will he go?"

Analysts See A Chance For Maliki Success (WP)

By Walter Pincus

The Washington Post, January 24, 2007

The draft of a new National Intelligence Estimate on Iraq says it will be "very difficult" but "not impossible" for the government of Prime Minister Nouri al-Maliki to succeed in providing better governance in that war-ravaged country, a top intelligence official told a Senate committee yesterday.

"Security is an impediment," said Thomas Fingar, the deputy director of national intelligence for analysis and chairman of the National Intelligence Council. Fingar gave the Senate Select Committee on Intelligence a rare preview of what the classified National Intelligence Estimate (NIE) will say when it is completed at the end of the month.

"Gains in stability could open a window for gains in reconciliation among and between sectarian groups and could open the possibilities for a moderate coalition that could permit better government," Fingar said in response to a question written by Sen. John W. Warner (R-Va.) and read by Chairman John D. Rockefeller IV (D-W.Va.), which sought the intelligence community's judgments as reflected in the NIE.

"It will be very difficult for the Maliki government to do this," Fingar said, "but he [Maliki] does not wish to fail or to preside over the disintegration of Iraq." Fingar added that in the NIE, there are "a lot of conditional statements, but it is not impossible."

Fingar had earlier been asked by several senators about the time it had taken to complete the NIE, which Congress requested in legislation that passed the Senate last August. Sen. Ron Wyden (D-Ore.) raised the issue, saying that under the present timetable, Congress will vote on resolutions questioning President Bush sending additional troops to Iraq without seeing the forthcoming NIE. "Intelligence has got to be available in a timely way," Wyden said.

He said that in 2002, the administration pushed out an NIE on Saddam Hussein's weapons of mass destruction in three weeks. But Sen. Christopher S. Bond (R-Mo.) noted that the result was a flawed document. "We learned the hard way in 2002" to wait for an NIE to be prepared in a timely fashion, Bond said.

Fingar explained that the time for completing the NIE dragged out because the number of highly skilled Iraq analysts is small and they often are called on by the White House and military for quick analyses and assessments. Asked by Sen. Sheldon Whitehouse (D-R.I.) whether the president or vice president had input in the NIE timing or content, Fingar said they did not. The panel's hearing was primarily directed at the workings of the restructuring of the intelligence community under the 2004 legislation that established the Office of the Director of National Intelligence.

Iraq Parliament Finds A Quorum Hard To Come By (NYT)

By Damien Cave

The New York Times, January 24, 2007

BAGHDAD, Jan. 23 — Mahmoud al-Mashhadani, the speaker of Parliament, read a roll call of the 275 elected members with a goal of shaming the no-shows.

Ayad Allawi, the former prime minister? Absent, living in Amman and London. Adnan Pachachi, the octogenarian statesman? Also gone, in Abu Dhabi.

Others who failed to appear Monday included Saleh Mutlak, a senior Sunni legislator; several Shiites and Kurds; and Ayad al-Samaraei, chairman of the finance committee, whose absence led Mr. Mashhadani to ask: “When will he be back? After we approve the budget?”

It was a joke barbed with outrage. Parliament in recent months has been at a standstill. Nearly every session since November has been adjourned because as few as 65 members made it to work, even as they and the absentees earned salaries and benefits worth about $120,000.

Part of the problem is security, but Iraqi officials also said they feared that members were losing confidence in the institution and in the country’s fragile democracy. As chaos has deepened, Parliament’s relevance has gradually receded.

Deals on important legislation, most recently the oil law, now take place largely out of public view, with Parliament — when it meets — rubber-stamping the final decisions. As a result, officials said, vital legislation involving the budget, provincial elections and amendments to the Constitution remain trapped in a legislative process that processes nearly nothing. American officials long hoped that Parliament could help foster dialogue between Iraq’s increasingly fractured ethnic and religious groups, but that has not happened, either.

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Goaded by American leaders, frustrated and desperate to prove that Iraq can govern itself, senior Iraqi officials have clearly had enough. Mr. Mashhadani said Parliament would soon start fining members $400 for every missed session and replace the absentees if they fail to attend a minimum amount of the time.

Some of Iraq's more seasoned leaders say attendance has been undermined by a widening sense of disillusionment about Parliament's ability to improve Iraqis' daily life. The country's dominant issue, security, is almost exclusively the policy realm of the American military and the office of the prime minister.

Every bombing like the one on Monday, which killed 88 people at a downtown market, suggests to some that Parliament's laws are irrelevant in the face of sprawling chaos and the government's inability to stop it.

"People are totally disenchanted," Mr. Pachachi said in a telephone interview from Abu Dhabi. "There has been no improvement in the security situation. The government seems to be incapable of doing anything despite all the promises."

Though the Constitution grants Iraq's only elected body wide powers to pass laws and investigate, sectarian divisions and the need for a twothirds majority in some cases have often led to deadlock. Sunni and Shiite power brokers have blocked efforts to scrutinize violence connected to their own sects.

"Parliament is the heart of the political process," Mr. Mashhadani said in an interview at his office, offering more hope than reality. "It is the center of everything. If the heart is not working, it all fails."

Monday's attendance actually surpassed the 50 percent plus one needed to pass laws. It was the first quorum in months, caused in part by the return of 30 members loyal to the Shiite cleric Moktada al-Sadr, whose end to a two-month boycott created a public relations blitz that helped attract 189 members.

But the scene in the convention center auditorium where Parliament meets only underscored the rarity of the gathering. It seemed at times like a reunion. At one point Abdul Aziz al-Hakim, who is head of the Supreme Council for the Islamic Revolution in Iraq and a Shiite rival of Mr. Sadr, arrived late — after being marked absent. He spent the first five minutes waving and nodding at colleagues, some of whom he apparently had not seen in months.

Parliamentary officials refused to provide attendance lists for every session, fearing retribution. They said all sects and regions had members who often did not come.

Each representative earns about $10,000 a month in salary and benefits, including money for guards. Yet on Monday, members from Baghdad neighborhoods to small towns in the hinterland — Sunnis, Shiites, Kurds, Christians and Turkmen — were all on the list of no-shows that Mr. Mashhadani read aloud.

The largest group of absentees consisted of unknown figures elected as part of the party lists that governed how most people voted in the December 2005 election. Party leaders in Baghdad said they had urged their members to attend but emphasized that for many, Parliament had become a hardship post.

Representatives who travel from afar stay at the Rashid Hotel in the Green Zone, across a road, two checkpoints and several pat-downs from the 1970s-era convention center. It is not luxurious. It is barely safe. The food is mediocre.

In short, many said, the job is not what members thought they had signed up for.

"Most of them were here for the game, for prestige, for the money," said Muhammad al-Ahmedawi, a Shiite member of the Fadhila Party. "It's upsetting and disappointing. We want the members to come, to pursue the interests of their constituents, especially in this sensitive time."

Mr. Ahmedawi said politicians who had larger shares of power before the elections seemed to view Parliament as a demotion best ignored. Mr. Allawi, for example, who did not return calls to his London aides requesting an interview, has been rallying support in Amman and London among exiles who have fled Iraq's violence.

Of the 25 members of his bloc, only six attended the session on Monday.

Mr. Pachachi, who is in his mid-80s, said he left Iraq a few months ago because his wife needed open-heart surgery and he did not trust that she would be well cared for in one of Baghdad's decrepit hospitals. He said he hoped to return in a few weeks, admitting that "one has to be there — you can't be a member of the Parliament and live abroad."

But he said the dangers involved with being a public figure in Iraq had made it much more difficult to participate in government. He has 40 guards to protect him when he comes to Iraq, he said, and the salary from Parliament pays for only 20.

"I have protection, and unfortunately the protection is not sufficient for anyone anymore," he said. "The level of violence has become unmanageable."

Other Iraqi politicians take a harder line. Adnan Dulaimi, a member of the largest Sunni bloc in Parliament, put it simply, "If there are some members who think there is no benefit to attending, then they should resign."

Mr. Mashhadani seems to be shaping a slightly softer approach that mixes persuasion with punishment. Like Prime Minister Nuri Kamal al-Maliki, he has met repeatedly with party leaders, pushing them to ensure the attendance of their members.

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During an interview in his office, lined with baroque cushioned chairs with gold trim, he also acknowledged that more money should be set aside for members' security, but only if members show up to pass a budget.

He said the shaming of the absentees at the public session, a first, was the first step. He said the fines and threat of replacement would also help.

There is, of course, only one problem. For the proposals to be put in place, a majority of members in Parliament have to be present to pass them.

Iraq Struggles To Finish Oil Law (WP)

By Steven Mufson

Washington Post, January 24, 2007

Four months ago, about 80 oil company executives and consultants packed an office on St. James's Square in London for a briefing on exploration prospects in Iraq's Kurdish region and a Kurdish draft of an Iraqi national petroleum law.

Despite the immense risks of working in Iraq -- pipeline explosions, kidnappings, insurgency, political infighting -- the oil company executives were lured by the potential rewards, which are immense, too. Outside Saudi Arabia, no country has proven oil reserves as big as Iraq's. And the oil there is high quality, easy and cheap to produce, and bottled up in reservoirs that many major oil companies were familiar with three decades ago before wars and sanctions drove them out.

"Exxon Mobil has more seismic data on Iraq than on Houston real estate," says Fadel Gheit, an oil analyst at Oppenheimer & Co. who used to work for Mobil. "If Exxon had security on the ground, the following day it would have crews there," Gheit said. "And money would be no object."

Gheit estimated that Iraq could easily produce 6 million barrels a day, more than three times its current output and enough to help keep a lid on world prices.

Four months after the London meeting, however, security remains elusive and so does the national petroleum law. Barham Saleh, Iraq's deputy prime minister, said in a recent telephone interview that a compromise was "very, very close."

The proposed law has taken on significance beyond oil. While Iraq and foreign oil companies are eager to tap new revenue, the Bush administration and many Iraqis also hope that the law can be a model for resolving disputes and can bind Iraq's warring factions together.

Agreement has been reached on sharing oil revenue on a per-capita basis, a benefit for Sunnis who live mostly in areas with less production. A deal also has been struck that recognizes the power of regional authorities, such as the Kurdish Regional Government, to award oil contracts, but establishes a national petroleum commission with the power to review contracts within 60 days. A "revamped" national oil company would continue to manage existing production while new regional affiliates would participate in new exploration and production.

"We need to close the deal on one or two small issues," Saleh said. "A number of the major issues have been resolved."

But an adviser to the Kurdish authorities said those "small issues" included some significant details. On Friday, the Kurdistan Regional Government posted an item on its Web site denying news reports that a deal was complete. The "important annexes to the law are still pending," it said.

Outstanding issues include how much oil revenue will go to the central government; a charter for the new national oil company; the role of the oil ministry; and the principles upon which the new commission could reject regionally negotiated contracts. Also unsettled is whether the commission will require a simple majority vote or a two-thirds vote to reject a contract's terms. Those provisions must all be part of one package with the petroleum law, Kurdish leaders said.

If the Shia-dominated Iraqi central government spends heavily on its own projects, it could deny the Kurds and other regional authorities significant shares of oil revenue.

Even if negotiators agree on a draft, it must win approval from Iraq's cabinet and fractious parliament, which hasn't met in weeks.

The United States has been pressing Iraq to complete the law. "As awful as the Saddam Hussein government was, it did have a record of dealing with foreign investors that wasn't that bad," said James A. Placke, an expert at Cambridge Energy Research Associates. "That's gone and hasn't been replaced."

Now, forging a petroleum law requires a balancing of sharply divided interest and ethnic groups, not just the word of a dictator.

"This is not a regular piece of Iraqi legislation being signed off on," said Jonathan Morrow, an adviser to the Kurdistan Regional Government. If successful, he said, "it . . . might show the way forward in Iraq."

Saleh suggested that a deal might discourage attacks on oil installations and reduce corruption. "Since we all agree on revenue sharing, all elements of Iraqi society will have an interest in maximizing revenues and best business practices," he said.

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For now, however, the oil sector is a mess. Since the first attack on a pipeline on June 1, 2003, it has been a struggle to keep oil flowing. Basic production equipment has been looted or destroyed. Many wells still are not working properly. And last year, the U.S. special inspector general for Iraq reconstruction complained that Iraq's oil ministry was not reporting on its budget and had spent "only a fraction" of money set aside for capital costs.

While the Bush administration once thought that Iraqi oil revenue would cover occupation and reconstruction costs, the Iraq government still relies heavily on U.S. technical and financial aid. Placke estimated that Iraq produced 1.85 million barrels a day last year, less than the year before, less than the prewar output and well below the U.S. target of 3 million barrels a day.

Placke, who was part of the Iraq Study Group, estimated that 200,000 barrels a day is siphoned from the main export line through southern Iraq, put on barges, and loaded onto tankers waiting in the Persian Gulf. What's left after discounts and bribes goes to militias or insurgent groups, he said.

In the south, some local Shia militia, clan or clerical groups are trying to claim the rights to some Iraqi fields and a voice in negotiating access for foreign companies. A stake in a billion-barrel field could be more important than a stake in the parliament or cabinet. Some experts worry that, as in Sudan, oil could contribute more to tearing the country apart than to uniting it.

A senior Iraqi government official involved in the petroleum-law talks said that if militias and clans were to cut separate deals with foreign companies, it would be a "recipe for disaster and civil war." He warned foreign companies against signing such deals. "We are very interested in credible investment in the oil sector," he said. "We cannot afford to have these cowboys running around trying to manipulate the situation in Iraq."

The national petroleum law remains a touchy subject in part because of widespread suspicion that the U.S. invasion in 2003 was motivated by designs on Iraq's oil riches.

The Iraq Study Group report contained three pages of recommendations for the sector, including suggestions that international oil companies invest in the country and the government fight corruption on contracts.

"Before embarking on controversial measures such as this law favoring foreign oil firms, the Iraqi parliament and government must prove that they are capable of protecting the country's sovereignty," Kamil Mahdi, a senior lecturer in Middle East economics at the University of Exeter in England, wrote in the Guardian newspaper. "A government that is failing to protect the lives of its citizens must not embark on controversial legislation that ties the hands of future Iraqi leaders, and which threatens to squander the Iraqis' precious, exhaustible resource in an orgy of waste, corruption and theft."

In a telephone interview, Mahdi said, "My main worry is that if I were an official in the ministry of oil negotiating a contract and living under the kind of threats that people in Iraq are daily experiencing, I would probably be in a very weak negotiating position."

While the debate continues, the Kurdistan Regional Government is pushing ahead. In 2002, at the suggestion of Jalal Talabani, the Kurdish leader who is now Iraq's president, the Turkish conglomerate Cukurova Group set up an oil unit called Genel Enerji to look for oil in Kurdistan. Genel signed a production-sharing agreement in July 2002 and took over the Taq Taq oil field in February 2003 on the eve of the U.S-led invasion. It signed another exploration contract in July 2005. A Norwegian firm, DNO, and a Canadian firm, Heritage Oil, also struck exploration and production deals in the Kurdish region.

Tariq Shafiq, a former executive of Iraq National Oil and director of the consulting firm Petrolog & Associates, has drawn up three contracts -- service, buyback and production-sharing -- that the government will use in its new petroleum law. He said the Kurdish production-sharing contracts give away too much to the foreign companies; he said that after paying for capital and operations costs, as much as 55 percent of the oil goes to the foreign firms. "These, in the eye of many, are illegal and would have to undergo review to bring them in line with this law," he said.

But Kurdish authorities said they have no intention of submitting existing contracts for review. Duran said Genel's contract was renegotiated last November and falls within the 20 percent share production that would be the ceiling under the new law. "The commercial terms of the PSA are in conformity with internationally acceptable PSA terms," Duran said in an e-mail response to questions. "Therefore, our PSA is not generous at all."

Major U.S. oil companies haven't signed any contracts in Kurdistan yet. Some of them have tried to build goodwill with the central government. Chevron, for example, helped clear mines from the coastline. Others have collected seismic data or trained Iraqi oil company technicians in Dubai.

Some major companies from other nations -- Russia's Lukoil, a Chinese state company, France's Total -- are hoping to get their big Hussein-era concessions back. Their prospects remain uncertain.

Suicide Bomber Kills At Least 8 In Afghanistan (NYT)

By Abdul Waheed Wafa

The New York Times, January 24, 2007

DOJ_NMG_0121130

KABUL, Afghanistan, Jan. 23 — A suicide bomber wearing an explosive vest blew himself up Tuesday at the entrance to a NATO base in the southeastern province of Khost, killing 8 to 10 people, officials said.

The attack occurred as Afghan laborers were lining up for security checks at the pedestrian entrance of the base known as Camp Salerno. The bomber was trying to enter the base, NATO said, but detonated the vest when he reached the search point.

Arsalah Jamal, the Afghan provincial governor of Khost, visited the scene after the bombing and confirmed the deaths of eight civilian laborers and two Afghan security guards, though a NATO statement put the toll at six Afghan civilians and two policemen.

"I confirm 10 people, including two Afghan security guards, were killed in a suicide attack at the entrance of the military base," Mr. Jamal said.

He said 14 others had been wounded in the attack, all Afghan civilian daily workers for the military base. NATO said only five had been wounded.

Khost, in eastern Afghanistan, borders tribal areas in Pakistan that Afghan and Western officials contend offer a haven for militants organizing suicide attacks.

"Suicide attack is not an Afghani phenomenon," Mr. Jamal said by telephone. "There are madrasas and camps on the other side of the border where some elements promise passport and visa" to "young people for killing themselves and others."

The attack was one of the deadliest since Sept. 30, 2006, when a suicide bomber blew himself up outside the gates of the Interior Ministry in Kabul, killing 12 people and wounding up to 40.

General: Army Increase Will Cost $70B (AP)

By Pauline Jelinek

AP, January 24, 2007

WASHINGTON (AP) — Increasing the size of the Army, strained by America's two ongoing wars, will cost an estimated $70 billion, a top Army general said Tuesday.

And if yet another conflict were to develop before the force can be bolstered, it would take longer to fight and cost more American casualties than otherwise might be expected, said Lt. Gen. Stephen Speakes, a deputy chief of staff.

Reversing previous administration thinking, President Bush said last month that he wants a larger military. And Defense Secretary Robert Gates earlier this month recommended that the Army's troop strength be increased by 65,000 soldiers, to a total of 547,000 worldwide and the Marines be increased by 27,000 to 202,000. Almost half of that Army increase already has been achieved under a temporary program that Gates said would be made permanent; the full increase is to be achieved within five years.

The Army's preliminary estimate is that it would cost $70 billion to increase its size and the funds would be spread over budget years 2009 through 2013, Speakes told a defense writers group Tuesday .

Army Chief of Staff Gen. Peter Schoomaker has said that the service budget jumps $1.2 billion with each 10,000 soldiers that it recruits and trains. Speakes said the $70 billion figure includes everything — from equipment to pay to health benefits. No figure was immediately available for the increase in the Marine Corps.

"What we are asking is that Americans make a decision about priorities," he said of the huge new defense cost.

Meanwhile, he acknowledged, fighting the war in Iraq on top of the war in Afghanistan has left ground forces in a weakened state of readiness.

That is, some units are below the standard measure used to determine if they are ready to fight a conventional, high-intensity war. This is because they have substantial equipment shortfalls and their training is focusing on the low-intensity, counterinsurgency battle being fought in Iraq.

"What America needs to do is realize that we can fulfill the national strategy (of defending against another conflict simultaneously), but ... that it will take more time and it will also take us increased casualties to do the job," he said.

"We have an issue, and that's part of what, I think, the recent decisions by the president and secretary of defense have addressed," Speakes said. "We're going to build a more robust Army, we're going to continue to invest in a ground force that has the right capabilities, the right equipment, the right training to do it's job," he said, adding that enormous improvements in the quality of the Army have been made in recent years.

"This is a voyage in progress, it's being measured against the harsh litmus test of combat which has forced some grim realities on all of us," Speakes said.

U.S. Stages 2nd Airstrike In Somalia; Ethiopians Leaving Capital (WP)

By Karen Deyoung And Stephanie McCrummen

The Washington Post, January 24, 2007

A U.S. Air Force AC-130 gunship staged an airstrike against suspected al-Qaeda operatives in southern Somalia on Monday, the second such attack this month, U.S. officials said Tuesday.

There was no immediate information on specific targets or the strike's results. The United States has said that at least three senior al-Qaeda operatives were being sheltered by the Islamic Courts movement that was ousted from power in the Somali capital, Mogadishu, by the Ethiopian military last month.

Word of the new attack came the same day as a long line of Ethiopian artillery, armored vehicles and trucks loaded with soldiers rolled toward the edges of Mogadishu, beginning a withdrawal from a fragile capital that many residents fear will now slip further into chaos.

A spokesman for Somalia's transitional government, Abdirahman Dinari, said that the Ethiopians may take several weeks to complete a full withdrawal from the country and that a large force would remain on the Ethiopian side of the Somalia-Ethiopia border.

The Ethiopians have remained in the capital to protect the nascent transitional government, which hardly has enough forces to secure the oceanside city.

Without the Ethiopian muscle, Somali officials have a "deep concern" about Islamic fighters who remain hidden in the city and have asserted responsibility for a recent string of attacks against Ethiopian and Somali government troops, Dinari said.

Details of a proposal to send in a peacekeeping force of at least 8,000 troops from other African countries are under negotiation, and many analysts doubt that that number can be mustered. Dinari said an initial force of about 1,000 soldiers from Uganda will probably arrive next week, and others from South Africa, Malawi and Nigeria will follow. The United States has promised airlift and logistics support.

On Monday, European Union officials tied funding for the African Union peacekeepers to the Somali government's willingness to negotiate with certain ousted Islamic leaders, who are thought to be crucial to preventing a full-scale insurgency. U.S. officials have voiced similar concern.

The European demand infuriated the Somali government. Dinari said it only "gives the Islamic fighters a signal" to continue their attacks.

On the streets of the capital Tuesday, people watched and sometimes waved as the Ethiopians rumbled along the sandy road that eventually reaches the Ethiopian border.

"The elements of the Islamists will come back," said Hassan Abdi Aden, 45, who was eating lunch nearby. "The warlords are already in Mogadishu. The clan fighting will start again. All this is something that can happen in the near future."

Mogadishu has been in an almost perpetual state of clan warfare since the fall of the last central government, the military dictatorship of Mohamed Said Barre, in 1991.

For two weeks, Ethiopian and Somali government troops have been attacked with mortars and rocket-propelled grenades fired from cars.

If Mogadishu descends into another period of clan warfare, some regional analysts say, that is precisely what Ethiopian Prime Minister Zenawi Meles wanted all along. As evidence, they point to an Ethiopian government foreign policy report submitted to that country's Parliament two years ago.

According to an English translation, Ethiopian security officials wrote that Somalia was so divided that it "no longer posed a threat" to Ethiopia.

The two U.S. airstrikes in southern Somalia this month have been undertaken in close cooperation with Ethiopian forces, which have conducted their own ground and air assaults in the same area with shared intelligence and operational information. In addition to the three alleged al-Qaeda operatives, believed responsible for the 1998 bombings of two U.S. embassies in Africa, targets have included Somali Islamic leader Sheik Hassan Dahir Aweys and Aden Ayrow, who served as de facto defense minister of the Islamic government.

U.S. officials have said that none of the targeted individuals was hit in the initial strike Jan. 7, which killed at least 10 and perhaps as many as 20 people. Although a U.S. military team entered Somali territory to assess the strike site and recover bodies, no information has been released on their identities.

Ethiopian Forces Start Leaving Somalia (NYT)

By Jeffrey Gettleman

The New York Times, January 24, 2007

NAIROBI, Kenya, Jan. 23 — The Ethiopian troops who helped install Somalia's fledging government in Mogadishu, its capital, began to pull out Tuesday, officials from each country said.

Many Somalis say they now fear that a power vacuum will form and that the country will slip back into the lawlessness that has dominated it for much of the past 16 years.

“Why can’t they stay?” asked Muhammad Omar Ali, a milkman in Mogadishu, as he watched truckloads of Ethiopians chug away. “They’re leaving us to the bandits.”

Ethiopia played a pivotal role in rearranging Somalia’s internal politics last month when it sent tanks, jet fighters and thousands of troops to vanquish an increasingly aggressive Islamist movement that ruled most of south-central Somalia. After routing the Islamist army, the Ethiopians paved the way for Somalia’s transitional government, which until then was weak and divided, to take control of the country.

But the Ethiopians always insisted that they would not stay to police Somalia. And though several African countries have mused about sending peacekeepers to help quell Somalia’s volatile mix of warring clans, well-armed thugs and now a growing insurgency, a comprehensive peacekeeping force may be months away.

On Tuesday, 200 Ethiopian soldiers held a short goodbye ceremony at a defunct Somali Air Force base. “We have arrived in Mogadishu in support of the transitional federal government troops,” said an Ethiopian commander. “We have successfully completed our mission. We respect the order of the Ethiopian government to withdraw from Somalia.”

Some Somalis cheered. Others said the equivalent of good riddance.

“Our enemy is finally leaving the country,” grumbled Muhammad Gedi Nur, who was selling second-hand clothes on the street. “Now we can bring back Islamic law.”

Remnants of the Islamist army are suspected of the increasingly frequent attacks on transitional government soldiers and Ethiopian troops. Despite the limited withdrawal that began Tuesday, Ethiopian officials have reassured Somalia’s leaders that many troops would remain until international peacekeepers arrive.

Western diplomats have expressed hope the surrender to the Kenyan authorities last week of Sheik Sharif Ahmed, a moderate leader of the Islamist forces, could be another solution. As a well-respected figure among the Islamists and the influential Hawiye clan, he could help end the insurgency.

On Tuesday, American diplomats said they were eager to talk to him.

“The U.S. ambassador to Kenya plans to meet with Sheik Sharif later this week,” the embassy said. “The ambassador will urge Sheik Sharif to counsel his supporters not to carry out violence and to support the development of an inclusive government.”

Ethiopian Troops Begin To Leave Somalia (AP)

By Salad Duhul

AP, January 24, 2007

Ethiopian troops whose military strength was crucial to helping Somalia's government drive out a radical Islamic militia began withdrawing Tuesday, raising fears of a power vacuum unless peacekeepers arrive soon in this chaotic nation.

Somali government spokesman Abdirahman Dinari said Ethiopia helped chase out the Council of Islamic Courts militia, which had taken over the capital and much of southern Somalia. But it was time for the neighboring forces to leave.

"As of today, the Ethiopian troops have started to withdraw from Somalia. We are grateful that they played an important role in the restoration of law and order in the country," Dinari said.

Ethiopia's government spokesman, Zemedkun Tekle, confirmed Tuesday's pullout but gave no details.

The intervention of Ethiopia last month enabled a military advance that proved a stunning turnaround for Somalia's 2-year-old government. Without Ethiopia's tanks and fighter jets, the administration could barely assert control outside one southern town and could not enter the capital.

But the potential for violence in this Horn of Africa nation remains great because of clan rivalries, resentment of the government's Ethiopian backers and a threat of guerrilla war from remnants of the Islamic movement.

Nearly 200 people gathered at the former National University in Mogadishu, cheering as the Ethiopians moved out on trucks and tanks.

"Leave us alone and let us solve our problems," the crowd chanted.

The withdrawal gave a sense of urgency to the arrival of a proposed African peacekeeping force. The African Union has approved a plan to send about 8,000 peacekeepers for a six-month mission that would eventually be taken over by the U.N.

Many Somalis were angered by the presence of Ethiopian forces. Somalia, a Muslim country, and Ethiopia, which has a large Christian population, fought a brutal war in 1977.

"I am very happy the Ethiopians are leaving because it will end clashes in which civilians are the victims," said Ilmi Shardi Mahad, a resident of Mogadishu's Hurwa district, considered a hotbed of support for the Islamists.

The Islamic council has played on the traditional Somali-Ethiopian rivalry, saying the group would launch an Iraq-style guerrilla war on Ethiopian troops here.

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"The withdrawal of Ethiopia will be the end of our ongoing insurgency," said Sheik Ahmed Muumin, a member of the Islamic council who contacted The Associated Press by telephone on Tuesday.

But it was not clear whether his views represented those of the Islamic leadership, which is largely in hiding.

One top leader of the ousted movement, apparently afraid for his life, turned himself in to authorities in neighboring Kenya on Sunday and is in custody. Sheik Sharif Sheik Ahmed, considered by American officials a moderate who could contribute to rebuilding Somalia, is not believed to be wanted by the authorities.

U.S. Ambassador to Kenya Michael Ranneberger, who also represents U.S. interests in Somalia, plans to meet with Ahmed this week to "urge Sheik Sharif to counsel his supporters not to carry out violence and to support the development of an inclusive government," the U.S. Embassy said.

Ahmed was the chairman of the Executive Council of Islamic Courts and shared the leadership with Sheik Hassan Dahir Aweys, who was chairman of the court's legislative council. Aweys is on a U.S. list of people with suspected ties to al-Qaida, though he has repeatedly denied having ties to international terrorists.

In a newly released videotape, al-Qaida's deputy leader Ayman al-Zawahri vowed that the mujahedeen would "break (the) backs" of the Ethiopians in Somalia.

China Confirms Firing Missile To Destroy Satellite (WP)

By Edward Cody

The Washington Post, January 24, 2007

BEIJING, Jan. 23 -- Breaking 12 days of silence, China confirmed Tuesday that it had fired a guided missile into space to destroy one of its satellites in a test that generated protests from the United States and other nations.

A Foreign Ministry spokesman, Liu Jianchao, said the United States and other governments have now been informed about the secret test through diplomatic channels. He emphasized that the use of anti-satellite technology does not mean China has abandoned its long-standing opposition to the military use of space.

"I should stress at this time that the test was not targeted against any country and does not pose a threat to any country," Liu said at a ministry briefing. He added that he knew of no plans for another such test by the Chinese military.

The Chinese test shot, which culminated in the destruction of an overage weather satellite 537 miles above Earth, was detected by U.S. monitors Jan. 11, but the Chinese government refused to discuss it. The test raised concern in Washington, where officials and analysts interpreted it as a signal by China that U.S. military satellites could be vulnerable to attack.

With the U.S. military heavily reliant on satellites for reconnaissance, navigation, weapons guidance systems and anti-missile defenses, China's ability to shoot down satellites could pose an added threat in the event of hostilities over Taiwan. In addition, China's newly demonstrated ability could threaten Taiwanese satellites monitoring Chinese short- and medium-range missile deployments along the Taiwan Strait.

U.S. officials said they were also dismayed by the Chinese test because the United States and Russia, after testing anti-satellite technology in the 1980s, more recently have abstained from such tests, partly because destroying satellites creates debris that could damage satellites in nearby orbits. Liu declined to address questions on this danger.

Experts estimate that several hundred thousand debris fragments were created by the destruction of the satellite, which orbited in a section of space where as many as 125 other satellites fly.

China, which has embarked on an accelerated military modernization program, has repeatedly emphasized its desire to be able to compete in 21st-century warfare. The military, which runs the space program, has identified space-based communications and sensing systems as key to such efforts. Some Chinese military theorists also have advocated asymmetrical warfare, in which pinpoint weapons would be used to disrupt the more advanced and better-equipped U.S. military.

At the United Nations, China has consistently advocated the peaceful development of space and pushed for an international agreement to prevent it from becoming the theater for a new arms race. The Bush administration has opposed China's suggestion for an international conference to pursue such an accord, arguing there is no need for it.

In that light, Liu was asked whether the anti-satellite test violated the spirit of China's proclaimed position and, in any case, why China kept silent for nearly two weeks while officials around the world were discussing it on the basis of U.S. intelligence reports.

"We have nothing to hide," he responded. "After the relevant parties expressed their concerns, we made our response about the test quickly. We stressed that China opposes weaponization and an arms race in outer space."

China Verifies Antisatellite-Missile Test (WSJ)

By Jason Dean

The Wall Street Journal, January 24, 2007

DOJ_NMG_0121134

BEIJING -- China broke its public silence about its testing of an antisatellite missile this month, but its lack of openness has damaged its efforts to polish its international image, analysts said.

The Jan. 11 test, in which China destroyed one of its own aging weather satellites in orbit, triggered alarm in foreign capitals after news of it surfaced late last week. But Chinese officials had steadfastly refused to acknowledge the test publicly until yesterday, when Liu Jianchao, a spokesman for China's Ministry of Foreign Affairs, confirmed that it had occurred -- but offered no additional detail or explanation.

Mr. Liu, speaking at a routine news conference, offered reassurance that China continues to oppose the "weaponization" of space. And he said that China had briefed several foreign countries, including the U.S. and Japan, about the test after international concern arose. He declined to say when those briefings had occurred, but U.S. State Department spokesman Sean McCormack said Monday that Chinese officials had acknowledged the test to Assistant Secretary of State Christopher Hill during meetings in Beijing over the weekend. Mr. McCormack said the U.S. is hoping for more information.

Within China, there has been no discussion of the test in the Chinese press or on the Web, which is closely monitored by the government.

China has long tried to soothe international concerns about its rapid economic and military rise by telling the world that it is intent on "peaceful development." But the absence of any official explanation about the antisatellite test has fostered doubts about its intentions and plans, and given ammunition to critics in Washington who argue China is a growing military threat that the U.S. must do more to counter -- including in space. Indeed, analysts say, China's handling of the test could actually help bring about what Mr. Liu said yesterday that Beijing doesn't want: an arms race in space.

Beijing's approach has been "quite counterproductive as far as China's interests are concerned," said Andrew Yang, an expert on the Chinese military who heads the Chinese Council of Advanced Policy Studies, a Taiwan think tank. "I think they didn't really take into account the international concerns about this," said Mr. Yang, who was in Beijing yesterday meeting with Chinese military experts.

Analysts outside China have speculated that the test was aimed both at verifying China's antisatellite capability and at putting the U.S. on notice that it no longer enjoys unchallenged military domination of space. The U.S. military relies heavily on satellites for surveillance, communication and weapons-guidance systems.

The Chinese foreign ministry spokesman's comments are unlikely to calm international anxiety. Mr. Liu told reporters the test wasn't aimed at any particular country, and stressed that China "never has and never will participate in any form of arms race in space." But he offered no explanation for why China had conducted the test or why it took so long to confirm it. When asked about concerns that debris from the destroyed satellite could damage other countries' satellites, Mr. Liu said the issue was too technical for him to address.

Officials at China's Ministry of National Defense continued to decline to comment yesterday.

Mr. Yang said he believes the missile test was directed partly at Taiwan. The U.S. is Taiwan's biggest military backer, and U.S. satellites are an essential element of Taiwan's early-warning system against ballistic missiles that China has aimed at the island. Mr. Liu said the test wasn't directed at any particular country.

Write to Jason Dean at jason.dean@wsj.com1

China Confirms Missile Test (FT)

By Mure Dickie, Michiyo Nakamoto And Kathrin Hille

Financial Times, January 24, 2007

"China has nothing to hide," insisted foreign ministry spokesman Liu Jianchao on Tuesday as he issued Beijing's first public acknowledgment of its test of an anti-satellite weapon earlier this month.

But even as Mr Liu insisted that Beijing's opposition to any space arms race remained undimmed, his refusal to shed any further light on the test or his government's intentions offered ready ammunition to those who say China's military policy is all about concealment.

For days, Beijing officials have declined to comment on Washington's revelations about the destruction of an old satellite with a missile-launched "kinetic kill vehicle", a test that prompted concern from the US, Japan and other countries.

Even as Mr Liu was offering confirmation, a spokesman for China's defence ministry on Tuesday professed ignorance that the test had taken place. "We don't know anything about this," said the spokesman, who declined to give his name.

China's reticence is already drawing diplomatic fire.

“The failure by China to ensure transparency in the matter will only lead to suspicions," Yasuhisa Shiozaki, Japan's chief cabinet secretary, said on Tuesday.

"It is not sufficient [for China] just to say that it has conducted just one experiment. It is natural for Japan to continue to demand a thorough explanation,” Mr Shiozaki said.

Beijing analysts have long argued that it is understandable for a still relatively weak military power such as China to be reluctant to give too much information about its defence.

But the cost of the belated and terse acknowledgment of the anti-satellite test has been to yield the propaganda field to its critics.

Beijing has yet to defend its much-criticised decision to add new debris to the clouds of space junk orbiting the earth to the hazard of satellites and astronauts.

Questions have even been raised about the degree to which China's leaders control their military. The New York Times at the weekend quoted Stephen J. Hadley, national security adviser to US president George W. Bush, as saying Hu Jintao might not have been kept fully informed – a suggestion Mr Liu dismissed as "baseless speculation".

China's lack of effective public diplomacy on the test of an anti-satellite weapon is not difficult to understand.

The US tested such weapons more than two decades ago and has continued to develop them, ensuring it has at least the potential to threaten China's growing number of military satellites.

Meanwhile, satellites have become a cornerstone of US military might with the US appearing keenly interested in the potential for orbiting weapons that could either provide defence against missiles or attack earth-bound targets.

Finally, Washington has itself been the strongest opponent of efforts by China and Russia to push for an international treaty that would ban the deployment of weapons in space and the use of force against objects in orbit.

Of course, China's lack of military transparency can itself be cited in support of Washington's opposition to such a treaty, given US fears that it would be impossible to guarantee compliance.

However, Robert Karniol of Jane's Defence Weekly says Beijing's test itself was entirely predictable and that suggestions it will trigger an space arms race are a matter of the "pot calling the kettle black".

"There has been such an arms race under way for many years," says Mr Karniol.

"This development may be leapt upon for its propaganda value, but the US programmes were already well under way."

Additional reporting by Michiyo Nakamoto.

China Confirms Space Test; Denies Intent To Intimidate (NYT)

By Joseph Kahn

The New York Times, January 24, 2007

BEIJING, Jan. 23 — The Chinese government publicly confirmed Tuesday that it had conducted a successful test of a new antisatellite weapon but said it had no intention of participating in a “space race.”

The confirmation was made at a regular Foreign Ministry news briefing, 12 days after China used a medium-range ballistic missile to destroy one of its own weather satellites 535 miles above Earth. Several countries, including the United States, Japan, Britain and Australia, pressed Beijing to explain the test, apparently the first successful destruction of a satellite in orbit in more than 20 years.

Until now, Chinese officials declined to confirm or deny that it had occurred, despite news reports last week that quoted Bush administration officials describing the exercise in detail. Liu Jianchao, the Foreign Ministry spokesman, issued the first official comment.

“This test was not directed at any country and does not constitute a threat to any country,” he said. “What needs to be stressed is that China has always advocated the peaceful use of space, opposes the weaponization of space and an arms race in space. China has never participated and will never participate in any arms race in outer space.”

Mr. Liu did not say why the Chinese Army had conducted the test. He also did not directly address concerns that the use of a missile to shatter a satellite in a low orbit might be perceived as inconsistent with China’s repeated calls to ban the use of weapons in space.

Beijing’s prolonged silence about the test, which American intelligence officials said took place on Jan. 11, raised speculation about its intentions and the circumstances surrounding the test.

Senior Bush administration officials raised the possibility that the silence might have reflected the autonomy and isolation of the Chinese military. They said they could not be sure that President Hu Jintao, who oversees the military as well as the Communist Party, had personally authorized or overseen the test.

On Tuesday, Mr. Liu denied that officials had taken too much time before speaking publicly. “China has nothing to hide,” he said. “After various parties expressed concerns, we explained this test in outer space to them.”

Japanese and American officials said China had not volunteered any information until they had made formal diplomatic inquiries, and then it had taken at least four days to get a reply. The first confirmation apparently came when Christopher R. Hill, an assistant secretary of state, visited his counterparts in Beijing over the weekend to discuss efforts to revive six-nation negotiations on North Korea’s nuclear weapons program.

Sean McCormack, the State Department spokesman, said Monday that Mr. Hill had been assured that the test "was not meant as a threat against anybody" and that Chinese officials had acknowledged that it had taken place.

Independent experts on the Chinese military say China has sought a workable antisatellite weapon since the 1980s. One reason is that the United States military depends heavily on satellites for missile guidance, navigation and communications, and any widespread damage to that network could hamper military action overseas.

China has long feared that the United States might intervene in any military conflict with Taiwan, and has invested heavily in new arms that experts say are intended to give it the power to attack Taiwan while keeping American forces at bay.

But others say China's intentions in conducting this test may have been more diplomatic in nature, intended to put pressure on the United States to negotiate a treaty to ban weapons in space. Russia and China have pressed for an international treaty that would limit the use of space for military purposes. The Bush administration has declined to take part in such talks.

Over the summer, President Bush authorized a new space policy that seeks to preserve "freedom of action" in space, and he said the United States reserved the right to use force against countries seeking to disrupt American satellites.

Xu Guangyu, a former Chinese Army officer and an official at the government-run China Arms Control and Disarmament Association, said the antisatellite test amounted to an attempt to redefine the "rules of the game" and press the United States into negotiations.

"What China is saying is, 'Let's sit down and talk,' " Mr. Xu said. "There is a trend toward weaponization of space that no one, especially China, wants to see."

Officials Fear War In Space By China (WT)

By Bill Gertz

The Washington Times, January 24, 2007

China's anti-satellite-interceptor test Jan. 11 is part of a covert space-weapons program designed to cripple the U.S. military in a conflict, defense officials said yesterday as Beijing confirmed it had destroyed one of its weather satellites. China said it had not "weaponized" space.

The anti-satellite weapon was identified by U.S. government officials as a nonexplosive "kinetic kill vehicle," which destroys its target simply by colliding with it. It was the first success in four attempts by China to destroy an orbiting object in space over the past two years.

Chinese Foreign Ministry spokesman Liu Jianchao said in Beijing that the government briefed the Bush administration on the test and that international fears of Chinese space weapons were groundless.

"This test was not directed at any country and does not constitute a threat to any country," Mr. Liu said. It was the first official confirmation of the test, which was kept secret in Beijing as well as Washington until the magazine Aviation Week reported it Friday.

"What needs to be stressed is that China has always advocated the peaceful use of space, opposes the weaponization of space and arms races in space," Mr. Liu said at a press briefing.

The White House said China's explanation was not sufficient.

China's public and private "assurances" on the test were welcome but "are incomplete and do not answer many of the questions raised by the international community," said Gordon Johndroe, a spokesman for the National Security Council.

Protests were raised by the governments of Japan, Australia, India, Canada and other states, which saw the test as part of increasing Chinese military power that contrast with Beijing's public assurances of being engaged in a "peaceful rise."

"We are concerned about China's lack of transparency," Mr. Johndroe said. "For example, China has not explained the intent of this weapons test, nor has it stated whether or not it plans future tests."

Mr. Liu said he was not aware of plans for an additional test.

Mr. Johndroe also said that China's government failed to explain how the test "is compatible with its public stance against the weaponization of space," noting the issue will be pursued further in diplomatic channels.

U.S. officials familiar with intelligence reports said yesterday that three previous tests were unsuccessful. All four tests involved the launch of a commercial rocket booster carrying an anti-satellite (ASAT) warhead that would separate from the booster in space and seek to crash into the satellite about 530 miles above the earth.

Some U.S. policy and intelligence officials have tried in internal memorandums to play down the significance of the ASAT test, saying that the warhead hit a large, low-earth-orbit satellite and that it would be more difficult to hit higher-orbiting and smaller systems.

Other defense officials, however, said the test has raised alarm bells because it exposed a key strategic vulnerability. They also said that there are major gaps in U.S. intelligence about which other space weapons and capabilities China has or is

developing that could cripple or disable U.S. satellites, which handle about 90 percent of all military communications, as well as intelligence and missile guidance.

The Jan. 11 test also alarmed military and defense officials because it undermined American intelligence estimates that China's military trails the U.S. military in terms of weapons and war-fighting capabilities by 10 years.

"The ASAT test showed they are not following us [militarily] but trying to leap ahead," one defense official said.

U.S. intelligence agencies received some advance indications of the test, in which a commercial KT-1 rocket, a version of the medium-range DF-21 missile, was launched from the Xichang space center, in southwestern Sichuan province.

The ASAT weapon separated from the last stage in space and then destroyed the Feng Yun-1C weather satellite, launched in 1999 and orbiting over both poles, by ramming into it at high speed. U.S. officials said debris from the destroyed satellite continues to orbit and poses a risk to some of the 800 satellites now in space, 400 of which are American.

China also illuminated a U.S. satellite with a ground-based laser in another anti-satellite test, according to a report by the congressional U.S.-China Economic and Security Review Commission.

The report, produced by defense analyst Michael Pillsbury, revealed that China has plans for secret space weapons that include ground-based lasers, air-to-space missile interceptors and an exotic plasma bomb that would destroy orbiting satellites by enveloping them in an electronic cloud.

The report also stated that three books written by Chinese colonels in 2001, 2002 and 2005 contain "proposals for covert deployment of antisatellite weapons directed at U.S. assets."

One author, Col. Jia Junming, stated in his 2002 book that Chinese space-weapons development should be covert and "intense internally but relaxed in external appearance to maintain our good international image and position."

The 2005 book, "Joint Space War Campaigns," by Col. Yuan Zelu, calls for deploying an orbiting network of strike weapons that "will be concealed and launched only in a crisis or emergency" to "bring the opponent to his knees."

De-militarize Space (LAT)

The Los Angeles Times, January 24, 2007

We should not let space become a battlefield, but treaties banning weapons there will be difficult.

SPACE WARFARE may be a staple of science fiction, but almost no one in the real world thinks it's a good idea. That's why China's destruction this month of a moribund weather satellite is so alarming: It was the first time in more than 20 years that a ground-fired missile was used against a satellite.

Yet a ban on all weapons in space that could be enforced, while desirable, may be as utopian as some science fiction scenarios. Official U.S. space policy instructs the Pentagon "to ensure freedom of action in space and, if directed, deny such freedom of action to adversaries." The Chinese test, as well as other technological developments, suggest that a rethinking of this position is in order.

Some of the issues are easy. Space junk of the sort generated by the Chinese test now poses a danger to satellites from many nations. Whole orbital zones may become unusable in a decade — at great cost to science and commerce. The world should make more of an effort to reduce space debris. This could be done by amending the 1967 Outer Space Treaty, which bans weapons of mass destruction from space and which most nations, including China and the United States, have joined. Like other anti-litter laws, such a rule might be flouted, but it would at least set a standard for the need for good orbital hygiene. The space treaty's weak provisions against damaging others' satellites should be toughened with the addition of real enforcement mechanisms.

More thorny is whether new ways can be found to prohibit testing and development of anti-satellite systems without fatally compromising the ability to use anti-ballistic missile systems, which operate at altitudes of a few hundred miles. In the 1980s, arms control discussions foundered on disagreements about whether to ban only space-based weapons and ignore ground-based ones that could knock out objects in space. Because the United States had a technological advantage, it could afford to refuse to negotiate.

Now, U.S. government and commercial interests own 53% of the 845 satellites circling the Earth. Many more nations have or soon may have the technology to help put up such satellites or to knock them down. It is in the U.S. interest to work to keep space clean and safe. It will be difficult to design, negotiate, verify and enforce international agreements that both protect U.S. and global security concerns and prevent the weaponization of space. But the Chinese test demonstrates the futility — and danger — of refusing to try.

China May Lower Fines For Poor Who Violate One-Child-Only Policy (WP)

By Maureen Fan

The Washington Post, January 24, 2007

DOJ_NMG_0121138

BEIJING, Jan. 23 -- Fines imposed on Chinese who violate the country's one-child-only policy may be reduced for the poor, a top family planning official said Tuesday, as authorities stressed a broader approach to population management.

The announcement came a day after state media reported that many Chinese believe it is unfair that the wealthy can "buy" a second child by simply paying fines for breaking the one-child-only rule for most urban couples.

"Rich people and poor people, they are all equal before the law," Zhang Weiqing, the head of the National Population and Family Planning Commission, told reporters in Beijing.

"With very poor families, we may reduce part of the social compensation fee or waive the fee, depending on the actual situation," he said. "As for their other difficulties, we will help them by all means, including providing compulsory education and medical care."

The announcement appeared to be part of a broader attempt by officials to put a more human face on China's much-maligned family planning policies. As the most populous country on Earth -- China has 1.3 billion people -- the country is struggling with an aging population, a growing rich-poor gap, unemployment pressures and continued reports of family planning abuses, including forced abortions and sterilizations.

"Our priority is to invest in human development -- to change from a country with a huge population base to a country with rich human capital," Zhao Baige, vice minister of the family planning commission, said last week.

This month, officials released what they said was their first "population development strategy research report," assembled by hundreds of scholars. That report credited China's national family planning policy with preventing the birth of more than 400 million people over the last 30 years.

The policy has also contributed to an imbalanced sex ratio; allowed only one child, many couples choose to abort female fetuses, in keeping with the traditional preference of the Chinese for boys. According to the population report, there are 118 boys for every 100 girls, and the gap is expected to grow. By 2020, if the current birthrate remains stable, marriage-age men will outnumber women by 30 million, a "serious hidden danger which may lead to social disorder," the report said.

A survey conducted Monday by the China Youth Daily and the popular http://QQ.com Web site found that 61 percent of respondents thought it was unfair that wealthy people could essentially afford to have more babies by paying fines. One-third thought officials should develop some punishment other than a fine.

That fines might be eased for the poor shows the great attention the government is paying to public opinion about the rich-poor gap, said Ma Mingjie, director of the Social Research Center of the newspaper, which conducted the survey. "They really want to take some effective measures to ease the tension."

Zhang, the head of the family planning commission, called for the improvement of living standards and the status of women, a social security system for the elderly and stricter laws prohibiting sex-selective abortions. But he did not detail any new major policy changes.

Instead, he and Vice Minister Wang Guoqiang emphasized the complexity of China's population policy, based on residency and other factors. About 36 percent of China's families -- those who live in cities and some rural areas -- are "encouraged" to have just one child; 53 percent are allowed to have a second child if their first baby is a girl. Other families, depending on where they live, are allowed to have two children and, in rare instances, more.

"Actually our policy is a more multidimensional policy," Wang said.

That policy has been abused frequently as local officials manipulated it for financial gain.

In areas where poor, rural families have one child or only two girls, local governments will now give those parents a pension or reward, Zhang said. In an indication of rampant corruption, Zhang said distribution of aid to the poor will be managed by different agencies that will monitor each other.

Ban To Press Sudan President On Darfur (AP)

By Justin Bergman

AP, January 24, 2007

U.N. Secretary-General Ban Ki-moon will pressure Sudan's president next week to speed up the peace process in Darfur, which has been delayed by months of wrangling over the makeup of a larger peacekeeping force, U.N. officials said Tuesday.

Ban, on his first overseas trip as head of the world body, will meet with Sudanese President Omar al-Bashir on the sidelines of an African Union summit in Ethiopia. The meeting could be crucial to pushing through a three-phase U.N. plan to beef up the 7,000-member AU force that is struggling to maintain peace in the vast desert region.

Al-Bashir has refused to allow U.N. peacekeeping troops to replace the beleaguered African force in Darfur. Last month, he appeared to endorse the new U.N. plan that culminates with the deployment of a 22,000-strong "hybrid" AU-U.N. force, but Sudanese officials have since wavered on that support.

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"The secretary-general is hoping to make the whole issue of Darfur move forward," his spokeswoman, Michele Montas, said at a news briefing Tuesday. "The U.N. plan for the AU force is still on the table and being discussed. What we will see is how fast the different stages can be implemented."

Another U.N. official put it more bluntly: "We want unambiguous commitment on the schedule of the deployment. ... (The Sudanese) need to give us firm dates." The official spoke on the condition of anonymity because of the sensitivity of the negotiations.

Sudan's U.N. mission did not return several phone calls Tuesday seeking comment.

During Ban's week-long, seven-nation trip, which starts Wednesday, he plans to attend a donor's conference in Paris on reconstruction aid for Lebanon, and visit the European Union office in Brussels and the International Court of Justice and Yugoslav war crimes tribunal in The Hague.

But Africa will be the primary focus of the trip, part of what Ban said last week would be a theme throughout his tenure as U.N. chief.

The secretary-general is scheduled to spend a day in Congo, where 18,000 peacekeepers are serving in the world's largest U.N. mission. He plans to address the National Assembly and meet with newly elected President Joseph Kabila.

He will also travel to Kenya to hold talks with President Mwai Kibaki.

The Darfur crisis, in which more than 200,000 people have been killed and 2.5 million displaced, began in February 2003 when rebels from black African tribes took up arms, complaining of decades of neglect and discrimination by Sudan's Arab-dominated government. The government is accused of unleashing Arab tribal militia known as janjaweed against civilians in a campaign of killings, rapes and arson. The government denies the allegations.

The government signed a peace agreement with one of the rebel factions in May, but violence has since worsened in the region and the conflict has spilled over into neighboring Chad and Central African Republic.

In Ethiopia, Ban will seek to bolster support for the U.N. security plan by asking African countries to pressure Sudan to allow the hybrid peacekeeping force into Darfur, said the U.N. official who spoke on condition of anonymity.

Al-Bashir agreed to the force in a letter to former U.N. Secretary-General Kofi Annan last month, but his country's U.N. ambassador has since said the force must be smaller and have no U.N. peacekeepers in traditional blue helmets, only African troops supported by U.N. technical and logistical experts.

"Sudan has jumped at every opportunity to distance itself from the agreement," the U.N. official said.

Ban has also reached out to China, meeting Tuesday with U.N. Ambassador Wang Guangya. The U.N. official declined to offer details of their discussions, but said, "(Wang) is the one person who could put pressure on Sudan. ... Once we have a Chinese agreement, things will move a lot faster."

China, which is one of Sudan's biggest oil customers, has resisted U.N. attempts to force Khartoum to accept peacekeepers. China's U.N. mission declined to comment on Wang's meeting with Ban.

US Condemns Sudanese Government Assault Of UN Staff, Aid Workers (AFP)

AFP, January 24, 2007

The United States condemned the Sudanese government's arrest and subsequent assault of 20 staff from the UN, African Union and non-governmental organizations in strife-torn Darfur.

Sudanese police raided the International Non Governmental Organization (INGO) compound in Nyala, southern Darfur on Friday and arrested 20 people, including INGO, UN and African Union staff gathered for a social function, according to the United Nations.

US State Department spokesman Sean McCormack said the United States "condemns" their arrest and assault and added that the Sudanese government had an obligation to protect humanitarian aid workers and others providing "life-saving" assistance to Sudanese.

"There is no justification for these appalling recent attacks on humanitarian aid workers," he said in a statement.

But he pointed out that such attacks would not weaken international resolve to assist the people of war-ravaged Darfur.

"Rather, the Sudanese government's actions will only bring about additional international scrutiny," he said.

McCormack called on all parties in Darfur to demonstrate their commitment to peace and serving the needs of the people of Sudan.

More than 200,000 people have died, according to the United Nations, since the February 2003 civil war broke out in Darfur province where African Union peacekeepers supplemented by UN advisers struggle to maintain order.

Anti-government Protests Paralyse Lebanon (FT)

By Andrew England

DOJ_NMG_0121140

Financial Times, January 24, 2007

Supporters of Hizbollah and its Christian allies paralysed Lebanon on Tuesday as they dramatically escalated their campaign to overthrow the government, blocking highways with burning cars and tyres and triggering clashes that killed three people and injured dozens.

The protests – a conspicuous show of strength by the opposition, which had called for a general strike – took place in most parts of the country and ramped up a political confrontation between the Shia militant group and its allies and the pro-western government.

As a result of the demonstrations, Fouad Siniora, prime minister, cancelled a planned flight to Paris, where the government is to present an economic reform package at a donor conference on Thursday. It is seeking aid to rebuild the nation after last year's war between Hizbollah and Israel, which cost Lebanon an estimated $9bn (€7bn, £4.6bn).

"Our hands are stretched out for dialogue," Mr Siniora told reporters. "What happened today was very dangerous, it reminds us of the images of war."

The main road to the airport was among the highways blocked by burning cars, tyres and mounds of sand and dirt.

The Shia group and its allies, including Michel Aoun, who has the largest following of any Christian party leader, have been seeking to capitalise on Hizbollah's claimed success in the 34-day conflict since the United Nations-brokered ceasefire in August. The timing of the protests was seen as a deliberate attempt to draw attention away from the Paris3 conference, where the government will receive strong international support.

The finance and economic ministers, as well as the central bank governor, were already in France ahead of the conference, a government official said.

It was unclear how long the protests would last. "Most of the people of Lebanon are against the [economic] paper of the government and do not want any aid under any conditions," said Hussein Rahal, a Hizbollah spokesman. "The people of the opposition will not surrender to the government because it is illegal and it is supported by foreigners not by [the] Lebanese."

In a speech on Monday, Sayyed Hassan Nasrallah, Hizbollah's leader, launched a fierce attack on Mr Siniora, saying if his administration remained in power Lebanon was "headed to economic collapse".

Mr Nasrallah has vowed that all protests would be peaceful but clashes broke out between government and opposition supporters, particularly between rival Christian groups, whose community has become increasingly divided during the political crisis, as well as between Shia and Sunni.

Sectarian tensions have been escalating dangerously since the opposition began its campaign against the western-backed government. The administration has a parliamentary majority and accuses the opposition of attempting a coup.

In Lebanon and abroad the crisis is seen as part of a wider regional conflict, particularly the standoff between the US and Iran and Syria, which back Hizbollah.

The army took action in some areas where there were clashes and cleared some routes, but it did not attempt to remove blockades in others. The military was criticised by both sides and appeared keen to avoid direct confrontation, which could divide the army – an institution that mirrors the sectarian fabric of Lebanon.

Supporters of the Shia group have been camped outside the prime minister's office in downtown Beirut since the beginning of December as part of the opposition's efforts to pressure the government. But that protest has made little headway and both sides are deadlocked over the issue of the opposition's representation in the cabinet.

The opposition is seeking a blocking minority and wants to force early elections. Hizbollah and the country's highly politicised labour unions have also condemned the economic recovery package.

It includes privatisations, public sector reforms, fuel price increases and an incremental rise in VAT on goods and services, from 10 to 12 per cent, then to 15 per cent.

Clash Pits Hezbollah Against Rule In Lebanon (NYT)

By Nada Bakri And Hassan M. Fattah

The New York Times, January 24, 2007

BEIRUT, Lebanon, Jan. 23 — Thousands of supporters of the Iranian-backed Hezbollah, which is seeking to bring down the pro-Western government, clashed with government supporters and blocked highways leading into Beirut, the capital, on Tuesday, raising fears that the political crisis might lead to open sectarian conflict.

The police said at least three people died and 100 more were wounded throughout the country in the violence, the worst since Hezbollah began demanding more political power late last year. Mobs of men burned tires, set cars on fire and fought occasional gun battles with their political opponents.

In some cases, partisans yelled slogans with clear sectarian undertones, an especially frightening development for those who lived through Lebanon's bloody civil war from 1975 to 1990.

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By nightfall, the opposition began removing most of the makeshift roadblocks in the Beirut area and announced that it would call off the nationwide general strike that had set off the unrest. But the group warned that more protests could follow.

"This is a one-day show of force for the time being," said Paul Salem, director of the Carnegie Middle East Center in Beirut.

The opposition has accused Prime Minister Fouad Siniora, a Sunni, of corruption and graft and has dismissed him as a Western puppet. Opposition forces have called for his resignation and for a "unity" government that would ultimately give Hezbollah and its allies veto power.

The violence on Tuesday occurred two days before a crucial conference of donor nations in Paris to secure $5 billion in loans and aid to rebuild parts of Lebanon destroyed in the Israeli-Hezbollah war last summer. Hezbollah has vied with the government to provide help to residents in the country's south and in Beirut's southern suburbs, which were the worst hit during the monthlong war.

Mr. Siniora insisted Tuesday that nothing would keep him from Paris.

"I urge you to think clearly where they want to take you, away from your interest and that of the country," Mr. Siniora told the protesters on television. "We will stay together against intimidation. We will stand together against strife."

The turmoil started at dawn, when groups of protesters set up roadblocks along major thoroughfares leading into Beirut, blocking roads with burning tires, trucks and rubble said to be from buildings demolished last summer by Israeli bombs. They set fire to vehicles and, on several instances, were filmed attacking cars trying to pass their cordon.

In Beirut, many of the clashes were in mixed neighborhoods, where young men on each side shouted epithets and hurled stones at each other.

Along a thoroughfare, the men got into a brawl amid sporadic gunfire. One side raised photos of Sheik Hassan Nasrallah, the Hezbollah leader and a Shiite, and burned those of former Lebanese Prime Minister Rafiq Hariri, whose assassination in 2005 set off Lebanon's latest political turmoil, a witness said. The other side lined up across the street and raised photos of Mr. Hariri, Mr. Siniora and even of Saddam Hussein, a Sunni.

On the coastal highway north of Beirut, supporters of Gen. Michel Aoun, leader of the Free Patriotic Movement, a Christian group and a Hezbollah ally, fought with men loyal to Samir Geagea, a government ally, in especially violent clashes.

"It is a revolution against us, they are attacking us with stones and burning pictures of our leaders and blocking our roads," said Ibrahim Hijazi, 29, a government backer.

Opposition leaders insisted their supporters were protesting "peacefully" when residents began hurling stones at them. They also said they would not allow themselves to be dragged into a sectarian conflict.

"Blocking roads is a democratic expression that happens all over the world," said Hussein Haj Hassan, a member of Hezbollah's parliamentary bloc. "The government refused all the solutions we proposed, so we were left with only these options, and I warn them that we still have many other means of protest."

Mr. Siniora, on Lebanese television on Tuesday night, insisted that he would not step down and that he still enjoyed the country's support.

"We are at a crossroads today," he said. "Let's choose coexistence, civic peace, unity and stability, freedom and democracy instead of roads that will further split us and waste our energy and increase chances for violence and terrorism."

Stores and businesses in many parts of Lebanon were closed in support of the general strike called by Sheik Nasrallah, as streets remained empty and many areas were covered in smoke from the burning tires.

At Rafik Hariri International Airport, Hezbollah men in black ski masks and brandishing batons blocked travelers.

According to The Associated Press, two of the deaths were in Tripoli, where two groups — one largely Sunni and one Alawite, a Shiite Muslim offshoot — fought each other in a gun battle. The other death was in a gunfight in the Christian Batroun region, The A.P. said.

Hezbollah Leads A Fiery Strike (WP)

By Anthony Shadid

The Washington Post, January 24, 2007

BEIRUT, Jan. 23 -- The Hezbollah-led opposition cut roads in Beirut and across Lebanon with burning tires, uprooted trees, incinerated cars and barricades to enforce a strike Tuesday aimed at toppling the government, paralyzing the country and embarrassing Lebanese officials ahead of an international aid conference. Clashes erupted along the country's crisis fault lines, leaving at least three people dead and scores injured in the worst violence since the protests began in December.

Fires at dozens of barricades sent black smoke billowing against a pale blue sky, framing the capital in scenes redolent of war. Along the airport highway, the opposition sent trucks and bulldozers to pour more rubble on roadblocks set up by dawn, forcing some passengers to drag their luggage on foot to the airport, where airlines canceled flights.

An overextended army, hewing to a policy of neutrality, rarely intervened to break the blockades, effectively ensuring the success of the most dramatic escalation yet in the two-month campaign led by Hezbollah, the militant Shiite organization, to force the resignation of Prime Minister Fouad Siniora.

Opposition leaders hailed the success of a one-day strike that, by choice or circumstance, closed shops, shut schools, emptied streets of traffic and blocked key roads to the airport and seaport on the Mediterranean. Government supporters spoke darkly of a coup d'etat, warning that the violence would only escalate, and some suggested that elements within the military might be complicit.

"If it goes on like this, nobody will be able to do anything. The government will have to step down," said Mohammed Harb, a 20-year-old Hezbollah supporter, standing at a fiery barricade that blocked six armored personnel carriers from passing. "And what's beautiful? It's not just Beirut. We've shut down all of Lebanon."

Siniora, who was scheduled to travel to Paris for the international conference, remained in Beirut and delivered an address on national television Tuesday evening. He promised to stand firm against what he called "intimidation" and said the military should permit "no flexibility or compromise" in keeping the peace.

More than a fight between a government and its opposition, the struggle here pits two camps that roughly divide the country in half, each sensing the other's victory as an existential threat. The divisions are as diverse as Lebanon itself, with its 18 religious sects: whether the government's patrons in the United States and France will have a greater say here, or Hezbollah's allies in Iran and Syria; what posture the country will take toward Israel; which sect -- Sunni or Shiite Muslim -- will be decisive in politics.

There is a certain cynicism among many Lebanese that the deadlock will be broken only with more bloodshed, forcing a compromise short of civil war. Each camp has mobilized its supporters -- for the government, Sunni, Druze and some Christians; for Hezbollah and Amal, its Shiite supporters, along with allied Christians led by Michel Aoun, a former general and prime minister. Each side has escalated, with a sense it can mount pressure on the other while still controlling passions in the streets.

But Tuesday's clashes, from Sunni-Shiite and Christian fault lines in Beirut to outlying towns that have so far skirted the crisis, may prove most memorable for scenes of strife defying those assumptions: the army and security forces firing into the air and lobbing tear gas; at other times helpless in separating the feuding sides, which threw rocks, sticks and insults across barricades in fights that lasted hours. At least three people were killed in towns north of Beirut, and more than 100 were injured before the opposition declared an end to the strike and began removing barricades late at night.

At times in the confrontations, a dehumanizing language entered the discourse.

"This is not democracy," said Roger Hayek, a government supporter and member of the Phalange Party, a Christian group. He pointed across lines of soldiers separating the sides, standing in a smoky haze. "This is an image of Iraq."

A friend jumped in: "They're animals."

Hezbollah and its allies launched the campaign against Siniora's government with a sprawling protest in downtown Beirut on Dec. 1. Another one, possibly the largest in Lebanese history, followed Dec. 10, along with a sit-in that continues today in scores of tents pitched at the foot of the barricaded government headquarters.

The government has viewed it as a power grab through the street, vowing not to resign under pressure, and government-allied newspapers routinely refer to the opposition as coup plotters. But the opposition has its own collection of complaints, including what Hezbollah sees as Siniora's subservience to the United States and complicity in Israel's attack, as well as the populist economic grievances stressed by Aoun's supporters.

By any standard, Tuesday's campaign was a feat of logistics on parallel with December's protests. In addition to shutting down the capital, the vital thoroughfare to the Syrian capital, Damascus, was cut, and allied groups blocked roads in predominantly Sunni Muslim areas such as Tripoli and Akkar.

Virtually the only cars on the road to the airport were the incinerated carcasses of vehicles used as barricades, some of them sitting next to a smashed sign that read, "Beirut International Airport."

Hezbollah officials said privately that the strike was timed in part to embarrass the government ahead of Thursday's conference in Paris to consider what Lebanese officials hope will be $5 billion in grants and loans for reconstruction. The government, its priority mainly survival at this point, has made the conference, along with an international court to try the killers of a former Lebanese prime minister, its primary goals.

As the day dragged on, some of the barricades were removed or abandoned, and a smattering of traffic returned to the streets. But this faint sense of a typical weekday followed the worst violence since the opposition began its campaign.

At a road along Death River, one of the city's entrances, Christian foes and supporters of the government fought occasional melees with stones before the army intervened. With sticks, rocks and fists, crowds of government supporters attacked cars that carried orange banners, the color of Aoun, Hezbollah's ally. His partisans, tending blazing barricades, refused to make way for soldiers trying to open the road.

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"There is a saying in Lebanon that goes, 'It doesn't get smaller unless it gets bigger,' " said Nayla Abiaad, a 25-year-old Aoun supporter standing at the barricade.

Her sister, Rana, dressed in orange, stood next to her. "This is bigger," she said, smiling, as she pointed at burning tires, "and there's going to be more."

Across town, in the neighborhood of Mazraa, Sunni and Shiite residents fought a battle with rocks that lasted nearly two hours. By its end, they were separated by armored personnel carriers, a charred, rubble-strewn street, a dirt lot and the stones they threw.

In seemingly contradictory ways, the crisis has both politicized and disillusioned the country. Few people are without opinions on the righteousness of one side or the other, but tens of thousands have emigrated since the war ended last summer. Chantal Braidi, a 31-year-old cafe owner in Beirut, called the country "dead."

"I want to live in this country, and it hurts me to leave -- I'm leaving all my family and friends behind -- but I want to live my life," she said. "Everything I have, I put in this country. What did I get in return? Nothing. Absolutely nothing."

"I'm leaving for my sanity," she added. "We're going crazy in this country."

Special correspondents Alia Ibrahim and Lynn Maalouf contributed to this report.

Hezbollah Leads Bloody Clash With Siniora Camp (WT/AP)

By Zeina Karam

The Washington Times, January 24, 2007

BEIRUT -- Hezbollah-led protesters burned tires and cars and clashed with government supporters yesterday, paralyzing Beirut and areas across Lebanon in the worst violence yet in the pro-Iranian group's campaign to topple U.S.-backed Prime Minister Fuad Siniora.

At least three persons were killed and dozens injured as the two camps battled each other around street barricades with stone-throwing and in some cases gunfire. Black smoke poured into the sky over Beirut from burning roadblocks.

The fighting quickly took on a dangerous sectarian tone in a country whose divided communities fought a bloody 1975-90 civil war. Gunmen from neighboring districts in the northern city of Tripoli -- one largely Sunni Muslim, the other largely Alawites, a Shi'ite Muslim offshoot -- fought each other, causing two of the fatalities.

In the evening, the opposition announced that it would call off the roadblocks and the nationwide general strike that sparked the unrest, saying it had delivered a warning to the government. But it threatened more protests.

Suleiman Franjieh, a Christian opposition leader, told Hezbollah's Al-Manar television that the next steps "will be nothing compared to what we saw today" if the government does not respond to the opposition's demands.

The Hezbollah-led opposition is growing increasingly frustrated after two months of sit-in protests outside Mr. Siniora's offices in downtown Beirut failed to force him to step down or form a new government giving the opposition more power.

Mr. Siniora vowed not to yield, saying in a televised address: "We will stand together against intimidation and to confront sedition."

But he repeated his willingness to discuss a political solution to the impasse and called for a special session of parliament.

The violence called into question whether Mr. Siniora will be able to attend a conference of donor nations in Paris tomorrow aimed at raising billions of dollars in aid for rebuilding Lebanon after the devastation wreaked by the summer's Israel-Hezbollah war.

Cabinet Minister Ahmed Fatfat said the economy and finance ministers already were in Paris and the conference could proceed without Mr. Siniora.

The day's turmoil brought the Beirut airport to a halt, with Hezbollah supporters building earthen barricades on roads to the facility.

Their cars blocked, departing passengers wheeled suitcases past protesters and burning tires on the highway leading to the airport. Airlines canceled flights later in the day, and 400 passengers were stranded at the terminal. Among those stuck for hours were 146 Chinese troops who were joining U.N. peacekeepers in south Lebanon.

Protesters set up barricades of burning tires and cars at major intersections in Beirut and other cities. In many areas, violence erupted when government backers moved in to confront the protesters.

Security forces struggled to contain the violence. In some places, officers moved between battling camps of protesters amid a rain of stones. In others, they broke down barricades only to see them rebuilt.

Protests Bring Lebanon To A Halt (LAT)

By Megan K. Stack

The Los Angeles Times, January 24, 2007

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Hezbollah and its allies paralyzed Lebanon on Tuesday, sending thousands of demonstrators to seize control of major roads, brawl with government supporters and choke the seaside capital in the acrid smoke of burning tires.

The swift seizure of the country's roads took many here by surprise, and marked a major escalation in the militant group Hezbollah's campaign to overthrow Lebanon's U.S.-backed government. At least three people died and more than 100 were wounded as clashes flared around the country.

The opposition, dominated by the powerful Shiite Muslim Hezbollah, had called for a general strike Tuesday, and the roadblocks gave people little choice but to stay home.

The roads to Beirut's airport were impassable, blocked by sand berms, garbage and roaring fires. Some flights were canceled, and arriving passengers languished at the airport.

The roadblocks in the capital were being cleared overnight, but the opposition threatened further escalation if the government didn't step down.

Hour after tense hour, the army and security services gave free rein to the protesters. While young men barricaded neighborhoods and halted cars to interrogate the drivers, soldiers and police officers stood by and watched. Security forces in riot gear lined some streets, and armored personnel carriers crunched over the rubble. But to the delight of some Lebanese and the disgust of others, they didn't interfere.

"They are on our side," crowed Kamal Yehiya, a 20-year-old Hezbollah supporter who was hurling rubble into a fire near downtown.

The blockade tapped into the deep well of tribal rage and sectarian animosities that seem to fester just beneath the surface in Lebanon.

"Welcome to hell," said Mohammed Boukari, 29, who stood watching as his south Beirut neighborhood dissolved into a melee of religious taunts, gunfire and rock-throwing.

Sunnis, Shiites face off

On one side of the road, Sunni supporters of Prime Minister Fouad Siniora clambered onto the roof of a gas station, lobbed stones and cursed Shiite leaders. On the other side, young Shiite men responded in kind, waving the pipes and bedposts they carried as weapons and hollering with rage.

Clad in riot gear, soldiers raced through the streets between the two mobs, shooting into the air and blocking the young men from charging at one another.

"We are from the same neighborhood. We are Lebanese," Boukari said. "But look at this."

Barricaded indoors, the government decried the opposition's tactics as an attempted coup d'etat.

"This is not a strike. This is military action," Cabinet minister Ahmed Fatfat told Al Arabiya satellite channel.

Speaking on Lebanese television, Siniora said the government was ready for talks with the opposition and called for parliament to convene.

"The current explosive crisis needs to be dealt with quickly by moving the fights from the streets to the legitimate political institutions," he said.

For more than 50 wintry days, Hezbollah and its allies have camped on the pavement downtown in a massive sit-in aimed at toppling the government. The demonstrators deride the government as an illegitimate tool of the United States and Israel.

But Siniora's government has dug in its heels, vowing not to relinquish power. When hundreds of thousands of people flooded the capital to demand his ouster, he dismissed their calls as a coup attempt engineered by Syria and Iran, the main backers of Hezbollah.

"The opposition was well aware that it was running out of cards," said Amal Saad-Ghorayeb, a Hezbollah expert and visiting fellow at the Carnegie Endowment for International Peace. "This is perhaps their only remaining weapon."

In Washington, the Bush administration criticized the demonstrators and accused Syria of fueling the turmoil.

"These factions are trying to use violence, threats and intimidation to impose their political will on Lebanon," said chief State Department spokesman Sean McCormack.

But in the Lebanese capital, one of the many demonstrators at an intersection in front of Beirut's museum explained her motivation as fires blazed around her.

"We have to do something to make them hear us, to make them know we exist," said Natalie Rizek, 23, a medical student who supports popular Christian opposition leader Gen. Michel Aoun.

"We tried everything," she said. "They were continuing as if nothing was happening."

Residents who ventured forth held tissues to their noses or wore surgical masks to shield against the black smoke that billowed through the streets.

"This is not democracy," sputtered Noha Qaisi, a 48-year-old homemaker. "My kids are saying they're suffocating from all the smoke inside."

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Premier alters plans

As the capital smoldered around him, Siniora was forced to postpone his departure for an international donors conference in Paris. Supporters of the government have been banking on the Paris meeting to help Lebanon recover from the devastation of last summer's war between Israel and Hezbollah.

Like most events backed by Hezbollah, Tuesday's demonstrations were carefully coordinated. Trucks loaded with tires were parked along the roadsides to feed the fires. At intersections, older men with walkie-talkies supervised the fire building. Young men on mopeds buzzed from one corner to the next, passing along news and instructions.

A red Volvo rolled slowly between stained apartment blocks, a loudspeaker strapped to its roof and the driver's words echoing off the buildings:

"Starting now, and until our demands are met, the noble people of Lebanon must rise up," he said. He closed, as if signing a letter, with a curt "Hezbollah."

Mindful of the risk of igniting Shiite-Sunni tensions, especially as a civil war rages in nearby Iraq, Hezbollah has tried to fight the perception that the push against the government is being led solely by Shiites.

It's true that the old notion of a definitive Christian-Muslim split is now defunct; both religions are present on both sides of the political chasm, and some of the fiercest fighting erupted Tuesday among Christians allied with Hezbollah and those who back the government.

Corniche Mazraa, a boulevard in south Beirut that divides a predominantly Shiite neighborhood from a mainly Sunni area, degenerated into a scene of urban warfare as gangs from each neighborhood battled the army to get at their rivals across the street.

"If the government doesn't fall, there will be a sectarian war," said Ali Shihadi, a 23-year-old Shiite geography student. Behind him, men were smashing cinder blocks on the pavement, breaking them into rubble to hurl across the street. "Syria! Syria! Syria!" some of the Shiite men chanted.

On the other side of the road, Sunni youths stopped hurling rocks long enough to hang the flag of Sunni-ruled Saudi Arabia from an electrical pole.

"Saddam, Saddam, Saddam," chanted the young men, invoking the executed former president of Iraq, who was a Sunni. They thumped themselves on the head, mocking Shiite self-flagellation rites. They chanted for Siniora, beat a tambourine and danced wildly, waving their makeshift weapons.

"They want us to be ruled by Iran and Syria," said Omar Senou, a 27-year-old photography clerk. "That will never happen, even if we have to cut throats."

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Times staff writer Paul Richter in Washington and special correspondent Raed Rafei in Beirut contributed to this report.

'We have to do something to make them hear us, to make them know we exist.'

Candidates Court Israel, Cite Iran Risks (WT)

By Joshua Mitnick

The Washington Times, January 24, 2007

HERZLIYA, Israel -- Presidential hopefuls Mitt Romney, John Edwards and John McCain all detoured through Israel on the way to New Hampshire this week, seemingly competing to see who could be strongest in defense of the Jewish state.

Speaking in person or by video link Monday and yesterday, the politicians spelled out tough measures they said were necessary to prevent Iran from acquiring nuclear weapons. Former House Speaker Newt Gingrich also addressed the conference.

Stressing the strong U.S.-Israeli relationship at the Herzliya security conference outside Tel Aviv, the Americans called for the United States to step up sanctions on Iran and leave the possibility of a military attack "on the table."

In less than a decade, the annual conference has become a mecca for Middle East specialists, partly because Ariel Sharon used it to outline his plan to pull out of the Gaza Strip when he was prime minister.

For American politicians, the gathering provides an opportunity to float policy positions and reach out to Jewish voters in the United States.

"This forum has become the Davos for Middle East wonks," said David Makovsky, a senior fellow at the Washington Institute for Near East Policy who also was scheduled to speak. The Swiss town of Davos plays host to World Economic Forum meetings.

"During the Cold War, the Middle East was a backwater of American policy. But with the end of the Cold War, the Middle East has become the center of American policy. [The conference is] a legitimate forum for them to express their views on a region that's important."

Mr. Romney, a former governor of Massachusetts and potential contender for the 2008 Republican presidential nomination, called for economic sanctions on Iran that are "at least as severe" as those imposed on South Africa during its apartheid era.

He compared the challenge posed by Iran and militant Islam to the great threats of the 20th century -- fascism and totalitarian communism. He also recommended that Iranian President Mahmoud Ahmadinejad be brought before an international court and be tried for threatening genocide.

"It is time for the world to plainly speak these three truths," said Mr. Romney, the only one of the four to attend in person. "One, Iran must be stopped. Two, Iran can be stopped. And three, Iran will be stopped."

Mr. Gingrich, speaking by satellite video link, said Israel faced the most serious threat to its existence since the 1967 Arab-Israeli war. But many in Israel and the United States do not fully appreciate the nature, size and scope of the Iranian threat, he said.

"I have two grandchildren," said Mr. Gingrich, who has declared that he would run for president next year only as a last resort, "and I think there is a greater danger of them dying in an action than I faced during the Cold War."

Mr. McCain, Arizona Republican and a presidential front-runner, said he supported exploring a strengthening of ties between Israel and NATO as a means of easing Israel's insecurity.

"A friendly democracy under siege should be closer partners to the world's most successful security alliance," he said via satellite link. "American support for Israel should intensify. The enemies are too numerous, the margin of error too small, and shared values too great."

Mr. Edwards, of North Carolina, the only Democratic presidential candidate to address the conference, similarly called to toughen sanctions on Iran and hold out the threat of military force, but he broke with the others by suggesting that Washington open a dialogue with Iran.

"I support being tough, but I think it's a mistake strategically and ideologically not to engage them on this issue," he said. "America should engage directly on this issue."

Iranian President Derides U.S. Threats (AP)

By Ali Akbar Dareini

AP, January 24, 2007

The United States is incapable of inflicting "serious damage" on Iran, President Mahmoud Ahmadinejad said Tuesday, as a second U.S. aircraft carrier group steamed toward the Gulf as a warning from Washington for Iran to back down in its attempts to dominate the region.

In an interview with Iranian state television, Ahmadinejad said Washington had not stepped up its campaign against Tehran, despite the standoff with the West over Iran's defiance of U.N. demands to halt uranium enrichment. The U.N. Security Council imposed limited sanctions on Iran last month.

"U.S. rhetoric against Iran has not increased," Ahmadinejad said. "In 2003, they openly threatened to attack Iran. Now they have indirectly made such threats."

He spoke with confidence over Iran's ability to withstand a strike. "The United States is unable to inflict serious damage on Iran," the president said. He also noted, "They (U.S.) are not really in a position to carry out this action (of attacking Iran). I believe there are many wise people in the United States who would not let it happen."

Iran says its atomic program is aimed solely at generating energy, but the United States and some of its allies suspect it is geared toward making nuclear weapons.

Ahmadinejad, during a meeting Tuesday with Syrian Foreign Minister Walid Moallem, accused the U.S. of stirring up conflict between rival Muslim sects to maintain influence in the Middle East.

"The U.S. intends to cause insecurity and dispute and weaken independent governments in the region to continue with its dominance over the Middle East and achieve its arrogant goals," Ahmadinejad said, according to the state-run Islamic Republic News Agency, or IRNA.

Opinion-makers from both ends of Iran's political spectrum have recently criticized Ahmadinejad, accusing him of stirring opposition to Iran by taking a hard line on the nuclear dispute and employing fiery anti-Western rhetoric.

But Ahmadinejad said his goals were peaceful. "Iran is not seeking confrontation with anybody," he told the state television interviewers.

U.S. officials have long refused to rule out any options in the faceoff with Tehran, but say military action would be a last resort.

Nicholas Burns, U.S. undersecretary of state for political affairs, ruled out direct negotiations with Iran and said a rapprochement between Washington and Tehran was "not possible" until Iran halts uranium enrichment.

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"The Middle East isn't a region to be dominated by Iran. The Gulf isn't a body of water to be controlled by Iran. That's why we've seen the United States station two carrier battle groups in the region," Burns said Tuesday in an address to influential think-tank Gulf Research Center, based in the United Arab Emirates.

"Iran is going to have to understand that the United States will protect its interests if Iran seeks to confront us," Burns continued.

Some among the audience of Dubai-based diplomats and analysts complained that American wars in the Middle East were already threatening the region's stability and asked Burns to sort out Iraq and the Israel-Palestinian conflict before turning attention to Iran.

"What we are not interested in is another war in the region," Mohammed al-Naqbi, who heads the Gulf Negotiations Center, told Burns. "Iraq is your problem, not the problem of the Arabs. You destroyed a country that had institutions. You handed that country to Iran. Now you are crying to Europe and the Arabs to help you out of this mess."

The aircraft carrier USS John C. Stennis and accompanying warships have been sent to the Gulf as part of a buildup of forces that U.S. Defense Secretary Robert Gates has said is aimed to impress on Iran that the four-year war in Iraq has not made America vulnerable.

The Stennis, which is expected to arrive in late February, will join an aircraft carrier group already in the region, the USS Dwight D. Eisenhower.

The Stennis's arrival in the Middle East will mark the first time since the U.S.-led Iraq invasion in 2003 that the United States has had two carrier battle groups in the region.

Iran conducted missile tests on Monday, the first of five days of military maneuvers. The Islamic republic also barred 38 inspectors from the U.N. nuclear watchdog — the International Atomic Energy Agency, prompting fears that it was seeking to restrict access to its facilities.

"This is obviously not a sign of goodwill, nor a sign of willingness to cooperate with the international community," French Foreign Ministry spokesman Jean-Baptiste Mattei told reporters.

But Ali Larijani, Iran's top nuclear negotiator, said Tuesday that the decision had been misinterpreted and that there had been no change in Iran's cooperation with the IAEA.

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Associated Press Writer Jim Krane in Dubai contributed to this report.

Red Lines (WSJ)

By Michael Young

The Wall Street Journal, January 24, 2007

BEIRUT -- A recurrent theme in history, literature and, lately, engagé academics is that of brash Westerners trying to possess the East and failing -- or at best leaving a transitory mark. From Alexander the Great to George W. Bush, few have successfully reshaped the Middle East in their own image. In his book "Figures de Proue," the great French historian René Grousset used an excellent formulation to express a discordant interplay between West and East. Describing how the Orientalization of Hellenism under Alexander had removed from Hellenism its "superior humanism," even though concepts were still being expressed in Greek, Grousset wrote: "As so often in history, words would, henceforth, lie to [the reality of] things."

A similar thought came to my mind when reading from a letter written at the end of December by Iran's supreme guide, Ali Khamenei, to religious pilgrims. In his missive, Supreme Guide Khamenei condemned all those who criticized Hezbollah, who believed in the "illusory danger" of a so-called Shiite arc in the Middle East, who sought to bring down the "Islamic government" in Iraq, and who applied pressure against Hamas. They were "criminals who will be remembered in Islamic history, and by future generations, with hatred and anger as agents of the perfidious enemy." If Iran's supreme guide thought the Arab world would welcome his words, his pushing of ideological buttons in expectation of a rallying response among his listeners, then he underestimated how the Arabs' growing suspicion of Iran means they see his words increasingly as "lying to things."

Western grand projects frequently succumbed to Middle Eastern intransigence. But as Shiite Iran makes a bid for regional hegemony, its leadership should consider that the mostly Sunni Arabs may be as resistant to hubris coming from the East as from the West. That Arab regimes are weak, and because of their autocratic nature enjoy only dubious legitimacy at home, might only harden their resistance. Facing what they see as an Iranian threat, unsure of their ability to contain it, with or without American assistance, aware of the tenuousness of the oil weapon, these regimes may ultimately resort to the most ready defense at hand, one that would briefly enhance their influence: Sunni sectarian mobilization.

Take Lebanon and the Palestinian territories. Since December, the Lebanese government of Prime Minister Fouad Siniora has been facing opposition demands to resign. While that opposition includes members of all religious groups, its vital force and street muscle are the Shiite supporters of Hezbollah. That's why Lebanese viewed the open-ended protests through a sectarian

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prism. The Sunni community rallied to the side of the government, whose prime minister and a majority of ministers are allied with or members of Saad Hariri's Future Movement, which now represents most of Lebanon's Sunnis. Mr. Siniora, in order to protect himself, asserted that Hezbollah was bent on staging an Iranian- and Syrian-backed coup d'état, by which he effectively meant a Shiite coup.

Not surprisingly, the Sunni Arab regimes entered the fray to bolster the government. They dispatched Arab League secretary general Amr Moussa to Beirut to mediate. Sunni-Shiite tensions remain alarmingly high, and on Tuesday the opposition escalated its confrontation with the government by cutting off roads. Sunnis and Shiites clashed in some neighborhoods, though neither Hezbollah's leader, Hassan Nasrallah, nor Mr. Hariri (nor, for that matter, their respective sponsors in Iran and Saudi Arabia) wants to let the sectarian genie out of the bottle. However, as political interests kick in, sectarianism may emerge as the default weapon that the parties, in Lebanon and outside, may use against each other.

Something similar is happening in the Palestinian territories. Palestinian Authority President Mahmoud Abbas's recent call for early elections, like his ongoing differences with Hamas, transcends local politics. His aim is to check Hamas at a time when the organization is consolidating its ties with Tehran. Mr. Abbas failed to reach an agreement last weekend in Damascus with exiled Hamas leader Khaled Mashal, who controls Hamas from Syria, Iran's main Arab partner. In rallies in Palestinian areas, the president's Fatah movement has taken to taunting members of the rival Hamas by calling them "Shiites," though they are Sunni.

Wherever they look today, Arab Sunnis see setbacks, real or imagined. In Iraq, where Sunni dominance ended in 2003, Saddam Hussein's hanging provoked an angry sectarian response. Saudi Arabia's King Abdullah recently warned Vice President Dick Cheney that the kingdom would openly support Iraqi Sunnis if the Americans withdrew. In the Palestinian territories and Lebanon, accusations are now routine that Hezbollah and Hamas are serving Tehran's agenda. In Syria, a minority Alawite regime rules over a mostly Sunni society. In Bahrain, the Shiite majority is affirming itself against a Sunni royal family. And in Saudi Arabia, the oil-rich Eastern Province is home to a sizeable though marginalized Shiite minority. While the notion of a Shiite arc stretching from Iran to Lebanon is crude, Ayatollah Khamenei overlooked that many Arab Sunnis are buying into that view, and do not see themselves as criminals for doing so.

A primarily sectarian Arab counter-reaction to expanding Iranian power would be a disaster. It might halt Iran and its comrades in the short term, but Arab regimes could soon become sorcerers' apprentices, swallowed by the forces they unleash. Iran, wrongly believing that popular anti-Israeli and anti-American sentiment would overcome Sunni suspicions of their true intentions, should realize what a Sunni backlash would mean for their security. Once opened, the floodgates of Sunni-Shiite antagonism could become a Leviathan, sweeping away the fragile reality on the ground: Even in societies where Sunnis and Shiites now peacefully coexist, sectarian discord would become the norm.

Then there is the United States. Whatever one thinks of the war in Iraq, it will soon become obvious that it was easier for the Americans to enter the country than to leave it. If a departure leads to metastasizing sectarian hostility throughout the Middle East, then the U.S. will have to seriously rethink its strategy. Whatever else happens, the one assured winner of such a fracas would be the Islamists. Only democracy could prepare Arab states to withstand Iran without recourse to sectarianism. But the Bush administration seems to have abandoned that inventive undertaking for the region.

A chain of sectarian wars is not inevitable. But the only way to avoid it is for all sides to understand the existential red lines of the other sides. Iran's overconfidence is no easier for the region to stomach than was America's. For the first time in decades, the nationalism, tribalism or regime-sponsored Islamism of the Sunni Arab states seem incapable of steeling them against a resurgent Iran, but also its allies, striving to fill the vacuum of fading Arab power. Only these regimes' Sunni identity, an offended Sunni identity at that, might do so. The problem is that what shields them will likely lead the Middle East into further disarray.

Mr. Young is opinion editor at the Daily Star newspaper in Beirut and a contributing editor at Reason magazine.

Israeli President Faces Indictment (AP)

By Ravi Nessman

AP, January 24, 2007

Israeli President Moshe Katsav faced indictment Tuesday on charges of rape and abuse of power in the most serious accusation against a top Israeli official in the country's history.

The allegation that Katsav used his position as Israel's ceremonial head of state — a job supposed to serve as the nation's moral compass — to force himself on his female employees has left the nation reeling.

"It is a sad day for the state of Israel," said lawmaker Benny Elon, who called on Katsav to resign to spare Israel further trauma. But Katsav gave no indication he was preparing to step down, despite a wave of demands that he quit.

Attorney General Meni Mazuz's announcement that he intended to indict Katsav on a raft of charges was only the latest corruption scandal roiling the government, with accusations reaching as high as Prime Minister Ehud Olmert.

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Katsav has insisted he is innocent and his lawyers said Tuesday they hoped to persuade Mazuz to change his mind before a formal indictment, a step that would make Katsav Israel's first sitting president to be charged with a crime. But many Israelis say the enormity of the scandal has already badly tainted the office of the presidency.

"He should be the symbol of Israel, the uniting person and an ideal model for all the politicians ... So this is a bad sign for Israeli politics," said Gabriel Sheffer, a political science professor at Hebrew University in Jerusalem.

The presidency was once filled by Zionist legends and revered statesmen. Albert Einstein declined an invitation to serve as the nation's first president, with the job eventually going to the scientist Chaim Weizmann, a Zionist leader who was instrumental in creation of the Jewish state. The presidency has also gone to a biophysicist, a historian and other men of letters.

But the office, whose main responsibilities include receiving foreign diplomats and representing Israel at formal ceremonies, has dropped in esteem in recent years.

Katsav's predecessor, the outspoken war hero turned peacemaker Ezer Weizman, resigned in 2000 after the attorney general ruled he had improperly accepted more than $300,000 in gifts from a French millionaire. Weizman was never indicted.

Katsav, 61, has a far less lofty resume than his predecessors. He had been a low-level Cabinet minister and a Likud Party stalwart when the parliament chose him to be president in 2000 in a shocking upset over Nobel Peace Prize winner Shimon Peres, after a revered rabbi said a "vision" showed him that Katsav was favored by the heavens, swinging votes among believers.

But Katsav's relatively quiet presidency was rocked last summer when one of his employees accused him of forcing her to have sex in his office. A flood of other women quickly came forward with similar accusations, describing a politician who had abused his power throughout his career.

In the face of the growing scandal, Katsav disappeared from public life, hunkering down in the president's compound in Jerusalem. He even briefly removed himself from office in September instead of presiding over the inauguration of a new chief justice for the Supreme Court.

On Tuesday, Mazuz said he had collected enough evidence to indict Katsav on charges of rape, harassment, abusing his power for sex, obstructing justice and illegally accepting gifts, stemming from his time as president and Cabinet minister.

Legal authorities said the charges could carry a sentence of more than 20 years in jail, though in most cases the defendant, if found guilty, would receive a five-to-10-year sentence. A final decision on the indictment would only be made after Katsav is given the opportunity to present his case.

Katsav's lawyers said they believed Mazuz would drop the indictment after hearing his side of the story.

"The president believes that everyone will see that he is the victim of false charges," said his lawyer David Libai. Some of the complainants were motivated by "revenge" after they were fired from their jobs, he said.

The president enjoys immunity while in office and could be tried only after his resignation, his impeachment by three-quarters of the parliament or the conclusion of his term, which ends this summer. Katsav had previously said he would step down if indicted. His lawyers declined to address the issue, and he was expected to hold a news conference Wednesday.

Lawmakers from across the political spectrum — including those from his old party — called on him to resign.

"The fact that he is going to be indicted is neither good for our reputation abroad nor for the morale of this country, and I hope that the sooner the president himself draws the conclusion, the sooner he decides to leave office, the better off we all will be," said Colette Avital of the Labor Party, mentioned as a possible successor.

Kineret Barashi, an attorney for one of the Katsav's accusers, praised the indictment, saying it proved no one was above the law in the Israeli justice system.

The Katsav scandal erupted amid a spate of other political scandals that have darkened the Israeli government's reputation.

Police opened a criminal investigation earlier this month into Olmert's involvement in the sale of a government-controlled bank in 2005. Several other high-level politicians have been implicated in separate scandals.

Jimmy Carter's 'Peace' Mission To Brandeis (WP)

By Michael Powell

The Washington Post, January 24, 2007

WALTHAM, Mass., Jan. 23 -- Former president Jimmy Carter flew north to Brandeis University to speak on Tuesday of his hurt at the personal attacks by some American Jews that followed publication of his latest book, "Palestine Peace Not Apartheid," which urges Israel to turn away from a policy of creating "Bantustans" on the West Bank.

"This is the first time that I've ever been called a liar and a bigot and an anti-Semite and a coward and a plagiarist." Carter paused and squinted at the audience. "This has hurt me."

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At the same time, he acknowledged, with a flash of his trademark smile, that he did not simply stumble into the title of his new book. "I can see it would precipitate some harsh feelings. I chose that title knowing that it would be provocative."

Provocative mission accomplished.

Carter, who won the 2002 Nobel Peace Prize partly for brokering peace between Israel and Egypt in 1998, has a long history of involvement in the Middle East. But the former president has encountered much criticism since the publication of his latest book, in which his frustration with the current Israeli policy in the West Bank is palpable. In particular, he has attracted much anger for his use of the word "apartheid," redolent as it is of South Africa's policy of state-sanctioned racism.

Fourteen members of the board of the Carter Center at Emory University in Atlanta recently resigned in protest, and several expressed particular disappointment with the use of the word "apartheid."

Carter did not step back from the word Tuesday. He noted that he and his successors, notably Bill Clinton, have tried and failed to nudge the Palestinians and Israelis toward a lasting peace. The last six years, he said, have been marked by failure on all sides. The administration of George W. Bush all but abandoned such efforts, putting the onus on the Palestinians to turn their back on PLO leaders and now the fundamentalist Islamic Hamas leadership. And the Israelis, too, have all but abandoned negotiation, he said, turning instead to the building of walls.

Carter spoke of Israeli's decision to build barriers and set aside certain highways for Israelis only as creating a "spider web" that constricts and divides historic Arab lands. The West Bank, he said, has become a place of "Bantustans, isolated cantons," referring to the territories created for black South Africans under apartheid. He noted that many liberal Israelis, from newspaper journalists to professors to peace activists, also refer to Israeli policy on the West Bank as apartheid, albeit a policy grounded not in racism but in a religion-based desire to control land.

Israelis "have all used and explained the word 'apartheid' in much harsher words than mine," Carter said.

The Israeli government and others have defended the barriers as a successful tool to prevent suicide bombings against civilians. Fatalities from such bombings have fallen by 90 percent since the construction of the barriers, according to government officials.

Carter referred several times to the fact that his arguments might stir anger in a largely Jewish audience. But the former president received a mostly polite reception at Brandeis, a nonsectarian college founded by Jews where 50 percent of the students are Jewish. Students and faculty gave him a standing ovation at the beginning and end of his talk. But in between he received a number of tough questions. As a moderator noted, "There are not too many matzoh balls coming your way."

In particular, some students challenged Carter on a sentence that has brought him much grief. On Page 213 of his book, Carter wrote: "It is imperative that the general Arab community and all significant Palestinian groups make it clear that they will end the suicide bombings and other acts of terrorism when international laws and the ultimate goals of the Roadmap for Peace are accepted by Israel."

This sentence, the students noted, suggests that suicide bombings are a tactic of war, to be suspended only when peace is achieved. Carter agreed -- and apologized -- and said this sentence was a great mistake on his part.

"The sentence was worded in an absolutely improper and stupid way," Carter said. "I apologize to you and to everyone here . . . it was a mistake on my part."

He added that Palestinians who embrace terrorism draw no support from him. Calls for the destruction of Israel, he said, "are completely obnoxious to me. I would have no brief for them and no sympathy for them."

But Carter insisted that one botched line in his book should not drain his larger argument of its power. He urged Brandeis to send a delegation of students and professors to the West Bank and to report back on their findings. "You decide if I was accurate," he said, leaving little doubt as to what he thought they would find.

It was an argument that left more than a few students shaking their heads afterward. They said Carter is not quite so rare a voice on college campuses as he might imagine. They said they were familiar with his arguments and acknowledge some of the criticisms of Israel.

Yuval Brokman, a 20-year-old junior majoring in Islamic and Middle Eastern studies, said, "He underestimates how hard it is for Israel to live in that part of the world. It's ridiculous to think that they have a choice. The Palestinian people have been oppressed more by their own leaders."

What If Israel And Syria Find Common Ground? (NYT)

By Michael B. Oren

The New York Times, January 24, 2007

ISRAEL'S newspapers are rife with reports of a peace agreement secretly forged between Israeli and Syrian negotiators. Though both the Syrian and Israeli governments have denied any involvement in the talks, past experience shows that such disavowals are often the first indication of truth behind the rumors.

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Certainly, there is nothing new about the details of the purported plan, which involves a staged Israeli withdrawal from the Golan Heights, occupied since 1967, and the full normalization of relations between Damascus and Jerusalem. Nor is there a precedent in the willingness of Israeli and Arab leaders to enter into direct discussions without the participation or knowledge of the United States.

What is new is the Bush administration's apparent opposition to a Syrian-Israeli accord and the possibility that Israel, by seeking peace with one of its Arab neighbors, risks precipitating a crisis with the United States.

On more than one occasion, Israeli and Arab leaders have engaged in clandestine talks without informing the White House. In 1977, the envoys of Prime Minister Menachem Begin of Israel and President Anwar Sadat of Egypt quietly met and laid the groundwork for Sadat's historic visit to Jerusalem and for the advent of the Egyptian-Israeli peace process. Only later, when negotiations snagged, did the parties turn to the United States and request presidential mediation.

In 1993, Israeli and Palestinian interlocutors, convening in Oslo, worked out the details of a peace arrangement and requested President Bill Clinton's imprimatur on the accord only days before its signing. Jordan and Israel also asked Mr. Clinton to sponsor their peace treaty, initialed the following year, after they had independently agreed on its terms.

And in 2005, Prime Minister Ariel Sharon of Israel unilaterally ordered the evacuation of the Gaza Strip, a move widely welcomed as a stepping stone toward peace but from which the Bush administration, committed to the multilateral process stipulated by the "road map," kept its distance. Syria and Israel have also exchanged peace proposals in the past, sometimes under American auspices, as in the 1991 conference in Madrid.

Yet even when the two sides negotiated bilaterally, as during the secret exchanges between Prime Minister Benjamin Netanyahu and Hafez al-Assad of Syria in the late 1990s, Washington approved of the contacts. American leaders agreed that the Syrian-Israeli track offered a promising alternative to the perennially stalled Israeli-Palestinian talks, and that achieving peace between the Syrian and Israeli enemies would open the door to regional reconciliation.

All that was before Sept. 11, however, and Syria's inclusion, alongside Iran and North Korea, in President Bush's "axis of evil." Once regarded as a possible partner in a Middle East peace process, the Baathist regime of Bashar al-Assad was suddenly viewed as a source of Middle East instability, a state sponsor of terrorist groups and an implacable foe of the United States.

Hostility toward Damascus intensified after the incursion into Iraq, during which administration officials accused the Syrians of abetting the insurgency and concealing unconventional weapons in Iraq. More recently, the United States has accused Mr. Assad of plotting to undermine Lebanon's efforts to achieve independence from Syria, of assassinating anti-Syrian Lebanese and of acting as an Iranian agent in the Western Arab world.

The last thing Washington wants is a Syrian-Israeli treaty that would transform Mr. Assad from pariah to peacemaker and lend him greater latitude in promoting terrorism and quashing Lebanon's freedom. Some Israeli officials, by contrast, see substantive benefits in ending their nation's 60-year conflict with Syria. An accord would invariably provide for the cessation of Syrian aid to Hamas and Hezbollah, which endanger Israel's northern and southern sectors.

More crucial still, by detaching Syria from Iran's orbit, Israel will be able to address the Iranian nuclear threat — perhaps by military means — without fear of retribution from Syrian ground forces and missiles. Forfeiting the Golan Heights, for these Israelis, seems to be a sufferable price to pay to avoid conventional and ballistic attacks across most of Israel's borders.

The potentially disparate positions of Israel and the United States on the question of peace with Syria could trigger a significant crisis between the two countries — the first of Mr. Bush's expressly pro-Israel presidency. And yet, facing opposition from a peace-minded Democratic Congress and from members of his own party who have advocated a more robust American role in Middle East mediation, Mr. Bush would have difficulty in withholding approval from a comprehensive Syrian-Israeli agreement.

Mr. Bush may not have to make that decision for some time, if ever. For all his talk of good will, Mr. Assad has made no Sadat-like gestures to Israel, and many Israelis agree with Mr. Bush that Syria should not be rewarded for its assistance to terrorism and its denial of Lebanese liberty.

But if trust is established on both sides and the conditions are conducive to peace, a settlement between Syria and Israel may yet be attained — and a clash between Israel and Washington ignited.

Noriega Set To Be Released (MH)

By Gerardo Reyes And Jay Weaver

The Miami Herald, January 24, 2007

Former Panamanian dictator Manuel Antonio Noriega, imprisoned in South Miami-Dade on drug-trafficking and racketeering convictions since 1990, will be released on Sept. 9 -- due in part to good behavior and other credits.

Noriega, the military ruler toppled by a massive U.S. invasion of his country in late 1989, was automatically eligible for parole after serving close to two-thirds of his 30-year federal sentence.

"There is no turning back," said Noriega's attorney, Frank Rubino. ``The order is obligatory, and nobody can stop it. He's in good health and he wants to go home. He has no intention of remaining here."

The federal judge who sentenced the former general agreed he has paid his debt.

"I think under the circumstances, he has served a sufficient sentence," Senior U.S. District Judge William Hoeveler said Tuesday night.

When Noriega steps out of his specially built, apartment-like cell at the Federal Correctional Institution in Southwest Miami-Dade, he probably won't be free. Noriega -- reportedly 68 or 72, depending on conflicting birth records -- is wanted in Panama and in France.

The U.S. attorney's office in Miami is expected to file a request for his extradition on behalf of the French later this year, authorities said.

Panama's foreign minister, Samuel Lewis Navarro, recently told the daily La Prensa newspaper that his government has already filed a petition for Noriega's extradition but has not received a response from U.S. officials.

"As much as Noriega may be celebrating his early release, the truth is it's a celebration for naught," said former U.S. Attorney Guy Lewis, who tried his case along with prosecutors Richard Gregorie and Michael "Pat" Sullivan. ``He's been convicted in absentia on murder charges in Panama, and he's been convicted in absentia on money-laundering charges in France.

"The real question is not whether he will be released from custody," said Lewis. ``The real question is will he be turned over to the Panamanians or the French to continue his prison sentence?"

Rubino said Noriega wants to go home and will deal with the charges in Panama.

An opinion poll conducted by La Prensa showed that 62 percent of 859 respondents believed Noriega must be sent to Panama.

Some say the presence of Noriega followers in the current government might mean he won't pay for his crimes, the newspaper said.

The president is Martin Torrijos, son of Gen. Omar Torrijos, for whom Noriega professed great loyalty. Gen. Torrijos led Panama from 1965 to 1981, when he died in a plane crash.

Noriega eventually seized power, ruling Panama until the U.S. invasion, Operation Just Cause, in December 1989. Noriega took sanctuary in the Vatican Embassy in Panama City but surrendered to U.S. troops a few weeks later. While he was there, the U.S. military played rock music, including Guns 'n' Roses -- at top volume. The music stopped after the Vatican complained of harassment.

The general was whisked to Miami, where he would later stand trial. It took until 1992 for the U.S. attorney's office to convict him.

The case posed legal and political problems, primarily because Noriega was a head of state. "It was the big one," said Tom Raffanello, who headed the team of 22 DEA agents.

Raffanello, his agents and prosecutors convinced imprisoned Medellín cartel figurehead Carlos Lehder to testify against Noriega, who allowed Panama to be used as a transshipment point for tons of U.S.-bound cocaine.

After his conviction and sentencing, Hoeveler declared him "a prisoner of war" who should be accorded special privileges, including the apartment-like cell -- complete with phone, color TV and exercise bike -- at the low-security Southwest Miami-Dade federal prison.

Noriega sought early release four times, starting in 2000. He was denied at every turn.

In March 2000, Noriega lost his bid because former President George H.W. Bush said he feared Noriega would try to assassinate him if he were released early, Rubino said -- calling Bush's involvement in Noriega's request ``outrageous."

"It is a low blow, a cheap shot," Rubino said at the time.

In February 2004, Hoeveler recommended Noriega's early release in a letter to the U.S. Parole Commission -- the first time in 27 years he had done so for a defendant convicted in his court.

"Among other things, which I take seriously myself, he has converted to the Baptist faith," Hoeveler wrote. ``It has been reported to me that while incarcerated, General Noriega has frequently received the pastor who baptized him."

But the next month, a parole commissioner rejected the former general's request.

With good behavior and other prison credits, Noriega became automatically eligible to serve about two-thirds of his 30-year sentence.

Noriega had spoken well of Hoeveler in the past.

Before the 1991-92 trial began, Noriega said in open court: ``The one shining light through this legal nightmare has been your honor. You have acted as honest and fair as anyone could hope for."

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Miami Herald staff writer Carol Rosenberg and translator Renato Pérez contributed to this report. Gerardo Reyes is an El Nuevo Herald staff writer.

Lawmakers Urge Easing Of Cuba Embargo (FT)

By Guy Dinmore

Financial Times, January 24, 2007

Members of Congress who believe Cuba is making a smooth transition of power said on Tuesday they would propose legislation to ease US embargo and travel restrictions.

"Contrary to the notion that once Fidel Castro was gone there would be uproar and the Americans would come marching in, I didn't sense that at all," said Jo Ann Emerson, a Republican representative for Missouri who visited Cuba last month as part of a delegation of US lawmakers.

Ms Emerson and James McGovern, a Massachusetts Democrat, said the House Cuba working group, equally represented by both parties, was agreed on the need to remove travel restrictions and loosen the embargo. This was the "mainstream view" in Congress, Mr McGovern said.

Previous initiatives have failed in committee, but with both houses of Congress under Democratic control for the first time in 12 years, President George W. Bush may be forced to use his veto if he is to keep his hardline Cuba policy intact.

"Our policy to Cuba has done more to keep Castro in power than anything else," Mr McGovern told a seminar hosted by the Council on Foreign Relations think-tank. He said the Cuban people were taking the demise of Mr Castro in their stride, and that the Bush administration was starting to accept this "reality".

John Negroponte, director of national intelligence, said the Cuban "regime" was trying to create a "soft landing" while transitioning power to Raúl Castro. "We don't want to see that happen," he told the Senate intelligence committee. "But what is not known is whether people are holding back. Maybe we're not seeing the kind of ferment yet that one might expect to see once Mr Castro has definitively departed the scene."

Julia Sweig, analyst at the Council on Foreign Relations, says Washington must "finally wake up to the reality of how and why the Castro regime has proved so durable, and recognise that, as a result of its wilful ignorance, it has few tools with which to effectively influence Cuba after Fidel has gone."

The official Commission for Assistance to a Free Cuba, whose recommendations have been accepted by Mr Bush, has proposed maintaining economic pressure on Cuba to undermine its succession strategy. A big humanitarian relief operation is ready to be mounted – once a new Cuban government asks for it. "Our Cuba policy hasn't changed," the State Department said.

Thomas Shannon, assistant secretary of state, on Tuesday spoke of 2007 being the year of engagement and listening in the region for the US. He spoke positively about efforts to get a dialogue going with Venezuela's President Hugo Chávez, but made no mention of Cuba in more than an hour speaking to the Center for Strategic and International Studies.

Russian Court Backs Closing Of Chechen Rights Group (WP)

By Peter Finn

The Washington Post, January 24, 2007

MOSCOW, Jan. 23 -- The Russian Supreme Court on Tuesday upheld a lower court ruling that shut down the Russian-Chechen Friendship Society, a Western-funded grass-roots organization that had challenged the Kremlin's interpretation of events in the continuing conflict in Chechnya.

The society's leadership called the decision a chilling example of the government using a recently enacted law on nongovernmental organizations to quash activism that clashes with official policy. The society, which had a network of correspondents and activists in Chechnya, a republic in southern Russia, reported on rights abuses by Russian forces and their Chechen allies.

Oksana Chelysheva, one of the group's leaders, promised to fight the ruling. "We are going to take our case to the European Court of Human Rights and, possibly, our Constitutional Court."

Last February, Stanislav Dmitrievsky, co-chair of the society, was convicted of inciting racial hatred for publishing in a society newsletter a statement by Aslan Maskhadov, a Chechen separatist leader, calling for negotiations to end the Chechen conflict. Another published statement cited by prosecutors was a commentary critical of the Kremlin by the London-based Chechen separatist Akhmed Zakayev.

Maskhadov -- who officials here say played a role in the 2004 Beslan school massacre in southern Russia that left 331 people dead, including 186 children -- was killed by Russian forces in March 2005. After that, the society, in its monthly newsletter Human Rights Defender, ran a portrait of the separatist with a black mourning border, a decision that infuriated Russian officials and raised eyebrows among other Russian human rights activists.

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Dmitrievsky was given a two-year suspended sentence by a court in Nizhny Novgorod, about 250 miles east of Moscow, where the society was based.

The law on nongovernmental organizations, signed by President Vladimir Putin in January 2006, makes it illegal for grass-roots groups to have people convicted of extremism as leaders or members.

The Russian-Chechen Friendship Society was later prosecuted for failing to remove Dmitrievsky from its board and membership roll. Moreover, the society was supposed to publicly denounce Dmitrievsky within five days of his conviction, which it refused to do.

The judicial assault on the group has drawn protests from Western Europe and the United States. A group of Western politicians and intellectuals wrote an open letter to Putin this month asking him to allow the group to continue to work.

"Neither the act of printing statements by separatist leaders, nor the content of the statements themselves, would be considered extremist in most Western countries, no matter how unpopular the cause involved," said the letter, which was signed by members of the European Parliament, among others.

"Moreover the flood of genuinely extremist material that appears almost daily in the Russian media, which has gone without comment from the Russian prosecutor's office, makes it clear that the law is being selectively applied in order to silence the society."

The Russian-Chechen Friendship Society was almost entirely underwritten by the European Union, the U.S. government-funded National Endowment for Democracy and the Norwegian Foreign Ministry.

Chelysheva said her group would try to work in Russia in another form.

Doha Revival Talks Are Set, But Accord Is Unlikely (WSJ)

By John W. Miller

The Wall Street Journal, January 24, 2007

BRUSSELS -- Global trade negotiators hope to restart the Doha round of world trade talks at the World Economic Forum in Davos, Switzerland, this week, but a return to the bargaining table will likely be more symbol than substance.

The key players -- the U.S. and the European Union -- remain unwilling to cut farm subsidies enough to satisfy emerging economies like Brazil and India.

Trade representatives from 30 leading economies, including the EU, the U.S., China, India and Brazil, will hold one-on-one talks in the Swiss resort before meeting as a group Saturday. They hope to tell the World Trade Organization they are prepared to resume "serious" formal negotiations, said EU Trade Commissioner Peter Mandelson.

Started in 2001, the Doha round is meant to help poor countries gain access to the developed world's markets by cutting subsidies and tariffs in rich markets -- especially in agriculture. In return, wealthy nations would win access to key markets for services such as banking and insurance.

Talks collapsed in July after the EU and U.S. turned down requests by emerging economies such as Brazil and India to trim their generous farm handouts. With little change since then, the ministers are "trying to save face, to show they're working hard for a deal," says an official familiar with the negotiations.

"We've reached the end game," Mr. Mandelson told businesspeople and lobbyists in Brussels yesterday. "It's up to the EU and the U.S. to show leadership."

In both the U.S. and the EU, however, trade negotiators face resistance from powerful farm lobbies.

Mr. Mandelson proposes a 54% cut in agriculture import tariffs. France, Europe's largest agriculture producer, wants to cut tariffs by just 39% -- and isn't budging. Without France there is no deal: Mr. Mandelson needs support from all 27 EU members in order to reach a global trade deal.

U.S. agriculture subsidies total some $20 billion a year, above the $17 billion ceiling demanded by the Europeans. At a farmers' conference last week, U.S. Rep. Collin Peterson, a Minnesota Democrat and chairman of the House Agriculture Committee, promised that the next round of subsidies would "look a lot like what we have now."

Reworking The A-List (NYT)

By Mark Landler

The New York Times, January 24, 2007

DAVOS, Switzerland, Jan. 23 — The World Economic Forum convenes its annual conference here Wednesday with the theme “Shaping the Global Agenda: The Shifting Power Equation.” To judge by the names on the guest list — and those not on it — the phrase aptly reflects the turnout at this high-altitude huddle.

Missing are Davos regulars like Bill Clinton, as well as marquee names from the Bush administration, which is sending only its trade negotiator, a deputy secretary of the Treasury, and a few other officials.

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On the list is Prime Minister Nguyen Tan Dung of Vietnam, newest member of the club of rising world economies, as well as Chad Hurley, the head of YouTube, the Internet site that allows anyone to post a video on the Web.

"The power shift is twofold," said Klaus Schwab, the Swiss organizer who has managed to keep Davos a hot ticket for three decades by latching onto the latest political and business trends. "Power is shifting from the center to the periphery, and from the top to the bottom."

Mr. Schwab insists there will be no shortage of familiar names at this Alpine ski resort, with 24 heads of state or government, 85 cabinet ministers and more than 800 corporate chiefs. But the sense of flux in the United States, Europe and elsewhere is hard to miss in the program.

For example, Mr. Schwab played down the absence of a top Bush administration official like Secretary of State Condoleezza Rice, who was invited to speak but could not find time. Senator John McCain, a strong presidential candidate, however, will be here to give his views on Iraq and other issues.

"People may be interested to listen to him to get the longer-term perspective," Mr. Schwab said in an interview.

Some of the traditional heavyweights who do plan to attend are themselves victims of fading fortunes. Prime Minister Tony Blair of Britain will close the conference with a speech that amounts to a farewell address — his tenure running out amid recriminations over the Iraq war.

John Browne, the chief executive of BP and a co-chairman of the conference, has announced he will step down from the giant energy company in July, a year earlier than planned, after a team of outside investigators harshly criticized BP for safety lapses that led to 15 deaths at its Texas refinery.

Davos also says it is shunning Hollywood celebrities, even though they have lent this sober event a dash of sex appeal. Angelina Jolie and Brad Pitt, who stopped moguls and ministers in their tracks last year, will not be here, leaving Bono, the Irish rock star who has assumed a statesman's mantle, to twinkle on his own.

"We noticed there was undue publicity given to the attendance of those celebrities at the last meeting," Mr. Schwab said. "We have to be careful that we are not hijacked by the celebrity world."

That does not mean the World Economic Forum is playing down big names in other fields. Among the political leaders scheduled to take part are Chancellor Angela Merkel of Germany; Gordon Brown, Mr. Blair's presumptive heir; King Abdullah of Jordan; and Mahmoud Abbas, the head of the Palestinian Authority, who canceled last year.

Davos lost another sure-fire draw when Gov. Arnold Schwarzenegger of California, who had planned to discuss climate-related issues, pulled out after breaking his leg in a skiing accident.

Climate change will nevertheless be a lively topic of conversation, and not just because the Swiss Alps have had little snow during this Caribbean winter. There will be 17 sessions on climate-related issues, and the organizers are hoping for announcements on a number of initiatives.

From the corporate world, the organizers have booked repeat guests like Bill Gates, Michael S. Dell, Carlos Ghosn of Renault and Nissan, and the Google co-founders Sergey Brin and Larry Page, as well as a few newcomers, like Rex W. Tillerson, the chief executive of Exxon Mobil.

Rupert Murdoch, who last attended the conference when it was held in New York in 2002, is scheduled to come. Mr. Murdoch will take part in a panel about the global agenda.

For anyone with a laptop or a BlackBerry, the future of media will be clear in the Web logs that are proliferating at the conference, including one by The New York Times and The International Herald Tribune. The organizers are aggregating blogs in something called the Davos Conversation.

Already, bloggers are busy debating the merits of minute-by-minute coverage of the doings at Davos. For some, the openness at a gathering of world leaders is welcome. Others wonder whether the ubiquitous scrutiny will reduce the likelihood of anything real getting done here.

In truth, Davos has rarely been a place for political breakthroughs, and while the schmoozing opportunities are nonpareil, it is not a seedbed for business deals, like Allen & Company's annual media conference in Sun Valley, Idaho.

Mr. Schwab views the spread of Web logs as more evidence of the changing power equation. He said he might have to rethink guidelines for reporting events, which put many of the sessions off the record.

The one issue on which progress is possible at Davos — trade — will be discussed behind closed doors. More than 30 trade and agricultural ministers are expected here, including the United States trade representative, Susan C. Schwab, and the chief European negotiator, Peter Mandelson.

On Saturday, the ministers will gather to try to revive the stalled Doha round of global trade negotiations. After reports of a renewed focus on reaching a deal in the United States and Europe, there is cautious optimism that Doha could get a breath of new life in Davos.

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“Everyone knows we’re just about out of time,” said a spokesman for the World Trade Organization, Keith Rockwell, referring to the approaching summer expiration of President Bush’s special negotiating authority. “This will mark the negotiations’ kicking into a higher gear.”

Remote Control (WSJ)

By Marcel Granier

The Wall Street Journal, January 24, 2007

CARACAS -- The president of the Bolivarian Republic of Venezuela, Hugo Chávez, has verbally announced his decision to shut down Radio Caracas Television (RCTV) -- our TV station, the oldest in Venezuela as well as the one with the largest audience.

So continues a long series of attacks against journalists, employees, management and shareholders of many independent media companies. The aim of all this is to limit the citizens' right to seek information and entertainment in the media of their choice, to impede public access to those media where they might express or encounter criticism of the government or their proposals for reform, to stifle the pluralism of opinion in news and talk programs, and to cut off the free flow of information and debate in Venezuela. Instead, the Chávez government seeks to install a system that it has described, without apparent irony, as the "communicational and informative hegemony of the state."

On June 14, 2006, President Chávez -- dressed in military fatigues -- gave a speech on the occasion of the delivery of a batch of Kalashnikov AK-103s to an army battalion. He brandished a weapon, then pointed it at a cameraman and said: "With this rifle, which has a range of 1,000 meters, I could take out that wee red light on your camera." Moments later, he declared: "We have to review the licenses of the TV companies."

In the weeks that followed the incident, various government officials repeated the same threat and started to monitor the editorial positions of the media. "There have been qualitative changes in programming, in news selection, and in the editorial line" of some media, an official observed; "[but] there are other cases in which we have not seen this change, this rectification . . ." He reminded us all that the government "has the ability not to renew a [media] license."

On Nov. 3, 2006, a month before the Venezuelan presidential elections, President Chávez repeated his threat: "I'm reminding certain media, above all in television, that they mustn't be surprised if I say, 'There are no more licenses for certain TV channels.' . . . I'm the head of state."

On Dec. 28, 2006, President Chávez, again in military uniform, declared that the broadcasting license for RCTV would not be renewed: "The order has already been drafted, so they should start shutting down their studios." He provided detail: "the license ends in March"; but two weeks later, in the National Assembly, he contradicted himself, saying that our license would end in May. At that same time, he launched a campaign of attack ads in all state-run media, paid for with public funds, aimed at discrediting our station in the eyes of the country.

On Jan. 13, in his annual address to the National Assembly, he changed his tune again and said: "The transmission signal belongs to the Venezuelan people and will be nationalized for all Venezuelans." He added: "RCTV has only a few days left . . . they can scream, stomp their feet, do whatever they want, but the license is finished. They can say whatever they want, I don't care, it's over."

These verbal threats constitute, de facto, a public decision to silence RCTV. But RCTV has never been informed legally or formally of the measures that are to be taken against it; nor have we ever been told what exactly are the accusations against us, which makes it difficult for us to defend ourselves. President Chávez has violated the presumption of innocence and has denied us due process.

The actions against RCTV of President Chávez and his subordinates are in violation of the Venezuelan constitution, the American Convention on Human Rights, and the Inter-American Democratic Charter. They are a clear example of abuse of power, and violate the right to work of all those in the media industry, not to mention a violation of the freedom of thought and expression of millions of citizens who seek information and ideas of their own free choice.

We are faced, in effect, with an aggressive campaign to extinguish all thought that differs from that which is officially dubbed "revolutionary."

In fact, President Chávez's threat to shut down RCTV has even led Jose Miguel Insulza, secretary general of the Organization of American States, to express his dismay publicly: "The shut-down of a large media company is a very rare occurrence in the history of our continent, and has no precedent in the last decades of democracy."

Organizations such as Human Rights Watch and the Committee to Protect Journalists, among others, have also raised the alarm. But the reaction of Hugo Chávez has been typically crude. It's the way he reacts whenever faced with someone who has the temerity to disagree with him. He says, and has said repeatedly, that there's nothing to discuss. "RCTV has only a few days left. They can scream, stomp their feet, do whatever they want. But it's all over."

Mr. Granier is chairman of Radio Caracas Television. (This piece was translated from the original Spanish by Tunku Varadarajan.)

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TERRORISM NEWS:

Gonzales' Remarks On Habeas Spark Debate. The San Francisco Chronicle (1/24, Page A1, Egelko) reports, "One of the Bush administration's most far-reaching assertions of government power was revealed quietly last week when Attorney General Alberto Gonzales testified that habeas corpus -- the right to go to federal court and challenge one's imprisonment -- is not protected by the Constitution. … 'The Constitution doesn't say every individual in the United States or every citizen is hereby granted or assured the right of habeas,' Gonzales told Sen. Arlen Specter, R-Pa., during a Senate Judiciary Committee hearing Jan. 17." The Chronicle continues, "Gonzales acknowledged that the Constitution declares 'habeas corpus shall not be suspended unless ... in cases of rebellion or invasion the public safety may require it.' But he insisted that 'there is no express grant of habeas in the Constitution.'" The Chronicle adds, "Specter was incredulous, asking how the Constitution could bar the suspension of a right that didn't exist -- a right, he noted, that was first recognized in medieval England as a shield against the king's power to dispatch troublesome subjects to royal dungeons. … Later in the hearing, Gonzales described habeas corpus as 'one of our most cherished rights' and noted that Congress had protected that right in the 1789 law that established the federal court system. But he never budged from his position on the absence of constitutional protection -- a position that seemingly would leave Congress free to reduce habeas corpus rights or repeal them altogether." The Chronicle notes, "Justice Department spokesman Brian Roehrkasse said this week that Gonzales stood by his remarks but was asserting only that the text of the Constitution does not guarantee habeas corpus. The attorney general recognizes, Roehrkasse said, that the Supreme Court has declared 'the Constitution protects (habeas corpus) as it existed at common law' in England. Any such rights, he added, would not apply to foreigners held as enemy combatants."

In a column for the Weekly Standard (1/25), DC Attorney Adam J. White writes, "Gonzales's answer, though not unassailable, enjoys much historical support. Although the Constitution expressly provides that the writ of habeas corpus may only be 'suspended' in certain circumstances, it does not expressly provide that the writ is implemented in the first instance without an affirmative enactment by Congress. … Specter takes what may well be the more intuitive reading of the Constitution's provision: that Article I, Section 9 presumes that the privilege of habeas corpus exists absent a valid suspension. (Indeed, it's phrased in a manner similar to the First Amendment: 'Congress shall make no law . . . abridging the freedom of speech,' clearly presumes that there is a freedom of speech.) … But history suggests that Gonzales (whom Rolling Stone promptly deemed the 'Human Constitution Shredder') may well be correct. At the 1787 constitutional convention, the first habeas provision, proposed by South Carolina's Charles Pinckney, not only limited habeas's suspension, but also expressly created the writ. The

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final version, though, included only the former provision; when it was presented to the States for ratification, four States criticized the lack of an express habeas grant, and proposed alternatives resembling Pinckney's. … Shortly thereafter, the first Congress enacted the Judiciary Act of 1789, expressly granting Supreme Court justices and other federal judges the authority to grant the writ. If, as Specter suggests, the Constitution itself granted the writ, then such a statute would seem utterly superfluous." White adds, "None of this is to say that Specter is, in the end, certainly wrong. Specter's reading of the provision certainly enjoys as much--if not more--support than Gonzales's. Again, the Constitution's mention of the writ appears to imply its existence. Furthermore, in Federalist 84, Alexander Hamilton reassured his readers that the Constitution included the "establishment" of the writ, thereby suggesting that further statutory provision was unnecessary. … Surely the issue is due to be debated for another 200 years. In the meantime, it's probably premature for either Specter or Gonzales to declare victory."

In a piece in the Fort Worth (TX) Star-Telegram (1/25), editorial writer Linda P. Campbell writes, "Justice Robert Jackson famously wrote in 1949 that the Bill of Rights isn't 'a suicide pact.' … But loyalty to George W. Bush increasingly seems to be one -- at least in the way that Attorney General Alberto Gonzales reads the Constitution." Campbell continues, "Even if you believe, as I do, that the Bush administration has upset the balance among the three branches of government by arrogating excessive authority to the executive branch, you can understand that the president's lawyers would zealously defend his power. … When Gonzales switched from White House counsel to attorney general, though, he presumably became the people's top lawyer, defender of our rights. Instead, he sounds all too often like the evader in chief, the astounder, the contradicter, the rationalizer extraordinaire. … Just last week, he told members of the Senate Judiciary Committee that White House officials had discussed whether a secret wiretapping program unilaterally ordered by the president could be conducted under the Foreign Intelligence Surveillance Act, which is supposed to govern that kind of information gathering. … Those discussions were had, Gonzales testified, because of 'concerns raised' and 'questions asked here in this committee.' Odd that he should say that. Because he also has claimed that he started looking into bringing the wiretapping program under FISA as soon as he became AG in 2005, well before public disclosure of the program triggered alarms and questions from the Judiciary Committee. … But if that inconsistency eluded attention, his stubborn obtuseness about the Constitution did not." Campbell adds, "Gonzales and Sen. Arlen Specter, a Pennsylvania Republican, got into a did so/did not debate about whether the Supreme Court's 2004 ruling in Rasul v. Bush dealt with the statutory or constitutional right of habeas corpus. … Gonzales was right that the court based its ruling on statutory law: The justices said that the law gives federal courts jurisdiction to hear the prisoners' claims of unlawful detention. … Well, we'll just get that written out of the law, the Bush administration countered -- and did, last year. … Maybe Gonzales' hard line stems from an honest belief in a stingy reading of the Constitution -- unless, of course, provisions dealing with presidential power are involved." Campbell concludes, "Maybe he sees nothing to lose from continued myopic allegiance to the president he has served since their Texas days -- though it's questionable how much sway Gonzales has anymore. Jan Crawford Greenburg writes in her new book, Supreme Conflict, that Gonzales tried, and obviously failed, to warn Bush away from nominating fellow Texan Harriet Miers to the Supreme Court. … With his own Supreme Court ambitions certainly dashed, maybe Gonzales considers it a badge of honor to be lampooned on Comedy Central's Colbert Report. … That might be good for late-night guffaws, but it's hardly the promising future he took to Washington with him."

No Penalty For Attorney Who Leaked Transcript Of Padilla Call. The AP (1/25, Anderson) reports US District Judge Marcia Cooke found "a lawyer for suspected al-Qaida operative Jose Padilla violated a court order by leaking his wiretapped phone conversations." Judge Cooke did not impose a penalty, but "ordered all defense lawyers in the case to sign papers indicating they understood and would follow rules barring disclosure of certain evidence. Cooke also said she might hold in contempt anyone who receives such prohibited material, and she specifically mentioned several reporters attending Wednesday's hearing." Defense lawyers "have said that Padilla is never overheard discussing any violent acts and that many of the conversations involve family matters, casting doubt on the strength of the government's case."

Chilling Video Shown At London Terror Trial. NBC Nightly News (1/24, story 8, 2:20, Williams, 9.87M)

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reported on the use of surveillance video from the trial of four would-be suicide bombers in London. The video shows "just how narrow an escape it was for those Londoners riding the underground train in the summer of 2005." NBC (Myers) added, "Only two weeks after Britain's first home grown suicide bombers killed 52, these four men allegedly tried to inflict more carnage. This dramatic surveillance video is the first glimpse of what happened that day when the would-be bomber Ramzi Mohammad boards a train and places his back pack full of explosives next to a woman and a child in a stroller." Lord Toby Harris, London Metropolitan Police Authority: "Some of the footage showing the bomber close to a woman with a baby is frankly quite nauseating." Myers: "Mohammad fires the detonator but the bomb fails to explode." Although chased by fellow passengers, "Mohammad escaped that day but was arrested eight days later and is now on trial along with others whose bombs also failed to detonate." A "senior British intelligence official warns some 200 possible terror cells are now under investigation, and that British teenagers as young as 16 are being groomed to become suicide bombers."

US-Georgian Operation Thwarts Sale Of Weapons-Grade Uranium. In a widely-distributed story, the AP (1/15, Butler) reports, "Republic of Georgia authorities, aided by the CIA, set up a sting operation last summer that led to the arrest of Russian man who tried to sell a small amount of nuclear-bomb grade uranium in a plastic bag in his jacket pocket, U.S. and Georgian officials said. … Details of the investigation, which also involved the FBI and Energy Department, were provided to The Associated Press by U.S. officials and Georgian Interior Minister Vano Merabishvili. Authorities say they do not know how the man acquired the nuclear material or if his claims of access to much larger quantities were true. He and three Georgian accomplices are in Georgian custody and not cooperating with investigators." The AP notes, "The CIA declined to comment on the case. FBI spokesman Richard Kolko confirmed that the FBI was involved in the investigation and called it a success, but he would not provide details."

The New York Times (1/25, A1, Sheets, Broad, 1.16M) reports that the "smuggling case, which has not been previously reported, is expected to be noted in a report from the United Nations International Atomic Energy Agency on illicit nuclear activities, agency officials said. That report is expected to be released this week." The Times also notes Kolko "confirmed that the bureau had taken part in the inquiry but declined to elaborate." Georgian Interior Minister Ivane Merabishvili "said that agents had learned about the raw uranium from sources in the criminal underworld and that the investigation was continuing. The Georgian officials said they believed that corrupt law enforcement officials in Abkhazia had helped ensure the safe passage of the shipment."

HOMELAND RESPONSE:

Taheri-Azar Pleads Not Guilty To SUV Attack Charges. In a widely-distributed story, the AP (1/25) reports, "A man accused of trying to kill students at the University of North Carolina by driving through campus in an attack he said was intended to avenge the treatment of Muslims by the United States pleaded not guilty Wednesday. Mohammed Taheri-Azar, 23, said three weeks ago that he wanted his case to conclude as soon as possible and had said previously he intended to plead guilty to the charges stemming from the attack in March. James Williams, declined to discuss specifics about the case. But when asked after the brief hearing why his client pleaded not guilty, he said only, 'That's a very good question.'"

Senate Unlikely To Approve Cargo Screening Provisions Of House Bill. The AP (1/25, Lumpkin) reports, "House-passed requirements for intensified screening of cargo on passenger aircraft and ship-borne goods heading toward the U.S. are unlikely to survive in the Senate, a House leader on security issues conceded Wednesday." The provisions were "part of a House bill that was ballyhooed as the first legislation to pass in the Democratic-controlled Congress this year." But Rep. Bennie Thompson, D-Miss., "who chairs the House Homeland Security Committee, told reporters that two key provisions of the House bill are unlikely to make it through the Senate." Thompson said "his staff has heard from Senate staff members about what's realistic to expect as the Senate considers the House-passed homeland security bill."

Biden Proposes Tax Increase To Boost Homeland Security Spending. The Washington Times (1/25, Hudson, 88K) reports Sen. Joseph R. Biden Jr. proposed legislation this week that "would raise taxes to fund billions in new Homeland Security spending on more police

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officers, interoperable communications equipment and 100 percent screening of cargo entering the United States." He "said by rolling back President Bush's tax cuts that up to $50 billion could be generated over five years for security improvements." The bill "calls for 'scanning' 100 percent of cargo containers, development of new 'screening' technology and the hiring of 50,000 new police officers and 1,000 FBI agents." Rep. Peter T. King referred to Biden's bill as a "gimmick," adding that the senator "is making a class warfare argument to raise money on an issue without any knowledge of the issue."

TSA Said To Have Chosen Lockheed For TWIC Contract. The Washington Post (1/25, D1, Witte, 690K) reports, "The Transportation Security Administration has decided to award a closely watched contract to supply high-tech identification cards at ports nationwide to Lockheed Martin of Bethesda, according to sources familiar with the choice." The Transportation Worker Identification Credential, with an estimated initial value of $70 million, "is the first of many identity contracts slated to be announced in the next few years." TSA spokesman Darrin Kayser "would not confirm yesterday that the agency had made its decision but indicated that an announcement is imminent."

Bush Criticized For Speech's Lack Of Katrina Mention. In a harshly critical report, the CBS Evening News (1/24, story 9, 2:10, Couric, 7.66M) said that "in his State of the Union address, President Bush took note of the unrest in Lebanon as well as the suffering in Darfur but there was no mention of Katrina though the suffering and hardship continue. The federal government has spent $80 billion on recovery efforts in the Gulf region, but there are still 13,000 people living in FEMA trailers." CBS (Keteyian) added, "Seventeen months after Katrina, nearly 200 people uprooted by a hurricane still live in Mount Olive Gardens -- whole families packed into 200 square foot FEMA trailers they now call home. … In places like Mount Olive Gardens, words like 'relief' and 'recovery' now seem as empty to them as last night's Presidential address."

The Los Angeles Times (1/25, Simmons, 850K) reports that as New Orleans "continues its struggle to recover from Hurricane Katrina, some observers thought the absence of any mention in…Bush's State of the Union address was telling. Mayor C. Ray Nagin was unfazed. 'We're 18 months into this thing," said Nagin as he announced a two-year pilot loan program. "I'm tired of complaining and bellyaching." However, "Other Louisiana residents and lawmakers took exception to the omission of the state's plight from Bush's speech." Rep. William Jefferson said it was shocking "that there was no mention at all of it, as if the problem has been solved or simply gone away."

Meanwhile, the AP (1/24, Burdeau) reported, "Gov. Kathleen Blanco angrily criticized President Bush on Wednesday for not mentioning" the hurricane. "'I guess the pains of the hurricane are yesterday's news in Washington,' Blanco said. 'But for us it's still very real, very real, and it's something that we live every single day,' the governor said." The AP ran the same Nagin quote as the LATimes, but reported that the mayor "echoed Blanco's disappointment at Bush's omission." Blanco also "accused the White House of repeatedly delivering less money than Louisiana has needed to repair the damage to housing, schools and hospitals. She said Mississippi has received much more help."

New Orleans Recovery Czar Envisions Smaller, Denser City. The Christian Science Monitor (1/25, Jonsson, 59K) profiles Ed Blakely, "the planning guru hired to steer New Orleans out of its muddle," likening him to "the Forrest Gump of disaster recovery. California earthquake? There he is, amid wrecked interstates. Tsunami? That's him touring rebuilt villages. Terror attacks in Manhattan? When the dust settles, the distinguished-looking African-American man is at the center of a phalanx of planners. His arrival in New Orleans two weeks ago as the city's new recovery czar may be the biggest challenge for the 'master of post-disaster,' as his hometown paper, the Los Angeles Times, calls him." His "plans in New Orleans are straightforward: Encourage a smaller, more dense city by offering landowners in wrecked neighborhoods the opportunity to swap their land for lots on higher ground. Get pilot projects launched by summer. Build community centers. Begin to generate private investment."

Lenders Have Difficulty Tracking Homeowners' Compliance With Flood Insurance Requirement. USA Today (1/25, Chu, 2.27M) reports, "Nearly a year and a half after Hurricane Katrina, federally regulated lenders are still struggling to comply with a requirement that they force homeowners in high-risk flood zones to buy flood insurance. By law, homeowners in flood-prone areas — such as along the coast — must buy such a policy if they get a mortgage from a federally regulated lender. … One problem: Some homeowners who buy a flood insurance policy drop it later. Lenders 'do a fairly good job of finding out whether someone

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is in a flood plain, but they don't do as good a job of tracking if you lose (flood insurance),' says J. Robert Hunter, director of insurance at the Consumer Federation of America."

WAR NEWS:

Senate Panel Approves Resolution Against Bush's Iraq Strategy. The Senate Foreign Relations committee yesterday voted 12-9 to condemn President Bush's Iraq strategy. The vote came largely along party lines, with only GOP Sen. Chuck Hagel crossing the aisle to back the resolution. As a result, said George Stephanopoulos on ABC World News (1/24, story 2, 1:20, Gibson, 8.78M), "supporters of the President's policy in the White House, actually believe they made some progress today. … They've been working furiously behind the scenes. They're using the argument of David Petraeus, he'll be the commander in Iraq. He said, a vote for this resolution will hurt the morale of the troops and hurt the war effort in Baghdad. So people like Senator John McCain and Lindsey Graham say if you vote for it, you're going to be voting against the troops." But the CBS Evening News (1/24, lead story, 2:05, Attkisson, 7.66M) reported that while "right now there probably aren't enough Republican votes" for the Democratic measure, "with subtle language changes…it could be a done deal." CBS was referring to talks in the Senate between backers of the Democratic resolution and one sponsored by GOP Sens. John Warner and Susan Collins, among others.

The Wall Street Journal (1/25, A8, Rogers, 2.04M) says the committee vote gives Chairman Joseph Biden "a solid foothold from which to begin talks with Republicans who share his concern about sending more US troops to try to quell sectarian violence in Baghdad. Chief among these is…Warner…who last evening introduced an alternative resolution also challenging the increased commitment of 21,500 troops. Merging the two to achieve a larger consensus is the Democrats' goal and the quickest route may be to embrace much of Mr. Warner's proposal with some changes." Senate Majority Leader said, "It's pretty good, but it's not perfect." Reid "will play an increasing role with Mr. Biden in trying to reach some common ground, but he must walk a fine line."

The New York Times (1/25, Zeleny, 1.16M) reports that "even Republicans who opposed the resolution, including Senator Richard G. Lugar of Indiana, expressed deep doubt about whether the troop increase could succeed and suggested it was time for a new direction. … Some Republicans expressed reluctance to support the legislation because they feared it could be seen as a political attack on Mr. Bush, but left themselves open to backing a similar plan offered by…Warner." Democrats "say they believe that at least 8 of the 49 Republicans might join with nearly all Democrats in embracing a resolution -- Mr. Biden's or Mr. Warner's -- critical of the president's troop increase plan." The Washington Times (1/25, Hurt, 88K) notes Warner said last night "his nonbinding resolution is less politically combative than the Biden resolution and has the support of three fellow Republicans and six Democrats."

ABC World News (1/24, lead story, 2:40, Tapper, 8.78M) also said that other than Hagel, "all the other Republicans on the committee refused to sign on to the resolution." Last night, on MSNBC (1/24, O'Donnell), Collins discussed her opposition to the committee measure, "We worked very hard to come up with a resolution that didn't have some of the loaded words that the resolution reported today included in it. … One of them was struck today, and that is 'escalation.' That's become a politically loaded word. We also tried to keep our resolution really focused on Iraq. The resolution reported today has a lot of extraneous issues in it. It mentions North Korea, for example. … We're picking up co-sponsors on both sides of the aisle. And I hope we'll be able to go forward next week, perhaps as a substitute to the resolution reported today." USA Today (1/25, Kiely, 2.27M) notes the resolution "declares Bush's plan to send 21,500 additional troops to Baghdad and Anbar province 'not in the national interest.'"

The Los Angeles Times (1/25, Levey, 850K) says "not a single senator on the committee endorsed the White House plan." But in fact, NBC Nightly News (1/24, lead story, 3:25, Williams, 9.87M) reported, one Republican did make "a clear statement in favor of the President's build up -- and even for him, it was not easy." Sen. David Vitter was shown saying, "After a lot of careful thought, I decided to support the President's plan as a final attempt to stabilize a viable democracy in Iraq."

Tim Russert said, also on NBC Nightly News (1/24, story 3, 1:45, Williams, 9.87M) that "the biggest concern" for the White House "is the Republicans. … There is growing concern, deep concern and anxiety about Republicans, not only voting against the President, but at least speaking out in his defense. We heard so little of that today." The Washington Post (1/25, A1, Weisman, 690K) reports Lugar

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"called the Bush strategy 'dubious' even as he denounced the resolution as 'the legislative equivalent of a sound bite.' Sen. John E. Sununu (R-N.H.) said additional troops should not be deployed until the Iraqi government showed more resolve. Sen. Lisa Murkowski (R-Alaska) said she opposed the president and was not afraid to tell him so. And Sen. George V. Voinovich (R-Ohio) said he had delivered a tough message to the White House personally: 'You are not listening.'" Meanwhile, "Republican leaders' efforts in the House to placate their members with calls for tougher oversight also appeared to be faltering. Rep. Frank R. Wolf (R-Va.) introduced his own resolution of disapproval yesterday, calling for the administration to adopt in full the recommendations of the bipartisan Iraq Study Group, recommendations that Bush has largely rejected."

On the network newscasts, much was made of Hagel's strong words during committee debate yesterday. ABC World News (1/24, lead story, 2:40, Gibson, 8.78M) showed Hagel saying of Bush's proposal, "This isn't a strategy. It's a ping-pong game with American lives. Hagel, added ABC (Tapper), "criticized his fellow Republicans for their cowardice." Hagel was shown saying, "What do you believe? What are you willing to support? What do you think? Why are you elected if you wanted a safe job? Go sell shoes." Both the CBS Evening News (1/24, lead story, 2:05, Couric, 7.66M) and NBC Nightly News (1/24, lead story, 3:25, Williams, 9.87M) also showed Hagel's "ping-pong" quote.

Hagel was also interviewed on PBS' NewsHour (1/24, Ifill), where he said, "If, in fact, the Senate passes a resolution, that's rather significant." The Senate "is part of a co-equal branch of our government. It's worked pretty well for 200 years. For a president to step away from that -- if, in fact, we would pass a resolution, putting the Senate on record opposing his plan -- that's rather significant, and it represents the voices of the people we represent. … We have not had a real, legitimate debate in four years on the most divisive issue facing this country since Vietnam. … The President can't sustain a war policy. He can't sustain any policy."

The Financial Times (1/25, Luce) portrays the vote as a sign that Bush has not "succeeded in stemming the rapid haemorrhaging of his authority," as "most Democrats and several prominent Republicans remained fixed on Mr Bush's unwillingness to listen to his growing army of critics over the war in Iraq, to which he devoted about a quarter of the 50-minute speech on Tuesday night." The Times adds, "In spite of an impassioned plea for Congress to give his Iraq strategy a chance, Mr Bush failed even to sway waverers within his own party." The AP (1/25, Espo) calls the vote "a calculated snub" to Bush.

A large number of local TV newscasts across the country took note of the Senate Foreign Relations Committee's vote. The coverage usually described the vote as an attempt by the committee to rebuke the President's for his comments on Iraq during his State of the Union Address. For example, WLNY-TV New York (1/24, 11:11 pm) said in its broadcast, "Just one day after...Bush addressed the situation in Iraq in his State of the Union, the Senate Foreign Relations Committee passed a resolution condemning his plan to send more troops overseas. Only one Republican, Senator Chuck Hagel, supported the non-binding resolution. … The measure is expected is come before the full Senate next week." WFLD-TV Chicago (1/24, 9:19 pm) reported, "The resolution has no teeth, but its supporters say it does send a message to the White House." And KABC-TV Los Angeles (1/24, 5:01 pm) noted Hagel "called the political wrangling over Iraq 'a ping pong game with American lives.'"

Democratic Rift Noted. The Hill (1/25, Schor) says "a separate rift opened yesterday between Biden and two fellow competitors in the 2008 White House chase over whether to attempt a further check on Bush by placing a binding cap on troop levels in Iraq. Sen. Chris Dodd (Conn.), the first Democrat to support a troop ceiling that would trigger a new congressional vote on authorizing the war, tried to add that cap as an amendment to the resolution." Dodd "failed by a wide margin, but Sen. Barack Obama (D-Ill.) backed his effort and another defender of a troop cap, Hillary Rodham Clinton (D-N.Y.), awaits at the head of the presidential pack." Biden "suggested collaborating with Dodd and other supporters of binding action to limit Bush's Iraq policy, noting that the White House budget is likely to arrive with a yearlong war-funding request." Dodd "ultimately won just five of the 11 committee Democrats, including two onetime presidential aspirants, John Kerry (Mass.) and Russ Feingold (Wis.)."

Biden's Style As Chairman Mocked. In the Washington Post (1/25, A2, 690K), Dana Milbank writes that Biden "was trying to uphold two resolutions yesterday: one criticizing the Bush administration's Iraq policy and the other Biden's own resolution to himself -- to stop talking so much. The Iraq resolution passed 12 to 9. Biden's other resolution failed, by a voice vote -- Biden's voice." Biden "ran the hearing more like a talk show host than a chairman: inviting the other senators to speak and then commenting on each senator's

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remarks. He opened the hearing with a 3,000-word statement in which he used the word 'I' 88 times, including a lengthy discussion of the types of questions he has asked himself and how he has answered himself. Finally, the committee's ranking Republican, Richard Lugar (Ind.) got a chance to speak. Then Biden spoke again. Sen. Chris Dodd (D-Conn.) introduced an amendment. Biden interrupted him four times." Milbank adds, "Some of Biden's wordiness had to do with presidential jostling. Eclipsed in media exposure by presidential rivals Hillary Clinton and Obama -- Biden was bumped from network interviews Wednesday morning by Obama -- he relies on such hearings to boost his visibility for the presidential race. At one point, Sen. Barbara Boxer (D-Calif.) accidentally called Biden 'Mr. President.'"

Snow Makes Case For Bush Strategy. White House Press Secretary Tony Snow said on MSNBC's Hardball (1/24, Barnicle), "We understand right now that there are going to be a lot of people having conversations on Capitol Hill. Meanwhile we're moving forces in to Iraq and furthermore a demonstration of American strength and determination. I think it is going to make a difference in Iraq. The President believes strongly that his way forward if the proper way. Members of Congress are going to assess it in the next few weeks. It'll be interesting to see what happens if in fact we have success on the ground and whether they'll have new resolutions. … The President understands wars are tough and he also understands if the United States were to leave without victory in Iraq it would up leash a chain of circumstances that could be catastrophic to us. It would allow a terror network to have access to the second-largest proven oil reserves on the face of the earth, the wealth that would generate, the be able to use that to train, equip, and send forth people to come and kill us and also create the ability to intimidate neighboring oil states make them calculate for themselves, 'Do we rely on the Americans for security or do we cut a side deal with these guys?' It would be catastrophic for our security. So he understands the importance of it."

Webb, Reed, Clark Blast "Surge." Sen. Jim Webb said on CNN's Lou Dobbs Tonight (1/24), "The key failure of this Administration, even from before we went into Iraq, was that it never clearly articulated a strategy that had an endpoint. That's the same place we are right now. You get measurements for success. They talk about a lot of rhetorical issues but not clearly what is it going to take, in specific terms, for us to decide that we are going to leave?"

Sen. Jack Reed said on MSNBC's Hardball (1/24, Barnicle), "I don't think" the President "listened effectively, because not only with members of Congress, but also the Iraqi Study Group, a significant opinion, I think, on the military side, in terms of the Joint Chiefs and others. And I think he tended to disregard that. He thinks he has a better way. I personally don't think it is the appropriate approach. In fact, I think even the terms as he described it, a 20,000 increase, is probably inadequate in terms of manpower to be a decisive factor in Iraq."

Retired Gen. Wesley Clark said on Fox News' Your World (1/24, Cavuto), "If you look at the response to last night's State of the Union address, if you look at what is happening in the United States Congress, this is not partisan. The American people have spoken. They have looked at it. … What President Bush said last night is, nobody voted to go over there and lose. That's true. But nobody went over there with the understanding that this was going to be the kind of problem that it has turned out to be."

Lieberman Says US "Making Progress." On PBS' NewsHour (1/24, Ifill), Sen. Joseph Lieberman said of the surge, "Why do I think it will work? … There is a cycle of sectarian violence in Baghdad. It's not armies of Shia and the Sunni clashing in open civil war. But until that stops in the capital city, there's not a chance either to create the economic growth that will tell the average Iraqi in Baghdad that they've got a chance to live a better life, nor is there the stability that will allow the Iraqi government to do what they want them to do, to begin to govern. … There's a second front in Anbar province. … We're making progress there. An additional 4,000 troops, which is part of the 21,000 that the President is sending, I think will turn that conflict in Anbar in the right direction, and actually it has the potential to achieve a victory for us."

Lieberman said on PBS' NewsHour (1/24, Ifill), "The Congress has the power to authorize war, which has been done, and to appropriate, to support that war. If members of Congress are opposed to the troop increase, then I think what they should do is to use the power given to Congress by the Constitution, and that is to directly try to cut off funds for additional troops in Iraq. Otherwise, what is being done here…is a nonbinding resolution. It will have no effect on the conduct of the war." But as Sen. Lugar said, it will "send a message of disarray and division, both to our friends and our enemies in Iraq and, more broadly, in the world."

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Anti-Surge Rally Planned For This Weekend In Washington. The Washington Post (1/25, B6, Ruane, 690K) reports, "Tens of thousands of peace advocates from across the country are expected in Washington on Saturday for an anti-war rally that could be among the biggest since the war in Iraq began, organizers said yesterday. They said the rally on the Mall, followed by a march near the Capitol, will target…Bush's intention to send more troops to the Iraq war. … Among the featured speakers will be Vietnam War-era protester Jane Fonda, according to the organizers. Others include actors Danny Glover, Tim Robbins and Susan Sarandon, civil rights activist Jesse Jackson, and Carlos Arredondo, who in 2004 set himself on fire after learning of the death in Iraq of his Marine Corps son, Alexander."

More Commentary. In an editorial, the Wall Street Journal (1/25, A18, 2.04M) writes, "To understand why the Founders put war powers in the hands of the Presidency, look no further than the current spectacle in Congress on Iraq." The Journal says Bush was "conciliatory and respectful in his State of the Union Address Tuesday night, asking Congress to give his new Iraq strategy a chance. In a better world, the Members would do so. But if they insist on seeking political cover by trying to operate as a committee of 535 Commanders-in-Chief, Mr. Bush will have to start reminding Congress who really has the job."

The Wall Street Journal's (1/25, A18) Daniel Henninger writes, "The United States is talking itself into defeat in Iraq. Its political culture is now in a downward spiral of pessimism. In the halls of Congress, across endless newspaper columns, amid the punditocracy and on Sunday morning talk shows -- all emit a Stygian gloom about America." While he concedes that "on any given day on some discrete issue, the criticism of the American role is not without justification," Henninger says "the cumulative effect of this unremitting ill wind is corrosive. We are not only on the way to talking ourselves into defeat in Iraq but into a diminished international status that may be harder to recover than the doom mob imagines."

Senate Panel Approves Petreaus Nomination. The Washington Post/AP (1/25) reports, "A Senate committee on Wednesday approved the nomination of Army Lt. Gen. David Petraeus to command American forces in Iraq, replacing Gen. George Casey. The Senate Armed Services Committee sent the nomination to the full Senate, which is expected to approve the nomination on Thursday, including promoting Petraeus to four-star rank for the top military post in Iraq."

Meanwhile, another AP story (1/25, Riechmann) reports "President Bush asked the Senate Wednesday to quickly confirm the top commanders he has chosen to oversee the war in Iraq. 'It is important to get these three fine individuals in their posts as soon as possible so that we have continuity as we do our duty to protect the American people,' the president said." Bush "was referring to Adm. William Fallon, chosen to replace Gen. John Abizaid, the top US commander overseeing the military theater that includes Iraq; Army Lt. Gen. David Petraeus…and Gen. George Casey, leaving the top Iraq job to take over from the retiring Gen. Peter Schoomaker as Army chief of staff."

WPost Welcomes Petraeus' Offer To Update Congress On Progress. In an editorial, the Washington Post (1/25, A24, 690K) notes that during a Senate Foreign Relations Committee hearing Tuesday, Lt. Gen. David H. Petraeus, "made his own suggestion…offering to report to Congress regularly about the mission, including updates on the performance by Iraqis on their commitments." Taking Gen. Petraeus "up on that," the Post says, "and closely and systematically monitoring the progress of events in Iraq during the coming months, is probably the best contribution that Congress can make to helping the new American commander address what he calls a 'dire' situation."

"Defiant" Cheney Defends US Actions In Iraq. Vice President Cheney gave a lengthy and at some points testy interview to Wolf Blitzer on CNN's The Situation Room (1/24) that largely focused on Iraq. The CBS Evening News (1/24, story 2, 1:05, Axelrod, 7.66M) said Cheney was, "in a word, defiant, saying about the idea of any kind of resolution from the Senate, quote, 'It won't stop us.'" CBS showed Blitzer saying, "So you're moving forward no matter what the Congress does." Cheney: "We are moving forward. The Congress has control over the purse strings. They have the right, obviously, if they want to cut off funding, but in terms of this effort the President has made his decision and I think it's far too soon for the talking heads on television to conclude that it's impossible to do, it's not going to work, it can't possibly succeed." In a front-page headline, the Washington Post (1/25, Baker, 690K) also calls Cheney "defiant," reporting that the Bush Administration "has achieved 'enormous successes' in Iraq but complained that critics and the media 'are so eager to write off this effort or declare it a failure' that

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they are undermining U.S. troops in a war zone, striking a far more combative tone than President Bush did in his State of the Union address the night before."

The AP (1/24) says Cheney said "it's 'hogwash' to suggest the Bush administration's credibility is on the line because of mistakes in Iraq," acknowledging that the "situation in Iraq was very unstable but said toppling Saddam Hussein had been the right thing to do." On CNN's The Situation Room (1/24, Blitzer), Cheney said, "The world is much safer today because of it. There have been three national elections in Iraq. There's a democracy established there, a constitution, a new democratically elected government. Saddam has been brought to justice and executed. His sons are dead. His government is gone. And the world is better off for it."

The Los Angeles Times (1/25, Reynolds, 850K) writes that "a day after President Bush struck a conciliatory tone toward critics of the Iraq war," Cheney "did the opposite Wednesday," defending the invasion and insisting "that 'there's been a lot of success' since then. His comments came during a CNN interview, an exception to the vice president's more common practice of talking to conservative media outlets."

Cheney Warns Against Giving Up; Hagel Calls Statement "Astounding." At another point in his interview with CNN's The Situation Room (1/24, Blitzer), Cheney said, "After 9/11, we learned that we have a vested interest in what happens on the ground in the Middle East. If you are going to walk away from Iraq today and say, well, gee, it's too tough, we can't complete the task, we just are going to quit, you will create exactly that same kind of situation again."

On PBS' NewsHour (1/24), Gwen Ifill asked Sen. Chuck Hagel about Cheney's comment that "part of what's going on here is that people do not have the stomach to complete this mission." Hagel said, "I'm so sorry the Vice President so underestimates the people of this country. He has so little faith in this country to say something like that. That's an astounding statement from the Vice President of the United States. You're telling me -- or maybe more directly, maybe the Vice President should tell the families of those who have lost their lives, over 3,000, and over 23,000 wounded, some very seriously for life -- that they don't have the stomach? Come on, let's get real here."

Cheney "Out In The Open And On The Defensive." McClatchy (1/25, Hutcheson) headlines a report "Cheney Increasingly On The Defensive," saying that the man "often considered the hidden power behind the White House throne" is "increasingly out in the open and on the defensive. He's scheduled to testify at the perjury trial of his former top aide; congressional Democrats want to probe his role in the White House; and his unprecedented clout may be waning. Once widely considered a source of wisdom and experience in the White House, the vice president has become a frequent target of criticism."

Cheney Thinks Bin Laden Is Alive, Defends US Efforts Against Al Qaeda. On CNN's The Situation Room (1/24), Wolf Blitzer asked Vice President Dick Cheney, regarding Osama bin Laden, "Why can't you find this guy?" Cheney replied, "Well, he's obviously well hidden. We've been looking for him for some time. I think the fact is, that he's gone totally to ground. He doesn't communicate, except perhaps by courier. He's not up on the air. He's not putting out videos, the way he did oftentimes in the past. … If you've ever been in that part of the world, it is some of the most rugged territory imaginable. … And that general area is a remarkably difficult area to get people into." Asked if bin Laden is still alive, Cheney said, "I think so." Cheney went on to say, "We have not gotten Osama bin Laden, obviously, because he's very careful. … But we've taken out, several times, that whole layer of leadership underneath Osama bin Laden" and Ayman al-Zawahiri. We have "successfully defended the country for over five years against any further attacks."

Rumsfeld Remains "Nonpaid Consultant" To DOD During Transition. The Washington Times (1/25, Scarborough, 88K) reports that while Donald Rumsfeld has "left the Pentagon" he has not left the Defense Department. Earlier this month, Rumsfeld "opened a government-provided transition office in Arlington and has seven Pentagon-paid staffers working for him. … The Pentagon lists Mr. Rumsfeld as a 'nonpaid consultant,' a status he needs in order to review secret and top-secret documents." The transition office "has raised some eyebrows inside the Pentagon. Some question the size of the staff, which includes two military officers and two enlisted men. They also ask why the sorting could not have been done from the time Mr. Rumsfeld resigned Nov. 8 to when he left the building Dec. 18."

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Gates Orders Reduction Of Stop-Loss Policy. The Hill (1/25, Tiron) reports Defense Secretary Robert Gates "is ordering military service chiefs to reduce the use" of the "controversial" stop-loss policy "intended to keep troops in war zones beyond the end of their original commitments." According to a memo sent to the chiefs and other top DOD decision-makers, "Gates asked to see plans to minimize the use of the so-called stop-loss policy for active duty and reserve components by the end of next month." Last week, several House Republicans sent Gates a letter "asking that members of the National Guard and Reserve not be kept on active duty beyond their original commitment."

White House Quieting Planning Overhaul Of Afghan Mission. The Washington Post (1/25, A1, Abramowitz, 690K) reports, "After the bloodiest year in Afghanistan since the US invasion, the Bush administration is preparing a series of new military, economic and political initiatives aimed partly at preempting an expected offensive this spring by Taliban insurgents, according to senior US officials. Even as it trumpeted a change of course in Iraq this month, the White House has completed a review of US policy in Afghanistan. It will ask Congress for $7 billion to $8 billion in new funds for security, reconstruction and other projects in Afghanistan as part of the upcoming budget package, officials said." That "would represent a sizable increase in the U.S. commitment to the strife-torn country; since the 2001 U.S.-led invasion that toppled the Taliban, the United States has provided a little more than $14 billion in assistance for Afghanistan, the State Department says."

CBS Evening News (1/24, story 4, 1:55, Couric, 7.66M) reported "a troop build up is continuing" in Afghanistan "as well. There are now a total of 24,000 soldiers and Marines fighting in Afghanistan, the most ever."

Pakistani Prime Minister Blames Weak Afghan Government For Border Problems. The New York Times (1/25, Bennhold, Landler, 1.16M) reports, "Pakistan's prime minister, Shaukat Aziz, acknowledged Wednesday that people sympathetic to the Taliban were active in the frontier regions near the border with Afghanistan. But he insisted that the root of the problem was the Afghan government's weak authority, not Pakistani support of the Taliban. 'We believe the core of the problem is in Afghanistan,' Mr. Aziz said, in an interview at the World Economic Forum here in Davos." Aziz also "said three million Afghan refugees were crowded into Quetta, Peshawar and other Pakistani cities close to the 1,700 mile-border between the countries. Despite what he described as stepped-up Pakistani efforts to root out extremists, the refugee population remains a recruiting pool for the Taliban insurgency, Mr. Aziz said."

US, Iraqi Forces Fighting Insurgents House By House In Baghdad. The CBS Evening News (1/24, story 3, 2:25, Couric, 7.66M) reported, "In Baghdad…we have a vivid and riveting example of what US forces are up against. Weeks have gone by and US and Iraqi troops are still fighting insurgents house by house for control of one notorious neighborhood. Iraq's government says as many as 30 insurgents were killed today, 27 other captured. But the street is still not secure." CBS (Logan) added, "This is Operation Tomahawk Strike 11 underway in central Baghdad just a mile-and-a-half from the heavily guarded Green Zone, launched as President Bush was addressing the nation in Washington last night."

NBC Nightly News (1/24, story 6, :30, Williams, 9.87M) reported, "There were conflicting reports on the number of Iraqi casualties. The US military says one American was killed in fighting today," and "two other Americans died yesterday in fighting in Anbar Province."

The Washington Post (1/25, A20, Londono, Partlow, 690K) reports, "The recurring fighting on Haifa Street illustrates the severe challenges facing the 17,500 additional U.S. troops that President Bush plans to send to Baghdad to try to secure the city. In a treacherous, cramped urban setting, and surrounded by civilians, US and Iraqi troops have repeatedly fought for control of neighborhoods in the capital, only to have insurgents return to fight again." Yesterday, "US and Iraqi forces came under attack around Haifa Street and responded with mortar fire, the military said in a statement. … More than 30 'terrorists' were arrested during the operation and roughly 25 were killed." A US military spokesman, Lt. Col. Scott Bleichwehl, "said he was aware of seven arrests and did not know whether anyone had died."

The Washington Times/AP (1/25, Mroue) reports, "Apache attack helicopters buzzed past the tall buildings and radio towers, with several Humvees on the tree-lined street below. Gunfire rang in the background as shells fell, according to AP Television News footage. Black smoke rose from the area, on the west bank of the Tigris River about one mile north of the Green Zone, site of the US and British embassies as well as the Iraqi government headquarters."

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The clashes "were the second major fighting to break out in the area in less than a month."

The Los Angeles Times (1/25, Zavis, 850K) reports, "Sunni political and religious leaders protested the operation, which Adnan al-Dulaimi, a lawmaker with the main Sunni bloc, called 'barbaric.' Residents accused the United States of unwittingly aiding Shiite Muslim militiamen accused of trying to force the mostly Sunni Arab inhabitants from their homes in recent weeks, as part of a pattern of sectarian cleansing that is redrawing the map of the once largely integrated capital." The US military "stressed in a statement that the operation did not target only Sunni insurgents, but was 'rather aimed at rapidly isolating all active insurgents and gaining control of this key central Baghdad location.'"

Iraqi Forces Arrives Late With "The Air Of A Class Outing." The New York Times (1/25, Cave, Glanz, 1.16M) says "Haifa Street has changed hands so often that it has taken on the feel of a no man's land, the deadly space between opposing trenches. On Wednesday, as American and Iraqi troops poured in, the street showed why it is such a sensitive gauge of an urban conflict marked by front lines that melt into confusion, enemies with no clear identity and allies who disappear or do not show up at all." The Times adds that "as the sun rose, many of the Iraqi Army units who were supposed to do the actual searches of the buildings did not arrive on time, forcing the Americans to start the job on their own. When the Iraqi units finally did show up, it was with the air of a class outing, cheering and laughing as the Americans blew locks off doors with shotguns. A s the morning wore on and the troops came under fire from all directions, another apparent flaw in this strategy became clear as empty apartments became lairs for gunmen who flitted from window to window and killed at least one American soldier, with a shot to the head."

Mahdi Army Negotiating With British. The New York Times (1/25, Tavernise, 1.16M) reports, "An Iraqi official authorized to speak on behalf of field commanders for the country's most powerful militia has approached Western military officials and laid out a plan to avoid armed confrontation, senior Iraqi and American officials said this week. The official is Rahim al-Daraji, the elected mayor of the Sadr City district, the vast grid in the northeast corner of the capital that is the stronghold of the militia, the Mahdi Army." Daraji "has met twice in the past two weeks with Lt. Gen. Graeme Lamb, a British officer who is the deputy commanding general in Iraq, said a senior Iraqi official in the office of the prime minister." The groups "were eager to head off a major American military offensive in the district, home to two million Shiites, as the Americans begin a sweeping new effort to retake the streets of Baghdad. Mr. Daraji said in an interview that field commanders would forbid their foot soldiers to carry guns in public if the American military and the Iraqi government met several basic demands, mostly involving ways to ensure better security for Sadr City. He is communicating with the commanders through a Shiite politician who is close to them." The Times adds, "The talks appeared to have been the first between an intermediary for the Mahdi militia and a senior commander from the American effort."

50% Of Iraq Children Have Been Affected By Violence. ABC World News (1/24, story 7, 2:20, Gibson, 8.78M) reported, "Almost every night on this broadcast, we do report on the casualties in Iraq. The numbers of soldiers and civilians killed. It's easy in doing so to overlook another category of victims -- those traumatized by violence, especially Iraqi children. One study indicates almost 50% of the children in Baghdad report they have been touched by a major traumatic event." ABC (Harris) added, "This is child's play in the new Iraq. A video that Iraqis are trading via e-mail and cell phones, shows young boys reenacting the hanging of Saddam Hussein. 'Go to hell' they're shouting. In this country, where nearly 50% of the population is under 18 a new generation is being raised on violence. The violence, which has turned so many neighborhoods here in Baghdad into virtual ghost towns, is keeping a staggering number of children out of school. The education ministry says elementary school attendance rates dropped from 75% in 2005, to only 30% last year."

Palestinians In Difficult Position In Post-Saddam Iraq. The Washington Post (1/25, A20, Partlow, 690K) reports, "Baghdad is a dangerous place for anyone to live, and the fighting between Sunni and Shiite Muslims has displaced hundreds of thousands. Largely forgotten amid this violence is the plight of thousands of Palestinians in Iraq, who face an increasingly hostile environment because they are predominantly Sunni and perceived as having been favored during the rule of Iraqi President Saddam Hussein. Palestinians and human rights officials in Baghdad say members of the group are being targeted by roving Shiite militias and Iraqi police in efforts to expel them." The Post adds, "Iraqi officials said the 17 Palestinian men were detained Tuesday for 'investigation purposes' because they

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seemed suspicious, according to Brig. Gen. Saad Abdullah of the Interior Ministry. During the detention, the officials discussed steps to 'get the approvals for them to be refugees in other countries,' he said." An "estimated 19,000 Palestinians have fled Iraq since 2003, leaving about 15,000 behind, according to the United Nations. About 350 Palestinians are now stranded in a desolate refugee camp in a no man's land at the Al Tanf border crossing into Syria."

Brooks Warns Of Worsening "Tactics Of Genocide" In Iraq. In his New York Times (1/25, A25, 1.16M) column, David Brooks writes, "Iraq is at the beginning of a civil war fought using the tactics of genocide, and it has all the conditions to get much worse. As a Newsweek correspondent, Christian Caryl, wrote recently from Baghdad, 'What's clear is that we're far closer to the beginning of this cycle of violence than to its end.' As John Burns of The Times said on 'Charlie Rose' last night, 'Friends of mine who are Iraqis -- Shiite, Sunni, Kurd -- all foresee a civil war on a scale with bloodshed that would absolutely dwarf what we're seeing now.' Iraq already has the warlord structures that caused mass murder in Rwanda, Bosnia, Sierra Leone and elsewhere. Violent, stupid men who would be the dregs of society under normal conditions rise amid the trauma, chaos and stress and become revered leaders. … Once this mental descent has begun, it is possible to kill without compunction."

High-Ranking Officers Killed In Copter Crash. ABC World News (1/24, story 6, :25, Gibson, 8.78M) reported, "We learned…of an extraordinary loss by the US Army in Iraq. Among the 12 personnel killed in that helicopter crash on Saturday, were high-ranking officers. They included the military's chief medical officer, for Iraq, Colonel Brian Allgood. A 46-year-old surgeon from Oklahoma. Another colonel, a Lieutenant Colonel, a Major, a Captain and two Sergeants Major also were killed. It is believed the helicopter was shot down."

USA Today (1/25, 6A, Brook, 2.27M) reports the crash "was the deadliest single incident for National Guard troops in at least 50 years, the National Guard Bureau said Wednesday. Ten National Guard soldiers died in the crash Saturday, including Col. Paul Kelly, the highest-ranking Guard member to die since the Sept. 11, 2001, terrorist attacks. President Bush's plan to commit 21,500 more troops to Iraq relies in part on sending National Guard troops, raising the possibility of more casualties among the citizen-soldier units."

Four Or Five Americans Shot Execution Style After Tuesday Crash. The Washington Times/AP (1/25, Mroue) reports "new details…emerged about the downing of a private US security company helicopter on Tuesday, with US and Iraqi officials saying four of five Americans who died in the incident were shot execution-style -- in the back of the head." The AP adds, "A senior Iraqi military official said a machine gunner downed the helicopter, but a US military official in Washington said there were no indications that the aircraft, owned by Blackwater USA, had been shot out of the sky. Two Sunni insurgent groups, separately, took responsibility for the crash."

Spanish Court Issues International Search and Capture Warrant For US Soldiers. The Christian Science Monitor (1/25, Abend, Pingree, 59K) reports that four years after the death of Spanish TV cameraman José Couso, shot by US forces, "Spain's Supreme Court agreed" that his relatives "may have a case, and last week, the lower National Court issued an international search and capture warrant for the American soldiers implicated in the incident. Although it is unlikely the three will ever stand trial in a Madrid courtroom, the case has drawn worldwide attention and is raising serious questions about wartime justice and the right of one country to judge another's citizens." The Monitor adds, "According to the New York-based Committee to Protect Journalists, which conducted interviews with eyewitnesses, many Western reporters were observing the struggle for Baghdad from the hotel's balconies when the American M1A1 Abrams tank, stationed roughly three quarters of a mile away, turned toward the Palestine and fired a single round which mortally injured both Couso and…cameraman Taras Protsyuk. The American tank sergeant, Thomas 'Shawn' Gibson, later said he reported a suspicious spotter on the roof of the hotel to his superior, Capt. Philip Wolford, and received an order to fire."

Military Tests Nonlethal Ray Gun. The New York Times/AP (1/25, A21) reports the US military is testing "a ray gun that shoots a beam that makes people feel as if they are about to catch fire. Apart from causing that terrifying sensation, the technology is supposed to be harmless -- a nonlethal way to get enemies to drop their weapons," according to military officials.

Military Scholar Urges Increase In Defense Spending. In a Washington Times (1/25, 88K) op-ed

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headlined "Boost Military Spending," Lt. Col. Peter Huggins of the School of Advanced Air and Space Studies writes, "Our nation stands at a crossroads. The versatility and robustness of our armed forces will be crucial to our country's future foreign-policy success in a world where the only certainty is uncertainty. Zero-sum arguments that advocate shifting money to one service at the expense of another overlook the other choice -- increasing the defense budget. While the nature of the current conflict suggests that boosting defense spending to a share in line with past conflicts, such as World War II, Korea and Vietnam, is not necessary, an increase to the levels seen at the end of the Cold War -- our nation's most recent 'long war' -- is warranted. It's the best, and smartest, decision we can make."

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Arkansas Lawyer Challenges Authority For US Attorney's Appointment. The Arkansas Democrat Gazette (1/25, Satter) reports, "A Little Rock attorney appointed Friday to represent a man charged with capital murder and possibly facing the death penalty has filed a motion to declare Tim Griffin's appointment last month as U. S. attorney for the Eastern District of Arkansas unconstitutional." The Gazette continues, "John Wesley Hall Jr., who represents Antoine Demetrius Baker, said in a 16-page motion filed Tuesday that Griffin's appointment last month by U. S. Attorney General Alberto Gonzales violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments. He said it also violates a section of the U. S. Code altered last year during Congressional reauthorization of the USAPATRIOT Act. … The reworded section of the act omits a subsection that previously caused an attorney general's appointment of a U. S. attorney to expire within 120 days. The effect is that an appointee may now serve indefinitely without having to go through the standard procedure of being nominated by the president and then scrutinized by the Senate, which then votes to confirm or deny the appointment." The Gazette adds, "Little noticed at the time, the revision has stirred anger since the discovery that a handful of U. S. attorneys across the country were inexplicably forced to resign recently and then were replaced under the new provision by appointees who had not gone through the standard procedure — although the Justice Department says it is subjecting all of them to the process. … Among those ousted was Bud Cummins, U. S. attorney for the Eastern District of Arkansas, whose job as chief federal prosecutor has generated praise in the legal community. Cummins said he was asked to resign so that Griffin, who had worked in the White House as a Republican strategist, could have a chance to serve as U. S. attorney." The Gazette notes, "Griffin declined to comment on Hall's challenge to the method in which Griffin secured the top legal position in the eastern part of the state. But the challenge was rebuffed Tuesday by the U. S. Department of Justice with more of the same language that the department has used over the past few weeks to defend its appointment of Griffin. … 'Congress provided the Attorney General the authority in federal law (28 United States Code § 546) to appoint a United States Attorney because we must ensure that someone is able to carry out the important function of leading a U. S. Attorney's office in the event a vacancy arise,' said Brian Roehrkasse, deputy director of public affairs. 'We have clearly stated our commitment to having a U. S. Attorney in every district who is confirmed by the Senate, and thus there is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process.'"

The Los Angeles Times (1/25, Weinstein) reports, "Some Democrats have suggested that the moves were made to reward friends of the White House or punish prosecutors who had taken actions that angered the administration." The Times continues, "Administration officials have denied that the moves were political and assert that Gonzales has the authority to take these actions under a 2006 amendment to the Patriot Act that allows recess appointments. … But Hall's challenge contends that the section of the Patriot Act that Gonzales is relying on is an attempted 'end run' around the appointments clause, which mandates that the Senate confirm the president's appointees." The Times adds, "

The AP (1/25) reports, "Griffin was named interim U.S. attorney for the Eastern District of Arkansas by Attorney General Alberto Gonzalez in a 'recess appointment' after Congress adjourned for the year in 2006. The USA Patriot Act now allows Griffin to serve without having to be nominated by the president and go through Senate confirmation. … Previously, the appointment would have been good for 120 days." The AP notes, "Justice Department spokesman Brian Roehkrasse said the department is committed to having Senate confirmation hearings. … 'There is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process,' he said."

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More Commentary. The New York Times (1/25) editorializes, "The federal investigation into Congressional corruption is approaching a crucial deadline and potential dead end. Feb. 15 is the last day on the job for United States Attorney Carol Lam of San Diego, the inquiry's dedicated prosecutor, who is being purged by the Bush administration." The Times continues, "Her investigation led to the imprisonment of former Representative Randy Cunningham, the California Republican who took millions of dollars in bribes in exchange for delivering lucrative government contracts. But just as Ms. Lam was digging into other possible wrongdoing, the White House decided to force her from office without explanation." The Times adds, "Ms. Lam has been investigating the dealings of Brent Wilkes, a private contractor and deep-pocketed political contributor who was designated co-conspirator No. 1 in the Cunningham case. … The question now is whether her successor, as yet unnamed, will pursue the inquiry with the same dedication or will quietly smother it. … The outlook isn't promising. The administration is defenestrating at least six other U.S. attorneys. Yet Attorney General Alberto Gonzales is refusing to provide Congress with details on these unmerited dismissals. He insists that there's no attempt to quash fresh Republican scandals and says only the 'very best' will be named as replacements." The Times concludes, "We are skeptical, especially since the White House's reported choice to replace Little Rock's federal attorney is a Republican operative close to Karl Rove. Congress must demand a clear explanation from Mr. Gonzales and the White House on why these prosecutors are being ousted. It must search out every shady aspect of this clearly politically motivated purge — with a particular eye on Feb. 15."

The Houston Chronicle (1/25) editorializes, "In the past year 11 U.S. attorneys have resigned their positions, some under pressure from their Justice Department superiors and the White House, even through they had commendable performance records. … Democratic senators are concerned that the high turnover is linked to an obscure, recently passed provision of the Patriot Act. … U.S. Attorney General Alberto Gonzales denied political motives figured in the multiple resignations of top prosecutors, and pledged that all interim appointments would be submitted to the Senate for confirmation. He reiterated that U.S. attorneys serve at the pleasure of the president and can be removed for a number of reasons, including job performance and their standing in their districts. That isn't good enough for (Sen. Diane) Feinstein and her Democratic colleagues, who have introduced legislation to reinstate the appointment of interim prosecutors by federal judges." The Chronicle adds, "Gonzales is correct that the president is vested with the power to appoint U.S. attorneys. Unfortunately, the Patriot Act change eliminated the ability of the Senate to exercise its constitutional oversight of those nominations to make sure they are qualified and not simply political plums handed out to supporters in the waning years of the administration. … No president should be able to fire top government prosecutors from their positions for political reasons and then install successors without a thorough vetting by the constitutionally charged legislative body."

Unisys To Continue Supporting DOJ Asset Tracking System. Washington Technology (1/24, Welsh) reports, "Unisys Corp. will continue supporting a consolidated asset tracking system used by the Justice Department to monitor property seized from criminals under a new contract. The eight-year deal may be worth as much as $112 million, the company said." WTech continues, "Under a blanket purchase agreement, Unisys of Blue Bell, Pa., will provide applications and managed services support for all system operations. … Unisys will handle systems integration, systems development, engineering, network management, production support, and security and certification. The company also will be responsible for customer support, program management, verification and validation." WTech adds, "The Justice Department's asset tracking system tracks, monitors and reports on property seized and forfeited in the prosecution of criminal activities. Ten law enforcement agencies used the consolidated system. … The new contract extends Unisys work on the asset tracking system project. Over the past five years, Unisys has modernized all of the system's core business applications while maintaining legacy system operations during the process, the company said."

CORPORATE SCANDALS:

Former Enron Official Begins 18-Month Prison Term. The Houston Chronicle (1/25, Hays) reports, "Enron's former investor relations chief entered a federal prison in Texas today to serve an 18-month sentence for helping top executives mislead Wall Street about the company's financial viability." The Chronicle continues, "Mark Koenig, 51, surrendered at a men's prison in Three Rivers,

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about 74 miles south of San Antonio, at noon today, prison spokesman Michael Ginster said." The Chronicle adds, "With his surrender, Koenig became the eighth former Enron executive to serve prison time in the aftermath of the company's collapse more than five years ago. … Koenig pleaded guilty in August 2004 to aiding and abetting securities fraud for misleading Wall Street analysts to conceal Enron's precarious financial condition before the company collapsed in December 2001. As head of investor relations, he was Enron's main liaison to Wall Street. … Koenig's former second-in-command, Paula Rieker, pleaded guilty to insider trading earlier in 2004 and is serving probation for two years."

CRIMINAL LAW:

Former Official Says Libby Sought To Blame CIA For Faulty Iraq Intel. USA Today (1/25, Willing, 2.27M) reports I. Lewis "Scooter" Libby was "part of a White House strategy to use press leaks to blame the CIA for faulty intelligence about Iraq's efforts to acquire nuclear bomb material, a former top CIA official testified Wednesday." Robert Grenier, the CIA's former assistant secretary for operations, said Libby was "annoyed by reports that the administration had ignored evidence that its claims that Iraq sought nuclear fuel were wrong." Libby had "asked Grenier about former State Department official Joseph Wilson, who had investigated the claims about Iraq's nuclear intentions for the CIA. Grenier testified that he also told Libby that Wilson's wife, Valerie Plame, was a covert CIA official."

The Washington Post (1/25, A3, Leonnig, Goldstein, 690K) reports, "Summoned out of a meeting with the CIA director to take" Libby's "urgent call later that same afternoon," Grenier said "he relayed all he had learned about former ambassador Joseph C. Wilson IV, the man behind news reports of the trip that had Libby so concerned." Grenier said Wilson "had gone on a CIA-sponsored mission to check out intelligence that Iraq was trying to buy uranium for nuclear weapons and had concluded that the tip was unfounded," and he "told Libby, it appeared that Wilson's wife, a CIA officer, had suggested Wilson for the trip." The Post adds, "The timing of Grenier's response and Libby's anxiety over Wilson are central to the prosecution's allegation that Libby lied to investigators when he said that he believed he first learned CIA officer Valerie Plame's identity from NBC's Tim Russert a month later."

The New York Times (1/25, Lewis, 1.16M) reports prosecutors "paraded a roster of former government officials before the jury on Wednesday to testify that they had informed him about the identity of the C.I.A. operative Valerie Wilson, contrary to Mr. Libby's claim that he had learned about her weeks later from reporters." Libby's lawyers "spent their time cross-examining those witnesses in an effort to attack both their credibility and their memory." The "purpose of Mr. Grenier's testimony from the prosecutor's point of view was to cast doubt on Mr. Libby's account that he did not remember learning about Ms. Wilson from officials when he testified that he learned about her from journalists." But William H. Jeffress Jr., "one of Mr. Libby's lawyers, quickly set about taking apart Mr. Grenier's account. He noted that in his first appearance before a grand jury and in an interview with F.B.I. agents, Mr. Grenier did not say he had told Mr. Libby about Ms. Wilson." Libby's lawyers "seemed to have two agendas in mind. Not only did they want to underscore the fragility of memory — Mr. Libby has said that if he testified incorrectly about his conversations with reporters it was only because he simply remembered incorrectly — but also to create a vexing, lengthy and complicated narrative for the jury."

The Los Angeles Times (1/25, Schmitt, 850K) reports Libby's "defense against perjury charges, which rests in part on what he has described as innocent memory lapses, appeared to gain some ground Wednesday when his lawyers showed that two government witnesses in the case had memory issues of their own." Grenier, "questioned by Libby's lawyers, acknowledged that he initially told a federal grand jury in January 2004 that he did not believe he had shared information about the status of CIA operative Valerie Plame when he spoke with Libby weeks before she was identified in a newspaper column. But Grenier said he testified 18 months later in another grand jury appearance that he believed he had given Libby that information after all." Another official — Marc Grossman, "a former State Department undersecretary for political affairs — also testified Wednesday that he had discussed Plame with Libby but conceded there were discrepancies in the accounts that he had initially given FBI agents. Grossman said he could not account for the differences. "

Little "Known Evidence" To Support Libby Scapegoat Claim. The New York Times (1/25, Johnston, Rutenberg, 1.16M) reports "the assertion" by Libby attorneys "that White House aides had sacrificed him to protect Karl Rove, the senior political adviser, appears to be based

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primarily on Mr. Libby's own sense that the administration had failed to defend him adequately as the C.I.A. leak case unfolded." But there is "little known evidence to buttress the suggestion by Mr. Libby's defense team in his obstruction and perjury trial that unnamed White House officials were deliberately setting Mr. Libby up to be a scapegoat." The defense team's statements "set off a debate across Washington about whether they were part of a legal gambit to divert attention from the underlying charge that Mr. Libby lied to F.B.I. agents and the grand jury or whether his lawyers had evidence of an effort within the White House to focus the blame on Mr. Libby." Libby's lawyers have "so far offered few details about how he might have been set up as a fall guy for Mr. Rove. White House aides said little about the alleged rift on Wednesday, indicating they were prepared to grant their former colleague wide latitude to present an aggressive defense — even if it meant letting stand unanswered a story of intrigue and disloyalty involving President Bush's and Mr. Cheney's most trusted aides."

Libby Trial May Intensify White House Factionalism. The White House Bulletin/US News (1/25) reports the "new accusations in the Lewis 'Scooter' Libby trial are opening a window on the pattern of infighting within the Bush White House, which has been mostly kept hidden from public view." Libby attorney, Theodore Wells, Jr., argued at Libby's perjury trial "that White House officials tried to protect political guru Karl Rove from legal damage in the Valerie Plame CIA leak case and attempted to make Libby the scapegoat. White House insiders say these allegations could intensify hard feelings between the Libby faction, led by Vice President Dick Cheney who was Libby's boss, and the Rove faction, led by President Bush."

Cheney Declines To Discuss Libby Trial. When asked about the trial of I. Lewis "Scooter" Libby on CNN's The Situation Room (1/24, Blitzer), Vice President Dick Cheney said, "I'm going to be a witness in that trial within a matter of weeks. I'm not going to discuss it. I haven't discussed it with anybody in the press yet; I'm not going to discuss it with you today. … I'm a strong friend and supporter of Scooter's. I have not contributed to his legal defense fund. I think he is an extraordinarily talented and capable individual."

Mayors Blame Federal Government For Crime Surge. USA Today (1/25, El Nasser) reports from Louisville, KY, "A minister who regularly conducts prayer vigils against violence and counsels crime victims is beaten by a gang of youths. Five people are shot and wounded at a community festival. A softball player is shot and wounded at a game, in front of 100 witnesses. One person is killed and four wounded in a shooting outside a funeral home as people gather for a wake." USA continues, "These crimes happened in very public settings here last year — two of them within 2 miles of the heart of this Ohio River city's downtown. Such incidents inevitably give communities the jitters, but cities are especially skittish now because the nation's violent crime rate is rising after more than a decade of decline, and the stakes are higher. … The drop in crime helped spark an urban revival that attracted thousands of residents and billions of dollars of investment to downtowns from Louisville to Miami, St. Louis and Denver. Now, city leaders across the nation are fearful that crime will kill the renaissance." USA adds, "For a city such as Louisville, where downtown is flourishing, keeping crime in check is paramount. More than $1 billion has been invested in the commercial heart of the city this decade. By 2010, at least another $1 billion is expected to come in. Five hotels are set to open, and the 2000 housing units now downtown are expected to double by 2009. … Rising crime 'has the potential of being damaging,' says Jerry Abramson, mayor of Louisville from 1985 to 1998. He was elected again in 2002 after Louisville merged with surrounding Jefferson County; he was re-elected in 2006. 'We all live day by day in terms of concern of some horrific thing happening in our central business district that would set us back.' … Murders and robberies continued to rise nationwide during the first six months of 2006, according to the FBI, and violent crime overall appears headed for a second straight year of increases. Mayors and police chiefs regularly assure the public that violent crimes still are confined mostly to poorer drug- and gang-infested areas, but they are sounding alarms:" USA notes, "Abramson and some other mayors also blame the federal government for cutting funding for crime prevention and phasing out a Clinton administration program that added 100,000 police officers nationwide. They say Washington's focus has shifted to homeland security at the expense of hometown security. … 'The consensus is that the federal government walked away from that partnership,' Abramson says. 'Crime all of a sudden begins to ratchet up but police on the street have ratcheted significantly down. We draw a correlation.' … Justice Department spokesman Brian Roehrkasse disagrees. 'The increase in violent crime in some areas does not appear to be related to federal spending for law enforcement,' he says. 'DOJ spending has never

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accounted for more than 4% of total spending on state and local law enforcement.'"

Navy Contractor Jailed In Mexico On Kidnapping Charges. NBC San Diego (1/25) reports, "A San Diego man is in jail in Tijuana, accused of kidnapping a 12-year-old girl." NBC San Diego continues, "The U.S. Department of Justice confirmed that Tijuana police arrested Manuel Martinez, 41, on Monday. He is accused of abducting the girl outside a school. … According to police, Martinez pulled the girl into a burgundy Toyota truck with California license plates, tied her up and threatened to rape and kill her. Police found the truck and rescued her, officials said. They also found U.S. Navy credentials, a military knife and various sexual aids in the truck, police said. … Martinez is a civilian contractor working for the U.S. Navy, according to the Justice Department. He is being held on kidnapping, attempted murder and other charges."

DOJ Asked To Probe "Hounddog" Movie For Possible Porn Law Violations. The AP (1/25, Hummel) reports from Park City, UT, "At a festival that features several films with sexual content, including full male nudity and a documentary about bestiality, a Southern Gothic tale that includes the rape of a young girl is causing the biggest stir. … 'Hounddog' is the story of Lewellen, a girl played by 12-year-old Dakota Fanning, who is growing up in the 1960s South. She is a free spirit obsessed with Elvis Presley and has little supervision by her abusive father and alcoholic grandmother." The AP continues, "Even before the first screening of 'Hounddog' at the Sundance Film Festival this week, a Christian film critic, citing Fanning's age, decried the movie as child abuse, and Roman Catholic activist Bill Donohue called for a federal investigation. … Fanning is defending her work as well as the movie, and so is the head of Sundance, who said it was courageous for director Deborah Kampmeier to tackle 'challenging material.' 'Hounddog' is entered in the festival's dramatic category." The AP adds, "The disturbing scene lasts a few minutes, but is not graphic. There is no nudity, the scene is very darkly lit and only Fanning's face and hand are shown. … Ted Baehr, chairman of the Christian Film and Television Commission and publisher of the Web site movieguide.org, claims 'Hounddog' breaks federal child-pornography law. He said the law covers material that 'appears' to show minors engaging in sexually explicit conduct. … Donohue, president of the Catholic League for Religious and Civil Rights, said he has asked the U.S. Justice Department to investigate whether antipornography laws have been broken."

New Mexico Treasurer Sentenced To Prison For Extortion Plot. In a widely-distributed story, the AP (1/25, Korte) reports, "Former state Treasurer Robert Vigil was sentenced Wednesday to three years in federal prison for pressuring a contractor to hire the previous treasurer's wife, despite concerns that she was unqualified. Vigil, 53, was convicted in September of a single count of attempted extortion. Jurors acquitted him of 23 other counts of extortion and racketeering. Vigil remained free after sentencing, wearing an ankle monitoring bracelet, but the judge ordered him to report to prison within 60 days." The AP adds, "Vigil was also fined $97,000 and sentenced to three years of probation after his release."

FBI Arrests Memphis Police Officer On Money Laundering Charges. WMC-TV Memphis (1/24, Douglas) reported on its Web site from a broadcast story, "A Memphis Police officer was arrested Wednesday as a result of Operation Tarnished Blue." Officer Orlando Hebron allegedly "made several offers to launder money for an undercover informant. … Federal documents say that the informant agreed to give Hebron about $3,000 in cash. In exchange for the cash, Hebron promised to launder the money and return $2,400 of it in the form of a check." Hebron also allegedly "agreed to assist the informant in a robbery at a mini-storage last November where the informant says thousands of dollars in cash and two kilos of cocaine were stored. This time the informant gave Hebron $4,900 to launder." The Memphis Commercial Appeal (1/25, Conley, 163K) notes Hebron, "an officer since 1995 and currently assigned to Mitchell High School, was arrested by FBI agents Wednesday, after the return of a sealed indictment by a federal grand jury on Tuesday." He "Hebron is the 15th law enforcement officer snared in the FBI's ongoing investigation of police corruption dubbed 'Tarnished Blue.' Eight other officers have been charged in related anti-corruption operations in the past two years."

Neteller Co-Founder Vows To Fight US Charges. The Financial Times (1/25, Pimlott) reports, "John Lefebvre, the co-founder of Neteller who stands accused of laundering billions of dollars in illegal online

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gaming proceeds, plans to fight all of the charges against him, his lawyer said. 'He's going to be contesting everything we know about the charges right now,' said Vincent Marella, his attorney, outside the New York court where Mr Lefebvre was due to appear yesterday for a bail hearing." The Times adds, "The US justice department considers online gambling to be illegal although it is an established and regulated industry elsewhere in the world," and "some US lawyers have questioned whether criminal prosecutions are likely to be successful because the companies involved are not based on US soil."

FBI Arrests UC Riverside Official On Bribery Charges. The Orange County Register (1/25, Carcamo) reports, "Officials arrested a man Wednesday on suspicion of federal bribery charges after prosecutors said he solicited bribes from an Irvine-based company, U.S. Attorney's officials reported. Federal prosecutors accuse Theodore Chiu, 53, of Riverside of receiving a series of bribes from and Irvine-based general contractor in charge of the construction of a psychology building on the campus of UC Riverside. FBI agents arrested Chiu on the campus after they said he met with the president of the Irvine-based FTR International Inc. Chiu is an associate director of design and construction at the university." The Register notes that "Chiu allegedly received $18,000 in bribes from FTR. The company and its president cooperated with FBI agents during the investigation, prosecutors said." The Los Angeles Times (1/25, 850K) also briefly reported on Chiu's arrest.

Federal Investigators Widening Pirro Probe. The New York Daily News (1/25, Standora, 729K) reports, "The feds have again widened their criminal probe of former Westchester District Attorney Jeanine Pirro - this time to see if she used the resources of her office in her failed campaign against Sen. Hillary Clinton, WNBC reported yesterday. FBI agents and local investigators are focusing on whether Republican Pirro or her staffers ran background checks on donors to her 2006 senatorial campaign using computers and databases at the DA's office, the station's Jonathan Dienst reported. A number of former members of Pirro's campaign have been questioned by investigators, he said." However, "Pirro spokesman Michael Edelman told the Daily News last night that Pirro had done nothing wrong, calling the probe 'nonsense.'"

Florida Man Convicted Of Defrauding Medicare With Stolen Patient IDs. The Naples Daily News (1/25, Freeman) reports, "A jury Wednesday convicted a Collier County man of stealing the identities of 1,130 patients at Cleveland Clinic Naples that were used to submit more than $7 million in false claims to Medicare, according to the U.S. Attorney's Office in Miami. Fernando Ferrer Jr. of Naples, a registered owner of Advanced Medical Claims in Naples, was convicted after a three-day trial in U.S. District Court in Fort Lauderdale on eight counts of conspiracy to defraud the U.S. government, computer fraud, wrongful disclosure of individual health information and aggravated identity theft." Ferrer and co-defendant Isis Machado "became the first individuals in South Florida convicted of criminal charges for violating the federal law protecting patients' privacy rights, known as the Health Insurance Portability and Accountability Act (HIPPA), according to the U.S. Justice Department."

The AP (1/25) notes Machado "worked as a front desk coordinator at Cleveland Clinic in Weston from May 2005 to June 2006. She downloaded patient files and then sold them to Ferrer, who then made false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, the indictment said. Ferrer used the information to bill medical providers in Miami for services that were not rendered, resulting in $7 million fraudulently billed to Medicare, federal investigators said."

Chicago Investment Adviser Convicted Of Fraud. The Chicago Tribune (1/25, O'Connor, 617K) reports, "A former Chicago investment adviser whose business card touted him as 'Ambassador to Cash' was convicted Wednesday by a federal jury of conning an ailing woman out of more than a quarter million dollars. Jurors took about three hours to find Brian D. McGowan guilty on 18 counts of wire fraud and one count of investment-adviser fraud. During the nearly three-week trial, testimony by the mother of Michael Jordan and that of athletes with ties to Chicago denied claims by McGowan that he had managed their financial affairs. Following the verdict, U.S. District Senior Judge John Grady said McGowan's testimony was the most egregious perjury he had seen in more than three decades on the bench."

The Chicago Sun-Times (1/25) notes McGowan "tricked Camille La Mie, 63, into handing over the bulk of her wealth by boasting that his clients included Michael Jordan's mother and former NBA star Tim Hardaway. Prosecutors

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said McGowan used some of La Mie's money to pay his own bills. McGowan's attorney argued that La Mie, formerly of Chicago, was angry with McGowan because he'd failed to hide her income from the government. She then proceeded to set up McGowan, defense attorney Robert Gorence argued."

New York Man Pleads Guilty To Scamming $200,000 From Priests. The New York Times (1/25, 1.16M) reports, "Robert Riggio of Manhattan, who was charged with defrauding more than 60 priests over several years, pleaded guilty to wire fraud in Federal District Court yesterday, prosecutors said." US Attorney Michael Garcia "said that Mr. Riggio stole more than $200,000 from 2004 to 2006 by calling priests with bogus pleas for help and requests for money. The funds often came from the priests' personal savings, Mr. Garcia said. Mr. Riggio was arrested in September after he asked for money from an F.B.I. agent posing as the niece of a priest who had been defrauded, Mr. Garcia said."

Former BLA Members Were Living "Comparatively Quiet Lives." The AP (1/25, Curtis) reports, "They'd long since exchanged the radical idealism of their youth for comparatively quiet lives as janitors, job counselors and Little League coaches. They'd become husbands, fathers and grandfathers. But memories of a violent era in American history came rushing back this week when eight men with ties to the Black Panther Party were arrested in the 1971 killing of a San Francisco police officer." The AP notes, "Two years after the killing," alleged lookouts John Bowman and Harold Taylor "were arrested in New Orleans. But a judge dismissed the charges in 1976 because the men had allegedly been tortured by San Francisco police officers during an interrogation. Over three days, the men said, they were stripped, blindfolded and beaten." Bowman and Taylor "went public, speaking to activist and community groups from Boston to Chicago and vowing to dedicate the rest of their lives to stopping torture. … Two defense lawyers said Wednesday they believe the new charges are retaliation for the former Panthers' public statements." In a story also largely sympathetic toward the suspects, the San Francisco Chronicle (1/25, A1, Fulbright, Bulwa, 384K) reports on local reaction to the arrests, under the headline "Stunned Friends Laud The Men They Know Now."

Defense Lawyers Expect Former BLA Member To Be Key US Witness. The San Francisco Chronicle (1/25, Van Derbeken, 384K) reports, "More than 30 years ago, Ruben Scott testified against his alleged Black Liberation Army brethren in the slaying of two New York City police officers. Now, defense attorneys suspect, Scott will be alone among the former militants to testify against his one-time confederates, who were charged Tuesday in the 1971 slaying of San Francisco police Sgt. John Young and a larger conspiracy to kill police. While state prosecutors won't say whether Scott will take the witness stand, defense attorneys say he is the only insider whose testimony has ever been used to convict BLA members of a crime. And he is the only former BLA member previously indicted in the slaying of Young whom prosecutors have chosen not to name again in the current case. The charges against him were dismissed in 1976."

Convicted Cop Killer Had Stolen Pennsylvania Man's ID. The AP (1/25, Kates) reports John T. Healy, of Yardley, Pa., "has endured a nightmare over the past two weeks after learning that the man who apparently stole his identity two years ago was charged with -- and ultimately convicted of -- killing an upstate New York police officer." The AP notes, "The man authorities prosecuted under the name John Healy was convicted Monday of second-degree murder for his role in the death of New Hartford Police Officer Joseph Corr following a million-dollar jewelry store robbery. … FBI Special Agent Jerri Williams in Philadelphia said Wednesday that the defendant is known to her agency as Toussaint Martin, 38, formerly of Philadelphia. He has been 'known to law enforcement for a number of years' and was a suspect in other jewelry store robberies when he was caught in New York, she said."

Coke Formula Theft Trial Delayed By Dispute Over Sensitive Documents. The Atlanta Journal-Constitution (1/25, Stanford, 379K) reports, "The judge in the Coke secrets trial sent the jury home Wednesday morning so attorneys could haggle over how to handle sensitive documents the company says contain proprietary trade information. Coke's lawyers and prosecutors had thought the judge was going to seal hundreds of pages of Coca-Cola documents from public view, showing them only to jurors who would be sworn to secrecy. But U.S. District Court Judge J. Owen Forrester told the lawyers they

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misunderstood his intentions. He said he had agreed to seal only two documents. That sent Coke's lawyers into a tizzy." The AJC adds, "The judge also admonished federal prosecutors for allowing the defense attorney to deal directly with Coke's lawyers. … 'You and you only are responsible for the representation you make to this court' about the introduction of evidence."

The AP (1/25, Clark) reports, "A government prosecutor asked for a recess to review more than 750 pages of defense documents to determine whether portions should be redacted before being shown to the jury." Forrester "granted the recess until 11 a.m. Thursday," when defendant Joya Williams' former boss, Coke executive Javier Sanchez Lamelas, "is expected to return to the stand." On Tuesday, Lamelas testified "that there was no reason for Williams to bring confidential Coca-Cola documents to her home." Bloomberg News (1/25) also briefly reports on the recess.

Duncan "Confession" To FBI Insufficient To Bring Murder Charges. In a widely-distributed story, the AP (1/25, Johnson) reports, "A convicted murderer's statements to the FBI about the deaths of two young girls in Washington are not sufficient to bring criminal charges in the deaths, though the man remains 'a viable person of interest' in the slayings, investigators said Wednesday. Federal prosecutors in Idaho said Tuesday that Joseph Edward Duncan III had confessed to the Washington killings and the slaying of a California boy in statements to the FBI after he was arrested in July 2005 with an Idaho girl who had vanished seven weeks earlier." The AP adds, "Though Duncan's statements revealed some knowledge of the case, he could have gleaned it from a fellow inmate or elsewhere, King County sheriff's spokesman Sgt. John Urquhart said. … 'Characterizing what Duncan said as a "confession" has a huge impact on the family,' Urquhart said. 'They think the case has been solved and that we know who killed their kids. But we don't know that for sure, and we continue to investigate.'"

Federal Prosecutors Reveal Deal With Jeffs Over Seized Documents. The Deseret Morning News (1/25, Winslow) reports, "Federal prosecutors say they have struck a deal with Fundamentalist LDS Church leader Warren Jeffs over documents, letters and other evidence seized when he was arrested. That deal voids any claims Jeffs has that the documents are privileged communications between the polygamist leader and his followers, the U.S. Attorney's Office for Utah said in a motion asking a federal judge to dismiss the evidence-dispute case in Nevada." The Deseret News adds, "In an affidavit obtained by the Deseret Morning News on Wednesday, an FBI agent revealed more details about Jeffs' arrest. Conflicting stories raised suspicions about a man in the car who identified himself as 'John Findley.' … After getting the driver's consent to search, the trooper found envelopes addressed to 'President Jeffs' and two yellow envelopes containing cash, debit cards and tools. FBI agents arrived on the scene and spoke to "John Findley," who admitted he was Warren Jeffs."

Closing Arguments Made At Federal Abortion Murder Trial. In a widely-distributed story, the AP (1/25, Thompson) reports, "Anti-abortion extremist James Kopp made a last attempt Wednesday to convince jurors he didn't mean to kill a doctor he shot, while a prosecutor countered there are 'no do-overs' when shooting someone. The two sides presented their closing arguments in Kopp's trial on charges he violated the federal Freedom of Access to Clinic Entrances Act by killing Dr. Barnett Slepian with a single shot from a Russian military rifle in 1998." The AP notes, "After the Oct. 23, 1998, shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001. He was added — along with Osama bin Laden — to the FBI's list of the Ten Most Wanted fugitives in June 1999. Jurors deliberated about an hour Wednesday before being sent home after asking to review testimony concerning the timeline of the shooting."

Texas Man Sentenced To 10 Months In Prison For Red Cross Relief Fraud. The AP (1/25) reports, "A Dallas man who used stolen Hurricane Katrina debit cards is joining two of his siblings in prison over the same scam, authorities said. Abram Wesley Hines, 25, was sentenced Wednesday to 10 months behind bars, the U.S. attorney's office said." The trio "admitted stealing at least 80 Red Cross debit cards meant for victims of Katrina." Brian Hines "was sentenced to 30 months and ordered to make nearly $203,000 in restitution," and Charmaine Denise Hines "was sentenced to 41 months in prison and ordered to repay more than $23,000."

NC Bar Brings Ethics Charges Against Prosecutor In Duke Case. USA Today (1/25, Koch)

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reports, "Mike Nifong, whose prosecution of three Duke University lacrosse players on rape and sexual misconduct charges has faced growing criticism, has been hit with a second set of misconduct charges." USA continues, "In a complaint filed Wednesday, the North Carolina State Bar accused Durham County District Attorney Nifong of withholding evidence from the defense and making misleading statements in court. It charged him last month with violating rules of professional conduct by making misleading and inflammatory statements to reporters about the athletes, who were suspended from the university." USA adds, "Duke permitted two of the athletes, Reade Seligmann and Collin Finnerty, to return to school this month, following the dismissal Dec. 22 of rape charges, the most serious charges against them. The third defendant, David Evans, has graduated. All three say they are innocent. … The expanded ethics complaint, which says Nifong's actions amount to a 'systematic abuse of prosecutorial discretion,' could lead to his disbarment, says L. Thomas Lunsford II, the state bar's executive director."

The New York Times (1/25, Wilson) reports, "The new charges added to a previous ethics complaint accusing Mr. Nifong of making false and prejudicial remarks about the case to the news media. A three-member independent panel is expected to hear the matter against him this summer. Penalties could include disbarment." The Times adds, "Mr. Nifong's lawyer, David B. Freedman, denied yesterday that there had been 'any sort of intentional unethical conduct.' In a telephone interview, Mr. Freedman said that Mr. Nifong had a 'flawless record' for ethics in 28 years as a prosecutor and that a written response, to be issued within 30 days, would give his side of the case."

Mortgage Fraud On The Rise Across The Nation. USA Today (1/25, Knox) reports from Leavenworth, KS, "When Brent Barber tells you -- and he's about to -- how easy it is to steal your house out from under you, or take your money and ruin your credit, even while he's sitting in prison, you'd better listen. … A one-time millionaire with a house on a golf course, Barber was sentenced in October to 12 years in prison for masterminding the largest mortgage fraud ever prosecuted in Missouri, and most other states too, the FBI says. He pleaded guilty to a five-year scam that involved nearly 300 properties in Kansas City, Mo., and victimized more than 80 people." USA continues, "Nationally, mortgage fraud has spread in the past few years, with losses totaling around $1 billion last year, the FBI says. The real estate boom, along with looser lending standards, built an ideal breeding ground for smooth-talking con artists like Barber. Those hurt by fraud are not only lenders, but also the thousands of other homeowners who pay higher interest rates as a result, and the neighborhoods where foreclosures depress property values, invite crime and drain city resources. … Florida is the No. 1 hot spot for mortgage fraud, followed by Utah, Georgia, Colorado, Illinois and Missouri (chart, right)." USA adds, "Fraud cases are likely to continue rising this year and next, the Mortgage Asset Research Institute says. That's because fraud has become harder to hide in today's slower housing market, when lenders have more time to review applications and appraisals. And because fraudulent loans tend to fall into foreclosure after about three years, many bad loans from the real estate boom have yet to surface."

Prosecutors Want DeLay Charge Reinstated. The AP (1/25, Shannon) reports, "Prosecutors attempting to restore a conspiracy charge against former House Majority Leader Tom DeLay argued Wednesday that the 'plain language' of Texas law means he can be charged with conspiring to violate the election code." But "lawyers for DeLay and two co-defendants told the Court of Criminal Appeals the law is clear in their view -- that conspiracy was added to the state election code after prosecutors allege the crime happened." Travis County District Attorney Ronnie Earle's office "is appealing lower court rulings that threw out the charge accusing DeLay and Republican fundraisers Jim Ellis and John Colyandro of conspiring to violate the Texas election code and its ban on corporate campaign contributions. It could be weeks or months before the appeals court makes a decision."

NYTimes Criticizes Mandatory Sentencing Laws. The New York Times (1/25, 1.16M) says in an editorial that the US "is paying a heavy price for the mandatory sentencing fad that swept the country 30 years ago. After a tenfold increase in the nation's prison population — and a corrections price tag that exceeds $60 billion a year — the states have often been forced to choose between building new prisons or new schools. Worse still, the country has created a growing felon caste, now more than 16 million strong, of felons and ex-felons, who are often driven back to prison by policies that make it impossible for them to find jobs, housing or education." The "only real way to reduce the

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inmate population — and the felon class — is to ensure that imprisonment is a method of last resort. That means abandoning the mandatory sentencing laws that have filled prisons to bursting with nonviolent offenders who are doomed to remain trapped at the very margins of society."

CIVIL LAW:

PBS&J Settles Contract Claims With DOJ For $6.4 Million. The Miami Herald (1/25, Danner, Christensen) reports, "The embezzlement by three former employees at engineering firm PBS&J continues to cost the firm: PBS&J paid more than $6.4 million to settle claims it overcharged the federal government on 'hundreds of contracts,' the Justice Department announced." The Herald continues, "The overbilling, the government said, arose from a $36 million embezzlement scheme perpetrated by PBS&J's former chief financial officer and two underlings between 1992 and 2005. … The embezzlement involved shifting funds and fabricating entries in the company's books to cover up the scheme and resulted in PBS&J's audited overhead rates being overstated, the Justice Department said in a statement. Overhead includes items like management salaries, rent, insurance and benefits." The Herald adds, "The settlement resolves claims that PBS&J violated the False Claims Act. … The three former PBS&J employees, ex-CFO W. Scott DeLoach, Maria A. Garcia and Rosario Licata, each pleaded guilty in September to their roles in the embezzlement. They are scheduled to be sentenced next month. … Joining the Justice Department in the civil investigation of PBS&J were the Office of the Inspector General for the Department of Transportation and the Defense Contract Audit Agency. … 'Companies that enter into contracts with the government must maintain accounting controls and procedures that ensure that the costs and rates that they submit to the government are accurate,' said Peter D. Keisler, assistant attorney general of the civil division in Washington."

Winners Of FBI Wrongful Death Suit Drop Additional Claims Against Agents. The Boston Globe (1/25, Murphy, 413K) reports, "It took 22 years for the family of slain Quincy fisherman John McIntyre to prove that the FBI's mishandling of longtime informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi caused his brutal killing in 1984. But after winning a landmark $3.2 million wrongful death suit against the government in September, lawyers for McIntyre's mother and brother notified a judge yesterday that they are dropping additional claims they had made against six retired FBI agents. 'We proved what we wanted to prove,' said McIntyre's brother, Christopher, adding that he and his mother want to get on with their lives and weren't up for another drawn-out legal battle that would once again rehash his brother's murder." The Globe notes, "US District Judge Reginald C. Lindsay…had yet to rule on the agents' assertions that federal law barred the McIntyres from seeking damages from them, since they had already won a damages claim against the government."

CIVIL RIGHTS:

Former Deputy Charged With 1964 Racial Murders. The AP (1/25, Pettus, Jordan) reports from Jackson, MS, "A white former sheriff's deputy who was once thought to be dead was arrested on federal charges Wednesday in one of the last major unsolved crimes of the civil rights era — the 1964 killings of two black men who were beaten and dumped alive into the Mississippi River." The AP continues, "The break in the 43-year-old case was largely the result of the dogged efforts of the older brother of one of the victims, who vowed to bring the killers to justice. … James Ford Seale, a 71-year-old reputed Ku Klux Klansman from the town of Roxie, was charged with kidnapping hitchhikers Charles Eddie Moore and Henry Hezekiah Dee, both 19. … The victims' weighted, badly decomposed bodies were found by chance two months later in July 1964, during the search for three civil rights workers whose disappearance and deaths in Philadelphia, Miss., got far more attention from the media and the FBI. … Seale is expected to be arraigned Thursday in Jackson." The AP adds, "The arrest marked the latest attempt by prosecutors in the South to close the books on crimes from the civil rights era that went unpunished. In recent years, authorities in Mississippi and Alabama have won convictions in the 1963 assassination of NAACP activist Medgar Evers; the 1963 Birmingham, Ala., church bombing that killed four black girls; and the 1964 Philadelphia, Miss., slayings. … The U.S. Justice Department reopened the case after The Clarion-Ledger of Jackson uncovered documents indicating that the beatings had occurred in the Homochitto National Forest, giving the FBI jurisdiction. But the case languished until Seale was located."

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USA Today (1/25, Mitchell) reports, "Since 1989, Mississippi and six other states have re-examined 29 killings, leading to 22 convictions, most recently in 2005 when a Neshoba County jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of three civil rights workers, James Chaney, Andrew Goodman and Michael Schwerner. … 'We are extremely pleased to see that the federal government is truly committed to taking care of its unfinished business from the civil rights era,' said Alvin Sykes, a Kansas City activist whose work helped lead to the reinvestigation of the 1955 killing of Emmet Till. … The Till case may be presented to a grand jury later this year." USA adds, "Sykes is now pushing legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era. 'When Congress passes the Till bill, you can best believe there will be a lot more perpetrators from that era who will be facing the bar of justice for the lynchings they thought they got away with many years ago,' Sykes said."

The New York Times (1/25, Dewan) reports, "The charges against Mr. Seale, some seven years after the Federal Bureau of Investigation reopened the case, are the latest in a string of prosecutions of racially motivated slayings from the 1950s and '60s. While virtually all the prosecutions so far have proved successful, investigators have long warned that every passing year makes it more difficult to build a case." The Times continues, "Many of those killings became nationally infamous, like the murder of three civil rights workers — James Chaney, Andrew Goodman and Michael Schwerner — portrayed decades later in the movie 'Mississippi Burning.' But like dozens of lynchings in that era, the deaths of the two victims in this case, Henry H. Dee and Charles E. Moore, both 19, were far more obscure. … The discovery of their bodies, in the Old River near Natchez, Miss., attracted attention mainly because it was initially thought that they might be those of two of the three missing rights workers, who, as the nation looked on, were being sought by federal agents, dozens of volunteers and 400 Navy sailors." The Times notes, "Still, the F.B.I. took on the Dee-Moore case, and in November 1964 Mr. Seale, the son of a chapter leader of the White Knights of the Ku Klux Klan, and another man, Charles M. Edwards, were arrested. Local authorities never prosecuted them, however, even though Mr. Edwards, according to the case file, had told federal agents that he, Mr. Seale and others had beaten Mr. Dee and Mr. Moore, who, Mr. Edwards said, were alive when he left them."

WLOX-TV, Biloxi, Gulfport, Pascagoula, MS (1/24, 10:00 p.m.) broadcasted, "71-year old James Seale is expected to be arraigned tomorrow in Jackson. US Attorney Dunn Lampton, who led the investigation, along with Attorney General Alberto Gonzales and FBI Director Robert Mueller will be holding a news conference tomorrow in Washington.

Federal, State Authorities To Monitor Police-Involved Shootings In Georgia. In Tucker, Georgia, the AP (1/24) reported that newly appointed DeKalb County Police Chief Terrell Bolton "said Wednesday that reducing the number of police-involved shootings is his top priority, and said federal and state authorities will now be called to the scene to monitor those incidents. … GBI and DEA agents will respond to police-involved shootings as they happen, working as monitors and reporting inappropriate behavior to DeKalb superior officers."

The Atlanta Journal-Constitution (1/25, Simpson) reports DeKalb "apparently will be the first major metro Atlanta police department to bring state and federal officials to shooting scenes to observe the police investigation. … Bolton said the GBI and DEA agreed to his request to supply investigators who will be trained in DeKalb procedures so that they can go to shooting scenes."

Cleveland Police Officer Under Probe For Allegedly Beating Drug Suspect. The Cleveland Plain Dealer (1/25, Puente) reports, "A Cleveland police officer is under investigation over allegations he beat a suspected drug dealer to find out where he hid a package of cocaine." The Plain Dealer continues, "Narcotics Detective Jamal Ansari, a 22-year-veteran, is accused of dragging Damon Alexander, while handcuffed, around his Shaker Heights home last April until Alexander told him where he hid the cocaine. … Ansari is being investigated by the Cleveland police Internal Affairs unit, the U.S. Justice Department and the federal Drug Enforcement Administration." The Plain Dealer adds, "Alexander testified in a federal court hearing in November that Ansari repeatedly punched him in the face, kicked him in the chest and slammed his head into walls with enough force to break drywall, federal court records say. Alexander suffered cuts and bruises on his chest, and doctors gave him an electrocardiogram, according to court records. … Ansari testified that he hit Alexander 15 to 25 times to gain control of him even though he was handcuffed. But U.S. District Judge James Gwin did not believe Ansari. … 'This

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testimony is not credible,' Gwin wrote in a ruling last month. … Gwin also ruled Ansari violated Alexander's constitutional rights by continuing to question Alexander after his request for a lawyer."

Testimony Begins In Former Agent's Discrimination Suit Against FBI. The Minneapolis Star Tribune (1/25, Browning, 395K) reports, "Ex-FBI agent Jane Turner spent more than five years fighting to get her case against her former employer into federal court, and on Wednesday she told a jury in Minneapolis about what she said was a plot to wreck her career as retribution for a sexual discrimination complaint she filed against her boss in 1998." However, Assistant US Attorney Martha Fagg said of Turner in her opening argument, "She was seriously burned out. She just stopped working." Fagg added that "FBI supervisors didn't try to sideline Turner," and "to salvage her career, she said, they transferred her from an outpost in Minot, N.D., to Minneapolis, where they tried to help her get back on track." The Star Tribune notes Turner "testified…that she had never had an unsatisfactory job review until after she filed a sexual harassment complaint against her supervisor, Senior Supervisory Agent Craig Welkin." Meanwhile, "Assistant U.S. Attorney Clare Hochhalter testified that he never saw Turner 'stop working,'" and she "offered strong praise for Turner's investigative and interrogation skills."

Port Chester, NY, Challenges DOJ Suit On Election System. The New York Journal News (1/25, Sadler) reports that the village of Port Chester, NY, "filed court papers yesterday that pick apart the federal lawsuit that accuses its election system of illegally suppressing the Hispanic vote." The News continues, "In the papers, the village asked U.S. District Judge Stephen Robinson to deny the government's request to block the March 20 election for two seats on the Board of Trustees. … 'There will be irreparable harm if the election does not go forward,' the papers say. The village contends that the move could disenfranchise voters in the March mayoral election and that 'government may come to an effective standstill due to the expiring terms of current members.'" The News adds, "The papers were filed in response to a lawsuit filed by the Justice Department in December claiming that the village's 'at- large' method of electing its six trustees violates the federal Voting Rights Act. … Though nearly half of the village's 28,000 residents and 22 percent of its eligible voters are Hispanic, no Hispanic has ever been elected to village office." The News notes, "The Justice Department is asking the judge to replace Port Chester's at-large system with one in which trustees are elected from six districts. … It has presented a proposal for voting districts, including a majority Hispanic ward. … But the village is questioning the validity of the proposed Hispanic district because the estimated number of Hispanic residents is only eight higher than the number of non-Hispanic residents, fewer than the margin of error, it claims."

NAACP Criticizes Medicare For Not Covering Heart Drug For Blacks. The Wall Street Journal (1/25, A20, Winstein, 2.04M) reports an NAACP official "condemned Medicare for declining to promote insurance coverage of a cardiac medication for African-Americans, in a letter that blamed government policy for disparity in the treatment of blacks with heart failure." The "sharply worded letter, addressed to the Boston regional office of the Centers for Medicare and Medicaid Services, or CMS, detailed tension between the local arm of the civil-rights organization and the agency over BiDil, the only drug approved for use by a single race." BiDil has "been shown to reduce deaths in blacks with congestive heart failure by about 40% a year, but NitroMed says it is used by only about 2% of the 750,000 African-Americans who have the condition." But many groups, "including the American Heart Association and the American College of Cardiology, say there is no evidence that the medication, which costs insurers roughly $1,400 to $2,800 a year to offer to a customer, works any better than its two generic parts -- isosorbide dinitrate and hydralazine -- taken separately."

ANTITRUST:

Senators Ponder Implications Of Airline Merger. The Atlanta Journal-Constitution (1/25, Geewax, 379K) reports, "Appearing at a packed hearing before the Senate Commerce Committee Wednesday, Delta Air Lines CEO Gerald Grinstein said both workers and consumers will suffer if US Airways' takeover bid for Delta succeeds. 'Delta does not need to be acquired to be saved,' Grinstein declared in an overstuffed hearing room ringed by Delta pilots, standing ramrod straight in their black uniforms."

The Wall Street Journal (1/25, Trottman, Dade, 2.04M) reports members of the Senate committee "expressed strong

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skepticism that sweeping consolidation in the US airline industry would be good for consumers and were particularly unenthused about US Airways Group Inc.'s $9.8 billion hostile bid for Delta Air Lines Inc. A three-hour hearing was punctuated by testiness as US Airways Chairman and Chief Executive Doug Parker defended the Tempe, Ariz., carrier's takeover offer, which was condemned by Gerald Grinstein, Delta's CEO, who insisted that the Atlanta airline would be best to emerge from bankruptcy on its own later this year." The Journal adds, "Despite a grilling from lawmakers on the Senate Committee on Commerce, Science and Transportation, the hearing was somewhat anticlimactic because in recent days the official committee of Delta creditors appears to have been shying away from the US Airways bid, according to people familiar with the situation. … One of the biggest concerns by committee members is that a merger could force Delta to remain in bankruptcy while a deal is ironed out and that resistance by Delta executives could derail the process."

USA Today (1/25, 4B, Adams, 2.27M) reports, "From the start, the tone of the hearing was critical. Many of the committee members hail from largely rural states -- Alaska, Minnesota, Maine, West Virginia, North Dakota -- and worried aloud that consolidation would reduce service to cities in their states." And the Washington Post (1/25, D1, Wilber, 690K) says "senators from Maine to Mississippi expressed skepticism. 'The inevitable will happen, which is to say that we're going to, you know, lose service and also, I think, [the outcome will] result in higher prices,' said Sen. Olympia Snowe (R-Maine)." Sens. Byron L. Dorgan and Trent Lott "said they did not think the merger would help their residents and were not pleased by the hostile nature of the bid."

The Financial Times (1/25, Kirchgaessner, Cameron) reports, "Washington lawmakers on both sides of the aisle on Wednesday expressed deep scepticism about US Airways' $9.8bn hostile bid for Delta." The Times continues, "The poor reception for the deal in Congress raises significant questions about the future of the proposed transaction. The airline merger would lead to a wave of consolidation that would cut sharply the number of national carriers in the US, the lawmakers said. … In a small, packed hearing room to discuss the prospects of the deal, some Democratic and Republican senators appeared unconvinced by promises from Doug Parker, chief executive of US Airways, that the proposed deal, which would create the largest US carrier, would not lead to cuts in service, large-scale redundancies or increased fares." The Times adds, "While Congress does not have a formal say in deciding whether the deal could move forward, lawmakers – particularly those representing rural states – could put political pressure on both the airline industry and the Justice Department, which would review the deal on antitrust grounds. Although the White House has been largely hands-off on merger reviews, the Justice Department blocked a proposed merger between United and US Airways in 2001. … Andrew Steinberg, assistant secretary for aviation at the Department of Transportation, which would likely confer with antitrust authorities on the deal, declined to comment on the US Airways case, but presented mixed signals on where the Bush administration might stand on the issue."

Delta CEO Denies Merger Plans. The Detroit News (1/25, Shepardson) reports, "Delta Air Lines CEO Gerald Grinstein told Congress Wednesday the airline isn't interested in merging with US Airways or with Northwest Airlines, the largest carrier at Detroit Metropolitan Airport. … 'One such rumor is that Delta is negotiating a merger or similar deal with Northwest. One point we want to make very clear: We are not negotiating any such deal with Northwest,' Grinstein said in prepared testimony before the Senate Commerce, Science and Transportation committee." The News continues, "The hearing was called to discuss the potential impact of airline mergers and industry consolidation. … 'In the face of US Airways' hostile takeover bid, our Official Creditors Committee asked us to help gather information about potential strategic alternatives from other airlines, including Northwest.'" The News adds, "Grinstein said that to fulfill that request, the airline 'recently retained an investment banker to obtain that information, a far cry from negotiating a merger. We are compiling this information, but there has not been any negotiation regarding a merger or similar deal with Northwest or any other airline.' … Grinstein heavily criticized US Airways' $10 billion-plus hostile takeover bid, saying it would never be approved by the Justice Department. Analysts have noted that there is a great deal of overlap between the two carriers' route structure, and that a merger could result in the elimination of many duplicative flights."

CME To Dominate Leadership Of Merger CME-CBOT. The AP (1/25, Wisnefski, Packowitz) reports, "Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. Wednesday named those who will be on their post-merger management team, with CME executives

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dominating the leadership roster." The AP continues, "The exchanges also said they 'believe they are on track' to complete the merger by mid-2007, noting that 'significant milestones' have been reached recently. The two largest U.S. futures exchanges cited, as examples, the filing in December of a registration statement with the Securities and Exchange Commission, and decisions made regarding a high-level organizational structure and a senior leadership team." The AP adds, "As previously announced, CME Chief Executive Craig Donohue will be CEO of the merged company, to be known as CME Group. CME Executive Chairman Terry Duffy will retain that role in the merged group, and CBOT Chairman Charles Carey will serve as CME Group vice chairman. Also as previously disclosed, CBOT CEO Bernard Dan will serve as a special advisor to the combined company for one year after the merger closes. … The only current CBOT executive who will be on the CME Group's management team is Bryan Durkin, who will serve as chief operating officer. Durkin, who currently serves as CBOT's chief operating officer and has been with the exchange since 1982, will be responsible for overseeing the transition of CBOT's electronically traded products to CME's Globex platform and the transition of CME trading floor operations to the CBOT facility."

Competition Abroad Seen As Leveling Playing Field For Financial Markets. The Wall Street Journal (1/25, A1, lp, Scannell, Solomon, 2.04M) reports, "Prominent figures in the U.S." such as Treasury Secretary Henry Paulson and former White House economic adviser Glenn Hubbard "are warning that the nation's financial markets have been handicapped by post-Enron regulatory overreach." Their "key evidence is data suggesting that U.S. stock markets are increasingly unattractive places for companies to list shares." Yet this position, "which has gone largely unchallenged, downplays a different explanation for why U.S. exchanges are under pressure -- the changing nature of global finance. Stock markets around the world have become better and deeper, encouraging companies to seek IPOs in their home market. Trading across borders has become simpler, cutting the prestige and usefulness of a big-country listing everywhere. And private-equity buyouts are a global phenomenon, not a uniquely American one." Meanwhile, other countries "are stiffening their own rules, bringing them closer to the U.S. model."

Juror Dismissed From Iowa Microsoft Trial. The AP (1/25, Pitt) reports from Des Moines, IA, "A juror was dismissed Wednesday for undisclosed reasons from the class-action antitrust lawsuit against Microsoft Corp." The AP continues, "The dismissal leaves 11 jurors to review allegations that Microsoft used anticompetitive practices that caused thousands of Iowans to pay more for the company's software than they would have otherwise. … Judge Scott Rosenberg said he considered the dismissal a personal matter and would not say why the juror was dismissed." The AP adds, "Plaintiffs attorneys Roxanne Conlin and Richard Hagstrom said juror dismissals are not unusual in lengthy trials. … 'It will not affect our case,' they said in a statement Wednesday." The AP notes, "Rich Wallis, a Microsoft lawyer, said he does not anticipate any other dismissals, though he expects the remaining jurors will be in court longer than the six months initially predicted. … Seven men and five women were seated Nov. 21 to hear the case in Polk County District Court. They began hearing opening statements Dec. 1."

Italian Fuel Refiner Denies Price-Fixing Scheme. The AP (1/25) reports, "ERG SpA, Italy's biggest independent refiner, denied on Wednesday it had conspired to fix retail fuel prices, in a statement released one day after the country's antitrust regulator started an investigation." The AP continues, "The Italian Competition Authority opened an inquiry into whether nine of the biggest oil companies agreed gasoline prices in the country's service station network, limiting competition and keeping prices at the pump at one of the highest levels in the European Union." The AP adds, "The companies being investigated are Eni SpA, the Italian units of Royal Dutch Shell PLC, Total SA and ExxonMobil Corp., as well as Kuwait Petroleum Italia SpA, Tamoil SpA, local firms ERG SpA, Anonima Petroli Italiana SpA, or API, and IP SpA. Privately-held API bought IP from Eni in 2005. … ERG said it had a 'total lack of involvement' with the alleged price fixing of gasoline and diesel. Eni declined to comment."

EU Expands Anti-Cartel Efforts With Fines. AFP (1/25) reports, "EU antitrust chief Neelie Kroes stepped up her anti-cartel crusade, hitting 11 companies with a record fine for fixing prices and carving up the market in electrical generation equipment." AFP continues, "After bumper fines in 2006, the EU competition watchdog demanded ABB, Alstom, Areva, Fuji, Hitachi Japan AE Power Systems, Mitsubishi Electric Corporation, Schneider, Siemens, Toshiba and VA

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Tech pay 750 million euros (972 million dollars) for running a cartel. … The total fine was the second biggest EU regulators have imposed in a cartel case after slapping 855 million euros in penalties on eight vitamin makers in 2001. That fine was later reduced to 790 million euros by an EU court." AFP adds, "Siemens was told to pay 418 million euros (543 million dollars) for its leading role, the biggest fine EU regulators have ever slapped on a single company for participating in a cartel. … 'The Commission has put an end to a cartel which has cheated public utility companies and consumers for more than 16 years,' EU Competition Commissioner Kroes said. … She has made cracking down on cartels a top priority and last year imposed fines totalling 1.8 billion euros against the illegal clubs, a new annual record for regulators at the European Commission."

Norway Rebuffs Apple's ITunes. The Financial Times (1/25, Ibison, Terazono, Waters) reports, "Apple was dealt a blow in Europe on Wednesday when Norway's powerful consumer ombudsman ruled that its iTunes online music store was illegal because it did not allow downloaded songs to be played on rival technology companies' devices." The Times continues, "The decision is the first time any jurisdiction has concluded iTunes breaks its consumer protection laws and could prompt other European countries to review the situation. … The ombudsman has set a deadline of October 1 for the Apple to make its codes available to other technology companies so that it abides by Norwegian law. If it fails to do so, it will be taken to court, fined and eventually closed down." The Times adds, "Apple, whose iTunes dominates the legal download market, has its proprietory system Fairplay. Songs and tunes downloaded through iTunes are designed to work with Apple's MP3 player iPod, but cannot be played on rival devices. … Torgeir Waterhouse, senior adviser to the Norwegian Consumer Council, who originally launched the complaint, told the Financial Times he was in negotiations with pan-European consumer groups to present a unified position on iTunes' legality. … Sweden and Finland have already backed Norway's stance, but have yet to take action, and Mr Waterhouse said the campaign was joined on Wednesday by Germany and France."

Siemens To Buy UGS For $3.5 Billion. The Financial Times (1/25, Saigol, Milne, Buck, Politi) reports, "Siemens, Europe's largest engineering group, is set to strengthen its core automation division by paying about $3.5bn to buy private equity-owned UGS as it seeks to show it has not been paralysed by bribery allegations." The Times continues, "Details of the plan emerged as Siemens suffered a fresh blow to its reputation and finances on Wednesday, when the European Commission ordered the German engineering group to pay a record €397m fine for its "leadership role" in a long-running price-fixing cartel." The Times adds, "In addition to the UGS deal, the German conglomerate was last night also considering whether to float its VDO division, one of the world's largest car parts suppliers with annual sales of about €10bn, according to people close to the situation. Both measures were discussed last night at a supervisory board meeting but because of worker sensitivities on disposals, it is possible the plans could be disrupted. The approach on VDO was 'undecided', one person familiar with the discussions said. … The moves highlight the determination of Klaus Kleinfeld, Siemens' chief executive, to push ahead with strengthening and restructuring his businesses despite being enmeshed in harmful corruption allegations. UGS, a US company specialising in product lifecycle management, is currently owned by US private equity groups Silver Lake, Bain Capital and Warburg Pincus."

The Wall Street Journal (1/25, C4, Esterl, Singer, Berman) reports, "The steps follow a flurry of moves in the past 18 months by Germany's largest conglomerate, which is overhauling far-flung industrial holdings that manufacture items including steam turbines, medical scanners, high-speed trains and light bulbs." The Journal continues, "A share listing of Siemens VDO Automotive could generate significant cash for the Munich-based company. The unit booked €10 billion ($13 billion) in revenue and €669 million in operating profit in the most recent fiscal year ended Sept. 30. Siemens didn't say how big a minority stake it would float. … Management said last year it would narrow its focus to three fast-growing areas: energy and environment; automation, and public and private infrastructure; and health-care." The Journal adds, "The UGS acquisition marks Siemens's largest purchase since last June, when it agreed to pay €4.2 billion for the medical-diagnostics division of Bayer AG. Europe's largest engineering company by sales, Siemens also has been investing heavily in areas such as wind power and water treatment."

Brazilian Legal Dispute Threatens CSN's Bid For Corus. The Financial Times (1/25, Wheatley, Marsh) reports, "The bid by Companhia Siderurgica

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Nacional, the Brazilian steelmaker, to acquire the Anglo-Dutch group Corus for £5.7bn ($11.2bn) could be blown off course by a legal dispute in Brazil, it has emerged." The Times continues, "The dispute, over CSN's rights to an iron-ore supply that would be crucial to a merged business, could lend fresh impetus to rival bidder Tata Steel of India. Tata is expected in the next few days to raise its £5.5bn bid above CSN's offer. Both bidders are due to finalise their offers for the world's eighth biggest steelmaker by next Tuesday." The Times adds, "The tussle arose after Companhia Vale do Rio Doce, the Brazilian mining group, said it would challenge CSN's ability to supply iron ore to Corus should its bid succeed. A big part of the rationale behind CSN's offer is that it would be able to supply cheap iron ore from its Casa de Pedra mine in Brazil to Corus's European plants. Tata has limited supplies of iron ore and, under Indian export regulations, is unlikely to be allowed in the next few years to ship it overseas. … But José Martins, CVRD's director for ferrous operations, told the Financial Times that CVRD would question CSN's ability to ship iron ore under the terms of a contract signed between the companies in 2001."

ENVIRONMENT:

Bush Takes Fuel Efficiency Message To Delaware. NBC Nightly News (1/24, story 2, 2:50, Williams, 9.87M) reported, "The day after the State of the Union address is traditionally when the President hits the road and the sales campaign begins. Today was no different and the President spent much of this day trying to point out the speech last night was about much more than Iraq." NBC (Gregory) added, "The morning after, and a big push on a new domestic agenda: the President in Delaware, meeting with microbiologists developing alternative fuels to power cars, part of an effort to wean the country off foreign oil that President Bush claims can bring Democrats and Republicans together." President Bush: "It doesn't matter what side of the aisle we sit on. What the American people expect is for people on both sides of the aisle to come together and solve problems." The CBS Evening News (1/24, story 5, :15, Couric, 7.66M) said Bush" today used the war on terror to frame his new alternative energy plan. He told employees at a chemical plant in Wilmington, Delaware, that our dependence on foreign oil is a natural security risk."

The New York Times (1/25, A21, Stolberg, 1.16M) says Bush "made a big deal about ethanol" in his Tuesday address, and on "Wednesday morning, he got up close and personal with it, poking his head through stalks of corn and wheat while scientists for DuPont gave him a crash course in ethanol production in a tour of their research greenhouse here. The presidential visit to the DuPont Experimental Station, which conducts federally financed research into the development of alternative fuels, amounted to a sales pitch for Mr. Bush's plan to reduce projected gasoline consumption by 20 percent over the next 10 years." USA Today (1/25, Jackson, 2.27M) reports Bush "toured a plant that develops biofuels from corn, switch grass and wood chips. He also touted his plan to reduce the use of gasoline over the next decade to an audience of more than 1,000, most of whom were DuPont employees."

The Los Angeles Times (1/25, Gerstenzang, Wilson, 850K) says the President "ordered the federal government Wednesday to move toward purchasing hybrid-powered vehicles and reducing the federal fleet's petroleum consumption by 2% each year, part of an effort to boost alternatives to gasoline." He "announced the executive order during a morning devoted to promoting new-technology fuels." The Delaware News Journal (1/25, Montgomery) says Bush discussed "what he described as 'an interesting opportunity for our country,'" saying that dependence on oil "creates both a national security problem for the country and environmental concerns."

WWAY-TV Wilmington (1/24, 11:05 p.m.) reported Bush "left behind the battle over the Iraq war as he visited an alternative fuels research complex in Delaware, pushing his new domestic agenda outlined in Tuesday's State of the Union address." WFMZ-TV Philadelphia (1/24, 6:01 p.m.) reported the President "spoke at the DuPont plant in Delaware in an effort to persuade Americans to curb their gas-guzzling habits."

Bush, Congress On "Collision Course" Over Fuel Efficiency. The Washington Post (1/25, D3, Freeman, 690K) reports Bush and Congress "appear to be on a collision course on how best to increase motor-vehicle fuel efficiency. Transportation Secretary Mary Peters said yesterday that Bush would oppose attempts by Congress to raise fuel-efficiency standards if its approach differs from the administration's." But "lawmakers from both parties are beginning to push for stronger action."

Energy Secretary Samuel Bodman said on Fox News (1/24, Smith), "The President has recommended to Congress that we need to set an alternative fuel standard that would be

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seven times as large as the current one. … What this really is, is setting a goal and then loosing the American inventive genius to go after it."

Bush Pleases Ethanol-Makers, Frustrates Oil Refiners. The Washington Post (1/25, D1, Mufson, 690K) writes that Bush's focus on alternative energy is "good news" for the ethanol industry, but "not everyone thinks Bush's speech is good news. Oil refiners complain about mandates telling them how to blend fuels," and critics say "it will be impossible to hit the proposed requirement of 35 billion gallons a year by 2017 because the main renewable fuel used now, ethanol made from corn, is already driving up corn prices and will use much or all of the U.S. corn harvest." In a piece headlined "Deck's Stacked Against Ethanol These Days," USA Today (1/25, 3B, Krantz, 2.27M) writes that "many investors trying to cash in on the gold rush in ethanol are coming away with husks," with high corn prices and dropping oil prices dampening potential gains.

Bush Proposals Could Aid Auto Industry. The Wall Street Journal (1/25, McKinnon, Spector, 2.04M) reports on its front page that Bush's plans on both energy and health care could "boost the ailing American auto industry, whose pleas for help have largely been ignored by Washington in recent years. … The energy proposals -- crafted in a way that would erase some of the advantages enjoyed by the U.S. industry's Japanese competitors -- appear to have a shot at becoming law. The health program, which critics say could help auto companies but hurt auto workers, seems unlikely to gain traction anytime soon."

Blair, UN Official Pleased By Bush Comments On Climate Change. The Washington Times (1/25, Sands, 88K) reports Bush's "brief State of the Union comments on 'the serious challenge of global climate change' sparked sharp interest, comment and criticism around the globe." British Prime Minister Tony Blair, UN global-warming chief Yvo de Boer, and "senior business leaders at the posh annual gathering in Davos, Switzerland, all seized on Mr. Bush's Tuesday night remarks on energy, oil and the environment as a sign that the United States has a new appreciation for the problem." Blair said, "I do believe that this whole debate is now moving in a completely different and more positive direction." De Boer "called the energy-conservation measures outlined by Mr. Bush in his address 'very encouraging,' saying it was significant that the president linked his policies for the first time to the climate-change issue."

Meanwhile, the Financial Times (1/25, Giles, Tett) reports, "The twin demands of action to prevent climate change and enhance energy security requires Europe to commit to challenging mandatory controls on greenhouse gasses after 2012, Angela Merkel, the German chancellor, said on Wednesday." In "a marked contrast to George Bush's State of the Union address on Tuesday, when he set an ambition to reduce gasoline usage in the US by 20 per cent over the next 10 years, Ms Merkel said she welcomed the opportunity for the European Union to 'offer a [greenhouse gas] reduction target of 30 per cent, but we expect other large emitters to participate in that.'" The Times adds, "With the US still refusing to set a mandatory limit on its emissions, the transatlantic differences remain wide, even though Ms Merkel welcomed the moves made by President Bush."

But The Hill (1/25, Snyder) reports ex-EPA administrator Christine Todd Whitman said Bush "missed the 'perfect opening' to call for a cap on greenhouse gas emissions in his State of the Union address Tuesday night. While such a move would have represented a major policy shift for the administration, Whitman said she had hoped the fact that 10 major American companies called for a cap earlier this week would have provided sufficient political cover."

NYTimes, LATimes Skeptical About Bush Initiatives. The New York Times (1/25, A24, 1.16M) editorializes, "For six years, off and on, President Bush has been talking about the need for alternative fuels and conservation to make the country less beholden to unreliable sources of foreign oil. Yet all he has to show for it is a growing dependence on foreign oil, a growing climate problem and an increasingly cynical public. Mr. Bush talked the same game on Tuesday night, offering several impressively specific goals. But whether these new pledges turn out to be as empty as the old ones depends on his capacity for follow-through, and history is not encouraging. … Once again, we have heard this president make big promises about energy independence. Once again, we fear that very little will change. It would be nice, for once, to be surprised." "

The Los Angeles Times (1/25, 850K) editorializes, "One of President Bush's crowd-pleasers on Tuesday was a new energy policy designed to show his environmental side. It deserved no more than a golf clap. Nice putt, Mr. President. Too bad it took you 10 strokes to reach the green. Bush's rigid attitude toward climate change is beginning to thaw, though not quite as fast as the polar ice caps. His ideas for reducing oil consumption were tougher than anything he's

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offered before, and his mandate for 35 billion gallons of alternative fuels by 2017 was a nice gesture. But his plan does much too little to make a dent in the carbon emissions that are fueling global warming."

Navy Sonar Exemption Angers Environmentalists. The AP (1/25, McAvoy) reports from Honolulu, "Angering environmentalists, the U.S. Defense Department exempted the Navy from complying with the Marine Mammal Protection Act for the next two years so sailors can practice tracking submarines with sonar." The AP continues, "Environmentalists on Tuesday said the Navy was not doing enough to protect whales, dolphins and other marine mammals from the harmful effects of the underwater sound technology." The AP adds, "Navy officials said they need the exemption, allowed for under the 2004 National Defense Authorization Act, to give them enough time to conduct environmental impact statements for sonar use at major underwater training ranges off Hawaii, southern California and the East Coast. … 'We cannot stop training for the next two years,' Don Schregardus, deputy assistant secretary of the Navy for the environment, told reporters. 'That would put our sailors in the Navy at considerable risk.'" The AP notes, "Sailors use active sonar by pumping sound waves through the ocean and listening to the echo as it bounces off objects. Navy leaders have made practicing sonar techniques a top priority as other nations have bought more advanced diesel submarines, which are quieter than earlier models and harder to find. … But environmentalists cite incidents of marine mammals that have died or been stranded en masse on beaches after being exposed to sonar."

Appeals Court Blocks Craig Bid To Eliminate Fish Agency. The Washington Post (1/25, A12, Harden, 690K) reports that in a "slap at the power of a single U.S. senator to change federal policy, the U.S. Court of Appeals for the 9th Circuit struck down today an attempt by Sen. Larry E. Craig (R-Idaho) to eliminate a small agency that counts endangered salmon in the Columbia River." Craig tried "to eliminate all funding in 2005 for the Fish Passage Center, which is based in Portland, Ore., and has 12 employees, because he said its data were 'cloaked in advocacy.'" Craig "inserted a sentence in a spending bill that directed the Bonneville Power Administration (BPA), which sells power generated by federal dams, to stop funding the center, which has a $1.3 million budget." The San Francisco-based appeals court "said that the BPA 'acted contrary to law in concluding that the congressional committee report language carried the force of law.'"

FBI/DEA/ATF/USMS:

"Operation Ragdoll" Nets 18 Arrests. The Fall River (MA) Herald News (1/25) reports 19 people "have been charged in a multi-state drug trafficking ring in which the lead target of the federal investigation ran a drug distribution operation based in this city. Seized in the investigation, in which four others from this city were charged, were several kilograms of cocaine allegedly sent through U.S. Mail. … The charges stem from an Organized Crime and Drug Enforcement Task Force investigation, dubbed 'Operation Ragdoll,' which was spearheaded by the Drug Enforcement Administration in Hartford." As "alleged in the indictment, from January 2006 to June 20, 2006, the lead target of the investigation, Luis Joel Soto-Solivan, also known as 'The 27,' ran a drug trafficking operation based in Fall River, which supplied narcotics to various distributors in Massachusetts, Rhode Island, Connecticut, New York and Pennsylvania." The Herald News says 18 of the 19 people charged have been arrested.

NFL Players To Face Tougher Drug-Testing Rules. There are more than 400 media references to the NFL changing its drug-testing rules. In a widely reported story, the AP (1/25) says the NFL "is going deeper into the wallets of players who get caught using steroids and other performance-enhancing drugs. After four months of sometimes intense negotiations, the league and union announced Wednesday more extensive testing for performance-enhancing drugs and the addition of the blood-boosting substance EPO to its list of banned substances. The union also agreed that players suspended after testing positive will, for the first time, forfeit a portion of their signing bonuses in addition to the salary they will lose during their time away."

The New York Times (1/25, Battista) reports Gene Upshaw, the executive director of the National Football League Players Association, "said in an interview that as soon as next season, players who tested positive could also be barred from consideration for postseason awards. Such recognition became an issue during the regular season that ended last month when Shawne Merriman, a San Diego

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Chargers linebacker, was suspended for four games after a positive steroids test, but was named to the Pro Bowl."

The Washington Post (1/25, E7, Maske) reports, "In this round of modifications, the two sides agreed to increase the number of random tests from seven players per team to 10 players per team each week during the preseason, regular season and playoffs. Under the existing terms of the policy, every player is tested during training camp and a player can be tested as many as six times during the offseason. A first positive test results in the player being suspended four games without pay. A second positive test results in an eight-game suspension and a third positive test brings a one-year suspension."

USA Today (1/25, Wood) reports the program "does not include HGH, or human growth hormone, but the commissioner said he is 'investing money for doing that.' Blood tests are the reliable measure for HGH, and the players union has balked at taking blood from players."

For the AP (1/25), Tim Dahlberg writes, "Sure, it may have taken a bit of prodding from some Washington politicians to get everyone moving. But give some credit to the league for twisting the arm of its always-wary players' association and coming to terms on a tougher plan. Players will be tested more often, and it will be harder for them to cheat. When they are caught, they will fork over some of their lucrative signing bonuses as well as their weekly paychecks."

USA Today Profiles Lead Prosecutor In BALCO Case. USA Today (1/25) profiles Kevin Ryan, the outgoing U.S. attorney for the Northern District of California, who has been lead prosecutor since the BALCO case broke in 2002. USA Today (1/25) also has posted a BALCO investigation timeline on its Web site.

California Meeting Focuses On Anti-Gang Efforts. The San Francisco Chronicle (1/25, Johnson) reports, "A coalition of law enforcement, educators and civic leaders from 13 California cities meeting in Oakland today pledged to fight crime statewide by working together to address the root causes of street gangs." The Chronicle continues, "Participants in the first California Cities Gang Prevention Network, which includes San Francisco, Oakland, Richmond and Los Angeles, said during a press conference at the Waterfront Plaza Hotel that the two-day conference would produce a blueprint that could be used nationwide by cities struggling with rising crime rates." The Chronicle adds, "Oakland Deputy Police Chief Howard Jordan said he's looking for new ways to combat a surge in violence last year that resulted in 148 homicides, compared to 94 in 2005. About 38 percent of those murders were attributed to gang members. … Oakland had about 150 known gang members 10 years ago, compared to 1,500 today, Jordan said." The Chronicle notes, "Teams of delegates will meet to outline procedures for sharing crime data and information on successful anti-gang programs. Cities represented at the conference also include Santa Rosa, San Diego, Stockton and Fresno. The main sponsors are the National League of Cities and the Oakland-based National Council on Crime and Delinquency. … Violent crime rose 3.7 percent nationally and 4.1 percent in California in the first six months of 2006, compared with the same period in 2005, according to FBI statistics. … Gangs were involved in 56 percent of all crimes in the Western region of the country in 2005, according to the federal Justice Department's National Gang Threat Assessment."

Former ATF Agent Testifies She Feared Corrupt Officer. The Chicago Tribune (1/25, Coen) reports, "A former federal agent who alleges the Chicago Police Department protected corrupt officers and destroyed her career testified Wednesday that she feared for her life after confronting notorious former Officer Joseph Miedzianowski." The Tribune continues, "Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms, has sued the city and Miedzianowski, charging that Miedzianowski turned investigators against her after she tried to report that he had stolen from a drug dealer." The Tribune adds, "Miedzianowski eventually was arrested in 1998 for running a massive drug ring and was convicted of drug conspiracy and racketeering charges in federal court. … Klipfel's husband, ATF agent Michael Casali, also contends he was retaliated against by Miedzianowski. … Lawyers for the city and Miedzianowski have denied the accusations and promised to show that the Police Department was not notified in a timely fashion that Miedzianowski might be corrupt. … Klipfel told jurors hearing the federal civil trial that she began to suspect Miedzianowski six years earlier, when he was working an ATF detail that targeted gangs and drugs. Agents and officers conducted a search at the home of a drug dealer, she said, and she saw Miedzianowski going through the dealer's pants and wallet."

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Maine Woman Sentenced For Federal Firearms Violation. Foster's (NH) Daily Democrat (1/25, Keefe) reports from Berwick, ME, "The recent sentencing of 36-year-old Bobbi Lynn Bolduc of Berwick is what U.S. Attorney Thomas P. Colantuono called an example of a commitment to the 'Project Safe Neighborhoods' initiative." The Democrat continues, "Bolduc was charged with making a false statement in the purchase of a firearm in New Hampshire in May 2006 as she showed a New Hampshire address on her ATF form, a document required by the Bureau of Alcohol, Tobacco, Firearms and Explosives at the time of a firearms purchase. … It is a violation of federal law to make a material false statement in connection with the purchase of a firearm." The Democrat adds, "The .22-caliber revolver Bolduc purchased from Renaissance Firearms in Gonic, N.H., was later recovered in Somersworth, N.H., by police in connection with the May 2006 arrests of a 19-year-old Rochester man, a 20-year old Philadelphia, Pa., man and a 19-year-old Bronx, N.Y., man on charges of possession of 43 grams of crack cocaine and the .22-caliber handgun with ammunition. … Bolduc was sentenced Monday in U.S. District Court in Concord to six months of home confinement and two years probation."

IMMIGRATION:

GOP Opponents Of Bush Immigration Plan Vow To Fight. The Washington Times (1/25, Hurt, 88K) reports House Republicans "opposed to amnesty vowed yesterday to fight President Bush's proposal to legalize millions of illegal aliens as outlined in his State of the Union address on Tuesday." Rep. Tom Tancredo said, "The President worked hard to get a Congress that agrees with him on this and now he's got it. But we're still going to fight him on it." On Fox News (1/24), Tancredo said President Bush "said we're not going to do anything that's an amnesty, but of course, that's exactly what he is planning. … You want to stand up and say, Mr. President, say what you mean, and you mean an amnesty. And say what you mean when you say a temporary worker. You're talking about a guest worker program that will also include 15 million people who are here illegally. Say what you mean, Mr. President."

On NBC Nightly News (1/24, story 3, 1:45, Williams, 9.87M), Tim Russert said, "Immigration was debated thoroughly last year. People know where they stand on that issue. The Democrats are much closer to President Bush. They have told him if he can deliver half of the Republicans in his party in both houses of Congress, they can put forward a comprehensive immigration bill. But the Democrats want to put some pressure on the Bush White House to bring some Republicans along so it is simply not a Democratic immigration bill."

TAX:

Judge Bars New York Tax Preparation Firm From Practice. The Buffalo News (1/25) reports, "A federal judge has permanently barred a Hamburg tax preparation firm from preparing federal income taxes." The News continues, "Duffek, O'Connor & Associates of Hamburg can no longer legally prepare returns because an investigation showed that the firm prepared tax returns for clients that included deductions for 'fictitious and inflated charitable contributions,' the U.S. Justice Department said." The News adds, "According to the Internal Revenue Service, the firm understated tax liabilities of its customers by more than $2 million. … '[The] government alleged that the returns prepared by the defendants claimed fictitious and inflated employee expenses for such items as work clothes, teaching and coaching supplies, student and athlete rewards and cellular telephone expenses,' the Justice Department said in a news release issued Tuesday. … According to the release, U.S. District Judge William M. Skretny issued a permanent injunction barring the firm, Brian Duffek and Patrick O'Connor from preparing federal returns."

WSJournal Notes Move To Cut, Abolish State Income Taxes. The Wall Street Journal (1/25, 2.04M) says in an editorial that the "next big thing in American politics" could be "the abolition of state income taxes. In Georgia, Missouri and South Carolina, Governors and state legislatures are drafting serious proposals to repeal their income taxes to promote economic development. St. Louis, one of America's most distressed cities, may overturn its wage/income tax as a way to spur urban revival. And in Michigan, the legislature is in the last stages of phasing out its hated business income tax -- the most onerous in the land." Economist Arthur Laffer, who is advising several Governors and legislators on the issue, said, "States are now in a ferocious competition to attract jobs and businesses, and one of the best ways to win this race is to abolish the state income

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tax." State lawmakers "also seem to have learned from two of the most recent states to adopt an income tax: New Jersey and Connecticut. As recently as 1965 New Jersey had neither an income nor sales tax, but managed to balance its budget every year. Now it has both taxes -- its income tax is the 5th highest in the nation -- but the state is facing what Stateline.org calls a 'staggering budget deficit.'"

CONGRESS-ADMINISTRATION:

Bush Health Care Proposals Could Face Hard Time On Capitol Hill. The Washington Post (1/25, A10, Lee, Montgomery, 690K) reports, "Economists are still sorting out the implications of the broad health-care proposals President Bush unveiled this week, but already some clear winners and losers are emerging. Families with generous employer-sponsored coverage would be worse off, while those who buy insurance on the individual market, or whose health plan costs less than $15,000 annually, would come out ahead. But some of the winners will probably become losers over time, analysts said." And while the President's plan "would alter a historic imbalance in the tax code that favors generally better-off consumers who get insurance through their jobs, it also could undermine coverage for some sicker, older people and erode the employer-sponsored system that still provides coverage to more than half of all Americans."

USA Today (1/25, 3B, Block, 2.27M) headlines a report "Bush Plan Spotlights Uneven Tax Treatment Of Health Benefits," saying the Bush plan "faces stiff political resistance. Some lawmakers in the Democrat-led Congress said they wouldn't even hold hearings on the plan, arguing that it would hurt many Americans who do have insurance coverage. But Bush's proposal has managed to focus attention on the uneven tax treatment of health care benefits." The Christian Science Monitor (1/25, Trumbull, Lamb, 59K) says with his health plan, "Bush has launched what may be his most ambitious bid to tackle the issue from a free- market basis."

In a rather critical assessment, ABC World News (1/24, story 3, 2:15, Gibson, 8.78M) examined President Bush's "proposal to reform the health care system by way of the tax code. He said a series of new taxes, with tax breaks, will help more Americans afford held insurance." ABC (Stark) added that some worry the President's plan to provide "anyone who gets health insurance" with a tax deduction "will encourage businesses to stop offering health insurance." Paul Fronstin, Employee Benefit Research Institute: "Their workers will now be able to get the same tax break if they buy insurance on their own, as they now get through the work place. And employers will view this, and say, 'Why am I bothering to offer health insurance coverage for my workers?'" Stark: "The Administration disagrees. It says the tax break will allow three million to five million more Americans to buy health insurance. But that would still leave more than 40 million people uninsured." More criticism on ABC World News (1/24, story 4, 1:15, Gibson, 8.78M) came from the network's medical editor, Dr. Tim Johnson, who said, "I have several concerns. First, it doesn't make any kind of measurable dent in the horrible problem of the uninsured. Even more significant, I think, all the focus on taxes has diverted attention from the real problem, which is the terrible waste and inefficiency in our health insurance system. … I would call this proposal tinkering with taxes, rather than reforming health care. We're going to throw good money at a bad system."

The Wall Street Journal (1/25, A6, Zhang, Lueck, 2.04M) headlines its report "Bush Health Plan Shifts Onus To The Consumer," writing that Bush's "proposal for easing the nation's health-care woes…differs from approaches favored by Massachusetts and California as well as many Democrats in Congress." The Massachusetts plan, "which was supported by Democratic Sen. Edward Kennedy, requires all but the smallest employers to offer health insurance, or else pay an assessment to the state. In California, a similar requirement would compel employers that don't offer insurance to pay a 4% payroll tax. Both states would require all residents to have health insurance, offering government coverage or subsidies to those who are without coverage through an employer." The Bush plan, "in contrast, avoids mandates and instead would use the tax code to make individually purchased health insurance more appealing and affordable."

Leavitt Calls For "Rigorous And Robust Debate." During a Christian Science Monitor (1/25, 59K) "Monitor Breakfast" Wednesday, HHS Secretary Michael Leavitt said a "'rigorous and robust debate is about to ensue on how to accomplish' the goal of providing affordable health insurance for all." Leavitt added, "In my mind, it is simply indefensible for our country to have a tax policy that provides a tax benefit to part of our citizens and simply ignores the rest."

WPost Says Leavitt Opens Door For Possible Compromise. The Washington Post (1/25, A24, 690K) editorializes, "One of the tweaks that would make President

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Bush's new health-care proposal much more attractive would be changing the proposed tax deduction for those who purchase insurance to a tax credit." Leavitt "signaled the administration's openness to doing just that. … Leavitt said there were 'redeeming tax policy features to using a credit' but that the administration had decided to 'propose as a starting place' to use the mechanism of a standard deduction instead. That sounds like a door opening to us -- and a door skeptical Democrats ought to be willing to poke their heads through. Transforming the deduction into a credit would create a proposal that is fairer and that would do more to reduce the ranks of the uninsured."

CBO Predicts Budget Surplus In 2012 If Tax Cuts Are Not Renewed. The New York Times (1/25, Andrews, 1.16M) reports, "The nonpartisan Congressional Budget Office predicted on Wednesday that the federal budget deficit would shrink again this year and could actually swing into a surplus in 2012 -- but only if President Bush's tax cuts expire in 2010. The agency predicted that the deficit for 2007 would decline to about $200 billion. It would be the third big annual decline in a row, and it would come even though spending on the war in Iraq is expected to remain high this year." The Times adds, "The decline of the deficit comes on the heels of unexpectedly large increases in tax revenue over the last two years and slower-than-expected increases in spending on Medicare. Much of that increased revenue came from taxes on sharply higher corporate profits and big gains in the stock market, even though Congress reduced the tax rate on capital gains and stock dividends in 2003." It is "a rare piece of good news for President Bush, coming as he is struggling to persuade Congress to accept his strategy of sending more troops to Iraq and as his public approval ratings are at an all-time low." White House officials "boasted that the projections validated Mr. Bush's strategy of cutting taxes to stimulate the economy and ultimately generate higher tax revenues."

USA Today (1/25, Wolf, 2.27M) headlines its story "Surpluses Could Be Just Promises," and says "Bush pledged to balance the federal budget by 2012 without raising taxes," but "Congress' budget agency said it probably can't be done." Bush and Congress, however, "are seeking tax changes that would wipe out the projected surpluses and drive up the deficit by hundreds of billions of dollars. Those changes include extending Bush's 2001 and 2003 tax cuts and preventing millions of taxpayers from being hit by the alternative minimum tax, which increases taxes on people with large deductions."

The Los Angeles Times (1/25, Havemann, 850K) reports, "The nonpartisan CBO, in its annual report on where current spending and tax policies would take the budget over the next 10 years, did not contradict Bush in so many words. But its tables painted an unmistakable picture of a budget that needed an extra infusion of cash or a sharp reduction in outlays if revenue were ever to exceed spending." And "even if the budget could be balanced by 2012, said Peter R. Orszag, the CBO's director, the retirement of the baby-boom generation could quickly unbalance it: Not only would the wave of retirees force the government to spend more for Social Security, Medicare and other benefit programs, he said, but it would drain the population of taxpaying wage-earners."

The Washington Post (1/25, A11, Montgomery, 690K) says "virtually nobody -- not even top CBO officials – believes" the CBO prediction about a surplus. That is "because the CBO…is required to make some whopping assumptions, including: that all of…Bush's tax cuts will expire on schedule in 2010; that the alternative minimum tax will be permitted to ensnare millions of additional taxpayers; and that the war in Iraq and other military operations will never cost much more than the $70 billion that has so far been approved for the fiscal year that ends in September. Back in the real world, even Democrats want to extend at least some of the Bush tax cuts" and "even the White House wants to halt the expansion of the alternative minimum tax."

The Wall Street Journal (1/25, A2, 2.04M) reports, "Congressional budget experts said the fiscal 2007 deficit could fall to $172 billion if current policies remain in place, down from $248 billion in 2006, but the gap could worsen depending on how Congress addresses several looming tax-policy decisions." The CBO projections, adds the Journal, "exclude the cost of an anticipated $100 billion war supplemental-spending bill. If that money is approved, CBO expects about $25 billion of it will be spent in 2007, bringing the year's deficit to about $200 billion, according to new CBO Director Peter Orszag. Fiscal year 2007 began Oct. 1, 2006." Office of Management and Budget Director Rob Portman "said the president's budget will likely result in a higher deficit for fiscal year 2007 than predicted by CBO. 'Our number will be a little higher than theirs,' Mr. Portman told reporters. 'But, it will be consistent with the broad theme of reducing deficits and [reaching] balance by 2012,' Mr. Portman said." Bush

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"will continue a US military buildup while offering a package of entitlement cuts as part of a plan to balance the budget by 2012, a senior administration official said yesterday."

The Washington Times (1/25, Dinan, 88K) notes Portman "said Mr. Bush's budget…will show declining deficits and a balanced budget in 2012. 'Congress should be encouraged by this news, and I am optimistic that we can work together -- across party lines -- to keep the economy strong and spend taxpayer dollars wisely,' he said."

The AP (1/25, Taylor) says "Bush has one significant advantage in the upcoming debate. In designing his budget, Bush can assume his changes are put in place. He does not have to consider the political difficulties of getting the Democrat-controlled Congress to go along with cuts to hospitals and other Medicare providers and new fees on airline passengers and veterans seeking health care." The chairman of the House Budget Committee, Rep. John Spratt, and his Senate counterpart, Sen. Kent Conrad, "have the difficult job of trying to advance a budget that unites politically fractious factions of their party. Their task is made even tougher because the CBO's figures understate the true magnitude of the nation's fiscal woes."

Byrd Says Without Increased Spending, Key Federal Workers Will Be Laid Off. Roll Call (1/25, Pierce) reports, "In an apparent attempt to head off conservative Republicans intent on restraining Congressional spending, Senate Appropriations Chairman Robert Byrd (D-W.Va.) is circulating a memo warning that without increased funding for some programs the federal government may have to lay off or furlough thousands of key homeland security, consumer safety and health care personnel." With "the current stopgap funding measure set to expire Feb. 15, Byrd and House Appropriations Chairman David Obey (D-Wis.) are gearing up for a fight with Republicans over how to make sure that 13 Cabinet agencies, Congress and countless independent government agencies continue to operate for the remainder of fiscal 2007, which ends Sept. 30. Congress already has approved fiscal 2007 funding for the Defense and Homeland Security departments." The current continuing resolution "freezes federal spending at fiscal 2006 levels, and conservative Senators such as Jim DeMint (R-S.C.) and Tom Coburn (R-Okla.) have pushed to keep the government funded at 2006 levels for the remainder of the fiscal year to trim as much as $7 billion from the discretionary spending budget."

New Bush Education Proposals Would Boost Vouchers, Charter Schools. The New York Times (1/25, Schemo, 1.16M) reports on changes to the No Child Left Behind Act proposed by U.S. Secretary of Education Margaret Spellings in a telephone news conference that "would give local school officials new powers to override both teachers' contracts and state limits on charter schools in the case of persistently failing schools." Spellings said that "the goal was to provide students in failing schools with other options and 'to make sure we have our best personnel in the neediest places.'" She said that there are "about 1,800" schools that are persistently failing, but "loopholes in the current law allowed them to avoid serious action indefinitely." The proposals were criticized by teachers union officials and Congressional Democrats. Yet some proposals, "seemed likely to be more acceptable, among them: a call for a federal fund that would give extra pay to teachers who are most effective in raising children's test scores, or who agree to teach in the neediest schools; and allowing districts with failing schools to first offer children tutoring before allowing them to transfer."

USA Today (1/25, 9D, Toppo, 2.27M) reports the Administration's "education wish list" includes "more leeway for administrators to move good teachers into poorly performing schools and would provide a $4,000 check for students who would rather leave the public system for private school." Spellings said that "she'll 'fight hard' for the vouchers and the rest of the plan" adding, "I see this as a very vigorous package of proposals that are sound and make sense when they are taken together."

The Washington Times (1/25, A1, Fagan, 88K) reports Spellings said that "the administration will fight tenaciously for a few key changes…including helping children in chronically failed public schools to attend private schools instead." Spellings said that "a bill to renew the law will be ready to move through the Senate education panel by March or April." The "top goal" of Congressional Democrats is said to be "to secure a steep funding boost for the law, and Mrs. Spellings indicated the administration will use that as a bargaining chip."

The Pittsburgh Post-Gazette (1/25, Chute, 230K) reports Spellings "emphasized the desire to keep the 'core principles,' which include having all students proficient in math and reading by 2014 and using annual tests and results broken down by race, income and other factors to hold schools accountable."

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Democrats, Teachers Unions Oppose Plans. The Washington Post (1/25, A16, Paley, 690K) reports the plan to "allow poor students at chronically failing public schools to use federal vouchers to attend private and religious schools" upset "Democrats who vowed to fight the measure." They "assailed the plan…and expressed concern that the politically charged proposals could delay the reauthorization." Yet the proposals also include "measures that enjoy bipartisan support" such as limiting options of tutoring and transfers to "students in the categories that failed" to meet state standards. Spellings "insisted that the administration will try to push through even those proposals likely to face stiff resistance in Congress."

The AP (1/25, Zuckerbrod) reports, "Democrats and teachers' unions are criticizing the Bush administration for proposing to let school officials override collective bargaining agreements and state laws." Officials said that "the federal government has the right to include the charter school and contract language in a renewed No Child Left Behind law as strings attached to the billions of dollars in aid it provides to these schools." Yet "some aspects…won bipartisan praise" including proposals "to stick with the law's 2014 reading and math goal;" "to allow schools to consider how much students progress each year;" to "hold states accountable for students' science scores;" and to require "states to create standards and tests linked to what students should know when they start college or go to work."

The Chicago Tribune (1/25, Banchero, 617K) reports, "The plan already is coming under fire from some Democrats, who object to vouchers, and from teachers union officials, who are opposed to a plan that would allow districts to subvert collective bargaining agreements and move teachers to underperforming schools." NEA President Weaver said, "Once you put vouchers and teacher contracts out there, this is war."

Signs Of Hope Seen For Bipartisan Cooperation. The Christian Science Monitor (1/25, Feldmann, Grier, 59K) writes, "The final quarter of George W. Bush's presidency has begun, and a big question looms: Can he achieve anything significant in his remaining time in the White House?" There is "some hope. Both the Democrats in Congress and Mr. Bush, each for their own reasons, need to show accomplishments. The Democrats don't want to lose control of Congress in two years, after fighting so hard to regain it. And Bush has his legacy and the Republican Party's image to consider. Polls show the public clamoring for an end to the intense partisanship that has dominated national policymaking since the 1990s."

In his Washington Post (1/25, A25, 690K) column, David Broder writes, "Despite the raging controversy over Iraq military policy, President Bush's plea for bipartisan cooperation on the domestic agenda has a chance of success in the Senate. The reason has less to do with sympathy for the politically weakened chief executive than a dynamic that has gone largely unnoticed among the senators themselves. Since the midterm election created a near-even balance in the Senate -- 51 Democrats and 49 Republicans -- serious efforts at cross-party communication have developed momentum."

House Democrats "Hedging" On Bipartisanship. The Washington Times (1/25, Miller, 88K) reports House Democrats "say they intend to honor their pledge to allow Republicans to participate in writing legislation, but they won't say when." Majority Leader Steny Hoyer, "wary of Republicans using amendment votes as ammunition for future campaign attack ads," said, "I said we were going to be fair, not stupid." Hoyer added, "But we do intend to engage, involve and allow Republicans to have substantive opportunities as we consider legislation." The Times adds Hoyer "still hasn't said when the majority will open up the amendment process, known as using 'regular rules.' What's more, Republicans say, the majority is flouting the rules that are in place." Minority Leader John A. Boehner introduced "a resolution rebuking House Democrats" that failed in a party line vote. Boehner said, "You simply can't talk about cooperation at the same time you're circumventing the rules of the House to shut the other side out."

Novak Says Bipartisan Efforts Could "Go Nowhere." In his Washington Post (1/25, A25, 690K) column, Robert Novak writes, "The self-confident Democratic leadership is uninterested in being cut into potentially disastrous outcomes in Iraq. It wants to function as a coordinate branch of government, not as friendly colleagues in the spirit of bipartisanship. … On both sides, the prevailing attitude is that Bush looks like a president at bay. Statements made to me this week by two prominent political figures, one from each party, were so candid that these sources did not want to be quoted by name. The Republican, a ranking House committee member, said: 'The president and his aides are irrelevant and out of touch, removed from realizing what happened in the election.' A Democratic state party

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leader said that 'Bush is in such bad shape that the result of the 2008 election is already decided.' In that atmosphere, pleas for consultation go nowhere."

Conservatives Fear Bush Is Ceding Ground On Key Issues. The Wall Street Journal (1/25, A8, Calmes, 2.04M) reports, "Fallout from the war in Iraq, which already has weakened President Bush among the general public and in Congress, now is causing problems with the group that has been his mainstay: social and economic conservatives." The "longtime loyalists, appreciative of Mr. Bush's record on issues ranging from tax cuts to his veto of federal funding for embryonic stem-cell research, also have supported his war policies." But this week's State of the Union address "aggravated their underlying fear: that the president might become so consumed by the worsening conflict in Iraq -- and chastened by Democrats' takeover of Congress -- that he will give up on the issues they care about."

Bush's Use Of "Democrat" Label Draws Attention. The Washington Post (1/25, C1, Copeland, 690K) writes, "The president in his State of the Union address Tuesday night left out a tiny little suffix that means a whole lot to some people. He did it so subtly you could have missed it. Just a little '-ic.'" Bush "started the speech on a bipartisan note, honoring the first Madam Speaker, Democrat Nancy Pelosi, and calling on the country to come together. Then: 'I congratulate the Democrat majority,' he said, dropping the last two letters from 'Democratic.' Bush does this a lot, and while it's hard to say if the omission was intentional in this instance, it is a semantic tactic that's been part of Republican warfare for decades."

More Commentary On Bush Agenda, Chances For Bipartisanship. In a Wall Street Journal (1/25, A19, 2.04M) op-ed, David Frum of the American Enterprise Institute writes, "On State of the Union night, Americans witnessed two President Bushes. The first President Bush delivered a firm foreign policy message in tones of passion and commitment. The second President Bush dragged his way wearily through a domestic agenda that seemed to interest him as little as it excited Congress. The first President Bush pledged himself to bold free-market reforms in health care -- including the removal of a treasured but destructive tax loophole from the wealthy and powerful. The second President Bush proposed to regulate America's way to energy security with a plan that might have been dusted off from the Carter administration. The first President Bush insisted that the budget can be balanced without raising taxes. The second shrugged off Medicaid, Medicare and Social Security as problems for later. The first President Bush spoke with realism about the generational struggle against Islamic extremism. The second President Bush offered false hopes about the good intentions of the government of Saudi Arabia and other sometime allies." Frum writes that Bush "has always been at his best in adversity. Americans face no shortage of adversity now."

In his New York Times (1/25, A25, 1.16M) column, Bob Herbert writes that Bush's address was "a study in governmental dysfunction. The audience kept mindlessly applauding -- up and down, like marionettes -- when in fact there was nothing to applaud. The state of the union is wretched, which is why the president's approval ratings are the worst since Nixon and Carter. If Mr. Bush is bothered by his fall from political grace, it wasn't showing on Tuesday night. He seemed as relaxed as ever, smiling, signing autographs, glad-handing."

In his Roll Call (1/25) column, Morton Kondracke writes, "A new, non-polarized, problem-solving politics is trying to be born in this country, but -- lip service aside -- most current politicians are stuck in the old model of nonstop partisan warfare. The old politics was richly on display Tuesday as President Bush delivered his State of the Union address and Congressional Democrats reacted. Bush enunciated -- once again -- the clear message of the 2006 elections: 'Our citizens don't care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done.' The agenda he offered created some opportunities for bipartisan agreement…but most Democratic commentary emphasized the negative."

In his column in The Hill (1/25), Dick Morris writes that Bush "boldly broadened his presidential agenda and vision. He once again became the president of the United States, not the mayor of Baghdad. By articulating viable, and potentially bi-partisan, proposals on energy independence, global climate change, healthcare, immigration reform, education standards and a host of other issues, he renewed the 360-degree mandate that should be the span of vision of any president." Bush "finally seems to have grasped a crucial but ironic fact: The only way he can keep sufficient credibility and power to continue his commitment to victory in Iraq is to raise his approval ratings."

Webb Response Speech Gets Strong Reactions From Both Sides. The Washington Post

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(1/25, A4, Shear, 690K) reports Sen. Jim Webb "earned a full day of praise -- and some tough rhetorical jabs -- for his sharply worded response Tuesday night to President Bush's State of the Union address. Liberal bloggers, national pundits and local Virginia politicians said the freshman senator's critique of the economy and the Iraq war was among the best retorts to Bush's administration they could remember." But "conservatives scoffed at Webb's less-than-animated demeanor," and some "assailed his adherence to the Democratic orthodoxy, especially on the Iraq war."

Dobbs, Dionne Praise Webb's Candor. On CNN's Lou Dobbs Tonight (1/24), host Dobbs and Sen. Jim Webb discussed Webb's Democratic response to President Bush's State of the Union address. Dobbs told Webb, "The consensus amongst those that I have talked with is that you did extraordinarily well in very short order. … You were forthright in saying that this President lead us into war recklessly in Iraq."

Under the headline "Reagan Democrat," Washington Post (1/25, A25, 690K) columnist E.J. Dionne writes, "Like him or not, Ronald ('Tear Down This Wall') Reagan spoke in a clean, clear prose that almost always left listeners with a sense that he stood for something. It may thus be no accident that Jim Webb…was once a Reaganite." In his response, Webb "defined the two central moral issues that animate most of the Democratic Party's rank and file: the mess in Iraq and the fact that the fruits of a growing economy are not being shared by all Americans. Then Webb did something rather astonishing: He didn't fudge on his language or try to take the hard edge off his impatience with the status quo. … There was no mush from Webb."

SMU Faculty Continue To Question Bush Library Plans. The Washington Post (1/25, A10, Wright, 690K) reports Southern Methodist University faculty members "again raised concerns that the building of the George W. Bush presidential library on campus might damage the school's reputation," according to a "participant at a closed-door meeting." At the "tightly guarded meeting, several members of the faculty questioned school president R. Gerald Turner about the political institute that will accompany the library. The institute will conduct research on issues that will be determined by Bush. Many of the questioners wondered whether such a powerful institution on campus will influence the type of research that can be conducted by SMU faculty and whether it will have an impact on the university's reputation."

Bush To Ask For Fast-Track Authority Next Week. The Hill (1/25, Swanson) reports, "President Bush will ask Congress to extend fast-track negotiating authority in one of two speeches on the economy next week, according to administration sources, after choosing not to make the request in his State of the Union address." The White House "intends to announce more details of next week's economic speeches today, according to White House Deputy Press Secretary Tony Fratto. He said President Bush intends to get his trade agenda completed, and this would include a continuation of fast track."

Tax Breaks Could Stall Senate Minimum Wage Bill. The AP (1/25, Kuhnhenn) reports, "The minimum wage increase that was supposed to zip through Congress veered onto a collision course Wednesday as lawmakers argued over business tax breaks that would be attached to ensure Republican support. Democratic leaders in the House began laying groundwork to blame the Republicans for any impasse. Senate Democrats, however, cautioned their House colleagues not to jeopardize legislation they'd promised to approve if they gained control of Congress." House Democrats "demanded a clean bill from the Senate -- no tax attachment -- setting up a confrontation that could delay final congressional passage of the $2.10 an hour increase." The Senate "did vote 54-43 to advance a House-passed measure that would lift the pay floor without any accompanying tax cut. However, that was well short of the 60 votes needed to keep that version moving." The vote "was a signal to the House that without the tax breaks a minimum wage bill appeared doomed in the Senate. And the Senate promptly moved to a broader bill, backed by its Democratic leaders, that would raise the minimum wage to $7.25 an hour over 26 months and provide $8.3 billion in tax benefits to businesses over 10 years."

The New York Times/Bloomberg (1/25) reports "a spokesman for Mr. Rangel, Matthew Beck, said Wednesday: 'The Senate needs to pass a clean bill. They shouldn't hold the minimum wage hostage.' … Under Congressional rules, Mr. Rangel can block House consideration of the Senate's minimum-wage measure. Any legislation would have to be reconciled between the two chambers before being sent to President Bush for his signature."

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Pelosi, Hoyer Relationship Appears To Have Improved. The Washington Post (1/25, Romano, 690K) reports that after "years of tension between House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) , the two appear to be getting along much better these days, or so report the staff and allies of the Democratic leadership." Sources say the "tension and mistrust that long existed between the two native Marylanders is no longer evident. She no longer seems to be keeping him in the dark on insider maneuvering, and he no longer feels as if he's being kept out of the loop."

Pelosi, Dingell Make Nice At DC Auto Show. The Washington Post (1/25, A23, Layton, 690K) reports a "highly choreographed peace accord was reached in the middle of the Washington Convention Center yesterday, when Rep. John D. Dingell (D-Mich.) escorted House Speaker Nancy Pelosi (D-Calif.) through the auto show, hoping to smooth over the public rift that erupted between them last week." Pelosi had "irritated Dingell by announcing her desire to create a special committee on global warming. As chairman of the House Energy and Commerce Committee, Dingell had planned hearings on global warming and saw Pelosi's proposed committee as an affront to his authority." To "soften the edges of the turf battle, Dingell's wife, Debbie, an executive with General Motors Corp., suggested that he invite Pelosi to the Washington Auto Show to see the hybrid vehicles manufactured in his home state." With "20 minutes of peacemaking over, Pelosi, Dingell and their entourage walked to a rear exit and climbed into two gas-guzzling Chevy Suburbans."

Mica Angered By Perceived Slight At Transportation Meeting. The Washington Post (1/25, Romano, 690K) reports Democratic Rep. Jim Oberstar of Minnesota, "the new chairman of the House Transportation Committee, wanted to show members of his panel how bipartisanship and policymaking can work in tandem." Oberstar and ranking Republican John Mica (Fla.), "organized a roundtable discussion for members last week. And to drive home the point, Oberstar invited back Bud Shuster (R-Pa.), the retired Republican chairman of the committee." The move "seemed like a great idea until Mica arrived for the roundtable and discovered that he did not have one of the nice, cushy chairs at the head of the table that were occupied by Oberstar, Shuster and other speakers, including New York financier Felix Rohatyn." Sources say Mica "threw a fit and demanded to know from staff why he didn't have a special chair of his own next to Oberstar and the others." But "before staff could rectify the situation, and as startled members looked on, a furious Mica stormed out of the room and ordered the other Republican members to leave. Among the uncomfortable departees was Shuster's own son and successor, Rep. Bill Shuster."

Democratic Control Of House Could Benefit Philip Morris. The Wall Street Journal (1/25, B1, O'Connell, Mullins, 2.04M) reports that while "the new Democratic Congress looks like big trouble for big tobacco," from the "point of view of the nation's largest cigarette maker, Philip Morris, the shift in power could be a blessing in disguise. That's because it could help ease the way for legislation to give the Food and Drug Administration new powers to control how cigarettes are made and marketed. That, ironically, could help Philip Morris maintain its current market domination." Most tobacco companies "are opposed to FDA regulation of cigarettes, which, among other things, would likely ban the use of descriptors such as 'light' and 'mild' and require big new warnings to cover at least 30% of cigarette packs." But Philip Morris "has embraced the idea that the FDA should have broad powers over tobacco." The "company's rivals contend that new restrictions would hurt them more because their brands are much less known than the famous Philip Morris Marlboro brand. With marketing potentially dramatically curtailed by FDA regulation, they would have fewer ways to promote themselves."

House Restores Voting Rights To Delegates. The New York Times (1/25, Hulse, 1.16M) reports, "The Democratic majority in the House restored limited floor voting rights to the Congressional delegates from the District of Columbia and four territories on Wednesday after a rancorous debate with echoes of the days before the Republicans won the majority in 1994." The change "approved on a party-line vote of 226 to 191 was mostly symbolic because the five delegates will be allowed to vote just on floor amendments, not on final approval of bills. If their votes influence the outcome on amendments, a new vote will be taken without their participation."

The Washington Post (1/25, B4, Sheridan, 690K) reports, "Democratic supporters acknowledged that it provided mainly symbolic privileges but said it would give delegates greater participation in Congress. 'It is not enough

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what we do today,' said Majority Leader Steny H. Hoyer (D-Md.), who has expressed strong support for the District having a full vote in the House. 'But it would be tragic if we do not do this basic step.'"

Roll Call (1/25, Brotherton) says Republicans "are considering challenging the rules change in court. … Rep. Tom Price (R-Ga.), who spent much of his week rallying against the proposal, called it 'flawed policy' and said Republicans will continue to fight it. 'At this point, because there are internal rules, the only option we have is through the courts,' Price said. 'We'll be in discussions with that.'"

Cheney Says Question About Daughter's Pregnancy "Out Of Line." Near the end of Vice President Dick Cheney's interview with CNN's The Situation Room (1/24), Wolf Blitzer asked Cheney if he wanted to respond to criticism of daughter Mary Cheney's pregnancy. Cheney: "No, I don't. … I'm delighted I'm about to have a sixth grandchild. And obviously I think the world of both my daughters and all of my grandchildren. And I think, frankly, you're out of line with that question." Blitzer: "I think all of us appreciate..." Cheney: "I think you're out of -- I think you're out of line." Blitzer: "No, we like your daughters. Believe me, I'm very, very sympathetic to Liz and Mary. I like them both. That was just a question that's come up, and it's a responsible fair question." Cheney: "I just fundamentally disagree with you."

White House Press Secretary Tony Snow said on Fox News' Your World (1/24, Cavuto), "He said it was out of line, and he was right. You know what's interesting, is that in prior administrations -- think about Chelsea Clinton. Nobody ever butted into Chelsea Clinton's business, and good for the press back then. And the Clintons were rightly protective of their daughter. Nobody questioned Al Gore when he son ran into difficulty. Again, right choice to make. It is tough enough to become president or vice president that people should not be trying to draw family members in. I don't know why the rules are different in this Administration, but it does seem that for some members of the press it's been open season on the President's daughters, and it seems that it's a time for people to get into the private life of the Vice President's daughter."

The AP (1/24) says Cheney "bristled when asked to respond to critics who question his daughter Mary's decision to have a baby and raise it with her female partner." The Los Angeles Times (1/25, Reynolds, 850K) says Cheney's "words became most pointed when Blitzer asked" about the pregnancy. The Washington Post (1/25, A1, Baker, 690K) writes that Blitzer "has been in the Cheney doghouse since October, when he interviewed the vice president's wife, Lynne, and asked about steamy scenes in a novel she wrote. … Lynne Cheney angrily rebuffed Blitzer, and her husband later congratulated her for what he called 'the slapdown.'"

Higgins Exits Church After Sermon Criticized Stem Cell Vote. The AP (1/24) reports Democratic Rep. Brian Higgins "walked out of his Catholic church in Buffalo after a clergyman berated the lawmaker for his recent vote on stem cell research." The "public tongue-lashing" came "during last Sunday morning's Mass at Saint Thomas Aquinas Catholic Church in South Buffalo." Deacon Tom McDonnell "criticized Higgins for voting earlier this month for a bill that would allow federal funding for research involving stem cell lines derived from surplus embryos created in fertility clinics. The Catholic church opposes embryonic stem cell research." As McDonnell "spoke, Higgins -- who was baptized and married at Saint Aquinas -- walked out with his wife and son."

Oldest-Ever Senate Showing Signs Of Aging. The Politico (1/25, Martin, Bresnahan) reports that the "average age of members of the U.S. Senate is older than it has ever been," and "for many senators, advanced age is starting to show, raising questions about their ability to govern." The "average age of the 100 senators is 62, up from 60 in the last Congress. Among the new Democratic committee chairmen, it is 69. And, of the five longest-serving senators, three are there today," including 89-year-old Sen. Robert Byrd. In terms of illnesses, "at least 10 senators have fought various cancers or suffered severe injuries," and Sen. Tim Johnson "remains hospitalized here for a brain hemorrhage suffered last month."

McCain Would Be Oldest President At Inauguration. The Politico (1/25, Simon) reports writes that if John McCain is elected president, he would become the oldest ever inaugurated. And, "as is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. … The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts."

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NTEU Challenges Federal Intern Program. The Washington Post's (1/25, D4, Barr) "Federal Diary" column reports, "The Federal Career Intern Program has become one of the most popular ways for federal agencies to recruit on college campuses and hire young professionals. Agencies may hire interns at any time, do not have to advertise the job openings in advance, and can take advantage of the two-year job tryouts to evaluate the interns before deciding whether to offer them permanent civil service jobs." The Post adds that the NTEU "challenged" the popular program "in federal court" asserting "that the intern program 'has become the hiring method of choice' and has undermined century-old laws that require federal jobs to be filled through fair and open competition with applicants afforded equal opportunity. The union asked the US District Court for the District of Columbia to throw out the program's regulations and to stop agencies from using the hiring program." The Post adds, "NTEU also objected to the program's rule that places interns on probation for two years, instead of the one year that generally applies to civil service jobs, and to an IRS decision to extend the probation to three years for revenue agents."

Union Launches Organizing Campaign At GAO. The Washington Post's (1/25, D4, Barr) "Federal Diary" column reports, "The International Federation of Professional and Technical Engineers announced yesterday that it has launched a union-organizing campaign to represent employees at the Government Accountability Office, the congressional auditing and investigations agency." Affiliated with the AFL-CIO, the union "represents federal scientists, engineers, immigration and administrative law judges and others, including the staff at the Congressional Research Service. A group of GAO analysts approached the CRS local union several months ago about forming an organizing committee, the union said."

White House Social Secretary Berman Stepping Down. The Washington Post reports in its "Reliable Source" column (1/25, Argetsinger, Roberts) that White House Social Secretary Lea Berman "is stepping down next month after two years on the job." The decision "to leave was entirely Berman's, said Susan Whitson, spokeswoman for Laura Bush. 'Mrs. Bush adores Lea and thinks her work is outstanding. Lea will be greatly missed.'" The Post adds the "prominent Republican hostess became the nation's most prestigious party planner in December 2004 -- after stints as social secretary for Dick Cheney, chief of staff to Lynne Cheney and a staffer in the president's 2004 reelection campaign."

OTHER NEWS:

Dow Reaches Its 26th Record Since October. The New York Times/AP (1/25) reports, "Wall Street soared yesterday, sending the Dow Jones industrial average to a new high. The Nasdaq composite index jumped 1.4 percent after profit reports from Yahoo and Sun Microsystems restored the confidence of investors in the technology sector." The Dow Jones "rose 87.97 points, or 0.7 percent, to 12,621.77, passing a record close of 12,582.59 set Jan. 16. It was the Dow's 26th record close since the surge began at the start of October. The Standard & Poor's 500-stock index reached a six-year high, rising 12.14 points, or 0.85 percent, to 1,440.13. The Russell 2000 index of smaller companies was up 8.65 points, or 1.10 percent, at 794.03." NBC Nightly News (1/24, story 10, :10, Williams, 9.87M) also noted the Wall Street numbers. The Washington Post/AP (1/25, D6) and Wall Street Journal (1/25, C1, Browning, 2.04M), among other newspapers, run similar reports.

"Growing Inequality" In America Triggers Debate On Fairness. The New York Times (1/25, Cowen, 1.16M) reports, "The growing inequality in wealth and income has led many people to question whether the contemporary American economy is rigged in favor of the rich. While there is little doubt that the gap between the wealthy and everybody else has widened in recent years, the situation is not as unfair as some of the numbers seem to imply. … In general, there is more income inequality among older populations than among younger populations, if only because older people have had more time to experience rising or falling fortunes. Furthermore, more-educated groups show greater income inequality than less-educated groups. … Since the United States is growing older and also more educated, income inequality will naturally rise."

Kerry Won't Seek Democratic Nomination In 2008. The Boston Globe (1/25, Klein, 413K) reports an "emotional Senator John F. Kerry today said he will not run in the 2008 presidential race and vowed to use his Senate perch to hasten an end to the war in Iraq, saying he would work with lawmakers from both parties to reverse President

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Bush's troop 'surge' and force him to withdraw virtually all troops from Iraq by early next year." Kerry "used the unusual forum of the Senate floor to announce his political ambitions. Choking up as he harkened back to his service in Vietnam, Kerry said he would work to make sure the next president doesn't have to cope with the consequences of a 'wider war' sparked by the failed policy in Iraq." Kerry's "decision to stay out of the presidential race reflects a realization that he would have had an uphill climb in capturing the Democratic nomination, given the other party heavyweights who are already in the race, according to Kerry associates." These associates said "the senator's plans changed dramatically in the fallout of his election-eve 'botched joke' about the education levels of US troops."

The Politico.com (1/24, Simon) reports, "Serious candidates and candidates who want to be serious in 2008 will have to raise more than a million and a half dollars a week in $2,000 increments starting right about now. And Kerry, who was criticized by many in his party for not running a more vigorous campaign last time, found it tough going." A source close to Kerry said, "He was calling around Wednesday and Thursday to close advisers and they had talked to donors several times and the money wasn't going to be there. That coupled with (Barack) Obama-mania, which gave people looking for a Hillary alternative a viable option, is what ended his plans."

The story was briefly reported by each of the networks. ABC World News (1/24, story 5, :20, Gibson, 8.78M) reported it was "a major political story tonight. Senator John Kerry has decided not to make another White House run in 2008. On the Senate floor this afternoon, the Massachusetts Democratic who lost the 2004 Presidential election said he will stay in the Senate and focus on trying to change the Bush Administration policy in Iraq."

The CBS Evening News (1/24, story 7, :25, Couric, 7.66M) reported Kerry "made a hard choice of his own today." Kerry, "who lost to President Bush in 2004, said he was tempted to run again but decided this is not the time. At least nine others have decided this is the time for them." NBC Nightly News (1/24, story 4, :25, Williams, 9.87M) reported, "While most Americans might not have thought he was in the race to begin with, today Massachusetts Democratic Senator John Kerry said that he will not run for President in 2008."

The Boston Herald (1/25, Ratliff, Ross, 184K) reports that in "a speech to the Senate Foreign Relations Committee, Kerry put pressure on the current administration to set a date to withdraw U.S. troops from Iraq but dedicated the last few minutes of his time on the floor to announce to his colleagues that though he was 'tempted to try again,' he would not make a push for the presidency." Gov. Deval Patrick, "who has previously said he would support Kerry in a 2008 White House bid, is now undecided on who he will back on the Democratic side for the office."

The AP (1/25, Espo) reports Kerry, "who fell 118,601 Ohio votes short of the White House in 2004, said Wednesday he will not run for president in 2008." Kerry said, "There are powerful reasons to want to continue that fight now. But I have concluded this isn't the time for me to mount a presidential campaign." The AP adds Kerry's decision "leaves a field of nine Democrats running or signaling their intention to do so, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, and John Edwards, Kerry's 2004 vice presidential running mate." Edwards said "he knew the decision was a difficult one for Kerry 'because we know his first instinct is always to respond to any call to serve his country'"

The AFP (1/25) reports Kerry "alluded to his failed presidential bid, which hinged largely on his strong opposition to the US war in Iraq, in making his announcement." Kerry said, "We came close -- certainly close enough to be tempted to try again." AFP added Kerry's "decision to pull out is the latest major development in the accelerated 2008 presidential race, in which several candidates have felt compelled to declare their intentions earlier than ever to lock up vital funds and campaign staff, or to bow out."

CQ Politics (1/25, Giroux) reports Kerry "announced his decision in a 36-minute speech on the Senate floor Wednesday afternoon. In a long prelude to his brief announcement, Kerry issued a lacerating denunciation of how Bush has handled the war in Iraq — including the president's recently announced decision to increase American troop strength in that nation." The news "will disappoint some Kerry loyalists who say he was hindered in 2004 by attacks from Republicans that they view as unfair." But "less downcast will be many Democrats who criticized Kerry, contending he ran an ineffective campaign that allowed Bush to win re-election."

Bloomberg (1/25, Roberts) reports, "Kerry said he is determined to use his position in the Senate to force a withdrawal of most U.S. troops from Iraq by next year." Kerry said, "Congress bears some responsibility for getting us into

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this war and Congress must take responsibility for getting us out."

The Los Angeles Times (1/25, Neuman, 850K) reports analysts "said Kerry also may have surveyed the field of Democratic candidates -- with Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois among the front-runners -- and determined that there was little interest in a candidate given to long speeches, a less charismatic style, and a similar position on the war." Jennifer Duffy of the Cook Political Report said, "The writing was on the wall. He was getting squeezed. Where once you saw the possibility of his running an 'I told you so' campaign, his position on Iraq is not unique anymore."

The New York Times (1/25, Nagourney, 1.16M) reports Kerry's announcement, "though it came in an unorthodox place, was not a surprise. He was bowing to a Democratic Party that was clearly unreceptive and had turned its attention to new candidates, in particular Senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, who both got into the race this month." Many Democrats "had said they expected that Mr. Kerry would decide not to run after assessing how much support he had in his party. Already, most of his aides from the 2004 campaign have moved on."

The Hill (1/25, Blake) reports Kerry, "who has eyed the White House since coming up just short in 2004 and has raised money accordingly, had become a long shot for a repeat bid. He languished in early polls despite high name recognition." Kerry "damaged his cause with comments shortly before the 2006 midterm elections in which he told students at a rally in California that they had better take their education seriously. Otherwise, he said, 'you get stuck in Iraq.'"

The Washington Post (1/25, A4, Cillizza, 690K) reports, "Several people close to Kerry said he struggled with the decision over whether to run again, weighing the narrowness of his 2004 defeat against the obvious hurdles presented by a Democratic field filled with popular figures such as" Sens. Clinton and Obama. But the sources "said his decision was not motivated by national and state polling that showed him trailing Clinton, Obama and Edwards in hypothetical 2008 matchups. They noted that Kerry has nearly $13 million in the bank, which could have been used to reintroduce himself to voters. But there are real concerns that a second national candidacy could endanger Kerry's standing in his home state."

The Washington Times (1/25, Lambro, 88K) reports, "Democratic campaign strategists privately have been saying for some time that the senator was no longer a contender in a crowded field of candidates, led" by Clinton, Obama, and Edwards. Democratic leaders "in the early caucus and primary battlegrounds of Iowa and New Hampshire also said that Mr. Kerry was registering little support in their states, running far behind the front-runners, who already have considerable campaign organizations and fundraising pledges."

Obama Calls Claim He Studied At Madrassah "Scurrilous." The AP (1/25, Pickler) reports Sen. Barack Obama "fought back Wednesday against an allegation that he was educated at a radical Islamic school as a child in Indonesia, determined to avoid being tripped up by unsubstantiated charges like those that undermined John Kerry in 2004." Interviews "by The Associated Press at the elementary school in Jakarta found that it's a public and secular institution that has been open to students of all faiths since before the White House hopeful attended in the late 1960s." Obama, who "was born in Hawaii, moved to Indonesia at age 6 to live with his mother and stepfather, attending schools in the country until age 10, when he returned to Hawaii to live with his maternal grandparents." The "contention that Obama was educated at a radical Muslim madrassa surfaced on the Web site of the conservative Insight magazine the day after Obama announced he was jumping into the 2008 presidential race. Conservative Internet blogs and the Fox News Channel picked up the story and spread the charges just as his candidacy was getting off the ground." Obama "on Wednesday called the reports 'scurrilous,' and his communications director e-mailed reporters a lengthy memo attempting to set the record straight."

The Hill (1/25, Schor) reports Obama "fired back yesterday against Insight magazine and Fox News for purveying a discredited report that he attended a radical Islamic religious school during his childhood years in Indonesia." In a memo to reporters, Obama communications director Robert Gibbs "reiterated that CNN has officially debunked claims published last week in Insight, a property of Washington Times owner Rev. Sun Myung Moon."

Obama Faces Dilemma In Appeal To Black Voters. The Washington Post (1/25, A1, Fletcher, 690K) reports in a front page story that the "question of how Obama chooses to

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define and approach race looms large as he moves closer to formally launching his campaign next month. Although he rides a wave of enthusiasm among Democrats who like his vision of a different kind of politics and see him as an alternative to Sen. Hillary Rodham Clinton (N.Y.), it is not clear that his multiracial message can excite black voters hungry for affirmation of their top concerns." Melissa V. Harris-Lacewell, "a Princeton University professor who has followed Obama's political ascent, said that he may be forced to choose: 'You can be elected president as a black person only if you signal at some level that you are independent from black people' -- a move she said would be 'guaranteed' to make black people angry." The Post adds, "Already, that balancing act is causing some strains. Some of Obama's longtime black supporters in Illinois are grumbling about the largely white crowd of advisers who now surround Obama as he gears up his national campaign."

The Washington Times (1/25, DeBose, 88K) reports Obama "will have a tough time generating support for his presidential bid among key black Democratic leaders -- many of whom are loyal to the Clintons -- and he must guard against undermining his electability by becoming the civil rights candidate, campaign strategists say." Several strategists "said Mr. Obama, Illinois Democrat, will have to walk the tightrope of wooing black liberal activists, including such polarizing figures as the Rev. Al Sharpton and Mr. Jackson, while avoiding limiting his appeal by leading with his race and running primarily on civil rights issues."

McCain Tops GOP Competitors In Arizona Poll. Phoenix Business Journal (1/25, Sunnucks) reports Sen. John McCain "fared well in a poll of Arizona voters, but trailed former New York Mayor Rudy Giuliani among Republicans in surveys taken nationally and in Iowa, a key primary state." A poll released Wednesday "by Arizona State University and KAET-TV 8 shows McCain with a mammoth lead over GOP rivals in a potential Arizona primary." The ASU survey "gives McCain a 54 percent edge. Former U.S. House Speaker Newt Gingrich checks in as the second most popular candidate, favored by 14 percent of respondents, followed by Massachusetts Gov. Mitt Romney. The ASU poll did not ask voters about Giuliani."

Republicans Wonder Whether Giuliani Is In A Stall. The White House Bulletin/US News (1/25) reports Republican insiders are asking if Rudy Giuliani will "back out of his fledgling presidential campaign." The insiders "note that while Giuliani leads in some national polls of GOP voters, he has not moved as aggressively as some of his rivals, especially John McCain and Mitt Romney, to recruit a campaign team or solicit support from key Republicans at the national, state, and local levels. The insiders point out that Giuliani didn't run against Hillary Rodham Clinton for the Senate in 2000 in a decision that disappointed many of his supporters." A "prominent GOP insider who formerly advised President Bush" said, "Some of us aren't sure he will really make this race this time, and if he does jump in, there will be doubts that he will stay in."

Four Large States Could Move Primaries Up To February. The New York Times (1/25, Nagourney, 1.16M) reports that as many as "four big states — California, Florida, Illinois and New Jersey — are likely to move up their 2008 presidential primaries to early next February, further upending an already unsettled nominating process and forcing candidates of both parties to rethink their campaign strategies, party officials said Wednesday." The changes "mean that the presidential candidates face the prospect of going immediately from an ordered series of early contests in relatively small states in January to a single-day, coast-to-coast battlefield in February, encompassing some of the most expensive advertising markets in the nation." The move would "appear to benefit well-financed and already familiar candidates and diminish the prospects of those with less money and name recognition going into such a highly compressed series of contests early next year." Associates of Sens. Hillary Clinton and John McCain "said that should either of them stumble early on, the respective party primaries in California and New Jersey — two states that would seem particularly hospitable to them — could offer an expensive but welcome firewall." But New Jersey and California "could provide an opening for Rudolph W. Giuliani, the former mayor of New York, who faces the daunting prospect of overcoming resistance among social conservatives in the Republican contests in Iowa and South Carolina in January."

Gingrich Backs Bill To Make English Official Language. The Washington Times (1/25, Pfeiffer, 88K) reports former House Speaker Newt Gingrich "announced his support for legislation that would make English the nation's official language in order to combat what he calls 'an unprecedented influx of non-English-speaking immigrants.'"

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Gingrich "has said he is speaking out now to infuse his party's presidential primary with ideas and will not make a formal decision about running until September." Gingrich said, "If you are pro-immigration into America, you should be pro-assimilation into the American way of life. Bilingual education has been stunningly destructive."

Bergen County Seen As Warning For GOP. In his Roll Call column (1/25), Stuart Rothenberg says, "For Republicans, New Jersey, once a GOP-leaning, anti-tax state, stands as a stark reminder of how things have changed, particularly in the Northeast. But the better example — and warning of things to come — is Bergen County, a suburban bedroom community that has moved away from its Republican roots and toward the Democratic Party." The county, "once bedrock Republican territory and the most populous county in the state, has voted Democratic in the past four presidential elections — twice for Bill Clinton, and more recently for Al Gore and John Kerry." Republicans have "three major problems in the county: the national party, changing demographics and a fractured GOP that is being outworked by Democratic strategists." If Bergen "were an isolated case, it might not even be worth mentioning. But what's happening there could happen (and indeed has happened) in other northern suburbs. While the GOP has made gains in Georgia, Tennessee and Kentucky, it continues to lose ground in New Jersey, Illinois and southeast Pennsylvania."

Washington School Board Faces Backlash Over Ban On Gore Film. The Washington Post (1/25, A12, Harden, 690K) reports Frosty E. Hardiman of Federal Way, Washington, "is neither impressed nor surprised that 'An Inconvenient Truth,' the global-warming movie narrated by former vice president Al Gore, received an Oscar nomination this week for best documentary." Hardiman said, "Liberal left is all over Hollywood." The Post adds Hardiman, "a parent of seven here in the southern suburbs of Seattle, has himself roiled the global-warming waters. It happened early this month when he learned that one of his daughters would be watching 'An Inconvenient Truth' in her seventh-grade science class." Hardiman's "angry e-mail" to the local school board "(along with complaints from a few other parents) stopped the film from being shown to Hardiman's daughter." The e-mail "also pressured the school board to impose a ban on screenings of the film for the district's 22,500 students. The ban, which the school board says was merely a 'moratorium,' was lifted Tuesday night, subject to rigorous conditions. Still, the action has appalled the film's producers and triggered a ferocious national backlash."

Steele To Head GOPAC. The Washington Times (1/25, Lobianco, 88K) reports former Maryland Lt. Gov. Michael S. Steele "will lead a major Republican fundraising group and start a public affairs consulting firm in Maryland." Steele will "be the chairman of GOPAC, the national fundraising outfit that former House Speaker Newt Gingrich elevated to national prominence in 1994, and start the Legacy Strategies public affairs firm, he told The Washington Times yesterday."

WPost Says Virginia GOP Finally Serious About Transportation Funding. The Washington Post (1/25, A24, 690K) says in an editorial, "Eyeball to eyeball with a potential electoral disaster in this fall's legislative elections, Virginia Republicans have finally blinked -- a little. They have put forward a transportation funding package that is at least partly serious, which is to say that it relies to a significant degree on new taxes and fees to address the state's most urgent problem. It is an imperfect plan but also a sound starting point for a deal." Having signed pledges "to oppose any new taxes and having torpedoed one funding plan after another, the conservative ideologues who hold sway in the House of Delegates haven't found the courage to raise taxes much themselves. But they have decided to allow the localities where traffic is worst -- in Northern Virginia and Hampton Roads -- to increase their own taxes, particularly on commercial real estate and home sales."

WS Journal Provides Guide To Energy Security Flashpoints. The Wall Street Journal (1/25, A12, Cummins, Bahree, Minczeski, 2.04M) reports, "The past four years have seen the biggest oil-price spike in a generation. That shock has shown energy insecurity to be one of the chief political, economic and military challenges facing the world." The "worry is that the geopolitical and economic equilibrium that long enabled the oil industry to smoothly supply customers is a thing of the past." One concern is whether power has "permanently shifted to producers." Another "worry is turmoil in exporting nations." The "quest for energy security, in short, is a global scramble of power, money and ideas." The Journal provides a map-

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based "guide to flashpoints likely to shape the outcome of that scramble in 2007."

Bolton Says US Iran Policy Flawed. The AP (1/25) reports former UN Ambassador John Bolton says the United States "may not be able to prevent Iran from acquiring nuclear weapons because the Bush administration is following a flawed diplomatic strategy." In an interview with Fox News airing Wednesday night, Bolton "said that contrary to administration claims, the U.N. Security Council resolution against Iran that was approved last month is 'very weak.'" The former envoy said, "The disjunction between that objective and the diplomacy we have been pursuing is ultimately going to be a problem for the president."

Fox News' Special Report (1/24, story 13, 3:20, Rosen) reported, "Bolton urged the White House to pursue regime change in Iran" and his "conservative views generally aligned with those of some other members of the President's foreign policy team, notably Vice President Cheney and Robert Joseph, the Undersecretary of State for Arms Control." According to Fox News, "Conservatives in the State Department bureaucracy blame the undersecretary for political affairs, Nicholas Burns, who served under President Clinton, and whose portfolio has included the Iran file, with ceding too much control to the Europeans negotiating directly with Tehran."

Khalilzad Promises Evidence On Iran's Activities In Iraq. The Los Angeles Times (1/25, Daragahi, 850K) reports outgoing US Ambassador in Iraq, Zalmay Khalilzad, "said Wednesday that he would soon reveal details he asserted would show Iranian interference in the country, in the latest round of diplomatic jousting between Washington and Tehran." Khalilzad told a group of Western journalists that American officials would provide details "in the coming days" about Iranian officials detained and interrogated in Baghdad and the Kurdish city of Irbil within the last month. The presentation, Khalilzad said, "would include details about who the detained Iranians are and what they were doing in Iraq, as well as information about alleged contraband coming across the Iran-Iraq border." The upcoming presentation, he said, is "a response to public comments by Iranian Ambassador Hassan Kazemi-Qomi, who this week publicly challenged Americans to show 'any shred of evidence that Iran is working to destabilize Iraq,' according to Iranian news agencies."

Iran Receives Russian Defense Missiles. The AP (1/25, Karimi) reports Iranian officials "said Wednesday that they have taken delivery of advanced Russian air defense missile systems -- weapons intended, according to one Russian news agency, to defend Tehran's major nuclear facilities." Iran's Minister of Defense, Mostafa Mohammad Najjar, "did not say how many missiles were delivered or when they arrived." In New York, spokesman for the US mission to the United Nations, Richard Grenell, called the development "troublesome given that Iran is the leading state sponsor of terror in the world."

Olmert Says Israel Will Response To Iranian Nuke Threat With "All Means At Our Disposal." The AP (1/25, Gutkin) reports Israeli Prime Minister Ehud Olmert "devoted one of his most important policy speeches of the year Wednesday to a single topic -- Iran -- saying Israel will respond to a nuclear threat 'with all the means at our disposal.'" Addressing an annual security conference in Tel Aviv, he "said the international community has no choice but to act forcefully" against Iran and its president, Mahmoud Ahmedinajad, who has repeatedly called for Israel's destruction. "When the leader of a country announces, officially and publicly, his country's intention to wipe off the map another country, and creates those tools which will allow them to realize their stated threat, no nation has the right to even to weigh its position," Olmert said. The AP says Olmert's decision to "devote the high-profile speech to Iran reflected his country's growing concern over" Iran.

Timing Of Mideast Talks Questioned. In a news analysis, the New York Times (1/25, A10, Erlanger, 1.16M) writes, "It would be hard to imagine a less promising moment for the United States to restart serious Palestinian-Israeli peace negotiations." Six years after the last round of talks, "the Palestinian government is controlled by Hamas, which preaches Israel's destruction. Approval ratings for the Israeli prime minister are barely in double digits. Gaza and neighboring Lebanon are in turmoil. President Bush is weak." Despite these factors, the Bush administration "is holding a meeting on Feb. 2 of the so-called Quartet…to be followed by 'informal talks' between Israeli and Palestinian leaders, with help from [Secretary] Rice, about the shape of a final peace treaty and the nature of a Palestinian state beside Israel." The Times says that "expectations are purposely low" and notes that a "senior US official" said while it is unlikely that either Ehud Olmer or Mahmoud Abbas has the political strength to deliver big concessions, "sometimes it's best to try to buy in at the bottom."

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Musharraf Proposes Mideast Peace Initiative. AFP (1/25) reports Pakistan President Pervez Musharraf "said that he had agreed with five Arab leaders to develop a Muslim peace initiative for the Palestinian conflict, which he said lay at the root of worsening violence around the region." Speaking with reporters in the United Arab Emirates at the end of a five-nation Middle East tour, Musharraf said, "Destructive violence is going on in Iraq, Lebanon is mired in crisis, and the most dangerous aspects of these two are the visible sectarian undertones which cause a special concern to us in Pakistan."

Rice Announces $770 Million Aid Package For Lebanon. The AP (1/25, Gearan) reports Secretary of State Condoleezza Rice announced Wednesday that the US "will offer nearly $770 million to help the fragile democratic government in Lebanon" in a "tripling of US aid announced a day after deadly protests in Beirut underscored the country's deep political and sectarian divisions." The donation, which must be approved by Congress, "would include $220 million in military aid" for the purchase of "small arms, ammunition, spare parts and Humvees," US officials said. Tuesday's violent protests "underscore the world's duty to help the democratic government survive in Lebanon, Rice said." Rice will meet privately with Prime Minister Fuad Siniora Thursday, "patching up a relationship strained by Saniora's frustration that it took 34 days to get a United Nations cease-fire in the Israeli-Hezbollah war."

The New York Times (1/25, A8, Cooper, 1.16M) says the US aid package demonstrates the "level of concern about the deteriorating situation" in Lebanon, and "in many ways, the donor conference [in Paris] on Thursday will serve as a snapshot of the larger proxy war between the United States -- joined by its Sunni Arab allies and Europe -- and Iran and Syria. Lebanon, like Iraq, is a battleground in that war, and Mr. Siniora, a Sunni Muslim, is fighting for his political survival." However, "Just how much money it will take to prop up Mr. Siniora is in question." Assistant Secretary of State C. David Welch told reporters in Paris, "You will find that the United States will be very supportive of Lebanon at this conference. Of course, you all know the importance of our political voice; now we are going to put some money behind that." How much "Saudi Arabia and other Sunni Arab countries come up with will also be of interest, analysts say."

The AP (1/25, Keaten) also quotes Assistant Secretary Welch as saying, "The government of Lebanon may be stressed by what's going on, but I believe they are strong and will weather this crisis."

The Washington Times (1/25, Kralev, 88K) notes McCormack said Rice was accompanied by chief executives of US companies with plans to invest in Lebanon, although he did not name them. The spokesman told reporters, "Long after direct US government assistance has gone through the pipeline and been delivered, investment by foreign companies and US companies is going to continue to create jobs and opportunity in Lebanon."

AFP (1/25, Millikin) notes Rice "linked the latest US aid, and other pledges expected during Thursday's 30-nation donors meeting, to efforts to strengthen Siniora's government in a power struggle with Hezbollah and other Syrian-backed parties in Lebanon." Rice said she hoped the pro-Syrian camp "would not want to push Lebanon into open conflict and to kill lots of innocent Lebanese to pursue their political goals." A senior official accompanying Rice "said the direct aid will be tied to 'benchmarks' in the implementation of Siniora's five-year reform plan, which calls for raising some taxes and privatizing the country's electricity and mobile phone sectors."

Hariri's Son Urges Support From International Community. Saad Hariri, son of the late Rafik Hariri and majority leader of Lebanon's national parliament, writes in the Wall Street Journal (1/25, A19, 2.04M) that his country "is truly at a crossroads; the choices and actions Lebanese government officials and their supporters in the international community make are critical for what my country will look like in the future." This week's donor conference, he continues, "will be decisive for the future of Lebanon as a democratic and moderate Arab country with a liberal economy, and as a beacon of coexistence and tolerance for the entire region." Hariri notes that "while the people of Lebanon are free today, we are not free of foreign intervention," citing "outside powers" that are "supporting a move by a coalition of Lebanese parties to topple the elected government."

Nasrallah Says Hezbollah Won't Topple Lebanese Government. The New York Times (1/25, A9, Bakri, 1.16M) reports Hezbollah's Sheik Hassan Nasrallah said Wednesday that Lebanon's opposition movement "had decided to stop short of toppling the government of Fouad Siniora, fearing civil strife." He warned, though, that Hezbollah and its allies "would continue to ratchet up the pressure on Mr. Siniora in coming weeks and vowed not to back down on their demands."

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US Criticizes Iranian Overtures To Saudis. The Washington Times (1/25, Kralev, 88K) reports the United States Wednesday "criticized Iranian overtures to Saudi Arabia suggesting the two countries cooperate to resolve a political crisis between the Lebanese government of Prime Minister Fuad Siniora and the Shi'ite group Hezbollah." Tehran's proposal, made during a visit to Riyadh last week by Ali Larijani, head of the Supreme National Security Council, is "aimed at giving the Iranian-backed Hezbollah a bigger role in the Lebanese Cabinet," diplomats said. State Department spokesman Sean McCormack told reporters, "We certainly wouldn't support any effort to try to negotiate something over and above the heads of the Siniora government."

Defense Officials Confirm New Airstrike In Somalia. The AP (1/25, Burns) reports US defense officials Wednesday confirmed the United States launched a second airstrike in Somalia against suspected terrorist targets. The officials, "who spoke on condition of anonymity because the action was carried out in secret, provided few details about the strike by an Air Force AC-130 gunship earlier this week and were uncertain whether the intended target was killed." One official "suggested that early indications showed that no high-value target was killed or captured." At the Defense Department, spokesman Bryan Whitman declined to confirm any new strike but said in general that the United States is "going to go after al-Qaeda in the global war on terrorism wherever it takes us."

NYTimes Urges Washington To Broker Peace Accord. In an editorial, the New York Times (1/25, 1.16M) writes, "Thanks to an unusual and probably fleeting set of events, Somalia has a chance to return to the community of law-abiding and legitimate states. For a country that dissolved years ago into chronic clan warfare and became a way station for international terrorists, that would be an enormous gain -- and an enormous gain for the rest of the world. To make the most of this opportunity, Washington needs to move quickly, along with Arab and African leaders, to try to broker a political compromise between responsible leaders of the Islamic Courts Union…and the internationally endorsed transitional government installed in its place."

Rice Dismisses Report Pyongyang Is Helping Iran Prepare Nuke Test. AFP (1/25) reports Secretary of State Condoleezza Rice "sought to play down a report in a British newspaper that North Korea was helping Iran prepare an eventual nuclear test explosion." Responding to questions about a report published in The Daily Telegraph, Rice told reporters in Paris, "I don't see that it's based on anything that I've seen." Citing an unnamed senior European defense official, the newspaper "said that North Korea has agreed to share all the data it received from its nuclear test last year as both countries face Western pressures over the development of their own nuclear programs." The Secretary also said she had spoken with her South Korean counterpart Wednesday and the foreign ministers of China and Japan on Tuesday as part of efforts to hold a new round of six-party talks. Rice said, "We've had productive preparatory discussions with all of the parties, including the North Koreans, but there's not going to be an agreement until we're in the six-party format."

Greek Militants Claim Responsibility For Attack On US Embassy. The AP (1/25, Gatopoulos) reports, "A Greek militant group has claimed responsibility for a rocket attack on the US Embassy in Athens earlier this month, blaming American policy in Iraq and the Middle East for the strike." The "far-left" group Revolutionary Struggle issued a statement to the weekly Pontiki newspaper, its publisher Dimitris Benekos said Wednesday. He said the statement would be published on Thursday and police said forensic experts were examining the document. Benekos told the AP the five-page statement "explains why it chose the embassy as a target, linking (the attack) with US foreign policy in various parts of the world -- Afghanistan, Iran, Iraq, Palestine and so on."

British Defense Ministry Denies Rift With US. AFP (1/25) reports the British defense ministry "denied there was any rift with the United States over the two countries' plans for troop levels in Iraq following comments made" by outgoing US Ambassador Zalmay Khalilzad to the BBC. The ambassador said the US "would like the British to co-ordinate and for us to have a joint plan." A ministry spokeswoman said, "There is no tension between US and UK objectives and activities in Iraq," stressing that "this is the strategy of transition, which we are working towards, as are the Americans."

Hu To Visit Sudan For Talks On Darfur Conflict. The New York Times (1/25, A6, French, 1.16M) reports Chinese officials announced Wednesday that President Hu Jintao "would visit Sudan in early February and

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would seek a diplomatic solution" to the conflict in Darfur. As part of an eight-country tour of Africa, a Foreign Ministry spokesman "said that China would use its diplomatic influence to encourage a settlement of the Darfur crisis, but that China would not publicly pressure Sudan or threaten it with sanctions." Assistant Foreign Minister Zhai Jun said at a news conference in Beijing that "using pressure and imposing sanctions is not practical and will not help settle the issue."

US Analyst Criticized For Support Of Spy. The Washington Times (1/25, Gertz, 88K) reports a "senior US intelligence analyst has been formally criticized for 'poor judgment' after writing a letter and e-mails in support of a convicted former Defense Intelligence Agency analyst," US intelligence officials said. Lonnie Henley, the deputy national intelligence officer (NIO) for East Asia, "was given a letter of reprimand several months ago after an investigation within the Office of the Director of National Intelligence (DNI)." Henley was "a close friend and protégé of former DIA analyst Ronald Montaperto, who was convicted in June on espionage charges that included supplying secrets to Chinese military intelligence." DNI spokesman Carl Kropf "declined to comment on the reprimand, noting that it was an administrative matter."

"Blackmail Journalism" Seen As Growing Problem In China. The Washington Post (1/25, A1, Cody, 690K) reports in a front page article on "the blackmail journalism metastasizing through China's news media," which journalists and officials say Chinese reporters "are demanding…hush money with increasing regularity from businesses and government agencies in exchange for the withholding of unfavorable news." In "many ways," the Post says "blackmail journalism grew naturally out of a system in which Communist Party censors control the news rigorously, barring reports that could be seen as unfavorable to the party or contrary to the government's political goals."

Reactions To China Missile Test Mixed. Bruce Berkowitz, a research fellow at the Hoover Institution at Stanford University, writes in the Wall Street Journal (1/25, A18, 2.04M) that while China's foreign ministry acknowledged Tuesday "what the world press had reported for almost two weeks: a test of an anti-satellite weapon in space," the "danger now is that partisans and pundits will overreact. Some will claim the launch represents a new threat to the United States. Others will warn of the militarization of space." However, Berkowitz says, "They are both wrong. The real threat is that Washington will miss an opportunity to move China along the path to more diplomatic openness and democracy, and deter it from aggression against its neighbors and American interests."

Meanwhile, Elizabeth Economy, director of Asia studies at the Council on Foreign Relations, writes in the Washington Post (1/25, A25, 690K) that the test "has sparked a political firestorm, as analysts have tried to ascertain who in China knew what when and to what end." But Economy says the "truth is that China…exerts an unsettling and often negative impact on the world," and the missile strike "also underscores perhaps the greatest challenge of China's rise as a global power: The lack of transparency, official accountability and rule of law that defines China on the domestic front plays poorly on the international stage." She notes that "Chinese leaders' inability to be forthcoming on matters of international importance -- whether SARS, the Harbin pollution disaster or this missile strike -- erodes whatever goodwill and trust they earn from their tireless sojourns abroad and suggests that they are not ready for prime time."

Russia Defense Minister Criticizes US Missile Plans. The Washington Times/AP (1/25, Isachenkov) reports Russia's defense minister Wednesday "harshly criticized US plans to deploy missile-defense sites in Central Europe, saying Moscow doesn't trust the US explanation that they are intended to counter missile threats posed by Iran and North Korea." During a trip to India, Sergei Ivanov said neither Iran nor North Korea has or will have a capability to build missiles that can reach Europe. Speaking to reporters, Ivanov said, "They don't and won't have intercontinental ballistic missiles. And a question comes: whom it's directed against?"

Putin's India Visit Seen As Sign Growing Ties. The New York Times (1/25, A14, Sengupta, 1.16M) reports from New Delhi, "A new nuclear accord, booming trade and an ever closer partnership with the United States notwithstanding, the guest of honor this week at India's Republic Day ceremony, an annual display of military pomp, will be a symbol of New Delhi's newest old friend: President Vladimir V. Putin of Russia." Putin's visit is seen "as testament to the enduring ties between India and Russia," which "have been revived by the strategic demands of a prospering India, namely energy and arms."

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Plot To Smuggle Uranium Shows Gaps In Anti-Proliferation Efforts. On its front page, the New York Times (1/25, A1, Sheets, Broad, 1.16M) details a plot carried out last January by Russian Oleg Khinsagov, who smuggled "100 grams of uranium so refined that it could help fuel an atom bomb" into Georgia. The case "has alarmed officials because they had thought that new security precautions had tamped down the nuclear black market that developed in the 1990s, after the Soviet Union collapsed." The Times adds, "An examination of the episode, and a similar one in 2003, suggests that the region's political instability and culture of rampant corruption continue to provide a fertile breeding ground for illicit commerce in atomic materials." This latest uranium seizure, said American Ambassador in Tbilisi, John F. Tefft, "highlights how smuggling and loose border control, associated with Georgia's separatist conflicts," pose a threat "not just to Georgia but to all the international community." But "what is most worrisome about the two most recent case, nuclear experts say, is the material itself: in large enough quantities, it could provide a terrorist with an instant solution to the biggest challenge in making a nuclear weapon, obtaining the fuel."

Litvinenko's Poisoning Jump Starts Development Of New Radiation Exposure Treatments. Under the headline, "Death Of Spy Who Ingested Polonium Spurs Drug Makers," the Wall Street Journal (1/25, B1, Levine, 2.04M) reports that following last November's case in which polonium-210, "a rare radioactive isotope, was used to murder former Russian intelligence agent Alexander Litvinenko" Ovation Pharmaceuticals Inc. of Deerfield, Ill., "got a call from the National Institute of Allergy and Infectious Diseases: Could the company brief the agency on Chemet? Ovation is one of a few US drug companies and laboratories that are attracting new attention because of Mr. Litvinenko's death in London from poisoning by polonium-210." The Journal adds, "Last fall, the National Institute of Allergy and Infectious Diseases in Bethesda, Md., and the Pentagon separately offered funding for research into promising radiation-injury treatments." Now, "pharmaceutical companies are giving notice that drugs they have developed, or are developing, for cancer and other diseases can also be used for exposure to radioactive elements, including possibly polonium-210. Most must be taken within hours of exposure to be effective."

Davos Forum Highlights Globalization Debate. The Wall Street Journal (1/25, A10, Walker, 2.04M)) reports that a "new refrain is emerging in Davos this year: Globalization isn't working for everyone. Stagnating wages and rising job insecurity in developed countries are creating popular disenchantment with the free movement of goods, capital and people across borders. If unchecked, popular fears could turn into a political backlash that could lead to protectionism -- or at least make broad free-trade agreements harder to achieve in the future." In an interview last week, German Chancellor Angela Merkel said, "The anxiety is there, because we have competitors that didn't exist 10 or 15 years ago." Governments in the developed world, "she said, have to persuade their own middle class -- a group used to a relatively stable economy in the postwar decades -- to embrace a life of constant change and challenge."

Liberia's President Seen As Making Progress During First Year In Office. The Los Angeles Times (1/25, A1, Dixon, 850K) profiles Liberian President Ellen Johnson-Sirleaf, who it calls "a feisty, ambitious economist trying to turn around one of the most damaged and traumatized countries on Earth, with a ferociousness that has earned her another nickname: the Iron Lady." Today, a year after Johnson-Sirleaf took office, "the most visible progress in this grimy, bullet-pocked capital is a few wan strings of fairy lights draped on dilapidated street awnings" after spending "years without electricity." Johnson-Sirleaf is "under no illusions: A few more months or a year without bringing jobs and her people's love and admiration will themselves blink out. But for now she offers hope of a new beginning to a nation torn by war's atrocities."

OPEC President Not Worried About Recent Slide In Oil Prices. The Wall Street Journal (1/25, A10, Smallman, 2.04M) reports, "OPEC's new president said that he would like higher oil prices than current levels, but that the long-term outlook was more important than a near-term price slide." Mohammed al-Hamli, who is also oil minister for the United Arab Emirates, "said he would be at ease if the cartel's reference basket of 11 of its members' crude oils was about $55 a barrel. His statement implied a price for U.S. markets of roughly $60 a barrel. U.S. benchmark crude-oil futures settled yesterday at $55.37, up 33 cents." Al-Hamli's "remarks underscore some of the uncertainty OPEC faces amid the volatile oil prices of recent weeks."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Senate Panel Opposes Troop Buildup In Iraq."
"Liberians Love Their Iron Lady, For Now."
"Tightwad Bank Is Beyond Saving."
"U.S. Motorists Cutting Back A Bit."
"Mayor Keeps High Profile On D.C. Trip."

USA Today:
"Senators Say 'No' On Bush Iraq Plan."
"Distractions Challenge Teen Drivers."
"Cities See Crime Surge As Threat To Their Revival."

New York Times:
"Big States' Plan for Earlier Primaries Scrambles Race."
"Bush Iraq Plan Is Condemned by Senate Panel."
"Congress Office Forecasts Drop in U.S. Deficit."
"Smuggler's Plot Highlights Fear Over Uranium."
"At the Libby Trial, Hints of Intrigue and Betrayal."
"Police Won't Use $140 Million Radio System."
"Of Gay Sheep, Science and Peril of Bad Publicity."
"Hedge Fund Chiefs, With Cash, Join Political Fray."

Washington Post:
"Senators Rebuff Bush On Troop Plan."
"Bush Plans New Focus On Afghan Recovery."
"New Teen Taunt: You Call Those Advanced Classes?."
"Obama's Appeal to Blacks Remains An Open Question."
"Defending Iraq War, Defiant Cheney Cites 'Enormous Successes'."

Washington Times:
"Bush Rebuke Advances."
"GOP Renews 'Amnesty' Defiance."
"Rumsfield's Transition Raises Questions."
"Obama On Tightrope In Bid For Black Vote."
"Is Jimi The King Of Pop?"
"Modern-Day Jonah Escapes Jaws Of Killer Shark."

Detroit Free Press:
"Wary GOP Lawmakers Bail On Bush."
"Record Number of Region's Homeowners Are In trouble As Economy Flounders."
"A Battle Takes Shape Over Fuel Rules."

Atlanta Journal-Constitution:
"DeKalb Police Get Oversight."
"No Golden Net For New Dept Chief."
"Drive For New Cities Hits Detour."
"Questions Linger, But Cops Insist Vick's Case 'Is Over.'"

Houston Chronicle:
"Bonuses In HISD Strike A Nerve."
"Students Ill After Pills Given Out 'Like Candy'."
"Senate Panel Lays Into Bush War Plans."
"A Bright Spot Amid Days Of Gloom."
"After Decades Of Waiting Arrest Made In Slayings."
"Doctors Find A Long Wait To See Patients On Texas."

Story Lineup From Last Night's Network News:
ABC: Senate-Iraq Resolution; Senate Iraq Resolution-Analysis; Bush Health Care Plan; Bush Health Care Plan-Analysis; Sen. Kerry Not Running; Helicopter Crash-Iraq; Iraqi Children; A Soldier's Story; Duke Lacrosse Rape Case; Norovirus Outbreak; Pope John Paul II.
CBS: Senate-Iraq Resolution; Cheney Interview; Troops On Patrol-Iraq; Afghanistan War; Bush Energy Plan; Climate Change Report; Sen. Kerry Not Running; Medical Care Discounts; Hurricane Katrina Forgotten; Fallen Soldier; Reality TV.
NBC: Senate-Iraq Resolution; State Of The Union-Aftermath; Iraq Resolution-Analysis; Sen. Kerry Not Running; State Of The Union-Public Response; Iraq Sectarian Violence; Cold Case; Terrorism Plot-London; Birth Control Pills; Stock Market; Helping The Grieving.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate Committee-Iraq Resolution; Cheney-Defends Iraq Strategy On CNN; Senate Committee-Petraeus Nomination; Baghdad-Motorcycle Bomb; Chávez-Castro; MO-Powerball Lottery Winner; Tokyo Stock Exchange; R&B Singer Brandy-Car Accident Investigation; Noriega-Panama Return; CareerBuilder.com Job Satisfaction Survey.
CBS: House Republicans-Strategy Session; Senate Committee-Iraq Resolution; Libby Trial; MS-42-Year-Old Racial Murder Case; IN-Abducted Woman; John Kerry-2008 Plans.
NPR: Bush-Missouri; John Kerry-2008 Plans; Iraqi Court Puts Off Death Penalty Decision On Saddam Deputy; Baghdad-Motorcycle Bomb; Congress-Airlines Merger; US Ambassador To Canada-Terrorist Watch List Controversy;

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Georgian Authorities Arrest Man For Trying To Sell Uranium; Putin-India.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours Saint Luke's East-Lee's Summit, Lee's Summit, Mo.; participates in a roundtable on healthcare initiatives. Saint Luke's East-Lee's Summit, Lee's Summit, Mo.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iraqi reconstrtuction strategy. State Department Iraq Coordinator David Satterfield. Location: Room 216, Hart.

9:30 a.m. ARMED SERVICES _ full Committee. Hearing on the futurte in Iraq. Former Defense Secretary William Perry, Dennis Ross of the Washington Institute for Near East Policy, retired Gen. John Keane, former Army vice chief of staff. Location: Room 106, Dirksen.

9:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on billing, marketing and disclosure practices of the credit card industry and their impact on consumers. Location: Room 538, Dirksen.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on oil and gas resources on the Outer Continental Shelf and areas available for leasing in the Gulf of Mexico. Assistant Interior Secretary Stephen Allred, Chairman and CEO J. Larry Nichols of Devon Energy, New Jersey Environmental Protection Commissioner Lisa Jackson, Chevron Corp. Vice President Paul Siegele, Athen Manuel of the Sierra Club, Majorie McKeithen of the Louisiana Mineral Resources Department. Location: Room 366, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Organizational meeting. Location: Room 485, Russell.

10 a.m. BUDGET _ Full Committee. Hearing on the budget and the CBO outlook. CBO Director Peter Orszag. Location: Room 608, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Organizational meeting, and consideration of pending judicial nominations. Location: Room 226, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ full Committee. Hearing on political strategy in Iraq. Laith Kubba of the National Endowment for Democracy, Ahmed Hashim of the Naval War College, Qubad Talabani of the Kurdistan Regional Government, and Toby Dodge of the International Institute for Strategic Studies. Location: Room 216, Hart.

2:30 p.m. HOMELAND SECURITY AND GOVENRMENTAL AFFAIRS _ Oversight and Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on the federal government's efforts to develop a foreign language strategy. Assistant Air Force Secretary Michael Dominguez, Holly Kuzmich of the Education Department, Everette Jordan of the FBI, Rita Oleksak of the American Council on the Teaching of Foreign Language, Michael Petro of the Committee for Economic Development, and Diane Birckbichler of the Foreign Language Center at Ohio State University. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on intelligence revision proposals regarding the FBI and Homeland Security. Deputy FBI Direcvtor John Pistole, Charles Allen of DHS, D.C. Police Chief Cathy Lanier, West Virginia Public Safety Secretary James Spears. Location: Room 219, Hart.

US House: No Scheduled Events.

Other: MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 8 a.m. Mayors and Business Leaders Plenary Breakfast featuring awards presentations and address by Sen. Hilary Rodham Clinton, D-N.Y. 9:30 a.m. Children, Health and Human Services Standing Committee, with Sen. Jack Reed. 12 p.m. News conference on climate protection, with Mayors Douglas Palmer of Trenton, Manuel Diaz of Miami, Greg Nickels of Seattle, Rep. Edward Markey, others. 12:30 p.m. - 2 p.m. Luncheon, featuring release of Report: 2007 U.S. Metro Economies: Engines of Americas Growth, with Kwame M. Kilpatrick, Mayor of Detroit, chairman, US Conference of Mayors, Council for the New American City; presentation: 2006 Municipal Water Conservation Achievement Awards, with Martin J. Chavez, Mayor of Albuquerque; Mayor Dan Coody of Fayetteville; Donald L. Correll, president & CEO. American Water; announcement of the 2007 City Water Taste Test Competition. 2 p.m. News conference on poverty in America, with Los Angeles Mayor Antonio Villaraigosa, Chicago Mayor Richard Daley, Miami Mayor Manuel Diaz, Detroit Mayor Kwame Kilpatrick, others. 2:30 p.m. - 3 p.m. Plenary session with address by Sen. Norm Coleman, R-Minn. Location: Capital Hilton, 16th and K Sts. NW.

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HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: 9 a.m. - 10:30 a.m. Opening plenary session with Sen. Barack Obama, D-Ill.; and Uwe Reinhardt, Professor of Economics & Public Affairs, Princeton University. 12:30 p.m. - 2:30 p.m. Lunch with Sen. Gordon Smith, R-Ore., and announcement of ``When An Apple a Day Isn't Enough" National Essay Contest Grand-Prize Winners. 2:15 p.m. Plenary with Sen. Sherrod Brown, D-Ohio. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

INDIAN COUNTRY _ 8:30 a.m. The National Congress of American Indians, others, host an Indian Country Congressional Breakfast, with a panel discussion with Sen. Byron Dorgan, former Sen. Ben Nighthorse Campbell, others. Location: Room 385, Russell.

LEGAL REFORM _ 9 a.m. The Washington Legal Foundation sponsors a briefing on the state and federal civil justice reform agenda for 2007, with Victor Schwartz, Chair, Public Policy Group, Shook, Hardy and Bacon, Steven Hantler, Assistant General Counsel, Daimler Chrysler, and President Sherman Hoyce of the American Tort Reform Association. Location: 2009 Massachusetts Ave. NW.

KASHMIR _ 10:30 a.m. - 12 p.m. The Brookings Institution hosts a panel discussion with Navnita Chadha Behera and other leading experts to discuss her new book, ``Demystifying Kashmir," and its policy recommendations. Behera will discuss the upcoming meeting between Prime Minister Singh and President Musharraf, the effect this meeting will have on the peace process, and the internal politics of Kashmir on both sides of the line of control. Participants include: Thomas Pickering, former U.S. ambassador to India; Hasan Askari Rizvi, former visiting professor of Pakistan studies, Columbia University; and Ashley Tellis, senior associate, Carnegie Endowment for International Peace. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAN-NUCLEAR _ 12 p.m. The Cato Institute holds a briefing on Iran's nuclear program and its costs and benefits regarding American policy, with Ted Galen Carpenter of the institute and Justin Logan of the institute. Location: Room B-354, Rayburn.

OMAN _ 12 p.m. Amb. Hunaina Sultan Ahmed Al Mughairy, the first woman to represent an Arab nation as an ambassador in Washington, gives a lecture on promoting economic growth in the Arab world, sponsored by George Washington University. Location: City View Room, 7th floor, 1957 E St. NW.

US COURTS-INTERNATIONAL _ 12 p.m. - 2 p.m. The American Society of International Law, in conjunction with the Washington Foreign Law Society, hosts a luncheon talk on the use of foreign and international law in U.S. courts by Dr. Rubens Medina, Law Librarian, Director of Legal Research, and Director of the Global Legal Information Network at the Law Library of Congress. Location: City Club of Washington, Columbia Square, 555 13th St. NW.

WAR CHANGES _ 2 p.m. - 4 p.m. The Straus Military Reform Project holds a press briefing on retired Army Maj. Donald E. Vandergriff's newest work ``Raising the Bar: Creating and Nurturing Adaptability to Deal with the Changing Face of War." Location: Choate Room, first floor, Carnegie Building, 1779 Massachusetts Ave. NW.

HOMELAND SECURITY _ 3 p.m. Homeland Security Civil Rights and Civil Liberties Director Daniel Sutherland presents the ``Introduction to Arab American and Muslim American Cultures for DHS Personnel." Location: American-Arab Anti Discrimination Committee, 1732 Wisconsin Ave. NW.

HOLOCAUST DENIAL _ 4:30 p.m. The Holocaust Museum and the State Department hold a briefing on U.S. efforts to combat denial of the Holocaust through the United Nations. Participants include Deputy Assistant Secretary of State Mark Lagon. Location: Classroom B, Holocaust Museum.

THE MIDDLE CLASS _ 6 p.m. - 8 p.m. There will be a party celebrating the the publication of Thom Hartmanns Book, ``Screwed: The Undeclared War Against the Middle Class and What We Can Do About It." Location: Virginia Room, second floor, Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

IRAQ _ 6:30 p.m. George Washington University sponsors a town hall meeting on the future in Iraq, with security experts, others, including Christopher Kojm of the 9/11 Discourse Project. Location: Room 213, 1957 E St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, JANUARY 25, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales' Remarks On Habeas Spark Debate. The San Francisco Chronicle (1/24, Page A1, Egelko) reports, "One of the Bush administration's most far-reaching assertions of government power was revealed quietly last week when Attorney General Alberto Gonzales testified that habeas corpus -- the right to go to federal court and challenge one's imprisonment -- is not protected by the Constitution. … 'The Constitution doesn't say every individual in the United States or every citizen is hereby granted or assured the right of habeas,' Gonzales told Sen. Arlen Specter, R-Pa., during a Senate Judiciary Committee hearing Jan. 17." The Chronicle continues, "Gonzales acknowledged that the Constitution declares 'habeas corpus shall not be suspended unless ... in cases of rebellion or invasion the public safety may require it.' But he insisted that 'there is no express grant of habeas in the Constitution.'" The Chronicle adds, "Specter was incredulous, asking how the Constitution could bar the suspension of a right that didn't exist -- a right, he noted, that was first recognized in medieval England as a shield against the king's power to dispatch troublesome subjects to royal dungeons. … Later in the hearing, Gonzales described habeas corpus as 'one of our most cherished rights' and noted that Congress had protected that right in the 1789 law that established the federal court system. But he never budged from his position on the absence of constitutional protection -- a position that seemingly would leave Congress free to reduce habeas corpus rights or repeal them altogether." The Chronicle notes, "Justice Department spokesman Brian Roehrkasse said this week that Gonzales stood by his remarks but was asserting only that the text of the Constitution does not guarantee habeas corpus. The attorney general recognizes, Roehrkasse said, that the Supreme Court has declared 'the Constitution protects (habeas corpus) as it existed at common law' in England. Any such rights, he added, would not apply to foreigners held as enemy combatants."

In a column for the Weekly Standard (1/25), DC Attorney Adam J. White writes, "Gonzales's answer, though not unassailable, enjoys much historical support. Although the Constitution expressly provides that the writ of habeas corpus may only be 'suspended' in certain circumstances, it does not expressly provide that the writ is implemented in the first instance without an affirmative enactment by Congress. … Specter takes what may well be the more intuitive reading of the Constitution's provision: that Article I, Section 9 presumes that the privilege of habeas corpus exists absent a valid suspension. (Indeed, it's phrased in a manner similar to the First Amendment: 'Congress shall make no law . . . abridging the freedom of speech,' clearly presumes that there is a freedom of speech.) … But history suggests that Gonzales (whom Rolling Stone promptly deemed the 'Human Constitution Shredder') may well be correct. At the 1787 constitutional convention, the first habeas provision, proposed by South Carolina's Charles Pinckney, not only limited habeas's suspension, but also expressly created the writ. The final version, though, included only the former provision; when it was presented to the States for ratification, four States criticized the lack of an express habeas grant, and proposed alternatives resembling Pinckney's. … Shortly thereafter, the first Congress enacted the Judiciary Act of 1789, expressly granting Supreme Court justices and other federal judges the authority to grant the writ. If, as Specter suggests, the Constitution itself granted the writ, then such a statute would seem utterly superfluous." White adds, "None of this is to say that Specter is, in the end, certainly wrong. Specter's reading of the provision certainly enjoys as much--if not more--support than Gonzales's. Again, the Constitution's mention of the writ appears to imply its existence. Furthermore, in Federalist 84, Alexander Hamilton reassured his readers that the Constitution included the "establishment" of the writ, thereby suggesting that further statutory provision was unnecessary. … Surely the issue is due to be debated for another 200 years. In the meantime, it's probably premature for either Specter or Gonzales to declare victory."

In a piece in the Fort Worth (TX) Star-Telegram (1/25), editorial writer Linda P. Campbell writes, "Justice Robert Jackson famously wrote in 1949 that the Bill of Rights isn't 'a suicide pact.' … But loyalty to George W. Bush increasingly seems to be one -- at least in the way that Attorney General Alberto Gonzales reads the Constitution." Campbell continues, "Even if you believe, as I do, that the Bush administration has upset the balance among the three branches of government by arrogating excessive authority to the executive branch, you can understand that the president's lawyers would zealously defend his power. … When Gonzales switched from White House counsel to attorney general, though, he presumably became the people's top lawyer, defender of our rights. Instead, he sounds all too often like the evader in chief, the astounder, the contradicter, the rationalizer extraordinaire. … Just last week, he told members of the Senate Judiciary Committee that White House officials had discussed whether a secret wiretapping program unilaterally ordered by the president could be conducted under the Foreign Intelligence Surveillance Act, which is supposed to govern that kind of information gathering. … Those discussions were had, Gonzales testified, because of 'concerns raised' and 'questions asked here in this committee.' Odd that he should say that. Because he also has claimed that he started looking into bringing the wiretapping program under FISA as soon as he became AG in 2005, well before public disclosure of the program triggered alarms and questions from the Judiciary Committee. … But if that inconsistency eluded attention, his stubborn obtuseness

about the Constitution did not." Campbell adds, "Gonzales and Sen. Arlen Specter, a Pennsylvania Republican, got into a did so/did not debate about whether the Supreme Court's 2004 ruling in Rasul v. Bush dealt with the statutory or constitutional right of habeas corpus. … Gonzales was right that the court based its ruling on statutory law: The justices said that the law gives federal courts jurisdiction to hear the prisoners' claims of unlawful detention. … Well, we'll just get that written out of the law, the Bush administration countered -- and did, last year. … Maybe Gonzales' hard line stems from an honest belief in a stingy reading of the Constitution -- unless, of course, provisions dealing with presidential power are involved." Campbell concludes, "Maybe he sees nothing to lose from continued myopic allegiance to the president he has served since their Texas days -- though it's questionable how much sway Gonzales has anymore. Jan Crawford Greenburg writes in her new book, Supreme Conflict, that Gonzales tried, and obviously failed, to warn Bush away from nominating fellow Texan Harriet Miers to the Supreme Court. … With his own Supreme Court ambitions certainly dashed, maybe Gonzales considers it a badge of honor to be lampooned on Comedy Central's Colbert Report. … That might be good for late-night guffaws, but it's hardly the promising future he took to Washington with him."

No Penalty For Attorney Who Leaked Transcript Of Padilla Call. The AP (1/25, Anderson) reports US District Judge Marcia Cooke found "a lawyer for suspected al-Qaida operative Jose Padilla violated a court order by leaking his wiretapped phone conversations." Judge Cooke did not impose a penalty, but "ordered all defense lawyers in the case to sign papers indicating they understood and would follow rules barring disclosure of certain evidence. Cooke also said she might hold in contempt anyone who receives such prohibited material, and she specifically mentioned several reporters attending Wednesday's hearing." Defense lawyers "have said that Padilla is never overheard discussing any violent acts and that many of the conversations involve family matters, casting doubt on the strength of the government's case."

Chilling Video Shown At London Terror Trial. NBC Nightly News (1/24, story 8, 2:20, Williams, 9.87M) reported on the use of surveillance video from the trial of four would-be suicide bombers in London. The video shows "just how narrow an escape it was for those Londoners riding the underground train in the summer of 2005." NBC (Myers) added, "Only two weeks after Britain's first home grown suicide bombers killed 52, these four men allegedly tried to inflict more carnage. This dramatic surveillance video is the first glimpse of what happened that day when the would-be bomber Ramzi Mohammad boards a train and places his back pack full of explosives next to a woman and a child in a stroller." Lord Toby Harris, London Metropolitan Police Authority: "Some of the footage showing the bomber close to a woman with a baby is frankly quite nauseating." Myers: "Mohammad fires the detonator but the bomb fails to explode." Although chased by fellow passengers, "Mohammad escaped that day but was arrested eight days later and is now on trial along with others whose bombs also failed to detonate." A "senior British intelligence official warns some 200 possible terror cells are now under investigation, and that British teenagers as young as 16 are being groomed to become suicide bombers."

US-Georgian Operation Thwarts Sale Of Weapons-Grade Uranium. In a widely-distributed story, the AP (1/15, Butler) reports, "Republic of Georgia authorities, aided by the CIA, set up a sting operation last summer that led to the arrest of Russian man who tried to sell a small amount of nuclear-bomb grade uranium in a plastic bag in his jacket pocket, U.S. and Georgian officials said. … Details of the investigation, which also involved the FBI and Energy Department, were provided to The Associated Press by U.S. officials and Georgian Interior Minister Vano Merabishvili. Authorities say they do not know how the man acquired the nuclear material or if his claims of access to much larger quantities were true. He and three Georgian accomplices are in Georgian custody and not cooperating with investigators." The AP notes, "The CIA declined to comment on the case. FBI spokesman Richard Kolko confirmed that the FBI was involved in the investigation and called it a success, but he would not provide details."

The New York Times (1/25, A1, Sheets, Broad, 1.16M) reports that the "smuggling case, which has not been previously reported, is expected to be noted in a report from the United Nations International Atomic Energy Agency on illicit nuclear activities, agency officials said. That report is expected to be released this week." The Times also notes Kolko "confirmed that the bureau had taken part in the inquiry but declined to elaborate." Georgian Interior Minister Ivane Merabishvili "said that agents had learned about the raw uranium from sources in the criminal underworld and that the investigation was continuing. The Georgian officials said they believed that corrupt law enforcement officials in Abkhazia had helped ensure the safe passage of the shipment."

HOMELAND RESPONSE:

Taheri-Azar Pleads Not Guilty To SUV Attack Charges. In a widely-distributed story, the AP (1/25) reports, "A man accused of trying to kill students at the University of North Carolina by driving through campus in an attack he said was intended to avenge the treatment of Muslims by the United States pleaded not guilty Wednesday.

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Mohammed Taheri-Azar, 23, said three weeks ago that he wanted his case to conclude as soon as possible and had said previously he intended to plead guilty to the charges stemming from the attack in March. James Williams, declined to discuss specifics about the case. But when asked after the brief hearing why his client pleaded not guilty, he said only, 'That's a very good question.'"

Senate Unlikely To Approve Cargo Screening Provisions Of House Bill. The AP (1/25, Lumpkin) reports, "House-passed requirements for intensified screening of cargo on passenger aircraft and ship-borne goods heading toward the U.S. are unlikely to survive in the Senate, a House leader on security issues conceded Wednesday." The provisions were "part of a House bill that was ballyhooed as the first legislation to pass in the Democratic-controlled Congress this year." But Rep. Bennie Thompson, D-Miss., "who chairs the House Homeland Security Committee, told reporters that two key provisions of the House bill are unlikely to make it through the Senate." Thompson said "his staff has heard from Senate staff members about what's realistic to expect as the Senate considers the House-passed homeland security bill."

Biden Proposes Tax Increase To Boost Homeland Security Spending. The Washington Times (1/25, Hudson, 88K) reports Sen. Joseph R. Biden Jr. proposed legislation this week that "would raise taxes to fund billions in new Homeland Security spending on more police officers, interoperable communications equipment and 100 percent screening of cargo entering the United States." He "said by rolling back President Bush's tax cuts that up to $50 billion could be generated over five years for security improvements." The bill "calls for 'scanning' 100 percent of cargo containers, development of new 'screening' technology and the hiring of 50,000 new police officers and 1,000 FBI agents." Rep. Peter T. King referred to Biden's bill as a "gimmick," adding that the senator "is making a class warfare argument to raise money on an issue without any knowledge of the issue."

TSA Said To Have Chosen Lockheed For TWIC Contract. The Washington Post (1/25, D1, Witte, 690K) reports, "The Transportation Security Administration has decided to award a closely watched contract to supply high-tech identification cards at ports nationwide to Lockheed Martin of Bethesda, according to sources familiar with the choice." The Transportation Worker Identification Credential, with an estimated initial value of $70 million, "is the first of many identity contracts slated to be announced in the next few years." TSA spokesman Darrin Kayser "would not confirm yesterday that the agency had made its decision but indicated that an announcement is imminent."

Bush Criticized For Speech's Lack Of Katrina Mention. In a harshly critical report, the CBS Evening News (1/24, story 9, 2:10, Couric, 7.66M) said that "in his State of the Union address, President Bush took note of the unrest in Lebanon as well as the suffering in Darfur but there was no mention of Katrina though the suffering and hardship continue. The federal government has spent $80 billion on recovery efforts in the Gulf region, but there are still 13,000 people living in FEMA trailers." CBS (Keteyian) added, "Seventeen months after Katrina, nearly 200 people uprooted by a hurricane still live in Mount Olive Gardens -- whole families packed into 200 square foot FEMA trailers they now call home. … In places like Mount Olive Gardens, words like 'relief' and 'recovery' now seem as empty to them as last night's Presidential address."

The Los Angeles Times (1/25, Simmons, 850K) reports that as New Orleans "continues its struggle to recover from Hurricane Katrina, some observers thought the absence of any mention in…Bush's State of the Union address was telling. Mayor C. Ray Nagin was unfazed. 'We're 18 months into this thing," said Nagin as he announced a two-year pilot loan program. "I'm tired of complaining and bellyaching." However, "Other Louisiana residents and lawmakers took exception to the omission of the state's plight from Bush's speech." Rep. William Jefferson said it was shocking "that there was no mention at all of it, as if the problem has been solved or simply gone away."

Meanwhile, the AP (1/24, Burdeau) reported, "Gov. Kathleen Blanco angrily criticized President Bush on Wednesday for not mentioning" the hurricane. "'I guess the pains of the hurricane are yesterday's news in Washington,' Blanco said. 'But for us it's still very real, very real, and it's something that we live every single day,' the governor said." The AP ran the same Nagin quote as the LATimes, but reported that the mayor "echoed Blanco's disappointment at Bush's omission." Blanco also "accused the White House of repeatedly delivering less money than Louisiana has needed to repair the damage to housing, schools and hospitals. She said Mississippi has received much more help."

New Orleans Recovery Czar Envisions Smaller, Denser City. The Christian Science Monitor (1/25, Jonsson, 59K) profiles Ed Blakely, "the planning guru hired to steer New Orleans out of its muddle," likening him to "the Forrest Gump of disaster recovery. California earthquake? There he is, amid wrecked interstates. Tsunami? That's him touring rebuilt villages. Terror attacks in Manhattan? When the dust settles, the distinguished-looking African-American man is at the center of a phalanx of planners. His arrival in New Orleans two weeks ago as the city's new recovery czar may

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be the biggest challenge for the 'master of post-disaster,' as his hometown paper, the Los Angeles Times, calls him." His "plans in New Orleans are straightforward: Encourage a smaller, more dense city by offering landowners in wrecked neighborhoods the opportunity to swap their land for lots on higher ground. Get pilot projects launched by summer. Build community centers. Begin to generate private investment."

Lenders Have Difficulty Tracking Homeowners' Compliance With Flood Insurance Requirement. USA Today (1/25, Chu, 2.27M) reports, "Nearly a year and a half after Hurricane Katrina, federally regulated lenders are still struggling to comply with a requirement that they force homeowners in high-risk flood zones to buy flood insurance. By law, homeowners in flood-prone areas — such as along the coast — must buy such a policy if they get a mortgage from a federally regulated lender. … One problem: Some homeowners who buy a flood insurance policy drop it later. Lenders 'do a fairly good job of finding out whether someone is in a flood plain, but they don't do as good a job of tracking if you lose (flood insurance),' says J. Robert Hunter, director of insurance at the Consumer Federation of America."

WAR NEWS:

Senate Panel Approves Resolution Against Bush's Iraq Strategy. The Senate Foreign Relations committee yesterday voted 12-9 to condemn President Bush's Iraq strategy. The vote came largely along party lines, with only GOP Sen. Chuck Hagel crossing the aisle to back the resolution. As a result, said George Stephanopoulos on ABC World News (1/24, story 2, 1:20, Gibson, 8.78M), "supporters of the President's policy in the White House, actually believe they made some progress today. … They've been working furiously behind the scenes. They're using the argument of David Petraeus, he'll be the commander in Iraq. He said, a vote for this resolution will hurt the morale of the troops and hurt the war effort in Baghdad. So people like Senator John McCain and Lindsey Graham say if you vote for it, you're going to be voting against the troops." But the CBS Evening News (1/24, lead story, 2:05, Attkisson, 7.66M) reported that while "right now there probably aren't enough Republican votes" for the Democratic measure, "with subtle language changes…it could be a done deal." CBS was referring to talks in the Senate between backers of the Democratic resolution and one sponsored by GOP Sens. John Warner and Susan Collins, among others.

The Wall Street Journal (1/25, A8, Rogers, 2.04M) says the committee vote gives Chairman Joseph Biden "a solid foothold from which to begin talks with Republicans who share his concern about sending more US troops to try to quell sectarian violence in Baghdad. Chief among these is…Warner…who last evening introduced an alternative resolution also challenging the increased commitment of 21,500 troops. Merging the two to achieve a larger consensus is the Democrats' goal and the quickest route may be to embrace much of Mr. Warner's proposal with some changes." Senate Majority Leader said, "It's pretty good, but it's not perfect." Reid "will play an increasing role with Mr. Biden in trying to reach some common ground, but he must walk a fine line."

The New York Times (1/25, Zeleny, 1.16M) reports that "even Republicans who opposed the resolution, including Senator Richard G. Lugar of Indiana, expressed deep doubt about whether the troop increase could succeed and suggested it was time for a new direction. … Some Republicans expressed reluctance to support the legislation because they feared it could be seen as a political attack on Mr. Bush, but left themselves open to backing a similar plan offered by…Warner." Democrats "say they believe that at least 8 of the 49 Republicans might join with nearly all Democrats in embracing a resolution -- Mr. Biden's or Mr. Warner's -- critical of the president's troop increase plan." The Washington Times (1/25, Hurt, 88K) notes Warner said last night "his nonbinding resolution is less politically combative than the Biden resolution and has the support of three fellow Republicans and six Democrats."

ABC World News (1/24, lead story, 2:40, Tapper, 8.78M) also said that other than Hagel, "all the other Republicans on the committee refused to sign on to the resolution." Last night, on MSNBC (1/24, O'Donnell), Collins discussed her opposition to the committee measure, "We worked very hard to come up with a resolution that didn't have some of the loaded words that the resolution reported today included in it. … One of them was struck today, and that is 'escalation.' That's become a politically loaded word. We also tried to keep our resolution really focused on Iraq. The resolution reported today has a lot of extraneous issues in it. It mentions North Korea, for example. … We're picking up co-sponsors on both sides of the aisle. And I hope we'll be able to go forward next week, perhaps as a substitute to the resolution reported today." USA Today (1/25, Kiely, 2.27M) notes the resolution "declares Bush's plan to send 21,500 additional troops to Baghdad and Anbar province 'not in the national interest.'"

The Los Angeles Times (1/25, Levey, 850K) says "not a single senator on the committee endorsed the White House plan." But in fact, NBC Nightly News (1/24, lead story, 3:25, Williams, 9.87M) reported, one Republican did make "a clear statement in favor of the President's build up -- and even for him, it was not easy." Sen. David Vitter was shown saying, "After a lot of careful thought, I decided to support the President's plan as a final attempt to stabilize a viable democracy in Iraq."

Tim Russert said, also on NBC Nightly News (1/24, story 3, 1:45, Williams, 9.87M) that "the biggest concern" for

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the White House "is the Republicans. … There is growing concern, deep concern and anxiety about Republicans, not only voting against the President, but at least speaking out in his defense. We heard so little of that today." The Washington Post (1/25, A1, Weisman, 690K) reports Lugar "called the Bush strategy 'dubious' even as he denounced the resolution as 'the legislative equivalent of a sound bite.' Sen. John E. Sununu (R-N.H.) said additional troops should not be deployed until the Iraqi government showed more resolve. Sen. Lisa Murkowski (R-Alaska) said she opposed the president and was not afraid to tell him so. And Sen. George V. Voinovich (R-Ohio) said he had delivered a tough message to the White House personally: 'You are not listening.'" Meanwhile, "Republican leaders' efforts in the House to placate their members with calls for tougher oversight also appeared to be faltering. Rep. Frank R. Wolf (R-Va.) introduced his own resolution of disapproval yesterday, calling for the administration to adopt in full the recommendations of the bipartisan Iraq Study Group, recommendations that Bush has largely rejected."

On the network newscasts, much was made of Hagel's strong words during committee debate yesterday. ABC World News (1/24, lead story, 2:40, Gibson, 8.78M) showed Hagel saying of Bush's proposal, "This isn't a strategy. It's a ping-pong game with American lives. Hagel, added ABC (Tapper), "criticized his fellow Republicans for their cowardice." Hagel was shown saying, "What do you believe? What are you willing to support? What do you think? Why are you elected if you wanted a safe job? Go sell shoes." Both the CBS Evening News (1/24, lead story, 2:05, Couric, 7.66M) and NBC Nightly News (1/24, lead story, 3:25, Williams, 9.87M) also showed Hagel's "ping-pong" quote.

Hagel was also interviewed on PBS' NewsHour (1/24, Ifill), where he said, "If, in fact, the Senate passes a resolution, that's rather significant." The Senate "is part of a co-equal branch of our government. It's worked pretty well for 200 years. For a president to step away from that -- if, in fact, we would pass a resolution, putting the Senate on record opposing his plan -- that's rather significant, and it represents the voices of the people we represent. … We have not had a real, legitimate debate in four years on the most divisive issue facing this country since Vietnam. … The President can't sustain a war policy. He can't sustain any policy."

The Financial Times (1/25, Luce) portrays the vote as a sign that Bush has not "succeeded in stemming the rapid haemorrhaging of his authority," as "most Democrats and several prominent Republicans remained fixed on Mr Bush's unwillingness to listen to his growing army of critics over the war in Iraq, to which he devoted about a quarter of the 50-minute speech on Tuesday night." The Times adds, "In spite of an impassioned plea for Congress to give his Iraq strategy a chance, Mr Bush failed even to sway waverers within his own party." The AP (1/25, Espo) calls the vote "a calculated snub" to Bush.

A large number of local TV newscasts across the country took note of the Senate Foreign Relations Committee's vote. The coverage usually described the vote as an attempt by the committee to rebuke the President's for his comments on Iraq during his State of the Union Address. For example, WLNY-TV New York (1/24, 11:11 pm) said in its broadcast, "Just one day after...Bush addressed the situation in Iraq in his State of the Union, the Senate Foreign Relations Committee passed a resolution condemning his plan to send more troops overseas. Only one Republican, Senator Chuck Hagel, supported the non-binding resolution. … The measure is expected is come before the full Senate next week." WFLD-TV Chicago (1/24, 9:19 pm) reported, "The resolution has no teeth, but its supporters say it does send a message to the White House." And KABC-TV Los Angeles (1/24, 5:01 pm) noted Hagel "called the political wrangling over Iraq 'a ping pong game with American lives.'"

Democratic Rift Noted. The Hill (1/25, Schor) says "a separate rift opened yesterday between Biden and two fellow competitors in the 2008 White House chase over whether to attempt a further check on Bush by placing a binding cap on troop levels in Iraq. Sen. Chris Dodd (Conn.), the first Democrat to support a troop ceiling that would trigger a new congressional vote on authorizing the war, tried to add that cap as an amendment to the resolution." Dodd "failed by a wide margin, but Sen. Barack Obama (D-Ill.) backed his effort and another defender of a troop cap, Hillary Rodham Clinton (D-N.Y.), awaits at the head of the presidential pack." Biden "suggested collaborating with Dodd and other supporters of binding action to limit Bush's Iraq policy, noting that the White House budget is likely to arrive with a yearlong war-funding request." Dodd "ultimately won just five of the 11 committee Democrats, including two onetime presidential aspirants, John Kerry (Mass.) and Russ Feingold (Wis.)."

Biden's Style As Chairman Mocked. In the Washington Post (1/25, A2, 690K), Dana Milbank writes that Biden "was trying to uphold two resolutions yesterday: one criticizing the Bush administration's Iraq policy and the other Biden's own resolution to himself -- to stop talking so much. The Iraq resolution passed 12 to 9. Biden's other resolution failed, by a voice vote -- Biden's voice." Biden "ran the hearing more like a talk show host than a chairman: inviting the other senators to speak and then commenting on each senator's remarks. He opened the hearing with a 3,000-word statement in which he used the word 'I' 88 times, including a lengthy discussion of the types of questions he has asked himself and how he has answered himself. Finally, the committee's ranking Republican, Richard Lugar (Ind.) got a chance to speak. Then Biden spoke again. Sen. Chris Dodd (D-Conn.) introduced an amendment. Biden interrupted him four times." Milbank adds, "Some of Biden's wordiness had

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to do with presidential jostling. Eclipsed in media exposure by presidential rivals Hillary Clinton and Obama -- Biden was bumped from network interviews Wednesday morning by Obama -- he relies on such hearings to boost his visibility for the presidential race. At one point, Sen. Barbara Boxer (D-Calif.) accidentally called Biden 'Mr. President.'"

Snow Makes Case For Bush Strategy. White House Press Secretary Tony Snow said on MSNBC's Hardball (1/24, Barnicle), "We understand right now that there are going to be a lot of people having conversations on Capitol Hill. Meanwhile we're moving forces in to Iraq and furthermore a demonstration of American strength and determination. I think it is going to make a difference in Iraq. The President believes strongly that his way forward if the proper way. Members of Congress are going to assess it in the next few weeks. It'll be interesting to see what happens if in fact we have success on the ground and whether they'll have new resolutions. … The President understands wars are tough and he also understands if the United States were to leave without victory in Iraq it would up leash a chain of circumstances that could be catastrophic to us. It would allow a terror network to have access to the second-largest proven oil reserves on the face of the earth, the wealth that would generate, the be able to use that to train, equip, and send forth people to come and kill us and also create the ability to intimidate neighboring oil states make them calculate for themselves, 'Do we rely on the Americans for security or do we cut a side deal with these guys?' It would be catastrophic for our security. So he understands the importance of it."

Webb, Reed, Clark Blast "Surge." Sen. Jim Webb said on CNN's Lou Dobbs Tonight (1/24), "The key failure of this Administration, even from before we went into Iraq, was that it never clearly articulated a strategy that had an endpoint. That's the same place we are right now. You get measurements for success. They talk about a lot of rhetorical issues but not clearly what is it going to take, in specific terms, for us to decide that we are going to leave?"

Sen. Jack Reed said on MSNBC's Hardball (1/24, Barnicle), "I don't think" the President "listened effectively, because not only with members of Congress, but also the Iraqi Study Group, a significant opinion, I think, on the military side, in terms of the Joint Chiefs and others. And I think he tended to disregard that. He thinks he has a better way. I personally don't think it is the appropriate approach. In fact, I think even the terms as he described it, a 20,000 increase, is probably inadequate in terms of manpower to be a decisive factor in Iraq."

Retired Gen. Wesley Clark said on Fox News' Your World (1/24, Cavuto), "If you look at the response to last night's State of the Union address, if you look at what is happening in the United States Congress, this is not partisan. The American people have spoken. They have looked at it. … What President Bush said last night is, nobody voted to go over there and lose. That's true. But nobody went over there with the understanding that this was going to be the kind of problem that it has turned out to be."

Lieberman Says US "Making Progress." On PBS' NewsHour (1/24, Ifill), Sen. Joseph Lieberman said of the surge, "Why do I think it will work? … There is a cycle of sectarian violence in Baghdad. It's not armies of Shia and the Sunni clashing in open civil war. But until that stops in the capital city, there's not a chance either to create the economic growth that will tell the average Iraqi in Baghdad that they've got a chance to live a better life, nor is there the stability that will allow the Iraqi government to do what they want them to do, to begin to govern. … There's a second front in Anbar province. … We're making progress there. An additional 4,000 troops, which is part of the 21,000 that the President is sending, I think will turn that conflict in Anbar in the right direction, and actually it has the potential to achieve a victory for us."

Lieberman said on PBS' NewsHour (1/24, Ifill), "The Congress has the power to authorize war, which has been done, and to appropriate, to support that war. If members of Congress are opposed to the troop increase, then I think what they should do is to use the power given to Congress by the Constitution, and that is to directly try to cut off funds for additional troops in Iraq. Otherwise, what is being done here…is a nonbinding resolution. It will have no effect on the conduct of the war." But as Sen. Lugar said, it will "send a message of disarray and division, both to our friends and our enemies in Iraq and, more broadly, in the world."

Anti-Surge Rally Planned For This Weekend In Washington. The Washington Post (1/25, B6, Ruane, 690K) reports, "Tens of thousands of peace advocates from across the country are expected in Washington on Saturday for an anti-war rally that could be among the biggest since the war in Iraq began, organizers said yesterday. They said the rally on the Mall, followed by a march near the Capitol, will target…Bush's intention to send more troops to the Iraq war. … Among the featured speakers will be Vietnam War-era protester Jane Fonda, according to the organizers. Others include actors Danny Glover, Tim Robbins and Susan Sarandon, civil rights activist Jesse Jackson, and Carlos Arredondo, who in 2004 set himself on fire after learning of the death in Iraq of his Marine Corps son, Alexander."

More Commentary. In an editorial, the Wall Street Journal (1/25, A18, 2.04M) writes, "To understand why the Founders put war powers in the hands of the Presidency, look no further than the current spectacle in Congress on Iraq." The Journal says Bush was "conciliatory and respectful in his State of the Union Address Tuesday night, asking Congress to give his new Iraq strategy a chance. In a better world, the Members would do so. But if they insist on seeking political cover by trying to operate as a committee of 535

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Commanders-in-Chief, Mr. Bush will have to start reminding Congress who really has the job."

The Wall Street Journal's (1/25, A18) Daniel Henninger writes, "The United States is talking itself into defeat in Iraq. Its political culture is now in a downward spiral of pessimism. In the halls of Congress, across endless newspaper columns, amid the punditocracy and on Sunday morning talk shows -- all emit a Stygian gloom about America." While he concedes that "on any given day on some discrete issue, the criticism of the American role is not without justification," Henninger says "the cumulative effect of this unremitting ill wind is corrosive. We are not only on the way to talking ourselves into defeat in Iraq but into a diminished international status that may be harder to recover than the doom mob imagines."

Senate Panel Approves Petreaus Nomination. The Washington Post/AP (1/25) reports, "A Senate committee on Wednesday approved the nomination of Army Lt. Gen. David Petraeus to command American forces in Iraq, replacing Gen. George Casey. The Senate Armed Services Committee sent the nomination to the full Senate, which is expected to approve the nomination on Thursday, including promoting Petraeus to four-star rank for the top military post in Iraq."

Meanwhile, another AP story (1/25, Riechmann) reports "President Bush asked the Senate Wednesday to quickly confirm the top commanders he has chosen to oversee the war in Iraq. 'It is important to get these three fine individuals in their posts as soon as possible so that we have continuity as we do our duty to protect the American people,' the president said." Bush "was referring to Adm. William Fallon, chosen to replace Gen. John Abizaid, the top US commander overseeing the military theater that includes Iraq; Army Lt. Gen. David Petraeus…and Gen. George Casey, leaving the top Iraq job to take over from the retiring Gen. Peter Schoomaker as Army chief of staff."

WPost Welcomes Petraeus' Offer To Update Congress On Progress. In an editorial, the Washington Post (1/25, A24, 690K) notes that during a Senate Foreign Relations Committee hearing Tuesday, Lt. Gen. David H. Petraeus, "made his own suggestion…offering to report to Congress regularly about the mission, including updates on the performance by Iraqis on their commitments." Taking Gen. Petraeus "up on that," the Post says, "and closely and systematically monitoring the progress of events in Iraq during the coming months, is probably the best contribution that Congress can make to helping the new American commander address what he calls a 'dire' situation."

"Defiant" Cheney Defends US Actions In Iraq. Vice President Cheney gave a lengthy and at some points testy interview to Wolf Blitzer on CNN's The Situation Room (1/24) that largely focused on Iraq. The CBS Evening News (1/24, story 2, 1:05, Axelrod, 7.66M) said Cheney was, "in a word, defiant, saying about the idea of any kind of resolution from the Senate, quote, 'It won't stop us.'" CBS showed Blitzer saying, "So you're moving forward no matter what the Congress does." Cheney: "We are moving forward. The Congress has control over the purse strings. They have the right, obviously, if they want to cut off funding, but in terms of this effort the President has made his decision and I think it's far too soon for the talking heads on television to conclude that it's impossible to do, it's not going to work, it can't possibly succeed." In a front-page headline, the Washington Post (1/25, Baker, 690K) also calls Cheney "defiant," reporting that the Bush Administration "has achieved 'enormous successes' in Iraq but complained that critics and the media 'are so eager to write off this effort or declare it a failure' that they are undermining U.S. troops in a war zone, striking a far more combative tone than President Bush did in his State of the Union address the night before."

The AP (1/24) says Cheney said "it's 'hogwash' to suggest the Bush administration's credibility is on the line because of mistakes in Iraq," acknowledging that the "situation in Iraq was very unstable but said toppling Saddam Hussein had been the right thing to do." On CNN's The Situation Room (1/24, Blitzer), Cheney said, "The world is much safer today because of it. There have been three national elections in Iraq. There's a democracy established there, a constitution, a new democratically elected government. Saddam has been brought to justice and executed. His sons are dead. His government is gone. And the world is better off for it."

The Los Angeles Times (1/25, Reynolds, 850K) writes that "a day after President Bush struck a conciliatory tone toward critics of the Iraq war," Cheney "did the opposite Wednesday," defending the invasion and insisting "that 'there's been a lot of success' since then. His comments came during a CNN interview, an exception to the vice president's more common practice of talking to conservative media outlets."

Cheney Warns Against Giving Up; Hagel Calls Statement "Astounding." At another point in his interview with CNN's The Situation Room (1/24, Blitzer), Cheney said, "After 9/11, we learned that we have a vested interest in what happens on the ground in the Middle East. If you are going to walk away from Iraq today and say, well, gee, it's too tough, we can't complete the task, we just are going to quit, you will create exactly that same kind of situation again."

On PBS' NewsHour (1/24), Gwen Ifill asked Sen. Chuck Hagel about Cheney's comment that "part of what's going on here is that people do not have the stomach to complete this mission." Hagel said, "I'm so sorry the Vice President so underestimates the people of this country. He has so little faith in this country to say something like that. That's an astounding statement from the Vice President of the United

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States. You're telling me -- or maybe more directly, maybe the Vice President should tell the families of those who have lost their lives, over 3,000, and over 23,000 wounded, some very seriously for life -- that they don't have the stomach? Come on, let's get real here."

Cheney "Out In The Open And On The Defensive." McClatchy (1/25, Hutcheson) headlines a report "Cheney Increasingly On The Defensive," saying that the man "often considered the hidden power behind the White House throne" is "increasingly out in the open and on the defensive. He's scheduled to testify at the perjury trial of his former top aide; congressional Democrats want to probe his role in the White House; and his unprecedented clout may be waning. Once widely considered a source of wisdom and experience in the White House, the vice president has become a frequent target of criticism."

Cheney Thinks Bin Laden Is Alive, Defends US Efforts Against Al Qaeda. On CNN's The Situation Room (1/24), Wolf Blitzer asked Vice President Dick Cheney, regarding Osama bin Laden, "Why can't you find this guy?" Cheney replied, "Well, he's obviously well hidden. We've been looking for him for some time. I think the fact is, that he's gone totally to ground. He doesn't communicate, except perhaps by courier. He's not up on the air. He's not putting out videos, the way he did oftentimes in the past. … If you've ever been in that part of the world, it is some of the most rugged territory imaginable. … And that general area is a remarkably difficult area to get people into." Asked if bin Laden is still alive, Cheney said, "I think so." Cheney went on to say, "We have not gotten Osama bin Laden, obviously, because he's very careful. … But we've taken out, several times, that whole layer of leadership underneath Osama bin Laden" and Ayman al-Zawahiri. We have "successfully defended the country for over five years against any further attacks."

Rumsfeld Remains "Nonpaid Consultant" To DOD During Transition. The Washington Times (1/25, Scarborough, 88K) reports that while Donald Rumsfeld has "left the Pentagon" he has not left the Defense Department. Earlier this month, Rumsfeld "opened a government-provided transition office in Arlington and has seven Pentagon-paid staffers working for him. … The Pentagon lists Mr. Rumsfeld as a 'nonpaid consultant,' a status he needs in order to review secret and top-secret documents." The transition office "has raised some eyebrows inside the Pentagon. Some question the size of the staff, which includes two military officers and two enlisted men. They also ask why the sorting could not have been done from the time Mr. Rumsfeld resigned Nov. 8 to when he left the building Dec. 18."

Gates Orders Reduction Of Stop-Loss Policy. The Hill (1/25, Tiron) reports Defense Secretary Robert Gates "is ordering military service chiefs to reduce the use" of the "controversial" stop-loss policy "intended to keep troops in war zones beyond the end of their original commitments." According to a memo sent to the chiefs and other top DOD decision-makers, "Gates asked to see plans to minimize the use of the so-called stop-loss policy for active duty and reserve components by the end of next month." Last week, several House Republicans sent Gates a letter "asking that members of the National Guard and Reserve not be kept on active duty beyond their original commitment."

White House Quieting Planning Overhaul Of Afghan Mission. The Washington Post (1/25, A1, Abramowitz, 690K) reports, "After the bloodiest year in Afghanistan since the US invasion, the Bush administration is preparing a series of new military, economic and political initiatives aimed partly at preempting an expected offensive this spring by Taliban insurgents, according to senior US officials. Even as it trumpeted a change of course in Iraq this month, the White House has completed a review of US policy in Afghanistan. It will ask Congress for $7 billion to $8 billion in new funds for security, reconstruction and other projects in Afghanistan as part of the upcoming budget package, officials said." That "would represent a sizable increase in the U.S. commitment to the strife-torn country; since the 2001 U.S.-led invasion that toppled the Taliban, the United States has provided a little more than $14 billion in assistance for Afghanistan, the State Department says."

CBS Evening News (1/24, story 4, 1:55, Couric, 7.66M) reported "a troop build up is continuing" in Afghanistan "as well. There are now a total of 24,000 soldiers and Marines fighting in Afghanistan, the most ever."

Pakistani Prime Minister Blames Weak Afghan Government For Border Problems. The New York Times (1/25, Bennhold, Landler, 1.16M) reports, "Pakistan's prime minister, Shaukat Aziz, acknowledged Wednesday that people sympathetic to the Taliban were active in the frontier regions near the border with Afghanistan. But he insisted that the root of the problem was the Afghan government's weak authority, not Pakistani support of the Taliban. 'We believe the core of the problem is in Afghanistan,' Mr. Aziz said, in an interview at the World Economic Forum here in Davos." Aziz also "said three million Afghan refugees were crowded into Quetta, Peshawar and other Pakistani cities close to the 1,700 mile-border between the countries. Despite what he described as stepped-up Pakistani efforts to root out extremists, the refugee population remains a recruiting pool for the Taliban insurgency, Mr. Aziz said."

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US, Iraqi Forces Fighting Insurgents House By House In Baghdad. The CBS Evening News (1/24, story 3, 2:25, Couric, 7.66M) reported, "In Baghdad…we have a vivid and riveting example of what US forces are up against. Weeks have gone by and US and Iraqi troops are still fighting insurgents house by house for control of one notorious neighborhood. Iraq's government says as many as 30 insurgents were killed today, 27 other captured. But the street is still not secure." CBS (Logan) added, "This is Operation Tomahawk Strike 11 underway in central Baghdad just a mile-and-a-half from the heavily guarded Green Zone, launched as President Bush was addressing the nation in Washington last night."

NBC Nightly News (1/24, story 6, :30, Williams, 9.87M) reported, "There were conflicting reports on the number of Iraqi casualties. The US military says one American was killed in fighting today," and "two other Americans died yesterday in fighting in Anbar Province."

The Washington Post (1/25, A20, Londono, Partlow, 690K) reports, "The recurring fighting on Haifa Street illustrates the severe challenges facing the 17,500 additional U.S. troops that President Bush plans to send to Baghdad to try to secure the city. In a treacherous, cramped urban setting, and surrounded by civilians, US and Iraqi troops have repeatedly fought for control of neighborhoods in the capital, only to have insurgents return to fight again." Yesterday, "US and Iraqi forces came under attack around Haifa Street and responded with mortar fire, the military said in a statement. … More than 30 'terrorists' were arrested during the operation and roughly 25 were killed." A US military spokesman, Lt. Col. Scott Bleichwehl, "said he was aware of seven arrests and did not know whether anyone had died."

The Washington Times/AP (1/25, Mroue) reports, "Apache attack helicopters buzzed past the tall buildings and radio towers, with several Humvees on the tree-lined street below. Gunfire rang in the background as shells fell, according to AP Television News footage. Black smoke rose from the area, on the west bank of the Tigris River about one mile north of the Green Zone, site of the US and British embassies as well as the Iraqi government headquarters." The clashes "were the second major fighting to break out in the area in less than a month."

The Los Angeles Times (1/25, Zavis, 850K) reports, "Sunni political and religious leaders protested the operation, which Adnan al-Dulaimi, a lawmaker with the main Sunni bloc, called 'barbaric.' Residents accused the United States of unwittingly aiding Shiite Muslim militiamen accused of trying to force the mostly Sunni Arab inhabitants from their homes in recent weeks, as part of a pattern of sectarian cleansing that is redrawing the map of the once largely integrated capital." The US military "stressed in a statement that the operation did not target only Sunni insurgents, but was 'rather aimed at rapidly isolating all active insurgents and gaining control of this key central Baghdad location.'"

Iraqi Forces Arrives Late With "The Air Of A Class Outing." The New York Times (1/25, Cave, Glanz, 1.16M) says "Haifa Street has changed hands so often that it has taken on the feel of a no man's land, the deadly space between opposing trenches. On Wednesday, as American and Iraqi troops poured in, the street showed why it is such a sensitive gauge of an urban conflict marked by front lines that melt into confusion, enemies with no clear identity and allies who disappear or do not show up at all." The Times adds that "as the sun rose, many of the Iraqi Army units who were supposed to do the actual searches of the buildings did not arrive on time, forcing the Americans to start the job on their own. When the Iraqi units finally did show up, it was with the air of a class outing, cheering and laughing as the Americans blew locks off doors with shotguns. A s the morning wore on and the troops came under fire from all directions, another apparent flaw in this strategy became clear as empty apartments became lairs for gunmen who flitted from window to window and killed at least one American soldier, with a shot to the head."

Mahdi Army Negotiating With British. The New York Times (1/25, Tavernise, 1.16M) reports, "An Iraqi official authorized to speak on behalf of field commanders for the country's most powerful militia has approached Western military officials and laid out a plan to avoid armed confrontation, senior Iraqi and American officials said this week. The official is Rahim al-Daraji, the elected mayor of the Sadr City district, the vast grid in the northeast corner of the capital that is the stronghold of the militia, the Mahdi Army." Daraji "has met twice in the past two weeks with Lt. Gen. Graeme Lamb, a British officer who is the deputy commanding general in Iraq, said a senior Iraqi official in the office of the prime minister." The groups "were eager to head off a major American military offensive in the district, home to two million Shiites, as the Americans begin a sweeping new effort to retake the streets of Baghdad. Mr. Daraji said in an interview that field commanders would forbid their foot soldiers to carry guns in public if the American military and the Iraqi government met several basic demands, mostly involving ways to ensure better security for Sadr City. He is communicating with the commanders through a Shiite politician who is close to them." The Times adds, "The talks appeared to have been the first between an intermediary for the Mahdi militia and a senior commander from the American effort."

50% Of Iraq Children Have Been Affected By Violence. ABC World News (1/24, story 7, 2:20, Gibson, 8.78M) reported, "Almost every night on this broadcast, we do report on the casualties in Iraq. The numbers of soldiers and civilians killed. It's easy in doing so to overlook another category of victims -- those traumatized by violence,

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especially Iraqi children. One study indicates almost 50% of the children in Baghdad report they have been touched by a major traumatic event." ABC (Harris) added, "This is child's play in the new Iraq. A video that Iraqis are trading via e-mail and cell phones, shows young boys reenacting the hanging of Saddam Hussein. 'Go to hell' they're shouting. In this country, where nearly 50% of the population is under 18 a new generation is being raised on violence. The violence, which has turned so many neighborhoods here in Baghdad into virtual ghost towns, is keeping a staggering number of children out of school. The education ministry says elementary school attendance rates dropped from 75% in 2005, to only 30% last year."

Palestinians In Difficult Position In Post-Saddam Iraq. The Washington Post (1/25, A20, Partlow, 690K) reports, "Baghdad is a dangerous place for anyone to live, and the fighting between Sunni and Shiite Muslims has displaced hundreds of thousands. Largely forgotten amid this violence is the plight of thousands of Palestinians in Iraq, who face an increasingly hostile environment because they are predominantly Sunni and perceived as having been favored during the rule of Iraqi President Saddam Hussein. Palestinians and human rights officials in Baghdad say members of the group are being targeted by roving Shiite militias and Iraqi police in efforts to expel them." The Post adds, "Iraqi officials said the 17 Palestinian men were detained Tuesday for 'investigation purposes' because they seemed suspicious, according to Brig. Gen. Saad Abdullah of the Interior Ministry. During the detention, the officials discussed steps to 'get the approvals for them to be refugees in other countries,' he said." An "estimated 19,000 Palestinians have fled Iraq since 2003, leaving about 15,000 behind, according to the United Nations. About 350 Palestinians are now stranded in a desolate refugee camp in a no man's land at the Al Tanf border crossing into Syria."

Brooks Warns Of Worsening "Tactics Of Genocide" In Iraq. In his New York Times (1/25, A25, 1.16M) column, David Brooks writes, "Iraq is at the beginning of a civil war fought using the tactics of genocide, and it has all the conditions to get much worse. As a Newsweek correspondent, Christian Caryl, wrote recently from Baghdad, 'What's clear is that we're far closer to the beginning of this cycle of violence than to its end.' As John Burns of The Times said on 'Charlie Rose' last night, 'Friends of mine who are Iraqis -- Shiite, Sunni, Kurd -- all foresee a civil war on a scale with bloodshed that would absolutely dwarf what we're seeing now.' Iraq already has the warlord structures that caused mass murder in Rwanda, Bosnia, Sierra Leone and elsewhere. Violent, stupid men who would be the dregs of society under normal conditions rise amid the trauma, chaos and stress and become revered leaders. … Once this mental descent has begun, it is possible to kill without compunction."

High-Ranking Officers Killed In Copter Crash. ABC World News (1/24, story 6, :25, Gibson, 8.78M) reported, "We learned…of an extraordinary loss by the US Army in Iraq. Among the 12 personnel killed in that helicopter crash on Saturday, were high-ranking officers. They included the military's chief medical officer, for Iraq, Colonel Brian Allgood. A 46-year-old surgeon from Oklahoma. Another colonel, a Lieutenant Colonel, a Major, a Captain and two Sergeants Major also were killed. It is believed the helicopter was shot down."

USA Today (1/25, 6A, Brook, 2.27M) reports the crash "was the deadliest single incident for National Guard troops in at least 50 years, the National Guard Bureau said Wednesday. Ten National Guard soldiers died in the crash Saturday, including Col. Paul Kelly, the highest-ranking Guard member to die since the Sept. 11, 2001, terrorist attacks. President Bush's plan to commit 21,500 more troops to Iraq relies in part on sending National Guard troops, raising the possibility of more casualties among the citizen-soldier units."

Four Or Five Americans Shot Execution Style After Tuesday Crash. The Washington Times/AP (1/25, Mroue) reports "new details…emerged about the downing of a private US security company helicopter on Tuesday, with US and Iraqi officials saying four of five Americans who died in the incident were shot execution-style -- in the back of the head." The AP adds, "A senior Iraqi military official said a machine gunner downed the helicopter, but a US military official in Washington said there were no indications that the aircraft, owned by Blackwater USA, had been shot out of the sky. Two Sunni insurgent groups, separately, took responsibility for the crash."

Spanish Court Issues International Search and Capture Warrant For US Soldiers. The Christian Science Monitor (1/25, Abend, Pingree, 59K) reports that four years after the death of Spanish TV cameraman José Couso, shot by US forces, "Spain's Supreme Court agreed" that his relatives "may have a case, and last week, the lower National Court issued an international search and capture warrant for the American soldiers implicated in the incident. Although it is unlikely the three will ever stand trial in a Madrid courtroom, the case has drawn worldwide attention and is raising serious questions about wartime justice and the right of one country to judge another's citizens." The Monitor adds, "According to the New York-based Committee to Protect Journalists, which conducted interviews with eyewitnesses, many Western reporters were observing the struggle for Baghdad from the hotel's balconies when the American M1A1 Abrams tank, stationed roughly three quarters of a mile away, turned toward the Palestine and fired a single round which mortally injured both Couso and…cameraman Taras Protsyuk. The

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American tank sergeant, Thomas 'Shawn' Gibson, later said he reported a suspicious spotter on the roof of the hotel to his superior, Capt. Philip Wolford, and received an order to fire."

Military Tests Nonlethal Ray Gun. The New York Times/AP (1/25, A21) reports the US military is testing "a ray gun that shoots a beam that makes people feel as if they are about to catch fire. Apart from causing that terrifying sensation, the technology is supposed to be harmless -- a nonlethal way to get enemies to drop their weapons," according to military officials.

Military Scholar Urges Increase In Defense Spending. In a Washington Times (1/25, 88K) op-ed headlined "Boost Military Spending," Lt. Col. Peter Huggins of the School of Advanced Air and Space Studies writes, "Our nation stands at a crossroads. The versatility and robustness of our armed forces will be crucial to our country's future foreign-policy success in a world where the only certainty is uncertainty. Zero-sum arguments that advocate shifting money to one service at the expense of another overlook the other choice -- increasing the defense budget. While the nature of the current conflict suggests that boosting defense spending to a share in line with past conflicts, such as World War II, Korea and Vietnam, is not necessary, an increase to the levels seen at the end of the Cold War -- our nation's most recent 'long war' -- is warranted. It's the best, and smartest, decision we can make."

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Arkansas Lawyer Challenges Authority For US Attorney's Appointment. The Arkansas Democrat Gazette (1/25, Satter) reports, "A Little Rock attorney appointed Friday to represent a man charged with capital murder and possibly facing the death penalty has filed a motion to declare Tim Griffin's appointment last month as U. S. attorney for the Eastern District of Arkansas unconstitutional." The Gazette continues, "John Wesley Hall Jr., who represents Antoine Demetrius Baker, said in a 16-page motion filed Tuesday that Griffin's appointment last month by U. S. Attorney General Alberto Gonzales violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments. He said it also violates a section of the U. S. Code altered last year during Congressional reauthorization of the USAPATRIOT Act. … The reworded section of the act omits a subsection that previously caused an attorney general's appointment of a U. S. attorney to expire within 120 days. The effect is that an appointee may now serve indefinitely without having to go through the standard procedure of being nominated by the president and then scrutinized by the Senate, which then votes to confirm or deny the appointment." The Gazette adds, "Little noticed at the time, the revision has stirred anger since the discovery that a handful of U. S. attorneys across the country were inexplicably forced to resign recently and then were replaced under the new provision by appointees who had not gone through the standard procedure — although the Justice Department says it is subjecting all of them to the process. … Among those ousted was Bud Cummins, U. S. attorney for the Eastern District of Arkansas, whose job as chief federal prosecutor has generated praise in the legal community. Cummins said he was asked to resign so that Griffin, who had worked in the White House as a Republican strategist, could have a chance to serve as U. S. attorney." The Gazette notes, "Griffin declined to comment on Hall's challenge to the method in which Griffin secured the top legal position in the eastern part of the state. But the challenge was rebuffed Tuesday by the U. S. Department of Justice with more of the same language that the department has used over the past few weeks to defend its appointment of Griffin. … 'Congress provided the Attorney General the authority in federal law (28 United States Code § 546) to appoint a United States Attorney because we must ensure that someone is able to carry out the important function of leading a U. S. Attorney's office in the event a vacancy arise,' said Brian Roehrkasse, deputy director of public affairs. 'We have clearly stated our commitment to having a U. S. Attorney in every district who is confirmed by the Senate, and thus there is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process.'"

The Los Angeles Times (1/25, Weinstein) reports, "Some Democrats have suggested that the moves were made to reward friends of the White House or punish prosecutors who had taken actions that angered the administration." The Times continues, "Administration officials have denied that the moves were political and assert that Gonzales has the authority to take these actions under a 2006 amendment to the Patriot Act that allows recess appointments. … But Hall's challenge contends that the section of the Patriot Act that Gonzales is relying on is an attempted 'end run' around the appointments clause, which mandates that the Senate confirm the president's appointees." The Times adds, "

The AP (1/25) reports, "Griffin was named interim U.S. attorney for the Eastern District of Arkansas by Attorney General Alberto Gonzalez in a 'recess appointment' after Congress adjourned for the year in 2006. The USA Patriot Act now allows Griffin to serve without having to be nominated by the president and go through Senate confirmation. … Previously, the appointment would have been good for 120 days." The AP notes, "Justice Department spokesman Brian Roehkrasse said the department is committed to having Senate confirmation hearings. … 'There

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is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process,' he said."

More Commentary. The New York Times (1/25) editorializes, "The federal investigation into Congressional corruption is approaching a crucial deadline and potential dead end. Feb. 15 is the last day on the job for United States Attorney Carol Lam of San Diego, the inquiry's dedicated prosecutor, who is being purged by the Bush administration." The Times continues, "Her investigation led to the imprisonment of former Representative Randy Cunningham, the California Republican who took millions of dollars in bribes in exchange for delivering lucrative government contracts. But just as Ms. Lam was digging into other possible wrongdoing, the White House decided to force her from office without explanation." The Times adds, "Ms. Lam has been investigating the dealings of Brent Wilkes, a private contractor and deep-pocketed political contributor who was designated co-conspirator No. 1 in the Cunningham case. … The question now is whether her successor, as yet unnamed, will pursue the inquiry with the same dedication or will quietly smother it. … The outlook isn't promising. The administration is defenestrating at least six other U.S. attorneys. Yet Attorney General Alberto Gonzales is refusing to provide Congress with details on these unmerited dismissals. He insists that there's no attempt to quash fresh Republican scandals and says only the 'very best' will be named as replacements." The Times concludes, "We are skeptical, especially since the White House's reported choice to replace Little Rock's federal attorney is a Republican operative close to Karl Rove. Congress must demand a clear explanation from Mr. Gonzales and the White House on why these prosecutors are being ousted. It must search out every shady aspect of this clearly politically motivated purge — with a particular eye on Feb. 15."

The Houston Chronicle (1/25) editorializes, "In the past year 11 U.S. attorneys have resigned their positions, some under pressure from their Justice Department superiors and the White House, even through they had commendable performance records. … Democratic senators are concerned that the high turnover is linked to an obscure, recently passed provision of the Patriot Act. … U.S. Attorney General Alberto Gonzales denied political motives figured in the multiple resignations of top prosecutors, and pledged that all interim appointments would be submitted to the Senate for confirmation. He reiterated that U.S. attorneys serve at the pleasure of the president and can be removed for a number of reasons, including job performance and their standing in their districts. That isn't good enough for (Sen. Diane) Feinstein and her Democratic colleagues, who have introduced legislation to reinstate the appointment of interim prosecutors by federal judges." The Chronicle adds, "Gonzales is correct that the president is vested with the power to appoint U.S. attorneys. Unfortunately, the Patriot Act change eliminated the ability of the Senate to exercise its constitutional oversight of those nominations to make sure they are qualified and not simply political plums handed out to supporters in the waning years of the administration. … No president should be able to fire top government prosecutors from their positions for political reasons and then install successors without a thorough vetting by the constitutionally charged legislative body."

Unisys To Continue Supporting DOJ Asset Tracking System. Washington Technology (1/24, Welsh) reports, "Unisys Corp. will continue supporting a consolidated asset tracking system used by the Justice Department to monitor property seized from criminals under a new contract. The eight-year deal may be worth as much as $112 million, the company said." WTech continues, "Under a blanket purchase agreement, Unisys of Blue Bell, Pa., will provide applications and managed services support for all system operations. … Unisys will handle systems integration, systems development, engineering, network management, production support, and security and certification. The company also will be responsible for customer support, program management, verification and validation." WTech adds, "The Justice Department's asset tracking system tracks, monitors and reports on property seized and forfeited in the prosecution of criminal activities. Ten law enforcement agencies used the consolidated system. … The new contract extends Unisys work on the asset tracking system project. Over the past five years, Unisys has modernized all of the system's core business applications while maintaining legacy system operations during the process, the company said."

CORPORATE SCANDALS:

Former Enron Official Begins 18-Month Prison Term. The Houston Chronicle (1/25, Hays) reports, "Enron's former investor relations chief entered a federal prison in Texas today to serve an 18-month sentence for helping top executives mislead Wall Street about the company's financial viability." The Chronicle continues, "Mark Koenig, 51, surrendered at a men's prison in Three Rivers, about 74 miles south of San Antonio, at noon today, prison spokesman Michael Ginster said." The Chronicle adds, "With his surrender, Koenig became the eighth former Enron executive to serve prison time in the aftermath of the company's collapse more than five years ago. … Koenig pleaded guilty in August 2004 to aiding and abetting securities fraud for misleading Wall Street analysts to conceal Enron's precarious financial condition before the company collapsed in December 2001. As head of investor relations, he was Enron's main liaison to Wall Street. … Koenig's former second-in-command, Paula Rieker, pleaded guilty to

insider trading earlier in 2004 and is serving probation for two years."

CRIMINAL LAW:

Former Official Says Libby Sought To Blame CIA For Faulty Iraq Intel. USA Today (1/25, Willing, 2.27M) reports I. Lewis "Scooter" Libby was "part of a White House strategy to use press leaks to blame the CIA for faulty intelligence about Iraq's efforts to acquire nuclear bomb material, a former top CIA official testified Wednesday." Robert Grenier, the CIA's former assistant secretary for operations, said Libby was "annoyed by reports that the administration had ignored evidence that its claims that Iraq sought nuclear fuel were wrong." Libby had "asked Grenier about former State Department official Joseph Wilson, who had investigated the claims about Iraq's nuclear intentions for the CIA. Grenier testified that he also told Libby that Wilson's wife, Valerie Plame, was a covert CIA official."

The Washington Post (1/25, A3, Leonnig, Goldstein, 690K) reports, "Summoned out of a meeting with the CIA director to take" Libby's "urgent call later that same afternoon," Grenier said "he relayed all he had learned about former ambassador Joseph C. Wilson IV, the man behind news reports of the trip that had Libby so concerned." Grenier said Wilson "had gone on a CIA-sponsored mission to check out intelligence that Iraq was trying to buy uranium for nuclear weapons and had concluded that the tip was unfounded," and he "told Libby, it appeared that Wilson's wife, a CIA officer, had suggested Wilson for the trip." The Post adds, "The timing of Grenier's response and Libby's anxiety over Wilson are central to the prosecution's allegation that Libby lied to investigators when he said that he believed he first learned CIA officer Valerie Plame's identity from NBC's Tim Russert a month later."

The New York Times (1/25, Lewis, 1.16M) reports prosecutors "paraded a roster of former government officials before the jury on Wednesday to testify that they had informed him about the identity of the C.I.A. operative Valerie Wilson, contrary to Mr. Libby's claim that he had learned about her weeks later from reporters." Libby's lawyers "spent their time cross-examining those witnesses in an effort to attack both their credibility and their memory." The "purpose of Mr. Grenier's testimony from the prosecutor's point of view was to cast doubt on Mr. Libby's account that he did not remember learning about Ms. Wilson from officials when he testified that he learned about her from journalists." But William H. Jeffress Jr., "one of Mr. Libby's lawyers, quickly set about taking apart Mr. Grenier's account. He noted that in his first appearance before a grand jury and in an interview with F.B.I. agents, Mr. Grenier did not say he had told Mr. Libby about Ms. Wilson." Libby's lawyers "seemed to have two agendas in mind. Not only did they want to underscore the fragility of memory — Mr. Libby has said that if he testified incorrectly about his conversations with reporters it was only because he simply remembered incorrectly — but also to create a vexing, lengthy and complicated narrative for the jury."

The Los Angeles Times (1/25, Schmitt, 850K) reports Libby's "defense against perjury charges, which rests in part on what he has described as innocent memory lapses, appeared to gain some ground Wednesday when his lawyers showed that two government witnesses in the case had memory issues of their own." Grenier, "questioned by Libby's lawyers, acknowledged that he initially told a federal grand jury in January 2004 that he did not believe he had shared information about the status of CIA operative Valerie Plame when he spoke with Libby weeks before she was identified in a newspaper column. But Grenier said he testified 18 months later in another grand jury appearance that he believed he had given Libby that information after all." Another official — Marc Grossman, "a former State Department undersecretary for political affairs — also testified Wednesday that he had discussed Plame with Libby but conceded there were discrepancies in the accounts that he had initially given FBI agents. Grossman said he could not account for the differences. "

Little "Known Evidence" To Support Libby Scapegoat Claim. The New York Times (1/25, Johnston, Rutenberg, 1.16M) reports "the assertion" by Libby attorneys "that White House aides had sacrificed him to protect Karl Rove, the senior political adviser, appears to be based primarily on Mr. Libby's own sense that the administration had failed to defend him adequately as the C.I.A. leak case unfolded." But there is "little known evidence to buttress the suggestion by Mr. Libby's defense team in his obstruction and perjury trial that unnamed White House officials were deliberately setting Mr. Libby up to be a scapegoat." The defense team's statements "set off a debate across Washington about whether they were part of a legal gambit to divert attention from the underlying charge that Mr. Libby lied to F.B.I. agents and the grand jury or whether his lawyers had evidence of an effort within the White House to focus the blame on Mr. Libby." Libby's lawyers have "so far offered few details about how he might have been set up as a fall guy for Mr. Rove. White House aides said little about the alleged rift on Wednesday, indicating they were prepared to grant their former colleague wide latitude to present an aggressive defense — even if it meant letting stand unanswered a story of intrigue and disloyalty involving President Bush's and Mr. Cheney's most trusted aides."

Libby Trial May Intensify White House Factionalism. The White House Bulletin/US News (1/25) reports the "new accusations in the Lewis 'Scooter' Libby trial are opening a window on the pattern of infighting within the Bush White

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House, which has been mostly kept hidden from public view." Libby attorney, Theodore Wells, Jr., argued at Libby's perjury trial "that White House officials tried to protect political guru Karl Rove from legal damage in the Valerie Plame CIA leak case and attempted to make Libby the scapegoat. White House insiders say these allegations could intensify hard feelings between the Libby faction, led by Vice President Dick Cheney who was Libby's boss, and the Rove faction, led by President Bush."

Cheney Declines To Discuss Libby Trial. When asked about the trial of I. Lewis "Scooter" Libby on CNN's The Situation Room (1/24, Blitzer), Vice President Dick Cheney said, "I'm going to be a witness in that trial within a matter of weeks. I'm not going to discuss it. I haven't discussed it with anybody in the press yet; I'm not going to discuss it with you today. … I'm a strong friend and supporter of Scooter's. I have not contributed to his legal defense fund. I think he is an extraordinarily talented and capable individual."

Mayors Blame Federal Government For Crime Surge. USA Today (1/25, El Nasser) reports from Louisville, KY, "A minister who regularly conducts prayer vigils against violence and counsels crime victims is beaten by a gang of youths. Five people are shot and wounded at a community festival. A softball player is shot and wounded at a game, in front of 100 witnesses. One person is killed and four wounded in a shooting outside a funeral home as people gather for a wake." USA continues, "These crimes happened in very public settings here last year — two of them within 2 miles of the heart of this Ohio River city's downtown. Such incidents inevitably give communities the jitters, but cities are especially skittish now because the nation's violent crime rate is rising after more than a decade of decline, and the stakes are higher. … The drop in crime helped spark an urban revival that attracted thousands of residents and billions of dollars of investment to downtowns from Louisville to Miami, St. Louis and Denver. Now, city leaders across the nation are fearful that crime will kill the renaissance." USA adds, "For a city such as Louisville, where downtown is flourishing, keeping crime in check is paramount. More than $1 billion has been invested in the commercial heart of the city this decade. By 2010, at least another $1 billion is expected to come in. Five hotels are set to open, and the 2000 housing units now downtown are expected to double by 2009. … Rising crime 'has the potential of being damaging,' says Jerry Abramson, mayor of Louisville from 1985 to 1998. He was elected again in 2002 after Louisville merged with surrounding Jefferson County; he was re-elected in 2006. 'We all live day by day in terms of concern of some horrific thing happening in our central business district that would set us back.' … Murders and robberies continued to rise nationwide during the first six months of 2006, according to the FBI, and violent crime overall appears headed for a second straight year of increases. Mayors and police chiefs regularly assure the public that violent crimes still are confined mostly to poorer drug- and gang-infested areas, but they are sounding alarms:" USA notes, "Abramson and some other mayors also blame the federal government for cutting funding for crime prevention and phasing out a Clinton administration program that added 100,000 police officers nationwide. They say Washington's focus has shifted to homeland security at the expense of hometown security. … 'The consensus is that the federal government walked away from that partnership,' Abramson says. 'Crime all of a sudden begins to ratchet up but police on the street have ratcheted significantly down. We draw a correlation.' … Justice Department spokesman Brian Roehrkasse disagrees. 'The increase in violent crime in some areas does not appear to be related to federal spending for law enforcement,' he says. 'DOJ spending has never accounted for more than 4% of total spending on state and local law enforcement.'"

Navy Contractor Jailed In Mexico On Kidnapping Charges. NBC San Diego (1/25) reports, "A San Diego man is in jail in Tijuana, accused of kidnapping a 12-year-old girl." NBC San Diego continues, "The U.S. Department of Justice confirmed that Tijuana police arrested Manuel Martinez, 41, on Monday. He is accused of abducting the girl outside a school. … According to police, Martinez pulled the girl into a burgundy Toyota truck with California license plates, tied her up and threatened to rape and kill her. Police found the truck and rescued her, officials said. They also found U.S. Navy credentials, a military knife and various sexual aids in the truck, police said. … Martinez is a civilian contractor working for the U.S. Navy, according to the Justice Department. He is being held on kidnapping, attempted murder and other charges."

DOJ Asked To Probe "Hounddog" Movie For Possible Porn Law Violations. The AP (1/25, Hummel) reports from Park City, UT, "At a festival that features several films with sexual content, including full male nudity and a documentary about bestiality, a Southern Gothic tale that includes the rape of a young girl is causing the biggest stir. … 'Hounddog' is the story of Lewellen, a girl played by 12-year-old Dakota Fanning, who is growing up in the 1960s South. She is a free spirit obsessed with Elvis Presley and has little supervision by her abusive father and alcoholic grandmother." The AP continues, "Even before the first screening of 'Hounddog' at the Sundance Film Festival this week, a Christian film critic, citing Fanning's age, decried the movie as child abuse, and Roman Catholic activist Bill Donohue called for a federal investigation. … Fanning is

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defending her work as well as the movie, and so is the head of Sundance, who said it was courageous for director Deborah Kampmeier to tackle 'challenging material.' 'Hounddog' is entered in the festival's dramatic category." The AP adds, "The disturbing scene lasts a few minutes, but is not graphic. There is no nudity, the scene is very darkly lit and only Fanning's face and hand are shown. … Ted Baehr, chairman of the Christian Film and Television Commission and publisher of the Web site movieguide.org, claims 'Hounddog' breaks federal child-pornography law. He said the law covers material that 'appears' to show minors engaging in sexually explicit conduct. … Donohue, president of the Catholic League for Religious and Civil Rights, said he has asked the U.S. Justice Department to investigate whether antipornography laws have been broken."

New Mexico Treasurer Sentenced To Prison For Extortion Plot. In a widely-distributed story, the AP (1/25, Korte) reports, "Former state Treasurer Robert Vigil was sentenced Wednesday to three years in federal prison for pressuring a contractor to hire the previous treasurer's wife, despite concerns that she was unqualified. Vigil, 53, was convicted in September of a single count of attempted extortion. Jurors acquitted him of 23 other counts of extortion and racketeering. Vigil remained free after sentencing, wearing an ankle monitoring bracelet, but the judge ordered him to report to prison within 60 days." The AP adds, "Vigil was also fined $97,000 and sentenced to three years of probation after his release."

FBI Arrests Memphis Police Officer On Money Laundering Charges. WMC-TV Memphis (1/24, Douglas) reported on its Web site from a broadcast story, "A Memphis Police officer was arrested Wednesday as a result of Operation Tarnished Blue." Officer Orlando Hebron allegedly "made several offers to launder money for an undercover informant. … Federal documents say that the informant agreed to give Hebron about $3,000 in cash. In exchange for the cash, Hebron promised to launder the money and return $2,400 of it in the form of a check." Hebron also allegedly "agreed to assist the informant in a robbery at a mini-storage last November where the informant says thousands of dollars in cash and two kilos of cocaine were stored. This time the informant gave Hebron $4,900 to launder." The Memphis Commercial Appeal (1/25, Conley, 163K) notes Hebron, "an officer since 1995 and currently assigned to Mitchell High School, was arrested by FBI agents Wednesday, after the return of a sealed indictment by a federal grand jury on Tuesday." He "Hebron is the 15th law enforcement officer snared in the FBI's ongoing investigation of police corruption dubbed 'Tarnished Blue.' Eight other officers have been charged in related anti-corruption operations in the past two years."

Neteller Co-Founder Vows To Fight US Charges. The Financial Times (1/25, Pimlott) reports, "John Lefebvre, the co-founder of Neteller who stands accused of laundering billions of dollars in illegal online gaming proceeds, plans to fight all of the charges against him, his lawyer said. 'He's going to be contesting everything we know about the charges right now,' said Vincent Marella, his attorney, outside the New York court where Mr Lefebvre was due to appear yesterday for a bail hearing." The Times adds, "The US justice department considers online gambling to be illegal although it is an established and regulated industry elsewhere in the world," and "some US lawyers have questioned whether criminal prosecutions are likely to be successful because the companies involved are not based on US soil."

FBI Arrests UC Riverside Official On Bribery Charges. The Orange County Register (1/25, Carcamo) reports, "Officials arrested a man Wednesday on suspicion of federal bribery charges after prosecutors said he solicited bribes from an Irvine-based company, U.S. Attorney's officials reported. Federal prosecutors accuse Theodore Chiu, 53, of Riverside of receiving a series of bribes from and Irvine-based general contractor in charge of the construction of a psychology building on the campus of UC Riverside. FBI agents arrested Chiu on the campus after they said he met with the president of the Irvine-based FTR International Inc. Chiu is an associate director of design and construction at the university." The Register notes that "Chiu allegedly received $18,000 in bribes from FTR. The company and its president cooperated with FBI agents during the investigation, prosecutors said." The Los Angeles Times (1/25, 850K) also briefly reported on Chiu's arrest.

Federal Investigators Widening Pirro Probe. The New York Daily News (1/25, Standora, 729K) reports, "The feds have again widened their criminal probe of former Westchester District Attorney Jeanine Pirro - this time to see if she used the resources of her office in her failed campaign against Sen. Hillary Clinton, WNBC reported yesterday. FBI agents and local investigators are focusing on whether Republican Pirro or her staffers ran background checks on donors to her 2006 senatorial campaign using computers and databases at the DA's office, the station's Jonathan Dienst reported. A number of former members of Pirro's campaign have been questioned by investigators, he said." However, "Pirro spokesman Michael Edelman told the Daily News last night that Pirro had done nothing wrong, calling the probe 'nonsense.'"

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Florida Man Convicted Of Defrauding Medicare With Stolen Patient IDs. The Naples Daily News (1/25, Freeman) reports, "A jury Wednesday convicted a Collier County man of stealing the identities of 1,130 patients at Cleveland Clinic Naples that were used to submit more than $7 million in false claims to Medicare, according to the U.S. Attorney's Office in Miami. Fernando Ferrer Jr. of Naples, a registered owner of Advanced Medical Claims in Naples, was convicted after a three-day trial in U.S. District Court in Fort Lauderdale on eight counts of conspiracy to defraud the U.S. government, computer fraud, wrongful disclosure of individual health information and aggravated identity theft." Ferrer and co-defendant Isis Machado "became the first individuals in South Florida convicted of criminal charges for violating the federal law protecting patients' privacy rights, known as the Health Insurance Portability and Accountability Act (HIPPA), according to the U.S. Justice Department."

The AP (1/25) notes Machado "worked as a front desk coordinator at Cleveland Clinic in Weston from May 2005 to June 2006. She downloaded patient files and then sold them to Ferrer, who then made false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, the indictment said. Ferrer used the information to bill medical providers in Miami for services that were not rendered, resulting in $7 million fraudulently billed to Medicare, federal investigators said."

Chicago Investment Adviser Convicted Of Fraud. The Chicago Tribune (1/25, O'Connor, 617K) reports, "A former Chicago investment adviser whose business card touted him as 'Ambassador to Cash' was convicted Wednesday by a federal jury of conning an ailing woman out of more than a quarter million dollars. Jurors took about three hours to find Brian D. McGowan guilty on 18 counts of wire fraud and one count of investment-adviser fraud. During the nearly three-week trial, testimony by the mother of Michael Jordan and that of athletes with ties to Chicago denied claims by McGowan that he had managed their financial affairs. Following the verdict, U.S. District Senior Judge John Grady said McGowan's testimony was the most egregious perjury he had seen in more than three decades on the bench."

The Chicago Sun-Times (1/25) notes McGowan "tricked Camille La Mie, 63, into handing over the bulk of her wealth by boasting that his clients included Michael Jordan's mother and former NBA star Tim Hardaway. Prosecutors said McGowan used some of La Mie's money to pay his own bills. McGowan's attorney argued that La Mie, formerly of Chicago, was angry with McGowan because he'd failed to hide her income from the government. She then proceeded to set up McGowan, defense attorney Robert Gorence argued."

New York Man Pleads Guilty To Scamming $200,000 From Priests. The New York Times (1/25, 1.16M) reports, "Robert Riggio of Manhattan, who was charged with defrauding more than 60 priests over several years, pleaded guilty to wire fraud in Federal District Court yesterday, prosecutors said." US Attorney Michael Garcia "said that Mr. Riggio stole more than $200,000 from 2004 to 2006 by calling priests with bogus pleas for help and requests for money. The funds often came from the priests' personal savings, Mr. Garcia said. Mr. Riggio was arrested in September after he asked for money from an F.B.I. agent posing as the niece of a priest who had been defrauded, Mr. Garcia said."

Former BLA Members Were Living "Comparatively Quiet Lives." The AP (1/25, Curtis) reports, "They'd long since exchanged the radical idealism of their youth for comparatively quiet lives as janitors, job counselors and Little League coaches. They'd become husbands, fathers and grandfathers. But memories of a violent era in American history came rushing back this week when eight men with ties to the Black Panther Party were arrested in the 1971 killing of a San Francisco police officer." The AP notes, "Two years after the killing," alleged lookouts John Bowman and Harold Taylor "were arrested in New Orleans. But a judge dismissed the charges in 1976 because the men had allegedly been tortured by San Francisco police officers during an interrogation. Over three days, the men said, they were stripped, blindfolded and beaten." Bowman and Taylor "went public, speaking to activist and community groups from Boston to Chicago and vowing to dedicate the rest of their lives to stopping torture. … Two defense lawyers said Wednesday they believe the new charges are retaliation for the former Panthers' public statements." In a story also largely sympathetic toward the suspects, the San Francisco Chronicle (1/25, A1, Fulbright, Bulwa, 384K) reports on local reaction to the arrests, under the headline "Stunned Friends Laud The Men They Know Now."

Defense Lawyers Expect Former BLA Member To Be Key US Witness. The San Francisco Chronicle (1/25, Van Derbeken, 384K) reports, "More than 30 years ago, Ruben Scott testified against his alleged Black Liberation Army brethren in the slaying of two New York City police officers. Now, defense attorneys suspect, Scott will be alone among the former militants to testify against his one-time confederates, who were charged Tuesday in the 1971 slaying of San Francisco police Sgt. John Young and a larger conspiracy to kill police. While state prosecutors won't say whether Scott will take the witness stand, defense attorneys say he is the only insider whose testimony has ever been used to convict BLA members of a crime. And he is the only former BLA member previously indicted in the slaying of

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Young whom prosecutors have chosen not to name again in the current case. The charges against him were dismissed in 1976."

Convicted Cop Killer Had Stolen Pennsylvania Man's ID. The AP (1/25, Kates) reports John T. Healy, of Yardley, Pa., "has endured a nightmare over the past two weeks after learning that the man who apparently stole his identity two years ago was charged with -- and ultimately convicted of -- killing an upstate New York police officer." The AP notes, "The man authorities prosecuted under the name John Healy was convicted Monday of second-degree murder for his role in the death of New Hartford Police Officer Joseph Corr following a million-dollar jewelry store robbery. … FBI Special Agent Jerri Williams in Philadelphia said Wednesday that the defendant is known to her agency as Toussaint Martin, 38, formerly of Philadelphia. He has been 'known to law enforcement for a number of years' and was a suspect in other jewelry store robberies when he was caught in New York, she said."

Coke Formula Theft Trial Delayed By Dispute Over Sensitive Documents. The Atlanta Journal-Constitution (1/25, Stanford, 379K) reports, "The judge in the Coke secrets trial sent the jury home Wednesday morning so attorneys could haggle over how to handle sensitive documents the company says contain proprietary trade information. Coke's lawyers and prosecutors had thought the judge was going to seal hundreds of pages of Coca-Cola documents from public view, showing them only to jurors who would be sworn to secrecy. But U.S. District Court Judge J. Owen Forrester told the lawyers they misunderstood his intentions. He said he had agreed to seal only two documents. That sent Coke's lawyers into a tizzy." The AJC adds, "The judge also admonished federal prosecutors for allowing the defense attorney to deal directly with Coke's lawyers. … 'You and you only are responsible for the representation you make to this court' about the introduction of evidence."

The AP (1/25, Clark) reports, "A government prosecutor asked for a recess to review more than 750 pages of defense documents to determine whether portions should be redacted before being shown to the jury." Forrester "granted the recess until 11 a.m. Thursday," when defendant Joya Williams' former boss, Coke executive Javier Sanchez Lamelas, "is expected to return to the stand." On Tuesday, Lamelas testified "that there was no reason for Williams to bring confidential Coca-Cola documents to her home." Bloomberg News (1/25) also briefly reports on the recess.

Duncan "Confession" To FBI Insufficient To Bring Murder Charges. In a widely-distributed story, the AP (1/25, Johnson) reports, "A convicted murderer's statements to the FBI about the deaths of two young girls in Washington are not sufficient to bring criminal charges in the deaths, though the man remains 'a viable person of interest' in the slayings, investigators said Wednesday. Federal prosecutors in Idaho said Tuesday that Joseph Edward Duncan III had confessed to the Washington killings and the slaying of a California boy in statements to the FBI after he was arrested in July 2005 with an Idaho girl who had vanished seven weeks earlier." The AP adds, "Though Duncan's statements revealed some knowledge of the case, he could have gleaned it from a fellow inmate or elsewhere, King County sheriff's spokesman Sgt. John Urquhart said. … 'Characterizing what Duncan said as a "confession" has a huge impact on the family,' Urquhart said. 'They think the case has been solved and that we know who killed their kids. But we don't know that for sure, and we continue to investigate.'"

Federal Prosecutors Reveal Deal With Jeffs Over Seized Documents. The Deseret Morning News (1/25, Winslow) reports, "Federal prosecutors say they have struck a deal with Fundamentalist LDS Church leader Warren Jeffs over documents, letters and other evidence seized when he was arrested. That deal voids any claims Jeffs has that the documents are privileged communications between the polygamist leader and his followers, the U.S. Attorney's Office for Utah said in a motion asking a federal judge to dismiss the evidence-dispute case in Nevada." The Deseret News adds, "In an affidavit obtained by the Deseret Morning News on Wednesday, an FBI agent revealed more details about Jeffs' arrest. Conflicting stories raised suspicions about a man in the car who identified himself as 'John Findley.' … After getting the driver's consent to search, the trooper found envelopes addressed to 'President Jeffs' and two yellow envelopes containing cash, debit cards and tools. FBI agents arrived on the scene and spoke to "John Findley," who admitted he was Warren Jeffs."

Closing Arguments Made At Federal Abortion Murder Trial. In a widely-distributed story, the AP (1/25, Thompson) reports, "Anti-abortion extremist James Kopp made a last attempt Wednesday to convince jurors he didn't mean to kill a doctor he shot, while a prosecutor countered there are 'no do-overs' when shooting someone. The two sides presented their closing arguments in Kopp's trial on charges he violated the federal Freedom of Access to Clinic Entrances Act by killing Dr. Barnett Slepian with a single shot from a Russian military rifle in 1998." The AP notes, "After the Oct. 23, 1998, shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001. He was added — along with Osama bin Laden — to the FBI's list

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of the Ten Most Wanted fugitives in June 1999. Jurors deliberated about an hour Wednesday before being sent home after asking to review testimony concerning the timeline of the shooting."

Texas Man Sentenced To 10 Months In Prison For Red Cross Relief Fraud. The AP (1/25) reports, "A Dallas man who used stolen Hurricane Katrina debit cards is joining two of his siblings in prison over the same scam, authorities said. Abram Wesley Hines, 25, was sentenced Wednesday to 10 months behind bars, the U.S. attorney's office said." The trio "admitted stealing at least 80 Red Cross debit cards meant for victims of Katrina." Brian Hines "was sentenced to 30 months and ordered to make nearly $203,000 in restitution," and Charmaine Denise Hines "was sentenced to 41 months in prison and ordered to repay more than $23,000."

NC Bar Brings Ethics Charges Against Prosecutor In Duke Case. USA Today (1/25, Koch) reports, "Mike Nifong, whose prosecution of three Duke University lacrosse players on rape and sexual misconduct charges has faced growing criticism, has been hit with a second set of misconduct charges." USA continues, "In a complaint filed Wednesday, the North Carolina State Bar accused Durham County District Attorney Nifong of withholding evidence from the defense and making misleading statements in court. It charged him last month with violating rules of professional conduct by making misleading and inflammatory statements to reporters about the athletes, who were suspended from the university." USA adds, "Duke permitted two of the athletes, Reade Seligmann and Collin Finnerty, to return to school this month, following the dismissal Dec. 22 of rape charges, the most serious charges against them. The third defendant, David Evans, has graduated. All three say they are innocent. … The expanded ethics complaint, which says Nifong's actions amount to a 'systematic abuse of prosecutorial discretion,' could lead to his disbarment, says L. Thomas Lunsford II, the state bar's executive director."

The New York Times (1/25, Wilson) reports, "The new charges added to a previous ethics complaint accusing Mr. Nifong of making false and prejudicial remarks about the case to the news media. A three-member independent panel is expected to hear the matter against him this summer. Penalties could include disbarment." The Times adds, "Mr. Nifong's lawyer, David B. Freedman, denied yesterday that there had been 'any sort of intentional unethical conduct.' In a telephone interview, Mr. Freedman said that Mr. Nifong had a 'flawless record' for ethics in 28 years as a prosecutor and that a written response, to be issued within 30 days, would give his side of the case."

Mortgage Fraud On The Rise Across The Nation. USA Today (1/25, Knox) reports from Leavenworth, KS, "When Brent Barber tells you -- and he's about to -- how easy it is to steal your house out from under you, or take your money and ruin your credit, even while he's sitting in prison, you'd better listen. … A one-time millionaire with a house on a golf course, Barber was sentenced in October to 12 years in prison for masterminding the largest mortgage fraud ever prosecuted in Missouri, and most other states too, the FBI says. He pleaded guilty to a five-year scam that involved nearly 300 properties in Kansas City, Mo., and victimized more than 80 people." USA continues, "Nationally, mortgage fraud has spread in the past few years, with losses totaling around $1 billion last year, the FBI says. The real estate boom, along with looser lending standards, built an ideal breeding ground for smooth-talking con artists like Barber. Those hurt by fraud are not only lenders, but also the thousands of other homeowners who pay higher interest rates as a result, and the neighborhoods where foreclosures depress property values, invite crime and drain city resources. … Florida is the No. 1 hot spot for mortgage fraud, followed by Utah, Georgia, Colorado, Illinois and Missouri (chart, right)." USA adds, "Fraud cases are likely to continue rising this year and next, the Mortgage Asset Research Institute says. That's because fraud has become harder to hide in today's slower housing market, when lenders have more time to review applications and appraisals. And because fraudulent loans tend to fall into foreclosure after about three years, many bad loans from the real estate boom have yet to surface."

Prosecutors Want DeLay Charge Reinstated. The AP (1/25, Shannon) reports, "Prosecutors attempting to restore a conspiracy charge against former House Majority Leader Tom DeLay argued Wednesday that the 'plain language' of Texas law means he can be charged with conspiring to violate the election code." But "lawyers for DeLay and two co-defendants told the Court of Criminal Appeals the law is clear in their view -- that conspiracy was added to the state election code after prosecutors allege the crime happened." Travis County District Attorney Ronnie Earle's office "is appealing lower court rulings that threw out the charge accusing DeLay and Republican fundraisers Jim Ellis and John Colyandro of conspiring to violate the Texas election code and its ban on corporate campaign contributions. It could be weeks or months before the appeals court makes a decision."

NYTimes Criticizes Mandatory Sentencing Laws. The New York Times (1/25, 1.16M) says in an editorial that the US "is paying a heavy price for the mandatory sentencing fad that swept the country 30 years

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ago. After a tenfold increase in the nation's prison population — and a corrections price tag that exceeds $60 billion a year — the states have often been forced to choose between building new prisons or new schools. Worse still, the country has created a growing felon caste, now more than 16 million strong, of felons and ex-felons, who are often driven back to prison by policies that make it impossible for them to find jobs, housing or education." The "only real way to reduce the inmate population — and the felon class — is to ensure that imprisonment is a method of last resort. That means abandoning the mandatory sentencing laws that have filled prisons to bursting with nonviolent offenders who are doomed to remain trapped at the very margins of society."

CIVIL LAW:

PBS&J Settles Contract Claims With DOJ For $6.4 Million. The Miami Herald (1/25, Danner, Christensen) reports, "The embezzlement by three former employees at engineering firm PBS&J continues to cost the firm: PBS&J paid more than $6.4 million to settle claims it overcharged the federal government on 'hundreds of contracts,' the Justice Department announced." The Herald continues, "The overbilling, the government said, arose from a $36 million embezzlement scheme perpetrated by PBS&J's former chief financial officer and two underlings between 1992 and 2005. … The embezzlement involved shifting funds and fabricating entries in the company's books to cover up the scheme and resulted in PBS&J's audited overhead rates being overstated, the Justice Department said in a statement. Overhead includes items like management salaries, rent, insurance and benefits." The Herald adds, "The settlement resolves claims that PBS&J violated the False Claims Act. … The three former PBS&J employees, ex-CFO W. Scott DeLoach, Maria A. Garcia and Rosario Licata, each pleaded guilty in September to their roles in the embezzlement. They are scheduled to be sentenced next month. … Joining the Justice Department in the civil investigation of PBS&J were the Office of the Inspector General for the Department of Transportation and the Defense Contract Audit Agency. … 'Companies that enter into contracts with the government must maintain accounting controls and procedures that ensure that the costs and rates that they submit to the government are accurate,' said Peter D. Keisler, assistant attorney general of the civil division in Washington."

Winners Of FBI Wrongful Death Suit Drop Additional Claims Against Agents. The Boston Globe (1/25, Murphy, 413K) reports, "It took 22 years for the family of slain Quincy fisherman John McIntyre to prove that the FBI's mishandling of longtime informants James 'Whitey' Bulger and Stephen 'The Rifleman' Flemmi caused his brutal killing in 1984. But after winning a landmark $3.2 million wrongful death suit against the government in September, lawyers for McIntyre's mother and brother notified a judge yesterday that they are dropping additional claims they had made against six retired FBI agents. 'We proved what we wanted to prove,' said McIntyre's brother, Christopher, adding that he and his mother want to get on with their lives and weren't up for another drawn-out legal battle that would once again rehash his brother's murder." The Globe notes, "US District Judge Reginald C. Lindsay…had yet to rule on the agents' assertions that federal law barred the McIntyres from seeking damages from them, since they had already won a damages claim against the government."

CIVIL RIGHTS:

Former Deputy Charged With 1964 Racial Murders. The AP (1/25, Pettus, Jordan) reports from Jackson, MS, "A white former sheriff's deputy who was once thought to be dead was arrested on federal charges Wednesday in one of the last major unsolved crimes of the civil rights era — the 1964 killings of two black men who were beaten and dumped alive into the Mississippi River." The AP continues, "The break in the 43-year-old case was largely the result of the dogged efforts of the older brother of one of the victims, who vowed to bring the killers to justice. … James Ford Seale, a 71-year-old reputed Ku Klux Klansman from the town of Roxie, was charged with kidnapping hitchhikers Charles Eddie Moore and Henry Hezekiah Dee, both 19. … The victims' weighted, badly decomposed bodies were found by chance two months later in July 1964, during the search for three civil rights workers whose disappearance and deaths in Philadelphia, Miss., got far more attention from the media and the FBI. … Seale is expected to be arraigned Thursday in Jackson." The AP adds, "The arrest marked the latest attempt by prosecutors in the South to close the books on crimes from the civil rights era that went unpunished. In recent years, authorities in Mississippi and Alabama have won convictions in the 1963 assassination of NAACP activist Medgar Evers; the 1963 Birmingham, Ala., church bombing that killed four black girls; and the 1964 Philadelphia, Miss., slayings. … The U.S. Justice Department reopened the case after The Clarion-Ledger of Jackson uncovered documents indicating that the beatings had occurred in the Homochitto National Forest, giving the FBI jurisdiction. But the case languished until Seale was located."

USA Today (1/25, Mitchell) reports, "Since 1989, Mississippi and six other states have re-examined 29 killings, leading to 22 convictions, most recently in 2005 when a Neshoba County jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of three civil rights workers, James Chaney, Andrew Goodman and

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Michael Schwerner. … 'We are extremely pleased to see that the federal government is truly committed to taking care of its unfinished business from the civil rights era,' said Alvin Sykes, a Kansas City activist whose work helped lead to the reinvestigation of the 1955 killing of Emmet Till. … The Till case may be presented to a grand jury later this year." USA adds, "Sykes is now pushing legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era. 'When Congress passes the Till bill, you can best believe there will be a lot more perpetrators from that era who will be facing the bar of justice for the lynchings they thought they got away with many years ago,' Sykes said."

The New York Times (1/25, Dewan) reports, "The charges against Mr. Seale, some seven years after the Federal Bureau of Investigation reopened the case, are the latest in a string of prosecutions of racially motivated slayings from the 1950s and '60s. While virtually all the prosecutions so far have proved successful, investigators have long warned that every passing year makes it more difficult to build a case." The Times continues, "Many of those killings became nationally infamous, like the murder of three civil rights workers — James Chaney, Andrew Goodman and Michael Schwerner — portrayed decades later in the movie 'Mississippi Burning.' But like dozens of lynchings in that era, the deaths of the two victims in this case, Henry H. Dee and Charles E. Moore, both 19, were far more obscure. … The discovery of their bodies, in the Old River near Natchez, Miss., attracted attention mainly because it was initially thought that they might be those of two of the three missing rights workers, who, as the nation looked on, were being sought by federal agents, dozens of volunteers and 400 Navy sailors." The Times notes, "Still, the F.B.I. took on the Dee-Moore case, and in November 1964 Mr. Seale, the son of a chapter leader of the White Knights of the Ku Klux Klan, and another man, Charles M. Edwards, were arrested. Local authorities never prosecuted them, however, even though Mr. Edwards, according to the case file, had told federal agents that he, Mr. Seale and others had beaten Mr. Dee and Mr. Moore, who, Mr. Edwards said, were alive when he left them."

WLOX-TV, Biloxi, Gulfport, Pascagoula, MS (1/24, 10:00 p.m.) broadcasted, "71-year old James Seale is expected to be arraigned tomorrow in Jackson. US Attorney Dunn Lampton, who led the investigation, along with Attorney General Alberto Gonzales and FBI Director Robert Mueller will be holding a news conference tomorrow in Washington.

Federal, State Authorities To Monitor Police-Involved Shootings In Georgia. In Tucker, Georgia, the AP (1/24) reported that newly appointed DeKalb County Police Chief Terrell Bolton "said Wednesday that reducing the number of police-involved shootings is his top priority, and said federal and state authorities will now be called to the scene to monitor those incidents. … GBI and DEA agents will respond to police-involved shootings as they happen, working as monitors and reporting inappropriate behavior to DeKalb superior officers."

The Atlanta Journal-Constitution (1/25, Simpson) reports DeKalb "apparently will be the first major metro Atlanta police department to bring state and federal officials to shooting scenes to observe the police investigation. … Bolton said the GBI and DEA agreed to his request to supply investigators who will be trained in DeKalb procedures so that they can go to shooting scenes."

Cleveland Police Officer Under Probe For Allegedly Beating Drug Suspect. The Cleveland Plain Dealer (1/25, Puente) reports, "A Cleveland police officer is under investigation over allegations he beat a suspected drug dealer to find out where he hid a package of cocaine." The Plain Dealer continues, "Narcotics Detective Jamal Ansari, a 22-year-veteran, is accused of dragging Damon Alexander, while handcuffed, around his Shaker Heights home last April until Alexander told him where he hid the cocaine. … Ansari is being investigated by the Cleveland police Internal Affairs unit, the U.S. Justice Department and the federal Drug Enforcement Administration." The Plain Dealer adds, "Alexander testified in a federal court hearing in November that Ansari repeatedly punched him in the face, kicked him in the chest and slammed his head into walls with enough force to break drywall, federal court records say. Alexander suffered cuts and bruises on his chest, and doctors gave him an electrocardiogram, according to court records. … Ansari testified that he hit Alexander 15 to 25 times to gain control of him even though he was handcuffed. But U.S. District Judge James Gwin did not believe Ansari. … 'This testimony is not credible,' Gwin wrote in a ruling last month. … Gwin also ruled Ansari violated Alexander's constitutional rights by continuing to question Alexander after his request for a lawyer."

Testimony Begins In Former Agent's Discrimination Suit Against FBI. The Minneapolis Star Tribune (1/25, Browning, 395K) reports, "Ex-FBI agent Jane Turner spent more than five years fighting to get her case against her former employer into federal court, and on Wednesday she told a jury in Minneapolis about what she said was a plot to wreck her career as retribution for a sexual discrimination complaint she filed against her boss in 1998." However, Assistant US Attorney Martha Fagg said of Turner in her opening argument, "She was seriously burned out. She just stopped working." Fagg added that "FBI supervisors didn't try to sideline Turner," and "to salvage her career, she said, they transferred her from an outpost in Minot, N.D., to

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Minneapolis, where they tried to help her get back on track." The Star Tribune notes Turner "testified…that she had never had an unsatisfactory job review until after she filed a sexual harassment complaint against her supervisor, Senior Supervisory Agent Craig Welkin." Meanwhile, "Assistant U.S. Attorney Clare Hochhalter testified that he never saw Turner 'stop working,'" and she "offered strong praise for Turner's investigative and interrogation skills."

Port Chester, NY, Challenges DOJ Suit On Election System. The New York Journal News (1/25, Sadler) reports that the village of Port Chester, NY, "filed court papers yesterday that pick apart the federal lawsuit that accuses its election system of illegally suppressing the Hispanic vote." The News continues, "In the papers, the village asked U.S. District Judge Stephen Robinson to deny the government's request to block the March 20 election for two seats on the Board of Trustees. … 'There will be irreparable harm if the election does not go forward,' the papers say. The village contends that the move could disenfranchise voters in the March mayoral election and that 'government may come to an effective standstill due to the expiring terms of current members.'" The News adds, "The papers were filed in response to a lawsuit filed by the Justice Department in December claiming that the village's 'at- large' method of electing its six trustees violates the federal Voting Rights Act. … Though nearly half of the village's 28,000 residents and 22 percent of its eligible voters are Hispanic, no Hispanic has ever been elected to village office." The News notes, "The Justice Department is asking the judge to replace Port Chester's at-large system with one in which trustees are elected from six districts. … It has presented a proposal for voting districts, including a majority Hispanic ward. … But the village is questioning the validity of the proposed Hispanic district because the estimated number of Hispanic residents is only eight higher than the number of non-Hispanic residents, fewer than the margin of error, it claims."

NAACP Criticizes Medicare For Not Covering Heart Drug For Blacks. The Wall Street Journal (1/25, A20, Winstein, 2.04M) reports an NAACP official "condemned Medicare for declining to promote insurance coverage of a cardiac medication for African-Americans, in a letter that blamed government policy for disparity in the treatment of blacks with heart failure." The "sharply worded letter, addressed to the Boston regional office of the Centers for Medicare and Medicaid Services, or CMS, detailed tension between the local arm of the civil-rights organization and the agency over BiDil, the only drug approved for use by a single race." BiDil has "been shown to reduce deaths in blacks with congestive heart failure by about 40% a year, but NitroMed says it is used by only about 2% of the 750,000 African-Americans who have the condition." But many groups, "including the American Heart Association and the American College of Cardiology, say there is no evidence that the medication, which costs insurers roughly $1,400 to $2,800 a year to offer to a customer, works any better than its two generic parts -- isosorbide dinitrate and hydralazine -- taken separately."

ANTITRUST:

Senators Ponder Implications Of Airline Merger. The Atlanta Journal-Constitution (1/25, Geewax, 379K) reports, "Appearing at a packed hearing before the Senate Commerce Committee Wednesday, Delta Air Lines CEO Gerald Grinstein said both workers and consumers will suffer if US Airways' takeover bid for Delta succeeds. 'Delta does not need to be acquired to be saved,' Grinstein declared in an overstuffed hearing room ringed by Delta pilots, standing ramrod straight in their black uniforms."

The Wall Street Journal (1/25, Trottman, Dade, 2.04M) reports members of the Senate committee "expressed strong skepticism that sweeping consolidation in the US airline industry would be good for consumers and were particularly unenthused about US Airways Group Inc.'s $9.8 billion hostile bid for Delta Air Lines Inc. A three-hour hearing was punctuated by testiness as US Airways Chairman and Chief Executive Doug Parker defended the Tempe, Ariz., carrier's takeover offer, which was condemned by Gerald Grinstein, Delta's CEO, who insisted that the Atlanta airline would be best to emerge from bankruptcy on its own later this year." The Journal adds, "Despite a grilling from lawmakers on the Senate Committee on Commerce, Science and Transportation, the hearing was somewhat anticlimactic because in recent days the official committee of Delta creditors appears to have been shying away from the US Airways bid, according to people familiar with the situation. … One of the biggest concerns by committee members is that a merger could force Delta to remain in bankruptcy while a deal is ironed out and that resistance by Delta executives could derail the process."

USA Today (1/25, 4B, Adams, 2.27M) reports, "From the start, the tone of the hearing was critical. Many of the committee members hail from largely rural states -- Alaska, Minnesota, Maine, West Virginia, North Dakota -- and worried aloud that consolidation would reduce service to cities in their states." And the Washington Post (1/25, D1, Wilber, 690K) says "senators from Maine to Mississippi expressed skepticism. 'The inevitable will happen, which is to say that we're going to, you know, lose service and also, I think, [the outcome will] result in higher prices,' said Sen. Olympia Snowe (R-Maine)." Sens. Byron L. Dorgan and Trent Lott

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"said they did not think the merger would help their residents and were not pleased by the hostile nature of the bid."

The Financial Times (1/25, Kirchgaessner, Cameron) reports, "Washington lawmakers on both sides of the aisle on Wednesday expressed deep scepticism about US Airways' $9.8bn hostile bid for Delta." The Times continues, "The poor reception for the deal in Congress raises significant questions about the future of the proposed transaction. The airline merger would lead to a wave of consolidation that would cut sharply the number of national carriers in the US, the lawmakers said. … In a small, packed hearing room to discuss the prospects of the deal, some Democratic and Republican senators appeared unconvinced by promises from Doug Parker, chief executive of US Airways, that the proposed deal, which would create the largest US carrier, would not lead to cuts in service, large-scale redundancies or increased fares." The Times adds, "While Congress does not have a formal say in deciding whether the deal could move forward, lawmakers – particularly those representing rural states – could put political pressure on both the airline industry and the Justice Department, which would review the deal on antitrust grounds. Although the White House has been largely hands-off on merger reviews, the Justice Department blocked a proposed merger between United and US Airways in 2001. … Andrew Steinberg, assistant secretary for aviation at the Department of Transportation, which would likely confer with antitrust authorities on the deal, declined to comment on the US Airways case, but presented mixed signals on where the Bush administration might stand on the issue."

Delta CEO Denies Merger Plans. The Detroit News (1/25, Shepardson) reports, "Delta Air Lines CEO Gerald Grinstein told Congress Wednesday the airline isn't interested in merging with US Airways or with Northwest Airlines, the largest carrier at Detroit Metropolitan Airport. … 'One such rumor is that Delta is negotiating a merger or similar deal with Northwest. One point we want to make very clear: We are not negotiating any such deal with Northwest,' Grinstein said in prepared testimony before the Senate Commerce, Science and Transportation committee." The News continues, "The hearing was called to discuss the potential impact of airline mergers and industry consolidation. … 'In the face of US Airways' hostile takeover bid, our Official Creditors Committee asked us to help gather information about potential strategic alternatives from other airlines, including Northwest.'" The News adds, "Grinstein said that to fulfill that request, the airline 'recently retained an investment banker to obtain that information, a far cry from negotiating a merger. We are compiling this information, but there has not been any negotiation regarding a merger or similar deal with Northwest or any other airline.' … Grinstein heavily criticized US Airways' $10 billion-plus hostile takeover bid, saying it would never be approved by the Justice Department. Analysts have noted that there is a great deal of overlap between the two carriers' route structure, and that a merger could result in the elimination of many duplicative flights."

CME To Dominate Leadership Of Merger CME-CBOT. The AP (1/25, Wisnefski, Packowitz) reports, "Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. Wednesday named those who will be on their post-merger management team, with CME executives dominating the leadership roster." The AP continues, "The exchanges also said they 'believe they are on track' to complete the merger by mid-2007, noting that 'significant milestones' have been reached recently. The two largest U.S. futures exchanges cited, as examples, the filing in December of a registration statement with the Securities and Exchange Commission, and decisions made regarding a high-level organizational structure and a senior leadership team." The AP adds, "As previously announced, CME Chief Executive Craig Donohue will be CEO of the merged company, to be known as CME Group. CME Executive Chairman Terry Duffy will retain that role in the merged group, and CBOT Chairman Charles Carey will serve as CME Group vice chairman. Also as previously disclosed, CBOT CEO Bernard Dan will serve as a special advisor to the combined company for one year after the merger closes. … The only current CBOT executive who will be on the CME Group's management team is Bryan Durkin, who will serve as chief operating officer. Durkin, who currently serves as CBOT's chief operating officer and has been with the exchange since 1982, will be responsible for overseeing the transition of CBOT's electronically traded products to CME's Globex platform and the transition of CME trading floor operations to the CBOT facility."

Competition Abroad Seen As Leveling Playing Field For Financial Markets. The Wall Street Journal (1/25, A1, Ip, Scannell, Solomon, 2.04M) reports, "Prominent figures in the U.S." such as Treasury Secretary Henry Paulson and former White House economic adviser Glenn Hubbard "are warning that the nation's financial markets have been handicapped by post-Enron regulatory overreach." Their "key evidence is data suggesting that U.S. stock markets are increasingly unattractive places for companies to list shares." Yet this position, "which has gone largely unchallenged, downplays a different explanation for why U.S. exchanges are under pressure -- the changing nature of global finance. Stock markets around the world have become better and deeper, encouraging companies to seek IPOs in their home market. Trading across borders has become simpler, cutting the prestige and usefulness of a big-country listing everywhere. And private-equity buyouts are a global phenomenon, not a uniquely American one." Meanwhile, other countries "are stiffening their own rules, bringing them closer to the U.S. model."

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Juror Dismissed From Iowa Microsoft Trial. The AP (1/25, Pitt) reports from Des Moines, IA, "A juror was dismissed Wednesday for undisclosed reasons from the class-action antitrust lawsuit against Microsoft Corp." The AP continues, "The dismissal leaves 11 jurors to review allegations that Microsoft used anticompetitive practices that caused thousands of Iowans to pay more for the company's software than they would have otherwise. … Judge Scott Rosenberg said he considered the dismissal a personal matter and would not say why the juror was dismissed." The AP adds, "Plaintiffs attorneys Roxanne Conlin and Richard Hagstrom said juror dismissals are not unusual in lengthy trials. … 'It will not affect our case,' they said in a statement Wednesday." The AP notes, "Rich Wallis, a Microsoft lawyer, said he does not anticipate any other dismissals, though he expects the remaining jurors will be in court longer than the six months initially predicted. … Seven men and five women were seated Nov. 21 to hear the case in Polk County District Court. They began hearing opening statements Dec. 1."

Italian Fuel Refiner Denies Price-Fixing Scheme. The AP (1/25) reports, "ERG SpA, Italy's biggest independent refiner, denied on Wednesday it had conspired to fix retail fuel prices, in a statement released one day after the country's antitrust regulator started an investigation." The AP continues, "The Italian Competition Authority opened an inquiry into whether nine of the biggest oil companies agreed gasoline prices in the country's service station network, limiting competition and keeping prices at the pump at one of the highest levels in the European Union." The AP adds, "The companies being investigated are Eni SpA, the Italian units of Royal Dutch Shell PLC, Total SA and ExxonMobil Corp., as well as Kuwait Petroleum Italia SpA, Tamoil SpA, local firms ERG SpA, Anonima Petroli Italiana SpA, or API, and IP SpA. Privately-held API bought IP from Eni in 2005. … ERG said it had a 'total lack of involvement' with the alleged price fixing of gasoline and diesel. Eni declined to comment."

EU Expands Anti-Cartel Efforts With Fines. AFP (1/25) reports, "EU antitrust chief Neelie Kroes stepped up her anti-cartel crusade, hitting 11 companies with a record fine for fixing prices and carving up the market in electrical generation equipment." AFP continues, "After bumper fines in 2006, the EU competition watchdog demanded ABB, Alstom, Areva, Fuji, Hitachi Japan AE Power Systems, Mitsubishi Electric Corporation, Schneider, Siemens, Toshiba and VA Tech pay 750 million euros (972 million dollars) for running a cartel. … The total fine was the second biggest EU regulators have imposed in a cartel case after slapping 855 million euros in penalties on eight vitamin makers in 2001. That fine was later reduced to 790 million euros by an EU court." AFP adds, "Siemens was told to pay 418 million euros (543 million dollars) for its leading role, the biggest fine EU regulators have ever slapped on a single company for participating in a cartel. … 'The Commission has put an end to a cartel which has cheated public utility companies and consumers for more than 16 years,' EU Competition Commissioner Kroes said. … She has made cracking down on cartels a top priority and last year imposed fines totalling 1.8 billion euros against the illegal clubs, a new annual record for regulators at the European Commission."

Norway Rebuffs Apple's ITunes. The Financial Times (1/25, Ibison, Terazono, Waters) reports, "Apple was dealt a blow in Europe on Wednesday when Norway's powerful consumer ombudsman ruled that its iTunes online music store was illegal because it did not allow downloaded songs to be played on rival technology companies' devices." The Times continues, "The decision is the first time any jurisdiction has concluded iTunes breaks its consumer protection laws and could prompt other European countries to review the situation. … The ombudsman has set a deadline of October 1 for the Apple to make its codes available to other technology companies so that it abides by Norwegian law. If it fails to do so, it will be taken to court, fined and eventually closed down." The Times adds, "Apple, whose iTunes dominates the legal download market, has its proprietory system Fairplay. Songs and tunes downloaded through iTunes are designed to work with Apple's MP3 player iPod, but cannot be played on rival devices. … Torgeir Waterhouse, senior adviser to the Norwegian Consumer Council, who originally launched the complaint, told the Financial Times he was in negotiations with pan-European consumer groups to present a unified position on iTunes' legality. … Sweden and Finland have already backed Norway's stance, but have yet to take action, and Mr Waterhouse said the campaign was joined on Wednesday by Germany and France."

Siemens To Buy UGS For $3.5 Billion. The Financial Times (1/25, Saigol, Milne, Buck, Politi) reports, "Siemens, Europe's largest engineering group, is set to strengthen its core automation division by paying about $3.5bn to buy private equity-owned UGS as it seeks to show it has not been paralysed by bribery allegations." The Times continues, "Details of the plan emerged as Siemens suffered a fresh blow to its reputation and finances on Wednesday, when the European Commission ordered the German engineering group to pay a record €397m fine for its "leadership role" in a long-running price-fixing cartel." The Times adds, "In addition to the UGS deal, the German conglomerate was last night also considering whether to float its VDO division, one of the world's largest car parts suppliers with annual sales of about €10bn, according to people close to the situation. Both measures were discussed last night at a

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supervisory board meeting but because of worker sensitivities on disposals, it is possible the plans could be disrupted. The approach on VDO was 'undecided', one person familiar with the discussions said. … The moves highlight the determination of Klaus Kleinfeld, Siemens' chief executive, to push ahead with strengthening and restructuring his businesses despite being enmeshed in harmful corruption allegations. UGS, a US company specialising in product lifecycle management, is currently owned by US private equity groups Silver Lake, Bain Capital and Warburg Pincus."

The Wall Street Journal (1/25, C4, Esterl, Singer, Berman) reports, "The steps follow a flurry of moves in the past 18 months by Germany's largest conglomerate, which is overhauling far-flung industrial holdings that manufacture items including steam turbines, medical scanners, high-speed trains and light bulbs." The Journal continues, "A share listing of Siemens VDO Automotive could generate significant cash for the Munich-based company. The unit booked €10 billion ($13 billion) in revenue and €669 million in operating profit in the most recent fiscal year ended Sept. 30. Siemens didn't say how big a minority stake it would float. … Management said last year it would narrow its focus to three fast-growing areas: energy and environment; automation, and public and private infrastructure; and health-care." The Journal adds, "The UGS acquisition marks Siemens's largest purchase since last June, when it agreed to pay €4.2 billion for the medical-diagnostics division of Bayer AG. Europe's largest engineering company by sales, Siemens also has been investing heavily in areas such as wind power and water treatment."

Brazilian Legal Dispute Threatens CSN's Bid For Corus. The Financial Times (1/25, Wheatley, Marsh) reports, "The bid by Companhia Siderurgica Nacional, the Brazilian steelmaker, to acquire the Anglo-Dutch group Corus for £5.7bn ($11.2bn) could be blown off course by a legal dispute in Brazil, it has emerged." The Times continues, "The dispute, over CSN's rights to an iron-ore supply that would be crucial to a merged business, could lend fresh impetus to rival bidder Tata Steel of India. Tata is expected in the next few days to raise its £5.5bn bid above CSN's offer. Both bidders are due to finalise their offers for the world's eighth biggest steelmaker by next Tuesday." The Times adds, "The tussle arose after Companhia Vale do Rio Doce, the Brazilian mining group, said it would challenge CSN's ability to supply iron ore to Corus should its bid succeed. A big part of the rationale behind CSN's offer is that it would be able to supply cheap iron ore from its Casa de Pedra mine in Brazil to Corus's European plants. Tata has limited supplies of iron ore and, under Indian export regulations, is unlikely to be allowed in the next few years to ship it overseas. … But José Martins, CVRD's director for ferrous operations, told the Financial Times that CVRD would question CSN's ability to ship iron ore under the terms of a contract signed between the companies in 2001."

ENVIRONMENT:

Bush Takes Fuel Efficiency Message To Delaware. NBC Nightly News (1/24, story 2, 2:50, Williams, 9.87M) reported, "The day after the State of the Union address is traditionally when the President hits the road and the sales campaign begins. Today was no different and the President spent much of this day trying to point out the speech last night was about much more than Iraq." NBC (Gregory) added, "The morning after, and a big push on a new domestic agenda: the President in Delaware, meeting with microbiologists developing alternative fuels to power cars, part of an effort to wean the country off foreign oil that President Bush claims can bring Democrats and Republicans together." President Bush: "It doesn't matter what side of the aisle we sit on. What the American people expect is for people on both sides of the aisle to come together and solve problems." The CBS Evening News (1/24, story 5, :15, Couric, 7.66M) said Bush" today used the war on terror to frame his new alternative energy plan. He told employees at a chemical plant in Wilmington, Delaware, that our dependence on foreign oil is a natural security risk."

The New York Times (1/25, A21, Stolberg, 1.16M) says Bush "made a big deal about ethanol" in his Tuesday address, and on "Wednesday morning, he got up close and personal with it, poking his head through stalks of corn and wheat while scientists for DuPont gave him a crash course in ethanol production in a tour of their research greenhouse here. The presidential visit to the DuPont Experimental Station, which conducts federally financed research into the development of alternative fuels, amounted to a sales pitch for Mr. Bush's plan to reduce projected gasoline consumption by 20 percent over the next 10 years." USA Today (1/25, Jackson, 2.27M) reports Bush "toured a plant that develops biofuels from corn, switch grass and wood chips. He also touted his plan to reduce the use of gasoline over the next decade to an audience of more than 1,000, most of whom were DuPont employees."

The Los Angeles Times (1/25, Gerstenzang, Wilson, 850K) says the President "ordered the federal government Wednesday to move toward purchasing hybrid-powered vehicles and reducing the federal fleet's petroleum consumption by 2% each year, part of an effort to boost alternatives to gasoline." He "announced the executive order during a morning devoted to promoting new-technology fuels." The Delaware News Journal (1/25, Montgomery) says Bush discussed "what he described as 'an interesting opportunity for our country,'" saying that dependence on oil

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"creates both a national security problem for the country and environmental concerns."

WWAY-TV Wilmington (1/24, 11:05 p.m.) reported Bush "left behind the battle over the Iraq war as he visited an alternative fuels research complex in Delaware, pushing his new domestic agenda outlined in Tuesday's State of the Union address." WFMZ-TV Philadelphia (1/24, 6:01 p.m.) reported the President "spoke at the DuPont plant in Delaware in an effort to persuade Americans to curb their gas-guzzling habits."

Bush, Congress On "Collision Course" Over Fuel Efficiency. The Washington Post (1/25, D3, Freeman, 690K) reports Bush and Congress "appear to be on a collision course on how best to increase motor-vehicle fuel efficiency. Transportation Secretary Mary Peters said yesterday that Bush would oppose attempts by Congress to raise fuel-efficiency standards if its approach differs from the administration's." But "lawmakers from both parties are beginning to push for stronger action."

Energy Secretary Samuel Bodman said on Fox News (1/24, Smith), "The President has recommended to Congress that we need to set an alternative fuel standard that would be seven times as large as the current one. … What this really is, is setting a goal and then loosing the American inventive genius to go after it."

Bush Pleases Ethanol-Makers, Frustrates Oil Refiners. The Washington Post (1/25, D1, Mufson, 690K) writes that Bush's focus on alternative energy is "good news" for the ethanol industry, but "not everyone thinks Bush's speech is good news. Oil refiners complain about mandates telling them how to blend fuels," and critics say "it will be impossible to hit the proposed requirement of 35 billion gallons a year by 2017 because the main renewable fuel used now, ethanol made from corn, is already driving up corn prices and will use much or all of the U.S. corn harvest." In a piece headlined "Deck's Stacked Against Ethanol These Days," USA Today (1/25, 3B, Krantz, 2.27M) writes that "many investors trying to cash in on the gold rush in ethanol are coming away with husks," with high corn prices and dropping oil prices dampening potential gains.

Bush Proposals Could Aid Auto Industry. The Wall Street Journal (1/25, McKinnon, Spector, 2.04M) reports on its front page that Bush's plans on both energy and health care could "boost the ailing American auto industry, whose pleas for help have largely been ignored by Washington in recent years. … The energy proposals -- crafted in a way that would erase some of the advantages enjoyed by the U.S. industry's Japanese competitors -- appear to have a shot at becoming law. The health program, which critics say could help auto companies but hurt auto workers, seems unlikely to gain traction anytime soon."

Blair, UN Official Pleased By Bush Comments On Climate Change. The Washington Times (1/25, Sands, 88K) reports Bush's "brief State of the Union comments on 'the serious challenge of global climate change' sparked sharp interest, comment and criticism around the globe." British Prime Minister Tony Blair, UN global-warming chief Yvo de Boer, and "senior business leaders at the posh annual gathering in Davos, Switzerland, all seized on Mr. Bush's Tuesday night remarks on energy, oil and the environment as a sign that the United States has a new appreciation for the problem." Blair said, "I do believe that this whole debate is now moving in a completely different and more positive direction." De Boer "called the energy-conservation measures outlined by Mr. Bush in his address 'very encouraging,' saying it was significant that the president linked his policies for the first time to the climate-change issue."

Meanwhile, the Financial Times (1/25, Giles, Tett) reports, "The twin demands of action to prevent climate change and enhance energy security requires Europe to commit to challenging mandatory controls on greenhouse gasses after 2012, Angela Merkel, the German chancellor, said on Wednesday." In "a marked contrast to George Bush's State of the Union address on Tuesday, when he set an ambition to reduce gasoline usage in the US by 20 per cent over the next 10 years, Ms Merkel said she welcomed the opportunity for the European Union to 'offer a [greenhouse gas] reduction target of 30 per cent, but we expect other large emitters to participate in that.'" The Times adds, "With the US still refusing to set a mandatory limit on its emissions, the transatlantic differences remain wide, even though Ms Merkel welcomed the moves made by President Bush."

But The Hill (1/25, Snyder) reports ex-EPA administrator Christine Todd Whitman said Bush "missed the 'perfect opening' to call for a cap on greenhouse gas emissions in his State of the Union address Tuesday night. While such a move would have represented a major policy shift for the administration, Whitman said she had hoped the fact that 10 major American companies called for a cap earlier this week would have provided sufficient political cover."

NYTimes, LATimes Skeptical About Bush Initiatives. The New York Times (1/25, A24, 1.16M) editorializes, "For six years, off and on, President Bush has been talking about the need for alternative fuels and conservation to make the country less beholden to unreliable sources of foreign oil. Yet all he has to show for it is a growing dependence on foreign oil, a growing climate problem and an increasingly cynical public. Mr. Bush talked the same game on Tuesday night, offering several impressively specific goals. But whether these new pledges turn out to be as empty as the old ones depends on his capacity for follow-through, and history is not encouraging. … Once again, we have heard this president make big promises

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about energy independence. Once again, we fear that very little will change. It would be nice, for once, to be surprised." "

The Los Angeles Times (1/25, 850K) editorializes, "One of President Bush's crowd-pleasers on Tuesday was a new energy policy designed to show his environmental side. It deserved no more than a golf clap. Nice putt, Mr. President. Too bad it took you 10 strokes to reach the green. Bush's rigid attitude toward climate change is beginning to thaw, though not quite as fast as the polar ice caps. His ideas for reducing oil consumption were tougher than anything he's offered before, and his mandate for 35 billion gallons of alternative fuels by 2017 was a nice gesture. But his plan does much too little to make a dent in the carbon emissions that are fueling global warming."

Navy Sonar Exemption Angers Environmentalists. The AP (1/25, McAvoy) reports from Honolulu, "Angering environmentalists, the U.S. Defense Department exempted the Navy from complying with the Marine Mammal Protection Act for the next two years so sailors can practice tracking submarines with sonar." The AP continues, "Environmentalists on Tuesday said the Navy was not doing enough to protect whales, dolphins and other marine mammals from the harmful effects of the underwater sound technology." The AP adds, "Navy officials said they need the exemption, allowed for under the 2004 National Defense Authorization Act, to give them enough time to conduct environmental impact statements for sonar use at major underwater training ranges off Hawaii, southern California and the East Coast. … 'We cannot stop training for the next two years,' Don Schregardus, deputy assistant secretary of the Navy for the environment, told reporters. 'That would put our sailors in the Navy at considerable risk.'" The AP notes, "Sailors use active sonar by pumping sound waves through the ocean and listening to the echo as it bounces off objects. Navy leaders have made practicing sonar techniques a top priority as other nations have bought more advanced diesel submarines, which are quieter than earlier models and harder to find. … But environmentalists cite incidents of marine mammals that have died or been stranded en masse on beaches after being exposed to sonar."

Appeals Court Blocks Craig Bid To Eliminate Fish Agency. The Washington Post (1/25, A12, Harden, 690K) reports that in a "slap at the power of a single U.S. senator to change federal policy, the U.S. Court of Appeals for the 9th Circuit struck down today an attempt by Sen. Larry E. Craig (R-Idaho) to eliminate a small agency that counts endangered salmon in the Columbia River." Craig tried "to eliminate all funding in 2005 for the Fish Passage Center, which is based in Portland, Ore., and has 12 employees, because he said its data were 'cloaked in advocacy.'" Craig "inserted a sentence in a spending bill that directed the Bonneville Power Administration (BPA), which sells power generated by federal dams, to stop funding the center, which has a $1.3 million budget." The San Francisco-based appeals court "said that the BPA 'acted contrary to law in concluding that the congressional committee report language carried the force of law.'"

FBI/DEA/ATF/USMS:

"Operation Ragdoll" Nets 18 Arrests. The Fall River (MA) Herald News (1/25) reports 19 people "have been charged in a multi-state drug trafficking ring in which the lead target of the federal investigation ran a drug distribution operation based in this city. Seized in the investigation, in which four others from this city were charged, were several kilograms of cocaine allegedly sent through U.S. Mail. … The charges stem from an Organized Crime and Drug Enforcement Task Force investigation, dubbed 'Operation Ragdoll,' which was spearheaded by the Drug Enforcement Administration in Hartford." As "alleged in the indictment, from January 2006 to June 20, 2006, the lead target of the investigation, Luis Joel Soto-Solivan, also known as 'The 27,' ran a drug trafficking operation based in Fall River, which supplied narcotics to various distributors in Massachusetts, Rhode Island, Connecticut, New York and Pennsylvania." The Herald News says 18 of the 19 people charged have been arrested.

NFL Players To Face Tougher Drug-Testing Rules. There are more than 400 media references to the NFL changing its drug-testing rules. In a widely reported story, the AP (1/25) says the NFL "is going deeper into the wallets of players who get caught using steroids and other performance-enhancing drugs. After four months of sometimes intense negotiations, the league and union announced Wednesday more extensive testing for performance-enhancing drugs and the addition of the blood-boosting substance EPO to its list of banned substances. The union also agreed that players suspended after testing positive will, for the first time, forfeit a portion of their signing bonuses in addition to the salary they will lose during their time away."

The New York Times (1/25, Battista) reports Gene Upshaw, the executive director of the National Football League Players Association, "said in an interview that as soon as next season, players who tested positive could also be barred from consideration for postseason awards. Such recognition became an issue during the regular season that ended last month when Shawne Merriman, a San Diego

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Chargers linebacker, was suspended for four games after a positive steroids test, but was named to the Pro Bowl."

The Washington Post (1/25, E7, Maske) reports, "In this round of modifications, the two sides agreed to increase the number of random tests from seven players per team to 10 players per team each week during the preseason, regular season and playoffs. Under the existing terms of the policy, every player is tested during training camp and a player can be tested as many as six times during the offseason. A first positive test results in the player being suspended four games without pay. A second positive test results in an eight-game suspension and a third positive test brings a one-year suspension."

USA Today (1/25, Wood) reports the program "does not include HGH, or human growth hormone, but the commissioner said he is 'investing money for doing that.' Blood tests are the reliable measure for HGH, and the players union has balked at taking blood from players."

For the AP (1/25), Tim Dahlberg writes, "Sure, it may have taken a bit of prodding from some Washington politicians to get everyone moving. But give some credit to the league for twisting the arm of its always-wary players' association and coming to terms on a tougher plan. Players will be tested more often, and it will be harder for them to cheat. When they are caught, they will fork over some of their lucrative signing bonuses as well as their weekly paychecks."

USA Today Profiles Lead Prosecutor In BALCO Case. USA Today (1/25) profiles Kevin Ryan, the outgoing U.S. attorney for the Northern District of California, who has been lead prosecutor since the BALCO case broke in 2002. USA Today (1/25) also has posted a BALCO investigation timeline on its Web site.

California Meeting Focuses On Anti-Gang Efforts. The San Francisco Chronicle (1/25, Johnson) reports, "A coalition of law enforcement, educators and civic leaders from 13 California cities meeting in Oakland today pledged to fight crime statewide by working together to address the root causes of street gangs." The Chronicle continues, "Participants in the first California Cities Gang Prevention Network, which includes San Francisco, Oakland, Richmond and Los Angeles, said during a press conference at the Waterfront Plaza Hotel that the two-day conference would produce a blueprint that could be used nationwide by cities struggling with rising crime rates." The Chronicle adds, "Oakland Deputy Police Chief Howard Jordan said he's looking for new ways to combat a surge in violence last year that resulted in 148 homicides, compared to 94 in 2005. About 38 percent of those murders were attributed to gang members. … Oakland had about 150 known gang members 10 years ago, compared to 1,500 today, Jordan said." The Chronicle notes, "Teams of delegates will meet to outline procedures for sharing crime data and information on successful anti-gang programs. Cities represented at the conference also include Santa Rosa, San Diego, Stockton and Fresno. The main sponsors are the National League of Cities and the Oakland-based National Council on Crime and Delinquency. … Violent crime rose 3.7 percent nationally and 4.1 percent in California in the first six months of 2006, compared with the same period in 2005, according to FBI statistics. … Gangs were involved in 56 percent of all crimes in the Western region of the country in 2005, according to the federal Justice Department's National Gang Threat Assessment."

Former ATF Agent Testifies She Feared Corrupt Officer. The Chicago Tribune (1/25, Coen) reports, "A former federal agent who alleges the Chicago Police Department protected corrupt officers and destroyed her career testified Wednesday that she feared for her life after confronting notorious former Officer Joseph Miedzianowski." The Tribune continues, "Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms, has sued the city and Miedzianowski, charging that Miedzianowski turned investigators against her after she tried to report that he had stolen from a drug dealer." The Tribune adds, "Miedzianowski eventually was arrested in 1998 for running a massive drug ring and was convicted of drug conspiracy and racketeering charges in federal court. … Klipfel's husband, ATF agent Michael Casali, also contends he was retaliated against by Miedzianowski. … Lawyers for the city and Miedzianowski have denied the accusations and promised to show that the Police Department was not notified in a timely fashion that Miedzianowski might be corrupt. … Klipfel told jurors hearing the federal civil trial that she began to suspect Miedzianowski six years earlier, when he was working an ATF detail that targeted gangs and drugs. Agents and officers conducted a search at the home of a drug dealer, she said, and she saw Miedzianowski going through the dealer's pants and wallet."

Maine Woman Sentenced For Federal Firearms Violation. Foster's (NH) Daily Democrat (1/25, Keefe) reports from Berwick, ME, "The recent sentencing of 36-year-old Bobbi Lynn Bolduc of Berwick is what U.S. Attorney Thomas P. Colantuono called an example of a commitment to the 'Project Safe Neighborhoods' initiative." The Democrat continues, "Bolduc was charged with making a false statement in the purchase of a firearm in New Hampshire in May 2006 as she showed a New Hampshire address on her ATF form, a document required by the Bureau of Alcohol, Tobacco, Firearms and Explosives at the time of a firearms purchase. … It is a violation of federal law to make a material

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false statement in connection with the purchase of a firearm." The Democrat adds, "The .22-caliber revolver Bolduc purchased from Renaissance Firearms in Gonic, N.H., was later recovered in Somersworth, N.H., by police in connection with the May 2006 arrests of a 19-year-old Rochester man, a 20-year old Philadelphia, Pa., man and a 19-year-old Bronx, N.Y., man on charges of possession of 43 grams of crack cocaine and the .22-caliber handgun with ammunition. … Bolduc was sentenced Monday in U.S. District Court in Concord to six months of home confinement and two years probation."

IMMIGRATION:

GOP Opponents Of Bush Immigration Plan Vow To Fight. The Washington Times (1/25, Hurt, 88K) reports House Republicans "opposed to amnesty vowed yesterday to fight President Bush's proposal to legalize millions of illegal aliens as outlined in his State of the Union address on Tuesday." Rep. Tom Tancredo said, "The President worked hard to get a Congress that agrees with him on this and now he's got it. But we're still going to fight him on it." On Fox News (1/24), Tancredo said President Bush "said we're not going to do anything that's an amnesty, but of course, that's exactly what he is planning. … You want to stand up and say, Mr. President, say what you mean, and you mean an amnesty. And say what you mean when you say a temporary worker. You're talking about a guest worker program that will also include 15 million people who are here illegally. Say what you mean, Mr. President."

On NBC Nightly News (1/24, story 3, 1:45, Williams, 9.87M), Tim Russert said, "Immigration was debated thoroughly last year. People know where they stand on that issue. The Democrats are much closer to President Bush. They have told him if he can deliver half of the Republicans in his party in both houses of Congress, they can put forward a comprehensive immigration bill. But the Democrats want to put some pressure on the Bush White House to bring some Republicans along so it is simply not a Democratic immigration bill."

TAX:

Judge Bars New York Tax Preparation Firm From Practice. The Buffalo News (1/25) reports, "A federal judge has permanently barred a Hamburg tax preparation firm from preparing federal income taxes." The News continues, "Duffek, O'Connor & Associates of Hamburg can no longer legally prepare returns because an investigation showed that the firm prepared tax returns for clients that included deductions for 'fictitious and inflated charitable contributions,' the U.S. Justice Department said." The News adds, "According to the Internal Revenue Service, the firm understated tax liabilities of its customers by more than $2 million. … '[The] government alleged that the returns prepared by the defendants claimed fictitious and inflated employee expenses for such items as work clothes, teaching and coaching supplies, student and athlete rewards and cellular telephone expenses,' the Justice Department said in a news release issued Tuesday. … According to the release, U.S. District Judge William M. Skretny issued a permanent injunction barring the firm, Brian Duffek and Patrick O'Connor from preparing federal returns."

WSJournal Notes Move To Cut, Abolish State Income Taxes. The Wall Street Journal (1/25, 2.04M) says in an editorial that the "next big thing in American politics" could be "the abolition of state income taxes. In Georgia, Missouri and South Carolina, Governors and state legislatures are drafting serious proposals to repeal their income taxes to promote economic development. St. Louis, one of America's most distressed cities, may overturn its wage/income tax as a way to spur urban revival. And in Michigan, the legislature is in the last stages of phasing out its hated business income tax -- the most onerous in the land." Economist Arthur Laffer, who is advising several Governors and legislators on the issue, said, "States are now in a ferocious competition to attract jobs and businesses, and one of the best ways to win this race is to abolish the state income tax." State lawmakers "also seem to have learned from two of the most recent states to adopt an income tax: New Jersey and Connecticut. As recently as 1965 New Jersey had neither an income nor sales tax, but managed to balance its budget every year. Now it has both taxes -- its income tax is the 5th highest in the nation -- but the state is facing what Stateline.org calls a 'staggering budget deficit.'"

CONGRESS-ADMINISTRATION:

Bush Health Care Proposals Could Face Hard Time On Capitol Hill. The Washington Post (1/25, A10, Lee, Montgomery, 690K) reports, "Economists are still sorting out the implications of the broad health-care proposals President Bush unveiled this week, but already some clear winners and losers are emerging. Families with generous employer-sponsored coverage would be worse off, while those who buy insurance on the individual market, or whose health plan costs less than $15,000 annually, would come out ahead. But some of the winners will probably become losers over time, analysts said." And while the President's plan "would alter a historic imbalance in the tax code that favors generally better-off consumers who get insurance through their jobs, it also could undermine coverage for some sicker,

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older people and erode the employer-sponsored system that still provides coverage to more than half of all Americans."

USA Today (1/25, 3B, Block, 2.27M) headlines a report "Bush Plan Spotlights Uneven Tax Treatment Of Health Benefits," saying the Bush plan "faces stiff political resistance. Some lawmakers in the Democrat-led Congress said they wouldn't even hold hearings on the plan, arguing that it would hurt many Americans who do have insurance coverage. But Bush's proposal has managed to focus attention on the uneven tax treatment of health care benefits." The Christian Science Monitor (1/25, Trumbull, Lamb, 59K) says with his health plan, "Bush has launched what may be his most ambitious bid to tackle the issue from a free- market basis."

In a rather critical assessment, ABC World News (1/24, story 3, 2:15, Gibson, 8.78M) examined President Bush's "proposal to reform the health care system by way of the tax code. He said a series of new taxes, with tax breaks, will help more Americans afford held insurance." ABC (Stark) added that some worry the President's plan to provide "anyone who gets health insurance" with a tax deduction "will encourage businesses to stop offering health insurance." Paul Fronstin, Employee Benefit Research Institute: "Their workers will now be able to get the same tax break if they buy insurance on their own, as they now get through the work place. And employers will view this, and say, 'Why am I bothering to offer health insurance coverage for my workers?'" Stark: "The Administration disagrees. It says the tax break will allow three million to five million more Americans to buy health insurance. But that would still leave more than 40 million people uninsured." More criticism on ABC World News (1/24, story 4, 1:15, Gibson, 8.78M) came from the network's medical editor, Dr. Tim Johnson, who said, "I have several concerns. First, it doesn't make any kind of measurable dent in the horrible problem of the uninsured. Even more significant, I think, all the focus on taxes has diverted attention from the real problem, which is the terrible waste and inefficiency in our health insurance system. … I would call this proposal tinkering with taxes, rather than reforming health care. We're going to throw good money at a bad system."

The Wall Street Journal (1/25, A6, Zhang, Lueck, 2.04M) headlines its report "Bush Health Plan Shifts Onus To The Consumer," writing that Bush's "proposal for easing the nation's health-care woes…differs from approaches favored by Massachusetts and California as well as many Democrats in Congress." The Massachusetts plan, "which was supported by Democratic Sen. Edward Kennedy, requires all but the smallest employers to offer health insurance, or else pay an assessment to the state. In California, a similar requirement would compel employers that don't offer insurance to pay a 4% payroll tax. Both states would require all residents to have health insurance, offering government coverage or subsidies to those who are without coverage through an employer." The Bush plan, "in contrast, avoids mandates and instead would use the tax code to make individually purchased health insurance more appealing and affordable."

Leavitt Calls For "Rigorous And Robust Debate." During a Christian Science Monitor (1/25, 59K) "Monitor Breakfast" Wednesday, HHS Secretary Michael Leavitt said a "'rigorous and robust debate is about to ensue on how to accomplish' the goal of providing affordable health insurance for all." Leavitt added, "In my mind, it is simply indefensible for our country to have a tax policy that provides a tax benefit to part of our citizens and simply ignores the rest."

WPost Says Leavitt Opens Door For Possible Compromise. The Washington Post (1/25, A24, 690K) editorializes, "One of the tweaks that would make President Bush's new health-care proposal much more attractive would be changing the proposed tax deduction for those who purchase insurance to a tax credit." Leavitt "signaled the administration's openness to doing just that. … Leavitt said there were 'redeeming tax policy features to using a credit' but that the administration had decided to 'propose as a starting place' to use the mechanism of a standard deduction instead. That sounds like a door opening to us -- and a door skeptical Democrats ought to be willing to poke their heads through. Transforming the deduction into a credit would create a proposal that is fairer and that would do more to reduce the ranks of the uninsured."

CBO Predicts Budget Surplus In 2012 If Tax Cuts Are Not Renewed. The New York Times (1/25, Andrews, 1.16M) reports, "The nonpartisan Congressional Budget Office predicted on Wednesday that the federal budget deficit would shrink again this year and could actually swing into a surplus in 2012 -- but only if President Bush's tax cuts expire in 2010. The agency predicted that the deficit for 2007 would decline to about $200 billion. It would be the third big annual decline in a row, and it would come even though spending on the war in Iraq is expected to remain high this year." The Times adds, "The decline of the deficit comes on the heels of unexpectedly large increases in tax revenue over the last two years and slower-than-expected increases in spending on Medicare. Much of that increased revenue came from taxes on sharply higher corporate profits and big gains in the stock market, even though Congress reduced the tax rate on capital gains and stock dividends in 2003." It is "a rare piece of good news for President Bush, coming as he is struggling to persuade Congress to accept his strategy of sending more troops to Iraq and as his public approval ratings are at an all-time low." White House officials "boasted that the projections validated Mr. Bush's strategy of cutting taxes to stimulate the economy and ultimately generate higher tax revenues."

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USA Today (1/25, Wolf, 2.27M) headlines its story "Surpluses Could Be Just Promises," and says "Bush pledged to balance the federal budget by 2012 without raising taxes," but "Congress' budget agency said it probably can't be done." Bush and Congress, however, "are seeking tax changes that would wipe out the projected surpluses and drive up the deficit by hundreds of billions of dollars. Those changes include extending Bush's 2001 and 2003 tax cuts and preventing millions of taxpayers from being hit by the alternative minimum tax, which increases taxes on people with large deductions."

The Los Angeles Times (1/25, Havemann, 850K) reports, "The nonpartisan CBO, in its annual report on where current spending and tax policies would take the budget over the next 10 years, did not contradict Bush in so many words. But its tables painted an unmistakable picture of a budget that needed an extra infusion of cash or a sharp reduction in outlays if revenue were ever to exceed spending." And "even if the budget could be balanced by 2012, said Peter R. Orszag, the CBO's director, the retirement of the baby-boom generation could quickly unbalance it: Not only would the wave of retirees force the government to spend more for Social Security, Medicare and other benefit programs, he said, but it would drain the population of taxpaying wage-earners."

The Washington Post (1/25, A11, Montgomery, 690K) says "virtually nobody -- not even top CBO officials – believes" the CBO prediction about a surplus. That is "because the CBO…is required to make some whopping assumptions, including: that all of…Bush's tax cuts will expire on schedule in 2010; that the alternative minimum tax will be permitted to ensnare millions of additional taxpayers; and that the war in Iraq and other military operations will never cost much more than the $70 billion that has so far been approved for the fiscal year that ends in September. Back in the real world, even Democrats want to extend at least some of the Bush tax cuts" and "even the White House wants to halt the expansion of the alternative minimum tax."

The Wall Street Journal (1/25, A2, 2.04M) reports, "Congressional budget experts said the fiscal 2007 deficit could fall to $172 billion if current policies remain in place, down from $248 billion in 2006, but the gap could worsen depending on how Congress addresses several looming tax-policy decisions." The CBO projections, adds the Journal, "exclude the cost of an anticipated $100 billion war supplemental-spending bill. If that money is approved, CBO expects about $25 billion of it will be spent in 2007, bringing the year's deficit to about $200 billion, according to new CBO Director Peter Orszag. Fiscal year 2007 began Oct. 1, 2006." Office of Management and Budget Director Rob Portman "said the president's budget will likely result in a higher deficit for fiscal year 2007 than predicted by CBO. 'Our number will be a little higher than theirs,' Mr. Portman told reporters. 'But, it will be consistent with the broad theme of reducing deficits and [reaching] balance by 2012,' Mr. Portman said." Bush "will continue a US military buildup while offering a package of entitlement cuts as part of a plan to balance the budget by 2012, a senior administration official said yesterday."

The Washington Times (1/25, Dinan, 88K) notes Portman "said Mr. Bush's budget…will show declining deficits and a balanced budget in 2012. 'Congress should be encouraged by this news, and I am optimistic that we can work together -- across party lines -- to keep the economy strong and spend taxpayer dollars wisely,' he said."

The AP (1/25, Taylor) says "Bush has one significant advantage in the upcoming debate. In designing his budget, Bush can assume his changes are put in place. He does not have to consider the political difficulties of getting the Democrat-controlled Congress to go along with cuts to hospitals and other Medicare providers and new fees on airline passengers and veterans seeking health care." The chairman of the House Budget Committee, Rep. John Spratt, and his Senate counterpart, Sen. Kent Conrad, "have the difficult job of trying to advance a budget that unites politically fractious factions of their party. Their task is made even tougher because the CBO's figures understate the true magnitude of the nation's fiscal woes."

Byrd Says Without Increased Spending, Key Federal Workers Will Be Laid Off. Roll Call (1/25, Pierce) reports, "In an apparent attempt to head off conservative Republicans intent on restraining Congressional spending, Senate Appropriations Chairman Robert Byrd (D-W.Va.) is circulating a memo warning that without increased funding for some programs the federal government may have to lay off or furlough thousands of key homeland security, consumer safety and health care personnel." With "the current stopgap funding measure set to expire Feb. 15, Byrd and House Appropriations Chairman David Obey (D-Wis.) are gearing up for a fight with Republicans over how to make sure that 13 Cabinet agencies, Congress and countless independent government agencies continue to operate for the remainder of fiscal 2007, which ends Sept. 30. Congress already has approved fiscal 2007 funding for the Defense and Homeland Security departments." The current continuing resolution "freezes federal spending at fiscal 2006 levels, and conservative Senators such as Jim DeMint (R-S.C.) and Tom Coburn (R-Okla.) have pushed to keep the government funded at 2006 levels for the remainder of the fiscal year to trim as much as $7 billion from the discretionary spending budget."

New Bush Education Proposals Would Boost Vouchers, Charter Schools. The New York Times (1/25, Schemo, 1.16M) reports on changes to the No Child Left Behind Act proposed by U.S. Secretary of Education

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Margaret Spellings in a telephone news conference that "would give local school officials new powers to override both teachers' contracts and state limits on charter schools in the case of persistently failing schools." Spellings said that "the goal was to provide students in failing schools with other options and 'to make sure we have our best personnel in the neediest places.'" She said that there are "about 1,800" schools that are persistently failing, but "loopholes in the current law allowed them to avoid serious action indefinitely." The proposals were criticized by teachers union officials and Congressional Democrats. Yet some proposals, "seemed likely to be more acceptable, among them: a call for a federal fund that would give extra pay to teachers who are most effective in raising children's test scores, or who agree to teach in the neediest schools; and allowing districts with failing schools to first offer children tutoring before allowing them to transfer."

USA Today (1/25, 9D, Toppo, 2.27M) reports the Administration's "education wish list" includes "more leeway for administrators to move good teachers into poorly performing schools and would provide a $4,000 check for students who would rather leave the public system for private school." Spellings said that "she'll 'fight hard' for the vouchers and the rest of the plan" adding, "I see this as a very vigorous package of proposals that are sound and make sense when they are taken together."

The Washington Times (1/25, A1, Fagan, 88K) reports Spellings said that "the administration will fight tenaciously for a few key changes…including helping children in chronically failed public schools to attend private schools instead." Spellings said that "a bill to renew the law will be ready to move through the Senate education panel by March or April." The "top goal" of Congressional Democrats is said to be "to secure a steep funding boost for the law, and Mrs. Spellings indicated the administration will use that as a bargaining chip."

The Pittsburgh Post-Gazette (1/25, Chute, 230K) reports Spellings "emphasized the desire to keep the 'core principles,' which include having all students proficient in math and reading by 2014 and using annual tests and results broken down by race, income and other factors to hold schools accountable."

Democrats, Teachers Unions Oppose Plans. The Washington Post (1/25, A16, Paley, 690K) reports the plan to "allow poor students at chronically failing public schools to use federal vouchers to attend private and religious schools" upset "Democrats who vowed to fight the measure." They "assailed the plan…and expressed concern that the politically charged proposals could delay the reauthorization." Yet the proposals also include "measures that enjoy bipartisan support" such as limiting options of tutoring and transfers to "students in the categories that failed" to meet state standards. Spellings "insisted that the administration will try to push through even those proposals likely to face stiff resistance in Congress."

The AP (1/25, Zuckerbrod) reports, "Democrats and teachers' unions are criticizing the Bush administration for proposing to let school officials override collective bargaining agreements and state laws." Officials said that "the federal government has the right to include the charter school and contract language in a renewed No Child Left Behind law as strings attached to the billions of dollars in aid it provides to these schools." Yet "some aspects…won bipartisan praise" including proposals "to stick with the law's 2014 reading and math goal;" "to allow schools to consider how much students progress each year;" to "hold states accountable for students' science scores;" and to require "states to create standards and tests linked to what students should know when they start college or go to work."

The Chicago Tribune (1/25, Banchero, 617K) reports, "The plan already is coming under fire from some Democrats, who object to vouchers, and from teachers union officials, who are opposed to a plan that would allow districts to subvert collective bargaining agreements and move teachers to underperforming schools." NEA President Weaver said, "Once you put vouchers and teacher contracts out there, this is war."

Signs Of Hope Seen For Bipartisan Cooperation. The Christian Science Monitor (1/25, Feldmann, Grier, 59K) writes, "The final quarter of George W. Bush's presidency has begun, and a big question looms: Can he achieve anything significant in his remaining time in the White House?" There is "some hope. Both the Democrats in Congress and Mr. Bush, each for their own reasons, need to show accomplishments. The Democrats don't want to lose control of Congress in two years, after fighting so hard to regain it. And Bush has his legacy and the Republican Party's image to consider. Polls show the public clamoring for an end to the intense partisanship that has dominated national policymaking since the 1990s."

In his Washington Post (1/25, A25, 690K) column, David Broder writes, "Despite the raging controversy over Iraq military policy, President Bush's plea for bipartisan cooperation on the domestic agenda has a chance of success in the Senate. The reason has less to do with sympathy for the politically weakened chief executive than a dynamic that has gone largely unnoticed among the senators themselves. Since the midterm election created a near-even balance in the Senate -- 51 Democrats and 49 Republicans -- serious efforts at cross-party communication have developed momentum."

House Democrats "Hedging" On Bipartisanship. The Washington Times (1/25, Miller, 88K) reports House Democrats "say they intend to honor their pledge to allow

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Republicans to participate in writing legislation, but they won't say when." Majority Leader Steny Hoyer, "wary of Republicans using amendment votes as ammunition for future campaign attack ads," said, "I said we were going to be fair, not stupid." Hoyer added, "But we do intend to engage, involve and allow Republicans to have substantive opportunities as we consider legislation." The Times adds Hoyer "still hasn't said when the majority will open up the amendment process, known as using 'regular rules.' What's more, Republicans say, the majority is flouting the rules that are in place." Minority Leader John A. Boehner introduced "a resolution rebuking House Democrats" that failed in a party line vote. Boehner said, "You simply can't talk about cooperation at the same time you're circumventing the rules of the House to shut the other side out."

Novak Says Bipartisan Efforts Could "Go Nowhere." In his Washington Post (1/25, A25, 690K) column, Robert Novak writes, "The self-confident Democratic leadership is uninterested in being cut into potentially disastrous outcomes in Iraq. It wants to function as a coordinate branch of government, not as friendly colleagues in the spirit of bipartisanship. … On both sides, the prevailing attitude is that Bush looks like a president at bay. Statements made to me this week by two prominent political figures, one from each party, were so candid that these sources did not want to be quoted by name. The Republican, a ranking House committee member, said: 'The president and his aides are irrelevant and out of touch, removed from realizing what happened in the election.' A Democratic state party leader said that 'Bush is in such bad shape that the result of the 2008 election is already decided.' In that atmosphere, pleas for consultation go nowhere."

Conservatives Fear Bush Is Ceding Ground On Key Issues. The Wall Street Journal (1/25, A8, Calmes, 2.04M) reports, "Fallout from the war in Iraq, which already has weakened President Bush among the general public and in Congress, now is causing problems with the group that has been his mainstay: social and economic conservatives." The "longtime loyalists, appreciative of Mr. Bush's record on issues ranging from tax cuts to his veto of federal funding for embryonic stem-cell research, also have supported his war policies." But this week's State of the Union address "aggravated their underlying fear: that the president might become so consumed by the worsening conflict in Iraq -- and chastened by Democrats' takeover of Congress -- that he will give up on the issues they care about."

Bush's Use Of "Democrat" Label Draws Attention. The Washington Post (1/25, C1, Copeland, 690K) writes, "The president in his State of the Union address Tuesday night left out a tiny little suffix that means a whole lot to some people. He did it so subtly you could have missed it. Just a little '-ic.'" Bush "started the speech on a bipartisan note, honoring the first Madam Speaker, Democrat Nancy Pelosi, and calling on the country to come together. Then: 'I congratulate the Democrat majority,' he said, dropping the last two letters from 'Democratic.' Bush does this a lot, and while it's hard to say if the omission was intentional in this instance, it is a semantic tactic that's been part of Republican warfare for decades."

More Commentary On Bush Agenda, Chances For Bipartisanship. In a Wall Street Journal (1/25, A19, 2.04M) op-ed, David Frum of the American Enterprise Institute writes, "On State of the Union night, Americans witnessed two President Bushes. The first President Bush delivered a firm foreign policy message in tones of passion and commitment. The second President Bush dragged his way wearily through a domestic agenda that seemed to interest him as little as it excited Congress. The first President Bush pledged himself to bold free-market reforms in health care -- including the removal of a treasured but destructive tax loophole from the wealthy and powerful. The second President Bush proposed to regulate America's way to energy security with a plan that might have been dusted off from the Carter administration. The first President Bush insisted that the budget can be balanced without raising taxes. The second shrugged off Medicaid, Medicare and Social Security as problems for later. The first President Bush spoke with realism about the generational struggle against Islamic extremism. The second President Bush offered false hopes about the good intentions of the government of Saudi Arabia and other sometime allies." Frum writes that Bush "has always been at his best in adversity. Americans face no shortage of adversity now."

In his New York Times (1/25, A25, 1.16M) column, Bob Herbert writes that Bush's address was "a study in governmental dysfunction. The audience kept mindlessly applauding -- up and down, like marionettes -- when in fact there was nothing to applaud. The state of the union is wretched, which is why the president's approval ratings are the worst since Nixon and Carter. If Mr. Bush is bothered by his fall from political grace, it wasn't showing on Tuesday night. He seemed as relaxed as ever, smiling, signing autographs, glad-handing."

In his Roll Call (1/25) column, Morton Kondracke writes, "A new, non-polarized, problem-solving politics is trying to be born in this country, but -- lip service aside -- most current politicians are stuck in the old model of nonstop partisan warfare. The old politics was richly on display Tuesday as President Bush delivered his State of the Union address and Congressional Democrats reacted. Bush enunciated -- once again -- the clear message of the 2006 elections: 'Our citizens don't care which side of the aisle we sit on -- as long as we are willing to cross that aisle when there is work to be done.' The agenda he offered created some opportunities for bipartisan agreement…but most Democratic commentary emphasized the negative."

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In his column in The Hill (1/25), Dick Morris writes that Bush "boldly broadened his presidential agenda and vision. He once again became the president of the United States, not the mayor of Baghdad. By articulating viable, and potentially bi-partisan, proposals on energy independence, global climate change, healthcare, immigration reform, education standards and a host of other issues, he renewed the 360-degree mandate that should be the span of vision of any president." Bush "finally seems to have grasped a crucial but ironic fact: The only way he can keep sufficient credibility and power to continue his commitment to victory in Iraq is to raise his approval ratings."

Webb Response Speech Gets Strong Reactions From Both Sides. The Washington Post (1/25, A4, Shear, 690K) reports Sen. Jim Webb "earned a full day of praise -- and some tough rhetorical jabs -- for his sharply worded response Tuesday night to President Bush's State of the Union address. Liberal bloggers, national pundits and local Virginia politicians said the freshman senator's critique of the economy and the Iraq war was among the best retorts to Bush's administration they could remember." But "conservatives scoffed at Webb's less-than-animated demeanor," and some "assailed his adherence to the Democratic orthodoxy, especially on the Iraq war."

Dobbs, Dionne Praise Webb's Candor. On CNN's Lou Dobbs Tonight (1/24), host Dobbs and Sen. Jim Webb discussed Webb's Democratic response to President Bush's State of the Union address. Dobbs told Webb, "The consensus amongst those that I have talked with is that you did extraordinarily well in very short order. … You were forthright in saying that this President lead us into war recklessly in Iraq."

Under the headline "Reagan Democrat," Washington Post (1/25, A25, 690K) columnist E.J. Dionne writes, "Like him or not, Ronald ('Tear Down This Wall') Reagan spoke in a clean, clear prose that almost always left listeners with a sense that he stood for something. It may thus be no accident that Jim Webb…was once a Reaganite." In his response, Webb "defined the two central moral issues that animate most of the Democratic Party's rank and file: the mess in Iraq and the fact that the fruits of a growing economy are not being shared by all Americans. Then Webb did something rather astonishing: He didn't fudge on his language or try to take the hard edge off his impatience with the status quo. … There was no mush from Webb."

SMU Faculty Continue To Question Bush Library Plans. The Washington Post (1/25, A10, Wright, 690K) reports Southern Methodist University faculty members "again raised concerns that the building of the George W. Bush presidential library on campus might damage the school's reputation," according to a "participant at a closed-door meeting." At the "tightly guarded meeting, several members of the faculty questioned school president R. Gerald Turner about the political institute that will accompany the library. The institute will conduct research on issues that will be determined by Bush. Many of the questioners wondered whether such a powerful institution on campus will influence the type of research that can be conducted by SMU faculty and whether it will have an impact on the university's reputation."

Bush To Ask For Fast-Track Authority Next Week. The Hill (1/25, Swanson) reports, "President Bush will ask Congress to extend fast-track negotiating authority in one of two speeches on the economy next week, according to administration sources, after choosing not to make the request in his State of the Union address." The White House "intends to announce more details of next week's economic speeches today, according to White House Deputy Press Secretary Tony Fratto. He said President Bush intends to get his trade agenda completed, and this would include a continuation of fast track."

Tax Breaks Could Stall Senate Minimum Wage Bill. The AP (1/25, Kuhnhenn) reports, "The minimum wage increase that was supposed to zip through Congress veered onto a collision course Wednesday as lawmakers argued over business tax breaks that would be attached to ensure Republican support. Democratic leaders in the House began laying groundwork to blame the Republicans for any impasse. Senate Democrats, however, cautioned their House colleagues not to jeopardize legislation they'd promised to approve if they gained control of Congress." House Democrats "demanded a clean bill from the Senate -- no tax attachment -- setting up a confrontation that could delay final congressional passage of the $2.10 an hour increase." The Senate "did vote 54-43 to advance a House-passed measure that would lift the pay floor without any accompanying tax cut. However, that was well short of the 60 votes needed to keep that version moving." The vote "was a signal to the House that without the tax breaks a minimum wage bill appeared doomed in the Senate. And the Senate promptly moved to a broader bill, backed by its Democratic leaders, that would raise the minimum wage to $7.25 an hour over 26 months and provide $8.3 billion in tax benefits to businesses over 10 years."

The New York Times/Bloomberg (1/25) reports "a spokesman for Mr. Rangel, Matthew Beck, said Wednesday: 'The Senate needs to pass a clean bill. They shouldn't hold the minimum wage hostage.' … Under Congressional rules, Mr. Rangel can block House consideration of the Senate's minimum-wage measure. Any legislation would have to be

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reconciled between the two chambers before being sent to President Bush for his signature."

Pelosi, Hoyer Relationship Appears To Have Improved. The Washington Post (1/25, Romano, 690K) reports that after "years of tension between House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) , the two appear to be getting along much better these days, or so report the staff and allies of the Democratic leadership." Sources say the "tension and mistrust that long existed between the two native Marylanders is no longer evident. She no longer seems to be keeping him in the dark on insider maneuvering, and he no longer feels as if he's being kept out of the loop."

Pelosi, Dingell Make Nice At DC Auto Show. The Washington Post (1/25, A23, Layton, 690K) reports a "highly choreographed peace accord was reached in the middle of the Washington Convention Center yesterday, when Rep. John D. Dingell (D-Mich.) escorted House Speaker Nancy Pelosi (D-Calif.) through the auto show, hoping to smooth over the public rift that erupted between them last week." Pelosi had "irritated Dingell by announcing her desire to create a special committee on global warming. As chairman of the House Energy and Commerce Committee, Dingell had planned hearings on global warming and saw Pelosi's proposed committee as an affront to his authority." To "soften the edges of the turf battle, Dingell's wife, Debbie, an executive with General Motors Corp., suggested that he invite Pelosi to the Washington Auto Show to see the hybrid vehicles manufactured in his home state." With "20 minutes of peacemaking over, Pelosi, Dingell and their entourage walked to a rear exit and climbed into two gas-guzzling Chevy Suburbans."

Mica Angered By Perceived Slight At Transportation Meeting. The Washington Post (1/25, Romano, 690K) reports Democratic Rep. Jim Oberstar of Minnesota, "the new chairman of the House Transportation Committee, wanted to show members of his panel how bipartisanship and policymaking can work in tandem." Oberstar and ranking Republican John Mica (Fla.), "organized a roundtable discussion for members last week. And to drive home the point, Oberstar invited back Bud Shuster (R-Pa.), the retired Republican chairman of the committee." The move "seemed like a great idea until Mica arrived for the roundtable and discovered that he did not have one of the nice, cushy chairs at the head of the table that were occupied by Oberstar, Shuster and other speakers, including New York financier Felix Rohatyn." Sources say Mica "threw a fit and demanded to know from staff why he didn't have a special chair of his own next to Oberstar and the others." But "before staff could rectify the situation, and as startled members looked on, a furious Mica stormed out of the room and ordered the other Republican members to leave. Among the uncomfortable departees was Shuster's own son and successor, Rep. Bill Shuster."

Democratic Control Of House Could Benefit Philip Morris. The Wall Street Journal (1/25, B1, O'Connell, Mullins, 2.04M) reports that while "the new Democratic Congress looks like big trouble for big tobacco," from the "point of view of the nation's largest cigarette maker, Philip Morris, the shift in power could be a blessing in disguise. That's because it could help ease the way for legislation to give the Food and Drug Administration new powers to control how cigarettes are made and marketed. That, ironically, could help Philip Morris maintain its current market domination." Most tobacco companies "are opposed to FDA regulation of cigarettes, which, among other things, would likely ban the use of descriptors such as 'light' and 'mild' and require big new warnings to cover at least 30% of cigarette packs." But Philip Morris "has embraced the idea that the FDA should have broad powers over tobacco." The "company's rivals contend that new restrictions would hurt them more because their brands are much less known than the famous Philip Morris Marlboro brand. With marketing potentially dramatically curtailed by FDA regulation, they would have fewer ways to promote themselves."

House Restores Voting Rights To Delegates. The New York Times (1/25, Hulse, 1.16M) reports, "The Democratic majority in the House restored limited floor voting rights to the Congressional delegates from the District of Columbia and four territories on Wednesday after a rancorous debate with echoes of the days before the Republicans won the majority in 1994." The change "approved on a party-line vote of 226 to 191 was mostly symbolic because the five delegates will be allowed to vote just on floor amendments, not on final approval of bills. If their votes influence the outcome on amendments, a new vote will be taken without their participation."

The Washington Post (1/25, B4, Sheridan, 690K) reports, "Democratic supporters acknowledged that it provided mainly symbolic privileges but said it would give delegates greater participation in Congress. 'It is not enough what we do today,' said Majority Leader Steny H. Hoyer (D-Md.), who has expressed strong support for the District having a full vote in the House. 'But it would be tragic if we do not do this basic step.'"

Roll Call (1/25, Brotherton) says Republicans "are considering challenging the rules change in court. … Rep. Tom Price (R-Ga.), who spent much of his week rallying against the proposal, called it 'flawed policy' and said Republicans will continue to fight it. 'At this point, because

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there are internal rules, the only option we have is through the courts,' Price said. 'We'll be in discussions with that.'"

Cheney Says Question About Daughter's Pregnancy "Out Of Line." Near the end of Vice President Dick Cheney's interview with CNN's The Situation Room (1/24), Wolf Blitzer asked Cheney if he wanted to respond to criticism of daughter Mary Cheney's pregnancy. Cheney: "No, I don't. … I'm delighted I'm about to have a sixth grandchild. And obviously I think the world of both my daughters and all of my grandchildren. And I think, frankly, you're out of line with that question." Blitzer: "I think all of us appreciate..." Cheney: "I think you're out of -- I think you're out of line." Blitzer: "No, we like your daughters. Believe me, I'm very, very sympathetic to Liz and Mary. I like them both. That was just a question that's come up, and it's a responsible fair question." Cheney: "I just fundamentally disagree with you."

White House Press Secretary Tony Snow said on Fox News' Your World (1/24, Cavuto), "He said it was out of line, and he was right. You know what's interesting, is that in prior administrations -- think about Chelsea Clinton. Nobody ever butted into Chelsea Clinton's business, and good for the press back then. And the Clintons were rightly protective of their daughter. Nobody questioned Al Gore when he son ran into difficulty. Again, right choice to make. It is tough enough to become president or vice president that people should not be trying to draw family members in. I don't know why the rules are different in this Administration, but it does seem that for some members of the press it's been open season on the President's daughters, and it seems that it's a time for people to get into the private life of the Vice President's daughter."

The AP (1/24) says Cheney "bristled when asked to respond to critics who question his daughter Mary's decision to have a baby and raise it with her female partner." The Los Angeles Times (1/25, Reynolds, 850K) says Cheney's "words became most pointed when Blitzer asked" about the pregnancy. The Washington Post (1/25, A1, Baker, 690K) writes that Blitzer "has been in the Cheney doghouse since October, when he interviewed the vice president's wife, Lynne, and asked about steamy scenes in a novel she wrote. … Lynne Cheney angrily rebuffed Blitzer, and her husband later congratulated her for what he called 'the slapdown.'"

Higgins Exits Church After Sermon Criticized Stem Cell Vote. The AP (1/24) reports Democratic Rep. Brian Higgins "walked out of his Catholic church in Buffalo after a clergyman berated the lawmaker for his recent vote on stem cell research." The "public tongue-lashing" came "during last Sunday morning's Mass at Saint Thomas Aquinas Catholic Church in South Buffalo." Deacon Tom McDonnell "criticized Higgins for voting earlier this month for a bill that would allow federal funding for research involving stem cell lines derived from surplus embryos created in fertility clinics. The Catholic church opposes embryonic stem cell research." As McDonnell "spoke, Higgins -- who was baptized and married at Saint Aquinas -- walked out with his wife and son."

Oldest-Ever Senate Showing Signs Of Aging. The Politico (1/25, Martin, Bresnahan) reports that the "average age of members of the U.S. Senate is older than it has ever been," and "for many senators, advanced age is starting to show, raising questions about their ability to govern." The "average age of the 100 senators is 62, up from 60 in the last Congress. Among the new Democratic committee chairmen, it is 69. And, of the five longest-serving senators, three are there today," including 89-year-old Sen. Robert Byrd. In terms of illnesses, "at least 10 senators have fought various cancers or suffered severe injuries," and Sen. Tim Johnson "remains hospitalized here for a brain hemorrhage suffered last month."

McCain Would Be Oldest President At Inauguration. The Politico (1/25, Simon) reports writes that if John McCain is elected president, he would become the oldest ever inaugurated. And, "as is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. … The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts."

NTEU Challenges Federal Intern Program. The Washington Post's (1/25, D4, Barr) "Federal Diary" column reports, "The Federal Career Intern Program has become one of the most popular ways for federal agencies to recruit on college campuses and hire young professionals. Agencies may hire interns at any time, do not have to advertise the job openings in advance, and can take advantage of the two-year job tryouts to evaluate the interns before deciding whether to offer them permanent civil service jobs." The Post adds that the NTEU "challenged" the popular program "in federal court" asserting "that the intern program 'has become the hiring method of choice' and has undermined century-old laws that require federal jobs to be filled through fair and open competition with applicants afforded equal opportunity. The union asked the US District Court for the District of Columbia to throw out the program's regulations and to stop agencies from using the hiring program." The Post adds, "NTEU also objected to the program's rule that places interns on probation for two years, instead of the one year that generally applies to civil service

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jobs, and to an IRS decision to extend the probation to three years for revenue agents."

Union Launches Organizing Campaign At GAO. The Washington Post's (1/25, D4, Barr) "Federal Diary" column reports, "The International Federation of Professional and Technical Engineers announced yesterday that it has launched a union-organizing campaign to represent employees at the Government Accountability Office, the congressional auditing and investigations agency." Affiliated with the AFL-CIO, the union "represents federal scientists, engineers, immigration and administrative law judges and others, including the staff at the Congressional Research Service. A group of GAO analysts approached the CRS local union several months ago about forming an organizing committee, the union said."

White House Social Secretary Berman Stepping Down. The Washington Post reports in its "Reliable Source" column (1/25, Argetsinger, Roberts) that White House Social Secretary Lea Berman "is stepping down next month after two years on the job." The decision "to leave was entirely Berman's, said Susan Whitson, spokeswoman for Laura Bush. 'Mrs. Bush adores Lea and thinks her work is outstanding. Lea will be greatly missed.'" The Post adds the "prominent Republican hostess became the nation's most prestigious party planner in December 2004 -- after stints as social secretary for Dick Cheney, chief of staff to Lynne Cheney and a staffer in the president's 2004 reelection campaign."

OTHER NEWS:

Dow Reaches Its 26th Record Since October. The New York Times/AP (1/25) reports, "Wall Street soared yesterday, sending the Dow Jones industrial average to a new high. The Nasdaq composite index jumped 1.4 percent after profit reports from Yahoo and Sun Microsystems restored the confidence of investors in the technology sector." The Dow Jones "rose 87.97 points, or 0.7 percent, to 12,621.77, passing a record close of 12,582.59 set Jan. 16. It was the Dow's 26th record close since the surge began at the start of October. The Standard & Poor's 500-stock index reached a six-year high, rising 12.14 points, or 0.85 percent, to 1,440.13. The Russell 2000 index of smaller companies was up 8.65 points, or 1.10 percent, at 794.03." NBC Nightly News (1/24, story 10, :10, Williams, 9.87M) also noted the Wall Street numbers. The Washington Post/AP (1/25, D6) and Wall Street Journal (1/25, C1, Browning, 2.04M), among other newspapers, run similar reports.

"Growing Inequality" In America Triggers Debate On Fairness. The New York Times (1/25, Cowen, 1.16M) reports, "The growing inequality in wealth and income has led many people to question whether the contemporary American economy is rigged in favor of the rich. While there is little doubt that the gap between the wealthy and everybody else has widened in recent years, the situation is not as unfair as some of the numbers seem to imply. … In general, there is more income inequality among older populations than among younger populations, if only because older people have had more time to experience rising or falling fortunes. Furthermore, more-educated groups show greater income inequality than less-educated groups. … Since the United States is growing older and also more educated, income inequality will naturally rise."

Kerry Won't Seek Democratic Nomination In 2008. The Boston Globe (1/25, Klein, 413K) reports an "emotional Senator John F. Kerry today said he will not run in the 2008 presidential race and vowed to use his Senate perch to hasten an end to the war in Iraq, saying he would work with lawmakers from both parties to reverse President Bush's troop 'surge' and force him to withdraw virtually all troops from Iraq by early next year." Kerry "used the unusual forum of the Senate floor to announce his political ambitions. Choking up as he harkened back to his service in Vietnam, Kerry said he would work to make sure the next president doesn't have to cope with the consequences of a 'wider war' sparked by the failed policy in Iraq." Kerry's "decision to stay out of the presidential race reflects a realization that he would have had an uphill climb in capturing the Democratic nomination, given the other party heavyweights who are already in the race, according to Kerry associates." These associates said "the senator's plans changed dramatically in the fallout of his election-eve 'botched joke' about the education levels of US troops."

The Politico.com (1/24, Simon) reports, "Serious candidates and candidates who want to be serious in 2008 will have to raise more than a million and a half dollars a week in $2,000 increments starting right about now. And Kerry, who was criticized by many in his party for not running a more vigorous campaign last time, found it tough going." A source close to Kerry said, "He was calling around Wednesday and Thursday to close advisers and they had talked to donors several times and the money wasn't going to be there. That coupled with (Barack) Obama-mania, which gave people looking for a Hillary alternative a viable option, is what ended his plans."

The story was briefly reported by each of the networks. ABC World News (1/24, story 5, :20, Gibson, 8.78M) reported it was "a major political story tonight. Senator John Kerry has decided not to make another White House run in 2008. On the Senate floor this afternoon, the Massachusetts Democratic who lost the 2004 Presidential election said he

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will stay in the Senate and focus on trying to change the Bush Administration policy in Iraq."

The CBS Evening News (1/24, story 7, :25, Couric, 7.66M) reported Kerry "made a hard choice of his own today." Kerry, "who lost to President Bush in 2004, said he was tempted to run again but decided this is not the time. At least nine others have decided this is the time for them." NBC Nightly News (1/24, story 4, :25, Williams, 9.87M) reported, "While most Americans might not have thought he was in the race to begin with, today Massachusetts Democratic Senator John Kerry said that he will not run for President in 2008."

The Boston Herald (1/25, Ratliff, Ross, 184K) reports that in "a speech to the Senate Foreign Relations Committee, Kerry put pressure on the current administration to set a date to withdraw U.S. troops from Iraq but dedicated the last few minutes of his time on the floor to announce to his colleagues that though he was 'tempted to try again,' he would not make a push for the presidency." Gov. Deval Patrick, "who has previously said he would support Kerry in a 2008 White House bid, is now undecided on who he will back on the Democratic side for the office."

The AP (1/25, Espo) reports Kerry, "who fell 118,601 Ohio votes short of the White House in 2004, said Wednesday he will not run for president in 2008." Kerry said, "There are powerful reasons to want to continue that fight now. But I have concluded this isn't the time for me to mount a presidential campaign." The AP adds Kerry's decision "leaves a field of nine Democrats running or signaling their intention to do so, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, and John Edwards, Kerry's 2004 vice presidential running mate." Edwards said "he knew the decision was a difficult one for Kerry 'because we know his first instinct is always to respond to any call to serve his country'"

The AFP (1/25) reports Kerry "alluded to his failed presidential bid, which hinged largely on his strong opposition to the US war in Iraq, in making his announcement." Kerry said, "We came close -- certainly close enough to be tempted to try again." AFP added Kerry's "decision to pull out is the latest major development in the accelerated 2008 presidential race, in which several candidates have felt compelled to declare their intentions earlier than ever to lock up vital funds and campaign staff, or to bow out."

CQ Politics (1/25, Giroux) reports Kerry "announced his decision in a 36-minute speech on the Senate floor Wednesday afternoon. In a long prelude to his brief announcement, Kerry issued a lacerating denunciation of how Bush has handled the war in Iraq — including the president's recently announced decision to increase American troop strength in that nation." The news "will disappoint some Kerry loyalists who say he was hindered in 2004 by attacks from Republicans that they view as unfair." But "less downcast will be many Democrats who criticized Kerry, contending he ran an ineffective campaign that allowed Bush to win re-election."

Bloomberg (1/25, Roberts) reports, "Kerry said he is determined to use his position in the Senate to force a withdrawal of most U.S. troops from Iraq by next year." Kerry said, "Congress bears some responsibility for getting us into this war and Congress must take responsibility for getting us out."

The Los Angeles Times (1/25, Neuman, 850K) reports analysts "said Kerry also may have surveyed the field of Democratic candidates -- with Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois among the front-runners -- and determined that there was little interest in a candidate given to long speeches, a less charismatic style, and a similar position on the war." Jennifer Duffy of the Cook Political Report said, "The writing was on the wall. He was getting squeezed. Where once you saw the possibility of his running an 'I told you so' campaign, his position on Iraq is not unique anymore."

The New York Times (1/25, Nagourney, 1.16M) reports Kerry's announcement, "though it came in an unorthodox place, was not a surprise. He was bowing to a Democratic Party that was clearly unreceptive and had turned its attention to new candidates, in particular Senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, who both got into the race this month." Many Democrats "had said they expected that Mr. Kerry would decide not to run after assessing how much support he had in his party. Already, most of his aides from the 2004 campaign have moved on."

The Hill (1/25, Blake) reports Kerry, "who has eyed the White House since coming up just short in 2004 and has raised money accordingly, had become a long shot for a repeat bid. He languished in early polls despite high name recognition." Kerry "damaged his cause with comments shortly before the 2006 midterm elections in which he told students at a rally in California that they had better take their education seriously. Otherwise, he said, 'you get stuck in Iraq.'"

The Washington Post (1/25, A4, Cillizza, 690K) reports, "Several people close to Kerry said he struggled with the decision over whether to run again, weighing the narrowness of his 2004 defeat against the obvious hurdles presented by a Democratic field filled with popular figures such as" Sens. Clinton and Obama. But the sources "said his decision was not motivated by national and state polling that showed him trailing Clinton, Obama and Edwards in hypothetical 2008 matchups. They noted that Kerry has nearly $13 million in the bank, which could have been used to reintroduce himself to voters. But there are real concerns that a second national candidacy could endanger Kerry's standing in his home state."

The Washington Times (1/25, Lambro, 88K) reports, "Democratic campaign strategists privately have been saying

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for some time that the senator was no longer a contender in a crowded field of candidates, led" by Clinton, Obama, and Edwards. Democratic leaders "in the early caucus and primary battlegrounds of Iowa and New Hampshire also said that Mr. Kerry was registering little support in their states, running far behind the front-runners, who already have considerable campaign organizations and fundraising pledges."

Obama Calls Claim He Studied At Madrassah "Scurrilous." The AP (1/25, Pickler) reports Sen. Barack Obama "fought back Wednesday against an allegation that he was educated at a radical Islamic school as a child in Indonesia, determined to avoid being tripped up by unsubstantiated charges like those that undermined John Kerry in 2004." Interviews "by The Associated Press at the elementary school in Jakarta found that it's a public and secular institution that has been open to students of all faiths since before the White House hopeful attended in the late 1960s." Obama, who "was born in Hawaii, moved to Indonesia at age 6 to live with his mother and stepfather, attending schools in the country until age 10, when he returned to Hawaii to live with his maternal grandparents." The "contention that Obama was educated at a radical Muslim madrassa surfaced on the Web site of the conservative Insight magazine the day after Obama announced he was jumping into the 2008 presidential race. Conservative Internet blogs and the Fox News Channel picked up the story and spread the charges just as his candidacy was getting off the ground." Obama "on Wednesday called the reports 'scurrilous,' and his communications director e-mailed reporters a lengthy memo attempting to set the record straight."

The Hill (1/25, Schor) reports Obama "fired back yesterday against Insight magazine and Fox News for purveying a discredited report that he attended a radical Islamic religious school during his childhood years in Indonesia." In a memo to reporters, Obama communications director Robert Gibbs "reiterated that CNN has officially debunked claims published last week in Insight, a property of Washington Times owner Rev. Sun Myung Moon."

Obama Faces Dilemma In Appeal To Black Voters. The Washington Post (1/25, A1, Fletcher, 690K) reports in a front page story that the "question of how Obama chooses to define and approach race looms large as he moves closer to formally launching his campaign next month. Although he rides a wave of enthusiasm among Democrats who like his vision of a different kind of politics and see him as an alternative to Sen. Hillary Rodham Clinton (N.Y.), it is not clear that his multiracial message can excite black voters hungry for affirmation of their top concerns." Melissa V. Harris-Lacewell, "a Princeton University professor who has followed Obama's political ascent, said that he may be forced to choose: 'You can be elected president as a black person only if you signal at some level that you are independent from black people' -- a move she said would be 'guaranteed' to make black people angry." The Post adds, "Already, that balancing act is causing some strains. Some of Obama's longtime black supporters in Illinois are grumbling about the largely white crowd of advisers who now surround Obama as he gears up his national campaign."

The Washington Times (1/25, DeBose, 88K) reports Obama "will have a tough time generating support for his presidential bid among key black Democratic leaders -- many of whom are loyal to the Clintons -- and he must guard against undermining his electability by becoming the civil rights candidate, campaign strategists say." Several strategists "said Mr. Obama, Illinois Democrat, will have to walk the tightrope of wooing black liberal activists, including such polarizing figures as the Rev. Al Sharpton and Mr. Jackson, while avoiding limiting his appeal by leading with his race and running primarily on civil rights issues."

McCain Tops GOP Competitors In Arizona Poll. Phoenix Business Journal (1/25, Sunnucks) reports Sen. John McCain "fared well in a poll of Arizona voters, but trailed former New York Mayor Rudy Giuliani among Republicans in surveys taken nationally and in Iowa, a key primary state." A poll released Wednesday "by Arizona State University and KAET-TV 8 shows McCain with a mammoth lead over GOP rivals in a potential Arizona primary." The ASU survey "gives McCain a 54 percent edge. Former U.S. House Speaker Newt Gingrich checks in as the second most popular candidate, favored by 14 percent of respondents, followed by Massachusetts Gov. Mitt Romney. The ASU poll did not ask voters about Giuliani."

Republicans Wonder Whether Giuliani Is In A Stall. The White House Bulletin/US News (1/25) reports Republican insiders are asking if Rudy Giuliani will "back out of his fledgling presidential campaign." The insiders "note that while Giuliani leads in some national polls of GOP voters, he has not moved as aggressively as some of his rivals, especially John McCain and Mitt Romney, to recruit a campaign team or solicit support from key Republicans at the national, state, and local levels. The insiders point out that Giuliani didn't run against Hillary Rodham Clinton for the Senate in 2000 in a decision that disappointed many of his supporters." A "prominent GOP insider who formerly advised President Bush" said, "Some of us aren't sure he will really make this race this time, and if he does jump in, there will be doubts that he will stay in."

Four Large States Could Move Primaries Up To February. The New York Times (1/25, Nagourney, 1.16M)

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reports that as many as "four big states — California, Florida, Illinois and New Jersey — are likely to move up their 2008 presidential primaries to early next February, further upending an already unsettled nominating process and forcing candidates of both parties to rethink their campaign strategies, party officials said Wednesday." The changes "mean that the presidential candidates face the prospect of going immediately from an ordered series of early contests in relatively small states in January to a single-day, coast-to-coast battlefield in February, encompassing some of the most expensive advertising markets in the nation." The move would "appear to benefit well-financed and already familiar candidates and diminish the prospects of those with less money and name recognition going into such a highly compressed series of contests early next year." Associates of Sens. Hillary Clinton and John McCain "said that should either of them stumble early on, the respective party primaries in California and New Jersey — two states that would seem particularly hospitable to them — could offer an expensive but welcome firewall." But New Jersey and California "could provide an opening for Rudolph W. Giuliani, the former mayor of New York, who faces the daunting prospect of overcoming resistance among social conservatives in the Republican contests in Iowa and South Carolina in January."

Gingrich Backs Bill To Make English Official Language. The Washington Times (1/25, Pfeiffer, 88K) reports former House Speaker Newt Gingrich "announced his support for legislation that would make English the nation's official language in order to combat what he calls 'an unprecedented influx of non-English-speaking immigrants.'" Gingrich "has said he is speaking out now to infuse his party's presidential primary with ideas and will not make a formal decision about running until September." Gingrich said, "If you are pro-immigration into America, you should be pro-assimilation into the American way of life. Bilingual education has been stunningly destructive."

Bergen County Seen As Warning For GOP. In his Roll Call column (1/25), Stuart Rothenberg says, "For Republicans, New Jersey, once a GOP-leaning, anti-tax state, stands as a stark reminder of how things have changed, particularly in the Northeast. But the better example — and warning of things to come — is Bergen County, a suburban bedroom community that has moved away from its Republican roots and toward the Democratic Party." The county, "once bedrock Republican territory and the most populous county in the state, has voted Democratic in the past four presidential elections — twice for Bill Clinton, and more recently for Al Gore and John Kerry." Republicans have "three major problems in the county: the national party, changing demographics and a fractured GOP that is being outworked by Democratic strategists." If Bergen "were an isolated case, it might not even be worth mentioning. But what's happening there could happen (and indeed has happened) in other northern suburbs. While the GOP has made gains in Georgia, Tennessee and Kentucky, it continues to lose ground in New Jersey, Illinois and southeast Pennsylvania."

Washington School Board Faces Backlash Over Ban On Gore Film. The Washington Post (1/25, A12, Harden, 690K) reports Frosty E. Hardiman of Federal Way, Washington, "is neither impressed nor surprised that 'An Inconvenient Truth,' the global-warming movie narrated by former vice president Al Gore, received an Oscar nomination this week for best documentary." Hardiman said, "Liberal left is all over Hollywood." The Post adds Hardiman, "a parent of seven here in the southern suburbs of Seattle, has himself roiled the global-warming waters. It happened early this month when he learned that one of his daughters would be watching 'An Inconvenient Truth' in her seventh-grade science class." Hardiman's "angry e-mail" to the local school board "(along with complaints from a few other parents) stopped the film from being shown to Hardiman's daughter." The e-mail "also pressured the school board to impose a ban on screenings of the film for the district's 22,500 students. The ban, which the school board says was merely a 'moratorium,' was lifted Tuesday night, subject to rigorous conditions. Still, the action has appalled the film's producers and triggered a ferocious national backlash."

Steele To Head GOPAC. The Washington Times (1/25, Lobianco, 88K) reports former Maryland Lt. Gov. Michael S. Steele "will lead a major Republican fundraising group and start a public affairs consulting firm in Maryland." Steele will "be the chairman of GOPAC, the national fundraising outfit that former House Speaker Newt Gingrich elevated to national prominence in 1994, and start the Legacy Strategies public affairs firm, he told The Washington Times yesterday."

WPost Says Virginia GOP Finally Serious About Transportation Funding. The Washington Post (1/25, A24, 690K) says in an editorial, "Eyeball to eyeball with a potential electoral disaster in this fall's legislative elections, Virginia Republicans have finally blinked -- a little. They have put forward a transportation funding package that is at least partly serious, which is to say that it relies to a significant degree on new taxes and fees to address the state's most urgent problem. It is an imperfect plan but also a sound starting point for a deal." Having signed pledges "to oppose any new taxes and having torpedoed one funding plan after another, the conservative ideologues who hold sway in the House of Delegates haven't

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found the courage to raise taxes much themselves. But they have decided to allow the localities where traffic is worst -- in Northern Virginia and Hampton Roads -- to increase their own taxes, particularly on commercial real estate and home sales."

WS Journal Provides Guide To Energy Security Flashpoints. The Wall Street Journal (1/25, A12, Cummins, Bahree, Minczeski, 2.04M) reports, "The past four years have seen the biggest oil-price spike in a generation. That shock has shown energy insecurity to be one of the chief political, economic and military challenges facing the world." The "worry is that the geopolitical and economic equilibrium that long enabled the oil industry to smoothly supply customers is a thing of the past." One concern is whether power has "permanently shifted to producers." Another "worry is turmoil in exporting nations." The "quest for energy security, in short, is a global scramble of power, money and ideas." The Journal provides a map-based "guide to flashpoints likely to shape the outcome of that scramble in 2007."

Bolton Says US Iran Policy Flawed. The AP (1/25) reports former UN Ambassador John Bolton says the United States "may not be able to prevent Iran from acquiring nuclear weapons because the Bush administration is following a flawed diplomatic strategy." In an interview with Fox News airing Wednesday night, Bolton "said that contrary to administration claims, the U.N. Security Council resolution against Iran that was approved last month is 'very weak.'" The former envoy said, "The disjunction between that objective and the diplomacy we have been pursuing is ultimately going to be a problem for the president."

Fox News' Special Report (1/24, story 13, 3:20, Rosen) reported, "Bolton urged the White House to pursue regime change in Iran" and his "conservative views generally aligned with those of some other members of the President's foreign policy team, notably Vice President Cheney and Robert Joseph, the Undersecretary of State for Arms Control." According to Fox News, "Conservatives in the State Department bureaucracy blame the undersecretary for political affairs, Nicholas Burns, who served under President Clinton, and whose portfolio has included the Iran file, with ceding too much control to the Europeans negotiating directly with Tehran."

Khalilzad Promises Evidence On Iran's Activities In Iraq. The Los Angeles Times (1/25, Daragahi, 850K) reports outgoing US Ambassador in Iraq, Zalmay Khalilzad, "said Wednesday that he would soon reveal details he asserted would show Iranian interference in the country, in the latest round of diplomatic jousting between Washington and Tehran." Khalilzad told a group of Western journalists that American officials would provide details "in the coming days" about Iranian officials detained and interrogated in Baghdad and the Kurdish city of Irbil within the last month. The presentation, Khalilzad said, "would include details about who the detained Iranians are and what they were doing in Iraq, as well as information about alleged contraband coming across the Iran-Iraq border." The upcoming presentation, he said, is "a response to public comments by Iranian Ambassador Hassan Kazemi-Qomi, who this week publicly challenged Americans to show 'any shred of evidence that Iran is working to destabilize Iraq,' according to Iranian news agencies."

Iran Receives Russian Defense Missiles. The AP (1/25, Karimi) reports Iranian officials "said Wednesday that they have taken delivery of advanced Russian air defense missile systems -- weapons intended, according to one Russian news agency, to defend Tehran's major nuclear facilities." Iran's Minister of Defense, Mostafa Mohammad Najjar, "did not say how many missiles were delivered or when they arrived." In New York, spokesman for the US mission to the United Nations, Richard Grenell, called the development "troublesome given that Iran is the leading state sponsor of terror in the world."

Olmert Says Israel Will Response To Iranian Nuke Threat With "All Means At Our Disposal." The AP (1/25, Gutkin) reports Israeli Prime Minister Ehud Olmert "devoted one of his most important policy speeches of the year Wednesday to a single topic -- Iran -- saying Israel will respond to a nuclear threat 'with all the means at our disposal.'" Addressing an annual security conference in Tel Aviv, he "said the international community has no choice but to act forcefully" against Iran and its president, Mahmoud Ahmedinajad, who has repeatedly called for Israel's destruction. "When the leader of a country announces, officially and publicly, his country's intention to wipe off the map another country, and creates those tools which will allow them to realize their stated threat, no nation has the right to even to weigh its position," Olmert said. The AP says Olmert's decision to "devote the high-profile speech to Iran reflected his country's growing concern over" Iran.

Timing Of Mideast Talks Questioned. In a news analysis, the New York Times (1/25, A10, Erlanger, 1.16M) writes, "It would be hard to imagine a less promising moment for the United States to restart serious Palestinian-Israeli peace negotiations." Six years after the last round of talks, "the Palestinian government is controlled by Hamas, which preaches Israel's destruction. Approval ratings for the Israeli prime minister are barely in double digits. Gaza and neighboring Lebanon are in turmoil. President Bush is weak." Despite these factors, the Bush administration "is holding a meeting on Feb. 2 of the so-called Quartet…to be followed by 'informal talks' between Israeli and Palestinian leaders, with help from [Secretary] Rice, about the shape of a final peace

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treaty and the nature of a Palestinian state beside Israel." The Times says that "expectations are purposely low" and notes that a "senior US official" said while it is unlikely that either Ehud Olmer or Mahmoud Abbas has the political strength to deliver big concessions, "sometimes it's best to try to buy in at the bottom."

Musharraf Proposes Mideast Peace Initiative. AFP (1/25) reports Pakistan President Pervez Musharraf "said that he had agreed with five Arab leaders to develop a Muslim peace initiative for the Palestinian conflict, which he said lay at the root of worsening violence around the region." Speaking with reporters in the United Arab Emirates at the end of a five-nation Middle East tour, Musharraf said, "Destructive violence is going on in Iraq, Lebanon is mired in crisis, and the most dangerous aspects of these two are the visible sectarian undertones which cause a special concern to us in Pakistan."

Rice Announces $770 Million Aid Package For Lebanon. The AP (1/25, Gearan) reports Secretary of State Condoleezza Rice announced Wednesday that the US "will offer nearly $770 million to help the fragile democratic government in Lebanon" in a "tripling of US aid announced a day after deadly protests in Beirut underscored the country's deep political and sectarian divisions." The donation, which must be approved by Congress, "would include $220 million in military aid" for the purchase of "small arms, ammunition, spare parts and Humvees," US officials said. Tuesday's violent protests "underscore the world's duty to help the democratic government survive in Lebanon, Rice said." Rice will meet privately with Prime Minister Fuad Siniora Thursday, "patching up a relationship strained by Saniora's frustration that it took 34 days to get a United Nations cease-fire in the Israeli-Hezbollah war."

The New York Times (1/25, A8, Cooper, 1.16M) says the US aid package demonstrates the "level of concern about the deteriorating situation" in Lebanon, and "in many ways, the donor conference [in Paris] on Thursday will serve as a snapshot of the larger proxy war between the United States -- joined by its Sunni Arab allies and Europe -- and Iran and Syria. Lebanon, like Iraq, is a battleground in that war, and Mr. Siniora, a Sunni Muslim, is fighting for his political survival." However, "Just how much money it will take to prop up Mr. Siniora is in question." Assistant Secretary of State C. David Welch told reporters in Paris, "You will find that the United States will be very supportive of Lebanon at this conference. Of course, you all know the importance of our political voice; now we are going to put some money behind that." How much "Saudi Arabia and other Sunni Arab countries come up with will also be of interest, analysts say."

The AP (1/25, Keaten) also quotes Assistant Secretary Welch as saying, "The government of Lebanon may be stressed by what's going on, but I believe they are strong and will weather this crisis."

The Washington Times (1/25, Kralev, 88K) notes McCormack said Rice was accompanied by chief executives of US companies with plans to invest in Lebanon, although he did not name them. The spokesman told reporters, "Long after direct US government assistance has gone through the pipeline and been delivered, investment by foreign companies and US companies is going to continue to create jobs and opportunity in Lebanon."

AFP (1/25, Millikin) notes Rice "linked the latest US aid, and other pledges expected during Thursday's 30-nation donors meeting, to efforts to strengthen Siniora's government in a power struggle with Hezbollah and other Syrian-backed parties in Lebanon." Rice said she hoped the pro-Syrian camp "would not want to push Lebanon into open conflict and to kill lots of innocent Lebanese to pursue their political goals." A senior official accompanying Rice "said the direct aid will be tied to 'benchmarks' in the implementation of Siniora's five-year reform plan, which calls for raising some taxes and privatizing the country's electricity and mobile phone sectors."

Hariri's Son Urges Support From International Community. Saad Hariri, son of the late Rafik Hariri and majority leader of Lebanon's national parliament, writes in the Wall Street Journal (1/25, A19, 2.04M) that his country "is truly at a crossroads; the choices and actions Lebanese government officials and their supporters in the international community make are critical for what my country will look like in the future." This week's donor conference, he continues, "will be decisive for the future of Lebanon as a democratic and moderate Arab country with a liberal economy, and as a beacon of coexistence and tolerance for the entire region." Hariri notes that "while the people of Lebanon are free today, we are not free of foreign intervention," citing "outside powers" that are "supporting a move by a coalition of Lebanese parties to topple the elected government."

Nasrallah Says Hezbollah Won't Topple Lebanese Government. The New York Times (1/25, A9, Bakri, 1.16M) reports Hezbollah's Sheik Hassan Nasrallah said Wednesday that Lebanon's opposition movement "had decided to stop short of toppling the government of Fouad Siniora, fearing civil strife." He warned, though, that Hezbollah and its allies "would continue to ratchet up the pressure on Mr. Siniora in coming weeks and vowed not to back down on their demands."

US Criticizes Iranian Overtures To Saudis. The Washington Times (1/25, Kralev, 88K) reports the United States Wednesday "criticized Iranian overtures to Saudi Arabia suggesting the two countries cooperate to resolve a political crisis between the Lebanese government of Prime Minister Fuad Siniora and the Shi'ite group Hezbollah." Tehran's proposal, made during a visit to Riyadh last week by

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Ali Larijani, head of the Supreme National Security Council, is "aimed at giving the Iranian-backed Hezbollah a bigger role in the Lebanese Cabinet," diplomats said. State Department spokesman Sean McCormack told reporters, "We certainly wouldn't support any effort to try to negotiate something over and above the heads of the Siniora government."

Defense Officials Confirm New Airstrike In Somalia. The AP (1/25, Burns) reports US defense officials Wednesday confirmed the United States launched a second airstrike in Somalia against suspected terrorist targets. The officials, "who spoke on condition of anonymity because the action was carried out in secret, provided few details about the strike by an Air Force AC-130 gunship earlier this week and were uncertain whether the intended target was killed." One official "suggested that early indications showed that no high-value target was killed or captured." At the Defense Department, spokesman Bryan Whitman declined to confirm any new strike but said in general that the United States is "going to go after al-Qaeda in the global war on terrorism wherever it takes us."

NYTimes Urges Washington To Broker Peace Accord. In an editorial, the New York Times (1/25, 1.16M) writes, "Thanks to an unusual and probably fleeting set of events, Somalia has a chance to return to the community of law-abiding and legitimate states. For a country that dissolved years ago into chronic clan warfare and became a way station for international terrorists, that would be an enormous gain -- and an enormous gain for the rest of the world. To make the most of this opportunity, Washington needs to move quickly, along with Arab and African leaders, to try to broker a political compromise between responsible leaders of the Islamic Courts Union…and the internationally endorsed transitional government installed in its place."

Rice Dismisses Report Pyongyang Is Helping Iran Prepare Nuke Test. AFP (1/25) reports Secretary of State Condoleezza Rice "sought to play down a report in a British newspaper that North Korea was helping Iran prepare an eventual nuclear test explosion." Responding to questions about a report published in The Daily Telegraph, Rice told reporters in Paris, "I don't see that it's based on anything that I've seen." Citing an unnamed senior European defense official, the newspaper "said that North Korea has agreed to share all the data it received from its nuclear test last year as both countries face Western pressures over the development of their own nuclear programs." The Secretary also said she had spoken with her South Korean counterpart Wednesday and the foreign ministers of China and Japan on Tuesday as part of efforts to hold a new round of six-party talks. Rice said, "We've had productive preparatory discussions with all of the parties, including the North Koreans, but there's not going to be an agreement until we're in the six-party format."

Greek Militants Claim Responsibility For Attack On US Embassy. The AP (1/25, Gatopoulos) reports, "A Greek militant group has claimed responsibility for a rocket attack on the US Embassy in Athens earlier this month, blaming American policy in Iraq and the Middle East for the strike." The "far-left" group Revolutionary Struggle issued a statement to the weekly Pontiki newspaper, its publisher Dimitris Benekos said Wednesday. He said the statement would be published on Thursday and police said forensic experts were examining the document. Benekos told the AP the five-page statement "explains why it chose the embassy as a target, linking (the attack) with US foreign policy in various parts of the world -- Afghanistan, Iran, Iraq, Palestine and so on."

British Defense Ministry Denies Rift With US. AFP (1/25) reports the British defense ministry "denied there was any rift with the United States over the two countries' plans for troop levels in Iraq following comments made" by outgoing US Ambassador Zalmay Khalilzad to the BBC. The ambassador said the US "would like the British to co-ordinate and for us to have a joint plan." A ministry spokeswoman said, "There is no tension between US and UK objectives and activities in Iraq," stressing that "this is the strategy of transition, which we are working towards, as are the Americans."

Hu To Visit Sudan For Talks On Darfur Conflict. The New York Times (1/25, A6, French, 1.16M) reports Chinese officials announced Wednesday that President Hu Jintao "would visit Sudan in early February and would seek a diplomatic solution" to the conflict in Darfur. As part of an eight-country tour of Africa, a Foreign Ministry spokesman "said that China would use its diplomatic influence to encourage a settlement of the Darfur crisis, but that China would not publicly pressure Sudan or threaten it with sanctions." Assistant Foreign Minister Zhai Jun said at a news conference in Beijing that "using pressure and imposing sanctions is not practical and will not help settle the issue."

US Analyst Criticized For Support Of Spy. The Washington Times (1/25, Gertz, 88K) reports a "senior US intelligence analyst has been formally criticized for 'poor judgment' after writing a letter and e-mails in support of a convicted former Defense Intelligence Agency analyst," US intelligence officials said. Lonnie Henley, the deputy national intelligence officer (NIO) for East Asia, "was given a letter of reprimand several months ago after an investigation within the Office of the Director of National Intelligence (DNI)." Henley was "a close friend and protégé of former DIA analyst Ronald Montaperto, who was convicted in June on espionage

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charges that included supplying secrets to Chinese military intelligence." DNI spokesman Carl Kropf "declined to comment on the reprimand, noting that it was an administrative matter."

"Blackmail Journalism" Seen As Growing Problem In China. The Washington Post (1/25, A1, Cody, 690K) reports in a front page article on "the blackmail journalism metastasizing through China's news media," which journalists and officials say Chinese reporters "are demanding…hush money with increasing regularity from businesses and government agencies in exchange for the withholding of unfavorable news." In "many ways," the Post says "blackmail journalism grew naturally out of a system in which Communist Party censors control the news rigorously, barring reports that could be seen as unfavorable to the party or contrary to the government's political goals."

Reactions To China Missile Test Mixed. Bruce Berkowitz, a research fellow at the Hoover Institution at Stanford University, writes in the Wall Street Journal (1/25, A18, 2.04M) that while China's foreign ministry acknowledged Tuesday "what the world press had reported for almost two weeks: a test of an anti-satellite weapon in space," the "danger now is that partisans and pundits will overreact. Some will claim the launch represents a new threat to the United States. Others will warn of the militarization of space." However, Berkowitz says, "They are both wrong. The real threat is that Washington will miss an opportunity to move China along the path to more diplomatic openness and democracy, and deter it from aggression against its neighbors and American interests."

Meanwhile, Elizabeth Economy, director of Asia studies at the Council on Foreign Relations, writes in the Washington Post (1/25, A25, 690K) that the test "has sparked a political firestorm, as analysts have tried to ascertain who in China knew what when and to what end." But Economy says the "truth is that China…exerts an unsettling and often negative impact on the world," and the missile strike "also underscores perhaps the greatest challenge of China's rise as a global power: The lack of transparency, official accountability and rule of law that defines China on the domestic front plays poorly on the international stage." She notes that "Chinese leaders' inability to be forthcoming on matters of international importance -- whether SARS, the Harbin pollution disaster or this missile strike -- erodes whatever goodwill and trust they earn from their tireless sojourns abroad and suggests that they are not ready for prime time."

Russia Defense Minister Criticizes US Missile Plans. The Washington Times/AP (1/25, Isachenkov) reports Russia's defense minister Wednesday "harshly criticized US plans to deploy missile-defense sites in Central Europe, saying Moscow doesn't trust the US explanation that they are intended to counter missile threats posed by Iran and North Korea." During a trip to India, Sergei Ivanov said neither Iran nor North Korea has or will have a capability to build missiles that can reach Europe. Speaking to reporters, Ivanov said, "They don't and won't have intercontinental ballistic missiles. And a question comes: whom it's directed against?"

Putin's India Visit Seen As Sign Growing Ties. The New York Times (1/25, A14, Sengupta, 1.16M) reports from New Delhi, "A new nuclear accord, booming trade and an ever closer partnership with the United States notwithstanding, the guest of honor this week at India's Republic Day ceremony, an annual display of military pomp, will be a symbol of New Delhi's newest old friend: President Vladimir V. Putin of Russia." Putin's visit is seen "as testament to the enduring ties between India and Russia," which "have been revived by the strategic demands of a prospering India, namely energy and arms."

Plot To Smuggle Uranium Shows Gaps In Anti-Proliferation Efforts. On its front page, the New York Times (1/25, A1, Sheets, Broad, 1.16M) details a plot carried out last January by Russian Oleg Khinsagov, who smuggled "100 grams of uranium so refined that it could help fuel an atom bomb" into Georgia. The case "has alarmed officials because they had thought that new security precautions had tamped down the nuclear black market that developed in the 1990s, after the Soviet Union collapsed." The Times adds, "An examination of the episode, and a similar one in 2003, suggests that the region's political instability and culture of rampant corruption continue to provide a fertile breeding ground for illicit commerce in atomic materials." This latest uranium seizure, said American Ambassador in Tbilisi, John F. Tefft, "highlights how smuggling and loose border control, associated with Georgia's separatist conflicts," pose a threat "not just to Georgia but to all the international community." But "what is most worrisome about the two most recent case, nuclear experts say, is the material itself: in large enough quantities, it could provide a terrorist with an instant solution to the biggest challenge in making a nuclear weapon, obtaining the fuel."

Litvinenko's Poisoning Jump Starts Development Of New Radiation Exposure Treatments. Under the headline, "Death Of Spy Who Ingested Polonium Spurs Drug Makers," the Wall Street Journal (1/25, B1, Levine, 2.04M) reports that following last November's case in which polonium-210, "a rare radioactive isotope, was used to murder former Russian intelligence agent Alexander Litvinenko" Ovation Pharmaceuticals Inc. of Deerfield, Ill., "got a call from the National Institute of Allergy and Infectious Diseases: Could the company brief the

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agency on Chemet? Ovation is one of a few US drug companies and laboratories that are attracting new attention because of Mr. Litvinenko's death in London from poisoning by polonium-210." The Journal adds, "Last fall, the National Institute of Allergy and Infectious Diseases in Bethesda, Md., and the Pentagon separately offered funding for research into promising radiation-injury treatments." Now, "pharmaceutical companies are giving notice that drugs they have developed, or are developing, for cancer and other diseases can also be used for exposure to radioactive elements, including possibly polonium-210. Most must be taken within hours of exposure to be effective."

Davos Forum Highlights Globalization Debate. The Wall Street Journal (1/25, A10, Walker, 2.04M)) reports that a "new refrain is emerging in Davos this year: Globalization isn't working for everyone. Stagnating wages and rising job insecurity in developed countries are creating popular disenchantment with the free movement of goods, capital and people across borders. If unchecked, popular fears could turn into a political backlash that could lead to protectionism -- or at least make broad free-trade agreements harder to achieve in the future." In an interview last week, German Chancellor Angela Merkel said, "The anxiety is there, because we have competitors that didn't exist 10 or 15 years ago." Governments in the developed world, "she said, have to persuade their own middle class -- a group used to a relatively stable economy in the postwar decades -- to embrace a life of constant change and challenge."

Liberia's President Seen As Making Progress During First Year In Office. The Los Angeles Times (1/25, A1, Dixon, 850K) profiles Liberian President Ellen Johnson-Sirleaf, who it calls "a feisty, ambitious economist trying to turn around one of the most damaged and traumatized countries on Earth, with a ferociousness that has earned her another nickname: the Iron Lady." Today, a year after Johnson-Sirleaf took office, "the most visible progress in this grimy, bullet-pocked capital is a few wan strings of fairy lights draped on dilapidated street awnings" after spending "years without electricity." Johnson-Sirleaf is "under no illusions: A few more months or a year without bringing jobs and her people's love and admiration will themselves blink out. But for now she offers hope of a new beginning to a nation torn by war's atrocities."

OPEC President Not Worried About Recent Slide In Oil Prices. The Wall Street Journal (1/25, A10, Smallman, 2.04M) reports, "OPEC's new president said that he would like higher oil prices than current levels, but that the long-term outlook was more important than a near-term price slide." Mohammed al-Hamli, who is also oil minister for the United Arab Emirates, "said he would be at ease if the cartel's reference basket of 11 of its members' crude oils was about $55 a barrel. His statement implied a price for U.S. markets of roughly $60 a barrel. U.S. benchmark crude-oil futures settled yesterday at $55.37, up 33 cents." Al-Hamli's "remarks underscore some of the uncertainty OPEC faces amid the volatile oil prices of recent weeks."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Senate Panel Opposes Troop Buildup In Iraq."
"Liberians Love Their Iron Lady, For Now."
"Tightwad Bank Is Beyond Saving."
"U.S. Motorists Cutting Back A Bit."
"Mayor Keeps High Profile On D.C. Trip."

USA Today:
"Senators Say 'No' On Bush Iraq Plan."
"Distractions Challenge Teen Drivers."
"Cities See Crime Surge As Threat To Their Revival."

New York Times:
"Big States' Plan for Earlier Primaries Scrambles Race."
"Bush Iraq Plan Is Condemned by Senate Panel."
"Congress Office Forecasts Drop in U.S. Deficit."
"Smuggler's Plot Highlights Fear Over Uranium."
"At the Libby Trial, Hints of Intrigue and Betrayal."
"Police Won't Use $140 Million Radio System."
"Of Gay Sheep, Science and Peril of Bad Publicity."
"Hedge Fund Chiefs, With Cash, Join Political Fray."

Washington Post:
"Senators Rebuff Bush On Troop Plan."
"Bush Plans New Focus On Afghan Recovery."
"New Teen Taunt: You Call Those Advanced Classes?."
"Obama's Appeal to Blacks Remains An Open Question."
"Defending Iraq War, Defiant Cheney Cites 'Enormous Successes'."

Washington Times:
"Bush Rebuke Advances."
"GOP Renews 'Amnesty' Defiance."
"Rumsfield's Transition Raises Questions."
"Obama On Tightrope In Bid For Black Vote."
"Is Jimi The King Of Pop?"
"Modern-Day Jonah Escapes Jaws Of Killer Shark."

Detroit Free Press:
"Wary GOP Lawmakers Bail On Bush."
"Record Number of Region's Homeowners Are In trouble As Economy Flounders."
"A Battle Takes Shape Over Fuel Rules."

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Atlanta Journal-Constitution:
"DeKalb Police Get Oversight."
"No Golden Net For New Dept Chief."
"Drive For New Cities Hits Detour."
"Questions Linger, But Cops Insist Vick's Case 'Is Over.'"

Houston Chronicle:
"Bonuses In HISD Strike A Nerve."
"Students Ill After Pills Given Out 'Like Candy'."
"Senate Panel Lays Into Bush War Plans."
"A Bright Spot Amid Days Of Gloom."
"After Decades Of Waiting Arrest Made In Slayings."
"Doctors Find A Long Wait To See Patients On Texas."

Story Lineup From Last Night's Network News:
ABC: Senate-Iraq Resolution; Senate Iraq Resolution-Analysis; Bush Health Care Plan; Bush Health Care Plan-Analysis; Sen. Kerry Not Running; Helicopter Crash-Iraq; Iraqi Children; A Soldier's Story; Duke Lacrosse Rape Case; Norovirus Outbreak; Pope John Paul II.
CBS: Senate-Iraq Resolution; Cheney Interview; Troops On Patrol-Iraq; Afghanistan War; Bush Energy Plan; Climate Change Report; Sen. Kerry Not Running; Medical Care Discounts; Hurricane Katrina Forgotten; Fallen Soldier; Reality TV.
NBC: Senate-Iraq Resolution; State Of The Union-Aftermath; Iraq Resolution-Analysis; Sen. Kerry Not Running; State Of The Union-Public Response; Iraq Sectarian Violence; Cold Case; Terrorism Plot-London; Birth Control Pills; Stock Market; Helping The Grieving.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate Committee-Iraq Resolution; Cheney-Defends Iraq Strategy On CNN; Senate Committee-Petraeus Nomination; Baghdad-Motorcycle Bomb; Chávez-Castro; MO-Powerball Lottery Winner; Tokyo Stock Exchange; R&B Singer Brandy-Car Accident Investigation; Noriega-Panama Return; CareerBuilder.com Job Satisfaction Survey.
CBS: House Republicans-Strategy Session; Senate Committee-Iraq Resolution; Libby Trial; MS-42-Year-Old Racial Murder Case; IN-Abducted Woman; John Kerry-2008 Plans.
NPR: Bush-Missouri; John Kerry-2008 Plans; Iraqi Court Puts Off Death Penalty Decision On Saddam Deputy; Baghdad-Motorcycle Bomb; Congress-Airlines Merger; US Ambassador To Canada-Terrorist Watch List Controversy; Georgian Authorities Arrest Man For Trying To Sell Uranium; Putin-India.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Tours Saint Luke's East-Lee's Summit, Lee's Summit, Mo.; participates in a roundtable on healthcare initiatives. Saint Luke's East-Lee's Summit, Lee's Summit, Mo.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iraqi reconstrtuction strategy. State Department Iraq Coordinator David Satterfield. Location: Room 216, Hart.

9:30 a.m. ARMED SERVICES _ full Committee. Hearing on the futurte in Iraq. Former Defense Secretary William Perry, Dennis Ross of the Washington Institute for Near East Policy, retired Gen. John Keane, former Army vice chief of staff. Location: Room 106, Dirksen.

9:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on billing, marketing and disclosure practices of the credit card industry and their impact on consumers. Location: Room 538, Dirksen.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on oil and gas resources on the Outer Continental Shelf and areas available for leasing in the Gulf of Mexico. Assistant Interior Secretary Stephen Allred, Chairman and CEO J. Larry Nichols of Devon Energy, New Jersey Environmental Protection Commissioner Lisa Jackson, Chevron Corp. Vice President Paul Siegele, Athen Manuel of the Sierra Club, Majorie McKeithen of the Louisiana Mineral Resources Department. Location: Room 366, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Organizational meeting. Location: Room 485, Russell.

10 a.m. BUDGET _ Full Committee. Hearing on the budget and the CBO outlook. CBO Director Peter Orszag. Location: Room 608, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Organizational meeting, and consideration of pending judicial nominations. Location: Room 226, Dirksen.

2:30 p.m. FOREIGN RELATIONS _ full Committee. Hearing on political strategy in Iraq. Laith Kubba of the National Endowment for Democracy, Ahmed Hashim of the Naval War College, Qubad Talabani of the Kurdistan Regional Government, and Toby Dodge of the International Institute for Strategic Studies. Location: Room 216, Hart.

2:30 p.m. HOMELAND SECURITY AND GOVENRMENTAL AFFAIRS _ Oversight and Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on the federal government's efforts to develop a foreign language strategy. Assistant Air Force Secretary Michael Dominguez, Holly Kuzmich of the Education Department, Everette Jordan of the FBI, Rita Oleksak of the American Council on the Teaching of Foreign Language, Michael Petro of the Committee for Economic Development, and Diane Birckbichler of the

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Foreign Language Center at Ohio State University. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on intelligence revision proposals regarding the FBI and Homeland Security. Deputy FBI Direcvtor John Pistole, Charles Allen of DHS, D.C. Police Chief Cathy Lanier, West Virginia Public Safety Secretary James Spears. Location: Room 219, Hart.

US House: No Scheduled Events.

Other: MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 8 a.m. Mayors and Business Leaders Plenary Breakfast featuring awards presentations and address by Sen. Hilary Rodham Clinton, D-N.Y. 9:30 a.m. Children, Health and Human Services Standing Committee, with Sen. Jack Reed. 12 p.m. News conference on climate protection, with Mayors Douglas Palmer of Trenton, Manuel Diaz of Miami, Greg Nickels of Seattle, Rep. Edward Markey, others. 12:30 p.m. - 2 p.m. Luncheon, featuring release of Report: 2007 U.S. Metro Economies: Engines of Americas Growth, with Kwame M. Kilpatrick, Mayor of Detroit, chairman, US Conference of Mayors, Council for the New American City; presentation: 2006 Municipal Water Conservation Achievement Awards, with Martin J. Chavez, Mayor of Albuquerque; Mayor Dan Coody of Fayetteville; Donald L. Correll, president & CEO. American Water; announcement of the 2007 City Water Taste Test Competition. 2 p.m. News conference on poverty in America, with Los Angeles Mayor Antonio Villaraigosa, Chicago Mayor Richard Daley, Miami Mayor Manuel Diaz, Detroit Mayor Kwame Kilpatrick, others. 2:30 p.m. - 3 p.m. Plenary session with address by Sen. Norm Coleman, R-Minn. Location: Capital Hilton, 16th and K Sts. NW.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: 9 a.m. - 10:30 a.m. Opening plenary session with Sen. Barack Obama, D-Ill.; and Uwe Reinhardt, Professor of Economics & Public Affairs, Princeton University. 12:30 p.m. - 2:30 p.m. Lunch with Sen. Gordon Smith, R-Ore., and announcement of ``When An Apple a Day Isn't Enough" National Essay Contest Grand-Prize Winners. 2:15 p.m. Plenary with Sen. Sherrod Brown, D-Ohio. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

INDIAN COUNTRY _ 8:30 a.m. The National Congress of American Indians, others, host an Indian Country Congressional Breakfast, with a panel discussion with Sen. Byron Dorgan, former Sen. Ben Nighthorse Campbell, others. Location: Room 385, Russell.

LEGAL REFORM _ 9 a.m. The Washington Legal Foundation sponsors a briefing on the state and federal civil justice reform agenda for 2007, with Victor Schwartz, Chair, Public Policy Group, Shook, Hardy and Bacon, Steven Hantler, Assistant General Counsel, Daimler Chrysler, and President Sherman Hoyce of the American Tort Reform Association. Location: 2009 Massachusetts Ave. NW.

KASHMIR _ 10:30 a.m. - 12 p.m. The Brookings Institution hosts a panel discussion with Navnita Chadha Behera and other leading experts to discuss her new book, ``Demystifying Kashmir," and its policy recommendations. Behera will discuss the upcoming meeting between Prime Minister Singh and President Musharraf, the effect this meeting will have on the peace process, and the internal politics of Kashmir on both sides of the line of control. Participants include: Thomas Pickering, former U.S. ambassador to India; Hasan Askari Rizvi, former visiting professor of Pakistan studies, Columbia University; and Ashley Tellis, senior associate, Carnegie Endowment for International Peace. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAN-NUCLEAR _ 12 p.m. The Cato Institute holds a briefing on Iran's nuclear program and its costs and benefits regarding American policy, with Ted Galen Carpenter of the institute and Justin Logan of the institute. Location: Room B-354, Rayburn.

OMAN _ 12 p.m. Amb. Hunaina Sultan Ahmed Al Mughairy, the first woman to represent an Arab nation as an ambassador in Washington, gives a lecture on promoting economic growth in the Arab world, sponsored by George Washington University. Location: City View Room, 7th floor, 1957 E St. NW.

US COURTS-INTERNATIONAL _ 12 p.m. - 2 p.m. The American Society of International Law, in conjunction with the Washington Foreign Law Society, hosts a luncheon talk on the use of foreign and international law in U.S. courts by Dr. Rubens Medina, Law Librarian, Director of Legal Research, and Director of the Global Legal Information Network at the Law Library of Congress. Location: City Club of Washington, Columbia Square, 555 13th St. NW.

WAR CHANGES _ 2 p.m. - 4 p.m. The Straus Military Reform Project holds a press briefing on retired Army Maj. Donald E. Vandergriff's newest work ``Raising the Bar: Creating and Nurturing Adaptability to Deal with the Changing Face of War." Location: Choate Room, first floor, Carnegie Building, 1779 Massachusetts Ave. NW.

HOMELAND SECURITY _ 3 p.m. Homeland Security Civil Rights and Civil Liberties Director Daniel Sutherland presents the ``Introduction to Arab American and Muslim American Cultures for DHS Personnel." Location: American-Arab Anti Discrimination Committee, 1732 Wisconsin Ave. NW.

HOLOCAUST DENIAL _ 4:30 p.m. The Holocaust Museum and the State Department hold a briefing on U.S. efforts to combat denial of the Holocaust through the United Nations. Participants include Deputy Assistant Secretary of State Mark Lagon. Location: Classroom B, Holocaust Museum.

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THE MIDDLE CLASS _ 6 p.m. - 8 p.m. There will be a party celebrating the the publication of Thom Hartmanns Book, ``Screwed: The Undeclared War Against the Middle Class and What We Can Do About It." Location: Virginia Room, second floor, Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

IRAQ _ 6:30 p.m. George Washington University sponsors a town hall meeting on the future in Iraq, with security experts, others, including Christopher Kojm of the 9/11 Discourse Project. Location: Room 213, 1957 E St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Gonzales Says The Constitution Doesn't Guarantee Habeas Corpus (SFC)

By Bob Egelko, Chronicle Staff Writer
San Francisco Chronicle, January 24, 2007
Attorney general's remarks on citizens' right astound the chair of Senate judiciary panel

One of the Bush administration's most far-reaching assertions of government power was revealed quietly last week when Attorney General Alberto Gonzales testified that habeas corpus -- the right to go to federal court and challenge one's imprisonment -- is not protected by the Constitution.

"The Constitution doesn't say every individual in the United States or every citizen is hereby granted or assured the right of habeas," Gonzales told Sen. Arlen Specter, R-Pa., during a Senate Judiciary Committee hearing Jan. 17.

Gonzales acknowledged that the Constitution declares "habeas corpus shall not be suspended unless ... in cases of rebellion or invasion the public safety may require it." But he insisted that "there is no express grant of habeas in the Constitution."

Specter was incredulous, asking how the Constitution could bar the suspension of a right that didn't exist -- a right, he noted, that was first recognized in medieval England as a shield against the king's power to dispatch troublesome subjects to royal dungeons.

Later in the hearing, Gonzales described habeas corpus as "one of our most cherished rights" and noted that Congress had protected that right in the 1789 law that established the federal court system. But he never budged from his position on the absence of constitutional protection -- a position that seemingly would leave Congress free to reduce habeas corpus rights or repeal them altogether.

Gonzales did not propose any such drastic rollback and devoted most of his discussion to fending off senatorial attacks on a law signed by President Bush last October. That law included a provision stripping federal courts of authority to hear habeas corpus suits by noncitizens classified by the government as "enemy combatants." Specter and Sen. Patrick Leahy, D-Vt., the Judiciary Committee chairman, are sponsoring legislation to undo the restriction.

But critics on both ends of the ideological spectrum said the attorney general was claiming a broader and more chilling power.

"This is the key protection that people have if they're held in violation of the law," said Erwin Chemerinsky, a Duke University law professor who has criticized the administration's actions on civil liberties. "If there's no habeas corpus, and if the government wants to pick you or me off the street and hold us indefinitely, how do we get our release?"

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Chemerinsky was joined by Douglas Kmiec, a Pepperdine University law professor and former Justice Department official under Presidents Ronald Reagan and George H.W. Bush.

If Gonzales' view prevailed, Kmiec said, "one of the basic protections of human liberty against the powers of the state would be embarrassingly absent from our constitutional system."

Justice Department spokesman Brian Roehrkasse said this week that Gonzales stood by his remarks but was asserting only that the text of the Constitution does not guarantee habeas corpus. The attorney general recognizes, Roehrkasse said, that the Supreme Court has declared "the Constitution protects (habeas corpus) as it existed at common law" in England. Any such rights, he added, would not apply to foreigners held as enemy combatants.

Habeas corpus was recognized in English law at least as early as the Magna Carta, in 1215, and perhaps earlier. In the United States, it refers to bringing a prisoner's case before a federal judge, who has the power to order the government to release anyone who is being held illegally.

It has become an issue in Bush's efforts to hold military captives at the U.S. naval base in Guantanamo Bay, Cuba, with little or no access to civilian courts. The Supreme Court ruled in 2004 that that those prisoners could file habeas corpus claims in court, rejecting the administration's argument that inmates held outside the United States had no such right. That ruling was based on the court's interpretation of laws passed by Congress and did not discuss whether Guantanamo inmates had a constitutional right to habeas corpus.

The distinction is potentially crucial, because Congress, in the law signed last October, prohibited federal courts from reviewing habeas corpus suits by Guantanamo prisoners or any other noncitizens held as enemy combatants. The law's validity depends on whether the Supreme Court concludes that the prisoners' constitutional rights are being violated.

The issue of habeas corpus came up during last week's hearing when Specter asked Gonzales how a congressional statute could withdraw the right "when there's an express constitutional provision that it can't be suspended and an explicit Supreme Court holding that it applies to Guantanamo alien detainees?"

The court ruled only on the right to habeas corpus that was created by statute, Gonzales replied. He then asserted that the Constitution does not contain any express right of habeas corpus, only "a prohibition against taking it away."

The issue extends far beyond Guantanamo.

The Supreme Court has interpreted federal judges' powers of habeas corpus to apply to prison systems around the nation and the legality of convictions in state as well as federal court.

For example, federal judges, who are appointed for life, regularly invoke habeas corpus when overturning convictions or death sentences of state inmates, overruling decisions by elected state judges.

Bruce Fein, a former Reagan Justice Department attorney who has become an outspoken critic of the Bush administration, noted that the day before his Judiciary Committee appearance, Gonzales had denounced "activist judges" and advised them to stay out of national security matters.

Gonzales' comments to the committee on habeas corpus, Fein said, contained a message that "Congress doesn't have to let them (judges) decide national security matters."

"It's part of an attempt to create the idea that during conflicts, the three branches of government collapse into one, and it is the president," Fein said.

What Gonzales, Specter said

Excerpts from the exchange between Attorney General Alberto Gonzales and Sen. Arlen Specter, R-Pa., at a Senate Judiciary Committee hearing Jan. 17:

Gonzales: There is no express grant of habeas in the Constitution. There's a prohibition against taking it away. ...

Specter: Wait a minute. Wait a minute. The Constitution says you can't take it away except in cases of rebellion or invasion. Doesn't that mean you have the right of habeas corpus unless there's an invasion or rebellion?

Gonzales: I meant by that comment, the Constitution doesn't say every individual in the United States or every citizen is hereby granted or assured the right to habeas. Doesn't say that. It simply says the right of habeas corpus shall not be suspended except...

Specter: You may be treading on your interdiction and violating common sense, Mr. Attorney General.

Source: Senate Judiciary Committee transcript

E-mail Bob Egelko at begelko@sfchronicle.com.

Op-Ed: Specter V. Gonzales (WEEKST)

By Adam J. White

Weekly Standard, January 25, 2007

Senator Specter still misunderstands habeas corpus.

FOR ARLEN SPECTER, limits on the right of Guantanamo prisoners to petition for the writ of habeas corpus in federal courts have long been a sore point. When Alberto Gonzales appeared before the Senate Judiciary Committee last week, Pennsylvania's senior senator grilled him on two interrelated subjects: whether the Constitution expressly guarantees the right to petition federal courts for writs of habeas corpus, and whether the Supreme Court's recent Rasul decision affirmed such a constitutional right.

On the former question, Specter received Gonzales's answers with flippant incredulity, but in fact both sides of the argument enjoy substantial support. And on the latter question, Specter's ire was completely inappropriate, for his description of Rasul bore absolutely no resemblance to the Court's decision.

WITH ITS ROOTS IN ENGLAND'S Magna Carta and Habeas Corpus Act, the writ of habeas corpus--"the Great Writ"--affords fundamental protection against unlawful detention. The writ is referenced by name in Article I, Section 9 of the Constitution: "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

Specter pressed Gonzales on the constitutionality of Congress's 2005 elimination of habeas corpus rights for Guantanamo prisoners. In answering that the 2005 law did not destroy any rights afforded detainees by the Constitution (rather than by mere statute), Gonzales stated, "there is no express grant of habeas in the Constitution. There's a prohibition against taking it away."

Specter responded in disbelief:

Wait a minute. Wait a minute. The Constitution says you can't take it away except in case of rebellion or invasion. Doesn't that mean you have the right of habeas corpus unless there's an invasion or rebellion? . . . You may be treading on your interdiction and common sense, Mr. Attorney General.

Not exactly. Gonzales's answer, though not unassailable, enjoys much historical support. Although the Constitution expressly provides that the writ of habeas corpus may only be "suspended" in certain circumstances, it does not expressly provide that the writ is implemented in the first instance without an affirmative enactment by Congress.

Specter takes what may well be the more intuitive reading of the Constitution's provision: that Article I, Section 9 presumes that the privilege of habeas corpus exists absent a valid suspension. (Indeed, it's phrased in a manner similar to the First Amendment: "Congress shall make no law . . . abridging the freedom of speech," clearly presumes that there is a freedom of speech.)

But history suggests that Gonzales (whom Rolling Stone promptly deemed the "Human Constitution Shredder") may well be correct. At the 1787 constitutional convention, the first habeas provision, proposed by South Carolina's Charles Pinckney, not only limited habeas's suspension, but also expressly created the writ. The final version, though, included only the former provision; when it was presented to the States for ratification, four States criticized the lack of an express habeas grant, and proposed alternatives resembling Pinckney's.

Shortly thereafter, the first Congress enacted the Judiciary Act of 1789, expressly granting Supreme Court justices and other federal judges the authority to grant the writ. If, as Specter suggests, the Constitution itself granted the writ, then such a statute would seem utterly superfluous.

Two decades later, in Ex Parte Bollman, Chief Justice John Marshall wrote for the Court that even if Congress "felt" a Constitutional "obligation" to provide for the writ, "the power to award the writ by any of the courts of the United States, must be given by written law." The writ would be available only where, "by any statute . . . the power to award a writ of habeas corpus . . . has been given to this court."

What, then was the value of the Suspension Clause under this theory of Framer intent? Theories vary but, as constitutional scholar (and no friend of the Bush administration) Erwin Chemerinsky noted in 1987 (emphasis added), William Duker's "authoritative" history of habeas "conclude[d] that the 'provision was designed to restrict Congress from suspending state habeas for federal prisoners.'"

None of this is to say that Specter is, in the end, certainly wrong. Specter's reading of the provision certainly enjoys as much--if not more--support than Gonzales's. Again, the Constitution's mention of the writ appears to imply its existence. Furthermore, in Federalist 84, Alexander Hamilton reassured his readers that the Constitution included the "establishment" of the writ, thereby suggesting that further statutory provision was unnecessary.

Justice Scalia appears to share Hamilton's view, writing in the 2004 Hamdi case that "[t]he writ of habeas corpus was preserved in the Constitution--the only common-law writ to be explicitly mentioned." The Supreme Court's four "war on terror" cases make clear that a majority of the Court shares Specter's view that the Constitution itself does create some basic level of habeas corpus protection for some or all prisoners.

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Surely the issue is due to be debated for another 200 years. In the meantime, it's probably premature for either Specter or Gonzales to declare victory.

IMMEDIATELY BEFORE CLASHING over the terms of the Constitution, Specter and Gonzales debated the Supreme Court's 2004 decision in Rasul v. Bush, where the Court held that 18 U.S.C. s. 2241, the habeas corpus statute, extended the writ to foreigners held at Guantanamo (before Congress, responding in 2005, amended the statute).

Gonzales disagreed with Specter's assertion that in Rasul the [word deleted] Court held that the Constitution--not merely the statute--created the habeas rights of Guantanamo prisoners. Gonzales suggested that Rasul was merely a statutory--not constitutional--interpretation.

Specter tartly replied, "[w]ell, you're not right about that. It's plain on its face they're talking about the constitutional right. . . . When did you last read the case?"

But if anyone needs to re-read the case, it's Specter. The Court went to great pains to make clear that it was merely interpreting the statute, and not the Constitution. And for good reason: To turn Rasul into a constitutional question, the Court would have had to overrule Eisentrager, the 1950 case in which the Court held that the Constitution's writ did not reach prisoners held outside the United States.

Instead, the Court recognized only a statutory right:

Persons detained outside [U.S. territory] no longer need rely on the Constitution as the source of their right to federal habeas review. . . . Eisentrager plainly does not preclude the exercise of [Section] 2241 jurisdiction over petitioners' claims.

This was no surprise to the litigants because, as Justice Scalia noted in his dissent, the prisoners agreed at oral argument that the case involved no Constitutional right. The briefs of the petitioners, Rasul and Al Odah, raised no constitutional arguments. Specter couldn't have been less correct.

Adam J. White is an attorney in Washington, D.C. The views expressed here are not intended to represent the views of his employers.

The Hair-splitter In Chief (FWST)

By Linda P. Campbell

The Fort Worth Star-Telegram, January 25, 2007

Justice Robert Jackson famously wrote in 1949 that the Bill of Rights isn't "a suicide pact."

But loyalty to George W. Bush increasingly seems to be one -- at least in the way that Attorney General Alberto Gonzales reads the Constitution.

Even if you believe, as I do, that the Bush administration has upset the balance among the three branches of government by arrogating excessive authority to the executive branch, you can understand that the president's lawyers would zealously defend his power.

When Gonzales switched from White House counsel to attorney general, though, he presumably became the people's top lawyer, defender of our rights. Instead, he sounds all too often like the evader in chief, the astounder, the contradicter, the rationalizer extraordinaire.

Just last week, he told members of the Senate Judiciary Committee that White House officials had discussed whether a secret wiretapping program unilaterally ordered by the president could be conducted under the Foreign Intelligence Surveillance Act, which is supposed to govern that kind of information gathering.

Those discussions were had, Gonzales testified, because of "concerns raised" and "questions asked here in this committee." Odd that he should say that. Because he also has claimed that he started looking into bringing the wiretapping program under FISA as soon as he became AG in 2005, well before public disclosure of the program triggered alarms and questions from the Judiciary Committee.

But if that inconsistency eluded attention, his stubborn obtuseness about the Constitution did not.

Gonzales and Sen. Arlen Specter, a Pennsylvania Republican, got into a did so/did not debate about whether the Supreme Court's 2004 ruling in Rasul v. Bush dealt with the statutory or constitutional right of habeas corpus.

(That's the right of accused persons to have the government justify holding them in custody. The Bush administration insisted that "enemy combatants" held at the Guantanamo Bay prison had no right to challenge their imprisonment -- until the Supreme Court said in Rasul that, indeed, they could get into federal court.)

Gonzales one-upped Specter by declaring that "there is no express grant of habeas in the Constitution. There's a prohibition against taking it away."

"Wait a minute," Specter replied. "The Constitution says you can't take it away except in cases of rebellion or invasion. Doesn't that mean you have the right of habeas corpus ... unless there's an invasion or rebellion?"

Gonzales just dug deeper: "The Constitution doesn't say every individual in the United States, or every citizen, is hereby granted or assured the right to habeas. It doesn't say that. It simply says the right of habeas corpus shall not be suspended except. ..."

Later in the hearing, a perturbed Chairman Patrick Leahy, D-Vt., pointed out that many key rights in the Constitution are written in terms of not what people can do but what government can't ("Congress shall make no law ..."; "... the right of the people to keep and bear arms shall not be infringed.").

At that, Gonzales backtracked, calling habeas corpus "one of our most cherished rights" and demurring that he was "simply making an observation as to the literal language of the Constitution."

Well, the literal language in Article I, Section 9 is this: "The Privilege of the Writ of Habeas Corpus shall not be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it."

And in the Rasul ruling, Justice John Paul Stevens recognized the long history and fundamental importance of the right: "Habeas corpus is, however, 'a writ antecedent to statute, ... throwing its root deep into the genius of our common law.' ... The writ appeared in English law several centuries ago, became 'an integral part of our common-law heritage' by the time the Colonies achieved independence, ... and received explicit recognition in the Constitution."

Gonzales was right that the court based its ruling on statutory law: The justices said that the law gives federal courts jurisdiction to hear the prisoners' claims of unlawful detention.

Well, we'll just get that written out of the law, the Bush administration countered -- and did, last year.

Maybe Gonzales' hard line stems from an honest belief in a stingy reading of the Constitution -- unless, of course, provisions dealing with presidential power are involved.

Maybe he sees nothing to lose from continued myopic allegiance to the president he has served since their Texas days -- though it's questionable how much sway Gonzales has anymore. Jan Crawford Greenburg writes in her new book, Supreme Conflict, that Gonzales tried, and obviously failed, to warn Bush away from nominating fellow Texan Harriet Miers to the Supreme Court.

With his own Supreme Court ambitions certainly dashed, maybe Gonzales considers it a badge of honor to be lampooned on Comedy Central's Colbert Report.

That might be good for late-night guffaws, but it's hardly the promising future he took to Washington with him.

Judge: Lawyer Leaked Padilla Transcripts (AP)

By Curt Anderson

AP, January 25, 2007

A lawyer for suspected al-Qaida operative Jose Padilla violated a court order by leaking his wiretapped phone conversations, a judge found Wednesday while not imposing a penalty.

Instead, U.S. District Judge Marcia Cooke ordered all defense lawyers in the case to sign papers indicating they understood and would follow rules barring disclosure of certain evidence.

Cooke also said she might hold in contempt anyone who receives such prohibited material, and she specifically mentioned several reporters attending Wednesday's hearing.

"The lash is about to fall on all," Cooke said. "We're going to have a trial, as much as possible as we can, a trial on the evidence, and not on anything else."

The leaked transcripts documented seven telephone conversations on which Padilla's voice is heard that were intercepted under the Foreign Intelligence Surveillance Act. Defense lawyers have said that Padilla is never overheard discussing any violent acts and that many of the conversations involve family matters, casting doubt on the strength of the government's case.

The transcripts are not classified but were covered under Cooke's order barring disclosure.

Michael Caruso, one of three Miami-based public defenders on Padilla's defense team, acknowledged that one of them was responsible for providing the material to The New York Times, which published the story Jan. 4.

The leaker was identified in a sealed court filing to Cooke, but it was not made public and none of the lawyers would name the person responsible.

"This was a simple misunderstanding, an honest mistake, and it has been rectified," Caruso said. "Your honor can rest assured that this matter is at an end. There have been no further disclosures."

Prosecutors had wanted Cooke to begin a formal investigation of the disclosure.

"What was the point? It was clearly calculated to influence the jury of public opinion and try this case there," Assistant U.S. Attorney Brian Frazier said. "It was a deliberate violation."

The Times has declined to comment.

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Padilla, 36, is accused along with two others of being part of a North American cell that provided cash, supplies and recruits to Islamic extremist causes worldwide. Padilla, a U.S. citizen, was accused after his 2002 arrest of being on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major U.S. city, but those allegations are not part of the Miami case.

Padilla was held without charge for 3 1/2 years at a Navy brig after President Bush designated him as an enemy combatant. He was added to the Miami case in late 2005 amid an escalating legal battle over the president's powers to indefinitely detain Padilla and others during wartime.

Padilla and his co-defendants have pleaded not guilty. Trial is scheduled to begin April 16, and that could hinge on whether Padilla is found competent. His lawyers say he is suffering mental problems stemming from his long, isolated military confinement.

Georgian Sting Seizes Bomb Grade Uranium (AP)

By Desmond Butler

AP, January 25, 2007

WASHINGTON - It was one of the most serious cases of smuggling of nuclear material in recent years: A Russian man, authorities allege, tried to sell a small amount of nuclear-bomb grade uranium in a plastic bag in his jacket pocket.

The buy that took place last summer, it turned out, was a setup by Republic of Georgia authorities, with the help of the CIA. Their quiet sting operation - neither U.S. nor Georgian officials have publicized it - is an unsettling reminder about the possibility of terrorists acquiring nuclear bomb-making material on the black market.

No evidence suggests this particular case was terrorist-related.

"Given the serious consequences of the detonation of an improvised nuclear explosive device, even small numbers of incidents involving HEU (highly enriched uranium) or plutonium are of very high concern," said Melissa Fleming of the U.N.'s International Atomic Energy Agency.

Details of the investigation, which also involved the FBI and Energy Department, were provided to The Associated Press by U.S. officials and Georgian Interior Minister Vano Merabishvili.

Authorities say they do not know how the man acquired the nuclear material or if his claims of access to much larger quantities were true. He and three Georgian accomplices are in Georgian custody and not cooperating with investigators.

Georgian attempts to trace the nuclear material since the arrest and confirm whether the man indeed had access to larger quantities have foundered from a lack of cooperation from Russia.

Merabishvili said he was revealing the story out of frustration with Russia's response and the need to illustrate the dangers of a breakdown in security cooperation in the region.

A message left with the press office of the Russian Embassy was not returned. A duty officer at the Russian Foreign Ministry told The Associated Press that there was no one authorized to comment Wednesday night.

Russia has tense relations with Georgia, like Russia a former Soviet republic. Georgia has been troubled by Russia's support for separatists in two breakaway Georgian border regions, Abkhazia and South Ossetia.

The sting was set up after Georgian authorities uncovered extensive smuggling networks while investigating criminal groups operating in the breakaway republics, Merabishvili said.

"When we sent buyers, the channels through Abkhazia and South Ossetia began to expand, and we started seeing a huge flow of materials," he said. "Sometimes it was low-grade enriched materials, but this was the first instance of highly enriched material."

According to his account, during an investigation in South Ossetia, a Georgian undercover agent posing as a rich foreign buyer made contact with the Russian seller in North Ossetia, which is part of Russia.

After the Russian offered to sell the sample, the agent rebuffed requests that the transaction occur in North Ossetia, insisting the Russian come to Tbilisi, the Georgian capital.

At a meeting in Tbilisi, the man pulled out from his pocket a plastic bag containing the material.

"He was offering this as the first stage in a deal and said he had other pieces, Merabishvili said. "We don't know if that was true."

Uranium has a low level of radioactive emission and can be transported more safely than other radioactive materials.

The man was arrested and sentenced to eight to 10 years in prison on smuggling charges. His accomplices were sentenced on lesser charges.

Russian authorities took a sample of the material but failed to offer any assistance despite requests for help from the Georgians, Merabishvili said.

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"We were ready to provide all the information, but unfortunately no one arrived from Russia, not even to interview this person," Merabishvili said. "It is surprising because it is in Russian interests to secure these materials. There are terrorist organizations in Russia who would pay huge amounts of money for this."

The Georgians asked for U.S. assistance. Agents from the FBI and the Energy Department took the material back to the United States, where it was tested by the Energy Department's National Nuclear Security Administration.

"The material was analyzed by agency nuclear experts and confirmed to be highly enriched uranium," said Bryan Wilkes, a spokesman for the agency.

Fleming, of the IAEA, said the agency was aware of the Tbilisi seizure and was expecting formal notification from Georgia soon.

The CIA would not comment on the case, and the FBI confirmed its involvement in the investigation but nothing more.

Merabishvili, who was visiting Washington this week, said he did not have some details of the investigation, including the exact date the arrest was made or the full name of the suspect. Further efforts to clarify with the Georgian Embassy were not successful.

None of the U.S. officials would confirm the weight of the seizure or its quality, but Merabishvili said it was about 100 grams (3.5 ounces) of uranium enriched by more than 90 percent.

Uranium enriched at 90 percent is weapons grade.

A nuclear bomb of a design similar to the one exploded over Hiroshima in 1945 would require about 50 kilograms (110 pounds) of uranium enriched at over 90 percent, according to Matthew Bunn, a senior research associate who focuses on nuclear theft and terrorism at Harvard University's Kennedy School of Government. Bunn said that a more sophisticated implosion type nuclear bomb would require 15 to 18 kilograms (33 to 40 pounds).

According to an IAEA database, there have been 16 previous confirmed cases in which either highly enriched uranium or plutonium have been recovered by authorities since 1993.

In most cases the recoveries have involved smaller quantities than the Tbilisi case. But in 1994, 2.72 kilograms (6 pounds) of highly enriched uranium intended for sale were seized by police in the Czech Republic. In 2003, Georgian border guards using detection devices provided by the United States caught an Armenian man with about 170 grams (5 ounces) of HEU, according to the State Department.

Fleming said examples of stolen or missing bomb-grade nuclear material, including highly enriched uranium and plutonium, are rare and troubling.

David Albright, a former U.N. weapons inspector and head of the Washington-based Institute for Science and International Security, said that lacking help from Russia, the CIA may be looking to other allies to help identify who has access to lost nuclear material.

"Russian cooperation in answering these questions is critical, but it has not been forthcoming," he said. "One way to identify who is active in trading these materials is to conduct sting operations."

Georgia Says It Blocked Smuggling Of Arms-Grade Uranium (NYT)

By Lawrence Scott Sheets And William J. Broad

New York Times, January 25, 2007

TBILISI, Georgia, Jan. 24 — Georgian authorities intercepted an illicit shipment of highly enriched uranium last January, the second seizure of weapons-grade material here in two and a half years, officials here say.

The interior minister, Ivane Merabishvili, said in a recent interview that agents had arrested a Russian man carrying 100 grams of uranium, a little under four ounces, into Georgia from Russia. The authorities had previously reported that they had arrested a man in 2003 trying to cross the border between Georgia and Armenia with 170 grams of uranium.

Although nuclear experts said neither episode involved enough material to build a nuclear weapon, the two seizures raised concerns about illicit trade in material from the nuclear operations of the former Soviet Union. These cases are believed to be the first involving smuggling of highly enriched uranium in the region in at least five years.

Russian officials did not respond to requests for comment.

This activity “in the worst-case scenario could be very detrimental to international security,” said John F. Tefft, the American ambassador to Georgia. Georgia and the United States have focused on detecting smuggling of radioactive materials across the borders of former Soviet republics like Russia and Armenia.

The 2006 smuggling case, which has not been previously reported, is expected to be noted in a report from the United Nations International Atomic Energy Agency on illicit nuclear activities, agency officials said. That report is expected to be released this week.

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Georgian and American officials said United States law enforcement and nuclear experts had been involved in the investigation of the second seizure. Richard J. Kolko, an F.B.I. spokesman, confirmed that the bureau had taken part in the inquiry but declined to elaborate.

In addition to the two cases involving enriched uranium, Mr. Merabishvili said, Georgian authorities intercepted an illicit shipment of raw uranium, or yellowcake, in August 2006.

That case involved 2.2 pounds of raw uranium that the authorities said was being smuggled from the separatist region of Abkhazia. One man was arrested, said Archil Pavlenishvili, Georgia's chief investigator for nuclear trafficking.

He said that agents had learned about the raw uranium from sources in the criminal underworld and that the investigation was continuing.

The Georgian officials said they believed that corrupt law enforcement officials in Abkhazia had helped ensure the safe passage of the shipment. Officials in Abkhazia said they had not been informed about the arrest, but they promised to assist in any investigation.

HOMELAND RESPONSE:

Man Pleads Not Guilty To Running Over People In UNC Attack (AP)

AP, January 25, 2007

HILLSBOROUGH, N.C. -- A man accused of trying to kill students at the University of North Carolina by driving through campus in an attack he said was intended to avenge the treatment of Muslims by the United States pleaded not guilty Wednesday.

Mohammed Taheri-Azar, 23, said three weeks ago that he wanted his case to conclude as soon as possible and had said previously he intended to plead guilty to the charges stemming from the attack in March.

James Williams, Taheri-Azar's court-appointed lawyer, declined to discuss specifics about the case. But when asked after the brief hearing why his client pleaded not guilty, he said only, "That's a very good question."

Taheri-Azar, an Iranian native who grew up in Charlotte, faces nine counts of attempted first degree murder and another nine counts of felony assault.

Nobody was seriously injured in the March incident, when investigators say Taheri-Azar, a UNC Chapel Hill graduate, drove a rented SUV through a popular campus gathering spot, hitting nine people. Minutes after the attack, Taheri-Azar called 911 to surrender.

During the 911 call, Taheri-Azar told an emergency dispatcher he wanted to "punish the government of the United States for their actions around the world." He later told investigators he intentionally rampaged through campus to "avenge the deaths of Muslims around the world."

Taheri-azar also sent dozens of letters to local media organizations. Orange County District Attorney Jim Woodall said Wednesday he may ask some of the reporters who received letters to testify in the case.

"The issue is not confidentiality," Woodall said. "The media is still just a witness if you do something publicly."

Taheri-Azar said last June that he planned to plead guilty and wanted to represent himself. He has since accepted Williams as his public defender.

Taheri-Azar is now in Raleigh's Central Prison with bond set at $5.5 million. He is due to return to court for a motions hearing March 27.

Screening Provisions Unlikely To Survive (AP)

By Beverley Lumpkin

AP, January 25, 2007

House-passed requirements for intensified screening of cargo on passenger aircraft and ship-borne goods heading toward the U.S. are unlikely to survive in the Senate, a House leader on security issues conceded Wednesday.

The provisions were part of a House bill that was ballyhooed as the first legislation to pass in the Democratic-controlled Congress this year. Approval was meant to signal the new leadership's priorities in pushing through security recommendations of the 9/11 Commission.

Rep. Bennie Thompson, D-Miss., who chairs the House Homeland Security Committee, told reporters that two key provisions of the House bill are unlikely to make it through the Senate.

"With the exception of ports and cargo screening," he said, "everything else should go through."

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In addition to the cargo-screening measures, the House bill provided funds to improve emergency communications systems, make it harder for terrorists to obtain nuclear weapons, and improve information-sharing between federal, state and local agencies.

Thompson said his staff has heard from Senate staff members about what's realistic to expect as the Senate considers the House-passed homeland security bill. It is uncertain when the Senate will begin considering its version of the measure.

The Bush administration and other opponents of the two screening proposals have said the technology does not exist to scan all U.S.-bound cargo in foreign ports for radiation, and all air cargo loaded onto passenger planes for explosives.

Critics have further complained that implementing the measures would slow global commerce to a crawl.

Homeland Security Department officials contend that through a variety of methods, they now screen all high-risk cargo, but only a small percentage is actually physically inspected.

Sen. Joe Lieberman, I-Conn., chairman of the Senate Homeland Security Committee, believes his panel's bill "will be compatible with the goals and spirit of the House bill," Lieberman spokeswoman Leslie Phillips said in a statement.

Thompson also indicated to reporters that the Senate may balk at the percentage of homeland security grants guaranteed to states as a bare minimum, before any consideration is given to the risk of a terrorist attack.

In the House bill, that percentage was agreed to as 0.25 percent. Thompson said the figure might go up to 0.50 or 0.75.

Since the terror attacks of Sept. 11, 2001, the Bush administration and the House have generally supported spending more money based on risk. The Senate, where many leaders come from smaller or rural states, have been more inclined to support traditional funding formulas that guarantee some share of the pot to all, irrespective of risk.

Thompson also indicated he hopes that by the mid-March anniversary of the Madrid, Spain, train bombing of 2004, his committee will be able to introduce legislation in the House to provide rail security grant funding.

"We clearly do not do nearly enough to secure passenger-rail traffic," he said.

Meanwhile, a Government Accountability Office report on progress made since the Sept. 11 attacks found potential weaknesses in the handling of radioactive materials.

During an undercover test, a small amount of radioactive material was carried across the border by GAO investigators with phony documents. GAO is Congress' investigative arm.

Even though the radiation monitors properly signaled the presence of radioactive material, the investigators were able to enter the U.S. because of fake documents that customs inspectors failed to check for authenticity.

Bill Would Raise Taxes To Fund Security (WT)

By Audrey Hudson

The Washington Times, January 25, 2007

Legislation proposed by a key Democrat this week would raise taxes to fund billions in new Homeland Security spending on more police officers, interoperable communications equipment and 100 percent screening of cargo entering the United States.

Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee, said by rolling back President Bush's tax cuts that up to $50 billion could be generated over five years for security improvements.

"To protect our homeland, we have to radically reorder our priorities," said Mr. Biden, who did not specify which tax cut would be eliminated, only that it affected people who make more than $1 million a year.

Mr. Biden's Homeland Security Act of 2007 calls for "scanning" 100 percent of cargo containers, development of new "screening" technology and the hiring of 50,000 new police officers and 1,000 FBI agents.

"This is all about setting the right priorities for America. Instead of giving a tax cut to the richest Americans who don't need it, we should be focusing on the security of all Americans," Mr. Biden said.

Rep. Peter T. King, New York Republican and ranking member of the House Homeland Security Committee, called the bill a "gimmick."

"Money is not the only issue; the fact is many cities have not come up with real plans to make it work. He's creating a false problem," Mr. King said. "He is making a class warfare argument to raise money on an issue without any knowledge of the issue."

The Homeland Security Department has allocated $2.9 billion for interoperable communications efforts, but hundreds of cities have yet to agree on which system they want to use.

As chairman of the committee last year, Mr. King passed legislation to address port security, which already requires 100 percent cargo screening through manifest checks and other procedures put in place by the Coast Guard at ports overseas.

"We want to scan it or X-ray it overseas before it reaches our ports, where it can blow up," Mr. King said.

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More than $60 million from the Homeland Security Department and the Energy Department has been set aside to install radiation portal monitors at U.S. ports.

Since 2004, $10 billion has been spent on port security.

Lockheed Chosen For ID Contract (WP)

By Griff Witte

The Washington Post, January 25, 2007

The Transportation Security Administration has decided to award a closely watched contract to supply high-tech identification cards at ports nationwide to Lockheed Martin of Bethesda, according to sources familiar with the choice.

The initial value of the contract, which involves issuing ID cards to 850,000 maritime workers, was estimated at $70 million. The contract could prove far more valuable, however, if it leads to other, related deals for the firm: Identity technology is a fast-growing sector for government contractors, and the Transportation Worker Identification Credential, known as TWIC, is the first of many identity contracts slated to be announced in the next few years.

The program, a key element of the government's attempts to secure the nation's ports, was initially supposed to provide transportation workers with ID cards embedded with microchips by the end of 2003. But it has been bogged down with technology glitches and privacy concerns, and now Lockheed will have 18 months to finish rolling out its cards.

Darrin Kayser, a TSA spokesman, would not confirm yesterday that the agency had made its decision but indicated that an announcement is imminent. "It is fundamental to our nation's security that individuals who pose a security threat do not gain access to our nation's ports," Kayser said. "The TWIC contract, which will be awarded in the coming days, allows us to move forward and begin enrollment at selected ports in March."

A spokeswoman for Lockheed Martin, Leslie Holoweiko, referred all questions to the TSA, as did other competitors for the contract. "We haven't heard anything yet," she said.

However, multiple sources familiar with the decision, who spoke on condition of anonymity because it had not been made public, said Lockheed is the winner.

The company, which is the Defense Department's biggest contractor, beat out a relatively large field of competitors to win the work. The TSA had narrowed the competition late last year to eight finalists.

Among the finalists was BearingPoint of McLean, which had held the contract to run a prototype program. This is the second time in three months that BearingPoint has been disappointed on an identity contract. In November, the General Services Administration opted to rebid a deal to supply federal employees with new ID cards rather than renew a contract it had awarded to BearingPoint just two months earlier.

The new security card program is likely to come under scrutiny from Congress.

"History tells us that large security programs emanating from the Department of Homeland Security have a tendency to be fraught with waste and poor management," said Bennie Thompson (D-Miss.), chairman of the House Committee on Homeland Security, in a statement. "Important security initiatives like TWIC provide no room for error."

Edward Wytkind, president of the AFL-CIO's Transportation Trades Department, said labor unions worry the government will require that workers foot the bill for new credentials, which some have estimated will cost $150 per ID. "The technology issues are still being reconciled," Wytkind said. "So for us, it's a $150 tax on our members with no real measurable security results."

New Orleans Looks Beyond State Of The Union Snub (LAT)

By Ann M. Simmons

The Los Angeles Times, January 25, 2007

NEW ORLEANS — Mayor C. Ray Nagin is way beyond caring whether President Bush mentioned New Orleans in his State of the Union address Tuesday night.

"We're 18 months into this thing. I'm tired of complaining and bellyaching," Nagin said Wednesday when asked about the speech at a news conference.

The city continues its struggle to recover from Hurricane Katrina, which pummeled New Orleans in August 2005, and some observers thought the absence of Katrina recovery from Bush's speech was telling.

Nagin was unfazed. "We're going to take whatever nickels we have, whatever pennies we have, whatever dollars we have, and we're going to stretch it, and we're going to make this recovery work," he said.

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The mayor made his remarks as he announced a two-year pilot program that would offer loans — interest-free for six months — to homeowners waiting to receive aid from the sluggish Road Home recovery initiative, a state program that distributes federal funds. Almost 101,700 families have applied to the program, but as of Monday, money had been made available to 258.

City officials and residents are frustrated by the slow pace; many homeowners doubt they will ever receive Road Home assistance.

Other Louisiana lawmakers and residents took exception to the omission of the state's continued plight from Bush's speech, which focused on Iraq and domestic issues such as healthcare reform and energy consumption.

"Last year we were disappointed that the administration mentioned Katrina almost as an afterthought," Rep. William J. Jefferson (D-La.), said in a phone interview. "This year … we are shocked that there was no mention at all of it, as if the problem has been solved, or simply gone away."

Also Wednesday, Jefferson and other Louisiana lawmakers introduced a bill that would allow the federal government to forgive loans made to local governments after disasters.

"I guess the pain of the hurricane is yesterday's news in Washington," Louisiana Gov. Kathleen Babineaux Blanco told a news conference in New Orleans, according to the Associated Press.

"But for us, it's still very real, very real, and it's something that we live with every single day."

Some critics have blamed Blanco's administration for the slow disbursement of the Road Home money.

Nagin's "gap-loan" plan — which is funded by $11 million in federal grants and will be administered by Chase and Liberty Banks — will initially allow up to 1,000 homeowners who lived in Orleans Parish when Katrina hit to borrow up to $50,000, interest-free for six months, while waiting for Road Home grants. The fund would gradually be replenished as homeowners received Road Home grants and paid off their loans, Nagin said.

Among the eligibility requirements, loan applicants must agree to live in their renovated home for at least three years after it has been repaired.

La. Gov.: Bush Forgetting Katrina (AP)

By Cain Burdeau

AP, January 25, 2007

Gov. Kathleen Blanco angrily criticized President Bush on Wednesday for not mentioning 2005's destructive hurricanes in his State of the Union speech, and said Louisiana is being shortchanged in federal recovery funding for political reasons.

"I guess the pains of the hurricane are yesterday's news in Washington," Blanco said.

"But for us it's still very real, very real, and it's something that we live every single day," the governor said. "But we will continue to fight, and we will continue to come on, and we will effect a recovery."

Mayor Ray Nagin echoed Blanco's disappointment at Bush's omission of New Orleans' recovery from Hurricane Katrina, but he cautioned against reopening political rifts that developed after the storm.

"We're 18 months into this thing. I'm tired of complaining and bellyaching," the mayor said. "We're going to take whatever nickels we have, whatever pennies we have, whatever dollars we have, and we're going to stretch it, and we're going to make this recovery work."

The White House had no immediate comment on Blanco's remarks.

Blanco accused the White House of repeatedly delivering less money than Louisiana has needed to repair the damage to housing, schools and hospitals. She said Mississippi has received much more help.

"I just want an end to the disparities, once and for all," the governor said.

She said Louisiana's unfair treatment set the state's recovery back by six months.

Big Easy Makes Way For New Recovery Czar (CSM)

By Patrik Jonsson

The Christian Science Monitor, January 25, 2007

NEW ORLEANS

Ed Blakely, the planning guru hired to steer New Orleans out of its muddle, is like the Forrest Gump of disaster recovery.

California earthquake? There he is, amid wrecked interstates. Tsunami? That's him touring rebuilt villages. Terror attacks in Manhattan? When the dust settles, the distinguished-looking African-American man is at the center of a phalanx of planners. His arrival in New Orleans two weeks ago as the city's new recovery czar may be the biggest challenge for the "master of post-disaster," as his hometown paper, the Los Angeles Times, calls him.

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Though largely unknown outside the circle of urban planners, Mr. Blakely is becoming a household name in New Orleans. Nearly 18 months after the storms, returnees have slowed to a trickle, the city is borrowing truckloads of money it has little hope of repaying, and actual recovery dollars from Congress have tightened from promises of billions to less than $10 million received.

What happens in the next year under Blakely's tutelage, experts say, will affect the city for decades to come.

"All of us are saying that this is a big one to take on, and it'll be either the culmination of his career or it's going to be a disaster," says Juliann Allison, associate director of the Edward J. Blakely Center for Sustainable Suburban Development in Riverside, Calif.

Brusque, yet funny, Blakely is one of the most effective planners in America today, his friends say. He's hypereducated with both an MBA and a PhD. Coming from a poor background in San Bernardino, Calif., Blakely went on to make enough money as a developer by age 30 to be able to retire. Blakely is known for balancing economic, environmental, and social interests in projects, including the "green" village of Dos Lagos in Corona, Calif., according to his friend, L.A. developer Ali Sahabi.

Civic duty drives the former college football star, who once lost a race for mayor to former California Gov. Jerry Brown in Oakland. "It's like the old adage about the fire horse: When there's a fire, he wants to get going," says Robert Yaro, president of the Regional Plan Association in New York, who came to know Blakely during the 9/11 recovery effort. "[New Orleans] is clearly the biggest planning challenge in America right now. Ed ... doesn't inspire a lot of warm huggies. But he has a remarkable ability to pull people together, to inspire confidence, grit, and determination."

Blakely's plans in New Orleans are straightforward: Encourage a smaller, more dense city by offering landowners in wrecked neighborhoods the opportunity to swap their land for lots on higher ground. Get pilot projects launched by summer. Build community centers. Begin to generate private investment. Last week, the new recovery czar led a delegation to Wall Street and was "warmly received" by bankers.

Blakely will conduct "charettes," or public planning sessions, with neighborhoods, but won't have meetings behind closed doors, he says. And as he always does when he arrives in a new city, he will "buy a bike for a few hundred bucks and ride around, talking to the cab drivers, garbage men, and even the prostitutes," he says, to get an unvarnished look around.

"The planning job here is relatively easy," says Blakely in a phone interview, "because the city pretty much shows you how to plan it. But what's happened is fragmentary leadership and ad hoc [planning] well before Katrina killed the opportunity structure. It has lost its structural identity and that's what has to be restored. This city has great bones, but you forget that she had a great face."

So what should be done now? "We have to go to scale – I have to start building 1,000 houses a day," he says.

Since hurricane Katrina bowled over the Gulf Coast and sunk most of New Orleans under the surface of Lake Pontchartrain, recovery is piecemeal, contested and, some say, myopic. Only half the residents of New Orleans, perhaps 200,000, have returned.

Much of the problem lies with sunken neighborhoods, where pockets of people have come back to a rotting wasteland of homes from Gentilly Woods to the Lower Ninth Ward. Plans to discourage people from returning to the lowest-lying areas failed after Mayor Ray Nagin put forth a "laissez-faire" rebuilding effort in his campaign for reelection last year. The concept was to leave things alone for a year and see which neighborhoods came back and which didn't. But the city is growing restive.

Elvira Robertson is one of the 20 percent of people who returned to Pontchartrain Park, the city's first black suburban-style subdivision. It was soaked by breaches in both the London Canal and Industrial Canal after Katrina hit. Now, in the middle of a residential wasteland, she has created an oasis of green lawn and flowers, a feeble attempt to not only create normalcy but also urge others to return. "We need people; we need a lot of people," she says.

Her frustration is widespread, observers say. "New Orleans has lacked leadership on these issues. People have had it with the let's see what happens, and let's muddle through approach," says Mr. Yaro.

It's the kind postdisaster malaise that Blakely handled in New York. As part of the Civic Alliance, he envisioned a Lower Manhattan as a better place than it was before 9/11. Similarly, Katrina has given New Orleans an opportunity to become a wealthier and less provincial city, experts say.

From rebuilding housing to establishing services, Blakely can help "to bring the public and private sectors together, to leverage resources and to paint a vision of hope for the future that's realistic and uplifting," says Sen. Mary Landrieu (D) of Louisiana, in an e-mail.

But unlike in New York after 9/11, there is no "unified politics" behind New Orleans's struggle. Divisiveness still rules at City Hall, a situation that will test Blakely's skills, critics say.

"He's just an appointee; he's not the mayor," says John McIlwain, of the Urban Land Institute in Washington. "As smart as he is, he's not smarter than the hundreds of planners who have been talking about this. Ed can give the right recommendations, but will the city back him up? Nobody knows."

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"We'll be watching him very closely," says Mary Louise Johnson, one of the returnees to Pontachartrain Park. "Right now, he's our best hope."

Flood Coverage Tough To Enforce (USAT)

By Kathy Chu

USA Today, January 25, 2007

Nearly a year and a half after Hurricane Katrina, federally regulated lenders are still struggling to comply with a requirement that they force homeowners in high-risk flood zones to buy flood insurance.

By law, homeowners in flood-prone areas — such as along the coast — must buy such a policy if they get a mortgage from a federally regulated lender. Government-issued flood insurance covers homeowners for up to $250,000 in flood damage to property and $100,000 to contents. (Unlike homeowners insurance, though, it doesn't insure against rain or wind damage.)

Katrina raised awareness of the need for flood insurance. While lenders and regulators have made progress in requiring homeowners to buy polices, "We're still not there yet," says David Maurstad, an insurance administrator at the Federal Emergency Management Agency, which oversees the flood-insurance program.

One problem: Some homeowners who buy a flood insurance policy drop it later. Lenders "do a fairly good job of finding out whether someone is in a flood plain, but they don't do as good a job of tracking if you lose (flood insurance)," says J. Robert Hunter, director of insurance at the Consumer Federation of America.

After Katrina, critics blamed banks' sometimes lax enforcement of the flood-insurance rule for homeowners' inability to recoup losses. Vicki Vidal of the Mortgage Bankers Association argues, though, that "lenders who are required to mandate flood insurance as a condition of making loans are doing so."

Still, last year, the Federal Deposit Insurance Corp., which regulates lenders, fined banks $297,815 for flood-insurance violations, an 82% increase from 2005. Other regulators, such as the Office of Thrift Supervision and the Federal Reserve, levied fewer fines on banks last year than in 2005. Yet, "the (lower) numbers probably show that … if anything, the hurricanes significantly raised awareness for institutions" about the need for flood insurance, says Kevin Petrasic, an OTS spokesman.

Getting homeowners to buy flood insurance "sounds easy, and it should be, but you're dealing with customers, and some of them don't understand that they have to have it," says James Clayton, chairman of Planters Bank and Trust in Indianola, Miss.

Some lenders are changing their computer systems to more closely track flood insurance sales. United Bank of Parkersburg, W.Va., says it did so last year to make it easier to determine whether homeowners had flood insurance on second as well as first mortgages.

Others are taking advantage of a provision in the law that lets them expand their flood-insurance requirement. Eureka Homestead, of Metairie, La., now requires that all homeowners below Interstate 12 — north of New Orleans — get this policy. That includes homes outside flood-prone zones.

As banks increasingly enforce the flood insurance requirement, affected homeowners will have to pay more to insure their homes. But, "The fact that it's more expensive to buy an unsafe house is not necessarily a bad thing," Hunter says. "It's a way of warning a buyer, 'This house has risk.' "

WAR NEWS:

Biden Seeks Wider Support For Measure Against 'Surge' (WSJ)

By David Rogers

The Wall Street Journal, January 25, 2007

WASHINGTON -- The Senate Foreign Relations Committee approved a nonbinding resolution that challenges President Bush's Iraq policy and will provoke a major floor debate next week, when Democrats hope to get more Republicans to buck the administration.

The 12-9 committee vote gives Chairman Joseph Biden (D., Del.) a solid foothold from which to begin talks with Republicans who share his concern about sending more U.S. troops to try to quell sectarian violence in Baghdad.

Chief among these is Sen. John Warner (R., Va.), former chairman of the Senate Armed Services Committee, who last evening introduced an alternative resolution also challenging the increased commitment of 21,500 troops. Merging the two to achieve a larger consensus is the Democrats' goal and the quickest route may be to embrace much of Mr. Warner's proposal with some changes.

"It's pretty good, but it's not perfect," said Majority Leader Harry Reid (D., Nev.).

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Mr. Reid will play an increasing role with Mr. Biden in trying to reach some common ground, but he must walk a fine line. The new Senate majority is quickly learning what a rocky road it can be en route to building the bipartisan relationships it promised to nurture.

Among the 10 Republicans on Foreign Relations, only Nebraska Sen. Chuck Hagel supported the committee resolution, for example. And the vote followed a 54-43 roll call on the Senate floor in which just five Republican senators joined an effort to bring to a vote a House-passed bill raising the federal minimum wage.

Just as Republicans appeared wary of challenging the president following his State of the Union address, Democrats faced criticism for being too intent on having their way.

Regarding the minimum-wage bill, for example, Republicans complained that Mr. Reid was backtracking on promises to couple $8 billion of tax breaks with the measure, which would gradually raise the minimum wage $2.10 an hour over the next two years. Yesterday's vote makes it almost certain such a bill will now emerge from the Senate, but Minority Leader Mitch McConnell (R., Ky.) complained that it is "somewhat hypocritical" for Democrats to argue "that we ought to have a bipartisan package and then vote to eliminate it."

As for Iraq, the Biden-Hagel alliance was crucial to jump-starting the Senate debate, but the White House hopes to keep Mr. Warner out of any talks that could lead to the strongest slap yet by Congress of the president's Iraq policy.

"I'm a free man," Virginia's senior senator said in an interview yesterday, but he is cautious about negotiations. "At the moment I see no basis for me to alter it," he said, and Republican moderates will defer to his judgment. "John Warner is going to set the strategy," said Sen. Susan Collins (R., Maine.)

In an interview with CNN, Vice President Cheney was dismissive of the Senate debate, saying Mr. Bush "has made his decision...We need to get the job done."

Mr. Cheney's attitude could compound Democratic fears already that Mr. Warner's resolution is too deferential to the president in its tone. And if the Virginian becomes a one-man standard of what's "bipartisan" he could insist on conditions that make it harder for Mr. Reid to hold onto his liberal members.

Nonetheless the Republican's proposal actually goes further than Mr. Biden on military matters -- even addressing the rules of engagement for U.S troops in Iraq. And the administration also can't ignore the growing skepticism among Foreign Relations panelists who stood with the president yesterday.

Indiana Sen. Richard Lugar, the ranking Republican, said some of the assumptions in the president's plan were "dubious." And on a 13-8 vote, the panel rejected an effort to add language committing the Senate to never cut off funds for the war.

"It is an inverted political logic for people to basically say that we have to continue doing this for the good of the troops," said Sen. James Webb (D., Va.). "We are not continuing this war for the troops. The troops are fighting this war on our behalf because we are continuing it."

Bush Iraq Plan Is Condemned By Senate Panel (NYT)

By Jeff Zeleny

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — One day after President Bush implored Congress to give his Iraq strategy a chance to succeed, the Senate Foreign Relations Committee approved a resolution on Wednesday denouncing the plan to send more troops to Baghdad, setting up the most direct confrontation over the war since it began nearly four years ago.

The full Senate is poised to consider the nonbinding, yet strongly symbolic, repudiation of Mr. Bush as early as Wednesday. Democratic leaders agreed to tone down the language in the resolution, hoping to make it more acceptable to Republicans in an effort to send a strong, bipartisan rebuke to the White House.

“This is not designed to say, ‘Mr. President, ah-ha, you’re wrong,’ ” said Senator Joseph R. Biden Jr., a Delaware Democrat and chairman of the committee. “This is designed to say, ‘Mr. President, please don’t go do this.’ ”

Even as the White House delicately worked to persuade some Republicans to consider the president’s approach, the administration also said Congressional action would not interrupt the plan to send more than 20,000 American troops to Iraq. In a television interview on CNN, Vice President Dick Cheney declared, “It won’t stop us.”

The Foreign Relations Committee approved the resolution by a vote of 12 to 9, with a Republican senator, Chuck Hagel of Nebraska, joining 11 Democrats in supporting it. But even Republicans who opposed the resolution, including Senator Richard G. Lugar of Indiana, expressed deep doubt about whether the troop increase could succeed and suggested it was time for a new direction.

The committee rejected amendments that would have strengthened or softened the resolution, which described Mr. Bush’s plan to increase troops as contrary to the national interest.

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Some Republicans expressed reluctance to support the legislation because they feared it could be seen as a political attack on Mr. Bush, but left themselves open to backing a similar plan offered by Senator John W. Warner, a Virginia Republican.

The Foreign Relations Committee tends to carry a more centrist outlook than the Senate as a whole, but Democrats say they believe that at least 8 of the 49 Republicans might join with nearly all Democrats in embracing a resolution — Mr. Biden's or Mr. Warner's — critical of the president's troop increase plan.

Senator George V. Voinovich, an Ohio Republican, said he was disappointed that the administration had failed to extend an olive branch to Congress. He said he told a White House official at the State of the Union address on Tuesday that the stalemate in Iraq was threatening to consume the Bush presidency.

"It's time to recognize that if you keep going the way you are, you are never going to achieve what you want to achieve," Mr. Voinovich said. "And, beyond that, it's going to fall over on your domestic initiatives and make your presidency uneventful and not have meaning."

Hours after the hearing on Wednesday, the effort led by Mr. Warner was gaining ground, with six Democrats and three other Republicans signing on as co-sponsors of his proposal, which also bluntly opposes sending more troops to Iraq. Mr. Warner was declining offers from Democratic leaders to merge his proposal with theirs, saying he wanted to keep his plan as neutral as possible, so it could attract wide bipartisan support. "It's not a question of who is the most patriotic or who is trying to set up a confrontation with the president," Mr. Warner said, speaking from the floor of the Senate. "To have a vote all on one side or all on the other side will not help."

While details of the two resolutions vary somewhat, their message is the same: many members of Congress do not support the plan to expand the military operation in Iraq.

The White House is shying away from an overt lobbying effort to thwart the Iraq resolutions, as it might do more harm than good. Instead, the administration is leaving it mainly to the Republican leadership, including the Senate Republican leader, Mitch McConnell of Kentucky, and the Republican whip, Trent Lott of Mississippi, to work toward an alternative.

Still, the White House has sought to head off overwhelming votes against the president in both the Senate and the House. Since Mr. Bush delivered his Iraq speech on Jan. 10, the national security adviser, Stephen J. Hadley, and his deputy, J. D. Crouch, have met with members of both parties. Officials, aware that a majority of senators are likely to vote in favor of the Warner resolution, say those meetings will continue. But the remarks by Mr. Cheney on Wednesday suggested that the White House was not focused on the resolutions. "We are moving forward," Mr. Cheney said in the CNN interview. "The Congress has control over the purse strings. They have the right, obviously, if they want, to cut off funding. But in terms of this effort, the president has made his decision."

A preview of next week's full debate on Iraq unfolded Wednesday in the Senate Foreign Relations Committee, with senator after senator recounting the stories of troops from their states who had died in Iraq. Under the new Democratic majority, the committee has held nearly daily hearings on Iraq.

Senator James Webb, a Virginia Democrat who fought as a marine in Vietnam, urged his colleagues not to draw a link between the Iraq and Vietnam wars. Such comparisons, he feared, could force people away from backing the Iraq resolutions.

"I think there are parallels and there were many people at this table who opposed the Vietnam War, but some of those parallels are superficial," Mr. Webb said. "We're losing the support of a lot of people who supported the Vietnam War and who have problems with this if we try to lump it together."

Mr. Hagel, who also served in Vietnam, has derided the president's Iraq strategy as the worst foreign policy since Vietnam. Yet on Wednesday, Mr. Hagel took a different approach as he addressed fellow Republicans — from the administration or the Congress — who have questioned the motives of those who have spoken critically of the war.

"I think all 100 senators ought to be on the line on this. What do you believe? What are you willing to support? What do you think? Why were you elected?" Mr. Hagel said, his voice booming. "If you wanted a safe job, go sell shoes."

Bush Rebuke Advances (WT)

By Charles Hurt

The Washington Times, January 25, 2007

Senate Democrats rebuked President Bush yesterday over his handling of the war in Iraq with a rare wartime vote condemning the commander in chief's plan to add troops to the battlefield.

"Our resolution of disapproval is not -- I emphasize not -- an attempt to embarrass the president. It is not an attempt to demonstrate isolation," Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, said before his panel declared Mr. Bush's proposal as "not in the national interest."

"It's an attempt to save the president from making a significant mistake with regard to our policy in Iraq," Mr. Biden said.

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Hours after the 12-9 vote, which fell nearly along party lines, Sen. John W. Warner went to the Senate floor and offered his own amendment condemning Mr. Bush's "surge" proposal. The Virginia Republican said his nonbinding resolution is less politically combative than the Biden resolution and has the support of three fellow Republicans and six Democrats.

"We have put a greater emphasis on urging the president to consider other options, given that we have a general disagreement with the very significant level of troops that are specifically set forth in the president's plan," Mr. Warner said. The Warner proposal was offered as a substitute for Mr. Biden's.

Sen. Chuck Hagel of Nebraska was the only one of the panel's 10 Republicans to join all 11 Democrats in favor of the nonbinding Biden resolution.

Mr. Hagel, Mr. Biden and three other committee members supporting the resolution yesterday were among those who voted on Oct. 11, 2002, to authorize the war in Iraq. The others were Sens. John Kerry of Massachusetts, Christopher J. Dodd of Connecticut and Bill Nelson of Florida, all Democrats.

"Most of our colleagues understand this is a mistake," said Mr. Kerry, who as a soldier returned from Vietnam to protest the war and testify before Congress about atrocities he said were committed by fellow Americans.

"I asked the question in 1971: How do you ask a man to be the last man to die for a mistake?" he said yesterday on the Senate floor. "I never thought that I would be reliving the need to ask that question again. We are there."

Sen. Richard G. Lugar, Indiana Republican, warned that the resolution could demoralize the troops and embolden insurgents in Iraq.

"Usually, nonbinding resolutions are designed to show unity on an issue or to highlight an issue that few members know about," he told his colleagues. "In this case, we are laying open our disunity without the prospect that the vehicle will achieve meaningful changes in our policy. This vote will force nothing on the president, but it will confirm to our friends and allies that we are divided and in disarray."

Mr. Hagel disagreed. "This is not a defeatist resolution," he said. "This is not a cut-and-run resolution. We are not talking about cutting off funds."

Mr. Kerry was more resigned. "We all want success," he said, but "we can't achieve the kind of clean and simple victory that the administration promised."

Mr. Hagel, who is considering a run for the White House, was among the most vociferous critics of the Bush administration.

"There is no strategy," he said. "This is a pingpong game with American lives. These young men and women that we put in Anbar province, in Iraq, in Baghdad are not beans. They're real lives. And we better be damn sure we know what we're doing, all of us, before we put 22,000 more Americans into that grinder."

Sen. Barbara Boxer, California Democrat, said she was relieved to have voted against the war in 2002.

"I thank God I voted the way I did: against it," she said. "I thank God every single time I sign a letter to the families who have lost a loved one. And unfortunately, in California, we have lost the most."

Democrats offered few specifics about how to proceed. Mr. Kerry urged more diplomacy, which he compared to riding a bicycle.

"As long as you're riding, even if you're going around in circles, you're OK. You don't fall off," he said, citing an analogy by former Secretary of State Madeleine K. Albright. "But if you stop riding, you fall off."

Sen. John E. Sununu, New Hampshire Republican, echoing a word often used on the subject, warned against "micromanaging" the war.

Earlier this month on NBC's "Meet the Press," Mr. Biden said, "I think it is unconstitutional to say, 'We're going to tell you you can go, but we're going to micromanage the war.' "

Sen. Barack Obama, Illinois Democrat and a panel member who has begun a presidential exploratory committee, said in November 2005: "I have neither the expertise nor the inclination to micromanage war from Washington."

Political evolution on the war has emerged elsewhere.

Mr. Kerry, appearing on "Meet the Press" in 2004, said: "I believe the following very deeply. No. 1, we cannot fail. I've said that many times. And if it requires more troops in order to create the stability that eliminates the chaos, that can provide the groundwork for other countries, that's what we have to do."

Mr. Biden said the resolution will not be the final word on the war.

"I assure you -- and I know you know this -- oversight will be consistent, maybe even daily," he told members of his committee. "And we will have not only the hearings you had, but we will have continuous hearings on this issue."

Senators Say 'No' On Bush Iraq Plan (USAT)

By Kathy Kiely

DOJ_NMG_0121284

USA Today, January 25, 2007

WASHINGTON — The stage is set for a dramatic debate in the Senate next week on President Bush's Iraq war policy following a vote of no-confidence Wednesday by a key committee.

"All 100 senators should be on the line on this," said Sen. Chuck Hagel, a Nebraska Republican who co-sponsored a resolution opposing the president's planned increase in troop levels. "If you wanted a safe job, go sell shoes."

Hagel's resolution, which he wrote with two ranking Democrats, declares Bush's plan to send 21,500 additional troops to Baghdad and Anbar province "not in the national interest."

Congressional efforts to redirect military policy are not unprecedented. The House and Senate voted to remove U.S. troops from Somalia in 1993, Haiti in 1994 and Bosnia in 1997.

The Senate Foreign Relations Committee vote was 12-9, with Hagel the only Republican in favor. Indications are the floor vote may be more bipartisan:

•Hours after the Foreign Relations Committee voted, Sen. John Warner of Virginia, the top-ranking Republican on the Senate Armed Services Committee, introduced a resolution that calls on Bush to reduce troop levels; Republican Sens. Susan Collins of Maine, Norm Coleman of Minnesota and Gordon Smith of Oregon are co-sponsors.

•The four-hour committee debate produced far more consensus than the roll call indicated, exposing deep misgivings in both parties about Bush's plans.

Only Sen. David Vitter, R-La., said he backed the president's policy. He said he is doing so "as a final attempt" to bring stability in Iraq. Other Republicans who opposed the resolution made it plain their vote should not be interpreted as support for Bush's plan.

"I'm more skeptical about what we're doing than I have ever been," said Sen. George Voinovich, R-Ohio. Coleman called it a "bad idea" to send more troops to Baghdad. "Iraq is a mess," he said.

Sen. Bob Corker, R-Tenn., said that while he opposed the largely symbolic "sense of the Senate" measure, he's reserving the option to vote for a binding resolution to change direction in Iraq.

A number of alternatives are likely to be offered during the Senate debate, including Warner's, which urges Bush to reduce force levels in Iraq. Possible proposals run the gamut from capping troop strength in Iraq at the current levels to mandating a phased withdrawal.

In an interview with CNN on Wednesday, Vice President Cheney called a suggestion that some Republicans had lost faith in the administration because of blunders in Iraq "hogwash." He said a congressional resolution "won't stop us."

In order to pass the Senate, any anti-war resolution may need 60 votes: Republican leader Mitch McConnell of Kentucky is threatening a filibuster.

Senate Committee Approves Resolution Against Troop Surge (LAT)

By Noam N. Levey

The Los Angeles Times, January 25, 2007

Washington — A Senate committee approved a toughly worded resolution Wednesday to oppose a troop buildup in Iraq, moving Congress a step closer to an official repudiation of President Bush's leadership of the increasingly violent four-year-old war.

In a sign of how partisan the debate over Iraq remains, only one Republican joined Democrats on the Senate Foreign Relations Committee to support the resolution, which bluntly declares "it is not in the national interest of the United States to deepen its military involvement in Iraq."

But the vote -- the day after the president asked Congress to give his proposal "a chance to work" -- followed hours of criticism of the latest Iraq policy by Democratic as well as Republican lawmakers. Not a single senator on the committee endorsed the White House plan.

And with that resolution headed to a debate on the Senate floor as soon as next week, momentum also continued to build behind a second, more bipartisan resolution opposing the Bush Iraq plan.

As support builds for some legislative action, it appears increasingly likely Bush could face the equivalent of a no-confidence vote.

Both resolutions are nonbinding and stop well short of limits that Congress has used to scale back other unpopular military operations, including the Vietnam War. But they mark a sharp departure from the largely deferential posture the Republican-led Congress assumed after Bush sought and won approval for the invasion in 2002.

The resolution passed 12-9 on Wednesday by the Foreign Relations Committee is sponsored by Sens. Joseph Biden, D-Del., Chuck Hagel, R-Neb., and Carl Levin, D-Mich.

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The second resolution, championed by veteran Virginia Republican Sen. John Warner, has now attracted four GOP co-sponsors and six Democratic co-sponsors. And several Republican senators who voted against Biden's resolution in committee expressed interest in the measure.

One of Warner's co-sponsors, Sen. Susan Collins, R-Maine, said Wednesday evening that the measure's authors are talking with even more lawmakers about joining onto the resolution.

Warner's stature as a former chairman of the Senate Armed Services Committee and a former Navy secretary has helped draw Republican support. His proposal also is not complicated by presidential politics. Both Biden and Hagel have expressed interest in running for the White House.

The Warner resolution "disagrees" with the president's plans to send 17,500 additional troops in Baghdad, noting the rising sectarian violence in the capital and the poor record of Iraqi cooperation with U.S. initiatives.

But it also includes deferential language recognizing the president's authority as commander in chief and accepts the possibility that the 4,000 additional troops the president wants in Anbar Province may be needed.

The Biden measure is broadly similar, although it does not distinguish between Baghdad and Anbar, a hotbed of Sunni insurgent activity.

Nearly all the Democrats on the Foreign Relations Committee said they hoped the resolution would be only the first step in a congressional drive to start bringing the war to an end.

"Kids are dying over there," said Sen. Christopher Dodd, D-Conn., another presidential hopeful and vocal war opponent. "We need to do something meaningful."

Dodd offered two amendments to cap the number of troops in Iraq and force the president to seek congressional authorization for further troop increases. The amendments failed.

But Biden, who chairs the committee, assured senators that he is also interested in additional legislation to force the president to start withdrawing troops. "We should be drawing down forces," Biden said. "We need a radical change in course."

Hagel, a Vietnam veteran and longtime war opponent, pointedly chided his Republican colleagues for their hesitation.

"The Congress has stood in the shadows ... for four years," he said. "I think all 100 senators ought to be on the line on this. What do you believe? What are you willing to support? ... If you want a safe job, go sell shoes."

The harangue did not move any of the nine other GOP lawmakers on the committee, many of whom are uncomfortable with the tone of the Democratic opposition to Bush's Iraq plans.

Sen. Richard Lugar, R-Ind., a widely respected moderate who used to chair the committee, said he did not believe any resolution opposing the president's policy would be productive.

"It is the wrong tool for this stage in the Iraq debate," Lugar said, warning that it would be divisive and unlikely to affect the president's thinking.

Other Republican senators expressed concern that it might send the wrong message to American troops and that it fails to spell out any alternative to the president's plan.

"We all have a right to be against a plan. I also think we all have a responsibility to be for a plan. This resolution is clearly not a plan," said Sen. David Vitter, R-La., who has called for specific benchmarks to measure progress in Iraq.

The Republican opposition to the resolution did not stop the GOP lawmakers from criticizing Bush's plans, however.

"I'm more skeptical about what we're doing than I ever have been before," said Sen. George Voinovich, R-Ohio, who noted that the more he has learned from Bush administration officials about the buildup the more concerned he has become.

After Wednesday's committee vote, aides to Sens. John Sununu, R-N.H., and Lisa Murkowski, R-Alaska, both of whom voted against the Biden resolution, said the lawmakers were more comfortable with the language in the Warner resolution.

Biden and his co-sponsors, as well as Senate Majority Leader Harry Reid, D-Nev., have expressed the desire to work with Warner to reach a compromise.

Hagel, who has already had several lengthy discussions with Warner, said he anticipates more. "We'll be doing a lot of talking," he said.

Senators Rebuff Bush On Troop Plan (WP)

By Jonathan Weisman

The Washington Post, January 25, 2007

A day after President Bush pleaded with Congress to give his Iraq policy one last chance, the Senate Foreign Relations Committee rebuffed him by approving a nonbinding resolution declaring his troop increase in Iraq to be against "the national interest."

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The committee voted 12 to 9 to send a resolution of disapproval of the president's Iraq policy to the Senate floor next week, setting up what could be the most dramatic confrontation between Congress and the Bush administration since the war was launched four years ago. Many Republicans voiced anguish over the president's policy, but only one, Sen. Chuck Hagel (Neb.), a co-sponsor, voted in support of the resolution.

While some lawmakers and antiwar activists have dismissed the resolution as largely meaningless, senior Republicans and White House officials have worked furiously to minimize Republican defections, worried that a large, bipartisan vote would have significant political and international repercussions.

"In an open democracy, we voice our agreements and disagreements in public, and we should not be reticent to do so. But official roll-call votes carry a unique message," said Sen. Richard G. Lugar (Ind.), the Foreign Relations Committee's ranking Republican. A vote for the resolution "will confirm to our friends and allies that we are divided and in disarray," he said.

But Hagel implored his colleagues to take a stand after four years of docile acquiescence.

"What do you believe? What are you willing to support? What do you think? Why were you elected?" he asked. "If you wanted a safe job, go sell shoes. This is a tough business."

But the committee's partisan divide belied the deep undercurrent of GOP misgivings, as one Republican after another spoke out against the deployment of 21,500 additional troops to bolster the faltering government of Prime Minister Nouri al-Maliki.

Lugar called the Bush strategy "dubious" even as he denounced the resolution as "the legislative equivalent of a sound bite." Sen. John E. Sununu (R-N.H.) said additional troops should not be deployed until the Iraqi government showed more resolve. Sen. Lisa Murkowski (R-Alaska) said she opposed the president and was not afraid to tell him so. And Sen. George V. Voinovich (R-Ohio) said he had delivered a tough message to the White House personally: "You are not listening."

"Congress has allowed this war to go on without anyone having a stake," said an exasperated Sen. Bob Corker (R-Tenn.). "We passed the debt on to future generations. Nobody has sacrificed but the military men and women and the families."

Republican leaders' efforts in the House to placate their members with calls for tougher oversight also appeared to be faltering. Rep. Frank R. Wolf (R-Va.) introduced his own resolution of disapproval yesterday, calling for the administration to adopt in full the recommendations of the bipartisan Iraq Study Group, recommendations that Bush has largely rejected.

Democratic divisions were also on display, with the most ardent antiwar voices pleading for more dramatic action. Sen. Christopher J. Dodd (D-Conn.) tried to amend the nonbinding resolution with firm legislative language capping troop levels in Iraq at January levels, around 137,500.

"This is not a time for legislative nuancing," said Sen. Russell Feingold (D-Wis.). "This is not a time for trying to forge a compromise that everybody can be a part of. This is a time to stop the needless deaths of American troops in Iraq."

But the Dodd amendment was defeated, 15 to 6, with five Democrats joining all Republicans in opposition.

The committee's partisan vote strengthened the hand of Sen. John W. Warner (R-Va.) and a bipartisan group of senators backing a less forceful resolution of opposition.

Warner and his co-sponsors, Ben Nelson (D-Neb.) and Susan Collins (R-Maine), went to the Senate floor last night to introduce their resolution of opposition, brandishing a raft of new co-sponsors, including Democrats Ken Salazar (Colo.), Mary Landrieu (La.), Claire McCaskill (Mo.) and Bill Nelson (Fla.), as well as Republicans Gordon Smith (Ore.) and Norm Coleman (Minn.).

Senate Foreign Relations Chairman Joseph R. Biden Jr. (D-Del.) and Hagel said negotiations with Warner would begin immediately to try to find common ground on a resolution that would attract far more Republican support.

But they said that whatever language is sent to the floor will have to include the policy prescriptions that are in both resolutions: a statement against further deployments; a call for U.S. troops to be re-deployed to guard Iraq's borders, focus on counterterrorism and speeding up the training of Iraqi troops; and a call for diplomatic efforts to engage Iraq's neighbors in the pursuit of a political settlement to the war.

Yesterday's debate foreshadowed what could be wrenching deliberations next week, haunted by the ghosts of Vietnam and the more than 3,000 U.S. dead in Iraq. The Foreign Relations Committee featured three decorated combat veterans of Vietnam, Hagel, Sen. John F. Kerry (D-Mass.) and Sen. James Webb (D-Va.), all of whom voted for the resolution of opposition.

Webb warned yesterday against drawing what he called superficial parallels between the Iraq and Vietnam conflicts, but Kerry evoked the same language he had used in the early 1970s as an antiwar activist: "How do you ask a man to be the last to die for a mistake?"

While Republicans called for lawmakers to support the troops in Iraq, Kerry and Dodd recalled a meeting they had before Christmas with Capt. Brian S. Freeman, a 31-year-old Californian who had sought them out on an Iraqi helicopter landing pad to express his frustrations with the war. Freeman was on his way home on a short leave to visit his 14-month-old daughter and 4-year-old son.

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He was killed last weekend in an insurgent attack in Karbala.

"How many times are we going to repeat that before we accept our responsibility to get it right?" Kerry asked.

Opponents did not so much defend the president's policies as castigate the Democrats' chosen method of confrontation.

"We do not need a resolution to confirm that there is broad discomfort with the president's plan within Congress," Lugar said. "In fact, a vote on this resolution is likely to reveal far less discomfort than actually exists, since some members will vote against it because of its format."

But several Republicans indicated they would vote for a resolution of opposition if the language were toned down. Sen. Sam Brownback (R-Kan.), a presidential candidate, said he was in talks with Warner on a resolution he could embrace. Others were still awaiting some sign of compromise from the president.

"I have been waiting for the administration to extend an olive branch in an attempt to forge a compromise -- a compromise that clearly expresses our concerns while leaving no doubt in the minds of our troops as well as our enemies that we stand united as a nation," Voinovich said.

Bush Fails To Stem Erosion Of Authority (FT)

By Edward Luce In Washington

Financial Times, January 25, 2007

Although it had been billed as one of the most important speeches of his presidency, there were few signs on Wednesday that George W. Bush's State of the Union address had succeeded in stemming the rapid haemorrhaging of his authority.

A number of leading Democrats, including Barack Obama, a front-runner for the 2008 presidential campaign, evinced cautious welcomes for Mr Bush's modest proposals to address global warming and healthcare reform.

But most Democrats and several prominent Republicans remained fixed on Mr Bush's unwillingness to listen to his growing army of critics over the war in Iraq, to which he devoted about a quarter of the 50-minute speech on Tuesday night.

In spite of an impassioned plea for Congress to give his Iraq strategy a chance, Mr Bush failed even to sway waverers within his own party.

Several leading Republicans, including John Warner, the former chairman of the senate armed services committee, plan to go ahead with resolutions that oppose Mr Bush's 21,500 troop "surge" to Iraq.

"If people like John Warner, who represents the southern and military heart of the Republican party, are now abandoning Mr Bush over Iraq then he is going to come under acute pressure to reverse course," said Bruce Riedel at the Saban Centre for the Middle East in Washington DC. "His speech failed to dent those defections."

On domestic policy, meanwhile, the Democratic leadership in both houses dismissed Mr Bush's proposals as either too timid or irrelevant. Mr Bush was also criticised for failing to mention reconstruction in New Orleans following the devastation of Hurricane Katrina in 2005.

"We were very surprised last night when the president talked about the city of Baghdad that he did not mention the city of Detroit or Louisville or Minneapolis or, most importantly, the city of New Orleans," said Debbie Stabenow, Democratic senator for Michigan.

In contrast to his six previous State of the Union addresses, Mr Bush appealed to Congress, which turned Democrat last November for the first time in his presidency, to work "across the aisle" in a bipartisan way in order to "achieve big things for the American people". But the already-weak prospects for a fruitful White House legislative agenda over the next 18 months appear only to have waned further.

"If you want to see bold bipartisan action between now and 2008 you should look to America's democratic laboratories at the state level where states like California and Massachusetts are showing the way on issues like healthcare and global warming," said Ted Halstead, president of the Centre for the New America Foundation, a centrist think tank in Washington.

As authority drains from the White House, Washington is also increasingly looking to the large and growing field of 2008 presidential candidates – most of whom are in the Senate – to provide a lead on big policy ideas, such as healthcare, Iraq and climate change. With the exception of John McCain, who dutifully welcomed Mr Bush's restated Iraq plan, almost all others were either critical or lukewarm.

Hillary Clinton, who entered the race last weekend, spoke for most Democrats when she opposed Mr Bush's proposal to put a cap on employer-provided health benefits and extend higher subsidies to individuals. The former first lady said it would do very little to bring in the 47m Americans who have no health insurance.

Likewise on global warming, Mr Bush's ideas were dismissed as too little too late. "In last year's State of the Union, Mr Bush said we were addicted to oil and nothing happened," said Evan Bayh, Democratic senator for Indiana. "Doing little or nothing on this issue is not good enough any more."

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But it was Jim Webb, the newly elected Democratic senator for Virginia, who best summarised Mr Bush's prospects when he gave his party's response straight after the president's speech on prime time television.

Mr Webb, a Vietnam veteran, called on the president to follow the lead of some of his most illustrious predecessors who had changed course dramatically in mid-stream. "If he does, then we will join him," said Mr Webb, "If he does not, then we will be showing him the way."

Senate Committee Repudiates Bush On Iraq (AP)

By David Espo

AP, January 25, 2007

In a calculated snub of President Bush, the Democratic-controlled Senate Foreign Relations Committee dismissed plans for a troop buildup in Iraq on Wednesday as "not in the national interest" of the United States.

"The president has made his decision," Vice President Dick Cheney fired back, a response that made it clear the administration would go ahead anyway. "We need to get the job done."

The committee vote, 12-9 along party lines, capped hours of debate in which Republicans and Democrats vented their frustration and anger — both with the administration and their own past unwillingness to change the course of a war that has claimed the lives of more than 3,000 U.S. troops.

"There is no strategy. This is a pingpong game with American lives," said Republican Sen. Chuck Hagel of Nebraska.

"This Congress was never meant to be a rubber stamp," added Sen. Barbara Boxer, D-Calif., "Read the Constitution. The Congress has the power to declare war. And on multiple occasions, we used our power to end conflicts."

Hagel was the only one of 10 committee Republicans to support the nonbinding measure. Several of the panel's 11 Democrats said they favored stronger legislation to register their opposition to the war.

In the wake of midterm election losses, Bush announced two weeks that he would order an additional 21,500 troops into the war zone. In Tuesday night's State of the Union address, he implored skeptical lawmakers to give the strategy a chance.

Bush got his answer in less than 24 hours, the timing dictated by Democrats, and Sen. Joseph Biden. D-Del., the panel's chairman, said tougher measures were likely to follow.

"Unless the president demonstrates very quickly that he is unlikely to continue down the road he's on, this will be only the first step. ... I will be introducing ... constitutionally legitimate, binding pieces of legislation. We will bring them up," he said.

Taken together, the committee's vote and Cheney's response suggested the Democrats and the White House were on a collision course — lawmakers drafting ever-stronger measures to change policy in Iraq, and the president exercising his prerogatives as commander in chief — and his veto pen.

"We are moving forward," Cheney said in an interview with CNN in which he was asked about the troop buildup. "The Congress has control over the purse strings. They have the right, obviously, if they want, to cut off funding. But in terms of this effort, the president has made his decision."

The vice president added: "We've consulted extensively with them. We'll continue to consult with the Congress. But the fact of the matter is, we need to get the job done."

Inside the Senate committee, all Republicans but Hagel opposed the measure, denying Democrats the strong bipartisan vote they had sought.

Biden, who has announced he intends to run for president in 2008, said the legislation is "not an attempt to embarrass the president. ... It's an attempt to save the president from making a significant mistake with regard to our policy in Iraq."

Democrats intend to bring the measure to the Senate floor for a vote next week, and Biden said he is willing, in the interim, to make changes in the hopes of gaining additional Republican support.

Some committee Republicans sought unsuccessfully to temper the measure before it was approved. Additionally, more than a half-dozen GOP lawmakers in the Senate have signaled interest in an alternative that merely expresses disagreement with the president's policy rather than deeming it not in the national interest.

"The thing that I'm deeply concerned about is putting American troops in the middle of this — the cross-hairs of this sectarian battle before the Iraqis" deliver on a series of promised reforms, said Sen. Norm Coleman, R-Minn.

While he said he opposes deploying additional troops in Baghdad, Coleman added he wants to leave open the possibility of a bigger force in the Anbar province in the western part of the country.

Sen. Richard Lugar of Indiana, the committee's senior Republican, readily conceded he was not sure Bush's new policy would succeed. But he voted against the measure, saying, "It is unclear to me how passing a nonbinding resolution that the president has already said he will ignore will contribute to any improvement or modification of our Iraq policy."

Lugar also said sponsors of the measure were underestimating their power to force a change.

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"We have the ability to require weekly updates from our diplomats and military commanders about the status in Iraq. We should be engaging the administration on almost a daily basis concerning the mission and needs of our troops," he said.

"We should demand of the president precise explanations of his political and diplomatic strategy. We should conduct what amounts to a continuous audit of our economic assistance, to ensure that we are maximizing results."

Some of the most emotional rhetoric of the day came as committee members challenged one another to take a stand.

"If you wanted a safe job, go sell shoes," said Hagel.

"This is a tough business. But is it any tougher, us having to take a tough vote, express ourselves and have the courage to step up on what we're asking our young men and women to do?"

Senate Panel Passes Iraq Resolution (HILL)

By Elana Schor

The Hill, January 25, 2007

Senate Democrats won committee passage yesterday of their leadership-backed resolution renouncing President Bush's plan for more troops in Iraq, but it is unclear whether the measure will overcome anticipated obstacles on the floor as presidential rivals continue to muddy the debate.

The Foreign Relations Committee approved a resolution co-written by its chairman, Joseph Biden (D-Del.), and second-ranked Republican, Chuck Hagel (Neb.), asserting that a new military commitment in Iraq "is not in the national interest" of the nation. Yet the resolution failed to win over another panel Republican despite public criticism of the troop "surge" by several GOP senators, setting up a Senate floor showdown unless the Foreign Relations resolution can be united with a competing measure by next week.

"We're concerned about our next election," Hagel, who continues to mull a possible Republican or Independent presidential bid, told his colleagues. "So we tinker. So we figure out wordsmithing. Should we oppose the president or just not support the president?"

Speaking emotionally and without prepared notes, Hagel called on ranking GOP Sen. Richard Lugar (Ind.) and others to weigh their doubts about the wisdom of the surge against their doubts about the impact of the nonbinding resolution. Biden, Hagel and fellow author Sen. Carl Levin (D-Mich.), chairman of the Armed Services Committee, have voiced willingness to negotiate with backers of a resolution that uses less-strong language in its disapproval, but no common ground was achieved yesterday.

Dealing a potential blow to Democratic leaders' hopes for consensus, several members of their caucus are embracing the competing resolution, whether instead of or alongside the Foreign Relations language.

"Sens. Bill Nelson (D-Fla.) and Ken Salazar (D-Colo.) support both versions, while Mary Landrieu (D-La.) has backed the alternative, which was formally introduced Monday by Sens. John Warner (R-Va.), Ben Nelson (D-Neb.), Susan Collins (R-Maine) and Norm Coleman (R-Minn.)."

A separate rift opened yesterday between Biden and two fellow competitors in the 2008 White House chase over whether to attempt a further check on Bush by placing a binding cap on troop levels in Iraq. Sen. Chris Dodd (Conn.), the first Democrat to support a troop ceiling that would trigger a new congressional vote on authorizing the war, tried to add that cap as an amendment to the resolution.

Dodd failed by a wide margin, but Sen. Barack Obama (D-Ill.) backed his effort and another defender of a troop cap, Hillary Rodham Clinton (D-N.Y.), awaits at the head of the presidential pack.

"Just setting the level at 137,500 [Dodd's suggested level] sends the wrong message," Biden told his committee, predicting that Dodd's amendment would sink the resolution. "We're codifying the status quo."

Biden suggested collaborating with Dodd and other supporters of binding action to limit Bush's Iraq policy, noting that the White House budget is likely to arrive with a yearlong war-funding request. Dodd ultimately won just five of the 11 committee Democrats, including two onetime presidential aspirants, John Kerry (Mass.) and Russ Feingold (Wis.).

Senate Majority Leader Harry Reid (D-Nev.) has met with Warner to discuss merging the two Iraq resolutions with an eye to a floor vote next week. Democrats aim to put a bipartisan imprimatur on their view that, as stated in leadership talking points distributed yesterday, "support for the escalation and support for the troops is not the same thing."

Senate Republican leaders, however, would be in a better position with multiple amendments and substitutes on the floor to splinter the dozen or so members of their conference with qualms about adding to the military presence in Iraq. Four Republicans up for reelection in 2008 — including Sen. Gordon Smith (R-Ore.) — already have cosponsored the less strongly worded alternative resolution, which echoes the bipartisan Iraq Study Group's recommendations.

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Another GOP senator facing the campaign trail this year, Ted Stevens (Alaska), said yesterday he would wait to see what language appears on the floor but stressed that he does not want to send a negative message to troops in Iraq. Alaska's junior senator, Lisa Murkowski (R), said yesterday that she has "a degree of comfort" with the alternative resolution, hinting that she might support it and criticizing the surge.

Sen. Sam Brownback (R-Kan.), who will vie for the GOP's presidential nod, said late Tuesday that he was considering signing on to the alternative resolution as a means to convey his objections to Bush.

Seven of the dozen Democratic senators up for reelection in 2008, meanwhile, are cosponsors of the Foreign Relations-passed resolution: Biden, Levin, Jay Rockefeller (W.Va.), Jack Reed (R.I.), Majority Whip Dick Durbin (Ill.), John Kerry (D-Mass.) and Frank Lautenberg (N.J.).

Other senators up this cycle, including Landrieu, Collins, Warner, Smith and Coleman, back the less strongly worded alternative.

No Resolution To Biden's Talk Show (WP)

By Dana Milbank

The Washington Post, January 25, 2007

Chairman Joe Biden of the Senate Foreign Relations Committee was trying to uphold two resolutions yesterday: one criticizing the Bush administration's Iraq policy and the other Biden's own resolution to himself -- to stop talking so much.

The Iraq resolution passed 12 to 9. Biden's other resolution failed, by a voice vote -- Biden's voice.

The Delaware Democrat and presidential hopeful ran the hearing more like a talk show host than a chairman: inviting the other senators to speak and then commenting on each senator's remarks.

He opened the hearing with a 3,000-word statement in which he used the word "I" 88 times, including a lengthy discussion of the types of questions he has asked himself and how he has answered himself. Finally, the committee's ranking Republican, Richard Lugar (Ind.) got a chance to speak. Then Biden spoke again. Sen. Chris Dodd (D-Conn.) introduced an amendment. Biden interrupted him four times, the last time stating, "I don't want to belabor the point."

By this point, Sen. John Sununu (R-N.H.) had heard enough Biden. "We're going to be here a long time, and I'd certainly like to speak," he announced with irritation. Biden yielded the floor to Sununu, but then interrupted him, too -- five times.

"Senator," Sununu eventually pleaded. "You've had a wonderful opportunity to express your views. I think many on the committee would at least like to express their own views, and I'm sure you'll have ample opportunity to respond."

For Biden, verbosity frequently tramples what might otherwise be profound points. Friends have urged him to put a sock in it, and he knows that his wordiness prevents him from being, as he has put it, "the best Biden I can be."

But, like any addict, he is prone to lapses. "I'll not interrupt again," he promised after one of his monologues yesterday -- this one after remarks by Sen. Lisa Murkowski (R-Alaska) -- and then he broke the promise minutes later.

The veteran legislator is hardly the only one in the Senate, or on the committee, to suffer from long-windedness. Sen. John Kerry (D-Mass.) used his time to rehash the 2004 campaign, arguing that everything he said about the Vietnam War decades ago was true. Kerry later went to the Senate floor to announce that he would not run for president in 2008 but meandered through the better part of half an hour before getting to the point.

But Biden suffers more publicly from the need to explain every contour of his thinking; he at once seems keenly aware that he should keep things moving, yet unaware of the need to stop himself from talking. Returning from a recess in yesterday's hearing, he vowed to finish the proceedings in 90 minutes, "God willing and the creek not rising, as my grandpop used to say." He urged fellow senators to be brief, saying that "even though there's much more to say, there will be plenty of opportunities to say it." More than once he referred to the senators waiting to speak in a "queue" -- he pronounced it "kway" -- but then extended the queue by inserting himself between each speaker.

"Let me just make two brief comments," he said after Lugar voiced opposition to the Iraq resolution.

"Let me respond briefly," he said after Dodd tried to strengthen the resolution. "And I'll try to be brief." One thousand words later, Dodd tried, with limited success, to reclaim the floor.

Sen. Norm Coleman (R-Minn.) acknowledged that "Iraq is a mess" but spoke hopefully about Anbar province. "I've made seven trips into Anbar," Biden said in his rebuttal.

Sen. Russ Feingold (D-Wis.) wanted the Senate to be tougher with President Bush. "If you find a person who's spoken more frankly to seven presidents in the past, tell me who it was," Biden challenged.

Sen. David Vitter (R-La.) raised objections to the resolution. "I will not engage the senator in debate now," the chairman responded -- then engaged the senator in a debate.

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Sen. Johnny Isakson (R-Ga.) spoke. Biden responded. Sen. George Voinovich (R-Ohio) spoke. Biden responded. Sen. Bob Corker (R-Tenn.) spoke. Biden responded. Sen. Barack Obama (D-Ill.) tried to speak but got only as far as "I've enjoyed listening to the debate that's taken place" before Biden broke in with a logistical update.

"I beg your pardon," the chairman told Obama.

Some of Biden's wordiness had to do with presidential jostling. Eclipsed in media exposure by presidential rivals Hillary Clinton and Obama -- Biden was bumped from network interviews Wednesday morning by Obama -- he relies on such hearings to boost his visibility for the presidential race. At one point, Sen. Barbara Boxer (D-Calif.) accidentally called Biden "Mr. President."

"I should say 'Mr. Chairman,' " she amended. "I know you'd like 'Mr. President.' "

"Well, you noticed, nine heads turned when you said that," he replied, referring to the other senators on the committee who have contemplated candidacies.

"I noticed you responded immediately," Boxer needled.

For a moment, the chairman was not ready with a reply. But it passed quickly.

Large Rally Planned Saturday On Mall (WP)

By Michael E. Ruane

The Washington Post, January 25, 2007

Tens of thousands of peace advocates from across the country are expected in Washington on Saturday for an anti-war rally that could be among the biggest since the war in Iraq began, organizers said yesterday.

They said the rally on the Mall, followed by a march near the Capitol, will target President Bush's intention to send more troops to the Iraq war.

The president's policy is "fight, war, occupation, death, destruction, spend our tax dollars," Leslie Cagan, national coordinator of United for Peace and Justice, the umbrella group that is one of the main organizers of Saturday's events, said at a media briefing.

Citing what she called "this devastating debacle of lies and horror," Cagan said: "The people of this country have had it. This Saturday, January 27, on the heels of the Bush administration's decision to send another 21,000 U.S. troops into Iraq, hundreds of thousands of people from all across this country will come to this capital city to make it clear."

The marchers are calling for an end to the occupation of Iraq and the beginning of "an orderly, speedy and safe" withdrawal of troops, said Hani Khalil, a spokesman for the group. They want dates announced for the start of troop withdrawal as well as a specific deadline for its completion, he added.

United for Peace and Justice describes itself as a coalition of 1,400 local and national organizations. Among them are the National Organization for Women, United Church of Christ, the American Friends Service Committee, True Majority, Military Families Speak Out, Iraq Veterans Against the War, the U.S. Campaign to End the Israeli Occupation, CodePink, MoveOn.org, and September 11th Families for Peaceful Tomorrows.

Among the featured speakers will be Vietnam War-era protester Jane Fonda, according to the organizers. Others include actors Danny Glover, Tim Robbins and Susan Sarandon, civil rights activist Jesse Jackson, and Carlos Arredondo, who in 2004 set himself on fire after learning of the death in Iraq of his Marine Corps son, Alexander.

The rally is scheduled to begin at 11 a.m. at the east end of the Mall, at Third Street and Madison Drive NW, the organizers said. The march is to kick off at 1 p.m.

The route and march permits were being finalized yesterday, the National Park Service said. Cagan said organizers want to march from the Mall north on Louisiana Avenue to Union Station, then south on Delaware Avenue to the Capitol.

The march comes after several large Iraq war protests, which date to before the March 2003 invasion. One of the biggest was held Sept. 25, 2005, and was billed as the largest since the war's start. Organizers at the time claimed a turnout of 300,000, while police pegged the number at about half that.

Cagan declined yesterday to predict a Saturday turnout. "We learned a long time ago not to put out numbers," she said. "There are many variables, especially in the winter."

An anti-war protest described as the largest since the Vietnam War drew several hundred thousand Jan. 18, 2003, on the eve of the Iraq war, in subfreezing Washington weather. The high temperature reported that day was in the mid-20s.

Saturday's weather should be sunny, with highs in the low 50s, according to the National Weather Service.

Fonda, 69, an actress, author and peace activist who was vilified during the Vietnam War for making an appearance in Hanoi on a North Vietnamese gun emplacement, has previously avoided attending anti-Iraq war functions.

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"I realized that I would provide too much of a distraction for the right-wing media," she told the San Jose Mercury News last year. "I didn't want to take away from what's happening in the movement."

Cagan, the protest organizer, said Fonda was traveling yesterday and was unavailable for an interview, but "Jane Fonda is definitely coming. She is speaking at the rally and marching in the lead contingent."

Fonda is scheduled to be joined at the rally podium by Bob Watada, 67, of Honolulu, a retired executive with the state of Hawaii whose Army officer son, Ehren, is to be court-martialed next month for refusing to deploy to Iraq.

"There is no doubt in my mind that the invasion and occupation of Iraq is wholly unwarranted," Bob Watada said in a telephone interview. "The Iraqi people have done absolutely nothing to the United States. They've done nothing to deserve the massacre and the pummeling they're getting . . . the plunder, the torture, the rape, the murder of innocent people. It's got to stop."

Watada's son, a 28-year-old Army lieutenant based at Fort Lewis, Wash., "refused to deploy to Iraq after he found out that the president had lied to the country, lied to the military, about there being weapons of mass destruction in Iraq," the elder Watada said.

Watada said his son refused to get on a deployment plane in June and spoke out against the war. The younger Watada has been charged with "missing a movement" and conduct unbecoming an officer, his father said.

Watada said he plans to participate fully in Saturday's rally and march. "I got my plane tickets and hotel reservations, and I'll be there," he said.

Senators-in-Chief (WSJ)

The Wall Street Journal, January 25, 2007

To understand why the Founders put war powers in the hands of the Presidency, look no further than the current spectacle in Congress on Iraq. What we are witnessing is a Federalist Papers illustration of criticism and micromanagement without responsibility.

Consider the resolution pushed through the Senate Foreign Relations Committee yesterday by Joe Biden and Chuck Hagel, two men who would love to be President if only they could persuade enough voters to elect them. Both men voted for the Iraq War. But with that war proving to be more difficult than they thought, they now want to put themselves on record as opposing any further attempts to win it.

Their resolution -- which passed 12-9 -- calls for Iraqis to "reach a political settlement" leading to "reconciliation," as if anyone disagrees with that necessity. But then it declares that the way to accomplish this is to wash American hands of the Iraq effort, proposing that U.S. forces retreat to protect the borders and hunt terrorists. The logic here seems to be that if the Americans leave, Iraqis will miraculously conclude that they have must settle their differences. A kind of reverse field of dreams: If we don't come, they will build it.

The irony is that this is not all that far from the "light footprint" strategy that the Bush Administration was following last year and which these same Senators called a failure. It is precisely the inability to provide security in Baghdad that has led to greater sectarian violence, especially among Shiites victimized by Sunni car bombs. The purpose of the new Bush counterinsurgency strategy is to provide more security to the population in the hopes of making a political settlement easier.

But then such analysis probably takes this resolution more seriously than most of the Senators do. If they were serious and had the courage of their convictions, they'd attempt to cut off funds for the Iraq effort. But that would mean they would have to take responsibility for what happens next. By passing "non-binding resolutions," they can assail Mr. Bush and put all of the burden of success or failure on his shoulders.

This is not to say that the resolution won't have harmful consequences, at home and abroad. At home, it further undermines public support for the Iraq effort. Virginia Republican John Warner even cites a lack of public support to justify his separate non-binding resolution of criticism for Mr. Bush's troop "surge." But public pessimism is in part a response to the rhetoric of failure from political leaders like Mr. Warner. The same Senators then wrap their own retreat in the defeatism they helped to promote.

In Iraq, all of this undermines the morale of the military and makes their task that much harder on the ground. When John McCain asked Lieutenant General David Petraeus that precise question during his confirmation hearing Tuesday, the next commander of Coalition operations in Iraq said, "It would not be a beneficial effect, sir."

And when Joe Lieberman asked if such a resolution would give the enemy cause to believe that Americans were divided, he added, "That's correct, sir." Several Senators protested and demanded that the general stay out of domestic politics, but his only offense was telling the truth. Of course the enemy would take comfort from any Senate declaration that Mr. Bush lacks domestic support.

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All of this also applies to the many Congressional efforts to set "benchmarks" or otherwise micromanage the battlefield. Hillary Rodham Clinton says she is "cursed with the responsibility gene" that makes her unwilling to cut off funds, but instead she proposes to set a cap on U.S. troops in the theater. So while General Petraeus says he needs more troops to fulfill his mission, General Clinton says he doesn't. Which battlefield commander do you trust?

House Republicans are little better. They blame Mr. Bush and Iraq for their loss of Congress, rather than their own ethics, earmarks and other failures. So looking ahead to 2008 they now want to distance themselves from the war they voted for, albeit also without actually having to vote against it. Thus their political brainstorm is to demand monthly "benchmarks for success" that the Bush Administration and Iraqis will have to meet.

So every 30 days, General Petraeus and his men will have to take their attention away from the Baghdad campaign and instead report to Congress on how well Iraqis and Americans are communicating with one another, among other crucial matters. Minority Leader John Boehner is even asking Speaker Nancy Pelosi to create another special Congressional committee to look over the general's shoulder. It's a shame Ulysses S. Grant isn't around to tell them where to put their special committee. * * *

In addition to being feckless, all of this is unconstitutional. As Commander-in-Chief, the President has the sole Constitutional authority to manage the war effort. Congress has two explicit war powers: It has the power to declare war, which in the case of Iraq it essentially did with its resolution of 2002. It also has the power to appropriate funds.

There is a long and unsettled debate over whether Congress can decide to defund specific military operations once it has created a standing Army. We lean toward those who believe it cannot, but the Founders surely didn't imagine that Congress could start dictating when and where the 101st Airborne could be deployed once a war is under way.

Mr. Bush was conciliatory and respectful in his State of the Union Address Tuesday night, asking Congress to give his new Iraq strategy a chance. In a better world, the Members would do so. But if they insist on seeking political cover by trying to operate as a committee of 535 Commanders-in-Chief, Mr. Bush will have to start reminding Congress who really has the job.

Talking Ourselves Into Defeat (WSJ)

By Daniel Henninger

The Wall Street Journal, January 25, 2007

Daniel Henninger is deputy editor of The Wall Street Journal's editorial page. Mr. Henninger joined Dow Jones in 1971 as a staff writer for the National Observer. He became an editorial-page writer for the Journal in 1977, arts editor in 1978 and editorial features editor in 1980. He was appointed assistant editor of the editorial page in 1983 and chief editorial writer and senior assistant editor in October 1986, with daily responsibility for the "Review & Outlook" columns. In November 1989 he became deputy editor of the editorial page.

Mr. Henninger was a finalist for a Pulitzer Prize in editorial writing in 1987 and 1996, and shared in the Journal's Pulitzer Prize in 2002 for the paper's coverage of the attacks on September 11. He won the Gerald Loeb Award for commentary in 1985. In 1998 he received the Scripps Howard Foundation's Walker Stone Award for editorial writing, for editorials on a range of issues, including the International Monetary Fund, presidential politics and cloning. He won the 1995 American Society of Newspaper Editors' Distinguished Writing Award for editorial writing, and he was a finalist in that award in 1985, 1986 and 1993. A native of Cleveland, Mr. Henninger graduated from Georgetown University with a bachelor's degree from the School of Foreign Service.

Mr. Henninger invites comments to henninger@wsj.com1.

Talking Ourselves Into Defeat

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The United States is talking itself into defeat in Iraq. Its political culture is now in a downward spiral of pessimism. In the halls of Congress, across endless newspaper columns, amid the punditocracy and on Sunday morning talk shows -- all emit a Stygian gloom about America.

Yes, on any given day on some discrete issue (Prime Minister Maliki's bona fides, for example), the criticism of the American role is not without justification. But the cumulative effect of this unremitting ill wind is corrosive. We are not only on the way to talking ourselves into defeat in Iraq but into a diminished international status that may be harder to recover than the doom mob imagines. Self-criticism has its role, but profligate self-doubt can exact a price.

Maine GOP Sen. Susan Collins wonders "whether the clock has already run out." To U.S. presidential candidate Hillary Clinton the new strategy is "a dead end." For the Bush troop request, presidential candidate Joe Biden predicted "overwhelming rejection." (His committee resolution to that effect yesterday passed by three votes.) Presidential candidate Chuck Hagel: "We have anarchy in Iraq. It's getting worse." And not least, Sen. John Warner this week heaved his tenured eminence against the war effort, proposing another "non-binding" resolution against more troops.

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To pick one amid scores of similar characterizations in the media, the Associated Press wrote from Washington before the State of the Union speech that "Democrats -- and even some Republicans -- scoffed at his policy." "Scoff" is a strong word, suggesting eye-rolling ridicule. (The line was so good that the AP ran it after the speech as well, under another writer's byline, this time from Baghdad.) But of course amid the giddy vapors of mass mockery, they all "support the troops."

Our slide to a national nervous breakdown because of Iraq is not going unnoticed. Australia's foreign minister, Alexander Downer, has been visiting across the U.S. this week. "I've been pretty worried about what I've heard," Mr. Downer said in an interview. Walking on Santa Monica beach Sunday before last, Mr. Downer said he encountered a display of crosses in the sand, representing the American dead in Iraq.

"What concerns me about this," he said, "is that it's sort of an isolationist sentiment, subconsciously, not consciously, and that would be an enormous problem for the world. I hope the American people understand the importance of not retreating and thinking the world's problems aren't theirs."

Some of this is politics as usual, but even normal partisanship comes dressed now in the language of apocalypse. In his SOTU rebuttal, Democratic Sen. Jim Webb ripped into the current economy, saying it reminded him of the early 1900s: "The dispossessed workers at the bottom were threatening revolt." Ah, we've fallen to the level of czarist Russia.

You know the pessimism has turned manic when no one is allowed to depart the asylum. Sen. John McCain's support for Iraq and the new Bush plan is now being described in press reports as not only costing him support in the polls (the asylum's inkblot of reality) but worse, the support of campaign contributors.

It is a phenomenon fascinating to behold. Its causes are multiple, but here are several:

Bush schadenfreude. Partisan pleasure in George Bush's pain dates to the anguish of the contested 2000 election loss. The Democrats have run against something called "Bush" for so long that this sentiment is now bound up in any act or policy remotely attached to the president. Iraq's troubles, or Iran or North Korea, are merely an artifact of crushing this one guy.

The Iraq Study Group. The ISG report wasn't defeatist, but it enabled the vocabulary of defeat. Its warning of a "slide toward chaos" was re-defined as the current Iraqi status quo. They called their bipartisan solution "phased withdrawal," but it was a euphemism for defeat. Momentum was already building in this direction, and the ISG propelled it.

The leadership vacuum. The administration never rallied the nation behind the war in a concrete way. A young Marine officer recently returned from combat in Iraq told me this week he is taken aback at how disassociated the American people seem from Iraq, no matter how constantly it's in the news. He says it's as if the problem is not so much what is actually happening in Iraq but that the war is "annoying" to Americans, as if to say: Can't it just go away or not be on the front page all the time? Rallying a nation at war is a president's job.

The opposition vacuum. One reason the negative mood in politics is so disconcerting is that the opposition's alternative vision is nonexistent. On joining the opposition recently, GOP Sen. Norm Coleman announced, "I can't tell you what the path to success is." Joe Biden says the "primary" Iraq strategy should be to force its leaders to make the political compromises necessary to "end the violence."

As a political strategy, unremitting opposition has worked. Approval for the president and the war is low. The GOP lost sight of its ideological lodestars and so control of Congress. But the U.S. still occupies a unique position of power in the world, and we are putting that status at risk by playing politics without a net.

On the "Charlie Rose Show" this month, former Army vice chief of staff Gen. Jack Keane, who supports the counterinsurgency plan being undertaken by Gen. David Petraeus, said in exasperation: "My God, this is the United States. We are the world's No. 1 superpower. This isn't about arrogance. This is about capability and applying ourselves to a problem that is at its essence a human problem."

At our current juncture, Gen. Keane's words probably rub many the wrong way. But there's a Cassandra-like warning implicit in them. The mood of mass resignation spreading through the body politic is toxic. It is uncharacteristic of Americans under stress. Some might call it realism, but it looks closer to the fatalism of elderly Europe, overwhelmed and exhausted by its burdens, than to the American tradition.

In 1966, Sen. George Aiken delivered a speech on Vietnam famously translated for history as "declare victory and go home.'" On current course, it looks like we may declare defeat and go home.

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Senators Approve Petraeus Nomination (WP/AP)

The Washington Post, January 25, 2007

WASHINGTON -- A Senate committee on Wednesday approved the nomination of Army Lt. Gen. David Petraeus to command American forces in Iraq, replacing Gen. George Casey.

The Senate Armed Services Committee sent the nomination to the full Senate, which is expected to approve the nomination on Thursday, including promoting Petraeus to four-star rank for the top military post in Iraq.

Bush named Petraeus to replace Casey as part of a revamping of his top military and diplomatic officials in Iraq and the Middle East. While the president's proposal to add 21,500 more U.S. troops to the roughly 132,000 already in Iraq is being widely criticized in Congress, the choice of Petraeus has not been controversial.

Petraeus, 54, has served two previous yearlong tours in Iraq _ as commander of the 101st Airborne Division during the invasion in March 2003 and as commander of the training program for the Iraqi Army in 2004-05.

Casey has been nominated to be the next Army chief of staff.

The committee approved the nomination without opposition at an impromptu meeting in the Capitol, said Sen. John McCain, R-Ariz., a member of the panel.

Bush Seeks Action On Iraq Confirmations (AP)

By Deb Riechmann

AP, January 25, 2007

President Bush asked the Senate Wednesday to quickly confirm the top commanders he has chosen to oversee the war in Iraq.

"It is important to get these three fine individuals in their posts as soon as possible so that we have continuity as we do our duty to protect the American people," the president said.

He was referring to Adm. William Fallon, chosen to replace Gen. John Abizaid, the top U.S. commander overseeing the military theater that includes Iraq; Army Lt. Gen. David Petraeus, nominated to be the new chief commander in Iraq; and Gen. George Casey, leaving the top Iraq job to take over from the retiring Gen. Peter Schoomaker as Army chief of staff.

The Senate must approve all three nominations. Late Wednesday, the Senate Armed Services Committee unanimously voted to approve Petraeus and sent his nomination to the full Senate.

Bush's comments came before an annual gathering with top military brass, a meeting in the Cabinet Room that drew the Joint Chiefs of Staff and combatant commanders to talk about Iraq, Afghanistan, terrorism, maintaining a strong military and the defense budget. Dinner in the residence was planned for afterward.

The meeting came shortly after a Senate committee dismissed the president's decision to send 21,500 more U.S. troops to Iraq as "not in the national interest." The Democratic-controlled Senate Foreign Relations Committee voted 12-9 to pass the nonbinding resolution — a rare repudiation of a commander in chief during wartime.

Bush did not mention the vote, but his spokesman said it is not the last word on the president's troop-increase plan.

"The president as commander-in-chief has an obligation to succeed in Iraq and defend Americans, and he believes this is the most effective way to do it," White House press secretary Tony Snow said. "We'll see what they have to say down the road."

Congress's Iraq Quagmire (WP)

The Washington Post, January 25, 2007

ON TUESDAY nearly every member of the Senate Foreign Relations Committee warmly endorsed Lt. Gen. David H. Petraeus, the new U.S. commander in Iraq, and a number wished him success or "Godspeed" in his mission. Yesterday some of the same senators voted for a resolution that opposes the increase of troops for Gen. Petraeus's command -- even though the general testified that he could not accomplish his mission without the additional forces and hinted that such a resolution could encourage the enemy. Such is the muddle of Congress on Iraq: A majority may soon go on record opposing the new offensive in Baghdad even while encouraging the commander who leads it.

That's not to say that senators who are piling on to bipartisan resolutions drawn up by Sen. Joseph R. Biden Jr. (D-Del.) or Sen. John W. Warner (R-Va.) don't have good reasons for skepticism. We share some of their main concerns: that the Iraqi government won't deliver on the long list of "benchmarks" the administration has set and that U.S. troops will end up fighting on

one or both sides of an ugly sectarian war. Even if the objective of pacifying Baghdad with American troops were a good one, it's not clear that enough troops are being sent for long enough to succeed.

It doesn't help that accounts of the new plan given by its principal architects vary significantly. Gen. Petraeus said in his Senate testimony that the goal is to protect the Iraqi population in Baghdad so that reconstruction and the political process can move forward. The man he will replace, Gen. George W. Casey Jr., and his spokesmen say the idea is to accelerate training and the handover of security operations to Iraqis. So does Iraqi Prime Minister Nouri al-Maliki, who seems to barely tolerate the plan for additional American troops.

The outgoing Iraq commander has said two additional U.S. brigades could accomplish the mission. The incoming general says he has asked that orders be issued for all five brigades and stressed that he has the authority to ask for further reinforcements. He testified: "None of this will be rapid. In fact, the way ahead will be neither quick nor easy."

Our guess is that it is Gen. Petraeus's concept that will govern U.S. actions on the ground. Until now, Gen. Petraeus had been the most successful American commander in the war; in that sense senators are right to support him and quickly approve his nomination. But legislators need a better way to act on their opposition to the current policy than the passage of nonbinding resolutions that may cover them politically but have no practical impact -- other than, perhaps, the negative one suggested by the general.

As it happens, Gen. Petraeus made his own suggestion at Tuesday's hearing, offering to report to Congress regularly about the mission, including updates on the performance by Iraqis on their commitments. "I want to assure you that should I determine that the new strategy cannot succeed, I will provide such an assessment," he said. Taking Gen. Petraeus up on that, and closely and systematically monitoring the progress of events in Iraq during the coming months, is probably the best contribution that Congress can make to helping the new American commander address what he calls a "dire" situation.

Defending Iraq War, Defiant Cheney Cites "Enormous Successes" (WP)

By Peter Baker

The Washington Post, January 25, 2007

Vice President Cheney said yesterday that the administration has achieved "enormous successes" in Iraq but complained that critics and the media "are so eager to write off this effort or declare it a failure" that they are undermining U.S. troops in a war zone, striking a far more combative tone than President Bush did in his State of the Union address the night before.

In a television interview that turned increasingly contentious as it wore on, Cheney rejected the gloomy portrayal of Iraq that has become commonly accepted even among Bush supporters. "There's problems" in Iraq, he said, but it is not a "terrible situation." And congressional opposition "won't stop us" from sending 21,500 more troops, he said, it will only "validate the terrorists' strategy."

The defiant tenor contrasted sharply with Bush's speech Tuesday night, when the president congratulated Democrats on their election victory, offered to work with them on a variety of domestic policies, and told skeptics of his latest Iraq plan that he respects their arguments even as he asked them to give him one more chance to win the war. Bush acknowledged deep troubles in Iraq and made little effort to paint it a success. In a recent interview, Bush said his old policy was heading for "slow failure."

Cheney, on the other hand, rejected the idea that there has been any failure and gave voice to the aggravation many in the White House feel as Democrats step up their attacks on the administration. As leading Democrats lace their rhetoric with words such as "blunder" and "reckless," the White House has tried to calibrate how hard to push back. On a day when the Senate Foreign Relations Committee passed a resolution denouncing Bush's troop increase, Cheney decided not to hold back.

"The pressure is from some quarters to get out of Iraq," he told CNN. "If we were to do that, we would simply validate the terrorists' strategy that says the Americans will not stay to complete the task, that we don't have the stomach for the fight."

Cheney said the administration would disregard the nonbinding resolution opposing the troop increase and suggested it undermines soldiers in a war zone. "It won't stop us," he said. "And it would be, I think, detrimental from the standpoint of the troops."

Cheney has been criticized in the past for presenting what some called an overly rosy view of the situation in Iraq, most notably in 2005 when he said the insurgency was in its "last throes." The view he expressed yesterday seemed no less positive, and he sparred repeatedly with "Situation Room" host Wolf Blitzer, telling him "you're wrong" and suggesting he was embracing defeat.

When Blitzer asked whether the administration's credibility had been hurt by "the blunders and the failures" in Iraq, Cheney interjected: "Wolf, Wolf, I simply don't accept the premise of your question. I just think it's hogwash."

In fact, Cheney said, the operation in Iraq has achieved its original mission. "What we did in Iraq in taking down Saddam Hussein was exactly the right thing to do," he said. "The world is much safer today because of it. There have been three national

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elections in Iraq. There's a democracy established there, a constitution, a new democratically elected government. Saddam has been brought to justice and executed. His sons are dead. His government is gone."

"If he were still there today," Cheney added, "we'd have a terrible situation."

"But there is," Blitzer said.

"No, there is not," Cheney retorted. "There is not. There's problems -- ongoing problems -- but we have in fact accomplished our objectives of getting rid of the old regime, and there is a new regime in place that's been here for less than a year, far too soon for you guys to write them off." He added: "Bottom line is that we've had enormous successes and we will continue to have enormous successes."

Cheney said Blitzer was advocating retreat. "What you're recommending, or at least what you seem to believe the right course is, is to bail out," the vice president said.

"I'm just asking," Blitzer objected.

"No, you're not asking."

Blitzer has been in the Cheney doghouse since October, when he interviewed the vice president's wife, Lynne, and asked about steamy scenes in a novel she wrote. The subject came up because James Webb, a Democrat then running for Senate from Virginia, had cited her novel in trying to defend explicit scenes he had written. Lynne Cheney angrily rebuffed Blitzer, and her husband later congratulated her for what he called "the slapdown."

Yesterday, the CNN host mentioned that Cheney's lesbian daughter, Mary, has become pregnant and asked whether he wanted to respond to conservatives who have criticized her.

"I'm delighted I'm about to have a sixth grandchild, Wolf," Cheney said. "And obviously, I think the world of both my daughters and all of my grandchildren. And I think, frankly, you're out of line with that question."

Blitzer tried to defend himself: "I think all of us appreciate --" Cheney cut him off: "I think you're out of line."

"We like your daughters," Blitzer replied. "Believe me, I'm very sympathetic to Liz and to Mary. I like them both. That was a question that's come up, and it's a responsible, fair question."

"I just fundamentally disagree with you," Cheney said.

Cheney was terse, too, about leading Democrats. Asked whether he thinks Sen. Hillary Rodham Clinton (N.Y.) would make a good president, Cheney said simply, "No, I don't."

"Why?"

"Because she's a Democrat. I don't agree with her philosophically and from a policy standpoint."

And how did it feel to sit next to Nancy Pelosi (D-Calif.), the first woman to serve as House speaker?

"I prefer Dennis Hastert."

Cheney: Situation In Iraq Not Hopeless (AP)

AP, January 24, 2007

Vice President Dick Cheney said Wednesday it's "hogwash" to suggest the Bush administration's credibility is on the line because of mistakes in Iraq.

Cheney acknowledged the situation in Iraq was very unstable but said toppling Saddam Hussein had been the right thing to do. He said he trusted Iraqi Prime Minister Nouri al-Maliki, who he said had demonstrated a willingness to take on lawbreakers regardless of their religious or ethnic affiliations.

"The critics have not suggested a policy — they haven't put anything in place," Cheney said in an occasionally testy interview with CNN anchor Wolf Blitzer.

"All they've recommended is to redeploy or to withdraw our forces. The fact is, we can complete the task in Iraq. We're going to do it. We've got (Lt. Gen. David) Petraeus — Gen. Petraeus taking over. It is a good strategy. It will work. But we have to have the stomach to finish the task."

Cheney bristled when asked to respond to critics who question his daughter Mary's decision to have a baby and raise it with her female partner. "I think you're out of line with that question," replied Cheney, who said he was delighted about having a sixth grandchild.

The vice president said he does not think Sen. Hillary Rodham Clinton of New York would make a very good president "because she's a Democrat."

"I don't agree with her philosophically and from a policy standpoint," he said.

Cheney said he believes Osama bin Laden is alive, but would not speculate about whether he might be hiding in Afghanistan, Pakistan or along their shared border. "I don't want to be that precise," Cheney said.

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The vice president said passage of a Senate resolution opposing President Bush's decision to send more troops to Iraq would not change the administration's new strategy in Iraq.

"The Congress has control over the purse strings. They have the right, obviously, if they want, to cut off funding," Cheney said.

"But in terms of this effort, the president has made his decision. We've consulted extensively with them. We'll continue to consult with the Congress. But the fact of the matter is, we need to get the job done."

Asked point-blank if the administration's credibility was at stake, Cheney shot back: "I simply don't accept the premise of your question. I just think it's hogwash."

The vice president said the biggest mistake the United States has made in the war was underestimating the psychological effect the Saddam Hussein regime had on Iraqi citizens.

"I think we underestimated the extent to which 30 years of Saddam's rule had really hammered the population, especially the Shia population, into submissiveness," he said. "It was very hard for them to stand up and take responsibility in part because anybody who had done that in the past had had their heads chopped off."

Cheney Defends Actions In Iraq (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 25, 2007

WASHINGTON -- A day after President Bush struck a conciliatory tone toward critics of the Iraq war, Vice President Dick Cheney did the opposite Wednesday, denouncing as "hogwash" the assertion that the administration had lost credibility because of blunders in Iraq.

Cheney defended the decision to invade Iraq nearly four years ago, and insisted that "there's been a lot of success" since then. His comments came during a CNN interview, an exception to the vice president's more common practice of talking to conservative media outlets.

"There's problems, ongoing problems, but we have, in fact, accomplished our objectives of getting rid of the old regime," Cheney said, adding that "there is a new regime in place that's been there for less than a year, far too soon for you guys to write them off."

In his annual State of the Union address the previous evening, Bush acknowledged a string of setbacks in Iraq over the past year, but urged Congress not to give up.

"This is not the fight we entered in Iraq," Bush conceded, "but it is the fight we're in. Every one of us wishes this war were over and won."

By contrast, Cheney suggested that the administration's critics were "dead wrong" about the war.

"For the first time, we've had elections, and majority rule will prevail there. But the notion that somehow the effort hasn't been worth it, or that we shouldn't go ahead and complete the task, is just dead wrong," Cheney said.

Recent polls show increasing public dissatisfaction with the war and a majority of Americans say that the war was not worth the effort. A Gallup poll earlier this month showed 58 percent of respondents agreeing that the costs of the war outweighed its benefits and roughly the same number -- 59 percent -- said they opposed the president's plan to send more troops to stabilize Baghdad.

Cheney long has been a polarizing figure for the administration, which is one reason why he has generally limited his public appearances to conservative groups. But in recent months, Cheney has become an increasingly problematic figure even among stalwart Republicans, in part for his defense of former Defense Secretary Donald H. Rumsfeld.

Rumsfeld, who drew the wrath of Republicans as well as Democrats for refusing to acknowledge failures or to shift strategy in Iraq, was forced to resign after Republican losses in November elections put control of Congress in Democrats' hands for the first time in Bush's two-term presidency.

During the CNN interview, Wolf Blitzer noted that Democrats and some Republicans "are now seriously questioning your credibility because of the blunders, of the failures."

"Wolf, I simply don't accept the premise of your question," Cheney responded. "I just think its hogwash."

Cheney generally spoke in soothing tones during the televised interview, which also touched on topics ranging from the whereabouts of Osama bin Laden to whether Sen. Hillary Rodham Clinton, D-N.Y., would make a good president. But his words were combative.

"No, I don't," the vice president replied to the Clinton question.

"Why?" asked the interviewer.

"Because she's a Democrat. I don't agree with her philosophically and from a policy standpoint."

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But it was when Blitzer asked about his daughter's pregnancy that Cheney's words became most aggressive. Mary Cheney, who is openly lesbian and involved a long-term homosexual partnership, is pregnant with what will be the vice president's sixth grandchild.

In his question, Blitzer cited a statement by Focus on the Family, a conservative organization critical of the pregnancy. "Just because it's possible to conceive a child outside of the relationship of a married mother and father, doesn't mean it's best for the child," the group said last month.

"I'm delighted I'm about to have a sixth grandchild, Wolf, and obviously think the world of both of my daughters and all of my grandchildren. And I think, frankly, you're out of line with that question," Cheney said.

Later in the day, White House spokesman Tony Snow defended the vice president's responses about his daughter.

"People should not be trying to draw family members in," Snow said on Fox News Channel. "I think that family members ought to be off the limits."

Cheney Increasingly On The Defensive (MCT)

By Ron Hutcheson

McClatchy, January 25, 2007

WASHINGTON - Vice President Dick Cheney, often considered the hidden power behind the White House throne, is increasingly out in the open and on the defensive.

He's scheduled to testify at the perjury trial of his former top aide; congressional Democrats want to probe his role in the White House; and his unprecedented clout may be waning. Once widely considered a source of wisdom and experience in the White House, the vice president has become a frequent target of criticism.

On Wednesday, a testy Cheney sparred with CNN anchor Wolf Blitzer over Iraq and al-Qaida and insisted that Bush administration policies have succeeded in both cases. While he's acknowledged mistakes in Iraq, he bristled when Blitzer suggested that Cheney had lost credibility because of blunders there.

"I just simply don't accept the premise of your question," he said, cutting the interviewer off in mid-sentence. "I just think it's hogwash."

Even some Republican lawmakers have become increasingly vocal about their concerns over Cheney's role in the administration, especially as an aggressive and influential advocate for invading Iraq. He's also been instrumental in White House efforts to expand presidential power and restrict civil liberties in the pursuit of suspected terrorists.

"The president listened too much to the vice president," Sen. John McCain, R-Ariz., told The Politico, a new Capitol Hill publication. McCain, a leading GOP presidential hopeful for 2008, said Bush was "very badly served" by Cheney and former Defense Secretary Donald H. Rumsfeld, who was one of Cheney's closest allies.

Cheney told CNN that McCain is "a good man" with whom he sometimes disagrees.

Democrats have been more scathing.

"The vice president doesn't know what he's talking about," Sen. Joe Biden, D-Del., the chairman of the Senate Foreign Relations Committee, told Fox News last Sunday. "He has yet to be right one single time on Iraq. Name me one single time he's been right. It's about time we stop listening to that ideological rhetoric."

Cheney insisted on CNN Wednesday that "there's been a lot of success" in Iraq, and said that if the Senate passes a non-binding resolution opposing the administration's troop buildup there, "it won't stop us." The biggest threat to victory, he said, is if "we don't have the stomach for the fight."

The vice president also claimed success in weakening al-Qaida, removing the terrorist group's leadership below Osama bin Laden and his deputy, Ayman al-Zawahiri, "several times". "We've had great success against al-Qaida," Cheney said.

Democrats, emboldened by their recent takeover of Congress, say they may hold hearings to probe Cheney's roles in the Iraq war, Bush's expansion of presidential power and the administration's energy policies. Critics, including some former administration officials, have accused Cheney of pressuring intelligence analysts to support the case for war and promoting intelligence from Iraqi exile groups that proved to be bogus.

White House officials say Bush values Cheney's advice as much as ever, but there's little doubt that the vice president has lost some clout. His ally Rumsfeld was recently replaced by Defense Secretary Robert Gates, whose views aren't always in sync with the vice president's.

In another step back from Cheney's hard-line approach, the administration announced last week that it had agreed to stop warrantless wiretapping and instead seek court approval for any surveillance. Cheney had insisted that court oversight wasn't necessary.

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The vice president could face more difficulty when he's called to testify at the perjury trial of his former chief of staff, I. Lewis "Scooter" Libby. Cheney told CNN that he'd testify "within a matter of weeks."

The case stems from allegations that White House officials disclosed the identity of former CIA spy Valerie Plame because her husband, former Ambassador Joseph Wilson, had challenged the administration's claim that Saddam Hussein had shopped for uranium in the African country of Niger. That claim also proved to be false.

Prosecutors say that Cheney was determined to counter Wilson's criticism and directed Libby to undermine Wilson's credibility with reporters. Libby is charged with obstruction of justice and lying to a grand jury investigating the Plame affair.

Libby's lawyers say that Cheney felt that his aide was made a White House scapegoat to protect presidential adviser Karl Rove, whom Bush was counting on to direct Republican election strategy. Rove has since acknowledged that he tipped off at least one reporter to Plame's identity.

The vice president told CNN he remains "a strong friend and supporter" of Libby's, but he declined to discuss the case.

"This'll all unfold here in the very near future," he told Fox News recently. "I have strong views on this subject, but I'm not going to talk about it."

Rumsfeld's Transition Raises Questions (WT)

By Rowan Scarborough

The Washington Times, January 25, 2007

Former Defense Secretary Donald H. Rumsfeld has left the Pentagon, but not the Defense Department.

On Jan. 4, Mr. Rumsfeld opened a government-provided transition office in Arlington and has seven Pentagon-paid staffers working for him, a Pentagon official said.

The Pentagon lists Mr. Rumsfeld as a "nonpaid consultant," a status he needs in order to review secret and top-secret documents, the official said.

Mr. Rumsfeld and his aides, who include close adviser Stephen Cambone, are sifting through the thousands of pages of documents generated during his tenure.

The Pentagon official said former secretaries are entitled to a transition office to sort papers, some of which can be taken with them for a library, for archives or to write a book.

The transition office has raised some eyebrows inside the Pentagon. Some question the size of the staff, which includes two military officers and two enlisted men. They also ask why the sorting could not have been done from the time Mr. Rumsfeld resigned Nov. 8 to when he left the building Dec. 18.

The Pentagon official, who asked not to be named, said Mr. Rumsfeld served nearly six years as secretary, more than any other defense chief but one, meaning he accumulated an above-average pile of paper.

What's more, Mr. Rumsfeld managed the bureaucracy via "snowflakes," his typed directives on white paper that fell all over the Pentagon by the hundreds.

Mr. Rumsfeld, who resigned under pressure after Republicans lost control of Congress in an election largely decided on the stalemated Iraq war, reportedly is undecided about his long-term plans. But he thinks he has a lot to contribute in the debate over new ideas and national security. He has talked about writing a book and articles on foreign affairs, but he has made no final decision.

Mr. Rumsfeld's two immediate predecessors handled their transitions differently.

William Cohen, President Clinton's last defense secretary, went straight to his new consulting firm in Washington, said a top adviser, Robert Tyrer.

The Pentagon set up an office with two military personnel to sort through his papers for about six weeks.

"It was useful to have a place to make sure things were sorted correctly and all issues of classification strictly reviewed and observed," said Mr. Tyrer, who is now president of the Cohen Group.

The unclassified documents were transferred to the University of Maine's William S. Cohen Center, he said.

Mr. Cohen's predecessor, William Perry, left office in January 1997 and returned immediately to his home state of California. He did not open a transition office in Washington. He began teaching at Stanford University, said Deborah Gordon, his spokeswoman.

His papers arrived in compact disc form and were deposited at the Hoover Institution on the Stanford campus, she said.

Pentagon Cuts Stop-loss (HILL)

By Roxana Tiron

The Hill, January 25, 2007

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Secretary of Defense Robert Gates is ordering military service chiefs to reduce the use of a controversial policy intended to keep troops in war zones beyond the end of their original commitments, according to a document obtained by The Hill.

In a memo sent to the service chiefs, the chairman of the Joint Chiefs of Staff and undersecretaries of defense, Gates asked to see plans to minimize the use of the so-called stop-loss policy for active duty and reserve components by the end of next month.

Gates's directive comes at a time when the White House's plan to increase the number of troops in Iraq by 21,500 is coming under intense criticism on both sides of the aisle, in part because it would extend the tours of duty of troops already on the ground and trigger stop-loss orders.

"They're extending and stop-lossing people in the country [Iraq] themselves," Rep. John Murtha (D-Pa.), chairman of the House defense appropriations committee and an outspoken critic of the White House's Iraq strategy, said on MSNBC earlier this month. "And it is very unpopular, even with the troops themselves, when they don't understand the mission."

Several House Republicans sent a letter to Gates last week asking that members of the National Guard and Reserve not be kept on active duty beyond their original commitment.

"The stop-loss program is, in essence, a hidden draft," said Rep. Randy Kuhl (R-N.Y.), one of the members who wrote to Gates.

The letter to Gates also says that the Pentagon's use of stop-loss "betrays [soldiers'] trust, separates families and threatens to devastate the likelihood that active-duty soldiers will follow up their service with time serving in the reserves."

Reps. Christopher Shays (Conn.), Steven LaTourette (Ohio) and Jim Ramstad (Minn.) also signed the letter to Gates.

A stop-loss order for National Guard and Reserve units activated for the war against terrorism has been in effect since November 2002. The policy allows the Pentagon to keep soldiers whose enlistment is due to expire in order to maintain troop strength and unit integrity.

Specifically, the president may suspend any provision of law relating to promotion, retirement, or separation applicable to any member of the armed forces whom the president determines is essential to the national security of the United States.

But the policy has attracted a myriad of lawsuits from reservists who have argued that the policy illegally makes them stay in the military once their required term of service is complete.

The Pentagon has successfully argued that under federal law it can extend the deployment of any reserve officer who is on active duty, if the president believes doing so is essential to national security.

For the Pentagon, stop-loss orders are a tool to stem a large reduction of personnel and maximize cohesion and experience for units fighting in Iraq and Afghanistan.

Gates's directive to reduce the use of stop-loss is part of a wider initiative to change deployment policies for reserve forces and the use of the so-called total force, which encompasses both active and reserve units.

In the memo, Gates outlines the changes to the deployment of reserve and active forces, which he first announced the day after Bush announced his new Iraq strategy.

Members of the reserve forces will have an involuntary deployment time for one year, followed by five years on their home bases.

But there may be some exceptions to that policy.

"Today's global demands will require a number of selected Guard/Reserve to be remobilized sooner than this standard," Gates wrote. "Our intention is that such be temporary."

However, he urged the services to plan their force structure based on a one-year deployment time and five years of demobilization.

Meanwhile, ground combat and combat support will be managed on a unit basis. "This will allow greater cohesion and predictability in how these Reserve units train and deploy," Gates said. "Exceptions will require my approval."

Active-duty forces will deploy for one year at a time and will spend two years at their home bases, according to Gates. Currently most active units deploy for one year and spend just one year at their home bases, after which they immediately deploy again.

For those in the active and reserve force who have to deploy earlier and often, or have to extend their tours beyond the rotation policy, Gates is planning to establish a compensation and incentives program, according to the memo.

The Pentagon chief is also directing all commands and units to review how they administer a so-called hardship waiver program to ensure that they are properly taking into account exceptional circumstances facing military families of deployed service members.

Bush Plans New Focus On Afghan Recovery (WP)

DOJ_NMG_0121302

By Michael Abramowitz

The Washington Post, January 25, 2007

After the bloodiest year in Afghanistan since the U.S. invasion, the Bush administration is preparing a series of new military, economic and political initiatives aimed partly at preempting an expected offensive this spring by Taliban insurgents, according to senior U.S. officials.

Even as it trumpeted a change of course in Iraq this month, the White House has completed a review of U.S. policy in Afghanistan. It will ask Congress for $7 billion to $8 billion in new funds for security, reconstruction and other projects in Afghanistan as part of the upcoming budget package, officials said.

That would represent a sizable increase in the U.S. commitment to the strife-torn country; since the 2001 U.S.-led invasion that toppled the Taliban, the United States has provided a little more than $14 billion in assistance for Afghanistan, the State Department says.

The U.S. military said yesterday that about 3,500 soldiers in the Army's 10th Mountain Division will have their tours in Afghanistan extended by four months, as part of an effort to beef up U.S. troop strength. And Secretary of State Condoleezza Rice will meet with other NATO foreign ministers in Brussels on Friday to discuss Afghanistan, part of a new diplomatic offensive U.S. officials say is aimed at securing more international support for the government of President Hamid Karzai.

Although U.S. officials say the Taliban insurgency does not pose an immediate threat to the Karzai government, they are eager to nip in the bud a potentially bloody Taliban spring offensive that could erode Afghani confidence in the central government and in the staying power of the international coalition that is trying to establish security across the country.

Violence escalated last year in Afghanistan as allied forces confronted an emboldened Taliban movement in the south, and the central government encountered continuing problems providing basic services. Many government and outside experts on Afghanistan are also worried that the border regions between Pakistan and Afghanistan are once again turning into safe havens for Taliban militants and their al-Qaeda allies. One senior official said the Taliban maintains "command and control" of the insurgency from Pakistan.

"Everyone talks about the Taliban military offensive this spring," said Kurt D. Volker, a senior State Department official involved with NATO policy. "We should be the ones taking the offensive if there is an offensive to be done. . . . It needs to be across the board. It's not just a military issue; it's a comprehensive issue -- development, counternarcotics, reconstruction and military." Volker said U.S. officials want to cut off the Taliban's ability to impose its will on groups in Afghanistan.

The U.S. politics surrounding Afghanistan offer an intriguing counterpoint to the U.S. politics regarding Iraq. While most Democrats fiercely oppose President Bush's plan to send another 21,000 troops to Iraq, they support a more invigorated battle in Afghanistan. If anything, they say, the administration has neglected Afghanistan, failing to insist that NATO allies assume more of the burden in maintaining stability there.

Sen. Hillary Rodham Clinton (N.Y.), the leading Democratic presidential contender for 2008, returned from a trip to Afghanistan and Iraq last week saying U.S. priorities are "upside down" in the focus on Iraq. She told reporters, "We should be adding more American military forces [in Afghanistan], and we should be requiring the NATO countries to fulfill their commitments to the forces that they had promised us."

Rep. Tom Lantos (D-Calif.), the chairman of the House Foreign Affairs Committee, said he complained sharply to Rice this week about what he called an "appalling" lack of willingness to share the burden in Afghanistan by key allies like Germany and France. "I sense that fundamentally she agrees with me," Lantos added.

The issue of burden-sharing has been a flashpoint for trans-Atlantic relations as NATO has gradually taken over much of the responsibility for security in Afghanistan in the past two years. There are about 34,000 NATO troops in Afghanistan, including about 12,000 U.S. soldiers, and another 12,000 U.S. troops operate there under U.S. command, according to Pentagon figures.

Bush and other U.S. officials have been pressing countries such as Germany, Italy and Spain to lift restrictions on their troops being deployed to the more violent southern areas of Afghanistan, where the Taliban insurgency is strongest. NATO countries did not fully meet former NATO supreme commander James L. Jones's calls for additional troops and equipment.

Jones's successor as NATO commander, Army Gen. Bantz J. Craddock, is working on a new assessment of troop and equipment needs for Afghanistan, and when that is complete, U.S. officials say, they will be pressing allies to help provide additional support for the mission. As officials described it, they are talking about a possible increase of several thousand troops for Afghanistan -- not all in U.S. contributions.

One senior administration official said that Rice's trip this week, coupled with follow-up visits by her subordinates and defense officials, are intended to demonstrate to European governments that the United States is committed to Afghanistan and would not abandon it to NATO simply because it was overwhelmed by the turmoil in Iraq.

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There are "serious questions across the board" in Europe about the depth of the U.S. commitment, the official said, including worries that the buildup in Iraq would take troops from Afghanistan. The official, like several others interviewed for this article, spoke on the condition of anonymity because the results of the administration's Afghanistan review are not public.

Officials said the review began in the middle of last year and was prompted by a desire to reevaluate U.S. strategy in the wake of political changes in the country, as well as the resurgent Taliban militia. One senior official said a major conclusion of the review was the need to accelerate efforts to build roads, schools and other reconstruction projects in the wake of efforts to clean out insurgents. "We are talking about large amounts of money to kick-start the effort," this source said.

Another senior official involved with Afghanistan policy, offering a private briefing recently, said allied troops are facing a "bloody year in the south" in fighting the Taliban and slow progress in tackling the problems in the country, including corruption, opium production, and lack of roads and other infrastructure. "We still can succeed," he said, but "it is going to be a long project."

Staff writers Ann Scott Tyson, Thomas E. Ricks and Glenn Kessler contributed to this report.

Pakistani Premier Faults Afghans For Taliban Woes On Border (NYT)

By Katrin Bennhold And Mark Landler

The New York Times, January 25, 2007

DAVOS, Switzerland, Jan. 24 — Pakistan's prime minister, Shaukat Aziz, acknowledged Wednesday that people sympathetic to the Taliban were active in the frontier regions near the border with Afghanistan. But he insisted that the root of the problem was the Afghan government's weak authority, not Pakistani support of the Taliban.

"We believe the core of the problem is in Afghanistan," Mr. Aziz said, in an interview at the World Economic Forum here in Davos.

Mr. Aziz also said three million Afghan refugees were crowded into Quetta, Peshawar and other Pakistani cities close to the 1,700 mile-border between the countries. Despite what he described as stepped-up Pakistani efforts to root out extremists, the refugee population remains a recruiting pool for the Taliban insurgency, Mr. Aziz said. But he dismissed allegations that his country was supporting the militants.

"This notion that Pakistan may be in some way or other supporting these people or giving them safe haven is ridiculous," he said.

As for suspicions that elements in Pakistan's intelligence service, the I.S.I., might be acting independently in support of the Taliban, he said, "That's equally ridiculous."

"The Pakistani intelligence service is a disciplined service, and they act in line with the government," Mr. Aziz insisted.

On Sunday, a correspondent for The New York Times, Carlotta Gall, reported that she had found anecdotal evidence in and around Quetta to support charges by Western diplomats and Pakistani opposition figures that the Pakistani intelligence agencies were encouraging the Taliban insurgency in Afghanistan.

While reporting in Quetta, Ms. Gall was assaulted by plainclothes intelligence agents in her hotel room, and her photographer, Akhtar Soomro, was detained. Their computers, notes and cellphones were taken, and since then Pakistani agents have tracked down their sources. Ms. Gall said her visa to report in Pakistan had no restrictions.

Mr. Aziz said Ms. Gall "should not have been where she was, legally," and that she had violated the terms of her visa by visiting Quetta without authorization from the government. He added that it was "regrettable she got bruised in that interaction" and said the government was investigating the matter.

"We don't condone behavior that is physical harassment," Mr. Aziz said. "That's not on."

Pakistan has come under increasing criticism from NATO officials and Western leaders for not doing enough to clamp down on terrorist networks. This month, in his most recent threat assessment, the American director of national intelligence, John D. Negroponte, said Al Qaeda continued to operate from "their leaders' secure hide-out in Pakistan."

Mr. Aziz said the Pakistani government did not know the whereabouts of Osama bin Laden, Al Qaeda's leader, or of Mullah Muhammad Omar, the leader of the Taliban. But he said, "Certainly they are not in Pakistan."

On Wednesday, President Pervez Musharraf dismissed allegations that Pakistani officials were sheltering the head of the Taliban, and said the United States-led war in Afghanistan could not be won without Pakistan's help, [a news agency] reported from Abu Dhabi, capital of the United Arab Emirates.

"The fight against terrorism and extremism, whether it is Al Qaeda or Taliban, can never succeed without Pakistan's cooperation and Pakistan is the only country that has delivered the maximum on both," Mr. Musharraf said at a news conference in Abu Dhabi.

Troops Battle Insurgents In Central Baghdad (WP)

DOJ_NMG_0121304

By Ernesto Londono And Joshua Partlow

The Washington Post, January 25, 2007

BAGHDAD, Jan. 24 -- With attack helicopters circling overhead, U.S. and Iraqi forces waged an intense battle Wednesday to clear armed men from high-rise buildings in a strategic Baghdad neighborhood that had been the scene of a similar day of combat two weeks ago.

The fighting along Haifa Street, a Sunni-dominated area on the west bank of the Tigris River, began before dawn and lasted well into the day, with insurgents firing down from tall buildings, U.S. military officials said.

"We have intelligence information that the terrorist group is back and trying to take some other places," said Ali Dabbagh, a spokesman for the prime minister. "It's a very strategic and important location. It's in the middle of Baghdad; it has a view of all of Baghdad."

The recurring fighting on Haifa Street illustrates the severe challenges facing the 17,500 additional U.S. troops that President Bush plans to send to Baghdad to try to secure the city. In a treacherous, cramped urban setting, and surrounded by civilians, U.S. and Iraqi troops have repeatedly fought for control of neighborhoods in the capital, only to have insurgents return to fight again.

On Wednesday, U.S. and Iraqi forces came under attack around Haifa Street and responded with mortar fire, the military said in a statement. "As light broke on the city, troops met enemy resistance, including hand-held grenades, small arms fire and rocket-propelled grenades from high-rise buildings," the statement said.

Explosions could be heard coming from the area and thick black smoke rose above the high-rises that line the street. The military said it seized a cache of weapons, including numerous rocket-propelled grenades and antitank rounds, during the raid.

More than 30 "terrorists" were arrested during the operation and roughly 25 were killed, Dabbagh said Wednesday night. A U.S. military spokesman, Lt. Col. Scott Bleichwehl, said he was aware of seven arrests and did not know whether anyone had died.

A U.S. soldier died Wednesday in central Baghdad after being shot, the military said in a statement. It was unclear whether the soldier died in the Haifa Street operation.

The military also disclosed Wednesday that two Marines were killed Tuesday in Anbar province, west of Baghdad.

The U.S. ambassador in Iraq, Zalmay Khalilzad, told reporters Wednesday that he was encouraged by early indications that Prime Minister Nouri al-Maliki was taking a tougher stance against Shiite militias in Baghdad.

"We will have to wait and see what happens, but I believe that recent trends . . . [are] more positive than in the past," Khalilzad said. "But there is ongoing concern about death squad activities, about the future of the militias, concern that they might be lying low, avoiding a conflict now, in order to fight another day."

Speaking at the embassy in Baghdad's heavily fortified Green Zone, Khalilzad questioned whether radical Shiite Muslim cleric Moqtada al-Sadr, leader of the powerful Mahdi Army militia, was sincere in his appeals to end the violence. "Is it a change of tactic or is it a change of heart?"

Khalilzad said Maliki's change of stance was likely driven by the failure of political engagement with Sadr and other Iraqi factions to slow the sectarian killing.

This week, the U.S. military said in a statement that Iraqi and U.S.-led troops had launched 52 operations against the Mahdi Army and that 600 militiamen were in detention, including 16 high-level figures. In previous efforts to pacify Baghdad, Maliki has failed to rein in Shiite militias.

Khalilzad also discussed briefly the five American security contractors, employees of Blackwater USA, who were killed in Baghdad on Tuesday. U.S. officials have said a Blackwater helicopter was shot down while assisting a U.S. Embassy convoy that came under attack in central Baghdad.

"We lost five fine men," Khalilzad said. "They helped me, I've traveled with them, so I went and visited them and saw them while in the morgue yesterday. I felt very bad, because as I said, I knew these people."

Khalilzad said the helicopter crash was under investigation. U.S. officials on Wednesday did not confirm reports that some of the contractors might have been shot after their small helicopter crashed.

A Sunni insurgent group known as the 1920 Revolution Brigades posted a video clip on the Internet that purports to show the downed Blackwater helicopter smoldering near a building and the corpses of at least two men. The authenticity of the video could not be verified.

In Baghdad, police said Wednesday that they had found 17 bodies of people shot in the head during the past 24 hours. Also Wednesday, mortar shells killed at least six civilians, while makeshift bombs in markets killed at least eight, according to Brig. Gen. Abdullah Muhsin of the Interior Ministry.

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Street Battles Kill 30 Militants (WT/AP)

By Bassem Mroue

The Washington Times, January 25, 2007

BAGHDAD -- U.S. and Iraqi troops clashed with gunmen firing heavy weapons from concrete high-rises in a Sunni insurgent stronghold north of the heavily fortified Green Zone yesterday. Iraqi's Defense Ministry said as many as 30 militants were killed and 27 captured.

Apache attack helicopters buzzed past the tall buildings and radio towers, with several Humvees on the tree-lined street below. Gunfire rang in the background as shells fell, according to AP Television News footage.

Black smoke rose from the area, on the west bank of the Tigris River about one mile north of the Green Zone, site of the U.S. and British embassies as well as the Iraqi government headquarters. The clashes were the second major fighting to break out in the area in less than a month.

New details also emerged about the downing of a private U.S. security company helicopter on Tuesday, with U.S. and Iraqi officials saying four of five Americans who died in the incident were shot execution-style -- in the back of the head.

A senior Iraqi military official said a machine gunner downed the helicopter, but a U.S. military official in Washington said there were no indications that the aircraft, owned by Blackwater USA, had been shot out of the sky. Two Sunni insurgent groups, separately, took responsibility for the crash.

A Sunni insurgent group called the Ansar al-Sunnah Army posted identity cards of men who were on the helicopter on a Web site, including at least two that bore the name of Arthur Laguna, who was later identified by his mother as among those killed.

Mr. Laguna, was a 52-year-old pilot for Blackwater who previously served in the Army and the California National Guard, said his mother, Lydia Laguna, of Rio Linda, Calif. She said she received a call from her other son, also a Blackwater pilot in Baghdad, notifying her of Mr. Laguana's death.

There were conflicting numbers of insurgents reported killed and captured in yesterday's fighting, which began before dawn. Iraq's Defense Ministry spokesman Mohammed al-Askari said 30 insurgents were killed and 27 arrested, including four Egyptians and a Sudanese man.

The U.S. military said seven suspected insurgents were detained, and rocket-propelled grenades, anti-tank rounds and 155 mm artillery rounds were seized. The U.S. statement did not mention deaths.

The military reported separately that a U.S. soldier was killed yesterday in clashes near the city's center. Officials declined to give more specifics or say whether it was connected to the Haifa Street fighting. The military also said that two Marines were killed Tuesday in western Anbar province.

U.S. and Iraqi troops are gearing up for a broader security crackdown to quell the sectarian violence in the capital. Mr. al-Askari said the fighting yesterday was not part of that plan.

Haifa Street has been the site of numerous clashes, including a major battle on Jan. 9, just three days after Prime Minister Nouri al-Maliki announced his new security plan for pacifying Baghdad.

U.S., Iraqi Forces Work To Tame 'Sniper Alley' (LAT)

By Alexandra Zavis

The Los Angeles Times, January 25, 2007

BAGHDAD, Iraq -- Attack helicopters pumped rockets at gunmen holed up in office towers and apartment blocks Wednesday, as U.S. and Iraqi forces swept through a notorious Sunni-insurgent enclave in the heart of Baghdad.

The U.S. military said the fighting around Haifa Street was part of a new offensive launched before dawn to disrupt illegal militias and bring the volatile area at the heart of Baghdad under the control of Iraqi security forces.

The attack began within hours after President Bush, in his State of the Union speech, urged Congress to get behind his plan to boost troops and crackdown on violence in Baghdad and other volatile areas of Iraq.

The low thud of mortar blasts rocked the capital for hours, and smoke billowed into the sky above Haifa Street, dubbed "Sniper Alley," which U.S. and Iraqi forces have struggled to tame.

It was the second time this month that U.S. and Iraqi forces clashed with insurgents on the commercial and residential street just north of the Green Zone, which is home to the U.S. and British embassies, as well as the Iraqi parliament.

Iraqi officials said the operation was not part of a planned security offensive for the capital, but that it would prepare the way for a more concerted ground effort to clear out and hold troubled neighborhoods.

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"What kind of security plan is this?" asked one terrified resident, who spent the morning cowering in his home near Haifa Street. "They are destroying us, pounding an area less than 1-square-kilometer with mortars, shells from helicopters and their tanks."

As many as 31 gunmen were killed and 35 detained Wednesday, including numerous foreign fighters, the Ministry of Defense said in a statement. The U.S. military confirmed only seven arrests.

At least one U.S. soldier was killed in small-arms fire in central Baghdad Wednesday, the military said, but it did not specify whether the death was related to the Haifa offensive.

The U.S. military also announced the deaths of two Marines in combat Tuesday in Anbar province, west of the capital, bringing the total number of U.S. personnel killed since the start of the Iraq war in 2003 to 3,063, according to the Web site icasualties.org.

In the Haifa Street sweep, Iraqi soldiers and police were joined by elements of the U.S. 2nd Brigade Combat Team, 1st Cavalry Division, and the 3rd Stryker Brigade Combat team, 2nd Infantry Division for the operation dubbed Tomahawk Strike 11.

Iraqi forces said they uncovered a large weapons cache near Karkh High School, where the late President Saddam Hussein studied in his youth. Numerous rocket-propelled grenades, as well as anti-tank and artillery rounds were seized, the U.S. military said.

Sunni political and religious leaders protested the operation, which Adnan al-Dulaimi, a lawmaker with the main Sunni bloc, called "barbaric."

Residents accused the United States of unwittingly aiding Shiite Muslim militiamen accused of trying to force the mostly Sunni Arab inhabitants from their homes in recent weeks, as part of a pattern of sectarian cleansing that is redrawing the map of the once largely integrated capital.

The U.S. military stressed in a statement that the operation did not target only Sunni insurgents, but was "rather aimed at rapidly isolating all active insurgents and gaining control of this key central Baghdad location."

Bush has pledged to send about 17,500 troops to Baghdad and another 4,000 to western Anbar province to help Prime Minister Nouri al-Maliki quell the violence, despite opposition from Democrats who now control both houses of Congress. Critics say the plan risks drawing U.S. troops into a complicated civil war and exposes them to the possibility of increased casualties.

Wednesday's battle took place across the river from the site where a private helicopter crashed Tuesday. U.S. Ambassador Zalmay Khalilzad offered his condolences Wednesday for five killed contractors from Blackwater USA, which provides security to U.S. officials and other clients in Baghdad.

Violence continued Wednesday, with at least 51 Iraqis reported killed in attacks across the country.

In A New Joint U.S.-Iraqi Patrol, The Americans Go First (NYT)

By Damien Cave And James Glanz

The New York Times, January 25, 2007

BAGHDAD, Jan. 24 — In the battle for Baghdad, Haifa Street has changed hands so often that it has taken on the feel of a no man's land, the deadly space between opposing trenches. On Wednesday, as American and Iraqi troops poured in, the street showed why it is such a sensitive gauge of an urban conflict marked by front lines that melt into confusion, enemies with no clear identity and allies who disappear or do not show up at all.

In a miniature version of the troop increase that the United States hopes will secure the city, American soldiers and armored vehicles raced onto Haifa Street before dawn to dislodge Sunni insurgents and Shiite militias who have been battling for a stretch of ragged slums and mostly abandoned high rises. But as the sun rose, many of the Iraqi Army units who were supposed to do the actual searches of the buildings did not arrive on time, forcing the Americans to start the job on their own.

When the Iraqi units finally did show up, it was with the air of a class outing, cheering and laughing as the Americans blew locks off doors with shotguns. As the morning wore on and the troops came under fire from all directions, another apparent flaw in this strategy became clear as empty apartments became lairs for gunmen who flitted from window to window and killed at least one American soldier, with a shot to the head.

Whether the gunfire was coming from Sunni or Shiite insurgents or militia fighters or some of the Iraqi soldiers who had disappeared into the Gotham-like cityscape, no one could say.

"Who the hell is shooting at us?" shouted Sgt. First Class Marc Biletski, whose platoon was jammed into a small room off an alley that was being swept by a sniper's bullets. "Who's shooting at us? Do we know who they are?"

Just before the platoon tossed smoke bombs and sprinted through the alley to a more secure position, Sergeant Biletski had a moment to reflect on this spot, which the United States has now fought to regain from a mysterious enemy at least three times in the past two years.

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"This place is a failure," Sergeant Biletski said. "Every time we come here, we have to come back."

He paused, then said, "Well, maybe not a total failure," since American troops have smashed opposition on Haifa Street each time they have come in.

With that, Sergeant Biletski ran through the billowing yellow smoke and took up a new position.

The Haifa Street operation, involving Bradley Fighting Vehicles as well as the highly mobile Stryker vehicles, is likely to cause plenty of reflection by the commanders in charge of the Baghdad buildup of more than 20,000 troops. Just how those extra troops will be used is not yet known, but it is likely to mirror at least broadly the Haifa Street strategy of working with Iraqi forces to take on unruly groups from both sides of the Sunni-Shiite sectarian divide.

The commander of the operation, Lt. Col. Avanulas Smiley of the Third Stryker Brigade Combat Team, Second Infantry Division, said his forces were not interested in whether opposition came from bullets fired by Sunnis or by Shiites. He conceded that the cost of letting the Iraqi forces learn on the job was to add to the risk involved in the operation.

"This was an Iraqi-led effort and with that come challenges and risks," Colonel Smiley said. "It can be organized chaos."

The American units in the operation began moving up Haifa Street from the south by 2 a.m. on Wednesday. A platoon of B Company in the Stryker Brigade secured the roof of a high rise, where an Eminem poster was stuck on the wall of what appeared to be an Iraqi teenager's room on the top floor. But in a pattern that would be repeated again and again in a series of buildings, there was no one in the apartment.

Many of the Iraqi units that showed up late never seemed to take the task seriously, searching haphazardly, breaking dishes and rifling through personal CD collections in the apartments. Eventually the Americans realized that the Iraqis were searching no more than half of the apartments; at one point the Iraqis completely disappeared, leaving the American unit working with them flabbergasted.

"Where did they go?" yelled Sgt. Jeri A. Gillett. Another soldier suggested, "I say we just let them go and we do this ourselves."

Then the gunfire began. It would come from high rises across the street, from behind trash piles and sandbags in alleys and from so many other directions that the soldiers began to worry that the Iraqi soldiers were firing at them. Mortars started dropping from across the Tigris River, to the east, in the direction of a Shiite slum.

The only thing that was clear was that no one knew who the enemy was. "The thing is, we wear uniforms — they don't," said Specialist Terry Wilson.

At one point the Americans were forced to jog alongside the Strykers on Haifa Street, sheltering themselves as best they could from the gunfire. The Americans finally found the Iraqis and ended up accompanying them into an extremely dangerous and exposed warren of low-slung hovels behind the high rises as gunfire rained down.

American officers tried to persuade the Iraqi soldiers to leave the slum area for better cover, but the Iraqis refused to risk crossing a lane that was being raked by machine-gun fire. "It's their show," said Lt. David Stroud, adding that the Americans have orders to defer to the Iraqis in cases like this.

In this surreal setting, about 20 American soldiers were forced at one point to pull themselves one by one up a canted tin roof by a dangling rubber hose and then shimmy along a ledge to another hut. The soldiers were stunned when a small child suddenly walked out of a darkened doorway and an old man started wheezing and crying somewhere inside.

Ultimately the group made it back to the high rises and escaped the sniper in the alley by throwing out the smoke bombs and sprinting to safety. Even though two Iraqis were struck by gunfire, many of the rest could not stop shouting and guffawing with amusement as they ran through the smoke.

One Iraqi soldier in the alley pointed his rifle at an American reporter and pulled the trigger. There was only a click: the weapon had no ammunition. The soldier laughed at his joke.

Iraqi Official Offers Terms From Militia To Avoid Fight (NYT)

By Sabrina Tavernise

The New York Times, January 25, 2007

BAGHDAD, Jan. 24 — An Iraqi official authorized to speak on behalf of field commanders for the country's most powerful militia has approached Western military officials and laid out a plan to avoid armed confrontation, senior Iraqi and American officials said this week.

The official is Rahim al-Daraji, the elected mayor of the Sadr City district, the vast grid in the northeast corner of the capital that is the stronghold of the militia, the Mahdi Army. Mr. Daraji has met twice in the past two weeks with Lt. Gen. Graeme Lamb, a British officer who is the deputy commanding general in Iraq, said a senior Iraqi official in the office of the prime minister.

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During the meetings, which took place on Jan. 17 and, most recently, on Monday, Mr. Daraji laid out a proposal from what he said were all the major political and militia groups in Sadr City, the senior Iraqi official said. The groups were eager to head off a major American military offensive in the district, home to two million Shiites, as the Americans begin a sweeping new effort to retake the streets of Baghdad.

Mr. Daraji said in an interview that field commanders would forbid their foot soldiers to carry guns in public if the American military and the Iraqi government met several basic demands, mostly involving ways to ensure better security for Sadr City. He is communicating with the commanders through a Shiite politician who is close to them.

"The task is to eliminate the armed presence in Sadr City," he said. "To confiscate illegal weapons," carried openly by militia members in public places.

The talks appeared to have been the first between an intermediary for the Mahdi militia and a senior commander from the American effort. The military fought the militia twice in 2004, and the militia's leader, Moktada al-Sadr, a renegade cleric who is virulently anti-American, has resolutely refused to meet with American officials of any kind.

Even so, it was far from clear whether Mr. Daraji, who said he was not related to Abdel Hadi al-Daraji, the former spokesman for Mr. Sadr who was arrested on murder charges last week, was even able to speak for the sprawling, grass-roots militia, which, according to American military estimates, numbers at least 7,000 in Baghdad alone.

Saleh al-Agheli, a member of Parliament from Mr. Sadr's political bloc, said the bloc's political committee had "blessed and supported" the effort by Mr. Daraji.

The meetings were very preliminary, officials stressed, and came as the American military was stepping up pressure on Mr. Sadr's militia. It was not clear how American officials received the efforts. They are already making some headway against Shiite militias without help from Mr. Daraji and his supporters.

A spokesman for General Lamb declined to comment. "The general meets with a number of people in the course of his duty," he said. "We respect the confidence of those meetings."

The American ambassador, Zalmay Khalilzad, confirmed that meetings had taken place and said that Mr. Daraji had told representatives from the American Embassy and from the military that local residents would not challenge weapons searches by American soldiers.

"He said all the right things at this point," Mr. Khalilzad said, but added that it was too soon to tell if the offer would lead to anything more concrete.

Controlling the militia — at the heart of the new strategy President Bush announced this month — is no easy task. Mr. Sadr's political bloc was instrumental in installing Prime Minister Nuri Kamal al-Maliki, and he has often gone out of his way to protect Mr. Sadr's allies.

But in recent months, Mr. Maliki appears to have changed his approach, Mr. Khalilzad said, allowing for more arrests and for the Americans to apply tough military action. Talks with Mr. Sadr had not produced the desired results, Mr. Khalilzad said.

"He felt that he had exhausted and relied too much on political engagement," Mr. Khalilzad said in a news briefing. "He became disappointed that he didn't produce as much results as he would have hoped."

Mr. Daraji said he represented 14 political and military groups in Sadr City. He said local residents, including Mahdi Army commanders, wanted to find ways to work with the Americans to avoid any large-scale confrontation. Commanders would tell militiamen to keep their weapons off the streets, he said, if Americans agreed to certain demands.

Some of the actions Mr. Daraji said he had requested in exchange for the promises from the militias seemed likely to draw stony stares from American military officials, namely to stop conducting raids in Sadr City and to release a number of those who had been arrested.

But other demands — to provide jobs for Sadr City residents, to bring in new construction projects and to triple the number of police stations there — seemed more realistic.

The government official, who works as an aide to Mr. Maliki, said he trusted Mr. Daraji.

"There is an honesty with this man," said the official. "The chances for success are higher than before."

Palestinians Under Pressure To Leave Iraq (WP)

By Joshua Partlow

The Washington Post, January 25, 2007

BAGHDAD, Jan. 24 -- The shouting in his Baghdad apartment building woke Luay Mohammed seconds before intruders broke down his door.

The men, some wearing police uniforms, entered before dawn demanding identification cards, Mohammed recalled. They tore the doors off the closet, threw the television on the floor and hauled Mohammed and his two barefoot brothers outside to be

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blindfolded. They and 14 other men were taken to what they thought was a government office, where a man others kept calling "sir" spoke to their huddled group.

"You are Palestinians. Why are you still living in Iraq?" Mohammed recalled the man saying. "You have 48 hours to leave."

Within 24 hours, Mohammed was gone. The 36-year-old was among dozens of people who loaded their meager belongings onto buses at dawn Wednesday inside Baghdad's main Palestinian enclave in the Baladiyat neighborhood. They drove north toward the Syrian border, joining a growing exodus of Palestinians now following their familiar story line: an unwelcome people searching for a home.

Baghdad is a dangerous place for anyone to live, and the fighting between Sunni and Shiite Muslims has displaced hundreds of thousands. Largely forgotten amid this violence is the plight of thousands of Palestinians in Iraq, who face an increasingly hostile environment because they are predominantly Sunni and perceived as having been favored during the rule of Iraqi President Saddam Hussein.

Palestinians and human rights officials in Baghdad say members of the group are being targeted by roving Shiite militias and Iraqi police in efforts to expel them.

Iraqi officials said the 17 Palestinian men were detained Tuesday for "investigation purposes" because they seemed suspicious, according to Brig. Gen. Saad Abdullah of the Interior Ministry. During the detention, the officials discussed steps to "get the approvals for them to be refugees in other countries," he said.

An estimated 19,000 Palestinians have fled Iraq since 2003, leaving about 15,000 behind, according to the United Nations. About 350 Palestinians are now stranded in a desolate refugee camp in a no man's land at the Al Tanf border crossing into Syria. For more than six months they have been denied entry into Syria, and they refuse to return to Iraq. An additional 80 Palestinians are stuck on the Iraqi side of the line. Similar makeshift settlements have cropped up along the border with Jordan.

"Killings, threats, intimidations and kidnappings are becoming the norm for Palestinians in Iraq," the U.N. Assistance Mission for Iraq said in a report this month. "Many of these actions are reportedly carried out by the militias wearing police or special forces uniform[s]."

Mortar shells regularly crash down on the squalid cinder-block Baladiyat compound, the largest settlement of Palestinians in Iraq, with an estimated population of 4,000 to 7,000. In November and December, guerrillas staged at least six organized attacks on the area. On Dec. 13, three hours of mortar attacks killed as many as 11 people, the U.N. report said.

"Any country that wants us, we will go there," said Rafaat Musaa Ahmed, 36, a carpenter and father of four who lives in the Palestinian compound in Baladiyat. "Even if we would live in a barren place, even if it was a desert."

After evening prayers during Ramadan in October, a mortar round fell on Ahmed's apartment, injuring his wife with shrapnel. She now suffers seizures, he said, and has been denied treatment at clinics affiliated with Iraq's Health Ministry, which is run by loyalists of Shiite cleric Moqtada al-Sadr.

"She needs an operation. I think one more month is all that we can wait," he said.

Like many Palestinians here, Ahmed's parents took refuge in Iraq after the creation of Israel in 1948. Hussein later adopted the Palestinian cause, using the issue to further his image as an advocate for Arab nationalism. Hussein provided free or subsidized housing to Palestinian families, paid cash to those whose relatives had died in the conflict with Israel, and exempted them from obligatory military service imposed on Iraqis.

After the 2003 invasion, landlords drove thousands of Palestinians from their lodgings. As many as 1,500 Palestinians at a time took refuge in a squatter settlement organized by the United Nations and the Palestinian Red Crescent Society on the playground of the Haifa Sports Club in Baghdad.

Thaamer Asad Melham, a 41-year-old television actor, lived in the Haifa refugee camp for a year with his wife, two daughters and a son after his landlord expelled them from their home in July 2004. The U.N. refugee agency provided him with an apartment in Baghdad, but the escalating reprisal killings caused him to retreat to the Baladiyat compound last September.

During a mortar explosion on Oct. 19, a nail lodged in the skull of his older brother, Amar, leaving him brain damaged, he said. Melham now washes his brother and changes his diapers, and he has sold off a refrigerator and bedroom furniture to help pay for medicine. Unable to find work, he stays at home with his children, who have stopped going to school.

"I am Palestinian. I am Sunni. And I am an artist," he said. "I can't stay in Iraq."

Tuesday's raid, at an apartment building rented by the United Nations to house 26 Palestinian families, appears to be the work of some component of the Iraqi police, said Ivana Vuco, a human rights officer with the U.N. mission in Baghdad.

The 17 men were held for about nine hours, accused of being terrorists and Hussein sympathizers. Another 13 Palestinians were detained the same day near the Baladiyat compound, Vuco said. Many of the families have expressed their intention to leave Baghdad.

"I don't think anything like this, to the same extent, has happened before," Vuco said of Tuesday's detentions.

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When Luay Mohammed, an unemployed tailor, was being held Tuesday, someone struck him in the shoulder with the butt of an AK-47 assault rifle, he said. After he was dropped off near his apartment, he gathered his clothes and his mattress and set off with his family for the Baladiyat compound, to load up a bus and leave Iraq.

"We are really feeling terrified about what's going to happen," he said. "The only thing we want to do right now is survive."

Breaking The Clinch (NYT)

By David Brooks

The New York Times, January 25, 2007

Iraq is at the beginning of a civil war fought using the tactics of genocide, and it has all the conditions to get much worse. As a Newsweek correspondent, Christian Caryl, wrote recently from Baghdad, "What's clear is that we're far closer to the beginning of this cycle of violence than to its end." As John Burns of The Times said on "Charlie Rose" last night, "Friends of mine who are Iraqis — Shiite, Sunni, Kurd — all foresee a civil war on a scale with bloodshed that would absolutely dwarf what we're seeing now."

Iraq already has the warlord structures that caused mass murder in Rwanda, Bosnia, Sierra Leone and elsewhere. Violent, stupid men who would be the dregs of society under normal conditions rise amid the trauma, chaos and stress and become revered leaders.

They command squads of young men who leave the moral universe and have no future in a peacetime world. They kill for fun, faith and profit — because they find it more rewarding to massacre and loot than to farm or labor. They are manipulated by political leaders with a savage zero-sum mind-set, who know they must kill or be killed, and who are instituting strategic ethnic cleansing campaigns to expand their turf.

Worse, Iraq already has the psychological conditions that have undergirded the great bloodbaths of recent years. Iraqi minds, according to the most sensitive reporting, have already been rewired by the experiences of trauma and extreme stress.

Some people become hyperaggressive and turn into perfect killers. Others endure a phased mental shutdown that looks like severe depression. They lose their memory and become passive and fatalistic. They become perfect victims.

Amid the turmoil, the complexity of life falls away, and things are reduced to stark polarities: Sunni-Shiite or Shiite-Sunni, human-subhuman. Once this mental descent has begun, it is possible to kill without compunction.

In Rwanda, for example, the journalist Jean Hatzfeld interviewed a Hutu man who had killed his Tutsi neighbor. "At the fatal instant," the man recalled, "I did not see in him what he had been before. ... His features were indeed similar to those of the person I knew, but nothing firmly reminded me that I had lived beside him for a long time."

The weakness of the Bush surge plan is that it relies on the Maliki government to somehow be above this vortex. But there are no impartial institutions in Iraq, ready to foster reconciliation. As ABC's Jonathan Karl notes in The Weekly Standard, the Shiite finance ministries now close banks that may finance Sunni investments. The Saadrist health ministries dismiss Sunni doctors. The sectarian vortex is not fomented by extremists who are appendages to society. The vortex is through and through.

The Democratic approach, as articulated by Senator Jim Webb — simply get out of Iraq "in short order" — is a howl of pain that takes no note of the long-term political and humanitarian consequences. Does the party that still talks piously about ending bloodshed in Darfur really want to walk away from a genocide the U.S. is partly responsible for? Are U.S. troops going to be pulled back to secure bases to watch passively while rivers of Iraqi blood lap at their gates? How many decades will Americans be fighting to quell the cycle of regional violence set loose by a transnational Sunni-Shiite explosion?

I for one have become disillusioned with dreams of transforming Iraqi society from the top down. But it's not too late to steer the situation in a less bad direction. Increased American forces can do good — they are still, as David Ignatius says, the biggest militia on the block — provided they are directed toward realistic goals.

There is one option that does approach Iraqi reality from the bottom up. That option recognizes that Iraq is broken and that its people are fleeing their homes to survive. It calls for a "soft partition" of Iraq in order to bring political institutions into accord with the social facts — a central government to handle oil revenues and manage the currency, etc., but a country divided into separate sectarian areas to reduce contact and conflict. When the various groups in Bosnia finally separated, it became possible to negotiate a cold (if miserable) peace.

Soft partition has been advocated in different ways by Joe Biden and Les Gelb, by Michael O'Hanlon and Edward Joseph, by Pauline Baker at the Fund for Peace, and in a more extreme version, by Peter Galbraith.

On Sunday, I'll give further publicity to their recommendations.

Crash Killed Most Guard Troops In Single Incident In 50 Years (USAT)

By Tom Vanden Brook

DOJ_NMG_0121311

USA Today, January 25, 2007

WASHINGTON — The helicopter crash that killed 12 U.S. soldiers last weekend was the deadliest single incident for National Guard troops in at least 50 years, the National Guard Bureau said Wednesday.

Ten National Guard soldiers died in the crash Saturday, including Col. Paul Kelly, the highest-ranking Guard member to die since the Sept. 11, 2001, terrorist attacks. President Bush's plan to commit 21,500 more troops to Iraq relies in part on sending National Guard troops, raising the possibility of more casualties among the citizen-soldier units.

"I am deeply saddened by the loss of these outstanding National Guard soldiers and warriors," Lt. Gen. H. Steven Blum, chief of the National Guard Bureau, said in a statement. "I cherish their service, honor their sacrifice, and mourn with their families."

The cause of the crash remains under investigation, according to the U.S. command in Iraq.

The UH-60 Black Hawk helicopter belonged to the Alabama Army National Guard and was flying with one other helicopter on a routine mission, according to the National Guard Bureau. The other helicopter reached its destination and sent a quick-reaction team that arrived at the crash site near Al Jadidah, northeast of Baghdad, within an hour. No survivors were found.

Two of the victims were Command Sgts. Maj. Marilyn Gabbard of the Iowa National Guard and Roger Haller of the Maryland Guard. That rank is near the pinnacle for enlisted soldiers. Gabbard was the first woman in the Iowa Guard to reach that rank.

Two active-duty soldiers also died in the crash, including Col. Brian Allgood, one of the top U.S. medical officers in Iraq.

Saturday's incident was the Guard's deadliest since the Korean War, the National Guard Bureau said. Before Saturday, the Guard's most recent deadliest incident was in 2005, when seven members of the Louisiana National Guard were killed by a roadside bomb, the bureau said.

Christine Wormuth, a senior fellow and expert on reserve-troop issues at the Center for Strategic and International Studies, said mass-casualty incidents like the crash could have a lasting impact.

"It is a concern for the long-term sustainability of the Guard and Reserves," she said. "The question is whether we will be able to continue recruiting and retaining troops in sufficient numbers."

The Pentagon has begun to address such concerns recently by planning to expand the size of the active-duty Army and Marine Corps and limiting Guard and Reserve deployments to one year, Wormuth said.

There's no indication yet that casualties among Guard and Reserve troops are driving down recruiting numbers, she said. In 2006, the Army National Guard recruited 99% of its goal of 70,000 soldiers, and the Army Reserve reached 95% of its goal of 36,000 soldiers.

U.S. Military Tests A Nonlethal Weapon That Fires Heat Rays (NYT/AP)

By The Associated Press

The New York Times, January 25, 2007

MOODY AIR FORCE BASE, Ga., Jan. 24 (AP) — The military calls its new weapon an “active denial system,” but that is an understatement. It is a ray gun that shoots a beam that makes people feel as if they are about to catch fire.

Apart from causing that terrifying sensation, the technology is supposed to be harmless — a nonlethal way to get enemies to drop their weapons, the military officials said.

The weapon is not expected to go into production until at least 2010, but all branches of the military have expressed interest in it, the officials said.

During the first demonstration of the weapon for the news media on Wednesday, airmen fired beams from a large dish antenna mounted atop a Humvee at people pretending to be rioters and airmen and reporters who volunteered to be shot.

The device’s two-member crew found their targets through powerful lenses and fired beams from more than 500 yards away, nearly 17 times the range of existing nonlethal weapons, like rubber bullets.

People who were hit by the beam immediately jumped out of its path because of the sudden blast of 130-degree heat throughout the body. “This is one of the key technologies for the future,” said Col. Kirk Hymes of the Marines, director of the nonlethal weapons program at Quantico, Va., which helped develop the new weapon. The two devices currently being evaluated were built by the military contractor Raytheon.

Boost Military Spending (WT)

By Peter W. Huggins

The Washington Times, January 25, 2007

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Our nation's ground forces face considerable challenges. The Army and Marines are both heavily engaged fighting insurgencies in Iraq and Afghanistan. Beyond these short-term tests, our ground forces need to rebuild or replace equipment destroyed or damaged in these conflicts as well as prepare to engage elsewhere in the world should the need arise. Our Army and Marines need greater funding.

But should any increase in funding for our ground forces come at the expense of the other services? One view argues that since the Army and the Marines bear the preponderance of the human cost of our current conflicts, any increases in their budget share ought to come at the expense of the Air Force and Navy, both of which are less directly engaged in what are predominantly ground conflicts. Such a conclusion, however, fails to consider the impact this choice would have on the many benefits provided by our nation's air- and sea-power.

With the advent of globalization, our national economy has grown increasingly tied to the international economy. The Commerce Department recently reported that one in five U.S. manufacturing jobs is linked to exports, while agricultural exports employ another one million people. The global economy is fueled by petroleum products, much of which are transported to their markets by sea. The success of global trade results, in large measure, from the freedom of navigation that international commerce enjoys on the high seas. Such freedom began in the 19th century with the dominance of Britain's Royal Navy; it continues today due to the efforts of the U.S. Navy.

The Air Force plays a crucial, yet overlooked, role in the conflict in Iraq. U.S. air-power has an enviable reputation as it has prevented any air attack on U.S. or its coalition partners since the Korean War. Our success in the air allows our ground forces to operate with the security of not having to worry about "the third dimension," while forcing our adversaries to contend with the consequences of ceding such control. How many soldiers or Marines would have made a conscious choice to go about their daily business today in Iraq or Afghanistan without the benefits of air superiority, without persistent surveillance and reconnaissance, or without on-call strike aircraft just a few minutes away?

The Air Force and Navy are also key to our nation's unprecedented conventional deterrent. Measuring the impact of deterrence is almost impossible, since it is, by definition, a psychological influence on an adversary's decision-making. Yet it is certain that our nation's considerable successes in recent high-intensity conflicts — due in large part to air- and sea-power — have had a deterrent effect on potential adversaries.

Air- and sea-power provide critical capabilities for our nation's policy-makers. But our air and maritime forces also face mounting budgetary challenges. The Air Force in particular, which is operating the oldest air fleet in its history, is beginning to see the strains of almost 16 years of sustained combat service — many forget that U.S. airpower maintained no-fly zones in Iraq from 1991 to 2003, with little ground-force presence. Without modernization, our nation's ability to provide ground forces with the accustomed luxury of an environment free of enemy air attack would be in jeopardy. Such freedom, taken for granted by many, should not be mortgaged to pay today's bills.

The current debate overlooks one option. Future military budget shares need not be zero sum. The Office of Management and Budget recently reported that the percentage of Gross Domestic Product devoted to national defense is at near-record lows, even with generous increases after September 11. Military spending as a percentage of discretionary spending is also at near-record lows. Increasing the size of the pie, the overall defense budget, would allow all our nation's military services to fill pressing needs such as expanding the ranks, rebuilding and modernizing the force and preparing for the challenges that the future holds.

Our nation stands at a crossroads. The versatility and robustness of our armed forces will be crucial to our country's future foreign-policy success in a world where the only certainty is uncertainty. Zero-sum arguments that advocate shifting money to one service at the expense of another overlook the other choice — increasing the defense budget. While the nature of the current conflict suggests that boosting defense spending to a share in line with past conflicts, such as World War II, Korea and Vietnam, is not necessary, an increase to the levels seen at the end of the Cold War — our nation's most recent "long war" — is warranted. It's the best, and smartest, decision we can make.

Lt. Col. Peter W. Huggins is professor of comparative military studies at the School of Advanced Air and Space Studies at Maxwell Air Force Base.

DOJ:

Authority For Office Disputed (ADG)

By Linda Satter

Arkansas Democrat Gazette, January 25, 2007

A Little Rock attorney appointed Friday to represent a man charged with capital murder and possibly facing the death penalty has filed a motion to declare Tim Griffin's appointment last month as U. S. attorney for the Eastern District of Arkansas unconstitutional.

John Wesley Hall Jr., who represents Antoine Demetrius Baker, said in a 16-page motion filed Tuesday that Griffin's appointment last month by U. S. Attorney General Alberto Gonzales violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments. He said it also violates a section of the U. S. Code altered last year during Congressional reauthorization of the USAPATRIOT Act.

The reworded section of the act omits a subsection that previously caused an attorney general's appointment of a U. S. attorney to expire within 120 days. The effect is that an appointee may now serve indefinitely without having to go through the standard procedure of being nominated by the president and then scrutinized by the Senate, which then votes to confirm or deny the appointment.

Little noticed at the time, the revision has stirred anger since the discovery that a handful of U. S. attorneys across the country were inexplicably forced to resign recently and then were replaced under the new provision by appointees who had not gone through the standard procedure — although the Justice Department says it is subjecting all of them to the process.

Among those ousted was Bud Cummins, U. S. attorney for the Eastern District of Arkansas, whose job as chief federal prosecutor has generated praise in the legal community. Cummins said he was asked to resign so that Griffin, who had worked in the White House as a Republican strategist, could have a chance to serve as U. S. attorney.

Cummins, also a Republican, began serving as U. S. attorney in 2001 after being nominated by President Bush and confirmed by the Senate.

Griffin declined to comment on Hall's challenge to the method in which Griffin secured the top legal position in the eastern part of the state. But the challenge was rebuffed Tuesday by the U. S. Department of Justice with more of the same language that the department has used over the past few weeks to defend its appointment of Griffin.

"Congress provided the Attorney General the authority in federal law (28 United States Code § 546) to appoint a United States Attorney because we must ensure that someone is able to carry out the important function of leading a U. S. Attorney's office in the event a vacancy arise," said Brian Roehrkasse, deputy director of public affairs. "We have clearly stated our commitment to having a U. S. Attorney in every district who is confirmed by the Senate, and thus there is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process."

Roehrkasse continued, in an e-mail, "Furthermore, our record since this appointment authority was amended clearly demonstrates we are committed to working with the Senate to nominate candidates for U. S. Attorney positions. Every single time that a United States Attorney vacancy has arisen, the President either has made a nomination or the Administration is working, in consultation with home-state senators, to select candidates for nomination." Michael Teague, spokesman for Sen. Mark Pryor, D-Ark., confirmed Tuesday that Griffin met a couple of weeks ago in Washington with Pryor, and apparently also met with the state's other Democratic senator, Blanche Lincoln.

Teague said that while Griffin's meeting with Pryor was cordial, "the senator still contends that the way the White House is handling this is a disservice to Bud Cummins and, in the long run, to Tim Griffin." Teague said Pryor still expects Griffin to go through the nomination process although Griffin's name has not yet been submitted to begin that process.

Hall's motion states, "This is a death penalty case. Defendant alleges his chief prosecutor unlawfully (both statutorily and constitutionally) holds office, and his prosecutor will be asking a grand jury to add an aggravator [to an existing indictment] and will be asking a jury to sentence him to death."

If that isn't a "case or controversy" worthy of closer examination, Hall asserted, "then nothing is."

Baker, the purported leader of a gang who has been convicted of first-degree murder in another case in state court, is charged in federal court with instructing two men to kill Jerry Otis, 21, in December 2002. Otis was to testify against Baker but was killed at Baker's instructions, according to the indictment.

The case is assigned to U. S. District Judge G. Thomas Eisele. No hearing will be set until the government files a response to Hall's motion.

Appointment Called Unconstitutional (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 25, 2007

A lawyer alleges recent U.S. attorney selection violates appointments clause.

A veteran Little Rock, Ark., attorney has lodged the first constitutional challenge to the Bush administration's attempt to appoint a U.S. attorney without seeking Senate approval.

John Wesley Hall alleged in a brief filed Tuesday in U.S. District Court in Little Rock that Atty. Gen. Alberto R. Gonzales' Dec. 20 appointment of Tim Griffin as U.S. attorney for the Eastern District of Arkansas violated the presidential appointments clause of the Constitution.

Griffin, who used to work for Bush political advisor Karl Rove, replaced Bud Cummins, a Bush appointee and one of seven U.S. attorneys around the country whom the administration has ousted since late December. The top federal prosecutors in San Diego and San Francisco were among those dismissed.

Some Democrats have suggested that the moves were made to reward friends of the White House or punish prosecutors who had taken actions that angered the administration.

Administration officials have denied that the moves were political and assert that Gonzales has the authority to take these actions under a 2006 amendment to the Patriot Act that allows recess appointments.

But Hall's challenge contends that the section of the Patriot Act that Gonzales is relying on is an attempted "end run" around the appointments clause, which mandates that the Senate confirm the president's appointees.

"Under the Constitution, only the president can appoint a U.S. attorney, not the attorney general, so this appointment is void," Hall asserted.

Hall raised the challenge in the case of Antoine Demetris Baker, who is accused of murder. Hall contends that the illegitimacy of Griffin's appointment means that the U.S. attorney's office can't take any action in the case.

He said he decided to raise the challenge in Baker's case because U.S. attorneys "have special responsibilities" in cases where they are seeking capital punishment.

Justice Department spokesman Brian Roehrkasse said that "Congress provided the attorney general the authority in federal law … to appoint a United States attorney because we must ensure that someone is able to carry out the important function of leading a U.S. attorney's office in the event a vacancy arises.

"We have clearly stated our commitment to having a U.S. attorney in every district who is confirmed by the Senate, and thus there is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process."

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Lawyer Challenges Griffin Appointment As U.S. Attorney (AP)

AP, January 25, 2007

LITTLE ROCK (AP) - A defense lawyer has filed a challenge to the appointment of U.S. Attorney Tim Griffin, who was named without Senate confirmation in a move made possible by the USA Patriot Act.

Attorney John Wesley Hall Jr., who is representing a capital murder defendant, filed papers Tuesday in which he argues that the appointment is unconstitutional.

Griffin, who worked under President Bush political adviser Karl Rove, replaced Bud Cummins, who has said the Justice Department asked him last summer to leave his post.

Griffin was named interim U.S. attorney for the Eastern District of Arkansas by Attorney General Alberto Gonzalez in a "recess appointment" after Congress adjourned for the year in 2006. The USA Patriot Act now allows Griffin to serve without having to be nominated by the president and go through Senate confirmation.

Previously, the appointment would have been good for 120 days.

Justice Department spokesman Brian Roehkrasse said the department is committed to having Senate confirmation hearings.

"There is no merit to the assertion that we are using this authority in an atteompt to cirrcumvent the confirmation process," he said.

U.S. Sen. Mark Pryor is one of the three senators that have proposed legislation to prevent indefinite interim appointments of U.S. attorneys. Pryor spokesman Michael Teague says Pryor still expects Griffin to go through the nomination process.

Hall is representing Antoine Demetrius Baker, who is accused of ordering the murder of a witness in another case. Hall said Griffin's office intends to seek the death penalty in the case and that Griffin's appointment should be examined by the judge.

The government hasn't yet responded to Hall's motion and U.S. District Judge G. Thomas Eisele has not set a hearing on the matter.

Editorial: Political Meddling With Justice (NYT)

The New York Times, January 25, 2007

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The federal investigation into Congressional corruption is approaching a crucial deadline and potential dead end. Feb. 15 is the last day on the job for United States Attorney Carol Lam of San Diego, the inquiry's dedicated prosecutor, who is being purged by the Bush administration.

Her investigation led to the imprisonment of former Representative Randy Cunningham, the California Republican who took millions of dollars in bribes in exchange for delivering lucrative government contracts. But just as Ms. Lam was digging into other possible wrongdoing, the White House decided to force her from office without explanation.

Ms. Lam has been investigating the dealings of Brent Wilkes, a private contractor and deep-pocketed political contributor who was designated co-conspirator No. 1 in the Cunningham case. Mr. Wilkes developed other cozy relationships. Among other avenues, the inquiry has been looking into rich government contracts secured by corporations and lobbyists with ties to Representative Jerry Lewis — the former appropriations chairman — and his staff. The Wall Street Journal is reporting that Mr. Wilkes could be indicted before Ms. Lam leaves office. The question now is whether her successor, as yet unnamed, will pursue the inquiry with the same dedication or will quietly smother it.

The outlook isn't promising. The administration is defenestrating at least six other U.S. attorneys. Yet Attorney General Alberto Gonzales is refusing to provide Congress with details on these unmerited dismissals. He insists that there's no attempt to quash fresh Republican scandals and says only the "very best" will be named as replacements.

We are skeptical, especially since the White House's reported choice to replace Little Rock's federal attorney is a Republican operative close to Karl Rove. Congress must demand a clear explanation from Mr. Gonzales and the White House on why these prosecutors are being ousted. It must search out every shady aspect of this clearly politically motivated purge — with a particular eye on Feb. 15.

Dropping Like Flies (HC)

Houston Chronicle

Houston Chronicle, January 25, 2007

Resignations of U.S. attorneys raise suspicion of politically motivated Justice Department purge.

In the past year 11 U.S. attorneys have resigned their positions, some under pressure from their Justice Department superiors and the White House, even through they had commendable performance records.

Democratic senators are concerned that the high turnover is linked to an obscure, recently passed provision of the Patriot Act. The provision allows the Bush administration to fill vacancies with interim prosecutors for the remainder of the president's term without submitting them to the Senate for confirmation. Previously, interim appointments were made by a vote of federal judges in the districts served by the outgoing U.S. attorneys.

U.S. Sen. Mark Pryor, D-Ark., contends that in his state U.S. Attorney Bud Cummins was improperly ousted in favor of a protege of Bush political adviser Karl Rove. Likewise in California, U.S. Attorneys Carol Lam of San Diego and Kevin Ryan of San Francisco were forced from their positions. Sen. Diane Feinstein, D-Calif., alleged that Lam fell out of favor with her Washington bosses for spearheading the bribery prosecution and conviction of Republican Congressman Randy "Duke" Cunningham last year. Lam reportedly had other politicians in her sights.

"I am particularly concerned because of the inference ... that is drawn to manipulation in the lineup of cases to be prosecuted by a U.S. attorney," Feinstein stated. "In the San Diego case, at the very least, we have people from the FBI indicating that Carol Lam has not only been a straight shooter but a very good prosecutor."

U.S. Attorney General Alberto Gonzales denied political motives figured in the multiple resignations of top prosecutors, and pledged that all interim appointments would be submitted to the Senate for confirmation. He reiterated that U.S. attorneys serve at the pleasure of the president and can be removed for a number of reasons, including job performance and their standing in their districts. That isn't good enough for Feinstein and her Democratic colleagues, who have introduced legislation to reinstate the appointment of interim prosecutors by federal judges.

Gonzales is correct that the president is vested with the power to appoint U.S. attorneys. Unfortunately, the Patriot Act change eliminated the ability of the Senate to exercise its constitutional oversight of those nominations to make sure they are qualified and not simply political plums handed out to supporters in the waning years of the administration.

The attorney general's pledge to bring the wave of interim appointees before the Senate for confirmation is welcome, providing it is done in a speedy fashion. Still, the Patriot Act needs to be amended to restore judicial appointment of interims.

No president should be able to fire top government prosecutors from their positions for political reasons and then install successors without a thorough vetting by the constitutionally charged legislative body.

Unisys To Continue Justice Asset Tracking System Work (WASHTECH)

DOJ_NMG_0121316

By William Welsh, Deputy Editor

Washington Technology, January 24, 2007

Unisys Corp. will continue supporting a consolidated asset tracking system used by the Justice Department to monitor property seized from criminals under a new contract. The eight-year deal may be worth as much as $112 million, the company said.

Under a blanket purchase agreement, Unisys of Blue Bell, Pa., will provide applications and managed services support for all system operations.

Unisys will handle systems integration, systems development, engineering, network management, production support, and security and certification. The company also will be responsible for customer support, program management, verification and validation.

The Justice Department's asset tracking system tracks, monitors and reports on property seized and forfeited in the prosecution of criminal activities. Ten law enforcement agencies used the consolidated system.

The new contract extends Unisys work on the asset tracking system project. Over the past five years, Unisys has modernized all of the system's core business applications while maintaining legacy system operations during the process, the company said.

Unisys has 32,000 employees and had annual sales of $5.7 billion in 2006. The company ranks No. 20 on Washington Technology's 2006 Top 100 list of the largest federal IT contractors.

CORPORATE SCANDALS:

Ex-Enron Executive Begins 18-month Prison Term (HC)

By Kristen Hays

Houston Chronicle, January 25, 2007

Enron's former investor relations chief entered a federal prison in Texas today to serve an 18-month sentence for helping top executives mislead Wall Street about the company's financial viability.

Mark Koenig, 51, surrendered at a men's prison in Three Rivers, about 74 miles south of San Antonio, at noon today, prison spokesman Michael Ginster said.

With his surrender, Koenig became the eighth former Enron executive to serve prison time in the aftermath of the company's collapse more than five years ago.

Koenig pleaded guilty in August 2004 to aiding and abetting securities fraud for misleading Wall Street analysts to conceal Enron's precarious financial condition before the company collapsed in December 2001. As head of investor relations, he was Enron's main liaison to Wall Street.

"I definitely did not make the right choices in my last year at Enron," Koenig told a judge at his sentencing in November. "I am profoundly sorry for that."

Koenig's former second-in-command, Paula Rieker, pleaded guilty to insider trading earlier in 2004 and is serving probation for two years.

About a year ago, Koenig kicked off prosecution testimony in the fraud and conspiracy trial of former Enron Chairman Ken Lay and former CEO Jeff Skilling. He testified that while no one explicitly ordered him to lie, he felt pressure to do so to keep his job.

Both Lay and Skilling were convicted, but Lay died of heart disease in July. His record was subsequently wiped clean. Skilling began serving a 24-year, four-month prison term for 19 criminal counts at a Minnesota prison last month.

Next week another Enron felon, former finance executive Michael Kopper, is slated to surrender at a prison in Big Spring, about 450 miles west of Houston.

Kopper pleaded guilty in August 2002 to two counts of conspiracy for helping devise and carry out schemes to cook Enron's books while skimming millions of dollars for himself

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CRIMINAL LAW:

Witness: Libby Part Of Leak Plan (USAT)

By Richard Willing

USA Today, January 25, 2007

WASHINGTON — Lewis "Scooter" Libby was part of a White House strategy to use press leaks to blame the CIA for faulty intelligence about Iraq's efforts to acquire nuclear bomb material, a former top CIA official testified Wednesday.

Libby was annoyed by reports that the administration had ignored evidence that its claims that Iraq sought nuclear fuel were wrong, said Robert Grenier, the CIA's former assistant secretary for operations.

Then Vice President Cheney's chief of staff, Libby asked Grenier about former State Department official Joseph Wilson, who had investigated the claims about Iraq's nuclear intentions for the CIA. Grenier testified that he also told Libby that Wilson's wife, Valerie Plame, was a covert CIA official.

Grenier testified during Libby's trial on charges of perjury and obstruction of justice. Libby, 56, is charged with lying to FBI agents and grand jurors during a federal probe into how Plame's identity was given to reporters in the summer of 2003.

On Wednesday, Libby's lawyers tried to show that prosecution witnesses who say they told Libby about Plame may have faulty memories.

Grenier said he first told authorities that he didn't remember discussing Plame with Libby but, more than a year later, said he did. Grenier said he didn't tell authorities about the Plame conversation until mid-2005, when news stories about Libby's possible role in revealing her identity made the information more "relevant."

Earlier Wednesday, Grenier said Libby's interest in Wilson was triggered by a May 2003 New York Times column that alleged that Cheney had encouraged the CIA to send Wilson to Niger in 2002 to investigate claims that Iraq had sought uranium in the African nation. Wilson's findings — that the claims were unfounded — were overlooked when President Bush charged in January 2003 that Iraq had sought uranium.

A July 2003 report by columnist Robert Novak naming Plame as Wilson's wife was also part of an administration plan to "throw the blame" on the CIA, Grenier said. The column implied the CIA was guilty of "nepotism" for picking an officer's spouse for the uranium mission, he said.

Grenier's statements, in the trial's second day of testimony, helped show the administration's internal conflicts, as inspectors failed to locate weapons of mass destruction in Iraq and critics of prewar intelligence surfaced in the press.

Prosecutors allege that the Bush administration officials engineered the leaks to undermine Wilson's credibility. The key issue in the trial, however, is not any attempt to damage Wilson. Instead it is whether Libby intentionally lied when he told FBI agents and grand jurors in late 2003 and 2004 that he first learned Plame's identity from NBC reporter Tim Russert. Russert, who is expected to testify, has already denied that.

The day's final witness was CIA official Craig Schmall, who performed Libby's daily intelligence briefing. Prosecutors used Schmall's testimony to counter defense assertions that Libby was too busy with national security issues to remember talking about Plame's identity.

Schmall testified that when he briefed Libby in mid-June 2003, Libby was "pretty excited" because he had recently been visited by film stars Tom Cruise and Penelope Cruz. Cruise, a practitioner of Scientology, lobbied Libby on behalf of German Scientologists, who Cruise said were being persecuted by the German government, Schmall recalled.

Ex-CIA Official Testifies About Libby's Calls (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 25, 2007

A former high-ranking CIA official testified yesterday that, when Vice President Cheney's agitated chief of staff called him out of the blue in June 2003 to ask what he knew about a CIA-sponsored trip to Niger, he jumped to get answers.

Summoned out of a meeting with the CIA director to take I. Lewis "Scooter" Libby's urgent call later that same afternoon, then-Associate Deputy Director Robert Grenier said he relayed all he had learned about former ambassador Joseph C. Wilson IV, the man behind news reports of the trip that had Libby so concerned.

Yes, Wilson had gone on a CIA-sponsored mission to check out intelligence that Iraq was trying to buy uranium for nuclear weapons and had concluded that the tip was unfounded, Grenier testified he told Libby. And, he told Libby, it appeared that Wilson's wife, a CIA officer, had suggested Wilson for the trip.

The timing of Grenier's response and Libby's anxiety over Wilson are central to the prosecution's allegation that Libby lied to investigators when he said that he believed he first learned CIA officer Valerie Plame's identity from NBC's Tim Russert a month later. Grenier is one of three government officials to testify, so far, that they held conversations with Libby about Wilson's wife weeks before Libby contends he learned her name.

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Libby has pleaded not guilty to five felony counts during the investigation of how Plame's identity was disclosed to the media. His defense maintains that he got confused about details of conversations with reporters amid the crush of his work on urgent national security issues.

The second day of trial testimony continued to throw back the curtain on a Bush administration beset with rivalries, self-interested alliances and attempts at blame-shifting. Those efforts were particularly intense during the summer of 2003, with U.S. troops in Iraq still unable to find the weapons of mass destruction that President Bush had cited to justify a preemptive war.

Fleshing out the finger-pointing inside the administration is important for both the defense and the prosecution. Special Counsel Patrick J. Fitzgerald has argued that Plame was the victim of an internal administration scramble as the vice president sought to discredit Wilson. Fitzgerald has alleged that Libby lied to conceal his and Cheney's efforts, as well as Libby's discussions about Plame with reporters.

Grenier said that Libby was fixated on one set of facts that Grenier relayed. He asked, would the CIA release to the news media the information that Wilson's trip was supposed to answer questions raised not just by Cheney's office, but by the State Department and the Defense Department as well?

Yesterday, defense attorneys sought to raise doubts about several of Libby's former administration colleagues, who are now witnesses for the prosecution, by attempting to show that they had flawed memories of events -- and that they had allegiances or other motives that would bias them against Libby. The defense also asserted that, after a criminal investigation into the leak began in the fall of 2003, the White House tried to protect presidential adviser Karl Rove and seemed willing to sacrifice Libby.

Defense attorney Theodore V. Wells Jr. pressed former undersecretary of state Marc Grossman, the prosecution's first witness, to acknowledge his close friendship with his boss at the time, then-Deputy Secretary of State Richard L. Armitage, an internal critic of the war and of Libby.

Wells suggested that Grossman had a "fishy" meeting with Armitage just before Grossman was interviewed by the FBI and has given conflicting accounts of events over time.

Ari Fleischer, a former White House press secretary who is expected to testify for the prosecution, also has a motive to help the prosecution, Wells has said. Fleischer had demanded immunity before he would talk about his conversations with Libby, then had admitted to government prosecutors that he had spoken to several reporters about Wilson's wife in the days before he left his job.

In questioning Grenier, defense attorney William H. Jeffress Jr. emphasized the rift between the CIA and the White House.

Grenier said he remembered reading a story in The Washington Post on June 12, 2003, the day after he tried to answer Libby's questions, that quoted anonymous administration sources as saying that the CIA never told Cheney that his questions were the impetus for Wilson's trip or about Wilson's findings.

"Wasn't this embarrassing to the CIA?" Jeffress asked Grenier. "Didn't you tell the FBI that you thought the White House was trying to shift blame to the CIA?"

Grenier testified that he did surmise that the White House was pointing a finger at the CIA for not alerting them about Wilson's findings.

"The administration was trying to suggest that had they only known about the eminent Ambassador Wilson's [information] . . . it would have somehow stopped the White House from continuing on its errant path to war," Grenier said. "I think they were trying to avoid blame for not providing [the truth] about whether or not Iraq had attempted to buy uranium."

Weeks later, Grenier said he saw Plame's name revealed in Robert D. Novak's syndicated column and figured that it was the work of the White House. In fact, Armitage and Rove have acknowledged that they were Novak's sources. Jeffress also sought to undermine Grenier's testimony by pointing out that Grenier initially told FBI agents and a grand jury that he did not remember whether he had told Libby that Wilson's wife worked for the CIA. Only later, Jeffress said, did Grenier notify investigators that he had mentioned that she was an employee. "Do you find your memory gets better the further away from an event you are?" Jeffress asked pointedly.

Ex-Officials Testify They Informed Libby Of The Identity Of A C.I.A. Operative (NYT)

By Neil A. Lewis

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — Prosecutors in the perjury trial of the former White House aide I. Lewis Libby Jr. paraded a roster of former government officials before the jury on Wednesday to testify that they had informed him about the identity of the C.I.A. operative Valerie Wilson, contrary to Mr. Libby's claim that he had learned about her weeks later from reporters.

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Mr. Libby's lawyers spent their time cross-examining those witnesses in an effort to attack both their credibility and their memory.

Mr. Libby, former chief of staff to Vice President Dick Cheney, has put the issue of memory front and center in his defense on charges of perjury and obstruction of justice. He is charged with lying to both a grand jury and to F.B.I. agents who were investigating the leak to reporters of the identity of Ms. Wilson.

Mr. Libby has sworn that he did not discuss Ms. Wilson's identity with reporters in the spring and summer of 2003. But two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time Magazine, have testified that Mr. Libby explicitly told them about Ms. Wilson.

One official to testify, Robert L. Grenier, a former senior official at the Central Intelligence Agency, testified Wednesday that he received an anxious phone call from Mr. Libby on June 11, 2003, asking about reports that a former ambassador had made a trip to Africa to check on reports that Saddam Hussein had tried to buy uranium in Niger for Iraq's weapons program.

Mr. Libby, Mr. Grenier said, seemed irked by accounts that the former ambassador, Joseph C. Wilson IV, the husband of Ms. Wilson, was telling reporters that he had been sent on a fact-finding mission to Niger at the behest of the vice president's office.

Mr. Grenier said he promised to look into the matter, but before he could speak with Mr. Libby again, he was summoned out of a meeting with the director of the C.I.A. by Mr. Libby seeking answers.

He said he told Mr. Libby that Mr. Wilson did indeed go on the mission to Africa and he added, as an afterthought, that Mr. Wilson's wife, who is also known as Valerie Plame, worked at the C.I.A.

The purpose of Mr. Grenier's testimony from the prosecutor's point of view was to cast doubt on Mr. Libby's account that he did not remember learning about Ms. Wilson from officials when he testified that he learned about her from journalists.

But William H. Jeffress Jr., one of Mr. Libby's lawyers, quickly set about taking apart Mr. Grenier's account. He noted that in his first appearance before a grand jury and in an interview with F.B.I. agents, Mr. Grenier did not say he had told Mr. Libby about Ms. Wilson.

Mr. Grenier said he had not remembered that part of the conversation with Mr. Libby and only recalled it more than a year later when he went before a grand jury again.

With a generous dollop of scorn, Mr. Jeffress asked why Mr. Grenier had first told the grand jury that he had no recollection of telling Mr. Libby about Ms. Wilson, only to change his story later.

"I was saying what I thought was true at the time, and I subsequently had a different recollection," replied Mr. Grenier, who held a high rank in the agency as Iraq mission manager.

Mr. Jeffress asked, "Do you find that your memory gets better the further away from an event?"

Mr. Libby's lawyers seemed to have two agendas in mind. Not only did they want to underscore the fragility of memory — Mr. Libby has said that if he testified incorrectly about his conversations with reporters it was only because he simply remembered incorrectly — but also to create a vexing, lengthy and complicated narrative for the jury.

The prosecution, in contrast, is aiming for a streamlined and simple case: Did Mr. Libby knowingly lie to the grand jury and to F.B.I. agents?

Mr. Jeffress also quizzed Mr. Grenier about some of the ill-feeling between the White House and the C.I.A. over Mr. Wilson's trip. On Tuesday, Mr. Libby's chief lawyer, Theodore V. Wells Jr., startled the court when he said that his client had been made a scapegoat by White House officials to protect Karl Rove, President Bush's principal political adviser.

Craig Schmall, a C.I.A. employee whose job was to brief Mr. Libby and Mr. Cheney, testified that his notes showed Mr. Libby had spoken to him on June 14, 2003, and that he was annoyed by Mr. Wilson's trip to Niger.

On cross-examination, Mr. Schmall acknowledged that Mr. Libby's workday in that period was taken up with issues like Iraq developments, an East African terrorist network and Al Qaeda.

Mr. Schmall's notes from a session with Mr. Libby show a comment about the actors Tom Cruise and Penélope Cruz, who had visited the White House and raised concerns about the treatment of Scientologists in Germany. "He was a little excited about it, and I was a little excited about it," Mr. Schmall said of the celebrity moment in their day.

Earlier, Mr. Libby's defense team went after the memory and credibility of Marc Grossman, the former under secretary of state. He had given statements that he had been asked on May 29, 2003, by Mr. Libby about the Wilson trip. He said that after canvassing the State Department he reported back that Mr. Wilson had made the trip for the C.I.A. and that his wife had played a major role in selecting him for the mission.

Libby Defense Says Witnesses Also Suffered Memory Lapses (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 25, 2007

WASHINGTON — I. Lewis "Scooter" Libby's defense against perjury charges, which rests in part on what he has described as innocent memory lapses, appeared to gain some ground Wednesday when his lawyers showed that two government witnesses in the case had memory issues of their own.

Former CIA official Robert Grenier, questioned by Libby's lawyers, acknowledged that he initially told a federal grand jury in January 2004 that he did not believe he had shared information about the status of CIA operative Valerie Plame when he spoke with Libby weeks before she was identified in a newspaper column. But Grenier said he testified 18 months later in another grand jury appearance that he believed he had given Libby that information after all.

Grenier was called by the government to help prove the central charge against Libby: that contrary to what he told investigators, Libby obtained information about Plame, the wife of an administration war critic, before her identity surfaced July 14, 2003, in a syndicated column by Robert Novak. Libby, Vice President Dick Cheney's former chief of staff, told a grand jury that he learned about Plame from journalists and had passed along gossip they offered him. The government claims that he made up the story in an apparent effort to protect his boss.

Another official — Marc Grossman, a former State Department undersecretary for political affairs — also testified Wednesday that he had discussed Plame with Libby but conceded there were discrepancies in the accounts that he had initially given FBI agents. Grossman said he could not account for the differences.

Grenier said he changed his testimony after reflecting on a feeling of guilt that he had after talking with Libby and the possibility that he had shared potentially classified information with him. He also said it was becoming apparent from newspaper reports that how and when Libby learned about Plame was becoming of paramount interest to investigators.

The disclosures, on the first full day of the perjury and obstruction trial, appeared to buttress a central defense claim.

Libby, through his lawyers, has conceded that he may have misspoken to investigators, but only because he was preoccupied with matters of national security, which clouded his ability to recall events.

His lawyers were able to show Wednesday that such memory problems may be an occupational hazard for high government officials.

"Do you find that your memory gets better the further away from an event you are?" William Jeffress, one of Libby's lawyers, asked Grenier. "Your memory improves with time?"

Grenier, who was the CIA's point man on Iraq at the time of his conversation with Libby, said he could not account for any single event that changed his thinking. "I developed the growing conviction that I had in fact said it," he said. "It's like, 'Wake up and smell the coffee. You must've told him.' "

Plame is married to former envoy Joseph C. Wilson IV; in an opinion piece in the New York Times on July 6, 2003, Wilson said that President Bush had misled the nation in his State of the Union address when he said Saddam Hussein was seeking weapons-grade uranium in Niger. Wilson had assessed the claim on a CIA-sponsored trip to the African country in 2002 and concluded that it was baseless. Articles about his trip began to appear in newspapers in May 2003.

Both Grenier and Grossman testified that Libby had called them in June 2003 to ask if they knew anything about the then-anonymous ambassador and the circumstances of the trip.

The discussions, they testified, eventually led them to disclose information about Plame to Libby.

Grenier said he treated the request with urgency and recalled being pulled out of a meeting with then-CIA Director George J. Tenet to take a phone call from Libby. "Someone came to the door and beckoned me out…. I went out of the conference room and I was handed a note indicating that I should call Mr. Libby," he said. "I don't think I had ever been called out of a meeting with the director either before or since."

Grossman ordered up a State Department report that chronicled the Wilson trip, which mentioned that his wife worked for the CIA, a fact that he passed along to Libby.

Theodore V. Wells Jr., another of Libby's lawyers, questioned Grossman about conversations he had with then-Deputy Secretary of State Richard Armitage immediately before and after Grossman spoke to the FBI for the first time in October 2003. Grossman said that Armitage divulged to him what was then a major secret: that Armitage had been the source for the Novak article about Plame.

Grossman said he was glad Armitage had decided to confide in him before his FBI interview.

"He said it was the dumbest thing he'd ever done in his life," Grossman said. "He said he felt terrible about it, that he'd offered to quit and reported it fully to the FBI. I was shocked and disappointed. But for me, I thought he'd given me a piece of professional courtesy, and I appreciated it."

During questioning, Wells said that a transcript of Grossman's FBI interviews indicated he had known before he commissioned the State Department report that Plame worked for the CIA, though he testified Tuesday that the document was his original source for the information.

"You accept the fact that you told the FBI something different on Feb. 24, 2004, than you told this jury?" Wells asked.

"Yes, sir," Grossman replied.

The prosecution on Wednesday scored some points in trying to rebut what some lawyers have called Libby's "busy man" defense.

The government introduced notes taken by Libby's CIA briefer during a meeting in June 2003. The notes revealed that Libby had taken time out to visit with actor Tom Cruise and his then-girlfriend Penelope Cruz, who had requested time with the influential administration aide to complain about German government criticism of Scientology — of which Cruise is a well-known follower.

"Mr. Libby told me about it during the briefing," Craig Schmall, the CIA briefer, said. "He was a little excited about it. I was a little excited about it."

The trial is expected to resume today, with testimony from former Cheney spokeswoman Cathie Martin.

At The Libby Trial, Hints Of Intrigue And Betrayal (NYT)

By David Johnston And Jim Rutenberg

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — The assertion by lawyers for I. Lewis Libby Jr. that White House aides had sacrificed him to protect Karl Rove, the senior political adviser, appears to be based primarily on Mr. Libby's own sense that the administration had failed to defend him adequately as the C.I.A. leak case unfolded.

But there is little known evidence to buttress the suggestion by Mr. Libby's defense team in his obstruction and perjury trial that unnamed White House officials were deliberately setting Mr. Libby up to be a scapegoat.

Mr. Libby's lawyers said in an opening statement on Tuesday that he felt so abandoned by the White House as the leak investigation intensified in the fall of 2003 that he appealed to his boss, Vice President Dick Cheney. Mr. Cheney subsequently wrote, according to the defense's opening statement: "Not going to protect one staffer + sacrifice the guy who was asked to stick his neck in the meatgrinder because of the incompetence of others."

The defense team's statements set off a debate across Washington about whether they were part of a legal gambit to divert attention from the underlying charge that Mr. Libby lied to F.B.I. agents and the grand jury or whether his lawyers had evidence of an effort within the White House to focus the blame on Mr. Libby.

Even if the assertion is shown to be true, it is not clear how it would help refute the charges that Mr. Libby had perjured himself.

Mr. Libby's lawyers have so far offered few details about how he might have been set up as a fall guy for Mr. Rove. White House aides said little about the alleged rift on Wednesday, indicating they were prepared to grant their former colleague wide latitude to present an aggressive defense — even if it meant letting stand unanswered a story of intrigue and disloyalty involving President Bush's and Mr. Cheney's most trusted aides.

The accusations of scapegoating came as a surprise. In the past, White House aides have portrayed Mr. Libby and Mr. Rove as colleagues who moved in different orbits, but whose paths crossed collegially on various pieces of White House business, including the effort to defend a flawed statement in Mr. Bush's State of the Union speech in 2003 that Iraq had sought nuclear fuel in Africa.

But Mr. Libby may have had reason to feel singled out. He was the only White House official known to have been authorized to seek out reporters in the summer of 2003 in an effort to explain an intelligence report that the administration had used to make a case that Iraq was interested in acquiring uranium ore for its suspected nuclear program, according to documents in the case.

Mr. Cheney approved of Mr. Libby's confidential meetings with reporters, according to the prosecution. The vice president had also spoken to Mr. Bush, who authorized the declassification of parts of a National Intelligence Estimate on Iraq to provide Mr. Libby with more information to discuss with the journalists, the legal papers said.

There may have been other reasons Mr. Libby felt the White House was turning against him. Under questioning from reporters, Scott McClellan, the White House spokesman, said on Sept. 29, 2003, that Mr. Rove had no involvement in the leak of the identity of an intelligence officer, Valerie Wilson. But it took nearly a week before Mr. McClellan made a similar defense of Mr. Libby.

In each instance, Mr. McClellan's statements, which he said at the time were based upon conversations with Mr. Rove and Mr. Libby, proved to be inaccurate; Mr. Libby and Mr. Rove had spoken to reporters about Ms. Wilson, who had worked undercover.

While Mr. Libby felt he was being left to fend for himself, there is little public evidence so far to support his lawyers' suggestion that Mr. Libby was the victim of a deliberate effort to shift the blame to Mr. Libby to protect Mr. Rove, who by the fall of 2003 was masterminding Mr. Bush's reelection campaign.

The issue of whether there was a conspiracy at the White House either to reveal Ms. Wilson's identity or to cover up for the White House officials who engaged in such a plot was a central focus of the grand jury inquiry conducted by Patrick J. Ftizgerald, the prosecutor. Mr. Fitzgerald did not charge anyone with participating in a conspiracy and has never suggested that there is any evidence that one existed.

Mr. Fitzgerald spent many months exploring the issue, investigating one newspaper report of a broad conspiracy that later proved to be inaccurate, according to lawyers with clients in the case. Those lawyers said Mr. Fitzgerald questioned their clients, often in minute detail, about what they had done or said about the case. Associates of Mr. Rove, speaking on condition of anonymity, dismissed the idea that there was a cabal against Mr. Libby.

But the defense can marshal an argument that Mr. Libby was initially left out in the cold as the White House began mounting a defense of Mr. Rove, a review of White House comments on the leak inquiry shows.

On Sept. 29, 2003, as the leak inquiry was picking up steam and reporters were pressing to learn Mr. Rove's role, Mr. McClellan said Mr. Rove had told him he was not involved in the leak. He called the accusations of Mr. Rove's involvement "ridiculous."

Asked about Mr. Libby in that afternoon's press briefing, Mr. McClellan initially appeared noncommittal, saying, "If someone did something like this, it needs to be looked at by the Department of Justice." Later Mr. McClellan said, "I've made it clear that there's been nothing, absolutely nothing, brought to our attention to suggest any White House involvement, and that includes the vice president's office, as well."

But a government filing in the spring suggested that Mr. Libby was dissatisfied with Mr. McClellan's handling of the questions about his involvement. The filing showed that Mr. Libby had drafted a handwritten list of talking points for Mr. McClellan that read: "People have made too much of the difference in how I described Karl and Libby. I've talked to Libby. I said it was ridiculous about Karl, and it is ridiculous about Libby."

Mr. McClellan indicated at the time his comments defending Mr. Libby had come from a conversation.

Former White House officials said they were surprised to hear of any rift between Mr. Rove and Mr. Libby. "One of their strengths was that they worked together," said Lawrence B. Wilkerson, a former State Department official who has become a critic of how the administration had handled Iraq. "They didn't show any ankle — it was always a team effort."

Several former officials, speaking on condition of anonymity, said that Mr. Rove and Mr. Libby had several areas of intersection. Mr. Libby also held the rank of a presidential adviser, and he stood in for Mr. Cheney frequently on domestic and foreign policy meetings. Both men had a hand in the marketing, and later, the defense, of the Iraq strategy. But they approached it from different angles. Mr. Libby was involved in developing and assessing intelligence about Iraq and using it to build the case for the war, and then defending that case as it began to unravel. Mr. Rove built a re-election strategy for Mr. Bush that relied heavily on his prosecution of the war against terrorism and the Iraq invasion.

Both men had their own contacts among journalists. Mr. Rove dealt mostly with political reporters, including the conservative columnist Robert Novak, who first disclosed Ms. Wilson's identity. Mr. Libby tended to speak with reporters who focused on national security matters, including Judith Miller, then of The New York Times.

Mr. Fitzgerald has also introduced a new player into the mix, Ari Fleischer, Mr. McClellan's predecessor as White House press secretary. Mr. Fleischer, Mr. Fitzgerald said in court on Tuesday, had been informed by Mr. Libby about Ms. Wilson's identity as the wife of Joseph C. Wilson, the former diplomat whose criticism of pre-war intelligence about Iraq had set off the case. Mr. Fleischer had later discussed Ms. Wilson with reporters including David Gregory of NBC News, according to the account.

Theodore V. Wells Jr., Mr. Libby's lawyer, has argued that Mr. Fleischer's testimony came after an immunity deal and that he had no notes about the lunch he reportedly had with Mr. Libby. But that argument fits what appears to be a general strategy by Mr. Wells to show a confusing situation where loyalties, and memories, are questionable.

Cities See Crime Surge As Threat To Their Revival (USAT)

By Haya El Nasser

USA Today, January 25, 2007

LOUISVILLE — A minister who regularly conducts prayer vigils against violence and counsels crime victims is beaten by a gang of youths. Five people are shot and wounded at a community festival. A softball player is shot and wounded at a game, in front of 100 witnesses. One person is killed and four wounded in a shooting outside a funeral home as people gather for a wake.

These crimes happened in very public settings here last year — two of them within 2 miles of the heart of this Ohio River city's downtown. Such incidents inevitably give communities the jitters, but cities are especially skittish now because the nation's violent crime rate is rising after more than a decade of decline, and the stakes are higher.

MORE: 100 'best communities' for youths named | List of 2007 winners

The drop in crime helped spark an urban revival that attracted thousands of residents and billions of dollars of investment to downtowns from Louisville to Miami, St. Louis and Denver. Now, city leaders across the nation are fearful that crime will kill the renaissance.

For a city such as Louisville, where downtown is flourishing, keeping crime in check is paramount. More than $1 billion has been invested in the commercial heart of the city this decade. By 2010, at least another $1 billion is expected to come in. Five hotels are set to open, and the 2000 housing units now downtown are expected to double by 2009.

Rising crime "has the potential of being damaging," says Jerry Abramson, mayor of Louisville from 1985 to 1998. He was elected again in 2002 after Louisville merged with surrounding Jefferson County; he was re-elected in 2006. "We all live day by day in terms of concern of some horrific thing happening in our central business district that would set us back."

Murders and robberies continued to rise nationwide during the first six months of 2006, according to the FBI, and violent crime overall appears headed for a second straight year of increases. Mayors and police chiefs regularly assure the public that violent crimes still are confined mostly to poorer drug- and gang-infested areas, but they are sounding alarms:

•One of the first sessions at the U.S. Conference of Mayors' winter meeting that began Wednesday in Washington tackled initiatives to fight rising crime. Mayors are calling for a federal-local partnership to stem double-digit increases in murders, assaults and robberies in some cities.

•The National League of Cities has put the surge in violent crime on its legislative agenda, calling it one of the major challenges affecting quality of life.

•Mayors and police chiefs from about 55 cities who met last fall identified many factors pushing up crime rates: gangs, drugs, truancy, a growing culture of violence among youths, a profusion of illegal guns, unemployment and a wave of more than 600,000 ex-offenders finishing their prison terms and returning to the streets every year.

Government 'walked away'

Abramson and some other mayors also blame the federal government for cutting funding for crime prevention and phasing out a Clinton administration program that added 100,000 police officers nationwide. They say Washington's focus has shifted to homeland security at the expense of hometown security.

"The consensus is that the federal government walked away from that partnership," Abramson says. "Crime all of a sudden begins to ratchet up but police on the street have ratcheted significantly down. We draw a correlation."

Justice Department spokesman Brian Roehrkasse disagrees. "The increase in violent crime in some areas does not appear to be related to federal spending for law enforcement," he says. "DOJ spending has never accounted for more than 4% of total spending on state and local law enforcement."

Trenton, N.J., Mayor Douglas Palmer, president of the Conference of Mayors, met with House Speaker Nancy Pelosi this month. He hopes cities can gain more support now that Democrats control Congress.

"Over the '90s, cities have made great strides in coming back, revitalizing neighborhoods, but we've seen an escalation of violence," Palmer says.

"We have fewer police officers in our cities now than ever, with a greater proliferation of guns on the streets. … It is of the highest priority." Signs of the trend:

•The Police Executive Research Forum, a national police advocacy group, reported in October that murder, robbery and assaults had increased substantially in a cross-section of cities. The title of its report: A Gathering Storm— Violent Crime in America.

"There was a general sense that crime for most communities had dropped to such levels that it no longer was the issue that it was in the '90s and '80s," says Chuck Wexler, executive director of the police group. "We've seen a volatility in crime that we haven't seen in the previous eight years — and not just in the inner cities."

•Preliminary FBI data released last month show that violent crime rose 2.2% nationwide in 2005, the largest annual increase in 14 years and the first since 2001. In the latest statistics available, violent crime rose 3.7% from January to June 2006 compared with the first six months of 2005. Murders went up 1.4%, felony assaults 1.2% and robberies 9.7%. Property crime dropped 2.6%.

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•The FBI has directed more than 100 additional agents to help local authorities fight violent crime.

Justice Department teams visited 18 cities in November and December to determine why violent crime is spiking in some cities and not in others. They met with state and local law enforcement "to gain a better understanding of what is causing this increase and determine which efforts had been most effective in helping fight violent crime," Roehrkasse says.

•Orlando had 49 homicides last year, more than double the 22 in 2005. About 60% were linked to drugs. In Memphis, homicides rose from 118 in 2004 to 160 last year. Crime is down in Los Angeles and Chicago. In some cities, homicides are down, but robberies are up.

"We had a general rise in violent crime in not all but most cities in every region," says David Harris, professor of law and values at the University of Toledo College of Law.

'Perception is reality'

Mayors find themselves in an awkward spot. On one hand, they want to publicize their crime problems to get more funding. On the other, they worry that too much crime talk will create a negative perception of cities and scare off people.

"It has a very detrimental effect on what mayors work on each and every day to try to entice businesses to come," Palmer says. "Perception is reality."

Adds Harris: "City officials are quite aware that whatever progress they've made in attracting new residents and bringing people back to live in the city would be at risk if people didn't feel safe."

Cities must deal with crime head-on, says urban historian Joel Kotkin, author of The City. "We all hoped that the days of relatively high crime rates had come and gone," he says. "We now know the problem is not going away."

Many cities are taking action:

•In Trenton, homicides spiked to 31 in 2005 but dropped to 18 last year. More than 70% were gang-related, Palmer says. "We took down the leadership of nine gangs," he says. "They're in jail."

The city is cracking down on truancy and providing job training while redeveloping deserted industrial areas, getting rid of 5,500 deserted properties and building 1,600 homes for working families.

"We're making our cities more livable, but it's all inextricably tied to the whole crime piece," Palmer says. "We need resources."

•In Milwaukee, 1993 saw 160 homicides, a record high. By 2004, it had a record low 88. They climbed the next year to 122, then inched down to 103 last year.

"We did see probably a 20% increase in other categories of violent crime … an increase in armed robberies and shootings," says Mayor Tom Barrett, a former congressman.

Barrett and other mayors are working to strengthen background checks of gun buyers. He launched a fatherhood initiative to address the problem of absentee dads. He cut firefighting staff to start the year with 1,970 sworn police officers, the highest number since 2000, but is struggling to fill almost 200 vacancies, he says.

Downtown is thriving. About 14,000 people live there, 10 times more than a decade ago. Waterfront high-rises are going up. Work is starting on The Brewery, a multimillion-dollar conversion of the 26-acre old Pabst brewery complex into a residential and commercial center. The site borders downtown and inner-city neighborhoods.

"Our downtown is very safe," Barrett says. "I'm concerned about violence that occurs in other parts of the city."

•In Miami, overall crime is down, but homicides are up.

"The market is literally being flooded with assault weapons coming from Eastern Europe, the old Soviet bloc countries," Police Chief John Timoney says. Guns such as AK-47 rifles are selling for $150 to $200 compared with $700 or more not long ago, he says.

"Every jerk who wants one can have one," Timoney says.

Crime, he says, is not affecting Miami's downtown, where thousands of condominiums have been built or are planned. "But I was in New York when there was an all-time record high of homicides," he says. "Three kids were killed. Tourists from Utah were killed in the subway. When you start getting untraditional killings, that's when you get people's attention."

Louisville is proactive

While violent crimes in Louisville have occurred away from downtown, the city has been proactive. Security cameras were installed in high-crime areas and neighborhood watch programs strengthened. Police on horses and bicycles patrol the Fourth Street Live area of clubs, stores and restaurants. The city has razed low-income housing and built mixed-income housing.

"Downtown is one of the, if not the, safest geographic areas in our community," Abramson says.

So far, 70 homicides in 2004 (the highest since 1997 when there were 85), 64 in 2005 and 51 in 2006 have not quelled downtown's resurgence. The Muhammad Ali Center opened in recent years, the convention center was expanded, and an arena

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is planned. The city soon will break ground on Museum Plaza, a $465 million, 61-story skyscraper that could transform Louisville's skyline.

Police Chief Robert White has reached out to the community since he arrived four years ago. "If we're going to have a long-term effect in fighting crime, we have to get people engaged," he says.

Billboards across town advertise a 24-hour crime tip line, 574-LMPD. The first month in operation, 123 calls came in. Two years later, about 2,000 calls on average led to at least 30 arrests every month. Police credit the tip line with solving 18 homicides and shutting down three methamphetamine labs.

Donnie Morris, who lives in the high-crime West End, runs Prevention 2000 to teach children about gun safety, drugs and other threats. He and his wife, Jefferson County District Court Judge Joan Stringer, encourage churches to report anonymous crime tips they receive from their congregation.

"Areas that are most affected by crime are the ones that don't call the police, but they'll call their clergy," Morris says.

Phil and Kathy Scherer are the kind of empty nesters that many downtowns are attracting these days. The two had always been downtown boosters. After 33 years in the suburbs, they decided to "walk the walk," says Kathy, 58.

They bought a 3,000-square-foot penthouse in Preston Point, a striking modern building with a view of the river. She says she feels more comfortable being alone at night there than she did in her old suburban house.

Young people crowd the streets on their way to a skate park nearby. Joggers run by the waterfront. Mounted police trot past.

"We have always hoped that Louisville would have that 24-hour component," says Phil, 63, a city native and president of a commercial and industrial real estate firm. "I don't see crime as a deterrent."

Mayors hope it stays that way. The police executive association, however, expects the trend of rising crimes to continue this year.

"Robberies are occurring in parts of cities that didn't normally have robberies," Wexler says. "Cities are concerned."

Contributing: Monica Hortobagyi

Navy Contractor Jailed In Alleged Kidnapping Of Mexican Girl (NBCSD)

NBC San Diego, January 25, 2007

SAN DIEGO -- A San Diego man is in jail in Tijuana, accused of kidnapping a 12-year-old girl.

The U.S. Department of Justice confirmed that Tijuana police arrested Manuel Martinez, 41, on Monday. He is accused of abducting the girl outside a school.

According to police, Martinez pulled the girl into a burgundy Toyota truck with California license plates, tied her up and threatened to rape and kill her. Police found the truck and rescued her, officials said. They also found U.S. Navy credentials, a military knife and various sexual aids in the truck, police said.

Martinez is a civilian contractor working for the U.S. Navy, according to the Justice Department. He is being held on kidnapping, attempted murder and other charges.

Rape Scene With 12-year-old Actress Stirs Debate (AP)

By Debbie Hummel, ASSOCIATED PRESS

AP, January 25, 2007

PARK CITY, Utah — At a festival that features several films with sexual content, including full male nudity and a documentary about bestiality, a Southern Gothic tale that includes the rape of a young girl is causing the biggest stir.

“Hounddog” is the story of Lewellen, a girl played by 12-year-old Dakota Fanning, who is growing up in the 1960s South. She is a free spirit obsessed with Elvis Presley and has little supervision by her abusive father and alcoholic grandmother.

Even before the first screening of “Hounddog” at the Sundance Film Festival this week, a Christian film critic, citing Fanning’s age, decried the movie as child abuse, and Roman Catholic activist Bill Donohue called for a federal investigation.

Fanning is defending her work as well as the movie, and so is the head of Sundance, who said it was courageous for director Deborah Kampmeier to tackle “challenging material.” “Hounddog” is entered in the festival’s dramatic category.

“It’s not a rape movie,” Fanning said Tuesday. “That’s not even the point of the film.”

The disturbing scene lasts a few minutes, but is not graphic. There is no nudity, the scene is very darkly lit and only Fanning’s face and hand are shown.

Kampmeier said it took her a decade to get the film made, largely because of the rape scene, but cutting it was a compromise she was unwilling to make.

“This issue is so silenced in our society. There are a lot of women who are alone with this story,” she said.

"When you're shooting a film, it's the images you line up next to each other that create a story," Kampmeier said. "If you have a hand hitting the ground, Dakota screaming 'stop' and you see a zipper unzip — that creates a rape."

Ted Baehr, chairman of the Christian Film and Television Commission and publisher of the Web site movieguide.org, claims "Hounddog" breaks federal child-pornography law. He said the law covers material that "appears" to show minors engaging in sexually explicit conduct.

"Even if they're not actually performing the explicit act, we are dealing with a legal issue here," he said.

Baehr said Fanning is being exploited in the film, and that it should be considered an outrage.

"Children at 12 do not have the ability to make the types of decisions that we're talking about here," he said. "If we're offended by some comedian's racial slur, why aren't we offended by somebody taking advantage of a 12-year-old child?"

Donohue, president of the Catholic League for Religious and Civil Rights, said he has asked the U.S. Justice Department to investigate whether antipornography laws have been broken.

Two other children perform in the film. Cody Hanford plays Buddy, and Isabelle Fuhrman plays a girl nicknamed Grasshopper.

Kampmeier said she talked with the children and their parents, but didn't go into great detail with the young actors about the content.

"I didn't have to articulate to Cody and Isabelle the psychological elements that were going on in this film," she said. "I used images to tell the story. I didn't manipulate these children or explain to these children what was going on."

Fanning said she and Kampmeier talked for months before the film was shot and spent a day painting pottery together and discussing the story.

"It's not really happening," Fanning said of the rape. "It's a movie, and it's called acting. I'm not going through anything. Cody and Isabelle aren't going through anything, their characters are.

"And for me, when it's done it's done," she said. "I don't even think about it anymore."

Sundance director Geoffrey Gilmore said independent filmmakers should pursue sensitive subject matter.

"I feel the mission and very nature of what Sundance is about is to provide a platform for that," he said.

Former Treasurer Sentenced To Prison (AP)

By Tim Korte, The Associated Press

AP, January 25, 2007

ALBUQUERQUE, N.M. (AP) — Former state Treasurer Robert Vigil was sentenced Wednesday to three years in federal prison for pressuring a contractor to hire the previous treasurer's wife, despite concerns that she was unqualified.

Vigil, 53, was convicted in September of a single count of attempted extortion. Jurors acquitted him of 23 other counts of extortion and racketeering.

Vigil remained free after sentencing, wearing an ankle monitoring bracelet, but the judge ordered him to report to prison within 60 days.

"Mr. Vigil, good luck to you," U.S. District Judge James Browning said at the end of the hearing. "I hope you and your family can put this behind you. I hope the state can as well."

Vigil was also fined $97,000 and sentenced to three years of probation after his release. He resigned in October 2005, after the Legislature started impeachment proceedings.

Assistant U.S. Attorney Jonathon Gerson said Vigil and co-conspirators — including Michael Montoya, his predecessor as treasurer — "horribly abused state trust to enrich themselves and enrich their friends."

Montoya pleaded guilty to lesser charges and aided the prosecution in its case against Vigil.

Vigil himself thanked jurors and judges for granting him a fair trial, as well as his friends for their support.

"I also want to thank all my family. They mean more to me than anything on earth," Vigil said, briefly choking up and glancing toward relatives. "I love them so much."

Another Memphis Cop Snared In Operation: Tarnished Blue (WMC)

WMC-TV, January 25, 2007

Memphis cop snared in federal sting

A Memphis Police officer was arrested Wednesday as a result of Operation Tarnished Blue, an ongoing investigation by local, state and federal law enforcement into police corruption.

The officer is accused of money laundering.

Orlando Hebron is accused of taking nearly $8,000 in government funds, then making false statements to investigators.

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The indictment details a six month undercover investigation involving what appeared to be two kilos of cocaine, thousands of dollars in cash and offers of money laundering.

U.S. Attorney David Kustoff said the federal indictment alleges Hebron made several offers to launder money for an undercover informant. Prosecutors began this case after they received a tip.

"This investigation was originated by the Memphis Police Department," Kustoff said.

Federal documents allege that the informant agreed to give Hebron about $3,000 in cash. In exchange for the cash, Hebron promised to launder the money and return $2,400 of it in the form of a check.

Documents show Hebron never followed through, and told the informant he used some of the money "to pay some bills."

"This was a very thorough investigation and an investigation that brought someone to justice who wears the uniform," Kustoff said.

The indictment also alleges Hebron agreed to assist the informant in a robbery at a mini- storage last November where the informant says thousands of dollars in cash and two kilos of cocaine were stored.

This time the informant gave Hebron $4,900 to launder. Both decided to hide the fake drugs planted by the FBI.

When FBI agents interviewed Hebron about the break-in two months later, Prosecutors say he admitted to being there, but made several false statements about the incident.

"This office takes public corruption very seriously," Kustoff said. "It's a priority of this office."

Hebron was hired at the department in 1995. He was assigned to school security at Mitchell High School. He faces 15 years imprisonment if convicted.

Neteller Founder Pledges To Fight Charges (FT)

By Daniel Pimlott In New York

Financial Times, January 25, 2007

John Lefebvre, the co-founder of Neteller who stands accused of laundering billions of dollars in illegal online gaming proceeds, plans to fight all of the charges against him, his lawyer said.

"He's going to be contesting everything we know about the charges right now," said Vincent Marella, his attorney, outside the New York court where Mr Lefebvre was due to appear yesterday for a bail hearing.

Stephen Lawrence, the other founder of the London-listed online money transfer company who is charged alongside Mr Lefebvre, last week confirmed he would also contest the allegations.

Mr Lefebvre is on $5m bail and has had his passport confiscated after being arrested in Los Angeles last Monday. His lawyer described the circumstances of his arrest as a surprise, and said the US authorities were trying to send a message with the recent spate of arrests in the online gambling industry. "I think they want to stress the point that they are serious about enforcing gaming laws."

The US justice department considers online gambling to be illegal although it is an established and regulated industry elsewhere in the world.

David Carruthers, former chief executive of Betonsports, is awaiting trial in St Louis on fraud and racketeering charges related to his role at the internet gaming company.

But some US lawyers have questioned whether criminal prosecutions are likely to be successful because the companies involved are not based on US soil.

Mr Marella questions the validity of the charges. "I don't know why the [US authorities] are bothering with this now, or why at all. It's not clear that this is a liable area of law enforcement."

Neteller quit its US business following the arrests.

The US attorney for the Southern District of New York has sparked anger in London by seeking information from several banks and other businesses in connection with a wide-ranging inquiry into online gaming.

UC Riverside Official Is Indicted In Bribery Case (LAT)

From Times Wire Reports

The Los Angeles Times, January 25, 2007

A UC Riverside administrator was indicted Wednesday on federal charges of soliciting and receiving several bribes from the contractor in charge of constructing the university's psychology building.

Theodore Chiu, 53, an associate director of the Office of Design and Construction, solicited a $50,000 bribe from Irvine contractor FTR International Inc. on Oct. 31, according to the U.S. attorney's office in Los Angeles.

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Chiu asked for the payment when the company's president, Nizar Katbi, raised concerns about the $35-million project, including Chiu's choice of a subcontractor, according to an FBI affidavit.

Feds Probing Pirro - Again (NYDN)

By Leo Standora, Daily News Staff Writer

New York Daily News, January 25, 2007

The feds have again widened their criminal probe of former Westchester District Attorney Jeanine Pirro - this time to see if she used the resources of her office in her failed campaign against Sen. Hillary Clinton, WNBC reported yesterday.

FBI agents and local investigators are focusing on whether Republican Pirro or her staffers ran background checks on donors to her 2006 senatorial campaign using computers and databases at the DA's office, the station's Jonathan Dienst reported.

A number of former members of Pirro's campaign have been questioned by investigators, he said.

Pirro spokesman Michael Edelman told the Daily News last night that Pirro had done nothing wrong, calling the probe "nonsense."

"If she used the resources of her office to check whether her donors were criminals, that's a good thing, not a bad thing," he said.

Those who donated to Pirro's campaign included numerous contractors and real estate executives who have done business with her husband, Albert.

The good news for the couple yesterday was that Albert Pirro was reinstated as a lawyer, more than six years after he was disbarred for a tax fraud conviction.

His misadventures - the tax conviction, fathering a child with another woman, speeding tickets - often have been blamed for his wife's failure to rise beyond the local level in GOP politics. Jeanine Pirro eventually dropped out of the race against Clinton because of pressure from party chiefs.

She then switched to the state attorney general's race, losing to Andrew Cuomo.

She initially came under investigation for allegedly plotting to eavesdrop on her husband. The probe was later widened to include a jewelry business she ran briefly while DA.

With News Wire Services

Naples Man Convicted Of Stealing Patient Information From Cleveland Clinic (NAPLESN)

Naples Daily News, January 25, 2007

Fernando Ferrer Jr. faces up to 30 years at his April sentencing

A jury Wednesday convicted a Collier County man of stealing the identities of 1,130 patients at Cleveland Clinic Naples that were used to submit more than $7 million in false claims to Medicare, according to the U.S. Attorney's Office in Miami.

Fernando Ferrer Jr. of Naples, a registered owner of Advanced Medical Claims in Naples, was convicted after a three-day trial in U.S. District Court in Fort Lauderdale on eight counts of conspiracy to defraud the U.S. government, computer fraud, wrongful disclosure of individual health information and aggravated identity theft.

Ferrer, 29, faces up to 30 years in prison at his sentencing April 27 before U.S. District Judge James Cohn in Fort Lauderdale. His co-defendant, Isis Machado, 23, of Miami Lakes, is also scheduled to be sentenced that day by Cohn.

Ferrer and Machado became the first individuals in South Florida convicted of criminal charges for violating the federal law protecting patients' privacy rights, known as the Health Insurance Portability and Accountability Act (HIPPA), according to the U.S. Justice Department.

Machado pleaded guilty on Jan. 11 to one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information. She faces a maximum of five years in prison and could be ordered to pay up to $250,000 in fines.

Machado was a front desk coordinator at Cleveland Clinic in Weston beginning in May 2005 and had authorized access to the hospital's computerized patient files.

Ferrer, her cousin, convinced her she could make money by copying patient information, including their Medicare numbers and Social Security numbers, and selling the information to him, according to their indictment in September. Federal authorities say Machado sold the information to Ferrer for $5 to $10 for each patient information.

Machado was caught by a co-worker at Cleveland Clinic Weston on June 26, 2006, and was fired. Hospital officials reported the theft to federal authorities and cooperated with the investigation.

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The theft of the patient information resulted in more than $2.5 million in false Medicare claims being paid to health-care providers in the Miami area, according to authorities.

Following the indictment in September, Cleveland Clinic officials in Cleveland, Ohio, wrote the 1,130 Naples patients and established a toll-free number for them to call for help in credit and identity monitoring.

Man Convicted Of Using Stolen Patient Data From Hospital (BRAH)

The Bradenton Herald, January 25, 2007

FORT LAUDERDALE, Fla. - A jury convicted a man Wednesday for his involvement in the theft of personal and medical information of more than 1,100 patients at a suburban hospital, authorities said.

Fernando Ferrer Jr., 29, of Naples, was found guilty of one count of conspiring to defraud the United States, one count of computer fraud, one count of wrongful disclosure of individually identifiable health information, and five counts of aggravated identity theft, the U.S. Attorney's Office said in a statement.

Isis Machado, 23, of Miami Lakes, worked as a front desk coordinator at Cleveland Clinic in Weston from May 2005 to June 2006. She downloaded patient files and then sold them to Ferrer, who then made false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, the indictment said.

Ferrer used the information to bill medical providers in Miami for services that were not rendered, resulting in $7 million fraudulently billed to Medicare, federal investigators said.

Machado entered a guilty plea Jan. 12 on one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information. Machado then testified against Ferrer.

Ferrer faces a maximum penalty of 30 years in prison.

Machado faces a maximum penalty of five years in prison, a $250,000 fine and could be ordered to pay restitution, according to authorities.

Ferrer and Machado are to be sentenced on April 27.

The names of their attorneys were not immediately known.

'Ambassador To Cash' Convicted In Con (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, January 25, 2007

A former Chicago investment adviser whose business card touted him as "Ambassador to Cash" was convicted Wednesday by a federal jury of conning an ailing woman out of more than a quarter million dollars.

Jurors took about three hours to find Brian D. McGowan guilty on 18 counts of wire fraud and one count of investment-adviser fraud.

During the nearly three-week trial, testimony by the mother of Michael Jordan and that of athletes with ties to Chicago denied claims by McGowan that he had managed their financial affairs.

Following the verdict, U.S. District Senior Judge John Grady said McGowan's testimony was the most egregious perjury he had seen in more than three decades on the bench.

Prosecutors are to return to Grady's courtroom Thursday in a bid to have McGowan taken into custody as a danger to the community and flight risk. He has been free on bail since he was charged in 2003.

McGowan, 49, now of Hilton Head, S.C., faces up to 5 years in prison at his sentencing May 9, according to Assistant U.S. Atty. Rachel Cannon.

In closing arguments to the jury Wednesday, McGowan's lawyer, Robert Gorence of Albuquerque, claimed that the victim of the fraud, Camille LaMie, formerly of Chicago, had pulled the con on McGowan.

Gorence claimed that McGowan's repeated lies to LaMie in telephone conversations secretly tape-recorded by the FBI were merely attempts by McGowan "to get her off his back."

In a rebuttal argument, Assistant U.S. Atty. Diane MacArthur warned jurors that McGowan was "continuing the con and trying to con you."

McGowan was convicted of misrepresenting his experience and qualifications and falsely claiming to manage finances for several sports stars to entice LaMie to invest almost $270,000, nearly her entire life savings.

Jordan's mother, Delores; former Bears player Matt Suhey; former basketball player Tim Hardaway; and former representatives of Bears great Walter Payton all testified that McGowan's claims of managing their investments—caught on the undercover tape-recordings—were false.

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Prosecutors said McGowan introduced his mother to LaMie in an effort to win her trust. LaMie, now 63 and living in Myrtle Beach, S.C., has multiple sclerosis and requires a wheelchair.

McGowan claimed that he invested LaMie's $268,000 in legitimate investments, but prosecutors contended most of the money fueled a lavish lifestyle for McGowan.

McGowan bought a house overlooking mountains in Albuquerque, paid off his car lease, took numerous ski trips and shopped at Gucci, prosecutors said.

LaMie grew so desperate to get her money back from McGowan that she once attempted suicide, according to testimony. But Gorence scoffed at the claim as "a joke" and contended it was "another ploy to gain sympathy."

In addition to referring to himself as "Ambassador to Cash" on his business card, McGowan used stationery embossed with displays of foreign and U.S. currency, prosecutors said.

Prosecutor Cannon reminded jurors that McGowan once claimed to LaMie that a check hadn't been delivered to her after his dog bit an Airborne Express employee. Cannon called that explanation "a new twist on the oldest lie"—that the dog had eaten the homework.

"He is hoping to bury the truth in the avalanche of lies he has told you from the witness stand," Cannon told jurors.

mo'connor@tribune.gov

Metro Briefs (CHIST)

Chicago Sun-Times, January 25, 2007

Dugan back in DuPage Jail for Nicarico murder trial Convicted killer Brian Dugan was moved to DuPage County Jail on Wednesday to await trial for the 1983 murder of Jeanine Nicarico, 10, of Naperville. Through his lawyers, Dugan had asked to remain in Pontiac Correctional Center throughout the legal proceedings, citing a fear that DuPage inmates might attribute bogus incriminating statements to him. DuPage Judge George Bakalis rejected that request last fall. Dugan, who is serving life terms for two other murders and three sex attacks, has unsuccessfully offered to plead guilty to avoid the death penalty.

Girl, 12, sexually assaulted in Back of the Yards alley

Girl, 12, sexually assaulted in Back of the Yards alleyChicago Police are asking for the public's help in finding a man who sexually assaulted a 12-year-old girl Tuesday in a Back of the Yards neighborhood alley. The girl was walking in the 4800 block of South Winchester about 4:45 p.m. Tuesday, when a man chased her into the alley. He grabbed her throat and sexually assaulted her, police said. Police described the attacker as a Hispanic man between 28 and 30 with a thin build and no facial hair. He had a small "post-type earring in his left eyebrow," and wore a dark, hooded sweat shirt and blue jeans, police said. Anyone with information should call police at (312) 492-3810.

Public defenders' chiefs seek Shakman protectionFive division chiefs in the Cook County public defender's office filed a petition in federal court Wednesday asking that their jobs be protected under the Shakman decree banning political hiring and firing. The lawyers -- Dorene Kuffer, Camille Kozlowski, Darlene Williams, Vicki Rogers and Kendall Hill -- received memos on Dec. 8 stating that County Board President Todd Stroger wanted them to sign undated resignation letters. Most ignored the memo, according to the petition. Three weeks later, they were told to sign the letters or they would be fired immediately, according to the petition filed with Judge Wayne Andersen. The filing seeks to have the division chiefs' jobs protected by the Shakman decree.

Investment adviser found guilty of tricking womanA former Chicago investment adviser who lied about having celebrity clients faces up to 5½ years in prison after a jury found him guilty of tricking an ailing woman into investing with him. The jury deliberated for about 3½ hours at the Dirksen Federal Building on Wednesday. Prosecutors said Brian D. McGowan tricked Camille La Mie, 63, into handing over the bulk of her wealth by boasting that his clients included Michael Jordan's mother and former NBA star Tim Hardaway. Prosecutors said McGowan used some of La Mie's money to pay his own bills. McGowan's attorney argued that La Mie, formerly of Chicago, was angry with McGowan because he'd failed to hide her income from the government. She then proceeded to set up McGowan, defense attorney Robert Gorence argued.

Park Forest man shotA Park Forest man was shot and critically wounded when he answered his door early Wednesday. James Bray, 27, had recently been arrested at his home on felony weapons violations, authorities said. Police said they were unsure of the motive in his shooting, and nobody was in custody.

No passport, no problem -- yet So what happened to people who flew in to O'Hare and Midway airports Tuesday without the required passport? "We took their names down and gave them a fact sheet and a passport application," said Chirese Miles, spokeswoman for the Chicago office of U.S. Customs and Border Protection. "Nobody is being detained." Tuesday was the first day for a new rule requiring people entering the United States from Mexico, Canada and the Caribbean by airplane to present a valid passport. The unofficial grace period -- Customs has not decided when it will end -- is designed to document the names of

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travelers without passports so they can be flagged on future flights. "What, if any, action would be taken then would be determined on a case-by-case basis," said Miles. The first day went smoothly across the country, with Customs reporting no detainees or delays. In Chicago, of the estimated 1,600 people entering O'Hare and Midway on Tuesday from Mexico and the Caribbean, about two dozen did not have passports.

Man dies in plant accident A 20-year-old man died this week after his head got entangled in a hydraulic compressor at a southwest suburban distribution plant. Shawn Menzie, of Harvey, was operating a cardboard compressor Monday at Sertoma Centre at 4100 W. 127th St. in Alsip when he got caught, Alsip Police Chief Robert Troy said. Menzie was feeding pieces of cardboard into the machine and apparently stuck his head into the apparatus, Troy said. It was not clear why Menzie stuck his head into the machine, Troy said. Menzie died from blunt trauma to his head and neck.

Manhattan: Guilty Plea In Defrauding Of Priests (NYT)

The New York Times, January 25, 2007

Robert Riggio of Manhattan, who was charged with defrauding more than 60 priests over several years, pleaded guilty to wire fraud in Federal District Court yesterday, prosecutors said. Mr. Riggio, 60, faces up to 40 years in prison when he is sentenced in April, said Michael J. Garcia, the United States attorney in Manhattan. Mr. Garcia said that Mr. Riggio stole more than $200,000 from 2004 to 2006 by calling priests with bogus pleas for help and requests for money. The funds often came from the priests' personal savings, Mr. Garcia said. Mr. Riggio was arrested in September after he asked for money from an F.B.I. agent posing as the niece of a priest who had been defrauded, Mr. Garcia said.

Shooting Suspects Led Quiet Lives (AP)

By KIM CURTIS

AP, January 25, 2007

SAN FRANCISCO - They'd long since exchanged the radical idealism of their youth for comparatively quiet lives as janitors, job counselors and Little League coaches. They'd become husbands, fathers and grandfathers.

But memories of a violent era in American history came rushing back this week when eight men with ties to the Black Panther Party were arrested in the 1971 killing of a San Francisco police officer.

Prosecutors say members of the Black Liberation Army, a violent offshoot of the Panthers, stormed the lobby of a police station that August night, killing Sgt. John V. Young by firing a shotgun through the speaking hole in a glass partition. A civilian clerk was hit in the arm as she ducked for cover behind a file cabinet.

According to prosecutors, Francisco Torres, Herman Bell and Henry Watson Jones staged the attack. John Bowman, Richard Brown and Harold Taylor were the lookouts. Ray Michael Boudreaux and Ronald Bridgeforth were the getaway drivers.

Anthony Bottom was supposed to be part of the attack team, but he was arrested the night before after attempting to fire a machine gun at a police sergeant.

Bowman died of liver cancer in December, and Bridgeforth is believed to have fled the country.

Seven others were arrested Tuesday on charges of murder and conspiracy to commit murder. An eighth, Richard O'Neal, was charged only with conspiracy.

Investigators say new evidence led them to finally make the arrests in Young's killing, but they won't specify what that is. Lawyers for some of the former BLA members say the case is really about revenge.

It isn't the first time their names were tied to Young's death, but six of the eight men had managed to live relatively normal lives in the ensuing 36 years.

Taylor, now 58, moved to Florida where he worked as a utility lineman and lived with his daughter and girlfriend.

Boudreaux, 64, and Jones, 71, moved to Altadena, north of Pasadena, where they live within a mile of each other and remain friends. Boudreaux is an electrician for Los Angeles County; Jones is a real estate appraiser.

Torres, 58, moved to Queens, New York where he's lived in the same house for 27 years, according to his lawyer, Michael Warren, who called this prosecution "ridiculous" and "without any merit whatsoever." He said his client is a married "family man" with two sons who's active in his community and coaches Little League. He said Torres served in the U.S. Army in Vietnam and was disabled by Agent Orange.

Richard Brown, 65, and Richard O'Neal, 57, stayed in San Francisco. Brown worked for nearly 20 years as a job counselor and developer at a community center and O'Neal worked as a custodian for the city.

Bell, 59, and Bottom, 55, were the two exceptions. Both are serving life sentences for killing two New York City police officers during the same violent spree that claimed Young, according to authorities. But both men earned college degrees in

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prison, a warden has credited Bottom with helping to prevent riots. Bell, a former scholarship athlete, coaches inmate football teams. Both maintain they were framed by the FBI.

Police reopened the case in 1999, saying they had new information. A grand jury heard evidence and several members of the group refused to testify, but no charges were filed.

In 2005, police turned the case over to the state attorney general's office. Again, several people were summoned and refused to testify, including Taylor, Brown, Boudreaux and Jones. They argued the grand jury system is inherently unfair because defendants aren't allowed to have a lawyer present.

They also protested their treatment during an earlier phase of the investigation.

Two years after the killing, Taylor and Bowman were arrested in New Orleans. But a judge dismissed the charges in 1976 because the men had allegedly been tortured by San Francisco police officers during an interrogation.

Over three days, the men said, they were stripped, blindfolded and beaten. They were covered with blankets soaked in boiling water and their genitals shocked with an electric prod. Without food or water, Taylor has said publicly, the men finally relented and confessed.

Under those circumstances, Taylor recalled during a recent public speaking engagement, "Whatever you want me to say, I will say it."

Until the officers who beat them were brought to justice, the men said, they would refuse to answer the grand jury's questions. They went public, speaking to activist and community groups from Boston to Chicago and vowing to dedicate the rest of their lives to stopping torture.

They even gained the support of Harvard law professor Charles Ogletree and actor and San Francisco native Danny Glover. Ogletree did not return a call on Wednesday; Glover was in India and unavailable.

Two defense lawyers said Wednesday they believe the new charges are retaliation for the former Panthers' public statements.

"The government was embarrassed" when earlier attempts to indict the men fell through, said Warren, Torres' lawyer.

Taylor appeared briefly in court Wednesday via a video link from a Panama City, Fla. jail, where he's being held without bail. He said he would fight extradition to California, but does not yet have a lawyer.

Jones' lawyer, John Philipsborn, said he looks forward to defending his client.

Boudreaux's lawyer, Michael Burt, said his client is innocent. "He didn't murder anybody," he said.

Brown's longtime friend, the Rev. Amos Brown, called him a "decent human being," who's been active in his community. He's a member of the African American Police Community Relations Board and an anti-poverty neighborhood group. The pastor of Third Baptist Church said he visited his friend in jail Tuesday and he declared his innocence.

Associated Press Writers Marcus Wohlsen in San Francisco, Tom Hays in New York City, Melissa Nelson in Pensacola, Fla. and AP researcher Rhonda Shafner contributed to this report.

Stunned Friends Laud The Men They Know Now (SFC)

By Leslie Fulbright And Demian Bulwa, Chronicle Staff Writers

San Francisco Chronicle, January 25, 2007

Talk in the Western Addition, whether on the steps of old Victorians, on the benches near the community center or among residents of the housing projects, is centered on Richard Brown.

Not the Richard Brown who police say participated in the killing of a police officer 35 years ago, but the Richard Brown who is a father, community activist and mentor to neighborhood youth.

And at a Bayview district community center, some workers on Wednesday were still reeling from the news that Richard O'Neal, a 57-year-old maintenance man who changed their lights and joked with them, did not show up for work because he is in jail.

Brown, 65, is among eight men charged Tuesday with murdering San Francisco police Sgt. John Young and conspiring to commit murder in other attacks. O'Neal, who also lives in the Western Addition, was arrested but charged only with conspiracy.

"Richard Brown is someone who is intensely concerned with his community and goes way beyond the call of duty," said the Rev. Arnold Townsend, an assistant pastor at Rhema Word Christian Fellowship Church who has known Brown for nearly 40 years. "He's been involved in almost every good work that went on in our neighborhood."

Jim Queen, a commissioner with the city's Juvenile Probation Department, has known Brown for 20 years and has watched the effect he had on neighborhood youth over the years.

"He has a fantastic rapport with the young people in the Western Addition," Queen said.

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"He grew up there and had a special way with the kids, a stern tough-love way. He demanded high standards and made sure he was always available to them," Queen said.

Brown, who lives in the apartment complex on the 1000 block of Fillmore Street, worked for 20 years as a program coordinator in the Employment Service Program at the Ella Hill Hutch Community Center until he was laid off three years ago. He also is a founding member of the African American Police Community Relations Board and several other neighborhood organizations.

"His job was never 9 to 5," Townsend said. "He was at community meetings at night, on boards, in the neighborhood, working for affordable housing. He was always bugging me to come to meetings. We didn't do fun together; I never saw him out in the clubs."

O'Neal, who has two grown sons and whose wife was murdered in 1979, has worked for the past few years at the Southeast Community Center on Oakdale Avenue in the Bayview. The four-story concrete building primarily houses classes offered by City College of San Francisco.

People who work there said they were stunned by his arrest, recalling him as a kind and gentle man who always had a smile on his face and would at times stay late to fix lights or other things.

Veronica Hunnicutt, the dean of the southeast college campus, said she knew a teenage O'Neal when she was a schoolteacher in the late 1960s.

She met him again through his job at the facility.

"Oh, my God, we're just utterly stunned. It's taken us all aback because he is such a nice man," Hunnicutt said. "He is a trusted employee who would do anything to help us.

"I hope they look at all of the information, because this man has been wonderful out here. He would take the shirt off his back to try to help you."

Henry Calhoun, a site supervisor at the campus, said O'Neal is a good person, "friendly, outgoing, easy to get along with. I hope everything will be all right for him in the long run. I hope they release him."

Both Brown and O'Neal have criminal records. Brown was arrested twice in 1968 for his alleged involvement in shootouts with police. He also was convicted in 1961 of robbery and in 1973 of buying a gun with a fake identification and denying he was a felon.

State prosecutors said O'Neal was one of three men who opened fire on Lawrence Heap, a patrol special officer who was sitting in a car outside a San Francisco convalescent home he was guarding.

Heap was struck in both arms but returned fire, wounding O'Neal. O'Neal, then 21, was convicted and served prison time in the case, his attorney said.

Police said all the men charged Tuesday were members of the Black Liberation Army, a militant offshoot of the Black Panthers that operated from about 1971 to 1981.

"We all make mistakes with our lives," Hunnicutt said. "Based on the gentleman that we worked with and how kind and gentle of a man we knew, it would be a shame if what he has done with his life is not factored into this. We know people are punished for their crimes, but there is also something called redemption."

Neighbors said O'Neal is a quiet guy. He has worked for the city's public works department since 1981. Over the years, he made street signs and did maintenance work at City Hall, just a few blocks from his home.

Attorney James Bustamante described O'Neal as an "easygoing, straight-shooting guy" who hasn't been in trouble with the law since his early 20s.

Many in the Western Addition community knew both men: O'Neal was the quiet one who kept to himself, and Brown was an activist and mentor to neighborhood youth.

Mesha Monge-Irizarry, whose son was killed by San Francisco police, knows Brown through his work with the African American Police Community Relations Board.

"He is a very focused brother who does a lot of work without taking credit, who is loved and respected by the community," she said. "The arrest of this old man, who has been a youth counselor fighting violence day to day, is obscene. He was deterring kids from street crime, helping our youth to have a positive outlook on their future."

Dario Harper, 35, grew up in the Western Addition and has known Brown his entire life.

"He has this way of talking to young people and helping them understand they have to change the way they live if they want to survive," Harper said. "Based on his life experiences, people respected him so they listened.

"We don't have a lot of older people who take the time to talk to us like he does."

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THE DEATH OF SGT. JOHN YOUNG Ex-militant Seen As Likely To Testify At Cohorts' Trial (SFC)

By Jaxon Van Derbeken, Chronicle Staff Writer

San Francisco Chronicle, January 25, 2007

More than 30 years ago, Ruben Scott testified against his alleged Black Liberation Army brethren in the slaying of two New York City police officers.

Now, defense attorneys suspect, Scott will be alone among the former militants to testify against his one-time confederates, who were charged Tuesday in the 1971 slaying of San Francisco police Sgt. John Young and a larger conspiracy to kill police.

While state prosecutors won't say whether Scott will take the witness stand, defense attorneys say he is the only insider whose testimony has ever been used to convict BLA members of a crime.

And he is the only former BLA member previously indicted in the slaying of Young whom prosecutors have chosen not to name again in the current case. The charges against him were dismissed in 1976.

"We assume he is a witness for the government -- he had a case dismissed in San Francisco on this very same incident," said Stuart Hanlon, a lawyer for Herman Bell, an alleged leader in the group who was convicted when Scott testified in the New York case and who now is accused of killing Young with a shotgun.

If Scott is slated to take the stand for the prosecution, a major issue will be whether his testimony should be allowed -- or believed -- because of statements he long ago gave implicating himself and two other reputed BLA members in Young's slaying while incarcerated in a New Orleans jail.

The confession led to the 1975 indictments of Scott, Harold Taylor and John Bowman in the ambush attack on San Francisco's Ingleside Police Station that resulted in Young's death and the wounding of a civilian clerk.

But the statements were ruled inadmissible because of court findings that they had been obtained after the men were tortured by New Orleans police and denied access to defense lawyers.

Scott, in a taped interview with a radio journalist in December 1975, said he was subjected to days of torture in New Orleans. The abuse relented, he said, only when he was speaking to federal agents and San Francisco police.

He recounted how he was stripped and punched in the stomach and chest. He said at one point his feet were put in a water tank and he was threatened with electrocution. New Orleans police also stuck him with cattle prods and needles, he said.

"They have a little thing: They don't hit you in the face, where it would show," he said. One investigator cocked a gun and threatened to shoot him through the ear "to see if the bullet would come out the other ear," he said.

Over a period of four to five days, he said, "New Orleans police department would wup on you, beat you, then bring you to the FBI to talk."

The alleged abuse occurred two years after Young was shot on Aug. 29, 1971, when at least three men stormed into Ingleside Police Station and, through an opening in the station's bulletproof glass, blasted the veteran police officer with a shotgun, killing him. A civilian clerk also was shot in the attack, but she survived.

The current charges name Bell as Young's killer. Also named in the charges is another man convicted of killing the New York officers, Anthony Bottom. They are also accused of orchestrating a larger conspiracy to kill officers between 1968 and 1973. Taylor and Bowman, who recently died, are also named in the charges, as are Richard Brown, Francisco "Cisco" Torres, Ray Boudreaux and Henry Watson Jones. Ronald Stanley Bridgeforth is charged but has not been arrested. Richard O'Neal, a custodian at San Francisco City Hall, is named in the broader conspiracy but not in the Young slaying. Brown and O'Neal appeared in San Francisco Superior Court on Tuesday but did not enter a plea.

Hanlon, Bell's defense lawyer in the new San Francisco case, said that given what Scott has been subjected to -- and other statements he has made at odds with his past confession -- his credibility as a witness is doubtful.

"He has given various statements saying he was tortured," said Hanlon. "He's just all over the place. He had been tortured. He is a tortured soul."

Scott also recounted the torture when he testified in 1975 to help convict BLA members Bell, now 59, Bottom, now 55, and the late Albert Nuh Washington of the slayings of the two New York police.

The prosecutor in the New York slayings, Robert Tanenbaum, now a private lawyer in Beverly Hills who co-wrote a book on the case, said Scott's testimony helped gain convictions of three men in the May 21, 1971, slaying of New York police Officers Waverly Jones and Joseph Piagentini.

The first trial of five men originally charged in the New York officers' death did not go well for prosecutors, Tanenbaum said. After the first trial ended in a hung jury, a New York police investigator went to New Orleans to talk to Scott again, Tanenbaum recalled.

The investigator said Scott had previously suggested he had an "ace in the hole," Tanenbaum said. At that point, Scott -- facing charges in San Francisco in the slaying of Young four years earlier -- suddenly agreed to testify against the five men who

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were accused, helping secure three convictions. The charges against two brothers, Francisco and Gabriel Torres, were dismissed during the second trial.

Scott, at the time of the second trial, was being held on suspicion of a bank robbery in New Orleans.

It was Scott, Tanenbaum said, who led authorities to a missing gun that belonged to one of the New York officers. Scott went with authorities to Mississippi, who unearthed the gun where Scott said he watched Bell bury it on a farm where Bell grew up.

"Everything he said to us was corroborated -- when you put a witness on, you vouch for his credibility as an officer of the court. I thought he was credible. Based on the corroboration, I thought he was highly credible," the former prosecutor said.

Scott also recounted how New Orleans police tortured him into confession, using cattle prods, Tanenbaum said. He also expressed fear to the judge that his life was at risk in custody.

Amid the allegations of abuse, the first San Francisco case collapsed in 1976. The grand jury indictment was dismissed after a court found that the men lacked counsel and had been tortured in New Orleans.

Michael Burt, who represents Boudreaux in the Young slaying, said Scott apparently testified before the grand jury that later indicted him. Burt said he has records showing that Scott was the only one of three accused who got such a subpoena. He apparently was a cooperating witness, Burt said.

Still, Burt said, defense lawyers have never seen any grand jury testimony by Scott or anyone else in the indictment.

"The file is missing -- we have made lots of efforts to get it," Burt said. "The original file and testimony and everything that happened are no longer part of the public record."

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Convicted NY Cop Killer Stole Pennsylvania Man's Identity (AP)

By William Kates, Associated Press Writer

AP, January 25, 2007

The real John T. Healy wants everyone to know he's no cop killer.

"I'm just a regular guy," said Healy, 47, of Yardley, Pa., who has endured a nightmare over the past two weeks after learning that the man who apparently stole his identity two years ago was charged with _ and ultimately convicted of _ killing an upstate New York police officer.

It was bad enough the thief stole $3,500 from his bank accounts, purchased a used Cadillac Escalade under his name, bought car insurance and even bailed a criminal cohort out of jail _ which led to an armed bounty hunter showing up at his doorstep.

Now, Healy runs the risk of forever having his name linked with a convicted murderer.

"It's been quite unsettling," Healy said in a telephone interview Wednesday.

"It's not so much the money, I've gotten that back. It's the hassle and aggravation, over and over," said Healy, a salesman for Home Depot. "Seeing your name in the paper being charged with murdering a cop is pretty intense."

The man authorities prosecuted under the name John Healy was convicted Monday of second-degree murder for his role in the death of New Hartford Police Officer Joseph Corr following a million-dollar jewelry store robbery.

Corr, 30, was gunned down in February 2006 behind a convenience store in Kirkland, N.Y., as he chased "Healy" and an accomplice, Walter Richardson, who were running away after their getaway car crashed.

"Healy" was captured at the crash scene and charged with murder because he participated in the crimes that led to Corr's death. Richardson, the suspected gunman, hijacked a tow truck and fled. He was killed the next day in a shootout with U.S. Marshals near his home in Chester, Pa., 15 miles southwest of Philadelphia.

Assistant Oneida County District Attorney Kurt Hameline said the defendant was indicted as "John Healy, et al," because a check of his fingerprints turned up approximately 20 different aliases.

Prosecutors settled on the name John T. Healy because the suspect had a Pennsylvania driver's license with that name on it, Hameline said.

"We assumed it was a name he made up. We did not know there was a real John T. Healy until after jury selection began," said Hameline, who only learned of the real John Healy when he got a call Jan. 10 from Yardley Police Officer William Golden, who was investigating the stolen identity case.

At that point, Hameline said, prosecutors decided to go ahead with the trial rather than introduce an element of doubt about who the defendant was. The jury convicted the fake Healy after deliberating for just two hours.

"We're still not 100 percent sure who he really is. Toussaint Martin is a name he was using most recently before he was John Healy, but we're not even sure of that one. It didn't make sense to make a motion to change his name if we don't even know if it's the right one," Hameline said.

FBI Special Agent Jerri Williams in Philadelphia said Wednesday that the defendant is known to her agency as Toussaint Martin, 38, formerly of Philadelphia. He has been "known to law enforcement for a number of years" and was a suspect in other jewelry store robberies when he was caught in New York, she said.

If the defendant's identity is firmly established before he is sentenced on March 22, prosecutors will make a motion then to change his name, Hameline said. If not, he will be sentenced as John Healy and prosecutors will ask Judge Michael Dwyer to issue a legal document clarifying the real John T. Healy's identity so he can prove he's not a convicted murderer.

"We understand the problems this has created for him and obviously we're sorry that he's had to suffer these consequences," Hameline said.

Healy suspects his identity was stolen in autumn 2005 when he lived in an apartment in Yardley. He said maintenance men were in his apartment at the time. After they left, his benefits package from his employer _ including his Social Security number _ turned up missing, along with one of his checks.

He's also experienced problems traveling. He said he had to endure lengthy interrogations from customs officials when he returned from a trip to Canada and from ship employees when he came back from a cruise in the Caribbean. Each time he had to explain his identity had been stolen.

Healy said he was unaware of the murder trial until two weeks ago when he received calls from local media outlets.

"I had buddies call up and say, 'Hey, can I get some jewelry for my wife?'" he said, trying to find some humor in his situation.

Hameline said the fact that the ID theft is on record in national criminal databases should protect the real John Healy in the future. Healy, who is separated with two young daughters, said his credit appears fine. He recently bought a new house.

"I'm not bitter about it, and I wouldn't have wanted to jeopardize their case, but it's strange to me that they couldn't figure out who he was before they tried him. They had, what, 11 months? I just don't understand," Healy said.

Documents Dispute Delays Coke Secrets Trial (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 25, 2007

The judge in the Coke secrets trial sent the jury home Wednesday morning so attorneys could haggle over how to handle sensitive documents the company says contain proprietary trade information.

Coke's lawyers and prosecutors had thought the judge was going to seal hundreds of pages of Coca-Cola documents from public view, showing them only to jurors who would be sworn to secrecy.

RECENT NEWS

Testimony Delayed In Coca-Cola Trial (AP)

By Johnny C. Clark

AP, January 25, 2007

ATLANTA - A federal judge delayed testimony Wednesday in the trial of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant because of controversy over the use of sensitive documents.

A government prosecutor asked for a recess to review more than 750 pages of defense documents to determine whether portions should be redacted before being shown to the jury.

U.S. District Judge J. Owen Forrester granted the recess until 11 a.m. Thursday. When Forrester released the jury for the day, he expressed frustration with the prosecution and defense attorneys.

"In an effort to simplify things - they didn't," Forrester said.

Joya Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and one has testified against her.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

The executive Williams worked for, Javier Sanchez Lamelas, is expected to return to the stand when testimony resumes. He testified Tuesday that there was no reason for Williams to bring confidential Coca-Cola documents to her home.

Coca-Cola Trial Halted As U.S., Company Seek To Shield Secrets (AR/BLOOM)

Bloomberg News

The Arizona Republic, January 25, 2007

ATLANTA - A former Coca-Cola Co. secretary's trade-secrets theft trial was stopped for a day so the company can work with prosecutors to keep sensitive information from becoming public.

A dispute over documentary evidence arose between prosecutors and defense lawyers as Javier Sanchez Lamelas, a company vice president for trademarks, was to resume testifying Wednesday against Joya Williams. U.S. District Judge J. Owen Forrester stopped the trial until today.

At issue is whether much or all of the defense documentary evidence would be sealed, even though it had been edited by the government to delete trade secrets. Forrester said edited papers introduced in court will be made public. The judge gave prosecutors another day to talk with company lawyers and re-edit papers if necessary.

Killer's Statement Won't Lead To Charges (AP)

By Gene Johnson, ASSOCIATED PRESS WRITER

AP, January 25, 2007

SEATTLE -- A convicted murderer's statements to the FBI about the deaths of two young girls in Washington are not sufficient to bring criminal charges in the deaths, though the man remains "a viable person of interest" in the slayings, investigators said Wednesday.

Federal prosecutors in Idaho said Tuesday that Joseph Edward Duncan III had confessed to the Washington killings and the slaying of a California boy in statements to the FBI after he was arrested in July 2005 with an Idaho girl who had vanished seven weeks earlier.

The prosecutors referred to the statements in a filing in which they gave their notice of intent to seek the death penalty on charges that Duncan kidnapped the Idaho girl, Shasta Groene, and kidnapped and killed her brother, Dylan.

But on Wednesday, Washington authorities said the statements about the deaths in their state weren't enough to merit charges. Though Duncan's statements revealed some knowledge of the case, he could have gleaned it from a fellow inmate or elsewhere, King County sheriff's spokesman Sgt. John Urquhart said.

He said the county could not file charges based on the information Duncan provided, but that Duncan would remain "a viable person of interest."

"Characterizing what Duncan said as a 'confession' has a huge impact on the family," Urquhart said. "They think the case has been solved and that we know who killed their kids. But we don't know that for sure, and we continue to investigate."

In the notice of intent to seek the death penalty, the U.S. attorney's office in Boise said Duncan confessed to killing Carmen Cubias, 9, and Sammiejo White, 11, in Washington state in 1996 and Anthony Martinez, 10, in California in 1997.

The two girls were abducted from the Crest Motel in Seattle. Their skeletal remains were found 17 months later in Bothell, a Seattle suburb.

Assistant U.S. Attorney Wendy Olson in Boise has declined to discuss Duncan's statements in detail. The King County prosecutor's office in Seattle also declined to comment.

Duncan pleaded guilty last October in Idaho state court to first-degree murder and kidnapping for the May 16, 2005, hammer slayings of Dylan and Shasta's mother, Brenda Groene; her fiance, Mark McKenzie, and Groene's 13-year-old son, Slade. Prosecutors say he killed them to get Dylan and Shasta, then took the siblings to the mountains of Montana, sexually abused them for weeks, and killed Dylan. The boy's body was found at a remote campsite.

The girl was rescued when she was seen with Duncan at a Denny's restaurant in Idaho.

California authorities have charged Duncan in the Martinez case; they said a partial fingerprint was matched to Duncan.

Deal Struck Over Jeffs' Evidence? (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, January 25, 2007

Federal prosecutors say they have struck a deal with Fundamentalist LDS Church leader Warren Jeffs over documents, letters and other evidence seized when he was arrested.

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That deal voids any claims Jeffs has that the documents are privileged communications between the polygamist leader and his followers, the U.S. Attorney's Office for Utah said in a motion asking a federal judge to dismiss the evidence-dispute case in Nevada.

Jeffs' lawyers maintain the documents are protected under his First Amendment right to freedom of religion. Richard Wright, Jeffs' Nevada attorney, was out of town and did not return a call seeking comment Wednesday.

In court documents filed in federal court in Las Vegas, the U.S. Attorney's Office revealed that a deal was made with Jeffs in the days following his arrest.

"The United States would provide Mr. Jeffs' counsel with copies of all documents and imaged computer files seized from the Escalade so that Mr. Jeffs and his counsel could designate which items they believed to be privileged," assistant U.S. Attorney Jared Bennett wrote, adding that Jeffs agreed to it.

Jeffs, 51, was a fugitive on the FBI's Ten Most Wanted list until his capture in a traffic stop near Las Vegas last August. Jeffs was in a Cadillac Escalade with one of his wives and his brother when they were pulled over by a Nevada Highway Patrol trooper because the vehicle's temporary tag wasn't visible.

In an affidavit obtained by the Deseret Morning News on Wednesday, an FBI agent revealed more details about Jeffs' arrest. Conflicting stories raised suspicions about a man in the car who identified himself as "John Findley."

"The driver of the Escalade was removed from the vehicle for questioning, whereupon he told the trooper that he and his two companions in the Escalade were on a one-week vacation," FBI Special Agent Martin Schwarz wrote. "The driver stated that they had been to San Francisco, Calif., to see the ocean and that they were travelling to Hilldale (sic), Utah."

Warren Jeffs The trooper questioned "John Findley," who said they were on their way back to Denver.

After getting the driver's consent to search, the trooper found envelopes addressed to "President Jeffs" and two yellow envelopes containing cash, debit cards and tools. FBI agents arrived on the scene and spoke to "John Findley," who admitted he was Warren Jeffs.

A search warrant for the Escalade was filed days later.

"The FBI inventory found numerous items, including hundreds of documents, computers, cash, debit cards, several electronic devices, wigs, and masks," Schwarz wrote.

A few days after Jeffs' arrest, Wright filed an emergency motion in federal court seeking to have the papers either returned to the FLDS leader or sealed. The U.S. Attorney's Office claims a deal was made to let Jeffs' attorneys review the seized evidence. Federal authorities have organized a special "taint team" of lawyers to look at the documents and computer files and settle any disputes over what is privileged.

Jeffs' lawyers are crafting a list of evidence they believe is privileged, according to the U.S. Attorney's Office.

"Mr. Jeffs concedes that 'adequate safeguards are in place' to protect the allegedly privileged seized materials," Bennett wrote.

In the court documents, the U.S. Attorney's Office said that Jeffs remains "the subject of an ongoing federal investigation." U.S. Attorney's spokeswoman Melodie Rydalch would not comment beyond that statement on Wednesday.

Federal prosecutors have also asked that any future legal challenges be moved from Las Vegas to Salt Lake City, where the FBI's case is based.

Meanwhile, lawyers for the financial arm of the FLDS Church want a judge to let them see what the FBI seized. The lawyers have filed court papers asking to see if any evidence has to do with the United Effort Plan Trust, which is now under a Utah court's control.

Jeffs is facing an April trial on charges of rape as an accomplice. He is accused of performing a child bride marriage between a 14-year-old girl and her 19-year-old cousin.

Jurors Hear Closings In Case Against Abortion Provider's Killer (AP)

By Carolyn Thompson

AP, January 25, 2007

BUFFALO, N.Y. (AP) — Anti-abortion extremist James Kopp made a last attempt Wednesday to convince jurors he didn't mean to kill a doctor he shot, while a prosecutor countered there are "no do-overs" when shooting someone.

The two sides presented their closing arguments in Kopp's trial on charges he violated the federal Freedom of Access to Clinic Entrances Act by killing Dr. Barnett Slepian with a single shot from a Russian military rifle in 1998. He could face life in prison without parole if convicted.

Kopp, known as "Atomic Dog" among his peers, is already serving a 25-year-to-life sentence for a state conviction on second-degree murder in the doctor's death.

Representing himself during his federal trial, he acknowledged firing the shot that killed Slepian inside his Amherst home but said his goal was to disable the doctor and prevent him from performing abortions the following day.

"If it happened the way I wanted it to, he would have his arm in a sling," said Kopp, 52, who is suspected in the nonfatal shootings of three Canadian doctors and one in Rochester.

"There are no do-overs, no take-backs when you take an assault rifle and pull the trigger," Assistant U.S. Attorney Kathleen Mehltretter said.

Though U.S. District Judge Richard Arcara had instructed Kopp not to discuss abortion during the trial, Kopp at least twice began describing the procedure in detail during his closing statement and was stopped each time by the prosecution and judge.

"Abortion is murder. I tried to stop it," he said.

"Dr. Slepian, bless his heart, he felt force reflected back on him that he began," Kopp said, as Slepian's widow, Lynne, and her parents watched from the courtroom's front row.

Lynne Slepian and two of the couple's four children, then 7 to 15 years old, were in the kitchen with Slepian when the bullet pierced his body and ricocheted off a cabinet and wall before coming to rest in an adjoining room.

"Do not be concerned your vote is a vote against children," Mehltretter told jurors. "It is a vote for children to live in a safe and orderly society."

After the Oct. 23, 1998, shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001. He was added — along with Osama bin Laden — to the FBI's list of the Ten Most Wanted fugitives in June 1999.

Jurors deliberated about an hour Wednesday before being sent home after asking to review testimony concerning the timeline of the shooting. Deliberations were scheduled to resume Thursday morning.

3rd Dallas Sibling Gets Prison Over Katrina Relief Theft (DMN/AP)

Associated Press

The Dallas Morning News, January 25, 2007

A Dallas man who used stolen Hurricane Katrina debit cards is joining two of his siblings in prison over the same scam, authorities said.

Abram Wesley Hines, 25, was sentenced Wednesday to 10 months behind bars, the U.S. attorney's office said.

Abram Hines pleaded guilty in October to one count of fraudulent use of access devices.

He's the middle brother of Brian Oneal Hines, 21, and Charmaine Denise Hines, 32, also of Dallas.

Brian Hines was a paid Red Cross temporary worker and also a volunteer, officials said. He admitted stealing at least 80 Red Cross debit cards meant for victims of Katrina, which hit the Gulf coast in August 2005.

Brian Hines and his sister Charmaine Denise Hines pleaded guilty in January 2006 to fraudulent use of an access device.

He was sentenced to 30 months and ordered to make nearly $203,000 in restitution. She was sentenced to 41 months in prison and ordered to repay more than $23,000.

Evidence presented Wednesday to U.S. District Judge Jorge Solis indicated Abram Hines received about $15,000 in cash, credit cards and a car as a result of the fraud.

New Ethics Charges For N.C. Prosecutor (USAT)

By Wendy Koch

USA Today, January 25, 2007

Mike Nifong, whose prosecution of three Duke University lacrosse players on rape and sexual misconduct charges has faced growing criticism, has been hit with a second set of misconduct charges.

In a complaint filed Wednesday, the North Carolina State Bar accused Durham County District Attorney Nifong of withholding evidence from the defense and making misleading statements in court. It charged him last month with violating rules of professional conduct by making misleading and inflammatory statements to reporters about the athletes, who were suspended from the university.

Duke permitted two of the athletes, Reade Seligmann and Collin Finnerty, to return to school this month, following the dismissal Dec. 22 of rape charges, the most serious charges against them. The third defendant, David Evans, has graduated. All three say they are innocent.

The expanded ethics complaint, which says Nifong's actions amount to a "systematic abuse of prosecutorial discretion," could lead to his disbarment, says L. Thomas Lunsford II, the state bar's executive director.

Nifong's lawyer, Dudley Witt, says, "We will strongly dispute any suggestion he (Nifong) intentionally withheld evidence." He says his client will not step down and continues "his day-to-day duties."

The complaint says a trial is scheduled for May.

Nifong removed himself from the case Jan 12. He said he had a conflict of interest after the first ethics charges were filed. The office of State Attorney General Roy Cooper has taken over.

Cooper has a special prosecutions unit that handles dozens of cases annually referred by district attorneys, says his spokeswoman, Noelle Talley.

Nifong dropped the rape charges after the accuser, a 28-year-old woman hired to perform as a stripper at a lacrosse team party last March, said she was no longer certain she'd been raped. Nifong said he would continue to pursue kidnapping and sexual offense charges.

The new complaint cites instances between May and mid-December when Nifong said in court or legal filings that he knew of no additional evidence that would help the defense. The complaint says that testing done by DNA Security Inc. had concluded by April 10 that none of the samples given to police by 46 lacrosse players matched any material found on the accuser. A week later, Nifong charged two of the men with rape.

Last month, DNA Security's director testified that he and Nifong agreed to include only DNA matches in their report, not results showing no matches between the accuser and players.

Nifong, despite the controversy over his handling of the Duke case, won election last fall after being appointed in the spring to replace a district attorney who had become a judge.

More Ethics Charges Brought Against Official In Duke Case (NYT)

By Duff Wilson

The New York Times, January 25, 2007

The North Carolina State Bar filed a second, more serious round of ethics charges yesterday against the district attorney in Durham, N.C., accusing him of "systematic abuse of prosecutorial discretion" in the sexual assault case against three former members of the Duke University lacrosse team.

The bar complaint said the district attorney, Michael B. Nifong, had illegally withheld DNA evidence from defense lawyers and then intentionally misled the presiding judge and bar officials about doing so.

The new charges added to a previous ethics complaint accusing Mr. Nifong of making false and prejudicial remarks about the case to the news media. A three-member independent panel is expected to hear the matter against him this summer. Penalties could include disbarment.

Mr. Nifong's lawyer, David B. Freedman, denied yesterday that there had been "any sort of intentional unethical conduct." In a telephone interview, Mr. Freedman said that Mr. Nifong had a "flawless record" for ethics in 28 years as a prosecutor and that a written response, to be issued within 30 days, would give his side of the case.

"I have great confidence the panel will render a fair and just verdict," Mr. Freedman said.

The case against the former players is being reviewed by the state attorney general's office, which took it over from Mr. Nifong after he recused himself on Jan. 12. At the time, he said he faced a conflict of interest between prosecuting the case and defending himself against the first set of ethics charges, filed Dec. 28.

Much of the new ethics complaint focuses on Mr. Nifong's handling of private DNA testing and his remarks to a judge and bar officials about it. Those tests were arranged by Mr. Nifong after a state laboratory found no semen, blood or saliva from lacrosse players on or in the woman or on her clothes. Using a more sophisticated test, the private laboratory found DNA from multiple men on the woman and her underwear, but none from any of the lacrosse players.

Mr. Nifong and the lab director decided to tell defense lawyers only about the positive matches, including a link to the woman's boyfriend, in a summary report of the DNA work, said the bar, a state agency that regulates lawyers in North Carolina. The negative findings, which the bar said "tended to negate the guilt of the accused," were included only in laboratory reports not given to defense lawyers for more than six months.

North Carolina law requires prosecutors to share all relevant information with defense lawyers promptly. Mr. Nifong told the judge in the case that he had turned over everything he had — "a misrepresentation and false statement of material fact made to a tribunal," the bar wrote. Mr. Nifong later objected to a defense request to turn over the full laboratory reports, citing cost and privacy concerns and terming the papers sought "a witch hunt list," the bar said.

Mr. Nifong said in court on Dec. 15 that a defense motion two days earlier on the withheld DNA results was "the first I heard of this particular situation." Later he said he had meant that it was the first he had heard of defense accusations that the results had been concealed, not that they existed. But the bar said the accusations themselves had not been raised until after Mr. Nifong spoke in court.

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In an interview last month, Mr. Nifong agreed that the DNA results had been potentially exculpatory, but said they had not seemed important to him because he was no longer then pursuing the case on the basis of DNA evidence.

Convicted Con Artist Tells How He Could Steal Your Home (USAT)

By Noelle Knox

USA Today, January 25, 2007

LEAVENWORTH, Kan. — When Brent Barber tells you — and he's about to — how easy it is to steal your house out from under you, or take your money and ruin your credit, even while he's sitting in prison, you'd better listen.

A one-time millionaire with a house on a golf course, Barber was sentenced in October to 12 years in prison for masterminding the largest mortgage fraud ever prosecuted in Missouri, and most other states too, the FBI says. He pleaded guilty to a five-year scam that involved nearly 300 properties in Kansas City, Mo., and victimized more than 80 people.

Nationally, mortgage fraud has spread in the past few years, with losses totaling around $1 billion last year, the FBI says. The real estate boom, along with looser lending standards, built an ideal breeding ground for smooth-talking con artists like Barber. Those hurt by fraud are not only lenders, but also the thousands of other homeowners who pay higher interest rates as a result, and the neighborhoods where foreclosures depress property values, invite crime and drain city resources.

Florida is the No. 1 hot spot for mortgage fraud, followed by Utah, Georgia, Colorado, Illinois and Missouri (chart, right).

Fraud cases are likely to continue rising this year and next, the Mortgage Asset Research Institute says. That's because fraud has become harder to hide in today's slower housing market, when lenders have more time to review applications and appraisals. And because fraudulent loans tend to fall into foreclosure after about three years, many bad loans from the real estate boom have yet to surface.

About 30 miles from where Barber used to live, he sits in a transfer detention center circled by fences topped with razor wire, waiting to be moved out of state. Barber, 42, who did not testify at his trial, spent more than two hours explaining to a reporter how to find victims, steal from homeowners and lenders, and hide the crimes. Then he offered advice on how to avoid being scammed.

"If I wanted to be a stinker, I could tear up any state I walked in," he boasts. "From right here in jail, I could do every one of the things I talked about" with USA TODAY.

You'd better believe him, says Linda Marshall, the assistant U.S. attorney who prosecuted Barber. "Unfortunately, I think that's very realistic, because so much can be done by computer, telephone and fax — things he has access to in prison. And if he didn't, with the help from someone on the outside, he could accomplish it."

Barber's crimes spotlight flaws in the mortgage lending and regulatory systems and show how easy it is to exploit the greed and trust in human nature.

The FBI had Barber on its radar screen for months, but the case was inactive. To investigators, Barber looked small-time because he used "straw" buyers to hide his deals, Marshall explains. He got caught after an angry ex-business-associate walked into an FBI office one day and started singing.

Barber and nine accomplices have been convicted or pleaded guilty, and a few others will soon be indicted, Marshall says. After Barber was convicted by a jury, he pleaded guilty to 104 other counts of money laundering, conspiracy and the interstate transfer of funds obtained by fraud. He was ordered to pay $11 million in restitution.

One of his most effective scams, documents show, looked like this:

Say a real estate investor came to you and told you banks wouldn't let him buy any more property because his credit was maxed out. But if he could buy a property in your name, he'd give you $1,500 to $2,500 for the trouble of signing the documents.

He'd pay all the costs and either find a tenant to cover the mortgage or pay it himself. And after a year, he'd sell the property and share the profits with you. Sound good? If you said yes, you'd be what criminals and the FBI call a straw buyer.

Barber or his accomplices often helped the straw buyers lie on loan applications to qualify for the mortgages, documents show. He also used fraudulently inflated appraisals to buy and sell the properties and pocketed the profit. In other cases, Barber would keep the rent but stop paying the mortgage. Many of these "straws" were stuck with empty, decaying properties and mortgages they couldn't afford.

Lenders suffered losses on 205 of the 283 properties in the case, according to court documents. Marshall says most of the straws lost their properties to foreclosure or signed them over to the lenders to avoid foreclosure, and several filed for bankruptcy protection.

Elderly people make attractive prey, Barber says. They tend to have low bills, high credit scores and all the documentation banks need.

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"You say: 'Look you're not really going to owe money. It's going to be my house, or the tenants are going to be making payments. … The rent is $500, and the payment is $300. By signing here, you're going to get the difference," he explains.

One of Barber's straws, Elvin Barton, told the judge, "I'm 70 years old, and because of him I have to start all over. … Mr. Barber gained my trust through manipulation and used my good name and credit to add to his wealth. Mr. Barber never intended to live up to his promises, leaving me with six foreclosed homes. I could not make the payments."

Barber's advice: Verify everything.

"You don't just verify the first thing and then believe (someone with a real estate deal) thereafter."

If people offer a real estate deal, Barber says, verify where they've lived for the past 10 years. Ask for and speak to their banking references. Check credit scores. Ask to see their tax returns. See if lawsuits have been filed against them.

After police arrested Barber in August 2004, several witnesses told them Barber had blank real estate deeds in the back of his gold Infiniti Q45 luxury car, Marshall says. Deed fraud is almost impossible to detect before the damage is done.

"The whole system of (real estate) recording is set up assuming the society is sheep and there are no wolves," Barber says.

He sketches a series of scenarios in which he could "steal" your home and borrow against it, and you wouldn't know until his lender tried to foreclose on your house.

Barber could, for example, find an older neighborhood where most residents are retired and their homes paid off. He could forge a homeowner's signature, he says, and deed the house to himself. He could buy a notary's stamp for about $35 at an office supply store, and file the fake deed at the county recorder's office for $21.

Then, with the title to the property in his name, Barber could take out a mortgage against it. "If you could buy one house that way," he says, "you could buy 20 a day."

In fact, no county recorder's office will verify the information on real estate documents, says Mark Monacelli, president of the Property Records Industry Association. The recorder's job is to ensure that documents are filled out properly, signed and notarized.

"The system has always been vulnerable," says Monacelli, who agrees that if anyone wanted to commit such fraud, it's not hard.

Recently, Monacelli's organization formed a group to find ways to help county recorders combat fraud. Los Angeles and Philadelphia now alert property owners by mail when key documents are filed against their property.

Barber's advice: Title companies should have to call lenders to verify paid-off loans. Counties should require that deeds be filed by the buyer, in person, with I.D.

After his arrest, Barber was free on bail until May 2005, when prosecutors found out he and another partner had defrauded a man facing foreclosure on his home. So the judge jailed Barber until the trial.

Nationwide, foreclosures are inching up as people with shaky credit fall behind on payments. Nearly 5% of borrowers are behind on mortgages, and the figure is projected to climb as people with adjustable-rate loans see their payments exceed what they can afford.

This could be the next wave of fraud, Barber says. He says he could approach a homeowner who's falling behind on a mortgage and offer to assume the loan and rent out the house to cover the payments. Barber says he'd leave the loan in the name of the homeowner, who'd still be responsible for it. He could pocket the rent and hide past-due notices from the homeowner.

"It would take three months before the lender is even going to start foreclosing, and even when they start foreclosing, I can hold off that foreclosure for six months to a year. … So if I had one house and the rent is $600 a month, I'd have $7,200 on that house (in a year), and if I got 10 houses, I'd make $72,000," he says.

Barber's advice: Verify that documents are filed. If you're behind on your mortgage, try to rent out your house and move to a cheaper apartment. If you're behind $3,000 in payments, ask the tenants for a deposit of that amount. Put a no-sublease clause in the contract. And verify the tenant's rental history. Sign up for a credit-score alert program that will notify you if there's a change in your credit file, such as an overdue payment.

Barber is sitting on a plastic chair in a 5-by-5-foot "meeting cell" with the real estate section of the local paper. He reads aloud the ads he thinks have potential for fraudulent mortgage applications, such as: "Real estate loans. Residential, commercial, cash-out, refis, all credit types accepted. 100% non-owner-occupied investment loans."

Barber blames lenders for approving loans with little or no proof of a borrower's finances, for making fraud easy to commit. These "stated loans" are also known in the industry as "liar loans." They were designed to help people who were self-employed or working on commissions, with incomes that vary from year to year.

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But in high-cost areas like California, where homeowners often must stretch beyond traditional lending ratios to afford a home, about 75% of buyers have turned to loans that require low or no proof of income or assets, up from 34% in 2000, according to First American LoanPerformance.

The mortgage industry knows that loans with little or no documentation speed the approval process, "But they are open invitations to fraudsters," according to a report by the Mortgage Asset Research Institute. "When these loans were introduced, they made sense, given the relatively strict requirements borrowers had to meet before qualifying," says the April 2006 report. "However, competitive pressures have caused many lenders to loosen these requirements to a point that makes many risk managers squirm."

Barber is blunter: "The word 'stated' should be synonymous in the world with 'fraud.' "

Corey Carlisle, a senior director for the Mortgage Bankers Association, concedes there has been a rise in fraudulent stated-income loans but contends that stated-income loans are "a tried-and-true loan documentation type for lenders."

Barber's advice: Ban stated loans.

"Everything (on a loan application) should be fully documented."

After two hours, Barber is still imagining new scams. His mind seems trained to see and exploit weaknesses in the real estate system. He suggests safeguards to stop fraud; then he thinks of ways around them.

With good behavior, Barber could be out of prison in nine years. And though he admitted his guilt in court, in his interview with USA TODAY he offers no regrets about the people he hurt.

"I guess I had drive to want to earn a little money," he says. He pauses and sighs. "And I think my priorities were out of alignment."

Prosecutors Want DeLay Charge Reinstated (AP)

By Kelley Shannon

AP, January 25, 2007

Prosecutors attempting to restore a conspiracy charge against former House Majority Leader Tom DeLay argued Wednesday that the "plain language" of Texas law means he can be charged with conspiring to violate the election code.

But lawyers for DeLay and two co-defendants told the Court of Criminal Appeals the law is clear in their view — that conspiracy was added to the state election code after prosecutors allege the crime happened.

"Historically, there have been limitations on the use of conspiracy laws," said DeLay's attorney, Dick DeGuerin of Houston.

Travis County District Attorney Ronnie Earle's office is appealing lower court rulings that threw out the charge accusing DeLay and Republican fundraisers Jim Ellis and John Colyandro of conspiring to violate the Texas election code and its ban on corporate campaign contributions.

It could be weeks or months before the appeals court makes a decision.

DeLay and the co-defendants are still charged with money laundering and conspiracy to launder money, but state district Judge Pat Priest has said he doesn't have jurisdiction and can't hold a trial until the appeals court makes its ruling.

DeLay, now out of Congress, wants to get the criminal case behind him, DeGuerin said.

Prosecutors' appeal of the dismissed conspiracy charge allowed them to put off DeLay's trial and hurt him when he was trying to regain his leadership post and during his re-election bid last year, DeGuerin said.

"Being able to drag it out this long has caused the maximum damage to Tom DeLay," he said.

Prosecutors allege that DeLay, Ellis and Colyandro illegally funneled $190,000 in corporate contributions through DeLay's Texans for a Republican Majority political action committee and through an arm of the National Republican Committee to seven GOP state legislative candidates in 2002.

The defendants say they did nothing wrong.

The 3rd Court of Appeals agreed with Priest's ruling, then prosecutors appealed the decision to the Court of Criminal Appeals.

In a brief filed with the court, prosecutors rejected defense lawyers' contention that the state's conspiracy law didn't apply to the Texas Election Code until 2003. They outlined a series of steps in legislative history to back up their argument.

"The plain language ... is clear and unambiguous: the offense of criminal conspiracy applies to all felony offenses defined by Texas law, including the offense of unlawfully making a corporate political contribution," prosecutors wrote.

DeGuerin has disputed that, also saying the law is clear.

"There was no conspiracy to violate the election code on the books at the time that the conduct took place. There's no such crime, in other words," DeGuerin said.

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DeLay and his co-defendants were indicted in September and October of 2005. Soon after, DeLay stepped aside as majority leader. He remained a member of Congress, representing his suburban Houston district, and won his Republican primary last March.

After an extended court fight that ultimately prevented the Republican Party from placing a new candidate on the November ballot, DeLay withdrew from the race. A write-in Republican candidate couldn't muster enough voter support, and Democrat Nick Lampson won DeLay's seat.

Closing The Revolving Door (NYT)

The New York Times, January 25, 2007

The United States is paying a heavy price for the mandatory sentencing fad that swept the country 30 years ago. After a tenfold increase in the nation's prison population — and a corrections price tag that exceeds $60 billion a year — the states have often been forced to choose between building new prisons or new schools. Worse still, the country has created a growing felon caste, now more than 16 million strong, of felons and ex-felons, who are often driven back to prison by policies that make it impossible for them to find jobs, housing or education.

Congress could begin to address this problem by passing the Second Chance Act, which would offer support services for people who are leaving prison. But it would take more than one new law to undo 30 years of damage:

¶Researchers have shown that inmates who earn college degrees tend to find jobs and stay out of jail once released. Congress needs to revoke laws that bar inmates from receiving Pell grants and that bar some students with drug convictions from getting other support. Following Washington's lead, the states have destroyed prison education programs that had long since proved their worth.

¶People who leave prison without jobs or places to live are unlikely to stay out of jail. Congress should repeal the lifetime ban on providing temporary welfare benefits to people with felony drug convictions. The federal government should strengthen tax credit and bonding programs that encourage employers to hire people with criminal records. States need to stop barring ex-offenders from jobs because of unrelated crimes — or arrests in the distant past that never led to convictions.

¶Congress should deny a request from the F.B.I. to begin including juvenile arrests that never led to convictions (and offenses like drunkenness or vagrancy) in the millions of rap sheets sent to employers. That would transform single indiscretions into lifetime stigmas.

¶Curbing recidivism will also require doing a lot more to provide help and medication for the one out of every six inmates who suffer mental illness.

The only real way to reduce the inmate population — and the felon class — is to ensure that imprisonment is a method of last resort. That means abandoning the mandatory sentencing laws that have filled prisons to bursting with nonviolent offenders who are doomed to remain trapped at the very margins of society.

CIVIL LAW:

PBS&J Pays More Than $6.4M To Settle Claims (MH)

By Patrick Danner

The Miami Herald, January 25, 2007

AND DAN CHRISTENSEN

The embezzlement by three former employees at engineering firm PBS&J continues to cost the firm: PBS&J paid more than $6.4 million to settle claims it overcharged the federal government on "hundreds of contracts," the Justice Department announced.

The overbilling, the government said, arose from a $36 million embezzlement scheme perpetrated by PBS&J's former chief financial officer and two underlings between 1992 and 2005.

The embezzlement involved shifting funds and fabricating entries in the company's books to cover up the scheme and resulted in PBS&J's audited overhead rates being overstated, the Justice Department said in a statement. Overhead includes items like management salaries, rent, insurance and benefits.

The settlement resolves claims that PBS&J violated the False Claims Act.

The three former PBS&J employees, ex-CFO W. Scott DeLoach, Maria A. Garcia and Rosario Licata, each pleaded guilty in September to their roles in the embezzlement. They are scheduled to be sentenced next month.

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Joining the Justice Department in the civil investigation of PBS&J were the Office of the Inspector General for the Department of Transportation and the Defense Contract Audit Agency.

A lawyer for PBS&J and a company spokeswoman couldn't immediately be reached for comment.

PBS&J ranks as one of the largest engineering firms in the country, with 3,900 employees and 2005 revenue of $530 million. The company recently moved its headquarters to Tampa from Miami, where it was founded in 1960.

"Companies that enter into contracts with the government must maintain accounting controls and procedures that ensure that the costs and rates that they submit to the government are accurate," said Peter D. Keisler, assistant attorney general of the civil division in Washington.

The Justice Department said more than a dozen federal agencies were affected by the fraud, including the Army, Homeland Security and the Department of Interior.

PBS&J, which has had an auditor combing its books, previously disclosed that various state transportation agencies were overcharged as a result of the embezzlement.

The St. Petersburg Times reported on its website this month that PBS&J refunded $11 million to the Florida Department of Transportation.

Claims Against Six Ex-FBI Agents Dropped (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 25, 2007

Case was tied to Bulger handling

It took 22 years for the family of slain Quincy fisherman John McIntyre to prove that the FBI's mishandling of longtime informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi caused his brutal killing in 1984.

But after winning a landmark $3.2 million wrongful death suit against the government in September, lawyers for McIntyre's mother and brother notified a judge yesterday that they are dropping additional claims they had made against six retired FBI agents.

"We proved what we wanted to prove," said McIntyre's brother, Christopher, adding that he and his mother want to get on with their lives and weren't up for another drawn-out legal battle that would once again rehash his brother's murder. "This is starting to take a toll on everyone."

McIntyre and his mother, Emily, 77, of Quincy, had been seeking a jury trial on civil rights claims against the six retired agents, including Bulger's and Flemmi's former handler John J. Connolly Jr., as well as John Morris, Robert Fitzpatrick, James Ring, James Greenleaf, and James Ahearn. Another former agent, Roderick Kennedy, had previously been dismissed from the suit by a judge.

US District Judge Reginald C. Lindsay, who had ordered the government to pay the McIntyre's $3.2 million after an 18-day bench trial, had yet to rule on the agents' assertions that federal law barred the McIntyres from seeking damages from them, since they had already won a damages claim against the government.

In his ruling last September, Lindsay found that Connolly warned Bulger and Flemmi that McIntyre was cooperating against them, knowing that the tip would probably lead to McIntyre's slaying. He also found that the FBI failed to properly supervise Connolly and failed to investigate numerous allegations that Bulger and Flemmi had been involved in drug trafficking, homicide, and other crimes.

Connolly was convicted on federal racketeering charges in 2002 for protecting Bulger and Flemmi from prosecution and warning Bulger to flee just before the gangster's 1995 indictment. Connolly is serving a 10-year sentence and is awaiting trial in Miami in a 1982 gangland slaying.

Attorney E. Peter Mullane, who represents Connolly in the civil case, said Connolly didn't warn Bulger and Flemmi that McIntyre was cooperating and that Connolly continues to assert his innocence.

The McIntyres' lawyers, William Christie and Steven M. Gordon , said they believed they could have proven their claims against the agents if the case had gone to trial, but were concerned that the case would take too long to resolve in view of Emily McIntyre's age and poor health.

"We decided it was just best to pursue our judgment against the United States," Christie said.

Fitzpatrick, former special agent in charge of the FBI's Boston office, testified during the McIntyre trial that he had urged his superiors to drop Bulger as an informant in the early 1980s amid allegations that the gangster was involved in drug dealing and homicide. Yesterday, Fitzpatrick said he was angry that he had been named in the suit because "I obviously was one of the only people who tried to do anything" about Bulger.

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A spokesman for the Department of Justice declined to comment yesterday on the dismissal of the claims against the agents or on whether the government will appeal Lindsay's $3.2 million verdict.

The McIntyres' suit was the first of 17 filed against the government by families of victims of Bulger and Flemmi to go to trial. Ten were dismissed, mostly on grounds they were filed too late, and six are poised to go to trial.

Flemmi, who is serving a life sentence for 10 murders, testified that he and Bulger killed McIntyre, 32, on Nov. 30, 1984, after Connolly warned them that McIntyre had implicated them in an unsuccessful plot to ship weapons to the Irish Republican Army aboard a Gloucester trawler.

CIVIL RIGHTS:

Ex-deputy Arrested In 1964 Race Case (AP)

By Emily Wagster Pettus And Lara Jakes Jordan, Associated Press

AP, January 25, 2007

JACKSON, Miss. — A white former sheriff's deputy who was once thought to be dead was arrested on federal charges Wednesday in one of the last major unsolved crimes of the civil rights era — the 1964 killings of two black men who were beaten and dumped alive into the Mississippi River.

The break in the 43-year-old case was largely the result of the dogged efforts of the older brother of one of the victims, who vowed to bring the killers to justice.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman from the town of Roxie, was charged with kidnapping hitchhikers Charles Eddie Moore and Henry Hezekiah Dee, both 19.

The victims' weighted, badly decomposed bodies were found by chance two months later in July 1964, during the search for three civil rights workers whose disappearance and deaths in Philadelphia, Miss., got far more attention from the media and the FBI.

Seale is expected to be arraigned Thursday in Jackson.

A second man long suspected in the attack, church deacon and reputed KKK member Charles Marcus Edwards, now 72, was not charged.

Sources close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Prosecutors did not say why Seale was not charged with murder.

The arrest marked the latest attempt by prosecutors in the South to close the books on crimes from the civil rights era that went unpunished. In recent years, authorities in Mississippi and Alabama have won convictions in the 1963 assassination of NAACP activist Medgar Evers; the 1963 Birmingham, Ala., church bombing that killed four black girls; and the 1964 Philadelphia, Miss., slayings.

"I've been crying. First time I've cried in about 50 years," Moore's 63-year-old brother, Thomas, said after the arrest. "It's not going to bring his life back. But some way or another, I think he would be satisfied."

Dee's sister, Thelma Collins, told The Associated Press through grateful sobs: "I never thought I would live to see it, no sir, I never did. I always prayed that justice would be done — somehow, some way."

Seale and Edwards are suspected of kidnapping the two victims in a Klan crackdown prompted by rumors that black Muslims were planning an armed "insurrection" in rural Franklin County. Seale and Edwards were arrested at the time.

But, consumed by the search for the three missing civil rights workers, the FBI turned the case over to local authorities. And a justice of the peace promptly threw out all charges against Seale and Edwards.

In 2000, the Justice Department's civil rights unit reopened the case.

For years, Seale's family had told reporters that he had died.

But in 2005, Thomas Moore and a Canadian documentary filmmaker, David Ridgen, found Seale, old and sick, living just a few miles down the road from where the kidnapping took places.

"If they hadn't brought it to my attention, I wouldn't have known to do anything," said U.S. Attorney Dunn Lampton, chief federal prosecutor in Jackson.

Thomas Moore said he always carried a burden of guilt over his younger brother's death.

"I walked around with an amount of shame," the Colorado Springs man said. "I didn't know why, why it happened to us, that I wasn't there to do something — to do SOMETHING."

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Former Gov. William Winter, who was co-chairman of President Clinton's racial reconciliation initiative, said the latest arrest — though done by federal rather than state authorities — shows that Mississippi "now is obviously seeking to make up for lost time in bringing people to justice."

"Mississippi is taking a look at those crimes that were committed in a different era when a different attitude prevailed," said Winter, who was governor in the 1980s.

On May 2, 1964, Charles Moore and Dee were hitchhiking near an ice cream stand in the town of Meadville when Seale pulled over and offered them a ride, a Klan informant told the FBI. The Klan had heard rumors of black Muslim gunrunning in the area, and Seale believed the two were involved, authorities said.

According to FBI interrogators, Edwards admitted that he and Seale took the two men into the woods for a whipping. But Edwards said both men were alive when he left them.

An informant told the FBI that Seale's brother and another Klansman took the unconscious blacks to the river, lashed their bodies to a Jeep engine block and some old railroad tracks, and dumped them over the side of a boat. The other Klansmen and the informant have since died.

Searchers were combing the woods and swamps for James Chaney, Andrew Goodman and Michael Schwerner when the remains of Dee and Moore were discovered near Tallulah, La. The bodies of Chaney, Goodman and Schwerner were found in an earthen dam in Mississippi a short time later.

According to FBI documents from the 1960s, authorities confronted Seale and told him they knew he and others killed the hitchhikers, and "the Lord above knows you did it." "Yes," Seale was quoted as replying, "but I'm not going to admit it. You are going to have to prove it." The U.S. Justice Department reopened the case after The Clarion-Ledger of Jackson uncovered documents indicating that the beatings had occurred in the Homochitto National Forest, giving the FBI jurisdiction. But the case languished until Seale was located.

"I had other plans to confront him a long time ago — violently," Thomas Moore said.

Seale lived in Roxie, which was once a thriving farm community in southwest Mississippi. It is now dotted with decaying homes, and the only buildings still in use are a small antique store, a bank and a post office.

Bobby Hunt, 55, a lifelong resident of Roxie and a cousin of one of the slain men, Henry Dee, said people have talked less about the murders over the years, but the victims have not been forgotten.

"Henry was a nice person. He would help people," Hunt said.

He said Seale's arrest made him feel "a little better." "It took all those years but they finally got justice."

Associated Press writer Allen G. Breed in Raleigh, N.C., contributed to this story.

Former Mississippi Lawman Charged In 1964 Slayings Of 2 Black Teens (USAT)

By Jerry Mitchell

USA Today, January 25, 2007

JACKSON, Miss. — Six years ago, reputed Klansman James Seale scoffed at the notion he'd ever be arrested for kidnapping and killing two African-American teenagers in 1964.

He may not be scoffing now, arrested today on federal kidnapping charges in connection with the Ku Klux Klan's May 2, 1964, abduction and slayings of Henry Hezekiah Dee and Charles Eddie Moore.

Asked in 2000 if he had anything to do with crime, Seale replied, "I ain't in jail, am I?"

The arrest of the 71-year-old former cropduster marks the 28th arrest from the civil rights era in the United States over the past two decades.

Since 1998, Moore's brother, Thomas, has been pushing for justice in the case.

Upon learning of the arrest, he choked up. "I'm very emotional," he said. "I don't know what to say."

He said he's grateful and thankful the day finally came. "I'm just glad I had something to do with it," he said. "I just hope Charles and Henry Dee know there is justice on the way."

Dee's sister, Mary Byrd, also welcomed the news. "I feel good now," she said. "Yes, indeed."

Since 1989, Mississippi and six other states have re-examined 29 killings, leading to 22 convictions, most recently in 2005 when a Neshoba County jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of three civil rights workers, James Chaney, Andrew Goodman and Michael Schwerner.

"We are extremely pleased to see that the federal government is truly committed to taking care of its unfinished business from the civil rights era," said Alvin Sykes, a Kansas City activist whose work helped lead to the reinvestigation of the 1955 killing of Emmet Till.

The Till case may be presented to a grand jury later this year.

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Sykes is now pushing legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era. "When Congress passes the Till bill, you can best believe there will be a lot more perpetrators from that era who will be facing the bar of justice for the lynchings they thought they got away with many years ago," Sykes said.

The slayings of Dee and Moore are among dozens of killings that plagued this nation during the civil rights movement. The names of 40 martyrs from the movement can be found on the National Civil Rights Memorial in Montgomery, and nearly half of those killings took place in Mississippi.

Seale was arrested once before in connection with the slayings. That came Nov. 6, 1964, when authorities arrested him and Charles Marcus Edwards on murder charges.

At the time, authorities confronted Seale and told him they knew he and others took Dee and Moore "to some remote place and beat them to death," FBI records say. "You then transported and disposed of their bodies by dropping them in the Mississippi River. You didn't even give them a decent burial. We know you did it. You know you did. The Lord above knows you did it."

"Yes," Seale was quoted as replying, "but I'm not going to admit it. You are going to have to prove it."

When authorities arrested Edwards, he "admitted that he and James Seale picked up Dee and another Negro in vicinity of Meadville and took them to an undisclosed wooded area where they were 'whipped,'" a Nov. 6, 1964, FBI document says. "States victims were alive when he departed the wooded area."

According to FBI documents, Dee and Moore were hitchhiking from Meadville when Klansmen coaxed them into their vehicle by pretending to be law enforcement agents. Deep in the woods, Klansmen repeatedly beat the teens, believing they knew something about a rumor regarding gun-running in Franklin County.

Finally, one of the pair claimed the guns were being hidden in a church, hoping to stop the violence.

It didn't.

Klansmen loaded Dee and Moore into the trunk of a car and hauled them across the Mississippi River. There, Klansmen tied them up and weighted them down with a Jeep motor block before dumping them into the Old River two miles south of King, La.

On July 12, 1964, a fisherman found Moore's body and reported it to authorities.

Two months after the arrests, then-District Attorney Lenox Foreman asked to have the murder charges thrown out, saying further investigation was needed.

FBI agents pressed forward, but many were fearful, including potential witnesses. "This informant advised he would not testify under any circumstances because he is concerned for his life and the lives of his family," a Jan. 12, 1965, FBI document reads.

At the time of the killings, Seale and Edwards worked for International Paper Co.

The FBI said the Klan in those days infiltrated unions at that company and others in Natchez. On Feb. 14, 1964, Alfred Whitley, a black employee at Armstrong Tire Co., was abducted and whipped. Two weeks later, Clinton Walker, a black employee at International Paper, was killed on his way home. His car was riddled with bullets.

In 1965, George Metcalfe, an NAACP leader and Armstrong employee was nearly killed when a bomb exploded his car. Two years later, his friend and fellow employee, Wharlest Jackson, died when his truck exploded.

"The Klan ruled then," Thomas Moore recalled. "There were a lot of things that happened back then."

As years passed, the killings of his brother and his friend were forgotten — like so many others from the civil rights era.

In 1998, memories of his brother's killing were rekindled when he read about the dragging death of James Byrd in Texas and decided to write a letter.

Shortly after a judge sentenced Imperial Wizard Sam Bowers to life in prison in 1998 for ordering the 1966 killing of NAACP leader Vernon Dahmer, Thomas Moore wrote District Attorney Ronnie Harper, asking him to look into the case. Harper agreed, but acknowledged he lacked the resources to investigate the matter.

In late 1999, the FBI reopened the 1966 killing of sharecropper Ben Chester White after learning the killing took place on federal property, deep in the Homochitto National Forest. Klansmen killed White in an unsuccessful attempt to lure Martin Luther King Jr. to the Natchez area.

On Jan. 13, 2000, The Clarion-Ledger reported White's killing wasn't the only violence that took place in that forest — so had the beatings of Dee and Moore.

After FBI agents reported they had destroyed their files in the case, The Clarion-Ledger found they weren't destroyed and got copies.

The Clarion-Ledger also tracked down and interviewed Seale, who blamed the newspaper for talk of reprosecution. "You don't have anything better to do but to stir this stuff up," he said.

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The FBI reopened the case, only to stall when they believed the FBI's key informant in the case, Ernest Gilbert, was dead.

The Social Security Death Index showed a man of the same name had died in Mississippi in 1999, but the real Gilbert was still alive and living in Clinton, La.

In spring 2000, ABC News producer Harry Phillips tracked him down and got the former Klansman to share his story of a friend's confession to the crime. The FBI then interviewed Gilbert.

Gilbert told The Clarion-Ledger how Seale's brother, Jack, came to him and confessed his involvement in Dee and Moore's killings. "I couldn't live with it," Gilbert said. "I wish I never had been in the Klan. It messed my life up."

But by the end of 2000, authorities let the case grow cold. They still had questions regarding federal jurisdiction and were busy preparing to prosecute Ernest Avants for White's killing.

Federal authorities didn't get interested again in the Dee-Moore killings until July 13, 2005 — a few weeks after jurors convicted Killen in the killings of Chaney, Goodman and Schwerner.

That's when Thomas Moore met with U.S. Attorney Dunn Lampton of Jackson, convincing him to have his office take a second look at the case.

Lampton has taken a personal interest in the case, sometimes accompanying FBI agents in their interviews.

No charges are expected against Edwards, who has been interviewed by the FBI and may be a witness against Seale.

Mississippi native Myrlie Evers-Williams, chairman emeritus of the national NAACP, still shudders when she recalls the dark days when the Klan reigned in Mississippi.

"It was fear at its worst. You could easily link it to what took place in Nazi Germany," recalled Evers-Williams, whose husband was assassinated by a Klansman in 1963. "It was being afraid to sit in your living room on a sofa because there was a window."

Mississippi Man Arrested In Killing Of 2 Blacks In ’64 (NYT)

By Shaila Dewan

The New York Times, January 25, 2007

ATLANTA, Jan. 24 — A 71-year-old man was arrested Wednesday in Mississippi on federal kidnapping charges stemming from the 1964 killing of two black teenagers who were tied to trees, whipped and drowned.

The suspect, James F. Seale, a former crop-duster, was indicted in Jackson and taken into custody in the southwestern Mississippi town of Roxie, not far from where the two young men were seized.

The charges against Mr. Seale, some seven years after the Federal Bureau of Investigation reopened the case, are the latest in a string of prosecutions of racially motivated slayings from the 1950s and ’60s. While virtually all the prosecutions so far have proved successful, investigators have long warned that every passing year makes it more difficult to build a case.

Many of those killings became nationally infamous, like the murder of three civil rights workers — James Chaney, Andrew Goodman and Michael Schwerner — portrayed decades later in the movie “Mississippi Burning.” But like dozens of lynchings in that era, the deaths of the two victims in this case, Henry H. Dee and Charles E. Moore, both 19, were far more obscure.

The discovery of their bodies, in the Old River near Natchez, Miss., attracted attention mainly because it was initially thought that they might be those of two of the three missing rights workers, who, as the nation looked on, were being sought by federal agents, dozens of volunteers and 400 Navy sailors.

Still, the F.B.I. took on the Dee-Moore case, and in November 1964 Mr. Seale, the son of a chapter leader of the White Knights of the Ku Klux Klan, and another man, Charles M. Edwards, were arrested. Local authorities never prosecuted them, however, even though Mr. Edwards, according to the case file, had told federal agents that he, Mr. Seale and others had beaten Mr. Dee and Mr. Moore, who, Mr. Edwards said, were alive when he left them.

Mr. Dee was a sawmill worker; Mr. Moore had recently been expelled from college after participating in a student demonstration. According to a variety of accounts pieced together from F.B.I. files, the Klan mistakenly believed that they were Black Muslims involved in plotting an armed uprising.

That season had been dubbed Freedom Summer by civil rights volunteers hoping to get blacks onto the voter rolls, but in and around Natchez it was a time of terror spread by the Klan. When Klan members saw Mr. Dee and Mr. Moore hitchhiking in early May, they returned with reinforcements and ordered them into a car.

The two were taken deep into the Homochitto National Forest, where they were secured to trees and beaten. They were then driven across the nearby state line to Louisiana, where they were tied to an engine block and thrown into the river with tape covering their mouths.

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Mr. Edwards is still living, although The Clarion-Ledger of Jackson reported Wednesday that he was not expected to be arrested and was a potential witness in the case against Mr. Seale. James Newman, the sheriff of Franklin County, which includes Roxie, said Mr. Seale was in poor health and used a cane to walk.

Mr. Edwards is described in the documents from the time as an admitted Klansman. In an interview in 2000 with Jerry Mitchell of The Clarion-Ledger, who has written extensively about the case, Mr. Seale denied being a Klansman or knowing any members, although his family's involvement in the Klan is well documented.

The F.B.I. reopened the case in 2000 after investigative files that had been thought lost were recovered, and after Mr. Mitchell reported that the killings had most likely occurred on federal land, giving federal prosecutors jurisdiction in what was seen as a case potentially involving murder charges. A spokeswoman for the Justice Department declined Wednesday to explain the decision to charge Mr. Seale with kidnapping, and a spokeswoman for the United States attorney in Jackson did not return phone calls.

In 2002, Mr. Seale's son began telling newspaper reporters that his father was dead. But Thomas Moore, the elder brother of Charles Moore, returned to the area with a documentary filmmaker on a trip in 2004, and a local resident directed him to the mobile home where Mr. Seale lived. Mr. Seale ran inside and shut the door.

State, Federal Law Enforcement To Monitor Police-involved Shootings In DeKalb County (AP)

By Errin Haines, Associated Press Writer

AP, January 25, 2007

TUCKER, Ga. - Newly appointed DeKalb County Police Chief Terrell Bolton said Wednesday that reducing the number of police-involved shootings is his top priority, and said federal and state authorities will now be called to the scene to monitor those incidents.

Bolton made the announcement flanked by officials from the GBI, FBI and DEA, as well as DeKalb CEO Vernon Jones and district attorney Gwen Keyes-Fleming.

"Today is a major step for the DeKalb County Police Department," Bolton said. "In our approach to deadly force, my prayer is that it will never be the same."

Bolton, who was hired last month, said his department has nothing to hide, and that the new initiative is meant to encourage transparency and make citizens feel more comfortable.

GBI and DEA agents will respond to police-involved shootings as they happen, working as monitors and reporting inappropriate behavior to DeKalb superior officers.

"If they see something we are doing that is out of order, it will be brought to our attention," Bolton told reporters at a press conference. "Our desire is to have as many eyes and ears as possible."

The FBI will not be involved in investigations, but has offered additional training along with the other two agencies.

The chief plans to meet with the other agencies to further discuss how the partnerships will work.

Last year, DeKalb County officers were involved in 12 deadly police shootings, which those attending the press conference declined to discuss Wednesday. The shootings have drawn federal and local investigations, and the increase in shootings led to an independent review of police training and use-of-force procedures by a consulting firm that found some deficiencies.

Jones said at the time the report was released that there were no widespread problems at the department.

The district attorney's office is reviewing the shootings and the Justice Department is "gathering information" about the shootings, according to a Dec. 12 letter from a Justice official to a community activist.

DeKalb Police Shootings To Be Monitored (AJC)

By David Simpson, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 25, 2007

Monitors from state and federal law enforcement agencies will go to the scene of all future shootings of suspects by DeKalb County officers, Police Chief Terrell Bolton announced Wednesday, responding to a spate of fatal police shootings that have spurred a grand jury investigation.

DeKalb apparently will be the first major metro Atlanta police department to bring state and federal officials to shooting scenes to observe the police investigation.

"Today, the DeKalb County Police Department is saying we have nothing to hide," Bolton said at a news conference, flanked by District Attorney Gwen Keyes Fleming and representatives of the Georgia Bureau of Investigation, the federal Drug Enforcement Administration and the FBI.

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Bolton, in his second week on the job, said he asked the other agencies to help him address concerns raised last year, when DeKalb police shot to death 12 suspects, more than any other department in metro Atlanta. One officer also was killed.

Bolton said the GBI and DEA agreed to his request to supply investigators who will be trained in DeKalb procedures so that they can go to shooting scenes.

FBI offers training

The monitors from the other agencies will not write reports but will immediately alert the police commander on the scene if they see anything "out of order," Bolton said. He said he was confident those agencies would not allow any problems to go unreported, and he promised he would alert the district attorney "or even the FBI" if he had evidence of wrongdoing.

The FBI cannot send a monitor to cooperate with DeKalb police because it could later be called upon to investigate the same incident, Bolton said. But he said the FBI has offered training help to DeKalb police.

Representatives of the DeKalb district attorney's office already go to shooting scenes and review police shooting cases. But The Atlanta Journal-Constitution reported last week that records of many of those investigations are missing, and the surviving records show the DA's office often relied on police reports rather than on independent fact-finding.

A special grand jury is expected to review last year's 12 fatal shootings by DeKalb police. Bolton declined to comment on the cases Wednesday.

Officials in Fulton, Cobb and Gwinnett counties said Wednesday they have not called state or federal officials to the scene of shootings by their county police force. No information was available from Atlanta police.

Change of perceptions

Gwinnett District Attorney Danny Porter said the outside monitors may provide more public assurance than investigative help.

"I don't see what these monitors will accomplish if they are not able to control the investigations of these shootings," Porter said.

"Now I've never said that I felt that DeKalb had a problem with how they investigated their police shootings in the past, because I don't. But they may think this will help change the way the public perceives their investigations."

Porter and Cobb District Attorney Pat Head, who presents all police shooting cases to a grand jury, were surprised that drug agents would participate in shooting investigations.

So was Geoffrey Alpert, a criminology professor at the University of South Carolina who has studied police use of force.

"I think generally inviting other agencies to be part of an evaluation is very, very important. I think it shows some transparency, I think it shows some willingness to do it appropriately," Alpert said.

However, he added, "You want someone who has credentials, who has experience, who has enormous knowledge of police shootings."

Alpert said it is important for outside reviewers to look beyond the question of whether an officer committed a crime and to consider whether officers violated policies — violations that might have contributed to the shooting.

The Atlanta Journal-Constitution reported in November that a review of police shootings from 2001 through 2005 showed an internal review board repeatedly found that officers violated certain key policies, such as forcing confrontations without adequate backup. Most of the officers involved received little or no discipline, and the department did not address the patterns in its training programs.

Keyes Fleming, DeKalb's district attorney, and her two predecessors have said the district attorney has no mandate to look for policy violations. But the special grand jury expected to convene soon could consider whether to recommend additional oversight of police shootings, Keyes Fleming has said.

'Supportive' of officers

Around the country, some police departments are overseen by civilian review boards, some with full-time investigators. Other departments have full-time professional monitors who report to elected officials.

On Wednesday, Keyes Fleming said through a spokeswoman, "I think Chief Bolton's multijurisdictional approach is a good step for DeKalb County and its citizens. We look forward to continuing to work with the Police Department and these other government entities."

Iffat Muhammad, who has helped organize protests since her brother, Abraheem, was shot to death by an officer in August 2006, offered cautious approval of the new policy.

"It sounds good. It sounds like a step in the right direction. But honestly, I don't know," she said.

Muhammad's brother, Abraheem, was killed by a DeKalb police officer in August. Her brother was shot by an officer checking on a trespassing complaint. He attacked the officer and tried to get her gun, police said.

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Muhammad said she was disappointed that Bolton did not meet with families or community organizations before announcing his move.

At the news conference, the chief urged the department's critics to judge police on their future actions rather than being "shackled" by the past.

Bolton also assured officers "that we're going to be supportive" and praised county CEO Vernon Jones for his past statements defending police use of force.

"It takes a special leader to stand up for the men and women of the department," he said.

Jones, who attended the news conference, said, "I'm excited about our new beginning here in DeKalb County for this Police Department."

Jones said he earlier visited a new class of police cadets and learned they will receive extra training in "de-escalation" techniques to try to avoid violent confrontations.

Staff writers Mary MacDonald, Rhonda Cook, Lateef Mungin and Aixa Pascual contributed to this article.

Cleveland Officer Investigated On Claim He Beat Suspect (CLPD)

By Mark Puente, Plain Dealer Reporter

The Cleveland Plain Dealer, January 25, 2007

Drug suspect suffered cuts, bruises

A Cleveland police officer is under investigation over allegations he beat a suspected drug dealer to find out where he hid a package of cocaine.

Narcotics Detective Jamal Ansari, a 22-year-veteran, is accused of dragging Damon Alexander, while handcuffed, around his Shaker Heights home last April until Alexander told him where he hid the cocaine.

Ansari is being investigated by the Cleveland police Internal Affairs unit, the U.S. Justice Department and the federal Drug Enforcement Administration.

Alexander testified in a federal court hearing in November that Ansari repeatedly punched him in the face, kicked him in the chest and slammed his head into walls with enough force to break drywall, federal court records say. Alexander suffered cuts and bruises on his chest, and doctors gave him an electrocardiogram, according to court records.

Ansari testified that he hit Alexander 15 to 25 times to gain control of him even though he was handcuffed. But U.S. District Judge James Gwin did not believe Ansari.

"This testimony is not credible," Gwin wrote in a ruling last month.

Gwin also ruled Ansari violated Alexander's constitutional rights by continuing to question Alexander after his request for a lawyer.

Cleveland police Lt. Thomas Stacho said the city began an investigation last month after learning of Gwin's ruling. The judge's decision is disturbing, he said.

"It's one of the focuses of our investigation," he said. "We take these allegations seriously."

Ansari did not report using force against any suspect between 2003 and Sept. 9, 2006, according to two Cleveland Police Department databases obtained by The Plain Dealer last fall.

A Cleveland police policy requires officers to report any use of force regardless of where it occurred, Stacho said. No investigation by Ansari's supervisor could be found for the incident, he said.

Alexander filed a complaint with the U.S. Justice Department and has passed a polygraph test, court records show. He pleaded guilty in December to intent to distribute cocaine and a weapons charge. He is waiting to be sentenced.

A DEA task force went to Alexander's home after a K-9 officer found a suspicious envelope at an air-mail center containing 5.5 pounds of cocaine, records show.

The Postal Service delivered the package to Alexander's house on April 6. The task force was assisted by postal inspectors and Shaker Heights detectives, who went inside the home after a beeper signaled the package had been opened.

Alexander hid the package in a basement ceiling, but officers could not find it, records said.

Edward Bryan, an assistant federal public defender, said Ansari should be punished for his actions. "It was thuggery at its worst," he said. "They cannot break the law to enforce the law."

Special Agent John Ferster, head of the Cleveland DEA office, declined to comment.

Plain Dealer reporter Gabriel Baird contributed to this story.

Female Former Agent Testifies In Case Against FBI (MINNST)

By Dan Browning, Star Tribune

DOJ_NMG_0121353

Minneapolis Star Tribune, January 25, 2007

Jane Turner said she had never had an unsatisfactory job review before she filed her harassment complaint.

Ex-FBI agent Jane Turner spent more than five years fighting to get her case against her former employer into federal court, and on Wednesday she told a jury in Minneapolis about what she said was a plot to wreck her career as retribution for a sexual discrimination complaint she filed against her boss in 1998.

But the government described a far different end to a storied career that included investigating child-sex crimes and violent crimes on North Dakota Indian reservations.

By 1999, "she was seriously burned out," Martha Fagg, an assistant U.S. attorney from Iowa, told jurors Wednesday in her opening statement. "She just stopped working."

FBI supervisors didn't try to sideline Turner, Fagg said. To salvage her career, she said, they transferred her from an outpost in Minot, N.D., to Minneapolis, where they tried to help her get back on track.

Fagg said Turner, 55, of St. Paul, has literally made a federal case out of the fact that she was rated "superior" rather than "outstanding" in a routine review of her work.

However Turner, who joined the FBI in 1978, testified in U.S. District Court in Minneapolis that she had never had an unsatisfactory job review until after she filed a sexual harassment complaint against her supervisor, Senior Supervisory Agent Craig Welkin.

That's when Welkin stopped giving her full credit for the job she was doing, Turner said. She said she put up with the slights because she had so many "statistics," or favorable performance points, in her files.

Among her trophies was a personal letter from then-U.S. Attorney General William French Smith for her help in apprehending Christopher Boyce, a Soviet spy made famous in the movie "The Falcon and the Snowman."

However, in the summer of 1998, Welkin tried to block her from working on a case involving an infamous child pornographer who came to be known nationally as "The Internet Killer." Turner testified that the U.S. attorney in North Dakota at the time, John Schneider, tipped her off to Welkin's interference. Welkin only relented and assigned her to the case after Schneider wrote to him, she said.

Turner quickly developed a rapport with the family of the suspect, Larry Froistad, and eventually developed evidence that persuaded him to confess to molesting and killing his 5-year-old daughter, Amanda.

Schneider thanked her in an October 1998 e-mail. "Quite simply, that case and plea was your product," he said.

But Turner said that Welkin did not give her full credit for the case in her annual review, a detail that might hamper her efforts to get promotions or raises. She said he accused her of "poaching cases" and complained that she "sandbagged" him by getting Schneider to ask for her in the Froistad case.

Turner denied doing so, and reported Welkin's comments to his boss in Minneapolis. The FBI launched a formal re-evaluation of Turner's job performance.

Assistant U.S. Attorney Clare Hochhalter testified that he never saw Turner "stop working," as Fagg alleged in her opening remarks. He said Turner pushed hard on cases.

Hochhalter offered strong praise for Turner's investigative and interrogation skills. "I learned from her," he said.

But the formal FBI review in June 1999 found her work "minimally acceptable" in 1999, and she was ordered to transfer to a desk job in Minneapolis in December of that year. She reported to Minneapolis in May 2000 and filed suit Aug. 3, 2001.

Turner later sparked furor in the FBI when she accused a colleague of stealing artifacts from the ruins of the World Trade Center after the Sept. 11 attacks. She retired in the fall of 2003 in the face of possible termination proceedings, allegedly for hurting the bureau's image.

Another FBI whistleblower, Coleen Rowley, is expected to testify on her behalf today.

Port Chester Attacks Federal Lawsuit On Election System (NYJN)

By Liz Sadler, THE JOURNAL NEWS

New York Journal News, January 25, 2007

PORT CHESTER - The village filed court papers yesterday that pick apart the federal lawsuit that accuses its election system of illegally suppressing the Hispanic vote.

In the papers, the village asked U.S. District Judge Stephen Robinson to deny the government's request to block the March 20 election for two seats on the Board of Trustees.

"There will be irreparable harm if the election does not go forward," the papers say. The village contends that the move could disenfranchise voters in the March mayoral election and that "government may come to an effective standstill due to the expiring terms of current members."

The papers were filed in response to a lawsuit filed by the Justice Department in December claiming that the village's "at-large" method of electing its six trustees violates the federal Voting Rights Act.

Though nearly half of the village's 28,000 residents and 22 percent of its eligible voters are Hispanic, no Hispanic has ever been elected to village office.

The Justice Department is asking the judge to replace Port Chester's at-large system with one in which trustees are elected from six districts.

It has presented a proposal for voting districts, including a majority Hispanic ward.

But the village is questioning the validity of the proposed Hispanic district because the estimated number of Hispanic residents is only eight higher than the number of non-Hispanic residents, fewer than the margin of error, it claims.

In the court papers, the village also argues that there is no past or present discrimination in Port Chester and that Hispanic voters are free to participate in the political process.

The percentage of Hispanic voters who participate in village elections is less than half the percentage of non-Hispanic voters, and the number of votes deciding a typical race is small, the papers say.

The village's response includes 21 statements from longtime village residents, officials and business owners, including people of Dominican, Cuban and Uruguayan descent.

"These individuals have not experienced a history of discrimination in Port Chester," according to the response. "In fact, their experience has been just the opposite."

Anthony Piscionere, a lawyer for the village, took his criticism of the lawsuit a step further yesterday in a press release, accusing the Justice Department of fact-twisting and sneaky behavior in an effort to "desperately bolster their bad case."

Piscionere said he had deposed two Justice Department witnesses since the lawsuit was filed and was to interview a third today.

"Before the Department of Justice brought this lawsuit, we told the federal government that their data was bad," Piscionere said. "Now, only after preliminary depositions of the government's experts, do we absolutely confirm the profound weakness of their case."

Yusil Scribner, a spokeswoman for the Justice Department, declined to comment on the response, saying it is the department's policy not to speak about pending cases.

Mayor Gerald Logan assailed the lawsuit, saying the federal government does not understand the village election process or the significance of Port Chester's 139-year-old charter.

"Port Chester is a model of inclusion and diversity," he said in a statement. "The lack of evidence in this case is astounding."

Court dates are scheduled for Feb. 12-15.

Reach Liz Sadler at esadler@lohud.com or 914-694-3525.

NAACP Presses U.S. On Heart Drug (WSJ)

By Keith J. Winstein

The Wall Street Journal, January 25, 2007

An NAACP official condemned Medicare for declining to promote insurance coverage of a cardiac medication for African-Americans, in a letter that blamed government policy for disparity in the treatment of blacks with heart failure.

The sharply worded letter, addressed to the Boston regional office of the Centers for Medicare and Medicaid Services, or CMS, detailed tension between the local arm of the civil-rights organization and the agency over BiDil, the only drug approved for use by a single race. The NAACP has received a $1.5 million grant from the drug's maker, NitroMed Inc., to improve health care for blacks.

BiDil has been shown to reduce deaths in blacks with congestive heart failure by about 40% a year, but NitroMed says it is used by only about 2% of the 750,000 African-Americans who have the condition.

Many groups, including the American Heart Association and the American College of Cardiology, say there is no evidence that the medication, which costs insurers roughly $1,400 to $2,800 a year to offer to a customer, works any better than its two generic parts -- isosorbide dinitrate and hydralazine -- taken separately. CMS requires insurers offering Medicare Part D plans to cover either BiDil or the generics. Some insurers have been slow to cover BiDil, since the two generic ingredients can cost less than $100 a year. Usage of the generics has also been scant.

The National Association for the Advancement of Colored People wants CMS to require all of the privately run Medicare Part D plans for the elderly to cover BiDil. The separate generics are no substitute, the letter argues, since a patient would have to take many more pills and even split some pills in half to get the correct dose.

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Medicare's stance "is so contrary to evidence-based medicine and so extraordinary that it arouses suspicions of institutional racism," said the letter, from Juan M. Cofield, president of the NAACP's New England council. If BiDil "were not a medication for blacks, their response might be different," Mr. Cofield added in an interview. Until a clinical trial shows that generics work as well as BiDil, the letter argues that Medicare should require all of the Part D drug plans to cover the drug.

Jeffrey Kelman, a senior doctor at CMS in Washington, said NitroMed would have to continue to plead its case with the individual Part D plans. "We've been working with minority groups for two years about this and similar issues," he said, and there's no evidence that BiDil works any better than its separate, much cheaper, ingredients.

NitroMed has been trying to get insurers to put BiDil on their "preferred brand" tiers, which generally require a monthly co-pay of $25 to $30. Even without a requirement from the government, many Medicare Part D insurers cover BiDil, including some plans from AARP, Humana Inc., UnitedHealth Group Inc., Aetna Inc., and the Blue Cross and Blue Shield Association.

NitroMed says that with some recent additions of coverage, 57% of elderly African-Americans with health insurance now have coverage for BiDil, up from 20% six months ago. The company, which has no other products, has been struggling because of BiDil's disappointing sales.

ANTITRUST:

Delta Supporters Pack Senate Hearing In DC Grinstein, Parker Both Testify On US Airways Takeover Bid (AJC)

By Marilyn Geewax

The Atlanta Journal-Constitution, January 25, 2007

Washington-Appearing At a Packed hearing before the Senate Commerce Commitee Wednesday, Delta AirLines CEO Gerald Grinstein said both workers and consumers will suffer if US Airways' takeover bid for Delta succeeds.

"Delta does not need to be acquired to be saved," Grinstein declared in an overstuffed hearing room ringed by Delta pilots, standing ramrod straight in their black uniforms.

"The US Airways deal would reverse the hard work and remarkable progress Delta people have made restructuring our airline," Grinstein said. "Delta is poised to emerge from bankruptcy this spring as a strong, fiercely competitive, standalone airline."

Hundreds of Delta employees and supporters lined up outside the hearing, filling a stairwell for two long flights and spilling into basement corridors in the Senate Russell Office Building.

The takeover "must be rejected and opposed because it is blatantly anti-competitive," Grinstein said.

Sen. Johnny Isakson, R-Ga., introduced Grinstein, whom he said has done "great things" for Delta.

Andrew Steinberg, assistant secretary for the the Transportation Department, said he could not comment on any particular proposed takeover, but felt that in general, consolidation is the "natural consequence of a deregulated industry." When weighing whether to approved a merger, "we have to keep an open mind," he said.

US Airways CEO Douglas Parker urged the government to "let the market work" so that airlines can become more profitable and avoid the need for government bailouts.

Parker, who led America West Airlines' 2005 merger with US Airways, argued that the merger would lead to lower prices for consumers because the company would be in a better position to compete with low-cost carriers such as Jet Blue Airways and Southwest Airlines. The growth of those competitors he said, shows the "tendency of the marketplace to respond."

"New carriers can come in and lower prices," Parker said.

Both airline executives said the industry has made important strides toward rebounding from the financial troubles that they incurred as result of the 2001 terrorist attacks and soaring fuel prices.

The prospect of a US Airways-Delta merger has sparked talk of other possible link-ups among big airlines — and concerns among labor and consumer groups about the fallout. That prompted the Senate hearing.

Several senators said their constituents are concerned that a merger would result in cutbacks to service in small communities, where the per-unit costs of running an airline tend to be more expensive than in big cities with lots of passenger traffic.

"You're an aggressive suitor, but the lady from the South doesn't want to be forced into this shotgun wedding," said Sen. Trent Lott, R-Miss, a reference to Delta's Atlanta headquarters.

The hearing occurred amid indications the US Airways bid for Delta may be faltering on its own.

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In an interview Tuesday, Parker said US Airways' recently sweetened bid for Delta has generated little response from the Atlanta carrier's bankruptcy creditors, and that time is running out on the offer.

"We have not had any give-and-take negotiations (with the creditors), which you might expect," said Parker, who on Jan. 10 raised the bid nearly 20 percent to about $10.3 billion.

Parker said he still hopes the deal will get done, joining the two carriers under the Delta banner.

But he sounded less optimistic than in the past. "If the creditors don't want to do it, that's their perogative," Parker said by phone from Washington.

US Airways, based in Tempe, Ariz., has set a Feb. 1 deadline for Delta's official creditors committee to tell management to take initial steps toward a deal.

Its offer is "absolutely, positively retracted" if the creditors don't do so, said Parker. "If they choose to do that, they should know that we're not coming back," he said.

Delta's creditors continue to study the competing plans and have given themselves until Jan. 31 to decide whether to agree to US Airways' conditions, a person familiar with Delta's bankruptcy reorganization told The Atlanta Journal-Constitution.

That person said creditors are considering various aspects of Delta's standalone reorganization plan, such as compensation for Delta's management. They're also weighing the risks of a delay in Delta's Chapter 11 exit that might result while federal regulators consider the deal, and the risk that regulators might not approve it at all.

Delta spokeswoman Gina Laughlin declined to comment on creditors' deliberations.

Meanwhile, Grinstein, in a question-and-answer session with an employee group, said Delta has sought financial information from Northwest Airlines at the request of the creditors. But he added the move was "a far cry from negotiating a merger with them."

Reports earlier this month suggested Delta and Minnesota-based Northwest, which is also in Chapter 11, were feeling each other out about a merger after both leave court.

Grinstein characterized the Northwest overture as intelligence-gathering to update "potential responses to our industry's changing marketplace." He said he felt it was important to "debunk the Northwest rumor."

Grinstein said he is "not anti-merger" — noting that Delta itself has had four — but considers the US Airways proposal "the worst kind of deal" because it joins carriers with largely overlapping routes.

While the creditors' decision on the US Airways bid is largely financial, the airline, employee groups and political allies have waged a high-profile public effort to defeat it. Part of their aim is to show that a merger would be both unpopular with consumers and workers, as well as unlikely to survive regulatory review at the Department of Justice.

Senators Worry Airline Deals Hurt Competition, Consumers (WSJ)

By Melanie Trottman And Corey Dade

The Wall Street Journal, January 25, 2007

WASHINGTON -- Members of a Senate committee expressed strong skepticism that sweeping consolidation in the U.S. airline industry would be good for consumers and were particularly unenthused about US Airways Group Inc.'s $9.8 billion hostile bid for Delta Air Lines Inc.

A three-hour hearing was punctuated by testiness as US Airways Chairman and Chief Executive Doug Parker defended the Tempe, Ariz., carrier's takeover offer, which was condemned by Gerald Grinstein, Delta's CEO, who insisted that the Atlanta airline would be best to emerge from bankruptcy on its own later this year.

Despite a grilling from lawmakers on the Senate Committee on Commerce, Science and Transportation, the hearing was somewhat anticlimactic because in recent days the official committee of Delta creditors appears to have been shying away from the US Airways bid, according to people familiar with the situation.

One of the biggest concerns by committee members is that a merger could force Delta to remain in bankruptcy while a deal is ironed out and that resistance by Delta executives could derail the process.

Separately, a group of Delta bondholders yesterday urged that negotiations begin on the US Airways bid. The ad hoc committee of unsecured creditors, an informal group formed in November largely in support of the proposed deal, believes opening talks with US Airways could yield a more lucrative offer and thus fatten the payout to all Delta creditors.

Meanwhile, talks about a possible merger between Delta and Northwest Airlines Corp. have been put on hold, further deflating speculation that a frenzy of deal-making among U.S. airlines is imminent.

While Congress can't block proposed mergers, yesterday's hearing made it clear that even the prospect of consolidation faces resistance from many lawmakers, especially those worried that mergers would reduce or even eliminate air service to smaller communities.

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"I am not a fan of mergers," said North Dakota Democratic Sen. Byron Dorgan. "Inevitably what's going to happen is the other network carriers are going to decide they're going to merge. I think it gives consumers fewer choices, less competition."

Other concerns included the possibility of higher fares and additional impact on airline employees who have suffered steep pay cuts, layoffs and the loss of pension benefits during the industry's latest downturn.

Mr. Parker reiterated his assurance that a takeover of Delta wouldn't result in job cuts of any front-line, or nonmanagement, employees, though he acknowledged the combined work forces would be reduced through attrition.

"You're making a big leap here," said Sen. Trent Lott, a Republican from Mississippi, who complimented Mr. Parker on the merger he engineered two years ago between America West Airlines and US Airways. "I'm not opposed to the [Delta] merger. It does bother me when it's a hostile effort," he said. Another lawmaker recalled that AMR Corp.'s American Airlines pledged to take care of TWA workers when American acquired assets of the carrier in 2001, then eventually left most of them jobless.

The packed hearing room included dozens of uniformed Delta pilots, who stood against the walls wearing "Keep Delta My Delta" buttons.

Mr. Grinstein said Delta was financially strong enough to maintain its independence after exiting bankruptcy, and he disputed Mr. Parker's stance that acquiring Delta would lead to lower fares while maintaining adequate service levels.

Write to Melanie Trottman at melanie.trottman@wsj.com1 and Corey Dade at corey.dade@wsj.com2

Air Merger Faces Flak From Senate Panel (USAT)

By Marilyn Adams

USA Today, January 25, 2007

WASHINGTON — Skeptical members of the Senate Commerce Committee questioned Wednesday whether US Airways' hostile takeover of Delta Air Lines would cut service to small cities.

Congress has no official role in the pending takeover bid, but lawmakers can wield considerable influence and possibly decide to change laws dealing with airline mergers.

At issue was US Airways' $10.2 billion hostile bid for Atlanta-based Delta, which has been in Chapter 11 bankruptcy for 16 months. Such a large merger, which would create the nation's largest airline, would have to be reviewed by antitrust regulators at the Justice Department.

From the start, the tone of the hearing was critical. Many of the committee members hail from largely rural states — Alaska, Minnesota, Maine, West Virginia, North Dakota — and worried aloud that consolidation would reduce service to cities in their states.

About 50 uniformed members of Delta's pilots union, which opposes the deal, lined the standing-room-only chamber wearing "Keep Delta My Delta" lapel buttons.

Sen. Trent Lott, R-Miss., echoed colleagues when he questioned whether the merger might result in less air service to small cities now served by Delta or US Airways.

US Airways CEO Doug Parker, the only witness to support the deal, said it would strengthen both carriers. He testified that strong network airlines "are the best hope for small communities" because discounters such as Southwest Airlines generally don't serve those airports.

He said US Airways — itself the product of the 2005 merger between America West and the old US Airways — is now the most profitable network carrier, a category that also includes American, United, Delta, Continental and Northwest.

"That merger has been a tremendous success," he said.

Delta CEO Jerry Grinstein, who is fighting the takeover of his company, predicted a Delta-US Airways merger would bring sharp service cutbacks where the two carriers overlap along the East Coast.

Responding to concerns raised by Sen. Jay Rockefeller, D-W.Va., Grinstein said it would usher in more mergers among the rest of the USA's six network airlines. They'd have to merge to compete, he said.

"If you approve this," Grinstein said, "the industry will devolve into three carriers."

Union leader Robert Roach Jr., representing the International Association of Machinists, criticized US Airways for trying to buy another airline before it has negotiated new labor contracts covering mechanics from the old US Airways and America West.

"You have to finish transaction No. 1 before starting transaction No. 2," he said.

Delta says it's prepared to exit bankruptcy this spring as an independent carrier worth between $9.4 billion and $12 billion. Delta's bankruptcy creditors' committee met in New York on Wednesday, but it still had no official response to US Airways' 2-month-old offer. The creditors must decide whether to back Delta's stand-alone plan, accept US Airways' offer or ask US Airways for more.

Parker has said he will withdraw the offer Feb. 1 unless the creditors signal their support and press Delta to open its books.

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US Airways Defends Its Plan To Buy Delta (WP)

By Del Quentin Wilber

The Washington Post, January 25, 2007

With a critical deadline looming in his hostile takeover bid for Delta Air Lines, the chief executive of US Airways faced tough questions yesterday from senators worried that a combined carrier would reduce service to rural areas and increase fares.

The concerns emerged during a lengthy Senate hearing on the proposed merger of Delta and US Airways, and the potential impact of future airline consolidation. The hearing also put the chief executives of the two airlines, who have been slugging it out in news releases, within arm's length of each other in public for the first time since the merger bid was announced in November.

Democratic and Republican senators expressed fears that a merger would force other carriers to combine. Sen. John D. Rockefeller IV (D-W.Va.), chairman of the Committee on Commerce, Science and Transportation's subcommittee on aviation, said such consolidation could harm small towns and other "end-of-the-food chain markets and their prices and their service."

US Airways chief executive W. Douglas Parker repeatedly defended his bid for Atlanta-based Delta, which is operating under Chapter 11 bankruptcy protection, by saying that a combined carrier would provide better service to rural areas.

"In general, I would say that healthy network carriers that earn adequate profits are actually good for smaller communities and good for consumers because they can afford the breadth and scope of service that we want to deliver," Parker said.

Two weeks ago, Parker increased his bid for Delta by 20 percent to a total of $9.8 billion in stock and cash. He has set a Feb. 1 deadline for Delta's creditors to accept his offer.

Despite Parker's assurances on preserving service to small communities, senators from Maine to Mississippi expressed skepticism.

"The inevitable will happen, which is to say that we're going to, you know, lose service and also, I think, [the outcome will] result in higher prices," said Sen. Olympia Snowe (R-Maine).

Sens. Byron L. Dorgan (D-N.D.) and Trent Lott (R-Miss.) said they did not think the merger would help their residents and were not pleased by the hostile nature of the bid.

"It's one network carrier saying 'I'm going to take over the other network carrier,' " Dorgan said. "I'm not a big fan of that because inevitably what is going to happen is the other network carriers are going to decide we've got to merge. . . . I don't think that gives consumers more choices. I think that gives them fewer choices."

Lott added: "Now, I must say you are an aggressive suitor. But the lady from the South -- Atlanta -- doesn't seem to want to be forced into this shotgun wedding."

Delta's chief executive Gerald Grinstein disputed Parker's claims.

Grinstein agreed with the senators that service to rural areas could be lost. He also questioned the viability of a combined company because it would have about $24 billion of debt.

"If you believe that with the kind of debt that this is going to have, that you're not going to reduce your hubs, you're not going to reduce frequencies, you're not going to consolidate flights and reduce planes, you believe in Tinker Bell," Grinstein said.

Grinstein also denied media reports that Delta and Northwest have been negotiating a possible merger. "Let me be very clear about that: We are not negotiating any such deal with Northwest," Grinstein testified.

Some of the senators also pressed the executives on whether they thought it would be a good idea to re-regulate the industry to promote service to small towns and rural areas. Grinstein and Parker said they would work with the Transportation Department and Senate staff members to study such proposals.

Although the executives were cordial, the high stakes of the fight were not lost on those attending the hearing. The room was packed with Delta pilots and other employees, who burst into applause at one point and wore buttons supporting the carrier's efforts to avoid a takeover.

When Rockefeller called a break so senators could attend a vote, he asked Andrew B. Steinberg, a top official at the Transportation Department, to "maintain your position between those two CEOs."

Senators Wary Of Hostile Bid For Delta (FT)

By Stephanie Kirchgaessner In Washington And Doug Cameron In Chicago

Financial Times, January 25, 2007

Washington lawmakers on both sides of the aisle on Wednesday expressed deep scepticism about US Airways' $9.8bn hostile bid for Delta.

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The poor reception for the deal in Congress raises significant questions about the future of the proposed transaction. The airline merger would lead to a wave of consolidation that would cut sharply the number of national carriers in the US, the lawmakers said.

In a small, packed hearing room to discuss the prospects of the deal, some Democratic and Republican senators appeared unconvinced by promises from Doug Parker, chief executive of US Airways, that the proposed deal, which would create the largest US carrier, would not lead to cuts in service, large-scale redundancies or increased fares.

While Congress does not have a formal say in deciding whether the deal could move forward, lawmakers – particularly those representing rural states – could put political pressure on both the airline industry and the Justice Department, which would review the deal on antitrust grounds. Although the White House has been largely hands-off on merger reviews, the Justice Department blocked a proposed merger between United and US Airways in 2001.

Andrew Steinberg, assistant secretary for aviation at the Department of Transportation, which would likely confer with antitrust authorities on the deal, declined to comment on the US Airways case, but presented mixed signals on where the Bush administration might stand on the issue.

While mergers were "not a panacea" for the airline industry's long-term problems, the government should not assume that having fewer carriers "necessarily translates into detriment to consumers", said Mr Steinberg.

However, even some Republican lawmakers who traditionally do not oppose mergers on competition grounds, such as Senator Trent Lott of Mississippi, said they were concerned the deal would lead to the closure of some routes.

"You're an aggressive suitor," Mr Lott told Mr Parker. "But the lady from the South doesn't want to be forced into this shotgun wedding," he said, referring to Georgia-based Delta.

Gerald Grinstein, Delta's chief executive, whose testimony was backed up by the presence of 32 uniformed Delta pilots around the hearing room wearing "Keep Delta My Delta" pins, said the combination would trigger further deals and lead the industry "to devolve into three network carriers". He also testified that Delta was not negotiating a separate deal with Northwest Airlines.

He said: "Approve this [deal] and you will be setting a very low threshold." Mr Grinstein added that, given the roughly $22bn in debt the deal would amass on the combined company's balance sheet, one might sooner believe in Tinkerbell than Mr Parker's notion that the merger would not lead to a disruption in service.

The tone of some legislators' remarks revealed underlying frustration at the airline industry and US Airways in particular for pursuing the merger even though it and other companies have in recent years dumped their pension liabilities on to the federal government.

Lawmakers in the House of Representatives are due to take on the same issue next week at another hearing.

US Airways has said it will withdraw its bid if Delta creditors do not push the carrier to the negotiating table by February 1, allowing it to start seeking regulatory approval. Delta's board is reviewing the revised bid to create the largest US carrier, a move that has triggered talks about potential combinations. However, the final decision will rest with its creditors.

Rumors Of Delta Merger With Northwest Are False, Airline CEO Tells Congress (DEN)

By David Shepardson, Detroit News Washington Bureau

Detroit News, January 25, 2007

WASHINGTON -- Delta Air Lines CEO Gerald Grinstein told Congress Wednesday the airline isn't interested in merging with US Airways or with Northwest Airlines, the largest carrier at Detroit Metropolitan Airport.

"One such rumor is that Delta is negotiating a merger or similar deal with Northwest. One point we want to make very clear: We are not negotiating any such deal with Northwest," Grinstein said in prepared testimony before the Senate Commerce, Science and Transportation committee.

The hearing was called to discuss the potential impact of airline mergers and industry consolidation.

"In the face of US Airways' hostile takeover bid, our Official Creditors Committee asked us to help gather information about potential strategic alternatives from other airlines, including Northwest."

Grinstein said that to fulfill that request, the airline "recently retained an investment banker to obtain that information, a far cry from negotiating a merger. We are compiling this information, but there has not been any negotiation regarding a merger or similar deal with Northwest or any other airline."

Grinstein heavily criticized US Airways' $10 billion-plus hostile takeover bid, saying it would never be approved by the Justice Department. Analysts have noted that there is a great deal of overlap between the two carriers' route structure, and that a merger could result in the elimination of many duplicative flights.

Grinstein said a US Airways takeover would result in the "likely loss of an estimated 10,000 Delta jobs."

"US Airways principle goal in its hostile takeover attempt is to eliminate its key competitor," Grinstein said. "This merger is being proposed to cut service, shrink hubs and increase prices."

A combined Delta and US Airways would operate 52 percent of slots and 40 percent of gates at major East Coast airports.

US Airways -- which was purchased by America West out of bankruptcy -- defended a takeover of Delta, saying it wouldn't cut service and would reduce ticket prices in dozens of cities.

US Airways Chairman Doug Parker said aggressive cost-management and consumer friendly policies and pricing allowed America West to return to profitability.

He told Congress a combined Delta-US Airways wouldn't drop any cities.

"With the ability to lower costs, gain efficiencies and adjust flying to better align demand and capacity, we believe we can lower fares in dozens of new markets and communities, just as we are doing at US Airways today," Parker said. "Moreover, passengers will benefit from the ability to get to more destinations via more routings; it is far more likely that thanks to the new Delta more passengers will be able to get to their destination at a time convenient for them and at a price that is reasonable, than would be possible under either stand-alone Delta or US Airways."

Parker also said "We will not furlough any frontline employees of Delta or US Airways as part of this merger," but didn't directly address job cuts. "We have put forth a fair and equitable proposal… Our industry stands at a crossroads. We can continue down the current path of boom and bust uncertainty, or we can chart a new course," he said. "We have to break with the failed policies of the past in order to provide a more sustainable future for all stakeholders."

Delta said the merger between America West and US Airways saw employment drop from 43,000 at the time of the merger to 35,000 today.

CME To Dominate Management Of CME-CBOT (AP)

By Stephen Wisnefski And Howard Packowitz, Dow Jones Newswires

AP, January 25, 2007

CHICAGO (AP) -- Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. Wednesday named those who will be on their post-merger management team, with CME executives dominating the leadership roster.

The exchanges also said they "believe they are on track" to complete the merger by mid-2007, noting that "significant milestones" have been reached recently. The two largest U.S. futures exchanges cited, as examples, the filing in December of a registration statement with the Securities and Exchange Commission, and decisions made regarding a high-level organizational structure and a senior leadership team.

As previously announced, CME Chief Executive Craig Donohue will be CEO of the merged company, to be known as CME Group. CME Executive Chairman Terry Duffy will retain that role in the merged group, and CBOT Chairman Charles Carey will serve as CME Group vice chairman. Also as previously disclosed, CBOT CEO Bernard Dan will serve as a special advisor to the combined company for one year after the merger closes.

The only current CBOT executive who will be on the CME Group's management team is Bryan Durkin, who will serve as chief operating officer. Durkin, who currently serves as CBOT's chief operating officer and has been with the exchange since 1982, will be responsible for overseeing the transition of CBOT's electronically traded products to CME's Globex platform and the transition of CME trading floor operations to the CBOT facility.

Last October, CME announced that it would acquire CBOT for about $8 billion, representing one of the more significant deals in a spate of consolidation activity among exchanges around the globe. CME Group will have dominant positions in trading of futures on products tied to interest rates, stock indexes, currencies and several commodities.

CME and CBOT have seen significant growth in trading volume in recent years as investor grew increasingly interested in the types of derivatives contracts traded at the Chicago exchanges. CME's growth, however, has been more robust, in large part owing to the success of its Globex platform.

Each of the 10 members of CME's current management team will be on the CME Group's leadership team, for the most part holding the same titles and responsibilities they now have.

Phupinder Gill, who has been with CME since 1988, will continue as president of CME Group, though he will relinquish the role of chief operating officer once Durkin takes on that responsibility. Durkin will report to Gill, who will serve in the office of the CEO with Donohue.

With the naming of the new management team, the exchanges said a handful of CBOT executives -- including Chief Financial Officer Glen Johnson, Chief Administrative Officer Kevin O'Hara, Chief Information Officer William Farrow and head of marketing and business development, Christopher Malo -- would stay in their current roles until the close of the merger.

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Representatives from both exchanges declined to comment on whether the CBOT executives would remain with CME Group in some capacity after completion of the merger. CBOT spokeswoman Melissa Jarmel said "those decisions haven't been made yet."

The representatives said CME and CBOT are still in the early stages of defining strategy for the merged group and laying out personnel plans. They also declined to comment on when further personnel announcements would be made.

Meanwhile, the exchanges are awaiting results of an antitrust review by the U.S. Department of Justice to determine whether the merged group would create a monopoly.

Contacted earlier this week, a Justice Department spokeswoman provided no timetable for completion of the investigation.

Shares of CME and CBOT, which have been gaining steadily since the start of the year, both hit record highs Wednesday. On the New York Stock Exchange, CME closed up $7.19 at $591.54, after moving as high as $596.30. CBOT shares closed up $2.27 at $175.72, after reaching $176.89 earlier.

TRADE WINDS In Call To Deregulate Business, A Global Twist (WSJ)

By Greg Ip, Kara Scannell And Deborah Solomon

The Wall Street Journal, January 25, 2007

Prominent figures in the U.S. are warning that the nation's financial markets have been handicapped by post-Enron regulatory overreach. Treasury Secretary Henry Paulson has made addressing the problem a signature political issue. A blue-ribbon committee chaired by former Bush economist Glenn Hubbard has echoed this sentiment, as does a report commissioned by Sen. Charles Schumer of New York and New York City Mayor Michael Bloomberg.

Their key evidence is data suggesting that U.S. stock markets are increasingly unattractive places for companies to list shares. Mr. Hubbard, now dean of Columbia University's business school, says this is the "canary in the coal mine," an early warning of the increasing costs to U.S. companies of raising money, which in turn threatens investment and growth. Their solution: a lighter touch in regulating corporate behavior.

• The Issue: Post-Enron corporate regulation is being blamed for driving foreign and U.S. companies away from U.S. stock exchanges.

• The Stakes: If critics are right, U.S. companies are paying more to raise capital, which will limit investment and growth.

• The Bottom Line: Powerful global forces are contributing to the exchanges' woes. Reducing regulation might not make a difference.

Yet this position, which has gone largely unchallenged, downplays a different explanation for why U.S. exchanges are under pressure -- the changing nature of global finance. Stock markets around the world have become better and deeper, encouraging companies to seek IPOs in their home market. Trading across borders has become simpler, cutting the prestige and usefulness of a big-country listing everywhere. And private-equity buyouts are a global phenomenon, not a uniquely American one.

Meanwhile, other countries are stiffening their own rules, bringing them closer to the U.S. model.

Andrew Karolyi, an Ohio State University economist who specializes in international stock-exchange listings, agrees with Mr. Hubbard that some new regulations, especially parts of the 2002 Sarbanes-Oxley Act, impose burdens that outweigh the benefits. But Mr. Karolyi is skeptical of the stock-exchange evidence, which he links instead to transitory global trends.

MARKET SLIDE

See more charts on the competitiveness of U.S. exchanges1. Plus, read reports and speeches on the topic by Henry Paulson and others: • Speech by Henry Paulson on the Competitiveness of U.S. Capital Markets2

• The Committee on Capital Markets Regulation (Scott-Hubbard-Thornton committee) interim report3

• The McKinsey Report commissioned by Sen. Chuck Schumer (D-NY) and NYC Mayor Michael Bloomberg4

• Study by Ernst & Young on Global Capital Markets Trends5

• A study by NERA Economic Consulting on shareholder lawsuits, "Recent Trends in Shareholder Class Action Litigation: Filings Plummet, Settlements Soar"6

• Study by Cornerstone Research on declining shareholder class action filings7

Regulations "should be judged on their own merits and not on any evidence of a supposed decline in the attractiveness for prospective listings from overseas," Mr. Karolyi says.

Mr. Paulson acknowledged in a speech last November that foreign markets have improved, which he called "unequivocally...a positive." But he devoted most of his attention to the costs of U.S. accounting and governance rules and the legal climate. Mr. Hubbard's Committee on Capital Markets Regulation, consisting of academics and finance executives and endorsed by Mr. Paulson, spent 148 pages discussing the harm done by U.S. regulatory and legal risks.

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Among the charges: Suing corporations for fraud is too easy, resulting in a ninefold increase in the number of shareholder lawsuit settlements between 1997 and 2005. Civil and criminal prosecutors are overzealous, producing civil enforcement penalties more than 100 times higher in the U.S. than the U.K. in 2004. Auditing standards are unreasonably onerous for small companies.

As this criticism has increased in volume, regulators have eased some Sarbanes-Oxley standards for companies' internal financial controls. In addition, they have made it easier for foreign companies to stop adhering to U.S. rules, and the Department of Justice has imposed more conditions on prosecutors seeking evidence when investigating executives.

In an interview, Mr. Hubbard concedes there's "no smoking gun" that proves whether global or U.S.-specific forces are behind the smaller number of foreign companies listing in the U.S. "Both factors are important," he says.

He also cites a complex piece of evidence in favor of the domestic theory. Historically, overseas companies received a boost in their stock price when they listed in the U.S., an indication of how meeting U.S. requirements inspires investor trust. But recently the premium earned by companies from advanced countries has shrunk faster than that for shares in emerging-market companies. For companies already meeting stringent governance standards at home, Mr. Hubbard argues, the costs of meeting U.S. requirements therefore exceeds the benefits.

A spokeswoman for Mr. Paulson said he was unavailable to comment for this article. In a written statement, she said Mr. Paulson sees the global changes as "unquestionably a factor to consider" alongside regulatory and legal burdens. The Treasury is holding a conference this spring to discuss these topics.

There's little doubt U.S. exchanges are facing increasing competition. They're losing out to overseas exchanges for initial public offerings. Many overseas companies are deciding they don't need an American listing. And in the U.S. itself, many companies have decided they're better off private.

Taken alone, the cost of regulation can't explain what's happening to U.S. financial markets, and paring regulations might not alter the outcome, except to give a helping hand to Wall Street.

"Well-functioning capital markets are central to the success of the economy," says former Treasury Secretary Lawrence Summers, now a Harvard University economist and managing director at a hedge fund. "What fraction of capital markets transactions runs through New York is of much less broad-based significance."

The IPO Challenge

One piece of evidence Mr. Paulson and others cite is the falling U.S. share of IPOs. At the peak of the U.S. IPO boom in 1999, the New York Stock Exchange and Nasdaq Stock Market notched 57% of world-wide IPO proceeds, up from 39% in 1990, according to Thomson Financial, a financial-data provider. By last year, that share had fallen to 18%.

Regulatory costs may be one factor. Another big one is the shrinking quality gap between U.S. and overseas capital markets and an explosion in IPOs from the developing world. The world's largest IPO, the $22 billion offering from Industrial & Commercial Bank of China, listed in October in both Hong Kong and Shanghai. The biggest gainer in IPO business has been Hong Kong, which snagged 16% of world IPO proceeds in 2006 compared with zero in 1990.

"The Hong Kong market is deep enough and liquid enough that there's really no need to list elsewhere," says Paul Calello, Asia chief executive for Credit Suisse, one of the managers of ICBC's IPO.

Another gainer is the London Stock Exchange's Alternative Investment Market, set up in the 1990s to cater to small companies with little operating history. AIM has far less government oversight of governance, accounting and disclosure than the LSE's better-known Main Market or U.S. markets. Its foreign listings -- not all of which are IPOs -- have skyrocketed to 306 from 31 in 2000, and include some U.S. companies.

AIM's success is seen by some as evidence that some companies have sought a haven from U.S. rules. Protonex Technology Corp., Southborough, Mass., a maker of fuel-cell power systems, went public on AIM in 2006. Scott Pearson, its chief executive officer, says it would have cost three times as much to list in the U.S., in large part due to legal and auditing costs related to Sarbanes-Oxley.

But many of AIM's companies probably couldn't have listed in the U.S. even before 2002, either because they didn't meet U.S. requirements or were too small to attract interest from U.S. underwriters and investors. "Many of the companies listed on AIM today wouldn't come anywhere close to meeting an NYSE listing standard," says Noreen Culhane, executive vice-president of listings at the NYSE.

A Global Affliction

In addition to IPO share, listings of foreign companies on U.S. markets have fallen. Since their peak in 2002, foreign listings on the NYSE have fallen 4% to 451 by the end of 2006, although that's up slightly from 2000. Since 2000, foreign listing have fallen 34% to 321 on Nasdaq.

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It's hardly an American disease. Excluding AIM, the London Stock Exchange's blue-chip Main Market has seen foreign listings decline 23% since 2000. The Deutsche Börse is down 58%; Tokyo down 39%.

The world has changed for all big-country stock exchanges. For years, says Mr. Karolyi, investors "were trapped in their local markets" because foreign stock exchanges had differing standards, for example over how to finalize payments. Over time, those standards have been strengthened and harmonized, increasing "global investors' appetite for going directly into those markets." Shanghai, for example, has 842 listed companies, up from 188 in 1995.

Furthermore, says Mr. Karolyi, a U.S. listing may have had particular appeal to foreign companies in the late 1990s because of the buoyant stock market, which faded with the market's downward turn after the tech bubble burst. Most of the delisted companies had little trading volume, and trading in those that remain is generally healthy.

Cellphone maker Nokia Corp., based in Finland, shows how companies make decisions in light of these changed circumstances. Nokia sought a London listing in 1987 to raise its profile, and listed on the NYSE in 1994. In 1995, about 45% of trading in Nokia stock occurred in New York, 31% in London and 24% in Helsinki.

Then, as a condition of joining the European Union in the mid-1990s, Finland began permitting brokers in other EU countries to trade on Helsinki's stock exchange. In the late 1990s, Helsinki launched an electronic trading system and Finland adopted the euro as its currency. By 2003 Helsinki had captured 60% of Nokia's trading volume, leaving the LSE with less than 1%. Nokia delisted from London and Paris, where its shares were also traded.

"People still could trade Nokia, but we did not have to pay annual listing costs to the London and Paris stock exchanges," says spokeswoman Arja Suominen. Today, 91% of Nokia's shares are held outside Finland, but 68% of the trading occurs in Helsinki and about a quarter in the U.S.

Meanwhile, U.S. investors are less insistent that foreign companies list in the U.S. before they'll buy shares. Mitchells & Butlers PLC, a British operator of taverns, delisted from the NYSE in 2005. It says the low volume of trading -- less than 1% of the total -- didn't merit the annual $1 million cost, which included filing SEC statements and auditor fees related to Sarbanes-Oxley.

This makes little difference to Ray Mills, who owns about $10 million in Mitchells & Butlers shares for the $2.4 billion stock fund he manages for T. Rowe Price Group Inc., a Baltimore mutual-fund house. He bought the shares in London even though they were listed on the NYSE at the time, and isn't bothered that they no longer are.

"We want to go where the liquidity is," Mr. Mills says. Mitchells's stock was more liquid -- that is, easier to trade -- in its home market than in New York. "We have trading desks not just in the U.S. but Hong Kong and London [so] we have 24-hour coverage of the markets."

Private-Equity Rules

In his November speech, Mr. Paulson suggested many publicly traded companies are selling to private-equity firms -- removing themselves from public trading and SEC scrutiny -- because of the "regulatory requirements" of being a public company in the U.S. But the buyout boom, too, is not merely a U.S. trend but a global one.

Between 1996 and 2002, private-equity buyouts represented 2% of all mergers and acquisitions in the U.S. and 3% in the rest of the world. Between 2002 and 2006, the fraction has increased to 11% in the U.S. and 10% in the rest of the world, according to Thomson Financial.

David Rubenstein, managing director of Carlyle Group, Washington, D.C., one of the world's largest private-equity firms, attributes much of the boom to the simple fact that firms such as Carlyle have so much cash -- from investors eager to share in the sector's impressive returns and from banks, hedge funds and others ready to lend on easy terms.

Regulations have also been blamed for the growing number of venture- and private-equity backed companies being sold privately. "The costs and regulatory hurdles to go public in the U.S. today are driving venture-backed companies away from our capital markets system," Keith Crandell, managing director of Chicago's Arch Venture Partners, told Congress last year.

Carlyle's Mr. Rubenstein cites another reason. It's easier for private-equity firms to recoup their entire investment by selling to another private-equity firm, rather than the small portion they typically sell in an IPO.

Early last year, Carlyle filed to sell a stake in industrial manufacturer Rexnord Corp., through an IPO, for up to $400 million. A few months later, Carlyle instead sold the entire company to Apollo Management LP, another private-equity firm, for $1.8 billion.

The importance of Sarbanes-Oxley in the decision of many public companies to go private "has probably been overstated," Mr. Rubenstein says. More important, he says, is "not just the quarterly but hourly" pressure from Wall Street for stock and earnings performance.

Differential Equations

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Mr. Hubbard's committee worried about how the U.S. regulatory burden has risen relative to that of other countries. The bigger the differential, the greater the potential competitive disadvantage.

Yet even as the U.S. debates whether it has gone too far, other countries are tightening their rules. The EU, Canada, Mexico, Australia, Hong Kong, Brazil, the U.K. and Germany have to varying degrees beefed up standards for audit committees. This means many companies won't escape tighter regulation by avoiding the U.S.

Major provisions of Sarbanes-Oxley "have not competitively disadvantaged U.S. markets, simply by virtue of the fact that they have been widely adopted elsewhere," says a 2006 study by Ethiopis Tafara, director of the Securities and Exchange Commission's office of international affairs.

The Netherlands' ABN AMRO Bank NV dropped its London listing last year because of low trading volume, and now trades only on the NYSE and Euronext, two exchanges in the process of merging. Spokesman Jochem van de Laarschot says while the U.S. regulatory burden has risen, the same is true of most countries where it operates.

In 2004, Hong Kong's then-chief securities regulator, Andrew Sheng, told a Senate panel that Sarbanes-Oxley brought global attention to corporate governance. Hong Kong, he said, has moved "closer to the U.S. SEC regulatory model," though without as much detail and prescription. SEC Chairman Christopher Cox said yesterday at a conference that his agency's recent guidance on Sarbanes-Oxley, relaxing its implementation, "benefited greatly" from other countries' experience with similar rules.

Europe is moving, too. "Pretty soon the vast majority of Sarbanes-Oxley will be applicable either at the European level or at the national levels," says Andrew Bernstein, a Cleary Gottlieb partner in Paris who advises many French corporations. "The regulatory costs are in the process of converging."

Juror Dismissed In Microsoft Trial (AP)

By David Pitt, Ap Business Writer

AP, January 25, 2007

Juror Dismissed in Iowa Antitrust Trial Against Microsoft

DES MOINES, Iowa (AP) -- A juror was dismissed Wednesday for undisclosed reasons from the class-action antitrust lawsuit against Microsoft Corp.

The dismissal leaves 11 jurors to review allegations that Microsoft used anticompetitive practices that caused thousands of Iowans to pay more for the company's software than they would have otherwise.

Judge Scott Rosenberg said he considered the dismissal a personal matter and would not say why the juror was dismissed.

Plaintiffs attorneys Roxanne Conlin and Richard Hagstrom said juror dismissals are not unusual in lengthy trials.

"It will not affect our case," they said in a statement Wednesday.

Rich Wallis, a Microsoft lawyer, said he does not anticipate any other dismissals, though he expects the remaining jurors will be in court longer than the six months initially predicted.

Seven men and five women were seated Nov. 21 to hear the case in Polk County District Court. They began hearing opening statements Dec. 1.

Conlin and Hagstrom said experts will place damages in excess of $300 million.

Microsoft, which denies any overpricing, says its products have been widely accepted by consumers because of their low cost and high quality.

More than 80 prospective jurors were questioned before 12 were chosen for the civil trial, which would normally have eight jurors. The lawyers and Rosenberg agreed in this case to allow 12 in case some had to be dismissed or leave.

Both sides agreed to allow all jurors remaining at the end of the case to deliberate. They also agreed to permit the jury to fall to as few as six jurors.

ERG Denies Conspiring To Fix Fuel Prices (AP)

AP, January 25, 2007

Italian Refiner ERG Denies Conspiring to Fix Retail Fuel Prices

ROME (AP) -- ERG SpA, Italy's biggest independent refiner, denied on Wednesday it had conspired to fix retail fuel prices, in a statement released one day after the country's antitrust regulator started an investigation.

The Italian Competition Authority opened an inquiry into whether nine of the biggest oil companies agreed gasoline prices in the country's service station network, limiting competition and keeping prices at the pump at one of the highest levels in the European Union.

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The companies being investigated are Eni SpA, the Italian units of Royal Dutch Shell PLC, Total SA and ExxonMobil Corp., as well as Kuwait Petroleum Italia SpA, Tamoil SpA, local firms ERG SpA, Anonima Petroli Italiana SpA, or API, and IP SpA. Privately-held API bought IP from Eni in 2005.

ERG said it had a "total lack of involvement" with the alleged price fixing of gasoline and diesel. Eni declined to comment.

The antitrust regulator has said it would conclude its probe by March 31, 2008.

EU Steps Up Anti-cartel Crusade With Record Fine (AFP)

AFP, January 25, 2007

BRUSSELS (AFP) - EU antitrust chief Neelie Kroes stepped up her anti-cartel crusade, hitting 11 companies with a record fine for fixing prices and carving up the market in electrical generation equipment.

After bumper fines in 2006, the EU competition watchdog demanded ABB, Alstom, Areva, Fuji, Hitachi Japan AE Power Systems, Mitsubishi Electric Corporation, Schneider, Siemens, Toshiba and VA Tech pay 750 million euros (972 million dollars) for running a cartel.

The total fine was the second biggest EU regulators have imposed in a cartel case after slapping 855 million euros in penalties on eight vitamin makers in 2001. That fine was later reduced to 790 million euros by an EU court.

Siemens was told to pay 418 million euros (543 million dollars) for its leading role, the biggest fine EU regulators have ever slapped on a single company for participating in a cartel.

"The Commission has put an end to a cartel which has cheated public utility companies and consumers for more than 16 years," EU Competition Commissioner Kroes said.

She has made cracking down on cartels a top priority and last year imposed fines totalling 1.8 billion euros against the illegal clubs, a new annual record for regulators at the European Commission.

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"The Commission has once more shown that it will not tolerate cartels in Europe and the damage that they do in any area of business," Kroes said.

"The case also demonstrates that the Commission can and will bring down such cartels even if the companies concerned use sophisticated technology to cover their tracks," she added.

EU regulators found that between 1988 and 2004 the companies rigged bids for procurement contracts, fixed prices, divided up projects among themselves and shared sensitive information in the market for gas insulated switchgear.

Gas insulated switchgear is used to control the flow of energy in electricity grids and is a major part of power substations.

Acting on a tip-off from ABB, regulators conducted raids on the groups' premises in May 2004. Two years later, the EU competition watch-dog took the final step before official sanctions against them by issuing statements of objections.

The fine of 215 million euros on ABB was waived because the company revealed the cartel to regulators.

Contesting the charges lodged against it, Siemens said it was shocked by what it described as the "completely exaggerated" fines and vowed to appeal at the European Court of Justice.

"We consider the fines to be completely exaggerated and cannot understand them at all," the chairman of Siemens Power Transmissions and Distribution unit, Udo Niehage, said in a statement.

Of the 418 million euro total imposed on Siemens, 396 million was slapped on the German parent company and 22 million euros on Siemens Austria. Siemens bought Austrian group VA Tech in 2005.

Toshiba denied breaking EU law and said that it would appeal while Hitachi and Mitsubishi Electric said they would consider challenging the ruling.

Although the Japanese firms play a negligible role in the European market, EU regulators accused them of agreeing with their European rivals to stay off each other's turf.

Mitsubishi Electric was fined 119 million euros, Toshiba 91 million euros, Hitachi 52 million euros, Alstom 65 million euros and Areva 53 million euros, Schneider 8.1 million euros, Fuji 3.7 million euros and Japan AE Power Systems 1.35 million euros.

Commission officials said that some of the individual fines could vary slightly because of joint ventures between some firms, but that it expected the total to be 750 million euros.

Norway Declares Apple's ITunes Illegal (FT)

By David Ibison In Stockholm, Emiko Terazono In London And Richard Waters In San Francisco

Financial Times, January 25, 2007

Apple was dealt a blow in Europe on Wednesday when Norway's powerful consumer ombudsman ruled that its iTunes online music store was illegal because it did not allow downloaded songs to be played on rival technology companies' devices.

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The decision is the first time any jurisdiction has concluded iTunes breaks its consumer protection laws and could prompt other European countries to review the situation.

The ombudsman has set a deadline of October 1 for the Apple to make its codes available to other technology companies so that it abides by Norwegian law. If it fails to do so, it will be taken to court, fined and eventually closed down.

Apple, whose iTunes dominates the legal download market, has its proprietory system Fairplay. Songs and tunes downloaded through iTunes are designed to work with Apple's MP3 player iPod, but cannot be played on rival devices.

Torgeir Waterhouse, senior adviser to the Norwegian Consumer Council, who originally launched the complaint, told the Financial Times he was in negotiations with pan-European consumer groups to present a unified position on iTunes' legality.

Sweden and Finland have already backed Norway's stance, but have yet to take action, and Mr Waterhouse said the campaign was joined on Wednesday by Germany and France.

"We are satisfied the Federation of German Consumer Organisations and the French UFC Que Choisir are addressing this important issue. It means that iTunes is now being told by more than 100m European consumers to offer them a fair deal," he said.

Apple signalled that it would fight efforts in Norway and elsewhere in Europe to prise open the iTunes service, though it struck a more conciliatory tone than early last year when it attacked a proposed French law as "state-sponsored piracy".

"Apple is aware of the concerns we've heard from several agencies in Europe, and we're looking forward to resolving these issues as quickly as possible," it said in a statement. "Apple hopes that European governments will encourage a competitive environment that lets innovation thrive, protects intellectual property and allows consumers to decide which products are successful."

The development comes as competition in the multi-billion dollar global market for digital music is intensifying.

Nokia, the world's largest mobile phone maker, has set up a rival to iTunes, while Microsoft, the US technology company, has also launched its own digital music player called Zune to compete with the iPod.

However, the lack of interoperability has been blamed by some consumers and technology companies for hampering the growth of the legal digital music download market.

Record companies insist that the issue of interoperability is one for technology companies, and stress the importance of digital rights management in order to prevent piracy.

The IFPI, which represents record groups around the world, said that it "thoroughly supported interoperability, but wanted a market solution rather than one imposed by authorities".

Siemens Plans To Buy UGS For $3.5bn (FT)

By Lina Saigol In London, Richard Milne In Munich, Tobias Buck In Brussels And James Politi In New York

Financial Times, January 25, 2007

Siemens, Europe's largest engineering group, is set to strengthen its core automation division by paying about $3.5bn to buy private equity-owned UGS as it seeks to show it has not been paralysed by bribery allegations.

Details of the plan emerged as Siemens suffered a fresh blow to its reputation and finances on Wednesday, when the European Commission ordered the German engineering group to pay a record €397m fine for its "leadership role" in a long-running price-fixing cartel.

In addition to the UGS deal, the German conglomerate was last night also considering whether to float its VDO division, one of the world's largest car parts suppliers with annual sales of about €10bn, according to people close to the situation. Both measures were discussed last night at a supervisory board meeting but because of worker sensitivities on disposals, it is possible the plans could be disrupted. The approach on VDO was "undecided", one person familiar with the discussions said.

The moves highlight the determination of Klaus Kleinfeld, Siemens' chief executive, to push ahead with strengthening and restructuring his businesses despite being enmeshed in harmful corruption allegations. UGS, a US company specialising in product lifecycle management, is currently owned by US private equity groups Silver Lake, Bain Capital and Warburg Pincus.

The private equity consortium bought UGS from Electronic Data Systems in a $2.1bn deal in March 2004. This marks one of the first exits from the latest cycle of software investments by private equity firms. Before agreeing to a sale, Warburg, Bain and Silver Lake had been considering an IPO of UGS.

The news is likely to be overshadowed on Thursday by a torrent of criticism from investors over a €420m corruption scandal and under-performing businesses at the conglomerate's annual meeting.

Siemens intends to appeal the European Commission fines, calling them "totally exaggerated". The Munich-based group denied the Commission's "blanket accusation", saying in a statement that price-fixing only took place in a "few projects" and only between October 2002 and April 2004.

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The 11 groups involved in the cartel were fined a total €751m, the largest fine for a single cartel.

In addition to Siemens, the groups fined included Mitsubishi Electric, which was told to pay €119m; Toshiba, €91m; and Hitachi, €52m. Alstom was fined €65m but may escape part of the penalty because it sold the subsidiary involved in the price-fixing to Areva in 2004. The French nuclear power group was jointly liable for €54m of Alstom's fine, the Commission said.

ABB, the Swedish/Swiss group, was part of the cartel but escaped punishment because it blew the whistle.

Siemens To Buy UGS As Part Of Overhaul (WSJ)

By Mike Esterl In Munich, Jason Singer In London And Dennis K. Berman In New York

The Wall Street Journal, January 25, 2007

Accelerating a restructuring drive, Siemens AG said it would acquire software maker UGS Corp. of Texas for $3.5 billion, including debt, and sell a minority stake in its automotive-electronics unit through an initial public offering.

The steps follow a flurry of moves in the past 18 months by Germany's largest conglomerate, which is overhauling far-flung industrial holdings that manufacture items including steam turbines, medical scanners, high-speed trains and light bulbs.

A share listing of Siemens VDO Automotive could generate significant cash for the Munich-based company. The unit booked €10 billion ($13 billion) in revenue and €669 million in operating profit in the most recent fiscal year ended Sept. 30. Siemens didn't say how big a minority stake it would float.

Management said last year it would narrow its focus to three fast-growing areas: energy and environment; automation, and public and private infrastructure; and health-care.

While the automotive division doesn't fit neatly into that blueprint, UGS does. UGS makes software that helps companies manage products from inception to production. Siemens plans to fold the business -- which had just under $1.2 billion in revenue and $241 million in operating profit in fiscal 2005 -- into its factory-automation unit, one of the company's largest and most profitable divisions.

The UGS acquisition marks Siemens's largest purchase since last June, when it agreed to pay €4.2 billion for the medical-diagnostics division of Bayer AG. Europe's largest engineering company by sales, Siemens also has been investing heavily in areas such as wind power and water treatment.

Management at Siemens is pushing ahead with the restructuring drive even as it grapples with a widening fraud investigation. Siemens said last month it had uncovered €420 million in suspicious transactions stretching back seven years. Authorities suspect employees set up slush funds to pay bribes to potential customers.

Prosecutors are focusing on alleged corruption at the unprofitable telecommunications-equipment division that Siemens is trying to dismantle. A plan to transfer the bulk of that business into a joint venture with Nokia Corp. of Finland was put on hold last month until a compliance review can be completed.

Siemens today will publish its earnings report for the most recent fiscal quarter.

Dispute Threatens CSN's Bid For Corus (FT)

By Jonathan Wheatley In Brasília And Peter Marsh In London

Financial Times, January 25, 2007

The bid by Companhia Siderurgica Nacional, the Brazilian steelmaker, to acquire the Anglo-Dutch group Corus for £5.7bn ($11.2bn) could be blown off course by a legal dispute in Brazil, it has emerged.

The dispute, over CSN's rights to an iron-ore supply that would be crucial to a merged business, could lend fresh impetus to rival bidder Tata Steel of India. Tata is expected in the next few days to raise its £5.5bn bid above CSN's offer. Both bidders are due to finalise their offers for the world's eighth biggest steelmaker by next Tuesday.

The tussle arose after Companhia Vale do Rio Doce, the Brazilian mining group, said it would challenge CSN's ability to supply iron ore to Corus should its bid succeed. A big part of the rationale behind CSN's offer is that it would be able to supply cheap iron ore from its Casa de Pedra mine in Brazil to Corus's European plants. Tata has limited supplies of iron ore and, under Indian export regulations, is unlikely to be allowed in the next few years to ship it overseas.

But José Martins, CVRD's director for ferrous operations, told the Financial Times that CVRD would question CSN's ability to ship iron ore under the terms of a contract signed between the companies in 2001.

One interpretation of this accord is that CVRD has the first rights to any extra iron ore from Casa de Pedra. Mr Martins said the idea CSN could take iron from the mine to send to Corus "cannot be affirmed in advance".

"If CSN buys Corus, we will look closely at how the deal is done to see if our right [to the ore] remains in force," he said.

Juarez Salipa, CSN's mining director, said: "This is pure malevolence by CVRD. They will answer in court for any damage they cause by this type of statement."

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ENVIRONMENT:

Bush Makes Sales Pitch For Proposal On Energy (NYT)

By Sheryl Gay Stolberg

New York Times, January 25, 2007

WILMINGTON, Del., Jan. 24 — President Bush made a big deal about ethanol, the fuel derived from plants, in his State of the Union address Tuesday night. Wednesday morning, he got up close and personal with it, poking his head through stalks of corn and wheat while scientists for DuPont gave him a crash course in ethanol production in a tour of their research greenhouse here.

The presidential visit to the DuPont Experimental Station, which conducts federally financed research into the development of alternative fuels, amounted to a sales pitch for Mr. Bush's plan to reduce projected gasoline consumption by 20 percent over the next 10 years.

After hearing a minilecture on how plants are converted into sugars, and the sugars then distilled into fuel, Mr. Bush, a former Texas oilman who has proclaimed Americans "addicted to oil," lifted up a glass beaker of switchgrass, a perennial grass that looks like hay, and stared into a bank of television cameras to drive his point home.

"What our citizens need to know," Mr. Bush said, with a microbiologist, Armando Byrne, by his side, "is that because of the research you're doing here, with some of their taxpayer dollars, that switchgrass, that can be grown all across America, can end up being made into fuel that powers their automobiles."

Mr. Byrne nodded in agreement.

"That's important," the president declared.

Later, in a speech to DuPont employees, Mr. Bush said he had ordered the federal government to buy more hybrid vehicles that use ethanol or alternative fuels, and to buy hybrid plug-in cars "as soon as they hit the market."

Most federal agencies already have alternative-fuel vehicles. Of the more than 586,000 vehicles in the federal fleet, 866 are hybrids and 106,869 are alternative-fuel vehicles, White House officials said.

"We set the goal," Mr. Bush told the DuPont employees. "It doesn't make much sense for the federal government to set the goal and not participate."

The trip itself, however, was hardly energy efficient. Mr. Bush made the short jaunt to Wilmington aboard Air Force One, spending a mere 30 minutes in the air on the way up and 20 minutes on the way back. On the ground, he traveled in the usual motorcade of about two dozen vehicles, including sport utility vehicles carrying gun-toting Secret Service agents, and vans carrying camera-toting members of the press.

There was nary a hybrid among them.

President Travels To Promote Emphasis On Alternative Fuels (USAT)

By David Jackson

USA Today, January 25, 2007

WILMINGTON, Del. — President Bush went on the road Wednesday to begin making his case for more alternative fuel sources.

A day after highlighting energy and other domestic issues in his State of the Union address, Bush toured a plant that develops biofuels from corn, switch grass and wood chips. He also touted his plan to reduce the use of gasoline over the next decade to an audience of more than 1,000, most of whom were DuPont employees.

In Washington, the Senate Foreign Relations Committee debated and passed a resolution opposing Bush's plan to boost U.S. troop levels in Iraq. In Tuesday's speech, Bush appealed to Congress to give his strategy "a chance to work."

Focusing his remarks on energy and never mentioning the Iraq war Wednesday, Bush said alternatives to imported oil are not only essential to the economy and the environment, they are important to protecting national security. "If you're dependent on oil overseas … and a regime hostile to the United States produces that oil, you become vulnerable," he said.

Bush noted that in a global economy, dependence on oil imports has a pocketbook effect: "The more dependent we are … the more likely it is that somebody else's demand is going to affect what you pay at the pump for gasoline."

Bush continues his campaign to sell his State of the Union ideas today in Lee's Summit, Mo., where he will discuss his plan for granting tax deductions for health insurance. Bush also plans a speech on the economy next week in advance of releasing his 2008 budget plan Feb. 5.

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"The American people remain concerned about the situation in Iraq, as is the president," White House spokesman Scott Stanzel said. "But issues like health care, education and driving your car touch the lives of every American."

During his energy remarks at the DuPont Theatre, Bush recited a litany of possible energy alternatives that he'd like to encourage with Congress' help. They include cleaner coal, more nuclear plants, hydrogen and electric cars, and wind power.

"We got a lot of wind — particularly in Washington," Bush said jokingly.

Michele Riley, a human resources coordinator at DuPont, said she supports Bush's domestic agenda but noted he faces combative Democrats and an unpopular war.

"It makes it difficult," Riley said. She said she didn't sense much "warmth" from congressional Democrats toward Bush.

Vivian Adams of Wilmington, who owns a swimming school, said she agrees with Bush on energy and immigration, but "I'm not sure about the Iraq war."

She agreed cooperation from Democrats would be essential to Bush's success.

Bush's speech Tuesday was watched by more people than his address in 2006: 45,486,000 viewers vs. 41,699,000, according to preliminary figures from Nielsen Media Research.

The president returned to the White House in the afternoon to meet with Army Gen. Dan McNeil, the incoming commander for the NATO-led forces in Afghanistan. Bush also hosted his annual meeting with the Joint Chiefs of Staff and the leaders of the military's combat commands.

Bush Calls For Cleaner Federal Vehicles (LAT)

By James Gerstenzang, Janet Wilson

The Los Angeles Times, January 25, 2007

WILMINGTON, DEL. — President Bush ordered the federal government Wednesday to move toward purchasing hybrid-powered vehicles and reducing the federal fleet's petroleum consumption by 2% each year, part of an effort to boost alternatives to gasoline.

Bush announced the executive order during a morning devoted to promoting new-technology fuels. In his State of the Union address Tuesday night, he set a goal of reducing the nation's gasoline consumption by 20% over 10 years, mainly by boosting ethanol production and toughening mileage standards for cars and light trucks.

In California, Gov. Arnold Schwarzenegger's senior environment and energy advisors said they had major concerns about Bush's strategy — saying his proposals to increase the use of alternative fuels could sharply increase greenhouse gas emissions by opening the door to heavily polluting oil shale, tar sands and coal.

They also worried about California's low-carbon fuel policy being preempted by federal proposals.

While emphasizing that they were still studying Bush's plans, California Environmental Protection Agency Secretary Linda S. Adams, California Air Resources Board Chairman Robert F. Sawyer and other officials said that the state's program for reducing the use of traditional fuels does not call for increased use of any particular alternative fuel, such as ethanol. Instead, they said, it lets the market decide if ethanol, plug-in or hybrid vehicles or other biofuels should be used to reach the state's goals.

Sawyer said that, depending on how it's produced, ethanol can have either a negligible or a very substantial effect on greenhouse gas emissions. Other fuels could be even worse, he said.

"We're concerned some of the alternatives, such as tar sands, coal and oil shale — these sources of alternative fuels can increase [greenhouse gas] emissions as much as a factor of two over petroleum. So, we view that as a very negative direction to go in," Sawyer said.

Adams and Dan Skopec, undersecretary of the state EPA, expressed concern that existing federal renewable fuels mandates on refineries, combined with Bush's new policies, could be implemented in ways that would preempt California's landmark greenhouse gas law, which requires a 25% reduction of greenhouse gas emissions by 2020.

"It will potentially be problematic, and of course it depends on what the president proposes, and what Congress chooses to act on. So, the devil will be in the details on this issue of renewable fuels," Skopec said.

In Delaware, Bush toured a research center at DuPont, the international chemical company. Scientists there are working to develop cellulosic ethanol, a fuel brewed from various forms of vegetative growth — woodchips, weed-like switch grass and corn stalks, for example, rather than the corn kernels that are now used to produce ethanol.

Bush said he was directing the government to purchase plug-in hybrid vehicles, if they become commercially available, and to purchase other hybrid and flexible-fuel vehicles that can use ethanol.

Bush also urged pressing ahead with the revitalization of the nation's nuclear power industry, and with offshore drilling for deep pockets of gas, which he said could be conducted in an "environmentally friendly way." Nuclear energy, he said, is "going to

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be good for your children. It's going to make us less dependent on natural gas from overseas, and it's going to make us better stewards of the environment."

Bush Calls Biofuels "An Opportunity" (DELNJ)

By Jeff Montgomery

Delaware News Journal, January 25, 2007

President Bush followed his State of the Union call for expanded use of biofuels with a speech today at the Hotel DuPont in Wilmington on what he described as "an interesting opportunity for our country"

Dependence on oil, Bush said, creates both a national security problem for the country and environmental concerns.

"We can get beyond the pre-Kyoto era with a post-Kyoto strategy, the center of which is new technologies," Bush said during the first minutes of his speech, referring to the international push to reduce emissions of heat-trapping greenhouse gases linked to global climate change. The treaty was never endorsed by the White House.

Bush thanked DuPont workers, saying they are "really putting this country on the leading edge of technological change."

"At this company you've got 2,500 scientists, some of the smartest people in the country working here, all trying to develop new technology to help us solve this problem."

More than 1,200 DuPont employees and other guests piled into the hotel's auditorium for the address, some arriving hours ahead of his arrival. The President was flanked by about 50 DuPont scientists and researchers seated on two bleachers, and standing in front of a projected banner that read: "Strengthening America's Future."

The remarks came hours after Bush called for a rapid increase in the use of alternative fuels, including the type of ethanol fuels that DuPont hopes to commercialize. Bush said that the nation should replace about 20 percent during the next 10 years.

Earlier today, in a tour at the Experimental Station greenhouse in Alapocas with DuPont CEO Charles O. Holliday and U.S. Energy Secretary Samuel Bodman, Bush was shown jars of bio-butanol and cellulosic ethanol, two alternative fuels that DuPont is working on producing for the mass market.

Unlike the ethanol currently available on the market which is produced from corn kernels, cellulosic ethanol can be derived from corn stover, wood chips and switchgrass, among other things.

Bush spent the first 15 minutes of his address focusing on other energy sources, and made a call for increased use of nuclear power," a source that he described as clean and essential for the country's development of energy independence.

"This is a reality, this is something we can live by," Bush said after touring DuPont's Experimental Station and viewing biofuels research work. "I was incredibly encouraged by what I saw."

Battle Lines Drawn On Fuel Economy (WP)

By Sholnn Freeman

Washington Post, January 25, 2007

President Bush and Congress appear to be on a collision course on how best to increase motor-vehicle fuel efficiency.

Transportation Secretary Mary Peters said yesterday that Bush would oppose attempts by Congress to raise fuel-efficiency standards if its approach differs from the administration's. On Tuesday, Bush called for changing standards to reach a goal of saving 8.5 billion gallons of gasoline in 2017. Scientists say Bush's plan would require automakers to lift overall fuel efficiency to 34 miles per gallon, from 24 mpg today.

Lawmakers from both parties are beginning to push for stronger action, including Sens. Richard J. Durbin (D-Ill.), Barack Obama (D-Ill.), Dianne Feinstein (D-Calif.), Daniel K. Inouye (D-Hawaii) and Richard G. Lugar (R-Ind.). Sen. Ted Stevens (R-Alaska) has introduced legislation to increase the passenger-car standard to 40 mpg. The government's average fuel-economy standard for passenger cars has been 27.5 mpg since the 1980s.

Peters said Bush wants to change how the government regulates fuel economy for passenger cars. Currently, Congress sets standards for cars while the administration sets them for trucks and sport-utility vehicles. Peters said Bush wants the National Highway Traffic Safety Administration to have power over passenger-car fuel standards.

NHTSA updated the fuel-efficiency standard for trucks last year, setting in motion an increase to 24 mpg in 2011 from 22.2 mpg this year. Environmentalists have complained that the increase was too small.

At the Washington Auto Show yesterday, House Speaker Nancy Pelosi (D-Calif.) expressed hope that Congress and the administration would work out their differences. Asked whether there could be bipartisan legislation on fuel economy, she said "absolutely."

Auto executives are pressing the federal government for financial support for costly fuel-saving technologies.

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In the Bush plan, Peters said, regulators would require that automakers improve fuel economy by 4 percent a year starting in 2010 for passenger cars and 4 percent a year for trucks and SUVs beginning in 2012. The plan would also give automakers the ability to buy and sell fuel-efficiency credits among themselves, though the details have not been worked out.

Sharp changes in fuel standards have encountered stiff opposition from the auto industry, which fears that they would cut into profits. The companies have outlined approaches similar to the Bush plan, which Peters called "the most friendly to Detroit."

U.S. automakers are trying to pull out of a deep slump after consumers fled to more-fuel-efficient vehicles when gasoline prices rose significantly. Some observers think the industry would benefit from making cars with better mileage -- even if that is forced upon it and increases costs.

"Raising fuel-economy standards will save auto jobs in the U.S.," said David Freidman, research director for the clean vehicles program at the Union of Concerned Scientists. "One of the biggest threats to auto-industry jobs besides poor management decisions is high gas prices."

Ethanol Industry Gets A Boost From Bush (WP)

By Steven Mufson

Washington Post, January 25, 2007

At the State of the Union address Tuesday night, Don Endres relished the strange applause rituals, the pomp and ceremony, and even the dinner in the Capitol beforehand at which he rubbed elbows with leading lawmakers.

But most of all, Endres, the chief executive of the nation's second-largest ethanol maker, relished President Bush's message: that the government should sharply raise the mandate for ethanol use in motor fuels, setting a floor for alternative and renewable fuel use in 2017 that is equal to seven times the current ethanol output.

That is good news for Endres's company, VeraSun Energy, which will nearly triple its capacity by the end of 2008, to 670 million gallons a year from 230 million. VeraSun's shares soared this week. Even after profit-taking by investors yesterday, VeraSun closed at $17.49 a share, up 5 percent since Friday's close.

Endres owns 41.7 percent of the company, which went public in June and has a market capitalization of $1.35 billion. He raised seed money by building and selling companies in the debit card, electronic equipment and Internet payment businesses. Only Archer Daniels Midland, with more than 1 billion gallons a year of ethanol capacity and half again as much on the way, is bigger than VeraSun.

Not everyone thinks Bush's speech is good news. Oil refiners complain about mandates telling them how to blend fuels. Critics of Bush's proposal say it will be impossible to hit the proposed requirement of 35 billion gallons a year by 2017 because the main renewable fuel used now, ethanol made from corn, is already driving up corn prices and will use much or all of the U.S. corn harvest. And technology for producing "cellulosic" ethanol from other feedstocks, such as switch grass, has not been proved on a commercial scale yet.

Ethanol boosters are not counting on available technology, however. They are counting on new advances for making ethanol and continued government subsidies. A tax credit to refiners amounts to 51 cents per gallon of ethanol; without that credit, ethanol makers such as VeraSun, which earned about $1 a gallon in the second and third quarters last year, would have to slash prices to make their product economical.

"My grandfather grew 40 bushels of corn per acre," said Endres, who grew up on that farm in Watertown, S.D. "My father grew 80 bushels per acre. My brothers are getting 160 bushels an acre. Every generation, we double corn production per acre."

Endres says that in addition, more farmland could be devoted to growing corn, including a quarter of the land now used to grow soybeans.

Critics see this as ethanol in the sky, but the VeraSun chief executive also preaches another gospel: that technological advances will make ethanol manufacturing more efficient. "The industry is still in its infancy," Endres said, adding that refineries now get 20 to 30 percent more ethanol from the same amount of feedstock than five years ago.

The prospect of technological advances was promoted yesterday by Bush. After touring a DuPont research facility in Wilmington, Del., where scientists are developing methods for mass-producing ethanol made from cornstalks, switch grass and wood chips, Bush said he was confident that the technology was in place to meet his goals.

"I came wondering whether or not cellulosic ethanol was one of these things down the road that may be happening, may not, could end up being science or science fiction," Bush said. "It's going to be science." DuPont plans to open its first pilot plant to manufacture cellulosic ethanol by next year, and officials say they are confident that the fuel could hit the market two years after that, said Stephanie Jacobson, a public affairs official with DuPont.

Earlier in the day, Bush signed an executive order to reduce the federal government's use of gasoline, increase its use of alternative fuels and buy more flex-fuel vehicles.

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Despite criticism from economists and oil refiners, Endres says government support for the ethanol industry is justified because of the need to reduce oil imports. "Why do we subsidize oil with double depreciation and royalty relief?" he said. Subsidies, he said, are a "proven practice, especially when dealing with matters that are strategic to the country."

With Bush's commitment to a new mandate for alternative motor fuels, companies like VeraSun are counting on continuing strong demand for corn ethanol. Endres says the industry will have to grow at the current breakneck pace for the next decade to meet Bush's goal.

"We think that once some of the laws are formulated it gets rid of some of the oversupply risk," said Jacques Rousseau, an energy analyst at Friedman, Billings, Ramsey Group. "That was one of the things that had spooked some investors."

Investor enthusiasm for ethanol stocks is cooler than it was last summer, when VeraSun hit a high of $30.75 a share. As oil prices went down from peak levels and as corn prices skyrocketed to $4 a bushel, ethanol companies got squeezed. In November, Rousseau raised his estimate of 2007 corn prices and slashed his estimates of VeraSun earnings, though he still recommends the stock. "If we're going to need this much ethanol, we're going to need a lot of corn," he said.

Rousseau, who also follows major oil companies, noted that for all the hullabaloo about ethanol, "the whole ethanol industry is the size of one big oil refinery: It's still very small in the grand scheme of things." But he said that if oil prices drop and corn prices continue to rise, then some distilleries might get left on the drawing board.

"We built our business on $35 to $40 oil," Endres said. Crude oil yesterday closed at $55.37 a barrel. Endres said that even if oil prices sink, "we're convinced that we'll weather the storm."

Deck's Stacked Against Ethanol These Days (USAT)

By Matt Krantz

USA Today, January 25, 2007

Even as President Bush called for new investment in corn-based ethanol in his State of the Union address, many investors trying to cash in on the gold rush in ethanol are coming away with husks.

Rising corn prices, aggressive building of new plants and falling gasoline prices have so far thwarted the easy money investors expected. The disappointment continued Wednesday, even after Bush's positive mention Tuesday night, when shares of all the major publicly traded ethanol companies sold off.

Shares of Aventine Renewable Energy, Pacific Ethanol, VeraSun and Archer Daniels Midland suffered losses ranging from 2% to more than 7% as traders who had jumped into the stocks ahead of the president's speech bailed out. And that's added more pain to some brutal dot-com style losses the stocks have suffered since last year.

Investors and traders have lost their enthusiasm for ethanol due to:

•Economic reality. The beauty of ethanol was that cheap corn could be turned into expensive gasoline. But prices of corn, the biggest raw material of ethanol, have been soaring, says Francis Gaskins of IPOdesktop.com. "Corn is not a free commodity," he says. "It's not as economical as people think."

Meanwhile, oil prices have been plummeting. The price of a barrel of crude is down 9.3% this year and 28.1% off its high.

When oil prices fall, it makes the push for ethanol and other alternative energy less urgent. "Cheap oil could certainly slow things. At some point it's not economical to build the plants," says Jonathan Lichter of Sidoti. Oil must be above $40 a barrel for ethanol to make economic sense, says Jason Henderson of the Federal Reserve Bank of Kansas City.

•Surge of competition. There's a race to produce ethanol, and it's unclear if that'll drive corn prices even higher. There are currently 111 refineries generating a total of 5.4 billion gallons of ethanol a year, says Renewable Fuels Association. That capacity will double to 11.7 billion gallons once the 75 new plants and eight expansions now in construction are completed. That's just the start: Bush on Tuesday called for the production of 35 billion gallons of alternative fuel a year by 2017.

There's simply not enough corn to meet that goal, Lichter says. That'll force ethanol producers to try turning corn waste or grass into ethanol, a process that's even more difficult than using corn.

Such worries have made ethanol investing stomach-churning. Shares of the major ethanol stocks are down 49%, on average, from their 52-week highs.

But there's a kernel of truth in the ethanol boom. Despite short-term issues, the nation will seek new energy sources, and ethanol is the leading candidate, says Paul Resnik, analyst at Dutton Associates.

"There's still room for growth for ethanol," he says. "These companies will do well over the long haul."

U.S. Car Makers Stand To Gain From Bush Plans (WSJ)

By John D. McKinnon, Mike Spector

The Wall Street Journal, January 25, 2007

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President Bush's broad new proposals to change the nation's health-care and energy policies have an important but little-noticed common thread: White House aides hope they will boost the ailing American auto industry, whose pleas for help have largely been ignored by Washington in recent years.

The question now is how much chance those hopes have of becoming reality, particularly with the Democratic majority in Congress controlling the fate of Mr. Bush's agenda.

The energy proposals -- crafted in a way that would erase some of the advantages enjoyed by the U.S. industry's Japanese competitors -- appear to have a shot at becoming law. The health program, which critics say could help auto companies but hurt auto workers, seems unlikely to gain traction anytime soon.

One thing is certain, however. No industry would be directly affected more than the auto sector by the domestic program the president laid out in Tuesday night's State of the Union address. "The president obviously recognizes some of the challenges the domestic auto makers have been facing," Joel Kaplan, a White House deputy chief of staff, told reporters in advance of the speech.

Still, industry executives, whose calls for aid have been spurned repeatedly by the Bush administration, cautioned that any benefit Detroit derived from the proposals would depend on how the final rules were drafted and how they were implemented.

"We agree with the president in that there's a clear need to cut America's dependence on foreign oil. However, it's our belief the decision should be one of customer choice," said David Elshoff, a spokesman for DaimlerChrysler AG. The president's health-care proposal, Mr. Elshoff added, "clearly addresses the uninsured and the underinsured. But it doesn't address the need to level the playing field for companies who have made the commitment to provide health care for their employees."

While Mr. Bush used Tuesday night's speech to tout the overall health of the economy, Democrats were quick to point out Americans' widespread anxiety about the security of their jobs and benefits, fears heightened by the struggles of many U.S. manufacturers, particularly auto makers.

With their U.S. operations in the red, General Motors Corp. and Ford Motor Co. have eliminated a total of more than 70,000 jobs during the past year -- largely through employee buyouts -- and plan to close more than two dozen North American factories between them as they shrink to adapt to declining U.S. sales.

Japan's Toyota Motor Corp., meanwhile, is on track to overtake Ford as the No. 2 auto maker in the U.S., perhaps as early as this year, and is gunning to replace GM as the world's leading auto maker shortly thereafter. DaimlerChrysler's Chrysler Group, which previously appeared healthier than its two Detroit rivals, is now in the red, too. Next month it is expected to roll out a restructuring plan calling for plant closings and job cuts.

Though many factors have contributed to the industry's woes, soaring health-care costs are a big part of the problem. The Detroit giants are paying the price for years of buying labor peace by agreeing to provide rich health-care and other benefits to their unionized workers. GM, for example, has said its health-care costs average as much as $1,200 for each car it sells in the U.S.

At a White House meeting with Mr. Bush in mid-November, chief executives of the Big Three auto makers made a special plea for help controlling runaway health-care costs. White House officials said this week that Mr. Bush's proposal would do that.

"In general, anything that can reduce the cost of health care is positive for the industry," said David Cole, head of the Center for Automotive Research in Ann Arbor, Mich.

Mr. Bush's chosen method for promoting wider health coverage, however, could hurt some employees -- like auto workers -- who get especially generous health benefits from their employers. And that reduces the chance of Congress enacting his proposal.

The Bush proposal would tax the value of employer-provided health benefits in excess of $15,000, and give tax breaks to people with less-generous plans. The administration says most workers would get a tax break under the plan. But because some union policies are worth more than $15,000, those workers would face a tax increase.

Sen. Debbie Stabenow, a Michigan Democrat re-elected in November with strong backing from the United Auto Workers, said in an interview that the Bush plan would "tax health-care benefits for middle-class families....It's absolutely the wrong direction for them to go."

Alan Reuther, legislative director for the UAW, said the plan also could encourage younger workers to desert employer-provided plans, leaving them with older and sicker people to cover.

In addition to the toll taken by health-care costs, the Big Three have lost ground to Japanese rivals, especially as demand for more-fuel-efficient cars has grown in recent years. The Bush energy proposals could tip the balance more in Detroit's favor.

One way is through the proposed reform of fuel-economy rules. Under the current Corporate Average Fuel Economy, or CAFE, system, auto makers need to meet a fleetwide minimum average requirement of 22.2 miles per gallon for light trucks and

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27.5 miles per gallon for passenger cars sold in the U.S. That means that companies selling larger, less fuel-efficient cars need to sell more small, fuel-efficient cars to bring up their average.

Detroit auto makers, whose big cars are more profitable and competitive than their small cars, say the current system handicaps them against Toyota and Honda Motor Co., which have sold more-fuel-efficient fleets in the past and can use credits amassed under the system to offset less efficient, larger vehicles.

The president's plan would make a significant change in the way passenger-car fuel economy is regulated, and one much desired by the Big Three. The new system would assign fuel-economy targets to car models based on their size, instead of mandating a fleetwide average. A car like the full-size Chevrolet Impala, for example, would be required to meet the standard for its size class. Such a change has already been adopted for light trucks. Depending on how the rules were written, the change could give Detroit more freedom to sell its more-profitable lower-mileage cars without having to rev up sales of smaller less-profitable models.

The UAW may oppose that change, however. Union leaders argue that the current laws encourage Detroit to make small cars in the U.S. Absent the fleetwide rule, they fear those small-car factories would close.

One uncertainty for auto makers is how much the administration might increase fuel-efficiency standards as it overhauls them. "The key for us is we're going to have to see the details and how it all flushes out," said Paul Ballew, GM's top market analyst. "It's one thing to go to categories. It's another thing to go to categories and change the standard."

Another White House priority -- a huge increase in federally mandated use of alternative fuels like ethanol -- could also be a boost for American auto companies. While Japanese companies dominate the market for fuel-efficient hybrids, the Big Three think they would gain an advantage if broader ethanol use became the preferred approach to reducing the nation's gasoline consumption. American companies, unlike their Japanese rivals, have long experience with building ethanol-burning engines in places like Brazil, and already sell more ethanol-capable "flex fuel" vehicles in the U.S.

In response to Mr. Bush's address, Ford's group vice president for corporate affairs, Ziad Ojakli, said in a statement: "Ford supports reducing gasoline usage through an increase in alternative fuels such as ethanol. We have produced almost two million flex-fuel vehicles, with ethanol capability. In addition, we have announced plans to make half our annual vehicle production flexible fuel vehicle capable by 2012."

Boosting ethanol is politically popular with both Democrats and Republicans, particularly in farm states. But technical hurdles remain to mass distribution. "One key component that needs to be considered is infrastructure," a GM spokesman said. "What are the incentives to increase both storage and availability of pumps?"

At an appearance at a DuPont Co. research facility in Delaware yesterday, Mr. Bush also appeared to promise more federal funds for research to improve another technology -- the batteries that help power hybrid vehicles, a top priority of U.S. auto makers, who lag behind their Japanese rivals in that area.

Bush Welcomed To Climate Debate (WT)

By David R. Sands

The Washington Times, January 25, 2007

It was overlooked by Beltway pundits and ignored in the Democratic rebuttal, but President Bush's brief State of the Union comments on "the serious challenge of global climate change" sparked sharp interest, comment and criticism around the globe.

British Prime Minister Tony Blair, United Nations global-warming chief Yvo de Boer and senior business leaders at the posh annual gathering in Davos, Switzerland, all seized on Mr. Bush's Tuesday night remarks on energy, oil and the environment as a sign that the United States has a new appreciation for the problem.

"I do believe that this whole debate is now moving in a completely different and more positive direction," Mr. Blair told the House of Commons yesterday. Mr. Blair has pushed a reluctant Washington to move the issues of climate change, global warming and greenhouse gases to the center of its foreign-policy agenda.

Mr. de Boer, speaking to reporters on a trip to Tokyo, called the energy-conservation measures outlined by Mr. Bush in his address "very encouraging," saying it was significant that the president linked his policies for the first time to the climate-change issue.

Mr. Bush "has put the actions he intends to take in the context of confronting the serious -- and he used the word 'serious' -- global challenge of climate changes," Mr. de Boer said.

Advance word Tuesday of the president's plan to double the size of the U.S. strategic petroleum reserve -- to be tapped in times of crisis -- sparked the sharpest one-day increase in world oil prices since mid-2005, up nearly 5 percent to $55.

Mr. Bush devoted the largest single portion of his address to the war in Iraq.

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There is virtually no expectation the U.S. government will reverse course and embrace the binding caps on greenhouse-gas emissions contained in the Kyoto Protocol. One of Mr. Bush's first actions as president in 2001 was to pull out of the Kyoto pact, citing its harmful impact on the economy and the lack of caps for developing countries such as China.

But on the day when former Vice President Al Gore, Mr. Bush's opponent in the 2000 presidential race, picked up two Oscar nominations for his documentary on global warming, Mr. Bush announced steps to cut U.S. energy use, slow the production of greenhouse gases and reduce U.S. dependence of foreign oil suppliers.

James Cameron is chief executive of London-based Climate Change Capital, an investment bank that invests in environmental projects and technologies. He told the World Economic Forum in Davos that Mr. Bush's remarks could be a major turning point in the debate on global warming.

"If the U.S. is moving in that direction, it's a tremendous realignment with the rest of the world and should make it easier to get international agreement on climate change following the end of the Kyoto Protocol," he said, according to the Associated Press.

Mr. de Boer, executive secretary of the U.N. Framework Convention on Climate Change, also said that U.S. participation is critical if a new global-warming pact is to succeed.

"I think it makes no sense whatsoever trying to address the question of climate change without the active participation from the United States," he said. "The United States accounts for about 25 percent of global emissions."

The Intergovernmental Panel on Climate Change will release a new study early next month that reportedly includes its gloomiest forecast to date. The U.N. study asserts that greenhouse gases are at their highest levels in 650,000 years, with soaring risks over the next century of droughts, floods and other climate-related disasters.

Foreign environmental groups criticized Mr. Bush's proposals as inadequate, even as they credited him with raising the issue of climate change at all.

"He is diluting the issue by talking in terms of cutting the United States' oil dependency, rather than in terms of the serious environmental consequences," said K. Srinivas, a global-warming activist for Greenpeace India, at the Davos gathering.

Merkel Calls For Challenging Emissions Controls (FT)

By Chris Giles And Gillian Tett

Financial Times, January 25, 2007

The twin demands of action to prevent climate change and enhance energy security requires Europe to commit to challenging mandatory controls on greenhouse gasses after 2012, Angela Merkel, the German chancellor, said on Wednesday. VIDEO: Davos

Lord Levene warns that weather-related catastrophes could cause up to $100bn losses

In a marked contrast to George Bush's State of the Union address on Tuesday, when he set an ambition to reduce gasoline usage in the US by 20 per cent over the next 10 years, Ms Merkel said she welcomed the opportunity for the European Union to "offer a [greenhouse gas] reduction target of 30 per cent, but we expect other large emitters to participate in that".

With the US still refusing to set a mandatory limit on its emissions, the transatlantic differences remain wide, even though Ms Merkel welcomed the moves made by President Bush.

Climate change is at the top of the agenda for business leaders at the world economic forum at Davos. In rhetoric at least, business leaders in the Swiss ski resort were far closer to the German chancellor's position, wanting certainty and expecting stronger action on climate change than that of Mr Bush.

Alain Belda, chief executive of Alcoa, the aluminium company, for example, said it was untenable for the US climate change agenda to be set by individual states. "I think the country needs one rule," he said.

In another interactive session, 71 per cent of delegates voted against a proposal that markets and voluntary actions were superior in reducing carbon emissions and insisted the motivation for action had to come from government.

Separately, both Lord Levene, chairman of the Lloyd's insurance syndicate, and Jacques Aigrain, chief executive officer of Swiss Re, welcomed the comments by President Bush about climate change but called for more action.

"The fact that there is a recognition that the concern [about climate change] is valid... and a debate about solutions is extremely encouraging," said Mr Aigrain.

"Climate change is the big theme that everyone is talking about here in Davos and that is welcome," said Lord Levene.

Climate change is already forcing the insurance industry to prepare itself for rising losses as a result of increasingly costly natural disasters, Lord Levene warned.

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Indeed, in recent months Lloyd's has started conducting behind-the-scenes scenario planning for weather-related catastrophes that could cause up to $100bn losses - such as a major hurricane hitting the wealthiest parts of the American East Coast.

This would be significantly bigger than the record $80bn losses that the industry suffered in 2005, as a result of storms such as Hurricane Katrina.

"People ask who might bear the cost of climate change but the fact is that insurance sector is already bearing real costs," Lord Levene said. "The real problem is that we just don't know what is happening anymore," he added, pointing out that the biggest challenge for the industry was the rising volatility of weather patterns.

In an effort to protect itself, the insurance industry has already started raising premiums for customers in potentially vulnerable sectors, such as housing on the US East Coast.

However, this move is now triggering rising protests from consumers – particularly given the benign conditions last year – and concerns about the issue this week prompted the state of Florida to create an additional fund for catastrophe reinsurance using taxpayers money, in the first such move seen in the US.

Whitman: Bush Missed Chance (HILL)

By Jim Snyder

The Hill, January 25, 2007

Former Environmental Protection Agency chief Christine Todd Whitman said President Bush missed the "perfect opening" to call for a cap on greenhouse gas emissions in his State of the Union address Tuesday night.

While such a move would have represented a major policy shift for the administration, Whitman said she had hoped the fact that 10 major American companies called for a cap earlier this week would have provided sufficient political cover.

Those companies, which include General Electric, DuPont and Alcoa, joined four non-profit groups that have advocated for limits on emissions of carbon dioxide and other greenhouse gases to form the U.S. Climate Action Partnership. The group backs government-imposed limits on greenhouse gas emissions, but is not backing a specific policy proposal.

In the days preceding the State of the Union, a rumor circulated that Bush might change course, but Press Secretary Tony Snow denied that would happen.

While Bush did not call for a carbon cap, Whitman, who as EPA director often butted heads with White House officials over the need to address global warming, credited her former boss for acknowledging the climate was changing in his State of the Union address Tuesday night. The president called global climate change a "serious challenge."

"That's not insignificant," Whitman said, given how carefully the speech is vetted.

The slight concession in Bush's speech, along with recent comments from the Council on Environment Quality Chairman James Connaughton, seem to suggest the White House is willing to work with Capitol Hill on global-warming bills and leaves Whitman "more and more hopeful" that a greenhouse gas emissions measure could be passed.

Support from big business and some evangelical groups may put the White House in a "position to accept a cap on carbon," if not actively push for one, Whitman said.

Whitman, who was governor of New Jersey prior to joining the Bush administration, now heads a coalition with a Greenpeace founder, Patrick Moore, that is pushing for further development of nuclear power. The group is called Clean and Safe Energy, or CASEnergy.

Nuclear power plants do not produce greenhouse gases, and any carbon cap likely would benefit the nuclear-power industry. The process of using nuclear power to produce electricity does leave radioactive spent fuel rods. A permanent repository in Yucca Mountain in Nevada is still in development.

Environmental groups such as the Natural Resources Defense Council, a member of the U.S. Climate Partnership, continue to resist governmental policies that encourage development of nuclear power, which could complicate efforts to pass a greenhouse gas emissions cap.

But Whitman said she has noticed a shift here, too. More environmental groups, while not yet accepting of nuclear power, seem more amenable to compromise.

"They are willing to talk. They haven't been in the past," she said.

Energy Rhetoric, And Reality (NYT)

New York Times, January 25, 2007

For six years, off and on, President Bush has been talking about the need for alternative fuels and conservation to make the country less beholden to unreliable sources of foreign oil. Yet all he has to show for it is a growing dependence on foreign oil,

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a growing climate problem and an increasingly cynical public. Mr. Bush talked the same game on Tuesday night, offering several impressively specific goals. But whether these new pledges turn out to be as empty as the old ones depends on his capacity for follow-through, and history is not encouraging.

Mr. Bush was true to form on one subject. The White House had promised nothing on global warming, and he delivered nothing. He mentioned “global climate change” but showed no sense of urgency on the issue. Nor was there any sign that he had even heard the ever-louder entreaties from Congress — and from many of his friends in the business community — that he support a national program of mandatory reductions in greenhouse gases.

At one point, he did suggest that his proposals for alternative fuels and more efficient automobiles could also help reduce greenhouse gases. But these gains would be marginal — passenger vehicles account for only one-fifth of these gases. And even these gains will greatly depend on what alternative fuels are chosen.

Mr. Bush’s enthusiasms mainly involved energy independence. He called for replacing 35 billion gallons of gasoline with renewable or alternative fuels by 2017, and for modest but steady improvements in the efficiency of cars and light trucks, a category that includes S.U.V.’s.

But he offered no specifics on where these 35 billion gallons in alternative fuels are going to come from. Corn ethanol, a favorite of farm state politicians, cannot be expected to provide more than 15 billion gallons without driving up food prices. Cellulosic ethanol, made from grasses and woody material, shows great promise. But there is no commercial refinery in operation today, and there is not expected to be one for several years. Hydrogen, a longtime Bush favorite, is even further down the road.

That leaves gasoline derived from coal, a method now being championed by governors and senators from coal-producing states. The technology is well established. But refining and then burning a gallon of gasoline derived from coal would send nearly twice as much carbon dioxide into the atmosphere as a conventional gallon of gasoline and would thus be a disaster for global warming. Trying to sequester the carbon dioxide underground during the refining process would be hugely expensive.

Which raises the next question about the Bush plan: Where’s the money coming from? Despite growing interest among venture capitalists in environmentally friendly technologies, it seems unrealistic to depend on the private sector alone. Washington must help. But federal research and development spending on energy has been in free fall for more than 20 years. And even after Mr. Bush made a big deal about cellulosic ethanol in last year’s address, he came up with only about $30 million in new money to help move the technology forward.

Once again, we have heard this president make big promises about energy independence. Once again, we fear that very little will change. It would be nice, for once, to be surprised.

Fuel For Thought (LAT)

The Los Angeles Times, January 25, 2007

IT DOESN'T TAKE MUCH to get a standing ovation during the State of the Union address. One of President Bush's crowd-pleasers on Tuesday was a new energy policy designed to show his environmental side. It deserved no more than a golf clap. Nice putt, Mr. President. Too bad it took you 10 strokes to reach the green.

Bush's rigid attitude toward climate change is beginning to thaw, though not quite as fast as the polar ice caps. His ideas for reducing oil consumption were tougher than anything he's offered before, and his mandate for 35 billion gallons of alternative fuels by 2017 was a nice gesture. But his plan does much too little to make a dent in the carbon emissions that are fueling global warming.

Beyond the politically painless ritual of calling for more production of ethanol and other alternative fuels, it was mostly a rehash of past half-measures. And for the president to say he wants to step up oil production in "environmentally sensitive ways" by drilling in the Arctic National Wildlife Refuge indicates that he still doesn't understand the meaning of the phrase.

What's worrisome about the president's embrace of alternative fuels is that his policy fails to mention their comparative cleanliness. It's worth noting that "alternative" fuels are not the same as "renewable" ones; the former includes coal, which from a carbon-emissions standpoint is disastrous. Focusing on reducing oil consumption while ignoring emissions could do more environmental harm than good.

Another key Bush proposal is tightening vehicle fuel standards, a marvelous idea considering they haven't been improved in 20 years. But the president's approach is misguided. Currently, the average fuel economy of an automaker's entire passenger-car fleet has to be at least 27.5 miles per gallon. Rather than boost that standard, Bush wants to tie fuel economy improvements to a vehicle's weight class.

The Senate has a better solution. A bill introduced Monday would increase the average fuel economy standard by 10 mpg by the 2019 model year, setting the kind of target that will require prompt and significant change in Detroit.

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Meanwhile, California's two Democratic senators, Barbara Boxer and Dianne Feinstein, are backing competing bills aimed at reducing greenhouse gases. Feinstein's could stand to be tougher; it might let California power generators emit more than they could under state law. And Boxer should reconsider her unrealistic call for a whopping 80% reduction in greenhouse gas emissions from 1990 levels by 2050.

Still, in general the senators' approaches make more sense, environmentally and politically, than anything the president described Tuesday night. Somewhere in between their two bills — and outside the president's initiatives — lies a policy that can help the U.S. become both more efficient and independent.

Environmentalists Angry As Navy Gets OK To Use Sonar (FINDLAW/AP)

By Audrey Mcavoy, Associated Press Writer

AP, January 25, 2007

(AP) - HONOLULU-Angering environmentalists, the U.S. Defense Department exempted the Navy from complying with the Marine Mammal Protection Act for the next two years so sailors can practice tracking submarines with sonar.

Environmentalists on Tuesday said the Navy was not doing enough to protect whales, dolphins and other marine mammals from the harmful effects of the underwater sound technology.

Navy officials said they need the exemption, allowed for under the 2004 National Defense Authorization Act, to give them enough time to conduct environmental impact statements for sonar use at major underwater training ranges off Hawaii, southern California and the East Coast.

"We cannot stop training for the next two years," Don Schregardus, deputy assistant secretary of the Navy for the environment, told reporters. "That would put our sailors in the Navy at considerable risk."

Sailors use active sonar by pumping sound waves through the ocean and listening to the echo as it bounces off objects. Navy leaders have made practicing sonar techniques a top priority as other nations have bought more advanced diesel submarines, which are quieter than earlier models and harder to find.

But environmentalists cite incidents of marine mammals that have died or been stranded en masse on beaches after being exposed to sonar.

The Natural Resources Defense Council is suing the Navy in an attempt to force it to adopt more aggressive protection measures for marine mammals.

"The Navy has more than enough room in the oceans to train effectively without injuring or killing endangered whales and other marine species," Joel Reynolds, the organization's senior attorney, said in a statement. "Because the Navy trains with this dangerous technology in some of the richest underwater habitat on earth, it is legally obligated to take simple, commonsense steps to protect marine life."

The Navy says the new exemption will allow sailors to go ahead with 40 separate exercises over the next two years.

Cara Horowitz, another lawyer for the Natural Resources Defense Council, said the Navy could adopt a larger safety zone around its ships, reduce the power of sonar at night when marine mammal are harder to see, and avoid training in rich marine mammal habitats.

The Navy has argued there is not enough scientific evidence to mandate all the measures the council and other groups are demanding.

Court Rejects Senator's Bid To Eliminate Fish Agency (WP)

By Blaine Harden

The Washington Post, January 25, 2007

SEATTLE, Jan. 24 -- In a slap at the power of a single U.S. senator to change federal policy, the U.S. Court of Appeals for the 9th Circuit struck down today an attempt by Sen. Larry E. Craig (R-Idaho) to eliminate a small agency that counts endangered salmon in the Columbia River.

Craig tried to eliminate all funding in 2005 for the Fish Passage Center, which is based in Portland, Ore., and has 12 employees, because he said its data were "cloaked in advocacy."

The Fish Passage Center has documented how the federal Columbia-Snake River hydroelectric system has killed salmon and pushed several species to the brink of extinction. It is a primary source of information for the federal judge who oversees the protection of endangered salmon in the Columbia, as well as for fish agencies in Oregon, Washington and Idaho.

Craig, who has received large campaign donations from the hydroelectric industry, has long regarded the center and its findings as suspect. He inserted a sentence in a spending bill that directed the Bonneville Power Administration (BPA), which sells power generated by federal dams, to stop funding the center, which has a $1.3 million budget.

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The San Francisco-based appeals court said that the BPA "acted contrary to law in concluding that the congressional committee report language carried the force of law." It ordered the BPA to honor its contractual agreements to provide money to the center.

Through a spokesman, Craig said he was "disappointed" with the decision. He added that the implication that report language in a spending bill carries no weight with funded agencies "completely disrupts decades of congressional oversight and direction."

FBI/DEA/ATF/USMS:

19 Arrested In Federal 'Ragdoll' Investigation (FRHN)

By By:John Moss, Herald News Staff Reporter

Fall River Herald News, January 25, 2007

FALL RIVER - Nineteen people have been charged in a multi-state drug trafficking ring in which the lead target of the federal investigation ran a drug distribution operation based in this city.

Seized in the investigation, in which four others from this city were charged, were several kilograms of cocaine allegedly sent through U.S. Mail.

Kevin J. O'Connor, U.S. Attorney for the District of Connecticut, announced Wednesday that a federal grand jury, sitting in Hartford, returned an eight-count indictment, charging the suspects with various narcotics offenses, involving the large-scale distribution of cocaine and heroin in Hartford, Bridgeport, Conn., Fall River, and other northeastern cities.

The indictment was returned June 29, 2006, and remained sealed to allow for the arrests. The case was subsequently unsealed, and, earlier this month, two of the remaining three fugitives were arrested. To date, 18 of the 19 charged have been arrested. Two of them have pleaded guilty.

The charges stem from an Organized Crime and Drug Enforcement Task Force investigation, dubbed "Operation Ragdoll," which was spearheaded by the Drug Enforcement Administration in Hartford.

As alleged in the indictment, from January 2006 to June 20, 2006, the lead target of the investigation, Luis Joel Soto-Solivan, also known as "The 27," ran a drug trafficking operation based in Fall River, which supplied narcotics to various distributors in Massachusetts, Rhode Island, Connecticut, New York and Pennsylvania.

Alleged distributors include co-defendants, Samuel Martinez, also known as "Muelo" and "Sammy," in Hartford; Jimmy Valentin in Brockton; Andres Hernandez, also known as "El Pelu" and "Andy," in Rochester, N.Y., and Domingo Guzman, also known as "Mingo," in Bridgeport, Conn.

Also, Guzman allegedly operated his own drug trafficking network based in Bridgeport that supplied narcotics to various wholesale distributors in Connecticut, Massachusetts, New Hampshire and Pennsylvania, including co-defendants Soto-Solivan in Fall River; Banger Vergara, also known as "Valdil" and "Bangel," in Holyoke, and Marcos Rivas, also known as "El Negro," in Pennsylvania.

According to the indictment, Carmelo Rondon Feliciano, also known as "Panzon," of Puerto Rico, supplied Soto-Solivan and Domingo Guzman with quantities of heroin and cocaine. One method that Rondon Feliciano allegedly used to ship narcotics was to send them from Puerto Rico to the continental United States, using U.S. Postal Service Express Mail. The indictment alleges that, from February 2006 through June 20, 2006, Feliciano and other suppliers sent at least 15 Express Mail packages believed to contain controlled substances to Soto-Solivan and Domingo Guzman.

On June 1 and 15, law enforcement officers with the Drug Enforcement Administration and the U.S. Postal Inspection Service intercepted and seized two of the express mail packages. The June 1 package was sent to Soto-Solivan at 25B Pleasant View, and contained two separately-wrapped kilograms of cocaine, and about 250 grams of a non-narcotic, cutting agent commonly used as a dilutant with cocaine. The June 15 package was sent to Domingo Guzman in Bridgeport, and contained two separately-wrapped kilograms of cocaine.

The investigation involved the use of wiretaps on cellular telephones used by Soto-Solivan and Domingo Guzman, as well as the controlled purchase of various quantities of heroin and crack cocaine from both individuals.

The investigation is a collaborative effort of the DEA, Fall River and New Britain, Conn., Police Departments.

The indictment charges the following defendants with conspiracy to possess with intent to distribute, and distribution of, cocaine:

Soto-Solivan, 34, of 275 Old Colony St.; Guzman, 30, of Bridgeport; Aurea Casiano, 53, of Chicago; Edgardo Diaz, also known as "Galdy" and "Orejas," 33, of Puerto Rico; Rondon Feliciano of Puerto Rico; Moises Figueroa, also known as "Indio," of

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Puerto Rico; Joel Guzman, 32, of Bridgeport; Andres Hernandez, also known as "El Pelu" and "Andy," 31, of Rochester, New York; Samuel Martinez, 30, of Hartford; Marcos Rivas, also known as "El Negro," Shirley Rivera, also known as "Sheila," 29, of Bridgeport, Conn.; Angel Santiago, also known as "Mambru," 34, of Pleasant View; Hector Santiago, also known as "Pito," 32, of Hartford; Joso Santiago, also known as "Neylom," 31, of Brockton; Angel Soto, 30, of 275 County St.; Wilmary Torres, 30, of 25B Pleasant View; Windy Torres, 27, of 7D Pleasant View; Jimmy Valentin, 29, of Brockton, and Vergara, 31, of Holyoke.

Also, a criminal forfeiture count seeks forfeiture of narcotics proceeds and items used to facilitate narcotics trafficking, including more than $100,000 in cash, and four motor vehicles with a collective value of more than $100,000.

The DEA in Connecticut arrested several suspects in June and July, and the DEA in Puerto Rico apprehended several in September and October. The DEA in Connecticut arrested Vergara in Massachusetts on Jan. 9, as he was appearing in state court to face trial on unrelated drug charges. Vergara was arraigned on the charge on Jan. 16 before U.S. Magistrate Judge Donna F. Martinez. After a detention hearing, Martinez entered an order detaining Vergara until trial.

On Jan 12, law enforcement officers in Chicago, served Casiano with the federal arrest warrant. She was arraigned on the charge Tuesday in New Haven, Conn., federal court. Casiano was released on bond pending trial.

Marcos Rivas is currently being sought by law enforcement.

As to Soto-Solivan, Domingo Guzman and Rondon Feliciano, the indictment charges that the conspiracy involved five kilograms or more of cocaine. If convicted, each faces a maximum term of life imprisonment, a mandatory minimum term of 10 years and a maximum fine of $4 million.

As to Hernandez, Martinez, Angel Santiago, Valentin, Diaz, Joel Guzman, Rivas and Vergara, the indictment charges that the conspiracy involved 500 grams or more of cocaine. If convicted, each faces a maximum of 40 years in prison, a mandatory minimum term of five years and a maximum fine of $2 million. As to Figuero, Jose Santiago, Soto, Wilmary Torres, Windy Torres, Casiano and Rivera, the indictment charges that the conspiracy involved a quantity of cocaine. If convicted, each defendant faces a maximum of 20 years in prison and a fine of up to $1 million.

The indictment also charges Soto-Solivan, Domingo Guzman, Rondon Feliciano, Martinez, Hector Santiago and Vergara with conspiracy to possess with intent to distribute, and distribution of, 100 grams or more of heroin. If convicted, each faces a maximum of 40 years in prison, a mandatory minimum term of five years and a maximum fine of $2 million.

In most cases, the filing of a second offender notice under the federal statute would double penalties.

The indictment also charges Soto-Solivan with three counts of distribution of heroin, which each carry a maximum of 20 years in prison and a fine of up to $1 million; and one count of distribution of 100 grams or more of heroin, which carries a maximum of 40 years imprisonment, a mandatory minimum term of five years and a maximum fine of $2 million.

Finally, the indictment charges Domingo Guzman with distribution of 50 grams or more of cocaine base ("crack cocaine"), which carries a maximum term of life in prison, a mandatory minimum term of 10 years, and a maximum fine of $4 million.

Last week, Jose Santiago pleaded guilty to a Substitute Information that charged him with using a communications facility to aid the conspiracy to distribute heroin. He is to be sentenced April 9, at which time Santiago faces a maximum of four years in prison and a fine of up to $250,000.

On Tuesday, Valentin pleaded guilty to conspiracy to distribute 500 grams or more of cocaine. Dorsey has set sentencing for April 12, at which time Valentin faces a mandatory minimum term of imprisonment of five years, a maximum term of 40 years and a fine of up to $2 million.

As to the remaining defendants, O'Connor stressed that an indictment is only a charge and is not evidence of guilt. Each defendant is entitled to a fair trial.

O'Connor commended law enforcement agents and officers who conducted the investigation and praised their "devoted efforts to identify, disrupt and dismantle this substantial narcotics trafficking operation."

NFL Toughens Drug-testing Rules (LAT/AP)

From The Associated Press

The Los Angeles Times, January 25, 2007

After four months of negotiations, the league and union announces more extensive testing for performance-enhancing drugs and the addition of the blood-boosting substance EPO to its list of banned substances.

NEW YORK — The NFL is going deeper into the wallets of players who get caught using steroids and other performance-enhancing drugs.

After four months of sometimes intense negotiations, the league and union announced Wednesday more extensive testing for performance-enhancing drugs and the addition of the blood-boosting substance EPO to its list of banned substances.

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The union also agreed that players suspended after testing positive will, for the first time, forfeit a portion of their signing bonuses in addition to the salary they will lose during their time away. That is significant because the signing bonuses often are the only guaranteed portion of a player's salary and can be larger than salaries, which sometimes are kept artificially low to keep the team under the salary cap.

"It is important that the NFL and its players continue to be leaders on the issue of illegal and dangerous performance-enhancing drugs in sports," NFL Commissioner Roger Goodell said. "These latest improvements will help ensure that we continue to have a strong and effective program. As we have done in the past, we will review and modify the policy on an ongoing basis."

In addition to the new test for EPO, the agreement includes an increase from seven to 10 of the number of players on each team randomly tested each week during the season for steroids and other performance-enhancing drugs. That means there will be 12,000 tests each season, up from the current 10,000.

The new policy will make the NFL the only North American sports league to regularly test for EPO. Urine will be tested, not blood, for EPO. Baseball did a round of urine testing for EPO in 2005. Rob Manfred, MLB's executive vice president for labor relations, said Wednesday there were no positives among the 500 samples tested.

Baseball conducts urine tests of major and minor league players for performance-enhancing drugs and stimulants, with each player tested at least twice randomly per year. Baseball does not conduct blood tests and does not test for EPO or human growth hormone. Baseball and its players union have agreed they will test for HGH if a urine test for that drug is validated.

A baseball player who tests positive for steroids is banned for 50 games for a first violation. A player who tests positive for stimulants is required to undergo counseling for a first violation and is subject to at least six additional tests over the next year.

The NBA randomly tests players four times a season. Players who test positive for steroids or performance-enhancing drugs get a 10-game suspension for a first offense, a 25-game ban for a second offense, a one-year suspension for a third offense and disqualification if they're caught a fourth time.

In the NHL, every player is subject to up to two random tests a year. A first-time offender gets a 20-game suspension without pay and mandatory referral to the league's substance abuse program. A second positive test carries a 60-game suspension.

The NFL policy mandates a four-game suspension for a first steroids offense and a year for a second. Unlike its policy for street drugs such as marijuana or cocaine, for which there is no suspension until a second violation, a player who tests positive for steroids or a supplement is suspended for the first positive test.

The enhancements to the drug policy have been pending for almost six months — from about the time Goodell succeeded Paul Tagliabue as commissioner. The league and union began negotiating on additional tests and substances in September, but didn't reach agreement until this week.

Those discussions followed congressional reaction to a story in the Charlotte Observer on steroid prescriptions given to Carolina Panthers players by a South Carolina doctor during the 2003 season.

One of the league's congressional watchdogs, Rep. Tom Davis (R-Va.), praised the new policy on Wednesday.

"These changes show what sports leagues and their players' associations can accomplish when they set their minds to eradicating steroids from their sports," said Davis, who, as chairman of the Government Reform Committee in the last Congress led three hearings on steroid use among pro athletes.

"I especially want to commend the NFL which, out of all the sports leagues, has been the most consistent in its approach to testing and taking other steps to end steroid use among its athletes."

One provision of the new agreement increases the unpredictability of random testing during the season and off-season, making it harder for players using performance-enhancing substances to regulate their usage because they won't know when they might be tested.

EPO, which provides users more stamina by increasing their number of red blood cells, is used primarily by long-distance runners and cyclists. That testing will begin this summer when teams go to training camp.

The program also includes additional use of carbon isotope ratio testing on a random basis to detect for doses of testosterone. All players now will be subject to those tests, previously used only to confirm positive tests.

N.F.L. And Union To Strengthen Steroid Testing (NYT)

By Judy Battista

The New York Times, January 25, 2007

DOJ_NMG_0121382

The National Football League and its players union said yesterday that they had agreed to strengthen the league's testing program for performance-enhancing drugs, including increasing the number of tests and adding endurance-boosting EPO to the list of banned substances.

The new policy also adds financial penalties, with players who are suspended for drug use forfeiting part of their signing bonuses. Gene Upshaw, the executive director of the National Football League Players Association, said in an interview that as soon as next season, players who tested positive could also be barred from consideration for postseason awards. Such recognition became an issue during the regular season that ended last month when Shawne Merriman, a San Diego Chargers linebacker, was suspended for four games after a positive steroids test, but was named to the Pro Bowl.

The N.F.L. is considered to have the most stringent testing policy among the major American sports leagues. But loopholes in its program drew increasing scrutiny after The Charlotte Observer reported last summer that Carolina Panthers players had received prescriptions for steroids — including two players just days before the team played in the 2004 Super Bowl — yet none tested positive during that time period. The league and the union had been negotiating since September to strengthen the policy.

"These latest improvements will help ensure that we continue to have a strong and effective program," Roger Goodell, the N.F.L. commissioner, said in a statement. "As we have done in the past, we will review and modify the policy on an ongoing basis."

Under the policy changes announced yesterday, the number of players randomly tested each week during the preseason, regular season and postseason would increase to 10 from 7 per team. Last year, the N.F.L. increased the maximum number of times a player could be tested in the off-season to six times from two. Combined, those changes should amount to more than 12,000 drug tests administered to about 1,800 players next season, an increase of about 2,000 tests. Upshaw said that off-season testing would begin more quickly after the end of the regular season. That testing used to start in late March but will now begin in February to decrease the time period when players are not subjected to random testing.

The N.F.L. policy already mandates a four-game suspension for a first offense and a year suspension for a second, penalties that will remain in effect.

But the league will use the sophisticated carbon isotope test with greater frequency, it said. The use of that test has been limited in most drug-testing programs by its high price. It was previously used by the N.F.L. only to confirm positive tests. Now, the league will use it randomly on all samples. The test examines the atomic makeup of testosterone in the urine and can determine if it is natural or synthetic. It is the same test that found synthetic testosterone in a urine sample from Floyd Landis after his victory last summer in the Tour de France.

The N.F.L.'s decision to include EPO on its banned list adds a substance more common to cycling and long-distance running. EPO, or erythropoietin, is a synthetic hormone used to improve stamina by increasing the body's production of oxygen-rich red blood cells. No other professional sports league in the United States tests regularly for EPO.

The policy changes were praised yesterday by Dr. Gary I. Wadler, an associate professor of medicine at New York University who is a member of the World Anti-Doping Agency. But Wadler said in a telephone interview that the league still needed to include testing for human growth hormone, or HGH.

There is no reliable test for HGH. The N.F.L., pledged a minimum of $500,000 for the development of an HGH test yesterday. Wadler said that amount is a fraction of the millions of dollars the antidoping agency spent on research each year. Wadler said the league should have a provision in its collective-bargaining agreement that allowed for blood samples to be collected and frozen until a reliable drug test came to fruition. Blood collection, he said, would at least provide a deterrent to the use of HGH until a test was developed.

"They should at least have paved the way by saying that blood testing is an acceptable means of obtaining bodily fluid specimens," Wadler said. "They've made some moves in the right direction, but I don't think we should be in a position of incrementalism."

Upshaw remains adamant that blood testing is not open for discussion because there is no reliable HGH test. "I'm still not willing to have our players stuck like a pin cushion," Upshaw said. "What use would it be for you to find something out two or three years from now and we've already played games? We have 25 percent turnover each year. What good is that? It's almost like changing the speed-limit sign after you've passed."

NFL, Union Beef Up Drug Program (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, January 25, 2007

The NFL and the players' union completed an agreement to strengthen the sport's steroid-testing program, they announced yesterday.

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The modifications, which had been under discussion for months between Commissioner Roger Goodell and NFL Players Association chief Gene Upshaw, include an increase in the number of random tests to which players are subjected during the season, more extensive use of the sophisticated carbon isotope ratio test and the addition of the blood-boosting drug erythropoietin (EPO) to the list of banned substances.

"It is important that the NFL and its players continue to be leaders on the issue of illegal and dangerous performance-enhancing drugs in sports," Goodell said in a written statement released by the league. "These latest improvements will help ensure that we continue to have a strong and effective program. As we have done in the past, we will review and modify the policy on an ongoing basis."

The changes come near the end of a season in which one of the top defensive players, San Diego Chargers linebacker Shawne Merriman, served a four-game suspension for testing positive for a performance-enhancing drug. Merriman and his representatives said he ingested the drug, nandrolone, unwittingly because it was in a supplement he was taking.

Saying the new policy had a number of flaws, anti-doping expert Gary Wadler criticized the NFL for continuing to "sidestep" a major issue: that it oversees and carries out its own program instead of turning the business over to an independent agency such as the U.S. Anti-Doping Agency.

"I think it moves a little bit in the right direction, but you need to go the full way," said Wadler, a member of the World Anti-Doping Agency's prohibited substances committee. "The NFL was a pacesetter in anti-doping before 1999, when the landscape changed. . . . They should be a pacesetter again.

"They cannot keep up with the science. That's not their business. Their business is putting on great championships like we had last weekend."

In this round of modifications, the two sides agreed to increase the number of random tests from seven players per team to 10 players per team each week during the preseason, regular season and playoffs. Under the existing terms of the policy, every player is tested during training camp and a player can be tested as many as six times during the offseason. A first positive test results in the player being suspended four games without pay. A second positive test results in an eight-game suspension and a third positive test brings a one-year suspension.

According to the league, all tests now will be subject to random carbon isotope ratio testing to detect low levels of testosterone. Previously, such testing was used only to confirm positive tests for testosterone. Testing for EPO, a drug used to stimulate the production of red blood cells and more commonly associated with endurance sports, is to begin this year in the spring or summer, the league announced.

The league also announced that it was forming a working group to study issues related to human growth hormone; that it had awarded a grant of at least $500,000 to the UCLA Olympic testing laboratory and other researchers working to develop new methods to test for growth hormone; that it would take unspecified steps to enhance "the unpredictability of the year-round testing schedule"; and that, under the terms of the sport's labor agreement approved in March, it would make players automatically refund portions of their signing bonuses for violations of the steroid policy.

Growth hormone is on the NFL's list of banned substances, but league officials have said they don't test for it because there is no test they deem reliable. Upshaw has said he would not agree to allow players to be subjected to blood-testing for growth hormone.

NFL Notes: Dallas Cowboys owner Jerry Jones interviewed Jason Garrett yesterday for the team's offensive coordinator job. Garrett, a former backup quarterback for the Cowboys, is the Miami Dolphins' quarterbacks coach. The Dolphins, according to an NFL source, granted the Cowboys' request to interview Garrett only after Jones agreed to make a decision by today as to whether he'd hire Garrett.

People around the league say they believe that if Jones hires Garrett, he's likely to hire Chargers defensive coordinator Wade Phillips as his head coach to replace Bill Parcells, who announced his retirement Monday. San Francisco 49ers offensive coordinator Norv Turner, the former head coach of the Washington Redskins and Oakland Raiders, also appears to be a possibility. He was the Cowboys' offensive coordinator before being hired by the Redskins and remains close to Jones. . . .

Baltimore Ravens linebacker Ray Lewis reached his eighth career Pro Bowl yesterday. He was named to the AFC team to replace injured Denver Broncos linebacker Al Wilson. He becomes the fifth Ravens defensive player on the team.

Staff writer Amy Shipley contributed to this report.

NFL, Union Agree On Tougher Testing For Performance Enhancers (USAT)

By Skip Wood, Usa Today

USA Today, January 25, 2007

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The NFL and its union announced new standards and penalties for the use of banned substances Wednesday that include testing for EPO, believed to improve stamina.

POLICY PRAISED: Reaction positive

The league also will increase the number of randomly tested players on every 53-man team from seven to 10 each week, totaling 12,000 tests a season. First-time offenders will be suspended four games, and a second positive test results in a year-long suspension without pay. Under the new policy, suspended players will lose a prorated portion of their signing bonus.

"It is important that the NFL and its players continue to be leaders on the issue of illegal and dangerous performance-enhancing drugs in sports," NFL Commissioner Roger Goodell said in a written release. "These latest improvements will help ensure that we continue to have a strong and effective program."

That program does not include HGH, or human growth hormone, but the commissioner said he is "investing money for doing that." Blood tests are the reliable measure for HGH, and the players union has balked at taking blood from players.

Indianapolis Colts defensive end Dwight Freeney, who said he was randomly tested Wednesday, supports the new tests: "I'm a clean guy, so whenever you can catch some cheaters, it makes my job easier. ... Anything you can do for the integrity of this game is good, especially for the young people to know they have to do things the right way."

Goodell recently pointed out the new policy, effective immediately, no doubt will evolve.

"As we have done in the past," he said, "we will review and modify the policy on an ongoing basis."

Before the BALCO investigation, conventional thinking was that only endurance athletes benefited from EPO. But sprinters were also revealed to be taking the popular drug.

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Contributing: Larry Weisman

Column: NFL Steps Up With Drug Testing (NYT/AP)

By The Associated Press

The New York Times, January 25, 2007

Filed at 10:37 p.m. ET

Those more cynical about these things might question the timing. What better way to kick off Super Bowl hype, after all, than with a feel-good announcement about the NFL's new and improved drug testing program.

Take a closer look, though, and there's some real meat on the bone that the NFL served up during the traditionally slow media time leading up to Super Bowl week.

Sure, it may have taken a bit of prodding from some Washington politicians to get everyone moving. But give some credit to the league for twisting the arm of its always-wary players' association and coming to terms on a tougher plan.

Players will be tested more often, and it will be harder for them to cheat. When they are caught, they will fork over some of their lucrative signing bonuses as well as their weekly paychecks.

For the first time, players in a major professional sports league in the United States will be tested for EPO. And, also for the first time, the league is at least beginning to study how to deal with human growth hormone, which many say is the drug du jour among NFL players.

It's far from perfect, but it's the furthest any league has gone to make sure the playing field is level and that the people who pay the salaries aren't taken in by a bunch of cheaters.

Whether fans really care is another story.

They seem to care about baseball, where the revelations about Barry Bonds have made him such a pariah that even the San Francisco Giants seem to be having second thoughts about re-signing him. And neither Mark McGwire nor Rafael Palmeiro likely will ever be in the Hall of Fame.

Contrast that to the way the citizens of San Diego acted when their quarterback-busting linebacker, Shawne Merriman, was himself busted for steroid use and forced to sit out four games of the regular season.

Merriman returned to a hero's welcome, and a stadium filled with people wearing his jersey. So much for former commissioner Paul Tagliabue's theory that the risk of public humiliation would help stop some players from cheating.

Of course, Merriman didn't really cheat. He merely ingested a tainted supplement. That's his story and he's sticking to it, though he's been strangely quiet about just what supplement it might have been or how he got it.

Whatever happened, it cost Merriman four games and, quite possibly, the award as the league's best defensive player. You will still see him at the Pro Bowl, though, where his conversations with Miami defensive end Jason Taylor should be interesting.

"You really shouldn't be able to fail a test like that and play in this league, to begin with," Taylor said last month. "To make the Pro Bowl and all the other awards, I think you're walking a fine line of sending the wrong message."

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Taylor's reaction aside, the 60 or so active players who have tested positive for steroids since the NFL first began testing have largely escaped the kind of wrath that engulfed the likes of McGwire, Bonds and Palmeiro.

That may be because football players are more anonymous on the field, one of 53 on a team and identified only by their numbers. Or it may be because it's harder to relate steroid use to statistics in football.

Common sense tells you that home run totals skyrocketed for some reason. But just because a linebacker is juiced doesn't mean he'll necessarily get more sacks.

Still, the NFL deserves credit for being the first U.S. major sports league to begin testing for steroids in 1989, about the same time Jose Canseco was shooting up himself and who knows who else in the Oakland A's clubhouse and baseball was pretending performance-enhancing drugs didn't exist.

But the NFL system has always been a frail one, with players subjected to random testing on such an infrequent basis that many presumably were able to work their way around it. That became evident when the Charlotte Observer detailed how a doctor gave steroid prescriptions to players on the city's 2003 Super Bowl team.

The key to the NFL's upgraded program may be just how random the random tests are. Assuming they are truly random, every player in the NFL can be expected to be tested an average of four times during the season and up to six times during the offseason.

Add to that the EPO testing and the threat of forfeiting a percentage of signing bonuses -- which are often far larger than yearly salaries -- and it's hard to find a lot of fault with the league's new plan.

Sure, the suspensions could be tougher, and more substances could be tested. There could also be more of an urgency about HGH.

For now, though, there's nothing wrong with a feel-good story that feels pretty good.

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Prosecutor Stepping Down: Kevin Ryan Confident He Did Job (USAT)

By Bob Nightengale

USA Today, January 25, 2007

Outgoing U.S. attorney trailed BALCO and Bonds

SAN FRANCISCO — Kevin Ryan peeks out the window of his spacious 11th-floor office at the Phillip Burton Federal Building in downtown San Francisco and, off in the foggy distance, can see the church steeple of St. Ignatius Preparatory College.

This is the site of his past. His future. In many ways, the origin of his crusade against steroids.

This is where he was a star high school running back three decades ago, hurling his body into the line 25 times a game. There was nothing fancy about his style, leading the West Catholic Athletic League in rushing. Oh, he was fast, captain of the track team, but at 5-11, 175, it was Ivy League Dartmouth recruiting him to play football. The football powers such as Southern California and Ohio State weren't interested.

"Kevin could have been a star," says Greg Suhr, the San Francisco deputy police chief and Ryan's childhood friend. "If he had used steroids or something like that, you're talking about another 25 pounds of muscle, more speed and a whole lot more recruiters. But he … played by the rules. You do the best with what you got. That's what he's always believed in.

"What he's doing now with BALCO, and Barry Bonds, and all of these guys who cheat, he's striking a blow for the good guys."

Ryan, the outgoing U.S. attorney for the Northern District of California, has been lead prosecutor since the Bay Area Laboratory Co-Operative case broke in 2002. He and his staff have brought seven indictments and five convictions. He's not done yet.

"I think we have galvanized the national debate on this," says Ryan, 49, a San Francisco native. "We've engaged the public and Congress and the policymakers into addressing it, as well. It has had huge ramifications beyond the criminal sphere that we normally involve ourselves (with) … from the health effects, to talk of kids contemplating suicide, to the issue of cheating in sports, and that's a good thing.

"I think we've done our job."

It just might forever change the way the American public will view sports, too. "How can it not?" Ryan says. "People are better educated now about this issue, and whether you're a sports fan or not, I think people generally have the opinion that steroids should not have a place in sports."

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Baseball, with a strong union that had adamantly opposed drug testing, now has what Commissioner Bud Selig says is the "most stringent steroid testing program in sports." A player is suspended 50 games for a first positive test. The NFL has toughened its drug-testing policies, including stricter guidelines announced Wednesday. Several track stars, believing their designer-drugs were undetectable, have been disgraced.

BALCO has been the case of a lifetime, says Ryan, who in the next few weeks likely will head off to private practice. He's one of 11 top federal prosecutors who have resigned or announced their resignations since a provision in the USA Patriot Act reauthorization last year enabled the U.S. Attorney General to appoint replacements without Senate confirmation.

"I think to ask U.S. attorneys to resign in the middle of a case is the wrong thing to do," Sen. Dianne Feinstein, D.-Calif., said through a spokesperson.

Ryan doesn't acknowledge whether he was asked to resign, but he says he considered stepping down last July. He has one son who's a senior at St. Ignatius and another who's a sophomore. Yet he wanted to stay in office long enough, he says, to oversee several breaking cases outside sports, and, of course, BALCO.

"When I leave, this (investigation) won't just fall off the map," Ryan says. "If the opportunity presents itself in the future that I can still be involved in it, I'll avail myself to it. I'm not going to walk away from something that I feel strongly about."

Criticism and responses

Ryan continues to investigate Bonds for perjury and tax evasion, and the slugger's attorney, Mike Rains, will be happy to see Ryan leave. He accuses Ryan of being "an autocrat" who had a dysfunctional office because of his management style.

"I think he was a disaster as a U.S. Attorney," Rains says. "I have had dealings with him, none of them good, which probably puts me in the majority. Probably his greatest claim to fame is the BALCO thing. I think he screwed it up.

"If they somehow, some way, get a hold of Barry and indict him, they went about it in one of the most irresponsible manners I can imagine. … By all accounts, the Ryan-led BALCO team has been heavy-handed, overzealous and almost acted independently of the law."

Ryan's office also was accused by Rains and other lawyers of leaking grand-jury testimony, with transcripts appearing in the San Francisco Chronicle. Ryan denies any responsibility.

"I know we weren't the source," he says. "It bothers me when people point the finger at individuals without any evidence."

Despite charges of Ryan running a dysfunctional office that led to the departure of several attorneys, Rains acknowledges the lead prosecutor can take some pride in baseball's three-year-old steroid testing policy.

"Baseball probably did need to step up to the plate more than they had," Rains says, "and maybe he can take credit for that. But the media can enlighten people and change the attitude. You don't have to send overzealous prosecutors out to do that.

"In the pure prosecution sense, you wonder just how much has this man and his army spent so far just to get Barry."

Ryan says he doesn't know the cost of the case, but the argument is, he has done exactly what had to be done.

"Not everyone agrees with me," Ryan says. "But on a personal level, this was the right thing and it had the right impact. We're not conducting a poll here before we make a decision. We're doing our job under the guidelines of our department and we will continue to do so."

Roger Wirth, IRS special agent in charge of the Oakland field office which investigated BALCO, agrees with Ryan. "This case, and what Kevin Ryan has helped accomplish … has had a worldwide beneficial effect in the world of sports. He has helped get steroids out of sports. I haven't always agreed with every step of this investigation, and I'm not going to say we made every right move, but we've made an impact. A major impact."

Says Suhr: "Everybody sure seems to have gotten a whole lot smaller, haven't they?"

Baseball under scrutiny

Although NFL players, Olympic sprinters and even a world-class cyclist have been snared in the BACLO case, it's baseball, and the steroid probe centering on Bonds, that has grabbed everyone's attention, Ryan says.

"There's something about baseball and the American experience," he says. "I remember Field of Dreams, one of my favorite movies, and you take away just how important baseball is to our pastime and to our country and to many Americans. It has been there in good times and bad.

"Everyone recognizes that it's a business, and breaking records is good for business. But it's also a sport played under rules. Fans have a right to believe that things we see in this game are real and not a trick."

Last month, the 9th U.S. Circuit Court of Appeals ruled Ryan's office can use the 104 positive steroid results that came out of Major League Baseball's survey testing in 2003. The results could lead to much more troubling evidence, ruining the legacy of plenty others.

The Major League Baseball Players Association has said the seizure of results violates players' Fourth Amendment rights. It has requested a full court review and said it might appeal to the U.S. Supreme Court.

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"The court has turned over evidence to us," Ryan says, "that we think is relevant to an ongoing investigation. It certainly opens up new avenues. … If the 9th Circuit allows us to keep it, it can be very helpful.

"Look, someone testing positive for drugs, no matter what it is, they got drugs from someone. Well, we'd like to know where they got it from. That's what we do. We follow the evidence."

Don't get Ryan started on the debate that everything was perfectly legal in baseball before its drug-testing program. Those who used steroids before 2003, he says, are just as guilty as the players caught today.

"Those people are forgetting the fact that possession of controlled substances without a prescription is illegal," Ryan says. "The use of such substances by athletes — whether high school, college or on the professional level — is wrong. It violates the integrity of sports."

Remembers Alzado

Ryan, who grew up a die-hard San Francisco Giants and 49ers fan, still attends games and roots unabashedly for the Giants. Yet when asked if he hopes Bonds breaks Hank Aaron's all-time home run record, he smiles and politely declines to comment: "I'm not going to touch that one."

Ryan is careful not to speak directly about Bonds or BALCO. It's an ongoing case. Bonds' personal trainer, Greg Anderson, remains imprisoned for refusing to testify about Bonds. Ryan won't say whether they have evidence to indict Bonds without Anderson's testimony.

His first recollection of athletes possibly using steroids, he says, occurred in the 1980s when former Oakland Raiders defensive lineman Lyle Alzado was diagnosed with brain cancer.

"There was a lot of speculation at the time that it was related to steroid use," Ryan says. "We all remember the East German teams when the Olympics came around, but this was the first time I associated a big-name athlete with performance-enhancing drugs and the potential dangerous side effects."

Cheaters vs. regulators

Ryan, the son of Irish immigrants, became a naturalized citizen in 1969. He loves to hike with his wife, Anne, and go skiing in Aspen (where Bonds owns a home) with his two boys. He says one day he'll write a book. But he hopes there will be enough evidence in the coming months and years that will lead to further indictments and convictions, telling the story in court.

Ryan wonders if drug testing will catch up with the cheaters. The latest Victor Conte, founder of BALCO, could be around the corner. Surely, Ryan believes, there were plenty of other steroid labs that went undetected.

"How can you help but not wonder?" Ryan says. "If you listen to some of the chemists and folks that work on the medical side of this, there's a great concern that the basement chemists will continue to design steroids that are undetectable. The cheaters, if they want, will always be one step ahead of the regulators."

In the meantime, Ryan, Wirth and the hundreds of investigators and attorneys will be watching. They don't expect to catch everyone. Yet with the help of congressional leaders, Ryan says, cheating no longer will be tolerated.

"There's an honor system in sports, and people in sports have to abide by this honor system," Ryan says. "The parameters are in place now. The public is now expecting every sport to regulate itself.

"We've done our job. We should be proud."

BALCO Investigation Timeline (USAT)

USA Today, January 25, 2007

Key dates in various investigations of BALCO and athletes linked to the lab or punished for using THG and modafinil, two drugs that play a key role in the BALCO investigations. Does not include track and field doping cases not related to BALCO, THG or modafinil.

Jan. 18, 2007: House Judiciary Committee Chairman John Conyers, D-Mich., and Rep. Tom Davis, R-Va., ask the Attorney General to drop his subpoena against reporters Mark Fainaru-Wada and Lance Williams.

Jan. 17, 2007: U.S. attorney Kevin Ryan, who is resigning, tells USA TODAY that the BALCO probe will continue. "When I leave, this (investigation) won't just fall off the map. The infrastructure is in place. We have good prosecutors on it. A good review process. Good institutional knowledge. So when I move on, there are those that can carry forward with it without a problem."

Jan. 11, 2007: Reports emerge that Barry Bonds tested positive for amphetamines during the 2006 season.

Dec. 27, 2006: Government investigators may keep evidence seized in 2004, the Ninth Circuit Court of Appeals rules.

Dec. 23, 2006: Prosecutors argue for a contempt-of-court sentence of up to 18 months for reporters Mark Fainaru-Wada and Lance Williams.

Dec. 21, 2006: Yahoo! Sports says Troy Ellerman, a defense attorney who had worked for Victor Conte and James Valente, is under investigation in the FBI's probe of leaked grand jury evidence.

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Dec. 14, 2006: Cyclist Tammy Thomas is indicted on charges of perjury and obstruction of justice. Thomas, a former World Championship medalist banned for life in 2002 after a positive test for the steroid norbolethone, is accused of telling a grand jury she had not used steroids.

Sept. 21, 2006: Judge Jeffrey White tells San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams he will order them jailed for up to 18 months if they do not comply with his order to reveal their sources.

Sept. 6, 2006: A doping case against Marion Jones collapses when her "B" sample tests negative for EPO. Bother the "A" and "B" samples must test positive to incur a doping penalty.

June 29, 2006: Olympic and world champion Justin Gatlin reveals that he has tested positive for testosterone. His coach is Trevor Graham.

June 22, 2006: E-mails seized by federal authorities identify Victor Conte, the convicted founder of the Bay Area Laboratory Co-Operative, as a source in the San Francisco Chronicle's reporting on the steroids scandal, according to an online court filing that accidentally revealed confidential information.

April 25, 2006: Bay Area newspapers report Barry Bonds' trainer, Greg Anderson, and former BALCO executive James Valente have been subpoenaed to testify before a grand jury investigating whether Bonds committed perjury.

March 30, 2006: Victor Conte released from prison.

March 16, 2006: BALCO founder Victor Conte says he " never gave" steroids to Barry Bonds. Speaking to USA TODAY by phone from a California prison where his four-month sentence is about to end, Conte also does not directly address whether the San Francisco Giants slugger could have gotten steroids that someone else received from BALCO.

"My relationship with Barry Bonds was 100% about his nutrition," Conte says.

Conte also releases a statement to USA TODAY denying he gave Bonds steroids and denying statements attributed to him by federal investigator Jeff Novitzky on the day BALCO was raided, Sept. 3, 2003.

Feb. 24, 2006: Remi Korchemny is sentenced to one year of probation. ...

Oct. 18, 2005: BALCO founder Victor Conte is officially sentenced to four months in prison and four months of house arrest as part of a plea deal for his role as mastermind behind a scheme to provide professional athletes with undetectable performance-enhancing drugs.

James Valente, BALCO's vice president, received probation after pleading guilty to reduced charges of steroid distribution. Greg Anderson, Barry Bonds' trainer, was sentenced to six months after pleading guilty to money laundering and a steroid distribution charge. He will spend three months behind bars and three months in home confinement.

Anderson and Conte remain free on bond and are scheduled to surrender to prison authorities Dec. 1.

Oct. 16, 2005: 60 Minutes broadcasts an interview in which former football player Bill Romanowski says he used steroids and human growth hormone. He names Victor Conte as the source of the drugs.

Aug. 1, 2005: Baseball player Rafael Palmeiro, who emphatically denied steroid use before a House panel in March, is suspended for a positive test he later blames on a vitamin B-12 shot.

July 29, 2005: Track coach Remi Korchemny pleads guilty to reduced charges, a move that likely will keep him out of prison. The plea agreement, the fourth and final one in the case, ends a drug prosecution that prompted tighter testing rules in professional sports.

July 21, 2005: The Court of Arbitration for Sport rules Alvin and Calvin Harrison, along with Michael Johnson, Antonio Pettigrew and Jerome Taylor, may keep their gold medals from the 4x400 relay in the 2000 Olympics despite the previous decision to strip Jerome Young of his gold. Young, who ran in the first two rounds of the relay but not the final, had a positive test in 1999 in a case not known to be linked to BALCO. Young was later banned for life after a second drug offense. The Harrison twins have been punished for BALCO-related drug offenses, but these were not part of the investigation into the 2000 Olympic case.

July 15, 2005: Victor Conte pleads guilty to steroid distribution and money laundering in a deal with federal prosecutors. Conte will spend four months in prison and four months under house arrest. Greg Anderson, Barry Bonds' longtime friend and personal trainer, pleaded guilty to the same charges in exchange for a six-month prison sentence.

May 19, 2005: Michelle Collins' ban is reduced to four years as part of an agreement in which she drops her appeal.

March 17, 2005: Several current and former major league baseball players testifiy in front of the House Government Reform Committee on steroids in baseball. Mark McGwire, Jose Canseco, Curt Schilling, Sammy Sosa and Rafael Palmeiro were in attendance, while Frank Thomas testified via satellite. Barry Bonds and Jason Giambi were not required to attend due to their involvement in the ongoing BALCO case.

March 16, 2005: A USA TODAY survey shows that baseball players think steroids have had a substantial impact on the game.

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Dec. 15, 2004: Marion Jones files a $25 million defamation lawsuit against BALCO founder Victor Conte, claiming damages from potentially lost endorsement deals after Conte claimed in two interviews that he saw Jones use several drugs before and during the 2000 Olympics. Jones later challenges Conte to take a polygraph test, something her defense team claims she has taken and passed.

Dec. 10, 2004: Michelle Collins gets an eight-year ban, later reduced to four, from a panel of members of American Arbitration Association and the North American Court of Arbitration for Sport. Collins never tested positive but was found to have used EPO, THG and a testosterone cream. She is the first athlete without a positive test to argue her case before arbitrators. Collins also forfeits all results since Feb. 1, 2002, including her 200-meter world indoor championship in 2003. Lawyer Michael Coffield says he will appeal on Collins' behalf to the international Court of Arbitration for Sport before the end of the year.

Dec. 7, 2004: The International Olympic Committee says it will investigate Victor Conte's doping allegations against Marion Jones. IOC and WADA officials suggest that the three-year statute of limitations on challenging Olympic decisions may not apply.

Dec. 3, 2004: The San Francisco Chroniclereports more grand jury testimony, this time from San Francisco Giants star Barry Bonds. The Chronicle says Bonds admitted to unknowingly using steroids known as "the clear" and "the cream" during the 2003 season. Bonds said his personal trainer provided the steroids. The Chronicle also reported that prosecutors showed Bonds documents from 2001-03 alleging that he used various drugs, including human growth hormone and Depo-Testosterone. Bonds repeatedly has denied using performance-enhancing drugs. The report also says Bonds' former teammates Armando Rios, Benito Santiago and Bobby Estallella admitted to the grand jury that they used performance-enhancing drugs.

Also, BALCO founder Victor Conte appears on ABC's 20/20, claiming that he gave drugs to several athletes: track stars Marion Jones, Tim Montgomery and Kelli White; football players Bill Romanowski, Barret Robbins, Chris Cooper, and Dana Stubblefield. In ESPN The Magazine, Conte describes how he started in his business of legal supplements and gradually turned to steroids. Conte says he gave a steroid to Chryste Gaines, Alvin Harrison and Calvin Harrison in 1999, then started to provide Jones with various drugs a few weeks before the 2000 Olympics. He says he also started a doping program for Montgomery at the Olympics but later severed ties with Jones and Montgomery, only to get back into the doping business with White and Dwain Chambers. Conte says in the ESPN interview that he knew little about the baseball end of the business, which he says was in the hands of James Valente, but he says he gave drugs to Greg Anderson without knowing the purpose.

Dec. 2, 2004: The San Francisco Chroniclereports that in grand jury testimony, New York Yankees slugger Jason Giambi admitted injecting himself with human growth hormone in 2003 and using steroids that he obtained from Barry Bonds' trainer, Greg Anderson, for at least three seasons. Giambi played only 80 games in 2004 because of a tumor, which the New York Daily News reported was in his pituitary gland; medical experts told the Chronicle that one of the drugs Giambi said he thought he had taken can exacerbate a tumor of the pituitary gland. The report also says Giambi's brother, Jeremy, used many of the same drugs.

Nov. 28, 2004: The United States is stripped of its 4x400-meter relay gold medal from the 2003 World Championships due to Calvin Harrison's second doping violation (see Aug. 2, 2004). One of Harrison's teammates was Jerome Young, who had received a lifetime ban earlier in the month for doping violations that had no known relation to BALCO, THG or modafinil. Harrison's other teammates to lose their world title are Tyree Washington and Derrick Brew, who are not linked to BALCO and are not facing doping charges.

Oct. 19, 2004: USADA announces that sprinter Alvin Harrison has accepted a four-year suspension for drug violations. Harrison admitted to the use of testosterone, THG, HGH and erythropoietin (EPO).

Oct. 11, 2004: Gary Sheffield tells Sports Illustrated that he was introduced to BALCO by Barry Bonds, with whom he has since severed ties. According to the magazine report, officials at the lab gave Sheffield a testosterone-based steroid known as "the cream" to be applied to a scar on his right knee. Sheffield says he didn't realize the "cream" was a steroid. Baseball officials say they will not punish the Yankees outfielder. Because of his association with BALCO, Sheffield was one of several high-profile athletes called to testify before the grand jury in 2003.

Sept. 24, 2004: Barry Bonds undergoes a random steroid test, which each major league is required to do under baseball's new collective bargaining agreement. "I'm glad this is finally happening," Bonds tells MLB.com. "They'll get the results and it will clear my name. It'll show that there's nothing behind what I've been doing (on the field) all year." Bonds goes on to lead the National League in batting average, slugging and on-base percentage on his way to winning a record seventh league MVP award.

Sept. 14, 2004: The NFL fines Chris Cooper, Barret Robbins and Dana Stubblefield three game checks each after the three current and former Oakland Raiders tested positive for THG. A fourth player, Bill Romanowski, is reported to have tested positive but has retired. The four are the only positive tests in the league. The three active players are also warned that any subsequent positive test will result in an eight-game suspension.

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August 2004: Athens Olympics take place. No athletes test positive for THG or modafinil. Marion Jones, the only athlete under BALCO-related scrutiny to take part in the Games, finishes fifth in the long jump. Greek athletes Kostas Kenteris and Katerina Thanou miss drug tests under mysterious circumstances, miss the Games and are later linked to BALCO.

Aug. 2, 2004: USADA hands Calvin Harrison a two-year suspension for his positive modafinil test. Harrison's punishment is more severe than that given to other modafinil offenders because his is considered a second offense. As a junior sprinter in 1993, he tested positive for pseudoephedrine. The punishment also means the U.S. loses its 4x400-meter relay gold medal from the 2003 World Championships (see Nov. 28, 2004).

July 17, 2004: Regina Jacobs accepts a four-year ban and is stripped of her 2003 U.S. title at 1,500 meters. Jacobs says she wanted "to avoid being subjected to what I believe would be an unfair hearing."

July 9-18, 2004: Most athletes linked to the BALCO scandal fail to qualify for the Olympic team, sparing the U.S. difficult decisions on whether to proceed with athletes who might later be banned. Michelle Collins withdraws injured. Alvin Harrison finishes far behind in the 400-meter semifinals. Tim Montgomery reaches the 100-meter final but finishes seventh. Chryste Gaines is convincingly beaten in the 100-meter semifinals. Regina Jacobs retires. Calvin Harrison finishes fifth in the 400 and is named to the relay pool, but his suspension Aug. 2 renders the decision moot. Marion Jones, not officially charged with any doping offense, is the only BALCO-connected athlete to make the team, though she only makes the team in the long jump.

June 24, 2004: The San Francisco Chronicle reports Tim Montgomery told the grand jury that Victor Conte gave him weekly doses of THG in 2001. He testified that he used the banned substance for eight months before splitting with Conte in a money dispute. Montgomery also gave secondhand testimony in which Conte told him he had given Barry Bonds the steroid Winstrol. Attorneys for Montgomery and Bonds question the validity of the Chronicle report.

June 23, 2004: USA TODAY reports that USADA is seeking lifetime bans against Tim Montgomery, Chryste Gaines, Michelle Collins and Alvin Harrison.

June 16, 2004: Marion Jones calls for a public hearing in an effort to clear her name and prevent drug allegations from keeping her out of the Athens Olympics. "I am not going to engage in the United States Anti-Doping Agency's secret kangaroo court. I will answer questions in a public forum that will be open for the entire world to see, hear and evaluate," Jones said. USADA says it is required to treat matters in confidentiality but that athletes are not bound by that requirement.

June 8, 2004: USADA confirms that it has sent letters to several track and field athletes notifying them of potential drug violations. The athletes are reported to be Tim Montgomery, Chryste Gaines, Michelle Collins and Alvin Harrison.

May 24, 2004: Marion Jones and her attorneys meet with USADA. Afterward, Jones' attorneys show the media some portions of evidence they say USADA contends links Jones to BALCO. The attorneys dispute that the documents pertain to Jones.

May 19, 2004: Kelli White accepts a two-year ban for use of undetectable steroids and EPO. She is eventually stripped of all results since Dec. 15, 2000, including her world titles in the 100 and 200 meters. White never tested positive for a substance other than modafinil; USADA cites evidence obtained from the BALCO investigation in announcing her ban.

May 17, 2004: A New York judge dismisses a suit brought by Regina Jacobs against USADA and USATF. Jacobs had sought to go outside the usual arbitration process.

May 15, 2004: Marion Jones reasserts that she is drug-free and threatens to sue if USADA imposes a sanction that's based on anything other than a failed drug test.

May 6, 2004: The Senate Commerce Committee turns over evidence from the BALCO investigation to USADA.

May 4, 2004: Kevin Toth receives a two-year ban for THG and modafinil use, USADA announces. The shot putter loses his 2003 U.S. championship and fourth-place finish at the World Championships.

April 29, 2004: Melissa Price and John McEwen receive two-year bans for THG use, USADA announces.

April 25, 2004: The San Jose Mercury News reports that a government memorandum from September claims Conte admitted providing steroids to 27 athletes. Conte's lawyer acknowledges the existence of the memorandum but denies that his client made the comments. The athletes listed include five baseball players (Barry Bonds, Gary Sheffield, Jason Giambi, Jeremy Giambi, Armando Rios), seven football players (Bill Romanowski, Dana Stubblefield, Josh Taves, Barret Robbins, Chris Cooper, Johnnie Morton, Daryl Gardener) and 15 track and field athletes (Marion Jones, Tim Montgomery, Regina Jacobs, Kevin Toth, Alvin Harrison, Calvin Harrison, Kelli White, Chryste Gaines, Eric Thomas, Michelle Collins, Ramon Clay, Dwain Chambers, John McEwen, Zhanna Block, Olga Vasdeki).

April 20, 2004: Chryste Gaines, Sandra Glover, Eric Thomas and Christopher Phillips are sanctioned for modafinil use. All receive public warnings and are stripped of results, including Thomas' U.S. championship in the 400-meter hurdles and Phillips' fifth-place finish in the 110-meter hurdles at the World Championships.

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Feb. 24, 2004: British sprinter Dwain Chambers, who trained with Remi Korchemny, receives a two-year ban for taking THG.

Feb. 16, 2004: The USOC says Kevin Toth has tested positive for THG. All four U.S. athletes who had positive tests in 2003 are now officially named. Toth says he has retired, though he intends to fight to clear his name.

Feb. 13, 2004: Four men plead innocent to federal drug possession and distribution charges detailed in a 42-count indictment.

Feb. 12, 2004: Attorney General John Ashcroft announces a 42-count indictment against four men — Victor Conte, BALCO executive James Valente, track coach Remi Korchemny and trainer Greg Anderson, who has worked with baseball player Barry Bonds. Among the charges: conspiracy to distribute and possess with intent to distribute anabolic steroids, conspiracy to defraud through misbranded drugs, and money laundering.

Jan. 13-16, 2004: The USOC announces three more positive tests: Melissa Price (THG), Regina Jacobs (THG) and Calvin Harrison (modafinil). Though modafinil would be a lesser offense under the rules at the time, Harrison would face a two-year ban as a second offender.

Dec. 30, 2003: The USOC, following its protocol for releasing names 30 days after USADA's board says it will proceed in a doping case, announces seven positive tests. Six are track and field athletes linked to positive tests for modafinil: Kelli White, Chryste Gaines, John McEwen, Chris Phillips, Sandra Glover and Eric Thomas. McEwen also is reported to have tested positive for THG. All six athletes dispute the findings.

Dec. 7, 2003: The USATF approves a new "zero tolerance" policy that would include lifetime bans for first offenses on steroids, if such a ban is legal. The IAAF considers strengthening its first-offense penalty from two years to four, but legal questions arise for that move as well.

Fall 2003: Many athletes testify before the BALCO grand jury. Among those testifying: track and field athletes Marion Jones, Kevin Toth, Regina Jacobs, Chryste Gaines and Tim Montgomery; baseball players Barry Bonds, Jason Giambi, Gary Sheffield and Benito Santiago; football players Bill Romanowski and Barret Robbins; swimmer Amy Van Dyken; and boxer Shane Mosley.

Nov. 7, 2003: British sprinter Dwain Chambers is suspended pending a hearing after U.K. Athletics announces a positive B-sample for THG. Chambers is later banned for two years. Under British rules, he also faces a lifetime ban from the Olympics.

Oct. 22, 2003: USA Track & Field CEO Craig Masback says four U.S. athletes have turned up positive A-samples (the first of two samples examined in a given test) for THG. The number had been thought to be significantly higher. The athletes are eventually revealed to be shot putter Kevin Toth, middle distance runner Regina Jacobs, hammer thrower John McEwen and hammer thrower Melissa Price.

Oct. 21, 2003: The IAAF says it will re-examine all samples from the World Championships using the new THG test. By the time re-testing is complete, no new names are added to the list of positive tests. Samples from swimming's World Championships and the 2002 Winter Olympics also are re-tested, with no positive results reported.

Oct. 16, 2003: USADA releases a statement detailing its knowledge of THG. The agency says an anonymous coach provided the agency with a used syringe containing the substance, which was previously unknown. A lab at UCLA found that the substance was a steroid and quickly developed a test.

The coach pointed to BALCO's Conte as the source of the drug, the USADA statement said. USADA says it then contacted the Justice Department.

Sept. 3, 2003: Local and federal authorities raid BALCO offices.

Aug. 30, 2003: The IAAF announces that Kelli White, who won the world title in the 100 and 200 meters earlier in the week, has had an initial positive test for modafinil. The substance isn't specifically banned, but IAAF regulations allow for "related substances" to be added. Modafinil is eventually classified as a stimulant punishable by forfeiture of results and a public warning on a first offense, though several independent physicians dispute whether it is a performance-enhancing drug. WADA later takes steps to make modafinil punishable by a two-year ban, though that punishment will not be enforced for those who tested positive in 2003.

White claims that the drug was prescribed to treat narcolepsy and that she checked its legality with proper authorities. The doctor who prescribed the drug is Brian Goldman, a former medical director at BALCO.

Summer 2003: The first hint of THG emerges when USADA receives a tip and a used syringe containing a mysterious substance. The tipster is later identified as Trevor Graham, a sprint coach whose clients include Marion Jones, Tim Montgomery and Justin Gatlin.

2002: Federal investigation of BALCO begins.

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Oct. 1, 2000: The U.S. Anti-Doping Agency begins operation. It assumes responsibility for drug testing that had previously been done by U.S. sports federations.

Sept. 26, 2000: The IOC and IAAF announce shot putter C.J. Hunter, Marion Jones' husband at the time, has tested positive on four separate occasions for the steroid nandrolone. Victor Conte appears at the news conference and said it's the result of a mislabeled nutritional supplement. Conte also said Jones was not taking the supplement. Conte accused of the IOC and IAAF of withholding information that could have helped Hunter avoid a doping offense, according to a BBC report.

2000: ZMA receives high-profile backing from U.S. sports stars Barry Bonds and Bill Romanowski.

1999: Marion Jones begins getting ZMA from BALCO. She says in June 2004 that she still takes the supplement but no longer gets it directly from BALCO.

1988-1996: BALCO claims that many successful Olympic athletes from this period took its legal supplement ZMA, which contains zinc and magnesium.

1984: Victor Conte, a former bassist for Tower of Power and other bands, forms BALCO. He does chemical analysis on athletes using an ICP spectrometer, which is used in a variety of fields.

Compiled by Beau Dure, USATODAY.com. Sources: USA TODAY, San Francisco Chronicle, San Jose Mercury News, U.S. Anti-Doping Agency, USA Track & Field, wire reports

Coalition Meeting In Oakland Vows To Focus Gang Crime (SFC)

By Jason B. Johnson, Chronicle Staff Writer

San Francisco Chronicle, January 25, 2007

OAKLAND -- A coalition of law enforcement, educators and civic leaders from 13 California cities meeting in Oakland today pledged to fight crime statewide by working together to address the root causes of street gangs.

Participants in the first California Cities Gang Prevention Network, which includes San Francisco, Oakland, Richmond and Los Angeles, said during a press conference at the Waterfront Plaza Hotel that the two-day conference would produce a blueprint that could be used nationwide by cities struggling with rising crime rates.

Oakland Deputy Police Chief Howard Jordan said he's looking for new ways to combat a surge in violence last year that resulted in 148 homicides, compared to 94 in 2005. About 38 percent of those murders were attributed to gang members.

Oakland had about 150 known gang members 10 years ago, compared to 1,500 today, Jordan said.

"We didn't spend nearly enough time on intervention as we did on enforcement. As a result of that we're changing our focus," he said.

San Jose Police Chief Robert Davis said he wants local law enforcement to do a better job of sharing information on different gangs and successful programs.

"We still don't have collaboration with other cities, and I think that's the piece that's missing," Davis said. "If we don't do that, then shame on us as a Bay Area community."

Davis said the increase in gangs now taking place in Oakland is similar to a surge in San Jose gang activity more than 10 years ago.

"If we see some of the problems in Oakland occurring that we saw in the South Bay 10 years ago, then shame on us for not helping," said Davis.

Teams of delegates will meet to outline procedures for sharing crime data and information on successful anti-gang programs. Cities represented at the conference also include Santa Rosa, San Diego, Stockton and Fresno. The main sponsors are the National League of Cities and the Oakland-based National Council on Crime and Delinquency.

Violent crime rose 3.7 percent nationally and 4.1 percent in California in the first six months of 2006, compared with the same period in 2005, according to FBI statistics.

And, 2005 saw approximately 30,607 more violent crimes than 2004, the largest single-year increase in violent crimes in 14 years, according to the FBI's 2005 Uniform Crime Report.

Gangs were involved in 56 percent of all crimes in the Western region of the country in 2005, according to the federal Justice Department's National Gang Threat Assessment.

"After years in which it looked like the crime problem was abating, it's starting to kick up again, especially in regard to homicides," said Barry Krisberg, president of the National Council on Crime and Delinquency in Oakland. "While this is a challenging development, it's also an opportunity to get things right."

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Ex-ATF Agent Says She Feared Corrupt Cop (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, January 25, 2007

A former federal agent who alleges the Chicago Police Department protected corrupt officers and destroyed her career testified Wednesday that she feared for her life after confronting notorious former Officer Joseph Miedzianowski.

Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms, has sued the city and Miedzianowski, charging that Miedzianowski turned investigators against her after she tried to report that he had stolen from a drug dealer.

Miedzianowski eventually was arrested in 1998 for running a massive drug ring and was convicted of drug conspiracy and racketeering charges in federal court.

Klipfel's husband, ATF agent Michael Casali, also contends he was retaliated against by Miedzianowski.

Lawyers for the city and Miedzianowski have denied the accusations and promised to show that the Police Department was not notified in a timely fashion that Miedzianowski might be corrupt.

Klipfel told jurors hearing the federal civil trial that she began to suspect Miedzianowski six years earlier, when he was working an ATF detail that targeted gangs and drugs. Agents and officers conducted a search at the home of a drug dealer, she said, and she saw Miedzianowski going through the dealer's pants and wallet.

"He was looking over to see if I was watching him," Klipfel said.

She told jurors the drug dealer later confided in her that Miedzianowski and some of his fellow officers were systematically stealing from him. She confronted Miedzianowski, she said, who became irate when she met up with him to discuss the allegation.

He cussed her out and kicked her car door, she said.

"It was beyond rage," she said. "He was like in a froth."

Later in an impromptu meeting at a convenience store with other officers to discuss the allegations further, Miedzianowski made more threats, she said.

"He said, 'Bitch, you're stupid,'" Klipfel said. "He said, 'There's four of us who will say you stole off this warrant'" and other warrants.

She said Miedzianowski went on to threaten to get her fired, and to say: "Think about your darling kids. We could light up your house."

Klipfel said in the coming months, Miedzianowski proceeded to make allegations against her that started a police internal affairs investigation and an internal probe at ATF. She was demoted and sent out of Chicago, she said, while Miedzianowski harassed her by paging her to call sex hot lines and the zoo.

She said she feared for the lives of her three children and had them sleep in a closet away from the windows, even moving them out of state for a time.

Klipfel could be cross-examined as soon as Thursday.

jcoen@tribune.com

Berwick Woman Sentenced In Federal Firearms Case (FDD)

By Jennifer Keefe, Democrat Staff Writer

Foster's (NH) Daily Democrat, January 25, 2007

BERWICK, Maine — The recent sentencing of 36-year-old Bobbi Lynn Bolduc of Berwick is what U.S. Attorney Thomas P. Colantuono called an example of a commitment to the "Project Safe Neighborhoods" initative.

Bolduc was charged with making a false statement in the purchase of a firearm in New Hampshire in May 2006 as she showed a New Hampshire address on her ATF form, a document required by the Bureau of Alcohol, Tobacco, Firearms and Explosives at the time of a firearms purchase.

It is a violation of federal law to make a material false statement in connection with the purchase of a firearm.

The .22-caliber revolver Bolduc purchased from Renaissance Firearms in Gonic, N.H., was later recovered in Somersworth, N.H., by police in connection with the May 2006 arrests of a 19-year-old Rochester man, a 20-year old Philadelphia, Pa., man and a 19-year-old Bronx, N.Y., man on charges of possession of 43 grams of crack cocaine and the .22-caliber handgun with ammunition.

Bolduc was sentenced Monday in U.S. District Court in Concord to six months of home confinement and two years probation.

Agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, together with the Somersworth Police Department, conducted the investigations leading to Bolduc's prosecution.

IMMIGRATION:

GOP Renews "Amnesty" Defiance (WT)

By Charles Hurt

The Washington Times, January 25, 2007

House Republicans opposed to amnesty vowed yesterday to fight President Bush's proposal to legalize millions of illegal aliens as outlined in his State of the Union address on Tuesday.

"The president worked hard to get a Congress that agrees with him on this and now he's got it," said Rep. Tom Tancredo, Colorado Republican, in reference to the Democratic takeover of both chambers of Congress in the November elections. "But we're still going to fight him on it."

Mr. Bush on Tuesday reissued his call to welcome foreigners with a guest-worker plan, and he called for a path to citizenship for millions of those here illegally.

"We need to uphold the great tradition of the melting pot that welcomes and assimilates new arrivals," Mr. Bush said in his speech to uneven applause. "We need to resolve the status of the illegal immigrants who are already in our country, without animosity and without amnesty."

More Democrats than Republicans rose in applause.

Mr. Tancredo, a longtime advocate of immigration reform, termed the refrain "same song, second verse."

"It's the same thing we've been hearing from the president for a long time," he said.

Rep. Sam Johnson, Texas Republican, called Mr. Bush's immigration proposal "empty and implausible."

"I'm sensing a real lack of commitment to combating illegal immigration," he said.

Mr. Johnson said he has seen little evidence in Texas that the administration's efforts to stop illegal entry are working.

"Our borders are out of control," he said yesterday. "Illegal immigrants are running free across the borders."

Sen. Edward M. Kennedy, Massachusetts Democrat, welcomed "the president's renewed commitment" to comprehensive immigration reform.

"The president has been a leader on this issue and I am hopeful that he will continue his efforts with members of his party so that we can pass legislation that will solve the problem once and for all," he said after Tuesday's address.

For House Republicans, Mr. Kennedy's stamp of approval was proof that Mr. Bush does not share their concerns.

"Once again, we see the president is pushing amnesty," said Rep. Ed Royce, California Republican. "The president claims this is not amnesty, but the very definition of amnesty is changing someone's status from illegal to legal. As a matter of national security, we need an immigration system that is sound, and this one is not."

As evidence of its stand against illegal entry, the administration has announced raids on businesses that hired illegal aliens.

"I think they were just for the purposes of rhetoric so the president could say he was doing something," Mr. Tancredo said, adding that he has followed up with those employers and learned that the illegals have been almost entirely replaced with, presumably, legal citizens who had been looking for work.

"If these raids prove anything, it's that we do not need a guest-worker program," he said.

Mr. Tancredo said farmers are hiring illegals despite a federal guest-worker program already in place because of the cumbersome requirements to pay certain rates and provide certain living conditions.

"Why shouldn't they ignore it?" Mr. Tancredo said. "Their own government ignores it."

He said House Republicans have "lost a lot of momentum" since pushing through a bill last year to construct about 800 miles of fencing along the U.S.-Mexico border.

"It's back to playing defense, I suppose, but that's a role I've played for six or seven years," he said.

Mr. Tancredo has announced the formation of a presidential exploratory committee, which he considers a good vehicle to continue his crusade while in the minority party.

He hopes to pull off a surprise victory on the presidential campaign trail and perhaps with an amnesty bill in the House.

"There are enough [conservative Democrats] to create a pretty significant problem for the new majority," he said with a broad smile. "A lot of them campaigned on our side of this issue and would have a lot of explaining to do back home."

TAX:

Tax Preparation Firm Banned From Practice (BUFFNEWS)

DOJ_NMG_0121395

Buffalo News, January 25, 2007

A federal judge has permanently barred a Hamburg tax preparation firm from preparing federal income taxes.

Duffek, O'Connor & Associates of Hamburg can no longer legally prepare returns because an investigation showed that the firm prepared tax returns for clients that included deductions for "fictitious and inflated charitable contributions," the U.S. Justice Department said.

According to the Internal Revenue Service, the firm understated tax liabilities of its customers by more than $2 million.

"[The] government alleged that the returns prepared by the defendants claimed fictitious and inflated employee expenses for such items as work clothes, teaching and coaching supplies, student and athlete rewards and cellular telephone expenses," the Justice Department said in a news release issued Tuesday.

According to the release, U.S. District Judge William M. Skretny issued a permanent injunction barring the firm, Brian Duffek and Patrick O'Connor from preparing federal returns.

The firm is no longer listed in telephone books and could not be reached to comment.

Rich States, Poor States (WSJ)

The Wall Street Journal, January 25, 2007

If you're searching for the next big thing in American politics, it's wise to keep an eye on the states. Here's one possibility: the abolition of state income taxes.

In Georgia, Missouri and South Carolina, Governors and state legislatures are drafting serious proposals to repeal their income taxes to promote economic development. St. Louis, one of America's most distressed cities, may overturn its wage/income tax as a way to spur urban revival. And in Michigan, the legislature is in the last stages of phasing out its hated business income tax -- the most onerous in the land. "States are now in a ferocious competition to attract jobs and businesses," says economist Arthur Laffer, who is advising several Governors and legislators on the issue, "and one of the best ways to win this race is to abolish the state income tax."

The timing for fixing state tax codes could hardly be more ideal because states are swimming in budget surpluses thanks to the booming national economy. This should be a big year for state tax cuts. Governors in Arkansas, Florida and West Virginia have already announced major tax relief plans for 2007. Even New York City has a $1 billion surplus and Mayor Michael Bloomberg is promising a property tax cut.

But the biggest target is the income tax. Newly re-elected South Carolina Governor Mark Sanford is talking of reviving his plan to phase out the income tax over 18 years. Mr. Sanford ran into opposition from the legislature in his first term, but he tells us that "I still consider this one of my top priorities and if the legislature wants to do it, I would be ecstatic."

Georgia may beat Mr. Sanford to the punch. House Republicans in Atlanta have announced that one of their top priorities is to use the half-billion-dollar budget surplus as a downpayment to "dismantle the current tax code." House Republican Majority Leader Jerry Keen tells us the debate in Atlanta is between a flat-rate income tax and a plan that would "do away with the personal income tax but broaden the sales tax by eliminating 107 exemptions. We're committed to a pro-growth tax plan that announces to the country that Georgia is open for business."

In Missouri the legislature is reviewing a plan by the state think tank, the Show Me Institute, that would increase the rate of the sales tax to 7.5% and limit spending growth to population plus inflation, in return for eliminating the state's income tax over 10 years. House Speaker Carl Bearden says "I would like to see a phasing out of our current tax structure in Missouri. . . . Eliminating the income tax can have a huge positive impact on a state's economy."

The idea of financing state services without an income tax is hardly radical. Nine states today -- Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming -- manage well without one. With a few exceptions, the non-income tax states are America's most prosperous. Meanwhile, the high income tax states, which tend to be congregated in the Northeast, keep surrendering jobs, people, and voters to the South and West.

State lawmakers also seem to have learned from two of the most recent states to adopt an income tax: New Jersey and Connecticut. As recently as 1965 New Jersey had neither an income nor sales tax, but managed to balance its budget every year. Now it has both taxes -- its income tax is the 5th highest in the nation -- but the state is facing what Stateline.org calls a "staggering budget deficit." Allied Van Lines reports that the Garden State is now one of the leading places for people to flee.

The latest state to adopt an income tax was Connecticut in 1991, but a new report by the Yankee Institute reveals that the tax has been a calamity. The state has ranked last in employment growth since 1991, losing 240,000 of its native born citizens between 1991-2002. No other state has since enacted an income tax, and lawmakers in Georgia, Missouri and South Carolina say Connecticut is now the model for how not to run a state economy.

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Whether these states will be able to eliminate their income taxes in the next few years is an open question. But what's undeniable is that the debate in state capitals has swung decisively in the direction of chopping income tax rates, not raising them.

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CONGRESS-ADMINISTRATION:

Experts Examine Bush Health Plan (WP)

By Christopher Lee, Lori Montgomery

The Washington Post, January 25, 2007

Economists are still sorting out the implications of the broad health-care proposals President Bush unveiled this week, but already some clear winners and losers are emerging.

Families with generous employer-sponsored coverage would be worse off, while those who buy insurance on the individual market, or whose health plan costs less than $15,000 annually, would come out ahead. But some of the winners will probably become losers over time, analysts said.

Moreover, while Bush's plan would alter a historic imbalance in the tax code that favors generally better-off consumers who get insurance through their jobs, it also could undermine coverage for some sicker, older people and erode the employer-sponsored system that still provides coverage to more than half of all Americans.

Some experts questioned whether the plan would have any impact on holding down spiraling health costs or extending health coverage to some of the 47 million people in the nation who have none.

"It's not solving the uninsured problem and it's not solving the cost problem, so it's not really advancing what we need to have happen," said Karen Davis, president of the Commonwealth Fund, a nonprofit health policy research organization. "What it does is favor individual insurance. . . . The question is, should you try to undermine employer coverage? Employer coverage has lower administrative costs and it covers everybody in a firm, not just those who are healthy enough to pass a medical exam."

Bush would treat the contributions that employers make to their employees' coverage as taxable income, no longer exempting from payroll and income taxes the money workers use to buy health insurance.

Instead, the president would create a new tax break for everyone who buys health insurance, regardless of where they get it. The government would allow each family to deduct $15,000 a year from its taxable income to offset the cost of its policy; individuals would be allowed to deduct $7,500.

Democrats on Capitol Hill have panned the plan.

"The president's proposals are an opportunity missed," Sen. Edward M. Kennedy (D-Mass.) said. "They will not improve access to good coverage and won't help working families afford the spiraling cost of health care."

Under the plan, which would take effect in 2009, winners would vastly outnumber the losers -- at least at first.

Families that spend less than $15,000 on their health coverage (either on their own or with an employer's contribution) would come out ahead, because the new deduction would apply to all of the money spent on premiums. A family that spends, $13,000 a year on health insurance could claim the full deduction. The administration says about 100 million people with employer-sponsored coverage would see their tax bills go down.

Other winners include the 17 million people who buy health insurance on the individual market, who would for the first time enjoy a tax break on the money they use to pay health premiums.

On the losing side are consumers with more expensive policies, especially those financed by employers, who would have to pay taxes on the money used to pay premiums exceeding $15,000. About 30 million people with employer coverage would see their tax bills go up in the first year, the administration says.

"You've got a Republican president willing to take from the rich and redistribute to the poor, which, symbolically, is a really big deal," said Thomas A. Scully, a former head of the Centers for Medicare and Medicaid Services under Bush. "It's breaking the ice to where the real source of revenue is and redistributing it from overinsured people to poor people. . . . The concept is a huge step in the right direction."

Advocates said the proposals would hold down health-care costs by motivating people to seek plans that cost $15,000 or less, and would help put basic insurance within reach of about 5 million of the uninsured. Still more people would gain coverage with the help of another Bush proposal to redirect some federal health money to new grants to assist states in finding innovative ways to cover the uninsured.

"It gives everyone a strong incentive to search for less-costly health care," said Mark B. McClellan, a health economist and former Bush adviser.

Other experts said the proposals were interesting but flawed.

The $15,000 deduction would increase annually with inflation, but health-care premiums typically rise faster. The administration estimates that in 2009, 80 percent of policies will fall under the $15,000 deduction.

After 10 years, though, only about 60 percent will, so more people would be hit by the tax, according to an analysis by the Tax Policy Center, a project of the Brookings Institution and the Urban Institute. The administration's own figures show the government losing as much as $40 billion in tax revenue in the first year but breaking even over a decade as more revenue rolls in.

Wealthier families who benefit from the deduction would get a much greater value than less-affluent families. The $15,000 deduction would be worth $5,250 to a family taxed at 35 percent but only $1,500 to one taxed in the 10 percent bracket. Moreover, more than half of the uninsured are too poor to owe any taxes and would see no benefit, according to an analysis by the conservative Tax Foundation. A more effective strategy, some said, would be to offer the poor tax credits to pay for health insurance, a strategy that Health and Human Services Secretary Mike Leavitt said yesterday the administration has considered.

Others fear the plan would prompt more employers to drop health coverage and offer employees an immediate increase in wages to buy coverage on the individual market. But those plans tend to be more expensive, less comprehensive and harder to get for consumers who are already sick.

"We're tilting the playing field toward this very flawed market," said Robert D. Reischauer, president of the Urban Institute.

Bush Plan Spotlights Uneven Tax Treatment Of Health Benefits (USAT)

By Sandra Block

USA Today, January 25, 2007

Many workers with employer-provided health insurance sign up for a plan during annual enrollment and move on with their lives.

President Bush's proposal to provide a standard deduction for all who buy health insurance is intended to encourage workers and their employers to pay more attention to the cost of health care. It's also designed to make health insurance more affordable for the 47 million Americans who are uninsured.

The plan faces stiff political resistance. Some lawmakers in the Democrat-led Congress said they wouldn't even hold hearings on the plan, arguing that it would hurt many Americans who do have insurance coverage. But Bush's proposal has managed to focus attention on the uneven tax treatment of health care benefits.

Currently, employees aren't taxed on employer-provided health insurance. The self-employed can deduct the cost of a health insurance plan. But taxpayers who work for an employer that doesn't provide insurance can't deduct the cost of buying an individual policy.

President Bush's plan would address that by creating a standard deduction for all taxpayers who obtain health insurance. Taxpayers would receive a standard deduction of $15,000 for family coverage or $7,500 for single coverage. They wouldn't pay taxes on employer-provided insurance unless their insurance exceeded the deduction.

Individuals who buy individual policies would see their taxable income reduced by the amount of the deduction, even if they spent less on their insurance.

Q: Who would be the biggest winners under this plan?

A: Individuals and families who buy individual insurance plans because they're not covered by a plan at work would get a big tax break. The White House estimates that an uninsured family of four with annual income of $60,000 that bought private insurance would get a $4,545 tax break in 2009.

Healthy workers who decline their employers' plans in favor of an individual policy with lower premiums could also come out ahead, says Edwin Park, senior health policy analyst for the Center on Budget and Policy Priorities. Those workers would still receive the full tax deduction, even if their premiums cost less, he says.

But critics say the plan would disproportionately aid high-income taxpayers, who have the most to gain from a tax deduction.

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Unlike a tax credit, which is a dollar-for-dollar reduction in your actual taxes, a deduction cuts taxable income. As a result, a $15,000 deduction is more valuable to someone in the 35% tax bracket than someone in the 15% bracket.

Q: Who would be hurt?

A: Workers who are covered by employer plans could lose their coverage, critics say. The Tax Policy Center, a joint project of the Urban Institute and the Brookings Institution, predicts that some small and midsize employers would drop their coverage.

Q: What about low-income people who pay no income tax?

A: They wouldn't get much of a benefit. The Tax Foundation estimated that the majority of uninsured Americans pay no income tax, so they wouldn't gain from the tax deduction.

But the plan includes an exemption from Social Security and Medicare taxes for those who certify to their employers that they've bought an individual plan. Nearly all workers pay those taxes. A young uninsured worker who earns $20,000 wouldn't owe income tax, but she'd still save about $1,100 — enough to pay up to 70% of the cost of an individual plan, says Joseph Antos, an analyst at the American Enterprise Institute.

Q: If the proposal becomes law, how hard will it be to find a private insurance policy?

A: There's a lot of debate on this issue. Critics of the proposal say private insurers are primarily interested in insuring healthy people. Studies have found that individuals with even minor health problems, such as allergies, are charged higher premiums in the private market, Park says. And people with serious problems might not be able to obtain coverage at any price.

The AEI's Antos counters that greater demand for individual policies would spur competition.

Bush's Gambit On Health Insurance (CSM)

By Mark Trumbull, Gregory M. Lamb

The Christian Science Monitor, January 25, 2007

With pressure building to reform America's healthcare system, President Bush has launched what may be his most ambitious bid to tackle the issue from a free- market basis.

Lately, the momentum has appeared stronger in another direction: States have been considering mandates on employers and individuals to purchase health insurance.

Mr. Bush, by contrast, wants to help more Americans get health coverage by creating new tax deductions. He's trying to wipe away a longstanding problem that America's tax code has nurtured: that health insurance is more affordable for large employers than for small employers or individual households.

Democrats in Congress say the president's idea is too little. And some analysts say that, coming seven years into his administration, it is too late.

Still, the debate over how best to contain spiraling costs and cover millions who are uninsured is far from over. Bush has made a bid for conservative ideas to be on the table as voters weigh this issue in the run-up to the next presidential election.

"I think it will help push [healthcare] further up the agenda in 2008," says Robert Blendon, an expert on health policy at Harvard University in Cambridge, Mass. "He sets the floor,... that government has some role in trying to deal with this and has to make some very substantial changes."

Political pressure for a healthcare fix has been mounting for several reasons. Costs keep rising faster than inflation. That's a problem for anyone paying for care, but for many employers it's a matter of global competitiveness. The rising cost of health benefits are one big reason, for instance, why US automakers are having trouble competing with foreign rivals. The soaring costs also mean that many small employers don't offer insurance. About 16 percent of Americans – 46 million people – lack coverage.

Three paths toward reform

The debate now includes three major paths down which America's health system can travel:

•Trying to preserve and improve elements of a free market, with competition and information for consumers holding prices in check. Call it the Bush plan.

•Mandating that all employers provide insurance to their workers, or contribute a share of their payroll to help government insure the workers. This is the path many states are taking.

•Shifting toward a single-payer system, the model in many developed countries, where Congress would expand a program like Medicare to be an insurance provider for all Americans.

Health insurance is currently a blend of federal, state, employer, and individually purchased coverage – and it's likely that the nation will maintain some form of hybrid system.

But with Democratic victories in last fall's election, momentum has shifted toward proposals that involve stronger government involvement.

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In his State of the Union address Tuesday night, Bush acknowledged the need for Washington to do more, but he also tried to define a limit.

"Government has an obligation to care for the elderly, the disabled, and poor children," Bush said. "For all other Americans, private health insurance is the best way to meet their needs."

He outlined two major proposals.

One would be a standard tax deduction for health insurance, $15,000 for families, $7,500 for individuals. But health insurance that costs more than that – whether obtained through an employer or individually – would be considered taxable income.

In effect, this would help level a playing field in which employer-based insurance enjoys tax-free status, while individuals must buy insurance with after-tax dollars. This would save $4,500 for a family of four earning $60,000 a year, thus helping to put insurance "within reach" for more Americans, Bush said. The new taxes on those with high-end insurance would help offset the cost of this plan.

Second, he said the government should provide grant money to help states that are coming up with innovative ways to cover the uninsured.

Those could include states such as Massachusetts, which is seeking to achieve nearly universal insurance through a mandate that all individuals obtain insurance. In California, Gov. Arnold Schwarzenegger recently launched a similar proposal.

Support for leveling the playing field

Many healthcare experts support the notion of leveling the playing field, in terms of tax treatment, for employers and individuals.

And by taxing those with expensive insurance, it would counter the regressive nature of the current tax system. (As businesses deduct their healthcare expenses, top-tier workers with the costliest coverage are reaping the largest government subsidy.)

But many experts also say the plan does not go far enough. For one thing, they say, it won't result in coverage for most of the uninsured.

"We have to have a system of universal insurance coverage," says Henry Simmons of the National Coalition on Health Care, a nonprofit, nonpartisan group in Washington.

The coalition is one of several lobbying for more sweeping changes to expand coverage, control costs, and improve the quality of care.

Universal coverage could be achieved through mandates on employers or individuals, or through expansion of government programs, Dr. Simmons says.

Business groups, for their part, say they welcome a full debate of these and other options. But they are wary of a single-payer approach.

In part, that's based on skepticism of whether it will be effective at containing costs that are rising faster than overall inflation.

Some experts say the fast-growing spending isn't necessarily a bad thing. Medical technology and treatments are improving, they say, so it's natural that health spending has grown to about 16 percent of the national economy.

And they say that a single-payer system would reap big reductions in administrative costs.

But others note that countries with purely single-payer systems are not all happy with their systems, and some are trying to shift in a more market-oriented direction to curb costs and expand consumer choice.

In the US, the cost of Medicare alone promises to strain the federal budget in the years ahead, and even that program doesn't cover all health costs for the elderly Americans it serves.

"I have yet to hear a proposal coming out of the single-payer crowd [to address soaring costs] other than 'Trust me, things will be better,' " says Joseph Antos, a health policy expert at the conservative American Enterprise Institute in Washington.

Dr. Blendon, at Harvard, predicts that Democrats won't generally push for a single-payer system. He expects a Democratic plan to extend public coverage to children, expand Medicaid, "but the rest of their efforts will be to get working populations into private coverages."

That leaves plenty to debate this year and beyond.

Bush Health Plan Shifts Onus To The Consumer (WSJ)

By Jane Zhang, Sarah Lueck

The Wall Street Journal, January 25, 2007

DOJ_NMG_0121400

President Bush's proposal for easing the nation's health-care woes -- encouraging families to buy insurance on their own instead of relying on employer-provided insurance -- differs from approaches favored by Massachusetts and California as well as many Democrats in Congress.

In their bids to extend health-care coverage to millions of uninsured, former Massachusetts Gov. Mitt Romney and California Gov. Arnold Schwarzenegger, both Republicans, aim to shore up existing coverage, which has been offered by fewer employers in recent years. The Massachusetts plan, which was supported by Democratic Sen. Edward Kennedy, requires all but the smallest employers to offer health insurance, or else pay an assessment to the state. In California, a similar requirement would compel employers that don't offer insurance to pay a 4% payroll tax.

Both states would require all residents to have health insurance, offering government coverage or subsidies to those who are without coverage through an employer.

Mr. Bush, in contrast, avoids mandates and instead would use the tax code to make individually purchased health insurance more appealing and affordable. In a break with the past, he would make employer-provided health insurance taxable, but create a tax deduction of $15,000 for families and $7,500 for singles, for everyone who gets insurance, through work or on the open market. That is designed, the White House says, to be fair -- by treating individuals who buy insurance and now receive no tax break, the same as employees who are covered through their work and can exclude the value of the insurance from taxable income. Another part of the president's plan would help states extend coverage to the uninsured by diverting money from hospitals that care for the poor into state insurance pools.

"What you are seeing is indicative of sharp philosophical differences," said Robert Laszewski, a health-policy analyst. "One is to build on the employer-based system that most Democrats embrace and the other is to develop an entirely new system controlled by the consumer, not the employer," which many -- though far from all -- Republicans and the president endorse.

Whether Mr. Bush's plan will contribute to a further erosion of employer-sponsored health coverage was debated yesterday. Health and Human Services Secretary Michael Leavitt told reporters that the president's plan will "absolutely not" have a negative effect on the employer-based system. Rather, he said, it does something that states can't: changes the federal tax code to help individuals buy health insurance. "I do not see employers leaving the employment-based system," he said.

Not everyone in the administration agreed. At a White House briefing on Tuesday, Joel Kaplan, deputy chief of staff for policy, acknowledged that the proposal could accelerate the trend of employers dropping insurance, but emphasized that workers left without coverage would, thanks to the new tax deduction, have the means to "buy insurance in the individual market in a way that they can't now."

Some employer and industry groups fretted about the proposal. Neil Trautwein, vice president of the National Retail Federation, said, "The fear is that if it becomes more attractive for people to decline employer coverage and buy on the open market, then you could get great spirals in the employer plans. I'm not convinced we should take away one of the pillars that has been supporting the health-care system."

Democratic lawmakers said that expanding government programs, not changing the tax code, is a cheaper, simpler way to lower the ranks of uninsured than relying on the individual market, where policies often are expensive and people with health problems have trouble buying coverage at any price. "With the individual market, people pay more for [policies]; they also pay for insurance company overhead. And [private insurers] traditionally discriminate against people with prior medical problems," said Rep. Henry Waxman, a California Democrat and a senior member of a House committee that oversees health-care issues.

Nina Owcharenko, a senior policy analyst for health care at the Heritage Foundation, said the Bush plan would complement states' effort to expand coverage: "The states control the regulatory structure of the individual market," especially for small businesses and individuals, and "this proposal is saying, 'How do we work together?' "

Ms. Owcharenko added: "This is trying to find a way to make sure there's a market for an individual so they can buy health insurance. Both can co-exist.

Michael Leavitt (CSM)

The Christian Science Monitor, January 25, 2007

Key elements of the domestic program President Bush unveiled in Tuesday's State of the Union address are aimed at helping cure Americans' discontent with the nation's healthcare system.

But getting the proposals through the Democratically controlled Congress will be a tough sell.

"A rigorous and robust debate is about to ensue on how to accomplish" the goal of providing affordable health insurance for all, says Michael Leavitt, Secretary of Health and Human Services. As part of the selling of the president's healthcare proposals, Mr. Leavitt spoke to a roomful of reporters at a Monitor sponsored lunch Wednesday.

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A Gallup Poll conducted January 15-18 found Americans deeply dissatisfied about the US healthcare system. Seven out of 10 of those polled were dissatisfied with the availability of affordable healthcare. Half of those polled were dissatisfied with the quality of medical care. And more than six out of 10 are dissatisfied with the Social Security and Medicare systems.

In his address to the nation Tuesday, President Bush outlined two key health related proposals. First, Mr. Bush proposed a standard tax deduction for health insurance -- $7,500 for individuals and $15,000 for families. The administration argues the plan will make health insurance more affordable and level the playing field for those who buy insurance on their own rather than through their employer.

"For millions of other Americans who have no health insurance at all, this deduction would help put a basic private health insurance plan within their reach," the president said Tuesday evening.

"In my mind, it is simply indefensible for our country to have a tax policy that provides a tax benefit to part of our citizens and simply ignores the rest," Leavitt said. Currently, Americans who get health insurance through their employer pay no tax on the value of the insurance while those who buy insurance on their own get no tax break and pay for insurance with after tax dollars.

The president also rolled out what the administration called an "Affordable Choices Initiative." Under the plan, states that provide poor and hard-to-insure citizens with basic health insurance will get additional federal funding to help cover the cost of the insurance. To come up with funds for this new program, the federal government would give less aid to hospitals that serve large numbers of Medicare and Medicaid patients.

The current approach "is not a very efficient system," Leavitt said. "There is a better way to deal with this. And our desire is to have a discussion in each state on how best to deal with charity care. We need a charity care system. There will likely be people who are uninsured no matter what system...But if you were able to insure half of those people who currently turn up uninsured, they would get better healthcare and there would be no reason for us to be sending the same amount of money to hospitals to care for people who don't have insurance."

Key Democrats show little enthusiasm for the president's proposals, especially the plan to offer a standard deduction for health insurance. House Ways and Means Committee Chairman Charles Rangel (D) of New York told the Associated Press, "This is a dangerous policy that ultimately shifts cost and risk from employers to employees and could result in a higher number of uninsured. " The influential chairman added, "the new Democratic majority in Congress is interested in relieving, not increasing, working families' tax burden."

Secretary Leavitt denied the plan was dead on arrival. "Now it may be the debate will begin to center on different proposals, perhaps it will be an offshoot of this one. But we need to have this debate. This is a problem ripe for solving."

Leavitt also denied that the president ducked on offering solutions to Social Security's and Medicare's long term financial problems. "There is a great deal of conversation going on right now with leaders of the Congress," on those issues, he said. "We are going to see a lot of discussion about both Social Security and Medicare."

While most of the conversation at the lunch centered on healthcare, Leavitt was also asked about the 2008 presidential race. A reporter mentioned a recent poll by the political newsletter Hotline that showed some voters are concerned about former Massachusetts Governor Mitt Romney's Mormon faith. Leavitt, a Mormon who served 11 years as governor of Utah, responded, that Mr. Romney "is going to emerge as a viable, well thought of presidential candidate and I think in time the question of his religion will turn out to be a curiosity for people and not affect his candidacy in a significant way."

Credit Offer (WP)

The Washington Post, January 25, 2007

ONE OF THE tweaks that would make President Bush's new health-care proposal much more attractive would be changing the proposed tax deduction for those who purchase insurance to a tax credit. Yesterday, the day after the president unveiled the proposal in his State of the Union address, Health and Human Services Secretary Mike Leavitt signaled the administration's openness to doing just that.

At a luncheon sponsored by the Christian Science Monitor, Mr. Leavitt said there were "redeeming tax policy features to using a credit" but that the administration had decided to "propose as a starting place" to use the mechanism of a standard deduction instead. That sounds like a door opening to us -- and a door skeptical Democrats ought to be willing to poke their heads through. Transforming the deduction into a credit would create a proposal that is fairer and that would do more to reduce the ranks of the uninsured.

Why? The Bush proposal would create a separate standard tax deduction -- $7,500 for individuals, $15,000 for families -- for those who purchase health insurance. While this would make the system more progressive than it is now, the deduction

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would still be worth far more to those in higher tax brackets. Conversely, a tax credit would treat all taxpayers equally: the $22,000-a-year factory worker would get the same break as a $220,000-a-year lawyer.

An even better approach, suggested in a thoughtful analysis by the Tax Policy Center of the Brookings Institution and the Urban Institute, would make the credit progressive (lower-income taxpayers would get a larger credit), refundable (taxpayers who don't pay enough taxes to reach the amount of the credit would get money back) or both.

Not only would a credit be more equitable, it would be more effective. Because it would be worth more to lower-income recipients, it would give them a greater incentive to purchase insurance, either by participating in employer-sponsored plans or by buying it on their own. There is the separate, and important, problem of making certain that insurance is available on the private market at an affordable price, but that does not diminish the fact that a credit is the preferable approach.

And consider this: In every previous budget, Mr. Bush has proposed a refundable tax credit for health coverage. Given Mr. Leavitt's apparent openness to change, why don't Democrats suggest modifying the president's plan to do just that?

Congress Office Forecasts Drop In U.S. Deficit (NYT)

By Edmund L. Andrews

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — The nonpartisan Congressional Budget Office predicted on Wednesday that the federal budget deficit would shrink again this year and could actually swing into a surplus in 2012 — but only if President Bush's tax cuts expire in 2010.

The agency predicted that the deficit for 2007 would decline to about $200 billion. It would be the third big annual decline in a row, and it would come even though spending on the war in Iraq is expected to remain high this year.

The decline of the deficit comes on the heels of unexpectedly large increases in tax revenue over the last two years and slower-than-expected increases in spending on Medicare.

Much of that increased revenue came from taxes on sharply higher corporate profits and big gains in the stock market, even though Congress reduced the tax rate on capital gains and stock dividends in 2003.

The agency's "baseline" estimate, one that assumes current law does not change, is that the deficit will decline to $172 billion this year, from $248 billion in the past fiscal year, which ended Sept. 30, 2006. As a practical matter, officials said, the actual deficit will probably be about $200 billion because of outlays for the war.

It is a rare piece of good news for President Bush, coming as he is struggling to persuade Congress to accept his strategy of sending more troops to Iraq and as his public approval ratings are at an all-time low.

White House officials boasted that the projections validated Mr. Bush's strategy of cutting taxes to stimulate the economy and ultimately generate higher tax revenues.

"Two years ago, the president laid out an ambitious goal to cut the deficit in half by 2009, and we met that goal three years early," said Rob Portman, the White House budget director. "We are now on a solid path toward the president's new goal to achieve a balanced budget by 2012."

But Congressional budget officials cautioned that the projections were not as sunny as they looked, in part because they assume that Congress will let President Bush's tax cuts expire in 2010, along with many corporate tax breaks, and will not try to shield millions of families from a big increase in their tax bills because of the alternative minimum tax.

Mr. Bush and most of his Republican allies in Congress have pushed to make the tax cuts permanent, rather than letting them expire at the end of 2010 as they are scheduled to do. Even some Democrats favor extending the tax cuts that benefit middle-income families.

Extending the tax cuts would cost the Treasury $1.4 trillion in the next 10 years and increase the deficit in 2017 alone by more than $400 billion.

Lawmakers in both parties have wanted to restrain the alternative minimum tax, a parallel tax that was aimed at only the richest families but has not been adjusted for inflation. If left unchanged, the alternative minimum tax is expected to engulf tens of millions of families with annual incomes of $100,000 and less.

Preventing an increase in the alternative tax would cost $1.2 trillion over 10 years and add more than $200 billion to the deficit in 2017, the budget office estimated.

Democrats countered that the fiscal picture remained bleak. "While any improvement in the deficit is a welcome development, today's report from C.B.O. is no cause for a declaration of victory," said Representative John M. Spratt Jr., the South Carolina Democrat who is chairman of the Budget Committee.

After factoring in the cost of tax cuts, Mr. Spratt said, the new report offered a "bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course."

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The budget office tried to include costs of the war in its projections. But the baseline projection included only the $70 billion in “bridge” financing that Congress approved last year, and President Bush is expected to submit a supplemental request next month that could be more than $100 billion.

The agency estimated that actual outlays during the 2007 fiscal year would total almost $100 billion and add about $25 billion to the deficit beyond what the baseline estimate indicated. That estimate is consistent with others that war costs are running about $8 billion a month.

Congressional analysts had a more difficult time with war costs in 2008 and beyond. If the United States reduced troops in Iraq to 30,000 in 2010, from more than 130,000 today, the agency estimated, the spending on Iraq would be about $300 billion less than it assumes right now.

Over the long term, the Congressional Budget Office said, the real budget problem will be the surge in spending on Social Security and Medicare as baby boomers retire.

It echoed Ben S. Bernanke, chairman of the Federal Reserve Board, who told Congress last week that the recent improvement in the budget was merely the “calm before the storm” and that the nation would face “draconian” choices between severe cuts in benefits and steep tax increases if it failed to act quickly.

Likewise, the budget office said there had been no “substantial change” to the problems that lie a few years ahead. “Either a substantial reduction in the growth of spending, a significant increase in tax revenues relative to the size of the economy, or some combination of spending and revenue changes will be necessary,” it said.

Surpluses Could Be Just Promises (USAT)

By Richard Wolf

USA Today, January 25, 2007

WASHINGTON — A day after President Bush pledged to balance the federal budget by 2012 without raising taxes, Congress' budget agency said it probably can't be done.

In a report that will guide this year's debate on spending and taxes, the Congressional Budget Office (CBO) on Wednesday projected budget surpluses beginning in 2012 only if current laws and policies remain the same.

The president and Congress, however, are seeking tax changes that would wipe out the projected surpluses and drive up the deficit by hundreds of billions of dollars. Those changes include extending Bush's 2001 and 2003 tax cuts and preventing millions of taxpayers from being hit by the alternative minimum tax, which increases taxes on people with large deductions.

In addition, the report warned the White House and Congress that the future growth of Medicare, Medicaid and Social Security threatens to unravel deficit-reducing initiatives. By 2050, federal spending on the two health care programs alone would equal 20% of the nation's economy, up from 4.5% today.

"The central long-term problem facing the federal government is health care," said Peter Orszag, the agency's new director. "It is implausible that economic growth alone will eliminate the nation's long-term fiscal imbalance."

Arguments between the White House and Congress over how to erase large deficits dominated budget debates throughout the 1980s and most of the '90s. As a share of the economy since World War II, the deficit peaked in 1983 at 6%. Deficit-reduction agreements in 1990, 1993 and 1997 reduced the red ink, but it took the strong economy of the late 1990s, symbolized by a booming stock market, to create a surplus.

It didn't last long. After four years, recession, war and Bush's tax cuts combined to produce deficits, which peaked at $412 billion in 2004, or 3.6% of the economy. Since then, a surge in corporate tax receipts has helped shrink the deficit to $248 billion, according to the CBO's figures; the White House estimate is $296 billion.

Bush will deliver his proposed 2008 budget on Feb. 5. In Tuesday's State of the Union address, he vowed to balance the budget by 2012 "without raising taxes. What we need to do is impose spending discipline."

In the short term, the CBO report offered some good news. It projected that the deficit would drop to about $200 billion this year and about $100 billion in 2008, partly due to savings in federal health care programs such as Medicare's new prescription-drug coverage. Those numbers will change depending on the cost of the wars in Iraq and Afghanistan, as well as other spending and tax decisions.

The White House seized on the short-term estimates Wednesday. "We are now on a solid path toward the president's new goal to achieve a balanced budget by 2012, while making the tax cuts permanent and better constraining spending," said Rob Portman, the White House budget director.

Democrats focused on the longer-term projections. "The estimates from CBO become a bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course," said House Budget Committee Chairman John Spratt, D-S.C.

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It's A Balanced Budget Or Tax Cuts, Report Says (LAT)

By Joel Havemann

The Los Angeles Times, January 25, 2007

WASHINGTON — President Bush can balance the budget within five years, or he can get Congress to extend his tax cuts beyond their scheduled expiration, the Congressional Budget Office reported Wednesday — but probably not both.

Bush has said otherwise, committing himself in Tuesday's State of the Union address, as he did earlier this month, to providing Congress on Feb. 5 with spending and tax proposals for fiscal 2008 that would put the budget on a path toward balance by 2012.

"We must balance the federal budget," Bush said Tuesday night. "We can do so without raising taxes."

The nonpartisan CBO, in its annual report on where current spending and tax policies would take the budget over the next 10 years, did not contradict Bush in so many words. But its tables painted an unmistakable picture of a budget that needed an extra infusion of cash or a sharp reduction in outlays if revenue were ever to exceed spending.

And even if the budget could be balanced by 2012, said Peter R. Orszag, the CBO's director, the retirement of the baby-boom generation could quickly unbalance it: Not only would the wave of retirees force the government to spend more for Social Security, Medicare and other benefit programs, he said, but it would drain the population of taxpaying wage-earners.

Republicans in Congress saw the report as portraying a potentially bright budgetary future.

"Congress is within reach of balancing the budget without raising taxes if significant entitlement reforms are enacted within the next five years," said Rep. Paul D. Ryan of Wisconsin, the top Republican on the House Budget Committee

Rep. Roy Blunt of Missouri, who ranks second in the House GOP leadership, was more enthusiastic. "Tax relief has spurred unprecedented economic growth," he said, "and these results prove that we can balance our budget without raising taxes."

To Democrats, the fiscal outlook was much gloomier. Senate Budget Committee Chairman Kent Conrad of North Dakota said the CBO must base its projections on current spending and tax law, without regard to likely changes. And currently, he said, the Iraq war is underfunded — the administration is expected soon to ask for an additional $100 billion for this year — and the tax cuts that Bush wants made permanent are due to expire at the end of 2010.

When the budget office's projections are adjusted for these and other factors, said Rep. John M. Spratt Jr. (D-S.C.), chairman of the House Budget Committee, the result is "a bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course."

Liberal and conservative budget analysts took the Democrats' slant. Brian M. Riedl, lead budget specialist at the right-of-center Heritage Foundation, said the new numbers implied that balancing the budget by 2012 without increasing taxes meant that federal spending could be $294 billion greater in 2012 than 2007. But in that period, he noted, Social Security, Medicare and Medicaid costs would rise by $367 billion.

Under current law, if the tax cuts expire as scheduled at the end of 2010, the budget would swing nearly to balance in 2011 and show a $170-billion surplus in 2012, the CBO estimates.

But that would occur only if Congress allows the tax cuts to expire. Such a decision — far from a forgone conclusion — would generate $268 billion in revenue in 2012. Without it, there would be a $100-billion deficit.

The budget office said other likely tax actions — notably, continued relief from the alternative minimum tax, which increasingly hits middle-class taxpayers instead of just the very wealthy — would add $160 billion more to the 2012 deficit.

On the spending side of the budget, substantial troop reductions in Iraq could save $43 billion in 2012. But that could be more than offset if Congress let domestic appropriations, which Bush has targeted for no increase even for inflation, grow as fast as the combination of economic output and inflation. Altogether, the policy changes identified by the CBO could turn the 2012 surplus of $170 billion into a deficit of $245 billion.

For What It's Worth, CBO Sees Zero Deficit (WP)

By Lori Montgomery

The Washington Post, January 25, 2007

The federal budget deficit will fall to $172 billion this year and $98 billion next year, then disappear completely by 2012, according to a report released yesterday by the Congressional Budget Office. But virtually nobody -- not even top CBO officials -- believes it.

That is because the CBO, the nonpartisan office that supplies Congress with cost estimates, is required to make some whopping assumptions, including: that all of President Bush's tax cuts will expire on schedule in 2010; that the alternative

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minimum tax will be permitted to ensnare millions of additional taxpayers; and that the war in Iraq and other military operations will never cost much more than the $70 billion that has so far been approved for the fiscal year that ends in September.

Back in the real world, even Democrats want to extend at least some of the Bush tax cuts. Even the White House wants to halt the expansion of the alternative minimum tax. And, as for global war efforts, the president is calling for an additional 21,500 troops to be sent to Iraq and is expected to ask Congress to approve an additional $100 billion for this year alone.

Add it all together, and the deficit would be about $200 billion this year, according to the CBO -- down from the $248 billion deficit recorded in fiscal 2006 and a big drop from the $413 billion spending gap the government racked up in 2004, the largest ever in dollar terms.

But the deficit would climb back up to $275 billion in fiscal 2008, according to Democratic budget leaders, who are just starting work on the 2008 budget. And by 2012, the deficit would be back in the $300 billion range, Democrats said, with the national debt climbing higher and a projected explosion in Social Security, Medicare and Medicaid costs right around the corner.

"You have to acknowledge this is good news. It will make it easier for all of us to bring the budget into balance over a reasonable length of time," House Budget Committee Chairman John M. Spratt Jr. (D-S.C.) said of the positive changes in CBO's official estimates. "But this is no time to get euphoric."

Both Spratt and Senate Budget Committee Chairman Kent Conrad (D-N.D.) have vowed to bring the budget into balance by 2012, as has the president. Bush is scheduled to deliver his five-year budget plan to Congress on Feb. 5.

In a statement, Bush's budget director, Rob Portman, hailed the CBO projections as further evidence that the nation is "on a solid path toward the president's new goal to achieve a balanced budget by 2012."

But Portman told reporters that the White House, too, is projecting larger immediate deficits than the CBO foresees. He said the president's fiscal 2008 budget will include some expensive items left out by the CBO, including a permanent extension of the business tax credit for research and development and, perhaps, a plan to hold the number of households hit by the alternative minimum tax steady at about 4 million for another year.

"Our number will be a little higher than theirs because we make different assumptions. But we'll be consistent in our ability to reduce deficits and balance the budget by 2012," Portman said, adding that the president's plan predicts a surplus in 2012.

In a briefing at the CBO's offices, new director Peter R. Orszag acknowledged that the numbers "may not conform to what many people expect will actually happen in the future." But the CBO is required to make projections based on current law, not on conventional wisdom or even political reality, Orszag said.

For that reason, the CBO's 173-page budget outlook includes a chart titled "Budgetary Effects of Selected Policy Alternatives Not Included in CBO's Baseline" that makes it possible for people to assemble their own budget projections.

Tax Decisions Could Affect Deficit Outlook (WSJ)

The Wall Street Journal, January 25, 2007

WASHINGTON -- Congressional budget experts said the fiscal 2007 deficit could fall to $172 billion if current policies remain in place, down from $248 billion in 2006, but the gap could worsen depending on how Congress addresses several looming tax-policy decisions.

The Congressional Budget Office projections exclude the cost of an anticipated $100 billion war supplemental-spending bill. If that money is approved, CBO expects about $25 billion of it will be spent in 2007, bringing the year's deficit to about $200 billion, according to new CBO Director Peter Orszag. Fiscal year 2007 began Oct. 1, 2006.

Office of Management and Budget Director Rob Portman said the president's budget will likely result in a higher deficit for fiscal year 2007 than predicted by CBO. "Our number will be a little higher than theirs," Mr. Portman told reporters. "But, it will be consistent with the broad theme of reducing deficits and [reaching] balance by 2012," Mr. Portman said. President Bush will continue a U.S. military buildup while offering a package of entitlement cuts as part of a plan to balance the budget by 2012, a senior administration official said yesterday.

CBO sees the deficit dropping to $98 billion in 2008 and, after a brief increase in 2009 and 2010, leveling out in 2012 and turning into a surplus. Aiding the decline is that revenue is projected to grow an average of 5.2% over the next 10 years and as much as 7% in 2007.

However, CBO's deficit projections assume that the tax cuts enacted by Mr. Bush are allowed to expire in 2010 and that the alternative minimum tax, which is expected to ensnare 33 million Americans by 2010, isn't fixed. Making the tax cuts permanent, which Mr. Bush has requested, would inflate the deficit by about $1.9 trillion over 10 years, according to CBO. Fixing the AMT, which was intended to capture high-income earners but has begun to hit the middle class because it wasn't indexed for inflation, would increase the deficit by $569 billion over that same period.

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Mr. Orszag also warned that the favorable outlook suggested by the 10-year projections "doesn't alter the long-term fiscal imbalance" caused by the ballooning costs of entitlement programs such as Medicare and Social Security. Medicare and Medicaid alone are expected to grow from 4.5% of gross domestic product to 20% by 2050, as health-care costs increase and an aging work force begins collecting benefits.

CBO said either a substantial reduction in the growth of spending, a significant increase in tax revenue or some combination of both would be "necessary to promote long-term fiscal stability."

CBO Projects Deficit Of $172 Billion In '07 (WT)

By Stephen Dinan

The Washington Times, January 25, 2007

The Congressional Budget Office said yesterday that this year's federal deficit will be $172 billion, far smaller than last year's tally, and that the budget is on track to be balanced by 2012 without any action or interference from Congress or the president.

But the CBO cautioned that the short-term number doesn't include $30 billion in expected war costs, and that the long-term picture is unlikely to materialize because it assumes giant tax increases with the expiration of President Bush's 2001 and 2003 tax cuts and with the growth of the alternative minimum tax. Congress and the president have promised to cut at least some of those taxes.

"When these adjustments are made, the estimates from CBO become a bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course," said House Budget Committee Chairman John M. Spratt Jr., South Carolina Democrat.

The figures set the stage for Mr. Bush, who will present his fiscal 2008 budget early next month. That fiscal year begins Oct. 1.

Rob Portman, director of the Office of Management and Budget, said Mr. Bush will show a higher deficit in 2007 and different projections for later years because he makes different assumptions. Mr. Portman said a key difference is that the administration's budget will assume the tax cuts do not expire.

Still, he said Mr. Bush's budget also will show declining deficits and a balanced budget in 2012.

"Congress should be encouraged by this news, and I am optimistic that we can work together -- across party lines -- to keep the economy strong and spend taxpayer dollars wisely," he said.

The good fiscal news is thanks mostly to extraordinary revenue growth, rather than spending cuts.

Although Mr. Bush has touted a promised balanced budget by 2012, the CBO's projections show the balance would be achieved without any help from Mr. Bush -- as long as he didn't propose deeper tax cuts or more spending.

The CBO projects a $170 billion surplus in 2012, after a deficit of $12 billion the year before. The 2006 deficit was $248 billion.

In 2011, the CBO projects, the federal debt will peak at $5.4 trillion before declining as the budget comes into balance.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said that however good the news, it is still a long way from the huge surplus projected for 2007 when Mr. Bush took office six years ago.

"The reality is that this CBO projection represents a $750 billion deterioration in the budget outlook for fiscal 2007 from the one President Bush inherited when he took office," Mr. Hoyer said.

The CBO report included a warning about the long-term picture, with the aging population putting more stress on Medicare, Medicaid and Social Security.

"Either a substantial reduction in the growth of spending, a significant increase in tax revenues relative to the size of the economy, or some combination of spending and revenue changes will be necessary," the report concluded.

War Costs Extend Budget Deficit Gap (AP)

By Andrew Taylor, Associated Press Writer

AP, January 25, 2007

Budget estimates released Wednesday showed some improvement in the deficit but gave little solace to Democrats struggling to match President Bush's promise to balance the budget.

The new forecast from the Congressional Budget Office put the deficit for the current budget year reaching about $200 billion after factoring in Iraq war costs. Last year's deficit was $248 billion.

Both the White House and the top Democratic budget writers welcomed the improved outlook, but difficult disagreements remain over how to close the gap.

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The CBO, a nonpartisan agency that provides lawmakers with estimates of the budget and the costs of legislation, said the budget could run a $170 billion surplus in the 2012 fiscal year.

That figure, however, assumes Congress will let Bush's tax cuts expire at the end of 2010, effectively raising taxes on income, inheritances, married couples and parents.

The Bush administration releases its budget Feb. 5 and promises it will be balanced by 2012 without any such tax increases.

White House budget director Rob Portman met on Capitol Hill with a group of moderate House Democrats and claimed such lawmakers as allies in the president's effort.

"This notion that you have to raise taxes to achieve balance ... is no longer the environment or the scenario," Portman told reporters.

He said Bush's budget would achieve balance with improved but still "cautious" estimates of tax revenues. They probably will be more optimistic than the CBO's estimates.

Bush has one significant advantage in the upcoming debate. In designing his budget, Bush can assume his changes are put in place. He does not have to consider the political difficulties of getting the Democrat-controlled Congress to go along with cuts to hospitals and other Medicare providers and new fees on airline passengers and veterans seeking health care.

The chairman of the House Budget Committee, Rep. John Spratt, D-S.C., and his Senate counterpart, Sen. Kent Conrad, D-N.D., have the difficult job of trying to advance a budget that unites politically fractious factions of their party.

Their task is made even tougher because the CBO's figures understate the true magnitude of the nation's fiscal woes.

Not included, for example, are the future costs of modifying the alternative minimum tax to head off a revolt by middle-class taxpayers.

Extending Bush's tax cuts and changing this tax would swamp the projected surplus for 2012 with $425 billion in lost revenues and interest costs, according to CBO figures.

Spratt and Conrad say factoring in such costs presents a truer picture of the 2012 deficit at $313 billion. That would guarantee wrenching choices for lawmakers promising to erase the deficit.

The CBO's new projections credit revenue increases and lower costs for federal health care programs for the bulk of the improvements to this year's deficit.

Just last July, the White House predicted a $339 deficit for 2007. The CBO's new director, Peter Orszag, based his $200 billion prediction by combining the agency's baseline deficit of $172 billion with about $25 billion in additional war spending.

Bush is expected to send Congress a Pentagon request for about $100 billion for Iraq and Afghanistan, but only $25 billion or so will actually be spent before the Sept. 30 end of the current budget year, Orszag said.

Like virtually all of his predecessors, Orszag sees troubling signs in the long term. Rising health care costs and the looming retirement of the baby boom generation promise to swamp the Medicare program unless Congress steps in with politically painful tax increases and or benefit cuts.

"Some combination of either spending reductions, revenue increases or a combination of the two will be necessary to bring the nation's long-term fiscal house in order," Orszag said.

Byrd Fires Warning On Spending (RC)

By Emily Pierce

Roll Call, January 25, 2007

In an apparent attempt to head off conservative Republicans intent on restraining Congressional spending, Senate Appropriations Chairman Robert Byrd (D-W.Va.) is circulating a memo warning that without increased funding for some programs the federal government may have to lay off or furlough thousands of key homeland security, consumer safety and health care personnel.

With the current stopgap funding measure set to expire Feb. 15, Byrd and House Appropriations Chairman David Obey (D-Wis.) are gearing up for a fight with Republicans over how to make sure that 13 Cabinet agencies, Congress and countless independent government agencies continue to operate for the remainder of fiscal 2007, which ends Sept. 30. Congress already has approved fiscal 2007 funding for the Defense and Homeland Security departments.

The current continuing resolution freezes federal spending at fiscal 2006 levels, and conservative Senators such as Jim DeMint (R-S.C.) and Tom Coburn (R-Okla.) have pushed to keep the government funded at 2006 levels for the remainder of the fiscal year to trim as much as $7 billion from the discretionary spending budget.

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But the Byrd memo predicts that if Congress maintains those levels for the remainder of fiscal 2007, "it would result in thousands of layoffs in the public and private sectors; it would cut off health care for members of America's Armed Forces; and it would close the doors to medical care for thousands of our veterans."

One skeptical Senate GOP aide said the memo is just hyperbole from appropriators who consistently resist efforts to rein in Congressional spending.

"This is like the appropriator who cried 'wolf' in the sense that they say this year after year whenever a CR is put in place," the aide said. "The wild accusations they make never come to pass."

DeMint said on the Senate floor Jan. 11 that appropriators could not be believed.

"You will notice, despite what has been said, we passed a continuing resolution at the end of last year and didn't pass our appropriation bills. Of course, as you look around, you see the country is still operating just fine," DeMint said. He added, "I would make the case we need a system that, if we are not able to have ample debate and discussion about appropriations, we don't have all this fanfare about closing down the government every year and scaring our senior citizens and our veterans that something is not going to come that they need."

Still, Byrd's memo provides a useful window into the programs and government offices likely to see modest increases in a $463 billion 2007 joint spending resolution, which could be on the House floor as early as next Wednesday.

Byrd spokesman Tom Gavin stopped short of saying the memo reflected how the joint resolution would be structured, but noted, "The areas highlighted in this document are certainly areas of concern."

For example, the memo warns that the Food Safety and Inspection Service would have to begin furloughing its entire staff beginning the first week of September, an action that could result in the shuttering of 6,000 meat and poultry processing plants across the country because FSIS staff would not be on site.

The document does not say how much money it would take to keep the FSIS up and running through the end of September.

Meanwhile, Byrd's office estimates that the FBI would be $80 million short, face a yearlong hiring freeze, and have to fire some special agents, intelligence analysts and other support staff if forced to operate under fiscal 2006 funding levels.

Similarly, the daily operations budget of the Army Corps of Engineers would face a $22 million shortfall — requiring the Corps to fire 250 of its 900-person staff, according to Byrd's office. And the federal judiciary would have to trim its staff by 2,500 — a scenario that could affect parole officers' capacity to track convicted felons, the memo noted.

The Social Security Administration would have to furlough 65,000 employees for more than a week if the $180 million projected shortfall under 2006 levels were allowed to continue, the memo asserts. Plus, the 1-800-Medicare call center likely would have to close down for the "final months of the fiscal year," the document says.

The biggest ticket item in the memo, however, is the $3.2 billion needed to shore up veterans' medical care — a figure that has been known for months.

Though the memo plays up the impact of funding shortfalls on national security, the elderly and veterans health care, a number of priorities championed by the new Democratic majority are highlighted as well.

For example, the document notes that implementation of the No Child Left Behind Act would remain at half the authorized level and that funding for Pell Grants for higher education would be frozen for the fifth year in a row.

Bush Proposes Broadening The No Child Left Behind Act (NYT)

By Diana Jean Schemo

The New York Times, January 25, 2007

WASHINGTON, Jan. 24—The Bush administration called on Wednesday for an array of changes to the president's signature education law. The proposals would give local school officials new powers to override both teachers' contracts and state limits on charter schools in the case of persistently failing schools.

The proposals are part of the administration's blueprint for revising the No Child Left Behind Act, which Congress is scheduled to renew this year. Margaret Spellings, the education secretary, said the goal was to provide students in failing schools with other options and "to make sure we have our best personnel in the neediest places."

President Bush signed the No Child Left Behind Act into law in 2002. It requires schools to test students in reading and math annually in grades three to eight, and establishes progressively more severe penalties for schools that fail to make adequate progress, including shutting the schools altogether.

Administration officials said there were currently about 1,800 of these schools across the country, where students have failed to meet state targets for reading and math for more than five years. But they said that loopholes in the current law allowed them to avoid serious action indefinitely.

"We all have to answer the question what are we going to do about that," Ms. Spellings said in a telephone news conference. "This is the president's answer to, Is the promise of No Child Left Behind real?"

She said that allowing local officials to close failing schools and replace them with charter schools would give children new options. Charter schools are publicly financed but freed from many of the regulations that apply to traditional neighborhood schools.

In 26 states, including New York, there are limits on how many charter schools can be opened. Critics point to a lack of consistent research showing charter schools are any more effective than traditional public schools in raising achievement.

Ms. Spellings said local superintendents would also be helped if they could transfer teachers in their districts to help improve poorly performing schools, even if union contracts banned such moves.

Edward J. McElroy, president of the American Federation of Teachers, derided the proposal as "silly on its face," adding, "I have a feeling they're setting up a straw man just to knock it down."

While allowing for "areas of agreement" with the president's blueprint, Senator Edward M. Kennedy, the Massachusetts Democrat who is chairman of the education committee, said he was "disappointed that the administration has proposed circumventing state law" with its proposal on charter schools.

In the House, Representative George Miller, the California Democrat who is chairman of the education committee, rebuffed the administration's move to allow superintendents to override contracts, which he called a "proposal to gut collective-bargaining agreements."

Separately, he rejected the administration's call for school vouchers. President Bush proposed, as he has every year since taking office, taxpayer-financed vouchers to allow children in struggling schools to transfer to private schools.

"Private school vouchers," Mr. Miller said, "have been rejected in the past, and nothing has changed to make them acceptable now. They are the same bad idea they have always been."

Other administration proposals seemed likely to be more acceptable, among them: a call for a federal fund that would give extra pay to teachers who are most effective in raising children's test scores, or who agree to teach in the neediest schools; and allowing districts with failing schools to first offer children tutoring before allowing them to transfer.

The administration also proposed requiring states to publicize how their students perform on a national exam, known as the nation's report card, side by side with student performance on state exams. The move is intended to pressure states to make their own standards more rigorous.

Congress will consider the president's blueprint as it takes up hearings to renew the law this spring. But with the presidential race taking shape, it is not at all certain that Congress will complete the job this year.

In moving to update the law, Congress and the administration are threading their way through discontent from across the political spectrum, from teachers unions upset that the law's testing requirements are dictating what teachers do in the classroom to conservatives who say education should remain a purely local matter.

Michael J. Petrilli, an Education Department official in Mr. Bush's first term who recently called the law "fundamentally flawed," said the administration's proposals represent "a pretty decent repair attempt."

"It's 50 percent stay the course, 30 percent tweak and tuck, and 20 percent bold new ideas," Mr. Petrilli said.

He added, "Not bad for a president with 33 percent approval ratings, though the package as a whole has about a zero percent chance of getting through Congress."

Bush Proposal Revives Private-school Vouchers (USAT)

By Greg Toppo

USA Today, January 25, 2007

On the heels of the State of the Union address, the Bush administration unveiled its education wish list Wednesday. It proposes more leeway for administrators to move good teachers into poorly performing schools and would provide a $4,000 check for students who would rather leave the public system for private school.

Education Secretary Margaret Spellings released the 15-page plan as Congress gears up for hearings on reauthorizing President Bush's No Child Left Behind law. Hearings could come as early as spring; the law expires this year.

Under the plan, school districts would be required for the first time to send parents a "report card" showing how students do both on state skills tests and on a more rigorous national test. In many states, the majority of students meet state standards but not national requirements.

The move could force schools to toughen coursework in math and reading.

Among other proposals, the plan would:

•Allow students with poor skills to get federally funded tutoring earlier, even if a school isn't required to offer it to all students.

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•Give schools more flexibility with federal money. For instance, money intended for safety programs could be spent on reading or teacher training.

•Allow a more generous measure of student progress, giving credit for year-to-year gains even if children don't meet rising benchmarks.

A controversial proposal would allow supervisors to move talented teachers to struggling schools even if a union's collective bargaining agreement forbids it. The law now prohibits such moves if they conflict with union contracts. Spellings says the plan is a tool "to get these best people in the neediest campuses."

Edward McElroy, president of the American Federation of Teachers, says the union "would oppose any federal intervention" in local contracts. The move may not get better teachers into struggling schools but could drive good teachers out, he says. "This is a whole area where we need thoughtful study rather than people setting up straw men and knocking them down."

The proposal to allow students in persistently failing schools to use about $4,000 in federal money to attend a school of their choice faces steep odds. Congress has killed similar plans in Bush's budget each year since 2001.

Sen. Edward Kennedy, D-Mass., who chairs the Senate education committee, says he'll look closely at the administration's ideas: "I am sure there will be areas of agreement." But, he says, "I am disappointed that the administration has once again proposed siphoning crucial resources from our public schools — already reeling from increased requirements and budget cuts — for a private school voucher program."

Spellings says she'll "fight hard" for the vouchers and the rest of the plan.

"I see this as a very vigorous package of proposals that are sound and make sense when they are taken together," she told reporters Wednesday.

Spellings Stands Firm On 'Real School Choice' (WT)

By Amy Fagan, The Washington Times

The Washington Times, January 25, 2007

Education Secretary Margaret Spellings said yesterday the administration will fight tenaciously for a few key changes to its signature education law, including helping children in chronically failed public schools to attend private schools instead.

During his State of the Union speech Tuesday, President Bush called on Congress to renew one of his key domestic accomplishments -- the No Child Left Behind Act -- this year, and the administration yesterday laid out its suggestions, including new requirements for high schools, a new focus on science, and aggressive restructuring tools for schools that have failed to make progress during the past five or six years.

Mrs. Spellings told editors and reporters at The Washington Times yesterday that she thinks a bill to renew the law will be ready to move through the Senate education panel by March or April.

"We must be much more aggressive and much more vigorous about those restructuring notions, including offering real school choice to the kids on those campuses," Mrs. Spellings said. "We've given them a chance, we've given them resources, and it's time for us to say '[The law] is a real promise and other options have to be brought to bear.' "

Top Democrats, such as Sen. Edward M. Kennedy of Massachusetts, chairman of the Senate education panel, immediately balked at the school-choice provisions, while indicating agreement in other areas. Democrats' top goal is to secure a steep funding boost for the law, and Mrs. Spellings indicated the administration will use that as a bargaining chip.

"What levels of funding are calibrated to what levels of reform I think is the discussion we'll have this year," Mrs. Spellings said. "But you bet I am going to fight for these policies."

She said funding details won't be released until Mr. Bush sends his budget to Capitol Hill in the coming weeks.

Mr. Bush's proposal for renewal wouldn't change the bulk of the five-year-old law, which mandates that students be able to read and do math at grade level by 2014, and requires that states set standards and administer annual tests.

But Mrs. Spellings said she has "never been involved in the passage of a perfect bill," so some changes are needed.

The administration's proposal adds science to the list of subjects tested, requiring students to reach grade-level proficiency by 2020. It also would set more tests and requirements for high schools, such as collecting better graduation-rate data and partnering with colleges to develop English and math curricula that better prepare students for the workplace.

Meanwhile, conservatives on Capitol Hill have worried the administration will try to dramatically expand the law, either with more funding, by mandating new requirements for high schools, or both.

Some Republicans in the Senate and House want to keep the law's high standards in place but let states enter a five-year performance agreement with the federal government in exchange for less regulation and more flexibility in how they would use federal dollars and would track their progress.

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The administration's proposal doesn't go that far, though it does give states more flexibility in how they spend their federal education dollars.

Mrs. Spellings said she has spoken with some of these concerned conservatives and is open to more discussion, as long as the core requirements of the law aren't watered down. But she also said there will be some degree of increased education funding this year.

Among its more contentious suggestions, the administration proposal would allow more aggressive action to be taken when a school has consistently failed to make progress for several years. Currently, chronically failing schools must offer their students the option of another public school or after-school tutoring.

But if a school fails to meet improvement standards repeatedly, which Mrs. Spellings defined as five or six years, the new proposal would give each child about $4,000 to take to another public school or a private school. It also would allow superintendents in these areas to convert the schools into charter schools even if a state's charter-school limit has been reached. Superintendents also would be able to break union contracts in order to move teachers within these schools.

Right now, about 1,800 schools fall into this "chronically underperforming" category.

In communities with several failing schools, the administration proposal also would offer scholarships for pupils to attend private schools.

Democrats have argued that these struggling schools need more money in order to meet the law's tough requirements.

House education panel Chairman George Miller, California Democrat, slammed the school-choice idea yesterday, saying it "didn't pass muster when Republicans controlled the Congress, and it certainly won't pass muster now that Democrats do."

Mr. Miller said he'd consider some of the administration's ideas but added "we won't know if the president is seriously committed to the law until we see his budget."

Feds Try To Build On No Child Left Behind Act (PPG)

By Eleanor Chute, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 25, 2007

Changes proposed to help students in struggling schools

Five years after the signing of the No Child Left Behind Act, which raised the stakes for standardized testing, the Bush administration has released its plans for the next chapter.

The administration's wish list includes keeping the hallmarks of the law -- school accountability based on standardized tests in reading and math -- and making changes to increase its reach, flexibility and ability to improve the lives of students in chronically low-performing schools.

In a conference call from Washington yesterday, U.S. Education Secretary Margaret Spellings announced the administration's priorities, called "Building on Results: A Blueprint for Strengthening the No Child Left Behind Act." In his State of the Union address Tuesday night, Mr. Bush urged Congress to improve the law -- "without backsliding" -- and to reauthorize it.

Proposed changes include:

Holding schools accountable for achievement on science tests, beginning in 2008-09 at three grade levels, with all students to be proficient by 2019-20.

Expanding on the use of growth models, which look at how much a student grows in a school year, not just the final score, to judge schools.

Providing vouchers -- worth an average of $4,000 per student -- to enable students in chronically low-performing schools to transfer to private or other public schools. The money would include both federal Title I money and newly created Promise Scholarships of $2,500 per student.

Setting up "Opportunity Scholarships" within set geographical areas to help students attend private schools through a local scholarship program.

Fostering charter schools, with the department supporting "all viable charter applications that improve academic outcomes" even if the number exceeds any caps states have.

Permitting school administrators in the most troubled schools to transfer teachers as they see fit despite any collective bargaining agreement to the contrary.

Requiring states to develop by 2010-11 course-level academic standards for English and math that "prepare high school students to succeed in college and the global workplace."

Ms. Spellings emphasized the desire to keep the "core principles," which include having all students proficient in math and reading by 2014 and using annual tests and results broken down by race, income and other factors to hold schools accountable.

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In a written statement, Pennsylvania Education Secretary Gerald Zahorchak said the department "supports the fundamental purpose of the act," but the proposal has "some vague areas where the details will be critical to the success of the implementation."

Amy Wilkins, vice president for government affairs and communication at The Education Trust, which works for equal education opportunities, said she's pleased the administration appears to be "holding the line on an accountability system which demands real progress on gap closing," but agreed there are too few details to tell what some of the proposals mean.

Ms. Spellings said some of the proposals focus on "What are we going to do for kids trapped in schools that underperform?"

One way, she said, would be for students to have a chance to attend better-performing schools, including private schools. Others include flexibility in spending tutoring money or other federal funds.

Mr. Bush also had included a voucher proposal the first time around, but that didn't survive a then-Republican controlled Congress. Some observers think it's even less likely to survive a Democrat-controlled one.

Ms. Spellings said the amount of money for NCLB will be announced next week in Mr. Bush's budget proposal. The blueprint states there will be a "substantial increase" in federal Title I money so that more will go to help high school students.

John Tarka, president of the Pittsburgh Federation of Teachers and a member of the NCLB task force of the American Federation of Teachers, said, "Unfortunately, I think that much of what we see in the recommendations [is] pretty much the same old song resung." He said the plan still relies too much on standardized tests.

As for vouchers, he said, "It's one guaranteed way to avoid addressing the true problems. ... What we have to do is work to make sure [public] schools are places where parents and children and the community are happy to have their children."

Andy LeFevre, executive director of REACH Alliance in Harrisburg, a school choice advocacy group, said he thinks vouchers "make perfect sense" and would be enough money to help families.

Ms. Wilkins hopes Congress can reauthorize the act early this year before the presidential election cycle is in full swing.

"The important thing to say is 'stay tuned.' Everybody, including the president, is sort of staking out positions," Ms. Wilkins said.

"The positions people stake out early in the legislative process are rarely where we end up at the end of the process."

Bush Proposes Adding Private School Vouchers To 'No Child' Law (WP)

By Amit R. Paley

The Washington Post, January 25, 2007

The Bush administration yesterday unveiled an education plan that would allow poor students at chronically failing public schools to use federal vouchers to attend private and religious schools, angering Democrats who vowed to fight the measure.

The private school vouchers, which on average would be worth $4,000, were among a series of proposals presented yesterday that President Bush hopes will be included in the reauthorization of his signature education initiative, No Child Left Behind.

In a conference call with reporters, Education Secretary Margaret Spellings said the initiatives were necessary to help students in the nation's 1,800 most persistently under-performing schools.

"How do we answer the question: What do we do for kids trapped in schools that continue to under-perform?" she said. "Is the promise of No Child Left Behind real?"

Democrats in Congress assailed the plan -- which also would allow low-performing schools to override union contracts or become charter schools despite state laws limiting their creation -- and expressed concern that the politically charged proposals could delay the reauthorization, which is scheduled for this year.

"Ideological proposals like private school vouchers and attacks on collective-bargaining agreements won't help this reauthorization move forward on shared, bipartisan goals," said Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate Health, Education, Labor and Pensions Committee.

The plan also includes measures that enjoy bipartisan support. It addresses one of the most persistent criticisms of No Child Left Behind: that schools that meet state testing goals overall but fail in a small category must provide all students in the school with free tutoring or the option to transfer to another school. Under the president's proposal, only students in the categories that failed would receive those options.

The initiative also would hold schools accountable for test scores in science starting in 2008 (the current program holds schools accountable only in reading and math). It also would for the first time require states to publicize their performance on a national test that states are already required to administer.

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Reg Weaver, president of the National Education Association, the nation's largest teachers union, attacked the administration's proposal to allow some school administrators to override labor contracts to push out bad teachers and attract better ones.

"The No Child Left Behind law was designed to close the achievement gap, not to strip collective-bargaining agreements," he said.

The president's plan also would allow mayors to take over chronically failing schools and for those schools to transform themselves into charter schools, even if that would violate a state law capping the number of charter schools.

It was the private school voucher proposal, modeled on a plan implemented in the District in 2004, that seemed to anger some Democrats. The program in the Distict provides $7,500 vouchers, known in the administration as scholarships, to about 1,800 students, from kindergartners to high school seniors, attending 58 private schools.

"We have seen that the sky doesn't fall when kids go to private schools with public money," said Jeanne Allen, president of the Center for Education Reform, who was briefed on the plan in advance by White House staff. "So school choice is not nearly as scary as some congressmen have led us to believe."

Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee, called the voucher proposal a "bad idea" that was unlikely to gain traction in Congress. "Private school vouchers, which would divert taxpayer dollars away from public schools that need them, have been rejected in the past and nothing has changed to make them acceptable now," he said in a statement.

Spellings insisted that the administration will try to push through even those proposals likely to face stiff resistance in Congress. "I plan to fight hard for the whole kit and caboodle," she said.

New Education Reforms Get Mixed Reviews (AP)

By Nancy Zuckerbrod

AP, January 25, 2007

Democrats and teachers' unions are criticizing the Bush administration for proposing to let school officials override collective bargaining agreements and state laws in an effort to reshape the No Child Left Behind law.

The recommendations are part of a plan that Education Secretary Margaret Spellings released Wednesday. It details changes the administration wants in the five-year-old education law, which is up for renewal this year.

The law seeks to ensure that all children can read and do math at grade level by 2014, requirements that have placed unprecedented demands on schools. They have had to increase testing, raise teacher quality and pay more attention to the achievements of minority children.

Spellings told reporters in a conference call that some proposals would meet resistance. But she said it was important to address the problems facing chronically failing schools; her department estimates there are about 1,800 such schools.

"How do we answer the question, 'What are we going to do for kids who are trapped in schools that continue to underperform?'" Spellings asked.

The goal is to free school administrators from parts of local contracts that govern teacher assignments. This is promoted as a way to get good teachers into troubled schools and help push out bad teachers.

Edward McElroy, president of the American Federation of Teachers, said the proposal does not make sense.

"To have a superintendent who is a party to the contract ... then have the authority to override it is silly beyond words," McElroy said.

He said trying to force experienced teachers into troubled schools would lead them to seek jobs elsewhere. "Getting people to go to a school can't be as a result of a coercive act," McElroy said.

A second proposed change would allow local officials to close failing schools and turn them into charter schools, regardless of any state limits on the number of charter schools. These are public schools that sometimes are run by private entities and usually are free of many of the regulations that govern traditional public schools.

The administration says the federal government has the right to include the charter school and contract language in a renewed No Child Left Behind law as strings attached to the billions of dollars in aid it provides to these schools.

Massachusetts Democratic Sen. Edward Kennedy, chairman of the Senate committee overseeing education issues, said he was disappointed that the administration has proposed "circumventing state law."

Kennedy and union leaders also criticized a proposal that would give students in failing schools private school vouchers. Each scholarship would be worth an estimated $4,000.

"School vouchers divert scarce dollars from underfunded public schools and move us farther from achieving a great public school for every child," said Reg Weaver, president of the National Education Association, the largest teachers' union.

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The top Republican on the House committee overseeing education indicated the measure would have GOP support.

"If we are truly serious about meeting the goals of No Child Left Behind, we must equip parents with every available option so their children can learn, succeed, and grow," said Rep. Howard "Buck" McKeon, R-Calif.

Some aspects of the administration's proposal won bipartisan praise.

Republicans and Democratic leaders back the administration's plan to stick with the law's 2014 reading and math goal, though some have said it is unrealistic.

A proposal to allow schools to consider how much students progress each year, not just whether they meet specific benchmarks, was applauded by all.

In addition, lawmakers appear willing to consider a proposal that would hold states accountable for students' science scores in addition to the math and reading assessments.

There also seems to be support for requiring states to create standards and tests linked to what students should know when they start college or go to work.

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On the Net:

Bush administration proposal: http://www.ed.gov/policy/elsec/leg/nclb/buildingonresults.html

Bush School Rule Changes Affect Chicago (CHIT)

By Stephanie Banchero, Tribune Staff Reporter

Chicago Tribune, January 25, 2007

The Bush administration called Wednesday for Congress to strengthen the No Child Left Behind law by ratcheting up penalties on low-performing schools, giving districts more latitude to transfer teachers to failing schools, and providing poor children vouchers to attend private schools.

The plan, released by the U.S. Department of Education a day after Bush's State of the Union address, also would give districts more power to convert failing schools to charters, even if that meant subverting state-imposed charter caps. Such a move would greatly benefit the Chicago Public Schools system, which has been thwarted from opening more than the state-allowed 30 charter schools.

"I see this as a very vigorous package of proposals that are sound and make sense if taken together," said U.S. Education Secretary Margaret Spellings. "This is the president's answer to the question, 'Is the promise of No Child Left Behind real?' If this proposal is not what Congress had in mind, then we all have to ask them what they have in mind."

Spellings will be in Chicago Thursday to tour a charter school and promote the president's proposals.

But the plan already is coming under fire from some Democrats, who object to vouchers, and from teachers union officials, who are opposed to a plan that would allow districts to subvert collective bargaining agreements and move teachers to underperforming schools.

"Once you put vouchers and teacher contracts out there, this is war," declared Reg Weaver, president of the National Education Association, the nation's largest teachers union. "It appears that, instead of putting forth areas that we have commonality on, they put forth the stuff where they knew there would be no agreement. If we have to go to war, we are certainly prepared to do so."

No Child Left Behind, Bush's signature domestic policy, comes up for renewal this year. The five-year-old act mandates that schools test students in math and reading and holds them accountable for the results. Schools that repeatedly fail are subject to increasing sanctions. Students in those schools can transfer out or receive free tutoring.

Spellings laid out a laundry list of proposals that touch virtually every aspect of public education, from high school reform to teacher quality to penalties for chronically underperforming schools. Many of the proposals, including those that would give schools move flexibility in determining student progress and relaxing requirements on testing special education students, are likely to receive bipartisan support and applause from educators nationwide.

Some proposals, however, are certain to draw fire.

The so-called "Promise Scholarships" will meet stiff resistance. Under the plan, a poor student who attends a chronically failing school would be given a $4,000 voucher, which could be used to transfer to a private school. Bush tried to insert a voucher component into the No Child Left Behind Act five years ago, but it was defeatedby Democrats.

Sen. Edward Kennedy (D-Mass.), who chairs the Senate Health, Education, Labor and Pensions Committee, already has attacked the voucher proposal. "Once again, he proposes siphoning crucial resources from our public schools—already reeling from increased requirements and budget cuts," Kennedy said in a statement.

Other major changes in the plan include:

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Results from state science exams would be used to determine whether schools are meeting federal goals. Currently, only math and reading results are considered.

States would be required to publish a report card that compares student results on state exams with performance on more rigorous national exams.

Students who attend schools where test scores are low for two consecutive years would be eligible for free tutoring. Currently, the school must fail for three years before free tutoring is offered.

States would have to develop assessments that measure whether high school students are prepared for college and must report those results to the public.

A school that has failed for five consecutive years would be required to make substantial changes to its staff or reconstitute the school's governing structure. Currently, schools have a third option that allows them to make minor changes to improve student learning.

What Can Bush Achieve In Two Years? (CSM)

By Linda Feldmann, Peter Grier

The Christian Science Monitor, January 25, 2007

The final quarter of George W. Bush's presidency has begun, and a big question looms: Can he achieve anything significant in his remaining time in the White House?

The Democrats now control Congress, a fact of life that was almost palpable when President Bush delivered his State of the Union address Tuesday night in the Capitol. Despite calls for common ground and an end to partisanship, powerful forces in both parties don't see reason for compromise. And the unprecedentedly early and active start to the 2008 presidential campaign leaves little breathing room for key players to work together, away from partisan pressures.

But there is some hope. Both the Democrats in Congress and Mr. Bush, each for their own reasons, need to show accomplishments. The Democrats don't want to lose control of Congress in two years, after fighting so hard to regain it. And Bush has his legacy and the Republican Party's image to consider. Polls show the public clamoring for an end to the intense partisanship that has dominated national policymaking since the 1990s.

The first half of Bush's State of the Union speech, that portion devoted to domestic policy, was crafted to identify areas of possible cooperation between the parties. In taking that approach, the president showed a clear recognition that the political environment has changed dramatically since his reelection.

"On healthcare and certainly immigration and on energy, there is a possibility that the two sides can meet again," says Stephen Wayne, a political scientist at Georgetown University in Washington. "A lot depends on the willingness of the president to compromise, and his willingness to share credit with the Democrats."

The 800-pound gorilla in the wider policy mix is Iraq. The war's unpopularity with the American people, and Bush's chronically low job-approval ratings, give him little political capital with which to work. The president's controversial decision to boost the US presence in Baghdad and Anbar Province by 21,500 troops may be absorbing whatever capital he has left.

Despite Bush's repeated pleas for Americans to give the plan a chance, including in the State of the Union, he faces increasingly bipartisan challenges to it in Congress. The biggest blow came on Monday, when Sen. John Warner of Virginia – the top Republican on the Armed Services Committee – introduced a resolution opposing the plan. Wednesday, the Senate Foreign Relations Committee began consideration of a resolution rejecting Bush's plan, with strong support from committee Democrats and at least one Republican, Chuck Hagel of Nebraska.

Even supporters of the plan are challenging the president over Iraq in ways unheard of before. One supporter in the House, Republican leader John Boehner, is calling for a monthly report from the administration that would gauge progress on military, political, and social benchmarks set for Iraq.

The fact that Bush spent fully half of his State of the Union address on Iraq, Iran, and the war on terror – after much advance focus on the speech's domestic initiatives – demonstrates how central these foreign-policy matters will be to the remainder of Bush's presidency.

Still, if the potential for success in Iraq in the next two years remains an open question, the president clearly wants to show that he is not consumed by Iraq and can address matters closer to home. Among other things, he said he would soon submit a budget plan that would run in the black after five years. He called on Congress to cut the number of legislative earmarks – special-interest items slipped into bills at the last minute – by half in this session.

But his two biggest domestic items were his healthcare and energy initiatives.

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On healthcare (see story), Bush called for legislation that would establish tax deductions for health-insurance payments worth $15,000 for families and $7,500 for individuals. Employer-financed benefits greater than that would become taxable income under this plan.

About 80 percent of workers with health insurance through their jobs would get a tax reduction, according to the White House, while 20 percent would see their taxes go up. Those currently uninsured might find healthcare within their reach.

"Changing the tax code is a vital and necessary step to making healthcare affordable for more Americans," said Bush.

Critics, such as Rep. Pete Stark (D) of California, chairman of the House Ways and Means Subcommittee on Health, say that the poor pay little in taxes in any case, and thus a tax deduction is worth less to them than to wealthier Americans.

Representative Stark says he won't even consider holding hearings on the subject. Administration officials insist that critics' attitudes toward the proposal may change.

"This is a bold, new proposal. It's going to take some time for people to absorb it and to understand it," said Joel Kaplan, deputy chief of staff for policy, at a briefing for reporters.

On energy, Bush called for a 20 percent reduction in gasoline usage by 2017. "When we do that, we will have cut our total imports by the equivalent of three-quarters of all the oil we now import from the Middle East," said Bush.

This gas cut would be achieved mainly through a huge increase in the amount of ethanol and other alternative fuels blended into the fuel supply, under government mandate. The administration also proposed raising the fuel-economy standards for passenger cars.

An energy change of this magnitude would be huge. Producing the necessary ethanol could require the conversion of at least 30 million acres – possibly the biggest change in American land use since the Civil War, according to Steven McCormick, president of the Nature Conservancy.

"That will have serious implications for both water and soil quality and wildlife habitat," said Mr. McCormick in a statement. "It could also significantly raise the cost of gasoline impacting local economies."

In addition to substance, the atmospherics of Bush's address provided plenty of fodder for commentary among members. From inside the hall, the high point seemed to come when Bush and Nancy Pelosi (D) of California – the first woman speaker – stepped up to the podium amid tumultuous applause. After that, political reality seemed to set in.

"He was down. His heart wasn't in it. He overreacted to the number of Democrats. He's facing the last two years without a whole lot of pleasure," said Sen. John Rockefeller (D) of West Virginia.

Republicans looked for the silver lining in an evening that featured as much nonapplause as applause, as members sought to show displeasure at times by sitting on their hands. But it could have been worse for Bush, some suggested.

"He made it tough for his critics to be too hard on him by repeatedly emphasizing opportunities to work together and find common ground," especially on issues such as energy independence and health care, said Rep. John Shadegg (R) of Arizona.

Senate Firefighters (WP)

By David S. Broder

The Washington Post, January 25, 2007

Despite the raging controversy over Iraq military policy, President Bush's plea for bipartisan cooperation on the domestic agenda has a chance of success in the Senate. The reason has less to do with sympathy for the politically weakened chief executive than a dynamic that has gone largely unnoticed among the senators themselves.

Since the midterm election created a near-even balance in the Senate -- 51 Democrats and 49 Republicans -- serious efforts at cross-party communication have developed momentum.

Forty senators showed up on Jan. 9 for the first of a planned series of weekly 8 a.m. breakfasts designed to provide neutral ground where lawmakers of both parties can meet, rather than caucusing separately.

Yesterday, some 60 top Senate staffers of both parties held a similar breakfast session aimed at obliterating party lines and fostering personal relationships.

The core of the "Gang of 14" -- the self-selected bipartisan caucus that negotiated the compromise on judicial filibusters and averted an explosion in the Senate in 2005 -- has reconstituted itself as a "fire department" ready to douse other blazes.

And at the top, Majority Leader Harry Reid and Minority Leader Mitch McConnell have forged a personal relationship of unusual trust, and already they have used it to rescue landmark ethics legislation from threatened defeat and steer it to overwhelming passage.

All this has happened in the first weeks of a session in which the Senate had to adjust to a sudden shift of party control from Republicans to Democrats. No comparable spirit has developed in the House of Representatives, where the new Republican minority is complaining bitterly that dissenting views have been stifled.

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There is no guarantee that the budding spirit of fellowship among senators will survive the Iraq debates and persist into the spring and summer, when other big issues reach the point of decision. But as Bush suggested in his State of the Union address, at least some issues -- education, immigration, health care, energy and the environment -- are open to bipartisan approaches.

The powerful current toward consensus-building flowing through the Senate has two sources. Politicians who were at home last autumn had their ears burned by constituents frustrated by the partisanship of the past Congress and its failure to act on issues of national concern. "The last election was a resounding repudiation of the status quo," said Sen. Olympia Snowe of Maine, one of the few Republican survivors in New England.

And senators themselves are weary of excessive partisanship. "All our time is spent in team meetings, playing petty kindergarten games about what we're going to do to each other," said Republican Sen. Lamar Alexander of Tennessee, referring to the party caucuses.

Snowe and Alexander became ringleaders in two of the efforts to break down party barriers. Alexander teamed with Sen. Joe Lieberman of Connecticut, reelected as an independent Democrat, as co-hosts of the new Tuesday morning breakfasts for senators of both parties.

With senators seated at round tables of eight, and the seats alternating between Republicans and Democrats, the breakfasts feature five-minute briefings by a pair of senators from opposite parties on an issue about to reach the floor, followed by 20 minutes of discussion of that issue and a half-hour of general conversation. No votes are taken; no policy set. But senators, without staff, get to listen to each other and build personal bonds.

After skipping a week for the Martin Luther King Jr. holiday, the second such breakfast was held Tuesday, and 24 senators showed up, even though they were not expected to return to Congress until that night's State of the Union address. Lieberman and Alexander are hopeful the weekly breakfasts will become a staple on senators' calendars.

At the head of the reinvigorated core group of the Gang of 14 are Snowe and Democratic Sen. Mary Landrieu of Louisiana. They have no fixed meeting schedule but a readiness to intervene if the opposing parties seem headed for gridlock.

Landrieu explained her motivation: "The success of the Gang of 14 was not just a success for the Senate. It was also a very personally rewarding experience. We met for rather long periods, with no staff allowed, and literally talked and listened very quietly. That experience changed me; it made me think we need to do this more often -- find a quiet time and use it to search for common ground."

The two efforts are complementary -- not in competition. The Snowe-Landrieu common ground group will work on policy; the Lieberman-Alexander breakfasts are primarily social. But Lieberman expressed the hope of all the organizers when he said, "We're trying to change the atmosphere here and make agreement a little easier to come by."

Democrats Hedge On Bipartisan Pledge (WT)

By S.a. Miller

The Washington Times, January 25, 2007

House Democrats say they intend to honor their pledge to allow Republicans to participate in writing legislation, but they won't say when.

"I said we were going to be fair, not stupid," said Majority Leader Steny H. Hoyer, adding he is wary of Republicans using amendment votes as ammunition for future campaign attack ads.

"But we do intend to engage, involve and allow Republicans to have substantive opportunities as we consider legislation," the Maryland Democrat told reporters. "We want Republicans to have the opportunity to offer amendments in committee [and] amendments on the floor."

He still hasn't said when the majority will open up the amendment process, known as using "regular rules."

What's more, Republicans say, the majority is flouting the rules that are in place.

That prompted Minority Leader John A. Boehner yesterday to introduce a resolution rebuking House Democrats.

"We've extended the hand of friendship to each other in hopes of working together for the common good," the Ohio Republican said. "Unfortunately, the hand of friendship is being slapped away by the actions of the majority. You simply can't talk about cooperation at the same time you're circumventing the rules of the House to shut the other side out."

The resolution died in a party-line vote.

Through a spokesman, House Speaker Nancy Pelosi dismissed Republican concerns.

"The Republicans have a problem," spokesman Drew Hammill said. "They are having a hard time finding issues to talk about and today's comments by Mr. Boehner are further evidence of that."

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The new Democratic majority suspended regular rules to hurry passage of its "100-hours" agenda, including legislation to raise the minimum wage, authorize more stem-cell research funding, subsidize lower student-loan interest rates and end oil-industry subsidies.

The bills passed and the 100-hour rush ended a week ago, but regular rules "remain suspended."

"Just treat us the way you [had] asked to be treated," Mr. Boehner told Mr. Hoyer earlier this week during debate of a bill to which Republicans were not allowed to offer amendments.

The bill, which would ban federal pensions for members of Congress convicted of certain crimes while in office, passed in a unanimous vote Tuesday.

Without regular rules, Republicans couldn't offer amendments that would have expanded the list of pension-losing crimes, including some unrelated to abuse of office -- ranging from white-collar embezzlement crimes to political crimes such as securing campaign contributions by intimidation.

"My colleagues on this side of the aisle want to participate," Mr. Boehner said. "We want to work with the majority in the best interest of the American people, and we can do that together. But the only way to do that is to go through regular order."

The debate of the bill -- and the rules -- grew heated as Republicans repeatedly raised objections.

"The process has been shut down to us, and that is why we are upset," said Rep. Lee Terry, Nebraska Republican, who supported the bill, but wanted to offer an amendment to strengthen it.

Mr. Hoyer said he sympathized.

"It's difficult to be in the minority," he said. "I feel your pain. I want you to know that."

The Democrats' Rude Rebuff (WP)

By Robert D. Novak

The Washington Post, January 25, 2007

When President Bush called for a bipartisan "special advisory council" of congressional leaders on the war against terrorism in his State of the Union address, he had in his pocket a rude rejection from Democratic leaders. Thank you very much, said House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, but no thank you.

Three days earlier, Reid and Pelosi wrote a letter to the president turning down his offer (which was contained in his Jan. 10 speech on Iraq) to establish a council consisting of Democratic chairmen and ranking Republican members of the relevant committees. "We believe that Congress already has bipartisan structures in place," they said, adding: "We look forward to working with you within existing structures."

That could be the most overt snub of a presidential overture since Abraham Lincoln was told that Gen. George B. McClellan had retired for the night and could not see him. Courtesy aside, it shows that the self-confident Democratic leadership is uninterested in being cut into potentially disastrous outcomes in Iraq. It wants to function as a coordinate branch of government, not as friendly colleagues in the spirit of bipartisanship. Pelosi and several Democratic committee chairmen are leaving for Iraq on Friday.

In his Jan. 10 speech, Bush called for a "new, bipartisan working group that will help us come together across party lines to win the war on terror." That prompted the Pelosi-Reid letter of Jan. 19 rejecting the offer.

Bush made a mistake in attributing the idea to Connecticut Sen. Joe Lieberman, who as the Senate's only self-identified Independent Democrat is estranged from his colleagues who are unmodified Democrats. These former comrades are not charmed by the prospect of Lieberman pontificating as a member of the "working group" by virtue of his chairmanship of the Senate Homeland Security Committee.

But Lieberman was not the reason for the speaker and majority leader's rebuff. The Democratic leadership is beyond consultation on Iraq, as demonstrated by the selection of Sen. Jim Webb to deliver the party's response to the president Tuesday night. Webb, whose unexpected election in Virginia last year gave Democrats a Senate majority, is a hard-edged critic of the war not interested in bipartisanship. Discarding staff-written talking points, professional writer Webb declared: "The president took us into this war recklessly."

Webb's astringent comments contrasted sharply with Bush's tone, which indicated he still has not shed illusions that he carried from Austin to Washington in 2001. Congressional Democrats are nothing like the tame Democrats in the Texas Legislature whom Bush dealt with as governor. On Tuesday night, Bush ignored issues dear to the conservative base such as embryonic stem cell research, abortion and same-sex marriage. Delivering his State of the Union on the day after the annual March for Life on the anniversary of Roe v. Wade, Bush did not see fit to mention the abortion issue, which is important to so many of his supporters.

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Instead, the president talked about goals, though not methods, dear to Democratic hearts: expanded health insurance, energy independence and federal aid for local education. Bush was reminiscent of President Bill Clinton in sprinkling his speech with small proposals that might be popular. Yet Democrats immediately indicated that all such Bush plans have no chance of passage.

Rep. Pete Stark (D-Calif.), chairman of the relevant Ways and Means subcommittee, immediately declared that Bush's serious effort to improve health insurance coverage was dead on arrival, without the benefit of hearings. Stark has been notoriously cantankerous, whether in the majority or minority, during 17 terms in the House. But his attitude dominates today's Democratic side of the aisle.

On both sides, the prevailing attitude is that Bush looks like a president at bay. Statements made to me this week by two prominent political figures, one from each party, were so candid that these sources did not want to be quoted by name.

The Republican, a ranking House committee member, said: "The president and his aides are irrelevant and out of touch, removed from realizing what happened in the election." A Democratic state party leader said that "Bush is in such bad shape that the result of the 2008 election is already decided." In that atmosphere, pleas for consultation go nowhere.

Bush's Conservative Base Frets Key Issues Are Losing Focus (WSJ)

By Jackie Calmes

The Wall Street Journal, January 25, 2007

Fallout from the war in Iraq, which already has weakened President Bush among the general public and in Congress, now is causing problems with the group that has been his mainstay: social and economic conservatives.

These longtime loyalists, appreciative of Mr. Bush's record on issues ranging from tax cuts to his veto of federal funding for embryonic stem-cell research, also have supported his war policies. But Mr. Bush's annual State of the Union message Tuesday night aggravated their underlying fear: that the president might become so consumed by the worsening conflict in Iraq -- and chastened by Democrats' takeover of Congress -- that he will give up on the issues they care about.

"I think the president left a lot of conservatives shaking their heads" by avoiding the issues atop their agenda, said Bill Lauderback, executive vice president at the American Conservative Union.

Yesterday morning, the weekly meeting of conservatives that is convened by antitax activist Grover Norquist, a White House ally, was marked by "tense exchanges" with administration press secretary Tony Snow over border enforcement and Mr. Bush's immigration proposals, according to conservative activists.

Conservatives are becoming more openly critical, adding to the president's woes and emboldening Democrats for battles ahead. Increasingly, they are looking beyond Mr. Bush for a new standard-bearer, though no one in Republicans' emerging 2008 presidential field has yet captured conservatives.

Meanwhile, their most recent nemesis -- the Democrats' 2004 nominee, Massachusetts Sen. John Kerry -- announced yesterday that he will not run ion 2008.

In a video circulated on the Internet soon after Mr. Bush's speech, entitled "A Lifeless State of the Union," President Tony Perkins of the Family Research Council, one of the nation's most active conservative groups opposing abortion and same-sex marriage, took note of the president's unbowed determination on the war, a subject which accounted for nearly half of his address to the new Democratic-led Congress.

"However," Mr. Perkins said in the video, "that same clear and concise determination to defend the culture of America was missing. I believe the president failed in challenging the new majority to join him in addressing core family and cultural issues....The president failed to draw a line in the sand on behalf of life."

It was perhaps Mr. Perkins' harshest public criticism of the president. Even so, he said in an interview yesterday, "My staff felt that it was way too kind."

Aside from the lengthy closing section on Iraq and the war on terror, Mr. Bush devoted the first part of his nationally televised address to a range of domestic issues, including education, energy, health care and immigration control. Gone were his past calls for big tax cuts, or even making permanent the ones in law, for overhauling Social Security to create individual retirement accounts or for a constitutional ban on same-sex marriage.

The president devoted one paragraph to his call for reining in the unsustainable growth in spending for big social programs -- Social Security, Medicare and Medicaid -- a cause that had been a major feature of his past two State of the Union speeches. But absent was the demand for Social Security private accounts, or even last year's proposal for a bipartisan entitlements commission to tackle the problem. Mr. Bush never did create that commission, as numerous figures contacted by the White House demurred, including former Federal Reserve Chairman Alan Greenspan, believing that neither the president nor Democrats were willing to compromise.

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The Institute for Policy Innovation, a conservative organization espousing free-market ideas, gave Mr. Bush credit for continuing to raise the entitlements issue. "But he lacked leadership in that he failed to propose any solutions," the group said in a statement. It recalled that he previously had proposed carving out personal accounts for Social Security funds, "but he has never proposed a specific plan."

In fairness to the president, said the American Conservative Union's longtime chairman, David Keene, "most of the things he cared about getting done have either been done, or rejected." Moreover, he said, Mr. Bush "decided to be conciliatory and I understand that," given Democrats' control of Congress. "But there should have been one or two things...with appeal to his base," he said. Mr. Keene suggested the president should have ruled out any tax increases.

Meanwhile, he said, "People are looking past Bush. It's all about the future."

But the early frontrunners among Republicans -- Arizona Sen. John McCain, former New York City Mayor Rudy Guiliani and former Massachusetts Gov. Mitt Romney -- all have problems among conservatives. The two Republican aspirants with the most appeal are Kansas's Republican Sen. Sam Brownback and former Arkansas Gov. Mike Huckabee.

President's Sin Of Omission? (WP)

By Libby Copeland

The Washington Post, January 25, 2007

The president in his State of the Union address Tuesday night left out a tiny little suffix that means a whole lot to some people. He did it so subtly you could have missed it. Just a little "-ic." What's in an "-ic"?

Bush started the speech on a bipartisan note, honoring the first Madam Speaker, Democrat Nancy Pelosi, and calling on the country to come together.

Then: "I congratulate the Democrat majority," he said, dropping the last two letters from "Democratic."

Bush does this a lot, and while it's hard to say if the omission was intentional in this instance, it is a semantic tactic that's been part of Republican warfare for decades. It's a little thing, a means of needling the opposition by purposefully mispronouncing its name, and of suggesting that the party on the left is not truly small-"d" democratic. The president's pronunciation was all the more striking because it was apparently not what Bush was supposed to say. The prepared speech that the White House distributed beforehand retained that precious "-ic."

The case of the missing suffix provoked an oh-no-he-di'int reaction from some Democrats. The bloggers caught it, of course. (Bloggers catch that sort of thing.) "Code word," wrote one. "Calculated insult," wrote another.

"We all noticed," says Markos Moulitsas ZÃºniga, founder of the liberal blogging site DailyKos.com, who replayed the president's opening words on his TiVo to make sure he'd heard what he thought he heard. "He just clearly couldn't help himself."

"Like nails on a chalkboard," says John Podesta, chief of staff in the Clinton White House, and president of the Center for American Progress.

Tuesday on CNN, Democratic strategist Paul Begala noted the omission right after it happened, adding that the president was being "insulting" and "self-defeating." Republican strategist Mike Murphy chided Begala, saying that if this was his "biggest complaint, I think the president had a pretty good night."

But for those who see a big symbol in two little letters, the question becomes: Is a man who can't say "-ic" capable of being bipartisan?

"He offers this olive branch," Begala says. "Boom, 10 seconds later, he drops the hammer, insults the party and he winks at his base. . . . It tells you what's in his heart. It tells you that he has no damn desire to compromise."

The missing "-ic" has a long legacy. Dick Armey was fond of saying "Democrat Party." Commie-hunting Sen. Joseph McCarthy even used the phrase half a century ago. Bush used it Tuesday night even as he was calling for politicians to "cross that aisle," even in the context of a formal address and even as he addressed a Congress dominated by those he was insulting.

Or not. Could the word have been unintentional?

"It's hard to disentangle whether that's an intentional slight at the opposition, or traditional problems with the president's vocabulary," says Julian E. Zelizer, a congressional historian at Boston University.

"I doubt if it was a conscious slight," says nonpartisan political analyst Charlie Cook. "I think it was just a force of habit." When it comes to omitting the "-ic," Republicans "have been doing it so long that they probably don't even realize they're doing it."

"Even More Of A Hodgepodge Than Usual" (WSJ)

By David Frum

The Wall Street Journal, January 25, 2007

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WASHINGTON -- On State of the Union night, Americans witnessed two President Bushes. The first President Bush delivered a firm foreign policy message in tones of passion and commitment. The second President Bush dragged his way wearily through a domestic agenda that seemed to interest him as little as it excited Congress.

The first President Bush pledged himself to bold free-market reforms in health care -- including the removal of a treasured but destructive tax loophole from the wealthy and powerful. The second President Bush proposed to regulate America's way to energy security with a plan that might have been dusted off from the Carter administration.

The first President Bush insisted that the budget can be balanced without raising taxes. The second shrugged off Medicaid, Medicare and Social Security as problems for later.

The first President Bush spoke with realism about the generational struggle against Islamic extremism. The second President Bush offered false hopes about the good intentions of the government of Saudi Arabia and other sometime allies.

There is a famous story of President Franklin Roosevelt listening to a passionate debate between protectionists and free-traders. As the argument ended, he turned to his speechwriters and said: "Weave them both together." All States of the Union mix the high and the low, big ideas and petty compromises, soaring rhetoric and Baby Einstein bathos. But SOTU 2007 seemed even more of a hodgepodge than usual -- and much will turn on whether it is the first or second George Bush who sets the nation's course in the 24 months ahead.

Compare and contrast the president's health and energy ideas. On health care, he focused intensely on the fundamental problem in the American system: Tax subsidies have encouraged Americans to demand that their employers buy health insurance for them rather than shopping for themselves. That core error is responsible for almost everything wrong with the health market in the U.S. It dulls consumers' sensitivity to the cost of insurance. It discourages insurers from competing against each other. It tempts state legislators to pile appealing but expensive mandates onto insurance companies. I might want to buy a cheaper policy without acupuncture coverage, but I'm not paying attention and the acupuncture lobby is.

The president's plan identifies the problem and responds to it in a targeted way, by taking the first step toward negating the distorting subsidy. The ghost of George Stigler is smiling somewhere.

But now look to the president's misdirected, wasteful energy proposals. The president wants the country to use 20% less gasoline in 10 years. To that end, he proposes that government regulators tell Americans which fuels to use, which cars to buy and which industries should grow. This time, Stigler was not smiling -- but Iowa's Sen. Chuck Grassley practically danced a jig.

Does 20% over 10 years sound like a lot? After the Iranian oil shock of 1979, Americans cut their gasoline use by 15% in just two years -- and they did not catch up again to their 1978 levels of gasoline competition until 1993.

The "energy policy" that accomplished this amazing conservation achievement can be summed up in two words: higher prices. When energy prices rise, consumers conserve and substitute. When energy prices drop, consumers don't bother. And guess what? These market processes still work. Americans used less petroleum in 2006 than they did in 2005. Reduced demand led to lower prices.

If policy makers fear that today's lower prices will induce consumers to stop conserving, they do not need to reinvent Jimmy Carter's Moral Equivalent of War. Just slap a tax on gasoline at the pump, or on petroleum by the barrel, or on Venezuelan, Russian and Persian Gulf imports, or even on all forms of energy, period -- and consumers and producers will respond the way they always do. No regulations, no bureaucracy required.

The President Bush who delivered the health-care portions of the State of the Union clearly understood the power of pricing. Why not the president who delivered the energy portions?

The answer may be revealed by the contrast between president's listlessness as he discussed domestic policy and the vigor with which he addressed national security. With Congress in opposition hands, with his own agenda completed or discarded, and with a huge and difficult war to fight, the president's attention has focused abroad. That often happens to second-term presidents -- but rarely as completely as with George W. Bush. As he tersely noted, the fight America entered in Iraq is not the fight America is now in. The U.S. has stumbled into a much bigger and more dangerous war than the administration expected or planned for. Its political opponents believe the war already lost. The first President Bush is still fighting to win. It was powerfully symbolic of the difference between the president and his critics that Democrats declined to rise and applaud his call, "Let us find our resolve, and turn events toward victory."

Yet with his presidency and place in history dependent on Iraq, the president still finds it difficult to shake the restraints and illusions that have done so much damage to America's efforts since 9/11. He acknowledges that the deadliest insurgents in Iraq are supported by Iran. Yet he did not use this fact to rally public support for a more assertive approach to the threat.

He accepts that the U.S. is waging a global struggle not just against terrorism but against "extremism" -- and though he will not call it "Islamic extremism" he did refer to "Shia and Sunni extremists," which represents at least a fair approximation.

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But then, why does Saudi Arabia rate a mention as a partner in that generational struggle? Especially when, as by now the whole world knows, Saudi Arabia is the leading bankroller of the global system of propaganda and incitement behind Sunni extremism? The president calls the war a "global struggle against extremism" -- and immediately names Saudi Arabia a partner in the struggle. And while he declines to name Pakistan as a partner, neither will he publicly acknowledge how much the re-emergent Taliban owe to the support and protection of a country that he praised as a coalition partner in his State of the Union of 2005.

Perhaps the answer to all these questions can be found in this: The sixth and seventh years of a presidency are the years when presidents discover their office's limits -- and their own. All presidents end up trying to stretch too little sheet over too much bed. We want them to be bold but not adventurous, flexible but not vacillating, resolute without stubbornness, confident without cocksureness. Above all, we want them to pursue great and uncertain goals -- and yet to achieve consistent success. The men and women who seek the office believe themselves capable of all those things. They have to, or they would not dare. And then they, and we, know great disappointment.

But that is not usually the end of the story. The story ends much later on, when partisan rancor cools, when the results come in, and the record can be read in full. When that day at last arrives for this president, perhaps all Americans will be able to agree that this most divisive of figures united in himself both the first President Bush and the second, both the president who sometimes erred and stumbled -- and also the man who nonetheless kept fighting. George W. Bush has always been at his best in adversity. Americans face no shortage of adversity now.

Mr. Frum, a resident fellow at the American Enterprise Institute, served as a speechwriter to President Bush in 2001-2002.

Long On Rhetoric, Short On Sorrow (NYT)

By Bob Herbert

The New York Times, January 25, 2007

President Bush showed what he does well at the beginning of the State of the Union ceremony when he graciously acknowledged and introduced Nancy Pelosi as speaker of the House of Representatives. He seemed both generous and sincere, and it was the right touch for a genuinely historic moment.

At the end of his speech he introduced four Americans of whom the nation can be proud, including Wesley Autrey, a New Yorker who made like a Hollywood stunt man to save the life of a stricken passenger who had fallen onto the tracks in front of an oncoming subway train.

The rest of the evening was a study in governmental dysfunction. The audience kept mindlessly applauding — up and down, like marionettes — when in fact there was nothing to applaud. The state of the union is wretched, which is why the president's approval ratings are the worst since Nixon and Carter.

If Mr. Bush is bothered by his fall from political grace, it wasn't showing on Tuesday night. He seemed as relaxed as ever, smiling, signing autographs, glad-handing.

I wanted to hear him talk about the suffering of the soldiers he has put in harm's way, and the plight of the residents of New Orleans. I wanted to hear him express a little in the way of sorrow for the many thousands who have died unnecessarily on his watch. I wanted to see him slip the surly bonds of narcissism and at least acknowledge the human wreckage that is the sum and substance of his sustained folly.

But this is a president who runs when empathy calls. While others are monitoring the casualty lists, he's off to the gym. At least Lyndon Johnson had the decency to agonize over the losses he unleashed in Vietnam.

The State of the Union speech was boilerplate at a time when much of the country, with good reason, is boiling mad. The United States, the most powerful nation in the history of the world, seems paralyzed. It can't extricate itself from the war in Iraq, can't rebuild the lost city of New Orleans, can't provide health care for all of its citizens, can't come up with a sane energy policy in the era of global warming, can't even develop a thriving public school system.

If it's true, as President Bush told his audience, that "much is asked of us," it's equally true that very little has been delivered.

The Democrats, delighted by the wounded Bush presidency, believe this is their time. Like an ostentation of peacocks, an extraordinary crowd of excited candidates is gathering in hopes of succeeding Mr. Bush.

But such a timid crowd!

Ask a potential Democratic president what he or she would do about the war, and you'll get a doctoral dissertation about the importance of diplomacy, the possibility of a phased withdrawal (but not too quick), the need for Iraqis to help themselves and figure out a way to divvy up the oil, and so on and so forth.

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A straight answer? Surely you jest. The Democrats remind me of the boxer in the Bonnie Raitt lyric who was "afraid to throw a punch that might land."

There's a hole in the American system where the leadership used to be. The country that led the miraculous rebuilding effort in the aftermath of World War II can't even build an adequate system of levees on its own Gulf Coast.

The most effective answer to this leadership vacuum would be a new era of political activism by ordinary citizens. The biggest, most far-reaching changes of the past century — the labor movement, the civil rights movement, the women's movement — were not primarily the result of elective politics, but rather the hard work of committed citizen-activists fed up with the status quo.

It's time for thoughtful citizens to turn off their TVs and step into the public arena. Protest. Attend meetings. Circulate petitions. Run for office. I suspect the public right now is way ahead of the politicians when it comes to ideas about creating a more peaceful, more equitable, more intelligent society.

The candidates for the most part are listening to their handlers and gurus and fat-cat contributors, which is the antithesis of democracy. It's not easy for ordinary men and women to be heard above that self-serving din, but it can be done.

Voters should listen to Dwight Eisenhower, who said in 1954:

"Politics ought to be the part-time profession of every citizen who would protect the rights and privileges of free people and who would preserve what is good and fruitful in our national heritage."

Bush, Democrats Play "Old Politics." Voters Want "New" (RC)

By Morton M. Kondracke

Roll Call, January 25, 2007

A new, non-polarized, problem-solving politics is trying to be born in this country, but — lip service aside — most current politicians are stuck in the old model of nonstop partisan warfare.

The old politics was richly on display Tuesday as President Bush delivered his State of the Union address and Congressional Democrats reacted.

Bush enunciated — once again — the clear message of the 2006 elections: "Our citizens don't care which side of the aisle we sit on —as long as we are willing to cross that aisle when there is work to be done."

The agenda he offered created some opportunities for bipartisan agreement — notably, comprehensive immigration reform and reauthorization of the No Child Left Behind program — but most Democratic commentary emphasized the negative.

In the main, Democrats gave a nod to the public's desire for bipartisan cooperation, then quickly dismissed Bush's proposals as inadequate or wrong-headed.

Typical was the reaction of Senate Judiciary Chairman Patrick Leahy (D-Vt.). "I welcome the president's change in tone," he said. "But though [Bush's] tone sounds more accepting of other views, his basic policies so far have not changed."

The same kind of message came from Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) and the Democrats' official SOTU responder, Sen. Jim Webb (Va.).

Webb, in particular, exuded the old politics, accusing Bush of starting the Iraq War "recklessly" and likening current economic disparities to the early 1900s, when "the dispossessed workers at the bottom were threatening revolt."

Bush should get U.S. troops out of Iraq and "take action" — unspecified — about "inequality," Webb said. "If he does, we will join him. If he does not, we will be showing him the way."

The leading exponent of a new politics is Sen. Barack Obama (D-Ill.), whose fantastic appeal lies, I think, both in his personal charisma and his promise to answer the public's hunger for nonpartisan politics — or "post-partisan" politics, as California Gov. Arnold Schwarzenegger (R) calls it.

Obama had it exactly right in announcing his presidential exploratory committee last week. "America has faced big problems before," he said. "But today, our leaders in Washington seem incapable of working together in a practical, common-sense way.

"Politics has become bitter and partisan, so gummed up by money and influence that we can't tackle the big problems that demand solution," he said. "We have to change our politics and come together around our common interests and concerns as Americans."

As various commentators have said, Obama represents a new generational sensibility — a pragmatic post-boomer attitude trying to bypass the ideological hang-ups of boomer veterans of the Vietnam and cultural struggles of the 1960s.

In fact, there are multiple bipartisan efforts under way to promote consensus solutions to various problems, even some of them in Congress, such as the Senate's "bipartisan caucus" started by Sens. Joe Lieberman (ID-Conn.) and Lamar Alexander (R-Tenn.).

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In recent weeks, several "strange bedfellows" coalitions have announced agreements to work together on health care and education reform. One collection, including formerly hostile groups such as the liberal Families USA, the conservative U.S. Chamber of Commerce and America's Health Insurance Plans, announced a cooperative effort to cover all of America's

9 million uninsured children by expanding the State Children's Health Insurance Program.

Another coalition was formed by AARP, the Service Employees International Union and the Business Roundtable to jointly address both health care and the nation's long-term fiscal crisis.

Two House Members, conservative Tom Price (R-Ga.) and liberal Tammy Baldwin (D-Wis.), and moderate Sens. George Voinovich (R-Ohio) and Jeff Bingaman (D-N.M.) are co-sponsoring measures to encourage states to experiment to cover the uninsured, as Massachusetts, California, Pennsylvania and other states are doing.

Bush, virtually ignoring such approaches, came up with a novel alternative to make health care more affordable by offering families a $15,000 tax deduction to buy insurance — paying for it by limiting deductions for more expensive plans.

Without even a hearing, the plan was declared "DOA" by old-politics Democrats, including influential Reps. Pete Stark (Calif.) and John Dingell (Mich.).

Obama, encouragingly, granted that Bush's proposal was "serious" and should be addressed "in a constructive way." But he also declared that "incremental plans that do nothing to bring down costs or guarantee coverage are simply no longer sufficient" and added that "it's not going to be adequate."

Indeed, a Treasury Department analysis shows that Bush's plan will cover only 5 million of the nation's 47 million uninsured, although White House officials said it would actually cover more.

It's not health care, but the Iraq War, that mainly prevents the new politics from being born. Beyond that, presidential candidates will be pressured by ideological activists to keep the old wars alive. But, the new politics is coming because the public wants it. It will just take courage and vision to give it life.

Bush Expands His Presidency, May Gain Credibility On Iraq (HILL)

The Hill, January 25, 2007

As Jimmy Carter's dismal presidency drew to a close, his field of vision was narrowed to an embassy in Tehran. On Richard Nixon's last day, all he could see was a tape recorder. When Lyndon Johnson left office, all was forgotten but Vietnam. After his speech to the nation last week urging a larger troop commitment in Iraq, it seemed President Bush was destined to go down the same narrowing road to oblivion.

But his State of the Union speech Tuesday night boldly broadened his presidential agenda and vision. He once again became the president of the United States, not the mayor of Baghdad. By articulating viable, and potentially bi-partisan, proposals on energy independence, global climate change, healthcare, immigration reform, education standards and a host of other issues, he renewed the 360-degree mandate that should be the span of vision of any president.

And even as he hewed to a strict line on Iraq, he broadened his foreign policy vision to encompass the danger posed by Iran's potential for acquiring nuclear weapons and his domestic agenda to highlight his administration's breathtaking success in thwarting terrorist attacks at home. Missing only was a focus on North Korea, which cannot be allowed to keep its nuclear arsenal without provoking a nuclear arms race among China, Japan and North Korea that will leave Washington, Seoul, Tokyo and Beijing scared to death.

President Bush even found time to discuss his singular achievements: the economy, oil prices and the falling deficit. In recent months he has seemed to ignore his own track record as he pleaded for a longer tenure in Iraq. But the economy is growing nicely and its surging tax revenues — particularly from capital gains — lead some experts to predict the same kind of rapid deficit eradication as buoyed Clinton's last years as president. And oil prices are dropping; we see their reflection as gas prices hover around $2 per gallon.

George W. Bush finally seems to have grasped a crucial but ironic fact: The only way he can keep sufficient credibility and power to continue his commitment to victory in Iraq is to raise his approval ratings. The presidency's inherent powers are largely titular unless animated by national support and popularity. While an unpopular president still gets the corner office, his practical ability to act is severely constrained. There is an ongoing need for a daily majority in his national approval ratings for him to govern.

But the only way he can get those ratings — in order to continue to fight in Iraq — is to talk about issues other than Iraq! Even if the war begins to go well, the blood and violence will continue and he will always come out on the short end of the national debate about the war. But if he expands his constituency by addressing issues like global warming, energy independence, and the Iranian and North Korean nuclear threats, he can achieve the approval ratings he needs to govern — and to fight on in Iraq.

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Americans will always make time to listen up when the subject is the possibility of a nuclear war. Bush can command a national consensus as he moves against Iran and North Korea. We will pay close attention to anything he does to reduce our dependence on foreign oil and will hail any initiatives that lead to greater consumption of alternatives to gasoline. And Americans are sufficiently cognizant of the dangers posed by climate change to welcome the president to the fold if he indicates a real desire to turn the corner and stop the progression of deadly worldwide warming.

In our hearts and our heads, we realize that the stakes involved in these issues are more important than those in Iraq. If Bush leads the way on these subjects, Americans will follow and even cheer. If he insists on slogging on in Iraq, a majority will continue to be pessimistic and discouraged, but Bush will still be able to summon their support by a focus on the broader agenda on display in Tuesday's address.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

For Webb, Bouquets And A Few Brickbats (WP)

By Michael D. Shear

The Washington Post, January 25, 2007

RICHMOND, Jan. 24 -- U.S. Sen. James Webb (D-Va.) earned a full day of praise -- and some tough rhetorical jabs -- for his sharply worded response Tuesday night to President Bush's State of the Union address.

Liberal bloggers, national pundits and local Virginia politicians said the freshman senator's critique of the economy and the Iraq war was among the best retorts to Bush's administration they could remember.

"In office only three weeks, [Webb] managed to convey a muscular liberalism -- with personal touches -- that left President Bush's ordinary address in the dust," Jonathan Alter said on Newsweek's Web site.

In his speech, Webb ignored the laundry list of issues that many of his predecessors have felt compelled to mention in such responses. Instead, he focused on only two issues: the economic divide between rich and poor and the difficulties in Iraq. He campaigned on the same themes last year.

Jeff Cohen, writing on the Huffington Post, a liberal blog, cited the nine-minute speech's "stirring appeal, both progressive and patriotic," and said it would have broad appeal for "swing voters, NASCAR dads, soccer moms, even Republican leaners."

Not all of the reaction was positive. Conservatives scoffed at Webb's less-than-animated demeanor. One blog headline commented on Webb's constant seriousness with the headline: "Dem Response: Countdown to Webb's Aneurysm."

And some assailed his adherence to the Democratic orthodoxy, especially on the Iraq war.

"Senator Webb's logic was as incoherent as his language (the two are often related)," wrote Michael J. Gerson, a former Bush speechwriter, also on the Newsweek site. "No 'precipitous withdrawal' -- but retreat 'in short order.' Fight the war on terror vigorously -- except where the terrorists have chosen to fight it. It is, perhaps, a good thing that James Webb earned a job as senator. As a speechwriter he would starve."

Webb, who has written several books, said in a radio interview Wednesday morning that he threw away the first draft of the speech suggested by Democratic leaders in Congress. He wrote a new draft that became the speech he delivered Tuesday night.

The speech did not specifically offer a solution to the war or attack the president's plan to send an additional 21,000 troops to Iraq. But Wednesday, Webb issued a statement saying that he supports a bipartisan resolution opposing the plan for such an increase.

"It is inverted political logic for people to say that we need to continue in this direction for the good of our troops," Webb said in the statement.

But Webb did receive praise from some conservatives. Columnist David Brooks called Webb's speech "intense," "eloquent" and "forceful." Liberal counterpart Mark Shields said "it was a strong, tough statement, and surprising in its intensity."

Reaction among Virginians was similar. Lawmakers in Richmond from both parties said they generally liked the speech, as did Northern Virginia Democrats, who were key to Webb's victory over incumbent Sen. George Allen last year.

Jessica Smith, Webb's communications director, said the senator "is encouraged to see that his response -- with its themes of economic fairness and affirmative leadership in Iraq -- is being well received across party lines."

"He doesn't show a whole lot of emotion and ability to communicate to the audience," said U.S. Rep. James P. Moran Jr. (D-Va.). "I don't think that matters. I think that's a mark of the fact that he's genuine. I find his personality refreshing. I find the content of what he has to say very persuasive."

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And Webb's performance fired up the young liberals who campaigned for him last year. A group of them -- who called themselves the Webb Brigade during the election -- gathered at Bailey's Pub and Grille in Arlington on Tuesday night to watch the speech.

"To the people who have become such loyal followers of Jim, we're motivated by the fact that he's willing to fight for what he believes in," said Jim McBride, 32, who organized the party. "We are waiting for the Democratic Party to fight the way Jim is fighting."

Reagan Democrat (WP)

By E. J. Dionne Jr.

The Washington Post, January 25, 2007

Like him or not, Ronald ("Tear Down This Wall") Reagan spoke in a clean, clear prose that almost always left listeners with a sense that he stood for something.

It may thus be no accident that Jim Webb, Virginia's new Democratic senator, was once a Reaganite.

In his reply to President Bush's State of the Union speech on Tuesday night, Webb defined the two central moral issues that animate most of the Democratic Party's rank and file: the mess in Iraq and the fact that the fruits of a growing economy are not being shared by all Americans.

Then Webb did something rather astonishing: He didn't fudge on his language or try to take the hard edge off his impatience with the status quo.

Giving the speech in response to a president's State of the Union address may be the hardest assignment in politics. Even the best of the genre reek of focus-grouped and poll-tested sentences. You have the feeling the words are dictated by some party pooh-bah who believes the speech will fail if it does not touch all the issues on every strategist's list.

Gee, say the consultants to the poor politician who has to carry the party's torch, you just have to mention health care and child care and the environment and union rights and stem cell research -- and every other issue that energizes some base voter in some corner of the party.

And, oh yes, Mr. Politician, don't forget that your real targets are those critical moderate independent swing voters in the Midwestern and Rocky Mountain states, and here's a list of key phrases we've polled to death that they respond to. You have to throw them in somewhere.

Ever wonder why politicians are so often accused of offering mush?

There was no mush from Webb. On the contrary, he tried only to make his two points, on Iraq and inequality, and he showed what he was upset about.

Many Democrats tremble that they will be accused by some right-wing Web site or presidential spokesman of waging class warfare. Webb made clear that there is a class war going on and that the wrong side is winning it.

"When I graduated from college, the average corporate CEO made 20 times what the average worker did," Webb said. "Today, it's nearly 400 times."

Yes, that's a standard sort of line from your standard progressive speech. But then came this arresting sentence: "In other words, it takes the average worker more than a year to make the money that his or her boss makes in one day."

Examine that closely. How many politicians out there raising campaign contributions from rich people are willing to use "boss" instead of a more respectful locution?

And by talking about the time it takes someone to earn a buck, Webb makes it impossible for anyone to forget how vast the inequalities in our society have become.

Webb knows whom he is fighting for. "We're working," he said, "to get the right things done, for the right people and for the right reasons."

On Iraq, Webb did not mince his words about Bush's responsibility. "The president took us into this war recklessly," he declared.

Instead of qualifying this strong statement, Webb backed it up: "He disregarded warnings from the national security adviser during the first Gulf War, the chief of staff of the Army, two former commanding generals of the Central Command. . . . " The list more than supported Webb's next thought, that "we are now, as a nation, held hostage to the predictable -- and predicted -- disarray that has followed."

Okay, even Webb held back on a couple of politically sensitive points. He offered workers an all-purpose promise on the trade issue that so divides his party. "Government," he said, "has a duty to insist that their concerns be dealt with fairly in the international marketplace."

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And, yes, he simultaneously came out against "a precipitous withdrawal" from Iraq and in favor of "a formula that will in short order allow our combat forces to leave Iraq." Philosophers and lexicographers might debate the difference between the words "precipitous" and "short order."

But Webb's performance was a salutary sign that Democrats just might be getting over the battered party syndrome that has left so many of them terrified of saying exactly what's on their minds. Then again, maybe Webb was just speaking for himself. Having lived on the Republican side of politics during the Democrats' most traumatic years, he may have escaped the traumas associated with defeat.

University Holds Meeting On Bush Library (WP)

By Matthew C. Wright

The Washington Post, January 25, 2007

DALLAS, Jan. 24 -- Members of the Southern Methodist University faculty again raised concerns that the building of the George W. Bush presidential library on campus might damage the school's reputation, said a participant at a closed-door meeting on Wednesday.

At the tightly guarded meeting, several members of the faculty questioned school president R. Gerald Turner about the political institute that will accompany the library. The institute will conduct research on issues that will be determined by Bush. Many of the questioners wondered whether such a powerful institution on campus will influence the type of research that can be conducted by SMU faculty and whether it will have an impact on the university's reputation.

"We're worried about a group of people on campus with a lot of money and a lot of power who aren't concerned for our values as an academy," Dennis Foster, a professor of English and a faculty senate member said, according to a participant in the meeting who asked not to be identified.

Turner responded by saying that because the institute will be governed by a separate board, any controversy would not reflect poorly on the university.

"The tail will not wag the dog," he said, according to the participant.

No official action was taken during the meeting. Faculty members will relay any further concerns to the faculty senate, which will then summarize them and present a list to Turner. Turner said after the meeting that he will take the concerns into advisement as he goes into negotiations with the president's site-selection committee in the coming weeks.

"I think the faculty is working its way toward a consensus on this," said James F. Hollifield, the director of the Tower Center for Political Studies on campus. He said that the main thing for many faculty members was just "getting their questions answered."

In reality, the faculty can do little to stop the library because several university leaders, including Turner, are committed to bringing it to SMU.

SMU, the alma mater of Laura Bush, was named the sole finalist for the library in December. The site selection committee -- which includes Bush's former chief of staff, Andrew H. Card Jr., and former commerce secretary Donald L. Evans -- requested that any proposals for the library include plans for a public policy institute. In the meeting Wednesday, many faculty members expressed concerns that the Bush institute would become nothing more than a conservative think tank working to advance the ideologies and policies of the Bush administration.

The controversy began in November when two faculty members wrote in the school newspaper criticizing the absence of university-wide discussion about the library. The editorial also questioned the ethics of pursuing a presidential library "regardless of an administration's record and its consequences," a reference to the war in Iraq.

President To Request Fast Track Next Week (HILL)

By Ian Swanson

The Hill, January 25, 2007

President Bush will ask Congress to extend fast-track negotiating authority in one of two speeches on the economy next week, according to administration sources, after choosing not to make the request in his State of the Union address.

Without fast track, which expires at the end of June, the administration would lose the ability to send free-trade agreements to Congress for up-or-down votes. This would make it virtually impossible for the administration to negotiate bilateral deals or a World Trade Organization agreement it is trying to conclude.

The White House intends to announce more details of next week's economic speeches today, according to White House Deputy Press Secretary Tony Fratto. He said President Bush intends to get his trade agenda completed, and this would include a continuation of fast track.

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The president asked Congress to renew fast track in his State of the Union addresses in 2001 and 2002, but wanted the 2007 address to focus on other issues, including subjects such as healthcare and energy that might provide more common ground with Democrats, Fratto said. He added that Bush wants to speak more expansively about trade and other economic issues, and said the State of the Union address would not have allowed this.

Business lobbyists said they were not disappointed, even though the president mentioned trade only once in the 6,000-word address. They said the administration appeared to be taking a pragmatic approach to dealing with a Congress that could be hostile to the administration's trade agenda.

Asking for a fast-track extension in the State of the Union address would have been an "in-your-face" gesture that would not have improved the atmosphere for actually winning an extension, according to Nicole Venable of the U.S. Chamber of Commerce, which she said would likely lead business efforts to extend fast track with the Business Roundtable.

Venable said the administration's approach will allow discussions between U.S. Trade Representative Susan Schwab and Ways and Means Committee Chairman Charles Rangel (D-N.Y.) and other key Democrats to evolve, which could create a better climate for the approval of a new fast-track law that will have to differ from the current law to be approved.

Opposition to the administration's trade agenda was highlighted in the Democratic response to the State of the Union delivered by freshman Sen. Jim Webb (D-Va.), who is one of several new Democrats seen as critical of free-trade policies.

"Our manufacturing base is being dismantled and sent overseas," said Webb, who added that workers "expect, rightly, that in this age of globalization, their government has a duty to insist that their concerns be dealt with fairly in the international marketplace."

Venable said conversations between the administration and congressional Democrats have yet to kick into gear. Schwab met Rangel, ranking member Jim McCrery (R-La.) and Rep. Sandy Levin (D-Mich.) last week to discuss the trade agenda, which a committee spokesman described as a listening session. Levin, in a release, expressed disappointment that the president had not mentioned the challenges of globalization.

Rangel still plans to organize a retreat for committee members and Schwab, Treasury Secretary Henry Paulson and other administration officials on economic issues, but no date for that meeting has been set. Ways and Means has also scheduled a hearing on trade and globalization on Jan. 30.

A new fast-track law will have to be shaped to fit the positions of Rangel and Senate Finance Committee Chairman Max Baucus (D-Mont.), who has said Congress should renew fast track with some changes. A spokeswoman for Baucus said he has no concrete plans to introduce legislation extending fast track at this time.

Fratto said the administration believes it can find common ground with Democrats worried about rising economic populism in their party.

Delaying the request also gives U.S. negotiators more time to craft a possible deal in the current round of World Trade Organization talks launched in 2001, Venable and other business- and farm-group lobbyists said. This could be used as an incentive to get Congress to extend fast track, since other WTO members would be unlikely to negotiate seriously with the U.S. if a deal could be amended by Congress.

National Foreign Trade Council President William Reinsch said Congress is unlikely to grant the Bush administration a fast-track extension unless there is some tangible trade deal that will not be completed without it. Getting an extension "requires an engine, and the engine is getting the round going," Reinsch said. "If you don't, people are going to say they're busy. Why waste time on negotiating [fast track] if there's not going to be a deal to negotiate?"

The Doha round has been sputtering for years, but efforts have stepped up in recent weeks, partly because the U.S. sees progress in the round as giving it leverage in the upcoming fight over a new farm bill. Administration officials have been consulting with agriculture-group representatives to weigh their views on a possible agreement with the European Union in which the U.S. would agree to reduce its farm subsidies in exchange for the EU reducing tariffs on farm goods.

One agriculture lobbyist said the U.S. and EU appear to be within "spitting distance" of an agreement, but cautioned that a preliminary deal between the U.S. and EU would still have to be sold to other WTO members.

If the administration reaches a tentative deal on basic figures for reducing agriculture tariffs and subsidies, it could present an argument to Congress that a fast-track extension is necessary to conclude a multilateral round, which would be the first completed since the Uruguay Round in 1994. Schwab has acknowledged it would be impossible to conclude WTO talks under current fast-track authority.

Some observers believe the administration could also cast blame on congressional Democrats for blocking a multilateral deal if they oppose extending fast track. However, Venable and Reinsch, who both worked in the Clinton administration, said they do not think the Bush administration is driven on fast track by political calculations, but by the desire to move forward on trade. Venable said she does not think anyone is "so sinister" as to be figuring out an endgame of blame for the fast-track fight.

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Tax Break Talks Slow Minimum Wage Hike (AP)

By Jim Kuhnhenn

AP, January 25, 2007

The minimum wage increase that was supposed to zip through Congress veered onto a collision course Wednesday as lawmakers argued over business tax breaks that would be attached to ensure Republican support.

Democratic leaders in the House began laying groundwork to blame the Republicans for any impasse. Senate Democrats, however, cautioned their House colleagues not to jeopardize legislation they'd promised to approve if they gained control of Congress.

House Democrats demanded a clean bill from the Senate — no tax attachment — setting up a confrontation that could delay final congressional passage of the $2.10 an hour increase.

The Senate did vote 54-43 to advance a House-passed measure that would lift the pay floor without any accompanying tax cut. However, that was well short of the 60 votes needed to keep that version moving.

The vote was a signal to the House that without the tax breaks a minimum wage bill appeared doomed in the Senate. And the Senate promptly moved to a broader bill, backed by its Democratic leaders, that would raise the minimum wage to $7.25 an hour over 26 months and provide $8.3 billion in tax benefits to businesses over 10 years.

In the House, Democrats threatened to stifle that effort by enforcing constitutional precedents that require all tax bills to originate in the House. They blamed Republicans for the brewing impasse.

"Democrats are committed to helping small businesses, but we should not delay a minimum wage increase another day in order to negotiate a tax package," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi.

Senate Democrats seemed more willing to accept the tax portion if it meant fulfilling their campaign promise.

"Both bodies want to keep their eye on the ball," said Sen. Max Baucus, D-Mont., a co-sponsor of the Senate tax break provisions.

House Democrats could try to alter or even remove the tax package from the Senate version when the two houses try to reconcile their differing versions in a conference committee.

In the meantime, the confrontation exposed difficulties the Democratic majority may well encounter when sending other House legislation to the Senate, where the minority Republicans enjoy more power to shape legislation than in the House.

Still, in a separate vote Wednesday, the Senate effectively killed a modified line-item veto bill. The Republican-inspired measure would have permitted a president to pluck individual items out of spending bills and submit them to Congress for a vote.

Senators also defeated a Republican amendment that would have given only the states the right to increase the minimum wage.

The federal minimum wage has been unchanged for 10 years. In the meantime, a number of states have moved on their own to increase their minimums.

According to the Center for Budget and Policy Priorities, a liberal leaning think tank, inflation has eroded the value of the minimum wage to its lowest level in more than 50 years.

"Minimum wage workers are men and women of dignity," Sen. Edward Kennedy, D-Mass., a longtime advocate of raising the wage floor, said. "They do some of the most difficult, backbreaking jobs in our society. They deserve a fair wage that respects the dignity of their work and they shouldn't have to live in poverty."

Since the House passed its version two weeks ago, Speaker Pelosi, D-Calif., and Rep. Charles Rangel, the chairman of the taxwriting Ways and Means Committee, have prodded the Senate to keep tax proposals out of the bill.

In scheduling the vote Wednesday, Senate Majority Leader Harry Reid, D-Nev., sought to demonstrate the lack of Republican support for a straight minimum wage bill without tax cuts. Every Democrat present voted to cut off debate and five moderate Republicans joined them.

"There seems to be agreement to raise the minimum wage," said Republican Sen. Michael Enzi of Wyoming. "The difficulty has been how do we take care of some of the impact to small businesses that will result from this."

Reid is backing an $8.3 billion tax package that would extend for five years a tax credit for employers who hire low-income or disadvantaged workers. It also extends until 2010 tax rules that permit businesses to combine as much as $112,000 in expenses into one annual tax deduction.

The cost of the proposal would be paid with revenue realized from a proposed cap of $1 million on executive compensation that can be tax deferred. The tax package also would end deductions for court settlements or punitive damages paid by companies that have been sued.

Those proposed revenue increases have drawn opposition from the U.S. Chamber of Commerce, which has urged senators to vote against them.

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"These are permanent tax law changes that hat have significant impact on the broad business community," Bruce Josten, the chamber's top lobbyist, said in an interview.

Effort To Move On Minimum Wage Bill Falters In Senate (NYT)

By Bloomberg

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 (Bloomberg) — Senate Republicans rejected an effort by Democrats to pass minimum-wage legislation without breaks for small businesses on Wednesday, setting the stage for a potential impasse with the House, where lawmakers are demanding a “clean” bill.

The Senate vote of 54 to 43 was six votes short of the 60 needed to move ahead with a wage measure that does not include tax benefits for employers. Earlier this month, the Senate Finance Committee voted to add $8.3 billion in tax breaks to the bill.

Leaders of the new Democratic-led Congress have said raising the federal minimum wage for the first time in 10 years, to $7.25 an hour from the current $5.15, is a priority. The measure may now be headed for deadlock. Representative Charles B. Rangel, Democrat of New York and chairman of the tax-writing House Ways and Means Committee, has suggested he will block any minimum-wage measure that includes tax provisions.

A spokesman for Mr. Rangel, Matthew Beck, said Wednesday: “The Senate needs to pass a clean bill. They shouldn’t hold the minimum wage hostage.”

The House passed its minimum-wage measure on Jan. 10.

Mr. Rangel notes that the Constitution requires tax-related legislation to originate in the House.

Under Congressional rules, Mr. Rangel can block House consideration of the Senate’s minimum-wage measure. Any legislation would have to be reconciled between the two chambers before being sent to President Bush for his signature.

Mr. Bush has said he supports raising the national minimum wage as long as the legislation includes tax relief for small businesses that might face increased labor costs.

Roundtable Setup Left Some Republicans Feeling Like Squares (WP)

By Lois Romano

The Washington Post, January 25, 2007

In case you were wondering how the Republicans were adjusting to their new minority status, consider this painful story.

Democratic Rep. Jim Oberstar of Minnesota, the new chairman of the House Transportation Committee, wanted to show members of his panel how bipartisanship and policymaking can work in tandem. So the chairman, along with ranking Republican John Mica (Fla.), organized a roundtable discussion for members last week. And to drive home the point, Oberstar invited back Bud Shuster (R-Pa.), the retired Republican chairman of the committee.

It seemed like a great idea until Mica arrived for the roundtable and discovered that he did not have one of the nice, cushy chairs at the head of the table that were occupied by Oberstar, Shuster and other speakers, including New York financier Felix Rohatyn.

According to sources, none of whom wanted to be anywhere near this story, Mica threw a fit and demanded to know from staff why he didn't have a special chair of his own next to Oberstar and the others.

But before staff could rectify the situation, and as startled members looked on, a furious Mica stormed out of the room and ordered the other Republican members to leave. Among the uncomfortable departees was Shuster's own son and successor, Rep. Bill Shuster.

A source close to Mica acknowledged last night that the congressman was "very upset" because he "wants to be sure members of the minority are treated with the respect."

But after hearing from Oberstar later, the source said, Mica knows the slight was unintentional, and there are no hard feelings.

Note to other Republicans: Bring your slights to us. We'll help you air them.

Meanwhile, on the Other Side of the Aisle . . .

After years of tension between House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) , the two appear to be getting along much better these days, or so report the staff and allies of the Democratic leadership.

They say the tension and mistrust that long existed between the two native Marylanders is no longer evident.

She no longer seems to be keeping him in the dark on insider maneuvering, and he no longer feels as if he's being kept out of the loop.

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"They both realized that they have to get along to succeed," said a former leadership aide who knows them well.

Take Hoyer's meeting on Tuesday with committee chairmen, a weekly event chaired by Hoyer that at one time no one could have imagined Pelosi relinquishing. According to one source at the meeting, Hoyer unequivocally defended Pelosi's decision to create a select committee on global warming, beating back complaints from unhappy chairmen concerned about turf.

But Pelosi is the one who has made the more significant turnaround, Hill sources say.

For reasons that are still unclear to many Democrats, Pelosi kept Hoyer at a distance as her No. 2 when they were in the minority. But members thought the partnership nonetheless worked well and were shocked when she aggressively supported Rep. John Murtha (D-Pa.) for majority leader.

After Hoyer trounced her guy, and after she was elected speaker, observers say her attitude toward Hoyer changed. Most unexpectedly, Pelosi was comfortable sharing power with him, giving him voice in committee assignments and full rein on the floor schedule.

"What you're seeing," said someone close to her, "is Nancy coming into her own. She more confident, more relaxed. She doesn't think he's submarining her anymore." Stay tuned.Some Days It's Just Not Worth Going to Work

Freshman Democratic Rep. Steve Kagen of Wisconsin seems to have gotten off to a rocky start back home, not fully comprehending how his every utterance is now news.

His problems started when the allergist-turned- legislator jokingly told some local antiwar activists last month that he aggressively confronted Karl Rove in a White House men's room. "You're in the White House and think you're safe, huh?" Kagen told the activists, according to a report in a monthly alternative publication.

"You recognize me? My name's Dr. Multimillionaire, and I kicked your [expletive]."

Kagen also said that he blocked Rove's exit in the bathroom of the White House and then deliberately called Laura Bush "Barbara" to insult her.

By the time the odd remarks were picked up by the mainstream media, they were reported as fact -- along with a White House response calling Kagen's account "ridiculous."

Confronted at a news conference about the remarks, Kagen awkwardly backed away from them, saying he was "thrilled" to meet the president and first lady and never insulted anybody. But he declined to clarify what did happen, and the brouhaha wouldn't die as the media continued to chronicle Kagen's various versions of his White House excursion.

The furor was finally quelled when the congressman wrote an op-ed piece published Sunday in several home-state papers. "I apologize for handling this situation as I did. I allowed this distraction to get out of hand and divert our attention from the critically important work we are doing," he said. "My mishandled attempt at humor wasn't delivered or received well. It won't happen again."

Asked whether the lawmaker understands now the danger of exaggerating in politics -- even in jest -- an adviser to Kagen said: "One would hope."Thank You, Mr. President

Sen. Tim Johnson (D-S.D.) watched Tuesday's State of the Union address from his room at George Washington University Hospital and was touched that President Bush acknowledged him, a spokeswoman for the senator said. Johnson has been in the hospital since Dec. 14, when he underwent brain surgery, and his recovery has been slow.

The senator was transferred from intensive care to a rehabilitation unit at the hospital two weeks ago, and he is starting to talk.

"It is not a conversation yet, but it's progress," said Julieanne Fisher, the spokeswoman. "He is saying words, and he understands."

A statement on his Web site says "he has been working with parallel bars and participating in speech therapy, including naming objects." He also ate a hamburger.

In his speech, Bush also singled out Republican Rep. Charles Norwood of Georgia, who is being treated for a recurrence of cancer that has developed near his kidney.

"Two members of the House and Senate are not with us tonight," the president said, "and we pray for [their] recovery and speedy return."

Norwood's staff said he was "thrilled" by the president's wishes. The congressman is receiving chemotherapy as an inpatient at Inova Mount Vernon Hospital, spokesman John Stone said.

Desire To Be In Driver's Seat Takes Back Seat At Auto Show (WP)

By Lyndsey Layton

Washington Post, January 25, 2007

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A highly choreographed peace accord was reached in the middle of the Washington Convention Center yesterday, when Rep. John D. Dingell (D-Mich.) escorted House Speaker Nancy Pelosi (D-Calif.) through the auto show, hoping to smooth over the public rift that erupted between them last week.

Pelosi irritated Dingell by announcing her desire to create a special committee on global warming. As chairman of the House Energy and Commerce Committee, Dingell had planned hearings on global warming and saw Pelosi's proposed committee as an affront to his authority. Dingell, the longest-serving House member, sent a memo to colleagues that called special committees as relevant as "feathers on a fish." He and others threatened to fight Pelosi's plan.

Pelosi, meanwhile, believes Democrats must show a sense of urgency about carbon emissions and has called for an aggressive schedule that would develop legislation to address the problem by July. She thinks a select committee on energy independence and climate change would demonstrate the party is serious about action.

To soften the edges of the turf battle, Dingell's wife, Debbie, an executive with General Motors Corp., suggested that he invite Pelosi to the Washington Auto Show to see the hybrid vehicles manufactured in his home state.

Which is how Dingell and Pelosi wound up riding in an electric golf cart through the cavernous convention hall, past the banana-yellow Hummers and blue Saab convertibles until they reached the small display of hybrids in the back.

They were trailed by a group of photographers and reporters, who pinned them up against a baby-blue Ford Escape hybrid that runs on ethanol. Two Ford salesmen appeared and opened the doors so Pelosi could see the car's pale gray interior. Pelosi nodded appreciatively as the salesmen talked about capacity and mileage. The group strode to the rear and gazed into the open hatchback.

Cameras clicked.

Dingell and Pelosi refused to answer questions about whether they had resolved their dispute over the special committee or saw eye-to-eye on global warming.

"I won't talk to you about that now," Dingell said.

"That's not the subject we're here to discuss today," Pelosi said.

"She's here to learn about our business and be supportive," Dingell said, putting an arm against her back.

"I was honored by the invitation," Pelosi said.

Cameras clicked.

Pelosi allowed that she bought a Jeep Cherokee in 1976 and has owned several in the years since but does not drive herself around anymore. She said she'd like to ride in a hybrid SUV, but her security team forbids it.

"They said it was something about the size," she said.

Cameras clicked.

Then, 20 minutes of peacemaking over, Pelosi, Dingell and their entourage walked to a rear exit and climbed into two gas-guzzling Chevy Suburbans.

Capitol Hill Power Shift Could Aid Philip Morris (WSJ)

By Vanessa O'connell And Brody Mullins

The Wall Street Journal, January 25, 2007

In many ways, the new Democratic Congress looks like big trouble for big tobacco.

Representative Henry A. Waxman (D., Calif.) -- long the industry's chief Capitol Hill scourge -- just became an important committee chairman. Loyal Republican allies of big tobacco are now in the minority, including John Boehner (R., Ohio), a smoker who in 1995 famously handed out checks from tobacco lobbyists on the House floor (he later apologized), and Roy Blunt (R., Mo.), whose wife is a lobbyist for Altria Group Inc., the parent of Philip Morris USA. (Mr. Blunt's office notes that his wife doesn't lobby the House.) Because of the changes on Capitol Hill, the public could be seeing all sorts of ideas floated that had sunk quickly before -- from a federal excise tax increase to photos of diseased lungs on cigarette packs.

From the point of view of the nation's largest cigarette maker, Philip Morris, the shift in power could be a blessing in disguise. That's because it could help ease the way for legislation to give the Food and Drug Administration new powers to control how cigarettes are made and marketed. That, ironically, could help Philip Morris maintain its current market domination.

The FDA doesn't regulate cigarettes. Under former commissioner David Kessler it tried years ago to claim jurisdiction over cigarettes as drug delivery devices -- the drug being nicotine -- but that effort was challenged by tobacco companies and rejected by the U.S. Supreme Court.

Most tobacco companies are opposed to FDA regulation of cigarettes, which, among other things, would likely ban the use of descriptors such as "light" and "mild" and require big new warnings to cover at least 30% of cigarette packs.

Philip Morris, however, has embraced the idea that the FDA should have broad powers over tobacco. "Legislation that reduces the serious harm caused by smoking would be a very good development, and it is not about giving a competitive advantage to any one company," says Steven C. Parrish, senior vice president of corporate affairs for Altria.

The company's rivals contend that new restrictions would hurt them more because their brands are much less known than the famous Philip Morris Marlboro brand. With marketing potentially dramatically curtailed by FDA regulation, they would have fewer ways to promote themselves. The result, they say, would be that Marlboro would keep its market share. Philip Morris USA's share of the retail cigarette market was 50.4% as of the third quarter of 2006. Competitors such as Reynolds American Inc.'s R.J. Reynolds Tobacco Co., which markets Camel and Kool cigarettes, gripe that FDA regulation is the "Marlboro Monopoly Act."

Oversight by the FDA also would help Philip Morris develop a legal way to market its cigarette products that are meant to be less hazardous, such as Marlboro Ultra Smooth, which already have been selling in limited test markets but without any explicit health-related marketing claims. A bill in the works includes sections that define reduced-risk products, laying out how they can be marketed.

In coming weeks, Sen. Edward M. Kennedy (D., Mass), chairman of the Senate Health Committee, and Rep. Waxman, chairman of the House Oversight and Government Reform Committee, are expected to formally introduce FDA tobacco legislation. Sen. Kennedy's plan is for hearings in February and a vote in his committee on the bill in March. Phillip Morris USA Chief Executive Officer Michael Szymanczyk, and other cigarette company chiefs, are expected to be asked to testify before Congress.

They could face tough questions about some new findings from researchers at the Harvard School of Public Health alleging that tobacco companies increased the level of addictive nicotine in their cigarettes. Philip Morris disputes the findings.

Another hot topic might be whether legislation should give the FDA power to demand that all cigarette makers reduce nicotine levels all the way to zero. In the past, Philip Morris has argued against that on the grounds that doing so would make cigarettes unacceptable to consumers.

Traditional antiregulatory sentiment on the part of the Republicans has proved an obstacle to passage of FDA regulation. The Democrats' win in November means that legislation to regulate tobacco has more votes than in the last session of Congress. But with a presidential race gearing up, and the congressional clock always racing, many bills may fall by the wayside as priorities shift.

Rep. Waxman has been particularly tough on cigarette makers. In 1994, he called cigarettes "the single most dangerous consumer product ever sold," and he was chairman of the hearings that exposed major tobacco executives over the health risks of smoking. Seven executives declared, under oath, that nicotine isn't addictive. The companies have reversed course. Reynolds suggests smokers rely on the conclusions of the U.S. Surgeon General, and other public-health and medical officials, while Philip Morris USA agrees cigarettes are harmful.

Now Rep. Waxman will be in the position of arguably aiding Philip Morris by introducing the FDA bill on the House side. His spokeswoman said yesterday that the bill could come soon and would likely give the FDA the power to regulate nicotine but not eliminate it.

"I don't think there's been any love between Philip Morris and Henry Waxman," said Rep. Waxman in an interview yesterday, noting that he is aware that some employees of the cigarette maker used to mock him as "Hollywood Henry" -- a likely reference to the fact that he invited movie stars and celebrities to his hearings. "I don't care about Philip Morris's interests," he added. "Cigarettes -- as dangerous as they are -- are the only consumer products that are completely unregulated by the federal government."

Among the antitobacco measures Democrats might take would be increasing the federal cigarette excise tax, now 39 cents. The last increase was legislated in 1997.

Antitobacco advocates also hope there might be political opportunities for the U.S. to finally ratify the terms of a World Health Organization treaty known as the Framework Convention on Tobacco Control. The U.S. signed it in 2004, and about 143 other countries have ratified it, including the United Kingdom, Japan, and Canada. The treaty calls for a ban of terms such as "light" and "low tar" and would require text or pictorial warnings covering at least 30% of each tobacco pack.

In Canada and some other countries using pictures, the images include a diseased lung and a drooping cigarette to show tobacco's ill effects on male sexuality. The odds of passage this year are uncertain because the State Department has yet to introduce the legislation that would make the treaty's terms legally binding.

"We agree with most of the treaty's core principles, and we want to engage with the rest of the world to help bring them up to our standards," White House deputy press secretary Tony Fratto said Wednesday. "The treaty requires statutory changes that

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we would have to make before ratifying it, and also raises some constitutional concerns -- particularly with respect to the First Amendment. I can't say at this time how quickly those issues would be resolved."

Another likely move would be to pass legislation that would limit Internet sales of tobacco products. In the last Congress, there was debate about providing the states additional authority to ensure that state taxes were paid. The proposal is likely to surface again this year, says Wendy K.D. Selig, lobbyist for the American Cancer Society in Washington.

House Restores Some Voting Rights To Congressional Delegates (NYT)

By Carl Hulse

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — The Democratic majority in the House restored limited floor voting rights to the Congressional delegates from the District of Columbia and four territories on Wednesday after a rancorous debate with echoes of the days before the Republicans won the majority in 1994.

The change approved on a party-line vote of 226 to 191 was mostly symbolic because the five delegates will be allowed to vote just on floor amendments, not on final approval of bills.

If their votes influence the outcome on amendments, a new vote will be taken without their participation.

The return of the privileges, first allowed by Democrats in 1993 and rescinded by Republicans in 1995, resulted in Republicans' pouring out their frustration about their treatment by Democrats in the first weeks of Congress. The sour mood threatened efforts at forging a more cooperative relationship between the parties.

"We've extended the hand of friendship to each other in hopes of working together for the common good," Representative John A. Boehner of Ohio, the Republican leader, said as he accused Democrats of trampling House rules. "Unfortunately, the hand of friendship is being slapped away by the actions of the majority."

Democrats responded by suggesting that Republicans were demeaning the role of the delegates who represent the Virgin Islands, Guam, Puerto Rico and American Samoa and refusing to recognize that the five million residents of those territories and the District of Columbia deserve representation on the House floor.

Democrats noted that residents of the territories were among the people being killed and wounded in Iraq.

"The House is ordained to be a marketplace of ideas," Speaker Nancy Pelosi said. "We should work to expand democracy, not limit it."

Delegate Eni F. H. Faleomavaega, Democrat of American Samoa, bristled at Republican gibes that he would be able to vote on the floor when he represents 60,000 residents compared with the approximately 600,000 in a typical Congressional district.

"I am saddened this has gotten to the point where we are caught in this crossfire," Mr. Faleomavaega said about the broader dispute over Democratic management of the House.

Republicans said the proposal on delegate voting was one more Democratic initiative rushed to the floor without committee hearings. They called it an unconstitutional power grab and derided it as "representation without taxation," because residents of the territories do not pay federal income taxes though residents of the District of Columbia do.

"Under this rule, the majority party could seat anybody in the House," said Representative Tom Price, Republican of Georgia.

Referring to the chairman of the national Democratic Party, Mr. Price asked: "Who is next? Howard Dean? He has a significant constituency."

Republicans used similar tirades at Democrats, accusing them of arrogance in their operation of the House when they instituted delegate voting rights in 1993. A court challenge failed when a judge ruled that the voting was essentially meaningless and thus was not unconstitutional. On taking control of the House, Republicans reversed the rule.

In their winning midterm campaign, Democrats promised to treat the Republicans more fairly than the Republicans treated the Democrats in their 12 years in the majority.

Delegates Gain Limited Voting Rights (WP)

By Mary Beth Sheridan

The Washington Post, January 25, 2007

The House gave D.C. Del. Eleanor Holmes Norton the right yesterday to vote on amendments to bills on the House floor, a privilege that legislators acknowledged is largely symbolic.

The action, pushed through by the new Democratic-led House, restores a right that Norton (D) and four other non-state representatives received in 1993. It was taken away two years later, after Republicans won control of the House.

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Norton has been pushing for passage of a much broader bill that would give her a full vote. She supported the limited measure yesterday but expressed concern that it could slow the momentum toward giving the District a full vote by confusing activists and increasing tension with Republicans.

"This debate is extremely heartbreaking for me," Norton said in an impassioned floor speech, after Republicans assailed the rule change. She questioned why lawmakers were arguing about the constitutionality of the limited measure, when the courts had upheld it in the 1990s. She said Congress should instead be considering the broader bill, which supporters call their best hope in years of getting the District a full vote in the House.

Norton and Rep. Thomas M. Davis III (R-Va.) recently reintroduced that bill, which would add two seats to the House -- one for the overwhelmingly Democratic District and another for Utah, a Republican bastion. Until now, Norton has been able to vote only in House committees.

The rule change that was approved "offers so little for Americans who have given so much," Norton lamented.

The measure allows Norton and representatives from Puerto Rico, Guam, American Samoa and the Virgin Islands to vote in the Committee of the Whole, where amendments to legislation are considered.

But it comes with an important caveat: If the delegates' votes provide the margin of victory, their votes are thrown out and representatives revote without them.

The measure passed 226 to 191 on a party-line vote. Democratic supporters acknowledged that it provided mainly symbolic privileges but said it would give delegates greater participation in Congress.

"It is not enough what we do today," said Majority Leader Steny H. Hoyer (D-Md.), who has expressed strong support for the District having a full vote in the House. "But it would be tragic if we do not do this basic step."

Republicans attacked the measure, saying it was unconstitutional and a power grab by Democrats.

Rep. Patrick T. McHenry (R-N.C.) noted that four of the five non-state representatives who benefit from the rule change are Democrats.

"They want to cushion their numbers" in votes on amendments, he said during the debate.

Other Republicans expressed concern that the rule change was the first step toward offering full voting rights to the territories. And some suggested it would be used in legislative maneuvers to benefit Democrats.

Rep. David Dreier (R-Calif.) noted that the last time the measure was in effect, the Democratic-controlled House had numerous revotes on amendments, though it was rare that the delegates affected the margin of victory. During the revotes, he said, representatives often changed sides.

"We're going to embark on another legal struggle, just as we did 14 years ago," to defeat the measure, he declared.

House Republicans filed suit in U.S. District Court in 1993, citing a violation of the Constitution. But Judge Harold H. Greene ruled in favor of Norton and the other delegates, saying their votes posed no constitutional problems because they were "symbolic" and therefore "meaningless." That decision was upheld on appeal.

GOP May Sue Over Delegates' Vote (RC)

By Elizabeth Brotherton

Roll Call, January 25, 2007

After a contentious floor debate Wednesday, the House voted to give the chamber's five Delegates the right to vote in the Committee of the Whole — but Republicans are considering challenging the rules change in court.

The House passed the measure, 226 -191, after a series of protests from Republicans, who claimed the vote was an unconstitutional power grab by the new majority.

Rep. Tom Price (R-Ga.), who spent much of his week rallying against the proposal, called it "flawed policy" and said Republicans will continue to fight it.

"At this point, because there are internal rules, the only option we have is through the courts," Price said. "We'll be in discussions with that."

According to the rules change, Democratic Dels. Madeleine Bordallo (Guam), Donna Christian-Christensen (V.I.), Eni Faleomavaega (America Samoa) and Eleanor Holmes Norton (D.C.), along with Resident Commissioner Luis Fortuño (R-P.R.), can vote on amendments to bills but not the final passage. Plus, if a Delegate casts the deciding vote on a bill, the Delegate votes are thrown out and a revote takes place.

Democrats argued that the vote is a symbolic gesture to the nearly 5 million Americans who live in Washington, D.C., and the territories.

"What are we really giving them? A chance to participate in democracy," said Rep. José Serrano (D-N.Y.), who was born in Puerto Rico. "How can we be willing to spread democracy around the world when we can't spread it here?"

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Christian-Christensen said she is pleased to get the vote and called Republican arguments against the measure unfounded.

"None of their arguments were really good arguments," she said. "The only thing I can go back to is the politics. I think they should have been honest and said, 'We don't want to have four Democratic Delegates.'"

If Republicans decide to go to court, it won't be the first time the Committee of the Whole vote has been challenged.

The U.S. Court of Appeals upheld the rules change after it was enacted during the 103rd Congress, with judges writing it does not go against the Constitution because it does not affect the overall outcome of a vote.

With that history behind him, Faleomavaega said he welcomes sending the measure back to the courts.

"I must say that I have never seen such a more divisive issue before the House for consideration," he said. "And I feel really bad... all we wanted was the symbolic vote."

Republicans threw out the vote when they took power after the 1994 elections. But GOP leaders said Wednesday that if the rules change were to reach the Supreme Court, they are confident it would be struck down.

Rep. David Dreier (R-Calif.) led much of the floor protest, criticizing Democrats — specifically the Rules Committee, of which he is ranking member — for not bringing in Congressional experts and other observers to discuss the merits of the measure.

The Californian added that he does not believe the bill passes constitutional muster.

"If they want to vote in this body, Mr. Speaker, they should pursue statehood, plain and simple," Dreier said of the Delegates.

Minority Leader John Boehner (R-Ohio) called the measure an "outrageous grab of power" that creates a "breach of trust of the Members here."

"It saddens me there was no discussion about this with the minority," Boehner said, adding that Republicans got word of the proposal on Friday only when Majority Leader Steny Hoyer (D-Md.) released the weekly calendar.

Dreier also said he was disappointed Democrats did not withdraw an amendment presented in the Rules Committee by Rep. Mark Kirk (R-Ill.), even after Kirk submitted a letter requesting the committee do so. The amendment would have required the House Clerk certify in writing that the constituents of the delegates are covered by the federal tax code.

But one Democratic leadership aide said that things were handled correctly and the Republican outcry was unjustified.

"I think they're just trying to adjust to being in the minority, to be honest," the aide said.

That outcry seemed ironic to Christian-Christensen, especially because the Delegate with the most constituents — Fortuño, who represents about 4 million people — is a Republican, she said.

For Norton, the symbolic measure is far from her ultimate goal of obtaining a full House vote with the D.C. Fair and Equal House Voting Rights Act.

In an emotional six-minute speech on the House floor Wednesday morning, Norton criticized the way House leaders handled the rules change, which she said needlessly divided "the people's House about a right to vote settled 14 years ago."

"I say to my friends on the other side, 'There is nothing left to debate about,'" Norton said.

The Delegate grew angrier as she discussed the need for a swift vote on the D.C. voting-rights act.

"Why isn't H.R. 328 the first bill out of the Democratic Congress?" she asked.

Hoyer, who introduced the Delegate measure, said he is dedicated to giving D.C. a full vote "and we will address that shortly."

Rep. Tom Davis (R-Va.), who is sponsoring the D.C. voting-rights bill with Norton, argued against the new Delegate power.

"To the cynic in me, this resolution smacks of obfuscation," Davis said. "What the majority is doing today threatens to delay action on the real injustice that has plagued the District for more than two centuries."

For Bordallo, the new power is worthwhile.

"This is a step forward," she said.

Political Confrontation In Church For Lawmaker (AP)

AP, January 24, 2007

WASHINGTON A Democratic congressman walked out of his Catholic church in Buffalo after a clergyman berated the lawmaker for his recent vote on stem cell research.The public tongue-lashing of Congressman Brian Higgins came during last Sunday morning's Mass at Saint Thomas Aquinas Catholic Church in South Buffalo.During Deacon Tom McDonnell's sermon, McDonnell criticized Higgins for voting earlier this month for a bill that would allow federal funding for research involving stem cell lines derived from surplus embryos created in fertility clinics.The Catholic church opposes embryonic stem cell research.As the clergyman spoke, Higgins -- who was baptized and married at Saint Aquinas -- walked out with his wife and son.Higgins says

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leaving was the appropriate thing to do.The Buffalo News reports that the pastor of the church offered an apology from the pulpit after the congressman had left.

Senate Shows Its Age; Health Problems Pose Challenge For Governing (POL)

By Jonathan Martin And John Bresnahan

The Politico, January 25, 2007

The average age of members of the U.S. Senate is older than it has ever been, according to Senate Historian Richard Baker. For many senators, advanced age is starting to show, raising questions about their ability to govern.

Until his retirement last month, former majority leader Bill Frist, R-Tenn., a noted heart surgeon, was being consulted for informal medical advice by two dozen of his colleagues -- more than 20 percent of the Senate, according to a former leadership aide. They went to Frist complaining about a host of illnesses and chronic maladies, most related to aging.

Among them were Sen. Pete Domenici, R-N.M., who flew on Frist's jet for private consultation and treatment at the Frist Clinic in Nashville, according to Senate sources.

The average age of the 100 senators is 62, up from 60 in the last Congress. Among the new Democratic committee chairmen, it is 69. And, of the five longest-serving senators, three are there today. Including the grand-daddy of seniority, Sen. Robert C. Byrd, D-W.Va., 89.

As far as illnesses, at least 10 senators have fought various cancers or suffered severe injuries. Sen. Tim Johnson, D-S.D., remains hospitalized here for a brain hemorrhage suffered last month. And others deal with chronic and debilitating infirmities.

In the past, the clubby atmosphere of the Senate provided cover for its frailest members. No longer. Today, a senator's smallest stumble, nap or memory lapse gets instant and widespread public exposure online through blogs and videos posted on YouTube and other social-networking Web sites. (See related story.)

Few senators will talk publicly about their own health problems or those of their colleagues. But many sought counsel from one of their own, Frist. He offered informal and discreet medical advice to his colleagues and some spouses during his 12-year tenure, a former Senate leadership aide said.

"You would be surprised by the people who sought his advice" on health-related issues, said the former aide. "There was a steady flow of people in and out of the office." Frist declined to comment.

If the president appears in public wearing so much as a dime-sized bandage, the press demands, and usually gets, a detailed medical explanation from the White House. No one questions the public's right to know precisely and in full about the physical health and mental well-being of the commander in chief.

Closer to home, Americans routinely face the wrenching tasks of taking car keys away from elderly parents who can no longer drive safely, or delivering the necessary (but unwelcome) news that it's time for an infirm parent to move into assisted care.

Yet suggestions that an enfeebled senator consider retirement haven't been broached, even considering the distressing example of the late Sen. Strom Thurmond, R-S.C., who spent the final year of his term, at age 100, in and out of Walter Reed Army Medical Center here.

The issue is increasingly relevant today, considering the current Senate's advanced age, particularly among its leaders. Byrd, Edward M. Kennedy, D-Mass., and Daniel Inouye, D-Hawaii -- Numbers 1, 3 and 4, respectively, among the longest-serving senators -- have been in the Senate more than 40 years each. And each chairs an important committee at an age when most people are retired: Byrd holds the gavel at Appropriations, Kennedy, 74, at Health, Education, Labor and Pensions, and Inouye, 82, at Commerce, Science and Transportation.

"People don't like to talk about age," said Boston University history professor Julian E. Zelizer. "It's not a political taboo, but a cultural one. We're respectful of the elderly." To raise the issue in a political context, Zelizer continued, is even more fraught with difficulty because any discussion of the office-holding elderly portends a conversation about that which is even more awkward -- mortality. The subject of death is especially acute in the Senate, "where individuals matter," as Zelizer diplomatically put it.

The impact of a single senator's health was underscored when Johnson, 60, suffered a brain hemorrhage in mid-December. He is recovering in a Washington hospital, and physicians have said it may take months.

This was big news, in part because of how suddenly a relatively young senator was stricken, but more importantly because of the potential political fallout. Should Johnson be unable to complete his six-year term, which ends in January 2009, South Dakota Gov. Mike Rounds, a Republican, would likely fill Johnson's seat with a GOP appointee, thus taking control of the Senate out of Democratic hands.

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Johnson is receiving several hours of speech and physical therapy a day, and his office has issued repeated statements that he is on the way to a full recovery. Johnson has hired a strategist to help oversee his re-election effort next year, answering, at least for now, the question of whether he plans to run again. (Majority Leader Harry Reid, D-Nev., appointed Sen. Barbara Boxer, D-Calif., to take over Johnson's gavel at the ethics committee in Johnson's absence.)

Johnson's illness also reinforced the delicate topic of whether a senator is mentally fit to serve. Such was the question when Thurmond finished his tenure.

After moving into Walter Reed following several hospitalizations, Thurmond stopped presiding over the Senate, and at committee hearings typically would only read verbatim remarks prepared by his staff. On the floor, his fellow senators would "come pay homage" to their nonagenarian colleague as he sat waiting to vote, said Rutgers professor Ross K. Baker.

"They were very nice, but they treated him like an ornament, like a figure in [the Capitol's] Statuary Hall."

Meanwhile, loyal aides, led by Chief of Staff Duke Short, fiercely protected Thurmond's privacy. Short, whose moniker was the "101st Senator," was mostly able to keep Thurmond's decline out of the news. He barred sit-down interviews and deployed staffers to help fend off reporters on Capitol Hill.

Even today, senators dance around the topic of personal health when quizzed, and staffers and lobbyists -- who have so much riding on the well-being of their political patrons -- clam up as well.

Sen. Frank Lautenberg, D-N.J., who turned 83 this week, said it was difficult to discuss, even with colleagues, because such talk can lead to speculation about a senator's retirement and replacement.

"What is public is public, and what is private ought to remain private," Lautenberg said.

His attitude is typical. "They all understand what it took to get there, and they kind of look out for each other in that way," said associate Senate historian Don Ritchie. He added that some senators also "walk around aware that, 'But for the grace of God, there go I' " when seeing a colleague having difficulty.

For Byrd, hard times are painfully obvious. The senator who oversees hundreds of billions of dollars in government spending as chairman of Appropriations is still good for a rant on Congress's rights and privileges, as evidenced last week by his emotional attack on a proposal to give the president a line-item veto. But his health problems are legion.

Byrd suffers from tremors, causing his hands to shake noticeably. He has complained about growing weakness in his legs, and when he leaves the Senate chamber, he switches from using two canes to a wheeled walker.

Although more than a decade younger than Byrd, Domenici, 74, also suffers from a variety of ailments -- and not quietly, according to fellow senators. Domenici was one of those who leaned heavily on Frist for medical advice, insiders say.

He has undergone two surgeries for a nerve problem, has bursitis in his hips, and suffers from spinal stenosis, a narrowing of the spinal cord that can be painful. He has hearing aids in both ears, forcing him to lean in very close to someone when having a conversation, and he moves slowly and deliberately when taking the floor for votes, stopping often to lean against a wall or desk for rest or to steady himself.

He can appear disheveled at times. Domenici wore a suit with a with large tear in the coat one day recently, and in early December, after being seen ambling through the halls of the Hart Senate Office Building in a pair of hunting pants that resembled pajamas, Domenici aides scrambled to quash a rumor that the lawmaker was not as mentally acute as he had been.

Despite his health, Domenici, who is senior Republican on the Energy and Natural Resources Committee, is running for a seventh term next year. And with last week's announcement that Sen. Wayne Allard, R-Colo., will retire, GOP leaders need Domenici to stay more than ever. Domenici's advisers and Republican strategists portray him as hale and hearty, and suggest any buzz that Domenici's problems will force him to step down is nothing more than a Democratic plot to drive him from office.

"The senator, in my view, is in better health than he was three years ago," said Matt Letourneau, a Domenici spokesman, pointing out that his boss no longer uses the motorized cart that he had several years ago.

To be sure, illness does not disqualify lawmakers from effective service. The Senate roster includes a number of members -- old and relatively young -- who are dealing with or have recovered from serious health problems.

Sen. Craig Thomas, R-Wyo., was diagnosed with acute myeloid leukemia last November and has undergone chemotherapy treatments since then. Thomas, 73, has returned to the Senate minus most of his hair, and he predicts a full recovery. Recently re-elected to six-year term, he will have another chemotherapy session later this month. "I'm feeling great and glad to be back at work," he said in an interview.

Sen. Arlen Specter, R-Pa., 76, was diagnosed with Hodgkin's disease in February 2005, and Sen. John McCain, R-Ariz., 70, has been treated for skin cancer (see related story). Sen. John Kerry, D-Mass., 63, was treated for prostate cancer in 2003, and Sen. Mike Crapo, R-Idaho, 55, has twice been hospitalized for the same condition.

Sen. Tom Coburn, R-Okla., 58, who is also a physician, is a colon-cancer survivor. Sens. Max Baucus, D-Mont., 65, and Lautenberg both suffered severe head injuries while in office. Even Majority Leader Reid, 67, and Minority Leader Mitch

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McConnell, R-Ky., 64, had health scares in recent years, although both appear to be fine now. (Reid had a small stroke in August 2005, and McConnell underwent triple heart bypass surgery in early 2003.)

But when a senator begins experiencing age-related decline, they, their staffs and families face the most difficult decision of all: how to retire with dignity.

The challenge, said Professor Baker, is that it can be difficult to tell when someone who has become accustomed to the routine of casting votes and reading prepared remarks is not up to the rest of the job.

"When do you stop issuing drivers licenses?" Baker asked. As with elderly motorists, "you're going to have people whose reflexes aren't too good behind the wheel, you're going to have people [in the Senate] who aren't too sharp anymore making very important decisions."

What's more, almost all of those who would make, or influence, the decision about whether it's time to retire are disposed against it.

The senator usually wants to stay because he or she enjoys and derives purpose out of public service; aides want to keep their jobs and the influence that comes with working for a senior legislator (especially one who is increasingly dependent on aides); the party wants to keep a safe seat that will cost less money to retain; and constituents want the senator to run again because that means continued influence and dollars for a state.

Often, then, the only way the hazards of age and infirmity may be decisive are the same as with anything else in politics, Baker said.

"If it becomes scandal, if the public takes notice of it. That's the way change comes about."

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by POTUS on 01.24.2007 at 09:31 PM

This story allows me to bring up an important point in the political spectrum, political polarization. I respect politicians who are able to have a successful career in politics, but if there is not limit, we can't bring new ideas to Washington. Voters think that long serving members have done a good job, but really they have been going to the extremes for years and have said and done the same things. Term limits seem to be one of the good solutions to this problem.

McCain's Health And Age Present Campaign Challenge (POL)

By Roger Simon

The Politico, January 25, 2007

"I am older than dirt and have more scars than Frankenstein," John McCain likes to say.

It always gets a laugh, though I don't suppose his mother, who is 94, and her twin sister, appreciate it very much. If he is older than dirt, what does that make them? Older than lava?

If McCain, 70, runs and wins, he would be the oldest person ever inaugurated as president. As is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. (One in every 60 Americans is at risk for developing invasive melanoma in their lifetimes.)

I talked to McCain recently and asked him about his health. He said it was good. "I hiked the Grand Canyon rim-to-rim last August with my son, Jack," he said.

I tried to imagine that. The last time I saw it, the Grand Canyon was seriously deep.

How on earth do you hike a thing like that rim-to-rim? I asked.

"Down and up!" he said. "It takes three days."

John Kennedy, who at 43 became the youngest person ever elected president, and who was always associated with "vig-ah," in fact had serious diseases that were kept from the public.

As was revealed in 2002, Kennedy was sick from age 13 through the rest of his life, was on chronic-pain medication throughout his presidency and had Addison's disease, an endocrine disorder that until 1940 was a terminal illness. Kennedy survived it through cortisone injections, which at the time only rich people could afford.

Dr. Jeffrey Kelman, who examined Kennedy's medical records in 2002, said, "He was never healthy. I mean, the image you get of vigor and progressive health wasn't true."

The point being: Electing a young person to the presidency is no guarantee that he or she will be healthy or stay healthy.

The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of

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medical and psychiatric records. They showed him to be in good health and not nuts. (And how many presidential candidates can say that?)

"We'll probably have to do that again," McCain told me of the record release.

Do you think all candidates should release their medical and psychiatric records? I asked.

I thought he would jump on that and say yes, just to put pressure on the other presidential campaigns, but he did not.

"I don't know," he said. "I think probably in my case it was a little more unique because of my POW status and the war injuries and the fact that people were spreading rumors that I was crazy and disabled both. So we'll probably have to do that again."

You think the rumors will start again? I asked.

"They already have!" he said.

But I don't think that is going to be McCain's problem. It isn't his health but rather his demeanor that worries some people.

The Iraq war, which he strongly supports, has disturbed and dismayed him. He told The Washington Post it was a "train wreck." He told me it was a "witch's brew." He visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain.

And it is showing.

Last April, I wrote of a campaign swing McCain made through New Hampshire and Iowa, "Though McCain said he enjoyed himself, he was not the rollicking campaigner of six years ago. At a number of stops, he was largely subdued and sometimes almost somber."

Last Sunday, on "Meet the Press with Tim Russert," McCain seemed to have moved from almost somber to almost gloomy.

In my recent interview, I suggested to him that the laughing, joking John McCain of his last presidential campaign seemed to be AWOL.

"It's hard to make jokes; we are a nation at war," he said. "There are great national security challenges that we face. But I also believe, as Ronald Reagan did, that America's greatest days are ahead of us. It's going to be an upbeat campaign and an optimistic one."

And will you still come to the back of the bus and goof off with the press like before? I asked.

"If I changed that," McCain said with a smile of old, "I would probably get death threats."

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by krose on 01.24.2007 at 11:27 PM

I wouldn't care about his age, if his brain was working properly, but it is NOT. So, he would NEVER get my vote. We have had ENOUGH clouded judgement for the past 6 years. We need someone with a "clear head" the next time!

by xungngo on 01.24.2007 at 11:24 PM

My family were the boat people from Vietman and I said that's one great war hero!

by Muggsyswife on 01.24.2007 at 11:12 PM

This is one terrific political blog. I really look forward each day to checking out what you all have to say. Regarding the age of McCain, I think he is probably too old & maybe too cranky to be president. Also, one picture I saw of him at the "State of the Union" last night--he appeared to be sound asleep. However, he is a patriot no matter what his age and has certainly served the nation honorably.

by Jennifer on 01.24.2007 at 10:14 PM

Excellent piece. Part of his constant campaigning and talk show appearance routine is no doubt aimed to project a picture of vitality. But I agree it is the crankiness problem that will be significant. Reminds me of Mr. Wilson from the Dennis the Menace cartoon --always screaming at the kids. Wait until the staffer stories start popping up. It'll make Hillary seem demure.

by M J Petersen on 01.24.2007 at 09:18 PM

I normally wouldn't say age matters much, but after losing my father when he was only 70, it is hard for me to imagine electing the most powerful man in the word for a possible 8 years at that age.

FEDERAL DIARY: Union Suit Against Intern Program May Revive Debate On Fairness In Hiring (WP)

By Stephen Barr

Washington Post, January 25, 2007

The Federal Career Intern Program has become one of the most popular ways for federal agencies to recruit on college campuses and hire young professionals.

Agencies may hire interns at any time, do not have to advertise the job openings in advance, and can take advantage of the two-year job tryouts to evaluate the interns before deciding whether to offer them permanent civil service jobs.

Under regulations issued in 2000 and 2005, some agencies have used the intern program to build a recruitment pipeline to replace baby boomers who retire as well as to beef up law enforcement and other specialized workforces. The interns are paid the same as other entry-level government workers.

But the popular hiring program was challenged in federal court yesterday by the National Treasury Employees Union, which asserted that the intern program "has become the hiring method of choice" and has undermined century-old laws that require federal jobs to be filled through fair and open competition with applicants afforded equal opportunity.

The union asked the U.S. District Court for the District of Columbia to throw out the program's regulations and to stop agencies from using the hiring program.

The lawsuit seems likely to reopen debate over where to draw the line on ensuring fair and open competition for federal jobs while allowing the government to become more competitive in the "war for talent" with Fortune 500 companies and large nonprofit organizations.

In its lawsuit, the union said the intern program has become the primary method for hiring revenue officers and revenue agents at the Internal Revenue Service, customs and border protection officers at the Department of Homeland Security and financial institution specialists at the Federal Deposit Insurance Corporation. NTEU represents thousands of employees at the three agencies.

The union said the intern program had deprived current employees of chances for promotions and other career opportunities.

NTEU also objected to the program's rule that places interns on probation for two years, instead of the one year that generally applies to civil service jobs, and to an IRS decision to extend the probation to three years for revenue agents. Lengthy probation periods mean the employees have to wait too long to gain job rights that allow them to contest major disciplinary actions, the union said.

The Office of Personnel Management, the defendant in the suit, and the IRS said the suit was under review and declined to comment. A spokesman for Customs and Border Protection said the agency's hiring practices follow federal law and "encourage the selection of qualified candidates." The FDIC described its hiring process as highly competitive.

By most accounts, federal managers see the internships as a way to hire faster and place new employees into training programs that monitor their job performance and conduct. Speedy hiring has become especially important at Homeland Security, which has been given extra money by the White House and Congress to improve border security and reduce the threat of terrorist attacks.

The FDIC has used the intern program to recruit bank examiners at about 600 colleges. In the past six months, the FDIC received more than 1,100 applications for 75 such jobs, the agency said.

Overall, the government hired more than 11,000 people through the intern program in fiscal 2005, the union said yesterday.Union Movement at the GAO

The International Federation of Professional and Technical Engineers announced yesterday that it has launched a union-organizing campaign to represent employees at the Government Accountability Office, the congressional auditing and investigations agency.

The union, an affiliate of the AFL-CIO, represents federal scientists, engineers, immigration and administrative law judges and others, including the staff at the Congressional Research Service. A group of GAO analysts approached the CRS local union several months ago about forming an organizing committee, the union said.

Last year, David M. Walker, head of the GAO, completed a restructuring of the agency's pay system after an outside report showed that some GAO analysts were underpaid and some overpaid. The changes have created morale problems at the GAO, with some analysts feeling they had been demoted and others concerned about losing out on pay raises they had counted on receiving.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 25, 2007

Party Planner Winds Down at 1600 Pennsylvania Ave.

White House Social Secretary Lea Berman is stepping down next month after two years on the job.

"I've had four great jobs in this administration in six years -- and that's a long time to work at the White House," she told us yesterday. "I admit that I am tired." The decision to leave was entirely Berman's, said Susan Whitson, spokeswoman for Laura Bush."Mrs. Bush adores Lea and thinks her work is outstanding. Lea will be greatly missed."

The prominent Republican hostess became the nation's most prestigious party planner in December 2004 -- after stints as social secretary for Dick Cheney, chief of staff to Lynne Cheney and a staffer in the president's 2004 reelection campaign. It was, she said yesterday, like "winning the lottery, to go from being a housewife to the White House social secretary." Berman is married to millionaire businessman and GOP donor Wayne Berman.

She oversaw a dramatic overhaul of the White House's entertaining style: The hiring of Cristeta Comerford as the mansion's first female executive chef, the hunt for a new White House pastry chef (Thaddeus DuBois left for piles of dough at a new Las Vegas casino), and the first lady's push to entertain more than in the first term.

Berman will leave at the end of February, after two more big dinners: one for the nation's governors and another honoring Ford's Theatre. She informed the first lady shortly before the midterm election that she planned to resign. Whitson would not say whether anyone had been interviewed for the position, but said no successor has been named.Your Questions About the State of the Union Address Answered

How'd the Baby Einstein lady end up saluted as a hero? Is she a big campaign contributor? Also, is she available?

We've checked but can find no evidence that Julie Aigner-Clark, founder of the series of instructional videos intended to produce genius tots, is a donor, big or small. Just another business entrepreneur turned "social entrepreneur," whatever that entails, who caught the eye of the White House. Sorry, fellas: The millionaire is married with two kids.

Were Martin O'Malley and other guests really snoozing, as it appeared in that photo in the paper?

Photos are funny things, aren't they? We know this shot was taken during the speech itself, and not during the interminable wait beforehand. Perhaps the shutter just happened to catch a moment when more than one guest in Nancy Pelosi's box was mid-blink or neck-stretch. O'Malley's spokesman, Rick Abbruzzese, says the new Maryland guv "was very interested to hear what the president of the United States had to say." We're also told that many VIPs captured on film with downcast eyes may simply have been following a text of the speech handed out at the start.

One Cabinet member always has to sit out the SOTU, to provide for a succession in case the Capitol gets blown up. Who was it this time?

Attorney General Alberto Gonzales.

What was Dick Cheney chewing on ever so subtly? Cough drop? Breath mint?

The vice president's office did not return a call for comment.Spielberg, Sharing the Wealth

Vacations in the Hamptons, overnights at the White House, lots of big fat checks over the years -- from all appearances, Steven Spielberg has long been one of Bill and Hillary Rodham Clinton's bestest buddies in all of Hollywood, which is saying a lot. So why is the Oscar winner, along with fellow moguls Jeffrey Katzenberg and David Geffen, hosting a $2,300-a-person fundraiser for . . . Barack Obama? Invitations to the Feb. 20 event at the Beverly Hilton went out this week.

Spielberg's rep, Andy Spahn, said the director is simply spreading the love in these early months of the '08 race. "He expects to be helpful to several candidates in the primary race," he said, mentioning Clinton and John Edwards by name. "In particular, he has been very impressed by Sen. Obama. . . . It is an indication of the seriousness and strength of his candidacy."

The fundraiser does not equal an endorsement for Obama, Spahn said. "He will ultimately settle on one candidate" -- just not yet. Is he hosting a similar party for Clinton? Nothing's planned yet, said Spahn.Simeon Booker Looks Back at a Storied Career

Simeon Booker, the longtime Washington bureau chief for Ebony/Jet magazine, is finally retiring at age 88, so the tributes were long and heartfelt Tuesday night. "We have reaped the benefits for his nearly 60 years in journalism," said his boss Linda Johnson Rice, prez and CEO of Johnson Publishing.

Old colleagues and admirers cited his stories on the White House beat, the civil rights movement and the rise of the black middle class. Booker himself cited a different career highlight: The time he brought Martin Luther King Jr . to the then lily-white National Press Club. "He was their first black speaker," Booker told the crowd.

Among those turning out to pay tribute: Bernard Shaw, Gwen Ifill, Rep. Charles Rangel, Eleanor Clift, radio host Joe Madison, and perhaps the most delightfully random guest -- Kellie Williams, the D.C. native who played Urkel's dream girl on "Family Matters" and now works here in children's theater.A Heady Day at the White House

During the anxious days of late spring 2003 inside the White House, as the rationale for the Iraq war was eroding, Scooter Libby was especially worked up one morning about a visit from a couple of VIPs. CIA official Craig Schma ll testified in Libby's perjury trial yesterday that notes he took from a June 14 intelligence briefing with Dick Cheney's then chief of staff included this sentence: " Tom Cruise and Penelope Cruz at his office."

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"Apparently Tom Cruise was there to talk with Mr. Libby about how Germany treats Scientologists," Schmall told the jury, reports our colleague Amy Goldstein. Libby "was a little excited about it," he said. "I was a little excited about it."THIS JUST IN . . .

Â· Jennifer Aniston had a nose job last weekend, reports Us Weekly -- "a procedure done to correct a deviated septum that was incorrectly done over 12 years ago," confirmed her rep. The fact that her nose will look thinner is entirely coincidental.

Â· Brandy was involved in a fatal car accident last month, her publicist said. On the morning of Dec. 30, the singer was driving in Los Angeles when her Land Rover rear-ended a Toyota, which was then struck by another vehicle. Brandy was not injured, but the driver of the Toyota died the following day, reports TMZ.com. The singer was not arrested; there's no evidence that drugs or alcohol were involved.

Â· Former New York Post gossip writer Jared Paul Stern won't be indicted for trying to squeeze big bucks from a billionaire in exchange for good press in the paper's Page Six column. "It is definitely a relief," he told the Associated Press. "But I'm still basically in the same situation vis-a-vis my life being ruined." Stern was dumped from the paper when Ron Burkle alleged that Stern demanded $100,000 and a $10,000 monthly payment to prevent negative items about the playboy billionaire in the column; Stern denied it, and his lawyer said he plans to sue Burkle.LOVE, ETC.

Â· Born : William Whitman Bartlett to presidential counselor Dan Bartlett and his wife, Ally. The 8-pound 1-ounce boy showed exquisite timing by waiting until the morning after the president's speech to make his entrance -- and inspired a day of Bartlett "state of the union" jokes. He joins big brothers Jake and Sutton.

Â· Split: Anne Heche and her husband of five years, cameraman Coley Laffoon, reports People magazine. The actress was involved in a sensational romance with Ellen DeGeneres before her marriage to Laffoon. The couple have a 4-year-old son.

OTHER NEWS:

Dow Hits Record, Its 26th Since October (NYT/AP)

By The Associated Press

The New York Times, January 25, 2007

Wall Street soared yesterday, sending the Dow Jones industrial average to a new high. The Nasdaq composite index jumped 1.4 percent after profit reports from Yahoo and Sun Microsystems restored the confidence of investors in the technology sector.

There was little wide-ranging movement in the energy and health sectors in response to President Bush's State of the Union address, during which he called for expanded health insurance coverage and a 20 percent reduction in the country's consumption of gasoline over the next 10 years. Some alternative-energy companies pulled back after rising sharply before the speech.

In an essentially all-earnings day, investors were left without new economic data to help provide clues about the direction of interest rates.

"I think investors were waiting with the techs for the earnings to come out," said Neil Massa, an equity trader at John Hancock Funds. "Investors were in the show-me mode."

The technology-laden Nasdaq composite index jumped 34.87 points, to 2,466.28, for its biggest one-day increase since early December.

The Dow Jones industrial average rose 87.97 points, or 0.7 percent, to 12,621.77, passing a record close of 12,582.59 set Jan. 16. It was the Dow's 26th record close since the surge began at the start of October.

The Standard & Poor's 500-stock index reached a six-year high, rising 12.14 points, or 0.85 percent, to 1,440.13. The Russell 2000 index of smaller companies was up 8.65 points, or 1.10 percent, at 794.03.

Light crude settled up 33 cents at $55.37 a barrel on the New York Mercantile Exchange as investors grew more confident that OPEC would make good on production cuts and as cooler weather took hold in the Northeast. Prices rose even as United States government figures showed a buildup of crude, gasoline and distillate inventories last week.

Exxon Mobil rose 41 cents, to $74.90. The energy sector appeared to take in stride the president's call for austerity in gasoline consumption, though some companies that make a business of alternative energy products were lower.

Xethanol, an ethanol maker, fell 25 cents, or 8.14 percent, to $2.82, while its larger rival, Archer Daniels Midland, declined 54 cents, to $32.09.

Health care stocks also appeared little moved by the speech. The insurer Aetna fell 44 cents, to $41.74, while the drug maker Pfizer rose 45 cents, to $26.82.

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In other corporate news, Yahoo jumped $1.98, to $28.94, after the company's fourth-quarter profit topped Wall Street's estimates.

Sun Microsystems, a maker of server and storage products, rose 49 cents, to $6.15, after the company reported its first quarterly profit in years as revenue increased.

McDonald's fell 69 cents, to $44.16, after some analysts said operating profits at the fast-food chain came in lower than expected. Over all, fourth-quarter earnings were in line with Wall Street's estimates. The company's profit more than doubled after it spun off Chipotle Mexican Grill and recorded strong sales in Europe.

The chip maker Advanced Micro Devices fell $1.48, to $16.03, after it swung to a loss in its fourth quarter from a profit in the period a year ago.

Corning, which makes glass, fiber optics and specialty materials, rose $2.06, to $20.90, after posting a stronger-than-expected fourth-quarter profit on strong sales of liquid-crystal-display glass for flat-screen televisions.

The benchmark 10-year Treasury note was flat at 9818/32, and the yield remained at 4.81 percent.

Following are the results of yesterday's Treasury auction of two-year notes:

Tech Earnings Reports Restore Investors' Confidence, Lift Nasdaq (WP/AP)

The Washington Post, January 25, 2007

NEW YORK, Jan. 24 -- Wall Street bounded higher Wednesday, lifting the Nasdaq composite index well over 1 percent after profit reports from Yahoo and Sun Microsystems restored investors' confidence in the tech sector. The Dow Jones industrial average logged trading and closing highs.

The Dow rose 87.97, or 0.70 percent, to 12,621.77, surpassing its record close of 12,582.59 set Jan. 16. It was the Dow's 26th record close since the blue-chip average began its surge in October. The Dow also reached a record trading high of 12,623.45.

The Standard & Poor's 500-stock index reached a six-year high, rising 12.14, or 0.85 percent, to 1440.13. The tech-laden Nasdaq composite index jumped 34.87, or 1.43 percent, to 2466.28 -- its biggest one-day increase since early December.

Tech stocks have borne most of Wall Street's concern about the health of corporate earnings in recent weeks. Restive investors, taking their cues from a flurry of profit reports, have been at turns pleased and concerned about the prospects that profit growth will help drive stocks higher following a sharp run-up in 2006.

There was little movement in the energy and health sectors in response to President Bush's State of the Union address, during which he called for expanded health insurance coverage and a 20 percent reduction the country's gas consumption over the next 10 years. Shares in some alternative-energy companies pulled back after rising sharply before the speech.Movers

Exxon Mobil rose 41 cents, to $74.90, as the energy sector appeared to take in stride President Bush's call for austerity in gasoline consumption.

Aetna fell 44 cents, to $41.74.

Yahoo jumped $1.98, to $28.94, after its fourth-quarter earnings topped estimates.

Sun Microsystems gained 49 cents, to $6.15, after the company reported its first quarterly profit in years as revenue increased.

Advanced Micro Devices gave up $1.48, to $16.03, after the chip maker swung to a loss from a profit in its fourth quarter.

McDonald's fell 69 cents, to $44.16, after fourth-quarter results were in line with estimates.

Stocks Surge On Optimism And New Cash (WSJ)

By E.s. Browning

The Wall Street Journal, January 25, 2007

A fresh spurt of optimism about the economy, and a wave of new money flowing into the market, propelled the Dow Jones Industrial Average above 12600 for the first time, marking its 26th record finish in less than four months.

The blue-chip average turned in its largest one-day point or percentage gain of the new year, jumping 87.97 points, or 0.7%, to 12621.77. It is up 1.3% since the year began.

A few investors remain nervous about the risk of higher interest rates this year, with Federal Reserve officials due to discuss their rate plans at a meeting on Tuesday and Wednesday of next week. Others worry that oil prices have suddenly begun rising again as East Coast weather has turned cold.

Still others are uncomfortable that the pace of corporate-profit gains slowed at the end of last year and is likely to slow more this year.

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But for now, those concerns have been swept aside. Late Tuesday, Internet portal Yahoo forecast better days to come and computer-maker Sun Microsystems announced upbeat profit news. After regular trading hours yesterday, eBay announced its quarterly results, and investors were betting in advance on good news.

Their bets paid off, as eBay delivered much-stronger-than-expected fourth-quarter results. Its stock already had risen almost 5% in the regular session, and in after-hours trading, it rose another 13%. The eBay results could affect trading today.

More generally, hopes are spreading that, while economic growth may slow from last year, it will remain strong enough to keep profits rising steadily. And despite uncertainty about the Federal Reserve's plans, many investors still appear persuaded that rates will fall at some point this year.

The result is that, after an uncertain start to the month, investors are using any market pullbacks, such as Monday's 88-point Dow decline, as an opportunity to jump in and buy at reduced prices.

"It is still gangbusters. There is still money flowing in," said Tim Smalls, head of U.S. stock trading at brokerage firm Execution in Greenwich, Conn.

Not only was the Dow up strongly yesterday, he said, but the rally was broad-based, including such diverse groups as technology stocks, financials, drug stocks and miners. "You are hard-pressed to find a negative sector," Mr. Smalls said.

The Standard & Poor's 500-stock index, a broad gauge of large stocks, jumped to its highest level since September 2000, up 0.9%, or 12.14 points, at 1440.13. It still isn't closing in on its record high of 1527.46, which it hit in March 2000, but it has gained 1.5% this year, more than the Dow.

The Russell 2000 small-stock index was up, too, jumping 1.1% to 794.03. It is ahead 0.8% for the year after spending a good part of the new year in the red.

Some investors welcomed the fact that President Bush made few major policy proposals in his State of the Union message Tuesday night. It is an old Wall Street maxim that stocks do better when the government faces gridlock.

Yahoo rose more than 7% and Sun more than 8%. The biggest percentage gainer among the 30 components of the Dow industrials was AT&T, which rose more than 4% after its wireless unit Cingular reported better-than-expected profits.

Oil remained volatile. Oil futures initially fell following a weekly government report showing stockpiles strong. But the futures then rebounded amid concerns about rising heating demand, finishing ahead 33 cents at $55.37 a barrel.

Technology stocks were among the day's big winners. They drove the Nasdaq Composite Index ahead 1.4%, or 34.87 points, to 2466.28, its biggest point or percentage gain since early December. It is up 2.1% in 2007 but would still have to double to return to its record of 5048.62, which dates from March 2000.

Some investors worried that tech stocks sometimes rise amid January optimism, only to fade later. But so far, those concerns aren't preventing the gains.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.51%, or 1.26 points, to 246.15.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.82 billion shares as 2,313 stocks rose and 1,014 fell.

Bond prices declined2. The 10-year Treasury note fell 2/32, or 63 cents for each $1,000 invested, pushing the yield up to 4.810%. The 30-year bond was down 6/32 to yield 4.910%.

The dollar was mixed3. Late in New York, it traded at 121.11 yen, down from 121.64, while the euro fell against the dollar to $1.2960 from $1.3027.

Write to E.S. Browning at jim.browning@wsj.com4

Incomes And Inequality: What The Numbers Don't Tell Us (NYT)

By Tyler Cowen

The New York Times, January 25, 2007

The growing inequality in wealth and income has led many people to question whether the contemporary American economy is rigged in favor of the rich. While there is little doubt that the gap between the wealthy and everybody else has widened in recent years, the situation is not as unfair as some of the numbers seem to imply.

Much of the measured growth in income inequality has resulted from natural demographic trends. In general, there is more income inequality among older populations than among younger populations, if only because older people have had more time to experience rising or falling fortunes.

Furthermore, more-educated groups show greater income inequality than less-educated groups. Uneducated people are more likely to be clustered in a tight range of relatively low incomes. But the educated will include a greater range of highly

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motivated breadwinners and relaxed bohemians, and a greater range of winning and losing investors. A result is a greater variety of incomes. Since the United States is growing older and also more educated, income inequality will naturally rise.

Thomas Lemieux, professor of economics at the University of British Columbia, estimates that these demographic effects account for about three-quarters of the observed rise in income inequality for men and 69 to 95 percent of the observed rise in income inequality for women ("<></>" The American Economic Review, June 2006). In other words, rising income inequality is not just a result of unfairness or bad public policy.

Alan Reynolds, senior fellow at the <></>, goes further in his recent book "Income and Wealth." Mr. Reynolds argues that many measures of income inequality do not adequately account for government aid to lower-income groups. Furthermore, he says, the rich appear to be getting so much richer because of the tax-induced shifting of income from the corporate sector to the personal sector in the wake of the 1980s tax changes.

He describes the observed rise in income inequality as a statistical illusion. The consensus of professional economists is that Mr. Reynolds goes too far. The long-term trend of rising income inequality is evident in many different studies, including those of executive compensation, even if some estimates are exaggerated.

In any case, as Mr. Reynolds and others point out, income is not the only — or even the most — important measure of inequality. For instance, inequality of consumption — the difference between what the poor consume and what the rich consume — does not show a significant upward trend (Dirk Krueger and Fabrizio Perri, "Does Income Inequality Lead to Consumption Inequality?" <></>, January 2006). Consumption, of course, is not an ideal indicator of well-being; a high or steady level of purchases may reflect growing debt, and the ease of buying a big-screen TV does not reflect a comparable ease in buying good health care.

Happiness, possibly the most relevant variable for a study of inequality, is also the hardest to measure. Nonetheless, inequality of happiness is usually less marked than inequality of income, at least in wealthy societies. A man earning $500,000 a year is not usually 10 times as happy as a man earning $50,000 a year. The $50,000 earner still enjoys most of the conveniences of the modern world. Even if more money makes people happier, it appears to do so at a declining rate, which places a natural check on the inequality of happiness.

Studies of personal happiness, based on questionnaires and self-reporting, indicate that the inequality of happiness is not growing over time in the United States. Furthermore, the United States has an inequality of happiness roughly comparable to that of Sweden or Denmark, two nations with strongly egalitarian reputations. (See the symposium in Journal of Happiness Studies, December 2005.) American society offers good opportunities for people to be happy, even if not everyone becomes rich.

If we look at leisure, from 1965 to 2003, less-educated groups experienced a bigger boost in free time than more-educated groups (Mark Aguiar and Erik Hurst, "<></>," Federal Reserve Bank of Boston Working Paper). In other words, the high earners are working hard for their money and perhaps they are having less fun.

So matters are not as bad as the critics have suggested. The dollars in our bank accounts are one measure of societal value, and it hardly seems fair that the very wealthy should receive more and more. But for the rest of us, life on the ground is not so terrible. Income and wealth inequality measures, taken alone, provide a misleadingly pessimistic picture.

The broader philosophical question is why we should worry about inequality — of any kind — much at all. Life is not a race against fellow human beings, and we should discourage people from treating it as such. Many of the rich have made the mistake of viewing their lives as a game of relative status. So why should economists promote this same zero-sum worldview? Yes, there are corporate scandals, but it remains the case that most American wealth today is produced rather than taken from other people.

What matters most is how well people are doing in absolute terms. We should continue to improve opportunities for lower-income people, but inequality as a major and chronic American problem has been overstated.

Kerry Won't Run For President In '08 (BOS)

By Rick Klein

The Boston Globe, January 25, 2007

WASHINGTON --An emotional Senator John F. Kerry today said he will not run in the 2008 presidential race and vowed to use his Senate perch to hasten an end to the war in Iraq, saying he would work with lawmakers from both parties to reverse President Bush's troop "surge" and force him to withdraw virtually all troops from Iraq by early next year.

Kerry, a Massachusetts Democrat, used the unusual forum of the Senate floor to announce his political ambitions. Choking up as he harkened back to his service in Vietnam, Kerry said he would work to make sure the next president doesn't have to cope with the consequences of a "wider war" sparked by the failed policy in Iraq.

"Two years ago I sought the presidency to lead us on a different course. I'm proud of the campaign that we ran," Kerry said.

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"We came close, Mr. President, certainly close enough to be tempted to try again," he continued. "There are powerful reasons to want to continue that fight now. But I've concluded that this isn't the time for me to mount a presidential campaign. It is the time to put my energy to work as part of the majority in the Senate, to do all I can to end this war and strengthen our security.

"The people of Massachusetts have given me an incredible privilege to serve, and I intend to work here to change a policy in Iraq that threatens all that I have cared about and fought for since I came home from Vietnam," he said.

Kerry's decision to stay out of the presidential race reflects a realization that he would have had an uphill climb in capturing the Democratic nomination, given the other party heavyweights who are already in the race, according to Kerry associates.

Kerry, the party's 2004 presidential nominee, has been acting like a 2008 candidate virtually since he lost to President Bush -- traveling the country, spreading money to other Democratic candidates, and keeping in place a campaign infrastructure that was ready for another presidential bid.

But according to Kerry associates, the senator's plans changed dramatically in the fallout of his election-eve "botched joke" about the education levels of US troops. The harsh reaction to that incident -- from many Democrats as well as Republicans -- displayed to Kerry the extreme skepticism within his own party about whether he should mount another run.

And, with polls giving front-runner status to Senator Hillary Rodham Clinton of New York and Senator Barack Obama of Illinois, Kerry realized that he would face formidable adversaries in the quest for the Democratic nomination. Clinton, Obama, and a host of other candidates have been busily hiring campaign operatives and signing up key fund-raisers in recent weeks.

On Iraq, Kerry has emerged as a fierce war critic after initially supporting the invasion of Iraq. He has spoken of his war opposition in a similar vein to his efforts to bring the Vietnam War to a conclusion in the early 1970s.

Kerry's announcement freezes in place the various Democratic aspirants to his Senate seat. Massachusetts hasn't had a vacant Senate seat since 1984 -- when Kerry himself won his first six-year-term -- and several members of the state's all-Democratic congressional delegation have expressed interest in running for the Senate if Kerry retired.

The Money Just Wasn't There For Kerry (POL)

By Roger Simon

The Politico.com, January 25, 2007

As John Kerry just found out, $13 million is sometimes not enough.

That amount, which the senator from Massachusetts still had on hand after running for the presidency four years ago as the Democratic nominee, is only a fraction of what a presidential candidate will need by the fall of this year.

Serious candidates and candidates who want to be serious in 2008 will have to raise more than a million and a half dollars a week in $2,000 increments starting right about now.

And Kerry, who was criticized by many in his party for not running a more vigorous campaign last time, found it tough going.

A source close to Kerry said, "He was calling around Wednesday and Thursday to close advisers and they had talked to donors several times and the money wasn't going to be there. That coupled with (Barack) Obama-mania, which gave people looking for a Hillary alternative a viable option, is what ended his plans."

Kerry announced his decision not to try again for his party's nomination on the Senate floor yesterday, tearfully saying, "Two years ago, I sought the presidency to lead us on a different course. We came close ... certainly close enough to be tempted to try again. There are powerful reasons to want to continue that fight now. But I have concluded this isn't the time for me to mount a presidential campaign.

"I don't want the next president to find that they have inherited a nation still divided and a (Iraq) policy destined to end as Vietnam did -- in a bitter and sad legacy. We have to find a way to end this misguided war and bring our troops home."

Kerry lost Ohio, which would have given him the presidency in 2004 by 118,601 votes. The Democratic Party has not re-nominated a losing candidate since Adlai Stevenson in 1956, who then lost again to Dwight D. Eisenhower.

While it never reached the proportions that Howard Dean's scream did, Kerry received a thorough lashing in the media when last year he botched a joke about the draft saying, "Education, if you make the most of it, you study hard, you do your homework and you make an effort to be smart, you can do well. If you don't, you get stuck in Iraq."

Shortly after, Jay Leno said: "John Kerry has apologized for saying those who do not study hard and do their homework will get stuck in Iraq. Now, those that do not campaign well and are boring will end up stuck in the Senate."

Leno's words were more true than he knew. Kerry, who might have had a difficult time running simultaneously for the presidency and the Senate in 2008, will now run just for re-election.

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"Today revealed his true character," said Jenny Backus, who worked for Kerry in 2004. "He is a man defined by his commitment to fight and stop unjust wars and this is what he is doing . He is doing this even though it is against his own (presidential) interests."

Late Wednesday, a Kerry advisor said that Kerry would have been capable of raising sufficient funds to run for president through the Internet and "Kerry was prepared to add money of his own."

"We would have been in a far, far stronger fundraising position than (John) Edwards," he contended. He said, however, that "by Thursday (Kerry) basically decided he wasn't running."

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by 6079 Smith W on 01.24.2007 at 09:51 PM

"He is a man defined by his commitment to fight and stop unjust wars and this is what he is doing." The best way to do that is to not give one man the power to pretty much declare "war" on any country he wishes - maintaining the power of Congress is the first step to not only stop unjust wars but to prevent them.

by M J Petersen on 01.24.2007 at 09:26 PM

I more than fully supported Kerry in the 2004 election and I thought he did a great job considering I knew next to nothing about him in 2002. I am glad, however, that he will not run this time around as I believe there are far more exciting democratic candidates already on the move.

by mdmc54 on 01.24.2007 at 07:02 PM

Senator Kerry's video to supporters and his floor speech in the Senate were eloquent and pointed. He brings passion to the subject of Iraq and his voice will be vital in holding the Bush administration accountable for the wind-down of the war.

by Bette Jeanne on 01.24.2007 at 06:29 PM

John Kerry finally realized his presidential prospects are dead. Too bad he didn't realize that after making the decision not to respond immediately to the Swift Boat attacks!

by GORD2000 on 01.24.2007 at 06:00 PM

Senator Kerry was the only one who thought he was running for President. He was, unfortunately, the last person to find out the truth.

Nevertheless, he is a good man and except for letting himself get Swift-boated and Drudged, he ran a great campaign and won all three debates. He will continue to make a contribution through his work as a Senator through 2008 and beyond.

'Not The Time' For Kerry In '08 (BOSH)

By Emma Ratliff And Casey Ross

Boston Herald, January 25, 2007

"This isn't the time for me to mount a presidential campaign," said Kerry from the Senate floor.

In a speech to the Senate Foreign Relations Committee, Kerry put pressure on the current administration to set a date to withdraw U.S. troops from Iraq but dedicated the last few minutes of his time on the floor to announce to his colleagues that though he was "tempted to try again," he would not make a push for the presidency.

The Senator showed his gratitude to the people of Massachusetts stating, "They have given me the incredible opportunity to serve."

Gov. Deval Patrick, who has previously said he would support Kerry in a 2008 White House bid, is now undecided on who he will back on the Democratic side for the office.

"Had he decided to run, I would have been with him," said Patrick. "I was with him the last time early and I think very highly of Senator Kerry as a man and as a public servant."

Patrick added, "He and I spoke about it on more than one occasion and I respect his decision."

As for the landscape of the democratic race for a 2008 presidential bid, it's still too early to tell.

"The Senator dropping out will have little effect on the race ... The biggest effect will be in fundraising. There will be those loyal to Kerry that will now be up for grabs as fund-raisers and I am sure the candidates are already on the phone," said Larry Sabato of the University of Virginia's Center for Politics.

Kerry, 64, who lost the White House when Ohio voted for President Bush by 118,601 votes on election night in November 2004, said today he was "proud" of his failed campaign.

"We came close," he said.

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Kerry said he feels a “deep moral obligation” to help end the war in Iraq and bring the troops home. That daunting task, and not another run for the Oval Office, will be his focus, he said.

“I don’t think there was one single thing,” said Morgan Felchner of Campaign and Elections Magazine of Kerry’s decision.“It’s such a crowded field already and he probably felt they had no room for him.”

His decision leaves a field of nine Democrats running or signaling their intention to do so, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

The Republican field has a similar number with Bush constitutionally barred from seeking a third term.

Kerry’s 2004 campaign drew widespread criticism from fellow Democrats after his defeat. His critics said he had failed to make a forceful enough response to Republican criticism as well as charges by conservative groups that he did not deserve the medals he won for combat in the Vietnam War.

Kerry’s announcement comes just after the release of “What A Party! My Life Among Democrats,” Terry McAuliffe’s scathing memoir that includes an insider’s look into John Kerry’s failed 2004 presidential campaign. McAuliffe was the former head of the Democratic National Committee. [continue]

Kerry Will Not Seek White House In 2008 (AP)

By David Espo

AP, January 25, 2007

Democratic Sen. John Kerry, who fell 118,601 Ohio votes short of the White House in 2004, said Wednesday he will not run for president in 2008.

"We came close ... certainly close enough to be tempted to try again," the Massachusetts senator said, recalling his defeat.

"There are powerful reasons to want to continue that fight now. But I have concluded this isn't the time for me to mount a presidential campaign."

His decision leaves a field of nine Democrats running or signaling their intention to do so, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, and John Edwards, Kerry's 2004 vice presidential running mate.

The Republican field is similarly crowded, with Bush constitutionally barred from seeking a third term in office.

Officials said Kerry would seek a new six-year term in the Senate in 2008. The fourth-term lawmaker and decorated Vietnam War veteran said he would devote his time and energy to ending the conflict in Iraq.

He said he wanted President Bush's successor to enter office with the United States having "a reasonable prospect of success" in Iraq.

"I don't want the next president to find that they have inherited a nation still divided and a policy destined to end as Vietnam did — in a bitter and sad legacy," he said.

Kerry, 64, made the announcement on the Senate floor at the end of a lengthy speech on Iraq. He briefly choked up.

Edwards said he knew the decision was a difficult one for Kerry "because we know his first instinct is always to respond to any call to serve his country." In a statement, he added that Kerry will work to find the appropriate exit from the Iraq war and said, "In Vietnam, in public office and in private life, John Kerry has always fought the good fight for the right cause."

Obama said that from Vietnam to the 2004 campaign, "John Kerry has fought for his country and his ideals. ... and will continue to serve his country with honor and distinction in the years to come."

Kerry's 2004 campaign drew widespread criticism from fellow Democrats after his defeat. His critics said he had failed to make a forceful enough response to Republican criticism as well as charges by conservative groups that he did not deserve the medals he won for combat in the Vietnam War.

The senator stirred unhappy memories for Democrats last fall, when he botched a joke and led Republicans to accuse him of attacking U.S. troops in Iraq.

He apologized, then hastily scrapped several days of campaigning for fellow Democrats as party leaders urged him to avoid becoming an unwanted issue in a campaign they were on the way to winning.

At the same time, he worked to keep his presidential hopes alive.

Aides said he had donated more than $14 million to more than 260 Democratic candidates in 2006, and campaigned in 35 states. They said he has an active online community of more than 3 million people, and has $12.5 million in his campaign bank account, advantages for any presidential contender.

At the same time, polls showed Kerry trailing his Democratic rivals. Last October, an Associated Press-AOL News poll had Kerry at just 1 percent and recent surveys indicated he had gained little among Democrats.

In a CNN/ORC poll released Wednesday, 51 percent of Democrats said they would not like to see Kerry run in 2008. When asked who they would support, only 5 percent said Kerry, placing him fifth and far behind leader Clinton at 33 percent.

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The Massachusetts lawmaker decided to clarify his political plans on a day in which he participated in a debate over the war in Iraq by invoking memories of Vietnam. At the committee hearing, he said a memorable question he first posed in 1971 had relevance today: "How do you ask a man to be the last person to die for a mistake?"

Despite his difficulties on a national level, Kerry customarily rolls up large victory margins at home in Massachusetts. He won his first term in 1984.

While Kerry was saying privately as recently as December that he would likely wage a second campaign, the tone among his aides changed in recent weeks as Clinton and Obama announced their White House bids.

Instead, aides began talking about Kerry's concern about the personal toll a campaign would take. Kerry had millions left from his 2004 run — a sore point with some Democrats. Despite the advantage, he would have faced intense competition with Obama, Clinton and Edwards for campaign dollars.

US Senator Kerry Says He Won't Relaunch Bid For White House (AFP)

AFP, January 25, 2007

US Senator John Kerry, the 2004 Democratic presidential candidate who narrowly lost to Republican President George W. Bush, announced he will not launch a new bid for the White House.

Kerry alluded to his failed presidential bid, which hinged largely on his strong opposition to the US war in Iraq, in making his announcement.

"We came close -- certainly close enough to be tempted to try again," the Massachusetts senator said on the floor of the US Senate.

"There are powerful reasons to want to continue that fight now. But I have concluded that this is not the time for me to mount a presidential campaign," Kerry said.

His decision to pull out is the latest major development in the accelerated 2008 presidential race, in which several candidates have felt compelled to declare their intentions earlier than ever to lock up vital funds and campaign staff, or to bow out.

Kerry made his announcement in a 20-minute speech which he used as a platform for slamming what he called President Bush's "reckless" plan to put more troops into Iraq.

"Our own intelligence agencies tell us that the war in Iraq is fanning the flames of jihad ... and creating a recruitment tool for Al-Qaeda," said Kerry, a decorated Vietnam war veteran who made his opposition to the war in Iraq the centerpiece of his failed White House bid.

He assailed the administration's recently announced plan to send 21,000 additional troops to Iraq.

"We've gone backwards, and we've gone backward because of this policy," Kerry told his fellow lawmakers.

His 2004 campaign faltered in part over allegations swirling around his past as an anti-war activist and questions raised about the authenticity of his war hero claims.

Senator Harry Reid, the Senate's top Democrat, said those charges were unfair and unfounded smears.

"John Kerry came within a few votes of being president of the United States in one of the dirtiest, most negative, unfair campaigns I have ever witnessed," Reid told the Senate.

"To try to take away from this man his gallantry as a war fighter was beyond the pale," said Reid, "but they did it."

Kerry Says He'll Sit Out 2008 Race (LAT)

By Johanna Neuman

The Los Angeles Times, January 25, 2007

WASHINGTON — Sen. John F. Kerry (D-Mass.), whose 2 percentage-point loss in Ohio cost him the White House in 2004, announced on the floor of the Senate on Wednesday that he would not seek the presidency in 2008.

"This isn't the time for me to mount a presidential campaign," Kerry said. "It is the time to put my energy to work as part of the majority in the Senate to do all I can to end this war."

Referring to his 2004 campaign, he noted: "We came close, certainly close enough to be tempted to try again." But Kerry said he felt a special obligation to end a war that he had voted to authorize, and attacked the "arrogance" of a White House that not only ignored the advice of military leaders, but changed generals to pursue its goals.

Analysts said Kerry may also have surveyed the field of Democratic candidates — with Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois among the front-runners — and determined that there was little interest in a candidate given to long speeches, a less charismatic style and a similar position on the war.

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"The writing was on the wall," said Jennifer Duffy of the independent Cook Political Report. "He was getting squeezed. Where once you saw the possibility of his running an 'I-told-you-so' campaign, his position on Iraq is not unique anymore."

About a year before the first primary or caucus vote is cast, the Democratic field is taking shape. In addition to Clinton and Obama, former Sen. John Edwards of North Carolina — Kerry's 2004 running mate — is preparing a challenge, as are New Mexico Gov. Bill Richardson, former Iowa Gov. Tom Vilsack, Sen. Christopher J. Dodd of Connecticut and Sen. Joseph R. Biden Jr. of Delaware, among others.

Eight days before the 2006 midterm election, Kerry did not help his presidential chances when he told students in California that if they did not study hard, they would "get stuck in Iraq." Aides said he misread his text, intending to say "You end up getting us stuck in a war in Iraq. Just ask President Bush." Kerry apologized, calling his remarks "a botched joke."

But the media, fueled by a Republican drumbeat, kept up a barrage of stories that seemingly confirmed the GOP's characterization of Kerry as elitist.

Kerry's announcement came at the end of a long speech on Iraq in which he argued that the United States finds itself "doing precisely what [former Defense] Secretary [Donald H.] Rumsfeld said we wouldn't do — putting our troops in the middle of a civil war" between Shiite and Sunni Muslims.

Calling Bush's proposal to send 21,500 additional troops to Iraq a "folly," Kerry asked, "Is there one colleague here who believes that 100,000 more troops will pacify Iraq?"

Saying he was proud of his own record of opposing the Vietnam War after he returned from Navy service there — during which he was awarded a Silver Star and Bronze Star — Kerry said he would press the Senate not just to oppose the president's strategy in Iraq but to cut off funding for the war. "We have to find a way to end this misguided war and bring our troops home," he said.

Kerry's survey of why the war was unwinnable won plaudits from his colleagues, who praised his intelligence and his heroism. "He came within a few votes of becoming president of the United States in one of the dirtiest … campaigns I've ever witnessed," said Senate Majority Leader Harry Reid (D-Nev.). "To try to take away from this man his gallantry as a war fighter was beyond the pale, but they did it."

Sen. Edward M. Kennedy, the senior senator from Massachusetts, praised Kerry as "a true hero in every sense," and said he knew how difficult it was for his friend to opt out of the presidential race. Those close to Kerry said he would run for a fifth Senate term in 2008.

Kerry Will Not Enter Presidential Race (NYT)

By Adam Nagourney

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — Senator John Kerry, the Massachusetts Democrat who narrowly lost the presidency to President Bush in 2004, announced Wednesday that he would not proceed with a second bid for the White House, saying he preferred to use his position in the new Senate majority to press for an end to American involvement in Iraq.

“We came close, certainly close enough to be tempted to try again,” Mr. Kerry said, invoking his 2004 race, at the conclusion of a 30-minute speech attacking Mr. Bush’s Iraq policy on the Senate floor. “There are powerful reasons to want to continue that fight now. But I’ve concluded that this isn’t the time for me to mount a presidential campaign. It is the time to put my energy to work as part of the majority of the Senate and do all I can to end the war.”

Mr. Kerry’s announcement, though it came in an unorthodox place, was not a surprise.

He was bowing to a Democratic Party that was clearly unreceptive and had turned its attention to new candidates, in particular Senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, who both got into the race this month. Many Democrats had said they expected that Mr. Kerry would decide not to run after assessing how much support he had in his party. Already, most of his aides from the 2004 campaign have moved on.

Still, his decision sent ripples across the political waters, answering one more question about what the final Democratic field might look like.

More than that, it appeared to bring to completion a candidacy that for Mr. Kerry never truly ended after that Election Day in 2004 which began with exit polls showing him heading for a solid victory — aides were addressing him as Mr. President — and ended with his making a concession call to Mr. Bush. That experience, friends said, left Mr. Kerry bitter and frustrated and eager for a rematch.

He used his time on the Senate floor to recount his history as a Vietnam veteran who returned from war nearly 40 years ago to become an opponent of the conflict. His voice cracking with emotion, he drew frequent comparisons between the two wars as he made a case against Mr. Bush’s foreign policy in the Middle East.

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"The fact is, what happens here in the next two years may irrevocably shape or terribly distort the administration of whichever candidate is next elected president," he said, adding, "I don't want the next president to find that they have inherited a nation still divided and a policy destined to end as Vietnam did."

Mr. Kerry's speech drew tributes from fellow Democrats, including the senior Democrat from Massachusetts, Senator Edward M. Kennedy, who had been pushing Mr. Kerry to make a decision.

Another Democratic senator running for president, Joseph R. Biden Jr. of Delaware, said: "My initial reaction to Senator Kerry's decision is one of extreme sadness. John Kerry is a major voice in American politics, and the country would be much better off today if he were president."

Mr. Kerry made his announcement at 3 p.m. in a Senate chamber that, other than two senators — Mr. Kennedy and Harry Reid, the majority leader — was almost empty.

Mr. Kerry, 63, intends to run for a fifth term in the Senate in 2008, an aide said.

The senator, in his travels around the country since the election, has argued that he came close to winning in 2004 and would be a better candidate, with extra experience, in 2008.

After being taunted in the 2004 race as being equivocal on the war in Iraq, he had emerged as one of his party's leading opponents to the war, and had renounced his original support for the war resolution that caused him so many problems in the 2004 election.

But Mr. Kerry faced severe obstacles in trying to capture his party's nomination for a second time. For one thing, many of his supporters had made clear that they would not join him again, with many saying he had made mistakes in 2004 that cleared the way for Mr. Bush to win.

Mr. Kerry also faced an unusually strong and deep field of Democratic contenders, including Mrs. Clinton, Mr. Obama and Mr. Kerry's running mate from 2004, John Edwards, the former senator from North Carolina.

But Mr. Kerry's hopes were probably most damaged by what he said was a botched joke he told while campaigning on behalf of Congressional candidates in the final week of the 2006 election campaigns.

Mr. Kerry's prepared remarks called for him to say, "Do you know where you end up if you don't study, if you aren't smart, if you're intellectually lazy? You end up getting us stuck in a war in Iraq. Just ask President Bush." In his delivery, he dropped the word "us."

Republicans argued that he had delivered a joke at the expense of American troops fighting in Iraq.

Mr. Kerry responded by getting off the campaign trail and out of public view.

For many Democrats, the remark was a reminder of instances of ineptness by Mr. Kerry as a campaigner, including his often troubled efforts to explain his changing views on the war in Iraq. Most famously, he said that he had voted for an $87 billion war appropriation "before I voted against it," a piece of videotape that Republicans quickly turned into a defining caricature of him.

In '08, Kerry To Run For Senate Not White House (HILL)

By Aaron Blake

The Hill, January 25, 2007

Sen. John Kerry (D-Mass.) announced yesterday that he will not run for president next year and will instead run for reelection to the Senate.

Speaking with emotion on the House floor and taping a video that was sent to supporters, Kerry said he would forego a bid for a second straight Democratic presidential nomination and pledged instead to devote the next two years to bringing the Iraq war to an end. He would rather leave the next president with a chance at success than run again himself, he said.

"We came close," he said on the floor, "certainly close enough to be tempted to try again. There are powerful reasons to want to continue that fight now, but I've concluded this isn't the time for me to mount a presidential campaign.

"It is the time to put my energy to work as part of the majority of the Senate, to do all I can to end this war and to strengthen our security and our ability to fight the real war on terror."

Kerry, who has eyed the White House since coming up just short in 2004 and has raised money accordingly, had become a long shot for a repeat bid. He languished in early polls despite high name recognition. While Sens. Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) and former Sen. John Edwards (D-N.C.) have emerged as frontrunners after announcing their intentions recently, a possible Kerry bid has met with skepticism among pundits.

Kerry damaged his cause with comments shortly before the 2006 midterm elections in which he told students at a rally in California that they had better take their education seriously. Otherwise, he said, "you get stuck in Iraq."

Republicans seized on the comments, which Kerry called a "botched joke." He said it was meant to be a jab at President Bush rather than at men and women who served in the military in Iraq.

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Shortly after the comments, his presidential primary poll numbers dipped below 10 percent and have not recovered. He apologized but was scarcely seen on the campaign trail for the rest of the election.

During his floor speech, Kerry spoke for half an hour about the war in Iraq before closing with his decision not to run.

He pledged to lead a battle to set a deadline in Iraq. He will introduce legislation and has set up a website (www.setadeadline.com) where supporters can sign a petition and "co-sponsor" his legislation.

"I intend to work here to change a policy in Iraq that threatens all that I've cared about and fought for since I came home from Vietnam," he said on the floor, choking up. "The fact is that what happens here in the next two years may irrevocably shape or terribly distort the administration of whichever candidate is next elected president."

Bush defeated Kerry by 286 electoral votes to 251 in 2004, a victory secured once Ohio, the decisive battleground state, tipped in favor of the incumbent. Kerry garnered about 48 percent of the popular vote.

Kerry won the Iowa Democratic caucus in 2004 with 38 percent of the vote, defeating former Vermont Gov. Howard Dean in a widely unexpected upset. This set the stage for victories in New Hampshire and other early states. Yet in a Strategic Vision poll of Iowa caucus-goers released Tuesday, Kerry was in sixth place with 3 percent.

Edwards, who became his running mate, is now leading the polls in Iowa.

Kerry was hurt mainly because voters did not want to risk voting twice in a row for the same losing candidate, said Jeff Link, an Iowa Democratic consultant aligned with the presidential campaign of former Iowa Gov. Tom Vilsack.

"Our party has traditionally not been interested in seeing people make a couple runs at the White House," Link said, adding that former Vice President Al Gore, the 2000 Democratic nominee, would probably have faced a similar situation in 2004.

Kerry's decision will allow members of the Massachusetts delegation and his 2004 supporters in Iowa, New Hampshire and other early states to align with other candidates.

The Massachusetts delegation, including senior Sen. Edward Kennedy (D-Mass.), has been putting Kerry under pressure to make his decision. Kennedy said he would support Kerry if he ran.

Kennedy's office did not return a call about his presidential endorsement by press time. Kerry's decision came less than 24 hours after Obama sat between Kennedy and Iowa Sen. Tom Harkin (D) at President Bush's State of the Union address.

"I have the utmost respect for [Kerry] and the difficult decision he has made," Kennedy said in a statement. "I believe this country would be far better off if he were in the White House today. I know that our country and our state are far better off thanks to his exceptional service in the United States Senate."

Most of the potential 2008 Democratic candidates have already entered the race or formed exploratory committees: Clinton, Edwards, Obama, Vilsack, Sen. Joseph Biden (D-Del.), Sen. Chris Dodd (D-Conn.), Gov. Bill Richardson of New Mexico and Rep. Dennis Kucinich (D-Ohio).

Gore, Gen. Wesley Clark, the Rev. Al Sharpton and former Sen. Mike Gravel (D-Alaska) are also potential candidates. Gov. Mark Warner of Virginia, Sen. Evan Bayh (D-Ind.), Sen. Russ Feingold (D-Wis.) and former Sen. Tom Daschle (D-S.D.) have decided not to run.

Kerry's decision to run for reelection to the Senate in 2008 ends a period of positioning among members of Massachusetts's 10-member, all-Democratic House delegation who had been interested in running for his seat if it became vacant.

With Kennedy just beginning his ninth term and newly elected Gov. Deval Patrick (D) also taking office in January, opportunities for advancement are far off.

Rep. Michael Capuano told The Hill that he recently called Kerry to express interest in running for the seat. Reps. Marty Meehan and Edward Markey have sizeable war chests ($4.9 million and $2.4 million, respectively) and most other members of the delegation have expressed some interest in the Senate in the past.

Kerry Rules Out 2008 Run For President (WP)

By Chris Cillizza

The Washington Post, January 25, 2007

Sen. John F. Kerry of Massachusetts ruled out a second presidential bid yesterday, asserting that he could do more to change the course of Iraq policy in the Senate than by campaigning in Iowa and New Hampshire.

"I've concluded this isn't the time for me to mount a presidential campaign," the former Democratic nominee said. "I intend to work here to change a policy in Iraq that threatens all that I have worked for and cared about since I came home from Vietnam."

Since his loss to President Bush in 2004, Kerry had left open the possibility of a return run. He had emerged as one of the most vociferous voices in opposition to the war in Iraq and spent much of the 2006 campaign season traveling the country in

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support of Democratic candidates. Much of that work was forgotten when, a little more than a week before Election Day, Kerry made a remark that Republicans said was disparaging to American troops in Iraq. He insisted that it was nothing more than a botched joke, but he quickly issued an apology.

Several people close to Kerry said he struggled with the decision over whether to run again, weighing the narrowness of his 2004 defeat against the obvious hurdles presented by a Democratic field filled with popular figures such as Sen. Hillary Rodham Clinton (N.Y.), Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.). Kerry acknowledged as much in his remarks, saying: "We came close, certainly close enough to try again."

The sources said his decision was not motivated by national and state polling that showed him trailing Clinton, Obama and Edwards in hypothetical 2008 matchups. They noted that Kerry has nearly $13 million in the bank, which could have been used to reintroduce himself to voters. But there are real concerns that a second national candidacy could endanger Kerry's standing in his home state.

"Like a very smart fighter, [Kerry] made the best long-term decision for himself and the country by recognizing where the real battlefield is on the Iraq war," said Jenny Backus, a former Kerry adviser who is currently neutral in the 2008 race.

Kerry is expected to run for a fifth Senate term in 2008. He made clear during his speech that he will continue to forcefully oppose the foreign policy course being pursued by the Bush administration.

"It's not enough for Congress to go on record opposing the president's reckless plan," Kerry said. He added that he supports a measure that would require congressional authorization for any further U.S. troop buildup in Iraq.

In an e-mail to past supporters announcing his decision, Kerry unveiled a new online grass-roots effort, which is being run by progressive blog guru Jerome Armstrong. The effort seeks "co-sponsors" to legislation he plans to introduce aimed at forcing Bush to set a timetable for the withdrawal of U.S. troops from Iraq. The proposal mirrors one Kerry offered last April that would have required all U.S. forces be out of Iraq by the end of 2006; it was defeated 83 to 16 in a Senate vote in June.

Kerry's announcement came on the same day that the Senate Foreign Relations Committee approved a nonbinding resolution expressing disapproval of a surge of additional U.S. troops in Iraq. Sen. Chuck Hagel (Neb.), a potential presidential candidate, was the only Republican who voted in favor of the resolution.

Edwards, who was Kerry's running mate in 2004, called the Massachusetts senator a "friend." He noted that "all Americans are fortunate to have John's experience, insight and conscience in the Senate."

Obama was similarly laudatory, predicting that Kerry "will continue to serve his country with honor and distinction in the years to come."

Many Democrats had regarded Kerry's decision as a foregone conclusion because of the competitive field, his baggage from the 2004 election and the historical unwillingness of the Democratic Party to renominate a losing presidential candidate.

Stephanie Cutter, Kerry's national spokeswoman in 2004, praised the senator for the campaign he ran, but she added: "The reality is the 2008 race moved past him months ago, and catching up would have taken much more than another candidate's implosion or last-minute surge."

Kerry's allies said yesterday that he remains a major political force in no small part because of his fundraising ability. In last year's election campaign, they noted, he raised $14 million for 260 candidates, thanks to an e-mail list that contains more than 3 million names.

Kerry To Forgo White House Bid (WT)

By Donald Lambro

The Washington Times, January 25, 2007

Sen. John Kerry of Massachusetts, the 2004 Democratic presidential nominee, said yesterday that he will not seek the nomination again in 2008, but will instead devote his energies to ending the war in Iraq and bringing American troops home.

Mr. Kerry had intended to make another try for the White House, but a remark he made in the fall while campaigning for Democrats suggesting that only poorly educated Americans ended up fighting in Iraq sparked an uproar of criticism, even from within his own party, that drove him from the campaign trail.

Mr. Kerry said at the time that his comments were nothing more than "a botched joke." But the angry public reaction to his remarks, especially from military voters and veterans, embarrassed his party and, some said, tarnished his image as a presidential prospect.

"I have concluded that this is not the time for me to mount a presidential campaign," Mr. Kerry said from the Senate floor at the end of an address opposing President Bush's plan to send an additional 21,500 soldiers to Iraq. Instead, with his voice breaking, he said he planned to "put my energy to work as part of the majority in the Senate to do all I can to end this war."

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"What happens here in the next two years may irrevocably shape or terribly distort the administration of whichever candidate is elected president," he said.

Mr. Kerry who ruefully recalled that he had voted for the Senate resolution to authorize the war, a vote he called "a mistake" said that as a result of his vote, he now felt "a personal responsibility to bring this war to a conclusion."

His decision won an emotional tribute from Senate Majority Leader Harry Reid, who was on the Senate floor as Mr. Kerry finished his speech.

"So I say to John Kerry: I love you, John Kerry. And I'm so sorry that things didn't work out for our country. But that doesn't take away from the fact that I will always care about you greatly and remember the times we've spent together," the Nevada Democrat said.

His 2004 running mate, former Sen. John Edwards of North Carolina, paid tribute to Mr. Kerry by saying the withdrawal decision must have been tough because "we know his first instinct is always to respond to any call to serve his country."

Sen. Barack Obama, Illinois Democrat, said that from Vietnam to the 2004 campaign, "John Kerry has fought for his country and his ideals and will continue to serve his country with honor and distinction in the years to come."

But Democratic campaign strategists privately have been saying for some time that the senator was no longer a contender in a crowded field of candidates, led by Sen. Hillary Rodham Clinton of New York, Mr. Obama and Mr. Edwards.

A Gallup Poll of Democratic voters found last week that Mr. Kerry, who lost to Mr. Bush by a 51 percent to 48 percent margin, drew only 8 percent support among his party's rank and file.

Democratic leaders in the early caucus and primary battlegrounds of Iowa and New Hampshire also said that Mr. Kerry was registering little support in their states, running far behind the front-runners, who already have considerable campaign organizations and fundraising pledges.

Mr. Kerry had more than $12 million in his Senate campaign account, which he could have used for a presidential bid, and a valuable e-mail list of 3 million supporters and donors who backed him in 2004. But aides to the senator said he intends to seek re-election to a fifth Senate term in 2008.

Mr. Kerry is the third major Democrat to abandon a 2008 presidential bid, joining former Virginia Gov. Mark Warner and Sen. Evan Bayh of Indiana.

Obama Debunks Claim About Islamic School (AP)

By Nedra Pickler

AP, January 25, 2007

Sen. Barack Obama fought back Wednesday against an allegation that he was educated at a radical Islamic school as a child in Indonesia, determined to avoid being tripped up by unsubstantiated charges like those that undermined John Kerry in 2004.

Interviews by The Associated Press at the elementary school in Jakarta found that it's a public and secular institution that has been open to students of all faiths since before the White House hopeful attended in the late 1960s.

Obama, who was born in Hawaii, moved to Indonesia at age 6 to live with his mother and stepfather, attending schools in the country until age 10, when he returned to Hawaii to live with his maternal grandparents.

"The allegations are completely baseless," said Akmad Solichin, the vice principal at SDN Menteng 1, who added, "Yes, most of our students are Muslim, but there are Christians as well. Everyone's welcome here ... it's a public school."

A spokesman for Indonesia's Ministry of Religious Affairs said claims that Obama studied at an Islamic school are groundless.

"SDN Menteng 1 is a public primary school that is open to people of all faiths," said the spokesman, Sutopo, who goes by only one name. "Moreover, he studied earlier at Fransiskus Assisi, which is clearly a Catholic school."

The contention that Obama was educated at a radical Muslim madrassa surfaced on the Web site of the conservative Insight magazine the day after Obama announced he was jumping into the 2008 presidential race. Conservative Internet blogs and the Fox News Channel picked up the story and spread the charges just as his candidacy was getting off the ground.

Obama on Wednesday called the reports "scurrilous," and his communications director e-mailed reporters a lengthy memo attempting to set the record straight.

"I think they recognize that the notion that me going to school in Indonesia for two years at a public school there at the age of 7 and 8 is probably not going to be endangering in some way the people of America," Obama said on NBC's "Today" show.

The push-back was a signal Obama would fight to protect his reputation in the presidential campaign.

Many Democrats argued that Kerry's failure to challenge aggressively his critics in the 2004 presidential race cost him in his effort to unseat President Bush. A group with conservative ties, the Swift Boat Veterans for Truth, charged that Kerry did not

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deserve the medals he won in the Vietnam War — despite his combat record of bravery and valor. Kerry announced Wednesday that he will not run again in 2008.

"We will not be swift-boated," said Obama communications director Robert Gibbs. "And we won't take allegations that are patently untrue lying down."

Obama's mother, divorced from Obama's father, married a man from Indonesia named Lolo Soetoro, and the family relocated to the country from 1967-71. At first, Obama attended the Catholic school, Fransiskus Assisis, where documents showed he enrolled as a Muslim, the religion of his stepfather.

The document required that each student choose one of five state-sanctioned religions when registering — Muslim, Hindu, Buddhist, Catholic or Protestant. Gibbs said he wasn't sure why the document had Obama listed as a Muslim.

"Senator Obama has never been a Muslim," Gibbs said. "As a six-year-old in Catholic school, he studied the catechism."

The Illinois senator is a member of the United Church of Christ.

Iis Darmawan, 63, Obama's kindergarten teacher, remembers him as an exceptionally tall and curly haired child who quickly picked up the local language and had sharp math skills. "He wrote an essay titled, 'I Want To Become President,'" the teacher said.

Obama later transferred to SDN Menteng 1 — the elite, secular elementary school at the center of the controversy. The school is public but is very competitive and has exceptionally high standards. It is located in one of the most affluent parts of Jakarta and attracts mostly middle- to upper-class students, among them several of former dictator Suharto's grandchildren.

Indonesia is home to several of the most radical Islamic schools in Southeast Asia, some with alleged terrorist links. But Solichin, who proudly pointed to a photo of a young Barry Obama, as he was known, said his school is not one of them.

Those tied to the school say they are proud to have had a student like Obama, and hope that, if he is elected president, his ties to Indonesia will broaden his world perspective and his views on religion.

Sri Murtiningsih, who retired from Menteng 1 recently after 39 years of teaching, said she has vivid memories of the left-handed boy who followed a standard curriculum of math, writing, and language, together with twice-weekly religious affairs classes and sports.

Murtiningsih said neighbors ran to her house after seeing a television report about his intention to run for president.

"They were yelling, 'Your old student is going to take Bush's job!'" she said. "Tears filled my eyes."

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McDowell and Associated Press reporters Ali Kotarumalos and Zakki Hakim contributed to this report from Jakarta, Indonesia.

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On the Net:
http://www.barackobama.com

Obama Fires Back (HILL)

By Elana Schor
The Hill, January 25, 2007

Sen. Barack Obama (D-Ill.) fired back yesterday against Insight magazine and Fox News for purveying a discredited report that he attended a radical Islamic religious school during his childhood years in Indonesia.

In a memo to reporters, Obama communications director Robert Gibbs reiterated that CNN has officially debunked claims published last week in Insight, a property of Washington Times owner Rev. Sun Myung Moon. Fox News picked up the magazine's report, which claimed that the Democratic presidential contender was educated for years in a madrassa, or Muslim school.

Obama attended a secular public school in Indonesia, Gibbs noted, taking Fox News hosts John Gibson and Steve Doocy to task for reiterating the rumor. Aides to Sen. Hillary Rodham Clinton (D-N.Y.), Obama's biggest early rival for the nomination, have made clear that Clinton's camp was not behind the Insight story.

"These malicious, irresponsible charges are precisely the kind of politics the American people have grown tired of, and that Senator Obama is trying to change by focusing on bringing people together to solve our common problems," Gibbs wrote.

Alongside the memo was a letter signed by 11 leaders of Jewish, Baptist, Catholic, Muslim and other Christian groups condemning the Obama news reports as a mean-spirited attempt to drive a wedge between American religious sects.

Obama's Appeal To Blacks Remains An Open Question (WP)

By Michael A. Fletcher

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The Washington Post, January 25, 2007

CHICAGO -- Looking around at the overwhelmingly white audience that was applauding Sen. Barack Obama's luncheon speech on Iraq at a downtown hotel recently, the Rev. B. Herbert Martin expressed both satisfaction and concern.

Martin, who said he was the only black person in the crowd, was thrilled that Obama, the only African American in the Senate, could engender such enthusiasm from a white audience because it offered further proof that the Illinois Democrat would be a formidable presidential candidate. But Martin also worried that in order to run successfully Obama would have to become a different kind of politician than the one who earned the trust of voters on Chicago's mostly black South Side as a state legislator before he was elected to the U.S. Senate in 2004.

"How does he identify himself?" asked Martin, who was pastor to the late Harold Washington, Chicago's first black mayor. "Will he continue to be an African American, or will he become some kind of new creation?"

The question of how Obama chooses to define and approach race looms large as he moves closer to formally launching his campaign next month. Although he rides a wave of enthusiasm among Democrats who like his vision of a different kind of politics and see him as an alternative to Sen. Hillary Rodham Clinton (N.Y.), it is not clear that his multiracial message can excite black voters hungry for affirmation of their top concerns.

Melissa V. Harris-Lacewell, a Princeton University professor who has followed Obama's political ascent, said that he may be forced to choose: "You can be elected president as a black person only if you signal at some level that you are independent from black people" -- a move she said would be "guaranteed" to make black people angry. "He is going to have to figure out whether there is a way not to alienate and anger a black base that almost by definition is going to be disappointed," she said.

Already, that balancing act is causing some strains. Some of Obama's longtime black supporters in Illinois are grumbling about the largely white crowd of advisers who now surround Obama as he gears up his national campaign. "Who does he represent? That is what people are worried about," said Lorenzo Martin, publisher of the Chicago Standard newspapers, a chain of black-oriented weeklies that circulate in the southern suburbs. "When you look and see who is surrounding him, you are not going to see too many brothers. What you see is the liberal left."

Complicating matters is that Obama appears certain to encounter fierce competition for the black vote from the other leading Democratic presidential contenders. Black Democrats prefer Clinton 3 to 1 over Obama, and four out of five of black Democrats view her favorably, much higher than the 54 percent who have a favorable view of Obama, according to combined findings from two Washington Post-ABC polls taken in December and January. Clinton also enjoys close ties to top black elected officials, and her husband, former president Bill Clinton, remains extremely popular among African Americans.

Former senator John Edwards (D-N.C.), who launched his presidential campaign from New Orleans's devastated Lower Ninth Ward to highlight his commitment to attacking poverty, is also expected to make a strong appeal to black voters. And waiting in the wings is another African American, Al Sharpton, a candidate in 2004 who is considering running again.

"If we're talking about the urban agenda," Sharpton asked earlier this month in discussing his possible candidacy, "can you tell me anybody else in the field who's representing that right now?" And, in remarks that were widely interpreted as referring to Obama, he added: "Right now we're hearing a lot of media razzle-dazzle. I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat or if there's some real meat there."

Jesse L. Jackson, whose presidential campaigns in 1984 and 1988 created a sensation across black America that swept millions of new voters onto the rolls, said there is no guarantee that Obama could expect the same kind of support. "He faces some real challenges," Jackson said. "First, there will be intense competition for black votes. The other reason is that most black people met him two years ago on television from Boston."

Jackson was referring to the speech at the 2004 Democratic convention that propelled Obama onto the national stage when he was still an Illinois state senator. The contrast with Jackson's own background as a nationally known civil rights leader years before he ever thought of running for president was implicit. But Jackson said he has encouraged Obama to run, adding last week that his "inclinations are really to Barack."

Born to a white mother and a black Kenyan father, reared in Hawaii by his white grandparents and for a few years in Indonesia with his Indonesian stepfather, Obama in many ways embodies the one America he often talks about: He identifies himself as African American, but his experiences are at once those of African Americans, whites, Asian Americans and immigrants.

"I've never had the option of restricting my loyalties on the basis of race, or measuring my worth on the basis of tribe," Obama wrote in his latest book, "The Audacity of Hope," in which he also observed that he has "blood relatives who resemble Margaret Thatcher and others who could pass for Bernie Mac."

Still, Obama chose to build his political career by rooting himself in the black community. In 1983, not long after resigning from a high-powered financial consultant's post in Manhattan, he moved to Chicago as a $10,000-a-year organizer for the

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Calumet Community Religious Conference. Dressed casually, he would visit barbershops and cruise the main thoroughfares in his used car to get a feel for the South Side.

He left Chicago to attend Harvard Law School and then returned to head a statewide voter-registration effort before joining a small civil rights law firm. In 1996, he was elected to the Illinois Senate from a mostly black South Side district.

Obama and his wife, Michelle, another black lawyer, were married at the predominantly black Trinity United Church of Christ in Chicago. "He had built himself a base among black voters on the South Side," said Timuel D. Black, professor emeritus at City Colleges of Chicago.

Despite his record of grass-roots work, questions about Obama's racial credentials formed a critical subplot for his ill-fated primary challenge of Rep. Bobby L. Rush (D-Ill.) in 2000. Rush, a former Black Panther, appeared politically wounded after failing badly in his campaign to unseat Chicago Mayor Richard M. Daley the year before. But Rush trounced Obama 2 to 1, and the congressman was joined on primary night by Jackson, who had endorsed him.

Rush won in part by depicting Obama as a Harvard elitist who was out of touch with the concerns of workaday African Americans. More suspect for some voters was that Obama lived in racially mixed and largely upscale Hyde Park and was teaching law part time at the University of Chicago, which is widely viewed as being disconnected from the poor South Side communities nearby.

"There were elements within the African American community who might have suggested 'Well, he's from Hyde Park' or 'He went to Harvard' or 'He was born in Hawaii, so he might not be black enough,' " Obama told the Chicago Tribune.

Those questions were intensified by Obama's unusual heritage, according to other observers. Kwame Raoul, a Haitian American who now fills Obama's former seat in the state Senate, said he too has encountered skepticism from black voters for his ethnic background and for his name.

"When I first decided to run for office and circulate petitions, people would say: 'Kwame Raoul? I'm not voting for a foreigner,' " he said. "I'm certain that before people knew who Barack Obama was, he had to deal with the same thing."

Four years after losing to Rush, Obama cruised to a lopsided victory during a U.S. Senate run in which the campaigns of his major primary and general election opponents imploded in scandal. Still, the issue of his heritage was raised by Alan Keyes, the black radio host and conservative activist brought in late by the Republican Party to oppose Obama.

During the campaign, Keyes argued that the government should pay reparations to descendants of slaves -- pointedly observing that Obama would not qualify under his proposal. When the question of race was raised in that campaign, Obama frequently responded with a practiced line. "I'm rooted in the African American community," he would say. "But I'm not limited by it."

Keyes's broadside had little effect as Obama won his Senate seat with strong support in many parts of the state, including in the black precincts where he had been drubbed in his race for the House. Now, as Obama moves closer to formalizing his presidential campaign, he is sure to be confronted with more questions about his racial identity. Through his staff, Obama declined to comment.

"This is a question Senator Obama has had to answer many times during his career," said Tommy Vietor, Obama's press secretary. ". . . He's consistently proved that he hasn't forgotten the communities he's worked with so far, and certainly won't in the future."

In Chicago's storied Bronzeville neighborhood, African Americans asked about his candidacy mainly expressed excitement. Browsing through Afrocentric Book Store, Nathan Unger, 63, stopped to say that he wants Obama to run although he harbors few illusions about how much Obama would be able to focus on the concerns of black voters.

"Even if we get 30 percent from Obama, we're not going to get that from anybody else," Unger said. "From white folks, we might get 10 percent. What I worry about is that we might want too much from him. It's not just about us out here; it's about everybody."

Political researcher Zachary A. Goldfarb, staff researcher Julie Tate and polling director Jon Cohen contributed to this report.

Obama On Tightrope In Bid For Black Vote (WT)

By Brian Debose

The Washington Times, January 25, 2007

Sen. Barack Obama will have a tough time generating support for his presidential bid among key black Democratic leaders -- many of whom are loyal to the Clintons -- and he must guard against undermining his electability by becoming the civil rights candidate, campaign strategists say.

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"It will be very difficult for Obama to take those superdelegate votes in the hip pockets of the Clintons. They have a lot of political IOUs with the party bosses and that will be very difficult for Obama to abscond with," said political consultant Sam Riddle, who helped the Rev. Jesse Jackson win Michigan's Democratic primary in his 1988 presidential bid.

"If they back Obama, most of them know or suspect they have very little money coming. But if they back Hillary and garner black voters for her, they know they can get something," he said, referring to the political strength of Democratic front-runner Sen. Hillary Rodham Clinton of New York.

Several strategists said Mr. Obama, Illinois Democrat, will have to walk the tightrope of wooing black liberal activists, including such polarizing figures as the Rev. Al Sharpton and Mr. Jackson, while avoiding limiting his appeal by leading with his race and running primarily on civil rights issues.

"He has to be really careful not to be labeled 'the black candidate' because it will put him in the position of being linked to Jesse Jackson and Al Sharpton," Mr. Riddle said.

Mr. Obama will have his first opportunity to talk with Mr. Sharpton about his candidacy today when the New York minister visits Capitol Hill to meet with Democratic presidential candidates, first with Sen. Christopher J. Dodd, then with Mrs. Clinton, and with Mr. Obama last.

Mrs. Clinton has a similar problem with female voters if she allows liberal feminists to usurp her campaign, said Morris Reid, a former Clinton administration official who is managing director of the political consulting firm Westin-Rinehart Group.

"They are really going to be fighting for the black vote, but also, Hillary will have to fight for the white suburban women's vote as well. Her base, that white-female educated woman, isn't just going to flock to her," he said.

"Isn't it refreshing that Democrats will have to fight for the black and Hispanic vote? I mean, her husband, Bill Clinton, is a god in the black community. But Hillary and Obama will have to measure up to him," Mr. Reid said.

Democratic strategist Donna Brazile said the complexion of the campaign ensures a split vote along every conceivable demographic of the party, particularly the black vote.

"The black vote is up for grabs, and no candidate -- past or present -- can simply rely on their record," she said. "In order to generate support, they will have to reach out, discuss issues of importance to black voters and include them in the campaign as part of their broader strategy in winning the nomination."

Mr. Riddle said Mr. Obama's biggest critics may end up being black political leaders, who view his "de-racialized" campaign -- "diametrically opposed" to every civil rights-focused black candidate who has run for president -- as a potential threat to their political influence.

To this point in the election cycle, with a year before any primary or caucus votes have been cast, the candidates' messages have been broad. They will have ample time to build a detailed message, backed by policy ideas, but for Mr. Obama that deadline is a bit shorter, Mr. Reid said.

"It works for him, and it is helping him right now, when he is speaking to large macro-organizations," he said. But "he will have to dig deep and pick out two or three meaty issues that he can really dig down on, because it is going to get real old real quick if he continues to talk in these general macro tones to the American public."

While Mr. Obama has the influence to do well, his candidacy is considered by some as an effort to secure the vice-presidential nod.

"Two-thirds of the large recipients of his Political Action Committee are members of the Democratic Leadership Council, which was founded by President Bill Clinton," said Glen Ford, executive editor of blackagendareport.com, a politics and social issues Web site.

"He embraces those who are in power and ingratiates with power, and yet, who is the power in the Democratic Party? Two Clintons. So how does that translate to him trying to take over? It doesn't, and I don't see that coming from him."

c Donald Lambro contributed to this report

McCain Trounces Rivals In State Poll, Trails Giuliani Nationally (PBJ)

By Mike Sunnucks

Phoenix Business Journal, January 25, 2007

Arizona Sen. John McCain fared well in a poll of Arizona voters, but trailed former New York Mayor Rudy Giuliani among Republicans in surveys taken nationally and in Iowa, a key primary state.

A poll released Wednesday by Arizona State University and KAET-TV 8 shows McCain with a mammoth lead over GOP rivals in a potential Arizona primary.

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The ASU survey gives McCain a 54 percent edge. Former U.S. House Speaker Newt Gingrich checks in as the second most popular candidate, favored by 14 percent of respondents, followed by Massachusetts Gov. Mitt Romney. The ASU poll did not ask voters about Giuliani.

McCain also was the top choice among state voters -- at 28 percent -- among candidates from both parties. His closest rival was Sen. Barack Obama, D-Ill., with 20 percent, followed by Sen. Hillary Clinton, D-N.Y., with 18 percent.

Asking specifically about a Democratic primary in Arizona, the ASU poll gives Obama 29 percent versus 23 percent for Clinton and 15 percent for John Edwards.

McCain's strong showing in the ASU poll comes on the heels his loss in a Maricopa County Republican Party straw poll. Critics say that vote was rigged by conservatives. California Congressman Duncan Hunter, who garnered only 2 percent in the ASU poll, won the straw poll.

A new Rasmussen Reports poll gives Giuliani a 30 percent to 22 percent lead over McCain among GOP voters nationally with Gingrich third and Romney fourth.

A Strategic Vision poll in the early caucus state of Iowa gives Giuliani a 25 percent to 21 percent edge over McCain. Among Democrats, Edwards leads Obama and Clinton in that survey.

Big States' Plan For Earlier Primaries Scrambles Race (NYT)

By Adam Nagourney

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — As many as four big states — California, Florida, Illinois and New Jersey — are likely to move up their 2008 presidential primaries to early next February, further upending an already unsettled nominating process and forcing candidates of both parties to rethink their campaign strategies, party officials said Wednesday.

The changes, which seem all but certain to be enacted by state legislatures, mean that the presidential candidates face the prospect of going immediately from an ordered series of early contests in relatively small states in January to a single-day, coast-to-coast battlefield in February, encompassing some of the most expensive advertising markets in the nation.

The changes would appear to benefit well-financed and already familiar candidates and diminish the prospects of those with less money and name recognition going into such a highly compressed series of contests early next year.

Associates of Senator Hillary Rodham Clinton, the New York Democrat, and Senator John McCain, the Arizona Republican, said that should either of them stumble early on, the respective party primaries in California and New Jersey — two states that would seem particularly hospitable to them — could offer an expensive but welcome firewall.

But at the same time, states like New Jersey and California could provide an opening for Rudolph W. Giuliani, the former mayor of New York, who faces the daunting prospect of overcoming resistance among social conservatives in the Republican contests in Iowa and South Carolina in January.

And several party analysts suggested that having such delegate-rich states at stake on Feb. 5 could persuade candidates who might otherwise step out after a defeat in Iowa or New Hampshire to press on in hopes of a dramatic recovery on the new Super Tuesday.

"I think this is huge," said John Weaver, a senior adviser to Mr. McCain. "And the unintended consequences could be even bigger."

While officials in both parties are wary of the changes, final say over the calendar rests with the states. Advisers to Republican and Democratic presidential candidates say they have come to view substantial changes as inevitable and they have begun to plan accordingly.

"We don't set the calendar, and we don't control the calendar, but we are going to compete aggressively in all these states," said Patti Solis Doyle, who is the manager of Mrs. Clinton's exploratory presidential effort. "And I will also tell you we have the resources and the organization to compete in all those states."

The developments mark the latest upheaval in a political calendar already in disarray. The Democratic Party voted last year to allow Nevada and South Carolina to move their nominating contests into the narrow period at the beginning of the process that once was confined to just Iowa's caucus and New Hampshire's primary.

But New Hampshire officials, protective of their first-in-the-nation primary status, have responded by saying they will schedule their primary as early as it takes, even before Jan. 1, to protect its traditional role. And no one seems to know where the scramble for influence among the states will end.

"This is completely out of control," said William F. Galvin, the Massachusetts secretary of state. He is the leader of a National Association of Secretaries of State committee that is monitoring this movement and trying to push back against it.

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"The issue has been bad," Mr. Galvin said. "But it's never been as bad as it has been this year. In New Hampshire, they are going to be singing Christmas carols and voting."

The developments suggest that the national parties are losing any control they have had over the calendar by which they will nominate presidential candidates in 2008. California, New Jersey, Florida and Illinois are most likely to move their primaries early, probably to Feb. 5, joining at least five smaller states that had already scheduled primaries for that day. Illinois lawmakers are talking about moving their primary to help Senator Barack Obama, a Democratic contender; if history is any guide, it is possible that the other candidates might decline to compete in the home state of one of their rivals.

But final votes have not been taken, and state officials said it was possible they could end up going even earlier. Florida in particular has talked about holding its primary seven days after New Hampshire's, at the risk of sanctions from the Democratic National Committee. And officials said that other states, viewing this surge to the front of the pack, could join in as well.

The Democratic National Committee had adopted a new calendar last year, reducing the once dominant influence of Iowa and New Hampshire, after years of consideration. The Republican Party has so far deferred to Democrats on the changes, waiting to see the outcome of the back-and-forth.

Democrats and Republicans said that the changes would be the latest step in the evolution of a presidential nominating system that increasingly seems resistant to the kind of dark-horse presidential bid that was possible back when small states like Iowa and New Hampshire enjoyed such influence over the nominating process.

It has sowed unease and confusion among campaign staff members as they have tried to measure its implications, and has prompted them to begin making moves now to prepare for a whole different nominating system. While conventional wisdom is that the best-known candidates would benefit, views about how the shift might play out vary among strategists.

Tad Devine, a Democratic consultant who was a senior adviser to Democratic presidential candidates in 2004 and 2000, said the calendar changes, combined with the presence on the Democratic side of three strong and well-financed candidates — Mr. Obama, Mrs. Clinton and, probably, John Edwards, the former North Carolina senator — could mean that the battle for the nomination drags on for months.

"I think there's a very good chance that we are going to be sitting here at the end of next March saying, 'How are people going to put together a majority of delegates with 80 percent of the delegates gone?' " he said. "The nominating process in 2008 is not a little different. It's fundamentally different."

And the campaigns are adjusting accordingly. Mr. McCain recently hired Steve Schmidt, a former Bush campaign operative who managed the re-election bid of Gov. Arnold Schwarzenegger, the California Republican, in no small part because of what he saw as Mr. Schmidt's command of California politics.

Similarly, Mitt Romney, the former governor of Massachusetts, has turned his attention to Florida, where he sees a strong prospect of knocking out Mr. McCain by appealing to social conservatives, and installed a campaign team that includes two top political advisers to former Gov. Jeb Bush of Florida. He is about to announce the hiring of more than six top aides in Florida.

Last weekend, Mr. Romney went to New Jersey, where his aides also think he could make a strong appeal.

"The focus of our efforts publicly have been in Iowa, South Carolina, Michigan, New Hampshire," said Kevin Madden, Mr. Romney's press secretary. "But we are very well organized in Florida."

In the case of Florida, Democrats and Republicans have welcomed the prospect of having to spend heavily on an early primary because that could prove an early investment for the general campaign, as well, considering how competitive that state is. That is not the case in California or New Jersey, two expensive states that have been solidly Democratic in recent presidential races.

And some Democrats disputed the notion that a California victory could help someone recover from a poor showing in the early states. Nick Baldick, a senior adviser to Mr. Edwards, noted that Howard Dean spent heavily in states that held their primaries after New Hampshire and Iowa and never recovered.

"All that mattered was momentum and winning in Iowa," Mr. Baldick said Wednesday. "I would argue that more states on Feb. 5 makes that exponentially more true. That if you don't have momentum going into states like those four big states, then forget it and just go home."

Gingrich Backs English Push As Official Language (WT)

By Eric Pfeiffer

The Washington Times, January 25, 2007

Former House Speaker Newt Gingrich yesterday announced his support for legislation that would make English the nation's official language in order to combat what he calls "an unprecedented influx of non-English-speaking immigrants."

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The Georgia Republican, who is weighing a bid for his party's 2008 presidential nomination, places third in most Republican polls behind Sen. John McCain of Arizona and former New York Mayor Rudolph W. Giuliani. Mr. Gingrich has said he is speaking out now to infuse his party's presidential primary with ideas and will not make a formal decision about running until September.

"If you are pro-immigration into America, you should be pro-assimilation into the American way of life," Mr. Gingrich said during a press conference in Washington yesterday. "Bilingual education has been stunningly destructive."

Mr. Gingrich denied having an anti-immigration stance. "I am pro-immigration," he said.

He also is for a bill to be introduced by Rep. Steve King, Iowa Republican, which would make English the official language. Mr. King's bill amassed more than 150 co-sponsors last year but did not become law.

Mr. Gingrich said public pressure ultimately will force lawmakers pass the legislation, even in a Democrat-controlled Congress.

"You find a way to bring it to the floor of the House every two months," he said. "And then those elites in government will be forced to answer, 'Are you with 85 percent of the country or are you against 85 percent of the country?' This is not a Republican or a Democrat issue."

He said previous attempts to pass the legislation failed because of "timidity and [a] rejection of the people's will."

In May, the Senate voted 62-35 for an amendment to the immigration-reform bill that would make English the national language. Supporting it were nine Democrats and all Republicans who voted. Sen. Jim Bunning, Kentucky Republican, Sen. Mel Martinez, Florida Republican, and Sen. John D. Rockefeller IV, West Virginia Democrat, did not vote on the amendment.

A Rasmussen Reports survey taken shortly after the vote found that 85 percent of respondents support making English the official language, compared with 11 percent who do not favor the idea.

Mr. Gingrich has outlined a five-step assimilation plan that would: require greater proficiency in English before citizenship is granted, require new citizens to give up the right to vote in their native countries, require that federal documents be in English only, emphasize American history in citizenship courses, and create a program for immersion in English-language training.

"This is a cultural pattern," he said of emphasizing American history and language skills to prospective citizens. "America is a state of mind; it's a way of being."

For Democrats, Bergen County Spells Success (RC)

By Stuart Rothenberg

Roll Call, January 25, 2007

For Republicans, New Jersey, once a GOP-leaning, anti-tax state, stands as a stark reminder of how things have changed, particularly in the Northeast. But the better example — and warning of things to come — is Bergen County, a suburban bedroom community that has moved away from its Republican roots and toward the Democratic Party.

The county, once bedrock Republican territory and the most populous county in the state, has voted Democratic in the past four presidential elections — twice for Bill Clinton, and more recently for Al Gore and John Kerry.

Even more notably, the county executive and all seven members of the county board of freeholders are Democrats. Republicans lost their last freeholder last year, when incumbent Elizabeth Randall lost her bid for renomination and the eventual nominee lost in November.

But in a development that was more humiliating than substantive, the county party's headquarters was padlocked recently because the Bergen County GOP couldn't pay its rent.

The last remaining county-wide GOP officeholder is County Clerk Kathleen Donovan, a moderate who last year lost a Republican primary for county executive. Donovan, a former state legislator and one-time chairman of the state GOP, is serving her fourth term as county clerk.

No Republican has ever won statewide office without carrying Bergen County, and the last statewide GOP candidate to carry the county was Bob Franks in his losing bid for the Senate in 2000. Last year, Tom Kean Jr. (R) lost the county to Sen. Bob Menendez (D) by 8 points.

Republican Rep. Scott Garrett's 5th Congressional district includes part of Bergen County. He carried the county by only 4,209 votes (51.2 percent), though he won district-wide by 55 percent. The part of Bergen County not represented by Garrett is represented by 9th district Democrat Steven Rothman. Rothman carried the Bergen portion of his district with 71.5 percent of the vote, meaning Bergen County voters voted overwhelming Democratic for Congress last year.

Republicans have three major problems in the county: the national party, changing demographics and a fractured GOP that is being outworked by Democratic strategists.

Many of Bergen County's Republicans are more politically in sync with former Gov. Tom Kean (R) than they are with his son. They are classic Northeast moderates, whose views on cultural issues don't easily fit with Sunbelt conservatives.

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The county itself also is changing. Hispanics and Asians have moved into the county in recent years, as have New Yorkers, many of whom have brought their values and Democratic preference with them.

While these developments would have posed a challenge for the county GOP, they could have been managed had the Bergen County party leaders been smart or county Democratic operatives been inept. Unfortunately for the GOP, neither of those things happened.

Bergen County's Republican organization is being outworked and outfundraised by its Democratic counterpart, which has become a well-oiled machine under the guidance of party Chairman Joseph Ferriero.

While Ferriero helps local Democratic parties raise money and contact voters, Republicans spend most of their time fighting with each other over issues and personalities. Republican conservatives, in particular, seem more interested in isolating and purging moderates than in winning elections. As a result, the county GOP is getting badly outspent in races and losing more and more elections, creating a vicious cycle of defeat.

Bergen Record reporter Scott Fallon noted in a November article that when Ferriero became the county Democratic chief in 1998, Republicans controlled two-thirds of Bergen County towns that had a partisan form of government. After November's elections, Democrats had increased their control to 56 percent of those communities, a dramatic reversal in just eight years. Now, Ferriero has plans to go after sitting GOP state legislators and town officeholders in other previously heavily Republican areas.

Republicans complain that Ferriero is using Democrats' increased political muscle in the county to wring even more money out of companies that want to do business with the county. Odds are that they are right, but so what? That's the way the game is played in New Jersey, and as long as both sides know the rules, nobody is in a position to complain.

Ferriero took a weak county party and built it up, brick by brick. Republicans could do the same thing, if not with immediate success, if they got their act together. And they actually have an issue they could use, both in Bergen County and statewide, to start to rebuild their party: property taxes.

If Bergen were an isolated case, it might not even be worth mentioning. But what's happening there could happen (and indeed has happened) in other northern suburbs. While the GOP has made gains in Georgia, Tennessee and Kentucky, it continues to lose ground in New Jersey, Illinois and southeast Pennsylvania.

Increasingly, Bergen County looks like a model for further Democratic success outside the South. We'll see if the Republicans write it off or take steps to resuscitate their local parties, both in Bergen County and elsewhere in the Northeast.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Gore Film Sparks Parents' Anger (WP)

By Blaine Harden

The Washington Post, January 25, 2007

FEDERAL WAY, Wash., Jan. 24 -- Frosty E. Hardiman is neither impressed nor surprised that "An Inconvenient Truth," the global-warming movie narrated by former vice president Al Gore, received an Oscar nomination this week for best documentary.

"Liberal left is all over Hollywood," he grumbled a few hours after the nomination was announced.

Hardiman, a parent of seven here in the southern suburbs of Seattle, has himself roiled the global-warming waters. It happened early this month when he learned that one of his daughters would be watching "An Inconvenient Truth" in her seventh-grade science class.

"No you will not teach or show that propagandist Al Gore video to my child, blaming our nation -- the greatest nation ever to exist on this planet -- for global warming," Hardiman wrote in an e-mail to the Federal Way School Board. The 43-year-old computer consultant is an evangelical Christian who says he believes that a warming planet is "one of the signs" of Jesus Christ's imminent return for Judgment Day.

His angry e-mail (along with complaints from a few other parents) stopped the film from being shown to Hardiman's daughter.

The teacher in that science class, Kay Walls, says that after Hardiman's e-mail she was told by her principal that she would receive a disciplinary letter for not following school board rules that require her to seek written permission to present "controversial" materials in class.

The e-mail also pressured the school board to impose a ban on screenings of the film for the district's 22,500 students.

The ban, which the school board says was merely a "moratorium," was lifted Tuesday night, subject to rigorous conditions. Still, the action has appalled the film's producers and triggered a ferocious national backlash.

Members of the school board say they have been bombarded by thousands of e-mails and phone calls, many of them hurtful and obscene, accusing them of scientific ignorance, pandering to religion and imposing prior restraint on free speech.

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It has been a terrible ordeal, school board member David Larson said during a long, emotional speech at the board meeting.

"I am here to foster healing in our community," he said, while noting with sadness that "civility and honest discourse are dying in our country."

What the school board had really intended to do, Larson and school board members insisted, was not to stop schools from teaching the science of global warming, but merely to follow long-standing school board rules that require students to be exposed to "other perspectives" when they view a film like "An Inconvenient Truth."

"We do not need to lose balance in order to save the Earth," Larson said.

Exactly what "balance" might amount to, however, was not spelled out.

The National Academy of Sciences, together with nearly all of the world's leading climate experts, have agreed that there is conclusive evidence that human activity is causing the Earth to warm and that there is an urgent need to reduce the amount of carbon being released into the air.

In public comments at the board meeting, several riled-up Federal Way residents argued that "An Inconvenient Truth" was, indeed, scientifically true and that saying otherwise is "deliberate obfuscation."

These residents derisively compared the search for "balance" in the global-warming issue to decades of phony claims by cigarette companies about the lack of "proof" that smoking is harmful to human health.

Before the board meeting started Tuesday night, several residents buttonholed Larson and asked him if there should be a "balanced" presentation of the Nazi Holocaust, because there are many who deny that it occurred.

"The Holocaust happened," Larson said. "We have evidence and photos. The difference between the Holocaust and the global warming is we don't have photos of what will happen 50 years from now."

Sitting in on this conversation was Walls, the seventh-grade science teacher whose class includes Frosty Hardiman's daughter.

"We do have photos of snow melting off Kilimanjaro," Walls said, hopefully.

In the end, though, the board opted for an abundance of balance.

That means that "An Inconvenient Truth" may be shown only with the written permission of a principal -- and only when it is balanced by alternative views that are approved by both a principal and the superintendent of schools.

Hardiman was pleased.

"I am happy they are giving the kids as much information as possible," he said.

His daughter's science teacher, meanwhile, said she is struggling to find authoritative articles to counter the information in the Gore documentary.

"The only thing I have found so far is an article in Newsweek called 'The Cooling World,' " Walls said.

It was written 37 years ago.

Steele To Head GOP Funding Outfit, Start Firm (WT)

By Tom Lobianco

The Washington Times, January 25, 2007

ANNAPOLIS -- Former Lt. Gov. Michael S. Steele will lead a major Republican fundraising group and start a public affairs consulting firm in Maryland.

Mr. Steele will be the chairman of GOPAC, the national fundraising outfit that former House Speaker Newt Gingrich elevated to national prominence in 1994, and start the Legacy Strategies public affairs firm, he told The Washington Times yesterday.

"I'm really looking forward to it," Mr. Steele said. "It has been a whirlwind challenge. I just finished up four years as lieutenant governor, and I was excited to do it. We'll keep plugging along."

He begins both jobs Feb. 1 and will make a public announcement today.

Mr. Steele also said he likely will write a book about his 30-plus years in politics.

"I've really never shared too much of what it feels like to read words about you in the paper that aren't true, about who has just called you an 'Uncle Tom,' " Mr. Steele said. "I think it speaks to the double standard someone like myself has to live with."

Mr. Steele, 48, was the first black elected statewide in Maryland.

The announcements follow broad speculation about the former U.S. Senate candidate's plans.

Mr. Steele lost his race for a Senate seat in November to Democrat Benjamin L. Cardin. The race attracted national attention as Republicans and Democrats battled for every last seat to control Congress. After Mr. Steele's loss, he was briefly considered to run the Republican National Committee.

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He will run his public affairs firm with former Chief of Staff Paul D. Ellington and one or two others, and he expects the firm to grow rapidly.

Mr. Steele said he chose the firm's name based on his belief that minorities need to build "legacy wealth" -- a term that he said means "not just financial legacy, but also the kind of legacy you can't touch."

"I talked a lot about legacy [in the campaign] and very much want to continue that theme in the private sector," he said. "For me, the bottom line is all about building legacy."

After the November elections, Mr. Steele said he was committed to rebuilding the Maryland Republican Party. The GOPAC position allows him to fulfill that promise, Mr. Ellington said.

"GOPAC is kind of a name brand, focusing on the development of state and local candidates," he said. "There will obviously be a Maryland component."

The group was formed in the late 1970s to aid Republican candidates facing a Democrat-controlled Congress and calls itself the Republican Party's "preeminent education and training center."

Outgoing Chairman J.C. Watts Jr. approached Mr. Steele with the offer, based on Mr. Steele's national recognition and his experience running the state Republican Party, Mr. Ellington said.

Mr. Steele's new jobs are good news for state Republicans, said Audra Miller, a spokeswoman for the Maryland Republican Party.

"It's great that Steele will continue to have that presence on the political scene, not only in Maryland, but nationally," she said. "GOPAC has continued to be a strong presence among states and the legislatures for more than 10 years. This will only continue to build upon the great success that they've had."

Reality, At Last, In Richmond (WP)

The Washington Post, January 25, 2007

EYEBALL TO eyeball with a potential electoral disaster in this fall's legislative elections, Virginia Republicans have finally blinked -- a little. They have put forward a transportation funding package that is at least partly serious, which is to say that it relies to a significant degree on new taxes and fees to address the state's most urgent problem. It is an imperfect plan but also a sound starting point for a deal.

Having signed pledges to oppose any new taxes and having torpedoed one funding plan after another, the conservative ideologues who hold sway in the House of Delegates haven't found the courage to raise taxes much themselves. But they have decided to allow the localities where traffic is worst -- in Northern Virginia and Hampton Roads -- to increase their own taxes, particularly on commercial real estate and home sales.

If the local governing boards in Northern Virginia give their assent -- and that remains in doubt in one or two key jurisdictions -- those locally raised taxes would generate some $383 million annually for Northern Virginia. Add that to the state funds the Republicans say they would produce, and the yield is perhaps $500 million a year in new money for roads and mass transit in the region. That's at the low end of what Northern Virginia needs, but it's not bad. It's just part of the story, however.

A primary concern is the portion of statewide funding that would supposedly come from Richmond. In theory, some $250 million of the overall $1 billion in new annual spending for transportation (plus another $100 million annually in debt service) would be siphoned off from the general fund. Translation: It would be taken from existing money for schools, public health, public safety and other priorities that was provided three years ago in the far-reaching tax package enacted by former governor Mark R. Warner (D).

Even if all that money is allocated for transportation, though, there's a catch: Much of the state's portion would be spent not for new construction but to cover soaring maintenance costs. That leaves the locally raised funds -- minus $50 million annually in dedicated funding for Metro -- to widen Interstate 66 or Routes 7, 28 and 29 and other roadways in Northern Virginia. When all's said and done, Richmond is doing the bare minimum itself, and it is leaving the heavy lifting to the Northern Virginia suburbs and Hampton Roads.

We don't mean to dismiss the GOP transportation plan. It's the first serious one offered by House Republicans. And it's encouraging that it includes measures such as raising statewide vehicle registration fees and diesel fuel taxes. All that suggests that the real world facing Virginia's budget makers has begun to make an impression on Republican lawmakers.

Over A Barrel: The Global Scramble For Energy Security (WSJ)

By Chip Cummins, Bhushan Bahree And Patricia Minczeski

The Wall Street Journal, January 25, 2007

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The past four years have seen the biggest oil-price spike in a generation. That shock has shown energy insecurity to be one of the chief political, economic and military challenges facing the world. 1

The concern from Washington to Beijing -- and a central issue as business and political leaders gather at the World Economic Forum -- springs from a broader-based fear than prices, which have tumbled this month to nearly $50 a barrel after soaring to $77.03 last summer. Rather, the worry is that the geopolitical and economic equilibrium that long enabled the oil industry to smoothly supply customers is a thing of the past. Events in 2007 will test that view.

One concern: Has power permanently shifted to producers? The Organization of Petroleum Exporting Countries, the cartel that supplies a third of the world's oil, has seen its market clout soar in recent years as demand grew faster than supply. It cut output twice late last year, and is now pondering additional cuts.

Another worry is turmoil in exporting nations. Nigerian militants are attacking oil facilities almost daily. Russia is renationalizing its oil sector. The U.S. set the stage for trouble in Iraq with its 2003 invasion. Insurgents are sabotaging that country's vast petroleum industry and driving skilled technocrats into exile, threatening to cripple the industry for decades to come. Some experts worry that Iran and Saudi Arabia may be drawn into a proxy war in Iraq. That raises the specter of an energy-doomsday scenario: a conflict among the world's top three oil-reserve holders.

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Arguably, the leading culprit is rising demand. The U.S. and China, the two largest consumers, could dramatically shift the balance of power back in their favor by curbing their enormous appetites for crude and developing alternative energy sources.

The quest for energy security, in short, is a global scramble of power, money and ideas. This is a guide to flashpoints likely to shape the outcome of that scramble in 2007.

Bolton: U.S. Following Flawed Iran Plan (AP)

AP, January 25, 2007

Former U.N. Ambassador John Bolton says the United States may not be able to prevent Iran from acquiring nuclear weapons because the Bush administration is following a flawed diplomatic strategy.

In an interview with Fox News airing Wednesday night, Bolton said that contrary to administration claims, the U.N. Security Council resolution against Iran that was approved last month is "very weak."

Bolton stepped down in December after serving as U.N. ambassador for 16 months. He was the point man for the administration in the diplomatic debate over the resolution.

The former envoy said the diplomatic means chosen by the administration to halt Iran's nuclear program may not achieve the desired ends.

"The disjunction between that objective and the diplomacy we have been pursuing is ultimately going to be a problem for the president," Bolton said.

He added that the administration placed too high a priority on achieving unity in the council.

"Pursuing the goal of unity detracts from the substantive goal of preventing Iran from getting nuclear weapons," Bolton said.

State Department spokesman Sean McCormack said Bolton and his U.N. team should take "great pride" in winning the 15-0 council vote against Iran. He said the U.S. would have preferred a stronger resolution but noted that compromise is a central element of international diplomacy.

On Dec. 24, after two months of debate, the council voted unanimously to punish Iran for refusing to suspend uranium enrichment.

The resolution orders all countries to stop supplying Iran with materials and technology that could contribute to its nuclear and missile programs. It also freezes Iranian assets of 10 companies and 12 individuals related to those programs.

"Is it a good, strong resolution? Yes," McCormack said. "And is it having real effects on Iran and their ability to develop nuclear weapons? I would argue yes to right now, and I think probably even more down the road if they continue down the current line of behavior."

Details On Iran's Activity Pledged (LAT)

By Borzou Daragahi

The Los Angeles Times, January 25, 2007

BAGHDAD — The top U.S. envoy to Iraq said Wednesday that he would soon reveal details he asserted would show Iranian interference in the country, in the latest round of diplomatic jousting between Washington and Tehran.

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U.S. Ambassador Zalmay Khalilzad told a group of Western journalists that American officials would provide details "in the coming days" about Iranian officials detained and interrogated in Baghdad and the Kurdish city of Irbil within the last month.

The U.S. military detained five Iranian diplomats in Irbil on Jan. 11, and had detained several others in late December in Baghdad, touching off diplomatic rows and creating tensions with the government of Iraqi Prime Minister Nouri Maliki.

The presentation, Khalilzad said, would include details about who the detained Iranians are and what they were doing in Iraq, as well as information about alleged contraband coming across the Iran-Iraq border.

"We are working to put something together and we will have something for you in the coming days," he said.

The upcoming presentation, he said, is a response to public comments by Iranian Ambassador Hassan Kazemi-Qomi, who this week publicly challenged Americans to show "any shred of evidence that Iran is working to destabilize Iraq," according to Iranian news agencies.

Khalilzad said the U.S. would take up the challenge.

"I know the Iranian ambassador said the Americans do not have anything and if they have something why don't they come up and share it," Khalilzad said. "We're going to oblige him."

Khalilzad said Iranian diplomatic missions and offices in Iraq were providing diplomatic cover for members of the Revolutionary Guard's Quds Force, an elite intelligence and paramilitary organization that answers to Iran's supreme leader, Ayatollah Ali Khamenei.

One of those arrested in a pair of December raids in Baghdad and later released has been identified as a Quds Force "director of operations," he said.

Iran's complicated government includes ordinary state functions such as the Foreign Ministry and the presidency in addition to powerful institutions that grew out of Iran's 1979 Islamic Revolution. The Revolutionary Guard, one of the latter organizations, operates as a parallel army and controls Iran's borders as well as its foreign policy toward neighboring countries such as Iraq and Afghanistan.

Khalilzad said it was time for Iran to change the people who conduct its relations with Iraq.

"Iran has not adapted to the changed situation in that it uses the security instrument as the channel, diplomatically," he said. "Many of the officials that represent Iran diplomatically are Quds Force operatives."

The U.S. has alleged that Iran has been funneling money and weapons to and providing training for armed groups in Iraq. Khalilzad said Wednesday that Iranian elements associated with the Quds Force had infiltrated Iraq's political parties.

He said the Bush administration had made a decision to aggressively confront Iranian networks operating in Iraq, as laid out by President Bush in a Jan. 10 speech on the Iraq troop buildup.

"Operations are aimed at making it harder for them, to make [it] difficult for them to do things they used to do more easily, in the expectation that would change their behavior," Khalilzad said.

"Those [Iraqis] who associate with them also risk being caught, targeted in these operations," he added.

Iran Receives Russian Defense Missiles (AP)

By Nasser Karimi

AP, January 25, 2007

Iranian officials said Wednesday that they have taken delivery of advanced Russian air defense missile systems — weapons intended, according to one Russian news agency, to defend Tehran's major nuclear facilities.

Announcement of the delivery of the Tor-M1 mobile missile launchers came as Iran launched three days of military maneuvers, its first since the U.N. Security Council approved sanctions against Iran on Dec. 23.

"We have had constructive defense transactions with Russia and we purchased Tor-M1 missiles that were recently delivered to us," the official Web site of Iranian state television quoted Minister of Defense Mostafa Mohammad Najjar as saying.

Najjar did not say how many missiles were delivered or when they arrived. Previously Moscow said it would supply 29 of the mobile surface-to-air missile systems to Iran under a $700 million contract signed in December 2005, Russian media has reported.

In New York, spokesman for the U.S. mission to the United Nations, Richard Grenell, called the development "troublesome given that Iran is the leading state sponsor of terror in the world."

"It certainly isn't an appropriate signal to be sending a government which is under U.N. sanctions for trying to develop a nuclear weapon," Grenell said.

According to Russia's ITAR-Tass news agency, the weapons were expected to be used to protect major government and military installations such the nuclear facilities at Isfahan, Bushehr, Tehran and in eastern Iran.

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ITAR-Tass on Tuesday quoted Sergei Chemezov, the head of the country's state-run weapons exporter as saying that the Tor-M1 missiles had been delivered before the end of December 2006.

It is not clear whether the sale was completed before the Security Council vote. Russian officials have repeatedly said the sale would not violate any international obligations.

Russia's U.N. Ambassador Vitaly Churkin, current president of the Security Council, did not explicitly confirm the handover. But he said "whatever deliveries may have been carried out," they had "nothing to do" with the U.N. sanctions on Iran over its uranium enrichment.

The United States last year called for a halt to international arms exports to Iran, and for an end to nuclear cooperation with Iran to pressure it to stop uranium enrichment. Israel has also criticized arms deals with Iran.

Iran denies U.S. accusations that it is using its nuclear power program as a cover to develop nuclear weapons. On Monday, Tehran conducted missile tests and said it had barred 38 U.N. nuclear inspectors from entering the country.

Olmert Calls For Action Against Iran (AP)

By Steven Gutkin

AP, January 25, 2007

Prime Minister Ehud Olmert devoted one of his most important policy speeches of the year Wednesday to a single topic — Iran — saying Israel will respond to a nuclear threat "with all the means at our disposal."

Addressing an annual security conference in this seaside city, he said the international community has no choice but to act forcefully against Iran and its president, Mahmoud Ahmedinajad, who has repeatedly called for Israel's destruction.

"When the leader of a country announces, officially and publicly, his country's intention to wipe off the map another country, and creates those tools which will allow them to realize their stated threat, no nation has the right to even to weigh its position," Olmert said.

"It is the obligation of every country to act against this with all its might."

Iran has insisted that its nuclear program is for peaceful purposes, but Israel believes its goal is to build nuclear weapons that could threaten the Jewish state's existence.

Olmert has made similar declarations before. But Israel has been vague about whether it would be willing to carry out military strikes against Iran, though it has not ruled them out.

"The Jewish people, with the scars of the Holocaust fresh on its body, cannot afford to allow itself to face threats of annihilation once again," Olmert said.

"Anyone who threatens us, who threatens our existence, must know that we have the determination and capability of defending ourselves, responding with force, discretion and with all the means at our disposal," he added.

Olmert said Israel supports using diplomacy to thwart Iran's nuclear ambitions and said there is still time for international pressure to work.

"As serious as the Iranian threat is, the threat of nuclear attack on Israel is by no means imminent," he said.

"The Iranian issue preoccupies me and my thoughts constantly," Olmert said.

Olmert's speech diverged from a precedent set by his predecessor, Ariel Sharon, who used the Herzliya gathering as a forum for setting out new policies, like Israel's unilateral withdrawal from Gaza.

Olmert's decision to devote the high-profile speech to Iran reflected his country's growing concern over the issue. The four-day security conference at Herziliya was overwhelmingly about Iran.

Before launching into the Iranian issue, however, Olmert offered a few sentences about Israel's embattled president, Moshe Katsav.

Olmert called on Katsav to resign after the attorney general announced his intention to press criminal charges, including rape, against him.

"Under these circumstances, there is no doubt in my mind that the president cannot continue to fulfill his position and he must leave the president's residence," Olmert said.

Olmert's call for Katsav to step down came minutes after the president finished an emotional address to journalists, insisting that he would not resign unless he is actually indicted.

Olmert himself is under a legal cloud. Police are investigating his role in the 2005 sale of one of Israel's largest banks by the government after allegations that he tried to skew the tender in favor of supporters.

His speech at the Herzliya conference was coolly received, with no breaks for applause, reflecting his loss of popularity because of the inconclusive results of last summer's war in Lebanon.

Outside the hall, a handful of demonstrators called on Olmert to resign because of that war.

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U.S. Picks An Inauspicious Time To Restart Mideast Talks (NYT)

By Steven Erlanger

The New York Times, January 25, 2007

HERZLIYA, Israel, Jan. 24 — It would be hard to imagine a less promising moment for the United States to restart serious Palestinian-Israeli peace negotiations.

Six years after the last such talks, the Palestinian government is controlled by Hamas, which preaches Israel's destruction. Approval ratings for the Israeli prime minister are barely in double digits. Gaza and neighboring Lebanon are in turmoil. President Bush is weak.

Yet the administration is holding a meeting on Feb. 2 of the so-called quartet, whose other members are the European Union, Russia and the United Nations, to be followed by "informal talks" between Israeli and Palestinian leaders, with help from Secretary of State Condoleezza Rice, about the shape of a final peace treaty and the nature of a Palestinian state beside Israel.

The Americans are responding to pleas for re-engagement from the European Union, the Palestinian president and moderate Arab nations.

But expectations are purposely low. Ms. Rice and her Israeli counterpart, Foreign Minister Tzipi Livni, have borrowed a phrase from frustrated Palestinians and speak only of providing "a political horizon" to the two parties. They have been vague about the content and the path.

The European Union foreign policy chief, Javier Solana, has no doubt what he wants to see.

"It's time to enter final status talks, it's time to enter a discussion of the end of the conflict," he said in an interview. "The crisis-management approach to the Israeli-Palestinian conflict is over. We need to enter the conflict-resolution stage and try to end the occupation of 1967."

But the European Union does not run the quartet; the Americans do.

The main aim, senior American officials suggest, is to increase Palestinian confidence in a two-state solution and thereby elevate those Palestinians who advocate such a solution — Mahmoud Abbas, the president of the Palestinian Authority, and his Fatah movement — and hope to undermine the appeal of Hamas, which rejects a permanent peace with Israel.

Ms. Rice also hopes that new American involvement and leadership will help its Arab allies like Egypt, Jordan and Saudi Arabia, let alone the fragile government in Lebanon, which fear the growing influence of Iran and Syria, supporters of Hamas and its Shiite Lebanese counterpart, Hezbollah.

While it is unlikely that either Ehud Olmert, the Israeli prime minister, or Mr. Abbas has the political strength to deliver big concessions, "sometimes it's best to try to buy in at the bottom," a senior American official said.

Israelis are nervous about the coming talks, and see them as part of the growing internal rivalry between Mr. Olmert and Ms. Livni, who has said publicly that she is prepared to become prime minister and has become close to Ms. Rice.

Uzi Arad, who had been an aide when Benjamin Netanyahu was prime minister and is now the director of the annual Herzliya Conference here devoted to security issues, said the American initiative was essentially for show, to try to pacify domestic critics on Iraq and nervous Arab allies.

"We all want to do something, but let's see what's doable, to help tranquilize the situation as much as possible and look like progress, without harming our security," Mr. Arad said.

Richard N. Haass, a Middle East specialist who runs the Council on Foreign Relations in New York, said here that "there's a difference between negotiating final status and raising final status." He said the case was strong for doing the latter, which he described as "prenegotiations," starting a process that could only conclude when stronger governments could take serious risks.

"It's important to shape the Palestinian debate and signal to them that there are strong reasons to forgo violence," Mr. Haass said. "If there's a place to go, it puts Hamas on the defensive. It can either strengthen the moderates or help the process of transforming the radicals."

With the Israelis battered by the war in Lebanon, rockets coming from Gaza and a Palestinian power struggle, few Israelis would support large new withdrawals from the West Bank when Mr. Abbas cannot control Palestinian militants and the Palestinian Authority is run by Hamas.

Mr. Olmert is also unwilling now to modify the so-called road map peace plan of 2003, which calls in its first stage for Palestinians to begin to disarm militants and dismantle terrorist organizations while the Israelis freeze settlement building. Final-status negotiations are left to the third stage. But no one in 2003 expected Hamas to be running the Palestinian Authority, and Mr. Abbas has been regularly calling for final-status talks to begin now as a way to provide "a political horizon" and do an end run around Hamas.

These new talks are a compromise — a serious discussion that can clarify a final settlement, including final borders and what will happen to Jerusalem and refugees — without committing either party. If there is a new, all-party commitment to an

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independent Palestinian state based essentially on 1967 boundaries, it may reinforce the idea of a permanent Israel next to a Palestine, which Hamas, Iran and Islamic Jihad currently reject.

Some Palestinians, too, are skeptical. Moderates welcomed the Rice initiative "because what's important to them is change, even if it is only a facade, that promises a 'positive possibility' for the future," wrote Ali Jarbawi a professor of political science at Birzeit University, on a Web site devoted to an Israeli-Palestinian dialogue, bitterlemons.org.

If the result is "an end to the Israeli occupation and the creation of a Palestinian state on 1967 borders (with minor and agreed-upon adjustments) and solving the issue of refugees according to international resolutions," Mr. Jarbawi wrote, then fine. "But this is not in the framework of thinking of this administration," he said, calling it "hostage to the Israeli perspective," which prefers "a long-term transitional stage."

Salam Fayyad, a former finance minister for the Palestinian Authority, said, "We need an agreed definition of where we're going and how to get there." The current situation is deteriorating, he said, and too much time is wasted on negotiating peripheral issues like roadblocks. "A political horizon is a framework in which internal issues can also be addressed," he said.

David Makovsky, a Middle East expert with the Washington Institute for Near East Policy, said for the United States the Israeli-Palestinian issue was not central. "The issue is a derivative of getting Arab support for Iraq and Iran policy," he said. "They want a broad front, and this is part of helping those Arab leaders they see as important on these other issues."

Pakistan President Floats Muslim Mideast Peace Initiative (AFP)

AFP, January 25, 2007

Pakistan President Pervez Musharraf said that he had agreed with five Arab leaders to develop a Muslim peace initiative for the Palestinian conflict, which he said lay at the root of worsening violence around the region.

"Destructive violence is going on in Iraq, Lebanon is mired in crisis, and the most dangerous aspects of these two are the visible sectarian undertones which cause a special concern to us in Pakistan," Musharraf told reporters in the United Arab Emirates at the end of a five-nation Middle East tour.

"The core lies in the Palestinian dispute and the core lies in the disharmony within the Muslim world, which is leading to terrorism and extremism," he said.

"This is a time to act and adopt a reconciliatory approach... toward starting a fresh initiative to facilitate peace, a resolution of the Palestinian dispute and bringing harmony to the Muslim world."

Musharraf said there had been a "total consonance of views" on the need for such an initiative among the leaders of the countries he visited -- Egypt, Jordan, Saudi Arabia and Syria, as well as the UAE.

"We have agreed to undertake this mission in a responsible, pragmatic, but forceful manner," he said, adding that the initiative would have to be a compromise capable of winning broad support.

"The European Union is a very important player, it must be on board. And definitely ... the major players of the world must have faith in this new initiative.

"It has to be a middle course initiative acceptable to both extremes."

The Pakistani president gave no details of how he intended to advance the initiative or how it would mesh with the internationally drafted peace roadmap, which has made next to no progress since its launch nearly four years ago.

US To More Than Triple Aid To Lebanon (AP)

By Anne Gearan

AP, January 25, 2007

The United States will offer nearly $770 million to help the fragile democratic government in Lebanon, Secretary of State Condoleezza Rice said Wednesday, a tripling of U.S. aid announced a day after deadly protests in Beirut underscored the country's deep political and sectarian divisions.

The donation, which must be approved by Congress, would include $220 million in military aid for the beleaguered Western-backed government of Prime Minister Fuad Saniora. The money could buy small arms, ammunition, spare parts and Humvees, U.S. officials said.

Lebanon remained tense Wednesday, a day after Hezbollah-led protesters clashed with government supporters across the country, killing three. What had been planned as a peaceful work-stoppage around the country turned into the worst violence since Shiite Hezbollah militants and their allies launched a campaign two months ago to oust the government.

"What you saw yesterday was irresponsible in the violence that erupted," Rice told reporters traveling with her to a 35-nation conference meant to help Lebanon recover from the summer war between Israel and Hezbollah and make a dent in its huge national debt.

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The street protests and violence underscore the world's duty to help the democratic government survive in Lebanon, Rice said.

Saniora will also attend the donors' session in Paris, proof that he will not be intimidated by political opponents at home, Rice said.

Although the Saniora government is warmer to the United States than any Beirut government in two decades, he has paid a cost in criticism that he is a puppet of Washington.

Rice will meet privately with Saniora on Thursday, patching up a relationship strained by Saniora's frustration that it took 34 days to get a United Nations cease-fire in the Israeli-Hezbollah war.

The United States was widely viewed as sanctioning Israel's desire to do as much damage to Hezbollah as possible before the campaign stopped last August. The war wasted towns in southern Lebanon, destroying bridges and roads and other structures that neither Hezbollah nor the Beirut government have been able to replace quickly.

Hezbollah, backed by Iran and allied with Syria, is a military and political organization that controlled much of southern Lebanon before the war. The United States considers the group a terrorist organization. Its popularity among many of Lebanon's majority Shiites rose after the war, but the extent of its political clout is uncertain.

Rice did not directly answer a question about whether Tuesday's demonstrations reveal that Hezbollah is strong enough to bring down Saniora. His collapse could re-ignite civil war in a nation of 4 million that has traditionally been a Middle East battleground.

"I assume they would not want to plunge Lebanon into open conflict and to kill lots of innocent Lebanese to pursue their political goals," she said.

The United States and other Western nations that support Saniora see crucial stakes in Lebanon, hoping the country can emerge from years of war as an oasis of stability in the Middle East without interference from countries like Syria or Iran.

The Paris session is expected to bring in pledges of about $5 billion. The government estimates its needs at about $3.5 billion to repair buildings and infrastructure damaged in the summer war. Lebanon owes a staggering $40 billion, some of it dating to the 1970s and the country's long and bitter civil war.

The U.S. money would more than triple last year's pledge of $230 million, and represents a major increase over past years' annual offerings of $30 million to $40 million.

The largest chunk of that money would be a $250 million cash reserve to be meted out as the Lebanese government meets targets for financial and structural overhauls.

About $184 million would go to the U.N. peacekeeping force that is supposed to keep postwar order in southern Lebanon, and $60 million would support internal Lebanese security services.

It is not clear whether any of the money would directly fund efforts to disarm Hezbollah, something the United States insisted must be part of a settlement to end the war but which has never happened.

Donors Gather To Help Lebanon's Government (NYT)

By Helene Cooper

The New York Times, January 25, 2007

PARIS, Jan. 24 — After 50 days of Syrian- and Iranian-backed protests that culminated in Tuesday's daylong standoff in Beirut, Secretary of State Condoleezza Rice and officials from more than 30 other countries are gathering here to see if they can inject enough money into the Lebanese government to prop up the pro-Western prime minister, Fouad Siniora.

Ms. Rice, demonstrating the level of concern about the deteriorating situation, said Wednesday that the United States would provide close to $1 billion in aid.

In many ways, the donor conference here on Thursday will serve as a snapshot of the larger proxy war between the United States — joined by its Sunni Arab allies and Europe — and Iran and Syria. Lebanon, like Iraq, is a battleground in that war, and Mr. Siniora, a Sunni Muslim, is fighting for his political survival.

The Paris conference is considered central to the survival of his government. Lebanon is badly hobbled after the monthlong war between Israel and Hezbollah last summer, with Hezbollah trying to use the war to strengthen its political role, and reconstruction efforts have been burdened by the country's $41 billion in public debt.

On Tuesday, opposition groups bent on toppling Mr. Siniora's cabinet essentially shut down the country with protests in Beirut.

The protests, initiated by Hezbollah to press its claims, were the latest trial for Mr. Siniora, whose government has survived thus far, Lebanon analysts say, not just because about half of the country supports him, but also because he has strong international support, including from Europe, America and the Sunni Arab countries.

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"Very clearly, Syria and Iran don't want to see this work," said David Schenker, a senior fellow in Arab politics at the Washington Institute for Near East Policy, referring to the donor conference. "If the Siniora administration walks away from Paris with sufficient funds, it will return to Lebanon vindicated and strengthened, proving that it can effectively govern and pursue key initiatives without Hezbollah."

Some Middle East experts say that Lebanon needs at least $5 billion in aid to cover reconstruction and debt payments. But even if Mr. Siniora were able to raise that much, he would face political problems back at home.

His government has been under siege for two months now, as he has fought to establish a tribunal that may implicate Syria in the killing of a former Lebanese prime minister, Rafik Hariri, an outspoken critic of Syria.

Syria occupied Lebanon for 30 years until being forced to withdraw its troops after the assassination. The United States has accused Syria and Iran of trying to bring down the Siniora government to wreck plans for an international tribunal to try suspects in Mr. Hariri's killing.

The Paris conference is supposed to focus on ways to stimulate the Lebanese economy, improve living conditions for the people and lower the country's debt over five years.

Just how much money it will take to prop up Mr. Siniora is in question. On Wednesday, the European Commission was the first to announce that it would pledge 400 million euros, or $519 million, at the conference, bringing to 500 million euros, or $649 million, its overall reconstruction money for Lebanon over the next five years. President Jacques Chirac of France, who met with Mr. Siniora in Paris on Wednesday, followed with a pledge of a 500-million-euro loan to Lebanon, which a spokesman for Mr. Chirac said would be extended on "highly preferential terms."

Ms. Rice told reporters aboard her flight that the United States, whose contribution will be watched closely, would provide an additional $770 million in grants, including $220 million for the Lebanese armed forces and additional money for the police and peacekeeping. The grants also will include $250 million in cash transfers directly to the government, which will be tied to certain benchmarks that the Siniora government would be required to meet through economic reform programs. A donor conference for Lebanon that was held in Stockholm last year after the Israel-Hezbollah war brought in $940 million in aid, including about $230 million from the United States.

"You will find that the United States will be very supportive of Lebanon at this conference," C. David Welch, assistant secretary of state for Near East affairs, told reporters in Paris. "Of course, you all know the importance of our political voice; now we are going to put some money behind that."

How much Saudi Arabia and other Sunni Arab countries come up with will also be of interest, analysts say. Saudi Arabia and Qatar, in particular, have been giving money in hopes of influencing Lebanon, as a counterweight to Iran and Syria, which have long given huge amounts to Hezbollah and other Lebanese groups, particularly in the south, where support for Hezbollah is the strongest.

On Tuesday, Mr. Chirac tried to play down the impression that donors at the conference were trying to impose their will on the Lebanese people by propping up Mr. Siniora. "I have no preferences among the Lebanese people," Mr. Chirac said. "I respect all the Lebanese people, but I advise them to obey the general rules of democracy, that is, to wait for normal elections to take place, in order, if that's the case, to change the government."

Lebanon's Pro-Western Premier Seeks Aid (AP)

By Jamey Keaten

AP, January 25, 2007

Lebanon's embattled pro-Western prime minister pleaded for international aid Wednesday to stave off financial ruin in his war-scarred country and counter interference from Iran, Syria and their Lebanese allies. The United States said it would offer $770 millon.

Fuad Saniora said he expected a donors conference Thursday in Paris to provide "very significant" financial support from Arab states and Western countries to help Lebanon become a haven of stability in the Middle East.

The meeting comes as Saniora's U.S.-backed government is locked in confrontation with Iranian-backed Hezbollah and other Lebanese foes while struggling under mountains of debt and facing the task of rebuilding following the summer war between Israel and Hezbollah.

It is the third Paris donor conference on Lebanon since 1998.

Experts predict the funds offered — in the form of debt relief, low-cost loans and aid — will likely total $4 billion to $7 billion. That compares to Lebanon's $40 billion of state debt, equivalent to about 185 percent of its annual economic output.

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Although they insist the aid will be for all of Lebanon — not just for one man or his government — the U.S. and other donor nations back Saniora and say Lebanon must be defended from meddling by Iran and neighboring Syria, which occupied Lebanon for nearly 30 years until 2005.

"Not helping Lebanon will be much more expensive than helping it," Saniora told reporters after meeting with French President Jacques Chirac to prepare for the meeting, which is expected to draw about 30 foreign ministers and representatives of the World Bank, International Monetary Fund and European Union.

Already Wednesday, Secretary of State Condoleezza Rice said the U.S. will offer the Lebanese government nearly $770 million, a tripling of U.S. aid announced a day after deadly protests in Beirut underscored the country's deep political and sectarian divisions.

The donation, which must be approved by Congress, would include $220 million in military aid for Saniora's government. The money could buy small arms, ammunition, spare parts and Humvees, U.S. officials said.

Host France announced plans for a $650 million loan at "very advantageous" terms, while the EU pledged $522 million in aid and loans.

Rice was expected to meet early Thursday with Saniora, who is under mounting pressure at home. Pro- and anti-government factions clashed for a second day on the northern Lebanese city of Tripoli on Wednesday — a day after three people died and 173 others were injured in violence nationwide.

"The government of Lebanon may be stressed by what's going on, but I believe they are strong and will weather this crisis," U.S. Assistant Secretary of State David Welch, the State Department's top Middle East diplomat, told reporters in Paris.

Hezbollah gained new support at home from its 34-day war with Israel and is thought to have doled out millions of dollars in aid to people in areas devastated by fighting. Western nations hope to counter that influence by pouring in even more money.

No Hezbollah representatives were invited to the Paris conference because its six ministers quit Saniora's Cabinet last year. France and other donors said they are dealing only with the elected Lebanese government, and it is up to Saniora to work with his domestic opponents.

But the worsening political turmoil has raised concerns that Saniora's government may be too paralyzed to fully rebuild even with newly injected funds. Many parts of southern Lebanon — a Hezbollah stronghold — remain a wasteland five months after the war despite pledges from the government, Hezbollah and the world to help.

The new aid will come with conditions — mainly assurances that Saniora's government make good on economic and structural reforms announced this month, which have infuriated labor unions and Hezbollah supporters.

Saniora's critics contend the donors will only worsen Lebanon's debt.

U.S. Opposes Iranian, Saudi Meddling In Crisis (WT)

By Nicholas Kralev

The Washington Times, January 25, 2007

The United States yesterday criticized Iranian overtures to Saudi Arabia suggesting the two countries cooperate to resolve a political crisis between the Lebanese government of Prime Minister Fuad Siniora and the Shi'ite group Hezbollah.

Tehran's proposal, made during a visit to Riyadh last week by Ali Larijani, head of the Supreme National Security Council, is aimed at giving the Iranian-backed Hezbollah a bigger role in the Lebanese Cabinet, diplomats said.

"We certainly wouldn't support any effort to try to negotiate something over and above the heads of the Siniora government," State Department spokesman Sean McCormack told reporters.

"As for any political arrangements or accommodations that Prime Minister Siniora might come to with the various factions in Lebanon, those are going to be decisions for him to make," Mr. McCormack said. "But we won't work with individual ministers from Hezbollah and we won't meet with them."

Clashes between Hezbollah-led protesters and government supporters this week claimed at least three lives and caused dozens of injuries and property damage in Beirut.

"What you saw [Tuesday] was irresponsible in the violence that erupted," Secretary of State Condoleezza Rice said as she flew yesterday to Paris, where international donors are expected to pledge billions of dollars to help Mr. Siniora rebuild an economy devastated by last summer's war with Israel.

Sunni-dominated Saudi Arabia, whose relations with Shi'ite-dominated Iran are usually tense, was said to be suspicious of Tehran's overture, but diplomats said Riyadh is looking for ways to help Mr. Siniora, whom Washington also supports.

Details of Mr. Larijani's meeting with Prince Bandar bin Sultan, a senior Saudi Foreign Ministry official who was a longtime ambassador to Washington, were not available. However, [a]news agency quoted Lebanese "political sources" as saying that any deal also would address plans for a U.N. tribunal to try suspects in the 2005 slaying of former Prime Minister Rafik Hariri.

Mr. Siniora arrived in Paris yesterday for the donors conference, along with about 30 foreign ministers and representatives of the World Bank, International Monetary Fund and European Union.

"Not helping Lebanon will be much more expensive than helping it," he said after meeting with French President Jacques Chirac.

Mr. Chirac said France would extend a $650 million loan at "very advantageous" terms, and the European Union pledged $522 million in aid and loans.

Miss Rice said the United States would offer $770 million, including $220 million in military aid. Last year, Washington pledged $230 million.

The pledges at the Paris conference are expected to total about $5 billion. The government estimates its needs at about $3.5 billion to repair buildings and infrastructure. In addition, Lebanon's debt is about $40 billion, some of it dating to the 1970s and the country's long and bitter civil war.

Mr. McCormack said Miss Rice was accompanied by chief executives of U.S. companies with plans to invest in Lebanon, although he did not name them.

"Long after direct U.S. government assistance has gone through the pipeline and been delivered, investment by foreign companies and U.S. companies is going to continue to create jobs and opportunity in Lebanon," he said.

US Unveils 770 Million Dollar Aid Plan For Lebanon (AFP)

By David Millikin

AFP, January 25, 2007

The United States will pledge 770 million dollars in new aid to Lebanon as part of a major international drive to rebuild the country and bolster the embattled pro-Western government of Prime Minister Fuad Siniora, US Secretary of State Condoleezza Rice said.

Rice said the package, to be formally unveiled here Thursday at an international donors conference, would bring total US assistance to Lebanon to more than a billion dollars since a devastating 34-day war last July and August between Israel and the radical Islamic group Hezbollah.

"The president will request of the Congress 770 million dollars in support for Lebanon," she told reporters accompanying her from Washington to Paris.

She said about two-thirds of the new aid would go to strengthen Lebanon's security forces with training and equipment, and to fund reconstruction projects.

The remaining 250 million dollars will be direct assistance to Siniora's administration, which has just unveiled a controversial five-year economic reform plan to cope with rebuilding efforts and a massive 41 billion dollar public debt.

Before the war, annual US aid to Lebanon averaged between 30 and 40 million dollars per year, officials said.

Lebanese officials have said they need several billion dollars to rebuild villages and infrastructure damaged in the Israeli offensive sparked by Hezbollah's kidnapping of two Israeli soldiers in a cross-border raid in July.

Rice linked the latest US aid, and other pledges expected during Thursday's 30-nation donors meeting, to efforts to strengthen Siniora's government in a power struggle with Hezbollah and other Syrian-backed parties in Lebanon.

Hezbollah-led protests against Siniora and his reform plan erupted into violence Tuesday that left three people dead and fueled fears Lebanon could slide back into the civil strife that wracked the country in decades past.

"Yesterday's events if anything make more important a message from the international community that it supports the democratically elected government of Lebanon," said Rice, who is scheduled to meet with Siniora early Thursday.

She called the protests and violence "irresponsible" and "an effort to provoke, an effort to intimidate" Siniora.

Hezbollah has denounced Siniora as a puppet of the West and is seeking to topple his government or force a power-sharing deal that would leave the Iranian- and Syrian-backed movement and its allies with veto power in cabinet.

US President George W. Bush accused Syria in his State of the Union speech Tuesday of using Hezbollah to reassert its control over Lebanon, which Damascus occupied for decades until popular protests forced it to withdraw its forces in 2005.

Rice said she hoped the pro-Syrian camp "would not want to push Lebanon into open conflict and to kill lots of innocent Lebanese to pursue their political goals."

The United States has already pledged 231 million dollars in government aid to Lebanon since the summer war, including 39 million dollars to provide vehicles, communications equipment, night vision goggles and training to Lebanon's army.

Under the terms of a UN-brokered ceasefire that ended the fighting, the army deployed for the first time in more than 20 years in south Lebanon along Israel's border and also began patrolling the frontier with Syria.

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A senior official accompanying Rice said the direct aid will be tied to "benchmarks" in the implementation of Siniora's five-year reform plan, which calls for raising some taxes and privatising the country's electricity and mobile phone sectors.

Another 280 million will provide training, equipment and small arms to the army and police, while 184 million will help fund international peacekeepers deployed in south Lebanon under the UN ceasefire, the official said.

A group of US corporate leaders, including the chief executive of Intel, will also on Thursday announce major workforce training and telecommunications infrastructure investment projects for Lebanon, another official said.

Rice said she was confident Siniora had the "mettle" to follow through on the reforms, unlike a plan announced by Beirut at the last Paris donors conference in 2002 which never took effect.

My Country Needs Help (WSJ)

By Saad Hariri

The Wall Street Journal, January 25, 2007

Today, the French capital plays host to an international donor conference whose aim is Lebanon's long-term economic stability. The conference, dubbed "Paris III," will be attended by representatives from approximately 40 countries as well as from international financial institutions. This is a critical moment for the international community to support the Lebanese people's choice for democracy, peace and stability.

The friends of my country who will gather in Paris know how much is at stake. Lebanon is truly at a crossroads; the choices and actions Lebanese government officials and their supporters in the international community make are critical for what my country will look like in the future. This conference will be decisive for the future of Lebanon as a democratic and moderate Arab country with a liberal economy, and as a beacon of coexistence and tolerance for the entire region.

There are two competing visions for Lebanon today: One is a vision of freedom, peace, prosperity, democracy and independence from outside interference; the other is a vision of conflict, economic paralysis, oppression and hegemony by Lebanon's neighbors. The late Pope John Paul II praised Lebanon for the example it set for the world through the peaceful coexistence, brotherhood and cooperation among its various religions and sects. This view was shared by my father, the late Prime Minister Rafiq Hariri, who was assassinated in Beirut on Feb. 14, 2005 -- a despicable act which only served to unite the Lebanese people, who knew that my father dedicated his life to our country's independence and sovereignty.

The Lebanese people chose the vision of peace, independence and unity when they rallied after the assassination of my father. But while the people of Lebanon are free today, we are not free of foreign intervention. Unfortunately, after the devastating Israeli war last summer, the Lebanese people today face another critical challenge fueled by outside interference in our internal affairs. Outside powers are supporting a move by a coalition of Lebanese parties to topple the elected government through street demonstrations and other activities, ostensibly calling for more power-sharing.

But the real goal is to prevent the establishment of the U.N.-endorsed international tribunal which would try those individuals responsible for the assassination of Prime Minister Hariri, and which would finally put an end to a culture of impunity in Lebanon, which has witnessed so many horrific political assassinations that have gone unpunished.

The other goal of the opposition is to prevent the full implementation of U.N. Security Council Resolution 1701, which demands that the Lebanese government be in full control of the entire country, including southern Lebanon.

At Paris III today the Lebanese government will present its reform program and hopes that an international consensus around Lebanon will help put its economy back on the path to recovery so we can rebuild. In the weeks prior to Paris the government, supported by the majority in parliament, put forth a strategy to continue the country's economic growth and job creation programs as a way forward, despite the political standoff we currently face. We intend to work with our friends in the international community at Paris III to offer the Lebanese people an alternative to the chaos that others seek to sow in Lebanon.

Yet it will not be the first time the international community has come together to help rebuild Lebanon. Three conferences were held previously. The first was the Friends of Lebanon summit in Washington in 1996, hosted by the U.S. State Department. It brought Lebanon much-needed economic aid and political support. The next two conferences, Paris I and Paris II, were hosted by France's President Jacques Chirac in 1998 and 2002. They brought economic aid in the form of grants and projects to help stabilize the Lebanese economy, and thus inject it with enough confidence to generate respectable economic growth and the return of significant international investment.

Paris III is a continuation of the last three conferences and of Prime Minister Hariri's legacy. More importantly, it is a testament to the tremendous work of the democratic Lebanese government and the resilience of the Lebanese people. This resiliency will prevail, and I predict Lebanon once again will be able to extract itself from its difficulties and meet its challenges. Lebanon's greatness lies in its people and its rich history and its values. These are the treasures we are trying to preserve.

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There is much at stake at Paris III for all of us. We hope the international community fully understands the historic importance of the path which the Lebanese people have chosen: a path towards true sovereignty, democracy, pluralism and prosperity; and we hope our friends will stand with us.

Mr. Hariri is the majority leader of Lebanon's national parliament.

Hezbollah Won't Topple The Lebanese Government, Its Leader Says (NYT)

By Nada Bakri

The New York Times, January 25, 2007

BEIRUT, Lebanon Jan. 24 — Sheik Hassan Nasrallah, Hezbollah's leader, said Wednesday that Lebanon's opposition movement had decided to stop short of toppling the government of Fouad Siniora, fearing civil strife. He warned, though, that Hezbollah and its allies would continue to ratchet up the pressure on Mr. Siniora in coming weeks and vowed not to back down on their demands.

"The opposition has the political, popular and organizational strength to bring down the unconstitutional government today or tomorrow," Sheik Nasrallah told worshipers commemorating the Shiite holiday of Ashura in Beirut's southern suburbs. "What has so far prevented the fall of the government that is clinging to power is not international support but the patriotic feelings of the opposition and its desire to preserve civil peace."

The speech followed a crippling and violent strike on Tuesday that brought life to a virtual standstill in Lebanon.

Sheik Nasrallah blamed what he called the "government of militias" for Tuesday's violence, insisting that the opposition had respected the rule of law in its protest.

"The war in July showed how many weapons we have," he said. "But we did not resort to those weapons yesterday. Those who insist they have none, however, did use weapons."

He was referring to accusations made on Tuesday by Hezbollah members that their supporters had been protesting peacefully when residents of the area started throwing stones at them.

The police said Tuesday that at least three people died in the violence and that 100 more were wounded throughout the country. It was the worst since Hezbollah began demanding more political power and began a series of protests late last year. For the past two months Lebanon has been gripped by a political crisis pitting the Syrian- and Iranian-backed Hezbollah and its allies against the American- and Saudi-backed government of Mr. Siniora.

Hezbollah has demanded that Mr. Siniora step down or form a government of "national unity" that would give the opposition veto power and hold early parliamentary elections. Mr. Siniora has refused to resign, insisting that the opposition come off the streets and negotiate.

Sheik Nasrallah, at the end of November, called for a huge demonstration in the center of Beirut in an effort to paralyze the government. Hundreds of thousands of people came out on Dec. 1 and began a sit-in. The protesters camped out in tents, and Sheik Nasrallah called for them to remain until the government fell.

The violence began Tuesday when groups of protesters set up roadblocks along major streets leading into Beirut, blocking them with burning tires, trucks and rubble. They set fire to vehicles and attacked cars trying to pass. Many of the clashes in Beirut took place in mixed neighborhoods, where young men on each side shouted epithets and hurled stones at one another.

Some of the most violent clashes took place on a highway north of Beirut, where supporters of Gen. Michel Aoun, leader of the Free Patriotic Movement, a Christian group and a Hezbollah ally, fought with men loyal to Samir Geagea, a government ally.

Lebanon slowly inched back to life on Wednesday as cleaners removed roadblocks and debris from streets across the country and as the Lebanese tried to take stock of the political and social implications of Tuesday's action.

Gunfire broke out again on Wednesday during the funeral of one of two people shot dead in the northern city of Tripoli a day earlier, wounding two mourners.

U.S. Launches New Airstrike In Somalia (AP)

By Robert Burns

AP, January 25, 2007

The United States launched an airstrike in Somalia against suspected terrorist targets — the second such attack this month, defense officials said Wednesday.

The officials, who spoke on condition of anonymity because the action was carried out in secret, provided few details about the strike by an Air Force AC-130 gunship earlier this week and were uncertain whether the intended target was killed.

One official suggested that early indications showed that no high-value target was killed or captured.

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At the Defense Department, spokesman Bryan Whitman declined to confirm any new strike but said in general that the United States is "going to go after al-Qaida in the global war on terrorism wherever it takes us."

He said the nature of some military operations, especially those by special operations commando forces, requires that they be kept secret in order to preserve an advantage in future missions.

Lt. Cmdr. Marc Boyd, a spokesman at U.S. Special Operations Command in Tampa, declined to comment.

A variety of U.S. special operations have operated in the Horn of Africa from a base in Djibouti, a small country sandwiched between Somalia and Ethiopia.

The U.S. Navy also has had forces in waters off the Somali coast, where they have monitored maritime traffic, boarded suspicious ships and interrogated crews in an attempt to catch anyone escaping the Somalia military operations.

Navy officials said Wednesday that no aircraft from the USS Dwight D. Eisenhower, stationed off the Somali coast, were involved in the latest strike.

Earlier this month, Ethiopian and U.S. forces were pursuing three top al-Qaida suspects but failed to capture or kill them in an AC-130 strike in the southern part of Somalia. A main target that time was Fazul Abdullah Mohammed, one of the three senior al-Qaida members blamed for the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

The latest operation came as Ethiopia began withdrawing troops that invaded Somalia last month to help Somalia's government drive out a radical Islamic militia that officials say has been harboring al-Qaida operatives.

In Mogadishu on Wednesday, gunmen launched several mortars at the capital's international airport, killing at least two people and wounding several others, witnesses said.

Abdilkabir Salad, who was at the gate of the airport when the mortars fell, said he saw two corpses. Another witness, Abdi Mohamed, said he saw three young men who were injured by shrapnel.

"Two mortars landed inside the airport and the other outside," said Mohamed.

The attack comes one day after Ethiopian troops, whose military strength was crucial to helping Somalia's government drive out a radical Islamic militia, began withdrawing. The pullout leaves the fledgling government to stand on its own for the first time in this notoriously violent capital.

The intervention of Ethiopia last month prompted a military advance that was a stunning turnaround for Somalia's two-year-old government. Without Ethiopia's tanks and fighter jets, the administration could barely assert control outside one town and could not enter the capital, which was ruled by the Council of Islamic Courts.

Moment Of Opportunity In Somalia (NYT)

The New York Times, January 25, 2007

Thanks to an unusual and probably fleeting set of events, Somalia has a chance to return to the community of law-abiding and legitimate states. For a country that dissolved years ago into chronic clan warfare and became a way station for international terrorists, that would be an enormous gain — and an enormous gain for the rest of the world.

To make the most of this opportunity, Washington needs to move quickly, along with Arab and African leaders, to try to broker a political compromise between responsible leaders of the Islamic Courts Union, which was evicted from power last month by the Ethiopians, and the internationally endorsed transitional government installed in its place.

International peacekeepers will also be needed to replace the Ethiopian force, which is already starting to head home. Ethiopia, Somalia's longtime regional rival, needs to complete that withdrawal quickly to avoid a violent nationalist backlash.

If the transitional government is to survive, it will have to strike a deal with moderate Islamists. The person it needs to talk with is Sheik Sharif Ahmed, who is No. 2 in the movement and by most accounts a reasonable man. He is currently in Kenya after apparently getting an American guarantee that he would not be deported back to Somalia.

The United Nations, which helped create the transitional government, should take charge of organizing a peacekeeping force. The Arab League (Somalia is a member) and the African Union (with headquarters in Ethiopia) need to persuade all sides to come and stay at the table. Unfortunately, none of these organizations are known for operating quickly. The Bush administration needs to press them all to seize this moment. This sudden chance to make peace is not likely to last for long.

Rice Dismisses Report North Korea Helping Iran Prepare Nuke Test (AFP)

AFP, January 25, 2007

US Secretary of State Condoleezza Rice sought to play down a report in a British newspaper that North Korea was helping Iran prepare an eventual nuclear test explosion.

"I don't see that it's based on anything that I've seen," Rice said of the report published in The Daily Telegraph.

"I don't see what it's based on," she told reporters accompanying her to a Lebanon donors conference in Paris.

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Citing an unnamed senior European defence official, the newspaper said that North Korea has agreed to share all the data it received from its nuclear test last year as both countries face Western pressures over the development of their own nuclear programmes.

"The Iranians are working closely with the North Koreans to study the results of last year's North Korean nuclear bomb test," the European defence official was quoted as saying by the newspaper.

"We have identified increased activity at all of Iran's nuclear facilities since the turn of the year ... All the indications are that the Iranians are working hard to prepare for their own underground nuclear test."

The official also said that North Korea had invited a team of Iranian scientists to study the results of last year's underground nuclear test.

Rice also said she had spoken with her South Korean counterpart Wednesday and the foreign ministers of China and Japan on Tuesday as part of efforts to hold a new round of six-party nuclear disarmament talks with North Korea.

"We're hoping for an early resumption. I think its' time to do that," she said.

"We've had productive preparatory discussions with all of the parties, including the North Koreans, but there's not going to be an agreement until we're in the six-party format," she said.

"So I think people would like to get to an early resumption of the talks."

The six-nation talks involving China, Japan, Russia and the United States, as well as North and South Korea, started in 2003 but have been repeatedly suspended and have failed to yield concrete results.

The most recent round was held last month in Beijing after a 13-month break and a UN Security Council resolution imposing sanctions on North Korea for carrying out its first nuclear test explosion in October failed to make any headway.

US and North Korean negotiators met in Berlin last week and reported progress towards a resumption of the broader negotiations, but no date has been set.

Iran is also under UN sanctions since December for refusing to suspend a uranium enrichment program it says is designed to produce fuel for nuclear power production but that many fear is aimed at making nuclear weapons.

Greek Militants Claim Embassy Attack (AP)

By Derek Gatopoulos

AP, January 25, 2007

A Greek militant group has claimed responsibility for a rocket attack on the U.S. Embassy in Athens earlier this month, blaming American policy in Iraq and the Middle East for the strike.

The far-left group Revolutionary Struggle issued a statement to the weekly Pontiki newspaper, its publisher Dimitris Benekos said Wednesday. He said the statement would be published on Thursday and police said forensic experts were examining the document.

"It is a five-page statement which explains why it chose the embassy as a target, linking (the attack) with U.S. foreign policy in various parts of the world — Afghanistan, Iran, Iraq, Palestine and so on," Benekos told The Associated Press.

"The statement was signed by Revolutionary Struggle," he said.

There were no injuries in the Jan. 12 attack, which caused minor damage. The strike using a rocket-propelled grenade alarmed authorities, who fear a possible resurgence of Greek militant attacks that were common in the 1980s and 1990s.

On the day of the attack, a Greek private security firm used by the embassy received a call from someone claiming to be from Revolutionary Struggle. But police could not verify that the caller actually represented the group.

Benekos said the statement also mentioned the names of two government ministers and senior judges in an apparent threat of future attacks.

Revolutionary Struggle, which first appeared three years ago, has claimed responsibility for a failed bomb attack on Greek Culture Minister George Voulgarakis. Nobody was injured in the May 2006 blast.

The group also bombed a U.S. bank, a police station and two government ministries, including a 2005 blast in Athens' main Syntagma Square.

Revolutionary Struggle has sent four statements in the past to Pontiki claiming responsibility for attacks.

"The method in which the statement was delivered and the appearance of the statement itself are similar to the previous cases," Benekos said.

British Defence Ministry Denies Rift With US After Diplomat's Comments (AFP)

AFP, January 25, 2007

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The British defence ministry denied there was any rift with the United States over the two countries' plans for troop levels in Iraq following comments made by the US ambassador to the war-torn country.

Zalmay Khalilzad, the American envoy to Baghdad, had earlier told the BBC that the United States "would like the British to co-ordinate and for us to have a joint plan."

Though the United States is planning a "surge" of about 21,500 troops in Iraq, Britain has said it wants to withdraw "thousands" of its soldiers from the country this year.

"There is no tension between US and UK objectives and activities in Iraq," a spokeswoman for the defence ministry said.

"We are a major member of the Coalition ... our plans are consistent with the Coalition's long-term strategy and the Iraqi government's desire for increased Iraqi security responsibility.

"This is the strategy of transition, which we are working towards, as are the Americans. We always said this was a process and not an event and will happen at a different pace across Iraq."

Khalilzad, who is set to be Washington's next ambassador to the United Nations, earlier said in an interview with the BBC: "It's clear what our preference would be -- the longer we stay together here, the better," adding that he was convinced that a "mutually acceptable" agreement would be reached.

Earlier this month, US President George W. Bush announced a major policy shift for Iraq after nearly four years of escalating violence, saying that he was adding 21,500 soldiers to the 132,000 US troops deployed in the country.

Britain, by contrast, has said it hopes to withdraw thousands of its 7,200 troops in Iraq, most of whom are deployed to the south of the country.

Chinese Leader To Visit Sudan For Talks On Darfur Conflict (NYT)

By Howard W. French

The New York Times, January 25, 2007

SHANGHAI, Jan. 24 — Chinese officials announced Wednesday that President Hu Jintao would visit Sudan in early February and would seek a diplomatic solution to the conflict in the country's western Darfur region, which the United States has described as genocide.

Mr. Hu's visit to Sudan will be part of an eight-country tour of Africa, the latest of a string of high-level visits to the continent by Chinese officials.

In recent months, China has faced widespread criticism for its economic engagement with Sudan at a time when government-allied militias known as the janjaweed have carried out frequent attacks on civilian populations in western Darfur. At least 200,000 people have died in the conflict since early 2003, and many thousands have been forced to flee their homes.

China has played a leading role in building a thriving oil industry in Sudan amid the violence in Darfur, and now imports more than 64 percent of Sudan's oil exports, accounting for nearly 5 percent of China's petroleum imports.

A Foreign Ministry spokesman said that China would use its diplomatic influence to encourage a settlement of the Darfur crisis, but that China would not publicly pressure Sudan or threaten it with sanctions.

"The Sudan issue should be resolved like any other — through peaceful negotiation," Assistant Foreign Minister Zhai Jun said at a news conference in Beijing. "Using pressure and imposing sanctions is not practical and will not help settle the issue."

Mr. Zhai acknowledged China's prominent role as a leading trading partner of Sudan's and said China would sign new economic agreements with the country during Mr. Hu's visit. "With Sudan, we have cooperation in many aspects, including military cooperation," he said. "In this, we have nothing to hide."

China's intense engagement with the continent has brought increasing scrutiny, and very often criticism, from Western governments and from international human rights groups and others who say China ignores questions of governance and of rights as it pursues business opportunities in Africa.

Despite the vow not to pressure the Sudanese government, Chinese diplomatic analysts said the announcement of a diplomatic initiative with Sudan was a turning point in China's foreign policy and in its relations with Africa in particular.

"This is a remarkable change," said Shi Yinhong, an expert in international relations at People's University in Beijing. "It would boost China's image in the West, and would be welcomed in Africa, too."

Mr. Shi said that during the recent China-Africa summit meeting in Beijing, Mr. Hu had pushed the Sudanese president, Omar Hassan al-Bashir, in private to cooperate with the United Nations.

"China has begun to follow a different pattern on this issue," Mr. Shi said, adding, "When the world talks about China's rise, naturally that places demands and pressure on China to take on more responsibility."

An expert in African affairs, however, expressed more caution. "China now is showing slightly different tactics, paying more attention," said He Wenping, director of African studies at the Chinese Academy of Social Sciences, in Beijing. "Hu's visit at least

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gives a clear signal that China thinks the Sudan issue is important and China wants to play a role. But China's strategy remains the same, and as always, it uses quiet diplomacy to keep a constructive engagement, rather than waving a stick."

In the last two years, Africa has been the focus of a huge push by Chinese diplomats and companies to expand China's influence abroad. Africa's many countries offer China a rich source of support in United Nations votes and help in securing petroleum and other natural resources needed by China's booming economy.

Africa is also a stage of China's bitter diplomatic contest with Taiwan, with China offering large amounts of foreign aid and investment to countries in order to keep them from recognizing Taiwan, which this country regards as a breakaway province.

The Foreign Ministry spokesman, Mr. Zhai, acknowledged that there had been problems in certain countries, like Zambia, where there were riots last year at a Chinese-controlled copper mine after a labor dispute over working conditions. "We are also trying to educate Chinese businesses who have interests in Africa and investments there to respect social conventions and observe local laws and regulations," he said.

Analyst Rebuked Over His Support Of Spy For China (WT)

By Bill Gertz

The Washington Times, January 25, 2007

A senior U.S. intelligence analyst has been formally criticized for "poor judgment" after writing a letter and e-mails in support of a convicted former Defense Intelligence Agency analyst, U.S. intelligence officials said.

Lonnie Henley, the deputy national intelligence officer (NIO) for East Asia, was given a letter of reprimand several months ago after an investigation within the Office of the Director of National Intelligence (DNI).

Mr. Henley, who could not be reached for comment, was a close friend and protege of former DIA analyst Ronald Montaperto, who was convicted in June on espionage charges that included supplying secrets to Chinese military intelligence. Mr. Henley wrote a letter to the judge supporting Montaperto, and an e-mail that criticized the FBI investigation of the former analyst.

DNI spokesman Carl Kropf declined to comment on the reprimand, noting that it was an administrative matter.

"The issue has been appropriately addressed within the Office of the Director of National Intelligence," Mr. Kropf said.

Montaperto pleaded guilty in June to charges related to illegally storing classified documents. As part of a sting operation that led to his conviction, Montaperto admitted passing "top-secret" and "secret" information to two Chinese military intelligence officers. He was sentenced to three months in prison.

Montaperto's admissions of passing highly classified data to the Chinese coincided with the loss of a major U.S. electronic eavesdropping operation against China in the late 1980s, U.S. officials said.

Mr. Henley is in line for promotion to the top post of NIO for East Asia, but the appointment could be derailed by the reprimand, officials familiar with the internal inquiry said.

Mr. Henley is favored for the job by National Intelligence Council Chairman Thomas Fingar, who officials say shares the views of Mr. Henley and Montaperto on China.

The current NIO for East Asia, James J. Shinn, is set to take a job in the defense secretary's office.

The letter of reprimand was similar to the punishments received in two other cases of bad judgment within the National Intelligence Council, of which NIOs are a part.

Lawrence K. Gershwin, NIO for science and technology, and retired Army Maj. Gen. John R. Landry, NIO for military issues, were reprimanded for their role in the 2002 National Intelligence Estimate on Iraq's weapons of mass destruction.

The cases are expected to be raised during Senate intelligence committee hearings on the nomination of retired Vice Adm. Mike McConnell to be the next director of national intelligence.

Mr. Henley first got into trouble after writing a private e-mail in June to a closed group of more than 100 China specialists known as "Chinasec" that included several high-ranking CIA and other U.S. intelligence officials and private China affairs specialists.

The two-page e-mail criticized the FBI for investigating Montaperto. Mr. Henley stated that he had spoken with Montaperto and that he regarded his passing of secrets to Chinese intelligence as inadvertent and minor security violations.

Mr. Henley also compared Montaperto in the e-mail to fired FBI Agent James J. Smith, a senior counterintelligence official who was convicted of lying to the FBI as part of the Chinese spying case of Los Angeles businesswoman Katrina Leung.

Montaperto's conviction was a blow to the influential group of China affairs specialists in the U.S. government and private sector who share similar benign views of China. The group has been called the Red Team by critics and are known to harshly criticize or discredit anyone who questions or criticizes China's communist government and its activities.

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Blackmailing By Journalists In China Seen As 'Frequent' (WP)

By Edward Cody

The Washington Post, January 25, 2007

SHENZHEN, China -- At 9 p.m. in a dark Shenzhen parking lot, Bai Xiuyu handed over a plain brown envelope containing 15,000 Chinese yuan, the equivalent of nearly $2,000, in what was supposed to be a discreet blackmail payment to a local reporter.

Hidden in Bai's car, Gou Hua, Shenzhen bureau chief for the Southern Metropolitan Daily, watched the scene unfold and recorded the transaction with his cellphone camera. His interest was more than journalistic; the reporter receiving the payoff was Zhou Yu, a 29-year-old newcomer to Gou's own bureau.

To his consternation, what Gou saw the evening of Sept. 21 was another instance of the blackmail journalism metastasizing through China's news media. Bai's money was supposed to buy silence on alleged wrongdoing at her health clinic in this southern Chinese city. But more generally, journalists and officials say, Chinese reporters are demanding such hush money with increasing regularity from businesses and government agencies in exchange for the withholding of unfavorable news.

"It's very, very frequent," said Ma Yunlong, an editor whose newspaper exposed an instance of extravagant extortion in central Henan province in 2005. Ma said the case involved 480 reporters and others pretending to be reporters who asked for "shut-up fees" to keep news of a mine flood out of the public eye.

In many ways, blackmail journalism grew naturally out of a system in which Communist Party censors control the news rigorously, barring reports that could be seen as unfavorable to the party or contrary to the government's political goals. If the ruling party distorts the news for political reasons, blackmailing reporters have concluded, why wouldn't they do it themselves for financial reasons?

In addition, local party officials, long used to manipulating information, have been complicit in the payoff system when it suits their needs. In the everybody-does-it atmosphere, even non-reporters have found ways to get in on the take by posing as journalists.

After the August 2005 mine disaster, for instance, reporters and their friends in Henan province dispatched a flurry of cellphone messages as soon as they heard the news -- not because they were eager to report on it, but because they knew local officials would be eager to hush it up.

By the time Fan Youfeng of the Henan Business News arrived at the mine, in a village in Jiliao county, local officials said they had already given money to so many reporters and phony reporters that the coffers were dry. But still more people showed up, Fan wrote, and the officials sought more cash, pressing the mine owners to chip in.

Journalists and poseurs lined up to get their handouts, he said, with some pushing and jumping the queue. Over several days, the extortionists carried away 200,000 yuan, or more than $25,000, he reported, quoting officials and a list signed by those who got the cash.

Encouraged by Ma, his editor, Fan wrote a story for the Henan Business News about what had happened. It was the first open discussion of what had become a widespread if secretive practice, Ma said with a note of pride.

As a result, however, an official from the central government propaganda department visited from Beijing and accused Ma of publishing an "inappropriate" and "false" story. The newspaper was suspended for a month, Ma was forced to retire and Fan was reprimanded, Ma said. The death toll from the mine disaster was never reported, he added.

"This kind of thing has an important impact on the success of local officials," Ma explained, "so they always want to cover it up."

More recently, some blackmail targets have started striking back. More than 40 people were arrested last month in Shanxi province on charges of impersonating reporters and trying to extort money from local officials and business owners, according to the official New China News Agency.

"People can't help but ask, 'Why are these fake reporters so savage?' " the news agency said in a Dec. 12 editorial.

Zhou Yu, a slight man with sharp gestures and a ring in his left earlobe, said the lure of money was not what motivated him to take Bai's payoff envelope that evening in Shenzhen. "I was trying to help," he said in an interview. "It was out of friendship."

Zhou said Bai, a physician, had telephoned him earlier in the day asking for advice because, she said, two reporters had warned her they were about to write a story accusing her Jianmin Clinic of providing services it was not certified to perform, including abortions. Bai turned to him, Zhou explained, because a year earlier he had written what he described as a critical but objective story about her clinic.

"If I can help a friend, I think I should help," he said.

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The two reporters who went to Bai's office were Hua Kejian of the Nanfang Daily and Liang Yongjian of Zhou's own Southern Metropolitan Daily, both owned by the prestigious Nanfang publishing house based in nearby Guangzhou, according to Zhou and others involved. A third reporter, Song Yi of the Yangcheng Evening News, joined the pair later in the day, they said.

"Their motive was very apparent," Zhou said.

After contacting the reporters, Zhou told Bai she would have to come up with 15,000 yuan to buy silence for her clinic, according to Zhou and the other sources. Zhou said he did not plan to pocket any of the money himself, only to pass it along to the other reporters.

"I thought this would be okay with my newspaper," he added, "because I was just a go-between."

The sum demanded was high, even for a boomtown such as Shenzhen. Most blackmail payouts to reporters are counted in the hundreds of yuan, according to Chinese reporters and editors. Acting on the advice of another acquaintance, therefore, Bai sent a cellphone message to Zhou complaining that the price was unreasonable. But Zhou responded that there was no way to reduce it, Bai's acquaintance said in an interview.

Zhou told Bai the cash should be divided into three packets of 5,000 yuan each and arranged for the handover to take place in the parking lot near his bureau on a leafy boulevard in central Shenzhen, according to several people involved.

At that point, Gou, the bureau chief, received a troubling telephone call. The acquaintance of Bai's, outraged at the amount demanded by Zhou, called to say Gou's reporters were involved in a blackmail scheme and that, as bureau chief, he should do something about it, according to Gou and the acquaintance, who described his role on condition of anonymity.

"As soon as I heard about it," Gou said in an interview, "I wanted to verify what was going on."

Gou, 32, arranged with Bai to be in her car that evening as a witness.

When Bai got out of her car and approached Zhou, the two exchanged pleasantries for several minutes, and Zhou patted her on the shoulder. But when Zhou looked inside the envelope, he complained because she had not divided the cash into three bundles as requested, according to Zhou and others.

Zhou, in the interview, said he showed up alone to collect the money because the three other reporters were busy and he wanted to do them a favor. Gou, the bureau chief, said that "a lot is unclear" about what was really going on. In any case, Gou got out of the car after taking the photographs and confronted Zhou, who promptly handed the envelope back to Bai.

Returning the money was not enough, Gou said, and ordered Zhou to follow him to the office. Once inside, Gou started writing a memo about what had occurred and demanded to see Liang, the other reporter from his paper.

Liang reported to Gou's office looking embarrassed, witnesses said. "There's nothing wrong with my reporting," he maintained, according to the witnesses. For his part, Zhou said that the ringleader was Nanfang Daily's Hua Kejian and that he himself was only trying to help Bai get through a difficult time.

Unmoved, Gou fired Zhou. Liang was spared for lack of evidence, he said, and continues to work in the bureau. Hua Kejian and Song Yi also remain at their jobs.

At the bureau's regular weekly meeting on Oct. 10, Gou told his staff that the Zhou Yu case was a "shame" for himself, the bureau and the newspaper, besmirching its "glorious history," according to a record of the meeting.

After investigating, Gou told his reporters that he was convinced this was a unique case; he threatened to fire any others caught engaging in such conduct. "If anyone feels he can only make a living by blackmailing people, he should leave," Gou said, according to the record. "This is not the place for you."

But he also acknowledged that Shenzhen has an "unhealthy environment" in which such corruption can flourish. One of his own reporters has asked him repeatedly to withhold certain news, he complained.

Shenzhen journalists said that, in addition to blackmailing, reporters and editors regularly receive payments from businessmen and officials in exchange for publication of favorable articles. Instances range from the 300,000 yuan paid to a newspaper recently for an article praising Shenzhen's city government to "red envelopes" containing "transportation money" for reporters who show up at news conferences. The practice is encouraged, they added, by a system in which reporters are also responsible for selling advertising and subscriptions to the institutions and businesses they cover.

The payoffs have become so accepted that a reporter who showed up this month at a news conference called by an Internet software company here complained loudly and walked out when he discovered he would be given only a bottle of mineral water, according to other reporters present.

"I would say there are problems in the Chinese media world," one of them commented.

Zhou, meanwhile, said he feels betrayed by Bai for denouncing him to his boss. He no longer has any contact with his former colleagues Liang, Hua and Song, he said. His girlfriend seems to be the only one who believes his version of what happened that evening, he complained. His dreams of being a great journalist have dimmed, he added, and now he plans to start a trading company.

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"I'm not thinking of the news business anymore," he said, smiling. "This had too much of an impact on me."

Researcher Jin Ling contributed to this report.

Debris In Space (WSJ)

By Bruce Berkowitz

The Wall Street Journal, January 25, 2007

China's foreign ministry acknowledged on Tuesday what the world press had reported for almost two weeks: a test of an anti-satellite weapon in space. The danger now is that partisans and pundits will overreact. Some will claim the launch represents a new threat to the United States. Others will warn of the militarization of space.

They are both wrong. The real threat is that Washington will miss an opportunity to move China along the path to more diplomatic openness and democracy, and deter it from aggression against its neighbors and American interests.

It helps to begin with a few facts. First, it is not especially difficult to make a "killer satellite." If a country can build a satellite, it is easy to build one that can approach another satellite and destroy it. Modern guidance technology is widely available and more accurate than ever, so this step is not difficult. Conversely, it is impossible to ban killer satellites without banning all satellites. Even if a country did not build a dedicated killer and train its operators, the skills for space rendezvous, docking and refueling (like the Russian "Progress" vehicle used to supply the International Space Station) are the same.

Second, because these technologies and skills are interchangeable, it is impossible to verify a ban on killer satellites. Unverifiable treaties are worse than no treaties at all because they offer the illusion of control where none exists.

Third, the Chinese test is not a major step in "militarizing space." Space is already heavily militarized. Most major military powers use satellite-based systems for communications, navigation and imagery. It's all available from commercial venders. The U.S. may operate more satellites than any other country, but it is not uniquely dependent on them.

Fourth, even if one were to somehow ban killer satellites, there are many other ways to deny an adversary the use of space -- for example, by bombing an enemy's ground stations or jamming the radio links he uses to command satellites. So even if a ban on killer satellites were possible, it would not solve the vulnerability problem.

In short, anyone concerned with the ability of the U.S. to use space should be concerned less by the fact that China tested a weapon, and more by the kind of weapon it tested.

Press reports say that the Chinese killer satellite was a "kinetic" weapon, similar to the kind the U.S. and the Soviet Union tested 20 years ago. These satellites destroy targets by ramming into them at high velocity, or by shooting their victim with a mass of pellets, like buckshot. Either way, the result is a huge amount of debris in orbit, creating a hazard to other satellites. Most of this debris remains in space for several decades -- or longer.

According to NASA, there are already approximately 11,000 objects larger than 10 centimeters circling the Earth. The number of objects smaller than that -- mainly unused rocket fuel, exhaust waste and flecks and chips from routine operations -- is so great as to be practically incalculable.

In time, an accumulation of this debris could make space operations extremely difficult. The material orbits the Earth at seven kilometers per second or more, depending on its altitude. At this velocity, even minute objects can cause enormous damage to satellites. This is why U.S. space operators are required to minimize debris under regulations administered by NASA.

Since the Chinese have ambitions of their own to use space, they have as much interest as the U.S. to limit debris. Washington should use this test as an opportunity to discuss an international convention on the subject. These discussions could codify the guidelines that Russia, Japan, the European Space Agency and the U.S. already follow, and would bring China into the fold.

There is a precedent for an agreement on space debris: the Incidents at Sea Agreement America signed with the Soviet Union in 1972. At the time, U.S. and Soviet warships were playing an aggressive game of intimidation, stunting and near-misses as each shadowed the other's exercises. Neither wanted to give in, nor allow the game to go too far.

In talks over the course of a year, the two navies agreed to guidelines for avoiding collisions. The agreement was negotiated largely at the working level, where naval officers dealt with each other on a professional basis to achieve a practical understanding.

If Washington simply protests the anti-satellite test or ignores it, the U.S. will tell the Chinese military that there is no penalty for their actions, nor any real desire abroad to stop them. On the other hand, if there is any discussion or disagreement among Chinese leaders on this subject, America can at least let Beijing know the test will affect U.S.-China relations.

Minimizing space debris is just like protecting intellectual property and setting a market value for the renminbi. It's an obligation China must meet if it expects to take part in the free market. We'll never demilitarize space. But we can make it a safer place to work, and in the process move America's China policy along, too.

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Mr. Berkowitz is a research fellow at the Hoover Institution at Stanford University.

China's Missile Message (WP)

By Elizabeth Economy

The Washington Post, January 25, 2007

China's successful anti-satellite missile test has sparked a political firestorm, as analysts have tried to ascertain who in China knew what when and to what end. Were China's diplomats in the dark about the missile strike? Was it all a gambit to force a reluctant United States to the negotiating table for a ban on space-based weapons? While interesting to China watchers and nonproliferation experts, this discussion risks obscuring the real message of the test: Chinese rhetoric notwithstanding, China's rise will be as disruptive and difficult as that of any other global power.

Officials in both Beijing and Washington have worked hard to sketch out an alternative reality. China's leaders have traversed the globe, preaching the gospel of the country's peaceful rise, often to great effect: China will do things differently than the United States and earlier European powers did, not polluting the environment, not colonizing countries to gain access to their natural resources and not infringing on the sovereignty of other countries. For their part, senior U.S. officials, with a growing list of challenging issues on their China agenda, are reluctant to focus for too long on the reality of China's rise. Doing so would only make cooperation more difficult and provide support to an often obstreperous anti-China lobby in Congress. It is easier to paint China's rise as a work in progress -- one that the United States has the ability to influence.

Yet the truth is that China, with its rapidly growing economy and large population, already exerts an unsettling and often negative impact on the world. China is the largest or second-largest contributor to many of the most vexing global environmental problems, including climate change, the illegal timber trade, ozone depletion and marine pollution in the Pacific. It is squeezing manufacturing industries from South Africa to Thailand to Mexico, placing stress on economies ill-equipped to compete. And its weak public health infrastructure but strict media regulations rank it at the top of potential incubators for the next global health pandemic.

While such effects might be excused as unintentional consequences of China's rapid growth, others cannot be so easily dismissed. China's insistence that it doesn't mix business with politics in its foreign relations, while sounding benign, has the perverse effect of contributing to violence and repression throughout much of the world. Its political and financial support for regimes in Sudan, North Korea, Zimbabwe and Burma, among others, cannot in any way be construed as contributing to global peace and stability. Moreover, China's export of unsavory environmental and labor practices in countries where it is aggressively extracting natural resources has contributed to anti-Chinese demonstrations from Peru to Zambia.

The missile strike also underscores perhaps the greatest challenge of China's rise as a global power: The lack of transparency, official accountability and rule of law that defines China on the domestic front plays poorly on the international stage. Chinese leaders' inability to be forthcoming on matters of international importance -- whether SARS, the Harbin pollution disaster or this missile strike -- erodes whatever goodwill and trust they earn from their tireless sojourns abroad and suggests that they are not ready for prime time.

If this is the reality of China's rise, then the United States has work to do, the most important being to change the way it does business. If we want China to be a responsible world power on issues such as energy security, climate change, human rights and even space-based weapons, we need to step up and lead. We can and should condemn China for not respecting the international rules governing these issues or negatively affecting other countries' well-being, but we must be prepared to play by the same rules. While other powers may have granted American exceptionalism in the past, China is not inclined to do so. Indeed, China is more likely to seek its own "exceptional" status.

Even if we get that far, there will still be a tough road ahead. The transparency, accountability and rule of law that responsible world leadership entails are nascent and under constant threat in China. This is where Washington has it right. We need a strong commitment -- from the federal government as well as the private sector -- to helping, if not pushing, China in the right direction, and we need to do so with a long-term perspective.

If there is a silver lining to this missile strike, it may be that we can finally stop talking about China's peaceful rise or the Washington consensus vs. the Beijing consensus. The only consensus that matters is one rooted in a clear understanding of China's rise and the urgency it brings to the need for real U.S. leadership.

The writer is director of Asia studies at the Council on Foreign Relations.

Russia Hits U.S. Anti-missile Plans (WT/AP)

By Vladimir Isachenkov

The Washington Times, January 25, 2007

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NEW DELHI -- Russia's defense minister yesterday harshly criticized U.S. plans to deploy missile-defense sites in Central Europe, saying Moscow doesn't trust the U.S. explanation that they are intended to counter missile threats posed by Iran and North Korea.

Sergei Ivanov, speaking during a trip to India where he co-chaired a bilateral commission on military ties, said neither Iran nor North Korea has or will have a capability to build missiles that can reach Europe.

"They don't and won't have intercontinental ballistic missiles," Mr. Ivanov told reporters. "And a question comes: whom it's directed against?"

U.S. authorities said Monday they had told Polish leaders that the United States wants to open formal negotiations on the possibility of locating ground-based interceptor missiles in Poland.

Prime Minister Mirek Topolanek of the Czech Republic also said Washington had asked to base a radar station in the country that would serve as another part of the system.

Both Poland and the Czech Republic are former Soviet satellite nations that are now NATO members.

Mr. Ivanov said yesterday that the deployment of U.S. missile-defense facilities in Poland and the Czech Republic was a decided issue despite official claims that talks were still ahead.

"It's done mostly to assuage domestic public opinion," he said. "The decision already has been made, and the talks serve simply as a cover. Like other new NATO members, the Czech Republic and Poland want to show their loyalty."

Russian military officials have said they see the U.S. system as a threat that would upset the security balance and have warned of unspecified measures in response.

Asked about how Russia could respond to the U.S. move, Mr. Ivanov said there was no need for any quick retaliation. "Our strategic nuclear forces ensure national security under any scenario," he said.

Russia's criticism of the U.S. move comes just days after the United States and other allies raised concerns over the rising militarization of space after a successful test by China of an anti-satellite weapon.

China confirmed the test on Tuesday but didn't provide details. Aviation Week, which first reported the test, said the satellite was hit by a "kinetic kill vehicle" launched from a ballistic missile.

Analysts said the test represented an indirect threat to U.S. defense systems by raising the possibility that its spy satellites could be shot down. The threat wouldn't affect the anti-missile system.

Putin In India: Visit Is Sign Of Durability Of Old Ties (NYT)

By Somini Sengupta

The New York Times, January 25, 2007

NEW DELHI, Jan. 24 — A new nuclear accord, booming trade and an ever closer partnership with the United States notwithstanding, the guest of honor this week at India's Republic Day ceremony, an annual display of military pomp, will be a symbol of New Delhi's newest old friend: President Vladimir V. Putin of Russia.

Mr. Putin's two-day visit to this country, starting Thursday, is his fourth since becoming president and is seen as testament to the enduring ties between India and Russia. Battered by the end of the cold war and challenged by India's warmer relations with the United States, those links have been revived by the strategic demands of a prospering India, namely energy and arms. In both areas Russia stands to be an important partner.

Asked about the visit's significance, one Indian government minister took pains to point out that his country's old camaraderie with Moscow ought not to alarm its new friends in Washington.

"Our relationship with Russia is not directed against the United States, and our relationship with the United States is not at the expense of our continued engagement with Russia," said Jairam Ramesh, India's junior commerce minister.

For starters, India wants to expand its access to investment in Russia's vast oil reserves. On the agenda during Mr. Putin's visit, Indian officials have said, is a proposed joint venture to explore for oil in Siberia. India's $1 billion stake in an existing project called Sakhalin I is this country's largest foreign investment.

Reliance Industries, an Indian energy company, has floated the idea of investing in a Russian refinery.

And according to Indian officials, Russia has expressed interest in investing in a pipeline that would carry natural gas from Iran through Pakistan to India. The Bush administration has repeatedly expressed reservations about the project.

India's current oil imports from Russia, or indeed from anywhere outside the Middle East, are negligible, primarily because of transportation problems.

Far more important, analysts pointed out, Moscow is already New Delhi's largest defense partner. Paradoxically, when the India-United States nuclear deal opens the door for New Delhi to buy nuclear technology to expand its civilian nuclear program, Russia may benefit.

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Kanwal Sibal, India's ambassador to Russia, predicted that Russia would be "among the first, if not the first, to walk in."

India would be allowed to purchase nuclear fuel, reactors and other technology on the world market, but only after it gained approval from the 45-nation Nuclear Suppliers Group, which regulates international atomic energy trade.

Russia is already building two nuclear reactors in this country. This week, the Interfax news agency quoted the Russian defense minister, Sergei B. Ivanov, as saying his government was prepared to build additional reactors here.

Likewise, India has Moscow to thank for a variety of conventional weaponry, from tanks to an aircraft carrier and fighter jets. Russia remains India's biggest military partner, though New Delhi's utter dependence on Moscow during the cold war has been complicated by new entrants, most prominently Israel.

The Indians and the Russians have jointly produced a short-range missile called the Brahmos, which, contrary to Russian objectives, India wants to sell on the private market. And India's ambitions for space research — particularly in light of China's successful testing of an antisatellite missile last week — rely heavily on Russian cooperation.

"Russia continues to be as important an ally as before and will remain that way, but the contours of this relationship have changed," said Ashok Mehta, a retired general.

Best of all from an Indian perspective, Russia has displayed none of the compulsions that the United States has, for instance, to maintain good relations with India's neighbor and rival, Pakistan.

Gauging Russia's future importance to India is a matter of debate. If India is allowed to shop on the world nuclear market, Russia is likely to face competition from France, C. Raja Mohan, the strategic affairs columnist of The Indian Express, argued, and from the United States and Israel on conventional weapons.

Russia's soft power in this country has all but collapsed. Where once there were state-sponsored performances of the Bolshoi Ballet in New Delhi and Russian literature flooded Indian libraries, there are now only a handful of relics of Russian romance left: a statue of Lenin at a public park here in the capital or a prominent politician in the south named after Stalin.

Trade with Russia has plummeted. At roughly $2.5 billion, it now represents a little more than a tenth of India-China trade. In an effort to fix that, a trade delegation is expected to come to India next month.

Smuggler's Plot Highlights Fear Over Uranium (NYT)

By Lawrence Scott Sheets And William J. Broad

New York Times, January 25, 2007

TBILISI, Georgia, Jan. 24 — Last January, a Russian man with sunken cheeks and a wispy mustache crossed into Georgia and traveled to Tbilisi by car along a high mountain road. In two plastic bags in his leather jacket, Georgian authorities say, he carried 100 grams of uranium so refined that it could help fuel an atom bomb.

The Russian, Oleg Khinsagov, had come to meet a buyer who he believed would pay him $1 million and deliver the material to a Muslim man from "a serious organization," the authorities say.

The uranium was a sample, just under four ounces, and the deal a test: If all went smoothly, he boasted, he would sell a far larger cache stored in his apartment back in Vladikavkaz, two to three kilograms of the rare material, four and a half to six and a half pounds, which in expert hands is enough to make a small bomb.

The buyer, it turned out, was a Georgian agent. Alerted to Mr. Khinsagov's ambitions by spies in South Ossetia, Georgian officials arrested him and confiscated his merchandise. After a secret trial, the smuggler was sentenced to eight and a half years in prison.

The case has alarmed officials because they had thought that new security precautions had tamped down the nuclear black market that developed in the 1990s, after the Soviet Union collapsed.

Until now, all but the vague outlines of the case have remained secret. But an examination of the episode, and a similar one in 2003, suggests that the region's political instability and culture of rampant corruption continue to provide a fertile breeding ground for illicit commerce in atomic materials.

Interviews with Georgian and American officials, along with a review of confidential government documents, provide a glimpse into a world of smugglers who slip across poorly policed borders and the agents who try to stop them.

The illicit trade — not just in atomic goods but also in everything from stolen cars to furs to counterfeit $100 bills — thrives especially in Georgia, where tiny separatist regions have broken away to become lawless criminal havens.

This latest uranium seizure, said the American ambassador here, John F. Tefft, "highlights how smuggling and loose border control, associated with Georgia's separatist conflicts," pose a threat "not just to Georgia but to all the international community."

What is most worrisome about the two most recent case, nuclear experts say, is the material itself: in large enough quantities, it could provide a terrorist with an instant solution to the biggest challenge in making a nuclear weapon, obtaining the fuel.

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The uranium seized in both 2003 and 2006 had been enriched to nearly 90 percent U-235, according to Russian and American government analyses obtained by The New York Times. Though the quantities were too small to make a bomb, that level of purity is ideal for doing so.

Both cases appear to fit a broader profile: virtually all of the nuclear materials seized since the Soviet breakup are believed to be Russian in origin, according to American government reports.

In these two episodes, the individuals arrested testified that they had obtained the uranium through a web of Russian contacts and middlemen of various nationalities.

An American government laboratory's analysis of the 2006 material — which, among other things, disclosed traces of two rare forms of uranium, U-234 and U-236 — provides "a strong case" that it indeed came from Russia, said Thomas B. Cochran, director of the nuclear program at the Natural Resources Defense Council, a private group that monitors atomic arsenals.

However, a confidential memorandum from the Russian intelligence service, the F.S.B., to the Georgian government said a detailed analysis had been unable to pinpoint the material's origins, though it did not rule out Russian provenance. It also estimated that the uranium had been processed more than a decade ago.

Officials in Georgia, locked in a cold war with Moscow, say the cases underscore their concerns over borders, security and the fate of the breakaway regions.

Georgia's chief nuclear investigator, Archil Pavlenishvili, said that while Russia cooperated in the early stages of the 2003 investigation, in 2006 it had hardly helped at all, beyond taking a sample of the seized material for analysis. He said the Georgians had informed the Russian Embassy here in Tbilisi of Mr. Khinsagov's detention, and had offered to let diplomats speak to him. But the Russians, he said, never responded.

The Georgian interior minister, Ivane Merabishvili, said the cases illustrated the grave risk posed by nuclear trafficking, especially in an age of terrorism. The biggest danger, he said, were the people "in Russia and Georgia and everywhere else, even in America, who will sell this radioactive material" for millions of dollars.

The Russian Interior Ministry and the intelligence service did not respond to requests for comment.

Murat Dzhoyev, the foreign minister of South Ossetia, one of the separatist regions in Georgia, denied that any nuclear smuggling had taken place in his region.

"As concerns their claims that contraband, or moreover, the laughable claim that nuclear materials are going through South Ossetia, that's just funny," he said in an interview. "I hope not a single serious person in the world takes this seriously."

On Friday the United Nations International Atomic Energy Agency in Vienna is expected to make the first official announcement with details about the 2006 case.

The old Soviet empire had a vast network of nuclear facilities. After its breakup, as managers abandoned plants and security fell apart, the West grew alarmed as many cases of atomic smuggling came to light.

In 1994 alone, two seizures involved more than five kilos — 11 pounds — of highly enriched uranium. The I.A.E.A. listed more than a dozen cases of illicit trade in highly enriched uranium, along with dozens of seizures of highly radioactive material.

Since 2000, however, the amounts and purity of the seized material has declined as former Soviet republics set up new security precautions, often financed by the United States.

For instance, Washington provided thousands of hand-held devices meant to detect radiation, and planned to spend a total of $570 million to install small and large radiation detectors, according to recent government reports. In short, the threat seemed to recede.

"People said, 'Hey, the situation's improved,' " said William C. Potter, a leading authority on nuclear smuggling at the Monterey Institute of International Studies in California. The seizures in Georgia, he said, suggest something else: that the trade may simply "have gone under the radar."

The smuggler in the first case, an Armenian named Garik Dadayan, was arrested on June 26, 2003, at Sadakhlo, a muddy village where Georgia meets Armenia and Azerbaijan. With Armenia and Azerbaijan at war over territory, the village had become neutral ground for the trading of tea and cognac, illicit caviar, cheap light bulbs and smuggled gasoline.

When apprehended, Mr. Dadayan, who described himself simply as a businessman, was carrying a tea box that held 170 grams, about seven ounces, of highly enriched uranium. According to the Georgian officials, he said the uranium had come from Novosibirsk, in Siberia, the site of a major Russian nuclear complex that processes vast quantities of highly enriched uranium.

Mr. Pavlenishvili, the Georgian investigator, said the Russian intelligence agency confirmed that before his trip into Georgia, Mr. Dadayan had twice traveled by railroad from Moscow to Novosibirsk.

The smuggler told the authorities that he intended to sell the material to a Turkish middleman named Teimur Sadik; its ultimate destination, he said Mr. Sadik had told him, was "a Muslim man."

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Mr. Dadayan was handed over to the Armenian government, tried and sentenced to two and a half years in prison. Mr. Sadik, Georgian authorities say, is now in custody of the Turkish secret services.

Since that episode, the United States has spent millions of dollars to help the Georgians strengthen nuclear security, especially along the borders.

Two years later, Georgian authorities learned that highly enriched uranium was again being offered for sale, this time in South Ossetia, a rugged and beautiful land no bigger than Long Island, with few border controls on either the Russian or Georgian side. People and contraband move freely through its fields and along its mountain roads. The United States says it has discovered counterfeit $100 bills traceable to South Ossetia circulating in at least four American cities.

The man trying to sell the uranium, Georgian officials say, was Oleg Khinsagov, a shabbily dressed 50-year-old trader who specialized in fish and sausages.

Eventually he came into contact with four Georgians who were already under government surveillance. The four men went to North Ossetia, a neighboring region within Russia, and arranged to smuggle the uranium into Georgia. It was at that point that the Georgian authorities set their trap.

They arranged for a Georgian operative who speaks fluent Turkish to meet with the middlemen and tell them he represented a Muslim man from "a serious organization." Mr. Khinsagov and several of his cohort entered Georgia in late January 2006, and on Feb. 1 they were arrested in a two-room apartment on the eighth floor of a crumbling Soviet-style building in a lower-class district of Tbilisi.

"We got that 100 grams and put it into a box and were very afraid," said Mr. Merabishvili, the interior minister. Where the smuggler got the uranium and whether he actually had more remains unclear.

The Georgians called for help from American diplomats, who sent in experts from the Federal Bureau of Investigation and the Department of Energy, American officials say. Mr. Merabishvili said the Americans shocked them by taking the uranium and simply putting it "in their pocket." Uranium in that form emits little radiation and presents little or no danger to its handlers.

When it was analyzed at the Energy Department's laboratory in the Pacific Northwest, it was found to have a U-235 purity of 89.451 percent, "suitable for certain types of research reactors, as a source material for medical isotope production, and for military purposes including nuclear weapons."

Death Of Spy Who Ingested Polonium Spurs Drug Makers (WSJ)

By Steve Levine

The Wall Street Journal, January 25, 2007

Chemet, a drug developed by Ovation Pharmaceuticals Inc. of Deerfield, Ill., to treat the symptoms of radiation exposure, wasn't getting much attention until last November. But that month, a rare radioactive isotope was used to murder former Russian intelligence agent Alexander Litvinenko, and a week later, Ovation got a call from the National Institute of Allergy and Infectious Diseases: Could the company brief the agency on Chemet?

Ovation is one of a few U.S. drug companies and laboratories that are attracting new attention because of Mr. Litvinenko's death in London from poisoning by polonium-210. In the case of Ovation, the company hasn't received federal funding but thinks its chances have dramatically improved.

The federal government's interest precedes Mr. Litvinenko's murder, and is linked with the Sept. 11, 2001, terrorist attacks on the U.S. In 2003, the Bush administration launched Project Bioshield, a federal program to obtain drugs against nuclear, biological and chemical agents. One of the program's aims is to prepare for a possible attack on the U.S. by terrorists using a "dirty bomb" -- a conventional explosive laced with a lethal chemical, biological or nuclear agent.

Last fall, the National Institute of Allergy and Infectious Diseases in Bethesda, Md., and the Pentagon separately offered funding for research into promising radiation-injury treatments. The institute is looking for remedies for civilians, while the Pentagon is seeking to prolong the lives of soldiers irradiated by nuclear weapons.

Now, pharmaceutical companies are giving notice that drugs they have developed, or are developing, for cancer and other diseases can also be used for exposure to radioactive elements, including possibly polonium-210. Most must be taken within hours of exposure to be effective.

British authorities haven't completed their investigation of Mr. Litvinenko's murder, but say that his killers may have slipped the isotope of polonium-210 into his drink or food Nov. 1, when his first symptoms appeared. He died Nov. 23 in a London hospital after weeks of agony.

Radioactive elements attack the body by damaging the DNA in blood cells. The cells stop dividing and die, and the body ends up short of the blood cells it needs to survive. Chemet (pronounced KEM-et) works by accelerating the evacuation of heavy-metal isotopes from the body. It works by binding with the isotope and moving it from the bone marrow -- essential to produce

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blood cells -- to the kidney, says Jason Bradt, Ovation's executive director of medical affairs. The movement away from the marrow "increases survivability," he says. Kidney damage can be dealt with later.

Cleveland Biolabs Inc. takes a different approach with its drug Protectan. The Cleveland-based company developed the drug as a cancer treatment, but in November it said it was responding to a Department of Defense announcement seeking a radiation-treatment drug. Andrei Gudkov, the company's chief scientific officer, says that he was inundated with questions after Mr. Litvinenko became an international news story.

Protectan works by preventing cells from self-destructing, thus giving "them a time window to repair the damage," Mr. Gudkov says. "You give the cells the metaphorical equivalent of antidepressants."

Mr. Gudkov says he can't be sure that Protectan, meant to work against gamma rays, will be effective against polonium-210, which emits another kind of energy called alpha particles. Gamma rays pass through solid objects; Alpha particles travel only a short distance, can't penetrate the skin, and only cause damage if ingested or inhaled. Inside the body, alpha particles bombard and punch holes in organs. "I tell them we can't say [Protectan] will work with alpha particles" until it's tested on a nonhuman primate, says Mr. Gudkov.

A third possible antidote for polonium-210 is being developed by Hollis-Eden Pharmaceuticals Inc. of San Diego and the Pentagon. The drug, Neumune, treats radiation by promoting the growth of bone marrow.

But a drug like Neumune starts working only after an isotope like polonium-210 is expelled from the body, says Dwight Stickney, Hollis-Eaton's vice president for medical affairs.

So one idea would be to combine drugs. One like Chemet, for instance, would remove the isotope from a victim's body, or isolate it in a lethally nonthreatening place like the kidney; a drug like Protectan could stop the cells from committing suicide; and one like Neumune could promote production of more blood cells.

"There could be multiple cocktails that could have a synergistic benefit," says Ovation's Mr. Bradt.

Just How Good Is Globalization? (WSJ)

By Marcus Walker

The Wall Street Journal, January 25, 2007

The business and political leaders who gather every year at the World Economic Forum have long shared a creed: Globalization is good.

That still is generally true. But this year, many of them are questioning whether it is good for the ordinary wage-earning people they employ -- or in many cases, no longer employ -- at their companies.

A new refrain is emerging in Davos this year: Globalization isn't working for everyone. Stagnating wages and rising job insecurity in developed countries are creating popular disenchantment with the free movement of goods, capital and people across borders. If unchecked, popular fears could turn into a political backlash that could lead to protectionism -- or at least make broad free-trade agreements harder to achieve in the future.

"The anxiety is there, because we have competitors that didn't exist 10 or 15 years ago," German Chancellor Angela Merkel, who arrived in Davos yesterday, said in an interview last week. Governments in the developed world, she said, have to persuade their own middle class -- a group used to a relatively stable economy in the postwar decades -- to embrace a life of constant change and challenge.

In theory, less-developed countries win from globalization because they get jobs making low-cost products for rich countries. Rich countries win because, in addition to being able to buy inexpensive imports, they also can sell more sophisticated products like machine tools or financial services to emerging economies.

"The first win is there, but the second win is going to the owners of capital rather than labor," says Stephen Roach, chief economist at Morgan Stanley.

Many companies in the U.S. and Europe have been able to squeeze workers' pay increases by threatening to move production abroad. In the past decade, real labor incomes in the U.S. have grown at roughly half the rate of labor productivity, Mr. Roach says.

The reason for this is simple: With the emergence of China, India and countries from the former Soviet bloc, companies from the established economies of North America, Europe and Japan have more choices on where to invest. That puts them in a stronger bargaining position with workers in their home countries.

"There is compression of wages as a result of the number of workers competing for jobs," says Laura Tyson, dean of London Business School. As a result, an ever-larger share of national income in the U.S., Japan and Western Europe is going to company profits. The share that flows to workers is dwindling, which explains why worker anxiety is becoming an election issue in the U.S. and elsewhere.

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Others at Davos say the problem isn't capital versus labor, it is that changing technology and trade patterns put high-skilled workers increasingly in demand, reducing the demand for less-skilled workers. "Skilled workers are enjoying rapid wage increases, but unskilled workers have had very slow wage rises in recent decades," says Ken Rogoff, a professor of economics at Harvard University.

To be sure, many businesspeople in Davos believe the problem is one of perceptions, and that fears about trade undermining living standards in developed countries are misplaced.

"What can we do to educate politicians to the reality that a rising tide floats all ships?" asks E. Neville Isdell, chief executive of Coca-Cola Co. In politics, the voices of interest groups can outweigh the wider good, he says. "We have to develop a less academic approach to explaining the benefits of globalization."

Mr. Isdell hopes governments will make the case that when U.S. companies move some jobs to China, the resulting gain in productivity can create a larger number of new jobs at home. The irony of heightened anxiety over job security, he says, is that it comes at a time of low unemployment in the U.S. and other advanced economies such as the United Kingdom.

The problem, many participants agree, is that workers in the West aren't equipped for today's pace of change, in which jobs come and go and skills can quickly become redundant.

"You have to have a better education system from preschool onward," says William McDonough, vice chairman of Merrill Lynch & Co. He recognizes, however, that improved education is a long-term remedy that won't help those feeling the pressure of rising global competition today.

"A shorter-term strategy is to have more assistance for workers who are laid off," Mr. McDonough says. "I think we need to be much more helpful as a society to people who are the victims of globalization." Such aid should be supported by the state, he adds.

Others support programs like the Scandinavian-style retraining of workers who lose their jobs. "Paradoxically, we need a bigger role of the public sector in the economy to make markets work better," says Nouriel Roubini, chairman of Roubini Global Economics, an online economic-advisory service.

Liberians Love Their Iron Lady, For Now (LAT)

By Robyn Dixon

The Los Angeles Times, January 25, 2007

MONROVIA, LIBERIA — Liberians call her "da woma," in their soft patois where the word endings seem to die in the steamy West African heat.

"Da woma', she tra' her bes'," they tell you earnestly, if you inquire about the state of affairs in a country shredded by a 14-year civil war. "She tra'." She's trying.

One hip-hop song played on Monrovia radio these days just calls her Ma.

At times, Ellen Johnson-Sirleaf, Africa's first elected female head of state, seems like a mild, smiling, grandmotherly figure. Diminutive and bespectacled, she travels about the country wearing jeans and a baseball cap. She can't resist hurrying over to speak to small children who catch her eye.

Yet the 68-year-old president also is a feisty, ambitious economist trying to turn around one of the most damaged and traumatized countries on Earth, with a ferociousness that has earned her another nickname: the Iron Lady. Friends say she's so strong she didn't even cry out during childbirth.

"Ellie, she don't cry," said Gibson Jerue, publisher of the independent newspaper Public Agenda, who once fled Liberia fearing for his life after he wrote an article headlined "Charles Taylor's Days Are Numbered," on the warlord who was then Liberia's president.

Today, nearly 3 1/2 years after the war ended with Taylor's exile and a year after Johnson-Sirleaf took office, the most visible progress in this grimy, bullet-pocked capital is a few wan strings of fairy lights draped on dilapidated street awnings.

After years without electricity, some shops have thrown up a yard or two of the lights, which look more like an afterthought than a celebration. Still, as the winking bulbs struggle against Liberia's velvety darkness, their glow exudes sweet optimism.

Johnson-Sirleaf is under no illusions: A few more months or a year without bringing jobs and her people's love and admiration will themselves blink out. But for now she offers hope of a new beginning to a nation torn by war's atrocities, many of them committed by doped-up children who fought in drag and believed magic could protect them from the bullets.

When she changes into colorful Liberian costume for official functions, Johnson-Sirleaf seems to blossom like a tropical flower. Her raspy, charismatic voice rises powerfully as she addresses the crowds.

She is divorced with four sons and six grandchildren, and comes from a pious family. As a student, her only ambition was to be a schoolteacher like her mother. Both her grandmothers, one of whom had a market stall, were illiterate.

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She played soccer with the boys, a rarity in those days. She was a lethal volleyball player, leaping up and whacking the ball two-handed across court, a shot that almost never failed.

After studying in the United States, she returned home to become finance minister under President William Tolbert in the early 1970s. After she was jailed by the regime of Samuel Doe in 1985 and was charged with treason under Taylor in 1997, she went into exile. She worked for the World Bank, Citibank, the International Monetary Fund and other organizations.

High standards

Johnson-Sirleaf has a fierce sense of probity: As finance minister, she was livid when close friend Clavenda Bright-Parker, who had a pharmacy business, told her that she had paid a $25 bribe to the ministry to speed up a check that was slow in coming.

"She got so upset with me," recalled Bright-Parker, still a friend and supporter. "She said I should know better than that — I am ruining her ministry. She has a standard she wants to maintain. She said, 'I should send your name in.' "

Johnson-Sirleaf has known for more than two decades, since elections in 1985, that the presidency could be hers. That year she was elected a senator.

"Once I got into my real first election, then of course the die was cast," she said. "At that point I knew that my popularity could take me to the presidency."

She withstood pressure from Doe to get out of politics before the elections and to not serve as senator.

"At that time, I became a folk hero for doing those things," she said in a recent interview in her Monrovia office.

After a coup attempt against Doe later that year, there were arrests and reprisal killings. A group of drunken soldiers seized her in what was to become her worst ordeal.

"I was taken to the military prison," she said. "In fact, as we were going, they told me they were going to take me to the beach and bury me alive. They started in that direction, changed their minds, put me through tortures, put matches to my hair. They said, 'We're going to burn your hair off,' but didn't do it. They would come as close as possible. It clearly was just meant to terrorize me.

"That particular night in prison, anything could have happened."

At one point, all the men in the cell with her were taken out, and she heard gunshots. She waited in terror, convinced the soldiers would come to shoot her next. Then a soldier came to open her cell with what seemed a clear intent to rape her.

He was interrupted. A senior officer, who happened to be from her father's tribe, saw him and barked, "As you were," an order to desist. The officer sat outside her cell all night to protect her.

"And I don't know him until now," she said. "He's never made himself known to me."

Later, soldiers brought a woman to the cell, naked.

"I started a great plea with the soldiers that they couldn't do this. Think of their mother, think of their sister, would they like someone to do that to their mother? After a while, they brought a cloth to cover her up."

But Johnson-Sirleaf said she never begged or broke down, a strength she attributes to her family's strong Christian faith.

"I never did cry, no. I've been through some difficult political times … and I guess I just developed a thick skin, and that inner strength is something that's hard to explain," she said. "I guess it comes from one's childhood, it comes from one's life experiences. It comes from one's faith and your family values."

A daunting task

Though few doubt that her toughness and piety signal a break from the theft and violence of previous regimes, her task is immense.

Liberia today seems a country of slogans, acronyms and good intentions. Crudely painted notice boards tell the population (more than half of which can't read) how to live: "Stop mob violence; use the law." "Say no to cigarettes, pipes and chewing tobacco." "Raped? Get help." Some are slapped up on walls by indignant residents: "Only dogs urinate here."

The acronyms of dozens of international nongovernmental organizations litter the country, proclaiming their intended sites for schools and clinics.

In Monrovia, the capital, a teeming population jostles and hustles. The smell of sewage pervades some streets. The city seems to exhale grime, leaving a grubby sheen upon the skin.

The hip-hop song about Johnson-Sirleaf is called "A Letter to the President."

Hello, Ma. See, what we need is change, a change from suffering, a change from poverty. You can make it, Ma. We trust you; that's why we voted for you.

To help jump-start the economy, Johnson-Sirleaf is relying on an end to diamond sanctions imposed by the United Nations, a revival of the rubber and timber industries, and an iron ore project by Mittal Steel offering more than 3,000 jobs.

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A key donors conference is to be held in February. And moves to resolve the country's IMF debt are crucial if Liberia is to borrow from countries such as China, which wants to invest $1 billion thanks to Liberia's abundant resources.

Hounded by a question

One big step for Liberia was the arrest of Taylor in March, which sent a shudder of relief through the country.

When the former president was in exile in Nigeria, which granted him asylum after the war ended in 2003, the question of his extradition on international war crimes charges dogged Johnson-Sirleaf everywhere — especially on a trip to the United States, which had pressed for his arrest. Hoping her cooperation would attract donor funds, she asked a reluctant Nigeria to hand him over.

Then came the news: Taylor had escaped.

"At first I thought: 'How could this be? Was this with the knowledge of the Nigerian government? Were they setting him free? What would be the implications for our whole peace here? Would he end up here?' And the implication of that was serious. But then, when he was caught, I realized that Nigeria has its own ways of solving problems," she said, laughing wryly.

Later she had to face the fury of Taylor's greatest supporter, Libyan leader Moammar Kadafi. In a meeting in Tripoli, the Libyan capital, Kadafi thrust out his wrist at her, displaying a flashy watch. Look at it, he told her. Charles Taylor gave it to me. Then he berated her over the decision to hand Taylor over to a U.N. war crimes tribunal.

Taylor allies still circulate in Liberia, and Johnson-Sirleaf's security force has reported several assassination plots.

"If someone's willing to give his life to kill you, he'll probably kill you," she said. She eschews a heavy security presence.

"I don't want to be that kind of president," she said. "I like to remain what they call me, the people's president."

Johnson-Sirleaf has drastically cut the civil service, restored power and water to parts of Monrovia, pursued corrupt former officials and pressured the international community to help the country by lifting the diamond sanctions and forgiving its unsustainable level of debt.

Her government is admired abroad — in Washington, she won a standing ovation at a joint session of Congress last year — but is often lambasted in the independent local press. To her opponents, her famous tough exterior translates as vindictiveness; to supporters, it shows she's the only one strong enough to save Liberia from itself.

Even giving birth, she amazed her mother-in-law with her toughness, friend Bright-Parker said. There was no crying from the labor pains.

But at times her eyes do mist up. Perhaps it's when she asks a child in the street why he's not in school and hears there is no money.

"I cry quicker for the simple things than for the tougher things," she said. She recently visited the family of a well-known young journalist who had died of unexplained causes.

"He had two little children, and the little boy came to me and put his head in my lap and said, 'You know my father was everything to me.'

"Those things will break me a lot quicker than a soldier threatening me."

OPEC President Takes In Stride Decline In Prices (WSJ)

By Adam Smallman

The Wall Street Journal, January 25, 2007

DAVOS, Switzerland -- OPEC's new president said that he would like higher oil prices than current levels, but that the long-term outlook was more important than a near-term price slide.

Mohammed al-Hamli, president of the Organization of Petroleum Exporting Countries and oil minister for the United Arab Emirates, said he would be at ease if the cartel's reference basket of 11 of its members' crude oils was about $55 a barrel.

His statement implied a price for U.S. markets of roughly $60 a barrel. U.S. benchmark crude-oil futures settled yesterday at $55.37, up 33 cents.

OPEC on Tuesday pegged the basket of crude-oil types it watches at $49.52 a barrel, and that basket typically fetches prices $5 a barrel or more below the benchmark U.S. price.

Benchmark U.S. oil prices peaked at about $77 a barrel last summer and have declined since, as the increase ate into demand in parts of the industrialized world. In addition, the U.S. is awash in heating oil, an unusually mild winter has dashed global consumption expectations, and new oil fields entering production are easing long-held supply concerns.

"I was worried when we lost 12% on these prices," said Mr. al-Hamli on the sidelines of the World Economic Forum here. "People panicked when they took a collective slide. So, we are concerned -- but not very concerned." OPEC, he said, prefers a long-term view, adding that "we don't react to today's and tomorrow's prices."

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His remarks underscore some of the uncertainty OPEC faces amid the volatile oil prices of recent weeks. Late last week, Ali Naimi, the influential Saudi oil minister and OPEC's de facto leader, said the global oil market is in a "very healthy condition."

Speculators also contributed to the rapid decline in prices, their faith in a drop buttressed by what appeared to be slack OPEC discipline in meeting its agreed-upon cuts.

Mr. al-Hamli, who succeeded Nigerian oil minister Edmund Daukoru as cartel president this year, is convinced the market has underestimated the strength of the cartel's compliance. "They can think whatever they like. We're happy with the compliance" to the group's first tranche of cuts, he said, adding that the additional Feb. 1 cut was necessary to respond to falling oil prices.

With an eye toward swelling global crude and product stockpiles, and the seasonal downturn in demand that occurs in the quarter that ends in June, OPEC's 10 members with quotas, excluding Iraq, agreed in October to cut their output 4%, or 1.2 million barrels a day, to about 26.3 million barrels a day. In December, OPEC met again and tacked on a further cut of 500,000 barrels a day commencing Feb. 1 -- lowering output, on paper at least, to 25.8 million barrels a day.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Gonzales Says The Constitution Doesn't Guarantee Habeas Corpus (SFC)

By Bob Egelko, Chronicle Staff Writer
San Francisco Chronicle, January 24, 2007
Attorney general's remarks on citizens' right astound the chair of Senate judiciary panel

One of the Bush administration's most far-reaching assertions of government power was revealed quietly last week when Attorney General Alberto Gonzales testified that habeas corpus -- the right to go to federal court and challenge one's imprisonment -- is not protected by the Constitution.

"The Constitution doesn't say every individual in the United States or every citizen is hereby granted or assured the right of habeas," Gonzales told Sen. Arlen Specter, R-Pa., during a Senate Judiciary Committee hearing Jan. 17.

Gonzales acknowledged that the Constitution declares "habeas corpus shall not be suspended unless ... in cases of rebellion or invasion the public safety may require it." But he insisted that "there is no express grant of habeas in the Constitution."

Specter was incredulous, asking how the Constitution could bar the suspension of a right that didn't exist -- a right, he noted, that was first recognized in medieval England as a shield against the king's power to dispatch troublesome subjects to royal dungeons.

Later in the hearing, Gonzales described habeas corpus as "one of our most cherished rights" and noted that Congress had protected that right in the 1789 law that established the federal court system. But he never budged from his position on the absence of constitutional protection -- a position that seemingly would leave Congress free to reduce habeas corpus rights or repeal them altogether.

Gonzales did not propose any such drastic rollback and devoted most of his discussion to fending off senatorial attacks on a law signed by President Bush last October. That law included a provision stripping federal courts of authority to hear habeas corpus suits by noncitizens classified by the government as "enemy combatants." Specter and Sen. Patrick Leahy, D-Vt., the Judiciary Committee chairman, are sponsoring legislation to undo the restriction.

But critics on both ends of the ideological spectrum said the attorney general was claiming a broader and more chilling power.

"This is the key protection that people have if they're held in violation of the law," said Erwin Chemerinsky, a Duke University law professor who has criticized the administration's actions on civil liberties. "If there's no habeas corpus, and if the government wants to pick you or me off the street and hold us indefinitely, how do we get our release?"

Chemerinsky was joined by Douglas Kmiec, a Pepperdine University law professor and former Justice Department official under Presidents Ronald Reagan and George H.W. Bush.

If Gonzales' view prevailed, Kmiec said, "one of the basic protections of human liberty against the powers of the state would be embarrassingly absent from our constitutional system."

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Justice Department spokesman Brian Roehrkasse said this week that Gonzales stood by his remarks but was asserting only that the text of the Constitution does not guarantee habeas corpus. The attorney general recognizes, Roehrkasse said, that the Supreme Court has declared "the Constitution protects (habeas corpus) as it existed at common law" in England. Any such rights, he added, would not apply to foreigners held as enemy combatants.

Habeas corpus was recognized in English law at least as early as the Magna Carta, in 1215, and perhaps earlier. In the United States, it refers to bringing a prisoner's case before a federal judge, who has the power to order the government to release anyone who is being held illegally.

It has become an issue in Bush's efforts to hold military captives at the U.S. naval base in Guantanamo Bay, Cuba, with little or no access to civilian courts. The Supreme Court ruled in 2004 that that those prisoners could file habeas corpus claims in court, rejecting the administration's argument that inmates held outside the United States had no such right. That ruling was based on the court's interpretation of laws passed by Congress and did not discuss whether Guantanamo inmates had a constitutional right to habeas corpus.

The distinction is potentially crucial, because Congress, in the law signed last October, prohibited federal courts from reviewing habeas corpus suits by Guantanamo prisoners or any other noncitizens held as enemy combatants. The law's validity depends on whether the Supreme Court concludes that the prisoners' constitutional rights are being violated.

The issue of habeas corpus came up during last week's hearing when Specter asked Gonzales how a congressional statute could withdraw the right "when there's an express constitutional provision that it can't be suspended and an explicit Supreme Court holding that it applies to Guantanamo alien detainees?"

The court ruled only on the right to habeas corpus that was created by statute, Gonzales replied. He then asserted that the Constitution does not contain any express right of habeas corpus, only "a prohibition against taking it away."

The issue extends far beyond Guantanamo.

The Supreme Court has interpreted federal judges' powers of habeas corpus to apply to prison systems around the nation and the legality of convictions in state as well as federal court.

For example, federal judges, who are appointed for life, regularly invoke habeas corpus when overturning convictions or death sentences of state inmates, overruling decisions by elected state judges.

Bruce Fein, a former Reagan Justice Department attorney who has become an outspoken critic of the Bush administration, noted that the day before his Judiciary Committee appearance, Gonzales had denounced "activist judges" and advised them to stay out of national security matters.

Gonzales' comments to the committee on habeas corpus, Fein said, contained a message that "Congress doesn't have to let them (judges) decide national security matters."

"It's part of an attempt to create the idea that during conflicts, the three branches of government collapse into one, and it is the president," Fein said.

What Gonzales, Specter said

Excerpts from the exchange between Attorney General Alberto Gonzales and Sen. Arlen Specter, R-Pa., at a Senate Judiciary Committee hearing Jan. 17:

Gonzales: There is no express grant of habeas in the Constitution. There's a prohibition against taking it away. ...

Specter: Wait a minute. Wait a minute. The Constitution says you can't take it away except in cases of rebellion or invasion. Doesn't that mean you have the right of habeas corpus unless there's an invasion or rebellion?

Gonzales: I meant by that comment, the Constitution doesn't say every individual in the United States or every citizen is hereby granted or assured the right to habeas. Doesn't say that. It simply says the right of habeas corpus shall not be suspended except...

Specter: You may be treading on your interdiction and violating common sense, Mr. Attorney General.

Source: Senate Judiciary Committee transcript

E-mail Bob Egelko at begelko@sfchronicle.com.

Op-Ed: Specter V. Gonzales (WEEKST)

By Adam J. White

Weekly Standard, January 25, 2007

Senator Specter still misunderstands habeas corpus.

FOR ARLEN SPECTER, limits on the right of Guantanamo prisoners to petition for the writ of habeas corpus in federal courts have long been a sore point. When Alberto Gonzales appeared before the Senate Judiciary Committee last week, Pennsylvania's senior senator grilled him on two interrelated subjects: whether the Constitution expressly guarantees the right to

petition federal courts for writs of habeas corpus, and whether the Supreme Court's recent Rasul decision affirmed such a constitutional right.

On the former question, Specter received Gonzales's answers with flippant incredulity, but in fact both sides of the argument enjoy substantial support. And on the latter question, Specter's ire was completely inappropriate, for his description of Rasul bore absolutely no resemblance to the Court's decision.

WITH ITS ROOTS IN ENGLAND'S Magna Carta and Habeas Corpus Act, the writ of habeas corpus--"the Great Writ"--affords fundamental protection against unlawful detention. The writ is referenced by name in Article I, Section 9 of the Constitution: "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

Specter pressed Gonzales on the constitutionality of Congress's 2005 elimination of habeas corpus rights for Guantanamo prisoners. In answering that the 2005 law did not destroy any rights afforded detainees by the Constitution (rather than by mere statute), Gonzales stated, "there is no express grant of habeas in the Constitution. There's a prohibition against taking it away."

Specter responded in disbelief:

Wait a minute. Wait a minute. The Constitution says you can't take it away except in case of rebellion or invasion. Doesn't that mean you have the right of habeas corpus unless there's an invasion or rebellion? . . . You may be treading on your interdiction and common sense, Mr. Attorney General.

Not exactly. Gonzales's answer, though not unassailable, enjoys much historical support. Although the Constitution expressly provides that the writ of habeas corpus may only be "suspended" in certain circumstances, it does not expressly provide that the writ is implemented in the first instance without an affirmative enactment by Congress.

Specter takes what may well be the more intuitive reading of the Constitution's provision: that Article I, Section 9 presumes that the privilege of habeas corpus exists absent a valid suspension. (Indeed, it's phrased in a manner similar to the First Amendment: "Congress shall make no law . . . abridging the freedom of speech," clearly presumes that there is a freedom of speech.)

But history suggests that Gonzales (whom Rolling Stone promptly deemed the "Human Constitution Shredder") may well be correct. At the 1787 constitutional convention, the first habeas provision, proposed by South Carolina's Charles Pinckney, not only limited habeas's suspension, but also expressly created the writ. The final version, though, included only the former provision; when it was presented to the States for ratification, four States criticized the lack of an express habeas grant, and proposed alternatives resembling Pinckney's.

Shortly thereafter, the first Congress enacted the Judiciary Act of 1789, expressly granting Supreme Court justices and other federal judges the authority to grant the writ. If, as Specter suggests, the Constitution itself granted the writ, then such a statute would seem utterly superfluous.

Two decades later, in Ex Parte Bollman, Chief Justice John Marshall wrote for the Court that even if Congress "felt" a Constitutional "obligation" to provide for the writ, "the power to award the writ by any of the courts of the United States, must be given by written law." The writ would be available only where, "by any statute . . . the power to award a writ of habeas corpus . . . has been given to this court."

What, then was the value of the Suspension Clause under this theory of Framer intent? Theories vary but, as constitutional scholar (and no friend of the Bush administration) Erwin Chemerinsky noted in 1987 (emphasis added), William Duker's "authoritative" history of habeas "conclude[d] that the 'provision was designed to restrict Congress from suspending state habeas for federal prisoners.'"

None of this is to say that Specter is, in the end, certainly wrong. Specter's reading of the provision certainly enjoys as much--if not more--support than Gonzales's. Again, the Constitution's mention of the writ appears to imply its existence. Furthermore, in Federalist 84, Alexander Hamilton reassured his readers that the Constitution included the "establishment" of the writ, thereby suggesting that further statutory provision was unnecessary.

Justice Scalia appears to share Hamilton's view, writing in the 2004 Hamdi case that "[t]he writ of habeas corpus was preserved in the Constitution--the only common-law writ to be explicitly mentioned." The Supreme Court's four "war on terror" cases make clear that a majority of the Court shares Specter's view that the Constitution itself does create some basic level of habeas corpus protection for some or all prisoners.

Surely the issue is due to be debated for another 200 years. In the meantime, it's probably premature for either Specter or Gonzales to declare victory.

IMMEDIATELY BEFORE CLASHING over the terms of the Constitution, Specter and Gonzales debated the Supreme Court's 2004 decision in Rasul v. Bush, where the Court held that 18 U.S.C. s. 2241, the habeas corpus statute, extended the writ to foreigners held at Guantanamo (before Congress, responding in 2005, amended the statute).

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Gonzales disagreed with Specter's assertion that in Rasul the [word deleted] Court held that the Constitution--not merely the statute--created the habeas rights of Guantanamo prisoners. Gonzales suggested that Rasul was merely a statutory--not constitutional--interpretation.

Specter tartly replied, "[w]ell, you're not right about that. It's plain on its face they're talking about the constitutional right. . . . When did you last read the case?"

But if anyone needs to re-read the case, it's Specter. The Court went to great pains to make clear that it was merely interpreting the statute, and not the Constitution. And for good reason: To turn Rasul into a constitutional question, the Court would have had to overrule Eisentrager, the 1950 case in which the Court held that the Constitution's writ did not reach prisoners held outside the United States.

Instead, the Court recognized only a statutory right:

Persons detained outside [U.S. territory] no longer need rely on the Constitution as the source of their right to federal habeas review. . . . Eisentrager plainly does not preclude the exercise of [Section] 2241 jurisdiction over petitioners' claims.

This was no surprise to the litigants because, as Justice Scalia noted in his dissent, the prisoners agreed at oral argument that the case involved no Constitutional right. The briefs of the petitioners, Rasul and Al Odah, raised no constitutional arguments. Specter couldn't have been less correct.

Adam J. White is an attorney in Washington, D.C. The views expressed here are not intended to represent the views of his employers.

The Hair-splitter In Chief (FWST)

By Linda P. Campbell

The Fort Worth Star-Telegram, January 25, 2007

Justice Robert Jackson famously wrote in 1949 that the Bill of Rights isn't "a suicide pact."

But loyalty to George W. Bush increasingly seems to be one -- at least in the way that Attorney General Alberto Gonzales reads the Constitution.

Even if you believe, as I do, that the Bush administration has upset the balance among the three branches of government by arrogating excessive authority to the executive branch, you can understand that the president's lawyers would zealously defend his power.

When Gonzales switched from White House counsel to attorney general, though, he presumably became the people's top lawyer, defender of our rights. Instead, he sounds all too often like the evader in chief, the astounder, the contradicter, the rationalizer extraordinaire.

Just last week, he told members of the Senate Judiciary Committee that White House officials had discussed whether a secret wiretapping program unilaterally ordered by the president could be conducted under the Foreign Intelligence Surveillance Act, which is supposed to govern that kind of information gathering.

Those discussions were had, Gonzales testified, because of "concerns raised" and "questions asked here in this committee." Odd that he should say that. Because he also has claimed that he started looking into bringing the wiretapping program under FISA as soon as he became AG in 2005, well before public disclosure of the program triggered alarms and questions from the Judiciary Committee.

But if that inconsistency eluded attention, his stubborn obtuseness about the Constitution did not.

Gonzales and Sen. Arlen Specter, a Pennsylvania Republican, got into a did so/did not debate about whether the Supreme Court's 2004 ruling in Rasul v. Bush dealt with the statutory or constitutional right of habeas corpus.

(That's the right of accused persons to have the government justify holding them in custody. The Bush administration insisted that "enemy combatants" held at the Guantanamo Bay prison had no right to challenge their imprisonment -- until the Supreme Court said in Rasul that, indeed, they could get into federal court.)

Gonzales one-upped Specter by declaring that "there is no express grant of habeas in the Constitution. There's a prohibition against taking it away."

"Wait a minute," Specter replied. "The Constitution says you can't take it away except in cases of rebellion or invasion. Doesn't that mean you have the right of habeas corpus ... unless there's an invasion or rebellion?"

Gonzales just dug deeper: "The Constitution doesn't say every individual in the United States, or every citizen, is hereby granted or assured the right to habeas. It doesn't say that. It simply says the right of habeas corpus shall not be suspended except. ..."

Later in the hearing, a perturbed Chairman Patrick Leahy, D-Vt., pointed out that many key rights in the Constitution are written in terms of not what people can do but what government can't ("Congress shall make no law ..."; "... the right of the people to keep and bear arms shall not be infringed.").

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At that, Gonzales backtracked, calling habeas corpus "one of our most cherished rights" and demurring that he was "simply making an observation as to the literal language of the Constitution."

Well, the literal language in Article I, Section 9 is this: "The Privilege of the Writ of Habeas Corpus shall not be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it."

And in the Rasul ruling, Justice John Paul Stevens recognized the long history and fundamental importance of the right: "Habeas corpus is, however, 'a writ antecedent to statute, ... throwing its root deep into the genius of our common law.' ... The writ appeared in English law several centuries ago, became 'an integral part of our common-law heritage' by the time the Colonies achieved independence, ... and received explicit recognition in the Constitution."

Gonzales was right that the court based its ruling on statutory law: The justices said that the law gives federal courts jurisdiction to hear the prisoners' claims of unlawful detention.

Well, we'll just get that written out of the law, the Bush administration countered -- and did, last year.

Maybe Gonzales' hard line stems from an honest belief in a stingy reading of the Constitution -- unless, of course, provisions dealing with presidential power are involved.

Maybe he sees nothing to lose from continued myopic allegiance to the president he has served since their Texas days -- though it's questionable how much sway Gonzales has anymore. Jan Crawford Greenburg writes in her new book, Supreme Conflict, that Gonzales tried, and obviously failed, to warn Bush away from nominating fellow Texan Harriet Miers to the Supreme Court.

With his own Supreme Court ambitions certainly dashed, maybe Gonzales considers it a badge of honor to be lampooned on Comedy Central's Colbert Report.

That might be good for late-night guffaws, but it's hardly the promising future he took to Washington with him.

Judge: Lawyer Leaked Padilla Transcripts (AP)

By Curt Anderson

AP, January 25, 2007

A lawyer for suspected al-Qaida operative Jose Padilla violated a court order by leaking his wiretapped phone conversations, a judge found Wednesday while not imposing a penalty.

Instead, U.S. District Judge Marcia Cooke ordered all defense lawyers in the case to sign papers indicating they understood and would follow rules barring disclosure of certain evidence.

Cooke also said she might hold in contempt anyone who receives such prohibited material, and she specifically mentioned several reporters attending Wednesday's hearing.

"The lash is about to fall on all," Cooke said. "We're going to have a trial, as much as possible as we can, a trial on the evidence, and not on anything else."

The leaked transcripts documented seven telephone conversations on which Padilla's voice is heard that were intercepted under the Foreign Intelligence Surveillance Act. Defense lawyers have said that Padilla is never overheard discussing any violent acts and that many of the conversations involve family matters, casting doubt on the strength of the government's case.

The transcripts are not classified but were covered under Cooke's order barring disclosure.

Michael Caruso, one of three Miami-based public defenders on Padilla's defense team, acknowledged that one of them was responsible for providing the material to The New York Times, which published the story Jan. 4.

The leaker was identified in a sealed court filing to Cooke, but it was not made public and none of the lawyers would name the person responsible.

"This was a simple misunderstanding, an honest mistake, and it has been rectified," Caruso said. "Your honor can rest assured that this matter is at an end. There have been no further disclosures."

Prosecutors had wanted Cooke to begin a formal investigation of the disclosure.

"What was the point? It was clearly calculated to influence the jury of public opinion and try this case there," Assistant U.S. Attorney Brian Frazier said. "It was a deliberate violation."

The Times has declined to comment.

Padilla, 36, is accused along with two others of being part of a North American cell that provided cash, supplies and recruits to Islamic extremist causes worldwide. Padilla, a U.S. citizen, was accused after his 2002 arrest of being on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major U.S. city, but those allegations are not part of the Miami case.

Padilla was held without charge for 3 1/2 years at a Navy brig after President Bush designated him as an enemy combatant. He was added to the Miami case in late 2005 amid an escalating legal battle over the president's powers to indefinitely detain Padilla and others during wartime.

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Padilla and his co-defendants have pleaded not guilty. Trial is scheduled to begin April 16, and that could hinge on whether Padilla is found competent. His lawyers say he is suffering mental problems stemming from his long, isolated military confinement.

Georgian Sting Seizes Bomb Grade Uranium (AP)

By Desmond Butler

AP, January 25, 2007

WASHINGTON - It was one of the most serious cases of smuggling of nuclear material in recent years: A Russian man, authorities allege, tried to sell a small amount of nuclear-bomb grade uranium in a plastic bag in his jacket pocket.

The buy that took place last summer, it turned out, was a setup by Republic of Georgia authorities, with the help of the CIA. Their quiet sting operation - neither U.S. nor Georgian officials have publicized it - is an unsettling reminder about the possibility of terrorists acquiring nuclear bomb-making material on the black market.

No evidence suggests this particular case was terrorist-related.

"Given the serious consequences of the detonation of an improvised nuclear explosive device, even small numbers of incidents involving HEU (highly enriched uranium) or plutonium are of very high concern," said Melissa Fleming of the U.N.'s International Atomic Energy Agency.

Details of the investigation, which also involved the FBI and Energy Department, were provided to The Associated Press by U.S. officials and Georgian Interior Minister Vano Merabishvili.

Authorities say they do not know how the man acquired the nuclear material or if his claims of access to much larger quantities were true. He and three Georgian accomplices are in Georgian custody and not cooperating with investigators.

Georgian attempts to trace the nuclear material since the arrest and confirm whether the man indeed had access to larger quantities have foundered from a lack of cooperation from Russia.

Merabishvili said he was revealing the story out of frustration with Russia's response and the need to illustrate the dangers of a breakdown in security cooperation in the region.

A message left with the press office of the Russian Embassy was not returned. A duty officer at the Russian Foreign Ministry told The Associated Press that there was no one authorized to comment Wednesday night.

Russia has tense relations with Georgia, like Russia a former Soviet republic. Georgia has been troubled by Russia's support for separatists in two breakaway Georgian border regions, Abkhazia and South Ossetia.

The sting was set up after Georgian authorities uncovered extensive smuggling networks while investigating criminal groups operating in the breakaway republics, Merabishvili said.

"When we sent buyers, the channels through Abkhazia and South Ossetia began to expand, and we started seeing a huge flow of materials," he said. "Sometimes it was low-grade enriched materials, but this was the first instance of highly enriched material."

According to his account, during an investigation in South Ossetia, a Georgian undercover agent posing as a rich foreign buyer made contact with the Russian seller in North Ossetia, which is part of Russia.

After the Russian offered to sell the sample, the agent rebuffed requests that the transaction occur in North Ossetia, insisting the Russian come to Tbilisi, the Georgian capital.

At a meeting in Tbilisi, the man pulled out from his pocket a plastic bag containing the material.

"He was offering this as the first stage in a deal and said he had other pieces, Merabishvili said. "We don't know if that was true."

Uranium has a low level of radioactive emission and can be transported more safely than other radioactive materials.

The man was arrested and sentenced to eight to 10 years in prison on smuggling charges. His accomplices were sentenced on lesser charges.

Russian authorities took a sample of the material but failed to offer any assistance despite requests for help from the Georgians, Merabishvili said.

"We were ready to provide all the information, but unfortunately no one arrived from Russia, not even to interview this person," Merabishvili said. "It is surprising because it is in Russian interests to secure these materials. There are terrorist organizations in Russia who would pay huge amounts of money for this."

The Georgians asked for U.S. assistance. Agents from the FBI and the Energy Department took the material back to the United States, where it was tested by the Energy Department's National Nuclear Security Administration.

"The material was analyzed by agency nuclear experts and confirmed to be highly enriched uranium," said Bryan Wilkes, a spokesman for the agency.

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Fleming, of the IAEA, said the agency was aware of the Tbilisi seizure and was expecting formal notification from Georgia soon.

The CIA would not comment on the case, and the FBI confirmed its involvement in the investigation but nothing more.

Merabishvili, who was visiting Washington this week, said he did not have some details of the investigation, including the exact date the arrest was made or the full name of the suspect. Further efforts to clarify with the Georgian Embassy were not successful.

None of the U.S. officials would confirm the weight of the seizure or its quality, but Merabishvili said it was about 100 grams (3.5 ounces) of uranium enriched by more than 90 percent.

Uranium enriched at 90 percent is weapons grade.

A nuclear bomb of a design similar to the one exploded over Hiroshima in 1945 would require about 50 kilograms (110 pounds) of uranium enriched at over 90 percent, according to Matthew Bunn, a senior research associate who focuses on nuclear theft and terrorism at Harvard University's Kennedy School of Government. Bunn said that a more sophisticated implosion type nuclear bomb would require 15 to 18 kilograms (33 to 40 pounds).

According to an IAEA database, there have been 16 previous confirmed cases in which either highly enriched uranium or plutonium have been recovered by authorities since 1993.

In most cases the recoveries have involved smaller quantities than the Tbilisi case. But in 1994, 2.72 kilograms (6 pounds) of highly enriched uranium intended for sale were seized by police in the Czech Republic. In 2003, Georgian border guards using detection devices provided by the United States caught an Armenian man with about 170 grams (5 ounces) of HEU, according to the State Department.

Fleming said examples of stolen or missing bomb-grade nuclear material, including highly enriched uranium and plutonium, are rare and troubling.

David Albright, a former U.N. weapons inspector and head of the Washington-based Institute for Science and International Security, said that lacking help from Russia, the CIA may be looking to other allies to help identify who has access to lost nuclear material.

"Russian cooperation in answering these questions is critical, but it has not been forthcoming," he said. "One way to identify who is active in trading these materials is to conduct sting operations."

Georgia Says It Blocked Smuggling Of Arms-Grade Uranium (NYT)

By Lawrence Scott Sheets And William J. Broad

New York Times, January 25, 2007

TBILISI, Georgia, Jan. 24 — Georgian authorities intercepted an illicit shipment of highly enriched uranium last January, the second seizure of weapons-grade material here in two and a half years, officials here say.

The interior minister, Ivane Merabishvili, said in a recent interview that agents had arrested a Russian man carrying 100 grams of uranium, a little under four ounces, into Georgia from Russia. The authorities had previously reported that they had arrested a man in 2003 trying to cross the border between Georgia and Armenia with 170 grams of uranium.

Although nuclear experts said neither episode involved enough material to build a nuclear weapon, the two seizures raised concerns about illicit trade in material from the nuclear operations of the former Soviet Union. These cases are believed to be the first involving smuggling of highly enriched uranium in the region in at least five years.

Russian officials did not respond to requests for comment.

This activity “in the worst-case scenario could be very detrimental to international security,” said John F. Tefft, the American ambassador to Georgia. Georgia and the United States have focused on detecting smuggling of radioactive materials across the borders of former Soviet republics like Russia and Armenia.

The 2006 smuggling case, which has not been previously reported, is expected to be noted in a report from the United Nations International Atomic Energy Agency on illicit nuclear activities, agency officials said. That report is expected to be released this week.

Georgian and American officials said United States law enforcement and nuclear experts had been involved in the investigation of the second seizure. Richard J. Kolko, an F.B.I. spokesman, confirmed that the bureau had taken part in the inquiry but declined to elaborate.

In addition to the two cases involving enriched uranium, Mr. Merabishvili said, Georgian authorities intercepted an illicit shipment of raw uranium, or yellowcake, in August 2006.

That case involved 2.2 pounds of raw uranium that the authorities said was being smuggled from the separatist region of Abkhazia. One man was arrested, said Archil Pavlenishvili, Georgia’s chief investigator for nuclear trafficking.

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He said that agents had learned about the raw uranium from sources in the criminal underworld and that the investigation was continuing.

The Georgian officials said they believed that corrupt law enforcement officials in Abkhazia had helped ensure the safe passage of the shipment. Officials in Abkhazia said they had not been informed about the arrest, but they promised to assist in any investigation.

HOMELAND RESPONSE:

Man Pleads Not Guilty To Running Over People In UNC Attack (AP)

AP, January 25, 2007

HILLSBOROUGH, N.C. -- A man accused of trying to kill students at the University of North Carolina by driving through campus in an attack he said was intended to avenge the treatment of Muslims by the United States pleaded not guilty Wednesday.

Mohammed Taheri-Azar, 23, said three weeks ago that he wanted his case to conclude as soon as possible and had said previously he intended to plead guilty to the charges stemming from the attack in March.

James Williams, Taheri-Azar's court-appointed lawyer, declined to discuss specifics about the case. But when asked after the brief hearing why his client pleaded not guilty, he said only, "That's a very good question."

Taheri-Azar, an Iranian native who grew up in Charlotte, faces nine counts of attempted first degree murder and another nine counts of felony assault.

Nobody was seriously injured in the March incident, when investigators say Taheri-Azar, a UNC Chapel Hill graduate, drove a rented SUV through a popular campus gathering spot, hitting nine people. Minutes after the attack, Taheri-Azar called 911 to surrender.

During the 911 call, Taheri-Azar told an emergency dispatcher he wanted to "punish the government of the United States for their actions around the world." He later told investigators he intentionally rampaged through campus to "avenge the deaths of Muslims around the world."

Taheri-azar also sent dozens of letters to local media organizations. Orange County District Attorney Jim Woodall said Wednesday he may ask some of the reporters who received letters to testify in the case.

"The issue is not confidentiality," Woodall said. "The media is still just a witness if you do something publicly."

Taheri-Azar said last June that he planned to plead guilty and wanted to represent himself. He has since accepted Williams as his public defender.

Taheri-Azar is now in Raleigh's Central Prison with bond set at $5.5 million. He is due to return to court for a motions hearing March 27.

Screening Provisions Unlikely To Survive (AP)

By Beverley Lumpkin

AP, January 25, 2007

House-passed requirements for intensified screening of cargo on passenger aircraft and ship-borne goods heading toward the U.S. are unlikely to survive in the Senate, a House leader on security issues conceded Wednesday.

The provisions were part of a House bill that was ballyhooed as the first legislation to pass in the Democratic-controlled Congress this year. Approval was meant to signal the new leadership's priorities in pushing through security recommendations of the 9/11 Commission.

Rep. Bennie Thompson, D-Miss., who chairs the House Homeland Security Committee, told reporters that two key provisions of the House bill are unlikely to make it through the Senate.

"With the exception of ports and cargo screening," he said, "everything else should go through."

In addition to the cargo-screening measures, the House bill provided funds to improve emergency communications systems, make it harder for terrorists to obtain nuclear weapons, and improve information-sharing between federal, state and local agencies.

Thompson said his staff has heard from Senate staff members about what's realistic to expect as the Senate considers the House-passed homeland security bill. It is uncertain when the Senate will begin considering its version of the measure.

The Bush administration and other opponents of the two screening proposals have said the technology does not exist to scan all U.S.-bound cargo in foreign ports for radiation, and all air cargo loaded onto passenger planes for explosives.

Critics have further complained that implementing the measures would slow global commerce to a crawl.

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Homeland Security Department officials contend that through a variety of methods, they now screen all high-risk cargo, but only a small percentage is actually physically inspected.

Sen. Joe Lieberman, I-Conn., chairman of the Senate Homeland Security Committee, believes his panel's bill "will be compatible with the goals and spirit of the House bill," Lieberman spokeswoman Leslie Phillips said in a statement.

Thompson also indicated to reporters that the Senate may balk at the percentage of homeland security grants guaranteed to states as a bare minimum, before any consideration is given to the risk of a terrorist attack.

In the House bill, that percentage was agreed to as 0.25 percent. Thompson said the figure might go up to 0.50 or 0.75.

Since the terror attacks of Sept. 11, 2001, the Bush administration and the House have generally supported spending more money based on risk. The Senate, where many leaders come from smaller or rural states, have been more inclined to support traditional funding formulas that guarantee some share of the pot to all, irrespective of risk.

Thompson also indicated he hopes that by the mid-March anniversary of the Madrid, Spain, train bombing of 2004, his committee will be able to introduce legislation in the House to provide rail security grant funding.

"We clearly do not do nearly enough to secure passenger-rail traffic," he said.

Meanwhile, a Government Accountability Office report on progress made since the Sept. 11 attacks found potential weaknesses in the handling of radioactive materials.

During an undercover test, a small amount of radioactive material was carried across the border by GAO investigators with phony documents. GAO is Congress' investigative arm.

Even though the radiation monitors properly signaled the presence of radioactive material, the investigators were able to enter the U.S. because of fake documents that customs inspectors failed to check for authenticity.

Bill Would Raise Taxes To Fund Security (WT)

By Audrey Hudson

The Washington Times, January 25, 2007

Legislation proposed by a key Democrat this week would raise taxes to fund billions in new Homeland Security spending on more police officers, interoperable communications equipment and 100 percent screening of cargo entering the United States.

Sen. Joseph R. Biden Jr., Delaware Democrat and chairman of the Senate Foreign Relations Committee, said by rolling back President Bush's tax cuts that up to $50 billion could be generated over five years for security improvements.

"To protect our homeland, we have to radically reorder our priorities," said Mr. Biden, who did not specify which tax cut would be eliminated, only that it affected people who make more than $1 million a year.

Mr. Biden's Homeland Security Act of 2007 calls for "scanning" 100 percent of cargo containers, development of new "screening" technology and the hiring of 50,000 new police officers and 1,000 FBI agents.

"This is all about setting the right priorities for America. Instead of giving a tax cut to the richest Americans who don't need it, we should be focusing on the security of all Americans," Mr. Biden said.

Rep. Peter T. King, New York Republican and ranking member of the House Homeland Security Committee, called the bill a "gimmick."

"Money is not the only issue; the fact is many cities have not come up with real plans to make it work. He's creating a false problem," Mr. King said. "He is making a class warfare argument to raise money on an issue without any knowledge of the issue."

The Homeland Security Department has allocated $2.9 billion for interoperable communications efforts, but hundreds of cities have yet to agree on which system they want to use.

As chairman of the committee last year, Mr. King passed legislation to address port security, which already requires 100 percent cargo screening through manifest checks and other procedures put in place by the Coast Guard at ports overseas.

"We want to scan it or X-ray it overseas before it reaches our ports, where it can blow up," Mr. King said.

More than $60 million from the Homeland Security Department and the Energy Department has been set aside to install radiation portal monitors at U.S. ports.

Since 2004, $10 billion has been spent on port security.

Lockheed Chosen For ID Contract (WP)

By Griff Witte

The Washington Post, January 25, 2007

The Transportation Security Administration has decided to award a closely watched contract to supply high-tech identification cards at ports nationwide to Lockheed Martin of Bethesda, according to sources familiar with the choice.

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The initial value of the contract, which involves issuing ID cards to 850,000 maritime workers, was estimated at $70 million. The contract could prove far more valuable, however, if it leads to other, related deals for the firm: Identity technology is a fast-growing sector for government contractors, and the Transportation Worker Identification Credential, known as TWIC, is the first of many identity contracts slated to be announced in the next few years.

The program, a key element of the government's attempts to secure the nation's ports, was initially supposed to provide transportation workers with ID cards embedded with microchips by the end of 2003. But it has been bogged down with technology glitches and privacy concerns, and now Lockheed will have 18 months to finish rolling out its cards.

Darrin Kayser, a TSA spokesman, would not confirm yesterday that the agency had made its decision but indicated that an announcement is imminent. "It is fundamental to our nation's security that individuals who pose a security threat do not gain access to our nation's ports," Kayser said. "The TWIC contract, which will be awarded in the coming days, allows us to move forward and begin enrollment at selected ports in March."

A spokeswoman for Lockheed Martin, Leslie Holoweiko, referred all questions to the TSA, as did other competitors for the contract. "We haven't heard anything yet," she said.

However, multiple sources familiar with the decision, who spoke on condition of anonymity because it had not been made public, said Lockheed is the winner.

The company, which is the Defense Department's biggest contractor, beat out a relatively large field of competitors to win the work. The TSA had narrowed the competition late last year to eight finalists.

Among the finalists was BearingPoint of McLean, which had held the contract to run a prototype program. This is the second time in three months that BearingPoint has been disappointed on an identity contract. In November, the General Services Administration opted to rebid a deal to supply federal employees with new ID cards rather than renew a contract it had awarded to BearingPoint just two months earlier.

The new security card program is likely to come under scrutiny from Congress.

"History tells us that large security programs emanating from the Department of Homeland Security have a tendency to be fraught with waste and poor management," said Bennie Thompson (D-Miss.), chairman of the House Committee on Homeland Security, in a statement. "Important security initiatives like TWIC provide no room for error."

Edward Wytkind, president of the AFL-CIO's Transportation Trades Department, said labor unions worry the government will require that workers foot the bill for new credentials, which some have estimated will cost $150 per ID. "The technology issues are still being reconciled," Wytkind said. "So for us, it's a $150 tax on our members with no real measurable security results."

New Orleans Looks Beyond State Of The Union Snub (LAT)

By Ann M. Simmons

The Los Angeles Times, January 25, 2007

NEW ORLEANS — Mayor C. Ray Nagin is way beyond caring whether President Bush mentioned New Orleans in his State of the Union address Tuesday night.

"We're 18 months into this thing. I'm tired of complaining and bellyaching," Nagin said Wednesday when asked about the speech at a news conference.

The city continues its struggle to recover from Hurricane Katrina, which pummeled New Orleans in August 2005, and some observers thought the absence of Katrina recovery from Bush's speech was telling.

Nagin was unfazed. "We're going to take whatever nickels we have, whatever pennies we have, whatever dollars we have, and we're going to stretch it, and we're going to make this recovery work," he said.

The mayor made his remarks as he announced a two-year pilot program that would offer loans — interest-free for six months — to homeowners waiting to receive aid from the sluggish Road Home recovery initiative, a state program that distributes federal funds. Almost 101,700 families have applied to the program, but as of Monday, money had been made available to 258.

City officials and residents are frustrated by the slow pace; many homeowners doubt they will ever receive Road Home assistance.

Other Louisiana lawmakers and residents took exception to the omission of the state's continued plight from Bush's speech, which focused on Iraq and domestic issues such as healthcare reform and energy consumption.

"Last year we were disappointed that the administration mentioned Katrina almost as an afterthought," Rep. William J. Jefferson (D-La.), said in a phone interview. "This year … we are shocked that there was no mention at all of it, as if the problem has been solved, or simply gone away."

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Also Wednesday, Jefferson and other Louisiana lawmakers introduced a bill that would allow the federal government to forgive loans made to local governments after disasters.

"I guess the pain of the hurricane is yesterday's news in Washington," Louisiana Gov. Kathleen Babineaux Blanco told a news conference in New Orleans, according to the Associated Press.

"But for us, it's still very real, very real, and it's something that we live with every single day."

Some critics have blamed Blanco's administration for the slow disbursement of the Road Home money.

Nagin's "gap-loan" plan — which is funded by $11 million in federal grants and will be administered by Chase and Liberty Banks — will initially allow up to 1,000 homeowners who lived in Orleans Parish when Katrina hit to borrow up to $50,000, interest-free for six months, while waiting for Road Home grants. The fund would gradually be replenished as homeowners received Road Home grants and paid off their loans, Nagin said.

Among the eligibility requirements, loan applicants must agree to live in their renovated home for at least three years after it has been repaired.

La. Gov.: Bush Forgetting Katrina (AP)

By Cain Burdeau

AP, January 25, 2007

Gov. Kathleen Blanco angrily criticized President Bush on Wednesday for not mentioning 2005's destructive hurricanes in his State of the Union speech, and said Louisiana is being shortchanged in federal recovery funding for political reasons.

"I guess the pains of the hurricane are yesterday's news in Washington," Blanco said.

"But for us it's still very real, very real, and it's something that we live every single day," the governor said. "But we will continue to fight, and we will continue to come on, and we will effect a recovery."

Mayor Ray Nagin echoed Blanco's disappointment at Bush's omission of New Orleans' recovery from Hurricane Katrina, but he cautioned against reopening political rifts that developed after the storm.

"We're 18 months into this thing. I'm tired of complaining and bellyaching," the mayor said. "We're going to take whatever nickels we have, whatever pennies we have, whatever dollars we have, and we're going to stretch it, and we're going to make this recovery work."

The White House had no immediate comment on Blanco's remarks.

Blanco accused the White House of repeatedly delivering less money than Louisiana has needed to repair the damage to housing, schools and hospitals. She said Mississippi has received much more help.

"I just want an end to the disparities, once and for all," the governor said.

She said Louisiana's unfair treatment set the state's recovery back by six months.

Big Easy Makes Way For New Recovery Czar (CSM)

By Patrik Jonsson

The Christian Science Monitor, January 25, 2007

NEW ORLEANS

Ed Blakely, the planning guru hired to steer New Orleans out of its muddle, is like the Forrest Gump of disaster recovery.

California earthquake? There he is, amid wrecked interstates. Tsunami? That's him touring rebuilt villages. Terror attacks in Manhattan? When the dust settles, the distinguished-looking African-American man is at the center of a phalanx of planners. His arrival in New Orleans two weeks ago as the city's new recovery czar may be the biggest challenge for the "master of post-disaster," as his hometown paper, the Los Angeles Times, calls him.

Though largely unknown outside the circle of urban planners, Mr. Blakely is becoming a household name in New Orleans. Nearly 18 months after the storms, returnees have slowed to a trickle, the city is borrowing truckloads of money it has little hope of repaying, and actual recovery dollars from Congress have tightened from promises of billions to less than $10 million received.

What happens in the next year under Blakely's tutelage, experts say, will affect the city for decades to come.

"All of us are saying that this is a big one to take on, and it'll be either the culmination of his career or it's going to be a disaster," says Juliann Allison, associate director of the Edward J. Blakely Center for Sustainable Suburban Development in Riverside, Calif.

Brusque, yet funny, Blakely is one of the most effective planners in America today, his friends say. He's hypereducated with both an MBA and a PhD. Coming from a poor background in San Bernardino, Calif., Blakely went on to make enough money as a developer by age 30 to be able to retire. Blakely is known for balancing economic, environmental, and social interests in projects, including the "green" village of Dos Lagos in Corona, Calif., according to his friend, L.A. developer Ali Sahabi.

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Civic duty drives the former college football star, who once lost a race for mayor to former California Gov. Jerry Brown in Oakland. "It's like the old adage about the fire horse: When there's a fire, he wants to get going," says Robert Yaro, president of the Regional Plan Association in New York, who came to know Blakely during the 9/11 recovery effort. "[New Orleans] is clearly the biggest planning challenge in America right now. Ed ... doesn't inspire a lot of warm huggies. But he has a remarkable ability to pull people together, to inspire confidence, grit, and determination."

Blakely's plans in New Orleans are straightforward: Encourage a smaller, more dense city by offering landowners in wrecked neighborhoods the opportunity to swap their land for lots on higher ground. Get pilot projects launched by summer. Build community centers. Begin to generate private investment. Last week, the new recovery czar led a delegation to Wall Street and was "warmly received" by bankers.

Blakely will conduct "charettes," or public planning sessions, with neighborhoods, but won't have meetings behind closed doors, he says. And as he always does when he arrives in a new city, he will "buy a bike for a few hundred bucks and ride around, talking to the cab drivers, garbage men, and even the prostitutes," he says, to get an unvarnished look around.

"The planning job here is relatively easy," says Blakely in a phone interview, "because the city pretty much shows you how to plan it. But what's happened is fragmentary leadership and ad hoc [planning] well before Katrina killed the opportunity structure. It has lost its structural identity and that's what has to be restored. This city has great bones, but you forget that she had a great face."

So what should be done now? "We have to go to scale – I have to start building 1,000 houses a day," he says.

Since hurricane Katrina bowled over the Gulf Coast and sunk most of New Orleans under the surface of Lake Pontchartrain, recovery is piecemeal, contested and, some say, myopic. Only half the residents of New Orleans, perhaps 200,000, have returned.

Much of the problem lies with sunken neighborhoods, where pockets of people have come back to a rotting wasteland of homes from Gentilly Woods to the Lower Ninth Ward. Plans to discourage people from returning to the lowest-lying areas failed after Mayor Ray Nagin put forth a "laissez-faire" rebuilding effort in his campaign for reelection last year. The concept was to leave things alone for a year and see which neighborhoods came back and which didn't. But the city is growing restive.

Elvira Robertson is one of the 20 percent of people who returned to Pontchartrain Park, the city's first black suburban-style subdivision. It was soaked by breaches in both the London Canal and Industrial Canal after Katrina hit. Now, in the middle of a residential wasteland, she has created an oasis of green lawn and flowers, a feeble attempt to not only create normalcy but also urge others to return. "We need people; we need a lot of people," she says.

Her frustration is widespread, observers say. "New Orleans has lacked leadership on these issues. People have had it with the let's see what happens, and let's muddle through approach," says Mr. Yaro.

It's the kind postdisaster malaise that Blakely handled in New York. As part of the Civic Alliance, he envisioned a Lower Manhattan as a better place than it was before 9/11. Similarly, Katrina has given New Orleans an opportunity to become a wealthier and less provincial city, experts say.

From rebuilding housing to establishing services, Blakely can help "to bring the public and private sectors together, to leverage resources and to paint a vision of hope for the future that's realistic and uplifting," says Sen. Mary Landrieu (D) of Louisiana, in an e-mail.

But unlike in New York after 9/11, there is no "unified politics" behind New Orleans's struggle. Divisiveness still rules at City Hall, a situation that will test Blakely's skills, critics say.

"He's just an appointee; he's not the mayor," says John McIlwain, of the Urban Land Institute in Washington. "As smart as he is, he's not smarter than the hundreds of planners who have been talking about this. Ed can give the right recommendations, but will the city back him up? Nobody knows."

"We'll be watching him very closely," says Mary Louise Johnson, one of the returnees to Pontachartrain Park. "Right now, he's our best hope."

Flood Coverage Tough To Enforce (USAT)

By Kathy Chu

USA Today, January 25, 2007

Nearly a year and a half after Hurricane Katrina, federally regulated lenders are still struggling to comply with a requirement that they force homeowners in high-risk flood zones to buy flood insurance.

By law, homeowners in flood-prone areas — such as along the coast — must buy such a policy if they get a mortgage from a federally regulated lender. Government-issued flood insurance covers homeowners for up to $250,000 in flood damage to property and $100,000 to contents. (Unlike homeowners insurance, though, it doesn't insure against rain or wind damage.)

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Katrina raised awareness of the need for flood insurance. While lenders and regulators have made progress in requiring homeowners to buy polices, "We're still not there yet," says David Maurstad, an insurance administrator at the Federal Emergency Management Agency, which oversees the flood-insurance program.

One problem: Some homeowners who buy a flood insurance policy drop it later. Lenders "do a fairly good job of finding out whether someone is in a flood plain, but they don't do as good a job of tracking if you lose (flood insurance)," says J. Robert Hunter, director of insurance at the Consumer Federation of America.

After Katrina, critics blamed banks' sometimes lax enforcement of the flood-insurance rule for homeowners' inability to recoup losses. Vicki Vidal of the Mortgage Bankers Association argues, though, that "lenders who are required to mandate flood insurance as a condition of making loans are doing so."

Still, last year, the Federal Deposit Insurance Corp., which regulates lenders, fined banks $297,815 for flood-insurance violations, an 82% increase from 2005. Other regulators, such as the Office of Thrift Supervision and the Federal Reserve, levied fewer fines on banks last year than in 2005. Yet, "the (lower) numbers probably show that … if anything, the hurricanes significantly raised awareness for institutions" about the need for flood insurance, says Kevin Petrasic, an OTS spokesman.

Getting homeowners to buy flood insurance "sounds easy, and it should be, but you're dealing with customers, and some of them don't understand that they have to have it," says James Clayton, chairman of Planters Bank and Trust in Indianola, Miss.

Some lenders are changing their computer systems to more closely track flood insurance sales. United Bank of Parkersburg, W.Va., says it did so last year to make it easier to determine whether homeowners had flood insurance on second as well as first mortgages.

Others are taking advantage of a provision in the law that lets them expand their flood-insurance requirement. Eureka Homestead, of Metairie, La., now requires that all homeowners below Interstate 12 — north of New Orleans — get this policy. That includes homes outside flood-prone zones.

As banks increasingly enforce the flood insurance requirement, affected homeowners will have to pay more to insure their homes. But, "The fact that it's more expensive to buy an unsafe house is not necessarily a bad thing," Hunter says. "It's a way of warning a buyer, 'This house has risk.' "

WAR NEWS:

Biden Seeks Wider Support For Measure Against 'Surge' (WSJ)

By David Rogers

The Wall Street Journal, January 25, 2007

WASHINGTON -- The Senate Foreign Relations Committee approved a nonbinding resolution that challenges President Bush's Iraq policy and will provoke a major floor debate next week, when Democrats hope to get more Republicans to buck the administration.

The 12-9 committee vote gives Chairman Joseph Biden (D., Del.) a solid foothold from which to begin talks with Republicans who share his concern about sending more U.S. troops to try to quell sectarian violence in Baghdad.

Chief among these is Sen. John Warner (R., Va.), former chairman of the Senate Armed Services Committee, who last evening introduced an alternative resolution also challenging the increased commitment of 21,500 troops. Merging the two to achieve a larger consensus is the Democrats' goal and the quickest route may be to embrace much of Mr. Warner's proposal with some changes.

"It's pretty good, but it's not perfect," said Majority Leader Harry Reid (D., Nev.).

Mr. Reid will play an increasing role with Mr. Biden in trying to reach some common ground, but he must walk a fine line. The new Senate majority is quickly learning what a rocky road it can be en route to building the bipartisan relationships it promised to nurture.

Among the 10 Republicans on Foreign Relations, only Nebraska Sen. Chuck Hagel supported the committee resolution, for example. And the vote followed a 54-43 roll call on the Senate floor in which just five Republican senators joined an effort to bring to a vote a House-passed bill raising the federal minimum wage.

Just as Republicans appeared wary of challenging the president following his State of the Union address, Democrats faced criticism for being too intent on having their way.

Regarding the minimum-wage bill, for example, Republicans complained that Mr. Reid was backtracking on promises to couple $8 billion of tax breaks with the measure, which would gradually raise the minimum wage $2.10 an hour over the next two years. Yesterday's vote makes it almost certain such a bill will now emerge from the Senate, but Minority Leader Mitch

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McConnell (R., Ky.) complained that it is "somewhat hypocritical" for Democrats to argue "that we ought to have a bipartisan package and then vote to eliminate it."

As for Iraq, the Biden-Hagel alliance was crucial to jump-starting the Senate debate, but the White House hopes to keep Mr. Warner out of any talks that could lead to the strongest slap yet by Congress of the president's Iraq policy.

"I'm a free man," Virginia's senior senator said in an interview yesterday, but he is cautious about negotiations. "At the moment I see no basis for me to alter it," he said, and Republican moderates will defer to his judgment. "John Warner is going to set the strategy," said Sen. Susan Collins (R., Maine.)

In an interview with CNN, Vice President Cheney was dismissive of the Senate debate, saying Mr. Bush "has made his decision...We need to get the job done."

Mr. Cheney's attitude could compound Democratic fears already that Mr. Warner's resolution is too deferential to the president in its tone. And if the Virginian becomes a one-man standard of what's "bipartisan" he could insist on conditions that make it harder for Mr. Reid to hold onto his liberal members.

Nonetheless the Republican's proposal actually goes further than Mr. Biden on military matters -- even addressing the rules of engagement for U.S troops in Iraq. And the administration also can't ignore the growing skepticism among Foreign Relations panelists who stood with the president yesterday.

Indiana Sen. Richard Lugar, the ranking Republican, said some of the assumptions in the president's plan were "dubious." And on a 13-8 vote, the panel rejected an effort to add language committing the Senate to never cut off funds for the war.

"It is an inverted political logic for people to basically say that we have to continue doing this for the good of the troops," said Sen. James Webb (D., Va.). "We are not continuing this war for the troops. The troops are fighting this war on our behalf because we are continuing it."

Bush Iraq Plan Is Condemned By Senate Panel (NYT)

By Jeff Zeleny

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — One day after President Bush implored Congress to give his Iraq strategy a chance to succeed, the Senate Foreign Relations Committee approved a resolution on Wednesday denouncing the plan to send more troops to Baghdad, setting up the most direct confrontation over the war since it began nearly four years ago.

The full Senate is poised to consider the nonbinding, yet strongly symbolic, repudiation of Mr. Bush as early as Wednesday. Democratic leaders agreed to tone down the language in the resolution, hoping to make it more acceptable to Republicans in an effort to send a strong, bipartisan rebuke to the White House.

“This is not designed to say, ‘Mr. President, ah-ha, you’re wrong,’ ” said Senator Joseph R. Biden Jr., a Delaware Democrat and chairman of the committee. “This is designed to say, ‘Mr. President, please don’t go do this.’ ”

Even as the White House delicately worked to persuade some Republicans to consider the president’s approach, the administration also said Congressional action would not interrupt the plan to send more than 20,000 American troops to Iraq. In a television interview on CNN, Vice President Dick Cheney declared, “It won’t stop us.”

The Foreign Relations Committee approved the resolution by a vote of 12 to 9, with a Republican senator, Chuck Hagel of Nebraska, joining 11 Democrats in supporting it. But even Republicans who opposed the resolution, including Senator Richard G. Lugar of Indiana, expressed deep doubt about whether the troop increase could succeed and suggested it was time for a new direction.

The committee rejected amendments that would have strengthened or softened the resolution, which described Mr. Bush’s plan to increase troops as contrary to the national interest.

Some Republicans expressed reluctance to support the legislation because they feared it could be seen as a political attack on Mr. Bush, but left themselves open to backing a similar plan offered by Senator John W. Warner, a Virginia Republican.

The Foreign Relations Committee tends to carry a more centrist outlook than the Senate as a whole, but Democrats say they believe that at least 8 of the 49 Republicans might join with nearly all Democrats in embracing a resolution — Mr. Biden’s or Mr. Warner’s — critical of the president’s troop increase plan.

Senator George V. Voinovich, an Ohio Republican, said he was disappointed that the administration had failed to extend an olive branch to Congress. He said he told a White House official at the State of the Union address on Tuesday that the stalemate in Iraq was threatening to consume the Bush presidency.

“It’s time to recognize that if you keep going the way you are, you are never going to achieve what you want to achieve,” Mr. Voinovich said. “And, beyond that, it’s going to fall over on your domestic initiatives and make your presidency uneventful and not have meaning.”

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Hours after the hearing on Wednesday, the effort led by Mr. Warner was gaining ground, with six Democrats and three other Republicans signing on as co-sponsors of his proposal, which also bluntly opposes sending more troops to Iraq. Mr. Warner was declining offers from Democratic leaders to merge his proposal with theirs, saying he wanted to keep his plan as neutral as possible, so it could attract wide bipartisan support. “It’s not a question of who is the most patriotic or who is trying to set up a confrontation with the president,” Mr. Warner said, speaking from the floor of the Senate. “To have a vote all on one side or all on the other side will not help.”

While details of the two resolutions vary somewhat, their message is the same: many members of Congress do not support the plan to expand the military operation in Iraq.

The White House is shying away from an overt lobbying effort to thwart the Iraq resolutions, as it might do more harm than good. Instead, the administration is leaving it mainly to the Republican leadership, including the Senate Republican leader, Mitch McConnell of Kentucky, and the Republican whip, Trent Lott of Mississippi, to work toward an alternative.

Still, the White House has sought to head off overwhelming votes against the president in both the Senate and the House. Since Mr. Bush delivered his Iraq speech on Jan. 10, the national security adviser, Stephen J. Hadley, and his deputy, J. D. Crouch, have met with members of both parties. Officials, aware that a majority of senators are likely to vote in favor of the Warner resolution, say those meetings will continue. But the remarks by Mr. Cheney on Wednesday suggested that the White House was not focused on the resolutions. “We are moving forward,” Mr. Cheney said in the CNN interview. “The Congress has control over the purse strings. They have the right, obviously, if they want, to cut off funding. But in terms of this effort, the president has made his decision.”

A preview of next week’s full debate on Iraq unfolded Wednesday in the Senate Foreign Relations Committee, with senator after senator recounting the stories of troops from their states who had died in Iraq. Under the new Democratic majority, the committee has held nearly daily hearings on Iraq.

Senator James Webb, a Virginia Democrat who fought as a marine in Vietnam, urged his colleagues not to draw a link between the Iraq and Vietnam wars. Such comparisons, he feared, could force people away from backing the Iraq resolutions.

“I think there are parallels and there were many people at this table who opposed the Vietnam War, but some of those parallels are superficial,” Mr. Webb said. “We’re losing the support of a lot of people who supported the Vietnam War and who have problems with this if we try to lump it together.”

Mr. Hagel, who also served in Vietnam, has derided the president’s Iraq strategy as the worst foreign policy since Vietnam. Yet on Wednesday, Mr. Hagel took a different approach as he addressed fellow Republicans — from the administration or the Congress — who have questioned the motives of those who have spoken critically of the war.

“I think all 100 senators ought to be on the line on this. What do you believe? What are you willing to support? What do you think? Why were you elected?” Mr. Hagel said, his voice booming. “If you wanted a safe job, go sell shoes.”

Bush Rebuke Advances (WT)

By Charles Hurt

The Washington Times, January 25, 2007

Senate Democrats rebuked President Bush yesterday over his handling of the war in Iraq with a rare wartime vote condemning the commander in chief's plan to add troops to the battlefield.

"Our resolution of disapproval is not -- I emphasize not -- an attempt to embarrass the president. It is not an attempt to demonstrate isolation," Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., Delaware Democrat, said before his panel declared Mr. Bush's proposal as "not in the national interest."

"It's an attempt to save the president from making a significant mistake with regard to our policy in Iraq," Mr. Biden said.

Hours after the 12-9 vote, which fell nearly along party lines, Sen. John W. Warner went to the Senate floor and offered his own amendment condemning Mr. Bush's "surge" proposal. The Virginia Republican said his nonbinding resolution is less politically combative than the Biden resolution and has the support of three fellow Republicans and six Democrats.

"We have put a greater emphasis on urging the president to consider other options, given that we have a general disagreement with the very significant level of troops that are specifically set forth in the president's plan," Mr. Warner said. The Warner proposal was offered as a substitute for Mr. Biden's.

Sen. Chuck Hagel of Nebraska was the only one of the panel's 10 Republicans to join all 11 Democrats in favor of the nonbinding Biden resolution.

Mr. Hagel, Mr. Biden and three other committee members supporting the resolution yesterday were among those who voted on Oct. 11, 2002, to authorize the war in Iraq. The others were Sens. John Kerry of Massachusetts, Christopher J. Dodd of Connecticut and Bill Nelson of Florida, all Democrats.

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"Most of our colleagues understand this is a mistake," said Mr. Kerry, who as a soldier returned from Vietnam to protest the war and testify before Congress about atrocities he said were committed by fellow Americans.

"I asked the question in 1971: How do you ask a man to be the last man to die for a mistake?" he said yesterday on the Senate floor. "I never thought that I would be reliving the need to ask that question again. We are there."

Sen. Richard G. Lugar, Indiana Republican, warned that the resolution could demoralize the troops and embolden insurgents in Iraq.

"Usually, nonbinding resolutions are designed to show unity on an issue or to highlight an issue that few members know about," he told his colleagues. "In this case, we are laying open our disunity without the prospect that the vehicle will achieve meaningful changes in our policy. This vote will force nothing on the president, but it will confirm to our friends and allies that we are divided and in disarray."

Mr. Hagel disagreed. "This is not a defeatist resolution," he said. "This is not a cut-and-run resolution. We are not talking about cutting off funds."

Mr. Kerry was more resigned. "We all want success," he said, but "we can't achieve the kind of clean and simple victory that the administration promised."

Mr. Hagel, who is considering a run for the White House, was among the most vociferous critics of the Bush administration.

"There is no strategy," he said. "This is a pingpong game with American lives. These young men and women that we put in Anbar province, in Iraq, in Baghdad are not beans. They're real lives. And we better be damn sure we know what we're doing, all of us, before we put 22,000 more Americans into that grinder."

Sen. Barbara Boxer, California Democrat, said she was relieved to have voted against the war in 2002.

"I thank God I voted the way I did: against it," she said. "I thank God every single time I sign a letter to the families who have lost a loved one. And unfortunately, in California, we have lost the most."

Democrats offered few specifics about how to proceed. Mr. Kerry urged more diplomacy, which he compared to riding a bicycle.

"As long as you're riding, even if you're going around in circles, you're OK. You don't fall off," he said, citing an analogy by former Secretary of State Madeleine K. Albright. "But if you stop riding, you fall off."

Sen. John E. Sununu, New Hampshire Republican, echoing a word often used on the subject, warned against "micromanaging" the war.

Earlier this month on NBC's "Meet the Press," Mr. Biden said, "I think it is unconstitutional to say, 'We're going to tell you you can go, but we're going to micromanage the war.' "

Sen. Barack Obama, Illinois Democrat and a panel member who has begun a presidential exploratory committee, said in November 2005: "I have neither the expertise nor the inclination to micromanage war from Washington."

Political evolution on the war has emerged elsewhere.

Mr. Kerry, appearing on "Meet the Press" in 2004, said: "I believe the following very deeply. No. 1, we cannot fail. I've said that many times. And if it requires more troops in order to create the stability that eliminates the chaos, that can provide the groundwork for other countries, that's what we have to do."

Mr. Biden said the resolution will not be the final word on the war.

"I assure you -- and I know you know this -- oversight will be consistent, maybe even daily," he told members of his committee. "And we will have not only the hearings you had, but we will have continuous hearings on this issue."

Senators Say 'No' On Bush Iraq Plan (USAT)

By Kathy Kiely

USA Today, January 25, 2007

WASHINGTON — The stage is set for a dramatic debate in the Senate next week on President Bush's Iraq war policy following a vote of no-confidence Wednesday by a key committee.

"All 100 senators should be on the line on this," said Sen. Chuck Hagel, a Nebraska Republican who co-sponsored a resolution opposing the president's planned increase in troop levels. "If you wanted a safe job, go sell shoes."

Hagel's resolution, which he wrote with two ranking Democrats, declares Bush's plan to send 21,500 additional troops to Baghdad and Anbar province "not in the national interest."

Congressional efforts to redirect military policy are not unprecedented. The House and Senate voted to remove U.S. troops from Somalia in 1993, Haiti in 1994 and Bosnia in 1997.

The Senate Foreign Relations Committee vote was 12-9, with Hagel the only Republican in favor. Indications are the floor vote may be more bipartisan:

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·Hours after the Foreign Relations Committee voted, Sen. John Warner of Virginia, the top-ranking Republican on the Senate Armed Services Committee, introduced a resolution that calls on Bush to reduce troop levels; Republican Sens. Susan Collins of Maine, Norm Coleman of Minnesota and Gordon Smith of Oregon are co-sponsors.

·The four-hour committee debate produced far more consensus than the roll call indicated, exposing deep misgivings in both parties about Bush's plans.

Only Sen. David Vitter, R-La., said he backed the president's policy. He said he is doing so "as a final attempt" to bring stability in Iraq. Other Republicans who opposed the resolution made it plain their vote should not be interpreted as support for Bush's plan.

"I'm more skeptical about what we're doing than I have ever been," said Sen. George Voinovich, R-Ohio. Coleman called it a "bad idea" to send more troops to Baghdad. "Iraq is a mess," he said.

Sen. Bob Corker, R-Tenn., said that while he opposed the largely symbolic "sense of the Senate" measure, he's reserving the option to vote for a binding resolution to change direction in Iraq.

A number of alternatives are likely to be offered during the Senate debate, including Warner's, which urges Bush to reduce force levels in Iraq. Possible proposals run the gamut from capping troop strength in Iraq at the current levels to mandating a phased withdrawal.

In an interview with CNN on Wednesday, Vice President Cheney called a suggestion that some Republicans had lost faith in the administration because of blunders in Iraq "hogwash." He said a congressional resolution "won't stop us."

In order to pass the Senate, any anti-war resolution may need 60 votes: Republican leader Mitch McConnell of Kentucky is threatening a filibuster.

Senate Committee Approves Resolution Against Troop Surge (LAT)

By Noam N. Levey

The Los Angeles Times, January 25, 2007

Washington — A Senate committee approved a toughly worded resolution Wednesday to oppose a troop buildup in Iraq, moving Congress a step closer to an official repudiation of President Bush's leadership of the increasingly violent four-year-old war.

In a sign of how partisan the debate over Iraq remains, only one Republican joined Democrats on the Senate Foreign Relations Committee to support the resolution, which bluntly declares "it is not in the national interest of the United States to deepen its military involvement in Iraq."

But the vote -- the day after the president asked Congress to give his proposal "a chance to work" -- followed hours of criticism of the latest Iraq policy by Democratic as well as Republican lawmakers. Not a single senator on the committee endorsed the White House plan.

And with that resolution headed to a debate on the Senate floor as soon as next week, momentum also continued to build behind a second, more bipartisan resolution opposing the Bush Iraq plan.

As support builds for some legislative action, it appears increasingly likely Bush could face the equivalent of a no-confidence vote.

Both resolutions are nonbinding and stop well short of limits that Congress has used to scale back other unpopular military operations, including the Vietnam War. But they mark a sharp departure from the largely deferential posture the Republican-led Congress assumed after Bush sought and won approval for the invasion in 2002.

The resolution passed 12-9 on Wednesday by the Foreign Relations Committee is sponsored by Sens. Joseph Biden, D-Del., Chuck Hagel, R-Neb., and Carl Levin, D-Mich.

The second resolution, championed by veteran Virginia Republican Sen. John Warner, has now attracted four GOP co-sponsors and six Democratic co-sponsors. And several Republican senators who voted against Biden's resolution in committee expressed interest in the measure.

One of Warner's co-sponsors, Sen. Susan Collins, R-Maine, said Wednesday evening that the measure's authors are talking with even more lawmakers about joining onto the resolution.

Warner's stature as a former chairman of the Senate Armed Services Committee and a former Navy secretary has helped draw Republican support. His proposal also is not complicated by presidential politics. Both Biden and Hagel have expressed interest in running for the White House.

The Warner resolution "disagrees" with the president's plans to send 17,500 additional troops in Baghdad, noting the rising sectarian violence in the capital and the poor record of Iraqi cooperation with U.S. initiatives.

But it also includes deferential language recognizing the president's authority as commander in chief and accepts the possibility that the 4,000 additional troops the president wants in Anbar Province may be needed.

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The Biden measure is broadly similar, although it does not distinguish between Baghdad and Anbar, a hotbed of Sunni insurgent activity.

Nearly all the Democrats on the Foreign Relations Committee said they hoped the resolution would be only the first step in a congressional drive to start bringing the war to an end.

"Kids are dying over there," said Sen. Christopher Dodd, D-Conn., another presidential hopeful and vocal war opponent. "We need to do something meaningful."

Dodd offered two amendments to cap the number of troops in Iraq and force the president to seek congressional authorization for further troop increases. The amendments failed.

But Biden, who chairs the committee, assured senators that he is also interested in additional legislation to force the president to start withdrawing troops. "We should be drawing down forces," Biden said. "We need a radical change in course."

Hagel, a Vietnam veteran and longtime war opponent, pointedly chided his Republican colleagues for their hesitation.

"The Congress has stood in the shadows ... for four years," he said. "I think all 100 senators ought to be on the line on this. What do you believe? What are you willing to support? ... If you want a safe job, go sell shoes."

The harangue did not move any of the nine other GOP lawmakers on the committee, many of whom are uncomfortable with the tone of the Democratic opposition to Bush's Iraq plans.

Sen. Richard Lugar, R-Ind., a widely respected moderate who used to chair the committee, said he did not believe any resolution opposing the president's policy would be productive.

"It is the wrong tool for this stage in the Iraq debate," Lugar said, warning that it would be divisive and unlikely to affect the president's thinking.

Other Republican senators expressed concern that it might send the wrong message to American troops and that it fails to spell out any alternative to the president's plan.

"We all have a right to be against a plan. I also think we all have a responsibility to be for a plan. This resolution is clearly not a plan," said Sen. David Vitter, R-La., who has called for specific benchmarks to measure progress in Iraq.

The Republican opposition to the resolution did not stop the GOP lawmakers from criticizing Bush's plans, however.

"I'm more skeptical about what we're doing than I ever have been before," said Sen. George Voinovich, R-Ohio, who noted that the more he has learned from Bush administration officials about the buildup the more concerned he has become.

After Wednesday's committee vote, aides to Sens. John Sununu, R-N.H., and Lisa Murkowski, R-Alaska, both of whom voted against the Biden resolution, said the lawmakers were more comfortable with the language in the Warner resolution.

Biden and his co-sponsors, as well as Senate Majority Leader Harry Reid, D-Nev., have expressed the desire to work with Warner to reach a compromise.

Hagel, who has already had several lengthy discussions with Warner, said he anticipates more. "We'll be doing a lot of talking," he said.

Senators Rebuff Bush On Troop Plan (WP)

By Jonathan Weisman

The Washington Post, January 25, 2007

A day after President Bush pleaded with Congress to give his Iraq policy one last chance, the Senate Foreign Relations Committee rebuffed him by approving a nonbinding resolution declaring his troop increase in Iraq to be against "the national interest."

The committee voted 12 to 9 to send a resolution of disapproval of the president's Iraq policy to the Senate floor next week, setting up what could be the most dramatic confrontation between Congress and the Bush administration since the war was launched four years ago. Many Republicans voiced anguish over the president's policy, but only one, Sen. Chuck Hagel (Neb.), a co-sponsor, voted in support of the resolution.

While some lawmakers and antiwar activists have dismissed the resolution as largely meaningless, senior Republicans and White House officials have worked furiously to minimize Republican defections, worried that a large, bipartisan vote would have significant political and international repercussions.

"In an open democracy, we voice our agreements and disagreements in public, and we should not be reticent to do so. But official roll-call votes carry a unique message," said Sen. Richard G. Lugar (Ind.), the Foreign Relations Committee's ranking Republican. A vote for the resolution "will confirm to our friends and allies that we are divided and in disarray," he said.

But Hagel implored his colleagues to take a stand after four years of docile acquiescence.

"What do you believe? What are you willing to support? What do you think? Why were you elected?" he asked. "If you wanted a safe job, go sell shoes. This is a tough business."

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But the committee's partisan divide belied the deep undercurrent of GOP misgivings, as one Republican after another spoke out against the deployment of 21,500 additional troops to bolster the faltering government of Prime Minister Nouri al-Maliki.

Lugar called the Bush strategy "dubious" even as he denounced the resolution as "the legislative equivalent of a sound bite." Sen. John E. Sununu (R-N.H.) said additional troops should not be deployed until the Iraqi government showed more resolve. Sen. Lisa Murkowski (R-Alaska) said she opposed the president and was not afraid to tell him so. And Sen. George V. Voinovich (R-Ohio) said he had delivered a tough message to the White House personally: "You are not listening."

"Congress has allowed this war to go on without anyone having a stake," said an exasperated Sen. Bob Corker (R-Tenn.). "We passed the debt on to future generations. Nobody has sacrificed but the military men and women and the families."

Republican leaders' efforts in the House to placate their members with calls for tougher oversight also appeared to be faltering. Rep. Frank R. Wolf (R-Va.) introduced his own resolution of disapproval yesterday, calling for the administration to adopt in full the recommendations of the bipartisan Iraq Study Group, recommendations that Bush has largely rejected.

Democratic divisions were also on display, with the most ardent antiwar voices pleading for more dramatic action. Sen. Christopher J. Dodd (D-Conn.) tried to amend the nonbinding resolution with firm legislative language capping troop levels in Iraq at January levels, around 137,500.

"This is not a time for legislative nuancing," said Sen. Russell Feingold (D-Wis.). "This is not a time for trying to forge a compromise that everybody can be a part of. This is a time to stop the needless deaths of American troops in Iraq."

But the Dodd amendment was defeated, 15 to 6, with five Democrats joining all Republicans in opposition.

The committee's partisan vote strengthened the hand of Sen. John W. Warner (R-Va.) and a bipartisan group of senators backing a less forceful resolution of opposition.

Warner and his co-sponsors, Ben Nelson (D-Neb.) and Susan Collins (R-Maine), went to the Senate floor last night to introduce their resolution of opposition, brandishing a raft of new co-sponsors, including Democrats Ken Salazar (Colo.), Mary Landrieu (La.), Claire McCaskill (Mo.) and Bill Nelson (Fla.), as well as Republicans Gordon Smith (Ore.) and Norm Coleman (Minn.).

Senate Foreign Relations Chairman Joseph R. Biden Jr. (D-Del.) and Hagel said negotiations with Warner would begin immediately to try to find common ground on a resolution that would attract far more Republican support.

But they said that whatever language is sent to the floor will have to include the policy prescriptions that are in both resolutions: a statement against further deployments; a call for U.S. troops to be re-deployed to guard Iraq's borders, focus on counterterrorism and speeding up the training of Iraqi troops; and a call for diplomatic efforts to engage Iraq's neighbors in the pursuit of a political settlement to the war.

Yesterday's debate foreshadowed what could be wrenching deliberations next week, haunted by the ghosts of Vietnam and the more than 3,000 U.S. dead in Iraq. The Foreign Relations Committee featured three decorated combat veterans of Vietnam, Hagel, Sen. John F. Kerry (D-Mass.) and Sen. James Webb (D-Va.), all of whom voted for the resolution of opposition.

Webb warned yesterday against drawing what he called superficial parallels between the Iraq and Vietnam conflicts, but Kerry evoked the same language he had used in the early 1970s as an antiwar activist: "How do you ask a man to be the last to die for a mistake?"

While Republicans called for lawmakers to support the troops in Iraq, Kerry and Dodd recalled a meeting they had before Christmas with Capt. Brian S. Freeman, a 31-year-old Californian who had sought them out on an Iraqi helicopter landing pad to express his frustrations with the war. Freeman was on his way home on a short leave to visit his 14-month-old daughter and 4-year-old son.

He was killed last weekend in an insurgent attack in Karbala.

"How many times are we going to repeat that before we accept our responsibility to get it right?" Kerry asked.

Opponents did not so much defend the president's policies as castigate the Democrats' chosen method of confrontation.

"We do not need a resolution to confirm that there is broad discomfort with the president's plan within Congress," Lugar said. "In fact, a vote on this resolution is likely to reveal far less discomfort than actually exists, since some members will vote against it because of its format."

But several Republicans indicated they would vote for a resolution of opposition if the language were toned down. Sen. Sam Brownback (R-Kan.), a presidential candidate, said he was in talks with Warner on a resolution he could embrace. Others were still awaiting some sign of compromise from the president.

"I have been waiting for the administration to extend an olive branch in an attempt to forge a compromise -- a compromise that clearly expresses our concerns while leaving no doubt in the minds of our troops as well as our enemies that we stand united as a nation," Voinovich said.

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Bush Fails To Stem Erosion Of Authority (FT)

By Edward Luce In Washington

Financial Times, January 25, 2007

Although it had been billed as one of the most important speeches of his presidency, there were few signs on Wednesday that George W. Bush's State of the Union address had succeeded in stemming the rapid haemorrhaging of his authority.

A number of leading Democrats, including Barack Obama, a front-runner for the 2008 presidential campaign, evinced cautious welcomes for Mr Bush's modest proposals to address global warming and healthcare reform.

But most Democrats and several prominent Republicans remained fixed on Mr Bush's unwillingness to listen to his growing army of critics over the war in Iraq, to which he devoted about a quarter of the 50-minute speech on Tuesday night.

In spite of an impassioned plea for Congress to give his Iraq strategy a chance, Mr Bush failed even to sway waverers within his own party.

Several leading Republicans, including John Warner, the former chairman of the senate armed services committee, plan to go ahead with resolutions that oppose Mr Bush's 21,500 troop "surge" to Iraq.

"If people like John Warner, who represents the southern and military heart of the Republican party, are now abandoning Mr Bush over Iraq then he is going to come under acute pressure to reverse course," said Bruce Riedel at the Saban Centre for the Middle East in Washington DC. "His speech failed to dent those defections."

On domestic policy, meanwhile, the Democratic leadership in both houses dismissed Mr Bush's proposals as either too timid or irrelevant. Mr Bush was also criticised for failing to mention reconstruction in New Orleans following the devastation of Hurricane Katrina in 2005.

"We were very surprised last night when the president talked about the city of Baghdad that he did not mention the city of Detroit or Louisville or Minneapolis or, most importantly, the city of New Orleans," said Debbie Stabenow, Democratic senator for Michigan.

In contrast to his six previous State of the Union addresses, Mr Bush appealed to Congress, which turned Democrat last November for the first time in his presidency, to work "across the aisle" in a bipartisan way in order to "achieve big things for the American people". But the already-weak prospects for a fruitful White House legislative agenda over the next 18 months appear only to have waned further.

"If you want to see bold bipartisan action between now and 2008 you should look to America's democratic laboratories at the state level where states like California and Massachusetts are showing the way on issues like healthcare and global warming," said Ted Halstead, president of the Centre for the New America Foundation, a centrist think tank in Washington.

As authority drains from the White House, Washington is also increasingly looking to the large and growing field of 2008 presidential candidates – most of whom are in the Senate – to provide a lead on big policy ideas, such as healthcare, Iraq and climate change. With the exception of John McCain, who dutifully welcomed Mr Bush's restated Iraq plan, almost all others were either critical or lukewarm.

Hillary Clinton, who entered the race last weekend, spoke for most Democrats when she opposed Mr Bush's proposal to put a cap on employer-provided health benefits and extend higher subsidies to individuals. The former first lady said it would do very little to bring in the 47m Americans who have no health insurance.

Likewise on global warming, Mr Bush's ideas were dismissed as too little too late. "In last year's State of the Union, Mr Bush said we were addicted to oil and nothing happened," said Evan Bayh, Democratic senator for Indiana. "Doing little or nothing on this issue is not good enough any more."

But it was Jim Webb, the newly elected Democratic senator for Virginia, who best summarised Mr Bush's prospects when he gave his party's response straight after the president's speech on prime time television.

Mr Webb, a Vietnam veteran, called on the president to follow the lead of some of his most illustrious predecessors who had changed course dramatically in mid-stream. "If he does, then we will join him," said Mr Webb, "If he does not, then we will be showing him the way."

Senate Committee Repudiates Bush On Iraq (AP)

By David Espo

AP, January 25, 2007

In a calculated snub of President Bush, the Democratic-controlled Senate Foreign Relations Committee dismissed plans for a troop buildup in Iraq on Wednesday as "not in the national interest" of the United States.

"The president has made his decision," Vice President Dick Cheney fired back, a response that made it clear the administration would go ahead anyway. "We need to get the job done."

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The committee vote, 12-9 along party lines, capped hours of debate in which Republicans and Democrats vented their frustration and anger — both with the administration and their own past unwillingness to change the course of a war that has claimed the lives of more than 3,000 U.S. troops.

"There is no strategy. This is a pingpong game with American lives," said Republican Sen. Chuck Hagel of Nebraska.

"This Congress was never meant to be a rubber stamp," added Sen. Barbara Boxer, D-Calif., "Read the Constitution. The Congress has the power to declare war. And on multiple occasions, we used our power to end conflicts."

Hagel was the only one of 10 committee Republicans to support the nonbinding measure. Several of the panel's 11 Democrats said they favored stronger legislation to register their opposition to the war.

In the wake of midterm election losses, Bush announced two weeks that he would order an additional 21,500 troops into the war zone. In Tuesday night's State of the Union address, he implored skeptical lawmakers to give the strategy a chance.

Bush got his answer in less than 24 hours, the timing dictated by Democrats, and Sen. Joseph Biden. D-Del., the panel's chairman, said tougher measures were likely to follow.

"Unless the president demonstrates very quickly that he is unlikely to continue down the road he's on, this will be only the first step. ... I will be introducing ... constitutionally legitimate, binding pieces of legislation. We will bring them up," he said.

Taken together, the committee's vote and Cheney's response suggested the Democrats and the White House were on a collision course — lawmakers drafting ever-stronger measures to change policy in Iraq, and the president exercising his prerogatives as commander in chief — and his veto pen.

"We are moving forward," Cheney said in an interview with CNN in which he was asked about the troop buildup. "The Congress has control over the purse strings. They have the right, obviously, if they want, to cut off funding. But in terms of this effort, the president has made his decision."

The vice president added: "We've consulted extensively with them. We'll continue to consult with the Congress. But the fact of the matter is, we need to get the job done."

Inside the Senate committee, all Republicans but Hagel opposed the measure, denying Democrats the strong bipartisan vote they had sought.

Biden, who has announced he intends to run for president in 2008, said the legislation is "not an attempt to embarrass the president. ... It's an attempt to save the president from making a significant mistake with regard to our policy in Iraq."

Democrats intend to bring the measure to the Senate floor for a vote next week, and Biden said he is willing, in the interim, to make changes in the hopes of gaining additional Republican support.

Some committee Republicans sought unsuccessfully to temper the measure before it was approved. Additionally, more than a half-dozen GOP lawmakers in the Senate have signaled interest in an alternative that merely expresses disagreement with the president's policy rather than deeming it not in the national interest.

"The thing that I'm deeply concerned about is putting American troops in the middle of this — the cross-hairs of this sectarian battle before the Iraqis" deliver on a series of promised reforms, said Sen. Norm Coleman, R-Minn.

While he said he opposes deploying additional troops in Baghdad, Coleman added he wants to leave open the possibility of a bigger force in the Anbar province in the western part of the country.

Sen. Richard Lugar of Indiana, the committee's senior Republican, readily conceded he was not sure Bush's new policy would succeed. But he voted against the measure, saying, "It is unclear to me how passing a nonbinding resolution that the president has already said he will ignore will contribute to any improvement or modification of our Iraq policy."

Lugar also said sponsors of the measure were underestimating their power to force a change.

"We have the ability to require weekly updates from our diplomats and military commanders about the status in Iraq. We should be engaging the administration on almost a daily basis concerning the mission and needs of our troops," he said.

"We should demand of the president precise explanations of his political and diplomatic strategy. We should conduct what amounts to a continuous audit of our economic assistance, to ensure that we are maximizing results."

Some of the most emotional rhetoric of the day came as committee members challenged one another to take a stand.

"If you wanted a safe job, go sell shoes," said Hagel.

"This is a tough business. But is it any tougher, us having to take a tough vote, express ourselves and have the courage to step up on what we're asking our young men and women to do?"

Senate Panel Passes Iraq Resolution (HILL)

By Elana Schor

The Hill, January 25, 2007

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Senate Democrats won committee passage yesterday of their leadership-backed resolution renouncing President Bush's plan for more troops in Iraq, but it is unclear whether the measure will overcome anticipated obstacles on the floor as presidential rivals continue to muddy the debate.

The Foreign Relations Committee approved a resolution co-written by its chairman, Joseph Biden (D-Del.), and second-ranked Republican, Chuck Hagel (Neb.), asserting that a new military commitment in Iraq "is not in the national interest" of the nation. Yet the resolution failed to win over another panel Republican despite public criticism of the troop "surge" by several GOP senators, setting up a Senate floor showdown unless the Foreign Relations resolution can be united with a competing measure by next week.

"We're concerned about our next election," Hagel, who continues to mull a possible Republican or Independent presidential bid, told his colleagues. "So we tinker. So we figure out wordsmithing. Should we oppose the president or just not support the president?"

Speaking emotionally and without prepared notes, Hagel called on ranking GOP Sen. Richard Lugar (Ind.) and others to weigh their doubts about the wisdom of the surge against their doubts about the impact of the nonbinding resolution. Biden, Hagel and fellow author Sen. Carl Levin (D-Mich.), chairman of the Armed Services Committee, have voiced willingness to negotiate with backers of a resolution that uses less-strong language in its disapproval, but no common ground was achieved yesterday.

Dealing a potential blow to Democratic leaders' hopes for consensus, several members of their caucus are embracing the competing resolution, whether instead of or alongside the Foreign Relations language.

"Sens. Bill Nelson (D-Fla.) and Ken Salazar (D-Colo.) support both versions, while Mary Landrieu (D-La.) has backed the alternative, which was formally introduced Monday by Sens. John Warner (R-Va.), Ben Nelson (D-Neb.), Susan Collins (R-Maine) and Norm Coleman (R-Minn.)."

A separate rift opened yesterday between Biden and two fellow competitors in the 2008 White House chase over whether to attempt a further check on Bush by placing a binding cap on troop levels in Iraq. Sen. Chris Dodd (Conn.), the first Democrat to support a troop ceiling that would trigger a new congressional vote on authorizing the war, tried to add that cap as an amendment to the resolution.

Dodd failed by a wide margin, but Sen. Barack Obama (D-Ill.) backed his effort and another defender of a troop cap, Hillary Rodham Clinton (D-N.Y.), awaits at the head of the presidential pack.

"Just setting the level at 137,500 [Dodd's suggested level] sends the wrong message," Biden told his committee, predicting that Dodd's amendment would sink the resolution. "We're codifying the status quo."

Biden suggested collaborating with Dodd and other supporters of binding action to limit Bush's Iraq policy, noting that the White House budget is likely to arrive with a yearlong war-funding request. Dodd ultimately won just five of the 11 committee Democrats, including two onetime presidential aspirants, John Kerry (Mass.) and Russ Feingold (Wis.).

Senate Majority Leader Harry Reid (D-Nev.) has met with Warner to discuss merging the two Iraq resolutions with an eye to a floor vote next week. Democrats aim to put a bipartisan imprimatur on their view that, as stated in leadership talking points distributed yesterday, "support for the escalation and support for the troops is not the same thing."

Senate Republican leaders, however, would be in a better position with multiple amendments and substitutes on the floor to splinter the dozen or so members of their conference with qualms about adding to the military presence in Iraq. Four Republicans up for reelection in 2008 — including Sen. Gordon Smith (R-Ore.) — already have cosponsored the less strongly worded alternative resolution, which echoes the bipartisan Iraq Study Group's recommendations.

Another GOP senator facing the campaign trail this year, Ted Stevens (Alaska), said yesterday he would wait to see what language appears on the floor but stressed that he does not want to send a negative message to troops in Iraq. Alaska's junior senator, Lisa Murkowski (R), said yesterday that she has "a degree of comfort" with the alternative resolution, hinting that she might support it and criticizing the surge.

Sen. Sam Brownback (R-Kan.), who will vie for the GOP's presidential nod, said late Tuesday that he was considering signing on to the alternative resolution as a means to convey his objections to Bush.

Seven of the dozen Democratic senators up for reelection in 2008, meanwhile, are cosponsors of the Foreign Relations-passed resolution: Biden, Levin, Jay Rockefeller (W.Va.), Jack Reed (R.I.), Majority Whip Dick Durbin (Ill.), John Kerry (D-Mass.) and Frank Lautenberg (N.J.).

Other senators up this cycle, including Landrieu, Collins, Warner, Smith and Coleman, back the less strongly worded alternative.

No Resolution To Biden's Talk Show (WP)

By Dana Milbank

The Washington Post, January 25, 2007

Chairman Joe Biden of the Senate Foreign Relations Committee was trying to uphold two resolutions yesterday: one criticizing the Bush administration's Iraq policy and the other Biden's own resolution to himself -- to stop talking so much.

The Iraq resolution passed 12 to 9. Biden's other resolution failed, by a voice vote -- Biden's voice.

The Delaware Democrat and presidential hopeful ran the hearing more like a talk show host than a chairman: inviting the other senators to speak and then commenting on each senator's remarks.

He opened the hearing with a 3,000-word statement in which he used the word "I" 88 times, including a lengthy discussion of the types of questions he has asked himself and how he has answered himself. Finally, the committee's ranking Republican, Richard Lugar (Ind.) got a chance to speak. Then Biden spoke again. Sen. Chris Dodd (D-Conn.) introduced an amendment. Biden interrupted him four times, the last time stating, "I don't want to belabor the point."

By this point, Sen. John Sununu (R-N.H.) had heard enough Biden. "We're going to be here a long time, and I'd certainly like to speak," he announced with irritation. Biden yielded the floor to Sununu, but then interrupted him, too -- five times.

"Senator," Sununu eventually pleaded. "You've had a wonderful opportunity to express your views. I think many on the committee would at least like to express their own views, and I'm sure you'll have ample opportunity to respond."

For Biden, verbosity frequently tramples what might otherwise be profound points. Friends have urged him to put a sock in it, and he knows that his wordiness prevents him from being, as he has put it, "the best Biden I can be."

But, like any addict, he is prone to lapses. "I'll not interrupt again," he promised after one of his monologues yesterday -- this one after remarks by Sen. Lisa Murkowski (R-Alaska) -- and then he broke the promise minutes later.

The veteran legislator is hardly the only one in the Senate, or on the committee, to suffer from long-windedness. Sen. John Kerry (D-Mass.) used his time to rehash the 2004 campaign, arguing that everything he said about the Vietnam War decades ago was true. Kerry later went to the Senate floor to announce that he would not run for president in 2008 but meandered through the better part of half an hour before getting to the point.

But Biden suffers more publicly from the need to explain every contour of his thinking; he at once seems keenly aware that he should keep things moving, yet unaware of the need to stop himself from talking. Returning from a recess in yesterday's hearing, he vowed to finish the proceedings in 90 minutes, "God willing and the creek not rising, as my grandpop used to say." He urged fellow senators to be brief, saying that "even though there's much more to say, there will be plenty of opportunities to say it." More than once he referred to the senators waiting to speak in a "queue" -- he pronounced it "kway" -- but then extended the queue by inserting himself between each speaker.

"Let me just make two brief comments," he said after Lugar voiced opposition to the Iraq resolution.

"Let me respond briefly," he said after Dodd tried to strengthen the resolution. "And I'll try to be brief." One thousand words later, Dodd tried, with limited success, to reclaim the floor.

Sen. Norm Coleman (R-Minn.) acknowledged that "Iraq is a mess" but spoke hopefully about Anbar province. "I've made seven trips into Anbar," Biden said in his rebuttal.

Sen. Russ Feingold (D-Wis.) wanted the Senate to be tougher with President Bush. "If you find a person who's spoken more frankly to seven presidents in the past, tell me who it was," Biden challenged.

Sen. David Vitter (R-La.) raised objections to the resolution. "I will not engage the senator in debate now," the chairman responded -- then engaged the senator in a debate.

Sen. Johnny Isakson (R-Ga.) spoke. Biden responded. Sen. George Voinovich (R-Ohio) spoke. Biden responded. Sen. Bob Corker (R-Tenn.) spoke. Biden responded. Sen. Barack Obama (D-Ill.) tried to speak but got only as far as "I've enjoyed listening to the debate that's taken place" before Biden broke in with a logistical update.

"I beg your pardon," the chairman told Obama.

Some of Biden's wordiness had to do with presidential jostling. Eclipsed in media exposure by presidential rivals Hillary Clinton and Obama -- Biden was bumped from network interviews Wednesday morning by Obama -- he relies on such hearings to boost his visibility for the presidential race. At one point, Sen. Barbara Boxer (D-Calif.) accidentally called Biden "Mr. President."

"I should say 'Mr. Chairman,' " she amended. "I know you'd like 'Mr. President.' "

"Well, you noticed, nine heads turned when you said that," he replied, referring to the other senators on the committee who have contemplated candidacies.

"I noticed you responded immediately," Boxer needled.

For a moment, the chairman was not ready with a reply. But it passed quickly.

Large Rally Planned Saturday On Mall (WP)

By Michael E. Ruane

The Washington Post, January 25, 2007

Tens of thousands of peace advocates from across the country are expected in Washington on Saturday for an anti-war rally that could be among the biggest since the war in Iraq began, organizers said yesterday.

They said the rally on the Mall, followed by a march near the Capitol, will target President Bush's intention to send more troops to the Iraq war.

The president's policy is "fight, war, occupation, death, destruction, spend our tax dollars," Leslie Cagan, national coordinator of United for Peace and Justice, the umbrella group that is one of the main organizers of Saturday's events, said at a media briefing.

Citing what she called "this devastating debacle of lies and horror," Cagan said: "The people of this country have had it. This Saturday, January 27, on the heels of the Bush administration's decision to send another 21,000 U.S. troops into Iraq, hundreds of thousands of people from all across this country will come to this capital city to make it clear."

The marchers are calling for an end to the occupation of Iraq and the beginning of "an orderly, speedy and safe" withdrawal of troops, said Hani Khalil, a spokesman for the group. They want dates announced for the start of troop withdrawal as well as a specific deadline for its completion, he added.

United for Peace and Justice describes itself as a coalition of 1,400 local and national organizations. Among them are the National Organization for Women, United Church of Christ, the American Friends Service Committee, True Majority, Military Families Speak Out, Iraq Veterans Against the War, the U.S. Campaign to End the Israeli Occupation, CodePink, MoveOn.org, and September 11th Families for Peaceful Tomorrows.

Among the featured speakers will be Vietnam War-era protester Jane Fonda, according to the organizers. Others include actors Danny Glover, Tim Robbins and Susan Sarandon, civil rights activist Jesse Jackson, and Carlos Arredondo, who in 2004 set himself on fire after learning of the death in Iraq of his Marine Corps son, Alexander.

The rally is scheduled to begin at 11 a.m. at the east end of the Mall, at Third Street and Madison Drive NW, the organizers said. The march is to kick off at 1 p.m.

The route and march permits were being finalized yesterday, the National Park Service said. Cagan said organizers want to march from the Mall north on Louisiana Avenue to Union Station, then south on Delaware Avenue to the Capitol.

The march comes after several large Iraq war protests, which date to before the March 2003 invasion. One of the biggest was held Sept. 25, 2005, and was billed as the largest since the war's start. Organizers at the time claimed a turnout of 300,000, while police pegged the number at about half that.

Cagan declined yesterday to predict a Saturday turnout. "We learned a long time ago not to put out numbers," she said. "There are many variables, especially in the winter."

An anti-war protest described as the largest since the Vietnam War drew several hundred thousand Jan. 18, 2003, on the eve of the Iraq war, in subfreezing Washington weather. The high temperature reported that day was in the mid-20s.

Saturday's weather should be sunny, with highs in the low 50s, according to the National Weather Service.

Fonda, 69, an actress, author and peace activist who was vilified during the Vietnam War for making an appearance in Hanoi on a North Vietnamese gun emplacement, has previously avoided attending anti-Iraq war functions.

"I realized that I would provide too much of a distraction for the right-wing media," she told the San Jose Mercury News last year. "I didn't want to take away from what's happening in the movement."

Cagan, the protest organizer, said Fonda was traveling yesterday and was unavailable for an interview, but "Jane Fonda is definitely coming. She is speaking at the rally and marching in the lead contingent."

Fonda is scheduled to be joined at the rally podium by Bob Watada, 67, of Honolulu, a retired executive with the state of Hawaii whose Army officer son, Ehren, is to be court-martialed next month for refusing to deploy to Iraq.

"There is no doubt in my mind that the invasion and occupation of Iraq is wholly unwarranted," Bob Watada said in a telephone interview. "The Iraqi people have done absolutely nothing to the United States. They've done nothing to deserve the massacre and the pummeling they're getting . . . the plunder, the torture, the rape, the murder of innocent people. It's got to stop."

Watada's son, a 28-year-old Army lieutenant based at Fort Lewis, Wash., "refused to deploy to Iraq after he found out that the president had lied to the country, lied to the military, about there being weapons of mass destruction in Iraq," the elder Watada said.

Watada said his son refused to get on a deployment plane in June and spoke out against the war. The younger Watada has been charged with "missing a movement" and conduct unbecoming an officer, his father said.

Watada said he plans to participate fully in Saturday's rally and march. "I got my plane tickets and hotel reservations, and I'll be there," he said.

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Senators-in-Chief (WSJ)

The Wall Street Journal, January 25, 2007

To understand why the Founders put war powers in the hands of the Presidency, look no further than the current spectacle in Congress on Iraq. What we are witnessing is a Federalist Papers illustration of criticism and micromanagement without responsibility.

Consider the resolution pushed through the Senate Foreign Relations Committee yesterday by Joe Biden and Chuck Hagel, two men who would love to be President if only they could persuade enough voters to elect them. Both men voted for the Iraq War. But with that war proving to be more difficult than they thought, they now want to put themselves on record as opposing any further attempts to win it.

Their resolution -- which passed 12-9 -- calls for Iraqis to "reach a political settlement" leading to "reconciliation," as if anyone disagrees with that necessity. But then it declares that the way to accomplish this is to wash American hands of the Iraq effort, proposing that U.S. forces retreat to protect the borders and hunt terrorists. The logic here seems to be that if the Americans leave, Iraqis will miraculously conclude that they have must settle their differences. A kind of reverse field of dreams: If we don't come, they will build it.

The irony is that this is not all that far from the "light footprint" strategy that the Bush Administration was following last year and which these same Senators called a failure. It is precisely the inability to provide security in Baghdad that has led to greater sectarian violence, especially among Shiites victimized by Sunni car bombs. The purpose of the new Bush counterinsurgency strategy is to provide more security to the population in the hopes of making a political settlement easier.

But then such analysis probably takes this resolution more seriously than most of the Senators do. If they were serious and had the courage of their convictions, they'd attempt to cut off funds for the Iraq effort. But that would mean they would have to take responsibility for what happens next. By passing "non-binding resolutions," they can assail Mr. Bush and put all of the burden of success or failure on his shoulders.

This is not to say that the resolution won't have harmful consequences, at home and abroad. At home, it further undermines public support for the Iraq effort. Virginia Republican John Warner even cites a lack of public support to justify his separate non-binding resolution of criticism for Mr. Bush's troop "surge." But public pessimism is in part a response to the rhetoric of failure from political leaders like Mr. Warner. The same Senators then wrap their own retreat in the defeatism they helped to promote.

In Iraq, all of this undermines the morale of the military and makes their task that much harder on the ground. When John McCain asked Lieutenant General David Petraeus that precise question during his confirmation hearing Tuesday, the next commander of Coalition operations in Iraq said, "It would not be a beneficial effect, sir."

And when Joe Lieberman asked if such a resolution would give the enemy cause to believe that Americans were divided, he added, "That's correct, sir." Several Senators protested and demanded that the general stay out of domestic politics, but his only offense was telling the truth. Of course the enemy would take comfort from any Senate declaration that Mr. Bush lacks domestic support.

All of this also applies to the many Congressional efforts to set "benchmarks" or otherwise micromanage the battlefield. Hillary Rodham Clinton says she is "cursed with the responsibility gene" that makes her unwilling to cut off funds, but instead she proposes to set a cap on U.S. troops in the theater. So while General Petraeus says he needs more troops to fulfill his mission, General Clinton says he doesn't. Which battlefield commander do you trust?

House Republicans are little better. They blame Mr. Bush and Iraq for their loss of Congress, rather than their own ethics, earmarks and other failures. So looking ahead to 2008 they now want to distance themselves from the war they voted for, albeit also without actually having to vote against it. Thus their political brainstorm is to demand monthly "benchmarks for success" that the Bush Administration and Iraqis will have to meet.

So every 30 days, General Petraeus and his men will have to take their attention away from the Baghdad campaign and instead report to Congress on how well Iraqis and Americans are communicating with one another, among other crucial matters. Minority Leader John Boehner is even asking Speaker Nancy Pelosi to create another special Congressional committee to look over the general's shoulder. It's a shame Ulysses S. Grant isn't around to tell them where to put their special committee. * * *

In addition to being feckless, all of this is unconstitutional. As Commander-in-Chief, the President has the sole Constitutional authority to manage the war effort. Congress has two explicit war powers: It has the power to declare war, which in the case of Iraq it essentially did with its resolution of 2002. It also has the power to appropriate funds.

There is a long and unsettled debate over whether Congress can decide to defund specific military operations once it has created a standing Army. We lean toward those who believe it cannot, but the Founders surely didn't imagine that Congress could start dictating when and where the 101st Airborne could be deployed once a war is under way.

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Mr. Bush was conciliatory and respectful in his State of the Union Address Tuesday night, asking Congress to give his new Iraq strategy a chance. In a better world, the Members would do so. But if they insist on seeking political cover by trying to operate as a committee of 535 Commanders-in-Chief, Mr. Bush will have to start reminding Congress who really has the job.

Talking Ourselves Into Defeat (WSJ)

By Daniel Henninger

The Wall Street Journal, January 25, 2007

Daniel Henninger is deputy editor of The Wall Street Journal's editorial page. Mr. Henninger joined Dow Jones in 1971 as a staff writer for the National Observer. He became an editorial-page writer for the Journal in 1977, arts editor in 1978 and editorial features editor in 1980. He was appointed assistant editor of the editorial page in 1983 and chief editorial writer and senior assistant editor in October 1986, with daily responsibility for the "Review & Outlook" columns. In November 1989 he became deputy editor of the editorial page.

Mr. Henninger was a finalist for a Pulitzer Prize in editorial writing in 1987 and 1996, and shared in the Journal's Pulitzer Prize in 2002 for the paper's coverage of the attacks on September 11. He won the Gerald Loeb Award for commentary in 1985. In 1998 he received the Scripps Howard Foundation's Walker Stone Award for editorial writing, for editorials on a range of issues, including the International Monetary Fund, presidential politics and cloning. He won the 1995 American Society of Newspaper Editors' Distinguished Writing Award for editorial writing, and he was a finalist in that award in 1985, 1986 and 1993. A native of Cleveland, Mr. Henninger graduated from Georgetown University with a bachelor's degree from the School of Foreign Service.

Mr. Henninger invites comments to henninger@wsj.com1.

Talking Ourselves Into Defeat

January 25, 2007; Page A18

The United States is talking itself into defeat in Iraq. Its political culture is now in a downward spiral of pessimism. In the halls of Congress, across endless newspaper columns, amid the punditocracy and on Sunday morning talk shows -- all emit a Stygian gloom about America.

Yes, on any given day on some discrete issue (Prime Minister Maliki's bona fides, for example), the criticism of the American role is not without justification. But the cumulative effect of this unremitting ill wind is corrosive. We are not only on the way to talking ourselves into defeat in Iraq but into a diminished international status that may be harder to recover than the doom mob imagines. Self-criticism has its role, but profligate self-doubt can exact a price.

Maine GOP Sen. Susan Collins wonders "whether the clock has already run out." To U.S. presidential candidate Hillary Clinton the new strategy is "a dead end." For the Bush troop request, presidential candidate Joe Biden predicted "overwhelming rejection." (His committee resolution to that effect yesterday passed by three votes.) Presidential candidate Chuck Hagel: "We have anarchy in Iraq. It's getting worse." And not least, Sen. John Warner this week heaved his tenured eminence against the war effort, proposing another "non-binding" resolution against more troops.

To pick one amid scores of similar characterizations in the media, the Associated Press wrote from Washington before the State of the Union speech that "Democrats -- and even some Republicans -- scoffed at his policy." "Scoff" is a strong word, suggesting eye-rolling ridicule. (The line was so good that the AP ran it after the speech as well, under another writer's byline, this time from Baghdad.) But of course amid the giddy vapors of mass mockery, they all "support the troops."

Our slide to a national nervous breakdown because of Iraq is not going unnoticed. Australia's foreign minister, Alexander Downer, has been visiting across the U.S. this week. "I've been pretty worried about what I've heard," Mr. Downer said in an interview. Walking on Santa Monica beach Sunday before last, Mr. Downer said he encountered a display of crosses in the sand, representing the American dead in Iraq.

"What concerns me about this," he said, "is that it's sort of an isolationist sentiment, subconsciously, not consciously, and that would be an enormous problem for the world. I hope the American people understand the importance of not retreating and thinking the world's problems aren't theirs."

Some of this is politics as usual, but even normal partisanship comes dressed now in the language of apocalypse. In his SOTU rebuttal, Democratic Sen. Jim Webb ripped into the current economy, saying it reminded him of the early 1900s: "The dispossessed workers at the bottom were threatening revolt." Ah, we've fallen to the level of czarist Russia.

You know the pessimism has turned manic when no one is allowed to depart the asylum. Sen. John McCain's support for Iraq and the new Bush plan is now being described in press reports as not only costing him support in the polls (the asylum's inkblot of reality) but worse, the support of campaign contributors.

It is a phenomenon fascinating to behold. Its causes are multiple, but here are several:

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Bush schadenfreude. Partisan pleasure in George Bush's pain dates to the anguish of the contested 2000 election loss. The Democrats have run against something called "Bush" for so long that this sentiment is now bound up in any act or policy remotely attached to the president. Iraq's troubles, or Iran or North Korea, are merely an artifact of crushing this one guy.

The Iraq Study Group. The ISG report wasn't defeatist, but it enabled the vocabulary of defeat. Its warning of a "slide toward chaos" was re-defined as the current Iraqi status quo. They called their bipartisan solution "phased withdrawal," but it was a euphemism for defeat. Momentum was already building in this direction, and the ISG propelled it.

The leadership vacuum. The administration never rallied the nation behind the war in a concrete way. A young Marine officer recently returned from combat in Iraq told me this week he is taken aback at how disassociated the American people seem from Iraq, no matter how constantly it's in the news. He says it's as if the problem is not so much what is actually happening in Iraq but that the war is "annoying" to Americans, as if to say: Can't it just go away or not be on the front page all the time? Rallying a nation at war is a president's job.

The opposition vacuum. One reason the negative mood in politics is so disconcerting is that the opposition's alternative vision is nonexistent. On joining the opposition recently, GOP Sen. Norm Coleman announced, "I can't tell you what the path to success is." Joe Biden says the "primary" Iraq strategy should be to force its leaders to make the political compromises necessary to "end the violence."

As a political strategy, unremitting opposition has worked. Approval for the president and the war is low. The GOP lost sight of its ideological lodestars and so control of Congress. But the U.S. still occupies a unique position of power in the world, and we are putting that status at risk by playing politics without a net.

On the "Charlie Rose Show" this month, former Army vice chief of staff Gen. Jack Keane, who supports the counterinsurgency plan being undertaken by Gen. David Petraeus, said in exasperation: "My God, this is the United States. We are the world's No. 1 superpower. This isn't about arrogance. This is about capability and applying ourselves to a problem that is at its essence a human problem."

At our current juncture, Gen. Keane's words probably rub many the wrong way. But there's a Cassandra-like warning implicit in them. The mood of mass resignation spreading through the body politic is toxic. It is uncharacteristic of Americans under stress. Some might call it realism, but it looks closer to the fatalism of elderly Europe, overwhelmed and exhausted by its burdens, than to the American tradition.

In 1966, Sen. George Aiken delivered a speech on Vietnam famously translated for history as "declare victory and go home.'" On current course, it looks like we may declare defeat and go home.

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Senators Approve Petraeus Nomination (WP/AP)

The Washington Post, January 25, 2007

WASHINGTON -- A Senate committee on Wednesday approved the nomination of Army Lt. Gen. David Petraeus to command American forces in Iraq, replacing Gen. George Casey.

The Senate Armed Services Committee sent the nomination to the full Senate, which is expected to approve the nomination on Thursday, including promoting Petraeus to four-star rank for the top military post in Iraq.

Bush named Petraeus to replace Casey as part of a revamping of his top military and diplomatic officials in Iraq and the Middle East. While the president's proposal to add 21,500 more U.S. troops to the roughly 132,000 already in Iraq is being widely criticized in Congress, the choice of Petraeus has not been controversial.

Petraeus, 54, has served two previous yearlong tours in Iraq _ as commander of the 101st Airborne Division during the invasion in March 2003 and as commander of the training program for the Iraqi Army in 2004-05.

Casey has been nominated to be the next Army chief of staff.

The committee approved the nomination without opposition at an impromptu meeting in the Capitol, said Sen. John McCain, R-Ariz., a member of the panel.

Bush Seeks Action On Iraq Confirmations (AP)

By Deb Riechmann

AP, January 25, 2007

President Bush asked the Senate Wednesday to quickly confirm the top commanders he has chosen to oversee the war in Iraq.

"It is important to get these three fine individuals in their posts as soon as possible so that we have continuity as we do our duty to protect the American people," the president said.

He was referring to Adm. William Fallon, chosen to replace Gen. John Abizaid, the top U.S. commander overseeing the military theater that includes Iraq; Army Lt. Gen. David Petraeus, nominated to be the new chief commander in Iraq; and Gen. George Casey, leaving the top Iraq job to take over from the retiring Gen. Peter Schoomaker as Army chief of staff.

The Senate must approve all three nominations. Late Wednesday, the Senate Armed Services Committee unanimously voted to approve Petraeus and sent his nomination to the full Senate.

Bush's comments came before an annual gathering with top military brass, a meeting in the Cabinet Room that drew the Joint Chiefs of Staff and combatant commanders to talk about Iraq, Afghanistan, terrorism, maintaining a strong military and the defense budget. Dinner in the residence was planned for afterward.

The meeting came shortly after a Senate committee dismissed the president's decision to send 21,500 more U.S. troops to Iraq as "not in the national interest." The Democratic-controlled Senate Foreign Relations Committee voted 12-9 to pass the nonbinding resolution — a rare repudiation of a commander in chief during wartime.

Bush did not mention the vote, but his spokesman said it is not the last word on the president's troop-increase plan.

"The president as commander-in-chief has an obligation to succeed in Iraq and defend Americans, and he believes this is the most effective way to do it," White House press secretary Tony Snow said. "We'll see what they have to say down the road."

Congress's Iraq Quagmire (WP)

The Washington Post, January 25, 2007

ON TUESDAY nearly every member of the Senate Foreign Relations Committee warmly endorsed Lt. Gen. David H. Petraeus, the new U.S. commander in Iraq, and a number wished him success or "Godspeed" in his mission. Yesterday some of the same senators voted for a resolution that opposes the increase of troops for Gen. Petraeus's command -- even though the general testified that he could not accomplish his mission without the additional forces and hinted that such a resolution could encourage the enemy. Such is the muddle of Congress on Iraq: A majority may soon go on record opposing the new offensive in Baghdad even while encouraging the commander who leads it.

That's not to say that senators who are piling on to bipartisan resolutions drawn up by Sen. Joseph R. Biden Jr. (D-Del.) or Sen. John W. Warner (R-Va.) don't have good reasons for skepticism. We share some of their main concerns: that the Iraqi government won't deliver on the long list of "benchmarks" the administration has set and that U.S. troops will end up fighting on one or both sides of an ugly sectarian war. Even if the objective of pacifying Baghdad with American troops were a good one, it's not clear that enough troops are being sent for long enough to succeed.

It doesn't help that accounts of the new plan given by its principal architects vary significantly. Gen. Petraeus said in his Senate testimony that the goal is to protect the Iraqi population in Baghdad so that reconstruction and the political process can move forward. The man he will replace, Gen. George W. Casey Jr., and his spokesmen say the idea is to accelerate training and the handover of security operations to Iraqis. So does Iraqi Prime Minister Nouri al-Maliki, who seems to barely tolerate the plan for additional American troops.

The outgoing Iraq commander has said two additional U.S. brigades could accomplish the mission. The incoming general says he has asked that orders be issued for all five brigades and stressed that he has the authority to ask for further reinforcements. He testified: "None of this will be rapid. In fact, the way ahead will be neither quick nor easy."

Our guess is that it is Gen. Petraeus's concept that will govern U.S. actions on the ground. Until now, Gen. Petraeus had been the most successful American commander in the war; in that sense senators are right to support him and quickly approve his nomination. But legislators need a better way to act on their opposition to the current policy than the passage of nonbinding resolutions that may cover them politically but have no practical impact -- other than, perhaps, the negative one suggested by the general.

As it happens, Gen. Petraeus made his own suggestion at Tuesday's hearing, offering to report to Congress regularly about the mission, including updates on the performance by Iraqis on their commitments. "I want to assure you that should I determine that the new strategy cannot succeed, I will provide such an assessment," he said. Taking Gen. Petraeus up on that, and closely and systematically monitoring the progress of events in Iraq during the coming months, is probably the best contribution that Congress can make to helping the new American commander address what he calls a "dire" situation.

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Defending Iraq War, Defiant Cheney Cites "Enormous Successes" (WP)

By Peter Baker

The Washington Post, January 25, 2007

Vice President Cheney said yesterday that the administration has achieved "enormous successes" in Iraq but complained that critics and the media "are so eager to write off this effort or declare it a failure" that they are undermining U.S. troops in a war zone, striking a far more combative tone than President Bush did in his State of the Union address the night before.

In a television interview that turned increasingly contentious as it wore on, Cheney rejected the gloomy portrayal of Iraq that has become commonly accepted even among Bush supporters. "There's problems" in Iraq, he said, but it is not a "terrible situation." And congressional opposition "won't stop us" from sending 21,500 more troops, he said, it will only "validate the terrorists' strategy."

The defiant tenor contrasted sharply with Bush's speech Tuesday night, when the president congratulated Democrats on their election victory, offered to work with them on a variety of domestic policies, and told skeptics of his latest Iraq plan that he respects their arguments even as he asked them to give him one more chance to win the war. Bush acknowledged deep troubles in Iraq and made little effort to paint it a success. In a recent interview, Bush said his old policy was heading for "slow failure."

Cheney, on the other hand, rejected the idea that there has been any failure and gave voice to the aggravation many in the White House feel as Democrats step up their attacks on the administration. As leading Democrats lace their rhetoric with words such as "blunder" and "reckless," the White House has tried to calibrate how hard to push back. On a day when the Senate Foreign Relations Committee passed a resolution denouncing Bush's troop increase, Cheney decided not to hold back.

"The pressure is from some quarters to get out of Iraq," he told CNN. "If we were to do that, we would simply validate the terrorists' strategy that says the Americans will not stay to complete the task, that we don't have the stomach for the fight."

Cheney said the administration would disregard the nonbinding resolution opposing the troop increase and suggested it undermines soldiers in a war zone. "It won't stop us," he said. "And it would be, I think, detrimental from the standpoint of the troops."

Cheney has been criticized in the past for presenting what some called an overly rosy view of the situation in Iraq, most notably in 2005 when he said the insurgency was in its "last throes." The view he expressed yesterday seemed no less positive, and he sparred repeatedly with "Situation Room" host Wolf Blitzer, telling him "you're wrong" and suggesting he was embracing defeat.

When Blitzer asked whether the administration's credibility had been hurt by "the blunders and the failures" in Iraq, Cheney interjected: "Wolf, Wolf, I simply don't accept the premise of your question. I just think it's hogwash."

In fact, Cheney said, the operation in Iraq has achieved its original mission. "What we did in Iraq in taking down Saddam Hussein was exactly the right thing to do," he said. "The world is much safer today because of it. There have been three national elections in Iraq. There's a democracy established there, a constitution, a new democratically elected government. Saddam has been brought to justice and executed. His sons are dead. His government is gone."

"If he were still there today," Cheney added, "we'd have a terrible situation."

"But there is," Blitzer said.

"No, there is not," Cheney retorted. "There is not. There's problems -- ongoing problems -- but we have in fact accomplished our objectives of getting rid of the old regime, and there is a new regime in place that's been here for less than a year, far too soon for you guys to write them off." He added: "Bottom line is that we've had enormous successes and we will continue to have enormous successes."

Cheney said Blitzer was advocating retreat. "What you're recommending, or at least what you seem to believe the right course is, is to bail out," the vice president said.

"I'm just asking," Blitzer objected.

"No, you're not asking."

Blitzer has been in the Cheney doghouse since October, when he interviewed the vice president's wife, Lynne, and asked about steamy scenes in a novel she wrote. The subject came up because James Webb, a Democrat then running for Senate from Virginia, had cited her novel in trying to defend explicit scenes he had written. Lynne Cheney angrily rebuffed Blitzer, and her husband later congratulated her for what he called "the slapdown."

Yesterday, the CNN host mentioned that Cheney's lesbian daughter, Mary, has become pregnant and asked whether he wanted to respond to conservatives who have criticized her.

"I'm delighted I'm about to have a sixth grandchild, Wolf," Cheney said. "And obviously, I think the world of both my daughters and all of my grandchildren. And I think, frankly, you're out of line with that question."

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Blitzer tried to defend himself: "I think all of us appreciate --" Cheney cut him off: "I think you're out of line."

"We like your daughters," Blitzer replied. "Believe me, I'm very sympathetic to Liz and to Mary. I like them both. That was a question that's come up, and it's a responsible, fair question."

"I just fundamentally disagree with you," Cheney said.

Cheney was terse, too, about leading Democrats. Asked whether he thinks Sen. Hillary Rodham Clinton (N.Y.) would make a good president, Cheney said simply, "No, I don't."

"Why?"

"Because she's a Democrat. I don't agree with her philosophically and from a policy standpoint."

And how did it feel to sit next to Nancy Pelosi (D-Calif.), the first woman to serve as House speaker?

"I prefer Dennis Hastert."

Cheney: Situation In Iraq Not Hopeless (AP)

AP, January 24, 2007

Vice President Dick Cheney said Wednesday it's "hogwash" to suggest the Bush administration's credibility is on the line because of mistakes in Iraq.

Cheney acknowledged the situation in Iraq was very unstable but said toppling Saddam Hussein had been the right thing to do. He said he trusted Iraqi Prime Minister Nouri al-Maliki, who he said had demonstrated a willingness to take on lawbreakers regardless of their religious or ethnic affiliations.

"The critics have not suggested a policy — they haven't put anything in place," Cheney said in an occasionally testy interview with CNN anchor Wolf Blitzer.

"All they've recommended is to redeploy or to withdraw our forces. The fact is, we can complete the task in Iraq. We're going to do it. We've got (Lt. Gen. David) Petraeus — Gen. Petraeus taking over. It is a good strategy. It will work. But we have to have the stomach to finish the task."

Cheney bristled when asked to respond to critics who question his daughter Mary's decision to have a baby and raise it with her female partner. "I think you're out of line with that question," replied Cheney, who said he was delighted about having a sixth grandchild.

The vice president said he does not think Sen. Hillary Rodham Clinton of New York would make a very good president "because she's a Democrat."

"I don't agree with her philosophically and from a policy standpoint," he said.

Cheney said he believes Osama bin Laden is alive, but would not speculate about whether he might be hiding in Afghanistan, Pakistan or along their shared border. "I don't want to be that precise," Cheney said.

The vice president said passage of a Senate resolution opposing President Bush's decision to send more troops to Iraq would not change the administration's new strategy in Iraq.

"The Congress has control over the purse strings. They have the right, obviously, if they want, to cut off funding," Cheney said.

"But in terms of this effort, the president has made his decision. We've consulted extensively with them. We'll continue to consult with the Congress. But the fact of the matter is, we need to get the job done."

Asked point-blank if the administration's credibility was at stake, Cheney shot back: "I simply don't accept the premise of your question. I just think it's hogwash."

The vice president said the biggest mistake the United States has made in the war was underestimating the psychological effect the Saddam Hussein regime had on Iraqi citizens.

"I think we underestimated the extent to which 30 years of Saddam's rule had really hammered the population, especially the Shia population, into submissiveness," he said. "It was very hard for them to stand up and take responsibility in part because anybody who had done that in the past had had their heads chopped off."

Cheney Defends Actions In Iraq (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 25, 2007

WASHINGTON -- A day after President Bush struck a conciliatory tone toward critics of the Iraq war, Vice President Dick Cheney did the opposite Wednesday, denouncing as "hogwash" the assertion that the administration had lost credibility because of blunders in Iraq.

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Cheney defended the decision to invade Iraq nearly four years ago, and insisted that "there's been a lot of success" since then. His comments came during a CNN interview, an exception to the vice president's more common practice of talking to conservative media outlets.

"There's problems, ongoing problems, but we have, in fact, accomplished our objectives of getting rid of the old regime," Cheney said, adding that "there is a new regime in place that's been there for less than a year, far too soon for you guys to write them off."

In his annual State of the Union address the previous evening, Bush acknowledged a string of setbacks in Iraq over the past year, but urged Congress not to give up.

"This is not the fight we entered in Iraq," Bush conceded, "but it is the fight we're in. Every one of us wishes this war were over and won."

By contrast, Cheney suggested that the administration's critics were "dead wrong" about the war.

"For the first time, we've had elections, and majority rule will prevail there. But the notion that somehow the effort hasn't been worth it, or that we shouldn't go ahead and complete the task, is just dead wrong," Cheney said.

Recent polls show increasing public dissatisfaction with the war and a majority of Americans say that the war was not worth the effort. A Gallup poll earlier this month showed 58 percent of respondents agreeing that the costs of the war outweighed its benefits and roughly the same number -- 59 percent -- said they opposed the president's plan to send more troops to stabilize Baghdad.

Cheney long has been a polarizing figure for the administration, which is one reason why he has generally limited his public appearances to conservative groups. But in recent months, Cheney has become an increasingly problematic figure even among stalwart Republicans, in part for his defense of former Defense Secretary Donald H. Rumsfeld.

Rumsfeld, who drew the wrath of Republicans as well as Democrats for refusing to acknowledge failures or to shift strategy in Iraq, was forced to resign after Republican losses in November elections put control of Congress in Democrats' hands for the first time in Bush's two-term presidency.

During the CNN interview, Wolf Blitzer noted that Democrats and some Republicans "are now seriously questioning your credibility because of the blunders, of the failures."

"Wolf, I simply don't accept the premise of your question," Cheney responded. "I just think its hogwash."

Cheney generally spoke in soothing tones during the televised interview, which also touched on topics ranging from the whereabouts of Osama bin Laden to whether Sen. Hillary Rodham Clinton, D-N.Y., would make a good president. But his words were combative.

"No, I don't," the vice president replied to the Clinton question.

"Why?" asked the interviewer.

"Because she's a Democrat. I don't agree with her philosophically and from a policy standpoint."

But it was when Blitzer asked about his daughter's pregnancy that Cheney's words became most aggressive. Mary Cheney, who is openly lesbian and involved a long-term homosexual partnership, is pregnant with what will be the vice president's sixth grandchild.

In his question, Blitzer cited a statement by Focus on the Family, a conservative organization critical of the pregnancy. "Just because it's possible to conceive a child outside of the relationship of a married mother and father, doesn't mean it's best for the child," the group said last month.

"I'm delighted I'm about to have a sixth grandchild, Wolf, and obviously think the world of both of my daughters and all of my grandchildren. And I think, frankly, you're out of line with that question," Cheney said.

Later in the day, White House spokesman Tony Snow defended the vice president's responses about his daughter.

"People should not be trying to draw family members in," Snow said on Fox News Channel. "I think that family members ought to be off the limits."

Cheney Increasingly On The Defensive (MCT)

By Ron Hutcheson

McClatchy, January 25, 2007

WASHINGTON - Vice President Dick Cheney, often considered the hidden power behind the White House throne, is increasingly out in the open and on the defensive.

He's scheduled to testify at the perjury trial of his former top aide; congressional Democrats want to probe his role in the White House; and his unprecedented clout may be waning. Once widely considered a source of wisdom and experience in the White House, the vice president has become a frequent target of criticism.

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On Wednesday, a testy Cheney sparred with CNN anchor Wolf Blitzer over Iraq and al-Qaida and insisted that Bush administration policies have succeeded in both cases. While he's acknowledged mistakes in Iraq, he bristled when Blitzer suggested that Cheney had lost credibility because of blunders there.

"I just simply don't accept the premise of your question," he said, cutting the interviewer off in mid-sentence. "I just think it's hogwash."

Even some Republican lawmakers have become increasingly vocal about their concerns over Cheney's role in the administration, especially as an aggressive and influential advocate for invading Iraq. He's also been instrumental in White House efforts to expand presidential power and restrict civil liberties in the pursuit of suspected terrorists.

"The president listened too much to the vice president," Sen. John McCain, R-Ariz., told The Politico, a new Capitol Hill publication. McCain, a leading GOP presidential hopeful for 2008, said Bush was "very badly served" by Cheney and former Defense Secretary Donald H. Rumsfeld, who was one of Cheney's closest allies.

Cheney told CNN that McCain is "a good man" with whom he sometimes disagrees.

Democrats have been more scathing.

"The vice president doesn't know what he's talking about," Sen. Joe Biden, D-Del., the chairman of the Senate Foreign Relations Committee, told Fox News last Sunday. "He has yet to be right one single time on Iraq. Name me one single time he's been right. It's about time we stop listening to that ideological rhetoric."

Cheney insisted on CNN Wednesday that "there's been a lot of success" in Iraq, and said that if the Senate passes a non-binding resolution opposing the administration's troop buildup there, "it won't stop us." The biggest threat to victory, he said, is if "we don't have the stomach for the fight."

The vice president also claimed success in weakening al-Qaida, removing the terrorist group's leadership below Osama bin Laden and his deputy, Ayman al-Zawahiri, "several times". "We've had great success against al-Qaida," Cheney said.

Democrats, emboldened by their recent takeover of Congress, say they may hold hearings to probe Cheney's roles in the Iraq war, Bush's expansion of presidential power and the administration's energy policies. Critics, including some former administration officials, have accused Cheney of pressuring intelligence analysts to support the case for war and promoting intelligence from Iraqi exile groups that proved to be bogus.

White House officials say Bush values Cheney's advice as much as ever, but there's little doubt that the vice president has lost some clout. His ally Rumsfeld was recently replaced by Defense Secretary Robert Gates, whose views aren't always in sync with the vice president's.

In another step back from Cheney's hard-line approach, the administration announced last week that it had agreed to stop warrantless wiretapping and instead seek court approval for any surveillance. Cheney had insisted that court oversight wasn't necessary.

The vice president could face more difficulty when he's called to testify at the perjury trial of his former chief of staff, I. Lewis "Scooter" Libby. Cheney told CNN that he'd testify "within a matter of weeks."

The case stems from allegations that White House officials disclosed the identity of former CIA spy Valerie Plame because her husband, former Ambassador Joseph Wilson, had challenged the administration's claim that Saddam Hussein had shopped for uranium in the African country of Niger. That claim also proved to be false.

Prosecutors say that Cheney was determined to counter Wilson's criticism and directed Libby to undermine Wilson's credibility with reporters. Libby is charged with obstruction of justice and lying to a grand jury investigating the Plame affair.

Libby's lawyers say that Cheney felt that his aide was made a White House scapegoat to protect presidential adviser Karl Rove, whom Bush was counting on to direct Republican election strategy. Rove has since acknowledged that he tipped off at least one reporter to Plame's identity.

The vice president told CNN he remains "a strong friend and supporter" of Libby's, but he declined to discuss the case.

"This'll all unfold here in the very near future," he told Fox News recently. "I have strong views on this subject, but I'm not going to talk about it."

Rumsfeld's Transition Raises Questions (WT)

By Rowan Scarborough

The Washington Times, January 25, 2007

Former Defense Secretary Donald H. Rumsfeld has left the Pentagon, but not the Defense Department.

On Jan. 4, Mr. Rumsfeld opened a government-provided transition office in Arlington and has seven Pentagon-paid staffers working for him, a Pentagon official said.

The Pentagon lists Mr. Rumsfeld as a "nonpaid consultant," a status he needs in order to review secret and top-secret documents, the official said.

Mr. Rumsfeld and his aides, who include close adviser Stephen Cambone, are sifting through the thousands of pages of documents generated during his tenure.

The Pentagon official said former secretaries are entitled to a transition office to sort papers, some of which can be taken with them for a library, for archives or to write a book.

The transition office has raised some eyebrows inside the Pentagon. Some question the size of the staff, which includes two military officers and two enlisted men. They also ask why the sorting could not have been done from the time Mr. Rumsfeld resigned Nov. 8 to when he left the building Dec. 18.

The Pentagon official, who asked not to be named, said Mr. Rumsfeld served nearly six years as secretary, more than any other defense chief but one, meaning he accumulated an above-average pile of paper.

What's more, Mr. Rumsfeld managed the bureaucracy via "snowflakes," his typed directives on white paper that fell all over the Pentagon by the hundreds.

Mr. Rumsfeld, who resigned under pressure after Republicans lost control of Congress in an election largely decided on the stalemated Iraq war, reportedly is undecided about his long-term plans. But he thinks he has a lot to contribute in the debate over new ideas and national security. He has talked about writing a book and articles on foreign affairs, but he has made no final decision.

Mr. Rumsfeld's two immediate predecessors handled their transitions differently.

William Cohen, President Clinton's last defense secretary, went straight to his new consulting firm in Washington, said a top adviser, Robert Tyrer.

The Pentagon set up an office with two military personnel to sort through his papers for about six weeks.

"It was useful to have a place to make sure things were sorted correctly and all issues of classification strictly reviewed and observed," said Mr. Tyrer, who is now president of the Cohen Group.

The unclassified documents were transferred to the University of Maine's William S. Cohen Center, he said.

Mr. Cohen's predecessor, William Perry, left office in January 1997 and returned immediately to his home state of California. He did not open a transition office in Washington. He began teaching at Stanford University, said Deborah Gordon, his spokeswoman.

His papers arrived in compact disc form and were deposited at the Hoover Institution on the Stanford campus, she said.

Pentagon Cuts Stop-loss (HILL)

By Roxana Tiron

The Hill, January 25, 2007

Secretary of Defense Robert Gates is ordering military service chiefs to reduce the use of a controversial policy intended to keep troops in war zones beyond the end of their original commitments, according to a document obtained by The Hill.

In a memo sent to the service chiefs, the chairman of the Joint Chiefs of Staff and undersecretaries of defense, Gates asked to see plans to minimize the use of the so-called stop-loss policy for active duty and reserve components by the end of next month.

Gates's directive comes at a time when the White House's plan to increase the number of troops in Iraq by 21,500 is coming under intense criticism on both sides of the aisle, in part because it would extend the tours of duty of troops already on the ground and trigger stop-loss orders.

"They're extending and stop-lossing people in the country [Iraq] themselves," Rep. John Murtha (D-Pa.), chairman of the House defense appropriations committee and an outspoken critic of the White House's Iraq strategy, said on MSNBC earlier this month. "And it is very unpopular, even with the troops themselves, when they don't understand the mission."

Several House Republicans sent a letter to Gates last week asking that members of the National Guard and Reserve not be kept on active duty beyond their original commitment.

"The stop-loss program is, in essence, a hidden draft," said Rep. Randy Kuhl (R-N.Y.), one of the members who wrote to Gates.

The letter to Gates also says that the Pentagon's use of stop-loss "betrays [soldiers'] trust, separates families and threatens to devastate the likelihood that active-duty soldiers will follow up their service with time serving in the reserves."

Reps. Christopher Shays (Conn.), Steven LaTourette (Ohio) and Jim Ramstad (Minn.) also signed the letter to Gates.

A stop-loss order for National Guard and Reserve units activated for the war against terrorism has been in effect since November 2002. The policy allows the Pentagon to keep soldiers whose enlistment is due to expire in order to maintain troop strength and unit integrity.

Specifically, the president may suspend any provision of law relating to promotion, retirement, or separation applicable to any member of the armed forces whom the president determines is essential to the national security of the United States.

But the policy has attracted a myriad of lawsuits from reservists who have argued that the policy illegally makes them stay in the military once their required term of service is complete.

The Pentagon has successfully argued that under federal law it can extend the deployment of any reserve officer who is on active duty, if the president believes doing so is essential to national security.

For the Pentagon, stop-loss orders are a tool to stem a large reduction of personnel and maximize cohesion and experience for units fighting in Iraq and Afghanistan.

Gates's directive to reduce the use of stop-loss is part of a wider initiative to change deployment policies for reserve forces and the use of the so-called total force, which encompasses both active and reserve units.

In the memo, Gates outlines the changes to the deployment of reserve and active forces, which he first announced the day after Bush announced his new Iraq strategy.

Members of the reserve forces will have an involuntary deployment time for one year, followed by five years on their home bases.

But there may be some exceptions to that policy.

"Today's global demands will require a number of selected Guard/Reserve to be remobilized sooner than this standard," Gates wrote. "Our intention is that such be temporary."

However, he urged the services to plan their force structure based on a one-year deployment time and five years of demobilization.

Meanwhile, ground combat and combat support will be managed on a unit basis. "This will allow greater cohesion and predictability in how these Reserve units train and deploy," Gates said. "Exceptions will require my approval."

Active-duty forces will deploy for one year at a time and will spend two years at their home bases, according to Gates. Currently most active units deploy for one year and spend just one year at their home bases, after which they immediately deploy again.

For those in the active and reserve force who have to deploy earlier and often, or have to extend their tours beyond the rotation policy, Gates is planning to establish a compensation and incentives program, according to the memo.

The Pentagon chief is also directing all commands and units to review how they administer a so-called hardship waiver program to ensure that they are properly taking into account exceptional circumstances facing military families of deployed service members.

Bush Plans New Focus On Afghan Recovery (WP)

By Michael Abramowitz

The Washington Post, January 25, 2007

After the bloodiest year in Afghanistan since the U.S. invasion, the Bush administration is preparing a series of new military, economic and political initiatives aimed partly at preempting an expected offensive this spring by Taliban insurgents, according to senior U.S. officials.

Even as it trumpeted a change of course in Iraq this month, the White House has completed a review of U.S. policy in Afghanistan. It will ask Congress for $7 billion to $8 billion in new funds for security, reconstruction and other projects in Afghanistan as part of the upcoming budget package, officials said.

That would represent a sizable increase in the U.S. commitment to the strife-torn country; since the 2001 U.S.-led invasion that toppled the Taliban, the United States has provided a little more than $14 billion in assistance for Afghanistan, the State Department says.

The U.S. military said yesterday that about 3,500 soldiers in the Army's 10th Mountain Division will have their tours in Afghanistan extended by four months, as part of an effort to beef up U.S. troop strength. And Secretary of State Condoleezza Rice will meet with other NATO foreign ministers in Brussels on Friday to discuss Afghanistan, part of a new diplomatic offensive U.S. officials say is aimed at securing more international support for the government of President Hamid Karzai.

Although U.S. officials say the Taliban insurgency does not pose an immediate threat to the Karzai government, they are eager to nip in the bud a potentially bloody Taliban spring offensive that could erode Afghani confidence in the central government and in the staying power of the international coalition that is trying to establish security across the country.

Violence escalated last year in Afghanistan as allied forces confronted an emboldened Taliban movement in the south, and the central government encountered continuing problems providing basic services. Many government and outside experts on Afghanistan are also worried that the border regions between Pakistan and Afghanistan are once again turning into safe havens for Taliban militants and their al-Qaeda allies. One senior official said the Taliban maintains "command and control" of the insurgency from Pakistan.

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"Everyone talks about the Taliban military offensive this spring," said Kurt D. Volker, a senior State Department official involved with NATO policy. "We should be the ones taking the offensive if there is an offensive to be done. . . . It needs to be across the board. It's not just a military issue; it's a comprehensive issue -- development, counternarcotics, reconstruction and military." Volker said U.S. officials want to cut off the Taliban's ability to impose its will on groups in Afghanistan.

The U.S. politics surrounding Afghanistan offer an intriguing counterpoint to the U.S. politics regarding Iraq. While most Democrats fiercely oppose President Bush's plan to send another 21,000 troops to Iraq, they support a more invigorated battle in Afghanistan. If anything, they say, the administration has neglected Afghanistan, failing to insist that NATO allies assume more of the burden in maintaining stability there.

Sen. Hillary Rodham Clinton (N.Y.), the leading Democratic presidential contender for 2008, returned from a trip to Afghanistan and Iraq last week saying U.S. priorities are "upside down" in the focus on Iraq. She told reporters, "We should be adding more American military forces [in Afghanistan], and we should be requiring the NATO countries to fulfill their commitments to the forces that they had promised us."

Rep. Tom Lantos (D-Calif.), the chairman of the House Foreign Affairs Committee, said he complained sharply to Rice this week about what he called an "appalling" lack of willingness to share the burden in Afghanistan by key allies like Germany and France. "I sense that fundamentally she agrees with me," Lantos added.

The issue of burden-sharing has been a flashpoint for trans-Atlantic relations as NATO has gradually taken over much of the responsibility for security in Afghanistan in the past two years. There are about 34,000 NATO troops in Afghanistan, including about 12,000 U.S. soldiers, and another 12,000 U.S. troops operate there under U.S. command, according to Pentagon figures.

Bush and other U.S. officials have been pressing countries such as Germany, Italy and Spain to lift restrictions on their troops being deployed to the more violent southern areas of Afghanistan, where the Taliban insurgency is strongest. NATO countries did not fully meet former NATO supreme commander James L. Jones's calls for additional troops and equipment.

Jones's successor as NATO commander, Army Gen. Bantz J. Craddock, is working on a new assessment of troop and equipment needs for Afghanistan, and when that is complete, U.S. officials say, they will be pressing allies to help provide additional support for the mission. As officials described it, they are talking about a possible increase of several thousand troops for Afghanistan -- not all in U.S. contributions.

One senior administration official said that Rice's trip this week, coupled with follow-up visits by her subordinates and defense officials, are intended to demonstrate to European governments that the United States is committed to Afghanistan and would not abandon it to NATO simply because it was overwhelmed by the turmoil in Iraq.

There are "serious questions across the board" in Europe about the depth of the U.S. commitment, the official said, including worries that the buildup in Iraq would take troops from Afghanistan. The official, like several others interviewed for this article, spoke on the condition of anonymity because the results of the administration's Afghanistan review are not public.

Officials said the review began in the middle of last year and was prompted by a desire to reevaluate U.S. strategy in the wake of political changes in the country, as well as the resurgent Taliban militia. One senior official said a major conclusion of the review was the need to accelerate efforts to build roads, schools and other reconstruction projects in the wake of efforts to clean out insurgents. "We are talking about large amounts of money to kick-start the effort," this source said.

Another senior official involved with Afghanistan policy, offering a private briefing recently, said allied troops are facing a "bloody year in the south" in fighting the Taliban and slow progress in tackling the problems in the country, including corruption, opium production, and lack of roads and other infrastructure. "We still can succeed," he said, but "it is going to be a long project."

Staff writers Ann Scott Tyson, Thomas E. Ricks and Glenn Kessler contributed to this report.

Pakistani Premier Faults Afghans For Taliban Woes On Border (NYT)

By Katrin Bennhold And Mark Landler

The New York Times, January 25, 2007

DAVOS, Switzerland, Jan. 24 — Pakistan's prime minister, Shaukat Aziz, acknowledged Wednesday that people sympathetic to the Taliban were active in the frontier regions near the border with Afghanistan. But he insisted that the root of the problem was the Afghan government's weak authority, not Pakistani support of the Taliban.

"We believe the core of the problem is in Afghanistan," Mr. Aziz said, in an interview at the World Economic Forum here in Davos.

Mr. Aziz also said three million Afghan refugees were crowded into Quetta, Peshawar and other Pakistani cities close to the 1,700 mile-border between the countries. Despite what he described as stepped-up Pakistani efforts to root out extremists, the refugee population remains a recruiting pool for the Taliban insurgency, Mr. Aziz said. But he dismissed allegations that his country was supporting the militants.

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"This notion that Pakistan may be in some way or other supporting these people or giving them safe haven is ridiculous," he said.

As for suspicions that elements in Pakistan's intelligence service, the I.S.I., might be acting independently in support of the Taliban, he said, "That's equally ridiculous."

"The Pakistani intelligence service is a disciplined service, and they act in line with the government," Mr. Aziz insisted.

On Sunday, a correspondent for The New York Times, Carlotta Gall, reported that she had found anecdotal evidence in and around Quetta to support charges by Western diplomats and Pakistani opposition figures that the Pakistani intelligence agencies were encouraging the Taliban insurgency in Afghanistan.

While reporting in Quetta, Ms. Gall was assaulted by plainclothes intelligence agents in her hotel room, and her photographer, Akhtar Soomro, was detained. Their computers, notes and cellphones were taken, and since then Pakistani agents have tracked down their sources. Ms. Gall said her visa to report in Pakistan had no restrictions.

Mr. Aziz said Ms. Gall "should not have been where she was, legally," and that she had violated the terms of her visa by visiting Quetta without authorization from the government. He added that it was "regrettable she got bruised in that interaction" and said the government was investigating the matter.

"We don't condone behavior that is physical harassment," Mr. Aziz said. "That's not on."

Pakistan has come under increasing criticism from NATO officials and Western leaders for not doing enough to clamp down on terrorist networks. This month, in his most recent threat assessment, the American director of national intelligence, John D. Negroponte, said Al Qaeda continued to operate from "their leaders' secure hide-out in Pakistan."

Mr. Aziz said the Pakistani government did not know the whereabouts of Osama bin Laden, Al Qaeda's leader, or of Mullah Muhammad Omar, the leader of the Taliban. But he said, "Certainly they are not in Pakistan."

On Wednesday, President Pervez Musharraf dismissed allegations that Pakistani officials were sheltering the head of the Taliban, and said the United States-led war in Afghanistan could not be won without Pakistan's help, [a news agency] reported from Abu Dhabi, capital of the United Arab Emirates.

"The fight against terrorism and extremism, whether it is Al Qaeda or Taliban, can never succeed without Pakistan's cooperation and Pakistan is the only country that has delivered the maximum on both," Mr. Musharraf said at a news conference in Abu Dhabi.

Troops Battle Insurgents In Central Baghdad (WP)

By Ernesto Londono And Joshua Partlow

The Washington Post, January 25, 2007

BAGHDAD, Jan. 24 -- With attack helicopters circling overhead, U.S. and Iraqi forces waged an intense battle Wednesday to clear armed men from high-rise buildings in a strategic Baghdad neighborhood that had been the scene of a similar day of combat two weeks ago.

The fighting along Haifa Street, a Sunni-dominated area on the west bank of the Tigris River, began before dawn and lasted well into the day, with insurgents firing down from tall buildings, U.S. military officials said.

"We have intelligence information that the terrorist group is back and trying to take some other places," said Ali Dabbagh, a spokesman for the prime minister. "It's a very strategic and important location. It's in the middle of Baghdad; it has a view of all of Baghdad."

The recurring fighting on Haifa Street illustrates the severe challenges facing the 17,500 additional U.S. troops that President Bush plans to send to Baghdad to try to secure the city. In a treacherous, cramped urban setting, and surrounded by civilians, U.S. and Iraqi troops have repeatedly fought for control of neighborhoods in the capital, only to have insurgents return to fight again.

On Wednesday, U.S. and Iraqi forces came under attack around Haifa Street and responded with mortar fire, the military said in a statement. "As light broke on the city, troops met enemy resistance, including hand-held grenades, small arms fire and rocket-propelled grenades from high-rise buildings," the statement said.

Explosions could be heard coming from the area and thick black smoke rose above the high-rises that line the street. The military said it seized a cache of weapons, including numerous rocket-propelled grenades and antitank rounds, during the raid.

More than 30 "terrorists" were arrested during the operation and roughly 25 were killed, Dabbagh said Wednesday night. A U.S. military spokesman, Lt. Col. Scott Bleichwehl, said he was aware of seven arrests and did not know whether anyone had died.

A U.S. soldier died Wednesday in central Baghdad after being shot, the military said in a statement. It was unclear whether the soldier died in the Haifa Street operation.

The military also disclosed Wednesday that two Marines were killed Tuesday in Anbar province, west of Baghdad.

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The U.S. ambassador in Iraq, Zalmay Khalilzad, told reporters Wednesday that he was encouraged by early indications that Prime Minister Nouri al-Maliki was taking a tougher stance against Shiite militias in Baghdad.

"We will have to wait and see what happens, but I believe that recent trends . . . [are] more positive than in the past," Khalilzad said. "But there is ongoing concern about death squad activities, about the future of the militias, concern that they might be lying low, avoiding a conflict now, in order to fight another day."

Speaking at the embassy in Baghdad's heavily fortified Green Zone, Khalilzad questioned whether radical Shiite Muslim cleric Moqtada al-Sadr, leader of the powerful Mahdi Army militia, was sincere in his appeals to end the violence. "Is it a change of tactic or is it a change of heart?"

Khalilzad said Maliki's change of stance was likely driven by the failure of political engagement with Sadr and other Iraqi factions to slow the sectarian killing.

This week, the U.S. military said in a statement that Iraqi and U.S.-led troops had launched 52 operations against the Mahdi Army and that 600 militiamen were in detention, including 16 high-level figures. In previous efforts to pacify Baghdad, Maliki has failed to rein in Shiite militias.

Khalilzad also discussed briefly the five American security contractors, employees of Blackwater USA, who were killed in Baghdad on Tuesday. U.S. officials have said a Blackwater helicopter was shot down while assisting a U.S. Embassy convoy that came under attack in central Baghdad.

"We lost five fine men," Khalilzad said. "They helped me, I've traveled with them, so I went and visited them and saw them while in the morgue yesterday. I felt very bad, because as I said, I knew these people."

Khalilzad said the helicopter crash was under investigation. U.S. officials on Wednesday did not confirm reports that some of the contractors might have been shot after their small helicopter crashed.

A Sunni insurgent group known as the 1920 Revolution Brigades posted a video clip on the Internet that purports to show the downed Blackwater helicopter smoldering near a building and the corpses of at least two men. The authenticity of the video could not be verified.

In Baghdad, police said Wednesday that they had found 17 bodies of people shot in the head during the past 24 hours. Also Wednesday, mortar shells killed at least six civilians, while makeshift bombs in markets killed at least eight, according to Brig. Gen. Abdullah Muhsin of the Interior Ministry.

Street Battles Kill 30 Militants (WT/AP)

By Bassem Mroue

The Washington Times, January 25, 2007

BAGHDAD -- U.S. and Iraqi troops clashed with gunmen firing heavy weapons from concrete high-rises in a Sunni insurgent stronghold north of the heavily fortified Green Zone yesterday. Iraqi's Defense Ministry said as many as 30 militants were killed and 27 captured.

Apache attack helicopters buzzed past the tall buildings and radio towers, with several Humvees on the tree-lined street below. Gunfire rang in the background as shells fell, according to AP Television News footage.

Black smoke rose from the area, on the west bank of the Tigris River about one mile north of the Green Zone, site of the U.S. and British embassies as well as the Iraqi government headquarters. The clashes were the second major fighting to break out in the area in less than a month.

New details also emerged about the downing of a private U.S. security company helicopter on Tuesday, with U.S. and Iraqi officials saying four of five Americans who died in the incident were shot execution-style -- in the back of the head.

A senior Iraqi military official said a machine gunner downed the helicopter, but a U.S. military official in Washington said there were no indications that the aircraft, owned by Blackwater USA, had been shot out of the sky. Two Sunni insurgent groups, separately, took responsibility for the crash.

A Sunni insurgent group called the Ansar al-Sunnah Army posted identity cards of men who were on the helicopter on a Web site, including at least two that bore the name of Arthur Laguna, who was later identified by his mother as among those killed.

Mr. Laguna, was a 52-year-old pilot for Blackwater who previously served in the Army and the California National Guard, said his mother, Lydia Laguna, of Rio Linda, Calif. She said she received a call from her other son, also a Blackwater pilot in Baghdad, notifying her of Mr. Laguana's death.

There were conflicting numbers of insurgents reported killed and captured in yesterday's fighting, which began before dawn. Iraq's Defense Ministry spokesman Mohammed al-Askari said 30 insurgents were killed and 27 arrested, including four Egyptians and a Sudanese man.

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The U.S. military said seven suspected insurgents were detained, and rocket-propelled grenades, anti-tank rounds and 155 mm artillery rounds were seized. The U.S. statement did not mention deaths.

The military reported separately that a U.S. soldier was killed yesterday in clashes near the city's center. Officials declined to give more specifics or say whether it was connected to the Haifa Street fighting. The military also said that two Marines were killed Tuesday in western Anbar province.

U.S. and Iraqi troops are gearing up for a broader security crackdown to quell the sectarian violence in the capital. Mr. al-Askari said the fighting yesterday was not part of that plan.

Haifa Street has been the site of numerous clashes, including a major battle on Jan. 9, just three days after Prime Minister Nouri al-Maliki announced his new security plan for pacifying Baghdad.

U.S., Iraqi Forces Work To Tame 'Sniper Alley' (LAT)

By Alexandra Zavis

The Los Angeles Times, January 25, 2007

BAGHDAD, Iraq -- Attack helicopters pumped rockets at gunmen holed up in office towers and apartment blocks Wednesday, as U.S. and Iraqi forces swept through a notorious Sunni-insurgent enclave in the heart of Baghdad.

The U.S. military said the fighting around Haifa Street was part of a new offensive launched before dawn to disrupt illegal militias and bring the volatile area at the heart of Baghdad under the control of Iraqi security forces.

The attack began within hours after President Bush, in his State of the Union speech, urged Congress to get behind his plan to boost troops and crackdown on violence in Baghdad and other volatile areas of Iraq.

The low thud of mortar blasts rocked the capital for hours, and smoke billowed into the sky above Haifa Street, dubbed "Sniper Alley," which U.S. and Iraqi forces have struggled to tame.

It was the second time this month that U.S. and Iraqi forces clashed with insurgents on the commercial and residential street just north of the Green Zone, which is home to the U.S. and British embassies, as well as the Iraqi parliament.

Iraqi officials said the operation was not part of a planned security offensive for the capital, but that it would prepare the way for a more concerted ground effort to clear out and hold troubled neighborhoods.

"What kind of security plan is this?" asked one terrified resident, who spent the morning cowering in his home near Haifa Street. "They are destroying us, pounding an area less than 1-square-kilometer with mortars, shells from helicopters and their tanks."

As many as 31 gunmen were killed and 35 detained Wednesday, including numerous foreign fighters, the Ministry of Defense said in a statement. The U.S. military confirmed only seven arrests.

At least one U.S. soldier was killed in small-arms fire in central Baghdad Wednesday, the military said, but it did not specify whether the death was related to the Haifa offensive.

The U.S. military also announced the deaths of two Marines in combat Tuesday in Anbar province, west of the capital, bringing the total number of U.S. personnel killed since the start of the Iraq war in 2003 to 3,063, according to the Web site icasualties.org.

In the Haifa Street sweep, Iraqi soldiers and police were joined by elements of the U.S. 2nd Brigade Combat Team, 1st Cavalry Division, and the 3rd Stryker Brigade Combat team, 2nd Infantry Division for the operation dubbed Tomahawk Strike 11.

Iraqi forces said they uncovered a large weapons cache near Karkh High School, where the late President Saddam Hussein studied in his youth. Numerous rocket-propelled grenades, as well as anti-tank and artillery rounds were seized, the U.S. military said.

Sunni political and religious leaders protested the operation, which Adnan al-Dulaimi, a lawmaker with the main Sunni bloc, called "barbaric."

Residents accused the United States of unwittingly aiding Shiite Muslim militiamen accused of trying to force the mostly Sunni Arab inhabitants from their homes in recent weeks, as part of a pattern of sectarian cleansing that is redrawing the map of the once largely integrated capital.

The U.S. military stressed in a statement that the operation did not target only Sunni insurgents, but was "rather aimed at rapidly isolating all active insurgents and gaining control of this key central Baghdad location."

Bush has pledged to send about 17,500 troops to Baghdad and another 4,000 to western Anbar province to help Prime Minister Nouri al-Maliki quell the violence, despite opposition from Democrats who now control both houses of Congress. Critics say the plan risks drawing U.S. troops into a complicated civil war and exposes them to the possibility of increased casualties.

Wednesday's battle took place across the river from the site where a private helicopter crashed Tuesday. U.S. Ambassador Zalmay Khalilzad offered his condolences Wednesday for five killed contractors from Blackwater USA, which provides security to U.S. officials and other clients in Baghdad.

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Violence continued Wednesday, with at least 51 Iraqis reported killed in attacks across the country.

In A New Joint U.S.-Iraqi Patrol, The Americans Go First (NYT)

By Damien Cave And James Glanz

The New York Times, January 25, 2007

BAGHDAD, Jan. 24 — In the battle for Baghdad, Haifa Street has changed hands so often that it has taken on the feel of a no man's land, the deadly space between opposing trenches. On Wednesday, as American and Iraqi troops poured in, the street showed why it is such a sensitive gauge of an urban conflict marked by front lines that melt into confusion, enemies with no clear identity and allies who disappear or do not show up at all.

In a miniature version of the troop increase that the United States hopes will secure the city, American soldiers and armored vehicles raced onto Haifa Street before dawn to dislodge Sunni insurgents and Shiite militias who have been battling for a stretch of ragged slums and mostly abandoned high rises. But as the sun rose, many of the Iraqi Army units who were supposed to do the actual searches of the buildings did not arrive on time, forcing the Americans to start the job on their own.

When the Iraqi units finally did show up, it was with the air of a class outing, cheering and laughing as the Americans blew locks off doors with shotguns. As the morning wore on and the troops came under fire from all directions, another apparent flaw in this strategy became clear as empty apartments became lairs for gunmen who flitted from window to window and killed at least one American soldier, with a shot to the head.

Whether the gunfire was coming from Sunni or Shiite insurgents or militia fighters or some of the Iraqi soldiers who had disappeared into the Gotham-like cityscape, no one could say.

"Who the hell is shooting at us?" shouted Sgt. First Class Marc Biletski, whose platoon was jammed into a small room off an alley that was being swept by a sniper's bullets. "Who's shooting at us? Do we know who they are?"

Just before the platoon tossed smoke bombs and sprinted through the alley to a more secure position, Sergeant Biletski had a moment to reflect on this spot, which the United States has now fought to regain from a mysterious enemy at least three times in the past two years.

"This place is a failure," Sergeant Biletski said. "Every time we come here, we have to come back."

He paused, then said, "Well, maybe not a total failure," since American troops have smashed opposition on Haifa Street each time they have come in.

With that, Sergeant Biletski ran through the billowing yellow smoke and took up a new position.

The Haifa Street operation, involving Bradley Fighting Vehicles as well as the highly mobile Stryker vehicles, is likely to cause plenty of reflection by the commanders in charge of the Baghdad buildup of more than 20,000 troops. Just how those extra troops will be used is not yet known, but it is likely to mirror at least broadly the Haifa Street strategy of working with Iraqi forces to take on unruly groups from both sides of the Sunni-Shiite sectarian divide.

The commander of the operation, Lt. Col. Avanulas Smiley of the Third Stryker Brigade Combat Team, Second Infantry Division, said his forces were not interested in whether opposition came from bullets fired by Sunnis or by Shiites. He conceded that the cost of letting the Iraqi forces learn on the job was to add to the risk involved in the operation.

"This was an Iraqi-led effort and with that come challenges and risks," Colonel Smiley said. "It can be organized chaos."

The American units in the operation began moving up Haifa Street from the south by 2 a.m. on Wednesday. A platoon of B Company in the Stryker Brigade secured the roof of a high rise, where an Eminem poster was stuck on the wall of what appeared to be an Iraqi teenager's room on the top floor. But in a pattern that would be repeated again and again in a series of buildings, there was no one in the apartment.

Many of the Iraqi units that showed up late never seemed to take the task seriously, searching haphazardly, breaking dishes and rifling through personal CD collections in the apartments. Eventually the Americans realized that the Iraqis were searching no more than half of the apartments; at one point the Iraqis completely disappeared, leaving the American unit working with them flabbergasted.

"Where did they go?" yelled Sgt. Jeri A. Gillett. Another soldier suggested, "I say we just let them go and we do this ourselves."

Then the gunfire began. It would come from high rises across the street, from behind trash piles and sandbags in alleys and from so many other directions that the soldiers began to worry that the Iraqi soldiers were firing at them. Mortars started dropping from across the Tigris River, to the east, in the direction of a Shiite slum.

The only thing that was clear was that no one knew who the enemy was. "The thing is, we wear uniforms — they don't," said Specialist Terry Wilson.

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At one point the Americans were forced to jog alongside the Strykers on Haifa Street, sheltering themselves as best they could from the gunfire. The Americans finally found the Iraqis and ended up accompanying them into an extremely dangerous and exposed warren of low-slung hovels behind the high rises as gunfire rained down.

American officers tried to persuade the Iraqi soldiers to leave the slum area for better cover, but the Iraqis refused to risk crossing a lane that was being raked by machine-gun fire. "It's their show," said Lt. David Stroud, adding that the Americans have orders to defer to the Iraqis in cases like this.

In this surreal setting, about 20 American soldiers were forced at one point to pull themselves one by one up a canted tin roof by a dangling rubber hose and then shimmy along a ledge to another hut. The soldiers were stunned when a small child suddenly walked out of a darkened doorway and an old man started wheezing and crying somewhere inside.

Ultimately the group made it back to the high rises and escaped the sniper in the alley by throwing out the smoke bombs and sprinting to safety. Even though two Iraqis were struck by gunfire, many of the rest could not stop shouting and guffawing with amusement as they ran through the smoke.

One Iraqi soldier in the alley pointed his rifle at an American reporter and pulled the trigger. There was only a click: the weapon had no ammunition. The soldier laughed at his joke.

Iraqi Official Offers Terms From Militia To Avoid Fight (NYT)

By Sabrina Tavernise

The New York Times, January 25, 2007

BAGHDAD, Jan. 24 — An Iraqi official authorized to speak on behalf of field commanders for the country's most powerful militia has approached Western military officials and laid out a plan to avoid armed confrontation, senior Iraqi and American officials said this week.

The official is Rahim al-Daraji, the elected mayor of the Sadr City district, the vast grid in the northeast corner of the capital that is the stronghold of the militia, the Mahdi Army. Mr. Daraji has met twice in the past two weeks with Lt. Gen. Graeme Lamb, a British officer who is the deputy commanding general in Iraq, said a senior Iraqi official in the office of the prime minister.

During the meetings, which took place on Jan. 17 and, most recently, on Monday, Mr. Daraji laid out a proposal from what he said were all the major political and militia groups in Sadr City, the senior Iraqi official said. The groups were eager to head off a major American military offensive in the district, home to two million Shiites, as the Americans begin a sweeping new effort to retake the streets of Baghdad.

Mr. Daraji said in an interview that field commanders would forbid their foot soldiers to carry guns in public if the American military and the Iraqi government met several basic demands, mostly involving ways to ensure better security for Sadr City. He is communicating with the commanders through a Shiite politician who is close to them.

"The task is to eliminate the armed presence in Sadr City," he said. "To confiscate illegal weapons," carried openly by militia members in public places.

The talks appeared to have been the first between an intermediary for the Mahdi militia and a senior commander from the American effort. The military fought the militia twice in 2004, and the militia's leader, Moktada al-Sadr, a renegade cleric who is virulently anti-American, has resolutely refused to meet with American officials of any kind.

Even so, it was far from clear whether Mr. Daraji, who said he was not related to Abdel Hadi al-Daraji, the former spokesman for Mr. Sadr who was arrested on murder charges last week, was even able to speak for the sprawling, grass-roots militia, which, according to American military estimates, numbers at least 7,000 in Baghdad alone.

Saleh al-Agheli, a member of Parliament from Mr. Sadr's political bloc, said the bloc's political committee had "blessed and supported" the effort by Mr. Daraji.

The meetings were very preliminary, officials stressed, and came as the American military was stepping up pressure on Mr. Sadr's militia. It was not clear how American officials received the efforts. They are already making some headway against Shiite militias without help from Mr. Daraji and his supporters.

A spokesman for General Lamb declined to comment. "The general meets with a number of people in the course of his duty," he said. "We respect the confidence of those meetings."

The American ambassador, Zalmay Khalilzad, confirmed that meetings had taken place and said that Mr. Daraji had told representatives from the American Embassy and from the military that local residents would not challenge weapons searches by American soldiers.

"He said all the right things at this point," Mr. Khalilzad said, but added that it was too soon to tell if the offer would lead to anything more concrete.

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Controlling the militia — at the heart of the new strategy President Bush announced this month — is no easy task. Mr. Sadr's political bloc was instrumental in installing Prime Minister Nuri Kamal al-Maliki, and he has often gone out of his way to protect Mr. Sadr's allies.

But in recent months, Mr. Maliki appears to have changed his approach, Mr. Khalilzad said, allowing for more arrests and for the Americans to apply tough military action. Talks with Mr. Sadr had not produced the desired results, Mr. Khalilzad said.

"He felt that he had exhausted and relied too much on political engagement," Mr. Khalilzad said in a news briefing. "He became disappointed that he didn't produce as much results as he would have hoped."

Mr. Daraji said he represented 14 political and military groups in Sadr City. He said local residents, including Mahdi Army commanders, wanted to find ways to work with the Americans to avoid any large-scale confrontation. Commanders would tell militiamen to keep their weapons off the streets, he said, if Americans agreed to certain demands.

Some of the actions Mr. Daraji said he had requested in exchange for the promises from the militias seemed likely to draw stony stares from American military officials, namely to stop conducting raids in Sadr City and to release a number of those who had been arrested.

But other demands — to provide jobs for Sadr City residents, to bring in new construction projects and to triple the number of police stations there — seemed more realistic.

The government official, who works as an aide to Mr. Maliki, said he trusted Mr. Daraji.

"There is an honesty with this man," said the official. "The chances for success are higher than before."

Palestinians Under Pressure To Leave Iraq (WP)

By Joshua Partlow

The Washington Post, January 25, 2007

BAGHDAD, Jan. 24 -- The shouting in his Baghdad apartment building woke Luay Mohammed seconds before intruders broke down his door.

The men, some wearing police uniforms, entered before dawn demanding identification cards, Mohammed recalled. They tore the doors off the closet, threw the television on the floor and hauled Mohammed and his two barefoot brothers outside to be blindfolded. They and 14 other men were taken to what they thought was a government office, where a man others kept calling "sir" spoke to their huddled group.

"You are Palestinians. Why are you still living in Iraq?" Mohammed recalled the man saying. "You have 48 hours to leave."

Within 24 hours, Mohammed was gone. The 36-year-old was among dozens of people who loaded their meager belongings onto buses at dawn Wednesday inside Baghdad's main Palestinian enclave in the Baladiyat neighborhood. They drove north toward the Syrian border, joining a growing exodus of Palestinians now following their familiar story line: an unwelcome people searching for a home.

Baghdad is a dangerous place for anyone to live, and the fighting between Sunni and Shiite Muslims has displaced hundreds of thousands. Largely forgotten amid this violence is the plight of thousands of Palestinians in Iraq, who face an increasingly hostile environment because they are predominantly Sunni and perceived as having been favored during the rule of Iraqi President Saddam Hussein.

Palestinians and human rights officials in Baghdad say members of the group are being targeted by roving Shiite militias and Iraqi police in efforts to expel them.

Iraqi officials said the 17 Palestinian men were detained Tuesday for "investigation purposes" because they seemed suspicious, according to Brig. Gen. Saad Abdullah of the Interior Ministry. During the detention, the officials discussed steps to "get the approvals for them to be refugees in other countries," he said.

An estimated 19,000 Palestinians have fled Iraq since 2003, leaving about 15,000 behind, according to the United Nations. About 350 Palestinians are now stranded in a desolate refugee camp in a no man's land at the Al Tanf border crossing into Syria. For more than six months they have been denied entry into Syria, and they refuse to return to Iraq. An additional 80 Palestinians are stuck on the Iraqi side of the line. Similar makeshift settlements have cropped up along the border with Jordan.

"Killings, threats, intimidations and kidnappings are becoming the norm for Palestinians in Iraq," the U.N. Assistance Mission for Iraq said in a report this month. "Many of these actions are reportedly carried out by the militias wearing police or special forces uniform[s]."

Mortar shells regularly crash down on the squalid cinder-block Baladiyat compound, the largest settlement of Palestinians in Iraq, with an estimated population of 4,000 to 7,000. In November and December, guerrillas staged at least six organized attacks on the area. On Dec. 13, three hours of mortar attacks killed as many as 11 people, the U.N. report said.

"Any country that wants us, we will go there," said Rafaat Musaa Ahmed, 36, a carpenter and father of four who lives in the Palestinian compound in Baladiyat. "Even if we would live in a barren place, even if it was a desert."

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After evening prayers during Ramadan in October, a mortar round fell on Ahmed's apartment, injuring his wife with shrapnel. She now suffers seizures, he said, and has been denied treatment at clinics affiliated with Iraq's Health Ministry, which is run by loyalists of Shiite cleric Moqtada al-Sadr.

"She needs an operation. I think one more month is all that we can wait," he said.

Like many Palestinians here, Ahmed's parents took refuge in Iraq after the creation of Israel in 1948. Hussein later adopted the Palestinian cause, using the issue to further his image as an advocate for Arab nationalism. Hussein provided free or subsidized housing to Palestinian families, paid cash to those whose relatives had died in the conflict with Israel, and exempted them from obligatory military service imposed on Iraqis.

After the 2003 invasion, landlords drove thousands of Palestinians from their lodgings. As many as 1,500 Palestinians at a time took refuge in a squatter settlement organized by the United Nations and the Palestinian Red Crescent Society on the playground of the Haifa Sports Club in Baghdad.

Thaamer Asad Melham, a 41-year-old television actor, lived in the Haifa refugee camp for a year with his wife, two daughters and a son after his landlord expelled them from their home in July 2004. The U.N. refugee agency provided him with an apartment in Baghdad, but the escalating reprisal killings caused him to retreat to the Baladiyat compound last September.

During a mortar explosion on Oct. 19, a nail lodged in the skull of his older brother, Amar, leaving him brain damaged, he said. Melham now washes his brother and changes his diapers, and he has sold off a refrigerator and bedroom furniture to help pay for medicine. Unable to find work, he stays at home with his children, who have stopped going to school.

"I am Palestinian. I am Sunni. And I am an artist," he said. "I can't stay in Iraq."

Tuesday's raid, at an apartment building rented by the United Nations to house 26 Palestinian families, appears to be the work of some component of the Iraqi police, said Ivana Vuco, a human rights officer with the U.N. mission in Baghdad.

The 17 men were held for about nine hours, accused of being terrorists and Hussein sympathizers. Another 13 Palestinians were detained the same day near the Baladiyat compound, Vuco said. Many of the families have expressed their intention to leave Baghdad.

"I don't think anything like this, to the same extent, has happened before," Vuco said of Tuesday's detentions.

When Luay Mohammed, an unemployed tailor, was being held Tuesday, someone struck him in the shoulder with the butt of an AK-47 assault rifle, he said. After he was dropped off near his apartment, he gathered his clothes and his mattress and set off with his family for the Baladiyat compound, to load up a bus and leave Iraq.

"We are really feeling terrified about what's going to happen," he said. "The only thing we want to do right now is survive."

Breaking The Clinch (NYT)

By David Brooks

The New York Times, January 25, 2007

Iraq is at the beginning of a civil war fought using the tactics of genocide, and it has all the conditions to get much worse. As a Newsweek correspondent, Christian Caryl, wrote recently from Baghdad, “What’s clear is that we’re far closer to the beginning of this cycle of violence than to its end.” As John Burns of The Times said on “Charlie Rose” last night, “Friends of mine who are Iraqis — Shiite, Sunni, Kurd — all foresee a civil war on a scale with bloodshed that would absolutely dwarf what we’re seeing now.”

Iraq already has the warlord structures that caused mass murder in Rwanda, Bosnia, Sierra Leone and elsewhere. Violent, stupid men who would be the dregs of society under normal conditions rise amid the trauma, chaos and stress and become revered leaders.

They command squads of young men who leave the moral universe and have no future in a peacetime world. They kill for fun, faith and profit — because they find it more rewarding to massacre and loot than to farm or labor. They are manipulated by political leaders with a savage zero-sum mind-set, who know they must kill or be killed, and who are instituting strategic ethnic cleansing campaigns to expand their turf.

Worse, Iraq already has the psychological conditions that have undergirded the great bloodbaths of recent years. Iraqi minds, according to the most sensitive reporting, have already been rewired by the experiences of trauma and extreme stress.

Some people become hyperaggressive and turn into perfect killers. Others endure a phased mental shutdown that looks like severe depression. They lose their memory and become passive and fatalistic. They become perfect victims.

Amid the turmoil, the complexity of life falls away, and things are reduced to stark polarities: Sunni-Shiite or Shiite-Sunni, human-subhuman. Once this mental descent has begun, it is possible to kill without compunction.

In Rwanda, for example, the journalist Jean Hatzfeld interviewed a Hutu man who had killed his Tutsi neighbor. “At the fatal instant,” the man recalled, “I did not see in him what he had been before. ... His features were indeed similar to those of the person I knew, but nothing firmly reminded me that I had lived beside him for a long time.”

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The weakness of the Bush surge plan is that it relies on the Maliki government to somehow be above this vortex. But there are no impartial institutions in Iraq, ready to foster reconciliation. As ABC's Jonathan Karl notes in The Weekly Standard, the Shiite finance ministries now close banks that may finance Sunni investments. The Saadrist health ministries dismiss Sunni doctors. The sectarian vortex is not fomented by extremists who are appendages to society. The vortex is through and through.

The Democratic approach, as articulated by Senator Jim Webb — simply get out of Iraq "in short order" — is a howl of pain that takes no note of the long-term political and humanitarian consequences. Does the party that still talks piously about ending bloodshed in Darfur really want to walk away from a genocide the U.S. is partly responsible for? Are U.S. troops going to be pulled back to secure bases to watch passively while rivers of Iraqi blood lap at their gates? How many decades will Americans be fighting to quell the cycle of regional violence set loose by a transnational Sunni-Shiite explosion?

I for one have become disillusioned with dreams of transforming Iraqi society from the top down. But it's not too late to steer the situation in a less bad direction. Increased American forces can do good — they are still, as David Ignatius says, the biggest militia on the block — provided they are directed toward realistic goals.

There is one option that does approach Iraqi reality from the bottom up. That option recognizes that Iraq is broken and that its people are fleeing their homes to survive. It calls for a "soft partition" of Iraq in order to bring political institutions into accord with the social facts — a central government to handle oil revenues and manage the currency, etc., but a country divided into separate sectarian areas to reduce contact and conflict. When the various groups in Bosnia finally separated, it became possible to negotiate a cold (if miserable) peace.

Soft partition has been advocated in different ways by Joe Biden and Les Gelb, by Michael O'Hanlon and Edward Joseph, by Pauline Baker at the Fund for Peace, and in a more extreme version, by Peter Galbraith.

On Sunday, I'll give further publicity to their recommendations.

Crash Killed Most Guard Troops In Single Incident In 50 Years (USAT)

By Tom Vanden Brook

USA Today, January 25, 2007

WASHINGTON — The helicopter crash that killed 12 U.S. soldiers last weekend was the deadliest single incident for National Guard troops in at least 50 years, the National Guard Bureau said Wednesday.

Ten National Guard soldiers died in the crash Saturday, including Col. Paul Kelly, the highest-ranking Guard member to die since the Sept. 11, 2001, terrorist attacks. President Bush's plan to commit 21,500 more troops to Iraq relies in part on sending National Guard troops, raising the possibility of more casualties among the citizen-soldier units.

"I am deeply saddened by the loss of these outstanding National Guard soldiers and warriors," Lt. Gen. H. Steven Blum, chief of the National Guard Bureau, said in a statement. "I cherish their service, honor their sacrifice, and mourn with their families."

The cause of the crash remains under investigation, according to the U.S. command in Iraq.

The UH-60 Black Hawk helicopter belonged to the Alabama Army National Guard and was flying with one other helicopter on a routine mission, according to the National Guard Bureau. The other helicopter reached its destination and sent a quick-reaction team that arrived at the crash site near Al Jadidah, northeast of Baghdad, within an hour. No survivors were found.

Two of the victims were Command Sgts. Maj. Marilyn Gabbard of the Iowa National Guard and Roger Haller of the Maryland Guard. That rank is near the pinnacle for enlisted soldiers. Gabbard was the first woman in the Iowa Guard to reach that rank.

Two active-duty soldiers also died in the crash, including Col. Brian Allgood, one of the top U.S. medical officers in Iraq.

Saturday's incident was the Guard's deadliest since the Korean War, the National Guard Bureau said. Before Saturday, the Guard's most recent deadliest incident was in 2005, when seven members of the Louisiana National Guard were killed by a roadside bomb, the bureau said.

Christine Wormuth, a senior fellow and expert on reserve-troop issues at the Center for Strategic and International Studies, said mass-casualty incidents like the crash could have a lasting impact.

"It is a concern for the long-term sustainability of the Guard and Reserves," she said. "The question is whether we will be able to continue recruiting and retaining troops in sufficient numbers."

The Pentagon has begun to address such concerns recently by planning to expand the size of the active-duty Army and Marine Corps and limiting Guard and Reserve deployments to one year, Wormuth said.

There's no indication yet that casualties among Guard and Reserve troops are driving down recruiting numbers, she said. In 2006, the Army National Guard recruited 99% of its goal of 70,000 soldiers, and the Army Reserve reached 95% of its goal of 36,000 soldiers.

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U.S. Military Tests A Nonlethal Weapon That Fires Heat Rays (NYT/AP)

By The Associated Press

The New York Times, January 25, 2007

MOODY AIR FORCE BASE, Ga., Jan. 24 (AP) — The military calls its new weapon an "active denial system," but that is an understatement. It is a ray gun that shoots a beam that makes people feel as if they are about to catch fire.

Apart from causing that terrifying sensation, the technology is supposed to be harmless — a nonlethal way to get enemies to drop their weapons, the military officials said.

The weapon is not expected to go into production until at least 2010, but all branches of the military have expressed interest in it, the officials said.

During the first demonstration of the weapon for the news media on Wednesday, airmen fired beams from a large dish antenna mounted atop a Humvee at people pretending to be rioters and airmen and reporters who volunteered to be shot.

The device's two-member crew found their targets through powerful lenses and fired beams from more than 500 yards away, nearly 17 times the range of existing nonlethal weapons, like rubber bullets.

People who were hit by the beam immediately jumped out of its path because of the sudden blast of 130-degree heat throughout the body. "This is one of the key technologies for the future," said Col. Kirk Hymes of the Marines, director of the nonlethal weapons program at Quantico, Va., which helped develop the new weapon. The two devices currently being evaluated were built by the military contractor Raytheon.

Boost Military Spending (WT)

By Peter W. Huggins

The Washington Times, January 25, 2007

Our nation's ground forces face considerable challenges. The Army and Marines are both heavily engaged fighting insurgencies in Iraq and Afghanistan. Beyond these short-term tests, our ground forces need to rebuild or replace equipment destroyed or damaged in these conflicts as well as prepare to engage elsewhere in the world should the need arise. Our Army and Marines need greater funding.

But should any increase in funding for our ground forces come at the expense of the other services? One view argues that since the Army and the Marines bear the preponderance of the human cost of our current conflicts, any increases in their budget share ought to come at the expense of the Air Force and Navy, both of which are less directly engaged in what are predominantly ground conflicts. Such a conclusion, however, fails to consider the impact this choice would have on the many benefits provided by our nation's air- and sea-power.

With the advent of globalization, our national economy has grown increasingly tied to the international economy. The Commerce Department recently reported that one in five U.S. manufacturing jobs is linked to exports, while agricultural exports employ another one million people. The global economy is fueled by petroleum products, much of which are transported to their markets by sea. The success of global trade results, in large measure, from the freedom of navigation that international commerce enjoys on the high seas. Such freedom began in the 19th century with the dominance of Britain's Royal Navy; it continues today due to the efforts of the U.S. Navy.

The Air Force plays a crucial, yet overlooked, role in the conflict in Iraq. U.S. air-power has an enviable reputation as it has prevented any air attack on U.S. or its coalition partners since the Korean War. Our success in the air allows our ground forces to operate with the security of not having to worry about "the third dimension," while forcing our adversaries to contend with the consequences of ceding such control. How many soldiers or Marines would have made a conscious choice to go about their daily business today in Iraq or Afghanistan without the benefits of air superiority, without persistent surveillance and reconnaissance, or without on-call strike aircraft just a few minutes away?

The Air Force and Navy are also key to our nation's unprecedented conventional deterrent. Measuring the impact of deterrence is almost impossible, since it is, by definition, a psychological influence on an adversary's decision-making. Yet it is certain that our nation's considerable successes in recent high-intensity conflicts — due in large part to air- and sea-power — have had a deterrent effect on potential adversaries.

Air- and sea-power provide critical capabilities for our nation's policy-makers. But our air and maritime forces also face mounting budgetary challenges. The Air Force in particular, which is operating the oldest air fleet in its history, is beginning to see the strains of almost 16 years of sustained combat service — many forget that U.S. airpower maintained no-fly zones in Iraq from 1991 to 2003, with little ground-force presence. Without modernization, our nation's ability to provide ground forces with the accustomed luxury of an environment free of enemy air attack would be in jeopardy. Such freedom, taken for granted by many, should not be mortgaged to pay today's bills.

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The current debate overlooks one option. Future military budget shares need not be zero sum. The Office of Management and Budget recently reported that the percentage of Gross Domestic Product devoted to national defense is at near-record lows, even with generous increases after September 11. Military spending as a percentage of discretionary spending is also at near-record lows. Increasing the size of the pie, the overall defense budget, would allow all our nation's military services to fill pressing needs such as expanding the ranks, rebuilding and modernizing the force and preparing for the challenges that the future holds.

Our nation stands at a crossroads. The versatility and robustness of our armed forces will be crucial to our country's future foreign-policy success in a world where the only certainty is uncertainty. Zero-sum arguments that advocate shifting money to one service at the expense of another overlook the other choice — increasing the defense budget. While the nature of the current conflict suggests that boosting defense spending to a share in line with past conflicts, such as World War II, Korea and Vietnam, is not necessary, an increase to the levels seen at the end of the Cold War — our nation's most recent "long war" — is warranted. It's the best, and smartest, decision we can make.

Lt. Col. Peter W. Huggins is professor of comparative military studies at the School of Advanced Air and Space Studies at Maxwell Air Force Base.

DOJ:

Authority For Office Disputed (ADG)

By Linda Satter

Arkansas Democrat Gazette, January 25, 2007

A Little Rock attorney appointed Friday to represent a man charged with capital murder and possibly facing the death penalty has filed a motion to declare Tim Griffin's appointment last month as U. S. attorney for the Eastern District of Arkansas unconstitutional.

John Wesley Hall Jr., who represents Antoine Demetrius Baker, said in a 16-page motion filed Tuesday that Griffin's appointment last month by U. S. Attorney General Alberto Gonzales violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments. He said it also violates a section of the U. S. Code altered last year during Congressional reauthorization of the USAPATRIOT Act.

The reworded section of the act omits a subsection that previously caused an attorney general's appointment of a U. S. attorney to expire within 120 days. The effect is that an appointee may now serve indefinitely without having to go through the standard procedure of being nominated by the president and then scrutinized by the Senate, which then votes to confirm or deny the appointment.

Little noticed at the time, the revision has stirred anger since the discovery that a handful of U. S. attorneys across the country were inexplicably forced to resign recently and then were replaced under the new provision by appointees who had not gone through the standard procedure — although the Justice Department says it is subjecting all of them to the process.

Among those ousted was Bud Cummins, U. S. attorney for the Eastern District of Arkansas, whose job as chief federal prosecutor has generated praise in the legal community. Cummins said he was asked to resign so that Griffin, who had worked in the White House as a Republican strategist, could have a chance to serve as U. S. attorney.

Cummins, also a Republican, began serving as U. S. attorney in 2001 after being nominated by President Bush and confirmed by the Senate.

Griffin declined to comment on Hall's challenge to the method in which Griffin secured the top legal position in the eastern part of the state. But the challenge was rebuffed Tuesday by the U. S. Department of Justice with more of the same language that the department has used over the past few weeks to defend its appointment of Griffin.

"Congress provided the Attorney General the authority in federal law (28 United States Code § 546) to appoint a United States Attorney because we must ensure that someone is able to carry out the important function of leading a U. S. Attorney's office in the event a vacancy arise," said Brian Roehrkasse, deputy director of public affairs. "We have clearly stated our commitment to having a U. S. Attorney in every district who is confirmed by the Senate, and thus there is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process."

Roehrkasse continued, in an e-mail, "Furthermore, our record since this appointment authority was amended clearly demonstrates we are committed to working with the Senate to nominate candidates for U. S. Attorney positions. Every single time that a United States Attorney vacancy has arisen, the President either has made a nomination or the Administration is working, in consultation with home-state senators, to select candidates for nomination." Michael Teague, spokesman for Sen. Mark Pryor, D-Ark., confirmed Tuesday that Griffin met a couple of weeks ago in Washington with Pryor, and apparently also met with the state's other Democratic senator, Blanche Lincoln.

Teague said that while Griffin's meeting with Pryor was cordial, "the senator still contends that the way the White House is handling this is a disservice to Bud Cummins and, in the long run, to Tim Griffin." Teague said Pryor still expects Griffin to go through the nomination process although Griffin's name has not yet been submitted to begin that process.

Hall's motion states, "This is a death penalty case. Defendant alleges his chief prosecutor unlawfully (both statutorily and constitutionally) holds office, and his prosecutor will be asking a grand jury to add an aggravator [to an existing indictment] and will be asking a jury to sentence him to death."

If that isn't a "case or controversy" worthy of closer examination, Hall asserted, "then nothing is."

Baker, the purported leader of a gang who has been convicted of first-degree murder in another case in state court, is charged in federal court with instructing two men to kill Jerry Otis, 21, in December 2002. Otis was to testify against Baker but was killed at Baker's instructions, according to the indictment.

The case is assigned to U. S. District Judge G. Thomas Eisele. No hearing will be set until the government files a response to Hall's motion.

Appointment Called Unconstitutional (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 25, 2007

A lawyer alleges recent U.S. attorney selection violates appointments clause.

A veteran Little Rock, Ark., attorney has lodged the first constitutional challenge to the Bush administration's attempt to appoint a U.S. attorney without seeking Senate approval.

John Wesley Hall alleged in a brief filed Tuesday in U.S. District Court in Little Rock that Atty. Gen. Alberto R. Gonzales' Dec. 20 appointment of Tim Griffin as U.S. attorney for the Eastern District of Arkansas violated the presidential appointments clause of the Constitution.

Griffin, who used to work for Bush political advisor Karl Rove, replaced Bud Cummins, a Bush appointee and one of seven U.S. attorneys around the country whom the administration has ousted since late December. The top federal prosecutors in San Diego and San Francisco were among those dismissed.

Some Democrats have suggested that the moves were made to reward friends of the White House or punish prosecutors who had taken actions that angered the administration.

Administration officials have denied that the moves were political and assert that Gonzales has the authority to take these actions under a 2006 amendment to the Patriot Act that allows recess appointments.

But Hall's challenge contends that the section of the Patriot Act that Gonzales is relying on is an attempted "end run" around the appointments clause, which mandates that the Senate confirm the president's appointees.

"Under the Constitution, only the president can appoint a U.S. attorney, not the attorney general, so this appointment is void," Hall asserted.

Hall raised the challenge in the case of Antoine Demetris Baker, who is accused of murder. Hall contends that the illegitimacy of Griffin's appointment means that the U.S. attorney's office can't take any action in the case.

He said he decided to raise the challenge in Baker's case because U.S. attorneys "have special responsibilities" in cases where they are seeking capital punishment.

Justice Department spokesman Brian Roehrkasse said that "Congress provided the attorney general the authority in federal law … to appoint a United States attorney because we must ensure that someone is able to carry out the important function of leading a U.S. attorney's office in the event a vacancy arises.

"We have clearly stated our commitment to having a U.S. attorney in every district who is confirmed by the Senate, and thus there is no merit to the assertion that we are using this authority in an attempt to circumvent the confirmation process."

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Lawyer Challenges Griffin Appointment As U.S. Attorney (AP)

AP, January 25, 2007

LITTLE ROCK (AP) - A defense lawyer has filed a challenge to the appointment of U.S. Attorney Tim Griffin, who was named without Senate confirmation in a move made possible by the USA Patriot Act.

Attorney John Wesley Hall Jr., who is representing a capital murder defendant, filed papers Tuesday in which he argues that the appointment is unconstitutional.

Griffin, who worked under President Bush political adviser Karl Rove, replaced Bud Cummins, who has said the Justice Department asked him last summer to leave his post.

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Griffin was named interim U.S. attorney for the Eastern District of Arkansas by Attorney General Alberto Gonzalez in a "recess appointment" after Congress adjourned for the year in 2006. The USA Patriot Act now allows Griffin to serve without having to be nominated by the president and go through Senate confirmation.

Previously, the appointment would have been good for 120 days.

Justice Department spokesman Brian Roehkrasse said the department is committed to having Senate confirmation hearings.

"There is no merit to the assertion that we are using this authority in an atteompt to cirrcumvent the confirmation process," he said.

U.S. Sen. Mark Pryor is one of the three senators that have proposed legislation to prevent indefinite interim appointments of U.S. attorneys. Pryor spokesman Michael Teague says Pryor still expects Griffin to go through the nomination process.

Hall is representing Antoine Demetrius Baker, who is accused of ordering the murder of a witness in another case. Hall said Griffin's office intends to seek the death penalty in the case and that Griffin's appointment should be examined by the judge.

The government hasn't yet responded to Hall's motion and U.S. District Judge G. Thomas Eisele has not set a hearing on the matter.

Editorial: Political Meddling With Justice (NYT)

The New York Times, January 25, 2007

The federal investigation into Congressional corruption is approaching a crucial deadline and potential dead end. Feb. 15 is the last day on the job for United States Attorney Carol Lam of San Diego, the inquiry's dedicated prosecutor, who is being purged by the Bush administration.

Her investigation led to the imprisonment of former Representative Randy Cunningham, the California Republican who took millions of dollars in bribes in exchange for delivering lucrative government contracts. But just as Ms. Lam was digging into other possible wrongdoing, the White House decided to force her from office without explanation.

Ms. Lam has been investigating the dealings of Brent Wilkes, a private contractor and deep-pocketed political contributor who was designated co-conspirator No. 1 in the Cunningham case. Mr. Wilkes developed other cozy relationships. Among other avenues, the inquiry has been looking into rich government contracts secured by corporations and lobbyists with ties to Representative Jerry Lewis — the former appropriations chairman — and his staff. The Wall Street Journal is reporting that Mr. Wilkes could be indicted before Ms. Lam leaves office. The question now is whether her successor, as yet unnamed, will pursue the inquiry with the same dedication or will quietly smother it.

The outlook isn't promising. The administration is defenestrating at least six other U.S. attorneys. Yet Attorney General Alberto Gonzales is refusing to provide Congress with details on these unmerited dismissals. He insists that there's no attempt to quash fresh Republican scandals and says only the "very best" will be named as replacements.

We are skeptical, especially since the White House's reported choice to replace Little Rock's federal attorney is a Republican operative close to Karl Rove. Congress must demand a clear explanation from Mr. Gonzales and the White House on why these prosecutors are being ousted. It must search out every shady aspect of this clearly politically motivated purge — with a particular eye on Feb. 15.

Dropping Like Flies (HC)

Houston Chronicle

Houston Chronicle, January 25, 2007

Resignations of U.S. attorneys raise suspicion of politically motivated Justice Department purge.

In the past year 11 U.S. attorneys have resigned their positions, some under pressure from their Justice Department superiors and the White House, even through they had commendable performance records.

Democratic senators are concerned that the high turnover is linked to an obscure, recently passed provision of the Patriot Act. The provision allows the Bush administration to fill vacancies with interim prosecutors for the remainder of the president's term without submitting them to the Senate for confirmation. Previously, interim appointments were made by a vote of federal judges in the districts served by the outgoing U.S. attorneys.

U.S. Sen. Mark Pryor, D-Ark., contends that in his state U.S. Attorney Bud Cummins was improperly ousted in favor of a protege of Bush political adviser Karl Rove. Likewise in California, U.S. Attorneys Carol Lam of San Diego and Kevin Ryan of San Francisco were forced from their positions. Sen. Diane Feinstein, D-Calif., alleged that Lam fell out of favor with her Washington bosses for spearheading the bribery prosecution and conviction of Republican Congressman Randy "Duke" Cunningham last year. Lam reportedly had other politicians in her sights.

"I am particularly concerned because of the inference ... that is drawn to manipulation in the lineup of cases to be prosecuted by a U.S. attorney," Feinstein stated. "In the San Diego case, at the very least, we have people from the FBI indicating that Carol Lam has not only been a straight shooter but a very good prosecutor."

U.S. Attorney General Alberto Gonzales denied political motives figured in the multiple resignations of top prosecutors, and pledged that all interim appointments would be submitted to the Senate for confirmation. He reiterated that U.S. attorneys serve at the pleasure of the president and can be removed for a number of reasons, including job performance and their standing in their districts. That isn't good enough for Feinstein and her Democratic colleagues, who have introduced legislation to reinstate the appointment of interim prosecutors by federal judges.

Gonzales is correct that the president is vested with the power to appoint U.S. attorneys. Unfortunately, the Patriot Act change eliminated the ability of the Senate to exercise its constitutional oversight of those nominations to make sure they are qualified and not simply political plums handed out to supporters in the waning years of the administration.

The attorney general's pledge to bring the wave of interim appointees before the Senate for confirmation is welcome, providing it is done in a speedy fashion. Still, the Patriot Act needs to be amended to restore judicial appointment of interims.

No president should be able to fire top government prosecutors from their positions for political reasons and then install successors without a thorough vetting by the constitutionally charged legislative body.

Unisys To Continue Justice Asset Tracking System Work (WASHTECH)

By William Welsh, Deputy Editor

Washington Technology, January 24, 2007

Unisys Corp. will continue supporting a consolidated asset tracking system used by the Justice Department to monitor property seized from criminals under a new contract. The eight-year deal may be worth as much as $112 million, the company said.

Under a blanket purchase agreement, Unisys of Blue Bell, Pa., will provide applications and managed services support for all system operations.

Unisys will handle systems integration, systems development, engineering, network management, production support, and security and certification. The company also will be responsible for customer support, program management, verification and validation.

The Justice Department's asset tracking system tracks, monitors and reports on property seized and forfeited in the prosecution of criminal activities. Ten law enforcement agencies used the consolidated system.

The new contract extends Unisys work on the asset tracking system project. Over the past five years, Unisys has modernized all of the system's core business applications while maintaining legacy system operations during the process, the company said.

Unisys has 32,000 employees and had annual sales of $5.7 billion in 2006. The company ranks No. 20 on Washington Technology's 2006 Top 100 list of the largest federal IT contractors.

CORPORATE SCANDALS:

Ex-Enron Executive Begins 18-month Prison Term (HC)

By Kristen Hays

Houston Chronicle, January 25, 2007

Enron's former investor relations chief entered a federal prison in Texas today to serve an 18-month sentence for helping top executives mislead Wall Street about the company's financial viability.

Mark Koenig, 51, surrendered at a men's prison in Three Rivers, about 74 miles south of San Antonio, at noon today, prison spokesman Michael Ginster said.

With his surrender, Koenig became the eighth former Enron executive to serve prison time in the aftermath of the company's collapse more than five years ago.

Koenig pleaded guilty in August 2004 to aiding and abetting securities fraud for misleading Wall Street analysts to conceal Enron's precarious financial condition before the company collapsed in December 2001. As head of investor relations, he was Enron's main liaison to Wall Street.

"I definitely did not make the right choices in my last year at Enron," Koenig told a judge at his sentencing in November. "I am profoundly sorry for that."

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Koenig's former second-in-command, Paula Rieker, pleaded guilty to insider trading earlier in 2004 and is serving probation for two years.

About a year ago, Koenig kicked off prosecution testimony in the fraud and conspiracy trial of former Enron Chairman Ken Lay and former CEO Jeff Skilling. He testified that while no one explicitly ordered him to lie, he felt pressure to do so to keep his job.

Both Lay and Skilling were convicted, but Lay died of heart disease in July. His record was subsequently wiped clean. Skilling began serving a 24-year, four-month prison term for 19 criminal counts at a Minnesota prison last month.

Next week another Enron felon, former finance executive Michael Kopper, is slated to surrender at a prison in Big Spring, about 450 miles west of Houston.

Kopper pleaded guilty in August 2002 to two counts of conspiracy for helping devise and carry out schemes to cook Enron's books while skimming millions of dollars for himself

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CRIMINAL LAW:

Witness: Libby Part Of Leak Plan (USAT)

By Richard Willing

USA Today, January 25, 2007

WASHINGTON — Lewis "Scooter" Libby was part of a White House strategy to use press leaks to blame the CIA for faulty intelligence about Iraq's efforts to acquire nuclear bomb material, a former top CIA official testified Wednesday.

Libby was annoyed by reports that the administration had ignored evidence that its claims that Iraq sought nuclear fuel were wrong, said Robert Grenier, the CIA's former assistant secretary for operations.

Then Vice President Cheney's chief of staff, Libby asked Grenier about former State Department official Joseph Wilson, who had investigated the claims about Iraq's nuclear intentions for the CIA. Grenier testified that he also told Libby that Wilson's wife, Valerie Plame, was a covert CIA official.

Grenier testified during Libby's trial on charges of perjury and obstruction of justice. Libby, 56, is charged with lying to FBI agents and grand jurors during a federal probe into how Plame's identity was given to reporters in the summer of 2003.

On Wednesday, Libby's lawyers tried to show that prosecution witnesses who say they told Libby about Plame may have faulty memories.

Grenier said he first told authorities that he didn't remember discussing Plame with Libby but, more than a year later, said he did. Grenier said he didn't tell authorities about the Plame conversation until mid-2005, when news stories about Libby's possible role in revealing her identity made the information more "relevant."

Earlier Wednesday, Grenier said Libby's interest in Wilson was triggered by a May 2003 New York Times column that alleged that Cheney had encouraged the CIA to send Wilson to Niger in 2002 to investigate claims that Iraq had sought uranium in the African nation. Wilson's findings — that the claims were unfounded — were overlooked when President Bush charged in January 2003 that Iraq had sought uranium.

A July 2003 report by columnist Robert Novak naming Plame as Wilson's wife was also part of an administration plan to "throw the blame" on the CIA, Grenier said. The column implied the CIA was guilty of "nepotism" for picking an officer's spouse for the uranium mission, he said.

Grenier's statements, in the trial's second day of testimony, helped show the administration's internal conflicts, as inspectors failed to locate weapons of mass destruction in Iraq and critics of prewar intelligence surfaced in the press.

Prosecutors allege that the Bush administration officials engineered the leaks to undermine Wilson's credibility. The key issue in the trial, however, is not any attempt to damage Wilson. Instead it is whether Libby intentionally lied when he told FBI agents and grand jurors in late 2003 and 2004 that he first learned Plame's identity from NBC reporter Tim Russert. Russert, who is expected to testify, has already denied that.

The day's final witness was CIA official Craig Schmall, who performed Libby's daily intelligence briefing. Prosecutors used Schmall's testimony to counter defense assertions that Libby was too busy with national security issues to remember talking about Plame's identity.

Schmall testified that when he briefed Libby in mid-June 2003, Libby was "pretty excited" because he had recently been visited by film stars Tom Cruise and Penelope Cruz. Cruise, a practitioner of Scientology, lobbied Libby on behalf of German Scientologists, who Cruise said were being persecuted by the German government, Schmall recalled.

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Ex-CIA Official Testifies About Libby's Calls (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 25, 2007

A former high-ranking CIA official testified yesterday that, when Vice President Cheney's agitated chief of staff called him out of the blue in June 2003 to ask what he knew about a CIA-sponsored trip to Niger, he jumped to get answers.

Summoned out of a meeting with the CIA director to take I. Lewis "Scooter" Libby's urgent call later that same afternoon, then-Associate Deputy Director Robert Grenier said he relayed all he had learned about former ambassador Joseph C. Wilson IV, the man behind news reports of the trip that had Libby so concerned.

Yes, Wilson had gone on a CIA-sponsored mission to check out intelligence that Iraq was trying to buy uranium for nuclear weapons and had concluded that the tip was unfounded, Grenier testified he told Libby. And, he told Libby, it appeared that Wilson's wife, a CIA officer, had suggested Wilson for the trip.

The timing of Grenier's response and Libby's anxiety over Wilson are central to the prosecution's allegation that Libby lied to investigators when he said that he believed he first learned CIA officer Valerie Plame's identity from NBC's Tim Russert a month later. Grenier is one of three government officials to testify, so far, that they held conversations with Libby about Wilson's wife weeks before Libby contends he learned her name.

Libby has pleaded not guilty to five felony counts during the investigation of how Plame's identity was disclosed to the media. His defense maintains that he got confused about details of conversations with reporters amid the crush of his work on urgent national security issues.

The second day of trial testimony continued to throw back the curtain on a Bush administration beset with rivalries, self-interested alliances and attempts at blame-shifting. Those efforts were particularly intense during the summer of 2003, with U.S. troops in Iraq still unable to find the weapons of mass destruction that President Bush had cited to justify a preemptive war.

Fleshing out the finger-pointing inside the administration is important for both the defense and the prosecution. Special Counsel Patrick J. Fitzgerald has argued that Plame was the victim of an internal administration scramble as the vice president sought to discredit Wilson. Fitzgerald has alleged that Libby lied to conceal his and Cheney's efforts, as well as Libby's discussions about Plame with reporters.

Grenier said that Libby was fixated on one set of facts that Grenier relayed. He asked, would the CIA release to the news media the information that Wilson's trip was supposed to answer questions raised not just by Cheney's office, but by the State Department and the Defense Department as well?

Yesterday, defense attorneys sought to raise doubts about several of Libby's former administration colleagues, who are now witnesses for the prosecution, by attempting to show that they had flawed memories of events -- and that they had allegiances or other motives that would bias them against Libby. The defense also asserted that, after a criminal investigation into the leak began in the fall of 2003, the White House tried to protect presidential adviser Karl Rove and seemed willing to sacrifice Libby.

Defense attorney Theodore V. Wells Jr. pressed former undersecretary of state Marc Grossman, the prosecution's first witness, to acknowledge his close friendship with his boss at the time, then-Deputy Secretary of State Richard L. Armitage, an internal critic of the war and of Libby.

Wells suggested that Grossman had a "fishy" meeting with Armitage just before Grossman was interviewed by the FBI and has given conflicting accounts of events over time.

Ari Fleischer, a former White House press secretary who is expected to testify for the prosecution, also has a motive to help the prosecution, Wells has said. Fleischer had demanded immunity before he would talk about his conversations with Libby, then had admitted to government prosecutors that he had spoken to several reporters about Wilson's wife in the days before he left his job.

In questioning Grenier, defense attorney William H. Jeffress Jr. emphasized the rift between the CIA and the White House.

Grenier said he remembered reading a story in The Washington Post on June 12, 2003, the day after he tried to answer Libby's questions, that quoted anonymous administration sources as saying that the CIA never told Cheney that his questions were the impetus for Wilson's trip or about Wilson's findings.

"Wasn't this embarrassing to the CIA?" Jeffress asked Grenier. "Didn't you tell the FBI that you thought the White House was trying to shift blame to the CIA?"

Grenier testified that he did surmise that the White House was pointing a finger at the CIA for not alerting them about Wilson's findings.

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"The administration was trying to suggest that had they only known about the eminent Ambassador Wilson's [information] . . . it would have somehow stopped the White House from continuing on its errant path to war," Grenier said. "I think they were trying to avoid blame for not providing [the truth] about whether or not Iraq had attempted to buy uranium."

Weeks later, Grenier said he saw Plame's name revealed in Robert D. Novak's syndicated column and figured that it was the work of the White House. In fact, Armitage and Rove have acknowledged that they were Novak's sources. Jeffress also sought to undermine Grenier's testimony by pointing out that Grenier initially told FBI agents and a grand jury that he did not remember whether he had told Libby that Wilson's wife worked for the CIA. Only later, Jeffress said, did Grenier notify investigators that he had mentioned that she was an employee. "Do you find your memory gets better the further away from an event you are?" Jeffress asked pointedly.

Ex-Officials Testify They Informed Libby Of The Identity Of A C.I.A. Operative (NYT)

By Neil A. Lewis

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — Prosecutors in the perjury trial of the former White House aide I. Lewis Libby Jr. paraded a roster of former government officials before the jury on Wednesday to testify that they had informed him about the identity of the C.I.A. operative Valerie Wilson, contrary to Mr. Libby's claim that he had learned about her weeks later from reporters.

Mr. Libby's lawyers spent their time cross-examining those witnesses in an effort to attack both their credibility and their memory.

Mr. Libby, former chief of staff to Vice President Dick Cheney, has put the issue of memory front and center in his defense on charges of perjury and obstruction of justice. He is charged with lying to both a grand jury and to F.B.I. agents who were investigating the leak to reporters of the identity of Ms. Wilson.

Mr. Libby has sworn that he did not discuss Ms. Wilson's identity with reporters in the spring and summer of 2003. But two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time Magazine, have testified that Mr. Libby explicitly told them about Ms. Wilson.

One official to testify, Robert L. Grenier, a former senior official at the Central Intelligence Agency, testified Wednesday that he received an anxious phone call from Mr. Libby on June 11, 2003, asking about reports that a former ambassador had made a trip to Africa to check on reports that Saddam Hussein had tried to buy uranium in Niger for Iraq's weapons program.

Mr. Libby, Mr. Grenier said, seemed irked by accounts that the former ambassador, Joseph C. Wilson IV, the husband of Ms. Wilson, was telling reporters that he had been sent on a fact-finding mission to Niger at the behest of the vice president's office.

Mr. Grenier said he promised to look into the matter, but before he could speak with Mr. Libby again, he was summoned out of a meeting with the director of the C.I.A. by Mr. Libby seeking answers.

He said he told Mr. Libby that Mr. Wilson did indeed go on the mission to Africa and he added, as an afterthought, that Mr. Wilson's wife, who is also known as Valerie Plame, worked at the C.I.A.

The purpose of Mr. Grenier's testimony from the prosecutor's point of view was to cast doubt on Mr. Libby's account that he did not remember learning about Ms. Wilson from officials when he testified that he learned about her from journalists.

But William H. Jeffress Jr., one of Mr. Libby's lawyers, quickly set about taking apart Mr. Grenier's account. He noted that in his first appearance before a grand jury and in an interview with F.B.I. agents, Mr. Grenier did not say he had told Mr. Libby about Ms. Wilson.

Mr. Grenier said he had not remembered that part of the conversation with Mr. Libby and only recalled it more than a year later when he went before a grand jury again.

With a generous dollop of scorn, Mr. Jeffress asked why Mr. Grenier had first told the grand jury that he had no recollection of telling Mr. Libby about Ms. Wilson, only to change his story later.

"I was saying what I thought was true at the time, and I subsequently had a different recollection," replied Mr. Grenier, who held a high rank in the agency as Iraq mission manager.

Mr. Jeffress asked, "Do you find that your memory gets better the further away from an event?"

Mr. Libby's lawyers seemed to have two agendas in mind. Not only did they want to underscore the fragility of memory — Mr. Libby has said that if he testified incorrectly about his conversations with reporters it was only because he simply remembered incorrectly — but also to create a vexing, lengthy and complicated narrative for the jury.

The prosecution, in contrast, is aiming for a streamlined and simple case: Did Mr. Libby knowingly lie to the grand jury and to F.B.I. agents?

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Mr. Jeffress also quizzed Mr. Grenier about some of the ill-feeling between the White House and the C.I.A. over Mr. Wilson's trip. On Tuesday, Mr. Libby's chief lawyer, Theodore V. Wells Jr., startled the court when he said that his client had been made a scapegoat by White House officials to protect Karl Rove, President Bush's principal political adviser.

Craig Schmall, a C.I.A. employee whose job was to brief Mr. Libby and Mr. Cheney, testified that his notes showed Mr. Libby had spoken to him on June 14, 2003, and that he was annoyed by Mr. Wilson's trip to Niger.

On cross-examination, Mr. Schmall acknowledged that Mr. Libby's workday in that period was taken up with issues like Iraq developments, an East African terrorist network and Al Qaeda.

Mr. Schmall's notes from a session with Mr. Libby show a comment about the actors Tom Cruise and Penélope Cruz, who had visited the White House and raised concerns about the treatment of Scientologists in Germany. "He was a little excited about it, and I was a little excited about it," Mr. Schmall said of the celebrity moment in their day.

Earlier, Mr. Libby's defense team went after the memory and credibility of Marc Grossman, the former under secretary of state. He had given statements that he had been asked on May 29, 2003, by Mr. Libby about the Wilson trip. He said that after canvassing the State Department he reported back that Mr. Wilson had made the trip for the C.I.A. and that his wife had played a major role in selecting him for the mission.

Libby Defense Says Witnesses Also Suffered Memory Lapses (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 25, 2007

WASHINGTON — I. Lewis "Scooter" Libby's defense against perjury charges, which rests in part on what he has described as innocent memory lapses, appeared to gain some ground Wednesday when his lawyers showed that two government witnesses in the case had memory issues of their own.

Former CIA official Robert Grenier, questioned by Libby's lawyers, acknowledged that he initially told a federal grand jury in January 2004 that he did not believe he had shared information about the status of CIA operative Valerie Plame when he spoke with Libby weeks before she was identified in a newspaper column. But Grenier said he testified 18 months later in another grand jury appearance that he believed he had given Libby that information after all.

Grenier was called by the government to help prove the central charge against Libby: that contrary to what he told investigators, Libby obtained information about Plame, the wife of an administration war critic, before her identity surfaced July 14, 2003, in a syndicated column by Robert Novak. Libby, Vice President Dick Cheney's former chief of staff, told a grand jury that he learned about Plame from journalists and had passed along gossip they offered him. The government claims that he made up the story in an apparent effort to protect his boss.

Another official — Marc Grossman, a former State Department undersecretary for political affairs — also testified Wednesday that he had discussed Plame with Libby but conceded there were discrepancies in the accounts that he had initially given FBI agents. Grossman said he could not account for the differences.

Grenier said he changed his testimony after reflecting on a feeling of guilt that he had after talking with Libby and the possibility that he had shared potentially classified information with him. He also said it was becoming apparent from newspaper reports that how and when Libby learned about Plame was becoming of paramount interest to investigators.

The disclosures, on the first full day of the perjury and obstruction trial, appeared to buttress a central defense claim.

Libby, through his lawyers, has conceded that he may have misspoken to investigators, but only because he was preoccupied with matters of national security, which clouded his ability to recall events.

His lawyers were able to show Wednesday that such memory problems may be an occupational hazard for high government officials.

"Do you find that your memory gets better the further away from an event you are?" William Jeffress, one of Libby's lawyers, asked Grenier. "Your memory improves with time?"

Grenier, who was the CIA's point man on Iraq at the time of his conversation with Libby, said he could not account for any single event that changed his thinking. "I developed the growing conviction that I had in fact said it," he said. "It's like, 'Wake up and smell the coffee. You must've told him.' "

Plame is married to former envoy Joseph C. Wilson IV; in an opinion piece in the New York Times on July 6, 2003, Wilson said that President Bush had misled the nation in his State of the Union address when he said Saddam Hussein was seeking weapons-grade uranium in Niger. Wilson had assessed the claim on a CIA-sponsored trip to the African country in 2002 and concluded that it was baseless. Articles about his trip began to appear in newspapers in May 2003.

Both Grenier and Grossman testified that Libby had called them in June 2003 to ask if they knew anything about the then-anonymous ambassador and the circumstances of the trip.

The discussions, they testified, eventually led them to disclose information about Plame to Libby.

Grenier said he treated the request with urgency and recalled being pulled out of a meeting with then-CIA Director George J. Tenet to take a phone call from Libby. "Someone came to the door and beckoned me out…. I went out of the conference room and I was handed a note indicating that I should call Mr. Libby," he said. "I don't think I had ever been called out of a meeting with the director either before or since."

Grossman ordered up a State Department report that chronicled the Wilson trip, which mentioned that his wife worked for the CIA, a fact that he passed along to Libby.

Theodore V. Wells Jr., another of Libby's lawyers, questioned Grossman about conversations he had with then-Deputy Secretary of State Richard Armitage immediately before and after Grossman spoke to the FBI for the first time in October 2003. Grossman said that Armitage divulged to him what was then a major secret: that Armitage had been the source for the Novak article about Plame.

Grossman said he was glad Armitage had decided to confide in him before his FBI interview.

"He said it was the dumbest thing he'd ever done in his life," Grossman said. "He said he felt terrible about it, that he'd offered to quit and reported it fully to the FBI. I was shocked and disappointed. But for me, I thought he'd given me a piece of professional courtesy, and I appreciated it."

During questioning, Wells said that a transcript of Grossman's FBI interviews indicated he had known before he commissioned the State Department report that Plame worked for the CIA, though he testified Tuesday that the document was his original source for the information.

"You accept the fact that you told the FBI something different on Feb. 24, 2004, than you told this jury?" Wells asked.

"Yes, sir," Grossman replied.

The prosecution on Wednesday scored some points in trying to rebut what some lawyers have called Libby's "busy man" defense.

The government introduced notes taken by Libby's CIA briefer during a meeting in June 2003. The notes revealed that Libby had taken time out to visit with actor Tom Cruise and his then-girlfriend Penelope Cruz, who had requested time with the influential administration aide to complain about German government criticism of Scientology — of which Cruise is a well-known follower.

"Mr. Libby told me about it during the briefing," Craig Schmall, the CIA briefer, said. "He was a little excited about it. I was a little excited about it."

The trial is expected to resume today, with testimony from former Cheney spokeswoman Cathie Martin.

At The Libby Trial, Hints Of Intrigue And Betrayal (NYT)

By David Johnston And Jim Rutenberg

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — The assertion by lawyers for I. Lewis Libby Jr. that White House aides had sacrificed him to protect Karl Rove, the senior political adviser, appears to be based primarily on Mr. Libby's own sense that the administration had failed to defend him adequately as the C.I.A. leak case unfolded.

But there is little known evidence to buttress the suggestion by Mr. Libby's defense team in his obstruction and perjury trial that unnamed White House officials were deliberately setting Mr. Libby up to be a scapegoat.

Mr. Libby's lawyers said in an opening statement on Tuesday that he felt so abandoned by the White House as the leak investigation intensified in the fall of 2003 that he appealed to his boss, Vice President Dick Cheney. Mr. Cheney subsequently wrote, according to the defense's opening statement: "Not going to protect one staffer + sacrifice the guy who was asked to stick his neck in the meatgrinder because of the incompetence of others."

The defense team's statements set off a debate across Washington about whether they were part of a legal gambit to divert attention from the underlying charge that Mr. Libby lied to F.B.I. agents and the grand jury or whether his lawyers had evidence of an effort within the White House to focus the blame on Mr. Libby.

Even if the assertion is shown to be true, it is not clear how it would help refute the charges that Mr. Libby had perjured himself.

Mr. Libby's lawyers have so far offered few details about how he might have been set up as a fall guy for Mr. Rove. White House aides said little about the alleged rift on Wednesday, indicating they were prepared to grant their former colleague wide latitude to present an aggressive defense — even if it meant letting stand unanswered a story of intrigue and disloyalty involving President Bush's and Mr. Cheney's most trusted aides.

The accusations of scapegoating came as a surprise. In the past, White House aides have portrayed Mr. Libby and Mr. Rove as colleagues who moved in different orbits, but whose paths crossed collegially on various pieces of White House

business, including the effort to defend a flawed statement in Mr. Bush's State of the Union speech in 2003 that Iraq had sought nuclear fuel in Africa.

But Mr. Libby may have had reason to feel singled out. He was the only White House official known to have been authorized to seek out reporters in the summer of 2003 in an effort to explain an intelligence report that the administration had used to make a case that Iraq was interested in acquiring uranium ore for its suspected nuclear program, according to documents in the case.

Mr. Cheney approved of Mr. Libby's confidential meetings with reporters, according to the prosecution. The vice president had also spoken to Mr. Bush, who authorized the declassification of parts of a National Intelligence Estimate on Iraq to provide Mr. Libby with more information to discuss with the journalists, the legal papers said.

There may have been other reasons Mr. Libby felt the White House was turning against him. Under questioning from reporters, Scott McClellan, the White House spokesman, said on Sept. 29, 2003, that Mr. Rove had no involvement in the leak of the identity of an intelligence officer, Valerie Wilson. But it took nearly a week before Mr. McClellan made a similar defense of Mr. Libby.

In each instance, Mr. McClellan's statements, which he said at the time were based upon conversations with Mr. Rove and Mr. Libby, proved to be inaccurate; Mr. Libby and Mr. Rove had spoken to reporters about Ms. Wilson, who had worked undercover.

While Mr. Libby felt he was being left to fend for himself, there is little public evidence so far to support his lawyers' suggestion that Mr. Libby was the victim of a deliberate effort to shift the blame to Mr. Libby to protect Mr. Rove, who by the fall of 2003 was masterminding Mr. Bush's reelection campaign.

The issue of whether there was a conspiracy at the White House either to reveal Ms. Wilson's identity or to cover up for the White House officials who engaged in such a plot was a central focus of the grand jury inquiry conducted by Patrick J. Ftizgerald, the prosecutor. Mr. Fitzgerald did not charge anyone with participating in a conspiracy and has never suggested that there is any evidence that one existed.

Mr. Fitzgerald spent many months exploring the issue, investigating one newspaper report of a broad conspiracy that later proved to be inaccurate, according to lawyers with clients in the case. Those lawyers said Mr. Fitzgerald questioned their clients, often in minute detail, about what they had done or said about the case. Associates of Mr. Rove, speaking on condition of anonymity, dismissed the idea that there was a cabal against Mr. Libby.

But the defense can marshal an argument that Mr. Libby was initially left out in the cold as the White House began mounting a defense of Mr. Rove, a review of White House comments on the leak inquiry shows.

On Sept. 29, 2003, as the leak inquiry was picking up steam and reporters were pressing to learn Mr. Rove's role, Mr. McClellan said Mr. Rove had told him he was not involved in the leak. He called the accusations of Mr. Rove's involvement "ridiculous."

Asked about Mr. Libby in that afternoon's press briefing, Mr. McClellan initially appeared noncommittal, saying, "If someone did something like this, it needs to be looked at by the Department of Justice." Later Mr. McClellan said, "I've made it clear that there's been nothing, absolutely nothing, brought to our attention to suggest any White House involvement, and that includes the vice president's office, as well."

But a government filing in the spring suggested that Mr. Libby was dissatisfied with Mr. McClellan's handling of the questions about his involvement. The filing showed that Mr. Libby had drafted a handwritten list of talking points for Mr. McClellan that read: "People have made too much of the difference in how I described Karl and Libby. I've talked to Libby. I said it was ridiculous about Karl, and it is ridiculous about Libby."

Mr. McClellan indicated at the time his comments defending Mr. Libby had come from a conversation.

Former White House officials said they were surprised to hear of any rift between Mr. Rove and Mr. Libby. "One of their strengths was that they worked together," said Lawrence B. Wilkerson, a former State Department official who has become a critic of how the administration had handled Iraq. "They didn't show any ankle — it was always a team effort."

Several former officials, speaking on condition of anonymity, said that Mr. Rove and Mr. Libby had several areas of intersection. Mr. Libby also held the rank of a presidential adviser, and he stood in for Mr. Cheney frequently on domestic and foreign policy meetings. Both men had a hand in the marketing, and later, the defense, of the Iraq strategy. But they approached it from different angles. Mr. Libby was involved in developing and assessing intelligence about Iraq and using it to build the case for the war, and then defending that case as it began to unravel. Mr. Rove built a re-election strategy for Mr. Bush that relied heavily on his prosecution of the war against terrorism and the Iraq invasion.

Both men had their own contacts among journalists. Mr. Rove dealt mostly with political reporters, including the conservative columnist Robert Novak, who first disclosed Ms. Wilson's identity. Mr. Libby tended to speak with reporters who focused on national security matters, including Judith Miller, then of The New York Times.

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Mr. Fitzgerald has also introduced a new player into the mix, Ari Fleischer, Mr. McClellan's predecessor as White House press secretary. Mr. Fleischer, Mr. Fitzgerald said in court on Tuesday, had been informed by Mr. Libby about Ms. Wilson's identity as the wife of Joseph C. Wilson, the former diplomat whose criticism of pre-war intelligence about Iraq had set off the case. Mr. Fleischer had later discussed Ms. Wilson with reporters including David Gregory of NBC News, according to the account.

Theodore V. Wells Jr., Mr. Libby's lawyer, has argued that Mr. Fleischer's testimony came after an immunity deal and that he had no notes about the lunch he reportedly had with Mr. Libby. But that argument fits what appears to be a general strategy by Mr. Wells to show a confusing situation where loyalties, and memories, are questionable.

Cities See Crime Surge As Threat To Their Revival (USAT)

By Haya El Nasser

USA Today, January 25, 2007

LOUISVILLE — A minister who regularly conducts prayer vigils against violence and counsels crime victims is beaten by a gang of youths. Five people are shot and wounded at a community festival. A softball player is shot and wounded at a game, in front of 100 witnesses. One person is killed and four wounded in a shooting outside a funeral home as people gather for a wake.

These crimes happened in very public settings here last year — two of them within 2 miles of the heart of this Ohio River city's downtown. Such incidents inevitably give communities the jitters, but cities are especially skittish now because the nation's violent crime rate is rising after more than a decade of decline, and the stakes are higher.

MORE: 100 'best communities' for youths named | List of 2007 winners

The drop in crime helped spark an urban revival that attracted thousands of residents and billions of dollars of investment to downtowns from Louisville to Miami, St. Louis and Denver. Now, city leaders across the nation are fearful that crime will kill the renaissance.

For a city such as Louisville, where downtown is flourishing, keeping crime in check is paramount. More than $1 billion has been invested in the commercial heart of the city this decade. By 2010, at least another $1 billion is expected to come in. Five hotels are set to open, and the 2000 housing units now downtown are expected to double by 2009.

Rising crime "has the potential of being damaging," says Jerry Abramson, mayor of Louisville from 1985 to 1998. He was elected again in 2002 after Louisville merged with surrounding Jefferson County; he was re-elected in 2006. "We all live day by day in terms of concern of some horrific thing happening in our central business district that would set us back."

Murders and robberies continued to rise nationwide during the first six months of 2006, according to the FBI, and violent crime overall appears headed for a second straight year of increases. Mayors and police chiefs regularly assure the public that violent crimes still are confined mostly to poorer drug- and gang-infested areas, but they are sounding alarms:

·One of the first sessions at the U.S. Conference of Mayors' winter meeting that began Wednesday in Washington tackled initiatives to fight rising crime. Mayors are calling for a federal-local partnership to stem double-digit increases in murders, assaults and robberies in some cities.

·The National League of Cities has put the surge in violent crime on its legislative agenda, calling it one of the major challenges affecting quality of life.

·Mayors and police chiefs from about 55 cities who met last fall identified many factors pushing up crime rates: gangs, drugs, truancy, a growing culture of violence among youths, a profusion of illegal guns, unemployment and a wave of more than 600,000 ex-offenders finishing their prison terms and returning to the streets every year.

Government 'walked away'

Abramson and some other mayors also blame the federal government for cutting funding for crime prevention and phasing out a Clinton administration program that added 100,000 police officers nationwide. They say Washington's focus has shifted to homeland security at the expense of hometown security.

"The consensus is that the federal government walked away from that partnership," Abramson says. "Crime all of a sudden begins to ratchet up but police on the street have ratcheted significantly down. We draw a correlation."

Justice Department spokesman Brian Roehrkasse disagrees. "The increase in violent crime in some areas does not appear to be related to federal spending for law enforcement," he says. "DOJ spending has never accounted for more than 4% of total spending on state and local law enforcement."

Trenton, N.J., Mayor Douglas Palmer, president of the Conference of Mayors, met with House Speaker Nancy Pelosi this month. He hopes cities can gain more support now that Democrats control Congress.

"Over the '90s, cities have made great strides in coming back, revitalizing neighborhoods, but we've seen an escalation of violence," Palmer says.

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"We have fewer police officers in our cities now than ever, with a greater proliferation of guns on the streets. … It is of the highest priority." Signs of the trend:

·The Police Executive Research Forum, a national police advocacy group, reported in October that murder, robbery and assaults had increased substantially in a cross-section of cities. The title of its report: A Gathering Storm— Violent Crime in America.

"There was a general sense that crime for most communities had dropped to such levels that it no longer was the issue that it was in the '90s and '80s," says Chuck Wexler, executive director of the police group. "We've seen a volatility in crime that we haven't seen in the previous eight years — and not just in the inner cities."

·Preliminary FBI data released last month show that violent crime rose 2.2% nationwide in 2005, the largest annual increase in 14 years and the first since 2001. In the latest statistics available, violent crime rose 3.7% from January to June 2006 compared with the first six months of 2005. Murders went up 1.4%, felony assaults 1.2% and robberies 9.7%. Property crime dropped 2.6%.

·The FBI has directed more than 100 additional agents to help local authorities fight violent crime.

Justice Department teams visited 18 cities in November and December to determine why violent crime is spiking in some cities and not in others. They met with state and local law enforcement "to gain a better understanding of what is causing this increase and determine which efforts had been most effective in helping fight violent crime," Roehrkasse says.

·Orlando had 49 homicides last year, more than double the 22 in 2005. About 60% were linked to drugs. In Memphis, homicides rose from 118 in 2004 to 160 last year. Crime is down in Los Angeles and Chicago. In some cities, homicides are down, but robberies are up.

"We had a general rise in violent crime in not all but most cities in every region," says David Harris, professor of law and values at the University of Toledo College of Law.

'Perception is reality'

Mayors find themselves in an awkward spot. On one hand, they want to publicize their crime problems to get more funding. On the other, they worry that too much crime talk will create a negative perception of cities and scare off people.

"It has a very detrimental effect on what mayors work on each and every day to try to entice businesses to come," Palmer says. "Perception is reality."

Adds Harris: "City officials are quite aware that whatever progress they've made in attracting new residents and bringing people back to live in the city would be at risk if people didn't feel safe."

Cities must deal with crime head-on, says urban historian Joel Kotkin, author of The City. "We all hoped that the days of relatively high crime rates had come and gone," he says. "We now know the problem is not going away."

Many cities are taking action:

·In Trenton, homicides spiked to 31 in 2005 but dropped to 18 last year. More than 70% were gang-related, Palmer says. "We took down the leadership of nine gangs," he says. "They're in jail."

The city is cracking down on truancy and providing job training while redeveloping deserted industrial areas, getting rid of 5,500 deserted properties and building 1,600 homes for working families.

"We're making our cities more livable, but it's all inextricably tied to the whole crime piece," Palmer says. "We need resources."

·In Milwaukee, 1993 saw 160 homicides, a record high. By 2004, it had a record low 88. They climbed the next year to 122, then inched down to 103 last year.

"We did see probably a 20% increase in other categories of violent crime … an increase in armed robberies and shootings," says Mayor Tom Barrett, a former congressman.

Barrett and other mayors are working to strengthen background checks of gun buyers. He launched a fatherhood initiative to address the problem of absentee dads. He cut firefighting staff to start the year with 1,970 sworn police officers, the highest number since 2000, but is struggling to fill almost 200 vacancies, he says.

Downtown is thriving. About 14,000 people live there, 10 times more than a decade ago. Waterfront high-rises are going up. Work is starting on The Brewery, a multimillion-dollar conversion of the 26-acre old Pabst brewery complex into a residential and commercial center. The site borders downtown and inner-city neighborhoods.

"Our downtown is very safe," Barrett says. "I'm concerned about violence that occurs in other parts of the city."

·In Miami, overall crime is down, but homicides are up.

"The market is literally being flooded with assault weapons coming from Eastern Europe, the old Soviet bloc countries," Police Chief John Timoney says. Guns such as AK-47 rifles are selling for $150 to $200 compared with $700 or more not long ago, he says.

"Every jerk who wants one can have one," Timoney says.

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Crime, he says, is not affecting Miami's downtown, where thousands of condominiums have been built or are planned. "But I was in New York when there was an all-time record high of homicides," he says. "Three kids were killed. Tourists from Utah were killed in the subway. When you start getting untraditional killings, that's when you get people's attention."

Louisville is proactive

While violent crimes in Louisville have occurred away from downtown, the city has been proactive. Security cameras were installed in high-crime areas and neighborhood watch programs strengthened. Police on horses and bicycles patrol the Fourth Street Live area of clubs, stores and restaurants. The city has razed low-income housing and built mixed-income housing.

"Downtown is one of the, if not the, safest geographic areas in our community," Abramson says.

So far, 70 homicides in 2004 (the highest since 1997 when there were 85), 64 in 2005 and 51 in 2006 have not quelled downtown's resurgence. The Muhammad Ali Center opened in recent years, the convention center was expanded, and an arena is planned. The city soon will break ground on Museum Plaza, a $465 million, 61-story skyscraper that could transform Louisville's skyline.

Police Chief Robert White has reached out to the community since he arrived four years ago. "If we're going to have a long-term effect in fighting crime, we have to get people engaged," he says.

Billboards across town advertise a 24-hour crime tip line, 574-LMPD. The first month in operation, 123 calls came in. Two years later, about 2,000 calls on average led to at least 30 arrests every month. Police credit the tip line with solving 18 homicides and shutting down three methamphetamine labs.

Donnie Morris, who lives in the high-crime West End, runs Prevention 2000 to teach children about gun safety, drugs and other threats. He and his wife, Jefferson County District Court Judge Joan Stringer, encourage churches to report anonymous crime tips they receive from their congregation.

"Areas that are most affected by crime are the ones that don't call the police, but they'll call their clergy," Morris says.

Phil and Kathy Scherer are the kind of empty nesters that many downtowns are attracting these days. The two had always been downtown boosters. After 33 years in the suburbs, they decided to "walk the walk," says Kathy, 58.

They bought a 3,000-square-foot penthouse in Preston Point, a striking modern building with a view of the river. She says she feels more comfortable being alone at night there than she did in her old suburban house.

Young people crowd the streets on their way to a skate park nearby. Joggers run by the waterfront. Mounted police trot past.

"We have always hoped that Louisville would have that 24-hour component," says Phil, 63, a city native and president of a commercial and industrial real estate firm. "I don't see crime as a deterrent."

Mayors hope it stays that way. The police executive association, however, expects the trend of rising crimes to continue this year.

"Robberies are occurring in parts of cities that didn't normally have robberies," Wexler says. "Cities are concerned."

Contributing: Monica Hortobagyi

Navy Contractor Jailed In Alleged Kidnapping Of Mexican Girl (NBCSD)

NBC San Diego, January 25, 2007

SAN DIEGO -- A San Diego man is in jail in Tijuana, accused of kidnapping a 12-year-old girl.

The U.S. Department of Justice confirmed that Tijuana police arrested Manuel Martinez, 41, on Monday. He is accused of abducting the girl outside a school.

According to police, Martinez pulled the girl into a burgundy Toyota truck with California license plates, tied her up and threatened to rape and kill her. Police found the truck and rescued her, officials said. They also found U.S. Navy credentials, a military knife and various sexual aids in the truck, police said.

Martinez is a civilian contractor working for the U.S. Navy, according to the Justice Department. He is being held on kidnapping, attempted murder and other charges.

Rape Scene With 12-year-old Actress Stirs Debate (AP)

By Debbie Hummel, ASSOCIATED PRESS

AP, January 25, 2007

PARK CITY, Utah — At a festival that features several films with sexual content, including full male nudity and a documentary about bestiality, a Southern Gothic tale that includes the rape of a young girl is causing the biggest stir.

“Hounddog” is the story of Lewellen, a girl played by 12-year-old Dakota Fanning, who is growing up in the 1960s South. She is a free spirit obsessed with Elvis Presley and has little supervision by her abusive father and alcoholic grandmother.

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Even before the first screening of "Hounddog" at the Sundance Film Festival this week, a Christian film critic, citing Fanning's age, decried the movie as child abuse, and Roman Catholic activist Bill Donohue called for a federal investigation.

Fanning is defending her work as well as the movie, and so is the head of Sundance, who said it was courageous for director Deborah Kampmeier to tackle "challenging material." "Hounddog" is entered in the festival's dramatic category.

"It's not a rape movie," Fanning said Tuesday. "That's not even the point of the film."

The disturbing scene lasts a few minutes, but is not graphic. There is no nudity, the scene is very darkly lit and only Fanning's face and hand are shown.

Kampmeier said it took her a decade to get the film made, largely because of the rape scene, but cutting it was a compromise she was unwilling to make.

"This issue is so silenced in our society. There are a lot of women who are alone with this story," she said.

"When you're shooting a film, it's the images you line up next to each other that create a story," Kampmeier said. "If you have a hand hitting the ground, Dakota screaming 'stop' and you see a zipper unzip — that creates a rape."

Ted Baehr, chairman of the Christian Film and Television Commission and publisher of the Web site movieguide.org, claims "Hounddog" breaks federal child-pornography law. He said the law covers material that "appears" to show minors engaging in sexually explicit conduct.

"Even if they're not actually performing the explicit act, we are dealing with a legal issue here," he said.

Baehr said Fanning is being exploited in the film, and that it should be considered an outrage.

"Children at 12 do not have the ability to make the types of decisions that we're talking about here," he said. "If we're offended by some comedian's racial slur, why aren't we offended by somebody taking advantage of a 12-year-old child?"

Donohue, president of the Catholic League for Religious and Civil Rights, said he has asked the U.S. Justice Department to investigate whether antipornography laws have been broken.

Two other children perform in the film. Cody Hanford plays Buddy, and Isabelle Fuhrman plays a girl nicknamed Grasshopper.

Kampmeier said she talked with the children and their parents, but didn't go into great detail with the young actors about the content.

"I didn't have to articulate to Cody and Isabelle the psychological elements that were going on in this film," she said. "I used images to tell the story. I didn't manipulate these children or explain to these children what was going on."

Fanning said she and Kampmeier talked for months before the film was shot and spent a day painting pottery together and discussing the story.

"It's not really happening," Fanning said of the rape. "It's a movie, and it's called acting. I'm not going through anything. Cody and Isabelle aren't going through anything, their characters are.

"And for me, when it's done it's done," she said. "I don't even think about it anymore."

Sundance director Geoffrey Gilmore said independent filmmakers should pursue sensitive subject matter.

"I feel the mission and very nature of what Sundance is about is to provide a platform for that," he said.

Former Treasurer Sentenced To Prison (AP)

By Tim Korte, The Associated Press

AP, January 25, 2007

ALBUQUERQUE, N.M. (AP) — Former state Treasurer Robert Vigil was sentenced Wednesday to three years in federal prison for pressuring a contractor to hire the previous treasurer's wife, despite concerns that she was unqualified.

Vigil, 53, was convicted in September of a single count of attempted extortion. Jurors acquitted him of 23 other counts of extortion and racketeering.

Vigil remained free after sentencing, wearing an ankle monitoring bracelet, but the judge ordered him to report to prison within 60 days.

"Mr. Vigil, good luck to you," U.S. District Judge James Browning said at the end of the hearing. "I hope you and your family can put this behind you. I hope the state can as well."

Vigil was also fined $97,000 and sentenced to three years of probation after his release. He resigned in October 2005, after the Legislature started impeachment proceedings.

Assistant U.S. Attorney Jonathon Gerson said Vigil and co-conspirators — including Michael Montoya, his predecessor as treasurer — "horribly abused state trust to enrich themselves and enrich their friends."

Montoya pleaded guilty to lesser charges and aided the prosecution in its case against Vigil.

Vigil himself thanked jurors and judges for granting him a fair trial, as well as his friends for their support.

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"I also want to thank all my family. They mean more to me than anything on earth," Vigil said, briefly choking up and glancing toward relatives. "I love them so much."

Another Memphis Cop Snared In Operation: Tarnished Blue (WMC)

WMC-TV, January 25, 2007

Memphis cop snared in federal sting

A Memphis Police officer was arrested Wednesday as a result of Operation Tarnished Blue, an ongoing investigation by local, state and federal law enforcement into police corruption.

The officer is accused of money laundering.

Orlando Hebron is accused of taking nearly $8,000 in government funds, then making false statements to investigators.

The indictment details a six month undercover investigation involving what appeared to be two kilos of cocaine, thousands of dollars in cash and offers of money laundering.

U.S. Attorney David Kustoff said the federal indictment alleges Hebron made several offers to launder money for an undercover informant. Prosecutors began this case after they received a tip.

"This investigation was originated by the Memphis Police Department," Kustoff said.

Federal documents allege that the informant agreed to give Hebron about $3,000 in cash. In exchange for the cash, Hebron promised to launder the money and return $2,400 of it in the form of a check.

Documents show Hebron never followed through, and told the informant he used some of the money "to pay some bills."

"This was a very thorough investigation and an investigation that brought someone to justice who wears the uniform," Kustoff said.

The indictment also alleges Hebron agreed to assist the informant in a robbery at a mini- storage last November where the informant says thousands of dollars in cash and two kilos of cocaine were stored.

This time the informant gave Hebron $4,900 to launder. Both decided to hide the fake drugs planted by the FBI.

When FBI agents interviewed Hebron about the break-in two months later, Prosecutors say he admitted to being there, but made several false statements about the incident.

"This office takes public corruption very seriously," Kustoff said. "It's a priority of this office."

Hebron was hired at the department in 1995. He was assigned to school security at Mitchell High School. He faces 15 years imprisonment if convicted.

Neteller Founder Pledges To Fight Charges (FT)

By Daniel Pimlott In New York

Financial Times, January 25, 2007

John Lefebvre, the co-founder of Neteller who stands accused of laundering billions of dollars in illegal online gaming proceeds, plans to fight all of the charges against him, his lawyer said.

"He's going to be contesting everything we know about the charges right now," said Vincent Marella, his attorney, outside the New York court where Mr Lefebvre was due to appear yesterday for a bail hearing.

Stephen Lawrence, the other founder of the London-listed online money transfer company who is charged alongside Mr Lefebvre, last week confirmed he would also contest the allegations.

Mr Lefebvre is on $5m bail and has had his passport confiscated after being arrested in Los Angeles last Monday. His lawyer described the circumstances of his arrest as a surprise, and said the US authorities were trying to send a message with the recent spate of arrests in the online gambling industry. "I think they want to stress the point that they are serious about enforcing gaming laws."

The US justice department considers online gambling to be illegal although it is an established and regulated industry elsewhere in the world.

David Carruthers, former chief executive of Betonsports, is awaiting trial in St Louis on fraud and racketeering charges related to his role at the internet gaming company.

But some US lawyers have questioned whether criminal prosecutions are likely to be successful because the companies involved are not based on US soil.

Mr Marella questions the validity of the charges. "I don't know why the [US authorities] are bothering with this now, or why at all. It's not clear that this is a liable area of law enforcement."

Neteller quit its US business following the arrests.

The US attorney for the Southern District of New York has sparked anger in London by seeking information from several banks and other businesses in connection with a wide-ranging inquiry into online gaming.

UC Riverside Official Is Indicted In Bribery Case (LAT)

From Times Wire Reports

The Los Angeles Times, January 25, 2007

A UC Riverside administrator was indicted Wednesday on federal charges of soliciting and receiving several bribes from the contractor in charge of constructing the university's psychology building.

Theodore Chiu, 53, an associate director of the Office of Design and Construction, solicited a $50,000 bribe from Irvine contractor FTR International Inc. on Oct. 31, according to the U.S. attorney's office in Los Angeles.

Chiu asked for the payment when the company's president, Nizar Katbi, raised concerns about the $35-million project, including Chiu's choice of a subcontractor, according to an FBI affidavit.

Feds Probing Pirro - Again (NYDN)

By Leo Standora, Daily News Staff Writer

New York Daily News, January 25, 2007

The feds have again widened their criminal probe of former Westchester District Attorney Jeanine Pirro - this time to see if she used the resources of her office in her failed campaign against Sen. Hillary Clinton, WNBC reported yesterday.

FBI agents and local investigators are focusing on whether Republican Pirro or her staffers ran background checks on donors to her 2006 senatorial campaign using computers and databases at the DA's office, the station's Jonathan Dienst reported.

A number of former members of Pirro's campaign have been questioned by investigators, he said.

Pirro spokesman Michael Edelman told the Daily News last night that Pirro had done nothing wrong, calling the probe "nonsense."

"If she used the resources of her office to check whether her donors were criminals, that's a good thing, not a bad thing," he said.

Those who donated to Pirro's campaign included numerous contractors and real estate executives who have done business with her husband, Albert.

The good news for the couple yesterday was that Albert Pirro was reinstated as a lawyer, more than six years after he was disbarred for a tax fraud conviction.

His misadventures - the tax conviction, fathering a child with another woman, speeding tickets - often have been blamed for his wife's failure to rise beyond the local level in GOP politics. Jeanine Pirro eventually dropped out of the race against Clinton because of pressure from party chiefs.

She then switched to the state attorney general's race, losing to Andrew Cuomo.

She initially came under investigation for allegedly plotting to eavesdrop on her husband. The probe was later widened to include a jewelry business she ran briefly while DA.

With News Wire Services

Naples Man Convicted Of Stealing Patient Information From Cleveland Clinic (NAPLESN)

Naples Daily News, January 25, 2007

Fernando Ferrer Jr. faces up to 30 years at his April sentencing

A jury Wednesday convicted a Collier County man of stealing the identities of 1,130 patients at Cleveland Clinic Naples that were used to submit more than $7 million in false claims to Medicare, according to the U.S. Attorney's Office in Miami.

Fernando Ferrer Jr. of Naples, a registered owner of Advanced Medical Claims in Naples, was convicted after a three-day trial in U.S. District Court in Fort Lauderdale on eight counts of conspiracy to defraud the U.S. government, computer fraud, wrongful disclosure of individual health information and aggravated identity theft.

Ferrer, 29, faces up to 30 years in prison at his sentencing April 27 before U.S. District Judge James Cohn in Fort Lauderdale. His co-defendant, Isis Machado, 23, of Miami Lakes, is also scheduled to be sentenced that day by Cohn.

Ferrer and Machado became the first individuals in South Florida convicted of criminal charges for violating the federal law protecting patients' privacy rights, known as the Health Insurance Portability and Accountability Act (HIPPA), according to the U.S. Justice Department.

Machado pleaded guilty on Jan. 11 to one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information. She faces a maximum of five years in prison and could be ordered to pay up to $250,000 in fines.

Machado was a front desk coordinator at Cleveland Clinic in Weston beginning in May 2005 and had authorized access to the hospital's computerized patient files.

Ferrer, her cousin, convinced her she could make money by copying patient information, including their Medicare numbers and Social Security numbers, and selling the information to him, according to their indictment in September. Federal authorities say Machado sold the information to Ferrer for $5 to $10 for each patient information.

Machado was caught by a co-worker at Cleveland Clinic Weston on June 26, 2006, and was fired. Hospital officials reported the theft to federal authorities and cooperated with the investigation.

The theft of the patient information resulted in more than $2.5 million in false Medicare claims being paid to health-care providers in the Miami area, according to authorities.

Following the indictment in September, Cleveland Clinic officials in Cleveland, Ohio, wrote the 1,130 Naples patients and established a toll-free number for them to call for help in credit and identity monitoring.

Man Convicted Of Using Stolen Patient Data From Hospital (BRAH)

The Bradenton Herald, January 25, 2007

FORT LAUDERDALE, Fla. - A jury convicted a man Wednesday for his involvement in the theft of personal and medical information of more than 1,100 patients at a suburban hospital, authorities said.

Fernando Ferrer Jr., 29, of Naples, was found guilty of one count of conspiring to defraud the United States, one count of computer fraud, one count of wrongful disclosure of individually identifiable health information, and five counts of aggravated identity theft, the U.S. Attorney's Office said in a statement.

Isis Machado, 23, of Miami Lakes, worked as a front desk coordinator at Cleveland Clinic in Weston from May 2005 to June 2006. She downloaded patient files and then sold them to Ferrer, who then made false Medicare claims as owner of Advanced Medical Claims Inc. in Naples, the indictment said.

Ferrer used the information to bill medical providers in Miami for services that were not rendered, resulting in $7 million fraudulently billed to Medicare, federal investigators said.

Machado entered a guilty plea Jan. 12 on one count of conspiracy to commit computer fraud, identify theft and wrongful disclosure of individual health information. Machado then testified against Ferrer.

Ferrer faces a maximum penalty of 30 years in prison.

Machado faces a maximum penalty of five years in prison, a $250,000 fine and could be ordered to pay restitution, according to authorities.

Ferrer and Machado are to be sentenced on April 27.

The names of their attorneys were not immediately known.

'Ambassador To Cash' Convicted In Con (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, January 25, 2007

A former Chicago investment adviser whose business card touted him as "Ambassador to Cash" was convicted Wednesday by a federal jury of conning an ailing woman out of more than a quarter million dollars.

Jurors took about three hours to find Brian D. McGowan guilty on 18 counts of wire fraud and one count of investment-adviser fraud.

During the nearly three-week trial, testimony by the mother of Michael Jordan and that of athletes with ties to Chicago denied claims by McGowan that he had managed their financial affairs.

Following the verdict, U.S. District Senior Judge John Grady said McGowan's testimony was the most egregious perjury he had seen in more than three decades on the bench.

Prosecutors are to return to Grady's courtroom Thursday in a bid to have McGowan taken into custody as a danger to the community and flight risk. He has been free on bail since he was charged in 2003.

McGowan, 49, now of Hilton Head, S.C., faces up to 5 years in prison at his sentencing May 9, according to Assistant U.S. Atty. Rachel Cannon.

In closing arguments to the jury Wednesday, McGowan's lawyer, Robert Gorence of Albuquerque, claimed that the victim of the fraud, Camille LaMie, formerly of Chicago, had pulled the con on McGowan.

Gorence claimed that McGowan's repeated lies to LaMie in telephone conversations secretly tape-recorded by the FBI were merely attempts by McGowan "to get her off his back."

In a rebuttal argument, Assistant U.S. Atty. Diane MacArthur warned jurors that McGowan was "continuing the con and trying to con you."

McGowan was convicted of misrepresenting his experience and qualifications and falsely claiming to manage finances for several sports stars to entice LaMie to invest almost $270,000, nearly her entire life savings.

Jordan's mother, Delores; former Bears player Matt Suhey; former basketball player Tim Hardaway; and former representatives of Bears great Walter Payton all testified that McGowan's claims of managing their investments—caught on the undercover tape-recordings—were false.

Prosecutors said McGowan introduced his mother to LaMie in an effort to win her trust. LaMie, now 63 and living in Myrtle Beach, S.C., has multiple sclerosis and requires a wheelchair.

McGowan claimed that he invested LaMie's $268,000 in legitimate investments, but prosecutors contended most of the money fueled a lavish lifestyle for McGowan.

McGowan bought a house overlooking mountains in Albuquerque, paid off his car lease, took numerous ski trips and shopped at Gucci, prosecutors said.

LaMie grew so desperate to get her money back from McGowan that she once attempted suicide, according to testimony. But Gorence scoffed at the claim as "a joke" and contended it was "another ploy to gain sympathy."

In addition to referring to himself as "Ambassador to Cash" on his business card, McGowan used stationery embossed with displays of foreign and U.S. currency, prosecutors said.

Prosecutor Cannon reminded jurors that McGowan once claimed to LaMie that a check hadn't been delivered to her after his dog bit an Airborne Express employee. Cannon called that explanation "a new twist on the oldest lie"—that the dog had eaten the homework.

"He is hoping to bury the truth in the avalanche of lies he has told you from the witness stand," Cannon told jurors.

mo'connor@tribune.gov

Metro Briefs (CHIST)

Chicago Sun-Times, January 25, 2007

Dugan back in DuPage Jail for Nicarico murder trial Convicted killer Brian Dugan was moved to DuPage County Jail on Wednesday to await trial for the 1983 murder of Jeanine Nicarico, 10, of Naperville. Through his lawyers, Dugan had asked to remain in Pontiac Correctional Center throughout the legal proceedings, citing a fear that DuPage inmates might attribute bogus incriminating statements to him. DuPage Judge George Bakalis rejected that request last fall. Dugan, who is serving life terms for two other murders and three sex attacks, has unsuccessfully offered to plead guilty to avoid the death penalty.

Girl, 12, sexually assaulted in Back of the Yards alley

Girl, 12, sexually assaulted in Back of the Yards alleyChicago Police are asking for the public's help in finding a man who sexually assaulted a 12-year-old girl Tuesday in a Back of the Yards neighborhood alley. The girl was walking in the 4800 block of South Winchester about 4:45 p.m. Tuesday, when a man chased her into the alley. He grabbed her throat and sexually assaulted her, police said. Police described the attacker as a Hispanic man between 28 and 30 with a thin build and no facial hair. He had a small "post-type earring in his left eyebrow," and wore a dark, hooded sweat shirt and blue jeans, police said. Anyone with information should call police at (312) 492-3810.

Public defenders' chiefs seek Shakman protectionFive division chiefs in the Cook County public defender's office filed a petition in federal court Wednesday asking that their jobs be protected under the Shakman decree banning political hiring and firing. The lawyers -- Dorene Kuffer, Camille Kozlowski, Darlene Williams, Vicki Rogers and Kendall Hill -- received memos on Dec. 8 stating that County Board President Todd Stroger wanted them to sign undated resignation letters. Most ignored the memo, according to the petition. Three weeks later, they were told to sign the letters or they would be fired immediately, according to the petition filed with Judge Wayne Andersen. The filing seeks to have the division chiefs' jobs protected by the Shakman decree.

Investment adviser found guilty of tricking womanA former Chicago investment adviser who lied about having celebrity clients faces up to 5½ years in prison after a jury found him guilty of tricking an ailing woman into investing with him. The jury deliberated for about 3½ hours at the Dirksen Federal Building on Wednesday. Prosecutors said Brian D. McGowan tricked Camille La Mie, 63, into handing over the bulk of her wealth by boasting that his clients included Michael Jordan's mother and former NBA star Tim Hardaway. Prosecutors said McGowan used some of La Mie's money to pay his own bills. McGowan's attorney argued that La Mie, formerly of Chicago, was angry with McGowan because he'd failed to hide her income from the government. She then proceeded to set up McGowan, defense attorney Robert Gorence argued.

Park Forest man shotA Park Forest man was shot and critically wounded when he answered his door early Wednesday. James Bray, 27, had recently been arrested at his home on felony weapons violations, authorities said. Police said they were unsure of the motive in his shooting, and nobody was in custody.

No passport, no problem -- yet So what happened to people who flew in to O'Hare and Midway airports Tuesday without the required passport? "We took their names down and gave them a fact sheet and a passport application," said Chirese Miles, spokeswoman for the Chicago office of U.S. Customs and Border Protection. "Nobody is being detained." Tuesday was the first

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day for a new rule requiring people entering the United States from Mexico, Canada and the Caribbean by airplane to present a valid passport. The unofficial grace period -- Customs has not decided when it will end -- is designed to document the names of travelers without passports so they can be flagged on future flights. "What, if any, action would be taken then would be determined on a case-by-case basis," said Miles. The first day went smoothly across the country, with Customs reporting no detainees or delays. In Chicago, of the estimated 1,600 people entering O'Hare and Midway on Tuesday from Mexico and the Caribbean, about two dozen did not have passports.

Man dies in plant accident A 20-year-old man died this week after his head got entangled in a hydraulic compressor at a southwest suburban distribution plant. Shawn Menzie, of Harvey, was operating a cardboard compressor Monday at Sertoma Centre at 4100 W. 127th St. in Alsip when he got caught, Alsip Police Chief Robert Troy said. Menzie was feeding pieces of cardboard into the machine and apparently stuck his head into the apparatus, Troy said. It was not clear why Menzie stuck his head into the machine, Troy said. Menzie died from blunt trauma to his head and neck.

Manhattan: Guilty Plea In Defrauding Of Priests (NYT)

The New York Times, January 25, 2007

Robert Riggio of Manhattan, who was charged with defrauding more than 60 priests over several years, pleaded guilty to wire fraud in Federal District Court yesterday, prosecutors said. Mr. Riggio, 60, faces up to 40 years in prison when he is sentenced in April, said Michael J. Garcia, the United States attorney in Manhattan. Mr. Garcia said that Mr. Riggio stole more than $200,000 from 2004 to 2006 by calling priests with bogus pleas for help and requests for money. The funds often came from the priests' personal savings, Mr. Garcia said. Mr. Riggio was arrested in September after he asked for money from an F.B.I. agent posing as the niece of a priest who had been defrauded, Mr. Garcia said.

Shooting Suspects Led Quiet Lives (AP)

By KIM CURTIS

AP, January 25, 2007

SAN FRANCISCO - They'd long since exchanged the radical idealism of their youth for comparatively quiet lives as janitors, job counselors and Little League coaches. They'd become husbands, fathers and grandfathers.

But memories of a violent era in American history came rushing back this week when eight men with ties to the Black Panther Party were arrested in the 1971 killing of a San Francisco police officer.

Prosecutors say members of the Black Liberation Army, a violent offshoot of the Panthers, stormed the lobby of a police station that August night, killing Sgt. John V. Young by firing a shotgun through the speaking hole in a glass partition. A civilian clerk was hit in the arm as she ducked for cover behind a file cabinet.

According to prosecutors, Francisco Torres, Herman Bell and Henry Watson Jones staged the attack. John Bowman, Richard Brown and Harold Taylor were the lookouts. Ray Michael Boudreaux and Ronald Bridgeforth were the getaway drivers.

Anthony Bottom was supposed to be part of the attack team, but he was arrested the night before after attempting to fire a machine gun at a police sergeant.

Bowman died of liver cancer in December, and Bridgeforth is believed to have fled the country.

Seven others were arrested Tuesday on charges of murder and conspiracy to commit murder. An eighth, Richard O'Neal, was charged only with conspiracy.

Investigators say new evidence led them to finally make the arrests in Young's killing, but they won't specify what that is. Lawyers for some of the former BLA members say the case is really about revenge.

It isn't the first time their names were tied to Young's death, but six of the eight men had managed to live relatively normal lives in the ensuing 36 years.

Taylor, now 58, moved to Florida where he worked as a utility lineman and lived with his daughter and girlfriend.

Boudreaux, 64, and Jones, 71, moved to Altadena, north of Pasadena, where they live within a mile of each other and remain friends. Boudreaux is an electrician for Los Angeles County; Jones is a real estate appraiser.

Torres, 58, moved to Queens, New York where he's lived in the same house for 27 years, according to his lawyer, Michael Warren, who called this prosecution "ridiculous" and "without any merit whatsoever." He said his client is a married "family man" with two sons who's active in his community and coaches Little League. He said Torres served in the U.S. Army in Vietnam and was disabled by Agent Orange.

Richard Brown, 65, and Richard O'Neal, 57, stayed in San Francisco. Brown worked for nearly 20 years as a job counselor and developer at a community center and O'Neal worked as a custodian for the city.

Bell, 59, and Bottom, 55, were the two exceptions. Both are serving life sentences for killing two New York City police officers during the same violent spree that claimed Young, according to authorities. But both men earned college degrees in

prison, a warden has credited Bottom with helping to prevent riots. Bell, a former scholarship athlete, coaches inmate football teams. Both maintain they were framed by the FBI.

Police reopened the case in 1999, saying they had new information. A grand jury heard evidence and several members of the group refused to testify, but no charges were filed.

In 2005, police turned the case over to the state attorney general's office. Again, several people were summoned and refused to testify, including Taylor, Brown, Boudreaux and Jones. They argued the grand jury system is inherently unfair because defendants aren't allowed to have a lawyer present.

They also protested their treatment during an earlier phase of the investigation.

Two years after the killing, Taylor and Bowman were arrested in New Orleans. But a judge dismissed the charges in 1976 because the men had allegedly been tortured by San Francisco police officers during an interrogation.

Over three days, the men said, they were stripped, blindfolded and beaten. They were covered with blankets soaked in boiling water and their genitals shocked with an electric prod. Without food or water, Taylor has said publicly, the men finally relented and confessed.

Under those circumstances, Taylor recalled during a recent public speaking engagement, "Whatever you want me to say, I will say it."

Until the officers who beat them were brought to justice, the men said, they would refuse to answer the grand jury's questions. They went public, speaking to activist and community groups from Boston to Chicago and vowing to dedicate the rest of their lives to stopping torture.

They even gained the support of Harvard law professor Charles Ogletree and actor and San Francisco native Danny Glover. Ogletree did not return a call on Wednesday; Glover was in India and unavailable.

Two defense lawyers said Wednesday they believe the new charges are retaliation for the former Panthers' public statements.

"The government was embarrassed" when earlier attempts to indict the men fell through, said Warren, Torres' lawyer.

Taylor appeared briefly in court Wednesday via a video link from a Panama City, Fla. jail, where he's being held without bail. He said he would fight extradition to California, but does not yet have a lawyer.

Jones' lawyer, John Philipsborn, said he looks forward to defending his client.

Boudreaux's lawyer, Michael Burt, said his client is innocent. "He didn't murder anybody," he said.

Brown's longtime friend, the Rev. Amos Brown, called him a "decent human being," who's been active in his community. He's a member of the African American Police Community Relations Board and an anti-poverty neighborhood group. The pastor of Third Baptist Church said he visited his friend in jail Tuesday and he declared his innocence.

Associated Press Writers Marcus Wohlsen in San Francisco, Tom Hays in New York City, Melissa Nelson in Pensacola, Fla. and AP researcher Rhonda Shafner contributed to this report.

Stunned Friends Laud The Men They Know Now (SFC)

By Leslie Fulbright And Demian Bulwa, Chronicle Staff Writers

San Francisco Chronicle, January 25, 2007

Talk in the Western Addition, whether on the steps of old Victorians, on the benches near the community center or among residents of the housing projects, is centered on Richard Brown.

Not the Richard Brown who police say participated in the killing of a police officer 35 years ago, but the Richard Brown who is a father, community activist and mentor to neighborhood youth.

And at a Bayview district community center, some workers on Wednesday were still reeling from the news that Richard O'Neal, a 57-year-old maintenance man who changed their lights and joked with them, did not show up for work because he is in jail.

Brown, 65, is among eight men charged Tuesday with murdering San Francisco police Sgt. John Young and conspiring to commit murder in other attacks. O'Neal, who also lives in the Western Addition, was arrested but charged only with conspiracy.

"Richard Brown is someone who is intensely concerned with his community and goes way beyond the call of duty," said the Rev. Arnold Townsend, an assistant pastor at Rhema Word Christian Fellowship Church who has known Brown for nearly 40 years. "He's been involved in almost every good work that went on in our neighborhood."

Jim Queen, a commissioner with the city's Juvenile Probation Department, has known Brown for 20 years and has watched the effect he had on neighborhood youth over the years.

"He has a fantastic rapport with the young people in the Western Addition," Queen said.

"He grew up there and had a special way with the kids, a stern tough-love way. He demanded high standards and made sure he was always available to them," Queen said.

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Brown, who lives in the apartment complex on the 1000 block of Fillmore Street, worked for 20 years as a program coordinator in the Employment Service Program at the Ella Hill Hutch Community Center until he was laid off three years ago. He also is a founding member of the African American Police Community Relations Board and several other neighborhood organizations.

"His job was never 9 to 5," Townsend said. "He was at community meetings at night, on boards, in the neighborhood, working for affordable housing. He was always bugging me to come to meetings. We didn't do fun together; I never saw him out in the clubs."

O'Neal, who has two grown sons and whose wife was murdered in 1979, has worked for the past few years at the Southeast Community Center on Oakdale Avenue in the Bayview. The four-story concrete building primarily houses classes offered by City College of San Francisco.

People who work there said they were stunned by his arrest, recalling him as a kind and gentle man who always had a smile on his face and would at times stay late to fix lights or other things.

Veronica Hunnicutt, the dean of the southeast college campus, said she knew a teenage O'Neal when she was a schoolteacher in the late 1960s.

She met him again through his job at the facility.

"Oh, my God, we're just utterly stunned. It's taken us all aback because he is such a nice man," Hunnicutt said. "He is a trusted employee who would do anything to help us.

"I hope they look at all of the information, because this man has been wonderful out here. He would take the shirt off his back to try to help you."

Henry Calhoun, a site supervisor at the campus, said O'Neal is a good person, "friendly, outgoing, easy to get along with. I hope everything will be all right for him in the long run. I hope they release him."

Both Brown and O'Neal have criminal records. Brown was arrested twice in 1968 for his alleged involvement in shootouts with police. He also was convicted in 1961 of robbery and in 1973 of buying a gun with a fake identification and denying he was a felon.

State prosecutors said O'Neal was one of three men who opened fire on Lawrence Heap, a patrol special officer who was sitting in a car outside a San Francisco convalescent home he was guarding.

Heap was struck in both arms but returned fire, wounding O'Neal. O'Neal, then 21, was convicted and served prison time in the case, his attorney said.

Police said all the men charged Tuesday were members of the Black Liberation Army, a militant offshoot of the Black Panthers that operated from about 1971 to 1981.

"We all make mistakes with our lives," Hunnicutt said. "Based on the gentleman that we worked with and how kind and gentle of a man we knew, it would be a shame if what he has done with his life is not factored into this. We know people are punished for their crimes, but there is also something called redemption."

Neighbors said O'Neal is a quiet guy. He has worked for the city's public works department since 1981. Over the years, he made street signs and did maintenance work at City Hall, just a few blocks from his home.

Attorney James Bustamante described O'Neal as an "easygoing, straight-shooting guy" who hasn't been in trouble with the law since his early 20s.

Many in the Western Addition community knew both men: O'Neal was the quiet one who kept to himself, and Brown was an activist and mentor to neighborhood youth.

Mesha Monge-Irizarry, whose son was killed by San Francisco police, knows Brown through his work with the African American Police Community Relations Board.

"He is a very focused brother who does a lot of work without taking credit, who is loved and respected by the community," she said. "The arrest of this old man, who has been a youth counselor fighting violence day to day, is obscene. He was deterring kids from street crime, helping our youth to have a positive outlook on their future."

Dario Harper, 35, grew up in the Western Addition and has known Brown his entire life.

"He has this way of talking to young people and helping them understand they have to change the way they live if they want to survive," Harper said. "Based on his life experiences, people respected him so they listened.

"We don't have a lot of older people who take the time to talk to us like he does."

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THE DEATH OF SGT. JOHN YOUNG Ex-militant Seen As Likely To Testify At Cohorts' Trial (SFC)

By Jaxon Van Derbeken, Chronicle Staff Writer

San Francisco Chronicle, January 25, 2007

More than 30 years ago, Ruben Scott testified against his alleged Black Liberation Army brethren in the slaying of two New York City police officers.

Now, defense attorneys suspect, Scott will be alone among the former militants to testify against his one-time confederates, who were charged Tuesday in the 1971 slaying of San Francisco police Sgt. John Young and a larger conspiracy to kill police.

While state prosecutors won't say whether Scott will take the witness stand, defense attorneys say he is the only insider whose testimony has ever been used to convict BLA members of a crime.

And he is the only former BLA member previously indicted in the slaying of Young whom prosecutors have chosen not to name again in the current case. The charges against him were dismissed in 1976.

"We assume he is a witness for the government -- he had a case dismissed in San Francisco on this very same incident," said Stuart Hanlon, a lawyer for Herman Bell, an alleged leader in the group who was convicted when Scott testified in the New York case and who now is accused of killing Young with a shotgun.

If Scott is slated to take the stand for the prosecution, a major issue will be whether his testimony should be allowed -- or believed -- because of statements he long ago gave implicating himself and two other reputed BLA members in Young's slaying while incarcerated in a New Orleans jail.

The confession led to the 1975 indictments of Scott, Harold Taylor and John Bowman in the ambush attack on San Francisco's Ingleside Police Station that resulted in Young's death and the wounding of a civilian clerk.

But the statements were ruled inadmissible because of court findings that they had been obtained after the men were tortured by New Orleans police and denied access to defense lawyers.

Scott, in a taped interview with a radio journalist in December 1975, said he was subjected to days of torture in New Orleans. The abuse relented, he said, only when he was speaking to federal agents and San Francisco police.

He recounted how he was stripped and punched in the stomach and chest. He said at one point his feet were put in a water tank and he was threatened with electrocution. New Orleans police also stuck him with cattle prods and needles, he said.

"They have a little thing: They don't hit you in the face, where it would show," he said. One investigator cocked a gun and threatened to shoot him through the ear "to see if the bullet would come out the other ear," he said.

Over a period of four to five days, he said, "New Orleans police department would wup on you, beat you, then bring you to the FBI to talk."

The alleged abuse occurred two years after Young was shot on Aug. 29, 1971, when at least three men stormed into Ingleside Police Station and, through an opening in the station's bulletproof glass, blasted the veteran police officer with a shotgun, killing him. A civilian clerk also was shot in the attack, but she survived.

The current charges name Bell as Young's killer. Also named in the charges is another man convicted of killing the New York officers, Anthony Bottom. They are also accused of orchestrating a larger conspiracy to kill officers between 1968 and 1973. Taylor and Bowman, who recently died, are also named in the charges, as are Richard Brown, Francisco "Cisco" Torres, Ray Boudreaux and Henry Watson Jones. Ronald Stanley Bridgeforth is charged but has not been arrested. Richard O'Neal, a custodian at San Francisco City Hall, is named in the broader conspiracy but not in the Young slaying. Brown and O'Neal appeared in San Francisco Superior Court on Tuesday but did not enter a plea.

Hanlon, Bell's defense lawyer in the new San Francisco case, said that given what Scott has been subjected to -- and other statements he has made at odds with his past confession -- his credibility as a witness is doubtful.

"He has given various statements saying he was tortured," said Hanlon. "He's just all over the place. He had been tortured. He is a tortured soul."

Scott also recounted the torture when he testified in 1975 to help convict BLA members Bell, now 59, Bottom, now 55, and the late Albert Nuh Washington of the slayings of the two New York police.

The prosecutor in the New York slayings, Robert Tanenbaum, now a private lawyer in Beverly Hills who co-wrote a book on the case, said Scott's testimony helped gain convictions of three men in the May 21, 1971, slaying of New York police Officers Waverly Jones and Joseph Piagentini.

The first trial of five men originally charged in the New York officers' death did not go well for prosecutors, Tanenbaum said. After the first trial ended in a hung jury, a New York police investigator went to New Orleans to talk to Scott again, Tanenbaum recalled.

The investigator said Scott had previously suggested he had an "ace in the hole," Tanenbaum said. At that point, Scott -- facing charges in San Francisco in the slaying of Young four years earlier -- suddenly agreed to testify against the five men who were accused, helping secure three convictions. The charges against two brothers, Francisco and Gabriel Torres, were dismissed during the second trial.

Scott, at the time of the second trial, was being held on suspicion of a bank robbery in New Orleans.

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It was Scott, Tanenbaum said, who led authorities to a missing gun that belonged to one of the New York officers. Scott went with authorities to Mississippi, who unearthed the gun where Scott said he watched Bell bury it on a farm where Bell grew up.

"Everything he said to us was corroborated -- when you put a witness on, you vouch for his credibility as an officer of the court. I thought he was credible. Based on the corroboration, I thought he was highly credible," the former prosecutor said.

Scott also recounted how New Orleans police tortured him into confession, using cattle prods, Tanenbaum said. He also expressed fear to the judge that his life was at risk in custody.

Amid the allegations of abuse, the first San Francisco case collapsed in 1976. The grand jury indictment was dismissed after a court found that the men lacked counsel and had been tortured in New Orleans.

Michael Burt, who represents Boudreaux in the Young slaying, said Scott apparently testified before the grand jury that later indicted him. Burt said he has records showing that Scott was the only one of three accused who got such a subpoena. He apparently was a cooperating witness, Burt said.

Still, Burt said, defense lawyers have never seen any grand jury testimony by Scott or anyone else in the indictment.

"The file is missing -- we have made lots of efforts to get it," Burt said. "The original file and testimony and everything that happened are no longer part of the public record."

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Convicted NY Cop Killer Stole Pennsylvania Man's Identity (AP)

By William Kates, Associated Press Writer

AP, January 25, 2007

The real John T. Healy wants everyone to know he's no cop killer.

"I'm just a regular guy," said Healy, 47, of Yardley, Pa., who has endured a nightmare over the past two weeks after learning that the man who apparently stole his identity two years ago was charged with _ and ultimately convicted of _ killing an upstate New York police officer.

It was bad enough the thief stole $3,500 from his bank accounts, purchased a used Cadillac Escalade under his name, bought car insurance and even bailed a criminal cohort out of jail _ which led to an armed bounty hunter showing up at his doorstep.

Now, Healy runs the risk of forever having his name linked with a convicted murderer.

"It's been quite unsettling," Healy said in a telephone interview Wednesday.

"It's not so much the money, I've gotten that back. It's the hassle and aggravation, over and over," said Healy, a salesman for Home Depot. "Seeing your name in the paper being charged with murdering a cop is pretty intense."

The man authorities prosecuted under the name John Healy was convicted Monday of second-degree murder for his role in the death of New Hartford Police Officer Joseph Corr following a million-dollar jewelry store robbery.

Corr, 30, was gunned down in February 2006 behind a convenience store in Kirkland, N.Y., as he chased "Healy" and an accomplice, Walter Richardson, who were running away after their getaway car crashed.

"Healy" was captured at the crash scene and charged with murder because he participated in the crimes that led to Corr's death. Richardson, the suspected gunman, hijacked a tow truck and fled. He was killed the next day in a shootout with U.S. Marshals near his home in Chester, Pa., 15 miles southwest of Philadelphia.

Assistant Oneida County District Attorney Kurt Hameline said the defendant was indicted as "John Healy, et al," because a check of his fingerprints turned up approximately 20 different aliases.

Prosecutors settled on the name John T. Healy because the suspect had a Pennsylvania driver's license with that name on it, Hameline said.

"We assumed it was a name he made up. We did not know there was a real John T. Healy until after jury selection began," said Hameline, who only learned of the real John Healy when he got a call Jan. 10 from Yardley Police Officer William Golden, who was investigating the stolen identity case.

At that point, Hameline said, prosecutors decided to go ahead with the trial rather than introduce an element of doubt about who the defendant was. The jury convicted the fake Healy after deliberating for just two hours.

"We're still not 100 percent sure who he really is. Toussaint Martin is a name he was using most recently before he was John Healy, but we're not even sure of that one. It didn't make sense to make a motion to change his name if we don't even know if it's the right one," Hameline said.

FBI Special Agent Jerri Williams in Philadelphia said Wednesday that the defendant is known to her agency as Toussaint Martin, 38, formerly of Philadelphia. He has been "known to law enforcement for a number of years" and was a suspect in other jewelry store robberies when he was caught in New York, she said.

If the defendant's identity is firmly established before he is sentenced on March 22, prosecutors will make a motion then to change his name, Hameline said. If not, he will be sentenced as John Healy and prosecutors will ask Judge Michael Dwyer to issue a legal document clarifying the real John T. Healy's identity so he can prove he's not a convicted murderer.

"We understand the problems this has created for him and obviously we're sorry that he's had to suffer these consequences," Hameline said.

Healy suspects his identity was stolen in autumn 2005 when he lived in an apartment in Yardley. He said maintenance men were in his apartment at the time. After they left, his benefits package from his employer _ including his Social Security number _ turned up missing, along with one of his checks.

He's also experienced problems traveling. He said he had to endure lengthy interrogations from customs officials when he returned from a trip to Canada and from ship employees when he came back from a cruise in the Caribbean. Each time he had to explain his identity had been stolen.

Healy said he was unaware of the murder trial until two weeks ago when he received calls from local media outlets.

"I had buddies call up and say, 'Hey, can I get some jewelry for my wife?'" he said, trying to find some humor in his situation.

Hameline said the fact that the ID theft is on record in national criminal databases should protect the real John Healy in the future. Healy, who is separated with two young daughters, said his credit appears fine. He recently bought a new house.

"I'm not bitter about it, and I wouldn't have wanted to jeopardize their case, but it's strange to me that they couldn't figure out who he was before they tried him. They had, what, 11 months? I just don't understand," Healy said.

Documents Dispute Delays Coke Secrets Trial (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 25, 2007

The judge in the Coke secrets trial sent the jury home Wednesday morning so attorneys could haggle over how to handle sensitive documents the company says contain proprietary trade information.

Coke's lawyers and prosecutors had thought the judge was going to seal hundreds of pages of Coca-Cola documents from public view, showing them only to jurors who would be sworn to secrecy.

RECENT NEWS

Testimony Delayed In Coca-Cola Trial (AP)

By Johnny C. Clark

AP, January 25, 2007

ATLANTA - A federal judge delayed testimony Wednesday in the trial of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant because of controversy over the use of sensitive documents.

A government prosecutor asked for a recess to review more than 750 pages of defense documents to determine whether portions should be redacted before being shown to the jury.

U.S. District Judge J. Owen Forrester granted the recess until 11 a.m. Thursday. When Forrester released the jury for the day, he expressed frustration with the prosecution and defense attorneys.

"In an effort to simplify things - they didn't," Forrester said.

Joya Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and one has testified against her.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

The executive Williams worked for, Javier Sanchez Lamelas, is expected to return to the stand when testimony resumes. He testified Tuesday that there was no reason for Williams to bring confidential Coca-Cola documents to her home.

Coca-Cola Trial Halted As U.S., Company Seek To Shield Secrets (AR/BLOOM)

Bloomberg News

The Arizona Republic, January 25, 2007

DOJ_NMG_0121565

ATLANTA - A former Coca-Cola Co. secretary's trade-secrets theft trial was stopped for a day so the company can work with prosecutors to keep sensitive information from becoming public.

A dispute over documentary evidence arose between prosecutors and defense lawyers as Javier Sanchez Lamelas, a company vice president for trademarks, was to resume testifying Wednesday against Joya Williams. U.S. District Judge J. Owen Forrester stopped the trial until today.

At issue is whether much or all of the defense documentary evidence would be sealed, even though it had been edited by the government to delete trade secrets. Forrester said edited papers introduced in court will be made public. The judge gave prosecutors another day to talk with company lawyers and re-edit papers if necessary.

Killer's Statement Won't Lead To Charges (AP)

By Gene Johnson, ASSOCIATED PRESS WRITER

AP, January 25, 2007

SEATTLE -- A convicted murderer's statements to the FBI about the deaths of two young girls in Washington are not sufficient to bring criminal charges in the deaths, though the man remains "a viable person of interest" in the slayings, investigators said Wednesday.

Federal prosecutors in Idaho said Tuesday that Joseph Edward Duncan III had confessed to the Washington killings and the slaying of a California boy in statements to the FBI after he was arrested in July 2005 with an Idaho girl who had vanished seven weeks earlier.

The prosecutors referred to the statements in a filing in which they gave their notice of intent to seek the death penalty on charges that Duncan kidnapped the Idaho girl, Shasta Groene, and kidnapped and killed her brother, Dylan.

But on Wednesday, Washington authorities said the statements about the deaths in their state weren't enough to merit charges. Though Duncan's statements revealed some knowledge of the case, he could have gleaned it from a fellow inmate or elsewhere, King County sheriff's spokesman Sgt. John Urquhart said.

He said the county could not file charges based on the information Duncan provided, but that Duncan would remain "a viable person of interest."

"Characterizing what Duncan said as a 'confession' has a huge impact on the family," Urquhart said. "They think the case has been solved and that we know who killed their kids. But we don't know that for sure, and we continue to investigate."

In the notice of intent to seek the death penalty, the U.S. attorney's office in Boise said Duncan confessed to killing Carmen Cubias, 9, and Sammiejo White, 11, in Washington state in 1996 and Anthony Martinez, 10, in California in 1997.

The two girls were abducted from the Crest Motel in Seattle. Their skeletal remains were found 17 months later in Bothell, a Seattle suburb.

Assistant U.S. Attorney Wendy Olson in Boise has declined to discuss Duncan's statements in detail. The King County prosecutor's office in Seattle also declined to comment.

Duncan pleaded guilty last October in Idaho state court to first-degree murder and kidnapping for the May 16, 2005, hammer slayings of Dylan and Shasta's mother, Brenda Groene; her fiance, Mark McKenzie, and Groene's 13-year-old son, Slade. Prosecutors say he killed them to get Dylan and Shasta, then took the siblings to the mountains of Montana, sexually abused them for weeks, and killed Dylan. The boy's body was found at a remote campsite.

The girl was rescued when she was seen with Duncan at a Denny's restaurant in Idaho.

California authorities have charged Duncan in the Martinez case; they said a partial fingerprint was matched to Duncan.

Deal Struck Over Jeffs' Evidence? (DESERET)

By Ben Winslow, Deseret Morning News

Deseret Morning News, January 25, 2007

Federal prosecutors say they have struck a deal with Fundamentalist LDS Church leader Warren Jeffs over documents, letters and other evidence seized when he was arrested.

That deal voids any claims Jeffs has that the documents are privileged communications between the polygamist leader and his followers, the U.S. Attorney's Office for Utah said in a motion asking a federal judge to dismiss the evidence-dispute case in Nevada.

Jeffs' lawyers maintain the documents are protected under his First Amendment right to freedom of religion. Richard Wright, Jeffs' Nevada attorney, was out of town and did not return a call seeking comment Wednesday.

In court documents filed in federal court in Las Vegas, the U.S. Attorney's Office revealed that a deal was made with Jeffs in the days following his arrest.

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"The United States would provide Mr. Jeffs' counsel with copies of all documents and imaged computer files seized from the Escalade so that Mr. Jeffs and his counsel could designate which items they believed to be privileged," assistant U.S. Attorney Jared Bennett wrote, adding that Jeffs agreed to it.

Jeffs, 51, was a fugitive on the FBI's Ten Most Wanted list until his capture in a traffic stop near Las Vegas last August. Jeffs was in a Cadillac Escalade with one of his wives and his brother when they were pulled over by a Nevada Highway Patrol trooper because the vehicle's temporary tag wasn't visible.

In an affidavit obtained by the Deseret Morning News on Wednesday, an FBI agent revealed more details about Jeffs' arrest. Conflicting stories raised suspicions about a man in the car who identified himself as "John Findley."

"The driver of the Escalade was removed from the vehicle for questioning, whereupon he told the trooper that he and his two companions in the Escalade were on a one-week vacation," FBI Special Agent Martin Schwarz wrote. "The driver stated that they had been to San Francisco, Calif., to see the ocean and that they were travelling to Hilldale (sic), Utah."

Warren Jeffs The trooper questioned "John Findley," who said they were on their way back to Denver.

After getting the driver's consent to search, the trooper found envelopes addressed to "President Jeffs" and two yellow envelopes containing cash, debit cards and tools. FBI agents arrived on the scene and spoke to "John Findley," who admitted he was Warren Jeffs.

A search warrant for the Escalade was filed days later.

"The FBI inventory found numerous items, including hundreds of documents, computers, cash, debit cards, several electronic devices, wigs, and masks," Schwarz wrote.

A few days after Jeffs' arrest, Wright filed an emergency motion in federal court seeking to have the papers either returned to the FLDS leader or sealed. The U.S. Attorney's Office claims a deal was made to let Jeffs' attorneys review the seized evidence. Federal authorities have organized a special "taint team" of lawyers to look at the documents and computer files and settle any disputes over what is privileged.

Jeffs' lawyers are crafting a list of evidence they believe is privileged, according to the U.S. Attorney's Office.

"Mr. Jeffs concedes that 'adequate safeguards are in place' to protect the allegedly privileged seized materials," Bennett wrote.

In the court documents, the U.S. Attorney's Office said that Jeffs remains "the subject of an ongoing federal investigation." U.S. Attorney's spokeswoman Melodie Rydalch would not comment beyond that statement on Wednesday.

Federal prosecutors have also asked that any future legal challenges be moved from Las Vegas to Salt Lake City, where the FBI's case is based.

Meanwhile, lawyers for the financial arm of the FLDS Church want a judge to let them see what the FBI seized. The lawyers have filed court papers asking to see if any evidence has to do with the United Effort Plan Trust, which is now under a Utah court's control.

Jeffs is facing an April trial on charges of rape as an accomplice. He is accused of performing a child bride marriage between a 14-year-old girl and her 19-year-old cousin.

Jurors Hear Closings In Case Against Abortion Provider's Killer (AP)

By Carolyn Thompson

AP, January 25, 2007

BUFFALO, N.Y. (AP) — Anti-abortion extremist James Kopp made a last attempt Wednesday to convince jurors he didn't mean to kill a doctor he shot, while a prosecutor countered there are "no do-overs" when shooting someone.

The two sides presented their closing arguments in Kopp's trial on charges he violated the federal Freedom of Access to Clinic Entrances Act by killing Dr. Barnett Slepian with a single shot from a Russian military rifle in 1998. He could face life in prison without parole if convicted.

Kopp, known as "Atomic Dog" among his peers, is already serving a 25-year-to-life sentence for a state conviction on second-degree murder in the doctor's death.

Representing himself during his federal trial, he acknowledged firing the shot that killed Slepian inside his Amherst home but said his goal was to disable the doctor and prevent him from performing abortions the following day.

"If it happened the way I wanted it to, he would have his arm in a sling," said Kopp, 52, who is suspected in the nonfatal shootings of three Canadian doctors and one in Rochester.

"There are no do-overs, no take-backs when you take an assault rifle and pull the trigger," Assistant U.S. Attorney Kathleen Mehltretter said.

Though U.S. District Judge Richard Arcara had instructed Kopp not to discuss abortion during the trial, Kopp at least twice began describing the procedure in detail during his closing statement and was stopped each time by the prosecution and judge.

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"Abortion is murder. I tried to stop it," he said.

"Dr. Slepian, bless his heart, he felt force reflected back on him that he began," Kopp said, as Slepian's widow, Lynne, and her parents watched from the courtroom's front row.

Lynne Slepian and two of the couple's four children, then 7 to 15 years old, were in the kitchen with Slepian when the bullet pierced his body and ricocheted off a cabinet and wall before coming to rest in an adjoining room.

"Do not be concerned your vote is a vote against children," Mehltretter told jurors. "It is a vote for children to live in a safe and orderly society."

After the Oct. 23, 1998, shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001. He was added — along with Osama bin Laden — to the FBI's list of the Ten Most Wanted fugitives in June 1999.

Jurors deliberated about an hour Wednesday before being sent home after asking to review testimony concerning the timeline of the shooting. Deliberations were scheduled to resume Thursday morning.

3rd Dallas Sibling Gets Prison Over Katrina Relief Theft (DMN/AP)

Associated Press

The Dallas Morning News, January 25, 2007

A Dallas man who used stolen Hurricane Katrina debit cards is joining two of his siblings in prison over the same scam, authorities said.

Abram Wesley Hines, 25, was sentenced Wednesday to 10 months behind bars, the U.S. attorney's office said.

Abram Hines pleaded guilty in October to one count of fraudulent use of access devices.

He's the middle brother of Brian Oneal Hines, 21, and Charmaine Denise Hines, 32, also of Dallas.

Brian Hines was a paid Red Cross temporary worker and also a volunteer, officials said. He admitted stealing at least 80 Red Cross debit cards meant for victims of Katrina, which hit the Gulf coast in August 2005.

Brian Hines and his sister Charmaine Denise Hines pleaded guilty in January 2006 to fraudulent use of an access device.

He was sentenced to 30 months and ordered to make nearly $203,000 in restitution. She was sentenced to 41 months in prison and ordered to repay more than $23,000.

Evidence presented Wednesday to U.S. District Judge Jorge Solis indicated Abram Hines received about $15,000 in cash, credit cards and a car as a result of the fraud.

New Ethics Charges For N.C. Prosecutor (USAT)

By Wendy Koch

USA Today, January 25, 2007

Mike Nifong, whose prosecution of three Duke University lacrosse players on rape and sexual misconduct charges has faced growing criticism, has been hit with a second set of misconduct charges.

In a complaint filed Wednesday, the North Carolina State Bar accused Durham County District Attorney Nifong of withholding evidence from the defense and making misleading statements in court. It charged him last month with violating rules of professional conduct by making misleading and inflammatory statements to reporters about the athletes, who were suspended from the university.

Duke permitted two of the athletes, Reade Seligmann and Collin Finnerty, to return to school this month, following the dismissal Dec. 22 of rape charges, the most serious charges against them. The third defendant, David Evans, has graduated. All three say they are innocent.

The expanded ethics complaint, which says Nifong's actions amount to a "systematic abuse of prosecutorial discretion," could lead to his disbarment, says L. Thomas Lunsford II, the state bar's executive director.

Nifong's lawyer, Dudley Witt, says, "We will strongly dispute any suggestion he (Nifong) intentionally withheld evidence." He says his client will not step down and continues "his day-to-day duties."

The complaint says a trial is scheduled for May.

Nifong removed himself from the case Jan 12. He said he had a conflict of interest after the first ethics charges were filed. The office of State Attorney General Roy Cooper has taken over.

Cooper has a special prosecutions unit that handles dozens of cases annually referred by district attorneys, says his spokeswoman, Noelle Talley.

Nifong dropped the rape charges after the accuser, a 28-year-old woman hired to perform as a stripper at a lacrosse team party last March, said she was no longer certain she'd been raped. Nifong said he would continue to pursue kidnapping and sexual offense charges.

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The new complaint cites instances between May and mid-December when Nifong said in court or legal filings that he knew of no additional evidence that would help the defense. The complaint says that testing done by DNA Security Inc. had concluded by April 10 that none of the samples given to police by 46 lacrosse players matched any material found on the accuser. A week later, Nifong charged two of the men with rape.

Last month, DNA Security's director testified that he and Nifong agreed to include only DNA matches in their report, not results showing no matches between the accuser and players.

Nifong, despite the controversy over his handling of the Duke case, won election last fall after being appointed in the spring to replace a district attorney who had become a judge.

More Ethics Charges Brought Against Official In Duke Case (NYT)

By Duff Wilson

The New York Times, January 25, 2007

The North Carolina State Bar filed a second, more serious round of ethics charges yesterday against the district attorney in Durham, N.C., accusing him of "systematic abuse of prosecutorial discretion" in the sexual assault case against three former members of the Duke University lacrosse team.

The bar complaint said the district attorney, Michael B. Nifong, had illegally withheld DNA evidence from defense lawyers and then intentionally misled the presiding judge and bar officials about doing so.

The new charges added to a previous ethics complaint accusing Mr. Nifong of making false and prejudicial remarks about the case to the news media. A three-member independent panel is expected to hear the matter against him this summer. Penalties could include disbarment.

Mr. Nifong's lawyer, David B. Freedman, denied yesterday that there had been "any sort of intentional unethical conduct." In a telephone interview, Mr. Freedman said that Mr. Nifong had a "flawless record" for ethics in 28 years as a prosecutor and that a written response, to be issued within 30 days, would give his side of the case.

"I have great confidence the panel will render a fair and just verdict," Mr. Freedman said.

The case against the former players is being reviewed by the state attorney general's office, which took it over from Mr. Nifong after he recused himself on Jan. 12. At the time, he said he faced a conflict of interest between prosecuting the case and defending himself against the first set of ethics charges, filed Dec. 28.

Much of the new ethics complaint focuses on Mr. Nifong's handling of private DNA testing and his remarks to a judge and bar officials about it. Those tests were arranged by Mr. Nifong after a state laboratory found no semen, blood or saliva from lacrosse players on or in the woman or on her clothes. Using a more sophisticated test, the private laboratory found DNA from multiple men on the woman and her underwear, but none from any of the lacrosse players.

Mr. Nifong and the lab director decided to tell defense lawyers only about the positive matches, including a link to the woman's boyfriend, in a summary report of the DNA work, said the bar, a state agency that regulates lawyers in North Carolina. The negative findings, which the bar said "tended to negate the guilt of the accused," were included only in laboratory reports not given to defense lawyers for more than six months.

North Carolina law requires prosecutors to share all relevant information with defense lawyers promptly. Mr. Nifong told the judge in the case that he had turned over everything he had — "a misrepresentation and false statement of material fact made to a tribunal," the bar wrote. Mr. Nifong later objected to a defense request to turn over the full laboratory reports, citing cost and privacy concerns and terming the papers sought "a witch hunt list," the bar said.

Mr. Nifong said in court on Dec. 15 that a defense motion two days earlier on the withheld DNA results was "the first I heard of this particular situation." Later he said he had meant that it was the first he had heard of defense accusations that the results had been concealed, not that they existed. But the bar said the accusations themselves had not been raised until after Mr. Nifong spoke in court.

In an interview last month, Mr. Nifong agreed that the DNA results had been potentially exculpatory, but said they had not seemed important to him because he was no longer then pursuing the case on the basis of DNA evidence.

Convicted Con Artist Tells How He Could Steal Your Home (USAT)

By Noelle Knox

USA Today, January 25, 2007

LEAVENWORTH, Kan. — When Brent Barber tells you — and he's about to — how easy it is to steal your house out from under you, or take your money and ruin your credit, even while he's sitting in prison, you'd better listen.

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A one-time millionaire with a house on a golf course, Barber was sentenced in October to 12 years in prison for masterminding the largest mortgage fraud ever prosecuted in Missouri, and most other states too, the FBI says. He pleaded guilty to a five-year scam that involved nearly 300 properties in Kansas City, Mo., and victimized more than 80 people.

Nationally, mortgage fraud has spread in the past few years, with losses totaling around $1 billion last year, the FBI says. The real estate boom, along with looser lending standards, built an ideal breeding ground for smooth-talking con artists like Barber. Those hurt by fraud are not only lenders, but also the thousands of other homeowners who pay higher interest rates as a result, and the neighborhoods where foreclosures depress property values, invite crime and drain city resources.

Florida is the No. 1 hot spot for mortgage fraud, followed by Utah, Georgia, Colorado, Illinois and Missouri (chart, right).

Fraud cases are likely to continue rising this year and next, the Mortgage Asset Research Institute says. That's because fraud has become harder to hide in today's slower housing market, when lenders have more time to review applications and appraisals. And because fraudulent loans tend to fall into foreclosure after about three years, many bad loans from the real estate boom have yet to surface.

About 30 miles from where Barber used to live, he sits in a transfer detention center circled by fences topped with razor wire, waiting to be moved out of state. Barber, 42, who did not testify at his trial, spent more than two hours explaining to a reporter how to find victims, steal from homeowners and lenders, and hide the crimes. Then he offered advice on how to avoid being scammed.

"If I wanted to be a stinker, I could tear up any state I walked in," he boasts. "From right here in jail, I could do every one of the things I talked about" with USA TODAY.

You'd better believe him, says Linda Marshall, the assistant U.S. attorney who prosecuted Barber. "Unfortunately, I think that's very realistic, because so much can be done by computer, telephone and fax — things he has access to in prison. And if he didn't, with the help from someone on the outside, he could accomplish it."

Barber's crimes spotlight flaws in the mortgage lending and regulatory systems and show how easy it is to exploit the greed and trust in human nature.

The FBI had Barber on its radar screen for months, but the case was inactive. To investigators, Barber looked small-time because he used "straw" buyers to hide his deals, Marshall explains. He got caught after an angry ex-business-associate walked into an FBI office one day and started singing.

Barber and nine accomplices have been convicted or pleaded guilty, and a few others will soon be indicted, Marshall says. After Barber was convicted by a jury, he pleaded guilty to 104 other counts of money laundering, conspiracy and the interstate transfer of funds obtained by fraud. He was ordered to pay $11 million in restitution.

One of his most effective scams, documents show, looked like this:

Say a real estate investor came to you and told you banks wouldn't let him buy any more property because his credit was maxed out. But if he could buy a property in your name, he'd give you $1,500 to $2,500 for the trouble of signing the documents.

He'd pay all the costs and either find a tenant to cover the mortgage or pay it himself. And after a year, he'd sell the property and share the profits with you. Sound good? If you said yes, you'd be what criminals and the FBI call a straw buyer.

Barber or his accomplices often helped the straw buyers lie on loan applications to qualify for the mortgages, documents show. He also used fraudulently inflated appraisals to buy and sell the properties and pocketed the profit. In other cases, Barber would keep the rent but stop paying the mortgage. Many of these "straws" were stuck with empty, decaying properties and mortgages they couldn't afford.

Lenders suffered losses on 205 of the 283 properties in the case, according to court documents. Marshall says most of the straws lost their properties to foreclosure or signed them over to the lenders to avoid foreclosure, and several filed for bankruptcy protection.

Elderly people make attractive prey, Barber says. They tend to have low bills, high credit scores and all the documentation banks need.

"You say: 'Look you're not really going to owe money. It's going to be my house, or the tenants are going to be making payments. … The rent is $500, and the payment is $300. By signing here, you're going to get the difference," he explains.

One of Barber's straws, Elvin Barton, told the judge, "I'm 70 years old, and because of him I have to start all over. … Mr. Barber gained my trust through manipulation and used my good name and credit to add to his wealth. Mr. Barber never intended to live up to his promises, leaving me with six foreclosed homes. I could not make the payments."

Barber's advice: Verify everything.

"You don't just verify the first thing and then believe (someone with a real estate deal) thereafter."

If people offer a real estate deal, Barber says, verify where they've lived for the past 10 years. Ask for and speak to their banking references. Check credit scores. Ask to see their tax returns. See if lawsuits have been filed against them.

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After police arrested Barber in August 2004, several witnesses told them Barber had blank real estate deeds in the back of his gold Infiniti Q45 luxury car, Marshall says. Deed fraud is almost impossible to detect before the damage is done.

"The whole system of (real estate) recording is set up assuming the society is sheep and there are no wolves," Barber says.

He sketches a series of scenarios in which he could "steal" your home and borrow against it, and you wouldn't know until his lender tried to foreclose on your house.

Barber could, for example, find an older neighborhood where most residents are retired and their homes paid off. He could forge a homeowner's signature, he says, and deed the house to himself. He could buy a notary's stamp for about $35 at an office supply store, and file the fake deed at the county recorder's office for $21.

Then, with the title to the property in his name, Barber could take out a mortgage against it. "If you could buy one house that way," he says, "you could buy 20 a day."

In fact, no county recorder's office will verify the information on real estate documents, says Mark Monacelli, president of the Property Records Industry Association. The recorder's job is to ensure that documents are filled out properly, signed and notarized.

"The system has always been vulnerable," says Monacelli, who agrees that if anyone wanted to commit such fraud, it's not hard.

Recently, Monacelli's organization formed a group to find ways to help county recorders combat fraud. Los Angeles and Philadelphia now alert property owners by mail when key documents are filed against their property.

Barber's advice: Title companies should have to call lenders to verify paid-off loans. Counties should require that deeds be filed by the buyer, in person, with I.D.

After his arrest, Barber was free on bail until May 2005, when prosecutors found out he and another partner had defrauded a man facing foreclosure on his home. So the judge jailed Barber until the trial.

Nationwide, foreclosures are inching up as people with shaky credit fall behind on payments. Nearly 5% of borrowers are behind on mortgages, and the figure is projected to climb as people with adjustable-rate loans see their payments exceed what they can afford.

This could be the next wave of fraud, Barber says. He says he could approach a homeowner who's falling behind on a mortgage and offer to assume the loan and rent out the house to cover the payments. Barber says he'd leave the loan in the name of the homeowner, who'd still be responsible for it. He could pocket the rent and hide past-due notices from the homeowner.

"It would take three months before the lender is even going to start foreclosing, and even when they start foreclosing, I can hold off that foreclosure for six months to a year. … So if I had one house and the rent is $600 a month, I'd have $7,200 on that house (in a year), and if I got 10 houses, I'd make $72,000," he says.

Barber's advice: Verify that documents are filed. If you're behind on your mortgage, try to rent out your house and move to a cheaper apartment. If you're behind $3,000 in payments, ask the tenants for a deposit of that amount. Put a no-sublease clause in the contract. And verify the tenant's rental history. Sign up for a credit-score alert program that will notify you if there's a change in your credit file, such as an overdue payment.

Barber is sitting on a plastic chair in a 5-by-5-foot "meeting cell" with the real estate section of the local paper. He reads aloud the ads he thinks have potential for fraudulent mortgage applications, such as: "Real estate loans. Residential, commercial, cash-out, refis, all credit types accepted. 100% non-owner-occupied investment loans."

Barber blames lenders for approving loans with little or no proof of a borrower's finances, for making fraud easy to commit. These "stated loans" are also known in the industry as "liar loans." They were designed to help people who were self-employed or working on commissions, with incomes that vary from year to year.

But in high-cost areas like California, where homeowners often must stretch beyond traditional lending ratios to afford a home, about 75% of buyers have turned to loans that require low or no proof of income or assets, up from 34% in 2000, according to First American LoanPerformance.

The mortgage industry knows that loans with little or no documentation speed the approval process, "But they are open invitations to fraudsters," according to a report by the Mortgage Asset Research Institute. "When these loans were introduced, they made sense, given the relatively strict requirements borrowers had to meet before qualifying," says the April 2006 report. "However, competitive pressures have caused many lenders to loosen these requirements to a point that makes many risk managers squirm."

Barber is blunter: "The word 'stated' should be synonymous in the world with 'fraud.' "

Corey Carlisle, a senior director for the Mortgage Bankers Association, concedes there has been a rise in fraudulent stated-income loans but contends that stated-income loans are "a tried-and-true loan documentation type for lenders."

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Barber's advice: Ban stated loans.

"Everything (on a loan application) should be fully documented."

After two hours, Barber is still imagining new scams. His mind seems trained to see and exploit weaknesses in the real estate system. He suggests safeguards to stop fraud; then he thinks of ways around them.

With good behavior, Barber could be out of prison in nine years. And though he admitted his guilt in court, in his interview with USA TODAY he offers no regrets about the people he hurt.

"I guess I had drive to want to earn a little money," he says. He pauses and sighs. "And I think my priorities were out of alignment."

Prosecutors Want DeLay Charge Reinstated (AP)

By Kelley Shannon

AP, January 25, 2007

Prosecutors attempting to restore a conspiracy charge against former House Majority Leader Tom DeLay argued Wednesday that the "plain language" of Texas law means he can be charged with conspiring to violate the election code.

But lawyers for DeLay and two co-defendants told the Court of Criminal Appeals the law is clear in their view — that conspiracy was added to the state election code after prosecutors allege the crime happened.

"Historically, there have been limitations on the use of conspiracy laws," said DeLay's attorney, Dick DeGuerin of Houston.

Travis County District Attorney Ronnie Earle's office is appealing lower court rulings that threw out the charge accusing DeLay and Republican fundraisers Jim Ellis and John Colyandro of conspiring to violate the Texas election code and its ban on corporate campaign contributions.

It could be weeks or months before the appeals court makes a decision.

DeLay and the co-defendants are still charged with money laundering and conspiracy to launder money, but state district Judge Pat Priest has said he doesn't have jurisdiction and can't hold a trial until the appeals court makes its ruling.

DeLay, now out of Congress, wants to get the criminal case behind him, DeGuerin said.

Prosecutors' appeal of the dismissed conspiracy charge allowed them to put off DeLay's trial and hurt him when he was trying to regain his leadership post and during his re-election bid last year, DeGuerin said.

"Being able to drag it out this long has caused the maximum damage to Tom DeLay," he said.

Prosecutors allege that DeLay, Ellis and Colyandro illegally funneled $190,000 in corporate contributions through DeLay's Texans for a Republican Majority political action committee and through an arm of the National Republican Committee to seven GOP state legislative candidates in 2002.

The defendants say they did nothing wrong.

The 3rd Court of Appeals agreed with Priest's ruling, then prosecutors appealed the decision to the Court of Criminal Appeals.

In a brief filed with the court, prosecutors rejected defense lawyers' contention that the state's conspiracy law didn't apply to the Texas Election Code until 2003. They outlined a series of steps in legislative history to back up their argument.

"The plain language ... is clear and unambiguous: the offense of criminal conspiracy applies to all felony offenses defined by Texas law, including the offense of unlawfully making a corporate political contribution," prosecutors wrote.

DeGuerin has disputed that, also saying the law is clear.

"There was no conspiracy to violate the election code on the books at the time that the conduct took place. There's no such crime, in other words," DeGuerin said.

DeLay and his co-defendants were indicted in September and October of 2005. Soon after, DeLay stepped aside as majority leader. He remained a member of Congress, representing his suburban Houston district, and won his Republican primary last March.

After an extended court fight that ultimately prevented the Republican Party from placing a new candidate on the November ballot, DeLay withdrew from the race. A write-in Republican candidate couldn't muster enough voter support, and Democrat Nick Lampson won DeLay's seat.

Closing The Revolving Door (NYT)

The New York Times, January 25, 2007

The United States is paying a heavy price for the mandatory sentencing fad that swept the country 30 years ago. After a tenfold increase in the nation's prison population — and a corrections price tag that exceeds $60 billion a year — the states have often been forced to choose between building new prisons or new schools. Worse still, the country has created a growing felon

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caste, now more than 16 million strong, of felons and ex-felons, who are often driven back to prison by policies that make it impossible for them to find jobs, housing or education.

Congress could begin to address this problem by passing the Second Chance Act, which would offer support services for people who are leaving prison. But it would take more than one new law to undo 30 years of damage:

¶Researchers have shown that inmates who earn college degrees tend to find jobs and stay out of jail once released. Congress needs to revoke laws that bar inmates from receiving Pell grants and that bar some students with drug convictions from getting other support. Following Washington's lead, the states have destroyed prison education programs that had long since proved their worth.

¶People who leave prison without jobs or places to live are unlikely to stay out of jail. Congress should repeal the lifetime ban on providing temporary welfare benefits to people with felony drug convictions. The federal government should strengthen tax credit and bonding programs that encourage employers to hire people with criminal records. States need to stop barring ex-offenders from jobs because of unrelated crimes — or arrests in the distant past that never led to convictions.

¶Congress should deny a request from the F.B.I. to begin including juvenile arrests that never led to convictions (and offenses like drunkenness or vagrancy) in the millions of rap sheets sent to employers. That would transform single indiscretions into lifetime stigmas.

¶Curbing recidivism will also require doing a lot more to provide help and medication for the one out of every six inmates who suffer mental illness.

The only real way to reduce the inmate population — and the felon class — is to ensure that imprisonment is a method of last resort. That means abandoning the mandatory sentencing laws that have filled prisons to bursting with nonviolent offenders who are doomed to remain trapped at the very margins of society.

CIVIL LAW:

PBS&J Pays More Than $6.4M To Settle Claims (MH)

By Patrick Danner

The Miami Herald, January 25, 2007

AND DAN CHRISTENSEN

The embezzlement by three former employees at engineering firm PBS&J continues to cost the firm: PBS&J paid more than $6.4 million to settle claims it overcharged the federal government on "hundreds of contracts," the Justice Department announced.

The overbilling, the government said, arose from a $36 million embezzlement scheme perpetrated by PBS&J's former chief financial officer and two underlings between 1992 and 2005.

The embezzlement involved shifting funds and fabricating entries in the company's books to cover up the scheme and resulted in PBS&J's audited overhead rates being overstated, the Justice Department said in a statement. Overhead includes items like management salaries, rent, insurance and benefits.

The settlement resolves claims that PBS&J violated the False Claims Act.

The three former PBS&J employees, ex-CFO W. Scott DeLoach, Maria A. Garcia and Rosario Licata, each pleaded guilty in September to their roles in the embezzlement. They are scheduled to be sentenced next month.

Joining the Justice Department in the civil investigation of PBS&J were the Office of the Inspector General for the Department of Transportation and the Defense Contract Audit Agency.

A lawyer for PBS&J and a company spokeswoman couldn't immediately be reached for comment.

PBS&J ranks as one of the largest engineering firms in the country, with 3,900 employees and 2005 revenue of $530 million. The company recently moved its headquarters to Tampa from Miami, where it was founded in 1960.

"Companies that enter into contracts with the government must maintain accounting controls and procedures that ensure that the costs and rates that they submit to the government are accurate," said Peter D. Keisler, assistant attorney general of the civil division in Washington.

The Justice Department said more than a dozen federal agencies were affected by the fraud, including the Army, Homeland Security and the Department of Interior.

PBS&J, which has had an auditor combing its books, previously disclosed that various state transportation agencies were overcharged as a result of the embezzlement.

The St. Petersburg Times reported on its website this month that PBS&J refunded $11 million to the Florida Department of Transportation.

Claims Against Six Ex-FBI Agents Dropped (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 25, 2007

Case was tied to Bulger handling

It took 22 years for the family of slain Quincy fisherman John McIntyre to prove that the FBI's mishandling of longtime informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi caused his brutal killing in 1984.

But after winning a landmark $3.2 million wrongful death suit against the government in September, lawyers for McIntyre's mother and brother notified a judge yesterday that they are dropping additional claims they had made against six retired FBI agents.

"We proved what we wanted to prove," said McIntyre's brother, Christopher, adding that he and his mother want to get on with their lives and weren't up for another drawn-out legal battle that would once again rehash his brother's murder. "This is starting to take a toll on everyone."

McIntyre and his mother, Emily, 77, of Quincy, had been seeking a jury trial on civil rights claims against the six retired agents, including Bulger's and Flemmi's former handler John J. Connolly Jr., as well as John Morris, Robert Fitzpatrick, James Ring, James Greenleaf, and James Ahearn. Another former agent, Roderick Kennedy, had previously been dismissed from the suit by a judge.

US District Judge Reginald C. Lindsay, who had ordered the government to pay the McIntyre's $3.2 million after an 18-day bench trial, had yet to rule on the agents' assertions that federal law barred the McIntyres from seeking damages from them, since they had already won a damages claim against the government.

In his ruling last September, Lindsay found that Connolly warned Bulger and Flemmi that McIntyre was cooperating against them, knowing that the tip would probably lead to McIntyre's slaying. He also found that the FBI failed to properly supervise Connolly and failed to investigate numerous allegations that Bulger and Flemmi had been involved in drug trafficking, homicide, and other crimes.

Connolly was convicted on federal racketeering charges in 2002 for protecting Bulger and Flemmi from prosecution and warning Bulger to flee just before the gangster's 1995 indictment. Connolly is serving a 10-year sentence and is awaiting trial in Miami in a 1982 gangland slaying.

Attorney E. Peter Mullane, who represents Connolly in the civil case, said Connolly didn't warn Bulger and Flemmi that McIntyre was cooperating and that Connolly continues to assert his innocence.

The McIntyres' lawyers, William Christie and Steven M. Gordon , said they believed they could have proven their claims against the agents if the case had gone to trial, but were concerned that the case would take too long to resolve in view of Emily McIntyre's age and poor health.

"We decided it was just best to pursue our judgment against the United States," Christie said.

Fitzpatrick, former special agent in charge of the FBI's Boston office, testified during the McIntyre trial that he had urged his superiors to drop Bulger as an informant in the early 1980s amid allegations that the gangster was involved in drug dealing and homicide. Yesterday, Fitzpatrick said he was angry that he had been named in the suit because "I obviously was one of the only people who tried to do anything" about Bulger.

A spokesman for the Department of Justice declined to comment yesterday on the dismissal of the claims against the agents or on whether the government will appeal Lindsay's $3.2 million verdict.

The McIntyres' suit was the first of 17 filed against the government by families of victims of Bulger and Flemmi to go to trial. Ten were dismissed, mostly on grounds they were filed too late, and six are poised to go to trial.

Flemmi, who is serving a life sentence for 10 murders, testified that he and Bulger killed McIntyre, 32, on Nov. 30, 1984, after Connolly warned them that McIntyre had implicated them in an unsuccessful plot to ship weapons to the Irish Republican Army aboard a Gloucester trawler.

CIVIL RIGHTS:

Ex-deputy Arrested In 1964 Race Case (AP)

By Emily Wagster Pettus And Lara Jakes Jordan, Associated Press

AP, January 25, 2007

JACKSON, Miss. — A white former sheriff's deputy who was once thought to be dead was arrested on federal charges Wednesday in one of the last major unsolved crimes of the civil rights era — the 1964 killings of two black men who were beaten and dumped alive into the Mississippi River.

The break in the 43-year-old case was largely the result of the dogged efforts of the older brother of one of the victims, who vowed to bring the killers to justice.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman from the town of Roxie, was charged with kidnapping hitchhikers Charles Eddie Moore and Henry Hezekiah Dee, both 19.

The victims' weighted, badly decomposed bodies were found by chance two months later in July 1964, during the search for three civil rights workers whose disappearance and deaths in Philadelphia, Miss., got far more attention from the media and the FBI.

Seale is expected to be arraigned Thursday in Jackson.

A second man long suspected in the attack, church deacon and reputed KKK member Charles Marcus Edwards, now 72, was not charged.

Sources close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Prosecutors did not say why Seale was not charged with murder.

The arrest marked the latest attempt by prosecutors in the South to close the books on crimes from the civil rights era that went unpunished. In recent years, authorities in Mississippi and Alabama have won convictions in the 1963 assassination of NAACP activist Medgar Evers; the 1963 Birmingham, Ala., church bombing that killed four black girls; and the 1964 Philadelphia, Miss., slayings.

"I've been crying. First time I've cried in about 50 years," Moore's 63-year-old brother, Thomas, said after the arrest. "It's not going to bring his life back. But some way or another, I think he would be satisfied."

Dee's sister, Thelma Collins, told The Associated Press through grateful sobs: "I never thought I would live to see it, no sir, I never did. I always prayed that justice would be done — somehow, some way."

Seale and Edwards are suspected of kidnapping the two victims in a Klan crackdown prompted by rumors that black Muslims were planning an armed "insurrection" in rural Franklin County. Seale and Edwards were arrested at the time.

But, consumed by the search for the three missing civil rights workers, the FBI turned the case over to local authorities. And a justice of the peace promptly threw out all charges against Seale and Edwards.

In 2000, the Justice Department's civil rights unit reopened the case.

For years, Seale's family had told reporters that he had died.

But in 2005, Thomas Moore and a Canadian documentary filmmaker, David Ridgen, found Seale, old and sick, living just a few miles down the road from where the kidnapping took places.

"If they hadn't brought it to my attention, I wouldn't have known to do anything," said U.S. Attorney Dunn Lampton, chief federal prosecutor in Jackson.

Thomas Moore said he always carried a burden of guilt over his younger brother's death.

"I walked around with an amount of shame," the Colorado Springs man said. "I didn't know why, why it happened to us, that I wasn't there to do something — to do SOMETHING."

Former Gov. William Winter, who was co-chairman of President Clinton's racial reconciliation initiative, said the latest arrest — though done by federal rather than state authorities — shows that Mississippi "now is obviously seeking to make up for lost time in bringing people to justice."

"Mississippi is taking a look at those crimes that were committed in a different era when a different attitude prevailed," said Winter, who was governor in the 1980s.

On May 2, 1964, Charles Moore and Dee were hitchhiking near an ice cream stand in the town of Meadville when Seale pulled over and offered them a ride, a Klan informant told the FBI. The Klan had heard rumors of black Muslim gunrunning in the area, and Seale believed the two were involved, authorities said.

According to FBI interrogators, Edwards admitted that he and Seale took the two men into the woods for a whipping. But Edwards said both men were alive when he left them.

An informant told the FBI that Seale's brother and another Klansman took the unconscious blacks to the river, lashed their bodies to a Jeep engine block and some old railroad tracks, and dumped them over the side of a boat. The other Klansmen and the informant have since died.

Searchers were combing the woods and swamps for James Chaney, Andrew Goodman and Michael Schwerner when the remains of Dee and Moore were discovered near Tallulah, La. The bodies of Chaney, Goodman and Schwerner were found in an earthen dam in Mississippi a short time later.

According to FBI documents from the 1960s, authorities confronted Seale and told him they knew he and others killed the hitchhikers, and "the Lord above knows you did it." "Yes," Seale was quoted as replying, "but I'm not going to admit it. You are going to have to prove it." The U.S. Justice Department reopened the case after The Clarion-Ledger of Jackson uncovered

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documents indicating that the beatings had occurred in the Homochitto National Forest, giving the FBI jurisdiction. But the case languished until Seale was located.

"I had other plans to confront him a long time ago — violently," Thomas Moore said.

Seale lived in Roxie, which was once a thriving farm community in southwest Mississippi. It is now dotted with decaying homes, and the only buildings still in use are a small antique store, a bank and a post office.

Bobby Hunt, 55, a lifelong resident of Roxie and a cousin of one of the slain men, Henry Dee, said people have talked less about the murders over the years, but the victims have not been forgotten.

"Henry was a nice person. He would help people," Hunt said.

He said Seale's arrest made him feel "a little better." "It took all those years but they finally got justice."

Associated Press writer Allen G. Breed in Raleigh, N.C., contributed to this story.

Former Mississippi Lawman Charged In 1964 Slayings Of 2 Black Teens (USAT)

By Jerry Mitchell

USA Today, January 25, 2007

JACKSON, Miss. — Six years ago, reputed Klansman James Seale scoffed at the notion he'd ever be arrested for kidnapping and killing two African-American teenagers in 1964.

He may not be scoffing now, arrested today on federal kidnapping charges in connection with the Ku Klux Klan's May 2, 1964, abduction and slayings of Henry Hezekiah Dee and Charles Eddie Moore.

Asked in 2000 if he had anything to do with crime, Seale replied, "I ain't in jail, am I?"

The arrest of the 71-year-old former cropduster marks the 28th arrest from the civil rights era in the United States over the past two decades.

Since 1998, Moore's brother, Thomas, has been pushing for justice in the case.

Upon learning of the arrest, he choked up. "I'm very emotional," he said. "I don't know what to say."

He said he's grateful and thankful the day finally came. "I'm just glad I had something to do with it," he said. "I just hope Charles and Henry Dee know there is justice on the way."

Dee's sister, Mary Byrd, also welcomed the news. "I feel good now," she said. "Yes, indeed."

Since 1989, Mississippi and six other states have re-examined 29 killings, leading to 22 convictions, most recently in 2005 when a Neshoba County jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of three civil rights workers, James Chaney, Andrew Goodman and Michael Schwerner.

"We are extremely pleased to see that the federal government is truly committed to taking care of its unfinished business from the civil rights era," said Alvin Sykes, a Kansas City activist whose work helped lead to the reinvestigation of the 1955 killing of Emmet Till.

The Till case may be presented to a grand jury later this year.

Sykes is now pushing legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era. "When Congress passes the Till bill, you can best believe there will be a lot more perpetrators from that era who will be facing the bar of justice for the lynchings they thought they got away with many years ago," Sykes said.

The slayings of Dee and Moore are among dozens of killings that plagued this nation during the civil rights movement. The names of 40 martyrs from the movement can be found on the National Civil Rights Memorial in Montgomery, and nearly half of those killings took place in Mississippi.

Seale was arrested once before in connection with the slayings. That came Nov. 6, 1964, when authorities arrested him and Charles Marcus Edwards on murder charges.

At the time, authorities confronted Seale and told him they knew he and others took Dee and Moore "to some remote place and beat them to death," FBI records say. "You then transported and disposed of their bodies by dropping them in the Mississippi River. You didn't even give them a decent burial. We know you did it. You know you did. The Lord above knows you did it."

"Yes," Seale was quoted as replying, "but I'm not going to admit it. You are going to have to prove it."

When authorities arrested Edwards, he "admitted that he and James Seale picked up Dee and another Negro in vicinity of Meadville and took them to an undisclosed wooded area where they were 'whipped,'" a Nov. 6, 1964, FBI document says. "States victims were alive when he departed the wooded area."

According to FBI documents, Dee and Moore were hitchhiking from Meadville when Klansmen coaxed them into their vehicle by pretending to be law enforcement agents. Deep in the woods, Klansmen repeatedly beat the teens, believing they knew something about a rumor regarding gun-running in Franklin County.

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Finally, one of the pair claimed the guns were being hidden in a church, hoping to stop the violence.

It didn't.

Klansmen loaded Dee and Moore into the trunk of a car and hauled them across the Mississippi River. There, Klansmen tied them up and weighted them down with a Jeep motor block before dumping them into the Old River two miles south of King, La.

On July 12, 1964, a fisherman found Moore's body and reported it to authorities.

Two months after the arrests, then-District Attorney Lenox Foreman asked to have the murder charges thrown out, saying further investigation was needed.

FBI agents pressed forward, but many were fearful, including potential witnesses. "This informant advised he would not testify under any circumstances because he is concerned for his life and the lives of his family," a Jan. 12, 1965, FBI document reads.

At the time of the killings, Seale and Edwards worked for International Paper Co.

The FBI said the Klan in those days infiltrated unions at that company and others in Natchez. On Feb. 14, 1964, Alfred Whitley, a black employee at Armstrong Tire Co., was abducted and whipped. Two weeks later, Clinton Walker, a black employee at International Paper, was killed on his way home. His car was riddled with bullets.

In 1965, George Metcalfe, an NAACP leader and Armstrong employee was nearly killed when a bomb exploded his car. Two years later, his friend and fellow employee, Wharlest Jackson, died when his truck exploded.

"The Klan ruled then," Thomas Moore recalled. "There were a lot of things that happened back then."

As years passed, the killings of his brother and his friend were forgotten — like so many others from the civil rights era.

In 1998, memories of his brother's killing were rekindled when he read about the dragging death of James Byrd in Texas and decided to write a letter.

Shortly after a judge sentenced Imperial Wizard Sam Bowers to life in prison in 1998 for ordering the 1966 killing of NAACP leader Vernon Dahmer, Thomas Moore wrote District Attorney Ronnie Harper, asking him to look into the case. Harper agreed, but acknowledged he lacked the resources to investigate the matter.

In late 1999, the FBI reopened the 1966 killing of sharecropper Ben Chester White after learning the killing took place on federal property, deep in the Homochitto National Forest. Klansmen killed White in an unsuccessful attempt to lure Martin Luther King Jr. to the Natchez area.

On Jan. 13, 2000, The Clarion-Ledger reported White's killing wasn't the only violence that took place in that forest — so had the beatings of Dee and Moore.

After FBI agents reported they had destroyed their files in the case, The Clarion-Ledger found they weren't destroyed and got copies.

The Clarion-Ledger also tracked down and interviewed Seale, who blamed the newspaper for talk of reprosecution. "You don't have anything better to do but to stir this stuff up," he said.

The FBI reopened the case, only to stall when they believed the FBI's key informant in the case, Ernest Gilbert, was dead.

The Social Security Death Index showed a man of the same name had died in Mississippi in 1999, but the real Gilbert was still alive and living in Clinton, La.

In spring 2000, ABC News producer Harry Phillips tracked him down and got the former Klansman to share his story of a friend's confession to the crime. The FBI then interviewed Gilbert.

Gilbert told The Clarion-Ledger how Seale's brother, Jack, came to him and confessed his involvement in Dee and Moore's killings. "I couldn't live with it," Gilbert said. "I wish I never had been in the Klan. It messed my life up."

But by the end of 2000, authorities let the case grow cold. They still had questions regarding federal jurisdiction and were busy preparing to prosecute Ernest Avants for White's killing.

Federal authorities didn't get interested again in the Dee-Moore killings until July 13, 2005 — a few weeks after jurors convicted Killen in the killings of Chaney, Goodman and Schwerner.

That's when Thomas Moore met with U.S. Attorney Dunn Lampton of Jackson, convincing him to have his office take a second look at the case.

Lampton has taken a personal interest in the case, sometimes accompanying FBI agents in their interviews.

No charges are expected against Edwards, who has been interviewed by the FBI and may be a witness against Seale.

Mississippi native Myrlie Evers-Williams, chairman emeritus of the national NAACP, still shudders when she recalls the dark days when the Klan reigned in Mississippi.

"It was fear at its worst. You could easily link it to what took place in Nazi Germany," recalled Evers-Williams, whose husband was assassinated by a Klansman in 1963. "It was being afraid to sit in your living room on a sofa because there was a window."

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Mississippi Man Arrested In Killing Of 2 Blacks In '64 (NYT)

By Shaila Dewan

The New York Times, January 25, 2007

ATLANTA, Jan. 24 — A 71-year-old man was arrested Wednesday in Mississippi on federal kidnapping charges stemming from the 1964 killing of two black teenagers who were tied to trees, whipped and drowned.

The suspect, James F. Seale, a former crop-duster, was indicted in Jackson and taken into custody in the southwestern Mississippi town of Roxie, not far from where the two young men were seized.

The charges against Mr. Seale, some seven years after the Federal Bureau of Investigation reopened the case, are the latest in a string of prosecutions of racially motivated slayings from the 1950s and '60s. While virtually all the prosecutions so far have proved successful, investigators have long warned that every passing year makes it more difficult to build a case.

Many of those killings became nationally infamous, like the murder of three civil rights workers — James Chaney, Andrew Goodman and Michael Schwerner — portrayed decades later in the movie "Mississippi Burning." But like dozens of lynchings in that era, the deaths of the two victims in this case, Henry H. Dee and Charles E. Moore, both 19, were far more obscure.

The discovery of their bodies, in the Old River near Natchez, Miss., attracted attention mainly because it was initially thought that they might be those of two of the three missing rights workers, who, as the nation looked on, were being sought by federal agents, dozens of volunteers and 400 Navy sailors.

Still, the F.B.I. took on the Dee-Moore case, and in November 1964 Mr. Seale, the son of a chapter leader of the White Knights of the Ku Klux Klan, and another man, Charles M. Edwards, were arrested. Local authorities never prosecuted them, however, even though Mr. Edwards, according to the case file, had told federal agents that he, Mr. Seale and others had beaten Mr. Dee and Mr. Moore, who, Mr. Edwards said, were alive when he left them.

Mr. Dee was a sawmill worker; Mr. Moore had recently been expelled from college after participating in a student demonstration. According to a variety of accounts pieced together from F.B.I. files, the Klan mistakenly believed that they were Black Muslims involved in plotting an armed uprising.

That season had been dubbed Freedom Summer by civil rights volunteers hoping to get blacks onto the voter rolls, but in and around Natchez it was a time of terror spread by the Klan. When Klan members saw Mr. Dee and Mr. Moore hitchhiking in early May, they returned with reinforcements and ordered them into a car.

The two were taken deep into the Homochitto National Forest, where they were secured to trees and beaten. They were then driven across the nearby state line to Louisiana, where they were tied to an engine block and thrown into the river with tape covering their mouths.

Mr. Edwards is still living, although The Clarion-Ledger of Jackson reported Wednesday that he was not expected to be arrested and was a potential witness in the case against Mr. Seale. James Newman, the sheriff of Franklin County, which includes Roxie, said Mr. Seale was in poor health and used a cane to walk.

Mr. Edwards is described in the documents from the time as an admitted Klansman. In an interview in 2000 with Jerry Mitchell of The Clarion-Ledger, who has written extensively about the case, Mr. Seale denied being a Klansman or knowing any members, although his family's involvement in the Klan is well documented.

The F.B.I. reopened the case in 2000 after investigative files that had been thought lost were recovered, and after Mr. Mitchell reported that the killings had most likely occurred on federal land, giving federal prosecutors jurisdiction in what was seen as a case potentially involving murder charges. A spokeswoman for the Justice Department declined Wednesday to explain the decision to charge Mr. Seale with kidnapping, and a spokeswoman for the United States attorney in Jackson did not return phone calls.

In 2002, Mr. Seale's son began telling newspaper reporters that his father was dead. But Thomas Moore, the elder brother of Charles Moore, returned to the area with a documentary filmmaker on a trip in 2004, and a local resident directed him to the mobile home where Mr. Seale lived. Mr. Seale ran inside and shut the door.

State, Federal Law Enforcement To Monitor Police-involved Shootings In DeKalb County (AP)

By Errin Haines, Associated Press Writer

AP, January 25, 2007

TUCKER, Ga. - Newly appointed DeKalb County Police Chief Terrell Bolton said Wednesday that reducing the number of police-involved shootings is his top priority, and said federal and state authorities will now be called to the scene to monitor those incidents.

Bolton made the announcement flanked by officials from the GBI, FBI and DEA, as well as DeKalb CEO Vernon Jones and district attorney Gwen Keyes-Fleming.

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"Today is a major step for the DeKalb County Police Department," Bolton said. "In our approach to deadly force, my prayer is that it will never be the same."

Bolton, who was hired last month, said his department has nothing to hide, and that the new initiative is meant to encourage transparency and make citizens feel more comfortable.

GBI and DEA agents will respond to police-involved shootings as they happen, working as monitors and reporting inappropriate behavior to DeKalb superior officers.

"If they see something we are doing that is out of order, it will be brought to our attention," Bolton told reporters at a press conference. "Our desire is to have as many eyes and ears as possible."

The FBI will not be involved in investigations, but has offered additional training along with the other two agencies.

The chief plans to meet with the other agencies to further discuss how the partnerships will work.

Last year, DeKalb County officers were involved in 12 deadly police shootings, which those attending the press conference declined to discuss Wednesday. The shootings have drawn federal and local investigations, and the increase in shootings led to an independent review of police training and use-of-force procedures by a consulting firm that found some deficiencies.

Jones said at the time the report was released that there were no widespread problems at the department.

The district attorney's office is reviewing the shootings and the Justice Department is "gathering information" about the shootings, according to a Dec. 12 letter from a Justice official to a community activist.

DeKalb Police Shootings To Be Monitored (AJC)

By David Simpson, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 25, 2007

Monitors from state and federal law enforcement agencies will go to the scene of all future shootings of suspects by DeKalb County officers, Police Chief Terrell Bolton announced Wednesday, responding to a spate of fatal police shootings that have spurred a grand jury investigation.

DeKalb apparently will be the first major metro Atlanta police department to bring state and federal officials to shooting scenes to observe the police investigation.

"Today, the DeKalb County Police Department is saying we have nothing to hide," Bolton said at a news conference, flanked by District Attorney Gwen Keyes Fleming and representatives of the Georgia Bureau of Investigation, the federal Drug Enforcement Administration and the FBI.

Bolton, in his second week on the job, said he asked the other agencies to help him address concerns raised last year, when DeKalb police shot to death 12 suspects, more than any other department in metro Atlanta. One officer also was killed.

Bolton said the GBI and DEA agreed to his request to supply investigators who will be trained in DeKalb procedures so that they can go to shooting scenes.

FBI offers training

The monitors from the other agencies will not write reports but will immediately alert the police commander on the scene if they see anything "out of order," Bolton said. He said he was confident those agencies would not allow any problems to go unreported, and he promised he would alert the district attorney "or even the FBI" if he had evidence of wrongdoing.

The FBI cannot send a monitor to cooperate with DeKalb police because it could later be called upon to investigate the same incident, Bolton said. But he said the FBI has offered training help to DeKalb police.

Representatives of the DeKalb district attorney's office already go to shooting scenes and review police shooting cases. But The Atlanta Journal-Constitution reported last week that records of many of those investigations are missing, and the surviving records show the DA's office often relied on police reports rather than on independent fact-finding.

A special grand jury is expected to review last year's 12 fatal shootings by DeKalb police. Bolton declined to comment on the cases Wednesday.

Officials in Fulton, Cobb and Gwinnett counties said Wednesday they have not called state or federal officials to the scene of shootings by their county police force. No information was available from Atlanta police.

Change of perceptions

Gwinnett District Attorney Danny Porter said the outside monitors may provide more public assurance than investigative help.

"I don't see what these monitors will accomplish if they are not able to control the investigations of these shootings," Porter said.

"Now I've never said that I felt that DeKalb had a problem with how they investigated their police shootings in the past, because I don't. But they may think this will help change the way the public perceives their investigations."

Porter and Cobb District Attorney Pat Head, who presents all police shooting cases to a grand jury, were surprised that drug agents would participate in shooting investigations.

So was Geoffrey Alpert, a criminology professor at the University of South Carolina who has studied police use of force.

"I think generally inviting other agencies to be part of an evaluation is very, very important. I think it shows some transparency, I think it shows some willingness to do it appropriately," Alpert said.

However, he added, "You want someone who has credentials, who has experience, who has enormous knowledge of police shootings."

Alpert said it is important for outside reviewers to look beyond the question of whether an officer committed a crime and to consider whether officers violated policies — violations that might have contributed to the shooting.

The Atlanta Journal-Constitution reported in November that a review of police shootings from 2001 through 2005 showed an internal review board repeatedly found that officers violated certain key policies, such as forcing confrontations without adequate backup. Most of the officers involved received little or no discipline, and the department did not address the patterns in its training programs.

Keyes Fleming, DeKalb's district attorney, and her two predecessors have said the district attorney has no mandate to look for policy violations. But the special grand jury expected to convene soon could consider whether to recommend additional oversight of police shootings, Keyes Fleming has said.

'Supportive' of officers

Around the country, some police departments are overseen by civilian review boards, some with full-time investigators. Other departments have full-time professional monitors who report to elected officials.

On Wednesday, Keyes Fleming said through a spokeswoman, "I think Chief Bolton's multijurisdictional approach is a good step for DeKalb County and its citizens. We look forward to continuing to work with the Police Department and these other government entities."

Iffat Muhammad, who has helped organize protests since her brother, Abraheem, was shot to death by an officer in August 2006, offered cautious approval of the new policy.

"It sounds good. It sounds like a step in the right direction. But honestly, I don't know," she said.

Muhammad's brother, Abraheem, was killed by a DeKalb police officer in August. Her brother was shot by an officer checking on a trespassing complaint. He attacked the officer and tried to get her gun, police said.

Muhammad said she was disappointed that Bolton did not meet with families or community organizations before announcing his move.

At the news conference, the chief urged the department's critics to judge police on their future actions rather than being "shackled" by the past.

Bolton also assured officers "that we're going to be supportive" and praised county CEO Vernon Jones for his past statements defending police use of force.

"It takes a special leader to stand up for the men and women of the department," he said.

Jones, who attended the news conference, said, "I'm excited about our new beginning here in DeKalb County for this Police Department."

Jones said he earlier visited a new class of police cadets and learned they will receive extra training in "de-escalation" techniques to try to avoid violent confrontations.

Staff writers Mary MacDonald, Rhonda Cook, Lateef Mungin and Aixa Pascual contributed to this article.

Cleveland Officer Investigated On Claim He Beat Suspect (CLPD)

By Mark Puente, Plain Dealer Reporter

The Cleveland Plain Dealer, January 25, 2007

Drug suspect suffered cuts, bruises

A Cleveland police officer is under investigation over allegations he beat a suspected drug dealer to find out where he hid a package of cocaine.

Narcotics Detective Jamal Ansari, a 22-year-veteran, is accused of dragging Damon Alexander, while handcuffed, around his Shaker Heights home last April until Alexander told him where he hid the cocaine.

Ansari is being investigated by the Cleveland police Internal Affairs unit, the U.S. Justice Department and the federal Drug Enforcement Administration.

Alexander testified in a federal court hearing in November that Ansari repeatedly punched him in the face, kicked him in the chest and slammed his head into walls with enough force to break drywall, federal court records say. Alexander suffered cuts and bruises on his chest, and doctors gave him an electrocardiogram, according to court records.

Ansari testified that he hit Alexander 15 to 25 times to gain control of him even though he was handcuffed. But U.S. District Judge James Gwin did not believe Ansari.

"This testimony is not credible," Gwin wrote in a ruling last month.

Gwin also ruled Ansari violated Alexander's constitutional rights by continuing to question Alexander after his request for a lawyer.

Cleveland police Lt. Thomas Stacho said the city began an investigation last month after learning of Gwin's ruling. The judge's decision is disturbing, he said.

"It's one of the focuses of our investigation," he said. "We take these allegations seriously."

Ansari did not report using force against any suspect between 2003 and Sept. 9, 2006, according to two Cleveland Police Department databases obtained by The Plain Dealer last fall.

A Cleveland police policy requires officers to report any use of force regardless of where it occurred, Stacho said. No investigation by Ansari's supervisor could be found for the incident, he said.

Alexander filed a complaint with the U.S. Justice Department and has passed a polygraph test, court records show. He pleaded guilty in December to intent to distribute cocaine and a weapons charge. He is waiting to be sentenced.

A DEA task force went to Alexander's home after a K-9 officer found a suspicious envelope at an air-mail center containing 5.5 pounds of cocaine, records show.

The Postal Service delivered the package to Alexander's house on April 6. The task force was assisted by postal inspectors and Shaker Heights detectives, who went inside the home after a beeper signaled the package had been opened.

Alexander hid the package in a basement ceiling, but officers could not find it, records said.

Edward Bryan, an assistant federal public defender, said Ansari should be punished for his actions. "It was thuggery at its worst," he said. "They cannot break the law to enforce the law."

Special Agent John Ferster, head of the Cleveland DEA office, declined to comment.

Plain Dealer reporter Gabriel Baird contributed to this story.

Female Former Agent Testifies In Case Against FBI (MINNST)

By Dan Browning, Star Tribune

Minneapolis Star Tribune, January 25, 2007

Jane Turner said she had never had an unsatisfactory job review before she filed her harassment complaint.

Ex-FBI agent Jane Turner spent more than five years fighting to get her case against her former employer into federal court, and on Wednesday she told a jury in Minneapolis about what she said was a plot to wreck her career as retribution for a sexual discrimination complaint she filed against her boss in 1998.

But the government described a far different end to a storied career that included investigating child-sex crimes and violent crimes on North Dakota Indian reservations.

By 1999, "she was seriously burned out," Martha Fagg, an assistant U.S. attorney from Iowa, told jurors Wednesday in her opening statement. "She just stopped working."

FBI supervisors didn't try to sideline Turner, Fagg said. To salvage her career, she said, they transferred her from an outpost in Minot, N.D., to Minneapolis, where they tried to help her get back on track.

Fagg said Turner, 55, of St. Paul, has literally made a federal case out of the fact that she was rated "superior" rather than "outstanding" in a routine review of her work.

However Turner, who joined the FBI in 1978, testified in U.S. District Court in Minneapolis that she had never had an unsatisfactory job review until after she filed a sexual harassment complaint against her supervisor, Senior Supervisory Agent Craig Welkin.

That's when Welkin stopped giving her full credit for the job she was doing, Turner said. She said she put up with the slights because she had so many "statistics," or favorable performance points, in her files.

Among her trophies was a personal letter from then-U.S. Attorney General William French Smith for her help in apprehending Christopher Boyce, a Soviet spy made famous in the movie "The Falcon and the Snowman."

However, in the summer of 1998, Welkin tried to block her from working on a case involving an infamous child pornographer who came to be known nationally as "The Internet Killer." Turner testified that the U.S. attorney in North Dakota at the time, John Schneider, tipped her off to Welkin's interference. Welkin only relented and assigned her to the case after Schneider wrote to him, she said.

Turner quickly developed a rapport with the family of the suspect, Larry Froistad, and eventually developed evidence that persuaded him to confess to molesting and killing his 5-year-old daughter, Amanda.

Schneider thanked her in an October 1998 e-mail. "Quite simply, that case and plea was your product," he said.

But Turner said that Welkin did not give her full credit for the case in her annual review, a detail that might hamper her efforts to get promotions or raises. She said he accused her of "poaching cases" and complained that she "sandbagged" him by getting Schneider to ask for her in the Froistad case.

Turner denied doing so, and reported Welkin's comments to his boss in Minneapolis. The FBI launched a formal re-evaluation of Turner's job performance.

Assistant U.S. Attorney Clare Hochhalter testified that he never saw Turner "stop working," as Fagg alleged in her opening remarks. He said Turner pushed hard on cases.

Hochhalter offered strong praise for Turner's investigative and interrogation skills. "I learned from her," he said.

But the formal FBI review in June 1999 found her work "minimally acceptable" in 1999, and she was ordered to transfer to a desk job in Minneapolis in December of that year. She reported to Minneapolis in May 2000 and filed suit Aug. 3, 2001.

Turner later sparked furor in the FBI when she accused a colleague of stealing artifacts from the ruins of the World Trade Center after the Sept. 11 attacks. She retired in the fall of 2003 in the face of possible termination proceedings, allegedly for hurting the bureau's image.

Another FBI whistleblower, Coleen Rowley, is expected to testify on her behalf today.

Port Chester Attacks Federal Lawsuit On Election System (NYJN)

By Liz Sadler, THE JOURNAL NEWS

New York Journal News, January 25, 2007

PORT CHESTER - The village filed court papers yesterday that pick apart the federal lawsuit that accuses its election system of illegally suppressing the Hispanic vote.

In the papers, the village asked U.S. District Judge Stephen Robinson to deny the government's request to block the March 20 election for two seats on the Board of Trustees.

"There will be irreparable harm if the election does not go forward," the papers say. The village contends that the move could disenfranchise voters in the March mayoral election and that "government may come to an effective standstill due to the expiring terms of current members."

The papers were filed in response to a lawsuit filed by the Justice Department in December claiming that the village's "at-large" method of electing its six trustees violates the federal Voting Rights Act.

Though nearly half of the village's 28,000 residents and 22 percent of its eligible voters are Hispanic, no Hispanic has ever been elected to village office.

The Justice Department is asking the judge to replace Port Chester's at-large system with one in which trustees are elected from six districts.

It has presented a proposal for voting districts, including a majority Hispanic ward.

But the village is questioning the validity of the proposed Hispanic district because the estimated number of Hispanic residents is only eight higher than the number of non-Hispanic residents, fewer than the margin of error, it claims.

In the court papers, the village also argues that there is no past or present discrimination in Port Chester and that Hispanic voters are free to participate in the political process.

The percentage of Hispanic voters who participate in village elections is less than half the percentage of non-Hispanic voters, and the number of votes deciding a typical race is small, the papers say.

The village's response includes 21 statements from longtime village residents, officials and business owners, including people of Dominican, Cuban and Uruguayan descent.

"These individuals have not experienced a history of discrimination in Port Chester," according to the response. "In fact, their experience has been just the opposite."

Anthony Piscionere, a lawyer for the village, took his criticism of the lawsuit a step further yesterday in a press release, accusing the Justice Department of fact-twisting and sneaky behavior in an effort to "desperately bolster their bad case."

Piscionere said he had deposed two Justice Department witnesses since the lawsuit was filed and was to interview a third today.

"Before the Department of Justice brought this lawsuit, we told the federal government that their data was bad," Piscionere said. "Now, only after preliminary depositions of the government's experts, do we absolutely confirm the profound weakness of their case."

Yusil Scribner, a spokeswoman for the Justice Department, declined to comment on the response, saying it is the department's policy not to speak about pending cases.

Mayor Gerald Logan assailed the lawsuit, saying the federal government does not understand the village election process or the significance of Port Chester's 139-year-old charter.

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"Port Chester is a model of inclusion and diversity," he said in a statement. "The lack of evidence in this case is astounding."

Court dates are scheduled for Feb. 12-15.

Reach Liz Sadler at esadler@lohud.com or 914-694-3525.

NAACP Presses U.S. On Heart Drug (WSJ)

By Keith J. Winstein

The Wall Street Journal, January 25, 2007

An NAACP official condemned Medicare for declining to promote insurance coverage of a cardiac medication for African-Americans, in a letter that blamed government policy for disparity in the treatment of blacks with heart failure.

The sharply worded letter, addressed to the Boston regional office of the Centers for Medicare and Medicaid Services, or CMS, detailed tension between the local arm of the civil-rights organization and the agency over BiDil, the only drug approved for use by a single race. The NAACP has received a $1.5 million grant from the drug's maker, NitroMed Inc., to improve health care for blacks.

BiDil has been shown to reduce deaths in blacks with congestive heart failure by about 40% a year, but NitroMed says it is used by only about 2% of the 750,000 African-Americans who have the condition.

Many groups, including the American Heart Association and the American College of Cardiology, say there is no evidence that the medication, which costs insurers roughly $1,400 to $2,800 a year to offer to a customer, works any better than its two generic parts -- isosorbide dinitrate and hydralazine -- taken separately. CMS requires insurers offering Medicare Part D plans to cover either BiDil or the generics. Some insurers have been slow to cover BiDil, since the two generic ingredients can cost less than $100 a year. Usage of the generics has also been scant.

The National Association for the Advancement of Colored People wants CMS to require all of the privately run Medicare Part D plans for the elderly to cover BiDil. The separate generics are no substitute, the letter argues, since a patient would have to take many more pills and even split some pills in half to get the correct dose.

Medicare's stance "is so contrary to evidence-based medicine and so extraordinary that it arouses suspicions of institutional racism," said the letter, from Juan M. Cofield, president of the NAACP's New England council. If BiDil "were not a medication for blacks, their response might be different," Mr. Cofield added in an interview. Until a clinical trial shows that generics work as well as BiDil, the letter argues that Medicare should require all of the Part D drug plans to cover the drug.

Jeffrey Kelman, a senior doctor at CMS in Washington, said NitroMed would have to continue to plead its case with the individual Part D plans. "We've been working with minority groups for two years about this and similar issues," he said, and there's no evidence that BiDil works any better than its separate, much cheaper, ingredients.

NitroMed has been trying to get insurers to put BiDil on their "preferred brand" tiers, which generally require a monthly co-pay of $25 to $30. Even without a requirement from the government, many Medicare Part D insurers cover BiDil, including some plans from AARP, Humana Inc., UnitedHealth Group Inc., Aetna Inc., and the Blue Cross and Blue Shield Association.

NitroMed says that with some recent additions of coverage, 57% of elderly African-Americans with health insurance now have coverage for BiDil, up from 20% six months ago. The company, which has no other products, has been struggling because of BiDil's disappointing sales.

ANTITRUST:

Delta Supporters Pack Senate Hearing In DC Grinstein, Parker Both Testify On US Airways Takeover Bid (AJC)

By Marilyn Geewax

The Atlanta Journal-Constitution, January 25, 2007

Washington-Appearing At a Packed hearing before the Senate Commerce Commitee Wednesday, Delta AirLines CEO Gerald Grinstein said both workers and consumers will suffer if US Airways' takeover bid for Delta succeeds.

"Delta does not need to be acquired to be saved," Grinstein declared in an overstuffed hearing room ringed by Delta pilots, standing ramrod straight in their black uniforms.

"The US Airways deal would reverse the hard work and remarkable progress Delta people have made restructuring our airline," Grinstein said. "Delta is poised to emerge from bankruptcy this spring as a strong, fiercely competitive, standalone airline."

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Hundreds of Delta employees and supporters lined up outside the hearing, filling a stairwell for two long flights and spilling into basement corridors in the Senate Russell Office Building.

The takeover "must be rejected and opposed because it is blatantly anti-competitive," Grinstein said.

Sen. Johnny Isakson, R-Ga., introduced Grinstein, whom he said has done "great things" for Delta.

Andrew Steinberg, assistant secretary for the the Transportation Department, said he could not comment on any particular proposed takeover, but felt that in general, consolidation is the "natural consequence of a deregulated industry." When weighing whether to approved a merger, "we have to keep an open mind," he said.

US Airways CEO Douglas Parker urged the government to "let the market work" so that airlines can become more profitable and avoid the need for government bailouts.

Parker, who led America West Airlines' 2005 merger with US Airways, argued that the merger would lead to lower prices for consumers because the company would be in a better position to compete with low-cost carriers such as Jet Blue Airways and Southwest Airlines. The growth of those competitors he said, shows the "tendency of the marketplace to respond."

"New carriers can come in and lower prices," Parker said.

Both airline executives said the industry has made important strides toward rebounding from the financial troubles that they incurred as result of the 2001 terrorist attacks and soaring fuel prices.

The prospect of a US Airways-Delta merger has sparked talk of other possible link-ups among big airlines — and concerns among labor and consumer groups about the fallout. That prompted the Senate hearing.

Several senators said their constituents are concerned that a merger would result in cutbacks to service in small communities, where the per-unit costs of running an airline tend to be more expensive than in big cities with lots of passenger traffic.

"You're an aggressive suitor, but the lady from the South doesn't want to be forced into this shotgun wedding," said Sen. Trent Lott, R-Miss, a reference to Delta's Atlanta headquarters.

The hearing occurred amid indications the US Airways bid for Delta may be faltering on its own.

In an interview Tuesday, Parker said US Airways' recently sweetened bid for Delta has generated little response from the Atlanta carrier's bankruptcy creditors, and that time is running out on the offer.

"We have not had any give-and-take negotiations (with the creditors), which you might expect," said Parker, who on Jan. 10 raised the bid nearly 20 percent to about $10.3 billion.

Parker said he still hopes the deal will get done, joining the two carriers under the Delta banner.

But he sounded less optimistic than in the past. "If the creditors don't want to do it, that's their perogative," Parker said by phone from Washington.

US Airways, based in Tempe, Ariz., has set a Feb. 1 deadline for Delta's official creditors committee to tell management to take initial steps toward a deal.

Its offer is "absolutely, positively retracted" if the creditors don't do so, said Parker. "If they choose to do that, they should know that we're not coming back," he said.

Delta's creditors continue to study the competing plans and have given themselves until Jan. 31 to decide whether to agree to US Airways' conditions, a person familiar with Delta's bankruptcy reorganization told The Atlanta Journal-Constitution.

That person said creditors are considering various aspects of Delta's standalone reorganization plan, such as compensation for Delta's management. They're also weighing the risks of a delay in Delta's Chapter 11 exit that might result while federal regulators consider the deal, and the risk that regulators might not approve it at all.

Delta spokeswoman Gina Laughlin declined to comment on creditors' deliberations.

Meanwhile, Grinstein, in a question-and-answer session with an employee group, said Delta has sought financial information from Northwest Airlines at the request of the creditors. But he added the move was "a far cry from negotiating a merger with them."

Reports earlier this month suggested Delta and Minnesota-based Northwest, which is also in Chapter 11, were feeling each other out about a merger after both leave court.

Grinstein characterized the Northwest overture as intelligence-gathering to update "potential responses to our industry's changing marketplace." He said he felt it was important to "debunk the Northwest rumor."

Grinstein said he is "not anti-merger" — noting that Delta itself has had four — but considers the US Airways proposal "the worst kind of deal" because it joins carriers with largely overlapping routes.

While the creditors' decision on the US Airways bid is largely financial, the airline, employee groups and political allies have waged a high-profile public effort to defeat it. Part of their aim is to show that a merger would be both unpopular with consumers and workers, as well as unlikely to survive regulatory review at the Department of Justice.

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Senators Worry Airline Deals Hurt Competition, Consumers (WSJ)

By Melanie Trottman And Corey Dade

The Wall Street Journal, January 25, 2007

WASHINGTON -- Members of a Senate committee expressed strong skepticism that sweeping consolidation in the U.S. airline industry would be good for consumers and were particularly unenthused about US Airways Group Inc.'s $9.8 billion hostile bid for Delta Air Lines Inc.

A three-hour hearing was punctuated by testiness as US Airways Chairman and Chief Executive Doug Parker defended the Tempe, Ariz., carrier's takeover offer, which was condemned by Gerald Grinstein, Delta's CEO, who insisted that the Atlanta airline would be best to emerge from bankruptcy on its own later this year.

Despite a grilling from lawmakers on the Senate Committee on Commerce, Science and Transportation, the hearing was somewhat anticlimactic because in recent days the official committee of Delta creditors appears to have been shying away from the US Airways bid, according to people familiar with the situation.

One of the biggest concerns by committee members is that a merger could force Delta to remain in bankruptcy while a deal is ironed out and that resistance by Delta executives could derail the process.

Separately, a group of Delta bondholders yesterday urged that negotiations begin on the US Airways bid. The ad hoc committee of unsecured creditors, an informal group formed in November largely in support of the proposed deal, believes opening talks with US Airways could yield a more lucrative offer and thus fatten the payout to all Delta creditors.

Meanwhile, talks about a possible merger between Delta and Northwest Airlines Corp. have been put on hold, further deflating speculation that a frenzy of deal-making among U.S. airlines is imminent.

While Congress can't block proposed mergers, yesterday's hearing made it clear that even the prospect of consolidation faces resistance from many lawmakers, especially those worried that mergers would reduce or even eliminate air service to smaller communities.

"I am not a fan of mergers," said North Dakota Democratic Sen. Byron Dorgan. "Inevitably what's going to happen is the other network carriers are going to decide they're going to merge. I think it gives consumers fewer choices, less competition."

Other concerns included the possibility of higher fares and additional impact on airline employees who have suffered steep pay cuts, layoffs and the loss of pension benefits during the industry's latest downturn.

Mr. Parker reiterated his assurance that a takeover of Delta wouldn't result in job cuts of any front-line, or nonmanagement, employees, though he acknowledged the combined work forces would be reduced through attrition.

"You're making a big leap here," said Sen. Trent Lott, a Republican from Mississippi, who complimented Mr. Parker on the merger he engineered two years ago between America West Airlines and US Airways. "I'm not opposed to the [Delta] merger. It does bother me when it's a hostile effort," he said. Another lawmaker recalled that AMR Corp.'s American Airlines pledged to take care of TWA workers when American acquired assets of the carrier in 2001, then eventually left most of them jobless.

The packed hearing room included dozens of uniformed Delta pilots, who stood against the walls wearing "Keep Delta My Delta" buttons.

Mr. Grinstein said Delta was financially strong enough to maintain its independence after exiting bankruptcy, and he disputed Mr. Parker's stance that acquiring Delta would lead to lower fares while maintaining adequate service levels.

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Air Merger Faces Flak From Senate Panel (USAT)

By Marilyn Adams

USA Today, January 25, 2007

WASHINGTON — Skeptical members of the Senate Commerce Committee questioned Wednesday whether US Airways' hostile takeover of Delta Air Lines would cut service to small cities.

Congress has no official role in the pending takeover bid, but lawmakers can wield considerable influence and possibly decide to change laws dealing with airline mergers.

At issue was US Airways' $10.2 billion hostile bid for Atlanta-based Delta, which has been in Chapter 11 bankruptcy for 16 months. Such a large merger, which would create the nation's largest airline, would have to be reviewed by antitrust regulators at the Justice Department.

From the start, the tone of the hearing was critical. Many of the committee members hail from largely rural states — Alaska, Minnesota, Maine, West Virginia, North Dakota — and worried aloud that consolidation would reduce service to cities in their states.

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About 50 uniformed members of Delta's pilots union, which opposes the deal, lined the standing-room-only chamber wearing "Keep Delta My Delta" lapel buttons.

Sen. Trent Lott, R-Miss., echoed colleagues when he questioned whether the merger might result in less air service to small cities now served by Delta or US Airways.

US Airways CEO Doug Parker, the only witness to support the deal, said it would strengthen both carriers. He testified that strong network airlines "are the best hope for small communities" because discounters such as Southwest Airlines generally don't serve those airports.

He said US Airways — itself the product of the 2005 merger between America West and the old US Airways — is now the most profitable network carrier, a category that also includes American, United, Delta, Continental and Northwest.

"That merger has been a tremendous success," he said.

Delta CEO Jerry Grinstein, who is fighting the takeover of his company, predicted a Delta-US Airways merger would bring sharp service cutbacks where the two carriers overlap along the East Coast.

Responding to concerns raised by Sen. Jay Rockefeller, D-W.Va., Grinstein said it would usher in more mergers among the rest of the USA's six network airlines. They'd have to merge to compete, he said.

"If you approve this," Grinstein said, "the industry will devolve into three carriers."

Union leader Robert Roach Jr., representing the International Association of Machinists, criticized US Airways for trying to buy another airline before it has negotiated new labor contracts covering mechanics from the old US Airways and America West.

"You have to finish transaction No. 1 before starting transaction No. 2," he said.

Delta says it's prepared to exit bankruptcy this spring as an independent carrier worth between $9.4 billion and $12 billion. Delta's bankruptcy creditors' committee met in New York on Wednesday, but it still had no official response to US Airways' 2-month-old offer. The creditors must decide whether to back Delta's stand-alone plan, accept US Airways' offer or ask US Airways for more.

Parker has said he will withdraw the offer Feb. 1 unless the creditors signal their support and press Delta to open its books.

US Airways Defends Its Plan To Buy Delta (WP)

By Del Quentin Wilber

The Washington Post, January 25, 2007

With a critical deadline looming in his hostile takeover bid for Delta Air Lines, the chief executive of US Airways faced tough questions yesterday from senators worried that a combined carrier would reduce service to rural areas and increase fares.

The concerns emerged during a lengthy Senate hearing on the proposed merger of Delta and US Airways, and the potential impact of future airline consolidation. The hearing also put the chief executives of the two airlines, who have been slugging it out in news releases, within arm's length of each other in public for the first time since the merger bid was announced in November.

Democratic and Republican senators expressed fears that a merger would force other carriers to combine. Sen. John D. Rockefeller IV (D-W.Va.), chairman of the Committee on Commerce, Science and Transportation's subcommittee on aviation, said such consolidation could harm small towns and other "end-of-the-food chain markets and their prices and their service."

US Airways chief executive W. Douglas Parker repeatedly defended his bid for Atlanta-based Delta, which is operating under Chapter 11 bankruptcy protection, by saying that a combined carrier would provide better service to rural areas.

"In general, I would say that healthy network carriers that earn adequate profits are actually good for smaller communities and good for consumers because they can afford the breadth and scope of service that we want to deliver," Parker said.

Two weeks ago, Parker increased his bid for Delta by 20 percent to a total of $9.8 billion in stock and cash. He has set a Feb. 1 deadline for Delta's creditors to accept his offer.

Despite Parker's assurances on preserving service to small communities, senators from Maine to Mississippi expressed skepticism.

"The inevitable will happen, which is to say that we're going to, you know, lose service and also, I think, [the outcome will] result in higher prices," said Sen. Olympia Snowe (R-Maine).

Sens. Byron L. Dorgan (D-N.D.) and Trent Lott (R-Miss.) said they did not think the merger would help their residents and were not pleased by the hostile nature of the bid.

"It's one network carrier saying 'I'm going to take over the other network carrier,' " Dorgan said. "I'm not a big fan of that because inevitably what is going to happen is the other network carriers are going to decide we've got to merge. . . . I don't think that gives consumers more choices. I think that gives them fewer choices."

Lott added: "Now, I must say you are an aggressive suitor. But the lady from the South -- Atlanta -- doesn't seem to want to be forced into this shotgun wedding."

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Delta's chief executive Gerald Grinstein disputed Parker's claims.

Grinstein agreed with the senators that service to rural areas could be lost. He also questioned the viability of a combined company because it would have about $24 billion of debt.

"If you believe that with the kind of debt that this is going to have, that you're not going to reduce your hubs, you're not going to reduce frequencies, you're not going to consolidate flights and reduce planes, you believe in Tinker Bell," Grinstein said.

Grinstein also denied media reports that Delta and Northwest have been negotiating a possible merger. "Let me be very clear about that: We are not negotiating any such deal with Northwest," Grinstein testified.

Some of the senators also pressed the executives on whether they thought it would be a good idea to re-regulate the industry to promote service to small towns and rural areas. Grinstein and Parker said they would work with the Transportation Department and Senate staff members to study such proposals.

Although the executives were cordial, the high stakes of the fight were not lost on those attending the hearing. The room was packed with Delta pilots and other employees, who burst into applause at one point and wore buttons supporting the carrier's efforts to avoid a takeover.

When Rockefeller called a break so senators could attend a vote, he asked Andrew B. Steinberg, a top official at the Transportation Department, to "maintain your position between those two CEOs."

Senators Wary Of Hostile Bid For Delta (FT)

By Stephanie Kirchgaessner In Washington And Doug Cameron In Chicago

Financial Times, January 25, 2007

Washington lawmakers on both sides of the aisle on Wednesday expressed deep scepticism about US Airways' $9.8bn hostile bid for Delta.

The poor reception for the deal in Congress raises significant questions about the future of the proposed transaction. The airline merger would lead to a wave of consolidation that would cut sharply the number of national carriers in the US, the lawmakers said.

In a small, packed hearing room to discuss the prospects of the deal, some Democratic and Republican senators appeared unconvinced by promises from Doug Parker, chief executive of US Airways, that the proposed deal, which would create the largest US carrier, would not lead to cuts in service, large-scale redundancies or increased fares.

While Congress does not have a formal say in deciding whether the deal could move forward, lawmakers – particularly those representing rural states – could put political pressure on both the airline industry and the Justice Department, which would review the deal on antitrust grounds. Although the White House has been largely hands-off on merger reviews, the Justice Department blocked a proposed merger between United and US Airways in 2001.

Andrew Steinberg, assistant secretary for aviation at the Department of Transportation, which would likely confer with antitrust authorities on the deal, declined to comment on the US Airways case, but presented mixed signals on where the Bush administration might stand on the issue.

While mergers were "not a panacea" for the airline industry's long-term problems, the government should not assume that having fewer carriers "necessarily translates into detriment to consumers", said Mr Steinberg.

However, even some Republican lawmakers who traditionally do not oppose mergers on competition grounds, such as Senator Trent Lott of Mississippi, said they were concerned the deal would lead to the closure of some routes.

"You're an aggressive suitor," Mr Lott told Mr Parker. "But the lady from the South doesn't want to be forced into this shotgun wedding," he said, referring to Georgia-based Delta.

Gerald Grinstein, Delta's chief executive, whose testimony was backed up by the presence of 32 uniformed Delta pilots around the hearing room wearing "Keep Delta My Delta" pins, said the combination would trigger further deals and lead the industry "to devolve into three network carriers". He also testified that Delta was not negotiating a separate deal with Northwest Airlines.

He said: "Approve this [deal] and you will be setting a very low threshold." Mr Grinstein added that, given the roughly $22bn in debt the deal would amass on the combined company's balance sheet, one might sooner believe in Tinkerbell than Mr Parker's notion that the merger would not lead to a disruption in service.

The tone of some legislators' remarks revealed underlying frustration at the airline industry and US Airways in particular for pursuing the merger even though it and other companies have in recent years dumped their pension liabilities on to the federal government.

Lawmakers in the House of Representatives are due to take on the same issue next week at another hearing.

US Airways has said it will withdraw its bid if Delta creditors do not push the carrier to the negotiating table by February 1, allowing it to start seeking regulatory approval. Delta's board is reviewing the revised bid to create the largest US carrier, a move that has triggered talks about potential combinations. However, the final decision will rest with its creditors.

Rumors Of Delta Merger With Northwest Are False, Airline CEO Tells Congress (DEN)

By David Shepardson, Detroit News Washington Bureau

Detroit News, January 25, 2007

WASHINGTON -- Delta Air Lines CEO Gerald Grinstein told Congress Wednesday the airline isn't interested in merging with US Airways or with Northwest Airlines, the largest carrier at Detroit Metropolitan Airport.

"One such rumor is that Delta is negotiating a merger or similar deal with Northwest. One point we want to make very clear: We are not negotiating any such deal with Northwest," Grinstein said in prepared testimony before the Senate Commerce, Science and Transportation committee.

The hearing was called to discuss the potential impact of airline mergers and industry consolidation.

"In the face of US Airways' hostile takeover bid, our Official Creditors Committee asked us to help gather information about potential strategic alternatives from other airlines, including Northwest."

Grinstein said that to fulfill that request, the airline "recently retained an investment banker to obtain that information, a far cry from negotiating a merger. We are compiling this information, but there has not been any negotiation regarding a merger or similar deal with Northwest or any other airline."

Grinstein heavily criticized US Airways' $10 billion-plus hostile takeover bid, saying it would never be approved by the Justice Department. Analysts have noted that there is a great deal of overlap between the two carriers' route structure, and that a merger could result in the elimination of many duplicative flights.

Grinstein said a US Airways takeover would result in the "likely loss of an estimated 10,000 Delta jobs."

"US Airways principle goal in its hostile takeover attempt is to eliminate its key competitor," Grinstein said. "This merger is being proposed to cut service, shrink hubs and increase prices."

A combined Delta and US Airways would operate 52 percent of slots and 40 percent of gates at major East Coast airports.

US Airways -- which was purchased by America West out of bankruptcy -- defended a takeover of Delta, saying it wouldn't cut service and would reduce ticket prices in dozens of cities.

US Airways Chairman Doug Parker said aggressive cost-management and consumer friendly policies and pricing allowed America West to return to profitability.

He told Congress a combined Delta-US Airways wouldn't drop any cities.

"With the ability to lower costs, gain efficiencies and adjust flying to better align demand and capacity, we believe we can lower fares in dozens of new markets and communities, just as we are doing at US Airways today," Parker said. "Moreover, passengers will benefit from the ability to get to more destinations via more routings; it is far more likely that thanks to the new Delta more passengers will be able to get to their destination at a time convenient for them and at a price that is reasonable, than would be possible under either stand-alone Delta or US Airways."

Parker also said "We will not furlough any frontline employees of Delta or US Airways as part of this merger," but didn't directly address job cuts. "We have put forth a fair and equitable proposal… Our industry stands at a crossroads. We can continue down the current path of boom and bust uncertainty, or we can chart a new course," he said. "We have to break with the failed policies of the past in order to provide a more sustainable future for all stakeholders."

Delta said the merger between America West and US Airways saw employment drop from 43,000 at the time of the merger to 35,000 today.

CME To Dominate Management Of CME-CBOT (AP)

By Stephen Wisnefski And Howard Packowitz, Dow Jones Newswires

AP, January 25, 2007

CHICAGO (AP) -- Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. Wednesday named those who will be on their post-merger management team, with CME executives dominating the leadership roster.

The exchanges also said they "believe they are on track" to complete the merger by mid-2007, noting that "significant milestones" have been reached recently. The two largest U.S. futures exchanges cited, as examples, the filing in December of a registration statement with the Securities and Exchange Commission, and decisions made regarding a high-level organizational structure and a senior leadership team.

As previously announced, CME Chief Executive Craig Donohue will be CEO of the merged company, to be known as CME Group. CME Executive Chairman Terry Duffy will retain that role in the merged group, and CBOT Chairman Charles Carey will

serve as CME Group vice chairman. Also as previously disclosed, CBOT CEO Bernard Dan will serve as a special advisor to the combined company for one year after the merger closes.

The only current CBOT executive who will be on the CME Group's management team is Bryan Durkin, who will serve as chief operating officer. Durkin, who currently serves as CBOT's chief operating officer and has been with the exchange since 1982, will be responsible for overseeing the transition of CBOT's electronically traded products to CME's Globex platform and the transition of CME trading floor operations to the CBOT facility.

Last October, CME announced that it would acquire CBOT for about $8 billion, representing one of the more significant deals in a spate of consolidation activity among exchanges around the globe. CME Group will have dominant positions in trading of futures on products tied to interest rates, stock indexes, currencies and several commodities.

CME and CBOT have seen significant growth in trading volume in recent years as investor grew increasingly interested in the types of derivatives contracts traded at the Chicago exchanges. CME's growth, however, has been more robust, in large part owing to the success of its Globex platform.

Each of the 10 members of CME's current management team will be on the CME Group's leadership team, for the most part holding the same titles and responsibilities they now have.

Phupinder Gill, who has been with CME since 1988, will continue as president of CME Group, though he will relinquish the role of chief operating officer once Durkin takes on that responsibility. Durkin will report to Gill, who will serve in the office of the CEO with Donohue.

With the naming of the new management team, the exchanges said a handful of CBOT executives -- including Chief Financial Officer Glen Johnson, Chief Administrative Officer Kevin O'Hara, Chief Information Officer William Farrow and head of marketing and business development, Christopher Malo -- would stay in their current roles until the close of the merger.

Representatives from both exchanges declined to comment on whether the CBOT executives would remain with CME Group in some capacity after completion of the merger. CBOT spokeswoman Melissa Jarmel said "those decisions haven't been made yet."

The representatives said CME and CBOT are still in the early stages of defining strategy for the merged group and laying out personnel plans. They also declined to comment on when further personnel announcements would be made.

Meanwhile, the exchanges are awaiting results of an antitrust review by the U.S. Department of Justice to determine whether the merged group would create a monopoly.

Contacted earlier this week, a Justice Department spokeswoman provided no timetable for completion of the investigation.

Shares of CME and CBOT, which have been gaining steadily since the start of the year, both hit record highs Wednesday. On the New York Stock Exchange, CME closed up $7.19 at $591.54, after moving as high as $596.30. CBOT shares closed up $2.27 at $175.72, after reaching $176.89 earlier.

TRADE WINDS In Call To Deregulate Business, A Global Twist (WSJ)

By Greg Ip, Kara Scannell And Deborah Solomon

The Wall Street Journal, January 25, 2007

Prominent figures in the U.S. are warning that the nation's financial markets have been handicapped by post-Enron regulatory overreach. Treasury Secretary Henry Paulson has made addressing the problem a signature political issue. A blue-ribbon committee chaired by former Bush economist Glenn Hubbard has echoed this sentiment, as does a report commissioned by Sen. Charles Schumer of New York and New York City Mayor Michael Bloomberg.

Their key evidence is data suggesting that U.S. stock markets are increasingly unattractive places for companies to list shares. Mr. Hubbard, now dean of Columbia University's business school, says this is the "canary in the coal mine," an early warning of the increasing costs to U.S. companies of raising money, which in turn threatens investment and growth. Their solution: a lighter touch in regulating corporate behavior.

· The Issue: Post-Enron corporate regulation is being blamed for driving foreign and U.S. companies away from U.S. stock exchanges.

· The Stakes: If critics are right, U.S. companies are paying more to raise capital, which will limit investment and growth.

· The Bottom Line: Powerful global forces are contributing to the exchanges' woes. Reducing regulation might not make a difference.

Yet this position, which has gone largely unchallenged, downplays a different explanation for why U.S. exchanges are under pressure -- the changing nature of global finance. Stock markets around the world have become better and deeper, encouraging companies to seek IPOs in their home market. Trading across borders has become simpler, cutting the prestige and usefulness of a big-country listing everywhere. And private-equity buyouts are a global phenomenon, not a uniquely American one.

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Meanwhile, other countries are stiffening their own rules, bringing them closer to the U.S. model.

Andrew Karolyi, an Ohio State University economist who specializes in international stock-exchange listings, agrees with Mr. Hubbard that some new regulations, especially parts of the 2002 Sarbanes-Oxley Act, impose burdens that outweigh the benefits. But Mr. Karolyi is skeptical of the stock-exchange evidence, which he links instead to transitory global trends.

MARKET SLIDE

See more charts on the competitiveness of U.S. exchanges1. Plus, read reports and speeches on the topic by Henry Paulson and others: · Speech by Henry Paulson on the Competitiveness of U.S. Capital Markets2

· The Committee on Capital Markets Regulation (Scott-Hubbard-Thornton committee) interim report3

· The McKinsey Report commissioned by Sen. Chuck Schumer (D-NY) and NYC Mayor Michael Bloomberg4

· Study by Ernst & Young on Global Capital Markets Trends5

· A study by NERA Economic Consulting on shareholder lawsuits, "Recent Trends in Shareholder Class Action Litigation: Filings Plummet, Settlements Soar"6

· Study by Cornerstone Research on declining shareholder class action filings7

Regulations "should be judged on their own merits and not on any evidence of a supposed decline in the attractiveness for prospective listings from overseas," Mr. Karolyi says.

Mr. Paulson acknowledged in a speech last November that foreign markets have improved, which he called "unequivocally...a positive." But he devoted most of his attention to the costs of U.S. accounting and governance rules and the legal climate. Mr. Hubbard's Committee on Capital Markets Regulation, consisting of academics and finance executives and endorsed by Mr. Paulson, spent 148 pages discussing the harm done by U.S. regulatory and legal risks.

Among the charges: Suing corporations for fraud is too easy, resulting in a ninefold increase in the number of shareholder lawsuit settlements between 1997 and 2005. Civil and criminal prosecutors are overzealous, producing civil enforcement penalties more than 100 times higher in the U.S. than the U.K. in 2004. Auditing standards are unreasonably onerous for small companies.

As this criticism has increased in volume, regulators have eased some Sarbanes-Oxley standards for companies' internal financial controls. In addition, they have made it easier for foreign companies to stop adhering to U.S. rules, and the Department of Justice has imposed more conditions on prosecutors seeking evidence when investigating executives.

In an interview, Mr. Hubbard concedes there's "no smoking gun" that proves whether global or U.S.-specific forces are behind the smaller number of foreign companies listing in the U.S. "Both factors are important," he says.

He also cites a complex piece of evidence in favor of the domestic theory. Historically, overseas companies received a boost in their stock price when they listed in the U.S., an indication of how meeting U.S. requirements inspires investor trust. But recently the premium earned by companies from advanced countries has shrunk faster than that for shares in emerging-market companies. For companies already meeting stringent governance standards at home, Mr. Hubbard argues, the costs of meeting U.S. requirements therefore exceeds the benefits.

A spokeswoman for Mr. Paulson said he was unavailable to comment for this article. In a written statement, she said Mr. Paulson sees the global changes as "unquestionably a factor to consider" alongside regulatory and legal burdens. The Treasury is holding a conference this spring to discuss these topics.

There's little doubt U.S. exchanges are facing increasing competition. They're losing out to overseas exchanges for initial public offerings. Many overseas companies are deciding they don't need an American listing. And in the U.S. itself, many companies have decided they're better off private.

Taken alone, the cost of regulation can't explain what's happening to U.S. financial markets, and paring regulations might not alter the outcome, except to give a helping hand to Wall Street.

"Well-functioning capital markets are central to the success of the economy," says former Treasury Secretary Lawrence Summers, now a Harvard University economist and managing director at a hedge fund. "What fraction of capital markets transactions runs through New York is of much less broad-based significance."

The IPO Challenge

One piece of evidence Mr. Paulson and others cite is the falling U.S. share of IPOs. At the peak of the U.S. IPO boom in 1999, the New York Stock Exchange and Nasdaq Stock Market notched 57% of world-wide IPO proceeds, up from 39% in 1990, according to Thomson Financial, a financial-data provider. By last year, that share had fallen to 18%.

Regulatory costs may be one factor. Another big one is the shrinking quality gap between U.S. and overseas capital markets and an explosion in IPOs from the developing world. The world's largest IPO, the $22 billion offering from Industrial & Commercial Bank of China, listed in October in both Hong Kong and Shanghai. The biggest gainer in IPO business has been Hong Kong, which snagged 16% of world IPO proceeds in 2006 compared with zero in 1990.

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"The Hong Kong market is deep enough and liquid enough that there's really no need to list elsewhere," says Paul Calello, Asia chief executive for Credit Suisse, one of the managers of ICBC's IPO.

Another gainer is the London Stock Exchange's Alternative Investment Market, set up in the 1990s to cater to small companies with little operating history. AIM has far less government oversight of governance, accounting and disclosure than the LSE's better-known Main Market or U.S. markets. Its foreign listings -- not all of which are IPOs -- have skyrocketed to 306 from 31 in 2000, and include some U.S. companies.

AIM's success is seen by some as evidence that some companies have sought a haven from U.S. rules. Protonex Technology Corp., Southborough, Mass., a maker of fuel-cell power systems, went public on AIM in 2006. Scott Pearson, its chief executive officer, says it would have cost three times as much to list in the U.S., in large part due to legal and auditing costs related to Sarbanes-Oxley.

But many of AIM's companies probably couldn't have listed in the U.S. even before 2002, either because they didn't meet U.S. requirements or were too small to attract interest from U.S. underwriters and investors. "Many of the companies listed on AIM today wouldn't come anywhere close to meeting an NYSE listing standard," says Noreen Culhane, executive vice-president of listings at the NYSE.

A Global Affliction

In addition to IPO share, listings of foreign companies on U.S. markets have fallen. Since their peak in 2002, foreign listings on the NYSE have fallen 4% to 451 by the end of 2006, although that's up slightly from 2000. Since 2000, foreign listing have fallen 34% to 321 on Nasdaq.

It's hardly an American disease. Excluding AIM, the London Stock Exchange's blue-chip Main Market has seen foreign listings decline 23% since 2000. The Deutsche Börse is down 58%; Tokyo down 39%.

The world has changed for all big-country stock exchanges. For years, says Mr. Karolyi, investors "were trapped in their local markets" because foreign stock exchanges had differing standards, for example over how to finalize payments. Over time, those standards have been strengthened and harmonized, increasing "global investors' appetite for going directly into those markets." Shanghai, for example, has 842 listed companies, up from 188 in 1995.

Furthermore, says Mr. Karolyi, a U.S. listing may have had particular appeal to foreign companies in the late 1990s because of the buoyant stock market, which faded with the market's downward turn after the tech bubble burst. Most of the delisted companies had little trading volume, and trading in those that remain is generally healthy.

Cellphone maker Nokia Corp., based in Finland, shows how companies make decisions in light of these changed circumstances. Nokia sought a London listing in 1987 to raise its profile, and listed on the NYSE in 1994. In 1995, about 45% of trading in Nokia stock occurred in New York, 31% in London and 24% in Helsinki.

Then, as a condition of joining the European Union in the mid-1990s, Finland began permitting brokers in other EU countries to trade on Helsinki's stock exchange. In the late 1990s, Helsinki launched an electronic trading system and Finland adopted the euro as its currency. By 2003 Helsinki had captured 60% of Nokia's trading volume, leaving the LSE with less than 1%. Nokia delisted from London and Paris, where its shares were also traded.

"People still could trade Nokia, but we did not have to pay annual listing costs to the London and Paris stock exchanges," says spokeswoman Arja Suominen. Today, 91% of Nokia's shares are held outside Finland, but 68% of the trading occurs in Helsinki and about a quarter in the U.S.

Meanwhile, U.S. investors are less insistent that foreign companies list in the U.S. before they'll buy shares. Mitchells & Butlers PLC, a British operator of taverns, delisted from the NYSE in 2005. It says the low volume of trading -- less than 1% of the total -- didn't merit the annual $1 million cost, which included filing SEC statements and auditor fees related to Sarbanes-Oxley.

This makes little difference to Ray Mills, who owns about $10 million in Mitchells & Butlers shares for the $2.4 billion stock fund he manages for T. Rowe Price Group Inc., a Baltimore mutual-fund house. He bought the shares in London even though they were listed on the NYSE at the time, and isn't bothered that they no longer are.

"We want to go where the liquidity is," Mr. Mills says. Mitchells's stock was more liquid -- that is, easier to trade -- in its home market than in New York. "We have trading desks not just in the U.S. but Hong Kong and London [so] we have 24-hour coverage of the markets."

Private-Equity Rules

In his November speech, Mr. Paulson suggested many publicly traded companies are selling to private-equity firms -- removing themselves from public trading and SEC scrutiny -- because of the "regulatory requirements" of being a public company in the U.S. But the buyout boom, too, is not merely a U.S. trend but a global one.

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Between 1996 and 2002, private-equity buyouts represented 2% of all mergers and acquisitions in the U.S. and 3% in the rest of the world. Between 2002 and 2006, the fraction has increased to 11% in the U.S. and 10% in the rest of the world, according to Thomson Financial.

David Rubenstein, managing director of Carlyle Group, Washington, D.C., one of the world's largest private-equity firms, attributes much of the boom to the simple fact that firms such as Carlyle have so much cash -- from investors eager to share in the sector's impressive returns and from banks, hedge funds and others ready to lend on easy terms.

Regulations have also been blamed for the growing number of venture- and private-equity backed companies being sold privately. "The costs and regulatory hurdles to go public in the U.S. today are driving venture-backed companies away from our capital markets system," Keith Crandell, managing director of Chicago's Arch Venture Partners, told Congress last year.

Carlyle's Mr. Rubenstein cites another reason. It's easier for private-equity firms to recoup their entire investment by selling to another private-equity firm, rather than the small portion they typically sell in an IPO.

Early last year, Carlyle filed to sell a stake in industrial manufacturer Rexnord Corp., through an IPO, for up to $400 million. A few months later, Carlyle instead sold the entire company to Apollo Management LP, another private-equity firm, for $1.8 billion.

The importance of Sarbanes-Oxley in the decision of many public companies to go private "has probably been overstated," Mr. Rubenstein says. More important, he says, is "not just the quarterly but hourly" pressure from Wall Street for stock and earnings performance.

Differential Equations

Mr. Hubbard's committee worried about how the U.S. regulatory burden has risen relative to that of other countries. The bigger the differential, the greater the potential competitive disadvantage.

Yet even as the U.S. debates whether it has gone too far, other countries are tightening their rules. The EU, Canada, Mexico, Australia, Hong Kong, Brazil, the U.K. and Germany have to varying degrees beefed up standards for audit committees. This means many companies won't escape tighter regulation by avoiding the U.S.

Major provisions of Sarbanes-Oxley "have not competitively disadvantaged U.S. markets, simply by virtue of the fact that they have been widely adopted elsewhere," says a 2006 study by Ethiopis Tafara, director of the Securities and Exchange Commission's office of international affairs.

The Netherlands' ABN AMRO Bank NV dropped its London listing last year because of low trading volume, and now trades only on the NYSE and Euronext, two exchanges in the process of merging. Spokesman Jochem van de Laarschot says while the U.S. regulatory burden has risen, the same is true of most countries where it operates.

In 2004, Hong Kong's then-chief securities regulator, Andrew Sheng, told a Senate panel that Sarbanes-Oxley brought global attention to corporate governance. Hong Kong, he said, has moved "closer to the U.S. SEC regulatory model," though without as much detail and prescription. SEC Chairman Christopher Cox said yesterday at a conference that his agency's recent guidance on Sarbanes-Oxley, relaxing its implementation, "benefited greatly" from other countries' experience with similar rules.

Europe is moving, too. "Pretty soon the vast majority of Sarbanes-Oxley will be applicable either at the European level or at the national levels," says Andrew Bernstein, a Cleary Gottlieb partner in Paris who advises many French corporations. "The regulatory costs are in the process of converging."

Juror Dismissed In Microsoft Trial (AP)

By David Pitt, Ap Business Writer

AP, January 25, 2007

Juror Dismissed in Iowa Antitrust Trial Against Microsoft

DES MOINES, Iowa (AP) -- A juror was dismissed Wednesday for undisclosed reasons from the class-action antitrust lawsuit against Microsoft Corp.

The dismissal leaves 11 jurors to review allegations that Microsoft used anticompetitive practices that caused thousands of Iowans to pay more for the company's software than they would have otherwise.

Judge Scott Rosenberg said he considered the dismissal a personal matter and would not say why the juror was dismissed.

Plaintiffs attorneys Roxanne Conlin and Richard Hagstrom said juror dismissals are not unusual in lengthy trials.

"It will not affect our case," they said in a statement Wednesday.

Rich Wallis, a Microsoft lawyer, said he does not anticipate any other dismissals, though he expects the remaining jurors will be in court longer than the six months initially predicted.

Seven men and five women were seated Nov. 21 to hear the case in Polk County District Court. They began hearing opening statements Dec. 1.

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Conlin and Hagstrom said experts will place damages in excess of $300 million.

Microsoft, which denies any overpricing, says its products have been widely accepted by consumers because of their low cost and high quality.

More than 80 prospective jurors were questioned before 12 were chosen for the civil trial, which would normally have eight jurors. The lawyers and Rosenberg agreed in this case to allow 12 in case some had to be dismissed or leave.

Both sides agreed to allow all jurors remaining at the end of the case to deliberate. They also agreed to permit the jury to fall to as few as six jurors.

ERG Denies Conspiring To Fix Fuel Prices (AP)

AP, January 25, 2007

Italian Refiner ERG Denies Conspiring to Fix Retail Fuel Prices

ROME (AP) -- ERG SpA, Italy's biggest independent refiner, denied on Wednesday it had conspired to fix retail fuel prices, in a statement released one day after the country's antitrust regulator started an investigation.

The Italian Competition Authority opened an inquiry into whether nine of the biggest oil companies agreed gasoline prices in the country's service station network, limiting competition and keeping prices at the pump at one of the highest levels in the European Union.

The companies being investigated are Eni SpA, the Italian units of Royal Dutch Shell PLC, Total SA and ExxonMobil Corp., as well as Kuwait Petroleum Italia SpA, Tamoil SpA, local firms ERG SpA, Anonima Petroli Italiana SpA, or API, and IP SpA. Privately-held API bought IP from Eni in 2005.

ERG said it had a "total lack of involvement" with the alleged price fixing of gasoline and diesel. Eni declined to comment.

The antitrust regulator has said it would conclude its probe by March 31, 2008.

EU Steps Up Anti-cartel Crusade With Record Fine (AFP)

AFP, January 25, 2007

BRUSSELS (AFP) - EU antitrust chief Neelie Kroes stepped up her anti-cartel crusade, hitting 11 companies with a record fine for fixing prices and carving up the market in electrical generation equipment.

After bumper fines in 2006, the EU competition watchdog demanded ABB, Alstom, Areva, Fuji, Hitachi Japan AE Power Systems, Mitsubishi Electric Corporation, Schneider, Siemens, Toshiba and VA Tech pay 750 million euros (972 million dollars) for running a cartel.

The total fine was the second biggest EU regulators have imposed in a cartel case after slapping 855 million euros in penalties on eight vitamin makers in 2001. That fine was later reduced to 790 million euros by an EU court.

Siemens was told to pay 418 million euros (543 million dollars) for its leading role, the biggest fine EU regulators have ever slapped on a single company for participating in a cartel.

"The Commission has put an end to a cartel which has cheated public utility companies and consumers for more than 16 years," EU Competition Commissioner Kroes said.

She has made cracking down on cartels a top priority and last year imposed fines totalling 1.8 billion euros against the illegal clubs, a new annual record for regulators at the European Commission.

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"The Commission has once more shown that it will not tolerate cartels in Europe and the damage that they do in any area of business," Kroes said.

"The case also demonstrates that the Commission can and will bring down such cartels even if the companies concerned use sophisticated technology to cover their tracks," she added.

EU regulators found that between 1988 and 2004 the companies rigged bids for procurement contracts, fixed prices, divided up projects among themselves and shared sensitive information in the market for gas insulated switchgear.

Gas insulated switchgear is used to control the flow of energy in electricity grids and is a major part of power substations.

Acting on a tip-off from ABB, regulators conducted raids on the groups' premises in May 2004. Two years later, the EU competition watch-dog took the final step before official sanctions against them by issuing statements of objections.

The fine of 215 million euros on ABB was waived because the company revealed the cartel to regulators.

Contesting the charges lodged against it, Siemens said it was shocked by what it described as the "completely exaggerated" fines and vowed to appeal at the European Court of Justice.

"We consider the fines to be completely exaggerated and cannot understand them at all," the chairman of Siemens Power Transmissions and Distribution unit, Udo Niehage, said in a statement.

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Of the 418 million euro total imposed on Siemens, 396 million was slapped on the German parent company and 22 million euros on Siemens Austria. Siemens bought Austrian group VA Tech in 2005.

Toshiba denied breaking EU law and said that it would appeal while Hitachi and Mitsubishi Electric said they would consider challenging the ruling.

Although the Japanese firms play a negligible role in the European market, EU regulators accused them of agreeing with their European rivals to stay off each other's turf.

Mitsubishi Electric was fined 119 million euros, Toshiba 91 million euros, Hitachi 52 million euros, Alstom 65 million euros and Areva 53 million euros, Schneider 8.1 million euros, Fuji 3.7 million euros and Japan AE Power Systems 1.35 million euros.

Commission officials said that some of the individual fines could vary slightly because of joint ventures between some firms, but that it expected the total to be 750 million euros.

Norway Declares Apple's ITunes Illegal (FT)

By David Ibison In Stockholm, Emiko Terazono In London And Richard Waters In San Francisco

Financial Times, January 25, 2007

Apple was dealt a blow in Europe on Wednesday when Norway's powerful consumer ombudsman ruled that its iTunes online music store was illegal because it did not allow downloaded songs to be played on rival technology companies' devices.

The decision is the first time any jurisdiction has concluded iTunes breaks its consumer protection laws and could prompt other European countries to review the situation.

The ombudsman has set a deadline of October 1 for the Apple to make its codes available to other technology companies so that it abides by Norwegian law. If it fails to do so, it will be taken to court, fined and eventually closed down.

Apple, whose iTunes dominates the legal download market, has its proprietory system Fairplay. Songs and tunes downloaded through iTunes are designed to work with Apple's MP3 player iPod, but cannot be played on rival devices.

Torgeir Waterhouse, senior adviser to the Norwegian Consumer Council, who originally launched the complaint, told the Financial Times he was in negotiations with pan-European consumer groups to present a unified position on iTunes' legality.

Sweden and Finland have already backed Norway's stance, but have yet to take action, and Mr Waterhouse said the campaign was joined on Wednesday by Germany and France.

"We are satisfied the Federation of German Consumer Organisations and the French UFC Que Choisir are addressing this important issue. It means that iTunes is now being told by more than 100m European consumers to offer them a fair deal," he said.

Apple signalled that it would fight efforts in Norway and elsewhere in Europe to prise open the iTunes service, though it struck a more conciliatory tone than early last year when it attacked a proposed French law as "state-sponsored piracy".

"Apple is aware of the concerns we've heard from several agencies in Europe, and we're looking forward to resolving these issues as quickly as possible," it said in a statement. "Apple hopes that European governments will encourage a competitive environment that lets innovation thrive, protects intellectual property and allows consumers to decide which products are successful."

The development comes as competition in the multi-billion dollar global market for digital music is intensifying.

Nokia, the world's largest mobile phone maker, has set up a rival to iTunes, while Microsoft, the US technology company, has also launched its own digital music player called Zune to compete with the iPod.

However, the lack of interoperability has been blamed by some consumers and technology companies for hampering the growth of the legal digital music download market.

Record companies insist that the issue of interoperability is one for technology companies, and stress the importance of digital rights management in order to prevent piracy.

The IFPI, which represents record groups around the world, said that it "thoroughly supported interoperability, but wanted a market solution rather than one imposed by authorities".

Siemens Plans To Buy UGS For $3.5bn (FT)

By Lina Saigol In London, Richard Milne In Munich, Tobias Buck In Brussels And James Politi In New York

Financial Times, January 25, 2007

Siemens, Europe's largest engineering group, is set to strengthen its core automation division by paying about $3.5bn to buy private equity-owned UGS as it seeks to show it has not been paralysed by bribery allegations.

Details of the plan emerged as Siemens suffered a fresh blow to its reputation and finances on Wednesday, when the European Commission ordered the German engineering group to pay a record €397m fine for its "leadership role" in a long-running price-fixing cartel.

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In addition to the UGS deal, the German conglomerate was last night also considering whether to float its VDO division, one of the world's largest car parts suppliers with annual sales of about €10bn, according to people close to the situation. Both measures were discussed last night at a supervisory board meeting but because of worker sensitivities on disposals, it is possible the plans could be disrupted. The approach on VDO was "undecided", one person familiar with the discussions said.

The moves highlight the determination of Klaus Kleinfeld, Siemens' chief executive, to push ahead with strengthening and restructuring his businesses despite being enmeshed in harmful corruption allegations. UGS, a US company specialising in product lifecycle management, is currently owned by US private equity groups Silver Lake, Bain Capital and Warburg Pincus.

The private equity consortium bought UGS from Electronic Data Systems in a $2.1bn deal in March 2004. This marks one of the first exits from the latest cycle of software investments by private equity firms. Before agreeing to a sale, Warburg, Bain and Silver Lake had been considering an IPO of UGS.

The news is likely to be overshadowed on Thursday by a torrent of criticism from investors over a €420m corruption scandal and under-performing businesses at the conglomerate's annual meeting.

Siemens intends to appeal the European Commission fines, calling them "totally exaggerated". The Munich-based group denied the Commission's "blanket accusation", saying in a statement that price-fixing only took place in a "few projects" and only between October 2002 and April 2004.

The 11 groups involved in the cartel were fined a total €751m, the largest fine for a single cartel.

In addition to Siemens, the groups fined included Mitsubishi Electric, which was told to pay €119m; Toshiba, €91m; and Hitachi, €52m. Alstom was fined €65m but may escape part of the penalty because it sold the subsidiary involved in the price-fixing to Areva in 2004. The French nuclear power group was jointly liable for €54m of Alstom's fine, the Commission said.

ABB, the Swedish/Swiss group, was part of the cartel but escaped punishment because it blew the whistle.

Siemens To Buy UGS As Part Of Overhaul (WSJ)

By Mike Esterl In Munich, Jason Singer In London And Dennis K. Berman In New York

The Wall Street Journal, January 25, 2007

Accelerating a restructuring drive, Siemens AG said it would acquire software maker UGS Corp. of Texas for $3.5 billion, including debt, and sell a minority stake in its automotive-electronics unit through an initial public offering.

The steps follow a flurry of moves in the past 18 months by Germany's largest conglomerate, which is overhauling far-flung industrial holdings that manufacture items including steam turbines, medical scanners, high-speed trains and light bulbs.

A share listing of Siemens VDO Automotive could generate significant cash for the Munich-based company. The unit booked €10 billion ($13 billion) in revenue and €669 million in operating profit in the most recent fiscal year ended Sept. 30. Siemens didn't say how big a minority stake it would float.

Management said last year it would narrow its focus to three fast-growing areas: energy and environment; automation, and public and private infrastructure; and health-care.

While the automotive division doesn't fit neatly into that blueprint, UGS does. UGS makes software that helps companies manage products from inception to production. Siemens plans to fold the business -- which had just under $1.2 billion in revenue and $241 million in operating profit in fiscal 2005 -- into its factory-automation unit, one of the company's largest and most profitable divisions.

The UGS acquisition marks Siemens's largest purchase since last June, when it agreed to pay €4.2 billion for the medical-diagnostics division of Bayer AG. Europe's largest engineering company by sales, Siemens also has been investing heavily in areas such as wind power and water treatment.

Management at Siemens is pushing ahead with the restructuring drive even as it grapples with a widening fraud investigation. Siemens said last month it had uncovered €420 million in suspicious transactions stretching back seven years. Authorities suspect employees set up slush funds to pay bribes to potential customers.

Prosecutors are focusing on alleged corruption at the unprofitable telecommunications-equipment division that Siemens is trying to dismantle. A plan to transfer the bulk of that business into a joint venture with Nokia Corp. of Finland was put on hold last month until a compliance review can be completed.

Siemens today will publish its earnings report for the most recent fiscal quarter.

Dispute Threatens CSN's Bid For Corus (FT)

By Jonathan Wheatley In Brasília And Peter Marsh In London

Financial Times, January 25, 2007

The bid by Companhia Siderurgica Nacional, the Brazilian steelmaker, to acquire the Anglo-Dutch group Corus for £5.7bn ($11.2bn) could be blown off course by a legal dispute in Brazil, it has emerged.

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The dispute, over CSN's rights to an iron-ore supply that would be crucial to a merged business, could lend fresh impetus to rival bidder Tata Steel of India. Tata is expected in the next few days to raise its £5.5bn bid above CSN's offer. Both bidders are due to finalise their offers for the world's eighth biggest steelmaker by next Tuesday.

The tussle arose after Companhia Vale do Rio Doce, the Brazilian mining group, said it would challenge CSN's ability to supply iron ore to Corus should its bid succeed. A big part of the rationale behind CSN's offer is that it would be able to supply cheap iron ore from its Casa de Pedra mine in Brazil to Corus's European plants. Tata has limited supplies of iron ore and, under Indian export regulations, is unlikely to be allowed in the next few years to ship it overseas.

But José Martins, CVRD's director for ferrous operations, told the Financial Times that CVRD would question CSN's ability to ship iron ore under the terms of a contract signed between the companies in 2001.

One interpretation of this accord is that CVRD has the first rights to any extra iron ore from Casa de Pedra. Mr Martins said the idea CSN could take iron from the mine to send to Corus "cannot be affirmed in advance".

"If CSN buys Corus, we will look closely at how the deal is done to see if our right [to the ore] remains in force," he said.

Juarez Salipa, CSN's mining director, said: "This is pure malevolence by CVRD. They will answer in court for any damage they cause by this type of statement."

ENVIRONMENT:

Bush Makes Sales Pitch For Proposal On Energy (NYT)

By Sheryl Gay Stolberg

New York Times, January 25, 2007

WILMINGTON, Del., Jan. 24 — President Bush made a big deal about ethanol, the fuel derived from plants, in his State of the Union address Tuesday night. Wednesday morning, he got up close and personal with it, poking his head through stalks of corn and wheat while scientists for DuPont gave him a crash course in ethanol production in a tour of their research greenhouse here.

The presidential visit to the DuPont Experimental Station, which conducts federally financed research into the development of alternative fuels, amounted to a sales pitch for Mr. Bush's plan to reduce projected gasoline consumption by 20 percent over the next 10 years.

After hearing a minilecture on how plants are converted into sugars, and the sugars then distilled into fuel, Mr. Bush, a former Texas oilman who has proclaimed Americans "addicted to oil," lifted up a glass beaker of switchgrass, a perennial grass that looks like hay, and stared into a bank of television cameras to drive his point home.

"What our citizens need to know," Mr. Bush said, with a microbiologist, Armando Byrne, by his side, "is that because of the research you're doing here, with some of their taxpayer dollars, that switchgrass, that can be grown all across America, can end up being made into fuel that powers their automobiles."

Mr. Byrne nodded in agreement.

"That's important," the president declared.

Later, in a speech to DuPont employees, Mr. Bush said he had ordered the federal government to buy more hybrid vehicles that use ethanol or alternative fuels, and to buy hybrid plug-in cars "as soon as they hit the market."

Most federal agencies already have alternative-fuel vehicles. Of the more than 586,000 vehicles in the federal fleet, 866 are hybrids and 106,869 are alternative-fuel vehicles, White House officials said.

"We set the goal," Mr. Bush told the DuPont employees. "It doesn't make much sense for the federal government to set the goal and not participate."

The trip itself, however, was hardly energy efficient. Mr. Bush made the short jaunt to Wilmington aboard Air Force One, spending a mere 30 minutes in the air on the way up and 20 minutes on the way back. On the ground, he traveled in the usual motorcade of about two dozen vehicles, including sport utility vehicles carrying gun-toting Secret Service agents, and vans carrying camera-toting members of the press.

There was nary a hybrid among them.

President Travels To Promote Emphasis On Alternative Fuels (USAT)

By David Jackson

USA Today, January 25, 2007

WILMINGTON, Del. — President Bush went on the road Wednesday to begin making his case for more alternative fuel sources.

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A day after highlighting energy and other domestic issues in his State of the Union address, Bush toured a plant that develops biofuels from corn, switch grass and wood chips. He also touted his plan to reduce the use of gasoline over the next decade to an audience of more than 1,000, most of whom were DuPont employees.

In Washington, the Senate Foreign Relations Committee debated and passed a resolution opposing Bush's plan to boost U.S. troop levels in Iraq. In Tuesday's speech, Bush appealed to Congress to give his strategy "a chance to work."

Focusing his remarks on energy and never mentioning the Iraq war Wednesday, Bush said alternatives to imported oil are not only essential to the economy and the environment, they are important to protecting national security. "If you're dependent on oil overseas … and a regime hostile to the United States produces that oil, you become vulnerable," he said.

Bush noted that in a global economy, dependence on oil imports has a pocketbook effect: "The more dependent we are … the more likely it is that somebody else's demand is going to affect what you pay at the pump for gasoline."

Bush continues his campaign to sell his State of the Union ideas today in Lee's Summit, Mo., where he will discuss his plan for granting tax deductions for health insurance. Bush also plans a speech on the economy next week in advance of releasing his 2008 budget plan Feb. 5.

"The American people remain concerned about the situation in Iraq, as is the president," White House spokesman Scott Stanzel said. "But issues like health care, education and driving your car touch the lives of every American."

During his energy remarks at the DuPont Theatre, Bush recited a litany of possible energy alternatives that he'd like to encourage with Congress' help. They include cleaner coal, more nuclear plants, hydrogen and electric cars, and wind power.

"We got a lot of wind — particularly in Washington," Bush said jokingly.

Michele Riley, a human resources coordinator at DuPont, said she supports Bush's domestic agenda but noted he faces combative Democrats and an unpopular war.

"It makes it difficult," Riley said. She said she didn't sense much "warmth" from congressional Democrats toward Bush.

Vivian Adams of Wilmington, who owns a swimming school, said she agrees with Bush on energy and immigration, but "I'm not sure about the Iraq war."

She agreed cooperation from Democrats would be essential to Bush's success.

Bush's speech Tuesday was watched by more people than his address in 2006: 45,486,000 viewers vs. 41,699,000, according to preliminary figures from Nielsen Media Research.

The president returned to the White House in the afternoon to meet with Army Gen. Dan McNeil, the incoming commander for the NATO-led forces in Afghanistan. Bush also hosted his annual meeting with the Joint Chiefs of Staff and the leaders of the military's combat commands.

Bush Calls For Cleaner Federal Vehicles (LAT)

By James Gerstenzang, Janet Wilson

The Los Angeles Times, January 25, 2007

WILMINGTON, DEL. — President Bush ordered the federal government Wednesday to move toward purchasing hybrid-powered vehicles and reducing the federal fleet's petroleum consumption by 2% each year, part of an effort to boost alternatives to gasoline.

Bush announced the executive order during a morning devoted to promoting new-technology fuels. In his State of the Union address Tuesday night, he set a goal of reducing the nation's gasoline consumption by 20% over 10 years, mainly by boosting ethanol production and toughening mileage standards for cars and light trucks.

In California, Gov. Arnold Schwarzenegger's senior environment and energy advisors said they had major concerns about Bush's strategy — saying his proposals to increase the use of alternative fuels could sharply increase greenhouse gas emissions by opening the door to heavily polluting oil shale, tar sands and coal.

They also worried about California's low-carbon fuel policy being preempted by federal proposals.

While emphasizing that they were still studying Bush's plans, California Environmental Protection Agency Secretary Linda S. Adams, California Air Resources Board Chairman Robert F. Sawyer and other officials said that the state's program for reducing the use of traditional fuels does not call for increased use of any particular alternative fuel, such as ethanol. Instead, they said, it lets the market decide if ethanol, plug-in or hybrid vehicles or other biofuels should be used to reach the state's goals.

Sawyer said that, depending on how it's produced, ethanol can have either a negligible or a very substantial effect on greenhouse gas emissions. Other fuels could be even worse, he said.

"We're concerned some of the alternatives, such as tar sands, coal and oil shale — these sources of alternative fuels can increase [greenhouse gas] emissions as much as a factor of two over petroleum. So, we view that as a very negative direction to go in," Sawyer said.

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Adams and Dan Skopec, undersecretary of the state EPA, expressed concern that existing federal renewable fuels mandates on refineries, combined with Bush's new policies, could be implemented in ways that would preempt California's landmark greenhouse gas law, which requires a 25% reduction of greenhouse gas emissions by 2020.

"It will potentially be problematic, and of course it depends on what the president proposes, and what Congress chooses to act on. So, the devil will be in the details on this issue of renewable fuels," Skopec said.

In Delaware, Bush toured a research center at DuPont, the international chemical company. Scientists there are working to develop cellulosic ethanol, a fuel brewed from various forms of vegetative growth — woodchips, weed-like switch grass and corn stalks, for example, rather than the corn kernels that are now used to produce ethanol.

Bush said he was directing the government to purchase plug-in hybrid vehicles, if they become commercially available, and to purchase other hybrid and flexible-fuel vehicles that can use ethanol.

Bush also urged pressing ahead with the revitalization of the nation's nuclear power industry, and with offshore drilling for deep pockets of gas, which he said could be conducted in an "environmentally friendly way." Nuclear energy, he said, is "going to be good for your children. It's going to make us less dependent on natural gas from overseas, and it's going to make us better stewards of the environment."

Bush Calls Biofuels "An Opportunity" (DELNJ)

By Jeff Montgomery

Delaware News Journal, January 25, 2007

President Bush followed his State of the Union call for expanded use of biofuels with a speech today at the Hotel DuPont in Wilmington on what he described as “an interesting opportunity for our country”

Dependence on oil, Bush said, creates both a national security problem for the country and environmental concerns.

“We can get beyond the pre-Kyoto era with a post-Kyoto strategy, the center of which is new technologies,” Bush said during the first minutes of his speech, referring to the international push to reduce emissions of heat-trapping greenhouse gases linked to global climate change. The treaty was never endorsed by the White House.

Bush thanked DuPont workers, saying they are “really putting this country on the leading edge of technological change.”

“At this company you've got 2,500 scientists, some of the smartest people in the country working here, all trying to develop new technology to help us solve this problem.”

More than 1,200 DuPont employees and other guests piled into the hotel's auditorium for the address, some arriving hours ahead of his arrival. The President was flanked by about 50 DuPont scientists and researchers seated on two bleachers, and standing in front of a projected banner that read: “Strengthening America's Future.”

The remarks came hours after Bush called for a rapid increase in the use of alternative fuels, including the type of ethanol fuels that DuPont hopes to commercialize. Bush said that the nation should replace about 20 percent during the next 10 years.

Earlier today, in a tour at the Experimental Station greenhouse in Alapocas with DuPont CEO Charles O. Holliday and U.S. Energy Secretary Samuel Bodman, Bush was shown jars of bio-butanol and cellulosic ethanol, two alternative fuels that DuPont is working on producing for the mass market.

Unlike the ethanol currently available on the market which is produced from corn kernels, cellulosic ethanol can be derived from corn stover, wood chips and switchgrass, among other things.

Bush spent the first 15 minutes of his address focusing on other energy sources, and made a call for increased use of nuclear power," a source that he described as clean and essential for the country's development of energy independence.

"This is a reality, this is something we can live by," Bush said after touring DuPont's Experimental Station and viewing biofuels research work. "I was incredibly encouraged by what I saw."

Battle Lines Drawn On Fuel Economy (WP)

By Sholnn Freeman

Washington Post, January 25, 2007

President Bush and Congress appear to be on a collision course on how best to increase motor-vehicle fuel efficiency.

Transportation Secretary Mary Peters said yesterday that Bush would oppose attempts by Congress to raise fuel-efficiency standards if its approach differs from the administration's. On Tuesday, Bush called for changing standards to reach a goal of saving 8.5 billion gallons of gasoline in 2017. Scientists say Bush's plan would require automakers to lift overall fuel efficiency to 34 miles per gallon, from 24 mpg today.

Lawmakers from both parties are beginning to push for stronger action, including Sens. Richard J. Durbin (D-Ill.), Barack Obama (D-Ill.), Dianne Feinstein (D-Calif.), Daniel K. Inouye (D-Hawaii) and Richard G. Lugar (R-Ind.). Sen. Ted Stevens (R-

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Alaska) has introduced legislation to increase the passenger-car standard to 40 mpg. The government's average fuel-economy standard for passenger cars has been 27.5 mpg since the 1980s.

Peters said Bush wants to change how the government regulates fuel economy for passenger cars. Currently, Congress sets standards for cars while the administration sets them for trucks and sport-utility vehicles. Peters said Bush wants the National Highway Traffic Safety Administration to have power over passenger-car fuel standards.

NHTSA updated the fuel-efficiency standard for trucks last year, setting in motion an increase to 24 mpg in 2011 from 22.2 mpg this year. Environmentalists have complained that the increase was too small.

At the Washington Auto Show yesterday, House Speaker Nancy Pelosi (D-Calif.) expressed hope that Congress and the administration would work out their differences. Asked whether there could be bipartisan legislation on fuel economy, she said "absolutely."

Auto executives are pressing the federal government for financial support for costly fuel-saving technologies.

In the Bush plan, Peters said, regulators would require that automakers improve fuel economy by 4 percent a year starting in 2010 for passenger cars and 4 percent a year for trucks and SUVs beginning in 2012. The plan would also give automakers the ability to buy and sell fuel-efficiency credits among themselves, though the details have not been worked out.

Sharp changes in fuel standards have encountered stiff opposition from the auto industry, which fears that they would cut into profits. The companies have outlined approaches similar to the Bush plan, which Peters called "the most friendly to Detroit."

U.S. automakers are trying to pull out of a deep slump after consumers fled to more-fuel-efficient vehicles when gasoline prices rose significantly. Some observers think the industry would benefit from making cars with better mileage -- even if that is forced upon it and increases costs.

"Raising fuel-economy standards will save auto jobs in the U.S.," said David Freidman, research director for the clean vehicles program at the Union of Concerned Scientists. "One of the biggest threats to auto-industry jobs besides poor management decisions is high gas prices."

Ethanol Industry Gets A Boost From Bush (WP)

By Steven Mufson

Washington Post, January 25, 2007

At the State of the Union address Tuesday night, Don Endres relished the strange applause rituals, the pomp and ceremony, and even the dinner in the Capitol beforehand at which he rubbed elbows with leading lawmakers.

But most of all, Endres, the chief executive of the nation's second-largest ethanol maker, relished President Bush's message: that the government should sharply raise the mandate for ethanol use in motor fuels, setting a floor for alternative and renewable fuel use in 2017 that is equal to seven times the current ethanol output.

That is good news for Endres's company, VeraSun Energy, which will nearly triple its capacity by the end of 2008, to 670 million gallons a year from 230 million. VeraSun's shares soared this week. Even after profit-taking by investors yesterday, VeraSun closed at $17.49 a share, up 5 percent since Friday's close.

Endres owns 41.7 percent of the company, which went public in June and has a market capitalization of $1.35 billion. He raised seed money by building and selling companies in the debit card, electronic equipment and Internet payment businesses. Only Archer Daniels Midland, with more than 1 billion gallons a year of ethanol capacity and half again as much on the way, is bigger than VeraSun.

Not everyone thinks Bush's speech is good news. Oil refiners complain about mandates telling them how to blend fuels. Critics of Bush's proposal say it will be impossible to hit the proposed requirement of 35 billion gallons a year by 2017 because the main renewable fuel used now, ethanol made from corn, is already driving up corn prices and will use much or all of the U.S. corn harvest. And technology for producing "cellulosic" ethanol from other feedstocks, such as switch grass, has not been proved on a commercial scale yet.

Ethanol boosters are not counting on available technology, however. They are counting on new advances for making ethanol and continued government subsidies. A tax credit to refiners amounts to 51 cents per gallon of ethanol; without that credit, ethanol makers such as VeraSun, which earned about $1 a gallon in the second and third quarters last year, would have to slash prices to make their product economical.

"My grandfather grew 40 bushels of corn per acre," said Endres, who grew up on that farm in Watertown, S.D. "My father grew 80 bushels per acre. My brothers are getting 160 bushels an acre. Every generation, we double corn production per acre."

Endres says that in addition, more farmland could be devoted to growing corn, including a quarter of the land now used to grow soybeans.

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Critics see this as ethanol in the sky, but the VeraSun chief executive also preaches another gospel: that technological advances will make ethanol manufacturing more efficient. "The industry is still in its infancy," Endres said, adding that refineries now get 20 to 30 percent more ethanol from the same amount of feedstock than five years ago.

The prospect of technological advances was promoted yesterday by Bush. After touring a DuPont research facility in Wilmington, Del., where scientists are developing methods for mass-producing ethanol made from cornstalks, switch grass and wood chips, Bush said he was confident that the technology was in place to meet his goals.

"I came wondering whether or not cellulosic ethanol was one of these things down the road that may be happening, may not, could end up being science or science fiction," Bush said. "It's going to be science." DuPont plans to open its first pilot plant to manufacture cellulosic ethanol by next year, and officials say they are confident that the fuel could hit the market two years after that, said Stephanie Jacobson, a public affairs official with DuPont.

Earlier in the day, Bush signed an executive order to reduce the federal government's use of gasoline, increase its use of alternative fuels and buy more flex-fuel vehicles.

Despite criticism from economists and oil refiners, Endres says government support for the ethanol industry is justified because of the need to reduce oil imports. "Why do we subsidize oil with double depreciation and royalty relief?" he said. Subsidies, he said, are a "proven practice, especially when dealing with matters that are strategic to the country."

With Bush's commitment to a new mandate for alternative motor fuels, companies like VeraSun are counting on continuing strong demand for corn ethanol. Endres says the industry will have to grow at the current breakneck pace for the next decade to meet Bush's goal.

"We think that once some of the laws are formulated it gets rid of some of the oversupply risk," said Jacques Rousseau, an energy analyst at Friedman, Billings, Ramsey Group. "That was one of the things that had spooked some investors."

Investor enthusiasm for ethanol stocks is cooler than it was last summer, when VeraSun hit a high of $30.75 a share. As oil prices went down from peak levels and as corn prices skyrocketed to $4 a bushel, ethanol companies got squeezed. In November, Rousseau raised his estimate of 2007 corn prices and slashed his estimates of VeraSun earnings, though he still recommends the stock. "If we're going to need this much ethanol, we're going to need a lot of corn," he said.

Rousseau, who also follows major oil companies, noted that for all the hullabaloo about ethanol, "the whole ethanol industry is the size of one big oil refinery: It's still very small in the grand scheme of things." But he said that if oil prices drop and corn prices continue to rise, then some distilleries might get left on the drawing board.

"We built our business on $35 to $40 oil," Endres said. Crude oil yesterday closed at $55.37 a barrel. Endres said that even if oil prices sink, "we're convinced that we'll weather the storm."

Deck's Stacked Against Ethanol These Days (USAT)

By Matt Krantz

USA Today, January 25, 2007

Even as President Bush called for new investment in corn-based ethanol in his State of the Union address, many investors trying to cash in on the gold rush in ethanol are coming away with husks.

Rising corn prices, aggressive building of new plants and falling gasoline prices have so far thwarted the easy money investors expected. The disappointment continued Wednesday, even after Bush's positive mention Tuesday night, when shares of all the major publicly traded ethanol companies sold off.

Shares of Aventine Renewable Energy, Pacific Ethanol, VeraSun and Archer Daniels Midland suffered losses ranging from 2% to more than 7% as traders who had jumped into the stocks ahead of the president's speech bailed out. And that's added more pain to some brutal dot-com style losses the stocks have suffered since last year.

Investors and traders have lost their enthusiasm for ethanol due to:

·Economic reality. The beauty of ethanol was that cheap corn could be turned into expensive gasoline. But prices of corn, the biggest raw material of ethanol, have been soaring, says Francis Gaskins of IPOdesktop.com. "Corn is not a free commodity," he says. "It's not as economical as people think."

Meanwhile, oil prices have been plummeting. The price of a barrel of crude is down 9.3% this year and 28.1% off its high.

When oil prices fall, it makes the push for ethanol and other alternative energy less urgent. "Cheap oil could certainly slow things. At some point it's not economical to build the plants," says Jonathan Lichter of Sidoti. Oil must be above $40 a barrel for ethanol to make economic sense, says Jason Henderson of the Federal Reserve Bank of Kansas City.

·Surge of competition. There's a race to produce ethanol, and it's unclear if that'll drive corn prices even higher. There are currently 111 refineries generating a total of 5.4 billion gallons of ethanol a year, says Renewable Fuels Association. That capacity will double to 11.7 billion gallons once the 75 new plants and eight expansions now in construction are completed. That's just the start: Bush on Tuesday called for the production of 35 billion gallons of alternative fuel a year by 2017.

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There's simply not enough corn to meet that goal, Lichter says. That'll force ethanol producers to try turning corn waste or grass into ethanol, a process that's even more difficult than using corn.

Such worries have made ethanol investing stomach-churning. Shares of the major ethanol stocks are down 49%, on average, from their 52-week highs.

But there's a kernel of truth in the ethanol boom. Despite short-term issues, the nation will seek new energy sources, and ethanol is the leading candidate, says Paul Resnik, analyst at Dutton Associates.

"There's still room for growth for ethanol," he says. "These companies will do well over the long haul."

U.S. Car Makers Stand To Gain From Bush Plans (WSJ)

By John D. McKinnon, Mike Spector

The Wall Street Journal, January 25, 2007

President Bush's broad new proposals to change the nation's health-care and energy policies have an important but little-noticed common thread: White House aides hope they will boost the ailing American auto industry, whose pleas for help have largely been ignored by Washington in recent years.

The question now is how much chance those hopes have of becoming reality, particularly with the Democratic majority in Congress controlling the fate of Mr. Bush's agenda.

The energy proposals -- crafted in a way that would erase some of the advantages enjoyed by the U.S. industry's Japanese competitors -- appear to have a shot at becoming law. The health program, which critics say could help auto companies but hurt auto workers, seems unlikely to gain traction anytime soon.

One thing is certain, however. No industry would be directly affected more than the auto sector by the domestic program the president laid out in Tuesday night's State of the Union address. "The president obviously recognizes some of the challenges the domestic auto makers have been facing," Joel Kaplan, a White House deputy chief of staff, told reporters in advance of the speech.

Still, industry executives, whose calls for aid have been spurned repeatedly by the Bush administration, cautioned that any benefit Detroit derived from the proposals would depend on how the final rules were drafted and how they were implemented.

"We agree with the president in that there's a clear need to cut America's dependence on foreign oil. However, it's our belief the decision should be one of customer choice," said David Elshoff, a spokesman for DaimlerChrysler AG. The president's health-care proposal, Mr. Elshoff added, "clearly addresses the uninsured and the underinsured. But it doesn't address the need to level the playing field for companies who have made the commitment to provide health care for their employees."

While Mr. Bush used Tuesday night's speech to tout the overall health of the economy, Democrats were quick to point out Americans' widespread anxiety about the security of their jobs and benefits, fears heightened by the struggles of many U.S. manufacturers, particularly auto makers.

With their U.S. operations in the red, General Motors Corp. and Ford Motor Co. have eliminated a total of more than 70,000 jobs during the past year -- largely through employee buyouts -- and plan to close more than two dozen North American factories between them as they shrink to adapt to declining U.S. sales.

Japan's Toyota Motor Corp., meanwhile, is on track to overtake Ford as the No. 2 auto maker in the U.S., perhaps as early as this year, and is gunning to replace GM as the world's leading auto maker shortly thereafter. DaimlerChrysler's Chrysler Group, which previously appeared healthier than its two Detroit rivals, is now in the red, too. Next month it is expected to roll out a restructuring plan calling for plant closings and job cuts.

Though many factors have contributed to the industry's woes, soaring health-care costs are a big part of the problem. The Detroit giants are paying the price for years of buying labor peace by agreeing to provide rich health-care and other benefits to their unionized workers. GM, for example, has said its health-care costs average as much as $1,200 for each car it sells in the U.S.

At a White House meeting with Mr. Bush in mid-November, chief executives of the Big Three auto makers made a special plea for help controlling runaway health-care costs. White House officials said this week that Mr. Bush's proposal would do that.

"In general, anything that can reduce the cost of health care is positive for the industry," said David Cole, head of the Center for Automotive Research in Ann Arbor, Mich.

Mr. Bush's chosen method for promoting wider health coverage, however, could hurt some employees -- like auto workers -- who get especially generous health benefits from their employers. And that reduces the chance of Congress enacting his proposal.

The Bush proposal would tax the value of employer-provided health benefits in excess of $15,000, and give tax breaks to people with less-generous plans. The administration says most workers would get a tax break under the plan. But because some union policies are worth more than $15,000, those workers would face a tax increase.

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Sen. Debbie Stabenow, a Michigan Democrat re-elected in November with strong backing from the United Auto Workers, said in an interview that the Bush plan would "tax health-care benefits for middle-class families....It's absolutely the wrong direction for them to go."

Alan Reuther, legislative director for the UAW, said the plan also could encourage younger workers to desert employer-provided plans, leaving them with older and sicker people to cover.

In addition to the toll taken by health-care costs, the Big Three have lost ground to Japanese rivals, especially as demand for more-fuel-efficient cars has grown in recent years. The Bush energy proposals could tip the balance more in Detroit's favor.

One way is through the proposed reform of fuel-economy rules. Under the current Corporate Average Fuel Economy, or CAFE, system, auto makers need to meet a fleetwide minimum average requirement of 22.2 miles per gallon for light trucks and 27.5 miles per gallon for passenger cars sold in the U.S. That means that companies selling larger, less fuel-efficient cars need to sell more small, fuel-efficient cars to bring up their average.

Detroit auto makers, whose big cars are more profitable and competitive than their small cars, say the current system handicaps them against Toyota and Honda Motor Co., which have sold more-fuel-efficient fleets in the past and can use credits amassed under the system to offset less efficient, larger vehicles.

The president's plan would make a significant change in the way passenger-car fuel economy is regulated, and one much desired by the Big Three. The new system would assign fuel-economy targets to car models based on their size, instead of mandating a fleetwide average. A car like the full-size Chevrolet Impala, for example, would be required to meet the standard for its size class. Such a change has already been adopted for light trucks. Depending on how the rules were written, the change could give Detroit more freedom to sell its more-profitable lower-mileage cars without having to rev up sales of smaller less-profitable models.

The UAW may oppose that change, however. Union leaders argue that the current laws encourage Detroit to make small cars in the U.S. Absent the fleetwide rule, they fear those small-car factories would close.

One uncertainty for auto makers is how much the administration might increase fuel-efficiency standards as it overhauls them. "The key for us is we're going to have to see the details and how it all flushes out," said Paul Ballew, GM's top market analyst. "It's one thing to go to categories. It's another thing to go to categories and change the standard."

Another White House priority -- a huge increase in federally mandated use of alternative fuels like ethanol -- could also be a boost for American auto companies. While Japanese companies dominate the market for fuel-efficient hybrids, the Big Three think they would gain an advantage if broader ethanol use became the preferred approach to reducing the nation's gasoline consumption. American companies, unlike their Japanese rivals, have long experience with building ethanol-burning engines in places like Brazil, and already sell more ethanol-capable "flex fuel" vehicles in the U.S.

In response to Mr. Bush's address, Ford's group vice president for corporate affairs, Ziad Ojakli, said in a statement: "Ford supports reducing gasoline usage through an increase in alternative fuels such as ethanol. We have produced almost two million flex-fuel vehicles, with ethanol capability. In addition, we have announced plans to make half our annual vehicle production flexible fuel vehicle capable by 2012."

Boosting ethanol is politically popular with both Democrats and Republicans, particularly in farm states. But technical hurdles remain to mass distribution. "One key component that needs to be considered is infrastructure," a GM spokesman said. "What are the incentives to increase both storage and availability of pumps?"

At an appearance at a DuPont Co. research facility in Delaware yesterday, Mr. Bush also appeared to promise more federal funds for research to improve another technology -- the batteries that help power hybrid vehicles, a top priority of U.S. auto makers, who lag behind their Japanese rivals in that area.

Bush Welcomed To Climate Debate (WT)

By David R. Sands

The Washington Times, January 25, 2007

It was overlooked by Beltway pundits and ignored in the Democratic rebuttal, but President Bush's brief State of the Union comments on "the serious challenge of global climate change" sparked sharp interest, comment and criticism around the globe.

British Prime Minister Tony Blair, United Nations global-warming chief Yvo de Boer and senior business leaders at the posh annual gathering in Davos, Switzerland, all seized on Mr. Bush's Tuesday night remarks on energy, oil and the environment as a sign that the United States has a new appreciation for the problem.

"I do believe that this whole debate is now moving in a completely different and more positive direction," Mr. Blair told the House of Commons yesterday. Mr. Blair has pushed a reluctant Washington to move the issues of climate change, global warming and greenhouse gases to the center of its foreign-policy agenda.

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Mr. de Boer, speaking to reporters on a trip to Tokyo, called the energy-conservation measures outlined by Mr. Bush in his address "very encouraging," saying it was significant that the president linked his policies for the first time to the climate-change issue.

Mr. Bush "has put the actions he intends to take in the context of confronting the serious -- and he used the word 'serious' -- global challenge of climate changes," Mr. de Boer said.

Advance word Tuesday of the president's plan to double the size of the U.S. strategic petroleum reserve -- to be tapped in times of crisis -- sparked the sharpest one-day increase in world oil prices since mid-2005, up nearly 5 percent to $55.

Mr. Bush devoted the largest single portion of his address to the war in Iraq.

There is virtually no expectation the U.S. government will reverse course and embrace the binding caps on greenhouse-gas emissions contained in the Kyoto Protocol. One of Mr. Bush's first actions as president in 2001 was to pull out of the Kyoto pact, citing its harmful impact on the economy and the lack of caps for developing countries such as China.

But on the day when former Vice President Al Gore, Mr. Bush's opponent in the 2000 presidential race, picked up two Oscar nominations for his documentary on global warming, Mr. Bush announced steps to cut U.S. energy use, slow the production of greenhouse gases and reduce U.S. dependence of foreign oil suppliers.

James Cameron is chief executive of London-based Climate Change Capital, an investment bank that invests in environmental projects and technologies. He told the World Economic Forum in Davos that Mr. Bush's remarks could be a major turning point in the debate on global warming.

"If the U.S. is moving in that direction, it's a tremendous realignment with the rest of the world and should make it easier to get international agreement on climate change following the end of the Kyoto Protocol," he said, according to the Associated Press.

Mr. de Boer, executive secretary of the U.N. Framework Convention on Climate Change, also said that U.S. participation is critical if a new global-warming pact is to succeed.

"I think it makes no sense whatsoever trying to address the question of climate change without the active participation from the United States," he said. "The United States accounts for about 25 percent of global emissions."

The Intergovernmental Panel on Climate Change will release a new study early next month that reportedly includes its gloomiest forecast to date. The U.N. study asserts that greenhouse gases are at their highest levels in 650,000 years, with soaring risks over the next century of droughts, floods and other climate-related disasters.

Foreign environmental groups criticized Mr. Bush's proposals as inadequate, even as they credited him with raising the issue of climate change at all.

"He is diluting the issue by talking in terms of cutting the United States' oil dependency, rather than in terms of the serious environmental consequences," said K. Srinivas, a global-warming activist for Greenpeace India, at the Davos gathering.

Merkel Calls For Challenging Emissions Controls (FT)

By Chris Giles And Gillian Tett

Financial Times, January 25, 2007

The twin demands of action to prevent climate change and enhance energy security requires Europe to commit to challenging mandatory controls on greenhouse gasses after 2012, Angela Merkel, the German chancellor, said on Wednesday. VIDEO: Davos

Lord Levene warns that weather-related catastrophes could cause up to $100bn losses

In a marked contrast to George Bush's State of the Union address on Tuesday, when he set an ambition to reduce gasoline usage in the US by 20 per cent over the next 10 years, Ms Merkel said she welcomed the opportunity for the European Union to "offer a [greenhouse gas] reduction target of 30 per cent, but we expect other large emitters to participate in that".

With the US still refusing to set a mandatory limit on its emissions, the transatlantic differences remain wide, even though Ms Merkel welcomed the moves made by President Bush.

Climate change is at the top of the agenda for business leaders at the world economic forum at Davos. In rhetoric at least, business leaders in the Swiss ski resort were far closer to the German chancellor's position, wanting certainty and expecting stronger action on climate change than that of Mr Bush.

Alain Belda, chief executive of Alcoa, the aluminium company, for example, said it was untenable for the US climate change agenda to be set by individual states. "I think the country needs one rule," he said.

In another interactive session, 71 per cent of delegates voted against a proposal that markets and voluntary actions were superior in reducing carbon emissions and insisted the motivation for action had to come from government.

Separately, both Lord Levene, chairman of the Lloyd's insurance syndicate, and Jacques Aigrain, chief executive officer of Swiss Re, welcomed the comments by President Bush about climate change but called for more action.

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"The fact that there is a recognition that the concern [about climate change] is valid... and a debate about solutions is extremely encouraging," said Mr Aigrain.

"Climate change is the big theme that everyone is talking about here in Davos and that is welcome," said Lord Levene.

Climate change is already forcing the insurance industry to prepare itself for rising losses as a result of increasingly costly natural disasters, Lord Levene warned.

Indeed, in recent months Lloyd's has started conducting behind-the-scenes scenario planning for weather-related catastrophes that could cause up to $100bn losses - such as a major hurricane hitting the wealthiest parts of the American East Coast.

This would be significantly bigger than the record $80bn losses that the industry suffered in 2005, as a result of storms such as Hurricane Katrina.

"People ask who might bear the cost of climate change but the fact is that insurance sector is already bearing real costs," Lord Levene said. "The real problem is that we just don't know what is happening anymore," he added, pointing out that the biggest challenge for the industry was the rising volatility of weather patterns.

In an effort to protect itself, the insurance industry has already started raising premiums for customers in potentially vulnerable sectors, such as housing on the US East Coast.

However, this move is now triggering rising protests from consumers – particularly given the benign conditions last year – and concerns about the issue this week prompted the state of Florida to create an additional fund for catastrophe reinsurance using taxpayers money, in the first such move seen in the US.

Whitman: Bush Missed Chance (HILL)

By Jim Snyder

The Hill, January 25, 2007

Former Environmental Protection Agency chief Christine Todd Whitman said President Bush missed the "perfect opening" to call for a cap on greenhouse gas emissions in his State of the Union address Tuesday night.

While such a move would have represented a major policy shift for the administration, Whitman said she had hoped the fact that 10 major American companies called for a cap earlier this week would have provided sufficient political cover.

Those companies, which include General Electric, DuPont and Alcoa, joined four non-profit groups that have advocated for limits on emissions of carbon dioxide and other greenhouse gases to form the U.S. Climate Action Partnership. The group backs government-imposed limits on greenhouse gas emissions, but is not backing a specific policy proposal.

In the days preceding the State of the Union, a rumor circulated that Bush might change course, but Press Secretary Tony Snow denied that would happen.

While Bush did not call for a carbon cap, Whitman, who as EPA director often butted heads with White House officials over the need to address global warming, credited her former boss for acknowledging the climate was changing in his State of the Union address Tuesday night. The president called global climate change a "serious challenge."

"That's not insignificant," Whitman said, given how carefully the speech is vetted.

The slight concession in Bush's speech, along with recent comments from the Council on Environment Quality Chairman James Connaughton, seem to suggest the White House is willing to work with Capitol Hill on global-warming bills and leaves Whitman "more and more hopeful" that a greenhouse gas emissions measure could be passed.

Support from big business and some evangelical groups may put the White House in a "position to accept a cap on carbon," if not actively push for one, Whitman said.

Whitman, who was governor of New Jersey prior to joining the Bush administration, now heads a coalition with a Greenpeace founder, Patrick Moore, that is pushing for further development of nuclear power. The group is called Clean and Safe Energy, or CASEnergy.

Nuclear power plants do not produce greenhouse gases, and any carbon cap likely would benefit the nuclear-power industry. The process of using nuclear power to produce electricity does leave radioactive spent fuel rods. A permanent repository in Yucca Mountain in Nevada is still in development.

Environmental groups such as the Natural Resources Defense Council, a member of the U.S. Climate Partnership, continue to resist governmental policies that encourage development of nuclear power, which could complicate efforts to pass a greenhouse gas emissions cap.

But Whitman said she has noticed a shift here, too. More environmental groups, while not yet accepting of nuclear power, seem more amenable to compromise.

"They are willing to talk. They haven't been in the past," she said.

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Energy Rhetoric, And Reality (NYT)

New York Times, January 25, 2007

For six years, off and on, President Bush has been talking about the need for alternative fuels and conservation to make the country less beholden to unreliable sources of foreign oil. Yet all he has to show for it is a growing dependence on foreign oil, a growing climate problem and an increasingly cynical public. Mr. Bush talked the same game on Tuesday night, offering several impressively specific goals. But whether these new pledges turn out to be as empty as the old ones depends on his capacity for follow-through, and history is not encouraging.

Mr. Bush was true to form on one subject. The White House had promised nothing on global warming, and he delivered nothing. He mentioned “global climate change” but showed no sense of urgency on the issue. Nor was there any sign that he had even heard the ever-louder entreaties from Congress — and from many of his friends in the business community — that he support a national program of mandatory reductions in greenhouse gases.

At one point, he did suggest that his proposals for alternative fuels and more efficient automobiles could also help reduce greenhouse gases. But these gains would be marginal — passenger vehicles account for only one-fifth of these gases. And even these gains will greatly depend on what alternative fuels are chosen.

Mr. Bush’s enthusiasms mainly involved energy independence. He called for replacing 35 billion gallons of gasoline with renewable or alternative fuels by 2017, and for modest but steady improvements in the efficiency of cars and light trucks, a category that includes S.U.V.’s.

But he offered no specifics on where these 35 billion gallons in alternative fuels are going to come from. Corn ethanol, a favorite of farm state politicians, cannot be expected to provide more than 15 billion gallons without driving up food prices. Cellulosic ethanol, made from grasses and woody material, shows great promise. But there is no commercial refinery in operation today, and there is not expected to be one for several years. Hydrogen, a longtime Bush favorite, is even further down the road.

That leaves gasoline derived from coal, a method now being championed by governors and senators from coal-producing states. The technology is well established. But refining and then burning a gallon of gasoline derived from coal would send nearly twice as much carbon dioxide into the atmosphere as a conventional gallon of gasoline and would thus be a disaster for global warming. Trying to sequester the carbon dioxide underground during the refining process would be hugely expensive.

Which raises the next question about the Bush plan: Where’s the money coming from? Despite growing interest among venture capitalists in environmentally friendly technologies, it seems unrealistic to depend on the private sector alone. Washington must help. But federal research and development spending on energy has been in free fall for more than 20 years. And even after Mr. Bush made a big deal about cellulosic ethanol in last year’s address, he came up with only about $30 million in new money to help move the technology forward.

Once again, we have heard this president make big promises about energy independence. Once again, we fear that very little will change. It would be nice, for once, to be surprised.

Fuel For Thought (LAT)

The Los Angeles Times, January 25, 2007

IT DOESN'T TAKE MUCH to get a standing ovation during the State of the Union address. One of President Bush's crowd-pleasers on Tuesday was a new energy policy designed to show his environmental side. It deserved no more than a golf clap. Nice putt, Mr. President. Too bad it took you 10 strokes to reach the green.

Bush's rigid attitude toward climate change is beginning to thaw, though not quite as fast as the polar ice caps. His ideas for reducing oil consumption were tougher than anything he's offered before, and his mandate for 35 billion gallons of alternative fuels by 2017 was a nice gesture. But his plan does much too little to make a dent in the carbon emissions that are fueling global warming.

Beyond the politically painless ritual of calling for more production of ethanol and other alternative fuels, it was mostly a rehash of past half-measures. And for the president to say he wants to step up oil production in "environmentally sensitive ways" by drilling in the Arctic National Wildlife Refuge indicates that he still doesn't understand the meaning of the phrase.

What's worrisome about the president's embrace of alternative fuels is that his policy fails to mention their comparative cleanliness. It's worth noting that "alternative" fuels are not the same as "renewable" ones; the former includes coal, which from a carbon-emissions standpoint is disastrous. Focusing on reducing oil consumption while ignoring emissions could do more environmental harm than good.

Another key Bush proposal is tightening vehicle fuel standards, a marvelous idea considering they haven't been improved in 20 years. But the president's approach is misguided. Currently, the average fuel economy of an automaker's entire passenger-

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car fleet has to be at least 27.5 miles per gallon. Rather than boost that standard, Bush wants to tie fuel economy improvements to a vehicle's weight class.

The Senate has a better solution. A bill introduced Monday would increase the average fuel economy standard by 10 mpg by the 2019 model year, setting the kind of target that will require prompt and significant change in Detroit.

Meanwhile, California's two Democratic senators, Barbara Boxer and Dianne Feinstein, are backing competing bills aimed at reducing greenhouse gases. Feinstein's could stand to be tougher; it might let California power generators emit more than they could under state law. And Boxer should reconsider her unrealistic call for a whopping 80% reduction in greenhouse gas emissions from 1990 levels by 2050.

Still, in general the senators' approaches make more sense, environmentally and politically, than anything the president described Tuesday night. Somewhere in between their two bills — and outside the president's initiatives — lies a policy that can help the U.S. become both more efficient and independent.

Environmentalists Angry As Navy Gets OK To Use Sonar (FINDLAW/AP)

By Audrey Mcavoy, Associated Press Writer

AP, January 25, 2007

(AP) - HONOLULU-Angering environmentalists, the U.S. Defense Department exempted the Navy from complying with the Marine Mammal Protection Act for the next two years so sailors can practice tracking submarines with sonar.

Environmentalists on Tuesday said the Navy was not doing enough to protect whales, dolphins and other marine mammals from the harmful effects of the underwater sound technology.

Navy officials said they need the exemption, allowed for under the 2004 National Defense Authorization Act, to give them enough time to conduct environmental impact statements for sonar use at major underwater training ranges off Hawaii, southern California and the East Coast.

"We cannot stop training for the next two years," Don Schregardus, deputy assistant secretary of the Navy for the environment, told reporters. "That would put our sailors in the Navy at considerable risk."

Sailors use active sonar by pumping sound waves through the ocean and listening to the echo as it bounces off objects. Navy leaders have made practicing sonar techniques a top priority as other nations have bought more advanced diesel submarines, which are quieter than earlier models and harder to find.

But environmentalists cite incidents of marine mammals that have died or been stranded en masse on beaches after being exposed to sonar.

The Natural Resources Defense Council is suing the Navy in an attempt to force it to adopt more aggressive protection measures for marine mammals.

"The Navy has more than enough room in the oceans to train effectively without injuring or killing endangered whales and other marine species," Joel Reynolds, the organization's senior attorney, said in a statement. "Because the Navy trains with this dangerous technology in some of the richest underwater habitat on earth, it is legally obligated to take simple, commonsense steps to protect marine life."

The Navy says the new exemption will allow sailors to go ahead with 40 separate exercises over the next two years.

Cara Horowitz, another lawyer for the Natural Resources Defense Council, said the Navy could adopt a larger safety zone around its ships, reduce the power of sonar at night when marine mammal are harder to see, and avoid training in rich marine mammal habitats.

The Navy has argued there is not enough scientific evidence to mandate all the measures the council and other groups are demanding.

Court Rejects Senator's Bid To Eliminate Fish Agency (WP)

By Blaine Harden

The Washington Post, January 25, 2007

SEATTLE, Jan. 24 -- In a slap at the power of a single U.S. senator to change federal policy, the U.S. Court of Appeals for the 9th Circuit struck down today an attempt by Sen. Larry E. Craig (R-Idaho) to eliminate a small agency that counts endangered salmon in the Columbia River.

Craig tried to eliminate all funding in 2005 for the Fish Passage Center, which is based in Portland, Ore., and has 12 employees, because he said its data were "cloaked in advocacy."

The Fish Passage Center has documented how the federal Columbia-Snake River hydroelectric system has killed salmon and pushed several species to the brink of extinction. It is a primary source of information for the federal judge who oversees the protection of endangered salmon in the Columbia, as well as for fish agencies in Oregon, Washington and Idaho.

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Craig, who has received large campaign donations from the hydroelectric industry, has long regarded the center and its findings as suspect. He inserted a sentence in a spending bill that directed the Bonneville Power Administration (BPA), which sells power generated by federal dams, to stop funding the center, which has a $1.3 million budget.

The San Francisco-based appeals court said that the BPA "acted contrary to law in concluding that the congressional committee report language carried the force of law." It ordered the BPA to honor its contractual agreements to provide money to the center.

Through a spokesman, Craig said he was "disappointed" with the decision. He added that the implication that report language in a spending bill carries no weight with funded agencies "completely disrupts decades of congressional oversight and direction."

FBI/DEA/ATF/USMS:

19 Arrested In Federal 'Ragdoll' Investigation (FRHN)

By By:John Moss, Herald News Staff Reporter

Fall River Herald News, January 25, 2007

FALL RIVER - Nineteen people have been charged in a multi-state drug trafficking ring in which the lead target of the federal investigation ran a drug distribution operation based in this city.

Seized in the investigation, in which four others from this city were charged, were several kilograms of cocaine allegedly sent through U.S. Mail.

Kevin J. O'Connor, U.S. Attorney for the District of Connecticut, announced Wednesday that a federal grand jury, sitting in Hartford, returned an eight-count indictment, charging the suspects with various narcotics offenses, involving the large-scale distribution of cocaine and heroin in Hartford, Bridgeport, Conn., Fall River, and other northeastern cities.

The indictment was returned June 29, 2006, and remained sealed to allow for the arrests. The case was subsequently unsealed, and, earlier this month, two of the remaining three fugitives were arrested. To date, 18 of the 19 charged have been arrested. Two of them have pleaded guilty.

The charges stem from an Organized Crime and Drug Enforcement Task Force investigation, dubbed "Operation Ragdoll," which was spearheaded by the Drug Enforcement Administration in Hartford.

As alleged in the indictment, from January 2006 to June 20, 2006, the lead target of the investigation, Luis Joel Soto-Solivan, also known as "The 27," ran a drug trafficking operation based in Fall River, which supplied narcotics to various distributors in Massachusetts, Rhode Island, Connecticut, New York and Pennsylvania.

Alleged distributors include co-defendants, Samuel Martinez, also known as "Muelo" and "Sammy," in Hartford; Jimmy Valentin in Brockton; Andres Hernandez, also known as "El Pelu" and "Andy," in Rochester, N.Y., and Domingo Guzman, also known as "Mingo," in Bridgeport, Conn.

Also, Guzman allegedly operated his own drug trafficking network based in Bridgeport that supplied narcotics to various wholesale distributors in Connecticut, Massachusetts, New Hampshire and Pennsylvania, including co-defendants Soto-Solivan in Fall River; Banger Vergara, also known as "Valdil" and "Bangel," in Holyoke, and Marcos Rivas, also known as "El Negro," in Pennsylvania.

According to the indictment, Carmelo Rondon Feliciano, also known as "Panzon," of Puerto Rico, supplied Soto-Solivan and Domingo Guzman with quantities of heroin and cocaine. One method that Rondon Feliciano allegedly used to ship narcotics was to send them from Puerto Rico to the continental United States, using U.S. Postal Service Express Mail. The indictment alleges that, from February 2006 through June 20, 2006, Feliciano and other suppliers sent at least 15 Express Mail packages believed to contain controlled substances to Soto-Solivan and Domingo Guzman.

On June 1 and 15, law enforcement officers with the Drug Enforcement Administration and the U.S. Postal Inspection Service intercepted and seized two of the express mail packages. The June 1 package was sent to Soto-Solivan at 25B Pleasant View, and contained two separately-wrapped kilograms of cocaine, and about 250 grams of a non-narcotic, cutting agent commonly used as a dilutant with cocaine. The June 15 package was sent to Domingo Guzman in Bridgeport, and contained two separately-wrapped kilograms of cocaine.

The investigation involved the use of wiretaps on cellular telephones used by Soto-Solivan and Domingo Guzman, as well as the controlled purchase of various quantities of heroin and crack cocaine from both individuals.

The investigation is a collaborative effort of the DEA, Fall River and New Britain, Conn., Police Departments.

The indictment charges the following defendants with conspiracy to possess with intent to distribute, and distribution of, cocaine:

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Soto-Solivan, 34, of 275 Old Colony St.; Guzman, 30, of Bridgeport; Aurea Casiano, 53, of Chicago; Edgardo Diaz, also known as "Galdy" and "Orejas," 33, of Puerto Rico; Rondon Feliciano of Puerto Rico; Moises Figueroa, also known as "Indio," of Puerto Rico; Joel Guzman, 32, of Bridgeport; Andres Hernandez, also known as "El Pelu" and "Andy," 31, of Rochester, New York; Samuel Martinez, 30, of Hartford; Marcos Rivas, also known as "El Negro," Shirley Rivera, also known as "Sheila," 29, of Bridgeport, Conn.; Angel Santiago, also known as "Mambru," 34, of Pleasant View; Hector Santiago, also known as "Pito," 32, of Hartford; Joso Santiago, also known as "Neylom," 31, of Brockton; Angel Soto, 30, of 275 County St.; Wilmary Torres, 30, of 25B Pleasant View; Windy Torres, 27, of 7D Pleasant View; Jimmy Valentin, 29, of Brockton, and Vergara, 31, of Holyoke.

Also, a criminal forfeiture count seeks forfeiture of narcotics proceeds and items used to facilitate narcotics trafficking, including more than $100,000 in cash, and four motor vehicles with a collective value of more than $100,000.

The DEA in Connecticut arrested several suspects in June and July, and the DEA in Puerto Rico apprehended several in September and October. The DEA in Connecticut arrested Vergara in Massachusetts on Jan. 9, as he was appearing in state court to face trial on unrelated drug charges. Vergara was arraigned on the charge on Jan. 16 before U.S. Magistrate Judge Donna F. Martinez. After a detention hearing, Martinez entered an order detaining Vergara until trial.

On Jan 12, law enforcement officers in Chicago, served Casiano with the federal arrest warrant. She was arraigned on the charge Tuesday in New Haven, Conn., federal court. Casiano was released on bond pending trial.

Marcos Rivas is currently being sought by law enforcement.

As to Soto-Solivan, Domingo Guzman and Rondon Feliciano, the indictment charges that the conspiracy involved five kilograms or more of cocaine. If convicted, each faces a maximum term of life imprisonment, a mandatory minimum term of 10 years and a maximum fine of $4 million.

As to Hernandez, Martinez, Angel Santiago, Valentin, Diaz, Joel Guzman, Rivas and Vergara, the indictment charges that the conspiracy involved 500 grams or more of cocaine. If convicted, each faces a maximum of 40 years in prison, a mandatory minimum term of five years and a maximum fine of $2 million. As to Figuero, Jose Santiago, Soto, Wilmary Torres, Windy Torres, Casiano and Rivera, the indictment charges that the conspiracy involved a quantity of cocaine. If convicted, each defendant faces a maximum of 20 years in prison and a fine of up to $1 million.

The indictment also charges Soto-Solivan, Domingo Guzman, Rondon Feliciano, Martinez, Hector Santiago and Vergara with conspiracy to possess with intent to distribute, and distribution of, 100 grams or more of heroin. If convicted, each faces a maximum of 40 years in prison, a mandatory minimum term of five years and a maximum fine of $2 million.

In most cases, the filing of a second offender notice under the federal statute would double penalties.

The indictment also charges Soto-Solivan with three counts of distribution of heroin, which each carry a maximum of 20 years in prison and a fine of up to $1 million; and one count of distribution of 100 grams or more of heroin, which carries a maximum of 40 years imprisonment, a mandatory minimum term of five years and a maximum fine of $2 million.

Finally, the indictment charges Domingo Guzman with distribution of 50 grams or more of cocaine base ("crack cocaine"), which carries a maximum term of life in prison, a mandatory minimum term of 10 years, and a maximum fine of $4 million.

Last week, Jose Santiago pleaded guilty to a Substitute Information that charged him with using a communications facility to aid the conspiracy to distribute heroin. He is to be sentenced April 9, at which time Santiago faces a maximum of four years in prison and a fine of up to $250,000.

On Tuesday, Valentin pleaded guilty to conspiracy to distribute 500 grams or more of cocaine. Dorsey has set sentencing for April 12, at which time Valentin faces a mandatory minimum term of imprisonment of five years, a maximum term of 40 years and a fine of up to $2 million.

As to the remaining defendants, O'Connor stressed that an indictment is only a charge and is not evidence of guilt. Each defendant is entitled to a fair trial.

O'Connor commended law enforcement agents and officers who conducted the investigation and praised their "devoted efforts to identify, disrupt and dismantle this substantial narcotics trafficking operation."

NFL Toughens Drug-testing Rules (LAT/AP)

From The Associated Press

The Los Angeles Times, January 25, 2007

After four months of negotiations, the league and union announces more extensive testing for performance-enhancing drugs and the addition of the blood-boosting substance EPO to its list of banned substances.

NEW YORK — The NFL is going deeper into the wallets of players who get caught using steroids and other performance-enhancing drugs.

After four months of sometimes intense negotiations, the league and union announced Wednesday more extensive testing for performance-enhancing drugs and the addition of the blood-boosting substance EPO to its list of banned substances.

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The union also agreed that players suspended after testing positive will, for the first time, forfeit a portion of their signing bonuses in addition to the salary they will lose during their time away. That is significant because the signing bonuses often are the only guaranteed portion of a player's salary and can be larger than salaries, which sometimes are kept artificially low to keep the team under the salary cap.

"It is important that the NFL and its players continue to be leaders on the issue of illegal and dangerous performance-enhancing drugs in sports," NFL Commissioner Roger Goodell said. "These latest improvements will help ensure that we continue to have a strong and effective program. As we have done in the past, we will review and modify the policy on an ongoing basis."

In addition to the new test for EPO, the agreement includes an increase from seven to 10 of the number of players on each team randomly tested each week during the season for steroids and other performance-enhancing drugs. That means there will be 12,000 tests each season, up from the current 10,000.

The new policy will make the NFL the only North American sports league to regularly test for EPO. Urine will be tested, not blood, for EPO. Baseball did a round of urine testing for EPO in 2005. Rob Manfred, MLB's executive vice president for labor relations, said Wednesday there were no positives among the 500 samples tested.

Baseball conducts urine tests of major and minor league players for performance-enhancing drugs and stimulants, with each player tested at least twice randomly per year. Baseball does not conduct blood tests and does not test for EPO or human growth hormone. Baseball and its players union have agreed they will test for HGH if a urine test for that drug is validated.

A baseball player who tests positive for steroids is banned for 50 games for a first violation. A player who tests positive for stimulants is required to undergo counseling for a first violation and is subject to at least six additional tests over the next year.

The NBA randomly tests players four times a season. Players who test positive for steroids or performance-enhancing drugs get a 10-game suspension for a first offense, a 25-game ban for a second offense, a one-year suspension for a third offense and disqualification if they're caught a fourth time.

In the NHL, every player is subject to up to two random tests a year. A first-time offender gets a 20-game suspension without pay and mandatory referral to the league's substance abuse program. A second positive test carries a 60-game suspension.

The NFL policy mandates a four-game suspension for a first steroids offense and a year for a second. Unlike its policy for street drugs such as marijuana or cocaine, for which there is no suspension until a second violation, a player who tests positive for steroids or a supplement is suspended for the first positive test.

The enhancements to the drug policy have been pending for almost six months — from about the time Goodell succeeded Paul Tagliabue as commissioner. The league and union began negotiating on additional tests and substances in September, but didn't reach agreement until this week.

Those discussions followed congressional reaction to a story in the Charlotte Observer on steroid prescriptions given to Carolina Panthers players by a South Carolina doctor during the 2003 season.

One of the league's congressional watchdogs, Rep. Tom Davis (R-Va.), praised the new policy on Wednesday.

"These changes show what sports leagues and their players' associations can accomplish when they set their minds to eradicating steroids from their sports," said Davis, who, as chairman of the Government Reform Committee in the last Congress led three hearings on steroid use among pro athletes.

"I especially want to commend the NFL which, out of all the sports leagues, has been the most consistent in its approach to testing and taking other steps to end steroid use among its athletes."

One provision of the new agreement increases the unpredictability of random testing during the season and off-season, making it harder for players using performance-enhancing substances to regulate their usage because they won't know when they might be tested.

EPO, which provides users more stamina by increasing their number of red blood cells, is used primarily by long-distance runners and cyclists. That testing will begin this summer when teams go to training camp.

The program also includes additional use of carbon isotope ratio testing on a random basis to detect for doses of testosterone. All players now will be subject to those tests, previously used only to confirm positive tests.

N.F.L. And Union To Strengthen Steroid Testing (NYT)

By Judy Battista

The New York Times, January 25, 2007

The National Football League and its players union said yesterday that they had agreed to strengthen the league's testing program for performance-enhancing drugs, including increasing the number of tests and adding endurance-boosting EPO to the list of banned substances.

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The new policy also adds financial penalties, with players who are suspended for drug use forfeiting part of their signing bonuses. Gene Upshaw, the executive director of the National Football League Players Association, said in an interview that as soon as next season, players who tested positive could also be barred from consideration for postseason awards. Such recognition became an issue during the regular season that ended last month when Shawne Merriman, a San Diego Chargers linebacker, was suspended for four games after a positive steroids test, but was named to the Pro Bowl.

The N.F.L. is considered to have the most stringent testing policy among the major American sports leagues. But loopholes in its program drew increasing scrutiny after The Charlotte Observer reported last summer that Carolina Panthers players had received prescriptions for steroids — including two players just days before the team played in the 2004 Super Bowl — yet none tested positive during that time period. The league and the union had been negotiating since September to strengthen the policy.

"These latest improvements will help ensure that we continue to have a strong and effective program," Roger Goodell, the N.F.L. commissioner, said in a statement. "As we have done in the past, we will review and modify the policy on an ongoing basis."

Under the policy changes announced yesterday, the number of players randomly tested each week during the preseason, regular season and postseason would increase to 10 from 7 per team. Last year, the N.F.L. increased the maximum number of times a player could be tested in the off-season to six times from two. Combined, those changes should amount to more than 12,000 drug tests administered to about 1,800 players next season, an increase of about 2,000 tests. Upshaw said that off-season testing would begin more quickly after the end of the regular season. That testing used to start in late March but will now begin in February to decrease the time period when players are not subjected to random testing.

The N.F.L. policy already mandates a four-game suspension for a first offense and a year suspension for a second, penalties that will remain in effect.

But the league will use the sophisticated carbon isotope test with greater frequency, it said. The use of that test has been limited in most drug-testing programs by its high price. It was previously used by the N.F.L. only to confirm positive tests. Now, the league will use it randomly on all samples. The test examines the atomic makeup of testosterone in the urine and can determine if it is natural or synthetic. It is the same test that found synthetic testosterone in a urine sample from Floyd Landis after his victory last summer in the Tour de France.

The N.F.L.'s decision to include EPO on its banned list adds a substance more common to cycling and long-distance running. EPO, or erythropoietin, is a synthetic hormone used to improve stamina by increasing the body's production of oxygen-rich red blood cells. No other professional sports league in the United States tests regularly for EPO.

The policy changes were praised yesterday by Dr. Gary I. Wadler, an associate professor of medicine at New York University who is a member of the World Anti-Doping Agency. But Wadler said in a telephone interview that the league still needed to include testing for human growth hormone, or HGH.

There is no reliable test for HGH. The N.F.L., pledged a minimum of $500,000 for the development of an HGH test yesterday. Wadler said that amount is a fraction of the millions of dollars the antidoping agency spent on research each year. Wadler said the league should have a provision in its collective-bargaining agreement that allowed for blood samples to be collected and frozen until a reliable drug test came to fruition. Blood collection, he said, would at least provide a deterrent to the use of HGH until a test was developed.

"They should at least have paved the way by saying that blood testing is an acceptable means of obtaining bodily fluid specimens," Wadler said. "They've made some moves in the right direction, but I don't think we should be in a position of incrementalism."

Upshaw remains adamant that blood testing is not open for discussion because there is no reliable HGH test. "I'm still not willing to have our players stuck like a pin cushion," Upshaw said. "What use would it be for you to find something out two or three years from now and we've already played games? We have 25 percent turnover each year. What good is that? It's almost like changing the speed-limit sign after you've passed."

NFL, Union Beef Up Drug Program (WP)

By Mark Maske, Washington Post Staff Writer

The Washington Post, January 25, 2007

The NFL and the players' union completed an agreement to strengthen the sport's steroid-testing program, they announced yesterday.

The modifications, which had been under discussion for months between Commissioner Roger Goodell and NFL Players Association chief Gene Upshaw, include an increase in the number of random tests to which players are subjected during the season, more extensive use of the sophisticated carbon isotope ratio test and the addition of the blood-boosting drug erythropoietin (EPO) to the list of banned substances.

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"It is important that the NFL and its players continue to be leaders on the issue of illegal and dangerous performance-enhancing drugs in sports," Goodell said in a written statement released by the league. "These latest improvements will help ensure that we continue to have a strong and effective program. As we have done in the past, we will review and modify the policy on an ongoing basis."

The changes come near the end of a season in which one of the top defensive players, San Diego Chargers linebacker Shawne Merriman, served a four-game suspension for testing positive for a performance-enhancing drug. Merriman and his representatives said he ingested the drug, nandrolone, unwittingly because it was in a supplement he was taking.

Saying the new policy had a number of flaws, anti-doping expert Gary Wadler criticized the NFL for continuing to "sidestep" a major issue: that it oversees and carries out its own program instead of turning the business over to an independent agency such as the U.S. Anti-Doping Agency.

"I think it moves a little bit in the right direction, but you need to go the full way," said Wadler, a member of the World Anti-Doping Agency's prohibited substances committee. "The NFL was a pacesetter in anti-doping before 1999, when the landscape changed. . . . They should be a pacesetter again.

"They cannot keep up with the science. That's not their business. Their business is putting on great championships like we had last weekend."

In this round of modifications, the two sides agreed to increase the number of random tests from seven players per team to 10 players per team each week during the preseason, regular season and playoffs. Under the existing terms of the policy, every player is tested during training camp and a player can be tested as many as six times during the offseason. A first positive test results in the player being suspended four games without pay. A second positive test results in an eight-game suspension and a third positive test brings a one-year suspension.

According to the league, all tests now will be subject to random carbon isotope ratio testing to detect low levels of testosterone. Previously, such testing was used only to confirm positive tests for testosterone. Testing for EPO, a drug used to stimulate the production of red blood cells and more commonly associated with endurance sports, is to begin this year in the spring or summer, the league announced.

The league also announced that it was forming a working group to study issues related to human growth hormone; that it had awarded a grant of at least $500,000 to the UCLA Olympic testing laboratory and other researchers working to develop new methods to test for growth hormone; that it would take unspecified steps to enhance "the unpredictability of the year-round testing schedule"; and that, under the terms of the sport's labor agreement approved in March, it would make players automatically refund portions of their signing bonuses for violations of the steroid policy.

Growth hormone is on the NFL's list of banned substances, but league officials have said they don't test for it because there is no test they deem reliable. Upshaw has said he would not agree to allow players to be subjected to blood-testing for growth hormone.

NFL Notes: Dallas Cowboys owner Jerry Jones interviewed Jason Garrett yesterday for the team's offensive coordinator job. Garrett, a former backup quarterback for the Cowboys, is the Miami Dolphins' quarterbacks coach. The Dolphins, according to an NFL source, granted the Cowboys' request to interview Garrett only after Jones agreed to make a decision by today as to whether he'd hire Garrett.

People around the league say they believe that if Jones hires Garrett, he's likely to hire Chargers defensive coordinator Wade Phillips as his head coach to replace Bill Parcells, who announced his retirement Monday. San Francisco 49ers offensive coordinator Norv Turner, the former head coach of the Washington Redskins and Oakland Raiders, also appears to be a possibility. He was the Cowboys' offensive coordinator before being hired by the Redskins and remains close to Jones. . . .

Baltimore Ravens linebacker Ray Lewis reached his eighth career Pro Bowl yesterday. He was named to the AFC team to replace injured Denver Broncos linebacker Al Wilson. He becomes the fifth Ravens defensive player on the team.

Staff writer Amy Shipley contributed to this report.

NFL, Union Agree On Tougher Testing For Performance Enhancers (USAT)

By Skip Wood, Usa Today

USA Today, January 25, 2007

The NFL and its union announced new standards and penalties for the use of banned substances Wednesday that include testing for EPO, believed to improve stamina.

POLICY PRAISED: Reaction positive

The league also will increase the number of randomly tested players on every 53-man team from seven to 10 each week, totaling 12,000 tests a season. First-time offenders will be suspended four games, and a second positive test results in a year-long suspension without pay. Under the new policy, suspended players will lose a prorated portion of their signing bonus.

"It is important that the NFL and its players continue to be leaders on the issue of illegal and dangerous performance-enhancing drugs in sports," NFL Commissioner Roger Goodell said in a written release. "These latest improvements will help ensure that we continue to have a strong and effective program."

That program does not include HGH, or human growth hormone, but the commissioner said he is "investing money for doing that." Blood tests are the reliable measure for HGH, and the players union has balked at taking blood from players.

Indianapolis Colts defensive end Dwight Freeney, who said he was randomly tested Wednesday, supports the new tests: "I'm a clean guy, so whenever you can catch some cheaters, it makes my job easier. ... Anything you can do for the integrity of this game is good, especially for the young people to know they have to do things the right way."

Goodell recently pointed out the new policy, effective immediately, no doubt will evolve.

"As we have done in the past," he said, "we will review and modify the policy on an ongoing basis."

Before the BALCO investigation, conventional thinking was that only endurance athletes benefited from EPO. But sprinters were also revealed to be taking the popular drug.

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Contributing: Larry Weisman

Column: NFL Steps Up With Drug Testing (NYT/AP)

By The Associated Press

The New York Times, January 25, 2007

Filed at 10:37 p.m. ET

Those more cynical about these things might question the timing. What better way to kick off Super Bowl hype, after all, than with a feel-good announcement about the NFL's new and improved drug testing program.

Take a closer look, though, and there's some real meat on the bone that the NFL served up during the traditionally slow media time leading up to Super Bowl week.

Sure, it may have taken a bit of prodding from some Washington politicians to get everyone moving. But give some credit to the league for twisting the arm of its always-wary players' association and coming to terms on a tougher plan.

Players will be tested more often, and it will be harder for them to cheat. When they are caught, they will fork over some of their lucrative signing bonuses as well as their weekly paychecks.

For the first time, players in a major professional sports league in the United States will be tested for EPO. And, also for the first time, the league is at least beginning to study how to deal with human growth hormone, which many say is the drug du jour among NFL players.

It's far from perfect, but it's the furthest any league has gone to make sure the playing field is level and that the people who pay the salaries aren't taken in by a bunch of cheaters.

Whether fans really care is another story.

They seem to care about baseball, where the revelations about Barry Bonds have made him such a pariah that even the San Francisco Giants seem to be having second thoughts about re-signing him. And neither Mark McGwire nor Rafael Palmeiro likely will ever be in the Hall of Fame.

Contrast that to the way the citizens of San Diego acted when their quarterback-busting linebacker, Shawne Merriman, was himself busted for steroid use and forced to sit out four games of the regular season.

Merriman returned to a hero's welcome, and a stadium filled with people wearing his jersey. So much for former commissioner Paul Tagliabue's theory that the risk of public humiliation would help stop some players from cheating.

Of course, Merriman didn't really cheat. He merely ingested a tainted supplement. That's his story and he's sticking to it, though he's been strangely quiet about just what supplement it might have been or how he got it.

Whatever happened, it cost Merriman four games and, quite possibly, the award as the league's best defensive player. You will still see him at the Pro Bowl, though, where his conversations with Miami defensive end Jason Taylor should be interesting.

"You really shouldn't be able to fail a test like that and play in this league, to begin with," Taylor said last month. "To make the Pro Bowl and all the other awards, I think you're walking a fine line of sending the wrong message."

Taylor's reaction aside, the 60 or so active players who have tested positive for steroids since the NFL first began testing have largely escaped the kind of wrath that engulfed the likes of McGwire, Bonds and Palmeiro.

That may be because football players are more anonymous on the field, one of 53 on a team and identified only by their numbers. Or it may be because it's harder to relate steroid use to statistics in football.

Common sense tells you that home run totals skyrocketed for some reason. But just because a linebacker is juiced doesn't mean he'll necessarily get more sacks.

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Still, the NFL deserves credit for being the first U.S. major sports league to begin testing for steroids in 1989, about the same time Jose Canseco was shooting up himself and who knows who else in the Oakland A's clubhouse and baseball was pretending performance-enhancing drugs didn't exist.

But the NFL system has always been a frail one, with players subjected to random testing on such an infrequent basis that many presumably were able to work their way around it. That became evident when the Charlotte Observer detailed how a doctor gave steroid prescriptions to players on the city's 2003 Super Bowl team.

The key to the NFL's upgraded program may be just how random the random tests are. Assuming they are truly random, every player in the NFL can be expected to be tested an average of four times during the season and up to six times during the offseason.

Add to that the EPO testing and the threat of forfeiting a percentage of signing bonuses -- which are often far larger than yearly salaries -- and it's hard to find a lot of fault with the league's new plan.

Sure, the suspensions could be tougher, and more substances could be tested. There could also be more of an urgency about HGH.

For now, though, there's nothing wrong with a feel-good story that feels pretty good.

Tim Dahlberg is a national sports columnist for The Associated Press. Write to him at tdahlberg@ap.org

Prosecutor Stepping Down: Kevin Ryan Confident He Did Job (USAT)

By Bob Nightengale

USA Today, January 25, 2007

Outgoing U.S. attorney trailed BALCO and Bonds

SAN FRANCISCO — Kevin Ryan peeks out the window of his spacious 11th-floor office at the Phillip Burton Federal Building in downtown San Francisco and, off in the foggy distance, can see the church steeple of St. Ignatius Preparatory College.

This is the site of his past. His future. In many ways, the origin of his crusade against steroids.

This is where he was a star high school running back three decades ago, hurling his body into the line 25 times a game. There was nothing fancy about his style, leading the West Catholic Athletic League in rushing. Oh, he was fast, captain of the track team, but at 5-11, 175, it was Ivy League Dartmouth recruiting him to play football. The football powers such as Southern California and Ohio State weren't interested.

"Kevin could have been a star," says Greg Suhr, the San Francisco deputy police chief and Ryan's childhood friend. "If he had used steroids or something like that, you're talking about another 25 pounds of muscle, more speed and a whole lot more recruiters. But he … played by the rules. You do the best with what you got. That's what he's always believed in.

"What he's doing now with BALCO, and Barry Bonds, and all of these guys who cheat, he's striking a blow for the good guys."

Ryan, the outgoing U.S. attorney for the Northern District of California, has been lead prosecutor since the Bay Area Laboratory Co-Operative case broke in 2002. He and his staff have brought seven indictments and five convictions. He's not done yet.

"I think we have galvanized the national debate on this," says Ryan, 49, a San Francisco native. "We've engaged the public and Congress and the policymakers into addressing it, as well. It has had huge ramifications beyond the criminal sphere that we normally involve ourselves (with) … from the health effects, to talk of kids contemplating suicide, to the issue of cheating in sports, and that's a good thing.

"I think we've done our job."

It just might forever change the way the American public will view sports, too. "How can it not?" Ryan says. "People are better educated now about this issue, and whether you're a sports fan or not, I think people generally have the opinion that steroids should not have a place in sports."

Baseball, with a strong union that had adamantly opposed drug testing, now has what Commissioner Bud Selig says is the "most stringent steroid testing program in sports." A player is suspended 50 games for a first positive test. The NFL has toughened its drug-testing policies, including stricter guidelines announced Wednesday. Several track stars, believing their designer-drugs were undetectable, have been disgraced.

BALCO has been the case of a lifetime, says Ryan, who in the next few weeks likely will head off to private practice. He's one of 11 top federal prosecutors who have resigned or announced their resignations since a provision in the USA Patriot Act reauthorization last year enabled the U.S. Attorney General to appoint replacements without Senate confirmation.

"I think to ask U.S. attorneys to resign in the middle of a case is the wrong thing to do," Sen. Dianne Feinstein, D.-Calif., said through a spokesperson.

Ryan doesn't acknowledge whether he was asked to resign, but he says he considered stepping down last July. He has one son who's a senior at St. Ignatius and another who's a sophomore. Yet he wanted to stay in office long enough, he says, to oversee several breaking cases outside sports, and, of course, BALCO.

"When I leave, this (investigation) won't just fall off the map," Ryan says. "If the opportunity presents itself in the future that I can still be involved in it, I'll avail myself to it. I'm not going to walk away from something that I feel strongly about."

Criticism and responses

Ryan continues to investigate Bonds for perjury and tax evasion, and the slugger's attorney, Mike Rains, will be happy to see Ryan leave. He accuses Ryan of being "an autocrat" who had a dysfunctional office because of his management style.

"I think he was a disaster as a U.S. Attorney," Rains says. "I have had dealings with him, none of them good, which probably puts me in the majority. Probably his greatest claim to fame is the BALCO thing. I think he screwed it up.

"If they somehow, some way, get a hold of Barry and indict him, they went about it in one of the most irresponsible manners I can imagine. … By all accounts, the Ryan-led BALCO team has been heavy-handed, overzealous and almost acted independently of the law."

Ryan's office also was accused by Rains and other lawyers of leaking grand-jury testimony, with transcripts appearing in the San Francisco Chronicle. Ryan denies any responsibility.

"I know we weren't the source," he says. "It bothers me when people point the finger at individuals without any evidence."

Despite charges of Ryan running a dysfunctional office that led to the departure of several attorneys, Rains acknowledges the lead prosecutor can take some pride in baseball's three-year-old steroid testing policy.

"Baseball probably did need to step up to the plate more than they had," Rains says, "and maybe he can take credit for that. But the media can enlighten people and change the attitude. You don't have to send overzealous prosecutors out to do that.

"In the pure prosecution sense, you wonder just how much has this man and his army spent so far just to get Barry."

Ryan says he doesn't know the cost of the case, but the argument is, he has done exactly what had to be done.

"Not everyone agrees with me," Ryan says. "But on a personal level, this was the right thing and it had the right impact. We're not conducting a poll here before we make a decision. We're doing our job under the guidelines of our department and we will continue to do so."

Roger Wirth, IRS special agent in charge of the Oakland field office which investigated BALCO, agrees with Ryan. "This case, and what Kevin Ryan has helped accomplish … has had a worldwide beneficial effect in the world of sports. He has helped get steroids out of sports. I haven't always agreed with every step of this investigation, and I'm not going to say we made every right move, but we've made an impact. A major impact."

Says Suhr: "Everybody sure seems to have gotten a whole lot smaller, haven't they?"

Baseball under scrutiny

Although NFL players, Olympic sprinters and even a world-class cyclist have been snared in the BACLO case, it's baseball, and the steroid probe centering on Bonds, that has grabbed everyone's attention, Ryan says.

"There's something about baseball and the American experience," he says. "I remember Field of Dreams, one of my favorite movies, and you take away just how important baseball is to our pastime and to our country and to many Americans. It has been there in good times and bad.

"Everyone recognizes that it's a business, and breaking records is good for business. But it's also a sport played under rules. Fans have a right to believe that things we see in this game are real and not a trick."

Last month, the 9th U.S. Circuit Court of Appeals ruled Ryan's office can use the 104 positive steroid results that came out of Major League Baseball's survey testing in 2003. The results could lead to much more troubling evidence, ruining the legacy of plenty others.

The Major League Baseball Players Association has said the seizure of results violates players' Fourth Amendment rights. It has requested a full court review and said it might appeal to the U.S. Supreme Court.

"The court has turned over evidence to us," Ryan says, "that we think is relevant to an ongoing investigation. It certainly opens up new avenues. … If the 9th Circuit allows us to keep it, it can be very helpful.

"Look, someone testing positive for drugs, no matter what it is, they got drugs from someone. Well, we'd like to know where they got it from. That's what we do. We follow the evidence."

Don't get Ryan started on the debate that everything was perfectly legal in baseball before its drug-testing program. Those who used steroids before 2003, he says, are just as guilty as the players caught today.

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"Those people are forgetting the fact that possession of controlled substances without a prescription is illegal," Ryan says. "The use of such substances by athletes — whether high school, college or on the professional level — is wrong. It violates the integrity of sports."

Remembers Alzado

Ryan, who grew up a die-hard San Francisco Giants and 49ers fan, still attends games and roots unabashedly for the Giants. Yet when asked if he hopes Bonds breaks Hank Aaron's all-time home run record, he smiles and politely declines to comment: "I'm not going to touch that one."

Ryan is careful not to speak directly about Bonds or BALCO. It's an ongoing case. Bonds' personal trainer, Greg Anderson, remains imprisoned for refusing to testify about Bonds. Ryan won't say whether they have evidence to indict Bonds without Anderson's testimony.

His first recollection of athletes possibly using steroids, he says, occurred in the 1980s when former Oakland Raiders defensive lineman Lyle Alzado was diagnosed with brain cancer.

"There was a lot of speculation at the time that it was related to steroid use," Ryan says. "We all remember the East German teams when the Olympics came around, but this was the first time I associated a big-name athlete with performance-enhancing drugs and the potential dangerous side effects."

Cheaters vs. regulators

Ryan, the son of Irish immigrants, became a naturalized citizen in 1969. He loves to hike with his wife, Anne, and go skiing in Aspen (where Bonds owns a home) with his two boys. He says one day he'll write a book. But he hopes there will be enough evidence in the coming months and years that will lead to further indictments and convictions, telling the story in court.

Ryan wonders if drug testing will catch up with the cheaters. The latest Victor Conte, founder of BALCO, could be around the corner. Surely, Ryan believes, there were plenty of other steroid labs that went undetected.

"How can you help but not wonder?" Ryan says. "If you listen to some of the chemists and folks that work on the medical side of this, there's a great concern that the basement chemists will continue to design steroids that are undetectable. The cheaters, if they want, will always be one step ahead of the regulators."

In the meantime, Ryan, Wirth and the hundreds of investigators and attorneys will be watching. They don't expect to catch everyone. Yet with the help of congressional leaders, Ryan says, cheating no longer will be tolerated.

"There's an honor system in sports, and people in sports have to abide by this honor system," Ryan says. "The parameters are in place now. The public is now expecting every sport to regulate itself.

"We've done our job. We should be proud."

BALCO Investigation Timeline (USAT)

USA Today, January 25, 2007

Key dates in various investigations of BALCO and athletes linked to the lab or punished for using THG and modafinil, two drugs that play a key role in the BALCO investigations. Does not include track and field doping cases not related to BALCO, THG or modafinil.

Jan. 18, 2007: House Judiciary Committee Chairman John Conyers, D-Mich., and Rep. Tom Davis, R-Va., ask the Attorney General to drop his subpoena against reporters Mark Fainaru-Wada and Lance Williams.

Jan. 17, 2007: U.S. attorney Kevin Ryan, who is resigning, tells USA TODAY that the BALCO probe will continue. "When I leave, this (investigation) won't just fall off the map. The infrastructure is in place. We have good prosecutors on it. A good review process. Good institutional knowledge. So when I move on, there are those that can carry forward with it without a problem."

Jan. 11, 2007: Reports emerge that Barry Bonds tested positive for amphetamines during the 2006 season.

Dec. 27, 2006: Government investigators may keep evidence seized in 2004, the Ninth Circuit Court of Appeals rules.

Dec. 23, 2006: Prosecutors argue for a contempt-of-court sentence of up to 18 months for reporters Mark Fainaru-Wada and Lance Williams.

Dec. 21, 2006: Yahoo! Sports says Troy Ellerman, a defense attorney who had worked for Victor Conte and James Valente, is under investigation in the FBI's probe of leaked grand jury evidence.

Dec. 14, 2006: Cyclist Tammy Thomas is indicted on charges of perjury and obstruction of justice. Thomas, a former World Championship medalist banned for life in 2002 after a positive test for the steroid norbolethone, is accused of telling a grand jury she had not used steroids.

Sept. 21, 2006: Judge Jeffrey White tells San Francisco Chronicle reporters Mark Fainaru-Wada and Lance Williams he will order them jailed for up to 18 months if they do not comply with his order to reveal their sources.

Sept. 6, 2006: A doping case against Marion Jones collapses when her "B" sample tests negative for EPO. Bother the "A" and "B" samples must test positive to incur a doping penalty.

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June 29, 2006: Olympic and world champion Justin Gatlin reveals that he has tested positive for testosterone. His coach is Trevor Graham.

June 22, 2006: E-mails seized by federal authorities identify Victor Conte, the convicted founder of the Bay Area Laboratory Co-Operative, as a source in the San Francisco Chronicle's reporting on the steroids scandal, according to an online court filing that accidentally revealed confidential information.

April 25, 2006: Bay Area newspapers report Barry Bonds' trainer, Greg Anderson, and former BALCO executive James Valente have been subpoenaed to testify before a grand jury investigating whether Bonds committed perjury.

March 30, 2006: Victor Conte released from prison.

March 16, 2006: BALCO founder Victor Conte says he " never gave" steroids to Barry Bonds. Speaking to USA TODAY by phone from a California prison where his four-month sentence is about to end, Conte also does not directly address whether the San Francisco Giants slugger could have gotten steroids that someone else received from BALCO.

"My relationship with Barry Bonds was 100% about his nutrition," Conte says.

Conte also releases a statement to USA TODAY denying he gave Bonds steroids and denying statements attributed to him by federal investigator Jeff Novitzky on the day BALCO was raided, Sept. 3, 2003.

Feb. 24, 2006: Remi Korchemny is sentenced to one year of probation. ...

Oct. 18, 2005: BALCO founder Victor Conte is officially sentenced to four months in prison and four months of house arrest as part of a plea deal for his role as mastermind behind a scheme to provide professional athletes with undetectable performance-enhancing drugs.

James Valente, BALCO's vice president, received probation after pleading guilty to reduced charges of steroid distribution. Greg Anderson, Barry Bonds' trainer, was sentenced to six months after pleading guilty to money laundering and a steroid distribution charge. He will spend three months behind bars and three months in home confinement.

Anderson and Conte remain free on bond and are scheduled to surrender to prison authorities Dec. 1.

Oct. 16, 2005: 60 Minutes broadcasts an interview in which former football player Bill Romanowski says he used steroids and human growth hormone. He names Victor Conte as the source of the drugs.

Aug. 1, 2005: Baseball player Rafael Palmeiro, who emphatically denied steroid use before a House panel in March, is suspended for a positive test he later blames on a vitamin B-12 shot.

July 29, 2005: Track coach Remi Korchemny pleads guilty to reduced charges, a move that likely will keep him out of prison. The plea agreement, the fourth and final one in the case, ends a drug prosecution that prompted tighter testing rules in professional sports.

July 21, 2005: The Court of Arbitration for Sport rules Alvin and Calvin Harrison, along with Michael Johnson, Antonio Pettigrew and Jerome Taylor, may keep their gold medals from the 4x400 relay in the 2000 Olympics despite the previous decision to strip Jerome Young of his gold. Young, who ran in the first two rounds of the relay but not the final, had a positive test in 1999 in a case not known to be linked to BALCO. Young was later banned for life after a second drug offense. The Harrison twins have been punished for BALCO-related drug offenses, but these were not part of the investigation into the 2000 Olympic case.

July 15, 2005: Victor Conte pleads guilty to steroid distribution and money laundering in a deal with federal prosecutors. Conte will spend four months in prison and four months under house arrest. Greg Anderson, Barry Bonds' longtime friend and personal trainer, pleaded guilty to the same charges in exchange for a six-month prison sentence.

May 19, 2005: Michelle Collins' ban is reduced to four years as part of an agreement in which she drops her appeal.

March 17, 2005: Several current and former major league baseball players testifiy in front of the House Government Reform Committee on steroids in baseball. Mark McGwire, Jose Canseco, Curt Schilling, Sammy Sosa and Rafael Palmeiro were in attendance, while Frank Thomas testified via satellite. Barry Bonds and Jason Giambi were not required to attend due to their involvement in the ongoing BALCO case.

March 16, 2005: A USA TODAY survey shows that baseball players think steroids have had a substantial impact on the game.

Dec. 15, 2004: Marion Jones files a $25 million defamation lawsuit against BALCO founder Victor Conte, claiming damages from potentially lost endorsement deals after Conte claimed in two interviews that he saw Jones use several drugs before and during the 2000 Olympics. Jones later challenges Conte to take a polygraph test, something her defense team claims she has taken and passed.

Dec. 10, 2004: Michelle Collins gets an eight-year ban, later reduced to four, from a panel of members of American Arbitration Association and the North American Court of Arbitration for Sport. Collins never tested positive but was found to have used EPO, THG and a testosterone cream. She is the first athlete without a positive test to argue her case before arbitrators.

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Collins also forfeits all results since Feb. 1, 2002, including her 200-meter world indoor championship in 2003. Lawyer Michael Coffield says he will appeal on Collins' behalf to the international Court of Arbitration for Sport before the end of the year.

Dec. 7, 2004: The International Olympic Committee says it will investigate Victor Conte's doping allegations against Marion Jones. IOC and WADA officials suggest that the three-year statute of limitations on challenging Olympic decisions may not apply.

Dec. 3, 2004: The San Francisco Chroniclereports more grand jury testimony, this time from San Francisco Giants star Barry Bonds. The Chronicle says Bonds admitted to unknowingly using steroids known as "the clear" and "the cream" during the 2003 season. Bonds said his personal trainer provided the steroids. The Chronicle also reported that prosecutors showed Bonds documents from 2001-03 alleging that he used various drugs, including human growth hormone and Depo-Testosterone. Bonds repeatedly has denied using performance-enhancing drugs. The report also says Bonds' former teammates Armando Rios, Benito Santiago and Bobby Estallella admitted to the grand jury that they used performance-enhancing drugs.

Also, BALCO founder Victor Conte appears on ABC's 20/20, claiming that he gave drugs to several athletes: track stars Marion Jones, Tim Montgomery and Kelli White; football players Bill Romanowski, Barret Robbins, Chris Cooper, and Dana Stubblefield. In ESPN The Magazine, Conte describes how he started in his business of legal supplements and gradually turned to steroids. Conte says he gave a steroid to Chryste Gaines, Alvin Harrison and Calvin Harrison in 1999, then started to provide Jones with various drugs a few weeks before the 2000 Olympics. He says he also started a doping program for Montgomery at the Olympics but later severed ties with Jones and Montgomery, only to get back into the doping business with White and Dwain Chambers. Conte says in the ESPN interview that he knew little about the baseball end of the business, which he says was in the hands of James Valente, but he says he gave drugs to Greg Anderson without knowing the purpose.

Dec. 2, 2004: The San Francisco Chroniclereports that in grand jury testimony, New York Yankees slugger Jason Giambi admitted injecting himself with human growth hormone in 2003 and using steroids that he obtained from Barry Bonds' trainer, Greg Anderson, for at least three seasons. Giambi played only 80 games in 2004 because of a tumor, which the New York Daily News reported was in his pituitary gland; medical experts told the Chronicle that one of the drugs Giambi said he thought he had taken can exacerbate a tumor of the pituitary gland. The report also says Giambi's brother, Jeremy, used many of the same drugs.

Nov. 28, 2004: The United States is stripped of its 4x400-meter relay gold medal from the 2003 World Championships due to Calvin Harrison's second doping violation (see Aug. 2, 2004). One of Harrison's teammates was Jerome Young, who had received a lifetime ban earlier in the month for doping violations that had no known relation to BALCO, THG or modafinil. Harrison's other teammates to lose their world title are Tyree Washington and Derrick Brew, who are not linked to BALCO and are not facing doping charges.

Oct. 19, 2004: USADA announces that sprinter Alvin Harrison has accepted a four-year suspension for drug violations. Harrison admitted to the use of testosterone, THG, HGH and erythropoietin (EPO).

Oct. 11, 2004: Gary Sheffield tells Sports Illustrated that he was introduced to BALCO by Barry Bonds, with whom he has since severed ties. According to the magazine report, officials at the lab gave Sheffield a testosterone-based steroid known as "the cream" to be applied to a scar on his right knee. Sheffield says he didn't realize the "cream" was a steroid. Baseball officials say they will not punish the Yankees outfielder. Because of his association with BALCO, Sheffield was one of several high-profile athletes called to testify before the grand jury in 2003.

Sept. 24, 2004: Barry Bonds undergoes a random steroid test, which each major league is required to do under baseball's new collective bargaining agreement. "I'm glad this is finally happening," Bonds tells MLB.com. "They'll get the results and it will clear my name. It'll show that there's nothing behind what I've been doing (on the field) all year." Bonds goes on to lead the National League in batting average, slugging and on-base percentage on his way to winning a record seventh league MVP award.

Sept. 14, 2004: The NFL fines Chris Cooper, Barret Robbins and Dana Stubblefield three game checks each after the three current and former Oakland Raiders tested positive for THG. A fourth player, Bill Romanowski, is reported to have tested positive but has retired. The four are the only positive tests in the league. The three active players are also warned that any subsequent positive test will result in an eight-game suspension.

August 2004: Athens Olympics take place. No athletes test positive for THG or modafinil. Marion Jones, the only athlete under BALCO-related scrutiny to take part in the Games, finishes fifth in the long jump. Greek athletes Kostas Kenteris and Katerina Thanou miss drug tests under mysterious circumstances, miss the Games and are later linked to BALCO.

Aug. 2, 2004: USADA hands Calvin Harrison a two-year suspension for his positive modafinil test. Harrison's punishment is more severe than that given to other modafinil offenders because his is considered a second offense. As a junior sprinter in 1993, he tested positive for pseudoephedrine. The punishment also means the U.S. loses its 4x400-meter relay gold medal from the 2003 World Championships (see Nov. 28, 2004).

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July 17, 2004: Regina Jacobs accepts a four-year ban and is stripped of her 2003 U.S. title at 1,500 meters. Jacobs says she wanted "to avoid being subjected to what I believe would be an unfair hearing."

July 9-18, 2004: Most athletes linked to the BALCO scandal fail to qualify for the Olympic team, sparing the U.S. difficult decisions on whether to proceed with athletes who might later be banned. Michelle Collins withdraws injured. Alvin Harrison finishes far behind in the 400-meter semifinals. Tim Montgomery reaches the 100-meter final but finishes seventh. Chryste Gaines is convincingly beaten in the 100-meter semifinals. Regina Jacobs retires. Calvin Harrison finishes fifth in the 400 and is named to the relay pool, but his suspension Aug. 2 renders the decision moot. Marion Jones, not officially charged with any doping offense, is the only BALCO-connected athlete to make the team, though she only makes the team in the long jump.

June 24, 2004: The San Francisco Chronicle reports Tim Montgomery told the grand jury that Victor Conte gave him weekly doses of THG in 2001. He testified that he used the banned substance for eight months before splitting with Conte in a money dispute. Montgomery also gave secondhand testimony in which Conte told him he had given Barry Bonds the steroid Winstrol. Attorneys for Montgomery and Bonds question the validity of the Chronicle report.

June 23, 2004: USA TODAY reports that USADA is seeking lifetime bans against Tim Montgomery, Chryste Gaines, Michelle Collins and Alvin Harrison.

June 16, 2004: Marion Jones calls for a public hearing in an effort to clear her name and prevent drug allegations from keeping her out of the Athens Olympics. "I am not going to engage in the United States Anti-Doping Agency's secret kangaroo court. I will answer questions in a public forum that will be open for the entire world to see, hear and evaluate," Jones said. USADA says it is required to treat matters in confidentiality but that athletes are not bound by that requirement.

June 8, 2004: USADA confirms that it has sent letters to several track and field athletes notifying them of potential drug violations. The athletes are reported to be Tim Montgomery, Chryste Gaines, Michelle Collins and Alvin Harrison.

May 24, 2004: Marion Jones and her attorneys meet with USADA. Afterward, Jones' attorneys show the media some portions of evidence they say USADA contends links Jones to BALCO. The attorneys dispute that the documents pertain to Jones.

May 19, 2004: Kelli White accepts a two-year ban for use of undetectable steroids and EPO. She is eventually stripped of all results since Dec. 15, 2000, including her world titles in the 100 and 200 meters. White never tested positive for a substance other than modafinil; USADA cites evidence obtained from the BALCO investigation in announcing her ban.

May 17, 2004: A New York judge dismisses a suit brought by Regina Jacobs against USADA and USATF. Jacobs had sought to go outside the usual arbitration process.

May 15, 2004: Marion Jones reasserts that she is drug-free and threatens to sue if USADA imposes a sanction that's based on anything other than a failed drug test.

May 6, 2004: The Senate Commerce Committee turns over evidence from the BALCO investigation to USADA.

May 4, 2004: Kevin Toth receives a two-year ban for THG and modafinil use, USADA announces. The shot putter loses his 2003 U.S. championship and fourth-place finish at the World Championships.

April 29, 2004: Melissa Price and John McEwen receive two-year bans for THG use, USADA announces.

April 25, 2004: The San Jose Mercury News reports that a government memorandum from September claims Conte admitted providing steroids to 27 athletes. Conte's lawyer acknowledges the existence of the memorandum but denies that his client made the comments. The athletes listed include five baseball players (Barry Bonds, Gary Sheffield, Jason Giambi, Jeremy Giambi, Armando Rios), seven football players (Bill Romanowski, Dana Stubblefield, Josh Taves, Barret Robbins, Chris Cooper, Johnnie Morton, Daryl Gardener) and 15 track and field athletes (Marion Jones, Tim Montgomery, Regina Jacobs, Kevin Toth, Alvin Harrison, Calvin Harrison, Kelli White, Chryste Gaines, Eric Thomas, Michelle Collins, Ramon Clay, Dwain Chambers, John McEwen, Zhanna Block, Olga Vasdeki).

April 20, 2004: Chryste Gaines, Sandra Glover, Eric Thomas and Christopher Phillips are sanctioned for modafinil use. All receive public warnings and are stripped of results, including Thomas' U.S. championship in the 400-meter hurdles and Phillips' fifth-place finish in the 110-meter hurdles at the World Championships.

Feb. 24, 2004: British sprinter Dwain Chambers, who trained with Remi Korchemny, receives a two-year ban for taking THG.

Feb. 16, 2004: The USOC says Kevin Toth has tested positive for THG. All four U.S. athletes who had positive tests in 2003 are now officially named. Toth says he has retired, though he intends to fight to clear his name.

Feb. 13, 2004: Four men plead innocent to federal drug possession and distribution charges detailed in a 42-count indictment.

Feb. 12, 2004: Attorney General John Ashcroft announces a 42-count indictment against four men — Victor Conte, BALCO executive James Valente, track coach Remi Korchemny and trainer Greg Anderson, who has worked with baseball

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player Barry Bonds. Among the charges: conspiracy to distribute and possess with intent to distribute anabolic steroids, conspiracy to defraud through misbranded drugs, and money laundering.

Jan. 13-16, 2004: The USOC announces three more positive tests: Melissa Price (THG), Regina Jacobs (THG) and Calvin Harrison (modafinil). Though modafinil would be a lesser offense under the rules at the time, Harrison would face a two-year ban as a second offender.

Dec. 30, 2003: The USOC, following its protocol for releasing names 30 days after USADA's board says it will proceed in a doping case, announces seven positive tests. Six are track and field athletes linked to positive tests for modafinil: Kelli White, Chryste Gaines, John McEwen, Chris Phillips, Sandra Glover and Eric Thomas. McEwen also is reported to have tested positive for THG. All six athletes dispute the findings.

Dec. 7, 2003: The USATF approves a new "zero tolerance" policy that would include lifetime bans for first offenses on steroids, if such a ban is legal. The IAAF considers strengthening its first-offense penalty from two years to four, but legal questions arise for that move as well.

Fall 2003: Many athletes testify before the BALCO grand jury. Among those testifying: track and field athletes Marion Jones, Kevin Toth, Regina Jacobs, Chryste Gaines and Tim Montgomery; baseball players Barry Bonds, Jason Giambi, Gary Sheffield and Benito Santiago; football players Bill Romanowski and Barret Robbins; swimmer Amy Van Dyken; and boxer Shane Mosley.

Nov. 7, 2003: British sprinter Dwain Chambers is suspended pending a hearing after U.K. Athletics announces a positive B-sample for THG. Chambers is later banned for two years. Under British rules, he also faces a lifetime ban from the Olympics.

Oct. 22, 2003: USA Track & Field CEO Craig Masback says four U.S. athletes have turned up positive A-samples (the first of two samples examined in a given test) for THG. The number had been thought to be significantly higher. The athletes are eventually revealed to be shot putter Kevin Toth, middle distance runner Regina Jacobs, hammer thrower John McEwen and hammer thrower Melissa Price.

Oct. 21, 2003: The IAAF says it will re-examine all samples from the World Championships using the new THG test. By the time re-testing is complete, no new names are added to the list of positive tests. Samples from swimming's World Championships and the 2002 Winter Olympics also are re-tested, with no positive results reported.

Oct. 16, 2003: USADA releases a statement detailing its knowledge of THG. The agency says an anonymous coach provided the agency with a used syringe containing the substance, which was previously unknown. A lab at UCLA found that the substance was a steroid and quickly developed a test.

The coach pointed to BALCO's Conte as the source of the drug, the USADA statement said. USADA says it then contacted the Justice Department.

Sept. 3, 2003: Local and federal authorities raid BALCO offices.

Aug. 30, 2003: The IAAF announces that Kelli White, who won the world title in the 100 and 200 meters earlier in the week, has had an initial positive test for modafinil. The substance isn't specifically banned, but IAAF regulations allow for "related substances" to be added. Modafinil is eventually classified as a stimulant punishable by forfeiture of results and a public warning on a first offense, though several independent physicians dispute whether it is a performance-enhancing drug. WADA later takes steps to make modafinil punishable by a two-year ban, though that punishment will not be enforced for those who tested positive in 2003.

White claims that the drug was prescribed to treat narcolepsy and that she checked its legality with proper authorities. The doctor who prescribed the drug is Brian Goldman, a former medical director at BALCO.

Summer 2003: The first hint of THG emerges when USADA receives a tip and a used syringe containing a mysterious substance. The tipster is later identified as Trevor Graham, a sprint coach whose clients include Marion Jones, Tim Montgomery and Justin Gatlin.

2002: Federal investigation of BALCO begins.

Oct. 1, 2000: The U.S. Anti-Doping Agency begins operation. It assumes responsibility for drug testing that had previously been done by U.S. sports federations.

Sept. 26, 2000: The IOC and IAAF announce shot putter C.J. Hunter, Marion Jones' husband at the time, has tested positive on four separate occasions for the steroid nandrolone. Victor Conte appears at the news conference and said it's the result of a mislabeled nutritional supplement. Conte also said Jones was not taking the supplement. Conte accused of the IOC and IAAF of withholding information that could have helped Hunter avoid a doping offense, according to a BBC report.

2000: ZMA receives high-profile backing from U.S. sports stars Barry Bonds and Bill Romanowski.

1999: Marion Jones begins getting ZMA from BALCO. She says in June 2004 that she still takes the supplement but no longer gets it directly from BALCO.

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1988-1996: BALCO claims that many successful Olympic athletes from this period took its legal supplement ZMA, which contains zinc and magnesium.

1984: Victor Conte, a former bassist for Tower of Power and other bands, forms BALCO. He does chemical analysis on athletes using an ICP spectrometer, which is used in a variety of fields.

Compiled by Beau Dure, USATODAY.com. Sources: USA TODAY, San Francisco Chronicle, San Jose Mercury News, U.S. Anti-Doping Agency, USA Track & Field, wire reports

Coalition Meeting In Oakland Vows To Focus Gang Crime (SFC)

By Jason B. Johnson, Chronicle Staff Writer

San Francisco Chronicle, January 25, 2007

OAKLAND -- A coalition of law enforcement, educators and civic leaders from 13 California cities meeting in Oakland today pledged to fight crime statewide by working together to address the root causes of street gangs.

Participants in the first California Cities Gang Prevention Network, which includes San Francisco, Oakland, Richmond and Los Angeles, said during a press conference at the Waterfront Plaza Hotel that the two-day conference would produce a blueprint that could be used nationwide by cities struggling with rising crime rates.

Oakland Deputy Police Chief Howard Jordan said he's looking for new ways to combat a surge in violence last year that resulted in 148 homicides, compared to 94 in 2005. About 38 percent of those murders were attributed to gang members.

Oakland had about 150 known gang members 10 years ago, compared to 1,500 today, Jordan said.

"We didn't spend nearly enough time on intervention as we did on enforcement. As a result of that we're changing our focus," he said.

San Jose Police Chief Robert Davis said he wants local law enforcement to do a better job of sharing information on different gangs and successful programs.

"We still don't have collaboration with other cities, and I think that's the piece that's missing," Davis said. "If we don't do that, then shame on us as a Bay Area community."

Davis said the increase in gangs now taking place in Oakland is similar to a surge in San Jose gang activity more than 10 years ago.

"If we see some of the problems in Oakland occurring that we saw in the South Bay 10 years ago, then shame on us for not helping," said Davis.

Teams of delegates will meet to outline procedures for sharing crime data and information on successful anti-gang programs. Cities represented at the conference also include Santa Rosa, San Diego, Stockton and Fresno. The main sponsors are the National League of Cities and the Oakland-based National Council on Crime and Delinquency.

Violent crime rose 3.7 percent nationally and 4.1 percent in California in the first six months of 2006, compared with the same period in 2005, according to FBI statistics.

And, 2005 saw approximately 30,607 more violent crimes than 2004, the largest single-year increase in violent crimes in 14 years, according to the FBI's 2005 Uniform Crime Report.

Gangs were involved in 56 percent of all crimes in the Western region of the country in 2005, according to the federal Justice Department's National Gang Threat Assessment.

"After years in which it looked like the crime problem was abating, it's starting to kick up again, especially in regard to homicides," said Barry Krisberg, president of the National Council on Crime and Delinquency in Oakland. "While this is a challenging development, it's also an opportunity to get things right."

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Ex-ATF Agent Says She Feared Corrupt Cop (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, January 25, 2007

A former federal agent who alleges the Chicago Police Department protected corrupt officers and destroyed her career testified Wednesday that she feared for her life after confronting notorious former Officer Joseph Miedzianowski.

Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms, has sued the city and Miedzianowski, charging that Miedzianowski turned investigators against her after she tried to report that he had stolen from a drug dealer.

Miedzianowski eventually was arrested in 1998 for running a massive drug ring and was convicted of drug conspiracy and racketeering charges in federal court.

Klipfel's husband, ATF agent Michael Casali, also contends he was retaliated against by Miedzianowski.

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Lawyers for the city and Miedzianowski have denied the accusations and promised to show that the Police Department was not notified in a timely fashion that Miedzianowski might be corrupt.

Klipfel told jurors hearing the federal civil trial that she began to suspect Miedzianowski six years earlier, when he was working an ATF detail that targeted gangs and drugs. Agents and officers conducted a search at the home of a drug dealer, she said, and she saw Miedzianowski going through the dealer's pants and wallet.

"He was looking over to see if I was watching him," Klipfel said.

She told jurors the drug dealer later confided in her that Miedzianowski and some of his fellow officers were systematically stealing from him. She confronted Miedzianowski, she said, who became irate when she met up with him to discuss the allegation.

He cussed her out and kicked her car door, she said.

"It was beyond rage," she said. "He was like in a froth."

Later in an impromptu meeting at a convenience store with other officers to discuss the allegations further, Miedzianowski made more threats, she said.

"He said, 'Bitch, you're stupid,'" Klipfel said. "He said, 'There's four of us who will say you stole off this warrant'" and other warrants.

She said Miedzianowski went on to threaten to get her fired, and to say: "Think about your darling kids. We could light up your house."

Klipfel said in the coming months, Miedzianowski proceeded to make allegations against her that started a police internal affairs investigation and an internal probe at ATF. She was demoted and sent out of Chicago, she said, while Miedzianowski harassed her by paging her to call sex hot lines and the zoo.

She said she feared for the lives of her three children and had them sleep in a closet away from the windows, even moving them out of state for a time.

Klipfel could be cross-examined as soon as Thursday.

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Berwick Woman Sentenced In Federal Firearms Case (FDD)

By Jennifer Keefe, Democrat Staff Writer

Foster's (NH) Daily Democrat, January 25, 2007

BERWICK, Maine — The recent sentencing of 36-year-old Bobbi Lynn Bolduc of Berwick is what U.S. Attorney Thomas P. Colantuono called an example of a commitment to the "Project Safe Neighborhoods" initative.

Bolduc was charged with making a false statement in the purchase of a firearm in New Hampshire in May 2006 as she showed a New Hampshire address on her ATF form, a document required by the Bureau of Alcohol, Tobacco, Firearms and Explosives at the time of a firearms purchase.

It is a violation of federal law to make a material false statement in connection with the purchase of a firearm.

The .22-caliber revolver Bolduc purchased from Renaissance Firearms in Gonic, N.H., was later recovered in Somersworth, N.H., by police in connection with the May 2006 arrests of a 19-year-old Rochester man, a 20-year old Philadelphia, Pa., man and a 19-year-old Bronx, N.Y., man on charges of possession of 43 grams of crack cocaine and the .22-caliber handgun with ammunition.

Bolduc was sentenced Monday in U.S. District Court in Concord to six months of home confinement and two years probation.

Agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, together with the Somersworth Police Department, conducted the investigations leading to Bolduc's prosecution.

IMMIGRATION:

GOP Renews "Amnesty" Defiance (WT)

By Charles Hurt

The Washington Times, January 25, 2007

House Republicans opposed to amnesty vowed yesterday to fight President Bush's proposal to legalize millions of illegal aliens as outlined in his State of the Union address on Tuesday.

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"The president worked hard to get a Congress that agrees with him on this and now he's got it," said Rep. Tom Tancredo, Colorado Republican, in reference to the Democratic takeover of both chambers of Congress in the November elections. "But we're still going to fight him on it."

Mr. Bush on Tuesday reissued his call to welcome foreigners with a guest-worker plan, and he called for a path to citizenship for millions of those here illegally.

"We need to uphold the great tradition of the melting pot that welcomes and assimilates new arrivals," Mr. Bush said in his speech to uneven applause. "We need to resolve the status of the illegal immigrants who are already in our country, without animosity and without amnesty."

More Democrats than Republicans rose in applause.

Mr. Tancredo, a longtime advocate of immigration reform, termed the refrain "same song, second verse."

"It's the same thing we've been hearing from the president for a long time," he said.

Rep. Sam Johnson, Texas Republican, called Mr. Bush's immigration proposal "empty and implausible."

"I'm sensing a real lack of commitment to combating illegal immigration," he said.

Mr. Johnson said he has seen little evidence in Texas that the administration's efforts to stop illegal entry are working.

"Our borders are out of control," he said yesterday. "Illegal immigrants are running free across the borders."

Sen. Edward M. Kennedy, Massachusetts Democrat, welcomed "the president's renewed commitment" to comprehensive immigration reform.

"The president has been a leader on this issue and I am hopeful that he will continue his efforts with members of his party so that we can pass legislation that will solve the problem once and for all," he said after Tuesday's address.

For House Republicans, Mr. Kennedy's stamp of approval was proof that Mr. Bush does not share their concerns.

"Once again, we see the president is pushing amnesty," said Rep. Ed Royce, California Republican. "The president claims this is not amnesty, but the very definition of amnesty is changing someone's status from illegal to legal. As a matter of national security, we need an immigration system that is sound, and this one is not."

As evidence of its stand against illegal entry, the administration has announced raids on businesses that hired illegal aliens.

"I think they were just for the purposes of rhetoric so the president could say he was doing something," Mr. Tancredo said, adding that he has followed up with those employers and learned that the illegals have been almost entirely replaced with, presumably, legal citizens who had been looking for work.

"If these raids prove anything, it's that we do not need a guest-worker program," he said.

Mr. Tancredo said farmers are hiring illegals despite a federal guest-worker program already in place because of the cumbersome requirements to pay certain rates and provide certain living conditions.

"Why shouldn't they ignore it?" Mr. Tancredo said. "Their own government ignores it."

He said House Republicans have "lost a lot of momentum" since pushing through a bill last year to construct about 800 miles of fencing along the U.S.-Mexico border.

"It's back to playing defense, I suppose, but that's a role I've played for six or seven years," he said.

Mr. Tancredo has announced the formation of a presidential exploratory committee, which he considers a good vehicle to continue his crusade while in the minority party.

He hopes to pull off a surprise victory on the presidential campaign trail and perhaps with an amnesty bill in the House.

"There are enough [conservative Democrats] to create a pretty significant problem for the new majority," he said with a broad smile. "A lot of them campaigned on our side of this issue and would have a lot of explaining to do back home."

TAX:

Tax Preparation Firm Banned From Practice (BUFFNEWS)

Buffalo News, January 25, 2007

A federal judge has permanently barred a Hamburg tax preparation firm from preparing federal income taxes.

Duffek, O'Connor & Associates of Hamburg can no longer legally prepare returns because an investigation showed that the firm prepared tax returns for clients that included deductions for "fictitious and inflated charitable contributions," the U.S. Justice Department said.

According to the Internal Revenue Service, the firm understated tax liabilities of its customers by more than $2 million.

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"[The] government alleged that the returns prepared by the defendants claimed fictitious and inflated employee expenses for such items as work clothes, teaching and coaching supplies, student and athlete rewards and cellular telephone expenses," the Justice Department said in a news release issued Tuesday.

According to the release, U.S. District Judge William M. Skretny issued a permanent injunction barring the firm, Brian Duffek and Patrick O'Connor from preparing federal returns.

The firm is no longer listed in telephone books and could not be reached to comment.

Rich States, Poor States (WSJ)

The Wall Street Journal, January 25, 2007

If you're searching for the next big thing in American politics, it's wise to keep an eye on the states. Here's one possibility: the abolition of state income taxes.

In Georgia, Missouri and South Carolina, Governors and state legislatures are drafting serious proposals to repeal their income taxes to promote economic development. St. Louis, one of America's most distressed cities, may overturn its wage/income tax as a way to spur urban revival. And in Michigan, the legislature is in the last stages of phasing out its hated business income tax -- the most onerous in the land. "States are now in a ferocious competition to attract jobs and businesses," says economist Arthur Laffer, who is advising several Governors and legislators on the issue, "and one of the best ways to win this race is to abolish the state income tax."

The timing for fixing state tax codes could hardly be more ideal because states are swimming in budget surpluses thanks to the booming national economy. This should be a big year for state tax cuts. Governors in Arkansas, Florida and West Virginia have already announced major tax relief plans for 2007. Even New York City has a $1 billion surplus and Mayor Michael Bloomberg is promising a property tax cut.

But the biggest target is the income tax. Newly re-elected South Carolina Governor Mark Sanford is talking of reviving his plan to phase out the income tax over 18 years. Mr. Sanford ran into opposition from the legislature in his first term, but he tells us that "I still consider this one of my top priorities and if the legislature wants to do it, I would be ecstatic."

Georgia may beat Mr. Sanford to the punch. House Republicans in Atlanta have announced that one of their top priorities is to use the half-billion-dollar budget surplus as a downpayment to "dismantle the current tax code." House Republican Majority Leader Jerry Keen tells us the debate in Atlanta is between a flat-rate income tax and a plan that would "do away with the personal income tax but broaden the sales tax by eliminating 107 exemptions. We're committed to a pro-growth tax plan that announces to the country that Georgia is open for business."

In Missouri the legislature is reviewing a plan by the state think tank, the Show Me Institute, that would increase the rate of the sales tax to 7.5% and limit spending growth to population plus inflation, in return for eliminating the state's income tax over 10 years. House Speaker Carl Bearden says "I would like to see a phasing out of our current tax structure in Missouri. . . . Eliminating the income tax can have a huge positive impact on a state's economy."

The idea of financing state services without an income tax is hardly radical. Nine states today -- Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming -- manage well without one. With a few exceptions, the non-income tax states are America's most prosperous. Meanwhile, the high income tax states, which tend to be congregated in the Northeast, keep surrendering jobs, people, and voters to the South and West.

State lawmakers also seem to have learned from two of the most recent states to adopt an income tax: New Jersey and Connecticut. As recently as 1965 New Jersey had neither an income nor sales tax, but managed to balance its budget every year. Now it has both taxes -- its income tax is the 5th highest in the nation -- but the state is facing what Stateline.org calls a "staggering budget deficit." Allied Van Lines reports that the Garden State is now one of the leading places for people to flee.

The latest state to adopt an income tax was Connecticut in 1991, but a new report by the Yankee Institute reveals that the tax has been a calamity. The state has ranked last in employment growth since 1991, losing 240,000 of its native born citizens between 1991-2002. No other state has since enacted an income tax, and lawmakers in Georgia, Missouri and South Carolina say Connecticut is now the model for how not to run a state economy.

Whether these states will be able to eliminate their income taxes in the next few years is an open question. But what's undeniable is that the debate in state capitals has swung decisively in the direction of chopping income tax rates, not raising them.

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CONGRESS-ADMINISTRATION:

Experts Examine Bush Health Plan (WP)

By Christopher Lee, Lori Montgomery

The Washington Post, January 25, 2007

Economists are still sorting out the implications of the broad health-care proposals President Bush unveiled this week, but already some clear winners and losers are emerging.

Families with generous employer-sponsored coverage would be worse off, while those who buy insurance on the individual market, or whose health plan costs less than $15,000 annually, would come out ahead. But some of the winners will probably become losers over time, analysts said.

Moreover, while Bush's plan would alter a historic imbalance in the tax code that favors generally better-off consumers who get insurance through their jobs, it also could undermine coverage for some sicker, older people and erode the employer-sponsored system that still provides coverage to more than half of all Americans.

Some experts questioned whether the plan would have any impact on holding down spiraling health costs or extending health coverage to some of the 47 million people in the nation who have none.

"It's not solving the uninsured problem and it's not solving the cost problem, so it's not really advancing what we need to have happen," said Karen Davis, president of the Commonwealth Fund, a nonprofit health policy research organization. "What it does is favor individual insurance. . . . The question is, should you try to undermine employer coverage? Employer coverage has lower administrative costs and it covers everybody in a firm, not just those who are healthy enough to pass a medical exam."

Bush would treat the contributions that employers make to their employees' coverage as taxable income, no longer exempting from payroll and income taxes the money workers use to buy health insurance.

Instead, the president would create a new tax break for everyone who buys health insurance, regardless of where they get it. The government would allow each family to deduct $15,000 a year from its taxable income to offset the cost of its policy; individuals would be allowed to deduct $7,500.

Democrats on Capitol Hill have panned the plan.

"The president's proposals are an opportunity missed," Sen. Edward M. Kennedy (D-Mass.) said. "They will not improve access to good coverage and won't help working families afford the spiraling cost of health care."

Under the plan, which would take effect in 2009, winners would vastly outnumber the losers -- at least at first.

Families that spend less than $15,000 on their health coverage (either on their own or with an employer's contribution) would come out ahead, because the new deduction would apply to all of the money spent on premiums. A family that spends, $13,000 a year on health insurance could claim the full deduction. The administration says about 100 million people with employer-sponsored coverage would see their tax bills go down.

Other winners include the 17 million people who buy health insurance on the individual market, who would for the first time enjoy a tax break on the money they use to pay health premiums.

On the losing side are consumers with more expensive policies, especially those financed by employers, who would have to pay taxes on the money used to pay premiums exceeding $15,000. About 30 million people with employer coverage would see their tax bills go up in the first year, the administration says.

"You've got a Republican president willing to take from the rich and redistribute to the poor, which, symbolically, is a really big deal," said Thomas A. Scully, a former head of the Centers for Medicare and Medicaid Services under Bush. "It's breaking the ice to where the real source of revenue is and redistributing it from overinsured people to poor people. . . . The concept is a huge step in the right direction."

Advocates said the proposals would hold down health-care costs by motivating people to seek plans that cost $15,000 or less, and would help put basic insurance within reach of about 5 million of the uninsured. Still more people would gain coverage with the help of another Bush proposal to redirect some federal health money to new grants to assist states in finding innovative ways to cover the uninsured.

"It gives everyone a strong incentive to search for less-costly health care," said Mark B. McClellan, a health economist and former Bush adviser.

Other experts said the proposals were interesting but flawed.

The $15,000 deduction would increase annually with inflation, but health-care premiums typically rise faster. The administration estimates that in 2009, 80 percent of policies will fall under the $15,000 deduction.

After 10 years, though, only about 60 percent will, so more people would be hit by the tax, according to an analysis by the Tax Policy Center, a project of the Brookings Institution and the Urban Institute. The administration's own figures show the government losing as much as $40 billion in tax revenue in the first year but breaking even over a decade as more revenue rolls in.

Wealthier families who benefit from the deduction would get a much greater value than less-affluent families. The $15,000 deduction would be worth $5,250 to a family taxed at 35 percent but only $1,500 to one taxed in the 10 percent bracket. Moreover, more than half of the uninsured are too poor to owe any taxes and would see no benefit, according to an analysis by the conservative Tax Foundation. A more effective strategy, some said, would be to offer the poor tax credits to pay for health insurance, a strategy that Health and Human Services Secretary Mike Leavitt said yesterday the administration has considered.

Others fear the plan would prompt more employers to drop health coverage and offer employees an immediate increase in wages to buy coverage on the individual market. But those plans tend to be more expensive, less comprehensive and harder to get for consumers who are already sick.

"We're tilting the playing field toward this very flawed market," said Robert D. Reischauer, president of the Urban Institute.

Bush Plan Spotlights Uneven Tax Treatment Of Health Benefits (USAT)

By Sandra Block

USA Today, January 25, 2007

Many workers with employer-provided health insurance sign up for a plan during annual enrollment and move on with their lives.

President Bush's proposal to provide a standard deduction for all who buy health insurance is intended to encourage workers and their employers to pay more attention to the cost of health care. It's also designed to make health insurance more affordable for the 47 million Americans who are uninsured.

The plan faces stiff political resistance. Some lawmakers in the Democrat-led Congress said they wouldn't even hold hearings on the plan, arguing that it would hurt many Americans who do have insurance coverage. But Bush's proposal has managed to focus attention on the uneven tax treatment of health care benefits.

Currently, employees aren't taxed on employer-provided health insurance. The self-employed can deduct the cost of a health insurance plan. But taxpayers who work for an employer that doesn't provide insurance can't deduct the cost of buying an individual policy.

President Bush's plan would address that by creating a standard deduction for all taxpayers who obtain health insurance. Taxpayers would receive a standard deduction of $15,000 for family coverage or $7,500 for single coverage. They wouldn't pay taxes on employer-provided insurance unless their insurance exceeded the deduction.

Individuals who buy individual policies would see their taxable income reduced by the amount of the deduction, even if they spent less on their insurance.

Q: Who would be the biggest winners under this plan?

A: Individuals and families who buy individual insurance plans because they're not covered by a plan at work would get a big tax break. The White House estimates that an uninsured family of four with annual income of $60,000 that bought private insurance would get a $4,545 tax break in 2009.

Healthy workers who decline their employers' plans in favor of an individual policy with lower premiums could also come out ahead, says Edwin Park, senior health policy analyst for the Center on Budget and Policy Priorities. Those workers would still receive the full tax deduction, even if their premiums cost less, he says.

But critics say the plan would disproportionately aid high-income taxpayers, who have the most to gain from a tax deduction.

Unlike a tax credit, which is a dollar-for-dollar reduction in your actual taxes, a deduction cuts taxable income. As a result, a $15,000 deduction is more valuable to someone in the 35% tax bracket than someone in the 15% bracket.

Q: Who would be hurt?

A: Workers who are covered by employer plans could lose their coverage, critics say. The Tax Policy Center, a joint project of the Urban Institute and the Brookings Institution, predicts that some small and midsize employers would drop their coverage.

Q: What about low-income people who pay no income tax?

A: They wouldn't get much of a benefit. The Tax Foundation estimated that the majority of uninsured Americans pay no income tax, so they wouldn't gain from the tax deduction.

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But the plan includes an exemption from Social Security and Medicare taxes for those who certify to their employers that they've bought an individual plan. Nearly all workers pay those taxes. A young uninsured worker who earns $20,000 wouldn't owe income tax, but she'd still save about $1,100 — enough to pay up to 70% of the cost of an individual plan, says Joseph Antos, an analyst at the American Enterprise Institute.

Q: If the proposal becomes law, how hard will it be to find a private insurance policy?

A: There's a lot of debate on this issue. Critics of the proposal say private insurers are primarily interested in insuring healthy people. Studies have found that individuals with even minor health problems, such as allergies, are charged higher premiums in the private market, Park says. And people with serious problems might not be able to obtain coverage at any price.

The AEI's Antos counters that greater demand for individual policies would spur competition.

Bush's Gambit On Health Insurance (CSM)

By Mark Trumbull, Gregory M. Lamb

The Christian Science Monitor, January 25, 2007

With pressure building to reform America's healthcare system, President Bush has launched what may be his most ambitious bid to tackle the issue from a free- market basis.

Lately, the momentum has appeared stronger in another direction: States have been considering mandates on employers and individuals to purchase health insurance.

Mr. Bush, by contrast, wants to help more Americans get health coverage by creating new tax deductions. He's trying to wipe away a longstanding problem that America's tax code has nurtured: that health insurance is more affordable for large employers than for small employers or individual households.

Democrats in Congress say the president's idea is too little. And some analysts say that, coming seven years into his administration, it is too late.

Still, the debate over how best to contain spiraling costs and cover millions who are uninsured is far from over. Bush has made a bid for conservative ideas to be on the table as voters weigh this issue in the run-up to the next presidential election.

"I think it will help push [healthcare] further up the agenda in 2008," says Robert Blendon, an expert on health policy at Harvard University in Cambridge, Mass. "He sets the floor,... that government has some role in trying to deal with this and has to make some very substantial changes."

Political pressure for a healthcare fix has been mounting for several reasons. Costs keep rising faster than inflation. That's a problem for anyone paying for care, but for many employers it's a matter of global competitiveness. The rising cost of health benefits are one big reason, for instance, why US automakers are having trouble competing with foreign rivals. The soaring costs also mean that many small employers don't offer insurance. About 16 percent of Americans – 46 million people – lack coverage.

Three paths toward reform

The debate now includes three major paths down which America's health system can travel:

·Trying to preserve and improve elements of a free market, with competition and information for consumers holding prices in check. Call it the Bush plan.

·Mandating that all employers provide insurance to their workers, or contribute a share of their payroll to help government insure the workers. This is the path many states are taking.

·Shifting toward a single-payer system, the model in many developed countries, where Congress would expand a program like Medicare to be an insurance provider for all Americans.

Health insurance is currently a blend of federal, state, employer, and individually purchased coverage – and it's likely that the nation will maintain some form of hybrid system.

But with Democratic victories in last fall's election, momentum has shifted toward proposals that involve stronger government involvement.

In his State of the Union address Tuesday night, Bush acknowledged the need for Washington to do more, but he also tried to define a limit.

"Government has an obligation to care for the elderly, the disabled, and poor children," Bush said. "For all other Americans, private health insurance is the best way to meet their needs."

He outlined two major proposals.

One would be a standard tax deduction for health insurance, $15,000 for families, $7,500 for individuals. But health insurance that costs more than that – whether obtained through an employer or individually – would be considered taxable income.

In effect, this would help level a playing field in which employer-based insurance enjoys tax-free status, while individuals must buy insurance with after-tax dollars. This would save $4,500 for a family of four earning $60,000 a year, thus helping to put

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insurance "within reach" for more Americans, Bush said. The new taxes on those with high-end insurance would help offset the cost of this plan.

Second, he said the government should provide grant money to help states that are coming up with innovative ways to cover the uninsured.

Those could include states such as Massachusetts, which is seeking to achieve nearly universal insurance through a mandate that all individuals obtain insurance. In California, Gov. Arnold Schwarzenegger recently launched a similar proposal.

Support for leveling the playing field

Many healthcare experts support the notion of leveling the playing field, in terms of tax treatment, for employers and individuals.

And by taxing those with expensive insurance, it would counter the regressive nature of the current tax system. (As businesses deduct their healthcare expenses, top-tier workers with the costliest coverage are reaping the largest government subsidy.)

But many experts also say the plan does not go far enough. For one thing, they say, it won't result in coverage for most of the uninsured.

"We have to have a system of universal insurance coverage," says Henry Simmons of the National Coalition on Health Care, a nonprofit, nonpartisan group in Washington.

The coalition is one of several lobbying for more sweeping changes to expand coverage, control costs, and improve the quality of care.

Universal coverage could be achieved through mandates on employers or individuals, or through expansion of government programs, Dr. Simmons says.

Business groups, for their part, say they welcome a full debate of these and other options. But they are wary of a single-payer approach.

In part, that's based on skepticism of whether it will be effective at containing costs that are rising faster than overall inflation.

Some experts say the fast-growing spending isn't necessarily a bad thing. Medical technology and treatments are improving, they say, so it's natural that health spending has grown to about 16 percent of the national economy.

And they say that a single-payer system would reap big reductions in administrative costs.

But others note that countries with purely single-payer systems are not all happy with their systems, and some are trying to shift in a more market-oriented direction to curb costs and expand consumer choice.

In the US, the cost of Medicare alone promises to strain the federal budget in the years ahead, and even that program doesn't cover all health costs for the elderly Americans it serves.

"I have yet to hear a proposal coming out of the single-payer crowd [to address soaring costs] other than 'Trust me, things will be better,' " says Joseph Antos, a health policy expert at the conservative American Enterprise Institute in Washington.

Dr. Blendon, at Harvard, predicts that Democrats won't generally push for a single-payer system. He expects a Democratic plan to extend public coverage to children, expand Medicaid, "but the rest of their efforts will be to get working populations into private coverages."

That leaves plenty to debate this year and beyond.

Bush Health Plan Shifts Onus To The Consumer (WSJ)

By Jane Zhang, Sarah Lueck

The Wall Street Journal, January 25, 2007

President Bush's proposal for easing the nation's health-care woes -- encouraging families to buy insurance on their own instead of relying on employer-provided insurance -- differs from approaches favored by Massachusetts and California as well as many Democrats in Congress.

In their bids to extend health-care coverage to millions of uninsured, former Massachusetts Gov. Mitt Romney and California Gov. Arnold Schwarzenegger, both Republicans, aim to shore up existing coverage, which has been offered by fewer employers in recent years. The Massachusetts plan, which was supported by Democratic Sen. Edward Kennedy, requires all but the smallest employers to offer health insurance, or else pay an assessment to the state. In California, a similar requirement would compel employers that don't offer insurance to pay a 4% payroll tax.

Both states would require all residents to have health insurance, offering government coverage or subsidies to those who are without coverage through an employer.

Mr. Bush, in contrast, avoids mandates and instead would use the tax code to make individually purchased health insurance more appealing and affordable. In a break with the past, he would make employer-provided health insurance taxable,

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but create a tax deduction of $15,000 for families and $7,500 for singles, for everyone who gets insurance, through work or on the open market. That is designed, the White House says, to be fair -- by treating individuals who buy insurance and now receive no tax break, the same as employees who are covered through their work and can exclude the value of the insurance from taxable income. Another part of the president's plan would help states extend coverage to the uninsured by diverting money from hospitals that care for the poor into state insurance pools.

"What you are seeing is indicative of sharp philosophical differences," said Robert Laszewski, a health-policy analyst. "One is to build on the employer-based system that most Democrats embrace and the other is to develop an entirely new system controlled by the consumer, not the employer," which many -- though far from all -- Republicans and the president endorse.

Whether Mr. Bush's plan will contribute to a further erosion of employer-sponsored health coverage was debated yesterday. Health and Human Services Secretary Michael Leavitt told reporters that the president's plan will "absolutely not" have a negative effect on the employer-based system. Rather, he said, it does something that states can't: changes the federal tax code to help individuals buy health insurance. "I do not see employers leaving the employment-based system," he said.

Not everyone in the administration agreed. At a White House briefing on Tuesday, Joel Kaplan, deputy chief of staff for policy, acknowledged that the proposal could accelerate the trend of employers dropping insurance, but emphasized that workers left without coverage would, thanks to the new tax deduction, have the means to "buy insurance in the individual market in a way that they can't now."

Some employer and industry groups fretted about the proposal. Neil Trautwein, vice president of the National Retail Federation, said, "The fear is that if it becomes more attractive for people to decline employer coverage and buy on the open market, then you could get great spirals in the employer plans. I'm not convinced we should take away one of the pillars that has been supporting the health-care system."

Democratic lawmakers said that expanding government programs, not changing the tax code, is a cheaper, simpler way to lower the ranks of uninsured than relying on the individual market, where policies often are expensive and people with health problems have trouble buying coverage at any price. "With the individual market, people pay more for [policies]; they also pay for insurance company overhead. And [private insurers] traditionally discriminate against people with prior medical problems," said Rep. Henry Waxman, a California Democrat and a senior member of a House committee that oversees health-care issues.

Nina Owcharenko, a senior policy analyst for health care at the Heritage Foundation, said the Bush plan would complement states' effort to expand coverage: "The states control the regulatory structure of the individual market," especially for small businesses and individuals, and "this proposal is saying, 'How do we work together?' "

Ms. Owcharenko added: "This is trying to find a way to make sure there's a market for an individual so they can buy health insurance. Both can co-exist.

Michael Leavitt (CSM)

The Christian Science Monitor, January 25, 2007

Key elements of the domestic program President Bush unveiled in Tuesday's State of the Union address are aimed at helping cure Americans' discontent with the nation's healthcare system.

But getting the proposals through the Democratically controlled Congress will be a tough sell.

"A rigorous and robust debate is about to ensue on how to accomplish" the goal of providing affordable health insurance for all, says Michael Leavitt, Secretary of Health and Human Services. As part of the selling of the president's healthcare proposals, Mr. Leavitt spoke to a roomful of reporters at a Monitor sponsored lunch Wednesday.

A Gallup Poll conducted January 15-18 found Americans deeply dissatisfied about the US healthcare system. Seven out of 10 of those polled were dissatisfied with the availability of affordable healthcare. Half of those polled were dissatisfied with the quality of medical care. And more than six out of 10 are dissatisfied with the Social Security and Medicare systems.

In his address to the nation Tuesday, President Bush outlined two key health related proposals. First, Mr. Bush proposed a standard tax deduction for health insurance -- $7,500 for individuals and $15,000 for families. The administration argues the plan will make health insurance more affordable and level the playing field for those who buy insurance on their own rather than through their employer.

"For millions of other Americans who have no health insurance at all, this deduction would help put a basic private health insurance plan within their reach," the president said Tuesday evening.

"In my mind, it is simply indefensible for our country to have a tax policy that provides a tax benefit to part of our citizens and simply ignores the rest," Leavitt said. Currently, Americans who get health insurance through their employer pay no tax on the value of the insurance while those who buy insurance on their own get no tax break and pay for insurance with after tax dollars.

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The president also rolled out what the administration called an "Affordable Choices Initiative." Under the plan, states that provide poor and hard-to-insure citizens with basic health insurance will get additional federal funding to help cover the cost of the insurance. To come up with funds for this new program, the federal government would give less aid to hospitals that serve large numbers of Medicare and Medicaid patients.

The current approach "is not a very efficient system," Leavitt said. "There is a better way to deal with this. And our desire is to have a discussion in each state on how best to deal with charity care. We need a charity care system. There will likely be people who are uninsured no matter what system...But if you were able to insure half of those people who currently turn up uninsured, they would get better healthcare and there would be no reason for us to be sending the same amount of money to hospitals to care for people who don't have insurance."

Key Democrats show little enthusiasm for the president's proposals, especially the plan to offer a standard deduction for health insurance. House Ways and Means Committee Chairman Charles Rangel (D) of New York told the Associated Press, "This is a dangerous policy that ultimately shifts cost and risk from employers to employees and could result in a higher number of uninsured. " The influential chairman added, "the new Democratic majority in Congress is interested in relieving, not increasing, working families' tax burden."

Secretary Leavitt denied the plan was dead on arrival. "Now it may be the debate will begin to center on different proposals, perhaps it will be an offshoot of this one. But we need to have this debate. This is a problem ripe for solving."

Leavitt also denied that the president ducked on offering solutions to Social Security's and Medicare's long term financial problems. "There is a great deal of conversation going on right now with leaders of the Congress," on those issues, he said. "We are going to see a lot of discussion about both Social Security and Medicare."

While most of the conversation at the lunch centered on healthcare, Leavitt was also asked about the 2008 presidential race. A reporter mentioned a recent poll by the political newsletter Hotline that showed some voters are concerned about former Massachusetts Governor Mitt Romney's Mormon faith. Leavitt, a Mormon who served 11 years as governor of Utah, responded, that Mr. Romney "is going to emerge as a viable, well thought of presidential candidate and I think in time the question of his religion will turn out to be a curiosity for people and not affect his candidacy in a significant way."

Credit Offer (WP)

The Washington Post, January 25, 2007

ONE OF THE tweaks that would make President Bush's new health-care proposal much more attractive would be changing the proposed tax deduction for those who purchase insurance to a tax credit. Yesterday, the day after the president unveiled the proposal in his State of the Union address, Health and Human Services Secretary Mike Leavitt signaled the administration's openness to doing just that.

At a luncheon sponsored by the Christian Science Monitor, Mr. Leavitt said there were "redeeming tax policy features to using a credit" but that the administration had decided to "propose as a starting place" to use the mechanism of a standard deduction instead. That sounds like a door opening to us -- and a door skeptical Democrats ought to be willing to poke their heads through. Transforming the deduction into a credit would create a proposal that is fairer and that would do more to reduce the ranks of the uninsured.

Why? The Bush proposal would create a separate standard tax deduction -- $7,500 for individuals, $15,000 for families -- for those who purchase health insurance. While this would make the system more progressive than it is now, the deduction would still be worth far more to those in higher tax brackets. Conversely, a tax credit would treat all taxpayers equally: the $22,000-a-year factory worker would get the same break as a $220,000-a-year lawyer.

An even better approach, suggested in a thoughtful analysis by the Tax Policy Center of the Brookings Institution and the Urban Institute, would make the credit progressive (lower-income taxpayers would get a larger credit), refundable (taxpayers who don't pay enough taxes to reach the amount of the credit would get money back) or both.

Not only would a credit be more equitable, it would be more effective. Because it would be worth more to lower-income recipients, it would give them a greater incentive to purchase insurance, either by participating in employer-sponsored plans or by buying it on their own. There is the separate, and important, problem of making certain that insurance is available on the private market at an affordable price, but that does not diminish the fact that a credit is the preferable approach.

And consider this: In every previous budget, Mr. Bush has proposed a refundable tax credit for health coverage. Given Mr. Leavitt's apparent openness to change, why don't Democrats suggest modifying the president's plan to do just that?

Congress Office Forecasts Drop In U.S. Deficit (NYT)

By Edmund L. Andrews

The New York Times, January 25, 2007

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WASHINGTON, Jan. 24 — The nonpartisan Congressional Budget Office predicted on Wednesday that the federal budget deficit would shrink again this year and could actually swing into a surplus in 2012 — but only if President Bush's tax cuts expire in 2010.

The agency predicted that the deficit for 2007 would decline to about $200 billion. It would be the third big annual decline in a row, and it would come even though spending on the war in Iraq is expected to remain high this year.

The decline of the deficit comes on the heels of unexpectedly large increases in tax revenue over the last two years and slower-than-expected increases in spending on Medicare.

Much of that increased revenue came from taxes on sharply higher corporate profits and big gains in the stock market, even though Congress reduced the tax rate on capital gains and stock dividends in 2003.

The agency's "baseline" estimate, one that assumes current law does not change, is that the deficit will decline to $172 billion this year, from $248 billion in the past fiscal year, which ended Sept. 30, 2006. As a practical matter, officials said, the actual deficit will probably be about $200 billion because of outlays for the war.

It is a rare piece of good news for President Bush, coming as he is struggling to persuade Congress to accept his strategy of sending more troops to Iraq and as his public approval ratings are at an all-time low.

White House officials boasted that the projections validated Mr. Bush's strategy of cutting taxes to stimulate the economy and ultimately generate higher tax revenues.

"Two years ago, the president laid out an ambitious goal to cut the deficit in half by 2009, and we met that goal three years early," said Rob Portman, the White House budget director. "We are now on a solid path toward the president's new goal to achieve a balanced budget by 2012."

But Congressional budget officials cautioned that the projections were not as sunny as they looked, in part because they assume that Congress will let President Bush's tax cuts expire in 2010, along with many corporate tax breaks, and will not try to shield millions of families from a big increase in their tax bills because of the alternative minimum tax.

Mr. Bush and most of his Republican allies in Congress have pushed to make the tax cuts permanent, rather than letting them expire at the end of 2010 as they are scheduled to do. Even some Democrats favor extending the tax cuts that benefit middle-income families.

Extending the tax cuts would cost the Treasury $1.4 trillion in the next 10 years and increase the deficit in 2017 alone by more than $400 billion.

Lawmakers in both parties have wanted to restrain the alternative minimum tax, a parallel tax that was aimed at only the richest families but has not been adjusted for inflation. If left unchanged, the alternative minimum tax is expected to engulf tens of millions of families with annual incomes of $100,000 and less.

Preventing an increase in the alternative tax would cost $1.2 trillion over 10 years and add more than $200 billion to the deficit in 2017, the budget office estimated.

Democrats countered that the fiscal picture remained bleak. "While any improvement in the deficit is a welcome development, today's report from C.B.O. is no cause for a declaration of victory," said Representative John M. Spratt Jr., the South Carolina Democrat who is chairman of the Budget Committee.

After factoring in the cost of tax cuts, Mr. Spratt said, the new report offered a "bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course."

The budget office tried to include costs of the war in its projections. But the baseline projection included only the $70 billion in "bridge" financing that Congress approved last year, and President Bush is expected to submit a supplemental request next month that could be more than $100 billion.

The agency estimated that actual outlays during the 2007 fiscal year would total almost $100 billion and add about $25 billion to the deficit beyond what the baseline estimate indicated. That estimate is consistent with others that war costs are running about $8 billion a month.

Congressional analysts had a more difficult time with war costs in 2008 and beyond. If the United States reduced troops in Iraq to 30,000 in 2010, from more than 130,000 today, the agency estimated, the spending on Iraq would be about $300 billion less than it assumes right now.

Over the long term, the Congressional Budget Office said, the real budget problem will be the surge in spending on Social Security and Medicare as baby boomers retire.

It echoed Ben S. Bernanke, chairman of the Federal Reserve Board, who told Congress last week that the recent improvement in the budget was merely the "calm before the storm" and that the nation would face "draconian" choices between severe cuts in benefits and steep tax increases if it failed to act quickly.

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Likewise, the budget office said there had been no “substantial change” to the problems that lie a few years ahead. “Either a substantial reduction in the growth of spending, a significant increase in tax revenues relative to the size of the economy, or some combination of spending and revenue changes will be necessary,” it said.

Surpluses Could Be Just Promises (USAT)

By Richard Wolf

USA Today, January 25, 2007

WASHINGTON — A day after President Bush pledged to balance the federal budget by 2012 without raising taxes, Congress' budget agency said it probably can't be done.

In a report that will guide this year's debate on spending and taxes, the Congressional Budget Office (CBO) on Wednesday projected budget surpluses beginning in 2012 only if current laws and policies remain the same.

The president and Congress, however, are seeking tax changes that would wipe out the projected surpluses and drive up the deficit by hundreds of billions of dollars. Those changes include extending Bush's 2001 and 2003 tax cuts and preventing millions of taxpayers from being hit by the alternative minimum tax, which increases taxes on people with large deductions.

In addition, the report warned the White House and Congress that the future growth of Medicare, Medicaid and Social Security threatens to unravel deficit-reducing initiatives. By 2050, federal spending on the two health care programs alone would equal 20% of the nation's economy, up from 4.5% today.

"The central long-term problem facing the federal government is health care," said Peter Orszag, the agency's new director. "It is implausible that economic growth alone will eliminate the nation's long-term fiscal imbalance."

Arguments between the White House and Congress over how to erase large deficits dominated budget debates throughout the 1980s and most of the '90s. As a share of the economy since World War II, the deficit peaked in 1983 at 6%. Deficit-reduction agreements in 1990, 1993 and 1997 reduced the red ink, but it took the strong economy of the late 1990s, symbolized by a booming stock market, to create a surplus.

It didn't last long. After four years, recession, war and Bush's tax cuts combined to produce deficits, which peaked at $412 billion in 2004, or 3.6% of the economy. Since then, a surge in corporate tax receipts has helped shrink the deficit to $248 billion, according to the CBO's figures; the White House estimate is $296 billion.

Bush will deliver his proposed 2008 budget on Feb. 5. In Tuesday's State of the Union address, he vowed to balance the budget by 2012 "without raising taxes. What we need to do is impose spending discipline."

In the short term, the CBO report offered some good news. It projected that the deficit would drop to about $200 billion this year and about $100 billion in 2008, partly due to savings in federal health care programs such as Medicare's new prescription-drug coverage. Those numbers will change depending on the cost of the wars in Iraq and Afghanistan, as well as other spending and tax decisions.

The White House seized on the short-term estimates Wednesday. "We are now on a solid path toward the president's new goal to achieve a balanced budget by 2012, while making the tax cuts permanent and better constraining spending," said Rob Portman, the White House budget director.

Democrats focused on the longer-term projections. "The estimates from CBO become a bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course," said House Budget Committee Chairman John Spratt, D-S.C.

It's A Balanced Budget Or Tax Cuts, Report Says (LAT)

By Joel Havemann

The Los Angeles Times, January 25, 2007

WASHINGTON — President Bush can balance the budget within five years, or he can get Congress to extend his tax cuts beyond their scheduled expiration, the Congressional Budget Office reported Wednesday — but probably not both.

Bush has said otherwise, committing himself in Tuesday's State of the Union address, as he did earlier this month, to providing Congress on Feb. 5 with spending and tax proposals for fiscal 2008 that would put the budget on a path toward balance by 2012.

"We must balance the federal budget," Bush said Tuesday night. "We can do so without raising taxes."

The nonpartisan CBO, in its annual report on where current spending and tax policies would take the budget over the next 10 years, did not contradict Bush in so many words. But its tables painted an unmistakable picture of a budget that needed an extra infusion of cash or a sharp reduction in outlays if revenue were ever to exceed spending.

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And even if the budget could be balanced by 2012, said Peter R. Orszag, the CBO's director, the retirement of the baby-boom generation could quickly unbalance it: Not only would the wave of retirees force the government to spend more for Social Security, Medicare and other benefit programs, he said, but it would drain the population of taxpaying wage-earners.

Republicans in Congress saw the report as portraying a potentially bright budgetary future.

"Congress is within reach of balancing the budget without raising taxes if significant entitlement reforms are enacted within the next five years," said Rep. Paul D. Ryan of Wisconsin, the top Republican on the House Budget Committee

Rep. Roy Blunt of Missouri, who ranks second in the House GOP leadership, was more enthusiastic. "Tax relief has spurred unprecedented economic growth," he said, "and these results prove that we can balance our budget without raising taxes."

To Democrats, the fiscal outlook was much gloomier. Senate Budget Committee Chairman Kent Conrad of North Dakota said the CBO must base its projections on current spending and tax law, without regard to likely changes. And currently, he said, the Iraq war is underfunded — the administration is expected soon to ask for an additional $100 billion for this year — and the tax cuts that Bush wants made permanent are due to expire at the end of 2010.

When the budget office's projections are adjusted for these and other factors, said Rep. John M. Spratt Jr. (D-S.C.), chairman of the House Budget Committee, the result is "a bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course."

Liberal and conservative budget analysts took the Democrats' slant. Brian M. Riedl, lead budget specialist at the right-of-center Heritage Foundation, said the new numbers implied that balancing the budget by 2012 without increasing taxes meant that federal spending could be $294 billion greater in 2012 than 2007. But in that period, he noted, Social Security, Medicare and Medicaid costs would rise by $367 billion.

Under current law, if the tax cuts expire as scheduled at the end of 2010, the budget would swing nearly to balance in 2011 and show a $170-billion surplus in 2012, the CBO estimates.

But that would occur only if Congress allows the tax cuts to expire. Such a decision — far from a forgone conclusion — would generate $268 billion in revenue in 2012. Without it, there would be a $100-billion deficit.

The budget office said other likely tax actions — notably, continued relief from the alternative minimum tax, which increasingly hits middle-class taxpayers instead of just the very wealthy — would add $160 billion more to the 2012 deficit.

On the spending side of the budget, substantial troop reductions in Iraq could save $43 billion in 2012. But that could be more than offset if Congress let domestic appropriations, which Bush has targeted for no increase even for inflation, grow as fast as the combination of economic output and inflation. Altogether, the policy changes identified by the CBO could turn the 2012 surplus of $170 billion into a deficit of $245 billion.

For What It's Worth, CBO Sees Zero Deficit (WP)

By Lori Montgomery

The Washington Post, January 25, 2007

The federal budget deficit will fall to $172 billion this year and $98 billion next year, then disappear completely by 2012, according to a report released yesterday by the Congressional Budget Office. But virtually nobody -- not even top CBO officials -- believes it.

That is because the CBO, the nonpartisan office that supplies Congress with cost estimates, is required to make some whopping assumptions, including: that all of President Bush's tax cuts will expire on schedule in 2010; that the alternative minimum tax will be permitted to ensnare millions of additional taxpayers; and that the war in Iraq and other military operations will never cost much more than the $70 billion that has so far been approved for the fiscal year that ends in September.

Back in the real world, even Democrats want to extend at least some of the Bush tax cuts. Even the White House wants to halt the expansion of the alternative minimum tax. And, as for global war efforts, the president is calling for an additional 21,500 troops to be sent to Iraq and is expected to ask Congress to approve an additional $100 billion for this year alone.

Add it all together, and the deficit would be about $200 billion this year, according to the CBO -- down from the $248 billion deficit recorded in fiscal 2006 and a big drop from the $413 billion spending gap the government racked up in 2004, the largest ever in dollar terms.

But the deficit would climb back up to $275 billion in fiscal 2008, according to Democratic budget leaders, who are just starting work on the 2008 budget. And by 2012, the deficit would be back in the $300 billion range, Democrats said, with the national debt climbing higher and a projected explosion in Social Security, Medicare and Medicaid costs right around the corner.

"You have to acknowledge this is good news. It will make it easier for all of us to bring the budget into balance over a reasonable length of time," House Budget Committee Chairman John M. Spratt Jr. (D-S.C.) said of the positive changes in CBO's official estimates. "But this is no time to get euphoric."

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Both Spratt and Senate Budget Committee Chairman Kent Conrad (D-N.D.) have vowed to bring the budget into balance by 2012, as has the president. Bush is scheduled to deliver his five-year budget plan to Congress on Feb. 5.

In a statement, Bush's budget director, Rob Portman, hailed the CBO projections as further evidence that the nation is "on a solid path toward the president's new goal to achieve a balanced budget by 2012."

But Portman told reporters that the White House, too, is projecting larger immediate deficits than the CBO foresees. He said the president's fiscal 2008 budget will include some expensive items left out by the CBO, including a permanent extension of the business tax credit for research and development and, perhaps, a plan to hold the number of households hit by the alternative minimum tax steady at about 4 million for another year.

"Our number will be a little higher than theirs because we make different assumptions. But we'll be consistent in our ability to reduce deficits and balance the budget by 2012," Portman said, adding that the president's plan predicts a surplus in 2012.

In a briefing at the CBO's offices, new director Peter R. Orszag acknowledged that the numbers "may not conform to what many people expect will actually happen in the future." But the CBO is required to make projections based on current law, not on conventional wisdom or even political reality, Orszag said.

For that reason, the CBO's 173-page budget outlook includes a chart titled "Budgetary Effects of Selected Policy Alternatives Not Included in CBO's Baseline" that makes it possible for people to assemble their own budget projections.

Tax Decisions Could Affect Deficit Outlook (WSJ)

The Wall Street Journal, January 25, 2007

WASHINGTON -- Congressional budget experts said the fiscal 2007 deficit could fall to $172 billion if current policies remain in place, down from $248 billion in 2006, but the gap could worsen depending on how Congress addresses several looming tax-policy decisions.

The Congressional Budget Office projections exclude the cost of an anticipated $100 billion war supplemental-spending bill. If that money is approved, CBO expects about $25 billion of it will be spent in 2007, bringing the year's deficit to about $200 billion, according to new CBO Director Peter Orszag. Fiscal year 2007 began Oct. 1, 2006.

Office of Management and Budget Director Rob Portman said the president's budget will likely result in a higher deficit for fiscal year 2007 than predicted by CBO. "Our number will be a little higher than theirs," Mr. Portman told reporters. "But, it will be consistent with the broad theme of reducing deficits and [reaching] balance by 2012," Mr. Portman said. President Bush will continue a U.S. military buildup while offering a package of entitlement cuts as part of a plan to balance the budget by 2012, a senior administration official said yesterday.

CBO sees the deficit dropping to $98 billion in 2008 and, after a brief increase in 2009 and 2010, leveling out in 2012 and turning into a surplus. Aiding the decline is that revenue is projected to grow an average of 5.2% over the next 10 years and as much as 7% in 2007.

However, CBO's deficit projections assume that the tax cuts enacted by Mr. Bush are allowed to expire in 2010 and that the alternative minimum tax, which is expected to ensnare 33 million Americans by 2010, isn't fixed. Making the tax cuts permanent, which Mr. Bush has requested, would inflate the deficit by about $1.9 trillion over 10 years, according to CBO. Fixing the AMT, which was intended to capture high-income earners but has begun to hit the middle class because it wasn't indexed for inflation, would increase the deficit by $569 billion over that same period.

Mr. Orszag also warned that the favorable outlook suggested by the 10-year projections "doesn't alter the long-term fiscal imbalance" caused by the ballooning costs of entitlement programs such as Medicare and Social Security. Medicare and Medicaid alone are expected to grow from 4.5% of gross domestic product to 20% by 2050, as health-care costs increase and an aging work force begins collecting benefits.

CBO said either a substantial reduction in the growth of spending, a significant increase in tax revenue or some combination of both would be "necessary to promote long-term fiscal stability."

CBO Projects Deficit Of $172 Billion In '07 (WT)

By Stephen Dinan

The Washington Times, January 25, 2007

The Congressional Budget Office said yesterday that this year's federal deficit will be $172 billion, far smaller than last year's tally, and that the budget is on track to be balanced by 2012 without any action or interference from Congress or the president.

But the CBO cautioned that the short-term number doesn't include $30 billion in expected war costs, and that the long-term picture is unlikely to materialize because it assumes giant tax increases with the expiration of President Bush's 2001 and 2003

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tax cuts and with the growth of the alternative minimum tax. Congress and the president have promised to cut at least some of those taxes.

"When these adjustments are made, the estimates from CBO become a bleak reminder of how much current policy will need to be changed to return the budget to a fiscally responsible course," said House Budget Committee Chairman John M. Spratt Jr., South Carolina Democrat.

The figures set the stage for Mr. Bush, who will present his fiscal 2008 budget early next month. That fiscal year begins Oct. 1.

Rob Portman, director of the Office of Management and Budget, said Mr. Bush will show a higher deficit in 2007 and different projections for later years because he makes different assumptions. Mr. Portman said a key difference is that the administration's budget will assume the tax cuts do not expire.

Still, he said Mr. Bush's budget also will show declining deficits and a balanced budget in 2012.

"Congress should be encouraged by this news, and I am optimistic that we can work together -- across party lines -- to keep the economy strong and spend taxpayer dollars wisely," he said.

The good fiscal news is thanks mostly to extraordinary revenue growth, rather than spending cuts.

Although Mr. Bush has touted a promised balanced budget by 2012, the CBO's projections show the balance would be achieved without any help from Mr. Bush -- as long as he didn't propose deeper tax cuts or more spending.

The CBO projects a $170 billion surplus in 2012, after a deficit of $12 billion the year before. The 2006 deficit was $248 billion.

In 2011, the CBO projects, the federal debt will peak at $5.4 trillion before declining as the budget comes into balance.

House Majority Leader Steny H. Hoyer, Maryland Democrat, said that however good the news, it is still a long way from the huge surplus projected for 2007 when Mr. Bush took office six years ago.

"The reality is that this CBO projection represents a $750 billion deterioration in the budget outlook for fiscal 2007 from the one President Bush inherited when he took office," Mr. Hoyer said.

The CBO report included a warning about the long-term picture, with the aging population putting more stress on Medicare, Medicaid and Social Security.

"Either a substantial reduction in the growth of spending, a significant increase in tax revenues relative to the size of the economy, or some combination of spending and revenue changes will be necessary," the report concluded.

War Costs Extend Budget Deficit Gap (AP)

By Andrew Taylor, Associated Press Writer

AP, January 25, 2007

Budget estimates released Wednesday showed some improvement in the deficit but gave little solace to Democrats struggling to match President Bush's promise to balance the budget.

The new forecast from the Congressional Budget Office put the deficit for the current budget year reaching about $200 billion after factoring in Iraq war costs. Last year's deficit was $248 billion.

Both the White House and the top Democratic budget writers welcomed the improved outlook, but difficult disagreements remain over how to close the gap.

The CBO, a nonpartisan agency that provides lawmakers with estimates of the budget and the costs of legislation, said the budget could run a $170 billion surplus in the 2012 fiscal year.

That figure, however, assumes Congress will let Bush's tax cuts expire at the end of 2010, effectively raising taxes on income, inheritances, married couples and parents.

The Bush administration releases its budget Feb. 5 and promises it will be balanced by 2012 without any such tax increases.

White House budget director Rob Portman met on Capitol Hill with a group of moderate House Democrats and claimed such lawmakers as allies in the president's effort.

"This notion that you have to raise taxes to achieve balance ... is no longer the environment or the scenario," Portman told reporters.

He said Bush's budget would achieve balance with improved but still "cautious" estimates of tax revenues. They probably will be more optimistic than the CBO's estimates.

Bush has one significant advantage in the upcoming debate. In designing his budget, Bush can assume his changes are put in place. He does not have to consider the political difficulties of getting the Democrat-controlled Congress to go along with cuts to hospitals and other Medicare providers and new fees on airline passengers and veterans seeking health care.

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The chairman of the House Budget Committee, Rep. John Spratt, D-S.C., and his Senate counterpart, Sen. Kent Conrad, D-N.D., have the difficult job of trying to advance a budget that unites politically fractious factions of their party.

Their task is made even tougher because the CBO's figures understate the true magnitude of the nation's fiscal woes.

Not included, for example, are the future costs of modifying the alternative minimum tax to head off a revolt by middle-class taxpayers.

Extending Bush's tax cuts and changing this tax would swamp the projected surplus for 2012 with $425 billion in lost revenues and interest costs, according to CBO figures.

Spratt and Conrad say factoring in such costs presents a truer picture of the 2012 deficit at $313 billion. That would guarantee wrenching choices for lawmakers promising to erase the deficit.

The CBO's new projections credit revenue increases and lower costs for federal health care programs for the bulk of the improvements to this year's deficit.

Just last July, the White House predicted a $339 deficit for 2007. The CBO's new director, Peter Orszag, based his $200 billion prediction by combining the agency's baseline deficit of $172 billion with about $25 billion in additional war spending.

Bush is expected to send Congress a Pentagon request for about $100 billion for Iraq and Afghanistan, but only $25 billion or so will actually be spent before the Sept. 30 end of the current budget year, Orszag said.

Like virtually all of his predecessors, Orszag sees troubling signs in the long term. Rising health care costs and the looming retirement of the baby boom generation promise to swamp the Medicare program unless Congress steps in with politically painful tax increases and or benefit cuts.

"Some combination of either spending reductions, revenue increases or a combination of the two will be necessary to bring the nation's long-term fiscal house in order," Orszag said.

Byrd Fires Warning On Spending (RC)

By Emily Pierce

Roll Call, January 25, 2007

In an apparent attempt to head off conservative Republicans intent on restraining Congressional spending, Senate Appropriations Chairman Robert Byrd (D-W.Va.) is circulating a memo warning that without increased funding for some programs the federal government may have to lay off or furlough thousands of key homeland security, consumer safety and health care personnel.

With the current stopgap funding measure set to expire Feb. 15, Byrd and House Appropriations Chairman David Obey (D-Wis.) are gearing up for a fight with Republicans over how to make sure that 13 Cabinet agencies, Congress and countless independent government agencies continue to operate for the remainder of fiscal 2007, which ends Sept. 30. Congress already has approved fiscal 2007 funding for the Defense and Homeland Security departments.

The current continuing resolution freezes federal spending at fiscal 2006 levels, and conservative Senators such as Jim DeMint (R-S.C.) and Tom Coburn (R-Okla.) have pushed to keep the government funded at 2006 levels for the remainder of the fiscal year to trim as much as $7 billion from the discretionary spending budget.

But the Byrd memo predicts that if Congress maintains those levels for the remainder of fiscal 2007, “it would result in thousands of layoffs in the public and private sectors; it would cut off health care for members of America’s Armed Forces; and it would close the doors to medical care for thousands of our veterans.”

One skeptical Senate GOP aide said the memo is just hyperbole from appropriators who consistently resist efforts to rein in Congressional spending.

“This is like the appropriator who cried ‘wolf’ in the sense that they say this year after year whenever a CR is put in place,” the aide said. “The wild accusations they make never come to pass.”

DeMint said on the Senate floor Jan. 11 that appropriators could not be believed.

“You will notice, despite what has been said, we passed a continuing resolution at the end of last year and didn’t pass our appropriation bills. Of course, as you look around, you see the country is still operating just fine,” DeMint said. He added, “I would make the case we need a system that, if we are not able to have ample debate and discussion about appropriations, we don’t have all this fanfare about closing down the government every year and scaring our senior citizens and our veterans that something is not going to come that they need.”

Still, Byrd’s memo provides a useful window into the programs and government offices likely to see modest increases in a $463 billion 2007 joint spending resolution, which could be on the House floor as early as next Wednesday.

Byrd spokesman Tom Gavin stopped short of saying the memo reflected how the joint resolution would be structured, but noted, “The areas highlighted in this document are certainly areas of concern.”

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For example, the memo warns that the Food Safety and Inspection Service would have to begin furloughing its entire staff beginning the first week of September, an action that could result in the shuttering of 6,000 meat and poultry processing plants across the country because FSIS staff would not be on site.

The document does not say how much money it would take to keep the FSIS up and running through the end of September.

Meanwhile, Byrd's office estimates that the FBI would be $80 million short, face a yearlong hiring freeze, and have to fire some special agents, intelligence analysts and other support staff if forced to operate under fiscal 2006 funding levels.

Similarly, the daily operations budget of the Army Corps of Engineers would face a $22 million shortfall — requiring the Corps to fire 250 of its 900-person staff, according to Byrd's office. And the federal judiciary would have to trim its staff by 2,500 — a scenario that could affect parole officers' capacity to track convicted felons, the memo noted.

The Social Security Administration would have to furlough 65,000 employees for more than a week if the $180 million projected shortfall under 2006 levels were allowed to continue, the memo asserts. Plus, the 1-800-Medicare call center likely would have to close down for the "final months of the fiscal year," the document says.

The biggest ticket item in the memo, however, is the $3.2 billion needed to shore up veterans' medical care — a figure that has been known for months.

Though the memo plays up the impact of funding shortfalls on national security, the elderly and veterans health care, a number of priorities championed by the new Democratic majority are highlighted as well.

For example, the document notes that implementation of the No Child Left Behind Act would remain at half the authorized level and that funding for Pell Grants for higher education would be frozen for the fifth year in a row.

Bush Proposes Broadening The No Child Left Behind Act (NYT)

By Diana Jean Schemo

The New York Times, January 25, 2007

WASHINGTON, Jan. 24—The Bush administration called on Wednesday for an array of changes to the president's signature education law. The proposals would give local school officials new powers to override both teachers' contracts and state limits on charter schools in the case of persistently failing schools.

The proposals are part of the administration's blueprint for revising the No Child Left Behind Act, which Congress is scheduled to renew this year. Margaret Spellings, the education secretary, said the goal was to provide students in failing schools with other options and "to make sure we have our best personnel in the neediest places."

President Bush signed the No Child Left Behind Act into law in 2002. It requires schools to test students in reading and math annually in grades three to eight, and establishes progressively more severe penalties for schools that fail to make adequate progress, including shutting the schools altogether.

Administration officials said there were currently about 1,800 of these schools across the country, where students have failed to meet state targets for reading and math for more than five years. But they said that loopholes in the current law allowed them to avoid serious action indefinitely.

"We all have to answer the question what are we going to do about that," Ms. Spellings said in a telephone news conference. "This is the president's answer to, Is the promise of No Child Left Behind real?"

She said that allowing local officials to close failing schools and replace them with charter schools would give children new options. Charter schools are publicly financed but freed from many of the regulations that apply to traditional neighborhood schools.

In 26 states, including New York, there are limits on how many charter schools can be opened. Critics point to a lack of consistent research showing charter schools are any more effective than traditional public schools in raising achievement.

Ms. Spellings said local superintendents would also be helped if they could transfer teachers in their districts to help improve poorly performing schools, even if union contracts banned such moves.

Edward J. McElroy, president of the American Federation of Teachers, derided the proposal as "silly on its face," adding, "I have a feeling they're setting up a straw man just to knock it down."

While allowing for "areas of agreement" with the president's blueprint, Senator Edward M. Kennedy, the Massachusetts Democrat who is chairman of the education committee, said he was "disappointed that the administration has proposed circumventing state law" with its proposal on charter schools.

In the House, Representative George Miller, the California Democrat who is chairman of the education committee, rebuffed the administration's move to allow superintendents to override contracts, which he called a "proposal to gut collective-bargaining agreements."

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Separately, he rejected the administration's call for school vouchers. President Bush proposed, as he has every year since taking office, taxpayer-financed vouchers to allow children in struggling schools to transfer to private schools.

"Private school vouchers," Mr. Miller said, "have been rejected in the past, and nothing has changed to make them acceptable now. They are the same bad idea they have always been."

Other administration proposals seemed likely to be more acceptable, among them: a call for a federal fund that would give extra pay to teachers who are most effective in raising children's test scores, or who agree to teach in the neediest schools; and allowing districts with failing schools to first offer children tutoring before allowing them to transfer.

The administration also proposed requiring states to publicize how their students perform on a national exam, known as the nation's report card, side by side with student performance on state exams. The move is intended to pressure states to make their own standards more rigorous.

Congress will consider the president's blueprint as it takes up hearings to renew the law this spring. But with the presidential race taking shape, it is not at all certain that Congress will complete the job this year.

In moving to update the law, Congress and the administration are threading their way through discontent from across the political spectrum, from teachers unions upset that the law's testing requirements are dictating what teachers do in the classroom to conservatives who say education should remain a purely local matter.

Michael J. Petrilli, an Education Department official in Mr. Bush's first term who recently called the law "fundamentally flawed," said the administration's proposals represent "a pretty decent repair attempt."

"It's 50 percent stay the course, 30 percent tweak and tuck, and 20 percent bold new ideas," Mr. Petrilli said.

He added, "Not bad for a president with 33 percent approval ratings, though the package as a whole has about a zero percent chance of getting through Congress."

Bush Proposal Revives Private-school Vouchers (USAT)

By Greg Toppo

USA Today, January 25, 2007

On the heels of the State of the Union address, the Bush administration unveiled its education wish list Wednesday. It proposes more leeway for administrators to move good teachers into poorly performing schools and would provide a $4,000 check for students who would rather leave the public system for private school.

Education Secretary Margaret Spellings released the 15-page plan as Congress gears up for hearings on reauthorizing President Bush's No Child Left Behind law. Hearings could come as early as spring; the law expires this year.

Under the plan, school districts would be required for the first time to send parents a "report card" showing how students do both on state skills tests and on a more rigorous national test. In many states, the majority of students meet state standards but not national requirements.

The move could force schools to toughen coursework in math and reading.

Among other proposals, the plan would:

·Allow students with poor skills to get federally funded tutoring earlier, even if a school isn't required to offer it to all students.

·Give schools more flexibility with federal money. For instance, money intended for safety programs could be spent on reading or teacher training.

·Allow a more generous measure of student progress, giving credit for year-to-year gains even if children don't meet rising benchmarks.

A controversial proposal would allow supervisors to move talented teachers to struggling schools even if a union's collective bargaining agreement forbids it. The law now prohibits such moves if they conflict with union contracts. Spellings says the plan is a tool "to get these best people in the neediest campuses."

Edward McElroy, president of the American Federation of Teachers, says the union "would oppose any federal intervention" in local contracts. The move may not get better teachers into struggling schools but could drive good teachers out, he says. "This is a whole area where we need thoughtful study rather than people setting up straw men and knocking them down."

The proposal to allow students in persistently failing schools to use about $4,000 in federal money to attend a school of their choice faces steep odds. Congress has killed similar plans in Bush's budget each year since 2001.

Sen. Edward Kennedy, D-Mass., who chairs the Senate education committee, says he'll look closely at the administration's ideas: "I am sure there will be areas of agreement." But, he says, "I am disappointed that the administration has once again proposed siphoning crucial resources from our public schools — already reeling from increased requirements and budget cuts — for a private school voucher program."

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Spellings says she'll "fight hard" for the vouchers and the rest of the plan.

"I see this as a very vigorous package of proposals that are sound and make sense when they are taken together," she told reporters Wednesday.

Spellings Stands Firm On 'Real School Choice' (WT)

By Amy Fagan, The Washington Times

The Washington Times, January 25, 2007

Education Secretary Margaret Spellings said yesterday the administration will fight tenaciously for a few key changes to its signature education law, including helping children in chronically failed public schools to attend private schools instead.

During his State of the Union speech Tuesday, President Bush called on Congress to renew one of his key domestic accomplishments -- the No Child Left Behind Act -- this year, and the administration yesterday laid out its suggestions, including new requirements for high schools, a new focus on science, and aggressive restructuring tools for schools that have failed to make progress during the past five or six years.

Mrs. Spellings told editors and reporters at The Washington Times yesterday that she thinks a bill to renew the law will be ready to move through the Senate education panel by March or April.

"We must be much more aggressive and much more vigorous about those restructuring notions, including offering real school choice to the kids on those campuses," Mrs. Spellings said. "We've given them a chance, we've given them resources, and it's time for us to say '[The law] is a real promise and other options have to be brought to bear.' "

Top Democrats, such as Sen. Edward M. Kennedy of Massachusetts, chairman of the Senate education panel, immediately balked at the school-choice provisions, while indicating agreement in other areas. Democrats' top goal is to secure a steep funding boost for the law, and Mrs. Spellings indicated the administration will use that as a bargaining chip.

"What levels of funding are calibrated to what levels of reform I think is the discussion we'll have this year," Mrs. Spellings said. "But you bet I am going to fight for these policies."

She said funding details won't be released until Mr. Bush sends his budget to Capitol Hill in the coming weeks.

Mr. Bush's proposal for renewal wouldn't change the bulk of the five-year-old law, which mandates that students be able to read and do math at grade level by 2014, and requires that states set standards and administer annual tests.

But Mrs. Spellings said she has "never been involved in the passage of a perfect bill," so some changes are needed.

The administration's proposal adds science to the list of subjects tested, requiring students to reach grade-level proficiency by 2020. It also would set more tests and requirements for high schools, such as collecting better graduation-rate data and partnering with colleges to develop English and math curricula that better prepare students for the workplace.

Meanwhile, conservatives on Capitol Hill have worried the administration will try to dramatically expand the law, either with more funding, by mandating new requirements for high schools, or both.

Some Republicans in the Senate and House want to keep the law's high standards in place but let states enter a five-year performance agreement with the federal government in exchange for less regulation and more flexibility in how they would use federal dollars and would track their progress.

The administration's proposal doesn't go that far, though it does give states more flexibility in how they spend their federal education dollars.

Mrs. Spellings said she has spoken with some of these concerned conservatives and is open to more discussion, as long as the core requirements of the law aren't watered down. But she also said there will be some degree of increased education funding this year.

Among its more contentious suggestions, the administration proposal would allow more aggressive action to be taken when a school has consistently failed to make progress for several years. Currently, chronically failing schools must offer their students the option of another public school or after-school tutoring.

But if a school fails to meet improvement standards repeatedly, which Mrs. Spellings defined as five or six years, the new proposal would give each child about $4,000 to take to another public school or a private school. It also would allow superintendents in these areas to convert the schools into charter schools even if a state's charter-school limit has been reached. Superintendents also would be able to break union contracts in order to move teachers within these schools.

Right now, about 1,800 schools fall into this "chronically underperforming" category.

In communities with several failing schools, the administration proposal also would offer scholarships for pupils to attend private schools.

Democrats have argued that these struggling schools need more money in order to meet the law's tough requirements.

House education panel Chairman George Miller, California Democrat, slammed the school-choice idea yesterday, saying it "didn't pass muster when Republicans controlled the Congress, and it certainly won't pass muster now that Democrats do."

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Mr. Miller said he'd consider some of the administration's ideas but added "we won't know if the president is seriously committed to the law until we see his budget."

Feds Try To Build On No Child Left Behind Act (PPG)

By Eleanor Chute, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 25, 2007

Changes proposed to help students in struggling schools

Five years after the signing of the No Child Left Behind Act, which raised the stakes for standardized testing, the Bush administration has released its plans for the next chapter.

The administration's wish list includes keeping the hallmarks of the law -- school accountability based on standardized tests in reading and math -- and making changes to increase its reach, flexibility and ability to improve the lives of students in chronically low-performing schools.

In a conference call from Washington yesterday, U.S. Education Secretary Margaret Spellings announced the administration's priorities, called "Building on Results: A Blueprint for Strengthening the No Child Left Behind Act." In his State of the Union address Tuesday night, Mr. Bush urged Congress to improve the law -- "without backsliding" -- and to reauthorize it.

Proposed changes include:

Holding schools accountable for achievement on science tests, beginning in 2008-09 at three grade levels, with all students to be proficient by 2019-20.

Expanding on the use of growth models, which look at how much a student grows in a school year, not just the final score, to judge schools.

Providing vouchers -- worth an average of $4,000 per student -- to enable students in chronically low-performing schools to transfer to private or other public schools. The money would include both federal Title I money and newly created Promise Scholarships of $2,500 per student.

Setting up "Opportunity Scholarships" within set geographical areas to help students attend private schools through a local scholarship program.

Fostering charter schools, with the department supporting "all viable charter applications that improve academic outcomes" even if the number exceeds any caps states have.

Permitting school administrators in the most troubled schools to transfer teachers as they see fit despite any collective bargaining agreement to the contrary.

Requiring states to develop by 2010-11 course-level academic standards for English and math that "prepare high school students to succeed in college and the global workplace."

Ms. Spellings emphasized the desire to keep the "core principles," which include having all students proficient in math and reading by 2014 and using annual tests and results broken down by race, income and other factors to hold schools accountable.

In a written statement, Pennsylvania Education Secretary Gerald Zahorchak said the department "supports the fundamental purpose of the act," but the proposal has "some vague areas where the details will be critical to the success of the implementation."

Amy Wilkins, vice president for government affairs and communication at The Education Trust, which works for equal education opportunities, said she's pleased the administration appears to be "holding the line on an accountability system which demands real progress on gap closing," but agreed there are too few details to tell what some of the proposals mean.

Ms. Spellings said some of the proposals focus on "What are we going to do for kids trapped in schools that underperform?"

One way, she said, would be for students to have a chance to attend better-performing schools, including private schools. Others include flexibility in spending tutoring money or other federal funds.

Mr. Bush also had included a voucher proposal the first time around, but that didn't survive a then-Republican controlled Congress. Some observers think it's even less likely to survive a Democrat-controlled one.

Ms. Spellings said the amount of money for NCLB will be announced next week in Mr. Bush's budget proposal. The blueprint states there will be a "substantial increase" in federal Title I money so that more will go to help high school students.

John Tarka, president of the Pittsburgh Federation of Teachers and a member of the NCLB task force of the American Federation of Teachers, said, "Unfortunately, I think that much of what we see in the recommendations [is] pretty much the same old song resung." He said the plan still relies too much on standardized tests.

As for vouchers, he said, "It's one guaranteed way to avoid addressing the true problems. ... What we have to do is work to make sure [public] schools are places where parents and children and the community are happy to have their children."

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Andy LeFevre, executive director of REACH Alliance in Harrisburg, a school choice advocacy group, said he thinks vouchers "make perfect sense" and would be enough money to help families.

Ms. Wilkins hopes Congress can reauthorize the act early this year before the presidential election cycle is in full swing.

"The important thing to say is 'stay tuned.' Everybody, including the president, is sort of staking out positions," Ms. Wilkins said.

"The positions people stake out early in the legislative process are rarely where we end up at the end of the process."

Bush Proposes Adding Private School Vouchers To 'No Child' Law (WP)

By Amit R. Paley

The Washington Post, January 25, 2007

The Bush administration yesterday unveiled an education plan that would allow poor students at chronically failing public schools to use federal vouchers to attend private and religious schools, angering Democrats who vowed to fight the measure.

The private school vouchers, which on average would be worth $4,000, were among a series of proposals presented yesterday that President Bush hopes will be included in the reauthorization of his signature education initiative, No Child Left Behind.

In a conference call with reporters, Education Secretary Margaret Spellings said the initiatives were necessary to help students in the nation's 1,800 most persistently under-performing schools.

"How do we answer the question: What do we do for kids trapped in schools that continue to under-perform?" she said. "Is the promise of No Child Left Behind real?"

Democrats in Congress assailed the plan -- which also would allow low-performing schools to override union contracts or become charter schools despite state laws limiting their creation -- and expressed concern that the politically charged proposals could delay the reauthorization, which is scheduled for this year.

"Ideological proposals like private school vouchers and attacks on collective-bargaining agreements won't help this reauthorization move forward on shared, bipartisan goals," said Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate Health, Education, Labor and Pensions Committee.

The plan also includes measures that enjoy bipartisan support. It addresses one of the most persistent criticisms of No Child Left Behind: that schools that meet state testing goals overall but fail in a small category must provide all students in the school with free tutoring or the option to transfer to another school. Under the president's proposal, only students in the categories that failed would receive those options.

The initiative also would hold schools accountable for test scores in science starting in 2008 (the current program holds schools accountable only in reading and math). It also would for the first time require states to publicize their performance on a national test that states are already required to administer.

Reg Weaver, president of the National Education Association, the nation's largest teachers union, attacked the administration's proposal to allow some school administrators to override labor contracts to push out bad teachers and attract better ones.

"The No Child Left Behind law was designed to close the achievement gap, not to strip collective-bargaining agreements," he said.

The president's plan also would allow mayors to take over chronically failing schools and for those schools to transform themselves into charter schools, even if that would violate a state law capping the number of charter schools.

It was the private school voucher proposal, modeled on a plan implemented in the District in 2004, that seemed to anger some Democrats. The program in the Distict provides $7,500 vouchers, known in the administration as scholarships, to about 1,800 students, from kindergartners to high school seniors, attending 58 private schools.

"We have seen that the sky doesn't fall when kids go to private schools with public money," said Jeanne Allen, president of the Center for Education Reform, who was briefed on the plan in advance by White House staff. "So school choice is not nearly as scary as some congressmen have led us to believe."

Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee, called the voucher proposal a "bad idea" that was unlikely to gain traction in Congress. "Private school vouchers, which would divert taxpayer dollars away from public schools that need them, have been rejected in the past and nothing has changed to make them acceptable now," he said in a statement.

Spellings insisted that the administration will try to push through even those proposals likely to face stiff resistance in Congress. "I plan to fight hard for the whole kit and caboodle," she said.

New Education Reforms Get Mixed Reviews (AP)

DOJ_NMG_0121640

By Nancy Zuckerbrod
AP, January 25, 2007

Democrats and teachers' unions are criticizing the Bush administration for proposing to let school officials override collective bargaining agreements and state laws in an effort to reshape the No Child Left Behind law.

The recommendations are part of a plan that Education Secretary Margaret Spellings released Wednesday. It details changes the administration wants in the five-year-old education law, which is up for renewal this year.

The law seeks to ensure that all children can read and do math at grade level by 2014, requirements that have placed unprecedented demands on schools. They have had to increase testing, raise teacher quality and pay more attention to the achievements of minority children.

Spellings told reporters in a conference call that some proposals would meet resistance. But she said it was important to address the problems facing chronically failing schools; her department estimates there are about 1,800 such schools.

"How do we answer the question, 'What are we going to do for kids who are trapped in schools that continue to underperform?'" Spellings asked.

The goal is to free school administrators from parts of local contracts that govern teacher assignments. This is promoted as a way to get good teachers into troubled schools and help push out bad teachers.

Edward McElroy, president of the American Federation of Teachers, said the proposal does not make sense.

"To have a superintendent who is a party to the contract ... then have the authority to override it is silly beyond words," McElroy said.

He said trying to force experienced teachers into troubled schools would lead them to seek jobs elsewhere. "Getting people to go to a school can't be as a result of a coercive act," McElroy said.

A second proposed change would allow local officials to close failing schools and turn them into charter schools, regardless of any state limits on the number of charter schools. These are public schools that sometimes are run by private entities and usually are free of many of the regulations that govern traditional public schools.

The administration says the federal government has the right to include the charter school and contract language in a renewed No Child Left Behind law as strings attached to the billions of dollars in aid it provides to these schools.

Massachusetts Democratic Sen. Edward Kennedy, chairman of the Senate committee overseeing education issues, said he was disappointed that the administration has proposed "circumventing state law."

Kennedy and union leaders also criticized a proposal that would give students in failing schools private school vouchers. Each scholarship would be worth an estimated $4,000.

"School vouchers divert scarce dollars from underfunded public schools and move us farther from achieving a great public school for every child," said Reg Weaver, president of the National Education Association, the largest teachers' union.

The top Republican on the House committee overseeing education indicated the measure would have GOP support.

"If we are truly serious about meeting the goals of No Child Left Behind, we must equip parents with every available option so their children can learn, succeed, and grow," said Rep. Howard "Buck" McKeon, R-Calif.

Some aspects of the administration's proposal won bipartisan praise.

Republicans and Democratic leaders back the administration's plan to stick with the law's 2014 reading and math goal, though some have said it is unrealistic.

A proposal to allow schools to consider how much students progress each year, not just whether they meet specific benchmarks, was applauded by all.

In addition, lawmakers appear willing to consider a proposal that would hold states accountable for students' science scores in addition to the math and reading assessments.

There also seems to be support for requiring states to create standards and tests linked to what students should know when they start college or go to work.

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On the Net:

Bush administration proposal: http://www.ed.gov/policy/elsec/leg/nclb/buildingonresults.html

Bush School Rule Changes Affect Chicago (CHIT)

By Stephanie Banchero, Tribune Staff Reporter
Chicago Tribune, January 25, 2007

The Bush administration called Wednesday for Congress to strengthen the No Child Left Behind law by ratcheting up penalties on low-performing schools, giving districts more latitude to transfer teachers to failing schools, and providing poor children vouchers to attend private schools.

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The plan, released by the U.S. Department of Education a day after Bush's State of the Union address, also would give districts more power to convert failing schools to charters, even if that meant subverting state-imposed charter caps. Such a move would greatly benefit the Chicago Public Schools system, which has been thwarted from opening more than the state-allowed 30 charter schools.

"I see this as a very vigorous package of proposals that are sound and make sense if taken together," said U.S. Education Secretary Margaret Spellings. "This is the president's answer to the question, 'Is the promise of No Child Left Behind real?' If this proposal is not what Congress had in mind, then we all have to ask them what they have in mind."

Spellings will be in Chicago Thursday to tour a charter school and promote the president's proposals.

But the plan already is coming under fire from some Democrats, who object to vouchers, and from teachers union officials, who are opposed to a plan that would allow districts to subvert collective bargaining agreements and move teachers to underperforming schools.

"Once you put vouchers and teacher contracts out there, this is war," declared Reg Weaver, president of the National Education Association, the nation's largest teachers union. "It appears that, instead of putting forth areas that we have commonality on, they put forth the stuff where they knew there would be no agreement. If we have to go to war, we are certainly prepared to do so."

No Child Left Behind, Bush's signature domestic policy, comes up for renewal this year. The five-year-old act mandates that schools test students in math and reading and holds them accountable for the results. Schools that repeatedly fail are subject to increasing sanctions. Students in those schools can transfer out or receive free tutoring.

Spellings laid out a laundry list of proposals that touch virtually every aspect of public education, from high school reform to teacher quality to penalties for chronically underperforming schools. Many of the proposals, including those that would give schools move flexibility in determining student progress and relaxing requirements on testing special education students, are likely to receive bipartisan support and applause from educators nationwide.

Some proposals, however, are certain to draw fire.

The so-called "Promise Scholarships" will meet stiff resistance. Under the plan, a poor student who attends a chronically failing school would be given a $4,000 voucher, which could be used to transfer to a private school. Bush tried to insert a voucher component into the No Child Left Behind Act five years ago, but it was defeatedby Democrats.

Sen. Edward Kennedy (D-Mass.), who chairs the Senate Health, Education, Labor and Pensions Committee, already has attacked the voucher proposal. "Once again, he proposes siphoning crucial resources from our public schools—already reeling from increased requirements and budget cuts," Kennedy said in a statement.

Other major changes in the plan include:

Results from state science exams would be used to determine whether schools are meeting federal goals. Currently, only math and reading results are considered.

States would be required to publish a report card that compares student results on state exams with performance on more rigorous national exams.

Students who attend schools where test scores are low for two consecutive years would be eligible for free tutoring. Currently, the school must fail for three years before free tutoring is offered.

States would have to develop assessments that measure whether high school students are prepared for college and must report those results to the public.

A school that has failed for five consecutive years would be required to make substantial changes to its staff or reconstitute the school's governing structure. Currently, schools have a third option that allows them to make minor changes to improve student learning.

What Can Bush Achieve In Two Years? (CSM)

By Linda Feldmann, Peter Grier

The Christian Science Monitor, January 25, 2007

The final quarter of George W. Bush's presidency has begun, and a big question looms: Can he achieve anything significant in his remaining time in the White House?

The Democrats now control Congress, a fact of life that was almost palpable when President Bush delivered his State of the Union address Tuesday night in the Capitol. Despite calls for common ground and an end to partisanship, powerful forces in both parties don't see reason for compromise. And the unprecedentedly early and active start to the 2008 presidential campaign leaves little breathing room for key players to work together, away from partisan pressures.

But there is some hope. Both the Democrats in Congress and Mr. Bush, each for their own reasons, need to show accomplishments. The Democrats don't want to lose control of Congress in two years, after fighting so hard to regain it. And

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Bush has his legacy and the Republican Party's image to consider. Polls show the public clamoring for an end to the intense partisanship that has dominated national policymaking since the 1990s.

The first half of Bush's State of the Union speech, that portion devoted to domestic policy, was crafted to identify areas of possible cooperation between the parties. In taking that approach, the president showed a clear recognition that the political environment has changed dramatically since his reelection.

"On healthcare and certainly immigration and on energy, there is a possibility that the two sides can meet again," says Stephen Wayne, a political scientist at Georgetown University in Washington. "A lot depends on the willingness of the president to compromise, and his willingness to share credit with the Democrats."

The 800-pound gorilla in the wider policy mix is Iraq. The war's unpopularity with the American people, and Bush's chronically low job-approval ratings, give him little political capital with which to work. The president's controversial decision to boost the US presence in Baghdad and Anbar Province by 21,500 troops may be absorbing whatever capital he has left.

Despite Bush's repeated pleas for Americans to give the plan a chance, including in the State of the Union, he faces increasingly bipartisan challenges to it in Congress. The biggest blow came on Monday, when Sen. John Warner of Virginia – the top Republican on the Armed Services Committee – introduced a resolution opposing the plan. Wednesday, the Senate Foreign Relations Committee began consideration of a resolution rejecting Bush's plan, with strong support from committee Democrats and at least one Republican, Chuck Hagel of Nebraska.

Even supporters of the plan are challenging the president over Iraq in ways unheard of before. One supporter in the House, Republican leader John Boehner, is calling for a monthly report from the administration that would gauge progress on military, political, and social benchmarks set for Iraq.

The fact that Bush spent fully half of his State of the Union address on Iraq, Iran, and the war on terror – after much advance focus on the speech's domestic initiatives – demonstrates how central these foreign-policy matters will be to the remainder of Bush's presidency.

Still, if the potential for success in Iraq in the next two years remains an open question, the president clearly wants to show that he is not consumed by Iraq and can address matters closer to home. Among other things, he said he would soon submit a budget plan that would run in the black after five years. He called on Congress to cut the number of legislative earmarks – special-interest items slipped into bills at the last minute – by half in this session.

But his two biggest domestic items were his healthcare and energy initiatives.

On healthcare (see story), Bush called for legislation that would establish tax deductions for health-insurance payments worth $15,000 for families and $7,500 for individuals. Employer-financed benefits greater than that would become taxable income under this plan.

About 80 percent of workers with health insurance through their jobs would get a tax reduction, according to the White House, while 20 percent would see their taxes go up. Those currently uninsured might find healthcare within their reach.

"Changing the tax code is a vital and necessary step to making healthcare affordable for more Americans," said Bush.

Critics, such as Rep. Pete Stark (D) of California, chairman of the House Ways and Means Subcommittee on Health, say that the poor pay little in taxes in any case, and thus a tax deduction is worth less to them than to wealthier Americans.

Representative Stark says he won't even consider holding hearings on the subject. Administration officials insist that critics' attitudes toward the proposal may change.

"This is a bold, new proposal. It's going to take some time for people to absorb it and to understand it," said Joel Kaplan, deputy chief of staff for policy, at a briefing for reporters.

On energy, Bush called for a 20 percent reduction in gasoline usage by 2017. "When we do that, we will have cut our total imports by the equivalent of three-quarters of all the oil we now import from the Middle East," said Bush.

This gas cut would be achieved mainly through a huge increase in the amount of ethanol and other alternative fuels blended into the fuel supply, under government mandate. The administration also proposed raising the fuel-economy standards for passenger cars.

An energy change of this magnitude would be huge. Producing the necessary ethanol could require the conversion of at least 30 million acres – possibly the biggest change in American land use since the Civil War, according to Steven McCormick, president of the Nature Conservancy.

"That will have serious implications for both water and soil quality and wildlife habitat," said Mr. McCormick in a statement. "It could also significantly raise the cost of gasoline impacting local economies."

In addition to substance, the atmospherics of Bush's address provided plenty of fodder for commentary among members. From inside the hall, the high point seemed to come when Bush and Nancy Pelosi (D) of California – the first woman speaker – stepped up to the podium amid tumultuous applause. After that, political reality seemed to set in.

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"He was down. His heart wasn't in it. He overreacted to the number of Democrats. He's facing the last two years without a whole lot of pleasure," said Sen. John Rockefeller (D) of West Virginia.

Republicans looked for the silver lining in an evening that featured as much nonapplause as applause, as members sought to show displeasure at times by sitting on their hands. But it could have been worse for Bush, some suggested.

"He made it tough for his critics to be too hard on him by repeatedly emphasizing opportunities to work together and find common ground," especially on issues such as energy independence and health care, said Rep. John Shadegg (R) of Arizona.

Senate Firefighters (WP)

By David S. Broder

The Washington Post, January 25, 2007

Despite the raging controversy over Iraq military policy, President Bush's plea for bipartisan cooperation on the domestic agenda has a chance of success in the Senate. The reason has less to do with sympathy for the politically weakened chief executive than a dynamic that has gone largely unnoticed among the senators themselves.

Since the midterm election created a near-even balance in the Senate -- 51 Democrats and 49 Republicans -- serious efforts at cross-party communication have developed momentum.

Forty senators showed up on Jan. 9 for the first of a planned series of weekly 8 a.m. breakfasts designed to provide neutral ground where lawmakers of both parties can meet, rather than caucusing separately.

Yesterday, some 60 top Senate staffers of both parties held a similar breakfast session aimed at obliterating party lines and fostering personal relationships.

The core of the "Gang of 14" -- the self-selected bipartisan caucus that negotiated the compromise on judicial filibusters and averted an explosion in the Senate in 2005 -- has reconstituted itself as a "fire department" ready to douse other blazes.

And at the top, Majority Leader Harry Reid and Minority Leader Mitch McConnell have forged a personal relationship of unusual trust, and already they have used it to rescue landmark ethics legislation from threatened defeat and steer it to overwhelming passage.

All this has happened in the first weeks of a session in which the Senate had to adjust to a sudden shift of party control from Republicans to Democrats. No comparable spirit has developed in the House of Representatives, where the new Republican minority is complaining bitterly that dissenting views have been stifled.

There is no guarantee that the budding spirit of fellowship among senators will survive the Iraq debates and persist into the spring and summer, when other big issues reach the point of decision. But as Bush suggested in his State of the Union address, at least some issues -- education, immigration, health care, energy and the environment -- are open to bipartisan approaches.

The powerful current toward consensus-building flowing through the Senate has two sources. Politicians who were at home last autumn had their ears burned by constituents frustrated by the partisanship of the past Congress and its failure to act on issues of national concern. "The last election was a resounding repudiation of the status quo," said Sen. Olympia Snowe of Maine, one of the few Republican survivors in New England.

And senators themselves are weary of excessive partisanship. "All our time is spent in team meetings, playing petty kindergarten games about what we're going to do to each other," said Republican Sen. Lamar Alexander of Tennessee, referring to the party caucuses.

Snowe and Alexander became ringleaders in two of the efforts to break down party barriers. Alexander teamed with Sen. Joe Lieberman of Connecticut, reelected as an independent Democrat, as co-hosts of the new Tuesday morning breakfasts for senators of both parties.

With senators seated at round tables of eight, and the seats alternating between Republicans and Democrats, the breakfasts feature five-minute briefings by a pair of senators from opposite parties on an issue about to reach the floor, followed by 20 minutes of discussion of that issue and a half-hour of general conversation. No votes are taken; no policy set. But senators, without staff, get to listen to each other and build personal bonds.

After skipping a week for the Martin Luther King Jr. holiday, the second such breakfast was held Tuesday, and 24 senators showed up, even though they were not expected to return to Congress until that night's State of the Union address. Lieberman and Alexander are hopeful the weekly breakfasts will become a staple on senators' calendars.

At the head of the reinvigorated core group of the Gang of 14 are Snowe and Democratic Sen. Mary Landrieu of Louisiana. They have no fixed meeting schedule but a readiness to intervene if the opposing parties seem headed for gridlock.

Landrieu explained her motivation: "The success of the Gang of 14 was not just a success for the Senate. It was also a very personally rewarding experience. We met for rather long periods, with no staff allowed, and literally talked and listened very quietly. That experience changed me; it made me think we need to do this more often -- find a quiet time and use it to search for common ground."

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The two efforts are complementary -- not in competition. The Snowe-Landrieu common ground group will work on policy; the Lieberman-Alexander breakfasts are primarily social. But Lieberman expressed the hope of all the organizers when he said, "We're trying to change the atmosphere here and make agreement a little easier to come by."

Democrats Hedge On Bipartisan Pledge (WT)

By S.a. Miller

The Washington Times, January 25, 2007

House Democrats say they intend to honor their pledge to allow Republicans to participate in writing legislation, but they won't say when.

"I said we were going to be fair, not stupid," said Majority Leader Steny H. Hoyer, adding he is wary of Republicans using amendment votes as ammunition for future campaign attack ads.

"But we do intend to engage, involve and allow Republicans to have substantive opportunities as we consider legislation," the Maryland Democrat told reporters. "We want Republicans to have the opportunity to offer amendments in committee [and] amendments on the floor."

He still hasn't said when the majority will open up the amendment process, known as using "regular rules."

What's more, Republicans say, the majority is flouting the rules that are in place.

That prompted Minority Leader John A. Boehner yesterday to introduce a resolution rebuking House Democrats.

"We've extended the hand of friendship to each other in hopes of working together for the common good," the Ohio Republican said. "Unfortunately, the hand of friendship is being slapped away by the actions of the majority. You simply can't talk about cooperation at the same time you're circumventing the rules of the House to shut the other side out."

The resolution died in a party-line vote.

Through a spokesman, House Speaker Nancy Pelosi dismissed Republican concerns.

"The Republicans have a problem," spokesman Drew Hammill said. "They are having a hard time finding issues to talk about and today's comments by Mr. Boehner are further evidence of that."

The new Democratic majority suspended regular rules to hurry passage of its "100-hours" agenda, including legislation to raise the minimum wage, authorize more stem-cell research funding, subsidize lower student-loan interest rates and end oil-industry subsidies.

The bills passed and the 100-hour rush ended a week ago, but regular rules "remain suspended."

"Just treat us the way you [had] asked to be treated," Mr. Boehner told Mr. Hoyer earlier this week during debate of a bill to which Republicans were not allowed to offer amendments.

The bill, which would ban federal pensions for members of Congress convicted of certain crimes while in office, passed in a unanimous vote Tuesday.

Without regular rules, Republicans couldn't offer amendments that would have expanded the list of pension-losing crimes, including some unrelated to abuse of office -- ranging from white-collar embezzlement crimes to political crimes such as securing campaign contributions by intimidation.

"My colleagues on this side of the aisle want to participate," Mr. Boehner said. "We want to work with the majority in the best interest of the American people, and we can do that together. But the only way to do that is to go through regular order."

The debate of the bill -- and the rules -- grew heated as Republicans repeatedly raised objections.

"The process has been shut down to us, and that is why we are upset," said Rep. Lee Terry, Nebraska Republican, who supported the bill, but wanted to offer an amendment to strengthen it.

Mr. Hoyer said he sympathized.

"It's difficult to be in the minority," he said. "I feel your pain. I want you to know that."

The Democrats' Rude Rebuff (WP)

By Robert D. Novak

The Washington Post, January 25, 2007

When President Bush called for a bipartisan "special advisory council" of congressional leaders on the war against terrorism in his State of the Union address, he had in his pocket a rude rejection from Democratic leaders. Thank you very much, said House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, but no thank you.

Three days earlier, Reid and Pelosi wrote a letter to the president turning down his offer (which was contained in his Jan. 10 speech on Iraq) to establish a council consisting of Democratic chairmen and ranking Republican members of the relevant committees. "We believe that Congress already has bipartisan structures in place," they said, adding: "We look forward to working with you within existing structures."

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That could be the most overt snub of a presidential overture since Abraham Lincoln was told that Gen. George B. McClellan had retired for the night and could not see him. Courtesy aside, it shows that the self-confident Democratic leadership is uninterested in being cut into potentially disastrous outcomes in Iraq. It wants to function as a coordinate branch of government, not as friendly colleagues in the spirit of bipartisanship. Pelosi and several Democratic committee chairmen are leaving for Iraq on Friday.

In his Jan. 10 speech, Bush called for a "new, bipartisan working group that will help us come together across party lines to win the war on terror." That prompted the Pelosi-Reid letter of Jan. 19 rejecting the offer.

Bush made a mistake in attributing the idea to Connecticut Sen. Joe Lieberman, who as the Senate's only self-identified Independent Democrat is estranged from his colleagues who are unmodified Democrats. These former comrades are not charmed by the prospect of Lieberman pontificating as a member of the "working group" by virtue of his chairmanship of the Senate Homeland Security Committee.

But Lieberman was not the reason for the speaker and majority leader's rebuff. The Democratic leadership is beyond consultation on Iraq, as demonstrated by the selection of Sen. Jim Webb to deliver the party's response to the president Tuesday night. Webb, whose unexpected election in Virginia last year gave Democrats a Senate majority, is a hard-edged critic of the war not interested in bipartisanship. Discarding staff-written talking points, professional writer Webb declared: "The president took us into this war recklessly."

Webb's astringent comments contrasted sharply with Bush's tone, which indicated he still has not shed illusions that he carried from Austin to Washington in 2001. Congressional Democrats are nothing like the tame Democrats in the Texas Legislature whom Bush dealt with as governor. On Tuesday night, Bush ignored issues dear to the conservative base such as embryonic stem cell research, abortion and same-sex marriage. Delivering his State of the Union on the day after the annual March for Life on the anniversary of Roe v. Wade, Bush did not see fit to mention the abortion issue, which is important to so many of his supporters.

Instead, the president talked about goals, though not methods, dear to Democratic hearts: expanded health insurance, energy independence and federal aid for local education. Bush was reminiscent of President Bill Clinton in sprinkling his speech with small proposals that might be popular. Yet Democrats immediately indicated that all such Bush plans have no chance of passage.

Rep. Pete Stark (D-Calif.), chairman of the relevant Ways and Means subcommittee, immediately declared that Bush's serious effort to improve health insurance coverage was dead on arrival, without the benefit of hearings. Stark has been notoriously cantankerous, whether in the majority or minority, during 17 terms in the House. But his attitude dominates today's Democratic side of the aisle.

On both sides, the prevailing attitude is that Bush looks like a president at bay. Statements made to me this week by two prominent political figures, one from each party, were so candid that these sources did not want to be quoted by name.

The Republican, a ranking House committee member, said: "The president and his aides are irrelevant and out of touch, removed from realizing what happened in the election." A Democratic state party leader said that "Bush is in such bad shape that the result of the 2008 election is already decided." In that atmosphere, pleas for consultation go nowhere.

Bush's Conservative Base Frets Key Issues Are Losing Focus (WSJ)

By Jackie Calmes

The Wall Street Journal, January 25, 2007

Fallout from the war in Iraq, which already has weakened President Bush among the general public and in Congress, now is causing problems with the group that has been his mainstay: social and economic conservatives.

These longtime loyalists, appreciative of Mr. Bush's record on issues ranging from tax cuts to his veto of federal funding for embryonic stem-cell research, also have supported his war policies. But Mr. Bush's annual State of the Union message Tuesday night aggravated their underlying fear: that the president might become so consumed by the worsening conflict in Iraq -- and chastened by Democrats' takeover of Congress -- that he will give up on the issues they care about.

"I think the president left a lot of conservatives shaking their heads" by avoiding the issues atop their agenda, said Bill Lauderback, executive vice president at the American Conservative Union.

Yesterday morning, the weekly meeting of conservatives that is convened by antitax activist Grover Norquist, a White House ally, was marked by "tense exchanges" with administration press secretary Tony Snow over border enforcement and Mr. Bush's immigration proposals, according to conservative activists.

Conservatives are becoming more openly critical, adding to the president's woes and emboldening Democrats for battles ahead. Increasingly, they are looking beyond Mr. Bush for a new standard-bearer, though no one in Republicans' emerging 2008 presidential field has yet captured conservatives.

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Meanwhile, their most recent nemesis -- the Democrats' 2004 nominee, Massachusetts Sen. John Kerry -- announced yesterday that he will not run ion 2008.

In a video circulated on the Internet soon after Mr. Bush's speech, entitled "A Lifeless State of the Union," President Tony Perkins of the Family Research Council, one of the nation's most active conservative groups opposing abortion and same-sex marriage, took note of the president's unbowed determination on the war, a subject which accounted for nearly half of his address to the new Democratic-led Congress.

"However," Mr. Perkins said in the video, "that same clear and concise determination to defend the culture of America was missing. I believe the president failed in challenging the new majority to join him in addressing core family and cultural issues....The president failed to draw a line in the sand on behalf of life."

It was perhaps Mr. Perkins' harshest public criticism of the president. Even so, he said in an interview yesterday, "My staff felt that it was way too kind."

Aside from the lengthy closing section on Iraq and the war on terror, Mr. Bush devoted the first part of his nationally televised address to a range of domestic issues, including education, energy, health care and immigration control. Gone were his past calls for big tax cuts, or even making permanent the ones in law, for overhauling Social Security to create individual retirement accounts or for a constitutional ban on same-sex marriage.

The president devoted one paragraph to his call for reining in the unsustainable growth in spending for big social programs -- Social Security, Medicare and Medicaid -- a cause that had been a major feature of his past two State of the Union speeches. But absent was the demand for Social Security private accounts, or even last year's proposal for a bipartisan entitlements commission to tackle the problem. Mr. Bush never did create that commission, as numerous figures contacted by the White House demurred, including former Federal Reserve Chairman Alan Greenspan, believing that neither the president nor Democrats were willing to compromise.

The Institute for Policy Innovation, a conservative organization espousing free-market ideas, gave Mr. Bush credit for continuing to raise the entitlements issue. "But he lacked leadership in that he failed to propose any solutions," the group said in a statement. It recalled that he previously had proposed carving out personal accounts for Social Security funds, "but he has never proposed a specific plan."

In fairness to the president, said the American Conservative Union's longtime chairman, David Keene, "most of the things he cared about getting done have either been done, or rejected." Moreover, he said, Mr. Bush "decided to be conciliatory and I understand that," given Democrats' control of Congress. "But there should have been one or two things...with appeal to his base," he said. Mr. Keene suggested the president should have ruled out any tax increases.

Meanwhile, he said, "People are looking past Bush. It's all about the future."

But the early frontrunners among Republicans -- Arizona Sen. John McCain, former New York City Mayor Rudy Guiliani and former Massachusetts Gov. Mitt Romney -- all have problems among conservatives. The two Republican aspirants with the most appeal are Kansas's Republican Sen. Sam Brownback and former Arkansas Gov. Mike Huckabee.

President's Sin Of Omission? (WP)

By Libby Copeland

The Washington Post, January 25, 2007

The president in his State of the Union address Tuesday night left out a tiny little suffix that means a whole lot to some people. He did it so subtly you could have missed it. Just a little "-ic." What's in an "-ic"?

Bush started the speech on a bipartisan note, honoring the first Madam Speaker, Democrat Nancy Pelosi, and calling on the country to come together.

Then: "I congratulate the Democrat majority," he said, dropping the last two letters from "Democratic."

Bush does this a lot, and while it's hard to say if the omission was intentional in this instance, it is a semantic tactic that's been part of Republican warfare for decades. It's a little thing, a means of needling the opposition by purposefully mispronouncing its name, and of suggesting that the party on the left is not truly small-"d" democratic. The president's pronunciation was all the more striking because it was apparently not what Bush was supposed to say. The prepared speech that the White House distributed beforehand retained that precious "-ic."

The case of the missing suffix provoked an oh-no-he-di'int reaction from some Democrats. The bloggers caught it, of course. (Bloggers catch that sort of thing.) "Code word," wrote one. "Calculated insult," wrote another.

"We all noticed," says Markos Moulitsas ZÃºniga, founder of the liberal blogging site DailyKos.com, who replayed the president's opening words on his TiVo to make sure he'd heard what he thought he heard. "He just clearly couldn't help himself."

"Like nails on a chalkboard," says John Podesta, chief of staff in the Clinton White House, and president of the Center for American Progress.

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Tuesday on CNN, Democratic strategist Paul Begala noted the omission right after it happened, adding that the president was being "insulting" and "self-defeating." Republican strategist Mike Murphy chided Begala, saying that if this was his "biggest complaint, I think the president had a pretty good night."

But for those who see a big symbol in two little letters, the question becomes: Is a man who can't say "-ic" capable of being bipartisan?

"He offers this olive branch," Begala says. "Boom, 10 seconds later, he drops the hammer, insults the party and he winks at his base. . . . It tells you what's in his heart. It tells you that he has no damn desire to compromise."

The missing "-ic" has a long legacy. Dick Armey was fond of saying "Democrat Party." Commie-hunting Sen. Joseph McCarthy even used the phrase half a century ago. Bush used it Tuesday night even as he was calling for politicians to "cross that aisle," even in the context of a formal address and even as he addressed a Congress dominated by those he was insulting.

Or not. Could the word have been unintentional?

"It's hard to disentangle whether that's an intentional slight at the opposition, or traditional problems with the president's vocabulary," says Julian E. Zelizer, a congressional historian at Boston University.

"I doubt if it was a conscious slight," says nonpartisan political analyst Charlie Cook. "I think it was just a force of habit." When it comes to omitting the "-ic," Republicans "have been doing it so long that they probably don't even realize they're doing it."

"Even More Of A Hodgepodge Than Usual" (WSJ)

By David Frum

The Wall Street Journal, January 25, 2007

WASHINGTON -- On State of the Union night, Americans witnessed two President Bushes. The first President Bush delivered a firm foreign policy message in tones of passion and commitment. The second President Bush dragged his way wearily through a domestic agenda that seemed to interest him as little as it excited Congress.

The first President Bush pledged himself to bold free-market reforms in health care -- including the removal of a treasured but destructive tax loophole from the wealthy and powerful. The second President Bush proposed to regulate America's way to energy security with a plan that might have been dusted off from the Carter administration.

The first President Bush insisted that the budget can be balanced without raising taxes. The second shrugged off Medicaid, Medicare and Social Security as problems for later.

The first President Bush spoke with realism about the generational struggle against Islamic extremism. The second President Bush offered false hopes about the good intentions of the government of Saudi Arabia and other sometime allies.

There is a famous story of President Franklin Roosevelt listening to a passionate debate between protectionists and free-traders. As the argument ended, he turned to his speechwriters and said: "Weave them both together." All States of the Union mix the high and the low, big ideas and petty compromises, soaring rhetoric and Baby Einstein bathos. But SOTU 2007 seemed even more of a hodgepodge than usual -- and much will turn on whether it is the first or second George Bush who sets the nation's course in the 24 months ahead.

Compare and contrast the president's health and energy ideas. On health care, he focused intensely on the fundamental problem in the American system: Tax subsidies have encouraged Americans to demand that their employers buy health insurance for them rather than shopping for themselves. That core error is responsible for almost everything wrong with the health market in the U.S. It dulls consumers' sensitivity to the cost of insurance. It discourages insurers from competing against each other. It tempts state legislators to pile appealing but expensive mandates onto insurance companies. I might want to buy a cheaper policy without acupuncture coverage, but I'm not paying attention and the acupuncture lobby is.

The president's plan identifies the problem and responds to it in a targeted way, by taking the first step toward negating the distorting subsidy. The ghost of George Stigler is smiling somewhere.

But now look to the president's misdirected, wasteful energy proposals. The president wants the country to use 20% less gasoline in 10 years. To that end, he proposes that government regulators tell Americans which fuels to use, which cars to buy and which industries should grow. This time, Stigler was not smiling -- but Iowa's Sen. Chuck Grassley practically danced a jig.

Does 20% over 10 years sound like a lot? After the Iranian oil shock of 1979, Americans cut their gasoline use by 15% in just two years -- and they did not catch up again to their 1978 levels of gasoline competition until 1993.

The "energy policy" that accomplished this amazing conservation achievement can be summed up in two words: higher prices. When energy prices rise, consumers conserve and substitute. When energy prices drop, consumers don't bother. And guess what? These market processes still work. Americans used less petroleum in 2006 than they did in 2005. Reduced demand led to lower prices.

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If policy makers fear that today's lower prices will induce consumers to stop conserving, they do not need to reinvent Jimmy Carter's Moral Equivalent of War. Just slap a tax on gasoline at the pump, or on petroleum by the barrel, or on Venezuelan, Russian and Persian Gulf imports, or even on all forms of energy, period -- and consumers and producers will respond the way they always do. No regulations, no bureaucracy required.

The President Bush who delivered the health-care portions of the State of the Union clearly understood the power of pricing. Why not the president who delivered the energy portions?

The answer may be revealed by the contrast between president's listlessness as he discussed domestic policy and the vigor with which he addressed national security. With Congress in opposition hands, with his own agenda completed or discarded, and with a huge and difficult war to fight, the president's attention has focused abroad. That often happens to second-term presidents -- but rarely as completely as with George W. Bush. As he tersely noted, the fight America entered in Iraq is not the fight America is now in. The U.S. has stumbled into a much bigger and more dangerous war than the administration expected or planned for. Its political opponents believe the war already lost. The first President Bush is still fighting to win. It was powerfully symbolic of the difference between the president and his critics that Democrats declined to rise and applaud his call, "Let us find our resolve, and turn events toward victory."

Yet with his presidency and place in history dependent on Iraq, the president still finds it difficult to shake the restraints and illusions that have done so much damage to America's efforts since 9/11. He acknowledges that the deadliest insurgents in Iraq are supported by Iran. Yet he did not use this fact to rally public support for a more assertive approach to the threat.

He accepts that the U.S. is waging a global struggle not just against terrorism but against "extremism" -- and though he will not call it "Islamic extremism" he did refer to "Shia and Sunni extremists," which represents at least a fair approximation.

But then, why does Saudi Arabia rate a mention as a partner in that generational struggle? Especially when, as by now the whole world knows, Saudi Arabia is the leading bankroller of the global system of propaganda and incitement behind Sunni extremism? The president calls the war a "global struggle against extremism" -- and immediately names Saudi Arabia a partner in the struggle. And while he declines to name Pakistan as a partner, neither will he publicly acknowledge how much the re-emergent Taliban owe to the support and protection of a country that he praised as a coalition partner in his State of the Union of 2005.

Perhaps the answer to all these questions can be found in this: The sixth and seventh years of a presidency are the years when presidents discover their office's limits -- and their own. All presidents end up trying to stretch too little sheet over too much bed. We want them to be bold but not adventurous, flexible but not vacillating, resolute without stubbornness, confident without cocksureness. Above all, we want them to pursue great and uncertain goals -- and yet to achieve consistent success. The men and women who seek the office believe themselves capable of all those things. They have to, or they would not dare. And then they, and we, know great disappointment.

But that is not usually the end of the story. The story ends much later on, when partisan rancor cools, when the results come in, and the record can be read in full. When that day at last arrives for this president, perhaps all Americans will be able to agree that this most divisive of figures united in himself both the first President Bush and the second, both the president who sometimes erred and stumbled -- and also the man who nonetheless kept fighting. George W. Bush has always been at his best in adversity. Americans face no shortage of adversity now.

Mr. Frum, a resident fellow at the American Enterprise Institute, served as a speechwriter to President Bush in 2001-2002.

Long On Rhetoric, Short On Sorrow (NYT)

By Bob Herbert

The New York Times, January 25, 2007

President Bush showed what he does well at the beginning of the State of the Union ceremony when he graciously acknowledged and introduced Nancy Pelosi as speaker of the House of Representatives. He seemed both generous and sincere, and it was the right touch for a genuinely historic moment.

At the end of his speech he introduced four Americans of whom the nation can be proud, including Wesley Autrey, a New Yorker who made like a Hollywood stunt man to save the life of a stricken passenger who had fallen onto the tracks in front of an oncoming subway train.

The rest of the evening was a study in governmental dysfunction. The audience kept mindlessly applauding — up and down, like marionettes — when in fact there was nothing to applaud. The state of the union is wretched, which is why the president's approval ratings are the worst since Nixon and Carter.

If Mr. Bush is bothered by his fall from political grace, it wasn't showing on Tuesday night. He seemed as relaxed as ever, smiling, signing autographs, glad-handing.

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I wanted to hear him talk about the suffering of the soldiers he has put in harm's way, and the plight of the residents of New Orleans. I wanted to hear him express a little in the way of sorrow for the many thousands who have died unnecessarily on his watch. I wanted to see him slip the surly bonds of narcissism and at least acknowledge the human wreckage that is the sum and substance of his sustained folly.

But this is a president who runs when empathy calls. While others are monitoring the casualty lists, he's off to the gym. At least Lyndon Johnson had the decency to agonize over the losses he unleashed in Vietnam.

The State of the Union speech was boilerplate at a time when much of the country, with good reason, is boiling mad. The United States, the most powerful nation in the history of the world, seems paralyzed. It can't extricate itself from the war in Iraq, can't rebuild the lost city of New Orleans, can't provide health care for all of its citizens, can't come up with a sane energy policy in the era of global warming, can't even develop a thriving public school system.

If it's true, as President Bush told his audience, that "much is asked of us," it's equally true that very little has been delivered.

The Democrats, delighted by the wounded Bush presidency, believe this is their time. Like an ostentation of peacocks, an extraordinary crowd of excited candidates is gathering in hopes of succeeding Mr. Bush.

But such a timid crowd!

Ask a potential Democratic president what he or she would do about the war, and you'll get a doctoral dissertation about the importance of diplomacy, the possibility of a phased withdrawal (but not too quick), the need for Iraqis to help themselves and figure out a way to divvy up the oil, and so on and so forth.

A straight answer? Surely you jest. The Democrats remind me of the boxer in the Bonnie Raitt lyric who was "afraid to throw a punch that might land."

There's a hole in the American system where the leadership used to be. The country that led the miraculous rebuilding effort in the aftermath of World War II can't even build an adequate system of levees on its own Gulf Coast.

The most effective answer to this leadership vacuum would be a new era of political activism by ordinary citizens. The biggest, most far-reaching changes of the past century — the labor movement, the civil rights movement, the women's movement — were not primarily the result of elective politics, but rather the hard work of committed citizen-activists fed up with the status quo.

It's time for thoughtful citizens to turn off their TVs and step into the public arena. Protest. Attend meetings. Circulate petitions. Run for office. I suspect the public right now is way ahead of the politicians when it comes to ideas about creating a more peaceful, more equitable, more intelligent society.

The candidates for the most part are listening to their handlers and gurus and fat-cat contributors, which is the antithesis of democracy. It's not easy for ordinary men and women to be heard above that self-serving din, but it can be done.

Voters should listen to Dwight Eisenhower, who said in 1954:

"Politics ought to be the part-time profession of every citizen who would protect the rights and privileges of free people and who would preserve what is good and fruitful in our national heritage."

Bush, Democrats Play "Old Politics." Voters Want "New" (RC)

By Morton M. Kondracke

Roll Call, January 25, 2007

A new, non-polarized, problem-solving politics is trying to be born in this country, but — lip service aside — most current politicians are stuck in the old model of nonstop partisan warfare.

The old politics was richly on display Tuesday as President Bush delivered his State of the Union address and Congressional Democrats reacted.

Bush enunciated — once again — the clear message of the 2006 elections: "Our citizens don't care which side of the aisle we sit on —as long as we are willing to cross that aisle when there is work to be done."

The agenda he offered created some opportunities for bipartisan agreement — notably, comprehensive immigration reform and reauthorization of the No Child Left Behind program — but most Democratic commentary emphasized the negative.

In the main, Democrats gave a nod to the public's desire for bipartisan cooperation, then quickly dismissed Bush's proposals as inadequate or wrong-headed.

Typical was the reaction of Senate Judiciary Chairman Patrick Leahy (D-Vt.). "I welcome the president's change in tone," he said. "But though [Bush's] tone sounds more accepting of other views, his basic policies so far have not changed."

The same kind of message came from Speaker Nancy Pelosi (D-Calif.) and Senate Majority Leader Harry Reid (D-Nev.) and the Democrats' official SOTU responder, Sen. Jim Webb (Va.).

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Webb, in particular, exuded the old politics, accusing Bush of starting the Iraq War "recklessly" and likening current economic disparities to the early 1900s, when "the dispossessed workers at the bottom were threatening revolt."

Bush should get U.S. troops out of Iraq and "take action" — unspecified — about "inequality," Webb said. "If he does, we will join him. If he does not, we will be showing him the way."

The leading exponent of a new politics is Sen. Barack Obama (D-Ill.), whose fantastic appeal lies, I think, both in his personal charisma and his promise to answer the public's hunger for nonpartisan politics — or "post-partisan" politics, as California Gov. Arnold Schwarzenegger (R) calls it.

Obama had it exactly right in announcing his presidential exploratory committee last week. "America has faced big problems before," he said. "But today, our leaders in Washington seem incapable of working together in a practical, common-sense way.

"Politics has become bitter and partisan, so gummed up by money and influence that we can't tackle the big problems that demand solution," he said. "We have to change our politics and come together around our common interests and concerns as Americans."

As various commentators have said, Obama represents a new generational sensibility — a pragmatic post-boomer attitude trying to bypass the ideological hang-ups of boomer veterans of the Vietnam and cultural struggles of the 1960s.

In fact, there are multiple bipartisan efforts under way to promote consensus solutions to various problems, even some of them in Congress, such as the Senate's "bipartisan caucus" started by Sens. Joe Lieberman (ID-Conn.) and Lamar Alexander (R-Tenn.).

In recent weeks, several "strange bedfellows" coalitions have announced agreements to work together on health care and education reform. One collection, including formerly hostile groups such as the liberal Families USA, the conservative U.S. Chamber of Commerce and America's Health Insurance Plans, announced a cooperative effort to cover all of America's

9 million uninsured children by expanding the State Children's Health Insurance Program.

Another coalition was formed by AARP, the Service Employees International Union and the Business Roundtable to jointly address both health care and the nation's long-term fiscal crisis.

Two House Members, conservative Tom Price (R-Ga.) and liberal Tammy Baldwin (D-Wis.), and moderate Sens. George Voinovich (R-Ohio) and Jeff Bingaman (D-N.M.) are co-sponsoring measures to encourage states to experiment to cover the uninsured, as Massachusetts, California, Pennsylvania and other states are doing.

Bush, virtually ignoring such approaches, came up with a novel alternative to make health care more affordable by offering families a $15,000 tax deduction to buy insurance — paying for it by limiting deductions for more expensive plans.

Without even a hearing, the plan was declared "DOA" by old-politics Democrats, including influential Reps. Pete Stark (Calif.) and John Dingell (Mich.).

Obama, encouragingly, granted that Bush's proposal was "serious" and should be addressed "in a constructive way." But he also declared that "incremental plans that do nothing to bring down costs or guarantee coverage are simply no longer sufficient" and added that "it's not going to be adequate."

Indeed, a Treasury Department analysis shows that Bush's plan will cover only 5 million of the nation's 47 million uninsured, although White House officials said it would actually cover more.

It's not health care, but the Iraq War, that mainly prevents the new politics from being born. Beyond that, presidential candidates will be pressured by ideological activists to keep the old wars alive. But, the new politics is coming because the public wants it. It will just take courage and vision to give it life.

Bush Expands His Presidency, May Gain Credibility On Iraq (HILL)

The Hill, January 25, 2007

As Jimmy Carter's dismal presidency drew to a close, his field of vision was narrowed to an embassy in Tehran. On Richard Nixon's last day, all he could see was a tape recorder. When Lyndon Johnson left office, all was forgotten but Vietnam. After his speech to the nation last week urging a larger troop commitment in Iraq, it seemed President Bush was destined to go down the same narrowing road to oblivion.

But his State of the Union speech Tuesday night boldly broadened his presidential agenda and vision. He once again became the president of the United States, not the mayor of Baghdad. By articulating viable, and potentially bi-partisan, proposals on energy independence, global climate change, healthcare, immigration reform, education standards and a host of other issues, he renewed the 360-degree mandate that should be the span of vision of any president.

And even as he hewed to a strict line on Iraq, he broadened his foreign policy vision to encompass the danger posed by Iran's potential for acquiring nuclear weapons and his domestic agenda to highlight his administration's breathtaking success in thwarting terrorist attacks at home. Missing only was a focus on North Korea, which cannot be allowed to keep its nuclear

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arsenal without provoking a nuclear arms race among China, Japan and North Korea that will leave Washington, Seoul, Tokyo and Beijing scared to death.

President Bush even found time to discuss his singular achievements: the economy, oil prices and the falling deficit. In recent months he has seemed to ignore his own track record as he pleaded for a longer tenure in Iraq. But the economy is growing nicely and its surging tax revenues — particularly from capital gains — lead some experts to predict the same kind of rapid deficit eradication as buoyed Clinton's last years as president. And oil prices are dropping; we see their reflection as gas prices hover around $2 per gallon.

George W. Bush finally seems to have grasped a crucial but ironic fact: The only way he can keep sufficient credibility and power to continue his commitment to victory in Iraq is to raise his approval ratings. The presidency's inherent powers are largely titular unless animated by national support and popularity. While an unpopular president still gets the corner office, his practical ability to act is severely constrained. There is an ongoing need for a daily majority in his national approval ratings for him to govern.

But the only way he can get those ratings — in order to continue to fight in Iraq — is to talk about issues other than Iraq! Even if the war begins to go well, the blood and violence will continue and he will always come out on the short end of the national debate about the war. But if he expands his constituency by addressing issues like global warming, energy independence, and the Iranian and North Korean nuclear threats, he can achieve the approval ratings he needs to govern — and to fight on in Iraq.

Americans will always make time to listen up when the subject is the possibility of a nuclear war. Bush can command a national consensus as he moves against Iran and North Korea. We will pay close attention to anything he does to reduce our dependence on foreign oil and will hail any initiatives that lead to greater consumption of alternatives to gasoline. And Americans are sufficiently cognizant of the dangers posed by climate change to welcome the president to the fold if he indicates a real desire to turn the corner and stop the progression of deadly worldwide warming.

In our hearts and our heads, we realize that the stakes involved in these issues are more important than those in Iraq. If Bush leads the way on these subjects, Americans will follow and even cheer. If he insists on slogging on in Iraq, a majority will continue to be pessimistic and discouraged, but Bush will still be able to summon their support by a focus on the broader agenda on display in Tuesday's address.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

For Webb, Bouquets And A Few Brickbats (WP)

By Michael D. Shear

The Washington Post, January 25, 2007

RICHMOND, Jan. 24 -- U.S. Sen. James Webb (D-Va.) earned a full day of praise -- and some tough rhetorical jabs -- for his sharply worded response Tuesday night to President Bush's State of the Union address.

Liberal bloggers, national pundits and local Virginia politicians said the freshman senator's critique of the economy and the Iraq war was among the best retorts to Bush's administration they could remember.

"In office only three weeks, [Webb] managed to convey a muscular liberalism -- with personal touches -- that left President Bush's ordinary address in the dust," Jonathan Alter said on Newsweek's Web site.

In his speech, Webb ignored the laundry list of issues that many of his predecessors have felt compelled to mention in such responses. Instead, he focused on only two issues: the economic divide between rich and poor and the difficulties in Iraq. He campaigned on the same themes last year.

Jeff Cohen, writing on the Huffington Post, a liberal blog, cited the nine-minute speech's "stirring appeal, both progressive and patriotic," and said it would have broad appeal for "swing voters, NASCAR dads, soccer moms, even Republican leaners."

Not all of the reaction was positive. Conservatives scoffed at Webb's less-than-animated demeanor. One blog headline commented on Webb's constant seriousness with the headline: "Dem Response: Countdown to Webb's Aneurysm."

And some assailed his adherence to the Democratic orthodoxy, especially on the Iraq war.

"Senator Webb's logic was as incoherent as his language (the two are often related)," wrote Michael J. Gerson, a former Bush speechwriter, also on the Newsweek site. "No 'precipitous withdrawal' -- but retreat 'in short order.' Fight the war on terror vigorously -- except where the terrorists have chosen to fight it. It is, perhaps, a good thing that James Webb earned a job as senator. As a speechwriter he would starve."

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Webb, who has written several books, said in a radio interview Wednesday morning that he threw away the first draft of the speech suggested by Democratic leaders in Congress. He wrote a new draft that became the speech he delivered Tuesday night.

The speech did not specifically offer a solution to the war or attack the president's plan to send an additional 21,000 troops to Iraq. But Wednesday, Webb issued a statement saying that he supports a bipartisan resolution opposing the plan for such an increase.

"It is inverted political logic for people to say that we need to continue in this direction for the good of our troops," Webb said in the statement.

But Webb did receive praise from some conservatives. Columnist David Brooks called Webb's speech "intense," "eloquent" and "forceful." Liberal counterpart Mark Shields said "it was a strong, tough statement, and surprising in its intensity."

Reaction among Virginians was similar. Lawmakers in Richmond from both parties said they generally liked the speech, as did Northern Virginia Democrats, who were key to Webb's victory over incumbent Sen. George Allen last year.

Jessica Smith, Webb's communications director, said the senator "is encouraged to see that his response -- with its themes of economic fairness and affirmative leadership in Iraq -- is being well received across party lines."

"He doesn't show a whole lot of emotion and ability to communicate to the audience," said U.S. Rep. James P. Moran Jr. (D-Va.). "I don't think that matters. I think that's a mark of the fact that he's genuine. I find his personality refreshing. I find the content of what he has to say very persuasive."

And Webb's performance fired up the young liberals who campaigned for him last year. A group of them -- who called themselves the Webb Brigade during the election -- gathered at Bailey's Pub and Grille in Arlington on Tuesday night to watch the speech.

"To the people who have become such loyal followers of Jim, we're motivated by the fact that he's willing to fight for what he believes in," said Jim McBride, 32, who organized the party. "We are waiting for the Democratic Party to fight the way Jim is fighting."

Reagan Democrat (WP)

By E. J. Dionne Jr.

The Washington Post, January 25, 2007

Like him or not, Ronald ("Tear Down This Wall") Reagan spoke in a clean, clear prose that almost always left listeners with a sense that he stood for something.

It may thus be no accident that Jim Webb, Virginia's new Democratic senator, was once a Reaganite.

In his reply to President Bush's State of the Union speech on Tuesday night, Webb defined the two central moral issues that animate most of the Democratic Party's rank and file: the mess in Iraq and the fact that the fruits of a growing economy are not being shared by all Americans.

Then Webb did something rather astonishing: He didn't fudge on his language or try to take the hard edge off his impatience with the status quo.

Giving the speech in response to a president's State of the Union address may be the hardest assignment in politics. Even the best of the genre reek of focus-grouped and poll-tested sentences. You have the feeling the words are dictated by some party pooh-bah who believes the speech will fail if it does not touch all the issues on every strategist's list.

Gee, say the consultants to the poor politician who has to carry the party's torch, you just have to mention health care and child care and the environment and union rights and stem cell research -- and every other issue that energizes some base voter in some corner of the party.

And, oh yes, Mr. Politician, don't forget that your real targets are those critical moderate independent swing voters in the Midwestern and Rocky Mountain states, and here's a list of key phrases we've polled to death that they respond to. You have to throw them in somewhere.

Ever wonder why politicians are so often accused of offering mush?

There was no mush from Webb. On the contrary, he tried only to make his two points, on Iraq and inequality, and he showed what he was upset about.

Many Democrats tremble that they will be accused by some right-wing Web site or presidential spokesman of waging class warfare. Webb made clear that there is a class war going on and that the wrong side is winning it.

"When I graduated from college, the average corporate CEO made 20 times what the average worker did," Webb said. "Today, it's nearly 400 times."

Yes, that's a standard sort of line from your standard progressive speech. But then came this arresting sentence: "In other words, it takes the average worker more than a year to make the money that his or her boss makes in one day."

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Examine that closely. How many politicians out there raising campaign contributions from rich people are willing to use "boss" instead of a more respectful locution?

And by talking about the time it takes someone to earn a buck, Webb makes it impossible for anyone to forget how vast the inequalities in our society have become.

Webb knows whom he is fighting for. "We're working," he said, "to get the right things done, for the right people and for the right reasons."

On Iraq, Webb did not mince his words about Bush's responsibility. "The president took us into this war recklessly," he declared.

Instead of qualifying this strong statement, Webb backed it up: "He disregarded warnings from the national security adviser during the first Gulf War, the chief of staff of the Army, two former commanding generals of the Central Command. . . . " The list more than supported Webb's next thought, that "we are now, as a nation, held hostage to the predictable -- and predicted -- disarray that has followed."

Okay, even Webb held back on a couple of politically sensitive points. He offered workers an all-purpose promise on the trade issue that so divides his party. "Government," he said, "has a duty to insist that their concerns be dealt with fairly in the international marketplace."

And, yes, he simultaneously came out against "a precipitous withdrawal" from Iraq and in favor of "a formula that will in short order allow our combat forces to leave Iraq." Philosophers and lexicographers might debate the difference between the words "precipitous" and "short order."

But Webb's performance was a salutary sign that Democrats just might be getting over the battered party syndrome that has left so many of them terrified of saying exactly what's on their minds. Then again, maybe Webb was just speaking for himself. Having lived on the Republican side of politics during the Democrats' most traumatic years, he may have escaped the traumas associated with defeat.

University Holds Meeting On Bush Library (WP)

By Matthew C. Wright

The Washington Post, January 25, 2007

DALLAS, Jan. 24 -- Members of the Southern Methodist University faculty again raised concerns that the building of the George W. Bush presidential library on campus might damage the school's reputation, said a participant at a closed-door meeting on Wednesday.

At the tightly guarded meeting, several members of the faculty questioned school president R. Gerald Turner about the political institute that will accompany the library. The institute will conduct research on issues that will be determined by Bush. Many of the questioners wondered whether such a powerful institution on campus will influence the type of research that can be conducted by SMU faculty and whether it will have an impact on the university's reputation.

"We're worried about a group of people on campus with a lot of money and a lot of power who aren't concerned for our values as an academy," Dennis Foster, a professor of English and a faculty senate member said, according to a participant in the meeting who asked not to be identified.

Turner responded by saying that because the institute will be governed by a separate board, any controversy would not reflect poorly on the university.

"The tail will not wag the dog," he said, according to the participant.

No official action was taken during the meeting. Faculty members will relay any further concerns to the faculty senate, which will then summarize them and present a list to Turner. Turner said after the meeting that he will take the concerns into advisement as he goes into negotiations with the president's site-selection committee in the coming weeks.

"I think the faculty is working its way toward a consensus on this," said James F. Hollifield, the director of the Tower Center for Political Studies on campus. He said that the main thing for many faculty members was just "getting their questions answered."

In reality, the faculty can do little to stop the library because several university leaders, including Turner, are committed to bringing it to SMU.

SMU, the alma mater of Laura Bush, was named the sole finalist for the library in December. The site selection committee -- which includes Bush's former chief of staff, Andrew H. Card Jr., and former commerce secretary Donald L. Evans -- requested that any proposals for the library include plans for a public policy institute. In the meeting Wednesday, many faculty members expressed concerns that the Bush institute would become nothing more than a conservative think tank working to advance the ideologies and policies of the Bush administration.

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The controversy began in November when two faculty members wrote in the school newspaper criticizing the absence of university-wide discussion about the library. The editorial also questioned the ethics of pursuing a presidential library "regardless of an administration's record and its consequences," a reference to the war in Iraq.

President To Request Fast Track Next Week (HILL)

By Ian Swanson

The Hill, January 25, 2007

President Bush will ask Congress to extend fast-track negotiating authority in one of two speeches on the economy next week, according to administration sources, after choosing not to make the request in his State of the Union address.

Without fast track, which expires at the end of June, the administration would lose the ability to send free-trade agreements to Congress for up-or-down votes. This would make it virtually impossible for the administration to negotiate bilateral deals or a World Trade Organization agreement it is trying to conclude.

The White House intends to announce more details of next week's economic speeches today, according to White House Deputy Press Secretary Tony Fratto. He said President Bush intends to get his trade agenda completed, and this would include a continuation of fast track.

The president asked Congress to renew fast track in his State of the Union addresses in 2001 and 2002, but wanted the 2007 address to focus on other issues, including subjects such as healthcare and energy that might provide more common ground with Democrats, Fratto said. He added that Bush wants to speak more expansively about trade and other economic issues, and said the State of the Union address would not have allowed this.

Business lobbyists said they were not disappointed, even though the president mentioned trade only once in the 6,000-word address. They said the administration appeared to be taking a pragmatic approach to dealing with a Congress that could be hostile to the administration's trade agenda.

Asking for a fast-track extension in the State of the Union address would have been an "in-your-face" gesture that would not have improved the atmosphere for actually winning an extension, according to Nicole Venable of the U.S. Chamber of Commerce, which she said would likely lead business efforts to extend fast track with the Business Roundtable.

Venable said the administration's approach will allow discussions between U.S. Trade Representative Susan Schwab and Ways and Means Committee Chairman Charles Rangel (D-N.Y.) and other key Democrats to evolve, which could create a better climate for the approval of a new fast-track law that will have to differ from the current law to be approved.

Opposition to the administration's trade agenda was highlighted in the Democratic response to the State of the Union delivered by freshman Sen. Jim Webb (D-Va.), who is one of several new Democrats seen as critical of free-trade policies.

"Our manufacturing base is being dismantled and sent overseas," said Webb, who added that workers "expect, rightly, that in this age of globalization, their government has a duty to insist that their concerns be dealt with fairly in the international marketplace."

Venable said conversations between the administration and congressional Democrats have yet to kick into gear. Schwab met Rangel, ranking member Jim McCrery (R-La.) and Rep. Sandy Levin (D-Mich.) last week to discuss the trade agenda, which a committee spokesman described as a listening session. Levin, in a release, expressed disappointment that the president had not mentioned the challenges of globalization.

Rangel still plans to organize a retreat for committee members and Schwab, Treasury Secretary Henry Paulson and other administration officials on economic issues, but no date for that meeting has been set. Ways and Means has also scheduled a hearing on trade and globalization on Jan. 30.

A new fast-track law will have to be shaped to fit the positions of Rangel and Senate Finance Committee Chairman Max Baucus (D-Mont.), who has said Congress should renew fast track with some changes. A spokeswoman for Baucus said he has no concrete plans to introduce legislation extending fast track at this time.

Fratto said the administration believes it can find common ground with Democrats worried about rising economic populism in their party.

Delaying the request also gives U.S. negotiators more time to craft a possible deal in the current round of World Trade Organization talks launched in 2001, Venable and other business- and farm-group lobbyists said. This could be used as an incentive to get Congress to extend fast track, since other WTO members would be unlikely to negotiate seriously with the U.S. if a deal could be amended by Congress.

National Foreign Trade Council President William Reinsch said Congress is unlikely to grant the Bush administration a fast-track extension unless there is some tangible trade deal that will not be completed without it. Getting an extension "requires an engine, and the engine is getting the round going," Reinsch said. "If you don't, people are going to say they're busy. Why waste time on negotiating [fast track] if there's not going to be a deal to negotiate?"

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The Doha round has been sputtering for years, but efforts have stepped up in recent weeks, partly because the U.S. sees progress in the round as giving it leverage in the upcoming fight over a new farm bill. Administration officials have been consulting with agriculture-group representatives to weigh their views on a possible agreement with the European Union in which the U.S. would agree to reduce its farm subsidies in exchange for the EU reducing tariffs on farm goods.

One agriculture lobbyist said the U.S. and EU appear to be within "spitting distance" of an agreement, but cautioned that a preliminary deal between the U.S. and EU would still have to be sold to other WTO members.

If the administration reaches a tentative deal on basic figures for reducing agriculture tariffs and subsidies, it could present an argument to Congress that a fast-track extension is necessary to conclude a multilateral round, which would be the first completed since the Uruguay Round in 1994. Schwab has acknowledged it would be impossible to conclude WTO talks under current fast-track authority.

Some observers believe the administration could also cast blame on congressional Democrats for blocking a multilateral deal if they oppose extending fast track. However, Venable and Reinsch, who both worked in the Clinton administration, said they do not think the Bush administration is driven on fast track by political calculations, but by the desire to move forward on trade. Venable said she does not think anyone is "so sinister" as to be figuring out an endgame of blame for the fast-track fight.

Tax Break Talks Slow Minimum Wage Hike (AP)

By Jim Kuhnhenn

AP, January 25, 2007

The minimum wage increase that was supposed to zip through Congress veered onto a collision course Wednesday as lawmakers argued over business tax breaks that would be attached to ensure Republican support.

Democratic leaders in the House began laying groundwork to blame the Republicans for any impasse. Senate Democrats, however, cautioned their House colleagues not to jeopardize legislation they'd promised to approve if they gained control of Congress.

House Democrats demanded a clean bill from the Senate — no tax attachment — setting up a confrontation that could delay final congressional passage of the $2.10 an hour increase.

The Senate did vote 54-43 to advance a House-passed measure that would lift the pay floor without any accompanying tax cut. However, that was well short of the 60 votes needed to keep that version moving.

The vote was a signal to the House that without the tax breaks a minimum wage bill appeared doomed in the Senate. And the Senate promptly moved to a broader bill, backed by its Democratic leaders, that would raise the minimum wage to $7.25 an hour over 26 months and provide $8.3 billion in tax benefits to businesses over 10 years.

In the House, Democrats threatened to stifle that effort by enforcing constitutional precedents that require all tax bills to originate in the House. They blamed Republicans for the brewing impasse.

"Democrats are committed to helping small businesses, but we should not delay a minimum wage increase another day in order to negotiate a tax package," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi.

Senate Democrats seemed more willing to accept the tax portion if it meant fulfilling their campaign promise.

"Both bodies want to keep their eye on the ball," said Sen. Max Baucus, D-Mont., a co-sponsor of the Senate tax break provisions.

House Democrats could try to alter or even remove the tax package from the Senate version when the two houses try to reconcile their differing versions in a conference committee.

In the meantime, the confrontation exposed difficulties the Democratic majority may well encounter when sending other House legislation to the Senate, where the minority Republicans enjoy more power to shape legislation than in the House.

Still, in a separate vote Wednesday, the Senate effectively killed a modified line-item veto bill. The Republican-inspired measure would have permitted a president to pluck individual items out of spending bills and submit them to Congress for a vote.

Senators also defeated a Republican amendment that would have given only the states the right to increase the minimum wage.

The federal minimum wage has been unchanged for 10 years. In the meantime, a number of states have moved on their own to increase their minimums.

According to the Center for Budget and Policy Priorities, a liberal leaning think tank, inflation has eroded the value of the minimum wage to its lowest level in more than 50 years.

"Minimum wage workers are men and women of dignity," Sen. Edward Kennedy, D-Mass., a longtime advocate of raising the wage floor, said. "They do some of the most difficult, backbreaking jobs in our society. They deserve a fair wage that respects the dignity of their work and they shouldn't have to live in poverty."

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Since the House passed its version two weeks ago, Speaker Pelosi, D-Calif., and Rep. Charles Rangel, the chairman of the taxwriting Ways and Means Committee, have prodded the Senate to keep tax proposals out of the bill.

In scheduling the vote Wednesday, Senate Majority Leader Harry Reid, D-Nev., sought to demonstrate the lack of Republican support for a straight minimum wage bill without tax cuts. Every Democrat present voted to cut off debate and five moderate Republicans joined them.

"There seems to be agreement to raise the minimum wage," said Republican Sen. Michael Enzi of Wyoming. "The difficulty has been how do we take care of some of the impact to small businesses that will result from this."

Reid is backing an $8.3 billion tax package that would extend for five years a tax credit for employers who hire low-income or disadvantaged workers. It also extends until 2010 tax rules that permit businesses to combine as much as $112,000 in expenses into one annual tax deduction.

The cost of the proposal would be paid with revenue realized from a proposed cap of $1 million on executive compensation that can be tax deferred. The tax package also would end deductions for court settlements or punitive damages paid by companies that have been sued.

Those proposed revenue increases have drawn opposition from the U.S. Chamber of Commerce, which has urged senators to vote against them.

"These are permanent tax law changes that hat have significant impact on the broad business community," Bruce Josten, the chamber's top lobbyist, said in an interview.

Effort To Move On Minimum Wage Bill Falters In Senate (NYT)

By Bloomberg

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 (Bloomberg) — Senate Republicans rejected an effort by Democrats to pass minimum-wage legislation without breaks for small businesses on Wednesday, setting the stage for a potential impasse with the House, where lawmakers are demanding a “clean” bill.

The Senate vote of 54 to 43 was six votes short of the 60 needed to move ahead with a wage measure that does not include tax benefits for employers. Earlier this month, the Senate Finance Committee voted to add $8.3 billion in tax breaks to the bill.

Leaders of the new Democratic-led Congress have said raising the federal minimum wage for the first time in 10 years, to $7.25 an hour from the current $5.15, is a priority. The measure may now be headed for deadlock. Representative Charles B. Rangel, Democrat of New York and chairman of the tax-writing House Ways and Means Committee, has suggested he will block any minimum-wage measure that includes tax provisions.

A spokesman for Mr. Rangel, Matthew Beck, said Wednesday: “The Senate needs to pass a clean bill. They shouldn’t hold the minimum wage hostage.”

The House passed its minimum-wage measure on Jan. 10.

Mr. Rangel notes that the Constitution requires tax-related legislation to originate in the House.

Under Congressional rules, Mr. Rangel can block House consideration of the Senate’s minimum-wage measure. Any legislation would have to be reconciled between the two chambers before being sent to President Bush for his signature.

Mr. Bush has said he supports raising the national minimum wage as long as the legislation includes tax relief for small businesses that might face increased labor costs.

Roundtable Setup Left Some Republicans Feeling Like Squares (WP)

By Lois Romano

The Washington Post, January 25, 2007

In case you were wondering how the Republicans were adjusting to their new minority status, consider this painful story.

Democratic Rep. Jim Oberstar of Minnesota, the new chairman of the House Transportation Committee, wanted to show members of his panel how bipartisanship and policymaking can work in tandem. So the chairman, along with ranking Republican John Mica (Fla.), organized a roundtable discussion for members last week. And to drive home the point, Oberstar invited back Bud Shuster (R-Pa.), the retired Republican chairman of the committee.

It seemed like a great idea until Mica arrived for the roundtable and discovered that he did not have one of the nice, cushy chairs at the head of the table that were occupied by Oberstar, Shuster and other speakers, including New York financier Felix Rohatyn.

According to sources, none of whom wanted to be anywhere near this story, Mica threw a fit and demanded to know from staff why he didn't have a special chair of his own next to Oberstar and the others.

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But before staff could rectify the situation, and as startled members looked on, a furious Mica stormed out of the room and ordered the other Republican members to leave. Among the uncomfortable departees was Shuster's own son and successor, Rep. Bill Shuster.

A source close to Mica acknowledged last night that the congressman was "very upset" because he "wants to be sure members of the minority are treated with the respect."

But after hearing from Oberstar later, the source said, Mica knows the slight was unintentional, and there are no hard feelings.

Note to other Republicans: Bring your slights to us. We'll help you air them.

Meanwhile, on the Other Side of the Aisle . . .

After years of tension between House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) , the two appear to be getting along much better these days, or so report the staff and allies of the Democratic leadership.

They say the tension and mistrust that long existed between the two native Marylanders is no longer evident.

She no longer seems to be keeping him in the dark on insider maneuvering, and he no longer feels as if he's being kept out of the loop.

"They both realized that they have to get along to succeed," said a former leadership aide who knows them well.

Take Hoyer's meeting on Tuesday with committee chairmen, a weekly event chaired by Hoyer that at one time no one could have imagined Pelosi relinquishing. According to one source at the meeting, Hoyer unequivocally defended Pelosi's decision to create a select committee on global warming, beating back complaints from unhappy chairmen concerned about turf.

But Pelosi is the one who has made the more significant turnaround, Hill sources say.

For reasons that are still unclear to many Democrats, Pelosi kept Hoyer at a distance as her No. 2 when they were in the minority. But members thought the partnership nonetheless worked well and were shocked when she aggressively supported Rep. John Murtha (D-Pa.) for majority leader.

After Hoyer trounced her guy, and after she was elected speaker, observers say her attitude toward Hoyer changed. Most unexpectedly, Pelosi was comfortable sharing power with him, giving him voice in committee assignments and full rein on the floor schedule.

"What you're seeing," said someone close to her, "is Nancy coming into her own. She more confident, more relaxed. She doesn't think he's submarining her anymore." Stay tuned.Some Days It's Just Not Worth Going to Work

Freshman Democratic Rep. Steve Kagen of Wisconsin seems to have gotten off to a rocky start back home, not fully comprehending how his every utterance is now news.

His problems started when the allergist-turned- legislator jokingly told some local antiwar activists last month that he aggressively confronted Karl Rove in a White House men's room. "You're in the White House and think you're safe, huh?" Kagen told the activists, according to a report in a monthly alternative publication.

"You recognize me? My name's Dr. Multimillionaire, and I kicked your [expletive]."

Kagen also said that he blocked Rove's exit in the bathroom of the White House and then deliberately called Laura Bush "Barbara" to insult her.

By the time the odd remarks were picked up by the mainstream media, they were reported as fact -- along with a White House response calling Kagen's account "ridiculous."

Confronted at a news conference about the remarks, Kagen awkwardly backed away from them, saying he was "thrilled" to meet the president and first lady and never insulted anybody. But he declined to clarify what did happen, and the brouhaha wouldn't die as the media continued to chronicle Kagen's various versions of his White House excursion.

The furor was finally quelled when the congressman wrote an op-ed piece published Sunday in several home-state papers. "I apologize for handling this situation as I did. I allowed this distraction to get out of hand and divert our attention from the critically important work we are doing," he said. "My mishandled attempt at humor wasn't delivered or received well. It won't happen again."

Asked whether the lawmaker understands now the danger of exaggerating in politics -- even in jest -- an adviser to Kagen said: "One would hope."Thank You, Mr. President

Sen. Tim Johnson (D-S.D.) watched Tuesday's State of the Union address from his room at George Washington University Hospital and was touched that President Bush acknowledged him, a spokeswoman for the senator said. Johnson has been in the hospital since Dec. 14, when he underwent brain surgery, and his recovery has been slow.

The senator was transferred from intensive care to a rehabilitation unit at the hospital two weeks ago, and he is starting to talk.

"It is not a conversation yet, but it's progress," said Julieanne Fisher, the spokeswoman. "He is saying words, and he understands."

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A statement on his Web site says "he has been working with parallel bars and participating in speech therapy, including naming objects." He also ate a hamburger.

In his speech, Bush also singled out Republican Rep. Charles Norwood of Georgia, who is being treated for a recurrence of cancer that has developed near his kidney.

"Two members of the House and Senate are not with us tonight," the president said, "and we pray for [their] recovery and speedy return."

Norwood's staff said he was "thrilled" by the president's wishes. The congressman is receiving chemotherapy as an inpatient at Inova Mount Vernon Hospital, spokesman John Stone said.

Desire To Be In Driver's Seat Takes Back Seat At Auto Show (WP)

By Lyndsey Layton

Washington Post, January 25, 2007

A highly choreographed peace accord was reached in the middle of the Washington Convention Center yesterday, when Rep. John D. Dingell (D-Mich.) escorted House Speaker Nancy Pelosi (D-Calif.) through the auto show, hoping to smooth over the public rift that erupted between them last week.

Pelosi irritated Dingell by announcing her desire to create a special committee on global warming. As chairman of the House Energy and Commerce Committee, Dingell had planned hearings on global warming and saw Pelosi's proposed committee as an affront to his authority. Dingell, the longest-serving House member, sent a memo to colleagues that called special committees as relevant as "feathers on a fish." He and others threatened to fight Pelosi's plan.

Pelosi, meanwhile, believes Democrats must show a sense of urgency about carbon emissions and has called for an aggressive schedule that would develop legislation to address the problem by July. She thinks a select committee on energy independence and climate change would demonstrate the party is serious about action.

To soften the edges of the turf battle, Dingell's wife, Debbie, an executive with General Motors Corp., suggested that he invite Pelosi to the Washington Auto Show to see the hybrid vehicles manufactured in his home state.

Which is how Dingell and Pelosi wound up riding in an electric golf cart through the cavernous convention hall, past the banana-yellow Hummers and blue Saab convertibles until they reached the small display of hybrids in the back.

They were trailed by a group of photographers and reporters, who pinned them up against a baby-blue Ford Escape hybrid that runs on ethanol. Two Ford salesmen appeared and opened the doors so Pelosi could see the car's pale gray interior. Pelosi nodded appreciatively as the salesmen talked about capacity and mileage. The group strode to the rear and gazed into the open hatchback.

Cameras clicked.

Dingell and Pelosi refused to answer questions about whether they had resolved their dispute over the special committee or saw eye-to-eye on global warming.

"I won't talk to you about that now," Dingell said.

"That's not the subject we're here to discuss today," Pelosi said.

"She's here to learn about our business and be supportive," Dingell said, putting an arm against her back.

"I was honored by the invitation," Pelosi said.

Cameras clicked.

Pelosi allowed that she bought a Jeep Cherokee in 1976 and has owned several in the years since but does not drive herself around anymore. She said she'd like to ride in a hybrid SUV, but her security team forbids it.

"They said it was something about the size," she said.

Cameras clicked.

Then, 20 minutes of peacemaking over, Pelosi, Dingell and their entourage walked to a rear exit and climbed into two gas-guzzling Chevy Suburbans.

Capitol Hill Power Shift Could Aid Philip Morris (WSJ)

By Vanessa O'connell And Brody Mullins

The Wall Street Journal, January 25, 2007

In many ways, the new Democratic Congress looks like big trouble for big tobacco.

Representative Henry A. Waxman (D., Calif.) -- long the industry's chief Capitol Hill scourge -- just became an important committee chairman. Loyal Republican allies of big tobacco are now in the minority, including John Boehner (R., Ohio), a smoker who in 1995 famously handed out checks from tobacco lobbyists on the House floor (he later apologized), and Roy Blunt (R., Mo.), whose wife is a lobbyist for Altria Group Inc., the parent of Philip Morris USA. (Mr. Blunt's office notes that his wife doesn't

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lobby the House.) Because of the changes on Capitol Hill, the public could be seeing all sorts of ideas floated that had sunk quickly before -- from a federal excise tax increase to photos of diseased lungs on cigarette packs.

From the point of view of the nation's largest cigarette maker, Philip Morris, the shift in power could be a blessing in disguise. That's because it could help ease the way for legislation to give the Food and Drug Administration new powers to control how cigarettes are made and marketed. That, ironically, could help Philip Morris maintain its current market domination.

The FDA doesn't regulate cigarettes. Under former commissioner David Kessler it tried years ago to claim jurisdiction over cigarettes as drug delivery devices -- the drug being nicotine -- but that effort was challenged by tobacco companies and rejected by the U.S. Supreme Court.

Most tobacco companies are opposed to FDA regulation of cigarettes, which, among other things, would likely ban the use of descriptors such as "light" and "mild" and require big new warnings to cover at least 30% of cigarette packs.

Philip Morris, however, has embraced the idea that the FDA should have broad powers over tobacco. "Legislation that reduces the serious harm caused by smoking would be a very good development, and it is not about giving a competitive advantage to any one company," says Steven C. Parrish, senior vice president of corporate affairs for Altria.

The company's rivals contend that new restrictions would hurt them more because their brands are much less known than the famous Philip Morris Marlboro brand. With marketing potentially dramatically curtailed by FDA regulation, they would have fewer ways to promote themselves. The result, they say, would be that Marlboro would keep its market share. Philip Morris USA's share of the retail cigarette market was 50.4% as of the third quarter of 2006. Competitors such as Reynolds American Inc.'s R.J. Reynolds Tobacco Co., which markets Camel and Kool cigarettes, gripe that FDA regulation is the "Marlboro Monopoly Act."

Oversight by the FDA also would help Philip Morris develop a legal way to market its cigarette products that are meant to be less hazardous, such as Marlboro Ultra Smooth, which already have been selling in limited test markets but without any explicit health-related marketing claims. A bill in the works includes sections that define reduced-risk products, laying out how they can be marketed.

In coming weeks, Sen. Edward M. Kennedy (D., Mass), chairman of the Senate Health Committee, and Rep. Waxman, chairman of the House Oversight and Government Reform Committee, are expected to formally introduce FDA tobacco legislation. Sen. Kennedy's plan is for hearings in February and a vote in his committee on the bill in March. Phillip Morris USA Chief Executive Officer Michael Szymanczyk, and other cigarette company chiefs, are expected to be asked to testify before Congress.

They could face tough questions about some new findings from researchers at the Harvard School of Public Health alleging that tobacco companies increased the level of addictive nicotine in their cigarettes. Philip Morris disputes the findings.

Another hot topic might be whether legislation should give the FDA power to demand that all cigarette makers reduce nicotine levels all the way to zero. In the past, Philip Morris has argued against that on the grounds that doing so would make cigarettes unacceptable to consumers.

Traditional antiregulatory sentiment on the part of the Republicans has proved an obstacle to passage of FDA regulation. The Democrats' win in November means that legislation to regulate tobacco has more votes than in the last session of Congress. But with a presidential race gearing up, and the congressional clock always racing, many bills may fall by the wayside as priorities shift.

Rep. Waxman has been particularly tough on cigarette makers. In 1994, he called cigarettes "the single most dangerous consumer product ever sold," and he was chairman of the hearings that exposed major tobacco executives over the health risks of smoking. Seven executives declared, under oath, that nicotine isn't addictive. The companies have reversed course. Reynolds suggests smokers rely on the conclusions of the U.S. Surgeon General, and other public-health and medical officials, while Philip Morris USA agrees cigarettes are harmful.

Now Rep. Waxman will be in the position of arguably aiding Philip Morris by introducing the FDA bill on the House side. His spokeswoman said yesterday that the bill could come soon and would likely give the FDA the power to regulate nicotine but not eliminate it.

"I don't think there's been any love between Philip Morris and Henry Waxman," said Rep. Waxman in an interview yesterday, noting that he is aware that some employees of the cigarette maker used to mock him as "Hollywood Henry" -- a likely reference to the fact that he invited movie stars and celebrities to his hearings. "I don't care about Philip Morris's interests," he added. "Cigarettes -- as dangerous as they are -- are the only consumer products that are completely unregulated by the federal government."

Among the antitobacco measures Democrats might take would be increasing the federal cigarette excise tax, now 39 cents. The last increase was legislated in 1997.

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Antitobacco advocates also hope there might be political opportunities for the U.S. to finally ratify the terms of a World Health Organization treaty known as the Framework Convention on Tobacco Control. The U.S. signed it in 2004, and about 143 other countries have ratified it, including the United Kingdom, Japan, and Canada. The treaty calls for a ban of terms such as "light" and "low tar" and would require text or pictorial warnings covering at least 30% of each tobacco pack.

In Canada and some other countries using pictures, the images include a diseased lung and a drooping cigarette to show tobacco's ill effects on male sexuality. The odds of passage this year are uncertain because the State Department has yet to introduce the legislation that would make the treaty's terms legally binding.

"We agree with most of the treaty's core principles, and we want to engage with the rest of the world to help bring them up to our standards," White House deputy press secretary Tony Fratto said Wednesday. "The treaty requires statutory changes that we would have to make before ratifying it, and also raises some constitutional concerns -- particularly with respect to the First Amendment. I can't say at this time how quickly those issues would be resolved."

Another likely move would be to pass legislation that would limit Internet sales of tobacco products. In the last Congress, there was debate about providing the states additional authority to ensure that state taxes were paid. The proposal is likely to surface again this year, says Wendy K.D. Selig, lobbyist for the American Cancer Society in Washington.

House Restores Some Voting Rights To Congressional Delegates (NYT)

By Carl Hulse

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — The Democratic majority in the House restored limited floor voting rights to the Congressional delegates from the District of Columbia and four territories on Wednesday after a rancorous debate with echoes of the days before the Republicans won the majority in 1994.

The change approved on a party-line vote of 226 to 191 was mostly symbolic because the five delegates will be allowed to vote just on floor amendments, not on final approval of bills.

If their votes influence the outcome on amendments, a new vote will be taken without their participation.

The return of the privileges, first allowed by Democrats in 1993 and rescinded by Republicans in 1995, resulted in Republicans' pouring out their frustration about their treatment by Democrats in the first weeks of Congress. The sour mood threatened efforts at forging a more cooperative relationship between the parties.

"We've extended the hand of friendship to each other in hopes of working together for the common good," Representative John A. Boehner of Ohio, the Republican leader, said as he accused Democrats of trampling House rules. "Unfortunately, the hand of friendship is being slapped away by the actions of the majority."

Democrats responded by suggesting that Republicans were demeaning the role of the delegates who represent the Virgin Islands, Guam, Puerto Rico and American Samoa and refusing to recognize that the five million residents of those territories and the District of Columbia deserve representation on the House floor.

Democrats noted that residents of the territories were among the people being killed and wounded in Iraq.

"The House is ordained to be a marketplace of ideas," Speaker Nancy Pelosi said. "We should work to expand democracy, not limit it."

Delegate Eni F. H. Faleomavaega, Democrat of American Samoa, bristled at Republican gibes that he would be able to vote on the floor when he represents 60,000 residents compared with the approximately 600,000 in a typical Congressional district.

"I am saddened this has gotten to the point where we are caught in this crossfire," Mr. Faleomavaega said about the broader dispute over Democratic management of the House.

Republicans said the proposal on delegate voting was one more Democratic initiative rushed to the floor without committee hearings. They called it an unconstitutional power grab and derided it as "representation without taxation," because residents of the territories do not pay federal income taxes though residents of the District of Columbia do.

"Under this rule, the majority party could seat anybody in the House," said Representative Tom Price, Republican of Georgia.

Referring to the chairman of the national Democratic Party, Mr. Price asked: "Who is next? Howard Dean? He has a significant constituency."

Republicans used similar tirades at Democrats, accusing them of arrogance in their operation of the House when they instituted delegate voting rights in 1993. A court challenge failed when a judge ruled that the voting was essentially meaningless and thus was not unconstitutional. On taking control of the House, Republicans reversed the rule.

In their winning midterm campaign, Democrats promised to treat the Republicans more fairly than the Republicans treated the Democrats in their 12 years in the majority.

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Delegates Gain Limited Voting Rights (WP)

By Mary Beth Sheridan

The Washington Post, January 25, 2007

The House gave D.C. Del. Eleanor Holmes Norton the right yesterday to vote on amendments to bills on the House floor, a privilege that legislators acknowledged is largely symbolic.

The action, pushed through by the new Democratic-led House, restores a right that Norton (D) and four other non-state representatives received in 1993. It was taken away two years later, after Republicans won control of the House.

Norton has been pushing for passage of a much broader bill that would give her a full vote. She supported the limited measure yesterday but expressed concern that it could slow the momentum toward giving the District a full vote by confusing activists and increasing tension with Republicans.

"This debate is extremely heartbreaking for me," Norton said in an impassioned floor speech, after Republicans assailed the rule change. She questioned why lawmakers were arguing about the constitutionality of the limited measure, when the courts had upheld it in the 1990s. She said Congress should instead be considering the broader bill, which supporters call their best hope in years of getting the District a full vote in the House.

Norton and Rep. Thomas M. Davis III (R-Va.) recently reintroduced that bill, which would add two seats to the House -- one for the overwhelmingly Democratic District and another for Utah, a Republican bastion. Until now, Norton has been able to vote only in House committees.

The rule change that was approved "offers so little for Americans who have given so much," Norton lamented.

The measure allows Norton and representatives from Puerto Rico, Guam, American Samoa and the Virgin Islands to vote in the Committee of the Whole, where amendments to legislation are considered.

But it comes with an important caveat: If the delegates' votes provide the margin of victory, their votes are thrown out and representatives revote without them.

The measure passed 226 to 191 on a party-line vote. Democratic supporters acknowledged that it provided mainly symbolic privileges but said it would give delegates greater participation in Congress.

"It is not enough what we do today," said Majority Leader Steny H. Hoyer (D-Md.), who has expressed strong support for the District having a full vote in the House. "But it would be tragic if we do not do this basic step."

Republicans attacked the measure, saying it was unconstitutional and a power grab by Democrats.

Rep. Patrick T. McHenry (R-N.C.) noted that four of the five non-state representatives who benefit from the rule change are Democrats.

"They want to cushion their numbers" in votes on amendments, he said during the debate.

Other Republicans expressed concern that the rule change was the first step toward offering full voting rights to the territories. And some suggested it would be used in legislative maneuvers to benefit Democrats.

Rep. David Dreier (R-Calif.) noted that the last time the measure was in effect, the Democratic-controlled House had numerous revotes on amendments, though it was rare that the delegates affected the margin of victory. During the revotes, he said, representatives often changed sides.

"We're going to embark on another legal struggle, just as we did 14 years ago," to defeat the measure, he declared.

House Republicans filed suit in U.S. District Court in 1993, citing a violation of the Constitution. But Judge Harold H. Greene ruled in favor of Norton and the other delegates, saying their votes posed no constitutional problems because they were "symbolic" and therefore "meaningless." That decision was upheld on appeal.

GOP May Sue Over Delegates' Vote (RC)

By Elizabeth Brotherton

Roll Call, January 25, 2007

After a contentious floor debate Wednesday, the House voted to give the chamber's five Delegates the right to vote in the Committee of the Whole — but Republicans are considering challenging the rules change in court.

The House passed the measure, 226 -191, after a series of protests from Republicans, who claimed the vote was an unconstitutional power grab by the new majority.

Rep. Tom Price (R-Ga.), who spent much of his week rallying against the proposal, called it "flawed policy" and said Republicans will continue to fight it.

"At this point, because there are internal rules, the only option we have is through the courts," Price said. "We'll be in discussions with that."

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According to the rules change, Democratic Dels. Madeleine Bordallo (Guam), Donna Christian-Christensen (V.I.), Eni Faleomavaega (America Samoa) and Eleanor Holmes Norton (D.C.), along with Resident Commissioner Luis Fortuño (R-P.R.), can vote on amendments to bills but not the final passage. Plus, if a Delegate casts the deciding vote on a bill, the Delegate votes are thrown out and a revote takes place.

Democrats argued that the vote is a symbolic gesture to the nearly 5 million Americans who live in Washington, D.C., and the territories.

"What are we really giving them? A chance to participate in democracy," said Rep. José Serrano (D-N.Y.), who was born in Puerto Rico. "How can we be willing to spread democracy around the world when we can't spread it here?"

Christian-Christensen said she is pleased to get the vote and called Republican arguments against the measure unfounded.

"None of their arguments were really good arguments," she said. "The only thing I can go back to is the politics. I think they should have been honest and said, 'We don't want to have four Democratic Delegates.'"

If Republicans decide to go to court, it won't be the first time the Committee of the Whole vote has been challenged.

The U.S. Court of Appeals upheld the rules change after it was enacted during the 103rd Congress, with judges writing it does not go against the Constitution because it does not affect the overall outcome of a vote.

With that history behind him, Faleomavaega said he welcomes sending the measure back to the courts.

"I must say that I have never seen such a more divisive issue before the House for consideration," he said. "And I feel really bad... all we wanted was the symbolic vote."

Republicans threw out the vote when they took power after the 1994 elections. But GOP leaders said Wednesday that if the rules change were to reach the Supreme Court, they are confident it would be struck down.

Rep. David Dreier (R-Calif.) led much of the floor protest, criticizing Democrats — specifically the Rules Committee, of which he is ranking member — for not bringing in Congressional experts and other observers to discuss the merits of the measure.

The Californian added that he does not believe the bill passes constitutional muster.

"If they want to vote in this body, Mr. Speaker, they should pursue statehood, plain and simple," Dreier said of the Delegates.

Minority Leader John Boehner (R-Ohio) called the measure an "outrageous grab of power" that creates a "breach of trust of the Members here."

"It saddens me there was no discussion about this with the minority," Boehner said, adding that Republicans got word of the proposal on Friday only when Majority Leader Steny Hoyer (D-Md.) released the weekly calendar.

Dreier also said he was disappointed Democrats did not withdraw an amendment presented in the Rules Committee by Rep. Mark Kirk (R-Ill.), even after Kirk submitted a letter requesting the committee do so. The amendment would have required the House Clerk certify in writing that the constituents of the delegates are covered by the federal tax code.

But one Democratic leadership aide said that things were handled correctly and the Republican outcry was unjustified.

"I think they're just trying to adjust to being in the minority, to be honest," the aide said.

That outcry seemed ironic to Christian-Christensen, especially because the Delegate with the most constituents — Fortuño, who represents about 4 million people — is a Republican, she said.

For Norton, the symbolic measure is far from her ultimate goal of obtaining a full House vote with the D.C. Fair and Equal House Voting Rights Act.

In an emotional six-minute speech on the House floor Wednesday morning, Norton criticized the way House leaders handled the rules change, which she said needlessly divided "the people's House about a right to vote settled 14 years ago."

"I say to my friends on the other side, 'There is nothing left to debate about,'" Norton said.

The Delegate grew angrier as she discussed the need for a swift vote on the D.C. voting-rights act.

"Why isn't H.R. 328 the first bill out of the Democratic Congress?" she asked.

Hoyer, who introduced the Delegate measure, said he is dedicated to giving D.C. a full vote "and we will address that shortly."

Rep. Tom Davis (R-Va.), who is sponsoring the D.C. voting-rights bill with Norton, argued against the new Delegate power.

"To the cynic in me, this resolution smacks of obfuscation," Davis said. "What the majority is doing today threatens to delay action on the real injustice that has plagued the District for more than two centuries."

For Bordallo, the new power is worthwhile.

"This is a step forward," she said.

Political Confrontation In Church For Lawmaker (AP)

AP, January 24, 2007

WASHINGTON A Democratic congressman walked out of his Catholic church in Buffalo after a clergyman berated the lawmaker for his recent vote on stem cell research.The public tongue-lashing of Congressman Brian Higgins came during last Sunday morning's Mass at Saint Thomas Aquinas Catholic Church in South Buffalo.During Deacon Tom McDonnell's sermon, McDonnell criticized Higgins for voting earlier this month for a bill that would allow federal funding for research involving stem cell lines derived from surplus embryos created in fertility clinics.The Catholic church opposes embryonic stem cell research.As the clergyman spoke, Higgins -- who was baptized and married at Saint Aquinas -- walked out with his wife and son.Higgins says leaving was the appropriate thing to do.The Buffalo News reports that the pastor of the church offered an apology from the pulpit after the congressman had left.

Senate Shows Its Age; Health Problems Pose Challenge For Governing (POL)

By Jonathan Martin And John Bresnahan

The Politico, January 25, 2007

The average age of members of the U.S. Senate is older than it has ever been, according to Senate Historian Richard Baker. For many senators, advanced age is starting to show, raising questions about their ability to govern.

Until his retirement last month, former majority leader Bill Frist, R-Tenn., a noted heart surgeon, was being consulted for informal medical advice by two dozen of his colleagues -- more than 20 percent of the Senate, according to a former leadership aide. They went to Frist complaining about a host of illnesses and chronic maladies, most related to aging.

Among them were Sen. Pete Domenici, R-N.M., who flew on Frist's jet for private consultation and treatment at the Frist Clinic in Nashville, according to Senate sources.

The average age of the 100 senators is 62, up from 60 in the last Congress. Among the new Democratic committee chairmen, it is 69. And, of the five longest-serving senators, three are there today. Including the grand-daddy of seniority, Sen. Robert C. Byrd, D-W.Va., 89.

As far as illnesses, at least 10 senators have fought various cancers or suffered severe injuries. Sen. Tim Johnson, D-S.D., remains hospitalized here for a brain hemorrhage suffered last month. And others deal with chronic and debilitating infirmities.

In the past, the clubby atmosphere of the Senate provided cover for its frailest members. No longer. Today, a senator's smallest stumble, nap or memory lapse gets instant and widespread public exposure online through blogs and videos posted on YouTube and other social-networking Web sites. (See related story.)

Few senators will talk publicly about their own health problems or those of their colleagues. But many sought counsel from one of their own, Frist. He offered informal and discreet medical advice to his colleagues and some spouses during his 12-year tenure, a former Senate leadership aide said.

"You would be surprised by the people who sought his advice" on health-related issues, said the former aide. "There was a steady flow of people in and out of the office." Frist declined to comment.

If the president appears in public wearing so much as a dime-sized bandage, the press demands, and usually gets, a detailed medical explanation from the White House. No one questions the public's right to know precisely and in full about the physical health and mental well-being of the commander in chief.

Closer to home, Americans routinely face the wrenching tasks of taking car keys away from elderly parents who can no longer drive safely, or delivering the necessary (but unwelcome) news that it's time for an infirm parent to move into assisted care.

Yet suggestions that an enfeebled senator consider retirement haven't been broached, even considering the distressing example of the late Sen. Strom Thurmond, R-S.C., who spent the final year of his term, at age 100, in and out of Walter Reed Army Medical Center here.

The issue is increasingly relevant today, considering the current Senate's advanced age, particularly among its leaders. Byrd, Edward M. Kennedy, D-Mass., and Daniel Inouye, D-Hawaii -- Numbers 1, 3 and 4, respectively, among the longest-serving senators -- have been in the Senate more than 40 years each. And each chairs an important committee at an age when most people are retired: Byrd holds the gavel at Appropriations, Kennedy, 74, at Health, Education, Labor and Pensions, and Inouye, 82, at Commerce, Science and Transportation.

"People don't like to talk about age," said Boston University history professor Julian E. Zelizer. "It's not a political taboo, but a cultural one. We're respectful of the elderly." To raise the issue in a political context, Zelizer continued, is even more fraught with difficulty because any discussion of the office-holding elderly portends a conversation about that which is even more awkward -- mortality. The subject of death is especially acute in the Senate, "where individuals matter," as Zelizer diplomatically put it.

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The impact of a single senator's health was underscored when Johnson, 60, suffered a brain hemorrhage in mid-December. He is recovering in a Washington hospital, and physicians have said it may take months.

This was big news, in part because of how suddenly a relatively young senator was stricken, but more importantly because of the potential political fallout. Should Johnson be unable to complete his six-year term, which ends in January 2009, South Dakota Gov. Mike Rounds, a Republican, would likely fill Johnson's seat with a GOP appointee, thus taking control of the Senate out of Democratic hands.

Johnson is receiving several hours of speech and physical therapy a day, and his office has issued repeated statements that he is on the way to a full recovery. Johnson has hired a strategist to help oversee his re-election effort next year, answering, at least for now, the question of whether he plans to run again. (Majority Leader Harry Reid, D-Nev., appointed Sen. Barbara Boxer, D-Calif., to take over Johnson's gavel at the ethics committee in Johnson's absence.)

Johnson's illness also reinforced the delicate topic of whether a senator is mentally fit to serve. Such was the question when Thurmond finished his tenure.

After moving into Walter Reed following several hospitalizations, Thurmond stopped presiding over the Senate, and at committee hearings typically would only read verbatim remarks prepared by his staff. On the floor, his fellow senators would "come pay homage" to their nonagenarian colleague as he sat waiting to vote, said Rutgers professor Ross K. Baker.

"They were very nice, but they treated him like an ornament, like a figure in [the Capitol's] Statuary Hall."

Meanwhile, loyal aides, led by Chief of Staff Duke Short, fiercely protected Thurmond's privacy. Short, whose moniker was the "101st Senator," was mostly able to keep Thurmond's decline out of the news. He barred sit-down interviews and deployed staffers to help fend off reporters on Capitol Hill.

Even today, senators dance around the topic of personal health when quizzed, and staffers and lobbyists -- who have so much riding on the well-being of their political patrons -- clam up as well.

Sen. Frank Lautenberg, D-N.J., who turned 83 this week, said it was difficult to discuss, even with colleagues, because such talk can lead to speculation about a senator's retirement and replacement.

"What is public is public, and what is private ought to remain private," Lautenberg said.

His attitude is typical. "They all understand what it took to get there, and they kind of look out for each other in that way," said associate Senate historian Don Ritchie. He added that some senators also "walk around aware that, 'But for the grace of God, there go I' " when seeing a colleague having difficulty.

For Byrd, hard times are painfully obvious. The senator who oversees hundreds of billions of dollars in government spending as chairman of Appropriations is still good for a rant on Congress's rights and privileges, as evidenced last week by his emotional attack on a proposal to give the president a line-item veto. But his health problems are legion.

Byrd suffers from tremors, causing his hands to shake noticeably. He has complained about growing weakness in his legs, and when he leaves the Senate chamber, he switches from using two canes to a wheeled walker.

Although more than a decade younger than Byrd, Domenici, 74, also suffers from a variety of ailments -- and not quietly, according to fellow senators. Domenici was one of those who leaned heavily on Frist for medical advice, insiders say.

He has undergone two surgeries for a nerve problem, has bursitis in his hips, and suffers from spinal stenosis, a narrowing of the spinal cord that can be painful. He has hearing aids in both ears, forcing him to lean in very close to someone when having a conversation, and he moves slowly and deliberately when taking the floor for votes, stopping often to lean against a wall or desk for rest or to steady himself.

He can appear disheveled at times. Domenici wore a suit with a with large tear in the coat one day recently, and in early December, after being seen ambling through the halls of the Hart Senate Office Building in a pair of hunting pants that resembled pajamas, Domenici aides scrambled to quash a rumor that the lawmaker was not as mentally acute as he had been.

Despite his health, Domenici, who is senior Republican on the Energy and Natural Resources Committee, is running for a seventh term next year. And with last week's announcement that Sen. Wayne Allard, R-Colo., will retire, GOP leaders need Domenici to stay more than ever. Domenici's advisers and Republican strategists portray him as hale and hearty, and suggest any buzz that Domenici's problems will force him to step down is nothing more than a Democratic plot to drive him from office.

"The senator, in my view, is in better health than he was three years ago," said Matt Letourneau, a Domenici spokesman, pointing out that his boss no longer uses the motorized cart that he had several years ago.

To be sure, illness does not disqualify lawmakers from effective service. The Senate roster includes a number of members -- old and relatively young -- who are dealing with or have recovered from serious health problems.

Sen. Craig Thomas, R-Wyo., was diagnosed with acute myeloid leukemia last November and has undergone chemotherapy treatments since then. Thomas, 73, has returned to the Senate minus most of his hair, and he predicts a full recovery. Recently re-elected to six-year term, he will have another chemotherapy session later this month. "I'm feeling great and glad to be back at work," he said in an interview.

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Sen. Arlen Specter, R-Pa., 76, was diagnosed with Hodgkin's disease in February 2005, and Sen. John McCain, R-Ariz., 70, has been treated for skin cancer (see related story). Sen. John Kerry, D-Mass., 63, was treated for prostate cancer in 2003, and Sen. Mike Crapo, R-Idaho, 55, has twice been hospitalized for the same condition.

Sen. Tom Coburn, R-Okla., 58, who is also a physician, is a colon-cancer survivor. Sens. Max Baucus, D-Mont., 65, and Lautenberg both suffered severe head injuries while in office. Even Majority Leader Reid, 67, and Minority Leader Mitch McConnell, R-Ky., 64, had health scares in recent years, although both appear to be fine now. (Reid had a small stroke in August 2005, and McConnell underwent triple heart bypass surgery in early 2003.)

But when a senator begins experiencing age-related decline, they, their staffs and families face the most difficult decision of all: how to retire with dignity.

The challenge, said Professor Baker, is that it can be difficult to tell when someone who has become accustomed to the routine of casting votes and reading prepared remarks is not up to the rest of the job.

"When do you stop issuing drivers licenses?" Baker asked. As with elderly motorists, "you're going to have people whose reflexes aren't too good behind the wheel, you're going to have people [in the Senate] who aren't too sharp anymore making very important decisions."

What's more, almost all of those who would make, or influence, the decision about whether it's time to retire are disposed against it.

The senator usually wants to stay because he or she enjoys and derives purpose out of public service; aides want to keep their jobs and the influence that comes with working for a senior legislator (especially one who is increasingly dependent on aides); the party wants to keep a safe seat that will cost less money to retain; and constituents want the senator to run again because that means continued influence and dollars for a state.

Often, then, the only way the hazards of age and infirmity may be decisive are the same as with anything else in politics, Baker said.

"If it becomes scandal, if the public takes notice of it. That's the way change comes about."

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by POTUS on 01.24.2007 at 09:31 PM

This story allows me to bring up an important point in the political spectrum, political polarization. I respect politicians who are able to have a successful career in politics, but if there is not limit, we can't bring new ideas to Washington. Voters think that long serving members have done a good job, but really they have been going to the extremes for years and have said and done the same things. Term limits seem to be one of the good solutions to this problem.

McCain's Health And Age Present Campaign Challenge (POL)

By Roger Simon

The Politico, January 25, 2007

"I am older than dirt and have more scars than Frankenstein," John McCain likes to say.

It always gets a laugh, though I don't suppose his mother, who is 94, and her twin sister, appreciate it very much. If he is older than dirt, what does that make them? Older than lava?

If McCain, 70, runs and wins, he would be the oldest person ever inaugurated as president. As is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. (One in every 60 Americans is at risk for developing invasive melanoma in their lifetimes.)

I talked to McCain recently and asked him about his health. He said it was good. "I hiked the Grand Canyon rim-to-rim last August with my son, Jack," he said.

I tried to imagine that. The last time I saw it, the Grand Canyon was seriously deep.

How on earth do you hike a thing like that rim-to-rim? I asked.

"Down and up!" he said. "It takes three days."

John Kennedy, who at 43 became the youngest person ever elected president, and who was always associated with "vig-ah," in fact had serious diseases that were kept from the public.

As was revealed in 2002, Kennedy was sick from age 13 through the rest of his life, was on chronic-pain medication throughout his presidency and had Addison's disease, an endocrine disorder that until 1940 was a terminal illness. Kennedy survived it through cortisone injections, which at the time only rich people could afford.

Dr. Jeffrey Kelman, who examined Kennedy's medical records in 2002, said, "He was never healthy. I mean, the image you get of vigor and progressive health wasn't true."

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The point being: Electing a young person to the presidency is no guarantee that he or she will be healthy or stay healthy.

The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts. (And how many presidential candidates can say that?)

"We'll probably have to do that again," McCain told me of the record release.

Do you think all candidates should release their medical and psychiatric records? I asked.

I thought he would jump on that and say yes, just to put pressure on the other presidential campaigns, but he did not.

"I don't know," he said. "I think probably in my case it was a little more unique because of my POW status and the war injuries and the fact that people were spreading rumors that I was crazy and disabled both. So we'll probably have to do that again."

You think the rumors will start again? I asked.

"They already have!" he said.

But I don't think that is going to be McCain's problem. It isn't his health but rather his demeanor that worries some people.

The Iraq war, which he strongly supports, has disturbed and dismayed him. He told The Washington Post it was a "train wreck." He told me it was a "witch's brew." He visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain.

And it is showing.

Last April, I wrote of a campaign swing McCain made through New Hampshire and Iowa, "Though McCain said he enjoyed himself, he was not the rollicking campaigner of six years ago. At a number of stops, he was largely subdued and sometimes almost somber."

Last Sunday, on "Meet the Press with Tim Russert," McCain seemed to have moved from almost somber to almost gloomy.

In my recent interview, I suggested to him that the laughing, joking John McCain of his last presidential campaign seemed to be AWOL.

"It's hard to make jokes; we are a nation at war," he said. "There are great national security challenges that we face. But I also believe, as Ronald Reagan did, that America's greatest days are ahead of us. It's going to be an upbeat campaign and an optimistic one."

And will you still come to the back of the bus and goof off with the press like before? I asked.

"If I changed that," McCain said with a smile of old, "I would probably get death threats."

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by krose on 01.24.2007 at 11:27 PM

I wouldn't care about his age, if his brain was working properly, but it is NOT. So, he would NEVER get my vote. We have had ENOUGH clouded judgement for the past 6 years. We need someone with a "clear head" the next time!

by xungngo on 01.24.2007 at 11:24 PM

My family were the boat people from Vietman and I said that's one great war hero!

by Muggsyswife on 01.24.2007 at 11:12 PM

This is one terrific political blog. I really look forward each day to checking out what you all have to say. Regarding the age of McCain, I think he is probably too old & maybe too cranky to be president. Also, one picture I saw of him at the "State of the Union" last night--he appeared to be sound asleep. However, he is a patriot no matter what his age and has certainly served the nation honorably.

by Jennifer on 01.24.2007 at 10:14 PM

Excellent piece. Part of his constant campaigning and talk show appearance routine is no doubt aimed to project a picture of vitality. But I agree it is the crankiness problem that will be significant. Reminds me of Mr. Wilson from the Dennis the Menace cartoon --always screaming at the kids. Wait until the staffer stories start popping up. It'll make Hillary seem demure.

by M J Petersen on 01.24.2007 at 09:18 PM

I normally wouldn't say age matters much, but after losing my father when he was only 70, it is hard for me to imagine electing the most powerful man in the word for a possible 8 years at that age.

DOJ_NMG_0121667

FEDERAL DIARY: Union Suit Against Intern Program May Revive Debate On Fairness In Hiring (WP)

By Stephen Barr

Washington Post, January 25, 2007

The Federal Career Intern Program has become one of the most popular ways for federal agencies to recruit on college campuses and hire young professionals.

Agencies may hire interns at any time, do not have to advertise the job openings in advance, and can take advantage of the two-year job tryouts to evaluate the interns before deciding whether to offer them permanent civil service jobs.

Under regulations issued in 2000 and 2005, some agencies have used the intern program to build a recruitment pipeline to replace baby boomers who retire as well as to beef up law enforcement and other specialized workforces. The interns are paid the same as other entry-level government workers.

But the popular hiring program was challenged in federal court yesterday by the National Treasury Employees Union, which asserted that the intern program "has become the hiring method of choice" and has undermined century-old laws that require federal jobs to be filled through fair and open competition with applicants afforded equal opportunity.

The union asked the U.S. District Court for the District of Columbia to throw out the program's regulations and to stop agencies from using the hiring program.

The lawsuit seems likely to reopen debate over where to draw the line on ensuring fair and open competition for federal jobs while allowing the government to become more competitive in the "war for talent" with Fortune 500 companies and large nonprofit organizations.

In its lawsuit, the union said the intern program has become the primary method for hiring revenue officers and revenue agents at the Internal Revenue Service, customs and border protection officers at the Department of Homeland Security and financial institution specialists at the Federal Deposit Insurance Corporation. NTEU represents thousands of employees at the three agencies.

The union said the intern program had deprived current employees of chances for promotions and other career opportunities.

NTEU also objected to the program's rule that places interns on probation for two years, instead of the one year that generally applies to civil service jobs, and to an IRS decision to extend the probation to three years for revenue agents. Lengthy probation periods mean the employees have to wait too long to gain job rights that allow them to contest major disciplinary actions, the union said.

The Office of Personnel Management, the defendant in the suit, and the IRS said the suit was under review and declined to comment. A spokesman for Customs and Border Protection said the agency's hiring practices follow federal law and "encourage the selection of qualified candidates." The FDIC described its hiring process as highly competitive.

By most accounts, federal managers see the internships as a way to hire faster and place new employees into training programs that monitor their job performance and conduct. Speedy hiring has become especially important at Homeland Security, which has been given extra money by the White House and Congress to improve border security and reduce the threat of terrorist attacks.

The FDIC has used the intern program to recruit bank examiners at about 600 colleges. In the past six months, the FDIC received more than 1,100 applications for 75 such jobs, the agency said.

Overall, the government hired more than 11,000 people through the intern program in fiscal 2005, the union said yesterday.Union Movement at the GAO

The International Federation of Professional and Technical Engineers announced yesterday that it has launched a union-organizing campaign to represent employees at the Government Accountability Office, the congressional auditing and investigations agency.

The union, an affiliate of the AFL-CIO, represents federal scientists, engineers, immigration and administrative law judges and others, including the staff at the Congressional Research Service. A group of GAO analysts approached the CRS local union several months ago about forming an organizing committee, the union said.

Last year, David M. Walker, head of the GAO, completed a restructuring of the agency's pay system after an outside report showed that some GAO analysts were underpaid and some overpaid. The changes have created morale problems at the GAO, with some analysts feeling they had been demoted and others concerned about losing out on pay raises they had counted on receiving.

The Reliable Source (WP)

DOJ_NMG_0121668

By Amy Argetsinger And Roxanne Roberts

The Washington Post, January 25, 2007

Party Planner Winds Down at 1600 Pennsylvania Ave.

White House Social Secretary Lea Berman is stepping down next month after two years on the job.

"I've had four great jobs in this administration in six years -- and that's a long time to work at the White House," she told us yesterday. "I admit that I am tired." The decision to leave was entirely Berman's, said Susan Whitson, spokeswoman for Laura Bush."Mrs. Bush adores Lea and thinks her work is outstanding. Lea will be greatly missed."

The prominent Republican hostess became the nation's most prestigious party planner in December 2004 -- after stints as social secretary for Dick Cheney, chief of staff to Lynne Cheney and a staffer in the president's 2004 reelection campaign. It was, she said yesterday, like "winning the lottery, to go from being a housewife to the White House social secretary." Berman is married to millionaire businessman and GOP donor Wayne Berman.

She oversaw a dramatic overhaul of the White House's entertaining style: The hiring of Cristeta Comerford as the mansion's first female executive chef, the hunt for a new White House pastry chef (Thaddeus DuBois left for piles of dough at a new Las Vegas casino), and the first lady's push to entertain more than in the first term.

Berman will leave at the end of February, after two more big dinners: one for the nation's governors and another honoring Ford's Theatre. She informed the first lady shortly before the midterm election that she planned to resign. Whitson would not say whether anyone had been interviewed for the position, but said no successor has been named.Your Questions About the State of the Union Address Answered

How'd the Baby Einstein lady end up saluted as a hero? Is she a big campaign contributor? Also, is she available?

We've checked but can find no evidence that Julie Aigner-Clark, founder of the series of instructional videos intended to produce genius tots, is a donor, big or small. Just another business entrepreneur turned "social entrepreneur," whatever that entails, who caught the eye of the White House. Sorry, fellas: The millionaire is married with two kids.

Were Martin O'Malley and other guests really snoozing, as it appeared in that photo in the paper?

Photos are funny things, aren't they? We know this shot was taken during the speech itself, and not during the interminable wait beforehand. Perhaps the shutter just happened to catch a moment when more than one guest in Nancy Pelosi's box was mid-blink or neck-stretch. O'Malley's spokesman, Rick Abbruzzese, says the new Maryland guv "was very interested to hear what the president of the United States had to say." We're also told that many VIPs captured on film with downcast eyes may simply have been following a text of the speech handed out at the start.

One Cabinet member always has to sit out the SOTU, to provide for a succession in case the Capitol gets blown up. Who was it this time?

Attorney General Alberto Gonzales.

What was Dick Cheney chewing on ever so subtly? Cough drop? Breath mint?

The vice president's office did not return a call for comment.Spielberg, Sharing the Wealth

Vacations in the Hamptons, overnights at the White House, lots of big fat checks over the years -- from all appearances, Steven Spielberg has long been one of Bill and Hillary Rodham Clinton's bestest buddies in all of Hollywood, which is saying a lot. So why is the Oscar winner, along with fellow moguls Jeffrey Katzenberg and David Geffen, hosting a $2,300-a-person fundraiser for . . . Barack Obama? Invitations to the Feb. 20 event at the Beverly Hilton went out this week.

Spielberg's rep, Andy Spahn, said the director is simply spreading the love in these early months of the '08 race. "He expects to be helpful to several candidates in the primary race," he said, mentioning Clinton and John Edwards by name. "In particular, he has been very impressed by Sen. Obama. . . . It is an indication of the seriousness and strength of his candidacy."

The fundraiser does not equal an endorsement for Obama, Spahn said. "He will ultimately settle on one candidate" -- just not yet. Is he hosting a similar party for Clinton? Nothing's planned yet, said Spahn.Simeon Booker Looks Back at a Storied Career

Simeon Booker, the longtime Washington bureau chief for Ebony/Jet magazine, is finally retiring at age 88, so the tributes were long and heartfelt Tuesday night. "We have reaped the benefits for his nearly 60 years in journalism," said his boss Linda Johnson Rice, prez and CEO of Johnson Publishing.

Old colleagues and admirers cited his stories on the White House beat, the civil rights movement and the rise of the black middle class. Booker himself cited a different career highlight: The time he brought Martin Luther King Jr . to the then lily-white National Press Club. "He was their first black speaker," Booker told the crowd.

Among those turning out to pay tribute: Bernard Shaw, Gwen Ifill, Rep. Charles Rangel, Eleanor Clift, radio host Joe Madison, and perhaps the most delightfully random guest -- Kellie Williams, the D.C. native who played Urkel's dream girl on "Family Matters" and now works here in children's theater.A Heady Day at the White House

DOJ_NMG_0121669

During the anxious days of late spring 2003 inside the White House, as the rationale for the Iraq war was eroding, Scooter Libby was especially worked up one morning about a visit from a couple of VIPs. CIA official Craig Schma ll testified in Libby's perjury trial yesterday that notes he took from a June 14 intelligence briefing with Dick Cheney's then chief of staff included this sentence: " Tom Cruise and Penelope Cruz at his office."

"Apparently Tom Cruise was there to talk with Mr. Libby about how Germany treats Scientologists," Schmall told the jury, reports our colleague Amy Goldstein. Libby "was a little excited about it," he said. "I was a little excited about it."THIS JUST IN . . .

Â· Jennifer Aniston had a nose job last weekend, reports Us Weekly -- "a procedure done to correct a deviated septum that was incorrectly done over 12 years ago," confirmed her rep. The fact that her nose will look thinner is entirely coincidental.

Â· Brandy was involved in a fatal car accident last month, her publicist said. On the morning of Dec. 30, the singer was driving in Los Angeles when her Land Rover rear-ended a Toyota, which was then struck by another vehicle. Brandy was not injured, but the driver of the Toyota died the following day, reports TMZ.com. The singer was not arrested; there's no evidence that drugs or alcohol were involved.

Â· Former New York Post gossip writer Jared Paul Stern won't be indicted for trying to squeeze big bucks from a billionaire in exchange for good press in the paper's Page Six column. "It is definitely a relief," he told the Associated Press. "But I'm still basically in the same situation vis-a-vis my life being ruined." Stern was dumped from the paper when Ron Burkle alleged that Stern demanded $100,000 and a $10,000 monthly payment to prevent negative items about the playboy billionaire in the column; Stern denied it, and his lawyer said he plans to sue Burkle.LOVE, ETC.

Â· Born : William Whitman Bartlett to presidential counselor Dan Bartlett and his wife, Ally. The 8-pound 1-ounce boy showed exquisite timing by waiting until the morning after the president's speech to make his entrance -- and inspired a day of Bartlett "state of the union" jokes. He joins big brothers Jake and Sutton.

Â· Split: Anne Heche and her husband of five years, cameraman Coley Laffoon, reports People magazine. The actress was involved in a sensational romance with Ellen DeGeneres before her marriage to Laffoon. The couple have a 4-year-old son.

OTHER NEWS:

Dow Hits Record, Its 26th Since October (NYT/AP)

By The Associated Press

The New York Times, January 25, 2007

Wall Street soared yesterday, sending the Dow Jones industrial average to a new high. The Nasdaq composite index jumped 1.4 percent after profit reports from Yahoo and Sun Microsystems restored the confidence of investors in the technology sector.

There was little wide-ranging movement in the energy and health sectors in response to President Bush's State of the Union address, during which he called for expanded health insurance coverage and a 20 percent reduction in the country's consumption of gasoline over the next 10 years. Some alternative-energy companies pulled back after rising sharply before the speech.

In an essentially all-earnings day, investors were left without new economic data to help provide clues about the direction of interest rates.

"I think investors were waiting with the techs for the earnings to come out," said Neil Massa, an equity trader at John Hancock Funds. "Investors were in the show-me mode."

The technology-laden Nasdaq composite index jumped 34.87 points, to 2,466.28, for its biggest one-day increase since early December.

The Dow Jones industrial average rose 87.97 points, or 0.7 percent, to 12,621.77, passing a record close of 12,582.59 set Jan. 16. It was the Dow's 26th record close since the surge began at the start of October.

The Standard & Poor's 500-stock index reached a six-year high, rising 12.14 points, or 0.85 percent, to 1,440.13. The Russell 2000 index of smaller companies was up 8.65 points, or 1.10 percent, at 794.03.

Light crude settled up 33 cents at $55.37 a barrel on the New York Mercantile Exchange as investors grew more confident that OPEC would make good on production cuts and as cooler weather took hold in the Northeast. Prices rose even as United States government figures showed a buildup of crude, gasoline and distillate inventories last week.

Exxon Mobil rose 41 cents, to $74.90. The energy sector appeared to take in stride the president's call for austerity in gasoline consumption, though some companies that make a business of alternative energy products were lower.

Xethanol, an ethanol maker, fell 25 cents, or 8.14 percent, to $2.82, while its larger rival, Archer Daniels Midland, declined 54 cents, to $32.09.

Health care stocks also appeared little moved by the speech. The insurer Aetna fell 44 cents, to $41.74, while the drug maker Pfizer rose 45 cents, to $26.82.

In other corporate news, Yahoo jumped $1.98, to $28.94, after the company's fourth-quarter profit topped Wall Street's estimates.

Sun Microsystems, a maker of server and storage products, rose 49 cents, to $6.15, after the company reported its first quarterly profit in years as revenue increased.

McDonald's fell 69 cents, to $44.16, after some analysts said operating profits at the fast-food chain came in lower than expected. Over all, fourth-quarter earnings were in line with Wall Street's estimates. The company's profit more than doubled after it spun off Chipotle Mexican Grill and recorded strong sales in Europe.

The chip maker Advanced Micro Devices fell $1.48, to $16.03, after it swung to a loss in its fourth quarter from a profit in the period a year ago.

Corning, which makes glass, fiber optics and specialty materials, rose $2.06, to $20.90, after posting a stronger-than-expected fourth-quarter profit on strong sales of liquid-crystal-display glass for flat-screen televisions.

The benchmark 10-year Treasury note was flat at 9818/32, and the yield remained at 4.81 percent.

Following are the results of yesterday's Treasury auction of two-year notes:

Tech Earnings Reports Restore Investors' Confidence, Lift Nasdaq (WP/AP)

The Washington Post, January 25, 2007

NEW YORK, Jan. 24 -- Wall Street bounded higher Wednesday, lifting the Nasdaq composite index well over 1 percent after profit reports from Yahoo and Sun Microsystems restored investors' confidence in the tech sector. The Dow Jones industrial average logged trading and closing highs.

The Dow rose 87.97, or 0.70 percent, to 12,621.77, surpassing its record close of 12,582.59 set Jan. 16. It was the Dow's 26th record close since the blue-chip average began its surge in October. The Dow also reached a record trading high of 12,623.45.

The Standard & Poor's 500-stock index reached a six-year high, rising 12.14, or 0.85 percent, to 1440.13. The tech-laden Nasdaq composite index jumped 34.87, or 1.43 percent, to 2466.28 -- its biggest one-day increase since early December.

Tech stocks have borne most of Wall Street's concern about the health of corporate earnings in recent weeks. Restive investors, taking their cues from a flurry of profit reports, have been at turns pleased and concerned about the prospects that profit growth will help drive stocks higher following a sharp run-up in 2006.

There was little movement in the energy and health sectors in response to President Bush's State of the Union address, during which he called for expanded health insurance coverage and a 20 percent reduction the country's gas consumption over the next 10 years. Shares in some alternative-energy companies pulled back after rising sharply before the speech.Movers

Exxon Mobil rose 41 cents, to $74.90, as the energy sector appeared to take in stride President Bush's call for austerity in gasoline consumption.

Aetna fell 44 cents, to $41.74.

Yahoo jumped $1.98, to $28.94, after its fourth-quarter earnings topped estimates.

Sun Microsystems gained 49 cents, to $6.15, after the company reported its first quarterly profit in years as revenue increased.

Advanced Micro Devices gave up $1.48, to $16.03, after the chip maker swung to a loss from a profit in its fourth quarter.

McDonald's fell 69 cents, to $44.16, after fourth-quarter results were in line with estimates.

Stocks Surge On Optimism And New Cash (WSJ)

By E.s. Browning

The Wall Street Journal, January 25, 2007

A fresh spurt of optimism about the economy, and a wave of new money flowing into the market, propelled the Dow Jones Industrial Average above 12600 for the first time, marking its 26th record finish in less than four months.

The blue-chip average turned in its largest one-day point or percentage gain of the new year, jumping 87.97 points, or 0.7%, to 12621.77. It is up 1.3% since the year began.

A few investors remain nervous about the risk of higher interest rates this year, with Federal Reserve officials due to discuss their rate plans at a meeting on Tuesday and Wednesday of next week. Others worry that oil prices have suddenly begun rising again as East Coast weather has turned cold.

Still others are uncomfortable that the pace of corporate-profit gains slowed at the end of last year and is likely to slow more this year.

But for now, those concerns have been swept aside. Late Tuesday, Internet portal Yahoo forecast better days to come and computer-maker Sun Microsystems announced upbeat profit news. After regular trading hours yesterday, eBay announced its quarterly results, and investors were betting in advance on good news.

Their bets paid off, as eBay delivered much-stronger-than-expected fourth-quarter results. Its stock already had risen almost 5% in the regular session, and in after-hours trading, it rose another 13%. The eBay results could affect trading today.

More generally, hopes are spreading that, while economic growth may slow from last year, it will remain strong enough to keep profits rising steadily. And despite uncertainty about the Federal Reserve's plans, many investors still appear persuaded that rates will fall at some point this year.

The result is that, after an uncertain start to the month, investors are using any market pullbacks, such as Monday's 88-point Dow decline, as an opportunity to jump in and buy at reduced prices.

"It is still gangbusters. There is still money flowing in," said Tim Smalls, head of U.S. stock trading at brokerage firm Execution in Greenwich, Conn.

Not only was the Dow up strongly yesterday, he said, but the rally was broad-based, including such diverse groups as technology stocks, financials, drug stocks and miners. "You are hard-pressed to find a negative sector," Mr. Smalls said.

The Standard & Poor's 500-stock index, a broad gauge of large stocks, jumped to its highest level since September 2000, up 0.9%, or 12.14 points, at 1440.13. It still isn't closing in on its record high of 1527.46, which it hit in March 2000, but it has gained 1.5% this year, more than the Dow.

The Russell 2000 small-stock index was up, too, jumping 1.1% to 794.03. It is ahead 0.8% for the year after spending a good part of the new year in the red.

Some investors welcomed the fact that President Bush made few major policy proposals in his State of the Union message Tuesday night. It is an old Wall Street maxim that stocks do better when the government faces gridlock.

Yahoo rose more than 7% and Sun more than 8%. The biggest percentage gainer among the 30 components of the Dow industrials was AT&T, which rose more than 4% after its wireless unit Cingular reported better-than-expected profits.

Oil remained volatile. Oil futures initially fell following a weekly government report showing stockpiles strong. But the futures then rebounded amid concerns about rising heating demand, finishing ahead 33 cents at $55.37 a barrel.

Technology stocks were among the day's big winners. They drove the Nasdaq Composite Index ahead 1.4%, or 34.87 points, to 2466.28, its biggest point or percentage gain since early December. It is up 2.1% in 2007 but would still have to double to return to its record of 5048.62, which dates from March 2000.

Some investors worried that tech stocks sometimes rise amid January optimism, only to fade later. But so far, those concerns aren't preventing the gains.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.51%, or 1.26 points, to 246.15.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.82 billion shares as 2,313 stocks rose and 1,014 fell.

Bond prices declined2. The 10-year Treasury note fell 2/32, or 63 cents for each $1,000 invested, pushing the yield up to 4.810%. The 30-year bond was down 6/32 to yield 4.910%.

The dollar was mixed3. Late in New York, it traded at 121.11 yen, down from 121.64, while the euro fell against the dollar to $1.2960 from $1.3027.

Write to E.S. Browning at jim.browning@wsj.com4

Incomes And Inequality: What The Numbers Don't Tell Us (NYT)

By Tyler Cowen

The New York Times, January 25, 2007

The growing inequality in wealth and income has led many people to question whether the contemporary American economy is rigged in favor of the rich. While there is little doubt that the gap between the wealthy and everybody else has widened in recent years, the situation is not as unfair as some of the numbers seem to imply.

Much of the measured growth in income inequality has resulted from natural demographic trends. In general, there is more income inequality among older populations than among younger populations, if only because older people have had more time to experience rising or falling fortunes.

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Furthermore, more-educated groups show greater income inequality than less-educated groups. Uneducated people are more likely to be clustered in a tight range of relatively low incomes. But the educated will include a greater range of highly motivated breadwinners and relaxed bohemians, and a greater range of winning and losing investors. A result is a greater variety of incomes. Since the United States is growing older and also more educated, income inequality will naturally rise.

Thomas Lemieux, professor of economics at the University of British Columbia, estimates that these demographic effects account for about three-quarters of the observed rise in income inequality for men and 69 to 95 percent of the observed rise in income inequality for women ("<></>" The American Economic Review, June 2006). In other words, rising income inequality is not just a result of unfairness or bad public policy.

Alan Reynolds, senior fellow at the <></>, goes further in his recent book "Income and Wealth." Mr. Reynolds argues that many measures of income inequality do not adequately account for government aid to lower-income groups. Furthermore, he says, the rich appear to be getting so much richer because of the tax-induced shifting of income from the corporate sector to the personal sector in the wake of the 1980s tax changes.

He describes the observed rise in income inequality as a statistical illusion. The consensus of professional economists is that Mr. Reynolds goes too far. The long-term trend of rising income inequality is evident in many different studies, including those of executive compensation, even if some estimates are exaggerated.

In any case, as Mr. Reynolds and others point out, income is not the only — or even the most — important measure of inequality. For instance, inequality of consumption — the difference between what the poor consume and what the rich consume — does not show a significant upward trend (Dirk Krueger and Fabrizio Perri, "Does Income Inequality Lead to Consumption Inequality?" <></>, January 2006). Consumption, of course, is not an ideal indicator of well-being; a high or steady level of purchases may reflect growing debt, and the ease of buying a big-screen TV does not reflect a comparable ease in buying good health care.

Happiness, possibly the most relevant variable for a study of inequality, is also the hardest to measure. Nonetheless, inequality of happiness is usually less marked than inequality of income, at least in wealthy societies. A man earning $500,000 a year is not usually 10 times as happy as a man earning $50,000 a year. The $50,000 earner still enjoys most of the conveniences of the modern world. Even if more money makes people happier, it appears to do so at a declining rate, which places a natural check on the inequality of happiness.

Studies of personal happiness, based on questionnaires and self-reporting, indicate that the inequality of happiness is not growing over time in the United States. Furthermore, the United States has an inequality of happiness roughly comparable to that of Sweden or Denmark, two nations with strongly egalitarian reputations. (See the symposium in Journal of Happiness Studies, December 2005.) American society offers good opportunities for people to be happy, even if not everyone becomes rich.

If we look at leisure, from 1965 to 2003, less-educated groups experienced a bigger boost in free time than more-educated groups (Mark Aguiar and Erik Hurst, "<></>," Federal Reserve Bank of Boston Working Paper). In other words, the high earners are working hard for their money and perhaps they are having less fun.

So matters are not as bad as the critics have suggested. The dollars in our bank accounts are one measure of societal value, and it hardly seems fair that the very wealthy should receive more and more. But for the rest of us, life on the ground is not so terrible. Income and wealth inequality measures, taken alone, provide a misleadingly pessimistic picture.

The broader philosophical question is why we should worry about inequality — of any kind — much at all. Life is not a race against fellow human beings, and we should discourage people from treating it as such. Many of the rich have made the mistake of viewing their lives as a game of relative status. So why should economists promote this same zero-sum worldview? Yes, there are corporate scandals, but it remains the case that most American wealth today is produced rather than taken from other people.

What matters most is how well people are doing in absolute terms. We should continue to improve opportunities for lower-income people, but inequality as a major and chronic American problem has been overstated.

Kerry Won't Run For President In '08 (BOS)

By Rick Klein

The Boston Globe, January 25, 2007

WASHINGTON --An emotional Senator John F. Kerry today said he will not run in the 2008 presidential race and vowed to use his Senate perch to hasten an end to the war in Iraq, saying he would work with lawmakers from both parties to reverse President Bush's troop "surge" and force him to withdraw virtually all troops from Iraq by early next year.

Kerry, a Massachusetts Democrat, used the unusual forum of the Senate floor to announce his political ambitions. Choking up as he harkened back to his service in Vietnam, Kerry said he would work to make sure the next president doesn't have to cope with the consequences of a "wider war" sparked by the failed policy in Iraq.

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"Two years ago I sought the presidency to lead us on a different course. I'm proud of the campaign that we ran," Kerry said.

"We came close, Mr. President, certainly close enough to be tempted to try again," he continued. "There are powerful reasons to want to continue that fight now. But I've concluded that this isn't the time for me to mount a presidential campaign. It is the time to put my energy to work as part of the majority in the Senate, to do all I can to end this war and strengthen our security.

"The people of Massachusetts have given me an incredible privilege to serve, and I intend to work here to change a policy in Iraq that threatens all that I have cared about and fought for since I came home from Vietnam," he said.

Kerry's decision to stay out of the presidential race reflects a realization that he would have had an uphill climb in capturing the Democratic nomination, given the other party heavyweights who are already in the race, according to Kerry associates.

Kerry, the party's 2004 presidential nominee, has been acting like a 2008 candidate virtually since he lost to President Bush -- traveling the country, spreading money to other Democratic candidates, and keeping in place a campaign infrastructure that was ready for another presidential bid.

But according to Kerry associates, the senator's plans changed dramatically in the fallout of his election-eve "botched joke" about the education levels of US troops. The harsh reaction to that incident -- from many Democrats as well as Republicans -- displayed to Kerry the extreme skepticism within his own party about whether he should mount another run.

And, with polls giving front-runner status to Senator Hillary Rodham Clinton of New York and Senator Barack Obama of Illinois, Kerry realized that he would face formidable adversaries in the quest for the Democratic nomination. Clinton, Obama, and a host of other candidates have been busily hiring campaign operatives and signing up key fund-raisers in recent weeks.

On Iraq, Kerry has emerged as a fierce war critic after initially supporting the invasion of Iraq. He has spoken of his war opposition in a similar vein to his efforts to bring the Vietnam War to a conclusion in the early 1970s.

Kerry's announcement freezes in place the various Democratic aspirants to his Senate seat. Massachusetts hasn't had a vacant Senate seat since 1984 -- when Kerry himself won his first six-year-term -- and several members of the state's all-Democratic congressional delegation have expressed interest in running for the Senate if Kerry retired.

The Money Just Wasn't There For Kerry (POL)

By Roger Simon

The Politico.com, January 25, 2007

As John Kerry just found out, $13 million is sometimes not enough.

That amount, which the senator from Massachusetts still had on hand after running for the presidency four years ago as the Democratic nominee, is only a fraction of what a presidential candidate will need by the fall of this year.

Serious candidates and candidates who want to be serious in 2008 will have to raise more than a million and a half dollars a week in $2,000 increments starting right about now.

And Kerry, who was criticized by many in his party for not running a more vigorous campaign last time, found it tough going.

A source close to Kerry said, "He was calling around Wednesday and Thursday to close advisers and they had talked to donors several times and the money wasn't going to be there. That coupled with (Barack) Obama-mania, which gave people looking for a Hillary alternative a viable option, is what ended his plans."

Kerry announced his decision not to try again for his party's nomination on the Senate floor yesterday, tearfully saying, "Two years ago, I sought the presidency to lead us on a different course. We came close ... certainly close enough to be tempted to try again. There are powerful reasons to want to continue that fight now. But I have concluded this isn't the time for me to mount a presidential campaign.

"I don't want the next president to find that they have inherited a nation still divided and a (Iraq) policy destined to end as Vietnam did -- in a bitter and sad legacy. We have to find a way to end this misguided war and bring our troops home."

Kerry lost Ohio, which would have given him the presidency in 2004 by 118,601 votes. The Democratic Party has not re-nominated a losing candidate since Adlai Stevenson in 1956, who then lost again to Dwight D. Eisenhower.

While it never reached the proportions that Howard Dean's scream did, Kerry received a thorough lashing in the media when last year he botched a joke about the draft saying, "Education, if you make the most of it, you study hard, you do your homework and you make an effort to be smart, you can do well. If you don't, you get stuck in Iraq."

Shortly after, Jay Leno said: "John Kerry has apologized for saying those who do not study hard and do their homework will get stuck in Iraq. Now, those that do not campaign well and are boring will end up stuck in the Senate."

Leno's words were more true than he knew. Kerry, who might have had a difficult time running simultaneously for the presidency and the Senate in 2008, will now run just for re-election.

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"Today revealed his true character," said Jenny Backus, who worked for Kerry in 2004. "He is a man defined by his commitment to fight and stop unjust wars and this is what he is doing . He is doing this even though it is against his own (presidential) interests."

Late Wednesday, a Kerry advisor said that Kerry would have been capable of raising sufficient funds to run for president through the Internet and "Kerry was prepared to add money of his own."

"We would have been in a far, far stronger fundraising position than (John) Edwards," he contended. He said, however, that "by Thursday (Kerry) basically decided he wasn't running."

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by 6079 Smith W on 01.24.2007 at 09:51 PM

"He is a man defined by his commitment to fight and stop unjust wars and this is what he is doing." The best way to do that is to not give one man the power to pretty much declare "war" on any country he wishes - maintaining the power of Congress is the first step to not only stop unjust wars but to prevent them.

by M J Petersen on 01.24.2007 at 09:26 PM

I more than fully supported Kerry in the 2004 election and I thought he did a great job considering I knew next to nothing about him in 2002. I am glad, however, that he will not run this time around as I believe there are far more exciting democratic candidates already on the move.

by mdmc54 on 01.24.2007 at 07:02 PM

Senator Kerry's video to supporters and his floor speech in the Senate were eloquent and pointed. He brings passion to the subject of Iraq and his voice will be vital in holding the Bush administration accountable for the wind-down of the war.

by Bette Jeanne on 01.24.2007 at 06:29 PM

John Kerry finally realized his presidential prospects are dead. Too bad he didn't realize that after making the decision not to respond immediately to the Swift Boat attacks!

by GORD2000 on 01.24.2007 at 06:00 PM

Senator Kerry was the only one who thought he was running for President. He was, unfortunately, the last person to find out the truth.

Nevertheless, he is a good man and except for letting himself get Swift-boated and Drudged, he ran a great campaign and won all three debates. He will continue to make a contribution through his work as a Senator through 2008 and beyond.

'Not The Time' For Kerry In '08 (BOSH)

By Emma Ratliff And Casey Ross

Boston Herald, January 25, 2007

"This isn't the time for me to mount a presidential campaign," said Kerry from the Senate floor.

In a speech to the Senate Foreign Relations Committee, Kerry put pressure on the current administration to set a date to withdraw U.S. troops from Iraq but dedicated the last few minutes of his time on the floor to announce to his colleagues that though he was "tempted to try again," he would not make a push for the presidency.

The Senator showed his gratitude to the people of Massachusetts stating, "They have given me the incredible opportunity to serve."

Gov. Deval Patrick, who has previously said he would support Kerry in a 2008 White House bid, is now undecided on who he will back on the Democratic side for the office.

"Had he decided to run, I would have been with him," said Patrick. "I was with him the last time early and I think very highly of Senator Kerry as a man and as a public servant."

Patrick added, "He and I spoke about it on more than one occasion and I respect his decision."

As for the landscape of the democratic race for a 2008 presidential bid, it's still too early to tell.

"The Senator dropping out will have little effect on the race ... The biggest effect will be in fundraising. There will be those loyal to Kerry that will now be up for grabs as fund-raisers and I am sure the candidates are already on the phone," said Larry Sabato of the University of Virginia's Center for Politics.

Kerry, 64, who lost the White House when Ohio voted for President Bush by 118,601 votes on election night in November 2004, said today he was "proud" of his failed campaign.

"We came close," he said.

Kerry said he feels a "deep moral obligation" to help end the war in Iraq and bring the troops home. That daunting task, and not another run for the Oval Office, will be his focus, he said.

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"I don't think there was one single thing," said Morgan Felchner of Campaign and Elections Magazine of Kerry's decision."It's such a crowded field already and he probably felt they had no room for him."

His decision leaves a field of nine Democrats running or signaling their intention to do so, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

The Republican field has a similar number with Bush constitutionally barred from seeking a third term.

Kerry's 2004 campaign drew widespread criticism from fellow Democrats after his defeat. His critics said he had failed to make a forceful enough response to Republican criticism as well as charges by conservative groups that he did not deserve the medals he won for combat in the Vietnam War.

Kerry's announcement comes just after the release of "What A Party! My Life Among Democrats," Terry McAuliffe's scathing memoir that includes an insider's look into John Kerry's failed 2004 presidential campaign. McAuliffe was the former head of the Democratic National Committee. [continue]

Kerry Will Not Seek White House In 2008 (AP)

By David Espo

AP, January 25, 2007

Democratic Sen. John Kerry, who fell 118,601 Ohio votes short of the White House in 2004, said Wednesday he will not run for president in 2008.

"We came close ... certainly close enough to be tempted to try again," the Massachusetts senator said, recalling his defeat.

"There are powerful reasons to want to continue that fight now. But I have concluded this isn't the time for me to mount a presidential campaign."

His decision leaves a field of nine Democrats running or signaling their intention to do so, including Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, and John Edwards, Kerry's 2004 vice presidential running mate.

The Republican field is similarly crowded, with Bush constitutionally barred from seeking a third term in office.

Officials said Kerry would seek a new six-year term in the Senate in 2008. The fourth-term lawmaker and decorated Vietnam War veteran said he would devote his time and energy to ending the conflict in Iraq.

He said he wanted President Bush's successor to enter office with the United States having "a reasonable prospect of success" in Iraq.

"I don't want the next president to find that they have inherited a nation still divided and a policy destined to end as Vietnam did — in a bitter and sad legacy," he said.

Kerry, 64, made the announcement on the Senate floor at the end of a lengthy speech on Iraq. He briefly choked up.

Edwards said he knew the decision was a difficult one for Kerry "because we know his first instinct is always to respond to any call to serve his country." In a statement, he added that Kerry will work to find the appropriate exit from the Iraq war and said, "In Vietnam, in public office and in private life, John Kerry has always fought the good fight for the right cause."

Obama said that from Vietnam to the 2004 campaign, "John Kerry has fought for his country and his ideals. ... and will continue to serve his country with honor and distinction in the years to come."

Kerry's 2004 campaign drew widespread criticism from fellow Democrats after his defeat. His critics said he had failed to make a forceful enough response to Republican criticism as well as charges by conservative groups that he did not deserve the medals he won for combat in the Vietnam War.

The senator stirred unhappy memories for Democrats last fall, when he botched a joke and led Republicans to accuse him of attacking U.S. troops in Iraq.

He apologized, then hastily scrapped several days of campaigning for fellow Democrats as party leaders urged him to avoid becoming an unwanted issue in a campaign they were on the way to winning.

At the same time, he worked to keep his presidential hopes alive.

Aides said he had donated more than $14 million to more than 260 Democratic candidates in 2006, and campaigned in 35 states. They said he has an active online community of more than 3 million people, and has $12.5 million in his campaign bank account, advantages for any presidential contender.

At the same time, polls showed Kerry trailing his Democratic rivals. Last October, an Associated Press-AOL News poll had Kerry at just 1 percent and recent surveys indicated he had gained little among Democrats.

In a CNN/ORC poll released Wednesday, 51 percent of Democrats said they would not like to see Kerry run in 2008. When asked who they would support, only 5 percent said Kerry, placing him fifth and far behind leader Clinton at 33 percent.

The Massachusetts lawmaker decided to clarify his political plans on a day in which he participated in a debate over the war in Iraq by invoking memories of Vietnam. At the committee hearing, he said a memorable question he first posed in 1971 had relevance today: "How do you ask a man to be the last person to die for a mistake?"

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Despite his difficulties on a national level, Kerry customarily rolls up large victory margins at home in Massachusetts. He won his first term in 1984.

While Kerry was saying privately as recently as December that he would likely wage a second campaign, the tone among his aides changed in recent weeks as Clinton and Obama announced their White House bids.

Instead, aides began talking about Kerry's concern about the personal toll a campaign would take. Kerry had millions left from his 2004 run — a sore point with some Democrats. Despite the advantage, he would have faced intense competition with Obama, Clinton and Edwards for campaign dollars.

US Senator Kerry Says He Won't Relaunch Bid For White House (AFP)

AFP, January 25, 2007

US Senator John Kerry, the 2004 Democratic presidential candidate who narrowly lost to Republican President George W. Bush, announced he will not launch a new bid for the White House.

Kerry alluded to his failed presidential bid, which hinged largely on his strong opposition to the US war in Iraq, in making his announcement.

"We came close -- certainly close enough to be tempted to try again," the Massachusetts senator said on the floor of the US Senate.

"There are powerful reasons to want to continue that fight now. But I have concluded that this is not the time for me to mount a presidential campaign," Kerry said.

His decision to pull out is the latest major development in the accelerated 2008 presidential race, in which several candidates have felt compelled to declare their intentions earlier than ever to lock up vital funds and campaign staff, or to bow out.

Kerry made his announcement in a 20-minute speech which he used as a platform for slamming what he called President Bush's "reckless" plan to put more troops into Iraq.

"Our own intelligence agencies tell us that the war in Iraq is fanning the flames of jihad ... and creating a recruitment tool for Al-Qaeda," said Kerry, a decorated Vietnam war veteran who made his opposition to the war in Iraq the centerpiece of his failed White House bid.

He assailed the administration's recently announced plan to send 21,000 additional troops to Iraq.

"We've gone backwards, and we've gone backward because of this policy," Kerry told his fellow lawmakers.

His 2004 campaign faltered in part over allegations swirling around his past as an anti-war activist and questions raised about the authenticity of his war hero claims.

Senator Harry Reid, the Senate's top Democrat, said those charges were unfair and unfounded smears.

"John Kerry came within a few votes of being president of the United States in one of the dirtiest, most negative, unfair campaigns I have ever witnessed," Reid told the Senate.

"To try to take away from this man his gallantry as a war fighter was beyond the pale," said Reid, "but they did it."

Kerry Says He'll Sit Out 2008 Race (LAT)

By Johanna Neuman

The Los Angeles Times, January 25, 2007

WASHINGTON — Sen. John F. Kerry (D-Mass.), whose 2 percentage-point loss in Ohio cost him the White House in 2004, announced on the floor of the Senate on Wednesday that he would not seek the presidency in 2008.

"This isn't the time for me to mount a presidential campaign," Kerry said. "It is the time to put my energy to work as part of the majority in the Senate to do all I can to end this war."

Referring to his 2004 campaign, he noted: "We came close, certainly close enough to be tempted to try again." But Kerry said he felt a special obligation to end a war that he had voted to authorize, and attacked the "arrogance" of a White House that not only ignored the advice of military leaders, but changed generals to pursue its goals.

Analysts said Kerry may also have surveyed the field of Democratic candidates — with Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois among the front-runners — and determined that there was little interest in a candidate given to long speeches, a less charismatic style and a similar position on the war.

"The writing was on the wall," said Jennifer Duffy of the independent Cook Political Report. "He was getting squeezed. Where once you saw the possibility of his running an 'I-told-you-so' campaign, his position on Iraq is not unique anymore."

About a year before the first primary or caucus vote is cast, the Democratic field is taking shape. In addition to Clinton and Obama, former Sen. John Edwards of North Carolina — Kerry's 2004 running mate — is preparing a challenge, as are New

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Mexico Gov. Bill Richardson, former Iowa Gov. Tom Vilsack, Sen. Christopher J. Dodd of Connecticut and Sen. Joseph R. Biden Jr. of Delaware, among others.

Eight days before the 2006 midterm election, Kerry did not help his presidential chances when he told students in California that if they did not study hard, they would "get stuck in Iraq." Aides said he misread his text, intending to say "You end up getting us stuck in a war in Iraq. Just ask President Bush." Kerry apologized, calling his remarks "a botched joke."

But the media, fueled by a Republican drumbeat, kept up a barrage of stories that seemingly confirmed the GOP's characterization of Kerry as elitist.

Kerry's announcement came at the end of a long speech on Iraq in which he argued that the United States finds itself "doing precisely what [former Defense] Secretary [Donald H.] Rumsfeld said we wouldn't do — putting our troops in the middle of a civil war" between Shiite and Sunni Muslims.

Calling Bush's proposal to send 21,500 additional troops to Iraq a "folly," Kerry asked, "Is there one colleague here who believes that 100,000 more troops will pacify Iraq?"

Saying he was proud of his own record of opposing the Vietnam War after he returned from Navy service there — during which he was awarded a Silver Star and Bronze Star — Kerry said he would press the Senate not just to oppose the president's strategy in Iraq but to cut off funding for the war. "We have to find a way to end this misguided war and bring our troops home," he said.

Kerry's survey of why the war was unwinnable won plaudits from his colleagues, who praised his intelligence and his heroism. "He came within a few votes of becoming president of the United States in one of the dirtiest … campaigns I've ever witnessed," said Senate Majority Leader Harry Reid (D-Nev.). "To try to take away from this man his gallantry as a war fighter was beyond the pale, but they did it."

Sen. Edward M. Kennedy, the senior senator from Massachusetts, praised Kerry as "a true hero in every sense," and said he knew how difficult it was for his friend to opt out of the presidential race. Those close to Kerry said he would run for a fifth Senate term in 2008.

Kerry Will Not Enter Presidential Race (NYT)

By Adam Nagourney

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — Senator John Kerry, the Massachusetts Democrat who narrowly lost the presidency to President Bush in 2004, announced Wednesday that he would not proceed with a second bid for the White House, saying he preferred to use his position in the new Senate majority to press for an end to American involvement in Iraq.

“We came close, certainly close enough to be tempted to try again,” Mr. Kerry said, invoking his 2004 race, at the conclusion of a 30-minute speech attacking Mr. Bush’s Iraq policy on the Senate floor. “There are powerful reasons to want to continue that fight now. But I’ve concluded that this isn’t the time for me to mount a presidential campaign. It is the time to put my energy to work as part of the majority of the Senate and do all I can to end the war.”

Mr. Kerry’s announcement, though it came in an unorthodox place, was not a surprise.

He was bowing to a Democratic Party that was clearly unreceptive and had turned its attention to new candidates, in particular Senators Barack Obama of Illinois and Hillary Rodham Clinton of New York, who both got into the race this month. Many Democrats had said they expected that Mr. Kerry would decide not to run after assessing how much support he had in his party. Already, most of his aides from the 2004 campaign have moved on.

Still, his decision sent ripples across the political waters, answering one more question about what the final Democratic field might look like.

More than that, it appeared to bring to completion a candidacy that for Mr. Kerry never truly ended after that Election Day in 2004 which began with exit polls showing him heading for a solid victory — aides were addressing him as Mr. President — and ended with his making a concession call to Mr. Bush. That experience, friends said, left Mr. Kerry bitter and frustrated and eager for a rematch.

He used his time on the Senate floor to recount his history as a Vietnam veteran who returned from war nearly 40 years ago to become an opponent of the conflict. His voice cracking with emotion, he drew frequent comparisons between the two wars as he made a case against Mr. Bush’s foreign policy in the Middle East.

“The fact is, what happens here in the next two years may irrevocably shape or terribly distort the administration of whichever candidate is next elected president,” he said, adding, “I don’t want the next president to find that they have inherited a nation still divided and a policy destined to end as Vietnam did.”

Mr. Kerry’s speech drew tributes from fellow Democrats, including the senior Democrat from Massachusetts, Senator Edward M. Kennedy, who had been pushing Mr. Kerry to make a decision.

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Another Democratic senator running for president, Joseph R. Biden Jr. of Delaware, said: "My initial reaction to Senator Kerry's decision is one of extreme sadness. John Kerry is a major voice in American politics, and the country would be much better off today if he were president."

Mr. Kerry made his announcement at 3 p.m. in a Senate chamber that, other than two senators — Mr. Kennedy and Harry Reid, the majority leader — was almost empty.

Mr. Kerry, 63, intends to run for a fifth term in the Senate in 2008, an aide said.

The senator, in his travels around the country since the election, has argued that he came close to winning in 2004 and would be a better candidate, with extra experience, in 2008.

After being taunted in the 2004 race as being equivocal on the war in Iraq, he had emerged as one of his party's leading opponents to the war, and had renounced his original support for the war resolution that caused him so many problems in the 2004 election.

But Mr. Kerry faced severe obstacles in trying to capture his party's nomination for a second time. For one thing, many of his supporters had made clear that they would not join him again, with many saying he had made mistakes in 2004 that cleared the way for Mr. Bush to win.

Mr. Kerry also faced an unusually strong and deep field of Democratic contenders, including Mrs. Clinton, Mr. Obama and Mr. Kerry's running mate from 2004, John Edwards, the former senator from North Carolina.

But Mr. Kerry's hopes were probably most damaged by what he said was a botched joke he told while campaigning on behalf of Congressional candidates in the final week of the 2006 election campaigns.

Mr. Kerry's prepared remarks called for him to say, "Do you know where you end up if you don't study, if you aren't smart, if you're intellectually lazy? You end up getting us stuck in a war in Iraq. Just ask President Bush." In his delivery, he dropped the word "us."

Republicans argued that he had delivered a joke at the expense of American troops fighting in Iraq.

Mr. Kerry responded by getting off the campaign trail and out of public view.

For many Democrats, the remark was a reminder of instances of ineptness by Mr. Kerry as a campaigner, including his often troubled efforts to explain his changing views on the war in Iraq. Most famously, he said that he had voted for an $87 billion war appropriation "before I voted against it," a piece of videotape that Republicans quickly turned into a defining caricature of him.

In '08, Kerry To Run For Senate Not White House (HILL)

By Aaron Blake

The Hill, January 25, 2007

Sen. John Kerry (D-Mass.) announced yesterday that he will not run for president next year and will instead run for reelection to the Senate.

Speaking with emotion on the House floor and taping a video that was sent to supporters, Kerry said he would forego a bid for a second straight Democratic presidential nomination and pledged instead to devote the next two years to bringing the Iraq war to an end. He would rather leave the next president with a chance at success than run again himself, he said.

"We came close," he said on the floor, "certainly close enough to be tempted to try again. There are powerful reasons to want to continue that fight now, but I've concluded this isn't the time for me to mount a presidential campaign.

"It is the time to put my energy to work as part of the majority of the Senate, to do all I can to end this war and to strengthen our security and our ability to fight the real war on terror."

Kerry, who has eyed the White House since coming up just short in 2004 and has raised money accordingly, had become a long shot for a repeat bid. He languished in early polls despite high name recognition. While Sens. Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) and former Sen. John Edwards (D-N.C.) have emerged as frontrunners after announcing their intentions recently, a possible Kerry bid has met with skepticism among pundits.

Kerry damaged his cause with comments shortly before the 2006 midterm elections in which he told students at a rally in California that they had better take their education seriously. Otherwise, he said, "you get stuck in Iraq."

Republicans seized on the comments, which Kerry called a "botched joke." He said it was meant to be a jab at President Bush rather than at men and women who served in the military in Iraq.

Shortly after the comments, his presidential primary poll numbers dipped below 10 percent and have not recovered. He apologized but was scarcely seen on the campaign trail for the rest of the election.

During his floor speech, Kerry spoke for half an hour about the war in Iraq before closing with his decision not to run.

He pledged to lead a battle to set a deadline in Iraq. He will introduce legislation and has set up a website (www.setadeadline.com) where supporters can sign a petition and "co-sponsor" his legislation.

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"I intend to work here to change a policy in Iraq that threatens all that I've cared about and fought for since I came home from Vietnam," he said on the floor, choking up. "The fact is that what happens here in the next two years may irrevocably shape or terribly distort the administration of whichever candidate is next elected president."

Bush defeated Kerry by 286 electoral votes to 251 in 2004, a victory secured once Ohio, the decisive battleground state, tipped in favor of the incumbent. Kerry garnered about 48 percent of the popular vote.

Kerry won the Iowa Democratic caucus in 2004 with 38 percent of the vote, defeating former Vermont Gov. Howard Dean in a widely unexpected upset. This set the stage for victories in New Hampshire and other early states. Yet in a Strategic Vision poll of Iowa caucus-goers released Tuesday, Kerry was in sixth place with 3 percent.

Edwards, who became his running mate, is now leading the polls in Iowa.

Kerry was hurt mainly because voters did not want to risk voting twice in a row for the same losing candidate, said Jeff Link, an Iowa Democratic consultant aligned with the presidential campaign of former Iowa Gov. Tom Vilsack.

"Our party has traditionally not been interested in seeing people make a couple runs at the White House," Link said, adding that former Vice President Al Gore, the 2000 Democratic nominee, would probably have faced a similar situation in 2004.

Kerry's decision will allow members of the Massachusetts delegation and his 2004 supporters in Iowa, New Hampshire and other early states to align with other candidates.

The Massachusetts delegation, including senior Sen. Edward Kennedy (D-Mass.), has been putting Kerry under pressure to make his decision. Kennedy said he would support Kerry if he ran.

Kennedy's office did not return a call about his presidential endorsement by press time. Kerry's decision came less than 24 hours after Obama sat between Kennedy and Iowa Sen. Tom Harkin (D) at President Bush's State of the Union address.

"I have the utmost respect for [Kerry] and the difficult decision he has made," Kennedy said in a statement. "I believe this country would be far better off if he were in the White House today. I know that our country and our state are far better off thanks to his exceptional service in the United States Senate."

Most of the potential 2008 Democratic candidates have already entered the race or formed exploratory committees: Clinton, Edwards, Obama, Vilsack, Sen. Joseph Biden (D-Del.), Sen. Chris Dodd (D-Conn.), Gov. Bill Richardson of New Mexico and Rep. Dennis Kucinich (D-Ohio).

Gore, Gen. Wesley Clark, the Rev. Al Sharpton and former Sen. Mike Gravel (D-Alaska) are also potential candidates. Gov. Mark Warner of Virginia, Sen. Evan Bayh (D-Ind.), Sen. Russ Feingold (D-Wis.) and former Sen. Tom Daschle (D-S.D.) have decided not to run.

Kerry's decision to run for reelection to the Senate in 2008 ends a period of positioning among members of Massachusetts's 10-member, all-Democratic House delegation who had been interested in running for his seat if it became vacant.

With Kennedy just beginning his ninth term and newly elected Gov. Deval Patrick (D) also taking office in January, opportunities for advancement are far off.

Rep. Michael Capuano told The Hill that he recently called Kerry to express interest in running for the seat. Reps. Marty Meehan and Edward Markey have sizeable war chests ($4.9 million and $2.4 million, respectively) and most other members of the delegation have expressed some interest in the Senate in the past.

Kerry Rules Out 2008 Run For President (WP)

By Chris Cillizza

The Washington Post, January 25, 2007

Sen. John F. Kerry of Massachusetts ruled out a second presidential bid yesterday, asserting that he could do more to change the course of Iraq policy in the Senate than by campaigning in Iowa and New Hampshire.

"I've concluded this isn't the time for me to mount a presidential campaign," the former Democratic nominee said. "I intend to work here to change a policy in Iraq that threatens all that I have worked for and cared about since I came home from Vietnam."

Since his loss to President Bush in 2004, Kerry had left open the possibility of a return run. He had emerged as one of the most vociferous voices in opposition to the war in Iraq and spent much of the 2006 campaign season traveling the country in support of Democratic candidates. Much of that work was forgotten when, a little more than a week before Election Day, Kerry made a remark that Republicans said was disparaging to American troops in Iraq. He insisted that it was nothing more than a botched joke, but he quickly issued an apology.

Several people close to Kerry said he struggled with the decision over whether to run again, weighing the narrowness of his 2004 defeat against the obvious hurdles presented by a Democratic field filled with popular figures such as Sen. Hillary

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Rodham Clinton (N.Y.), Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.). Kerry acknowledged as much in his remarks, saying: "We came close, certainly close enough to try again."

The sources said his decision was not motivated by national and state polling that showed him trailing Clinton, Obama and Edwards in hypothetical 2008 matchups. They noted that Kerry has nearly $13 million in the bank, which could have been used to reintroduce himself to voters. But there are real concerns that a second national candidacy could endanger Kerry's standing in his home state.

"Like a very smart fighter, [Kerry] made the best long-term decision for himself and the country by recognizing where the real battlefield is on the Iraq war," said Jenny Backus, a former Kerry adviser who is currently neutral in the 2008 race.

Kerry is expected to run for a fifth Senate term in 2008. He made clear during his speech that he will continue to forcefully oppose the foreign policy course being pursued by the Bush administration.

"It's not enough for Congress to go on record opposing the president's reckless plan," Kerry said. He added that he supports a measure that would require congressional authorization for any further U.S. troop buildup in Iraq.

In an e-mail to past supporters announcing his decision, Kerry unveiled a new online grass-roots effort, which is being run by progressive blog guru Jerome Armstrong. The effort seeks "co-sponsors" to legislation he plans to introduce aimed at forcing Bush to set a timetable for the withdrawal of U.S. troops from Iraq. The proposal mirrors one Kerry offered last April that would have required all U.S. forces be out of Iraq by the end of 2006; it was defeated 83 to 16 in a Senate vote in June.

Kerry's announcement came on the same day that the Senate Foreign Relations Committee approved a nonbinding resolution expressing disapproval of a surge of additional U.S. troops in Iraq. Sen. Chuck Hagel (Neb.), a potential presidential candidate, was the only Republican who voted in favor of the resolution.

Edwards, who was Kerry's running mate in 2004, called the Massachusetts senator a "friend." He noted that "all Americans are fortunate to have John's experience, insight and conscience in the Senate."

Obama was similarly laudatory, predicting that Kerry "will continue to serve his country with honor and distinction in the years to come."

Many Democrats had regarded Kerry's decision as a foregone conclusion because of the competitive field, his baggage from the 2004 election and the historical unwillingness of the Democratic Party to renominate a losing presidential candidate.

Stephanie Cutter, Kerry's national spokeswoman in 2004, praised the senator for the campaign he ran, but she added: "The reality is the 2008 race moved past him months ago, and catching up would have taken much more than another candidate's implosion or last-minute surge."

Kerry's allies said yesterday that he remains a major political force in no small part because of his fundraising ability. In last year's election campaign, they noted, he raised $14 million for 260 candidates, thanks to an e-mail list that contains more than 3 million names.

Kerry To Forgo White House Bid (WT)

By Donald Lambro

The Washington Times, January 25, 2007

Sen. John Kerry of Massachusetts, the 2004 Democratic presidential nominee, said yesterday that he will not seek the nomination again in 2008, but will instead devote his energies to ending the war in Iraq and bringing American troops home.

Mr. Kerry had intended to make another try for the White House, but a remark he made in the fall while campaigning for Democrats suggesting that only poorly educated Americans ended up fighting in Iraq sparked an uproar of criticism, even from within his own party, that drove him from the campaign trail.

Mr. Kerry said at the time that his comments were nothing more than "a botched joke." But the angry public reaction to his remarks, especially from military voters and veterans, embarrassed his party and, some said, tarnished his image as a presidential prospect.

"I have concluded that this is not the time for me to mount a presidential campaign," Mr. Kerry said from the Senate floor at the end of an address opposing President Bush's plan to send an additional 21,500 soldiers to Iraq. Instead, with his voice breaking, he said he planned to "put my energy to work as part of the majority in the Senate to do all I can to end this war."

"What happens here in the next two years may irrevocably shape or terribly distort the administration of whichever candidate is elected president," he said.

Mr. Kerry who ruefully recalled that he had voted for the Senate resolution to authorize the war, a vote he called "a mistake" said that as a result of his vote, he now felt "a personal responsibility to bring this war to a conclusion."

His decision won an emotional tribute from Senate Majority Leader Harry Reid, who was on the Senate floor as Mr. Kerry finished his speech.

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"So I say to John Kerry: I love you, John Kerry. And I'm so sorry that things didn't work out for our country. But that doesn't take away from the fact that I will always care about you greatly and remember the times we've spent together," the Nevada Democrat said.

His 2004 running mate, former Sen. John Edwards of North Carolina, paid tribute to Mr. Kerry by saying the withdrawal decision must have been tough because "we know his first instinct is always to respond to any call to serve his country."

Sen. Barack Obama, Illinois Democrat, said that from Vietnam to the 2004 campaign, "John Kerry has fought for his country and his ideals and will continue to serve his country with honor and distinction in the years to come."

But Democratic campaign strategists privately have been saying for some time that the senator was no longer a contender in a crowded field of candidates, led by Sen. Hillary Rodham Clinton of New York, Mr. Obama and Mr. Edwards.

A Gallup Poll of Democratic voters found last week that Mr. Kerry, who lost to Mr. Bush by a 51 percent to 48 percent margin, drew only 8 percent support among his party's rank and file.

Democratic leaders in the early caucus and primary battlegrounds of Iowa and New Hampshire also said that Mr. Kerry was registering little support in their states, running far behind the front-runners, who already have considerable campaign organizations and fundraising pledges.

Mr. Kerry had more than $12 million in his Senate campaign account, which he could have used for a presidential bid, and a valuable e-mail list of 3 million supporters and donors who backed him in 2004. But aides to the senator said he intends to seek re-election to a fifth Senate term in 2008.

Mr. Kerry is the third major Democrat to abandon a 2008 presidential bid, joining former Virginia Gov. Mark Warner and Sen. Evan Bayh of Indiana.

Obama Debunks Claim About Islamic School (AP)

By Nedra Pickler

AP, January 25, 2007

Sen. Barack Obama fought back Wednesday against an allegation that he was educated at a radical Islamic school as a child in Indonesia, determined to avoid being tripped up by unsubstantiated charges like those that undermined John Kerry in 2004.

Interviews by The Associated Press at the elementary school in Jakarta found that it's a public and secular institution that has been open to students of all faiths since before the White House hopeful attended in the late 1960s.

Obama, who was born in Hawaii, moved to Indonesia at age 6 to live with his mother and stepfather, attending schools in the country until age 10, when he returned to Hawaii to live with his maternal grandparents.

"The allegations are completely baseless," said Akmad Solichin, the vice principal at SDN Menteng 1, who added, "Yes, most of our students are Muslim, but there are Christians as well. Everyone's welcome here ... it's a public school."

A spokesman for Indonesia's Ministry of Religious Affairs said claims that Obama studied at an Islamic school are groundless.

"SDN Menteng 1 is a public primary school that is open to people of all faiths," said the spokesman, Sutopo, who goes by only one name. "Moreover, he studied earlier at Fransiskus Assisi, which is clearly a Catholic school."

The contention that Obama was educated at a radical Muslim madrassa surfaced on the Web site of the conservative Insight magazine the day after Obama announced he was jumping into the 2008 presidential race. Conservative Internet blogs and the Fox News Channel picked up the story and spread the charges just as his candidacy was getting off the ground.

Obama on Wednesday called the reports "scurrilous," and his communications director e-mailed reporters a lengthy memo attempting to set the record straight.

"I think they recognize that the notion that me going to school in Indonesia for two years at a public school there at the age of 7 and 8 is probably not going to be endangering in some way the people of America," Obama said on NBC's "Today" show.

The push-back was a signal Obama would fight to protect his reputation in the presidential campaign.

Many Democrats argued that Kerry's failure to challenge aggressively his critics in the 2004 presidential race cost him in his effort to unseat President Bush. A group with conservative ties, the Swift Boat Veterans for Truth, charged that Kerry did not deserve the medals he won in the Vietnam War — despite his combat record of bravery and valor. Kerry announced Wednesday that he will not run again in 2008.

"We will not be swift-boated," said Obama communications director Robert Gibbs. "And we won't take allegations that are patently untrue lying down."

Obama's mother, divorced from Obama's father, married a man from Indonesia named Lolo Soetoro, and the family relocated to the country from 1967-71. At first, Obama attended the Catholic school, Fransiskus Assisis, where documents showed he enrolled as a Muslim, the religion of his stepfather.

The document required that each student choose one of five state-sanctioned religions when registering — Muslim, Hindu, Buddhist, Catholic or Protestant. Gibbs said he wasn't sure why the document had Obama listed as a Muslim.

"Senator Obama has never been a Muslim," Gibbs said. "As a six-year-old in Catholic school, he studied the catechism."

The Illinois senator is a member of the United Church of Christ.

Iis Darmawan, 63, Obama's kindergarten teacher, remembers him as an exceptionally tall and curly haired child who quickly picked up the local language and had sharp math skills. "He wrote an essay titled, 'I Want To Become President,'" the teacher said.

Obama later transferred to SDN Menteng 1 — the elite, secular elementary school at the center of the controversy. The school is public but is very competitive and has exceptionally high standards. It is located in one of the most affluent parts of Jakarta and attracts mostly middle- to upper-class students, among them several of former dictator Suharto's grandchildren.

Indonesia is home to several of the most radical Islamic schools in Southeast Asia, some with alleged terrorist links. But Solichin, who proudly pointed to a photo of a young Barry Obama, as he was known, said his school is not one of them.

Those tied to the school say they are proud to have had a student like Obama, and hope that, if he is elected president, his ties to Indonesia will broaden his world perspective and his views on religion.

Sri Murtiningsih, who retired from Menteng 1 recently after 39 years of teaching, said she has vivid memories of the left-handed boy who followed a standard curriculum of math, writing, and language, together with twice-weekly religious affairs classes and sports.

Murtiningsih said neighbors ran to her house after seeing a television report about his intention to run for president.

"They were yelling, 'Your old student is going to take Bush's job!'" she said. "Tears filled my eyes."

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McDowell and Associated Press reporters Ali Kotarumalos and Zakki Hakim contributed to this report from Jakarta, Indonesia.

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On the Net:

http://www.barackobama.com

Obama Fires Back (HILL)

By Elana Schor

The Hill, January 25, 2007

Sen. Barack Obama (D-Ill.) fired back yesterday against Insight magazine and Fox News for purveying a discredited report that he attended a radical Islamic religious school during his childhood years in Indonesia.

In a memo to reporters, Obama communications director Robert Gibbs reiterated that CNN has officially debunked claims published last week in Insight, a property of Washington Times owner Rev. Sun Myung Moon. Fox News picked up the magazine's report, which claimed that the Democratic presidential contender was educated for years in a madrassa, or Muslim school.

Obama attended a secular public school in Indonesia, Gibbs noted, taking Fox News hosts John Gibson and Steve Doocy to task for reiterating the rumor. Aides to Sen. Hillary Rodham Clinton (D-N.Y.), Obama's biggest early rival for the nomination, have made clear that Clinton's camp was not behind the Insight story.

"These malicious, irresponsible charges are precisely the kind of politics the American people have grown tired of, and that Senator Obama is trying to change by focusing on bringing people together to solve our common problems," Gibbs wrote.

Alongside the memo was a letter signed by 11 leaders of Jewish, Baptist, Catholic, Muslim and other Christian groups condemning the Obama news reports as a mean-spirited attempt to drive a wedge between American religious sects.

Obama's Appeal To Blacks Remains An Open Question (WP)

By Michael A. Fletcher

The Washington Post, January 25, 2007

CHICAGO -- Looking around at the overwhelmingly white audience that was applauding Sen. Barack Obama's luncheon speech on Iraq at a downtown hotel recently, the Rev. B. Herbert Martin expressed both satisfaction and concern.

Martin, who said he was the only black person in the crowd, was thrilled that Obama, the only African American in the Senate, could engender such enthusiasm from a white audience because it offered further proof that the Illinois Democrat would be a formidable presidential candidate. But Martin also worried that in order to run successfully Obama would have to become a different kind of politician than the one who earned the trust of voters on Chicago's mostly black South Side as a state legislator before he was elected to the U.S. Senate in 2004.

"How does he identify himself?" asked Martin, who was pastor to the late Harold Washington, Chicago's first black mayor. "Will he continue to be an African American, or will he become some kind of new creation?"

The question of how Obama chooses to define and approach race looms large as he moves closer to formally launching his campaign next month. Although he rides a wave of enthusiasm among Democrats who like his vision of a different kind of politics and see him as an alternative to Sen. Hillary Rodham Clinton (N.Y.), it is not clear that his multiracial message can excite black voters hungry for affirmation of their top concerns.

Melissa V. Harris-Lacewell, a Princeton University professor who has followed Obama's political ascent, said that he may be forced to choose: "You can be elected president as a black person only if you signal at some level that you are independent from black people" -- a move she said would be "guaranteed" to make black people angry. "He is going to have to figure out whether there is a way not to alienate and anger a black base that almost by definition is going to be disappointed," she said.

Already, that balancing act is causing some strains. Some of Obama's longtime black supporters in Illinois are grumbling about the largely white crowd of advisers who now surround Obama as he gears up his national campaign. "Who does he represent? That is what people are worried about," said Lorenzo Martin, publisher of the Chicago Standard newspapers, a chain of black-oriented weeklies that circulate in the southern suburbs. "When you look and see who is surrounding him, you are not going to see too many brothers. What you see is the liberal left."

Complicating matters is that Obama appears certain to encounter fierce competition for the black vote from the other leading Democratic presidential contenders. Black Democrats prefer Clinton 3 to 1 over Obama, and four out of five of black Democrats view her favorably, much higher than the 54 percent who have a favorable view of Obama, according to combined findings from two Washington Post-ABC polls taken in December and January. Clinton also enjoys close ties to top black elected officials, and her husband, former president Bill Clinton, remains extremely popular among African Americans.

Former senator John Edwards (D-N.C.), who launched his presidential campaign from New Orleans's devastated Lower Ninth Ward to highlight his commitment to attacking poverty, is also expected to make a strong appeal to black voters. And waiting in the wings is another African American, Al Sharpton, a candidate in 2004 who is considering running again.

"If we're talking about the urban agenda," Sharpton asked earlier this month in discussing his possible candidacy, "can you tell me anybody else in the field who's representing that right now?" And, in remarks that were widely interpreted as referring to Obama, he added: "Right now we're hearing a lot of media razzle-dazzle. I'm not hearing a lot of meat, or a lot of content. I think when the meat hits the fire, we'll find out if it's just fat or if there's some real meat there."

Jesse L. Jackson, whose presidential campaigns in 1984 and 1988 created a sensation across black America that swept millions of new voters onto the rolls, said there is no guarantee that Obama could expect the same kind of support. "He faces some real challenges," Jackson said. "First, there will be intense competition for black votes. The other reason is that most black people met him two years ago on television from Boston."

Jackson was referring to the speech at the 2004 Democratic convention that propelled Obama onto the national stage when he was still an Illinois state senator. The contrast with Jackson's own background as a nationally known civil rights leader years before he ever thought of running for president was implicit. But Jackson said he has encouraged Obama to run, adding last week that his "inclinations are really to Barack."

Born to a white mother and a black Kenyan father, reared in Hawaii by his white grandparents and for a few years in Indonesia with his Indonesian stepfather, Obama in many ways embodies the one America he often talks about: He identifies himself as African American, but his experiences are at once those of African Americans, whites, Asian Americans and immigrants.

"I've never had the option of restricting my loyalties on the basis of race, or measuring my worth on the basis of tribe," Obama wrote in his latest book, "The Audacity of Hope," in which he also observed that he has "blood relatives who resemble Margaret Thatcher and others who could pass for Bernie Mac."

Still, Obama chose to build his political career by rooting himself in the black community. In 1983, not long after resigning from a high-powered financial consultant's post in Manhattan, he moved to Chicago as a $10,000-a-year organizer for the Calumet Community Religious Conference. Dressed casually, he would visit barbershops and cruise the main thoroughfares in his used car to get a feel for the South Side.

He left Chicago to attend Harvard Law School and then returned to head a statewide voter-registration effort before joining a small civil rights law firm. In 1996, he was elected to the Illinois Senate from a mostly black South Side district.

Obama and his wife, Michelle, another black lawyer, were married at the predominantly black Trinity United Church of Christ in Chicago. "He had built himself a base among black voters on the South Side," said Timuel D. Black, professor emeritus at City Colleges of Chicago.

Despite his record of grass-roots work, questions about Obama's racial credentials formed a critical subplot for his ill-fated primary challenge of Rep. Bobby L. Rush (D-Ill.) in 2000. Rush, a former Black Panther, appeared politically wounded after failing

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badly in his campaign to unseat Chicago Mayor Richard M. Daley the year before. But Rush trounced Obama 2 to 1, and the congressman was joined on primary night by Jackson, who had endorsed him.

Rush won in part by depicting Obama as a Harvard elitist who was out of touch with the concerns of workaday African Americans. More suspect for some voters was that Obama lived in racially mixed and largely upscale Hyde Park and was teaching law part time at the University of Chicago, which is widely viewed as being disconnected from the poor South Side communities nearby.

"There were elements within the African American community who might have suggested 'Well, he's from Hyde Park' or 'He went to Harvard' or 'He was born in Hawaii, so he might not be black enough,' " Obama told the Chicago Tribune.

Those questions were intensified by Obama's unusual heritage, according to other observers. Kwame Raoul, a Haitian American who now fills Obama's former seat in the state Senate, said he too has encountered skepticism from black voters for his ethnic background and for his name.

"When I first decided to run for office and circulate petitions, people would say: 'Kwame Raoul? I'm not voting for a foreigner,' " he said. "I'm certain that before people knew who Barack Obama was, he had to deal with the same thing."

Four years after losing to Rush, Obama cruised to a lopsided victory during a U.S. Senate run in which the campaigns of his major primary and general election opponents imploded in scandal. Still, the issue of his heritage was raised by Alan Keyes, the black radio host and conservative activist brought in late by the Republican Party to oppose Obama.

During the campaign, Keyes argued that the government should pay reparations to descendants of slaves -- pointedly observing that Obama would not qualify under his proposal. When the question of race was raised in that campaign, Obama frequently responded with a practiced line. "I'm rooted in the African American community," he would say. "But I'm not limited by it."

Keyes's broadside had little effect as Obama won his Senate seat with strong support in many parts of the state, including in the black precincts where he had been drubbed in his race for the House. Now, as Obama moves closer to formalizing his presidential campaign, he is sure to be confronted with more questions about his racial identity. Through his staff, Obama declined to comment.

"This is a question Senator Obama has had to answer many times during his career," said Tommy Vietor, Obama's press secretary. ". . . He's consistently proved that he hasn't forgotten the communities he's worked with so far, and certainly won't in the future."

In Chicago's storied Bronzeville neighborhood, African Americans asked about his candidacy mainly expressed excitement. Browsing through Afrocentric Book Store, Nathan Unger, 63, stopped to say that he wants Obama to run although he harbors few illusions about how much Obama would be able to focus on the concerns of black voters.

"Even if we get 30 percent from Obama, we're not going to get that from anybody else," Unger said. "From white folks, we might get 10 percent. What I worry about is that we might want too much from him. It's not just about us out here; it's about everybody."

Political researcher Zachary A. Goldfarb, staff researcher Julie Tate and polling director Jon Cohen contributed to this report.

Obama On Tightrope In Bid For Black Vote (WT)

By Brian Debose

The Washington Times, January 25, 2007

Sen. Barack Obama will have a tough time generating support for his presidential bid among key black Democratic leaders -- many of whom are loyal to the Clintons -- and he must guard against undermining his electability by becoming the civil rights candidate, campaign strategists say.

"It will be very difficult for Obama to take those superdelegate votes in the hip pockets of the Clintons. They have a lot of political IOUs with the party bosses and that will be very difficult for Obama to abscond with," said political consultant Sam Riddle, who helped the Rev. Jesse Jackson win Michigan's Democratic primary in his 1988 presidential bid.

"If they back Obama, most of them know or suspect they have very little money coming. But if they back Hillary and garner black voters for her, they know they can get something," he said, referring to the political strength of Democratic front-runner Sen. Hillary Rodham Clinton of New York.

Several strategists said Mr. Obama, Illinois Democrat, will have to walk the tightrope of wooing black liberal activists, including such polarizing figures as the Rev. Al Sharpton and Mr. Jackson, while avoiding limiting his appeal by leading with his race and running primarily on civil rights issues.

"He has to be really careful not to be labeled 'the black candidate' because it will put him in the position of being linked to Jesse Jackson and Al Sharpton," Mr. Riddle said.

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Mr. Obama will have his first opportunity to talk with Mr. Sharpton about his candidacy today when the New York minister visits Capitol Hill to meet with Democratic presidential candidates, first with Sen. Christopher J. Dodd, then with Mrs. Clinton, and with Mr. Obama last.

Mrs. Clinton has a similar problem with female voters if she allows liberal feminists to usurp her campaign, said Morris Reid, a former Clinton administration official who is managing director of the political consulting firm Westin-Rinehart Group.

"They are really going to be fighting for the black vote, but also, Hillary will have to fight for the white suburban women's vote as well. Her base, that white-female educated woman, isn't just going to flock to her," he said.

"Isn't it refreshing that Democrats will have to fight for the black and Hispanic vote? I mean, her husband, Bill Clinton, is a god in the black community. But Hillary and Obama will have to measure up to him," Mr. Reid said.

Democratic strategist Donna Brazile said the complexion of the campaign ensures a split vote along every conceivable demographic of the party, particularly the black vote.

"The black vote is up for grabs, and no candidate -- past or present -- can simply rely on their record," she said. "In order to generate support, they will have to reach out, discuss issues of importance to black voters and include them in the campaign as part of their broader strategy in winning the nomination."

Mr. Riddle said Mr. Obama's biggest critics may end up being black political leaders, who view his "de-racialized" campaign -- "diametrically opposed" to every civil rights-focused black candidate who has run for president -- as a potential threat to their political influence.

To this point in the election cycle, with a year before any primary or caucus votes have been cast, the candidates' messages have been broad. They will have ample time to build a detailed message, backed by policy ideas, but for Mr. Obama that deadline is a bit shorter, Mr. Reid said.

"It works for him, and it is helping him right now, when he is speaking to large macro-organizations," he said. But "he will have to dig deep and pick out two or three meaty issues that he can really dig down on, because it is going to get real old real quick if he continues to talk in these general macro tones to the American public."

While Mr. Obama has the influence to do well, his candidacy is considered by some as an effort to secure the vice-presidential nod.

"Two-thirds of the large recipients of his Political Action Committee are members of the Democratic Leadership Council, which was founded by President Bill Clinton," said Glen Ford, executive editor of blackagendareport.com, a politics and social issues Web site.

"He embraces those who are in power and ingratiates with power, and yet, who is the power in the Democratic Party? Two Clintons. So how does that translate to him trying to take over? It doesn't, and I don't see that coming from him."

c Donald Lambro contributed to this report

McCain Trounces Rivals In State Poll, Trails Giuliani Nationally (PBJ)

By Mike Sunnucks

Phoenix Business Journal, January 25, 2007

Arizona Sen. John McCain fared well in a poll of Arizona voters, but trailed former New York Mayor Rudy Giuliani among Republicans in surveys taken nationally and in Iowa, a key primary state.

A poll released Wednesday by Arizona State University and KAET-TV 8 shows McCain with a mammoth lead over GOP rivals in a potential Arizona primary.

The ASU survey gives McCain a 54 percent edge. Former U.S. House Speaker Newt Gingrich checks in as the second most popular candidate, favored by 14 percent of respondents, followed by Massachusetts Gov. Mitt Romney. The ASU poll did not ask voters about Giuliani.

McCain also was the top choice among state voters -- at 28 percent -- among candidates from both parties. His closest rival was Sen. Barack Obama, D-Ill., with 20 percent, followed by Sen. Hillary Clinton, D-N.Y., with 18 percent.

Asking specifically about a Democratic primary in Arizona, the ASU poll gives Obama 29 percent versus 23 percent for Clinton and 15 percent for John Edwards.

McCain's strong showing in the ASU poll comes on the heels his loss in a Maricopa County Republican Party straw poll. Critics say that vote was rigged by conservatives. California Congressman Duncan Hunter, who garnered only 2 percent in the ASU poll, won the straw poll.

A new Rasmussen Reports poll gives Giuliani a 30 percent to 22 percent lead over McCain among GOP voters nationally with Gingrich third and Romney fourth.

A Strategic Vision poll in the early caucus state of Iowa gives Giuliani a 25 percent to 21 percent edge over McCain. Among Democrats, Edwards leads Obama and Clinton in that survey.

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Big States' Plan For Earlier Primaries Scrambles Race (NYT)

By Adam Nagourney

The New York Times, January 25, 2007

WASHINGTON, Jan. 24 — As many as four big states — California, Florida, Illinois and New Jersey — are likely to move up their 2008 presidential primaries to early next February, further upending an already unsettled nominating process and forcing candidates of both parties to rethink their campaign strategies, party officials said Wednesday.

The changes, which seem all but certain to be enacted by state legislatures, mean that the presidential candidates face the prospect of going immediately from an ordered series of early contests in relatively small states in January to a single-day, coast-to-coast battlefield in February, encompassing some of the most expensive advertising markets in the nation.

The changes would appear to benefit well-financed and already familiar candidates and diminish the prospects of those with less money and name recognition going into such a highly compressed series of contests early next year.

Associates of Senator Hillary Rodham Clinton, the New York Democrat, and Senator John McCain, the Arizona Republican, said that should either of them stumble early on, the respective party primaries in California and New Jersey — two states that would seem particularly hospitable to them — could offer an expensive but welcome firewall.

But at the same time, states like New Jersey and California could provide an opening for Rudolph W. Giuliani, the former mayor of New York, who faces the daunting prospect of overcoming resistance among social conservatives in the Republican contests in Iowa and South Carolina in January.

And several party analysts suggested that having such delegate-rich states at stake on Feb. 5 could persuade candidates who might otherwise step out after a defeat in Iowa or New Hampshire to press on in hopes of a dramatic recovery on the new Super Tuesday.

"I think this is huge," said John Weaver, a senior adviser to Mr. McCain. "And the unintended consequences could be even bigger."

While officials in both parties are wary of the changes, final say over the calendar rests with the states. Advisers to Republican and Democratic presidential candidates say they have come to view substantial changes as inevitable and they have begun to plan accordingly.

"We don't set the calendar, and we don't control the calendar, but we are going to compete aggressively in all these states," said Patti Solis Doyle, who is the manager of Mrs. Clinton's exploratory presidential effort. "And I will also tell you we have the resources and the organization to compete in all those states."

The developments mark the latest upheaval in a political calendar already in disarray. The Democratic Party voted last year to allow Nevada and South Carolina to move their nominating contests into the narrow period at the beginning of the process that once was confined to just Iowa's caucus and New Hampshire's primary.

But New Hampshire officials, protective of their first-in-the-nation primary status, have responded by saying they will schedule their primary as early as it takes, even before Jan. 1, to protect its traditional role. And no one seems to know where the scramble for influence among the states will end.

"This is completely out of control," said William F. Galvin, the Massachusetts secretary of state. He is the leader of a National Association of Secretaries of State committee that is monitoring this movement and trying to push back against it.

"The issue has been bad," Mr. Galvin said. "But it's never been as bad as it has been this year. In New Hampshire, they are going to be singing Christmas carols and voting."

The developments suggest that the national parties are losing any control they have had over the calendar by which they will nominate presidential candidates in 2008. California, New Jersey, Florida and Illinois are most likely to move their primaries early, probably to Feb. 5, joining at least five smaller states that had already scheduled primaries for that day. Illinois lawmakers are talking about moving their primary to help Senator Barack Obama, a Democratic contender; if history is any guide, it is possible that the other candidates might decline to compete in the home state of one of their rivals.

But final votes have not been taken, and state officials said it was possible they could end up going even earlier. Florida in particular has talked about holding its primary seven days after New Hampshire's, at the risk of sanctions from the Democratic National Committee. And officials said that other states, viewing this surge to the front of the pack, could join in as well.

The Democratic National Committee had adopted a new calendar last year, reducing the once dominant influence of Iowa and New Hampshire, after years of consideration. The Republican Party has so far deferred to Democrats on the changes, waiting to see the outcome of the back-and-forth.

Democrats and Republicans said that the changes would be the latest step in the evolution of a presidential nominating system that increasingly seems resistant to the kind of dark-horse presidential bid that was possible back when small states like Iowa and New Hampshire enjoyed such influence over the nominating process.

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It has sowed unease and confusion among campaign staff members as they have tried to measure its implications, and has prompted them to begin making moves now to prepare for a whole different nominating system. While conventional wisdom is that the best-known candidates would benefit, views about how the shift might play out vary among strategists.

Tad Devine, a Democratic consultant who was a senior adviser to Democratic presidential candidates in 2004 and 2000, said the calendar changes, combined with the presence on the Democratic side of three strong and well-financed candidates — Mr. Obama, Mrs. Clinton and, probably, John Edwards, the former North Carolina senator — could mean that the battle for the nomination drags on for months.

"I think there's a very good chance that we are going to be sitting here at the end of next March saying, 'How are people going to put together a majority of delegates with 80 percent of the delegates gone?' " he said. "The nominating process in 2008 is not a little different. It's fundamentally different."

And the campaigns are adjusting accordingly. Mr. McCain recently hired Steve Schmidt, a former Bush campaign operative who managed the re-election bid of Gov. Arnold Schwarzenegger, the California Republican, in no small part because of what he saw as Mr. Schmidt's command of California politics.

Similarly, Mitt Romney, the former governor of Massachusetts, has turned his attention to Florida, where he sees a strong prospect of knocking out Mr. McCain by appealing to social conservatives, and installed a campaign team that includes two top political advisers to former Gov. Jeb Bush of Florida. He is about to announce the hiring of more than six top aides in Florida.

Last weekend, Mr. Romney went to New Jersey, where his aides also think he could make a strong appeal.

"The focus of our efforts publicly have been in Iowa, South Carolina, Michigan, New Hampshire," said Kevin Madden, Mr. Romney's press secretary. "But we are very well organized in Florida."

In the case of Florida, Democrats and Republicans have welcomed the prospect of having to spend heavily on an early primary because that could prove an early investment for the general campaign, as well, considering how competitive that state is. That is not the case in California or New Jersey, two expensive states that have been solidly Democratic in recent presidential races.

And some Democrats disputed the notion that a California victory could help someone recover from a poor showing in the early states. Nick Baldick, a senior adviser to Mr. Edwards, noted that Howard Dean spent heavily in states that held their primaries after New Hampshire and Iowa and never recovered.

"All that mattered was momentum and winning in Iowa," Mr. Baldick said Wednesday. "I would argue that more states on Feb. 5 makes that exponentially more true. That if you don't have momentum going into states like those four big states, then forget it and just go home."

Gingrich Backs English Push As Official Language (WT)

By Eric Pfeiffer

The Washington Times, January 25, 2007

Former House Speaker Newt Gingrich yesterday announced his support for legislation that would make English the nation's official language in order to combat what he calls "an unprecedented influx of non-English-speaking immigrants."

The Georgia Republican, who is weighing a bid for his party's 2008 presidential nomination, places third in most Republican polls behind Sen. John McCain of Arizona and former New York Mayor Rudolph W. Giuliani. Mr. Gingrich has said he is speaking out now to infuse his party's presidential primary with ideas and will not make a formal decision about running until September.

"If you are pro-immigration into America, you should be pro-assimilation into the American way of life," Mr. Gingrich said during a press conference in Washington yesterday. "Bilingual education has been stunningly destructive."

Mr. Gingrich denied having an anti-immigration stance. "I am pro-immigration," he said.

He also is for a bill to be introduced by Rep. Steve King, Iowa Republican, which would make English the official language. Mr. King's bill amassed more than 150 co-sponsors last year but did not become law.

Mr. Gingrich said public pressure ultimately will force lawmakers pass the legislation, even in a Democrat-controlled Congress.

"You find a way to bring it to the floor of the House every two months," he said. "And then those elites in government will be forced to answer, 'Are you with 85 percent of the country or are you against 85 percent of the country?' This is not a Republican or a Democrat issue."

He said previous attempts to pass the legislation failed because of "timidity and [a] rejection of the people's will."

In May, the Senate voted 62-35 for an amendment to the immigration-reform bill that would make English the national language. Supporting it were nine Democrats and all Republicans who voted. Sen. Jim Bunning, Kentucky Republican, Sen. Mel Martinez, Florida Republican, and Sen. John D. Rockefeller IV, West Virginia Democrat, did not vote on the amendment.

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A Rasmussen Reports survey taken shortly after the vote found that 85 percent of respondents support making English the official language, compared with 11 percent who do not favor the idea.

Mr. Gingrich has outlined a five-step assimilation plan that would: require greater proficiency in English before citizenship is granted, require new citizens to give up the right to vote in their native countries, require that federal documents be in English only, emphasize American history in citizenship courses, and create a program for immersion in English-language training.

"This is a cultural pattern," he said of emphasizing American history and language skills to prospective citizens. "America is a state of mind; it's a way of being."

For Democrats, Bergen County Spells Success (RC)

By Stuart Rothenberg

Roll Call, January 25, 2007

For Republicans, New Jersey, once a GOP-leaning, anti-tax state, stands as a stark reminder of how things have changed, particularly in the Northeast. But the better example — and warning of things to come — is Bergen County, a suburban bedroom community that has moved away from its Republican roots and toward the Democratic Party.

The county, once bedrock Republican territory and the most populous county in the state, has voted Democratic in the past four presidential elections — twice for Bill Clinton, and more recently for Al Gore and John Kerry.

Even more notably, the county executive and all seven members of the county board of freeholders are Democrats. Republicans lost their last freeholder last year, when incumbent Elizabeth Randall lost her bid for renomination and the eventual nominee lost in November.

But in a development that was more humiliating than substantive, the county party's headquarters was padlocked recently because the Bergen County GOP couldn't pay its rent.

The last remaining county-wide GOP officeholder is County Clerk Kathleen Donovan, a moderate who last year lost a Republican primary for county executive. Donovan, a former state legislator and one-time chairman of the state GOP, is serving her fourth term as county clerk.

No Republican has ever won statewide office without carrying Bergen County, and the last statewide GOP candidate to carry the county was Bob Franks in his losing bid for the Senate in 2000. Last year, Tom Kean Jr. (R) lost the county to Sen. Bob Menendez (D) by 8 points.

Republican Rep. Scott Garrett's 5th Congressional district includes part of Bergen County. He carried the county by only 4,209 votes (51.2 percent), though he won district-wide by 55 percent. The part of Bergen County not represented by Garrett is represented by 9th district Democrat Steven Rothman. Rothman carried the Bergen portion of his district with 71.5 percent of the vote, meaning Bergen County voters voted overwhelming Democratic for Congress last year.

Republicans have three major problems in the county: the national party, changing demographics and a fractured GOP that is being outworked by Democratic strategists.

Many of Bergen County's Republicans are more politically in sync with former Gov. Tom Kean (R) than they are with his son. They are classic Northeast moderates, whose views on cultural issues don't easily fit with Sunbelt conservatives.

The county itself also is changing. Hispanics and Asians have moved into the county in recent years, as have New Yorkers, many of whom have brought their values and Democratic preference with them.

While these developments would have posed a challenge for the county GOP, they could have been managed had the Bergen County party leaders been smart or county Democratic operatives been inept. Unfortunately for the GOP, neither of those things happened.

Bergen County's Republican organization is being outworked and outfundraised by its Democratic counterpart, which has become a well-oiled machine under the guidance of party Chairman Joseph Ferriero.

While Ferriero helps local Democratic parties raise money and contact voters, Republicans spend most of their time fighting with each other over issues and personalities. Republican conservatives, in particular, seem more interested in isolating and purging moderates than in winning elections. As a result, the county GOP is getting badly outspent in races and losing more and more elections, creating a vicious cycle of defeat.

Bergen Record reporter Scott Fallon noted in a November article that when Ferriero became the county Democratic chief in 1998, Republicans controlled two-thirds of Bergen County towns that had a partisan form of government. After November's elections, Democrats had increased their control to 56 percent of those communities, a dramatic reversal in just eight years. Now, Ferriero has plans to go after sitting GOP state legislators and town officeholders in other previously heavily Republican areas.

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Republicans complain that Ferriero is using Democrats' increased political muscle in the county to wring even more money out of companies that want to do business with the county. Odds are that they are right, but so what? That's the way the game is played in New Jersey, and as long as both sides know the rules, nobody is in a position to complain.

Ferriero took a weak county party and built it up, brick by brick. Republicans could do the same thing, if not with immediate success, if they got their act together. And they actually have an issue they could use, both in Bergen County and statewide, to start to rebuild their party: property taxes.

If Bergen were an isolated case, it might not even be worth mentioning. But what's happening there could happen (and indeed has happened) in other northern suburbs. While the GOP has made gains in Georgia, Tennessee and Kentucky, it continues to lose ground in New Jersey, Illinois and southeast Pennsylvania.

Increasingly, Bergen County looks like a model for further Democratic success outside the South. We'll see if the Republicans write it off or take steps to resuscitate their local parties, both in Bergen County and elsewhere in the Northeast.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Gore Film Sparks Parents' Anger (WP)

By Blaine Harden

The Washington Post, January 25, 2007

FEDERAL WAY, Wash., Jan. 24 -- Frosty E. Hardiman is neither impressed nor surprised that "An Inconvenient Truth," the global-warming movie narrated by former vice president Al Gore, received an Oscar nomination this week for best documentary.

"Liberal left is all over Hollywood," he grumbled a few hours after the nomination was announced.

Hardiman, a parent of seven here in the southern suburbs of Seattle, has himself roiled the global-warming waters. It happened early this month when he learned that one of his daughters would be watching "An Inconvenient Truth" in her seventh-grade science class.

"No you will not teach or show that propagandist Al Gore video to my child, blaming our nation -- the greatest nation ever to exist on this planet -- for global warming," Hardiman wrote in an e-mail to the Federal Way School Board. The 43-year-old computer consultant is an evangelical Christian who says he believes that a warming planet is "one of the signs" of Jesus Christ's imminent return for Judgment Day.

His angry e-mail (along with complaints from a few other parents) stopped the film from being shown to Hardiman's daughter.

The teacher in that science class, Kay Walls, says that after Hardiman's e-mail she was told by her principal that she would receive a disciplinary letter for not following school board rules that require her to seek written permission to present "controversial" materials in class.

The e-mail also pressured the school board to impose a ban on screenings of the film for the district's 22,500 students.

The ban, which the school board says was merely a "moratorium," was lifted Tuesday night, subject to rigorous conditions. Still, the action has appalled the film's producers and triggered a ferocious national backlash.

Members of the school board say they have been bombarded by thousands of e-mails and phone calls, many of them hurtful and obscene, accusing them of scientific ignorance, pandering to religion and imposing prior restraint on free speech.

It has been a terrible ordeal, school board member David Larson said during a long, emotional speech at the board meeting.

"I am here to foster healing in our community," he said, while noting with sadness that "civility and honest discourse are dying in our country."

What the school board had really intended to do, Larson and school board members insisted, was not to stop schools from teaching the science of global warming, but merely to follow long-standing school board rules that require students to be exposed to "other perspectives" when they view a film like "An Inconvenient Truth."

"We do not need to lose balance in order to save the Earth," Larson said.

Exactly what "balance" might amount to, however, was not spelled out.

The National Academy of Sciences, together with nearly all of the world's leading climate experts, have agreed that there is conclusive evidence that human activity is causing the Earth to warm and that there is an urgent need to reduce the amount of carbon being released into the air.

In public comments at the board meeting, several riled-up Federal Way residents argued that "An Inconvenient Truth" was, indeed, scientifically true and that saying otherwise is "deliberate obfuscation."

These residents derisively compared the search for "balance" in the global-warming issue to decades of phony claims by cigarette companies about the lack of "proof" that smoking is harmful to human health.

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Before the board meeting started Tuesday night, several residents buttonholed Larson and asked him if there should be a "balanced" presentation of the Nazi Holocaust, because there are many who deny that it occurred.

"The Holocaust happened," Larson said. "We have evidence and photos. The difference between the Holocaust and the global warming is we don't have photos of what will happen 50 years from now."

Sitting in on this conversation was Walls, the seventh-grade science teacher whose class includes Frosty Hardiman's daughter.

"We do have photos of snow melting off Kilimanjaro," Walls said, hopefully.

In the end, though, the board opted for an abundance of balance.

That means that "An Inconvenient Truth" may be shown only with the written permission of a principal -- and only when it is balanced by alternative views that are approved by both a principal and the superintendent of schools.

Hardiman was pleased.

"I am happy they are giving the kids as much information as possible," he said.

His daughter's science teacher, meanwhile, said she is struggling to find authoritative articles to counter the information in the Gore documentary.

"The only thing I have found so far is an article in Newsweek called 'The Cooling World,' " Walls said.

It was written 37 years ago.

Steele To Head GOP Funding Outfit, Start Firm (WT)

By Tom Lobianco

The Washington Times, January 25, 2007

ANNAPOLIS -- Former Lt. Gov. Michael S. Steele will lead a major Republican fundraising group and start a public affairs consulting firm in Maryland.

Mr. Steele will be the chairman of GOPAC, the national fundraising outfit that former House Speaker Newt Gingrich elevated to national prominence in 1994, and start the Legacy Strategies public affairs firm, he told The Washington Times yesterday.

"I'm really looking forward to it," Mr. Steele said. "It has been a whirlwind challenge. I just finished up four years as lieutenant governor, and I was excited to do it. We'll keep plugging along."

He begins both jobs Feb. 1 and will make a public announcement today.

Mr. Steele also said he likely will write a book about his 30-plus years in politics.

"I've really never shared too much of what it feels like to read words about you in the paper that aren't true, about who has just called you an 'Uncle Tom,' " Mr. Steele said. "I think it speaks to the double standard someone like myself has to live with."

Mr. Steele, 48, was the first black elected statewide in Maryland.

The announcements follow broad speculation about the former U.S. Senate candidate's plans.

Mr. Steele lost his race for a Senate seat in November to Democrat Benjamin L. Cardin. The race attracted national attention as Republicans and Democrats battled for every last seat to control Congress. After Mr. Steele's loss, he was briefly considered to run the Republican National Committee.

He will run his public affairs firm with former Chief of Staff Paul D. Ellington and one or two others, and he expects the firm to grow rapidly.

Mr. Steele said he chose the firm's name based on his belief that minorities need to build "legacy wealth" -- a term that he said means "not just financial legacy, but also the kind of legacy you can't touch."

"I talked a lot about legacy [in the campaign] and very much want to continue that theme in the private sector," he said. "For me, the bottom line is all about building legacy."

After the November elections, Mr. Steele said he was committed to rebuilding the Maryland Republican Party. The GOPAC position allows him to fulfill that promise, Mr. Ellington said.

"GOPAC is kind of a name brand, focusing on the development of state and local candidates," he said. "There will obviously be a Maryland component."

The group was formed in the late 1970s to aid Republican candidates facing a Democrat-controlled Congress and calls itself the Republican Party's "preeminent education and training center."

Outgoing Chairman J.C. Watts Jr. approached Mr. Steele with the offer, based on Mr. Steele's national recognition and his experience running the state Republican Party, Mr. Ellington said.

Mr. Steele's new jobs are good news for state Republicans, said Audra Miller, a spokeswoman for the Maryland Republican Party.

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"It's great that Steele will continue to have that presence on the political scene, not only in Maryland, but nationally," she said. "GOPAC has continued to be a strong presence among states and the legislatures for more than 10 years. This will only continue to build upon the great success that they've had."

Reality, At Last, In Richmond (WP)

The Washington Post, January 25, 2007

EYEBALL TO eyeball with a potential electoral disaster in this fall's legislative elections, Virginia Republicans have finally blinked -- a little. They have put forward a transportation funding package that is at least partly serious, which is to say that it relies to a significant degree on new taxes and fees to address the state's most urgent problem. It is an imperfect plan but also a sound starting point for a deal.

Having signed pledges to oppose any new taxes and having torpedoed one funding plan after another, the conservative ideologues who hold sway in the House of Delegates haven't found the courage to raise taxes much themselves. But they have decided to allow the localities where traffic is worst -- in Northern Virginia and Hampton Roads -- to increase their own taxes, particularly on commercial real estate and home sales.

If the local governing boards in Northern Virginia give their assent -- and that remains in doubt in one or two key jurisdictions -- those locally raised taxes would generate some $383 million annually for Northern Virginia. Add that to the state funds the Republicans say they would produce, and the yield is perhaps $500 million a year in new money for roads and mass transit in the region. That's at the low end of what Northern Virginia needs, but it's not bad. It's just part of the story, however.

A primary concern is the portion of statewide funding that would supposedly come from Richmond. In theory, some $250 million of the overall $1 billion in new annual spending for transportation (plus another $100 million annually in debt service) would be siphoned off from the general fund. Translation: It would be taken from existing money for schools, public health, public safety and other priorities that was provided three years ago in the far-reaching tax package enacted by former governor Mark R. Warner (D).

Even if all that money is allocated for transportation, though, there's a catch: Much of the state's portion would be spent not for new construction but to cover soaring maintenance costs. That leaves the locally raised funds -- minus $50 million annually in dedicated funding for Metro -- to widen Interstate 66 or Routes 7, 28 and 29 and other roadways in Northern Virginia. When all's said and done, Richmond is doing the bare minimum itself, and it is leaving the heavy lifting to the Northern Virginia suburbs and Hampton Roads.

We don't mean to dismiss the GOP transportation plan. It's the first serious one offered by House Republicans. And it's encouraging that it includes measures such as raising statewide vehicle registration fees and diesel fuel taxes. All that suggests that the real world facing Virginia's budget makers has begun to make an impression on Republican lawmakers.

Over A Barrel: The Global Scramble For Energy Security (WSJ)

By Chip Cummins, Bhushan Bahree And Patricia Minczeski

The Wall Street Journal, January 25, 2007

The past four years have seen the biggest oil-price spike in a generation. That shock has shown energy insecurity to be one of the chief political, economic and military challenges facing the world. 1

The concern from Washington to Beijing -- and a central issue as business and political leaders gather at the World Economic Forum -- springs from a broader-based fear than prices, which have tumbled this month to nearly $50 a barrel after soaring to $77.03 last summer. Rather, the worry is that the geopolitical and economic equilibrium that long enabled the oil industry to smoothly supply customers is a thing of the past. Events in 2007 will test that view.

One concern: Has power permanently shifted to producers? The Organization of Petroleum Exporting Countries, the cartel that supplies a third of the world's oil, has seen its market clout soar in recent years as demand grew faster than supply. It cut output twice late last year, and is now pondering additional cuts.

Another worry is turmoil in exporting nations. Nigerian militants are attacking oil facilities almost daily. Russia is renationalizing its oil sector. The U.S. set the stage for trouble in Iraq with its 2003 invasion. Insurgents are sabotaging that country's vast petroleum industry and driving skilled technocrats into exile, threatening to cripple the industry for decades to come. Some experts worry that Iran and Saudi Arabia may be drawn into a proxy war in Iraq. That raises the specter of an energy-doomsday scenario: a conflict among the world's top three oil-reserve holders.

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Arguably, the leading culprit is rising demand. The U.S. and China, the two largest consumers, could dramatically shift the balance of power back in their favor by curbing their enormous appetites for crude and developing alternative energy sources.

The quest for energy security, in short, is a global scramble of power, money and ideas. This is a guide to flashpoints likely to shape the outcome of that scramble in 2007.

Bolton: U.S. Following Flawed Iran Plan (AP)

AP, January 25, 2007

Former U.N. Ambassador John Bolton says the United States may not be able to prevent Iran from acquiring nuclear weapons because the Bush administration is following a flawed diplomatic strategy.

In an interview with Fox News airing Wednesday night, Bolton said that contrary to administration claims, the U.N. Security Council resolution against Iran that was approved last month is "very weak."

Bolton stepped down in December after serving as U.N. ambassador for 16 months. He was the point man for the administration in the diplomatic debate over the resolution.

The former envoy said the diplomatic means chosen by the administration to halt Iran's nuclear program may not achieve the desired ends.

"The disjunction between that objective and the diplomacy we have been pursuing is ultimately going to be a problem for the president," Bolton said.

He added that the administration placed too high a priority on achieving unity in the council.

"Pursuing the goal of unity detracts from the substantive goal of preventing Iran from getting nuclear weapons," Bolton said.

State Department spokesman Sean McCormack said Bolton and his U.N. team should take "great pride" in winning the 15-0 council vote against Iran. He said the U.S. would have preferred a stronger resolution but noted that compromise is a central element of international diplomacy.

On Dec. 24, after two months of debate, the council voted unanimously to punish Iran for refusing to suspend uranium enrichment.

The resolution orders all countries to stop supplying Iran with materials and technology that could contribute to its nuclear and missile programs. It also freezes Iranian assets of 10 companies and 12 individuals related to those programs.

"Is it a good, strong resolution? Yes," McCormack said. "And is it having real effects on Iran and their ability to develop nuclear weapons? I would argue yes to right now, and I think probably even more down the road if they continue down the current line of behavior."

Details On Iran's Activity Pledged (LAT)

By Borzou Daragahi

The Los Angeles Times, January 25, 2007

BAGHDAD — The top U.S. envoy to Iraq said Wednesday that he would soon reveal details he asserted would show Iranian interference in the country, in the latest round of diplomatic jousting between Washington and Tehran.

U.S. Ambassador Zalmay Khalilzad told a group of Western journalists that American officials would provide details "in the coming days" about Iranian officials detained and interrogated in Baghdad and the Kurdish city of Irbil within the last month.

The U.S. military detained five Iranian diplomats in Irbil on Jan. 11, and had detained several others in late December in Baghdad, touching off diplomatic rows and creating tensions with the government of Iraqi Prime Minister Nouri Maliki.

The presentation, Khalilzad said, would include details about who the detained Iranians are and what they were doing in Iraq, as well as information about alleged contraband coming across the Iran-Iraq border.

"We are working to put something together and we will have something for you in the coming days," he said.

The upcoming presentation, he said, is a response to public comments by Iranian Ambassador Hassan Kazemi-Qomi, who this week publicly challenged Americans to show "any shred of evidence that Iran is working to destabilize Iraq," according to Iranian news agencies.

Khalilzad said the U.S. would take up the challenge.

"I know the Iranian ambassador said the Americans do not have anything and if they have something why don't they come up and share it," Khalilzad said. "We're going to oblige him."

Khalilzad said Iranian diplomatic missions and offices in Iraq were providing diplomatic cover for members of the Revolutionary Guard's Quds Force, an elite intelligence and paramilitary organization that answers to Iran's supreme leader, Ayatollah Ali Khamenei.

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One of those arrested in a pair of December raids in Baghdad and later released has been identified as a Quds Force "director of operations," he said.

Iran's complicated government includes ordinary state functions such as the Foreign Ministry and the presidency in addition to powerful institutions that grew out of Iran's 1979 Islamic Revolution. The Revolutionary Guard, one of the latter organizations, operates as a parallel army and controls Iran's borders as well as its foreign policy toward neighboring countries such as Iraq and Afghanistan.

Khalilzad said it was time for Iran to change the people who conduct its relations with Iraq.

"Iran has not adapted to the changed situation in that it uses the security instrument as the channel, diplomatically," he said. "Many of the officials that represent Iran diplomatically are Quds Force operatives."

The U.S. has alleged that Iran has been funneling money and weapons to and providing training for armed groups in Iraq. Khalilzad said Wednesday that Iranian elements associated with the Quds Force had infiltrated Iraq's political parties.

He said the Bush administration had made a decision to aggressively confront Iranian networks operating in Iraq, as laid out by President Bush in a Jan. 10 speech on the Iraq troop buildup.

"Operations are aimed at making it harder for them, to make [it] difficult for them to do things they used to do more easily, in the expectation that would change their behavior," Khalilzad said.

"Those [Iraqis] who associate with them also risk being caught, targeted in these operations," he added.

Iran Receives Russian Defense Missiles (AP)

By Nasser Karimi

AP, January 25, 2007

Iranian officials said Wednesday that they have taken delivery of advanced Russian air defense missile systems — weapons intended, according to one Russian news agency, to defend Tehran's major nuclear facilities.

Announcement of the delivery of the Tor-M1 mobile missile launchers came as Iran launched three days of military maneuvers, its first since the U.N. Security Council approved sanctions against Iran on Dec. 23.

"We have had constructive defense transactions with Russia and we purchased Tor-M1 missiles that were recently delivered to us," the official Web site of Iranian state television quoted Minister of Defense Mostafa Mohammad Najjar as saying.

Najjar did not say how many missiles were delivered or when they arrived. Previously Moscow said it would supply 29 of the mobile surface-to-air missile systems to Iran under a $700 million contract signed in December 2005, Russian media has reported.

In New York, spokesman for the U.S. mission to the United Nations, Richard Grenell, called the development "troublesome given that Iran is the leading state sponsor of terror in the world."

"It certainly isn't an appropriate signal to be sending a government which is under U.N. sanctions for trying to develop a nuclear weapon," Grenell said.

According to Russia's ITAR-Tass news agency, the weapons were expected to be used to protect major government and military installations such the nuclear facilities at Isfahan, Bushehr, Tehran and in eastern Iran.

ITAR-Tass on Tuesday quoted Sergei Chemezov, the head of the country's state-run weapons exporter as saying that the Tor-M1 missiles had been delivered before the end of December 2006.

It is not clear whether the sale was completed before the Security Council vote. Russian officials have repeatedly said the sale would not violate any international obligations.

Russia's U.N. Ambassador Vitaly Churkin, current president of the Security Council, did not explicitly confirm the handover. But he said "whatever deliveries may have been carried out," they had "nothing to do" with the U.N. sanctions on Iran over its uranium enrichment.

The United States last year called for a halt to international arms exports to Iran, and for an end to nuclear cooperation with Iran to pressure it to stop uranium enrichment. Israel has also criticized arms deals with Iran.

Iran denies U.S. accusations that it is using its nuclear power program as a cover to develop nuclear weapons. On Monday, Tehran conducted missile tests and said it had barred 38 U.N. nuclear inspectors from entering the country.

Olmert Calls For Action Against Iran (AP)

By Steven Gutkin

AP, January 25, 2007

Prime Minister Ehud Olmert devoted one of his most important policy speeches of the year Wednesday to a single topic — Iran — saying Israel will respond to a nuclear threat "with all the means at our disposal."

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Addressing an annual security conference in this seaside city, he said the international community has no choice but to act forcefully against Iran and its president, Mahmoud Ahmedinajad, who has repeatedly called for Israel's destruction.

"When the leader of a country announces, officially and publicly, his country's intention to wipe off the map another country, and creates those tools which will allow them to realize their stated threat, no nation has the right to even to weigh its position," Olmert said.

"It is the obligation of every country to act against this with all its might."

Iran has insisted that its nuclear program is for peaceful purposes, but Israel believes its goal is to build nuclear weapons that could threaten the Jewish state's existence.

Olmert has made similar declarations before. But Israel has been vague about whether it would be willing to carry out military strikes against Iran, though it has not ruled them out.

"The Jewish people, with the scars of the Holocaust fresh on its body, cannot afford to allow itself to face threats of annihilation once again," Olmert said.

"Anyone who threatens us, who threatens our existence, must know that we have the determination and capability of defending ourselves, responding with force, discretion and with all the means at our disposal," he added.

Olmert said Israel supports using diplomacy to thwart Iran's nuclear ambitions and said there is still time for international pressure to work.

"As serious as the Iranian threat is, the threat of nuclear attack on Israel is by no means imminent," he said.

"The Iranian issue preoccupies me and my thoughts constantly," Olmert said.

Olmert's speech diverged from a precedent set by his predecessor, Ariel Sharon, who used the Herzliya gathering as a forum for setting out new policies, like Israel's unilateral withdrawal from Gaza.

Olmert's decision to devote the high-profile speech to Iran reflected his country's growing concern over the issue. The four-day security conference at Herziliya was overwhelmingly about Iran.

Before launching into the Iranian issue, however, Olmert offered a few sentences about Israel's embattled president, Moshe Katsav.

Olmert called on Katsav to resign after the attorney general announced his intention to press criminal charges, including rape, against him.

"Under these circumstances, there is no doubt in my mind that the president cannot continue to fulfill his position and he must leave the president's residence," Olmert said.

Olmert's call for Katsav to step down came minutes after the president finished an emotional address to journalists, insisting that he would not resign unless he is actually indicted.

Olmert himself is under a legal cloud. Police are investigating his role in the 2005 sale of one of Israel's largest banks by the government after allegations that he tried to skew the tender in favor of supporters.

His speech at the Herzliya conference was coolly received, with no breaks for applause, reflecting his loss of popularity because of the inconclusive results of last summer's war in Lebanon.

Outside the hall, a handful of demonstrators called on Olmert to resign because of that war.

U.S. Picks An Inauspicious Time To Restart Mideast Talks (NYT)

By Steven Erlanger

The New York Times, January 25, 2007

HERZLIYA, Israel, Jan. 24 — It would be hard to imagine a less promising moment for the United States to restart serious Palestinian-Israeli peace negotiations.

Six years after the last such talks, the Palestinian government is controlled by Hamas, which preaches Israel's destruction. Approval ratings for the Israeli prime minister are barely in double digits. Gaza and neighboring Lebanon are in turmoil. President Bush is weak.

Yet the administration is holding a meeting on Feb. 2 of the so-called quartet, whose other members are the European Union, Russia and the United Nations, to be followed by "informal talks" between Israeli and Palestinian leaders, with help from Secretary of State Condoleezza Rice, about the shape of a final peace treaty and the nature of a Palestinian state beside Israel.

The Americans are responding to pleas for re-engagement from the European Union, the Palestinian president and moderate Arab nations.

But expectations are purposely low. Ms. Rice and her Israeli counterpart, Foreign Minister Tzipi Livni, have borrowed a phrase from frustrated Palestinians and speak only of providing "a political horizon" to the two parties. They have been vague about the content and the path.

The European Union foreign policy chief, Javier Solana, has no doubt what he wants to see.

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"It's time to enter final status talks, it's time to enter a discussion of the end of the conflict," he said in an interview. "The crisis-management approach to the Israeli-Palestinian conflict is over. We need to enter the conflict-resolution stage and try to end the occupation of 1967."

But the European Union does not run the quartet; the Americans do.

The main aim, senior American officials suggest, is to increase Palestinian confidence in a two-state solution and thereby elevate those Palestinians who advocate such a solution — Mahmoud Abbas, the president of the Palestinian Authority, and his Fatah movement — and hope to undermine the appeal of Hamas, which rejects a permanent peace with Israel.

Ms. Rice also hopes that new American involvement and leadership will help its Arab allies like Egypt, Jordan and Saudi Arabia, let alone the fragile government in Lebanon, which fear the growing influence of Iran and Syria, supporters of Hamas and its Shiite Lebanese counterpart, Hezbollah.

While it is unlikely that either Ehud Olmert, the Israeli prime minister, or Mr. Abbas has the political strength to deliver big concessions, "sometimes it's best to try to buy in at the bottom," a senior American official said.

Israelis are nervous about the coming talks, and see them as part of the growing internal rivalry between Mr. Olmert and Ms. Livni, who has said publicly that she is prepared to become prime minister and has become close to Ms. Rice.

Uzi Arad, who had been an aide when Benjamin Netanyahu was prime minister and is now the director of the annual Herzliya Conference here devoted to security issues, said the American initiative was essentially for show, to try to pacify domestic critics on Iraq and nervous Arab allies.

"We all want to do something, but let's see what's doable, to help tranquilize the situation as much as possible and look like progress, without harming our security," Mr. Arad said.

Richard N. Haass, a Middle East specialist who runs the Council on Foreign Relations in New York, said here that "there's a difference between negotiating final status and raising final status." He said the case was strong for doing the latter, which he described as "prenegotiations," starting a process that could only conclude when stronger governments could take serious risks.

"It's important to shape the Palestinian debate and signal to them that there are strong reasons to forgo violence," Mr. Haass said. "If there's a place to go, it puts Hamas on the defensive. It can either strengthen the moderates or help the process of transforming the radicals."

With the Israelis battered by the war in Lebanon, rockets coming from Gaza and a Palestinian power struggle, few Israelis would support large new withdrawals from the West Bank when Mr. Abbas cannot control Palestinian militants and the Palestinian Authority is run by Hamas.

Mr. Olmert is also unwilling now to modify the so-called road map peace plan of 2003, which calls in its first stage for Palestinians to begin to disarm militants and dismantle terrorist organizations while the Israelis freeze settlement building. Final-status negotiations are left to the third stage. But no one in 2003 expected Hamas to be running the Palestinian Authority, and Mr. Abbas has been regularly calling for final-status talks to begin now as a way to provide "a political horizon" and do an end run around Hamas.

These new talks are a compromise — a serious discussion that can clarify a final settlement, including final borders and what will happen to Jerusalem and refugees — without committing either party. If there is a new, all-party commitment to an independent Palestinian state based essentially on 1967 boundaries, it may reinforce the idea of a permanent Israel next to a Palestine, which Hamas, Iran and Islamic Jihad currently reject.

Some Palestinians, too, are skeptical. Moderates welcomed the Rice initiative "because what's important to them is change, even if it is only a facade, that promises a 'positive possibility' for the future," wrote Ali Jarbawi a professor of political science at Birzeit University, on a Web site devoted to an Israeli-Palestinian dialogue, bitterlemons.org.

If the result is "an end to the Israeli occupation and the creation of a Palestinian state on 1967 borders (with minor and agreed-upon adjustments) and solving the issue of refugees according to international resolutions," Mr. Jarbawi wrote, then fine. "But this is not in the framework of thinking of this administration," he said, calling it "hostage to the Israeli perspective," which prefers "a long-term transitional stage."

Salam Fayyad, a former finance minister for the Palestinian Authority, said, "We need an agreed definition of where we're going and how to get there." The current situation is deteriorating, he said, and too much time is wasted on negotiating peripheral issues like roadblocks. "A political horizon is a framework in which internal issues can also be addressed," he said.

David Makovsky, a Middle East expert with the Washington Institute for Near East Policy, said for the United States the Israeli-Palestinian issue was not central. "The issue is a derivative of getting Arab support for Iraq and Iran policy," he said. "They want a broad front, and this is part of helping those Arab leaders they see as important on these other issues."

Pakistan President Floats Muslim Mideast Peace Initiative (AFP)

AFP, January 25, 2007

DOJ_NMG_0121696

Pakistan President Pervez Musharraf said that he had agreed with five Arab leaders to develop a Muslim peace initiative for the Palestinian conflict, which he said lay at the root of worsening violence around the region.

"Destructive violence is going on in Iraq, Lebanon is mired in crisis, and the most dangerous aspects of these two are the visible sectarian undertones which cause a special concern to us in Pakistan," Musharraf told reporters in the United Arab Emirates at the end of a five-nation Middle East tour.

"The core lies in the Palestinian dispute and the core lies in the disharmony within the Muslim world, which is leading to terrorism and extremism," he said.

"This is a time to act and adopt a reconciliatory approach... toward starting a fresh initiative to facilitate peace, a resolution of the Palestinian dispute and bringing harmony to the Muslim world."

Musharraf said there had been a "total consonance of views" on the need for such an initiative among the leaders of the countries he visited -- Egypt, Jordan, Saudi Arabia and Syria, as well as the UAE.

"We have agreed to undertake this mission in a responsible, pragmatic, but forceful manner," he said, adding that the initiative would have to be a compromise capable of winning broad support.

"The European Union is a very important player, it must be on board. And definitely ... the major players of the world must have faith in this new initiative.

"It has to be a middle course initiative acceptable to both extremes."

The Pakistani president gave no details of how he intended to advance the initiative or how it would mesh with the internationally drafted peace roadmap, which has made next to no progress since its launch nearly four years ago.

US To More Than Triple Aid To Lebanon (AP)

By Anne Gearan

AP, January 25, 2007

The United States will offer nearly $770 million to help the fragile democratic government in Lebanon, Secretary of State Condoleezza Rice said Wednesday, a tripling of U.S. aid announced a day after deadly protests in Beirut underscored the country's deep political and sectarian divisions.

The donation, which must be approved by Congress, would include $220 million in military aid for the beleaguered Western-backed government of Prime Minister Fuad Saniora. The money could buy small arms, ammunition, spare parts and Humvees, U.S. officials said.

Lebanon remained tense Wednesday, a day after Hezbollah-led protesters clashed with government supporters across the country, killing three. What had been planned as a peaceful work-stoppage around the country turned into the worst violence since Shiite Hezbollah militants and their allies launched a campaign two months ago to oust the government.

"What you saw yesterday was irresponsible in the violence that erupted," Rice told reporters traveling with her to a 35-nation conference meant to help Lebanon recover from the summer war between Israel and Hezbollah and make a dent in its huge national debt.

The street protests and violence underscore the world's duty to help the democratic government survive in Lebanon, Rice said.

Saniora will also attend the donors' session in Paris, proof that he will not be intimidated by political opponents at home, Rice said.

Although the Saniora government is warmer to the United States than any Beirut government in two decades, he has paid a cost in criticism that he is a puppet of Washington.

Rice will meet privately with Saniora on Thursday, patching up a relationship strained by Saniora's frustration that it took 34 days to get a United Nations cease-fire in the Israeli-Hezbollah war.

The United States was widely viewed as sanctioning Israel's desire to do as much damage to Hezbollah as possible before the campaign stopped last August. The war wasted towns in southern Lebanon, destroying bridges and roads and other structures that neither Hezbollah nor the Beirut government have been able to replace quickly.

Hezbollah, backed by Iran and allied with Syria, is a military and political organization that controlled much of southern Lebanon before the war. The United States considers the group a terrorist organization. Its popularity among many of Lebanon's majority Shiites rose after the war, but the extent of its political clout is uncertain.

Rice did not directly answer a question about whether Tuesday's demonstrations reveal that Hezbollah is strong enough to bring down Saniora. His collapse could re-ignite civil war in a nation of 4 million that has traditionally been a Middle East battleground.

"I assume they would not want to plunge Lebanon into open conflict and to kill lots of innocent Lebanese to pursue their political goals," she said.

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The United States and other Western nations that support Saniora see crucial stakes in Lebanon, hoping the country can emerge from years of war as an oasis of stability in the Middle East without interference from countries like Syria or Iran.

The Paris session is expected to bring in pledges of about $5 billion. The government estimates its needs at about $3.5 billion to repair buildings and infrastructure damaged in the summer war. Lebanon owes a staggering $40 billion, some of it dating to the 1970s and the country's long and bitter civil war.

The U.S. money would more than triple last year's pledge of $230 million, and represents a major increase over past years' annual offerings of $30 million to $40 million.

The largest chunk of that money would be a $250 million cash reserve to be meted out as the Lebanese government meets targets for financial and structural overhauls.

About $184 million would go to the U.N. peacekeeping force that is supposed to keep postwar order in southern Lebanon, and $60 million would support internal Lebanese security services.

It is not clear whether any of the money would directly fund efforts to disarm Hezbollah, something the United States insisted must be part of a settlement to end the war but which has never happened.

Donors Gather To Help Lebanon's Government (NYT)

By Helene Cooper

The New York Times, January 25, 2007

PARIS, Jan. 24 — After 50 days of Syrian- and Iranian-backed protests that culminated in Tuesday's daylong standoff in Beirut, Secretary of State Condoleezza Rice and officials from more than 30 other countries are gathering here to see if they can inject enough money into the Lebanese government to prop up the pro-Western prime minister, Fouad Siniora.

Ms. Rice, demonstrating the level of concern about the deteriorating situation, said Wednesday that the United States would provide close to $1 billion in aid.

In many ways, the donor conference here on Thursday will serve as a snapshot of the larger proxy war between the United States — joined by its Sunni Arab allies and Europe — and Iran and Syria. Lebanon, like Iraq, is a battleground in that war, and Mr. Siniora, a Sunni Muslim, is fighting for his political survival.

The Paris conference is considered central to the survival of his government. Lebanon is badly hobbled after the monthlong war between Israel and Hezbollah last summer, with Hezbollah trying to use the war to strengthen its political role, and reconstruction efforts have been burdened by the country's $41 billion in public debt.

On Tuesday, opposition groups bent on toppling Mr. Siniora's cabinet essentially shut down the country with protests in Beirut.

The protests, initiated by Hezbollah to press its claims, were the latest trial for Mr. Siniora, whose government has survived thus far, Lebanon analysts say, not just because about half of the country supports him, but also because he has strong international support, including from Europe, America and the Sunni Arab countries.

"Very clearly, Syria and Iran don't want to see this work," said David Schenker, a senior fellow in Arab politics at the Washington Institute for Near East Policy, referring to the donor conference. "If the Siniora administration walks away from Paris with sufficient funds, it will return to Lebanon vindicated and strengthened, proving that it can effectively govern and pursue key initiatives without Hezbollah."

Some Middle East experts say that Lebanon needs at least $5 billion in aid to cover reconstruction and debt payments. But even if Mr. Siniora were able to raise that much, he would face political problems back at home.

His government has been under siege for two months now, as he has fought to establish a tribunal that may implicate Syria in the killing of a former Lebanese prime minister, Rafik Hariri, an outspoken critic of Syria.

Syria occupied Lebanon for 30 years until being forced to withdraw its troops after the assassination. The United States has accused Syria and Iran of trying to bring down the Siniora government to wreck plans for an international tribunal to try suspects in Mr. Hariri's killing.

The Paris conference is supposed to focus on ways to stimulate the Lebanese economy, improve living conditions for the people and lower the country's debt over five years.

Just how much money it will take to prop up Mr. Siniora is in question. On Wednesday, the European Commission was the first to announce that it would pledge 400 million euros, or $519 million, at the conference, bringing to 500 million euros, or $649 million, its overall reconstruction money for Lebanon over the next five years. President Jacques Chirac of France, who met with Mr. Siniora in Paris on Wednesday, followed with a pledge of a 500-million-euro loan to Lebanon, which a spokesman for Mr. Chirac said would be extended on "highly preferential terms."

Ms. Rice told reporters aboard her flight that the United States, whose contribution will be watched closely, would provide an additional $770 million in grants, including $220 million for the Lebanese armed forces and additional money for the police

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and peacekeeping. The grants also will include $250 million in cash transfers directly to the government, which will be tied to certain benchmarks that the Siniora government would be required to meet through economic reform programs. A donor conference for Lebanon that was held in Stockholm last year after the Israel-Hezbollah war brought in $940 million in aid, including about $230 million from the United States.

"You will find that the United States will be very supportive of Lebanon at this conference," C. David Welch, assistant secretary of state for Near East affairs, told reporters in Paris. "Of course, you all know the importance of our political voice; now we are going to put some money behind that."

How much Saudi Arabia and other Sunni Arab countries come up with will also be of interest, analysts say. Saudi Arabia and Qatar, in particular, have been giving money in hopes of influencing Lebanon, as a counterweight to Iran and Syria, which have long given huge amounts to Hezbollah and other Lebanese groups, particularly in the south, where support for Hezbollah is the strongest.

On Tuesday, Mr. Chirac tried to play down the impression that donors at the conference were trying to impose their will on the Lebanese people by propping up Mr. Siniora. "I have no preferences among the Lebanese people," Mr. Chirac said. "I respect all the Lebanese people, but I advise them to obey the general rules of democracy, that is, to wait for normal elections to take place, in order, if that's the case, to change the government."

Lebanon's Pro-Western Premier Seeks Aid (AP)

By Jamey Keaten

AP, January 25, 2007

Lebanon's embattled pro-Western prime minister pleaded for international aid Wednesday to stave off financial ruin in his war-scarred country and counter interference from Iran, Syria and their Lebanese allies. The United States said it would offer $770 millon.

Fuad Saniora said he expected a donors conference Thursday in Paris to provide "very significant" financial support from Arab states and Western countries to help Lebanon become a haven of stability in the Middle East.

The meeting comes as Saniora's U.S.-backed government is locked in confrontation with Iranian-backed Hezbollah and other Lebanese foes while struggling under mountains of debt and facing the task of rebuilding following the summer war between Israel and Hezbollah.

It is the third Paris donor conference on Lebanon since 1998.

Experts predict the funds offered — in the form of debt relief, low-cost loans and aid — will likely total $4 billion to $7 billion. That compares to Lebanon's $40 billion of state debt, equivalent to about 185 percent of its annual economic output.

Although they insist the aid will be for all of Lebanon — not just for one man or his government — the U.S. and other donor nations back Saniora and say Lebanon must be defended from meddling by Iran and neighboring Syria, which occupied Lebanon for nearly 30 years until 2005.

"Not helping Lebanon will be much more expensive than helping it," Saniora told reporters after meeting with French President Jacques Chirac to prepare for the meeting, which is expected to draw about 30 foreign ministers and representatives of the World Bank, International Monetary Fund and European Union.

Already Wednesday, Secretary of State Condoleezza Rice said the U.S. will offer the Lebanese government nearly $770 million, a tripling of U.S. aid announced a day after deadly protests in Beirut underscored the country's deep political and sectarian divisions.

The donation, which must be approved by Congress, would include $220 million in military aid for Saniora's government. The money could buy small arms, ammunition, spare parts and Humvees, U.S. officials said.

Host France announced plans for a $650 million loan at "very advantageous" terms, while the EU pledged $522 million in aid and loans.

Rice was expected to meet early Thursday with Saniora, who is under mounting pressure at home. Pro- and anti-government factions clashed for a second day on the northern Lebanese city of Tripoli on Wednesday — a day after three people died and 173 others were injured in violence nationwide.

"The government of Lebanon may be stressed by what's going on, but I believe they are strong and will weather this crisis," U.S. Assistant Secretary of State David Welch, the State Department's top Middle East diplomat, told reporters in Paris.

Hezbollah gained new support at home from its 34-day war with Israel and is thought to have doled out millions of dollars in aid to people in areas devastated by fighting. Western nations hope to counter that influence by pouring in even more money.

No Hezbollah representatives were invited to the Paris conference because its six ministers quit Saniora's Cabinet last year. France and other donors said they are dealing only with the elected Lebanese government, and it is up to Saniora to work with his domestic opponents.

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But the worsening political turmoil has raised concerns that Saniora's government may be too paralyzed to fully rebuild even with newly injected funds. Many parts of southern Lebanon — a Hezbollah stronghold — remain a wasteland five months after the war despite pledges from the government, Hezbollah and the world to help.

The new aid will come with conditions — mainly assurances that Saniora's government make good on economic and structural reforms announced this month, which have infuriated labor unions and Hezbollah supporters.

Saniora's critics contend the donors will only worsen Lebanon's debt.

U.S. Opposes Iranian, Saudi Meddling In Crisis (WT)

By Nicholas Kralev

The Washington Times, January 25, 2007

The United States yesterday criticized Iranian overtures to Saudi Arabia suggesting the two countries cooperate to resolve a political crisis between the Lebanese government of Prime Minister Fuad Siniora and the Shi'ite group Hezbollah.

Tehran's proposal, made during a visit to Riyadh last week by Ali Larijani, head of the Supreme National Security Council, is aimed at giving the Iranian-backed Hezbollah a bigger role in the Lebanese Cabinet, diplomats said.

"We certainly wouldn't support any effort to try to negotiate something over and above the heads of the Siniora government," State Department spokesman Sean McCormack told reporters.

"As for any political arrangements or accommodations that Prime Minister Siniora might come to with the various factions in Lebanon, those are going to be decisions for him to make," Mr. McCormack said. "But we won't work with individual ministers from Hezbollah and we won't meet with them."

Clashes between Hezbollah-led protesters and government supporters this week claimed at least three lives and caused dozens of injuries and property damage in Beirut.

"What you saw [Tuesday] was irresponsible in the violence that erupted," Secretary of State Condoleezza Rice said as she flew yesterday to Paris, where international donors are expected to pledge billions of dollars to help Mr. Siniora rebuild an economy devastated by last summer's war with Israel.

Sunni-dominated Saudi Arabia, whose relations with Shi'ite-dominated Iran are usually tense, was said to be suspicious of Tehran's overture, but diplomats said Riyadh is looking for ways to help Mr. Siniora, whom Washington also supports.

Details of Mr. Larijani's meeting with Prince Bandar bin Sultan, a senior Saudi Foreign Ministry official who was a longtime ambassador to Washington, were not available. However, [a]news agency quoted Lebanese "political sources" as saying that any deal also would address plans for a U.N. tribunal to try suspects in the 2005 slaying of former Prime Minister Rafik Hariri.

Mr. Siniora arrived in Paris yesterday for the donors conference, along with about 30 foreign ministers and representatives of the World Bank, International Monetary Fund and European Union.

"Not helping Lebanon will be much more expensive than helping it," he said after meeting with French President Jacques Chirac.

Mr. Chirac said France would extend a $650 million loan at "very advantageous" terms, and the European Union pledged $522 million in aid and loans.

Miss Rice said the United States would offer $770 million, including $220 million in military aid. Last year, Washington pledged $230 million.

The pledges at the Paris conference are expected to total about $5 billion. The government estimates its needs at about $3.5 billion to repair buildings and infrastructure. In addition, Lebanon's debt is about $40 billion, some of it dating to the 1970s and the country's long and bitter civil war.

Mr. McCormack said Miss Rice was accompanied by chief executives of U.S. companies with plans to invest in Lebanon, although he did not name them.

"Long after direct U.S. government assistance has gone through the pipeline and been delivered, investment by foreign companies and U.S. companies is going to continue to create jobs and opportunity in Lebanon," he said.

US Unveils 770 Million Dollar Aid Plan For Lebanon (AFP)

By David Millikin

AFP, January 25, 2007

The United States will pledge 770 million dollars in new aid to Lebanon as part of a major international drive to rebuild the country and bolster the embattled pro-Western government of Prime Minister Fuad Siniora, US Secretary of State Condoleezza Rice said.

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Rice said the package, to be formally unveiled here Thursday at an international donors conference, would bring total US assistance to Lebanon to more than a billion dollars since a devastating 34-day war last July and August between Israel and the radical Islamic group Hezbollah.

"The president will request of the Congress 770 million dollars in support for Lebanon," she told reporters accompanying her from Washington to Paris.

She said about two-thirds of the new aid would go to strengthen Lebanon's security forces with training and equipment, and to fund reconstruction projects.

The remaining 250 million dollars will be direct assistance to Siniora's administration, which has just unveiled a controversial five-year economic reform plan to cope with rebuilding efforts and a massive 41 billion dollar public debt.

Before the war, annual US aid to Lebanon averaged between 30 and 40 million dollars per year, officials said.

Lebanese officials have said they need several billion dollars to rebuild villages and infrastructure damaged in the Israeli offensive sparked by Hezbollah's kidnapping of two Israeli soldiers in a cross-border raid in July.

Rice linked the latest US aid, and other pledges expected during Thursday's 30-nation donors meeting, to efforts to strengthen Siniora's government in a power struggle with Hezbollah and other Syrian-backed parties in Lebanon.

Hezbollah-led protests against Siniora and his reform plan erupted into violence Tuesday that left three people dead and fueled fears Lebanon could slide back into the civil strife that wracked the country in decades past.

"Yesterday's events if anything make more important a message from the international community that it supports the democratically elected government of Lebanon," said Rice, who is scheduled to meet with Siniora early Thursday.

She called the protests and violence "irresponsible" and "an effort to provoke, an effort to intimidate" Siniora.

Hezbollah has denounced Siniora as a puppet of the West and is seeking to topple his government or force a power-sharing deal that would leave the Iranian- and Syrian-backed movement and its allies with veto power in cabinet.

US President George W. Bush accused Syria in his State of the Union speech Tuesday of using Hezbollah to reassert its control over Lebanon, which Damascus occupied for decades until popular protests forced it to withdraw its forces in 2005.

Rice said she hoped the pro-Syrian camp "would not want to push Lebanon into open conflict and to kill lots of innocent Lebanese to pursue their political goals."

The United States has already pledged 231 million dollars in government aid to Lebanon since the summer war, including 39 million dollars to provide vehicles, communications equipment, night vision goggles and training to Lebanon's army.

Under the terms of a UN-brokered ceasefire that ended the fighting, the army deployed for the first time in more than 20 years in south Lebanon along Israel's border and also began patrolling the frontier with Syria.

A senior official accompanying Rice said the direct aid will be tied to "benchmarks" in the implementation of Siniora's five-year reform plan, which calls for raising some taxes and privatising the country's electricity and mobile phone sectors.

Another 280 million will provide training, equipment and small arms to the army and police, while 184 million will help fund international peacekeepers deployed in south Lebanon under the UN ceasefire, the official said.

A group of US corporate leaders, including the chief executive of Intel, will also on Thursday announce major workforce training and telecommunications infrastructure investment projects for Lebanon, another official said.

Rice said she was confident Siniora had the "mettle" to follow through on the reforms, unlike a plan announced by Beirut at the last Paris donors conference in 2002 which never took effect.

My Country Needs Help (WSJ)

By Saad Hariri

The Wall Street Journal, January 25, 2007

Today, the French capital plays host to an international donor conference whose aim is Lebanon's long-term economic stability. The conference, dubbed "Paris III," will be attended by representatives from approximately 40 countries as well as from international financial institutions. This is a critical moment for the international community to support the Lebanese people's choice for democracy, peace and stability.

The friends of my country who will gather in Paris know how much is at stake. Lebanon is truly at a crossroads; the choices and actions Lebanese government officials and their supporters in the international community make are critical for what my country will look like in the future. This conference will be decisive for the future of Lebanon as a democratic and moderate Arab country with a liberal economy, and as a beacon of coexistence and tolerance for the entire region.

There are two competing visions for Lebanon today: One is a vision of freedom, peace, prosperity, democracy and independence from outside interference; the other is a vision of conflict, economic paralysis, oppression and hegemony by Lebanon's neighbors. The late Pope John Paul II praised Lebanon for the example it set for the world through the peaceful coexistence, brotherhood and cooperation among its various religions and sects. This view was shared by my father, the late

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Prime Minister Rafiq Hariri, who was assassinated in Beirut on Feb. 14, 2005 -- a despicable act which only served to unite the Lebanese people, who knew that my father dedicated his life to our country's independence and sovereignty.

The Lebanese people chose the vision of peace, independence and unity when they rallied after the assassination of my father. But while the people of Lebanon are free today, we are not free of foreign intervention. Unfortunately, after the devastating Israeli war last summer, the Lebanese people today face another critical challenge fueled by outside interference in our internal affairs. Outside powers are supporting a move by a coalition of Lebanese parties to topple the elected government through street demonstrations and other activities, ostensibly calling for more power-sharing.

But the real goal is to prevent the establishment of the U.N.-endorsed international tribunal which would try those individuals responsible for the assassination of Prime Minister Hariri, and which would finally put an end to a culture of impunity in Lebanon, which has witnessed so many horrific political assassinations that have gone unpunished.

The other goal of the opposition is to prevent the full implementation of U.N. Security Council Resolution 1701, which demands that the Lebanese government be in full control of the entire country, including southern Lebanon.

At Paris III today the Lebanese government will present its reform program and hopes that an international consensus around Lebanon will help put its economy back on the path to recovery so we can rebuild. In the weeks prior to Paris the government, supported by the majority in parliament, put forth a strategy to continue the country's economic growth and job creation programs as a way forward, despite the political standoff we currently face. We intend to work with our friends in the international community at Paris III to offer the Lebanese people an alternative to the chaos that others seek to sow in Lebanon.

Yet it will not be the first time the international community has come together to help rebuild Lebanon. Three conferences were held previously. The first was the Friends of Lebanon summit in Washington in 1996, hosted by the U.S. State Department. It brought Lebanon much-needed economic aid and political support. The next two conferences, Paris I and Paris II, were hosted by France's President Jacques Chirac in 1998 and 2002. They brought economic aid in the form of grants and projects to help stabilize the Lebanese economy, and thus inject it with enough confidence to generate respectable economic growth and the return of significant international investment.

Paris III is a continuation of the last three conferences and of Prime Minister Hariri's legacy. More importantly, it is a testament to the tremendous work of the democratic Lebanese government and the resilience of the Lebanese people. This resiliency will prevail, and I predict Lebanon once again will be able to extract itself from its difficulties and meet its challenges. Lebanon's greatness lies in its people and its rich history and its values. These are the treasures we are trying to preserve.

There is much at stake at Paris III for all of us. We hope the international community fully understands the historic importance of the path which the Lebanese people have chosen: a path towards true sovereignty, democracy, pluralism and prosperity; and we hope our friends will stand with us.

Mr. Hariri is the majority leader of Lebanon's national parliament.

Hezbollah Won't Topple The Lebanese Government, Its Leader Says (NYT)

By Nada Bakri

The New York Times, January 25, 2007

BEIRUT, Lebanon Jan. 24 — Sheik Hassan Nasrallah, Hezbollah's leader, said Wednesday that Lebanon's opposition movement had decided to stop short of toppling the government of Fouad Siniora, fearing civil strife. He warned, though, that Hezbollah and its allies would continue to ratchet up the pressure on Mr. Siniora in coming weeks and vowed not to back down on their demands.

"The opposition has the political, popular and organizational strength to bring down the unconstitutional government today or tomorrow," Sheik Nasrallah told worshipers commemorating the Shiite holiday of Ashura in Beirut's southern suburbs. "What has so far prevented the fall of the government that is clinging to power is not international support but the patriotic feelings of the opposition and its desire to preserve civil peace."

The speech followed a crippling and violent strike on Tuesday that brought life to a virtual standstill in Lebanon.

Sheik Nasrallah blamed what he called the "government of militias" for Tuesday's violence, insisting that the opposition had respected the rule of law in its protest.

"The war in July showed how many weapons we have," he said. "But we did not resort to those weapons yesterday. Those who insist they have none, however, did use weapons."

He was referring to accusations made on Tuesday by Hezbollah members that their supporters had been protesting peacefully when residents of the area started throwing stones at them.

The police said Tuesday that at least three people died in the violence and that 100 more were wounded throughout the country. It was the worst since Hezbollah began demanding more political power and began a series of protests late last year.

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For the past two months Lebanon has been gripped by a political crisis pitting the Syrian- and Iranian-backed Hezbollah and its allies against the American- and Saudi-backed government of Mr. Siniora.

Hezbollah has demanded that Mr. Siniora step down or form a government of "national unity" that would give the opposition veto power and hold early parliamentary elections. Mr. Siniora has refused to resign, insisting that the opposition come off the streets and negotiate.

Sheik Nasrallah, at the end of November, called for a huge demonstration in the center of Beirut in an effort to paralyze the government. Hundreds of thousands of people came out on Dec. 1 and began a sit-in. The protesters camped out in tents, and Sheik Nasrallah called for them to remain until the government fell.

The violence began Tuesday when groups of protesters set up roadblocks along major streets leading into Beirut, blocking them with burning tires, trucks and rubble. They set fire to vehicles and attacked cars trying to pass. Many of the clashes in Beirut took place in mixed neighborhoods, where young men on each side shouted epithets and hurled stones at one another.

Some of the most violent clashes took place on a highway north of Beirut, where supporters of Gen. Michel Aoun, leader of the Free Patriotic Movement, a Christian group and a Hezbollah ally, fought with men loyal to Samir Geagea, a government ally.

Lebanon slowly inched back to life on Wednesday as cleaners removed roadblocks and debris from streets across the country and as the Lebanese tried to take stock of the political and social implications of Tuesday's action.

Gunfire broke out again on Wednesday during the funeral of one of two people shot dead in the northern city of Tripoli a day earlier, wounding two mourners.

U.S. Launches New Airstrike In Somalia (AP)

By Robert Burns

AP, January 25, 2007

The United States launched an airstrike in Somalia against suspected terrorist targets — the second such attack this month, defense officials said Wednesday.

The officials, who spoke on condition of anonymity because the action was carried out in secret, provided few details about the strike by an Air Force AC-130 gunship earlier this week and were uncertain whether the intended target was killed.

One official suggested that early indications showed that no high-value target was killed or captured.

At the Defense Department, spokesman Bryan Whitman declined to confirm any new strike but said in general that the United States is "going to go after al-Qaida in the global war on terrorism wherever it takes us."

He said the nature of some military operations, especially those by special operations commando forces, requires that they be kept secret in order to preserve an advantage in future missions.

Lt. Cmdr. Marc Boyd, a spokesman at U.S. Special Operations Command in Tampa, declined to comment.

A variety of U.S. special operations have operated in the Horn of Africa from a base in Djibouti, a small country sandwiched between Somalia and Ethiopia.

The U.S. Navy also has had forces in waters off the Somali coast, where they have monitored maritime traffic, boarded suspicious ships and interrogated crews in an attempt to catch anyone escaping the Somalia military operations.

Navy officials said Wednesday that no aircraft from the USS Dwight D. Eisenhower, stationed off the Somali coast, were involved in the latest strike.

Earlier this month, Ethiopian and U.S. forces were pursuing three top al-Qaida suspects but failed to capture or kill them in an AC-130 strike in the southern part of Somalia. A main target that time was Fazul Abdullah Mohammed, one of the three senior al-Qaida members blamed for the 1998 bombings of the U.S. embassies in Kenya and Tanzania.

The latest operation came as Ethiopia began withdrawing troops that invaded Somalia last month to help Somalia's government drive out a radical Islamic militia that officials say has been harboring al-Qaida operatives.

In Mogadishu on Wednesday, gunmen launched several mortars at the capital's international airport, killing at least two people and wounding several others, witnesses said.

Abdilkabir Salad, who was at the gate of the airport when the mortars fell, said he saw two corpses. Another witness, Abdi Mohamed, said he saw three young men who were injured by shrapnel.

"Two mortars landed inside the airport and the other outside," said Mohamed.

The attack comes one day after Ethiopian troops, whose military strength was crucial to helping Somalia's government drive out a radical Islamic militia, began withdrawing. The pullout leaves the fledgling government to stand on its own for the first time in this notoriously violent capital.

The intervention of Ethiopia last month prompted a military advance that was a stunning turnaround for Somalia's two-year-old government. Without Ethiopia's tanks and fighter jets, the administration could barely assert control outside one town and could not enter the capital, which was ruled by the Council of Islamic Courts.

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Moment Of Opportunity In Somalia (NYT)

The New York Times, January 25, 2007

Thanks to an unusual and probably fleeting set of events, Somalia has a chance to return to the community of law-abiding and legitimate states. For a country that dissolved years ago into chronic clan warfare and became a way station for international terrorists, that would be an enormous gain — and an enormous gain for the rest of the world.

To make the most of this opportunity, Washington needs to move quickly, along with Arab and African leaders, to try to broker a political compromise between responsible leaders of the Islamic Courts Union, which was evicted from power last month by the Ethiopians, and the internationally endorsed transitional government installed in its place.

International peacekeepers will also be needed to replace the Ethiopian force, which is already starting to head home. Ethiopia, Somalia's longtime regional rival, needs to complete that withdrawal quickly to avoid a violent nationalist backlash.

If the transitional government is to survive, it will have to strike a deal with moderate Islamists. The person it needs to talk with is Sheik Sharif Ahmed, who is No. 2 in the movement and by most accounts a reasonable man. He is currently in Kenya after apparently getting an American guarantee that he would not be deported back to Somalia.

The United Nations, which helped create the transitional government, should take charge of organizing a peacekeeping force. The Arab League (Somalia is a member) and the African Union (with headquarters in Ethiopia) need to persuade all sides to come and stay at the table. Unfortunately, none of these organizations are known for operating quickly. The Bush administration needs to press them all to seize this moment. This sudden chance to make peace is not likely to last for long.

Rice Dismisses Report North Korea Helping Iran Prepare Nuke Test (AFP)

AFP, January 25, 2007

US Secretary of State Condoleezza Rice sought to play down a report in a British newspaper that North Korea was helping Iran prepare an eventual nuclear test explosion.

"I don't see that it's based on anything that I've seen," Rice said of the report published in The Daily Telegraph.

"I don't see what it's based on," she told reporters accompanying her to a Lebanon donors conference in Paris.

Citing an unnamed senior European defence official, the newspaper said that North Korea has agreed to share all the data it received from its nuclear test last year as both countries face Western pressures over the development of their own nuclear programmes.

"The Iranians are working closely with the North Koreans to study the results of last year's North Korean nuclear bomb test," the European defence official was quoted as saying by the newspaper.

"We have identified increased activity at all of Iran's nuclear facilities since the turn of the year ... All the indications are that the Iranians are working hard to prepare for their own underground nuclear test."

The official also said that North Korea had invited a team of Iranian scientists to study the results of last year's underground nuclear test.

Rice also said she had spoken with her South Korean counterpart Wednesday and the foreign ministers of China and Japan on Tuesday as part of efforts to hold a new round of six-party nuclear disarmament talks with North Korea.

"We're hoping for an early resumption. I think its' time to do that," she said.

"We've had productive preparatory discussions with all of the parties, including the North Koreans, but there's not going to be an agreement until we're in the six-party format," she said.

"So I think people would like to get to an early resumption of the talks."

The six-nation talks involving China, Japan, Russia and the United States, as well as North and South Korea, started in 2003 but have been repeatedly suspended and have failed to yield concrete results.

The most recent round was held last month in Beijing after a 13-month break and a UN Security Council resolution imposing sanctions on North Korea for carrying out its first nuclear test explosion in October failed to make any headway.

US and North Korean negotiators met in Berlin last week and reported progress towards a resumption of the broader negotiations, but no date has been set.

Iran is also under UN sanctions since December for refusing to suspend a uranium enrichment program it says is designed to produce fuel for nuclear power production but that many fear is aimed at making nuclear weapons.

Greek Militants Claim Embassy Attack (AP)

By Derek Gatopoulos

AP, January 25, 2007

A Greek militant group has claimed responsibility for a rocket attack on the U.S. Embassy in Athens earlier this month, blaming American policy in Iraq and the Middle East for the strike.

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The far-left group Revolutionary Struggle issued a statement to the weekly Pontiki newspaper, its publisher Dimitris Benekos said Wednesday. He said the statement would be published on Thursday and police said forensic experts were examining the document.

"It is a five-page statement which explains why it chose the embassy as a target, linking (the attack) with U.S. foreign policy in various parts of the world — Afghanistan, Iran, Iraq, Palestine and so on," Benekos told The Associated Press.

"The statement was signed by Revolutionary Struggle," he said.

There were no injuries in the Jan. 12 attack, which caused minor damage. The strike using a rocket-propelled grenade alarmed authorities, who fear a possible resurgence of Greek militant attacks that were common in the 1980s and 1990s.

On the day of the attack, a Greek private security firm used by the embassy received a call from someone claiming to be from Revolutionary Struggle. But police could not verify that the caller actually represented the group.

Benekos said the statement also mentioned the names of two government ministers and senior judges in an apparent threat of future attacks.

Revolutionary Struggle, which first appeared three years ago, has claimed responsibility for a failed bomb attack on Greek Culture Minister George Voulgarakis. Nobody was injured in the May 2006 blast.

The group also bombed a U.S. bank, a police station and two government ministries, including a 2005 blast in Athens' main Syntagma Square.

Revolutionary Struggle has sent four statements in the past to Pontiki claiming responsibility for attacks.

"The method in which the statement was delivered and the appearance of the statement itself are similar to the previous cases," Benekos said.

British Defence Ministry Denies Rift With US After Diplomat's Comments (AFP)

AFP, January 25, 2007

The British defence ministry denied there was any rift with the United States over the two countries' plans for troop levels in Iraq following comments made by the US ambassador to the war-torn country.

Zalmay Khalilzad, the American envoy to Baghdad, had earlier told the BBC that the United States "would like the British to co-ordinate and for us to have a joint plan."

Though the United States is planning a "surge" of about 21,500 troops in Iraq, Britain has said it wants to withdraw "thousands" of its soldiers from the country this year.

"There is no tension between US and UK objectives and activities in Iraq," a spokeswoman for the defence ministry said.

"We are a major member of the Coalition ... our plans are consistent with the Coalition's long-term strategy and the Iraqi government's desire for increased Iraqi security responsibility.

"This is the strategy of transition, which we are working towards, as are the Americans. We always said this was a process and not an event and will happen at a different pace across Iraq."

Khalilzad, who is set to be Washington's next ambassador to the United Nations, earlier said in an interview with the BBC: "It's clear what our preference would be -- the longer we stay together here, the better," adding that he was convinced that a "mutually acceptable" agreement would be reached.

Earlier this month, US President George W. Bush announced a major policy shift for Iraq after nearly four years of escalating violence, saying that he was adding 21,500 soldiers to the 132,000 US troops deployed in the country.

Britain, by contrast, has said it hopes to withdraw thousands of its 7,200 troops in Iraq, most of whom are deployed to the south of the country.

Chinese Leader To Visit Sudan For Talks On Darfur Conflict (NYT)

By Howard W. French

The New York Times, January 25, 2007

SHANGHAI, Jan. 24 — Chinese officials announced Wednesday that President Hu Jintao would visit Sudan in early February and would seek a diplomatic solution to the conflict in the country's western Darfur region, which the United States has described as genocide.

Mr. Hu's visit to Sudan will be part of an eight-country tour of Africa, the latest of a string of high-level visits to the continent by Chinese officials.

In recent months, China has faced widespread criticism for its economic engagement with Sudan at a time when government-allied militias known as the janjaweed have carried out frequent attacks on civilian populations in western Darfur. At least 200,000 people have died in the conflict since early 2003, and many thousands have been forced to flee their homes.

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China has played a leading role in building a thriving oil industry in Sudan amid the violence in Darfur, and now imports more than 64 percent of Sudan's oil exports, accounting for nearly 5 percent of China's petroleum imports.

A Foreign Ministry spokesman said that China would use its diplomatic influence to encourage a settlement of the Darfur crisis, but that China would not publicly pressure Sudan or threaten it with sanctions.

"The Sudan issue should be resolved like any other — through peaceful negotiation," Assistant Foreign Minister Zhai Jun said at a news conference in Beijing. "Using pressure and imposing sanctions is not practical and will not help settle the issue."

Mr. Zhai acknowledged China's prominent role as a leading trading partner of Sudan's and said China would sign new economic agreements with the country during Mr. Hu's visit. "With Sudan, we have cooperation in many aspects, including military cooperation," he said. "In this, we have nothing to hide."

China's intense engagement with the continent has brought increasing scrutiny, and very often criticism, from Western governments and from international human rights groups and others who say China ignores questions of governance and of rights as it pursues business opportunities in Africa.

Despite the vow not to pressure the Sudanese government, Chinese diplomatic analysts said the announcement of a diplomatic initiative with Sudan was a turning point in China's foreign policy and in its relations with Africa in particular.

"This is a remarkable change," said Shi Yinhong, an expert in international relations at People's University in Beijing. "It would boost China's image in the West, and would be welcomed in Africa, too."

Mr. Shi said that during the recent China-Africa summit meeting in Beijing, Mr. Hu had pushed the Sudanese president, Omar Hassan al-Bashir, in private to cooperate with the United Nations.

"China has begun to follow a different pattern on this issue," Mr. Shi said, adding, "When the world talks about China's rise, naturally that places demands and pressure on China to take on more responsibility."

An expert in African affairs, however, expressed more caution. "China now is showing slightly different tactics, paying more attention," said He Wenping, director of African studies at the Chinese Academy of Social Sciences, in Beijing. "Hu's visit at least gives a clear signal that China thinks the Sudan issue is important and China wants to play a role. But China's strategy remains the same, and as always, it uses quiet diplomacy to keep a constructive engagement, rather than waving a stick."

In the last two years, Africa has been the focus of a huge push by Chinese diplomats and companies to expand China's influence abroad. Africa's many countries offer China a rich source of support in United Nations votes and help in securing petroleum and other natural resources needed by China's booming economy.

Africa is also a stage of China's bitter diplomatic contest with Taiwan, with China offering large amounts of foreign aid and investment to countries in order to keep them from recognizing Taiwan, which this country regards as a breakaway province.

The Foreign Ministry spokesman, Mr. Zhai, acknowledged that there had been problems in certain countries, like Zambia, where there were riots last year at a Chinese-controlled copper mine after a labor dispute over working conditions. "We are also trying to educate Chinese businesses who have interests in Africa and investments there to respect social conventions and observe local laws and regulations," he said.

Analyst Rebuked Over His Support Of Spy For China (WT)

By Bill Gertz

The Washington Times, January 25, 2007

A senior U.S. intelligence analyst has been formally criticized for "poor judgment" after writing a letter and e-mails in support of a convicted former Defense Intelligence Agency analyst, U.S. intelligence officials said.

Lonnie Henley, the deputy national intelligence officer (NIO) for East Asia, was given a letter of reprimand several months ago after an investigation within the Office of the Director of National Intelligence (DNI).

Mr. Henley, who could not be reached for comment, was a close friend and protege of former DIA analyst Ronald Montaperto, who was convicted in June on espionage charges that included supplying secrets to Chinese military intelligence. Mr. Henley wrote a letter to the judge supporting Montaperto, and an e-mail that criticized the FBI investigation of the former analyst.

DNI spokesman Carl Kropf declined to comment on the reprimand, noting that it was an administrative matter.

"The issue has been appropriately addressed within the Office of the Director of National Intelligence," Mr. Kropf said.

Montaperto pleaded guilty in June to charges related to illegally storing classified documents. As part of a sting operation that led to his conviction, Montaperto admitted passing "top-secret" and "secret" information to two Chinese military intelligence officers. He was sentenced to three months in prison.

Montaperto's admissions of passing highly classified data to the Chinese coincided with the loss of a major U.S. electronic eavesdropping operation against China in the late 1980s, U.S. officials said.

Mr. Henley is in line for promotion to the top post of NIO for East Asia, but the appointment could be derailed by the reprimand, officials familiar with the internal inquiry said.

Mr. Henley is favored for the job by National Intelligence Council Chairman Thomas Fingar, who officials say shares the views of Mr. Henley and Montaperto on China.

The current NIO for East Asia, James J. Shinn, is set to take a job in the defense secretary's office.

The letter of reprimand was similar to the punishments received in two other cases of bad judgment within the National Intelligence Council, of which NIOs are a part.

Lawrence K. Gershwin, NIO for science and technology, and retired Army Maj. Gen. John R. Landry, NIO for military issues, were reprimanded for their role in the 2002 National Intelligence Estimate on Iraq's weapons of mass destruction.

The cases are expected to be raised during Senate intelligence committee hearings on the nomination of retired Vice Adm. Mike McConnell to be the next director of national intelligence.

Mr. Henley first got into trouble after writing a private e-mail in June to a closed group of more than 100 China specialists known as "Chinasec" that included several high-ranking CIA and other U.S. intelligence officials and private China affairs specialists.

The two-page e-mail criticized the FBI for investigating Montaperto. Mr. Henley stated that he had spoken with Montaperto and that he regarded his passing of secrets to Chinese intelligence as inadvertent and minor security violations.

Mr. Henley also compared Montaperto in the e-mail to fired FBI Agent James J. Smith, a senior counterintelligence official who was convicted of lying to the FBI as part of the Chinese spying case of Los Angeles businesswoman Katrina Leung.

Montaperto's conviction was a blow to the influential group of China affairs specialists in the U.S. government and private sector who share similar benign views of China. The group has been called the Red Team by critics and are known to harshly criticize or discredit anyone who questions or criticizes China's communist government and its activities.

Blackmailing By Journalists In China Seen As 'Frequent' (WP)

By Edward Cody

The Washington Post, January 25, 2007

SHENZHEN, China -- At 9 p.m. in a dark Shenzhen parking lot, Bai Xiuyu handed over a plain brown envelope containing 15,000 Chinese yuan, the equivalent of nearly $2,000, in what was supposed to be a discreet blackmail payment to a local reporter.

Hidden in Bai's car, Gou Hua, Shenzhen bureau chief for the Southern Metropolitan Daily, watched the scene unfold and recorded the transaction with his cellphone camera. His interest was more than journalistic; the reporter receiving the payoff was Zhou Yu, a 29-year-old newcomer to Gou's own bureau.

To his consternation, what Gou saw the evening of Sept. 21 was another instance of the blackmail journalism metastasizing through China's news media. Bai's money was supposed to buy silence on alleged wrongdoing at her health clinic in this southern Chinese city. But more generally, journalists and officials say, Chinese reporters are demanding such hush money with increasing regularity from businesses and government agencies in exchange for the withholding of unfavorable news.

"It's very, very frequent," said Ma Yunlong, an editor whose newspaper exposed an instance of extravagant extortion in central Henan province in 2005. Ma said the case involved 480 reporters and others pretending to be reporters who asked for "shut-up fees" to keep news of a mine flood out of the public eye.

In many ways, blackmail journalism grew naturally out of a system in which Communist Party censors control the news rigorously, barring reports that could be seen as unfavorable to the party or contrary to the government's political goals. If the ruling party distorts the news for political reasons, blackmailing reporters have concluded, why wouldn't they do it themselves for financial reasons?

In addition, local party officials, long used to manipulating information, have been complicit in the payoff system when it suits their needs. In the everybody-does-it atmosphere, even non-reporters have found ways to get in on the take by posing as journalists.

After the August 2005 mine disaster, for instance, reporters and their friends in Henan province dispatched a flurry of cellphone messages as soon as they heard the news -- not because they were eager to report on it, but because they knew local officials would be eager to hush it up.

By the time Fan Youfeng of the Henan Business News arrived at the mine, in a village in Jiliao county, local officials said they had already given money to so many reporters and phony reporters that the coffers were dry. But still more people showed up, Fan wrote, and the officials sought more cash, pressing the mine owners to chip in.

Journalists and poseurs lined up to get their handouts, he said, with some pushing and jumping the queue. Over several days, the extortionists carried away 200,000 yuan, or more than $25,000, he reported, quoting officials and a list signed by those who got the cash.

Encouraged by Ma, his editor, Fan wrote a story for the Henan Business News about what had happened. It was the first open discussion of what had become a widespread if secretive practice, Ma said with a note of pride.

As a result, however, an official from the central government propaganda department visited from Beijing and accused Ma of publishing an "inappropriate" and "false" story. The newspaper was suspended for a month, Ma was forced to retire and Fan was reprimanded, Ma said. The death toll from the mine disaster was never reported, he added.

"This kind of thing has an important impact on the success of local officials," Ma explained, "so they always want to cover it up."

More recently, some blackmail targets have started striking back. More than 40 people were arrested last month in Shanxi province on charges of impersonating reporters and trying to extort money from local officials and business owners, according to the official New China News Agency.

"People can't help but ask, 'Why are these fake reporters so savage?' " the news agency said in a Dec. 12 editorial.

Zhou Yu, a slight man with sharp gestures and a ring in his left earlobe, said the lure of money was not what motivated him to take Bai's payoff envelope that evening in Shenzhen. "I was trying to help," he said in an interview. "It was out of friendship."

Zhou said Bai, a physician, had telephoned him earlier in the day asking for advice because, she said, two reporters had warned her they were about to write a story accusing her Jianmin Clinic of providing services it was not certified to perform, including abortions. Bai turned to him, Zhou explained, because a year earlier he had written what he described as a critical but objective story about her clinic.

"If I can help a friend, I think I should help," he said.

The two reporters who went to Bai's office were Hua Kejian of the Nanfang Daily and Liang Yongjian of Zhou's own Southern Metropolitan Daily, both owned by the prestigious Nanfang publishing house based in nearby Guangzhou, according to Zhou and others involved. A third reporter, Song Yi of the Yangcheng Evening News, joined the pair later in the day, they said.

"Their motive was very apparent," Zhou said.

After contacting the reporters, Zhou told Bai she would have to come up with 15,000 yuan to buy silence for her clinic, according to Zhou and the other sources. Zhou said he did not plan to pocket any of the money himself, only to pass it along to the other reporters.

"I thought this would be okay with my newspaper," he added, "because I was just a go-between."

The sum demanded was high, even for a boomtown such as Shenzhen. Most blackmail payouts to reporters are counted in the hundreds of yuan, according to Chinese reporters and editors. Acting on the advice of another acquaintance, therefore, Bai sent a cellphone message to Zhou complaining that the price was unreasonable. But Zhou responded that there was no way to reduce it, Bai's acquaintance said in an interview.

Zhou told Bai the cash should be divided into three packets of 5,000 yuan each and arranged for the handover to take place in the parking lot near his bureau on a leafy boulevard in central Shenzhen, according to several people involved.

At that point, Gou, the bureau chief, received a troubling telephone call. The acquaintance of Bai's, outraged at the amount demanded by Zhou, called to say Gou's reporters were involved in a blackmail scheme and that, as bureau chief, he should do something about it, according to Gou and the acquaintance, who described his role on condition of anonymity.

"As soon as I heard about it," Gou said in an interview, "I wanted to verify what was going on."

Gou, 32, arranged with Bai to be in her car that evening as a witness.

When Bai got out of her car and approached Zhou, the two exchanged pleasantries for several minutes, and Zhou patted her on the shoulder. But when Zhou looked inside the envelope, he complained because she had not divided the cash into three bundles as requested, according to Zhou and others.

Zhou, in the interview, said he showed up alone to collect the money because the three other reporters were busy and he wanted to do them a favor. Gou, the bureau chief, said that "a lot is unclear" about what was really going on. In any case, Gou got out of the car after taking the photographs and confronted Zhou, who promptly handed the envelope back to Bai.

Returning the money was not enough, Gou said, and ordered Zhou to follow him to the office. Once inside, Gou started writing a memo about what had occurred and demanded to see Liang, the other reporter from his paper.

Liang reported to Gou's office looking embarrassed, witnesses said. "There's nothing wrong with my reporting," he maintained, according to the witnesses. For his part, Zhou said that the ringleader was Nanfang Daily's Hua Kejian and that he himself was only trying to help Bai get through a difficult time.

Unmoved, Gou fired Zhou. Liang was spared for lack of evidence, he said, and continues to work in the bureau. Hua Kejian and Song Yi also remain at their jobs.

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At the bureau's regular weekly meeting on Oct. 10, Gou told his staff that the Zhou Yu case was a "shame" for himself, the bureau and the newspaper, besmirching its "glorious history," according to a record of the meeting.

After investigating, Gou told his reporters that he was convinced this was a unique case; he threatened to fire any others caught engaging in such conduct. "If anyone feels he can only make a living by blackmailing people, he should leave," Gou said, according to the record. "This is not the place for you."

But he also acknowledged that Shenzhen has an "unhealthy environment" in which such corruption can flourish. One of his own reporters has asked him repeatedly to withhold certain news, he complained.

Shenzhen journalists said that, in addition to blackmailing, reporters and editors regularly receive payments from businessmen and officials in exchange for publication of favorable articles. Instances range from the 300,000 yuan paid to a newspaper recently for an article praising Shenzhen's city government to "red envelopes" containing "transportation money" for reporters who show up at news conferences. The practice is encouraged, they added, by a system in which reporters are also responsible for selling advertising and subscriptions to the institutions and businesses they cover.

The payoffs have become so accepted that a reporter who showed up this month at a news conference called by an Internet software company here complained loudly and walked out when he discovered he would be given only a bottle of mineral water, according to other reporters present.

"I would say there are problems in the Chinese media world," one of them commented.

Zhou, meanwhile, said he feels betrayed by Bai for denouncing him to his boss. He no longer has any contact with his former colleagues Liang, Hua and Song, he said. His girlfriend seems to be the only one who believes his version of what happened that evening, he complained. His dreams of being a great journalist have dimmed, he added, and now he plans to start a trading company.

"I'm not thinking of the news business anymore," he said, smiling. "This had too much of an impact on me."

Researcher Jin Ling contributed to this report.

Debris In Space (WSJ)

By Bruce Berkowitz

The Wall Street Journal, January 25, 2007

China's foreign ministry acknowledged on Tuesday what the world press had reported for almost two weeks: a test of an anti-satellite weapon in space. The danger now is that partisans and pundits will overreact. Some will claim the launch represents a new threat to the United States. Others will warn of the militarization of space.

They are both wrong. The real threat is that Washington will miss an opportunity to move China along the path to more diplomatic openness and democracy, and deter it from aggression against its neighbors and American interests.

It helps to begin with a few facts. First, it is not especially difficult to make a "killer satellite." If a country can build a satellite, it is easy to build one that can approach another satellite and destroy it. Modern guidance technology is widely available and more accurate than ever, so this step is not difficult. Conversely, it is impossible to ban killer satellites without banning all satellites. Even if a country did not build a dedicated killer and train its operators, the skills for space rendezvous, docking and refueling (like the Russian "Progress" vehicle used to supply the International Space Station) are the same.

Second, because these technologies and skills are interchangeable, it is impossible to verify a ban on killer satellites. Unverifiable treaties are worse than no treaties at all because they offer the illusion of control where none exists.

Third, the Chinese test is not a major step in "militarizing space." Space is already heavily militarized. Most major military powers use satellite-based systems for communications, navigation and imagery. It's all available from commercial venders. The U.S. may operate more satellites than any other country, but it is not uniquely dependent on them.

Fourth, even if one were to somehow ban killer satellites, there are many other ways to deny an adversary the use of space -- for example, by bombing an enemy's ground stations or jamming the radio links he uses to command satellites. So even if a ban on killer satellites were possible, it would not solve the vulnerability problem.

In short, anyone concerned with the ability of the U.S. to use space should be concerned less by the fact that China tested a weapon, and more by the kind of weapon it tested.

Press reports say that the Chinese killer satellite was a "kinetic" weapon, similar to the kind the U.S. and the Soviet Union tested 20 years ago. These satellites destroy targets by ramming into them at high velocity, or by shooting their victim with a mass of pellets, like buckshot. Either way, the result is a huge amount of debris in orbit, creating a hazard to other satellites. Most of this debris remains in space for several decades -- or longer.

According to NASA, there are already approximately 11,000 objects larger than 10 centimeters circling the Earth. The number of objects smaller than that -- mainly unused rocket fuel, exhaust waste and flecks and chips from routine operations -- is so great as to be practically incalculable.

In time, an accumulation of this debris could make space operations extremely difficult. The material orbits the Earth at seven kilometers per second or more, depending on its altitude. At this velocity, even minute objects can cause enormous damage to satellites. This is why U.S. space operators are required to minimize debris under regulations administered by NASA.

Since the Chinese have ambitions of their own to use space, they have as much interest as the U.S. to limit debris. Washington should use this test as an opportunity to discuss an international convention on the subject. These discussions could codify the guidelines that Russia, Japan, the European Space Agency and the U.S. already follow, and would bring China into the fold.

There is a precedent for an agreement on space debris: the Incidents at Sea Agreement America signed with the Soviet Union in 1972. At the time, U.S. and Soviet warships were playing an aggressive game of intimidation, stunting and near-misses as each shadowed the other's exercises. Neither wanted to give in, nor allow the game to go too far.

In talks over the course of a year, the two navies agreed to guidelines for avoiding collisions. The agreement was negotiated largely at the working level, where naval officers dealt with each other on a professional basis to achieve a practical understanding.

If Washington simply protests the anti-satellite test or ignores it, the U.S. will tell the Chinese military that there is no penalty for their actions, nor any real desire abroad to stop them. On the other hand, if there is any discussion or disagreement among Chinese leaders on this subject, America can at least let Beijing know the test will affect U.S.-China relations.

Minimizing space debris is just like protecting intellectual property and setting a market value for the renminbi. It's an obligation China must meet if it expects to take part in the free market. We'll never demilitarize space. But we can make it a safer place to work, and in the process move America's China policy along, too.

Mr. Berkowitz is a research fellow at the Hoover Institution at Stanford University.

China's Missile Message (WP)

By Elizabeth Economy

The Washington Post, January 25, 2007

China's successful anti-satellite missile test has sparked a political firestorm, as analysts have tried to ascertain who in China knew what when and to what end. Were China's diplomats in the dark about the missile strike? Was it all a gambit to force a reluctant United States to the negotiating table for a ban on space-based weapons? While interesting to China watchers and nonproliferation experts, this discussion risks obscuring the real message of the test: Chinese rhetoric notwithstanding, China's rise will be as disruptive and difficult as that of any other global power.

Officials in both Beijing and Washington have worked hard to sketch out an alternative reality. China's leaders have traversed the globe, preaching the gospel of the country's peaceful rise, often to great effect: China will do things differently than the United States and earlier European powers did, not polluting the environment, not colonizing countries to gain access to their natural resources and not infringing on the sovereignty of other countries. For their part, senior U.S. officials, with a growing list of challenging issues on their China agenda, are reluctant to focus for too long on the reality of China's rise. Doing so would only make cooperation more difficult and provide support to an often obstreperous anti-China lobby in Congress. It is easier to paint China's rise as a work in progress -- one that the United States has the ability to influence.

Yet the truth is that China, with its rapidly growing economy and large population, already exerts an unsettling and often negative impact on the world. China is the largest or second-largest contributor to many of the most vexing global environmental problems, including climate change, the illegal timber trade, ozone depletion and marine pollution in the Pacific. It is squeezing manufacturing industries from South Africa to Thailand to Mexico, placing stress on economies ill-equipped to compete. And its weak public health infrastructure but strict media regulations rank it at the top of potential incubators for the next global health pandemic.

While such effects might be excused as unintentional consequences of China's rapid growth, others cannot be so easily dismissed. China's insistence that it doesn't mix business with politics in its foreign relations, while sounding benign, has the perverse effect of contributing to violence and repression throughout much of the world. Its political and financial support for regimes in Sudan, North Korea, Zimbabwe and Burma, among others, cannot in any way be construed as contributing to global peace and stability. Moreover, China's export of unsavory environmental and labor practices in countries where it is aggressively extracting natural resources has contributed to anti-Chinese demonstrations from Peru to Zambia.

The missile strike also underscores perhaps the greatest challenge of China's rise as a global power: The lack of transparency, official accountability and rule of law that defines China on the domestic front plays poorly on the international stage. Chinese leaders' inability to be forthcoming on matters of international importance -- whether SARS, the Harbin pollution disaster or this missile strike -- erodes whatever goodwill and trust they earn from their tireless sojourns abroad and suggests that they are not ready for prime time.

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If this is the reality of China's rise, then the United States has work to do, the most important being to change the way it does business. If we want China to be a responsible world power on issues such as energy security, climate change, human rights and even space-based weapons, we need to step up and lead. We can and should condemn China for not respecting the international rules governing these issues or negatively affecting other countries' well-being, but we must be prepared to play by the same rules. While other powers may have granted American exceptionalism in the past, China is not inclined to do so. Indeed, China is more likely to seek its own "exceptional" status.

Even if we get that far, there will still be a tough road ahead. The transparency, accountability and rule of law that responsible world leadership entails are nascent and under constant threat in China. This is where Washington has it right. We need a strong commitment -- from the federal government as well as the private sector -- to helping, if not pushing, China in the right direction, and we need to do so with a long-term perspective.

If there is a silver lining to this missile strike, it may be that we can finally stop talking about China's peaceful rise or the Washington consensus vs. the Beijing consensus. The only consensus that matters is one rooted in a clear understanding of China's rise and the urgency it brings to the need for real U.S. leadership.

The writer is director of Asia studies at the Council on Foreign Relations.

Russia Hits U.S. Anti-missile Plans (WT/AP)

By Vladimir Isachenkov

The Washington Times, January 25, 2007

NEW DELHI -- Russia's defense minister yesterday harshly criticized U.S. plans to deploy missile-defense sites in Central Europe, saying Moscow doesn't trust the U.S. explanation that they are intended to counter missile threats posed by Iran and North Korea.

Sergei Ivanov, speaking during a trip to India where he co-chaired a bilateral commission on military ties, said neither Iran nor North Korea has or will have a capability to build missiles that can reach Europe.

"They don't and won't have intercontinental ballistic missiles," Mr. Ivanov told reporters. "And a question comes: whom it's directed against?"

U.S. authorities said Monday they had told Polish leaders that the United States wants to open formal negotiations on the possibility of locating ground-based interceptor missiles in Poland.

Prime Minister Mirek Topolanek of the Czech Republic also said Washington had asked to base a radar station in the country that would serve as another part of the system.

Both Poland and the Czech Republic are former Soviet satellite nations that are now NATO members.

Mr. Ivanov said yesterday that the deployment of U.S. missile-defense facilities in Poland and the Czech Republic was a decided issue despite official claims that talks were still ahead.

"It's done mostly to assuage domestic public opinion," he said. "The decision already has been made, and the talks serve simply as a cover. Like other new NATO members, the Czech Republic and Poland want to show their loyalty."

Russian military officials have said they see the U.S. system as a threat that would upset the security balance and have warned of unspecified measures in response.

Asked about how Russia could respond to the U.S. move, Mr. Ivanov said there was no need for any quick retaliation. "Our strategic nuclear forces ensure national security under any scenario," he said.

Russia's criticism of the U.S. move comes just days after the United States and other allies raised concerns over the rising militarization of space after a successful test by China of an anti-satellite weapon.

China confirmed the test on Tuesday but didn't provide details. Aviation Week, which first reported the test, said the satellite was hit by a "kinetic kill vehicle" launched from a ballistic missile.

Analysts said the test represented an indirect threat to U.S. defense systems by raising the possibility that its spy satellites could be shot down. The threat wouldn't affect the anti-missile system.

Putin In India: Visit Is Sign Of Durability Of Old Ties (NYT)

By Somini Sengupta

The New York Times, January 25, 2007

NEW DELHI, Jan. 24 — A new nuclear accord, booming trade and an ever closer partnership with the United States notwithstanding, the guest of honor this week at India's Republic Day ceremony, an annual display of military pomp, will be a symbol of New Delhi's newest old friend: President Vladimir V. Putin of Russia.

Mr. Putin's two-day visit to this country, starting Thursday, is his fourth since becoming president and is seen as testament to the enduring ties between India and Russia. Battered by the end of the cold war and challenged by India's warmer relations

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with the United States, those links have been revived by the strategic demands of a prospering India, namely energy and arms. In both areas Russia stands to be an important partner.

Asked about the visit's significance, one Indian government minister took pains to point out that his country's old camaraderie with Moscow ought not to alarm its new friends in Washington.

"Our relationship with Russia is not directed against the United States, and our relationship with the United States is not at the expense of our continued engagement with Russia," said Jairam Ramesh, India's junior commerce minister.

For starters, India wants to expand its access to investment in Russia's vast oil reserves. On the agenda during Mr. Putin's visit, Indian officials have said, is a proposed joint venture to explore for oil in Siberia. India's $1 billion stake in an existing project called Sakhalin I is this country's largest foreign investment.

Reliance Industries, an Indian energy company, has floated the idea of investing in a Russian refinery.

And according to Indian officials, Russia has expressed interest in investing in a pipeline that would carry natural gas from Iran through Pakistan to India. The Bush administration has repeatedly expressed reservations about the project.

India's current oil imports from Russia, or indeed from anywhere outside the Middle East, are negligible, primarily because of transportation problems.

Far more important, analysts pointed out, Moscow is already New Delhi's largest defense partner. Paradoxically, when the India-United States nuclear deal opens the door for New Delhi to buy nuclear technology to expand its civilian nuclear program, Russia may benefit.

Kanwal Sibal, India's ambassador to Russia, predicted that Russia would be "among the first, if not the first, to walk in."

India would be allowed to purchase nuclear fuel, reactors and other technology on the world market, but only after it gained approval from the 45-nation Nuclear Suppliers Group, which regulates international atomic energy trade.

Russia is already building two nuclear reactors in this country. This week, the Interfax news agency quoted the Russian defense minister, Sergei B. Ivanov, as saying his government was prepared to build additional reactors here.

Likewise, India has Moscow to thank for a variety of conventional weaponry, from tanks to an aircraft carrier and fighter jets. Russia remains India's biggest military partner, though New Delhi's utter dependence on Moscow during the cold war has been complicated by new entrants, most prominently Israel.

The Indians and the Russians have jointly produced a short-range missile called the Brahmos, which, contrary to Russian objectives, India wants to sell on the private market. And India's ambitions for space research — particularly in light of China's successful testing of an antisatellite missile last week — rely heavily on Russian cooperation.

"Russia continues to be as important an ally as before and will remain that way, but the contours of this relationship have changed," said Ashok Mehta, a retired general.

Best of all from an Indian perspective, Russia has displayed none of the compulsions that the United States has, for instance, to maintain good relations with India's neighbor and rival, Pakistan.

Gauging Russia's future importance to India is a matter of debate. If India is allowed to shop on the world nuclear market, Russia is likely to face competition from France, C. Raja Mohan, the strategic affairs columnist of The Indian Express, argued, and from the United States and Israel on conventional weapons.

Russia's soft power in this country has all but collapsed. Where once there were state-sponsored performances of the Bolshoi Ballet in New Delhi and Russian literature flooded Indian libraries, there are now only a handful of relics of Russian romance left: a statue of Lenin at a public park here in the capital or a prominent politician in the south named after Stalin.

Trade with Russia has plummeted. At roughly $2.5 billion, it now represents a little more than a tenth of India-China trade. In an effort to fix that, a trade delegation is expected to come to India next month.

Smuggler's Plot Highlights Fear Over Uranium (NYT)

By Lawrence Scott Sheets And William J. Broad

New York Times, January 25, 2007

TBILISI, Georgia, Jan. 24 — Last January, a Russian man with sunken cheeks and a wispy mustache crossed into Georgia and traveled to Tbilisi by car along a high mountain road. In two plastic bags in his leather jacket, Georgian authorities say, he carried 100 grams of uranium so refined that it could help fuel an atom bomb.

The Russian, Oleg Khinsagov, had come to meet a buyer who he believed would pay him $1 million and deliver the material to a Muslim man from "a serious organization," the authorities say.

The uranium was a sample, just under four ounces, and the deal a test: If all went smoothly, he boasted, he would sell a far larger cache stored in his apartment back in Vladikavkaz, two to three kilograms of the rare material, four and a half to six and a half pounds, which in expert hands is enough to make a small bomb.

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The buyer, it turned out, was a Georgian agent. Alerted to Mr. Khinsagov's ambitions by spies in South Ossetia, Georgian officials arrested him and confiscated his merchandise. After a secret trial, the smuggler was sentenced to eight and a half years in prison.

The case has alarmed officials because they had thought that new security precautions had tamped down the nuclear black market that developed in the 1990s, after the Soviet Union collapsed.

Until now, all but the vague outlines of the case have remained secret. But an examination of the episode, and a similar one in 2003, suggests that the region's political instability and culture of rampant corruption continue to provide a fertile breeding ground for illicit commerce in atomic materials.

Interviews with Georgian and American officials, along with a review of confidential government documents, provide a glimpse into a world of smugglers who slip across poorly policed borders and the agents who try to stop them.

The illicit trade — not just in atomic goods but also in everything from stolen cars to furs to counterfeit $100 bills — thrives especially in Georgia, where tiny separatist regions have broken away to become lawless criminal havens.

This latest uranium seizure, said the American ambassador here, John F. Tefft, "highlights how smuggling and loose border control, associated with Georgia's separatist conflicts," pose a threat "not just to Georgia but to all the international community."

What is most worrisome about the two most recent case, nuclear experts say, is the material itself: in large enough quantities, it could provide a terrorist with an instant solution to the biggest challenge in making a nuclear weapon, obtaining the fuel.

The uranium seized in both 2003 and 2006 had been enriched to nearly 90 percent U-235, according to Russian and American government analyses obtained by The New York Times. Though the quantities were too small to make a bomb, that level of purity is ideal for doing so.

Both cases appear to fit a broader profile: virtually all of the nuclear materials seized since the Soviet breakup are believed to be Russian in origin, according to American government reports.

In these two episodes, the individuals arrested testified that they had obtained the uranium through a web of Russian contacts and middlemen of various nationalities.

An American government laboratory's analysis of the 2006 material — which, among other things, disclosed traces of two rare forms of uranium, U-234 and U-236 — provides "a strong case" that it indeed came from Russia, said Thomas B. Cochran, director of the nuclear program at the Natural Resources Defense Council, a private group that monitors atomic arsenals.

However, a confidential memorandum from the Russian intelligence service, the F.S.B., to the Georgian government said a detailed analysis had been unable to pinpoint the material's origins, though it did not rule out Russian provenance. It also estimated that the uranium had been processed more than a decade ago.

Officials in Georgia, locked in a cold war with Moscow, say the cases underscore their concerns over borders, security and the fate of the breakaway regions.

Georgia's chief nuclear investigator, Archil Pavlenishvili, said that while Russia cooperated in the early stages of the 2003 investigation, in 2006 it had hardly helped at all, beyond taking a sample of the seized material for analysis. He said the Georgians had informed the Russian Embassy here in Tbilisi of Mr. Khinsagov's detention, and had offered to let diplomats speak to him. But the Russians, he said, never responded.

The Georgian interior minister, Ivane Merabishvili, said the cases illustrated the grave risk posed by nuclear trafficking, especially in an age of terrorism. The biggest danger, he said, were the people "in Russia and Georgia and everywhere else, even in America, who will sell this radioactive material" for millions of dollars.

The Russian Interior Ministry and the intelligence service did not respond to requests for comment.

Murat Dzhoyev, the foreign minister of South Ossetia, one of the separatist regions in Georgia, denied that any nuclear smuggling had taken place in his region.

"As concerns their claims that contraband, or moreover, the laughable claim that nuclear materials are going through South Ossetia, that's just funny," he said in an interview. "I hope not a single serious person in the world takes this seriously."

On Friday the United Nations International Atomic Energy Agency in Vienna is expected to make the first official announcement with details about the 2006 case.

The old Soviet empire had a vast network of nuclear facilities. After its breakup, as managers abandoned plants and security fell apart, the West grew alarmed as many cases of atomic smuggling came to light.

In 1994 alone, two seizures involved more than five kilos — 11 pounds — of highly enriched uranium. The I.A.E.A. listed more than a dozen cases of illicit trade in highly enriched uranium, along with dozens of seizures of highly radioactive material.

Since 2000, however, the amounts and purity of the seized material has declined as former Soviet republics set up new security precautions, often financed by the United States.

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For instance, Washington provided thousands of hand-held devices meant to detect radiation, and planned to spend a total of $570 million to install small and large radiation detectors, according to recent government reports. In short, the threat seemed to recede.

"People said, 'Hey, the situation's improved,' " said William C. Potter, a leading authority on nuclear smuggling at the Monterey Institute of International Studies in California. The seizures in Georgia, he said, suggest something else: that the trade may simply "have gone under the radar."

The smuggler in the first case, an Armenian named Garik Dadayan, was arrested on June 26, 2003, at Sadakhlo, a muddy village where Georgia meets Armenia and Azerbaijan. With Armenia and Azerbaijan at war over territory, the village had become neutral ground for the trading of tea and cognac, illicit caviar, cheap light bulbs and smuggled gasoline.

When apprehended, Mr. Dadayan, who described himself simply as a businessman, was carrying a tea box that held 170 grams, about seven ounces, of highly enriched uranium. According to the Georgian officials, he said the uranium had come from Novosibirsk, in Siberia, the site of a major Russian nuclear complex that processes vast quantities of highly enriched uranium.

Mr. Pavlenishvili, the Georgian investigator, said the Russian intelligence agency confirmed that before his trip into Georgia, Mr. Dadayan had twice traveled by railroad from Moscow to Novosibirsk.

The smuggler told the authorities that he intended to sell the material to a Turkish middleman named Teimur Sadik; its ultimate destination, he said Mr. Sadik had told him, was "a Muslim man."

Mr. Dadayan was handed over to the Armenian government, tried and sentenced to two and a half years in prison. Mr. Sadik, Georgian authorities say, is now in custody of the Turkish secret services.

Since that episode, the United States has spent millions of dollars to help the Georgians strengthen nuclear security, especially along the borders.

Two years later, Georgian authorities learned that highly enriched uranium was again being offered for sale, this time in South Ossetia, a rugged and beautiful land no bigger than Long Island, with few border controls on either the Russian or Georgian side. People and contraband move freely through its fields and along its mountain roads. The United States says it has discovered counterfeit $100 bills traceable to South Ossetia circulating in at least four American cities.

The man trying to sell the uranium, Georgian officials say, was Oleg Khinsagov, a shabbily dressed 50-year-old trader who specialized in fish and sausages.

Eventually he came into contact with four Georgians who were already under government surveillance. The four men went to North Ossetia, a neighboring region within Russia, and arranged to smuggle the uranium into Georgia. It was at that point that the Georgian authorities set their trap.

They arranged for a Georgian operative who speaks fluent Turkish to meet with the middlemen and tell them he represented a Muslim man from "a serious organization." Mr. Khinsagov and several of his cohort entered Georgia in late January 2006, and on Feb. 1 they were arrested in a two-room apartment on the eighth floor of a crumbling Soviet-style building in a lower-class district of Tbilisi.

"We got that 100 grams and put it into a box and were very afraid," said Mr. Merabishvili, the interior minister. Where the smuggler got the uranium and whether he actually had more remains unclear.

The Georgians called for help from American diplomats, who sent in experts from the Federal Bureau of Investigation and the Department of Energy, American officials say. Mr. Merabishvili said the Americans shocked them by taking the uranium and simply putting it "in their pocket." Uranium in that form emits little radiation and presents little or no danger to its handlers.

When it was analyzed at the Energy Department's laboratory in the Pacific Northwest, it was found to have a U-235 purity of 89.451 percent, "suitable for certain types of research reactors, as a source material for medical isotope production, and for military purposes including nuclear weapons."

Death Of Spy Who Ingested Polonium Spurs Drug Makers (WSJ)

By Steve Levine

The Wall Street Journal, January 25, 2007

Chemet, a drug developed by Ovation Pharmaceuticals Inc. of Deerfield, Ill., to treat the symptoms of radiation exposure, wasn't getting much attention until last November. But that month, a rare radioactive isotope was used to murder former Russian intelligence agent Alexander Litvinenko, and a week later, Ovation got a call from the National Institute of Allergy and Infectious Diseases: Could the company brief the agency on Chemet?

Ovation is one of a few U.S. drug companies and laboratories that are attracting new attention because of Mr. Litvinenko's death in London from poisoning by polonium-210. In the case of Ovation, the company hasn't received federal funding but thinks its chances have dramatically improved.

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The federal government's interest precedes Mr. Litvinenko's murder, and is linked with the Sept. 11, 2001, terrorist attacks on the U.S. In 2003, the Bush administration launched Project Bioshield, a federal program to obtain drugs against nuclear, biological and chemical agents. One of the program's aims is to prepare for a possible attack on the U.S. by terrorists using a "dirty bomb" -- a conventional explosive laced with a lethal chemical, biological or nuclear agent.

Last fall, the National Institute of Allergy and Infectious Diseases in Bethesda, Md., and the Pentagon separately offered funding for research into promising radiation-injury treatments. The institute is looking for remedies for civilians, while the Pentagon is seeking to prolong the lives of soldiers irradiated by nuclear weapons.

Now, pharmaceutical companies are giving notice that drugs they have developed, or are developing, for cancer and other diseases can also be used for exposure to radioactive elements, including possibly polonium-210. Most must be taken within hours of exposure to be effective.

British authorities haven't completed their investigation of Mr. Litvinenko's murder, but say that his killers may have slipped the isotope of polonium-210 into his drink or food Nov. 1, when his first symptoms appeared. He died Nov. 23 in a London hospital after weeks of agony.

Radioactive elements attack the body by damaging the DNA in blood cells. The cells stop dividing and die, and the body ends up short of the blood cells it needs to survive. Chemet (pronounced KEM-et) works by accelerating the evacuation of heavy-metal isotopes from the body. It works by binding with the isotope and moving it from the bone marrow -- essential to produce blood cells -- to the kidney, says Jason Bradt, Ovation's executive director of medical affairs. The movement away from the marrow "increases survivability," he says. Kidney damage can be dealt with later.

Cleveland Biolabs Inc. takes a different approach with its drug Protectan. The Cleveland-based company developed the drug as a cancer treatment, but in November it said it was responding to a Department of Defense announcement seeking a radiation-treatment drug. Andrei Gudkov, the company's chief scientific officer, says that he was inundated with questions after Mr. Litvinenko became an international news story.

Protectan works by preventing cells from self-destructing, thus giving "them a time window to repair the damage," Mr. Gudkov says. "You give the cells the metaphorical equivalent of antidepressants."

Mr. Gudkov says he can't be sure that Protectan, meant to work against gamma rays, will be effective against polonium-210, which emits another kind of energy called alpha particles. Gamma rays pass through solid objects; Alpha particles travel only a short distance, can't penetrate the skin, and only cause damage if ingested or inhaled. Inside the body, alpha particles bombard and punch holes in organs. "I tell them we can't say [Protectan] will work with alpha particles" until it's tested on a nonhuman primate, says Mr. Gudkov.

A third possible antidote for polonium-210 is being developed by Hollis-Eden Pharmaceuticals Inc. of San Diego and the Pentagon. The drug, Neumune, treats radiation by promoting the growth of bone marrow.

But a drug like Neumune starts working only after an isotope like polonium-210 is expelled from the body, says Dwight Stickney, Hollis-Eaton's vice president for medical affairs.

So one idea would be to combine drugs. One like Chemet, for instance, would remove the isotope from a victim's body, or isolate it in a lethally nonthreatening place like the kidney; a drug like Protectan could stop the cells from committing suicide; and one like Neumune could promote production of more blood cells.

"There could be multiple cocktails that could have a synergistic benefit," says Ovation's Mr. Bradt.

Just How Good Is Globalization? (WSJ)

By Marcus Walker

The Wall Street Journal, January 25, 2007

The business and political leaders who gather every year at the World Economic Forum have long shared a creed: Globalization is good.

That still is generally true. But this year, many of them are questioning whether it is good for the ordinary wage-earning people they employ -- or in many cases, no longer employ -- at their companies.

A new refrain is emerging in Davos this year: Globalization isn't working for everyone. Stagnating wages and rising job insecurity in developed countries are creating popular disenchantment with the free movement of goods, capital and people across borders. If unchecked, popular fears could turn into a political backlash that could lead to protectionism -- or at least make broad free-trade agreements harder to achieve in the future.

"The anxiety is there, because we have competitors that didn't exist 10 or 15 years ago," German Chancellor Angela Merkel, who arrived in Davos yesterday, said in an interview last week. Governments in the developed world, she said, have to persuade their own middle class -- a group used to a relatively stable economy in the postwar decades -- to embrace a life of constant change and challenge.

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In theory, less-developed countries win from globalization because they get jobs making low-cost products for rich countries. Rich countries win because, in addition to being able to buy inexpensive imports, they also can sell more sophisticated products like machine tools or financial services to emerging economies.

"The first win is there, but the second win is going to the owners of capital rather than labor," says Stephen Roach, chief economist at Morgan Stanley.

Many companies in the U.S. and Europe have been able to squeeze workers' pay increases by threatening to move production abroad. In the past decade, real labor incomes in the U.S. have grown at roughly half the rate of labor productivity, Mr. Roach says.

The reason for this is simple: With the emergence of China, India and countries from the former Soviet bloc, companies from the established economies of North America, Europe and Japan have more choices on where to invest. That puts them in a stronger bargaining position with workers in their home countries.

"There is compression of wages as a result of the number of workers competing for jobs," says Laura Tyson, dean of London Business School. As a result, an ever-larger share of national income in the U.S., Japan and Western Europe is going to company profits. The share that flows to workers is dwindling, which explains why worker anxiety is becoming an election issue in the U.S. and elsewhere.

Others at Davos say the problem isn't capital versus labor, it is that changing technology and trade patterns put high-skilled workers increasingly in demand, reducing the demand for less-skilled workers. "Skilled workers are enjoying rapid wage increases, but unskilled workers have had very slow wage rises in recent decades," says Ken Rogoff, a professor of economics at Harvard University.

To be sure, many businesspeople in Davos believe the problem is one of perceptions, and that fears about trade undermining living standards in developed countries are misplaced.

"What can we do to educate politicians to the reality that a rising tide floats all ships?" asks E. Neville Isdell, chief executive of Coca-Cola Co. In politics, the voices of interest groups can outweigh the wider good, he says. "We have to develop a less academic approach to explaining the benefits of globalization."

Mr. Isdell hopes governments will make the case that when U.S. companies move some jobs to China, the resulting gain in productivity can create a larger number of new jobs at home. The irony of heightened anxiety over job security, he says, is that it comes at a time of low unemployment in the U.S. and other advanced economies such as the United Kingdom.

The problem, many participants agree, is that workers in the West aren't equipped for today's pace of change, in which jobs come and go and skills can quickly become redundant.

"You have to have a better education system from preschool onward," says William McDonough, vice chairman of Merrill Lynch & Co. He recognizes, however, that improved education is a long-term remedy that won't help those feeling the pressure of rising global competition today.

"A shorter-term strategy is to have more assistance for workers who are laid off," Mr. McDonough says. "I think we need to be much more helpful as a society to people who are the victims of globalization." Such aid should be supported by the state, he adds.

Others support programs like the Scandinavian-style retraining of workers who lose their jobs. "Paradoxically, we need a bigger role of the public sector in the economy to make markets work better," says Nouriel Roubini, chairman of Roubini Global Economics, an online economic-advisory service.

Liberians Love Their Iron Lady, For Now (LAT)

By Robyn Dixon

The Los Angeles Times, January 25, 2007

MONROVIA, LIBERIA — Liberians call her "da woma," in their soft patois where the word endings seem to die in the steamy West African heat.

"Da woma', she tra' her bes'," they tell you earnestly, if you inquire about the state of affairs in a country shredded by a 14-year civil war. "She tra'." She's trying.

One hip-hop song played on Monrovia radio these days just calls her Ma.

At times, Ellen Johnson-Sirleaf, Africa's first elected female head of state, seems like a mild, smiling, grandmotherly figure. Diminutive and bespectacled, she travels about the country wearing jeans and a baseball cap. She can't resist hurrying over to speak to small children who catch her eye.

Yet the 68-year-old president also is a feisty, ambitious economist trying to turn around one of the most damaged and traumatized countries on Earth, with a ferociousness that has earned her another nickname: the Iron Lady. Friends say she's so strong she didn't even cry out during childbirth.

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"Ellie, she don't cry," said Gibson Jerue, publisher of the independent newspaper Public Agenda, who once fled Liberia fearing for his life after he wrote an article headlined "Charles Taylor's Days Are Numbered," on the warlord who was then Liberia's president.

Today, nearly 3 1/2 years after the war ended with Taylor's exile and a year after Johnson-Sirleaf took office, the most visible progress in this grimy, bullet-pocked capital is a few wan strings of fairy lights draped on dilapidated street awnings.

After years without electricity, some shops have thrown up a yard or two of the lights, which look more like an afterthought than a celebration. Still, as the winking bulbs struggle against Liberia's velvety darkness, their glow exudes sweet optimism.

Johnson-Sirleaf is under no illusions: A few more months or a year without bringing jobs and her people's love and admiration will themselves blink out. But for now she offers hope of a new beginning to a nation torn by war's atrocities, many of them committed by doped-up children who fought in drag and believed magic could protect them from the bullets.

When she changes into colorful Liberian costume for official functions, Johnson-Sirleaf seems to blossom like a tropical flower. Her raspy, charismatic voice rises powerfully as she addresses the crowds.

She is divorced with four sons and six grandchildren, and comes from a pious family. As a student, her only ambition was to be a schoolteacher like her mother. Both her grandmothers, one of whom had a market stall, were illiterate.

She played soccer with the boys, a rarity in those days. She was a lethal volleyball player, leaping up and whacking the ball two-handed across court, a shot that almost never failed.

After studying in the United States, she returned home to become finance minister under President William Tolbert in the early 1970s. After she was jailed by the regime of Samuel Doe in 1985 and was charged with treason under Taylor in 1997, she went into exile. She worked for the World Bank, Citibank, the International Monetary Fund and other organizations.

High standards

Johnson-Sirleaf has a fierce sense of probity: As finance minister, she was livid when close friend Clavenda Bright-Parker, who had a pharmacy business, told her that she had paid a $25 bribe to the ministry to speed up a check that was slow in coming.

"She got so upset with me," recalled Bright-Parker, still a friend and supporter. "She said I should know better than that — I am ruining her ministry. She has a standard she wants to maintain. She said, 'I should send your name in.' "

Johnson-Sirleaf has known for more than two decades, since elections in 1985, that the presidency could be hers. That year she was elected a senator.

"Once I got into my real first election, then of course the die was cast," she said. "At that point I knew that my popularity could take me to the presidency."

She withstood pressure from Doe to get out of politics before the elections and to not serve as senator.

"At that time, I became a folk hero for doing those things," she said in a recent interview in her Monrovia office.

After a coup attempt against Doe later that year, there were arrests and reprisal killings. A group of drunken soldiers seized her in what was to become her worst ordeal.

"I was taken to the military prison," she said. "In fact, as we were going, they told me they were going to take me to the beach and bury me alive. They started in that direction, changed their minds, put me through tortures, put matches to my hair. They said, 'We're going to burn your hair off,' but didn't do it. They would come as close as possible. It clearly was just meant to terrorize me.

"That particular night in prison, anything could have happened."

At one point, all the men in the cell with her were taken out, and she heard gunshots. She waited in terror, convinced the soldiers would come to shoot her next. Then a soldier came to open her cell with what seemed a clear intent to rape her.

He was interrupted. A senior officer, who happened to be from her father's tribe, saw him and barked, "As you were," an order to desist. The officer sat outside her cell all night to protect her.

"And I don't know him until now," she said. "He's never made himself known to me."

Later, soldiers brought a woman to the cell, naked.

"I started a great plea with the soldiers that they couldn't do this. Think of their mother, think of their sister, would they like someone to do that to their mother? After a while, they brought a cloth to cover her up."

But Johnson-Sirleaf said she never begged or broke down, a strength she attributes to her family's strong Christian faith.

"I never did cry, no. I've been through some difficult political times … and I guess I just developed a thick skin, and that inner strength is something that's hard to explain," she said. "I guess it comes from one's childhood, it comes from one's life experiences. It comes from one's faith and your family values."

A daunting task

Though few doubt that her toughness and piety signal a break from the theft and violence of previous regimes, her task is immense.

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Liberia today seems a country of slogans, acronyms and good intentions. Crudely painted notice boards tell the population (more than half of which can't read) how to live: "Stop mob violence; use the law." "Say no to cigarettes, pipes and chewing tobacco." "Raped? Get help." Some are slapped up on walls by indignant residents: "Only dogs urinate here."

The acronyms of dozens of international nongovernmental organizations litter the country, proclaiming their intended sites for schools and clinics.

In Monrovia, the capital, a teeming population jostles and hustles. The smell of sewage pervades some streets. The city seems to exhale grime, leaving a grubby sheen upon the skin.

The hip-hop song about Johnson-Sirleaf is called "A Letter to the President."

Hello, Ma. See, what we need is change, a change from suffering, a change from poverty. You can make it, Ma. We trust you; that's why we voted for you.

To help jump-start the economy, Johnson-Sirleaf is relying on an end to diamond sanctions imposed by the United Nations, a revival of the rubber and timber industries, and an iron ore project by Mittal Steel offering more than 3,000 jobs.

A key donors conference is to be held in February. And moves to resolve the country's IMF debt are crucial if Liberia is to borrow from countries such as China, which wants to invest $1 billion thanks to Liberia's abundant resources.

Hounded by a question

One big step for Liberia was the arrest of Taylor in March, which sent a shudder of relief through the country.

When the former president was in exile in Nigeria, which granted him asylum after the war ended in 2003, the question of his extradition on international war crimes charges dogged Johnson-Sirleaf everywhere — especially on a trip to the United States, which had pressed for his arrest. Hoping her cooperation would attract donor funds, she asked a reluctant Nigeria to hand him over.

Then came the news: Taylor had escaped.

"At first I thought: 'How could this be? Was this with the knowledge of the Nigerian government? Were they setting him free? What would be the implications for our whole peace here? Would he end up here?' And the implication of that was serious. But then, when he was caught, I realized that Nigeria has its own ways of solving problems," she said, laughing wryly.

Later she had to face the fury of Taylor's greatest supporter, Libyan leader Moammar Kadafi. In a meeting in Tripoli, the Libyan capital, Kadafi thrust out his wrist at her, displaying a flashy watch. Look at it, he told her. Charles Taylor gave it to me. Then he berated her over the decision to hand Taylor over to a U.N. war crimes tribunal.

Taylor allies still circulate in Liberia, and Johnson-Sirleaf's security force has reported several assassination plots.

"If someone's willing to give his life to kill you, he'll probably kill you," she said. She eschews a heavy security presence.

"I don't want to be that kind of president," she said. "I like to remain what they call me, the people's president."

Johnson-Sirleaf has drastically cut the civil service, restored power and water to parts of Monrovia, pursued corrupt former officials and pressured the international community to help the country by lifting the diamond sanctions and forgiving its unsustainable level of debt.

Her government is admired abroad — in Washington, she won a standing ovation at a joint session of Congress last year — but is often lambasted in the independent local press. To her opponents, her famous tough exterior translates as vindictiveness; to supporters, it shows she's the only one strong enough to save Liberia from itself.

Even giving birth, she amazed her mother-in-law with her toughness, friend Bright-Parker said. There was no crying from the labor pains.

But at times her eyes do mist up. Perhaps it's when she asks a child in the street why he's not in school and hears there is no money.

"I cry quicker for the simple things than for the tougher things," she said. She recently visited the family of a well-known young journalist who had died of unexplained causes.

"He had two little children, and the little boy came to me and put his head in my lap and said, 'You know my father was everything to me.'

"Those things will break me a lot quicker than a soldier threatening me."

OPEC President Takes In Stride Decline In Prices (WSJ)

By Adam Smallman

The Wall Street Journal, January 25, 2007

DAVOS, Switzerland -- OPEC's new president said that he would like higher oil prices than current levels, but that the long-term outlook was more important than a near-term price slide.

Mohammed al-Hamli, president of the Organization of Petroleum Exporting Countries and oil minister for the United Arab Emirates, said he would be at ease if the cartel's reference basket of 11 of its members' crude oils was about $55 a barrel.

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His statement implied a price for U.S. markets of roughly $60 a barrel. U.S. benchmark crude-oil futures settled yesterday at $55.37, up 33 cents.

OPEC on Tuesday pegged the basket of crude-oil types it watches at $49.52 a barrel, and that basket typically fetches prices $5 a barrel or more below the benchmark U.S. price.

Benchmark U.S. oil prices peaked at about $77 a barrel last summer and have declined since, as the increase ate into demand in parts of the industrialized world. In addition, the U.S. is awash in heating oil, an unusually mild winter has dashed global consumption expectations, and new oil fields entering production are easing long-held supply concerns.

"I was worried when we lost 12% on these prices," said Mr. al-Hamli on the sidelines of the World Economic Forum here. "People panicked when they took a collective slide. So, we are concerned -- but not very concerned." OPEC, he said, prefers a long-term view, adding that "we don't react to today's and tomorrow's prices."

His remarks underscore some of the uncertainty OPEC faces amid the volatile oil prices of recent weeks. Late last week, Ali Naimi, the influential Saudi oil minister and OPEC's de facto leader, said the global oil market is in a "very healthy condition."

Speculators also contributed to the rapid decline in prices, their faith in a drop buttressed by what appeared to be slack OPEC discipline in meeting its agreed-upon cuts.

Mr. al-Hamli, who succeeded Nigerian oil minister Edmund Daukoru as cartel president this year, is convinced the market has underestimated the strength of the cartel's compliance. "They can think whatever they like. We're happy with the compliance" to the group's first tranche of cuts, he said, adding that the additional Feb. 1 cut was necessary to respond to falling oil prices.

With an eye toward swelling global crude and product stockpiles, and the seasonal downturn in demand that occurs in the quarter that ends in June, OPEC's 10 members with quotas, excluding Iraq, agreed in October to cut their output 4%, or 1.2 million barrels a day, to about 26.3 million barrels a day. In December, OPEC met again and tacked on a further cut of 500,000 barrels a day commencing Feb. 1 -- lowering output, on paper at least, to 25.8 million barrels a day.

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TERRORISM NEWS:

Justice Department Wants Domestic Spying Lawsuit Dropped (AP)

By Lara Jakes Jordan, Associated Press

DOJ_NMG_0121724

AP, January 26, 2007

WASHINGTON - The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court.

Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program.

The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida.

The ACLU's lawsuit against the terrorist surveillance program "is now moot," the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. "The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist."

The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005.

Last August, a federal judge in Detroit declared the program unconstitutional, saying it violates the rights to free speech and privacy and the separation of powers. In October, a three-judge Cincinnati appeals panel ruled the administration could keep the program in place while it appeals the Detroit decision.

The ACLU plans to file a response Friday, asking for the appeal to continue, said assistant legal director Ann Beeson. The watchdog group contends that Bush retains his authority to return to the warrantless program if it needs to.

"The case could not be less moot," Beeson said. "The case is not moot if there's any remote possibility that the government is going to violate the law again."

Dismissal Of Lawsuit Against Warrantless Wiretaps Sought (WP)

By Dan Eggen

The Washington Post, January 26, 2007

A lawsuit challenging the legality of the National Security Agency's warrantless surveillance program should be thrown out because the government is now conducting the wiretaps under the authority of a secret intelligence court, according to court papers filed by the Justice Department yesterday.

In a filing with the U.S. Court of Appeals for the 6th Circuit, in Cincinnati, Justice Department lawyers said the lawsuit of the American Civil Liberties Union and other plaintiffs -- which received a favorable ruling from a federal judge in Detroit -- should be considered moot because the case "no longer has any live significance."

The ACLU called the government's arguments implausible and said it plans to file its response today.

The brief is the latest volley in the legal battle over the controversial spying effort, dubbed by the administration as the "Terrorist Surveillance Program," or TSP. Under the program, the NSA monitored, without obtaining warrants, telephone calls and e-mails between the United States and overseas if the government determined that one of the parties was linked to al-Qaeda or other terrorist groups.

Attorney General Alberto R. Gonzales announced last week that the government was terminating the program and that eavesdropping will be overseen by a secret 11-member court that administers the law governing clandestine spying in the United States, known as the Foreign Intelligence Surveillance Act, or FISA.

The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed.

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"Plaintiffs' challenge to the TSP is now moot," the government said in its filing yesterday. "The surveillance activity they challenge . . . does not exist. And the specific relief they sought and were awarded -- injunction of the TSP -- cannot redress any claimed injury because no electronic surveillance is being conducted under the TSP."

Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. "This is not an instance of 'voluntary cessation' of allegedly unlawful activity," the government lawyers wrote. "The government has not ceased surveillance -- instead, the facts and legal authorities have changed."

But Ann Beeson, the ACLU's associate legal director, said that argument is "not plausible." She added that previous court rulings made it clear that the government cannot escape a legal judgment merely by voluntarily halting its illegal activity.

"The FISA court didn't reach out on its own to do something; the government asked it to do something," Beeson said. "And absent a ruling, they are free to return to their illegal conduct again."

The new lines of argument in the ACLU case come less than a week before a hearing scheduled for next Wednesday in Cincinnati where both sides are set to offer oral arguments.

Most of the details of the new spying arrangement are considered classified by the Bush administration, including a set of orders issued by a FISA judge on Jan. 10 that authorizes the eavesdropping. As a result, the precise outlines of and legal justifications for the monitoring remain unclear.

The government signaled in its filing that it would oppose a public release of the orders, saying that "the longstanding practice is that FISA Court orders remain classified and not subject to public dissemination." Senate Judiciary Committee leaders have asked to see copies of the orders but have, so far, been rebuffed.

Secrecy Is At Issue In Suits Opposing Domestic Spying (NYT)

By Adam Liptak

The New York Times, January 26, 2007

The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies.

Judges have even been instructed to use computers provided by the Justice Department to compose their decisions.

But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union.

Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege.

Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials.

In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves.

At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records.

In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices.

"The documents reviewed by the court have not been altered and will not be altered," Ms. Kennedy wrote, and they "will be preserved securely as part of the record of this case."

Some cases challenging the program, which monitored international communications of people in the United States without court approval, have also involved atypical maneuvering. Soon after one suit challenging the program was filed last year in Oregon, Justice Department lawyers threatened to seize an exhibit from the court file.

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This month, in the same case, the department sought to inspect and delete files from the computers on which lawyers for the plaintiffs had prepared their legal filings.

The tactics, said a lawyer in the Oregon case, Jon B. Eisenberg, prompted him to conduct unusual research.

"Sometime during all of this," Mr. Eisenberg said, "I went on Amazon and ordered a copy of Kafka's 'The Trial,' because I needed a refresher course in bizarre legal procedures."

A federal district judge in the case, Garr M. King, invoked another book after a government lawyer refused to disclose whether he had a certain security clearance, saying information about the clearance was itself classified.

"Frankly, your response," Judge King said, "is kind of an Alice in Wonderland response."

Questions about the secret filings may figure in the first appellate argument in the challenges, before the Sixth Circuit, in Cincinnati, on Wednesday. The three judges who will hear the appeal met with lawyers for the Justice Department and the American Civil Liberties Union on Jan. 8 in a judge's chambers in Memphis.

"The court raised questions about the procedures the government had used to file classified submissions in the case and the propriety and integrity of those procedures," said Ms. Beeson, associate legal director of the A.C.L.U., which represents the plaintiffs in the appeal.

"They were also concerned about the independence of the judiciary," given that "the Justice Department retains custody and total control over the court filings." Ms. Beeson said.

Nancy S. Marder, a law professor at the Chicago-Kent College of Law and an authority on secrecy in litigation, said the tactics were really extreme and deeply, deeply troubling.

"These are the basics that we take for granted in our court system," Professor Marder said. "You have two parties. You exchange documents. The documents you've seen don't disappear."

A spokesman for the Justice Department, Dean Boyd, said employees involved in storing the classified documents were independent of the litigators and provided "neutral assistance" to courts in handling sensitive information. The documents, Mr. Boyd said, are "stored securely and without alteration."

The appellate argument in Cincinnati will almost certainly also concern the effects of the administration announcement last week that it would submit the program to a secret court, ending its eavesdropping without warrants.

In a brief filed on Thursday, the government said the move made the case against the program moot.

Ms. Beeson of the A.C.L.U. said the government was wrong.

At least one case, the one in Oregon, is probably not moot. It goes beyond the other cases in seeking damages from the government, because the plaintiffs say they have seen proof that they were wiretapped without a warrant.

In August 2004, the Treasury Department's Office of Foreign Assets Control, which was investigating an Oregon charity, al-Haramain Islamic Foundation, inadvertently provided a copy of a classified document to a foundation lawyer, Lynne Bernabei.

That document indicated, according to court filings, that the government monitored communications between officers of the charity and two of its lawyers without a warrant in spring 2004.

"If I gave you this document today and you put it on the front page of The New York Times, it would not threaten national security," Mr. Eisenberg, a lawyer for the foundation, said. "There is only one thing about it that's explosive, and that's the fact that our clients were wiretapped."

Ms. Bernabei circulated the document to two directors of the charity, at least one of them in Saudi Arabia, and to three other lawyers. She discussed them with two more lawyers. A reporter for The Washington Post, David B. Ottaway, also reviewed the document.

The full significance of the document was apparently not clear to any recipient, more than a year before The New York Times disclosed the existence of the N.S.A. program in December 2005.

The F.B.I. learned of the disclosure almost immediately in August 2004, Judge King said at a court hearing last year, but made no effort to retrieve copies of the document for about six weeks.

When it did, everyone it asked apparently returned all copies of the document. In a statement reported in The Post in March, for instance, Mr. Ottaway said he the F.B.I. had told him that the document had "highly sensitive national security information."

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"I returned it after consulting with Washington Post editors and lawyers, and concluding that it was not relevant to what I was working on at the time," Mr. Ottaway said.

In a sworn statement in June, a lawyer who had the document, Asim Ghafoor, said the bureau took custody of his laptop computer "in order that the document might be 'scrubbed' from it."

The computer was returned weeks later.

In February 2006, the charity and the two lawyers who say they were wiretapped sued to stop the program, requesting financial damages. They attached a copy of the classified document, filing it under seal. They have not said how they came to have a copy.

Three weeks later, the lawyers for the foundation received a call from two Justice Department lawyers. The classified document "had not been properly secured," the lawyers said, according to a letter from the plaintiffs' lawyers to the judge.

As Mr. Eisenberg recalled it, the government lawyers said, "The F.B.I. is on its way to the courthouse to take possession of the document from the judge."

But Judge King, at a hurriedly convened hearing, would not yield it, and asked, "What if I say I will not deliver it to the F.B.I.?"

A Justice Department lawyer, Anthony J. Coppolino, gave a measured response, saying: "Your Honor, we obviously don't want to have any kind of a confrontation with you. But it has to be secured in a proper fashion."

The document was ultimately deposited in a "secure compartmented information facility" at the bureau office in Portland.

In the meantime, copies of the document appear to have been sent abroad, and the government concedes that it has made no efforts to contact people overseas who it suspects have them.

"It's probably gone many, many places," Judge King said of the document at the August hearing. "Who is it secret from?"

A Justice Department lawyer, Andrew H. Tannenbaum, replied, "It's secret from anyone who has not seen it."

He added, "The document must be completely removed from the case, and plaintiffs are not allowed to rely on it to prove their claims."

Judge King wondered aloud about the implications of that position, saying, "There is nothing in the law that requires them to purge their memory."

Mr. Eisenberg, in an interview, said that was precisely the government position. "They claim they own the portions of our brains that remember anything," he said.

In a decision in September, Judge King ruled that the plaintiffs were not entitled to review the document again but could rely on their recollections of it. In October, they filed a motion for summary judgment, a routine step in many civil litigations. In a sealed filing, they described the classified document.

Government lawyers sent Judge King a letter saying the plaintiffs had "mishandled information contained in the classified document" by, among other actions, preparing filings on their own computers.

In a telephone conference on Nov. 1, Judge King appeared unpersuaded. "My problem with your statement," he told Mr. Tannenbaum, "is that you assume you are absolutely correct in everything you are stating, and I am not sure that you are."

Mr. Boyd of the Justice Department said the government "continues to explore with counsel ways in which the classified information may be properly protected without any intrusion on the attorney-client privilege."

Terrorism Jury Suffering 'Mental Fatigue,' Cuts Work Hours (AP)

By Mike Robinson

AP, January 26, 2007

CHICAGO - Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours.

"We have taken very few breaks," the jurors said in a note to U.S. District Judge Amy J. St. Eve who is presiding at the trial, described when the indictment was made public as a step in the war on terrorism.

Jurors said in the note that they are suffering from "mental fatigue."

Former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant business professor at Washington's Howard University, are charged with racketeering conspiracy and other offenses.

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They are accused among other things of funneling thousands of dollars through American bank accounts to Hamas terrorists on the West Bank and the Gaza strip seeking to topple the government of Israel.

Both men say any money they furnished was destined for such purposes as clinics and day-care centers. Hamas is blamed for a number of murders, bombings and kidnappings. But the group also operates various charities and holds a 60 percent majority in the Palestinian legislative council.

Jurors heard three months of testimony in the case and have deliberated on the evidence for nine days.

In their note, they told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one.

Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m.

When lunch was delivered to the jury room around noon on Thursday, the laughter and chatter that came through the open door was relaxed and friendly sounding.

Correct This Wrong (MH)

The Miami Herald, January 26, 2007

The best thing to do when you make a mistake is to admit the error, apologize for the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar.

Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured.

All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria.

Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong.

No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. "This practice is abhorrent and stains America's reputation as a defender and protector of human rights," said Sen. Patrick Leahy, D-Vt., who is chair of the Senate Judiciary Committee. Sen. Leahy is right. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do.

HOMELAND RESPONSE:

FBI Reaches Out To Local Muslims (KINGDM)

By Aaron Royster, Miner Staff Writer

Kingman (AZ) Daily Miner, January 26, 2007

Special Agent John E. Lewis, who overseas all FBI operations in Arizona, talks with Muslim community members regarding their concerns while visiting the Kingman mosque, Masjid-E-Ibrahim, Tuesday night. Photo: AARON ROYSTER/Miner KINGMAN - Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night.

Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups.

"We highly appreciate their efforts," Farooqi said. "Now the distance (between communication) is reduced."

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Farooqi said he felt the night went well. He invited Lewis and two accompanying agents to share a meal with Muslim community members.

The evening began with Farooqi providing an explanation of Islam and the beliefs of its members. He said the Islamic faith is based upon a total submission to God and establishing a means of peace on earth.

"Islam is the religion of peace," Farooqi said. "Muslims are the people of peace."

Lewis followed Farooqi, explaining the FBI to the more than 20 community leaders present to help dispel misconceptions about his organization.

Lewis and Farooqi had met at the Phoenix FBI office in December, which led to the visit by Lewis.

Lewis explained the different focuses of the FBI: counter-terrorism, counter-intelligence, cyber-crime, public corruption, violent crimes, white-collar crimes, organized crime and drug trafficking.

He said counter-terrorism is the current No. 1 priority of the FBI, but white-collar crime was the No. 1 priority before 9/11.

Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI.

"It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience," Lewis said. "We're not in business, unfortunately, to deliver good news to you."

Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders.

Lewis added he has received complaints in the past from citizens who felt scared or mistreated following interactions with his office. But with that stark reality, he presented some hope for the future.

"The only way that we're going to correct the way we are today is ... time," Lewis said. "We got to push forward in time and get past this."

Lewis said he felt when he started over 30 years ago with the FBI that the open forum and discussion with community members wouldn't have happened. He said that one purpose of the outreach to the community by the FBI is to make it easier for community members to get involved with the FBI.

"We cannot do our job effectively if we believe we can do it alone," Lewis said.

Is The Gulf Coast Not Part Of Our Union? (USAT)

USA Today, January 26, 2007

President Bush's State of the Union address Tuesday included few surprises. He opened up with domestic policy and was predictably myopic about our quagmire in Iraq, seemingly immune to the pressure coming from both parties to get out of the ill-advised war. The president gets points for talking about immigration policy and for putting new ideas for health care reform on the table. But how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention?

To be sure, the federal government has set aside billions of dollars for the region's recovery. But 15 months after Hurricane Katrina hit the Gulf Coast and the levees broke in New Orleans, tens of thousands of people still are displaced.

Some people are desperately trying to get home, but Louisiana Gov. Kathleen Blanco's "Road Home" program has been paved with good intentions and poor delivery — just a fraction of the thousands who have applied for relief have received it. Habitable housing is being torn down to make way for "mixed-use" housing, and no provisions have been made for the poor who used to live in those projects. Children are being turned away from schools because there are too few to accommodate them. Citizens want to "stop the violence," but the social infrastructure to deter crime is essentially nonexistent.

Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens. A more sensitive president might acknowledge the pain that people still feel, but then again, this is a president whose mother observed that the Houston Astrodome, where people fled, was "working very well for them."

After the levees broke, wealthy New Orleaneans openly said that the city's footprint needed to shrink and that it should look different demographically, geographically and politically. At least one member of Congress said Katrina had done what public

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policy could not do. And Loyola Law School professor Bill Quigley, who is litigating on behalf of New Orleans' poor, has said recovery policies have been so biased that "you might as well put up a sign that says, 'Poor people, do not enter.' "

How could President Bush say that the state of our union is "good" when New Orleans has not yet recovered? If we can attempt to rebuild Baghdad but not New Orleans, what does that say about this country? And if Bush can spend so much of his address talking about Iraq, while Katrina recovery doesn't merit a mention, what does this say about his priorities?

Julianne Malveaux is an economist and author.

No Words For The Gulf (WP)

By Eugene Robinson

The Washington Post, January 26, 2007

More infuriating than anything George W. Bush said in his State of the Union address was what he didn't say. Congress and the nation heard nothing, zilch, nada, not a single, solitary word about New Orleans, the Gulf Coast and the devastation that remains from the worst natural disaster in United States history.

A disaster that happened on his watch. How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, "Brownie, you're doing a heck of a job." Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting.

They can't forget that, days after Hurricane Katrina made its tragic landfall, President Bush stood in New Orleans's historic Jackson Square, while most of the city still lay beneath brackish floodwaters, and said that nature's trials "remind us that we're tied together in this life, in this nation -- and that the despair of any touches us all."

Must have been a very light touch.

That night, Bush promised that "we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities." He vowed that "this great city will rise again." Then, as usual, he acted as if saying something were enough to make it true.

Bush said there was "no way to imagine America without New Orleans." No imagination is needed -- the New Orleans that we knew before the flood no longer exists. The remnant of a city that survives between the Mississippi River and Lake Pontchartrain has less than half the population of the New Orleans we used to know. Vast neighborhoods are full of houses abandoned to mold and decay.

Hundreds of thousands of residents still have no way to come home -- or no homes to return to. Vicious hoodlums have returned, however, and are preying on the diehards who never left and the pioneers who are doing their best to help the city rebuild. Yes, Brad Pitt and Angelina Jolie have just bought a house in New Orleans and say they will make the city their home. But they're likely to have better security than their neighbors.

New Orleans was doomed not just by Hurricane Katrina but by the failure of levees and flood walls that should have provided ample protection. The Army Corps of Engineers has worked day and night to patch the flood control system, and if a Katrina hit again tomorrow, most of the city should stay dry. But if a similar hurricane hit from a different angle -- or, heaven forbid, a stronger hurricane hit from any angle -- what's left of New Orleans would probably be destroyed.

The man who inspired Bush's immortal "Brownie" remark, Michael Brown, will go down in history as the Federal Emergency Management Agency director who botched the federal response to Katrina. But he intends to take others in the White House down with him. Last week, speaking to a group of graduate students, Brown claimed that he recommended that the White House assert federal control of the disaster response in the whole affected area.

"Certain people in the White House," Brown said, wanted to "federalize" the response in Louisiana to embarrass Gov. Kathleen Babineaux Blanco, a Democrat, but avoid taking any steps in Mississippi that would cast Gov. Haley Barbour, a Republican, in an unfavorable light. Brown did not name the White House officials who were behind these alleged machinations; a White House spokesman denied his claims.

I'm about as cynical as anyone about George W. Bush and his administration, but what I mostly saw in the days after Katrina was incompetence, not political gamesmanship. The scale of the disaster was almost unimaginable, and even if the federal government had done its job, lives would have been lost and the Gulf Coast left in ruins.

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What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. The logjam of insurance claims, construction permits, flood maps and levee projects keeps things from moving forward; businesses can't function without workers, and workers can't come home if they have no place to live.

What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?

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WAR NEWS:

Republican Senators May Offer Alternative Iraq Resolutions (LAT)

By Noam N. Levey

The Los Angeles Times, January 26, 2007

Scrambling to head off a potentially embarrassing congressional rebuke for President Bush's troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific "benchmarks" to the White House plan.

Sen. John McCain (R-Ariz.), who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged.

And Sen. John Cornyn (R-Texas), one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution.

"It says we need to give it a chance," Cornyn said, echoing the president's State of the Union plea to lawmakers Tuesday to give his plan "a chance to work." "We owe it to our servicemen and servicewomen to say what we're for, not just what we're against."

The legislative maneuvering comes after a rough two weeks for GOP lawmakers, who have been struggling to respond to Bush's deeply unpopular proposal to increase the number of U.S. troops in Iraq by 21,500 in the coming months.

If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq.

Six Republican senators have already expressed support for one of two resolutions that explicitly criticize the Bush plan, bringing Senate Democrats close to the GOP support needed to override any filibuster.

The first, more critical of the resolutions — sponsored by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.), Carl Levin (D-Mich.) and Olympia J. Snowe (R-Maine) — was approved by the Senate Foreign Relations Committee Wednesday and sent to the Senate floor.

The second — put together by Sens. John W. Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine) — has the support of seven other senators, including two Republicans.

The White House has been working hard to derail both of the resolutions, which — although nonbinding — would mark the first time Congress has challenged Bush's leadership of the 4-year-old war.

"What they really want to come out of this is no resolution," said Sen. Trent Lott of Mississippi, the No. 2 Republican leader in the Senate.

Cornyn said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan.

Cornyn's and McCain's comments come days after House Republican leaders proposed their own measure to establish benchmarks, which they challenged Democrats to support.

"The new majority has two choices," House Minority Leader John A. Boehner (R-Ohio) said Monday. "They can either try to stop the president's new strategy and block funding for our troops, or they can join us in aggressively holding the Bush administration and the Iraqi government accountable for achieving success."

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But Democrats — buoyed by public disapproval of the president and his Iraq plan — are pushing ahead with their plans to take on the White House.

Thursday, Sen. Richard J. Durbin (D-Ill.) took to the floor of the Senate to accuse Vice President Dick Cheney of being "out of touch with reality" for telling CNN that the administration has had "enormous successes in Iraq."

McCain Suggests Iraqi Government Meet Benchmarks (MERCN/MCT)

By Margaret Talev

The San Jose Mercury News, January 26, 2007

McClatchy Newspapers

(MCT)

WASHINGTON - Sen. John McCain, R-Ariz., one of the most stalwart supporters of the war in Iraq, said Thursday that he might propose that the Iraqi government meet certain benchmarks for the United States to continue its engagement.

Fellow senators and independent political scientists said McCain's thinking reflected growing concerns within the Republican Party about the course of the war, and also might mark a turning point for the likely 2008 presidential contender, whose previous unconditional backing of the war may have hurt his prospects.

McCain said Thursday that he hadn't yet decided on precise benchmarks. "They'd have to be specific and they (the Iraqi government) would have to meet them."

Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options."

Senate Minority Whip Trent Lott, R-Miss., a McCain ally, said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress.

"Everybody wants the situation to change. Everybody wants to lay down some markers," Lott said. "We need to see some results here. A lot of people would like to be on record on something or for something."

Andrew E. Smith, a political science professor and the director of the University of New Hampshire Survey Center, said: "I think it certainly could be politically significant." New Hampshire will hold the first presidential primary of the 2008 cycle.

"This seems to me like he's trimming his sails a little on the issue," Smith said, adding: "He has a lot of company with this. He's not out on a limb. I think there is probably a deep sense of frustration among Republicans."

McCain in no way is withdrawing his backing for the war or President Bush's plan to add 21,500 troops. It was unclear what consequences or timetables McCain would spell out or whether he believes that Congress has the authority to enforce them.

Still, several Senate Democrats who oppose the troop buildup and also may seek the presidency said they were struck by McCain's comments.

"We Catholics call that an epiphany," said Senate Foreign Relations Chairman Joseph Biden, D-Del., who's sponsoring the main Democratic resolution opposing the troop buildup.

Sen. Barack Obama, D-Ill., said, "I called for that . . . several weeks ago. I'm glad that John McCain agrees with me.

"He's somebody who has enormous influence with the White House. He's been one of the key champions of this escalation of troops," Obama said, "and I think the fact that he recognizes the potential lack of follow-through on the part of the Maliki government, I think that's good."

Congress is preparing to debate up to a dozen proposals addressing Bush's plan to increase U.S. troops in Iraq. Voting could begin as soon as next week. Senate Democrats are working with a group of moderate Republicans to seek compromise language opposing the buildup. McCain isn't among them. He's long advocated that more troops are needed.

Sen. Norm Coleman, R-Minn., said lawmakers on all sides of the war issue were weighing whether to set performance benchmarks for Iraq's government. "Maybe that's a way to bring some of these things together," Coleman said, referring to the various resolutions before Congress.

GOP Senators Wrestle With Iraq War Resolution (WP)

DOJ_NMG_0121733

By Jonathan Weisman

The Washington Post, January 26, 2007

Senate Republicans, scrambling to head off GOP defections to a resolution opposing President Bush's war policy, are considering their own resolution demanding benchmarks to measure progress in Iraq and possibly a new diplomatic effort to end the war, senators said yesterday.

Senators from both parties began preparing for a showdown with President Bush over his plan to increase troop levels in Iraq, although that showdown may be pushed back to the week of Feb. 5. Two rival camps opposed to the additional troop deployments continued to dicker over the wording of a resolution expressing the Senate's opposition, while GOP leaders and White House loyalists plotted a response.

Minority Whip Trent Lott (Miss.) conceded that his party's leadership could not head off a vote, as the White House wants. But GOP leaders will try to force a vote on a resolution that they hope will satisfy Republicans who are leery of the president's approach but are reluctant to oppose him.

"What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress," said Sen. George V. Voinovich (R-Ohio), who has expressed deep concern with the Bush policy but voted against a Foreign Relations Committee resolution of opposition Wednesday.

Democrats said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.).

Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and his resolution's co-author, Sen. Chuck Hagel (R-Neb.), requested a meeting with Warner and his supporters to try to negotiate a single resolution that could attract broad bipartisan support. Last night Warner rebuffed those overtures, saying that he will introduce his resolution on the floor as it is written and that any amendments will have to be made during open debate.

The two resolutions come to similar conclusions, opposing the introduction of an additional 21,500 troops, calling for more diplomacy and a regional peace effort, and demanding that U.S. troops be deployed away from urban sectarian hotbeds to guard Iraq's borders, hunt down terrorists and train Iraqi security forces.

But Warner's version starts with deferential language accepting Bush's constitutional powers as commander in chief, leaves rhetorical room for some additional troop deployments and treats the fight with Sunni extremists in Anbar province as a matter separate from the sectarian violence in Baghdad.

While the lawmakers negotiate, antiwar groups are launching a public relations blitz to sway Congress. A march on Washington is planned for the weekend. And a coalition of labor unions, liberal activists and Iraq war veterans, called Americans Against Escalation in Iraq, will barnstorm through Minnesota, Indiana, Ohio, Maine, New Hampshire, Pennsylvania and Virginia next week to pressure wavering Republican senators.

In each state, television advertising will show six ex-soldiers intoning: "When it comes to Iraq, America is divided. On the one hand, you've got two-thirds of the American people, a bipartisan majority in Congress, the Iraq Study Group and veterans like us, all opposed to the escalation."

Then, one of the veterans, who is missing an arm, concludes: "On the other hand, there's George Bush, who supports escalation. If you support escalation, you don't support the troops."

No Compromise Seen On Iraq Resolutions (AP)

By Anne Flaherty

AP, January 26, 2007

The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week.

Sen. John Warner, R-Va., former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq. His comments _ along with the emergence of other resolutions the Senate might consider _

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underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it.

Warner's decision bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive.

His decision to avoid bargaining also decreases the odds that a single resolution would emerge that would garner a strong, bipartisan vote reproaching Bush's plan, which the White House hopes to avoid.

Warner's resolution would put the Senate on record as opposing Bush's decision to send 21,500 more troops to Iraq. It leaves open the possibility that a small number of forces could be sent to the western Anbar Province, where al-Qaida members are believed to be operating.

The nonbinding measure is less critical than one approved Wednesday in a 12-9 vote by the Senate Foreign Relations Committee. That resolution _ introduced by Sens. Joseph Biden, D-Del., Carl Levin, D-Mich., and Chuck Hagel, R-Neb. _ states flatly that sending more troops into Iraq is "not in the national interest."

Any agreement on the two resolutions "should occur as a consequence of the will of the Senate, working in 'open' session," Warner wrote in a letter to Biden and other co-sponsors of the Democratic-driven resolution.

A full Senate vote could come as early as the week of Feb. 5, with debate beginning next week. The House is expected to follow with a vote on a similar measure.

Amid the maneuvering, House Speaker Nancy Pelosi, D-Calif., and Rep. John Murtha, D-Pa., led House members on a fact-finding trip to Iraq. And other Democrats attacked Vice President Dick Cheney for comments in a CNN interview Wednesday defending administration policy in Iraq.

"To have Vice President Cheney suggest that we have had a series of enormous successes in Iraq is delusional," said Sen. Dick Durbin, D-Ill.

As the Democratic-led Senate steams toward a vote on Iraq, Republicans crafted their own proposals in hopes of staving off GOP defections. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., drafted separate resolutions that would voice support for the administration's Iraq policies.

Sen. John McCain, R-Ariz., said he is interested in drafting a resolution that would establish benchmarks by which the U.S. could measure the effectiveness of the troop increase.

Republican leaders, however, were unlikely to try to corral members behind a single position. Also, any agreement probably would look unfavorable for the White House because so many members have grown tired of the nearly four-year war.

David Satterfield, the State Department's senior adviser on Iraq, told a Senate panel Thursday that the increased security afforded by extra troops will make it easier to oversee rebuilding efforts in Iraq.

"We know there are no silver bullets, no guarantees regarding the question of Iraq. ... But the situation now in Iraq, and the stakes for the United States, the region and the international community, are extraordinary," Satterfield said.

Members of the Senate Foreign Relations Committee responded that they were wary of pouring more money into rebuilding without a political settlement and improved security.

"I want you to know that I am not inclined to support any additional funding in this area without strong assurances that this sort of mismanagement has been alleviated," said Sen. Jim Webb, D-Va.

White House chief of staff Joshua Bolten said in an interview Thursday with National Public Radio that the administration does not expect Congress to cut the purse strings for the war. But he said the administration has some concern that the ill will that U.S. policy in Iraq has generated on Capitol Hill could hamper the ability for lawmakers to work with the White House on other issues.

"To some degree there will inevitably be some hangover of that issue into other areas, but that doesn't mean we shouldn't do the people's business," Bolten said.

US Senators Feel Weight Of Iraq Vote (CSM)

By Gail Russell Chaddock

DOJ_NMG_0121735

The Christian Science Monitor, January 26, 2007

WASHINGTON

Back in 1971, Vietnam veteran John Kerry gave a face to the antiwar movement with a single question in televised testimony before the Senate Foreign Relations Committee: "How do you ask a man to be the last man to die for a mistake?"

This week, Senator Kerry reprised the argument before the same panel: "How many of you here at this table believe what's happening [in Iraq] is a mistake today?" he asked, as the Foreign Relations Committee took the first congressional step opposing the strategy in Iraq since lawmakers authorized the use of force in 2002.

In the end, 12 senators – all the Democrats on the panel plus one Republican, Sen. Chuck Hagel of Nebraska – backed a non-binding resolution opposing President Bush's "new way forward" in Iraq. The vote came 16 hours after Mr. Bush appealed to lawmakers, in his State of the Union address, to give his plan to add 21,500 US troops to the forces fighting in Iraq "a chance to work."

As the resolution moves to the full Senate next week, it's clear that deep disagreements exist within each party over how best to express doubts about the Iraq war. The result is a vivid – and very public – grappling over the terms of their disagreement.

At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote.

Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way.

"The president is deeply invested in this plan, and the deployments opposed by the resolution have already begun," warned Sen. Richard Lugar (R) of Indiana, the committee's ranking Republican, before the vote on Wednesday. "This resolution will increase the divide between the executive and legislative branches that is already unacceptably wide," he added, cautioning his colleagues not to give in to frustration with a White House that has not listened to the Congress in the past.

Those concerns are at the center of intense negotiations, as senators grapple with how to find words that will bring enough Republicans on board to get the attention of the White House, but not send a message of defeat to the troops.

The White House and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq.

"The goal is to try to salvage this thing and not send additional troops over with a message of disapproval from the Congress," says Sen. John McCain (R) of Arizona, who supports the president on sending more troops to Iraq.

In a first move toward achieving a bipartisan consensus, the resolution's supporters agreed to drop any reference to the president's "escalating" the war in Iraq. For many Republicans, it's a loaded term that both recalls the Vietnam quagmire and appears to give Congress a claim to "micromanage" the commander in chief. Sens. Joseph Biden (D) of Delaware, Carl Levin (D) of Michigan, Olympia Snowe (R) of Maine, and Hagel, cosponsors of the resolution, agreed to drop it.

"We can't have 535 commanders in chief, and if you think the US is doomed to fail, please remember that the enemy is listening," says Sen. Lindsey Graham (R) of South Carolina, a member of the Senate Armed Services Committee, who opposes the resolution.

In a sharp disagreement with Kerry, Sen. Jim Webb (D) of Virginia cautioned colleagues to avoid comparisons between the Iraq war and the Vietnam War. "We're losing the support of a lot of people who supported the Vietnam War and who have problems with this [war in Iraq] if we try to lump [them] together," he said.

In the Vietnam era, senators also struggled to maintain a distinction between opposing Vietnam War policy and opposing the US forces fighting it.

"The dean of the antiwar resolutions in Vietnam, [Idaho's Democratic] Sen. Frank Church, was constantly trying to make this distinction," says Julian Zelizer, a congressional historian at Boston University. In the congressional debate over the Iraq war, "there's a very similar rhetorical strategy now to that period," he adds.

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In the next few days, sponsors of a second resolution opposing the new White House strategy on the war – especially the involvement of US forces in combating sectarian violence – will be trying to line up backers. "Our resolution does not provide a reduction of the US forces now or provide a timetable, but it calls on the president to consider all options," specifically along the lines of the Iraq Study Group recommendations, says Sen. John Warner (R) of Virginia, the top Republican on the Armed Services Committee.

After the vote of the Foreign Relations Committee, backers of the alternative resolution – Senator Warner and cosponsors Susan Collins (R) of Maine, Norm Coleman (R) of Minnesota, and Ben Nelson (D) of Nebraska – said they had five other Democratic cosponsors for it. Both resolutions could come to the floor as early as next Wednesday.

Some criticize the resolutions as soft-pedaling. "This is not a time for legislative nuancing," said Sen. Russ Feingold (D) of Wisconsin Wednesday. "This is a time to stop the needless deaths of American troops in Iraq."

Brownback Could Back Rival Resolution Against Troop Increase (MERCN)

By Sam Hananel

The San Jose Mercury News, January 26, 2007

WASHINGTON - Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language.

Brownback, among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive.

"I think what we ought to be discussing now as these resolutions move forward is what we should support, not what we're opposed to, and what we can pull together on, not what we're divided on," Brownback said during a conference call with reporters.

The Senate panel on Wednesday passed a resolution that rejects Bush's plans to send 21,500 more troops to Iraq as "not in the national interest." The vote on the nonbinding measure was largely along party lines, though Sen. Chuck Hagel, R-Neb., joined Democrats in offering his support.

Brownback, who is running for the 2008 GOP presidential nomination, said he prefers a milder resolution drafted by Sen. John Warner, R-Va., that leaves open the possibility of Bush sending in a much smaller number of troops.

"I believe we've got to get to a political solution. We cannot impose a military solution," Brownback said. "I also believe we have to be united here to win over there. You can't have a war with one party supporting it and one party opposing it."

Several GOP Senators, including Susan Collins, R-Maine, Norm Coleman, R-Minn., and Ben Nelson, D-Neb., have backed Warner's resolution and other Republicans, like Brownback, say they might be willing to sign on as well.

Despite his opposition to the resolution, Brownback he remains against the idea of sending more troops to Iraq.

"The Iraqis need to do the patrolling in Iraq and we should be fighting terrorists and not becoming targets for terrorists," Brownback said. "I think sending more troops delays some of those requirements that we need to have."

Asked if he would vote against funding an increase in troops, Brownback said, "I'm not at that point."

He has called on the Bush administration to step up diplomatic efforts to quell the violence in Iraq. Ultimately, Brownback said he expects to see a "three-state, one country solution" for Iraq, where the nation is divided into Sunni, Shiite and Kurdish regions, with Baghdad as a federal city.

Pataki Breaks Ranks, Opposes Iraq Troop Proposal (AP)

By Mark Humbert,

AP, January 26, 2007

ALBANY - Former New York Gov. George Pataki, breaking ranks with President Bush and the front-runners for the 2008 Republican presidential nomination, says he opposes the president's plan to send more than 20,000 additional American troops to Iraq.

Pataki's position, at odds with the support offered Bush by Sen. John McCain, former New York City Mayor Rudolph Giuliani and former Massachusetts Gov. Mitt Romney, was made public Thursday as aides released excerpts of a speech the former governor was to deliver Friday at Georgetown University.

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"A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq," said Pataki, who is eyeing a run for the 2008 nomination. "And I share the doubt of many that 20,000 additional troops alone will assure a successful democracy."

"Sending more American troops into Baghdad is unnecessary to achieve the core victory over al-Qaida in Iraq," he added. "A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki, whose eldest son is a Marine facing possible deployment to Iraq, said "before the United States government puts more troops in harm's way in Baghdad we must have confidence that the Maliki government will be an active partner in this effort."

Pataki spokesman David Catalfamo said the former governor wasn't ruling out possible future support for the Bush-backed initiative, but only if the Iraqi government proved it was getting control of the country and taking on more of the responsibility for security there.

"We must detail to the Iraqi government the terms under which we will continue to prop up its weak and struggling institutions," said Pataki. "If they want Americans to continue to die in defense of their government, if they want Americans to continue to pour tens of billions of dollars into their people's schools, services, and security, we can and must first demand action on their part."

While Pataki's comments appeared as a sharp departure from his past support of Bush on the Iraq war, the former governor began expressing reservations about the U.S.-Iraq policy after a November trip to the war zone when he said the Iraq government "is not delivering the security or the services that the people of Iraq need. That has to change and that has to change quickly."

The remarks released Thursday make it clear Pataki believes that had not happened.

"An oppressive majority can ignore the rule of law or use the power of government to deny opposition groups basic human rights," he said. "Unconstrained majorities can act in the interest of good or evil, or simply choose not to react to the evil of others. To a large extent, that has happened in Iraq."

Catalfamo said he did not expect Pataki to use the speech to announce his intentions about running for president. Pataki chose not to seek re-election last year after three terms as governor. National polls have shown Pataki trailing far behind McCain, Giuliani and Romney.

Feingold Pushes Plan To Cut Off War Funds (POL)

By John Bresnahan

The Politico, January 26, 2007

Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war.

Feingold, a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic.

Republicans "would like this debate to be as whether or not we are going to be cutting off money for the troops," Senate Majority Leader Harry Reid recently told The Politico. "The logical conclusion is that a lot of things can happen. But right now, the most important thing is to tell the president that what he has done with the escalation is wrong. And that's what we are doing, bi-partisanly."

Feingold, who chairs the Subcommittee on the Constitution, will question several witnesses, including a Library of Congress official and legal experts from Harvard, Duke, and the University of Virginia, on the issue. Senior Bush administration officials have publicly argued that Congress' has no such right, but Feingold plans to introduce legislation to force President Bush to American forces out of the troubled country.

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"Congress holds the power of the purse and of the president continues to advance his failed Iraq policy, we have have the responsibility to use that power to safely redeploy our troops from Iraq," Feingold said in a statement released by his office on Thursday. "I will soon be introducing legislation to use the power of the purse to end what is clearly one of the greatest mistakes in the history of the nation's foreign policy."

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by kevinizon on 01.26.2007 at 12:33 AM

Well at least we can all have a dialogue about all this.

Interesting that everyone went crazy at Hotspur's comments, even tho they're entitled to an opinion.

Obviously some people have not been around the last 6 years when Bush said -- about every single thing -- we're doing it my way and thats that. He definitely feels that he's king, and that the lord speaks to him personally, and thats fine. But not everyone subscribes to this ideology, and now some ideas are being bandied out. Man, everyone gets real freaked out when ideas are bandied about! Remember ideas?

No one wants "failure" in Iraq -- another buzzword bandied about ridiculously. What these congresspeople are doing is to try to steer the course towards something that WILL work.

As a last resort, if we all check our news sites, is that we can blast everyone with the new 'heat ray' and they'll all scatter.

http://www.news24.com/News24/World/News/0,9294,2-10-1462_2059990,00.html

by menino on 01.26.2007 at 12:24 AM

I think its immaterial whether 70 or 7 percent are against the war. I think we should get out of Iraq. I imagine Bin Laden and al-Sadr feel the same way. Does that mean NOT getting out of Iraq is a better idea? No, it's worse. It's worse because it proven to be an endeavor that is not nearly worth the cost. I don't think we should have to sacrifice 3000 lives and tens of thousands maimed, AND almost 400 billion dollars....so that a country can have a democracy that did not develop organically withouth any lasting social or economic institutions held over from the previous regime. It doesn't matter that evil people want the same result that I do. No one will seriously doubt American power if we plan a stategic rereat (yes, RETREAT I have no problem with that word.)No one disputes America's unrivaled capability to execute a lightning fast, compeltely integrated (in terms of air, land, and sea), and surgically peformed invasion. No one will dispute that for a long time. The U.S is at least thirty years ahead of any country in terms of military capabilities. We have zero moral authority, it was exhausted with this fiasco. If we do pull out of Iraq, people will still think we can bomb the crap out of their country, and they'll think we can't occupy it, which is both true and something we shouldn't be doing anyway.

by ATLMerlinAF on 01.26.2007 at 12:09 AM

I think, instead of throwing personal attacks at the SENATOR (elected by his people), we need to consider the merit or lack of merit his proposition. The Senator is correct in his assertion that the Congress can allocate funding how it so chooses, especially as it pertains to the military [U.S. Constitution Article 1 Sections 7 and 8]. If we were to divulge into a Constitutional debate, there would be ?experts? for and against such an assertion but in the end, the Supreme Court will refuse to settle this dispute between the Executive and the Legislature, as it has done on no less than 3 occasions in the past. The core issue is: does this plan lack credibility, and I think it does. Why? Because by virtue of proposing this extreme to the President?s extreme of introducing more troops (humor me for a moment), the Congress is forced to fill in the gaps between the two extremes. At this juncture, the only true, enforceable alternative to President Bush?s plan is to withdraw funding but, I am almost certain that in order to avoid voting on a Fiengoldesque piece of legislation, members of Congress will be forced to develop more alternatives, which is a good thing. Who knows, maybe from the firestorm that will start because of the introduction of such a bill we may reach a happy medium and a true course in Iraq for the entire country to get on board with, which is, I think, how the framers would have envisioned such a quandary to play out. Ladies and gents, this is politics at its best. People are going say and do things that appease certain portions of the electorate so that they can maneuver themselves politically, especially as it pertains to their constituency. In politics, you can never take something at face value; as McNamara said about the Cuban Missile Crisis in the

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movie 13 days ?this is language to the likes of which the world has never seen. This is President Kennedy communicating [indirectly] to Premier Kruschev?. I would like to rephrase that as ?this is Cong

by dandy on 01.26.2007 at 12:06 AM

I hear a lot of comparasion of Iraq to WWII, but if we hadn't bombed everything and killed anything and everything the war would have lasted a lot longer. The insane and homo Hitler was one of our biggest allies and didn't even know it. He killed off so many of his brightest generals, tied their hands and wouldn't let the fight the way they needed to and couldn't properly supply them. If we hadn't been fighting their second stringers, replacement units and units recovering from the eastern front we might be speaking German or still fighting. Ever hear of the "Battle of the Bulge" again unable to supply his army. If we had to fight WWII the way were fighting in Iraq we would be speaking German. You cann't win a polically correct war in short order. And you cann't win with a bunch of cowardly "DEMOCRATS" running the show.

by Dexter on 01.26.2007 at 12:02 AM

If the same sort of polling technology that we have today were available in the late 1700s, we might still be British colonies. in the 1870s, the South might be their own nation.

The cold hard fact is that we are a Representative Republic. We are not a Democracy. The Founders were smart enough to realize that a Democracy is too unstable, in that the emotion of the public on any given day is too fluid. If the public on one day polled to got the troops out, and IF we were a democracy, then we might move the troops out. If on the next day we polled and found that the majority wanted the troops, do we move them back in?

The founders designed our government to be deliberate and slow to act. I government that can react quickly dissolves into a reactionary one, that gets nothing (or too much) done. The President is, by DESIGN, the sole Commander in Chief. The Founders wanted it this way, so that the people elect a person they trust to be the international REACTOR for the government for four years, who doesn't have to worry about the pulse of the Nation.

The Founders designed this Republic to operate as it is now. Who are we to argue with this design?

Dexter

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U.S. Is Neither Winning Nor Losing War In Iraq, Most Americans Say (WSJ)

The Wall Street Journal, January 26, 2007

A recent Harris poll finds 29% of Americans feel the U.S. is losing in Iraq, compared with 10% who feel the U.S. is winning and 52% who said the U.S. is neither winning nor losing.

The poll, which was conducted Jan. 11 to 18, after President Bush proposed increasing troops in Iraq but before his State of the Union address, shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent.

The online survey of 2,337 U.S. adults shows most Americans are also maintaining a negative outlook for the situation in Iraq: 61% said they aren't confident U.S. policies in Iraq will be successful, compared with 19% who have confidence in U.S. policies. Likewise, 55% say the situation for U.S. troops in Iraq is getting worse, compared with 13% who say it is getting better.

However, the poll indicates more Americans may be falling behind Mr. Bush's proposal to boost U.S. troops in Iraq: 27% of those polled said the U.S. should send more troops for a few months to stabilize the situation, up from 19% in November. Forty-four percent think a timetable should be set for the withdrawal of troops from Iraq, down from 51% in the previous poll, and 20% said the U.S. should withdraw all troops now.

When asked whether Mr. Bush appears to be listening to his generals on Iraq, 39% of respondents said they believe he is listening, but he isn't taking generals' advice and another 17% said he isn't listening to them at all; 19% think he is following their advice, while 25% aren't sure.

Here are full results of the poll: * * * "Overall, how would you rate the job President Bush has done in handling the issue of Iraq over the last several months?"

Base: All adults

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Note: Percentages may not add up exactly to 100% due to rounding. * * * "How confident are you that U.S. policies in Iraq will be successful?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Thinking about everything that has happened, do you think that taking military action against Iraq was the right or wrong thing to do?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you think that the situation for U.S. troops in Iraq is…?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you believe there is a civil war in Iraq now?

Base: All adults * * * "Which of the following possible scenarios would you like to see the US government undertake with regard to Iraq?"

Base: All adults * * * "Which of the following is closest to your opinion?"

Base: All adults * * * "Which one of the following statements about the situation in Iraq is closest to your opinion?"

Base: All adults * * * "Do you believe President Bush has been listening to his generals when it comes to the situation in Iraq?"

Base: All adults

Methodology:

Harris Interactive conducted this online survey in the U.S., Jan.. 11-18, 2007, among a nationwide cross section of 2,337 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

Big Antiwar Rallies Set For L.A., D.C. And Other Cities Saturday (LAT)

By Adam Schreck And Valerie Reitman

The Los Angeles Times, January 26, 2007

WASHINGTON -- Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall.

Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war.

"The message will be 'Mr. President, bring our troops home,' " said Rep. Lynn Woolsey, D-Calif., one of several politicians, activists and actors scheduled to speak in Washington.

The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, one of the rally sponsors, is also scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins.

"We're predicting this will be one of the largest demonstrations since the war began," said Leslie Cagan, national coordinator for United for Peace and Justice, the umbrella group organizing the Washington protest.

About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil.

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Sgt. Scott Booker of the U.S. Park Police said organizers had initially requested a permit for 50,000 people on the Mall, but Khalil said Thursday that organizers are now expecting numbers to reach into the hundreds of thousands. When asked if he thought the revised estimate was realistic, Booker said, "It's quite possible."

The protests come at a time when polls show public support for Bush's Iraq policy and for the war itself are at all-time lows. A Times/Bloomberg poll last week found that 62 percent of those surveyed said the war was not worth fighting, and only one-third approved of the president's handling of the war. Three out of five respondents said they disapproved of Bush's plan to send an additional 21,500 U.S. troops to Iraq, and about half said they wanted Congress to prevent the deployment.

Saturday's rally and march in Washington will be followed by a coordinated lobbying effort Monday to pressure lawmakers into supporting Senate and House resolutions against the deployment of additional troops to Iraq. Cagan said around 800 protesters are planning to speak with members of Congress.

Former Rep. Tom Andrews, D-Maine, national director of Win Without War, said the rally and appeal to lawmakers are part of the "most sophisticated and focused effort so far" against the war. Organizers are also calling on Congress to fully fund benefits for veterans and pay for reconstruction in Iraq.

"This is truly a movement," Andrews said. "We intend to step up and keep up pressure on Congress."

He added that plans by lawmakers to pass nonbinding resolutions against the war, such as one approved by the Senate Foreign Relations Committee on Wednesday, are not enough.

Schreck reported from Washington and Reitman from Los Angeles.

Antiwar Protesters Target Congress (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 26, 2007

When thousands of Iraq war protesters gather in Washington Saturday, their chants and amplified speeches are likely to be heard inside the secure grounds of the White House where the commander in chief has made his case for sending more troops into combat.

But the other end of Pennsylvania Avenue – the Capitol and the Democratic-led Congress – is where they most aim their message.

House Speaker Nancy Pelosi is the main political target. War protesters want something tougher than nonbinding resolutions opposing the "surge" in additional US forces. Some want hearings on the controversial basis for the war itself, perhaps leading to the impeachment of President Bush.

It's not just the nation's capital, where busloads of people from at least 30 states are headed to make their voices heard.

Around the country, lawmakers' district offices are feeling the heat as well through Quakers' peaceful "vigils" and the occasional act of civil disobedience. In one recent case, the Episcopal bishop of northern California was arrested for blocking the door of the federal office building in San Francisco. And marches and rallies are planned in other cities, including Orlando, Fla., Seattle, San Diego, and Newark, N.J.

Major organizations are working to ensure that events do not include fringe groups and speakers, such as anarchists or socialists. Until recently, "people on the far left got control of the agenda and it became marginalized, even though the sentiment in the country increasingly became antiwar," says one organizer, who wished to remain anonymous. These days, such events feature labor union members, environmentalists, and especially active duty military people, says this source.

Organizers of the Washington event are anticipating between 300,000 and 500,000 people. Among Americans, 70 percent opposed a troop surge, according to a recent AP-Ipsos poll.

Movement organizers are careful not to indicate anything other than strong support for the troops.

"A big difference between the antiwar movement now and the one in Vietnam is that there has not been – even among the most radical of them – attacks on the troops themselves," says political scientist John Allen Williams of Loyola University Chicago. "That is absolutely crucial."

That's one reason Tim Kahlor of Temecula, Calif., will join protesters in Washington.

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He turned against the war when he had to send his soldier son in Iraq proper body armor and night-vision equipment. "I got ticked off, and it snowballed," says Mr. Kahlor. "I started out as an upset parent trying to protect my son's unit and ended up spending hours every day writing letters and e-mails," he says, adding, "I'm just as ticked at the Democrats as the Republicans."

Nearly four years into the war, new antiwar recruits planning to travel to the rally in Washington include people like Judy Hess, who hasn't protested anything since she was in college during the Kent State shootings in 1970 when four Vietnam War protesters were killed by US National Guard troops.

"I was politically aware, politically interested, and always voted...." says Ms. Hess of Chula Vista, Calif. "But it was this war and how we got into it that really got me active."

Across the country, retiree Beverley Wiskow of Inverness, Fla., whose son-in-law has been serving in Iraq since July, will drive with three others to Washington for the protest rally and march.

"Congress clearly is not doing anything," she says. "The only hope for ending this is for the American people to say if you won't listen to us at the ballot box, perhaps you'll listen to us in the streets. I think our democracy is at stake."

Charlie Williams will leave his coffee shop in Daytona Beach, Fla., to drive north. "I think it's the moral thing to do, the right thing to do," he says. "I don't want my country getting involved in all this stuff."

These days, Phil Restino of Daytona Beach, Fla., has been spending most of his waking hours fielding calls from people in Florida and Georgia who are looking for rides to Washington or wanting to donate money.

"The phone has been ringing off the hook," says Mr. Restino, an Army veteran active with Veterans for Peace. "I haven't shaved in two days."

Eileen Fleming of Clermont, Fla., already has appointments with representatives of her two US Senators Mel Martinez (R) and Bill Nelson (D) in Washington. "We just have to hold [members of Congress] to the fire to do what we elected them to do, which is rise up and question this president, not just rubber-stamp everything."

Antiwar activities began earlier this week. A coalition of student, labor, church, and veterans' groups visited the offices of 17 US senators the morning after Mr. Bush's State of the Union address to Congress. Veterans for Peace formed up for a political assault in Washington beginning Thursday and scheduled to include a "grass-roots congressional education day" when lawmakers return to work Monday.

"The 109th Congress shirked their responsibility," says Michael McPearson, executive director of the veterans' group based in St. Louis. "The 110th Congress must stand up to the president. This is why they were elected."

Meanwhile, state legislators in half a dozen states are expected to introduce resolutions opposing what critics say is an "escalation" of US forces in Iraq.

But nonbinding resolutions don't satisfy many war opponents. Some activists want Speaker Pelosi to launch an investigation under congressional powers of impeachment.

"We're pressuring her to see if she'll let the Judiciary Committee do their work," says Norah Foster, co-chair of a San Francisco-area antiwar group that's also launched a "Pelosi Watch" to keep the spotlight on the new House speaker. "We feel that it's too important to wait; it's too serious."

"What's happening is, the left is trying to stiffen the resolve of the mainline Demo-crats," says Dr. Williams, who's also a retired naval reserve captain. The question for the political left on the eve of major demonstrations, he says, is "Do you want to be effective, or do you want to be cathartic?"

Groups Head To Capital To Step Up Antiwar Drive (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Tens of thousands of demonstrators are set to arrive in the capital this weekend for a major antiwar march, staging the first of several protests intended to persuade the new Democratic-controlled Congress to do more than simply speak against President Bush's Iraq policy.

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But do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest.

So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race.

Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops.

Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February.

"The face of antiwar is not what it was in the '70s," said Jon Soltz, a veteran of the Iraq and Afghanistan wars who is the chairman of a group called VoteVets.

If members of Congress are slowly finding their voice opposing the administration's Iraq plan, aides to lawmakers say, it is in no small part because of the face-to-face lobbying campaign that is a central piece of the strategy employed by Americans Against Escalation in Iraq. The group plans to spend up to $9 million, said its spokesman, Brad Woodhouse, which they expect to raise through Internet solicitations and individual donations.

Mr. Soltz and nearly a dozen other veterans have been walking the halls of Congress, and they have had no problems getting appointments. One day last week, they held back-to-back meetings with Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, Democrats who are running for president in 2008.

"This battle to oppose the escalation is as important as the original battle in Iraq," said Jonathan Powers, who spent 14 months serving in Iraq as a captain with the First Armored Division. He laced up his beige combat boots and put on a blue suit as he went to Congress on a recent day of lobbying.

Senate leaders said Thursday that it appeared unlikely that any vote on an Iraq resolution would occur until the week of Feb. 5. Efforts to meld differing resolutions opposing the troop buildup faltered Thursday when Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska, chose not to negotiate with those behind a competing plan approved by the Foreign Relations Committee.

Senator Joseph R. Biden Jr., the Delaware Democrat who is the chairman of the panel, and his allies had offered to try to merge the resolutions, saying the differences could be overcome, clearing the way for a consensus measure.

But Mr. Warner has been reluctant to consider the idea of merging the two, a move that could bring a strong bipartisan vote against the president. In a written response to Mr. Biden, Senators Warner and Nelson said they would rather work out any disagreements on the floor "as a consequence of the will of the Senate."

In an interview on Thursday evening, Mr. Biden expressed disappointment that Mr. Warner did not agree to negotiate, but he added that a full-fledged debate on the Senate floor would be "healthy."

Mr. Coleman said he saw the Warner approach as less partisan than the plan offered by Mr. Biden and allies who included Senator Chuck Hagel, Republican of Nebraska.

"The Warner resolution, I think, offers an opportunity for a lot of us to express a concern about an aspect of the policy without taking a shot at the president," Mr. Coleman said.

The White House spokesman, Tony Snow, acknowledged the administration had been talking with Mr. Warner about his initiative. "We're trying to take his temperature on what he intends," Mr. Snow said.

Supporters of the president's policy were developing resolutions of their own. Senator John McCain, Republican of Arizona, said he would propose giving the Iraqis a series of benchmarks to demonstrate progress. A draft proposal from Senator John

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Cornyn, Republican of Texas, declares that "the United States military leadership in Iraq should be given a reasonable chance to execute the new plan for Iraq."

Senator Harry Reid of Nevada, the majority leader, began trying to frame what could be a muddled procedural fight in the Senate by emphasizing that in the end, there is likely to be a bipartisan majority of senators going on record in opposition to Mr. Bush's approach in Iraq.

"For the first time in an intractable war," Mr. Reid said, "a bipartisan group of senators is going to tell the president that 'what you are doing is wrong."

But it remained an open question whether critics of the war would wait patiently for Democrats and Republicans to reach agreement.

"The country has told us they don't like what's happening, and they want us to do something about it," said Representative Lynn Woolsey, a California Democrat who is one of four members of Congress (none of them senators) scheduled to attend the rally on Saturday. "Congress has yet to keep up with the public."

Americans Against Escalation in Iraq receives its organizational and financial muscle, at least in part, from the Service Employees International Union, the largest labor organization in the country, which wields significant influence in Democratic politics. For the first time, the union is speaking out against the plan to increase troops in Iraq.

"There was an election that showed clear consequences," said Andrew L. Stern, the president of the union. "It's incumbent on Democrats to express their disagreement with the president."

While Democrats have shown little reticence speaking against the president's plan, there is little agreement on the next step. Next week, Senator Russell D. Feingold, Democrat of Wisconsin, is convening a hearing to discuss the ways in which Congress can begin blocking the financing for the war, an idea that remains deeply controversial inside the party.

"It's a walk in the park right now to oppose the idea of this war. It's also very easy to oppose the escalation," Mr. Feingold said. "They are once again being too timid and too cautious."

Insurgents Will Find No Place To Hide, Al-Maliki Says (USAT)

USA Today, January 26, 2007

BAGHDAD — Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide.

In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional U.S. troops who have begun arriving in the capital. President Bush has said Iraq's government must crack down on sectarian militias as a first step to reducing violence.

"There will be no safe haven — no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties," al-Maliki said. He said his determination had already borne fruit. "I know that senior criminals have left Baghdad, others have fled the country," he said.

White House spokesman Tony Snow called al-Maliki's speech "a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about … and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Al-Maliki vowed to reverse the sectarian violence that has driven thousands from their homes. "We will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," he said.

The ensuing debate was contentious. Abdul-Nasser al-Janabi, a Sunni legislator and cleric, took the floor and accused the Shiite-dominated government of carrying out purges against Sunnis. Al-Maliki angrily denied the accusation and refused to shake hands with al-Janabi after the session.

Also:

•The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of a strategy to weaken Iran's influence across the Middle East and compel it to give up its nuclear program, The Washington Post reported on its website late Thursday. The "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, the Post said.

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The newspaper cited anonymous government and counterterrorism officials who said their standing with the White House would be at risk if they were named. The information could not be independently verified.

•A suicide car bomb ripped through a Shiite neighborhood in Baghdad on Thursday, killing at least 26. Shortly before the bombing, two rockets slammed to earth in the Green Zone near the U.S. Embassy, wounding five people.

Al-Maliki Promises A Safe Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 26, 2007

BAGHDAD -- Prime Minister Nouri al-Maliki pledged in a speech to parliament yesterday that the militants who have made life intolerable in Baghdad would not be safe anywhere in Iraq in the face of a coming U.S.-Iraqi security sweep.

Mr. al-Maliki did not reveal the details of the plan, which he has dubbed "Operation Imposing Law," or say when it would begin. But he made clear that it would not be the last such battle against the militants.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

As if to underline the urgency of the security drive, an extremist exploded a suicide bomb in the Shi'ite neighborhood of Karradah, killing at least 26 persons just hours after the prime minister spoke. In other violence, two rockets slammed into the Green Zone not far from the U.S. Embassy.

Meanwhile, the mayor of Baghdad's Sadr City said he reached agreement with political and religious groups to keep weapons off the streets of the heavily populated Shi'ite militia stronghold, and has presented the deal to U.S. and Iraqi government officials in an apparent attempt to avoid a crackdown on the area.

Rahim al-Darraji said Iraqi troops will be in charge of security in the sprawling district in eastern Baghdad. His comments come amid fears that Sadr City, the main headquarters of the Mahdi Army militia, could be a major target in the planned crackdown.

U.S. officials have indicated that the security operation, to which President Bush has pledged an additional 21,500 troops, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed yesterday to go after those behind Baghdad's rampant violence regardless of their sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

Past attempts to secure the capital have failed, and many critics said it was because Mr. al-Maliki intervened to protect members of the Mahdi Army militia that is run by one of his prime political backers, Shi'ite cleric Muqtada al-Sadr.

Cleric Abdul-Nasser al-Janabi yesterday accused the Shi'ite-dominated government of carrying out purges against Sunnis, the minority Islamic sect in Iraq.

"The firing of officers and civil servants under the pretext of de-Ba'athification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," Mr. al-Janabi implored, adding that Sunnis do not trust the government.

Mr. al-Maliki counterattacked by implying that Mr. al-Janabi was responsible for the kidnapping of 150 persons in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area, and you don't speak about them," Mr. al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

In his address, Mr. al-Maliki also called on lawmakers to enact laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Ba'ath Party membership.

Mr. al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," Mr. al-Maliki said.

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White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

After the car bombing, angry Karradah residents took to the streets chanting, "We want the Sunnis out." It was the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, a resident said.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public-address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five persons were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently, but reported casualties are rare.

Police yesterday reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shi'ites over security.

Iraq Leader And Sunni Officials In Sectarian Clash On Security (NYT)

By Marc Santora

The New York Times, January 26, 2007

BAGHDAD, Jan. 25 — Iraq's Shiite prime minister and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit.

The uproar revolved around the new Baghdad security plan, but it came as the prime minister, Nuri Kamal al-Maliki, is under increasing pressure to demonstrate even-handedness. President Bush's new strategy for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants.

In Parliament on Thursday, Mr. Maliki focused his anger on Sunni lawmakers, accusing one of being involved in sectarian kidnappings. The confrontation erupted after Mr. Maliki described the outlines of the new Baghdad security plan and pledged there would be no "safe haven" for militants.

The leader of a powerful Sunni bloc, Abdul Nasir al-Janabi, provoked Mr. Maliki, saying over jeers from Shiite politicians, "We cannot trust the office of the prime minister."

His microphone was quickly shut off, and Mr. Maliki lashed into him, essentially accusing him of being one of the outlaws he had just said would not be granted sanctuary.

"I will show you," Mr. Maliki said, waving his finger in the air. "I will turn over the documents we have," implying that the legislator was guilty of crimes.

While the politicians battled in Parliament, the sectarian battle on the streets went on unabated, with 25 people killed by a suicide car bomb in a Shiite neighborhood in Baghdad.

It was the latest in a series of attacks directed at Shiites, claiming more than 200 lives in little more than a week and increasing pressure on Mr. Maliki to restrain his supporters from exacting revenge. Sunni leaders and critics of the administration's strategy remain deeply skeptical about Mr. Maliki's ability or desire to confront the Shiite militias, particularly the Mahdi Army of Moktada al-Sadr, one of his most important political backers.

American military officers say they have seen evidence in the past of the Maliki government using its influence with Iraq's security forces to further a sectarian agenda, turning a blind eye to Shiite militia death squads while cracking down on Sunni insurgents.

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Mr. Maliki spent much of his speech before Parliament trying to counter that image, going further than he has before by promising to stop sectarian militias from driving rivals out of their neighborhoods and to return houses to their rightful owners. It is a daunting challenge given that the map of Baghdad has been almost completely redrawn along sectarian lines over the past year, displacing hundreds of thousands of people.

"Let it be known today or tomorrow, we will start arresting anybody who took by force the house of a displaced family," he said.

The prime minister's claims were challenged by Mr. Janabi, who leads the Sunni-dominated Tawafiq Party.

Mr. Janabi, over jeers from the Shiite politicians in the room, said that the government should suspend executions, which he said were being used for political purposes, and called for parliamentary oversight of the new security plan to be sure Sunnis were not unfairly singled out.

It was when he questioned Mr. Maliki's trustworthiness that the prime minister issued his vague threat to turn over incriminating information about Mr. Janabi. With that, the speaker of Parliament, Mahmoud al-Mashhadani, a Sunni, slammed his gavel down and condemned the prime minister and those who applauded him.

"That is unacceptable, Mr. Prime Minister," Mr. Mashhadani said over the tumult. "It is unacceptable, Mr. Prime Minister, to make such accusations against a lawmaker under the dome of Parliament."

But Mr. Maliki pressed on.

"What about the 150 people kidnapped near Al Bairaat?" he said, referring to an area by a lake south of Baghdad where Mr. Janabi has his base of support.

Mr. Janabi could not be reached for comment but another member of his party, Dhafer al-Ani, said Mr. Maliki was trying to "terrify" his opponents into silence. "If there are documents against him showing crimes, why were they not revealed until this session?" he said in an interview. "What kept him silent all this time?"

In the Parliament room, politicians shouted over one another trying to be heard. Mr. Mashhadani finally yelled for everyone to "shut up." He then used an ancient Arabic phrase, literally meaning to "put your stuff on the camel," which roughly translates as, "We expect more of this body." He said in disgust, "I cannot see how it is possible that a new security plan can work."

The session of Parliament was attended by nearly all members, a rarity in recent months, and was broadcast live on Iraqi national television.

The lawmakers had their shouting match while sitting beneath a banner with a phrase from the Koran that extols the importance of a civil debate in making good decisions.

Shatha al-Mousawi, a lawmaker from the Mr. Maliki's leading Shiite bloc, the United Iraqi Alliance, said some politicians were simply grandstanding for the cameras. But she said the fighting continued after Mr. Mashhadani abruptly called an end to the session and the cameras were turned off.

Mr. Mashhadani demanded that the prime minister apologize to Mr. Janabi. Members of Mr. Maliki's party said Mr. Janabi was the one who should apologize, Ms. Mousawi said.

Mr. Mashhadani then threatened to quit.

"Someone said you do not need to quit, we will dismiss you," she said.

Mr. Mashhadani called a Shiite politician a "psychopath," as the bitter exchanges continued.

Eventually, though, the tensions eased and Parliament approved the security plan.

No sooner had they finished their business than three rockets exploded in the heavily fortified Green Zone, where Parliament is housed. Lou Fintor, a spokesman for the United States Embassy, said that no one was killed in the attacks.

The car bomb attack occurred just outside the Green Zone, ripping apart a market area in the heavily Shiite neighborhood of Karrada.

Um Mohammed, a woman who lives across the street from the site of the bombing, said she saw two buses full of people burn with the passengers trapped inside, dying agonizing deaths.

The attack occurred as people were leaving work, the streets crowded with traffic and local clothes stores packed with customers.

Her neighbor had just sent her 9-year-old boy, Amar Ali Habib, out to play with friends, she said.

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"He took his ball and left the house."

Moments later, he was dead. The explosion was so powerful, she said, that pieces of one man's body were blown about 50 yards from where the car detonated.

Afterward, she said, many young men took to the streets. Some called for vengeance against Sunnis while others condemned the government for failing to do anything.

Looking At The Surge From The Other Side (WP)

By Gary Anderson

The Washington Post, January 26, 2007

Policy Memo From the Planning Directorate, Mahdi Army:

We have completed a review of the new American surge strategy announced by their president. In analyzing possible courses of action, we must make two key assumptions:

First, it represents their administration's last chance to change course given the reported mood of the American public and their legislature. For us, this presents both opportunity and danger. We have to assume that we are the primary Shiite target of this plan. How we respond will largely determine how we position ourselves for operations after the Americans are gone.

Second, our Sunni adversaries will not be able to react in a coordinated manner; they are expected to remain divided in their actions and motivations.

Our first potential course of action would be to openly resist government and American efforts to gain control over Sadr City and other predominately Shiite neighborhoods. Potential advantage: Waging a stand-up battle could create such chaos and so many disturbing images of casualties -- American and Iraqi -- that the American public and Congress will demand an immediate withdrawal.

The disadvantages here are that such a battle would weaken us by causing attrition to our best fighters. We are just now recovering from the casualties that we sustained in the 2004 fighting with the occupiers. We must keep in mind (and be prepared for) the inevitable post-American battles with the Sunnis and the Badr Organization.

A second potential course of action is classic insurgent strategy: going to ground when confronted by enemy strength. The object here would be to lull the enemy into a false sense of security, perhaps enough for him to begin decreasing his strength early. Once the Americans have carried out a significant drawdown, we could openly challenge the government forces and attempt to push them out of our areas of influence. It is very likely this would have the effect of the Vietnamese Tet Offensive in convincing the Americans that nothing they do will work. It is also unlikely that their administration could get support for reinforcing Baghdad once they have begun to reduce troop levels.

Potential drawbacks:

First, there is always the chance that the Americans and the Maliki government will use this period to significantly increase the capability of the security forces and actually gain public support through increasing public service and employment, rendering us far less useful to Maliki. Given their performance to date, this is a remote possibility, but it cannot be totally discounted.

More likely is that some of our more enthusiastic fighters will resist on their own authority. Given the decentralized nature of our command-and-control system, this possibility must be considered. One solution would be to create training camps outside of Baghdad where we could hone their skills for urban combat (necessary if we are to succeed in the future). This would keep them occupied and out of the way.

A third course would be to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American "hearts and minds" strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely.

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Consequently, this final course seems to be the one most likely to serve our long-term interests by preserving our capabilities and allowing the Sunnis to bear the brunt and take the blame for most anti-government action. Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing.

If God wills it, we will be successful.

The writer, a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 26, 2007

Vague rules

Defense officials tell us one of the rules of engagement for U.S. combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity.

One troubling rule that is among several printed on the card given to troops going into combat is "use minimum force necessary to decisively eliminate the threat." It is viewed by many in the military as ambiguous and confusing.

"Does it mean you are obligated to wrestle with a threat rather than shoot him or her?" one defense official asked. "That is how a lot of police officers lose their lives each year, as the criminal gains control of the police officer's firearm. How about approaching and/or wrestling a threat who, it turns out, is a homicide bomber?"

Bottom line: There is no way in law to define "minimum deadly force," the official said.

It is not known whether the imprecise rules directly led to the deaths in action of U.S. troops in Iraq, but some say it is likely because the rules are overly cautious and vague, an apparent outgrowth of destructive political correctness applied to war.

"A major part of the problem is that military commanders have surrendered their responsibility for ROE [rules of engagement] preparation and approval to lawyers lacking the knowledge, training and experience to prepare ROE. Unsure of themselves, they err to caution and ambiguity," the official said.

Said a second official: "Only someone who hasn't been in a close gunfight could find that a reasonable set of ROE."

And a third official said of the "minimum" requirement: "Interesting. Someone did not take the Napoleon Orders class" — a reference to making sure that orders issued to troops are clear.

We're told that one of the first things Army Lt. Gen. David H. Petraeus, the next commander of forces in Iraq, needs to do is demand an overhaul of the rules of engagement by line officers, not lawyers, so that ambiguities will be eliminated and lives saved.

A spokesman for Multinational Forces-Iraq could not be reached for comment.

Petraeus prediction

Sen. John McCain, Arizona Republican, asked Lt. Gen. David H. Petraeus, the incoming commander in Iraq, what happens if the United States leaves Iraq.

"There is the very real possibility of involvement of countries from elsewhere in the region, around Iraq, entering Iraq to take sides with one or the other groups," Gen. Petraeus said at his Senate Armed Services confirmation hearing this week. "There is the possibility, certainly, of an international terrorist organization truly getting a grip on some substantial piece of Iraq. There is the possibility of problems in the global economy, should in fact this cause a disruption to the flow of oil — and a number of other potential outcomes, none of which are positive."

World government

House Foreign Affairs Committee Chairman Tom Lantos, California Democrat, announced his committee's organization this way: "Members formed subcommittees with jurisdictions spanning the Earth and covering a range of the most pressing global challenges."

Korea, not Vietnam

DOJ_NMG_0121750

Sen. James H. Webb Jr., Virginia Democrat and decorated war hero, gave the Democrats' response to President Bush's State of the Union address, and likened Iraq to the 1950-53 Korean War.

Mr. Webb said, "As I look at Iraq, I recall the words of former general and soon-to-be President Dwight Eisenhower during the dark days of the Korean War, which had fallen into a bloody stalemate. 'When comes the end?' asked the general who had commanded our forces in Europe during World War II. And as soon as he became president, he brought the Korean War to an end."

We think that is an apt comparison, but probably not for the same reason as Mr. Webb's.

Like Iraq, the U.S. war in Korea was dogged by poor planning, the wrong types of troops, failed tactics and major miscalculations, such as China coming to the communist north's defense. The American death toll: 36,000 in theater.

But in the end, America won. The north's invasion was reversed and the south was preserved. It matured into one of the world's great democracies, free markets and U.S. allies. And a free South Korea helped blunt Josef Stalin's plan for a communist Asia. What some have called the "forgotten war" was messy and unpopular. It drove Harry S. Truman from office. But it made the world a better place. It just took 30 years to realize it.

Moving on

Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year.

Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary. Mr. Rumsfeld left office in December, succeeded by Robert M. Gates.

Mr. Ruff forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy.

He is generally liked by the Pentagon press corps, which finds him accessible and responsive.

Mr. Ruff has served in a number of government public affairs jobs, including press secretary to Sen. John W. Warner, Virginia Republican, and Sen. Kay Bailey Hutchison, Texas Republican.

The un-Rumsfeld

Our colleague David Sands traveled with Defense Secretary Robert M. Gates last week. He filed this report:

Mr. Gates made a quickie post-confirmation trip to Baghdad last month. But Secretary Gates' seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East last week was the real shakedown cruise for the secretary, his generals and admirals, his schedulers, his staff and the Pentagon press corps. All were still recovering from six years of verbal and policy jousts with former Defense Secretary Donald H. Rumsfeld.

The new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants.

Mr. Gates did let slip a few personal insights on the trip. His long years in the CIA served him well, as he could recall previous visits to virtually every stop on the tour. He even reminisced with Romanian journalists in Iraq about his 1975 trip there.

He frankly acknowledged the "risk" to his reputation in leaving a job he dearly loved as president of Texas A&M University to head the Pentagon in the depths of the Iraq war. But he added, "I think if you put your personal interests — including protecting your reputation — ahead of a sense of duty, you've got your values screwed up."

Mr. Gates said one of his "favorite quotes" is a bit of realist wisdom about diplomacy from Prussian ruler Frederick the Great: "Negotiations without arms are like notes without instruments."

And the Pentagon chief strongly hinted that his future fact-finding missions will feature either fewer stops or more days.

"I've found at least one fact," he said in Iraq on the trip's final full day. "I'm too old to do seven countries in 5½ days."

Suicide Car Bombing Kills 26 In Baghdad (AP)

By Bassem Mroue

AP, January 26, 2007

DOJ_NMG_0121751

Iraq's prime minister insisted Thursday there will be "no safe place in Iraq for terrorists," hours before a suicide car bombing killed at least 26 people in the Shiite neighborhood of Karradah and two rockets slammed into the heavy fortified Green Zone not far from the U.S. Embassy.

Angry Karradah residents took to the streets chanting "We want the Sunnis out!" after the blast, the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, according to a resident.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five people were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently but reported casualties are rare.

The attacks came on a day that police reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shiites over security.

Parliament held yet another raucous session, this time witnessing a heated exchange between Prime Minister Nouri al-Maliki and Sunni legislator and cleric Abdul-Nasser al-Janabi, who accused the Shiite-dominated government of carrying out purges against Sunnis, the minority sect in Iraq.

The prime minister was seeking support for his and President Bush's plan to crush sectarian violence in Baghdad.

Al-Maliki gave no details for the plan, which he named "Operation Imposing Law," nor did he say when it would begin. U.S. officials have indicated the security operation, to which Bush has pledged an additional 21,500 American soldiers, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed to go after those behind Baghdad's rampant violence no matter where they try to hide and regardless of sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

But al-Janabi took the floor and said al-Maliki's government had gratuitously and summarily fired former members of Saddam Hussein's ousted Baath party from government jobs, sentenced people to death for political reasons and detained without reason Sunni pilgrims returning from the hajj in Saudi Arabia this month.

He also accused al-Maliki of running a sham program to reconcile Sunni-Shiite differences that have produced a near-civil war in Baghdad and prompted the new security drive _ the third since al-Maliki took office May 25.

"The firing of officers and civil servants under the pretext of de-Baathification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," al-Janabi implored, adding that Sunnis do not trust the government.

Al-Maliki counterattacked by implying al-Janabi was responsible for the kidnapping of 150 people in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area and you don't speak about them," al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

Legislators believed to be Shiites applauded the remark.

Parliament speaker Mahmoud al-Mashhadani, a Sunni, then organized a short suspension of the debate, called a vote on the security plan _ which was approved unanimously _ and continued with normal business.

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Al-Maliki refused to shake hands when al-Janabi approached him after the session.

Angry and insulting exchanges have become normal in Iraq's 275-member parliament, but the involvement of the nation's leader heightened the tension.

Parliamentary sessions previously were broadcast live, but the government has since ordered them to be aired with a 30-minute delay to allow editing.

During Thursday's session, state-run Iraqiya television stopped airing the session shortly after the exchange and later aired an edited version.

In his address al-Maliki also called on lawmakers to pass laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Baath party membership.

Al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," al-Maliki said.

White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Until Monday, parliament had not had a quorum since late November, when 30 legislators and five Cabinet members loyal to renegade Shiite cleric Muqtada al-Sadr announced a boycott of the government and the National Assembly to protest al-Maliki's meeting with Bush in Jordan.

The boycott was a blow to al-Maliki, who owes his job to support from the Sadr bloc in parliament.

On Sunday the Sadr legislators ended their walkout under threat that they would be ousted from the political process and that their allied militia, the Mahdi Army, could face wholesale attack by American soldiers in the coming security sweep.

At Least 24 Killed In Car Bombings In Baghdad (WP)

By Ernesto Londono

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- Two car bombs detonated in a busy commercial area of central Baghdad on Thursday afternoon, killing at least 24 people and injuring dozens more, Iraqi officials said.

The bombs were placed in Karrada, a predominantly Shiite Muslim sector of the city, and wounded at least 60 people when detonated, according to a spokesman for the Iraqi Interior Ministry. A set of car bombs killed at least 79 people in a Shiite market in central Baghdad on Monday.

The Karrada explosions occurred shortly after at least two rockets struck the U.S. Embassy compound in the fortified Green Zone. The rockets injured six people, one of them seriously, the U.S. military said in a statement.

U.S. Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m.

"The damage was minor, and the embassy is functioning normally," Fintor said. "It wasn't a densely populated area." He said that no U.S. citizens were injured and that none of the injuries was life-threatening.

Also Thursday, a soldier from the U.S.-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin.

Meanwhile, Prime Minister Nouri al-Maliki asked lawmakers Thursday to embrace his security plan for the capital, which he said would target militants aggressively regardless of sect.

"Some people are saying that it targets the Shiites, and others say that it targets Sunnis," Maliki said. "While I say that it targets everyone."

Maliki offered few details of the initiative. While acknowledging the support of U.S. forces, he said the security plan is being driven by the Iraqi government. "This is a 100 percent Iraqi plan and under Iraqi command," he said, adding that the American military's role is "just to provide backup."

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Reporters who have accompanied U.S. and Iraqi forces on joint missions in recent months have described American forces as taking control of the operations. Several U.S. soldiers have told reporters they don't trust the ability, competence or commitment of their Iraqi counterparts.

Maliki, a Shiite, has faced questions at home and abroad about his ability and willingness to enforce the law uniformly amid unrelenting sectarian violence in a country with a weak criminal justice system. He urged lawmakers during his speech to help him keep sectarian tensions from hindering the security plan.

But Thursday's session showed the extent to which sectarian tensions influence the political process. Abdul Nasser al-Janabi, a Sunni Muslim legislator who belongs to a bloc that wants U.S. troops to leave and has criticized Maliki for favoring Shiites, lashed out at the prime minister and criticized his security plan.

An exasperated Maliki appeared to threaten Janabi: "This brother will trust the prime ministry when I bring your file forward and hold you responsible." He did not elaborate.

Numerous other violent acts were reported in the capital and elsewhere Thursday.

A suicide bomber on a motorcycle slammed into a market in central Baghdad, killing eight people and injuring 18, according to a spokesman at the Interior Ministry. At least seven people were killed by improvised explosive devices elsewhere in the city.

Special correspondents Waleed Saffar and Saad al-Izzi contributed to this report.

Insurgents Post Video Of Downed Copter (AP)

By Maamoun Youssef

AP, January 26, 2007

An insurgent group that has claimed responsibility for the downing this week of a U.S. helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies.

The 1-minute, 14-second video carried the logo of the 1920 Revolution Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it. The naked bodies of two men, one with gray hair and the other with dark hair, were seen near the wreckage.

"Our heroes were able to shoot the film of the helicopter wreckage after they downed it over a roof of a house of a citizen," said a statement from the group.

Iraqi and U.S. officials said earlier that four of the five Americans who died in the downing of a U.S. security company's helicopter in a dangerous Sunni neighborhood in central Baghdad on Tuesday were shot in the head execution-style _ though it was unclear if they were alive when shot.

The two bodies shown in the video had no visible gunshot wounds to the head or any other visible wounds. The dark-haired man's hair was tangled and matted but it was difficult to see from the footage if it was blood or dirt.

Another militant group, Ansar al-Sunnah Army, which also has claimed responsibility for downing the helicopter, said in a statement posted Wednesday on an Islamic Web site that its fighters "rushed toward the crash of the helicopter while under fire from a second (U.S.) helicopter and killed three U.S. soldiers."

The authenticity of the two statements could not be verified.

The helicopter, owned by Blackwater USA, swooped into electrical wires and crashed after racing to help a U.S. Embassy ground convoy that had come under fire in the Sunni neighborhood. U.S. officials said it was not clear if gunfire brought down the aircraft or caused its pilot to veer into the wires during evasive maneuvers.

A second helicopter also was hit but there were no casualties among its crew, a Washington official said.

The Ansar al-Sunnah Army posted with its statement an ID card it claimed was from a man who was on the helicopter. The card bore the name of Arthur Laguna, later identified by his mother as among those killed. Laguna was a 52-year-old pilot for Blackwater, which provides security for State Department officials in Iraq, trains military units from around the world, and works for corporate clients.

The crash of Blackwater's small surveillance helicopter was the second in a week associated with the U.S. war effort in Iraq.

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A U.S. Army Black Hawk helicopter went down Saturday northeast of Baghdad, killing all 12 service members on board, including two colonels, one lieutenant colonel and two command sergeants major. It was the largest number of key officers and sergeants killed in a single incident since the Iraq war started nearly four years ago.

Iraq's Violence Tests Limits Of Humanitarians' Resolve (USAT)

By Emily Bazar

USA Today, January 26, 2007

The slaying last week of an American working for a democracy-building project in Iraq is just the latest in a series of attacks testing the resolve of relief groups and other international organizations working there.

Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups.

Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute. Last week, institute staffer Andrea Parhamovich, 28, was killed when her convoy was ambushed in Baghdad.

As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown.

"The bigger organizations have made a decision to pull out," usually after a staffer has died, says Samuel Worthington, president of InterAction, an alliance of about 165 humanitarian organizations. "We have the world's largest unfolding humanitarian disaster … and our ability to function on the ground compared to the size of the disaster is completely out of sync."

Typically, 40 to 50 InterAction groups respond to a crisis, he says. There are fewer than 10 in Iraq.

Mofarah says there are about 80 international aid groups still active in Iraq. There were 300 in 2003.

Most humanitarian organizations have moved their non-Iraqi staff members to safer locations, such as northern Iraq or Jordan, says Greg Hansen, a consultant to the Feinstein International Center at Tufts University. The organizations maintain a low profile, he says: They don't display their logos, they work out of homes instead of offices, and they avoid coordinating with other groups to keep their actions quiet.

As dangerous as the situation is, some groups avoid seeking protection from soldiers or armed guards because they don't want to be seen as taking sides or be mistaken for government or military personnel, Hansen says.

Les Campbell, the National Democratic Institute's regional director for the Middle East, declined to say how many people the institute has in Iraq or where they are, except that they work outside the high-security Green Zone in Baghdad.

The group, which trains locals in democratic political processes, has been soul-searching since Parhamovich's death. "We're going to try to assess whether or not we can still make a difference," he says.

The Los Angeles-based humanitarian group Relief International pulled its non-Iraqi staff out in mid-2004, says program manager Lindsay Mathieson. The Iraqi staff that remains works in less dangerous parts of the country

In some cases, projects are delayed by violence and instability.

"In an ideal world, we would be working in the more dangerous places because there's such a significant need," she says. "But there is a line you can't cross. You need to take care of your staff."

Christian Peacemaker Teams, a group based in Chicago and Toronto that promotes human rights in war zones, has been in Iraq since October 2002, before the invasion.

In November 2005, four members were kidnapped. American Tom Fox was killed; the other three were released in March 2006. Many of the Iraqis who had worked with the group have left the country or gone into hiding, co-director Doug Pritchard says.

The group pulled out in April 2006 but returned in July. It is limiting its activities to safer areas of northern Iraq, Pritchard says.

"It's certainly gotten worse and worse," he says. "If anything, it makes us more determined to work with Iraqis who are still willing to face this and hold out hope of a better society."

Troops Authorized To Kill Iranian Operatives In Iraq (WP)

DOJ_NMG_0121755

By Dafna Linzer

The Washington Post, January 26, 2007

The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with direct knowledge of the effort.

For more than a year, U.S. forces in Iraq have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time. The "catch and release" policy was designed to avoid escalating tensions with Iran and yet intimidate its emissaries. U.S. forces collected DNA samples from some of the Iranians without their knowledge, subjected others to retina scans, and fingerprinted and photographed all of them before letting them go.

Last summer, however, senior administration officials decided that a more confrontational approach was necessary, as Iran's regional influence grew and U.S. efforts to isolate Tehran appeared to be failing. The country's nuclear work was advancing, U.S. allies were resisting robust sanctions against the Tehran government, and Iran was aggravating sectarian violence in Iraq.

"There were no costs for the Iranians," said one senior administration official. "They are hurting our mission in Iraq, and we were bending over backwards not to fight back."

Three officials said that about 150 Iranian intelligence officers, plus members of Iran's Revolutionary Guard Command, are believed to be active inside Iraq at any given time. There is no evidence the Iranians have directly attacked U.S. troops in Iraq, intelligence officials said.

But, for three years, the Iranians have operated an embedding program there, offering operational training, intelligence and weaponry to several Shiite militias connected to the Iraqi government, to the insurgency and to the violence against Sunni factions. Gen. Michael V. Hayden, the director of the CIA, told the Senate recently that the amount of Iranian-supplied materiel used against U.S. troops in Iraq "has been quite striking."

"Iran seems to be conducting a foreign policy with a sense of dangerous triumphalism," Hayden said.

The new "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts. Tehran insists that its nuclear program is peaceful, but the United States and other nations say it is aimed at developing weapons.

The administration's plans contain five "theaters of interest," as one senior official put it, with military, intelligence, political and diplomatic strategies designed to target Iranian interests across the Middle East.

The White House has authorized a widening of what is known inside the intelligence community as the "Blue Game Matrix" -- a list of approved operations that can be carried out against the Iranian-backed Hezbollah in Lebanon. And U.S. officials are preparing international sanctions against Tehran for holding several dozen al-Qaeda fighters who fled across the Afghan border in late 2001. They plan more aggressive moves to disrupt Tehran's funding of the radical Palestinian group Hamas and to undermine Iranian interests among Shiites in western Afghanistan.

In Iraq, U.S. troops now have the authority to target any member of Iran's Revolutionary Guard, as well as officers of its intelligence services believed to be working with Iraqi militias. The policy does not extend to Iranian civilians or diplomats. Though U.S. forces are not known to have used lethal force against any Iranian to date, Bush administration officials have been urging top military commanders to exercise the authority.

The wide-ranging plan has several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war.

Senior administration officials said the policy is based on the theory that Tehran will back down from its nuclear ambitions if the United States hits it hard in Iraq and elsewhere, creating a sense of vulnerability among Iranian leaders. But if Iran responds with escalation, it has the means to put U.S. citizens and national interests at greater risk in Iraq, Afghanistan and elsewhere.

Officials said Hayden counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing U.S. personnel in Iraq.

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Two officials said that Secretary of State Condoleezza Rice, though a supporter of the strategy, is concerned about the potential for errors, as well as the ramifications of a military confrontation between U.S. and Iranian troops on the Iraqi battlefield.

In meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict. Rice got the oversight guarantees she sought, though it remains unclear whether senior Pentagon officials must approve targets on a case-by-case basis or whether the oversight is more general.

The departments of Defense and State referred all requests for comment on the Iran strategy to the National Security Council, which declined to address specific elements of the plan and would not comment on some intelligence matters.

But in response to questions about the "kill or capture" authorization, Gordon Johndroe, spokesman for the NSC, said: "The president has made clear for some time that we will take the steps necessary to protect Americans on the ground in Iraq and disrupt activity that could lead to their harm. Our forces have standing authority, consistent with the mandate of the U.N. Security Council."

Officials said U.S. and British special forces in Iraq, which will work together in some operations, are developing the program's rules of engagement to define the exact circumstances for using force. In his last few weeks as the top commander in Iraq, Army Gen. George W. Casey Jr. sought to help coordinate the program on the ground. One official said Casey had planned to designate Iran's Revolutionary Guard as a "hostile entity," a distinction within the military that would permit offensive action.

Casey's designated successor, Army Lt. Gen. David H. Petraeus, told Congress in writing this week that a top priority will be "countering the threats posed by Iranian and Syrian meddling in Iraq, and the continued mission of dismantling terrorist networks and killing or capturing those who refuse to support a unified, stable Iraq."

Advocates of the new policy -- some of whom are in the NSC, the vice president's office, the Pentagon and the State Department -- said that only direct and aggressive efforts can shatter Iran's growing influence. A less confident Iran, with fewer cards, may be more willing to cut the kind of deal the Bush administration is hoping for on its nuclear program. "The Iranians respond to the international community only when they are under pressure, not when they are feeling strong," one official said.

With aspects of the plan also targeting Iran's influence in Lebanon, Afghanistan and the Palestinian territories, the policy goes beyond the threats Bush issued earlier this month to "interrupt the flow of support from Iran and Syria" into Iraq. It also marks a departure from years past when diplomacy appeared to be the sole method of pressuring Iran to reverse course on its nuclear program.

R. Nicholas Burns, the undersecretary of state for political affairs, said in an interview in late October that the United States knows that Iran "is providing support to Hezbollah and Hamas and supporting insurgent groups in Iraq that have posed a problem for our military forces." He added: "In addition to the nuclear issue, Iran's support for terrorism is high up on our agenda."

Burns, the top Foreign Service officer in the State Department, has been leading diplomatic efforts to increase international pressure on the Iranians. Over several months, the administration made available five political appointees for interviews, to discuss limited aspects of the policy, on the condition that they not be identified.

Officials who spoke in more detail and without permission -- including senior officials, career analysts and policymakers -- said their standing with the White House would be at risk if they were quoted by name.

The decision to use lethal force against Iranians inside Iraq began taking shape last summer, when Israel was at war with Hezbollah in Lebanon. Officials said a group of senior Bush administration officials who regularly attend the highest-level counterterrorism meetings agreed that the conflict provided an opening to portray Iran as a nuclear-ambitious link between al-Qaeda, Hezbollah and the death squads in Iraq.

Among those involved in the discussions, beginning in August, were deputy national security adviser Elliott Abrams, NSC counterterrorism adviser Juan Zarate, the head of the CIA's counterterrorism center, representatives from the Pentagon and the vice president's office, and outgoing State Department counterterrorism chief Henry A. Crumpton.

At the time, Bush publicly emphasized diplomacy as his preferred path for dealing with Iran. Standing before the U.N. General Assembly in New York on Sept. 19, Bush spoke directly to the Iranian people: "We look to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

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Two weeks later, Crumpton flew from Washington to U.S. Central Command headquarters in Tampa for a meeting with Gen. John P. Abizaid, the top U.S. commander for the Middle East. A principal reason for the visit, according to two officials with direct knowledge of the discussion, was to press Abizaid to prepare for an aggressive campaign against Iranian intelligence and military operatives inside Iraq.

Information gleaned through the "catch and release" policy expanded what was once a limited intelligence community database on Iranians in Iraq. It also helped to avert a crisis between the United States and the Iraqi government over whether U.S. troops should be holding Iranians, several officials said, and dampened the possibility of Iranians directly targeting U.S. personnel in retaliation.

But senior officials saw it as too timid.

"We were making no traction" with "catch and release," a senior counterterrorism official said in a recent interview, explaining that it had failed to halt Iranian activities in Iraq or worry the Tehran leadership. "Our goal is to change the dynamic with the Iranians, to change the way the Iranians perceive us and perceive themselves. They need to understand that they cannot be a party to endangering U.S. soldiers' lives and American interests, as they have before. That is going to end."

A senior intelligence officer was more wary of the ambitions of the strategy.

"This has little to do with Iraq. It's all about pushing Iran's buttons. It is purely political," the official said. The official expressed similar views about other new efforts aimed at Iran, suggesting that the United States is escalating toward an unnecessary conflict to shift attention away from Iraq and to blame Iran for the United States' increasing inability to stanch the violence there.

But some officials within the Bush administration say that targeting Iran's Revolutionary Guard Command, and specifically a Guard unit known as the Quds Force, should be as much a priority as fighting al-Qaeda in Iraq. The Quds Force is considered by Western intelligence to be directed by Iran's supreme leader, Ayatollah Ali Khamenei, to support Iraqi militias, Hamas and Hezbollah.

In interviews, two senior administration officials separately compared the Tehran government to the Nazis and the Guard to the "SS." They also referred to Guard members as "terrorists." Such a formal designation could turn Iran's military into a target of what Bush calls a "war on terror," with its members potentially held as enemy combatants or in secret CIA detention.

Asked whether such a designation is imminent, Johndroe of the NSC said in a written response that the administration has "long been concerned about the activities of the IRGC and its components throughout the Middle East and beyond." He added: "The Iranian Revolutionary Guards Quds Force is a part of the Iranian state apparatus that supports and carries out these activities."

Staff writer Barton Gellman and staff researcher Julie Tate contributed to this report.

Tehran's Influence Grows As Iraqis See Advantages (WP)

By Joshua Partlow

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- When Fadhil Abbas determined that his mother's astigmatism required surgery, they did not consider treatment in his home town of Najaf, in southern Iraq. Instead they joined a four-taxi convoy of ailing Iraqis headed to Iran.

For more than two weeks last fall, Abbas, his sister and his mother were treated to free hotels, trips to the zoo and religious shrines, and his mother's $1,300 eye surgery at a hospital in Tehran, all courtesy of the offices of Moqtada al-Sadr, Iraq's ascendant Shiite Muslim cleric. Abbas returned to Najaf glowing over the technical prowess of Iran.

"When you look at this hospital, it is like something imaginary -- you wouldn't believe such a hospital like this exists," said Abbas, a 22-year-old college student. "Iran wants to help the patients in Iraq. Other countries don't want to let Iraqis in."

The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries. Thousands of Iranian pilgrims visit the Shiite holy cities in southern Iraq each year. Iran exports electricity and refined oil products to Iraq, and Iraqi vendors sell Iranian-made cars, air coolers, plastics and the black flags, decorated with colorful script, that Shiites are flying this week to celebrate the religious holiday of Ashura. But when President Bush and top U.S. officials speak of Iran's role in Iraq, their focus is more limited. U.S.

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officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas.

"We will not allow hegemony of a hostile regime to have power over this area," U.S. Ambassador to Iraq Zalmay Khalilzad said this week.

But changing the "behavior" of the Iranian government, as Khalilzad proposes, collides with Iran's expanding influence in Iraq, which is built on deep cultural ties as well as personal and business relationships developed during the years that many leading Iraqi Shiite politicians spent in exile in Iran.

Iran has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala. It maintains informal liaison offices in the Kurdish cities of Sulaymaniyah and Irbil, the latter of which was raided Jan. 11 by U.S. troops, who arrested five Iranians. Each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene. Iran exports electricity through Iraq's Diyala province and plans to quadruple the amount with new projects, Iraqi officials say.

Iran has also extended a $1 billion line of credit to Iraq to help fund reconstruction and rebuilding. When Iraqi President Jalal Talabani and his delegation of ministers visited Iran in November, he asked for more help and said Iraq "would like to expand our relations in every field with the Islamic Republic of Iran."

"The economic power between the two countries, it's enormous," said Hassan Kazemi Qomi, Iran's ambassador to Iraq. "We can help them in technical issues and engineering. We have a lot of experience in building roads and airports."

Qomi works inside a stone embassy in a compound with lush gardens and spear-wielding statuary just outside the fortified Green Zone, the seat of U.S. power in Iraq. When he speaks of the Americans, he calls them "the others."

"As for our policy, it's clear and it's going forward. We are happy with the Iraqi government," Qomi said at a recent news conference. "The kidnapping of our diplomats will have no effect at all on our help and cooperation with the Iraqi side. . . . We are only at the first stages of this support."

Qomi said the presence of American troops in Iraq "has increased the instability, increased the killing of innocent people and inflamed the sectarian violence."

"If we want to establish security in Iraq, the Iraqi government should take security into its own hands," he said. "Unfortunately, the others don't want that to happen."

Caught between the United States and Iran is Hoshyar Zebari, Iraq's foreign minister. "I'm treading a very thin line," he said last week over tea in his office. Zebari says he believes Iran wants a stable government in Iraq, along with the departure of U.S. troops, but is worried that a full-scale civil war could spill over Iraq's borders.

Iran supports the two largest Shiite political parties, the Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa party of Prime Minister Nouri al-Maliki, U.S. officials have said. But Iran also negotiates with Kurdish and Sunni politicians and sometimes bypasses the central government to forge agreements with Iraqi provinces, Zebari said.

"Historically that has been their attitude, to bet on every horse. And they have changed their support from one group to another," Zebari said.

Some analysts say the violence and instability in Iraq attract more Iranian involvement, not less, as Iran positions itself to be on the winning side of a sectarian war.

"The whole Gulf system is turned upside down, and everybody is trying to figure out how they situate themselves in it," said Ray Takeyh, an Iran expert at the Council on Foreign Relations, referring to traditional relationships in the Persian Gulf region. Iranian support is "part of the program of strengthening the Shia community to resist and expand its influence, and become a successful combatant in a civil war."

For the Iraqi government, it has been a frustrating strategy. "Instead of diversifying your support or aid to different groups, militias, political leaders, if you're sincere in your commitment to see this government succeed, why don't you give all this assistance and money and weapons and training directly to the government?" Zebari said.

Iran has driven a wedge between Iraq and the United States. Last month, when U.S. troops seized two Iranian officials inside the Baghdad compound of Abdul Aziz al-Hakim, the leader of SCIRI, the Iraqi government intervened and the United States

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freed them. After U.S. troops seized five more Iranian officials from the liaison office in Irbil, the Iraqi government again appealed for their release -- so far unsuccessfully -- saying the men worked in an approved office providing consular services.

In both cases, U.S. officials accused some of the Iranians of being operatives with the al-Quds Brigade, which the Americans say arms and trains terrorist groups outside Iran, including the Lebanese organization Hezbollah and Islamic Jihad, which is active in the Palestinian territories. Both the Iraqis and Iranians have asked the United States for proof of clandestine activities.

U.S. officials decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to "harden" Iraq's security forces to repel Iranian influence, failed to produce satisfactory results, Khalilzad said. "We've come to the view that we need to do more than that, we need to go after their networks," he said.

During the rule of Saddam Hussein, who oppressed Iraq's Shiites and fought an eight-year war against Iran, Iraqi Shiite dissidents in exile, especially SCIRI and its armed wing, the Badr Brigade, found welcome help from Iranian security forces.

"We know what the relationship between SCIRI, Badr and the Iranian institutions were in those days. Now it's a different situation," Khalilzad said. The Iraqi government is no longer "an opposition movement in need of support from the security agencies of a neighboring state, so there is a need for adaptation in terms of what's appropriate in terms of a relationship."

Iraqi officials are sharply divided in their perceptions of Iran's intentions in Iraq. Hussein al-Falluji, a Sunni member of parliament, said Iranian influence exceeds that of the United States, but it is "hidden, and is heading toward targeting vital joints of the Iraqi state."

Mowaffak al-Rubaie, Iraq's national security adviser, said, "Iran is networking aggressively inside Iraq in every aspect of life, including the security aspect."

Mariam Rayis, a foreign affairs adviser to Maliki, dismissed as paranoia U.S. assertions about Iran's "dark involvement" in Iraq. "These neighbors can help us for a while until we can have new construction here," she said. "We have noticed that there is moral support from Iran."

Iran Calls For Summit With Iraq, Syria (AP)

By Steven R. Hurst And Qassim Abdul-zahra

AP, January 26, 2007

Iran has invited the Iraqi and Syrian presidents to Tehran for a weekend summit with Mahmoud Ahmadinejad to hash out ways to cooperate in curbing the runaway violence that has taken Iraq to the verge of civil war and threatens to spread through the region, four key lawmakers told The Associated Press on Monday.

Iraqi President Jalal Talabani has accepted the invitation and will fly to the Iranian capital Saturday, a close parliamentary associate said.

The Iranian diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort to clamp off violence in Iraq, where more civilians have been killed in the first 20 days of November than in any other month since the AP began tallying the figures in April 2005.

The Iranian move was also a display of its increasingly muscular role in the Middle East, where it already has established deep influence over Syria and Lebanon.

"All three countries intend to hold a three-way summit among Iraq, Iran and Syria to discuss the security situation and the repercussions for stability of the region," said Ali al-Adeeb, a lawmaker of Prime Minister Nouri al-Maliki's Dawa Party and a close aide to the prime minister.

Both Iran and Syria are seen as key players in Iraq. Syria is widely believed to have done little to stop foreign fighters and al-Qaida in Iraq recruits from crossing its border to join Sunni insurgents in Iraq. It also has provided refuge for many top members of Saddam Hussein's former leadership and political corps, which is thought to have organized arms and funding for the insurgents. The Sunni insurgency, since it sprang to life in late summer 2003, has been responsible for most of the U.S. deaths in Iraq.

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Iran is deeply involved in training, funding and arming the two major Shiite militias in Iraq, where Tehran has deep historic ties to the current Shiite political leadership. Many Iraqi Shiites spent years in Iranian exile during Saddam's decades in power in Baghdad. One militia, the Badr Brigade, was trained in Iran by the Revolutionary Guard.

An Ahmadinejad spokesman said that Talibani's visit was scheduled several weeks ago for late November to work on improving bilateral relations. But Majid Yazdi told the AP that he had no information on a coming visit by the Syrian leader.

But Talabani confidants said the invitation was issued on Thursday by Iranian Ambassador Hassan Kazimi Qumi, who said Syrian President Bashar Assad also would be in Tehran for the talks with Ahmadinejad.

Rockefeller: Cheney Applied 'Constant' Pressure To Stall Investigation On Flawed Iraq Intelligence (MCT)

By Jonathan S. Landay

McClatchy Newspapers, January 26, 2007

WASHINGTON - Vice President Dick Cheney exerted "constant" pressure on the Republican former chairman of the Senate Intelligence Committee to stall an investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday.

In an interview with McClatchy Newspapers, Sen. Jay Rockefeller of West Virginia also accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants.

In the 45-minute interview, Rockefeller said that it was "not hearsay" that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence.

"It was just constant," Rockefeller said of Cheney's alleged interference. He added that he knew that the vice president attended regular policy meetings in which he conveyed White House directions to Republican staffers.

Republicans "just had to go along with the administration," he said.

In an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: "The vice president believes Senator Roberts was a good chairman of the Intelligence Committee."

Roberts' chief of staff, Jackie Cottrell, blamed the Democrats for the investigation remaining incomplete more than two years after it began.

"Senator Rockefeller's allegations are patently untrue," she said in an e-mail statement. "The delays came from the Democrats' insistence that they expand the scope of the inquiry to make it a more political document going into the 2006 elections. Chairman Roberts did everything he could to accommodate their requests for further information without allowing them to distort the facts."

"I'm not aware of any effort by the vice president, his staff or anyone in the administration to influence the speed at which the committee did its work," said Bill Duhnke, who was Roberts' staff director.

Rockefeller's comments were among the most forceful he's made about why the committee failed to complete the inquiry under Roberts. Roberts chaired the intelligence committee from January 2003 until the Democrats took over Congress this month.

The panel released a report in July 2004 that lambasted the CIA and other U.S. intelligence agencies for erroneously concluding that Iraqi dictator Saddam Hussein was concealing biological, chemical and nuclear warfare programs. It then began examining how senior Bush administration officials used faulty intelligence to justify the March 2003 invasion.

Robert promised to quickly complete what became known as the Phase II investigation. After more than two years, however, the panel published only two of five Phase II reports amid serious rifts between Republican and Democratic members and their staffs.

Rockefeller recalled that in November 2005, the then-minority Democrats employed a rarely used parliamentary procedure to force the Senate into a closed session to pressure Roberts to complete Phase II.

"That was the reason we closed the session. To force him" to complete the investigation, he said.

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The most potentially controversial of the three Phase II reports being worked on will compare what Bush and his top lieutenants said publicly about Iraq's weapons programs and ties to terrorists with what was contained in top-secret intelligence reports.

In the two reports released in September, the panel said that the administration's claims of ties between Saddam and al-Qaida were false and found that administration officials distributed exaggerated and bogus claims provided by an Iraqi exile group with close ties to some senior administration officials.

Rockefeller said it was important to complete the Phase II inquiry.

"The looking backward creates tension, but it's necessary tension because the administration needs to be held accountable and the country . . . needs to know," he said.

Rockefeller said that he and the senior Republican member of the committee, Sen. Christopher Bond, R-Mo., have put the frictions behind them and agree that the committee should press the administration for documents it's withholding on its domestic eavesdropping program and detainee programs.

Under the eavesdropping program, the National Security Agency monitored Americans' international telephone calls and e-mails without court warrants if one party was a suspected member or supporter of al-Qaida or another terrorist group.

Rockefeller charged that Bush had violated the Foreign Intelligence Surveillance Act, which requires the government to obtain permission to eavesdrop on Americans from a secret national security court.

"For five years he's (Bush) has been operating an illegal program," he said, adding that the committee wants the administration to provide the classified documents that set out its legal argument that Bush has the power to wiretap Americans without warrants.

Rockefeller is among a handful of lawmakers who were kept briefed on the program after it started following the Sept. 11, 2001, attacks. But he told Cheney in a handwritten note in July 2003 that he was deeply concerned about its legality.

In the interview, Rockefeller said the committee needs more details about how the program worked before it considers amending the eavesdropping act to give the administration the flexibility it says it requires to be able to track terrorists.

"How do we draw something up if we have no idea about what the president sent out in the way of orders to the NSA? What about the interpretation of the Department of Justice?" he asked. "Americans . . . should want us to discern what the facts are, what the truth is."

G.I. Gets 18-Year Prison Term For Killing 2 Captive Iraqis (NYT)

By Paul Von Zielbauer

The New York Times, January 26, 2007

FORT CAMPBELL, Ky., Jan. 25 — An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May.

The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice.

Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said.

Private Clagett is the third of four soldiers charged with premeditated murder in the case to plead guilty in exchange for a reduced sentence. His plea further strengthens prosecutors' case against the remaining soldier, Staff Sgt. Raymond L. Girouard, and increases the chances that Sergeant Girouard may also seek a plea arrangement to avoid conviction at trial, which would require a life sentence.

Sergeant Girouard, 24, the squad leader, is charged with creating a plan to free the three Iraqi men from their plastic handcuffs, have Private Clagett and another soldier shoot them as they fled and then cover up the crime by telling investigators the men had attacked the soldiers and tried to escape.

Military officials raised questions about the deaths after the bodies were removed and found to still have blindfolds and parts of plastic handcuffs on them.

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In his plea, Private Clagett told the military judge, Col. Theodore Dixon, that he had conspired with Sergeant Girouard and Specialist William B. Hunsaker to kill the three men after blindfolding and handcuffing them with plastic "zip-tie" handcuffs.

"I cut the zip-ties loose, pulled the blindfold up on one of them, down on the other," he said, referring to two of the three Iraqi men. "Hunsaker told them to run. I told them to 'yallah,' meaning to run faster." He said he and Specialist Hunsaker had sprayed the men with rifle fire, killing two and gravely wounding the third.

Specialist Hunsaker pleaded guilty to murder charges on Jan. 11 and received an 18-year prison sentence. That same week, Specialist Juston R. Graber, the fourth soldier charged in the case, pleaded guilty to aggravated assault for shooting the wounded man after an Army medic had declared him to be beyond help.

Sergeant Girouard's trial is scheduled to begin March 5. If he does not end up pleading guilty, his lawyers said they would ask the judge to force the soldiers' brigade commander, Col. Michael D. Steele, to testify at his trial.

Several soldiers in Private Clagett's platoon have said in sworn statements that Colonel Steele told his men that they would be attacking a stronghold of Al Qaeda and ordered them to kill all men of military age they encountered during the raid.

Colonel Steele, in sworn testimony to Army investigators that has not been made public, said he had not given orders using those exact words, but had warned his soldiers to expect a fierce battle. He was reprimanded by an Army general last summer for issuing confusing rules of engagement that investigators said had contributed to the deaths of the three Iraqi men and a fourth man killed during the raid.

Private Clagett's civilian lawyer, Paul W. Bergrin, said his client was sorry for killing unarmed men but was steadfast in his belief that the men, had they lived, would have gone on to kill American soldiers.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Mr. Bergrin said outside the courtroom.

U.S. Soldier Sentenced To 18 Years After Pleading Guilty To Murder In Iraqi Detainees' Deaths (FINDLAW/AP)

By Beth Rucker, Associated Press Writer

AP, January 26, 2007

(AP) - FORT CAMPBELL, Kentucky-A 101st Airborne Division soldier was sentenced to 18 years in prison after pleading guilty Thursday to murdering an Iraqi detainee and taking part in the killings of two others, saying he went along with a plan to make it look like they were escaping.

Pfc. Corey R. Clagett, 22, was one of four soldiers from the division's 3rd Brigade "Rakkasans" who were accused in the detainees' deaths during a May 9 raid on the Muthana chemical complex in Samarra, about 60 miles (96 kilometers) north of Baghdad.

In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening.

Clagett will also be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole.

The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission.

Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial.

"(Sgt. Girouard) said we were going to cut the zip ties loose and kill the detainees," Clagett told the military judge, Col. Theodore Dixon, on Thursday. "I knew it was an unlawful order. I just went along with it."

The judge asked Clagett what his intention was when he shot at the detainees.

"To kill them, your honor," Clagett said.

Prosecutors said Clagett fatally shot one detainee and seriously wounded another. Official say Graber then killed the wounded detainee, and Hunsaker killed the third.

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Clagett's lawyer, Paul Bergrin, has insisted Clagett was following orders, but sought the plea agreement after Hunsaker, 24, told a military judge that Clagett helped him shoot the detainees.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Bergrin told reporters after the sentencing. "His heart is bleeding that he can no longer serve his country."

Military prosecutors would not discuss the case.

Hunsaker pleaded guilty to murder, attempted murder and obstruction of justice this month and was also sentenced to 18 years in prison.

Graber, 21, pleaded guilty to a lesser charge of aggravated assault with a dangerous weapon as part of his agreement to cooperate with prosecutors. He was sentenced to nine months in military jail.

Hunsaker testified that Girouard cut him on the face and arm to make it appear there was a struggle after he and Clagett killed the detainees. Clagett repeated that story to the judge Thursday.

"Just like anyone, we didn't want to get caught," Clagett said.

The case is one of two involving soldiers from the 101st Airborne Division accused of killing Iraqis during a deployment to the Middle Eastern country that ended in September.

Four other soldiers from the division's 2nd Brigade Combat Team are accused of raping and killing an Iraqi teenager and killing three others in her family last March. A former Army private also faces murder and rape charges in federal court for the same incident.

Salvadoran's Death In Iraq Leaves His Mother Fuming (NYT)

By Marc Lacey

The New York Times, January 26, 2007

SAN SALVADOR, Jan. 21 — From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son.

In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict.

El Salvador is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population.

"Our army should be at home," said Ms. Ramos, 48, fuming against a war she said she did not know the first thing about until smartly dressed officers showed up at her home in 2004 to inform her that her son, Natividad, had become the first Salvadoran to die in combat in Iraq.

The United States has been debating for years the reasons for the war in Iraq and whether the invasion and continued presence of troops there are justified. Was there reason to believe that weapons of mass destruction were there? Was Saddam Hussein's despotism enough reason to topple him? Did links between Iraq and Al Qaeda exist?

El Salvador, which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification. Those other mothers can say that their children fell while fighting for their country, either for the Marxist guerrilla movement or the American-backed government. But Natividad Ramos, 20, died in Najaf in a clash with armed followers of the Shiite cleric Moktada al-Sadr.

"I got through our war without losing any family," she said of El Salvador's civil war, which took an estimated 75,000 lives. "And now my son was sent to fight in someone else's war."

Officially, Mr. Saca's government says the deployment of what is called the Cuscatlán Battalion is a way to thank the world for its assistance in helping stop the civil war here a decade and a half ago. Salvadoran officials say their country is an active part of the United Nations and believe in the world body's effort to rebuild Iraq.

They stress the humanitarian dimension to their soldiers' work there, like building roads, health clinics and schools, while acknowledging the dangers that have resulted in the deaths of five soldiers and the wounding of about two dozen more. They proudly note that El Salvador's army, once linked to right-wing death squads, has been purged of its bad elements and is now one of the most respected institutions in the country.

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But those arguments have not been enough to sway local critics. A newspaper opinion poll put opposition to El Salvador's involvement in Iraq at 81 percent. In 2004, masked protesters briefly took over the country's main cathedral and demanded an immediate withdrawal of troops. For the most part, though, Salvadorans have been preoccupied with local concerns, such as their economic woes and the insecurity that causes strains in their own country.

Every time a new contingent is sent, though, the legislature splits along party lines, with the right-wing government and its allies backing the plan and the leftist opposition voting no.

"It's the gringos' war," said one critic, Olga Serrano, who is executive secretary of a group of wounded veterans from the war in the 1980s. "What are we doing over there?"

Behind the scenes, government officials sell the plan differently. They point to all the benefits they believe they are receiving from Washington as a result of their assistance, even as the Bush administration insists that it is not giving El Salvador special favors for its troop presence.

"We're doing this to help the Iraqis but we're also doing this for our own people," said Carlos Rolando Herrarte Rivas, a legislator from the center-right Christian Democratic Party who went to Iraq in December as part of a government delegation to visit the troops. "The president can't say that but that's why we're doing it."

Mr. Herrarte, a retired colonel, said the Bush administration had been treating Salvadoran migrants well despite strong anti-immigrant sentiment in the United States. He pointed to the Bush administration's decision in January 2005 to grant a one-year extension of temporary protected status for about 250,000 Salvadorans living in the United States. The status gives them a reprieve from deportation because of natural disasters or political turmoil at home.

Mr. Herrarte also cited the $461 million in antipoverty funds that El Salvador was awarded last fall by the Millennium Challenge Corporation, an American foreign aid agency, as being another outgrowth of the war effort.

"When I go to my town, they yell," he said of his vociferous antiwar constituents. "They want to know why we are there. They say, 'Get them out.' Then I start explaining how this is helping our people in the United States."

To say that El Salvador and the United States are joined at the hip is an understatement. Nearly a third of native-born Salvadorans are living in the United States, including relatives of President Saca, Defense Minister Otto Alejandro Romero Orellana and many other decision makers. Those Salvadorans abroad send home about $2.5 billion every year, which represents about 17 percent of the country's gross domestic product.

Former President Francisco Guillermo Flores Pérez, who was considered especially close to the White House, sent the first troops to Iraq in 2003. The issue came up in the presidential campaign the following year when Mr. Saca, a pro-American businessman, defeated Schafik Handal, a former Communist guerrilla.

Mr. Handal had pledged to withdraw Salvador's 380 soldiers from Iraq immediately. Mr. Saca said a victory by Mr. Handal ran the risk of cutting the flow of money from Salvadoran migrants in the United States.

Mr. Saca has continued sending troops even though the governing Nationalist Republican Alliance party, known as Arena, lacks a majority in the legislature. Mr. Saca's party has had to strike deals with two smaller parties to come up with the 43-vote simple majority.

The Farabundo Martí National Liberation Front, an outgrowth of the guerrilla movement that fought the government in the 1980s, has consistently voted against the war.

Critics of decision to send Salvadoran troops point out that Nicaragua, Honduras and Dominican Republic continued to have strong relationships with Washington, even though they pulled their troops out of Iraq in the spring of 2004.

They point out that Hondurans and Nicaraguans also have the same preferred immigration status that Salvadorans do. Honduras and Nicaragua also received Millennium grants, albeit smaller ones than El Salvador's, critics note.

Salvadoran officials are not speaking of an increase in troops to quell the Iraqi insurgency. But when they are asked how long the country plans to involve itself in the war, they do adopt President Bush's language: as long as it takes.

Hello, Mr. Chips: Vendors Feeding Demand In Iraq (USAT)

By Zaid Sabah

USA Today, January 26, 2007

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BAGHDAD — It's a sight on Baghdad sidewalks as common as cigarette or kebab vendors: Rows of clear plastic bags, some the size of small duffle bags, bulging with golden potato chips.

Dates are the country's biggest food export and pistachios are a better-known local commodity. But Iraqi-made potato chips — deep fried, thin and greasy — are considered more than a snack: They're a delicacy.

"I love them," said Lubna Bahjat, 25, a civil engineer, who said she eats the chips while watching DVDs at home. "I can't watch a movie without them."

MORE LIFE IN IRAQ: Index of stories

Baghdad once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons, Ismail and other chip vendors say. Today, one factory dominates the industry — near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia.

Due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the U.S. invasion.

The story of potato chips in Baghdad dates back to the late 1950s, when a Kurdish merchant known as Abu Rafal opened the first potato chip factory in the capital, said Jassim Issa, another Karrada chip vendor.

At first wildly foreign to Iraqis, the strange, crispy treat quickly surged in popularity, he says. Initially, potato chips were consumed mainly by men drinking beer or liquor at bars or restaurants. They later became mainstream and grew popular among women and children.

Ismail said he used to sell about 110 pounds of chips a day from his sidewalk stand. But since the bombing of a holy Shiite shrine in Samarra in February 2006, which launched a wave of sectarian violence, his business has diminished because fewer people are on the streets, he said.

Today, he sells about 45 pounds of potato chips per day, Ismail said. His most popular flavor: chicken.

"Potato chips are still very popular in Iraq," he said.

"Everybody loves them."

Issa has owned his sidewalk chip stand since 1994. He once dreamed of opening his own chip factory. But the venture involved an endless bureaucratic tangle with Baghdad's municipal government and the health and oil ministries and required several million Iraqi dinars, putting the plan out of reach, he said. He gave up on the idea and focused on his sidewalk sales.

He says his business has suffered as the violence has increased in Baghdad, keeping people indoors. Through February 2006, he was selling about 165 pounds of chips a day, Issa said. Today, he's lucky to sell 66 pounds.

Despite the dip in sales, Issa said he'll stick to his profession — more out of love for the chip than lust for profits.

"This job is the blood that flows in my veins," Issa said, adjusting the bags of chips on his stand. "Can a fish live outside the water? Neither can I."

Army Finds Probable Cause In Afghans' Torture, Death (LAT)

By Kevin Sack And Craig Pyes

The Los Angeles Times, January 26, 2007

Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003.

The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004.

The military investigators, who work for the Army's Criminal Investigation Command, also found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes.

Christopher P. Grey, chief of public affairs for CID, said Thursday that he could not release names or details of the findings because the soldiers have not been formally charged. Rather, the findings have been forwarded to the U.S. Army Special Forces Command, based at Ft. Bragg, N.C., for decisions on whether the soldiers should be charged and prosecuted.

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Maj. James O. Gregory, a spokesman for the Special Forces command, said a statement would be issued soon, but he declined to comment further.

Grey did not specify the gravity of the assault findings. Simple assault and dereliction of duty can be considered minor offenses by superior officers, according to specialists in military justice.

Grey also would not say whether the criminal findings relate directly to the death of an 18-year-old Afghan army recruit, Jamal Naseer, who died at the Special Forces compound in Gardez after being interrogated there by U.S. troops. A number of other Afghans who were taken prisoner along with Naseer have said they were severely beaten and otherwise abused while being held at the base by soldiers with the 20th Special Forces Group, an Alabama-based National Guard unit.

Concurrently, the Army investigators determined there was not probable cause to charge anyone in the separate case of an Afghan detainee who died in the custody of the same 20th Special Forces Group team, known as ODA 2021. That detainee, an unarmed woodcutter named Wakil Mohammed, was shot in the face by a soldier during a search of the village of Wazi after a fierce firefight, also in March 2003, according to Afghan witnesses interviewed by The Times.

Grey, the CID spokesman, said in an e-mailed statement that "the case involving Wazi was unfounded." That term is used, he said, "when there is not probable cause to believe that the offense occurred … considering the quality and quantity of all available evidence."

In March 2005, however, CID announced it had found probable cause in the Wazi case to recommend charges of murder against one member of the 20th Special Forces Group and of dereliction of duty against another soldier for not reporting Mohammed's death. Those referrals, known as "listings," have since been rescinded, but Grey declined to say what had changed.

Details of Mohammed's death were revealed in a two-part series about ODA 2021 that was published in The Times in September.

Grey said both investigations were closed by CID on Jan. 11. "If any new credible information becomes available, CID stands ready to reopen the investigation," he said.

The deaths of Naseer and Mohammed were never reported to higher authorities, according to both the battalion and group commanders who oversaw the 20th Group's operations in Afghanistan. That distinguished them from scores of other questionable deaths of detainees in U.S. custody in both Afghanistan and Iraq.

The Times account last fall cited numerous Afghan witnesses who saw Naseer immediately before and after his death and said he appeared to have been badly beaten. It quoted one Special Forces member as saying the team held a meeting after the detainee died to coordinate stories should an investigation arise.

"Everybody on the team had knowledge of it," the soldier said, speaking on condition of anonymity. "You just don't talk about that stuff in the Special Forces community. What happens downrange stays downrange."

Other detainees arrested with Naseer also showed signs of severe beating that were noted in local doctors' reports after their release from the base. One of those detainees was a man with one leg.

The commander of the Special Forces team at the time of both deaths was Chief Warrant Officer Kenneth C. Waller, a full-time National Guardsman who continues to work at 20th Group headquarters in Birmingham. Grey would not say whether Waller, who is now 36, is among those implicated in the CID investigation.

Officials with 20th Group said today that Waller, despite the ongoing case involving his unit, is currently deployed to East Africa, as is Col. Leonard Kiser, the 20th Group's current commanding officer. Neither was available for comment.

While the Special Forces team in Gardez consisted mostly of Alabama National Guardsmen, it also included several members from other groups.

One of them, Sgt. 1st Class Michael E. MacMillan, an intelligence analyst with the 7th Special Forces Group at Ft. Bragg, was depicted by other team members as being heavily involved in the interrogation of detainees at the base.

U.S. To Seek $10.6B For Afghan Aid (AP)

By Anne Gearan

AP, January 26, 2007

DOJ_NMG_0121767

President Bush will ask Congress for $10.6 billion to help Afghanistan strengthen its security forces and rebuild from years of war, Secretary of State Condoleezza Rice said Thursday.

The money would be on top of $14.2 billion in aid the United States has already given to Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

The request, which Bush will make formally next month, comes after a year in which Taliban forces launched surprisingly fierce attacks across the country. U.S. and NATO forces are bracing for a renewed offensive by Taliban fighters in the spring

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Rice told reporters flying with her to Brussels for NATO meetings on Afghanistan.

Rice said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction. The money would be spent over the next two years.

The aid proposal also comes as the U.S. appears to be stepping up its military commitment in the country.

The Defense Department has said that 3,200 soldiers from the New York-based 10th Mountain Division already in Afghanistan would have their tour extended by four months. In a visit to Afghanistan last week, new Defense Secretary Robert Gates indicated he is likely to ask Bush for more troops for the country.

There are about 24,000 U.S. troops in Afghanistan, the highest number since the war began in October 2001. About half are under the control of NATO, which is gradually gaining more control over operations there.

A senior State Department official who spoke on condition of anonymity gave another indication that U.S. forces in Afghanistan may grow, saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary."

On Thursday, Gen. David Richards, the top NATO commander in Afghanistan, said NATO-led troops battling resurgent Taliban militants will shortly be reinforced with another combat brigade. The NATO-led force is about 20 percent short of the troops levels pledged by its contributing nations.

Among other issues, Rice will raise with her NATO colleagues are the divisions within the alliance on sharing the burden in Afghanistan. More NATO countries have shown a greater willingness than others to send troops to areas of conflict.

State Department spokesman Sean McCormack said there is a pressing need to address the problem of high levels of opium poppy production in Afghanistan.

"Everybody understands that it's a problem that needs to be addressed," he said. "We don't want an Afghanistan (economy) that is based solely on production of narcotics and international aid."

Officials in the Afghan capital of Kabul said this week that despite pressure from the United States the country's heroin-producing poppies will not be sprayed with herbicide this year despite a record crop in 2006. Afghan officials said there would be an increased effort to destroy poppy crops with traditional techniques _ typically sending teams of laborers into fields to batter down or plow in the plants before they can be harvested.

Fueled by the Taliban, a powerful drug mafia and the need for a profitable crop that can overcome drought, opium production from poppies in Afghanistan last year rose 49 percent to 6,700 tons. That's enough to make about 670 tons of heroin, or more than 90 percent of the world's supply and more than the world's addicts consume in a year.

The U.S. budget request follows a review of U.S. policy in Afghanistan that the White House began last year.

"It had been over five years since we went into Afghanistan and the situation on the ground _ economic and security _ has changed," said Gordon Johndroe, a spokesman for the National Security Council. "There's now a viable government that we're working with. Substantial progress has been made in many areas, but it's also clear that the policy needed to be reviewed, so that we continue to improve the lives of Afghan citizens."

Rice To Press Europe On Afghan Funding (FT)

By Daniel Dombey, Aunohita Mojumdar And Fidelius Schmid

Financial Times, January 26, 2007

Condoleezza Rice, the US secretary for state, will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe.

DOJ_NMG_0121768

At a meeting of Nato and European Union foreign ministers in Brussels, Ms Rice is expected to unveil details of a US initiative to provide about $8bn (€6bn, £4bn) for the war-torn country and call on Europe to make a similar step.

President George W. Bush is scheduled to ask Congress for the funds next month, an indication of the growing concern in Washington about the future of Afghanistan and the bitter fight against Taliban insurgents. The request would be a huge increase as the total assistance provided by Washington.

In an effort to boost troops in the country, the US Department of Defense has also said about 3,500 US soldiers will stay four months longer than scheduled.

Separately, the European Commission will on Friday announce about €600m ($780m, £395m) for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health.

The figure represents a fall on the levels of aid the Commission has given Afghanistan in the past, although typically European governments, not Brussels, provide the lion's share of EU aid.

"We are working within limited resources," said a Commission official. "This is by far our largest aid programme in Asia."

The difference between the US and many European states has also been exposed by most Nato countries' reluctance to deploy troops to the south and east of Afghanistan, where the main fighting against the Taliban is taking place.

A hard core of Atlanticist countries, led by the US, the UK, Canada and the Netherlands, is spearheading the fight in the region, with countries such as Germany and France clearly set against joining them.

On Thursday Gen Rahim Wardak, Afghanistan's defence minister, said he expected "much more force in hand" because of the US decision to increase numbers in Afghanistan, the deployment of 1,000 Polish troops and the expected augmentation of British forces. He said that it would give Nato commanders a "strategic reserve".

The Afghan National Army's own strength would increase by up to 12,000 troops from its current level of 40,000 by the time of any "spring offensive" by the Taliban.

But France is pulling out most of the 200 special forces it has in the country, although it has agreed to provide extra aircraft for the Nato mission. Germany is also seeking to provide Nato with more aircraft.

"The countries that are in the south and east are the countries that wake up every morning feeling that their own national security is tied to the future of Afghanistan," said a senior Nato diplomat.

Bush To Seek More Aid For Afghanistan (NYT)

By Helene Cooper And David S. Cloud

The New York Times, January 26, 2007

BRUSSELS, Jan. 25 — President Bush plans to ask Congress for $10.6 billion in aid for Afghanistan, primarily to beef up the country's security forces, Secretary of State Condoleezza Rice said Thursday.

The aid request would come before what is expected to be another spring offensive by resurgent forces linked to the Taliban, the former rulers of Afghanistan. In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan for as long as three months, increasing the American force level there to around 24,000. An additional 20,000 soldiers from other NATO countries are also deployed there.

The aid request would include $8.6 billion for training and equipping Afghan security forces and would go toward increasing the size of Afghanistan's national army by 70,000 and its local police forces by 82,000, said a senior American official familiar with the issue.

An additional $2 billion would go to reconstruction projects like building roads, laying down electric power lines, development in rural areas, and counternarcotics efforts, administration officials said. The officials said that they planned to use some of the money to help Afghanistan and Pakistan battle the Taliban and other insurgents along the Afghan-Pakistan border.

President Bush is expected to make a formal request for the funds next month, after a year in which Taliban forces have carried out fierce attacks across the country, particularly in the south.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Ms. Rice told reporters aboard her flight to Brussels for a NATO meeting on Afghanistan, coming from a donors' conference for Lebanon that was held in Paris.

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President Bush announced two weeks ago that he was sending more than 20,000 additional troops to Iraq, where the United States already has about 132,000 troops.

The troops to remain longer in Afghanistan, from the Third Brigade of the 10th Mountain Division, provide commanders with more forces before an expected spring offensive by the Taliban. The unit was supposed to return to the United States next month. But commanders asked Defense Secretary Robert M. Gates for additional forces when he visited Kabul last week and he said at the time that he was inclined to support the request.

In a statement, the Army said the additional forces were necessary to "deny the Taliban a base of operations."

Because another battalion is scheduled to leave Afghanistan shortly, the actual increase in American troop numbers as a result of holding over the 3,500-member brigade will be about 2,500 troops, said Bryan Whitman, a Pentagon spokesman.

The increase comes at the same time that the Bush administration is renewing pressure on European allies to increase their troops in Afghanistan and is aimed at quelling European concerns that the United States may soon draw down in Afghanistan to meet its growing troop commitments in Iraq. British, Canadian and Dutch troops have at times since last summer been in intense combat in southern Afghanistan, the Taliban's heartland.

In addition, an American general, Dan K. McNeil, is taking command of the NATO mission in Afghanistan next month, taking over from a British officer.

The NATO-led force remains about 15 percent short of the troop and equipment levels pledged by its contributing nations, a point that is bound to be of contention during Friday's scheduled NATO meeting in Brussels to discuss Afghanistan.

Mr. Gates has been more open to adding troops to Afghanistan than his predecessor, Donald H. Rumsfeld, who argued for holding down force levels. Mr. Gates has indicated that he favors aggressive action to root out the Taliban and has said repeatedly that Afghanistan cannot be permitted to fall back into chaos.

American officials say that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and are preparing to resume attacks in the spring, as they have done every year since the American invasion, which toppled the Taliban in 2001.

Since 2001, the United States has provided over $14.2 billion in aid to Afghanistan.

New Combat Brigade To Bolster NATO-Led Forces In Afghanistan (WP/AP)

The Washington Post, January 26, 2007

KABUL, Jan. 25 -- NATO-led troops battling resurgent Taliban fighters will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday.

British Gen. David Richards said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops. Richards did not specify how many reinforcements he expected.

"I anticipate at least another brigade of combat troops from ISAF nations coming here shortly and more after that," Richards told reporters.

At NATO headquarters in Brussels, officials would not specify which countries planned to send reinforcements, saying such announcements are up to individual nations.

Several countries, however, plan to boost their contributions in response to requests for more troops to join the fight against the Taliban in the spring.

Poland is expected to send about 1,200 soldiers in February, and British news media have reported that Britain is considering deploying 600 more troops. It was not clear if Richards was referring to those upcoming troop contributions.

The U.S. Defense Department said Wednesday that about 3,500 soldiers from the New York-based 10th Mountain Division already in the country would have their tour extended by four months.

The NATO-led force, which is bracing for renewed fighting with the Taliban, is about 20 percent short of the troop levels pledged by its contributing nations.

Richards made the comments during the opening of a joint operations center in Kabul that will be manned by officers from Afghanistan, Pakistan and NATO. The three are trying to increase coordination in their counterinsurgency efforts.

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Relations between Pakistan and Afghanistan have deteriorated recently as top officials have traded accusations over which side was responsible for the increase in Taliban attacks. About 4,000 people died in insurgency-related violence in Afghanistan last year, according to numbers from Afghan, U.S. and NATO officials.

Also Thursday, Italy's government approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition. Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, although he has resisted NATO's request to increase its size.

Bush Seeks Funds To Counter Taliban (WT)

By Nicholas Kralev

The Washington Times, January 26, 2007

The Bush administration will ask Congress for $10.6 billion next month for Afghanistan's reconstruction and to beef up the country's security forces to counter recent Taliban gains, Secretary of State Condoleezza Rice said yesterday.

The unusually large figure -- the United States has given Afghanistan $14.2 billion in aid since 2001 -- is an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, U.S. officials said.

In addition, the Pentagon announced yesterday that it would extend the tours of 3,200 soldiers in Afghanistan. The troops from the 3rd Brigade, 10th Mountain Division, were expecting to complete a one-year deployment next month, but their tour of duty had been extended by up to 120 days.

The extension means there will be about 2,500 more soldiers in Afghanistan than planned for the next few months.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Miss Rice said as she flew last night to Brussels, where she will urge fellow NATO members today to follow Washington's lead and increase their financial assistance.

She said $8.6 billion would be used for training and equipping Afghan police and security forces. The money would also help to increase the Afghan army by 70,000 soldiers and police forces by 82,000, a senior U.S. official said.

The remaining $2 billion would go to building roads, an electricity grid and other infrastructure, as well as counternarcotics operations, said State Department spokesman Sean McCormack.

The administration will submit the request as a supplemental to this year's budget, but the funds would be disbursed over the next two years, officials said.

They said the White House had realized that an "adjustment in strategy" was urgently needed if Afghanistan was going to be the success the United States wants it to be, and a broad interagency review was conducted in the past several months.

"There was a feeling that we were incrementally making progress, but that, given the kind of insurgency threat we faced last year, maybe that wasn't enough, that what we needed to do was make significant progress across the board," Richard Boucher, assistant secretary of state for South and Central Asian affairs, said yesterday in Brussels.

Mr. Boucher said the "significant funding," a decision to keep more troops in Afghanistan, as well as other steps by the United States and NATO were meant to disrupt Taliban's plans for the winter.

About 4,000 people were killed in insurgency fighting last year, and U.S. officials have said there were nearly 140 suicide attacks, up from 27 in 2005.

Secretary of Defense Robert M. Gates visited Afghanistan last week, but officials said the administration delayed the new funds pledge until Miss Rice's meeting at NATO in order to "make a political point."

"We're looking for others to step up their effort with us, step it up across the board," Mr. Boucher said.

About 33,000 troops from 37 countries under the NATO-led International Security Assistance Force are currently deployed in Afghanistan.

The Bush administration has been criticized that it stopped paying enough attention to the country after toppling the Taliban in 2001, and particularly since the war in Iraq began nearly four years ago.

A senior U.S. official said yesterday the administration wanted to show to its European allies that "it's not all about Iraq, all the time."

NATO defense ministers are expected to discuss the alliance's operation in Afghanistan at a meeting in Spain next month.

DOJ_NMG_0121771

White House Wants More Aid For Afghanistan (LAT)

By Paul Richter

The Los Angeles Times, January 26, 2007

WASHINGTON — The Bush administration will seek $10.6 billion more in aid for Afghanistan, Secretary of State Condoleezza Rice said Thursday, in another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence.

The proposal for additional money came the same week the Pentagon announced plans to extend the deployment of 3,200 troops in the country and amid a broad rethinking of the American strategy for dealing with Afghanistan.

The new aid, which would be spent over two years, would mark a substantial addition to the $14 billion the United States has spent in Afghanistan since the invasion that toppled the Taliban's fundamentalist Islamic government in late 2001. About $8.6 billion of the new funding would be used to train and arm Afghan troops and police, and the remainder would be for reconstruction, including new roads, electricity and other infrastructure, Rice told reporters during a trip to Brussels.

"The challenges of the last several months have demonstrated that we want to, and should, redouble our efforts," she said.

U.S. officials have become increasingly alarmed by the resurgence of the Taliban, whose attacks on the fragile government and international forces made 2006 the bloodiest year since the U.S.-led invasion, with 4,000 deaths from violence. Military strategists are preparing for an expected spring campaign by the Taliban forces.

A senior U.S. official, speaking to reporters last week, said that prospects for progress in the Afghan effort were far better than in Iraq. Even so, he said, "efforts in Afghanistan need desperately to be intensified."

The official, who would discuss U.S. strategy only on condition of anonymity, said the United States and its NATO allies needed a "comprehensive approach" that included not only stepped-up security, but also efforts to strengthen the weak economy, fight the opium trade and extend the reach of a government that is hardly in evidence in many parts of the country.

As part of the effort to stabilize the country, the U.S. is temporarily increasing the size of its force there by postponing the return of the 3rd Brigade of the 10th Mountain Division. The brigade, based at Ft. Drum, N.Y., will be extended by up to 120 days beyond its one-year deployment, the Pentagon said this week. Taking into account service members being rotated out of Afghanistan, that will mean a net increase of about 2,500 U.S. troops in the country.

About 24,000 U.S. troops are in Afghanistan, representing the largest American force since the start of the war. About half of them are under the command of the North Atlantic Treaty Organization.

The new aid proposal requires approval from the Democrat-controlled Congress as part of the administration's 2007 supplemental budget proposal, a special war spending measure separate from the regular budget. The war budget proposal is expected to top $100 billion, adding to more than $400 billion spent on the conflicts and reconstruction efforts in Iraq and Afghanistan since 2001.

Pentagon officials said the money would enable them to train 70,000 Afghan soldiers and 82,000 police officers.

Defense Secretary Robert M. Gates said during a trip to Afghanistan last week that he was sympathetic to NATO requests for more U.S. and European troops and expressed concern that progress in the country would "slip away" under a sustained Taliban offensive.

Rice will address the planned addition of forces with European leaders at a NATO ministerial meeting today in Brussels.

Although the Afghanistan mission is NATO's first outside Europe, U.S. officials are unhappy that their allies have not provided more troops and that the NATO forces have in some cases limited their missions in an effort to reduce casualties. The Bush administration has been pressing Spain, Italy and Germany to lift operational restrictions on troops in southern Afghanistan, where the fighting is the most dangerous.

The senior U.S. official said the French too "need to do more." But the Europeans, for their part, have expressed concern that the Pentagon may shift U.S. troops from Afghanistan to Iraq to try to quell the surging violence there, leaving NATO to fill the gap.

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New York Prosecutor With Wall Street In His Sights (FT)

By Brooke Masters In New York

Financial Times, January 26, 2007

Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet gambling investigation, takes pride in being an ordinary guy.

Spurning the car and driver that comes with his position as US attorney for the southern district of New York, he commutes by train and is never recognised on the street.

He notes wryly that his alma mater is so low on the academic totem poll that he was the first Albany Law School graduate to be hired by the office in more than 200 years.

But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling.

"This is an office that has been willing to take on the difficult and new cases, and you see the results," Mr Garcia, 45, told the Financial Times. "If there is a case there, we will make it."

A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice.

"He was a regular guy. He put his head down. He worked with agents. He made the cases," said Lev Dassin, a colleague from those days who now serves as one of Mr Garcia's top deputies.

As a young terrorism prosecutor, Mr Garcia travelled to Asia to help build the office's case against Ramzi Yousef for plotting to blow up US airliners. A few years later, he went to Kenya and Tanzania to collect evidence from the victims of the 1998 US embassy bombings there.

"Mike is just an extraordinarily talented prosecutor and investigator," said Mary Jo White, the US attorney at the time.

The southern district is known, only half jokingly, as "the sovereign district", in recognition of its broad jurisdiction and its founding in 1789, which predates the Justice Department itself.

Located blocks from Wall Street, the office attracts many of the US's pre-eminent securities fraud prosecutors and brought recent cases against the leaders of WorldCom and Adelphia, and domesticity mogul Martha Stewart.

"New York is a centre and New York is a target," Mr Garcia said. "For a lot of those reasons, our venue is very expansive and we are proud of that."

The gambling probe has particularly raised hackles because Mr Garcia's staff have not only filed money-laundering charges against the Canadian founders of Neteller, a company that processes gambling proceeds, but also sought to trace the overseas financial holdings of gambling companies and their principal officers.

Though Mr Garcia would not comment on the particulars, he says he sees the gambling crackdown as simple fairness.

"We think it violates US law and we are going to do it whether it is the guy in the Bronx operating an illegal gambling [den] or a multi-million dollar offshore on-line gambling operation."

Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington.

He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security.

Mr Garcia calls his 2005 return to New York a "great honour" and has promised to beef up prosecution of public corruption. His emphasis on meetings and reporting lines initially irked some long-time staffers and contrasted with his predecessor, David Kelley, who had often roamed the halls.

Mr Garcia's arrival coincided with a rough patch for the white-collar unit. Last summer the office lost an appeal and then agreed to a deferred prosecution of banker Frank Quattrone, a move widely seen as a defeat.

A federal judge publicly railed at the office's handling of its case against accountancy firm KPMG, and the office also dropped criminal charges against seven former New York Stock Exchange specialists.

Mr Garcia's supporters are quick to point out that all of these cases started before his arrival in 2005 and he dismissed the problems as "cyclical".

"This office is always going to be at the forefront of white-collar work," he promised. "This year you will see some very good cases coming out."

Reichert To Submit Candidates To Succeed U.S. Attorney McKay (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, January 26, 2007

Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington.

McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School.

U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor.

U.S. attorneys are White House appointees subject to Senate confirmation.

It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates.

Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay.

Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration.

Reichert is not obligated to consult with members of the opposite party.

Sen. Patty Murray, D-Wash, has not been contacted by Reichert's office about the U.S. attorney vacancy, said Alex Glass, a spokeswoman for Murray.

"Congressman Reichert is involved in looking at candidates and will seek to work in a bipartisan way in putting that name forward," Shields said.

Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng.

Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources.

McKay announced his plans to resign Dec. 14.

His departure became the subject of speculation after a spate of reports earlier this month suggested that the White House had pushed several U.S. attorneys out of their jobs. The White House denied it had orchestrated a purge, but declined to comment on whether McKay had been asked to leave.

McKay said last month he stepped down to return to the private sector. Emily Langlie, a spokeswoman for the U.S. Attorney's Office, said McKay stood by that statement and would not comment further.

CORPORATE SCANDALS:

McNulty Memo On Attorney-Client Privilege Blasted For Lack Of Change (NLJ)

By Pamela A. MacLean, The National Law Journal

National Law Journal, January 26, 2007

Critics say result will be silent pressure by Justice; Congress expected to seek bans on waiver demands

Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a "don't ask, don't tell" policy that will drive prosecution waiver demands underground.

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And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12 by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a "culture of waiver."

Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify "limited waiver" of attorney-client privilege, despite wide federal and state court rejection of the concept.

Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits.

McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits "is a significant concern," McNulty said in a recent interview. "That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver," he said.

A DEPARTURE

His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government "carefully took no position," and declined to participate in oral argument. In re Qwest Communications Securities Litigation, 450 F.3d 1179 (2006).

As for Congress stepping in to ban all but voluntary waivers, McNulty said, "I am hopeful the Senate and the House will give the new guidance a chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance."

But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing "partial waivers."

At a Jan. 12 meeting in Phoenix, a subcommittee of the Standing Committee on Rules of Practice and Procedure of the Judicial Conference of the United States heard public comments on proposed Rule 502 changes.

A 2003 memo by former Deputy Attorney General Larry D. Thompson, which told prosecutors considering whether to charge a corporation criminally to take its cooperation into account, turned the waiver controversy into a subject of national debate. Waiver of attorney-client or work-product privileges was considered a sign of cooperation. Companies failing to cooperate could be indicted along with suspect executives.

The Justice Department was tampering with a privilege that has existed in common law for more than 400 years of balancing the courts' search for truth with a need to protect defendants' right to counsel, according to Steven K. Hazen, an advisor to the American Bar Association task force on Rule 502 and the State Bar of California Business Law Section. "Confidentiality is like toothpaste, once it is out of the tube it is out for good," he said.

A survey earlier this year by the Association of Corporate Counsel, representing 19,000 public companies, found that nearly 75 percent of inside and outside counsel said government agencies expect a company under investigation to waive legal privileges. In addition, it found that in the last five years, 51 percent of outside counsel and 30 percent of in-house counsel reported the government expected waivers in order to be eligible for leniency.

"It is chilling the relationship with employees and impacts whether people report misconduct," said Susan Hackett, a spokeswoman for the association.

The McNulty memo didn't resolve the conflict. "We're thrilled the Department of Justice has taken this step forward after two years of begging. But this proposal is no solution. It not only doesn't go far enough, it still misses the point. They still think DOJ gets to decide whether corporate counsel they are prosecuting have a right to counsel or not," Hackett said.

"One bone dangled before counsel is a confidentiality agreement [partial waiver]," she said. "We don't support the rule change. There is still a fundamental constitutional problem of right to counsel. Only a court can decide that right."

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The McNulty memo converts the Thompson memo's upfront requests for waiver to a "don't ask, don't tell policy," complained Judson W. Starr, head of environmental defense for Venable in Washington. "The government raises the prospect of getting information but doesn't ask for it. You still have every bit as much pressure to waive," said Starr.

"In environmental cases it is on the table in every case," he said. "If you refuse to waive, it becomes part of the conspiracy."

McNulty disputed the notion that his changes would turn government waiver requests into an unspoken wink and nod. "Practically speaking, if someone engaged in some subtle process of seeking waiver without following the procedure, it would come out quickly," he said.

"If a corporation came back and said 'there was a method or tone we picked up, that gave the impression it would be bad if we didn't volunteer to waive,' I would want to know a lot more about the facts of that," McNulty said.

Jim Parkman, who successfully defended HealthSouth Corp. CEO Richard M. Scrushy, said, "I am not for giving any waivers of any kind." In the HealthSouth prosecution, said Parkman of The Cochran Firm's Birmingham, Ala., office, "we knew they signed an agreement and provided the government everything. We tried to obtain the agreement. The court ordered we get it, but we never did."

ABA task force advisor Hazen added that there's a danger of "commoditizing" waivers by making them bargaining chips to be traded for something of value.

But most troubling, the McNulty memo "leaves the impression something significant has been done when it hasn't," Hazen said. "Comparing the McNulty memo line by line with the Thompson memo, there is almost no change. It is very subtle." Hazen also said the Justice Department "institutionalize[s] artificially the entire attorney work-product protection area as trivial."

Nacchio's Legal Tab Picked Up (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, January 26, 2007

Bylaws require Qwest to pay for ex-CEO's defense

Joe Nacchio is getting the best defense Qwest can buy.

The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading.

Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19.

His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees.

Qwest's bylaws require it to "advance legal fees to current and former officers who may be involved" in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs.

"If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual," Toevs said.

But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts.

Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing.

The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002.

Qwest shareholder and retiree Jaclyn Prokesh called the arrangement "outrageous."

"It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses," said retiree Nelson

Phelps, executive director of the Association of US West Retirees. "It's a further hit against a company (through) legal costs for a person that many retirees look at as almost sinking the company."

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"Expensive litigations"

Qwest, which acquired Baby Bell US West in 2000, hasn't disclosed how much it has spent or expects to spend on Nacchio's defense. Some of the fees may be covered by so-called Directors and Officers liability insurance, which many public corporations including Qwest carry to help defend and settle lawsuits against key officials.

But the insurance typically doesn't cover criminal charges, said John Toothman, founder of The Devil's Advocate, a legal-fees consulting firm in Great Falls, Va.

The Justice Department's case alleges Nacchio sold $101 million in Qwest stock in early 2001 while he knew the company's finances were faltering.

Separately, the SEC has sued Nacchio and several other former Qwest executives, alleging that they fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Nacchio has also been named in several shareholder lawsuits.

He is represented by two law firms: Roseland, N.J.-based Stern & Kilcullen and Denver's Richilano & Gilligan.

Herbert Stern is Nacchio's lead attorney, and John Richilano is the top local attorney. Six other attorneys from those two firms have entered appearances in the criminal case.

Costs add up

Toothman said the lead attorneys in the case could likely charge more than $500 an hour and their associates around $200 an hour. The legal bill would also include fees for pollsters, expert witnesses, travel expenses and other costs.

One expert already has appeared in court filings on Nacchio's behalf. Noted jury specialist Edward Bronson of California State University reviewed hundreds of newspaper articles and prepared a 62-page report supporting Nacchio's effort to move the trial to New Jersey, which was rejected. Bronson has said that he is paid $125 an hour for his work.

"These are expensive litigations," said John Marquess, president of Legal Cost Control, a legal-fees consulting firm in New Jersey. "These things could go as high as $60 million to $75 million to defend."

Since Qwest is paying fees in advance, Marquess said Nacchio has no reason to control costs. Skilling shelled out $23 million from his own pocket for his attorney fees, his insurance covered $17 million and $25 million went unpaid, according to published reports. Enron had filed bankruptcy by the time Skilling faced criminal charges.

"When it's your own money, you may care a bit," Marquess said. "When it's not your own money, what's he care?"

Legal experts said large corporations such as Qwest need to offer officers and directors financial protection from lawsuits in order to hire them.

"It'd be hard to attract the kind of individuals that you need to run a public corporation without that type of indemnification," said John O'Dorisio, a Denver corporate attorney.

Recommended steps

Harvey Pitt, former chairman of the SEC, said companies should have their boards conduct an investigation into charges before advancing legal fees. He also said they should have adequate protections in place to ensure that they'll be able to recover the fees.

"Unless there are satisfactory responses to these questions, I don't believe boards are justified in advancing expenses, even though they may legally be able to do so or even obligated to do so," said Pitt, who now heads business consulting firm Kalorama Partners.

Experts said companies rarely recover legal fees from former executives even if they are convicted, and shareholders ultimately foot the bill.

"There's a lot of hurdles to get that money back," Marquess said.

The company would have to stand in line behind court fines, debt holders such as mortgage companies and shareholders that file civil suits.

Experts said Qwest would have the ability to recover attorney fees from former Qwest chief financial officer Robin Szeliga, who pleaded guilty to one count of illegal insider trading.

But during her sentencing last year, Szeliga said she has faced "financial devastation." She was fined $250,000 as part of her sentence.

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Szeliga is the only other former top Qwest officer to have been charged criminally. Former president Afshin Mohebbi and former CFO Robert Woodruff, who preceded Szeliga, are also named in the SEC suit.

Toevs said he couldn't comment about individual cases.

Staff writer Greg Griffin contributed to this report.

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GM Delays Earnings Announcement; Will Restate Some Financial Statements (DEN)

By Sharon Terlep And Christine Tierney, The Detroit News

Detroit News, January 26, 2007

General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter.

GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments.

"As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006," the U.S. automaker said in a statement. "GM does not expect any material impact on cash flow."

While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern.

While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department.

Last year, GM reported a $10.6 billion loss for 2005 -- after restating the result it issued previously.

That shortfall was dwarfed Thursday by Ford Motor Co.'s announcement that it lost $12.7 billion in 2006 -- the biggest annual loss in its history.

Of Detroit's automakers, struggling against intense competition from Asian rivals in their home market, GM is furthest along in its recovery program, and investors are watching its progress closely. GM said it expected to report "improved performance in its automotive business, including record fourth quarter revenue in 2006."

Analysts have been expecting strong results from GM for 2006, a year in which the automaker pared back its workforce, cut production costs and scaled back less profitable businesses, such as sales to rental car companies. "I think they will not disappoint," analyst Brad Rubin of BNP Paribas said prior to GM's announcement that it would delay and restate results.

"The company expects to be profitable on a reported consolidated basis in the 2006 fourth quarter, and net income is expected to improve significantly over the fourth quarter of 2005," GM said in its statement.

It said it had improved its liquidity position, ending the year with around $26.4 billion in cash and equivalents, an increase of about $5.9 billion over year-earlier levels.

In its statement, GM also said GMAC, its former finance arm, was not able to supply information on time that GM needed for its fourth-quarter report. GM sold 51 percent of GMAC on Nov. 30 as part of an effort to raise cash.

The automaker confirmed Thursday that it was considering the sale of its Allison Transmission division in Indianapolis.

GM did not say when it would report its fourth-quarter and annual results but will provide information on the progress of its financial reporting in early February. It said it expected to file its annual report on Form 10-K with the SEC by March 1, the due date.

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OUTSIDE INFLUENCE How Borrowed Shares Swing Company Votes (WSJ)

By Kara Scannell

The Wall Street Journal, January 26, 2007

Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes.

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In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late.

Fueling the practice -- dubbed "empty voting" in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences.

Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners.

This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined.

The practice "is almost certainly going to force further regulatory response to ensure that investors' interests are protected," Securities and Exchange Commission Chairman Christopher Cox said in an interview. "This is already a serious issue and it is showing all signs of growing."

The SEC has no firm plans yet. Britain's securities regulator, the Financial Services Authority, has begun a study into whether to force greater disclosure of large investors' stakes in companies, regardless of whether they own stocks or are just borrowing them. One of the largest pension-fund managers there, Hermes, has called for regulators to outlaw voting altogether by borrowers of shares. In Hong Kong, the Securities and Futures Commission said it is studying "issues relating to borrowed shares and voting."

The concern arises just as more companies are moving toward requiring a majority of all shares to elect directors, instead of simply a plurality of those casting votes. A recent U.S. federal appeals court decision opened the door to giving shareholders a greater say in the election and nomination of directors, and the SEC recently approved a rule to make it easier for investors to put up their own slates of directors. But the vulnerability of the voting system could set back such efforts.

"It seems in trying to perfect corporate governance, we were polishing an apple that had a lot of worms inside, and we didn't know it," says Carol Hayes, corporate secretary of Coca-Cola Co., and a member of the Society of Corporate Secretaries and Governance Professionals.

The opportunity for "empty voting" arises when brokerage firms or institutional fund managers lend the shares they manage to hedge funds or other firms, for a fee that can rise with how difficult the shares are to get. The value of securities borrowed on any given day has reached $1.6 trillion after several years of double-digit growth, according to Astec Marketing Research Group Inc., a New York capital-markets research firm.

When it comes times for a shareholder vote, it's the borrowers that hold the voting rights. Under Delaware law, where most large companies are incorporated, voting rights belong to whoever holds the stock on a date the company chooses in advance of its stockholder meeting. It's as if in the U.S. electoral system, someone could borrow your voting rights and use them to vote in your place without your knowing it. Individual share owners often are unaware that contracts with brokerages normally allow the brokerages to make money by lending out stock if it's held in margin accounts, just as banks profit from lending their cash deposits.

The owners must ask for their stock to be recalled if they want to vote -- which means they would have to know the stock was lent and that the vote was coming. If their stocks are lent, the borrowers of the shares, not the owners, are supposed to receive invitations to vote. Stocks in cash accounts aren't affected.

READ THE STUDY

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See the study by law professors Hu and Black1, which cites 22 instances in which either borrowed stock or hedging strategies, or both, were used.

No one knows how widespread "empty voting" is. Law professors Henry Hu and Bernard Black at the University of Texas at Austin have studied 22 instances world-wide from 2001 through 2006 in which either borrowed stock or hedging strategies, or both, were used. (See Messrs. Hu and Black's study2.) Consider one example:

Henderson Land Development Co., Hong Kong's third-largest property developer, owned 73% of a subsidiary called Henderson Investment. It offered a rich premium in November 2005 to buy the rest. It had failed in a similar effort three years earlier, but this time it came back with a better offer. Under Hong Kong law, the deal would go through unless 10% of all the shares opposed it. Since the parent owned such a large stake and large institutions backed the deal, passage was considered a foregone conclusion.

Yet the acquisition was voted down early last year by a slim margin. Several market participants were quoted in news reports saying there was a surge in borrowed shares by at least one hedge fund ahead of the vote, compared with little if any lending in Henderson shares over the previous seven months.

By borrowing the shares and simultaneously shorting the underlying stock, the hedge funds gained the voting rights to squash the deal and stood to profit when the stock dropped 18% the next day. After the Henderson vote, the Hong Kong regulator said it was examining voting practices.

"It appears that one or more hedge funds borrowed Henderson Investment shares before the record date, voted against the buyout, and then sold those shares short, thus profiting from its private knowledge that the buyout would be defeated," the Texas professors wrote in the May 2006 Southern California Law Review. A Henderson spokeswoman declined to comment.

Altogether the professors analyzed 12 instances in which it appeared that hedge funds or other large shareholders voted to try to swing public-company contests in their favor without much ownership stake. In 10 others, they said investors just hid their stake in the company until a vote.

The shareholder vote is rooted firmly in corporate law, which is based on the notion that shareholders vote in the best interests of the company in which they own stock. The effects of short-selling and other sophisticated instruments that can separate a vote from economic interest were never considered. "You have this whole superstructure built on this notion that there is this coupling of economic interest and voting power," says Mr. Hu. "With these financial innovations, you're screwing around with the foundation."

Hedge funds say their actions are legitimate, lawful and many times in the best interest of their investors. Often they borrow stock or use a hedging strategy to minimize the risk of their stake without any intention to affect the votes of the companies. They also say that if institutions can make money by lending shares, there shouldn't be a judgment against those who borrow.

"You should be able to vote your shares irrationally if you want," says Mark Weingarten, a partner in New York with law firm Schulte Roth & Zable who advises hedge funds. He adds, "The rules and state law simply haven't caught up with the marketplace for sophisticated trading techniques. They never contemplated the slicing and dicing of ownership and voting power that's done in the marketplace."

It's routine for hedge funds and other investors to borrow shares to vote them. Many individual investors hold their shares in margin accounts with their brokers. Brokers lend those shares out, often when they are requested by short-sellers, who borrow shares in the expectation the price will fall, sell them and hope to profit by buying them back at a lower price.

The California Public Employees' Retirement System reported in October that it made $129.4 million in net income from lending securities for the year ending March 31, 2006. Critics say investors like Calpers shouldn't lend their shares if borrowers will use them in ways to undermine corporate governance. Proponents of securities lending say Calpers and other institutional investors have a fiduciary duty to make the most money for their constituents.

Not everyone agrees where the fiduciary duty lies. Lord, Abbett & Co., a mutual-fund company, has scaled back its stock lending program recently, saying it sometimes didn't get securities back in time to vote and decided that the money it was earning from lending out stocks wasn't worth it. "It was impeding our corporate governance efforts in a troubling number of circumstances," says Robert Morris, chief investment officer at Lord Abbett.

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Calpers says it prohibits lending its 30 largest equity investments to make sure they will be available for voting, and on a second list monitors 300 of its largest so that if Calpers wants to vote the shares, it can try to get them back. A Calpers spokesman called those measures "a sufficient safeguard for our interests, for the time being."

Brokerage firms keep records of which shares are lent out when, and which holders of stocks are supposed to have the votes. But shares can be lent and re-lent and the records don't always keep up. Sometimes proxies are sent to both owners and borrowers, leading to "overvoting."

The New York Stock Exchange, which says tracking of votes has become inadequate, found overvotes in almost all the shareholder votes it tested at Deutsche Bank in 2002 and 2003: 23 of 27 instances. "There shouldn't be overvoting," John Thain, chief executive of NYSE Group Inc., said in a speech last year. "The question is, 'How do we prevent that from happening?' "

Last February, Deutsche Bank agreed to pay $1 million, without admitting or denying wrongdoing, to settle NYSE allegations that the brokerage firm didn't have proper systems in place. In June, UBS Securities, Goldman Sachs Group Inc. and Credit Suisse Securities agreed to pay a total of $1.35 million, without admitting or denying wrongdoing, to settle similar NYSE charges.

James Morphy, the head of mergers and acquisitions at New York-based law firm Sullivan & Cromwell, says because the votes haven't yet affected many outcomes in general corporate elections, companies haven't spent the time or money to dig deeply into who actually owns and votes their stocks. "To the extent there are a lot more voting contests, these issues are going to come to the fore," he said. As shareholders are getting more power in the wake of management scandals, votes are narrowing, which forces companies to pay more attention to who their shareholders are -- as have the growth and increased combativeness of hedge funds.

One way "empty voting" occurs is by borrowing stock ahead of the date that companies use to determine which stockholders can vote at a particular meeting. Record dates are usually set 30 days before a vote, designed to give companies adequate time to print and mail information to its shareholders of record.

In 2002, activist British hedge fund Laxey Partners, which owned a 1% stake in British Land, a major British property owner, sought to break up the company and oust its chairman John Ritblat. With a key proxy vote approaching, Laxey boosted its voting stake in British Land to 9% by borrowing more than 40 million shares days before the record date. By being shareholders of record on the record date, Laxey was entitled to vote at the next meeting.

In the end, Laxey's proposals were defeated. But Mr. Ritblat criticized Laxey for borrowing the shares, saying it wasn't good corporate governance. The three institutions that lent out shares -- Hermes, Barclays Global Investors and Scottish Widows, a life insurance and investment arm of Lloyds TSB -- apologized to British Land. Hermes says it didn't lend shares to Laxey but apologized to British Land for not recalling its shares and voting its full strength in support of management.

Since then, several large pension funds have taken notice and established internal systems to allow them to recall shares ahead of a vote and better monitor which shares are lent.

Because corporate voting is mostly governed by state law, the SEC's main tool in voting issues is requiring more disclosure. "Empty voting" usually doesn't trigger current disclosure rules because they don't cover borrowed stock or derivative holdings unless an investor owns more than 5%. Many hedge funds own just shy of 5%, Mr. Hu says -- and then use empty-voting strategies to enlarge or hide their stake.

Paul Atkins, a Republican SEC commissioner, expressed concern in a speech this week that empty-voting and other techniques should be considered as the SEC looks to tackle other shareholder proposals. That could delay the SEC from moving forward in resolving whether shareholders are permitted to nominate their own directors on corporate ballots.

One potential solution is to give institutional investors better notice of important proxy votes so they can know to recall shares -- and the attached voting rights -- that they've lent. Some investors already write recall options into their lending contracts, but brokerage firms have advised it could make borrowing those shares less attractive.

Professors Hu and Black recommend regulators require disclosure of an investor's complete stake, however it is held. Disclosure now "is so patchwork, you almost never see it," says Mr. Hu. "We need to get a better grip on just how extensive these practices are."

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Regulators, however, don't want to disrupt the stock-lending market, and also have to be careful that any fix doesn't have the reverse effect that they intend. For instance, weighing votes by how long the stock has been held could curtail empty voting but disenfranchise individual investors, too.

Federal Agents Raise Ante On Overseas Corruption (PORTBIZ)

By Cathy Cheney

Portland (OR) Business Journal, January 19, 2007

Miller Nash attorney Chris Helmer: Using an overseas agent won't protect U.S. firms from bribery charges.

A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets.

About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts.

Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department.

The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits.

Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department.

The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said.

"A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country," Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. "You don't insulate yourself by using an agent or distributor."

In the Schnitzer case, the company agreed to adopt internal compliance measures that must be monitored by an independent consultant to ensure the company adheres to them.

Such measures already are in place -- voluntarily -- at Intel Corp.'s Oregon operations, where employees receive extensive, mandatory training about the FCPA, said James Jarrett, legal and government affairs director, who is based at Intel headquarters in Santa Clara, Calif. No third party monitors Intel's training efforts.

"Intel has scores of people working with government representatives worldwide, so it is very important that we interact with these officials in a way that will be positive for both sides," Jarrett said. "One base requirement is that we adhere to the Foreign Corrupt Practices Act and equivalent local legislation. Because we are governed by the requirements of the FCPA and similar local laws, we make sure that all of our people, particularly within government affairs, public affairs, and the sales and marketing groups, are well aware of the details of the FCPA and other government laws and regulations."

Intel employees are expected to screen local agents and consultants on an ongoing basis for FCPA compliance, and immediately report to their manager and Intel's legal counsel if they become aware of an FCPA violation. Employees who fail to comply with state, federal and international regulations can be fired and may be held personally liable as well, said Bill MacKenzie, Intel's communications manager.

Low Funding 'threatens' US Futures Regulator (FT)

By Jeremy Grant In Houston

Financial Times, January 26, 2007

The US futures industry regulator, the Commodity Futures Trading Commission, is at "critical levels" in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday.

The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets.

There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange.

Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange.

Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol.

On Wednesday, the American Public Gas Association, whose members are 950 public gas systems across the US, was joined by the Iowa public gas system in calling on Congress to enact legislation that would empower the CFTC to collect information concerning trading positions held by the largest traders in the OTC natural gas derivatives markets – as is done with formal exchanges.

"It simply makes no sense to have oversight of one portion of the market and no oversight over another, particularly given that the OTC markets are one of the fastest growing segments of the natural gas marketplace," the groups said in a letter to Tom Harkin, chairman of the senate agriculture committee, which is responsible for overseeing the CFTC.

However, Mr Lukken is expected to tell a conference on energy trading speculation in Houston that the CFTC's continued ability to apply its relatively flexible, "principles-based" regulation of markets under the existing scope of its mandate could be jeopardised if the agency is not given added resources.

"Despite record exchange trading volumes, employee levels at the CFTC are the lowest in the agency's 30-year history," he will say Thursday in a speech obtained by the Financial Times. "Unless the proper funds are dedicated to our mission, this regulatory tool cannot be properly utilised and could end up sitting idle, gathering dust while these markets and investors are jeopardised due to the lack of regulatory oversight."

The conference, hosted by the University of Houston's "Global Energy Management Institute", will focus on speculation in the energy markets, including the OTC markets.

Craig Pirrong, the institute's energy management director, said: "Government reports and private analysts have blamed speculation for recent [energy price] volatility, and they are advocating tighter regulations [of OTC markets]. Economists, on the other hand, believe that speculation facilitates the transfer of risk from those who are very averse to it to those who are less averse."

Judge Rules Against Former H-P Executive (WSJ)

By Christopher Lawton

The Wall Street Journal, January 26, 2007

A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday.

Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002.

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H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim.

Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package.

Mr. Kamb's counterclaim is a response to an amended lawsuit filed by H-P against him and others last August. In H-P's suit, the company alleged Mr. Kamb and a team secretly organized and began a competing business venture against H-P using company resources, contacts and trade secrets.

In a statement earlier, H-P spokesman Ryan Donovan said, "This counterclaim is wholly without merit." Mr. Kamb's attorneys didn't immediately return calls for comment.

Dell spokesman Bob Pearson said in a statement, "There is no place for industrial espionage, and if we discover that we have been the victim of that we will consider all appropriate actions in response."

CNBC Defends Anchor Bartiromo (WSJ)

By Brooks Barnes And Monica Langley

The Wall Street Journal, January 26, 2007

CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive.

Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation.

"Maria Bartiromo ... works tirelessly around the world in the service of business journalism," CNBC said in a prepared statement. "In 2006 alone, she made 46 public appearances on behalf of CNBC. Her travel has been company-related and approved, and involved legitimate business assignments. Her record and reporting speak for themselves." CNBC, a business-news channel, is owned by General Electric Co.'s NBC Universal.

FROM THE ARCHIVES

In Ouster at Citigroup, a Battle Over Expenses1

1/24/07

CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the "source development" section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup.

For over a decade, Ms. Bartiromo has been a primary anchor and public face of CNBC. In the late 1990s, when the Internet was helping Wall Street become more accessible to millions, Ms. Bartiromo helped to usher in a new era of TV business journalism, bringing glitz and celebrity to what had been a staid genre.

Business-news organizations including CNBC have strict regulations regarding accepting gifts or payment from outside companies, or in any way compromising their ability to provide news coverage of those companies. Consequently, the disclosure of Ms. Bartiromo's ties to Mr. Thomson has drawn media scrutiny. The Wall Street Journal carried a front-page story2 Wednesday detailing the role of Mr. Thomson's relationship with Ms. Bartiromo in his ouster by Citigroup.

Dow Jones & Co., publisher of The Wall Street Journal, provides news content to CNBC. Ms. Bartiromo hosts the syndicated program "Wall Street Journal Report with Maria Bartiromo" but is a CNBC employee. A Dow Jones spokesman declined to comment.

Ms. Bartiromo has reported substantial pieces on Citigroup 11 times since 2004, according to a review of CNBC transcripts, including four interviews with Mr. Thomson.

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Citigroup records show that Ms. Bartiromo flew on its corporate jets a few times, but Mr. Thomson tried but failed to get her on the jet on at least one occasion. More than a year ago, Mr. Thomson was entertaining some private-banking clients on a ski vacation at his home in the members-only Yellowstone Club resort near Bozeman, Mont. While there, he requested a Citigroup plane to fly Ms. Bartiromo to his house, according to a person familiar with the situation. The Citigroup official who was asked to approve the requisition rejected it. Ms. Bartiromo ultimately didn't make the trip, the person said. Ms. Bartiromo and Mr. Thomson declined to comment, according to the spokesman for both, Charles McLean.

Mr. Thomson has told colleagues that bringing Ms. Bartiromo to events was a great "business-building tool" with important clients.

News organizations often give approval for their reporters to take corporate jets if the flights represent a journalistic opportunity like access to a certain executive; the rule is to reimburse the company for what a commercial, often first-class, ticket to or from that destination would cost.

Inside CNBC and NBC Universal, according to executives and reporters for the channel, there is a feeling that the channel and Ms. Bartiromo have been caught in unfair crossfire from Citigroup. These people say Citigroup was concerned that Mr. Thomson might be leaking Ms. Bartiromo information -- particularly after the anchor broke the news that former chairman Sanford Weill planned to leave the company -- and therefore didn't distance her from the Thomson imbroglio. A Citigroup spokeswoman declined to comment.

NBC Universal executives say they gave approval last spring for Ms. Bartiromo to tape a portion of a Sundance Channel series examining the intersection of the environment and business. But the format of the series soon changed and by last July Ms. Bartiromo was no longer a formal host, although plans still called for her to appear. NBC Universal owns a minor stake in Sundance Channel.

This isn't the first time Ms. Bartiromo has garnered attention over journalistic issues. Last spring, Ms. Bartiromo ran into Federal Reserve Chairman Ben Bernanke at a cocktail party before the annual White House correspondents' dinner and asked him if his public statements were being misinterpreted by investors. He said yes. Ms. Bartiromo reported the scoop on her Monday program, roiling financial markets. She drew criticism because the annual dinner is widely known to be an off-the-record event. Ms. Bartiromo said Mr. Bernanke was speaking for attribution at the time.

In 2003, Ms. Bartiromo prompted CNBC to institute a new stock-ownership policy for its staff after she disclosed during an on-air interview with then-Citigroup Chairman Sanford Weill that she owned 1,000 shares of the company's stock. Most major news outlets prohibit newsroom staff from owning stocks of companies they cover. Ownership by family members is also strictly regulated. Under CNBC's new rules, staffers are prohibited from owning individual stocks and bonds, including stock in parent General Electric, unless such stock is part of a company plan such as a 401(k) or owned through a mutual fund or blind trust.

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Anchor's Ties To Citigroup Attract Scrutiny (NYT)

By Geraldine Fabrikant

The New York Times, January 26, 2007

Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again.

Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane.

Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights.

Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host.

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Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her "one of the most prolific and well-respected financial journalists in the industry."

Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers.

CNBC executives dismissed any suggestion of an ethics breach in any of Ms. Bartiromo's activities involving Citigroup. Neither Mr. Thomson nor Ms. Bartiromo would comment for this article.

The episode comes at an awkward time for CNBC. Having endured a long ratings and advertising slump after the last bull market, the network has been on a run, becoming a growing profit center for NBC Universal. At the moment, the channel has no competitors in the field of 24-hour business news coverage on television, but the News Corporation, controlled by Rupert Murdoch, has been promising for almost three years to start a business channel.

As CNBC's most visible asset, Ms. Bartiromo, who is married to Jonathan Steinberg, son of the financier Saul Steinberg, has become something of a celebrity. She has written two financial books and has a regular column in BusinessWeek magazine. And she is often seen at corporate or political events: she is spending this week leading the network's coverage from the World Economic Forum in Davos, Switzerland.

Some of the events put her in close proximity to Citigroup executives. According to one of last year's guests at Davos, Ms. Bartiromo made the trip back to the United States on the Citigroup private jet on that occasion as well. She appeared at a Citigroup-sponsored awards event in London in 2005, as co-host of the event with another CNBC anchor, Simon Hobbs. Mr. Thomson represented Citigroup at the event.

One executive representing CNBC said that Ms. Bartiromo had made "no more than two" trips on the Citigroup jet. CNBC executives would not agree to be quoted by name because they said they did want to be seen as adding anything to what they considered an illegitimate inquiry.

CNBC also denied that Ms. Bartiromo had involvement with Citigroup more so than other businesses. In its statement, CNBC said, "In 2006 alone, she made 46 public appearances on behalf of CNBC."

The CNBC representative said that as the on-air figure most closely associated with the channel, Ms. Bartiromo routinely made promotional appearances at corporate events. Many of the corporations advertise on CNBC. Citigroup is among the biggest advertisers, a CNBC spokesman said.

Of the 46 appearances Ms. Bartiromo made in 2006, the CNBC representative said, only three were on behalf of Citigroup. The list of other companies with events at which she appeared last year included Google, Schwab and Dow Jones.

In no case was Ms. Bartiromo paid for speaking at the events, the CNBC representative said. The channel defended Ms. Bartiromo's travel arrangements. The statement said, "Her travel has been company-related and approved, and involved legitimate business assignments." The CNBC representative added that the awards event in London was a routine appearance for Ms. Bartiromo.

CNBC also dismissed any connection between Citigroup's sponsorship in the Sundance Channel program and Ms. Bartiromo's participation.

The CNBC representative noted that CNBC's parent company, NBC Universal, owns more than 50 percent of the Sundance Channel; so Ms. Bartiromo, an NBC employee, was a logical choice as host of a Sundance program. Her selection for the program came long before Citigroup's decision to invest, the representative said. She has since ended her participation in the program.

There are other connections between Ms. Bartiromo and Mr. Thomson. In 2004, she was named to an advisory board for the Wharton School of the University of Pennsylvania. A Wharton news release then reported that Mr. Thomson — who, along with his wife, had made a gift of $500,000 to the Wharton Center to Support Leadership and Change Management — had led the formation of the advisory board, which included Ms. Bartiromo.

In June 2005, she and Mr. Thomson were co-hosts of a leadership conference at Wharton. A Wharton spokeswoman did not return phone calls yesterday seeking comment.

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Ms. Bartiromo has drawn criticism before. In 2003, she disclosed during an interview with Citigroup's chief executive, Sanford I. Weill, that she owned 1,000 shares of stock in his company. Many journalistic enterprises consider it an ethics breach for reporters to own shares in businesses they cover, and CNBC tightened its guidelines soon after the interview. In 2006, she reported off-the-record comments by the Federal Reserve chairman, Ben S. Bernanke.

But CNBC remained supportive. "Her record and reporting speak for themselves," its statement said.

CRIMINAL LAW:

Justice Dept. Announces More Manpower, Equipment For New Orleans (AP)

By Mary Foster, The Associated Press

AP, January 26, 2007

NEW ORLEANS (AP) — New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005.

"The goal is to help take the pressure off local officials and to turn up the heat on these violent felons," U.S. Attorney Jim Letten said at a news conference.

Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock.

"These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions," the Justice Department said in a news release.

U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month.

"This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region," Landrieu said.

"Additional federal resources and technical assistance is only one solution," she added. "More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight."

Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina.

"By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site," the Justice Department announcement said.

The equipment will allow New Orleans to link with over 200 sites throughout the country to compare ballistics information

ATF also will assign more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team (VCIT). The FBI will add nine agents to its Violent Gang Safe Streets Task Force in New Orleans. Meanwhile, the Justice Department said, and the DEA temporarily has been provided authority to investigate and enforce all federal criminal law, in addition to federal drug laws. "This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans," the Justice Department release said.

U.S. Sen. David Vitter, R-La., also praised Gonzales' decision to address the city's law enforcement needs.

"My focus has been to place more federal agents in New Orleans and to get them to immediately coordinate with local law enforcement on the ground," said Vitter. "To end the reign of fear, we must protect our citizens and enable them to assist law enforcement."

Katrina virtually emptied the city of its residents when it hit in August 2005. The city has been slow to repopulate since then, and crime has returned along with the people. With a population estimated at 200,000, less than half the pre-Katrina population of 454,000, the city had 161 killings last year. That's a per capita murder rate of 81 murders per 100,000 people.

The rate was 56 per 100,000 in 2004, when the city had 264 murders.

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The police force is down from its pre-Katrina level of 1,700 officers to about 1,400. But that number includes about 100 officers on leave for injuries or illness.

And Police Superintendent Warren Riley said during Thursday's news conference that the force is losing officers at a rate of about 17 per month. Better pay in other jurisdictions is luring many away, he said.

"The bottom line is other states are paying more money, giving them a signing bonus and housing opportunities," Riley said.

Law Enforcement Turns Up Heat In N.O. (BRADV)

By Joe Gyan Jr., Advocate New Orleans Bureau

Baton Rouge Advocate, January 26, 2007

NEW ORLEANS — U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the "thugs and predators'' off the city's streets and into federal prison.

"We're not screwing around. We're going to bring all federal resources to bear,'' James Bernazzani, special agent in charge of the FBI's New Orleans office, said during a news conference at the U.S. Attorney's Office.

Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime.

Bernazzani and William Renton, special agent in charge of the DEA's New Orleans office, both said their agencies will be targeting the "worst of the worst.''

Terry Ebbert, New Orleans Mayor Ray Nagin's homeland security chief, said residents should notice a difference by June 1 at the latest.

"We're bigger, better and faster than the scum that's out there in the street,'' he said.

U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year.

"The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,'' Gonzales said.

ATF is assigning more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team, and the FBI is adding nine agents to its Violent Gang Safe Streets Task Force in the city, Letten said.

"The goal is to help take the pressure off the local criminal justice system and turn up the heat on these violent felons,'' he said.

Meanwhile, the Justice Department has given DEA temporary authority to investigate and enforce all federal criminal law, not just federal drug laws.

"This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans,'' a Justice Department news release said.

U.S. Sen. Mary Landrieu, D-La., and U.S. Rep. David Vitter, R-La., applauded the extra federal law enforcement manpower dispatched to New Orleans.

"This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,'' said Landrieu, who called for more federal agents in a 10-point anti-crime plan she unveiled earlier this month.

"I believe we can make strides and clamp down on the crime problems plaguing New Orleans,'' Vitter added. "The increase in the number of agents to the Violent Gang Safe Streets Task Force is just one example of how this continued commitment from the Department of Justice will help.''

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Some of the technical assistance that Landrieu referred to includes new ballistics equipment that the ATF has obtained to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site but was destroyed by Katrina.

David Harper, special agent in charge of the ATF's New Orleans office, said the equipment will allow New Orleans to link with more than 200 sites across the country to compare ballistics information.

Feds Add Firepower To Battle Crime (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, January 26, 2007

More agents, equipment to help New Orleans police

Federal law enforcement agencies on Thursday vowed to team up with New Orleans police to solve homicides, quell drug trafficking, and walk the beat in an effort to win the confidence of families who call the city's most dangerous neighborhoods home.

The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force.

Agents from the Federal Bureau of Investigation will patrol the streets with New Orleans police officers. The Bureau of Alcohol, Tobacco, Firearms and Explosives will add six special agents to its team of six permanently assigned to New Orleans, and provide NOPD with ballistics identification equipment to replace what the force lost to Hurricane Katrina.

"The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system," U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency.

"This is a reflection of support for NOPD," Letten said. "We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear."

In 90 days, the collective federal effort will review its progress.

Thursday's announcement, which came from U.S. Attorney General Alberto Gonzales and was delivered by Letten, includes nine additional FBI agents who will join the 13 already assigned to the Violent Gang Safe Streets Task Force.

The Drug Enforcement Administration has been given added authority to investigate and enforce all criminal law, in addition to federal drug laws, with plans to hit the streets of Central City in undercover sweeps.

The U.S. Marshal's office will add three deputies and one investigator to its team.

Police are leaving force

The infusion of federal resources comes at a time when New Orleans still has the National Guard and State Police troopers embedded with local police, and after a recent shakeup among the brass of NOPD districts.

NOPD's officer roster is in a constant downward spiral, said Riley.

"We are losing about 17 officers a month right now," Riley said. "Our recruits can't live in a $1,200-a-month apartment when they're taking home $700 every other week."

Riley, who spoke briefly at Thursday's news conference, held in the downtown offices of the U.S. attorney, said the NOPD recruiting drive must be successful.

"We're at a point where every avenue is being covered," Riley said. "This city is at a critical point. We obviously have issues with crime and repeat offenders."

In New Orleans, federal agencies said their support of NOPD is nothing new. Since the 2005 hurricane season, the U.S. Department of Justice has delivered some $30 million in grants to New Orleans alone. In total, the department has made available more than $61 million for law enforcement relief.

"We are going to increase and plus-up that relationship," said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. "We're not screwing around. The people of New Orleans deserve a better quality of life."

U.S. Sens. Mary Landrieu and David Vitter each released statements praising the strengthened federal effort in the fight against violent crime.

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Leaders are shuffled

A violent crime wave recently prompted thousands of people to march on City Hall. New Orleans has recorded 14 homicides this year. In 2006, there were 162 murders in a city that had its population nearly halved in the aftermath of Katrina.

The nation's top prosecutor also weighed in, saying his forces are here to assist at a time of crisis.

"The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals," Gonzales said Thursday in a statement. "Ultimately, New Orleans' violent crime problem must be solved by local leadership and the hard work of local law enforcement professionals."

The local leadership recently shifted, NOPD said last week. Assistant Superintendent Steven Nicholas will take over the NOPD Bureau of Investigations, leaving his post as commander of the Operations Bureau. Deputy Chief Anthony Cannatella will assume command of the Operations Bureau, leaving behind the Bureau of Investigations.

NOPD's 2nd District will be led by Capt. Kirk Bouyelas. Edwin Hosli has left that district to take the helm at the 8th District, which includes the French Quarter.

FBI agents have already joined the 2nd District, which includes dicey street corners in Gert Town and Hollygrove, said Bernazzani. Two of the added FBI agents will work with the NOPD's cold case homicide squad. The federal effort will zero in on repeat offenders and those on the front lines of the city's drug trade.

"Much like how we fight al Qaida," Bernazzani said. "We're identifying the worst of the worst. We're helping NOPD get in front of this. Where we can find the federal hook, we will."

Regain the public's trust

FBI agents will hit the streets with NOPD patrols, knocking on doors in order to build relationships with residents, he added, determined to end the days when citizens distrust police to the point where they neither want to cooperate with investigations nor testify at trials.

"It's going to break this yoke of the community not cooperating with law enforcement," Bernazzani said. "They will see cops caring. They're going to say, 'That's a crack house over there.' "

Citizen involvement is crucial to solving crimes, the federal contingent said Thursday.

David Harper of ATF said his agency brought back its 24-hour gun hotline, (504) 581-GUNS, or 581-4867, to allow citizens to report illegal use and possession of firearms. Since October, he said, the hotline has taken 1,500 calls, with 117 of them leading to investigations.

"One woman called to say drug dealers had taken over her house and she had to move," said Harper, who declined to release details of the pending investigation. A federal search warrant followed, with agents seizing guns, narcotics and cash from the New Orleans house, which the dealers had wired with a surveillance system to alert them to any cops riding by.

"The victim is back in her house and the drug dealers are out of the neighborhood," Harper said.

Thursday's announcement was rife with confident, sweeping statements from city leaders.

"We are bigger, stronger and faster than the scum out in the streets today causing this city heartache," said Col. Terry Ebbert, director of Homeland Security for New Orleans. "You can hold us accountable. We will make a difference."

Not a polished crew

Letten said New Orleans' drug trade is far from being an organized crime syndicate. Instead, he said, the city's impoverished pockets are held hostage by independent drug dealers who are all too trigger-happy and deprived of a decent upbringing.

"They come from a failed educational system and poverty, and turn to drugs at an early age and settle things with guns," Letten said. "We need to get these violent offenders in the federal system."

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Louisiana: Federal Officials Pledge Help On Crime (NYT)

By Adam Nossiter

The New York Times, January 26, 2007

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Responding to an increase in violent crime in New Orleans, the Department of Justice announced it would assign agents to the Police Department "around the clock" to help identify cases that could be prosecuted by federal officials. In other federal efforts to help beleaguered local law enforcement officials, the department also said it would send more agents from the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco, Firearms and Explosives, expand the authority of Drug Enforcement Administration agents and extend financing for six additional federal prosecutors temporarily posted to the city.

Ex-Cheney Aide Contradicts Libby (NYT)

By Neil A. Lewis

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — A former spokeswoman for Vice President Dick Cheney gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him.

Cathie Martin, Mr. Cheney's former spokeswoman, testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter.

Ms. Martin was the fourth witness for the prosecution in the trial of Mr. Libby, who is charged with lying during an investigation of who leaked the name of the C.I.A. operative, Valerie Wilson. Unlike the previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby. She repeatedly referred to him as Scooter, his nickname.

She testified that both Mr. Cheney and Mr. Libby were intensely interested in Ms. Wilson and her husband, Joseph C. Wilson IV, who had been sent to Africa to investigate reports that Saddam Hussein was trying to buy uranium from Niger for his nuclear weapons program.

Ms. Martin, who no longer works for Mr. Cheney but remains at the White House as a communications assistant to the president, described how Mr. Libby had telephoned a senior Central Intelligence Agency official in her presence sometime in early July and asked about the Wilson trip. She said she was then put on the phone with Bill Harlow, the C.I.A. spokesman, who told her that Mr. Wilson went to Africa on behalf of the agency and that his wife worked there.

She testified that, later that day, in a meeting with Mr. Libby and Mr. Cheney, she related the fact that Mr. Wilson's wife worked at the agency.

Mr. Libby is facing five felony counts that he lied when he told a grand jury and F.B.I. agents that he learned of Ms. Wilson's identity from reporters. Ms. Wilson's identity was first disclosed in a news column by Robert Novak on July 14, 2003, just days after her husband had written a commentary in The New York Times asserting that the Bush administration had distorted intelligence to build the case for invading Iraq.

Ms. Martin's testimony raised difficulties for Mr. Libby's defense in two respects. She bolstered the prosecution's assertion that Mr. Libby was made aware of Ms. Wilson's identity from a number of administration officials. He denied passing her name to two reporters, but those reporters have told a grand jury otherwise.

She also described an incident in which his behavior appeared less than noble. She recounted a senior staff meeting at the White House in which Stephen J. Hadley, the deputy national security adviser, expressed anger after receiving a query from Andrea Mitchell of NBC. Ms. Mitchell had heard that the White House was blaming the C.I.A. for causing the president to inaccurately say in his State of the Union address that the British government had confirmed Iraq's efforts to buy uranium in Africa.

Ms. Martin made it clear earlier on Thursday that it was Mr. Libby who had gone out of his way to take on the task of speaking to Ms. Mitchell about that issue.

But at the July meeting in the White House, she said, Mr. Hadley made a point of turning around and looking directly at her as if to signify he knew she was Ms. Mitchell's source.

Ms. Martin was asked by Patrick J. Fitzgerald, the prosecutor, whether she was, in fact, the source.

"No," she said.

Mr. Fitzgerald asked what Mr. Libby was doing when Mr. Hadley was all but accusing her.

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"He was looking down at the floor," she said.

At the end of the meeting, she said, Mr. Hadley took her and other press aides aside and upbraided them further.

Theodore V. Wells Jr., Mr. Libby's chief lawyer, in his cross-examination of Ms. Martin, tried to challenge her memory, as he has done with other witnesses. He noted that she originally told investigators that she spoke to Mr. Harlow sometime after July 7. But she has since acknowledged it must have been earlier because she recognized Mr. Wilson when he appeared on the NBC news program "Meet the Press" on July 7 to make his charges about the administration.

Over all, however, Ms. Martin was a self-assured witness whose testimony appeared to have frayed Mr. Libby's version of events. She is also a loyal Republican who was recruited to work for the vice president by Mary Matalin, a close friend of both Mr. Libby and Mr. Cheney.

She is married to Kevin Martin, the chairman of the Federal Communications Commission, and now works as the deputy director of communications for policy and planning for President Bush.

Her cross-examination will continue when the trial resumes Monday. She will be followed on the witness stand by Ari Fleischer, the former White House press secretary.

Cheney's Key Role In Leak Case Detailed (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 26, 2007

WASHINGTON — In the first such account from Vice President Dick Cheney's inner circle, a former aide testified Thursday that Cheney personally directed the effort to discredit an administration critic by having calls made to reporters in 2003.

Cheney dictated detailed "talking points" for his chief of staff, I. Lewis "Scooter" Libby, and others on how they could impugn the critic's credibility, said Catherine J. Martin, who was the vice president's top press aide at the time.

Libby is on trial on charges of obstructing an investigation into how the name of a CIA operative, Valerie Plame, became public. The government says her identity emerged in conversations Libby had with several reporters. It is illegal to knowingly divulge the name of a CIA employee.

Plame's name came up in the conversations because she is the wife of former envoy Joseph C. Wilson IV, the critic whom the administration was trying to attack after he publicly raised questions about the intelligence used to justify the invasion of Iraq.

Martin, who is now deputy White House director of communications for policy and planning, testified as a prosecution witness on the third day of Libby's trial. She became the third witness to testify that they had told Libby of Plame's identity well before Libby spoke with the reporters.

That contradicts Libby's statement that he learned of Plame's identity from one of the reporters, Tim Russert of NBC News. Libby is charged with lying to federal agents looking into the leak of Plame's name.

The events unfolded after a New York Times columnist reported in May 2003 that an unnamed diplomat had been sent to Niger the previous year to investigate reports that Saddam Hussein had tried to buy uranium from Africa, and found that the reports were wrong. President Bush's State of the Union speech in January 2003 contained the uranium assertion.

Libby learned that the unnamed diplomat was Wilson, a former ambassador.

Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair.

Martin said she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney.

She described details of a White House media strategy, designed at the highest levels, that sought to rebut charges that Bush had misled the public in his January 2003 speech.

Martin said Cheney's talking points disputed Wilson's allegation that Cheney had authorized the trip to Niger. They also included information from a secret National Intelligence Estimate.

The vice president ordered press aides to start tracking press coverage closely, while Libby was directed to contact reporters. At one point, the vice president gave a note card to Libby with information to give to a Time magazine reporter covering the case, while Cheney and Libby were returning on Air Force Two from the christening of an aircraft carrier.

Martin also described how she discussed with Libby media "options" to rebut Wilson that included a strategic "leak" to a handful of reporters.

But Martin said that neither Cheney nor Libby had suggested that the identity of Plame be divulged as part of the game plan. She said that she had no knowledge of either actually doing so.

"I recall the vice president telling me to keep track of this story, and keep track of the commentators who were continuing to write on this story and talk about us," Martin testified. "We were paying attention to 'Hardball With Chris Matthews' because he had been talking about it a lot."

She described the reaction inside the administration as questions began to be raised, starting in May 2003. The New York Times column said the administration had engaged in a "campaign of wholesale deceit" and suggested that Cheney was directly involved.

Martin said Libby asked her to call the then-chief public affairs officer at the CIA, William Harlow, to find out about the trip by Wilson.

"So I was saying, 'Who sent him? Who is this guy?' " Martin testified. "I remember Bill Harlow saying his name was Joe Wilson, he was a charge in Baghdad, and his wife works over here."

Martin said she promptly went to see Cheney and Libby with the news.

Wilson published an op-ed column in the New York Times on July 6, 2003, describing his trip. The same day, he aired his concerns on the NBC program "Meet the Press." Almost immediately, Martin said she was huddling again with Cheney about how to respond to a surge in press inquires.

"He dictated to me what he wanted to say," Martin said.

The detailed response covered eight points, including a reference to a sensitive intelligence-community assessment. Martin testified that she was "not sure if I could use that point" because she believed at the time that the report was classified.

Later, she said, she discussed with Cheney and Libby how she had learned from Harlow that two network reporters were writing stories about the case, and how Cheney ordered Libby to call them personally, including one call that Libby made from his private anteroom outside of Cheney's office.

"I was aggravated that Scooter was calling the reporters and that I wasn't," Martin said.

The trial is expected to resume Monday with testimony from former White House Press Secretary Ari Fleischer.

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Leak case timeline

I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, is being tried on five counts related to the leak of CIA operative Valerie Plame's name in 2003. Some important events in the case:

2003:

• Jan. 28: President Bush says in his State of the Union address: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

• May 6: New York Times columnist Nicholas D. Kristof reports that a former ambassador, whom he does not name, had been sent to Niger in 2002 to investigate the uranium report. The column says the former envoy reported to the CIA and State Department well before Bush's speech that the uranium story was unequivocally wrong and was based on forged documents.

• May 29: Libby asks Marc Grossman, an undersecretary of State, for information about the ambassador's travel to Niger. Grossman later tells Libby that Joseph C. Wilson IV is the former ambassador.

• June 11 or 12: Grossman tells Libby that Wilson's wife works at the CIA and that State Department personnel are saying Wilson's wife was involved in planning the trip. A senior CIA officer gives him similar information.

• June 12: Cheney advises Libby that Wilson's wife works at the CIA.

• June 14: Libby meets with a CIA briefer and discusses "Joe Wilson" and his wife, "Valerie Wilson."

• June 23: Libby meets with New York Times reporter Judith Miller. He tells Miller that Wilson's wife might work at a bureau of the CIA.

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• July 6: The New York Times publishes an opinion piece by Wilson titled "What I Didn't Find in Africa," and he appears on NBC's "Meet the Press." Wilson said he doubted Iraq had obtained uranium from Niger recently and thought Cheney's office was told of the results of his trip.

• July 7: Libby meets with then-White House Press Secretary Ari Fleischer. Libby notes that Wilson's wife works at the CIA and that the information is not widely known.

• July 8: Libby meets with Miller again and tells her that he believes Wilson's wife works for the CIA.

• July 12: Libby speaks to Time magazine's Matthew Cooper and confirms to him that he has heard that Wilson's wife was involved in sending Wilson on the trip. Libby also speaks to Miller and discusses Wilson's wife and says that she works at the CIA.

• July 14: Syndicated columnist Robert Novak reports that Wilson's wife is a CIA operative on weapons of mass destruction and that two senior administration officials, whom Novak does not name, said she suggested sending her husband to Niger to investigate the uranium story.

• Sept. 26: A criminal investigation is authorized to determine who leaked Plame's identity to reporters. Disclosing the identity of CIA operatives is illegal.

• Oct. 14 and Nov. 26: Libby is interviewed by FBI agents.

• Dec. 30: U.S. Atty. Patrick J. Fitzgerald in Chicago is named to head the leak investigation.

2004:

• January: A grand jury begins investigating possible violations of federal criminal laws.

• March 5 and March 24: Libby testifies before the grand jury.

2005:

• Oct. 28: Libby is indicted on five counts: obstruction of justice and two counts each of false statement and perjury.

2006:

• Sept. 7: Former Deputy Secretary of State Richard L. Armitage admits he leaked Plame's identity to Novak and to Bob Woodward of the Washington Post. Armitage says he did not realize Plame's job was covert. Woodward taped his June 13, 2003, interview with Armitage.

Ex-spokeswoman Contradicts Libby Account (AP)

By Michael J. Sniffen

AP, January 26, 2007

Vice President Dick Cheney's spokeswoman testified Thursday she told I. Lewis "Scooter" Libby that a prominent war critic's wife was a CIA employee earlier than Libby has said he first learned it from a reporter.

On the third day of Libby's trial, Cathie Martin became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003.

Theodore Wells, defense lawyer for Cheney's former chief of staff, quickly sought to limit any damage from the testimony of Cheney's former assistant for public affairs.

Wells got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003.

The date is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials.

Besides Martin, one State Department and two CIA officials testified earlier to conversations with Libby about Plame before July 10, 2003. The defense tried to show each had imperfect memories

On Thursday morning, a legal argument between Wells and prosecutor Patrick Fitzgerald outside the jury's presence increased the likelihood that Libby will testify. Fitzgerald argued that Wells was trying to get the memory defense into evidence "with no guarantee of Mr. Libby testifying" and being subject to cross-examination about his memory.

But U.S. District Judge Reggie Walton warned, "I will not permit the defense to argue the memory defense at closing if Mr. Libby does not testify."

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Martin provided an inside look at how intensely Cheney, Libby and other administration officials worked on responding to the firestorm of criticism that developed months after the war began in March 2003 when Wilson called into question President Bush's justifications.

Wilson claimed that questions from Cheney were the reason he was sent by the CIA to Niger in 2002 to investigate reports Iraq tried to buy uranium for nuclear weapons. But Wilson said he debunked the story long before Bush used it in his State of the Union address in January 2003 to help justify the war. Also, the ex-ambassador said he assumed Cheney was aware of his conclusions.

Fitzgerald got Martin to testify that Cheney personally wrote out statements and talking points for Libby and other aides to give to reporters to deny he was behind Wilson's trip or ever learned Wilson's conclusions.

Martin testified Cheney also wanted to tell reporters that U.S. intelligence agencies concluded in a formal National Intelligence Estimate in October 2002 that Iraq did seek uranium.

Plame actually conceived the idea for the trip in response to interest from Cheney and the State and Defense Departments, a CIA witness has testified.

Fitzgerald says Libby discussed Plame's job and role with reporters as part of the White House effort to discredit Wilson.

But under Wells' cross-examination, Martin testified she had no knowledge that Libby ever discussed Plame's job with any reporter. She also said Cheney ordered her to get all the facts out, but she did not think Plame's role was part of the story she had to tell.

"It didn't seem appropriate or helpful for us to get that out," Martin testified. "It gave me some explanation" of the affair, but "we didn't need it as a talking point."

Martin testified that sometime after Wilson's claims first emerged, attributed to an unnamed ex-ambassador, in a New York Times column on May 6, 2003, she called CIA spokesman Bill Harlow to sort out the genesis of the mission.

She said Harlow told her Wilson's wife worked for the CIA. She said she immediately went to the vice president's office and told Cheney and Libby about it. She did not recall their response.

Martin testified that the Harlow conversation occurred no later than July 6 because she was not surprised to see Wilson discussing the affair on NBC's "Meet the Press" on that date. But Wells got her to acknowledge "it makes sense to me" she might have talked about Plame with Harlow on June 11, when government telephone records show they talked.

Cheney Scripted Libby Response, Ex-aide Says (USAT)

By Richard Willing

USA Today, January 26, 2007

WASHINGTON — Vice President Cheney personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa, a former Cheney aide said in federal court Thursday.

In July 2003, Cheney scripted quotes for chief of staff Lewis "Scooter" Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story, former Cheney press aide Cathie Martin said.

Days earlier, Martin said, the vice president had dictated eight "talking points" for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false.

"It was decided that Scooter would call (reporters) to try to get into the story and correct the false information," Martin said. "That was (Cheney's) decision."

Martin, a press and policy aide for the president, was the fourth witness to say Libby knew Wilson's wife, Valerie Plame, was a CIA employee before a conversation between Libby and NBC reporter Tim Russert. Libby told investigators he first learned Plame's identity from Russert.

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Libby is charged with perjury and obstruction of justice for allegedly lying to investigators about his knowledge of the leaking of Plame's covert CIA status to the media. Such a disclosure, if made knowingly, can be a crime.

Martin said that in 2003, she and then-CIA spokesman Bill Harlow worked on a media strategy to deflect other critics of the administration's justification for the war in Iraq. Martin said that Harlow told her Wilson's "wife works over here" and that she then told Libby and Cheney.

Martin was the first member of the Cheney inner circle to testify about Libby's knowledge of Plame's identity. Her testimony could help prosecutors prove their contention that Libby made up the Russert story to cover for Cheney. Libby's attorneys have said he merely had a lapse of memory when he told investigators how he first learned of Plame's CIA work.

As he did with earlier prosecution witnesses, defense attorney Theodore Wells tried to show that there were problems with Martin's recollection of the events in 2003. Martin first said that she probably learned of Plame's identity in a phone conversation with Harlow during the second week of July 2003.

Using a notation from a CIA official's desk pad, Wells showed that the call probably occurred June 11.

"You forgot an entire month during which you knew it," Wells said during cross-examination.

Ex-Aide Says Cheney Led Rebuttal Effort (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 26, 2007

Vice President Cheney personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish, according to testimony and evidence yesterday in the criminal trial of his former chief of staff.

Cheney dictated talking points for a White House briefing in the midst of the controversy that summer, his former press aide, Cathie Martin, testified, stressing that the CIA never told Cheney that a CIA-sponsored mission had found no real evidence that Iraq was trying to buy nuclear materials in Africa.

Aboard Air Force Two, on a trip back from the launch of a warship in Norfolk, Cheney instructed his chief of staff, I. Lewis "Scooter" Libby, about responding to a Time magazine reporter who questioned how the faulty intelligence on Iraq had become one of the Bush administration's central arguments for going to war.

In the dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong.

Previously described in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account. She is the first witness in the case who worked closely with Cheney and Libby as they tried to refute former ambassador Joseph C. Wilson IV, who was sent to Niger by the CIA to determine whether Iraq had sought uranium for a weapons program.

Her testimony was buttressed by previously unreleased documents provided as evidence yesterday, including handwritten notes and margin scribblings Cheney's staffers hastily jotted at their boss's instruction.

Lea Anne McBride, Cheney's current spokeswoman, said yesterday that the vice president's office could not comment on the case or the evidence introduced in the trial.

Libby, 56, is charged with lying to investigators and a grand jury about how the identity of Wilson's wife, CIA officer Valerie Plame, was leaked to reporters days after Wilson went public with his allegations that the administration had twisted his findings to justify the war in Iraq. Libby has pleaded not guilty, contending that he misspoke and that he forgot about conversations he had with journalists amid the crush of his duties. He is not charged with the leak itself.

Martin recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger "and his wife works for the CIA." Martin is the fourth witness from the administration to bolster the prosecution's claim that Libby had to be lying when he said he learned about Wilson's wife weeks later from NBC's Tim Russert.

Also yesterday, Special Counsel Patrick J. Fitzgerald told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its "bad memory" defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember.

U.S. District Judge Reggie B. Walton warned the defense that Libby would have to take the stand if he wanted to try to convince the jury that his own memory was flawed.

Martin's testimony also illustrated how doggedly Cheney insisted that the administration had significant evidence that Iraq was trying to acquire weapons of mass destruction -- even after the White House had backed off that claim and admitted it was not solid enough for the president to have cited it in his 2003 State of the Union address.

Cheney told Martin to alert the news media that a highly classified and recent National Intelligence Estimate indicated no doubts about Iraq's efforts to buy uranium. Intelligence analysts have said that the uranium claim was never a key finding of the NIE and that there were doubts about it.

On college-rule paper, in blue ink, Martin scribbled what Cheney told her reporters needed to know about the Niger controversy as they conferred in his Capitol Hill office on July 7, 2003. "As late as last October, the considered judgment of the intel community was that SH [Saddam Hussein] had indeed undertaken a vigorous effort to acquire uranium from Africa, according to NIE [the National Intelligence Estimate]," she wrote.

Martin, who now works on communication issues for President Bush, said Libby also directed her to ask the CIA which journalists were calling with questions about Wilson's Africa trip, then personally telephoned at least one in an attempt to influence the broadcast.

Martin said that Cheney also determined the reply to questions she had received from Time reporter Matt Cooper about the role the vice president's office had played in the Niger trip. While flying back from Norfolk on the vice president's plane, she mentioned to Libby the e-mailed questions from Cooper.

Libby later came to her seat in the back of the plane, holding a handwritten card with notes he said were Cheney's instructions about what to say to Cooper. Libby told her, Martin testified, that Cheney, in a rare move, authorized him to provide a specific quote on the record, with Libby's name attached.

Martin portrayed both Libby and Cheney as concerned that reporters were not telephoning their office directly to get their side of the story about Wilson and his criticism of the administration. She said they directed her and her staff to begin monitoring television reports on the Niger trip and provide daily transcripts along with their usual canvas of printed stories about the vice president's office.

Attorneys for Libby repeatedly pressed Martin to acknowledge that, though she saw Cheney and Libby working overtime to rebut Wilson's criticisms, she had no evidence that either of them tried to leak Plame's name to reporters.

"At no time did Vice President Cheney indicate to you that he considered Valerie Wilson part of the story he wanted to get out," attorney Theodore V. Wells Jr. said to Martin.

"I did not have a conversation with the vice president about that," Martin responded.

Vice President's Spokeswoman Questions White House Aide's Account In CIA Leak Case (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 26, 2007

(AP) - WASHINGTON-Vice President Dick Cheney's spokeswoman testified Thursday that she told Cheney and his chief of staff, I. Lewis "Scooter" Libby, that a prominent war critic's wife worked for the CIA days before Libby said he learned it from a reporter.

Cathie Martin's testimony during the third day of Libby's perjury trial described Cheney's personal eagerness to refute war criticism by former Ambassador Joseph Wilson in 2003.

Wilson had gone on a CIA fact-finding mission to Africa, and on the basis of his findings he questioned intelligence President George W. Bush later relied on to go to war. Wilson has contended Cheney's office had asked the agency to undertake the mission.

Witnesses have testified this week, however, that Wilson's wife, CIA operative Valerie Plame, actually conceived the idea for the trip. Special Prosecutor Patrick Fitzgerald is trying to show that Cheney's office wanted to make her involvement clear to reporters.

Fitzgerald says Libby learned that fact on several occasions and discussed it with reporters as part of the White House effort to discredit Wilson. When FBI agents began investigating the leak of Plame's identity, Libby lied and said he learned about Plame only from reporters, Fitzgerald said. Libby is on trial on perjury and obstruction charges.

Neither he nor anybody else was charged in connection with the leak.

Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media.

Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws.

Martin said that Wilson's criticism was a direct attack on the president's credibility. Wilson says he debunked claims that Iraq was trying to buy uranium from Niger long before that statement ended up in the 2003 State of the Union speech.

Cheney and Libby were eager to refute that, Martin said. She described calling a CIA spokesman to figure out the genesis of the mission.

"We didn't send him," Martin recalled saying. "If we didn't send him, you must've sent him. Who sent him?"

That's when Martin said the CIA spokesman told her that Wilson's wife worked for the CIA. She said she immediately told Cheney and Libby about it. She couldn't pinpoint the date off the conversation but said it definitely took place by July 6. Libby says he learned Plame's identity days later.

Cheney took a personal interest in the issue, Martin said, and in the following days dictated media "talking points" making it clear that his office was not responsible for the Wilson trip.

The talking points do not refer to Plame, and nobody has been charged with leaking her identity.

Libby says he did not lie about how he learned about Plame, but rather honestly forgot.

Associated Press writer Michael J. Sniffen contributed to this report.

On the Net:

Documents for the Libby trial may be found at: http://wid.ap.org/documents/libbytrial/index.html

In Ex-Aide's Testimony, A Spin Through VP's PR (WP)

By Dana Milbank

The Washington Post, January 26, 2007

Memo to Tim Russert: Dick Cheney thinks he controls you.

This delicious morsel about the "Meet the Press" host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis "Scooter" Libby.

Flashed on the courtroom computer screens were her notes from 2004 about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions. Option 1: "MTP-VP," she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under "pro," she wrote: "control message."

"I suggested we put the vice president on 'Meet the Press,' which was a tactic we often used," Martin testified. "It's our best format."

It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it.

With a candor that is frowned upon at the White House, Martin explained the use of late-Friday statements. "Fewer people pay attention to it late on Friday," she said. "Fewer people pay attention when it's reported on Saturday."

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Martin, perhaps unaware of the suspicion such machinations caused in the press corps, lamented that her statements at the time were not regarded as credible. She testified that, as the controversy swelled in 2004, reporters ignored her denials and continued to report that it was Cheney's office that sent former ambassador Joseph Wilson to Niger to investigate allegations of Iraq's nuclear acquisitions. "They're not taking my word for it," Martin recalled telling a colleague.

Martin, who now works on the president's communications staff, said she was frustrated that reporters wouldn't call for comment about the controversy. She said she had to ask the CIA spokesman, Bill Harlow, which reporters were working on the story. "Often, reporters would stop calling us," she testified.

This prompted quiet chuckles among the two dozen reporters sitting in court to cover the trial. Whispered one: "When was the last time you called the vice president's office and got anything other than a 'no comment'?"

At length, Martin explained how she, Libby and deputy national security adviser Steve Hadley worked late into the night writing a statement to be issued by George Tenet in 2004 in which the CIA boss would take blame for the bogus claim in Bush's State of the Union address that Iraq was seeking nuclear material in Africa.

After "delicate" talks, Tenet agreed to say the CIA "approved" the claim and "I am responsible" -- but even that disappointed Martin, who had wanted Tenet to say that "we did not express any doubt about Niger."

During her testimony, Martin, a Harvard Law School graduate married to FCC Chairman Kevin Martin and a close pal of Bush counselor Dan Bartlett, seemed uncomfortable, shifting in her chair, squinting at her interrogators, stealing quick glances at the jury, and repeatedly touching her cheek, ear, nose, lips and scalp.

Martin shed light on the mystery of why White House press secretary Scott McClellan promised, falsely, that Libby was not involved in outing CIA operative Valerie Plame, Wilson's wife. After McClellan had vouched for Bush strategist Karl Rove's innocence, Libby asked Martin, "Why don't they say something about me?"

"You need to talk to Scott," Martin advised.

On jurors' monitors were images of Martin's talking points, some labeled "on the record" and others "deep background." She walked the jurors through how the White House coddles friendly writers and freezes out others. To deal with the Wilson controversy, she hastily arranged a Cheney lunch with conservative commentators. And when New York Times columnist Nicholas Kristof first wrote about the Niger affair, she explained, "we didn't see any urgency to get to Kristof" because "he frankly attacked the administration fairly regularly."

Questioned by prosecutor Patrick Fitzgerald, Martin described how Hadley tried to shield White House spokesmen from the Niger controversy. "Everybody was sort of in the dark," she explained. "There had been a decision not to have the communicators involved."

But Martin, encouraged by Libby, secretly advised Libby and Cheney on how to respond. She put "Meet the Press" at the top of her list of "Options" but noted that it might appear "too defensive." Next, she proposed "leak to Sanger-Pincus-newsmags. Sit down and give to him." This meant that the "no-leak" White House would give the story to the New York Times' David Sanger, The Washington Post's Walter Pincus, or Time or Newsweek. Option 3: "Press conference -- Condi/Rumsfeld." Option 4: "Op-ed."

Martin was embarrassed about the "leak" option; the case, after all, is about a leak. "It's a term of art," she said. "If you give it to one reporter, they're likelier to write the story."

For all the elaborate press management, things didn't always go according to plan. Martin described how Time wound up with an exclusive one weekend because she didn't have a phone number for anybody at Newsweek.

"You didn't have a lot of hands-on experience dealing with the press?" defense attorney Theodore Wells asked.

"Correct," Martin replied. After further questions, she added: "Few of us in the White House had had hands-on experience with any crisis like this."

Staff writer Carol D. Leonnig contributed to this report.

Time Comes To A Standstill In A Courtroom Journey (NYT)

By Scott Shane

The New York Times, January 26, 2007

DOJ_NMG_0121799

WASHINGTON, Jan. 25 — The most politically charged criminal trial in the capital in nearly two decades crackles to life each morning in a bland sixth-floor courtroom with a stopped clock.

The clock reads 9:25 when I. Lewis Libby Jr. strolls in with a tight smile and a high-priced bodyguard of lawyers and starts perusing documents, scribbling notes and tapping occasionally on a laptop. It is as if Mr. Libby, the former chief of staff to Vice President Dick Cheney, is just the counsel, not the accused.

It reads 9:25 as witnesses from government's inner sanctums dredge from memory the declassified details of how, exactly, the country was thrust into war.

A Central Intelligence Agency briefer, Craig Schmall, describes how he rose in the middle of the night to prepare a fresh list of terrorism threats and global troubles for Mr. Libby's breakfast. A Cheney press aide, Cathie Martin, recounts how she leaked news "exclusives" and arranged luncheons for conservative columnists to counter bad news.

And the clock still reads 9:25 when the fatherly judge, Reggie B. Walton, sends the jury home for the day with the usual reminders about avoiding news coverage of the case, a rule that may prove a particular challenge.

The frozen clock is an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence.

The trial promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead.

Each witness so far has shed light on another kind of government tradecraft. Mr. Schmall of the C.I.A. told of returning from briefing Mr. Libby or Mr. Cheney with their many "taskers" — questions they wanted answered right away — and their gripes. Once Mr. Libby complained that C.I.A. officers were leaking to reporters about alleged pressure on the agency from the vice president's office.

Marc Grossman, a former under secretary of state, told of the burden of high-level White House meetings, for which he crammed like a graduate student over fat books of data. "I studied them like mad," he said, "and tried my best to hold onto the information for the time of the meeting."

Ms. Martin of the Cheney press office explained the nuances of "deep background" comments to reporters and explained her 2003 notes on tactics to counter a tide of bad publicity on Iraq intelligence. Putting Mr. Cheney on "Meet the Press" was one option, she wrote, but that would raise the critics' profile. Another was to write, or feed to a friendly columnist, an op-ed article.

And then there was the leak option, she explained. Her notes show she considered David E. Sanger of The New York Times, Walter Pincus of The Washington Post or a "newsmag" like Time or Newsweek.

But if you want to get your views out, asked Patrick J. Fitzgerald, the lead prosecutor, why not give the story to all the press? Ms. Martin explained, as if to a dense pupil, the irresistible lure of the "exclusive."

"If you give it to one reporter, they're more likely to write the story," Ms. Martin said. What's more, she said, "you can be a 'senior administration official,' " hiding behind the anonymous cover that Washington officials so often crave.

Sitting in the courtroom among his lawyers is Mr. Libby, 56, a veteran corporate lawyer known as Scooter, smiling at a passed note or a witness's quip and rarely showing any distress, even when the testimony seems to put him in jeopardy. His thinning hair has passed almost entirely from blond to gray. This once-powerful man turns out to be slight and short, no taller than his wife, Harriet Grant — one more note-taking lawyer herself. She occasionally leans across a rail to whisper to her husband.

On Thursday, Ms. Grant, in a black suit with a pink patterned scarf, sat beside Barbara Comstock, a former Justice Department spokeswoman who is the media consultant for the defense. It is an undemanding position, given the judge's orders to both sides not to discuss the case.

At the table on the left, in front of the 12 jurors and 4 alternates, is the prosecution, led by the rumpled Mr. Fitzgerald, who has a prominent bald spot and a knack for projecting righteous indignation even in the most routine exchanges of legal Ping-Pong.

His team of a half-dozen lawyers is imposing, but on Thursday Mr. Fitzgerald grumbled about the forces arrayed against him.

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“There are 3 law firms and 11 lawyers on the other side,” he told the judge. “Paper comes flying at us.”

The defense, around an identical table on the right side of the courtroom, is led by the voluble Theodore V. Wells Jr., a star of the white-collar defense bar, who switches up often with William H. Jeffress Jr., a bulldog cross-examiner.

Lengthy legal wrangles — like one Thursday over whether copies of certain documents provided to the defense were legible — can make it seem as if time has stopped for real. But there are also arresting flashes of candor, as when Robert L. Grenier, a C.I.A. veteran, testified about his growing conviction that the White House was shifting responsibility for the war to the agency, a development he found deeply unfair.

“Yes, there was an attempt on the part of the White House to throw blame on the C.I.A.,” said Mr. Grenier, who at the time was the agency’s top Iraq officer and later headed the Counterterrorist Center.

And there are comic moments. In the midst of a discussion over flawed intelligence, Mr. Grenier misplaced his reading glasses on the witness stand. “I appear to have lost my glasses,” he said.

Proceedings were halted. Prosecution and defense united, for once, in a bent-over hunt around desks until the glasses were recovered and the trial could resume.

Anti-abortion Extremist Convicted Of Violating Federal Law (FINDLAW/AP)

AP, January 26, 2007

(AP) - BUFFALO, New York-An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider.

James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services.

U.S. law bars people from blocking access to reproductive health services by force or threat of force.

After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives.

A federal jury deliberated about four hours over two days before returning the verdict Thursday.

The jury also convicted him on a weapons count.

Kopp could face life in prison without parole when he is sentenced.

Kopp, who represented himself in the trial, stood with a half-smile as the verdict was read.

Kopp had tried to convince jurors he did not mean to kill Slepian when he fired from woods into the doctor's home. Kopp said he intended only to wound Slepian to prevent him from performing abortions the next day.

"If it happened the way I wanted it to, he would have his arm in a sling," said Kopp, 52, who also is suspected in the non-fatal shootings of three Canadian doctors and one in Rochester, New York.

A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent.

Slepian's wife, Lynne Slepian, smiled and hugged prosecutors after the verdict Thursday. She then left to call her sons, declining to talk to reporters.

Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19.

"Hopefully, this will give (Lynne Slepian) what she's always wanted, that she will never have to go to any state parole hearings," Flynn said.

Kopp would be in his 70s before becoming eligible for parole on his 2003 second-degree murder conviction.

Most jurors left the courthouse without commenting Thursday. "He was guilty, and the evidence proved it," a female juror said on her way out.

"We just went by the law," a male juror added.

Former NBC Treasurer Charged With Theft (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, January 26, 2007

(AP) - NEW YORK-The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company.

A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan.

Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him.

Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said.

If convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime.

Jung was to make an initial court appearance Thursday, though it was not immediately clear who would represent him.

A message left with a woman who answered the phone at Jung's home was not immediately returned.

Former NBC Treasurer Faces Charges For Embezzling Funds (WSJ)

By Chad Bray

The Wall Street Journal, January 26, 2007

NEW YORK -- The former treasurer of General Electric Co.'s NBC Universal Inc. has been charged with stealing more than $800,000 from the company and using the money to fund private jet flights and rent a summer home in the Hamptons on Long Island, prosecutors said Thursday.

In a press release, the U.S. Attorney's office in Manhattan said Victor Jung, NBC Universal's former treasurer, has been charged with two counts of wire fraud. Mr. Jung, 34 years old, faces up to 20 years in prison on each charge of wire fraud. He was arrested by federal authorities about 6 a.m. EST Thursday, prosecutors said.

"He plans to vigorously defend himself against the charges and he looks forward to the opportunity to have a complete hearing on the charges," said Christopher Brennan, Mr. Jung's lawyer.

Mr. Jung, who worked for NBC Universal for about 12 years, entered a not guilty plea to the charges through his lawyer at a hearing before U.S. Magistrate Judge Gabriel W. Gorenstein on Thursday. Bail was set at $250,000 to be secured by $5,000 in cash.

Mr. Brennan said Mr. Jung left the company in the past six months, but declined to comment on the circumstances of Mr. Jung's departure from NBC Universal. Mr. Jung didn't speak to reporters after the hearing.

Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006.

The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006.

NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents.

Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. Prosecutors said that the flights were catered and that Jung and his fellow passengers consumed shrimp cocktails, Veuve Clicquot champagne, Grey Goose vodka and Mondavi wine.

The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card.

"NBC Universal is committed to and vigilant about the enforcement of its compliance policies," the company said in a statement. "When we discovered the potential integrity breach, we promptly brought it to the appropriate authorities and are cooperating fully with the investigation. We will continue to monitor the situation to its resolution."

Judge Urges U.S. To Drop Plan To Seek Death Penalty In Case (NYT)

By William K. Rashbaum

The New York Times, January 26, 2007

A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution "absurd" and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor.

The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001.

"Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?" the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. "If I'm wrong , I will have egg on my face, but I will not be incorrect."

Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in Washington before the case begins.

The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services.

Going forward with the penalty phase, he said, would be "a total misappropriation" of taxpayer funds, "and I advise the government accordingly." He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case.

"And there's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, judicial resources," he said in remarks that were unusually blunt for a judge to deliver from the bench.

The attorney general can withdraw the notice of intent to seek the death penalty at any time before the jury's vote in the penalty phase, said Kevin McNally, the director of the Federal Death Penalty Resource Counsel Project, which coordinates the defense of federal death penalty cases for federal defenders' offices nationwide.

"I'm not at all surprised that the judge has made this suggestion, and I wouldn't be surprised if it was acted upon," Mr. McNally said in a telephone interview. "I think, from all the information we've received, this is not a case that should have been a federal death penalty trial to begin with."

A spokesman for the Justice Department in Washington declined to comment on the case.

Robert Nardoza, a spokesman for Roslynn R. Mauskopf, the United States attorney in Brooklyn whose office is prosecuting the case, declined to comment, saying federal rules prohibited the office from doing so during a jury trial.

One of Mr. McGriff's lawyers, David Ruhnke, would not comment on the judge's statements, saying only: "His remarks speak for themselves. We certainly hope the message has been conveyed."

Mr. McGriff's trial is one of three death penalty cases that are currently ongoing or recently concluded in the Brooklyn courthouse. One is the trial of Ronell Wilson, 24, who faces possible execution after having been convicted for the 2003 slayings of two detectives on Staten Island. Mr. Wilson's trial has received daily news coverage, while Mr. McGriff's trial have garnered far less attention.

Prosecutors have charged that Mr. McGriff, a crack kingpin who in the 1980s founded the drug-dealing Supreme Team and served time in federal prison, resumed his drug dealing upon his release and paid $50,000 to have two rivals killed.

At the end of the trial day on Wednesday, the lead prosecutor in the case, Carolyn Pokorny, an assistant United States attorney, expressed concern to the judge that his remarks, if reported in the news media, could influence the jury.

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"I know that," he said. "I told them not to read the paper, and the truth of the matter is, is that because of the Wilson trial on the fourth floor, nobody from the press has been here today, and we're flying under the radar screen, for sure."

The judge added: "I have to balance this out. If I feel, as an officer, as a judge, that this is an absurd prosecution based upon what I have heard, I think I have a responsibility to let the authorities know."

Judge Calls Seeking Death Penalty Against Drug Kingpin A Waste Of Time, Money (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 26, 2007

(AP) - NEW YORK-A judge at the federal murder conspiracy trial of a crack kingpin with ties to the rap music industry warned prosecutors that pursuing a death sentence would be a waste of time and money.

"There's no chance in the world there would be a death penalty verdict in this case," U.S. District Judge Frederic Block said.

"If I'm wrong, I will have egg on my face," the Brooklyn judge said Wednesday while jurors were on a break amid closing arguments in the guilt phase at the trial of Kenneth "Supreme" McGriff. "But I will not be incorrect."

Block advised prosecutors to contact their superiors in Washington and ask them to reconsider their decision to seek a death sentence. Even if McGriff is convicted in a contract killing conspiracy, going forward with a penalty phase would be pointless, he said.

"There's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, and judicial resources," he said.

A spokesman for the U.S. attorney's office declined to comment.

The jury deliberated briefly Thursday afternoon without reaching a verdict. It was to resume Friday morning.

In the 1980s, McGriff founded the Supreme Team, a profitable and ruthless drug crew that became legend on the same Queens streets that later produced rap stars such as Ja Rule and 50 Cent. Authorities allege that after serving time for a drug conviction, McGriff resumed his drug dealing operations and paid $50,000 (â,¬38,526) to have two rivals killed.

His lawyer said that McGriff sought to turn his life around by producing music and movies with the help of Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. At a trial last year, prosecutors had alleged Lorenzo laundered more than $1 million (â,¬770,000) in McGriff's drug proceeds through the label; Lorenzo was acquitted.

McGriff produced a straight-to-video film, "Crime Partners 2000" that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

Bow Out, Judge Blockhead (NYDN)

New York Daily News, January 26, 2007

No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord.

Block is presiding over the trial of Kenneth (Supreme) McGriff, a notorious Queens crack kingpin charged, in this instance, with ordering hits on two rivals. Jurors have retired to deliberate as to McGriff's guilt. If they convict McGriff, the Brooklyn U.S. attorney's office will then petition panel members to sentence McGriff to death.

There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money.

Said this Amazing Kreskin of the federal bench: "In this judge's opinion, there's no chance in the world there would be a death penalty verdict...from my observations of the intensity with which the jury is listening to defense summation...and all the evidence that has been presented or not presented - if I'm wrong, I will have egg on my face, but I will not be incorrect."

Block said he believes that McGriff "has been humanized" by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that "nobody from the press has been here today, and we're flying under the radar screen, for sure."

For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any capital punishment proceedings to a colleague who is not so openly and obviously biased.

You can e-mail the Daily News editors at voicers@edit.nydailynews.com. Please include your full name, address and phone number. The Daily News reserves the right to edit letters. The shorter the letter, the better the chance it will be used.

Deputy Marshal Indicted In Leak Of Witness Information (AP)

By Mike Robinson, The Associated Press

AP, January 26, 2007

CHICAGO - A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family.

John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak.

Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders.

Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information.

But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John "No Nose" DiFronzo in the file that marshals kept on Calabrese.

DiFronzo is not charged in the Family Secrets case.

A telephone message seeking comment was left Thursday night at the office of Ambrose attorney Francis Lipuma.

Ambrose came under suspicion when eavesdropping FBI agents heard reputed mobster Michael Marcello chatting with his jailed brother, James Marcello, in the visitors room at the Milan, Mich., federal prison.

Michael Marcello told his brother that he had a source within federal law enforcement and that the source was the son of a police officer who was convicted in the Marquette 10 police corruption trial of the 1980s.

Ambrose fit the description. Federal officials said his fingerprints were later found on the Calabrese file.

FEC OKs Kolbe Funds For Legal Defense (AP)

AP, January 26, 2007

WASHINGTON -- Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday.

Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages.

FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's "ordinary and necessary" duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available.

The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident.

Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages.

According to his last campaign finance report, filed in October, Kolbe had $143,586 in his campaign account.

More Willful Indifference (NYT)

The New York Times, January 26, 2007

Mark Foley fled his seat in the House of Representatives last September when his sexual approaches to teenage pages finally reached the news media after years of a shameful cover-up in the halls of Congress. Now it turns out that the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues. An inspector general's report excoriates F.B.I. agents for brushing aside "troubling" evidence of the lawmaker's flirtatious message-writing, and then falsely blaming their inaction on the watchdog group that tried to alert the government in the first place.

The report underlines the calculated indifference at the heart of the scandal. In their final hours in power, the Republicans who controlled the ethics committee issued a report that whitewashed the fact that key members of the Republican leadership and their staff members were aware of Mr. Foley's long predatory history. The F.B.I. inspector general's report showed the same indifference among law enforcement officials charged with investigating Mr. Foley's actions. The report describes one F.B.I. supervisor who said he had read Mr. Foley's e-mail notes and thought, "What a freak," but who had then sent the evidence on a fruitless bureaucratic roundabout.

The lug-headed consensus was that there had been no real crime, when — as the inspector general pointed out — agents should have been urgently alerting the page program's supervisors.

When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group — Citizens for Responsibility and Ethics — had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections.

The new Congress voted to overhaul protections by mandating that an oversight board of surrogates be enlarged to include a former page and a page's parent. It will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness.

Fmr. State Janitors Get Short Prison Sentences In No-work Scheme (BVND)

By Jan Dennis

The Belleville News Democrat, January 26, 2007

PEORIA, Ill. - Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government.

David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement.

The men also were ordered to pay a combined total of more than $148,000 in restitution to the state.

"I don't see any of these defendants as evil men or bad people. I see they made choices that violated the law ... and they have to pay the consequences," said U.S. District Judge Joe B. McDade.

The judge said at Medvesek's sentencing that he could not grant probation because he needed to send a message that corruption in state government would not be tolerated.

"The strongest message I can send is (that) you would do some jail time," McDade said.

Federal prosecutors say the janitors developed a scheme to report late for their nighttime jobs or to leave without taking approved time off, collecting nearly $200,000 in state pay for work they didn't do.

The men developed various methods to cover their absences from 1999 to August 2005, including leaving notes for other workers that said they were working elsewhere, according to prosecutors.

All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme.

Turner, 60, of Springfield - former director of the Secretary of State's physical services division - was sentenced Jan. 4 to 30 months in prison on four federal counts of wire fraud and two counts of lying to investigators. He also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed.

Prosecutors allege Turner helped the janitors collect unearned pay in exchange for special treatment by city trash collectors in his Springfield neighborhood.

Assistant U.S. District Attorney Greg Gilmore says the scheme has left a dark cloud over all state employees, the vast majority of whom he said are hardworking and dedicated.

"In a sense, these offenses have put a stain on that, and that's unfortunate," Gilmore said.

Medvesek's attorney, Jay Elmore, agreed the court needed to send a message to stamp out a culture of corruption that he says is "epidemic" in Springfield. But he said McDade could drive home the point without jail time, saying other state workers already have seen Medvesek lose his nearly $40,000 a year job, pension and benefits.

Each of the janitors lost their state pensions and have been ordered to turn over their own retirement contributions - totaling roughly $23,000 each - to help pay restitution.

Assistant U.S. District Attorney Patrick Chesley called Boyce's cooperation "extraordinary," saying he recorded more than 200 conversations with the other janitors that helped crack the case and ultimately link Turner to the scheme.

Turner received no financial kickbacks, but aided in the scheme because Dinora also worked for Springfield's public works department, where he allegedly arranged quick pickups of junk ranging from water heaters to a dog house for Turner and his neighbors, prosecutors said.

Defense attorneys said Turner was unaware of the payroll scam and blamed Dinora, who they contend took advantage of Turner's lack of experience after he was appointed to the $98,000-a-year job by Secretary of State Jesse White in 1999.

Turner and the janitors were fired after an investigation uncovered the scheme in 2005.

The three former janitors each offered brief apologies before they were sentenced.

"There was no excuse," Boyce said. "I know right from wrong."

A spokesman for the secretary of state's office did not return a call for comment Thursday. But White has said the cases send a message that his administration will not tolerate corruption and that workers who cheat will pay the price.

In Philadelphia, Cops And Feds Say, Violent Gangs Are Kid Stuff (PHI)

By Dana Difilippo

The Philadelphia Inquirer, January 26, 2007

In other cities, gangs like the Bloods, the Crips and the MS-13 menace their communities with the efficiency of a business organization, with rookie "training," initiation rituals and a leader-soldier structure.

But Philadelphia's typical gang member is a school-skipper just getting his first mustache whose "gang" is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a news conference about their joint gang-busting strategies.

That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia.

"Better than half" of the city's 1,800 shootings and 406 homicides last year were committed by such young neighborhood thugs, said Chief Inspector Joseph Fox, head of the police department's detectives. Last week's shooting outside Sayre High School, in which a 17-year-old student was injured by gunfire in an ongoing feud between teens from 56th Street and others from 60th Street, is a good, recent example, Fox said.

"Philadelphia is just saturated right now with these neighborhood groups whose affiliations are very fluid," Fox said.

Their youth and lack of organization make them "very susceptible to being recruited by more violent and more structured gangs," he added. "We don't want to see this [neighborhood thuggery] mushroom into something more organized."

Besides teenage toughs, the city's crime-fighters say law-breakers in the Latino community have also given them growing headaches.

The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office.

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"We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America," Hosko said. "[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city."

Three other FBI-led task forces - in which agents partner with city police and other authorities - focus on organized crime, black gangs and violent crime/fugitives, Hosko said.

Federal Prosecutors In Washington State To Review Homer Shootout (AP)

By Dan Joling

AP, January 26, 2007

ANCHORAGE, Alaska - The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington.

Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded.

State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict.

Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking.

On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued.

Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded.

Dr. Franc Fallico, the state's chief medical examiner, concluded Anderson was mortally wounded by gunfire. He also concluded Anderson shot his son before turning his gun on himself. A 6-month-old girl in the vehicle was not wounded.

Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review.

The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said.

Exec Says Secretary Didn't Have Know-how To Do Coke Theft Alone (MH)

By Johnny C. Clark

The Miami Herald, January 26, 2007

ATLANTA - A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own.

Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams "didn't have the intellectual capacity" to steal the documents or get them in the hands of a Coca-Cola competitor by herself.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and one has testified that Williams thought of the idea for the scheme.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Sanchez Lamelas, Coca-Cola's global brand director, after the allegations came to light.

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Sanchez Lamelas also testified Thursday that Williams was cited on occasion for failing to carry out basic job responsibilities. He told jurors that Williams did not take "feedback" in a positive manner and that the two of them had arguments at times.

U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them.

Other government witnesses Thursday included a Coke database administrator, and a company computer forensic manager that investigated Williams' print logs for a month starting June 15, 2006. She and the two other defendants were arrested three weeks later.

Testimony was to resume Friday.

Coke Exec Testifies At Williams Trial (WXIA)

WXIA-TV, January 26, 2007

A Coca-Cola executive testified on Thursday that he didn't think that one of his former employees, Joya Williams, had the intellect to steal Coke trade secrets, and try to sell them to Pepsi by herself.

But now Williams is charged with conspiring to do just that, on trial and facing ten years in prison.

Joya Williams wants the jury to see her as a hard-working, well-meaning, but inept Coca-Cola employee.

Just in over-her-head when she was executive assistant to a Coke vice president in 2005 and 2006 -- not the mastermind of a conspiracy to mine Coca Cola computers at company headquarters, steal Coke trade secrets and then try to sell them to Pepsi for $1.5 million.

On the stand at Williams' conspiracy trial -- Williams' boss, a Coke vice president, Javier Sanchez.

Sanchez was a prosecution witness, but he testified under cross-examination by Williams' attorney, Janice Singer, that he didn't think Williams had the intellect to steal Coke's trade secrets and get them into someone else's hands by herself.

Williams was arrested in July with two ex-cons who later pleaded guilty.

But Williams' boss said that just after the arrests, he was "in shock that Joya could have done something like that."

Joya Williams blames the two ex-cons, and says they stole the Coke documents from her, without her knowledge.

But the prosecutor showed Sanchez one Coke document after another that Williams admits she took from Sanchez's office to her home.

Question -- Did Williams have any legitimate reason to take the documents home?

Answer -- No.

On Friday, the prosecution expects to show the jury surveillance video and photos of Williams putting into her bag what prosecutors say were Coke trade secrets, and leaving the building with them.

Williams contends the documents she took home from Coke Headquarters were routine work papers for her own files, not Coke secrets.

The prosecution may rest on Monday or Tuesday.

Coke Secrets To Stay Secret, Judge Says (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 26, 2007

The judge in the Coke secrets trial said Thursday he will seal roughly 750 pages of company documents that the beverage company says contain trade secrets.

The lawyer for defendant Joya Williams has said she may want to use the confidential company documents to prove her case. But prosecutors and Coke lawyers have convinced Judge J. Owen Forrester that allowing the public to see the documents would harm the company.

RECENT NEWS

Harris County Residents Accused Of Hurricane Fraud (HC)

Houston Chronicle

DOJ_NMG_0121809

Houston Chronicle, January 26, 2007

Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance.

U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft.

The government also seeks a $145,438 forfeiture from each.

The conspiracy charge carries a punishment of up to five years in prison.

Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52.

Man Who Lured Teen Over Internet Gets 5 Years In Jail (SEAPI)

By Brad Wong, P-I REPORTER

Seattle Post-Intelligencer, January 26, 2007

A 46-year-old Coupeville man received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported.

During the sentencing in U.S. District Court in Seattle, John Leonard Young received a stern rebuke from Judge Thomas Zilly. "The victim may never be the same," Zilly said. "You've taken her innocence away."

The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said.

But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI.

Young and the girl started using the Internet in late 2004 to communicate with each other, and they met in a chat room. Prosecutors said the two also talked by telephone.

Young described "bold, detailed discussions about sex," according to a prosecutor's statement.

Young also used his credit card to buy an airplane ticket to Seattle for her.But days before that flight, she went to the airport and bought a ticket with her own money.

Officials said she was upset about landing in the wrong Washington.

Young urged the girl to remove her computer's hard drive so her parents and investigators would have a difficult time finding her, prosecutors said.

FBI agents contacted the girl's parents, and investigators found messages from Young on her computer.

With court approval, investigators searched Young's home and uncovered computer messages with the girl and child pornography.

At least one of his computers contained about 100 pornographic images of children.

The girl is home in the Chicago area, according to the Attorney's Office.

Brad Wong can be reached at 206-448-8137 or bradwong@seattlepi.com.

Coupeville Man Sentenced (AP)

AP, January 26, 2007

SEATTLE A Coupeville man was sentenced today in U.S. District Court in Seattle to five years in prison for using the Internet to entice a minor to travel for illegal sexual activity.Judge Thomas Zilly called the crime serious and told 46-year-old John Leonard Young that his victim may never be the same because Young had taken her innocence away.Zilly said he was concerned the FBI found 100 images of child pornography on Young's computer.In late 2004 and early 2005, Young was charged with communicating over the Internet with a 14-year-old girl who lived in the Chicago area.(Contact: Emily Langlie, public affairs officer for the U.S. attorney's office in Seattle, 206-553-4110)

Man, 2 Women Charged In 'Horrific' Case Of Delco Child Porn (PHI)

By Tom Schmidt

The Philadelphia Inquirer, January 26, 2007

One suspect, John Worman, 39, of Colwyn, Delaware County, allegedly installed a video camera in his bathroom wall and videotaped four children as they used the toilet, undressed and showered.

Worman, according to an indictment, sexually abused eight other children, including five whom he forced to engage in oral, vaginal and anal sex, from 1997 through 2006.

Three of the children that Worman forced oral and vaginal sex upon were infants, one of them just three months old, authorities said.

He videotaped the assaults and downloaded the images to his computer, they added.

Worman and two women - Dorothy Prawdzik, 43, of Drexel Hill and Concetta Jackson, 44, of Collingdale, both in Delaware County - were charged yesterday in a 53-count indictment with producing child pornography.

The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis.

Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006.

Prawdzik helped Worman video the kids by posing them in front of hidden video cameras, undressing them and having them expose their genitals, it was alleged.

At one point in the investigation, investigators got a search warrant for Worman's home and recovered more than one million images from his computer, including thousands of videos that Worman produced himself committing sexual acts on children.

"This was a long-term, planned and horrific exploitation of young children," Meehan said. "According to the indictment, the defendants allegedly manipulated and abused children, even infants, to satisfy unimaginable perversions, and they did it repeatedly."

Authorities said that during the period covered by the investigation, Worman had relationships with Prawdzik and Jackson, at different times.

The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales.

It was described as a nationwide initiative designed to protect children from online exploitation and abuse.

'Preteen' Impostor In Video With Kid (AZREP)

By Tony Lombardo, The Arizona Republic

Arizona Republic, January 26, 2007

A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday.

The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile.

"I am aware they are trying to identify a child on a video," sheriff's spokesman Scott Reed said.

advertisement

Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader "Casey Price" and attended class at Imagine School at Rosefield in Surprise.

The Dysart Unified School District saw a slight increase in enrollment at its schools this week as word got out about Rodreick's enrollment at Imagine School, Dysart spokesman Tom Herrmann said. Six families pulled their children out of Imagine School but two families have since come back, spokeswoman Rhonda Cagle said.

Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old.

Rodreick is in a Prescott jail facing charges that include fraud, forgery and failing to register as a sex offender.

Three men, two of whom reportedly had a sexual relationship with Rodreick, are also facing charges in conjunction with the con.

Reach the reporter at (602) 444-6912.

O'Malley Voices Support Of Bill To End Death Penalty (WP)

By Ovetta Wiggins And John Wagner

The Washington Post, January 26, 2007

Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk.

"I've had a pretty consistent position on this," O'Malley told reporters at the State House. "Now that it's salient, I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty."

O'Malley's comments came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday.

Lisa A. Gladden (D-Baltimore), the lead sponsor in the Senate, said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee.

"I don't think it's totally out of the question that we could pass a repeal bill this year," said Gladden, a public defender, who has introduced similar measures in the past. "I think other legislators don't want blood on their hands."

Gladden was emboldened yesterday by the group of lawmakers, religious leaders and supporters who joined her and Del. Samuel I. Rosenberg (D-Baltimore) at a news conference about the legislation.

The issue has gained prominence in the wake of a court ruling last month that halted executions in Maryland until new regulations on lethal injection are put forward by the Department of Public Safety and Correctional Services. O'Malley said that the process will not start before the conclusion of the legislature's debate on the death penalty bill.

"That debate needs to happen," O'Malley told reporters.

Senate President Thomas Mike V. Miller Jr. (D-Calvert) said he supports the death penalty but thinks there needs to be a "healthy debate" on the subject. He said he would not influence a vote one way or the other.

"I realize the trend is against the death penalty," Miller said, "but I think there are some crimes so atrocious that it's warranted."

House Speaker Michael E. Busch (D-Anne Arundel) said he doesn't "have a real strong feeling one way or the other. We'll let the legislative process take place. . . . We've never tried to influence our colleagues on two issues: the death penalty and abortion."

The bill is likely to meet resistance, with some Democrats joining minority Republicans in opposition.

Del. Dereck E. Davis (D-Prince George's) said he could not support a repeal because he had a gun held to his head three years ago.

Anthony J. O'Donnell (R-Calvert), the House minority leader, said he would not support a repeal and said he is certain that many share his position, across party lines. "We need the death penalty for the most heinous cases," he said.

Gladden and Rosenberg said they expected support from O'Malley, who has consistently said he opposes the death penalty. But O'Malley also has said that his views would not prevent him from following the law and signing death warrants.

O'Malley rarely mentioned the death penalty in his primary campaign against then-Montgomery County Executive Douglas M. Duncan (D) or in the general election race against Gov. Robert L. Ehrlich Jr. (R).

O'Malley has argued that the death penalty is not a deterrent and that money spent on prosecuting death penalty cases could be better spent fighting violent crime.

Rosenberg said that a sentence of life without the possibility of parole would be an "enormous deterrent" to committing murder.

"The time and effort litigating these cases, that goes into legislating this issue, could be spent on preventative measures that make each and every citizen more safe in their home," Rosenberg said.

DOJ_NMG_0121812

The death penalty repeal was not part of the 13-bill legislative agenda that O'Malley issued this week.

"There are good people who have strong feelings on both sides of the issue," he said.

Maryland Considers Repeal Of Death Penalty (WT/AP)

By Brian Witte

The Washington Times, January 26, 2007

ANNAPOLIS -- Maryland lawmakers said yesterday they will introduce legislation to repeal the death penalty, a measure Gov. Martin O'Malley said he would sign if the General Assembly approves it.

State Sen. Lisa A. Gladden and Delegate Samuel I. Rosenberg, Baltimore Democrats, are sponsoring bills that would replace the state's death penalty with a prison sentence of life without parole.

Mr. O'Malley, a Democrat who personally opposes the death penalty, said he "sure would" sign such a bill in favor of life without parole.

"We waste a lot of money pursuing a policy that doesn't work to reduce crime or to save lives, but we could be putting that money into crime reduction," Mr. O'Malley said. "I'm much more in favor of life without parole."

Former Gov. Robert L. Ehrlich Jr., a Republican, supported capital punishment. He reinstituted the death penalty after taking office in 2003, refusing to uphold a moratorium by former Gov. Parris N. Glendening, a Democrat.

Michael Paranzino, executive director of Throw Away the Key, which supports capital punishment, said a debate on the death penalty is needed.

"It's better to debate this in the open," he said. "We will be educating the lawmakers about the victims of murder. While I think that it's a difficult task, I don't think it's impossible."

Mrs. Gladden and Mr. Rosenberg think support for a repeal has increased, but said more votes are needed to get the measure through both chambers.

Kirk Bloodsworth, a Maryland man who spent two years on death row and was later released from prison because of DNA evidence, said yesterday he was "living proof that the criminal justice system makes serious mistakes."

Mr. Bloodsworth was convicted twice of killing a 9-year-old girl in 1984. He was placed on death row following his first trial. Mr. Bloodsworth was convicted again in a second trial, but received a life sentence instead of capital punishment. He was exonerated by DNA evidence in 1993.

Mrs. Gladden said the Bloodsworth case demonstrated a need for ending capital punishment.

The proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature. The decision came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment.

No death sentences can be carried out in Maryland until the injection issue is resolved.

Delegate Anne Healey, co-chairman of the joint legislative committee that would hold hearings on the injection protocol, said the governor will decide whether members should take up the review. Mrs. Healey, a Prince George's Democrat, said she hasn't heard from Mr. O'Malley on the issue.

Mrs. Healey, who opposes the death penalty, said she's not sure lawmakers want to wade into such a divisive debate this year.

Senate Minority Leader David R. Brinkley, a Frederick and Carroll counties Republican, thinks the lethal-injection review should be taken up to affirm the use of capital punishment in the state. However, he doesn't think the committee would bother this session, because lawmakers want to focus on budget issues.

"I think it's going to put it on the back burner," he said.

Another issue is a University of Maryland study released in 2003 that found those who murder a white person are twice as likely to get a death sentence than those who murder a black person.

There are six inmates on Maryland's death row.

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-- Vernon Evans Jr. was sentenced May 15, 1984, in Baltimore County. He and Anthony Grandison were convicted in the shooting deaths of David S. Piechowicz and Susan Kennedy at a Pikesville motel.

-- Mr. Grandison was sentenced June 6, 1984, in Baltimore County.

-- John Booth-El was sentenced Oct. 18, 1984, in Baltimore. He fatally stabbed an elderly couple, Irvin and Rose Bronstein, in their home.

-- Heath W. Burch was sentenced March 29, 1996, in Prince George's County. He killed a neighbor, Robert F. Davis, and his wife, Cleo, during a botched late-night robbery.

-- Jody L. Miles was sentenced March 19, 1998, in Queen Anne's County. While collecting a debt for a loan shark, Miles fatally shot Edward J. Atkinson in the back of the head in the woods in Mardela Springs.

-- Lawrence Borchardt was sentenced May 23, 2000, in Anne Arundel County, where the case was moved from Baltimore County. Five years later, Borchardt was granted a new sentencing hearing. Arguments to appeal this ruling are scheduled for next month. During a home-invasion robbery, he killed an elderly couple, Joseph and Bernice Ohler, leaving the crime scene with $11.

Official Shot Movers In Self-Defense, Police Say (WP)

By Eric Rich And Ruben Castaneda

The Washington Post, January 26, 2007

The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another.

An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said.

Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital.

The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts.

Clark's live-in girlfriend, Leelee Best, echoing the sentiment of his family members, questioned the police claim that the movers were the aggressors, saying police "need to charge [Washington] for shooting them."

"It's stupid, honestly," Best said of the argument. "All he had to do was just tell them to leave. There are other ways you can handle it than shooting somebody."

Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a homeowners association board on which he served.

Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is "mentally tough."

Washington, who was released from the hospital, did not respond to messages seeking comment, and no one answered the door at his home. An attorney who has represented him before did not respond to a phone call seeking comment.

Yesterday afternoon, Best said a Marlo delivery contractor for whom Clark worked knocked on the door of their home at close to midnight Wednesday. "I knew something was wrong," she said, speaking at Prince George's Hospital Center.

Best said the contractor told her that Clark called him from Washington's house Wednesday evening to say that Washington was angry over a bedroom set that was being exchanged.

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Michael J. Winkelman, an attorney representing the families of White and Clark, said a Marlo representative and an associate he believes was the contractor visited with the family at the hospital yesterday. The associate told the family that the movers had sought guidance from a supervisor about how to handle the clash with Washington.

"They called from the house and said he was upset, very upset," Winkelman said. He said the movers were told to "give the officer what he wanted."

Marlo officials declined interview requests yesterday. The company issued a brief statement pledging to cooperate with the investigation and adding that its priority is "the welfare of those who have been injured."

In a news release, police said both deliverymen were struck in the upper body. A law enforcement source, speaking on condition of anonymity because the investigation is continuing, said that White was shot in the chest, groin and knee and that Clark was shot in the abdomen. The Washington Post erroneously reported in some editions yesterday that one man had been fatally shot, based on inaccurate information from a government source.

State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter.

Winkelman said he was not surprised to learn that police expected to charge the unarmed men shot by an officer. "It's the custom of the Prince George's County police to do so," he said.

Clark's girlfriend and father said their anxiety was compounded yesterday by the hospital's refusal to update them on Clark's condition -- or even, for most of the day, to confirm that he was a patient there. Winkelman said hospital officials told the family that "an ongoing police investigation overrides hospital authority."

Attempts to reach members of White's family were unsuccessful. Winkelman said late yesterday that he also could not immediately reach members of the family.

Clark's family described him as a gentle giant, easygoing and slow to anger. He stands 6 feet 4 inches and weighs more than 260 pounds, according to a younger brother, Nathaniel B. Saunders.

"He gets along with everybody," Saunders said. He said Clark graduated from DuVal High School, where he played on the football team.

Washington was a detective when Johnson, then the state's attorney, tapped him to become part of his security detail. He enthusiastically endorsed Johnson's 2002 bid for county executive, contributing to and working for the campaign.

Washington rose fast after Johnson's election. In 2003, Johnson named Washington to his transition team. In August 2004, he appointed Washington deputy director of homeland security.

The appointment came eight months after Washington was placed on administrative leave pending the outcome of an investigation into whether he hit a member of the Simmons Acres Homeowners Association during a meeting. The complaint was later dropped without legal or administrative action.

In 2000, a federal civil jury awarded $260,000 to the plaintiff in the civil rights suit against Washington and county correctional officers. The man, David Paul Maslousky, said he was arrested and strip-searched after he protested Washington's treatment of a man who had been involved in a minor traffic accident. The case was appealed, and Washington prevailed.

Last year, Johnson contributed to Washington's unsuccessful bid for the seat of County Council member Marilynn Bland (D-Clinton).

James Keary, Johnson's spokesman, said the county executive would not comment on the case. "It's a police matter, and it's under investigation," Keary said.

Staff writers Hamil R. Harris, Rosalind S. Helderman and Avis Thomas-Lester and staff researcher Meg Smith contributed to this report.

Panel Urges Leaders To Deal With Prison System 'Tailspin' (LAT)

By Jenifer Warren

The Los Angeles Times, January 26, 2007

DOJ_NMG_0121815

SACRAMENTO — Three decades of tough-on-crime lawmaking has sent California's prison system into a "tailspin" that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today.

In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state.

If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them.

"For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis," the commission said. "And now their time has run out."

The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer.

A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000.

While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact.

Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go.

In October, the commission noted, the governor declared a state of emergency in the prisons: "But even that didn't bring action, only more reports to federal judges that underscore the fact that the state's corrections policy is politically bankrupt."

In an interview, Commissioner Dan Hancock said the report's unusually harsh tone was designed to highlight the desperate state of affairs, which extends beyond crowding to medical and mental health care and a criminal sentencing system that the commission called "a haphazard jumble."

Hancock said the crisis has been caused largely by a ceaseless game of one-upmanship by politicians seeking to burnish their reputations as crime-fighters.

"Each has tried to outdo the other on who could be toughest on crime, but nobody was thinking clearly about what the ramifications would be for the state," he said. The result is an incoherent penal code dominated by what experts call "drive-by sentencing laws," often enacted by politicians responding to a single high-profile crime.

The report comes just days after Schwarzenegger and the top Democrat in the Assembly publicly lamented the lack of political will to tackle the prison woes.

In an interview with The Times last week, Schwarzenegger said prisons had not been a priority because they were not a "sexy" topic that affects the lives of voters – and therefore had attracted little interest from lawmakers.

"You talk about prisons, people feel like, 'OK, go out and get the criminal and you send him somewhere, but wherever that is, I don't want to look there, I don't want to know,' " the governor said.

He added that, "When the people are not excited about it, how do you make the legislators excited about it?"

Assembly Speaker Fabian Nunez of Los Angeles was more pointed in his comments, blaming legislators for a short-sighted, "lock up everybody" mentality that has wrought painful consequences.

"It's good politically, because you can champion it as you're tough on crime," Nunez said at a press conference Monday. "But in the end, the prisons are overcrowded, we don't do enough rehabilitation, the prisoners get out of jail and go back and commit more crimes, we have the highest recidivism rate of any state in the nation.

"It's a shameful part of the California body politic," Nunez said. "We've got to change that. I think people ought not be afraid."

Whether the rhetoric – or the commission's report -- will have any substantial effect on legislators is unclear. Analysts say the political fear of being tagged as a friend of felons runs deep. And voters rarely fail to embrace ballot initiatives seeking new penalties for offenders, such as the three strikes law of 1994.

"We're always ever so nice to furry animals and very, very mean to criminals," said Shaun Bowler, a professor of political science at UC Riverside. "It's almost reflexive, the voters' desire to be tough. If the prisons are a cross between a sewer and the Roman Colosseum, their answer seems to be, 'Good.' "

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But criminologists say that the public has been misled about just what sort of policies make the streets safer. At UC Irvine, Joan Petersilia said it's up to the governor – a Republican – to point out that "what we're doing now with our system is costing us a lot and not giving us much public safety benefit in return."

California, experts noted, spends more than $8 billion a year on corrections, but roughly 70% of the inmates it releases wind up back behind bars.

"Everyone agrees we've got a crisis, but no one is willing to put forth an agenda and lead," Petersilia said. "That's the key ingredient that's been missing."

Hack, Pump And Dump (WP)

By Ellen Nakashima

The Washington Post, January 26, 2007

Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks.

The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment.

But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors.

Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold.

Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission.

The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam.

"You wake up in the morning and all your blue chips are gone, and instead you own a microcap stock that is virtually worthless," said John Reed Stark, chief of the SEC's Office of Internet Enforcement. Stark added that he expected more complaints in the coming weeks, saying, "This is an area where we've become increasingly concerned."

The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said.

Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said. He has no attorney, authorities said.

On Aug. 21 last year, Kamardin booted up his computer in his apartment in Tampa and logged into his E-Trade account, according to the SEC complaint, which forms the basis for the following account.

At 2:10 p.m. he bought 43,000 shares of Thomas Equipment.

Between 1:29 p.m. and 3:41 p.m., an intruder -- either Kamardin or an accomplice -- hacked into two TD Ameritrade accounts, using those investors' stocks to buy 60,900 Thomas Equipment shares.

At 3:28 p.m., an intruder hit a Charles Schwab account, buying 20,000 shares.

At 3:32 p.m., an E-Trade account was hacked, boosting that investor's portfolio by 68,000 Thomas Equipment shares.

At 3:35 p.m., Kamardin began to sell the Thomas shares.

One minute later, Schwab, evidently onto the fraud, canceled an order to buy 50,000 Thomas shares in a second hacked account.

By 3:53, Kamardin had unloaded all his Thomas shares, netting $13,158.

The SEC is not saying how Kamardin's ring obtained the user names and passwords on the investors' accounts. Typically, authorities said, hackers use keystroke monitoring software placed on a public computer, or they purchase personal data, such as stolen Social Security and credit card numbers, from criminal enterprises.

The fraud affects not only the investors, but the market and companies whose stocks are pumped then dumped.

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Hugo Cancio was stunned when trading on his company's stock increased from fewer than 1,000 shares a day to 1.1 million shares last Aug. 24.

"For no reason whatsoever," he said, the share price for Fuego Entertainment, a Miami-based entertainment firm targeting the burgeoning Latino media market, zoomed from 88 cents to $1.28.

"My phone rang off the hook," he said. "We couldn't figure out what was going on."

Allegedly, between 11:51 a.m. and 3:05 p.m. that day, Kamardin had bought and sold 55,000 Fuego shares, raking in $9,164.

In the interim, 10 accounts with Fuego holdings were hacked into at TD Ameritrade, Scottrade, E-Trade and Schwab.

"Wow, wow," Cancio said, upon hearing the allegations. "That's unbelievable."

The following day, Cancio said, his company's share price had plummeted to 13 cents, where it has been ever since. TD Ameritrade, the third-largest online broker by volume, has restricted online trade on the company's stock.

Cancio said that on Aug. 24 he was negotiating a deal to buy 14 television stations, and when he saw the price surge, he began to suspect the stations' owner of insider trading.

The owner denied it, but the deal soured, and with the share price down, Cancio said, the deal is on the rocks. "We were knocking on the door of a multibillion market," he said. "We haven't seen any progress. It's all due to that particular day."

On Aug. 28 and Aug. 29, Kamardin wired proceeds from his E-Trade account to a Wachovia bank account and then transferred the funds to an account owned by his Russian-born roommate. The roommate wired the money to a bank account in Riga, Latvia, the SEC alleges.

E-Trade, which regularly monitors unusual activity, at some point became concerned and alerted the SEC and the FBI of possible fraudulent activities, said sources familiar with the matter.

Kamardin is charged with securities fraud. The SEC is seeking return of the money and payment of civil penalties.

Florida Man Used E*Trade Account For Illegal Trading (Update3) (BLOOM)

By Bradley Keoun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A 21-year-old Florida man hacked into online accounts at E*Trade Financial Corp. and four other brokerage firms in the second case to emerge from a probe of Internet trading fraud, U.S. officials allege.

The U.S. Securities and Exchange Commission sued Aleksey Kamardin, claiming he took control of the accounts and netted $83,000 in illegal profits. The regulator said Kamardin bid up 17 stocks and then sold the shares in his own E*Trade account at inflated prices.

The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc.

``This is typical of what we've seen a lot of lately," John Reed Stark, chief of the SEC's office of Internet enforcement, said in an interview. ``We have other cases like this in our inventory that we expect to be rolling out."

Stark declined to say whether criminal charges would be filed against Kamardin, who he said is believed to have fled the U.S. and gone into hiding in Russia. A contact telephone number provided by the SEC at Kamardin's last known address in Tampa was answered by a woman who said she didn't know him.

Illegal Profit

The illegal trades occurred between July 13 and Aug. 25, according to the suit, which was filed today in U.S. District Court in Tampa, Florida.

Kamardin on Aug. 28 and 29 wired the illegal profit from his online brokerage account at E*Trade to a Wachovia Corp. bank account in the U.S. The money was then transferred to a second account owned by Kamardin's Russian-born roommate, who in turn wired it to a bank account in Riga, Latvia, the SEC said.

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A July 2006 application opening an account in Kamardin's name at E*Trade said he was a U.S. citizen with a liquid net worth of $15,000, the SEC said. Stark declined to comment on whether the agency had confirmed Kamardin's citizenship. He said the roommate hasn't been accused of wrongdoing.

Other online brokerage firms whose accounts Kamardin manipulated included Scottrade, JPMorgan Chase & Co. and Charles Schwab Corp., according to the complaint.

`Circumstantial Case'

The SEC named 14 of the 17 stocks it believes were manipulated by Kamardin. They included Gales Industries, a Bay Shore, New York-based manufacturer of aircraft structural parts; Butler National Corp., an Olathe, Kansas-based provider of electronic monitoring of water-pumping stations; and Thomas Equipment Ltd., a Milwaukee-based manufacturer of farm equipment.

Stark said the SEC couldn't link Kamardin directly to the unauthorized use of the accounts. Kamardin probably gained access by stealing usernames and passwords through software that allows outsiders to spy on keystrokes on another person's keyboard, or by buying the logins from Web sites outside the U.S. that traffic in such information, Stark said.

``It is a circumstantial case" built on ``compelling" evidence, Stark said. ``He did this 17 times and profited 14 times."

The SEC claimed, for example, that on Aug. 21 between 2:10 p.m. and 2:36 p.m., Kamardin bought 43,000 Thomas shares at about 43 cents each. About the same time, an intruder used unauthorized access to buy 60,900 Thomas shares in two TD Ameritrade accounts, 20,000 shares in a Schwab account and 68,000 shares in an E*Trade account.

The buying -- trading volume was 10 times its daily average -- drove the shares as high as 80 cents, the SEC said.

From 3:35 p.m. to 3:53 p.m., Kamardin sold all 43,000 of his Thomas shares, for a profit of $13,158, the SEC said.

Pump-and-Dump

Federal regulators and law enforcement authorities said in October they were investigating securities schemes on the Internet after New York-based E*Trade reported that it had spent $18 million in the third quarter to reimburse victims of the fraud. In one instance, E*Trade had to take possession of 1 million shares of BoysToys.com, the owner of a San Francisco strip club. Omaha, Nebraska-based TD Ameritrade also had $4 million in expenses related to the schemes.

E*Trade, TD Ameritrade and San Francisco-based Schwab, under policies begun last year, reimburse customers who lose money because of unauthorized trading in their accounts.

Spokesmen for E*Trade, New York-based JPMorgan and St. Louis-based Scottrade declined to comment on the SEC lawsuit. A spokeswoman for TD Ameritrade didn't return a call seeking a comment.

`Unusual Behavior'

``We monitor client transactions using a combination of sophisticated automated and manual surveillance techniques, watching for unusual account behavior," Schwab spokeswoman Sarah Bulgatz said in an e-mailed statement. ``This enables us to intervene preemptively as needed."

Investigators have compared the online fraud with traditional pump-and-dump schemes in which criminals use false statements or advertisements to spur a rally in the prices of stocks they own so they can sell them at inflated prices.

``It's like a boiler room without the boiler room," Stark said of the online fraud. ``Instead of having to convince an investor to buy your stock you just steal that investor's password and username and buy it in his account."

E*Trade shares fell 70 cents, or 2.8 percent, to $23.97 today in New York Stock Exchange composite trading.

D.C. Clubs Dreading Proposed Teen Ban (WP)

By Keith L. Alexander And Darragh Johnson

The Washington Post, January 26, 2007

District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths.

Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served.

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Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21.

"The artists don't particularly like to play to 21-and-older clubs," said Steve Lambert, talent booker for the Rock and Roll Hotel on H Street Northeast. "A lot of their audiences are college-aged, between 18 and 21, and they depend on those people to buy tickets to the show."

In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers.

Many at the hearing defended the venues, saying they strictly enforce age limits. "Some clubs, like H2O, 9:30 Club, the Black Cat, Platinum and Envy -- they do it very well," said Ronald Moten, co-founder of Peaceaholics, an organization that works to solve disputes among youth. "They monitor for fake IDs, they have bracelets or stamps they put on people who're underage, and they're very strict on this."

The clubs feature a range of music, from the hard-thumping go-go to indie-rock, reggae, hip hop and rhythm and blues.

The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink.

Briejon Smith, 14, Ford's cousin, said that at several city clubs, it is "easy" for teenagers to get alcohol. "All you have to do is slip the bartender $10 and you can get a drink. They ask me if I have ID, and I say 'No,' and then they charge me extra. But I can still get in and order a drink if I wanted to," she said.

Some suburban teenagers, who had left school early to testify at the hearing, said they were concerned that the fatal shooting would give officials a reason to expand restrictions on all clubs, even those that already have tight rules.

Maya Gibson-Reinemer, 18, of Arlington said teenagers go to the clubs mainly to listen to the bands. "You can get drunk anywhere. But where can you see music?" she said.

Council member Jim Graham (D-Ward 1) is considering legislation that would establish a minimum age for patrons within the District. In Boston, those younger than 14 are not permitted into nightclubs that serve alcohol. In some other cities, the minimum age is 21. His proposal would also require teenagers, even when accompanied by a legal-aged adult, to leave the establishment after a certain time.

Graham is also considering creating a new license for nightclubs that want to cater to under-21 patrons. It would require them to have minimum-standard security, training and aggressive monitoring during an event for underage drinking. And he wants to restrict the renting of venues to outside promoters. That was the case Saturday morning at Smarta/Broadway, also known as Club 1919, on Ninth Street just off the bustling U Street corridor. Police said that Ford was shot there when the club's bouncer got into a scuffle with a patron carrying a gun. There have been no arrests.

At least one club's advertised rules regarding teen patrons are vague. The Web site for the Black Cat, at 1811 14th St. NW, says: "Black Cat events are all ages. Patrons under 18 should have parental permission, and we prefer them to be accompanied by an adult."

Graham said he did not want to use the fatal shooting as a way to target go-go clubs, popular nightspots mostly frequented by blacks. Instead, he said, he decided to focus on all nightclubs. At the time of the shooting, the Smarta/Broadway was booked as a venue for local go-go bands. Some go-go dances have been marred by violence, but there is a growing movement to change their reputation by promoting peaceful go-gos.

"There needs to be a safe place for these kids to go. There are safe places out there with extra security and where we don't have to be afraid for our kids' safety," Moten said.

Charles A. Burger, chairman of the D.C. Alcoholic Beverage Control Board, said that Smarta/Broadway's liquor license has been suspended since the shooting and that a hearing is scheduled for Monday.

"We're going to get to the bottom of this. This was a troubled establishment doing whatever it needed to do and didn't care one bit about public safety," Graham said.

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CIVIL LAW:

Fieger Sues U.S. Attorney General (FREEP)

By NAOMI R. PATTON, FREE PRESS STAFF WRITER

Detroit Free Press, January 26, 2007

Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm.

In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act.

It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office.

The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office.

Toner is included as a defendant, because the FEC "is tacitly cooperating and conspiring with the Attorney General."

Fieger also contends that investigators required witnesses to identify who they voted for in the 2004 presidential election.

Feiger is seeking a declaration from Gonzales and Stoner that their action was unconstitutional. He also seeks to have all legal fees recouped.

A spokesperson for the Attorney General's Office did not return calls.

Contact NAOMI R. PATTON at 313-223-4485 or npatton@freepress.com.

Fieger Sues U.S. Attorney General (DEN)

By Paul Egan, The Detroit News

Detroit News, January 26, 2007

Southfield attorney Geoffrey Fieger filed a federal lawsuit today against U.S. Attorney General Alberto Gonzales and the Federal Election Commission, alleging a grand jury investigation of Fieger and his law firm is unlawful.

A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination.

Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them.

In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful.

Federal officials could not immediately be reached for comment.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Evidence Concludes In Framed Men's Suit (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 26, 2007

As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit.

But with a decision in the case not expected until at least mid-March, Salvati, 74, of the North End, said: "Now starts the worst part. Like Yogi Berra said, 'It's not over till it's over.' "

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Salvati and Limone, 72, of Malden, attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed for the slaying in Chelsea of Edward Deegan.

After seeing the reports, a state judge overturned Limone's murder conviction in January 2001, and he walked free after 33 years in prison. She also vacated the conviction of Salvati, who was paroled in 1997 after 30 years in prison. Greco's exoneration came two years ago, when his conviction was posthumously set aside.

Yesterday, hours after evidence concluded in the federal civil trial, state prosecutors filed a motion urging Suffolk Superior Judge Margaret Hinkle to vacate the murder conviction posthumously of Tameleo, who was 84 years old when he died in prison in 1985.

After receiving a petition from Tameleo's family last June and reviewing the other three cases, Suffolk District Attorney Daniel F. Conley "determined that vacating Mr. Tameleo's conviction was the legal, ethical, and moral thing to do," said Jake Wark, a spokesman for Conley's office.

The motion asserts there is "newly discovered evidence indicating that justice may not have been done at Tameleo's trial," Wark said.

In federal court yesterday, US District Judge Nancy Gertner accepted the last of thousands of exhibits and filings just before 11 a.m. in the civil suit for wrongful imprisonment. Lawyers for the four men and the government will file briefs next month, and final arguments in the case will be given Feb. 27. The judge said she will try to reach a decision about two weeks later.

During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph "The Animal" Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco. At the time, Tameleo was the reputed consigliere of the New England Mafia, according to organized crime reports compiled by the FBI.

Deegan was gunned down in a Chelsea alley in March 1965. Local police were unable to solve the slaying until the FBI struck a deal with Barboza, whose testimony resulted in the 1968 convictions of the four men and of two others whose involvement in the slaying has not been disputed.

A Justice Department lawyer asserted during the trial that the FBI cannot be blamed because state prosecutors were responsible for investigating and trying the case. She also argued that the FBI had no obligation to share internal documents with state prosecutors, but also said that agents provided some information about the Deegan slaying to state and local police.

After yesterday's session, Limone, said: "I'm glad it's all over. It was like going to trial again."

Wal-Mart To Pay More Than $33 Million For Overtime Violations (FINDLAW/AP)

By Marcus Kabel, Ap Business Writer

AP, January 26, 2007

(AP) - BENTONVILLE, Arkansas-Wal-Mart Stores Inc. will pay more than $33 million (â,¬25.5 million) in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department.

Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 (â,¬15.41) per worker.

Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations.

"They had some concern that some of the practices were not in compliance" with federal wage laws, he told a conference call for reporters

"It's not particularly unusual for an employer to come to us and talk to us about potential payroll violations," Mandel said.

But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division.

Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again.

Last October, Wal-Mart workers in Pennsylvania won a $78.5 million (â,¬60.5 million) judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award.

One of Wal-Mart's most vociferous critics, union-backed WakeUpWalMart.com, said the overtime settlement was a sweetheart deal that favored the retailer rather than its workers.

WakeUpWalMart.com spokesman Chris Kofinis said workers were not represented in the settlement talks and added that the idea that Wal-Mart "would negotiate in the best interests of its workers is ludicrous on its face."

Critics had previously denounced a separate Labor Department settlement with Wal-Mart over child labor violations, which was made public last February.

That $135,540 (â,¬104,438) settlement was later found by the Labor Department's inspector general to contain significant concessions for the retailer. The inspector general's report said the settlement was "significantly different" from other such agreements and included far-reaching restrictions on the government's ability to assess monetary penalties.

Regarding the overtime issue, Mandel said the department carried out a national review of all Wal-Mart stores over a two-year period from February 2005 to this year.

The settlement was approved Thursday by a federal judge in the U.S. District Court for western Arkansas, Mandel said.

The highest award to an individual employee was about $39,000 (â,¬30,051), he said.

Wal-Mart is the world's largest retailer with about 1.3 million employees.

Wal-Mart Reaches Deal Over Back Pay (WP)

By Amy Joyce And Ylan Q. Mui

The Washington Post, January 26, 2007

Wal-Mart must pay nearly $34 million in back wages and interest to employees who were not paid for overtime hours under a settlement announced yesterday by the U.S. Labor Department.

The company said that because of errors in calculation, it underpaid about 87,000 employees nationwide by at least $20 during the past five years. But some are due much more, with one person to receive $39,775.

Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days.

"It's not particularly unusual for an employer to come to us to talk about potential payroll violations," said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties.

Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said.

"The issue has been resolved," said John Simley, a Wal-Mart spokesman. "We are committed to our associates, and we have apologized to them for this error."

About 75 employees are owed more than $10,000, according to Simley. The retailer also said it overpaid about 215,000 current and former workers $20 or more, which amounts to at least $4.3 million. The actual total was not disclosed. Wal-Mart said it would not seek to recover the overpayments.

Wal-Mart found the errors in 2004 during a routine internal review, Simley said. Problems stemmed from "calculation errors and procedural errors" at headquarters, he said, but he declined to say how they occurred. Wal-Mart reviewed data going back to Feb. 1, 2002, the first year for which it has "consistently reliable records," Simley said.

Wal-Mart said it found that some non-exempt salaried employees were expected to work 45 to 48 hours before they earned overtime pay. They did not receive the extra half-time they were owed for hours between 40 and 45 or 48. Other errors also occurred, Wal-Mart said.

The company will still face legal challenges from at least one state.

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The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million.

"While Wal-Mart has indicated its desire to pay all additional wages owed under California law, we will not agree to any settlement terms until state auditors have the opportunity to verify the accounting records relied upon by [U.S. Labor Department] officials and to examine additional records that relate to those issues that are subject to more stringent California statutes," said Robert Jones, acting state labor commissioner.

State and federal wage-and-hours laws require employers to pay time and a half to workers who put in more than 40 hours a week. Salaried managers and independent contractors are exempt unless their salaries fall below a certain threshold.

Wal-Mart has been involved in other overtime suits. In October, a Pennsylvania jury decided that Wal-Mart forced hourly employees to work through breaks and beyond their shifts without overtime pay. The plaintiffs were awarded $78.5 million. Wal-Mart is appealing.

In 2002, a federal jury in Oregon found that Wal-Mart employees were forced to work off the clock and awarded back pay to 83 workers. In 2004, Wal-Mart settled a similar lunch-break case in Colorado for $50 million.

At least 57 other wage-and-hours cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings.

Wal-Mart's decision to report the problem is indicative of how visible it has become, according to Harley Shaiken, a labor professor at the University of California at Berkeley. "They realized there was a problem and didn't want to see it become a worse problem," he said. "I think Wal-Mart has really learned that putting it under the rug doesn't make it better."

Trustee: Sen. Clinton's Brother Owes Debts To Carnival Operators (AP)

By Rose French, The Associated Press

AP, January 26, 2007

Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton.

A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc.

Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004.

A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham.

The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued.

Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death.

Nashville-based federal bankruptcy trustee Michael Collins said he has tried to get Rodham to repay the loans for almost two years.

Collins had Rodham's accounts frozen in 2005 after Rodham failed to respond to an initial complaint. A judge ruled that Rodham was in default on the loans, but later unfroze the accounts after Rodham appealed.

Collins said the latest filing seeks to establish "realistic deadlines for the future progression of this litigation."

"It's collecting a receivable that was owed to the company," he said. "Its just like any loan."

Collins says he's seeking the loan money which, with interest, comes to nearly $150,000.

Rodham's lawyers in Virginia did not immediately return phone calls on today seeking comment.

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The Gregorys hired Rodham in June 1998, five months before they filed pardon applications with the Justice Department.

Rodham says he was hired to help bring new business to the Gregorys' carnival operation. But the report by the U.S. House Committee on Government Reform said that without any documentation the episode raises "substantial questions ... as to what Rodham actually did for the Gregorys that was so valuable."

"It appears that the president was interested in the Gregory pardons solely because of his contacts with Tony Rodham," the report says. "It is fair to conclude that, but for Tony Rodham's lobbying efforts, the Gregory pardons would not have been granted."

Rodham refused to appear before the committee. He did, however, at the time tell CNN's Larry King Live he talked about the pardons with President Clinton, but said Clinton made the decision to grant clemency to the Gregorys on the merits of their case.

"If I used any kind of influence, then why did it sit in the Justice Department for 18 months? It's absurd to even say that I used any kind of influence. ... The Gregorys are the type of people the pardon system is made for."

CIVIL RIGHTS:

Brother Refused To Give Up On Racially Tinged 1964 Deaths (CNN)

CNN, January 26, 2007

WASHINGTON (CNN) -- After the investigation into the May 1964 deaths in rural Mississippi of his brother and a friend went cold, Thomas Moore was convinced he would never see justice done.

But when a documentary filmmaker for the Canadian Broadcasting Corp. began to research the case about a year and a half ago, Moore saw a glimmer of hope.

And Thursday, 71-year-old James Ford Seale, who court documents state is a former Ku Klux Klan member, made an initial appearance in court in Jackson, Mississippi, on charges of kidnapping and conspiracy in the abduction and killing of Charles Eddie Moore and Henry Hezekiah Dee, both 19, Attorney General Alberto Gonzales announced. (Watch how a 42-year-old cold case heated up)

Seale has pleaded not guilty. He is being held without bail, Gonzales said. (Dee's sister prayed for justice "somehow, some way")

Moore said that after momentum began to build on the case two years ago, he told his late brother he wouldn't give up.

"I promised him in 2005 at his grave in Franklin County ... that I would fight until I die," Moore told reporters in Washington on Thursday shortly after the indictment was announced.

"When I got the word yesterday ... I cried," he continued. "And I felt that my mom and my dad and Charles Moore and Henry Dee said, 'Thank you.' " (Watch Moore savor the day he's been waiting for)

Moore said he returned to Franklin County with CBC producer David Ridgen to help research the case.

At one point, Moore said, he told some friends there it was too bad that one of the suspects -- Seale, who was initially arrested along with Charles Edwards soon after the murders -- had died.

"They said, 'He hasn't passed away,' " Moore said. "They directed us to where he lived. That changed our mission."

Soon after their arrests in 1964, Seale and Edwards were released on bail and were never tried.

According to the CBC, FBI documents stated that Edwards confessed that he had picked up the two young African-American men, beaten and interrogated them.

But he said they were alive when he left.

Edwards, who also is still alive, was not named in the recent indictment.

The allegations in the indictment against Seale say that "Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River tied to heavy objects alleged to have included an engine block, iron weights and railroad ties," Gonzales said.

"These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin," the attorney general added. (Watch the FBI's top agent describe 'a dark chapter' in history)

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After learning that Seale was alive, Moore gave Dunn Lampton, the U.S. attorney for the Southern District of Mississippi, the FBI files on the case that he got from a reporter in Mississippi.

"The really most important factor, in my mind, was Thomas Moore coming to see me," Lampton said. "And at that time, I had not really looked at the file. And the case had lain dormant for years. And I thought that there was nothing we could do about it."

"I took the file home with me and read it," Lampton said. "I was a district attorney for 20 years; I've tried a lot of murder cases. I read the file and I thought that perhaps something could be done either on the state side or on the federal side."

Lampton said he helped form a task force and that the end result -- the indictment -- was a joint effort.

"Nineteen months ago was the start of a journey," Moore said. "Had no idea what it would lead to, but we had hoped and we tried and we continued to push.

"And I'm so glad."

CNN Justice Correspondent Kelli Arena and Justice Department Producer Terry Frieden contributed to this report

Man Pleads Not Guilty In 1964 Race Case (AP)

By Emily Wagster Pettus, The Associated Press

AP, January 26, 2007

JACKSON, Miss. (AP) — A reputed Ku Klux Klansman accused in the 1964 slayings of two black men pleaded not guilty Thursday, and in a measure of how things have changed across the South, the judge he stood before was a black woman.

With his wrists and ankles shackled, 71-year-old James Ford Seale repeatedly addressed the judge as "ma'am," a social courtesy whites typically denied to blacks in Mississippi 43 years ago.

Seale was arrested Wednesday on federal charges of kidnapping and conspiracy. Prosecutors said Charles Eddie Moore and Henry Hezekiah Dee, both 19, were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges.

The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive.

"Forty years ago, the system failed," FBI Director Robert Mueller said in Washington. "We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day."

On Thursday, U.S. Magistrate Linda R. Anderson asked Seale whether he understood the charges, which carry up to life in prison.

"Yes, ma'am, I think so," Seale said in a calm voice.

Seale was jailed for a bail hearing on Monday. His court-appointed attorneys said he is suffering from cancer. His trial is scheduled for April 2.

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Lara Jakes Jordan reported from Washington. AP National Writer Allen G. Breed in Raleigh, N.C., also contributed to this report.

Suspect Pleads In 1964 Slayings (USAT)

By Jerry Mitchell And Ana Radelat

USA Today, January 26, 2007

JACKSON, Miss. — A 71-year-old reputed Ku Klux Klan member pleaded innocent Thursday to charges linked to the killings of two black teens in Mississippi almost 43 years ago.

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James Seale is charged with two counts of kidnapping and one count of conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of Henry Dee and Charles Moore, both 19. If convicted, Seale could face up to three life sentences.

Seale, now in custody in the Madison County Jail near Jackson, faces a hearing Monday on whether he will be released on bond. His court-appointed public defenders are likely to argue Seale should be freed because he has cancer.

U.S. Magistrate Judge Linda Anderson asked Seale on Thursday whether he understood the charges.

"Yes, ma'am, I think so," replied Seale, his wrists and ankles shackled.

Six years ago, in an interview with the Jackson, Miss., Clarion-Ledger, Seale scoffed at the idea he would ever be arrested in the case.

The charges were announced in Washington on Thursday by Attorney General Alberto Gonzales, Dunn Lampton, U.S. attorney for the Southern District of Mississippi, and Robert Mueller, head of the FBI.

"This was a horrible crime inflicted with stunning disregard for the suffering of these victims," Mueller said. "These tragic murders are straight from the darkest page of our country's history."

Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths.

Thomas Moore, 65, traveled to Washington on Thursday with Dee's sister, Thelma Collins. Looking back on the years since his brother's death, he said his hopes surged any time someone took an interest in the case.

"Every now and then, people would get my hopes up, and then it would fade away," he said.

The indictment said Seale and other Klansmen who abducted Dee and Moore thought the two had information about local gunrunning and thought Dee might be a civil rights activist.

The teens eventually were driven to Parker's Landing in Mississippi, according to the indictment, where the Klansmen tied a Jeep engine block, iron weights and railroad rails to them and then threw them into the Mississippi River.

Seale, along with Charles Edwards, now 72, was arrested once before, on Nov. 6, 1964, in connection with the slayings. The FBI, consumed by the search for three civil rights workers who had disappeared that same summer in Philadelphia, Miss., turned the case over to local authorities, who threw out the charges.

Edwards has not been charged, and Gonzales declined Thursday to say whether there will be more charges in the case.

Race Former Deputy Charged In Civil-Rights Murders (NPR)

By Wade Goodwyn

NPR's All Things Consider, January 26, 2007

A federal grand jury charges a Mississippi man with the 1964 killings of two black men, in the latest in a series of charges involving racially motivated killings from the civil-rights era. The two men had been hitchhiking when they went missing. Their bodies were found in the Mississippi River, shackled to an engine block.

James Ford Seale, 71, pleaded not guilty to the charges in Jackson, Miss. The former sheriff's deputy and reputed Klansman was one of two suspects originally charged in the deaths decades ago. But the FBI turned the case over to local authorities — at the time, the agency was consumed with the search for three missing civil-rights workers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, Miss., on Thursday. The former Sheriff's deputy, once thought to be dead, faces charges for his alleged involvement in the kidnapping and slaying of two black teenagers in 1964 in one of the last major unsolved crimes of the Civil Rights era. AP

More than 40 years ago, two black hitchhikers were found dead in Mississippi. Thursday, a reputed Ku Klux Klan member — James Ford Seale, 71 — will be charged with kidnapping, but not murder. Reporter Jerry Mitchell of The Clarion-Ledger newspaper in Jackson, Miss., discusses the case with Steve Inskeep:

SI: Would you remind us exactly what happened in 1964, and what James Seale's alleged role was.

JM: This was a case of forgotten killings, really. These two teenagers, African-American teenagers, were hitchhiking. And the Klan believed that there was gunrunning in the county [Franklin County, Miss.] and believed they might know something about

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it, or did know something about it. [They] took them out into the woods, beat them, then hauled them out to the Mississippi River and tied them to a Jeep motor block and dumped them alive into the Mississippi River.

SI: And James Seale, was he a member of the KKK at that time?

JM: [He was] reputed to be. He denied being a member when I talked to him in 2000. And, of course, he went on to deny that he knew anybody in the Klan. But, of course, his brother was in the Klan, and his dad was supposedly in the Klan. So, I found that kind of interesting.

SI: You mentioned that you talked to him in 2000. It was your newspaper that got this old case reopened. Can you describe to me what evidence led you to James Seale?

JM: Basically, federal authorities had reopened another case, the Chester White killings that the Klan did in '66 in Mississippi. It had taken place on federal property, in the Homochitto National Forest. And the name rung a bell. So, I was like, "it seems like there was something else that took place there." And, sure enough, Henry Hezekiah Dee and Charles Eddy Moore were both beaten in that forest. So that's what led them to reopen that case at that point.

SI: And what led you to Seale? Had he been a suspect at the time?

JM: Yes. He had been arrested along with a guy by the name of Charles Marcus Edwards. But the case never went anywhere.

SI: You mean the Mississippi authorities never did…

JM: [The] never did a thing with it. It was on the state side. The state never prosecuted. In fact, they've dismissed the charges.

SI: Based on what you've seen, how strong is the evidence connecting him to this crime, and what is the evidence?

JM: The case against him, I think, is probably similar to what it would have been in '64, if authorities had been able to put the case together. And this is laid out in FBI documents. Mr. Edwards confessed to authorities his involvement in the case, and identified Mr. Seale as being one of the fellow participants. But Mr. Edwards also said he didn't take part in anything beyond that.

SI: This other suspect confessed to a role in the beating, not the killing. And he leads you, then, to James Seale, the man who's been arrested now?

JM: Correct. I was able to, you know, [use] old records and other things [that] led me to him. And [I] actually had help from people that knew him [that] helped me track him down.

SI: These two men were 19 when they were killed. Are their parents still alive?

JM: No, they're not. But the brother of Charles Moore, Thomas Moore, really deserves a tremendous amount of credit for this case being re-prosecuted. He's been working with a CBC documentary filmmaker, and he's the one who approached the U.S attorney in 2005 and I think really deserves the credit for this case finally going forward.

SI: After more than 40 years, he was still going after the killers of his brother, and he's part of the reason we're hearing about the case again now.

JM: Absolutely. There's no question he's the one that convinced federal authorities to finally do this thing.

'System Failed' In 1964 Race Killings: FBI Director (CBC)

CBC News, January 26, 2007

An elderly Mississippi man could spend the rest of his life in prison in connection with the 1964 slayings of two African-American teenagers afterÂ interestÂ in theÂ cold case wasÂ rekindled by a CBC documentary maker andÂ one ofÂ the victim'sÂ brothers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted from the federal courthouse in Jackson, Miss., on Thursday. Seale pleaded not guilty to federal kidnapping charges tied to the 1964 slayings of two black teenagers.

Seale faces two counts of kidnappingÂ and one count of conspiracy to commitÂ kidnapping in the case of Charles Eddie Moore and Henry Hezekiah Dee, both 19,Â Attorney General Alberto Gonzales said ThursdayÂ in Washington.

Each count carries a maximum sentence of life in prison.

In a news conference attended by Moore's brother Thomas Moore and Dee's sister Thelma Collins, Gonzales said the case was "a painful reminder of a terrible time in our country."

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Gonzales wouldn't comment on why aÂ second suspect, church deacon and reputed KKK member Charles Marcus Edwards, now 72, was not charged.

FBI Director Robert Mueller acknowledgedÂ that it took too long for prosecutors to lay charges.

"Forty years ago, the system failed," Mueller said bluntly with Gonzales and Dunn Lampton, the U.S. attorney for southern Mississippi, at his side. 'My son don't have an uncle. I don't have a brother'

Moore, who joined CBC documentary filmmaker DavidÂ Ridgen on seven journeys toÂ Mississippi,Â said heÂ cried tears ofÂ joy when he heardÂ Seale was in custody, butÂ still struggles withÂ his brother's death.Â

Thomas Moore and CBC documentary filmmaker David Ridgen discovered James Ford Seale, the suspect in Moore's brother's slaying, was still alive in Mississippi.

"I will continue to feel bad," Moore said after the news conference. "My son don't have an uncle. I don't have a brother to call. So I've struggled for 42 years."

Collins said she didn't think she would live toÂ see progressÂ in her brother's case.

"I thank the Lord that I got to see it at my age," she said. "I'm 70 years old. I did see some good come of it."

For years, Seale's family told reporters that he had died. But in JulyÂ 2005, Moore andÂ Ridgen found Seale alive and residing a fewÂ kilometres from where the kidnapping took place.

"When I first met Thomas Moore, heÂ knew more about the case than I did,"Â said Lampton, who headed the task forceÂ launched after the discovery.

"We thought that there was nothing we could do with it."

On May 2, 1964, Moore and Dee, both 19, disappeared whileÂ hitchhiking near Meadville, in southwestern Mississippi.

According to the FBI, they were interrogated and tortured in a nearby forest, locked in a trunk, driven to Louisiana, chained to a Jeep motor and some train rails, and dropped alive into the Mississippi River, whereÂ they drowned.

TheirÂ mangled torsos were discovered more than two months later during the search for Michael Schwerner, Andrew Goodman, and James Chaney â€" three civil rights workers who disappeared June 21 the same year.

Those three bodies were found in Mississippi a short time later, and the case was made famous in the 1988 film Mississippi Burning. Case never went to trial

Seale, then 28, and Edwards, then 31, were arrested in the original investigation, but released soon thereafter on a $5,000 bond. No grand jury or trial was ever held.

FBI documents allege Edwards admitted that he and Seale picked up Moore â€"Â who was on his way home after being expelled from Alcorn A&M University for taking part in a student protest â€" and Dee, who worked at a lumberyard.

According to the documents, EdwardsÂ said he and Seale took the two men to a wooded area, where they were whipped with beanpoles and interrogated.Â Edwards insisted that when he left, the two men were still alive.

He later denied making the statement. None of the allegations have been proven in court.

The FBI turned over Edwards' statement and other files on the investigation to local authorities, and a justice of the peace dismissed all charges.

Gonzales said Seale was not charged with murder because prosecutors examined the evidence and determined a murder case would be too difficult to prove.

"These are very difficult cases to make," Gonzales said, citing the death of witnesses and oldÂ evidence that is no longer available.

TheÂ Justice Department was slow to act on evidence and pursue those responsible for the crime,Â according to Jerry Mitchell,Â an investigative reporter for the Jackson newspaper the Clarion-Ledger who hasÂ worked onÂ the case and numerous other civil-rights slayings.

"It could have been done years ago," Mitchell told CBC News Thursday. With files from the Associated Press

Seale Pleads 'not Guilty' (JCL)

Jackson Clarion-Ledger, January 26, 2007

In court, after 42 years

DOJ_NMG_0121829

A judge will decide Monday whether to free on bond reputed Klansman James Ford Seale, who pleaded not guilty to federal kidnapping and conspiracy charges in connection with the 1964 slayings of two black teenagers.

Assistant U.S. Attorney John Dowdy said Thursday the 71-year-old former crop-duster should stay behind bars. Seale is charged in the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, who were hitchhiking in Meadville when they were grabbed, beaten and thrown into the Mississippi River, where they drowned, according to FBI reports.

Jackson lawyer Kathy Nester of the federal public defenders' office said Seale, who suffers from cancer, should be freed because he is in poor health.

Seale's trial on two counts of kidnapping and one count of conspiracy is set for April 2, although that date likely will be pushed back.

The clash between past and present became apparent when the reputed Klansman stood in front of U.S. Magistrate Judge Linda R. Anderson, the first African-American magistrate in Jackson. Shackled in chains and wearing an orange jumpsuit, he responded to many of her queries with "yes, ma'am" or "no, ma'am."

Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson. If convicted, Seale could face up to three life sentences.

His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson.

Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions, most recently in 2005 when a Mississippi jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of civil rights workers James Chaney, Andrew Goodman and Michael Schwerner.

In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore "tragic murders ... straight from the darkest page of our country's history."

It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings.

"Every now and then, people would get my hopes up, and then it would fade away," said Thomas Moore, who was in Washington for the news conference.

Dee's 70-year-old sister, Thelma Collins, who also traveled to Washington, "cried and sat down and cried again" after hearing of Seale's arrest.

In most criminal cases, defendants waive the reading of the indictment, but Seale sat Thursday and listened to Dowdy read the entire five-page document.

It says Seale and other Klansmen thought Dee might have information about gunrunning in Franklin County, and that's why they abducted him and Moore.

Taking the two teens to Homochitto National Forest, Seale pointed a sawed-off shotgun at Dee and Moore while fellow Klansmen beat the teens with switches and tree branches, the indictment says.

Dee and Moore fabricated a confession there were guns hidden in a Roxie church, which Klansmen and the local sheriff searched, only to find no guns, the indictment says.

Klansmen used duct tape to bind Dee and Moore, weighted them down with a Jeep engine block, iron weights and railroad rails before throwing them into an old Mississippi River channel, where they drowned, the indictment says.

Dowdy read the details of the crime and then said the Klansmen "met to discuss the murders of Dee and Moore and the need to maintain secrecy among the co-conspirators."

He looked straight at Seale, who showed no emotion.

Seale had been arrested for the slayings in 1964, too, along with Charles Marcus Edwards, who admitted he was involved in the beatings but said the teens were alive when he last saw them. No charges are expected against Edwards.

Authorities confronted Seale in 1964, telling him they knew he and others had taken Dee and Moore "to some remote place and beat them to death," FBI records say.

"You then transported and disposed of their bodies by dropping them in the Mississippi River," the records say. "You didn't even give them a decent burial. We know you did it. You know you did. The Lord above knows you did it."

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"Yes," Seale was quoted as replying. "But I'm not going to admit it. You are going to have to prove it."

Asked in a 2000 interview with The Clarion-Ledger if he had anything to do with the crime, Seale replied, "I ain't in jail, am I?"

Charges against Seale have renewed attention on other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers.

"I think today is a step in the right direction, and I think it will contribute to the passage of the Emmett Till Unsolved Civil Rights Crime Act," said Alvin Sykes, whose work helped lead to the reopening of the 1955 killing of Emmett Till.

When he saw Seale in court Thursday, he said he felt sadness "to see such an old man, but if it's true what he's alleged to have done, he has wasted his life with hatred when he had an opportunity to live a life more fruitful. If he did the crime, he has to do the time. It doesn't matter how old he is."

Reputed Klansman Pleads Not Guilty To Civil Rights Era Murders (WLBT)

By Marsha Thompson

WLBT-TV, January 26, 2007

Fast moving developments in a civil rights era cold murder case. A reputed K.K.K. member is behind bars after facing a federal judge Thursday. James Ford Seale was arraigned in federal court in Jackson Thursday morning, charged with conspiracy charges and the kidnapping of Charles Moore and Henry Hezekiah Dee 43 years ago.

United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades.

As Seale's wife, brother and family members left the federal courthouse, they ignored the media's questions. The feds say they are out to prove James Ford Seale and other K.K.K. members pretended to be sheriff's deputies when they picked up Charles Moore and Henry Dee near Mendenall May 2, 1964.

The indictment alleges the teenagers were taken to the Homochitto National Forest beaten and their bodies later weighted down and dumped in the Mississippi River. Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice.

Alvin Sykes, the president of Emmett Till Campaign Justice says, "In Washington federal officials including Mississippi's U.S. Attorney said it's time for justice."

FBI Director Robert Mueller said, "This was a horrible crime. Indicted with stunning disregard for the suffering of the victims."

Thomas Moore, the brother of Charles Moore believed Seale was dead, until he tracked him down in Roxie, Mississippi. His tenacity persuaded the feds to reopen the decades old case.

U.S. Attorney Dunn Lampton said, "Thomas Moore uncovered the fact he was alive and well. He came to see me. The case had lain dormant for years."

A grisly reminder of the darker days in Mississippi during the so-called "Summer of Freedom." The 43 year old cold case is no longer dormant, but active with a living suspect.

Feds Get Indictment In Cold Case (ABC)

By Stephanie Sy

ABC News, January 26, 2007

Suspected former Ku Klux Klan member James Seale was indicted for his alleged role in the kidnapping and murder of two black teenagers, 40 years ago. U.S. attorney Alberto Gonzales said Seale faces two counts of kidnapping resulting in death, and one count of conspiracy.

The charges fall just short of murder.

"In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both

African-American, were kidnapped by members of the Ku Klux Klan and beaten," said FBI director Robert Mueller.

And then, while still alive, their bodies were tied with weights, pushed

into a river, and they were left to drown.

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Outside the courthouse, Seale's family kept silent. For years, his son had led reporters to believe he was dead. Seale entered a not guilty plea. If convicted, the 71-year old could spend the rest of his life in prison.

At the time, authorities say they knew it was murder. But such was the power of the Klan in the 1960s, that Seale was never charged.

The case went cold until a few years ago when Charles Moore's brother, along with a documentary filmmaker, started digging deeper.

"I promised him in 2005 at his grave in Franklin that I would fight until I

die," said Thomas Moore. "I got the word yesterday. And I cried."

In 1999, another man implicated in the case spoke to ABC's 20/20. Even though Charles Edwards' allegedly gave a partial confession, he still hasn't been charged. But the ABC report led investigators to obtain the evidence they needed to indict Seale, four decades after the crime.

This posting has been altered from its original version, in which Seale was referred to as a former sheriff's deputy. ABC News later

confirmed that Seale was never a police officer or deputy sheriff as previously reported.

US Charges Suspect In 1964 Civil Rights Murders (VOA)

By Jim Malone

Voice of America, January 26, 2007

An elderly white man in the southern state of Mississippi faces federal charges of kidnapping and conspiracy in connection with the 1964 murders of two African-American men. The case is the latest in a series of prosecutions brought by the government to solve racially-motivated crimes from the civil rights era of the 1950s and 1960s. National correspondent Jim Malone has more from Washington.

James Ford Seale, 71, a reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, MississippiThe suspect now under arrest is James Seale, 71, from Mississippi. Prosecutors say Seale was a reputed member of the white supremacist organization known as the Ku Klux Klan and was part of a group of whites that kidnapped two 19-year-old black men in May of 1964.

The two victims, Henry Dee and Charles Moore, were taken to a nearby forest, tied to a tree and beaten.

Attorney General Alberto Gonzales describes what happened next:

"Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River, tied to heavy objects that allegedly included an engine block, iron weights and railroad ties," he said. "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior."

The bodies of the two men were found months later and James Seale and another man were initially arrested by the Federal Bureau of Investigation (FBI), on murder charges in November of 1964. But local authorities declined to prosecute the two suspects and the case was dropped.

The case was reopened in 2000 after previously uncovered documents indicated the murders of the two black men took place on federal land, allowing the FBI and the Justice Department to once again pursue the case.

A brother of one of the victims, Thomas Moore, pressed federal investigators to reopen the case after he found out that the main suspect, James Seale, was still alive. Seale's family had claimed for years he was dead.

FBI Director Robert Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial.

But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades.

"These tragic murders are from among the darkest page of our country's history," he said. "And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes."

DOJ_NMG_0121832

In recent years, authorities in Mississippi and Alabama have won convictions in several notable civil rights cases from the past including a 1963 church bombing in Alabama that killed four black girls and the 1964 murders of three civil rights workers in Mississippi.

Ex-policeman Charged Over 1964 Killing Of Black Teens (UKIND)

By Andrew Buncombe In Washington

The (UK) Daily Independent, January 26, 2007

A former sheriff's deputy and alleged member of the Ku Klux Klan has been charged over the killing of two black teenagers more than four decades ago - one of the very last of the civil rights-era cases authorities are likely to seek to bring to justice.

James Seale, 71, once believed to be dead, appeared in court in Jackson, Mississippi, yesterday morning where he was charged over the deaths of the two 19-year-olds who were beaten, tied to weights and then thrown alive into a river. Their remains were found several months later by federal authorities who were hunting for the bodies of three civil rights workers who were also murdered by members of the Klan.

According to a three-page indictment laying out the accusations, Mr Seale and several accomplices abducted Henry Dee and Charles Moore as the pair were hitchhiking near an ice-cream stand in the town of Meadville in south-west Mississippi and drove them to Homochitto National Forest. There they allegedly beat the teenagers with tree branches, questioned them at gunpoint and bound them with tape.

Mr Dee was apparently tied to an engine block from a car while Mr Moore was tied to iron weights from a railroad track. Both men were then thrown into the Mississippi river. "It was a horrible crime committed with stunning disregard for the victims," said the FBI director Robert Mueller.

When the case was initially investigated, Mr Seale and another suspect were arrested. But the FBI - perhaps distracted by the "Mississippi Burning" case involving the deaths of three civil rights workers - passed the case to the local authorities and a judge promptly threw out the charges.

For many years, Mr Seale's family told reporters that he was dead. But two years ago Mr Moore's brother, Thomas, and a Canadian filmmaker discovered he was still alive and living in rural Franklin County, close to the scene of the crime.

Thomas Moore put pressure on federal authorities to reopen the case. Mr Seale was arrested on Wednesday.

Yesterday, he was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. The Attorney General, Alberto Gonzales, said authorities had decided to proceed with these charges rather than murder after examining all the available evidence. He declined to say why an alleged accomplice of Mr Seale's was also not charged, though reports said that the man - a church deacon now aged 72 - has been co-operating with authorities.

In court in Jackson, Mr Seale pleaded not guilty to the charges. The court ordered he be held in custody until Monday when a bail hearing is scheduled to take place. His court-appointed lawyer said his client was suffering from cancer.

The case is the latest in a flurry of crimes and killings dating from the civil rights era that authorities have belatedly sought to prosecute.

In recent years, they have secured convictions against two former Klan members, Thomas Blanton and Bobby Cherry, for the murder of four black girls killed in the bombing of a church in Birmingham, Alabama, in 1963, and Edgar Killen, for the murder of the three civil rights workers in 1964. Killen, a former Klan recruiter, has appealed against his conviction.

Penny Weaver, of the Southern Poverty Law Centre, a civil rights and anti-racism group, said: "It's extremely important [that these cases are brought to trial]. All you have to do is look at the comments of the family members. It's a great relief. They are overwhelmed... by a sense that after all these years someone is taking their loved ones' deaths seriously."

Anthony Collins, the grandson of Thelma Collins, the sister of Henry Dee, said his grandmother had for decades suffered from depression over the death of her brother.

He told The Independent: "Right now, she is happy that there is going to be some resolution. It's been a long time trying to make sure justice is served."

Thomas Moore, a brother of the other murdered man, said: "I'm very satisfied at this point ...I never thought it would happen. I never forgot my brother or Henry Dee."

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Man Pleads Not Guilty In 1964 Race Case (ABC)

By Harry Phillips

ABC News, January 26, 2007

Jan. 25, 2007— By all accounts, it was a typically sultry afternoon in tiny Meadville, Miss., on May 2, 1964, the day that two 19-year-olds, Henry Dee and Charles Moore, vanished while walking along a highway on the edge of town.

As far as anyone knew, Dee and Moore had no enemies, nor had they any connection with the burgeoning civil rights movement. They'd never done anything to pique the ire of the notoriously racist and violent White Knights of the Ku Klux Klan, many of whom lived in the rural settlements across Franklin County.

Around Meadville, Dee and Moore were just known as average, law-abiding young black men.

But these were not average times in Mississippi. The civil rights struggle had become a virtual war, defined by the white supremacist KKK taking on anyone who would seek to end racial discrimination.

Ratcheting up the tension, civil rights organizations had recently announced "Freedom Summer" for 1964, a bold initiative to bring activists into the Deep South and register black voters for the coming presidential and congressional elections. Mississippi was, in fact, bracing for the worst summer in a most painful chapter of American History.

In 1964, young men like Henry Dee and Charles Moore knew that to stay safe, they needed to avoid doing anything that might be viewed by the KKK as activism. They also knew to avoid any contact with Klansmen. And so, on that early May afternoon, when a Volkswagen Beetle pulled to a stop beside them, Dee and Moore knew enough to respectfully decline the white driver's offer of a ride.

More than two months later, investigators got their first clue about what happened to the two young men when the partial remains of a black man surfaced in a remote section of the Mississippi River some 90 miles from Meadville. A college identification card found in a pants pocket helped identify the remains as those of Charles Moore.

For another two months, FBI investigators conducted a fruitless investigation of the case until they received a call from an anonymous informant who said he had information about Dee and Moore's disappearance.

The informant was so terrified of the KKK that he insisted on anonymity. The FBI gave him a code name: JN-30R.

Over the ensuing weeks, JN-30R provided the FBI all the information they would need to identify five Klansmen as prime suspects in a horrifying tale of how Henry Dee and Charles Moore were murdered for little reason beyond the color of their skin.

In dozens of pages of reports to the FBI, JN-30R described in gut-wrenching detail how Dee and Moore were kidnapped and taken deep into the Homochitto National Forest and beaten with bean-poles until their bodies were broken and bleeding profusely.

They were then stuffed into the trunk of a car and driven 90 miles to a Mississippi River bank where they were bound and tied to a Jeep engine block and dumped into the river alive.

Brother Wins Arrest In '64 Case (MH)

By Allen G. Breed

The Miami Herald, January 26, 2007

As a deacon at Bunkley Baptist Church, Charles Marcus Edwards was responsible for opening up for Sunday school. And so on that sultry Mississippi morning, he and his wife were the first to arrive at the tiny brick chapel.

A minivan pulled into the gravel drive behind them. A black man got out of the van and approached, followed by a younger white man carrying a video camera. Betty Edwards gave them a friendly wave.

"Mr. Edwards," the black man said, extending a hand with a sealed manila envelope. "I have something for you, sir."

"What is this?" the 72-year-old deacon asked, bemused.

Inside were pages from an unfinished story.

The nine sheets, copied from a 42-year-old FBI file, told a tale of Ku Klux Klansmen and secret codes and terror. They told, in gruesome detail, of the kidnap, torture and slaying of two black men - Henry Hezekiah Dee and Charles Eddie Moore.

Edwards limped quickly toward the church and climbed the three steps. At the top, he stopped and turned.

"What's your name, fella?" the elderly white man asked.

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"My name is Moore," the stranger replied. "Thomas James Moore."

The reputed former Klansman moved to enter the sanctuary, then paused and turned again.

"I'm going to tell you, fella," he said, gesturing down at Moore with the church keys in one hand and his Bible clutched in the other. "I DID not kill your brother. I didn't have, I didn't have anything to do with that."

As Edwards disappeared inside the darkened church, his wife jiggled the door handle to make sure it was locked, then slammed it behind her. As the cameraman filmed, Moore walked back to the van, a satisfied grin on his face.

The old man hadn't confessed. But tucked under his arm, along with the black-covered Bible, was the manila envelope, with those chilling documents for the deacon to ponder.

The Sunday morning drama, which happened last year, would become a turning point in the quest for justice in the long-dormant Dee and Moore killings.

Just this week, another document was added in the case: a three-count federal indictment.

Never Too Late For Justice (USAT)

USA Today, January 26, 2007

In the summer of 1964, they were two black teenagers hitchhiking near an ice cream stand in Meadville, Miss.

A car picked up Henry Dee and Charles Moore and drove them into the woods, where Ku Klux Klan members tied them to trees and whipped them. Still alive, the two 19-year-olds were bound, weighted down and thrown into a river, where their bodies were later found.

Their deaths never drew the kind of attention garnered by the nearby murders of three young civil rights workers that same summer. In that, Dee and Moore were more like scores of victims who died in obscurity when the young civil rights movement met the South's last gasp of raw racism.

At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late.

Federal authorities arrested and charged James Seale, 71, a former sheriff's deputy and reputed Klan member, in connection with the murders.

Seale was a suspect in 1964, but the case was dropped by local authorities. For years, the case lay dormant. Then, in 2000, The Clarion-Ledger of Jackson, Miss., uncovered documents that gave federal authorities a new hook. And in 2005, while Seale family members insisted Seale was dead, Thomas Moore, the brother of one of the victims, found Seale living not far from the murder scene. Moore persuaded authorities to take another look.

Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes.

To the nation's credit, changing times and values continue to prove them wrong.

LA Gang Member Sentenced To Life In Prison For Targeting Blacks (AP)

AP, January 26, 2007

LOS ANGELES - The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison.

Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles.

Gang members killed one man, Christopher Bowser, who was waiting for a bus in 2000 and another, Kenneth Wilson, who was looking for a parking spot a year earlier, authorities said.

Avila was implicated in the shooting death of Bowser. His three co-defendants were sentenced to two consecutive life terms for their role in the conspiracy and for Wilson's murder.

"Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents," said Wan J. Kim, assistant attorney general for the civil rights division.

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Defense attorneys had claimed police concocted the conspiracy charges by tying together random attacks committed largely by unknown perpetrators. They also questioned the credibility of two former members of the gang who became government witnesses.

Avila has been serving a life sentence in state prison for the murder of Bowser and another black man. A fifth defendant, Merced Cambrero, is a fugitive.

Avila's sentencing punctuates a month that has some residents of another neighborhood and activists fearing a race war between gangs.

Police say a 34-year-old black man was shot without provocation by a Hispanic man in the Harbor Gateway area Saturday - just south from where a 14-year-old black girl was shot to death after she entered an area claimed by a Latino gang last month.

Prison Sex Suit Can Go Forward (DEN)

By Ronald J. Hansen, The Detroit News

Detroit News, January 26, 2007

DETROIT -- A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act.

The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago.

U.S. District Judge John Corbett O'Meara said the March 2000 decision to exempt inmates "essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law.

"Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling," O'Meara wrote. "It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones."

Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, "We're recommending appeal to the (prison) agency because we think the judge is incorrect." The state has argued that inmates still had ample federal civil rights protections and could sue in federal court.

Deborah LaBelle, an Ann Arbor lawyer who is suing the state, said the ruling should send a message to state officials to help end inmate abuse rather than fight lawsuits.

"Instead of addressing the degrading and intolerable abuse of women and girls held in Michigan's prisons, the Department of Corrections thus far has focused its energies on denying the reality of the abuse and silencing women and their families through shutting down legal avenues," LaBelle said.

An April 2005 memo to the Corrections Department from a state lawyer suggests the abuse problem has continued, LaBelle said. "The failure of the Department to take action against this employee is compelling support that the Department is aware of the sexual misconduct of its officers but allows it to continue," the state lawyer wrote.

In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections.

A 2005 Detroit News investigation found that sexual abuse complaints by the women were higher a decade after federal officials first noted Michigan had a problem in 1995.

O'Meara's ruling came a day after the U.S. Supreme Court held that the 6th U.S. Circuit Court of Appeals, which covers Michigan cases, was overly aggressive in throwing out inmate lawsuits.

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The Paradox Of Supermax (TIME)

By Jeffery Kluger

Time, January 26, 2007

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There's no such thing as a good day for a prisoner at the highest level of security within the Ohio State Penitentiary, a 504-bed supermax prison in Youngstown, Ohio. Every inmate lives alone in a 7-ft. by 14-ft. cell that resembles nothing so much as a large, concrete closet, equipped with a sink, a toilet, a desk and a molded stool and sleep platform covered by a thin mattress. The solid metal door is outfitted with strips around the sides and bottom, muffling conversation with inmates in adjacent cells. Three times a day, a tray of food is delivered and is eaten alone. The prisoner may spend 23 hours a day in lockdown, emerging to exercise once a day. The lights in the cell never go off, although they may be dimmed a bit at night.

If there's not much to like about the conditions in Youngstown, there's not much to like about the people confined there either. These are the men corrections folks like to call "the worst of the worst," the kind of felons who dealt drugs or led gangs or killed on the outside and continued to do so in prison. For them, maximum security would not be enough--only supermax would do. And say what you will about the draconian environment, it keeps them under control.

But that level of control may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown--or at least a claim of mental breakdown--is sure to follow. When that happens, a constitutional challenge can't be far behind.

In December, officials in Texas and California conceded that the suicide rates in their prisons are on the rise, with the majority occurring among inmates in solitary. This prompted an outcry against both systems. Lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense. Around the same time, convicted bomber Eric Rudolph began corresponding with a reporter for a Colorado newspaper, describing his days in his 7-ft. by 12-ft. cell as a form of confinement "designed to inflict as much misery and pain as constitutionally permissible."

But is it constitutionally permissible? And even if it is, is this the kind of open-ended mental-health experiment the government should be running? "We have to ask ourselves why we're doing this," says psychiatrist Stuart Grassian, a former faculty member at the Harvard Medical School and a consultant in criminal cases. "These aren't a bunch of cold, controlled James Cagneys. We're taking criminals who are already unstable and driving them crazy."

The origin of solitary confinement in the U.S. is actually benign. It was the Philadelphia Quakers of the 19th century who dreamed up the idea, establishing a program at the city's Walnut Street prison under which inmates were housed in isolation in the hope of providing them with an opportunity for quiet contemplation during which they would develop insight into their crimes. That's not what has happened.

By the 1830s, evidence began to accumulate that the extended solitude was leading to emotional disintegration, certainly in higher numbers than in communal prisons. In 1890 the U.S. Supreme Court weighed in, deploring solitary confinement for the "semi-fatuous condition" in which it left prisoners. The case was narrow enough that its effect was merely to overturn a single law in a single state, but the court's distaste for the idea of solitary was clear. "The justices saw it as a form of what some people now call no-touch torture," says Alfred W. McCoy, a professor of history at the University of Wisconsin at Madison and author of the book A Question of Torture. "It sends prisoners in one of two directions: catatonia or rage."

Modern science has confirmed this, with electroencephalograms showing that after a few days in solitary, prisoners' brain waves shift toward a pattern characteristic of stupor and delirium. When sensory deprivation is added--as when Padilla was seen being led from his cell wearing a blindfold and sound-deadening earphones--the breakdown is even worse. As long ago as 1952, studies at Montreal's McGill University showed that when researchers eliminate sight, sound and, with the use of padded gloves, tactile stimulation, subjects can descend into a hallucinatory state in as little as 48 hours.

All of this is providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment. One suit involving prisoners in a Wisconsin supermax has led to rulings requiring that mentally ill inmates be kept out of such facilities. The state is challenging the decisions, and arguments will be heard in February, but at least six other states have fought similar suits, and all of them have failed. "So far, the prisoners are batting a thousand on the issue of mentally ill inmates," says David Fathi, a senior staff counsel with the A.C.L.U.

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Another approach--one that's a bit of a constitutional bank shot--is to rely on the 14th Amendment's requirement of a due-process hearing before the state denies an inmate a "liberty interest," something courts define as a reasonable expectation of a freedom or right. People confined to prison have few liberty interests left and thus have little ground to challenge assignment to a strict level of security. Confinement to supermax, however, may be so qualitatively different that it does require a hearing. That's the argument Ohio inmates made in 2005, and that's the argument a unanimous Supreme Court bought, with Justice Anthony Kennedy writing that supermax isolation imposes such an "atypical and significant hardship" that prisoners must have a formal opportunity to make their case against the assignment before prison officials decide.

The eventual ruling on Padilla's fitness could liberalize things further, and similar suits are sure to follow. Even so, no one thinks the supermax system is going away soon. For all the debate the prisons generate, it may not take much to make them more palatable to civil libertarians. TVs or radios, reading material and clocks, as well as a bit of natural lighting--which provides critical time-of-day orientation--would help stabilize inmates. So would human contact with guards or other prisoners.

"Just how sterile do you have to make that cell?" asks retired prison expert Chase Riveland, who spent his career as an official in the Colorado, Wisconsin and Washington prison systems.

What's more, inmates aren't the only ones hurt by extreme incarceration. People like Padilla or the GuantÃ¡namo Bay detainees are, in theory, resources for information about the extremist groups with which they are putatively associated. "To an overwhelming degree, such people are not threats behind bars. They're opportunities," says Grassian. "We hurt ourselves by destroying their sanity." Closer to home, prisoners serving sentences for more mundane crimes do sometimes get released. Demolish their psyches while they're in prison, and nobody's safer when they get out.

Part of the reason we build prisons at all has always been the retributive urge. Those who do very bad things while they walk among us should lead very hard lives after they have been removed. That makes a lot of emotional sense. Whether it always makes practical sense is something else entirely.

Colleges Regroup After Voters Ban Race Preferences (NYT)

By Tamar Lewin

The New York Times, January 26, 2007

With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics.

At Wayne State University Law School in Detroit, a new admissions policy, without mentioning race, allows officials to consider factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice.

Others are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools. Ohio State University, for example, has started a magnet high school with a focus on math and science, to help prepare potential applicants, and sends educators into poor and low-performing middle and elementary schools to encourage children, and their parents, to start planning for college.

Officials across the country have a sense of urgency about the issue in part because Ward Connerly, the black California businessman behind such initiatives in California and Michigan, is planning a kind of Super Tuesday next fall, with ballot initiatives against racial preferences in several states. He is researching possible campaigns in Arizona, Colorado, Missouri, Nebraska, Nevada, Oregon, South Dakota, Utah and Wyoming, and expects to announce next month which states he has chosen.

Ann Korschgen, vice provost at the University of Missouri, said in a recent interview, "Just this morning, we had a conversation along the line of how we would continue to ensure diversity at our campus if we could not consider race."

The issue is already heating up in Colorado. This month, two Republican representatives in Colorado asked the state to examine the University of Colorado's spending on diversity, after a libertarian group questioned the expenditures.

Mr. Connerly said that a decade ago, when California passed its ban, Proposition 209, he thought the state was ahead of its time, but that now, he believes "the country is poised to make a decision about race, about what its place in American life is going to be — and I really believe the popular vote may be the way to achieve that."

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Both defenders and opponents of affirmative action say the lesson of last fall's campaign in Michigan — where Proposition 2, banning race and gender preferences in public education, employment and contracting, passed by 58 percent to 42 percent despite strong opposition from government, business, labor, education and religious leaders — is that such initiatives can succeed almost anywhere.

"Certain things become popular as state initiatives, like the ban on gay marriages, and restrictions on affirmative action could become one of those things," said Terry Hartle, senior vice president for government and public affairs at the American Council on Education.

If so, he said, private universities, with their wide discretion in admissions and financial aid, could have a competitive advantage regarding diversity, reshaping the landscape of higher education.

"Private universities can do whatever they want, consistent with federal law and the Supreme Court," Mr. Hartle said. "Where minority students have a choice between selective public universities that cannot use affirmative action, and selective private universities with strong affirmative action programs, the private universities may seem like the more hospitable places, which would give them an advantage in drawing a diverse student body."

To many educators, that would be a troubling turnabout.

"You'd think public universities are charged with special responsibility for ensuring access, but it could come to be exactly the opposite, if there are a lot of these state initiatives," said Evan Caminker, the dean of the University of Michigan Law School, adding, "in terms of public values, it's a big step backward."

Mr. Connerly is unbothered: If black and Hispanic students are rare at selective universities, the solution is better academic preparation, not special treatment in admissions. "Every individual should have the same opportunity to compete," he said. "I don't worry about the outcomes."

Legally, affirmative action has been a moving target. In 2003, the Supreme Court ruled in cases involving the University of Michigan that race could be one of many factors in admissions, although admissions offices could not give extra points to minority candidates. Many colleges nationwide then moved to "holistic" review, considering applicants' ethnicity, but not awarding a set number of points. In states that could face a ballot initiative campaign, though, that standard could fall.

Nationwide, after 30 years of debate, and litigation, over affirmative action, universities have made strikingly little progress toward racially representative student bodies. And recently, with growing awareness that affluent students are vastly overrepresented at selective colleges, the longstanding focus on racial diversity has been joined by a growing concern about economic diversity.

Currently, four states with highly ranked public universities — California, Florida, Michigan and Washington — forbid racial preferences, either because of ballot propositions or decisions by elected officials.

Texas banned affirmative action for seven years. The University of Texas resumed consideration of race after the 2003 United States Supreme Court ruling. "We need every tool we can get," concluded Dr. Bruce Walker, the university's director of admissions.

In California and Texas, the first two states to ban racial preferences, underrepresented minorities at the flagship universities declined — even though both states, and Florida, adopted plans giving a percentage of top high school graduates guaranteed admission to state universities.

In Texas, students admitted through the Top 10 percent plan swamped the flagship Austin campus. But the plan, now being rethought by the Legislature, never brought in many minority students. Last fall, with both race-conscious admissions and the Top 10 plan, blacks made up an all-time high of 5 percent of the freshman class, and Hispanics 19 percent.

A decade after the California ban, only 2 percent of this year's freshmen at the University of California, Los Angeles, are black: a 30-year low. Hispanic representation at U.C.L.A. has dropped, too. At Berkeley, the number of blacks in the freshman class plunged by half the year after the ban, and the number of Hispanics nearly as much.

Systemwide, blacks make up only 3 percent of U.C. freshmen, although about 7 percent of the state's high school graduates are black. Most top black students choose private institutions over state campuses. Over all, of the top third of all students offered admission to the University of California class of 2005, most enrolled and only 19 percent went instead to selective private colleges. But among blacks in that group, 51 percent chose selective private colleges. Meanwhile, up the coast,

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Stanford University is enrolling more underrepresented minority students. Among this year's freshmen, 11 percent are African-American, up from 8 percent in 1995; Hispanic enrollment has risen, too.

"Folks look for a place that's comfortable," said Richard Shaw, Stanford's admissions dean. "They want a sense that there's kids like them at the institution."

The University of Michigan, with other state institutions, tried to win a delay of the ban so it would not hit in the middle of this year's admissions cycle. But the courts rejected this effort, so officials have stopped considering race and gender as factors in admissions, and worry that next year's entering class will be less diverse. Many officials worry that they will lose top minority candidates to selective private universities.

"We know from colleagues in Texas and California that if we can't take race into account, we're at a competitive disadvantage," said Julie Peterson, a spokeswoman for the University of Michigan, where two-thirds of the applicants are from out of state.

Since most of Michigan is overwhelmingly white, said Mary Sue Coleman, the university's president, a plan guaranteeing admission to a percentage of top high school graduates would have little impact, and nothing short of affirmative action will maintain the university's racial diversity.

"Of course, you want to look at family income, and being the first in the family to attend college and those kinds of factors, of course we do that, but it doesn't get us to a racially diverse student body," Dr. Coleman said.

At the University of North Carolina, Chapel Hill, a program guaranteeing that low-income students can graduate debt-free helped to increase the percentage of blacks in the freshman class to 12 percent, and to increase both economic diversity and the enrollment of underrepresented minority students. Other states have started similar programs.

In Detroit, Wayne State University Law School recently adopted a new admissions policy. Jonathan Weinberg, the professor assigned last year to draft a contingency policy, looked at other states with race-blind admissions and found that instead of race, they look to "a set of broader diversity concerns that go to socioeconomic status."

Last month, the faculty adopted his policy, eliminating any mention of race, but broadening the factors the admissions office may consider. Those include being the first in the family to go to college or graduate school; having overcome substantial obstacles, including prejudice and discrimination; being multilingual; and residence abroad, in Detroit or on an Indian reservation.

Frank Wu, the law school's dean, said Wayne State's effort to comply with the law could bring a legal challenge.

"There's a new fight building," Mr. Wu said, "and that's going to be whether the mere fact that you're striving for diversity means you're somehow trying to get around the ban and find proxies, or pretexts, for race, and that that's impermissible. It's ironic, but in some quarters our effort to adopt a new policy to comply with Prop 2 has been interpreted as an effort to circumvent it."

Roger Clegg, president of the Council for Equal Opportunity, which opposes racial preferences, said policies like Wayne State's do raise questions.

"I have a real problem when schools adopt what on their face are race-neutral criteria, if they are doing so to reach a predetermined racial and ethnic goal," Mr. Clegg said. "Both in law and in common sense, the motivation matters."

At Ohio State University, where admissions are increasingly selective, officials are looking for a long-term answer. "When we saw what was coming down the road, we started looking to other models, but no other model results in as much diversity," said Mabel Freeman, assistant vice president at Ohio State. "The only long-term solution is to do better in the pipeline and make sure all kids get the best education possible, K-12."

ANTITRUST:

Senate Hearing On Airline Mergers Highlights Delta Issues (FCDR)

By Philippa Maister, Fulton County Daily Report

Fulton County (GA) Daily Report, January 26, 2007

DOJ_NMG_0121840

US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers.

Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota.

"Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country," Steinberg said.

While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case.

The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future.

The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely.

The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan.

As the deadlines approach, both sides have stepped up their public relations campaigns. Delta's unions and employees have rallied to their company's cause in displays of support, as have Georgia Sens. Johnny Isakson and Saxby Chambliss. Meanwhile, US Airways has placed ads in two Capitol Hill publications, Roll Call and The Hill, to persuade legislators that its offer, which it valued at $12.7 billion to $15.4 billion, is best for the traveling public and the companies' employees.

In a letter to Parker, Sen. Charles Schumer, D-N.Y., raised "serious concerns" about the merger, which he said "could cast a huge shadow over upstate [New York] air service." Schumer demanded answers to questions about how a merger with Delta would affect routes, fares and employees in his state.

The Senate can't block the merger; only the U.S. Justice Department has that authority. Still, it has influence. Schumer claimed credit in his letter for foiling an attempted hostile takeover of Independence Airline by Mesa Airlines in 2003. Schumer said his request that the Department of Justice investigate Mesa's possible anti-competitive behavior caused Mesa to drop its plan.

Paul Burke O'Hearn, a partner in Burr & Forman's Atlanta office, predicted that a bankruptcy court-appointed unsecured creditors' committee is likely to support Delta's stand-alone plan. O'Hearn is a past chairman of the American Bar Association's Subcommittee on Lender Liability and of the State Bar of Georgia's Bankruptcy Section. He is not involved in the Delta bankruptcy case.

According to Delta's revised disclosure statement, unsecured creditors of Delta subsidiary Comair will get stock in the new Delta projected to be worth 76 percent to 100 percent of their claims. Delta's unsecured creditors will get a 62 percent to 78 percent projected recovery of their claims.

"That's a pretty good deal, assuming all the valuations are right," O'Hearn said. He noted that valuations are performed by investment banks and involve sophisticated analysis of business plans.

But O'Hearn acknowledged there are other players who may not support Delta's reorganization plan.

One group that may not is an unofficial committee of unsecured creditors made up largely of hedge funds that want Delta to take another look at US Airways.

The Unofficial Committee of Unsecured Claimholders, formed Dec. 7, is represented by Paul, Weiss, Rifkind, Wharton & Garrison. It includes 18 hedge funds and investment management companies that hold $2.35 billion worth of creditors' claims against Delta and its subsidiaries. On Jan. 10, the group called on Delta to allow US Airways to do due diligence on the merger and to postpone the Feb. 7 disclosure hearing so that the proposal could be fully evaluated.

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O'Hearn said hedge funds -- or, as he termed them, "vulture funds" -- buy up stock and debt in troubled companies at significant discounts and can make a 300 percent return on a six-month investment when the claims are settled.

Another player is the federal Pension Benefits Guaranty Corp., which holds $2.2 billion in claims against Delta. O'Hearn said the PBGC may be attracted to the US Airways buyout offer -- but may also be concerned that, if the merged company failed, it could wind up with an even larger number of pension obligations.

Delta's fate could become clearer after the Feb. 7 disclosure hearing. Creditors could object to approval of Delta's disclosure statement, claiming it doesn't accurately value the US Airways offer and the official and unofficial creditors committees could square off.

If approved, the statement will be submitted to a vote of all creditors.

Hatch Urges Caution In Merger (DESERET)

By Suzanne Struglinski, Deseret Morning News

Deseret Morning News, January 26, 2007

WASHINGTON — The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to U.S. Attorney General Alberto Gonzales Thursday.

Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to "carefully and thoroughly consider the substantial competitive impact of this merger" should it get to the point of being reviewed."

"From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks," Hatch and Kohl wrote. "These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares."

Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing.

The senators said their letter does not "express a firm position on a potential transaction" but that they felt the need to "underscore our firm expectation that the Department will investigate this or any other merger among airlines of all sizes with all due care and vigor."

Kohl is chairman of the Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights where Hatch is the top Republican.

Microsoft Executive Wanted To `Whack' Dell Over Linux (Update6) (BLOOM)

By Bob Van Voris And Dina Bass

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A Microsoft Corp. executive said he wanted to ``whack" computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software.

In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar- Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft.

``We should whack them, we should make sure they understand our value," said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court.

The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law.

Didn't Retaliate

Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup.

The judge's order prohibited the software giant from retaliating against computer makers by ``altering Microsoft's commercial relations,'' or holding back money from manufacturers who partner with companies that produce competing operating systems.

``What counts at the end of the day is what actually happened,'' said Microsoft spokesman Jack Evans. ``We didn't take any retaliatory action against Dell. In fact, we very clearly increased our investment with Dell.''

Robert Lande, who teaches antitrust law at the University of Baltimore law school, said ``on its face it looks like this is anti-competitive.''

``You're allowed to do almost anything to sell your own product,'' Lande said. ``What you can't do is say if you buy from our competitors, we'll whack you.''

Forwarded Message

One of about a dozen Microsoft executives who received the e-mails forwarded Flessner's message to the company's legal department, according to Microsoft Associate General Counsel Richard Wallis.

Wallis declined to disclose the identity of the e-mail recipient who forwarded the message to the legal department, or advice provided as a result, citing the need to preserve privileged communications between attorney and client.

``If anything, this is evidence that our compliance process worked,'' said Evans, the Microsoft spokesman. Microsoft plans to introduce additional e-mails in the trial to show it took appropriate, legal steps to address its relationship with Dell, he said.

As part of the Iowa case, the consumers are trying to prove that Microsoft, whose Windows operating system runs almost 95 percent of the world's personal computers, abused its monopoly in software markets after it settled the Justice Department case.

Dominant Position

Lawyers for the consumers claim Microsoft used its dominant position to stifle competition from Linux, an open-source operating system. In her opening statement in December, Roxanne Conlin, one of two lead lawyers for the plaintiffs, told jurors she will call Red Hat executive Michael Tiemann to testify.

The e-mails show that ``if Microsoft can leverage its market power to its advantage and to disadvantage a competitor, it will do so,'' said Richard Hagstrom, the other lead consumer lawyer.

The e-mail exchange began with a Nov. 7, 2002, message in which Bill Veghte, Microsoft's vice president for Windows Server, discussed an industry conference he had attended the week before, which included a panel discussion of Linux.

``Each company's position was quite predictably slamming us but the one that really got me animated was Dell,'' wrote Veghte.

A Dell vice president on the panel said his company was the No. 1 Linux distributor among computer makers and that the company was committed to selling even more, according to Veghte.

At the time of the e-mail exchange, Microsoft viewed Linux as one of the top threats to its business software revenue as some customers considered the program a cheaper alternative to Microsoft's Windows server software.

`Job One'

Microsoft Chief Executive Officer Steve Ballmer, in an interview the month before the e-mails were sent, said he had told his sales force that derailing Linux was ``job one.'' To keep some customers from choosing Linux, Microsoft offered free support and price cuts.

``I can disagree with your statement that Dell's behavior won't change,'' Veghte wrote in an e-mail to Microsoft's Flessner. ``If it won't change, then we should just throw in the towel and settle for 50 percent market share at best.''

Dell spokeswoman Amy King didn't return a call seeking comment. Red Hat spokeswoman Leigh Day declined to comment.

``I want them to think very, very carefully about when and which forums they decide to push Linux,'' wrote Veghte in another e-mail. ``Today, they do not. When they do, you can bet, behavior will evolve.''

Microsoft shares fell 64 cents to $30.45 in Nasdaq Stock Market composite trading.

The Iowa case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County.

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High Court Upholds Extradition (FT)

By Nikki Tait, Law Courts Correspondent

Financial Times, January 26, 2007

Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community.

The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US.

Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an "extradition offence".

Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced.

But they said: "Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it."

Mr Norris's lawyers will appeal to the House of Lords. "We continue to believe that the issues raised in this case need to be heard by theUK's highest court," said Alistair Graham, partner at White & Case.

"The question of whether price-fixing can be characterised as the old English common-law offence of conspiracy to defraud is an absolutely critical point of law, not only in this case and, therefore, for future potential extradition requests, but also for UK competition law and UK businesses in general," Mr Graham said.

"Any decision in this matter has significant ramifications for large numbers of UK businessmen and women, who will be potentially exposed to price-fixing charges in relation to the period prior to 2002."

Mr Norris is being sought by the US authorities for his alleged involvement, while at Morgan Crucible, in an international carbon products cartel, as well as on separate obstruction of justice counts. According to the charges, which he denies, the offences occurred be-tween 1989 and May 2000.

A furore erupted last year when three former NatWest bankers were sent to the US to face Enron-related fraud charges.

Yesterday, in an effort to defuse the controversy, Lord Goldsmith, attorney-general, unveiled a protocol for UK and US prosecutors dealing with cross-border cases. It focuses on early liaison and exchange of information.

"The fundamental issue is that British citizens can still be extradited to the US without prima facie evidence of an offence. The government has not addressed the concerns of business that this is unfair treatment," said Richard Lambert, director-general of the Confederation of British Industry.

Northrop Completes Buyout Of Essex Firm (AP)

By Donna Borak, AP Business Writer

AP, January 26, 2007

Northrop Grumman Completes Buyout of Cybersecurity Company Essex Corp. for $580 Million

LOS ANGELES (AP) -- Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval.

The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt.

The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million.

The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services.

Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company.

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Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities.

Essex shareholders approved the acquisition in December by more than two-thirds of the majority vote.

Shares of Essex gained 2 cents to $23.99 in aftermarket trading, after gaining 2 cents to close at $23.97 on the Nasdaq. Northrop gained 1 cent to $71.31 in aftermarket trading, after dropping 50 cents to finish at $71.30 on the New York Stock Exchange.

Siemens Touts Purchase Of Texas Company (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

Siemens Says Texas Company Fills Key Hole in Its Lineup

DALLAS (AP) -- The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal.

"It takes us from being a small player with limited resources to being a major player," said Tony Affuso, the chairman and chief executive of UGS.

Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion.

Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse.

In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units.

"It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States," he said.

UGS is in the still-young business of PLM, or product lifestyle management. Its customers include automakers as well as aerospace and defense companies in the United States and Europe.

Although UGS lost $7.4 million in the Sept. 30 quarter, and $22 million in 2005, the company has reported 13 straight quarters of year-over-year sales growth and annual revenue of more than $1.1 billion.

Affuso said the company took on more than $1 billion in debt when Electronic Data Systems Corp. sold it to the private equity firms for $2.05 billion in 2004, and added more to buy back preferred shares.

Since then, he said, the company has built up its sales organization and invested in products and marketing, he said. Executives kept reviewing a checklist for taking the company public, but never got close to an IPO, he said.

Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise.

For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions. The company is trying to shed an unprofitable telecommunications equipment division while buying companies in other lines, including medical diagnostics and water treatment.

The Munich-based conglomerate is also dealing with regulatory problems and investigations. On Wednesday, European Union regulators ordered Siemens to pay $517 million for helping fix prices for heavy equipment used by power utilities. Authorities are also investigating suspected bribes to win contracts.

On Thursday, Siemens reported that its profit in the Dec. 31 quarter fell 16 percent because of the price-fixing fine, but would otherwise have jumped 51 percent, to $2.1 billion.

U.S.-traded shares of Siemens rose $4.90, or 4.9 percent, to close at $105.09 on the New York Stock Exchange.

Siemens Profit Falls 17%, Hit By Price-Fixing Fine (WSJ)

By Joon Knapen

The Wall Street Journal, January 26, 2007

MUNICH -- Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit.

Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine.

Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives.

The company posted a 51% rise in operating profit, which excludes expenses such as the EU fine.

The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering.

Siemens shares ended up 6% Thursday at €82.60 in Frankfurt.

The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems.

Chief Executive Officer Klaus Kleinfeld has disposed of the loss-plagued cellphone arm, unveiled job cuts and made several big purchases since taking the helm in early 2005. He also vowed to bring profit margins in line with peers such as General Electric Co. by April.

Mr. Kleinfeld still has his work cut out to raise the profitability of four of the conglomerate's 10 divisions in the current quarter in order to meet that April deadline.

Meanwhile, Siemens has been haunted by several issues, with the latest blow coming Wednesday from a €423 million penalty imposed by the European Commission for price fixing among providers of gas-insulated electric-power switchgear. The company also is a target of investigations by Munich prosecutors in a wide-ranging bribery probe, with several former executive-board members of the company among the suspects.

"In terms of underlying performance of our business, the first quarter got the fiscal year off to a strong start," Mr. Kleinfeld said, adding that Siemens remains committed to achieving the divisional profit margin targets by April.

Meanwhile, the CEO continues to overhaul Siemens's industrial holdings that make items including steam turbines, high-speed trains and light bulbs, in a drive to boost the company's profitability.It is in the process of transferring its telecommunications equipment unit into a joint venture with Nokia Corp., as the initial starting date was delayed due to the bribery investigations. Mr. Kleinfeld yesterday said that he still expects the deal to be completed in the current quarter.

Kroes: EU Probe Has Uncovered Problems (AP)

By Adam Cohen

AP, January 26, 2007

EU Official Says Probe Into World Body's Banking Sector Has Uncovered Antitrust Problems

DAVOS, Switzerland (AP) -- A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes.

The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31.

Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that "some segments of the market are anticompetitive."

"I'm not against profit, but there are some cases where there are firms making too much," she said, declining to elaborate.

People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services.

The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro.

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By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country.

Some electronic-payment companies are monopolies, a situation the commission's report is expected to criticize in broad strokes. For instance, Belgium's Banksys -- formed as a partnership of the country's largest retail banks and now owned by French information technology company Atos Origin SA -- handles all the country's electronic payments. Banksys issues the card readers that stores and restaurants use to process credit and bank-card payments and also controls the country's automated teller machines.

Since taking office in November 2004, Kroes has initiated two main investigations: a wide-ranging look at the financial-sector and a similar study of Europe's energy market.

Earlier this month, Kroes' final report on the energy-sector probe showed the EU's gas and electricity prices are unreasonably high because of limited cross-border integration and overly dominant former state-owned monopolies.

The report didn't name-and-shame monopolies, but some sections showing market shares in specific countries pointed to companies such as Electricite de France SA and Germany's E.On AG.

When the report was published, Kroes said she is prepared to order the breakup of some monopolies if they don't change their business practices.

Adam Cohen is a correspondent for Dow Jones Newswires in Brussels, Belgium.

Cardinal, Refocusing On Core, Sells A Unit (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, January 26, 2007

Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group.

The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing.

• The News: Drug distributor Cardinal Health will sell its drug manufacturing and packaging unit to Blackstone Group for $3.3 billion.

• Why: The unit, roughly 10 years old, had underperformed in recent years.

• What's Next: Cardinal will focus its business on drug distribution and patient-safety products.

"We're looking at all our businesses and making sure they have a strategic fit," Jeff Henderson, Cardinal's chief financial officer, said in an interview. The unit "didn't fit with the direction we're headed."

The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers.

Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient.

Cardinal spokesman Jim Mazzola said that the notice "pertains to an individual and not the company. It doesn't impact settlement discussions with the SEC." Mr. Mazzola said Mr. Walter wasn't available for comment.

As a result of the Blackstone deal, expected to close by June, the drug distributor would shed a unit that aimed to be a one-stop outsourcing center for drug makers. The unit contracted with pharmaceutical companies to manufacture a host of prescription and over-the-counter products, including Advil Liqui-Gels for Wyeth and Tamiflu for Roche Holding AG. Cardinal even built a showroom in New Jersey, home to many major drug manufacturers, to entice companies to use its services.

But the business proved disappointing for Cardinal. It "had become a distraction for them," said Larry Marsh, a drug-distribution analyst with Lehman Brothers. "It wasn't really generating the kinds of returns that they wanted," he said. Mr. Marsh said that based on the unit's acquisitions and capital spending costs over the years, he doesn't think the company profited much

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from the sale. However, based on depreciating the assets and some write-offs, its tax basis allows for a slight gain, which Cardinal noted.

Drug distributors have been roiled by shrinking margins and consolidation in recent years. Roughly 90% of all drugs in the U.S. are distributed by three companies. Through the 1980s and early part of the 1990s, Cardinal and rivals McKesson Corp. and AmerisourceBergen Corp. grew robustly through acquisitions and business expansion. Of the three, Cardinal took the most divergent path by entering into medical technology and contract manufacturing with the goal that such services would give it a competitive edge in attracting and keeping its drug distribution business. Products from Cardinal units include medical-device software and computerized medicine cabinets that help hospitals control and monitor drug inventory.

Now, all of the so-called "Big Three" are reassessing their businesses and making efforts to return to their roots. McKesson announced plans to sell its medical-supply business later this year. And AmerisourceBergen has beefed up its drug distribution business in Canada.

Cardinal announced its intention to sell its manufacturing arm in November. Morgan Stanley was slated to handle an auction of the unit, but Blackstone stepped in and offered $3.3 billion, which was higher than some analysts' estimated price tag of $2.1 billion to $3 billion.

Blackstone Senior Managing Director Chinh Chu said the Cardinal unit was very attractive and could see robust sales with "more capital to accelerate growth and pursue acquisitions."

Also yesterday, Cardinal reported earnings for its fiscal second quarter. For the quarter ended Dec. 31, revenue increased 13% to $21.8 billion and earnings from continuing operations rose 10% to $316 million, or 77 cents a share.

Finally, the company also announced an agreement to acquire SpecialtyScripts Pharmacy to broaden its specialty pharmaceutical service offerings for pharmaceutical manufacturers. Terms weren't disclosed.

Cardinal shares rose 3.4%, or $2.39, to $72.42 in New York Stock Exchange 4 p.m. composite trading.

Blackstone Raises Ante In Battle For Equity Office (NYT)

By Terry Pristin

The New York Times, January 26, 2007

The biggest leveraged buyout ever got bigger yesterday.

The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the nation's largest office landlord, with nearly 600 buildings across the country.

The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement.

In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million.

Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer.

A spokeswoman for Vornado, a REIT with a diversified portfolio that includes office buildings, retail space and showrooms, said yesterday that the company would respond to the latest offer "at the appropriate time."

Shares of Equity Office rose 8 cents, to $54.90, and Vornado shares rose $1.11, to $125.76.

Blackstone, controlled by Stephen A. Schwarzman, bought interests in more than $28 billion worth of real estate from 2001 to 2006, 38 percent more than next largest buyer, according Dan Fasulo, director of market analysis for Real Capital Analytics, a New York investment firm.

Blackstone says its offer has advantages over the Vornado bid aside from price. It is all cash, and could be completed three days after a vote by Equity Office shareholders, set for Feb. 5. If Vornado prevailed, a deal might need approval of its shareholders, analysts said.

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"Our offer is now materially superior on price, timing, form of consideration and certainty," said John Ford, a Blackstone spokesman.

Kathy Shanley, a corporate bond analyst, for Gimme Credit, an independent research company in Chicago, said the new offer had shifted the odds in Blackstone's favor. "They have all their financing locked up, they could close quicker, and there's a lot less uncertainty," she said.

But, she added: "Vornado has said they don't anticipate any problems, and they have some heavy hitters on their side. At some level, it all depends on who blinks first."

Barry Vinocur, the editor of REIT Wrap, a daily newsletter about real estate investment trusts, said Vornado and its partners in the deal, the Starwood Capital Group and Walton Street Capital, two real estate investment funds, were almost certain to raise their bid.

Vornado has said that if its bid is successful, it will retain the Equity Office buildings on the East and West Coasts, including the Verizon building at 42nd Street and the Avenue of the Americas in the red-hot Midtown Manhattan market.

Starwood — whose chief executive, Barry S. Sternlicht, founded the Starwood Hotel and Resorts chain — and Walton Street Capital would take Equity Office buildings in markets like Miami, San Jose and Seattle, where real estate values are expected to rise in the next couple of years. Neil G. Bluhm, the president of JMB Realty, a Chicago development company, is a co-founder of Walton Street.

Mr. Vinocur said Mr. Zell and his investment bankers had done a "masterful" job of steering the acquisition process by setting the breakup fee low enough so that other bidders would enter the contest.

"This is chess at its highest level," he said.

Fox Subpoenas YouTube Over Pirated TV Shows (WSJ)

By Nicole Urbanowicz

The Wall Street Journal, January 26, 2007

News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of "24" and "The Simpsons."

The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately.

According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of "24" appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as "ECOtotal."

On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch.

The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena.

A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately.

A recent YouTube search revealed only a prequel to Season 6 of "24" and several clips from The Simpsons episodes.

This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber.

The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable.

Excluding damages related to piracy of TV episodes, the Motion Picture Association estimates that major global movie studios lost about $2.3 billion to Internet piracy in 2005.

It is unknown whether YouTube has responded to the subpoena at this point and calls to YouTube weren't immediately returned.

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ENVIRONMENT:

Energy Mandates Fuel A Rift (WSJ)

By JOHN J. FIALKA

Wall Street Journal, January 26, 2007

WASHINGTON -- Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming.

Greater use of liquid fuels made from coal, the nation's most plentiful energy source, would reduce reliance on imported oil. But making the liquid fuels and burning them in automobile engines would release additional carbon dioxide, a greenhouse gas thought to accelerate climate change, environmentalists say.

The president's proposal, described in his State of the Union address, would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel.

James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed "to create an opportunity for a variety of other approaches," which, he said, could include such fuels as methanol and diesel oil made from coal. The goal, he says, is to create a technological horse race that will make it easier for promising ideas for alternative fuel to find investors. Currently, there are no commercial-size coal-liquefaction plants in the U.S.

While administration officials have assured coal-industry lobbyists that coal-to-liquid fuels are embraced in the president's proposal, Mr. Bush has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes, including corn stalks. But even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose "any effort to support coal-based transportation fuels."

"The more you scratch this, the dirtier it gets," says Anna Aurilio, director of the Washington office of the U.S. Public Interest Research Group. She worries that oil made from abundant shale formations in Colorado and Utah might also get support. Environmentalists are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves.

The divergence over the fuel mandate opens up gaps that some politicians may find difficult to straddle. Sen. Barack Obama, an Illinois Democrat and White House hopeful, is a sponsor of the Coal-to-Liquid Fuel Promotion Act, which provides more tax incentives and federal loan guarantees for companies interested in making coal-based fuels. Mr. Obama also supports ethanol subsidies. He has said that the nation's continued use of fossil fuels such as coal is "condemning future generations to global catastrophe" posed by climate change.

Tommy Vietor, a spokesman for the senator, says Mr. Obama's "vision" is that "any coal-to-liquids production would have to operate within the framework of a bipartisan Senate proposal to reduce greenhouse-gas emissions across all major sectors of the U.S. economy."

Rep. Rick Boucher, a Virginia Democrat who is chairman of the subcommittee that will put together the package of fuel incentives, says "I think coal-to-liquids should be a part of the mix of alternatives going forward." Mr. Boucher, who represents a coal-mining area, says that a process of deriving diesel oil from coal was used by both Germany and Japan during World War II to make up for shortages of imported oil, and may be the most proven alternative to gasoline.

Coal companies say that problems for makers of ethanol-based fuels render coal-based fuels more competitive. They see an annual production ceiling on corn-based ethanol of about 15 billion gallons annually; above that point, food experts say, demand for corn will raise food and meat prices to unacceptable levels. Coal-industry spokesmen also say that the technology to make ethanol from farm wastes, called cellulosic ethanol, hasn't been proven commercially.

Vic Svec, a senior vice president for Peabody Energy Corp., the nation's largest coal producer, says the company already is scouting for sites to build a coal-to-liquid plants "We are very encouraged by the bipartisan support that's been expressed on this,

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from President Bush to Senator Obama," says Mr. Svec, who notes that governors and officials from 16 Southern states also support new incentives for coal-based liquids.

Bob Dinneen, president of the Renewable Fuels Association, which represents ethanol manufacturers, says his group will fight to keep such alternative fuels out of any new federal mandate for renewable fuels. "Doing this ecumenical approach of all alternative fuels, I think, will just confuse the investment community," he says.

It isn't clear who will win the competition to produce new domestic fuels. Ethanol-industry experts predict that at least two companies will commit to building cellulosic ethanol plants this year. But DKRW Energy LLC, of Houston, already has the permits and partners for a plant that makes diesel oil from coal that could begin production by 2010.

Robert Kelley, DKRW's chairman, says the facility will be built near Medicine Bow, Wyo., and will produce 13,000 barrels a day. DKRW has two partners in the project, Arch Coal Inc., which owns a nearby mine, and Sinclair Oil Corp., which will market the diesel fuel. Mr. Kelley says the diesel oil produced won't harm the environment because the production turns the coal into a gas, from which carbon dioxide will be removed and sold to oil companies. And the oil companies will inject the carbon dioxide generated in the process back into the ground to produce more oil.

David Hawkins, a climate-change expert for the Natural Resources Defense Council, says the diesel fuel still contains carbon dioxide, which will be released into the air when it is burned in the engines of cars and trucks. "This issue is the classic example of why you need to have an integrated policy on both global warming and energy," he says.

The President's Energy Policy (WP)

The Washington Post, January 26, 2007

ANTICIPATING Tuesday's State of the Union speech, Al Hubbard, President Bush's national economic adviser, spoke of "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." The address that Mr. Bush delivered certainly was bold. But by choosing energy independence as his main policy target, Mr. Bush missed opportunities to improve energy security and to combat climate change.

The president was on firmest ground with his call for stricter fuel economy standards. His administration has already increased the standard for light trucks by executive order, but it lacks the authority to do the same for cars; he has asked Congress to step forward. The standards that the president supports are weaker than they could be because they aim to improve the fuel efficiency of each category of car rather than also prodding manufacturers to build smaller cars in greater numbers. Still, Mr. Bush called for an improvement of 4 percent per year in the miles-per-gallon rating of new vehicles. If enacted without loopholes, this would reduce the nation's vulnerability to oil shocks and slow global warming.

Mr. Bush also used his speech to propose a shift away from gasoline toward alternative fuels. The nation's cars and trucks already burn about 4 billion gallons of non-gasoline fuel per year, and current law requires fuel blenders to boost that quantity to 7.5 billion gallons by 2012, which they will do by stepping up the use of corn-derived ethanol. This replacement of oil with corn ethanol reduces oil imports but cuts carbon emissions only slightly. Mr. Bush now proposes to shoot for fully 35 billion gallons of alternative fuel to be used annually by 2017. Where could this extra fuel come from?

Corn-based ethanol can't provide more than 15 billion gallons to fulfill the mandate, since there's a limit to the land available to plant corn, and livestock farmers are already complaining that the price of corn feed has been driven up by the ethanol mandate. In an ideal world, the other 20 billion gallons of alternative fuel might come from ethanol distilled from switch grass and other plant material; this "cellulosic" ethanol has the potential to cut carbon emissions far more substantially than the corn-based variety. But cellulosic ethanol remains an unproven technology. Unless that changes, Mr. Bush's alternative fuel standard could open the door to oil derived from coal -- an option that's known to work but that would be far worse for global warming than burning traditional gasoline.

The president's other energy proposal was to double the size of the Strategic Petroleum Reserve, which insures against the risk of an oil supply disruption. This is where the focus on energy independence obscures true energy security. In the face of the danger of oil price shocks, what matters is not the size of oil reserves in the United States but the size of such reserves globally. U.S. energy security depends, for example, on whether India has a reserve that it could tap in the event of a sudden shortage: If it doesn't, India will respond to a shortage by buying more oil on world markets, forcing up global oil prices and hitting motorists on

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the Beltway. Mr. Bush's unilateral solution -- build a bigger oil reserve at home -- is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency.

Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol -- a policy that farm-state members will find tempting as they write this year's farm bill. Instead, Congress should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy.

Column: Energy Independence? (WP)

By Charles Krauthammer

Washington Post, January 26, 2007

Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? By my count, 24 of the 34 State of the Union addresses since the oil embargo of 1973 have proposed solutions to our energy problem.

The result? In 1973 we imported 34.8 percent of our oil. Today we import 60.3 percent.

And what does this president propose? Another great technological fix. For Jimmy Carter, it was the magic of synfuels. For George Bush, it's the wonders of ethanol. Our fuel will grow on trees. Well, stalks, with even fancier higher-tech variants to come from cellulose and other (literal) rubbish.

It is very American to believe that chemists are going to discover the cure for geopolitical weakness. It is even more American to imagine that it can be done painlessly. Ethanol for everyone. Farmers get a huge cash crop. Consumers get more supply. And the country ends up more secure.

This is nonsense. As my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it.

Even worse, the happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs.

There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear.

First, tax gas. The president ostentatiously rolled out his 20-in-10 plan: reducing gasoline consumption by 20 percent in 10 years. This with Rube Goldberg regulation -- fuel-efficiency standards, artificially mandated levels of "renewable and alternative fuels in 2017" and various bribes (er, incentives) for government-favored technologies -- of the kind we have been trying for three decades.

Good grief. I can give you 20-in-2: Tax gas to $4 a gallon. With oil prices having fallen to $55 a barrel, now is the time. The effect of a gas-tax hike will be seen in less than two years, and you don't even have to go back to the 1970s and the subsequent radical reduction in consumption to see how. Just look at last summer. Gas prices spike to $3 -- with the premium going to Vladimir Putin, Hugo ChÃ¡vez and assorted sheiks rather than the U.S. Treasury -- and, presto, SUV sales plunge, the Prius is cool and car ads once again begin featuring miles-per-gallon ratings.

No regulator, no fuel-efficiency standards, no presidential exhortations, no grand experiments with switch grass. Raise the price, and people change their habits. It's the essence of capitalism.

Second, immediate drilling to recover oil that is under U.S. control, namely in the Arctic and on the outer continental shelf. No one pretends that this fixes everything. But a million barrels a day from the Arctic National Wildlife Refuge is 5 percent of our consumption. In tight markets, that makes a crucial difference.

We will always need some oil. And the more of it that is ours, the better. It is tautological that nothing more directly reduces dependence on foreign oil than substituting domestic for foreign production. Yet ANWR is now so politically dead that the president did not even mention it in the State of the Union or in his energy address the next day.

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He did bring up, to enthusiastic congressional applause, global warming. No one has a remotely good idea about how to make any difference in global warming without enlisting China and India, and without destroying the carbon-based Western economy. The obvious first step, however, is an extremely powerful source of energy that produces not an ounce of carbon dioxide: nuclear.

What about nuclear waste? Well, coal produces toxic pollutants, as does oil. Both produce carbon dioxide that we are told is going to end civilization as we know it. These wastes are widely dispersed and almost impossible to recover once they get thrown into the atmosphere.

Nukes produce waste as well, but it comes out concentrated -- very toxic and lasting nearly forever. But because it is packed into a small, manageable volume, it is more controllable. And it doesn't pollute the atmosphere. At all.

There is no free lunch. Producing energy is going to produce waste. You pick your poison, and you find a way to manage it. Want to do something about global warming? How many global warming activists are willing to say the word nuclear?

So much easier to say ethanol. That it will do farcically little is beside the point. Our debates about oil consumption, energy dependence and global warming are not meant to be serious. They are meant for show.

Potomac Watch If The Cap Fits (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, January 26, 2007

Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it.

Democrats want to flog the global warming theme through 2008 and they'll take what help they can get, even if it means cozying up to executives whose goal is to enrich their firms. Right now, the corporate giants calling for a mandatory carbon cap serve too useful a political purpose for anyone to delve into their baser motives.

The Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect. The media dutifully declared that "even" business now recognized the climate threat. Sen. Barbara Boxer, who begins marathon hearings on warming next week, lauded the corporate angels for thinking of the "common good."

There was a time when the financial press understood that companies exist to make money. And it happens that the cap-and-trade climate program these 10 jolly green giants are now calling for is a regulatory device designed to financially reward companies that reduce CO_2 emissions, and punish those that don't.

Four of the affiliates -- Duke, PG&E, FPL and PNM Resources -- are utilities that have made big bets on wind, hydroelectric and nuclear power. So a Kyoto program would reward them for simply enacting their business plan, and simultaneously sock it to their competitors. Duke also owns Cinergy, which relies heavily on dirty, CO_2-emitting coal plants. But Cinergy will soon have to replace those plants with cleaner equipment. Under a Kyoto, it'll get paid for its trouble.

NOTE

We reintroduce today the weekly Potomac Watch column from Washington. It will appear on Fridays and be written by Kimberley Strassel, a member of the Journal editorial board. Ms. Strassel joined the Journal in 1994 and has worked as a reporter in Europe and as an editor and editorial writer in New York.

DuPont has been plunging into biofuels, the use of which would soar under a cap. Somebody has to cobble together all these complex trading deals, so say hello to Lehman Brothers. Caterpillar has invested heavily in new engines that generate "clean energy." British Petroleum is mostly doing public penance for its dirty oil habit, but also gets a plug for its own biofuels venture.

Finally, there's General Electric, whose CEO Jeffrey Immelt these days spends as much time in Washington as Connecticut. GE makes all the solar equipment and wind turbines (at $2 million a pop) that utilities would have to buy under a climate regime. GE's revenue from environmental products long ago passed the $10 billion mark, and it doesn't take much "ecomagination" to see why Mr. Immelt is leading the pack of climate profiteers.

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CEOs are quick learners, and even those who would get smacked by a carbon cap are now devising ways to make warming work to their political advantage. The "most creative" prize goes to steel giant Nucor. Steven Rowlan, the company's environmental director, doesn't want carbon caps in the U.S. -- oh, no. The smarter answer, he explains, would be for the U.S. to impose trade restrictions on foreign firms that aren't environmentally clean. Global warming as foil for trade protectionism: Chuck Schumer's dream.

What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players.

This is what comes from Washington steadily backstepping energy policy into the interventionist 1970s, picking winners and losers. In ethanol, in biodiesel, in wind farms, success isn't a function of supply or demand. The champs are the ones that coax out of Washington the best subsidies and regulations. Global warming is simply the biggest trough yet.

Both Republicans and Democrats understand this debate is increasingly about home-state economics, even as they publicly joust about environmental rights or wrongs. The softening Republican stance on a mandatory program is one result. New Mexico's Pete Domenici appeared to undergo an epiphany about global warming in 2005, voting for a Senate resolution supporting caps. The switch might have more to do with remembering that his state is nuclear-power central, and will win big under a new program. Just ask his fellow New Mexican, Jeff Bingaman, who introduced the resolution.

Economic interests also motivate those Democrats who won't play nice. The senators who have voted against previous bills represent those industries that will suffer most under Mr. Immelt's agenda. Louisiana's Mary Landrieu (oil); Montana's Max Baucus (coal); West Virginia's Robert Byrd (ditto). House Energy & Commerce Chair John Dingell remains a skeptic, since the last thing his Michigan auto makers need is yet another reason for people to not buy their cars.

Which is fine with Ms. Pelosi. The Democratic leadership ran out of the winner's circle last November promising to tackle climate. And much was made this week of Madam Speaker's decision to wrest control of the debate away from Mr. Dingell's purview, handing it instead to a new "select" committee on climate change.

But read the fine print. The new vaunted committee will have no legislative authority, but exists solely to hold hearings and to "communicate with the American people." Ms. Pelosi and Harry Reid want to talk about this issue . . . and talk, and talk and talk. But not necessarily anything more.

That's because Democrats want global warming as an issue through 2008. With Al Gore getting his Oscar nod, they've got a "problem" that captures the public imagination, as well as an endless supply of cash from thrilled environmental groups. No need to spoil it with a solution. And a Democratic president in 2009 would be more open to any ultimate legislation.

Best yet, they've got the "support" of the business community, or at least the savvier elements of it. Welcome, Big CarbonCap; we're likely to be hearing a lot from you.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

Many of the models displayed at the Washington Auto Show have brought couples together over the years. Did it work for House Speaker Nancy Pelosi, D-Calif., and Energy and Commerce Chairman John Dingell, D-Mich.?

The Politico heard differing accounts of the success of the auto date and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)

A Democratic aide close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: "We no longer anticipate a floor battle," the aide said.

But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute:"I am pleased to report that the Speaker agreed to work closely with us when drafting the resolution to create the Select Committee …we will continue working in good faith to find a solution that will satisfy the concerns of our Members while preserving the overall objectives of the Speaker. I am confident this is possible."

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But, he added, he's still keeping his firepower at the ready: "If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully." Translation: Nancy, I reserve the right to make this ugly for you.

Still, it's unclear whether Dingell has the muscle to win this one on the floor. He'll have some help from Republicans eager to deliver a loss to Pelosi, but a Republican leadership aide conceded that "25 to 35" moderate Republicans likely would break ranks and side with her. So Dingell can only count on around 170 Republican votes, which is a long way from 218 even if every one of the 31 Democratic members of the Energy and Commerce Committee vote with him, which they won't. (Committee member Anna Eshoo, D-Calif., a Pelosi confidante, declared in a closed-door meeting last week that she "doesn't worship at the altar of jurisdiction," according to a Democratic aide.)

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Dearborn Waste Company, 3 Ex-employees Charged In Dumping (AP)

By DAVID N. GOODMAN, The Associated Press

AP, January 26, 2007

DETROIT (AP) — A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy.

The indictment was not based on the April 2002 spill, for which no one was ever charged.

A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release.

In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices.

A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then.

The company "added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices," said spokesman Robert Moll.

Moll said the company "fully cooperated with the investigation" of the 2002 spill and continues to believe it was not involved.

Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said.

All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements.

The obstruction of justice charge carries up to 10 years in prison; conspiracy or making false statements, up to five years; and violating the Clean Water Act, up to three years.

A message seeking comment was left Thursday for Mallindine. There was no phone listing for Panyard, and Long's telephone number was unlisted.

Former plant manager Donald Kaniowski, 37, of Dearborn, reached a plea agreement to a charge of violating the Clean Water Act, the Justice Department said.

The 2002 spill released an estimated 255,000 gallons into the Rouge River, from which it entered the Detroit River and Lake Erie. The investigation and cleanup cost at least $5 million.

Comprehensive Environmental Solutions acquired a Dearborn waste treatment facility in 2002. Company officials "continued to accept millions of gallons of liquid wastes which it could not treat or store," the Justice Department said.

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"The defendants often bypassed treatment processes and discharged untreated wastes directly to the sewer," part of the Detroit water and sewer system, the statement said.

Comprehensive Environmental Solutions has about 20 employees, is privately held and does not release financial details of its operations, Moll said.

David N. Goodman can be reached at dgoodman(at)ap.org

When Superfund Expenses Go Mega (LAT)

By Marla Cone

The Los Angeles Times, January 26, 2007

FORT EDWARD, N.Y. — After the winter thaw, a huge enterprise — so expensive and risky that it ranks among the most ambitious environmental projects on Earth — will rise up from an abandoned cornfield in upstate New York.

Not far from Saratoga, where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice.

Yet, despite 50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed.

The Hudson River is one of 154 places across the country — 16 in California — dubbed Superfund "mega sites" because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes.

Mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight.

In Southern California, off the Palos Verdes Peninsula, the U.S. Environmental Protection Agency is trying to decide the best way to immobilize a huge ocean-floor deposit of the pesticide DDT that has been poisoning fish and other marine life for decades.

Near Redding, on a mountain fractured by a huge copper and silver mine that opened in 1879, the EPA has constructed a dam and diverted a creek to try to contain a continuous flow of acids and metals that will probably go on forever.

In Butte, Mont., one mega site is so notorious that it has become a tourist attraction. At a viewing stand above an old copper mine, visitors peer into a 900-foot-deep pit of toxic waste. When migratory birds land on this brew of acids and metals, mistaking it for a watering hole, they die.

'Blight on communities'

Yet EPA officials say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy.

"Usually, they are a blight on communities. In our case, the stigma of the contamination is hurting the economy of the upper Hudson," said David King, the EPA's Hudson River project manager.

Twenty-six years after Congress passed the Superfund law to clean up the nation's most dangerous dumping grounds, the list of mega sites keeps growing as more mines, landfills, military bases and factories qualify.

Superfund's national priority list includes more than 1,200 chemical sites, but only one of every eight rises to "mega" status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark.

"State programs can deal with garden-variety sites, but mega sites are ones that nobody but the federal government can deal with," said Katherine Probst, a senior fellow at Resources for the Future, an environmental think tank in Washington, who has researched Superfund for 15 years.

Mega cleanups averaged $140 million each in 2000, 10 times the standard Superfund project, according to Resources for the Future. California's 16 mega sites' cost estimates range from $100 million to $450 million, said Elizabeth Adams, the EPA's regional Superfund cleanup chief in San Francisco.

"Today, a real mega site is well over the $100-million mark. Sadly, $50 million may not be what it once was," Probst said.

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Funding lags behind

Yet federal funding for Superfund oversight has not kept up with the surge in mega sites, and many cleanups remain in the early stages. At 22% of all sites, human exposure to chemicals is not under control, the EPA says.

Polluters pay for most cleanups, but Superfund's annual budget, which supports EPA analyses, has remained at about $1.2 billion since 1987. With inflation, that is a 40% decline.

"The Superfund program's real purchasing power has decreased dramatically at the same time that large, complex and expensive sites — often referred to as mega sites — make up an increasing proportion of the program's workload," Probst said at a congressional hearing in June.

What makes a site such a headache that it becomes a mega? "It's the number of contaminants, the size, how far the contamination has spread and how remote it is," Adams said.

Some, such as the Hudson River, involve one company and gigantic volumes of a single pollutant. Others, such as a Monterey Park landfill that towers over surrounding hills, have multiple chemicals and sources.

In the Northeast, many megas are old factories. But around Los Angeles, the worst are immense underground basins in which water supplies, polluted by industrial solvents, have had decades of pumping and treatment. The San Gabriel Valley aquifer is the state's most expensive mega cleanup, expected to reach at least $450 million.

"A lot of these industries came in during the '40s, and these underground plumes are now miles long — sometimes six or seven miles," Adams said. "It's a huge effort, and very costly, to make sure everything meets drinking-water standards."

The trickiest megas — 11 including the Hudson River — are underwater. Dredging them risks uncovering more polluted layers or leaving toxic residue.

"It's not like vacuuming your carpet," said Richard Luthy, Stanford University's chairman of civil and environmental engineering and a member of a National Research Council committee on mega sites. "You are, in every case, left with some material on the bottom that you haven't completely picked up. Just because you can dredge doesn't mean you can get everything."

At a small cleanup in San Francisco Bay's Richmond Harbor, DDT-laden sludge was dredged in 1997. But high concentrations resurfaced a year later. A sloped bottom and barge debris complicated the work.

With problems at small sites, Luthy said, "you have to wonder about the big sites. You might actually make them worse."

The most unusual underwater site is half a mile deep in the Pacific, a mile off the Palos Verdes Peninsula. For 25 years, a pesticide plant near Torrance released DDT into sewers. Now the EPA is trying to decide whether to use clean sand to cap part of the deposit, which covers several square miles of ocean floor.

Decades of analysis often occur before the EPA decides whether to dredge, cap, dam, pump — or some combination. At many, the EPA wrestles with remedies that might be ineffective — or worse.

Hazards of cleanup

In the Hudson River Valley, the debate over dredging has gone on for three decades, predating Superfund.

Two GE plants discharged as much as 1.3 million pounds of polychlorinated biphenyls, or PCBs, into the river for 30 years beginning in 1947. Used to insulate large electrical equipment, the PCBs, which are likely human carcinogens and can disrupt immune systems and brain development, rendered the river's fish inedible.

GE maintained that removing PCBs from the Hudson was too risky, and in 1984, the EPA agreed. The agency reversed course in 2001, concluding that dredging could be done safely and setting performance standards. Finally, in a November court settlement, GE agreed to dredge 10%. If an independent panel approves the results, GE can voluntarily dredge the rest or face a likely EPA order.

The main risk, King said, is unleashing buried PCBs. To reduce that threat, clamshell buckets will tightly seal as they bring mud to the surface. Work will stop if water standards are violated.

"Technically, it's not anything exotic; it's the size and the logistics that make it a challenge," he said. "I can't recall anything of this scale before."

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The dig will remove 2 million cubic yards of PCB-contaminated mud. Another PCB cleanup along Wisconsin's Fox River could dredge a record 7 million cubic yards. "That makes them the largest by volume and us the largest by cost. Both are dubious honors," King said.

This spring, before the first bucketful is scooped in 2008, workers will descend on Fort Edward, a town of 6,000, to build a treatment plant, rail tracks, a wharf, marina, rail yard, utility lines and filtering presses. That alone is "like constructing a small city," said John Haggard, GE program manager.

Dug up by mechanical dredgers, the mud will be transported by barges and tugs to the plant, where the PCBs will be extracted, squeezed through presses, then hauled by 81-car freight trains to a landfill.

The dredging is expected to last six to eight years, but after decades of delay in the start-up, Hudson River Valley residents are skeptical about when the toxic mud will be gone.

In Fort Edward's museum, a sign reads: "The roots of the present lie deep in the past." For residents of mega-site communities, the past, present and future are defined by a toxic legacy.

"We could come back two decades from now, and it will still be going on," said Peter Berle, New York's former environmental commissioner. "Hopefully, someday, we'll be free of PCBs."

Concerns, Finger-pointing Greet Audit Of Sewage Spills (LAT)

By Sharon Bernstein And Tony Barboza, Times Staff Writers

The Los Angeles Times, January 26, 2007

A county report that says most incidents aren't acted on sparks calls for new measures.

Southern Californians love their beaches.

So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff.

But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills.

The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other tributaries that lead to the sea.

How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did.

But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent.

The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels.

"There was a total communication breakdown," said Anjali Jaiswal, an attorney for the Natural Resources Defense Council, an environmental group that has been active in Santa Monica Bay pollution issues. "There would be spills and they wouldn't be reported properly. The public wasn't notified."

Part of the problem is that various ocean pollution laws require different types of notification.

State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies.

Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality.

County officials say they typically log all communications with their offices, and that there are no indications that the cities and water agencies that spilled most of the sewage phoned to report it.

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Dr. Jonathan Fielding, the county's public health director, said that one or two calls might have been lost by county operators, but every call routed to the health department was logged, and the spill investigated.

But the cities, including Los Angeles, which dumped the most sewage into the bay, have meticulous records documenting the size and time of the spills.

It is not clear whether the cities' records include references to phone calls made to report the spills.

But Barry Berggren, division manager for the city of Los Angeles' wastewater collection system, said he personally phoned the county Department of Public Health to report high-volume leaks that occurred in Glassell Park on Jan. 9, 2005.

On that day, a heavy rainstorm sent more than 1 million gallons of raw sewage into the storm drain system, which directs runoff into the Los Angeles River and Long Beach Harbor.

The county auditor-controller's report listed those spills as unreported, with no known action taken.

Berggren says that's not true.

"For some reason, they believe they weren't notified. I don't know why that is," Berggren said.

Neil Miller, public works director for Manhattan Beach, said his department immediately reports every sewage leak that reaches a storm drain. Because the city is so close to the ocean, any spill could pollute the water very quickly, so it is in the city's interest to report them so the county can close the beaches before swimmers are exposed, he said.

"Especially in the coastal communities, if sewage has a chance of reaching the ocean they need to do extra testing to see if it's safe for swimming," Miller said.

County Supervisor Don Knabe, who ordered the audit after a massive release of raw sewage by Culver City last year went unreported for two days, said there is no doubt in his mind that the system is broken.

"I knew we had some issues but I had no idea they were so severe," Knabe said.

The audit recommended several reforms, some as simple as providing county operators with the names and telephone numbers of officials to be contacted if a spill occurs after business hours.

The report also recommended a centralized program to field reports of spills and track their cleanup, size and costs.

At the Board of Supervisors meeting Tuesday, Knabe plans to introduce a motion to implement the recommendations, along with a request that a specialist in public health be appointed to the Los Angeles Regional Water Control Board, at the Board of Supervisors meeting scheduled for Jan. 30. He is also asking for new standards for maintaining sewer systems so leaks are less frequent, and requesting additional research into what went wrong with the reporting of a particularly egregious spill during the heavy rains of 2005.

Regional water quality control officials support Knabe's efforts and are considering making the board's reporting requirements more stringent.

"We require them to report back within 24 hours of a spill, but apparently that's not being followed," said board Chairwoman Fran Diamond.

The Pacific Palisades resident, who said she was "horrified" by the information in the audit, said she will press to reduce the reporting time to two hours. "We're talking about tremendous public health consequences and tremendous economic consequences," Diamond said. "We have a $2 -billion coastal economy.... This is a real setback."

State Sen. Sheila Kuehl (D-Santa Monica), whose district includes shoreline communities, urged state water regulators to investigate the leaks to determine whether the cities and water agencies that released the sewage were in violation of their permits when the incidents occurred.

Diamond said she would support such investigations.

The audit's findings disturbed beachgoers interviewed Thursday — though none appeared surprised.

"Everybody knows it's filthy here," said Heidi Phillips, 26, who was with her two children, ages 3 months and 3 years. "But for them to be so careless is disgusting. I would never let my kids swim at this beach."

Phillips, who lives in Canoga Park, said the study only confirmed her lack of confidence in the city and county's ability to keep Santa Monica Bay clean.

Matt Sylvester, 26, said he comes to Venice Beach to surf twice a week with friends. He said he knows that the ocean near a big city would not likely be pristine, but expects to be notified if there were a huge sewage spill.

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"We're paying for our sewage to be disposed of properly."

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FBI/DEA/ATF/USMS:

Officer Indicted In Steroid Probe (BOS)

By Shelley Murphy And Suzanne Smalley, Globe Staff

The Boston Globe, January 26, 2007

Faces distribution and perjury charges

A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe.

"There's an ongoing grand jury investigation," Assistant US Attorney John T. McNeil told US Magistrate Judge Robert B. Collings at a hearing. "We are taking a hard look at steroid use among officers in the Boston Police Department."

Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury.

The 12-year department veteran was suspended without pay yesterday. He had been placed on administrative duty last summer after three other Boston officers were indicted in July for allegedly guarding large shipments of what they believed to be cocaine.

The suspected ringleader in that case is accused of trafficking steroids, and one of the other officers was a regular customer, said an FBI affidavit. After the steroid abuse allegations emerged, Mayor Thomas M. Menino vowed to try to require steroids testing for officers as part of negotiations on a new contract. Department spokeswoman Elaine Driscoll said last night that the proposal is still part of the negotiations.

The department is also dealing with other illegal drug use. In statistics it released last July, it said that 75 officers failed drug tests -- 61 of them for cocaine -- after the department started annual testing in 1999.

Police Commissioner Edward F. Davis last night pledged to strengthen training to help supervisors detect patterns of behavior suggesting an officer is abusing drugs, including steroids. "I have instructed the Bureau of Internal Investigations to develop and conduct extensive training for all Boston Police supervisors to better enable them to detect, expose, and identify illegal substance abuse," the statement said.

Yesterday, McNeill said that a number of Internal Affairs complaints had been filed against Rodriguez alleging "abusive, aggressive and violent behavior," which the prosecutor characterized as conduct "consistent with steroids use."

But Rodriguez's attorney, Philip A. Tracy Jr., said his client is not addicted to steroids and passed two drug tests he was given by the department in July and August.

McNeil also told the magistrate that Rodriguez had tried to discourage another Boston police officer four or five times from testifying before the grand jury. That officer later testified about Rodriguez's interference, McNeil said.

Prosecutors yesterday asked the judge to ensure that Rodriguez, a Jamaica Plain native and a former Marine who served in the first Persian Gulf War, does not associate with any other Boston police officers because they could be witnesses in the ongoing probe.

"We don't want to disclose who we are looking at," McNeil said. "We don't want any interference."

The indictment alleges that last Oct. 5, Rodriguez lied when he told a grand jury that he had not sold steroids to another Boston officer, who is not identified.

Just after testifying, Rodriguez met an officer in the hallway outside the grand jury room and tried to persuade him not to testify, McNeil also alleged.

However, Rodriguez's attorney told the magistrate that his client was merely warning the officer not to testify without an attorney.

Collings ordered Rodriguez not to have contact with any other Boston police officers, except for anticorruption investigators, but said at Rodriguez's arraignment on Tuesday there will be a hearing on whether to modify the order.

Collings said that because of the obstruction-of-justice charge, he was ordering Rodriguez to post a $50,000 bond, secured by a second mortgage on his Hyde Park home. Rodriguez was also ordered to surrender a handgun he keeps in his home and any department equipment still in his possession.

Rodriguez's attorney argued that it was unfair to ask his client to not talk with other officers because Rodriguez's social life revolves around the department.

Tracy said Rodriguez has been unfairly tarred by his alleged association with the three officers indicted on drug conspiracy charges.

"These charges have no relation to a much more serious conspiracy of three other officers," Tracy said. "These allegations can usually be handled internally or with less severe consequences than a federal indictment."

A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted.

In a statement issued with the indictment, US Attorney Michael J. Sullivan suggested Rodriguez is being charged because of how he behaved during the investigation, not just because of steroid use.

"This case is not just about steroids use by law enforcement officers," Sullivan said in the statement. "It is about an officer allegedly distributing steroids to another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

Fourth Officer Indicted In BPD Drugs Probe (BOSH)

By O'Ryan Johnson

Boston Herald, January 26, 2007

A fourth cop was indicted yesterday as part of a long-term federal undercover probe of corruption and drug peddling inside the ranks of the Boston Police Department.

Edgardo Rodriguez, 37, faces charges including possession with intent to distribute anabolic steroids, perjury and obstruction of justice. Rodriguez, a nine-year Boston police veteran, had been on administrative duty since July for his alleged involvement.

He was put on unpaid leave yesterday, police said. His lawyer, Philip A.Tracy Jr., said Rodriguez "has nothing to do and is not connected with any more serious charges against other Boston police officers." Rodriguez was freed after arraignment yesterday.

According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids.

Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit.

Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch.

According to the indictment unsealed yesterday, when Rodriguez was called before a grand jury investigating "the unlawful activities of a number of Boston police officers and others" in October, he denied selling steroids to or buying steroids from a person identified as "Boston Police Officer A."

Prosecutors said those statements are false. Rodriguez could face 35 years in prison if convicted on all charges.

BPD Patrolman Indicted On Fed Corruption Charges (CBS4BOS)

By Maggie Mulvihill

CBS 4 Boston, January 26, 2007

(CBS4) BOSTON In another embarrassing blow to the Boston Police Department, veteran patrolman Edgardo Rodriguez was indicted on federal corruption charges late Thursday stemming from alleged steroid distribution and other potential crimes within the force.

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"It is a gross betrayal of an officer's duty," said U.S. Attorney Michael J. Sullivan in a statement after perjury and obstruction of justice charges were handed down by a federal grand jury.

Calling it a "sad time" for the department, Police Commissioner Ed Davis announced he was suspending Rodriguez without pay as the department continues to root out any other officers who may be involved in drug use.

The BPD is already reeling from two other scandals - missing drugs from the Hyde Park evidence warehouse and the corruption case federal prosecutors are building against three other officers accused of protecting cocaine shipments and other alleged crimes.

The I-Team reported earlier this month that Rodriguez had been warned by police brass to quit the force as federal and department investigators continued to scrutinize his role in the on-going drug-related criminal probe that has engulfed his fellow officers.

Roberto E. Pulido, Nelson Carrasquillo and Carlos A. Pizarro denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston.

Investigators learned Rodriguez was allegedly using and distributing steroids during their 2 1/2 year probe of the trio, while other Boston officers have been notified their voices have also been picked up on federal wiretaps, the I-Team has reported.

Rodriguez, an 11-year-veteran, has worked in Dorchester, Roxbury, East Boston and the Mobile Operations Unit.

Rodriguez is accused of in the six-count indictment of lying to a federal grand jury about whether or not anyone else in the department has possessed or distributed steroids.

Rodriguez is also accused of three counts of perjury and one count of obstruction of justice. If convicted of all charges he could face a maximum of 35 years in prison. His attorney, Philip A. Tracy, did not immediately return a telephone call seeking comment.

Feds Help Crack Big Cocaine Ring (LN)

Lancaster Newspapers, January 26, 2007

LANCASTER COUNTY, PA - Investigators said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers.

Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week.

As of Thursday night, Pablo Beltran and Tellin Cintron, both of Lancaster city, were the only suspects yet to be apprehended among the 20 indicted.

The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force.

The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said.

Assistant United States Attorney Christy Fawcett said each kilogram sold for an average of $22,000, then re-sold at a higher price.

Fawcett, lead prosecutor in the case, said it was one of the largest stings in recent memory. “This was expensive stuff,” she said.

Some of the cocaine was cooked into crack, Fawcett said, and marijuana also was sold.

The indictments were filed Jan. 11. Seven arrests were made Wednesday, Fawcett said, and some of the suspects already were serving time in prison.

The seven Lancaster County residents arrested were charged with conspiracy to distribute and possession with intent to distribute cocaine, crack cocaine and marijuana.

They were: Edward Rivera and Jorge Torres, both of High Street; Jimmy Ortiz-Rivera, Lafayette Street; Sandra Collazo-Medina, Valley Drive; Harry Delgado, East Clay Street; Nathaniel Sanchez, North Broad Street; and Pedro Rivera, Oak Ridge Drive, Millersville.

Ortiz-Rivera also was charged with possession of a stolen firearm.

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Lancaster County District Attorney Donald Totaro said some of the suspects were known to be local drug dealers.

"I recognized some of the names as people we dealt with in the past," he said.

If convicted, each suspect faces a mandatory 10-year prison sentence and fines up to $4 million.

Investigators seized about $500,000 in cash, five lots of real estate and jewelry during the investigation. A Lancaster city business — K&A Appliances at 149 E. King St. — also was seized.

The charges also include a $7.2 million substitute asset forfeiture that must be paid if the suspects are convicted. Fawcett said that sum is for money and real estate that wasn't recovered during the investigation.

A major break in the investigation came May 27, when two Mexican nationals — Jaime Cardenas-Borbon and Gabriel Rivera-Gil — were arrested at Days Inn, 30 Keller Ave.

Investigators seized 40 kilograms of cocaine and $182,000 cash from their room. It is believed to be one of the largest cocaine shipments ever intended for Lancaster County.

"As a result of that arrest, we were able to piece together additional information" about the drug ring, Totaro said.

The two-year investigation also was aided by wiretaps placed on five telephone lines authorities said were used for trafficking drugs.

"These federal agencies bring manpower and resources that enhance an investigation," Totaro said. Also, "jail sentences are far more severe" upon convictions in such cases.

Hearings for the suspects are scheduled to begin April 2, Fawcett said.

Accused Kingpin In Prison (SEN)

Sentinel, January 25, 2007

When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities.

The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg around 6 p.m. Tuesday, says a spokesman from the state attorney general's office. Robinson, 34, formerly of Steelton, had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago.

Santiago was sentenced last month in Cumberland County Court for drug dealing. Santiago and several smaller dealers were nabbed in September 2005.

Authorities believe Robinson stayed with friends and family in New York City, Florida and Washington, D.C., while the federal marshals hunted for him, and that he was most recently in the D.C. area. Marshals had frequent contact with Robinson's friends and relatives, which often wears them down and causes them to put pressure on the fugitive, said Nils Frederiksen, spokesman for the attorney general's office.

"In this case, it looks like it worked. I think eventually, everybody tires of constantly looking over their shoulder."

Later, authorities plan to look at whether to charge anyone with giving aid to the fugitive, he said.

Robinson is being held in Cumberland County Prison without bail, with a preliminary hearing set Tuesday. He is charged with five counts of delivery of cocaine, one count of possession with intent to deliver, one count of criminal conspiracy and two counts of participating in corrupt organizations, which is the state's racketeering statute. He could serve up to 90 years in prison and face $725,000 in fines.

An investigation into the drug ring found that Robinson and Santiago, 35, set up two separate but similar organizations for distributing drugs that involved at least 23 residents. According to reports, the men transported cocaine from New York before repackaging it for local sale, or "cooking" it into crack, eventually distributing more than $7 million of the drug.

The AG's office said Robinson used a home on North Second Street in Steelton and an address on Allen Road in Carlisle as distribution points, while Santiago set up shop on Beetum Hollow Road in the Newville area.

Santiago faced more counts than Robinson and was sentenced last month to 7 to 20 years in state prison and ordered to pay $110,000 in fines.

N.J. State Police, DEA Break Up South Jersey Narcotics Ring (AP)

DOJ_NMG_0121863

AP, January 25, 2007

TRENTON, N.J. (AP) -- State and federal authorities broke up a major South Jersey drug distribution ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine.

New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew.

"We took this one down at the trafficking level," Simpkins said. "When you stop it at the kilo level, it doesn't filter down to the school-yard level. It keeps it (the drugs) out of our neighborhoods."

"It's the most effective way to fight the drug game," said Simpkins who oversees state police in southern New Jersey.

The cocaine was valued at about $15,000 per pound.

State Police Superintendent Col. Rick Fuentes said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center.

The new facility nicknamed "The Rock," is where federal, state and local officials gather to share information on evolving cases.

"This information will have a value beyond the arrest of individuals," said Fuentes. "The information will be linked up with other potential cases and the vehicle for doing that is 'The Rock.' That's our clearinghouse."

Police from Gloucester Township entered six homes and three storage facilities in Gloucester, Camden and Burlington counties Thursday morning.

Three New Jersey men were arrested in Tucson, where the New Jersey suspects went to meet their supplier, police said. Eleven others were arrested in New Jersey, with the highest bail set at $500,000 and some defendants released without bail.

In Arizona, police found a vehicle with hidden compartments for drugs.

Authorities also seized $244,000 in cash and three guns.

Those arrested were charged with conspiracy in connection with the distribution of narcotics. The maximum penalty upon conviction is 10 years in prison and a $150,000 fine. Additional charges are likely, authorities said.

The investigation was code-named Operation Centerfield because one of the first suspects identified was Gary Maddox, who has the same name as the former Phillies center fielder.

Gang Task Force Nets Suspects, Drugs, Guns (RMA)

By Stephanie Barry

The Republican, January 25, 2007

SPRINGFIELD - Standing behind an array of guns and street drugs, federal and local law enforcement officials yesterday announced the results of Tuesday's blitz targeting suspected dealers in Mason Square.

The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects by yesterday morning, officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm.

Springfield Police Commissioner Edward A. Flynn said the raids were the result of a year-long investigation into the robust open-air drug trade in Mason Square.

"The goal was impact players," Flynn said, adding that the investigation included undercover operatives, sophisticated surveillance and countless drug buys through informants.

He said of those indicted in state court, 13 were apprehended; one was located in a Maine jail on unrelated charges, and four are still at large.

Laid out on a table in a conference room at police headquarters yesterday were six handguns - including five police said were previously loaded and one outfitted with a scope - plus bags of marijuana, crack cocaine and heroin.

The contraband was recovered from searches that accompanied the arrests, police said, and were labeled with various suspects' names and addresses.

The guns, some found with stashes of ammunition, will be tested to probe possible links to local unsolved shootings, yesterday's panel said.

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FBI supervisor Michael G. O'Reilly said the gang task force was established in 1994. It includes members of the FBI; U.S. Drug Enforcement Administration; U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives; Massachusetts State Police; Hampden County Sheriff's Department; and local police in Springfield, Chicopee and Holyoke.

"We each have a special focus ... We take that focus and bring it together," said Robert G. Tacinelli, supervisor of the Springfield office of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The task force was responsible for a 2005 crackdown on 36 local Latin King affiliates, the largest single-day roundup of that faction in the state's history, O'Reilly said. Many of those were prosecuted in federal court.

Assistant Hampden County District Attorney James R. Goodhines said all suspects are being held in lieu of bond ranging from $50,000 to $500,000.

The suspects were arraigned in Springfield District and Superior courts during the past two days. Flynn said the hope is that the charges will get bumped up to federal court, where sentences for drug crimes are long and prison assignments are often far-flung.

He said the timing of the sweep was critical for a wary city still reeling from a spate of violent crime.

Mayor Charles V. Ryan also attended yesterday's announcement at the police station, lauding the fruits of the sweep.

"To see this type of hardware in front of us reminds us really what the stakes are," he said.

Ironworkers' Business Manager Faces Drug Charges (VANSUN)

By Peter O'Neil And Glenn Bohn, Vancouver Sun

Vancouver Sun, January 26, 2007

Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night.

Holmes, a 50-year-old married man with eight children, is in Spokane County Jail.

According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior.

The officers followed tire tracks of a pickup truck to the driveway of a rural home, where the pickup apparently turned around. They then followed fresh tracks in snow left by two people.

The officers turned on their vehicle's bright "takedown" lights and "observed two individuals lying in the snow under some bushes," the affidavit states. A large backpack was beside each man. The officers ordered the two men to stay where they were. One -- the affidavit wasn't clear which one -- attempted to run north towards the Canadian border, less than a kilometre away, but was caught.

A U.S. Border Patrol Agency news release reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a "Canadian citizen attempting to smuggle the contraband across the border."

The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash.

The criminal complaint is the first step towards a possible U.S. grand jury indictment on these recommended charges: possession with intent to distribute more than five kilograms of cocaine, and conspiracy to possess with the intent to distribute more than five kilograms of cocaine.

Dave Beatty, elected president of Ironworkers Local 97, said he and other officials were shocked by the arrest of Holmes.

"It was completely out of character for anybody who knows him," Beatty said Wednesday.

He said the union called in an independent auditor at its Burnaby office Monday to investigate union records.

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B.C. Union Leader Arrested In U.S. On Drug Charge (CBC)

CBC News, January 26, 2007

The business manager of the B.C. and Yukon local of the Ironworkers union has been arrested in Washington state, where he has been charged with a serious drug offence.

Perley Edmund Holmes, 50,Â is in jail in Spokane and faces a charge of possession of cocaine with intent to distribute.

U.S. border patrol officers said they arrested Holmes and another man last Thursday near Chesam, Wash., just south of Grand Forks in B.C.'s southern Interior.

They said they seized more than 60 kilograms of cocaine, worth an estimated $4.3 million.

Union president David Beatty saidÂ the arrestÂ came asÂ a big surprise to people who know Holmes.

"It's probably as shocking as could be, for anyone I've talked to, our members, our contractors. It's completely out of character and nobody can visualize this happening."

Beatty also said Holmes is no longer on the payroll.

An auditor will be brought in to review the finances of the local to ensure no illegal activities were conducted with union funds, he said.

Holmes faces 10 years to life in an American prison if he's convicted of the allegations.

Drug 'kingpin' Says He's Guilty In Broad Scheme (REP)

Reporter, January 25, 2007

A Vacaville man who prosecutors described as a regional "drug kingpin" pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction.

Eduardo Pichardo, 33, now faces 10 years in federal prison and a personal financial judgment of $500,000. He will return to federal court in Sacramento on April 3 for sentencing.

Pichardo was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine.

The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama.

In October, Pichardo was indicted on the additional charges of money laundering.

In exchange for his plea Tuesday, prosecutors agreed not to pursue money laundering or other charges against Pichardo's wife.

According to investigators, Pichardo became a prime suspect in a drug trafficking investigation shortly after it was launched in 1999.

Drug Enforcement Administration agents said Pichardo was the head of an organization that trafficked multi-kilogram quantities of cocaine and methamphetamine,

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frequently traveling to Mexico to arrange smuggling across the border.

In October 2001, investigators said Pichardo arranged for the driver of a pickup truck to transport 25 kilograms (about 56 pounds) of cocaine from Phoenix, Ariz. to Alabama. On Oct. 5, the driver was stopped by Arkansas State Police during a routine traffic stop and was subsequently arrested. A search of the truck revealed the cocaine, which was concealed in a hidden compartment inside the truck's gas tank, officials said.

The street value of the seized load was estimated at $1.3 million.

According to court documents, Pichardo gave a colleague $15,500 in cash to wire to a bail bondsman in Arkansas in order to bail out his driver.

"The cash the defendant gave was proceeds of (his) drug trafficking activities," prosecutors wrote. And he used a friend to wire the funds so that the cash could not be traced back to him.

In addition, he instructed his colleague to wire the money in two separate transactions so that neither one would exceed $10,000. That order was given, prosecutors said, because he knew that any cash transaction in excess of $10,000 would be reported to authorities, thus hiding the transaction.

Pharmacist Could Face Three-year Term (MBSN)

By Josh Hoke

Myrtle Beach (SC) Sun News, January 25, 2007

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The 81-year-old Myrtle Beach man accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment obtained by The Sun News.

John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration.

Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering.

All four men were arrested earlier this month.

Tuite denied wrongdoing on Tuesday, and he could not be reached for comment Wednesday.

Tuite appeared in court last week and is free on bail.

He was to be in court Wednesday, his attorney said, but it was unclear by press time whether he made that appearance.

His attorney, public defender Bill Nettles, said, "The judge just wants an update on how the case can be resolved."

Nettles said since the indictment was filed in California, Tuite may eventually be forced to appear in federal court in that state.

Andrew Thomas Russo, 48, United Care Pharmacy's former chief operating officer; Denis Leborgne, 42, the former chief technical officer; and David John, 41, the former chief financial officer, were also arrested and charged in the case.

Cincinnati Doctor Gets Two Years For Clinic Crimes (PORTDT)

By Jeff Barron, PDT Staff Writer

Portsmouth (OH) Daily Times, January 26, 2007

A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe.

Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year.

“Money laundering is not a victimless crime,” Internal Revenue Service criminal investigator Jeffrey Cooper said. “Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.”

According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at.

Jewell, of Paintsville, Ky., and Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail.

According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day.

He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients.

He also had no diagnostic equipment at the clinics.

Patients paid in cash $175 to $200 per visit. The clinics would not accept insurance, personal checks, credit cards or any other form of payment.

New patients were required to bring an X-ray or MRI to create an aura of legitimacy, the Justice Department said.

Prescriptions were filled at only a few pharmacies, including the South Shore Pharmacy in South Shore, Ky. Many of the patients signed an agreement to only use that pharmacy.

Ebner admitted what he was doing at the pain clinics was below the accepted standards of medical practice.

Justice officials said Ebner split the patient payments with Jewell and structured them to hide his involvement in the illegal activity.

Ebner broke the money down into smaller amounts, typically less than $10,000 for deposit into his personal bank account to avoid the Currency Transaction Reporting requirements.

He used the money for a real estate down payment, shares of a medical partnership and as a payoff of his mortgage.

Ebner must surrender to officials on March 19.

JEFF BARRON can be reached at (740) 353-3101, ext. 236.

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IMMIGRATION:

Senate Endorses A Contracts Ban (WSJ)

The Wall Street Journal, January 26, 2007

WASHINGTON -- The U.S. Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts.

The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security. The amendment was offered on the fourth day of debate on an increase in the federal minimum wage from $5.15 an hour to $7.25.

Alien Hiring Fine Fails On Hill (WT)

By Charles Hurt

The Washington Times, January 26, 2007

Senate Democrats quashed a proposal yesterday that would have dramatically increased civil fines on employers who hire illegal aliens.

Sen. Jeff Sessions, Alabama Republican, offered the amendment to the bill now being debated that would increase the federal minimum wage.

Ridding the economy of illegal aliens, he argued, would do far more to help low-income wage earners than simply raising the minimum wage. Not only do aliens displace U.S. citizens in the work force, he said, they also artificially suppress wages.

"Our whole purpose of the minimum-wage act is to increase the wages of working Americans, particularly low-skilled workers," Mr. Sessions said. "That's a noble goal."

One of the reasons "that those salaries have lagged behind is because of a large influx of illegal immigrant labor," he said. "That is indisputable, and it's not been discussed much here. People apparently don't want to talk about it, but we're going to talk about it."

But Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill.

Some 60 amendments have been offered, and today marks the fifth day of debate on raising the minimum wage to $7.25 per hour from $5.15 per hour over two years.

"Amendment here. Amendment there," thundered Sen. Edward M. Kennedy, Massachusetts Democrat.

"Amendment on Social Security. Amendment on immigration. And all the chortling and laughing as they go on about their business," he boomed.

Republicans are "not for those millions of Americans who are heading home tonight, who've worked long and hard, facing their children hoping that at last ... the United States isn't going to fail us," he said. "What do we tell them after five days?"

After accusing Republicans of stalling, Mr. Kennedy then proceeded to read aloud for five minutes a story in the New York Times about soldiers fighting in Iraq.

Mr. Sessions said his amendment is not a delaying tactic and isn't unrelated to the overall minimum-wage bill. His provision, he said, gets at the very reason a minimum-wage increase is needed in the first place. He calls his amendment "comprehensive wage reform," a sly reference to the "comprehensive" approach to immigration reform that Democrats and President Bush are demanding, but most Republicans deride as amnesty.

Mr. Sessions' proposal came directly out of the employer-sanctions section of the immigration-reform bill approved with overwhelming Democratic support last year.

It would raise the minimum fine on employers from $250 per hired alien to $5,000 per alien. And it would raise the maximum fine from $10,000 per alien to $40,000 per alien.

Though Democrats turned back Mr. Sessions' employer-sanctions amendment, they allowed through a second Sessions amendment aimed at federal government contractors who are caught hiring illegal aliens.

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He ticked off a half-dozen recent examples of federal contractors using illegal aliens, even in the most sensitive of positions.

"It's astounding how widespread this problem is," Mr. Sessions said. "In one alarming incident, the Nuclear Regulatory Commission was caught allowing illegal aliens who obtained documentation by using fake Social Security numbers to work as contract painters at nuclear facilities."

Under the amendment that Democrats allowed last night, any government contractor caught using illegal labor would be prohibited from future government contracts for ten years. It was approved on a 94-0 vote.

Bonkers At The Border (WSJ)

The Wall Street Journal, January 26, 2007

Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime.

Several GOP lawmakers, including outspoken restrictionists like Congressmen Tom Tancredo and Duncan Hunter, have hailed the ex-agents as American heroes. President Bush is even being urged to pardon Ramos and Compean, who received sentences of 11 years and 12 years, respectively. GOP Representative Dana Rohrabacher has gone so far as to accuse Mr. Bush of being "on the side of [America's] enemies" for allowing the men to go to jail.

CNN's Lou Dobbs has also weighed in repeatedly with pseudo-reporting designed to rile up his viewers rather than inform them of the facts. Speaking of facts, they are as follows, according to the U.S. Attorney's Office for the Western District of Texas and evidence presented at the ex-agents' jury trial:

Agents Ramos and Compean were guarding the Mexican border near El Paso, Texas, on Feb. 17, 2005, when they encountered a van driven by Osvaldo Aldrete-Davila. When the driver saw the agents he sped off, eventually abandoning the vehicle and fleeing toward the border on foot. At one point, Aldrete-Davila stopped running and raised his empty hands to surrender. But when the first border agent to approach him stumbled, Aldrete-Davila took off again toward the Rio Grande.

At this point, Agents Ramos and Compean opened fire, shooting at the back of a suspect who they knew was unarmed. They fired 14 rounds in all -- Agent Compean even paused to reload -- finally hitting Aldrete-Davila in the buttocks. The suspect was wounded but still managed to make it across the border and escape.

It later was determined that Aldrete-Davila was in the country illegally and smuggling drugs. Nearly 750 pounds of marijuana were found in the van. But Ramos and Compean didn't know the suspect's immigration status when they shot him. Nor did they know the contents of the vehicle he was driving. What the agents did know is that they had broken any number of border patrol policies.

So Compean and another agent returned to the scene to gather shell casings and discard them in a drainage ditch. Compean and Ramos, who'd been disciplined for past conduct unbecoming a federal officer, then filed a false report. The only reason their cover-up didn't succeed is because an honest border agent who learned of the shooting eventually reported it.

After a trial lasting nearly three weeks, a federal jury in El Paso convicted both agents on charges including assault with a deadly weapon and obstruction of justice. As Johnny Sutton, U.S. Attorney for the Western District of Texas, put it: "The simple truth of this case is that former Agents Compean and Ramos shot 15 times at an unarmed man who was running away from them and posed no threat. They lied about what happened, covered up the shooting, conspired to destroy the evidence and then proceeded to write up and file a false report."

The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien.

This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the U.S. must "enforce the law" on the border. That the agents have been held accountable for misconduct shows that no one is

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above the law. Letting the agents off the hook would also send a terrible message to honest border agents who perform a difficult and dangerous job.

Turning felons into political causes is the kind of stunt usually pulled by the likes of Al Sharpton. That Republicans would now stoop to it shows how immigration has caused some on the right to lose their political bearings. First they gave up their belief in free labor markets, and now they're discarding their law enforcement credentials.

And these are the same folks who assail Mr. Bush's guest-worker proposal as "amnesty." The irony is that if Mr. Bush's plan were in place and there were more legal ways to enter the U.S., border agents would have more time and resources to chase down people like Aldrete-Davila and apprehend them properly.

Fight Against Immigrant Smuggling Follows Money Trail (WP)

By John Pomfret

The Washington Post, January 26, 2007

PHOENIX -- In 2001, Arizona state prosecutors trying to stem the growing tide of immigrant smuggling found a Western Union outlet in the border town of Douglas that was doling out more than $91,000 a month -- this in a community where the per capita income was barely $10,000 a year.

People across the country, prosecutors said, were sending money to the little Western Union shop in Douglas -- and scores others like it in Arizona -- to pay smugglers to sneak illegal immigrants into the United States.

To fight back, Attorney General Terry Goddard employed a controversial technique known as a damming warrant to seize $17 million in money transfers into hundreds of Western Union locations in Arizona, prosecute scores of immigrant smugglers and deport hundreds of people in a program he marvels at because of its "elegant simplicity."

On the surface, the warrants were a success. Between mid-2005 and mid-2006, according to Goddard's office, transfers of $500 and more into Arizona fell from $36.8 million a month to just $2.8 million. The only problem was that all of Goddard's other sources indicated that immigrant smuggling was still booming in Arizona.

So on Sept. 21, Goddard expanded the program, issuing a warrant blocking all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora. He also planned on issuing warrants blocking money transfers through Western Union to nearby states such as Nevada.

Western Union sued to block the Sonoran warrant. "We felt that the state was overreaching," said Peter Ziverts, Western Union's vice president for compliance, "because none of this money ever touched Arizona. So how could Arizona claim it was involved in a state crime?"

On Jan. 9, Maricopa County Superior Court Judge Kenneth L. Fields agreed, quashing the warrant and ruling that it was "unconstitutional as applied under the Commerce Clause, Foreign Commerce Clause, Due Process Clause and the Fourth Amendment of the United States Constitution."

This legal battle is but one of more than 10 state and federal cases in Arizona over how to police illegal immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers. Tactics prosecutors believe are a godsend in the crackdown are often, in the words of one federal law enforcement official, "either brilliant or illegal."

Arizona has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as Goddard said in an interview, "we have it rubbed in our face on a daily basis."

Since the mid-1990s when a federal crackdown in San Diego and El Paso forced illegal immigrants into the desert, Arizona has become the highway through which millions of crossers enter the United States. In fiscal 2006, the U.S. Border Patrol apprehended more than 510,000 people attempting to unlawfully enter the United States via Arizona, half of the total for the 2,000-mile-long southern border, according to government statistics.

Phoenix is recognized as the hub of the immigrant smuggling trade, stocked with safe houses where illegal immigrants, known as pollos, or chickens, are held until relatives or friends pay about $1,600 a head and they are moved out on the highways that crisscross the city. In an affidavit filed late last year, Goddard's office contended that Phoenix-based immigrant smuggling

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enterprises had annual revenues of $1.7 billion to $2.5 billion. The Phoenix Police Department estimates that 50 percent of that city's murders involve either an illegal immigrant as assailant or victim.

Sheriff Joe Arpaio of Maricopa County, home to 3.5 million people, has made his department one of the first local law enforcement agencies in the nation to direct its deputies to arrest illegal immigrants under a state law. So far 400 have been arrested, although Arpaio's tactics are the subject of a lawsuit.

In addition to the Western Union suit, Goddard's fight against immigrant smugglers, who are sometimes called coyotes, has also prompted a federal lawsuit by a group of Western Union customers who allege that the attorney general's office seized their money and never returned it.

According to the suit, Goddard's investigators did not tell the senders that their transfers had been blocked (a charge Goddard did not dispute) and handed money over to recipients only after they had proved that the transfers were not being used for illegal activity. "So much for innocent until proven guilty," said Matthew Piers, the lead attorney in the case.

"We have law enforcement run wild down there," Piers said. "We support interdiction of money for coyotes, that's an activity well worth stopping. But the warrants in Arizona are so broad as to be ridiculous."

Goddard's prosecutors said 91 percent of the people whose money was seized were involved in either drug or immigrant smuggling. Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, which interviewed more than 400 of Western Union's customers to help prepare the case, said that while the "clear majority" of the money senders were illegal immigrants, only a small fraction were involved in felonies. "This is a legal equivalent of a drive-by shooting," he said. "People were sending money to their relatives to buy medicine and food."

Goddard said he has proof that immigrant smugglers were continuing operations in Arizona and using Western Union branches in Sonora to stash their cash. According to an attorney general's office affidavit, a suspect, who had been picking up his cash in Arizona, received $270,000 within two months from a small Western Union stand in Sonora, another garnered $136,000, a third $113,000.

"It is obvious to us that they've just moved the cash aspect of their business out of state," he said, "but the smuggling operations remain in Arizona."

Goddard's tactics were also controversial because of federal concerns that his office was overreaching. When ICE Director Julie Myers visited Arizona in late 2005, Gov. Janet Napolitano (D) suggested that they hold a joint news conference in support of the warrants. Myers declined, officials from both the state and federal governments said. And ICE pulled out of the state's financial crimes task force.

But in recent months, relations between ICE and the Arizona state government have improved. A new special-agent-in-charge, Alonzo PeÃ±a, arrived from Texas after Napolitano pressured the federal government to transfer his predecessor, law enforcement officials said. ICE will soon rejoin the state's financial crimes task force.

In an interview, PeÃ±a said ICE is considering using the surveillance warrants as a tactic to fight immigrant smuggling; that way at least law enforcement could avoid Western Union's argument that Arizona was overreaching.

"I am not really concerned about what happened in the past," PeÃ±a said, "We just want to get in and participate . . . as long as it's legal and can be introduced in court."

TAX:

KPMG Placed On State Probation In Tax-shelter Case (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

DALLAS — Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters.

The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation.

KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said.

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The case stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes.

KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation.

The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing.

William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department.

KPMG, which has more than 400 certified public accountants in Texas, said its activities would not be affected by probation.

"We are pleased that the Texas matter is now resolved and that it does not restrict in any way our ability to serve our clients in the state," said spokesman George Ledwith.

The case was settled through a consent order without holding a formal hearing. Ledwith said Texas is the first state to reach a settlement with the firm. Other states were considering action before KPMG settled with the Justice Department in 2005.

The accountancy board is the licensing and enforcement agency for certified public accountants and accounting firms in Texas. The agency's director said it was unusual for the board to bring a case against such a large accounting firm.

The last one, he said, involved Arthur Andersen LLP, which was convicted of obstruction of justice for shredding Enron documents. The U.S. Supreme Court overturned the conviction, but not before Andersen was devastated.

"Fortunately for the public, we don't have these very often — maybe every three or four years," Treacy said.

Kentucky Sewer District Settles With IRS Over Bond Proceeds (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status.

Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director.

``What they determined is that you should not have used bond proceeds to purchase the put option," Gee said.

Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments.

Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due.

Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said.

Debt Buyback

U.S. local governments agree to settlements with the IRS to prevent the agency from seeking taxes from investors who were willing to accept lower returns from their bonds because the securities weren't subject to income taxes. As part of the settlement, the district will repurchase $2.8 million of the bonds in November.

The district proposed the settlement under a program that allows municipal borrowers to head off audits if they discover that a bond issue may violate IRS regulations on tax-exempt bonds, it said in a bond filing. Gee declined to say how much the district agreed to pay to the IRS, though he said no other parties to the transaction have to pay the agency.

``I'm not at liberty to talk about that amount because the case hasn't legally been closed," he said.

Investment Management Advisory spokesman Gene Grabowski didn't immediately return a call seeking comment. Lehman Brothers spokesman Randy Whitestone declined to comment.

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CONGRESS-ADMINISTRATION:

Bush Touts Tax Breaks For Health Care VIDEO (KCS)

By Dave Helling

The Kansas City Star, January 26, 2007

President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions.

"We believe the private sector is the best delivery of health care," Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, Mo. "We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker," he said.

In his State of the Union speech Tuesday, Bush proposed taxing employer-provided health care benefits, after allowing a $7,500 deduction for individuals and $15,000 for families. He said the plan would help individuals buy insurance, while keeping health care costs low.

Bush traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings.

Critics say the plan could raise taxes for some people with good health care plans and could convince some employers to drop health insurance for their workers.

Earlier, Bush toured the hospital, meeting with staff to talk about use of computers and technology to cut costs. "Medicine is finally catching up with the rest of America in the use of information technology, particularly this facility here," he said.

Around a dozen protestors picketed across the street from the hospital.

Bush Touts Health-Care Plan As Cost Control (WP)

By Michael A. Fletcher And Christopher Lee

The Washington Post, January 26, 2007

LEE'S SUMMIT, Mo. Jan. 25 -- With his new health-care proposals receiving a frosty reception from Democrats on Capitol Hill, President Bush ventured here Thursday to make the case that his ideas offer the best remedy for the nation's health insurance crisis.

Speaking at a roundtable before an audience made up largely of journalists, Bush promoted his plan to offer new tax incentives for people to get modestly priced health insurance through their employers or on their own.

Bush, who announced the initiative Tuesday in his State of the Union address, said it is part of a larger strategy to use private-sector forces, new technology and changes in existing government programs to hold down health-care costs and improve access to medical coverage.

"The best way to do that is through private health insurance," Bush said. "Therein lies part of the debate we have in Washington. We believe the private sector is the best delivery of health care. We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker."

The president wants to offer tax breaks for families who buy health insurance that costs less than $15,000 a year, and impose a new tax on those with more expensive plans. For individuals, the tax break would go to those with plans costing $7,500 or less.

Bush said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run. He also promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance.

"There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care," Bush said. "We'll do that."

After touring facilities run by the high-tech St. Luke's East medical center here, Bush spoke in a session that included small-business owners and uninsured workers who would probably benefit from his plan.

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The plan would end the tax code's longtime bias in favor of employer-sponsored insurance, allowing millions of people who buy policies in the individual market to enjoy a tax deduction on their premiums for the first time. The self-employed can deduct premium costs, but many others cannot.

Essentially, Bush would use the new tax on people with high-priced health plans to subsidize the cost of insurance for those with lower-priced coverage, a progressive feature that administration officials thought would draw interest from Democrats who now run Congress.

But so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured.

"I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans," Sen. Edward M. Kennedy (D-Mass.) said.

The administration, however, contends that the plan would eliminate the blatant disparity favoring employer-sponsored coverage, which has been a feature of the tax code since the middle of the last century. Currently employer contributions to their workers' health benefits do not count as taxable income for the employee, which administration officials say encourages workers to get more expensive plans and use more health care than they otherwise would. Buyers of insurance on the individual market do not enjoy the same tax advantages.

The idea of altering that balance dates at least to the early 1980s, when President Reagan proposed limiting the amount of employer health contributions that could be excluded from an employee's taxable income and diverting the resulting tax revenue to reducing the federal deficit.

Thomas A. Scully, a Republican congressional staffer at the time who later became a top health policy adviser to President George H.W. Bush, said the plan went nowhere: Republicans panned it as a tax increase, and Democrats feared it would penalize some unionized workers with generous health benefits.

In 1992, under the first President Bush, the White House considered scaling back the unlimited tax break on employer coverage and using the new revenue to pay for refundable tax credits to help low-income people get coverage, Scully said. House Republicans, still smarting from Bush's decision to raise taxes as part of the 1990 budget deal, objected, and Bush's advisers stripped the plan out of the budget at the last minute.

"The political timing was terrible," Scully said.

A proposal similar to the current one was recommended two years ago by a presidential advisory panel studying the federal tax system. The panel recommended capping the exclusion from taxable income of employment-based health benefits at $11,500 for family coverage and $5,000 for individuals, starting in 2006. The key difference was that the panel's proposal would have limited the new deduction to the cost of premiums, while Bush's plan would allow even those with cheaper policies to claim the full $15,000 amount.

"The truth is that policy wonks have been talking about this for well more than 20 years, but politicians generally look at it and say, 'This doesn't look like a good deal for me,' " said Joseph Antos, a health economist at the American Enterprise Institute who supports the new Bush plan. "As we've joked around here for years, it's an idea that only a policy wonk could love."

Not so, said Bush.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," he said. "They're just dismissing things because of pure politics; we have put forth ideas that are worthy of debate, and we believe will work."

Bush Promotes His Healthcare Proposal (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 26, 2007

He defends his plan to tax some employer-paid coverage, saying it would rectify 'discrimination … based upon who you work for.'

DOJ_NMG_0121874

LEE'S SUMMIT, MO. — President Bush traveled to a Missouri hospital Thursday to press his case that Congress should sign on to his healthcare proposals, including his idea to pay for his initiative by taxing some employer-paid insurance premiums as employee income.

Unlike similar town-hall-style events that the White House bills as "conversations," the round table at St. Luke's East hospital had no audience other than about 30 reporters.

"If you work for a company, you get your healthcare free, in essence. It's part of the benefits package," Bush told his seven guests, who included several small-business owners and an uninsured waitress. "If you're a stand-alone person, you pay your healthcare on an after-tax basis.

"In other words, there's discrimination in the tax code based upon who you work for. It makes it harder for individuals or small-company employees to be able to buy healthcare," the president said.

Members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining healthcare for the 47 million people in the United States who are uninsured and would eventually raise costs for average families.

Bush toured the new hospital, part of St. Luke's Health System of Kansas City, Mo., to examine its use of information technology, another cause he has promoted. In the emergency room, Bush admired a flat-screen television monitor with a blinking display of patients' vital signs, procedures and medications.

"Medicine is finally catching up with the rest of America in terms of information technology," Bush told the assembled doctors and nurses.

In his State of the Union address, the president proposed making health insurance premiums paid by employers taxable to their employees as part of their compensation. At the same time, every family would get a standard healthcare deduction of $15,000 ($7,500 for singles).

That would mean that families with total healthcare premiums less than $15,000 would get a tax break, but those with what Bush has termed "gold-plated" plans would have to pay income tax on the amount over $15,000.

The president argues that his proposal would level the playing field for those without employer-sponsored health insurance, because the standard deduction would be available to everyone. And that would make it easier for more people to afford to buy individual health insurance.

However, many healthcare experts say that the president's proposal will do little to help most of those who have no health insurance. That is because about half of the uninsured earn so little that they do not file income taxes, so the standard deduction would not help them.

Currently, about 25% of employer health plans cost companies and their employees more than $15,000 a year, meaning that roughly 75% of those with employer health plans would get a tax break under the president's proposal. But healthcare experts say that those savings could be short-lived; the deduction and cap will be indexed to inflation, whereas healthcare costs have been rising faster than the inflation rate.

Esmerelda Wergin, a waitress at her grandmother's Mexican restaurant, told the president that she and her husband had been unable to afford health coverage for themselves and their two sons, either through a job or on their own.

"Some jobs offer you health insurance plans, but they cover nothing…. It's really hard to find one that's going to suit your family's needs," Wergin said.

Bush said the Wergins would save $3,500 in taxes under his proposal, money they could put toward health insurance.

"Rather than have a family sit outside the system … why not help them afford a healthcare system through making the tax code fair?" Bush asked.

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Bush Health Plan Leaves Questions (PD)

By Mary Vanac

Cleveland Plain Dealer, January 26, 2007

Mary Vanac Plain Dealer Reporter

DOJ_NMG_0121875

Local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance.

During his State of the Union address Tuesday evening, Bush proposed giving a $7,500 deduction to single taxpayers and a $15,000 tax deduction to families who buy health insurance.

Practically speaking, taxpayers who pay for their own health insurance would benefit directly from the proposal.

Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership.

But this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said.

But for the majority of taxpayers who get their medical insurance through an employer, the proposal means shifting that employer-paid benefit to employees as income.

This income would be tax-free up to the deduction amounts, but amounts exceeding the deductions would be taxable income for the first time.

Many of the details surrounding the Bush proposal still aren't clear, said Joe Gibbons, government-relations director for Medical Mutual of Ohio in Cleveland.

"The president offered up an interesting concept, which deserves a full review," Gibbons said.

"But I don't think anything becomes clear until after the next [presidential] election."

Jim Kappel, spokesman for WellPoint Inc., the Indianapolis owner of Anthem Blue Cross and Blue Shield of Ohio, said, "Tax policy can be an important way for people to consider health coverage."

Like many insurers and states, WellPoint has its own ideas about how to reform the U.S. health insurance system.

A WellPoint plan announced this month called for universal coverage for children and for expanding programs for the neediest, Kappel said.

John Ryan, outgoing head of the North Shore Federation of Labor, said the proposal raised concerns for people who have medical insurance, as well as those who don't.

"For people who have health-care coverage, it provides a foot in the door for tax benefits," said Ryan, who plans to become U.S. Sen. Sherrod Brown's Ohio director after his replacement at the former Cleveland AFL-CIO Federation is found.

But workers who now receive generous health-care benefits could pay taxes they don't have to pay today, he said.

People who don't have insurance because they can't afford it, though, won't benefit from a tax deduction.

"The proposal falls short of what working families need," Ryan said.

"The only good thing about [Bush's] proposal on health care is that he has stated there's a problem," Ryan said.

COSE's Millard said he was glad to see that health care made the first 10 minutes of Bush's speech.

"I liked the comments he made supporting the Voinovich bill and alternatives for how states deal with health care costs," Millard said, referring to Ohio Republican Sen. George Voinovich's idea to provide waivers for Medicaid recipients that could bring more federal dollars to states like Ohio.

"We are advocating a number of things for changing the health care system," Millard said. Pairing the president's proposed tax deductions with a requirement that all Americans have health care coverage will bring change to the health care system, he said.

Bush Pushes Health Care Plan (NYT)

By Jim Rutenberg

The New York Times, January 26, 2007

LEE'S SUMMIT, Mo., Jan. 25 — President Bush urged Congress on Thursday to consider his new health care proposal and indicated he was ready for a fight.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," Mr. Bush said of his health care plan. "They're just dismissing things because of pure politics."

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Mr. Bush's comments came in a discussion with local doctors, small-business owners and workers here on the second stop of a tour to promote policies he proposed during his State of the Union address on Tuesday night.

Even before the speech, Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, had cast doubt on the chances of Mr. Bush's package of proposals, which is intended to improve access to health insurance with changes in the tax code. Mr. Rangel called it "a bad policy"; other Democratic leaders have since called the proposal all but "dead on arrival."

Under the proposal, workers would be newly taxed on health care plans provided by employers that were valued above new — and, administration officials say, generous — standard deductions for health care benefits. Individuals would in turn be able to buy insurance plans tax-free.

White House officials said they had received more positive feedback from some Senate Democrats, but the plan has drawn fierce resistance from the labor unions.

With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say.

But Mr. Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them.

"We proposed a bold initiative," Mr. Bush said here. "I know Americans expect that the United States Congress will take a look at all ideas."

The president spoke at St. Luke's Hospital here, where he asked a group of workers, business owners and administrators how the current system worked against them and how the new system would help them.

Martha Gelencher, a small-business owner sitting with the president, said in a typically glowing exchange about the proposal that she could not imagine "why someone would not think it would be a good thing."

Mr. Bush portrayed the plan as in keeping with his philosophy that it was government's role to enable people to become the "decision maker," reminiscent of his reference to himself last year as "the decider."

Bush Comes To Missouri To Promote Health Plan (SLPD)

By David Twiddy

St. Louis Post-Dispatch, January 26, 2007

LEE'S SUMMIT, Mo. (AP) -- In town to push his proposal to expand access to health insurance, President Bush on Thursday praised advanced patient care technology at a local hospital.

Bush toured the Lee's Summit campus of the Saint Luke's Health System, which is less than two years old and features an array of high-tech systems that closely track patient care, even from half a state away.

In one room, Bush studied a wall of computer screens that included medical information on every patient currently receiving treatment in the hospital's emergency room, including the X-ray of a girl who had dislocated her elbow.

In another room in the intensive care unit, hospital officials showed the president a high-powered camera above a bed that would allow physicians anywhere to keep an eye on the patient's progress. A similar system allows hospital employees to watch patients at ICUs in other Saint Luke's system hospitals, including one in Hays, Kan.

"Medicine is finally catching up with the rest of America in the use of technology," said Bush, who has advocated for greater use of computerized health records as a way to bring down costs and reduce medical errors.

Afterward, Bush attended a round-table discussion in one of the hospital's conference rooms with a group of small-business owners and employees, hearing their concerns about paying for insurance.

In his State of the Union address Tuesday, Bush proposed taxing employer-financed health care benefits after a deduction of $15,000 for families and $7,500 for individuals. The deductions would also apply to people buying their own insurance plans.

The White House estimates about 80 percent of workers with health insurance would see a tax cut because of the change. The other 20 percent would see a tax increase if their insurance was worth more than the deductions.

Bush defended the plan Thursday, saying it would "level the playing field" between small businesses and large businesses, which typically get a discount because of their size and help more people afford coverage.

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"If you work for a company you get your health care for free, in essence, because it's part of your benefit package," he said. "If you're a stand-alone person, you're paying for your insurance on an after-tax basis. There's discrimination in the tax code based on who you work for."

The Missouri Democratic Party joined other critics of the plan, saying it wouldn't help reduce the millions of people living without insurance and could encourage employers to limit or drop high-quality coverage.

"You don't make health care more affordable by increasing taxes on middle-class families that work hard and currently have good health care coverage," said Jack Cardetti, the state party spokesman.

Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, said the poorest people will have to use any tax savings they receive for other living expenses, not insurance.

"We know tax cuts don't help the general public," Carroll said. "It gets President Bush around the real issue, which is universal health care."

Bush dismissed similar concerns from Democratic opponents in Congress as "pure politics."

"If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider," he said.

As an example, he pointed to Dan Jones, a St. Louis computer engineer and one of the round-table participants, who said he's been without insurance since dropping his individual plan when premiums got to $400 a month.

"That $4,800 (a year's worth of premiums) is a lot of money," he said. "That's money that could go toward a car or a house."

Bush said the plan would save Jones more than the cost for an individual insurance plan.

"Here's a classic case, a young guy in the marketplace priced out of the individual market," he said. "The plan helps him."

Bush Promotes Health Care Proposal (USAT)

By David Jackson

USA Today, January 26, 2007

LEE'S SUMMIT, Mo. — For Dan Jones, a single man with no health insurance, President Bush's plan to give tax deductions for health coverage sounds like a good deal.

Bush's proposal would give individuals a $7,500 tax deduction regardless of whether they buy their own health insurance or their employers pay for it. Families would receive a $15,000 deduction. It was unveiled during Tuesday's State of the Union speech.

VIDEO: Bush tours hospital

"Your health care proposal looks very profitable to me," Jones told Bush Thursday at a roundtable discussion.

Jones, who lives in St. Louis and works for a computer company, said he would be able to buy an insurance policy under Bush's plan and have money left over. Jones would be able to reduce his taxable income by $7,500, even if he spends less on health insurance.

On the second of his road trips to sell his State of the Union ideas, Bush told a group of medical professionals that the federal government should make health insurance and care more affordable. An estimated 47 million Americans are uninsured.

"The (health care) system discriminates against the Dan Joneses because the tax code … has made it harder for him," the president said. "We're trying to move somebody like Dan from being a statistic."

Democrats criticized Bush's plan. In Washington, a fact sheet released by Senate Majority Leader Harry Reid's office said it would "prompt employers to stop offering health care."

Sen. Barack Obama, D-Ill., who is exploring a White House bid, said Bush's proposal was a "halfway measure" that "does little to bring down costs or guarantee coverage."

Before the roundtable discussion on health care, Bush toured St. Luke's East hospital and learned more about new technologies that help doctors treat and diagnose diseases. The president said he wants to find ways to use information technology to help people understand the costs of medical services.

He also repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. "When you've got a lawsuit, it causes good docs to quit the practice of medicine," he said.

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White House spokesman Tony Fratto said public pressure — and demand for better health care — would force Republicans in Bush's party and Democrats who control Congress to work together.

"The American people are rightly concerned about any plan that will put the government between patients and their doctors," Fratto said. "Good ideas that avoid that pitfall will have a chance to prevail."

On Capitol Hill, Republicans such as Sen. George Voinovich of Ohio have expressed concern that the war in Iraq could affect Bush's ability to press a domestic agenda with Congress.

Bush meets today with House Republicans to discuss health care, energy, immigration and other issues.

"They're going to want to talk about issues that came up in the State of the Union address," White House press secretary Tony Snow said, "because that is going to play a significant role in politics over the next few months."

Leavitt Espouses Health Plan (WT)

By Gregory Lopes

The Washington Times, January 26, 2007

During the next three months, Secretary of Health and Human Services Michael O. Leavitt will travel the country to drum up support for the Bush administration's proposals for health care coverage.

Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance.

It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured.

While the new attention is necessary, it may not be effective.

"What we have here is a convergence of philosophies between the Democrats in Congress that want to expand the employer system and public programs and Republicans [the Bush administration] who believe the individual system is where we need to go," said Robert Laszewski, president of Health Policy and Strategy Associates. "You don't split the difference, we're stalemated until 2008."

The president released his proposals to Congress shortly before the State of the Union address. Almost immediately the plan was criticized on Capitol Hill.

"President Bush's proposal on health care is another step in the wrong direction," said House Speaker Nancy Pelosi, California Democrat, at the U.S. Conference of Mayors on Wednesday.

"It will actually raise taxes on middle-class families lucky enough to have good health insurance, while providing little assistance to the 47 million uninsured Americans. Quite simply, it's bad medicine."

The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured.

The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. "It's not fair," he said.

So the administration is proposing to reform the tax code by giving families a $15,000 deduction and individuals a $7,500 deduction. But Families USA, a nonprofit consumer organization, calls the tax-reform proposal regressive, partly because a tax deduction favors people with higher incomes.

A tax credit provides more tax relief. For a family in a 15 percent tax bracket, a tax deduction reduces their tax liability by only 15 cents for every dollar spent on premiums. The Families USA analysis shows that for a family in a 15 percent bracket, the tax deduction is worth $2,250.

When asked why a deduction rather than a credit, the secretary said that the administration considered a tax credit and that "a tax credit certainly has redeeming features."

"If exclusion [deduction] is not the solution, let's talk about what is a solution, but I believe exclusion is the best policy," he said.

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Under the proposal, Mr. Leavitt said 23 million to 28 million people would pay more taxes on their insurance because, for the first time, the government would levy a tax on the value of employer-sponsored health insurance in some cases. Currently, most employees are not taxed on the value of their employer-sponsored health insurance.

Meanwhile, the industry/advocacy coalition proposal, while also offering tax incentives, calls for not only an expansion of the State Children's Health Insurance Program but also broadening the coverage power of Medicaid to childless adults.

Bush Touts Health Care; So Do Obama, Clinton (NPR)

By Julie Rovner

NPR, January 26, 2007

All Things Considered, January 25, 2007 · President Bush travels to Missouri to tout the health plan he unveiled in his State of the Union Address. Back in Washington, Democrats who want his job in 2008 are pushing plans of their own.

Sen. Barack Obama (D-IL) makes his health-care debut at the annual conference of the consumer health group Families USA, while Sen. Hillary Rodham Clinton (D-NY) addresses the U.S. Conference of Mayors.

White House Touts Health Care Savings (AP)

By Kevin Freking

AP, January 26, 2007

Get health insurance through your employer? The average cost of a family policy is about $11,500, low enough to get you a tax break under President Bush's new health care initiative.

If an employer-provided plan covers you alone, the policy costs just under $4,250 on average, still low enough for a tax cut.

The administration says its proposal would enable more Americans to afford health insurance, reducing the ranks of the uninsured _ now estimated at 46.6 million _ by 5 percent to 10 percent.

The president hit the road Thursday to sell his health care plan, talking it up at a conference in Lee's Summit, Mo. But it has received a cold response from key Democrats in Congress.

The plan would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically.

But, then, the president calls for a standard tax deduction for those who buy health insurance _ $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction.

The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase.

About 160 million people get health coverage through their employers.

A smaller group of Americans, about 17.8 million, buy health insurance on their own because their job doesn't provide it or they can't afford the coverage their employer offers. Almost all of them would experience a substantial tax cut.

That's because they don't have a boss fronting the cost of their insurance on a tax-free basis. They pay for it themselves, and get little tax help unless they spend at least 7.5 percent of their adjusted gross income on health care.

Karen Davis, president of the Commonwealth Fund, said the people who buy insurance on their own are typically baby boomers. Of the 12 million adults in the individual market, 40 percent of them make more than $50,000 a year.

They would save, on average, about $2,500 when buying individual coverage, and $5,000 on family coverage, she said.

"I definitely think it is fiscal relief" for those in the individual market, Davis said.

That relief is much more mixed when it comes to people who get health insurance through their work, she said.

Just how much one pays or saves depends upon which income tax bracket they're in. The administration projects that the greatest benefit would go to the middle class.

The wealthy tend to have the most expensive policies, and many of them can expect to pay higher taxes. Meanwhile, the poor generally don't pay any income tax, so the help they get would be limited to lower payroll taxes.

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The administration has referred to health insurance policies exceeding $15,000 for a family or $7,500 for an individual as gold-plated, but many disagree with that assessment.

"Not all these policies are gold-plated. What you get depends on where you live, where you work and what the cost of insurance is in that area," said Diane Rowland, executive vice president of the Kaiser Family Foundation.

Workers in established manufacturing industries, such as the auto and steel industry, tend to have generous health insurance benefits, so they could see their taxes go up if they stick with their current policy. So could many government workers.

Also, large firms tend to have better, more expensive policies than do small businesses. Davis said that large businesses tend to treat the great majority of employees equally.

"Typically, the person working in the mail room has the same health coverage as the person working as an executive," Davis said.

But John Goodman, president and CEO of the National Center for Policy Analysis, disagreed. He said executives at large corporations often get extra benefits on top of the insurance that everyone else at the company gets. They'll get annual checkups and undergo screenings at the most renowned medical facilities such as the Mayo Clinic, or in his home town of Dallas, the Cooper Clinic. It makes little sense for the government to subsidize such health insurance plans, he said.

"It's not unusual at all to find the guys at the top with the most lavish plan," Goodman said.

While more than 100 million people would get a tax break, the administration estimates, more than 55 percent of the uninsured _ about 25 million people _ have such low incomes that they pay no income taxes, Davis said. So the tax changes would not make insurance any more affordable for them, she said.

The president's plan would not kick in until 2009. Over the years, the standard deduction would increase at the rate of overall inflation. But some tax analysts warn that the deduction would still lose value as a result.

That's because health insurance premiums have been going up much more quickly than inflation, so, eventually, more taxpayers will fall into that camp whose health insurance cost more than the deductible. When that happens, they have two choices, pay more taxes or select more basic, less expensive insurance plans.

The administration says it believes that people will seek out more basic coverage to avoid tax increases.

"We think that will bring down national health spending," said Katherine Baicker, who serves on the president's council of economic advisers.

Some analysts also worry that more small businesses will drop coverage if they know their workers can get coverage on the individual market, thanks to the new tax breaks for people buying insurance on their own.

Coverage in the individual market is generally cheaper than coverage in the group market, but many Americans, particularly those with pre-existing health conditions, will find it difficult getting a company to sell them a policy, said Len Burman of the Tax Policy Center, a joint program run by the Urban Institute and the Brookings Institution.

"For many, the nongroup market doesn't work well," Burman said. "It works fine for people who are healthy. It just doesn't work well for people who are sick."

Bush's Health Plan Might Look Familiar To Utah (SLT)

By Robert Gehrke

Salt Lake Tribune, January 26, 2007

WASHINGTON - As governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance.

Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in President Bush's State of the Union to deeply skeptical Democrats in Congress.

"Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state," Leavitt told reporters Wednesday.

The Bush plan extends tax deductions to help self-employed workers or those whose employers don't offer insurance buy health coverage.

"If you're a waitress or you're a bricklayer or you're a day care worker . . . it's simply too big of a lift," Leavitt said.

There are currently about 47 million Americans without health insurance.

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The second part of the plan would tax health care benefits provided by employers that exceed $15,000 for families and $7,500 for individuals.

About 20 percent of workers with plans worth more than the deduction - policies the administration calls "gold-plated" coverage - would pay taxes. However, the White House projects that after 10 years, nearly 40 percent of workers would see a tax increase or have to find a cheaper policy, White House spokesman Tony Fratto said.

That's because the cost of health care

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is projected to grow faster than the value of the tax deduction, meaning that, barring changes the White House hopes will keep health costs down, more workers would have health coverage worth more than the deduction.

Leavitt said the tax issue is a question of fairness that has to be addressed if the goal is coverage for every American.

"In my mind, it's simply indefensible for our country to have a tax policy that provides a tax benefit to portion of our citizens and simply ignores the rest, and that's the policy we currently have," he said.

As governor, Leavitt proposed, and the Legislature passed, a similar proposal exempting health care costs from state income taxes, but "it became very clear that it was essentially just a gesture."

"This dilemma is simply unresolvable by the states," he said. "It has to be dealt with by the federal government."

Leavitt and the administration face a skeptical Congress.

Rep. Pete Stark, D-Calif., who chairs a House health subcommittee, said the president's plan won't help the uninsured and will discourage employers from covering workers. Senate health committee Chairman Edward Kennedy, D-Mass., said the tax breaks won't improve coverage or "help working families afford the spiraling cost of health care."

Utah health care advocates also have reservations about Bush's health care plans.

"These tax credits aren't going to come anywhere near what it's going to cost families to have credible health coverage," said Judi Hilman, executive director of the Utah Health Policy Project.

Leavitt also outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over.

Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns.

"I took criticism from advocacy groups, but I got letter after letter after letter of appreciation from nearly 20,000 families that had health insurance for the first time," Leavitt said.

Bush's Budget Will Detail Plans To Slow Spending On Medicare (WSJ)

By Deborah Solomon

The Wall Street Journal, January 26, 2007

WASHINGTON -- Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready.

Read excerpts2 from the interview with Treasury Secretary Henry Paulson.

In an interview yesterday, Mr. Paulson said the budget for fiscal 2008, which begins Oct. 1, will include a number of "incremental changes" to government health programs, including some aimed at slowing the projected 7% annual growth in Medicare spending. The budget is to be released on Feb. 5.

Mr. Paulson wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly.

"When the budget goes up you will see a number of changes relating to Medicare which are aimed at slowing the growth of these liabilities, slowing the trajectory," Mr. Paulson said.

Talking to Congress

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Mr. Paulson, who took office six months ago, said he is spending much of his time talking to members of Congress about the urgency of restraining health costs and reducing the nation's reliance on foreign oil.

Restraining the costs of the Medicare health insurance program for the elderly will help the White House show a budget that is balanced by 2012.

The program cost about $374 billion last year, about 14% of all federal spending. Without any changes, the Congressional Budget Office estimates it will cost $851 billion by 2017.

The proposals to save the government money on Medicare complement President Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said. Calling the proposal "a big idea," he said it is intended to advance the national conversation about health care and make Americans better consumers of health care and thus restrain cost increases over time.

On Social Security, Mr. Paulson acknowledged that it may be hard to meet the president's goal of fixing the long-term finances of the government's retirement program, given the "significant political differences and policy differences on what steps are to be taken."

In his State of the Union address, Mr. Bush said failure to put Medicare, Medicaid and Social Security on strong financial footing "will one day leave our children with three bad options: huge tax increases, huge deficits, or huge and immediate cuts in benefits."

Mr. Paulson said he has been reaching out to Democrats and Republicans in Congress to start a discussion without any "preconditions." Mr. Bush has pushed the notion of creating private accounts as part of a Social Security fix; Democrats have resisted. Mr. Paulson insisted nothing is off the table, refusing, for instance, to rule out discussion of changes to the payroll tax. "The key thing is to come together without preconditions," he said. "It's only fair that if you're going to have a bipartisan discussion, you can't tell someone we're not going to let you talk about your idea."

In a Fox News interview last week, Vice President Dick Cheney sounded a different tone, saying that the president wants a discussion without "preconditions" but that "we don't believe a tax increase is necessary." Those comments drew fire from Democrats.

Asked about Mr. Cheney's remarks, Mr. Paulson said, "The president has been very clear. He'd like people to come together without preconditions."

'Can't Force Something'

Mr. Paulson said even creating a path for his successor to solve the Social Security problem would be progress. "We can't force something," he said. "If we get fortunate there will be enough momentum and the leaders in both bodies of Congress will work together and we'll craft a solution. But if we don't, hopefully if I do my job right, if others do the things they're doing, we'll make progress. We'll depoliticize this and it will be easier for someone, sometime in the future to solve."

The secretary, an active environmentalist before coming to Washington, also emphasized the urgency of taking action to reduce the nation's dependence on oil, saying "one of the significant risks to our economy is imported oil" and said the solution lies primarily in reducing the reliance of automobiles on gasoline.

Mr. Bush has called for a 20% cut in gasoline consumption over the next 10 years, and would achieve that through new auto fuel-economy standards and a mandate to use more ethanol and other alternative energy.

"This is aggressive," Mr. Paulson said. "By putting a mandate of that size out there, I believe that is going to spur, and I know the president does, huge technological advances in investment," he said, adding: "If we can have 20% of our transport fuel not come from oil, that will make a big difference."

Growing Support Of Public (WSJ)

By John Harwood

The Wall Street Journal, January 26, 2007

DOJ_NMG_0121883

In new Wall Street Journal/NBC News poll1, Americans back Democrats by 35 percentage points on prescription drugs for seniors amid looming showdown with White House over Medicare drug benefit. Since Bush's presidency began, Democrats have turned an eight-point deficit on taxes into an eight-point edge, and narrowed deficit on "moral values" to nine points from 22.

Approaching 2008, Democrats have "a once-in-a-generation opportunity to be...reconsidered" as a national party, says Republican pollster Bill McInturff, who conducts the Journal/NBC survey with Democratic counterpart Peter Hart. In new book, Senate Democrats' campaign chief Schumer of New York recommends a "kitchen-table compact" including unconventional issues like reduced cancer mortality to court centrists like the fictional couple "Joe and Eileen Bailey" he uses to shape strategy.

The Baileys remain "up for grabs," Schumer says, "but they're more open to our message than theirs."

Congress attracts promising initial reviews.

By 53% to 44%, Americans say new House ethics rules will improve lawmakers' "ethics and honesty." A 48% plurality predicts Democratic Congress will "strike the right balance" with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be "too inflexible" with then-President Clinton.

Speaker Pelosi's positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name; most still don't know Senate Democratic Leader Reid, Senate Republican Leader McConnell or House Republican leader Boehner.

Health care returns to spotlight but still poses political risks.

A 53% majority expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993.

Resistance is greatest among those earning more than $75,000. Americans embrace coverage mandates pushed by Romney of Massachusetts and Schwarzenegger of California as good ideas, but by only a bare 48%-42% plurality; those 50 or older, the most-frequent voters, are least supportive.

Obama's backing of universal coverage may draw other African-Americans, who support the goal more than whites or Hispanics.

AS IRAQ COSTS mount, administration leans on private companies to help rebuild Lebanon as part of broader Mideast peace strategy; Intel and Cisco executives attend Paris donors' conference where Rice announces $770 million in U.S. aid. Some 49% of Americans say average U.S. citizen has sacrificed for Iraq war; 48% say no.

NEGOTIATORS STRUGGLE to complete U.S.-South Korea trade pact, which would be the biggest since Nafta. Among sticking points: Korean market access for U.S.-produced beef and autos. Among blue-collar workers, 28% call "jobs going overseas" the economic issue that concerns them most; 29% cite health costs.

SALES JOB: With just 40% approving his handling of the economy, Bush heads to Peoria and New York next week to promote recent signs of strength and rising wages. Treasury Secretary Paulson calls economy "a hell of a lot better than we thought it would be a year ago."

WHAT SLUMP? Majorities in all parts of the country say their home values are still rising. Most bullish are Southerners (65%); least bullish are Midwesterners (52%).

Charities chafe at Bush's foreign-aid priorities.

Antipoverty groups say U.S. would improve international image by emphasizing efforts against poverty and disease rather than democratization. "America has the opportunity to present a different face abroad," says Samuel Worthington of InterAction, an umbrella group with members including CARE and World Vision.

Though conservatives still strongly approve Bush's foreign policy, evangelicals are now split. Among families containing military veterans or active-duty soldiers, 55% disapprove Bush's handling of Iraq and 54% say the war hasn't been worth the costs.

Bush aid chief Randall Tobias pledges "an appropriate balance" between foreign-policy and antipoverty goals.

MINOR MEMOS: Despite election thumping, 40% of Republicans characterize themselves as very happy compared with 26% of Democrats. ... Most likely to say they've taken antidepressants: women, whites, those earning less than $30,000 and liberals.

The President's Risky Health Plan (NYT)

DOJ_NMG_0121884

The New York Times, January 26, 2007

The new health care proposals announced by President Bush this week purport to tackle the two toughest problems confronting the American health care system: the rising number of uninsured Americans and the escalating costs of medical care.

But on both counts, they fall miles short of what is needed to fix a system where — scandalously — 47 million Americans go without health insurance.

The financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address the problem. To keep the program "revenue neutral," Mr. Bush would instead use tax subsidies to encourage more people to buy their own health insurance, while imposing additional taxes on people who have what Mr. Bush deems "gold plated" insurance.

It is a formula that would do little to reduce the number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden.

One enlightened element is that the plan would provide equal tax treatment to those who bought their insurance policies on the individual market and those who got coverage through group policies at work, thus ending a longstanding inequity that favors employer-based policies. To level the playing field, the administration proposes to grant everyone who gets qualifying health insurance a standard deduction — $15,000 for family coverage or $7,500 for single coverage — off their income subject to taxation. Those with family policies exceeding $15,000 in value would have to pay taxes on the excess amount.

After the proposed starting date in 2009, the administration estimates, about 80 percent of workers with employer-provided policies would pay lower taxes and 20 percent would pay higher taxes, unless they reduced the value of their health coverage to fit within the standard deduction.

The new standard deduction would almost certainly entice some people to buy health insurance who had previously elected not to. But a tax deduction is of little value to people so poor that they pay little or no income tax. And unfortunately, it is those people who account for the vast majority of the nation's uninsured.

Instead of trying to fix that fundamental flaw, the administration has decided instead to buck it to the states. The White House has offered few details. But its idea is to allow states to redirect federal money that now helps to finance hospitals that provide charity care and use it instead to subsidize health insurance for the poor.

In an ideal world, it would make good sense to insure people in advance rather than wait for them to show up in a high-cost emergency room. But this plan could quickly cripple the safety-net hospitals. Fortunately, no governor would have to accept the offer to redirect funds. The scheme is mostly a reflection of how the administration is unwilling to accept true responsibility for the uninsured.

If the administration really wanted to help low-income people, it would have proposed a refundable tax credit that would have the same dollar value for everyone — instead of a tax deduction, which primarily helps people in high tax brackets. Even those who do not pay taxes would get a check for the dollar value of the credit, providing them at least some money to help pay for health insurance. Congress ought to recognize that credits are the better approach for even such a limited plan.

As for the tax increases on those "gold plated" health policies, the White House is hoping to discourage people from using high-priced comprehensive health policies that cover everything from routine office visits to costly diagnostic procedures that are not always necessary.

The administration's goal is to instead encourage people to take out policies that might reduce the use of medical services, like policies with high deductibles or co-payments, or managed care plans. But even "copper plated" policies can exceed $15,000 in cost if they are issued in areas where medical prices are high or to groups with high numbers of older or chronically ill workers.

The whole approach rests on the premise that comprehensive prepaid health policies are a major factor in driving up costs; the theory is that people will tend to use services if they are covered. There is probably some truth in that.

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But the main drivers in rising health costs are the costly services, high-priced drugs and hospitalizations for people who are seriously ill with catastrophic diseases or multiple chronic illnesses. Making their health coverage less generous would simply make it harder for them to get the care they need.

The greatest risk in the president's proposal is that it would seem likely to lead many small- and medium-size employers to stop offering health benefits altogether on the theory that their workers could buy affordable insurance on their own. That would leave many more Americans at the mercy of the dysfunctional individual policy market, where administrative costs are high and insurers strive to avoid covering people who are apt to become sick and need costly care.

For all its fanfare, Mr. Bush's plan would be unlikely to reduce the ranks of the uninsured very much. And if things went badly, it could actually increase their numbers. That's not the answer Americans are waiting for and not what they deserve.

Bush Plan Won't Fix Broken Health Insurance System (FLSUNSEN)

By Michael Mayo

South Florida Sun-Sentinel, January 26, 2007

To see how spectacularly off the mark President Bush's proposal to solve the health insurance crisis is, consider the case of Celestine Pearson.

"We're already capped out on our deductions, because we got five of us living on one part-time salary," Pearson said. "So how is this [$15,000 tax credit] going to benefit us? We won't get any more tax breaks, and health insurance still won't be affordable."

I met her outside Memorial Regional Hospital in Hollywood on Wednesday, where her 10-year-old son was having minor surgery.

She and her husband have been without health insurance for a year, when he lost his job with the state as a toll collector. He now has a part-time job that doesn't include benefits.

They live in Miami Gardens and have four children: 10, 13, 15 and 19.

She said the three youngest have medical coverage through Medicaid and the state. Their oldest, a biology student on scholarship at the University of South Florida in Tampa, has been uninsured since she turned 18.

"The president may have some people's interests at heart, but I don't think it's probably mine," said Pearson, 43.

Pearson said the family hasn't even bothered shopping for new insurance since losing the HMO plan that came with her husband's former job. She ticked off the other things that take priority: rent, food, electric bill, clothes.

Now that she, her husband and oldest daughter are among the 3.6 million Floridians without health insurance, she said they have adopted a new "preventative care" plan.

"Basically we're neglecting ourselves and praying we don't get sick," Pearson said.

"The politicians talk as if they care, but when it comes down to actually providing, they do nothing."

Actually, Bush's plan might be worse than nothing. It would reward high-income workers in low-cost plans, penalize middle-class families who live in high-cost states and might prove utterly irrelevant in reducing the ranks of the 46.5 million uninsured Americans or the overall cost of health care.

The plan would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries.

In other words, sounds like another Bush boondoggle.

The plan appears dead on arrival, with no realistic way to get through the new Democratic Congress. But it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago.

"For the average Joe American, making 30 or 40 grand a year, these tax breaks are going to do him bupkis," said Marc Zilbert, 60, of Hollywood, using the Yiddish word for nothing.

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When it comes to health care, Zilbert is living proof of how upside-down the system is. A former commodities broker, he said he has been uninsured and unemployed for the last year, but now has all his medical care provided by the South Broward Hospital District's indigent fund.

"I get treated first class," said Zilbert. "No different than if I had Blue Cross/Blue Shield."

He stood outside with a cigarette, attached to an IV drip. He said he had pneumonia and diabetes. Was it a good idea to be smoking? He used another Yiddish word to describe himself (rhymes with luck) and said he had cut down from four packs to five cigarettes a day.

"I'd much rather be paying my own way," he said.

He said he'd have to pay about $1,200 a month for an individual health-care plan, and it wasn't likely any insurance company would take him because of his health history, including cancer.

"The gap in coverage is what's killing people," he said. "If you have a lot of money or if you have nothing, you're OK, but everyone in between is stuck. ... I don't believe in socialism but there has to be a happy medium. There's got to be a better way."

President's Health Care Plan Deservedly DOA (MERCN)

The San Jose Mercury News, January 26, 2007

President Bush should have taken a page out of Gov. Arnold Schwarzenegger's book if he were serious about national health care reform.

Instead, the president's approach, culminating with his State of the Union address, pretty much assures the centerpiece of his domestic agenda is dead on arrival.

That's exactly what President Bush's weak, warmed-over proposal deserves.

The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured.

Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. Prior to his State of the State address, he consulted with Democratic leaders and health care experts throughout the state, and he has since welcomed alternative proposals and criticisms, creating a political aura that suggests he is more interested in ``getting it right'' than furthering a political agenda.

Monday, he continued his effort to drum up support for his plan by sitting down with nearly two dozen high-tech executives for a round table discussion at Seagate Technology in Fremont.

President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle.

Rather than a push for ``shared responsibility,'' the president continues with his view that everyone, rich and poor, should be pretty much on his own.

The president is offering a tax deduction of $7,500 for individuals and $15,000 for families to try to help purchase health insurance. But as Health Access Executive Director Anthony Wright puts it, ``that's like giving a three-foot rope to people in a 10-foot hole.''

Since it's becoming increasingly clear that the president isn't going to be able to lead a national debate on health care for his remaining years in office, it's time for the 2008 presidential contenders to start offering ideas.

They can begin by talking about their reaction to what innovative states -- including California and Massachusetts -- are doing to provide potential national models for health care reform.

Running On Empty (NYT)

By Thomas L. Friedman

The New York Times, January 26, 2007

Sorry to repeat myself, but I have the same reaction to this year's energy proposals in the State of the Union that I had to last year's. President Bush had the opportunity to launch America on a transformative new path for clean, efficient power. He had a

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chance for a "Nixon to China" moment — as the Texas oilman who leads us into a greener future. Instead, he gave us "Nixon to New Mexico" — right direction, but not nearly far enough.

As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired George Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip.

The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk — regarding both energy and Iraq.

"The stakes on Iraq and on climate change are way too large for us all to be just couch potatoes waiting for the messiah to come in 2009," said Fred Krupp, president of Environmental Defense. "That is not an option. Yes, it would be entertaining, but we need leadership on these issues, and we need it now."

On energy — no, the president's proposals were not just beanbag. His call to reform CAFE mileage standards for U.S. cars "shifts the debate from whether to compel U.S. automakers to build more fuel-efficient vehicles to how much they should do so," notes a strategy consultant, Peter Schwartz. And his call for a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks also changes the debate from whether to how much, and which fuels.

But the devil will be in the details. Will liquefied coal be one of those alternatives — which could add to global warming — or only non-fossil-fuel alternatives? On mileage standards, U.S. automakers will lobby the White House very hard for the smallest possible change. Will they get their way? If so, there isn't much here.

The really bold, transformative — and popular — initiative Mr. Bush should have offered would either be a national cap-and-trade system for controlling CO2 emissions by utilities, manufacturers and autos, or a carbon tax. Both would create economic incentives for us to get rid of appliances, buildings and cars that emit a lot of CO2 and to invent and purchase those that don't.

But there is no reason that the Democrats could not right now put a cap-and-trade bill on Mr. Bush's desk themselves by spring, Mr. Krupp said, "and I think Bush would sign it."

It is not enough for Democrats to just hold hearings on climate change. They need to use their new power to change the climate. Not only would the public be with them, but so would big business. A coalition of America's best companies — like General Electric, DuPont, Duke Energy, Alcoa, Caterpillar — and environmentalists just issued a "call to action" for a national cap-and-trade program to limit greenhouse gas emissions.

On Iraq: talking to some of our senior military lately, I've been struck by how concerned they are about the new Bush buildup against Iran. Before we have even won one war in Iraq, the Bush team seems to be courting another with Iran. I am all for brandishing the stick with Iran, but it should be for the purpose of gaining leverage for a diplomatic dialogue with Iran and Syria about Iraq.

"When your house is burning, you don't go looking to start a fire in the next house," said Vali Nasr, author of the "The Shia Revival." Right now, he adds, everything should be subordinated to trying to salvage Iraq.

Let the troop surge be accompanied and reinforced by what the Baker-Hamilton commission proposed: a regional conference that puts Syria, Iran, Jordan and Saudi Arabia around a table with Iraqis to try to stabilize the place. And that requires that America brandish carrots and sticks with all the parties. If a real regional conference doesn't work, then Democrats who want to just set a date to withdraw will have an even stronger case because we will truly have tried everything. But let's try everything: a surge of diplomacy, not just troops.

Let the Democrats put that on the president's desk. Just as the business community would support a real climate initiative, I think the U.S. military would support a real diplomatic conference. Bush gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them — for the long haul.

President's Union Speech Pleases Conservative Base (WT)

By Ralph Z. Hallow

The Washington Times, January 26, 2007

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President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress.

"He did not pander to the Democrats and independents as some thought he would," said New Jersey Rep. Scott Garrett, a conservative Republican who told The Washington Times that his House colleagues expressed a similar assessment.

Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion. But Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing.

Pat Toomey, president of the influential Club for Growth, saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans.

"A good example was health care, which was the central focus of his policy," Mr. Toomey said. "His message will appeal to voters, the middle class, Democrats and Republicans alike, because it eliminates an inequity in the tax code that has prevented the evolution of consumer-based -- as distinct from employer-provided -- health care."

"So we are every happy with his proposal, which will lower costs and provide more choice for consumers," said Mr. Toomey. "Democrats ought to like it, but I very much wonder if they to give the president any kind of victory and I am afraid they would rather have this issue to use against Republicans in the 2008 elections."

Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress.

"The top issues primarily interested the new majority," said Family Research Council President Tony Perkins. "While some of these issues have merit, the president went silent on key social issues that many Americans care deeply about. The overarching concern is that the administration is yielding its ability to influence the public discussion to the liberal leadership of the new congressional majority."

However, with his presidency now in its final two years, Mr. Bush must fight to maintain his influence.

"Bush is already a lame-duck president, but he is trying his best not to be considered a 'dead duck' president -- with no power or influence at all," said Merrill Matthews, an analyst at the Institute for Policy Innovation. "He was, in essence, saying, 'I am still relevant.' Bill Clinton made that claim verbally after the Republican victory in 1994. Bush is doing that by proposing several ideas -- many of them good and some of them more aligned with moderates or the left."

Because last year's election undermined Mr. Bush's political power to push his agenda, he is moving to "idea power," Mr. Matthews said. "Conservatives have always thought that ideas are the real driving force behind change," he said.

As for what, if anything, the president's sixth State of the Union will accomplish, Tom Kilgannon, president of Oliver North's Freedom Alliance, said, "It won't advance much that conservatives care about."

Senior State Department Official Resigns (AP)

By Barry Schweid

AP, January 26, 2007

Robert Joseph, the State Department's senior arms control and security official, has resigned.

Joseph submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea. Talks on both fronts have moved slowly, with U.N. penalties against both countries showing limited results. The talks are in recess.

Still, in an interview Thursday, Joseph said, "I think we have a very good record."

He cited Libya's renunciation of weapons of mass destruction and the dissolution of a network headed by A.Q. Khan, a Pakistani scientist who leaked weapons technology to North Korea, Iran and Libya.

Joseph also concentrated on what is now a grouping of more than 80 countries committed to intercepting and inspecting weapons cargo at sea and an initiative to combat nuclear terrorism.

Joseph, who will leave next month, acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to U.S. security.

While he was not a participant in negotiations with Iran and North Korea, Joseph worked on backup measures, including a financial squeeze on the two governments and putting in place the U.N. penalties.

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His departure follows that of several other top diplomatic officials, including Philip Zelikow, a close adviser to Secretary of State Condoleezza Rice; Deputy Secretary Robert Zoellick; and John Bolton, the U.S. ambassador to the United Nations;

Joseph joined the department in 2005 after working on Bush's national security council staff.

He has taken a strong view on a need to eliminate North Korean and Iranian nuclear programs. He warned last month against terrorist groups and other nations acting against U.S. and commercial satellites.

In a telephone interview, he said he would write, teach and work as a consultant. He has compiled 26 years of government service, teaching intermittently over that span.

Senators Kill Minimum Wage Amendment (AP)

By Jim Kuhnhenn

AP, January 26, 2007

An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a "poison pill."

Democrats said the Republican proposal was designed to kill underlying minimum wage legislation.

An amendment offered by Sen. Jim DeMint, R-S.C., was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor.

Eighteen other states have higher minimum wages than the current federal floor, but not as high as the $7.25 in the proposed legislation.

"This is a mandate on low-cost-of-living states, but not on high-cost-of-living states," DeMint said.

The amendment failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law.

Kennedy called the amendment a ploy "intended to give senators in high minimum wage states an uncomfortable vote today not to raise wages for hardworking Americans."

States that already have higher minimum wages than the federal floor tend to be clustered in the Northeast and the Pacific Coast. States without their own wage floor are in the Midwest and the South.

How To Make The Poor Poorer (WSJ)

By Gary S. Becker And Richard A. Posner

The Wall Street Journal, January 26, 2007

The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian.

An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. The higher prices reduce the producers' output and thus their demand for labor. The adjustments to the hike in the minimum wage are inefficient because they are motivated not by a higher real cost of low-skilled labor but by a government-mandated increase in the price of that labor. That increase has the same misallocative effect as monopoly pricing.

Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain; they are also likely to be poorer people. And poor families are disproportionately hurt by the rise in the price of fast foods and other goods produced with low-skilled labor because these families spend a relatively large fraction of their incomes on such goods. And many, maybe most, of the gainers from a higher minimum wage are not poor. Most minimum-wage workers are part time, and for the majority their minimum-wage income supplements an income derived from other sources. Examples are retirees living on Social Security or private pensions who want to get out of the house part of the day and

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earn pin money, stay-at-home spouses who want to supplement their spouse's earnings, and teenagers working after school. An increase in the minimum wage will thus provide a windfall to many workers who are not poor.

Some economists deny that a minimum wage reduces employment, though most disagree. And because most increases in the minimum wage have been slight, their effects are difficult to disentangle from other factors that affect employment. But a 40% increase would be too large to have no employment effect; about a tenth of the work force makes less than $7.25 an hour. Even defenders of minimum-wage laws must believe that beyond some point a higher minimum would cause unemployment. Otherwise why don't they propose $10, or $15, or an even higher figure?

A number of countries, including France, have conducted such experiments; the ratio of the minimum wage to the average wage is much higher in these countries than in the U.S. Economists Guy Laroque and Bernard Salanie find that the high minimum wage in France explains a significant part of the low employment rate of married women. Mr. Salanie has argued that the minimum wage also contributes to the dismal employment prospects of young persons in France, including Muslim youths, an estimated 40% of whom are unemployed.

As a means of raising people from poverty or near poverty, the minimum wage is inferior to the Earned Income Tax Credit, which compensates for low wages without interfering with the labor market or conferring windfalls on the nonpoor. EITC is not completely devoid of effects on efficient resource allocation, because like any other government spending it is defrayed out of taxes, and it has been abused by underreporting of income and overreporting of dependents. But it is a more efficient tax than the minimum wage as well as being more effective in redistributing income to the poor.

So why push to increase the minimum wage rather than the EITC? For one thing, unions strongly favor the minimum wage because it reduces competition from low-wage workers (who, partly because most of them work part time, tend not to be unionized) and thus enhances unions' bargaining power and so their appeal to workers. For another, increasing the EITC would mean an increase in government spending, which might require higher taxes; there is no public support for explicit tax increases and most people don't understand that regulatory laws can have the same effect as taxes.

Moreover, poor people tend not to vote; and the number of nonpoor who'd be directly benefited by an increase in the minimum wage, when combined with the number of nonpoor workers whose incomes would rise because of reduced competition from minimum-wage workers, probably exceeds the number of nonpoor who would lose jobs. Teenagers would be among the hardest hit -- and few of them are voters (if under 18, they're ineligible). While workers who receive a wage increase when the minimum wage is hiked realize they've benefited from the hike, many hurt by the hike don't realize it; teenagers and retirees who have trouble finding a job are unlikely to realize that it's because there are fewer jobs in the economy for minimum-wage workers.

Let's hope that if Congress passes a stiff increase in the federal minimum wage, George Bush will emulate Mayor Richard Daley and veto it. Several months ago the Chicago City Council, by a lopsided but not veto-proof vote, passed an ordinance requiring companies that have more than $1 billion in annual sales, and own stores in Chicago having at least 90,000 square feet of floor space, to pay Chicago employees a minimum wage of $9.25 an hour plus $1.50 an hour in fringe benefits, respectively rising to $10 and $3 by 2010. About 40 stores would have been affected.

The ordinance was surpassingly foolish. The retailers that would have been most affected, such as Wal-Mart, Target and Home Depot, are at best only marginally interested in placing stores in large cities because space for large stores and for the parking they require is much more expensive than in suburbs and smaller towns. Moreover, these companies could offset much of the effect of the ordinance by opening more stores in suburbs within easy reach of Chicago, or by holding their floor space to just below 90,000 square feet. Fewer jobs would be available to low-skilled workers in the city, and families with modest incomes who seek low prices rather than elaborate service would be hurt more than the affluent by the increase in prices and reduced availability of big box outlets.

Who would favor such a bad ordinance? Conventional supermarket chains and clothing stores, of course, and unions -- the latter not only for the usual reasons but also because big box companies oppose unions; the ordinance sent a signal that unions have enough political clout to make life difficult for large nonunion retailers. The absence of opposition to the ordinance from low-income consumers is not surprising because they are not organized to exert political pressure. The aggressive support of the ordinance by most of the council's black members is more difficult to understand, but the explanation may be that they are allied

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with unions. They may have realized that their constituents would be harmed by the ordinance, but believed that in return for taking this hit they would get the support of unions for measures that would help low-income families.

The failure of the Chicago ordinance and related local measures helps to explain the push to raise the federal minimum wage. The ordinance would have been particularly destructive -- hence Mayor Daley's veto of it -- because the smaller the scope of a minimum-wage increase, the more easily it is evaded, though possibly at great social cost. A federal increase would have a smaller social cost per worker covered, but presumably a larger overall social cost. Chicago's "big box" ordinance is evidence, if any is needed, that politics can override economic sanity. One can only hope that this lesson will not be repeated on the national stage.

Mr. Becker, the 1992 Nobel economics laureate, is professor of economics at the University of Chicago and senior fellow at the Hoover Institution. Mr. Posner is a federal circuit judge and a senior lecturer at the University of Chicago Law School.

Lawmakers Target Rising Credit Penalties (AP)

By Marcy Gordon

AP, January 26, 2007

Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory.

The credit card industry and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students.

Credit cards have become a ubiquitous and indispensable part of the culture, with an estimated 640 million cards in Americans' wallets and more than $1.8 trillion charged on them in 2005. Many depend on them to pay their bills and buy groceries or gasoline. But consumer groups and other critics say fees are excessive and information provided to consumers is confusing.

The banking industry maintains that credit cards are an essential element of the economy, providing convenience to consumers _ at flexible interest rates according to the risk of the holder. Industry officials have acknowledged that the disclosure material provided to consumers could be improved.

"I would like to put the credit card industry ... on notice," said Sen. Christopher Dodd, D-Conn., the committee's chairman. "If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice."

Banks and other credit card issuers "should take a long, hard look at how you treat your customers," he said.

Dodd, one of several Democrats in the Senate who are seeking the party's presidential nomination in 2008, has put consumer issues on the committee's agenda for this year.

If the industry doesn't improve practices on its own, legislation may be needed, he indicated.

Dodd and other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp.

The executives defended their practices as fair and responsible. Most customers pay their bills on time, and only a small proportion of them represent a risk of default and are subject to punitive measures, they said.

Some members of the committee, mostly Republicans, said that while improved disclosure is needed, lawmakers should avoid imposing requirements or sanctions for the credit card industry that would amount to price controls.

"I think we should recognize that the market does work," said Sen. Bob Bennett, R-Utah.

A study by congressional investigators released in October found that fees for paying credit card bills late averaged $34, up from $13 in 1995, while some card issuers impose penalty interest rates of more than 30 percent on consumers who pay late or exceed the credit limit.

Among other practices cited at Thursday's hearing:

_Some credit card issuers use a billing method that charges interest on credit card debt already paid by the consumer.

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_The massive solicitations mailed to consumers _ an estimated 6 billion in 2005 _ and targeting of college students and the elderly.

FCC To Feel Unfamiliar Heat From Democrats (WP)

By Charles Babington

The Washington Post, January 26, 2007

As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges.

The Republican-controlled FCC -- which makes far-reaching decisions on telephone, television, radio, Internet and other services that people use daily -- has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday.

Senators vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years.

"They've effectively emasculated any public-interest standards that existed" for radio and TV stations, said Sen. Byron L. Dorgan (D-N.D.), a committee member who plans sharp questions on decency, media consolidation and other topics. "The entire Congress for years now has been devoid of any kind of oversight," he said, and the new Democratic majority is launching a process that will force the FCC to "beat a path to Capitol Hill to respond."

Rep. Edward J. Markey (D-Mass.), a senior House Commerce Committee member, said he plans "comprehensive hearings on net neutrality" later this year. The term refers to measures barring telephone and cable service providers from charging Web-based companies for priority access to the Internet. Markey supports such proposals, while the FCC's Republican members generally oppose them.

FCC Chairman Kevin J. Martin, a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation.

"McDowell has been critical of Kevin Martin on a number of occasions," said industry analyst Blair Levin. Although both men are conservative Republicans, Levin said, their independence is partly explained by their different political bases -- Martin's in the Bush administration, McDowell's in Congress.

In the legal, lobbying and industrial circles that monitor the FCC, opinions vary on the severity of the Martin-McDowell rivalry.

Publicly, the two men have played down their differences and said they have a good working relationship. "The chairman and I have been friends for more than a decade," McDowell, 43, said in an interview. "We have a strong and durable relationship. . . . We will still have some differences, but we work together."

A spokeswoman for Martin, Tamara Lipper, said the two men "have a very good relationship."

The FCC's commissioners -- currently three Republicans and two Democrats -- are appointed by the president, confirmed by the Senate, and allowed to operate largely independently of each other. Intra-agency and intra-party feuds are not uncommon, and many analysts noted that Martin clashed with former chairman and fellow Republican Michael K. Powell.

"When Michael Powell was FCC chairman, Kevin Martin was viewed as the maverick Republican," said Philip J. Weiser, a law professor at the University of Colorado who specializes in telecommunications. "And now he has to deal with his own maverick Republican."

Martin, 40, and McDowell clashed even before McDowell arrived at the FCC in June. McDowell handed Martin a stinging setback by saying the FCC had no authority to require cable companies to carry additional digital broadcast channels, a key industry issue that Martin hoped to bring to a vote.

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The two subsequently tangled on other issues, most notably the $85 billion merger between AT&T and BellSouth approved by the FCC last month. Martin needed McDowell's vote to break a deadlock. But McDowell effectively held the process up, insisting that he could not take part in a vote because he previously worked as a lobbyist for an association representing companies that competed against AT&T and BellSouth.

McDowell's sharp criticism of arguments in favor of a full commission vote were widely regarded as a rebuke of Martin. Ultimately, the merger was approved, but only after the companies made concessions sought by the two Democratic commissioners.

Martin, McDowell and their colleagues may need all the camaraderie and cohesion they can muster at next week's hearing. With Democrats now in control of Congress, Dorgan said, "the running room of the FCC is going to be limited."

A No Vote On Senate Raises Just Might Count (NYT)

By David D. Kirkpatrick

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — It is a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform.

Some members vote for it, but the proposal usually fails. And even the reformers get their raise.

The Senate, at least, may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed.

Last year, a senator would have lost $3,100 out of a salary of $165,200. (The Senate has delayed taking a pay increase this year until after it finishes debating whether to increase the federal minimum wage for the first time in nearly 10 years.)

The penalty for opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase “the greatest single hypocrisy every year.”

“All the press releases hit the home state,” he said in a speech last year introducing the idea. “And then, of course, it is defeated, and they end up taking the increase anyway.”

The idea is a rare attempt to punish lawmakers financially on the basis of how they vote. Could the Senate, for example, cut a member’s pay for a vote to increase the deficit? For one against a new minimum wage?

“It is a precedent that could lead to a slippery slope,” said Kenneth A. Gross, an expert on political law. But, he acknowledged, lawmakers voting against a raise “would have to put their money where their mouth is.”

The Democratic and Republican Senate leaders incorporated the measure into their bipartisan ethics proposal, and the Senate passed it by a vote of 96 to 2 without further discussion.

But in an interview this week a spokesman for the Senate rules committee suggested that a House and Senate conference might revisit the provision before it became law.

Tancredo: Abolish Race-based Caucuses (AP)

By Laurie Kellman

AP, January 26, 2007

White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished.

"It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race," said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration.

"If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses," said Tancredo, who is scheduled to pitch his long-shot presidential bid this weekend in New Hampshire.

One caucus member dismissed Tancredo's comments as sour grapes from a dethroned Republican _ who also happens to be running for president.

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"This story is really about a member of the minority party using intolerance to advance his presidential campaign," said Rep. William Lacy Clay, D-Mo.

Tancredo's request, relayed in a letter to Administration Committee Chairwoman Juanita Millender-McDonald, D-Calif., revived his effort to change House rules to abolish the groups.

Besides the Congressional Black Caucus, Democrats also have a Hispanic caucus with 21 members, and Republicans have a comparable Hispanic conference with five full members and 11 "associate" members who are not Hispanic.

The request comes in the wake of reports that freshman Rep. Stephen Cohen, D-Tenn., was refused admission to the Congressional Black Caucus because he is white. All 43 members of the caucus are black.

Cohen said in a statement that he told a reporter that he would be honored to join the caucus but did not apply, "nor has the CBC denied membership to me."

However, the group would not have permitted Cohen to join, its new chairwoman told The Associated Press. Rep. Carolyn Cheeks Kilpatrick, D-Mich., said the caucus decided early on that official membership would be restricted to blacks.

Tancredo is chairman of the Congressional Immigration Reform Caucus, which seeks to toughen border security to stem illegal immigration. He also opposes guest worker programs and immigration proposals by President Bush.

Tancredo: Ban Minority Caucuses (DENP)

By Anne C. Mulkern

Denver Post, January 26, 2007

Washington - Rep. Tom Tancredo called today for abolishment of the Congressional Hispanic Caucus, Black Caucus and Asian Pacific American Caucus, saying they equal racial segregation

"It is utterly hypocritical for Congress to extol the virtues of a color-blind society while officially sanctioning caucuses that are based solely on race - and restrict their membership based on race," Tancredo wrote in a letter to Rep. Juanita Millender-McDonald, D-Calif., who oversees the caucuses.

Tancredo, a Littleton Republican who is considering a presidential run, first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white.

A spokesman for Cohen said "He never formally sought membership in the Congressional Black Caucus, nor has the Congressional Black Caucus denied membership to him," said Cohen's spokeswoman, Marilyn Dillihan.

Cohen, Dillihan said "really regrets that this is being used the way it's being used."

Whether Cohen officially asked to join or not is irrelevant, Tancredo spokesman, Carlos Espinosa, said. If he had asked to join, Espinosa said, he would not have been allowed.

"The policy is what's relevant here," Espinosa said.

Rep. John Salazar, D-Manassa, belongs to the Congressional Hispanic Caucus.

When Tancredo previously said the caucuses should be eliminated, a member of the Congressional Hispanic Caucus called that statement "more race-baiting" by Tancredo. The black, Hispanic and Asian-American caucuses exist because few members of Congress come from those racial groups and they need a unified voice, said Rep. Raul M. Grijalva, D-Ariz.

FEDERAL DIARY: Head Of TSP Moving On (WP)

By Stephen Barr

Washington Post, January 26, 2007

His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company.

Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services. He will probably leave the agency early next month, a TSP spokesman said.

Amelio expanded TSP investment options in 2005 by adding life-cycle funds as a way to help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit

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TSP participants to select an investment mix linked to the time they expect to draw down their savings. The funds rely on asset allocation models that professional managers have determined can produce the maximum returns for the minimum risk.

During his 3 1/2 -year stint with the TSP, Amelio resolved problems that had delayed a new computer system that keeps track of accounts on a daily basis and introduced a toll-free telephone service. The TSP is one of the world's largest retirement plans, with about $206 billion in assets.

In accepting the resignation, Andrew M. Saul, the chairman of the Federal Retirement Thrift Investment Board, praised Amelio for upgrading TSP operations. A recent survey of TSP participants showed that 85 percent are satisfied with the retirement plan, a sign that Amelio's changes have been well received, Saul said.

Mark E. Singleton, the president and chief executive at ULLICO, said the union-owned company manages about $4.6 billion in pension assets and will look to Amelio to expand retirement services to meet the needs of union members, especially baby boomers who will be leaving the workforce in the next few years. ULLICO dates back to 1927, when it began offering life insurance to construction workers.Settlement at Social Security

A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced.

Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them.

The union recently filed a grievance on behalf of the employees, contending they had followed the orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants.

The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing. The inspector general was pursuing civil penalties against the employees, and a $215,000 fine had been proposed for one worker. The judge in charge of the cases died in 2003.

The employees, as part of the settlement, will cooperate in a review of "this misguided attempt to streamline the appeals process," Jonathan L. Lasher, a deputy chief counsel for the inspector general, said in a statement. Interviews with the employees will be the first step in a new audit focused on disability adjudication policies and practices, he said.

Kelley said the settlement showed that "these employees did nothing wrong. It is outrageous that the inspector general used his considerable authority to put these employees in fear of losing, not only their jobs, but their life savings, when all they were doing was carrying out the job duties as directed by their supervisor."Talk Shows

Beth Moten, director of the American Federation of Government Employees Legislative and Political Affairs Department, outlines the union's goals in Congress on "Inside Government" at 10 a.m. today on http://Federalnewsradio.com and WFED (1050 AM).

R. Allen Pittman, assistant secretary for human resources and administration and the chief human capital officer at the Veterans Affairs Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK (106.7 FM).

Ginsburg 'Lonely' Without O'Connor (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench.

"The word I would use to describe my position on the bench is lonely," Ginsburg, 73, said in an interview with USA TODAY.

ONE-WOMAN COURT: Composition in contrast to gains elsewhere

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"This is how it was for Sandra's first 12 years," she said, citing the time from O'Connor's appointment in 1981 to Ginsburg's arrival in 1993. "Neither of us ever thought this would happen again. I didn't realize how much I would miss her until she was gone."

A year after Ginsburg joined the court, O'Connor recalled welcoming the new justice "with enormous pleasure," in part because O'Connor no longer would be the court's only symbolic representative for American women. They confided in each other, and when Ginsburg had surgery for colorectal cancer in 1999, O'Connor, a breast cancer survivor, was the first person to call her in the hospital.

O'Connor, a Reagan appointee, was at the ideological center of the divided court, a key backer of abortion rights and affirmative action in education. President Bush tried to replace her with a woman, then-White House counsel Harriet Miers, but the nomination died amid questions about her qualifications. Bush turned to Samuel Alito, whose record suggests he could tilt the court to the right.

The justices are weighing cases on abortion and school integration. Ginsburg, a Clinton appointee on the court's liberal wing, won't discuss how O'Connor's exit will change the court, saying only, "This term may be very revealing."

For now, O'Connor's absence is more symbolic. In court, the sight of Ginsburg — a slight figure in a tall, black leather chair, flanked by eight men — contrasts with the rising prominence of women in Congress. The number of female judges also is rising: Of the 875 federal judges, 201 are women.

Ginsburg is encouraged by such numbers, but disconcerted by the look of her own court. She said with O'Connor, the message was: "Here are two women. They don't look alike. They don't always vote alike. But here are two women." The former women's rights lawyer fears the message now is that a woman justice is a "one-at-a-time curiosity, not the normal thing."

High Court Just A 1-woman Show (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — When Louisiana teacher Stephanie Goodrich began a session with her eighth-grade honors class on the Supreme Court this month, she showed them a picture of the nine justices.

"They said, 'Could there be only one lady on the court?' " recalled Goodrich, who is in her 15th year teaching in the Alexandria, La., school district. Goodrich said her students are used to seeing women in key government positions. Louisiana has a female governor, Kathleen Blanco; one of its two U.S. senators is Mary Landrieu.

The makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the U.S. judiciary, where women have made historical gains. After she was elected as the first female speaker of the House, California Democrat Nancy Pelosi declared that women had "broken the marble ceiling" in Congress.

Meanwhile, the number of women serving as federal judges across the nation has soared since 1977. Before Jimmy Carter became president, eight women had been appointed to federal judgeships in U.S. history. There now are 201 women on the 875-member federal bench.

Back at the Supreme Court, however, Ruth Bader Ginsburg, 73, is acknowledging her discontent with being the lone woman on the court. Since Sandra Day O'Connor was replaced by Samuel Alito a year ago, Ginsburg has worried about the symbolism of having just one woman on the court.

The message of the court's current makeup, Ginsburg says, is that a female jurist is "aberrational," when "if you look at courts generally, women are well represented."

"Having only one of nine judges with a woman's experience definitely seems out of date," said Celinda Lake, a Democratic strategist and pollster. "People don't want a woman just for a woman's sake, but they do respond to the argument that women bring a certain experience."

President Bush tried replacing O'Connor with a woman, nominating then-White House counsel Harriet Miers for the seat. However, Miers withdrew under criticism about her qualifications and conservatism, and the post went to Alito.

Alito's comments in court have suggested he might help move the bench toward the right on matters such as abortion rights and affirmative action in education. O'Connor was a key vote in supporting both.

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Ginsburg, a member of the court's liberal wing, also supports abortion rights and affirmative action. However, her concern about the court's makeup is rooted more in a desire for jurists who have experienced American life as women than for those who would agree with her on the law. Ginsburg and O'Connor — who regularly voted with the court's conservative wing — often did not agree on cases.

Beyond the legal issues, analysts disagree about the significance of having just one woman on the Supreme Court.

Lee Arbetman, director of U.S. programs for Street Law, a non-profit organization that works with high school social studies teachers, said diversity in positions of power offers all students role models and builds confidence in the institution.

"There aren't men's outcomes and women's outcomes in (court) cases," he said. "But there is value in the different experiences men and women bring to the court. Women experience some aspects of the world differently, just as people of color experience some aspects of the world differently."

The court has only one member of a racial minority, Clarence Thomas. He was the second black justice appointed to the court, after the late Thurgood Marshall, who served from 1967 to 1991.

In the fall of 2005, when Bush nominated Alito to succeed O'Connor, few Americans seemed to care that a man would replace the first female justice. A USA TODAY/CNN/Gallup Poll just before the nomination indicated that 15% of the respondents said it was "essential" to nominate a woman; 33% said it was a "good idea; not essential," and 49% said it "doesn't matter."

The conservative American Enterprise Institute's Karlyn Bowman, who specializes in opinion polls, said that "men and women thought it would be nice, but that it should not be determinative." Bowman said that when it comes to establishing role models for young people, gender diversity is not as important as it was in earlier decades. "We are past that for young women, because women have risen to leadership positions" in many fields.

Sheila Krumholz, executive director of the Center for Responsive Politics, said she believes it still matters to girls. And for women in important jobs, "having other woman around is liberating. It's no longer all eyes on you."

In Louisiana, Goodrich said her students have indicated they believe the most qualified people should be on the high court, irrespective of their sex.

Goodrich said the girls in her class sympathize with Ginsburg. They "said they felt sorry for Justice Ginsburg, being the only one," Goodrich said. "One girl said, 'She kind of carries the weight of all the ladies. At least when there were two ladies on the court, she had backup.' "

When Ginsburg was told of the girl's comment, she said, "That is very insightful."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 26, 2007

'The War'

There was barely a dry eye in the house when Veterans Affairs Secretary Jim Nicholson played host this week to a special screening by acclaimed filmmakers Ken Burns and Lynn Novick.

Mr. Burns and his longtime collaborator, best known for their documentaries "The Civil War," "Baseball" and "Jazz," have just completed "The War," a 14-hour documentary on World War II slated to air on PBS in September.

Mr. Nicholson's invited guests for the 45-minute sneak preview of "The War" included 25 veterans of the "Greatest Generation," who told Inside the Beltway that they were "thrilled" and "moved to tears" that the filmmakers had chosen World War II as the topic for their latest documentary.

Personal sermon

"Oh yes, things are quieting down," a somewhat relieved the Rev. Art Smith, pastor of St. Thomas Aquinas Catholic Church in Buffalo, N.Y., told Inside the Beltway by telephone yesterday, after New York Rep. Brian Higgins and his family abruptly walked out of Mass there on Sunday.

The Democrat received what was described as a public tongue-lashing from the pulpit by deacon Tom McDonnell because of his support for embryonic stem-cell research.

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"Everybody has their own version to the story," Father Smith told us yesterday, assuring us that he was not trying to downplay the "emotion of the situation."

The pastor, who more than a decade ago worked in television for the U.S. Conference of Catholic Bishops in Washington, has been sharply critical of the deacon's sermon. Indeed, Father Smith took to the pulpit and apologized to the congregation.

In addition, Buffalo Bishop Edward U. Kmiec has issued a statement critical of Mr. McDonnell's personal attack, saying no member of the congregation, congressman or otherwise, should be confronted from the holy altar.

Mr. Higgins gave Inside the Beltway the following statement yesterday: "On the incident itself — I never apologized for leaving the church service last Sunday. ... Under the circumstances, leaving was the appropriate thing to do."

Ouch!

As House Republicans continue to draft a new battle plan at their annual legislative retreat on Maryland's Eastern Shore, they might keep in the back of their minds an observation from Democratic National Committee Chairman Howard Dean, who commented this week about the November elections and the subsequent shift of power on Capitol Hill: "The Republicans never knew what hit them."

Spilling to Sidey

First lady Laura Bush today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he.

Take the time shortly before his untimely death in November 2005, when Mr. Sidey, who covered the White House for decades, was invited into the Houston living room of former President George Bush and Mrs. Bush to chat about the second presidential term of their son, George W. Bush.

Mr. Bush: "Kitty Kelley. Did you see where somebody handed her her hat the other night, the Washingtonian? [The notorious Washington author's name was dropped from the magazine's masthead.] I loved that."

Mrs. Bush: "Remember when Ann Richards said George Bush was born with a silver foot in his mouth? And then when George beat her in his first run for governor — I must say I felt a certain sense of joy that he finally had kind of taken her down. I could go around saying, 'We showed her what she could do with that silver foot, where she could stick that now.' "

Mr. Bush: "Michael Moore's got to be the worst for me. I mean, he's such a slimeball and so atrocious. But I love the fact now that the Democrats are not embracing him as theirs anymore."

Mrs. Bush: "[President Bush] knows we're the only two people in America who are awake at 6 in the morning. He calls from the Oval Office to talk to George, and we put him on speakerphone."

Mr. Bush: "The thing that was perhaps the most hurtful to me was the theme that the president doesn't know what he's doing, that he's dumb, that he's some know-nothing cowboy from Texas. And when I sat with him, as I did out at Camp David, at Crawford, and heard him with the intelligence people, talking about the world and asking the appropriate questions — what's the development in this country or that — I was surprised at how broad the vision and grasp are. But he gets no credit for that."

Stealthy Maneuver: The CIA Captures An A-12 Blackbird (WSJ)

By Jonathan Karp

The Wall Street Journal, January 26, 2007

The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird.

The CIA plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991.

Even though a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears.

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"Possession is nine-tenths of the law, so until they drag it away with me screaming, we have a chance," said James Goodall, an aviation buff and retired Minnesota National Guardsman who salvaged the plane and led efforts to preserve it.

The A-12 Blackbird, retired in 1968, was the forerunner to the better-known SR-71 Blackbird. The stealthy A-12 is one of the fastest aircraft ever made, capable of flying at more than three times the speed of sound and at the edge of space. The plane originated as part of a CIA program code-named "Oxcart." Of the 15 A-12s built by Lockheed Martin Corp.'s famed Skunk Works advanced projects unit, nine remain. One is on display at an Air Force base, and the others are at museums around the country.

Mr. Goodall and his supporters don't question the right of the Air Force, which controls these decommissioned warplanes, to reclaim an A-12 and lend it to the CIA as an oversize lawn ornament inside the agency compound. Instead, their two-month dogfight has been aimed at getting the Air Force to justify removing the Minnesota museum's crown jewel while three A-12s sit in Alabama, including one that has been neglected since suffering hurricane damage. Another is parked on the USS Intrepid aircraft carrier, a floating Manhattan museum that will be closed until late next year because of renovation work across the Hudson River.

The CIA, whose headquarters isn't open to the public, had no role in selecting which plane it would receive. The Air Force says the Minnesota Air National Guard doesn't have a historical connection to the A-12, and though the Minnesotans have taken good care of their A-12, the volunteer-run museum doesn't meet the Air Force's current legal requirements for its museums. For one thing, it doesn't have a salaried director. After reviewing all nine A-12s, "The only one that didn't have a legitimate rationale for its location was Minnesota's," said Terry Aitken, senior curator at the National Museum of the U.S. Air Force.

That logic outrages Mr. Goodall, 61 years old, who spent 20 years in the Minnesota Air National Guard and his entire adult life smitten with the A-12. He says he became an "airplane nut" at age 5 when he saw a squadron of B-36 bombers flying over San Francisco Bay. He first glimpsed a Blackbird as an 18-year-old Air Force recruit at Edwards Air Force Base in California. It was March 10, 1964, and "it affected me forever," he says.

Over the years, Mr. Goodall became an expert, writing five books on the supersonic plane. He built a rapport with Ben Rich, who developed the Blackbird for Lockheed and eventually ran Skunk Works. Mr. Goodall says he got a tip from Mr. Rich in 1989 that the Blackbird program would be canceled. "If anyone can scrounge one, you can," he says the late Mr. Rich told him.

At the time, Mr. Goodall was the staff historian for the 133rd Airlift Wing of the Minnesota Air National Guard. He hatched a scheme to rescue an A-12 from the scrapheap in Palmdale, Calif. In 1990, Minnesota's congressional delegation backed the Air Guard museum's request, citing the fact that companies in Minnesota supplied key Blackbird components and that some Blackbird pilots hailed from the state.

The Air Force was happy to unload the A-12 to avoid a costly process of destroying the asbestos-packed plane. Once the Air Force museum agreed to the loan, Mr. Goodall arranged for two massive cargo planes from the New York Air National Guard to haul the Blackbird in pieces from California. He persuaded a local hotel to put up the flight and moving crews free of charge for 10 days. "The Air Force estimated the move would cost $500,000. I got it done for $27,000. That makes me the deal-of-the-century guy," Mr. Goodall says.

Back in St. Paul, he marshaled volunteers and corporate donations for restoration work. He then spent years -- and thousands of his own dollars, he says -- scrounging for cockpit instruments, at one point swapping a prized ejection seat from his private collection to get a supersonic speedometer known as a Mach meter.

All was well until last November, when the museum got a letter from Mr. Aitken, the Air Force museum curator, invoking a provision of the loan agreement that allows the Air Force to reclaim its plane by giving 60 days' notice. The only reason Mr. Aitken cited for the decision was the need to "satisfy current exhibit requirements."

Distressed local Air Guard commanders appealed to save the A-12, calling it a "labor of love." Mr. Aitken replied that the plane didn't conform to the air park's primary mission, which is to commemorate the state guard wing's history, and said it would be better suited at the CIA. Mr. Goodall, who is now retired in Seattle but returns to the Twin Cities occasionally to visit his beloved Blackbird, energized the opposition movement by urging guardsmen and the museum's civilian nonprofit foundation to enlist Minnesota and national politicians. He also mobilized support from former A-12 pilots.

Mr. Goodall's plea: If the Air Force wants a plane to commemorate the CIA's pioneering past, it should take one that actually flew in combat. Minnesota's plane never saw action. The A-12 in Birmingham, Ala., on the other hand, photographed

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North Vietnamese surface-to-air missile sites in 1967, later sustained flak damage, and flew over North Korea on a spy mission in 1968 after the North Koreans captured the USS Pueblo, claiming the Navy ship had strayed into its territorial waters.

Some Minnesotans are upset that the Air Force gave short notice and didn't offer to discuss its A-12 plans. "This is a museum, a community, not a war game," said Mark Ness, vice chairman of the museum foundation and a retired Air National Guard brigadier general. Mr. Goodall knew the odds were long. The Air Force has plucked other planes despite local resistance, including a B-36 bomber taken from Fort Worth, Texas, and the celebrated World War II B-17, the Memphis Belle, from its namesake city in Tennessee.

Even as another joint appeal from Minnesota's congressional delegation was delivered to the Air Force secretary Friday, the Air Force museum told guardsmen in Minneapolis-St. Paul to prepare for the movers.

The Minnesota museum's supporters have retained a former state supreme court justice as their lawyer, but as the moving crew continued to unbolt the A-12's wings yesterday, they had yet to decide whether to seek a court injunction against the move. Mr. Goodall, who refers to the plane as "my A-12," has made his own unilateral sortie. He has removed some cockpit instruments he had donated. "No one will see them anyway if the plane is on a pole," he says. "I'll be damned if the CIA...will get their hands on these."

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On Being Partisan (NYT)

By Paul Krugman

The New York Times, January 26, 2007

American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that "politics has become so bitter and partisan" — which it certainly has.

But he then went on to say that partisanship is why "we can't tackle the big problems that demand solutions. And that's what we have to change first." Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we'll eventually have a new era of bipartisanship — but that will be the end of the story, not the beginning.

Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower.

You see, the nastiness of modern American politics isn't the result of a random outbreak of bad manners. It's a symptom of deeper factors — mainly the growing polarization of our economy. And history says that we'll see a return to bipartisanship only if and when that economic polarization is reversed.

After all, American politics has been nasty in the past. Before the New Deal, America was a nation with a vast gap between the rich and everyone else, and this gap was reflected in a sharp political divide. The Republican Party, in effect, represented the interests of the economic elite, and the Democratic Party, in an often confused way, represented the populist alternative.

In that divided political system, the Democrats probably came much closer to representing the interests of the typical American. But the G.O.P.'s advantage in money, and the superior organization that money bought, usually allowed it to dominate national politics. "I am not a member of any organized party," Will Rogers said. "I am a Democrat."

Then came the New Deal. I urge Mr. Obama — and everyone else who thinks that good will alone is enough to change the tone of our politics — to read the speeches of Franklin Delano Roosevelt, the quintessential example of a president who tackled big problems that demanded solutions.

For the fact is that F.D.R. faced fierce opposition as he created the institutions — Social Security, unemployment insurance, more progressive taxation and beyond — that helped alleviate inequality. And he didn't shy away from confrontation.

"We had to struggle," he declared in 1936, "with the old enemies of peace — business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering. ... Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hate for me — and I welcome their hatred."

It was only after F.D.R. had created a more equal society, and the old class warriors of the G.O.P. were replaced by "modern Republicans" who accepted the New Deal, that bipartisanship began to prevail.

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The history of the last few decades has basically been the story of the New Deal in reverse. Income inequality has returned to levels not seen since the pre-New Deal era, and so have political divisions in Congress as the Republicans have moved right, once again becoming the party of the economic elite. The signature domestic policy initiatives of the Bush administration have been attempts to undo F.D.R.'s legacy, from slashing taxes on the rich to privatizing Social Security. And a bitter partisan gap has opened up between the G.O.P. and Democrats, who have tried to defend that legacy.

What about the smear campaigns, like Karl Rove's 2005 declaration that after 9/11 liberals wanted to "offer therapy and understanding for our attackers"? Well, they're reminiscent of the vicious anti-Catholic propaganda used to defeat Al Smith in 1928: smear tactics are what a well-organized, well-financed party with a fundamentally unpopular domestic agenda uses to change the subject.

So am I calling for partisanship for its own sake? Certainly not. By all means pass legislation, if you can, with plenty of votes from the other party: the Social Security Act of 1935 received 77 Republican votes in the House, about the same as the number of Republicans who recently voted for a minimum wage increase.

But politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right — and they should welcome that hatred, not fear it.

OTHER NEWS:

Home Sales Slipped In December (LAT)

By Jesus Sanchez

The Los Angeles Times, January 26, 2007

Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today.

Total existing-home sales — including detached houses and condominiums — in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors.

For the year, existing home sales totaled 6.48 million properties — the third best year for home sales. However, last year's results represented an 8.4% decline from record high sales in 2005. It was the biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press.

Despite the sales slide, NAR chief economist David Lereah said a decline in the number of homes available for sale at the end of last year and other data suggested that the housing market might be bottoming out after a lengthy slow down.

"It looks like we're moving beyond the low for the housing cycle last fall, and buyers are responding to historically low interest rates and competitive pricing by home sellers," said Lereah said in a statement. "In addition, a tightening inventory of homes on the market is supporting prices."

Prices, after surging up in recent years, also remained relatively flat at the end of last year. In December, the national median sales price remained unchanged from the same month in 2005 at $222,000 (The median is a typical market price where half of the homes sold for more and half sold for less). For all of 2006, the median price was also $222,000, up 1.1 percent from a median of $219,600 in 2005.

In California, sales of existing homes (excluding condominiums) fell 15.3% in December on a year-over-year basis to a seasonally adjusted, annual pace of 450,550 properties, according to the California Assn. of Realtors. The median sales price, meanwhile, rose 3.7% during the same period to $547,400.

The median number of days it took to sell a single-family home was 73 days in December 2006, compared with a revised 43 days in December 2005.

"The market continues to level out as buyers and sellers search for common ground in today's more balanced environment," said Colleen Badagliacco, president of the state association, in a statement. "The number of homes for sale peaked in June and July and has since edged downward. Although time on the market remains higher than it was a year ago, competitively priced homes continue to sell well."

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Existing-Home Sales Plunge, But Pace Is Expected To Ease (WSJ)

By Michael Corkery

The Wall Street Journal, January 26, 2007

Homes sales in 2006 tumbled at the fastest pace in 17 years, although economists believe the worst of the housing correction may have passed and sales could start to rebound later this year.

The National Association of Realtors said sales of existing, or previously owned, homes fell 0.8% in December from the previous month to a seasonally adjusted annual rate of 6.22 million units. For all of 2006, sales of existing homes totaled 6.48 million. That was down 8.4% from 2005 and was the largest annual decline since 1989, when rising interest rates and relatively high unemployment fueled a housing recession.

Even after last year's sharp drop, 2006 was the third-strongest year for home sales since the NAR began tracking sales in 1968. And prices managed to move slightly higher in 2006; the existing-home median price was up 1.1% to $222,000.

"We have to remember how strong and some might say overheated the housing market was in 2005 in terms of sales and investor demand," said Stuart Hoffman, chief economist of PNC Financial Services Group in Pittsburgh. Last year showed a big drop as a whole "but to a level that frankly is still reasonably active with over six million home sales."

Sales of condominiums and cooperatives led the decline for the year, falling 10.4% to 803,000 units. Sales of single-family homes were off 8.1% to 5.68 million. However, data for the month of December suggested that the condominium market may be starting to recover, and at a faster pace than the market for single-family homes. Condominium sales rose 2.1% in December compared with the previous month as sales of single-family homes declined 1.3%.

Although sales were down across the nation in December, the biggest year-over-year declines occurred in the West, where sales plunged 15.5%. December sales were down 7.1% in the South from a year earlier, 5.5% in the Northeast and 5.8% in the Midwest.

For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. "The biggest drop is probably behind us," said Fannie Mae's chief economist, David Berson. "But it's still too soon to say this is unambiguously the bottom."

Forecasts for 2007 vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%.

Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come. "Everything in a housing cycle doesn't turn at once," he said. "Lagging indicators will weaken as much as the leading indicators already did."

Separately, the Labor Department reported that new claims for unemployment insurance jumped 36,000 to 325,000 in the week ended Jan. 20. Claims had been below the 300,000 level -- which economists consider a benchmark for very tight labor markets -- the previous two weeks. The Jan. 13 reading was revised to 289,000 from a previously reported level of 290,000.

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Sales Of Existing Homes In '06 Had Biggest Drop In 17 Years (NYT/AP)

By The Associated Press

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 (AP) — Sales of existing homes fell last month, closing out a year when demand for homes slumped by the largest amount in 17 years.

The National Association of Realtors reported that sales of existing homes were down 0.8 percent in December, a bigger decline than had been expected. For the year, sales fell by 8.4 percent, the biggest annual decline since 1989, when sales of existing homes fell by 14.8 percent.

The sales figure underscored the sharp contraction in the once-highflying housing market, which before last year had set sales records for five straight years.

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Even with the sharp decline in sales last year, the median price of an existing home sold in 2006 managed to rise 1.1 percent. But that was far below the double-digit gains during the boom years. The median home price rose by 12.4 percent in 2005.

Economists said they believed that the low point for housing had been reached, and they were forecasting a slow rebound in 2007. Because of that optimism, analysts say they do not believe the slump in housing will drag the overall economy into a recession.

The 0.8 percent drop in sales in December came after two straight months of improving sales, the first back-to-back sales gains since the spring of 2005.

David Lereah, chief economist for the Realtors, said that he believes that sales of existing homes have hit bottom and will start to gradually improve.

He said that in 2005, 40 percent of the market represented purchases of second homes and investors buying homes looking to resell them for quick profits.

He said speculators had now left the market and that should leave sales at a more sustainable level.

In other economics news, the number of Americans filing applications for unemployment benefits shot up last week by the largest amount in 16 months, reversing two weeks of big declines.

The Labor Department reported that 325,000 newly laid-off workers filed claims for jobless benefits last week, an increase of 36,000 from the previous week. That was the biggest one-week rise since a surge of 96,000 claims the week of Sept. 10, 2005, when devastated Gulf Coast businesses laid off workers after Hurricane Katrina.

Home Sales Down 8.4%, Could Be At Bottom (USAT)

By Noelle Knox

USA Today, January 26, 2007

Sales of existing homes slid 8.4% last year, the steepest fall in 17 years, but the market probably hit bottom in September and is entering a slow recovery that will last until June, the National Association of Realtors said Thursday.

One sign the market could revive this year is that the median home price, which had fallen for four months, was unchanged at $222,000 in December and was up 1.1% for all of 2006. And though it's still a buyer's market in most of the USA, the 7.3-month glut of homes for sale in November shrank to 6.8 months.

"It looks like we are on the bottom, and we will be scraping bottom as we move along," said David Lereah, the NAR's chief economist. "The worst is over for existing-home sales, but I'm still troubled about new homes."

The Commerce Department will release new-home sales today. Those sales are expected to be down 17% for 2006 and to fall a further 9.7% this year, Lereah says.

Not everyone is ready to herald the end of the correction for existing homes. From November to December, they note, sales fell 0.8%, ending a two-month upward trend. December sales were off 7.9% from December 2005. "It's very premature at this point to jump to the conclusion that we've turned the corner," says Brian Bethune of Global Insight.

Buyers are also facing rising interest rates, which make mortgages harder for some to afford. The average rate on a 30-year fixed-rate loan crept up to 6.25% last week, the highest since early November, Freddie Mac said. Each quarter-point increase makes homes unaffordable for about 50,000 more people, Lereah said.

Still, most economists say the bottom has probably been reached.

"Is the worst behind us? Most likely," says Joel Naroff, chief economist of Naroff Economic Advisors. "Are better times here? Doubtful."

During the last housing correction, in 1989, sales tumbled nearly 15%. This time, an overall healthy economy is cushioning the blow.

In areas that never overheated during the boom, such as parts of Texas and North Carolina, home sales are still setting modest records. The housing markets that were the hottest — especially Florida and California — are where the cooling-off will take the longest.

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In Florida, sales in December plummeted 28% from the year before, and prices dropped in five metro areas. In California, sales skidded 15%; prices were down in 13 metro areas of the state.

Sales last year in California, where the median-priced home costs a gasp-inducing $567,690, were the lowest in a decade. They are projected to fall a further 7% this year. Robert Kleinhenz, an economist for the California Association of Realtors, said, "I'm hopeful we'll see the bottom soon."

Annual Existing-Home Sales Fall Most In 17 Years (WP)

By Dina Elboghdady

The Washington Post, January 26, 2007

Sales of previously owned homes fell slightly in December after two consecutive months of modest gains but took their steepest annual drop since 1989, the National Association of Realtors reported yesterday.

But home prices rose 1.1 percent for the year, and the supply of existing single-family houses, townhouses, condominiums and co-ops for sale shrank from November to December -- offering some hope that the housing market may be on the mend, economists said.

However, stock and bond markets fell on concern that these numbers indicated that housing problems may not be over.

"During the summer, the housing market was like a trauma patient being wheeled in with multiple wounds," said Michael Larson, a real estate analyst for Weiss Research. "There's some momentum back in the market, but I don't think the patient will get off the gurney and walk out the door any time soon."

In 2006, 6.48 million existing homes were sold, down 8.4 percent from 2005, which was the busiest year on record. The drop was the steepest since 1989, when sales fell 14.8 percent from the year before.

In December, existing homes sold at a seasonally adjusted annual rate of 6.22 million, down 0.8 percent from November and down 7.9 percent from December 2005.

Todd Vencil, a real estate analyst at BB&T Capital Markets, said he is relieved to see the rate of sales stabilizing in the 6.2 million to 6.3 million range in recent months after peaking at 7.27 million in June 2005.

"We look for up trends, down trends and sideways trends," Vencil said. "We seem to be in a sideways trend now, which is fine because it indicates there's stabilization, and stabilization today will allow for recovery later in the year."

David Lereah, the National Association of Realtors' chief economist, said he saw good news in the numbers, most notably in home prices.

The median price of a home in December was $222,000, unchanged from December 2005. The median price for all of 2006 was up 1.1 from the previous year, also to $222,000, meaning that half of buyers in 2006 paid more and half paid less.

"All the doomsayers were saying the bubble was going to burst, and it never did in 2006," Lereah said. "We had price increases."

But there's a more muddled picture when it comes to the supply of homes on the market.

The inventory fell 7.9 percent in December from November. If no more homes are added to the mix, there's a 6.8-month supply of existing homes for sale.

That shrinkage is typical in the slow winter months, when sellers tend to pull their homes off the market before re-listing them in the spring, many analysts said.

Instead, some analysts pointed to the year-over-year increase in supply. Inventory climbed 23.3 percent from December 2005 to December 2006. Until that supply dwindles substantially, home prices will drop well into the future, said Nishu Sood, an analyst at Deutsche Bank Securities. "Demand remains fairly weak, and we're likely to see home prices decrease more significantly during the spring selling season," Sood said.

Sood dismisses the price increase for 2006 as insignificant because it factors in numbers from the beginning of the year, when prices were still doing well.

In December, existing-home sales, which account for most home sales, fell 15.5 percent in the West, 7.1 percent in the South, 5.8 percent in the Midwest and 5.5 percent in the Northeast. The South includes the Washington area.

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The report released yesterday did not include the sales of newly built homes; the government is scheduled to announce that statistic today. But sales of new homes also appear weak based on the recent earnings reports from builders.

Yesterday, NVR, the parent company of Ryan Homes, reported that profit fell 39 percent in the fourth quarter compared with a year earlier. The Reston company posted revenue of $1.6 billion, down 2 percent.

Fed's View: Steady But Set To Boost (WSJ)

By Greg Ip

The Wall Street Journal, January 26, 2007

WASHINGTON -- Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long.

Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago.

In spite of that, the Fed, at the end of its policy meeting Wednesday, is likely to reaffirm its "bias" toward raising rates rather than lowering them, citing inflation concerns. It is almost certain to leave its target for short-term interest rates unchanged at 5.25%. The Fed has maintained that target and its "tightening bias" since June.

There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. Because they are uncertain how much further it will fall, they believe the Fed, to keep the public from expecting higher inflation, should be biased toward raising rates.

The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected. The longer unemployment stays low, the greater the likelihood that fear of accelerating wages and prices will prompt officials to contemplate an interest-rate increase.

Janet Yellen, president of the Federal Reserve Bank of San Francisco, said in a speech this week that there is "an emerging puzzle in the data: Why is the labor market apparently going gangbusters, while growth ... has turned in only a middling performance on average in recent quarters?" Her puzzlement is shared by some of her colleagues.

When the economy grows at its long-term "potential" rate, which is thought to be a little under 3%, it creates just enough jobs to employ new entrants to the labor market, and the unemployment rate is steady. But last year, as growth fell below 3% in the spring, the unemployment rate declined steadily, from 4.7% in the first quarter to 4.5% in the fourth.

Ms. Yellen said one worrisome explanation may be that either the economy's potential growth rate is notably slower than 3%, or that growth is stronger than the official data now show. In either case, the economy could face tighter capacity constraints than first thought, stoking inflation pressure.

Ms. Yellen said a likelier explanation is that the job market has simply lagged behind the overall economy, and unemployment will soon move higher. Other officials agree, noting in particular that construction employment seems bound to decline more.

In early December, economists thought the economy would grow at an annual rate of 2% in the fourth quarter, according to a survey by forecasting company Macroeconomic Advisers LLC, following growth rates of 2% in the third quarter and 2.6% in the second. Many analysts said the Fed could shift to a "neutral" bias -- that is, saying rates were equally likely to go up or down -- at next week's meeting. Futures markets expected three to four quarter-percentage-point rate cuts this year.

Since December, however, trade, housing starts, employment and manufacturing activity all have proved stronger than expected, and growth is now thought to have hit 3% in the fourth quarter. While the consensus forecast is for first-quarter growth of around 2.5%, that, too, is rising; Morgan Stanley expects 3.5%. Housing remains a drag on the economy, but trade and consumer spending, fueled by job growth and lower oil prices, have compensated. Some economists predict that presages more rate increases.

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Michael Feroli, economist at J.P. Morgan Chase, says sub-3% growth in mid-2006 shows "the Fed nailed the soft landing." But the point of the soft landing "is to get some increase in unemployment ... and that didn't happen. The clock is ticking to see if it happens at all." His firm expects the Fed to start raising rates again in October.

Fed officials don't appear ready to go with that forecast yet. They still think the economy is slowing. They believe further declines in construction are necessary just to bring supply in line with current home sales. Moreover, flat or falling home prices are expected to make consumers feel less wealthy, damping their spending later this year.

Inflation is also ebbing. Excluding food, energy and shelter, it was just 0.5%, at an annual rate, in the past six months. Shelter is heavily influenced by rents, which face downward pressure as owners of unsold homes put them up for rent.

But just in case, a continued bias toward raising rates would keep the Fed, and the markets, prepared in case they are wrong.

Write to Greg Ip at greg.ip@wsj.com3

Blue Chips Post Biggest Loss In 2 Months In Heavy Trading (WSJ)

By E.s. Browning

The Wall Street Journal, January 26, 2007

A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months.

The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007.

Traders cited worries about interest rates, corporate profits, home sales and unemployment data.

More broadly, with the DJIA up more than 17% since July 14, many investors were asking how much higher it can go without a pullback. Some are beginning to sell to lock in profits.

The day's news wasn't awful -- just troubling enough to spark selling.

Investors learned that sales of previously occupied homes fell in December. Home builder Beazer Homes USA reported a quarterly loss and said it hasn't seen "any meaningful evidence of a sustainable recovery in the housing market."

Bristol-Myers pulled down drug stocks with its own quarterly loss, due to competition from generics.

Some energy-related companies had bad news. Peabody Energy warned of soft quarterly profits to come. BJ Services posted a disappointing quarterly profit. Occidental Petroleum said fourth-quarter profit fell.

Some stock investors are worried now about bond yields. The yield of the benchmark 10-year Treasury note, which influences a variety of other market rates including some mortgage rates, was below 4.5% last month. Yesterday, it rose to 4.865% amid fears the Federal Reserve won't cut interest rates this year.

"You are seeing interest rates run up a little here and that is causing some concern in the market," said portfolio manager Richard Nash at Cleveland investment-management firm McCormack Advisors International. Higher rates raise costs for consumers and businesses.

Investors looked past upbeat profit news from companies including eBay and Nokia. A $1.14 decline in crude-oil prices to $54.23 a barrel served mainly to worsen concerns about energy-company profits.

The Standard & Poor's 500-stock index fell 1.1%, or 16.23 points, to 1423.90, up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007.

In news that could affect trading today, Microsoft reported a stronger-than-expected per-share quarterly profit and announced a share buyback. Its stock rose 2% in after-hours trading.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 3.09 billion shares; 788 stocks rose and 2,575 fell.

Bond prices declined2. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested. The 30-year bond was down 24/32, pushing the yield up to 4.961%.

The dollar strengthened3. Late in New York, it traded at 121.15 yen, up from 121.11, while the euro weakened against the dollar to $1.2939 from $1.2960.

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Strong Global Economy Clobbers Stocks (USAT)

By Matt Krantz

USA Today, January 26, 2007

Stocks endured their worst sell-off in two months Thursday after investors bristled over news regarding China's economy, home sales and interest rates.

Growing evidence the global economy is strong, perhaps too strong, is stoking concerns about inflation.

Investors pushed the Dow Jones industrials down 119.21 points, or 0.9%, to 12,502.56, a harsh sell-off coming one day after the Dow set a new high. It was the Dow's worst day since it fell 158.46 points on Nov. 27, 2006. Still, the blue-chip barometer is up 0.3% this year.

Tech stocks, measured by the Nasdaq composite index, took it even harder, falling 32.04 points, or 1.3%, to 2434.24. The Nasdaq is up 0.8% this year, making it the best performer year-to-date among the major market indexes.

Hit by declines in stocks in the paper and packaging, investment banking and brokerage and home entertainment software industries, the Standard & Poor's 500 lost 16.23 points to 1423.90. The S&P 500 is up 0.4% this year.

News of a red-hot Chinese economy was one thing that hit stocks, says Todd Clark of Nollenberger Capital. China reported blistering economic growth of 10.7%, igniting fears of inflation.

Next, investors were served up news indicating sales of existing homes fell 0.8% in December (story, 1B). That weak number made them worry if they've overestimated how healthy consumer spending is. "It wasn't a recipe for higher (stock) pric es today," Clark says.

And then stock investors contended with a surge in the yield of the benchmark 10-year Treasury note to a three-month high of 4.88%.

Not only does the higher yield tempt investors away from stocks, but it signals some investors may think the economy is healthy enough for the Federal Reserve to boost rates, says Gary Tapp at SunTrust Robinson Humphrey. "It looks like the U.S. economy is strengthening," he says.

But it could be simply the market needed to cool off after a strong 2006, he says. "The market had been going straight up for a long time," Tapp says.

Highlights:

Varian Medical, a medical-supply company, fell $4.37 to $45.77. On Wednesday, it issued a forecast for its fiscal second quarter that was 4% lower than expected.

•Plexus, an electronics manufacturing company, lost $3.04 to $18.18. The company said Wednesday it expected to earn up to 19 cents a share in its second quarter, 46% lower than forecasts.

10-year-old Filmmaker Sues For Creative Control (LAT)

By Josh Friedman, Times Staff Writer

The Los Angeles Times, January 26, 2007

He seeks creative control of his movie, alleging his financier wants 'final cut and everything.'

Most 10-year-olds are happy with an allowance and some video games.

Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow.

The child actor, whose credits include Steven Spielberg's "Minority Report" and voicing Wilbur the pig in Paramount Pictures' recent "Charlotte's Web," is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team.

"She wanted to make all the decisions and stuff," Kay said. "She wanted final cut and everything."

Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of "Saving Angelo," starring actor Kevin Bacon, which she helped bankroll with $11,000.

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Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a "charitable contribution" to animal rights. "This is another example that no good deed goes unpunished," he said.

Kanter was seeking to use Kay to become a Hollywood "player," said Dylan Ruga, who is representing Kay along with prominent Hollywood lawyer Stanton L. (Larry) Stein.

Kay based his film on an incident from his own life. It tells the story of a boy who rescues a dog left for dead on the side of the road, finding a home for it in a local firehouse.

The lawsuit describes Bacon as a friend of Kay's, who worked with the actor before when he starred in the Bacon-directed film "Loverboy."

Kay alleged that he had shelved the film because Kanter had threatened to sue him since September 2005 if he completed the editing or screened the finished product without her consent. The lawsuit said profit would go toward animal rescue charities.

The movie was invited to the Los Angeles International Short Film Festival, and it could have been entered in the 2006 and 2007 editions of the Sundance Film Festival, Kay alleges.

"One of the most frustrating things was that Ms. Kanter stopped me from showing the film at Sundance for two years in a row," Kay said. "I don't think that's fair."

*

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Democrats' New Leader Embraces Faith (CSM)

By Linda Feldmann

The Christian Science Monitor, January 26, 2007

WASHINGTON

Harold Ford Jr. is back in national politics. The young former congressman from Tennessee, who came close last fall to becoming the first African- American elected to the Senate from the South since Reconstruction, was named chair of the Democratic Leadership Council (DLC) Thursday.

The Washington-based DLC has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, now also running for president.

Speaking at a Monitor breakfast Thursday, Mr. Ford laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes.

"This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare," said Ford. "This congress has its work cut out for it."

Unlike most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville.

Two of the top three Democratic contenders, according to early polls, are active in the DLC – Senator Clinton and former Sen. John Edwards of North Carolina – but the group will not issue any endorsements. Part of the DLC's goal is to help expand the Democrats' appeal in parts of the country where it has struggled in recent years, including the South. Already, the Democrats have made gains in the Mountain West, after a period of decline.

Ford made clear that he intends to run for office again someday. When asked what went wrong in his race for the Senate, which he lost by three percentage points, he said: "It's over with, we didn't win."

"A lot of things happened right there at the end of the race.... I haven't sat down and looked at the numbers," he said. "I know I want to do it again one day. In my state, it takes a few times to run sometimes, one or two times to run before you win."

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During the campaign, Ford, who is single, took some heat for his attendance at a Playboy party at last year's Super Bowl. This year, he won't be at the Super Bowl. But, he quipped, "I make clear [that] I love Jesus, I love girls, and I absolutely love football. That's not a DLC comment."

The Jesus part was not just a throwaway. During his race against the eventual winner, former Chattanooga Mayor Bob Corker, Ford liberally sprinkled religious references into his stump speech, speaking of his upbringing in the Baptist Church and how his faith informs his political views.

"I would hope that any candidate not be timid about sharing their faith," Ford said.

For him, some of the central issues of the day – healthcare, poverty, global warming – go right to the heart of his religious tradition.

"Anybody that really preaches about their faith, how could they not be concerned about those three issues," he said. "The New Testament's essentially dedicated to what people with money should do for people who don't have a lot of it. So ... if your religion actually informs your faith and not politics informing your faith, you should actually care about those things."

Harold Ford Jr. Will Lead Democratic Leadership Council (MCA)

Memphis Commercial Appeal, January 26, 2007

January 25, 2007 WASHINGTON -- Former Memphis congressman Harold Ford Jr. today accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency.

The announcement was made this morning at a Washington hotel breakfast sponsored by the Christian Science Monitor, but had been anticipated for days.

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Ford accepted the post, calling it "one of the most important organizations on the think-tank landscape. "

"I'm excited about the post for a couple of reasons," he said. "I think that the new majority in Congress presents not only our party with a great opportunity to give the nation a chance to see a new leadership but to embarking in a new direction on a lot of policy fronts."

DLC founder Al From and DLC president Bruce Reed made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future.

He fielded questions for more than an hour on policy positions he's taken in the past, and on the role his faith played in the recent U.S. Senate race he lost to former Chattanooga mayor Bob Corker.

Later, asked if he'd be going to the Super Bowl this year, Ford said: "I love Jesus, I love girls and I love football."

And although the DLC won't endorse a Democrat in the presidential primaries, Ford did endorse Al Gore to get an Oscar for his film "An Inconvenient Truth."

Before the announcement, many said the post is the best available platform for a moderate-to-conservative Democrat as he waits for elective offices, like Lamar Alexander's Senate seat in 2008 or the Tennessee governorship in 2010, to contest.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

The new head of the leading group of centrist Democrats lashed out Wednesday at what he called the "hypocrisy" of Republicans who overdo their talk about religion.

Harold Ford Jr., the charismatic Tennessee congressman who lost a nasty Senate race last year, on Thursday was named chairman of the Democratic Leadership Council, the party's most influential centrist group.

Ford made his debut at the Christian Science Monitor breakfast, a Washington institution for reporters. Once called the Sperling Breakfast, after founder Godfrey Sperling, the breakfasts -- which started in 1966 -- are a chance for politicians to float ideas and field questions in a relaxed atmosphere.

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But business gets done: Everything is on the record. And Ford did not disappoint the sleepy-headed journalists, offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith "is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that."

"God works in mysterious ways," Ford said. "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most. I pray for all of them, and would hope that they'd be able to find some healing and wholeness in their lives, but that they would also see that maybe they should reflect a little before they go lashing out and attacking others. I think voters get it, too. The hypocrisy on the part of some was so interesting in this last election."

In November, Ford, age 36, lost by 51 percent to 48 percent to Republican Bob Corker, but told the breakfast several times that he plans to run again. "Between political jobs?" he joked when DLC founder Al From noted that an earlier chairman was Charles S. Robb after he was Virginia governor and before he was a U.S. senator.

Ford succeeds Iowa Gov. Tom Vilsack, who's heading off to run for president. His other predecessors include former President Bill Clinton, Sen. Evan Bayh of Indiana and Sen. Joseph Lieberman of Connecticut.

Ford was presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies. "We will be aggressive. The agenda will be ambitious," Ford said. "We certainly anticipate the conversation attracting the leading minds in our party, the leading candidates in our party."

During the question period, Ford recalled Steven Thomma, chief political correspondent for McClatchy Newspapers, from a catfish restaurant on the Tennessee campaign trail toward the end of the campaign, and joked that the reporter almost couldn't ask his question because he was eating coleslaw. "When I left that, I thought you were going to win," the reporter said.

"So did I," Ford said, to big laughter.

"What happened?" Thomma asked.

Ford didn't seem interested in a detailed autopsy. "It's over with - we didn't win," he said. "We ran a hard campaign. A lot of things happened right there at the end of the race. I don't mean to be flippant about your question. I've sat down at looked at the numbers, and I know I want to do it again one day. In my state, it takes a few times to run - sometimes one or two times to run before you win."

Then he spoke about the oft-discussed phenomenon of black candidates, including former Virginia Gov. L. Douglas Wilder, who do better in polls than they do at the ballot box, apparently because white respondents say they're going to vote for an African American and then don't. "One thing that was very interesting in the last week were the polls that came out showing us down double digits, which we never were, and I think that probably played a little bit of role in sapping a little bit of the momentum," Ford said. "People kept calling it a 'Wilder tax.' … I assume it means if you're a black guy, you've got to be way ahead because you're going to lose votes on Election Day. Well, the opposite happened here, according to the polls. We actually gained, and came within 49,000 votes of winning. … We'll run again, one day."

Ford made it clear that he still resents some tactics of Republicans. Asked what he had learned about race in the contest, and what advice he would have for Sen. Barack Obama in his presidential race, Ford replied: "Run hard and be honest and put it in the voters' hands. That's all you can do." He also said: "This stuff on race, you'd probably need to ask my opponent."

One Republican ad taunted Ford for his attendance at a Playboy magazine party at the 2005 Super Bowl. Over eggs and sausage on Thursday, Ford reprised one of the greatest lines from the whole '06 campaign cycle: "I made clear: I love Jesus. I love girls. And I absolutely love football."

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Hagel Ponders White House Run As War Criticism Raises His Profile (WP)

By Shailagh Murray

Washington Post, January 26, 2007

His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base.

Looks as though Sen. Chuck Hagel is on a roll.

Both parties have their Iraq war contrarians. For the Democrats, it is Sen. Joseph I. Lieberman of Connecticut, whose steadfast support for President Bush nearly cost him his seat last year and forced him to run as an independent. The Republican version is Hagel, a career maverick from Nebraska and the only GOP senator to call for an end to the war.

Hagel's sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies.

But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run.

Hagel said in a wide-ranging interview this week that he is discussing his options with his family and other confidants and will make a decision in the next six weeks.

He said one possibility is forming a presidential exploratory committee and -- despite his outcast position within his party -- seeking the Republican nomination. Or he may seek a third Senate term. Then again, he might take a more creative path.

Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course.

Hagel clearly admires Sen. Barack Obama (D-Ill.) and calls him "a star," but he doubts the two could ever team up given the vast difference in their parties' principles. "I don't know if it gets to that point, but there is a shift going on out there, and there's nothing like a war that does that," Hagel said.

His GOP critics fume that Hagel and his Democratic allies who sponsor resolutions opposing a troop buildup are undermining Bush at a critical moment. "I really don't understand Senator Hagel," said Sen. Orrin G. Hatch (R-Utah.). "But playing around with resolutions when we all know we've got to stay and get the job done -- that doesn't make any sense. Most Republicans want us to win over there."

Hagel attracted the support of only 1 percent of registered Republicans in recent polls, compared with 25 to 30 percent for McCain. And his standing among conservative party faithful who will determine the outcome of the Republican presidential nomination remains strikingly low because of the intensity of his attacks on Bush. But Hagel has gained a particular following within the antiwar community. An Internet "draft Hagel" movement has formed, and even die-hard liberals admit they find him appealing.

"Chuck Hagel for president! If it ever narrows down to a choice between him and some Democratic hack who hasn't the guts to fundamentally challenge the president on Iraq, then the conservative Republican from Nebraska will have my vote," said an Internet article last week by Robert Scheer, co-author of the book "The Five Biggest Lies Bush Told Us About Iraq."

Like McCain, his close friend and potential 2008 GOP rival, Hagel is a decorated Vietnam War veteran, but his assessment of the Iraq conflict is radically different. McCain has asserted that despite serious mistakes by the Bush administration, victory remains possible. Hagel believes that U.S. troops are being thrown into a civil war that cannot be won and calls the conflict "the most divisive issue in this country since Vietnam."

Earlier in their careers, McCain, 70, and Hagel, 60, were viewed as rising Republican stars, two plain-spoken outsiders with gritty military rÃ©sumÃ©s. After losing to Bush in the 2000 GOP nomination battle, McCain greatly enhanced his stature inside the party by embracing Bush's Iraq policy. Meanwhile, Hagel, an early and persistent critic of the invasion, grew more estranged.

"He's held his view for a long time and I've held mine for a long time, so it's not as if we suddenly find ourselves on the opposite side of the issue," McCain said of Hagel. "I respect his views. I maintain my strong affection and respect for him."

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Hagel warned against military action long before the Iraq invasion, but despite his trepidations, he supported a Senate resolution authorizing the war. He has since renounced his vote and has been trying to atone for it ever since. When Bush announced a plan earlier this month to deploy additional troops, Hagel co-sponsored, with two prominent Democrats, a new Senate resolution opposing the plan. Though nonbinding, the measure has triggered the first significant confrontation between the White House and Congress over Iraq since the war began.

Hagel vainly implored his Republican colleagues to join him in supporting the resolution, which was approved 12 to 9 during a session of the Foreign Relations Committee on Wednesday. "If you wanted a safe job, go sell shoes," he said. "This is a tough business."

One of Hagel's sparring partners is Lieberman, who has infuriated Democrats with his outspoken war advocacy. Two weeks ago, the Nebraska senator was introduced to the Internet video site YouTube when his son, an eighth-grader, showed him a clip from "Meet the Press" that was drawing heavy traffic. It was a showdown between Hagel and Lieberman over Iraq.

If critics of Bush's troop increase have their way, Lieberman asserted, the consequences "for my children and grandchildren, I fear, will be disastrous."

"That's ridiculous," Hagel shot back, "and I am offended that any responsible member of Congress or anyone else would even suggest such a thing. Senator Lieberman talks about his children and grandchildren. We all have children and grandchildren; he doesn't have a market on that."

Hagel is a loner in the Senate, a serious and somewhat distant colleague who eschews consultants and other trappings of political ambition -- although he is a regular on political talk shows. He travels the country extensively and particularly enjoys talking to students. Last month, he spoke at Nebraska Wesleyan University and the University of Nebraska at Lincoln, and he is to receive an honorary degree from the College of William and Mary next month. Ambassadors and foreign officials visit his office regularly.

He often speaks of the current period as a "transformational time" that could bring a political earthquake, as early as the 2008 election. He sees parallels to 1960 and 1980, which resulted in the pivotal presidencies of John F. Kennedy and Ronald Reagan.

"Politics and politicians must become relevant to the times . . . or they become irrelevant," Hagel said. "And when you become irrelevant, something is going to fill that void."

TIME Poll: Hillary Vs. McCain? (TIME)

By Tony Karon

Time, January 26, 2007

Hillary Clinton is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani — with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone.

Despite the buzz generated by Senator Barack Obama entering the race, the survey found that Senator Clinton would beat him for the Democratic nomination by a margin of 40% to 21%. Senator John Edwards is a distant third with 11%. Obama clearly suffers a disadvantage in profile among likely voters, with only 51% indicating that they knew enough about him to form an opinion, compared with 94% saying the same of Hillary Clinton. In Obama's favor, however, is his far lower negative ratings. While 58% of voters familiar with Hillary Clinton have a positive view of her, 41% give her negative marks, for a net favorability score of +17. By contrast, Obama's net favorability score is +47. On the Republican side, Giuliani has a net favorability rating of +68, with only 14% having a negative view of him. McCain's net favorability score is +45.

McCain, however, holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or Senator John Edwards by a 7-point margin.

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Clinton's popularity within her party does not translate as easily across party lines as Obama's does, or indeed as Giuliani's and McCain's. Only 58% of the total sample of respondents had a very or somewhat favorable impression of her, compared with 82% for Giuliani (including 7 out of 10 Democratic voters), and 70% each for Obama and McCain — both of whom showed strongly among independents. These figures must be read against the fact that 94% of respondents said they knew "a great deal" or "some" about Clinton, while 73% said the same of Giuliani and 66% of John McCain. Only 51% knew "a great deal" or "some" about Obama.

If the election were held now, Rudy Giuliani appears to have the support of the greatest number of respondents of both parties, with 56% indicating they would "definitely" or "probably" support him — followed by Hillary Clinton (51%) John McCain (50%) and Barack Obama (50%). But Clinton has a strong edge when the question is which presidential candidate people would most like to have over to their homes for dinner. The former First Lady led the dinner-invitation field with 26%, while Obama and McCain tied for second place at 15%. But with the New Hampshire primaries a year away, the the four leading contenders all have some work to do: Obama in making himself better known, Clinton in making herself better liked, McCain in matching Giuliani's appeal to Democratic voters, and Giuliani in landing more invitations to dinner.

8 Keys To The Campaign (TIME)

By Massimo Calabresi, Perry Bacon Jr, Ana Marie Cox, James Carney

Time, January 26, 2007

IRAQ

HOW THE WAR SCRAMBLES PARTY LINES

The Iraq war has actedÂ like bleach on this year's primary colors: political stripes have faded and dissolved as candidates scramble to explain how they would get America out of Iraq without igniting the Middle East. The most conservative candidate for the G.O.P., Sam Brownback, is closer on Iraq to Democrat Joseph Biden than he is to John McCain. Democrats John Edwards and Hillary Clinton, meanwhile, are worlds apart.

The Republican Party has perhaps the deepest identity crisis over the way forward in Iraq. G.O.P. voters are down on Bush but still largely behind the war, and three leading Republicans--John McCain, Mitt Romney and Rudy Giuliani--would like to change policy but refuse to abandon the mission. All three back Bush's troop increase. McCain has, however, attacked the Administration's handling of the war. Brownback--like fellow Republican and potential candidate Chuck Hagel--supports scaling back the U.S. military mission and appears to be betting that by next winter Republican voters will be looking for an exit strategy.

Most Democratic voters oppose the war and want it ended. But too dovish a position by candidates now could look weak to independents and centrists in the general election. Hillary Clinton backed the war and the mission through last November's election but has since called for capping troop levels. Biden, chairman of the Senate Foreign Relations Committee, calls for cautious withdrawal and scores points for his proposed political solutions, including direct talks with Iran and Syria. Always antiwar, Barack Obama has taken the party position of cautious withdrawal: a troop drawdown starting in four to six months. John Edwards has come out hard and early to declare his vote authorizing the war was a mistake and to issue the strongest antisurge message among the major Democratic candidates.

No position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser.

MONEY

THE FIRST TEST: WHO CAN RAISE THE MOST CASH

After Barack Obama posted an online video to announce he was running for President and promised a new kind of politics for his campaign, he went straight old-school. He spent much of the rest of his day dialing for dollars, asking wealthy Democrats to support him in his quest to compete with Hillary Clinton's deep pockets. When Clinton got into the race a few days later, the New York Senator made clear she would avoid public financing for her campaign--forgoing a system that matches the first $250 of every individual campaign donation--because she believes she can raise much more than the $50 million limit imposed on candidates who accept matching funds in the primary.

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The 2008 presidential campaign may show that race, religion and gender don't matter, but money still talks, and more loudly than ever before. In 2003, John Edwards surprised everyone by raking in $7 million in campaign donations in the first three months of the year. That amount will be like Monopoly money after 2008. Strategists say the two eventual party nominees could well spend up to $500 million each before the general election.

Whether they get their money by calling, blogging or throwing lavish fund raisers, would-be contenders had better start quickly. Raising even $50 million for the primary this year means coming up with $137,000 a day.

RELIGION

CHASING VOTERS INTO THE PEW

This time around, candidates from both parties are looking for the right tone on religion. On the Republican side, the usual scramble is under way to win over the large Evangelical base, which is still without a top-tier candidate. Many conservative Christian activists admire Sam Brownback for his opposition to embryonic stem-cell research, abortion and gay marriage, even though he is a long shot. Three G.O.P. front runners aren't exactly dream candidates for social conservatives: Mitt Romney faces a challenge in explaining his Mormonism to conservative Christians suspicious of it. Rudy Giuliani supports abortion rights. And in 2000 John McCain called conservative Christian activists like Jerry Falwell "agents of intolerance."

Democratic candidates for 2008 are determined to build credibility with religious swing voters. Barack Obama devoted a chapter to his religion in his newest book and is far more likely to talk about his "personal relationship with Jesus Christ" than McCain, who keeps religious matters largely to himself. In December Obama publicly joined Brownback at an AIDS-awareness convention at Saddleback, the Rev. Rick Warren's evangelical megachurch in Orange County, Calif. On its website the Clinton campaign, in a bio of the New York Senator, describes at length that "faith was central to her family. Her mother taught Sunday school, and Hillary was a regular in her church youth group."

But Democratic activists may have little appetite for overt religiosity, particularly if it impinges on socially liberal issues. Former vice-presidential nominee John Edwards, though he is tacking left in his second White House run, nonetheless had to disappoint a questioner at a New Hampshire town hall who wanted him to support gay marriage. "I am just not there yet," Edwards says.

AMAZON FACTOR

FIRST, WRITE A BEST SELLER

This election cycleÂ may boast the most ever candidates with best sellers: John McCain with Faith of My Fathers, Barack Obama, riding high on the hardcover and paperback lists (The Audacity of Hope and Dreams from My Father) and Hillary Clinton, whose Living History sold more than 1.2 million hardbacks. The most memorable title belongs to former Arkansas Governor Mike Huckabee, who wrote Quit Digging Your Grave with a Knife and Fork after losing 100 lbs. If he's not elected President, he could at least make it into Oprah's Book Club.

LAST-MINUTE CAMPAIGNS

THE WAIT-AND-SEE PRIMARY

Despite the rash of newÂ candidates announcing their bid this month, some heavyweights are holding out, either for tactical reasons or out of indecision, and could shake things up with a late entry into the race. The biggest could-be contenders are former Vice President Al Gore and former House Speaker Newt Gingrich. Gore denies that he plans to run, but his hit film, An Inconvenient Truth, and his strong stands on climate change and the war in Iraq have rehabilitated him with Democratic activists.

Gingrich has energized some on the right with his calls for a conservative revival in the Republican Party. If Mitt Romney's attempt to woo the party base fails, Gingrich, who's already polling in third place, could capitalize. Some dream of a run by George W. Bush's brother, former Florida Governor Jeb Bush, or Secretary of State Condoleezza Rice, although the President's low approval ratings and the lack of progress in Iraq could dim their prospects. But with 21 months before the election for the announced candidates to pummel one another, voters may tire of the whole bunch, leaving the door open for a fresh bid by a familiar face.

OPERATIVES

RECRUITING THE NEW GURUS

DOJ_NMG_0121915

The hunt is onÂ for theÂ next Karl Rove, the political consultant with the strategic acumen and message magic to steer a candidate all the way from Iowa to the Oval Office.

The biggest names in the race, Clinton and McCain, have the early talent advantage. The former boasts Hillaryland--a cadre of loyal, long-serving pros--with the addition of a few carefully selected people from her husband's operation. McCain retains his inner circle from 2000 and has scooped up a slew of Bush veterans, even though some aided in the trashing of McCain in the infamous South Carolina 2000 primary. "We're in the business of making friends now," explains one of the Arizona Senator's old hands.

Hillary Clinton, of course, has the top political consultant who is not on the payroll: her husband. And then there's Rove. Bush's political guru coyly refuses to say whether he plans to advise a Republican in the 2008 race. If he does and his man wins, the next Karl Rove could be ... Karl Rove.

THE BLOGOSPHERE

WINNING OVER THE ONLINE ACTIVISTS

While the past fewÂ elections have seen candidates try out newfangled blogging technology with all the comfort and skill of a granddad on a skateboard, the 2008 candidates are doing everyone a favor by not trying to be bloggers.

"Bloggers put much more of a premium on understanding the medium rather than joining in," says Kevin Madden, a spokesman for Mitt Romney. Romney's strategy is to participate in podcasts and talk regularly with top conservative bloggers, an approach that has made him the top vote getter in Republican blogger straw polls, though he lags in national telephone ones.

Hillary Clinton, a real-world front runner, dwells in the low one figures in blogger surveys, but she has hired former Kerry hand Peter Daou to burnish her Web image. Daou says bloggers need to be wooed like any other reporters--or voters, for that matter. "It's very old school," he says. "I just reach out to them one by one." Employing bloggers instead of just courting them is a tricky next step, though. McCain was chastised last year when a blogger posted attacks on Romney without disclosing up front that he was on McCain's payroll.

NEW FACES

HOW CAN YOU TELL A BROWNBACK FROM A VILSACK?

Only a few candidates are famous. The rest are known mostly in their universes--the Senate or Arkansas, say--or as perennial protest candidates. Here's a primer on the faces you might not recognize in the crowd.

SAM BROWNBACK

A standard-bearer of the social right--with a twist. He speaks out against poverty, the genocide in Darfur and the war in Iraq

MIKE HUCKABEE

The socially conservative ex-Governor of Arkansas lost more than 100 lbs. while in office. His story of fitness redemption may resonate with voters

DUNCAN HUNTER

A boutique candidate for lovers of military hardware and a pro-Bush foreign policy, the Congressman (R.-Calif.) has ties to bribe-taking Duke Cunningham

TOM TANCREDO

The Colorado Rep's big issue, border control, inspires base G.O.P. voters. He has sponsored legislation punishing Sudan for its war in Darfur

TOMMY THOMPSON

The former Wisconsin G.O.P. Governor made a name in welfare reform in the '90s. He's pushing a plan to split Iraq into three separate states

DENNIS KUCINICH

Yes, it still rhymes with "spinach." His antiwar stance, looking better now than in '04, has drawn backers among House colleagues in both parties

CHRISTOPHER DODD

The affable Democrat is popular in the Senate. Fluent in Spanish, he's an expert on Latin America and is strong on children's issues

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TOM VILSACK

Inexperienced in foreign affairs, he's a likable self-made man. His hopes ride on his record as Iowa's Governor and a champion of ethanol fuel

McCain's Health And Age Present Campaign Challenge (POL)

The Politico, January 26, 2007

"I am older than dirt and have more scars than Frankenstein," John McCain likes to say.

It always gets a laugh, though I don't suppose his mother, who is 94, and her twin sister, appreciate it very much. If he is older than dirt, what does that make them? Older than lava?

If McCain, 70, runs and wins, he would be the oldest person ever inaugurated as president. As is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. (One in every 60 Americans is at risk for developing invasive melanoma in their lifetimes.)

I talked to McCain recently and asked him about his health. He said it was good. "I hiked the Grand Canyon rim-to-rim last August with my son, Jack," he said.

I tried to imagine that. The last time I saw it, the Grand Canyon was seriously deep.

How on earth do you hike a thing like that rim-to-rim? I asked.

"Down and up!" he said. "It takes three days."

John Kennedy, who at 43 became the youngest person ever elected president, and who was always associated with "vig-ah," in fact had serious diseases that were kept from the public.

As was revealed in 2002, Kennedy was sick from age 13 through the rest of his life, was on chronic-pain medication throughout his presidency and had Addison's disease, an endocrine disorder that until 1940 was a terminal illness. Kennedy survived it through cortisone injections, which at the time only rich people could afford.

Dr. Jeffrey Kelman, who examined Kennedy's medical records in 2002, said, "He was never healthy. I mean, the image you get of vigor and progressive health wasn't true."

The point being: Electing a young person to the presidency is no guarantee that he or she will be healthy or stay healthy.

The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts. (And how many presidential candidates can say that?)

"We'll probably have to do that again," McCain told me of the record release.

Do you think all candidates should release their medical and psychiatric records? I asked.

I thought he would jump on that and say yes, just to put pressure on the other presidential campaigns, but he did not.

"I don't know," he said. "I think probably in my case it was a little more unique because of my POW status and the war injuries and the fact that people were spreading rumors that I was crazy and disabled both. So we'll probably have to do that again."

You think the rumors will start again? I asked.

"They already have!" he said.

But I don't think that is going to be McCain's problem. It isn't his health but rather his demeanor that worries some people.

The Iraq war, which he strongly supports, has disturbed and dismayed him. He told The Washington Post it was a "train wreck." He told me it was a "witch's brew." He visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain.

And it is showing.

Last April, I wrote of a campaign swing McCain made through New Hampshire and Iowa, "Though McCain said he enjoyed himself, he was not the rollicking campaigner of six years ago. At a number of stops, he was largely subdued and sometimes almost somber."

Last Sunday, on "Meet the Press with Tim Russert," McCain seemed to have moved from almost somber to almost gloomy.

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In my recent interview, I suggested to him that the laughing, joking John McCain of his last presidential campaign seemed to be AWOL.

"It's hard to make jokes; we are a nation at war," he said. "There are great national security challenges that we face. But I also believe, as Ronald Reagan did, that America's greatest days are ahead of us. It's going to be an upbeat campaign and an optimistic one."

And will you still come to the back of the bus and goof off with the press like before? I asked.

"If I changed that," McCain said with a smile of old, "I would probably get death threats."

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by bleeck house on 01.25.2007 at 11:02 PM

I'm very excited about Politico, but I sure hope that your level of commentary rises above what we see here. McCain's health is a vital issue in the upcoming race. Anyone looking at him can see he's not well. I hope you examine this issue with a degree of vigor and candor the mainstream press shies away from. To reprint McCain's quips and leave it at there is useless.

by Paradise on 01.25.2007 at 05:54 PM

I don't want this to sound mean spirited. I am not a fan of McCain for several reasons. But the point of this comment is that John McCain was a prisoner of war. I have read his story and his books, and the fact that he survived being a POW for 5 years, in my mind does not make him a war hero. Neither does getting shot down. I know that he is a patriot. Most Americans are. When I think of a war hero, I think of my oldest brother who was killed in action in Korea, and awarded the Medal of Honor. That is a war hero, and there are thousands of others just like him. It has always troubled me that we call McCain a war hero, based largely on his own account. Patriot, sure, good man, absolutely, war hero, i just don't know.

by AnnaCatherine on 01.25.2007 at 04:12 PM

McCain might want to get out while he still has his dignity. His military record protects him from being bashed like the others. I'm not sure that's fair. He was obviously asleep at the State of the Union Address. It was overlooked or just 'off limits'. While I understand the reluctance to criticize him others are scrutinized and criticized all the time. It's part of the deal.Maybe it's time for a reality check. No malice intended. Thanks, ANNA

by desertdog on 01.25.2007 at 04:03 PM

I know McCain. Have met him several times. He's honest about Iraq. It's what he thinks that he tells you. He really does believe that it will be very tough for us if we pull out suddenly and the country collapses, and he does think that it is a chance if we send some more troops. I don't think he is enthusiastic about it. On the other hand, he knows that such a position will cost him votes next year. He doesn't care about that. If he loses because of it, those are the lumps you take. That's how McCain thinks. Yep, any way you look at it, he's a patriot. He may be wrong, but it's his view, like it or not. What if we do something else? Webb's idea of getting our troops out of the cities? At this point, McC doesn't think much of that. It's his opinion. I have found that you might not agree with him, but you do get his views when you ask. Would he have invaded if he were president, or would he have run the war the way Bush has? I doubt he would have invaded, regardless of how he voted (see Kerry and Hillary), I know he would have run it differently.

by Bramdean on 01.25.2007 at 01:38 PM

The days of American adventurism is over. Gun boat diplomacy no longer "persuades" the natives. Someone needs to emphatically tell McCain (and Bush).

Time and again McCain strikes me as someone keen to attack Iran, expanding the current mayhem exponentially. The bloodshed will result in regional and global costs. He also strikes me as somone relatively unfamiliar with the regional realities, IAEA reports and international law.

No, he'll not have my support. We've already seen the consequences of one fellow attacking a country that did not pose a threat to us (or anyone else). And we attacked and occupied them based on fraud and cooked intelligence. We don't need more (much more) of the same from this so called "maverick".

This is fighting terrorism? I think not!

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Giuliani A Tough Conservative Sell (AP)

By Liz Sidoti

AP, January 26, 2007

Rudy Giuliani's star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero _ the face of U.S. resolve at a time of tragedy.

The Republican dubbed "America's Mayor" hopes to ride that celebrity and his record at City Hall to the White House by emphasizing his leadership skills and embracing the strong-on-security, limited-government tenets of the GOP.

"If he can handle the scrutiny, and if events break his way, sure, he can win," said Fred Siegel, who wrote a Giuliani biography, "The Prince of the City."

Giuliani's quest to capture his party's presidential nomination won't be easy.

He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice.

"I sure have strengths and weaknesses," Giuliani said recently. "I think that sort of puts me in the same category as just about everybody else that's running. Are my strengths greater or my weaknesses worse? I don't know. You have to sort of examine that. That won't be the issue."

His challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals _ Sen. John McCain of Arizona and former Massachusetts Gov. Mitt Romney _ no doubt will try to exploit his background and record. For now, both are trying to gauge how much of a threat he may be.

Giuliani, who formed a presidential exploratory committee last year, is betting that the Republican rank-and-file will look past his liabilities. His aides dismiss skeptics who say he has too many flaws to win over primary voters a year from now.

"I believe they'll look at the picture as a whole," said Tony Carbonetti, Giuliani's longtime political adviser. "This (New York) was an unmanageable city, and I think what people want today is a manager, someone to lead in difficult times and to lead in not-difficult times.

"We're going to continue to tell that story," he said.

Before Sept. 11, Giuliani was known as the hard-charging prosecutor-turned-politician who cleaned up Times Square, led the city out of fiscal despair and brought Republican rule back to the liberal mecca.

Giuliani, of course, made enemies in the process, but on Sept. 11 even his chronic critics were muted when he took charge amid the rubble of the World Trade Center's twin towers. To many, he became a picture of strength, a reminder of the resilience of the American spirit.

"He has a connection to that. He is unique. On the other hand you look at the politics and you say this is a problem," said Alex Vogel, a Republican strategist in Washington who is not affiliated with any presidential candidate.

"The question is: Can you win a Republican primary a different way? History keeps saying no. But history has never presented us with someone whose favorability numbers are as high as Rudy's."

Indeed, national polls have consistently shown him leading for the GOP nomination, and early surveys in key states show him ahead or competitive. He travels to one important state, New Hampshire, this weekend where he will give the keynote address at the state GOP's annual meeting.

For all the hype since 2001, Giuliani didn't start preparing for a presidential run in earnest until after November's elections. Thus, he has lagged behind McCain and Romney in courting fundraisers, setting up a national organization and hiring ground operatives in key states, although he has made progress on all fronts recently.

Giuliani's aides insist they're making strides toward filling out his campaign. They say he can raise the $80 million to $100 million necessary this year for a serious run. Name recognition, obviously, isn't an issue.

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Neither, his supporters argue, is likability. They say he appeals to people across the political spectrum and in every region of the country, meaning he could expand the general election playing field. That, his backers say, makes him the Republican most likely to beat the presumptive Democratic front-runner, Sen. Hillary Rodham Clinton of New York.

Perhaps.

But first he has to capture the GOP nomination _ and the big question is whether he can win over enough Republicans in states like Iowa and South Carolina, among the first nominating contests where voters are solid conservatives and could be turned off by his stance on social issues.

"Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest," said Peverill Squire, who teaches politics at the University of Iowa.

The former mayor's support for abortion rights, gay rights and gun control conflict with the hard-line positions of the GOP's right. His supporters say he's not as liberal on those issues as he's made out to be. Still, he's from New York _ and that alone rankles the party's conservative wing.

Despite that, Giuliani's backers contend _ and some Republican strategists agree _ that he could get support from fiscal conservatives because of his record of cutting taxes, curbing spending and promoting small government, particularly now when the base is smarting over the soaring federal deficit under Republicans.

And, with the country still at war, his link to Sept. 11 _ the brand of a strong leader _ could trump the base's concerns about his background and stand on social issues.

"Giuliani's national security credentials will allow him to span ideological divides in the Republican Party and win conservative votes," said Greg Strimple, a GOP strategist in New York who is neutral in the race.

Unknown is whether Giuliani can woo enough of those base Republican voters to win the nomination and, if not, whether he can make up the difference by attracting independents and Democrats.

"His opening could come if people really think that somebody like Hillary is running away with it, and if there's a perception that only Giuliani can beat her," said John Truscott, an unaffiliated Republican strategist in Michigan.

Another factor that could help Giuliani is how the primary calendar shakes out.

New Hampshire and Michigan hold early contests, and New Jersey, California, Illinois, Florida and other states viewed as more hospitable to a moderate may schedule their votes earlier in the year, perhaps lessening the importance of a strong showing for Giuliani in Iowa and South Carolina.

For all the obstacles, even folks with ties to Giuliani's opponents can't deny that the New Yorker has a shot.

Said Ken Khachigian of California, who served as a strategist for President Reagan and was with McCain in 2000: "I would never sell Giuliani short."

Hunter Makes Presidential Bid Official (AP)

By Jim Davenport

AP, January 26, 2007

Republican Rep. Duncan Hunter, best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in this early voting state.

Frequently citing Ronald Reagan, Hunter told supporters he wants to pick up on the former president's legacy.

"I want to lead that policy of peace through strength," said Hunter, a strong supporter of the Iraq war.

The 14-term conservative from California, who has made no secret of his White House aspirations, set up a presidential exploratory committee earlier this month.

He initially announced his intentions in October, becoming the first GOP candidate to declare, and then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina.

He joins an increasingly crowded GOP field of declared and likely candidates, including Sens. John McCain of Arizona and Sam Brownback of Kansas, former Massachusetts Gov. Mitt Romney, and former New York Mayor Rudy Giuliani.

Hunter has been a familiar face on Capitol Hill and at the Pentagon. Until Democrats took control of Congress this month, he was chairman of the House Armed Services Committee, the powerful panel that oversees military policy.

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However, Hunter is little known outside of Congress and his San Diego district. He is a strong opponent of illegal immigration who wants fences extended along the U.S.-Mexico border and supports the prosecution of smugglers bringing illegal immigrants across the border.

Last week, Hunter filed a bill calling for a congressional pardon of two U.S. Border Patrol agents who are both serving more than a decade in prison for shooting a Mexican drug dealer as he fled, then covering up the crime.

In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination.

"Nobody wins the presidency without winning South Carolina," Hunter said.

Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor.

"I'm thrilled that he's running," said Milliken, who hasn't yet endorsed a presidential candidate. "This point of view he represents must be heard."

Hunter, 58, was born in Riverside, Calif., and was an Army Ranger in Vietnam. He worked his way through law school with farming and construction jobs.

Hunter won his U.S. House seat in 1980 and has been an ardent military supporter. His son has spent a pair of seven-month tours in Iraq.

Hunter Touts Experience, Conservatism In Bid For Presidency (CQ)

By Rachel Kapochunas

Congressional Quarterly, January 26, 2007

Republican Rep. Duncan Hunter of California made his presidential candidacy official Thursday morning, announcing his entry into the GOP field at a breakfast meeting in the South Carolina city of Spartanburg.

The 14-term lawmaker is touting more than a quarter-century of congressional experience; his focus on national security issues that has made him the current ranking Republican (and former chairman) of the House Armed Services Committee; and a record as a staunch conservative that he says will appeal to many voters in the Republican Party's base.

Yet Hunter is making his first campaign venture outside his congressional constituency in the San Diego area, in the southwestern corner of the continental United States. And the 58-year-old representative of California's 52nd District enters the presidential race trailing far behind nationally recognized hopefuls, such as Arizona Sen. John McCain and former New York City Mayor Rudolph Giuliani, in name recogintion and fundraising potential.

He is also fighting history. The last successful candidate to make the direct leap from the House to the White House was Ohio Republican James Garfield in 1880.

And though he maintains he is "the most conservative" candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20.

Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney.

Hunter picked Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials.

Hunter already has a network of allies in the state, including Roger Milliken, head of textile and chemical manufacturer Milliken & Company, based in Spartanburg. Last year, Milliken contributed both to Hunter's House campaign committee — from which he can legally transfer funds to his presidential campaign — and the congressman's Peace Through Strength political action committee (PAC).

The two share a strong skepticism of free trade agreements that they believe cost American jobs. Milliken told the Associated Press that he supports Hunter's committment to protecting U.S. manufacturing, though adding that he has not made any official endorsement for the 2008 presidential race.

The Peace Through Strength committee ran ads featuring Hunter last month, including one in which he called for "fair trade."

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Hunter said China is "cheating" U.S. businesses by devaluing its currency — which has the effect of making its exports cheaper and U.S. imports to China more expensive — and subsidizing its businesses.

His second ad emphasized his charge that China is buying "ships, planes and missiles with our money."

Hunter's conservatism extends to social issues. He is an outspoken opponent of illegal immigration, an issue on which President Bush and some of the Republican candidates have taken more moderate stances.

2nd Republican Enters Race For Presidency (NYT)

By Sarah Abruzzese

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Representative Duncan Hunter, Republican of California, announced his bid for the presidency on Thursday in Spartanburg, S.C., then boarded a motor home to tour the state, where he hopes to gain support from a conservative electorate.

Mr. Hunter, 58, said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade.

Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel.

In a release earlier this month, he paved the way for his candidacy, saying, "America needs a way ahead in the ongoing war against terrorists and a policy of economic opportunity, with a reaffirmation of faith in the principles of our founding."

He said yesterday that he would also emphasize the need to restore the balance of trade with China.

"This is not free trade, this is not fair trade," Mr. Hunter said according to the text of his speech. "It is cheating."

Mr. Hunter, who has a 92 percent lifetime conservative rating from the American Conservative Union, repeated his opposition to abortion this week, telling thousands of anti-abortion demonstrators here that, if elected, he would not nominate judges who supported abortion.

Mr. Hunter also opposes embryonic stem cell research and supports tighter controls on illegal immigration. Mr. Hunter is the second Republican to announce his intention to run for the presidency. Senator Sam Brownback of Kansas did last week. Senator John McCain of Arizona and Rudolph W. Giuliani, the former mayor of New York, are also expected to seek the nomination.

Duncan Hunter Announces For President At Spartanburg Breakfast (HJH)

By Jason Spencer

Spartanburg (SC) Herald Journal Hunter, January 26, 2007

Espousing hard-line views on immigration, trade, America's role in spreading democracy and the need to protect the life of an unborn child, California Congressman Duncan Hunter today officially announced his longshot bid to become this country's next president.

"God still loves our nation. We are still a people of character, and strength, and kindness," Hunter told a packed room at the Marriott at Renaissance Park (Watch video from the announcement).

"My fellow Americans, with the support of our families, with faith in God, and with confidence in the goodness of the American people, let's begin this race for the American presidency, and let's win."

The announcement is a first for Spartanburg, but not surprising considering the strong ally Hunter has in textile magnate Roger Milliken.

"Judging from the reaction I've just had, talking to a few people, they can get his message," Milliken said afterward. "The problem is, how does the word get through? His message is the right one for America. And you can see that he's dedicated."

Hunter's announcement received national media attention, with Fox News, CNN and C-SPAN among the many cameras rolling in the back of the Marriott's Azalea Ballroom.

The 250-or-so supporters in the room included the local GOP faithful, but they also came from across the state — not to mention San Diego (where Hunter lives), Yuma, Ariz., and Washington, D.C.

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While some pundits have debated whether in 2008 Americans will be electing a “wartime president,” Hunter made it very clear they would be. He and his supporters almost referred to him more as this country’s “next commander in chief” rather than “next president.”

“We live in a world that’s on fire, and our next commander in chief has to be someone who in that critical moment, to help protect the lives of American people, that can make the right decision. And with his background and experience, he’s the right man for the job,” said Van Hipp, a former chairman of the S.C. Republican Party and current head of Washington, D.C.-based American Defense International.

Hunter, a Vietnam veteran, has served in Congress since 1980, and spent the last four years as the chairman of the House Armed Services Committee. He co-wrote the legislation to build a 700-mile fence along the U.S.-Mexican border.

And like many other conservatives seeking the GOP nomination in 2008, he’s trying to latch onto the legacy of Ronald Reagan — Hipp even introduced him as “the next best thing” to Reagan.

Today’s announcement begins a statewide tour of South Carolina for Hunter and his family. Sunday, they’ll fly to New Hampshire.

A CNN poll last week cast Hunter with only 1 percent of the vote among likely Republican voters — trailing even other lesser-known conservatives like Kansas Sen. Sam Brownback, former Virginia Gov. Jim Gilmore and former Massachusetts Gov. Mitt Romney.

Those three have visited Spartanburg, too. But only Hunter chose this city to make his official announcement.

“This represents the heart of what I call the arsenal of democracy. This is a place that’s known for textile manufacturing. You’ve got steel manufacturing right up the way … and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion,” Hunter said.

“You know what that is? That’s the great Americans who won’t move their companies off-shore, who won’t take their manufacturing to China. … There’s a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that.”

Obama Calls For Universal Health Care (AP)

By Nedra Pickler

AP, January 26, 2007

Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country," Obama told a conference of Families USA, a health care advocacy group.

The Illinois senator did not provide specifics on his plan for coverage.

Obama was previewing what is shaping up to be a theme of the 2008 Democratic primary. His chief rivals, Sen. Hillary Rodham Clinton and John Edwards, also are strong proponents of universal health care and have promised to offer their plans.

Obama said while plans are offered in every campaign season with "much fanfare and promise," they collapse under the weight of Washington politics, leaving citizens to struggle with the skyrocketing costs.

He said it's wrong that 46 million in this country are uninsured when the country spends more than anyone else on health care. He said Americans pay $15 billion in taxes to help care for the uninsured.

"We can't afford another disappointing charade in 2008, 2009 and 2010," Obama said. "It's not only tiresome, it's wrong."

Obama's call was an echo of a speech he made last April when he said Democrats "need to cling to the core values that make us Democrats, the belief in universal health care, the belief in universal education, and then we should be agnostic in terms of how to achieve those values."

His argument Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival Sen. Hillary Rodham Clinton's ill-fated plan to overhaul the health care insurance system when she was first lady.

Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid.

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"One of the goals that I will be presenting ... is health insurance for every child and universal health care for every American," she said at a community health clinic in New York Sunday, the day after entering the 2008 Democratic field. "That's a very major part of my campaign and I want to hear people's ideas about how we can achieve that goal."

On Thursday, she criticized Bush's proposal to make health care more affordable through tax breaks, arguing that it would lead to less funding for hospitals.

Addressing the U.S. Conference of Mayors, Clinton was self-deprecating in describing her own experience in the health care debate and joked that Bush would need some heavy-duty protection as he wades into the fight.

"I welcome his participation in the health care debate. I'm going to send him a suit of armor because I know anybody who puts a foot in the health care debate is gonna need that. I've got the scars and experience to show for it," said the New York senator.

Another candidate, Ohio Rep. Dennis Kucinich, also backs universal health care.

Obama Adopts Universal Health Care As Policy Theme (CQ)

By Marie Horrigan

Congressional Quarterly, January 26, 2007

Illinois Sen. Barack Obama, who is mulling a bid for the Democratic presidential nomination in 2008, Thursday called on policymakers to overcome the "failure of leadership" and create a universal health care system.

"In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how," he said in a speech at a Washington, D.C., conference on health care issues staged by the nonprofit advocacy organization Families USA.

"We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president's first term," continued Obama, who railed against what he called the "smallness of our politics — the idea that there isn't much we can agree on or do about the major challenges facing our country."

"We can't afford another disappointing charade in 2008," he said in prepared remarks. "It's not only tiresome, it's wrong."

Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee. But the position he pronounced Thursday is not original to him.

Sen. Edward M. Kennedy of Massachusetts, who chairs that committee, cited universal health care as a top agenda item for the 110th Congress at the panel's first hearing earlier this month. "We need to find a solution in this Congress, so that every American has guaranteed access to quality care by the end of the decade," Kennedy said.

His suggestion that such a system could be modeled on a program recently instituted in Massachusetts added a bit of a bipartisan ring to the discussion, as the plan was championed by now-retired Republican Gov. Mitt Romney — himself a prospective candidate for president in 2008.

While Obama's speech was one of his first major policy statements since he launched his presidential campaign exploratory committee last week, Families USA Executive Director Ron Pollack said his appearance should not be construed as an endorsement by the organization. Families USA, which has a stated goal of getting high-quality affordable health coverage for everyone, has not endorsed a political candidate in its 24-year history.

And Obama is not the only senator addressing the conference. Kennedy is scheduled to speak Friday morning, as is newly elected Sen. Sherrod Brown of Ohio, though neither of them is in the 2008 presidential running.

New York Sen. Hillary Rodham Clinton — who has formed her own exploratory committee and is considered a front-runner for the Democratic presidential nomination — has her own deep ties to the organization. She addressed Families USA conferences in 2001 and 2005, and the organization strongly supported her efforts in to develop a universal health care system in the 1990s during the presidency of her husband, Bill Clinton.

Families USA, according to Pollack, worked closely with Clinton in her role as first lady and backed her sweeping proposals, which ultimately failed in the face of massive Republican opposition and divisions within Democratic ranks.

Clinton also has seniority over Obama on the Health, Education, Labor and Pensions Committee, having joined when she first came to Congress in 2001.

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But Obama's ability to garner major media attention lent cogency to his speech Thursday. The first-term senator called for an online medical records system to cut administrative costs, something that he said everyone from Kennedy to Republican former House Speaker Newt Gingrich "believes we should do." He said such a policy would save the nation $600 million a year.

He also called for an examination of the "record-breaking profits" earned by the pharmaceutical and health care industries, and questioned whether the employer-based insurance system was a good fit in today's economy, in which few workers stay with one company throughout their careers.

"This crisis isn't just morally offensive, it's economically untenable," he said.

Obama said he had experts working on his own plan for universal health care, but referenced plans by Oregon Democratic Sen. Ron Wyden and comprehensive state-based plans emerging from places such as Maine, Illinois and California.

• On Kucinich's Turf. Obama has been a media magnet since he caught the public's imagination with his dynamic keynote address to the 2004 Democratic convention and his election to the Senate later that year. At the other end of the attention scale is a longshot Democratic presidential hopeful, Ohio Rep. Dennis J. Kucinich — who happens to have made universal health care a central cause for years.

Kucinich, who unsuccessfully sought the 2004 Democratic nomination, is co-author with Michigan Democratic Rep. John Conyers Jr. of HR 676, the Universal Health Care Insurance Act, which they introduced Wednesday.

Kucinich described the bill as the only plan to address the issues of quality, accessibility and cost. It "stands alone in an increasingly crowded field of efforts to provide health care coverage to all," Kucinich said in a statement.

Last week, Kucinich was named chairman of the new Domestic Subcommittee of the House Oversight Committee, which has jurisdiction over the Department of Health and Human Services and through which the congressman has vowed to address health care issues.

• Rebutting the Madrassa Rumor. Yet if Kucinich is regularly overshadowed in the presidential derby by Obama's star power, he at least has not yet been subjected to personal attacks of the sort Obama already is seeing.

Earlier this week, Obama became the center of a media frenzy as he rebuffed a published report that he had attended a madrassa, or radical Islamist school, while living in Indonesia as a child with his American mother and Indonesian stepfather.

The conservative-oriented Insight Magazine, associated with the Washington Times newspaper, ran a story last week that cited unnamed sources who said Obama spent at least four years at a madrassa. The magazine attributed the allegation — which were subsequently cited on Fox News Channel — to sources within Clinton's presidential campaign exploratory committee, in what one Clinton staffer told CNN was "an obvious right-wing hit job."

CNN, though, sent a reporting team to Indonesia, the nation with the world's largest Muslim population, and debunked the madrassa charge. The network cited numerous sources who said the school Obama attended as a child, though Muslim-run, had a diverse student body and did not engaged in radical politics.

Obama's team fired back Wednesday. "These malicious, irresponsible charges are precisely the kind of politics the American people have grown tired of, and that Senator Obama is trying to change," spokesman Robert Gibbs wrote in a memo distributed

Universal Health Care Pushed By Democrats (CHIT)

By Mike Dorning

Chicago Tribune, January 26, 2007

WASHINGTON -- Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994.

The Republican takeover of Congress that year was credited in part to political opposition to the Clinton health care plan. Since then, Democrats have concentrated on more modest, incremental efforts to expand health coverage, such as subsidized insurance for low-income children and prescription drug coverage for the elderly.

But this year, the three most prominent Democratic presidential candidates all have declared their intention to move the country toward universal health care coverage

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Sen. Barack Obama (D-Ill.) committed on Thursday to providing health care coverage for every American within six years.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country. There's no reason we shouldn't have that," Obama said in a speech to Families USA, a liberal health advocacy group.

Former Sen. John Edwards of North Carolina declared in announcing his presidential campaign in December that he would back universal health care, even if it required expanding the federal budget deficit.

And Sen. Hillary Rodham Clinton (D-N.Y.), who as first lady spearheaded the Clinton administration's ill-fated plan, also has made health care coverage for all a central theme—highlighting her commitment by appearing at a community health care center last weekend, the day after entering the Democratic presidential field.

"One of the goals that I will be presenting…is health insurance for every child and universal health care for every American," Clinton said on Sunday. "That's a very major part of my campaign."

An adviser to one of the Democratic candidates said that health care is among the top concerns of the public, particularly likely Democratic primary voters, and that campaign strategists expect health coverage will be a paramount issue in the struggle for the nomination.

"We expect that it's going to play a bigger role than it ever did," said the Democratic adviser, who declined to be otherwise identified.

Several Republican governors also have recently embraced the goal of health care coverage for all.

Former Massachusetts Gov. Mitt Romney, now a GOP presidential candidate, signed legislation requiring all state residents to get health insurance by July 1 or face a tax penalty, with the state subsidizing insurance for lower-income residents. California Republican Gov. Arnold Schwarzenegger kicked off his second term this month with a call to assure health care for all state residents.

In Illinois, Democratic Gov. Rod Blagojevich's All Kids program was the first in the nation to offer state-subsidized health insurance to all children. During his re-election campaign last year and since, Blagojevich has spoken of his interest in moving the state toward a broad universal health care program.

In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care.

He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage.

"We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated," the senator said.

Obama said he would offer a plan for universal health coverage within "several months" and said the goal would be "a top priority" for him.

He otherwise provided few details, though he called for a greater focus on preventive health care to reduce doctors' visits and argued that the country could save on administrative costs by requiring greater use of electronic insurance claims. He said the country should examine "how much of our spending is going toward the record-breaking profits earned by the drug and health care industry."

Obama hinted that he might re-examine the building block of the current health insurance system, in which most workers received group health insurance provided through their employers.

"At a time when businesses are facing increased competition and workers rarely stay with one company throughout their lives, we also have to ask if the employer-based system of health care itself is still the best for providing insurance for all Americans," Obama said.

Asked to clarify the comment afterward by reporters, he said, "I don't think we immediately replace the employer-based system."

He added that he would be looking at such options as broadening employer-based group plans into larger insurance pools and improving the portability of health insurance coverage as employees move in and out of jobs.

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Edwards and Clinton also have yet to offer detailed plans on health coverage, but spokesmen for both candidates said they would release proposals in the coming months.

Economist Henry Aaron of the Brookings Institution, a think tank with a liberal leaning, and health-care expert Stuart Butler of the Heritage Foundation, a conservative think tank, both said establishing universal health care coverage would be enormously difficult.

Butler, who has studied America's health-care system for 30 years, said he supports universal coverage, but that the current system would require drastic overhaul and that the "costs would be staggering." An estimated 47 million Americans have no health insurance.

Aaron, who has been working on reform of America's health-care system for more than 25 years, said the climate for universal coverage has improved, but probably not enough to get very complex legislation passed in the next several years.

To adopt a universal plan is "technically enormously difficult," Aaron said, and would have to take into account that the U.S. has a highly diverse population and a highly diverse health-care system. It would require passage of several pieces of legislation that could take years to get through Congress, he said.

"I am not sure that even a new president and a new Congress can work through those devilish details" in the next presidential term and pass a universal plan, he said. Still, he said, if the supporters of a national plan avoid the mistakes of the Clinton administration, "they've got a shot."

Tribune Washington correspondent William Neikirk contributed to this article.

Obama Certain Of His Appeal To Black Voters (CHIT)

By Christi Parsons

Chicago Tribune, January 26, 2007

WASHINGTON -- Sen. Barack Obama said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February.

"If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois," Obama (D-Ill.) said, "I feel pretty confident that, once folks know who I am, we'll do just fine."

The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove "black enough" to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004.

The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign.

Demonstrating his flair for drawing a media crowd, Sharpton circulated a schedule of Democratic presidential hopefuls he planned to visit on Capitol Hill early in the day, with the guaranteed media draw, Obama, last on the list.

"We talked about issues and policy, about 21st Century civil rights concerns that we both share," Sharpton said after meeting with Obama. "We're trying to get the process beyond just the surface stuff."

Sharpton hasn't announced his own intentions for 2008 and, after the meeting, said he hasn't chosen a candidate among Democrats now seeking the office.

"I'm not making any endorsements today," Sharpton said.

Standing with Sharpton after their meeting, Obama gestured to a portrait of Supreme Court Justice Thurgood Marshall on the wall of his office, saying he and Sharpton are both beneficiaries of Marshall's legacy.

"Rev. Sharpton emphasized his hope that any presidential candidate is speaking to the issues of the dispossessed, and that his number one priority is making sure that we get those on the agenda," Obama said.

"I think he's right to do that and I assured him that I not only want to hear his views, … but that publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues. "

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Sharpton Sizes Up 2008 Contenders (AP)

By Nedra Pickler

AP, January 26, 2007

Democrat Al Sharpton said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate.

The civil rights activist spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency _ Chris Dodd of Connecticut, Joe Biden of Delaware, Hillary Rodham Clinton of New York and Barack Obama of Illinois. Each met privately with Sharpton in their office.

"I'm not making any endorsements today," Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama.

Obama said the two talked about their shared agenda of fighting for the dispossessed. "I assured him that I not only want to hear his views and thoughts and policy recommendations, but publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues," he said.

Sharpton said they talked about economics, health care and education issues. "We are going to keep talking and he knows I'm talking to everybody," he said.

The normally loquacious Sharpton was unusually curt and cut off further questioning by saying he was behind schedule. But he told reporters who followed him that he would decide about his own candidacy "once I see what these guys do or don't do."

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Former Rep. Harold Ford Jr., has some advice for his friend Sen. Barack Obama: Don't be afraid to take your presidential campaign anywhere in this country, no matter what the racial politics.

Ford lost a close bid last fall to become the first black senator from a Southern state since Reconstruction. Some blamed the loss in Tennessee on racial politics, but Ford said Thursday other factors, including a rival who spent his own money, contributed to his defeat.

He said Obama, son of a white mother and an African father, can't control how his race will affect his candidacy.

"As long as he works hard, is honest ... and is not afraid to take his message anywhere in the country, he'll do fine," Ford said. "He can't try to predict what other people may think or may do. All he can do is run the campaign that he's capable of running.

"Do I think the fact that he's black will be a factor in his campaign? Probably," Ford said. "It would be a factor if two white guys were running. People talk about race regardless, so race is an issue that we deal with in America. I don't think that will be a central part of his campaign at all."

Ford spoke to reporters over lunch on his first day as chairman of the centrist Democratic Leadership Council. Ford is replacing former Iowa Gov. Tom Vilsack, who stepped down to run for president.

Ford said he plans to remain neutral in the 2008 race because of his new position, but he is particularly close to Sen. Hillary Rodham Clinton of New York and Obama.

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WASHINGTON (AP) _ Hollywood moguls Steven Spielberg, Jeffrey Katzenberg and David Geffen are throwing a fundraiser for Sen. Barack Obama's presidential campaign next month.

Some 700 invitations to the $2,300-per-head event at the Beverly Hilton Hotel went out this week, Andy Spahn, political adviser to Katzenberg and Spielberg, said Thursday. Katzenberg, Spielberg and Geffen are the founders of the DreamWorks movie studio.

Katzenberg has endorsed Obama, but Spielberg, a longtime supporter of Sen. Hillary Rodham Clinton, hasn't made up his mind. Geffen also has not publicly endorsed a candidate.

"There are many people in this community who will support multiple candidates, but this certainly is evidence off the serious credibility and strength of Obama's candidacy," said Spahn, rejecting the suggestion the fundraiser was a slight to Clinton.

The Feb. 20 event will be followed by a private dinner at Geffen's house for donors who have committed to raising $46,000.

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As president, Bill Clinton had a famously affectionate relationship with Hollywood, and the goodwill _ and deep pockets _ transferred to Sen. Clinton. Celebrities such as Barbra Streisand, Jennifer Lopez and Chris Rock donated to her Senate races in 2000 and 2006.

Clinton spokesman Phil Singer said Spielberg and other major Los Angeles donors, including producer Steve Bing, media mogul Haim Saban, supermarket magnate Ron Burkle and investment banker Sim Farar, will be co-hosting a fundraiser for the New York senator in the spring.

Sharpton Goes To Washington To Talk To Party's '08 Hopefuls (NYT)

By Patrick Healy

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — The Rev. Al Sharpton, a man who says he knows a well-tailored suit from a fake, went to the United States Senate on Thursday to do some comparison shopping, meeting separately with four Democrats who are seeking the 2008 presidential nomination to discuss civil rights.

One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to Senator Barack Obama, Democrat of Illinois and a fellow African-American, that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004.

Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after their meeting in the senator's office, where Mr. Obama had them pose for a picture beneath a portrait of Justice Thurgood Marshall of the Supreme Court.

"I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is," Mr. Sharpton said.

Mr. Obama and Senator Hillary Rodham Clinton of New York, with whom Mr. Sharpton also met, are expected to compete fiercely for black votes.

"I'm not endorsing anyone at this point," Mr. Sharpton said, "but she has more of a civil rights program laid out. And I always know where I stand with her. She is always accessible and welcoming."

No candidate's schedule was too important for them to miss the meeting: Mrs. Clinton was waiting to speak at a Senate Armed Services Committee hearing on Iraq when the time for her appointment with Mr. Sharpton came and went. So one of her aides escorted Mr. Sharpton to an office near the hearing room, and Mrs. Clinton left the discussion about troop levels in Baghdad to meet him.

Mr. Sharpton and Mrs. Clinton met behind closed doors for 15 minutes, then emerged with big smiles. Mrs. Clinton seemed surprised to see a dozen reporters waiting; Mr. Sharpton had sent out two news releases, one at 2 a.m. on Thursday, with his itinerary.

"I'm delighted that Reverend Sharpton is here today to talk about issues that are important to our country," Mrs. Clinton said as they stood in a Senate hallway. "His commitment to the 21st-century civil rights agenda is one that I share."

Mr. Sharpton said, "I'm very happy my hometown senator is in the race."

Mrs. Clinton declined to take questions and zipped back to the hearing, while Mr. Sharpton hung back with reporters for a few minutes.

Asked who he favored among the Democratic candidates, he said, "We're talking." He said the conversations dealt with criminal justice issues and Hurricane Katrina, among other things.

Mr. Sharpton also met with Senators Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware, and plans to meet soon with former Senator John Edwards of North Carolina and Gov. Bill Richardson of New Mexico, all of whom are seeking the presidency.

Mr. Sharpton also said he would decide this spring whether to run for president again in 2008.

Sharpton: Step Up Or I'll Run In '08 (WT)

By Brian Debose

The Washington Times, January 26, 2007

DOJ_NMG_0121929

The Rev. Al Sharpton yesterday threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues.

Mr. Sharpton, a New York-based activist and perennial candidate for various posts, said strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education.

"If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does," Mr. Sharpton said.

Mr. Sharpton's comments came as he visited Democratic Sens. Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware, Barack Obama of Illinois and Christopher J. Dodd of Connecticut, the four senators seeking the party's nomination.

Mrs. Clinton after speaking with Mr. Sharpton said she is in lock step to deal with "21st-century civil rights issues" such as those Mr. Sharpton is backing.

"These are issues important to our country and ... an agenda that I support," she said.

Mrs. Clinton and Mr. Obama are the front-runners in recent polls and considered the two strongest candidates by most political pundits. Many pundits think that the pair will need to court Mr. Sharpton's endorsement and his help on the campaign trail to secure votes from black voters.

Standing next to the New York minister in front of a painting of renowned Supreme Court Justice Thurgood Marshall, Mr. Obama said the two men have benefited from the movement Mr. Marshall energized when, as a lawyer for the National Association for the Advancement of Colored People, he won the 1954 Brown v. Board of Education case that barred segregation in schools.

"Hopefully the work that we do will benefit generations to come; he wants the candidates to speak to the issues of the dispossessed. And I think he is right to do that," Mr. Obama said.

Mr. Sharpton entered the 2004 presidential race to put issues of police brutality and racial profiling, poverty, limited access to education and health care at the forefront and to denounce the war in Iraq. He said far too many Democrats were "acting like elephants in donkey jackets," referring to the overwhelming support by the party's members of Congress to authorize the war.

While most pundits wrote off his campaign, he placed third in the polls in South Carolina and second in the District's nonbinding primary. He also gave what was regarded as one of the best speeches at the 2004 Democratic National Convention.

But after the election, Mr. Sharpton began a new campaign working with evangelical ministers to expand their activism with Republicans against abortion and homosexual "marriage" to also address such issues as poverty, equal opportunity and rebuilding New Orleans after Hurricane Katrina.

"It was shocking, beyond shocking, that the president did not mention New Orleans or Katrina in the State of the Union address, because they are members of the Union still suffering daily with issues of poverty and despair," he said.

Mr. Sharpton said that this campaign is the reason why his first stop in Washington yesterday was at the office of Mr. Dodd, chairman of the Senate Committee on Banking, Housing and Urban Affairs.

He said Mr. Dodd "is in the best position to work on" the minister's concerns about such issues as access to capital, diversity among heads of pension funds and the practice of redlining -- where minority neighborhoods pay more for goods and services, particularly bank interest on loans.

"Those issues are ones that he as the committee chairman can affect now, and also out on the campaign trail as a presidential candidate, so that was a very important meeting," Mr. Sharpton said.

Sharp Decline In Union Membership In ’06 (NYT)

By Steven Greenhouse

The New York Times, January 26, 2007

Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history.

The Bureau of Labor Statistics reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s.

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Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses.

In manufacturing, which had long been the heart of organized labor, the percentage of workers in unions sank to 11.7 percent, from 13 percent. Perhaps the brightest spot for labor was the extent of government workers in unions, 36.2 percent, although that, too, was down, from 36.5 percent in 2005.

Union leaders have long said that for organized labor to turn around, it must reverse the decline in membership in the private sector. But the percentage of private sector workers in unions continued to fall last year, slipping to 7.4 percent — the lowest percentage since the early 1900s. In 2005, the private sector percentage was 7.8 percent.

At a news conference on Wednesday, the A.F.L.-C.I.O. pointed to polling results showing that 53 percent of nonunion workers said they would vote to join a union tomorrow if they could.

"Sixty million Americans say they would join a union tomorrow if they could — that's far more than the 15.4 million now in unions," said Stewart Acuff, the A.F.L.-C.I.O.'s organizing director. "What's stopping them is employer resistance."

With the Democrats in control of Congress, labor unions hope they can reverse their decline by persuading Congress to enact the Employee Free Choice Act, which would give workers the right to unionize through an easier, less antagonistic method — signing pro-union cards.

But many business groups favor the current system in which employers can insist on using secret-ballot elections to determine whether a majority of workers want to join a union.

Business groups assert that elections are fairer, while labor unions assert that elections often involve employer intimidation of workers and the firing of union supporters.

Billions Pledged For Lebanon Government (AP)

By Anne Gearan

AP, January 26, 2007

World powers pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence.

Lebanese Prime Minister Fuad Saniora took a risk by leaving his fortified compound in Beirut to attend a one-day conference on developing ways to help Lebanon recover from last summer's war between Israel and Hezbollah and address its $40 billion in debt.

As the donors met in Paris, government and opposition supporters clashed at a university campus back in Beirut in new violence spilling over from Lebanon's political crisis. The army, struggling to restore order, imposed a nighttime curfew. At least three people were killed and dozens injured.

Saniora told the Paris conference his nation was on the verge of a deep recession.

"Your support will be essential in seeing Lebanon through," Saniora told the conference. "The cost of failure is too great to contemplate."

Saniora stands between the West and Iranian-backed Hezbollah militants trying to bring down his government. Thursday's conference had an urgent tone, with some diplomats and leaders hoping to give Saniora tangible bargaining power in his power struggle with Hezbollah.

"I think this goes beyond the wildest dreams of everyone for the success of the conference," Secretary of State Condoleezza Rice said of the pledge total. "I think when people really started thinking about what was at stake here ... they decided that this statement had to be made," she said in an interview with The Associated Press.

Rice announced $770 million in new U.S. aid, more than three times the Bush administration's previous commitment.

The United States regards Hezbollah as a terrorist organization. U.S. law forbids funding for terror groups, restrictions that led to a cutoff of direct U.S. aid for the Palestinian government following the election victory of the Hamas militants exactly a year ago.

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The Bush administration has since found ways to segregate money for the Western-backed Palestinian President, Mahmoud Abbas, but it is not clear what the administration would do if the Saniora government falls in Lebanon.

Rice would not give a direct answer when asked if an elected Hezbollah-led government could still collect the U.S. pledge.

"We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora," Rice said at a press conference. "I don't have any desire to get into hypotheticals about Lebanon's future."

Saniora is fighting for his political life against Hezbollah, a military and political organization that has organized deadly street protests.

The Hezbollah-led opposition demands a share of power in the Cabinet and effective veto on key decisions, or it wants the government ousted and new elections held. Saniora has refused to quit or cede power. The opposition's six ministers in the 24-member Cabinet quit in November.

The opposition has been camped out in front of the prime minister's office in downtown Beirut and staged several protests to press its demands since Dec. 1.

Uncertainty over Lebanon's political future did not appear to hold down pledges, estimated before the conference at about $5 billion. Much of the money is tied to promised financial reforms in Saniora's government.

The host, French President Jacques Chirac, played auctioneer, pressuring participants to give. He gently chided Japan for not giving more than $11 million.

"Be brief, be good and be generous," he said at one point, as the more than 40 nations and financial institutions took turns in announcing their aid.

Saudi Arabia said it would commit $1 billion in development funding and an additional $100 million as a direct grant to the Lebanese government. France, a former colonial power in Lebanon, put forward $650 million, much of it in loans. The European Union committed $522 million in loans or aid.

British Foreign Secretary Margaret Beckett said the conference sent a signal of political as well as economic support for Saniora's government and his proposals to reduce public debt.

"This government does have a credible reform program," she told reporters.

Saniora's critics said donors would worsen Lebanon's debt and be pouring good money after bad.

Lebanon's $40 billion in state debt is equivalent to about 185 percent of its annual economic output, making it one of the world's most indebted nations.

Tiny Lebanon had experienced promising economic growth in the past decade, as the scars faded from a 15-year civil war. But much of the progress was undone by the summer war with Israel, which wasted towns in southern Lebanon, and by weeks of political deadlock that have closed shops and businesses.

Lebanon's economy is nearly at a standstill, with jobs, capital and trained workers leaving for better prospects overseas. This was the third in a series of Paris donor conferences since 1998. A separate session in Stockholm, Sweden, in August netted pledged of about $1 billion for postwar reconstruction.

Lebanon _ a country of 4 million people, 17 religious sects, an educated class and a free-market economy _ has historically been a Middle East battleground.

Iran and the United States had a proxy conflict in Lebanon in the 1980s when a series of kidnappings and suicide bombings in Beirut, blamed on pro-Iranian militants, killed more than 270 Americans. The United States pulled its Marines from the city.

Beirut Riots Cast Shadow Over Aid Pledges (FT)

By Ferry Biedermann And Andrew England

Financial Times, January 26, 2007

An international donor conference in Paris at which $7.6bn was committed to support Lebanon was overshadowed on Thursday by renewed political violence in the increasingly divided country.

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The clashes in Beirut were sparked by a fight between pro-government and opposition supporters at the city's Arab University, and then spread to the institution's environs in a predominantly Sunni neighbourhood. Four people were shot dead in the clashes.

The Lebanese army clamped a night curfew on the capital, seeking to quell Sunni-Shia tensions in a country still recovering from a 1975-90 civil war.

It was the second outbreak of violence in Beirut this week and came against the backdrop of political instability in Lebanon following last summer's conflict between Israel and the Islamist Hizbollah movement. Since a United Nations-backed ceasefire came into force in August, the government of prime minister Fouad Siniora has been under pressure to cede more power to Hizbollah and its Christian allies, which are seeking early elections.

The opposition has been running a protest campaign since December aimed at bringing down the Sunni-led pro-western government, which has a parliamentary majority.

Thursday's fighting pitted Sunni against Shia. There were reports that snipers fired from rooftops. Violence on Tuesday, which was triggered by a Hizbollah-enforced general strike and left three dead, was mainly between rival Christian groups.

It was not clear if the clashes, which involved groups of young men brandishing clubs, were triggered by provocation designed to coincide with the donor conference or whether they erupted spontaneously as a result of increasing sectarian tensions, which have led to fears that the country could slide back into civil war.

Both Sunni and Shia blamed each other for the violence and Sayyed Hassan Nasrallah, Hizbollah leader, later told supporters to leave the streets and co-operate with the army.

Jacques Chirac, French president, who organised and chaired the Paris conference, on Thursday openly backed Mr Siniora, stressing the legitimacy of his government, "put in place by democratic elections".

Mr Siniora called on his countrymen to maintain calm and "renounce temptation to fan the flames".

The donor conference was intended to aid the country's reconstruction after last summer's war, as well as address its crippling debt of $40.5bn (€31.2bn, £26.7bn), equivalent to 180 per cent of gross domestic product. Both Mr Siniora and the French president emphasised that the international support was for "all the Lebanese".

But given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on.

Big new commitments of support came from the International Monetary Fund and the European Investment Bank (EIB) as well as the US, Europe, Saudi Arabia and other Arab countries.

A Lebanese official said $800m of the $7.6bn was expected to be in the form of grants and almost $2bn was scheduled to be disbursed during 2007.

Mr Chirac praised the economic reform programme that Mr Siniora presented to the conference, elements of which have been criticised by Hizbollah and other opposition groups.

The French president and others linked long-term international aid to implementation of the reforms.

Saudi Arabia pledged $1bn, on top of substantial earlier commitments, while the IMF and the EIB pledged more than $2bn. On Wednesday the European Union committed an extra €400m ($520m, £265m) and France announced €500m in soft loans. Condoleezza Rice, US secretary of state, confirmed a US pledge announced a day earlier of $770m in new aid.

Other Arab countries, including Kuwait, Qatar and other Gulf states, pitched in with hundreds of millions of dollars each.

Aid Conference Raises $7.6 Billion For Lebanon (NYT)

By Helene Cooper

The New York Times, January 26, 2007

PARIS, Jan. 25 — Led by Saudi Arabia and the United States, international donors from more than 30 countries on Thursday pledged $7.6 billion in aid for Lebanon, in a bold effort to try to prop up the government of Prime Minister Fouad Siniora.

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But even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon. Four people were shot dead and 150 wounded in clashes between groups supporting the government and protesters aligned with the Hezbollah-led opposition. Both sides appealed for calm.

The clashes in Lebanon this week, which came just as Mr. Siniora sought to present his country as ripe for investment, were another embarrassment to the prime minister, who has been fighting to keep his government afloat. The political faction led by Hezbollah and backed by Iran and Syria has been calling for his resignation for more than two months.

Lebanon is a battlefield in a larger proxy war. The United States, its Sunni Arab allies and Europe, all represented at the conference, are on one side. Iran and Syria are on the other, backing Hezbollah as it seeks to increase its power. They have been giving an estimated $40 million a month to Hezbollah and other groups in Lebanon, analysts say. The money available to rebuild towns and communities damaged in Hezbollah's war with Israel last summer is seen as pivotal to winning the support of the Lebanese people.

Saudi Arabia, which is seeking to counter the rising influence of Iran in the Muslim world, led the pledges for the government on Thursday with a promise of $1.1 billion in loans and grants. The United States pledged $770 million in loans and grants, bringing to $1 billion the amount it has pledged to the government of Mr. Siniora since September.

The donors in Paris took pains to deflect criticism that their aid pledges were solely meant to prop up Mr. Siniora. Secretary of State Condoleezza Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, deflected the question.

Mr. Siniora, seated beside Ms. Rice during an early morning news briefing, quickly interjected, "No conditions, no conditions." Ms. Rice replied that the money was for the Lebanese people.

"Clearly this is a package that is for Lebanon, and that is extremely important to understand," she said. "Lebanon is a democracy. That said, Lebanon is also undertaking some important economic reforms that are critical to making any of this work, and it's not at all unusual that donors expect that those reforms are going to continue, in fact, as the donor community responds to the needs."

When pressed later on whether the American funds would be cut off if Hezbollah gained control of the Lebanese government, she said she did not want to discuss "hypotheticals."

"As you know, Hezbollah is considered a terrorist organization by the U.S.," she said.

The European Union offered $522 million in loans and other aid, while France separately promised $650 million in loans.

The conference, in the Kleber Conference Center near the Arc de Triomphe, had a somewhat surreal air. One after another, foreign dignitaries at a conference table announced, in French, Arabic and English, how much money they were willing to put forward.

"Be brief, be good and be generous," President Jacques Chirac of France, the host, exhorted the group before the event.

The World Bank offered $1 billion in loans, grants and other aid. The European Investment Bank offered $1.2 billion, and the Islamic Development Bank followed with $250 million.

Lebanon is hobbled from the economic and political impact of the Israel-Hezbollah war, and reconstruction efforts have been burdened by the country's $41 billion public debt.

On Tuesday, groups opposing Mr. Siniora's government essentially shut down the country, staging protests in Beirut, blocking roads with burning tires and setting off clashes that killed three people and left more than 130 wounded. Thursday's clashes added to the burdens of Mr. Siniora, whose survival thus far, Lebanon analysts say, is attributed not only to his support from about half of the country, but also to his strong international support.

Even with the $7.6 billion in donations and pledges, Mr. Siniora will still return to Lebanon with a battle on his hands as he tries to establish an international tribunal that could eventually implicate Syria in the assassination of Rafik Hariri, a former Lebanese prime minister who was an outspoken critic of Syria.

Syria occupied Lebanon for 30 years but was forced to withdraw its troops after Mr. Hariri's death. The United States has accused Syria and Iran of trying to bring down the Siniora government to wreck plans for the creation of an international tribunal to try suspects in the case.

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$7.6 Billion In Assistance Pledged To Lebanon (WP)

By John Ward Anderson

The Washington Post, January 26, 2007

PARIS, Jan. 25 -- The embattled Lebanese government of Prime Minister Fouad Siniora won more than $7.6 billion in pledges of financial assistance Thursday from international donors eager to help rebuild the war-ravaged country, stabilize its economy and improve the security situation.

The package -- including pledges of grants and loans totaling $1.1 billion from Saudi Arabia and $770 million from the United States -- is a major boon for Siniora, whose government has been buffeted since early December by a Hezbollah campaign to topple it.

The power struggle intensified Tuesday when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes, leaving three people dead and more than 100 injured. Four people were killed in renewed clashes Thursday at Beirut Arab University and other locales, officials said.

Against that backdrop, leaders from 36 countries and 14 international agencies gathered here to express their support for Siniora's democratically elected government and its attempts to implement economic reforms, ease a $41 billion debt burden and rebuild vast areas of Lebanon that were demolished last summer during Israel's 33-day war with Hezbollah. Lebanese officials estimate war damage at $3.6 billion.

"I'm going back really pleased with the level of financial support shown today," Siniora said. "This is for all Lebanon and all the Lebanese."

Secretary of State Condoleezza Rice said, "The conference today was a very important expression of the international community's intention to stand by Lebanon and the Lebanese people in these difficult times."

Rice would not say whether U.S. money would be delivered if Hezbollah -- an Iranian- and Syrian-backed Shiite Muslim group that the United States has labeled a terrorist organization -- succeeded in overthrowing Siniora's government and came to power, calling it "speculation."

C. David Welch, assistant secretary of state for Near Eastern affairs, told reporters in Paris on Wednesday, "We are not going to support people who launch wars and try to bring down governments with the benefit of outside assistance. . . . That's just not going to happen."

French President Jacques Chirac, who hosted the conference and pledged $650 million in low-interest loans to Lebanon, said international support depended on a Lebanese "national consensus on economic and social reforms imperative for the future of the country, and on the implementation of those reforms as soon as possible."

At least $464 million of the funds pledged by the United States would be directed to military aid or security measures, according to a State Department official, quoted by news services, who briefed reporters traveling with Rice.

That included $220 million in military aid to the Lebanese government for the purchase of small arms, ammunition, spare parts and other hardware; $184 million for U.N. peacekeeping forces in southern Lebanon; and $40 million for internal Lebanese security services.

About $250 million in a cash reserve would be released to the Lebanese government as it met targets for reforms that Siniora has pledged to implement to help restore fiscal stability and stimulate the economy. Lebanon's $41 billion debt is equivalent to about 180 percent of its gross domestic product, and about half of the country's annual budget is spent servicing it.

Among the measures the government has promised are to raise the value-added tax from 10 to 12 percent, reduce state subsidies for fuel and privatize the electricity and telecommunications industries.

The U.S. funds, which are subject to approval by Congress, are in addition to $230 million that Washington pledged at an August conference in Stockholm and represent a significant increase in U.S. financial assistance to Lebanon, which in years past was as low as $2 million a year.

Beirut University Dispute Escalates Into Rioting, Killing 4 (NYT)

By Nada Bakri And Hassan M. Fattah

The New York Times, January 26, 2007

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BEIRUT, Lebanon, Jan. 25 — Violence erupted in Beirut on Thursday for the second time in three days, as an altercation in a university cafeteria escalated into rioting and gunfire.

The army declared a rare night curfew throughout the city amid fears that Lebanon's two-month political crisis had entered a violent phase.

At least four people were shot dead — two supporters of the government and two of the opposition — and 150 were wounded in street fighting that began with a scuffle in the student cafeteria at Beirut Arab University in Tariq Jadidah, a Sunni neighborhood. It spilled into the street, and men arrived and started shooting as each side apparently summoned reinforcements.

Vanloads of antigovernment protesters arrived. They smashed cars parked in the university lot and on adjacent streets, setting them on fire and burning tires.

Arriving Lebanese soldiers fired into the air and used tear gas and stun grenades to try to disperse the crowds, but with little success. In some instances, soldiers stood on sidewalks or took cover in their armored personnel carriers, watching the violence.

Members of the March 14 movement, supporting the government of Prime Minister Fouad Siniora, accused the soldiers of giving the Shiite protesters, most of them backers of Hezbollah, free rein to go on a rampage.

"They allowed them into the neighborhood, they are scared of them," a pro-government protester said.

Others accused Saad Hariri, the leader of the Future Movement a Sunni party that supports the government, of abandoning the residents of the area by not arming them.

The deep-seated anger was palpable as the fighting continued through the afternoon, uncovering a widening sectarian divide in many Lebanese neighborhoods.

"Animals, they are animals," said Abdallah Tassi, in tears, as his car burst into flames. He directed his anger at Sheik Hassan Nasrallah, the Hezbollah leader. "Nasrallah is a liar," he said. "He pretends to be the enemy of Israel, but really he is the enemy of the Sunnis."

The air filled with thick smoke as tires burned and young men hurled stones and shouted epithets.

"The blood of the Shiites is boiling, boiling!" shouted one opposition member, as he watched the fighting.

Television stations run by each side of the political divide blamed the other side for the violence, while leaders on each side urged calm.

Hezbollah supporters were seen firing M-16 rifles, while members of the Future Movement were observed firing pistols. Hezbollah men carrying the group's trademark walkie-talkies mingled among the rioters and managed the crowds.

"Let them get their anger out," said one Hezbollah member, his radio held close to his mouth.

Some witnesses reported seeing shots fired from roofs. Government supporters said opposition snipers had fired at them from buildings.

Sheik Nasrallah, in a prerecorded message released Thursday night, contended that his group had uncovered information that snipers were brought into the country in recent days by "pro-government militias." Hezbollah's marksmen have long been a point of pride for the group, which used them to great advantage against advancing Israeli soldiers in the summer war with Israel.

Government loyalists also hurled incendiary devices at an office of a pro-Syrian party nearby, setting the building on fire, witnesses said.

But by nightfall, all Lebanese leaders appealed for calm.

Sheik Nasrallah issued a fatwa, or edict, telling his followers to leave the streets and restore calm. The Future Movement urged its supporters to show self-restraint and calm.

Mr. Siniora, at an aid conference in Paris, called on all the parties "to return to the voice of reason."

Nabih Berri, leader of the Shiite Amal party and speaker of Lebanon's Parliament, said, "What everyone should do now is halt the strife." He added, "We must all remain united or we will find our country in the graveyard of history."

Tensions remained high Thursday night, even as the fighting ebbed.

Sheik Nasrallah "wants us to wait until they kill us; he does not want to give us weapons!" an opposition member shouted. "Where is he, why isn't he giving us weapons?"

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Rival Groups Clash In Beirut Streets (WP)

By Anthony Shadid

The Washington Post, January 26, 2007

BEIRUT, Jan. 25 -- The Lebanese army imposed a curfew on the capital Thursday after hundreds of government supporters and foes wielded rocks, molotov cocktails and sometimes guns in street battles that dragged on past nightfall. Four people were killed and 150 wounded, officials said, many of them soldiers who at times stood helplessly between the two sides.

The clashes, which began in a university cafeteria and spread to the surrounding neighborhood of Tariq Jedideh, offered a bitter contrast to the optimism of an international conference in Paris, where more than $7.6 billion was pledged to help Lebanon's economy recover from last summer's war between Israel and the Shiite Muslim movement Hezbollah.

As the grants and loans were announced in Paris, bursts of gunfire echoed along the airport road here and columns of black smoke rose from burning cars. The clashes were some of the worst since Lebanon's 15-year civil war ended in 1990 and followed violence Tuesday that left three people dead.

Hundreds of Hezbollah followers, in red and blue helmets, poured into Tariq Jedideh, a Sunni neighborhood, many of them carrying sticks and chains. At one point, their opponents burned a Hezbollah banner, an act that spoke to the jarring rise in tension between Sunni Muslims, largely aligned with the government, and Hezbollah supporters since the crisis began two months ago.

The army and security officers deployed in force after the clashes erupted, but often fired into the air or simply gave way. For hours, crowds surged at each other, then retreated, usually separated by soldiers crouched behind armored personnel carriers. More clashes ensued elsewhere, as Sunni crowds firebombed the headquarters of a party allied with Hezbollah and Shiite youths rampaged along a downtown street lined with bank headquarters.

The images reverberated across Beirut, uneasy since Dec. 1, when Hezbollah and its allies began their campaign to topple the government of Prime Minister Fouad Siniora with a mass protest in the downtown area. The overburdened cellphone network was paralyzed. In the streets, there were grim reminders of the civil war: Swaggering young men asked residents whether they were Sunni or Shiite; cars were attacked because of their owner's sect; and both sides questioned whether the army could protect them.

"It's going to get worse. Look at all this," said Salah al-Sheikh, a 40-year-old Sunni resident, waving his hand toward a block of incinerated or smashed vehicles, the street littered with rocks, sticks and shattered glass. "A few days ago, they were in the same schools and the same universities. Look what's happening now. Why? That's all I want to ask. Why?"

Behind him, another Sunni resident shouted, "Give us weapons! Give us weapons!"

Across the street, Shiite crowds set fire to cars and released the emergency brakes of buses, letting them slam into concrete walls. Traffic signals were broken; street signs and an iron gate were torn down.

"Let them blow off steam," said an older, bearded man, dressed in the traditional black of Hezbollah's security force.

The fighting was an episode, writ small, of an increasingly precarious Middle East, riven by growing sectarian tension, simmering civil conflict here and in the Palestinian territories, and a deepening war in Iraq that followed the U.S.-led invasion in 2003. Leaders across the political divide called on their supporters to exercise restraint. Lebanese officials said the army insisted that all sides agree to a curfew before it declared its start at 8:30 p.m.

"I call on everyone to return to the voice of reason," Siniora said from Paris, where he attended the aid conference.

Hasan Nasrallah, Hezbollah's leader, issued a religious edict to his followers to withdraw. "This is an order on everyone," he said.

Nabih Berri, the speaker of parliament, whose Amal movement is allied with Hezbollah, warned that events were spiraling out of control: "We must all be united or we have to look for our country in the graveyard of history."

Almost from the beginning of the current crisis, many in Lebanon have predicted that only bloodshed would force a break in the deadlock between the government, supported by the United States and France, and an opposition led by Hezbollah, supported by Iran and Syria. Since then, the struggle -- effectively splitting the country into two camps divided by sect, ideology, perspective and loyalty to leaders -- has escalated. On Tuesday, Hezbollah, Amal and their Christian allies, who are led by Michel

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Aoun, enforced a nationwide strike by blocking thousands of roads with tires, uprooted trees and barricades of dirt and dumpsters.

As Thursday's battles raged, the country's politicians frantically called one another. Lebanese officials said Berri and Walid Jumblatt, a Druze leader allied with the government, spoke for the first time since the crisis began. All agreed to try to quiet the streets, although no initiative emerged. After the curfew took effect, the army said the streets were largely calm.

The battles began around noon with an argument between Shiite and Sunni students in the cafeteria of the Beirut Arab University. Each side accused the other of provocation, but within 15 minutes, university security officers separated the two groups. Sunni students said one of their own was then attacked on campus. Shiite students said the army tried to evacuate female students. As they left, Sunni students hit them and ripped off their veils, Shiite students said.

The fighting spilled into the tense Sunni neighborhood of Tariq Jedideh. Shiite students said that residents threw rocks and that at least three people fired on them from balconies. Mohammed Abdel Satir, a 21-year-old engineering student, said he and others then called Hezbollah officials, who dispatched men in trucks and vans.

"We don't trust the Lebanese army, and we saw this today with our own eyes," he said as he stood near knots of female students, some of them crying. "It's Hezbollah's duty to protect us. The government is not protecting us anymore."

The arrival of hundreds of Shiite residents inflamed tensions. Battles spread through the surrounding streets, with the airport road serving as a front line. Troops fired tear gas; at other times, they stood idly next to rock-throwing protesters.

"The blood of Shiites is boiling!" young men shouted.

Sunni residents urged the army to push back the Shiite crowds.

"Attack them!" one man yelled at the soldiers, his face contorted in anger.

Along the street, gunfire crackled into the night. Some Sunni residents tossed molotov cocktails into a parking lot, where young Shiite men had wrecked dozens of cars. Others threw rocks, some of them hitting soldiers.

"They came to our turf," said Mohammed Kraim, 23. "We want to face them with guns," he added. "This isn't fair."

Special correspondent Alia Ibrahim contributed to this report.

Security Council Sees Hope For Mideast (AP)

By Sarah Dilorenzo

AP, January 26, 2007

Security Council members are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process, Russia's U.N. ambassador said Thursday.

The so-called quartet of Middle East peace brokers _ the U.S., the European Union, Russia and the U.N. _ will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking.

Russian Ambassador Vitaly Churkin said there was hope that the meeting would lead to a wider international conference to end the conflict.

"There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community," Churkin told reporters after a Security Council meeting on the situation in the Middle East.

"Maybe not in such a long run, this process could culminate in an international conference, which needs to be well prepared, but which would bring about a long-awaited settlement of the situation in the Middle East," he said.

A "road map" for peace launched by the quartet in 2003 never got off the ground because each side failed to meet its initial obligations. The plan outlined stages for creating a Palestinian state alongside Israel.

However, there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland.

Churkin said key to next month's meeting will be helping the Palestinians form a unity government.

Abbas, of the more moderate Fatah party, has been locked in a power struggle with the Islamic militant Hamas, which won control of the Palestinian parliament in elections last year. Dozens of people have been killed in fighting between the rival factions.

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Abbas has been pushing for a unity government partly as a bid to end Western sanctions imposed on the Hamas-led government for its refusal to renounce violence and recognize Israel's right to exist.

Ibrahim Gambari, undersecretary-general for political affairs, told the Security Council that despite the sanctions, aid to the territories rose nearly 10 percent in 2006 over the previous year.

Gambari said more than half of the aid had come from Arab countries. Some Western countries have continued to fund humanitarian programs for the Palestinians, but the aid bypasses the government in keeping with the embargo.

Despite the increase in aid, Gambari said the territories' GDP per capita fell by at least 8 percent in 2006 and poverty rose by 30 percent.

Without a revived peace process, Gambari said, "the most that aid can do is contain for a limited time the spread of grievances and the spread of instability."

Time Has Come For Mideast Peace : Abbas (AFP)

AFP, January 26, 2007

Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away.

"The time has come for us .. to make peace a reality," Abbas told an audience at the annual meeting of business and political leaders in Davos.

"We are ready, as of now, to start serious negotiations with our Israeli neighbours," he said during a discussion in which he and Livni shared a stage with Israeli Deputy Prime Minister Shimon Peres.

"The map (to peace) is there, we have all agreed to it. I am convinced we can reach a quick solution," Abbas added.

The United States is due to host a meeting on February 2 of the diplomatic Quartet, whose 2003 "roadmap" for achieving Palestinian statehood and peace with Israel has languished since its inception.

US Secretary of State Condoleezza Rice said during a week-long trip to the Middle East and Europe earlier this month that she planned to "accelerate" implementation of the roadmap put forward by the United States, European Union, United Nations and Russia.

Abbas is expected to meet Rice and Israeli Prime Minister Ehud Olmert next month.

Speaking after the Palestinian president, Livni was more circumspect about the timetable for a possible resumption of the road map, even as she stressed the need for both sides to stick to the vision of two states living side by side.

"The Palestinian state is not an illusion, its feasible, it's there, it's achievable," Livni said. "The establishment of a Palestinian state and homeland for the Palestinians is the answer, the national answer to the Palestinians wherever they are."

At the same time, Livni stressed that Israel would never "allow" a Palestinian state that was "ruled by a terrorist organisation."

Abbas and his secular Fatah party are locked in a power struggle with the radical Islamic movement Hamas, which controls the Palestinian government and has refused to recognize Israel.

At WEF, A Pledge For Mideast Peace (AP)

By Paul Haven

AP, January 26, 2007

Israel's foreign minister reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state is "not an illusion. It's there, it's achievable."

Tzipi Livni made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists, a reference to the militant Hamas government's refusal to disavow its call for the destruction of Israel.

But Livni also made a personal and impassioned plea for dialogue to begin, turning to face Abbas.

"I would like to negotiate, to speak, to meet, to talk," she said. On finding peace, she said: "There is nothing I want more ... this is part of our dream, this is part of our goal."

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Abbas, for his part, said he was confident the peace process could be put back on track. "We are ready as of now to start serious negotiations," he said during the public session. Afterward, the two warmly shook hands. They are to meet one-on-one at a hotel on Friday.

"We are creating this momentum ...to put the train on the track and push it after that," Abbas told The Associated Press.

Abbas and Israeli Prime Minister Ehud Olmert are scheduled to hold three-way talks next month with Secretary of State Condoleezza Rice, although a date and place have not been set.

The renewed efforts to jumpstart peace talks have come amid widespread worry in recent weeks that unless progress is made, the Mideast in general will continue to deteriorate.

The pledges by Livni and Abbas followed pleas from Israeli and Palestinian youth, speaking via satellite from Jerusalem, Tel Aviv and the West Bank city of Ramallah, that their leaders end the long conflict.

Many in the crowd of some of the world's most powerful business and political leaders seemed deeply moved by their words.

The tone was a sharp departure from the somber mood that took hold of Davos a year ago, when Israeli and Palestinian delegates were stunned by news of the Hamas electoral victory in Palestinian elections. At the time, many predicted 12 months of pain lay ahead for the region, and they were right.

The year brought violent Palestinian infighting and crippling Western sanctions targeted at Hamas that have hit ordinary Palestinians hard. Progress in talks between Israel and the Palestinians ground to a halt in the months after Hamas's victory.

Livni made clear that Hamas was still an obstacle.

"Compromising with extremists will not promote anything, but it can lead to further stagnation," she said, addressing Abbas.

Abbas said he was hopeful that talks with Hamas could result in a unity Palestinian government, despite violence between Hamas militants and his Fatah supporters. He reiterated that he would call early elections if the talks failed but gave no specifics.

"We will fight for this (unity) government. Otherwise, if we totally fail, we will go to early elections," he told the AP.

Abbas met earlier in the day with German Chancellor Angela Merkel, who told reporters that she wished Abbas success in his efforts to form a unity government, but added that "Europe should not overestimate its role" in restarting any broader talks on peace.

Abbas and Olmert met last month to discuss confidence-building measures that would allow the sides to return to the negotiating table, abandoned more than six years ago.

While the Israeli-Palestinian issue provided the day's most dramatic moment, the forum was also an occasion for interesting, quirky and sometimes high-level meetings. In one small corridor early Thursday, UNICEF executive director Ann Veneman _ a former secretary of agriculture in the Bush administration _ had a brief, warm reunion with former Iranian President Mohammad Khatami. Veneman said the two had met previously at a forum on promoting interfaith understanding.

At another forum, a Saudi princess, a Jewish Orthodox rabbi and Khatami talked about Muslim-Christian misunderstandings and the Israeli-Palestinian crisis.

Rice's Strategic Reset (WP)

By David Ignatius

The Washington Post, January 26, 2007

What's America's strategy in the Middle East? Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the "realignment" of states that want to contain Iran and its radical Muslim proxies.

In an interview Tuesday, Rice summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism.

Rice said the new approach reflects growing Arab concern about Iran's attempt to project power through its proxies: "After the war in Lebanon, the Middle East really did begin to clarify into an extremist element allied with Iran, including Syria, Hezbollah

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and Hamas. On the other side were the targets of this extremism -- the Lebanese, the Iraqis, the Palestinians -- and those who want to resist, such as the Saudis, Egypt and Jordan."

America's recent show of force against Iran -- seizing Iranian operatives in Iraq and sending additional warships to the Persian Gulf -- was part of this broader effort to reassure the Saudis and others that, despite its troubles in Iraq, America remains a reliable ally against a rising Iran. "The U.S. has to demonstrate that it is present in the Gulf, and going to be present in the Gulf," Rice told me.

Realignment is linked with a new U.S. effort to forge peace between Israel and the Palestinians. Rice is encouraging both sides to explore "final-status issues" -- such as borders, the status of Jerusalem and the right of Palestinian refugees to return to a homeland -- rather than remain deadlocked over the so-called road map.

The effort to contain Iranian-backed pressure took on new urgency this week, as Hezbollah's campaign against the government of Lebanese Prime Minister Fouad Siniora spawned a spasm of violence that left at least four dead. America, France and Saudi Arabia quickly organized a $7.6 billion financial rescue package for Siniora, but that hasn't stemmed the rising sectarian tension in Lebanon between Sunnis who back Siniora and Shiite supporters of Hezbollah.

Critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict. These critics may also question the central role of Saudi Arabia, a conservative Islamic monarchy that many Arabs regard as a bastion of the status quo.

"The reception will be very skeptical" among some Arabs, cautioned one prominent official who is normally among the most pro-American in the region. "Increasing the fault line between Sunnis and Shiites is a mistake," he argued. State Department officials would counter that it was Iran that moved the fault line by encouraging Hezbollah's provocative behavior in Lebanon.

The Bush administration's thinking about realignment helps explain why it has resisted engaging Syria and Iran, as recommended by the Baker-Hamilton report. As Rice put it, "You have a 'pan' movement, across the region. The war in Lebanon crystallized it for everyone. You can't just leave it there. . . . If you concentrate on engaging Syria and Iran, you may lose the chance to do the realignment."

On Syria, Rice said the administration is seeking a change of policy rather than regime change. Asked about an offer made in an interview with me last month by Syrian Foreign Minister Walid Moallem to help the U.S. provide greater security in Iraq, she said: "If the Syrians want to stabilize Iraq, why don't they do it?" As for Israeli interest in exploring the Syrian initiative, she noted recent private peace feelers between Syrians and Israelis and suggested that if the Israelis decide there is something important, they will pursue it.

The administration's tougher stance against Iran arguably has already produced some results. Iran's firebrand president, Mahmoud Ahmadinejad, appears to be in political trouble with the ruling mullahs, in part because his reckless talk alienated other Muslims. But the strongest leverage against Iran appears to be the West's unified diplomatic coalition. "The Security Council resolution [condemning Iran's nuclear program and mandating mild sanctions] has had more of an effect than I thought it would," Rice said.

The realignment strategy poses as many questions as it answers -- not least the anomaly of supporting Sunni resistance to Iran at the same time the U.S. augments its military support for a Shiite-led government in Iraq. But as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

U.N. Agency Defers N. Korea Programs (AP)

By Alexandra Olson

AP, January 26, 2007

DOJ_NMG_0121941

The U.N. Development Program agreed Thursday not to approve new projects in North Korea until an external audit addresses U.S. allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules.

U.S. deputy ambassador Mark Wallace alleged Friday that the UNDP's North Korea operation had been run "in blatant violation of U.N. rules" for years. He demanded an outside audit focusing on concerns that development funds had been used by Pyongyang for "its own illicit purposes."

The audit, announced Monday by U.N. Secretary-General Ban Ki-moon, is expected to last three months.

UNDP assistant administrator Ad Melkert said the agency also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang. The United States had complained about both practices, which Melkert said would stop by March 1.

The UNDP said it will be responsible for implementing all North Korean projects, addressing U.S. complaints that authorities in the North had been responsible for carrying out certain initiatives.

The U.S. welcomed the new steps.

"We're pleased with the approach that the UNDP administrator has laid out," acting U.S. Permanent Representative Alejandro Wolff told reporters.

North Korea said it would accept the steps, though it condemned them as an attempt to "politicize the system" of the UNDP _ a stance echoed by the representatives of Russia and Cuba.

Japan, however, applauded the agreement and went a step further. It said the U.N. should stop providing aid to North Korea except for humanitarian assistance "directly delivered to the people" because Pyongyang had defied Security Council demands that it end its nuclear program.

Wolff said the Japanese argument was "compelling" and that the U.S. would consider it.

U.S. officials said the United States already withholds its contributions to the UNDP and other U.N. agencies that provide funds to North Korea.

Ban's spokeswoman, Michele Montas, said Monday the audit will initially focus on UNDP spending in North Korea and then be expanded to other U.N. agencies.

The agency said it welcomed the external audit, stressing it was committed to operating in a transparent manner.

U.S. officials said they first received indications there might be irregularities in UNDP's North Korea program last year. They raised concerns the cash might be misused, possibly for Pyongyang's nuclear program.

The U.N. Security Council imposed sanctions on North Korea on Oct. 14 for conducting a nuclear test.

North Korean delegate Jang Chunsik called the U.S. allegations "nonsense," insisting the UNDP's activities in his country had been "conducted in a transparent way."

Wallace has made several allegations in letters to senior UNDP officials, which were first reported by The Wall Street Journal. He has said that UNDP's local staff is dominated by North Korean government employees who managed the agency's programs and finances in violation of UNDP rules.

The U.S. cited three other violations of U.N. rules _ the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

On Monday, the agency sought to refute the allegations, insisting the North Korean program followed UNDP financial rules. UNDP Administrator Kemal Dervis said there is "no justification for the extreme allegations" made by Wallace, adding that UNDP was "doing its best in very difficult circumstances."

UNDP spokesman David Morrison said the agency has spent about $3 million annually in the last 10 years on programs in impoverished North Korea, in addition to about $600,000 in office costs, which include local salaries and supplies. The programs focus on food production, rural and environmental sector management, economic management and social sector management.

Morrison said UNDP international staff have visited nearly all their project sites in the past two years to ensure funds are being used appropriately.

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The UNDP has conducted three internal audits of its North Korean program in the last eight years, the last in 2004. Another internal audit was scheduled for this year, Morrison said.

N Korea Bows To Audit Of UN Agency (FT)

By Mark Turner

Financial Times, January 26, 2007

North Korea agreed on Thursday to an external audit and tighter rules for the UN Development Programme's operation in the country, after US allegations that the agency was funnelling hard currency to Pyongyang.

The UNDP's executive board adopted the measures after Washington's concerns were leaked last week to the press and Ban Ki-moon, secretary-general, called for a sweeping investigation into UN agencies.

Approval of a future UNDP programme will be contingent on the audit's findings.

The board agreed to end direct payments in hard currency, to stop the hiring of North Korean government officials, and to cease support to government ministries. Officials said the UN would still need to buy local currency through the central bank.

One diplomat said the decision could herald for the UN a new approach to doing business with autocracies under international scrutiny. It would also inject transparency into UN agencies, which operated under different rules from the secretariat and had refused to make internal audits available, the diplomat said.

Pyongyang, which sits on the 36-member board, went along with the decision and did not force the issue to a vote, even though it dismissed the allegations as politically motivated.

Russia, Cuba, Guatemala and Bangladesh expressed discomfort at the singling out of North Korea and warned that the decision should not set a precedent. Cuba described the decision as an effort to "introduce manipulation" to UN development activities.

But Japan argued that the UN should not give aid other than humanitarian assistance to a country that has rejected two UN Security Council resolutions – an argument the US found "compelling".

In a letter sent on January 16, Washington alleged that "at least since 1998 the UNDP [North Korea] programme has been systematically perverted for the benefit of the Kim Jong Il regime – rather than the people of North Korea".

Some commentators said the situation bore echoes of the UN's Iraq oil-for-food scandal.

But one UNDP official asked why it had been singled out when other UN agencies and governments operated in a similar way in North Korea.

U.N. Program Facing New Curbs In N. Korea (WP)

By Colum Lynch

The Washington Post, January 26, 2007

UNITED NATIONS, Jan. 25 -- The U.N. Development Program's executive board decided Thursday to stop paying for its local staff and supplies in foreign currency, and to call for the U.N. General Assembly's board of auditors to determine within three months whether the development agency violated its own guidelines by doing so.

The board also decided to delay approval of the program's 2007-2009 budget until the audit is finished.

The action comes just weeks after the United States charged that the U.N. program had been "systematically perverted" by channeling millions of euros in hard currency to North Korean leader Kim Jong Il's repressive government. Alejandro D. Wolff, the acting U.S. ambassador, expressed concern Thursday that the money could be used to finance North Korea's illicit activities, including a nuclear weapons program.

The debate over the United Nations' oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea.

Japan said the United Nations should end its development assistance to North Korea, citing the country's defiance of two U.N. Security Council resolutions calling for an end to its nuclear weapons program. The United States -- which has stepped up efforts to cut off hard currency to Pyongyang after its October test of a nuclear device -- said it is considering supporting Japan's position.

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"A member state that does not comply with the obligations of the U.N. Charter should not receive funds from [the] United Nations," said Koji Tsuruoka, director general for global affairs in Japan's Foreign Ministry. "Assistance to such a country should be limited to that of a humanitarian nature directly delivered to the people."

North Korea's delegate, Jang Chun Sik, said that the board's decision was "unfair and unacceptable" and that it was designed to further U.S. and Japanese efforts to "isolate and stifle" North Korea's people.

Russia, China and scores of developing countries voiced concern that the board was responding to political pressure from its most influential powers and they insisted that it should not set the stage for audits of other poor countries.

The Development Program is one of four U.N. agencies, including the World Food Program and UNICEF, that carry out development and relief work in North Korea. They are required to hire government-appointed workers and pay salaries through state-controlled offices.

The program's operations in North Korea, which are managed by eight international workers, cost about $3.7 million, according to its figures. Between $1.5 million and $2.5 million of that is spent each year inside North Korea, including hundreds of thousands of dollars to pay for local staff, supplies and accommodation, according to program officials. Last year, it spent more than $1 million in salaries, rent and travel costs, as much as half of which was distributed through government-controlled agencies, according to a spokesman.

Thursday's action will freeze all development operations managed by the North Korean government, including training programs in trade and international finance. It also calls for more extensive monitoring of assistance programs and bans the recruitment of government-selected workers.

Mark D. Wallace, the U.S. representative for U.N. management, said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea.

U.S. officials have privately pressed the Development Program to ask the auditors to hire a private firm to conduct an independent review of its operations. They expressed concern that the auditing board had previously failed to flag problems in the North Korea program.

"We need a fresh set of eyes," Wallace said.

Less Cash For Kim (WSJ)

The Wall Street Journal, January 26, 2007

The case of U.N. hard currency for Kim Jong Il continues to evolve, with the Executive Board of the United Nations Development Fund agreeing yesterday to suspend new operations in North Korea until an audit can be completed and provide better oversight of existing programs.

Most UNDP meetings are snoozefests. But yesterday's got lively, after the U.S., Japan and other countries requested the "deferral" over concerns that tens of millions of dollars in hard currency have been funneled to Kim's dictatorship. A compromise deal requires that projects in progress adhere to UNDP rules regarding hard currency, staff and on-site visits. Projects managed by Pyongyang will be handed over to the UNDP, which will restrict activities to those that directly improve the lives of North Koreans and get out of the business of helping the government.

Dragged along kicking and screaming were the North Koreans, whose delegate condemned "the distorted and fabricated allegations made by the U.S. through its media." This was a tad ungracious, since his business class airfare to New York was paid by the U.N. But no doubt he had orders from Pyongyang, where a Foreign Ministry spokesman asserted that "The U.N. operations in North Korea are conducted in a transparent manner and meet U.N. regulations." Yes, so "transparent" that U.N. officials have been barred from visiting some of the "project" sites.

Meanwhile, U.N. Secretary-General Ban Ki Moon issued a statement this week elaborating on the "urgent, system wide and external inquiry" into "all" activities of U.N. funds and programs that he promised last Friday. The good news is that he is moving swiftly on North Korea, ordering a full investigation within three months.

The disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise. It's understandable that he'd want to limit his audit order in some fashion; investigations of every nook and cranny world-wide would take years. But

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that's no justification for defining "external" audits as those done by the U.N.'s own Panel of Auditors and its subset, the Board of External Auditors. These are the same auditors who found nothing suspicious in the Oil for Food program.

There's nothing to prevent the U.N. from hiring outside audit firms to look at specific problems. Oil for Food was investigated by the Volcker Commission, which devoted half its budget to a forensic audit by Deloitte Touche. An independent task force investigating procurement has also hired AON Corp. for forensic auditing.

Also troubling is that Mr. Ban's elaboration appears to limit the audits to "hard currency transactions, independence of staff hiring, and access to reviewing local projects." Those are key problem areas, to be sure. But the auditors should be free to follow the trail wherever it takes them. We also hope the audit will include other U.N. programs in North Korea that operate under the same rules as UNDP, including Unicef, the Population Fund and the World Food Program.

It's good to see the cash for Kim programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors.

New India Accords With Russia Include More Nuclear Power Plants (NYT)

By Amelia Gentleman

New York Times, January 26, 2007

NEW DELHI, Jan. 25 — India sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States.

In a joint statement issued after President Vladimir V. Putin of Russia met with Prime Minister Manmohan Singh of India, Russia offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here.

"Energy security is the most important of the emerging dimensions of our strategic partnership," Mr. Singh said. "Russia's position as a global leader on energy issues is widely recognized."

As India's economy booms, the prospect of growing energy shortages has become a major driver of its foreign policy. Describing Russia as a "special friend" of India, Mr. Singh added that despite the "sea change" that had occurred in international affairs over the past decade, "Russia remains indispensable to India's strategic interests."

This was Mr. Putin's first visit to India since the United States agreed to cooperate with India on its civilian nuclear power program last year, and the Indian government was at pains to show that the agreement had done nothing to dilute the warmth of India's affection for its historic partner, Russia.

Mr. Singh went to the airport to meet the Russian leader as he stepped off his plane, a pointed gesture of respect previously extended only to President Bush and King Abdullah of Saudi Arabia.

Mr. Putin will be the guest of honor at India's Republic Day celebrations on Friday. Much of the weaponry on display will be Soviet-made, a testament to the earlier close friendship between the countries in the 1970s and 1980s.

Pentagon Eyes Missile Defenses In Eastern Europe (WT)

By Bill Gertz

The Washington Times, January 26, 2007

The Pentagon is moving rapidly to build new missile defenses in Poland and the Czech Republic to counter the threat posed by Iranian long-range missiles, the head of the Missile Defense Agency said yesterday.

"The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program," said Air Force Lt. Gen. Henry "Trey" Obering, the agency's director.

The three-star general said plans call for deploying 10 long-range anti-missile interceptors in Poland along with a tracking radar in the nearby Czech Republic by 2011 or 2012.

"We want to have this in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability," he said.

The Iranian long-range missile threat is emerging, and as a result "it's prudent for us to be thinking about that now and to begin to build toward that so we're in a position that we can do something about it in that time frame," Gen. Obering said.

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The Eastern European missile defense site will cost about $3.5 billion and is part of a global integrated missile defense designed to counter "rogue" nations' missiles, including those from Iran and North Korea, he said.

The Polish interceptor base will be the third global long-range missile interceptor base and will be similar to the current base at Fort Greeley, Alaska, where 14 interceptors are deployed. A second U.S. missile defense base at California's Vandenberg Air Force Base now has two interceptors. Both sites will have 24 or 25 by the end of the year.

Gen. Obering sought to calm Russian fears that the European-based interceptors will be capable of shooting down Russian long-range missiles. He said the interceptors pose no threat to Russian intercontinental ballistic missiles because they cannot intercept either the large numbers of Russian ICBMs, nor will they be capable of chasing them successfully from the Polish location.

Russia is opposing the Polish and Czech sites, and Moscow officials have threatened to take unspecified action to counter the interceptors.

Iran has no long-range missiles, but its Shahab-3 medium-range missiles, with ranges of 620 miles, are thought capable of reaching some parts of Europe.

Iran is working on Shahab-4, Shahab-5 and Shahab-6 missiles that have ranges from 1,240 miles to 4,154 miles, which also could be used as nonmilitary space launchers.

"We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability," Gen. Obering said.

The magazine Aviation Week & Space Technology reported on its Web site last night that Iran was poised to take that very step: launching a satellite into space.

A recently assembled 30-ton ballistic missile turned space launcher "will liftoff soon" with an Iranian satellite, the magazine quoted Alaoddin Boroujerdi, chairman of the Iranian parliament's National Security and Foreign Policy Commission, as saying during a speech to religious students and clerics in Qom.

Gen. Obering said that once Iran succeeds in building a space launch vehicle, "you have demonstrated all the basic building blocks for a long-range ICBM capability, in terms of staging, controlling a vehicle through the staging and burns."

"All indications are they are working to be able to achieve that," he said.

On China's recent anti-satellite weapons test, Gen. Obering said it does not pose an immediate threat to the space-based elements of the U.S. missile defense system. But in the long term it could pose a threat, he said.

Iran Set To Try Space Launch (AVWEEK)

By Craig Covault

Aviation Week, January 26, 2007

Iran has converted its most powerful ballistic missile into a satellite launch vehicle. The 30-ton rocket could also be a wolf in sheep's clothing for testing longer-range missile strike technologies, Aviation Week & Space Technology magazine reports in its Jan. 29 issue.

The Iranian space launcher has recently been assembled and "will liftoff soon" with an Iranian satellite, according to Alaoddin Boroujerdi, the chairman of the Iranian parliament's National Security and Foreign Policy Commission.

The move toward an independent space launch capacity is likely to ratchet up concern in the U.S. and Europe about Iran's strategic capabilities and intents. Orbiting its own satellite would send a powerful message throughout the Muslim world about the Shiite regime in Tehran.

U.S. agencies believe the launcher to be a derivation of the 800-1,000-mi. range Shahab 3 missile. A Shahab 3 fired from central Iran could strike anywhere in Israel, Saudi Arabia, the entire Persian Gulf region and as far west as southern Turkey.

There are concerns in the West that space launch upgrades, however, could eventually create an Iranian intercontinental ballistic missile (ICBM) with a range of nearly 2,500 mi., giving Tehran the ability to strike as far as central Europe, well into Russia and even China and India.

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The U. S. Defense Intelligence Agency has told the Congress that Iran may be capable of developing a 3,000-mi. range ICBM by 2015.

"But ultimately, their space program aims to orbit reconnaissance satellites like Israel's "Ofek," using an Iranian satellite launcher from Iranian territory, says Uzi Rubin, the former head of the Israel Missile Defense Organization. Rubin made his assessment in a report for The Jerusalem Center for Public Affairs.

"A reconnaissance satellite of reasonable performance should weigh about 300 kg. [660 lb.] Once Iran learns how to put 300 kg. into earth orbit, it could adapt the satellite launcher into an ICBM that could drop more than 300 kg anywhere in the world.

Boroujerdi's made his remarks about the imminent Iranian launch in a speech before a group of religious students and clerics in the city of Qom near where Iran has conducted some of its ballistic missile tests. Iran is now in the midst of military exercises that include a series of shorter-range missile tests, Iranian officials say.

Although designed as a technology demonstrator, the planned satellite launch would be a potent political and emotional weapon in the Middle East.

The new space launcher and ongoing missile development is also significant in that it highlights close technological ties between the Iranian and North Korean missiles programs, intelligence agencies agree.

Analysts at the strategic think tank GlobalSecurity.org believe that the new Iranian modification could be a stepping stone to an Iranian clone of the North Korean Taep'O-Dong 2C/3 ballistic missile that failed in a launch attempt from North Korea last July 4.

A November 2006 Congressional Research Service report reinforced concerns over Iranian and North Korean missile development ties. It notes that Israel's military intelligence chief has information indicating that North Korea has shipped to Iran eighteen 1,500 mi. range BM-25 ballistic missiles capable of carrying a nuclear warhead.

"Largely with foreign help, Iran is becoming self-sufficient in the production of ballistic missiles," says the report's author, Kenneth Katzman. And he reminds that a 2006 U.S. National Security Strategy Document notes, "The United States may face no greater challenge from a single country than Iran."

U.S. Military Rejects Russian Worries (AP)

By George Gedda

AP, January 26, 2007

Proposed U.S. missile defense sites in Poland and the Czech Republic will not affect Russian security but will be designed to intercept missiles planned by Iran that would be capable of reaching Eastern Europe, a senior defense official said Thursday.

Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, rejected Russian claims that the U.S. plan would upset the security balance. Russian officials have warned of the possibility of countermeasures.

Russian Defense Minister Sergei Ivanov said Wednesday that U.S. systems being considered could not be directed against Iran because that country has no intercontinental ballistic missiles and will not have any in the future.

Obering, speaking to reporters in a telephone briefing, said that while Iran poses no long-range threat to Eastern Europe today, "we have to stay ahead of what we think that threat is."

Beyond that, Obering said, the interceptors the United States plans for Poland and the Czech Republic are insignificant compared with Russian capabilities.

"There is no way, shape or form that 10 interceptors can neutralize the hundreds of missiles in the Russian arsenal," Obering said. "I can't be any more plain than that."

He said U.S. defense officials have traveled to Russia to explain U.S. intentions and plan more such consultations in the future.

Asked if Russia would be allowed to send observers to the sites, Obering said, "We have nothing to hide. But any invitation would be subject to consultations with the host governments."

The $3.5 billion program for Poland will be completed in 2011 or 2012, Obering said.

At one point, he said the program will be designed to deal with "rogue nations," but he mentioned no country in that category besides Iran.

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A Polish journalist asked whether any compensation would be paid to the country in exchange for Poland's willingness to serve as a host missile defense country. Obering said no such benefit is planned because the project will enhance Polish security.

He added that the United States has other Eastern European countries in mind if negotiations with Poland and the Czech republic over terms of the deployments are unsuccessful.

Diamonds In The Sky (TIME)

Time, January 26, 2007

China's successful antisatellite-missle test Jan. 11 carries potential implicationsÂ for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher). At issue are military surveillance satellites--the very ones that detected Beijing's test--which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites--and a possible catalyst to a space arms race. [This article consists of a complex diagram. Please see hardcopy of magazine.]

Venezuela May Ask U.S. Envoy To Leave (AP)

By Christopher Toothaker

AP, January 26, 2007

President Hugo Chavez warned Thursday that the U.S. ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs."

The outspoken Venezuelan leader lashed out after William Brownfield said U.S. companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it.

"If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could ... be declared a persona non grata and would have to leave the country," Chavez.

The top American envoy to Venezuela told Caracas' Union Radio the planned takeover of CA Nacional de Telefonos, or CANTV, should proceed "in a transparent, legal manner" and that Venezuela's government must offer "fair and quick compensation to the people who are affected or the owners."

"These are the only obligations that a government has when it decides to nationalize an industry," Brownfield added.

Thursday's exchange is the latest demonstration of tensions between Caracas and Washington.

U.S. officials have accused Chavez of becoming increasingly authoritarian and of being a destabilizing force in Latin America. The Venezuelan leader has repeatedly accused Washington of scheming against his left-leaning government.

Virginia-based Verizon Communications Inc. holds the largest minority share of CANTV, which was privatized in 1991. The takeover jeopardizes an agreement by Verizon to sell its 28.5 percent stake in CANTV to a joint venture of America Movil and Telefonos de Mexico SA, controlled by Mexican billionaire Carlos Slim.

The sale had been awaiting Venezuelan government regulatory approval.

Chavez, a self-proclaimed "revolutionary" who is steering Venezuela toward socialism, has said he wants an immediate state takeover of the telephone company and will not pay shareholders the market value. The Venezuelan leader has said the price for CANTV would take into account debts to workers, pensions and other obligations to the state.

Brownfield said he was optimistic that shareholders would be fairly compensated.

"I think it can be a process that concludes in a satisfactory manner for all those involved, that's my hope," he said.

Chavez _ a close ally of Cuban leader Fidel Castro _ also has said he plans to nationalize the electricity sector, and take state control of four lucrative oil projects and the natural gas sector.

Relations between Caracas and Washington have been tense since Chavez was briefly ousted in a 2002 coup that he claimed the U.S. played a role in. The Bush administration has repeatedly denied involvement, although it recognized an interim government established by coup leaders.

Brownfield said he wanted to improve relations through "a serious and pragmatic dialogue between the two governments, to identify issues of mutual interest and to look for solutions to those issues."

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Legislation Would Relax Cuba Policy (WT)

By Steve Hirsch

The Washington Times, January 26, 2007

Legislation to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the U.S. policy on Cuba.

The first bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican.

The Cuban economic embargo, which dates to the 1960s, allows cash sales only for food, medicine and medical equipment and restricts travel to the island.

U.S. citizens are generally barred from travel to Cuba without a specific license, although there are exceptions for working journalists, researchers and some others. Permits for visits to immediate family members in Cuba may be issued every three years.

The measures to ease the policy will be filed as stand-alone legislation or as amendments to appropriations bills or other legislation.

Mr. Flake, who introduced his bill with House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, said that nearly 50 years of the current policy have "done little" to bring democracy to Cuba.

Instead of aiding democratic reform, the policy has given Cuban President Fidel Castro "a convenient scapegoat for his own regime's failures," Mr. Flake said.

Rep. Bill Delahunt, Massachusetts Democrat, plans legislation to ease restrictions on Cuban-American family travel.

Other possibilities include legislation to ease payment restrictions for cash sales of food to Cuba.

Rep. Jerry Moran, Kansas Republican, is planning to introduce one such payment-regulation bill next week. He said Wednesday that stand-alone Cuba legislation is more likely to reach the House floor now than under Republican leadership, partly because Republican leaders were adamantly opposed to dealings with Cuba.

President Bush's continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat.

Rep. Jo Ann Emerson, Missouri Republican, who plans to co-sponsor Mr. Moran's proposal, said that Congress may be able to make some changes in the Cuba policy, but that even with a new Democratic majority, any such changes would be "pretty incremental."

Mr. Rangel criticized Mr. Bush as being "locked into punishing Castro," but suggested that Mr. Bush would not veto bills that have Republican support.

"He's in enough trouble for the war that the best he can look for is trying to be able to accomplish something among Republican members. He owes them big time," Mr. Rangel said.

The White House had no comment on the bills yesterday. National Security Council spokesman Gordon Johndroe only said: "Our Cuba policy is unchanged."

The bills come as the state of Mr. Castro's health remains a mystery.

Mr. Castro, who has not been seen in public since July, has temporarily handed over power to his younger brother, Raul, but it is not clear whether a permanent succession would result in a fundamental change in Cuba's government.

Some observers have suggested recently that Fidel Castro's departure from the scene might not cause any fundamental change in Cuba's political system.

Earlier this month, a senior U.S. intelligence official told congressional intelligence panels, "Raul Castro is firmly in control as Cuba's acting president and will likely maintain power and stability after Fidel Castro dies, at least for the short term."

Army Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, told the committees that the younger Castro "has widespread respect and support among Cuban military leaders who will be crucial in permanent government succession."

Blueprint Sees Kosovo As Ward Of EU (FT)

By Guy Dinmore And Mark Turner

DOJ_NMG_0121949

Financial Times, January 26, 2007

The special UN envoy charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with Nato peacekeepers braced for a backlash from ethnic Albanians demanding full independence.

Martti Ahtisaari, a former Finnish president, has already disclosed that his proposal "foresees strong international civilian and military presences within a broader future international engagement in Kosovo".

In effect, Kosovo would be given the attributes of independence but remain under the wing of the international community, diplomats said. Neither "independence" nor Serbia's continued sovereignty are expected to be mentioned. Ultimate authority will be transferred to a special representative of the European Union from the United Nations, which has administered the province since Nato intervened in 1999 to stop Serbia's campaign of ethnic cleansing.

Mr Ahtisaari will also set out provisions for the protection of minority rights, in particular for the Serbs living mostly in small enclaves.

After submitting his report to the six-nation Contact Group in Vienna on Friday, the UN envoy, who was appointed in November 2005, will take the report to Belgrade and Pristina on February 2. Neither side is expected to embrace the plan, but both are under intense pressure not to reject it outright.

The formula of supervised independence is similar to the status given to Bosnia in 1995, except that the concept of sovereignty in Kosovo's case will remain vague.

Analysts said the Bush administration did not appear to have the political will to take on Russia over the issue, perhaps because of other priorities needing Moscow's acquiescence, namely Iran, North Korea and energy security.

"I think there are all sorts of possibilities which can be there, if the parties get into creative discussions," Vitaly Churkin, Russia's envoy to the UN, told the FT, indicating Moscow's willingness to continue along this tack.

Russia has previously said it would block an effort at the UN Security Council to recognise Kosovo as a breakaway sovereign state against the will of Belgrade.

A senior US official said Mr Ahtisaari would propose "a very generous package" to protect the Serb minority and the ancient Orthodox churches that remain a powerful symbol of Serbia's national identity.

The Right Muddle For Kosovo (LAT)

The Los Angeles Times, January 26, 2007

HERE'S A PLACE you probably haven't thought about much in the last seven years: Kosovo. But the Balkan province is about to make a comeback bid for your attention, and not necessarily in a good way.

The former Yugoslavia, a steaming kettle of ethnic and religious resentments, has been comparatively peaceful since the wars of the 1990s — not because the region's territorial disputes have been settled but because NATO has kept a close watch on the stove (in the case of Kosovo, with 16,000 troops). But an upcoming United Nations ruling on Kosovo's bid for independence from Serbia stands to set the burner on high.

Kosovo, a province the size of Connecticut, has about 2 million residents, 90% of them ethnic Albanians. It was an autonomous region within the Yugoslav federation until 1989, when Slobodan Milosevic jump-started his career as dictator by asserting Belgrade's authority over what is, for Serbs, a land of nationalist importance. The crackdown led to a Kosovar rebellion nine years later that was ruthlessly suppressed until halted by NATO bombardiers. The region has been under U.N. supervision while the international community fumbles for a more permanent settlement.

That U.N. blueprint will be unveiled privately today in Vienna to the six-nation Contact Group that sets policy for Kosovo — the U.S., Britain, France, Germany, Italy and Russia. Leaked pieces of the plan seem a bit of a mess. It is expected to propose "supervised autonomy," a sort of "independence lite," watched over by an international monitor. Kosovo will reportedly be allowed to join international organizations such as the U.N. and the World Bank and even maintain a tiny army. But the minority Serb population would largely be self-governed, with direct links to Serbia.

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The plan isn't going to please many in proindependence Kosovo, and next to no one in pro-federation Serbia. Anticipation of an unfavorable U.N. recommendation probably helped the ultranationalist Radicals — led by a Serb awaiting a war crimes trial in The Hague — win the most votes of any party in Serbia's recent elections.

Yet flawed and temporary as it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around.

First Test For New UN Chief: Darfur (CSM)

By Howard Lafranchi

The Christian Science Monitor, January 26, 2007

UNITED NATIONS, N.Y.

The new United Nations secretary-general, Ban Ki Moon, lists Darfur among his top priorities.

Putting an end to the violence there, which the United States calls "genocide," is also turning into the UN leader's first major test – of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action.

Mr. Ban is underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip. There he plans to meet Sudanese President Omar Hassan al-Bashir and to press him to accept deployment of a "hybrid" African Union-UN force of 20,000 peacekeepers for the war-ravaged province.

UN officials say Ban, who has been in his job since Jan. 2, does not want to lose the "momentum" that was thought to have been made at the end of last year, when Mr. Bashir sent a letter to outgoing UN Secretary-General Kofi Annan in which he seemed to accept the idea of a hybrid force.

"The problem is that the Sudanese agree to things, but then they backtrack and dawdle. So the worry here is that they made a gesture but then saw they could use the change from Annan to Ban to stall," says one UN official close to the thinking in the secretary-general's office. "The idea will be to move ahead with what has already been approved," says the official, who spoke on condition of anonymity.

Ban's meeting with Bashir is a good first step, some analysts of conflict diplomacy say, but they add that he can do much more.

"The most important thing is to get countries to make significant pledges of troops for a Darfur force, so that it is something more than an idea approved last year by the Security Council," says Lee Feinstein, an expert in international institutions at the Council on Foreign Relations in Washington. "That's something Ban can do that would send a particularly stern message of determination to the Sudanese."

Mr. Feinstein says that Ban, whose candidacy to the secretary-general's post was backed by both Washington and Beijing, should turn to China now for a troop commitment to a peacekeeping force in Darfur. Given Beijing's significant economic partnership with Khartoum, no other power could equal the message that would send, he adds.

Increasingly sensitive to its international image, China is openly discussing its growing involvement in Africa in general and in Sudan in particular. But it is also emphasizing that its cooperation toward a resolution of the Darfur conflict will be diplomatic and not military in nature.

Chinese President Hu Jintao announced this week his plans to visit Sudan next month for talks that will include the Darfur crisis.

Wang Guangya, the Chinese ambassador to the UN, who met with Ban this week in New York, says he made clear China's support for a diplomatic solution in Darfur.

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"I told [Ban] we support him in setting his priority on Darfur, and that we will work with him for progress on that issue," Mr. Wang says. Referring to Sudan's recent hints of openness to outside involvement, he adds, "We have seen some important signals over the past few weeks, and I think we are seeing indications that we can expect more."

Ban also met this week with a Sudanese foreign-ministry official, registering his concern over continued aerial bombardments by the government of Sudan in north Darfur. He also brought up increasing harassment of and attacks on UN staff members in Darfur.

But pressure for more robust international action is mounting in other quarters. Several rights organizations, including Human Rights Watch and the Save Darfur Coalition, are calling on the African Union to reject Sudan's candidacy for the presidency of the 53-member organization. In letters to AU countries, the groups said the AU's effectiveness and role in a Darfur resolution would be undermined with a Sudanese presidency.

At the same time, a bipartisan group of US senators is calling on President Bush to divulge any plans the administration has to strengthen its measures addressing the Darfur conflict. Andrew Natsios, presidential envoy for Darfur, had warned the Sudanese government in a Khartoum meeting last month that the US would move on to a new plan of more aggressive measures if Sudan did not begin opening up to a larger international force than the 7,000 soldiers the AU has in the vast western region.

Feinstein, who has authored a new paper on international responsibilities in internal conflicts like that in Darfur, says Ban must also start looking to changes that can help prevent future Darfurs. "Ban should use the advantage he has of the 'fresh start' to move ahead more long term on developing the means to prevent conflicts from becoming international tragedies, as Darfur has," he says.

Among other things, he says Ban should build on the UN General Assembly's adoption in 2005 of the so-called "responsibility to protect" doctrine, which calls on the international community to protect civilians in countries where the government is unable or unwilling to do so.

Doha Breakthrough Not Far Away (FT)

By Alan Beattie

Financial Times, January 26, 2007

Trade ministers continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks.

Peter Mandelson, EU trade commissioner, told the FT that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away.

“I believe we can get a breakthrough on the big numbers in agriculture and industrial goods in the next month or so,” he said.

But he continued to argue that the onus was on the US to offer more cuts in farm subsidies. Despite intensive talks between the EU and US negotiators in recent weeks, officials say that gaps remain.

“The agricultural consultations between the EU and the US are through the worst,” Mr Mandelson said. “We are approaching the end of the endgame in that regard.”

Saturday’s meeting will discuss whether to reopen the multilateral talks, which were suspended last July.

The outstanding issue in agriculture was between the US and developing countries, said Mr Mandelson. The US has asked for substantial new access to the consumer markets of big emerging market countries such as India, Indonesia and the Philippines.

Susan Schwab, US trade representative, said that a framework agreement was possible “in a matter of months”, but that would require rapid progress in the next few weeks.

She declined to discuss what cuts in farm tariffs and subsidies would be required for agreement. “There are two things I am not going to get into this weekend,” she said. “I am not going to point fingers and I am not going to quote top-line numbers.”

Detailed discussions with individual countries about the protection they wanted to maintain for various farm commodities was necessary to reach agreement, she said.

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Rachid Mohammed Rachid, Egypt's trade minister, said that the EU and US both had to do more, but that the task was harder for the US.

He added that few developing countries, apart from Brazil and India, had been properly consulted. "Africa has been totally neglected," he said. "Africa has been dealt with more by threats than by anything else. They have been told: 'You should not be the ones blocking this deal. You should be supporting it'."

Mr Rachid said there appeared to be a belief that the poorest developing countries could be bought off with a few concessions in the last few hours of a trade deal.

The agricultural talks will focus on the number of so-called sensitive products for rich countries and special products for developing countries which they can shield from across-the-board cuts in farm tariffs.

Rules Dispute Imperils Khmer Rouge Trial (NYT)

By Seth Mydans

The New York Times, January 26, 2007

PHNOM PENH, Cambodia, Jan. 25 — The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge.

If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out. That would cast a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value.

Seventeen Cambodians and 12 foreigners took office as judges and prosecutors in July, inaugurating a United Nations-sponsored process that mixes Cambodian law with international standards of justice. It is an awkward formula made more questionable by the meager qualifications of the Cambodian judges, who are seen as poorly trained and subject to political manipulation.

Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have.

Almost three decades have passed since the Khmer Rouge ruled Cambodia, from 1975 to 1979, causing 1.7 million deaths through killings, torture, starvation and overwork.

The potential defendants are aging and some have died, notably the Khmer Rouge leader, Pol Pot, in 1998. The targets of the trial are top leaders and "those most responsible" for the crimes and is expected to focus on at most a dozen defendants. Among the handful of names often mentioned, only one is in custody, with the rest living freely in Cambodia.

The foreign co-prosecutor, a Canadian named Robert Petit, has been pursuing the evidence vigorously but has not said where it is leading him. In an interview, he said he was ready to propose his first indictments once the judges formalized the rules at a plenary session tentatively set for March. A trial might then begin by the end of the year.

Cambodia and the United Nations agreed on the structure of the mixed tribunal in 2003 after years of negotiations that involved technical and political differences. Those differences remained at the heart of the disagreements that have stalled the trial since November, say experts on the tribunal.

A rules committee of nine judges is trying to resolve the differences. Sean Visoth, the tribunal's Cambodian coordinator, said, "If there is no compromise and there is no plenary, the international judges will walk away."

The delay has revived a concern that Prime Minister Hun Sen may not in fact want the trial to proceed and may be throwing up the latest in a long series of roadblocks that have stalled it over the years. Among other things, he is believed to be under pressure from China, which does not want to see a trial that would be likely to demonstrate its close ties to the Khmer Rouge government.

The core disputes appear to involve a long-running issue: the independence of the trial from Cambodian political manipulation.

On the Cambodian side, an important issue is control, said the American ambassador to Cambodia, Joseph A. Mussomeli. "The government in general tries to keep tight control over the judiciary and anything that could have negative consequences," he said.

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The first concern is the scope of indictments in a country where the politics of the present remain tangled in the past. Some former middle-ranking Khmer Rouge are prominent in the current government, including Mr. Hun Sen — although experts say he is not culpable. Other potential defendants may have powerful patrons trying to protect them.

One point of contention among the judges, said people close to the negotiations, is a provision that would in effect allow an indictment to proceed without the agreement of the Cambodian side. That provision is one of several balancing acts in the tribunal's super-majority system that at most junctures allows foreign and Cambodian judges to cast what amount to vetoes over one another's decisions.

The Cambodian side is also seeking to limit the right of defendants to be represented in court by foreign lawyers, which it says is a violation of Cambodian legal sovereignty. Foreign analysts say the Cambodian concern is that aggressive foreign lawyers would be independent of any political guidance and could send the case in unpredictable directions.

A British lawyer, Rupert Skilbeck, who will coordinate the lawyers' work, said defendants would be placed at a disadvantage if they could not select their own lawyers.

"It's important that the trials are very fair, because if they're seen as show trials, then there will be no justice," he said in November.

Mr. Mussomeli said the Cambodian government, accustomed to controlling the judiciary, might be reacting defensively to Mr. Petit, who has taken on his job as prosecutor with an energy and independence that is unfamiliar here.

In the interview, Mr. Petit sought to calm these concerns, saying he was aware that the tribunal could be derailed by an overaggressive prosecution. "We have to apply the law in the context of Cambodia," he said. "I'm not stupid. You have to exercise discretion."

Mr. Petit has been involved in tribunals in Rwanda, Sierra Leone, Kosovo and East Timor, and he said he understood that in cases like these it was not possible to follow the law blindly, without reference to its context. "We all have a sense of our responsibilities," he said. "Our primary responsibility is to deliver justice to the victims of these crimes." That will not be possible, he said, if the process is shut down for any reason.

"Having a right and exercising it with good judgment are two different things," he said.

He said he did not know how many cases he would forward to the next level of the tribunal, the investigating judges, who are to issue indictments. "In this particular tribunal there are very specific expectations," he said. "Everyone 'knows' what happened. We've got the evidence there; you just have to pick it up and carry it into court — well, it doesn't work that way."

"We have to grasp events of great magnitude that happened 30 years ago and be legally and morally convinced that we have cases against individual people," he said.

Carter Apologizes For 'Stupid' Book Passage (WT)

By Eric Pfeiffer

The Washington Times, January 26, 2007

Jimmy Carter has apologized for what he called a "stupid" passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis.

The former president had spent most of the past two months defending his new book, "Palestine: Peace not Apartheid," after 15 board members at his Atlanta-based Carter Center resigned in protest of the book's content.

"I apologize to you personally and to everyone here," Mr. Carter said when asked about the passage by a student during his appearance at Brandeis University on Tuesday. After explaining that the passage was "worded in a completely improper and stupid way," Mr. Carter said he has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

The questionable passage, which appears on Page 213 of the book, reads: "It is imperative that the general Arab community and all significant Palestinian groups make it clear that they will end the suicide bombings and other acts of terrorism when international laws and the ultimate goals of the Roadmap for Peace are accepted by Israel."

Some of Mr. Carter's critics, including the Carter Center board members who resigned, say the text reads as defending terror tactics until a peace accord can be reached between Israel and Palestinians.

"Repeatedly I call on all to terminate the use of violence," Mr. Carter said in response.

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He also addressed critics who said the book title unfairly compared Israeli policy to the racial separatist policies of South Africa's government, which ended apartheid in the early 1990s. Mr. Carter said he did not mean to "equate Zionism with racism" when choosing the title.

"I chose that title knowing that it would be provocative, but in the long run it has precipitated discussion and there has been a lot of positive discussion," he said.

Emory University history professor Kenneth W. Stein, who served as the Carter Center's first executive director, was one of the first board members to resign after the book was published in December.

Last week, in a statement released through Emory's Institute for the Study of Modern Israel, Mr. Stein criticized Mr. Carter's book for suggesting that the Palestinian terror group Hamas is "ready for dialogue." Mr. Stein noted that Hamas has never recognized the legitimacy of the Jewish state and that, as recently as October, a Palestinian official said at a Hamas gathering that Israel is "a vile entity."

On Wednesday, Mr. Carter released the transcript of a discussion he held as president with Pope John Paul II. During the Oct. 6, 1979, discussion, Mr. Carter urged the pope to publicly acknowledge Israel during one of his speeches.

"I reported that the Jews in our country at least thought that he was biased against them because he had never yet mentioned Israel in one of his speeches," the transcript reads. "He replied, 'I have mentioned Jerusalem.' I replied, 'This is not adequate for the Jews.' " The transcript was first released to the Associated Press.

Mr. Carter's appearance at the Brandeis campus in Boston was followed by an appearance by Harvard University law professor Alan Dershowitz, who has been critical of the book. Although Mr. Carter refused to debate him and even to appear with him, Mr. Dershowitz told the students in attendance that he appreciated the former president's apology.

"You heard the Brandeis Jimmy Carter today, and he was terrific," Mr. Dershowitz said. "I support almost everything he said. But if you listen to the Al Jazeera Jimmy Carter, you'll hear a very different perspective."

Judgment Day (WSJ)

By Yossi Klein Halevi

The Wall Street Journal, January 26, 2007

JERUSALEM -- The Israeli presidency is largely a ceremonial position and has only one real purpose: to uphold the honor of the Jewish state. Yet over the last six months, as accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign, insisting on his right to remain in office until being formally charged -- even though, by tainting the presidency with scandal, he has betrayed the job's core requirement. Now, with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office: Yesterday, the Knesset approved the president's temporary suspension. But not before Mr. Katsav called a hysterical press conference in which he blamed the media, the police and the attorney general for hounding him.

For Israelis, this is a time of near-despair. A former justice minister is on trial for sexual harassment, leading tax authority officials have been arrested for fraud, the finance minister is under investigation, and any of a half-dozen alleged financial scandals could topple Prime Minister Ehud Olmert. "There is no judgment and no judge," Israelis tell each other, quoting a Talmudic phrase. With the looming threat of a nuclear Iran, and jihadist Hamas and Hezbollah pressing against its borders, Israel faces an internal challenge that is no less daunting than the external ones: to recreate a society that is worth fighting for. Never before has Israel faced greater dangers, and never before has it been so bereft of trustworthy leaders.

The roots of Israel's ethical crisis go back, ironically, to the heroic founders of the state. Personally stoic, the leaders of Mapai, the socialist party that led the state in its formative years, created a culture of cronyism. Possession of a "red card," marking Mapai membership, was often a precondition for securing scarce employment. Cronyism was coupled with frontier recklessness: Under constant siege, and overwhelmed with impoverished refugees, Israel created a culture of improvisation, a bending of the rules. With the country's survival constantly in the balance, Israelis indulged the sexual improprieties of their military heroes; Prime Minister David Ben-Gurion defended the philandering general, Moshe Dayan, by noting that King David was also an adulterer. But they knew their leaders were devoted to the nation. The same can hardly be said about today's politicians, who absorbed the wiles of the founders but not their self-sacrifice.

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Perhaps the greatest threat to the political system today is a corruption of the spirit of leadership. In refusing to accept responsibility for sullying the presidency, Mr. Katsav represents a new class of Israeli leaders who reject accountability for failure. Though last summer's war didn't achieve any of its objectives, none of the architects of Israel's first military defeat admitted responsibility. Mr. Olmert continues to insist that Israel won, even though Hezbollah has rearmed and Israeli deterrence has been weakened by the very war that was intended to restore it. True, the army chief of staff, Dan Halutz, did resign last week -- but only to pre-empt a call for his dismissal from a commission of inquiry investigating the war, and without any admission of failure on his part.

It used to be different. When Avraham Ofer, housing minister in the first government of Yitzhak Rabin during the mid-1970s, was accused of corruption, he shot himself, leaving behind a note that insisted on his innocence while adding that he couldn't bear the shame. And when the wife of Prime Minister Yitzhak Rabin was found to have kept a bank account in Washington, in violation of the law at the time forbidding Israelis to hold foreign currency, Rabin took personal responsibility and resigned -- incomprehensible by today's standards.

Corruption among Israel's leadership is arguably no worse than anywhere else. But a nation facing immediate existential threats needs leaders who can inspire. No citizen in the West makes the kind of sacrifices, from compulsory military reserve duty to punishingly high taxes, that Israelis routinely endure. To a large extent, they endure those hardships willingly: Teenagers vie for every slot in elite combat units; at times of national emergency, even reservists who haven't been called up volunteer for service. Israelis deserve a leadership worthy of their sacrifices.

The founders of Zionism hoped to turn the Jews into a "normal" people, a nation like all other nations. They envisioned a country maintaining normal international relations while creating an admirable society -- externally normalized, internally exceptional. Given Israel's precarious status and the current state of its political culture, that vision seems to have been reversed.

But the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders. With Lt. Gen. Halutz gone, Mr. Peretz will almost certainly soon have to follow: He will be forced to resign either by the commission of inquiry into the Lebanon war or by a rebellion within the Labor Party, which he currently heads. Finally, Mr. Olmert's own day before the commission of inquiry is approaching, and so is a decision by the attorney general about whether to pursue criminal charges against him for financial improprieties. There is judgment and judge, after all.

Mr. Klein Halevi is a senior fellow at the Shalem Center and a contributing editor to the New Republic.

Days Of Decision In Ulster (NYT)

The New York Times, January 26, 2007

The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule.

Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein — as the top parties elected by the Protestant and Roman Catholic communities are supposed to do under the Good Friday peace agreement on Northern Ireland.

If both sides come through, elections will be held and a coalition cabinet formed in March. If either falters, there can be no power sharing, and Northern Ireland will remain ruled by appointed British officials for the foreseeable future.

The Good Friday agreement of 1998 all but ended years of sectarian bloodshed in Northern Ireland. In 2005, the Irish Republican Army took the further crucial steps of permanently renouncing political violence and destroying its weapons. But the agreement's full promise has never been met as Sinn Fein and the Unionists have sparred over political power sharing and police reform.

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The importance of police reform was clearly demonstrated this week with the release of a devastating ombudsman's report on years of police collaboration with a Protestant paramilitary death squad. Most, but not all, of that collaboration occurred before the present professional police service was created to replace the old Protestant-dominated Royal Ulster Constabulary.

Further reforms put in place by the head of the new force make any repetition of such shocking abuses unlikely. But the best safeguard would be oversight of the police by a democratically chosen executive and legislature. That is the courageous and sensible argument Mr. Adams will make to Sinn Fein this weekend. If his view prevails, Mr. Paisley's time to be courageous and sensible will follow.

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TERRORISM NEWS:

Justice Department Wants Domestic Spying Lawsuit Dropped (AP)

By Lara Jakes Jordan, Associated Press

AP, January 26, 2007

WASHINGTON - The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court.

Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program.

The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida.

The ACLU's lawsuit against the terrorist surveillance program "is now moot," the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. "The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist."

The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005.

Last August, a federal judge in Detroit declared the program unconstitutional, saying it violates the rights to free speech and privacy and the separation of powers. In October, a three-judge Cincinnati appeals panel ruled the administration could keep the program in place while it appeals the Detroit decision.

The ACLU plans to file a response Friday, asking for the appeal to continue, said assistant legal director Ann Beeson. The watchdog group contends that Bush retains his authority to return to the warrantless program if it needs to.

"The case could not be less moot," Beeson said. "The case is not moot if there's any remote possibility that the government is going to violate the law again."

Dismissal Of Lawsuit Against Warrantless Wiretaps Sought (WP)

By Dan Eggen

The Washington Post, January 26, 2007

A lawsuit challenging the legality of the National Security Agency's warrantless surveillance program should be thrown out because the government is now conducting the wiretaps under the authority of a secret intelligence court, according to court papers filed by the Justice Department yesterday.

In a filing with the U.S. Court of Appeals for the 6th Circuit, in Cincinnati, Justice Department lawyers said the lawsuit of the American Civil Liberties Union and other plaintiffs -- which received a favorable ruling from a federal judge in Detroit -- should be considered moot because the case "no longer has any live significance."

The ACLU called the government's arguments implausible and said it plans to file its response today.

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The brief is the latest volley in the legal battle over the controversial spying effort, dubbed by the administration as the "Terrorist Surveillance Program," or TSP. Under the program, the NSA monitored, without obtaining warrants, telephone calls and e-mails between the United States and overseas if the government determined that one of the parties was linked to al-Qaeda or other terrorist groups.

Attorney General Alberto R. Gonzales announced last week that the government was terminating the program and that eavesdropping will be overseen by a secret 11-member court that administers the law governing clandestine spying in the United States, known as the Foreign Intelligence Surveillance Act, or FISA.

The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed.

"Plaintiffs' challenge to the TSP is now moot," the government said in its filing yesterday. "The surveillance activity they challenge . . . does not exist. And the specific relief they sought and were awarded -- injunction of the TSP -- cannot redress any claimed injury because no electronic surveillance is being conducted under the TSP."

Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. "This is not an instance of 'voluntary cessation' of allegedly unlawful activity," the government lawyers wrote. "The government has not ceased surveillance -- instead, the facts and legal authorities have changed."

But Ann Beeson, the ACLU's associate legal director, said that argument is "not plausible." She added that previous court rulings made it clear that the government cannot escape a legal judgment merely by voluntarily halting its illegal activity.

"The FISA court didn't reach out on its own to do something; the government asked it to do something," Beeson said. "And absent a ruling, they are free to return to their illegal conduct again."

The new lines of argument in the ACLU case come less than a week before a hearing scheduled for next Wednesday in Cincinnati where both sides are set to offer oral arguments.

Most of the details of the new spying arrangement are considered classified by the Bush administration, including a set of orders issued by a FISA judge on Jan. 10 that authorizes the eavesdropping. As a result, the precise outlines of and legal justifications for the monitoring remain unclear.

The government signaled in its filing that it would oppose a public release of the orders, saying that "the longstanding practice is that FISA Court orders remain classified and not subject to public dissemination." Senate Judiciary Committee leaders have asked to see copies of the orders but have, so far, been rebuffed.

Secrecy Is At Issue In Suits Opposing Domestic Spying (NYT)

By Adam Liptak

The New York Times, January 26, 2007

The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies.

Judges have even been instructed to use computers provided by the Justice Department to compose their decisions.

But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union.

Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege.

Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials.

In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves.

At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records.

In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices.

"The documents reviewed by the court have not been altered and will not be altered," Ms. Kennedy wrote, and they "will be preserved securely as part of the record of this case."

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Some cases challenging the program, which monitored international communications of people in the United States without court approval, have also involved atypical maneuvering. Soon after one suit challenging the program was filed last year in Oregon, Justice Department lawyers threatened to seize an exhibit from the court file.

This month, in the same case, the department sought to inspect and delete files from the computers on which lawyers for the plaintiffs had prepared their legal filings.

The tactics, said a lawyer in the Oregon case, Jon B. Eisenberg, prompted him to conduct unusual research.

"Sometime during all of this," Mr. Eisenberg said, "I went on Amazon and ordered a copy of Kafka's 'The Trial,' because I needed a refresher course in bizarre legal procedures."

A federal district judge in the case, Garr M. King, invoked another book after a government lawyer refused to disclose whether he had a certain security clearance, saying information about the clearance was itself classified.

"Frankly, your response," Judge King said, "is kind of an Alice in Wonderland response."

Questions about the secret filings may figure in the first appellate argument in the challenges, before the Sixth Circuit, in Cincinnati, on Wednesday. The three judges who will hear the appeal met with lawyers for the Justice Department and the American Civil Liberties Union on Jan. 8 in a judge's chambers in Memphis.

"The court raised questions about the procedures the government had used to file classified submissions in the case and the propriety and integrity of those procedures," said Ms. Beeson, associate legal director of the A.C.L.U., which represents the plaintiffs in the appeal.

"They were also concerned about the independence of the judiciary," given that "the Justice Department retains custody and total control over the court filings." Ms. Beeson said.

Nancy S. Marder, a law professor at the Chicago-Kent College of Law and an authority on secrecy in litigation, said the tactics were really extreme and deeply, deeply troubling.

"These are the basics that we take for granted in our court system," Professor Marder said. "You have two parties. You exchange documents. The documents you've seen don't disappear."

A spokesman for the Justice Department, Dean Boyd, said employees involved in storing the classified documents were independent of the litigators and provided "neutral assistance" to courts in handling sensitive information. The documents, Mr. Boyd said, are "stored securely and without alteration."

The appellate argument in Cincinnati will almost certainly also concern the effects of the administration announcement last week that it would submit the program to a secret court, ending its eavesdropping without warrants.

In a brief filed on Thursday, the government said the move made the case against the program moot.

Ms. Beeson of the A.C.L.U. said the government was wrong.

At least one case, the one in Oregon, is probably not moot. It goes beyond the other cases in seeking damages from the government, because the plaintiffs say they have seen proof that they were wiretapped without a warrant.

In August 2004, the Treasury Department's Office of Foreign Assets Control, which was investigating an Oregon charity, al-Haramain Islamic Foundation, inadvertently provided a copy of a classified document to a foundation lawyer, Lynne Bernabei.

That document indicated, according to court filings, that the government monitored communications between officers of the charity and two of its lawyers without a warrant in spring 2004.

"If I gave you this document today and you put it on the front page of The New York Times, it would not threaten national security," Mr. Eisenberg, a lawyer for the foundation, said. "There is only one thing about it that's explosive, and that's the fact that our clients were wiretapped."

Ms. Bernabei circulated the document to two directors of the charity, at least one of them in Saudi Arabia, and to three other lawyers. She discussed them with two more lawyers. A reporter for The Washington Post, David B. Ottaway, also reviewed the document.

The full significance of the document was apparently not clear to any recipient, more than a year before The New York Times disclosed the existence of the N.S.A. program in December 2005.

The F.B.I. learned of the disclosure almost immediately in August 2004, Judge King said at a court hearing last year, but made no effort to retrieve copies of the document for about six weeks.

When it did, everyone it asked apparently returned all copies of the document. In a statement reported in The Post in March, for instance, Mr. Ottaway said he the F.B.I. had told him that the document had "highly sensitive national security information."

"I returned it after consulting with Washington Post editors and lawyers, and concluding that it was not relevant to what I was working on at the time," Mr. Ottaway said.

In a sworn statement in June, a lawyer who had the document, Asim Ghafoor, said the bureau took custody of his laptop computer "in order that the document might be 'scrubbed' from it."

The computer was returned weeks later.

In February 2006, the charity and the two lawyers who say they were wiretapped sued to stop the program, requesting financial damages. They attached a copy of the classified document, filing it under seal. They have not said how they came to have a copy.

Three weeks later, the lawyers for the foundation received a call from two Justice Department lawyers. The classified document "had not been properly secured," the lawyers said, according to a letter from the plaintiffs' lawyers to the judge.

As Mr. Eisenberg recalled it, the government lawyers said, "The F.B.I. is on its way to the courthouse to take possession of the document from the judge."

But Judge King, at a hurriedly convened hearing, would not yield it, and asked, "What if I say I will not deliver it to the F.B.I.?"

A Justice Department lawyer, Anthony J. Coppolino, gave a measured response, saying: "Your Honor, we obviously don't want to have any kind of a confrontation with you. But it has to be secured in a proper fashion."

The document was ultimately deposited in a "secure compartmented information facility" at the bureau office in Portland.

In the meantime, copies of the document appear to have been sent abroad, and the government concedes that it has made no efforts to contact people overseas who it suspects have them.

"It's probably gone many, many places," Judge King said of the document at the August hearing. "Who is it secret from?"

A Justice Department lawyer, Andrew H. Tannenbaum, replied, "It's secret from anyone who has not seen it."

He added, "The document must be completely removed from the case, and plaintiffs are not allowed to rely on it to prove their claims."

Judge King wondered aloud about the implications of that position, saying, "There is nothing in the law that requires them to purge their memory."

Mr. Eisenberg, in an interview, said that was precisely the government position. "They claim they own the portions of our brains that remember anything," he said.

In a decision in September, Judge King ruled that the plaintiffs were not entitled to review the document again but could rely on their recollections of it. In October, they filed a motion for summary judgment, a routine step in many civil litigations. In a sealed filing, they described the classified document.

Government lawyers sent Judge King a letter saying the plaintiffs had "mishandled information contained in the classified document" by, among other actions, preparing filings on their own computers.

In a telephone conference on Nov. 1, Judge King appeared unpersuaded. "My problem with your statement," he told Mr. Tannenbaum, "is that you assume you are absolutely correct in everything you are stating, and I am not sure that you are."

Mr. Boyd of the Justice Department said the government "continues to explore with counsel ways in which the classified information may be properly protected without any intrusion on the attorney-client privilege."

Terrorism Jury Suffering 'Mental Fatigue,' Cuts Work Hours (AP)

By Mike Robinson

AP, January 26, 2007

CHICAGO - Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours.

"We have taken very few breaks," the jurors said in a note to U.S. District Judge Amy J. St. Eve who is presiding at the trial, described when the indictment was made public as a step in the war on terrorism.

Jurors said in the note that they are suffering from "mental fatigue."

Former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant business professor at Washington's Howard University, are charged with racketeering conspiracy and other offenses.

They are accused among other things of funneling thousands of dollars through American bank accounts to Hamas terrorists on the West Bank and the Gaza strip seeking to topple the government of Israel.

Both men say any money they furnished was destined for such purposes as clinics and day-care centers. Hamas is blamed for a number of murders, bombings and kidnappings. But the group also operates various charities and holds a 60 percent majority in the Palestinian legislative council.

Jurors heard three months of testimony in the case and have deliberated on the evidence for nine days.

In their note, they told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one.

Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m.

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When lunch was delivered to the jury room around noon on Thursday, the laughter and chatter that came through the open door was relaxed and friendly sounding.

Correct This Wrong (MH)

The Miami Herald, January 26, 2007

The best thing to do when you make a mistake is to admit the error, apologize for the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar.

Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured.

All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria.

Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong.

No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. "This practice is abhorrent and stains America's reputation as a defender and protector of human rights," said Sen. Patrick Leahy, D-Vt., who is chair of the Senate Judiciary Committee. Sen. Leahy is right. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do.

HOMELAND RESPONSE:

FBI Reaches Out To Local Muslims (KINGDM)

By Aaron Royster, Miner Staff Writer

Kingman (AZ) Daily Miner, January 26, 2007

Special Agent John E. Lewis, who overseas all FBI operations in Arizona, talks with Muslim community members regarding their concerns while visiting the Kingman mosque, Masjid-E-Ibrahim, Tuesday night. Photo: AARON ROYSTER/Miner KINGMAN - Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night.

Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups.

"We highly appreciate their efforts," Farooqi said. "Now the distance (between communication) is reduced."

Farooqi said he felt the night went well. He invited Lewis and two accompanying agents to share a meal with Muslim community members.

The evening began with Farooqi providing an explanation of Islam and the beliefs of its members. He said the Islamic faith is based upon a total submission to God and establishing a means of peace on earth.

"Islam is the religion of peace," Farooqi said. "Muslims are the people of peace."

Lewis followed Farooqi, explaining the FBI to the more than 20 community leaders present to help dispel misconceptions about his organization.

Lewis and Farooqi had met at the Phoenix FBI office in December, which led to the visit by Lewis.

Lewis explained the different focuses of the FBI: counter-terrorism, counter-intelligence, cyber-crime, public corruption, violent crimes, white-collar crimes, organized crime and drug trafficking.

He said counter-terrorism is the current No. 1 priority of the FBI, but white-collar crime was the No. 1 priority before 9/11.

Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI.

"It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience," Lewis said. "We're not in business, unfortunately, to deliver good news to you."

Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders.

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Lewis added he has received complaints in the past from citizens who felt scared or mistreated following interactions with his office. But with that stark reality, he presented some hope for the future.

"The only way that we're going to correct the way we are today is ... time," Lewis said. "We got to push forward in time and get past this."

Lewis said he felt when he started over 30 years ago with the FBI that the open forum and discussion with community members wouldn't have happened. He said that one purpose of the outreach to the community by the FBI is to make it easier for community members to get involved with the FBI.

"We cannot do our job effectively if we believe we can do it alone," Lewis said.

Is The Gulf Coast Not Part Of Our Union? (USAT)

USA Today, January 26, 2007

President Bush's State of the Union address Tuesday included few surprises. He opened up with domestic policy and was predictably myopic about our quagmire in Iraq, seemingly immune to the pressure coming from both parties to get out of the ill-advised war. The president gets points for talking about immigration policy and for putting new ideas for health care reform on the table. But how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention?

To be sure, the federal government has set aside billions of dollars for the region's recovery. But 15 months after Hurricane Katrina hit the Gulf Coast and the levees broke in New Orleans, tens of thousands of people still are displaced.

Some people are desperately trying to get home, but Louisiana Gov. Kathleen Blanco's "Road Home" program has been paved with good intentions and poor delivery — just a fraction of the thousands who have applied for relief have received it. Habitable housing is being torn down to make way for "mixed-use" housing, and no provisions have been made for the poor who used to live in those projects. Children are being turned away from schools because there are too few to accommodate them. Citizens want to "stop the violence," but the social infrastructure to deter crime is essentially nonexistent.

Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens. A more sensitive president might acknowledge the pain that people still feel, but then again, this is a president whose mother observed that the Houston Astrodome, where people fled, was "working very well for them."

After the levees broke, wealthy New Orleaneans openly said that the city's footprint needed to shrink and that it should look different demographically, geographically and politically. At least one member of Congress said Katrina had done what public policy could not do. And Loyola Law School professor Bill Quigley, who is litigating on behalf of New Orleans' poor, has said recovery policies have been so biased that "you might as well put up a sign that says, 'Poor people, do not enter.' "

How could President Bush say that the state of our union is "good" when New Orleans has not yet recovered? If we can attempt to rebuild Baghdad but not New Orleans, what does that say about this country? And if Bush can spend so much of his address talking about Iraq, while Katrina recovery doesn't merit a mention, what does this say about his priorities?

Julianne Malveaux is an economist and author.

No Words For The Gulf (WP)

By Eugene Robinson

The Washington Post, January 26, 2007

More infuriating than anything George W. Bush said in his State of the Union address was what he didn't say. Congress and the nation heard nothing, zilch, nada, not a single, solitary word about New Orleans, the Gulf Coast and the devastation that remains from the worst natural disaster in United States history.

A disaster that happened on his watch. How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, "Brownie, you're doing a heck of a job." Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting.

They can't forget that, days after Hurricane Katrina made its tragic landfall, President Bush stood in New Orleans's historic Jackson Square, while most of the city still lay beneath brackish floodwaters, and said that nature's trials "remind us that we're tied together in this life, in this nation -- and that the despair of any touches us all."

Must have been a very light touch.

That night, Bush promised that "we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities." He vowed that "this great city will rise again." Then, as usual, he acted as if saying something were enough to make it true.

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Bush said there was "no way to imagine America without New Orleans." No imagination is needed -- the New Orleans that we knew before the flood no longer exists. The remnant of a city that survives between the Mississippi River and Lake Pontchartrain has less than half the population of the New Orleans we used to know. Vast neighborhoods are full of houses abandoned to mold and decay.

Hundreds of thousands of residents still have no way to come home -- or no homes to return to. Vicious hoodlums have returned, however, and are preying on the diehards who never left and the pioneers who are doing their best to help the city rebuild. Yes, Brad Pitt and Angelina Jolie have just bought a house in New Orleans and say they will make the city their home. But they're likely to have better security than their neighbors.

New Orleans was doomed not just by Hurricane Katrina but by the failure of levees and flood walls that should have provided ample protection. The Army Corps of Engineers has worked day and night to patch the flood control system, and if a Katrina hit again tomorrow, most of the city should stay dry. But if a similar hurricane hit from a different angle -- or, heaven forbid, a stronger hurricane hit from any angle -- what's left of New Orleans would probably be destroyed.

The man who inspired Bush's immortal "Brownie" remark, Michael Brown, will go down in history as the Federal Emergency Management Agency director who botched the federal response to Katrina. But he intends to take others in the White House down with him. Last week, speaking to a group of graduate students, Brown claimed that he recommended that the White House assert federal control of the disaster response in the whole affected area.

"Certain people in the White House," Brown said, wanted to "federalize" the response in Louisiana to embarrass Gov. Kathleen Babineaux Blanco, a Democrat, but avoid taking any steps in Mississippi that would cast Gov. Haley Barbour, a Republican, in an unfavorable light. Brown did not name the White House officials who were behind these alleged machinations; a White House spokesman denied his claims.

I'm about as cynical as anyone about George W. Bush and his administration, but what I mostly saw in the days after Katrina was incompetence, not political gamesmanship. The scale of the disaster was almost unimaginable, and even if the federal government had done its job, lives would have been lost and the Gulf Coast left in ruins.

What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. The logjam of insurance claims, construction permits, flood maps and levee projects keeps things from moving forward; businesses can't function without workers, and workers can't come home if they have no place to live.

What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?

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WAR NEWS:

Republican Senators May Offer Alternative Iraq Resolutions (LAT)

By Noam N. Levey

The Los Angeles Times, January 26, 2007

Scrambling to head off a potentially embarrassing congressional rebuke for President Bush's troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific "benchmarks" to the White House plan.

Sen. John McCain (R-Ariz.), who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged.

And Sen. John Cornyn (R-Texas), one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution.

"It says we need to give it a chance," Cornyn said, echoing the president's State of the Union plea to lawmakers Tuesday to give his plan "a chance to work." "We owe it to our servicemen and servicewomen to say what we're for, not just what we're against."

The legislative maneuvering comes after a rough two weeks for GOP lawmakers, who have been struggling to respond to Bush's deeply unpopular proposal to increase the number of U.S. troops in Iraq by 21,500 in the coming months.

If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq.

Six Republican senators have already expressed support for one of two resolutions that explicitly criticize the Bush plan, bringing Senate Democrats close to the GOP support needed to override any filibuster.

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The first, more critical of the resolutions — sponsored by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.), Carl Levin (D-Mich.) and Olympia J. Snowe (R-Maine) — was approved by the Senate Foreign Relations Committee Wednesday and sent to the Senate floor.

The second — put together by Sens. John W. Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine) — has the support of seven other senators, including two Republicans.

The White House has been working hard to derail both of the resolutions, which — although nonbinding — would mark the first time Congress has challenged Bush's leadership of the 4-year-old war.

"What they really want to come out of this is no resolution," said Sen. Trent Lott of Mississippi, the No. 2 Republican leader in the Senate.

Cornyn said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan.

Cornyn's and McCain's comments come days after House Republican leaders proposed their own measure to establish benchmarks, which they challenged Democrats to support.

"The new majority has two choices," House Minority Leader John A. Boehner (R-Ohio) said Monday. "They can either try to stop the president's new strategy and block funding for our troops, or they can join us in aggressively holding the Bush administration and the Iraqi government accountable for achieving success."

But Democrats — buoyed by public disapproval of the president and his Iraq plan — are pushing ahead with their plans to take on the White House.

Thursday, Sen. Richard J. Durbin (D-Ill.) took to the floor of the Senate to accuse Vice President Dick Cheney of being "out of touch with reality" for telling CNN that the administration has had "enormous successes in Iraq."

McCain Suggests Iraqi Government Meet Benchmarks (MERCN/MCT)

By Margaret Talev

The San Jose Mercury News, January 26, 2007

McClatchy Newspapers

(MCT)

WASHINGTON - Sen. John McCain, R-Ariz., one of the most stalwart supporters of the war in Iraq, said Thursday that he might propose that the Iraqi government meet certain benchmarks for the United States to continue its engagement.

Fellow senators and independent political scientists said McCain's thinking reflected growing concerns within the Republican Party about the course of the war, and also might mark a turning point for the likely 2008 presidential contender, whose previous unconditional backing of the war may have hurt his prospects.

McCain said Thursday that he hadn't yet decided on precise benchmarks. "They'd have to be specific and they (the Iraqi government) would have to meet them."

Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options."

Senate Minority Whip Trent Lott, R-Miss., a McCain ally, said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress.

"Everybody wants the situation to change. Everybody wants to lay down some markers," Lott said. "We need to see some results here. A lot of people would like to be on record on something or for something."

Andrew E. Smith, a political science professor and the director of the University of New Hampshire Survey Center, said: "I think it certainly could be politically significant." New Hampshire will hold the first presidential primary of the 2008 cycle.

"This seems to me like he's trimming his sails a little on the issue," Smith said, adding: "He has a lot of company with this. He's not out on a limb. I think there is probably a deep sense of frustration among Republicans."

McCain in no way is withdrawing his backing for the war or President Bush's plan to add 21,500 troops. It was unclear what consequences or timetables McCain would spell out or whether he believes that Congress has the authority to enforce them.

Still, several Senate Democrats who oppose the troop buildup and also may seek the presidency said they were struck by McCain's comments.

"We Catholics call that an epiphany," said Senate Foreign Relations Chairman Joseph Biden, D-Del., who's sponsoring the main Democratic resolution opposing the troop buildup.

Sen. Barack Obama, D-Ill., said, "I called for that . . . several weeks ago. I'm glad that John McCain agrees with me.

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"He's somebody who has enormous influence with the White House. He's been one of the key champions of this escalation of troops," Obama said, "and I think the fact that he recognizes the potential lack of follow-through on the part of the Maliki government, I think that's good."

Congress is preparing to debate up to a dozen proposals addressing Bush's plan to increase U.S. troops in Iraq. Voting could begin as soon as next week. Senate Democrats are working with a group of moderate Republicans to seek compromise language opposing the buildup. McCain isn't among them. He's long advocated that more troops are needed.

Sen. Norm Coleman, R-Minn., said lawmakers on all sides of the war issue were weighing whether to set performance benchmarks for Iraq's government. "Maybe that's a way to bring some of these things together," Coleman said, referring to the various resolutions before Congress.

GOP Senators Wrestle With Iraq War Resolution (WP)

By Jonathan Weisman

The Washington Post, January 26, 2007

Senate Republicans, scrambling to head off GOP defections to a resolution opposing President Bush's war policy, are considering their own resolution demanding benchmarks to measure progress in Iraq and possibly a new diplomatic effort to end the war, senators said yesterday.

Senators from both parties began preparing for a showdown with President Bush over his plan to increase troop levels in Iraq, although that showdown may be pushed back to the week of Feb. 5. Two rival camps opposed to the additional troop deployments continued to dicker over the wording of a resolution expressing the Senate's opposition, while GOP leaders and White House loyalists plotted a response.

Minority Whip Trent Lott (Miss.) conceded that his party's leadership could not head off a vote, as the White House wants. But GOP leaders will try to force a vote on a resolution that they hope will satisfy Republicans who are leery of the president's approach but are reluctant to oppose him.

"What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress," said Sen. George V. Voinovich (R-Ohio), who has expressed deep concern with the Bush policy but voted against a Foreign Relations Committee resolution of opposition Wednesday.

Democrats said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.).

Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and his resolution's co-author, Sen. Chuck Hagel (R-Neb.), requested a meeting with Warner and his supporters to try to negotiate a single resolution that could attract broad bipartisan support. Last night Warner rebuffed those overtures, saying that he will introduce his resolution on the floor as it is written and that any amendments will have to be made during open debate.

The two resolutions come to similar conclusions, opposing the introduction of an additional 21,500 troops, calling for more diplomacy and a regional peace effort, and demanding that U.S. troops be deployed away from urban sectarian hotbeds to guard Iraq's borders, hunt down terrorists and train Iraqi security forces.

But Warner's version starts with deferential language accepting Bush's constitutional powers as commander in chief, leaves rhetorical room for some additional troop deployments and treats the fight with Sunni extremists in Anbar province as a matter separate from the sectarian violence in Baghdad.

While the lawmakers negotiate, antiwar groups are launching a public relations blitz to sway Congress. A march on Washington is planned for the weekend. And a coalition of labor unions, liberal activists and Iraq war veterans, called Americans Against Escalation in Iraq, will barnstorm through Minnesota, Indiana, Ohio, Maine, New Hampshire, Pennsylvania and Virginia next week to pressure wavering Republican senators.

In each state, television advertising will show six ex-soldiers intoning: "When it comes to Iraq, America is divided. On the one hand, you've got two-thirds of the American people, a bipartisan majority in Congress, the Iraq Study Group and veterans like us, all opposed to the escalation."

Then, one of the veterans, who is missing an arm, concludes: "On the other hand, there's George Bush, who supports escalation. If you support escalation, you don't support the troops."

No Compromise Seen On Iraq Resolutions (AP)

By Anne Flaherty

AP, January 26, 2007

DOJ_NMG_0121969

The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week.

Sen. John Warner, R-Va., former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq. His comments _ along with the emergence of other resolutions the Senate might consider _ underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it.

Warner's decision bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive.

His decision to avoid bargaining also decreases the odds that a single resolution would emerge that would garner a strong, bipartisan vote reproaching Bush's plan, which the White House hopes to avoid.

Warner's resolution would put the Senate on record as opposing Bush's decision to send 21,500 more troops to Iraq. It leaves open the possibility that a small number of forces could be sent to the western Anbar Province, where al-Qaida members are believed to be operating.

The nonbinding measure is less critical than one approved Wednesday in a 12-9 vote by the Senate Foreign Relations Committee. That resolution _ introduced by Sens. Joseph Biden, D-Del., Carl Levin, D-Mich., and Chuck Hagel, R-Neb. _ states flatly that sending more troops into Iraq is "not in the national interest."

Any agreement on the two resolutions "should occur as a consequence of the will of the Senate, working in 'open' session," Warner wrote in a letter to Biden and other co-sponsors of the Democratic-driven resolution.

A full Senate vote could come as early as the week of Feb. 5, with debate beginning next week. The House is expected to follow with a vote on a similar measure.

Amid the maneuvering, House Speaker Nancy Pelosi, D-Calif., and Rep. John Murtha, D-Pa., led House members on a fact-finding trip to Iraq. And other Democrats attacked Vice President Dick Cheney for comments in a CNN interview Wednesday defending administration policy in Iraq.

"To have Vice President Cheney suggest that we have had a series of enormous successes in Iraq is delusional," said Sen. Dick Durbin, D-Ill.

As the Democratic-led Senate steams toward a vote on Iraq, Republicans crafted their own proposals in hopes of staving off GOP defections. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., drafted separate resolutions that would voice support for the administration's Iraq policies.

Sen. John McCain, R-Ariz., said he is interested in drafting a resolution that would establish benchmarks by which the U.S. could measure the effectiveness of the troop increase.

Republican leaders, however, were unlikely to try to corral members behind a single position. Also, any agreement probably would look unfavorable for the White House because so many members have grown tired of the nearly four-year war.

David Satterfield, the State Department's senior adviser on Iraq, told a Senate panel Thursday that the increased security afforded by extra troops will make it easier to oversee rebuilding efforts in Iraq.

"We know there are no silver bullets, no guarantees regarding the question of Iraq. ... But the situation now in Iraq, and the stakes for the United States, the region and the international community, are extraordinary," Satterfield said.

Members of the Senate Foreign Relations Committee responded that they were wary of pouring more money into rebuilding without a political settlement and improved security.

"I want you to know that I am not inclined to support any additional funding in this area without strong assurances that this sort of mismanagement has been alleviated," said Sen. Jim Webb, D-Va.

White House chief of staff Joshua Bolten said in an interview Thursday with National Public Radio that the administration does not expect Congress to cut the purse strings for the war. But he said the administration has some concern that the ill will that U.S. policy in Iraq has generated on Capitol Hill could hamper the ability for lawmakers to work with the White House on other issues.

"To some degree there will inevitably be some hangover of that issue into other areas, but that doesn't mean we shouldn't do the people's business," Bolten said.

US Senators Feel Weight Of Iraq Vote (CSM)

By Gail Russell Chaddock
The Christian Science Monitor, January 26, 2007
WASHINGTON

DOJ_NMG_0121970

Back in 1971, Vietnam veteran John Kerry gave a face to the antiwar movement with a single question in televised testimony before the Senate Foreign Relations Committee: "How do you ask a man to be the last man to die for a mistake?"

This week, Senator Kerry reprised the argument before the same panel: "How many of you here at this table believe what's happening [in Iraq] is a mistake today?" he asked, as the Foreign Relations Committee took the first congressional step opposing the strategy in Iraq since lawmakers authorized the use of force in 2002.

In the end, 12 senators – all the Democrats on the panel plus one Republican, Sen. Chuck Hagel of Nebraska – backed a non-binding resolution opposing President Bush's "new way forward" in Iraq. The vote came 16 hours after Mr. Bush appealed to lawmakers, in his State of the Union address, to give his plan to add 21,500 US troops to the forces fighting in Iraq "a chance to work."

As the resolution moves to the full Senate next week, it's clear that deep disagreements exist within each party over how best to express doubts about the Iraq war. The result is a vivid – and very public – grappling over the terms of their disagreement.

At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote.

Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way.

"The president is deeply invested in this plan, and the deployments opposed by the resolution have already begun," warned Sen. Richard Lugar (R) of Indiana, the committee's ranking Republican, before the vote on Wednesday. "This resolution will increase the divide between the executive and legislative branches that is already unacceptably wide," he added, cautioning his colleagues not to give in to frustration with a White House that has not listened to the Congress in the past.

Those concerns are at the center of intense negotiations, as senators grapple with how to find words that will bring enough Republicans on board to get the attention of the White House, but not send a message of defeat to the troops.

The White House and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq.

"The goal is to try to salvage this thing and not send additional troops over with a message of disapproval from the Congress," says Sen. John McCain (R) of Arizona, who supports the president on sending more troops to Iraq.

In a first move toward achieving a bipartisan consensus, the resolution's supporters agreed to drop any reference to the president's "escalating" the war in Iraq. For many Republicans, it's a loaded term that both recalls the Vietnam quagmire and appears to give Congress a claim to "micromanage" the commander in chief. Sens. Joseph Biden (D) of Delaware, Carl Levin (D) of Michigan, Olympia Snowe (R) of Maine, and Hagel, cosponsors of the resolution, agreed to drop it.

"We can't have 535 commanders in chief, and if you think the US is doomed to fail, please remember that the enemy is listening," says Sen. Lindsey Graham (R) of South Carolina, a member of the Senate Armed Services Committee, who opposes the resolution.

In a sharp disagreement with Kerry, Sen. Jim Webb (D) of Virginia cautioned colleagues to avoid comparisons between the Iraq war and the Vietnam War. "We're losing the support of a lot of people who supported the Vietnam War and who have problems with this [war in Iraq] if we try to lump [them] together," he said.

In the Vietnam era, senators also struggled to maintain a distinction between opposing Vietnam War policy and opposing the US forces fighting it.

"The dean of the antiwar resolutions in Vietnam, [Idaho's Democratic] Sen. Frank Church, was constantly trying to make this distinction," says Julian Zelizer, a congressional historian at Boston University. In the congressional debate over the Iraq war, "there's a very similar rhetorical strategy now to that period," he adds.

In the next few days, sponsors of a second resolution opposing the new White House strategy on the war – especially the involvement of US forces in combating sectarian violence – will be trying to line up backers. "Our resolution does not provide a reduction of the US forces now or provide a timetable, but it calls on the president to consider all options," specifically along the lines of the Iraq Study Group recommendations, says Sen. John Warner (R) of Virginia, the top Republican on the Armed Services Committee.

After the vote of the Foreign Relations Committee, backers of the alternative resolution – Senator Warner and cosponsors Susan Collins (R) of Maine, Norm Coleman (R) of Minnesota, and Ben Nelson (D) of Nebraska – said they had five other Democratic cosponsors for it. Both resolutions could come to the floor as early as next Wednesday.

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Some criticize the resolutions as soft-pedaling. "This is not a time for legislative nuancing," said Sen. Russ Feingold (D) of Wisconsin Wednesday. "This is a time to stop the needless deaths of American troops in Iraq."

Brownback Could Back Rival Resolution Against Troop Increase (MERCN)

By Sam Hananel

The San Jose Mercury News, January 26, 2007

WASHINGTON - Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language.

Brownback, among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive.

"I think what we ought to be discussing now as these resolutions move forward is what we should support, not what we're opposed to, and what we can pull together on, not what we're divided on," Brownback said during a conference call with reporters.

The Senate panel on Wednesday passed a resolution that rejects Bush's plans to send 21,500 more troops to Iraq as "not in the national interest." The vote on the nonbinding measure was largely along party lines, though Sen. Chuck Hagel, R-Neb., joined Democrats in offering his support.

Brownback, who is running for the 2008 GOP presidential nomination, said he prefers a milder resolution drafted by Sen. John Warner, R-Va., that leaves open the possibility of Bush sending in a much smaller number of troops.

"I believe we've got to get to a political solution. We cannot impose a military solution," Brownback said. "I also believe we have to be united here to win over there. You can't have a war with one party supporting it and one party opposing it."

Several GOP Senators, including Susan Collins, R-Maine, Norm Coleman, R-Minn., and Ben Nelson, D-Neb., have backed Warner's resolution and other Republicans, like Brownback, say they might be willing to sign on as well.

Despite his opposition to the resolution, Brownback he remains against the idea of sending more troops to Iraq.

"The Iraqis need to do the patrolling in Iraq and we should be fighting terrorists and not becoming targets for terrorists," Brownback said. "I think sending more troops delays some of those requirements that we need to have."

Asked if he would vote against funding an increase in troops, Brownback said, "I'm not at that point."

He has called on the Bush administration to step up diplomatic efforts to quell the violence in Iraq. Ultimately, Brownback said he expects to see a "three-state, one country solution" for Iraq, where the nation is divided into Sunni, Shiite and Kurdish regions, with Baghdad as a federal city.

Pataki Breaks Ranks, Opposes Iraq Troop Proposal (AP)

By Mark Humbert,

AP, January 26, 2007

ALBANY - Former New York Gov. George Pataki, breaking ranks with President Bush and the front-runners for the 2008 Republican presidential nomination, says he opposes the president's plan to send more than 20,000 additional American troops to Iraq.

Pataki's position, at odds with the support offered Bush by Sen. John McCain, former New York City Mayor Rudolph Giuliani and former Massachusetts Gov. Mitt Romney, was made public Thursday as aides released excerpts of a speech the former governor was to deliver Friday at Georgetown University.

"A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq," said Pataki, who is eyeing a run for the 2008 nomination. "And I share the doubt of many that 20,000 additional troops alone will assure a successful democracy."

"Sending more American troops into Baghdad is unnecessary to achieve the core victory over al-Qaida in Iraq," he added. "A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki, whose eldest son is a Marine facing possible deployment to Iraq, said "before the United States government puts more troops in harm's way in Baghdad we must have confidence that the Maliki government will be an active partner in this effort."

Pataki spokesman David Catalfamo said the former governor wasn't ruling out possible future support for the Bush-backed initiative, but only if the Iraqi government proved it was getting control of the country and taking on more of the responsibility for security there.

"We must detail to the Iraqi government the terms under which we will continue to prop up its weak and struggling institutions," said Pataki. "If they want Americans to continue to die in defense of their government, if they want Americans to

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continue to pour tens of billions of dollars into their people's schools, services, and security, we can and must first demand action on their part."

While Pataki's comments appeared as a sharp departure from his past support of Bush on the Iraq war, the former governor began expressing reservations about the U.S.-Iraq policy after a November trip to the war zone when he said the Iraq government "is not delivering the security or the services that the people of Iraq need. That has to change and that has to change quickly."

The remarks released Thursday make it clear Pataki believes that had not happened.

"An oppressive majority can ignore the rule of law or use the power of government to deny opposition groups basic human rights," he said. "Unconstrained majorities can act in the interest of good or evil, or simply choose not to react to the evil of others. To a large extent, that has happened in Iraq."

Catalfamo said he did not expect Pataki to use the speech to announce his intentions about running for president. Pataki chose not to seek re-election last year after three terms as governor. National polls have shown Pataki trailing far behind McCain, Giuliani and Romney.

Feingold Pushes Plan To Cut Off War Funds (POL)

By John Bresnahan

The Politico, January 26, 2007

Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war.

Feingold, a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic.

Republicans "would like this debate to be as whether or not we are going to be cutting off money for the troops," Senate Majority Leader Harry Reid recently told The Politico. "The logical conclusion is that a lot of things can happen. But right now, the most important thing is to tell the president that what he has done with the escalation is wrong. And that's what we are doing, bi-partisanly."

Feingold, who chairs the Subcommittee on the Constitution, will question several witnesses, including a Library of Congress official and legal experts from Harvard, Duke, and the University of Virginia, on the issue. Senior Bush administration officials have publicly argued that Congress' has no such right, but Feingold plans to introduce legislation to force President Bush to American forces out of the troubled country.

"Congress holds the power of the purse and of the president continues to advance his failed Iraq policy, we have have the responsibility to use that power to safely redeploy our troops from Iraq," Feingold said in a statement released by his office on Thursday. "I will soon be introducing legislation to use the power of the purse to end what is clearly one of the greatest mistakes in the history of the nation's foreign policy."

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by kevinizon on 01.26.2007 at 12:33 AM

Well at least we can all have a dialogue about all this.

Interesting that everyone went crazy at Hotspur's comments, even tho they're entitled to an opinion.

Obviously some people have not been around the last 6 years when Bush said -- about every single thing -- we're doing it my way and thats that. He definitely feels that he's king, and that the lord speaks to him personally, and thats fine. But not everyone subscribes to this ideology, and now some ideas are being bandied out. Man, everyone gets real freaked out when ideas are bandied about! Remember ideas?

No one wants "failure" in Iraq -- another buzzword bandied about ridiculously. What these congresspeople are doing is to try to steer the course towards something that WILL work.

As a last resort, if we all check our news sites, is that we can blast everyone with the new 'heat ray' and they'll all scatter.

http://www.news24.com/News24/World/News/0,9294,2-10-1462_2059990,00.html

by menino on 01.26.2007 at 12:24 AM

I think its immaterial whether 70 or 7 percent are against the war. I think we should get out of Iraq. I imagine Bin Laden and al-Sadr feel the same way. Does that mean NOT getting out of Iraq is a better idea? No, it's worse. It's worse because it proven

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to be an endeavor that is not nearly worth the cost. I don't think we should have to sacrifice 3000 lives and tens of thousands maimed, AND almost 400 billion dollars....so that a country can have a democracy that did not develop organically withouth any lasting social or economic institutions held over from the previous regime. It doesn't matter that evil people want the same result that I do. No one will seriously doubt American power if we plan a stategic rereat (yes, RETREAT I have no problem with that word.)No one disputes America's unrivaled capability to execute a lightning fast, compeltely integrated (in terms of air, land, and sea), and surgically peformed invasion. No one will dispute that for a long time. The U.S is at least thirty years ahead of any country in terms of military capabilities. We have zero moral authority, it was exhausted with this fiasco. If we do pull out of Iraq, people will still think we can bomb the crap out of their country, and they'll think we can't occupy it, which is both true and something we shouldn't be doing anyway.

by ATLMerlinAF on 01.26.2007 at 12:09 AM

I think, instead of throwing personal attacks at the SENATOR (elected by his people), we need to consider the merit or lack of merit his proposition. The Senator is correct in his assertion that the Congress can allocate funding how it so chooses, especially as it pertains to the military [U.S. Constitution Article 1 Sections 7 and 8]. If we were to divulge into a Constitutional debate, there would be ?experts? for and against such an assertion but in the end, the Supreme Court will refuse to settle this dispute between the Executive and the Legislature, as it has done on no less than 3 occasions in the past. The core issue is: does this plan lack credibility, and I think it does. Why? Because by virtue of proposing this extreme to the President?s extreme of introducing more troops (humor me for a moment), the Congress is forced to fill in the gaps between the two extremes. At this juncture, the only true, enforceable alternative to President Bush?s plan is to withdraw funding but, I am almost certain that in order to avoid voting on a Fiengoldesque piece of legislation, members of Congress will be forced to develop more alternatives, which is a good thing. Who knows, maybe from the firestorm that will start because of the introduction of such a bill we may reach a happy medium and a true course in Iraq for the entire country to get on board with, which is, I think, how the framers would have envisioned such a quandary to play out. Ladies and gents, this is politics at its best. People are going say and do things that appease certain portions of the electorate so that they can maneuver themselves politically, especially as it pertains to their constituency. In politics, you can never take something at face value; as McNamara said about the Cuban Missile Crisis in the movie 13 days ?this is language to the likes of which the world has never seen. This is President Kennedy communicating [indirectly] to Premier Kruschev?. I would like to rephrase that as ?this is Cong

by dandy on 01.26.2007 at 12:06 AM

I hear a lot of comparasion of Iraq to WWII, but if we hadn't bombed everything and killed anything and everything the war would have lasted a lot longer. The insane and homo Hitler was one of our biggest allies and didn't even know it. He killed off so many of his brightest generals, tied their hands and wouldn't let the fight the way they needed to and couldn't properly supply them. If we hadn't been fighting their second stringers, replacement units and units recovering from the eastern front we might be speaking German or still fighting. Ever hear of the "Battle of the Bulge" again unable to supply his army. If we had to fight WWII the way were fighting in Iraq we would be speaking German. You cann't win a polically correct war in short order. And you cann't win with a bunch of cowardly "DEMOCRATS" running the show.

by Dexter on 01.26.2007 at 12:02 AM

If the same sort of polling technology that we have today were available in the late 1700s, we might still be British colonies. in the 1870s, the South might be their own nation.

The cold hard fact is that we are a Representative Republic. We are not a Democracy. The Founders were smart enough to realize that a Democracy is too unstable, in that the emotion of the public on any given day is too fluid. If the public on one day polled to got the troops out, and IF we were a democracy, then we might move the troops out. If on the next day we polled and found that the majority wanted the troops, do we move them back in?

The founders designed our government to be deliberate and slow to act. I government that can react quickly dissolves into a reactionary one, that gets nothing (or too much) done. The President is, by DESIGN, the sole Commander in Chief. The Founders wanted it this way, so that the people elect a person they trust to be the international REACTOR for the government for four years, who doesn't have to worry about the pulse of the Nation.

The Founders designed this Republic to operate as it is now. Who are we to argue with this design?

Dexter

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U.S. Is Neither Winning Nor Losing War In Iraq, Most Americans Say (WSJ)

The Wall Street Journal, January 26, 2007

DOJ_NMG_0121974

A recent Harris poll finds 29% of Americans feel the U.S. is losing in Iraq, compared with 10% who feel the U.S. is winning and 52% who said the U.S. is neither winning nor losing.

The poll, which was conducted Jan. 11 to 18, after President Bush proposed increasing troops in Iraq but before his State of the Union address, shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent.

The online survey of 2,337 U.S. adults shows most Americans are also maintaining a negative outlook for the situation in Iraq: 61% said they aren't confident U.S. policies in Iraq will be successful, compared with 19% who have confidence in U.S. policies. Likewise, 55% say the situation for U.S. troops in Iraq is getting worse, compared with 13% who say it is getting better.

However, the poll indicates more Americans may be falling behind Mr. Bush's proposal to boost U.S. troops in Iraq: 27% of those polled said the U.S. should send more troops for a few months to stabilize the situation, up from 19% in November. Forty-four percent think a timetable should be set for the withdrawal of troops from Iraq, down from 51% in the previous poll, and 20% said the U.S. should withdraw all troops now.

When asked whether Mr. Bush appears to be listening to his generals on Iraq, 39% of respondents said they believe he is listening, but he isn't taking generals' advice and another 17% said he isn't listening to them at all; 19% think he is following their advice, while 25% aren't sure.

Here are full results of the poll: * * * "Overall, how would you rate the job President Bush has done in handling the issue of Iraq over the last several months?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "How confident are you that U.S. policies in Iraq will be successful?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Thinking about everything that has happened, do you think that taking military action against Iraq was the right or wrong thing to do?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you think that the situation for U.S. troops in Iraq is…?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you believe there is a civil war in Iraq now?

Base: All adults * * * "Which of the following possible scenarios would you like to see the US government undertake with regard to Iraq?"

Base: All adults * * * "Which of the following is closest to your opinion?"

Base: All adults * * * "Which one of the following statements about the situation in Iraq is closest to your opinion?"

Base: All adults * * * "Do you believe President Bush has been listening to his generals when it comes to the situation in Iraq?"

Base: All adults

Methodology:

Harris Interactive conducted this online survey in the U.S., Jan.. 11-18, 2007, among a nationwide cross section of 2,337 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

Big Antiwar Rallies Set For L.A., D.C. And Other Cities Saturday (LAT)

By Adam Schreck And Valerie Reitman

The Los Angeles Times, January 26, 2007

WASHINGTON -- Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall.

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Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war.

"The message will be 'Mr. President, bring our troops home,' " said Rep. Lynn Woolsey, D-Calif., one of several politicians, activists and actors scheduled to speak in Washington.

The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, one of the rally sponsors, is also scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins.

"We're predicting this will be one of the largest demonstrations since the war began," said Leslie Cagan, national coordinator for United for Peace and Justice, the umbrella group organizing the Washington protest.

About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil.

Sgt. Scott Booker of the U.S. Park Police said organizers had initially requested a permit for 50,000 people on the Mall, but Khalil said Thursday that organizers are now expecting numbers to reach into the hundreds of thousands. When asked if he thought the revised estimate was realistic, Booker said, "It's quite possible."

The protests come at a time when polls show public support for Bush's Iraq policy and for the war itself are at all-time lows. A Times/Bloomberg poll last week found that 62 percent of those surveyed said the war was not worth fighting, and only one-third approved of the president's handling of the war. Three out of five respondents said they disapproved of Bush's plan to send an additional 21,500 U.S. troops to Iraq, and about half said they wanted Congress to prevent the deployment.

Saturday's rally and march in Washington will be followed by a coordinated lobbying effort Monday to pressure lawmakers into supporting Senate and House resolutions against the deployment of additional troops to Iraq. Cagan said around 800 protesters are planning to speak with members of Congress.

Former Rep. Tom Andrews, D-Maine, national director of Win Without War, said the rally and appeal to lawmakers are part of the "most sophisticated and focused effort so far" against the war. Organizers are also calling on Congress to fully fund benefits for veterans and pay for reconstruction in Iraq.

"This is truly a movement," Andrews said. "We intend to step up and keep up pressure on Congress."

He added that plans by lawmakers to pass nonbinding resolutions against the war, such as one approved by the Senate Foreign Relations Committee on Wednesday, are not enough.

Schreck reported from Washington and Reitman from Los Angeles.

Antiwar Protesters Target Congress (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 26, 2007

When thousands of Iraq war protesters gather in Washington Saturday, their chants and amplified speeches are likely to be heard inside the secure grounds of the White House where the commander in chief has made his case for sending more troops into combat.

But the other end of Pennsylvania Avenue – the Capitol and the Democratic-led Congress – is where they most aim their message.

House Speaker Nancy Pelosi is the main political target. War protesters want something tougher than nonbinding resolutions opposing the "surge" in additional US forces. Some want hearings on the controversial basis for the war itself, perhaps leading to the impeachment of President Bush.

It's not just the nation's capital, where busloads of people from at least 30 states are headed to make their voices heard.

Around the country, lawmakers' district offices are feeling the heat as well through Quakers' peaceful "vigils" and the occasional act of civil disobedience. In one recent case, the Episcopal bishop of northern California was arrested for blocking the door of the federal office building in San Francisco. And marches and rallies are planned in other cities, including Orlando, Fla., Seattle, San Diego, and Newark, N.J.

Major organizations are working to ensure that events do not include fringe groups and speakers, such as anarchists or socialists. Until recently, "people on the far left got control of the agenda and it became marginalized, even though the sentiment in the country increasingly became antiwar," says one organizer, who wished to remain anonymous. These days, such events feature labor union members, environmentalists, and especially active duty military people, says this source.

Organizers of the Washington event are anticipating between 300,000 and 500,000 people. Among Americans, 70 percent opposed a troop surge, according to a recent AP-Ipsos poll.

Movement organizers are careful not to indicate anything other than strong support for the troops.

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"A big difference between the antiwar movement now and the one in Vietnam is that there has not been – even among the most radical of them – attacks on the troops themselves," says political scientist John Allen Williams of Loyola University Chicago. "That is absolutely crucial."

That's one reason Tim Kahlor of Temecula, Calif., will join protesters in Washington.

He turned against the war when he had to send his soldier son in Iraq proper body armor and night-vision equipment. "I got ticked off, and it snowballed," says Mr. Kahlor. "I started out as an upset parent trying to protect my son's unit and ended up spending hours every day writing letters and e-mails," he says, adding, "I'm just as ticked at the Democrats as the Republicans."

Nearly four years into the war, new antiwar recruits planning to travel to the rally in Washington include people like Judy Hess, who hasn't protested anything since she was in college during the Kent State shootings in 1970 when four Vietnam War protesters were killed by US National Guard troops.

"I was politically aware, politically interested, and always voted...." says Ms. Hess of Chula Vista, Calif. "But it was this war and how we got into it that really got me active."

Across the country, retiree Beverley Wiskow of Inverness, Fla., whose son-in-law has been serving in Iraq since July, will drive with three others to Washington for the protest rally and march.

"Congress clearly is not doing anything," she says. "The only hope for ending this is for the American people to say if you won't listen to us at the ballot box, perhaps you'll listen to us in the streets. I think our democracy is at stake."

Charlie Williams will leave his coffee shop in Daytona Beach, Fla., to drive north. "I think it's the moral thing to do, the right thing to do," he says. "I don't want my country getting involved in all this stuff."

These days, Phil Restino of Daytona Beach, Fla., has been spending most of his waking hours fielding calls from people in Florida and Georgia who are looking for rides to Washington or wanting to donate money.

"The phone has been ringing off the hook," says Mr. Restino, an Army veteran active with Veterans for Peace. "I haven't shaved in two days."

Eileen Fleming of Clermont, Fla., already has appointments with representatives of her two US Senators Mel Martinez (R) and Bill Nelson (D) in Washington. "We just have to hold [members of Congress] to the fire to do what we elected them to do, which is rise up and question this president, not just rubber-stamp everything."

Antiwar activities began earlier this week. A coalition of student, labor, church, and veterans' groups visited the offices of 17 US senators the morning after Mr. Bush's State of the Union address to Congress. Veterans for Peace formed up for a political assault in Washington beginning Thursday and scheduled to include a "grass-roots congressional education day" when lawmakers return to work Monday.

"The 109th Congress shirked their responsibility," says Michael McPearson, executive director of the veterans' group based in St. Louis. "The 110th Congress must stand up to the president. This is why they were elected."

Meanwhile, state legislators in half a dozen states are expected to introduce resolutions opposing what critics say is an "escalation" of US forces in Iraq.

But nonbinding resolutions don't satisfy many war opponents. Some activists want Speaker Pelosi to launch an investigation under congressional powers of impeachment.

"We're pressuring her to see if she'll let the Judiciary Committee do their work," says Norah Foster, co-chair of a San Francisco-area antiwar group that's also launched a "Pelosi Watch" to keep the spotlight on the new House speaker. "We feel that it's too important to wait; it's too serious."

"What's happening is, the left is trying to stiffen the resolve of the mainline Demo-crats," says Dr. Williams, who's also a retired naval reserve captain. The question for the political left on the eve of major demonstrations, he says, is "Do you want to be effective, or do you want to be cathartic?"

Groups Head To Capital To Step Up Antiwar Drive (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Tens of thousands of demonstrators are set to arrive in the capital this weekend for a major antiwar march, staging the first of several protests intended to persuade the new Democratic-controlled Congress to do more than simply speak against President Bush's Iraq policy.

But do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest.

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So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race.

Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops.

Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February.

"The face of antiwar is not what it was in the '70s," said Jon Soltz, a veteran of the Iraq and Afghanistan wars who is the chairman of a group called VoteVets.

If members of Congress are slowly finding their voice opposing the administration's Iraq plan, aides to lawmakers say, it is in no small part because of the face-to-face lobbying campaign that is a central piece of the strategy employed by Americans Against Escalation in Iraq. The group plans to spend up to $9 million, said its spokesman, Brad Woodhouse, which they expect to raise through Internet solicitations and individual donations.

Mr. Soltz and nearly a dozen other veterans have been walking the halls of Congress, and they have had no problems getting appointments. One day last week, they held back-to-back meetings with Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, Democrats who are running for president in 2008.

"This battle to oppose the escalation is as important as the original battle in Iraq," said Jonathan Powers, who spent 14 months serving in Iraq as a captain with the First Armored Division. He laced up his beige combat boots and put on a blue suit as he went to Congress on a recent day of lobbying.

Senate leaders said Thursday that it appeared unlikely that any vote on an Iraq resolution would occur until the week of Feb. 5. Efforts to meld differing resolutions opposing the troop buildup faltered Thursday when Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska, chose not to negotiate with those behind a competing plan approved by the Foreign Relations Committee.

Senator Joseph R. Biden Jr., the Delaware Democrat who is the chairman of the panel, and his allies had offered to try to merge the resolutions, saying the differences could be overcome, clearing the way for a consensus measure.

But Mr. Warner has been reluctant to consider the idea of merging the two, a move that could bring a strong bipartisan vote against the president. In a written response to Mr. Biden, Senators Warner and Nelson said they would rather work out any disagreements on the floor "as a consequence of the will of the Senate."

In an interview on Thursday evening, Mr. Biden expressed disappointment that Mr. Warner did not agree to negotiate, but he added that a full-fledged debate on the Senate floor would be "healthy."

Mr. Coleman said he saw the Warner approach as less partisan than the plan offered by Mr. Biden and allies who included Senator Chuck Hagel, Republican of Nebraska.

"The Warner resolution, I think, offers an opportunity for a lot of us to express a concern about an aspect of the policy without taking a shot at the president," Mr. Coleman said.

The White House spokesman, Tony Snow, acknowledged the administration had been talking with Mr. Warner about his initiative. "We're trying to take his temperature on what he intends," Mr. Snow said.

Supporters of the president's policy were developing resolutions of their own. Senator John McCain, Republican of Arizona, said he would propose giving the Iraqis a series of benchmarks to demonstrate progress. A draft proposal from Senator John Cornyn, Republican of Texas, declares that "the United States military leadership in Iraq should be given a reasonable chance to execute the new plan for Iraq."

Senator Harry Reid of Nevada, the majority leader, began trying to frame what could be a muddled procedural fight in the Senate by emphasizing that in the end, there is likely to be a bipartisan majority of senators going on record in opposition to Mr. Bush's approach in Iraq.

"For the first time in an intractable war," Mr. Reid said, "a bipartisan group of senators is going to tell the president that 'what you are doing is wrong."

But it remained an open question whether critics of the war would wait patiently for Democrats and Republicans to reach agreement.

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"The country has told us they don't like what's happening, and they want us to do something about it," said Representative Lynn Woolsey, a California Democrat who is one of four members of Congress (none of them senators) scheduled to attend the rally on Saturday. "Congress has yet to keep up with the public."

Americans Against Escalation in Iraq receives its organizational and financial muscle, at least in part, from the Service Employees International Union, the largest labor organization in the country, which wields significant influence in Democratic politics. For the first time, the union is speaking out against the plan to increase troops in Iraq.

"There was an election that showed clear consequences," said Andrew L. Stern, the president of the union. "It's incumbent on Democrats to express their disagreement with the president."

While Democrats have shown little reticence speaking against the president's plan, there is little agreement on the next step. Next week, Senator Russell D. Feingold, Democrat of Wisconsin, is convening a hearing to discuss the ways in which Congress can begin blocking the financing for the war, an idea that remains deeply controversial inside the party.

"It's a walk in the park right now to oppose the idea of this war. It's also very easy to oppose the escalation," Mr. Feingold said. "They are once again being too timid and too cautious."

Insurgents Will Find No Place To Hide, Al-Maliki Says (USAT)

USA Today, January 26, 2007

BAGHDAD — Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide.

In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional U.S. troops who have begun arriving in the capital. President Bush has said Iraq's government must crack down on sectarian militias as a first step to reducing violence.

"There will be no safe haven — no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties," al-Maliki said. He said his determination had already borne fruit. "I know that senior criminals have left Baghdad, others have fled the country," he said.

White House spokesman Tony Snow called al-Maliki's speech "a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about … and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Al-Maliki vowed to reverse the sectarian violence that has driven thousands from their homes. "We will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," he said.

The ensuing debate was contentious. Abdul-Nasser al-Janabi, a Sunni legislator and cleric, took the floor and accused the Shiite-dominated government of carrying out purges against Sunnis. Al-Maliki angrily denied the accusation and refused to shake hands with al-Janabi after the session.

Also:

·The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of a strategy to weaken Iran's influence across the Middle East and compel it to give up its nuclear program, The Washington Post reported on its website late Thursday. The "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, the Post said.

The newspaper cited anonymous government and counterterrorism officials who said their standing with the White House would be at risk if they were named. The information could not be independently verified.

·A suicide car bomb ripped through a Shiite neighborhood in Baghdad on Thursday, killing at least 26. Shortly before the bombing, two rockets slammed to earth in the Green Zone near the U.S. Embassy, wounding five people.

Al-Maliki Promises A Safe Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 26, 2007

BAGHDAD -- Prime Minister Nouri al-Maliki pledged in a speech to parliament yesterday that the militants who have made life intolerable in Baghdad would not be safe anywhere in Iraq in the face of a coming U.S.-Iraqi security sweep.

Mr. al-Maliki did not reveal the details of the plan, which he has dubbed "Operation Imposing Law," or say when it would begin. But he made clear that it would not be the last such battle against the militants.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

As if to underline the urgency of the security drive, an extremist exploded a suicide bomb in the Shi'ite neighborhood of Karradah, killing at least 26 persons just hours after the prime minister spoke. In other violence, two rockets slammed into the Green Zone not far from the U.S. Embassy.

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Meanwhile, the mayor of Baghdad's Sadr City said he reached agreement with political and religious groups to keep weapons off the streets of the heavily populated Shi'ite militia stronghold, and has presented the deal to U.S. and Iraqi government officials in an apparent attempt to avoid a crackdown on the area.

Rahim al-Darraji said Iraqi troops will be in charge of security in the sprawling district in eastern Baghdad. His comments come amid fears that Sadr City, the main headquarters of the Mahdi Army militia, could be a major target in the planned crackdown.

U.S. officials have indicated that the security operation, to which President Bush has pledged an additional 21,500 troops, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed yesterday to go after those behind Baghdad's rampant violence regardless of their sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

Past attempts to secure the capital have failed, and many critics said it was because Mr. al-Maliki intervened to protect members of the Mahdi Army militia that is run by one of his prime political backers, Shi'ite cleric Muqtada al-Sadr.

Cleric Abdul-Nasser al-Janabi yesterday accused the Shi'ite-dominated government of carrying out purges against Sunnis, the minority Islamic sect in Iraq.

"The firing of officers and civil servants under the pretext of de-Ba'athification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," Mr. al-Janabi implored, adding that Sunnis do not trust the government.

Mr. al-Maliki counterattacked by implying that Mr. al-Janabi was responsible for the kidnapping of 150 persons in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area, and you don't speak about them," Mr. al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

In his address, Mr. al-Maliki also called on lawmakers to enact laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Ba'ath Party membership.

Mr. al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," Mr. al-Maliki said.

White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

After the car bombing, angry Karradah residents took to the streets chanting, "We want the Sunnis out." It was the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, a resident said.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public-address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five persons were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently, but reported casualties are rare.

Police yesterday reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shi'ites over security.

Iraq Leader And Sunni Officials In Sectarian Clash On Security (NYT)

By Marc Santora

The New York Times, January 26, 2007

DOJ_NMG_0121980

BAGHDAD, Jan. 25 — Iraq's Shiite prime minister and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit.

The uproar revolved around the new Baghdad security plan, but it came as the prime minister, Nuri Kamal al-Maliki, is under increasing pressure to demonstrate even-handedness. President Bush's new strategy for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants.

In Parliament on Thursday, Mr. Maliki focused his anger on Sunni lawmakers, accusing one of being involved in sectarian kidnappings. The confrontation erupted after Mr. Maliki described the outlines of the new Baghdad security plan and pledged there would be no "safe haven" for militants.

The leader of a powerful Sunni bloc, Abdul Nasir al-Janabi, provoked Mr. Maliki, saying over jeers from Shiite politicians, "We cannot trust the office of the prime minister."

His microphone was quickly shut off, and Mr. Maliki lashed into him, essentially accusing him of being one of the outlaws he had just said would not be granted sanctuary.

"I will show you," Mr. Maliki said, waving his finger in the air. "I will turn over the documents we have," implying that the legislator was guilty of crimes.

While the politicians battled in Parliament, the sectarian battle on the streets went on unabated, with 25 people killed by a suicide car bomb in a Shiite neighborhood in Baghdad.

It was the latest in a series of attacks directed at Shiites, claiming more than 200 lives in little more than a week and increasing pressure on Mr. Maliki to restrain his supporters from exacting revenge. Sunni leaders and critics of the administration's strategy remain deeply skeptical about Mr. Maliki's ability or desire to confront the Shiite militias, particularly the Mahdi Army of Moktada al-Sadr, one of his most important political backers.

American military officers say they have seen evidence in the past of the Maliki government using its influence with Iraq's security forces to further a sectarian agenda, turning a blind eye to Shiite militia death squads while cracking down on Sunni insurgents.

Mr. Maliki spent much of his speech before Parliament trying to counter that image, going further than he has before by promising to stop sectarian militias from driving rivals out of their neighborhoods and to return houses to their rightful owners. It is a daunting challenge given that the map of Baghdad has been almost completely redrawn along sectarian lines over the past year, displacing hundreds of thousands of people.

"Let it be known today or tomorrow, we will start arresting anybody who took by force the house of a displaced family," he said.

The prime minister's claims were challenged by Mr. Janabi, who leads the Sunni-dominated Tawafiq Party.

Mr. Janabi, over jeers from the Shiite politicians in the room, said that the government should suspend executions, which he said were being used for political purposes, and called for parliamentary oversight of the new security plan to be sure Sunnis were not unfairly singled out.

It was when he questioned Mr. Maliki's trustworthiness that the prime minister issued his vague threat to turn over incriminating information about Mr. Janabi. With that, the speaker of Parliament, Mahmoud al-Mashhadani, a Sunni, slammed his gavel down and condemned the prime minister and those who applauded him.

"That is unacceptable, Mr. Prime Minister," Mr. Mashhadani said over the tumult. "It is unacceptable, Mr. Prime Minister, to make such accusations against a lawmaker under the dome of Parliament."

But Mr. Maliki pressed on.

"What about the 150 people kidnapped near Al Bairaat?" he said, referring to an area by a lake south of Baghdad where Mr. Janabi has his base of support.

Mr. Janabi could not be reached for comment but another member of his party, Dhafer al-Ani, said Mr. Maliki was trying to "terrify" his opponents into silence. "If there are documents against him showing crimes, why were they not revealed until this session?" he said in an interview. "What kept him silent all this time?"

In the Parliament room, politicians shouted over one another trying to be heard. Mr. Mashhadani finally yelled for everyone to "shut up." He then used an ancient Arabic phrase, literally meaning to "put your stuff on the camel," which roughly translates as, "We expect more of this body." He said in disgust, "I cannot see how it is possible that a new security plan can work."

The session of Parliament was attended by nearly all members, a rarity in recent months, and was broadcast live on Iraqi national television.

The lawmakers had their shouting match while sitting beneath a banner with a phrase from the Koran that extols the importance of a civil debate in making good decisions.

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Shatha al-Mousawi, a lawmaker from the Mr. Maliki's leading Shiite bloc, the United Iraqi Alliance, said some politicians were simply grandstanding for the cameras. But she said the fighting continued after Mr. Mashhadani abruptly called an end to the session and the cameras were turned off.

Mr. Mashhadani demanded that the prime minister apologize to Mr. Janabi. Members of Mr. Maliki's party said Mr. Janabi was the one who should apologize, Ms. Mousawi said.

Mr. Mashhadani then threatened to quit.

"Someone said you do not need to quit, we will dismiss you," she said.

Mr. Mashhadani called a Shiite politician a "psychopath," as the bitter exchanges continued.

Eventually, though, the tensions eased and Parliament approved the security plan.

No sooner had they finished their business than three rockets exploded in the heavily fortified Green Zone, where Parliament is housed. Lou Fintor, a spokesman for the United States Embassy, said that no one was killed in the attacks.

The car bomb attack occurred just outside the Green Zone, ripping apart a market area in the heavily Shiite neighborhood of Karrada.

Um Mohammed, a woman who lives across the street from the site of the bombing, said she saw two buses full of people burn with the passengers trapped inside, dying agonizing deaths.

The attack occurred as people were leaving work, the streets crowded with traffic and local clothes stores packed with customers.

Her neighbor had just sent her 9-year-old boy, Amar Ali Habib, out to play with friends, she said.

"He took his ball and left the house."

Moments later, he was dead. The explosion was so powerful, she said, that pieces of one man's body were blown about 50 yards from where the car detonated.

Afterward, she said, many young men took to the streets. Some called for vengeance against Sunnis while others condemned the government for failing to do anything.

Looking At The Surge From The Other Side (WP)

By Gary Anderson

The Washington Post, January 26, 2007

Policy Memo From the Planning Directorate, Mahdi Army:

We have completed a review of the new American surge strategy announced by their president. In analyzing possible courses of action, we must make two key assumptions:

First, it represents their administration's last chance to change course given the reported mood of the American public and their legislature. For us, this presents both opportunity and danger. We have to assume that we are the primary Shiite target of this plan. How we respond will largely determine how we position ourselves for operations after the Americans are gone.

Second, our Sunni adversaries will not be able to react in a coordinated manner; they are expected to remain divided in their actions and motivations.

Our first potential course of action would be to openly resist government and American efforts to gain control over Sadr City and other predominately Shiite neighborhoods. Potential advantage: Waging a stand-up battle could create such chaos and so many disturbing images of casualties -- American and Iraqi -- that the American public and Congress will demand an immediate withdrawal.

The disadvantages here are that such a battle would weaken us by causing attrition to our best fighters. We are just now recovering from the casualties that we sustained in the 2004 fighting with the occupiers. We must keep in mind (and be prepared for) the inevitable post-American battles with the Sunnis and the Badr Organization.

A second potential course of action is classic insurgent strategy: going to ground when confronted by enemy strength. The object here would be to lull the enemy into a false sense of security, perhaps enough for him to begin decreasing his strength early. Once the Americans have carried out a significant drawdown, we could openly challenge the government forces and attempt to push them out of our areas of influence. It is very likely this would have the effect of the Vietnamese Tet Offensive in convincing the Americans that nothing they do will work. It is also unlikely that their administration could get support for reinforcing Baghdad once they have begun to reduce troop levels.

Potential drawbacks:

First, there is always the chance that the Americans and the Maliki government will use this period to significantly increase the capability of the security forces and actually gain public support through increasing public service and employment, rendering us far less useful to Maliki. Given their performance to date, this is a remote possibility, but it cannot be totally discounted.

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More likely is that some of our more enthusiastic fighters will resist on their own authority. Given the decentralized nature of our command-and-control system, this possibility must be considered. One solution would be to create training camps outside of Baghdad where we could hone their skills for urban combat (necessary if we are to succeed in the future). This would keep them occupied and out of the way.

A third course would be to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American "hearts and minds" strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely.

Consequently, this final course seems to be the one most likely to serve our long-term interests by preserving our capabilities and allowing the Sunnis to bear the brunt and take the blame for most anti-government action. Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing.

If God wills it, we will be successful.

The writer, a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 26, 2007

Vague rules

Defense officials tell us one of the rules of engagement for U.S. combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity.

One troubling rule that is among several printed on the card given to troops going into combat is "use minimum force necessary to decisively eliminate the threat." It is viewed by many in the military as ambiguous and confusing.

"Does it mean you are obligated to wrestle with a threat rather than shoot him or her?" one defense official asked. "That is how a lot of police officers lose their lives each year, as the criminal gains control of the police officer's firearm. How about approaching and/or wrestling a threat who, it turns out, is a homicide bomber?"

Bottom line: There is no way in law to define "minimum deadly force," the official said.

It is not known whether the imprecise rules directly led to the deaths in action of U.S. troops in Iraq, but some say it is likely because the rules are overly cautious and vague, an apparent outgrowth of destructive political correctness applied to war.

"A major part of the problem is that military commanders have surrendered their responsibility for ROE [rules of engagement] preparation and approval to lawyers lacking the knowledge, training and experience to prepare ROE. Unsure of themselves, they err to caution and ambiguity," the official said.

Said a second official: "Only someone who hasn't been in a close gunfight could find that a reasonable set of ROE."

And a third official said of the "minimum" requirement: "Interesting. Someone did not take the Napoleon Orders class" — a reference to making sure that orders issued to troops are clear.

We're told that one of the first things Army Lt. Gen. David H. Petraeus, the next commander of forces in Iraq, needs to do is demand an overhaul of the rules of engagement by line officers, not lawyers, so that ambiguities will be eliminated and lives saved.

A spokesman for Multinational Forces-Iraq could not be reached for comment.

Petraeus prediction

Sen. John McCain, Arizona Republican, asked Lt. Gen. David H. Petraeus, the incoming commander in Iraq, what happens if the United States leaves Iraq.

"There is the very real possibility of involvement of countries from elsewhere in the region, around Iraq, entering Iraq to take sides with one or the other groups," Gen. Petraeus said at his Senate Armed Services confirmation hearing this week. "There is the possibility, certainly, of an international terrorist organization truly getting a grip on some substantial piece of Iraq. There is the possibility of problems in the global economy, should in fact this cause a disruption to the flow of oil — and a number of other potential outcomes, none of which are positive."

World government

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House Foreign Affairs Committee Chairman Tom Lantos, California Democrat, announced his committee's organization this way: "Members formed subcommittees with jurisdictions spanning the Earth and covering a range of the most pressing global challenges."

Korea, not Vietnam

Sen. James H. Webb Jr., Virginia Democrat and decorated war hero, gave the Democrats' response to President Bush's State of the Union address, and likened Iraq to the 1950-53 Korean War.

Mr. Webb said, "As I look at Iraq, I recall the words of former general and soon-to-be President Dwight Eisenhower during the dark days of the Korean War, which had fallen into a bloody stalemate. 'When comes the end?' asked the general who had commanded our forces in Europe during World War II. And as soon as he became president, he brought the Korean War to an end."

We think that is an apt comparison, but probably not for the same reason as Mr. Webb's.

Like Iraq, the U.S. war in Korea was dogged by poor planning, the wrong types of troops, failed tactics and major miscalculations, such as China coming to the communist north's defense. The American death toll: 36,000 in theater.

But in the end, America won. The north's invasion was reversed and the south was preserved. It matured into one of the world's great democracies, free markets and U.S. allies. And a free South Korea helped blunt Josef Stalin's plan for a communist Asia. What some have called the "forgotten war" was messy and unpopular. It drove Harry S. Truman from office. But it made the world a better place. It just took 30 years to realize it.

Moving on

Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year.

Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary. Mr. Rumsfeld left office in December, succeeded by Robert M. Gates.

Mr. Ruff forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy.

He is generally liked by the Pentagon press corps, which finds him accessible and responsive.

Mr. Ruff has served in a number of government public affairs jobs, including press secretary to Sen. John W. Warner, Virginia Republican, and Sen. Kay Bailey Hutchison, Texas Republican.

The un-Rumsfeld

Our colleague David Sands traveled with Defense Secretary Robert M. Gates last week. He filed this report:

Mr. Gates made a quickie post-confirmation trip to Baghdad last month. But Secretary Gates' seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East last week was the real shakedown cruise for the secretary, his generals and admirals, his schedulers, his staff and the Pentagon press corps. All were still recovering from six years of verbal and policy jousts with former Defense Secretary Donald H. Rumsfeld.

The new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants.

Mr. Gates did let slip a few personal insights on the trip. His long years in the CIA served him well, as he could recall previous visits to virtually every stop on the tour. He even reminisced with Romanian journalists in Iraq about his 1975 trip there.

He frankly acknowledged the "risk" to his reputation in leaving a job he dearly loved as president of Texas A&M University to head the Pentagon in the depths of the Iraq war. But he added, "I think if you put your personal interests — including protecting your reputation — ahead of a sense of duty, you've got your values screwed up."

Mr. Gates said one of his "favorite quotes" is a bit of realist wisdom about diplomacy from Prussian ruler Frederick the Great: "Negotiations without arms are like notes without instruments."

And the Pentagon chief strongly hinted that his future fact-finding missions will feature either fewer stops or more days.

"I've found at least one fact," he said in Iraq on the trip's final full day. "I'm too old to do seven countries in 5½ days."

Suicide Car Bombing Kills 26 In Baghdad (AP)

By Bassem Mroue

AP, January 26, 2007

Iraq's prime minister insisted Thursday there will be "no safe place in Iraq for terrorists," hours before a suicide car bombing killed at least 26 people in the Shiite neighborhood of Karradah and two rockets slammed into the heavy fortified Green Zone not far from the U.S. Embassy.

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Angry Karradah residents took to the streets chanting "We want the Sunnis out!" after the blast, the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, according to a resident.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five people were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently but reported casualties are rare.

The attacks came on a day that police reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shiites over security.

Parliament held yet another raucous session, this time witnessing a heated exchange between Prime Minister Nouri al-Maliki and Sunni legislator and cleric Abdul-Nasser al-Janabi, who accused the Shiite-dominated government of carrying out purges against Sunnis, the minority sect in Iraq.

The prime minister was seeking support for his and President Bush's plan to crush sectarian violence in Baghdad.

Al-Maliki gave no details for the plan, which he named "Operation Imposing Law," nor did he say when it would begin. U.S. officials have indicated the security operation, to which Bush has pledged an additional 21,500 American soldiers, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed to go after those behind Baghdad's rampant violence no matter where they try to hide and regardless of sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

But al-Janabi took the floor and said al-Maliki's government had gratuitously and summarily fired former members of Saddam Hussein's ousted Baath party from government jobs, sentenced people to death for political reasons and detained without reason Sunni pilgrims returning from the hajj in Saudi Arabia this month.

He also accused al-Maliki of running a sham program to reconcile Sunni-Shiite differences that have produced a near-civil war in Baghdad and prompted the new security drive _ the third since al-Maliki took office May 25.

"The firing of officers and civil servants under the pretext of de-Baathification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," al-Janabi implored, adding that Sunnis do not trust the government.

Al-Maliki counterattacked by implying al-Janabi was responsible for the kidnapping of 150 people in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area and you don't speak about them," al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

Legislators believed to be Shiites applauded the remark.

Parliament speaker Mahmoud al-Mashhadani, a Sunni, then organized a short suspension of the debate, called a vote on the security plan _ which was approved unanimously _ and continued with normal business.

Al-Maliki refused to shake hands when al-Janabi approached him after the session.

Angry and insulting exchanges have become normal in Iraq's 275-member parliament, but the involvement of the nation's leader heightened the tension.

Parliamentary sessions previously were broadcast live, but the government has since ordered them to be aired with a 30-minute delay to allow editing.

During Thursday's session, state-run Iraqiya television stopped airing the session shortly after the exchange and later aired an edited version.

In his address al-Maliki also called on lawmakers to pass laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Baath party membership.

Al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

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"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," al-Maliki said.

White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Until Monday, parliament had not had a quorum since late November, when 30 legislators and five Cabinet members loyal to renegade Shiite cleric Muqtada al-Sadr announced a boycott of the government and the National Assembly to protest al-Maliki's meeting with Bush in Jordan.

The boycott was a blow to al-Maliki, who owes his job to support from the Sadr bloc in parliament.

On Sunday the Sadr legislators ended their walkout under threat that they would be ousted from the political process and that their allied militia, the Mahdi Army, could face wholesale attack by American soldiers in the coming security sweep.

At Least 24 Killed In Car Bombings In Baghdad (WP)

By Ernesto Londono

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- Two car bombs detonated in a busy commercial area of central Baghdad on Thursday afternoon, killing at least 24 people and injuring dozens more, Iraqi officials said.

The bombs were placed in Karrada, a predominantly Shiite Muslim sector of the city, and wounded at least 60 people when detonated, according to a spokesman for the Iraqi Interior Ministry. A set of car bombs killed at least 79 people in a Shiite market in central Baghdad on Monday.

The Karrada explosions occurred shortly after at least two rockets struck the U.S. Embassy compound in the fortified Green Zone. The rockets injured six people, one of them seriously, the U.S. military said in a statement.

U.S. Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m.

"The damage was minor, and the embassy is functioning normally," Fintor said. "It wasn't a densely populated area." He said that no U.S. citizens were injured and that none of the injuries was life-threatening.

Also Thursday, a soldier from the U.S.-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin.

Meanwhile, Prime Minister Nouri al-Maliki asked lawmakers Thursday to embrace his security plan for the capital, which he said would target militants aggressively regardless of sect.

"Some people are saying that it targets the Shiites, and others say that it targets Sunnis," Maliki said. "While I say that it targets everyone."

Maliki offered few details of the initiative. While acknowledging the support of U.S. forces, he said the security plan is being driven by the Iraqi government. "This is a 100 percent Iraqi plan and under Iraqi command," he said, adding that the American military's role is "just to provide backup."

Reporters who have accompanied U.S. and Iraqi forces on joint missions in recent months have described American forces as taking control of the operations. Several U.S. soldiers have told reporters they don't trust the ability, competence or commitment of their Iraqi counterparts.

Maliki, a Shiite, has faced questions at home and abroad about his ability and willingness to enforce the law uniformly amid unrelenting sectarian violence in a country with a weak criminal justice system. He urged lawmakers during his speech to help him keep sectarian tensions from hindering the security plan.

But Thursday's session showed the extent to which sectarian tensions influence the political process. Abdul Nasser al-Janabi, a Sunni Muslim legislator who belongs to a bloc that wants U.S. troops to leave and has criticized Maliki for favoring Shiites, lashed out at the prime minister and criticized his security plan.

An exasperated Maliki appeared to threaten Janabi: "This brother will trust the prime ministry when I bring your file forward and hold you responsible." He did not elaborate.

Numerous other violent acts were reported in the capital and elsewhere Thursday.

A suicide bomber on a motorcycle slammed into a market in central Baghdad, killing eight people and injuring 18, according to a spokesman at the Interior Ministry. At least seven people were killed by improvised explosive devices elsewhere in the city.

Special correspondents Waleed Saffar and Saad al-Izzi contributed to this report.

Insurgents Post Video Of Downed Copter (AP)

By Maamoun Youssef

DOJ_NMG_0121986

AP, January 26, 2007

An insurgent group that has claimed responsibility for the downing this week of a U.S. helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies.

The 1-minute, 14-second video carried the logo of the 1920 Revolution Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it. The naked bodies of two men, one with gray hair and the other with dark hair, were seen near the wreckage.

"Our heroes were able to shoot the film of the helicopter wreckage after they downed it over a roof of a house of a citizen," said a statement from the group.

Iraqi and U.S. officials said earlier that four of the five Americans who died in the downing of a U.S. security company's helicopter in a dangerous Sunni neighborhood in central Baghdad on Tuesday were shot in the head execution-style _ though it was unclear if they were alive when shot.

The two bodies shown in the video had no visible gunshot wounds to the head or any other visible wounds. The dark-haired man's hair was tangled and matted but it was difficult to see from the footage if it was blood or dirt.

Another militant group, Ansar al-Sunnah Army, which also has claimed responsibility for downing the helicopter, said in a statement posted Wednesday on an Islamic Web site that its fighters "rushed toward the crash of the helicopter while under fire from a second (U.S.) helicopter and killed three U.S. soldiers."

The authenticity of the two statements could not be verified.

The helicopter, owned by Blackwater USA, swooped into electrical wires and crashed after racing to help a U.S. Embassy ground convoy that had come under fire in the Sunni neighborhood. U.S. officials said it was not clear if gunfire brought down the aircraft or caused its pilot to veer into the wires during evasive maneuvers.

A second helicopter also was hit but there were no casualties among its crew, a Washington official said.

The Ansar al-Sunnah Army posted with its statement an ID card it claimed was from a man who was on the helicopter. The card bore the name of Arthur Laguna, later identified by his mother as among those killed. Laguna was a 52-year-old pilot for Blackwater, which provides security for State Department officials in Iraq, trains military units from around the world, and works for corporate clients.

The crash of Blackwater's small surveillance helicopter was the second in a week associated with the U.S. war effort in Iraq.

A U.S. Army Black Hawk helicopter went down Saturday northeast of Baghdad, killing all 12 service members on board, including two colonels, one lieutenant colonel and two command sergeants major. It was the largest number of key officers and sergeants killed in a single incident since the Iraq war started nearly four years ago.

Iraq's Violence Tests Limits Of Humanitarians' Resolve (USAT)

By Emily Bazar

USA Today, January 26, 2007

The slaying last week of an American working for a democracy-building project in Iraq is just the latest in a series of attacks testing the resolve of relief groups and other international organizations working there.

Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups.

Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute. Last week, institute staffer Andrea Parhamovich, 28, was killed when her convoy was ambushed in Baghdad.

As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown.

"The bigger organizations have made a decision to pull out," usually after a staffer has died, says Samuel Worthington, president of InterAction, an alliance of about 165 humanitarian organizations. "We have the world's largest unfolding humanitarian disaster … and our ability to function on the ground compared to the size of the disaster is completely out of sync."

Typically, 40 to 50 InterAction groups respond to a crisis, he says. There are fewer than 10 in Iraq.

Mofarah says there are about 80 international aid groups still active in Iraq. There were 300 in 2003.

Most humanitarian organizations have moved their non-Iraqi staff members to safer locations, such as northern Iraq or Jordan, says Greg Hansen, a consultant to the Feinstein International Center at Tufts University. The organizations maintain a low profile, he says: They don't display their logos, they work out of homes instead of offices, and they avoid coordinating with other groups to keep their actions quiet.

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As dangerous as the situation is, some groups avoid seeking protection from soldiers or armed guards because they don't want to be seen as taking sides or be mistaken for government or military personnel, Hansen says.

Les Campbell, the National Democratic Institute's regional director for the Middle East, declined to say how many people the institute has in Iraq or where they are, except that they work outside the high-security Green Zone in Baghdad.

The group, which trains locals in democratic political processes, has been soul-searching since Parhamovich's death. "We're going to try to assess whether or not we can still make a difference," he says.

The Los Angeles-based humanitarian group Relief International pulled its non-Iraqi staff out in mid-2004, says program manager Lindsay Mathieson. The Iraqi staff that remains works in less dangerous parts of the country

In some cases, projects are delayed by violence and instability.

"In an ideal world, we would be working in the more dangerous places because there's such a significant need," she says. "But there is a line you can't cross. You need to take care of your staff."

Christian Peacemaker Teams, a group based in Chicago and Toronto that promotes human rights in war zones, has been in Iraq since October 2002, before the invasion.

In November 2005, four members were kidnapped. American Tom Fox was killed; the other three were released in March 2006. Many of the Iraqis who had worked with the group have left the country or gone into hiding, co-director Doug Pritchard says.

The group pulled out in April 2006 but returned in July. It is limiting its activities to safer areas of northern Iraq, Pritchard says.

"It's certainly gotten worse and worse," he says. "If anything, it makes us more determined to work with Iraqis who are still willing to face this and hold out hope of a better society."

Troops Authorized To Kill Iranian Operatives In Iraq (WP)

By Dafna Linzer

The Washington Post, January 26, 2007

The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with direct knowledge of the effort.

For more than a year, U.S. forces in Iraq have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time. The "catch and release" policy was designed to avoid escalating tensions with Iran and yet intimidate its emissaries. U.S. forces collected DNA samples from some of the Iranians without their knowledge, subjected others to retina scans, and fingerprinted and photographed all of them before letting them go.

Last summer, however, senior administration officials decided that a more confrontational approach was necessary, as Iran's regional influence grew and U.S. efforts to isolate Tehran appeared to be failing. The country's nuclear work was advancing, U.S. allies were resisting robust sanctions against the Tehran government, and Iran was aggravating sectarian violence in Iraq.

"There were no costs for the Iranians," said one senior administration official. "They are hurting our mission in Iraq, and we were bending over backwards not to fight back."

Three officials said that about 150 Iranian intelligence officers, plus members of Iran's Revolutionary Guard Command, are believed to be active inside Iraq at any given time. There is no evidence the Iranians have directly attacked U.S. troops in Iraq, intelligence officials said.

But, for three years, the Iranians have operated an embedding program there, offering operational training, intelligence and weaponry to several Shiite militias connected to the Iraqi government, to the insurgency and to the violence against Sunni factions. Gen. Michael V. Hayden, the director of the CIA, told the Senate recently that the amount of Iranian-supplied materiel used against U.S. troops in Iraq "has been quite striking."

"Iran seems to be conducting a foreign policy with a sense of dangerous triumphalism," Hayden said.

The new "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts. Tehran insists that its nuclear program is peaceful, but the United States and other nations say it is aimed at developing weapons.

The administration's plans contain five "theaters of interest," as one senior official put it, with military, intelligence, political and diplomatic strategies designed to target Iranian interests across the Middle East.

The White House has authorized a widening of what is known inside the intelligence community as the "Blue Game Matrix" -- a list of approved operations that can be carried out against the Iranian-backed Hezbollah in Lebanon. And U.S. officials are

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preparing international sanctions against Tehran for holding several dozen al-Qaeda fighters who fled across the Afghan border in late 2001. They plan more aggressive moves to disrupt Tehran's funding of the radical Palestinian group Hamas and to undermine Iranian interests among Shiites in western Afghanistan.

In Iraq, U.S. troops now have the authority to target any member of Iran's Revolutionary Guard, as well as officers of its intelligence services believed to be working with Iraqi militias. The policy does not extend to Iranian civilians or diplomats. Though U.S. forces are not known to have used lethal force against any Iranian to date, Bush administration officials have been urging top military commanders to exercise the authority.

The wide-ranging plan has several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war.

Senior administration officials said the policy is based on the theory that Tehran will back down from its nuclear ambitions if the United States hits it hard in Iraq and elsewhere, creating a sense of vulnerability among Iranian leaders. But if Iran responds with escalation, it has the means to put U.S. citizens and national interests at greater risk in Iraq, Afghanistan and elsewhere.

Officials said Hayden counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing U.S. personnel in Iraq.

Two officials said that Secretary of State Condoleezza Rice, though a supporter of the strategy, is concerned about the potential for errors, as well as the ramifications of a military confrontation between U.S. and Iranian troops on the Iraqi battlefield.

In meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict. Rice got the oversight guarantees she sought, though it remains unclear whether senior Pentagon officials must approve targets on a case-by-case basis or whether the oversight is more general.

The departments of Defense and State referred all requests for comment on the Iran strategy to the National Security Council, which declined to address specific elements of the plan and would not comment on some intelligence matters.

But in response to questions about the "kill or capture" authorization, Gordon Johndroe, spokesman for the NSC, said: "The president has made clear for some time that we will take the steps necessary to protect Americans on the ground in Iraq and disrupt activity that could lead to their harm. Our forces have standing authority, consistent with the mandate of the U.N. Security Council."

Officials said U.S. and British special forces in Iraq, which will work together in some operations, are developing the program's rules of engagement to define the exact circumstances for using force. In his last few weeks as the top commander in Iraq, Army Gen. George W. Casey Jr. sought to help coordinate the program on the ground. One official said Casey had planned to designate Iran's Revolutionary Guard as a "hostile entity," a distinction within the military that would permit offensive action.

Casey's designated successor, Army Lt. Gen. David H. Petraeus, told Congress in writing this week that a top priority will be "countering the threats posed by Iranian and Syrian meddling in Iraq, and the continued mission of dismantling terrorist networks and killing or capturing those who refuse to support a unified, stable Iraq."

Advocates of the new policy -- some of whom are in the NSC, the vice president's office, the Pentagon and the State Department -- said that only direct and aggressive efforts can shatter Iran's growing influence. A less confident Iran, with fewer cards, may be more willing to cut the kind of deal the Bush administration is hoping for on its nuclear program. "The Iranians respond to the international community only when they are under pressure, not when they are feeling strong," one official said.

With aspects of the plan also targeting Iran's influence in Lebanon, Afghanistan and the Palestinian territories, the policy goes beyond the threats Bush issued earlier this month to "interrupt the flow of support from Iran and Syria" into Iraq. It also marks a departure from years past when diplomacy appeared to be the sole method of pressuring Iran to reverse course on its nuclear program.

R. Nicholas Burns, the undersecretary of state for political affairs, said in an interview in late October that the United States knows that Iran "is providing support to Hezbollah and Hamas and supporting insurgent groups in Iraq that have posed a problem for our military forces." He added: "In addition to the nuclear issue, Iran's support for terrorism is high up on our agenda."

Burns, the top Foreign Service officer in the State Department, has been leading diplomatic efforts to increase international pressure on the Iranians. Over several months, the administration made available five political appointees for interviews, to discuss limited aspects of the policy, on the condition that they not be identified.

Officials who spoke in more detail and without permission -- including senior officials, career analysts and policymakers -- said their standing with the White House would be at risk if they were quoted by name.

The decision to use lethal force against Iranians inside Iraq began taking shape last summer, when Israel was at war with Hezbollah in Lebanon. Officials said a group of senior Bush administration officials who regularly attend the highest-level

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counterterrorism meetings agreed that the conflict provided an opening to portray Iran as a nuclear-ambitious link between al-Qaeda, Hezbollah and the death squads in Iraq.

Among those involved in the discussions, beginning in August, were deputy national security adviser Elliott Abrams, NSC counterterrorism adviser Juan Zarate, the head of the CIA's counterterrorism center, representatives from the Pentagon and the vice president's office, and outgoing State Department counterterrorism chief Henry A. Crumpton.

At the time, Bush publicly emphasized diplomacy as his preferred path for dealing with Iran. Standing before the U.N. General Assembly in New York on Sept. 19, Bush spoke directly to the Iranian people: "We look to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

Two weeks later, Crumpton flew from Washington to U.S. Central Command headquarters in Tampa for a meeting with Gen. John P. Abizaid, the top U.S. commander for the Middle East. A principal reason for the visit, according to two officials with direct knowledge of the discussion, was to press Abizaid to prepare for an aggressive campaign against Iranian intelligence and military operatives inside Iraq.

Information gleaned through the "catch and release" policy expanded what was once a limited intelligence community database on Iranians in Iraq. It also helped to avert a crisis between the United States and the Iraqi government over whether U.S. troops should be holding Iranians, several officials said, and dampened the possibility of Iranians directly targeting U.S. personnel in retaliation.

But senior officials saw it as too timid.

"We were making no traction" with "catch and release," a senior counterterrorism official said in a recent interview, explaining that it had failed to halt Iranian activities in Iraq or worry the Tehran leadership. "Our goal is to change the dynamic with the Iranians, to change the way the Iranians perceive us and perceive themselves. They need to understand that they cannot be a party to endangering U.S. soldiers' lives and American interests, as they have before. That is going to end."

A senior intelligence officer was more wary of the ambitions of the strategy.

"This has little to do with Iraq. It's all about pushing Iran's buttons. It is purely political," the official said. The official expressed similar views about other new efforts aimed at Iran, suggesting that the United States is escalating toward an unnecessary conflict to shift attention away from Iraq and to blame Iran for the United States' increasing inability to stanch the violence there.

But some officials within the Bush administration say that targeting Iran's Revolutionary Guard Command, and specifically a Guard unit known as the Quds Force, should be as much a priority as fighting al-Qaeda in Iraq. The Quds Force is considered by Western intelligence to be directed by Iran's supreme leader, Ayatollah Ali Khamenei, to support Iraqi militias, Hamas and Hezbollah.

In interviews, two senior administration officials separately compared the Tehran government to the Nazis and the Guard to the "SS." They also referred to Guard members as "terrorists." Such a formal designation could turn Iran's military into a target of what Bush calls a "war on terror," with its members potentially held as enemy combatants or in secret CIA detention.

Asked whether such a designation is imminent, Johndroe of the NSC said in a written response that the administration has "long been concerned about the activities of the IRGC and its components throughout the Middle East and beyond." He added: "The Iranian Revolutionary Guards Quds Force is a part of the Iranian state apparatus that supports and carries out these activities."

Staff writer Barton Gellman and staff researcher Julie Tate contributed to this report.

Tehran's Influence Grows As Iraqis See Advantages (WP)

By Joshua Partlow

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- When Fadhil Abbas determined that his mother's astigmatism required surgery, they did not consider treatment in his home town of Najaf, in southern Iraq. Instead they joined a four-taxi convoy of ailing Iraqis headed to Iran.

For more than two weeks last fall, Abbas, his sister and his mother were treated to free hotels, trips to the zoo and religious shrines, and his mother's $1,300 eye surgery at a hospital in Tehran, all courtesy of the offices of Moqtada al-Sadr, Iraq's ascendant Shiite Muslim cleric. Abbas returned to Najaf glowing over the technical prowess of Iran.

"When you look at this hospital, it is like something imaginary -- you wouldn't believe such a hospital like this exists," said Abbas, a 22-year-old college student. "Iran wants to help the patients in Iraq. Other countries don't want to let Iraqis in."

The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries. Thousands of Iranian pilgrims visit the Shiite holy cities in southern Iraq each year. Iran exports electricity and refined oil products to Iraq, and Iraqi vendors sell Iranian-made cars, air

coolers, plastics and the black flags, decorated with colorful script, that Shiites are flying this week to celebrate the religious holiday of Ashura. But when President Bush and top U.S. officials speak of Iran's role in Iraq, their focus is more limited. U.S. officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas.

"We will not allow hegemony of a hostile regime to have power over this area," U.S. Ambassador to Iraq Zalmay Khalilzad said this week.

But changing the "behavior" of the Iranian government, as Khalilzad proposes, collides with Iran's expanding influence in Iraq, which is built on deep cultural ties as well as personal and business relationships developed during the years that many leading Iraqi Shiite politicians spent in exile in Iran.

Iran has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala. It maintains informal liaison offices in the Kurdish cities of Sulaymaniyah and Irbil, the latter of which was raided Jan. 11 by U.S. troops, who arrested five Iranians. Each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene. Iran exports electricity through Iraq's Diyala province and plans to quadruple the amount with new projects, Iraqi officials say.

Iran has also extended a $1 billion line of credit to Iraq to help fund reconstruction and rebuilding. When Iraqi President Jalal Talabani and his delegation of ministers visited Iran in November, he asked for more help and said Iraq "would like to expand our relations in every field with the Islamic Republic of Iran."

"The economic power between the two countries, it's enormous," said Hassan Kazemi Qomi, Iran's ambassador to Iraq. "We can help them in technical issues and engineering. We have a lot of experience in building roads and airports."

Qomi works inside a stone embassy in a compound with lush gardens and spear-wielding statuary just outside the fortified Green Zone, the seat of U.S. power in Iraq. When he speaks of the Americans, he calls them "the others."

"As for our policy, it's clear and it's going forward. We are happy with the Iraqi government," Qomi said at a recent news conference. "The kidnapping of our diplomats will have no effect at all on our help and cooperation with the Iraqi side. . . . We are only at the first stages of this support."

Qomi said the presence of American troops in Iraq "has increased the instability, increased the killing of innocent people and inflamed the sectarian violence."

"If we want to establish security in Iraq, the Iraqi government should take security into its own hands," he said. "Unfortunately, the others don't want that to happen."

Caught between the United States and Iran is Hoshyar Zebari, Iraq's foreign minister. "I'm treading a very thin line," he said last week over tea in his office. Zebari says he believes Iran wants a stable government in Iraq, along with the departure of U.S. troops, but is worried that a full-scale civil war could spill over Iraq's borders.

Iran supports the two largest Shiite political parties, the Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa party of Prime Minister Nouri al-Maliki, U.S. officials have said. But Iran also negotiates with Kurdish and Sunni politicians and sometimes bypasses the central government to forge agreements with Iraqi provinces, Zebari said.

"Historically that has been their attitude, to bet on every horse. And they have changed their support from one group to another," Zebari said.

Some analysts say the violence and instability in Iraq attract more Iranian involvement, not less, as Iran positions itself to be on the winning side of a sectarian war.

"The whole Gulf system is turned upside down, and everybody is trying to figure out how they situate themselves in it," said Ray Takeyh, an Iran expert at the Council on Foreign Relations, referring to traditional relationships in the Persian Gulf region. Iranian support is "part of the program of strengthening the Shia community to resist and expand its influence, and become a successful combatant in a civil war."

For the Iraqi government, it has been a frustrating strategy. "Instead of diversifying your support or aid to different groups, militias, political leaders, if you're sincere in your commitment to see this government succeed, why don't you give all this assistance and money and weapons and training directly to the government?" Zebari said.

Iran has driven a wedge between Iraq and the United States. Last month, when U.S. troops seized two Iranian officials inside the Baghdad compound of Abdul Aziz al-Hakim, the leader of SCIRI, the Iraqi government intervened and the United States freed them. After U.S. troops seized five more Iranian officials from the liaison office in Irbil, the Iraqi government again appealed for their release -- so far unsuccessfully -- saying the men worked in an approved office providing consular services.

In both cases, U.S. officials accused some of the Iranians of being operatives with the al-Quds Brigade, which the Americans say arms and trains terrorist groups outside Iran, including the Lebanese organization Hezbollah and Islamic Jihad, which is active in the Palestinian territories. Both the Iraqis and Iranians have asked the United States for proof of clandestine activities.

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U.S. officials decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to "harden" Iraq's security forces to repel Iranian influence, failed to produce satisfactory results, Khalilzad said. "We've come to the view that we need to do more than that, we need to go after their networks," he said.

During the rule of Saddam Hussein, who oppressed Iraq's Shiites and fought an eight-year war against Iran, Iraqi Shiite dissidents in exile, especially SCIRI and its armed wing, the Badr Brigade, found welcome help from Iranian security forces.

"We know what the relationship between SCIRI, Badr and the Iranian institutions were in those days. Now it's a different situation," Khalilzad said. The Iraqi government is no longer "an opposition movement in need of support from the security agencies of a neighboring state, so there is a need for adaptation in terms of what's appropriate in terms of a relationship."

Iraqi officials are sharply divided in their perceptions of Iran's intentions in Iraq. Hussein al-Falluji, a Sunni member of parliament, said Iranian influence exceeds that of the United States, but it is "hidden, and is heading toward targeting vital joints of the Iraqi state."

Mowaffak al-Rubaie, Iraq's national security adviser, said, "Iran is networking aggressively inside Iraq in every aspect of life, including the security aspect."

Mariam Rayis, a foreign affairs adviser to Maliki, dismissed as paranoia U.S. assertions about Iran's "dark involvement" in Iraq. "These neighbors can help us for a while until we can have new construction here," she said. "We have noticed that there is moral support from Iran."

Iran Calls For Summit With Iraq, Syria (AP)

By Steven R. Hurst And Qassim Abdul-zahra

AP, January 26, 2007

Iran has invited the Iraqi and Syrian presidents to Tehran for a weekend summit with Mahmoud Ahmadinejad to hash out ways to cooperate in curbing the runaway violence that has taken Iraq to the verge of civil war and threatens to spread through the region, four key lawmakers told The Associated Press on Monday.

Iraqi President Jalal Talabani has accepted the invitation and will fly to the Iranian capital Saturday, a close parliamentary associate said.

The Iranian diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort to clamp off violence in Iraq, where more civilians have been killed in the first 20 days of November than in any other month since the AP began tallying the figures in April 2005.

The Iranian move was also a display of its increasingly muscular role in the Middle East, where it already has established deep influence over Syria and Lebanon.

"All three countries intend to hold a three-way summit among Iraq, Iran and Syria to discuss the security situation and the repercussions for stability of the region," said Ali al-Adeeb, a lawmaker of Prime Minister Nouri al-Maliki's Dawa Party and a close aide to the prime minister.

Both Iran and Syria are seen as key players in Iraq. Syria is widely believed to have done little to stop foreign fighters and al-Qaida in Iraq recruits from crossing its border to join Sunni insurgents in Iraq. It also has provided refuge for many top members of Saddam Hussein's former leadership and political corps, which is thought to have organized arms and funding for the insurgents. The Sunni insurgency, since it sprang to life in late summer 2003, has been responsible for most of the U.S. deaths in Iraq.

Iran is deeply involved in training, funding and arming the two major Shiite militias in Iraq, where Tehran has deep historic ties to the current Shiite political leadership. Many Iraqi Shiites spent years in Iranian exile during Saddam's decades in power in Baghdad. One militia, the Badr Brigade, was trained in Iran by the Revolutionary Guard.

An Ahmadinejad spokesman said that Talibani's visit was scheduled several weeks ago for late November to work on improving bilateral relations. But Majid Yazdi told the AP that he had no information on a coming visit by the Syrian leader.

But Talabani confidants said the invitation was issued on Thursday by Iranian Ambassador Hassan Kazimi Qumi, who said Syrian President Bashar Assad also would be in Tehran for the talks with Ahmadinejad.

Rockefeller: Cheney Applied 'Constant' Pressure To Stall Investigation On Flawed Iraq Intelligence (MCT)

By Jonathan S. Landay

McClatchy Newspapers, January 26, 2007

WASHINGTON - Vice President Dick Cheney exerted "constant" pressure on the Republican former chairman of the Senate Intelligence Committee to stall an investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday.

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In an interview with McClatchy Newspapers, Sen. Jay Rockefeller of West Virginia also accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants.

In the 45-minute interview, Rockefeller said that it was "not hearsay" that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence.

"It was just constant," Rockefeller said of Cheney's alleged interference. He added that he knew that the vice president attended regular policy meetings in which he conveyed White House directions to Republican staffers.

Republicans "just had to go along with the administration," he said.

In an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: "The vice president believes Senator Roberts was a good chairman of the Intelligence Committee."

Roberts' chief of staff, Jackie Cottrell, blamed the Democrats for the investigation remaining incomplete more than two years after it began.

"Senator Rockefeller's allegations are patently untrue," she said in an e-mail statement. "The delays came from the Democrats' insistence that they expand the scope of the inquiry to make it a more political document going into the 2006 elections. Chairman Roberts did everything he could to accommodate their requests for further information without allowing them to distort the facts."

"I'm not aware of any effort by the vice president, his staff or anyone in the administration to influence the speed at which the committee did its work," said Bill Duhnke, who was Roberts' staff director.

Rockefeller's comments were among the most forceful he's made about why the committee failed to complete the inquiry under Roberts. Roberts chaired the intelligence committee from January 2003 until the Democrats took over Congress this month.

The panel released a report in July 2004 that lambasted the CIA and other U.S. intelligence agencies for erroneously concluding that Iraqi dictator Saddam Hussein was concealing biological, chemical and nuclear warfare programs. It then began examining how senior Bush administration officials used faulty intelligence to justify the March 2003 invasion.

Robert promised to quickly complete what became known as the Phase II investigation. After more than two years, however, the panel published only two of five Phase II reports amid serious rifts between Republican and Democratic members and their staffs.

Rockefeller recalled that in November 2005, the then-minority Democrats employed a rarely used parliamentary procedure to force the Senate into a closed session to pressure Roberts to complete Phase II.

"That was the reason we closed the session. To force him" to complete the investigation, he said.

The most potentially controversial of the three Phase II reports being worked on will compare what Bush and his top lieutenants said publicly about Iraq's weapons programs and ties to terrorists with what was contained in top-secret intelligence reports.

In the two reports released in September, the panel said that the administration's claims of ties between Saddam and al-Qaida were false and found that administration officials distributed exaggerated and bogus claims provided by an Iraqi exile group with close ties to some senior administration officials.

Rockefeller said it was important to complete the Phase II inquiry.

"The looking backward creates tension, but it's necessary tension because the administration needs to be held accountable and the country . . . needs to know," he said.

Rockefeller said that he and the senior Republican member of the committee, Sen. Christopher Bond, R-Mo., have put the frictions behind them and agree that the committee should press the administration for documents it's withholding on its domestic eavesdropping program and detainee programs.

Under the eavesdropping program, the National Security Agency monitored Americans' international telephone calls and e-mails without court warrants if one party was a suspected member or supporter of al-Qaida or another terrorist group.

Rockefeller charged that Bush had violated the Foreign Intelligence Surveillance Act, which requires the government to obtain permission to eavesdrop on Americans from a secret national security court.

"For five years he's (Bush) has been operating an illegal program," he said, adding that the committee wants the administration to provide the classified documents that set out its legal argument that Bush has the power to wiretap Americans without warrants.

Rockefeller is among a handful of lawmakers who were kept briefed on the program after it started following the Sept. 11, 2001, attacks. But he told Cheney in a handwritten note in July 2003 that he was deeply concerned about its legality.

In the interview, Rockefeller said the committee needs more details about how the program worked before it considers amending the eavesdropping act to give the administration the flexibility it says it requires to be able to track terrorists.

"How do we draw something up if we have no idea about what the president sent out in the way of orders to the NSA? What about the interpretation of the Department of Justice?" he asked. "Americans . . . should want us to discern what the facts are, what the truth is."

G.I. Gets 18-Year Prison Term For Killing 2 Captive Iraqis (NYT)

By Paul Von Zielbauer

The New York Times, January 26, 2007

FORT CAMPBELL, Ky., Jan. 25 — An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May.

The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice.

Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said.

Private Clagett is the third of four soldiers charged with premeditated murder in the case to plead guilty in exchange for a reduced sentence. His plea further strengthens prosecutors' case against the remaining soldier, Staff Sgt. Raymond L. Girouard, and increases the chances that Sergeant Girouard may also seek a plea arrangement to avoid conviction at trial, which would require a life sentence.

Sergeant Girouard, 24, the squad leader, is charged with creating a plan to free the three Iraqi men from their plastic handcuffs, have Private Clagett and another soldier shoot them as they fled and then cover up the crime by telling investigators the men had attacked the soldiers and tried to escape.

Military officials raised questions about the deaths after the bodies were removed and found to still have blindfolds and parts of plastic handcuffs on them.

In his plea, Private Clagett told the military judge, Col. Theodore Dixon, that he had conspired with Sergeant Girouard and Specialist William B. Hunsaker to kill the three men after blindfolding and handcuffing them with plastic "zip-tie" handcuffs.

"I cut the zip-ties loose, pulled the blindfold up on one of them, down on the other," he said, referring to two of the three Iraqi men. "Hunsaker told them to run. I told them to 'yallah,' meaning to run faster." He said he and Specialist Hunsaker had sprayed the men with rifle fire, killing two and gravely wounding the third.

Specialist Hunsaker pleaded guilty to murder charges on Jan. 11 and received an 18-year prison sentence. That same week, Specialist Juston R. Graber, the fourth soldier charged in the case, pleaded guilty to aggravated assault for shooting the wounded man after an Army medic had declared him to be beyond help.

Sergeant Girouard's trial is scheduled to begin March 5. If he does not end up pleading guilty, his lawyers said they would ask the judge to force the soldiers' brigade commander, Col. Michael D. Steele, to testify at his trial.

Several soldiers in Private Clagett's platoon have said in sworn statements that Colonel Steele told his men that they would be attacking a stronghold of Al Qaeda and ordered them to kill all men of military age they encountered during the raid.

Colonel Steele, in sworn testimony to Army investigators that has not been made public, said he had not given orders using those exact words, but had warned his soldiers to expect a fierce battle. He was reprimanded by an Army general last summer for issuing confusing rules of engagement that investigators said had contributed to the deaths of the three Iraqi men and a fourth man killed during the raid.

Private Clagett's civilian lawyer, Paul W. Bergrin, said his client was sorry for killing unarmed men but was steadfast in his belief that the men, had they lived, would have gone on to kill American soldiers.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Mr. Bergrin said outside the courtroom.

U.S. Soldier Sentenced To 18 Years After Pleading Guilty To Murder In Iraqi Detainees' Deaths (FINDLAW/AP)

By Beth Rucker, Associated Press Writer

AP, January 26, 2007

(AP) - FORT CAMPBELL, Kentucky-A 101st Airborne Division soldier was sentenced to 18 years in prison after pleading guilty Thursday to murdering an Iraqi detainee and taking part in the killings of two others, saying he went along with a plan to make it look like they were escaping.

Pfc. Corey R. Clagett, 22, was one of four soldiers from the division's 3rd Brigade "Rakkasans" who were accused in the detainees' deaths during a May 9 raid on the Muthana chemical complex in Samarra, about 60 miles (96 kilometers) north of Baghdad.

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In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening.

Clagett will also be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole.

The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission.

Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial.

"(Sgt. Girouard) said we were going to cut the zip ties loose and kill the detainees," Clagett told the military judge, Col. Theodore Dixon, on Thursday. "I knew it was an unlawful order. I just went along with it."

The judge asked Clagett what his intention was when he shot at the detainees.

"To kill them, your honor," Clagett said.

Prosecutors said Clagett fatally shot one detainee and seriously wounded another. Official say Graber then killed the wounded detainee, and Hunsaker killed the third.

Clagett's lawyer, Paul Bergrin, has insisted Clagett was following orders, but sought the plea agreement after Hunsaker, 24, told a military judge that Clagett helped him shoot the detainees.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Bergrin told reporters after the sentencing. "His heart is bleeding that he can no longer serve his country."

Military prosecutors would not discuss the case.

Hunsaker pleaded guilty to murder, attempted murder and obstruction of justice this month and was also sentenced to 18 years in prison.

Graber, 21, pleaded guilty to a lesser charge of aggravated assault with a dangerous weapon as part of his agreement to cooperate with prosecutors. He was sentenced to nine months in military jail.

Hunsaker testified that Girouard cut him on the face and arm to make it appear there was a struggle after he and Clagett killed the detainees. Clagett repeated that story to the judge Thursday.

"Just like anyone, we didn't want to get caught," Clagett said.

The case is one of two involving soldiers from the 101st Airborne Division accused of killing Iraqis during a deployment to the Middle Eastern country that ended in September.

Four other soldiers from the division's 2nd Brigade Combat Team are accused of raping and killing an Iraqi teenager and killing three others in her family last March. A former Army private also faces murder and rape charges in federal court for the same incident.

Salvadoran's Death In Iraq Leaves His Mother Fuming (NYT)

By Marc Lacey

The New York Times, January 26, 2007

SAN SALVADOR, Jan. 21 — From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son.

In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict.

El Salvador is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population.

"Our army should be at home," said Ms. Ramos, 48, fuming against a war she said she did not know the first thing about until smartly dressed officers showed up at her home in 2004 to inform her that her son, Natividad, had become the first Salvadoran to die in combat in Iraq.

The United States has been debating for years the reasons for the war in Iraq and whether the invasion and continued presence of troops there are justified. Was there reason to believe that weapons of mass destruction were there? Was Saddam Hussein's despotism enough reason to topple him? Did links between Iraq and Al Qaeda exist?

El Salvador, which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification. Those other mothers can say that their children fell while fighting for their country, either for the Marxist guerrilla movement or the American-backed government. But Natividad Ramos, 20, died in Najaf in a clash with armed followers of the Shiite cleric Moktada al-Sadr.

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"I got through our war without losing any family," she said of El Salvador's civil war, which took an estimated 75,000 lives. "And now my son was sent to fight in someone else's war."

Officially, Mr. Saca's government says the deployment of what is called the Cuscatlán Battalion is a way to thank the world for its assistance in helping stop the civil war here a decade and a half ago. Salvadoran officials say their country is an active part of the United Nations and believe in the world body's effort to rebuild Iraq.

They stress the humanitarian dimension to their soldiers' work there, like building roads, health clinics and schools, while acknowledging the dangers that have resulted in the deaths of five soldiers and the wounding of about two dozen more. They proudly note that El Salvador's army, once linked to right-wing death squads, has been purged of its bad elements and is now one of the most respected institutions in the country.

But those arguments have not been enough to sway local critics. A newspaper opinion poll put opposition to El Salvador's involvement in Iraq at 81 percent. In 2004, masked protesters briefly took over the country's main cathedral and demanded an immediate withdrawal of troops. For the most part, though, Salvadorans have been preoccupied with local concerns, such as their economic woes and the insecurity that causes strains in their own country.

Every time a new contingent is sent, though, the legislature splits along party lines, with the right-wing government and its allies backing the plan and the leftist opposition voting no.

"It's the gringos' war," said one critic, Olga Serrano, who is executive secretary of a group of wounded veterans from the war in the 1980s. "What are we doing over there?"

Behind the scenes, government officials sell the plan differently. They point to all the benefits they believe they are receiving from Washington as a result of their assistance, even as the Bush administration insists that it is not giving El Salvador special favors for its troop presence.

"We're doing this to help the Iraqis but we're also doing this for our own people," said Carlos Rolando Herrarte Rivas, a legislator from the center-right Christian Democratic Party who went to Iraq in December as part of a government delegation to visit the troops. "The president can't say that but that's why we're doing it."

Mr. Herrarte, a retired colonel, said the Bush administration had been treating Salvadoran migrants well despite strong anti-immigrant sentiment in the United States. He pointed to the Bush administration's decision in January 2005 to grant a one-year extension of temporary protected status for about 250,000 Salvadorans living in the United States. The status gives them a reprieve from deportation because of natural disasters or political turmoil at home.

Mr. Herrarte also cited the $461 million in antipoverty funds that El Salvador was awarded last fall by the Millennium Challenge Corporation, an American foreign aid agency, as being another outgrowth of the war effort.

"When I go to my town, they yell," he said of his vociferous antiwar constituents. "They want to know why we are there. They say, 'Get them out.' Then I start explaining how this is helping our people in the United States."

To say that El Salvador and the United States are joined at the hip is an understatement. Nearly a third of native-born Salvadorans are living in the United States, including relatives of President Saca, Defense Minister Otto Alejandro Romero Orellana and many other decision makers. Those Salvadorans abroad send home about $2.5 billion every year, which represents about 17 percent of the country's gross domestic product.

Former President Francisco Guillermo Flores Pérez, who was considered especially close to the White House, sent the first troops to Iraq in 2003. The issue came up in the presidential campaign the following year when Mr. Saca, a pro-American businessman, defeated Schafik Handal, a former Communist guerrilla.

Mr. Handal had pledged to withdraw Salvador's 380 soldiers from Iraq immediately. Mr. Saca said a victory by Mr. Handal ran the risk of cutting the flow of money from Salvadoran migrants in the United States.

Mr. Saca has continued sending troops even though the governing Nationalist Republican Alliance party, known as Arena, lacks a majority in the legislature. Mr. Saca's party has had to strike deals with two smaller parties to come up with the 43-vote simple majority.

The Farabundo Martí National Liberation Front, an outgrowth of the guerrilla movement that fought the government in the 1980s, has consistently voted against the war.

Critics of decision to send Salvadoran troops point out that Nicaragua, Honduras and Dominican Republic continued to have strong relationships with Washington, even though they pulled their troops out of Iraq in the spring of 2004.

They point out that Hondurans and Nicaraguans also have the same preferred immigration status that Salvadorans do. Honduras and Nicaragua also received Millennium grants, albeit smaller ones than El Salvador's, critics note.

Salvadoran officials are not speaking of an increase in troops to quell the Iraqi insurgency. But when they are asked how long the country plans to involve itself in the war, they do adopt President Bush's language: as long as it takes.

Hello, Mr. Chips: Vendors Feeding Demand In Iraq (USAT)

By Zaid Sabah

USA Today, January 26, 2007

BAGHDAD — It's a sight on Baghdad sidewalks as common as cigarette or kebab vendors: Rows of clear plastic bags, some the size of small duffle bags, bulging with golden potato chips.

Dates are the country's biggest food export and pistachios are a better-known local commodity. But Iraqi-made potato chips — deep fried, thin and greasy — are considered more than a snack: They're a delicacy.

"I love them," said Lubna Bahjat, 25, a civil engineer, who said she eats the chips while watching DVDs at home. "I can't watch a movie without them."

MORE LIFE IN IRAQ: Index of stories

Baghdad once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons, Ismail and other chip vendors say. Today, one factory dominates the industry — near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia.

Due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the U.S. invasion.

The story of potato chips in Baghdad dates back to the late 1950s, when a Kurdish merchant known as Abu Rafal opened the first potato chip factory in the capital, said Jassim Issa, another Karrada chip vendor.

At first wildly foreign to Iraqis, the strange, crispy treat quickly surged in popularity, he says. Initially, potato chips were consumed mainly by men drinking beer or liquor at bars or restaurants. They later became mainstream and grew popular among women and children.

Ismail said he used to sell about 110 pounds of chips a day from his sidewalk stand. But since the bombing of a holy Shiite shrine in Samarra in February 2006, which launched a wave of sectarian violence, his business has diminished because fewer people are on the streets, he said.

Today, he sells about 45 pounds of potato chips per day, Ismail said. His most popular flavor: chicken.

"Potato chips are still very popular in Iraq," he said.

"Everybody loves them."

Issa has owned his sidewalk chip stand since 1994. He once dreamed of opening his own chip factory. But the venture involved an endless bureaucratic tangle with Baghdad's municipal government and the health and oil ministries and required several million Iraqi dinars, putting the plan out of reach, he said. He gave up on the idea and focused on his sidewalk sales.

He says his business has suffered as the violence has increased in Baghdad, keeping people indoors. Through February 2006, he was selling about 165 pounds of chips a day, Issa said. Today, he's lucky to sell 66 pounds.

Despite the dip in sales, Issa said he'll stick to his profession — more out of love for the chip than lust for profits.

"This job is the blood that flows in my veins," Issa said, adjusting the bags of chips on his stand. "Can a fish live outside the water? Neither can I."

Army Finds Probable Cause In Afghans' Torture, Death (LAT)

By Kevin Sack And Craig Pyes

The Los Angeles Times, January 26, 2007

Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003.

The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004.

The military investigators, who work for the Army's Criminal Investigation Command, also found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes.

Christopher P. Grey, chief of public affairs for CID, said Thursday that he could not release names or details of the findings because the soldiers have not been formally charged. Rather, the findings have been forwarded to the U.S. Army Special Forces Command, based at Ft. Bragg, N.C., for decisions on whether the soldiers should be charged and prosecuted.

Maj. James O. Gregory, a spokesman for the Special Forces command, said a statement would be issued soon, but he declined to comment further.

Grey did not specify the gravity of the assault findings. Simple assault and dereliction of duty can be considered minor offenses by superior officers, according to specialists in military justice.

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Grey also would not say whether the criminal findings relate directly to the death of an 18-year-old Afghan army recruit, Jamal Naseer, who died at the Special Forces compound in Gardez after being interrogated there by U.S. troops. A number of other Afghans who were taken prisoner along with Naseer have said they were severely beaten and otherwise abused while being held at the base by soldiers with the 20th Special Forces Group, an Alabama-based National Guard unit.

Concurrently, the Army investigators determined there was not probable cause to charge anyone in the separate case of an Afghan detainee who died in the custody of the same 20th Special Forces Group team, known as ODA 2021. That detainee, an unarmed woodcutter named Wakil Mohammed, was shot in the face by a soldier during a search of the village of Wazi after a fierce firefight, also in March 2003, according to Afghan witnesses interviewed by The Times.

Grey, the CID spokesman, said in an e-mailed statement that "the case involving Wazi was unfounded." That term is used, he said, "when there is not probable cause to believe that the offense occurred … considering the quality and quantity of all available evidence."

In March 2005, however, CID announced it had found probable cause in the Wazi case to recommend charges of murder against one member of the 20th Special Forces Group and of dereliction of duty against another soldier for not reporting Mohammed's death. Those referrals, known as "listings," have since been rescinded, but Grey declined to say what had changed.

Details of Mohammed's death were revealed in a two-part series about ODA 2021 that was published in The Times in September.

Grey said both investigations were closed by CID on Jan. 11. "If any new credible information becomes available, CID stands ready to reopen the investigation," he said.

The deaths of Naseer and Mohammed were never reported to higher authorities, according to both the battalion and group commanders who oversaw the 20th Group's operations in Afghanistan. That distinguished them from scores of other questionable deaths of detainees in U.S. custody in both Afghanistan and Iraq.

The Times account last fall cited numerous Afghan witnesses who saw Naseer immediately before and after his death and said he appeared to have been badly beaten. It quoted one Special Forces member as saying the team held a meeting after the detainee died to coordinate stories should an investigation arise.

"Everybody on the team had knowledge of it," the soldier said, speaking on condition of anonymity. "You just don't talk about that stuff in the Special Forces community. What happens downrange stays downrange."

Other detainees arrested with Naseer also showed signs of severe beating that were noted in local doctors' reports after their release from the base. One of those detainees was a man with one leg.

The commander of the Special Forces team at the time of both deaths was Chief Warrant Officer Kenneth C. Waller, a full-time National Guardsman who continues to work at 20th Group headquarters in Birmingham. Grey would not say whether Waller, who is now 36, is among those implicated in the CID investigation.

Officials with 20th Group said today that Waller, despite the ongoing case involving his unit, is currently deployed to East Africa, as is Col. Leonard Kiser, the 20th Group's current commanding officer. Neither was available for comment.

While the Special Forces team in Gardez consisted mostly of Alabama National Guardsmen, it also included several members from other groups.

One of them, Sgt. 1st Class Michael E. MacMillan, an intelligence analyst with the 7th Special Forces Group at Ft. Bragg, was depicted by other team members as being heavily involved in the interrogation of detainees at the base.

U.S. To Seek $10.6B For Afghan Aid (AP)

By Anne Gearan

AP, January 26, 2007

President Bush will ask Congress for $10.6 billion to help Afghanistan strengthen its security forces and rebuild from years of war, Secretary of State Condoleezza Rice said Thursday.

The money would be on top of $14.2 billion in aid the United States has already given to Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

The request, which Bush will make formally next month, comes after a year in which Taliban forces launched surprisingly fierce attacks across the country. U.S. and NATO forces are bracing for a renewed offensive by Taliban fighters in the spring

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Rice told reporters flying with her to Brussels for NATO meetings on Afghanistan.

Rice said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction. The money would be spent over the next two years.

The aid proposal also comes as the U.S. appears to be stepping up its military commitment in the country.

The Defense Department has said that 3,200 soldiers from the New York-based 10th Mountain Division already in Afghanistan would have their tour extended by four months. In a visit to Afghanistan last week, new Defense Secretary Robert Gates indicated he is likely to ask Bush for more troops for the country.

There are about 24,000 U.S. troops in Afghanistan, the highest number since the war began in October 2001. About half are under the control of NATO, which is gradually gaining more control over operations there.

A senior State Department official who spoke on condition of anonymity gave another indication that U.S. forces in Afghanistan may grow, saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary."

On Thursday, Gen. David Richards, the top NATO commander in Afghanistan, said NATO-led troops battling resurgent Taliban militants will shortly be reinforced with another combat brigade. The NATO-led force is about 20 percent short of the troops levels pledged by its contributing nations.

Among other issues, Rice will raise with her NATO colleagues are the divisions within the alliance on sharing the burden in Afghanistan. More NATO countries have shown a greater willingness than others to send troops to areas of conflict.

State Department spokesman Sean McCormack said there is a pressing need to address the problem of high levels of opium poppy production in Afghanistan.

"Everybody understands that it's a problem that needs to be addressed," he said. "We don't want an Afghanistan (economy) that is based solely on production of narcotics and international aid."

Officials in the Afghan capital of Kabul said this week that despite pressure from the United States the country's heroin-producing poppies will not be sprayed with herbicide this year despite a record crop in 2006. Afghan officials said there would be an increased effort to destroy poppy crops with traditional techniques _ typically sending teams of laborers into fields to batter down or plow in the plants before they can be harvested.

Fueled by the Taliban, a powerful drug mafia and the need for a profitable crop that can overcome drought, opium production from poppies in Afghanistan last year rose 49 percent to 6,700 tons. That's enough to make about 670 tons of heroin, or more than 90 percent of the world's supply and more than the world's addicts consume in a year.

The U.S. budget request follows a review of U.S. policy in Afghanistan that the White House began last year.

"It had been over five years since we went into Afghanistan and the situation on the ground _ economic and security _ has changed," said Gordon Johndroe, a spokesman for the National Security Council. "There's now a viable government that we're working with. Substantial progress has been made in many areas, but it's also clear that the policy needed to be reviewed, so that we continue to improve the lives of Afghan citizens."

Rice To Press Europe On Afghan Funding (FT)

By Daniel Dombey, Aunohita Mojumdar And Fidelius Schmid

Financial Times, January 26, 2007

Condoleezza Rice, the US secretary for state, will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe.

At a meeting of Nato and European Union foreign ministers in Brussels, Ms Rice is expected to unveil details of a US initiative to provide about $8bn (€6bn, £4bn) for the war-torn country and call on Europe to make a similar step.

President George W. Bush is scheduled to ask Congress for the funds next month, an indication of the growing concern in Washington about the future of Afghanistan and the bitter fight against Taliban insurgents. The request would be a huge increase as the total assistance provided by Washington.

In an effort to boost troops in the country, the US Department of Defense has also said about 3,500 US soldiers will stay four months longer than scheduled.

Separately, the European Commission will on Friday announce about €600m ($780m, £395m) for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health.

The figure represents a fall on the levels of aid the Commission has given Afghanistan in the past, although typically European governments, not Brussels, provide the lion's share of EU aid.

"We are working within limited resources," said a Commission official. "This is by far our largest aid programme in Asia."

The difference between the US and many European states has also been exposed by most Nato countries' reluctance to deploy troops to the south and east of Afghanistan, where the main fighting against the Taliban is taking place.

A hard core of Atlanticist countries, led by the US, the UK, Canada and the Netherlands, is spearheading the fight in the region, with countries such as Germany and France clearly set against joining them.

On Thursday Gen Rahim Wardak, Afghanistan's defence minister, said he expected "much more force in hand" because of the US decision to increase numbers in Afghanistan, the deployment of 1,000 Polish troops and the expected augmentation of British forces. He said that it would give Nato commanders a "strategic reserve".

The Afghan National Army's own strength would increase by up to 12,000 troops from its current level of 40,000 by the time of any "spring offensive" by the Taliban.

But France is pulling out most of the 200 special forces it has in the country, although it has agreed to provide extra aircraft for the Nato mission. Germany is also seeking to provide Nato with more aircraft.

"The countries that are in the south and east are the countries that wake up every morning feeling that their own national security is tied to the future of Afghanistan," said a senior Nato diplomat.

Bush To Seek More Aid For Afghanistan (NYT)

By Helene Cooper And David S. Cloud

The New York Times, January 26, 2007

BRUSSELS, Jan. 25 — President Bush plans to ask Congress for $10.6 billion in aid for Afghanistan, primarily to beef up the country's security forces, Secretary of State Condoleezza Rice said Thursday.

The aid request would come before what is expected to be another spring offensive by resurgent forces linked to the Taliban, the former rulers of Afghanistan. In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan for as long as three months, increasing the American force level there to around 24,000. An additional 20,000 soldiers from other NATO countries are also deployed there.

The aid request would include $8.6 billion for training and equipping Afghan security forces and would go toward increasing the size of Afghanistan's national army by 70,000 and its local police forces by 82,000, said a senior American official familiar with the issue.

An additional $2 billion would go to reconstruction projects like building roads, laying down electric power lines, development in rural areas, and counternarcotics efforts, administration officials said. The officials said that they planned to use some of the money to help Afghanistan and Pakistan battle the Taliban and other insurgents along the Afghan-Pakistan border.

President Bush is expected to make a formal request for the funds next month, after a year in which Taliban forces have carried out fierce attacks across the country, particularly in the south.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Ms. Rice told reporters aboard her flight to Brussels for a NATO meeting on Afghanistan, coming from a donors' conference for Lebanon that was held in Paris.

President Bush announced two weeks ago that he was sending more than 20,000 additional troops to Iraq, where the United States already has about 132,000 troops.

The troops to remain longer in Afghanistan, from the Third Brigade of the 10th Mountain Division, provide commanders with more forces before an expected spring offensive by the Taliban. The unit was supposed to return to the United States next month. But commanders asked Defense Secretary Robert M. Gates for additional forces when he visited Kabul last week and he said at the time that he was inclined to support the request.

In a statement, the Army said the additional forces were necessary to "deny the Taliban a base of operations."

Because another battalion is scheduled to leave Afghanistan shortly, the actual increase in American troop numbers as a result of holding over the 3,500-member brigade will be about 2,500 troops, said Bryan Whitman, a Pentagon spokesman.

The increase comes at the same time that the Bush administration is renewing pressure on European allies to increase their troops in Afghanistan and is aimed at quelling European concerns that the United States may soon draw down in Afghanistan to meet its growing troop commitments in Iraq. British, Canadian and Dutch troops have at times since last summer been in intense combat in southern Afghanistan, the Taliban's heartland.

In addition, an American general, Dan K. McNeil, is taking command of the NATO mission in Afghanistan next month, taking over from a British officer.

The NATO-led force remains about 15 percent short of the troop and equipment levels pledged by its contributing nations, a point that is bound to be of contention during Friday's scheduled NATO meeting in Brussels to discuss Afghanistan.

Mr. Gates has been more open to adding troops to Afghanistan than his predecessor, Donald H. Rumsfeld, who argued for holding down force levels. Mr. Gates has indicated that he favors aggressive action to root out the Taliban and has said repeatedly that Afghanistan cannot be permitted to fall back into chaos.

American officials say that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and are preparing to resume attacks in the spring, as they have done every year since the American invasion, which toppled the Taliban in 2001.

Since 2001, the United States has provided over $14.2 billion in aid to Afghanistan.

New Combat Brigade To Bolster NATO-Led Forces In Afghanistan (WP/AP)

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The Washington Post, January 26, 2007

KABUL, Jan. 25 -- NATO-led troops battling resurgent Taliban fighters will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday.

British Gen. David Richards said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops. Richards did not specify how many reinforcements he expected.

"I anticipate at least another brigade of combat troops from ISAF nations coming here shortly and more after that," Richards told reporters.

At NATO headquarters in Brussels, officials would not specify which countries planned to send reinforcements, saying such announcements are up to individual nations.

Several countries, however, plan to boost their contributions in response to requests for more troops to join the fight against the Taliban in the spring.

Poland is expected to send about 1,200 soldiers in February, and British news media have reported that Britain is considering deploying 600 more troops. It was not clear if Richards was referring to those upcoming troop contributions.

The U.S. Defense Department said Wednesday that about 3,500 soldiers from the New York-based 10th Mountain Division already in the country would have their tour extended by four months.

The NATO-led force, which is bracing for renewed fighting with the Taliban, is about 20 percent short of the troop levels pledged by its contributing nations.

Richards made the comments during the opening of a joint operations center in Kabul that will be manned by officers from Afghanistan, Pakistan and NATO. The three are trying to increase coordination in their counterinsurgency efforts.

Relations between Pakistan and Afghanistan have deteriorated recently as top officials have traded accusations over which side was responsible for the increase in Taliban attacks. About 4,000 people died in insurgency-related violence in Afghanistan last year, according to numbers from Afghan, U.S. and NATO officials.

Also Thursday, Italy's government approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition. Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, although he has resisted NATO's request to increase its size.

Bush Seeks Funds To Counter Taliban (WT)

By Nicholas Kralev

The Washington Times, January 26, 2007

The Bush administration will ask Congress for $10.6 billion next month for Afghanistan's reconstruction and to beef up the country's security forces to counter recent Taliban gains, Secretary of State Condoleezza Rice said yesterday.

The unusually large figure -- the United States has given Afghanistan $14.2 billion in aid since 2001 -- is an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, U.S. officials said.

In addition, the Pentagon announced yesterday that it would extend the tours of 3,200 soldiers in Afghanistan. The troops from the 3rd Brigade, 10th Mountain Division, were expecting to complete a one-year deployment next month, but their tour of duty had been extended by up to 120 days.

The extension means there will be about 2,500 more soldiers in Afghanistan than planned for the next few months.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Miss Rice said as she flew last night to Brussels, where she will urge fellow NATO members today to follow Washington's lead and increase their financial assistance.

She said $8.6 billion would be used for training and equipping Afghan police and security forces. The money would also help to increase the Afghan army by 70,000 soldiers and police forces by 82,000, a senior U.S. official said.

The remaining $2 billion would go to building roads, an electricity grid and other infrastructure, as well as counternarcotics operations, said State Department spokesman Sean McCormack.

The administration will submit the request as a supplemental to this year's budget, but the funds would be disbursed over the next two years, officials said.

They said the White House had realized that an "adjustment in strategy" was urgently needed if Afghanistan was going to be the success the United States wants it to be, and a broad interagency review was conducted in the past several months.

"There was a feeling that we were incrementally making progress, but that, given the kind of insurgency threat we faced last year, maybe that wasn't enough, that what we needed to do was make significant progress across the board," Richard Boucher, assistant secretary of state for South and Central Asian affairs, said yesterday in Brussels.

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Mr. Boucher said the "significant funding," a decision to keep more troops in Afghanistan, as well as other steps by the United States and NATO were meant to disrupt Taliban's plans for the winter.

About 4,000 people were killed in insurgency fighting last year, and U.S. officials have said there were nearly 140 suicide attacks, up from 27 in 2005.

Secretary of Defense Robert M. Gates visited Afghanistan last week, but officials said the administration delayed the new funds pledge until Miss Rice's meeting at NATO in order to "make a political point."

"We're looking for others to step up their effort with us, step it up across the board," Mr. Boucher said.

About 33,000 troops from 37 countries under the NATO-led International Security Assistance Force are currently deployed in Afghanistan.

The Bush administration has been criticized that it stopped paying enough attention to the country after toppling the Taliban in 2001, and particularly since the war in Iraq began nearly four years ago.

A senior U.S. official said yesterday the administration wanted to show to its European allies that "it's not all about Iraq, all the time."

NATO defense ministers are expected to discuss the alliance's operation in Afghanistan at a meeting in Spain next month.

White House Wants More Aid For Afghanistan (LAT)

By Paul Richter

The Los Angeles Times, January 26, 2007

WASHINGTON — The Bush administration will seek $10.6 billion more in aid for Afghanistan, Secretary of State Condoleezza Rice said Thursday, in another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence.

The proposal for additional money came the same week the Pentagon announced plans to extend the deployment of 3,200 troops in the country and amid a broad rethinking of the American strategy for dealing with Afghanistan.

The new aid, which would be spent over two years, would mark a substantial addition to the $14 billion the United States has spent in Afghanistan since the invasion that toppled the Taliban's fundamentalist Islamic government in late 2001. About $8.6 billion of the new funding would be used to train and arm Afghan troops and police, and the remainder would be for reconstruction, including new roads, electricity and other infrastructure, Rice told reporters during a trip to Brussels.

"The challenges of the last several months have demonstrated that we want to, and should, redouble our efforts," she said.

U.S. officials have become increasingly alarmed by the resurgence of the Taliban, whose attacks on the fragile government and international forces made 2006 the bloodiest year since the U.S.-led invasion, with 4,000 deaths from violence. Military strategists are preparing for an expected spring campaign by the Taliban forces.

A senior U.S. official, speaking to reporters last week, said that prospects for progress in the Afghan effort were far better than in Iraq. Even so, he said, "efforts in Afghanistan need desperately to be intensified."

The official, who would discuss U.S. strategy only on condition of anonymity, said the United States and its NATO allies needed a "comprehensive approach" that included not only stepped-up security, but also efforts to strengthen the weak economy, fight the opium trade and extend the reach of a government that is hardly in evidence in many parts of the country.

As part of the effort to stabilize the country, the U.S. is temporarily increasing the size of its force there by postponing the return of the 3rd Brigade of the 10th Mountain Division. The brigade, based at Ft. Drum, N.Y., will be extended by up to 120 days beyond its one-year deployment, the Pentagon said this week. Taking into account service members being rotated out of Afghanistan, that will mean a net increase of about 2,500 U.S. troops in the country.

About 24,000 U.S. troops are in Afghanistan, representing the largest American force since the start of the war. About half of them are under the command of the North Atlantic Treaty Organization.

The new aid proposal requires approval from the Democrat-controlled Congress as part of the administration's 2007 supplemental budget proposal, a special war spending measure separate from the regular budget. The war budget proposal is expected to top $100 billion, adding to more than $400 billion spent on the conflicts and reconstruction efforts in Iraq and Afghanistan since 2001.

Pentagon officials said the money would enable them to train 70,000 Afghan soldiers and 82,000 police officers.

Defense Secretary Robert M. Gates said during a trip to Afghanistan last week that he was sympathetic to NATO requests for more U.S. and European troops and expressed concern that progress in the country would "slip away" under a sustained Taliban offensive.

Rice will address the planned addition of forces with European leaders at a NATO ministerial meeting today in Brussels.

Although the Afghanistan mission is NATO's first outside Europe, U.S. officials are unhappy that their allies have not provided more troops and that the NATO forces have in some cases limited their missions in an effort to reduce casualties. The

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Bush administration has been pressing Spain, Italy and Germany to lift operational restrictions on troops in southern Afghanistan, where the fighting is the most dangerous.

The senior U.S. official said the French too "need to do more." But the Europeans, for their part, have expressed concern that the Pentagon may shift U.S. troops from Afghanistan to Iraq to try to quell the surging violence there, leaving NATO to fill the gap.

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New York Prosecutor With Wall Street In His Sights (FT)

By Brooke Masters In New York

Financial Times, January 26, 2007

Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet gambling investigation, takes pride in being an ordinary guy.

Spurning the car and driver that comes with his position as US attorney for the southern district of New York, he commutes by train and is never recognised on the street.

He notes wryly that his alma mater is so low on the academic totem poll that he was the first Albany Law School graduate to be hired by the office in more than 200 years.

But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling.

"This is an office that has been willing to take on the difficult and new cases, and you see the results," Mr Garcia, 45, told the Financial Times. "If there is a case there, we will make it."

A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice.

"He was a regular guy. He put his head down. He worked with agents. He made the cases," said Lev Dassin, a colleague from those days who now serves as one of Mr Garcia's top deputies.

As a young terrorism prosecutor, Mr Garcia travelled to Asia to help build the office's case against Ramzi Yousef for plotting to blow up US airliners. A few years later, he went to Kenya and Tanzania to collect evidence from the victims of the 1998 US embassy bombings there.

"Mike is just an extraordinarily talented prosecutor and investigator," said Mary Jo White, the US attorney at the time.

The southern district is known, only half jokingly, as "the sovereign district", in recognition of its broad jurisdiction and its founding in 1789, which predates the Justice Department itself.

Located blocks from Wall Street, the office attracts many of the US's pre-eminent securities fraud prosecutors and brought recent cases against the leaders of WorldCom and Adelphia, and domesticity mogul Martha Stewart.

"New York is a centre and New York is a target," Mr Garcia said. "For a lot of those reasons, our venue is very expansive and we are proud of that."

The gambling probe has particularly raised hackles because Mr Garcia's staff have not only filed money-laundering charges against the Canadian founders of Neteller, a company that processes gambling proceeds, but also sought to trace the overseas financial holdings of gambling companies and their principal officers.

Though Mr Garcia would not comment on the particulars, he says he sees the gambling crackdown as simple fairness.

"We think it violates US law and we are going to do it whether it is the guy in the Bronx operating an illegal gambling [den] or a multi-million dollar offshore on-line gambling operation."

Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington.

He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security.

Mr Garcia calls his 2005 return to New York a "great honour" and has promised to beef up prosecution of public corruption. His emphasis on meetings and reporting lines initially irked some long-time staffers and contrasted with his predecessor, David Kelley, who had often roamed the halls.

Mr Garcia's arrival coincided with a rough patch for the white-collar unit. Last summer the office lost an appeal and then agreed to a deferred prosecution of banker Frank Quattrone, a move widely seen as a defeat.

A federal judge publicly railed at the office's handling of its case against accountancy firm KPMG, and the office also dropped criminal charges against seven former New York Stock Exchange specialists.

Mr Garcia's supporters are quick to point out that all of these cases started before his arrival in 2005 and he dismissed the problems as "cyclical".

"This office is always going to be at the forefront of white-collar work," he promised. "This year you will see some very good cases coming out."

Reichert To Submit Candidates To Succeed U.S. Attorney McKay (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, January 26, 2007

Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington.

McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School.

U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor.

U.S. attorneys are White House appointees subject to Senate confirmation.

It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates.

Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay.

Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration.

Reichert is not obligated to consult with members of the opposite party.

Sen. Patty Murray, D-Wash, has not been contacted by Reichert's office about the U.S. attorney vacancy, said Alex Glass, a spokeswoman for Murray.

"Congressman Reichert is involved in looking at candidates and will seek to work in a bipartisan way in putting that name forward," Shields said.

Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng.

Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources.

McKay announced his plans to resign Dec. 14.

His departure became the subject of speculation after a spate of reports earlier this month suggested that the White House had pushed several U.S. attorneys out of their jobs. The White House denied it had orchestrated a purge, but declined to comment on whether McKay had been asked to leave.

McKay said last month he stepped down to return to the private sector. Emily Langlie, a spokeswoman for the U.S. Attorney's Office, said McKay stood by that statement and would not comment further.

CORPORATE SCANDALS:

McNulty Memo On Attorney-Client Privilege Blasted For Lack Of Change (NLJ)

By Pamela A. MacLean, The National Law Journal

National Law Journal, January 26, 2007

Critics say result will be silent pressure by Justice; Congress expected to seek bans on waiver demands

Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a "don't ask, don't tell" policy that will drive prosecution waiver demands underground.

And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12 by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a "culture of waiver."

Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify "limited waiver" of attorney-client privilege, despite wide federal and state court rejection of the concept.

Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits.

McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits "is a significant concern," McNulty said in a recent interview. "That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver," he said.

A DEPARTURE

His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government "carefully took no position," and declined to participate in oral argument. In re Qwest Communications Securities Litigation, 450 F.3d 1179 (2006).

As for Congress stepping in to ban all but voluntary waivers, McNulty said, "I am hopeful the Senate and the House will give the new guidance a chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance."

But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing "partial waivers."

At a Jan. 12 meeting in Phoenix, a subcommittee of the Standing Committee on Rules of Practice and Procedure of the Judicial Conference of the United States heard public comments on proposed Rule 502 changes.

A 2003 memo by former Deputy Attorney General Larry D. Thompson, which told prosecutors considering whether to charge a corporation criminally to take its cooperation into account, turned the waiver controversy into a subject of national debate. Waiver of attorney-client or work-product privileges was considered a sign of cooperation. Companies failing to cooperate could be indicted along with suspect executives.

The Justice Department was tampering with a privilege that has existed in common law for more than 400 years of balancing the courts' search for truth with a need to protect defendants' right to counsel, according to Steven K. Hazen, an advisor to the American Bar Association task force on Rule 502 and the State Bar of California Business Law Section. "Confidentiality is like toothpaste, once it is out of the tube it is out for good," he said.

A survey earlier this year by the Association of Corporate Counsel, representing 19,000 public companies, found that nearly 75 percent of inside and outside counsel said government agencies expect a company under investigation to waive legal privileges. In addition, it found that in the last five years, 51 percent of outside counsel and 30 percent of in-house counsel reported the government expected waivers in order to be eligible for leniency.

"It is chilling the relationship with employees and impacts whether people report misconduct," said Susan Hackett, a spokeswoman for the association.

The McNulty memo didn't resolve the conflict. "We're thrilled the Department of Justice has taken this step forward after two years of begging. But this proposal is no solution. It not only doesn't go far enough, it still misses the point. They still think DOJ gets to decide whether corporate counsel they are prosecuting have a right to counsel or not," Hackett said.

"One bone dangled before counsel is a confidentiality agreement [partial waiver]," she said. "We don't support the rule change. There is still a fundamental constitutional problem of right to counsel. Only a court can decide that right."

The McNulty memo converts the Thompson memo's upfront requests for waiver to a "don't ask, don't tell policy," complained Judson W. Starr, head of environmental defense for Venable in Washington. "The government raises the prospect of getting information but doesn't ask for it. You still have every bit as much pressure to waive," said Starr.

"In environmental cases it is on the table in every case," he said. "If you refuse to waive, it becomes part of the conspiracy."

McNulty disputed the notion that his changes would turn government waiver requests into an unspoken wink and nod. "Practically speaking, if someone engaged in some subtle process of seeking waiver without following the procedure, it would come out quickly," he said.

"If a corporation came back and said 'there was a method or tone we picked up, that gave the impression it would be bad if we didn't volunteer to waive,' I would want to know a lot more about the facts of that," McNulty said.

Jim Parkman, who successfully defended HealthSouth Corp. CEO Richard M. Scrushy, said, "I am not for giving any waivers of any kind." In the HealthSouth prosecution, said Parkman of The Cochran Firm's Birmingham, Ala., office, "we knew

they signed an agreement and provided the government everything. We tried to obtain the agreement. The court ordered we get it, but we never did."

ABA task force advisor Hazen added that there's a danger of "commoditizing" waivers by making them bargaining chips to be traded for something of value.

But most troubling, the McNulty memo "leaves the impression something significant has been done when it hasn't," Hazen said. "Comparing the McNulty memo line by line with the Thompson memo, there is almost no change. It is very subtle." Hazen also said the Justice Department "institutionalize[s] artificially the entire attorney work-product protection area as trivial."

Nacchio's Legal Tab Picked Up (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, January 26, 2007

Bylaws require Qwest to pay for ex-CEO's defense

Joe Nacchio is getting the best defense Qwest can buy.

The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading.

Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19.

His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees.

Qwest's bylaws require it to "advance legal fees to current and former officers who may be involved" in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs.

"If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual," Toevs said.

But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts.

Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing.

The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002.

Qwest shareholder and retiree Jaclyn Prokesh called the arrangement "outrageous."

"It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses," said retiree Nelson

Phelps, executive director of the Association of US West Retirees. "It's a further hit against a company (through) legal costs for a person that many retirees look at as almost sinking the company."

"Expensive litigations"

Qwest, which acquired Baby Bell US West in 2000, hasn't disclosed how much it has spent or expects to spend on Nacchio's defense. Some of the fees may be covered by so-called Directors and Officers liability insurance, which many public corporations including Qwest carry to help defend and settle lawsuits against key officials.

But the insurance typically doesn't cover criminal charges, said John Toothman, founder of The Devil's Advocate, a legal-fees consulting firm in Great Falls, Va.

The Justice Department's case alleges Nacchio sold $101 million in Qwest stock in early 2001 while he knew the company's finances were faltering.

Separately, the SEC has sued Nacchio and several other former Qwest executives, alleging that they fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Nacchio has also been named in several shareholder lawsuits.

He is represented by two law firms: Roseland, N.J.-based Stern & Kilcullen and Denver's Richilano & Gilligan.

Herbert Stern is Nacchio's lead attorney, and John Richilano is the top local attorney. Six other attorneys from those two firms have entered appearances in the criminal case.

Costs add up

Toothman said the lead attorneys in the case could likely charge more than $500 an hour and their associates around $200 an hour. The legal bill would also include fees for pollsters, expert witnesses, travel expenses and other costs.

One expert already has appeared in court filings on Nacchio's behalf. Noted jury specialist Edward Bronson of California State University reviewed hundreds of newspaper articles and prepared a 62-page report supporting Nacchio's effort to move the trial to New Jersey, which was rejected. Bronson has said that he is paid $125 an hour for his work.

"These are expensive litigations," said John Marquess, president of Legal Cost Control, a legal-fees consulting firm in New Jersey. "These things could go as high as $60 million to $75 million to defend."

Since Qwest is paying fees in advance, Marquess said Nacchio has no reason to control costs. Skilling shelled out $23 million from his own pocket for his attorney fees, his insurance covered $17 million and $25 million went unpaid, according to published reports. Enron had filed bankruptcy by the time Skilling faced criminal charges.

"When it's your own money, you may care a bit," Marquess said. "When it's not your own money, what's he care?"

Legal experts said large corporations such as Qwest need to offer officers and directors financial protection from lawsuits in order to hire them.

"It'd be hard to attract the kind of individuals that you need to run a public corporation without that type of indemnification," said John O'Dorisio, a Denver corporate attorney.

Recommended steps

Harvey Pitt, former chairman of the SEC, said companies should have their boards conduct an investigation into charges before advancing legal fees. He also said they should have adequate protections in place to ensure that they'll be able to recover the fees.

"Unless there are satisfactory responses to these questions, I don't believe boards are justified in advancing expenses, even though they may legally be able to do so or even obligated to do so," said Pitt, who now heads business consulting firm Kalorama Partners.

Experts said companies rarely recover legal fees from former executives even if they are convicted, and shareholders ultimately foot the bill.

"There's a lot of hurdles to get that money back," Marquess said.

The company would have to stand in line behind court fines, debt holders such as mortgage companies and shareholders that file civil suits.

Experts said Qwest would have the ability to recover attorney fees from former Qwest chief financial officer Robin Szeliga, who pleaded guilty to one count of illegal insider trading.

But during her sentencing last year, Szeliga said she has faced "financial devastation." She was fined $250,000 as part of her sentence.

Szeliga is the only other former top Qwest officer to have been charged criminally. Former president Afshin Mohebbi and former CFO Robert Woodruff, who preceded Szeliga, are also named in the SEC suit.

Toevs said he couldn't comment about individual cases.

Staff writer Greg Griffin contributed to this report.

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GM Delays Earnings Announcement; Will Restate Some Financial Statements (DEN)

By Sharon Terlep And Christine Tierney, The Detroit News

Detroit News, January 26, 2007

General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter.

GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments.

"As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006," the U.S. automaker said in a statement. "GM does not expect any material impact on cash flow."

While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern.

While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department.

Last year, GM reported a $10.6 billion loss for 2005 -- after restating the result it issued previously.

That shortfall was dwarfed Thursday by Ford Motor Co.'s announcement that it lost $12.7 billion in 2006 -- the biggest annual loss in its history.

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Of Detroit's automakers, struggling against intense competition from Asian rivals in their home market, GM is furthest along in its recovery program, and investors are watching its progress closely. GM said it expected to report "improved performance in its automotive business, including record fourth quarter revenue in 2006."

Analysts have been expecting strong results from GM for 2006, a year in which the automaker pared back its workforce, cut production costs and scaled back less profitable businesses, such as sales to rental car companies. "I think they will not disappoint," analyst Brad Rubin of BNP Paribas said prior to GM's announcement that it would delay and restate results.

"The company expects to be profitable on a reported consolidated basis in the 2006 fourth quarter, and net income is expected to improve significantly over the fourth quarter of 2005," GM said in its statement.

It said it had improved its liquidity position, ending the year with around $26.4 billion in cash and equivalents, an increase of about $5.9 billion over year-earlier levels.

In its statement, GM also said GMAC, its former finance arm, was not able to supply information on time that GM needed for its fourth-quarter report. GM sold 51 percent of GMAC on Nov. 30 as part of an effort to raise cash.

The automaker confirmed Thursday that it was considering the sale of its Allison Transmission division in Indianapolis.

GM did not say when it would report its fourth-quarter and annual results but will provide information on the progress of its financial reporting in early February. It said it expected to file its annual report on Form 10-K with the SEC by March 1, the due date.

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OUTSIDE INFLUENCE How Borrowed Shares Swing Company Votes (WSJ)

By Kara Scannell

The Wall Street Journal, January 26, 2007

Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes.

In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late.

Fueling the practice -- dubbed "empty voting" in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences.

Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners.

This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined.

The practice "is almost certainly going to force further regulatory response to ensure that investors' interests are protected," Securities and Exchange Commission Chairman Christopher Cox said in an interview. "This is already a serious issue and it is showing all signs of growing."

The SEC has no firm plans yet. Britain's securities regulator, the Financial Services Authority, has begun a study into whether to force greater disclosure of large investors' stakes in companies, regardless of whether they own stocks or are just borrowing them. One of the largest pension-fund managers there, Hermes, has called for regulators to outlaw voting altogether by borrowers of shares. In Hong Kong, the Securities and Futures Commission said it is studying "issues relating to borrowed shares and voting."

The concern arises just as more companies are moving toward requiring a majority of all shares to elect directors, instead of simply a plurality of those casting votes. A recent U.S. federal appeals court decision opened the door to giving shareholders a greater say in the election and nomination of directors, and the SEC recently approved a rule to make it easier for investors to put up their own slates of directors. But the vulnerability of the voting system could set back such efforts.

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"It seems in trying to perfect corporate governance, we were polishing an apple that had a lot of worms inside, and we didn't know it," says Carol Hayes, corporate secretary of Coca-Cola Co., and a member of the Society of Corporate Secretaries and Governance Professionals.

The opportunity for "empty voting" arises when brokerage firms or institutional fund managers lend the shares they manage to hedge funds or other firms, for a fee that can rise with how difficult the shares are to get. The value of securities borrowed on any given day has reached $1.6 trillion after several years of double-digit growth, according to Astec Marketing Research Group Inc., a New York capital-markets research firm.

When it comes times for a shareholder vote, it's the borrowers that hold the voting rights. Under Delaware law, where most large companies are incorporated, voting rights belong to whoever holds the stock on a date the company chooses in advance of its stockholder meeting. It's as if in the U.S. electoral system, someone could borrow your voting rights and use them to vote in your place without your knowing it. Individual share owners often are unaware that contracts with brokerages normally allow the brokerages to make money by lending out stock if it's held in margin accounts, just as banks profit from lending their cash deposits.

The owners must ask for their stock to be recalled if they want to vote -- which means they would have to know the stock was lent and that the vote was coming. If their stocks are lent, the borrowers of the shares, not the owners, are supposed to receive invitations to vote. Stocks in cash accounts aren't affected.

READ THE STUDY

See the study by law professors Hu and Black1, which cites 22 instances in which either borrowed stock or hedging strategies, or both, were used.

No one knows how widespread "empty voting" is. Law professors Henry Hu and Bernard Black at the University of Texas at Austin have studied 22 instances world-wide from 2001 through 2006 in which either borrowed stock or hedging strategies, or both, were used. (See Messrs. Hu and Black's study2.) Consider one example:

Henderson Land Development Co., Hong Kong's third-largest property developer, owned 73% of a subsidiary called Henderson Investment. It offered a rich premium in November 2005 to buy the rest. It had failed in a similar effort three years earlier, but this time it came back with a better offer. Under Hong Kong law, the deal would go through unless 10% of all the shares opposed it. Since the parent owned such a large stake and large institutions backed the deal, passage was considered a foregone conclusion.

Yet the acquisition was voted down early last year by a slim margin. Several market participants were quoted in news reports saying there was a surge in borrowed shares by at least one hedge fund ahead of the vote, compared with little if any lending in Henderson shares over the previous seven months.

By borrowing the shares and simultaneously shorting the underlying stock, the hedge funds gained the voting rights to squash the deal and stood to profit when the stock dropped 18% the next day. After the Henderson vote, the Hong Kong regulator said it was examining voting practices.

"It appears that one or more hedge funds borrowed Henderson Investment shares before the record date, voted against the buyout, and then sold those shares short, thus profiting from its private knowledge that the buyout would be defeated," the Texas professors wrote in the May 2006 Southern California Law Review. A Henderson spokeswoman declined to comment.

Altogether the professors analyzed 12 instances in which it appeared that hedge funds or other large shareholders voted to try to swing public-company contests in their favor without much ownership stake. In 10 others, they said investors just hid their stake in the company until a vote.

The shareholder vote is rooted firmly in corporate law, which is based on the notion that shareholders vote in the best interests of the company in which they own stock. The effects of short-selling and other sophisticated instruments that can separate a vote from economic interest were never considered. "You have this whole superstructure built on this notion that there is this coupling of economic interest and voting power," says Mr. Hu. "With these financial innovations, you're screwing around with the foundation."

Hedge funds say their actions are legitimate, lawful and many times in the best interest of their investors. Often they borrow stock or use a hedging strategy to minimize the risk of their stake without any intention to affect the votes of the companies. They also say that if institutions can make money by lending shares, there shouldn't be a judgment against those who borrow.

"You should be able to vote your shares irrationally if you want," says Mark Weingarten, a partner in New York with law firm Schulte Roth & Zable who advises hedge funds. He adds, "The rules and state law simply haven't caught up with the marketplace for sophisticated trading techniques. They never contemplated the slicing and dicing of ownership and voting power that's done in the marketplace."

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It's routine for hedge funds and other investors to borrow shares to vote them. Many individual investors hold their shares in margin accounts with their brokers. Brokers lend those shares out, often when they are requested by short-sellers, who borrow shares in the expectation the price will fall, sell them and hope to profit by buying them back at a lower price.

The California Public Employees' Retirement System reported in October that it made $129.4 million in net income from lending securities for the year ending March 31, 2006. Critics say investors like Calpers shouldn't lend their shares if borrowers will use them in ways to undermine corporate governance. Proponents of securities lending say Calpers and other institutional investors have a fiduciary duty to make the most money for their constituents.

Not everyone agrees where the fiduciary duty lies. Lord, Abbett & Co., a mutual-fund company, has scaled back its stock lending program recently, saying it sometimes didn't get securities back in time to vote and decided that the money it was earning from lending out stocks wasn't worth it. "It was impeding our corporate governance efforts in a troubling number of circumstances," says Robert Morris, chief investment officer at Lord Abbett.

Calpers says it prohibits lending its 30 largest equity investments to make sure they will be available for voting, and on a second list monitors 300 of its largest so that if Calpers wants to vote the shares, it can try to get them back. A Calpers spokesman called those measures "a sufficient safeguard for our interests, for the time being."

Brokerage firms keep records of which shares are lent out when, and which holders of stocks are supposed to have the votes. But shares can be lent and re-lent and the records don't always keep up. Sometimes proxies are sent to both owners and borrowers, leading to "overvoting."

The New York Stock Exchange, which says tracking of votes has become inadequate, found overvotes in almost all the shareholder votes it tested at Deutsche Bank in 2002 and 2003: 23 of 27 instances. "There shouldn't be overvoting," John Thain, chief executive of NYSE Group Inc., said in a speech last year. "The question is, 'How do we prevent that from happening?' "

Last February, Deutsche Bank agreed to pay $1 million, without admitting or denying wrongdoing, to settle NYSE allegations that the brokerage firm didn't have proper systems in place. In June, UBS Securities, Goldman Sachs Group Inc. and Credit Suisse Securities agreed to pay a total of $1.35 million, without admitting or denying wrongdoing, to settle similar NYSE charges.

James Morphy, the head of mergers and acquisitions at New York-based law firm Sullivan & Cromwell, says because the votes haven't yet affected many outcomes in general corporate elections, companies haven't spent the time or money to dig deeply into who actually owns and votes their stocks. "To the extent there are a lot more voting contests, these issues are going to come to the fore," he said. As shareholders are getting more power in the wake of management scandals, votes are narrowing, which forces companies to pay more attention to who their shareholders are -- as have the growth and increased combativeness of hedge funds.

One way "empty voting" occurs is by borrowing stock ahead of the date that companies use to determine which stockholders can vote at a particular meeting. Record dates are usually set 30 days before a vote, designed to give companies adequate time to print and mail information to its shareholders of record.

In 2002, activist British hedge fund Laxey Partners, which owned a 1% stake in British Land, a major British property owner, sought to break up the company and oust its chairman John Ritblat. With a key proxy vote approaching, Laxey boosted its voting stake in British Land to 9% by borrowing more than 40 million shares days before the record date. By being shareholders of record on the record date, Laxey was entitled to vote at the next meeting.

In the end, Laxey's proposals were defeated. But Mr. Ritblat criticized Laxey for borrowing the shares, saying it wasn't good corporate governance. The three institutions that lent out shares -- Hermes, Barclays Global Investors and Scottish Widows, a life insurance and investment arm of Lloyds TSB -- apologized to British Land. Hermes says it didn't lend shares to Laxey but apologized to British Land for not recalling its shares and voting its full strength in support of management.

Since then, several large pension funds have taken notice and established internal systems to allow them to recall shares ahead of a vote and better monitor which shares are lent.

Because corporate voting is mostly governed by state law, the SEC's main tool in voting issues is requiring more disclosure. "Empty voting" usually doesn't trigger current disclosure rules because they don't cover borrowed stock or derivative holdings unless an investor owns more than 5%. Many hedge funds own just shy of 5%, Mr. Hu says -- and then use empty-voting strategies to enlarge or hide their stake.

Paul Atkins, a Republican SEC commissioner, expressed concern in a speech this week that empty-voting and other techniques should be considered as the SEC looks to tackle other shareholder proposals. That could delay the SEC from moving forward in resolving whether shareholders are permitted to nominate their own directors on corporate ballots.

One potential solution is to give institutional investors better notice of important proxy votes so they can know to recall shares -- and the attached voting rights -- that they've lent. Some investors already write recall options into their lending contracts, but brokerage firms have advised it could make borrowing those shares less attractive.

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Professors Hu and Black recommend regulators require disclosure of an investor's complete stake, however it is held. Disclosure now "is so patchwork, you almost never see it," says Mr. Hu. "We need to get a better grip on just how extensive these practices are."

Regulators, however, don't want to disrupt the stock-lending market, and also have to be careful that any fix doesn't have the reverse effect that they intend. For instance, weighing votes by how long the stock has been held could curtail empty voting but disenfranchise individual investors, too.

Federal Agents Raise Ante On Overseas Corruption (PORTBIZ)

By Cathy Cheney

Portland (OR) Business Journal, January 19, 2007

Miller Nash attorney Chris Helmer: Using an overseas agent won't protect U.S. firms from bribery charges.

A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets.

About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts.

Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department.

The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits.

Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department.

The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said.

"A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country," Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. "You don't insulate yourself by using an agent or distributor."

In the Schnitzer case, the company agreed to adopt internal compliance measures that must be monitored by an independent consultant to ensure the company adheres to them.

Such measures already are in place -- voluntarily -- at Intel Corp.'s Oregon operations, where employees receive extensive, mandatory training about the FCPA, said James Jarrett, legal and government affairs director, who is based at Intel headquarters in Santa Clara, Calif. No third party monitors Intel's training efforts.

"Intel has scores of people working with government representatives worldwide, so it is very important that we interact with these officials in a way that will be positive for both sides," Jarrett said. "One base requirement is that we adhere to the Foreign Corrupt Practices Act and equivalent local legislation. Because we are governed by the requirements of the FCPA and similar local laws, we make sure that all of our people, particularly within government affairs, public affairs, and the sales and marketing groups, are well aware of the details of the FCPA and other government laws and regulations."

Intel employees are expected to screen local agents and consultants on an ongoing basis for FCPA compliance, and immediately report to their manager and Intel's legal counsel if they become aware of an FCPA violation. Employees who fail to comply with state, federal and international regulations can be fired and may be held personally liable as well, said Bill MacKenzie, Intel's communications manager.

Low Funding 'threatens' US Futures Regulator (FT)

By Jeremy Grant In Houston

Financial Times, January 26, 2007

The US futures industry regulator, the Commodity Futures Trading Commission, is at "critical levels" in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday.

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The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets.

There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange.

Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange.

Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol.

On Wednesday, the American Public Gas Association, whose members are 950 public gas systems across the US, was joined by the Iowa public gas system in calling on Congress to enact legislation that would empower the CFTC to collect information concerning trading positions held by the largest traders in the OTC natural gas derivatives markets – as is done with formal exchanges.

"It simply makes no sense to have oversight of one portion of the market and no oversight over another, particularly given that the OTC markets are one of the fastest growing segments of the natural gas marketplace," the groups said in a letter to Tom Harkin, chairman of the senate agriculture committee, which is responsible for overseeing the CFTC.

However, Mr Lukken is expected to tell a conference on energy trading speculation in Houston that the CFTC's continued ability to apply its relatively flexible, "principles-based" regulation of markets under the existing scope of its mandate could be jeopardised if the agency is not given added resources.

"Despite record exchange trading volumes, employee levels at the CFTC are the lowest in the agency's 30-year history," he will say Thursday in a speech obtained by the Financial Times. "Unless the proper funds are dedicated to our mission, this regulatory tool cannot be properly utilised and could end up sitting idle, gathering dust while these markets and investors are jeopardised due to the lack of regulatory oversight."

The conference, hosted by the University of Houston's "Global Energy Management Institute", will focus on speculation in the energy markets, including the OTC markets.

Craig Pirrong, the institute's energy management director, said: "Government reports and private analysts have blamed speculation for recent [energy price] volatility, and they are advocating tighter regulations [of OTC markets]. Economists, on the other hand, believe that speculation facilitates the transfer of risk from those who are very averse to it to those who are less averse."

Judge Rules Against Former H-P Executive (WSJ)

By Christopher Lawton

The Wall Street Journal, January 26, 2007

A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday.

Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002.

H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim.

Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package.

Mr. Kamb's counterclaim is a response to an amended lawsuit filed by H-P against him and others last August. In H-P's suit, the company alleged Mr. Kamb and a team secretly organized and began a competing business venture against H-P using company resources, contacts and trade secrets.

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In a statement earlier, H-P spokesman Ryan Donovan said, "This counterclaim is wholly without merit." Mr. Kamb's attorneys didn't immediately return calls for comment.

Dell spokesman Bob Pearson said in a statement, "There is no place for industrial espionage, and if we discover that we have been the victim of that we will consider all appropriate actions in response."

CNBC Defends Anchor Bartiromo (WSJ)

By Brooks Barnes And Monica Langley

The Wall Street Journal, January 26, 2007

CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive.

Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation.

"Maria Bartiromo ... works tirelessly around the world in the service of business journalism," CNBC said in a prepared statement. "In 2006 alone, she made 46 public appearances on behalf of CNBC. Her travel has been company-related and approved, and involved legitimate business assignments. Her record and reporting speak for themselves." CNBC, a business-news channel, is owned by General Electric Co.'s NBC Universal.

FROM THE ARCHIVES

In Ouster at Citigroup, a Battle Over Expenses1

1/24/07

CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the "source development" section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup.

For over a decade, Ms. Bartiromo has been a primary anchor and public face of CNBC. In the late 1990s, when the Internet was helping Wall Street become more accessible to millions, Ms. Bartiromo helped to usher in a new era of TV business journalism, bringing glitz and celebrity to what had been a staid genre.

Business-news organizations including CNBC have strict regulations regarding accepting gifts or payment from outside companies, or in any way compromising their ability to provide news coverage of those companies. Consequently, the disclosure of Ms. Bartiromo's ties to Mr. Thomson has drawn media scrutiny. The Wall Street Journal carried a front-page story2 Wednesday detailing the role of Mr. Thomson's relationship with Ms. Bartiromo in his ouster by Citigroup.

Dow Jones & Co., publisher of The Wall Street Journal, provides news content to CNBC. Ms. Bartiromo hosts the syndicated program "Wall Street Journal Report with Maria Bartiromo" but is a CNBC employee. A Dow Jones spokesman declined to comment.

Ms. Bartiromo has reported substantial pieces on Citigroup 11 times since 2004, according to a review of CNBC transcripts, including four interviews with Mr. Thomson.

Citigroup records show that Ms. Bartiromo flew on its corporate jets a few times, but Mr. Thomson tried but failed to get her on the jet on at least one occasion. More than a year ago, Mr. Thomson was entertaining some private-banking clients on a ski vacation at his home in the members-only Yellowstone Club resort near Bozeman, Mont. While there, he requested a Citigroup plane to fly Ms. Bartiromo to his house, according to a person familiar with the situation. The Citigroup official who was asked to approve the requisition rejected it. Ms. Bartiromo ultimately didn't make the trip, the person said. Ms. Bartiromo and Mr. Thomson declined to comment, according to the spokesman for both, Charles McLean.

Mr. Thomson has told colleagues that bringing Ms. Bartiromo to events was a great "business-building tool" with important clients.

News organizations often give approval for their reporters to take corporate jets if the flights represent a journalistic opportunity like access to a certain executive; the rule is to reimburse the company for what a commercial, often first-class, ticket to or from that destination would cost.

Inside CNBC and NBC Universal, according to executives and reporters for the channel, there is a feeling that the channel and Ms. Bartiromo have been caught in unfair crossfire from Citigroup. These people say Citigroup was concerned that Mr. Thomson might be leaking Ms. Bartiromo information -- particularly after the anchor broke the news that former chairman Sanford Weill planned to leave the company -- and therefore didn't distance her from the Thomson imbroglio. A Citigroup spokeswoman declined to comment.

NBC Universal executives say they gave approval last spring for Ms. Bartiromo to tape a portion of a Sundance Channel series examining the intersection of the environment and business. But the format of the series soon changed and by last July Ms. Bartiromo was no longer a formal host, although plans still called for her to appear. NBC Universal owns a minor stake in Sundance Channel.

This isn't the first time Ms. Bartiromo has garnered attention over journalistic issues. Last spring, Ms. Bartiromo ran into Federal Reserve Chairman Ben Bernanke at a cocktail party before the annual White House correspondents' dinner and asked him if his public statements were being misinterpreted by investors. He said yes. Ms. Bartiromo reported the scoop on her Monday program, roiling financial markets. She drew criticism because the annual dinner is widely known to be an off-the-record event. Ms. Bartiromo said Mr. Bernanke was speaking for attribution at the time.

In 2003, Ms. Bartiromo prompted CNBC to institute a new stock-ownership policy for its staff after she disclosed during an on-air interview with then-Citigroup Chairman Sanford Weill that she owned 1,000 shares of the company's stock. Most major news outlets prohibit newsroom staff from owning stocks of companies they cover. Ownership by family members is also strictly regulated. Under CNBC's new rules, staffers are prohibited from owning individual stocks and bonds, including stock in parent General Electric, unless such stock is part of a company plan such as a 401(k) or owned through a mutual fund or blind trust.

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Anchor's Ties To Citigroup Attract Scrutiny (NYT)

By Geraldine Fabrikant

The New York Times, January 26, 2007

Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again.

Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane.

Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights.

Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host.

Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her "one of the most prolific and well-respected financial journalists in the industry."

Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers.

CNBC executives dismissed any suggestion of an ethics breach in any of Ms. Bartiromo's activities involving Citigroup. Neither Mr. Thomson nor Ms. Bartiromo would comment for this article.

The episode comes at an awkward time for CNBC. Having endured a long ratings and advertising slump after the last bull market, the network has been on a run, becoming a growing profit center for NBC Universal. At the moment, the channel has no competitors in the field of 24-hour business news coverage on television, but the News Corporation, controlled by Rupert Murdoch, has been promising for almost three years to start a business channel.

As CNBC's most visible asset, Ms. Bartiromo, who is married to Jonathan Steinberg, son of the financier Saul Steinberg, has become something of a celebrity. She has written two financial books and has a regular column in BusinessWeek magazine. And she is often seen at corporate or political events: she is spending this week leading the network's coverage from the World Economic Forum in Davos, Switzerland.

Some of the events put her in close proximity to Citigroup executives. According to one of last year's guests at Davos, Ms. Bartiromo made the trip back to the United States on the Citigroup private jet on that occasion as well. She appeared at a Citigroup-sponsored awards event in London in 2005, as co-host of the event with another CNBC anchor, Simon Hobbs. Mr. Thomson represented Citigroup at the event.

One executive representing CNBC said that Ms. Bartiromo had made "no more than two" trips on the Citigroup jet. CNBC executives would not agree to be quoted by name because they said they did want to be seen as adding anything to what they considered an illegitimate inquiry.

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CNBC also denied that Ms. Bartiromo had involvement with Citigroup more so than other businesses. In its statement, CNBC said, "In 2006 alone, she made 46 public appearances on behalf of CNBC."

The CNBC representative said that as the on-air figure most closely associated with the channel, Ms. Bartiromo routinely made promotional appearances at corporate events. Many of the corporations advertise on CNBC. Citigroup is among the biggest advertisers, a CNBC spokesman said.

Of the 46 appearances Ms. Bartiromo made in 2006, the CNBC representative said, only three were on behalf of Citigroup. The list of other companies with events at which she appeared last year included Google, Schwab and Dow Jones.

In no case was Ms. Bartiromo paid for speaking at the events, the CNBC representative said. The channel defended Ms. Bartiromo's travel arrangements. The statement said, "Her travel has been company-related and approved, and involved legitimate business assignments." The CNBC representative added that the awards event in London was a routine appearance for Ms. Bartiromo.

CNBC also dismissed any connection between Citigroup's sponsorship in the Sundance Channel program and Ms. Bartiromo's participation.

The CNBC representative noted that CNBC's parent company, NBC Universal, owns more than 50 percent of the Sundance Channel; so Ms. Bartiromo, an NBC employee, was a logical choice as host of a Sundance program. Her selection for the program came long before Citigroup's decision to invest, the representative said. She has since ended her participation in the program.

There are other connections between Ms. Bartiromo and Mr. Thomson. In 2004, she was named to an advisory board for the Wharton School of the University of Pennsylvania. A Wharton news release then reported that Mr. Thomson — who, along with his wife, had made a gift of $500,000 to the Wharton Center to Support Leadership and Change Management — had led the formation of the advisory board, which included Ms. Bartiromo.

In June 2005, she and Mr. Thomson were co-hosts of a leadership conference at Wharton. A Wharton spokeswoman did not return phone calls yesterday seeking comment.

Ms. Bartiromo has drawn criticism before. In 2003, she disclosed during an interview with Citigroup's chief executive, Sanford I. Weill, that she owned 1,000 shares of stock in his company. Many journalistic enterprises consider it an ethics breach for reporters to own shares in businesses they cover, and CNBC tightened its guidelines soon after the interview. In 2006, she reported off-the-record comments by the Federal Reserve chairman, Ben S. Bernanke.

But CNBC remained supportive. "Her record and reporting speak for themselves," its statement said.

CRIMINAL LAW:

Justice Dept. Announces More Manpower, Equipment For New Orleans (AP)

By Mary Foster, The Associated Press

AP, January 26, 2007

NEW ORLEANS (AP) — New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005.

"The goal is to help take the pressure off local officials and to turn up the heat on these violent felons," U.S. Attorney Jim Letten said at a news conference.

Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock.

"These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions," the Justice Department said in a news release.

U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month.

"This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region," Landrieu said.

"Additional federal resources and technical assistance is only one solution," she added. "More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight."

Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics

Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina.

"By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site," the Justice Department announcement said.

The equipment will allow New Orleans to link with over 200 sites throughout the country to compare ballistics information

ATF also will assign more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team (VCIT). The FBI will add nine agents to its Violent Gang Safe Streets Task Force in New Orleans. Meanwhile, the Justice Department said, and the DEA temporarily has been provided authority to investigate and enforce all federal criminal law, in addition to federal drug laws. "This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans," the Justice Department release said.

U.S. Sen. David Vitter, R-La., also praised Gonzales' decision to address the city's law enforcement needs.

"My focus has been to place more federal agents in New Orleans and to get them to immediately coordinate with local law enforcement on the ground," said Vitter. "To end the reign of fear, we must protect our citizens and enable them to assist law enforcement."

Katrina virtually emptied the city of its residents when it hit in August 2005. The city has been slow to repopulate since then, and crime has returned along with the people. With a population estimated at 200,000, less than half the pre-Katrina population of 454,000, the city had 161 killings last year. That's a per capita murder rate of 81 murders per 100,000 people.

The rate was 56 per 100,000 in 2004, when the city had 264 murders.

The police force is down from its pre-Katrina level of 1,700 officers to about 1,400. But that number includes about 100 officers on leave for injuries or illness.

And Police Superintendent Warren Riley said during Thursday's news conference that the force is losing officers at a rate of about 17 per month. Better pay in other jurisdictions is luring many away, he said.

"The bottom line is other states are paying more money, giving them a signing bonus and housing opportunities," Riley said.

Law Enforcement Turns Up Heat In N.O. (BRADV)

By Joe Gyan Jr., Advocate New Orleans Bureau

Baton Rouge Advocate, January 26, 2007

NEW ORLEANS — U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the “thugs and predators’’ off the city’s streets and into federal prison.

“We’re not screwing around. We’re going to bring all federal resources to bear,’’ James Bernazzani, special agent in charge of the FBI’s New Orleans office, said during a news conference at the U.S. Attorney’s Office.

Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime.

Bernazzani and William Renton, special agent in charge of the DEA’s New Orleans office, both said their agencies will be targeting the “worst of the worst.’’

Terry Ebbert, New Orleans Mayor Ray Nagin’s homeland security chief, said residents should notice a difference by June 1 at the latest.

“We’re bigger, better and faster than the scum that’s out there in the street,’’ he said.

U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year.

“The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,’’ Gonzales said.

ATF is assigning more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team, and the FBI is adding nine agents to its Violent Gang Safe Streets Task Force in the city, Letten said.

“The goal is to help take the pressure off the local criminal justice system and turn up the heat on these violent felons,’’ he said.

Meanwhile, the Justice Department has given DEA temporary authority to investigate and enforce all federal criminal law, not just federal drug laws.

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“This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans,’’ a Justice Department news release said.

U.S. Sen. Mary Landrieu, D-La., and U.S. Rep. David Vitter, R-La., applauded the extra federal law enforcement manpower dispatched to New Orleans.

“This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,’’ said Landrieu, who called for more federal agents in a 10-point anti-crime plan she unveiled earlier this month.

“I believe we can make strides and clamp down on the crime problems plaguing New Orleans,’’ Vitter added. “The increase in the number of agents to the Violent Gang Safe Streets Task Force is just one example of how this continued commitment from the Department of Justice will help.’’

Some of the technical assistance that Landrieu referred to includes new ballistics equipment that the ATF has obtained to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site but was destroyed by Katrina.

David Harper, special agent in charge of the ATF’s New Orleans office, said the equipment will allow New Orleans to link with more than 200 sites across the country to compare ballistics information.

Feds Add Firepower To Battle Crime (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, January 26, 2007

More agents, equipment to help New Orleans police

Federal law enforcement agencies on Thursday vowed to team up with New Orleans police to solve homicides, quell drug trafficking, and walk the beat in an effort to win the confidence of families who call the city's most dangerous neighborhoods home.

The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force.

Agents from the Federal Bureau of Investigation will patrol the streets with New Orleans police officers. The Bureau of Alcohol, Tobacco, Firearms and Explosives will add six special agents to its team of six permanently assigned to New Orleans, and provide NOPD with ballistics identification equipment to replace what the force lost to Hurricane Katrina.

"The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system," U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency.

"This is a reflection of support for NOPD," Letten said. "We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear."

In 90 days, the collective federal effort will review its progress.

Thursday's announcement, which came from U.S. Attorney General Alberto Gonzales and was delivered by Letten, includes nine additional FBI agents who will join the 13 already assigned to the Violent Gang Safe Streets Task Force.

The Drug Enforcement Administration has been given added authority to investigate and enforce all criminal law, in addition to federal drug laws, with plans to hit the streets of Central City in undercover sweeps.

The U.S. Marshal's office will add three deputies and one investigator to its team.

Police are leaving force

The infusion of federal resources comes at a time when New Orleans still has the National Guard and State Police troopers embedded with local police, and after a recent shakeup among the brass of NOPD districts.

NOPD's officer roster is in a constant downward spiral, said Riley.

"We are losing about 17 officers a month right now," Riley said. "Our recruits can't live in a $1,200-a-month apartment when they're taking home $700 every other week."

Riley, who spoke briefly at Thursday's news conference, held in the downtown offices of the U.S. attorney, said the NOPD recruiting drive must be successful.

"We're at a point where every avenue is being covered," Riley said. "This city is at a critical point. We obviously have issues with crime and repeat offenders."

In New Orleans, federal agencies said their support of NOPD is nothing new. Since the 2005 hurricane season, the U.S. Department of Justice has delivered some $30 million in grants to New Orleans alone. In total, the department has made available more than $61 million for law enforcement relief.

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"We are going to increase and plus-up that relationship," said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. "We're not screwing around. The people of New Orleans deserve a better quality of life."

U.S. Sens. Mary Landrieu and David Vitter each released statements praising the strengthened federal effort in the fight against violent crime.

Leaders are shuffled

A violent crime wave recently prompted thousands of people to march on City Hall. New Orleans has recorded 14 homicides this year. In 2006, there were 162 murders in a city that had its population nearly halved in the aftermath of Katrina.

The nation's top prosecutor also weighed in, saying his forces are here to assist at a time of crisis.

"The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals," Gonzales said Thursday in a statement. "Ultimately, New Orleans' violent crime problem must be solved by local leadership and the hard work of local law enforcement professionals."

The local leadership recently shifted, NOPD said last week. Assistant Superintendent Steven Nicholas will take over the NOPD Bureau of Investigations, leaving his post as commander of the Operations Bureau. Deputy Chief Anthony Cannatella will assume command of the Operations Bureau, leaving behind the Bureau of Investigations.

NOPD's 2nd District will be led by Capt. Kirk Bouyelas. Edwin Hosli has left that district to take the helm at the 8th District, which includes the French Quarter.

FBI agents have already joined the 2nd District, which includes dicey street corners in Gert Town and Hollygrove, said Bernazzani. Two of the added FBI agents will work with the NOPD's cold case homicide squad. The federal effort will zero in on repeat offenders and those on the front lines of the city's drug trade.

"Much like how we fight al Qaida," Bernazzani said. "We're identifying the worst of the worst. We're helping NOPD get in front of this. Where we can find the federal hook, we will."

Regain the public's trust

FBI agents will hit the streets with NOPD patrols, knocking on doors in order to build relationships with residents, he added, determined to end the days when citizens distrust police to the point where they neither want to cooperate with investigations nor testify at trials.

"It's going to break this yoke of the community not cooperating with law enforcement," Bernazzani said. "They will see cops caring. They're going to say, 'That's a crack house over there.' "

Citizen involvement is crucial to solving crimes, the federal contingent said Thursday.

David Harper of ATF said his agency brought back its 24-hour gun hotline, (504) 581-GUNS, or 581-4867, to allow citizens to report illegal use and possession of firearms. Since October, he said, the hotline has taken 1,500 calls, with 117 of them leading to investigations.

"One woman called to say drug dealers had taken over her house and she had to move," said Harper, who declined to release details of the pending investigation. A federal search warrant followed, with agents seizing guns, narcotics and cash from the New Orleans house, which the dealers had wired with a surveillance system to alert them to any cops riding by.

"The victim is back in her house and the drug dealers are out of the neighborhood," Harper said.

Thursday's announcement was rife with confident, sweeping statements from city leaders.

"We are bigger, stronger and faster than the scum out in the streets today causing this city heartache," said Col. Terry Ebbert, director of Homeland Security for New Orleans. "You can hold us accountable. We will make a difference."

Not a polished crew

Letten said New Orleans' drug trade is far from being an organized crime syndicate. Instead, he said, the city's impoverished pockets are held hostage by independent drug dealers who are all too trigger-happy and deprived of a decent upbringing.

"They come from a failed educational system and poverty, and turn to drugs at an early age and settle things with guns," Letten said. "We need to get these violent offenders in the federal system."

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Louisiana: Federal Officials Pledge Help On Crime (NYT)

By Adam Nossiter

The New York Times, January 26, 2007

Responding to an increase in violent crime in New Orleans, the Department of Justice announced it would assign agents to the Police Department “around the clock” to help identify cases that could be prosecuted by federal officials. In other federal efforts to help beleaguered local law enforcement officials, the department also said it would send more agents from the Federal

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Bureau of Investigation and the Bureau of Alcohol, Tobacco, Firearms and Explosives, expand the authority of Drug Enforcement Administration agents and extend financing for six additional federal prosecutors temporarily posted to the city.

Ex-Cheney Aide Contradicts Libby (NYT)

By Neil A. Lewis

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — A former spokeswoman for Vice President Dick Cheney gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him.

Cathie Martin, Mr. Cheney's former spokeswoman, testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter.

Ms. Martin was the fourth witness for the prosecution in the trial of Mr. Libby, who is charged with lying during an investigation of who leaked the name of the C.I.A. operative, Valerie Wilson. Unlike the previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby. She repeatedly referred to him as Scooter, his nickname.

She testified that both Mr. Cheney and Mr. Libby were intensely interested in Ms. Wilson and her husband, Joseph C. Wilson IV, who had been sent to Africa to investigate reports that Saddam Hussein was trying to buy uranium from Niger for his nuclear weapons program.

Ms. Martin, who no longer works for Mr. Cheney but remains at the White House as a communications assistant to the president, described how Mr. Libby had telephoned a senior Central Intelligence Agency official in her presence sometime in early July and asked about the Wilson trip. She said she was then put on the phone with Bill Harlow, the C.I.A. spokesman, who told her that Mr. Wilson went to Africa on behalf of the agency and that his wife worked there.

She testified that, later that day, in a meeting with Mr. Libby and Mr. Cheney, she related the fact that Mr. Wilson's wife worked at the agency.

Mr. Libby is facing five felony counts that he lied when he told a grand jury and F.B.I. agents that he learned of Ms. Wilson's identity from reporters. Ms. Wilson's identity was first disclosed in a news column by Robert Novak on July 14, 2003, just days after her husband had written a commentary in The New York Times asserting that the Bush administration had distorted intelligence to build the case for invading Iraq.

Ms. Martin's testimony raised difficulties for Mr. Libby's defense in two respects. She bolstered the prosecution's assertion that Mr. Libby was made aware of Ms. Wilson's identity from a number of administration officials. He denied passing her name to two reporters, but those reporters have told a grand jury otherwise.

She also described an incident in which his behavior appeared less than noble. She recounted a senior staff meeting at the White House in which Stephen J. Hadley, the deputy national security adviser, expressed anger after receiving a query from Andrea Mitchell of NBC. Ms. Mitchell had heard that the White House was blaming the C.I.A. for causing the president to inaccurately say in his State of the Union address that the British government had confirmed Iraq's efforts to buy uranium in Africa.

Ms. Martin made it clear earlier on Thursday that it was Mr. Libby who had gone out of his way to take on the task of speaking to Ms. Mitchell about that issue.

But at the July meeting in the White House, she said, Mr. Hadley made a point of turning around and looking directly at her as if to signify he knew she was Ms. Mitchell's source.

Ms. Martin was asked by Patrick J. Fitzgerald, the prosecutor, whether she was, in fact, the source.

"No," she said.

Mr. Fitzgerald asked what Mr. Libby was doing when Mr. Hadley was all but accusing her.

"He was looking down at the floor," she said.

At the end of the meeting, she said, Mr. Hadley took her and other press aides aside and upbraided them further.

Theodore V. Wells Jr., Mr. Libby's chief lawyer, in his cross-examination of Ms. Martin, tried to challenge her memory, as he has done with other witnesses. He noted that she originally told investigators that she spoke to Mr. Harlow sometime after July 7. But she has since acknowledged it must have been earlier because she recognized Mr. Wilson when he appeared on the NBC news program "Meet the Press" on July 7 to make his charges about the administration.

Over all, however, Ms. Martin was a self-assured witness whose testimony appeared to have frayed Mr. Libby's version of events. She is also a loyal Republican who was recruited to work for the vice president by Mary Matalin, a close friend of both Mr. Libby and Mr. Cheney.

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She is married to Kevin Martin, the chairman of the Federal Communications Commission, and now works as the deputy director of communications for policy and planning for President Bush.

Her cross-examination will continue when the trial resumes Monday. She will be followed on the witness stand by Ari Fleischer, the former White House press secretary.

Cheney's Key Role In Leak Case Detailed (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 26, 2007

WASHINGTON — In the first such account from Vice President Dick Cheney's inner circle, a former aide testified Thursday that Cheney personally directed the effort to discredit an administration critic by having calls made to reporters in 2003.

Cheney dictated detailed "talking points" for his chief of staff, I. Lewis "Scooter" Libby, and others on how they could impugn the critic's credibility, said Catherine J. Martin, who was the vice president's top press aide at the time.

Libby is on trial on charges of obstructing an investigation into how the name of a CIA operative, Valerie Plame, became public. The government says her identity emerged in conversations Libby had with several reporters. It is illegal to knowingly divulge the name of a CIA employee.

Plame's name came up in the conversations because she is the wife of former envoy Joseph C. Wilson IV, the critic whom the administration was trying to attack after he publicly raised questions about the intelligence used to justify the invasion of Iraq.

Martin, who is now deputy White House director of communications for policy and planning, testified as a prosecution witness on the third day of Libby's trial. She became the third witness to testify that they had told Libby of Plame's identity well before Libby spoke with the reporters.

That contradicts Libby's statement that he learned of Plame's identity from one of the reporters, Tim Russert of NBC News. Libby is charged with lying to federal agents looking into the leak of Plame's name.

The events unfolded after a New York Times columnist reported in May 2003 that an unnamed diplomat had been sent to Niger the previous year to investigate reports that Saddam Hussein had tried to buy uranium from Africa, and found that the reports were wrong. President Bush's State of the Union speech in January 2003 contained the uranium assertion.

Libby learned that the unnamed diplomat was Wilson, a former ambassador.

Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair.

Martin said she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney.

She described details of a White House media strategy, designed at the highest levels, that sought to rebut charges that Bush had misled the public in his January 2003 speech.

Martin said Cheney's talking points disputed Wilson's allegation that Cheney had authorized the trip to Niger. They also included information from a secret National Intelligence Estimate.

The vice president ordered press aides to start tracking press coverage closely, while Libby was directed to contact reporters. At one point, the vice president gave a note card to Libby with information to give to a Time magazine reporter covering the case, while Cheney and Libby were returning on Air Force Two from the christening of an aircraft carrier.

Martin also described how she discussed with Libby media "options" to rebut Wilson that included a strategic "leak" to a handful of reporters.

But Martin said that neither Cheney nor Libby had suggested that the identity of Plame be divulged as part of the game plan. She said that she had no knowledge of either actually doing so.

"I recall the vice president telling me to keep track of this story, and keep track of the commentators who were continuing to write on this story and talk about us," Martin testified. "We were paying attention to 'Hardball With Chris Matthews' because he had been talking about it a lot."

She described the reaction inside the administration as questions began to be raised, starting in May 2003. The New York Times column said the administration had engaged in a "campaign of wholesale deceit" and suggested that Cheney was directly involved.

Martin said Libby asked her to call the then-chief public affairs officer at the CIA, William Harlow, to find out about the trip by Wilson.

"So I was saying, 'Who sent him? Who is this guy?' " Martin testified. "I remember Bill Harlow saying his name was Joe Wilson, he was a charge in Baghdad, and his wife works over here."

Martin said she promptly went to see Cheney and Libby with the news.

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Wilson published an op-ed column in the New York Times on July 6, 2003, describing his trip. The same day, he aired his concerns on the NBC program "Meet the Press." Almost immediately, Martin said she was huddling again with Cheney about how to respond to a surge in press inquires.

"He dictated to me what he wanted to say," Martin said.

The detailed response covered eight points, including a reference to a sensitive intelligence-community assessment. Martin testified that she was "not sure if I could use that point" because she believed at the time that the report was classified.

Later, she said, she discussed with Cheney and Libby how she had learned from Harlow that two network reporters were writing stories about the case, and how Cheney ordered Libby to call them personally, including one call that Libby made from his private anteroom outside of Cheney's office.

"I was aggravated that Scooter was calling the reporters and that I wasn't," Martin said.

The trial is expected to resume Monday with testimony from former White House Press Secretary Ari Fleischer.

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Leak case timeline

I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, is being tried on five counts related to the leak of CIA operative Valerie Plame's name in 2003. Some important events in the case:

2003:

· Jan. 28: President Bush says in his State of the Union address: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

· May 6: New York Times columnist Nicholas D. Kristof reports that a former ambassador, whom he does not name, had been sent to Niger in 2002 to investigate the uranium report. The column says the former envoy reported to the CIA and State Department well before Bush's speech that the uranium story was unequivocally wrong and was based on forged documents.

· May 29: Libby asks Marc Grossman, an undersecretary of State, for information about the ambassador's travel to Niger. Grossman later tells Libby that Joseph C. Wilson IV is the former ambassador.

· June 11 or 12: Grossman tells Libby that Wilson's wife works at the CIA and that State Department personnel are saying Wilson's wife was involved in planning the trip. A senior CIA officer gives him similar information.

· June 12: Cheney advises Libby that Wilson's wife works at the CIA.

· June 14: Libby meets with a CIA briefer and discusses "Joe Wilson" and his wife, "Valerie Wilson."

· June 23: Libby meets with New York Times reporter Judith Miller. He tells Miller that Wilson's wife might work at a bureau of the CIA.

· July 6: The New York Times publishes an opinion piece by Wilson titled "What I Didn't Find in Africa," and he appears on NBC's "Meet the Press." Wilson said he doubted Iraq had obtained uranium from Niger recently and thought Cheney's office was told of the results of his trip.

· July 7: Libby meets with then-White House Press Secretary Ari Fleischer. Libby notes that Wilson's wife works at the CIA and that the information is not widely known.

· July 8: Libby meets with Miller again and tells her that he believes Wilson's wife works for the CIA.

· July 12: Libby speaks to Time magazine's Matthew Cooper and confirms to him that he has heard that Wilson's wife was involved in sending Wilson on the trip. Libby also speaks to Miller and discusses Wilson's wife and says that she works at the CIA.

· July 14: Syndicated columnist Robert Novak reports that Wilson's wife is a CIA operative on weapons of mass destruction and that two senior administration officials, whom Novak does not name, said she suggested sending her husband to Niger to investigate the uranium story.

· Sept. 26: A criminal investigation is authorized to determine who leaked Plame's identity to reporters. Disclosing the identity of CIA operatives is illegal.

· Oct. 14 and Nov. 26: Libby is interviewed by FBI agents.

· Dec. 30: U.S. Atty. Patrick J. Fitzgerald in Chicago is named to head the leak investigation.

2004:

· January: A grand jury begins investigating possible violations of federal criminal laws.

· March 5 and March 24: Libby testifies before the grand jury.

2005:

· Oct. 28: Libby is indicted on five counts: obstruction of justice and two counts each of false statement and perjury.

2006:

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· Sept. 7: Former Deputy Secretary of State Richard L. Armitage admits he leaked Plame's identity to Novak and to Bob Woodward of the Washington Post. Armitage says he did not realize Plame's job was covert. Woodward taped his June 13, 2003, interview with Armitage.

Ex-spokeswoman Contradicts Libby Account (AP)

By Michael J. Sniffen

AP, January 26, 2007

Vice President Dick Cheney's spokeswoman testified Thursday she told I. Lewis "Scooter" Libby that a prominent war critic's wife was a CIA employee earlier than Libby has said he first learned it from a reporter.

On the third day of Libby's trial, Cathie Martin became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003.

Theodore Wells, defense lawyer for Cheney's former chief of staff, quickly sought to limit any damage from the testimony of Cheney's former assistant for public affairs.

Wells got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003.

The date is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials.

Besides Martin, one State Department and two CIA officials testified earlier to conversations with Libby about Plame before July 10, 2003. The defense tried to show each had imperfect memories

On Thursday morning, a legal argument between Wells and prosecutor Patrick Fitzgerald outside the jury's presence increased the likelihood that Libby will testify. Fitzgerald argued that Wells was trying to get the memory defense into evidence "with no guarantee of Mr. Libby testifying" and being subject to cross-examination about his memory.

But U.S. District Judge Reggie Walton warned, "I will not permit the defense to argue the memory defense at closing if Mr. Libby does not testify."

Martin provided an inside look at how intensely Cheney, Libby and other administration officials worked on responding to the firestorm of criticism that developed months after the war began in March 2003 when Wilson called into question President Bush's justifications.

Wilson claimed that questions from Cheney were the reason he was sent by the CIA to Niger in 2002 to investigate reports Iraq tried to buy uranium for nuclear weapons. But Wilson said he debunked the story long before Bush used it in his State of the Union address in January 2003 to help justify the war. Also, the ex-ambassador said he assumed Cheney was aware of his conclusions.

Fitzgerald got Martin to testify that Cheney personally wrote out statements and talking points for Libby and other aides to give to reporters to deny he was behind Wilson's trip or ever learned Wilson's conclusions.

Martin testified Cheney also wanted to tell reporters that U.S. intelligence agencies concluded in a formal National Intelligence Estimate in October 2002 that Iraq did seek uranium.

Plame actually conceived the idea for the trip in response to interest from Cheney and the State and Defense Departments, a CIA witness has testified.

Fitzgerald says Libby discussed Plame's job and role with reporters as part of the White House effort to discredit Wilson.

But under Wells' cross-examination, Martin testified she had no knowledge that Libby ever discussed Plame's job with any reporter. She also said Cheney ordered her to get all the facts out, but she did not think Plame's role was part of the story she had to tell.

"It didn't seem appropriate or helpful for us to get that out," Martin testified. "It gave me some explanation" of the affair, but "we didn't need it as a talking point."

Martin testified that sometime after Wilson's claims first emerged, attributed to an unnamed ex-ambassador, in a New York Times column on May 6, 2003, she called CIA spokesman Bill Harlow to sort out the genesis of the mission.

She said Harlow told her Wilson's wife worked for the CIA. She said she immediately went to the vice president's office and told Cheney and Libby about it. She did not recall their response.

Martin testified that the Harlow conversation occurred no later than July 6 because she was not surprised to see Wilson discussing the affair on NBC's "Meet the Press" on that date. But Wells got her to acknowledge "it makes sense to me" she might have talked about Plame with Harlow on June 11, when government telephone records show they talked.

Cheney Scripted Libby Response, Ex-aide Says (USAT)

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By Richard Willing
USA Today, January 26, 2007

WASHINGTON — Vice President Cheney personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa, a former Cheney aide said in federal court Thursday.

In July 2003, Cheney scripted quotes for chief of staff Lewis "Scooter" Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story, former Cheney press aide Cathie Martin said.

Days earlier, Martin said, the vice president had dictated eight "talking points" for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false.

"It was decided that Scooter would call (reporters) to try to get into the story and correct the false information," Martin said. "That was (Cheney's) decision."

Martin, a press and policy aide for the president, was the fourth witness to say Libby knew Wilson's wife, Valerie Plame, was a CIA employee before a conversation between Libby and NBC reporter Tim Russert. Libby told investigators he first learned Plame's identity from Russert.

Libby is charged with perjury and obstruction of justice for allegedly lying to investigators about his knowledge of the leaking of Plame's covert CIA status to the media. Such a disclosure, if made knowingly, can be a crime.

Martin said that in 2003, she and then-CIA spokesman Bill Harlow worked on a media strategy to deflect other critics of the administration's justification for the war in Iraq. Martin said that Harlow told her Wilson's "wife works over here" and that she then told Libby and Cheney.

Martin was the first member of the Cheney inner circle to testify about Libby's knowledge of Plame's identity. Her testimony could help prosecutors prove their contention that Libby made up the Russert story to cover for Cheney. Libby's attorneys have said he merely had a lapse of memory when he told investigators how he first learned of Plame's CIA work.

As he did with earlier prosecution witnesses, defense attorney Theodore Wells tried to show that there were problems with Martin's recollection of the events in 2003. Martin first said that she probably learned of Plame's identity in a phone conversation with Harlow during the second week of July 2003.

Using a notation from a CIA official's desk pad, Wells showed that the call probably occurred June 11.

"You forgot an entire month during which you knew it," Wells said during cross-examination.

Ex-Aide Says Cheney Led Rebuttal Effort (WP)

By Carol D. Leonnig And Amy Goldstein
The Washington Post, January 26, 2007

Vice President Cheney personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish, according to testimony and evidence yesterday in the criminal trial of his former chief of staff.

Cheney dictated talking points for a White House briefing in the midst of the controversy that summer, his former press aide, Cathie Martin, testified, stressing that the CIA never told Cheney that a CIA-sponsored mission had found no real evidence that Iraq was trying to buy nuclear materials in Africa.

Aboard Air Force Two, on a trip back from the launch of a warship in Norfolk, Cheney instructed his chief of staff, I. Lewis "Scooter" Libby, about responding to a Time magazine reporter who questioned how the faulty intelligence on Iraq had become one of the Bush administration's central arguments for going to war.

In the dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong.

Previously described in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account. She is the first witness in the case who worked closely with Cheney and Libby as they tried to refute former ambassador Joseph C. Wilson IV, who was sent to Niger by the CIA to determine whether Iraq had sought uranium for a weapons program.

Her testimony was buttressed by previously unreleased documents provided as evidence yesterday, including handwritten notes and margin scribblings Cheney's staffers hastily jotted at their boss's instruction.

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Lea Anne McBride, Cheney's current spokeswoman, said yesterday that the vice president's office could not comment on the case or the evidence introduced in the trial.

Libby, 56, is charged with lying to investigators and a grand jury about how the identity of Wilson's wife, CIA officer Valerie Plame, was leaked to reporters days after Wilson went public with his allegations that the administration had twisted his findings to justify the war in Iraq. Libby has pleaded not guilty, contending that he misspoke and that he forgot about conversations he had with journalists amid the crush of his duties. He is not charged with the leak itself.

Martin recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger "and his wife works for the CIA." Martin is the fourth witness from the administration to bolster the prosecution's claim that Libby had to be lying when he said he learned about Wilson's wife weeks later from NBC's Tim Russert.

Also yesterday, Special Counsel Patrick J. Fitzgerald told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its "bad memory" defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember.

U.S. District Judge Reggie B. Walton warned the defense that Libby would have to take the stand if he wanted to try to convince the jury that his own memory was flawed.

Martin's testimony also illustrated how doggedly Cheney insisted that the administration had significant evidence that Iraq was trying to acquire weapons of mass destruction -- even after the White House had backed off that claim and admitted it was not solid enough for the president to have cited it in his 2003 State of the Union address.

Cheney told Martin to alert the news media that a highly classified and recent National Intelligence Estimate indicated no doubts about Iraq's efforts to buy uranium. Intelligence analysts have said that the uranium claim was never a key finding of the NIE and that there were doubts about it.

On college-rule paper, in blue ink, Martin scribbled what Cheney told her reporters needed to know about the Niger controversy as they conferred in his Capitol Hill office on July 7, 2003. "As late as last October, the considered judgment of the intel community was that SH [Saddam Hussein] had indeed undertaken a vigorous effort to acquire uranium from Africa, according to NIE [the National Intelligence Estimate]," she wrote.

Martin, who now works on communication issues for President Bush, said Libby also directed her to ask the CIA which journalists were calling with questions about Wilson's Africa trip, then personally telephoned at least one in an attempt to influence the broadcast.

Martin said that Cheney also determined the reply to questions she had received from Time reporter Matt Cooper about the role the vice president's office had played in the Niger trip. While flying back from Norfolk on the vice president's plane, she mentioned to Libby the e-mailed questions from Cooper.

Libby later came to her seat in the back of the plane, holding a handwritten card with notes he said were Cheney's instructions about what to say to Cooper. Libby told her, Martin testified, that Cheney, in a rare move, authorized him to provide a specific quote on the record, with Libby's name attached.

Martin portrayed both Libby and Cheney as concerned that reporters were not telephoning their office directly to get their side of the story about Wilson and his criticism of the administration. She said they directed her and her staff to begin monitoring television reports on the Niger trip and provide daily transcripts along with their usual canvas of printed stories about the vice president's office.

Attorneys for Libby repeatedly pressed Martin to acknowledge that, though she saw Cheney and Libby working overtime to rebut Wilson's criticisms, she had no evidence that either of them tried to leak Plame's name to reporters.

"At no time did Vice President Cheney indicate to you that he considered Valerie Wilson part of the story he wanted to get out," attorney Theodore V. Wells Jr. said to Martin.

"I did not have a conversation with the vice president about that," Martin responded.

Vice President's Spokeswoman Questions White House Aide's Account In CIA Leak Case (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 26, 2007

(AP) - WASHINGTON-Vice President Dick Cheney's spokeswoman testified Thursday that she told Cheney and his chief of staff, I. Lewis "Scooter" Libby, that a prominent war critic's wife worked for the CIA days before Libby said he learned it from a reporter.

Cathie Martin's testimony during the third day of Libby's perjury trial described Cheney's personal eagerness to refute war criticism by former Ambassador Joseph Wilson in 2003.

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Wilson had gone on a CIA fact-finding mission to Africa, and on the basis of his findings he questioned intelligence President George W. Bush later relied on to go to war. Wilson has contended Cheney's office had asked the agency to undertake the mission.

Witnesses have testified this week, however, that Wilson's wife, CIA operative Valerie Plame, actually conceived the idea for the trip. Special Prosecutor Patrick Fitzgerald is trying to show that Cheney's office wanted to make her involvement clear to reporters.

Fitzgerald says Libby learned that fact on several occasions and discussed it with reporters as part of the White House effort to discredit Wilson. When FBI agents began investigating the leak of Plame's identity, Libby lied and said he learned about Plame only from reporters, Fitzgerald said. Libby is on trial on perjury and obstruction charges.

Neither he nor anybody else was charged in connection with the leak.

Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media.

Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws.

Martin said that Wilson's criticism was a direct attack on the president's credibility. Wilson says he debunked claims that Iraq was trying to buy uranium from Niger long before that statement ended up in the 2003 State of the Union speech.

Cheney and Libby were eager to refute that, Martin said. She described calling a CIA spokesman to figure out the genesis of the mission.

"We didn't send him," Martin recalled saying. "If we didn't send him, you must've sent him. Who sent him?"

That's when Martin said the CIA spokesman told her that Wilson's wife worked for the CIA. She said she immediately told Cheney and Libby about it. She couldn't pinpoint the date off the conversation but said it definitely took place by July 6. Libby says he learned Plame's identity days later.

Cheney took a personal interest in the issue, Martin said, and in the following days dictated media "talking points" making it clear that his office was not responsible for the Wilson trip.

The talking points do not refer to Plame, and nobody has been charged with leaking her identity.

Libby says he did not lie about how he learned about Plame, but rather honestly forgot.

Associated Press writer Michael J. Sniffen contributed to this report.

On the Net:

Documents for the Libby trial may be found at: http://wid.ap.org/documents/libbytrial/index.html

In Ex-Aide's Testimony, A Spin Through VP's PR (WP)

By Dana Milbank

The Washington Post, January 26, 2007

Memo to Tim Russert: Dick Cheney thinks he controls you.

This delicious morsel about the "Meet the Press" host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis "Scooter" Libby.

Flashed on the courtroom computer screens were her notes from 2004 about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions. Option 1: "MTP-VP," she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under "pro," she wrote: "control message."

"I suggested we put the vice president on 'Meet the Press,' which was a tactic we often used," Martin testified. "It's our best format."

It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it.

With a candor that is frowned upon at the White House, Martin explained the use of late-Friday statements. "Fewer people pay attention to it late on Friday," she said. "Fewer people pay attention when it's reported on Saturday."

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Martin, perhaps unaware of the suspicion such machinations caused in the press corps, lamented that her statements at the time were not regarded as credible. She testified that, as the controversy swelled in 2004, reporters ignored her denials and continued to report that it was Cheney's office that sent former ambassador Joseph Wilson to Niger to investigate allegations of Iraq's nuclear acquisitions. "They're not taking my word for it," Martin recalled telling a colleague.

Martin, who now works on the president's communications staff, said she was frustrated that reporters wouldn't call for comment about the controversy. She said she had to ask the CIA spokesman, Bill Harlow, which reporters were working on the story. "Often, reporters would stop calling us," she testified.

This prompted quiet chuckles among the two dozen reporters sitting in court to cover the trial. Whispered one: "When was the last time you called the vice president's office and got anything other than a 'no comment'?"

At length, Martin explained how she, Libby and deputy national security adviser Steve Hadley worked late into the night writing a statement to be issued by George Tenet in 2004 in which the CIA boss would take blame for the bogus claim in Bush's State of the Union address that Iraq was seeking nuclear material in Africa.

After "delicate" talks, Tenet agreed to say the CIA "approved" the claim and "I am responsible" -- but even that disappointed Martin, who had wanted Tenet to say that "we did not express any doubt about Niger."

During her testimony, Martin, a Harvard Law School graduate married to FCC Chairman Kevin Martin and a close pal of Bush counselor Dan Bartlett, seemed uncomfortable, shifting in her chair, squinting at her interrogators, stealing quick glances at the jury, and repeatedly touching her cheek, ear, nose, lips and scalp.

Martin shed light on the mystery of why White House press secretary Scott McClellan promised, falsely, that Libby was not involved in outing CIA operative Valerie Plame, Wilson's wife. After McClellan had vouched for Bush strategist Karl Rove's innocence, Libby asked Martin, "Why don't they say something about me?"

"You need to talk to Scott," Martin advised.

On jurors' monitors were images of Martin's talking points, some labeled "on the record" and others "deep background." She walked the jurors through how the White House coddles friendly writers and freezes out others. To deal with the Wilson controversy, she hastily arranged a Cheney lunch with conservative commentators. And when New York Times columnist Nicholas Kristof first wrote about the Niger affair, she explained, "we didn't see any urgency to get to Kristof" because "he frankly attacked the administration fairly regularly."

Questioned by prosecutor Patrick Fitzgerald, Martin described how Hadley tried to shield White House spokesmen from the Niger controversy. "Everybody was sort of in the dark," she explained. "There had been a decision not to have the communicators involved."

But Martin, encouraged by Libby, secretly advised Libby and Cheney on how to respond. She put "Meet the Press" at the top of her list of "Options" but noted that it might appear "too defensive." Next, she proposed "leak to Sanger-Pincus-newsmags. Sit down and give to him." This meant that the "no-leak" White House would give the story to the New York Times' David Sanger, The Washington Post's Walter Pincus, or Time or Newsweek. Option 3: "Press conference -- Condi/Rumsfeld." Option 4: "Op-ed."

Martin was embarrassed about the "leak" option; the case, after all, is about a leak. "It's a term of art," she said. "If you give it to one reporter, they're likelier to write the story."

For all the elaborate press management, things didn't always go according to plan. Martin described how Time wound up with an exclusive one weekend because she didn't have a phone number for anybody at Newsweek.

"You didn't have a lot of hands-on experience dealing with the press?" defense attorney Theodore Wells asked.

"Correct," Martin replied. After further questions, she added: "Few of us in the White House had had hands-on experience with any crisis like this."

Staff writer Carol D. Leonnig contributed to this report.

Time Comes To A Standstill In A Courtroom Journey (NYT)

By Scott Shane

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — The most politically charged criminal trial in the capital in nearly two decades crackles to life each morning in a bland sixth-floor courtroom with a stopped clock.

The clock reads 9:25 when I. Lewis Libby Jr. strolls in with a tight smile and a high-priced bodyguard of lawyers and starts perusing documents, scribbling notes and tapping occasionally on a laptop. It is as if Mr. Libby, the former chief of staff to Vice President Dick Cheney, is just the counsel, not the accused.

It reads 9:25 as witnesses from government's inner sanctums dredge from memory the declassified details of how, exactly, the country was thrust into war.

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A Central Intelligence Agency briefer, Craig Schmall, describes how he rose in the middle of the night to prepare a fresh list of terrorism threats and global troubles for Mr. Libby's breakfast. A Cheney press aide, Cathie Martin, recounts how she leaked news "exclusives" and arranged luncheons for conservative columnists to counter bad news.

And the clock still reads 9:25 when the fatherly judge, Reggie B. Walton, sends the jury home for the day with the usual reminders about avoiding news coverage of the case, a rule that may prove a particular challenge.

The frozen clock is an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence.

The trial promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead.

Each witness so far has shed light on another kind of government tradecraft. Mr. Schmall of the C.I.A. told of returning from briefing Mr. Libby or Mr. Cheney with their many "taskers" — questions they wanted answered right away — and their gripes. Once Mr. Libby complained that C.I.A. officers were leaking to reporters about alleged pressure on the agency from the vice president's office.

Marc Grossman, a former under secretary of state, told of the burden of high-level White House meetings, for which he crammed like a graduate student over fat books of data. "I studied them like mad," he said, "and tried my best to hold onto the information for the time of the meeting."

Ms. Martin of the Cheney press office explained the nuances of "deep background" comments to reporters and explained her 2003 notes on tactics to counter a tide of bad publicity on Iraq intelligence. Putting Mr. Cheney on "Meet the Press" was one option, she wrote, but that would raise the critics' profile. Another was to write, or feed to a friendly columnist, an op-ed article.

And then there was the leak option, she explained. Her notes show she considered David E. Sanger of The New York Times, Walter Pincus of The Washington Post or a "newsmag" like Time or Newsweek.

But if you want to get your views out, asked Patrick J. Fitzgerald, the lead prosecutor, why not give the story to all the press? Ms. Martin explained, as if to a dense pupil, the irresistible lure of the "exclusive."

"If you give it to one reporter, they're more likely to write the story," Ms. Martin said. What's more, she said, "you can be a 'senior administration official,' " hiding behind the anonymous cover that Washington officials so often crave.

Sitting in the courtroom among his lawyers is Mr. Libby, 56, a veteran corporate lawyer known as Scooter, smiling at a passed note or a witness's quip and rarely showing any distress, even when the testimony seems to put him in jeopardy. His thinning hair has passed almost entirely from blond to gray. This once-powerful man turns out to be slight and short, no taller than his wife, Harriet Grant — one more note-taking lawyer herself. She occasionally leans across a rail to whisper to her husband.

On Thursday, Ms. Grant, in a black suit with a pink patterned scarf, sat beside Barbara Comstock, a former Justice Department spokeswoman who is the media consultant for the defense. It is an undemanding position, given the judge's orders to both sides not to discuss the case.

At the table on the left, in front of the 12 jurors and 4 alternates, is the prosecution, led by the rumpled Mr. Fitzgerald, who has a prominent bald spot and a knack for projecting righteous indignation even in the most routine exchanges of legal Ping-Pong.

His team of a half-dozen lawyers is imposing, but on Thursday Mr. Fitzgerald grumbled about the forces arrayed against him.

"There are 3 law firms and 11 lawyers on the other side," he told the judge. "Paper comes flying at us."

The defense, around an identical table on the right side of the courtroom, is led by the voluble Theodore V. Wells Jr., a star of the white-collar defense bar, who switches up often with William H. Jeffress Jr., a bulldog cross-examiner.

Lengthy legal wrangles — like one Thursday over whether copies of certain documents provided to the defense were legible — can make it seem as if time has stopped for real. But there are also arresting flashes of candor, as when Robert L. Grenier, a C.I.A. veteran, testified about his growing conviction that the White House was shifting responsibility for the war to the agency, a development he found deeply unfair.

"Yes, there was an attempt on the part of the White House to throw blame on the C.I.A.," said Mr. Grenier, who at the time was the agency's top Iraq officer and later headed the Counterterrorist Center.

And there are comic moments. In the midst of a discussion over flawed intelligence, Mr. Grenier misplaced his reading glasses on the witness stand. "I appear to have lost my glasses," he said.

Proceedings were halted. Prosecution and defense united, for once, in a bent-over hunt around desks until the glasses were recovered and the trial could resume.

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Anti-abortion Extremist Convicted Of Violating Federal Law (FINDLAW/AP)

AP, January 26, 2007

(AP) - BUFFALO, New York-An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider.

James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services.

U.S. law bars people from blocking access to reproductive health services by force or threat of force.

After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives.

A federal jury deliberated about four hours over two days before returning the verdict Thursday.

The jury also convicted him on a weapons count.

Kopp could face life in prison without parole when he is sentenced.

Kopp, who represented himself in the trial, stood with a half-smile as the verdict was read.

Kopp had tried to convince jurors he did not mean to kill Slepian when he fired from woods into the doctor's home. Kopp said he intended only to wound Slepian to prevent him from performing abortions the next day.

"If it happened the way I wanted it to, he would have his arm in a sling," said Kopp, 52, who also is suspected in the non-fatal shootings of three Canadian doctors and one in Rochester, New York.

A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent.

Slepian's wife, Lynne Slepian, smiled and hugged prosecutors after the verdict Thursday. She then left to call her sons, declining to talk to reporters.

Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19.

"Hopefully, this will give (Lynne Slepian) what she's always wanted, that she will never have to go to any state parole hearings," Flynn said.

Kopp would be in his 70s before becoming eligible for parole on his 2003 second-degree murder conviction.

Most jurors left the courthouse without commenting Thursday. "He was guilty, and the evidence proved it," a female juror said on her way out.

"We just went by the law," a male juror added.

Former NBC Treasurer Charged With Theft (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, January 26, 2007

(AP) - NEW YORK-The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company.

A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan.

Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him.

Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said.

If convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime.

Jung was to make an initial court appearance Thursday, though it was not immediately clear who would represent him.

A message left with a woman who answered the phone at Jung's home was not immediately returned.

Former NBC Treasurer Faces Charges For Embezzling Funds (WSJ)

By Chad Bray

The Wall Street Journal, January 26, 2007

DOJ_NMG_0122028

NEW YORK -- The former treasurer of General Electric Co.'s NBC Universal Inc. has been charged with stealing more than $800,000 from the company and using the money to fund private jet flights and rent a summer home in the Hamptons on Long Island, prosecutors said Thursday.

In a press release, the U.S. Attorney's office in Manhattan said Victor Jung, NBC Universal's former treasurer, has been charged with two counts of wire fraud. Mr. Jung, 34 years old, faces up to 20 years in prison on each charge of wire fraud. He was arrested by federal authorities about 6 a.m. EST Thursday, prosecutors said.

"He plans to vigorously defend himself against the charges and he looks forward to the opportunity to have a complete hearing on the charges," said Christopher Brennan, Mr. Jung's lawyer.

Mr. Jung, who worked for NBC Universal for about 12 years, entered a not guilty plea to the charges through his lawyer at a hearing before U.S. Magistrate Judge Gabriel W. Gorenstein on Thursday. Bail was set at $250,000 to be secured by $5,000 in cash.

Mr. Brennan said Mr. Jung left the company in the past six months, but declined to comment on the circumstances of Mr. Jung's departure from NBC Universal. Mr. Jung didn't speak to reporters after the hearing.

Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006.

The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006.

NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents.

Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. Prosecutors said that the flights were catered and that Jung and his fellow passengers consumed shrimp cocktails, Veuve Clicquot champagne, Grey Goose vodka and Mondavi wine.

The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card.

"NBC Universal is committed to and vigilant about the enforcement of its compliance policies," the company said in a statement. "When we discovered the potential integrity breach, we promptly brought it to the appropriate authorities and are cooperating fully with the investigation. We will continue to monitor the situation to its resolution."

Judge Urges U.S. To Drop Plan To Seek Death Penalty In Case (NYT)

By William K. Rashbaum

The New York Times, January 26, 2007

A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution "absurd" and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor.

The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001.

"Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?" the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. "If I'm wrong, I will have egg on my face, but I will not be incorrect."

Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in Washington before the case begins.

The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services.

Going forward with the penalty phase, he said, would be "a total misappropriation" of taxpayer funds, "and I advise the government accordingly." He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case.

"And there's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, judicial resources," he said in remarks that were unusually blunt for a judge to deliver from the bench.

The attorney general can withdraw the notice of intent to seek the death penalty at any time before the jury's vote in the penalty phase, said Kevin McNally, the director of the Federal Death Penalty Resource Counsel Project, which coordinates the defense of federal death penalty cases for federal defenders' offices nationwide.

"I'm not at all surprised that the judge has made this suggestion, and I wouldn't be surprised if it was acted upon," Mr. McNally said in a telephone interview. "I think, from all the information we've received, this is not a case that should have been a federal death penalty trial to begin with."

A spokesman for the Justice Department in Washington declined to comment on the case.

Robert Nardoza, a spokesman for Roslynn R. Mauskopf, the United States attorney in Brooklyn whose office is prosecuting the case, declined to comment, saying federal rules prohibited the office from doing so during a jury trial.

One of Mr. McGriff's lawyers, David Ruhnke, would not comment on the judge's statements, saying only: "His remarks speak for themselves. We certainly hope the message has been conveyed."

Mr. McGriff's trial is one of three death penalty cases that are currently ongoing or recently concluded in the Brooklyn courthouse. One is the trial of Ronell Wilson, 24, who faces possible execution after having been convicted for the 2003 slayings of two detectives on Staten Island. Mr. Wilson's trial has received daily news coverage, while Mr. McGriff's trial have garnered far less attention.

Prosecutors have charged that Mr. McGriff, a crack kingpin who in the 1980s founded the drug-dealing Supreme Team and served time in federal prison, resumed his drug dealing upon his release and paid $50,000 to have two rivals killed.

At the end of the trial day on Wednesday, the lead prosecutor in the case, Carolyn Pokorny, an assistant United States attorney, expressed concern to the judge that his remarks, if reported in the news media, could influence the jury.

"I know that," he said. "I told them not to read the paper, and the truth of the matter is, is that because of the Wilson trial on the fourth floor, nobody from the press has been here today, and we're flying under the radar screen, for sure."

The judge added: "I have to balance this out. If I feel, as an officer, as a judge, that this is an absurd prosecution based upon what I have heard, I think I have a responsibility to let the authorities know."

Judge Calls Seeking Death Penalty Against Drug Kingpin A Waste Of Time, Money (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 26, 2007

(AP) - NEW YORK-A judge at the federal murder conspiracy trial of a crack kingpin with ties to the rap music industry warned prosecutors that pursuing a death sentence would be a waste of time and money.

"There's no chance in the world there would be a death penalty verdict in this case," U.S. District Judge Frederic Block said.

"If I'm wrong, I will have egg on my face," the Brooklyn judge said Wednesday while jurors were on a break amid closing arguments in the guilt phase at the trial of Kenneth "Supreme" McGriff. "But I will not be incorrect."

Block advised prosecutors to contact their superiors in Washington and ask them to reconsider their decision to seek a death sentence. Even if McGriff is convicted in a contract killing conspiracy, going forward with a penalty phase would be pointless, he said.

"There's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, and judicial resources," he said.

A spokesman for the U.S. attorney's office declined to comment.

The jury deliberated briefly Thursday afternoon without reaching a verdict. It was to resume Friday morning.

In the 1980s, McGriff founded the Supreme Team, a profitable and ruthless drug crew that became legend on the same Queens streets that later produced rap stars such as Ja Rule and 50 Cent. Authorities allege that after serving time for a drug conviction, McGriff resumed his drug dealing operations and paid $50,000 (â,¬38,526) to have two rivals killed.

His lawyer said that McGriff sought to turn his life around by producing music and movies with the help of Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. At a trial last year, prosecutors had alleged Lorenzo laundered more than $1 million (â,¬770,000) in McGriff's drug proceeds through the label; Lorenzo was acquitted.

McGriff produced a straight-to-video film, "Crime Partners 2000" that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

Bow Out, Judge Blockhead (NYDN)

New York Daily News, January 26, 2007

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No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord.

Block is presiding over the trial of Kenneth (Supreme) McGriff, a notorious Queens crack kingpin charged, in this instance, with ordering hits on two rivals. Jurors have retired to deliberate as to McGriff's guilt. If they convict McGriff, the Brooklyn U.S. attorney's office will then petition panel members to sentence McGriff to death.

There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money.

Said this Amazing Kreskin of the federal bench: "In this judge's opinion, there's no chance in the world there would be a death penalty verdict...from my observations of the intensity with which the jury is listening to defense summation...and all the evidence that has been presented or not presented - if I'm wrong, I will have egg on my face, but I will not be incorrect."

Block said he believes that McGriff "has been humanized" by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that "nobody from the press has been here today, and we're flying under the radar screen, for sure."

For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any capital punishment proceedings to a colleague who is not so openly and obviously biased.

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Deputy Marshal Indicted In Leak Of Witness Information (AP)

By Mike Robinson, The Associated Press

AP, January 26, 2007

CHICAGO - A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family.

John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak.

Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders.

Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information.

But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John "No Nose" DiFronzo in the file that marshals kept on Calabrese.

DiFronzo is not charged in the Family Secrets case.

A telephone message seeking comment was left Thursday night at the office of Ambrose attorney Francis Lipuma.

Ambrose came under suspicion when eavesdropping FBI agents heard reputed mobster Michael Marcello chatting with his jailed brother, James Marcello, in the visitors room at the Milan, Mich., federal prison.

Michael Marcello told his brother that he had a source within federal law enforcement and that the source was the son of a police officer who was convicted in the Marquette 10 police corruption trial of the 1980s.

Ambrose fit the description. Federal officials said his fingerprints were later found on the Calabrese file.

FEC OKs Kolbe Funds For Legal Defense (AP)

AP, January 26, 2007

WASHINGTON -- Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday.

Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages.

FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's "ordinary and necessary" duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available.

The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident.

Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages.

According to his last campaign finance report, filed in October, Kolbe had $143,586 in his campaign account.

More Willful Indifference (NYT)

The New York Times, January 26, 2007

Mark Foley fled his seat in the House of Representatives last September when his sexual approaches to teenage pages finally reached the news media after years of a shameful cover-up in the halls of Congress. Now it turns out that the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues. An inspector general's report excoriates F.B.I. agents for brushing aside "troubling" evidence of the lawmaker's flirtatious message-writing, and then falsely blaming their inaction on the watchdog group that tried to alert the government in the first place.

The report underlines the calculated indifference at the heart of the scandal. In their final hours in power, the Republicans who controlled the ethics committee issued a report that whitewashed the fact that key members of the Republican leadership and their staff members were aware of Mr. Foley's long predatory history. The F.B.I. inspector general's report showed the same indifference among law enforcement officials charged with investigating Mr. Foley's actions. The report describes one F.B.I. supervisor who said he had read Mr. Foley's e-mail notes and thought, "What a freak," but who had then sent the evidence on a fruitless bureaucratic roundabout.

The lug-headed consensus was that there had been no real crime, when — as the inspector general pointed out — agents should have been urgently alerting the page program's supervisors.

When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group — Citizens for Responsibility and Ethics — had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections.

The new Congress voted to overhaul protections by mandating that an oversight board of surrogates be enlarged to include a former page and a page's parent. It will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness.

Fmr. State Janitors Get Short Prison Sentences In No-work Scheme (BVND)

By Jan Dennis

The Belleville News Democrat, January 26, 2007

PEORIA, Ill. - Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government.

David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement.

The men also were ordered to pay a combined total of more than $148,000 in restitution to the state.

"I don't see any of these defendants as evil men or bad people. I see they made choices that violated the law ... and they have to pay the consequences," said U.S. District Judge Joe B. McDade.

The judge said at Medvesek's sentencing that he could not grant probation because he needed to send a message that corruption in state government would not be tolerated.

"The strongest message I can send is (that) you would do some jail time," McDade said.

Federal prosecutors say the janitors developed a scheme to report late for their nighttime jobs or to leave without taking approved time off, collecting nearly $200,000 in state pay for work they didn't do.

The men developed various methods to cover their absences from 1999 to August 2005, including leaving notes for other workers that said they were working elsewhere, according to prosecutors.

All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme.

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Turner, 60, of Springfield - former director of the Secretary of State's physical services division - was sentenced Jan. 4 to 30 months in prison on four federal counts of wire fraud and two counts of lying to investigators. He also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed.

Prosecutors allege Turner helped the janitors collect unearned pay in exchange for special treatment by city trash collectors in his Springfield neighborhood.

Assistant U.S. District Attorney Greg Gilmore says the scheme has left a dark cloud over all state employees, the vast majority of whom he said are hardworking and dedicated.

"In a sense, these offenses have put a stain on that, and that's unfortunate," Gilmore said.

Medvesek's attorney, Jay Elmore, agreed the court needed to send a message to stamp out a culture of corruption that he says is "epidemic" in Springfield. But he said McDade could drive home the point without jail time, saying other state workers already have seen Medvesek lose his nearly $40,000 a year job, pension and benefits.

Each of the janitors lost their state pensions and have been ordered to turn over their own retirement contributions - totaling roughly $23,000 each - to help pay restitution.

Assistant U.S. District Attorney Patrick Chesley called Boyce's cooperation "extraordinary," saying he recorded more than 200 conversations with the other janitors that helped crack the case and ultimately link Turner to the scheme.

Turner received no financial kickbacks, but aided in the scheme because Dinora also worked for Springfield's public works department, where he allegedly arranged quick pickups of junk ranging from water heaters to a dog house for Turner and his neighbors, prosecutors said.

Defense attorneys said Turner was unaware of the payroll scam and blamed Dinora, who they contend took advantage of Turner's lack of experience after he was appointed to the $98,000-a-year job by Secretary of State Jesse White in 1999.

Turner and the janitors were fired after an investigation uncovered the scheme in 2005.

The three former janitors each offered brief apologies before they were sentenced.

"There was no excuse," Boyce said. "I know right from wrong."

A spokesman for the secretary of state's office did not return a call for comment Thursday. But White has said the cases send a message that his administration will not tolerate corruption and that workers who cheat will pay the price.

In Philadelphia, Cops And Feds Say, Violent Gangs Are Kid Stuff (PHI)

By Dana Difilippo

The Philadelphia Inquirer, January 26, 2007

In other cities, gangs like the Bloods, the Crips and the MS-13 menace their communities with the efficiency of a business organization, with rookie "training," initiation rituals and a leader-soldier structure.

But Philadelphia's typical gang member is a school-skipper just getting his first mustache whose "gang" is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a news conference about their joint gang-busting strategies.

That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia.

"Better than half" of the city's 1,800 shootings and 406 homicides last year were committed by such young neighborhood thugs, said Chief Inspector Joseph Fox, head of the police department's detectives. Last week's shooting outside Sayre High School, in which a 17-year-old student was injured by gunfire in an ongoing feud between teens from 56th Street and others from 60th Street, is a good, recent example, Fox said.

"Philadelphia is just saturated right now with these neighborhood groups whose affiliations are very fluid," Fox said.

Their youth and lack of organization make them "very susceptible to being recruited by more violent and more structured gangs," he added. "We don't want to see this [neighborhood thuggery] mushroom into something more organized."

Besides teenage toughs, the city's crime-fighters say law-breakers in the Latino community have also given them growing headaches.

The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office.

"We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America," Hosko said. "[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city."

Three other FBI-led task forces - in which agents partner with city police and other authorities - focus on organized crime, black gangs and violent crime/fugitives, Hosko said.

Federal Prosecutors In Washington State To Review Homer Shootout (AP)

DOJ_NMG_0122033

By Dan Joling
AP, January 26, 2007

ANCHORAGE, Alaska - The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington.

Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded.

State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict.

Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking.

On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued.

Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded.

Dr. Franc Fallico, the state's chief medical examiner, concluded Anderson was mortally wounded by gunfire. He also concluded Anderson shot his son before turning his gun on himself. A 6-month-old girl in the vehicle was not wounded.

Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review.

The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said.

Exec Says Secretary Didn't Have Know-how To Do Coke Theft Alone (MH)

By Johnny C. Clark
The Miami Herald, January 26, 2007

ATLANTA - A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own.

Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams "didn't have the intellectual capacity" to steal the documents or get them in the hands of a Coca-Cola competitor by herself.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and one has testified that Williams thought of the idea for the scheme.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Sanchez Lamelas, Coca-Cola's global brand director, after the allegations came to light.

Sanchez Lamelas also testified Thursday that Williams was cited on occasion for failing to carry out basic job responsibilities. He told jurors that Williams did not take "feedback" in a positive manner and that the two of them had arguments at times.

U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them.

Other government witnesses Thursday included a Coke database administrator, and a company computer forensic manager that investigated Williams' print logs for a month starting June 15, 2006. She and the two other defendants were arrested three weeks later.

Testimony was to resume Friday.

Coke Exec Testifies At Williams Trial (WXIA)

WXIA-TV, January 26, 2007

A Coca-Cola executive testified on Thursday that he didn't think that one of his former employees, Joya Williams, had the intellect to steal Coke trade secrets, and try to sell them to Pepsi by herself.

But now Williams is charged with conspiring to do just that, on trial and facing ten years in prison.

Joya Williams wants the jury to see her as a hard-working, well-meaning, but inept Coca-Cola employee.

Just in over-her-head when she was executive assistant to a Coke vice president in 2005 and 2006 -- not the mastermind of a conspiracy to mine Coca Cola computers at company headquarters, steal Coke trade secrets and then try to sell them to Pepsi for $1.5 million.

On the stand at Williams' conspiracy trial -- Williams' boss, a Coke vice president, Javier Sanchez.

Sanchez was a prosecution witness, but he testified under cross-examination by Williams' attorney, Janice Singer, that he didn't think Williams had the intellect to steal Coke's trade secrets and get them into someone else's hands by herself.

Williams was arrested in July with two ex-cons who later pleaded guilty.

But Williams' boss said that just after the arrests, he was "in shock that Joya could have done something like that."

Joya Williams blames the two ex-cons, and says they stole the Coke documents from her, without her knowledge.

But the prosecutor showed Sanchez one Coke document after another that Williams admits she took from Sanchez's office to her home.

Question -- Did Williams have any legitimate reason to take the documents home?

Answer -- No.

On Friday, the prosecution expects to show the jury surveillance video and photos of Williams putting into her bag what prosecutors say were Coke trade secrets, and leaving the building with them.

Williams contends the documents she took home from Coke Headquarters were routine work papers for her own files, not Coke secrets.

The prosecution may rest on Monday or Tuesday.

Coke Secrets To Stay Secret, Judge Says (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 26, 2007

The judge in the Coke secrets trial said Thursday he will seal roughly 750 pages of company documents that the beverage company says contain trade secrets.

The lawyer for defendant Joya Williams has said she may want to use the confidential company documents to prove her case. But prosecutors and Coke lawyers have convinced Judge J. Owen Forrester that allowing the public to see the documents would harm the company.

RECENT NEWS

Harris County Residents Accused Of Hurricane Fraud (HC)

Houston Chronicle

Houston Chronicle, January 26, 2007

Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance.

U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft.

The government also seeks a $145,438 forfeiture from each.

The conspiracy charge carries a punishment of up to five years in prison.

Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52.

Man Who Lured Teen Over Internet Gets 5 Years In Jail (SEAPI)

By Brad Wong, P-I REPORTER

Seattle Post-Intelligencer, January 26, 2007

A 46-year-old Coupeville man received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported.

During the sentencing in U.S. District Court in Seattle, John Leonard Young received a stern rebuke from Judge Thomas Zilly. "The victim may never be the same," Zilly said. "You've taken her innocence away."

The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said.

But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI.

Young and the girl started using the Internet in late 2004 to communicate with each other, and they met in a chat room. Prosecutors said the two also talked by telephone.

Young described "bold, detailed discussions about sex," according to a prosecutor's statement.

Young also used his credit card to buy an airplane ticket to Seattle for her.But days before that flight, she went to the airport and bought a ticket with her own money.

Officials said she was upset about landing in the wrong Washington.

Young urged the girl to remove her computer's hard drive so her parents and investigators would have a difficult time finding her, prosecutors said.

FBI agents contacted the girl's parents, and investigators found messages from Young on her computer.

With court approval, investigators searched Young's home and uncovered computer messages with the girl and child pornography.

At least one of his computers contained about 100 pornographic images of children.

The girl is home in the Chicago area, according to the Attorney's Office.

Brad Wong can be reached at 206-448-8137 or bradwong@seattlepi.com.

Coupeville Man Sentenced (AP)

AP, January 26, 2007

SEATTLE A Coupeville man was sentenced today in U.S. District Court in Seattle to five years in prison for using the Internet to entice a minor to travel for illegal sexual activity.Judge Thomas Zilly called the crime serious and told 46-year-old John Leonard Young that his victim may never be the same because Young had taken her innocence away.Zilly said he was concerned the FBI found 100 images of child pornography on Young's computer.In late 2004 and early 2005, Young was charged with communicating over the Internet with a 14-year-old girl who lived in the Chicago area.(Contact: Emily Langlie, public affairs officer for the U.S. attorney's office in Seattle, 206-553-4110)

Man, 2 Women Charged In 'Horrific' Case Of Delco Child Porn (PHI)

By Tom Schmidt

The Philadelphia Inquirer, January 26, 2007

One suspect, John Worman, 39, of Colwyn, Delaware County, allegedly installed a video camera in his bathroom wall and videotaped four children as they used the toilet, undressed and showered.

Worman, according to an indictment, sexually abused eight other children, including five whom he forced to engage in oral, vaginal and anal sex, from 1997 through 2006.

Three of the children that Worman forced oral and vaginal sex upon were infants, one of them just three months old, authorities said.

He videotaped the assaults and downloaded the images to his computer, they added.

Worman and two women - Dorothy Prawdzik, 43, of Drexel Hill and Concetta Jackson, 44, of Collingdale, both in Delaware County - were charged yesterday in a 53-count indictment with producing child pornography.

The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis.

Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006.

Prawdzik helped Worman video the kids by posing them in front of hidden video cameras, undressing them and having them expose their genitals, it was alleged.

At one point in the investigation, investigators got a search warrant for Worman's home and recovered more than one million images from his computer, including thousands of videos that Worman produced himself committing sexual acts on children.

"This was a long-term, planned and horrific exploitation of young children," Meehan said. "According to the indictment, the defendants allegedly manipulated and abused children, even infants, to satisfy unimaginable perversions, and they did it repeatedly."

Authorities said that during the period covered by the investigation, Worman had relationships with Prawdzik and Jackson, at different times.

The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales.

It was described as a nationwide initiative designed to protect children from online exploitation and abuse.

'Preteen' Impostor In Video With Kid (AZREP)

By Tony Lombardo, The Arizona Republic

Arizona Republic, January 26, 2007

A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday.

The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile.

"I am aware they are trying to identify a child on a video," sheriff's spokesman Scott Reed said.

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Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader "Casey Price" and attended class at Imagine School at Rosefield in Surprise.

The Dysart Unified School District saw a slight increase in enrollment at its schools this week as word got out about Rodreick's enrollment at Imagine School, Dysart spokesman Tom Herrmann said. Six families pulled their children out of Imagine School but two families have since come back, spokeswoman Rhonda Cagle said.

Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old.

Rodreick is in a Prescott jail facing charges that include fraud, forgery and failing to register as a sex offender.

Three men, two of whom reportedly had a sexual relationship with Rodreick, are also facing charges in conjunction with the con.

Reach the reporter at (602) 444-6912.

O'Malley Voices Support Of Bill To End Death Penalty (WP)

By Ovetta Wiggins And John Wagner

The Washington Post, January 26, 2007

Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk.

"I've had a pretty consistent position on this," O'Malley told reporters at the State House. "Now that it's salient, I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty."

O'Malley's comments came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday.

Lisa A. Gladden (D-Baltimore), the lead sponsor in the Senate, said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee.

"I don't think it's totally out of the question that we could pass a repeal bill this year," said Gladden, a public defender, who has introduced similar measures in the past. "I think other legislators don't want blood on their hands."

Gladden was emboldened yesterday by the group of lawmakers, religious leaders and supporters who joined her and Del. Samuel I. Rosenberg (D-Baltimore) at a news conference about the legislation.

The issue has gained prominence in the wake of a court ruling last month that halted executions in Maryland until new regulations on lethal injection are put forward by the Department of Public Safety and Correctional Services. O'Malley said that the process will not start before the conclusion of the legislature's debate on the death penalty bill.

"That debate needs to happen," O'Malley told reporters.

Senate President Thomas Mike V. Miller Jr. (D-Calvert) said he supports the death penalty but thinks there needs to be a "healthy debate" on the subject. He said he would not influence a vote one way or the other.

"I realize the trend is against the death penalty," Miller said, "but I think there are some crimes so atrocious that it's warranted."

House Speaker Michael E. Busch (D-Anne Arundel) said he doesn't "have a real strong feeling one way or the other. We'll let the legislative process take place. . . . We've never tried to influence our colleagues on two issues: the death penalty and abortion."

The bill is likely to meet resistance, with some Democrats joining minority Republicans in opposition.

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Del. Dereck E. Davis (D-Prince George's) said he could not support a repeal because he had a gun held to his head three years ago.

Anthony J. O'Donnell (R-Calvert), the House minority leader, said he would not support a repeal and said he is certain that many share his position, across party lines. "We need the death penalty for the most heinous cases," he said.

Gladden and Rosenberg said they expected support from O'Malley, who has consistently said he opposes the death penalty. But O'Malley also has said that his views would not prevent him from following the law and signing death warrants.

O'Malley rarely mentioned the death penalty in his primary campaign against then-Montgomery County Executive Douglas M. Duncan (D) or in the general election race against Gov. Robert L. Ehrlich Jr. (R).

O'Malley has argued that the death penalty is not a deterrent and that money spent on prosecuting death penalty cases could be better spent fighting violent crime.

Rosenberg said that a sentence of life without the possibility of parole would be an "enormous deterrent" to committing murder.

"The time and effort litigating these cases, that goes into legislating this issue, could be spent on preventative measures that make each and every citizen more safe in their home," Rosenberg said.

The death penalty repeal was not part of the 13-bill legislative agenda that O'Malley issued this week.

"There are good people who have strong feelings on both sides of the issue," he said.

Maryland Considers Repeal Of Death Penalty (WT/AP)

By Brian Witte

The Washington Times, January 26, 2007

ANNAPOLIS -- Maryland lawmakers said yesterday they will introduce legislation to repeal the death penalty, a measure Gov. Martin O'Malley said he would sign if the General Assembly approves it.

State Sen. Lisa A. Gladden and Delegate Samuel I. Rosenberg, Baltimore Democrats, are sponsoring bills that would replace the state's death penalty with a prison sentence of life without parole.

Mr. O'Malley, a Democrat who personally opposes the death penalty, said he "sure would" sign such a bill in favor of life without parole.

"We waste a lot of money pursuing a policy that doesn't work to reduce crime or to save lives, but we could be putting that money into crime reduction," Mr. O'Malley said. "I'm much more in favor of life without parole."

Former Gov. Robert L. Ehrlich Jr., a Republican, supported capital punishment. He reinstituted the death penalty after taking office in 2003, refusing to uphold a moratorium by former Gov. Parris N. Glendening, a Democrat.

Michael Paranzino, executive director of Throw Away the Key, which supports capital punishment, said a debate on the death penalty is needed.

"It's better to debate this in the open," he said. "We will be educating the lawmakers about the victims of murder. While I think that it's a difficult task, I don't think it's impossible."

Mrs. Gladden and Mr. Rosenberg think support for a repeal has increased, but said more votes are needed to get the measure through both chambers.

Kirk Bloodsworth, a Maryland man who spent two years on death row and was later released from prison because of DNA evidence, said yesterday he was "living proof that the criminal justice system makes serious mistakes."

Mr. Bloodsworth was convicted twice of killing a 9-year-old girl in 1984. He was placed on death row following his first trial. Mr. Bloodsworth was convicted again in a second trial, but received a life sentence instead of capital punishment. He was exonerated by DNA evidence in 1993.

Mrs. Gladden said the Bloodsworth case demonstrated a need for ending capital punishment.

The proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature. The decision came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment.

No death sentences can be carried out in Maryland until the injection issue is resolved.

Delegate Anne Healey, co-chairman of the joint legislative committee that would hold hearings on the injection protocol, said the governor will decide whether members should take up the review. Mrs. Healey, a Prince George's Democrat, said she hasn't heard from Mr. O'Malley on the issue.

Mrs. Healey, who opposes the death penalty, said she's not sure lawmakers want to wade into such a divisive debate this year.

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Senate Minority Leader David R. Brinkley, a Frederick and Carroll counties Republican, thinks the lethal-injection review should be taken up to affirm the use of capital punishment in the state. However, he doesn't think the committee would bother this session, because lawmakers want to focus on budget issues.

"I think it's going to put it on the back burner," he said.

Another issue is a University of Maryland study released in 2003 that found those who murder a white person are twice as likely to get a death sentence than those who murder a black person.

There are six inmates on Maryland's death row.

-- Vernon Evans Jr. was sentenced May 15, 1984, in Baltimore County. He and Anthony Grandison were convicted in the shooting deaths of David S. Piechowicz and Susan Kennedy at a Pikesville motel.

-- Mr. Grandison was sentenced June 6, 1984, in Baltimore County.

-- John Booth-El was sentenced Oct. 18, 1984, in Baltimore. He fatally stabbed an elderly couple, Irvin and Rose Bronstein, in their home.

-- Heath W. Burch was sentenced March 29, 1996, in Prince George's County. He killed a neighbor, Robert F. Davis, and his wife, Cleo, during a botched late-night robbery.

-- Jody L. Miles was sentenced March 19, 1998, in Queen Anne's County. While collecting a debt for a loan shark, Miles fatally shot Edward J. Atkinson in the back of the head in the woods in Mardela Springs.

-- Lawrence Borchardt was sentenced May 23, 2000, in Anne Arundel County, where the case was moved from Baltimore County. Five years later, Borchardt was granted a new sentencing hearing. Arguments to appeal this ruling are scheduled for next month. During a home-invasion robbery, he killed an elderly couple, Joseph and Bernice Ohler, leaving the crime scene with $11.

Official Shot Movers In Self-Defense, Police Say (WP)

By Eric Rich And Ruben Castaneda

The Washington Post, January 26, 2007

The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another.

An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said.

Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital.

The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts.

Clark's live-in girlfriend, Leelee Best, echoing the sentiment of his family members, questioned the police claim that the movers were the aggressors, saying police "need to charge [Washington] for shooting them."

"It's stupid, honestly," Best said of the argument. "All he had to do was just tell them to leave. There are other ways you can handle it than shooting somebody."

Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a homeowners association board on which he served.

Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is "mentally tough."

Washington, who was released from the hospital, did not respond to messages seeking comment, and no one answered the door at his home. An attorney who has represented him before did not respond to a phone call seeking comment.

Yesterday afternoon, Best said a Marlo delivery contractor for whom Clark worked knocked on the door of their home at close to midnight Wednesday. "I knew something was wrong," she said, speaking at Prince George's Hospital Center.

Best said the contractor told her that Clark called him from Washington's house Wednesday evening to say that Washington was angry over a bedroom set that was being exchanged.

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Michael J. Winkelman, an attorney representing the families of White and Clark, said a Marlo representative and an associate he believes was the contractor visited with the family at the hospital yesterday. The associate told the family that the movers had sought guidance from a supervisor about how to handle the clash with Washington.

"They called from the house and said he was upset, very upset," Winkelman said. He said the movers were told to "give the officer what he wanted."

Marlo officials declined interview requests yesterday. The company issued a brief statement pledging to cooperate with the investigation and adding that its priority is "the welfare of those who have been injured."

In a news release, police said both deliverymen were struck in the upper body. A law enforcement source, speaking on condition of anonymity because the investigation is continuing, said that White was shot in the chest, groin and knee and that Clark was shot in the abdomen. The Washington Post erroneously reported in some editions yesterday that one man had been fatally shot, based on inaccurate information from a government source.

State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter.

Winkelman said he was not surprised to learn that police expected to charge the unarmed men shot by an officer. "It's the custom of the Prince George's County police to do so," he said.

Clark's girlfriend and father said their anxiety was compounded yesterday by the hospital's refusal to update them on Clark's condition -- or even, for most of the day, to confirm that he was a patient there. Winkelman said hospital officials told the family that "an ongoing police investigation overrides hospital authority."

Attempts to reach members of White's family were unsuccessful. Winkelman said late yesterday that he also could not immediately reach members of the family.

Clark's family described him as a gentle giant, easygoing and slow to anger. He stands 6 feet 4 inches and weighs more than 260 pounds, according to a younger brother, Nathaniel B. Saunders.

"He gets along with everybody," Saunders said. He said Clark graduated from DuVal High School, where he played on the football team.

Washington was a detective when Johnson, then the state's attorney, tapped him to become part of his security detail. He enthusiastically endorsed Johnson's 2002 bid for county executive, contributing to and working for the campaign.

Washington rose fast after Johnson's election. In 2003, Johnson named Washington to his transition team. In August 2004, he appointed Washington deputy director of homeland security.

The appointment came eight months after Washington was placed on administrative leave pending the outcome of an investigation into whether he hit a member of the Simmons Acres Homeowners Association during a meeting. The complaint was later dropped without legal or administrative action.

In 2000, a federal civil jury awarded $260,000 to the plaintiff in the civil rights suit against Washington and county correctional officers. The man, David Paul Maslousky, said he was arrested and strip-searched after he protested Washington's treatment of a man who had been involved in a minor traffic accident. The case was appealed, and Washington prevailed.

Last year, Johnson contributed to Washington's unsuccessful bid for the seat of County Council member Marilynn Bland (D-Clinton).

James Keary, Johnson's spokesman, said the county executive would not comment on the case. "It's a police matter, and it's under investigation," Keary said.

Staff writers Hamil R. Harris, Rosalind S. Helderman and Avis Thomas-Lester and staff researcher Meg Smith contributed to this report.

Panel Urges Leaders To Deal With Prison System 'Tailspin' (LAT)

By Jenifer Warren

The Los Angeles Times, January 26, 2007

SACRAMENTO — Three decades of tough-on-crime lawmaking has sent California's prison system into a "tailspin" that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today.

In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state.

If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them.

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"For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis," the commission said. "And now their time has run out."

The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer.

A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000.

While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact.

Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go.

In October, the commission noted, the governor declared a state of emergency in the prisons: "But even that didn't bring action, only more reports to federal judges that underscore the fact that the state's corrections policy is politically bankrupt."

In an interview, Commissioner Dan Hancock said the report's unusually harsh tone was designed to highlight the desperate state of affairs, which extends beyond crowding to medical and mental health care and a criminal sentencing system that the commission called "a haphazard jumble."

Hancock said the crisis has been caused largely by a ceaseless game of one-upmanship by politicians seeking to burnish their reputations as crime-fighters.

"Each has tried to outdo the other on who could be toughest on crime, but nobody was thinking clearly about what the ramifications would be for the state," he said. The result is an incoherent penal code dominated by what experts call "drive-by sentencing laws," often enacted by politicians responding to a single high-profile crime.

The report comes just days after Schwarzenegger and the top Democrat in the Assembly publicly lamented the lack of political will to tackle the prison woes.

In an interview with The Times last week, Schwarzenegger said prisons had not been a priority because they were not a "sexy" topic that affects the lives of voters – and therefore had attracted little interest from lawmakers.

"You talk about prisons, people feel like, 'OK, go out and get the criminal and you send him somewhere, but wherever that is, I don't want to look there, I don't want to know,' " the governor said.

He added that, "When the people are not excited about it, how do you make the legislators excited about it?"

Assembly Speaker Fabian Nunez of Los Angeles was more pointed in his comments, blaming legislators for a short-sighted, "lock up everybody" mentality that has wrought painful consequences.

"It's good politically, because you can champion it as you're tough on crime," Nunez said at a press conference Monday. "But in the end, the prisons are overcrowded, we don't do enough rehabilitation, the prisoners get out of jail and go back and commit more crimes, we have the highest recidivism rate of any state in the nation.

"It's a shameful part of the California body politic," Nunez said. "We've got to change that. I think people ought not be afraid."

Whether the rhetoric – or the commission's report -- will have any substantial effect on legislators is unclear. Analysts say the political fear of being tagged as a friend of felons runs deep. And voters rarely fail to embrace ballot initiatives seeking new penalties for offenders, such as the three strikes law of 1994.

"We're always ever so nice to furry animals and very, very mean to criminals," said Shaun Bowler, a professor of political science at UC Riverside. "It's almost reflexive, the voters' desire to be tough. If the prisons are a cross between a sewer and the Roman Colosseum, their answer seems to be, 'Good.' "

But criminologists say that the public has been misled about just what sort of policies make the streets safer. At UC Irvine, Joan Petersilia said it's up to the governor – a Republican – to point out that "what we're doing now with our system is costing us a lot and not giving us much public safety benefit in return."

California, experts noted, spends more than $8 billion a year on corrections, but roughly 70% of the inmates it releases wind up back behind bars.

"Everyone agrees we've got a crisis, but no one is willing to put forth an agenda and lead," Petersilia said. "That's the key ingredient that's been missing."

Hack, Pump And Dump (WP)

By Ellen Nakashima

The Washington Post, January 26, 2007

Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks.

DOJ_NMG_0122041

The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment.

But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors.

Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold.

Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission.

The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam.

"You wake up in the morning and all your blue chips are gone, and instead you own a microcap stock that is virtually worthless," said John Reed Stark, chief of the SEC's Office of Internet Enforcement. Stark added that he expected more complaints in the coming weeks, saying, "This is an area where we've become increasingly concerned."

The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said.

Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said. He has no attorney, authorities said.

On Aug. 21 last year, Kamardin booted up his computer in his apartment in Tampa and logged into his E-Trade account, according to the SEC complaint, which forms the basis for the following account.

At 2:10 p.m. he bought 43,000 shares of Thomas Equipment.

Between 1:29 p.m. and 3:41 p.m., an intruder -- either Kamardin or an accomplice -- hacked into two TD Ameritrade accounts, using those investors' stocks to buy 60,900 Thomas Equipment shares.

At 3:28 p.m., an intruder hit a Charles Schwab account, buying 20,000 shares.

At 3:32 p.m., an E-Trade account was hacked, boosting that investor's portfolio by 68,000 Thomas Equipment shares.

At 3:35 p.m., Kamardin began to sell the Thomas shares.

One minute later, Schwab, evidently onto the fraud, canceled an order to buy 50,000 Thomas shares in a second hacked account.

By 3:53, Kamardin had unloaded all his Thomas shares, netting $13,158.

The SEC is not saying how Kamardin's ring obtained the user names and passwords on the investors' accounts. Typically, authorities said, hackers use keystroke monitoring software placed on a public computer, or they purchase personal data, such as stolen Social Security and credit card numbers, from criminal enterprises.

The fraud affects not only the investors, but the market and companies whose stocks are pumped then dumped.

Hugo Cancio was stunned when trading on his company's stock increased from fewer than 1,000 shares a day to 1.1 million shares last Aug. 24.

"For no reason whatsoever," he said, the share price for Fuego Entertainment, a Miami-based entertainment firm targeting the burgeoning Latino media market, zoomed from 88 cents to $1.28.

"My phone rang off the hook," he said. "We couldn't figure out what was going on."

Allegedly, between 11:51 a.m. and 3:05 p.m. that day, Kamardin had bought and sold 55,000 Fuego shares, raking in $9,164.

In the interim, 10 accounts with Fuego holdings were hacked into at TD Ameritrade, Scottrade, E-Trade and Schwab.

"Wow, wow," Cancio said, upon hearing the allegations. "That's unbelievable."

The following day, Cancio said, his company's share price had plummeted to 13 cents, where it has been ever since. TD Ameritrade, the third-largest online broker by volume, has restricted online trade on the company's stock.

Cancio said that on Aug. 24 he was negotiating a deal to buy 14 television stations, and when he saw the price surge, he began to suspect the stations' owner of insider trading.

The owner denied it, but the deal soured, and with the share price down, Cancio said, the deal is on the rocks. "We were knocking on the door of a multibillion market," he said. "We haven't seen any progress. It's all due to that particular day."

On Aug. 28 and Aug. 29, Kamardin wired proceeds from his E-Trade account to a Wachovia bank account and then transferred the funds to an account owned by his Russian-born roommate. The roommate wired the money to a bank account in Riga, Latvia, the SEC alleges.

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E-Trade, which regularly monitors unusual activity, at some point became concerned and alerted the SEC and the FBI of possible fraudulent activities, said sources familiar with the matter.

Kamardin is charged with securities fraud. The SEC is seeking return of the money and payment of civil penalties.

Florida Man Used E*Trade Account For Illegal Trading (Update3) (BLOOM)

By Bradley Keoun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A 21-year-old Florida man hacked into online accounts at E*Trade Financial Corp. and four other brokerage firms in the second case to emerge from a probe of Internet trading fraud, U.S. officials allege.

The U.S. Securities and Exchange Commission sued Aleksey Kamardin, claiming he took control of the accounts and netted $83,000 in illegal profits. The regulator said Kamardin bid up 17 stocks and then sold the shares in his own E*Trade account at inflated prices.

The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc.

``This is typical of what we've seen a lot of lately," John Reed Stark, chief of the SEC's office of Internet enforcement, said in an interview. ``We have other cases like this in our inventory that we expect to be rolling out."

Stark declined to say whether criminal charges would be filed against Kamardin, who he said is believed to have fled the U.S. and gone into hiding in Russia. A contact telephone number provided by the SEC at Kamardin's last known address in Tampa was answered by a woman who said she didn't know him.

Illegal Profit

The illegal trades occurred between July 13 and Aug. 25, according to the suit, which was filed today in U.S. District Court in Tampa, Florida.

Kamardin on Aug. 28 and 29 wired the illegal profit from his online brokerage account at E*Trade to a Wachovia Corp. bank account in the U.S. The money was then transferred to a second account owned by Kamardin's Russian-born roommate, who in turn wired it to a bank account in Riga, Latvia, the SEC said.

A July 2006 application opening an account in Kamardin's name at E*Trade said he was a U.S. citizen with a liquid net worth of $15,000, the SEC said. Stark declined to comment on whether the agency had confirmed Kamardin's citizenship. He said the roommate hasn't been accused of wrongdoing.

Other online brokerage firms whose accounts Kamardin manipulated included Scottrade, JPMorgan Chase & Co. and Charles Schwab Corp., according to the complaint.

`Circumstantial Case'

The SEC named 14 of the 17 stocks it believes were manipulated by Kamardin. They included Gales Industries, a Bay Shore, New York-based manufacturer of aircraft structural parts; Butler National Corp., an Olathe, Kansas-based provider of electronic monitoring of water-pumping stations; and Thomas Equipment Ltd., a Milwaukee-based manufacturer of farm equipment.

Stark said the SEC couldn't link Kamardin directly to the unauthorized use of the accounts. Kamardin probably gained access by stealing usernames and passwords through software that allows outsiders to spy on keystrokes on another person's keyboard, or by buying the logins from Web sites outside the U.S. that traffic in such information, Stark said.

``It is a circumstantial case" built on ``compelling" evidence, Stark said. ``He did this 17 times and profited 14 times."

The SEC claimed, for example, that on Aug. 21 between 2:10 p.m. and 2:36 p.m., Kamardin bought 43,000 Thomas shares at about 43 cents each. About the same time, an intruder used unauthorized access to buy 60,900 Thomas shares in two TD Ameritrade accounts, 20,000 shares in a Schwab account and 68,000 shares in an E*Trade account.

The buying -- trading volume was 10 times its daily average -- drove the shares as high as 80 cents, the SEC said.

From 3:35 p.m. to 3:53 p.m., Kamardin sold all 43,000 of his Thomas shares, for a profit of $13,158, the SEC said.

Pump-and-Dump

Federal regulators and law enforcement authorities said in October they were investigating securities schemes on the Internet after New York-based E*Trade reported that it had spent $18 million in the third quarter to reimburse victims of the fraud. In one instance, E*Trade had to take possession of 1 million shares of BoysToys.com, the owner of a San Francisco strip club. Omaha, Nebraska-based TD Ameritrade also had $4 million in expenses related to the schemes.

E*Trade, TD Ameritrade and San Francisco-based Schwab, under policies begun last year, reimburse customers who lose money because of unauthorized trading in their accounts.

Spokesmen for E*Trade, New York-based JPMorgan and St. Louis-based Scottrade declined to comment on the SEC lawsuit. A spokeswoman for TD Ameritrade didn't return a call seeking a comment.

`Unusual Behavior'

``We monitor client transactions using a combination of sophisticated automated and manual surveillance techniques, watching for unusual account behavior," Schwab spokeswoman Sarah Bulgatz said in an e-mailed statement. ``This enables us to intervene preemptively as needed."

Investigators have compared the online fraud with traditional pump-and-dump schemes in which criminals use false statements or advertisements to spur a rally in the prices of stocks they own so they can sell them at inflated prices.

``It's like a boiler room without the boiler room," Stark said of the online fraud. ``Instead of having to convince an investor to buy your stock you just steal that investor's password and username and buy it in his account."

E*Trade shares fell 70 cents, or 2.8 percent, to $23.97 today in New York Stock Exchange composite trading.

D.C. Clubs Dreading Proposed Teen Ban (WP)

By Keith L. Alexander And Darragh Johnson

The Washington Post, January 26, 2007

District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths.

Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served.

Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21.

"The artists don't particularly like to play to 21-and-older clubs," said Steve Lambert, talent booker for the Rock and Roll Hotel on H Street Northeast. "A lot of their audiences are college-aged, between 18 and 21, and they depend on those people to buy tickets to the show."

In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers.

Many at the hearing defended the venues, saying they strictly enforce age limits. "Some clubs, like H2O, 9:30 Club, the Black Cat, Platinum and Envy -- they do it very well," said Ronald Moten, co-founder of Peaceaholics, an organization that works to solve disputes among youth. "They monitor for fake IDs, they have bracelets or stamps they put on people who're underage, and they're very strict on this."

The clubs feature a range of music, from the hard-thumping go-go to indie-rock, reggae, hip hop and rhythm and blues.

The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink.

Briejon Smith, 14, Ford's cousin, said that at several city clubs, it is "easy" for teenagers to get alcohol. "All you have to do is slip the bartender $10 and you can get a drink. They ask me if I have ID, and I say 'No,' and then they charge me extra. But I can still get in and order a drink if I wanted to," she said.

Some suburban teenagers, who had left school early to testify at the hearing, said they were concerned that the fatal shooting would give officials a reason to expand restrictions on all clubs, even those that already have tight rules.

Maya Gibson-Reinemer, 18, of Arlington said teenagers go to the clubs mainly to listen to the bands. "You can get drunk anywhere. But where can you see music?" she said.

Council member Jim Graham (D-Ward 1) is considering legislation that would establish a minimum age for patrons within the District. In Boston, those younger than 14 are not permitted into nightclubs that serve alcohol. In some other cities, the minimum age is 21. His proposal would also require teenagers, even when accompanied by a legal-aged adult, to leave the establishment after a certain time.

Graham is also considering creating a new license for nightclubs that want to cater to under-21 patrons. It would require them to have minimum-standard security, training and aggressive monitoring during an event for underage drinking. And he wants to restrict the renting of venues to outside promoters. That was the case Saturday morning at Smarta/Broadway, also known as Club 1919, on Ninth Street just off the bustling U Street corridor. Police said that Ford was shot there when the club's bouncer got into a scuffle with a patron carrying a gun. There have been no arrests.

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At least one club's advertised rules regarding teen patrons are vague. The Web site for the Black Cat, at 1811 14th St. NW, says: "Black Cat events are all ages. Patrons under 18 should have parental permission, and we prefer them to be accompanied by an adult."

Graham said he did not want to use the fatal shooting as a way to target go-go clubs, popular nightspots mostly frequented by blacks. Instead, he said, he decided to focus on all nightclubs. At the time of the shooting, the Smarta/Broadway was booked as a venue for local go-go bands. Some go-go dances have been marred by violence, but there is a growing movement to change their reputation by promoting peaceful go-gos.

"There needs to be a safe place for these kids to go. There are safe places out there with extra security and where we don't have to be afraid for our kids' safety," Moten said.

Charles A. Burger, chairman of the D.C. Alcoholic Beverage Control Board, said that Smarta/Broadway's liquor license has been suspended since the shooting and that a hearing is scheduled for Monday.

"We're going to get to the bottom of this. This was a troubled establishment doing whatever it needed to do and didn't care one bit about public safety," Graham said.

CIVIL LAW:

Fieger Sues U.S. Attorney General (FREEP)

By NAOMI R. PATTON, FREE PRESS STAFF WRITER

Detroit Free Press, January 26, 2007

Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm.

In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act.

It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office.

The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office.

Toner is included as a defendant, because the FEC "is tacitly cooperating and conspiring with the Attorney General."

Fieger also contends that investigators required witnesses to identify who they voted for in the 2004 presidential election.

Feiger is seeking a declaration from Gonzales and Stoner that their action was unconstitutional. He also seeks to have all legal fees recouped.

A spokesperson for the Attorney General's Office did not return calls.

Contact NAOMI R. PATTON at 313-223-4485 or npatton@freepress.com.

Fieger Sues U.S. Attorney General (DEN)

By Paul Egan, The Detroit News

Detroit News, January 26, 2007

Southfield attorney Geoffrey Fieger filed a federal lawsuit today against U.S. Attorney General Alberto Gonzales and the Federal Election Commission, alleging a grand jury investigation of Fieger and his law firm is unlawful.

A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination.

Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them.

In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful.

Federal officials could not immediately be reached for comment.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Evidence Concludes In Framed Men's Suit (BOS)

By Shelley Murphy, Globe Staff

DOJ_NMG_0122045

The Boston Globe, January 26, 2007

As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit.

But with a decision in the case not expected until at least mid-March, Salvati, 74, of the North End, said: "Now starts the worst part. Like Yogi Berra said, 'It's not over till it's over.' "

Salvati and Limone, 72, of Malden, attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed for the slaying in Chelsea of Edward Deegan.

After seeing the reports, a state judge overturned Limone's murder conviction in January 2001, and he walked free after 33 years in prison. She also vacated the conviction of Salvati, who was paroled in 1997 after 30 years in prison. Greco's exoneration came two years ago, when his conviction was posthumously set aside.

Yesterday, hours after evidence concluded in the federal civil trial, state prosecutors filed a motion urging Suffolk Superior Judge Margaret Hinkle to vacate the murder conviction posthumously of Tameleo, who was 84 years old when he died in prison in 1985.

After receiving a petition from Tameleo's family last June and reviewing the other three cases, Suffolk District Attorney Daniel F. Conley "determined that vacating Mr. Tameleo's conviction was the legal, ethical, and moral thing to do," said Jake Wark, a spokesman for Conley's office.

The motion asserts there is "newly discovered evidence indicating that justice may not have been done at Tameleo's trial," Wark said.

In federal court yesterday, US District Judge Nancy Gertner accepted the last of thousands of exhibits and filings just before 11 a.m. in the civil suit for wrongful imprisonment. Lawyers for the four men and the government will file briefs next month, and final arguments in the case will be given Feb. 27. The judge said she will try to reach a decision about two weeks later.

During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph "The Animal" Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco. At the time, Tameleo was the reputed consigliere of the New England Mafia, according to organized crime reports compiled by the FBI.

Deegan was gunned down in a Chelsea alley in March 1965. Local police were unable to solve the slaying until the FBI struck a deal with Barboza, whose testimony resulted in the 1968 convictions of the four men and of two others whose involvement in the slaying has not been disputed.

A Justice Department lawyer asserted during the trial that the FBI cannot be blamed because state prosecutors were responsible for investigating and trying the case. She also argued that the FBI had no obligation to share internal documents with state prosecutors, but also said that agents provided some information about the Deegan slaying to state and local police.

After yesterday's session, Limone, said: "I'm glad it's all over. It was like going to trial again."

Wal-Mart To Pay More Than $33 Million For Overtime Violations (FINDLAW/AP)

By Marcus Kabel, Ap Business Writer

AP, January 26, 2007

(AP) - BENTONVILLE, Arkansas-Wal-Mart Stores Inc. will pay more than $33 million (â,¬25.5 million) in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department.

Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 (â,¬15.41) per worker.

Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations.

"They had some concern that some of the practices were not in compliance" with federal wage laws, he told a conference call for reporters

"It's not particularly unusual for an employer to come to us and talk to us about potential payroll violations," Mandel said.

But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division.

Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again.

Last October, Wal-Mart workers in Pennsylvania won a $78.5 million (â,¬60.5 million) judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award.

One of Wal-Mart's most vociferous critics, union-backed WakeUpWalMart.com, said the overtime settlement was a sweetheart deal that favored the retailer rather than its workers.

WakeUpWalMart.com spokesman Chris Kofinis said workers were not represented in the settlement talks and added that the idea that Wal-Mart "would negotiate in the best interests of its workers is ludicrous on its face."

Critics had previously denounced a separate Labor Department settlement with Wal-Mart over child labor violations, which was made public last February.

That $135,540 (â,¬104,438) settlement was later found by the Labor Department's inspector general to contain significant concessions for the retailer. The inspector general's report said the settlement was "significantly different" from other such agreements and included far-reaching restrictions on the government's ability to assess monetary penalties.

Regarding the overtime issue, Mandel said the department carried out a national review of all Wal-Mart stores over a two-year period from February 2005 to this year.

The settlement was approved Thursday by a federal judge in the U.S. District Court for western Arkansas, Mandel said.

The highest award to an individual employee was about $39,000 (â,¬30,051), he said.

Wal-Mart is the world's largest retailer with about 1.3 million employees.

Wal-Mart Reaches Deal Over Back Pay (WP)

By Amy Joyce And Ylan Q. Mui

The Washington Post, January 26, 2007

Wal-Mart must pay nearly $34 million in back wages and interest to employees who were not paid for overtime hours under a settlement announced yesterday by the U.S. Labor Department.

The company said that because of errors in calculation, it underpaid about 87,000 employees nationwide by at least $20 during the past five years. But some are due much more, with one person to receive $39,775.

Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days.

"It's not particularly unusual for an employer to come to us to talk about potential payroll violations," said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties.

Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said.

"The issue has been resolved," said John Simley, a Wal-Mart spokesman. "We are committed to our associates, and we have apologized to them for this error."

About 75 employees are owed more than $10,000, according to Simley. The retailer also said it overpaid about 215,000 current and former workers $20 or more, which amounts to at least $4.3 million. The actual total was not disclosed. Wal-Mart said it would not seek to recover the overpayments.

Wal-Mart found the errors in 2004 during a routine internal review, Simley said. Problems stemmed from "calculation errors and procedural errors" at headquarters, he said, but he declined to say how they occurred. Wal-Mart reviewed data going back to Feb. 1, 2002, the first year for which it has "consistently reliable records," Simley said.

Wal-Mart said it found that some non-exempt salaried employees were expected to work 45 to 48 hours before they earned overtime pay. They did not receive the extra half-time they were owed for hours between 40 and 45 or 48. Other errors also occurred, Wal-Mart said.

The company will still face legal challenges from at least one state.

The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million.

"While Wal-Mart has indicated its desire to pay all additional wages owed under California law, we will not agree to any settlement terms until state auditors have the opportunity to verify the accounting records relied upon by [U.S. Labor Department] officials and to examine additional records that relate to those issues that are subject to more stringent California statutes," said Robert Jones, acting state labor commissioner.

State and federal wage-and-hours laws require employers to pay time and a half to workers who put in more than 40 hours a week. Salaried managers and independent contractors are exempt unless their salaries fall below a certain threshold.

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Wal-Mart has been involved in other overtime suits. In October, a Pennsylvania jury decided that Wal-Mart forced hourly employees to work through breaks and beyond their shifts without overtime pay. The plaintiffs were awarded $78.5 million. Wal-Mart is appealing.

In 2002, a federal jury in Oregon found that Wal-Mart employees were forced to work off the clock and awarded back pay to 83 workers. In 2004, Wal-Mart settled a similar lunch-break case in Colorado for $50 million.

At least 57 other wage-and-hours cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings.

Wal-Mart's decision to report the problem is indicative of how visible it has become, according to Harley Shaiken, a labor professor at the University of California at Berkeley. "They realized there was a problem and didn't want to see it become a worse problem," he said. "I think Wal-Mart has really learned that putting it under the rug doesn't make it better."

Trustee: Sen. Clinton's Brother Owes Debts To Carnival Operators (AP)

By Rose French, The Associated Press

AP, January 26, 2007

Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton.

A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc.

Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004.

A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham.

The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued.

Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death.

Nashville-based federal bankruptcy trustee Michael Collins said he has tried to get Rodham to repay the loans for almost two years.

Collins had Rodham's accounts frozen in 2005 after Rodham failed to respond to an initial complaint. A judge ruled that Rodham was in default on the loans, but later unfroze the accounts after Rodham appealed.

Collins said the latest filing seeks to establish "realistic deadlines for the future progression of this litigation."

"It's collecting a receivable that was owed to the company," he said. "Its just like any loan."

Collins says he's seeking the loan money which, with interest, comes to nearly $150,000.

Rodham's lawyers in Virginia did not immediately return phone calls on today seeking comment.

The Gregorys hired Rodham in June 1998, five months before they filed pardon applications with the Justice Department.

Rodham says he was hired to help bring new business to the Gregorys' carnival operation. But the report by the U.S. House Committee on Government Reform said that without any documentation the episode raises "substantial questions ... as to what Rodham actually did for the Gregorys that was so valuable."

"It appears that the president was interested in the Gregory pardons solely because of his contacts with Tony Rodham," the report says. "It is fair to conclude that, but for Tony Rodham's lobbying efforts, the Gregory pardons would not have been granted."

Rodham refused to appear before the committee. He did, however, at the time tell CNN's Larry King Live he talked about the pardons with President Clinton, but said Clinton made the decision to grant clemency to the Gregorys on the merits of their case.

"If I used any kind of influence, then why did it sit in the Justice Department for 18 months? It's absurd to even say that I used any kind of influence. ... The Gregorys are the type of people the pardon system is made for."

CIVIL RIGHTS:

Brother Refused To Give Up On Racially Tinged 1964 Deaths (CNN)

CNN, January 26, 2007

WASHINGTON (CNN) -- After the investigation into the May 1964 deaths in rural Mississippi of his brother and a friend went cold, Thomas Moore was convinced he would never see justice done.

But when a documentary filmmaker for the Canadian Broadcasting Corp. began to research the case about a year and a half ago, Moore saw a glimmer of hope.

And Thursday, 71-year-old James Ford Seale, who court documents state is a former Ku Klux Klan member, made an initial appearance in court in Jackson, Mississippi, on charges of kidnapping and conspiracy in the abduction and killing of Charles Eddie Moore and Henry Hezekiah Dee, both 19, Attorney General Alberto Gonzales announced. (Watch how a 42-year-old cold case heated up)

Seale has pleaded not guilty. He is being held without bail, Gonzales said. (Dee's sister prayed for justice "somehow, some way")

Moore said that after momentum began to build on the case two years ago, he told his late brother he wouldn't give up.

"I promised him in 2005 at his grave in Franklin County ... that I would fight until I die," Moore told reporters in Washington on Thursday shortly after the indictment was announced.

"When I got the word yesterday ... I cried," he continued. "And I felt that my mom and my dad and Charles Moore and Henry Dee said, 'Thank you.' " (Watch Moore savor the day he's been waiting for)

Moore said he returned to Franklin County with CBC producer David Ridgen to help research the case.

At one point, Moore said, he told some friends there it was too bad that one of the suspects -- Seale, who was initially arrested along with Charles Edwards soon after the murders -- had died.

"They said, 'He hasn't passed away,' " Moore said. "They directed us to where he lived. That changed our mission."

Soon after their arrests in 1964, Seale and Edwards were released on bail and were never tried.

According to the CBC, FBI documents stated that Edwards confessed that he had picked up the two young African-American men, beaten and interrogated them.

But he said they were alive when he left.

Edwards, who also is still alive, was not named in the recent indictment.

The allegations in the indictment against Seale say that "Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River tied to heavy objects alleged to have included an engine block, iron weights and railroad ties," Gonzales said.

"These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin," the attorney general added. (Watch the FBI's top agent describe 'a dark chapter' in history)

After learning that Seale was alive, Moore gave Dunn Lampton, the U.S. attorney for the Southern District of Mississippi, the FBI files on the case that he got from a reporter in Mississippi.

"The really most important factor, in my mind, was Thomas Moore coming to see me," Lampton said. "And at that time, I had not really looked at the file. And the case had lain dormant for years. And I thought that there was nothing we could do about it."

"I took the file home with me and read it," Lampton said. "I was a district attorney for 20 years; I've tried a lot of murder cases. I read the file and I thought that perhaps something could be done either on the state side or on the federal side."

Lampton said he helped form a task force and that the end result -- the indictment -- was a joint effort.

"Nineteen months ago was the start of a journey," Moore said. "Had no idea what it would lead to, but we had hoped and we tried and we continued to push.

"And I'm so glad."

CNN Justice Correspondent Kelli Arena and Justice Department Producer Terry Frieden contributed to this report

Man Pleads Not Guilty In 1964 Race Case (AP)

By Emily Wagster Pettus, The Associated Press

AP, January 26, 2007

JACKSON, Miss. (AP) — A reputed Ku Klux Klansman accused in the 1964 slayings of two black men pleaded not guilty Thursday, and in a measure of how things have changed across the South, the judge he stood before was a black woman.

With his wrists and ankles shackled, 71-year-old James Ford Seale repeatedly addressed the judge as "ma'am," a social courtesy whites typically denied to blacks in Mississippi 43 years ago.

Seale was arrested Wednesday on federal charges of kidnapping and conspiracy. Prosecutors said Charles Eddie Moore and Henry Hezekiah Dee, both 19, were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

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A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges.

The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive.

"Forty years ago, the system failed," FBI Director Robert Mueller said in Washington. "We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day."

On Thursday, U.S. Magistrate Linda R. Anderson asked Seale whether he understood the charges, which carry up to life in prison.

"Yes, ma'am, I think so," Seale said in a calm voice.

Seale was jailed for a bail hearing on Monday. His court-appointed attorneys said he is suffering from cancer. His trial is scheduled for April 2.

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Lara Jakes Jordan reported from Washington. AP National Writer Allen G. Breed in Raleigh, N.C., also contributed to this report.

Suspect Pleads In 1964 Slayings (USAT)

By Jerry Mitchell And Ana Radelat

USA Today, January 26, 2007

JACKSON, Miss. — A 71-year-old reputed Ku Klux Klan member pleaded innocent Thursday to charges linked to the killings of two black teens in Mississippi almost 43 years ago.

James Seale is charged with two counts of kidnapping and one count of conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of Henry Dee and Charles Moore, both 19. If convicted, Seale could face up to three life sentences.

Seale, now in custody in the Madison County Jail near Jackson, faces a hearing Monday on whether he will be released on bond. His court-appointed public defenders are likely to argue Seale should be freed because he has cancer.

U.S. Magistrate Judge Linda Anderson asked Seale on Thursday whether he understood the charges.

"Yes, ma'am, I think so," replied Seale, his wrists and ankles shackled.

Six years ago, in an interview with the Jackson, Miss., Clarion-Ledger, Seale scoffed at the idea he would ever be arrested in the case.

The charges were announced in Washington on Thursday by Attorney General Alberto Gonzales, Dunn Lampton, U.S. attorney for the Southern District of Mississippi, and Robert Mueller, head of the FBI.

"This was a horrible crime inflicted with stunning disregard for the suffering of these victims," Mueller said. "These tragic murders are straight from the darkest page of our country's history."

Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths.

Thomas Moore, 65, traveled to Washington on Thursday with Dee's sister, Thelma Collins. Looking back on the years since his brother's death, he said his hopes surged any time someone took an interest in the case.

"Every now and then, people would get my hopes up, and then it would fade away," he said.

The indictment said Seale and other Klansmen who abducted Dee and Moore thought the two had information about local gunrunning and thought Dee might be a civil rights activist.

The teens eventually were driven to Parker's Landing in Mississippi, according to the indictment, where the Klansmen tied a Jeep engine block, iron weights and railroad rails to them and then threw them into the Mississippi River.

Seale, along with Charles Edwards, now 72, was arrested once before, on Nov. 6, 1964, in connection with the slayings. The FBI, consumed by the search for three civil rights workers who had disappeared that same summer in Philadelphia, Miss., turned the case over to local authorities, who threw out the charges.

Edwards has not been charged, and Gonzales declined Thursday to say whether there will be more charges in the case.

Race Former Deputy Charged In Civil-Rights Murders (NPR)

By Wade Goodwyn

NPR's All Things Consider, January 26, 2007

DOJ_NMG_0122050

A federal grand jury charges a Mississippi man with the 1964 killings of two black men, in the latest in a series of charges involving racially motivated killings from the civil-rights era. The two men had been hitchhiking when they went missing. Their bodies were found in the Mississippi River, shackled to an engine block.

James Ford Seale, 71, pleaded not guilty to the charges in Jackson, Miss. The former sheriff's deputy and reputed Klansman was one of two suspects originally charged in the deaths decades ago. But the FBI turned the case over to local authorities — at the time, the agency was consumed with the search for three missing civil-rights workers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, Miss., on Thursday. The former Sheriff's deputy, once thought to be dead, faces charges for his alleged involvement in the kidnapping and slaying of two black teenagers in 1964 in one of the last major unsolved crimes of the Civil Rights era. AP

More than 40 years ago, two black hitchhikers were found dead in Mississippi. Thursday, a reputed Ku Klux Klan member — James Ford Seale, 71 — will be charged with kidnapping, but not murder. Reporter Jerry Mitchell of The Clarion-Ledger newspaper in Jackson, Miss., discusses the case with Steve Inskeep:

SI: Would you remind us exactly what happened in 1964, and what James Seale's alleged role was.

JM: This was a case of forgotten killings, really. These two teenagers, African-American teenagers, were hitchhiking. And the Klan believed that there was gunrunning in the county [Franklin County, Miss.] and believed they might know something about it, or did know something about it. [They] took them out into the woods, beat them, then hauled them out to the Mississippi River and tied them to a Jeep motor block and dumped them alive into the Mississippi River.

SI: And James Seale, was he a member of the KKK at that time?

JM: [He was] reputed to be. He denied being a member when I talked to him in 2000. And, of course, he went on to deny that he knew anybody in the Klan. But, of course, his brother was in the Klan, and his dad was supposedly in the Klan. So, I found that kind of interesting.

SI: You mentioned that you talked to him in 2000. It was your newspaper that got this old case reopened. Can you describe to me what evidence led you to James Seale?

JM: Basically, federal authorities had reopened another case, the Chester White killings that the Klan did in '66 in Mississippi. It had taken place on federal property, in the Homochitto National Forest. And the name rung a bell. So, I was like, "it seems like there was something else that took place there." And, sure enough, Henry Hezekiah Dee and Charles Eddy Moore were both beaten in that forest. So that's what led them to reopen that case at that point.

SI: And what led you to Seale? Had he been a suspect at the time?

JM: Yes. He had been arrested along with a guy by the name of Charles Marcus Edwards. But the case never went anywhere.

SI: You mean the Mississippi authorities never did…

JM: [The] never did a thing with it. It was on the state side. The state never prosecuted. In fact, they've dismissed the charges.

SI: Based on what you've seen, how strong is the evidence connecting him to this crime, and what is the evidence?

JM: The case against him, I think, is probably similar to what it would have been in '64, if authorities had been able to put the case together. And this is laid out in FBI documents. Mr. Edwards confessed to authorities his involvement in the case, and identified Mr. Seale as being one of the fellow participants. But Mr. Edwards also said he didn't take part in anything beyond that.

SI: This other suspect confessed to a role in the beating, not the killing. And he leads you, then, to James Seale, the man who's been arrested now?

JM: Correct. I was able to, you know, [use] old records and other things [that] led me to him. And [I] actually had help from people that knew him [that] helped me track him down.

SI: These two men were 19 when they were killed. Are their parents still alive?

JM: No, they're not. But the brother of Charles Moore, Thomas Moore, really deserves a tremendous amount of credit for this case being re-prosecuted. He's been working with a CBC documentary filmmaker, and he's the one who approached the U.S attorney in 2005 and I think really deserves the credit for this case finally going forward.

SI: After more than 40 years, he was still going after the killers of his brother, and he's part of the reason we're hearing about the case again now.

JM: Absolutely. There's no question he's the one that convinced federal authorities to finally do this thing.

'System Failed' In 1964 Race Killings: FBI Director (CBC)

CBC News, January 26, 2007

DOJ_NMG_0122051

An elderly Mississippi man could spend the rest of his life in prison in connection with the 1964 slayings of two African-American teenagers afterÂ interestÂ in theÂ cold case wasÂ rekindled by a CBC documentary maker andÂ one ofÂ the victim'sÂ brothers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted from the federal courthouse in Jackson, Miss., on Thursday. Seale pleaded not guilty to federal kidnapping charges tied to the 1964 slayings of two black teenagers.

Seale faces two counts of kidnappingÂ and one count of conspiracy to commitÂ kidnapping in the case of Charles Eddie Moore and Henry Hezekiah Dee, both 19,Â Attorney General Alberto Gonzales said ThursdayÂ in Washington.

Each count carries a maximum sentence of life in prison.

In a news conference attended by Moore's brother Thomas Moore and Dee's sister Thelma Collins, Gonzales said the case was "a painful reminder of a terrible time in our country."

Gonzales wouldn't comment on why aÂ second suspect, church deacon and reputed KKK member Charles Marcus Edwards, now 72, was not charged.

FBI Director Robert Mueller acknowledgedÂ that it took too long for prosecutors to lay charges.

"Forty years ago, the system failed," Mueller said bluntly with Gonzales and Dunn Lampton, the U.S. attorney for southern Mississippi, at his side. 'My son don't have an uncle. I don't have a brother'

Moore, who joined CBC documentary filmmaker DavidÂ Ridgen on seven journeys toÂ Mississippi,Â said heÂ cried tears ofÂ joy when he heardÂ Seale was in custody, butÂ still struggles withÂ his brother's death.Â

Thomas Moore and CBC documentary filmmaker David Ridgen discovered James Ford Seale, the suspect in Moore's brother's slaying, was still alive in Mississippi.

"I will continue to feel bad," Moore said after the news conference. "My son don't have an uncle. I don't have a brother to call. So I've struggled for 42 years."

Collins said she didn't think she would live toÂ see progressÂ in her brother's case.

"I thank the Lord that I got to see it at my age," she said. "I'm 70 years old. I did see some good come of it."

For years, Seale's family told reporters that he had died. But in JulyÂ 2005, Moore andÂ Ridgen found Seale alive and residing a fewÂ kilometres from where the kidnapping took place.

"When I first met Thomas Moore, heÂ knew more about the case than I did,"Â said Lampton, who headed the task forceÂ launched after the discovery.

"We thought that there was nothing we could do with it."

On May 2, 1964, Moore and Dee, both 19, disappeared whileÂ hitchhiking near Meadville, in southwestern Mississippi.

According to the FBI, they were interrogated and tortured in a nearby forest, locked in a trunk, driven to Louisiana, chained to a Jeep motor and some train rails, and dropped alive into the Mississippi River, whereÂ they drowned.

TheirÂ mangled torsos were discovered more than two months later during the search for Michael Schwerner, Andrew Goodman, and James Chaney â€" three civil rights workers who disappeared June 21 the same year.

Those three bodies were found in Mississippi a short time later, and the case was made famous in the 1988 film Mississippi Burning. Case never went to trial

Seale, then 28, and Edwards, then 31, were arrested in the original investigation, but released soon thereafter on a $5,000 bond. No grand jury or trial was ever held.

FBI documents allege Edwards admitted that he and Seale picked up Moore â€"Â who was on his way home after being expelled from Alcorn A&M University for taking part in a student protest â€" and Dee, who worked at a lumberyard.

According to the documents, EdwardsÂ said he and Seale took the two men to a wooded area, where they were whipped with beanpoles and interrogated.Â Edwards insisted that when he left, the two men were still alive.

He later denied making the statement. None of the allegations have been proven in court.

The FBI turned over Edwards' statement and other files on the investigation to local authorities, and a justice of the peace dismissed all charges.

Gonzales said Seale was not charged with murder because prosecutors examined the evidence and determined a murder case would be too difficult to prove.

"These are very difficult cases to make," Gonzales said, citing the death of witnesses and oldÂ evidence that is no longer available.

TheÂ Justice Department was slow to act on evidence and pursue those responsible for the crime,Â according to Jerry Mitchell,Â an investigative reporter for the Jackson newspaper the Clarion-Ledger who hasÂ worked onÂ the case and numerous other civil-rights slayings.

"It could have been done years ago," Mitchell told CBC News Thursday. With files from the Associated Press

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Seale Pleads 'not Guilty' (JCL)

Jackson Clarion-Ledger, January 26, 2007

In court, after 42 years

A judge will decide Monday whether to free on bond reputed Klansman James Ford Seale, who pleaded not guilty to federal kidnapping and conspiracy charges in connection with the 1964 slayings of two black teenagers.

Assistant U.S. Attorney John Dowdy said Thursday the 71-year-old former crop-duster should stay behind bars. Seale is charged in the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, who were hitchhiking in Meadville when they were grabbed, beaten and thrown into the Mississippi River, where they drowned, according to FBI reports.

Jackson lawyer Kathy Nester of the federal public defenders' office said Seale, who suffers from cancer, should be freed because he is in poor health.

Seale's trial on two counts of kidnapping and one count of conspiracy is set for April 2, although that date likely will be pushed back.

The clash between past and present became apparent when the reputed Klansman stood in front of U.S. Magistrate Judge Linda R. Anderson, the first African-American magistrate in Jackson. Shackled in chains and wearing an orange jumpsuit, he responded to many of her queries with "yes, ma'am" or "no, ma'am."

Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson. If convicted, Seale could face up to three life sentences.

His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson.

Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions, most recently in 2005 when a Mississippi jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of civil rights workers James Chaney, Andrew Goodman and Michael Schwerner.

In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore "tragic murders ... straight from the darkest page of our country's history."

It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings.

"Every now and then, people would get my hopes up, and then it would fade away," said Thomas Moore, who was in Washington for the news conference.

Dee's 70-year-old sister, Thelma Collins, who also traveled to Washington, "cried and sat down and cried again" after hearing of Seale's arrest.

In most criminal cases, defendants waive the reading of the indictment, but Seale sat Thursday and listened to Dowdy read the entire five-page document.

It says Seale and other Klansmen thought Dee might have information about gunrunning in Franklin County, and that's why they abducted him and Moore.

Taking the two teens to Homochitto National Forest, Seale pointed a sawed-off shotgun at Dee and Moore while fellow Klansmen beat the teens with switches and tree branches, the indictment says.

Dee and Moore fabricated a confession there were guns hidden in a Roxie church, which Klansmen and the local sheriff searched, only to find no guns, the indictment says.

Klansmen used duct tape to bind Dee and Moore, weighted them down with a Jeep engine block, iron weights and railroad rails before throwing them into an old Mississippi River channel, where they drowned, the indictment says.

Dowdy read the details of the crime and then said the Klansmen "met to discuss the murders of Dee and Moore and the need to maintain secrecy among the co-conspirators."

He looked straight at Seale, who showed no emotion.

Seale had been arrested for the slayings in 1964, too, along with Charles Marcus Edwards, who admitted he was involved in the beatings but said the teens were alive when he last saw them. No charges are expected against Edwards.

Authorities confronted Seale in 1964, telling him they knew he and others had taken Dee and Moore "to some remote place and beat them to death," FBI records say.

"You then transported and disposed of their bodies by dropping them in the Mississippi River," the records say. "You didn't even give them a decent burial. We know you did it. You know you did. The Lord above knows you did it."

"Yes," Seale was quoted as replying. "But I'm not going to admit it. You are going to have to prove it."

Asked in a 2000 interview with The Clarion-Ledger if he had anything to do with the crime, Seale replied, "I ain't in jail, am I?"

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Charges against Seale have renewed attention on other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers.

"I think today is a step in the right direction, and I think it will contribute to the passage of the Emmett Till Unsolved Civil Rights Crime Act," said Alvin Sykes, whose work helped lead to the reopening of the 1955 killing of Emmett Till.

When he saw Seale in court Thursday, he said he felt sadness "to see such an old man, but if it's true what he's alleged to have done, he has wasted his life with hatred when he had an opportunity to live a life more fruitful. If he did the crime, he has to do the time. It doesn't matter how old he is."

Reputed Klansman Pleads Not Guilty To Civil Rights Era Murders (WLBT)

By Marsha Thompson

WLBT-TV, January 26, 2007

Fast moving developments in a civil rights era cold murder case. A reputed K.K.K. member is behind bars after facing a federal judge Thursday. James Ford Seale was arraigned in federal court in Jackson Thursday morning, charged with conspiracy charges and the kidnapping of Charles Moore and Henry Hezekiah Dee 43 years ago.

United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades.

As Seale's wife, brother and family members left the federal courthouse, they ignored the media's questions. The feds say they are out to prove James Ford Seale and other K.K.K. members pretended to be sheriff's deputies when they picked up Charles Moore and Henry Dee near Mendenall May 2, 1964.

The indictment alleges the teenagers were taken to the Homochitto National Forest beaten and their bodies later weighted down and dumped in the Mississippi River. Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice.

Alvin Sykes, the president of Emmett Till Campaign Justice says, "In Washington federal officials including Mississippi's U.S. Attorney said it's time for justice."

FBI Director Robert Mueller said, "This was a horrible crime. Indicted with stunning disregard for the suffering of the victims."

Thomas Moore, the brother of Charles Moore believed Seale was dead, until he tracked him down in Roxie, Mississippi. His tenacity persuaded the feds to reopen the decades old case.

U.S. Attorney Dunn Lampton said, "Thomas Moore uncovered the fact he was alive and well. He came to see me. The case had lain dormant for years."

A grisly reminder of the darker days in Mississippi during the so-called "Summer of Freedom." The 43 year old cold case is no longer dormant, but active with a living suspect.

Feds Get Indictment In Cold Case (ABC)

By Stephanie Sy

ABC News, January 26, 2007

Suspected former Ku Klux Klan member James Seale was indicted for his alleged role in the kidnapping and murder of two black teenagers, 40 years ago. U.S. attorney Alberto Gonzales said Seale faces two counts of kidnapping resulting in death, and one count of conspiracy.

The charges fall just short of murder.

"In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both
African-American, were kidnapped by members of the Ku Klux Klan and beaten," said FBI director Robert Mueller.
And then, while still alive, their bodies were tied with weights, pushed
into a river, and they were left to drown.

Outside the courthouse, Seale's family kept silent. For years, his son had led reporters to believe he was dead. Seale entered a not guilty plea. If convicted, the 71-year old could spend the rest of his life in prison.

At the time, authorities say they knew it was murder. But such was the power of the Klan in the 1960s, that Seale was never charged.

The case went cold until a few years ago when Charles Moore's brother, along with a documentary filmmaker, started digging deeper.

"I promised him in 2005 at his grave in Franklin that I would fight until I
die," said Thomas Moore. "I got the word yesterday. And I cried."

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In 1999, another man implicated in the case spoke to ABC's 20/20. Even though Charles Edwards' allegedly gave a partial confession, he still hasn't been charged. But the ABC report led investigators to obtain the evidence they needed to indict Seale, four decades after the crime.

This posting has been altered from its original version, in which Seale was referred to as a former sheriff's deputy. ABC News later

confirmed that Seale was never a police officer or deputy sheriff as previously reported.

US Charges Suspect In 1964 Civil Rights Murders (VOA)

By Jim Malone

Voice of America, January 26, 2007

An elderly white man in the southern state of Mississippi faces federal charges of kidnapping and conspiracy in connection with the 1964 murders of two African-American men. The case is the latest in a series of prosecutions brought by the government to solve racially-motivated crimes from the civil rights era of the 1950s and 1960s. National correspondent Jim Malone has more from Washington.

James Ford Seale, 71, a reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, MississippiThe suspect now under arrest is James Seale, 71, from Mississippi. Prosecutors say Seale was a reputed member of the white supremacist organization known as the Ku Klux Klan and was part of a group of whites that kidnapped two 19-year-old black men in May of 1964.

The two victims, Henry Dee and Charles Moore, were taken to a nearby forest, tied to a tree and beaten.

Attorney General Alberto Gonzales describes what happened next:

"Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River, tied to heavy objects that allegedly included an engine block, iron weights and railroad ties," he said. "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior."

The bodies of the two men were found months later and James Seale and another man were initially arrested by the Federal Bureau of Investigation (FBI), on murder charges in November of 1964. But local authorities declined to prosecute the two suspects and the case was dropped.

The case was reopened in 2000 after previously uncovered documents indicated the murders of the two black men took place on federal land, allowing the FBI and the Justice Department to once again pursue the case.

A brother of one of the victims, Thomas Moore, pressed federal investigators to reopen the case after he found out that the main suspect, James Seale, was still alive. Seale's family had claimed for years he was dead.

FBI Director Robert Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial.

But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades.

"These tragic murders are from among the darkest page of our country's history," he said. "And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes."

In recent years, authorities in Mississippi and Alabama have won convictions in several notable civil rights cases from the past including a 1963 church bombing in Alabama that killed four black girls and the 1964 murders of three civil rights workers in Mississippi.

Ex-policeman Charged Over 1964 Killing Of Black Teens (UKIND)

By Andrew Buncombe In Washington

The (UK) Daily Independent, January 26, 2007

A former sheriff's deputy and alleged member of the Ku Klux Klan has been charged over the killing of two black teenagers more than four decades ago - one of the very last of the civil rights-era cases authorities are likely to seek to bring to justice.

James Seale, 71, once believed to be dead, appeared in court in Jackson, Mississippi, yesterday morning where he was charged over the deaths of the two 19-year-olds who were beaten, tied to weights and then thrown alive into a river. Their remains were found several months later by federal authorities who were hunting for the bodies of three civil rights workers who were also murdered by members of the Klan.

According to a three-page indictment laying out the accusations, Mr Seale and several accomplices abducted Henry Dee and Charles Moore as the pair were hitchhiking near an ice-cream stand in the town of Meadville in south-west Mississippi and

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drove them to Homochitto National Forest. There they allegedly beat the teenagers with tree branches, questioned them at gunpoint and bound them with tape.

Mr Dee was apparently tied to an engine block from a car while Mr Moore was tied to iron weights from a railroad track. Both men were then thrown into the Mississippi river. "It was a horrible crime committed with stunning disregard for the victims," said the FBI director Robert Mueller.

When the case was initially investigated, Mr Seale and another suspect were arrested. But the FBI - perhaps distracted by the "Mississippi Burning" case involving the deaths of three civil rights workers - passed the case to the local authorities and a judge promptly threw out the charges.

For many years, Mr Seale's family told reporters that he was dead. But two years ago Mr Moore's brother, Thomas, and a Canadian filmmaker discovered he was still alive and living in rural Franklin County, close to the scene of the crime.

Thomas Moore put pressure on federal authorities to reopen the case. Mr Seale was arrested on Wednesday.

Yesterday, he was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. The Attorney General, Alberto Gonzales, said authorities had decided to proceed with these charges rather than murder after examining all the available evidence. He declined to say why an alleged accomplice of Mr Seale's was also not charged, though reports said that the man - a church deacon now aged 72 - has been co-operating with authorities.

In court in Jackson, Mr Seale pleaded not guilty to the charges. The court ordered he be held in custody until Monday when a bail hearing is scheduled to take place. His court-appointed lawyer said his client was suffering from cancer.

The case is the latest in a flurry of crimes and killings dating from the civil rights era that authorities have belatedly sought to prosecute.

In recent years, they have secured convictions against two former Klan members, Thomas Blanton and Bobby Cherry, for the murder of four black girls killed in the bombing of a church in Birmingham, Alabama, in 1963, and Edgar Killen, for the murder of the three civil rights workers in 1964. Killen, a former Klan recruiter, has appealed against his conviction.

Penny Weaver, of the Southern Poverty Law Centre, a civil rights and anti-racism group, said: "It's extremely important [that these cases are brought to trial]. All you have to do is look at the comments of the family members. It's a great relief. They are overwhelmed... by a sense that after all these years someone is taking their loved ones' deaths seriously."

Anthony Collins, the grandson of Thelma Collins, the sister of Henry Dee, said his grandmother had for decades suffered from depression over the death of her brother.

He told The Independent: "Right now, she is happy that there is going to be some resolution. It's been a long time trying to make sure justice is served."

Thomas Moore, a brother of the other murdered man, said: "I'm very satisfied at this point ...I never thought it would happen. I never forgot my brother or Henry Dee."

Man Pleads Not Guilty In 1964 Race Case (ABC)

By Harry Phillips

ABC News, January 26, 2007

Jan. 25, 2007— By all accounts, it was a typically sultry afternoon in tiny Meadville, Miss., on May 2, 1964, the day that two 19-year-olds, Henry Dee and Charles Moore, vanished while walking along a highway on the edge of town.

As far as anyone knew, Dee and Moore had no enemies, nor had they any connection with the burgeoning civil rights movement. They'd never done anything to pique the ire of the notoriously racist and violent White Knights of the Ku Klux Klan, many of whom lived in the rural settlements across Franklin County.

Around Meadville, Dee and Moore were just known as average, law-abiding young black men.

But these were not average times in Mississippi. The civil rights struggle had become a virtual war, defined by the white supremacist KKK taking on anyone who would seek to end racial discrimination.

Ratcheting up the tension, civil rights organizations had recently announced "Freedom Summer" for 1964, a bold initiative to bring activists into the Deep South and register black voters for the coming presidential and congressional elections. Mississippi was, in fact, bracing for the worst summer in a most painful chapter of American History.

In 1964, young men like Henry Dee and Charles Moore knew that to stay safe, they needed to avoid doing anything that might be viewed by the KKK as activism. They also knew to avoid any contact with Klansmen. And so, on that early May afternoon, when a Volkswagen Beetle pulled to a stop beside them, Dee and Moore knew enough to respectfully decline the white driver's offer of a ride.

More than two months later, investigators got their first clue about what happened to the two young men when the partial remains of a black man surfaced in a remote section of the Mississippi River some 90 miles from Meadville. A college identification card found in a pants pocket helped identify the remains as those of Charles Moore.

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For another two months, FBI investigators conducted a fruitless investigation of the case until they received a call from an anonymous informant who said he had information about Dee and Moore's disappearance.

The informant was so terrified of the KKK that he insisted on anonymity. The FBI gave him a code name: JN-30R.

Over the ensuing weeks, JN-30R provided the FBI all the information they would need to identify five Klansmen as prime suspects in a horrifying tale of how Henry Dee and Charles Moore were murdered for little reason beyond the color of their skin.

In dozens of pages of reports to the FBI, JN-30R described in gut-wrenching detail how Dee and Moore were kidnapped and taken deep into the Homochitto National Forest and beaten with bean-poles until their bodies were broken and bleeding profusely.

They were then stuffed into the trunk of a car and driven 90 miles to a Mississippi River bank where they were bound and tied to a Jeep engine block and dumped into the river alive.

Brother Wins Arrest In '64 Case (MH)

By Allen G. Breed

The Miami Herald, January 26, 2007

As a deacon at Bunkley Baptist Church, Charles Marcus Edwards was responsible for opening up for Sunday school. And so on that sultry Mississippi morning, he and his wife were the first to arrive at the tiny brick chapel.

A minivan pulled into the gravel drive behind them. A black man got out of the van and approached, followed by a younger white man carrying a video camera. Betty Edwards gave them a friendly wave.

"Mr. Edwards," the black man said, extending a hand with a sealed manila envelope. "I have something for you, sir."

"What is this?" the 72-year-old deacon asked, bemused.

Inside were pages from an unfinished story.

The nine sheets, copied from a 42-year-old FBI file, told a tale of Ku Klux Klansmen and secret codes and terror. They told, in gruesome detail, of the kidnap, torture and slaying of two black men - Henry Hezekiah Dee and Charles Eddie Moore.

Edwards limped quickly toward the church and climbed the three steps. At the top, he stopped and turned.

"What's your name, fella?" the elderly white man asked.

"My name is Moore," the stranger replied. "Thomas James Moore."

The reputed former Klansman moved to enter the sanctuary, then paused and turned again.

"I'm going to tell you, fella," he said, gesturing down at Moore with the church keys in one hand and his Bible clutched in the other. "I DID not kill your brother. I didn't have, I didn't have anything to do with that."

As Edwards disappeared inside the darkened church, his wife jiggled the door handle to make sure it was locked, then slammed it behind her. As the cameraman filmed, Moore walked back to the van, a satisfied grin on his face.

The old man hadn't confessed. But tucked under his arm, along with the black-covered Bible, was the manila envelope, with those chilling documents for the deacon to ponder.

The Sunday morning drama, which happened last year, would become a turning point in the quest for justice in the long-dormant Dee and Moore killings.

Just this week, another document was added in the case: a three-count federal indictment.

Never Too Late For Justice (USAT)

USA Today, January 26, 2007

In the summer of 1964, they were two black teenagers hitchhiking near an ice cream stand in Meadville, Miss.

A car picked up Henry Dee and Charles Moore and drove them into the woods, where Ku Klux Klan members tied them to trees and whipped them. Still alive, the two 19-year-olds were bound, weighted down and thrown into a river, where their bodies were later found.

Their deaths never drew the kind of attention garnered by the nearby murders of three young civil rights workers that same summer. In that, Dee and Moore were more like scores of victims who died in obscurity when the young civil rights movement met the South's last gasp of raw racism.

At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late.

Federal authorities arrested and charged James Seale, 71, a former sheriff's deputy and reputed Klan member, in connection with the murders.

Seale was a suspect in 1964, but the case was dropped by local authorities. For years, the case lay dormant. Then, in 2000, The Clarion-Ledger of Jackson, Miss., uncovered documents that gave federal authorities a new hook. And in 2005, while

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Seale family members insisted Seale was dead, Thomas Moore, the brother of one of the victims, found Seale living not far from the murder scene. Moore persuaded authorities to take another look.

Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes.

To the nation's credit, changing times and values continue to prove them wrong.

LA Gang Member Sentenced To Life In Prison For Targeting Blacks (AP)

AP, January 26, 2007

LOS ANGELES - The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison.

Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles.

Gang members killed one man, Christopher Bowser, who was waiting for a bus in 2000 and another, Kenneth Wilson, who was looking for a parking spot a year earlier, authorities said.

Avila was implicated in the shooting death of Bowser. His three co-defendants were sentenced to two consecutive life terms for their role in the conspiracy and for Wilson's murder.

"Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents," said Wan J. Kim, assistant attorney general for the civil rights division.

Defense attorneys had claimed police concocted the conspiracy charges by tying together random attacks committed largely by unknown perpetrators. They also questioned the credibility of two former members of the gang who became government witnesses.

Avila has been serving a life sentence in state prison for the murder of Bowser and another black man. A fifth defendant, Merced Cambrero, is a fugitive.

Avila's sentencing punctuates a month that has some residents of another neighborhood and activists fearing a race war between gangs.

Police say a 34-year-old black man was shot without provocation by a Hispanic man in the Harbor Gateway area Saturday - just south from where a 14-year-old black girl was shot to death after she entered an area claimed by a Latino gang last month.

Prison Sex Suit Can Go Forward (DEN)

By Ronald J. Hansen, The Detroit News

Detroit News, January 26, 2007

DETROIT -- A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act.

The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago.

U.S. District Judge John Corbett O'Meara said the March 2000 decision to exempt inmates "essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law.

"Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling," O'Meara wrote. "It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones."

Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, "We're recommending appeal to the (prison) agency because we think the judge is incorrect." The state has argued that inmates still had ample federal civil rights protections and could sue in federal court.

Deborah LaBelle, an Ann Arbor lawyer who is suing the state, said the ruling should send a message to state officials to help end inmate abuse rather than fight lawsuits.

"Instead of addressing the degrading and intolerable abuse of women and girls held in Michigan's prisons, the Department of Corrections thus far has focused its energies on denying the reality of the abuse and silencing women and their families through shutting down legal avenues," LaBelle said.

An April 2005 memo to the Corrections Department from a state lawyer suggests the abuse problem has continued, LaBelle said. "The failure of the Department to take action against this employee is compelling support that the Department is aware of the sexual misconduct of its officers but allows it to continue," the state lawyer wrote.

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In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections.

A 2005 Detroit News investigation found that sexual abuse complaints by the women were higher a decade after federal officials first noted Michigan had a problem in 1995.

O'Meara's ruling came a day after the U.S. Supreme Court held that the 6th U.S. Circuit Court of Appeals, which covers Michigan cases, was overly aggressive in throwing out inmate lawsuits.

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The Paradox Of Supermax (TIME)

By Jeffery Kluger

Time, January 26, 2007

There's no such thing as a good day for a prisoner at the highest level of security within the Ohio State Penitentiary, a 504-bed supermax prison in Youngstown, Ohio. Every inmate lives alone in a 7-ft. by 14-ft. cell that resembles nothing so much as a large, concrete closet, equipped with a sink, a toilet, a desk and a molded stool and sleep platform covered by a thin mattress. The solid metal door is outfitted with strips around the sides and bottom, muffling conversation with inmates in adjacent cells. Three times a day, a tray of food is delivered and is eaten alone. The prisoner may spend 23 hours a day in lockdown, emerging to exercise once a day. The lights in the cell never go off, although they may be dimmed a bit at night.

If there's not much to like about the conditions in Youngstown, there's not much to like about the people confined there either. These are the men corrections folks like to call "the worst of the worst," the kind of felons who dealt drugs or led gangs or killed on the outside and continued to do so in prison. For them, maximum security would not be enough--only supermax would do. And say what you will about the draconian environment, it keeps them under control.

But that level of control may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown--or at least a claim of mental breakdown--is sure to follow. When that happens, a constitutional challenge can't be far behind.

In December, officials in Texas and California conceded that the suicide rates in their prisons are on the rise, with the majority occurring among inmates in solitary. This prompted an outcry against both systems. Lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense. Around the same time, convicted bomber Eric Rudolph began corresponding with a reporter for a Colorado newspaper, describing his days in his 7-ft. by 12-ft. cell as a form of confinement "designed to inflict as much misery and pain as constitutionally permissible."

But is it constitutionally permissible? And even if it is, is this the kind of open-ended mental-health experiment the government should be running? "We have to ask ourselves why we're doing this," says psychiatrist Stuart Grassian, a former faculty member at the Harvard Medical School and a consultant in criminal cases. "These aren't a bunch of cold, controlled James Cagneys. We're taking criminals who are already unstable and driving them crazy."

The origin of solitary confinement in the U.S. is actually benign. It was the Philadelphia Quakers of the 19th century who dreamed up the idea, establishing a program at the city's Walnut Street prison under which inmates were housed in isolation in the hope of providing them with an opportunity for quiet contemplation during which they would develop insight into their crimes. That's not what has happened.

By the 1830s, evidence began to accumulate that the extended solitude was leading to emotional disintegration, certainly in higher numbers than in communal prisons. In 1890 the U.S. Supreme Court weighed in, deploring solitary confinement for the "semi-fatuous condition" in which it left prisoners. The case was narrow enough that its effect was merely to overturn a single law in a single state, but the court's distaste for the idea of solitary was clear. "The justices saw it as a form of what some people now call no-touch torture," says Alfred W. McCoy, a professor of history at the University of Wisconsin at Madison and author of the book A Question of Torture. "It sends prisoners in one of two directions: catatonia or rage."

Modern science has confirmed this, with electroencephalograms showing that after a few days in solitary, prisoners' brain waves shift toward a pattern characteristic of stupor and delirium. When sensory deprivation is added--as when Padilla was seen being led from his cell wearing a blindfold and sound-deadening earphones--the breakdown is even worse. As long ago as 1952, studies at Montreal's McGill University showed that when researchers eliminate sight, sound and, with the use of padded gloves, tactile stimulation, subjects can descend into a hallucinatory state in as little as 48 hours.

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All of this is providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment. One suit involving prisoners in a Wisconsin supermax has led to rulings requiring that mentally ill inmates be kept out of such facilities. The state is challenging the decisions, and arguments will be heard in February, but at least six other states have fought similar suits, and all of them have failed. "So far, the prisoners are batting a thousand on the issue of mentally ill inmates," says David Fathi, a senior staff counsel with the A.C.L.U.

Another approach--one that's a bit of a constitutional bank shot--is to rely on the 14th Amendment's requirement of a due-process hearing before the state denies an inmate a "liberty interest," something courts define as a reasonable expectation of a freedom or right. People confined to prison have few liberty interests left and thus have little ground to challenge assignment to a strict level of security. Confinement to supermax, however, may be so qualitatively different that it does require a hearing. That's the argument Ohio inmates made in 2005, and that's the argument a unanimous Supreme Court bought, with Justice Anthony Kennedy writing that supermax isolation imposes such an "atypical and significant hardship" that prisoners must have a formal opportunity to make their case against the assignment before prison officials decide.

The eventual ruling on Padilla's fitness could liberalize things further, and similar suits are sure to follow. Even so, no one thinks the supermax system is going away soon. For all the debate the prisons generate, it may not take much to make them more palatable to civil libertarians. TVs or radios, reading material and clocks, as well as a bit of natural lighting--which provides critical time-of-day orientation--would help stabilize inmates. So would human contact with guards or other prisoners.

"Just how sterile do you have to make that cell?" asks retired prison expert Chase Riveland, who spent his career as an official in the Colorado, Wisconsin and Washington prison systems.

What's more, inmates aren't the only ones hurt by extreme incarceration. People like Padilla or the GuantÃ¡namo Bay detainees are, in theory, resources for information about the extremist groups with which they are putatively associated. "To an overwhelming degree, such people are not threats behind bars. They're opportunities," says Grassian. "We hurt ourselves by destroying their sanity." Closer to home, prisoners serving sentences for more mundane crimes do sometimes get released. Demolish their psyches while they're in prison, and nobody's safer when they get out.

Part of the reason we build prisons at all has always been the retributive urge. Those who do very bad things while they walk among us should lead very hard lives after they have been removed. That makes a lot of emotional sense. Whether it always makes practical sense is something else entirely.

Colleges Regroup After Voters Ban Race Preferences (NYT)

By Tamar Lewin

The New York Times, January 26, 2007

With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics.

At Wayne State University Law School in Detroit, a new admissions policy, without mentioning race, allows officials to consider factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice.

Others are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools. Ohio State University, for example, has started a magnet high school with a focus on math and science, to help prepare potential applicants, and sends educators into poor and low-performing middle and elementary schools to encourage children, and their parents, to start planning for college.

Officials across the country have a sense of urgency about the issue in part because Ward Connerly, the black California businessman behind such initiatives in California and Michigan, is planning a kind of Super Tuesday next fall, with ballot initiatives against racial preferences in several states. He is researching possible campaigns in Arizona, Colorado, Missouri, Nebraska, Nevada, Oregon, South Dakota, Utah and Wyoming, and expects to announce next month which states he has chosen.

Ann Korschgen, vice provost at the University of Missouri, said in a recent interview, "Just this morning, we had a conversation along the line of how we would continue to ensure diversity at our campus if we could not consider race."

The issue is already heating up in Colorado. This month, two Republican representatives in Colorado asked the state to examine the University of Colorado's spending on diversity, after a libertarian group questioned the expenditures.

Mr. Connerly said that a decade ago, when California passed its ban, Proposition 209, he thought the state was ahead of its time, but that now, he believes "the country is poised to make a decision about race, about what its place in American life is going to be — and I really believe the popular vote may be the way to achieve that."

Both defenders and opponents of affirmative action say the lesson of last fall's campaign in Michigan — where Proposition 2, banning race and gender preferences in public education, employment and contracting, passed by 58 percent to 42 percent

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despite strong opposition from government, business, labor, education and religious leaders — is that such initiatives can succeed almost anywhere.

"Certain things become popular as state initiatives, like the ban on gay marriages, and restrictions on affirmative action could become one of those things," said Terry Hartle, senior vice president for government and public affairs at the American Council on Education.

If so, he said, private universities, with their wide discretion in admissions and financial aid, could have a competitive advantage regarding diversity, reshaping the landscape of higher education.

"Private universities can do whatever they want, consistent with federal law and the Supreme Court," Mr. Hartle said. "Where minority students have a choice between selective public universities that cannot use affirmative action, and selective private universities with strong affirmative action programs, the private universities may seem like the more hospitable places, which would give them an advantage in drawing a diverse student body."

To many educators, that would be a troubling turnabout.

"You'd think public universities are charged with special responsibility for ensuring access, but it could come to be exactly the opposite, if there are a lot of these state initiatives," said Evan Caminker, the dean of the University of Michigan Law School, adding, "in terms of public values, it's a big step backward."

Mr. Connerly is unbothered: If black and Hispanic students are rare at selective universities, the solution is better academic preparation, not special treatment in admissions. "Every individual should have the same opportunity to compete," he said. "I don't worry about the outcomes."

Legally, affirmative action has been a moving target. In 2003, the Supreme Court ruled in cases involving the University of Michigan that race could be one of many factors in admissions, although admissions offices could not give extra points to minority candidates. Many colleges nationwide then moved to "holistic" review, considering applicants' ethnicity, but not awarding a set number of points. In states that could face a ballot initiative campaign, though, that standard could fall.

Nationwide, after 30 years of debate, and litigation, over affirmative action, universities have made strikingly little progress toward racially representative student bodies. And recently, with growing awareness that affluent students are vastly overrepresented at selective colleges, the longstanding focus on racial diversity has been joined by a growing concern about economic diversity.

Currently, four states with highly ranked public universities — California, Florida, Michigan and Washington — forbid racial preferences, either because of ballot propositions or decisions by elected officials.

Texas banned affirmative action for seven years. The University of Texas resumed consideration of race after the 2003 United States Supreme Court ruling. "We need every tool we can get," concluded Dr. Bruce Walker, the university's director of admissions.

In California and Texas, the first two states to ban racial preferences, underrepresented minorities at the flagship universities declined — even though both states, and Florida, adopted plans giving a percentage of top high school graduates guaranteed admission to state universities.

In Texas, students admitted through the Top 10 percent plan swamped the flagship Austin campus. But the plan, now being rethought by the Legislature, never brought in many minority students. Last fall, with both race-conscious admissions and the Top 10 plan, blacks made up an all-time high of 5 percent of the freshman class, and Hispanics 19 percent.

A decade after the California ban, only 2 percent of this year's freshmen at the University of California, Los Angeles, are black: a 30-year low. Hispanic representation at U.C.L.A. has dropped, too. At Berkeley, the number of blacks in the freshman class plunged by half the year after the ban, and the number of Hispanics nearly as much.

Systemwide, blacks make up only 3 percent of U.C. freshmen, although about 7 percent of the state's high school graduates are black. Most top black students choose private institutions over state campuses. Over all, of the top third of all students offered admission to the University of California class of 2005, most enrolled and only 19 percent went instead to selective private colleges. But among blacks in that group, 51 percent chose selective private colleges. Meanwhile, up the coast, Stanford University is enrolling more underrepresented minority students. Among this year's freshmen, 11 percent are African-American, up from 8 percent in 1995; Hispanic enrollment has risen, too.

"Folks look for a place that's comfortable," said Richard Shaw, Stanford's admissions dean. "They want a sense that there's kids like them at the institution."

The University of Michigan, with other state institutions, tried to win a delay of the ban so it would not hit in the middle of this year's admissions cycle. But the courts rejected this effort, so officials have stopped considering race and gender as factors in admissions, and worry that next year's entering class will be less diverse. Many officials worry that they will lose top minority candidates to selective private universities.

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"We know from colleagues in Texas and California that if we can't take race into account, we're at a competitive disadvantage," said Julie Peterson, a spokeswoman for the University of Michigan, where two-thirds of the applicants are from out of state.

Since most of Michigan is overwhelmingly white, said Mary Sue Coleman, the university's president, a plan guaranteeing admission to a percentage of top high school graduates would have little impact, and nothing short of affirmative action will maintain the university's racial diversity.

"Of course, you want to look at family income, and being the first in the family to attend college and those kinds of factors, of course we do that, but it doesn't get us to a racially diverse student body," Dr. Coleman said.

At the University of North Carolina, Chapel Hill, a program guaranteeing that low-income students can graduate debt-free helped to increase the percentage of blacks in the freshman class to 12 percent, and to increase both economic diversity and the enrollment of underrepresented minority students. Other states have started similar programs.

In Detroit, Wayne State University Law School recently adopted a new admissions policy. Jonathan Weinberg, the professor assigned last year to draft a contingency policy, looked at other states with race-blind admissions and found that instead of race, they look to "a set of broader diversity concerns that go to socioeconomic status."

Last month, the faculty adopted his policy, eliminating any mention of race, but broadening the factors the admissions office may consider. Those include being the first in the family to go to college or graduate school; having overcome substantial obstacles, including prejudice and discrimination; being multilingual; and residence abroad, in Detroit or on an Indian reservation.

Frank Wu, the law school's dean, said Wayne State's effort to comply with the law could bring a legal challenge.

"There's a new fight building," Mr. Wu said, "and that's going to be whether the mere fact that you're striving for diversity means you're somehow trying to get around the ban and find proxies, or pretexts, for race, and that that's impermissible. It's ironic, but in some quarters our effort to adopt a new policy to comply with Prop 2 has been interpreted as an effort to circumvent it."

Roger Clegg, president of the Council for Equal Opportunity, which opposes racial preferences, said policies like Wayne State's do raise questions.

"I have a real problem when schools adopt what on their face are race-neutral criteria, if they are doing so to reach a predetermined racial and ethnic goal," Mr. Clegg said. "Both in law and in common sense, the motivation matters."

At Ohio State University, where admissions are increasingly selective, officials are looking for a long-term answer. "When we saw what was coming down the road, we started looking to other models, but no other model results in as much diversity," said Mabel Freeman, assistant vice president at Ohio State. "The only long-term solution is to do better in the pipeline and make sure all kids get the best education possible, K-12."

ANTITRUST:

Senate Hearing On Airline Mergers Highlights Delta Issues (FCDR)

By Philippa Maister, Fulton County Daily Report

Fulton County (GA) Daily Report, January 26, 2007

US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers.

Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota.

"Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country," Steinberg said.

While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case.

The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future.

The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely.

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The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan.

As the deadlines approach, both sides have stepped up their public relations campaigns. Delta's unions and employees have rallied to their company's cause in displays of support, as have Georgia Sens. Johnny Isakson and Saxby Chambliss. Meanwhile, US Airways has placed ads in two Capitol Hill publications, Roll Call and The Hill, to persuade legislators that its offer, which it valued at $12.7 billion to $15.4 billion, is best for the traveling public and the companies' employees.

In a letter to Parker, Sen. Charles Schumer, D-N.Y., raised "serious concerns" about the merger, which he said "could cast a huge shadow over upstate [New York] air service." Schumer demanded answers to questions about how a merger with Delta would affect routes, fares and employees in his state.

The Senate can't block the merger; only the U.S. Justice Department has that authority. Still, it has influence. Schumer claimed credit in his letter for foiling an attempted hostile takeover of Independence Airline by Mesa Airlines in 2003. Schumer said his request that the Department of Justice investigate Mesa's possible anti-competitive behavior caused Mesa to drop its plan.

Paul Burke O'Hearn, a partner in Burr & Forman's Atlanta office, predicted that a bankruptcy court-appointed unsecured creditors' committee is likely to support Delta's stand-alone plan. O'Hearn is a past chairman of the American Bar Association's Subcommittee on Lender Liability and of the State Bar of Georgia's Bankruptcy Section. He is not involved in the Delta bankruptcy case.

According to Delta's revised disclosure statement, unsecured creditors of Delta subsidiary Comair will get stock in the new Delta projected to be worth 76 percent to 100 percent of their claims. Delta's unsecured creditors will get a 62 percent to 78 percent projected recovery of their claims.

"That's a pretty good deal, assuming all the valuations are right," O'Hearn said. He noted that valuations are performed by investment banks and involve sophisticated analysis of business plans.

But O'Hearn acknowledged there are other players who may not support Delta's reorganization plan.

One group that may not is an unofficial committee of unsecured creditors made up largely of hedge funds that want Delta to take another look at US Airways.

The Unofficial Committee of Unsecured Claimholders, formed Dec. 7, is represented by Paul, Weiss, Rifkind, Wharton & Garrison. It includes 18 hedge funds and investment management companies that hold $2.35 billion worth of creditors' claims against Delta and its subsidiaries. On Jan. 10, the group called on Delta to allow US Airways to do due diligence on the merger and to postpone the Feb. 7 disclosure hearing so that the proposal could be fully evaluated.

O'Hearn said hedge funds -- or, as he termed them, "vulture funds" -- buy up stock and debt in troubled companies at significant discounts and can make a 300 percent return on a six-month investment when the claims are settled.

Another player is the federal Pension Benefits Guaranty Corp., which holds $2.2 billion in claims against Delta. O'Hearn said the PBGC may be attracted to the US Airways buyout offer -- but may also be concerned that, if the merged company failed, it could wind up with an even larger number of pension obligations.

Delta's fate could become clearer after the Feb. 7 disclosure hearing. Creditors could object to approval of Delta's disclosure statement, claiming it doesn't accurately value the US Airways offer and the official and unofficial creditors committees could square off.

If approved, the statement will be submitted to a vote of all creditors.

Hatch Urges Caution In Merger (DESERET)

By Suzanne Struglinski, Deseret Morning News

Deseret Morning News, January 26, 2007

WASHINGTON — The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to U.S. Attorney General Alberto Gonzales Thursday.

Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to "carefully and thoroughly consider the substantial competitive impact of this merger" should it get to the point of being reviewed."

"From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks," Hatch and Kohl wrote. "These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares."

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Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing.

The senators said their letter does not "express a firm position on a potential transaction" but that they felt the need to "underscore our firm expectation that the Department will investigate this or any other merger among airlines of all sizes with all due care and vigor."

Kohl is chairman of the Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights where Hatch is the top Republican.

Microsoft Executive Wanted To `Whack' Dell Over Linux (Update6) (BLOOM)

By Bob Van Voris And Dina Bass

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A Microsoft Corp. executive said he wanted to ``whack'' computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software.

In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar- Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft.

``We should whack them, we should make sure they understand our value,'' said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court.

The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law.

Didn't Retaliate

Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup.

The judge's order prohibited the software giant from retaliating against computer makers by ``altering Microsoft's commercial relations,'' or holding back money from manufacturers who partner with companies that produce competing operating systems.

``What counts at the end of the day is what actually happened,'' said Microsoft spokesman Jack Evans. ``We didn't take any retaliatory action against Dell. In fact, we very clearly increased our investment with Dell.''

Robert Lande, who teaches antitrust law at the University of Baltimore law school, said ``on its face it looks like this is anti-competitive.''

``You're allowed to do almost anything to sell your own product,'' Lande said. ``What you can't do is say if you buy from our competitors, we'll whack you.''

Forwarded Message

One of about a dozen Microsoft executives who received the e-mails forwarded Flessner's message to the company's legal department, according to Microsoft Associate General Counsel Richard Wallis.

Wallis declined to disclose the identity of the e-mail recipient who forwarded the message to the legal department, or advice provided as a result, citing the need to preserve privileged communications between attorney and client.

``If anything, this is evidence that our compliance process worked,'' said Evans, the Microsoft spokesman. Microsoft plans to introduce additional e-mails in the trial to show it took appropriate, legal steps to address its relationship with Dell, he said.

As part of the Iowa case, the consumers are trying to prove that Microsoft, whose Windows operating system runs almost 95 percent of the world's personal computers, abused its monopoly in software markets after it settled the Justice Department case.

Dominant Position

Lawyers for the consumers claim Microsoft used its dominant position to stifle competition from Linux, an open-source operating system. In her opening statement in December, Roxanne Conlin, one of two lead lawyers for the plaintiffs, told jurors she will call Red Hat executive Michael Tiemann to testify.

The e-mails show that ``if Microsoft can leverage its market power to its advantage and to disadvantage a competitor, it will do so,'' said Richard Hagstrom, the other lead consumer lawyer.

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The e-mail exchange began with a Nov. 7, 2002, message in which Bill Veghte, Microsoft's vice president for Windows Server, discussed an industry conference he had attended the week before, which included a panel discussion of Linux.

``Each company's position was quite predictably slamming us but the one that really got me animated was Dell," wrote Veghte.

A Dell vice president on the panel said his company was the No. 1 Linux distributor among computer makers and that the company was committed to selling even more, according to Veghte.

At the time of the e-mail exchange, Microsoft viewed Linux as one of the top threats to its business software revenue as some customers considered the program a cheaper alternative to Microsoft's Windows server software.

`Job One'

Microsoft Chief Executive Officer Steve Ballmer, in an interview the month before the e-mails were sent, said he had told his sales force that derailing Linux was ``job one." To keep some customers from choosing Linux, Microsoft offered free support and price cuts.

``I can disagree with your statement that Dell's behavior won't change," Veghte wrote in an e-mail to Microsoft's Flessner. ``If it won't change, then we should just throw in the towel and settle for 50 percent market share at best."

Dell spokeswoman Amy King didn't return a call seeking comment. Red Hat spokeswoman Leigh Day declined to comment.

``I want them to think very, very carefully about when and which forums they decide to push Linux," wrote Veghte in another e-mail. ``Today, they do not. When they do, you can bet, behavior will evolve."

Microsoft shares fell 64 cents to $30.45 in Nasdaq Stock Market composite trading.

The Iowa case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County.

High Court Upholds Extradition (FT)

By Nikki Tait, Law Courts Correspondent

Financial Times, January 26, 2007

Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community.

The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US.

Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an "extradition offence".

Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced.

But they said: "Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it."

Mr Norris's lawyers will appeal to the House of Lords. "We continue to believe that the issues raised in this case need to be heard by theUK's highest court," said Alistair Graham, partner at White & Case.

"The question of whether price-fixing can be characterised as the old English common-law offence of conspiracy to defraud is an absolutely critical point of law, not only in this case and, therefore, for future potential extradition requests, but also for UK competition law and UK businesses in general," Mr Graham said.

"Any decision in this matter has significant ramifications for large numbers of UK businessmen and women, who will be potentially exposed to price-fixing charges in relation to the period prior to 2002."

Mr Norris is being sought by the US authorities for his alleged involvement, while at Morgan Crucible, in an international carbon products cartel, as well as on separate obstruction of justice counts. According to the charges, which he denies, the offences occurred be-tween 1989 and May 2000.

A furore erupted last year when three former NatWest bankers were sent to the US to face Enron-related fraud charges.

Yesterday, in an effort to defuse the controversy, Lord Goldsmith, attorney-general, unveiled a protocol for UK and US prosecutors dealing with cross-border cases. It focuses on early liaison and exchange of information.

"The fundamental issue is that British citizens can still be extradited to the US without prima facie evidence of an offence. The government has not addressed the concerns of business that this is unfair treatment," said Richard Lambert, director-general of the Confederation of British Industry.

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Northrop Completes Buyout Of Essex Firm (AP)

By Donna Borak, AP Business Writer

AP, January 26, 2007

Northrop Grumman Completes Buyout of Cybersecurity Company Essex Corp. for $580 Million

LOS ANGELES (AP) -- Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval.

The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt.

The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million.

The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services.

Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company.

Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities.

Essex shareholders approved the acquisition in December by more than two-thirds of the majority vote.

Shares of Essex gained 2 cents to $23.99 in aftermarket trading, after gaining 2 cents to close at $23.97 on the Nasdaq. Northrop gained 1 cent to $71.31 in aftermarket trading, after dropping 50 cents to finish at $71.30 on the New York Stock Exchange.

Siemens Touts Purchase Of Texas Company (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

Siemens Says Texas Company Fills Key Hole in Its Lineup

DALLAS (AP) -- The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal.

"It takes us from being a small player with limited resources to being a major player," said Tony Affuso, the chairman and chief executive of UGS.

Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion.

Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse.

In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units.

"It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States," he said.

UGS is in the still-young business of PLM, or product lifestyle management. Its customers include automakers as well as aerospace and defense companies in the United States and Europe.

Although UGS lost $7.4 million in the Sept. 30 quarter, and $22 million in 2005, the company has reported 13 straight quarters of year-over-year sales growth and annual revenue of more than $1.1 billion.

Affuso said the company took on more than $1 billion in debt when Electronic Data Systems Corp. sold it to the private equity firms for $2.05 billion in 2004, and added more to buy back preferred shares.

Since then, he said, the company has built up its sales organization and invested in products and marketing, he said. Executives kept reviewing a checklist for taking the company public, but never got close to an IPO, he said.

Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise.

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For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions. The company is trying to shed an unprofitable telecommunications equipment division while buying companies in other lines, including medical diagnostics and water treatment.

The Munich-based conglomerate is also dealing with regulatory problems and investigations. On Wednesday, European Union regulators ordered Siemens to pay $517 million for helping fix prices for heavy equipment used by power utilities. Authorities are also investigating suspected bribes to win contracts.

On Thursday, Siemens reported that its profit in the Dec. 31 quarter fell 16 percent because of the price-fixing fine, but would otherwise have jumped 51 percent, to $2.1 billion.

U.S.-traded shares of Siemens rose $4.90, or 4.9 percent, to close at $105.09 on the New York Stock Exchange.

Siemens Profit Falls 17%, Hit By Price-Fixing Fine (WSJ)

By Joon Knapen

The Wall Street Journal, January 26, 2007

MUNICH -- Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit.

Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine.

Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives.

The company posted a 51% rise in operating profit, which excludes expenses such as the EU fine.

The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering.

Siemens shares ended up 6% Thursday at €82.60 in Frankfurt.

The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems.

Chief Executive Officer Klaus Kleinfeld has disposed of the loss-plagued cellphone arm, unveiled job cuts and made several big purchases since taking the helm in early 2005. He also vowed to bring profit margins in line with peers such as General Electric Co. by April.

Mr. Kleinfeld still has his work cut out to raise the profitability of four of the conglomerate's 10 divisions in the current quarter in order to meet that April deadline.

Meanwhile, Siemens has been haunted by several issues, with the latest blow coming Wednesday from a €423 million penalty imposed by the European Commission for price fixing among providers of gas-insulated electric-power switchgear. The company also is a target of investigations by Munich prosecutors in a wide-ranging bribery probe, with several former executive-board members of the company among the suspects.

"In terms of underlying performance of our business, the first quarter got the fiscal year off to a strong start," Mr. Kleinfeld said, adding that Siemens remains committed to achieving the divisional profit margin targets by April.

Meanwhile, the CEO continues to overhaul Siemens's industrial holdings that make items including steam turbines, high-speed trains and light bulbs, in a drive to boost the company's profitability.It is in the process of transferring its telecommunications equipment unit into a joint venture with Nokia Corp., as the initial starting date was delayed due to the bribery investigations. Mr. Kleinfeld yesterday said that he still expects the deal to be completed in the current quarter.

Kroes: EU Probe Has Uncovered Problems (AP)

By Adam Cohen

AP, January 26, 2007

EU Official Says Probe Into World Body's Banking Sector Has Uncovered Antitrust Problems

DAVOS, Switzerland (AP) -- A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes.

The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31.

Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that "some segments of the market are anticompetitive."

"I'm not against profit, but there are some cases where there are firms making too much," she said, declining to elaborate.

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People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services.

The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro.

By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country.

Some electronic-payment companies are monopolies, a situation the commission's report is expected to criticize in broad strokes. For instance, Belgium's Banksys -- formed as a partnership of the country's largest retail banks and now owned by French information technology company Atos Origin SA -- handles all the country's electronic payments. Banksys issues the card readers that stores and restaurants use to process credit and bank-card payments and also controls the country's automated teller machines.

Since taking office in November 2004, Kroes has initiated two main investigations: a wide-ranging look at the financial-sector and a similar study of Europe's energy market.

Earlier this month, Kroes' final report on the energy-sector probe showed the EU's gas and electricity prices are unreasonably high because of limited cross-border integration and overly dominant former state-owned monopolies.

The report didn't name-and-shame monopolies, but some sections showing market shares in specific countries pointed to companies such as Electricite de France SA and Germany's E.On AG.

When the report was published, Kroes said she is prepared to order the breakup of some monopolies if they don't change their business practices.

Adam Cohen is a correspondent for Dow Jones Newswires in Brussels, Belgium.

Cardinal, Refocusing On Core, Sells A Unit (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, January 26, 2007

Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group.

The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing.

· The News: Drug distributor Cardinal Health will sell its drug manufacturing and packaging unit to Blackstone Group for $3.3 billion.

· Why: The unit, roughly 10 years old, had underperformed in recent years.

· What's Next: Cardinal will focus its business on drug distribution and patient-safety products.

"We're looking at all our businesses and making sure they have a strategic fit," Jeff Henderson, Cardinal's chief financial officer, said in an interview. The unit "didn't fit with the direction we're headed."

The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers.

Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient.

Cardinal spokesman Jim Mazzola said that the notice "pertains to an individual and not the company. It doesn't impact settlement discussions with the SEC." Mr. Mazzola said Mr. Walter wasn't available for comment.

As a result of the Blackstone deal, expected to close by June, the drug distributor would shed a unit that aimed to be a one-stop outsourcing center for drug makers. The unit contracted with pharmaceutical companies to manufacture a host of prescription and over-the-counter products, including Advil Liqui-Gels for Wyeth and Tamiflu for Roche Holding AG. Cardinal even built a showroom in New Jersey, home to many major drug manufacturers, to entice companies to use its services.

But the business proved disappointing for Cardinal. It "had become a distraction for them," said Larry Marsh, a drug-distribution analyst with Lehman Brothers. "It wasn't really generating the kinds of returns that they wanted," he said. Mr. Marsh said that based on the unit's acquisitions and capital spending costs over the years, he doesn't think the company profited much from the sale. However, based on depreciating the assets and some write-offs, its tax basis allows for a slight gain, which Cardinal noted.

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Drug distributors have been roiled by shrinking margins and consolidation in recent years. Roughly 90% of all drugs in the U.S. are distributed by three companies. Through the 1980s and early part of the 1990s, Cardinal and rivals McKesson Corp. and AmerisourceBergen Corp. grew robustly through acquisitions and business expansion. Of the three, Cardinal took the most divergent path by entering into medical technology and contract manufacturing with the goal that such services would give it a competitive edge in attracting and keeping its drug distribution business. Products from Cardinal units include medical-device software and computerized medicine cabinets that help hospitals control and monitor drug inventory.

Now, all of the so-called "Big Three" are reassessing their businesses and making efforts to return to their roots. McKesson announced plans to sell its medical-supply business later this year. And AmerisourceBergen has beefed up its drug distribution business in Canada.

Cardinal announced its intention to sell its manufacturing arm in November. Morgan Stanley was slated to handle an auction of the unit, but Blackstone stepped in and offered $3.3 billion, which was higher than some analysts' estimated price tag of $2.1 billion to $3 billion.

Blackstone Senior Managing Director Chinh Chu said the Cardinal unit was very attractive and could see robust sales with "more capital to accelerate growth and pursue acquisitions."

Also yesterday, Cardinal reported earnings for its fiscal second quarter. For the quarter ended Dec. 31, revenue increased 13% to $21.8 billion and earnings from continuing operations rose 10% to $316 million, or 77 cents a share.

Finally, the company also announced an agreement to acquire SpecialtyScripts Pharmacy to broaden its specialty pharmaceutical service offerings for pharmaceutical manufacturers. Terms weren't disclosed.

Cardinal shares rose 3.4%, or $2.39, to $72.42 in New York Stock Exchange 4 p.m. composite trading.

Blackstone Raises Ante In Battle For Equity Office (NYT)

By Terry Pristin

The New York Times, January 26, 2007

The biggest leveraged buyout ever got bigger yesterday.

The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the nation's largest office landlord, with nearly 600 buildings across the country.

The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement.

In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million.

Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer.

A spokeswoman for Vornado, a REIT with a diversified portfolio that includes office buildings, retail space and showrooms, said yesterday that the company would respond to the latest offer "at the appropriate time."

Shares of Equity Office rose 8 cents, to $54.90, and Vornado shares rose $1.11, to $125.76.

Blackstone, controlled by Stephen A. Schwarzman, bought interests in more than $28 billion worth of real estate from 2001 to 2006, 38 percent more than next largest buyer, according Dan Fasulo, director of market analysis for Real Capital Analytics, a New York investment firm.

Blackstone says its offer has advantages over the Vornado bid aside from price. It is all cash, and could be completed three days after a vote by Equity Office shareholders, set for Feb. 5. If Vornado prevailed, a deal might need approval of its shareholders, analysts said.

"Our offer is now materially superior on price, timing, form of consideration and certainty," said John Ford, a Blackstone spokesman.

Kathy Shanley, a corporate bond analyst, for Gimme Credit, an independent research company in Chicago, said the new offer had shifted the odds in Blackstone's favor. "They have all their financing locked up, they could close quicker, and there's a lot less uncertainty," she said.

But, she added: "Vornado has said they don't anticipate any problems, and they have some heavy hitters on their side. At some level, it all depends on who blinks first."

Barry Vinocur, the editor of REIT Wrap, a daily newsletter about real estate investment trusts, said Vornado and its partners in the deal, the Starwood Capital Group and Walton Street Capital, two real estate investment funds, were almost certain to raise their bid.

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Vornado has said that if its bid is successful, it will retain the Equity Office buildings on the East and West Coasts, including the Verizon building at 42nd Street and the Avenue of the Americas in the red-hot Midtown Manhattan market.

Starwood — whose chief executive, Barry S. Sternlicht, founded the Starwood Hotel and Resorts chain — and Walton Street Capital would take Equity Office buildings in markets like Miami, San Jose and Seattle, where real estate values are expected to rise in the next couple of years. Neil G. Bluhm, the president of JMB Realty, a Chicago development company, is a co-founder of Walton Street.

Mr. Vinocur said Mr. Zell and his investment bankers had done a “masterful” job of steering the acquisition process by setting the breakup fee low enough so that other bidders would enter the contest.

“This is chess at its highest level,” he said.

Fox Subpoenas YouTube Over Pirated TV Shows (WSJ)

By Nicole Urbanowicz

The Wall Street Journal, January 26, 2007

News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of "24" and "The Simpsons."

The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately.

According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of "24" appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as "ECOtotal."

On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch.

The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena.

A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately.

A recent YouTube search revealed only a prequel to Season 6 of "24" and several clips from The Simpsons episodes.

This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber.

The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable.

Excluding damages related to piracy of TV episodes, the Motion Picture Association estimates that major global movie studios lost about $2.3 billion to Internet piracy in 2005.

It is unknown whether YouTube has responded to the subpoena at this point and calls to YouTube weren't immediately returned.

ENVIRONMENT:

Energy Mandates Fuel A Rift (WSJ)

By JOHN J. FIALKA

Wall Street Journal, January 26, 2007

WASHINGTON -- Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming.

Greater use of liquid fuels made from coal, the nation's most plentiful energy source, would reduce reliance on imported oil. But making the liquid fuels and burning them in automobile engines would release additional carbon dioxide, a greenhouse gas thought to accelerate climate change, environmentalists say.

The president's proposal, described in his State of the Union address, would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel.

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James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed "to create an opportunity for a variety of other approaches," which, he said, could include such fuels as methanol and diesel oil made from coal. The goal, he says, is to create a technological horse race that will make it easier for promising ideas for alternative fuel to find investors. Currently, there are no commercial-size coal-liquefaction plants in the U.S.

While administration officials have assured coal-industry lobbyists that coal-to-liquid fuels are embraced in the president's proposal, Mr. Bush has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes, including corn stalks. But even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose "any effort to support coal-based transportation fuels."

"The more you scratch this, the dirtier it gets," says Anna Aurilio, director of the Washington office of the U.S. Public Interest Research Group. She worries that oil made from abundant shale formations in Colorado and Utah might also get support. Environmentalists are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves.

The divergence over the fuel mandate opens up gaps that some politicians may find difficult to straddle. Sen. Barack Obama, an Illinois Democrat and White House hopeful, is a sponsor of the Coal-to-Liquid Fuel Promotion Act, which provides more tax incentives and federal loan guarantees for companies interested in making coal-based fuels. Mr. Obama also supports ethanol subsidies. He has said that the nation's continued use of fossil fuels such as coal is "condemning future generations to global catastrophe" posed by climate change.

Tommy Vietor, a spokesman for the senator, says Mr. Obama's "vision" is that "any coal-to-liquids production would have to operate within the framework of a bipartisan Senate proposal to reduce greenhouse-gas emissions across all major sectors of the U.S. economy."

Rep. Rick Boucher, a Virginia Democrat who is chairman of the subcommittee that will put together the package of fuel incentives, says "I think coal-to-liquids should be a part of the mix of alternatives going forward." Mr. Boucher, who represents a coal-mining area, says that a process of deriving diesel oil from coal was used by both Germany and Japan during World War II to make up for shortages of imported oil, and may be the most proven alternative to gasoline.

Coal companies say that problems for makers of ethanol-based fuels render coal-based fuels more competitive. They see an annual production ceiling on corn-based ethanol of about 15 billion gallons annually; above that point, food experts say, demand for corn will raise food and meat prices to unacceptable levels. Coal-industry spokesmen also say that the technology to make ethanol from farm wastes, called cellulosic ethanol, hasn't been proven commercially.

Vic Svec, a senior vice president for Peabody Energy Corp., the nation's largest coal producer, says the company already is scouting for sites to build a coal-to-liquid plants "We are very encouraged by the bipartisan support that's been expressed on this, from President Bush to Senator Obama," says Mr. Svec, who notes that governors and officials from 16 Southern states also support new incentives for coal-based liquids.

Bob Dinneen, president of the Renewable Fuels Association, which represents ethanol manufacturers, says his group will fight to keep such alternative fuels out of any new federal mandate for renewable fuels. "Doing this ecumenical approach of all alternative fuels, I think, will just confuse the investment community," he says.

It isn't clear who will win the competition to produce new domestic fuels. Ethanol-industry experts predict that at least two companies will commit to building cellulosic ethanol plants this year. But DKRW Energy LLC, of Houston, already has the permits and partners for a plant that makes diesel oil from coal that could begin production by 2010.

Robert Kelley, DKRW's chairman, says the facility will be built near Medicine Bow, Wyo., and will produce 13,000 barrels a day. DKRW has two partners in the project, Arch Coal Inc., which owns a nearby mine, and Sinclair Oil Corp., which will market the diesel fuel. Mr. Kelley says the diesel oil produced won't harm the environment because the production turns the coal into a gas, from which carbon dioxide will be removed and sold to oil companies. And the oil companies will inject the carbon dioxide generated in the process back into the ground to produce more oil.

David Hawkins, a climate-change expert for the Natural Resources Defense Council, says the diesel fuel still contains carbon dioxide, which will be released into the air when it is burned in the engines of cars and trucks. "This issue is the classic example of why you need to have an integrated policy on both global warming and energy," he says.

The President's Energy Policy (WP)

The Washington Post, January 26, 2007

ANTICIPATING Tuesday's State of the Union speech, Al Hubbard, President Bush's national economic adviser, spoke of "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." The address that Mr. Bush delivered certainly was bold. But by choosing energy independence as his main policy target, Mr. Bush missed opportunities to improve energy security and to combat climate change.

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The president was on firmest ground with his call for stricter fuel economy standards. His administration has already increased the standard for light trucks by executive order, but it lacks the authority to do the same for cars; he has asked Congress to step forward. The standards that the president supports are weaker than they could be because they aim to improve the fuel efficiency of each category of car rather than also prodding manufacturers to build smaller cars in greater numbers. Still, Mr. Bush called for an improvement of 4 percent per year in the miles-per-gallon rating of new vehicles. If enacted without loopholes, this would reduce the nation's vulnerability to oil shocks and slow global warming.

Mr. Bush also used his speech to propose a shift away from gasoline toward alternative fuels. The nation's cars and trucks already burn about 4 billion gallons of non-gasoline fuel per year, and current law requires fuel blenders to boost that quantity to 7.5 billion gallons by 2012, which they will do by stepping up the use of corn-derived ethanol. This replacement of oil with corn ethanol reduces oil imports but cuts carbon emissions only slightly. Mr. Bush now proposes to shoot for fully 35 billion gallons of alternative fuel to be used annually by 2017. Where could this extra fuel come from?

Corn-based ethanol can't provide more than 15 billion gallons to fulfill the mandate, since there's a limit to the land available to plant corn, and livestock farmers are already complaining that the price of corn feed has been driven up by the ethanol mandate. In an ideal world, the other 20 billion gallons of alternative fuel might come from ethanol distilled from switch grass and other plant material; this "cellulosic" ethanol has the potential to cut carbon emissions far more substantially than the corn-based variety. But cellulosic ethanol remains an unproven technology. Unless that changes, Mr. Bush's alternative fuel standard could open the door to oil derived from coal -- an option that's known to work but that would be far worse for global warming than burning traditional gasoline.

The president's other energy proposal was to double the size of the Strategic Petroleum Reserve, which insures against the risk of an oil supply disruption. This is where the focus on energy independence obscures true energy security. In the face of the danger of oil price shocks, what matters is not the size of oil reserves in the United States but the size of such reserves globally. U.S. energy security depends, for example, on whether India has a reserve that it could tap in the event of a sudden shortage: If it doesn't, India will respond to a shortage by buying more oil on world markets, forcing up global oil prices and hitting motorists on the Beltway. Mr. Bush's unilateral solution -- build a bigger oil reserve at home -- is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency.

Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol -- a policy that farm-state members will find tempting as they write this year's farm bill. Instead, Congress should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy.

Column: Energy Independence? (WP)

By Charles Krauthammer

Washington Post, January 26, 2007

Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? By my count, 24 of the 34 State of the Union addresses since the oil embargo of 1973 have proposed solutions to our energy problem.

The result? In 1973 we imported 34.8 percent of our oil. Today we import 60.3 percent.

And what does this president propose? Another great technological fix. For Jimmy Carter, it was the magic of synfuels. For George Bush, it's the wonders of ethanol. Our fuel will grow on trees. Well, stalks, with even fancier higher-tech variants to come from cellulose and other (literal) rubbish.

It is very American to believe that chemists are going to discover the cure for geopolitical weakness. It is even more American to imagine that it can be done painlessly. Ethanol for everyone. Farmers get a huge cash crop. Consumers get more supply. And the country ends up more secure.

This is nonsense. As my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it.

Even worse, the happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs.

There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear.

First, tax gas. The president ostentatiously rolled out his 20-in-10 plan: reducing gasoline consumption by 20 percent in 10 years. This with Rube Goldberg regulation -- fuel-efficiency standards, artificially mandated levels of "renewable and alternative

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fuels in 2017" and various bribes (er, incentives) for government-favored technologies -- of the kind we have been trying for three decades.

Good grief. I can give you 20-in-2: Tax gas to $4 a gallon. With oil prices having fallen to $55 a barrel, now is the time. The effect of a gas-tax hike will be seen in less than two years, and you don't even have to go back to the 1970s and the subsequent radical reduction in consumption to see how. Just look at last summer. Gas prices spike to $3 -- with the premium going to Vladimir Putin, Hugo ChÃ¡vez and assorted sheiks rather than the U.S. Treasury -- and, presto, SUV sales plunge, the Prius is cool and car ads once again begin featuring miles-per-gallon ratings.

No regulator, no fuel-efficiency standards, no presidential exhortations, no grand experiments with switch grass. Raise the price, and people change their habits. It's the essence of capitalism.

Second, immediate drilling to recover oil that is under U.S. control, namely in the Arctic and on the outer continental shelf. No one pretends that this fixes everything. But a million barrels a day from the Arctic National Wildlife Refuge is 5 percent of our consumption. In tight markets, that makes a crucial difference.

We will always need some oil. And the more of it that is ours, the better. It is tautological that nothing more directly reduces dependence on foreign oil than substituting domestic for foreign production. Yet ANWR is now so politically dead that the president did not even mention it in the State of the Union or in his energy address the next day.

He did bring up, to enthusiastic congressional applause, global warming. No one has a remotely good idea about how to make any difference in global warming without enlisting China and India, and without destroying the carbon-based Western economy. The obvious first step, however, is an extremely powerful source of energy that produces not an ounce of carbon dioxide: nuclear.

What about nuclear waste? Well, coal produces toxic pollutants, as does oil. Both produce carbon dioxide that we are told is going to end civilization as we know it. These wastes are widely dispersed and almost impossible to recover once they get thrown into the atmosphere.

Nukes produce waste as well, but it comes out concentrated -- very toxic and lasting nearly forever. But because it is packed into a small, manageable volume, it is more controllable. And it doesn't pollute the atmosphere. At all.

There is no free lunch. Producing energy is going to produce waste. You pick your poison, and you find a way to manage it. Want to do something about global warming? How many global warming activists are willing to say the word nuclear?

So much easier to say ethanol. That it will do farcically little is beside the point. Our debates about oil consumption, energy dependence and global warming are not meant to be serious. They are meant for show.

Potomac Watch If The Cap Fits (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, January 26, 2007

Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it.

Democrats want to flog the global warming theme through 2008 and they'll take what help they can get, even if it means cozying up to executives whose goal is to enrich their firms. Right now, the corporate giants calling for a mandatory carbon cap serve too useful a political purpose for anyone to delve into their baser motives.

The Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect. The media dutifully declared that "even" business now recognized the climate threat. Sen. Barbara Boxer, who begins marathon hearings on warming next week, lauded the corporate angels for thinking of the "common good."

There was a time when the financial press understood that companies exist to make money. And it happens that the cap-and-trade climate program these 10 jolly green giants are now calling for is a regulatory device designed to financially reward companies that reduce CO2 emissions, and punish those that don't.

Four of the affiliates -- Duke, PG&E, FPL and PNM Resources -- are utilities that have made big bets on wind, hydroelectric and nuclear power. So a Kyoto program would reward them for simply enacting their business plan, and simultaneously sock it to their competitors. Duke also owns Cinergy, which relies heavily on dirty, CO2-emitting coal plants. But Cinergy will soon have to replace those plants with cleaner equipment. Under a Kyoto, it'll get paid for its trouble.

NOTE

We reintroduce today the weekly Potomac Watch column from Washington. It will appear on Fridays and be written by Kimberley Strassel, a member of the Journal editorial board. Ms. Strassel joined the Journal in 1994 and has worked as a reporter in Europe and as an editor and editorial writer in New York.

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DuPont has been plunging into biofuels, the use of which would soar under a cap. Somebody has to cobble together all these complex trading deals, so say hello to Lehman Brothers. Caterpillar has invested heavily in new engines that generate "clean energy." British Petroleum is mostly doing public penance for its dirty oil habit, but also gets a plug for its own biofuels venture.

Finally, there's General Electric, whose CEO Jeffrey Immelt these days spends as much time in Washington as Connecticut. GE makes all the solar equipment and wind turbines (at $2 million a pop) that utilities would have to buy under a climate regime. GE's revenue from environmental products long ago passed the $10 billion mark, and it doesn't take much "ecomagination" to see why Mr. Immelt is leading the pack of climate profiteers.

CEOs are quick learners, and even those who would get smacked by a carbon cap are now devising ways to make warming work to their political advantage. The "most creative" prize goes to steel giant Nucor. Steven Rowlan, the company's environmental director, doesn't want carbon caps in the U.S. -- oh, no. The smarter answer, he explains, would be for the U.S. to impose trade restrictions on foreign firms that aren't environmentally clean. Global warming as foil for trade protectionism: Chuck Schumer's dream.

What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players.

This is what comes from Washington steadily backstepping energy policy into the interventionist 1970s, picking winners and losers. In ethanol, in biodiesel, in wind farms, success isn't a function of supply or demand. The champs are the ones that coax out of Washington the best subsidies and regulations. Global warming is simply the biggest trough yet.

Both Republicans and Democrats understand this debate is increasingly about home-state economics, even as they publicly joust about environmental rights or wrongs. The softening Republican stance on a mandatory program is one result. New Mexico's Pete Domenici appeared to undergo an epiphany about global warming in 2005, voting for a Senate resolution supporting caps. The switch might have more to do with remembering that his state is nuclear-power central, and will win big under a new program. Just ask his fellow New Mexican, Jeff Bingaman, who introduced the resolution.

Economic interests also motivate those Democrats who won't play nice. The senators who have voted against previous bills represent those industries that will suffer most under Mr. Immelt's agenda. Louisiana's Mary Landrieu (oil); Montana's Max Baucus (coal); West Virginia's Robert Byrd (ditto). House Energy & Commerce Chair John Dingell remains a skeptic, since the last thing his Michigan auto makers need is yet another reason for people to not buy their cars.

Which is fine with Ms. Pelosi. The Democratic leadership ran out of the winner's circle last November promising to tackle climate. And much was made this week of Madam Speaker's decision to wrest control of the debate away from Mr. Dingell's purview, handing it instead to a new "select" committee on climate change.

But read the fine print. The new vaunted committee will have no legislative authority, but exists solely to hold hearings and to "communicate with the American people." Ms. Pelosi and Harry Reid want to talk about this issue . . . and talk, and talk and talk. But not necessarily anything more.

That's because Democrats want global warming as an issue through 2008. With Al Gore getting his Oscar nod, they've got a "problem" that captures the public imagination, as well as an endless supply of cash from thrilled environmental groups. No need to spoil it with a solution. And a Democratic president in 2009 would be more open to any ultimate legislation.

Best yet, they've got the "support" of the business community, or at least the savvier elements of it. Welcome, Big CarbonCap; we're likely to be hearing a lot from you.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

Many of the models displayed at the Washington Auto Show have brought couples together over the years. Did it work for House Speaker Nancy Pelosi, D-Calif., and Energy and Commerce Chairman John Dingell, D-Mich.?

The Politico heard differing accounts of the success of the auto date and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)

A Democratic aide close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: "We no longer anticipate a floor battle," the aide said.

But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute:"I am pleased to report that the Speaker agreed to work closely with us when drafting the resolution to create the Select

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Committee …we will continue working in good faith to find a solution that will satisfy the concerns of our Members while preserving the overall objectives of the Speaker. I am confident this is possible."

But, he added, he's still keeping his firepower at the ready: "If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully." Translation: Nancy, I reserve the right to make this ugly for you.

Still, it's unclear whether Dingell has the muscle to win this one on the floor. He'll have some help from Republicans eager to deliver a loss to Pelosi, but a Republican leadership aide conceded that "25 to 35" moderate Republicans likely would break ranks and side with her. So Dingell can only count on around 170 Republican votes, which is a long way from 218 even if every one of the 31 Democratic members of the Energy and Commerce Committee vote with him, which they won't. (Committee member Anna Eshoo, D-Calif., a Pelosi confidante, declared in a closed-door meeting last week that she "doesn't worship at the altar of jurisdiction," according to a Democratic aide.)

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Dearborn Waste Company, 3 Ex-employees Charged In Dumping (AP)

By DAVID N. GOODMAN, The Associated Press

AP, January 26, 2007

DETROIT (AP) — A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy.

The indictment was not based on the April 2002 spill, for which no one was ever charged.

A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release.

In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices.

A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then.

The company "added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices," said spokesman Robert Moll.

Moll said the company "fully cooperated with the investigation" of the 2002 spill and continues to believe it was not involved.

Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said.

All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements.

The obstruction of justice charge carries up to 10 years in prison; conspiracy or making false statements, up to five years; and violating the Clean Water Act, up to three years.

A message seeking comment was left Thursday for Mallindine. There was no phone listing for Panyard, and Long's telephone number was unlisted.

Former plant manager Donald Kaniowski, 37, of Dearborn, reached a plea agreement to a charge of violating the Clean Water Act, the Justice Department said.

The 2002 spill released an estimated 255,000 gallons into the Rouge River, from which it entered the Detroit River and Lake Erie. The investigation and cleanup cost at least $5 million.

Comprehensive Environmental Solutions acquired a Dearborn waste treatment facility in 2002. Company officials "continued to accept millions of gallons of liquid wastes which it could not treat or store," the Justice Department said.

"The defendants often bypassed treatment processes and discharged untreated wastes directly to the sewer," part of the Detroit water and sewer system, the statement said.

Comprehensive Environmental Solutions has about 20 employees, is privately held and does not release financial details of its operations, Moll said.

David N. Goodman can be reached at dgoodman(at)ap.org

When Superfund Expenses Go Mega (LAT)

By Marla Cone

The Los Angeles Times, January 26, 2007

FORT EDWARD, N.Y. — After the winter thaw, a huge enterprise — so expensive and risky that it ranks among the most ambitious environmental projects on Earth — will rise up from an abandoned cornfield in upstate New York.

Not far from Saratoga, where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice.

Yet, despite 50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed.

The Hudson River is one of 154 places across the country — 16 in California — dubbed Superfund "mega sites" because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes.

Mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight.

In Southern California, off the Palos Verdes Peninsula, the U.S. Environmental Protection Agency is trying to decide the best way to immobilize a huge ocean-floor deposit of the pesticide DDT that has been poisoning fish and other marine life for decades.

Near Redding, on a mountain fractured by a huge copper and silver mine that opened in 1879, the EPA has constructed a dam and diverted a creek to try to contain a continuous flow of acids and metals that will probably go on forever.

In Butte, Mont., one mega site is so notorious that it has become a tourist attraction. At a viewing stand above an old copper mine, visitors peer into a 900-foot-deep pit of toxic waste. When migratory birds land on this brew of acids and metals, mistaking it for a watering hole, they die.

'Blight on communities'

Yet EPA officials say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy.

"Usually, they are a blight on communities. In our case, the stigma of the contamination is hurting the economy of the upper Hudson," said David King, the EPA's Hudson River project manager.

Twenty-six years after Congress passed the Superfund law to clean up the nation's most dangerous dumping grounds, the list of mega sites keeps growing as more mines, landfills, military bases and factories qualify.

Superfund's national priority list includes more than 1,200 chemical sites, but only one of every eight rises to "mega" status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark.

"State programs can deal with garden-variety sites, but mega sites are ones that nobody but the federal government can deal with," said Katherine Probst, a senior fellow at Resources for the Future, an environmental think tank in Washington, who has researched Superfund for 15 years.

Mega cleanups averaged $140 million each in 2000, 10 times the standard Superfund project, according to Resources for the Future. California's 16 mega sites' cost estimates range from $100 million to $450 million, said Elizabeth Adams, the EPA's regional Superfund cleanup chief in San Francisco.

"Today, a real mega site is well over the $100-million mark. Sadly, $50 million may not be what it once was," Probst said.

Funding lags behind

Yet federal funding for Superfund oversight has not kept up with the surge in mega sites, and many cleanups remain in the early stages. At 22% of all sites, human exposure to chemicals is not under control, the EPA says.

Polluters pay for most cleanups, but Superfund's annual budget, which supports EPA analyses, has remained at about $1.2 billion since 1987. With inflation, that is a 40% decline.

"The Superfund program's real purchasing power has decreased dramatically at the same time that large, complex and expensive sites — often referred to as mega sites — make up an increasing proportion of the program's workload," Probst said at a congressional hearing in June.

What makes a site such a headache that it becomes a mega? "It's the number of contaminants, the size, how far the contamination has spread and how remote it is," Adams said.

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Some, such as the Hudson River, involve one company and gigantic volumes of a single pollutant. Others, such as a Monterey Park landfill that towers over surrounding hills, have multiple chemicals and sources.

In the Northeast, many megas are old factories. But around Los Angeles, the worst are immense underground basins in which water supplies, polluted by industrial solvents, have had decades of pumping and treatment. The San Gabriel Valley aquifer is the state's most expensive mega cleanup, expected to reach at least $450 million.

"A lot of these industries came in during the '40s, and these underground plumes are now miles long — sometimes six or seven miles," Adams said. "It's a huge effort, and very costly, to make sure everything meets drinking-water standards."

The trickiest megas — 11 including the Hudson River — are underwater. Dredging them risks uncovering more polluted layers or leaving toxic residue.

"It's not like vacuuming your carpet," said Richard Luthy, Stanford University's chairman of civil and environmental engineering and a member of a National Research Council committee on mega sites. "You are, in every case, left with some material on the bottom that you haven't completely picked up. Just because you can dredge doesn't mean you can get everything."

At a small cleanup in San Francisco Bay's Richmond Harbor, DDT-laden sludge was dredged in 1997. But high concentrations resurfaced a year later. A sloped bottom and barge debris complicated the work.

With problems at small sites, Luthy said, "you have to wonder about the big sites. You might actually make them worse."

The most unusual underwater site is half a mile deep in the Pacific, a mile off the Palos Verdes Peninsula. For 25 years, a pesticide plant near Torrance released DDT into sewers. Now the EPA is trying to decide whether to use clean sand to cap part of the deposit, which covers several square miles of ocean floor.

Decades of analysis often occur before the EPA decides whether to dredge, cap, dam, pump — or some combination. At many, the EPA wrestles with remedies that might be ineffective — or worse.

Hazards of cleanup

In the Hudson River Valley, the debate over dredging has gone on for three decades, predating Superfund.

Two GE plants discharged as much as 1.3 million pounds of polychlorinated biphenyls, or PCBs, into the river for 30 years beginning in 1947. Used to insulate large electrical equipment, the PCBs, which are likely human carcinogens and can disrupt immune systems and brain development, rendered the river's fish inedible.

GE maintained that removing PCBs from the Hudson was too risky, and in 1984, the EPA agreed. The agency reversed course in 2001, concluding that dredging could be done safely and setting performance standards. Finally, in a November court settlement, GE agreed to dredge 10%. If an independent panel approves the results, GE can voluntarily dredge the rest or face a likely EPA order.

The main risk, King said, is unleashing buried PCBs. To reduce that threat, clamshell buckets will tightly seal as they bring mud to the surface. Work will stop if water standards are violated.

"Technically, it's not anything exotic; it's the size and the logistics that make it a challenge," he said. "I can't recall anything of this scale before."

The dig will remove 2 million cubic yards of PCB-contaminated mud. Another PCB cleanup along Wisconsin's Fox River could dredge a record 7 million cubic yards. "That makes them the largest by volume and us the largest by cost. Both are dubious honors," King said.

This spring, before the first bucketful is scooped in 2008, workers will descend on Fort Edward, a town of 6,000, to build a treatment plant, rail tracks, a wharf, marina, rail yard, utility lines and filtering presses. That alone is "like constructing a small city," said John Haggard, GE program manager.

Dug up by mechanical dredgers, the mud will be transported by barges and tugs to the plant, where the PCBs will be extracted, squeezed through presses, then hauled by 81-car freight trains to a landfill.

The dredging is expected to last six to eight years, but after decades of delay in the start-up, Hudson River Valley residents are skeptical about when the toxic mud will be gone.

In Fort Edward's museum, a sign reads: "The roots of the present lie deep in the past." For residents of mega-site communities, the past, present and future are defined by a toxic legacy.

"We could come back two decades from now, and it will still be going on," said Peter Berle, New York's former environmental commissioner. "Hopefully, someday, we'll be free of PCBs."

Concerns, Finger-pointing Greet Audit Of Sewage Spills (LAT)

By Sharon Bernstein And Tony Barboza, Times Staff Writers

The Los Angeles Times, January 26, 2007

A county report that says most incidents aren't acted on sparks calls for new measures.

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Southern Californians love their beaches.

So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff.

But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills.

The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other tributaries that lead to the sea.

How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did.

But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent.

The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels.

"There was a total communication breakdown," said Anjali Jaiswal, an attorney for the Natural Resources Defense Council, an environmental group that has been active in Santa Monica Bay pollution issues. "There would be spills and they wouldn't be reported properly. The public wasn't notified."

Part of the problem is that various ocean pollution laws require different types of notification.

State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies.

Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality.

County officials say they typically log all communications with their offices, and that there are no indications that the cities and water agencies that spilled most of the sewage phoned to report it.

Dr. Jonathan Fielding, the county's public health director, said that one or two calls might have been lost by county operators, but every call routed to the health department was logged, and the spill investigated.

But the cities, including Los Angeles, which dumped the most sewage into the bay, have meticulous records documenting the size and time of the spills.

It is not clear whether the cities' records include references to phone calls made to report the spills.

But Barry Berggren, division manager for the city of Los Angeles' wastewater collection system, said he personally phoned the county Department of Public Health to report high-volume leaks that occurred in Glassell Park on Jan. 9, 2005.

On that day, a heavy rainstorm sent more than 1 million gallons of raw sewage into the storm drain system, which directs runoff into the Los Angeles River and Long Beach Harbor.

The county auditor-controller's report listed those spills as unreported, with no known action taken.

Berggren says that's not true.

"For some reason, they believe they weren't notified. I don't know why that is," Berggren said.

Neil Miller, public works director for Manhattan Beach, said his department immediately reports every sewage leak that reaches a storm drain. Because the city is so close to the ocean, any spill could pollute the water very quickly, so it is in the city's interest to report them so the county can close the beaches before swimmers are exposed, he said.

"Especially in the coastal communities, if sewage has a chance of reaching the ocean they need to do extra testing to see if it's safe for swimming," Miller said.

County Supervisor Don Knabe, who ordered the audit after a massive release of raw sewage by Culver City last year went unreported for two days, said there is no doubt in his mind that the system is broken.

"I knew we had some issues but I had no idea they were so severe," Knabe said.

The audit recommended several reforms, some as simple as providing county operators with the names and telephone numbers of officials to be contacted if a spill occurs after business hours.

The report also recommended a centralized program to field reports of spills and track their cleanup, size and costs.

At the Board of Supervisors meeting Tuesday, Knabe plans to introduce a motion to implement the recommendations, along with a request that a specialist in public health be appointed to the Los Angeles Regional Water Control Board, at the Board of Supervisors meeting scheduled for Jan. 30. He is also asking for new standards for maintaining sewer systems so leaks are less frequent, and requesting additional research into what went wrong with the reporting of a particularly egregious spill during the heavy rains of 2005.

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Regional water quality control officials support Knabe's efforts and are considering making the board's reporting requirements more stringent.

"We require them to report back within 24 hours of a spill, but apparently that's not being followed," said board Chairwoman Fran Diamond.

The Pacific Palisades resident, who said she was "horrified" by the information in the audit, said she will press to reduce the reporting time to two hours. "We're talking about tremendous public health consequences and tremendous economic consequences," Diamond said. "We have a $2 -billion coastal economy…. This is a real setback."

State Sen. Sheila Kuehl (D-Santa Monica), whose district includes shoreline communities, urged state water regulators to investigate the leaks to determine whether the cities and water agencies that released the sewage were in violation of their permits when the incidents occurred.

Diamond said she would support such investigations.

The audit's findings disturbed beachgoers interviewed Thursday — though none appeared surprised.

"Everybody knows it's filthy here," said Heidi Phillips, 26, who was with her two children, ages 3 months and 3 years. "But for them to be so careless is disgusting. I would never let my kids swim at this beach."

Phillips, who lives in Canoga Park, said the study only confirmed her lack of confidence in the city and county's ability to keep Santa Monica Bay clean.

Matt Sylvester, 26, said he comes to Venice Beach to surf twice a week with friends. He said he knows that the ocean near a big city would not likely be pristine, but expects to be notified if there were a huge sewage spill.

"We're paying for our sewage to be disposed of properly."

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FBI/DEA/ATF/USMS:

Officer Indicted In Steroid Probe (BOS)

By Shelley Murphy And Suzanne Smalley, Globe Staff
The Boston Globe, January 26, 2007
Faces distribution and perjury charges

A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe.

"There's an ongoing grand jury investigation," Assistant US Attorney John T. McNeil told US Magistrate Judge Robert B. Collings at a hearing. "We are taking a hard look at steroid use among officers in the Boston Police Department."

Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury.

The 12-year department veteran was suspended without pay yesterday. He had been placed on administrative duty last summer after three other Boston officers were indicted in July for allegedly guarding large shipments of what they believed to be cocaine.

The suspected ringleader in that case is accused of trafficking steroids, and one of the other officers was a regular customer, said an FBI affidavit. After the steroid abuse allegations emerged, Mayor Thomas M. Menino vowed to try to require steroids testing for officers as part of negotiations on a new contract. Department spokeswoman Elaine Driscoll said last night that the proposal is still part of the negotiations.

The department is also dealing with other illegal drug use. In statistics it released last July, it said that 75 officers failed drug tests -- 61 of them for cocaine -- after the department started annual testing in 1999.

Police Commissioner Edward F. Davis last night pledged to strengthen training to help supervisors detect patterns of behavior suggesting an officer is abusing drugs, including steroids. "I have instructed the Bureau of Internal Investigations to develop and conduct extensive training for all Boston Police supervisors to better enable them to detect, expose, and identify illegal substance abuse," the statement said.

Yesterday, McNeill said that a number of Internal Affairs complaints had been filed against Rodriguez alleging "abusive, aggressive and violent behavior," which the prosecutor characterized as conduct "consistent with steroids use."

But Rodriguez's attorney, Philip A. Tracy Jr., said his client is not addicted to steroids and passed two drug tests he was given by the department in July and August.

McNeil also told the magistrate that Rodriguez had tried to discourage another Boston police officer four or five times from testifying before the grand jury. That officer later testified about Rodriguez's interference, McNeil said.

Prosecutors yesterday asked the judge to ensure that Rodriguez, a Jamaica Plain native and a former Marine who served in the first Persian Gulf War, does not associate with any other Boston police officers because they could be witnesses in the ongoing probe.

"We don't want to disclose who we are looking at," McNeil said. "We don't want any interference."

The indictment alleges that last Oct. 5, Rodriguez lied when he told a grand jury that he had not sold steroids to another Boston officer, who is not identified.

Just after testifying, Rodriguez met an officer in the hallway outside the grand jury room and tried to persuade him not to testify, McNeil also alleged.

However, Rodriguez's attorney told the magistrate that his client was merely warning the officer not to testify without an attorney.

Collings ordered Rodriguez not to have contact with any other Boston police officers, except for anticorruption investigators, but said at Rodriguez's arraignment on Tuesday there will be a hearing on whether to modify the order.

Collings said that because of the obstruction-of-justice charge, he was ordering Rodriguez to post a $50,000 bond, secured by a second mortgage on his Hyde Park home. Rodriguez was also ordered to surrender a handgun he keeps in his home and any department equipment still in his possession.

Rodriguez's attorney argued that it was unfair to ask his client to not talk with other officers because Rodriguez's social life revolves around the department.

Tracy said Rodriguez has been unfairly tarred by his alleged association with the three officers indicted on drug conspiracy charges.

"These charges have no relation to a much more serious conspiracy of three other officers," Tracy said. "These allegations can usually be handled internally or with less severe consequences than a federal indictment."

A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted.

In a statement issued with the indictment, US Attorney Michael J. Sullivan suggested Rodriguez is being charged because of how he behaved during the investigation, not just because of steroid use.

"This case is not just about steroids use by law enforcement officers," Sullivan said in the statement. "It is about an officer allegedly distributing steroids to another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

Fourth Officer Indicted In BPD Drugs Probe (BOSH)

By O'Ryan Johnson

Boston Herald, January 26, 2007

A fourth cop was indicted yesterday as part of a long-term federal undercover probe of corruption and drug peddling inside the ranks of the Boston Police Department.

Edgardo Rodriguez, 37, faces charges including possession with intent to distribute anabolic steroids, perjury and obstruction of justice. Rodriguez, a nine-year Boston police veteran, had been on administrative duty since July for his alleged involvement.

He was put on unpaid leave yesterday, police said. His lawyer, Philip A.Tracy Jr., said Rodriguez "has nothing to do and is not connected with any more serious charges against other Boston police officers." Rodriguez was freed after arraignment yesterday.

According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids.

Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit.

Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch.

According to the indictment unsealed yesterday, when Rodriguez was called before a grand jury investigating "the unlawful activities of a number of Boston police officers and others" in October, he denied selling steroids to or buying steroids from a person identified as "Boston Police Officer A."

Prosecutors said those statements are false. Rodriguez could face 35 years in prison if convicted on all charges.

BPD Patrolman Indicted On Fed Corruption Charges (CBS4BOS)

By Maggie Mulvihill

CBS 4 Boston, January 26, 2007

(CBS4) BOSTON In another embarrassing blow to the Boston Police Department, veteran patrolman Edgardo Rodriguez was indicted on federal corruption charges late Thursday stemming from alleged steroid distribution and other potential crimes within the force.

"It is a gross betrayal of an officer's duty," said U.S. Attorney Michael J. Sullivan in a statement after perjury and obstruction of justice charges were handed down by a federal grand jury.

Calling it a "sad time" for the department, Police Commissioner Ed Davis announced he was suspending Rodriguez without pay as the department continues to root out any other officers who may be involved in drug use.

The BPD is already reeling from two other scandals - missing drugs from the Hyde Park evidence warehouse and the corruption case federal prosecutors are building against three other officers accused of protecting cocaine shipments and other alleged crimes.

The I-Team reported earlier this month that Rodriguez had been warned by police brass to quit the force as federal and department investigators continued to scrutinize his role in the on-going drug-related criminal probe that has engulfed his fellow officers.

Roberto E. Pulido, Nelson Carrasquillo and Carlos A. Pizarro denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston.

Investigators learned Rodriguez was allegedly using and distributing steroids during their 2 1/2 year probe of the trio, while other Boston officers have been notified their voices have also been picked up on federal wiretaps, the I-Team has reported.

Rodriguez, an 11-year-veteran, has worked in Dorchester, Roxbury, East Boston and the Mobile Operations Unit.

Rodriguez is accused of in the six-count indictment of lying to a federal grand jury about whether or not anyone else in the department has possessed or distributed steroids.

Rodriguez is also accused of three counts of perjury and one count of obstruction of justice. If convicted of all charges he could face a maximum of 35 years in prison. His attorney, Philip A. Tracy, did not immediately return a telephone call seeking comment.

Feds Help Crack Big Cocaine Ring (LN)

Lancaster Newspapers, January 26, 2007

LANCASTER COUNTY, PA - Investigators said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers.

Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week.

As of Thursday night, Pablo Beltran and Tellin Cintron, both of Lancaster city, were the only suspects yet to be apprehended among the 20 indicted.

The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force.

The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said.

Assistant United States Attorney Christy Fawcett said each kilogram sold for an average of $22,000, then re-sold at a higher price.

Fawcett, lead prosecutor in the case, said it was one of the largest stings in recent memory. “This was expensive stuff,” she said.

Some of the cocaine was cooked into crack, Fawcett said, and marijuana also was sold.

The indictments were filed Jan. 11. Seven arrests were made Wednesday, Fawcett said, and some of the suspects already were serving time in prison.

The seven Lancaster County residents arrested were charged with conspiracy to distribute and possession with intent to distribute cocaine, crack cocaine and marijuana.

They were: Edward Rivera and Jorge Torres, both of High Street; Jimmy Ortiz-Rivera, Lafayette Street; Sandra Collazo-Medina, Valley Drive; Harry Delgado, East Clay Street; Nathaniel Sanchez, North Broad Street; and Pedro Rivera, Oak Ridge Drive, Millersville.

Ortiz-Rivera also was charged with possession of a stolen firearm.

Lancaster County District Attorney Donald Totaro said some of the suspects were known to be local drug dealers.

“I recognized some of the names as people we dealt with in the past,” he said.

If convicted, each suspect faces a mandatory 10-year prison sentence and fines up to $4 million.

Investigators seized about $500,000 in cash, five lots of real estate and jewelry during the investigation. A Lancaster city business — K&A Appliances at 149 E. King St. — also was seized.

The charges also include a $7.2 million substitute asset forfeiture that must be paid if the suspects are convicted. Fawcett said that sum is for money and real estate that wasn't recovered during the investigation.

A major break in the investigation came May 27, when two Mexican nationals — Jaime Cardenas-Borbon and Gabriel Rivera-Gil — were arrested at Days Inn, 30 Keller Ave.

Investigators seized 40 kilograms of cocaine and $182,000 cash from their room. It is believed to be one of the largest cocaine shipments ever intended for Lancaster County.

"As a result of that arrest, we were able to piece together additional information" about the drug ring, Totaro said.

The two-year investigation also was aided by wiretaps placed on five telephone lines authorities said were used for trafficking drugs.

"These federal agencies bring manpower and resources that enhance an investigation," Totaro said. Also, "jail sentences are far more severe" upon convictions in such cases.

Hearings for the suspects are scheduled to begin April 2, Fawcett said.

Accused Kingpin In Prison (SEN)

Sentinel, January 25, 2007

When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities.

The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg around 6 p.m. Tuesday, says a spokesman from the state attorney general's office. Robinson, 34, formerly of Steelton, had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago.

Santiago was sentenced last month in Cumberland County Court for drug dealing. Santiago and several smaller dealers were nabbed in September 2005.

Authorities believe Robinson stayed with friends and family in New York City, Florida and Washington, D.C., while the federal marshals hunted for him, and that he was most recently in the D.C. area. Marshals had frequent contact with Robinson's friends and relatives, which often wears them down and causes them to put pressure on the fugitive, said Nils Frederiksen, spokesman for the attorney general's office.

"In this case, it looks like it worked. I think eventually, everybody tires of constantly looking over their shoulder."

Later, authorities plan to look at whether to charge anyone with giving aid to the fugitive, he said.

Robinson is being held in Cumberland County Prison without bail, with a preliminary hearing set Tuesday. He is charged with five counts of delivery of cocaine, one count of possession with intent to deliver, one count of criminal conspiracy and two counts of participating in corrupt organizations, which is the state's racketeering statute. He could serve up to 90 years in prison and face $725,000 in fines.

An investigation into the drug ring found that Robinson and Santiago, 35, set up two separate but similar organizations for distributing drugs that involved at least 23 residents. According to reports, the men transported cocaine from New York before repackaging it for local sale, or "cooking" it into crack, eventually distributing more than $7 million of the drug.

The AG's office said Robinson used a home on North Second Street in Steelton and an address on Allen Road in Carlisle as distribution points, while Santiago set up shop on Beetum Hollow Road in the Newville area.

Santiago faced more counts than Robinson and was sentenced last month to 7 to 20 years in state prison and ordered to pay $110,000 in fines.

N.J. State Police, DEA Break Up South Jersey Narcotics Ring (AP)

AP, January 25, 2007

TRENTON, N.J. (AP) -- State and federal authorities broke up a major South Jersey drug distribution ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine.

New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew.

"We took this one down at the trafficking level," Simpkins said. "When you stop it at the kilo level, it doesn't filter down to the school-yard level. It keeps it (the drugs) out of our neighborhoods."

"It's the most effective way to fight the drug game," said Simpkins who oversees state police in southern New Jersey.

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The cocaine was valued at about $15,000 per pound.

State Police Superintendent Col. Rick Fuentes said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center.

The new facility nicknamed "The Rock," is where federal, state and local officials gather to share information on evolving cases.

"This information will have a value beyond the arrest of individuals," said Fuentes. "The information will be linked up with other potential cases and the vehicle for doing that is 'The Rock.' That's our clearinghouse."

Police from Gloucester Township entered six homes and three storage facilities in Gloucester, Camden and Burlington counties Thursday morning.

Three New Jersey men were arrested in Tucson, where the New Jersey suspects went to meet their supplier, police said. Eleven others were arrested in New Jersey, with the highest bail set at $500,000 and some defendants released without bail.

In Arizona, police found a vehicle with hidden compartments for drugs.

Authorities also seized $244,000 in cash and three guns.

Those arrested were charged with conspiracy in connection with the distribution of narcotics. The maximum penalty upon conviction is 10 years in prison and a $150,000 fine. Additional charges are likely, authorities said.

The investigation was code-named Operation Centerfield because one of the first suspects identified was Gary Maddox, who has the same name as the former Phillies center fielder.

Gang Task Force Nets Suspects, Drugs, Guns (RMA)

By Stephanie Barry

The Republican, January 25, 2007

SPRINGFIELD - Standing behind an array of guns and street drugs, federal and local law enforcement officials yesterday announced the results of Tuesday's blitz targeting suspected dealers in Mason Square.

The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects by yesterday morning, officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm.

Springfield Police Commissioner Edward A. Flynn said the raids were the result of a year-long investigation into the robust open-air drug trade in Mason Square.

"The goal was impact players," Flynn said, adding that the investigation included undercover operatives, sophisticated surveillance and countless drug buys through informants.

He said of those indicted in state court, 13 were apprehended; one was located in a Maine jail on unrelated charges, and four are still at large.

Laid out on a table in a conference room at police headquarters yesterday were six handguns - including five police said were previously loaded and one outfitted with a scope - plus bags of marijuana, crack cocaine and heroin.

The contraband was recovered from searches that accompanied the arrests, police said, and were labeled with various suspects' names and addresses.

The guns, some found with stashes of ammunition, will be tested to probe possible links to local unsolved shootings, yesterday's panel said.

FBI supervisor Michael G. O'Reilly said the gang task force was established in 1994. It includes members of the FBI; U.S. Drug Enforcement Administration; U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives; Massachusetts State Police; Hampden County Sheriff's Department; and local police in Springfield, Chicopee and Holyoke.

"We each have a special focus ... We take that focus and bring it together," said Robert G. Tacinelli, supervisor of the Springfield office of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The task force was responsible for a 2005 crackdown on 36 local Latin King affiliates, the largest single-day roundup of that faction in the state's history, O'Reilly said. Many of those were prosecuted in federal court.

Assistant Hampden County District Attorney James R. Goodhines said all suspects are being held in lieu of bond ranging from $50,000 to $500,000.

The suspects were arraigned in Springfield District and Superior courts during the past two days. Flynn said the hope is that the charges will get bumped up to federal court, where sentences for drug crimes are long and prison assignments are often far-flung.

He said the timing of the sweep was critical for a wary city still reeling from a spate of violent crime.

Mayor Charles V. Ryan also attended yesterday's announcement at the police station, lauding the fruits of the sweep.

"To see this type of hardware in front of us reminds us really what the stakes are," he said.

Ironworkers' Business Manager Faces Drug Charges (VANSUN)

By Peter O'Neil And Glenn Bohn, Vancouver Sun

Vancouver Sun, January 26, 2007

Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night.

Holmes, a 50-year-old married man with eight children, is in Spokane County Jail.

According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior.

The officers followed tire tracks of a pickup truck to the driveway of a rural home, where the pickup apparently turned around. They then followed fresh tracks in snow left by two people.

The officers turned on their vehicle's bright "takedown" lights and "observed two individuals lying in the snow under some bushes," the affidavit states. A large backpack was beside each man. The officers ordered the two men to stay where they were. One -- the affidavit wasn't clear which one -- attempted to run north towards the Canadian border, less than a kilometre away, but was caught.

A U.S. Border Patrol Agency news release reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a "Canadian citizen attempting to smuggle the contraband across the border."

The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash.

The criminal complaint is the first step towards a possible U.S. grand jury indictment on these recommended charges: possession with intent to distribute more than five kilograms of cocaine, and conspiracy to possess with the intent to distribute more than five kilograms of cocaine.

Dave Beatty, elected president of Ironworkers Local 97, said he and other officials were shocked by the arrest of Holmes.

"It was completely out of character for anybody who knows him," Beatty said Wednesday.

He said the union called in an independent auditor at its Burnaby office Monday to investigate union records.

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B.C. Union Leader Arrested In U.S. On Drug Charge (CBC)

CBC News, January 26, 2007

The business manager of the B.C. and Yukon local of the Ironworkers union has been arrested in Washington state, where he has been charged with a serious drug offence.

Perley Edmund Holmes, 50,Â is in jail in Spokane and faces a charge of possession of cocaine with intent to distribute.

U.S. border patrol officers said they arrested Holmes and another man last Thursday near Chesam, Wash., just south of Grand Forks in B.C.'s southern Interior.

They said they seized more than 60 kilograms of cocaine, worth an estimated $4.3 million.

Union president David Beatty saidÂ the arrestÂ came asÂ a big surprise to people who know Holmes.

"It's probably as shocking as could be, for anyone I've talked to, our members, our contractors. It's completely out of character and nobody can visualize this happening."

Beatty also said Holmes is no longer on the payroll.

An auditor will be brought in to review the finances of the local to ensure no illegal activities were conducted with union funds, he said.

Holmes faces 10 years to life in an American prison if he's convicted of the allegations.

Drug 'kingpin' Says He's Guilty In Broad Scheme (REP)

Reporter, January 25, 2007

A Vacaville man who prosecutors described as a regional "drug kingpin" pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction.

Eduardo Pichardo, 33, now faces 10 years in federal prison and a personal financial judgment of $500,000. He will return to federal court in Sacramento on April 3 for sentencing.

Pichardo was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine.

The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama.

In October, Pichardo was indicted on the additional charges of money laundering.

In exchange for his plea Tuesday, prosecutors agreed not to pursue money laundering or other charges against Pichardo's wife.

According to investigators, Pichardo became a prime suspect in a drug trafficking investigation shortly after it was launched in 1999.

Drug Enforcement Administration agents said Pichardo was the head of an organization that trafficked multi-kilogram quantities of cocaine and methamphetamine,

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frequently traveling to Mexico to arrange smuggling across the border.

In October 2001, investigators said Pichardo arranged for the driver of a pickup truck to transport 25 kilograms (about 56 pounds) of cocaine from Phoenix, Ariz. to Alabama. On Oct. 5, the driver was stopped by Arkansas State Police during a routine traffic stop and was subsequently arrested. A search of the truck revealed the cocaine, which was concealed in a hidden compartment inside the truck's gas tank, officials said.

The street value of the seized load was estimated at $1.3 million.

According to court documents, Pichardo gave a colleague $15,500 in cash to wire to a bail bondsman in Arkansas in order to bail out his driver.

"The cash the defendant gave was proceeds of (his) drug trafficking activities," prosecutors wrote. And he used a friend to wire the funds so that the cash could not be traced back to him.

In addition, he instructed his colleague to wire the money in two separate transactions so that neither one would exceed $10,000. That order was given, prosecutors said, because he knew that any cash transaction in excess of $10,000 would be reported to authorities, thus hiding the transaction.

Pharmacist Could Face Three-year Term (MBSN)

By Josh Hoke

Myrtle Beach (SC) Sun News, January 25, 2007

The 81-year-old Myrtle Beach man accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment obtained by The Sun News.

John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration.

Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering.

All four men were arrested earlier this month.

Tuite denied wrongdoing on Tuesday, and he could not be reached for comment Wednesday.

Tuite appeared in court last week and is free on bail.

He was to be in court Wednesday, his attorney said, but it was unclear by press time whether he made that appearance.

His attorney, public defender Bill Nettles, said, "The judge just wants an update on how the case can be resolved."

Nettles said since the indictment was filed in California, Tuite may eventually be forced to appear in federal court in that state.

Andrew Thomas Russo, 48, United Care Pharmacy's former chief operating officer; Denis Leborgne, 42, the former chief technical officer; and David John, 41, the former chief financial officer, were also arrested and charged in the case.

Cincinnati Doctor Gets Two Years For Clinic Crimes (PORTDT)

By Jeff Barron, PDT Staff Writer

Portsmouth (OH) Daily Times, January 26, 2007

A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe.

Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year.

“Money laundering is not a victimless crime,” Internal Revenue Service criminal investigator Jeffrey Cooper said. “Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.”

According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at.

Jewell, of Paintsville, Ky., and Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail.

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According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day.

He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients.

He also had no diagnostic equipment at the clinics.

Patients paid in cash $175 to $200 per visit. The clinics would not accept insurance, personal checks, credit cards or any other form of payment.

New patients were required to bring an X-ray or MRI to create an aura of legitimacy, the Justice Department said.

Prescriptions were filled at only a few pharmacies, including the South Shore Pharmacy in South Shore, Ky. Many of the patients signed an agreement to only use that pharmacy.

Ebner admitted what he was doing at the pain clinics was below the accepted standards of medical practice.

Justice officials said Ebner split the patient payments with Jewell and structured them to hide his involvement in the illegal activity.

Ebner broke the money down into smaller amounts, typically less than $10,000 for deposit into his personal bank account to avoid the Currency Transaction Reporting requirements.

He used the money for a real estate down payment, shares of a medical partnership and as a payoff of his mortgage.

Ebner must surrender to officials on March 19.

JEFF BARRON can be reached at (740) 353-3101, ext. 236.

IMMIGRATION:

Senate Endorses A Contracts Ban (WSJ)

The Wall Street Journal, January 26, 2007

WASHINGTON -- The U.S. Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts.

The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security. The amendment was offered on the fourth day of debate on an increase in the federal minimum wage from $5.15 an hour to $7.25.

Alien Hiring Fine Fails On Hill (WT)

By Charles Hurt

The Washington Times, January 26, 2007

Senate Democrats quashed a proposal yesterday that would have dramatically increased civil fines on employers who hire illegal aliens.

Sen. Jeff Sessions, Alabama Republican, offered the amendment to the bill now being debated that would increase the federal minimum wage.

Ridding the economy of illegal aliens, he argued, would do far more to help low-income wage earners than simply raising the minimum wage. Not only do aliens displace U.S. citizens in the work force, he said, they also artificially suppress wages.

"Our whole purpose of the minimum-wage act is to increase the wages of working Americans, particularly low-skilled workers," Mr. Sessions said. "That's a noble goal."

One of the reasons "that those salaries have lagged behind is because of a large influx of illegal immigrant labor," he said. "That is indisputable, and it's not been discussed much here. People apparently don't want to talk about it, but we're going to talk about it."

But Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill.

Some 60 amendments have been offered, and today marks the fifth day of debate on raising the minimum wage to $7.25 per hour from $5.15 per hour over two years.

"Amendment here. Amendment there," thundered Sen. Edward M. Kennedy, Massachusetts Democrat.

"Amendment on Social Security. Amendment on immigration. And all the chortling and laughing as they go on about their business," he boomed.

DOJ_NMG_0122086

Republicans are "not for those millions of Americans who are heading home tonight, who've worked long and hard, facing their children hoping that at last ... the United States isn't going to fail us," he said. "What do we tell them after five days?"

After accusing Republicans of stalling, Mr. Kennedy then proceeded to read aloud for five minutes a story in the New York Times about soldiers fighting in Iraq.

Mr. Sessions said his amendment is not a delaying tactic and isn't unrelated to the overall minimum-wage bill. His provision, he said, gets at the very reason a minimum-wage increase is needed in the first place. He calls his amendment "comprehensive wage reform," a sly reference to the "comprehensive" approach to immigration reform that Democrats and President Bush are demanding, but most Republicans deride as amnesty.

Mr. Sessions' proposal came directly out of the employer-sanctions section of the immigration-reform bill approved with overwhelming Democratic support last year.

It would raise the minimum fine on employers from $250 per hired alien to $5,000 per alien. And it would raise the maximum fine from $10,000 per alien to $40,000 per alien.

Though Democrats turned back Mr. Sessions' employer-sanctions amendment, they allowed through a second Sessions amendment aimed at federal government contractors who are caught hiring illegal aliens.

He ticked off a half-dozen recent examples of federal contractors using illegal aliens, even in the most sensitive of positions.

"It's astounding how widespread this problem is," Mr. Sessions said. "In one alarming incident, the Nuclear Regulatory Commission was caught allowing illegal aliens who obtained documentation by using fake Social Security numbers to work as contract painters at nuclear facilities."

Under the amendment that Democrats allowed last night, any government contractor caught using illegal labor would be prohibited from future government contracts for ten years. It was approved on a 94-0 vote.

Bonkers At The Border (WSJ)

The Wall Street Journal, January 26, 2007

Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime.

Several GOP lawmakers, including outspoken restrictionists like Congressmen Tom Tancredo and Duncan Hunter, have hailed the ex-agents as American heroes. President Bush is even being urged to pardon Ramos and Compean, who received sentences of 11 years and 12 years, respectively. GOP Representative Dana Rohrabacher has gone so far as to accuse Mr. Bush of being "on the side of [America's] enemies" for allowing the men to go to jail.

CNN's Lou Dobbs has also weighed in repeatedly with pseudo-reporting designed to rile up his viewers rather than inform them of the facts. Speaking of facts, they are as follows, according to the U.S. Attorney's Office for the Western District of Texas and evidence presented at the ex-agents' jury trial:

Agents Ramos and Compean were guarding the Mexican border near El Paso, Texas, on Feb. 17, 2005, when they encountered a van driven by Osvaldo Aldrete-Davila. When the driver saw the agents he sped off, eventually abandoning the vehicle and fleeing toward the border on foot. At one point, Aldrete-Davila stopped running and raised his empty hands to surrender. But when the first border agent to approach him stumbled, Aldrete-Davila took off again toward the Rio Grande.

At this point, Agents Ramos and Compean opened fire, shooting at the back of a suspect who they knew was unarmed. They fired 14 rounds in all -- Agent Compean even paused to reload -- finally hitting Aldrete-Davila in the buttocks. The suspect was wounded but still managed to make it across the border and escape.

It later was determined that Aldrete-Davila was in the country illegally and smuggling drugs. Nearly 750 pounds of marijuana were found in the van. But Ramos and Compean didn't know the suspect's immigration status when they shot him. Nor did they know the contents of the vehicle he was driving. What the agents did know is that they had broken any number of border patrol policies.

So Compean and another agent returned to the scene to gather shell casings and discard them in a drainage ditch. Compean and Ramos, who'd been disciplined for past conduct unbecoming a federal officer, then filed a false report. The only reason their cover-up didn't succeed is because an honest border agent who learned of the shooting eventually reported it.

After a trial lasting nearly three weeks, a federal jury in El Paso convicted both agents on charges including assault with a deadly weapon and obstruction of justice. As Johnny Sutton, U.S. Attorney for the Western District of Texas, put it: "The simple truth of this case is that former Agents Compean and Ramos shot 15 times at an unarmed man who was running away from

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them and posed no threat. They lied about what happened, covered up the shooting, conspired to destroy the evidence and then proceeded to write up and file a false report."

The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien.

This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the U.S. must "enforce the law" on the border. That the agents have been held accountable for misconduct shows that no one is above the law. Letting the agents off the hook would also send a terrible message to honest border agents who perform a difficult and dangerous job.

Turning felons into political causes is the kind of stunt usually pulled by the likes of Al Sharpton. That Republicans would now stoop to it shows how immigration has caused some on the right to lose their political bearings. First they gave up their belief in free labor markets, and now they're discarding their law enforcement credentials.

And these are the same folks who assail Mr. Bush's guest-worker proposal as "amnesty." The irony is that if Mr. Bush's plan were in place and there were more legal ways to enter the U.S., border agents would have more time and resources to chase down people like Aldrete-Davila and apprehend them properly.

Fight Against Immigrant Smuggling Follows Money Trail (WP)

By John Pomfret

The Washington Post, January 26, 2007

PHOENIX -- In 2001, Arizona state prosecutors trying to stem the growing tide of immigrant smuggling found a Western Union outlet in the border town of Douglas that was doling out more than $91,000 a month -- this in a community where the per capita income was barely $10,000 a year.

People across the country, prosecutors said, were sending money to the little Western Union shop in Douglas -- and scores others like it in Arizona -- to pay smugglers to sneak illegal immigrants into the United States.

To fight back, Attorney General Terry Goddard employed a controversial technique known as a damming warrant to seize $17 million in money transfers into hundreds of Western Union locations in Arizona, prosecute scores of immigrant smugglers and deport hundreds of people in a program he marvels at because of its "elegant simplicity."

On the surface, the warrants were a success. Between mid-2005 and mid-2006, according to Goddard's office, transfers of $500 and more into Arizona fell from $36.8 million a month to just $2.8 million. The only problem was that all of Goddard's other sources indicated that immigrant smuggling was still booming in Arizona.

So on Sept. 21, Goddard expanded the program, issuing a warrant blocking all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora. He also planned on issuing warrants blocking money transfers through Western Union to nearby states such as Nevada.

Western Union sued to block the Sonoran warrant. "We felt that the state was overreaching," said Peter Ziverts, Western Union's vice president for compliance, "because none of this money ever touched Arizona. So how could Arizona claim it was involved in a state crime?"

On Jan. 9, Maricopa County Superior Court Judge Kenneth L. Fields agreed, quashing the warrant and ruling that it was "unconstitutional as applied under the Commerce Clause, Foreign Commerce Clause, Due Process Clause and the Fourth Amendment of the United States Constitution."

This legal battle is but one of more than 10 state and federal cases in Arizona over how to police illegal immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers. Tactics prosecutors believe are a godsend in the crackdown are often, in the words of one federal law enforcement official, "either brilliant or illegal."

Arizona has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as Goddard said in an interview, "we have it rubbed in our face on a daily basis."

Since the mid-1990s when a federal crackdown in San Diego and El Paso forced illegal immigrants into the desert, Arizona has become the highway through which millions of crossers enter the United States. In fiscal 2006, the U.S. Border Patrol apprehended more than 510,000 people attempting to unlawfully enter the United States via Arizona, half of the total for the 2,000-mile-long southern border, according to government statistics.

Phoenix is recognized as the hub of the immigrant smuggling trade, stocked with safe houses where illegal immigrants, known as pollos, or chickens, are held until relatives or friends pay about $1,600 a head and they are moved out on the highways that crisscross the city. In an affidavit filed late last year, Goddard's office contended that Phoenix-based immigrant

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smuggling enterprises had annual revenues of $1.7 billion to $2.5 billion. The Phoenix Police Department estimates that 50 percent of that city's murders involve either an illegal immigrant as assailant or victim.

Sheriff Joe Arpaio of Maricopa County, home to 3.5 million people, has made his department one of the first local law enforcement agencies in the nation to direct its deputies to arrest illegal immigrants under a state law. So far 400 have been arrested, although Arpaio's tactics are the subject of a lawsuit.

In addition to the Western Union suit, Goddard's fight against immigrant smugglers, who are sometimes called coyotes, has also prompted a federal lawsuit by a group of Western Union customers who allege that the attorney general's office seized their money and never returned it.

According to the suit, Goddard's investigators did not tell the senders that their transfers had been blocked (a charge Goddard did not dispute) and handed money over to recipients only after they had proved that the transfers were not being used for illegal activity. "So much for innocent until proven guilty," said Matthew Piers, the lead attorney in the case.

"We have law enforcement run wild down there," Piers said. "We support interdiction of money for coyotes, that's an activity well worth stopping. But the warrants in Arizona are so broad as to be ridiculous."

Goddard's prosecutors said 91 percent of the people whose money was seized were involved in either drug or immigrant smuggling. Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, which interviewed more than 400 of Western Union's customers to help prepare the case, said that while the "clear majority" of the money senders were illegal immigrants, only a small fraction were involved in felonies. "This is a legal equivalent of a drive-by shooting," he said. "People were sending money to their relatives to buy medicine and food."

Goddard said he has proof that immigrant smugglers were continuing operations in Arizona and using Western Union branches in Sonora to stash their cash. According to an attorney general's office affidavit, a suspect, who had been picking up his cash in Arizona, received $270,000 within two months from a small Western Union stand in Sonora, another garnered $136,000, a third $113,000.

"It is obvious to us that they've just moved the cash aspect of their business out of state," he said, "but the smuggling operations remain in Arizona."

Goddard's tactics were also controversial because of federal concerns that his office was overreaching. When ICE Director Julie Myers visited Arizona in late 2005, Gov. Janet Napolitano (D) suggested that they hold a joint news conference in support of the warrants. Myers declined, officials from both the state and federal governments said. And ICE pulled out of the state's financial crimes task force.

But in recent months, relations between ICE and the Arizona state government have improved. A new special-agent-in-charge, Alonzo PeÃ±a, arrived from Texas after Napolitano pressured the federal government to transfer his predecessor, law enforcement officials said. ICE will soon rejoin the state's financial crimes task force.

In an interview, PeÃ±a said ICE is considering using the surveillance warrants as a tactic to fight immigrant smuggling; that way at least law enforcement could avoid Western Union's argument that Arizona was overreaching.

"I am not really concerned about what happened in the past," PeÃ±a said, "We just want to get in and participate . . . as long as it's legal and can be introduced in court."

TAX:

KPMG Placed On State Probation In Tax-shelter Case (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

DALLAS — Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters.

The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation.

KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said.

The case stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes.

KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation.

The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing.

William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department.

KPMG, which has more than 400 certified public accountants in Texas, said its activities would not be affected by probation.

"We are pleased that the Texas matter is now resolved and that it does not restrict in any way our ability to serve our clients in the state," said spokesman George Ledwith.

The case was settled through a consent order without holding a formal hearing. Ledwith said Texas is the first state to reach a settlement with the firm. Other states were considering action before KPMG settled with the Justice Department in 2005.

The accountancy board is the licensing and enforcement agency for certified public accountants and accounting firms in Texas. The agency's director said it was unusual for the board to bring a case against such a large accounting firm.

The last one, he said, involved Arthur Andersen LLP, which was convicted of obstruction of justice for shredding Enron documents. The U.S. Supreme Court overturned the conviction, but not before Andersen was devastated.

"Fortunately for the public, we don't have these very often — maybe every three or four years," Treacy said.

Kentucky Sewer District Settles With IRS Over Bond Proceeds (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status.

Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director.

``What they determined is that you should not have used bond proceeds to purchase the put option," Gee said.

Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments.

Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due.

Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said.

Debt Buyback

U.S. local governments agree to settlements with the IRS to prevent the agency from seeking taxes from investors who were willing to accept lower returns from their bonds because the securities weren't subject to income taxes. As part of the settlement, the district will repurchase $2.8 million of the bonds in November.

The district proposed the settlement under a program that allows municipal borrowers to head off audits if they discover that a bond issue may violate IRS regulations on tax-exempt bonds, it said in a bond filing. Gee declined to say how much the district agreed to pay to the IRS, though he said no other parties to the transaction have to pay the agency.

``I'm not at liberty to talk about that amount because the case hasn't legally been closed," he said.

Investment Management Advisory spokesman Gene Grabowski didn't immediately return a call seeking comment. Lehman Brothers spokesman Randy Whitestone declined to comment.

CONGRESS-ADMINISTRATION:

Bush Touts Tax Breaks For Health Care VIDEO (KCS)

By Dave Helling

The Kansas City Star, January 26, 2007

President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions.

"We believe the private sector is the best delivery of health care," Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, Mo. "We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker," he said.

In his State of the Union speech Tuesday, Bush proposed taxing employer-provided health care benefits, after allowing a $7,500 deduction for individuals and $15,000 for families. He said the plan would help individuals buy insurance, while keeping health care costs low.

Bush traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings.

Critics say the plan could raise taxes for some people with good health care plans and could convince some employers to drop health insurance for their workers.

Earlier, Bush toured the hospital, meeting with staff to talk about use of computers and technology to cut costs. "Medicine is finally catching up with the rest of America in the use of information technology, particularly this facility here," he said.

Around a dozen protestors picketed across the street from the hospital.

Bush Touts Health-Care Plan As Cost Control (WP)

By Michael A. Fletcher And Christopher Lee

The Washington Post, January 26, 2007

LEE'S SUMMIT, Mo. Jan. 25 -- With his new health-care proposals receiving a frosty reception from Democrats on Capitol Hill, President Bush ventured here Thursday to make the case that his ideas offer the best remedy for the nation's health insurance crisis.

Speaking at a roundtable before an audience made up largely of journalists, Bush promoted his plan to offer new tax incentives for people to get modestly priced health insurance through their employers or on their own.

Bush, who announced the initiative Tuesday in his State of the Union address, said it is part of a larger strategy to use private-sector forces, new technology and changes in existing government programs to hold down health-care costs and improve access to medical coverage.

"The best way to do that is through private health insurance," Bush said. "Therein lies part of the debate we have in Washington. We believe the private sector is the best delivery of health care. We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker."

The president wants to offer tax breaks for families who buy health insurance that costs less than $15,000 a year, and impose a new tax on those with more expensive plans. For individuals, the tax break would go to those with plans costing $7,500 or less.

Bush said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run. He also promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance.

"There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care," Bush said. "We'll do that."

After touring facilities run by the high-tech St. Luke's East medical center here, Bush spoke in a session that included small-business owners and uninsured workers who would probably benefit from his plan.

The plan would end the tax code's longtime bias in favor of employer-sponsored insurance, allowing millions of people who buy policies in the individual market to enjoy a tax deduction on their premiums for the first time. The self-employed can deduct premium costs, but many others cannot.

Essentially, Bush would use the new tax on people with high-priced health plans to subsidize the cost of insurance for those with lower-priced coverage, a progressive feature that administration officials thought would draw interest from Democrats who now run Congress.

But so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured.

"I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans," Sen. Edward M. Kennedy (D-Mass.) said.

The administration, however, contends that the plan would eliminate the blatant disparity favoring employer-sponsored coverage, which has been a feature of the tax code since the middle of the last century. Currently employer contributions to their workers' health benefits do not count as taxable income for the employee, which administration officials say encourages workers to get more expensive plans and use more health care than they otherwise would. Buyers of insurance on the individual market do not enjoy the same tax advantages.

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The idea of altering that balance dates at least to the early 1980s, when President Reagan proposed limiting the amount of employer health contributions that could be excluded from an employee's taxable income and diverting the resulting tax revenue to reducing the federal deficit.

Thomas A. Scully, a Republican congressional staffer at the time who later became a top health policy adviser to President George H.W. Bush, said the plan went nowhere: Republicans panned it as a tax increase, and Democrats feared it would penalize some unionized workers with generous health benefits.

In 1992, under the first President Bush, the White House considered scaling back the unlimited tax break on employer coverage and using the new revenue to pay for refundable tax credits to help low-income people get coverage, Scully said. House Republicans, still smarting from Bush's decision to raise taxes as part of the 1990 budget deal, objected, and Bush's advisers stripped the plan out of the budget at the last minute.

"The political timing was terrible," Scully said.

A proposal similar to the current one was recommended two years ago by a presidential advisory panel studying the federal tax system. The panel recommended capping the exclusion from taxable income of employment-based health benefits at $11,500 for family coverage and $5,000 for individuals, starting in 2006. The key difference was that the panel's proposal would have limited the new deduction to the cost of premiums, while Bush's plan would allow even those with cheaper policies to claim the full $15,000 amount.

"The truth is that policy wonks have been talking about this for well more than 20 years, but politicians generally look at it and say, 'This doesn't look like a good deal for me,' " said Joseph Antos, a health economist at the American Enterprise Institute who supports the new Bush plan. "As we've joked around here for years, it's an idea that only a policy wonk could love."

Not so, said Bush.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," he said. "They're just dismissing things because of pure politics; we have put forth ideas that are worthy of debate, and we believe will work."

Bush Promotes His Healthcare Proposal (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 26, 2007

He defends his plan to tax some employer-paid coverage, saying it would rectify 'discrimination … based upon who you work for.'

LEE'S SUMMIT, MO. — President Bush traveled to a Missouri hospital Thursday to press his case that Congress should sign on to his healthcare proposals, including his idea to pay for his initiative by taxing some employer-paid insurance premiums as employee income.

Unlike similar town-hall-style events that the White House bills as "conversations," the round table at St. Luke's East hospital had no audience other than about 30 reporters.

"If you work for a company, you get your healthcare free, in essence. It's part of the benefits package," Bush told his seven guests, who included several small-business owners and an uninsured waitress. "If you're a stand-alone person, you pay your healthcare on an after-tax basis.

"In other words, there's discrimination in the tax code based upon who you work for. It makes it harder for individuals or small-company employees to be able to buy healthcare," the president said.

Members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining healthcare for the 47 million people in the United States who are uninsured and would eventually raise costs for average families.

Bush toured the new hospital, part of St. Luke's Health System of Kansas City, Mo., to examine its use of information technology, another cause he has promoted. In the emergency room, Bush admired a flat-screen television monitor with a blinking display of patients' vital signs, procedures and medications.

"Medicine is finally catching up with the rest of America in terms of information technology," Bush told the assembled doctors and nurses.

In his State of the Union address, the president proposed making health insurance premiums paid by employers taxable to their employees as part of their compensation. At the same time, every family would get a standard healthcare deduction of $15,000 ($7,500 for singles).

That would mean that families with total healthcare premiums less than $15,000 would get a tax break, but those with what Bush has termed "gold-plated" plans would have to pay income tax on the amount over $15,000.

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The president argues that his proposal would level the playing field for those without employer-sponsored health insurance, because the standard deduction would be available to everyone. And that would make it easier for more people to afford to buy individual health insurance.

However, many healthcare experts say that the president's proposal will do little to help most of those who have no health insurance. That is because about half of the uninsured earn so little that they do not file income taxes, so the standard deduction would not help them.

Currently, about 25% of employer health plans cost companies and their employees more than $15,000 a year, meaning that roughly 75% of those with employer health plans would get a tax break under the president's proposal. But healthcare experts say that those savings could be short-lived; the deduction and cap will be indexed to inflation, whereas healthcare costs have been rising faster than the inflation rate.

Esmerelda Wergin, a waitress at her grandmother's Mexican restaurant, told the president that she and her husband had been unable to afford health coverage for themselves and their two sons, either through a job or on their own.

"Some jobs offer you health insurance plans, but they cover nothing…. It's really hard to find one that's going to suit your family's needs," Wergin said.

Bush said the Wergins would save $3,500 in taxes under his proposal, money they could put toward health insurance.

"Rather than have a family sit outside the system … why not help them afford a healthcare system through making the tax code fair?" Bush asked.

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Bush Health Plan Leaves Questions (PD)

By Mary Vanac

Cleveland Plain Dealer, January 26, 2007

Mary Vanac Plain Dealer Reporter

Local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance.

During his State of the Union address Tuesday evening, Bush proposed giving a $7,500 deduction to single taxpayers and a $15,000 tax deduction to families who buy health insurance.

Practically speaking, taxpayers who pay for their own health insurance would benefit directly from the proposal.

Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership.

But this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said.

But for the majority of taxpayers who get their medical insurance through an employer, the proposal means shifting that employer-paid benefit to employees as income.

This income would be tax-free up to the deduction amounts, but amounts exceeding the deductions would be taxable income for the first time.

Many of the details surrounding the Bush proposal still aren't clear, said Joe Gibbons, government-relations director for Medical Mutual of Ohio in Cleveland.

"The president offered up an interesting concept, which deserves a full review," Gibbons said.

"But I don't think anything becomes clear until after the next [presidential] election."

Jim Kappel, spokesman for WellPoint Inc., the Indianapolis owner of Anthem Blue Cross and Blue Shield of Ohio, said, "Tax policy can be an important way for people to consider health coverage."

Like many insurers and states, WellPoint has its own ideas about how to reform the U.S. health insurance system.

A WellPoint plan announced this month called for universal coverage for children and for expanding programs for the neediest, Kappel said.

John Ryan, outgoing head of the North Shore Federation of Labor, said the proposal raised concerns for people who have medical insurance, as well as those who don't.

"For people who have health-care coverage, it provides a foot in the door for tax benefits," said Ryan, who plans to become U.S. Sen. Sherrod Brown's Ohio director after his replacement at the former Cleveland AFL-CIO Federation is found.

But workers who now receive generous health-care benefits could pay taxes they don't have to pay today, he said.

People who don't have insurance because they can't afford it, though, won't benefit from a tax deduction.

"The proposal falls short of what working families need," Ryan said.

"The only good thing about [Bush's] proposal on health care is that he has stated there's a problem," Ryan said.

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COSE's Millard said he was glad to see that health care made the first 10 minutes of Bush's speech.

"I liked the comments he made supporting the Voinovich bill and alternatives for how states deal with health care costs," Millard said, referring to Ohio Republican Sen. George Voinovich's idea to provide waivers for Medicaid recipients that could bring more federal dollars to states like Ohio.

"We are advocating a number of things for changing the health care system," Millard said. Pairing the president's proposed tax deductions with a requirement that all Americans have health care coverage will bring change to the health care system, he said.

Bush Pushes Health Care Plan (NYT)

By Jim Rutenberg

The New York Times, January 26, 2007

LEE'S SUMMIT, Mo., Jan. 25 — President Bush urged Congress on Thursday to consider his new health care proposal and indicated he was ready for a fight.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," Mr. Bush said of his health care plan. "They're just dismissing things because of pure politics."

Mr. Bush's comments came in a discussion with local doctors, small-business owners and workers here on the second stop of a tour to promote policies he proposed during his State of the Union address on Tuesday night.

Even before the speech, Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, had cast doubt on the chances of Mr. Bush's package of proposals, which is intended to improve access to health insurance with changes in the tax code. Mr. Rangel called it "a bad policy"; other Democratic leaders have since called the proposal all but "dead on arrival."

Under the proposal, workers would be newly taxed on health care plans provided by employers that were valued above new — and, administration officials say, generous — standard deductions for health care benefits. Individuals would in turn be able to buy insurance plans tax-free.

White House officials said they had received more positive feedback from some Senate Democrats, but the plan has drawn fierce resistance from the labor unions.

With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say.

But Mr. Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them.

"We proposed a bold initiative," Mr. Bush said here. "I know Americans expect that the United States Congress will take a look at all ideas."

The president spoke at St. Luke's Hospital here, where he asked a group of workers, business owners and administrators how the current system worked against them and how the new system would help them.

Martha Gelencher, a small-business owner sitting with the president, said in a typically glowing exchange about the proposal that she could not imagine "why someone would not think it would be a good thing."

Mr. Bush portrayed the plan as in keeping with his philosophy that it was government's role to enable people to become the "decision maker," reminiscent of his reference to himself last year as "the decider."

Bush Comes To Missouri To Promote Health Plan (SLPD)

By David Twiddy

St. Louis Post-Dispatch, January 26, 2007

LEE'S SUMMIT, Mo. (AP) -- In town to push his proposal to expand access to health insurance, President Bush on Thursday praised advanced patient care technology at a local hospital.

Bush toured the Lee's Summit campus of the Saint Luke's Health System, which is less than two years old and features an array of high-tech systems that closely track patient care, even from half a state away.

In one room, Bush studied a wall of computer screens that included medical information on every patient currently receiving treatment in the hospital's emergency room, including the X-ray of a girl who had dislocated her elbow.

In another room in the intensive care unit, hospital officials showed the president a high-powered camera above a bed that would allow physicians anywhere to keep an eye on the patient's progress. A similar system allows hospital employees to watch patients at ICUs in other Saint Luke's system hospitals, including one in Hays, Kan.

"Medicine is finally catching up with the rest of America in the use of technology," said Bush, who has advocated for greater use of computerized health records as a way to bring down costs and reduce medical errors.

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Afterward, Bush attended a round-table discussion in one of the hospital's conference rooms with a group of small-business owners and employees, hearing their concerns about paying for insurance.

In his State of the Union address Tuesday, Bush proposed taxing employer-financed health care benefits after a deduction of $15,000 for families and $7,500 for individuals. The deductions would also apply to people buying their own insurance plans.

The White House estimates about 80 percent of workers with health insurance would see a tax cut because of the change. The other 20 percent would see a tax increase if their insurance was worth more than the deductions.

Bush defended the plan Thursday, saying it would "level the playing field" between small businesses and large businesses, which typically get a discount because of their size and help more people afford coverage.

"If you work for a company you get your health care for free, in essence, because it's part of your benefit package," he said. "If you're a stand-alone person, you're paying for your insurance on an after-tax basis. There's discrimination in the tax code based on who you work for."

The Missouri Democratic Party joined other critics of the plan, saying it wouldn't help reduce the millions of people living without insurance and could encourage employers to limit or drop high-quality coverage.

"You don't make health care more affordable by increasing taxes on middle-class families that work hard and currently have good health care coverage," said Jack Cardetti, the state party spokesman.

Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, said the poorest people will have to use any tax savings they receive for other living expenses, not insurance.

"We know tax cuts don't help the general public," Carroll said. "It gets President Bush around the real issue, which is universal health care."

Bush dismissed similar concerns from Democratic opponents in Congress as "pure politics."

"If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider," he said.

As an example, he pointed to Dan Jones, a St. Louis computer engineer and one of the round-table participants, who said he's been without insurance since dropping his individual plan when premiums got to $400 a month.

"That $4,800 (a year's worth of premiums) is a lot of money," he said. "That's money that could go toward a car or a house."

Bush said the plan would save Jones more than the cost for an individual insurance plan.

"Here's a classic case, a young guy in the marketplace priced out of the individual market," he said. "The plan helps him."

Bush Promotes Health Care Proposal (USAT)

By David Jackson

USA Today, January 26, 2007

LEE'S SUMMIT, Mo. — For Dan Jones, a single man with no health insurance, President Bush's plan to give tax deductions for health coverage sounds like a good deal.

Bush's proposal would give individuals a $7,500 tax deduction regardless of whether they buy their own health insurance or their employers pay for it. Families would receive a $15,000 deduction. It was unveiled during Tuesday's State of the Union speech.

VIDEO: Bush tours hospital

"Your health care proposal looks very profitable to me," Jones told Bush Thursday at a roundtable discussion.

Jones, who lives in St. Louis and works for a computer company, said he would be able to buy an insurance policy under Bush's plan and have money left over. Jones would be able to reduce his taxable income by $7,500, even if he spends less on health insurance.

On the second of his road trips to sell his State of the Union ideas, Bush told a group of medical professionals that the federal government should make health insurance and care more affordable. An estimated 47 million Americans are uninsured.

"The (health care) system discriminates against the Dan Joneses because the tax code … has made it harder for him," the president said. "We're trying to move somebody like Dan from being a statistic."

Democrats criticized Bush's plan. In Washington, a fact sheet released by Senate Majority Leader Harry Reid's office said it would "prompt employers to stop offering health care."

Sen. Barack Obama, D-Ill., who is exploring a White House bid, said Bush's proposal was a "halfway measure" that "does little to bring down costs or guarantee coverage."

Before the roundtable discussion on health care, Bush toured St. Luke's East hospital and learned more about new technologies that help doctors treat and diagnose diseases. The president said he wants to find ways to use information technology to help people understand the costs of medical services.

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He also repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. "When you've got a lawsuit, it causes good docs to quit the practice of medicine," he said.

White House spokesman Tony Fratto said public pressure — and demand for better health care — would force Republicans in Bush's party and Democrats who control Congress to work together.

"The American people are rightly concerned about any plan that will put the government between patients and their doctors," Fratto said. "Good ideas that avoid that pitfall will have a chance to prevail."

On Capitol Hill, Republicans such as Sen. George Voinovich of Ohio have expressed concern that the war in Iraq could affect Bush's ability to press a domestic agenda with Congress.

Bush meets today with House Republicans to discuss health care, energy, immigration and other issues.

"They're going to want to talk about issues that came up in the State of the Union address," White House press secretary Tony Snow said, "because that is going to play a significant role in politics over the next few months."

Leavitt Espouses Health Plan (WT)

By Gregory Lopes

The Washington Times, January 26, 2007

During the next three months, Secretary of Health and Human Services Michael O. Leavitt will travel the country to drum up support for the Bush administration's proposals for health care coverage.

Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance.

It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured.

While the new attention is necessary, it may not be effective.

"What we have here is a convergence of philosophies between the Democrats in Congress that want to expand the employer system and public programs and Republicans [the Bush administration] who believe the individual system is where we need to go," said Robert Laszewski, president of Health Policy and Strategy Associates. "You don't split the difference, we're stalemated until 2008."

The president released his proposals to Congress shortly before the State of the Union address. Almost immediately the plan was criticized on Capitol Hill.

"President Bush's proposal on health care is another step in the wrong direction," said House Speaker Nancy Pelosi, California Democrat, at the U.S. Conference of Mayors on Wednesday.

"It will actually raise taxes on middle-class families lucky enough to have good health insurance, while providing little assistance to the 47 million uninsured Americans. Quite simply, it's bad medicine."

The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured.

The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. "It's not fair," he said.

So the administration is proposing to reform the tax code by giving families a $15,000 deduction and individuals a $7,500 deduction. But Families USA, a nonprofit consumer organization, calls the tax-reform proposal regressive, partly because a tax deduction favors people with higher incomes.

A tax credit provides more tax relief. For a family in a 15 percent tax bracket, a tax deduction reduces their tax liability by only 15 cents for every dollar spent on premiums. The Families USA analysis shows that for a family in a 15 percent bracket, the tax deduction is worth $2,250.

When asked why a deduction rather than a credit, the secretary said that the administration considered a tax credit and that "a tax credit certainly has redeeming features."

"If exclusion [deduction] is not the solution, let's talk about what is a solution, but I believe exclusion is the best policy," he said.

Under the proposal, Mr. Leavitt said 23 million to 28 million people would pay more taxes on their insurance because, for the first time, the government would levy a tax on the value of employer-sponsored health insurance in some cases. Currently, most employees are not taxed on the value of their employer-sponsored health insurance.

Meanwhile, the industry/advocacy coalition proposal, while also offering tax incentives, calls for not only an expansion of the State Children's Health Insurance Program but also broadening the coverage power of Medicaid to childless adults.

Bush Touts Health Care; So Do Obama, Clinton (NPR)

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By Julie Rovner

NPR, January 26, 2007

All Things Considered, January 25, 2007 · President Bush travels to Missouri to tout the health plan he unveiled in his State of the Union Address. Back in Washington, Democrats who want his job in 2008 are pushing plans of their own.

Sen. Barack Obama (D-IL) makes his health-care debut at the annual conference of the consumer health group Families USA, while Sen. Hillary Rodham Clinton (D-NY) addresses the U.S. Conference of Mayors.

White House Touts Health Care Savings (AP)

By Kevin Freking

AP, January 26, 2007

Get health insurance through your employer? The average cost of a family policy is about $11,500, low enough to get you a tax break under President Bush's new health care initiative.

If an employer-provided plan covers you alone, the policy costs just under $4,250 on average, still low enough for a tax cut.

The administration says its proposal would enable more Americans to afford health insurance, reducing the ranks of the uninsured _ now estimated at 46.6 million _ by 5 percent to 10 percent.

The president hit the road Thursday to sell his health care plan, talking it up at a conference in Lee's Summit, Mo. But it has received a cold response from key Democrats in Congress.

The plan would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically.

But, then, the president calls for a standard tax deduction for those who buy health insurance _ $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction.

The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase.

About 160 million people get health coverage through their employers.

A smaller group of Americans, about 17.8 million, buy health insurance on their own because their job doesn't provide it or they can't afford the coverage their employer offers. Almost all of them would experience a substantial tax cut.

That's because they don't have a boss fronting the cost of their insurance on a tax-free basis. They pay for it themselves, and get little tax help unless they spend at least 7.5 percent of their adjusted gross income on health care.

Karen Davis, president of the Commonwealth Fund, said the people who buy insurance on their own are typically baby boomers. Of the 12 million adults in the individual market, 40 percent of them make more than $50,000 a year.

They would save, on average, about $2,500 when buying individual coverage, and $5,000 on family coverage, she said.

"I definitely think it is fiscal relief" for those in the individual market, Davis said.

That relief is much more mixed when it comes to people who get health insurance through their work, she said.

Just how much one pays or saves depends upon which income tax bracket they're in. The administration projects that the greatest benefit would go to the middle class.

The wealthy tend to have the most expensive policies, and many of them can expect to pay higher taxes. Meanwhile, the poor generally don't pay any income tax, so the help they get would be limited to lower payroll taxes.

The administration has referred to health insurance policies exceeding $15,000 for a family or $7,500 for an individual as gold-plated, but many disagree with that assessment.

"Not all these policies are gold-plated. What you get depends on where you live, where you work and what the cost of insurance is in that area," said Diane Rowland, executive vice president of the Kaiser Family Foundation.

Workers in established manufacturing industries, such as the auto and steel industry, tend to have generous health insurance benefits, so they could see their taxes go up if they stick with their current policy. So could many government workers.

Also, large firms tend to have better, more expensive policies than do small businesses. Davis said that large businesses tend to treat the great majority of employees equally.

"Typically, the person working in the mail room has the same health coverage as the person working as an executive," Davis said.

But John Goodman, president and CEO of the National Center for Policy Analysis, disagreed. He said executives at large corporations often get extra benefits on top of the insurance that everyone else at the company gets. They'll get annual checkups and undergo screenings at the most renowned medical facilities such as the Mayo Clinic, or in his home town of Dallas, the Cooper Clinic. It makes little sense for the government to subsidize such health insurance plans, he said.

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"It's not unusual at all to find the guys at the top with the most lavish plan," Goodman said.

While more than 100 million people would get a tax break, the administration estimates, more than 55 percent of the uninsured _ about 25 million people _ have such low incomes that they pay no income taxes, Davis said. So the tax changes would not make insurance any more affordable for them, she said.

The president's plan would not kick in until 2009. Over the years, the standard deduction would increase at the rate of overall inflation. But some tax analysts warn that the deduction would still lose value as a result.

That's because health insurance premiums have been going up much more quickly than inflation, so, eventually, more taxpayers will fall into that camp whose health insurance cost more than the deductible. When that happens, they have two choices, pay more taxes or select more basic, less expensive insurance plans.

The administration says it believes that people will seek out more basic coverage to avoid tax increases.

"We think that will bring down national health spending," said Katherine Baicker, who serves on the president's council of economic advisers.

Some analysts also worry that more small businesses will drop coverage if they know their workers can get coverage on the individual market, thanks to the new tax breaks for people buying insurance on their own.

Coverage in the individual market is generally cheaper than coverage in the group market, but many Americans, particularly those with pre-existing health conditions, will find it difficult getting a company to sell them a policy, said Len Burman of the Tax Policy Center, a joint program run by the Urban Institute and the Brookings Institution.

"For many, the nongroup market doesn't work well," Burman said. "It works fine for people who are healthy. It just doesn't work well for people who are sick."

Bush's Health Plan Might Look Familiar To Utah (SLT)

By Robert Gehrke

Salt Lake Tribune, January 26, 2007

WASHINGTON - As governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance.

Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in President Bush's State of the Union to deeply skeptical Democrats in Congress.

"Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state," Leavitt told reporters Wednesday.

The Bush plan extends tax deductions to help self-employed workers or those whose employers don't offer insurance buy health coverage.

"If you're a waitress or you're a bricklayer or you're a day care worker . . . it's simply too big of a lift," Leavitt said.

There are currently about 47 million Americans without health insurance.

The second part of the plan would tax health care benefits provided by employers that exceed $15,000 for families and $7,500 for individuals.

About 20 percent of workers with plans worth more than the deduction - policies the administration calls "gold-plated" coverage - would pay taxes. However, the White House projects that after 10 years, nearly 40 percent of workers would see a tax increase or have to find a cheaper policy, White House spokesman Tony Fratto said.

That's because the cost of health care

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is projected to grow faster than the value of the tax deduction, meaning that, barring changes the White House hopes will keep health costs down, more workers would have health coverage worth more than the deduction.

Leavitt said the tax issue is a question of fairness that has to be addressed if the goal is coverage for every American.

"In my mind, it's simply indefensible for our country to have a tax policy that provides a tax benefit to portion of our citizens and simply ignores the rest, and that's the policy we currently have," he said.

As governor, Leavitt proposed, and the Legislature passed, a similar proposal exempting health care costs from state income taxes, but "it became very clear that it was essentially just a gesture."

"This dilemma is simply unresolvable by the states," he said. "It has to be dealt with by the federal government."

Leavitt and the administration face a skeptical Congress.

Rep. Pete Stark, D-Calif., who chairs a House health subcommittee, said the president's plan won't help the uninsured and will discourage employers from covering workers. Senate health committee Chairman Edward Kennedy, D-Mass., said the tax breaks won't improve coverage or "help working families afford the spiraling cost of health care."

Utah health care advocates also have reservations about Bush's health care plans.

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"These tax credits aren't going to come anywhere near what it's going to cost families to have credible health coverage," said Judi Hilman, executive director of the Utah Health Policy Project.

Leavitt also outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over.

Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns.

"I took criticism from advocacy groups, but I got letter after letter after letter of appreciation from nearly 20,000 families that had health insurance for the first time," Leavitt said.

Bush's Budget Will Detail Plans To Slow Spending On Medicare (WSJ)

By Deborah Solomon

The Wall Street Journal, January 26, 2007

WASHINGTON -- Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready.

Read excerpts2 from the interview with Treasury Secretary Henry Paulson.

In an interview yesterday, Mr. Paulson said the budget for fiscal 2008, which begins Oct. 1, will include a number of "incremental changes" to government health programs, including some aimed at slowing the projected 7% annual growth in Medicare spending. The budget is to be released on Feb. 5.

Mr. Paulson wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly.

"When the budget goes up you will see a number of changes relating to Medicare which are aimed at slowing the growth of these liabilities, slowing the trajectory," Mr. Paulson said.

Talking to Congress

Mr. Paulson, who took office six months ago, said he is spending much of his time talking to members of Congress about the urgency of restraining health costs and reducing the nation's reliance on foreign oil.

Restraining the costs of the Medicare health insurance program for the elderly will help the White House show a budget that is balanced by 2012.

The program cost about $374 billion last year, about 14% of all federal spending. Without any changes, the Congressional Budget Office estimates it will cost $851 billion by 2017.

The proposals to save the government money on Medicare complement President Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said. Calling the proposal "a big idea," he said it is intended to advance the national conversation about health care and make Americans better consumers of health care and thus restrain cost increases over time.

On Social Security, Mr. Paulson acknowledged that it may be hard to meet the president's goal of fixing the long-term finances of the government's retirement program, given the "significant political differences and policy differences on what steps are to be taken."

In his State of the Union address, Mr. Bush said failure to put Medicare, Medicaid and Social Security on strong financial footing "will one day leave our children with three bad options: huge tax increases, huge deficits, or huge and immediate cuts in benefits."

Mr. Paulson said he has been reaching out to Democrats and Republicans in Congress to start a discussion without any "preconditions." Mr. Bush has pushed the notion of creating private accounts as part of a Social Security fix; Democrats have resisted. Mr. Paulson insisted nothing is off the table, refusing, for instance, to rule out discussion of changes to the payroll tax. "The key thing is to come together without preconditions," he said. "It's only fair that if you're going to have a bipartisan discussion, you can't tell someone we're not going to let you talk about your idea."

In a Fox News interview last week, Vice President Dick Cheney sounded a different tone, saying that the president wants a discussion without "preconditions" but that "we don't believe a tax increase is necessary." Those comments drew fire from Democrats.

Asked about Mr. Cheney's remarks, Mr. Paulson said, "The president has been very clear. He'd like people to come together without preconditions."

'Can't Force Something'

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Mr. Paulson said even creating a path for his successor to solve the Social Security problem would be progress. "We can't force something," he said. "If we get fortunate there will be enough momentum and the leaders in both bodies of Congress will work together and we'll craft a solution. But if we don't, hopefully if I do my job right, if others do the things they're doing, we'll make progress. We'll depoliticize this and it will be easier for someone, sometime in the future to solve."

The secretary, an active environmentalist before coming to Washington, also emphasized the urgency of taking action to reduce the nation's dependence on oil, saying "one of the significant risks to our economy is imported oil" and said the solution lies primarily in reducing the reliance of automobiles on gasoline.

Mr. Bush has called for a 20% cut in gasoline consumption over the next 10 years, and would achieve that through new auto fuel-economy standards and a mandate to use more ethanol and other alternative energy.

"This is aggressive," Mr. Paulson said. "By putting a mandate of that size out there, I believe that is going to spur, and I know the president does, huge technological advances in investment," he said, adding: "If we can have 20% of our transport fuel not come from oil, that will make a big difference."

Growing Support Of Public (WSJ)

By John Harwood

The Wall Street Journal, January 26, 2007

In new Wall Street Journal/NBC News poll1, Americans back Democrats by 35 percentage points on prescription drugs for seniors amid looming showdown with White House over Medicare drug benefit. Since Bush's presidency began, Democrats have turned an eight-point deficit on taxes into an eight-point edge, and narrowed deficit on "moral values" to nine points from 22.

Approaching 2008, Democrats have "a once-in-a-generation opportunity to be...reconsidered" as a national party, says Republican pollster Bill McInturff, who conducts the Journal/NBC survey with Democratic counterpart Peter Hart. In new book, Senate Democrats' campaign chief Schumer of New York recommends a "kitchen-table compact" including unconventional issues like reduced cancer mortality to court centrists like the fictional couple "Joe and Eileen Bailey" he uses to shape strategy.

The Baileys remain "up for grabs," Schumer says, "but they're more open to our message than theirs."

Congress attracts promising initial reviews.

By 53% to 44%, Americans say new House ethics rules will improve lawmakers' "ethics and honesty." A 48% plurality predicts Democratic Congress will "strike the right balance" with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be "too inflexible" with then-President Clinton.

Speaker Pelosi's positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name; most still don't know Senate Democratic Leader Reid, Senate Republican Leader McConnell or House Republican leader Boehner.

Health care returns to spotlight but still poses political risks.

A 53% majority expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993.

Resistance is greatest among those earning more than $75,000. Americans embrace coverage mandates pushed by Romney of Massachusetts and Schwarzenegger of California as good ideas, but by only a bare 48%-42% plurality; those 50 or older, the most-frequent voters, are least supportive.

Obama's backing of universal coverage may draw other African-Americans, who support the goal more than whites or Hispanics.

AS IRAQ COSTS mount, administration leans on private companies to help rebuild Lebanon as part of broader Mideast peace strategy; Intel and Cisco executives attend Paris donors' conference where Rice announces $770 million in U.S. aid. Some 49% of Americans say average U.S. citizen has sacrificed for Iraq war; 48% say no.

NEGOTIATORS STRUGGLE to complete U.S.-South Korea trade pact, which would be the biggest since Nafta. Among sticking points: Korean market access for U.S.-produced beef and autos. Among blue-collar workers, 28% call "jobs going overseas" the economic issue that concerns them most; 29% cite health costs.

SALES JOB: With just 40% approving his handling of the economy, Bush heads to Peoria and New York next week to promote recent signs of strength and rising wages. Treasury Secretary Paulson calls economy "a hell of a lot better than we thought it would be a year ago."

WHAT SLUMP? Majorities in all parts of the country say their home values are still rising. Most bullish are Southerners (65%); least bullish are Midwesterners (52%).

Charities chafe at Bush's foreign-aid priorities.

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Antipoverty groups say U.S. would improve international image by emphasizing efforts against poverty and disease rather than democratization. "America has the opportunity to present a different face abroad," says Samuel Worthington of InterAction, an umbrella group with members including CARE and World Vision.

Though conservatives still strongly approve Bush's foreign policy, evangelicals are now split. Among families containing military veterans or active-duty soldiers, 55% disapprove Bush's handling of Iraq and 54% say the war hasn't been worth the costs.

Bush aid chief Randall Tobias pledges "an appropriate balance" between foreign-policy and antipoverty goals.

MINOR MEMOS: Despite election thumping, 40% of Republicans characterize themselves as very happy compared with 26% of Democrats. ... Most likely to say they've taken antidepressants: women, whites, those earning less than $30,000 and liberals.

The President's Risky Health Plan (NYT)

The New York Times, January 26, 2007

The new health care proposals announced by President Bush this week purport to tackle the two toughest problems confronting the American health care system: the rising number of uninsured Americans and the escalating costs of medical care.

But on both counts, they fall miles short of what is needed to fix a system where — scandalously — 47 million Americans go without health insurance.

The financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address the problem. To keep the program "revenue neutral," Mr. Bush would instead use tax subsidies to encourage more people to buy their own health insurance, while imposing additional taxes on people who have what Mr. Bush deems "gold plated" insurance.

It is a formula that would do little to reduce the number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden.

One enlightened element is that the plan would provide equal tax treatment to those who bought their insurance policies on the individual market and those who got coverage through group policies at work, thus ending a longstanding inequity that favors employer-based policies. To level the playing field, the administration proposes to grant everyone who gets qualifying health insurance a standard deduction — $15,000 for family coverage or $7,500 for single coverage — off their income subject to taxation. Those with family policies exceeding $15,000 in value would have to pay taxes on the excess amount.

After the proposed starting date in 2009, the administration estimates, about 80 percent of workers with employer-provided policies would pay lower taxes and 20 percent would pay higher taxes, unless they reduced the value of their health coverage to fit within the standard deduction.

The new standard deduction would almost certainly entice some people to buy health insurance who had previously elected not to. But a tax deduction is of little value to people so poor that they pay little or no income tax. And unfortunately, it is those people who account for the vast majority of the nation's uninsured.

Instead of trying to fix that fundamental flaw, the administration has decided instead to buck it to the states. The White House has offered few details. But its idea is to allow states to redirect federal money that now helps to finance hospitals that provide charity care and use it instead to subsidize health insurance for the poor.

In an ideal world, it would make good sense to insure people in advance rather than wait for them to show up in a high-cost emergency room. But this plan could quickly cripple the safety-net hospitals. Fortunately, no governor would have to accept the offer to redirect funds. The scheme is mostly a reflection of how the administration is unwilling to accept true responsibility for the uninsured.

If the administration really wanted to help low-income people, it would have proposed a refundable tax credit that would have the same dollar value for everyone — instead of a tax deduction, which primarily helps people in high tax brackets. Even those who do not pay taxes would get a check for the dollar value of the credit, providing them at least some money to help pay for health insurance. Congress ought to recognize that credits are the better approach for even such a limited plan.

As for the tax increases on those "gold plated" health policies, the White House is hoping to discourage people from using high-priced comprehensive health policies that cover everything from routine office visits to costly diagnostic procedures that are not always necessary.

The administration's goal is to instead encourage people to take out policies that might reduce the use of medical services, like policies with high deductibles or co-payments, or managed care plans. But even "copper plated" policies can exceed

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$15,000 in cost if they are issued in areas where medical prices are high or to groups with high numbers of older or chronically ill workers.

The whole approach rests on the premise that comprehensive prepaid health policies are a major factor in driving up costs; the theory is that people will tend to use services if they are covered. There is probably some truth in that.

But the main drivers in rising health costs are the costly services, high-priced drugs and hospitalizations for people who are seriously ill with catastrophic diseases or multiple chronic illnesses. Making their health coverage less generous would simply make it harder for them to get the care they need.

The greatest risk in the president's proposal is that it would seem likely to lead many small- and medium-size employers to stop offering health benefits altogether on the theory that their workers could buy affordable insurance on their own. That would leave many more Americans at the mercy of the dysfunctional individual policy market, where administrative costs are high and insurers strive to avoid covering people who are apt to become sick and need costly care.

For all its fanfare, Mr. Bush's plan would be unlikely to reduce the ranks of the uninsured very much. And if things went badly, it could actually increase their numbers. That's not the answer Americans are waiting for and not what they deserve.

Bush Plan Won't Fix Broken Health Insurance System (FLSUNSEN)

By Michael Mayo

South Florida Sun-Sentinel, January 26, 2007

To see how spectacularly off the mark President Bush's proposal to solve the health insurance crisis is, consider the case of Celestine Pearson.

"We're already capped out on our deductions, because we got five of us living on one part-time salary," Pearson said. "So how is this [$15,000 tax credit] going to benefit us? We won't get any more tax breaks, and health insurance still won't be affordable."

I met her outside Memorial Regional Hospital in Hollywood on Wednesday, where her 10-year-old son was having minor surgery.

She and her husband have been without health insurance for a year, when he lost his job with the state as a toll collector. He now has a part-time job that doesn't include benefits.

They live in Miami Gardens and have four children: 10, 13, 15 and 19.

She said the three youngest have medical coverage through Medicaid and the state. Their oldest, a biology student on scholarship at the University of South Florida in Tampa, has been uninsured since she turned 18.

"The president may have some people's interests at heart, but I don't think it's probably mine," said Pearson, 43.

Pearson said the family hasn't even bothered shopping for new insurance since losing the HMO plan that came with her husband's former job. She ticked off the other things that take priority: rent, food, electric bill, clothes.

Now that she, her husband and oldest daughter are among the 3.6 million Floridians without health insurance, she said they have adopted a new "preventative care" plan.

"Basically we're neglecting ourselves and praying we don't get sick," Pearson said.

"The politicians talk as if they care, but when it comes down to actually providing, they do nothing."

Actually, Bush's plan might be worse than nothing. It would reward high-income workers in low-cost plans, penalize middle-class families who live in high-cost states and might prove utterly irrelevant in reducing the ranks of the 46.5 million uninsured Americans or the overall cost of health care.

The plan would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries.

In other words, sounds like another Bush boondoggle.

The plan appears dead on arrival, with no realistic way to get through the new Democratic Congress. But it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago.

"For the average Joe American, making 30 or 40 grand a year, these tax breaks are going to do him bupkis," said Marc Zilbert, 60, of Hollywood, using the Yiddish word for nothing.

When it comes to health care, Zilbert is living proof of how upside-down the system is. A former commodities broker, he said he has been uninsured and unemployed for the last year, but now has all his medical care provided by the South Broward Hospital District's indigent fund.

"I get treated first class," said Zilbert. "No different than if I had Blue Cross/Blue Shield."

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He stood outside with a cigarette, attached to an IV drip. He said he had pneumonia and diabetes. Was it a good idea to be smoking? He used another Yiddish word to describe himself (rhymes with luck) and said he had cut down from four packs to five cigarettes a day.

"I'd much rather be paying my own way," he said.

He said he'd have to pay about $1,200 a month for an individual health-care plan, and it wasn't likely any insurance company would take him because of his health history, including cancer.

"The gap in coverage is what's killing people," he said. "If you have a lot of money or if you have nothing, you're OK, but everyone in between is stuck. ... I don't believe in socialism but there has to be a happy medium. There's got to be a better way."

President's Health Care Plan Deservedly DOA (MERCN)

The San Jose Mercury News, January 26, 2007

President Bush should have taken a page out of Gov. Arnold Schwarzenegger's book if he were serious about national health care reform.

Instead, the president's approach, culminating with his State of the Union address, pretty much assures the centerpiece of his domestic agenda is dead on arrival.

That's exactly what President Bush's weak, warmed-over proposal deserves.

The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured.

Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. Prior to his State of the State address, he consulted with Democratic leaders and health care experts throughout the state, and he has since welcomed alternative proposals and criticisms, creating a political aura that suggests he is more interested in ``getting it right'' than furthering a political agenda.

Monday, he continued his effort to drum up support for his plan by sitting down with nearly two dozen high-tech executives for a round table discussion at Seagate Technology in Fremont.

President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle.

Rather than a push for ``shared responsibility,'' the president continues with his view that everyone, rich and poor, should be pretty much on his own.

The president is offering a tax deduction of $7,500 for individuals and $15,000 for families to try to help purchase health insurance. But as Health Access Executive Director Anthony Wright puts it, ``that's like giving a three-foot rope to people in a 10-foot hole.''

Since it's becoming increasingly clear that the president isn't going to be able to lead a national debate on health care for his remaining years in office, it's time for the 2008 presidential contenders to start offering ideas.

They can begin by talking about their reaction to what innovative states -- including California and Massachusetts -- are doing to provide potential national models for health care reform.

Running On Empty (NYT)

By Thomas L. Friedman

The New York Times, January 26, 2007

Sorry to repeat myself, but I have the same reaction to this year's energy proposals in the State of the Union that I had to last year's. President Bush had the opportunity to launch America on a transformative new path for clean, efficient power. He had a chance for a "Nixon to China" moment — as the Texas oilman who leads us into a greener future. Instead, he gave us "Nixon to New Mexico" — right direction, but not nearly far enough.

As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired George Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip.

The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk — regarding both energy and Iraq.

"The stakes on Iraq and on climate change are way too large for us all to be just couch potatoes waiting for the messiah to come in 2009," said Fred Krupp, president of Environmental Defense. "That is not an option. Yes, it would be entertaining, but we need leadership on these issues, and we need it now."

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On energy — no, the president's proposals were not just beanbag. His call to reform CAFE mileage standards for U.S. cars "shifts the debate from whether to compel U.S. automakers to build more fuel-efficient vehicles to how much they should do so," notes a strategy consultant, Peter Schwartz. And his call for a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks also changes the debate from whether to how much, and which fuels.

But the devil will be in the details. Will liquefied coal be one of those alternatives — which could add to global warming — or only non-fossil-fuel alternatives? On mileage standards, U.S. automakers will lobby the White House very hard for the smallest possible change. Will they get their way? If so, there isn't much here.

The really bold, transformative — and popular — initiative Mr. Bush should have offered would either be a national cap-and-trade system for controlling CO2 emissions by utilities, manufacturers and autos, or a carbon tax. Both would create economic incentives for us to get rid of appliances, buildings and cars that emit a lot of CO2 and to invent and purchase those that don't.

But there is no reason that the Democrats could not right now put a cap-and-trade bill on Mr. Bush's desk themselves by spring, Mr. Krupp said, "and I think Bush would sign it."

It is not enough for Democrats to just hold hearings on climate change. They need to use their new power to change the climate. Not only would the public be with them, but so would big business. A coalition of America's best companies — like General Electric, DuPont, Duke Energy, Alcoa, Caterpillar — and environmentalists just issued a "call to action" for a national cap-and-trade program to limit greenhouse gas emissions.

On Iraq: talking to some of our senior military lately, I've been struck by how concerned they are about the new Bush buildup against Iran. Before we have even won one war in Iraq, the Bush team seems to be courting another with Iran. I am all for brandishing the stick with Iran, but it should be for the purpose of gaining leverage for a diplomatic dialogue with Iran and Syria about Iraq.

"When your house is burning, you don't go looking to start a fire in the next house," said Vali Nasr, author of the "The Shia Revival." Right now, he adds, everything should be subordinated to trying to salvage Iraq.

Let the troop surge be accompanied and reinforced by what the Baker-Hamilton commission proposed: a regional conference that puts Syria, Iran, Jordan and Saudi Arabia around a table with Iraqis to try to stabilize the place. And that requires that America brandish carrots and sticks with all the parties. If a real regional conference doesn't work, then Democrats who want to just set a date to withdraw will have an even stronger case because we will truly have tried everything. But let's try everything: a surge of diplomacy, not just troops.

Let the Democrats put that on the president's desk. Just as the business community would support a real climate initiative, I think the U.S. military would support a real diplomatic conference. Bush gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them — for the long haul.

President's Union Speech Pleases Conservative Base (WT)

By Ralph Z. Hallow

The Washington Times, January 26, 2007

President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress.

"He did not pander to the Democrats and independents as some thought he would," said New Jersey Rep. Scott Garrett, a conservative Republican who told The Washington Times that his House colleagues expressed a similar assessment.

Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion. But Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing.

Pat Toomey, president of the influential Club for Growth, saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans.

"A good example was health care, which was the central focus of his policy," Mr. Toomey said. "His message will appeal to voters, the middle class, Democrats and Republicans alike, because it eliminates an inequity in the tax code that has prevented the evolution of consumer-based -- as distinct from employer-provided -- health care."

"So we are every happy with his proposal, which will lower costs and provide more choice for consumers," said Mr. Toomey. "Democrats ought to like it, but I very much wonder if they to give the president any kind of victory and I am afraid they would rather have this issue to use against Republicans in the 2008 elections."

Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress.

"The top issues primarily interested the new majority," said Family Research Council President Tony Perkins. "While some of these issues have merit, the president went silent on key social issues that many Americans care deeply about. The

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overarching concern is that the administration is yielding its ability to influence the public discussion to the liberal leadership of the new congressional majority."

However, with his presidency now in its final two years, Mr. Bush must fight to maintain his influence.

"Bush is already a lame-duck president, but he is trying his best not to be considered a 'dead duck' president -- with no power or influence at all," said Merrill Matthews, an analyst at the Institute for Policy Innovation. "He was, in essence, saying, 'I am still relevant.' Bill Clinton made that claim verbally after the Republican victory in 1994. Bush is doing that by proposing several ideas -- many of them good and some of them more aligned with moderates or the left."

Because last year's election undermined Mr. Bush's political power to push his agenda, he is moving to "idea power," Mr. Matthews said. "Conservatives have always thought that ideas are the real driving force behind change," he said.

As for what, if anything, the president's sixth State of the Union will accomplish, Tom Kilgannon, president of Oliver North's Freedom Alliance, said, "It won't advance much that conservatives care about."

Senior State Department Official Resigns (AP)

By Barry Schweid

AP, January 26, 2007

Robert Joseph, the State Department's senior arms control and security official, has resigned.

Joseph submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea. Talks on both fronts have moved slowly, with U.N. penalties against both countries showing limited results. The talks are in recess.

Still, in an interview Thursday, Joseph said, "I think we have a very good record."

He cited Libya's renunciation of weapons of mass destruction and the dissolution of a network headed by A.Q. Khan, a Pakistani scientist who leaked weapons technology to North Korea, Iran and Libya.

Joseph also concentrated on what is now a grouping of more than 80 countries committed to intercepting and inspecting weapons cargo at sea and an initiative to combat nuclear terrorism.

Joseph, who will leave next month, acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to U.S. security.

While he was not a participant in negotiations with Iran and North Korea, Joseph worked on backup measures, including a financial squeeze on the two governments and putting in place the U.N. penalties.

His departure follows that of several other top diplomatic officials, including Philip Zelikow, a close adviser to Secretary of State Condoleezza Rice; Deputy Secretary Robert Zoellick; and John Bolton, the U.S. ambassador to the United Nations;

Joseph joined the department in 2005 after working on Bush's national security council staff.

He has taken a strong view on a need to eliminate North Korean and Iranian nuclear programs. He warned last month against terrorist groups and other nations acting against U.S. and commercial satellites.

In a telephone interview, he said he would write, teach and work as a consultant. He has compiled 26 years of government service, teaching intermittently over that span.

Senators Kill Minimum Wage Amendment (AP)

By Jim Kuhnhenn

AP, January 26, 2007

An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a "poison pill."

Democrats said the Republican proposal was designed to kill underlying minimum wage legislation.

An amendment offered by Sen. Jim DeMint, R-S.C., was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor.

Eighteen other states have higher minimum wages than the current federal floor, but not as high as the $7.25 in the proposed legislation.

"This is a mandate on low-cost-of-living states, but not on high-cost-of-living states," DeMint said.

The amendment failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law.

Kennedy called the amendment a ploy "intended to give senators in high minimum wage states an uncomfortable vote today not to raise wages for hardworking Americans."

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States that already have higher minimum wages than the federal floor tend to be clustered in the Northeast and the Pacific Coast. States without their own wage floor are in the Midwest and the South.

How To Make The Poor Poorer (WSJ)

By Gary S. Becker And Richard A. Posner

The Wall Street Journal, January 26, 2007

The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian.

An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. The higher prices reduce the producers' output and thus their demand for labor. The adjustments to the hike in the minimum wage are inefficient because they are motivated not by a higher real cost of low-skilled labor but by a government-mandated increase in the price of that labor. That increase has the same misallocative effect as monopoly pricing.

Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain; they are also likely to be poorer people. And poor families are disproportionately hurt by the rise in the price of fast foods and other goods produced with low-skilled labor because these families spend a relatively large fraction of their incomes on such goods. And many, maybe most, of the gainers from a higher minimum wage are not poor. Most minimum-wage workers are part time, and for the majority their minimum-wage income supplements an income derived from other sources. Examples are retirees living on Social Security or private pensions who want to get out of the house part of the day and earn pin money, stay-at-home spouses who want to supplement their spouse's earnings, and teenagers working after school. An increase in the minimum wage will thus provide a windfall to many workers who are not poor.

Some economists deny that a minimum wage reduces employment, though most disagree. And because most increases in the minimum wage have been slight, their effects are difficult to disentangle from other factors that affect employment. But a 40% increase would be too large to have no employment effect; about a tenth of the work force makes less than $7.25 an hour. Even defenders of minimum-wage laws must believe that beyond some point a higher minimum would cause unemployment. Otherwise why don't they propose $10, or $15, or an even higher figure?

A number of countries, including France, have conducted such experiments; the ratio of the minimum wage to the average wage is much higher in these countries than in the U.S. Economists Guy Laroque and Bernard Salanie find that the high minimum wage in France explains a significant part of the low employment rate of married women. Mr. Salanie has argued that the minimum wage also contributes to the dismal employment prospects of young persons in France, including Muslim youths, an estimated 40% of whom are unemployed.

As a means of raising people from poverty or near poverty, the minimum wage is inferior to the Earned Income Tax Credit, which compensates for low wages without interfering with the labor market or conferring windfalls on the nonpoor. EITC is not completely devoid of effects on efficient resource allocation, because like any other government spending it is defrayed out of taxes, and it has been abused by underreporting of income and overreporting of dependents. But it is a more efficient tax than the minimum wage as well as being more effective in redistributing income to the poor.

So why push to increase the minimum wage rather than the EITC? For one thing, unions strongly favor the minimum wage because it reduces competition from low-wage workers (who, partly because most of them work part time, tend not to be unionized) and thus enhances unions' bargaining power and so their appeal to workers. For another, increasing the EITC would mean an increase in government spending, which might require higher taxes; there is no public support for explicit tax increases and most people don't understand that regulatory laws can have the same effect as taxes.

Moreover, poor people tend not to vote; and the number of nonpoor who'd be directly benefited by an increase in the minimum wage, when combined with the number of nonpoor workers whose incomes would rise because of reduced competition from minimum-wage workers, probably exceeds the number of nonpoor who would lose jobs. Teenagers would be among the hardest hit -- and few of them are voters (if under 18, they're ineligible). While workers who receive a wage increase when the minimum wage is hiked realize they've benefited from the hike, many hurt by the hike don't realize it; teenagers and retirees who have trouble finding a job are unlikely to realize that it's because there are fewer jobs in the economy for minimum-wage workers.

Let's hope that if Congress passes a stiff increase in the federal minimum wage, George Bush will emulate Mayor Richard Daley and veto it. Several months ago the Chicago City Council, by a lopsided but not veto-proof vote, passed an ordinance requiring companies that have more than $1 billion in annual sales, and own stores in Chicago having at least 90,000 square

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feet of floor space, to pay Chicago employees a minimum wage of $9.25 an hour plus $1.50 an hour in fringe benefits, respectively rising to $10 and $3 by 2010. About 40 stores would have been affected.

The ordinance was surpassingly foolish. The retailers that would have been most affected, such as Wal-Mart, Target and Home Depot, are at best only marginally interested in placing stores in large cities because space for large stores and for the parking they require is much more expensive than in suburbs and smaller towns. Moreover, these companies could offset much of the effect of the ordinance by opening more stores in suburbs within easy reach of Chicago, or by holding their floor space to just below 90,000 square feet. Fewer jobs would be available to low-skilled workers in the city, and families with modest incomes who seek low prices rather than elaborate service would be hurt more than the affluent by the increase in prices and reduced availability of big box outlets.

Who would favor such a bad ordinance? Conventional supermarket chains and clothing stores, of course, and unions -- the latter not only for the usual reasons but also because big box companies oppose unions; the ordinance sent a signal that unions have enough political clout to make life difficult for large nonunion retailers. The absence of opposition to the ordinance from low-income consumers is not surprising because they are not organized to exert political pressure. The aggressive support of the ordinance by most of the council's black members is more difficult to understand, but the explanation may be that they are allied with unions. They may have realized that their constituents would be harmed by the ordinance, but believed that in return for taking this hit they would get the support of unions for measures that would help low-income families.

The failure of the Chicago ordinance and related local measures helps to explain the push to raise the federal minimum wage. The ordinance would have been particularly destructive -- hence Mayor Daley's veto of it -- because the smaller the scope of a minimum-wage increase, the more easily it is evaded, though possibly at great social cost. A federal increase would have a smaller social cost per worker covered, but presumably a larger overall social cost. Chicago's "big box" ordinance is evidence, if any is needed, that politics can override economic sanity. One can only hope that this lesson will not be repeated on the national stage.

Mr. Becker, the 1992 Nobel economics laureate, is professor of economics at the University of Chicago and senior fellow at the Hoover Institution. Mr. Posner is a federal circuit judge and a senior lecturer at the University of Chicago Law School.

Lawmakers Target Rising Credit Penalties (AP)

By Marcy Gordon

AP, January 26, 2007

Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory.

The credit card industry and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students.

Credit cards have become a ubiquitous and indispensable part of the culture, with an estimated 640 million cards in Americans' wallets and more than $1.8 trillion charged on them in 2005. Many depend on them to pay their bills and buy groceries or gasoline. But consumer groups and other critics say fees are excessive and information provided to consumers is confusing.

The banking industry maintains that credit cards are an essential element of the economy, providing convenience to consumers _ at flexible interest rates according to the risk of the holder. Industry officials have acknowledged that the disclosure material provided to consumers could be improved.

"I would like to put the credit card industry ... on notice," said Sen. Christopher Dodd, D-Conn., the committee's chairman. "If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice."

Banks and other credit card issuers "should take a long, hard look at how you treat your customers," he said.

Dodd, one of several Democrats in the Senate who are seeking the party's presidential nomination in 2008, has put consumer issues on the committee's agenda for this year.

If the industry doesn't improve practices on its own, legislation may be needed, he indicated.

Dodd and other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp.

The executives defended their practices as fair and responsible. Most customers pay their bills on time, and only a small proportion of them represent a risk of default and are subject to punitive measures, they said.

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Some members of the committee, mostly Republicans, said that while improved disclosure is needed, lawmakers should avoid imposing requirements or sanctions for the credit card industry that would amount to price controls.

"I think we should recognize that the market does work," said Sen. Bob Bennett, R-Utah.

A study by congressional investigators released in October found that fees for paying credit card bills late averaged $34, up from $13 in 1995, while some card issuers impose penalty interest rates of more than 30 percent on consumers who pay late or exceed the credit limit.

Among other practices cited at Thursday's hearing:

_Some credit card issuers use a billing method that charges interest on credit card debt already paid by the consumer.

_The massive solicitations mailed to consumers _ an estimated 6 billion in 2005 _ and targeting of college students and the elderly.

FCC To Feel Unfamiliar Heat From Democrats (WP)

By Charles Babington

The Washington Post, January 26, 2007

As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges.

The Republican-controlled FCC -- which makes far-reaching decisions on telephone, television, radio, Internet and other services that people use daily -- has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday.

Senators vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years.

"They've effectively emasculated any public-interest standards that existed" for radio and TV stations, said Sen. Byron L. Dorgan (D-N.D.), a committee member who plans sharp questions on decency, media consolidation and other topics. "The entire Congress for years now has been devoid of any kind of oversight," he said, and the new Democratic majority is launching a process that will force the FCC to "beat a path to Capitol Hill to respond."

Rep. Edward J. Markey (D-Mass.), a senior House Commerce Committee member, said he plans "comprehensive hearings on net neutrality" later this year. The term refers to measures barring telephone and cable service providers from charging Web-based companies for priority access to the Internet. Markey supports such proposals, while the FCC's Republican members generally oppose them.

FCC Chairman Kevin J. Martin, a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation.

"McDowell has been critical of Kevin Martin on a number of occasions," said industry analyst Blair Levin. Although both men are conservative Republicans, Levin said, their independence is partly explained by their different political bases -- Martin's in the Bush administration, McDowell's in Congress.

In the legal, lobbying and industrial circles that monitor the FCC, opinions vary on the severity of the Martin-McDowell rivalry.

Publicly, the two men have played down their differences and said they have a good working relationship. "The chairman and I have been friends for more than a decade," McDowell, 43, said in an interview. "We have a strong and durable relationship. . . . We will still have some differences, but we work together."

A spokeswoman for Martin, Tamara Lipper, said the two men "have a very good relationship."

The FCC's commissioners -- currently three Republicans and two Democrats -- are appointed by the president, confirmed by the Senate, and allowed to operate largely independently of each other. Intra-agency and intra-party feuds are not uncommon, and many analysts noted that Martin clashed with former chairman and fellow Republican Michael K. Powell.

"When Michael Powell was FCC chairman, Kevin Martin was viewed as the maverick Republican," said Philip J. Weiser, a law professor at the University of Colorado who specializes in telecommunications. "And now he has to deal with his own maverick Republican."

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Martin, 40, and McDowell clashed even before McDowell arrived at the FCC in June. McDowell handed Martin a stinging setback by saying the FCC had no authority to require cable companies to carry additional digital broadcast channels, a key industry issue that Martin hoped to bring to a vote.

The two subsequently tangled on other issues, most notably the $85 billion merger between AT&T and BellSouth approved by the FCC last month. Martin needed McDowell's vote to break a deadlock. But McDowell effectively held the process up, insisting that he could not take part in a vote because he previously worked as a lobbyist for an association representing companies that competed against AT&T and BellSouth.

McDowell's sharp criticism of arguments in favor of a full commission vote were widely regarded as a rebuke of Martin. Ultimately, the merger was approved, but only after the companies made concessions sought by the two Democratic commissioners.

Martin, McDowell and their colleagues may need all the camaraderie and cohesion they can muster at next week's hearing. With Democrats now in control of Congress, Dorgan said, "the running room of the FCC is going to be limited."

A No Vote On Senate Raises Just Might Count (NYT)

By David D. Kirkpatrick

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — It is a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform.

Some members vote for it, but the proposal usually fails. And even the reformers get their raise.

The Senate, at least, may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed.

Last year, a senator would have lost $3,100 out of a salary of $165,200. (The Senate has delayed taking a pay increase this year until after it finishes debating whether to increase the federal minimum wage for the first time in nearly 10 years.)

The penalty for opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase “the greatest single hypocrisy every year.”

“All the press releases hit the home state,” he said in a speech last year introducing the idea. “And then, of course, it is defeated, and they end up taking the increase anyway.”

The idea is a rare attempt to punish lawmakers financially on the basis of how they vote. Could the Senate, for example, cut a member’s pay for a vote to increase the deficit? For one against a new minimum wage?

“It is a precedent that could lead to a slippery slope,” said Kenneth A. Gross, an expert on political law. But, he acknowledged, lawmakers voting against a raise “would have to put their money where their mouth is.”

The Democratic and Republican Senate leaders incorporated the measure into their bipartisan ethics proposal, and the Senate passed it by a vote of 96 to 2 without further discussion.

But in an interview this week a spokesman for the Senate rules committee suggested that a House and Senate conference might revisit the provision before it became law.

Tancredo: Abolish Race-based Caucuses (AP)

By Laurie Kellman

AP, January 26, 2007

White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished.

"It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race," said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration.

"If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses," said Tancredo, who is scheduled to pitch his long-shot presidential bid this weekend in New Hampshire.

One caucus member dismissed Tancredo's comments as sour grapes from a dethroned Republican _ who also happens to be running for president.

"This story is really about a member of the minority party using intolerance to advance his presidential campaign," said Rep. William Lacy Clay, D-Mo.

Tancredo's request, relayed in a letter to Administration Committee Chairwoman Juanita Millender-McDonald, D-Calif., revived his effort to change House rules to abolish the groups.

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Besides the Congressional Black Caucus, Democrats also have a Hispanic caucus with 21 members, and Republicans have a comparable Hispanic conference with five full members and 11 "associate" members who are not Hispanic.

The request comes in the wake of reports that freshman Rep. Stephen Cohen, D-Tenn., was refused admission to the Congressional Black Caucus because he is white. All 43 members of the caucus are black.

Cohen said in a statement that he told a reporter that he would be honored to join the caucus but did not apply, "nor has the CBC denied membership to me."

However, the group would not have permitted Cohen to join, its new chairwoman told The Associated Press. Rep. Carolyn Cheeks Kilpatrick, D-Mich., said the caucus decided early on that official membership would be restricted to blacks.

Tancredo is chairman of the Congressional Immigration Reform Caucus, which seeks to toughen border security to stem illegal immigration. He also opposes guest worker programs and immigration proposals by President Bush.

Tancredo: Ban Minority Caucuses (DENP)

By Anne C. Mulkern

Denver Post, January 26, 2007

Washington - Rep. Tom Tancredo called today for abolishment of the Congressional Hispanic Caucus, Black Caucus and Asian Pacific American Caucus, saying they equal racial segregation

"It is utterly hypocritical for Congress to extol the virtues of a color-blind society while officially sanctioning caucuses that are based solely on race - and restrict their membership based on race," Tancredo wrote in a letter to Rep. Juanita Millender-McDonald, D-Calif., who oversees the caucuses.

Tancredo, a Littleton Republican who is considering a presidential run, first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white.

A spokesman for Cohen said "He never formally sought membership in the Congressional Black Caucus, nor has the Congressional Black Caucus denied membership to him," said Cohen's spokeswoman, Marilyn Dillihan.

Cohen, Dillihan said "really regrets that this is being used the way it's being used."

Whether Cohen officially asked to join or not is irrelevant, Tancredo spokesman, Carlos Espinosa, said. If he had asked to join, Espinosa said, he would not have been allowed.

"The policy is what's relevant here," Espinosa said.

Rep. John Salazar, D-Manassa, belongs to the Congressional Hispanic Caucus.

When Tancredo previously said the caucuses should be eliminated, a member of the Congressional Hispanic Caucus called that statement "more race-baiting" by Tancredo. The black, Hispanic and Asian-American caucuses exist because few members of Congress come from those racial groups and they need a unified voice, said Rep. Raul M. Grijalva, D-Ariz.

FEDERAL DIARY: Head Of TSP Moving On (WP)

By Stephen Barr

Washington Post, January 26, 2007

His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company.

Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services. He will probably leave the agency early next month, a TSP spokesman said.

Amelio expanded TSP investment options in 2005 by adding life-cycle funds as a way to help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit TSP participants to select an investment mix linked to the time they expect to draw down their savings. The funds rely on asset allocation models that professional managers have determined can produce the maximum returns for the minimum risk.

During his 3 1/2 -year stint with the TSP, Amelio resolved problems that had delayed a new computer system that keeps track of accounts on a daily basis and introduced a toll-free telephone service. The TSP is one of the world's largest retirement plans, with about $206 billion in assets.

In accepting the resignation, Andrew M. Saul, the chairman of the Federal Retirement Thrift Investment Board, praised Amelio for upgrading TSP operations. A recent survey of TSP participants showed that 85 percent are satisfied with the retirement plan, a sign that Amelio's changes have been well received, Saul said.

Mark E. Singleton, the president and chief executive at ULLICO, said the union-owned company manages about $4.6 billion in pension assets and will look to Amelio to expand retirement services to meet the needs of union members, especially

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baby boomers who will be leaving the workforce in the next few years. ULLICO dates back to 1927, when it began offering life insurance to construction workers.Settlement at Social Security

A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced.

Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them.

The union recently filed a grievance on behalf of the employees, contending they had followed the orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants.

The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing. The inspector general was pursuing civil penalties against the employees, and a $215,000 fine had been proposed for one worker. The judge in charge of the cases died in 2003.

The employees, as part of the settlement, will cooperate in a review of "this misguided attempt to streamline the appeals process," Jonathan L. Lasher, a deputy chief counsel for the inspector general, said in a statement. Interviews with the employees will be the first step in a new audit focused on disability adjudication policies and practices, he said.

Kelley said the settlement showed that "these employees did nothing wrong. It is outrageous that the inspector general used his considerable authority to put these employees in fear of losing, not only their jobs, but their life savings, when all they were doing was carrying out the job duties as directed by their supervisor."Talk Shows

Beth Moten, director of the American Federation of Government Employees Legislative and Political Affairs Department, outlines the union's goals in Congress on "Inside Government" at 10 a.m. today on http://Federalnewsradio.com and WFED (1050 AM).

R. Allen Pittman, assistant secretary for human resources and administration and the chief human capital officer at the Veterans Affairs Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK (106.7 FM).

Ginsburg 'Lonely' Without O'Connor (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench.

"The word I would use to describe my position on the bench is lonely," Ginsburg, 73, said in an interview with USA TODAY.

ONE-WOMAN COURT: Composition in contrast to gains elsewhere

"This is how it was for Sandra's first 12 years," she said, citing the time from O'Connor's appointment in 1981 to Ginsburg's arrival in 1993. "Neither of us ever thought this would happen again. I didn't realize how much I would miss her until she was gone."

A year after Ginsburg joined the court, O'Connor recalled welcoming the new justice "with enormous pleasure," in part because O'Connor no longer would be the court's only symbolic representative for American women. They confided in each other, and when Ginsburg had surgery for colorectal cancer in 1999, O'Connor, a breast cancer survivor, was the first person to call her in the hospital.

O'Connor, a Reagan appointee, was at the ideological center of the divided court, a key backer of abortion rights and affirmative action in education. President Bush tried to replace her with a woman, then-White House counsel Harriet Miers, but the nomination died amid questions about her qualifications. Bush turned to Samuel Alito, whose record suggests he could tilt the court to the right.

The justices are weighing cases on abortion and school integration. Ginsburg, a Clinton appointee on the court's liberal wing, won't discuss how O'Connor's exit will change the court, saying only, "This term may be very revealing."

For now, O'Connor's absence is more symbolic. In court, the sight of Ginsburg — a slight figure in a tall, black leather chair, flanked by eight men — contrasts with the rising prominence of women in Congress. The number of female judges also is rising: Of the 875 federal judges, 201 are women.

Ginsburg is encouraged by such numbers, but disconcerted by the look of her own court. She said with O'Connor, the message was: "Here are two women. They don't look alike. They don't always vote alike. But here are two women." The former women's rights lawyer fears the message now is that a woman justice is a "one-at-a-time curiosity, not the normal thing."

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High Court Just A 1-woman Show (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — When Louisiana teacher Stephanie Goodrich began a session with her eighth-grade honors class on the Supreme Court this month, she showed them a picture of the nine justices.

"They said, 'Could there be only one lady on the court?' " recalled Goodrich, who is in her 15th year teaching in the Alexandria, La., school district. Goodrich said her students are used to seeing women in key government positions. Louisiana has a female governor, Kathleen Blanco; one of its two U.S. senators is Mary Landrieu.

The makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the U.S. judiciary, where women have made historical gains. After she was elected as the first female speaker of the House, California Democrat Nancy Pelosi declared that women had "broken the marble ceiling" in Congress.

Meanwhile, the number of women serving as federal judges across the nation has soared since 1977. Before Jimmy Carter became president, eight women had been appointed to federal judgeships in U.S. history. There now are 201 women on the 875-member federal bench.

Back at the Supreme Court, however, Ruth Bader Ginsburg, 73, is acknowledging her discontent with being the lone woman on the court. Since Sandra Day O'Connor was replaced by Samuel Alito a year ago, Ginsburg has worried about the symbolism of having just one woman on the court.

The message of the court's current makeup, Ginsburg says, is that a female jurist is "aberrational," when "if you look at courts generally, women are well represented."

"Having only one of nine judges with a woman's experience definitely seems out of date," said Celinda Lake, a Democratic strategist and pollster. "People don't want a woman just for a woman's sake, but they do respond to the argument that women bring a certain experience."

President Bush tried replacing O'Connor with a woman, nominating then-White House counsel Harriet Miers for the seat. However, Miers withdrew under criticism about her qualifications and conservatism, and the post went to Alito.

Alito's comments in court have suggested he might help move the bench toward the right on matters such as abortion rights and affirmative action in education. O'Connor was a key vote in supporting both.

Ginsburg, a member of the court's liberal wing, also supports abortion rights and affirmative action. However, her concern about the court's makeup is rooted more in a desire for jurists who have experienced American life as women than for those who would agree with her on the law. Ginsburg and O'Connor — who regularly voted with the court's conservative wing — often did not agree on cases.

Beyond the legal issues, analysts disagree about the significance of having just one woman on the Supreme Court.

Lee Arbetman, director of U.S. programs for Street Law, a non-profit organization that works with high school social studies teachers, said diversity in positions of power offers all students role models and builds confidence in the institution.

"There aren't men's outcomes and women's outcomes in (court) cases," he said. "But there is value in the different experiences men and women bring to the court. Women experience some aspects of the world differently, just as people of color experience some aspects of the world differently."

The court has only one member of a racial minority, Clarence Thomas. He was the second black justice appointed to the court, after the late Thurgood Marshall, who served from 1967 to 1991.

In the fall of 2005, when Bush nominated Alito to succeed O'Connor, few Americans seemed to care that a man would replace the first female justice. A USA TODAY/CNN/Gallup Poll just before the nomination indicated that 15% of the respondents said it was "essential" to nominate a woman; 33% said it was a "good idea; not essential," and 49% said it "doesn't matter."

The conservative American Enterprise Institute's Karlyn Bowman, who specializes in opinion polls, said that "men and women thought it would be nice, but that it should not be determinative." Bowman said that when it comes to establishing role models for young people, gender diversity is not as important as it was in earlier decades. "We are past that for young women, because women have risen to leadership positions" in many fields.

Sheila Krumholz, executive director of the Center for Responsive Politics, said she believes it still matters to girls. And for women in important jobs, "having other woman around is liberating. It's no longer all eyes on you."

In Louisiana, Goodrich said her students have indicated they believe the most qualified people should be on the high court, irrespective of their sex.

Goodrich said the girls in her class sympathize with Ginsburg. They "said they felt sorry for Justice Ginsburg, being the only one," Goodrich said. "One girl said, 'She kind of carries the weight of all the ladies. At least when there were two ladies on the court, she had backup.' "

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When Ginsburg was told of the girl's comment, she said, "That is very insightful."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 26, 2007

'The War'

There was barely a dry eye in the house when Veterans Affairs Secretary Jim Nicholson played host this week to a special screening by acclaimed filmmakers Ken Burns and Lynn Novick.

Mr. Burns and his longtime collaborator, best known for their documentaries "The Civil War," "Baseball" and "Jazz," have just completed "The War," a 14-hour documentary on World War II slated to air on PBS in September.

Mr. Nicholson's invited guests for the 45-minute sneak preview of "The War" included 25 veterans of the "Greatest Generation," who told Inside the Beltway that they were "thrilled" and "moved to tears" that the filmmakers had chosen World War II as the topic for their latest documentary.

Personal sermon

"Oh yes, things are quieting down," a somewhat relieved the Rev. Art Smith, pastor of St. Thomas Aquinas Catholic Church in Buffalo, N.Y., told Inside the Beltway by telephone yesterday, after New York Rep. Brian Higgins and his family abruptly walked out of Mass there on Sunday.

The Democrat received what was described as a public tongue-lashing from the pulpit by deacon Tom McDonnell because of his support for embryonic stem-cell research.

"Everybody has their own version to the story," Father Smith told us yesterday, assuring us that he was not trying to downplay the "emotion of the situation."

The pastor, who more than a decade ago worked in television for the U.S. Conference of Catholic Bishops in Washington, has been sharply critical of the deacon's sermon. Indeed, Father Smith took to the pulpit and apologized to the congregation.

In addition, Buffalo Bishop Edward U. Kmiec has issued a statement critical of Mr. McDonnell's personal attack, saying no member of the congregation, congressman or otherwise, should be confronted from the holy altar.

Mr. Higgins gave Inside the Beltway the following statement yesterday: "On the incident itself — I never apologized for leaving the church service last Sunday. ... Under the circumstances, leaving was the appropriate thing to do."

Ouch!

As House Republicans continue to draft a new battle plan at their annual legislative retreat on Maryland's Eastern Shore, they might keep in the back of their minds an observation from Democratic National Committee Chairman Howard Dean, who commented this week about the November elections and the subsequent shift of power on Capitol Hill: "The Republicans never knew what hit them."

Spilling to Sidey

First lady Laura Bush today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he.

Take the time shortly before his untimely death in November 2005, when Mr. Sidey, who covered the White House for decades, was invited into the Houston living room of former President George Bush and Mrs. Bush to chat about the second presidential term of their son, George W. Bush.

Mr. Bush: "Kitty Kelley. Did you see where somebody handed her her hat the other night, the Washingtonian? [The notorious Washington author's name was dropped from the magazine's masthead.] I loved that."

Mrs. Bush: "Remember when Ann Richards said George Bush was born with a silver foot in his mouth? And then when George beat her in his first run for governor — I must say I felt a certain sense of joy that he finally had kind of taken her down. I could go around saying, 'We showed her what she could do with that silver foot, where she could stick that now.' "

Mr. Bush: "Michael Moore's got to be the worst for me. I mean, he's such a slimeball and so atrocious. But I love the fact now that the Democrats are not embracing him as theirs anymore."

Mrs. Bush: "[President Bush] knows we're the only two people in America who are awake at 6 in the morning. He calls from the Oval Office to talk to George, and we put him on speakerphone."

Mr. Bush: "The thing that was perhaps the most hurtful to me was the theme that the president doesn't know what he's doing, that he's dumb, that he's some know-nothing cowboy from Texas. And when I sat with him, as I did out at Camp David, at Crawford, and heard him with the intelligence people, talking about the world and asking the appropriate questions — what's the development in this country or that — I was surprised at how broad the vision and grasp are. But he gets no credit for that."

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Stealthy Maneuver: The CIA Captures An A-12 Blackbird (WSJ)

By Jonathan Karp

The Wall Street Journal, January 26, 2007

The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird.

The CIA plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991.

Even though a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears.

"Possession is nine-tenths of the law, so until they drag it away with me screaming, we have a chance," said James Goodall, an aviation buff and retired Minnesota National Guardsman who salvaged the plane and led efforts to preserve it.

The A-12 Blackbird, retired in 1968, was the forerunner to the better-known SR-71 Blackbird. The stealthy A-12 is one of the fastest aircraft ever made, capable of flying at more than three times the speed of sound and at the edge of space. The plane originated as part of a CIA program code-named "Oxcart." Of the 15 A-12s built by Lockheed Martin Corp.'s famed Skunk Works advanced projects unit, nine remain. One is on display at an Air Force base, and the others are at museums around the country.

Mr. Goodall and his supporters don't question the right of the Air Force, which controls these decommissioned warplanes, to reclaim an A-12 and lend it to the CIA as an oversize lawn ornament inside the agency compound. Instead, their two-month dogfight has been aimed at getting the Air Force to justify removing the Minnesota museum's crown jewel while three A-12s sit in Alabama, including one that has been neglected since suffering hurricane damage. Another is parked on the USS Intrepid aircraft carrier, a floating Manhattan museum that will be closed until late next year because of renovation work across the Hudson River.

The CIA, whose headquarters isn't open to the public, had no role in selecting which plane it would receive. The Air Force says the Minnesota Air National Guard doesn't have a historical connection to the A-12, and though the Minnesotans have taken good care of their A-12, the volunteer-run museum doesn't meet the Air Force's current legal requirements for its museums. For one thing, it doesn't have a salaried director. After reviewing all nine A-12s, "The only one that didn't have a legitimate rationale for its location was Minnesota's," said Terry Aitken, senior curator at the National Museum of the U.S. Air Force.

That logic outrages Mr. Goodall, 61 years old, who spent 20 years in the Minnesota Air National Guard and his entire adult life smitten with the A-12. He says he became an "airplane nut" at age 5 when he saw a squadron of B-36 bombers flying over San Francisco Bay. He first glimpsed a Blackbird as an 18-year-old Air Force recruit at Edwards Air Force Base in California. It was March 10, 1964, and "it affected me forever," he says.

Over the years, Mr. Goodall became an expert, writing five books on the supersonic plane. He built a rapport with Ben Rich, who developed the Blackbird for Lockheed and eventually ran Skunk Works. Mr. Goodall says he got a tip from Mr. Rich in 1989 that the Blackbird program would be canceled. "If anyone can scrounge one, you can," he says the late Mr. Rich told him.

At the time, Mr. Goodall was the staff historian for the 133rd Airlift Wing of the Minnesota Air National Guard. He hatched a scheme to rescue an A-12 from the scrapheap in Palmdale, Calif. In 1990, Minnesota's congressional delegation backed the Air Guard museum's request, citing the fact that companies in Minnesota supplied key Blackbird components and that some Blackbird pilots hailed from the state.

The Air Force was happy to unload the A-12 to avoid a costly process of destroying the asbestos-packed plane. Once the Air Force museum agreed to the loan, Mr. Goodall arranged for two massive cargo planes from the New York Air National Guard to haul the Blackbird in pieces from California. He persuaded a local hotel to put up the flight and moving crews free of charge for 10 days. "The Air Force estimated the move would cost $500,000. I got it done for $27,000. That makes me the deal-of-the-century guy," Mr. Goodall says.

Back in St. Paul, he marshaled volunteers and corporate donations for restoration work. He then spent years -- and thousands of his own dollars, he says -- scrounging for cockpit instruments, at one point swapping a prized ejection seat from his private collection to get a supersonic speedometer known as a Mach meter.

All was well until last November, when the museum got a letter from Mr. Aitken, the Air Force museum curator, invoking a provision of the loan agreement that allows the Air Force to reclaim its plane by giving 60 days' notice. The only reason Mr. Aitken cited for the decision was the need to "satisfy current exhibit requirements."

Distressed local Air Guard commanders appealed to save the A-12, calling it a "labor of love." Mr. Aitken replied that the plane didn't conform to the air park's primary mission, which is to commemorate the state guard wing's history, and said it would

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be better suited at the CIA. Mr. Goodall, who is now retired in Seattle but returns to the Twin Cities occasionally to visit his beloved Blackbird, energized the opposition movement by urging guardsmen and the museum's civilian nonprofit foundation to enlist Minnesota and national politicians. He also mobilized support from former A-12 pilots.

Mr. Goodall's plea: If the Air Force wants a plane to commemorate the CIA's pioneering past, it should take one that actually flew in combat. Minnesota's plane never saw action. The A-12 in Birmingham, Ala., on the other hand, photographed North Vietnamese surface-to-air missile sites in 1967, later sustained flak damage, and flew over North Korea on a spy mission in 1968 after the North Koreans captured the USS Pueblo, claiming the Navy ship had strayed into its territorial waters.

Some Minnesotans are upset that the Air Force gave short notice and didn't offer to discuss its A-12 plans. "This is a museum, a community, not a war game," said Mark Ness, vice chairman of the museum foundation and a retired Air National Guard brigadier general. Mr. Goodall knew the odds were long. The Air Force has plucked other planes despite local resistance, including a B-36 bomber taken from Fort Worth, Texas, and the celebrated World War II B-17, the Memphis Belle, from its namesake city in Tennessee.

Even as another joint appeal from Minnesota's congressional delegation was delivered to the Air Force secretary Friday, the Air Force museum told guardsmen in Minneapolis-St. Paul to prepare for the movers.

The Minnesota museum's supporters have retained a former state supreme court justice as their lawyer, but as the moving crew continued to unbolt the A-12's wings yesterday, they had yet to decide whether to seek a court injunction against the move. Mr. Goodall, who refers to the plane as "my A-12," has made his own unilateral sortie. He has removed some cockpit instruments he had donated. "No one will see them anyway if the plane is on a pole," he says. "I'll be damned if the CIA...will get their hands on these."

Write to Jonathan Karp at jonathan.karp@wsj.com1

On Being Partisan (NYT)

By Paul Krugman

The New York Times, January 26, 2007

American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that “politics has become so bitter and partisan” — which it certainly has.

But he then went on to say that partisanship is why “we can’t tackle the big problems that demand solutions. And that’s what we have to change first.” Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we’ll eventually have a new era of bipartisanship — but that will be the end of the story, not the beginning.

Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower.

You see, the nastiness of modern American politics isn’t the result of a random outbreak of bad manners. It’s a symptom of deeper factors — mainly the growing polarization of our economy. And history says that we’ll see a return to bipartisanship only if and when that economic polarization is reversed.

After all, American politics has been nasty in the past. Before the New Deal, America was a nation with a vast gap between the rich and everyone else, and this gap was reflected in a sharp political divide. The Republican Party, in effect, represented the interests of the economic elite, and the Democratic Party, in an often confused way, represented the populist alternative.

In that divided political system, the Democrats probably came much closer to representing the interests of the typical American. But the G.O.P.’s advantage in money, and the superior organization that money bought, usually allowed it to dominate national politics. “I am not a member of any organized party,” Will Rogers said. “I am a Democrat.”

Then came the New Deal. I urge Mr. Obama — and everyone else who thinks that good will alone is enough to change the tone of our politics — to read the speeches of Franklin Delano Roosevelt, the quintessential example of a president who tackled big problems that demanded solutions.

For the fact is that F.D.R. faced fierce opposition as he created the institutions — Social Security, unemployment insurance, more progressive taxation and beyond — that helped alleviate inequality. And he didn’t shy away from confrontation.

“We had to struggle,” he declared in 1936, “with the old enemies of peace — business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering. ... Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hate for me — and I welcome their hatred.”

It was only after F.D.R. had created a more equal society, and the old class warriors of the G.O.P. were replaced by “modern Republicans” who accepted the New Deal, that bipartisanship began to prevail.

The history of the last few decades has basically been the story of the New Deal in reverse. Income inequality has returned to levels not seen since the pre-New Deal era, and so have political divisions in Congress as the Republicans have moved right, once again becoming the party of the economic elite. The signature domestic policy initiatives of the Bush administration have

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been attempts to undo F.D.R.'s legacy, from slashing taxes on the rich to privatizing Social Security. And a bitter partisan gap has opened up between the G.O.P. and Democrats, who have tried to defend that legacy.

What about the smear campaigns, like Karl Rove's 2005 declaration that after 9/11 liberals wanted to "offer therapy and understanding for our attackers"? Well, they're reminiscent of the vicious anti-Catholic propaganda used to defeat Al Smith in 1928: smear tactics are what a well-organized, well-financed party with a fundamentally unpopular domestic agenda uses to change the subject.

So am I calling for partisanship for its own sake? Certainly not. By all means pass legislation, if you can, with plenty of votes from the other party: the Social Security Act of 1935 received 77 Republican votes in the House, about the same as the number of Republicans who recently voted for a minimum wage increase.

But politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right — and they should welcome that hatred, not fear it.

OTHER NEWS:

Home Sales Slipped In December (LAT)

By Jesus Sanchez

The Los Angeles Times, January 26, 2007

Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today.

Total existing-home sales — including detached houses and condominiums — in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors.

For the year, existing home sales totaled 6.48 million properties — the third best year for home sales. However, last year's results represented an 8.4% decline from record high sales in 2005. It was the biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press.

Despite the sales slide, NAR chief economist David Lereah said a decline in the number of homes available for sale at the end of last year and other data suggested that the housing market might be bottoming out after a lengthy slow down.

"It looks like we're moving beyond the low for the housing cycle last fall, and buyers are responding to historically low interest rates and competitive pricing by home sellers," said Lereah said in a statement. "In addition, a tightening inventory of homes on the market is supporting prices."

Prices, after surging up in recent years, also remained relatively flat at the end of last year. In December, the national median sales price remained unchanged from the same month in 2005 at $222,000 (The median is a typical market price where half of the homes sold for more and half sold for less). For all of 2006, the median price was also $222,000, up 1.1 percent from a median of $219,600 in 2005.

In California, sales of existing homes (excluding condominiums) fell 15.3% in December on a year-over-year basis to a seasonally adjusted, annual pace of 450,550 properties, according to the California Assn. of Realtors. The median sales price, meanwhile, rose 3.7% during the same period to $547,400.

The median number of days it took to sell a single-family home was 73 days in December 2006, compared with a revised 43 days in December 2005.

"The market continues to level out as buyers and sellers search for common ground in today's more balanced environment," said Colleen Badagliacco, president of the state association, in a statement. "The number of homes for sale peaked in June and July and has since edged downward. Although time on the market remains higher than it was a year ago, competitively priced homes continue to sell well."

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Existing-Home Sales Plunge, But Pace Is Expected To Ease (WSJ)

By Michael Corkery

The Wall Street Journal, January 26, 2007

Homes sales in 2006 tumbled at the fastest pace in 17 years, although economists believe the worst of the housing correction may have passed and sales could start to rebound later this year.

The National Association of Realtors said sales of existing, or previously owned, homes fell 0.8% in December from the previous month to a seasonally adjusted annual rate of 6.22 million units. For all of 2006, sales of existing homes totaled 6.48

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million. That was down 8.4% from 2005 and was the largest annual decline since 1989, when rising interest rates and relatively high unemployment fueled a housing recession.

Even after last year's sharp drop, 2006 was the third-strongest year for home sales since the NAR began tracking sales in 1968. And prices managed to move slightly higher in 2006; the existing-home median price was up 1.1% to $222,000.

"We have to remember how strong and some might say overheated the housing market was in 2005 in terms of sales and investor demand," said Stuart Hoffman, chief economist of PNC Financial Services Group in Pittsburgh. Last year showed a big drop as a whole "but to a level that frankly is still reasonably active with over six million home sales."

Sales of condominiums and cooperatives led the decline for the year, falling 10.4% to 803,000 units. Sales of single-family homes were off 8.1% to 5.68 million. However, data for the month of December suggested that the condominium market may be starting to recover, and at a faster pace than the market for single-family homes. Condominium sales rose 2.1% in December compared with the previous month as sales of single-family homes declined 1.3%.

Although sales were down across the nation in December, the biggest year-over-year declines occurred in the West, where sales plunged 15.5%. December sales were down 7.1% in the South from a year earlier, 5.5% in the Northeast and 5.8% in the Midwest.

For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. "The biggest drop is probably behind us," said Fannie Mae's chief economist, David Berson. "But it's still too soon to say this is unambiguously the bottom."

Forecasts for 2007 vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%.

Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come. "Everything in a housing cycle doesn't turn at once," he said. "Lagging indicators will weaken as much as the leading indicators already did."

Separately, the Labor Department reported that new claims for unemployment insurance jumped 36,000 to 325,000 in the week ended Jan. 20. Claims had been below the 300,000 level -- which economists consider a benchmark for very tight labor markets -- the previous two weeks. The Jan. 13 reading was revised to 289,000 from a previously reported level of 290,000.

Write to Michael Corkery at michael.corkery@wsj.com3

Sales Of Existing Homes In ’06 Had Biggest Drop In 17 Years (NYT/AP)

By The Associated Press

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 (AP) — Sales of existing homes fell last month, closing out a year when demand for homes slumped by the largest amount in 17 years.

The National Association of Realtors reported that sales of existing homes were down 0.8 percent in December, a bigger decline than had been expected. For the year, sales fell by 8.4 percent, the biggest annual decline since 1989, when sales of existing homes fell by 14.8 percent.

The sales figure underscored the sharp contraction in the once-highflying housing market, which before last year had set sales records for five straight years.

Even with the sharp decline in sales last year, the median price of an existing home sold in 2006 managed to rise 1.1 percent. But that was far below the double-digit gains during the boom years. The median home price rose by 12.4 percent in 2005.

Economists said they believed that the low point for housing had been reached, and they were forecasting a slow rebound in 2007. Because of that optimism, analysts say they do not believe the slump in housing will drag the overall economy into a recession.

The 0.8 percent drop in sales in December came after two straight months of improving sales, the first back-to-back sales gains since the spring of 2005.

David Lereah, chief economist for the Realtors, said that he believes that sales of existing homes have hit bottom and will start to gradually improve.

He said that in 2005, 40 percent of the market represented purchases of second homes and investors buying homes looking to resell them for quick profits.

He said speculators had now left the market and that should leave sales at a more sustainable level.

In other economics news, the number of Americans filing applications for unemployment benefits shot up last week by the largest amount in 16 months, reversing two weeks of big declines.

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The Labor Department reported that 325,000 newly laid-off workers filed claims for jobless benefits last week, an increase of 36,000 from the previous week. That was the biggest one-week rise since a surge of 96,000 claims the week of Sept. 10, 2005, when devastated Gulf Coast businesses laid off workers after Hurricane Katrina.

Home Sales Down 8.4%, Could Be At Bottom (USAT)

By Noelle Knox

USA Today, January 26, 2007

Sales of existing homes slid 8.4% last year, the steepest fall in 17 years, but the market probably hit bottom in September and is entering a slow recovery that will last until June, the National Association of Realtors said Thursday.

One sign the market could revive this year is that the median home price, which had fallen for four months, was unchanged at $222,000 in December and was up 1.1% for all of 2006. And though it's still a buyer's market in most of the USA, the 7.3-month glut of homes for sale in November shrank to 6.8 months.

"It looks like we are on the bottom, and we will be scraping bottom as we move along," said David Lereah, the NAR's chief economist. "The worst is over for existing-home sales, but I'm still troubled about new homes."

The Commerce Department will release new-home sales today. Those sales are expected to be down 17% for 2006 and to fall a further 9.7% this year, Lereah says.

Not everyone is ready to herald the end of the correction for existing homes. From November to December, they note, sales fell 0.8%, ending a two-month upward trend. December sales were off 7.9% from December 2005. "It's very premature at this point to jump to the conclusion that we've turned the corner," says Brian Bethune of Global Insight.

Buyers are also facing rising interest rates, which make mortgages harder for some to afford. The average rate on a 30-year fixed-rate loan crept up to 6.25% last week, the highest since early November, Freddie Mac said. Each quarter-point increase makes homes unaffordable for about 50,000 more people, Lereah said.

Still, most economists say the bottom has probably been reached.

"Is the worst behind us? Most likely," says Joel Naroff, chief economist of Naroff Economic Advisors. "Are better times here? Doubtful."

During the last housing correction, in 1989, sales tumbled nearly 15%. This time, an overall healthy economy is cushioning the blow.

In areas that never overheated during the boom, such as parts of Texas and North Carolina, home sales are still setting modest records. The housing markets that were the hottest — especially Florida and California — are where the cooling-off will take the longest.

In Florida, sales in December plummeted 28% from the year before, and prices dropped in five metro areas. In California, sales skidded 15%; prices were down in 13 metro areas of the state.

Sales last year in California, where the median-priced home costs a gasp-inducing $567,690, were the lowest in a decade. They are projected to fall a further 7% this year. Robert Kleinhenz, an economist for the California Association of Realtors, said, "I'm hopeful we'll see the bottom soon."

Annual Existing-Home Sales Fall Most In 17 Years (WP)

By Dina Elboghdady

The Washington Post, January 26, 2007

Sales of previously owned homes fell slightly in December after two consecutive months of modest gains but took their steepest annual drop since 1989, the National Association of Realtors reported yesterday.

But home prices rose 1.1 percent for the year, and the supply of existing single-family houses, townhouses, condominiums and co-ops for sale shrank from November to December -- offering some hope that the housing market may be on the mend, economists said.

However, stock and bond markets fell on concern that these numbers indicated that housing problems may not be over.

"During the summer, the housing market was like a trauma patient being wheeled in with multiple wounds," said Michael Larson, a real estate analyst for Weiss Research. "There's some momentum back in the market, but I don't think the patient will get off the gurney and walk out the door any time soon."

In 2006, 6.48 million existing homes were sold, down 8.4 percent from 2005, which was the busiest year on record. The drop was the steepest since 1989, when sales fell 14.8 percent from the year before.

In December, existing homes sold at a seasonally adjusted annual rate of 6.22 million, down 0.8 percent from November and down 7.9 percent from December 2005.

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Todd Vencil, a real estate analyst at BB&T Capital Markets, said he is relieved to see the rate of sales stabilizing in the 6.2 million to 6.3 million range in recent months after peaking at 7.27 million in June 2005.

"We look for up trends, down trends and sideways trends," Vencil said. "We seem to be in a sideways trend now, which is fine because it indicates there's stabilization, and stabilization today will allow for recovery later in the year."

David Lereah, the National Association of Realtors' chief economist, said he saw good news in the numbers, most notably in home prices.

The median price of a home in December was $222,000, unchanged from December 2005. The median price for all of 2006 was up 1.1 from the previous year, also to $222,000, meaning that half of buyers in 2006 paid more and half paid less.

"All the doomsayers were saying the bubble was going to burst, and it never did in 2006," Lereah said. "We had price increases."

But there's a more muddled picture when it comes to the supply of homes on the market.

The inventory fell 7.9 percent in December from November. If no more homes are added to the mix, there's a 6.8-month supply of existing homes for sale.

That shrinkage is typical in the slow winter months, when sellers tend to pull their homes off the market before re-listing them in the spring, many analysts said.

Instead, some analysts pointed to the year-over-year increase in supply. Inventory climbed 23.3 percent from December 2005 to December 2006. Until that supply dwindles substantially, home prices will drop well into the future, said Nishu Sood, an analyst at Deutsche Bank Securities. "Demand remains fairly weak, and we're likely to see home prices decrease more significantly during the spring selling season," Sood said.

Sood dismisses the price increase for 2006 as insignificant because it factors in numbers from the beginning of the year, when prices were still doing well.

In December, existing-home sales, which account for most home sales, fell 15.5 percent in the West, 7.1 percent in the South, 5.8 percent in the Midwest and 5.5 percent in the Northeast. The South includes the Washington area.

The report released yesterday did not include the sales of newly built homes; the government is scheduled to announce that statistic today. But sales of new homes also appear weak based on the recent earnings reports from builders.

Yesterday, NVR, the parent company of Ryan Homes, reported that profit fell 39 percent in the fourth quarter compared with a year earlier. The Reston company posted revenue of $1.6 billion, down 2 percent.

Fed's View: Steady But Set To Boost (WSJ)

By Greg Ip

The Wall Street Journal, January 26, 2007

WASHINGTON -- Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long.

Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago.

In spite of that, the Fed, at the end of its policy meeting Wednesday, is likely to reaffirm its "bias" toward raising rates rather than lowering them, citing inflation concerns. It is almost certain to leave its target for short-term interest rates unchanged at 5.25%. The Fed has maintained that target and its "tightening bias" since June.

There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. Because they are uncertain how much further it will fall, they believe the Fed, to keep the public from expecting higher inflation, should be biased toward raising rates.

The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected. The longer unemployment stays low, the greater the likelihood that fear of accelerating wages and prices will prompt officials to contemplate an interest-rate increase.

Janet Yellen, president of the Federal Reserve Bank of San Francisco, said in a speech this week that there is "an emerging puzzle in the data: Why is the labor market apparently going gangbusters, while growth ... has turned in only a middling performance on average in recent quarters?" Her puzzlement is shared by some of her colleagues.

When the economy grows at its long-term "potential" rate, which is thought to be a little under 3%, it creates just enough jobs to employ new entrants to the labor market, and the unemployment rate is steady. But last year, as growth fell below 3% in the spring, the unemployment rate declined steadily, from 4.7% in the first quarter to 4.5% in the fourth.

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Ms. Yellen said one worrisome explanation may be that either the economy's potential growth rate is notably slower than 3%, or that growth is stronger than the official data now show. In either case, the economy could face tighter capacity constraints than first thought, stoking inflation pressure.

Ms. Yellen said a likelier explanation is that the job market has simply lagged behind the overall economy, and unemployment will soon move higher. Other officials agree, noting in particular that construction employment seems bound to decline more.

In early December, economists thought the economy would grow at an annual rate of 2% in the fourth quarter, according to a survey by forecasting company Macroeconomic Advisers LLC, following growth rates of 2% in the third quarter and 2.6% in the second. Many analysts said the Fed could shift to a "neutral" bias -- that is, saying rates were equally likely to go up or down -- at next week's meeting. Futures markets expected three to four quarter-percentage-point rate cuts this year.

Since December, however, trade, housing starts, employment and manufacturing activity all have proved stronger than expected, and growth is now thought to have hit 3% in the fourth quarter. While the consensus forecast is for first-quarter growth of around 2.5%, that, too, is rising; Morgan Stanley expects 3.5%. Housing remains a drag on the economy, but trade and consumer spending, fueled by job growth and lower oil prices, have compensated. Some economists predict that presages more rate increases.

Michael Feroli, economist at J.P. Morgan Chase, says sub-3% growth in mid-2006 shows "the Fed nailed the soft landing." But the point of the soft landing "is to get some increase in unemployment ... and that didn't happen. The clock is ticking to see if it happens at all." His firm expects the Fed to start raising rates again in October.

Fed officials don't appear ready to go with that forecast yet. They still think the economy is slowing. They believe further declines in construction are necessary just to bring supply in line with current home sales. Moreover, flat or falling home prices are expected to make consumers feel less wealthy, damping their spending later this year.

Inflation is also ebbing. Excluding food, energy and shelter, it was just 0.5%, at an annual rate, in the past six months. Shelter is heavily influenced by rents, which face downward pressure as owners of unsold homes put them up for rent.

But just in case, a continued bias toward raising rates would keep the Fed, and the markets, prepared in case they are wrong.

Write to Greg Ip at greg.ip@wsj.com3

Blue Chips Post Biggest Loss In 2 Months In Heavy Trading (WSJ)

By E.s. Browning

The Wall Street Journal, January 26, 2007

A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months.

The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007.

Traders cited worries about interest rates, corporate profits, home sales and unemployment data.

More broadly, with the DJIA up more than 17% since July 14, many investors were asking how much higher it can go without a pullback. Some are beginning to sell to lock in profits.

The day's news wasn't awful -- just troubling enough to spark selling.

Investors learned that sales of previously occupied homes fell in December. Home builder Beazer Homes USA reported a quarterly loss and said it hasn't seen "any meaningful evidence of a sustainable recovery in the housing market."

Bristol-Myers pulled down drug stocks with its own quarterly loss, due to competition from generics.

Some energy-related companies had bad news. Peabody Energy warned of soft quarterly profits to come. BJ Services posted a disappointing quarterly profit. Occidental Petroleum said fourth-quarter profit fell.

Some stock investors are worried now about bond yields. The yield of the benchmark 10-year Treasury note, which influences a variety of other market rates including some mortgage rates, was below 4.5% last month. Yesterday, it rose to 4.865% amid fears the Federal Reserve won't cut interest rates this year.

"You are seeing interest rates run up a little here and that is causing some concern in the market," said portfolio manager Richard Nash at Cleveland investment-management firm McCormack Advisors International. Higher rates raise costs for consumers and businesses.

Investors looked past upbeat profit news from companies including eBay and Nokia. A $1.14 decline in crude-oil prices to $54.23 a barrel served mainly to worsen concerns about energy-company profits.

The Standard & Poor's 500-stock index fell 1.1%, or 16.23 points, to 1423.90, up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007.

DOJ_NMG_0122120

In news that could affect trading today, Microsoft reported a stronger-than-expected per-share quarterly profit and announced a share buyback. Its stock rose 2% in after-hours trading.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 3.09 billion shares; 788 stocks rose and 2,575 fell.

Bond prices declined2. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested. The 30-year bond was down 24/32, pushing the yield up to 4.961%.

The dollar strengthened3. Late in New York, it traded at 121.15 yen, up from 121.11, while the euro weakened against the dollar to $1.2939 from $1.2960.

Strong Global Economy Clobbers Stocks (USAT)

By Matt Krantz

USA Today, January 26, 2007

Stocks endured their worst sell-off in two months Thursday after investors bristled over news regarding China's economy, home sales and interest rates.

Growing evidence the global economy is strong, perhaps too strong, is stoking concerns about inflation.

Investors pushed the Dow Jones industrials down 119.21 points, or 0.9%, to 12,502.56, a harsh sell-off coming one day after the Dow set a new high. It was the Dow's worst day since it fell 158.46 points on Nov. 27, 2006. Still, the blue-chip barometer is up 0.3% this year.

Tech stocks, measured by the Nasdaq composite index, took it even harder, falling 32.04 points, or 1.3%, to 2434.24. The Nasdaq is up 0.8% this year, making it the best performer year-to-date among the major market indexes.

Hit by declines in stocks in the paper and packaging, investment banking and brokerage and home entertainment software industries, the Standard & Poor's 500 lost 16.23 points to 1423.90. The S&P 500 is up 0.4% this year.

News of a red-hot Chinese economy was one thing that hit stocks, says Todd Clark of Nollenberger Capital. China reported blistering economic growth of 10.7%, igniting fears of inflation.

Next, investors were served up news indicating sales of existing homes fell 0.8% in December (story, 1B). That weak number made them worry if they've overestimated how healthy consumer spending is. "It wasn't a recipe for higher (stock) prices today," Clark says.

And then stock investors contended with a surge in the yield of the benchmark 10-year Treasury note to a three-month high of 4.88%.

Not only does the higher yield tempt investors away from stocks, but it signals some investors may think the economy is healthy enough for the Federal Reserve to boost rates, says Gary Tapp at SunTrust Robinson Humphrey. "It looks like the U.S. economy is strengthening," he says.

But it could be simply the market needed to cool off after a strong 2006, he says. "The market had been going straight up for a long time," Tapp says.

Highlights:

Varian Medical, a medical-supply company, fell $4.37 to $45.77. On Wednesday, it issued a forecast for its fiscal second quarter that was 4% lower than expected.

·Plexus, an electronics manufacturing company, lost $3.04 to $18.18. The company said Wednesday it expected to earn up to 19 cents a share in its second quarter, 46% lower than forecasts.

10-year-old Filmmaker Sues For Creative Control (LAT)

By Josh Friedman, Times Staff Writer

The Los Angeles Times, January 26, 2007

He seeks creative control of his movie, alleging his financier wants 'final cut and everything.'

Most 10-year-olds are happy with an allowance and some video games.

Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow.

The child actor, whose credits include Steven Spielberg's "Minority Report" and voicing Wilbur the pig in Paramount Pictures' recent "Charlotte's Web," is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team.

"She wanted to make all the decisions and stuff," Kay said. "She wanted final cut and everything."

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Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of "Saving Angelo," starring actor Kevin Bacon, which she helped bankroll with $11,000.

Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a "charitable contribution" to animal rights. "This is another example that no good deed goes unpunished," he said.

Kanter was seeking to use Kay to become a Hollywood "player," said Dylan Ruga, who is representing Kay along with prominent Hollywood lawyer Stanton L. (Larry) Stein.

Kay based his film on an incident from his own life. It tells the story of a boy who rescues a dog left for dead on the side of the road, finding a home for it in a local firehouse.

The lawsuit describes Bacon as a friend of Kay's, who worked with the actor before when he starred in the Bacon-directed film "Loverboy."

Kay alleged that he had shelved the film because Kanter had threatened to sue him since September 2005 if he completed the editing or screened the finished product without her consent. The lawsuit said profit would go toward animal rescue charities.

The movie was invited to the Los Angeles International Short Film Festival, and it could have been entered in the 2006 and 2007 editions of the Sundance Film Festival, Kay alleges.

"One of the most frustrating things was that Ms. Kanter stopped me from showing the film at Sundance for two years in a row," Kay said. "I don't think that's fair."

*

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Democrats' New Leader Embraces Faith (CSM)

By Linda Feldmann

The Christian Science Monitor, January 26, 2007

WASHINGTON

Harold Ford Jr. is back in national politics. The young former congressman from Tennessee, who came close last fall to becoming the first African- American elected to the Senate from the South since Reconstruction, was named chair of the Democratic Leadership Council (DLC) Thursday.

The Washington-based DLC has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, now also running for president.

Speaking at a Monitor breakfast Thursday, Mr. Ford laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes.

"This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare," said Ford. "This congress has its work cut out for it."

Unlike most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville.

Two of the top three Democratic contenders, according to early polls, are active in the DLC – Senator Clinton and former Sen. John Edwards of North Carolina – but the group will not issue any endorsements. Part of the DLC's goal is to help expand the Democrats' appeal in parts of the country where it has struggled in recent years, including the South. Already, the Democrats have made gains in the Mountain West, after a period of decline.

Ford made clear that he intends to run for office again someday. When asked what went wrong in his race for the Senate, which he lost by three percentage points, he said: "It's over with, we didn't win."

"A lot of things happened right there at the end of the race.... I haven't sat down and looked at the numbers," he said. "I know I want to do it again one day. In my state, it takes a few times to run sometimes, one or two times to run before you win."

During the campaign, Ford, who is single, took some heat for his attendance at a Playboy party at last year's Super Bowl. This year, he won't be at the Super Bowl. But, he quipped, "I make clear [that] I love Jesus, I love girls, and I absolutely love football. That's not a DLC comment."

The Jesus part was not just a throwaway. During his race against the eventual winner, former Chattanooga Mayor Bob Corker, Ford liberally sprinkled religious references into his stump speech, speaking of his upbringing in the Baptist Church and how his faith informs his political views.

"I would hope that any candidate not be timid about sharing their faith," Ford said.

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For him, some of the central issues of the day – healthcare, poverty, global warming – go right to the heart of his religious tradition.

"Anybody that really preaches about their faith, how could they not be concerned about those three issues," he said. "The New Testament's essentially dedicated to what people with money should do for people who don't have a lot of it. So ... if your religion actually informs your faith and not politics informing your faith, you should actually care about those things."

Harold Ford Jr. Will Lead Democratic Leadership Council (MCA)

Memphis Commercial Appeal, January 26, 2007

January 25, 2007 WASHINGTON -- Former Memphis congressman Harold Ford Jr. today accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency.

The announcement was made this morning at a Washington hotel breakfast sponsored by the Christian Science Monitor, but had been anticipated for days.

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Ford accepted the post, calling it "one of the most important organizations on the think-tank landscape. "

"I'm excited about the post for a couple of reasons," he said. "I think that the new majority in Congress presents not only our party with a great opportunity to give the nation a chance to see a new leadership but to embarking in a new direction on a lot of policy fronts."

DLC founder Al From and DLC president Bruce Reed made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future.

He fielded questions for more than an hour on policy positions he's taken in the past, and on the role his faith played in the recent U.S. Senate race he lost to former Chattanooga mayor Bob Corker.

Later, asked if he'd be going to the Super Bowl this year, Ford said: "I love Jesus, I love girls and I love football."

And although the DLC won't endorse a Democrat in the presidential primaries, Ford did endorse Al Gore to get an Oscar for his film "An Inconvenient Truth."

Before the announcement, many said the post is the best available platform for a moderate-to-conservative Democrat as he waits for elective offices, like Lamar Alexander's Senate seat in 2008 or the Tennessee governorship in 2010, to contest.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

The new head of the leading group of centrist Democrats lashed out Wednesday at what he called the "hypocrisy" of Republicans who overdo their talk about religion.

Harold Ford Jr., the charismatic Tennessee congressman who lost a nasty Senate race last year, on Thursday was named chairman of the Democratic Leadership Council, the party's most influential centrist group.

Ford made his debut at the Christian Science Monitor breakfast, a Washington institution for reporters. Once called the Sperling Breakfast, after founder Godfrey Sperling, the breakfasts -- which started in 1966 -- are a chance for politicians to float ideas and field questions in a relaxed atmosphere.

But business gets done: Everything is on the record. And Ford did not disappoint the sleepy-headed journalists, offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith "is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that."

"God works in mysterious ways," Ford said. "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most. I pray for all of them, and would hope that they'd be able to find some healing and wholeness in their lives, but that they would also see that maybe they should reflect a little before they go lashing out and attacking others. I think voters get it, too. The hypocrisy on the part of some was so interesting in this last election."

In November, Ford, age 36, lost by 51 percent to 48 percent to Republican Bob Corker, but told the breakfast several times that he plans to run again. "Between political jobs?" he joked when DLC founder Al From noted that an earlier chairman was Charles S. Robb after he was Virginia governor and before he was a U.S. senator.

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Ford succeeds Iowa Gov. Tom Vilsack, who's heading off to run for president. His other predecessors include former President Bill Clinton, Sen. Evan Bayh of Indiana and Sen. Joseph Lieberman of Connecticut.

Ford was presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies. "We will be aggressive. The agenda will be ambitious," Ford said. "We certainly anticipate the conversation attracting the leading minds in our party, the leading candidates in our party."

During the question period, Ford recalled Steven Thomma, chief political correspondent for McClatchy Newspapers, from a catfish restaurant on the Tennessee campaign trail toward the end of the campaign, and joked that the reporter almost couldn't ask his question because he was eating coleslaw. "When I left that, I thought you were going to win," the reporter said.

"So did I," Ford said, to big laughter.

"What happened?" Thomma asked.

Ford didn't seem interested in a detailed autopsy. "It's over with - we didn't win," he said. "We ran a hard campaign. A lot of things happened right there at the end of the race. I don't mean to be flippant about your question. I've sat down at looked at the numbers, and I know I want to do it again one day. In my state, it takes a few times to run - sometimes one or two times to run before you win."

Then he spoke about the oft-discussed phenomenon of black candidates, including former Virginia Gov. L. Douglas Wilder, who do better in polls than they do at the ballot box, apparently because white respondents say they're going to vote for an African American and then don't. "One thing that was very interesting in the last week were the polls that came out showing us down double digits, which we never were, and I think that probably played a little bit of role in sapping a little bit of the momentum," Ford said. "People kept calling it a 'Wilder tax.' … I assume it means if you're a black guy, you've got to be way ahead because you're going to lose votes on Election Day. Well, the opposite happened here, according to the polls. We actually gained, and came within 49,000 votes of winning. … We'll run again, one day."

Ford made it clear that he still resents some tactics of Republicans. Asked what he had learned about race in the contest, and what advice he would have for Sen. Barack Obama in his presidential race, Ford replied: "Run hard and be honest and put it in the voters' hands. That's all you can do." He also said: "This stuff on race, you'd probably need to ask my opponent."

One Republican ad taunted Ford for his attendance at a Playboy magazine party at the 2005 Super Bowl. Over eggs and sausage on Thursday, Ford reprised one of the greatest lines from the whole '06 campaign cycle: "I made clear: I love Jesus. I love girls. And I absolutely love football."

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Hagel Ponders White House Run As War Criticism Raises His Profile (WP)

By Shailagh Murray

Washington Post, January 26, 2007

His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base.

Looks as though Sen. Chuck Hagel is on a roll.

Both parties have their Iraq war contrarians. For the Democrats, it is Sen. Joseph I. Lieberman of Connecticut, whose steadfast support for President Bush nearly cost him his seat last year and forced him to run as an independent. The Republican version is Hagel, a career maverick from Nebraska and the only GOP senator to call for an end to the war.

Hagel's sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies.

But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run.

Hagel said in a wide-ranging interview this week that he is discussing his options with his family and other confidants and will make a decision in the next six weeks.

He said one possibility is forming a presidential exploratory committee and -- despite his outcast position within his party -- seeking the Republican nomination. Or he may seek a third Senate term. Then again, he might take a more creative path.

Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course.

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Hagel clearly admires Sen. Barack Obama (D-Ill.) and calls him "a star," but he doubts the two could ever team up given the vast difference in their parties' principles. "I don't know if it gets to that point, but there is a shift going on out there, and there's nothing like a war that does that," Hagel said.

His GOP critics fume that Hagel and his Democratic allies who sponsor resolutions opposing a troop buildup are undermining Bush at a critical moment. "I really don't understand Senator Hagel," said Sen. Orrin G. Hatch (R-Utah.). "But playing around with resolutions when we all know we've got to stay and get the job done -- that doesn't make any sense. Most Republicans want us to win over there."

Hagel attracted the support of only 1 percent of registered Republicans in recent polls, compared with 25 to 30 percent for McCain. And his standing among conservative party faithful who will determine the outcome of the Republican presidential nomination remains strikingly low because of the intensity of his attacks on Bush. But Hagel has gained a particular following within the antiwar community. An Internet "draft Hagel" movement has formed, and even die-hard liberals admit they find him appealing.

"Chuck Hagel for president! If it ever narrows down to a choice between him and some Democratic hack who hasn't the guts to fundamentally challenge the president on Iraq, then the conservative Republican from Nebraska will have my vote," said an Internet article last week by Robert Scheer, co-author of the book "The Five Biggest Lies Bush Told Us About Iraq."

Like McCain, his close friend and potential 2008 GOP rival, Hagel is a decorated Vietnam War veteran, but his assessment of the Iraq conflict is radically different. McCain has asserted that despite serious mistakes by the Bush administration, victory remains possible. Hagel believes that U.S. troops are being thrown into a civil war that cannot be won and calls the conflict "the most divisive issue in this country since Vietnam."

Earlier in their careers, McCain, 70, and Hagel, 60, were viewed as rising Republican stars, two plain-spoken outsiders with gritty military rÃ©sumÃ©s. After losing to Bush in the 2000 GOP nomination battle, McCain greatly enhanced his stature inside the party by embracing Bush's Iraq policy. Meanwhile, Hagel, an early and persistent critic of the invasion, grew more estranged.

"He's held his view for a long time and I've held mine for a long time, so it's not as if we suddenly find ourselves on the opposite side of the issue," McCain said of Hagel. "I respect his views. I maintain my strong affection and respect for him."

Hagel warned against military action long before the Iraq invasion, but despite his trepidations, he supported a Senate resolution authorizing the war. He has since renounced his vote and has been trying to atone for it ever since. When Bush announced a plan earlier this month to deploy additional troops, Hagel co-sponsored, with two prominent Democrats, a new Senate resolution opposing the plan. Though nonbinding, the measure has triggered the first significant confrontation between the White House and Congress over Iraq since the war began.

Hagel vainly implored his Republican colleagues to join him in supporting the resolution, which was approved 12 to 9 during a session of the Foreign Relations Committee on Wednesday. "If you wanted a safe job, go sell shoes," he said. "This is a tough business."

One of Hagel's sparring partners is Lieberman, who has infuriated Democrats with his outspoken war advocacy. Two weeks ago, the Nebraska senator was introduced to the Internet video site YouTube when his son, an eighth-grader, showed him a clip from "Meet the Press" that was drawing heavy traffic. It was a showdown between Hagel and Lieberman over Iraq.

If critics of Bush's troop increase have their way, Lieberman asserted, the consequences "for my children and grandchildren, I fear, will be disastrous."

"That's ridiculous," Hagel shot back, "and I am offended that any responsible member of Congress or anyone else would even suggest such a thing. Senator Lieberman talks about his children and grandchildren. We all have children and grandchildren; he doesn't have a market on that."

Hagel is a loner in the Senate, a serious and somewhat distant colleague who eschews consultants and other trappings of political ambition -- although he is a regular on political talk shows. He travels the country extensively and particularly enjoys talking to students. Last month, he spoke at Nebraska Wesleyan University and the University of Nebraska at Lincoln, and he is to receive an honorary degree from the College of William and Mary next month. Ambassadors and foreign officials visit his office regularly.

He often speaks of the current period as a "transformational time" that could bring a political earthquake, as early as the 2008 election. He sees parallels to 1960 and 1980, which resulted in the pivotal presidencies of John F. Kennedy and Ronald Reagan.

"Politics and politicians must become relevant to the times . . . or they become irrelevant," Hagel said. "And when you become irrelevant, something is going to fill that void."

TIME Poll: Hillary Vs. McCain? (TIME)

By Tony Karon

Time, January 26, 2007

Hillary Clinton is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani — with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone.

Despite the buzz generated by Senator Barack Obama entering the race, the survey found that Senator Clinton would beat him for the Democratic nomination by a margin of 40% to 21%. Senator John Edwards is a distant third with 11%. Obama clearly suffers a disadvantage in profile among likely voters, with only 51% indicating that they knew enough about him to form an opinion, compared with 94% saying the same of Hillary Clinton. In Obama's favor, however, is his far lower negative ratings. While 58% of voters familiar with Hillary Clinton have a positive view of her, 41% give her negative marks, for a net favorability score of +17. By contrast, Obama's net favorability score is +47. On the Republican side, Giuliani has a net favorability rating of +68, with only 14% having a negative view of him. McCain's net favorability score is +45.

McCain, however, holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or Senator John Edwards by a 7-point margin.

Clinton's popularity within her party does not translate as easily across party lines as Obama's does, or indeed as Giuliani's and McCain's. Only 58% of the total sample of respondents had a very or somewhat favorable impression of her, compared with 82% for Giuliani (including 7 out of 10 Democratic voters), and 70% each for Obama and McCain — both of whom showed strongly among independents. These figures must be read against the fact that 94% of respondents said they knew "a great deal" or "some" about Clinton, while 73% said the same of Giuliani and 66% of John McCain. Only 51% knew "a great deal" or "some" about Obama.

If the election were held now, Rudy Giuliani appears to have the support of the greatest number of respondents of both parties, with 56% indicating they would "definitely" or "probably" support him — followed by Hillary Clinton (51%) John McCain (50%) and Barack Obama (50%). But Clinton has a strong edge when the question is which presidential candidate people would most like to have over to their homes for dinner. The former First Lady led the dinner-invitation field with 26%, while Obama and McCain tied for second place at 15%. But with the New Hampshire primaries a year away, the the four leading contenders all have some work to do: Obama in making himself better known, Clinton in making herself better liked, McCain in matching Giuliani's appeal to Democratic voters, and Giuliani in landing more invitations to dinner.

8 Keys To The Campaign (TIME)

By Massimo Calabresi, Perry Bacon Jr, Ana Marie Cox, James Carney

Time, January 26, 2007

IRAQ

HOW THE WAR SCRAMBLES PARTY LINES

The Iraq war has actedÂ like bleach on this year's primary colors: political stripes have faded and dissolved as candidates scramble to explain how they would get America out of Iraq without igniting the Middle East. The most conservative candidate for the G.O.P., Sam Brownback, is closer on Iraq to Democrat Joseph Biden than he is to John McCain. Democrats John Edwards and Hillary Clinton, meanwhile, are worlds apart.

The Republican Party has perhaps the deepest identity crisis over the way forward in Iraq. G.O.P. voters are down on Bush but still largely behind the war, and three leading Republicans--John McCain, Mitt Romney and Rudy Giuliani--would like to change policy but refuse to abandon the mission. All three back Bush's troop increase. McCain has, however, attacked the Administration's handling of the war. Brownback--like fellow Republican and potential candidate Chuck Hagel--supports scaling back the U.S. military mission and appears to be betting that by next winter Republican voters will be looking for an exit strategy.

Most Democratic voters oppose the war and want it ended. But too dovish a position by candidates now could look weak to independents and centrists in the general election. Hillary Clinton backed the war and the mission through last November's election but has since called for capping troop levels. Biden, chairman of the Senate Foreign Relations Committee, calls for cautious withdrawal and scores points for his proposed political solutions, including direct talks with Iran and Syria. Always antiwar, Barack Obama has taken the party position of cautious withdrawal: a troop drawdown starting in four to six months. John Edwards has come out hard and early to declare his vote authorizing the war was a mistake and to issue the strongest antisurge message among the major Democratic candidates.

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No position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser.

MONEY

THE FIRST TEST: WHO CAN RAISE THE MOST CASH

After Barack Obama posted an online video to announce he was running for President and promised a new kind of politics for his campaign, he went straight old-school. He spent much of the rest of his day dialing for dollars, asking wealthy Democrats to support him in his quest to compete with Hillary Clinton's deep pockets. When Clinton got into the race a few days later, the New York Senator made clear she would avoid public financing for her campaign--forgoing a system that matches the first $250 of every individual campaign donation--because she believes she can raise much more than the $50 million limit imposed on candidates who accept matching funds in the primary.

The 2008 presidential campaign may show that race, religion and gender don't matter, but money still talks, and more loudly than ever before. In 2003, John Edwards surprised everyone by raking in $7 million in campaign donations in the first three months of the year. That amount will be like Monopoly money after 2008. Strategists say the two eventual party nominees could well spend up to $500 million each before the general election.

Whether they get their money by calling, blogging or throwing lavish fund raisers, would-be contenders had better start quickly. Raising even $50 million for the primary this year means coming up with $137,000 a day.

RELIGION

CHASING VOTERS INTO THE PEW

This time around, candidates from both parties are looking for the right tone on religion. On the Republican side, the usual scramble is under way to win over the large Evangelical base, which is still without a top-tier candidate. Many conservative Christian activists admire Sam Brownback for his opposition to embryonic stem-cell research, abortion and gay marriage, even though he is a long shot. Three G.O.P. front runners aren't exactly dream candidates for social conservatives: Mitt Romney faces a challenge in explaining his Mormonism to conservative Christians suspicious of it. Rudy Giuliani supports abortion rights. And in 2000 John McCain called conservative Christian activists like Jerry Falwell "agents of intolerance."

Democratic candidates for 2008 are determined to build credibility with religious swing voters. Barack Obama devoted a chapter to his religion in his newest book and is far more likely to talk about his "personal relationship with Jesus Christ" than McCain, who keeps religious matters largely to himself. In December Obama publicly joined Brownback at an AIDS-awareness convention at Saddleback, the Rev. Rick Warren's evangelical megachurch in Orange County, Calif. On its website the Clinton campaign, in a bio of the New York Senator, describes at length that "faith was central to her family. Her mother taught Sunday school, and Hillary was a regular in her church youth group."

But Democratic activists may have little appetite for overt religiosity, particularly if it impinges on socially liberal issues. Former vice-presidential nominee John Edwards, though he is tacking left in his second White House run, nonetheless had to disappoint a questioner at a New Hampshire town hall who wanted him to support gay marriage. "I am just not there yet," Edwards says.

AMAZON FACTOR

FIRST, WRITE A BEST SELLER

This election cycleÂ may boast the most ever candidates with best sellers: John McCain with Faith of My Fathers, Barack Obama, riding high on the hardcover and paperback lists (The Audacity of Hope and Dreams from My Father) and Hillary Clinton, whose Living History sold more than 1.2 million hardbacks. The most memorable title belongs to former Arkansas Governor Mike Huckabee, who wrote Quit Digging Your Grave with a Knife and Fork after losing 100 lbs. If he's not elected President, he could at least make it into Oprah's Book Club.

LAST-MINUTE CAMPAIGNS

THE WAIT-AND-SEE PRIMARY

Despite the rash of newÂ candidates announcing their bid this month, some heavyweights are holding out, either for tactical reasons or out of indecision, and could shake things up with a late entry into the race. The biggest could-be contenders are former Vice President Al Gore and former House Speaker Newt Gingrich. Gore denies that he plans to run, but his hit film, An Inconvenient Truth, and his strong stands on climate change and the war in Iraq have rehabilitated him with Democratic activists.

Gingrich has energized some on the right with his calls for a conservative revival in the Republican Party. If Mitt Romney's attempt to woo the party base fails, Gingrich, who's already polling in third place, could capitalize. Some dream of a run by George W. Bush's brother, former Florida Governor Jeb Bush, or Secretary of State Condoleezza Rice, although the President's low approval ratings and the lack of progress in Iraq could dim their prospects. But with 21 months before the election for the

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announced candidates to pummel one another, voters may tire of the whole bunch, leaving the door open for a fresh bid by a familiar face.

OPERATIVES

RECRUITING THE NEW GURUS

The hunt is onÂ for theÂ next Karl Rove, the political consultant with the strategic acumen and message magic to steer a candidate all the way from Iowa to the Oval Office.

The biggest names in the race, Clinton and McCain, have the early talent advantage. The former boasts Hillaryland--a cadre of loyal, long-serving pros--with the addition of a few carefully selected people from her husband's operation. McCain retains his inner circle from 2000 and has scooped up a slew of Bush veterans, even though some aided in the trashing of McCain in the infamous South Carolina 2000 primary. "We're in the business of making friends now," explains one of the Arizona Senator's old hands.

Hillary Clinton, of course, has the top political consultant who is not on the payroll: her husband. And then there's Rove. Bush's political guru coyly refuses to say whether he plans to advise a Republican in the 2008 race. If he does and his man wins, the next Karl Rove could be ... Karl Rove.

THE BLOGOSPHERE

WINNING OVER THE ONLINE ACTIVISTS

While the past fewÂ elections have seen candidates try out newfangled blogging technology with all the comfort and skill of a granddad on a skateboard, the 2008 candidates are doing everyone a favor by not trying to be bloggers.

"Bloggers put much more of a premium on understanding the medium rather than joining in," says Kevin Madden, a spokesman for Mitt Romney. Romney's strategy is to participate in podcasts and talk regularly with top conservative bloggers, an approach that has made him the top vote getter in Republican blogger straw polls, though he lags in national telephone ones.

Hillary Clinton, a real-world front runner, dwells in the low one figures in blogger surveys, but she has hired former Kerry hand Peter Daou to burnish her Web image. Daou says bloggers need to be wooed like any other reporters--or voters, for that matter. "It's very old school," he says. "I just reach out to them one by one." Employing bloggers instead of just courting them is a tricky next step, though. McCain was chastised last year when a blogger posted attacks on Romney without disclosing up front that he was on McCain's payroll.

NEW FACES

HOW CAN YOU TELL A BROWNBACK FROM A VILSACK?

Only a few candidates are famous. The rest are known mostly in their universes--the Senate or Arkansas, say--or as perennial protest candidates. Here's a primer on the faces you might not recognize in the crowd.

SAM BROWNBACK

A standard-bearer of the social right--with a twist. He speaks out against poverty, the genocide in Darfur and the war in Iraq

MIKE HUCKABEE

The socially conservative ex-Governor of Arkansas lost more than 100 lbs. while in office. His story of fitness redemption may resonate with voters

DUNCAN HUNTER

A boutique candidate for lovers of military hardware and a pro-Bush foreign policy, the Congressman (R.-Calif.) has ties to bribe-taking Duke Cunningham

TOM TANCREDO

The Colorado Rep's big issue, border control, inspires base G.O.P. voters. He has sponsored legislation punishing Sudan for its war in Darfur

TOMMY THOMPSON

The former Wisconsin G.O.P. Governor made a name in welfare reform in the '90s. He's pushing a plan to split Iraq into three separate states

DENNIS KUCINICH

Yes, it still rhymes with "spinach." His antiwar stance, looking better now than in '04, has drawn backers among House colleagues in both parties

CHRISTOPHER DODD

The affable Democrat is popular in the Senate. Fluent in Spanish, he's an expert on Latin America and is strong on children's issues

TOM VILSACK

Inexperienced in foreign affairs, he's a likable self-made man. His hopes ride on his record as Iowa's Governor and a champion of ethanol fuel

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McCain's Health And Age Present Campaign Challenge (POL)

The Politico, January 26, 2007

"I am older than dirt and have more scars than Frankenstein," John McCain likes to say.

It always gets a laugh, though I don't suppose his mother, who is 94, and her twin sister, appreciate it very much. If he is older than dirt, what does that make them? Older than lava?

If McCain, 70, runs and wins, he would be the oldest person ever inaugurated as president. As is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. (One in every 60 Americans is at risk for developing invasive melanoma in their lifetimes.)

I talked to McCain recently and asked him about his health. He said it was good. "I hiked the Grand Canyon rim-to-rim last August with my son, Jack," he said.

I tried to imagine that. The last time I saw it, the Grand Canyon was seriously deep.

How on earth do you hike a thing like that rim-to-rim? I asked.

"Down and up!" he said. "It takes three days."

John Kennedy, who at 43 became the youngest person ever elected president, and who was always associated with "vig-ah," in fact had serious diseases that were kept from the public.

As was revealed in 2002, Kennedy was sick from age 13 through the rest of his life, was on chronic-pain medication throughout his presidency and had Addison's disease, an endocrine disorder that until 1940 was a terminal illness. Kennedy survived it through cortisone injections, which at the time only rich people could afford.

Dr. Jeffrey Kelman, who examined Kennedy's medical records in 2002, said, "He was never healthy. I mean, the image you get of vigor and progressive health wasn't true."

The point being: Electing a young person to the presidency is no guarantee that he or she will be healthy or stay healthy.

The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts. (And how many presidential candidates can say that?)

"We'll probably have to do that again," McCain told me of the record release.

Do you think all candidates should release their medical and psychiatric records? I asked.

I thought he would jump on that and say yes, just to put pressure on the other presidential campaigns, but he did not.

"I don't know," he said. "I think probably in my case it was a little more unique because of my POW status and the war injuries and the fact that people were spreading rumors that I was crazy and disabled both. So we'll probably have to do that again."

You think the rumors will start again? I asked.

"They already have!" he said.

But I don't think that is going to be McCain's problem. It isn't his health but rather his demeanor that worries some people.

The Iraq war, which he strongly supports, has disturbed and dismayed him. He told The Washington Post it was a "train wreck." He told me it was a "witch's brew." He visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain.

And it is showing.

Last April, I wrote of a campaign swing McCain made through New Hampshire and Iowa, "Though McCain said he enjoyed himself, he was not the rollicking campaigner of six years ago. At a number of stops, he was largely subdued and sometimes almost somber."

Last Sunday, on "Meet the Press with Tim Russert," McCain seemed to have moved from almost somber to almost gloomy.

In my recent interview, I suggested to him that the laughing, joking John McCain of his last presidential campaign seemed to be AWOL.

"It's hard to make jokes; we are a nation at war," he said. "There are great national security challenges that we face. But I also believe, as Ronald Reagan did, that America's greatest days are ahead of us. It's going to be an upbeat campaign and an optimistic one."

And will you still come to the back of the bus and goof off with the press like before? I asked.

"If I changed that," McCain said with a smile of old, "I would probably get death threats."

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by bleeck house on 01.25.2007 at 11:02 PM

I'm very excited about Politico, but I sure hope that your level of commentary rises above what we see here. McCain's health is a vital issue in the upcoming race. Anyone looking at him can see he's not well. I hope you examine this issue with a degree of vigor and candor the mainstream press shies away from. To reprint McCain's quips and leave it at there is useless.

by Paradise on 01.25.2007 at 05:54 PM

I don't want this to sound mean spirited. I am not a fan of McCain for several reasons. But the point of this comment is that John McCain was a prisoner of war. I have read his story and his books, and the fact that he survived being a POW for 5 years, in my mind does not make him a war hero. Neither does getting shot down. I know that he is a patriot. Most Americans are. When I think of a war hero, I think of my oldest brother who was killed in action in Korea, and awarded the Medal of Honor. That is a war hero, and there are thousands of others just like him. It has always troubled me that we call McCain a war hero, based largely on his own account. Patriot, sure, good man, absolutely, war hero, i just don't know.

by AnnaCatherine on 01.25.2007 at 04:12 PM

McCain might want to get out while he still has his dignity. His military record protects him from being bashed like the others. I'm not sure that's fair. He was obviously asleep at the State of the Union Address. It was overlooked or just 'off limits'. While I understand the reluctance to criticize him others are scrutinized and criticized all the time. It's part of the deal.Maybe it's time for a reality check. No malice intended. Thanks, ANNA

by desertdog on 01.25.2007 at 04:03 PM

I know McCain. Have met him several times. He's honest about Iraq. It's what he thinks that he tells you. He really does believe that it will be very tough for us if we pull out suddenly and the country collapses, and he does think that it is a chance if we send some more troops. I don't think he is enthusiastic about it. On the other hand, he knows that such a position will cost him votes next year. He doesn't care about that. If he loses because of it, those are the lumps you take. That's how McCain thinks. Yep, any way you look at it, he's a patriot. He may be wrong, but it's his view, like it or not. What if we do something else? Webb's idea of getting our troops out of the cities? At this point, McC doesn't think much of that. It's his opinion. I have found that you might not agree with him, but you do get his views when you ask. Would he have invaded if he were president, or would he have run the war the way Bush has? I doubt he would have invaded, regardless of how he voted (see Kerry and Hillary), I know he would have run it differently.

by Bramdean on 01.25.2007 at 01:38 PM

The days of American adventurism is over. Gun boat diplomacy no longer "persuades" the natives. Someone needs to emphatically tell McCain (and Bush).

Time and again McCain strikes me as someone keen to attack Iran, expanding the current mayhem exponentially. The bloodshed will result in regional and global costs. He also strikes me as somone relatively unfamiliar with the regional realities, IAEA reports and international law.

No, he'll not have my support. We've already seen the consequences of one fellow attacking a country that did not pose a threat to us (or anyone else). And we attacked and occupied them based on fraud and cooked intelligence. We don't need more (much more) of the same from this so called "maverick".

This is fighting terrorism? I think not!

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Giuliani A Tough Conservative Sell (AP)

By Liz Sidoti

AP, January 26, 2007

Rudy Giuliani's star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero _ the face of U.S. resolve at a time of tragedy.

The Republican dubbed "America's Mayor" hopes to ride that celebrity and his record at City Hall to the White House by emphasizing his leadership skills and embracing the strong-on-security, limited-government tenets of the GOP.

"If he can handle the scrutiny, and if events break his way, sure, he can win," said Fred Siegel, who wrote a Giuliani biography, "The Prince of the City."

Giuliani's quest to capture his party's presidential nomination won't be easy.

He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's

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linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice.

"I sure have strengths and weaknesses," Giuliani said recently. "I think that sort of puts me in the same category as just about everybody else that's running. Are my strengths greater or my weaknesses worse? I don't know. You have to sort of examine that. That won't be the issue."

His challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals _ Sen. John McCain of Arizona and former Massachusetts Gov. Mitt Romney _ no doubt will try to exploit his background and record. For now, both are trying to gauge how much of a threat he may be.

Giuliani, who formed a presidential exploratory committee last year, is betting that the Republican rank-and-file will look past his liabilities. His aides dismiss skeptics who say he has too many flaws to win over primary voters a year from now.

"I believe they'll look at the picture as a whole," said Tony Carbonetti, Giuliani's longtime political adviser. "This (New York) was an unmanageable city, and I think what people want today is a manager, someone to lead in difficult times and to lead in not-difficult times.

"We're going to continue to tell that story," he said.

Before Sept. 11, Giuliani was known as the hard-charging prosecutor-turned-politician who cleaned up Times Square, led the city out of fiscal despair and brought Republican rule back to the liberal mecca.

Giuliani, of course, made enemies in the process, but on Sept. 11 even his chronic critics were muted when he took charge amid the rubble of the World Trade Center's twin towers. To many, he became a picture of strength, a reminder of the resilience of the American spirit.

"He has a connection to that. He is unique. On the other hand you look at the politics and you say this is a problem," said Alex Vogel, a Republican strategist in Washington who is not affiliated with any presidential candidate.

"The question is: Can you win a Republican primary a different way? History keeps saying no. But history has never presented us with someone whose favorability numbers are as high as Rudy's."

Indeed, national polls have consistently shown him leading for the GOP nomination, and early surveys in key states show him ahead or competitive. He travels to one important state, New Hampshire, this weekend where he will give the keynote address at the state GOP's annual meeting.

For all the hype since 2001, Giuliani didn't start preparing for a presidential run in earnest until after November's elections. Thus, he has lagged behind McCain and Romney in courting fundraisers, setting up a national organization and hiring ground operatives in key states, although he has made progress on all fronts recently.

Giuliani's aides insist they're making strides toward filling out his campaign. They say he can raise the $80 million to $100 million necessary this year for a serious run. Name recognition, obviously, isn't an issue.

Neither, his supporters argue, is likability. They say he appeals to people across the political spectrum and in every region of the country, meaning he could expand the general election playing field. That, his backers say, makes him the Republican most likely to beat the presumptive Democratic front-runner, Sen. Hillary Rodham Clinton of New York.

Perhaps.

But first he has to capture the GOP nomination _ and the big question is whether he can win over enough Republicans in states like Iowa and South Carolina, among the first nominating contests where voters are solid conservatives and could be turned off by his stance on social issues.

"Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest," said Peverill Squire, who teaches politics at the University of Iowa.

The former mayor's support for abortion rights, gay rights and gun control conflict with the hard-line positions of the GOP's right. His supporters say he's not as liberal on those issues as he's made out to be. Still, he's from New York _ and that alone rankles the party's conservative wing.

Despite that, Giuliani's backers contend _ and some Republican strategists agree _ that he could get support from fiscal conservatives because of his record of cutting taxes, curbing spending and promoting small government, particularly now when the base is smarting over the soaring federal deficit under Republicans.

And, with the country still at war, his link to Sept. 11 _ the brand of a strong leader _ could trump the base's concerns about his background and stand on social issues.

"Giuliani's national security credentials will allow him to span ideological divides in the Republican Party and win conservative votes," said Greg Strimple, a GOP strategist in New York who is neutral in the race.

Unknown is whether Giuliani can woo enough of those base Republican voters to win the nomination and, if not, whether he can make up the difference by attracting independents and Democrats.

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"His opening could come if people really think that somebody like Hillary is running away with it, and if there's a perception that only Giuliani can beat her," said John Truscott, an unaffiliated Republican strategist in Michigan.

Another factor that could help Giuliani is how the primary calendar shakes out.

New Hampshire and Michigan hold early contests, and New Jersey, California, Illinois, Florida and other states viewed as more hospitable to a moderate may schedule their votes earlier in the year, perhaps lessening the importance of a strong showing for Giuliani in Iowa and South Carolina.

For all the obstacles, even folks with ties to Giuliani's opponents can't deny that the New Yorker has a shot.

Said Ken Khachigian of California, who served as a strategist for President Reagan and was with McCain in 2000: "I would never sell Giuliani short."

Hunter Makes Presidential Bid Official (AP)

By Jim Davenport

AP, January 26, 2007

Republican Rep. Duncan Hunter, best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in this early voting state.

Frequently citing Ronald Reagan, Hunter told supporters he wants to pick up on the former president's legacy.

"I want to lead that policy of peace through strength," said Hunter, a strong supporter of the Iraq war.

The 14-term conservative from California, who has made no secret of his White House aspirations, set up a presidential exploratory committee earlier this month.

He initially announced his intentions in October, becoming the first GOP candidate to declare, and then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina.

He joins an increasingly crowded GOP field of declared and likely candidates, including Sens. John McCain of Arizona and Sam Brownback of Kansas, former Massachusetts Gov. Mitt Romney, and former New York Mayor Rudy Giuliani.

Hunter has been a familiar face on Capitol Hill and at the Pentagon. Until Democrats took control of Congress this month, he was chairman of the House Armed Services Committee, the powerful panel that oversees military policy.

However, Hunter is little known outside of Congress and his San Diego district. He is a strong opponent of illegal immigration who wants fences extended along the U.S.-Mexico border and supports the prosecution of smugglers bringing illegal immigrants across the border.

Last week, Hunter filed a bill calling for a congressional pardon of two U.S. Border Patrol agents who are both serving more than a decade in prison for shooting a Mexican drug dealer as he fled, then covering up the crime.

In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination.

"Nobody wins the presidency without winning South Carolina," Hunter said.

Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor.

"I'm thrilled that he's running," said Milliken, who hasn't yet endorsed a presidential candidate. "This point of view he represents must be heard."

Hunter, 58, was born in Riverside, Calif., and was an Army Ranger in Vietnam. He worked his way through law school with farming and construction jobs.

Hunter won his U.S. House seat in 1980 and has been an ardent military supporter. His son has spent a pair of seven-month tours in Iraq.

Hunter Touts Experience, Conservatism In Bid For Presidency (CQ)

By Rachel Kapochunas

Congressional Quarterly, January 26, 2007

Republican Rep. Duncan Hunter of California made his presidential candidacy official Thursday morning, announcing his entry into the GOP field at a breakfast meeting in the South Carolina city of Spartanburg.

The 14-term lawmaker is touting more than a quarter-century of congressional experience; his focus on national security issues that has made him the current ranking Republican (and former chairman) of the House Armed Services Committee; and a record as a staunch conservative that he says will appeal to many voters in the Republican Party's base.

Yet Hunter is making his first campaign venture outside his congressional constituency in the San Diego area, in the southwestern corner of the continental United States. And the 58-year-old representative of California's 52nd District enters the presidential race trailing far behind nationally recognized hopefuls, such as Arizona Sen. John McCain and former New York City Mayor Rudolph Giuliani, in name recogintion and fundraising potential.

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He is also fighting history. The last successful candidate to make the direct leap from the House to the White House was Ohio Republican James Garfield in 1880.

And though he maintains he is "the most conservative" candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20.

Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney.

Hunter picked Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials.

Hunter already has a network of allies in the state, including Roger Milliken, head of textile and chemical manufacturer Milliken & Company, based in Spartanburg. Last year, Milliken contributed both to Hunter's House campaign committee — from which he can legally transfer funds to his presidential campaign — and the congressman's Peace Through Strength political action committee (PAC).

The two share a strong skepticism of free trade agreements that they believe cost American jobs. Milliken told the Associated Press that he supports Hunter's committment to protecting U.S. manufacturing, though adding that he has not made any official endorsement for the 2008 presidential race.

The Peace Through Strength committee ran ads featuring Hunter last month, including one in which he called for "fair trade."

Hunter said China is "cheating" U.S. businesses by devaluing its currency — which has the effect of making its exports cheaper and U.S. imports to China more expensive — and subsidizing its businesses.

His second ad emphasized his charge that China is buying "ships, planes and missiles with our money."

Hunter's conservatism extends to social issues. He is an outspoken opponent of illegal immigration, an issue on which President Bush and some of the Republican candidates have taken more moderate stances.

2nd Republican Enters Race For Presidency (NYT)

By Sarah Abruzzese

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Representative Duncan Hunter, Republican of California, announced his bid for the presidency on Thursday in Spartanburg, S.C., then boarded a motor home to tour the state, where he hopes to gain support from a conservative electorate.

Mr. Hunter, 58, said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade.

Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel.

In a release earlier this month, he paved the way for his candidacy, saying, "America needs a way ahead in the ongoing war against terrorists and a policy of economic opportunity, with a reaffirmation of faith in the principles of our founding."

He said yesterday that he would also emphasize the need to restore the balance of trade with China.

"This is not free trade, this is not fair trade," Mr. Hunter said according to the text of his speech. "It is cheating."

Mr. Hunter, who has a 92 percent lifetime conservative rating from the American Conservative Union, repeated his opposition to abortion this week, telling thousands of anti-abortion demonstrators here that, if elected, he would not nominate judges who supported abortion.

Mr. Hunter also opposes embryonic stem cell research and supports tighter controls on illegal immigration. Mr. Hunter is the second Republican to announce his intention to run for the presidency. Senator Sam Brownback of Kansas did last week. Senator John McCain of Arizona and Rudolph W. Giuliani, the former mayor of New York, are also expected to seek the nomination.

Duncan Hunter Announces For President At Spartanburg Breakfast (HJH)

By Jason Spencer

Spartanburg (SC) Herald Journal Hunter, January 26, 2007

Espousing hard-line views on immigration, trade, America's role in spreading democracy and the need to protect the life of an unborn child, California Congressman Duncan Hunter today officially announced his longshot bid to become this country's next president.

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"God still loves our nation. We are still a people of character, and strength, and kindness," Hunter told a packed room at the Marriott at Renaissance Park (Watch video from the announcement).

"My fellow Americans, with the support of our families, with faith in God, and with confidence in the goodness of the American people, let's begin this race for the American presidency, and let's win."

The announcement is a first for Spartanburg, but not surprising considering the strong ally Hunter has in textile magnate Roger Milliken.

"Judging from the reaction I've just had, talking to a few people, they can get his message," Milliken said afterward. "The problem is, how does the word get through? His message is the right one for America. And you can see that he's dedicated."

Hunter's announcement received national media attention, with Fox News, CNN and C-SPAN among the many cameras rolling in the back of the Marriott's Azalea Ballroom.

The 250-or-so supporters in the room included the local GOP faithful, but they also came from across the state — not to mention San Diego (where Hunter lives), Yuma, Ariz., and Washington, D.C.

While some pundits have debated whether in 2008 Americans will be electing a "wartime president," Hunter made it very clear they would be. He and his supporters almost referred to him more as this country's "next commander in chief" rather than "next president."

"We live in a world that's on fire, and our next commander in chief has to be someone who in that critical moment, to help protect the lives of American people, that can make the right decision. And with his background and experience, he's the right man for the job," said Van Hipp, a former chairman of the S.C. Republican Party and current head of Washington, D.C.-based American Defense International.

Hunter, a Vietnam veteran, has served in Congress since 1980, and spent the last four years as the chairman of the House Armed Services Committee. He co-wrote the legislation to build a 700-mile fence along the U.S.-Mexican border.

And like many other conservatives seeking the GOP nomination in 2008, he's trying to latch onto the legacy of Ronald Reagan — Hipp even introduced him as "the next best thing" to Reagan.

Today's announcement begins a statewide tour of South Carolina for Hunter and his family. Sunday, they'll fly to New Hampshire.

A CNN poll last week cast Hunter with only 1 percent of the vote among likely Republican voters — trailing even other lesser-known conservatives like Kansas Sen. Sam Brownback, former Virginia Gov. Jim Gilmore and former Massachusetts Gov. Mitt Romney.

Those three have visited Spartanburg, too. But only Hunter chose this city to make his official announcement.

"This represents the heart of what I call the arsenal of democracy. This is a place that's known for textile manufacturing. You've got steel manufacturing right up the way … and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion," Hunter said.

"You know what that is? That's the great Americans who won't move their companies off-shore, who won't take their manufacturing to China. … There's a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that."

Obama Calls For Universal Health Care (AP)

By Nedra Pickler

AP, January 26, 2007

Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country," Obama told a conference of Families USA, a health care advocacy group.

The Illinois senator did not provide specifics on his plan for coverage.

Obama was previewing what is shaping up to be a theme of the 2008 Democratic primary. His chief rivals, Sen. Hillary Rodham Clinton and John Edwards, also are strong proponents of universal health care and have promised to offer their plans.

Obama said while plans are offered in every campaign season with "much fanfare and promise," they collapse under the weight of Washington politics, leaving citizens to struggle with the skyrocketing costs.

He said it's wrong that 46 million in this country are uninsured when the country spends more than any one else on health care. He said Americans pay $15 billion in taxes to help care for the uninsured.

"We can't afford another disappointing charade in 2008, 2009 and 2010," Obama said. "It's not only tiresome, it's wrong."

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Obama's call was an echo of a speech he made last April when he said Democrats "need to cling to the core values that make us Democrats, the belief in universal health care, the belief in universal education, and then we should be agnostic in terms of how to achieve those values."

His argument Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival Sen. Hillary Rodham Clinton's ill-fated plan to overhaul the health care insurance system when she was first lady.

Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid.

"One of the goals that I will be presenting ... is health insurance for every child and universal health care for every American," she said at a community health clinic in New York Sunday, the day after entering the 2008 Democratic field. "That's a very major part of my campaign and I want to hear people's ideas about how we can achieve that goal."

On Thursday, she criticized Bush's proposal to make health care more affordable through tax breaks, arguing that it would lead to less funding for hospitals.

Addressing the U.S. Conference of Mayors, Clinton was self-deprecating in describing her own experience in the health care debate and joked that Bush would need some heavy-duty protection as he wades into the fight.

"I welcome his participation in the health care debate. I'm going to send him a suit of armor because I know anybody who puts a foot in the health care debate is gonna need that. I've got the scars and experience to show for it," said the New York senator.

Another candidate, Ohio Rep. Dennis Kucinich, also backs universal health care.

Obama Adopts Universal Health Care As Policy Theme (CQ)

By Marie Horrigan

Congressional Quarterly, January 26, 2007

Illinois Sen. Barack Obama, who is mulling a bid for the Democratic presidential nomination in 2008, Thursday called on policymakers to overcome the “failure of leadership” and create a universal health care system.

“In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how,” he said in a speech at a Washington, D.C., conference on health care issues staged by the nonprofit advocacy organization Families USA.

“We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president’s first term,” continued Obama, who railed against what he called the “smallness of our politics — the idea that there isn’t much we can agree on or do about the major challenges facing our country.”

“We can’t afford another disappointing charade in 2008,” he said in prepared remarks. “It’s not only tiresome, it’s wrong.”

Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee. But the position he pronounced Thursday is not original to him.

Sen. Edward M. Kennedy of Massachusetts, who chairs that committee, cited universal health care as a top agenda item for the 110th Congress at the panel’s first hearing earlier this month. “We need to find a solution in this Congress, so that every American has guaranteed access to quality care by the end of the decade,” Kennedy said.

His suggestion that such a system could be modeled on a program recently instituted in Massachusetts added a bit of a bipartisan ring to the discussion, as the plan was championed by now-retired Republican Gov. Mitt Romney — himself a prospective candidate for president in 2008.

While Obama’s speech was one of his first major policy statements since he launched his presidential campaign exploratory committee last week, Families USA Executive Director Ron Pollack said his appearance should not be construed as an endorsement by the organization. Families USA, which has a stated goal of getting high-quality affordable health coverage for everyone, has not endorsed a political candidate in its 24-year history.

And Obama is not the only senator addressing the conference. Kennedy is scheduled to speak Friday morning, as is newly elected Sen. Sherrod Brown of Ohio, though neither of them is in the 2008 presidential running.

New York Sen. Hillary Rodham Clinton — who has formed her own exploratory committee and is considered a front-runner for the Democratic presidential nomination — has her own deep ties to the organization. She addressed Families USA conferences in 2001 and 2005, and the organization strongly supported her efforts in to develop a universal health care system in the 1990s during the presidency of her husband, Bill Clinton.

Families USA, according to Pollack, worked closely with Clinton in her role as first lady and backed her sweeping proposals, which ultimately failed in the face of massive Republican opposition and divisions within Democratic ranks.

Clinton also has seniority over Obama on the Health, Education, Labor and Pensions Committee, having joined when she first came to Congress in 2001.

But Obama's ability to garner major media attention lent cogency to his speech Thursday. The first-term senator called for an online medical records system to cut administrative costs, something that he said everyone from Kennedy to Republican former House Speaker Newt Gingrich "believes we should do." He said such a policy would save the nation $600 million a year.

He also called for an examination of the "record-breaking profits" earned by the pharmaceutical and health care industries, and questioned whether the employer-based insurance system was a good fit in today's economy, in which few workers stay with one company throughout their careers.

"This crisis isn't just morally offensive, it's economically untenable," he said.

Obama said he had experts working on his own plan for universal health care, but referenced plans by Oregon Democratic Sen. Ron Wyden and comprehensive state-based plans emerging from places such as Maine, Illinois and California.

· On Kucinich's Turf. Obama has been a media magnet since he caught the public's imagination with his dynamic keynote address to the 2004 Democratic convention and his election to the Senate later that year. At the other end of the attention scale is a longshot Democratic presidential hopeful, Ohio Rep. Dennis J. Kucinich — who happens to have made universal health care a central cause for years.

Kucinich, who unsuccessfully sought the 2004 Democratic nomination, is co-author with Michigan Democratic Rep. John Conyers Jr. of HR 676, the Universal Health Care Insurance Act, which they introduced Wednesday.

Kucinich described the bill as the only plan to address the issues of quality, accessibility and cost. It "stands alone in an increasingly crowded field of efforts to provide health care coverage to all," Kucinich said in a statement.

Last week, Kucinich was named chairman of the new Domestic Subcommittee of the House Oversight Committee, which has jurisdiction over the Department of Health and Human Services and through which the congressman has vowed to address health care issues.

· Rebutting the Madrassa Rumor. Yet if Kucinich is regularly overshadowed in the presidential derby by Obama's star power, he at least has not yet been subjected to personal attacks of the sort Obama already is seeing.

Earlier this week, Obama became the center of a media frenzy as he rebuffed a published report that he had attended a madrassa, or radical Islamist school, while living in Indonesia as a child with his American mother and Indonesian stepfather.

The conservative-oriented Insight Magazine, associated with the Washington Times newspaper, ran a story last week that cited unnamed sources who said Obama spent at least four years at a madrassa. The magazine attributed the allegation — which were subsequently cited on Fox News Channel — to sources within Clinton's presidential campaign exploratory committee, in what one Clinton staffer told CNN was "an obvious right-wing hit job."

CNN, though, sent a reporting team to Indonesia, the nation with the world's largest Muslim population, and debunked the madrassa charge. The network cited numerous sources who said the school Obama attended as a child, though Muslim-run, had a diverse student body and did not engaged in radical politics.

Obama's team fired back Wednesday. "These malicious, irresponsible charges are precisely the kind of politics the American people have grown tired of, and that Senator Obama is trying to change," spokesman Robert Gibbs wrote in a memo distributed

Universal Health Care Pushed By Democrats (CHIT)

By Mike Dorning

Chicago Tribune, January 26, 2007

WASHINGTON -- Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994.

The Republican takeover of Congress that year was credited in part to political opposition to the Clinton health care plan. Since then, Democrats have concentrated on more modest, incremental efforts to expand health coverage, such as subsidized insurance for low-income children and prescription drug coverage for the elderly.

But this year, the three most prominent Democratic presidential candidates all have declared their intention to move the country toward universal health care coverage

Sen. Barack Obama (D-Ill.) committed on Thursday to providing health care coverage for every American within six years.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country. There's no reason we shouldn't have that," Obama said in a speech to Families USA, a liberal health advocacy group.

Former Sen. John Edwards of North Carolina declared in announcing his presidential campaign in December that he would back universal health care, even if it required expanding the federal budget deficit.

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And Sen. Hillary Rodham Clinton (D-N.Y.), who as first lady spearheaded the Clinton administration's ill-fated plan, also has made health care coverage for all a central theme—highlighting her commitment by appearing at a community health care center last weekend, the day after entering the Democratic presidential field.

"One of the goals that I will be presenting…is health insurance for every child and universal health care for every American," Clinton said on Sunday. "That's a very major part of my campaign."

An adviser to one of the Democratic candidates said that health care is among the top concerns of the public, particularly likely Democratic primary voters, and that campaign strategists expect health coverage will be a paramount issue in the struggle for the nomination.

"We expect that it's going to play a bigger role than it ever did," said the Democratic adviser, who declined to be otherwise identified.

Several Republican governors also have recently embraced the goal of health care coverage for all.

Former Massachusetts Gov. Mitt Romney, now a GOP presidential candidate, signed legislation requiring all state residents to get health insurance by July 1 or face a tax penalty, with the state subsidizing insurance for lower-income residents. California Republican Gov. Arnold Schwarzenegger kicked off his second term this month with a call to assure health care for all state residents.

In Illinois, Democratic Gov. Rod Blagojevich's All Kids program was the first in the nation to offer state-subsidized health insurance to all children. During his re-election campaign last year and since, Blagojevich has spoken of his interest in moving the state toward a broad universal health care program.

In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care.

He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage.

"We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated," the senator said.

Obama said he would offer a plan for universal health coverage within "several months" and said the goal would be "a top priority" for him.

He otherwise provided few details, though he called for a greater focus on preventive health care to reduce doctors' visits and argued that the country could save on administrative costs by requiring greater use of electronic insurance claims. He said the country should examine "how much of our spending is going toward the record-breaking profits earned by the drug and health care industry."

Obama hinted that he might re-examine the building block of the current health insurance system, in which most workers received group health insurance provided through their employers.

"At a time when businesses are facing increased competition and workers rarely stay with one company throughout their lives, we also have to ask if the employer-based system of health care itself is still the best for providing insurance for all Americans," Obama said.

Asked to clarify the comment afterward by reporters, he said, "I don't think we immediately replace the employer-based system."

He added that he would be looking at such options as broadening employer-based group plans into larger insurance pools and improving the portability of health insurance coverage as employees move in and out of jobs.

Edwards and Clinton also have yet to offer detailed plans on health coverage, but spokesmen for both candidates said they would release proposals in the coming months.

Economist Henry Aaron of the Brookings Institution, a think tank with a liberal leaning, and health-care expert Stuart Butler of the Heritage Foundation, a conservative think tank, both said establishing universal health care coverage would be enormously difficult.

Butler, who has studied America's health-care system for 30 years, said he supports universal coverage, but that the current system would require drastic overhaul and that the "costs would be staggering." An estimated 47 million Americans have no health insurance.

Aaron, who has been working on reform of America's health-care system for more than 25 years, said the climate for universal coverage has improved, but probably not enough to get very complex legislation passed in the next several years.

To adopt a universal plan is "technically enormously difficult," Aaron said, and would have to take into account that the U.S. has a highly diverse population and a highly diverse health-care system. It would require passage of several pieces of legislation that could take years to get through Congress, he said.

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"I am not sure that even a new president and a new Congress can work through those devilish details" in the next presidential term and pass a universal plan, he said. Still, he said, if the supporters of a national plan avoid the mistakes of the Clinton administration, "they've got a shot."

Tribune Washington correspondent William Neikirk contributed to this article.

Obama Certain Of His Appeal To Black Voters (CHIT)

By Christi Parsons

Chicago Tribune, January 26, 2007

WASHINGTON -- Sen. Barack Obama said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February.

"If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois," Obama (D-Ill.) said, "I feel pretty confident that, once folks know who I am, we'll do just fine."

The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove "black enough" to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004.

The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign.

Demonstrating his flair for drawing a media crowd, Sharpton circulated a schedule of Democratic presidential hopefuls he planned to visit on Capitol Hill early in the day, with the guaranteed media draw, Obama, last on the list.

"We talked about issues and policy, about 21st Century civil rights concerns that we both share," Sharpton said after meeting with Obama. "We're trying to get the process beyond just the surface stuff."

Sharpton hasn't announced his own intentions for 2008 and, after the meeting, said he hasn't chosen a candidate among Democrats now seeking the office.

"I'm not making any endorsements today," Sharpton said.

Standing with Sharpton after their meeting, Obama gestured to a portrait of Supreme Court Justice Thurgood Marshall on the wall of his office, saying he and Sharpton are both beneficiaries of Marshall's legacy.

"Rev. Sharpton emphasized his hope that any presidential candidate is speaking to the issues of the dispossessed, and that his number one priority is making sure that we get those on the agenda," Obama said.

"I think he's right to do that and I assured him that I not only want to hear his views, … but that publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues. "

cparsons@tribune.com

Sharpton Sizes Up 2008 Contenders (AP)

By Nedra Pickler

AP, January 26, 2007

Democrat Al Sharpton said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate.

The civil rights activist spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency _ Chris Dodd of Connecticut, Joe Biden of Delaware, Hillary Rodham Clinton of New York and Barack Obama of Illinois. Each met privately with Sharpton in their office.

"I'm not making any endorsements today," Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama.

Obama said the two talked about their shared agenda of fighting for the dispossessed. "I assured him that I not only want to hear his views and thoughts and policy recommendations, but publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues," he said.

Sharpton said they talked about economics, health care and education issues. "We are going to keep talking and he knows I'm talking to everybody," he said.

The normally loquacious Sharpton was unusually curt and cut off further questioning by saying he was behind schedule. But he told reporters who followed him that he would decide about his own candidacy "once I see what these guys do or don't do."

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Former Rep. Harold Ford Jr., has some advice for his friend Sen. Barack Obama: Don't be afraid to take your presidential campaign anywhere in this country, no matter what the racial politics.

Ford lost a close bid last fall to become the first black senator from a Southern state since Reconstruction. Some blamed the loss in Tennessee on racial politics, but Ford said Thursday other factors, including a rival who spent his own money, contributed to his defeat.

He said Obama, son of a white mother and an African father, can't control how his race will affect his candidacy.

"As long as he works hard, is honest ... and is not afraid to take his message anywhere in the country, he'll do fine," Ford said. "He can't try to predict what other people may think or may do. All he can do is run the campaign that he's capable of running.

"Do I think the fact that he's black will be a factor in his campaign? Probably," Ford said. "It would be a factor if two white guys were running. People talk about race regardless, so race is an issue that we deal with in America. I don't think that will be a central part of his campaign at all."

Ford spoke to reporters over lunch on his first day as chairman of the centrist Democratic Leadership Council. Ford is replacing former Iowa Gov. Tom Vilsack, who stepped down to run for president.

Ford said he plans to remain neutral in the 2008 race because of his new position, but he is particularly close to Sen. Hillary Rodham Clinton of New York and Obama.

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WASHINGTON (AP) _ Hollywood moguls Steven Spielberg, Jeffrey Katzenberg and David Geffen are throwing a fundraiser for Sen. Barack Obama's presidential campaign next month.

Some 700 invitations to the $2,300-per-head event at the Beverly Hilton Hotel went out this week, Andy Spahn, political adviser to Katzenberg and Spielberg, said Thursday. Katzenberg, Spielberg and Geffen are the founders of the DreamWorks movie studio.

Katzenberg has endorsed Obama, but Spielberg, a longtime supporter of Sen. Hillary Rodham Clinton, hasn't made up his mind. Geffen also has not publicly endorsed a candidate.

"There are many people in this community who will support multiple candidates, but this certainly is evidence off the serious credibility and strength of Obama's candidacy," said Spahn, rejecting the suggestion the fundraiser was a slight to Clinton.

The Feb. 20 event will be followed by a private dinner at Geffen's house for donors who have committed to raising $46,000.

As president, Bill Clinton had a famously affectionate relationship with Hollywood, and the goodwill _ and deep pockets _ transferred to Sen. Clinton. Celebrities such as Barbra Streisand, Jennifer Lopez and Chris Rock donated to her Senate races in 2000 and 2006.

Clinton spokesman Phil Singer said Spielberg and other major Los Angeles donors, including producer Steve Bing, media mogul Haim Saban, supermarket magnate Ron Burkle and investment banker Sim Farar, will be co-hosting a fundraiser for the New York senator in the spring.

Sharpton Goes To Washington To Talk To Party's '08 Hopefuls (NYT)

By Patrick Healy

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — The Rev. Al Sharpton, a man who says he knows a well-tailored suit from a fake, went to the United States Senate on Thursday to do some comparison shopping, meeting separately with four Democrats who are seeking the 2008 presidential nomination to discuss civil rights.

One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to Senator Barack Obama, Democrat of Illinois and a fellow African-American, that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004.

Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after their meeting in the senator's office, where Mr. Obama had them pose for a picture beneath a portrait of Justice Thurgood Marshall of the Supreme Court.

"I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is," Mr. Sharpton said.

Mr. Obama and Senator Hillary Rodham Clinton of New York, with whom Mr. Sharpton also met, are expected to compete fiercely for black votes.

"I'm not endorsing anyone at this point," Mr. Sharpton said, "but she has more of a civil rights program laid out. And I always know where I stand with her. She is always accessible and welcoming."

No candidate's schedule was too important for them to miss the meeting: Mrs. Clinton was waiting to speak at a Senate Armed Services Committee hearing on Iraq when the time for her appointment with Mr. Sharpton came and went. So one of her aides escorted Mr. Sharpton to an office near the hearing room, and Mrs. Clinton left the discussion about troop levels in Baghdad to meet him.

Mr. Sharpton and Mrs. Clinton met behind closed doors for 15 minutes, then emerged with big smiles. Mrs. Clinton seemed surprised to see a dozen reporters waiting; Mr. Sharpton had sent out two news releases, one at 2 a.m. on Thursday, with his itinerary.

"I'm delighted that Reverend Sharpton is here today to talk about issues that are important to our country," Mrs. Clinton said as they stood in a Senate hallway. "His commitment to the 21st-century civil rights agenda is one that I share."

Mr. Sharpton said, "I'm very happy my hometown senator is in the race."

Mrs. Clinton declined to take questions and zipped back to the hearing, while Mr. Sharpton hung back with reporters for a few minutes.

Asked who he favored among the Democratic candidates, he said, "We're talking." He said the conversations dealt with criminal justice issues and Hurricane Katrina, among other things.

Mr. Sharpton also met with Senators Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware, and plans to meet soon with former Senator John Edwards of North Carolina and Gov. Bill Richardson of New Mexico, all of whom are seeking the presidency.

Mr. Sharpton also said he would decide this spring whether to run for president again in 2008.

Sharpton: Step Up Or I'll Run In '08 (WT)

By Brian Debose

The Washington Times, January 26, 2007

The Rev. Al Sharpton yesterday threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues.

Mr. Sharpton, a New York-based activist and perennial candidate for various posts, said strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education.

"If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does," Mr. Sharpton said.

Mr. Sharpton's comments came as he visited Democratic Sens. Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware, Barack Obama of Illinois and Christopher J. Dodd of Connecticut, the four senators seeking the party's nomination.

Mrs. Clinton after speaking with Mr. Sharpton said she is in lock step to deal with "21st-century civil rights issues" such as those Mr. Sharpton is backing.

"These are issues important to our country and ... an agenda that I support," she said.

Mrs. Clinton and Mr. Obama are the front-runners in recent polls and considered the two strongest candidates by most political pundits. Many pundits think that the pair will need to court Mr. Sharpton's endorsement and his help on the campaign trail to secure votes from black voters.

Standing next to the New York minister in front of a painting of renowned Supreme Court Justice Thurgood Marshall, Mr. Obama said the two men have benefited from the movement Mr. Marshall energized when, as a lawyer for the National Association for the Advancement of Colored People, he won the 1954 Brown v. Board of Education case that barred segregation in schools.

"Hopefully the work that we do will benefit generations to come; he wants the candidates to speak to the issues of the dispossessed. And I think he is right to do that," Mr. Obama said.

Mr. Sharpton entered the 2004 presidential race to put issues of police brutality and racial profiling, poverty, limited access to education and health care at the forefront and to denounce the war in Iraq. He said far too many Democrats were "acting like elephants in donkey jackets," referring to the overwhelming support by the party's members of Congress to authorize the war.

While most pundits wrote off his campaign, he placed third in the polls in South Carolina and second in the District's nonbinding primary. He also gave what was regarded as one of the best speeches at the 2004 Democratic National Convention.

But after the election, Mr. Sharpton began a new campaign working with evangelical ministers to expand their activism with Republicans against abortion and homosexual "marriage" to also address such issues as poverty, equal opportunity and rebuilding New Orleans after Hurricane Katrina.

"It was shocking, beyond shocking, that the president did not mention New Orleans or Katrina in the State of the Union address, because they are members of the Union still suffering daily with issues of poverty and despair," he said.

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Mr. Sharpton said that this campaign is the reason why his first stop in Washington yesterday was at the office of Mr. Dodd, chairman of the Senate Committee on Banking, Housing and Urban Affairs.

He said Mr. Dodd "is in the best position to work on" the minister's concerns about such issues as access to capital, diversity among heads of pension funds and the practice of redlining -- where minority neighborhoods pay more for goods and services, particularly bank interest on loans.

"Those issues are ones that he as the committee chairman can affect now, and also out on the campaign trail as a presidential candidate, so that was a very important meeting," Mr. Sharpton said.

Sharp Decline In Union Membership In '06 (NYT)

By Steven Greenhouse

The New York Times, January 26, 2007

Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history.

The Bureau of Labor Statistics reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s.

Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses.

In manufacturing, which had long been the heart of organized labor, the percentage of workers in unions sank to 11.7 percent, from 13 percent. Perhaps the brightest spot for labor was the extent of government workers in unions, 36.2 percent, although that, too, was down, from 36.5 percent in 2005.

Union leaders have long said that for organized labor to turn around, it must reverse the decline in membership in the private sector. But the percentage of private sector workers in unions continued to fall last year, slipping to 7.4 percent — the lowest percentage since the early 1900s. In 2005, the private sector percentage was 7.8 percent.

At a news conference on Wednesday, the A.F.L.-C.I.O. pointed to polling results showing that 53 percent of nonunion workers said they would vote to join a union tomorrow if they could.

"Sixty million Americans say they would join a union tomorrow if they could — that's far more than the 15.4 million now in unions," said Stewart Acuff, the A.F.L.-C.I.O.'s organizing director. "What's stopping them is employer resistance."

With the Democrats in control of Congress, labor unions hope they can reverse their decline by persuading Congress to enact the Employee Free Choice Act, which would give workers the right to unionize through an easier, less antagonistic method — signing pro-union cards.

But many business groups favor the current system in which employers can insist on using secret-ballot elections to determine whether a majority of workers want to join a union.

Business groups assert that elections are fairer, while labor unions assert that elections often involve employer intimidation of workers and the firing of union supporters.

Billions Pledged For Lebanon Government (AP)

By Anne Gearan

AP, January 26, 2007

World powers pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence.

Lebanese Prime Minister Fuad Saniora took a risk by leaving his fortified compound in Beirut to attend a one-day conference on developing ways to help Lebanon recover from last summer's war between Israel and Hezbollah and address its $40 billion in debt.

As the donors met in Paris, government and opposition supporters clashed at a university campus back in Beirut in new violence spilling over from Lebanon's political crisis. The army, struggling to restore order, imposed a nighttime curfew. At least three people were killed and dozens injured.

Saniora told the Paris conference his nation was on the verge of a deep recession.

"Your support will be essential in seeing Lebanon through," Saniora told the conference. "The cost of failure is too great to contemplate."

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Saniora stands between the West and Iranian-backed Hezbollah militants trying to bring down his government. Thursday's conference had an urgent tone, with some diplomats and leaders hoping to give Saniora tangible bargaining power in his power struggle with Hezbollah.

"I think this goes beyond the wildest dreams of everyone for the success of the conference," Secretary of State Condoleezza Rice said of the pledge total. "I think when people really started thinking about what was at stake here ... they decided that this statement had to be made," she said in an interview with The Associated Press.

Rice announced $770 million in new U.S. aid, more than three times the Bush administration's previous commitment.

The United States regards Hezbollah as a terrorist organization. U.S. law forbids funding for terror groups, restrictions that led to a cutoff of direct U.S. aid for the Palestinian government following the election victory of the Hamas militants exactly a year ago.

The Bush administration has since found ways to segregate money for the Western-backed Palestinian President, Mahmoud Abbas, but it is not clear what the administration would do if the Saniora government falls in Lebanon.

Rice would not give a direct answer when asked if an elected Hezbollah-led government could still collect the U.S. pledge.

"We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora," Rice said at a press conference. "I don't have any desire to get into hypotheticals about Lebanon's future."

Saniora is fighting for his political life against Hezbollah, a military and political organization that has organized deadly street protests.

The Hezbollah-led opposition demands a share of power in the Cabinet and effective veto on key decisions, or it wants the government ousted and new elections held. Saniora has refused to quit or cede power. The opposition's six ministers in the 24-member Cabinet quit in November.

The opposition has been camped out in front of the prime minister's office in downtown Beirut and staged several protests to press its demands since Dec. 1.

Uncertainty over Lebanon's political future did not appear to hold down pledges, estimated before the conference at about $5 billion. Much of the money is tied to promised financial reforms in Saniora's government.

The host, French President Jacques Chirac, played auctioneer, pressuring participants to give. He gently chided Japan for not giving more than $11 million.

"Be brief, be good and be generous," he said at one point, as the more than 40 nations and financial institutions took turns in announcing their aid.

Saudi Arabia said it would commit $1 billion in development funding and an additional $100 million as a direct grant to the Lebanese government. France, a former colonial power in Lebanon, put forward $650 million, much of it in loans. The European Union committed $522 million in loans or aid.

British Foreign Secretary Margaret Beckett said the conference sent a signal of political as well as economic support for Saniora's government and his proposals to reduce public debt.

"This government does have a credible reform program," she told reporters.

Saniora's critics said donors would worsen Lebanon's debt and be pouring good money after bad.

Lebanon's $40 billion in state debt is equivalent to about 185 percent of its annual economic output, making it one of the world's most indebted nations.

Tiny Lebanon had experienced promising economic growth in the past decade, as the scars faded from a 15-year civil war. But much of the progress was undone by the summer war with Israel, which wasted towns in southern Lebanon, and by weeks of political deadlock that have closed shops and businesses.

Lebanon's economy is nearly at a standstill, with jobs, capital and trained workers leaving for better prospects overseas. This was the third in a series of Paris donor conferences since 1998. A separate session in Stockholm, Sweden, in August netted pledged of about $1 billion for postwar reconstruction.

Lebanon _ a country of 4 million people, 17 religious sects, an educated class and a free-market economy _ has historically been a Middle East battleground.

Iran and the United States had a proxy conflict in Lebanon in the 1980s when a series of kidnappings and suicide bombings in Beirut, blamed on pro-Iranian militants, killed more than 270 Americans. The United States pulled its Marines from the city.

Beirut Riots Cast Shadow Over Aid Pledges (FT)

By Ferry Biedermann And Andrew England

Financial Times, January 26, 2007

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An international donor conference in Paris at which $7.6bn was committed to support Lebanon was overshadowed on Thursday by renewed political violence in the increasingly divided country.

The clashes in Beirut were sparked by a fight between pro-government and opposition supporters at the city's Arab University, and then spread to the institution's environs in a predominantly Sunni neighbourhood. Four people were shot dead in the clashes.

The Lebanese army clamped a night curfew on the capital, seeking to quell Sunni-Shia tensions in a country still recovering from a 1975-90 civil war.

It was the second outbreak of violence in Beirut this week and came against the backdrop of political instability in Lebanon following last summer's conflict between Israel and the Islamist Hizbollah movement. Since a United Nations-backed ceasefire came into force in August, the government of prime minister Fouad Siniora has been under pressure to cede more power to Hizbollah and its Christian allies, which are seeking early elections.

The opposition has been running a protest campaign since December aimed at bringing down the Sunni-led pro-western government, which has a parliamentary majority.

Thursday's fighting pitted Sunni against Shia. There were reports that snipers fired from rooftops. Violence on Tuesday, which was triggered by a Hizbollah-enforced general strike and left three dead, was mainly between rival Christian groups.

It was not clear if the clashes, which involved groups of young men brandishing clubs, were triggered by provocation designed to coincide with the donor conference or whether they erupted spontaneously as a result of increasing sectarian tensions, which have led to fears that the country could slide back into civil war.

Both Sunni and Shia blamed each other for the violence and Sayyed Hassan Nasrallah, Hizbollah leader, later told supporters to leave the streets and co-operate with the army.

Jacques Chirac, French president, who organised and chaired the Paris conference, on Thursday openly backed Mr Siniora, stressing the legitimacy of his government, "put in place by democratic elections".

Mr Siniora called on his countrymen to maintain calm and "renounce temptation to fan the flames".

The donor conference was intended to aid the country's reconstruction after last summer's war, as well as address its crippling debt of $40.5bn (€31.2bn, £26.7bn), equivalent to 180 per cent of gross domestic product. Both Mr Siniora and the French president emphasised that the international support was for "all the Lebanese".

But given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on.

Big new commitments of support came from the International Monetary Fund and the European Investment Bank (EIB) as well as the US, Europe, Saudi Arabia and other Arab countries.

A Lebanese official said $800m of the $7.6bn was expected to be in the form of grants and almost $2bn was scheduled to be disbursed during 2007.

Mr Chirac praised the economic reform programme that Mr Siniora presented to the conference, elements of which have been criticised by Hizbollah and other opposition groups.

The French president and others linked long-term international aid to implementation of the reforms.

Saudi Arabia pledged $1bn, on top of substantial earlier commitments, while the IMF and the EIB pledged more than $2bn. On Wednesday the European Union committed an extra €400m ($520m, £265m) and France announced €500m in soft loans. Condoleezza Rice, US secretary of state, confirmed a US pledge announced a day earlier of $770m in new aid.

Other Arab countries, including Kuwait, Qatar and other Gulf states, pitched in with hundreds of millions of dollars each.

Aid Conference Raises $7.6 Billion For Lebanon (NYT)

By Helene Cooper

The New York Times, January 26, 2007

PARIS, Jan. 25 — Led by Saudi Arabia and the United States, international donors from more than 30 countries on Thursday pledged $7.6 billion in aid for Lebanon, in a bold effort to try to prop up the government of Prime Minister Fouad Siniora.

But even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon. Four people were shot dead and 150 wounded in clashes between groups supporting the government and protesters aligned with the Hezbollah-led opposition. Both sides appealed for calm.

The clashes in Lebanon this week, which came just as Mr. Siniora sought to present his country as ripe for investment, were another embarrassment to the prime minister, who has been fighting to keep his government afloat. The political faction led by Hezbollah and backed by Iran and Syria has been calling for his resignation for more than two months.

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Lebanon is a battlefield in a larger proxy war. The United States, its Sunni Arab allies and Europe, all represented at the conference, are on one side. Iran and Syria are on the other, backing Hezbollah as it seeks to increase its power. They have been giving an estimated $40 million a month to Hezbollah and other groups in Lebanon, analysts say. The money available to rebuild towns and communities damaged in Hezbollah's war with Israel last summer is seen as pivotal to winning the support of the Lebanese people.

Saudi Arabia, which is seeking to counter the rising influence of Iran in the Muslim world, led the pledges for the government on Thursday with a promise of $1.1 billion in loans and grants. The United States pledged $770 million in loans and grants, bringing to $1 billion the amount it has pledged to the government of Mr. Siniora since September.

The donors in Paris took pains to deflect criticism that their aid pledges were solely meant to prop up Mr. Siniora. Secretary of State Condoleezza Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, deflected the question.

Mr. Siniora, seated beside Ms. Rice during an early morning news briefing, quickly interjected, "No conditions, no conditions." Ms. Rice replied that the money was for the Lebanese people.

"Clearly this is a package that is for Lebanon, and that is extremely important to understand," she said. "Lebanon is a democracy. That said, Lebanon is also undertaking some important economic reforms that are critical to making any of this work, and it's not at all unusual that donors expect that those reforms are going to continue, in fact, as the donor community responds to the needs."

When pressed later on whether the American funds would be cut off if Hezbollah gained control of the Lebanese government, she said she did not want to discuss "hypotheticals."

"As you know, Hezbollah is considered a terrorist organization by the U.S.," she said.

The European Union offered $522 million in loans and other aid, while France separately promised $650 million in loans.

The conference, in the Kleber Conference Center near the Arc de Triomphe, had a somewhat surreal air. One after another, foreign dignitaries at a conference table announced, in French, Arabic and English, how much money they were willing to put forward.

"Be brief, be good and be generous," President Jacques Chirac of France, the host, exhorted the group before the event.

The World Bank offered $1 billion in loans, grants and other aid. The European Investment Bank offered $1.2 billion, and the Islamic Development Bank followed with $250 million.

Lebanon is hobbled from the economic and political impact of the Israel-Hezbollah war, and reconstruction efforts have been burdened by the country's $41 billion public debt.

On Tuesday, groups opposing Mr. Siniora's government essentially shut down the country, staging protests in Beirut, blocking roads with burning tires and setting off clashes that killed three people and left more than 130 wounded. Thursday's clashes added to the burdens of Mr. Siniora, whose survival thus far, Lebanon analysts say, is attributed not only to his support from about half of the country, but also to his strong international support.

Even with the $7.6 billion in donations and pledges, Mr. Siniora will still return to Lebanon with a battle on his hands as he tries to establish an international tribunal that could eventually implicate Syria in the assassination of Rafik Hariri, a former Lebanese prime minister who was an outspoken critic of Syria.

Syria occupied Lebanon for 30 years but was forced to withdraw its troops after Mr. Hariri's death. The United States has accused Syria and Iran of trying to bring down the Siniora government to wreck plans for the creation of an international tribunal to try suspects in the case.

$7.6 Billion In Assistance Pledged To Lebanon (WP)

By John Ward Anderson

The Washington Post, January 26, 2007

PARIS, Jan. 25 -- The embattled Lebanese government of Prime Minister Fouad Siniora won more than $7.6 billion in pledges of financial assistance Thursday from international donors eager to help rebuild the war-ravaged country, stabilize its economy and improve the security situation.

The package -- including pledges of grants and loans totaling $1.1 billion from Saudi Arabia and $770 million from the United States -- is a major boon for Siniora, whose government has been buffeted since early December by a Hezbollah campaign to topple it.

The power struggle intensified Tuesday when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes, leaving three people dead and more than 100 injured. Four people were killed in renewed clashes Thursday at Beirut Arab University and other locales, officials said.

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Against that backdrop, leaders from 36 countries and 14 international agencies gathered here to express their support for Siniora's democratically elected government and its attempts to implement economic reforms, ease a $41 billion debt burden and rebuild vast areas of Lebanon that were demolished last summer during Israel's 33-day war with Hezbollah. Lebanese officials estimate war damage at $3.6 billion.

"I'm going back really pleased with the level of financial support shown today," Siniora said. "This is for all Lebanon and all the Lebanese."

Secretary of State Condoleezza Rice said, "The conference today was a very important expression of the international community's intention to stand by Lebanon and the Lebanese people in these difficult times."

Rice would not say whether U.S. money would be delivered if Hezbollah -- an Iranian- and Syrian-backed Shiite Muslim group that the United States has labeled a terrorist organization -- succeeded in overthrowing Siniora's government and came to power, calling it "speculation."

C. David Welch, assistant secretary of state for Near Eastern affairs, told reporters in Paris on Wednesday, "We are not going to support people who launch wars and try to bring down governments with the benefit of outside assistance. . . . That's just not going to happen."

French President Jacques Chirac, who hosted the conference and pledged $650 million in low-interest loans to Lebanon, said international support depended on a Lebanese "national consensus on economic and social reforms imperative for the future of the country, and on the implementation of those reforms as soon as possible."

At least $464 million of the funds pledged by the United States would be directed to military aid or security measures, according to a State Department official, quoted by news services, who briefed reporters traveling with Rice.

That included $220 million in military aid to the Lebanese government for the purchase of small arms, ammunition, spare parts and other hardware; $184 million for U.N. peacekeeping forces in southern Lebanon; and $40 million for internal Lebanese security services.

About $250 million in a cash reserve would be released to the Lebanese government as it met targets for reforms that Siniora has pledged to implement to help restore fiscal stability and stimulate the economy. Lebanon's $41 billion debt is equivalent to about 180 percent of its gross domestic product, and about half of the country's annual budget is spent servicing it.

Among the measures the government has promised are to raise the value-added tax from 10 to 12 percent, reduce state subsidies for fuel and privatize the electricity and telecommunications industries.

The U.S. funds, which are subject to approval by Congress, are in addition to $230 million that Washington pledged at an August conference in Stockholm and represent a significant increase in U.S. financial assistance to Lebanon, which in years past was as low as $2 million a year.

Beirut University Dispute Escalates Into Rioting, Killing 4 (NYT)

By Nada Bakri And Hassan M. Fattah

The New York Times, January 26, 2007

BEIRUT, Lebanon, Jan. 25 — Violence erupted in Beirut on Thursday for the second time in three days, as an altercation in a university cafeteria escalated into rioting and gunfire.

The army declared a rare night curfew throughout the city amid fears that Lebanon’s two-month political crisis had entered a violent phase.

At least four people were shot dead — two supporters of the government and two of the opposition — and 150 were wounded in street fighting that began with a scuffle in the student cafeteria at Beirut Arab University in Tariq Jadidah, a Sunni neighborhood. It spilled into the street, and men arrived and started shooting as each side apparently summoned reinforcements.

Vanloads of antigovernment protesters arrived. They smashed cars parked in the university lot and on adjacent streets, setting them on fire and burning tires.

Arriving Lebanese soldiers fired into the air and used tear gas and stun grenades to try to disperse the crowds, but with little success. In some instances, soldiers stood on sidewalks or took cover in their armored personnel carriers, watching the violence.

Members of the March 14 movement, supporting the government of Prime Minister Fouad Siniora, accused the soldiers of giving the Shiite protesters, most of them backers of Hezbollah, free rein to go on a rampage.

“They allowed them into the neighborhood, they are scared of them,” a pro-government protester said.

Others accused Saad Hariri, the leader of the Future Movement a Sunni party that supports the government, of abandoning the residents of the area by not arming them.

The deep-seated anger was palpable as the fighting continued through the afternoon, uncovering a widening sectarian divide in many Lebanese neighborhoods.

"Animals, they are animals," said Abdallah Tassi, in tears, as his car burst into flames. He directed his anger at Sheik Hassan Nasrallah, the Hezbollah leader. "Nasrallah is a liar," he said. "He pretends to be the enemy of Israel, but really he is the enemy of the Sunnis."

The air filled with thick smoke as tires burned and young men hurled stones and shouted epithets.

"The blood of the Shiites is boiling, boiling!" shouted one opposition member, as he watched the fighting.

Television stations run by each side of the political divide blamed the other side for the violence, while leaders on each side urged calm.

Hezbollah supporters were seen firing M-16 rifles, while members of the Future Movement were observed firing pistols. Hezbollah men carrying the group's trademark walkie-talkies mingled among the rioters and managed the crowds.

"Let them get their anger out," said one Hezbollah member, his radio held close to his mouth.

Some witnesses reported seeing shots fired from roofs. Government supporters said opposition snipers had fired at them from buildings.

Sheik Nasrallah, in a prerecorded message released Thursday night, contended that his group had uncovered information that snipers were brought into the country in recent days by "pro-government militias." Hezbollah's marksmen have long been a point of pride for the group, which used them to great advantage against advancing Israeli soldiers in the summer war with Israel.

Government loyalists also hurled incendiary devices at an office of a pro-Syrian party nearby, setting the building on fire, witnesses said.

But by nightfall, all Lebanese leaders appealed for calm.

Sheik Nasrallah issued a fatwa, or edict, telling his followers to leave the streets and restore calm. The Future Movement urged its supporters to show self-restraint and calm.

Mr. Siniora, at an aid conference in Paris, called on all the parties "to return to the voice of reason."

Nabih Berri, leader of the Shiite Amal party and speaker of Lebanon's Parliament, said, "What everyone should do now is halt the strife." He added, "We must all remain united or we will find our country in the graveyard of history."

Tensions remained high Thursday night, even as the fighting ebbed.

Sheik Nasrallah "wants us to wait until they kill us; he does not want to give us weapons!" an opposition member shouted. "Where is he, why isn't he giving us weapons?"

Rival Groups Clash In Beirut Streets (WP)

By Anthony Shadid

The Washington Post, January 26, 2007

BEIRUT, Jan. 25 -- The Lebanese army imposed a curfew on the capital Thursday after hundreds of government supporters and foes wielded rocks, molotov cocktails and sometimes guns in street battles that dragged on past nightfall. Four people were killed and 150 wounded, officials said, many of them soldiers who at times stood helplessly between the two sides.

The clashes, which began in a university cafeteria and spread to the surrounding neighborhood of Tariq Jedideh, offered a bitter contrast to the optimism of an international conference in Paris, where more than $7.6 billion was pledged to help Lebanon's economy recover from last summer's war between Israel and the Shiite Muslim movement Hezbollah.

As the grants and loans were announced in Paris, bursts of gunfire echoed along the airport road here and columns of black smoke rose from burning cars. The clashes were some of the worst since Lebanon's 15-year civil war ended in 1990 and followed violence Tuesday that left three people dead.

Hundreds of Hezbollah followers, in red and blue helmets, poured into Tariq Jedideh, a Sunni neighborhood, many of them carrying sticks and chains. At one point, their opponents burned a Hezbollah banner, an act that spoke to the jarring rise in tension between Sunni Muslims, largely aligned with the government, and Hezbollah supporters since the crisis began two months ago.

The army and security officers deployed in force after the clashes erupted, but often fired into the air or simply gave way. For hours, crowds surged at each other, then retreated, usually separated by soldiers crouched behind armored personnel carriers. More clashes ensued elsewhere, as Sunni crowds firebombed the headquarters of a party allied with Hezbollah and Shiite youths rampaged along a downtown street lined with bank headquarters.

The images reverberated across Beirut, uneasy since Dec. 1, when Hezbollah and its allies began their campaign to topple the government of Prime Minister Fouad Siniora with a mass protest in the downtown area. The overburdened cellphone network was paralyzed. In the streets, there were grim reminders of the civil war: Swaggering young men asked residents whether they were Sunni or Shiite; cars were attacked because of their owner's sect; and both sides questioned whether the army could protect them.

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"It's going to get worse. Look at all this," said Salah al-Sheikh, a 40-year-old Sunni resident, waving his hand toward a block of incinerated or smashed vehicles, the street littered with rocks, sticks and shattered glass. "A few days ago, they were in the same schools and the same universities. Look what's happening now. Why? That's all I want to ask. Why?"

Behind him, another Sunni resident shouted, "Give us weapons! Give us weapons!"

Across the street, Shiite crowds set fire to cars and released the emergency brakes of buses, letting them slam into concrete walls. Traffic signals were broken; street signs and an iron gate were torn down.

"Let them blow off steam," said an older, bearded man, dressed in the traditional black of Hezbollah's security force.

The fighting was an episode, writ small, of an increasingly precarious Middle East, riven by growing sectarian tension, simmering civil conflict here and in the Palestinian territories, and a deepening war in Iraq that followed the U.S.-led invasion in 2003. Leaders across the political divide called on their supporters to exercise restraint. Lebanese officials said the army insisted that all sides agree to a curfew before it declared its start at 8:30 p.m.

"I call on everyone to return to the voice of reason," Siniora said from Paris, where he attended the aid conference.

Hasan Nasrallah, Hezbollah's leader, issued a religious edict to his followers to withdraw. "This is an order on everyone," he said.

Nabih Berri, the speaker of parliament, whose Amal movement is allied with Hezbollah, warned that events were spiraling out of control: "We must all be united or we have to look for our country in the graveyard of history."

Almost from the beginning of the current crisis, many in Lebanon have predicted that only bloodshed would force a break in the deadlock between the government, supported by the United States and France, and an opposition led by Hezbollah, supported by Iran and Syria. Since then, the struggle -- effectively splitting the country into two camps divided by sect, ideology, perspective and loyalty to leaders -- has escalated. On Tuesday, Hezbollah, Amal and their Christian allies, who are led by Michel Aoun, enforced a nationwide strike by blocking thousands of roads with tires, uprooted trees and barricades of dirt and dumpsters.

As Thursday's battles raged, the country's politicians frantically called one another. Lebanese officials said Berri and Walid Jumblatt, a Druze leader allied with the government, spoke for the first time since the crisis began. All agreed to try to quiet the streets, although no initiative emerged. After the curfew took effect, the army said the streets were largely calm.

The battles began around noon with an argument between Shiite and Sunni students in the cafeteria of the Beirut Arab University. Each side accused the other of provocation, but within 15 minutes, university security officers separated the two groups. Sunni students said one of their own was then attacked on campus. Shiite students said the army tried to evacuate female students. As they left, Sunni students hit them and ripped off their veils, Shiite students said.

The fighting spilled into the tense Sunni neighborhood of Tariq Jedideh. Shiite students said that residents threw rocks and that at least three people fired on them from balconies. Mohammed Abdel Satir, a 21-year-old engineering student, said he and others then called Hezbollah officials, who dispatched men in trucks and vans.

"We don't trust the Lebanese army, and we saw this today with our own eyes," he said as he stood near knots of female students, some of them crying. "It's Hezbollah's duty to protect us. The government is not protecting us anymore."

The arrival of hundreds of Shiite residents inflamed tensions. Battles spread through the surrounding streets, with the airport road serving as a front line. Troops fired tear gas; at other times, they stood idly next to rock-throwing protesters.

"The blood of Shiites is boiling!" young men shouted.

Sunni residents urged the army to push back the Shiite crowds.

"Attack them!" one man yelled at the soldiers, his face contorted in anger.

Along the street, gunfire crackled into the night. Some Sunni residents tossed molotov cocktails into a parking lot, where young Shiite men had wrecked dozens of cars. Others threw rocks, some of them hitting soldiers.

"They came to our turf," said Mohammed Kraim, 23. "We want to face them with guns," he added. "This isn't fair."

Special correspondent Alia Ibrahim contributed to this report.

Security Council Sees Hope For Mideast (AP)

By Sarah Dilorenzo

AP, January 26, 2007

Security Council members are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process, Russia's U.N. ambassador said Thursday.

The so-called quartet of Middle East peace brokers _ the U.S., the European Union, Russia and the U.N. _ will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking.

Russian Ambassador Vitaly Churkin said there was hope that the meeting would lead to a wider international conference to end the conflict.

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"There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community," Churkin told reporters after a Security Council meeting on the situation in the Middle East.

"Maybe not in such a long run, this process could culminate in an international conference, which needs to be well prepared, but which would bring about a long-awaited settlement of the situation in the Middle East," he said.

A "road map" for peace launched by the quartet in 2003 never got off the ground because each side failed to meet its initial obligations. The plan outlined stages for creating a Palestinian state alongside Israel.

However, there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland.

Churkin said key to next month's meeting will be helping the Palestinians form a unity government.

Abbas, of the more moderate Fatah party, has been locked in a power struggle with the Islamic militant Hamas, which won control of the Palestinian parliament in elections last year. Dozens of people have been killed in fighting between the rival factions.

Abbas has been pushing for a unity government partly as a bid to end Western sanctions imposed on the Hamas-led government for its refusal to renounce violence and recognize Israel's right to exist.

Ibrahim Gambari, undersecretary-general for political affairs, told the Security Council that despite the sanctions, aid to the territories rose nearly 10 percent in 2006 over the previous year.

Gambari said more than half of the aid had come from Arab countries. Some Western countries have continued to fund humanitarian programs for the Palestinians, but the aid bypasses the government in keeping with the embargo.

Despite the increase in aid, Gambari said the territories' GDP per capita fell by at least 8 percent in 2006 and poverty rose by 30 percent.

Without a revived peace process, Gambari said, "the most that aid can do is contain for a limited time the spread of grievances and the spread of instability."

Time Has Come For Mideast Peace : Abbas (AFP)

AFP, January 26, 2007

Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away.

"The time has come for us .. to make peace a reality," Abbas told an audience at the annual meeting of business and political leaders in Davos.

"We are ready, as of now, to start serious negotiations with our Israeli neighbours," he said during a discussion in which he and Livni shared a stage with Israeli Deputy Prime Minister Shimon Peres.

"The map (to peace) is there, we have all agreed to it. I am convinced we can reach a quick solution," Abbas added.

The United States is due to host a meeting on February 2 of the diplomatic Quartet, whose 2003 "roadmap" for achieving Palestinian statehood and peace with Israel has languished since its inception.

US Secretary of State Condoleezza Rice said during a week-long trip to the Middle East and Europe earlier this month that she planned to "accelerate" implementation of the roadmap put forward by the United States, European Union, United Nations and Russia.

Abbas is expected to meet Rice and Israeli Prime Minister Ehud Olmert next month.

Speaking after the Palestinian president, Livni was more circumspect about the timetable for a possible resumption of the road map, even as she stressed the need for both sides to stick to the vision of two states living side by side.

"The Palestinian state is not an illusion, its feasible, it's there, it's achievable," Livni said. "The establishment of a Palestinian state and homeland for the Palestinians is the answer, the national answer to the Palestinians wherever they are."

At the same time, Livni stressed that Israel would never "allow" a Palestinian state that was "ruled by a terrorist organisation."

Abbas and his secular Fatah party are locked in a power struggle with the radical Islamic movement Hamas, which controls the Palestinian government and has refused to recognize Israel.

At WEF, A Pledge For Mideast Peace (AP)

By Paul Haven

AP, January 26, 2007

Israel's foreign minister reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state is "not an illusion. It's there, it's achievable."

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Tzipi Livni made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists, a reference to the militant Hamas government's refusal to disavow its call for the destruction of Israel.

But Livni also made a personal and impassioned plea for dialogue to begin, turning to face Abbas.

"I would like to negotiate, to speak, to meet, to talk," she said. On finding peace, she said: "There is nothing I want more ... this is part of our dream, this is part of our goal."

Abbas, for his part, said he was confident the peace process could be put back on track. "We are ready as of now to start serious negotiations," he said during the public session. Afterward, the two warmly shook hands. They are to meet one-on-one at a hotel on Friday.

"We are creating this momentum ...to put the train on the track and push it after that," Abbas told The Associated Press.

Abbas and Israeli Prime Minister Ehud Olmert are scheduled to hold three-way talks next month with Secretary of State Condoleezza Rice, although a date and place have not been set.

The renewed efforts to jumpstart peace talks have come amid widespread worry in recent weeks that unless progress is made, the Mideast in general will continue to deteriorate.

The pledges by Livni and Abbas followed pleas from Israeli and Palestinian youth, speaking via satellite from Jerusalem, Tel Aviv and the West Bank city of Ramallah, that their leaders end the long conflict.

Many in the crowd of some of the world's most powerful business and political leaders seemed deeply moved by their words.

The tone was a sharp departure from the somber mood that took hold of Davos a year ago, when Israeli and Palestinian delegates were stunned by news of the Hamas electoral victory in Palestinian elections. At the time, many predicted 12 months of pain lay ahead for the region, and they were right.

The year brought violent Palestinian infighting and crippling Western sanctions targeted at Hamas that have hit ordinary Palestinians hard. Progress in talks between Israel and the Palestinians ground to a halt in the months after Hamas's victory.

Livni made clear that Hamas was still an obstacle.

"Compromising with extremists will not promote anything, but it can lead to further stagnation," she said, addressing Abbas.

Abbas said he was hopeful that talks with Hamas could result in a unity Palestinian government, despite violence between Hamas militants and his Fatah supporters. He reiterated that he would call early elections if the talks failed but gave no specifics.

"We will fight for this (unity) government. Otherwise, if we totally fail, we will go to early elections," he told the AP.

Abbas met earlier in the day with German Chancellor Angela Merkel, who told reporters that she wished Abbas success in his efforts to form a unity government, but added that "Europe should not overestimate its role" in restarting any broader talks on peace.

Abbas and Olmert met last month to discuss confidence-building measures that would allow the sides to return to the negotiating table, abandoned more than six years ago.

While the Israeli-Palestinian issue provided the day's most dramatic moment, the forum was also an occasion for interesting, quirky and sometimes high-level meetings. In one small corridor early Thursday, UNICEF executive director Ann Veneman _ a former secretary of agriculture in the Bush administration _ had a brief, warm reunion with former Iranian President Mohammad Khatami. Veneman said the two had met previously at a forum on promoting interfaith understanding.

At another forum, a Saudi princess, a Jewish Orthodox rabbi and Khatami talked about Muslim-Christian misunderstandings and the Israeli-Palestinian crisis.

Rice's Strategic Reset (WP)

By David Ignatius

The Washington Post, January 26, 2007

What's America's strategy in the Middle East? Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the "realignment" of states that want to contain Iran and its radical Muslim proxies.

In an interview Tuesday, Rice summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism.

Rice said the new approach reflects growing Arab concern about Iran's attempt to project power through its proxies: "After the war in Lebanon, the Middle East really did begin to clarify into an extremist element allied with Iran, including Syria, Hezbollah and Hamas. On the other side were the targets of this extremism -- the Lebanese, the Iraqis, the Palestinians -- and those who want to resist, such as the Saudis, Egypt and Jordan."

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America's recent show of force against Iran -- seizing Iranian operatives in Iraq and sending additional warships to the Persian Gulf -- was part of this broader effort to reassure the Saudis and others that, despite its troubles in Iraq, America remains a reliable ally against a rising Iran. "The U.S. has to demonstrate that it is present in the Gulf, and going to be present in the Gulf," Rice told me.

Realignment is linked with a new U.S. effort to forge peace between Israel and the Palestinians. Rice is encouraging both sides to explore "final-status issues" -- such as borders, the status of Jerusalem and the right of Palestinian refugees to return to a homeland -- rather than remain deadlocked over the so-called road map.

The effort to contain Iranian-backed pressure took on new urgency this week, as Hezbollah's campaign against the government of Lebanese Prime Minister Fouad Siniora spawned a spasm of violence that left at least four dead. America, France and Saudi Arabia quickly organized a $7.6 billion financial rescue package for Siniora, but that hasn't stemmed the rising sectarian tension in Lebanon between Sunnis who back Siniora and Shiite supporters of Hezbollah.

Critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict. These critics may also question the central role of Saudi Arabia, a conservative Islamic monarchy that many Arabs regard as a bastion of the status quo.

"The reception will be very skeptical" among some Arabs, cautioned one prominent official who is normally among the most pro-American in the region. "Increasing the fault line between Sunnis and Shiites is a mistake," he argued. State Department officials would counter that it was Iran that moved the fault line by encouraging Hezbollah's provocative behavior in Lebanon.

The Bush administration's thinking about realignment helps explain why it has resisted engaging Syria and Iran, as recommended by the Baker-Hamilton report. As Rice put it, "You have a 'pan' movement, across the region. The war in Lebanon crystallized it for everyone. You can't just leave it there. . . . If you concentrate on engaging Syria and Iran, you may lose the chance to do the realignment."

On Syria, Rice said the administration is seeking a change of policy rather than regime change. Asked about an offer made in an interview with me last month by Syrian Foreign Minister Walid Moallem to help the U.S. provide greater security in Iraq, she said: "If the Syrians want to stabilize Iraq, why don't they do it?" As for Israeli interest in exploring the Syrian initiative, she noted recent private peace feelers between Syrians and Israelis and suggested that if the Israelis decide there is something important, they will pursue it.

The administration's tougher stance against Iran arguably has already produced some results. Iran's firebrand president, Mahmoud Ahmadinejad, appears to be in political trouble with the ruling mullahs, in part because his reckless talk alienated other Muslims. But the strongest leverage against Iran appears to be the West's unified diplomatic coalition. "The Security Council resolution [condemning Iran's nuclear program and mandating mild sanctions] has had more of an effect than I thought it would," Rice said.

The realignment strategy poses as many questions as it answers -- not least the anomaly of supporting Sunni resistance to Iran at the same time the U.S. augments its military support for a Shiite-led government in Iraq. But as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

U.N. Agency Defers N. Korea Programs (AP)

By Alexandra Olson

AP, January 26, 2007

The U.N. Development Program agreed Thursday not to approve new projects in North Korea until an external audit addresses U.S. allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules.

U.S. deputy ambassador Mark Wallace alleged Friday that the UNDP's North Korea operation had been run "in blatant violation of U.N. rules" for years. He demanded an outside audit focusing on concerns that development funds had been used by Pyongyang for "its own illicit purposes."

The audit, announced Monday by U.N. Secretary-General Ban Ki-moon, is expected to last three months.

UNDP assistant administrator Ad Melkert said the agency also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang. The United States had complained about both practices, which Melkert said would stop by March 1.

The UNDP said it will be responsible for implementing all North Korean projects, addressing U.S. complaints that authorities in the North had been responsible for carrying out certain initiatives.

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The U.S. welcomed the new steps.

"We're pleased with the approach that the UNDP administrator has laid out," acting U.S. Permanent Representative Alejandro Wolff told reporters.

North Korea said it would accept the steps, though it condemned them as an attempt to "politicize the system" of the UNDP _ a stance echoed by the representatives of Russia and Cuba.

Japan, however, applauded the agreement and went a step further. It said the U.N. should stop providing aid to North Korea except for humanitarian assistance "directly delivered to the people" because Pyongyang had defied Security Council demands that it end its nuclear program.

Wolff said the Japanese argument was "compelling" and that the U.S. would consider it.

U.S. officials said the United States already withholds its contributions to the UNDP and other U.N. agencies that provide funds to North Korea.

Ban's spokeswoman, Michele Montas, said Monday the audit will initially focus on UNDP spending in North Korea and then be expanded to other U.N. agencies.

The agency said it welcomed the external audit, stressing it was committed to operating in a transparent manner.

U.S. officials said they first received indications there might be irregularities in UNDP's North Korea program last year. They raised concerns the cash might be misused, possibly for Pyongyang's nuclear program.

The U.N. Security Council imposed sanctions on North Korea on Oct. 14 for conducting a nuclear test.

North Korean delegate Jang Chunsik called the U.S. allegations "nonsense," insisting the UNDP's activities in his country had been "conducted in a transparent way."

Wallace has made several allegations in letters to senior UNDP officials, which were first reported by The Wall Street Journal. He has said that UNDP's local staff is dominated by North Korean government employees who managed the agency's programs and finances in violation of UNDP rules.

The U.S. cited three other violations of U.N. rules _ the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

On Monday, the agency sought to refute the allegations, insisting the North Korean program followed UNDP financial rules. UNDP Administrator Kemal Dervis said there is "no justification for the extreme allegations" made by Wallace, adding that UNDP was "doing its best in very difficult circumstances."

UNDP spokesman David Morrison said the agency has spent about $3 million annually in the last 10 years on programs in impoverished North Korea, in addition to about $600,000 in office costs, which include local salaries and supplies. The programs focus on food production, rural and environmental sector management, economic management and social sector management.

Morrison said UNDP international staff have visited nearly all their project sites in the past two years to ensure funds are being used appropriately.

The UNDP has conducted three internal audits of its North Korean program in the last eight years, the last in 2004. Another internal audit was scheduled for this year, Morrison said.

N Korea Bows To Audit Of UN Agency (FT)

By Mark Turner

Financial Times, January 26, 2007

North Korea agreed on Thursday to an external audit and tighter rules for the UN Development Programme's operation in the country, after US allegations that the agency was funnelling hard currency to Pyongyang.

The UNDP's executive board adopted the measures after Washington's concerns were leaked last week to the press and Ban Ki-moon, secretary-general, called for a sweeping investigation into UN agencies.

Approval of a future UNDP programme will be contingent on the audit's findings.

The board agreed to end direct payments in hard currency, to stop the hiring of North Korean government officials, and to cease support to government ministries. Officials said the UN would still need to buy local currency through the central bank.

One diplomat said the decision could herald for the UN a new approach to doing business with autocracies under international scrutiny. It would also inject transparency into UN agencies, which operated under different rules from the secretariat and had refused to make internal audits available, the diplomat said.

Pyongyang, which sits on the 36-member board, went along with the decision and did not force the issue to a vote, even though it dismissed the allegations as politically motivated.

Russia, Cuba, Guatemala and Bangladesh expressed discomfort at the singling out of North Korea and warned that the decision should not set a precedent. Cuba described the decision as an effort to "introduce manipulation" to UN development activities.

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But Japan argued that the UN should not give aid other than humanitarian assistance to a country that has rejected two UN Security Council resolutions – an argument the US found “compelling”.

In a letter sent on January 16, Washington alleged that “at least since 1998 the UNDP [North Korea] programme has been systematically perverted for the benefit of the Kim Jong Il regime – rather than the people of North Korea”.

Some commentators said the situation bore echoes of the UN’s Iraq oil-for-food scandal.

But one UNDP official asked why it had been singled out when other UN agencies and governments operated in a similar way in North Korea.

U.N. Program Facing New Curbs In N. Korea (WP)

By Colum Lynch

The Washington Post, January 26, 2007

UNITED NATIONS, Jan. 25 -- The U.N. Development Program's executive board decided Thursday to stop paying for its local staff and supplies in foreign currency, and to call for the U.N. General Assembly's board of auditors to determine within three months whether the development agency violated its own guidelines by doing so.

The board also decided to delay approval of the program's 2007-2009 budget until the audit is finished.

The action comes just weeks after the United States charged that the U.N. program had been "systematically perverted" by channeling millions of euros in hard currency to North Korean leader Kim Jong Il's repressive government. Alejandro D. Wolff, the acting U.S. ambassador, expressed concern Thursday that the money could be used to finance North Korea's illicit activities, including a nuclear weapons program.

The debate over the United Nations' oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea.

Japan said the United Nations should end its development assistance to North Korea, citing the country's defiance of two U.N. Security Council resolutions calling for an end to its nuclear weapons program. The United States -- which has stepped up efforts to cut off hard currency to Pyongyang after its October test of a nuclear device -- said it is considering supporting Japan's position.

"A member state that does not comply with the obligations of the U.N. Charter should not receive funds from [the] United Nations," said Koji Tsuruoka, director general for global affairs in Japan's Foreign Ministry. "Assistance to such a country should be limited to that of a humanitarian nature directly delivered to the people."

North Korea's delegate, Jang Chun Sik, said that the board's decision was "unfair and unacceptable" and that it was designed to further U.S. and Japanese efforts to "isolate and stifle" North Korea's people.

Russia, China and scores of developing countries voiced concern that the board was responding to political pressure from its most influential powers and they insisted that it should not set the stage for audits of other poor countries.

The Development Program is one of four U.N. agencies, including the World Food Program and UNICEF, that carry out development and relief work in North Korea. They are required to hire government-appointed workers and pay salaries through state-controlled offices.

The program's operations in North Korea, which are managed by eight international workers, cost about $3.7 million, according to its figures. Between $1.5 million and $2.5 million of that is spent each year inside North Korea, including hundreds of thousands of dollars to pay for local staff, supplies and accommodation, according to program officials. Last year, it spent more than $1 million in salaries, rent and travel costs, as much as half of which was distributed through government-controlled agencies, according to a spokesman.

Thursday's action will freeze all development operations managed by the North Korean government, including training programs in trade and international finance. It also calls for more extensive monitoring of assistance programs and bans the recruitment of government-selected workers.

Mark D. Wallace, the U.S. representative for U.N. management, said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea.

U.S. officials have privately pressed the Development Program to ask the auditors to hire a private firm to conduct an independent review of its operations. They expressed concern that the auditing board had previously failed to flag problems in the North Korea program.

"We need a fresh set of eyes," Wallace said.

Less Cash For Kim (WSJ)

The Wall Street Journal, January 26, 2007

DOJ_NMG_0122152

The case of U.N. hard currency for Kim Jong Il continues to evolve, with the Executive Board of the United Nations Development Fund agreeing yesterday to suspend new operations in North Korea until an audit can be completed and provide better oversight of existing programs.

Most UNDP meetings are snoozefests. But yesterday's got lively, after the U.S., Japan and other countries requested the "deferral" over concerns that tens of millions of dollars in hard currency have been funneled to Kim's dictatorship. A compromise deal requires that projects in progress adhere to UNDP rules regarding hard currency, staff and on-site visits. Projects managed by Pyongyang will be handed over to the UNDP, which will restrict activities to those that directly improve the lives of North Koreans and get out of the business of helping the government.

Dragged along kicking and screaming were the North Koreans, whose delegate condemned "the distorted and fabricated allegations made by the U.S. through its media." This was a tad ungracious, since his business class airfare to New York was paid by the U.N. But no doubt he had orders from Pyongyang, where a Foreign Ministry spokesman asserted that "The U.N. operations in North Korea are conducted in a transparent manner and meet U.N. regulations." Yes, so "transparent" that U.N. officials have been barred from visiting some of the "project" sites.

Meanwhile, U.N. Secretary-General Ban Ki Moon issued a statement this week elaborating on the "urgent, system wide and external inquiry" into "all" activities of U.N. funds and programs that he promised last Friday. The good news is that he is moving swiftly on North Korea, ordering a full investigation within three months.

The disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise. It's understandable that he'd want to limit his audit order in some fashion; investigations of every nook and cranny world-wide would take years. But that's no justification for defining "external" audits as those done by the U.N.'s own Panel of Auditors and its subset, the Board of External Auditors. These are the same auditors who found nothing suspicious in the Oil for Food program.

There's nothing to prevent the U.N. from hiring outside audit firms to look at specific problems. Oil for Food was investigated by the Volcker Commission, which devoted half its budget to a forensic audit by Deloitte Touche. An independent task force investigating procurement has also hired AON Corp. for forensic auditing.

Also troubling is that Mr. Ban's elaboration appears to limit the audits to "hard currency transactions, independence of staff hiring, and access to reviewing local projects." Those are key problem areas, to be sure. But the auditors should be free to follow the trail wherever it takes them. We also hope the audit will include other U.N. programs in North Korea that operate under the same rules as UNDP, including Unicef, the Population Fund and the World Food Program.

It's good to see the cash for Kim programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors.

New India Accords With Russia Include More Nuclear Power Plants (NYT)

By Amelia Gentleman

New York Times, January 26, 2007

NEW DELHI, Jan. 25 — India sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States.

In a joint statement issued after President Vladimir V. Putin of Russia met with Prime Minister Manmohan Singh of India, Russia offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here.

"Energy security is the most important of the emerging dimensions of our strategic partnership," Mr. Singh said. "Russia's position as a global leader on energy issues is widely recognized."

As India's economy booms, the prospect of growing energy shortages has become a major driver of its foreign policy. Describing Russia as a "special friend" of India, Mr. Singh added that despite the "sea change" that had occurred in international affairs over the past decade, "Russia remains indispensable to India's strategic interests."

This was Mr. Putin's first visit to India since the United States agreed to cooperate with India on its civilian nuclear power program last year, and the Indian government was at pains to show that the agreement had done nothing to dilute the warmth of India's affection for its historic partner, Russia.

Mr. Singh went to the airport to meet the Russian leader as he stepped off his plane, a pointed gesture of respect previously extended only to President Bush and King Abdullah of Saudi Arabia.

Mr. Putin will be the guest of honor at India's Republic Day celebrations on Friday. Much of the weaponry on display will be Soviet-made, a testament to the earlier close friendship between the countries in the 1970s and 1980s.

Pentagon Eyes Missile Defenses In Eastern Europe (WT)

By Bill Gertz

DOJ_NMG_0122153

The Washington Times, January 26, 2007

The Pentagon is moving rapidly to build new missile defenses in Poland and the Czech Republic to counter the threat posed by Iranian long-range missiles, the head of the Missile Defense Agency said yesterday.

"The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program," said Air Force Lt. Gen. Henry "Trey" Obering, the agency's director.

The three-star general said plans call for deploying 10 long-range anti-missile interceptors in Poland along with a tracking radar in the nearby Czech Republic by 2011 or 2012.

"We want to have this in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability," he said.

The Iranian long-range missile threat is emerging, and as a result "it's prudent for us to be thinking about that now and to begin to build toward that so we're in a position that we can do something about it in that time frame," Gen. Obering said.

The Eastern European missile defense site will cost about $3.5 billion and is part of a global integrated missile defense designed to counter "rogue" nations' missiles, including those from Iran and North Korea, he said.

The Polish interceptor base will be the third global long-range missile interceptor base and will be similar to the current base at Fort Greeley, Alaska, where 14 interceptors are deployed. A second U.S. missile defense base at California's Vandenberg Air Force Base now has two interceptors. Both sites will have 24 or 25 by the end of the year.

Gen. Obering sought to calm Russian fears that the European-based interceptors will be capable of shooting down Russian long-range missiles. He said the interceptors pose no threat to Russian intercontinental ballistic missiles because they cannot intercept either the large numbers of Russian ICBMs, nor will they be capable of chasing them successfully from the Polish location.

Russia is opposing the Polish and Czech sites, and Moscow officials have threatened to take unspecified action to counter the interceptors.

Iran has no long-range missiles, but its Shahab-3 medium-range missiles, with ranges of 620 miles, are thought capable of reaching some parts of Europe.

Iran is working on Shahab-4, Shahab-5 and Shahab-6 missiles that have ranges from 1,240 miles to 4,154 miles, which also could be used as nonmilitary space launchers.

"We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability," Gen. Obering said.

The magazine Aviation Week & Space Technology reported on its Web site last night that Iran was poised to take that very step: launching a satellite into space.

A recently assembled 30-ton ballistic missile turned space launcher "will liftoff soon" with an Iranian satellite, the magazine quoted Alaoddin Boroujerdi, chairman of the Iranian parliament's National Security and Foreign Policy Commission, as saying during a speech to religious students and clerics in Qom.

Gen. Obering said that once Iran succeeds in building a space launch vehicle, "you have demonstrated all the basic building blocks for a long-range ICBM capability, in terms of staging, controlling a vehicle through the staging and burns."

"All indications are they are working to be able to achieve that," he said.

On China's recent anti-satellite weapons test, Gen. Obering said it does not pose an immediate threat to the space-based elements of the U.S. missile defense system. But in the long term it could pose a threat, he said.

Iran Set To Try Space Launch (AVWEEK)

By Craig Covault

Aviation Week, January 26, 2007

Iran has converted its most powerful ballistic missile into a satellite launch vehicle. The 30-ton rocket could also be a wolf in sheep's clothing for testing longer-range missile strike technologies, Aviation Week & Space Technology magazine reports in its Jan. 29 issue.

The Iranian space launcher has recently been assembled and "will liftoff soon" with an Iranian satellite, according to Alaoddin Boroujerdi, the chairman of the Iranian parliament's National Security and Foreign Policy Commission.

The move toward an independent space launch capacity is likely to ratchet up concern in the U.S. and Europe about Iran's strategic capabilities and intents. Orbiting its own satellite would send a powerful message throughout the Muslim world about the Shiite regime in Tehran.

U.S. agencies believe the launcher to be a derivation of the 800-1,000-mi. range Shahab 3 missile. A Shahab 3 fired from central Iran could strike anywhere in Israel, Saudi Arabia, the entire Persian Gulf region and as far west as southern Turkey.

There are concerns in the West that space launch upgrades, however, could eventually create an Iranian intercontinental ballistic missile (ICBM) with a range of nearly 2,500 mi., giving Tehran the ability to strike as far as central Europe, well into Russia and even China and India.

The U. S. Defense Intelligence Agency has told the Congress that Iran may be capable of developing a 3,000-mi. range ICBM by 2015.

"But ultimately, their space program aims to orbit reconnaissance satellites like Israel's "Ofek," using an Iranian satellite launcher from Iranian territory, says Uzi Rubin, the former head of the Israel Missile Defense Organization. Rubin made his assessment in a report for The Jerusalem Center for Public Affairs.

"A reconnaissance satellite of reasonable performance should weigh about 300 kg. [660 lb.] Once Iran learns how to put 300 kg. into earth orbit, it could adapt the satellite launcher into an ICBM that could drop more than 300 kg anywhere in the world.

Boroujerdi's made his remarks about the imminent Iranian launch in a speech before a group of religious students and clerics in the city of Qom near where Iran has conducted some of its ballistic missile tests. Iran is now in the midst of military exercises that include a series of shorter-range missile tests, Iranian officials say.

Although designed as a technology demonstrator, the planned satellite launch would be a potent political and emotional weapon in the Middle East.

The new space launcher and ongoing missile development is also significant in that it highlights close technological ties between the Iranian and North Korean missiles programs, intelligence agencies agree.

Analysts at the strategic think tank GlobalSecurity.org believe that the new Iranian modification could be a stepping stone to an Iranian clone of the North Korean Taep'O-Dong 2C/3 ballistic missile that failed in a launch attempt from North Korea last July 4.

A November 2006 Congressional Research Service report reinforced concerns over Iranian and North Korean missile development ties. It notes that Israel's military intelligence chief has information indicating that North Korea has shipped to Iran eighteen 1,500 mi. range BM-25 ballistic missiles capable of carrying a nuclear warhead.

"Largely with foreign help, Iran is becoming self-sufficient in the production of ballistic missiles," says the report's author, Kenneth Katzman. And he reminds that a 2006 U.S. National Security Strategy Document notes, "The United States may face no greater challenge from a single country than Iran."

U.S. Military Rejects Russian Worries (AP)

By George Gedda

AP, January 26, 2007

Proposed U.S. missile defense sites in Poland and the Czech Republic will not affect Russian security but will be designed to intercept missiles planned by Iran that would be capable of reaching Eastern Europe, a senior defense official said Thursday.

Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, rejected Russian claims that the U.S. plan would upset the security balance. Russian officials have warned of the possibility of countermeasures.

Russian Defense Minister Sergei Ivanov said Wednesday that U.S. systems being considered could not be directed against Iran because that country has no intercontinental ballistic missiles and will not have any in the future.

Obering, speaking to reporters in a telephone briefing, said that while Iran poses no long-range threat to Eastern Europe today, "we have to stay ahead of what we think that threat is."

Beyond that, Obering said, the interceptors the United States plans for Poland and the Czech Republic are insignificant compared with Russian capabilities.

"There is no way, shape or form that 10 interceptors can neutralize the hundreds of missiles in the Russian arsenal," Obering said. "I can't be any more plain than that."

He said U.S. defense officials have traveled to Russia to explain U.S. intentions and plan more such consultations in the future.

Asked if Russia would be allowed to send observers to the sites, Obering said, "We have nothing to hide. But any invitation would be subject to consultations with the host governments."

The $3.5 billion program for Poland will be completed in 2011 or 2012, Obering said.

At one point, he said the program will be designed to deal with "rogue nations," but he mentioned no country in that category besides Iran.

A Polish journalist asked whether any compensation would be paid to the country in exchange for Poland's willingness to serve as a host missile defense country. Obering said no such benefit is planned because the project will enhance Polish security.

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He added that the United States has other Eastern European countries in mind if negotiations with Poland and the Czech republic over terms of the deployments are unsuccessful.

Diamonds In The Sky (TIME)

Time, January 26, 2007

China's successful antisatellite-missle test Jan. 11 carries potential implicationsÂ for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher). At issue are military surveillance satellites--the very ones that detected Beijing's test--which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites--and a possible catalyst to a space arms race. [This article consists of a complex diagram. Please see hardcopy of magazine.]

Venezuela May Ask U.S. Envoy To Leave (AP)

By Christopher Toothaker

AP, January 26, 2007

President Hugo Chavez warned Thursday that the U.S. ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs."

The outspoken Venezuelan leader lashed out after William Brownfield said U.S. companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it.

"If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could ... be declared a persona non grata and would have to leave the country," Chavez.

The top American envoy to Venezuela told Caracas' Union Radio the planned takeover of CA Nacional de Telefonos, or CANTV, should proceed "in a transparent, legal manner" and that Venezuela's government must offer "fair and quick compensation to the people who are affected or the owners."

"These are the only obligations that a government has when it decides to nationalize an industry," Brownfield added.

Thursday's exchange is the latest demonstration of tensions between Caracas and Washington.

U.S. officials have accused Chavez of becoming increasingly authoritarian and of being a destabilizing force in Latin America. The Venezuelan leader has repeatedly accused Washington of scheming against his left-leaning government.

Virginia-based Verizon Communications Inc. holds the largest minority share of CANTV, which was privatized in 1991. The takeover jeopardizes an agreement by Verizon to sell its 28.5 percent stake in CANTV to a joint venture of America Movil and Telefonos de Mexico SA, controlled by Mexican billionaire Carlos Slim.

The sale had been awaiting Venezuelan government regulatory approval.

Chavez, a self-proclaimed "revolutionary" who is steering Venezuela toward socialism, has said he wants an immediate state takeover of the telephone company and will not pay shareholders the market value. The Venezuelan leader has said the price for CANTV would take into account debts to workers, pensions and other obligations to the state.

Brownfield said he was optimistic that shareholders would be fairly compensated.

"I think it can be a process that concludes in a satisfactory manner for all those involved, that's my hope," he said.

Chavez _ a close ally of Cuban leader Fidel Castro _ also has said he plans to nationalize the electricity sector, and take state control of four lucrative oil projects and the natural gas sector.

Relations between Caracas and Washington have been tense since Chavez was briefly ousted in a 2002 coup that he claimed the U.S. played a role in. The Bush administration has repeatedly denied involvement, although it recognized an interim government established by coup leaders.

Brownfield said he wanted to improve relations through "a serious and pragmatic dialogue between the two governments, to identify issues of mutual interest and to look for solutions to those issues."

Legislation Would Relax Cuba Policy (WT)

By Steve Hirsch

The Washington Times, January 26, 2007

Legislation to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the U.S. policy on Cuba.

The first bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican.

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The Cuban economic embargo, which dates to the 1960s, allows cash sales only for food, medicine and medical equipment and restricts travel to the island.

U.S. citizens are generally barred from travel to Cuba without a specific license, although there are exceptions for working journalists, researchers and some others. Permits for visits to immediate family members in Cuba may be issued every three years.

The measures to ease the policy will be filed as stand-alone legislation or as amendments to appropriations bills or other legislation.

Mr. Flake, who introduced his bill with House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, said that nearly 50 years of the current policy have "done little" to bring democracy to Cuba.

Instead of aiding democratic reform, the policy has given Cuban President Fidel Castro "a convenient scapegoat for his own regime's failures," Mr. Flake said.

Rep. Bill Delahunt, Massachusetts Democrat, plans legislation to ease restrictions on Cuban-American family travel.

Other possibilities include legislation to ease payment restrictions for cash sales of food to Cuba.

Rep. Jerry Moran, Kansas Republican, is planning to introduce one such payment-regulation bill next week. He said Wednesday that stand-alone Cuba legislation is more likely to reach the House floor now than under Republican leadership, partly because Republican leaders were adamantly opposed to dealings with Cuba.

President Bush's continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat.

Rep. Jo Ann Emerson, Missouri Republican, who plans to co-sponsor Mr. Moran's proposal, said that Congress may be able to make some changes in the Cuba policy, but that even with a new Democratic majority, any such changes would be "pretty incremental."

Mr. Rangel criticized Mr. Bush as being "locked into punishing Castro," but suggested that Mr. Bush would not veto bills that have Republican support.

"He's in enough trouble for the war that the best he can look for is trying to be able to accomplish something among Republican members. He owes them big time," Mr. Rangel said.

The White House had no comment on the bills yesterday. National Security Council spokesman Gordon Johndroe only said: "Our Cuba policy is unchanged."

The bills come as the state of Mr. Castro's health remains a mystery.

Mr. Castro, who has not been seen in public since July, has temporarily handed over power to his younger brother, Raul, but it is not clear whether a permanent succession would result in a fundamental change in Cuba's government.

Some observers have suggested recently that Fidel Castro's departure from the scene might not cause any fundamental change in Cuba's political system.

Earlier this month, a senior U.S. intelligence official told congressional intelligence panels, "Raul Castro is firmly in control as Cuba's acting president and will likely maintain power and stability after Fidel Castro dies, at least for the short term."

Army Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, told the committees that the younger Castro "has widespread respect and support among Cuban military leaders who will be crucial in permanent government succession."

Blueprint Sees Kosovo As Ward Of EU (FT)

By Guy Dinmore And Mark Turner

Financial Times, January 26, 2007

The special UN envoy charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with Nato peacekeepers braced for a backlash from ethnic Albanians demanding full independence.

Martti Ahtisaari, a former Finnish president, has already disclosed that his proposal “foresees strong international civilian and military presences within a broader future international engagement in Kosovo”.

In effect, Kosovo would be given the attributes of independence but remain under the wing of the international community, diplomats said. Neither “independence” nor Serbia’s continued sovereignty are expected to be mentioned. Ultimate authority will be transferred to a special representative of the European Union from the United Nations, which has administered the province since Nato intervened in 1999 to stop Serbia’s campaign of ethnic cleansing.

Mr Ahtisaari will also set out provisions for the protection of minority rights, in particular for the Serbs living mostly in small enclaves.

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After submitting his report to the six-nation Contact Group in Vienna on Friday, the UN envoy, who was appointed in November 2005, will take the report to Belgrade and Pristina on February 2. Neither side is expected to embrace the plan, but both are under intense pressure not to reject it outright.

The formula of supervised independence is similar to the status given to Bosnia in 1995, except that the concept of sovereignty in Kosovo's case will remain vague.

Analysts said the Bush administration did not appear to have the political will to take on Russia over the issue, perhaps because of other priorities needing Moscow's acquiescence, namely Iran, North Korea and energy security.

"I think there are all sorts of possibilities which can be there, if the parties get into creative discussions," Vitaly Churkin, Russia's envoy to the UN, told the FT, indicating Moscow's willingness to continue along this tack.

Russia has previously said it would block an effort at the UN Security Council to recognise Kosovo as a breakaway sovereign state against the will of Belgrade.

A senior US official said Mr Ahtisaari would propose "a very generous package" to protect the Serb minority and the ancient Orthodox churches that remain a powerful symbol of Serbia's national identity.

The Right Muddle For Kosovo (LAT)

The Los Angeles Times, January 26, 2007

HERE'S A PLACE you probably haven't thought about much in the last seven years: Kosovo. But the Balkan province is about to make a comeback bid for your attention, and not necessarily in a good way.

The former Yugoslavia, a steaming kettle of ethnic and religious resentments, has been comparatively peaceful since the wars of the 1990s — not because the region's territorial disputes have been settled but because NATO has kept a close watch on the stove (in the case of Kosovo, with 16,000 troops). But an upcoming United Nations ruling on Kosovo's bid for independence from Serbia stands to set the burner on high.

Kosovo, a province the size of Connecticut, has about 2 million residents, 90% of them ethnic Albanians. It was an autonomous region within the Yugoslav federation until 1989, when Slobodan Milosevic jump-started his career as dictator by asserting Belgrade's authority over what is, for Serbs, a land of nationalist importance. The crackdown led to a Kosovar rebellion nine years later that was ruthlessly suppressed until halted by NATO bombardiers. The region has been under U.N. supervision while the international community fumbles for a more permanent settlement.

That U.N. blueprint will be unveiled privately today in Vienna to the six-nation Contact Group that sets policy for Kosovo — the U.S., Britain, France, Germany, Italy and Russia. Leaked pieces of the plan seem a bit of a mess. It is expected to propose "supervised autonomy," a sort of "independence lite," watched over by an international monitor. Kosovo will reportedly be allowed to join international organizations such as the U.N. and the World Bank and even maintain a tiny army. But the minority Serb population would largely be self-governed, with direct links to Serbia.

The plan isn't going to please many in proindependence Kosovo, and next to no one in pro-federation Serbia. Anticipation of an unfavorable U.N. recommendation probably helped the ultranationalist Radicals — led by a Serb awaiting a war crimes trial in The Hague — win the most votes of any party in Serbia's recent elections.

Yet flawed and temporary as it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around.

First Test For New UN Chief: Darfur (CSM)

By Howard Lafranchi

The Christian Science Monitor, January 26, 2007

UNITED NATIONS, N.Y.

The new United Nations secretary-general, Ban Ki Moon, lists Darfur among his top priorities.

Putting an end to the violence there, which the United States calls "genocide," is also turning into the UN leader's first major test – of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action.

Mr. Ban is underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip. There he plans to meet Sudanese President Omar Hassan al-Bashir and to press him to accept deployment of a "hybrid" African Union-UN force of 20,000 peacekeepers for the war-ravaged province.

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UN officials say Ban, who has been in his job since Jan. 2, does not want to lose the "momentum" that was thought to have been made at the end of last year, when Mr. Bashir sent a letter to outgoing UN Secretary-General Kofi Annan in which he seemed to accept the idea of a hybrid force.

"The problem is that the Sudanese agree to things, but then they backtrack and dawdle. So the worry here is that they made a gesture but then saw they could use the change from Annan to Ban to stall," says one UN official close to the thinking in the secretary-general's office. "The idea will be to move ahead with what has already been approved," says the official, who spoke on condition of anonymity.

Ban's meeting with Bashir is a good first step, some analysts of conflict diplomacy say, but they add that he can do much more.

"The most important thing is to get countries to make significant pledges of troops for a Darfur force, so that it is something more than an idea approved last year by the Security Council," says Lee Feinstein, an expert in international institutions at the Council on Foreign Relations in Washington. "That's something Ban can do that would send a particularly stern message of determination to the Sudanese."

Mr. Feinstein says that Ban, whose candidacy to the secretary-general's post was backed by both Washington and Beijing, should turn to China now for a troop commitment to a peacekeeping force in Darfur. Given Beijing's significant economic partnership with Khartoum, no other power could equal the message that would send, he adds.

Increasingly sensitive to its international image, China is openly discussing its growing involvement in Africa in general and in Sudan in particular. But it is also emphasizing that its cooperation toward a resolution of the Darfur conflict will be diplomatic and not military in nature.

Chinese President Hu Jintao announced this week his plans to visit Sudan next month for talks that will include the Darfur crisis.

Wang Guangya, the Chinese ambassador to the UN, who met with Ban this week in New York, says he made clear China's support for a diplomatic solution in Darfur.

"I told [Ban] we support him in setting his priority on Darfur, and that we will work with him for progress on that issue," Mr. Wang says. Referring to Sudan's recent hints of openness to outside involvement, he adds, "We have seen some important signals over the past few weeks, and I think we are seeing indications that we can expect more."

Ban also met this week with a Sudanese foreign-ministry official, registering his concern over continued aerial bombardments by the government of Sudan in north Darfur. He also brought up increasing harassment of and attacks on UN staff members in Darfur.

But pressure for more robust international action is mounting in other quarters. Several rights organizations, including Human Rights Watch and the Save Darfur Coalition, are calling on the African Union to reject Sudan's candidacy for the presidency of the 53-member organization. In letters to AU countries, the groups said the AU's effectiveness and role in a Darfur resolution would be undermined with a Sudanese presidency.

At the same time, a bipartisan group of US senators is calling on President Bush to divulge any plans the administration has to strengthen its measures addressing the Darfur conflict. Andrew Natsios, presidential envoy for Darfur, had warned the Sudanese government in a Khartoum meeting last month that the US would move on to a new plan of more aggressive measures if Sudan did not begin opening up to a larger international force than the 7,000 soldiers the AU has in the vast western region.

Feinstein, who has authored a new paper on international responsibilities in internal conflicts like that in Darfur, says Ban must also start looking to changes that can help prevent future Darfurs. "Ban should use the advantage he has of the 'fresh start' to move ahead more long term on developing the means to prevent conflicts from becoming international tragedies, as Darfur has," he says.

Among other things, he says Ban should build on the UN General Assembly's adoption in 2005 of the so-called "responsibility to protect" doctrine, which calls on the international community to protect civilians in countries where the government is unable or unwilling to do so.

Doha Breakthrough Not Far Away (FT)

By Alan Beattie

Financial Times, January 26, 2007

Trade ministers continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks.

Peter Mandelson, EU trade commissioner, told the FT that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away.

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"I believe we can get a breakthrough on the big numbers in agriculture and industrial goods in the next month or so," he said.

But he continued to argue that the onus was on the US to offer more cuts in farm subsidies. Despite intensive talks between the EU and US negotiators in recent weeks, officials say that gaps remain.

"The agricultural consultations between the EU and the US are through the worst," Mr Mandelson said. "We are approaching the end of the endgame in that regard."

Saturday's meeting will discuss whether to reopen the multilateral talks, which were suspended last July.

The outstanding issue in agriculture was between the US and developing countries, said Mr Mandelson. The US has asked for substantial new access to the consumer markets of big emerging market countries such as India, Indonesia and the Philippines.

Susan Schwab, US trade representative, said that a framework agreement was possible "in a matter of months", but that would require rapid progress in the next few weeks.

She declined to discuss what cuts in farm tariffs and subsidies would be required for agreement. "There are two things I am not going to get into this weekend," she said. "I am not going to point fingers and I am not going to quote top-line numbers."

Detailed discussions with individual countries about the protection they wanted to maintain for various farm commodities was necessary to reach agreement, she said.

Rachid Mohammed Rachid, Egypt's trade minister, said that the EU and US both had to do more, but that the task was harder for the US.

He added that few developing countries, apart from Brazil and India, had been properly consulted. "Africa has been totally neglected," he said. "Africa has been dealt with more by threats than by anything else. They have been told: 'You should not be the ones blocking this deal. You should be supporting it'."

Mr Rachid said there appeared to be a belief that the poorest developing countries could be bought off with a few concessions in the last few hours of a trade deal.

The agricultural talks will focus on the number of so-called sensitive products for rich countries and special products for developing countries which they can shield from across-the-board cuts in farm tariffs.

Rules Dispute Imperils Khmer Rouge Trial (NYT)

By Seth Mydans

The New York Times, January 26, 2007

PHNOM PENH, Cambodia, Jan. 25 — The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge.

If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out. That would cast a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value.

Seventeen Cambodians and 12 foreigners took office as judges and prosecutors in July, inaugurating a United Nations-sponsored process that mixes Cambodian law with international standards of justice. It is an awkward formula made more questionable by the meager qualifications of the Cambodian judges, who are seen as poorly trained and subject to political manipulation.

Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have.

Almost three decades have passed since the Khmer Rouge ruled Cambodia, from 1975 to 1979, causing 1.7 million deaths through killings, torture, starvation and overwork.

The potential defendants are aging and some have died, notably the Khmer Rouge leader, Pol Pot, in 1998. The targets of the trial are top leaders and "those most responsible" for the crimes and is expected to focus on at most a dozen defendants. Among the handful of names often mentioned, only one is in custody, with the rest living freely in Cambodia.

The foreign co-prosecutor, a Canadian named Robert Petit, has been pursuing the evidence vigorously but has not said where it is leading him. In an interview, he said he was ready to propose his first indictments once the judges formalized the rules at a plenary session tentatively set for March. A trial might then begin by the end of the year.

Cambodia and the United Nations agreed on the structure of the mixed tribunal in 2003 after years of negotiations that involved technical and political differences. Those differences remained at the heart of the disagreements that have stalled the trial since November, say experts on the tribunal.

A rules committee of nine judges is trying to resolve the differences. Sean Visoth, the tribunal's Cambodian coordinator, said, "If there is no compromise and there is no plenary, the international judges will walk away."

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The delay has revived a concern that Prime Minister Hun Sen may not in fact want the trial to proceed and may be throwing up the latest in a long series of roadblocks that have stalled it over the years. Among other things, he is believed to be under pressure from China, which does not want to see a trial that would be likely to demonstrate its close ties to the Khmer Rouge government.

The core disputes appear to involve a long-running issue: the independence of the trial from Cambodian political manipulation.

On the Cambodian side, an important issue is control, said the American ambassador to Cambodia, Joseph A. Mussomeli. "The government in general tries to keep tight control over the judiciary and anything that could have negative consequences," he said.

The first concern is the scope of indictments in a country where the politics of the present remain tangled in the past. Some former middle-ranking Khmer Rouge are prominent in the current government, including Mr. Hun Sen — although experts say he is not culpable. Other potential defendants may have powerful patrons trying to protect them.

One point of contention among the judges, said people close to the negotiations, is a provision that would in effect allow an indictment to proceed without the agreement of the Cambodian side. That provision is one of several balancing acts in the tribunal's super-majority system that at most junctures allows foreign and Cambodian judges to cast what amount to vetoes over one another's decisions.

The Cambodian side is also seeking to limit the right of defendants to be represented in court by foreign lawyers, which it says is a violation of Cambodian legal sovereignty. Foreign analysts say the Cambodian concern is that aggressive foreign lawyers would be independent of any political guidance and could send the case in unpredictable directions.

A British lawyer, Rupert Skilbeck, who will coordinate the lawyers' work, said defendants would be placed at a disadvantage if they could not select their own lawyers.

"It's important that the trials are very fair, because if they're seen as show trials, then there will be no justice," he said in November.

Mr. Mussomeli said the Cambodian government, accustomed to controlling the judiciary, might be reacting defensively to Mr. Petit, who has taken on his job as prosecutor with an energy and independence that is unfamiliar here.

In the interview, Mr. Petit sought to calm these concerns, saying he was aware that the tribunal could be derailed by an overaggressive prosecution. "We have to apply the law in the context of Cambodia," he said. "I'm not stupid. You have to exercise discretion."

Mr. Petit has been involved in tribunals in Rwanda, Sierra Leone, Kosovo and East Timor, and he said he understood that in cases like these it was not possible to follow the law blindly, without reference to its context. "We all have a sense of our responsibilities," he said. "Our primary responsibility is to deliver justice to the victims of these crimes." That will not be possible, he said, if the process is shut down for any reason.

"Having a right and exercising it with good judgment are two different things," he said.

He said he did not know how many cases he would forward to the next level of the tribunal, the investigating judges, who are to issue indictments. "In this particular tribunal there are very specific expectations," he said. "Everyone 'knows' what happened. We've got the evidence there; you just have to pick it up and carry it into court — well, it doesn't work that way."

"We have to grasp events of great magnitude that happened 30 years ago and be legally and morally convinced that we have cases against individual people," he said.

Carter Apologizes For 'Stupid' Book Passage (WT)

By Eric Pfeiffer

The Washington Times, January 26, 2007

Jimmy Carter has apologized for what he called a "stupid" passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis.

The former president had spent most of the past two months defending his new book, "Palestine: Peace not Apartheid," after 15 board members at his Atlanta-based Carter Center resigned in protest of the book's content.

"I apologize to you personally and to everyone here," Mr. Carter said when asked about the passage by a student during his appearance at Brandeis University on Tuesday. After explaining that the passage was "worded in a completely improper and stupid way," Mr. Carter said he has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

The questionable passage, which appears on Page 213 of the book, reads: "It is imperative that the general Arab community and all significant Palestinian groups make it clear that they will end the suicide bombings and other acts of terrorism when international laws and the ultimate goals of the Roadmap for Peace are accepted by Israel."

Some of Mr. Carter's critics, including the Carter Center board members who resigned, say the text reads as defending terror tactics until a peace accord can be reached between Israel and Palestinians.

"Repeatedly I call on all to terminate the use of violence," Mr. Carter said in response.

He also addressed critics who said the book title unfairly compared Israeli policy to the racial separatist policies of South Africa's government, which ended apartheid in the early 1990s. Mr. Carter said he did not mean to "equate Zionism with racism" when choosing the title.

"I chose that title knowing that it would be provocative, but in the long run it has precipitated discussion and there has been a lot of positive discussion," he said.

Emory University history professor Kenneth W. Stein, who served as the Carter Center's first executive director, was one of the first board members to resign after the book was published in December.

Last week, in a statement released through Emory's Institute for the Study of Modern Israel, Mr. Stein criticized Mr. Carter's book for suggesting that the Palestinian terror group Hamas is "ready for dialogue." Mr. Stein noted that Hamas has never recognized the legitimacy of the Jewish state and that, as recently as October, a Palestinian official said at a Hamas gathering that Israel is "a vile entity."

On Wednesday, Mr. Carter released the transcript of a discussion he held as president with Pope John Paul II. During the Oct. 6, 1979, discussion, Mr. Carter urged the pope to publicly acknowledge Israel during one of his speeches.

"I reported that the Jews in our country at least thought that he was biased against them because he had never yet mentioned Israel in one of his speeches," the transcript reads. "He replied, 'I have mentioned Jerusalem.' I replied, 'This is not adequate for the Jews.' " The transcript was first released to the Associated Press.

Mr. Carter's appearance at the Brandeis campus in Boston was followed by an appearance by Harvard University law professor Alan Dershowitz, who has been critical of the book. Although Mr. Carter refused to debate him and even to appear with him, Mr. Dershowitz told the students in attendance that he appreciated the former president's apology.

"You heard the Brandeis Jimmy Carter today, and he was terrific," Mr. Dershowitz said. "I support almost everything he said. But if you listen to the Al Jazeera Jimmy Carter, you'll hear a very different perspective."

Judgment Day (WSJ)

By Yossi Klein Halevi

The Wall Street Journal, January 26, 2007

JERUSALEM -- The Israeli presidency is largely a ceremonial position and has only one real purpose: to uphold the honor of the Jewish state. Yet over the last six months, as accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign, insisting on his right to remain in office until being formally charged -- even though, by tainting the presidency with scandal, he has betrayed the job's core requirement. Now, with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office: Yesterday, the Knesset approved the president's temporary suspension. But not before Mr. Katsav called a hysterical press conference in which he blamed the media, the police and the attorney general for hounding him.

For Israelis, this is a time of near-despair. A former justice minister is on trial for sexual harassment, leading tax authority officials have been arrested for fraud, the finance minister is under investigation, and any of a half-dozen alleged financial scandals could topple Prime Minister Ehud Olmert. "There is no judgment and no judge," Israelis tell each other, quoting a Talmudic phrase. With the looming threat of a nuclear Iran, and jihadist Hamas and Hezbollah pressing against its borders, Israel faces an internal challenge that is no less daunting than the external ones: to recreate a society that is worth fighting for. Never before has Israel faced greater dangers, and never before has it been so bereft of trustworthy leaders.

The roots of Israel's ethical crisis go back, ironically, to the heroic founders of the state. Personally stoic, the leaders of Mapai, the socialist party that led the state in its formative years, created a culture of cronyism. Possession of a "red card," marking Mapai membership, was often a precondition for securing scarce employment. Cronyism was coupled with frontier recklessness: Under constant siege, and overwhelmed with impoverished refugees, Israel created a culture of improvisation, a bending of the rules. With the country's survival constantly in the balance, Israelis indulged the sexual improprieties of their military heroes; Prime Minister David Ben-Gurion defended the philandering general, Moshe Dayan, by noting that King David was also an adulterer. But they knew their leaders were devoted to the nation. The same can hardly be said about today's politicians, who absorbed the wiles of the founders but not their self-sacrifice.

Perhaps the greatest threat to the political system today is a corruption of the spirit of leadership. In refusing to accept responsibility for sullying the presidency, Mr. Katsav represents a new class of Israeli leaders who reject accountability for failure. Though last summer's war didn't achieve any of its objectives, none of the architects of Israel's first military defeat admitted responsibility. Mr. Olmert continues to insist that Israel won, even though Hezbollah has rearmed and Israeli deterrence has

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been weakened by the very war that was intended to restore it. True, the army chief of staff, Dan Halutz, did resign last week -- but only to pre-empt a call for his dismissal from a commission of inquiry investigating the war, and without any admission of failure on his part.

It used to be different. When Avraham Ofer, housing minister in the first government of Yitzhak Rabin during the mid-1970s, was accused of corruption, he shot himself, leaving behind a note that insisted on his innocence while adding that he couldn't bear the shame. And when the wife of Prime Minister Yitzhak Rabin was found to have kept a bank account in Washington, in violation of the law at the time forbidding Israelis to hold foreign currency, Rabin took personal responsibility and resigned -- incomprehensible by today's standards.

Corruption among Israel's leadership is arguably no worse than anywhere else. But a nation facing immediate existential threats needs leaders who can inspire. No citizen in the West makes the kind of sacrifices, from compulsory military reserve duty to punishingly high taxes, that Israelis routinely endure. To a large extent, they endure those hardships willingly: Teenagers vie for every slot in elite combat units; at times of national emergency, even reservists who haven't been called up volunteer for service. Israelis deserve a leadership worthy of their sacrifices.

The founders of Zionism hoped to turn the Jews into a "normal" people, a nation like all other nations. They envisioned a country maintaining normal international relations while creating an admirable society -- externally normalized, internally exceptional. Given Israel's precarious status and the current state of its political culture, that vision seems to have been reversed.

But the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders. With Lt. Gen. Halutz gone, Mr. Peretz will almost certainly soon have to follow: He will be forced to resign either by the commission of inquiry into the Lebanon war or by a rebellion within the Labor Party, which he currently heads. Finally, Mr. Olmert's own day before the commission of inquiry is approaching, and so is a decision by the attorney general about whether to pursue criminal charges against him for financial improprieties. There is judgment and judge, after all.

Mr. Klein Halevi is a senior fellow at the Shalem Center and a contributing editor to the New Republic.

Days Of Decision In Ulster (NYT)

The New York Times, January 26, 2007

The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule.

Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein — as the top parties elected by the Protestant and Roman Catholic communities are supposed to do under the Good Friday peace agreement on Northern Ireland.

If both sides come through, elections will be held and a coalition cabinet formed in March. If either falters, there can be no power sharing, and Northern Ireland will remain ruled by appointed British officials for the foreseeable future.

The Good Friday agreement of 1998 all but ended years of sectarian bloodshed in Northern Ireland. In 2005, the Irish Republican Army took the further crucial steps of permanently renouncing political violence and destroying its weapons. But the agreement's full promise has never been met as Sinn Fein and the Unionists have sparred over political power sharing and police reform.

The importance of police reform was clearly demonstrated this week with the release of a devastating ombudsman's report on years of police collaboration with a Protestant paramilitary death squad. Most, but not all, of that collaboration occurred before the present professional police service was created to replace the old Protestant-dominated Royal Ulster Constabulary.

Further reforms put in place by the head of the new force make any repetition of such shocking abuses unlikely. But the best safeguard would be oversight of the police by a democratically chosen executive and legislature. That is the courageous and sensible argument Mr. Adams will make to Sinn Fein this weekend. If his view prevails, Mr. Paisley's time to be courageous and sensible will follow.

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TERRORISM NEWS:

Justice Department Wants Domestic Spying Lawsuit Dropped (AP)

By Lara Jakes Jordan, Associated Press

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AP, January 26, 2007

WASHINGTON - The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court.

Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program.

The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida.

The ACLU's lawsuit against the terrorist surveillance program "is now moot," the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. "The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist."

The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005.

Last August, a federal judge in Detroit declared the program unconstitutional, saying it violates the rights to free speech and privacy and the separation of powers. In October, a three-judge Cincinnati appeals panel ruled the administration could keep the program in place while it appeals the Detroit decision.

The ACLU plans to file a response Friday, asking for the appeal to continue, said assistant legal director Ann Beeson. The watchdog group contends that Bush retains his authority to return to the warrantless program if it needs to.

"The case could not be less moot," Beeson said. "The case is not moot if there's any remote possibility that the government is going to violate the law again."

Dismissal Of Lawsuit Against Warrantless Wiretaps Sought (WP)

By Dan Eggen

The Washington Post, January 26, 2007

A lawsuit challenging the legality of the National Security Agency's warrantless surveillance program should be thrown out because the government is now conducting the wiretaps under the authority of a secret intelligence court, according to court papers filed by the Justice Department yesterday.

In a filing with the U.S. Court of Appeals for the 6th Circuit, in Cincinnati, Justice Department lawyers said the lawsuit of the American Civil Liberties Union and other plaintiffs -- which received a favorable ruling from a federal judge in Detroit -- should be considered moot because the case "no longer has any live significance."

The ACLU called the government's arguments implausible and said it plans to file its response today.

The brief is the latest volley in the legal battle over the controversial spying effort, dubbed by the administration as the "Terrorist Surveillance Program," or TSP. Under the program, the NSA monitored, without obtaining warrants, telephone calls and e-mails between the United States and overseas if the government determined that one of the parties was linked to al-Qaeda or other terrorist groups.

Attorney General Alberto R. Gonzales announced last week that the government was terminating the program and that eavesdropping will be overseen by a secret 11-member court that administers the law governing clandestine spying in the United States, known as the Foreign Intelligence Surveillance Act, or FISA.

The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed.

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"Plaintiffs' challenge to the TSP is now moot," the government said in its filing yesterday. "The surveillance activity they challenge . . . does not exist. And the specific relief they sought and were awarded -- injunction of the TSP -- cannot redress any claimed injury because no electronic surveillance is being conducted under the TSP."

Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. "This is not an instance of 'voluntary cessation' of allegedly unlawful activity," the government lawyers wrote. "The government has not ceased surveillance -- instead, the facts and legal authorities have changed."

But Ann Beeson, the ACLU's associate legal director, said that argument is "not plausible." She added that previous court rulings made it clear that the government cannot escape a legal judgment merely by voluntarily halting its illegal activity.

"The FISA court didn't reach out on its own to do something; the government asked it to do something," Beeson said. "And absent a ruling, they are free to return to their illegal conduct again."

The new lines of argument in the ACLU case come less than a week before a hearing scheduled for next Wednesday in Cincinnati where both sides are set to offer oral arguments.

Most of the details of the new spying arrangement are considered classified by the Bush administration, including a set of orders issued by a FISA judge on Jan. 10 that authorizes the eavesdropping. As a result, the precise outlines of and legal justifications for the monitoring remain unclear.

The government signaled in its filing that it would oppose a public release of the orders, saying that "the longstanding practice is that FISA Court orders remain classified and not subject to public dissemination." Senate Judiciary Committee leaders have asked to see copies of the orders but have, so far, been rebuffed.

Secrecy Is At Issue In Suits Opposing Domestic Spying (NYT)

By Adam Liptak

The New York Times, January 26, 2007

The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies.

Judges have even been instructed to use computers provided by the Justice Department to compose their decisions.

But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union.

Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege.

Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials.

In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves.

At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records.

In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices.

"The documents reviewed by the court have not been altered and will not be altered," Ms. Kennedy wrote, and they "will be preserved securely as part of the record of this case."

Some cases challenging the program, which monitored international communications of people in the United States without court approval, have also involved atypical maneuvering. Soon after one suit challenging the program was filed last year in Oregon, Justice Department lawyers threatened to seize an exhibit from the court file.

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This month, in the same case, the department sought to inspect and delete files from the computers on which lawyers for the plaintiffs had prepared their legal filings.

The tactics, said a lawyer in the Oregon case, Jon B. Eisenberg, prompted him to conduct unusual research.

"Sometime during all of this," Mr. Eisenberg said, "I went on Amazon and ordered a copy of Kafka's 'The Trial,' because I needed a refresher course in bizarre legal procedures."

A federal district judge in the case, Garr M. King, invoked another book after a government lawyer refused to disclose whether he had a certain security clearance, saying information about the clearance was itself classified.

"Frankly, your response," Judge King said, "is kind of an Alice in Wonderland response."

Questions about the secret filings may figure in the first appellate argument in the challenges, before the Sixth Circuit, in Cincinnati, on Wednesday. The three judges who will hear the appeal met with lawyers for the Justice Department and the American Civil Liberties Union on Jan. 8 in a judge's chambers in Memphis.

"The court raised questions about the procedures the government had used to file classified submissions in the case and the propriety and integrity of those procedures," said Ms. Beeson, associate legal director of the A.C.L.U., which represents the plaintiffs in the appeal.

"They were also concerned about the independence of the judiciary," given that "the Justice Department retains custody and total control over the court filings." Ms. Beeson said.

Nancy S. Marder, a law professor at the Chicago-Kent College of Law and an authority on secrecy in litigation, said the tactics were really extreme and deeply, deeply troubling.

"These are the basics that we take for granted in our court system," Professor Marder said. "You have two parties. You exchange documents. The documents you've seen don't disappear."

A spokesman for the Justice Department, Dean Boyd, said employees involved in storing the classified documents were independent of the litigators and provided "neutral assistance" to courts in handling sensitive information. The documents, Mr. Boyd said, are "stored securely and without alteration."

The appellate argument in Cincinnati will almost certainly also concern the effects of the administration announcement last week that it would submit the program to a secret court, ending its eavesdropping without warrants.

In a brief filed on Thursday, the government said the move made the case against the program moot.

Ms. Beeson of the A.C.L.U. said the government was wrong.

At least one case, the one in Oregon, is probably not moot. It goes beyond the other cases in seeking damages from the government, because the plaintiffs say they have seen proof that they were wiretapped without a warrant.

In August 2004, the Treasury Department's Office of Foreign Assets Control, which was investigating an Oregon charity, al-Haramain Islamic Foundation, inadvertently provided a copy of a classified document to a foundation lawyer, Lynne Bernabei.

That document indicated, according to court filings, that the government monitored communications between officers of the charity and two of its lawyers without a warrant in spring 2004.

"If I gave you this document today and you put it on the front page of The New York Times, it would not threaten national security," Mr. Eisenberg, a lawyer for the foundation, said. "There is only one thing about it that's explosive, and that's the fact that our clients were wiretapped."

Ms. Bernabei circulated the document to two directors of the charity, at least one of them in Saudi Arabia, and to three other lawyers. She discussed them with two more lawyers. A reporter for The Washington Post, David B. Ottaway, also reviewed the document.

The full significance of the document was apparently not clear to any recipient, more than a year before The New York Times disclosed the existence of the N.S.A. program in December 2005.

The F.B.I. learned of the disclosure almost immediately in August 2004, Judge King said at a court hearing last year, but made no effort to retrieve copies of the document for about six weeks.

When it did, everyone it asked apparently returned all copies of the document. In a statement reported in The Post in March, for instance, Mr. Ottaway said he the F.B.I. had told him that the document had "highly sensitive national security information."

"I returned it after consulting with Washington Post editors and lawyers, and concluding that it was not relevant to what I was working on at the time," Mr. Ottaway said.

In a sworn statement in June, a lawyer who had the document, Asim Ghafoor, said the bureau took custody of his laptop computer "in order that the document might be 'scrubbed' from it."

The computer was returned weeks later.

In February 2006, the charity and the two lawyers who say they were wiretapped sued to stop the program, requesting financial damages. They attached a copy of the classified document, filing it under seal. They have not said how they came to have a copy.

Three weeks later, the lawyers for the foundation received a call from two Justice Department lawyers. The classified document "had not been properly secured," the lawyers said, according to a letter from the plaintiffs' lawyers to the judge.

As Mr. Eisenberg recalled it, the government lawyers said, "The F.B.I. is on its way to the courthouse to take possession of the document from the judge."

But Judge King, at a hurriedly convened hearing, would not yield it, and asked, "What if I say I will not deliver it to the F.B.I.?"

A Justice Department lawyer, Anthony J. Coppolino, gave a measured response, saying: "Your Honor, we obviously don't want to have any kind of a confrontation with you. But it has to be secured in a proper fashion."

The document was ultimately deposited in a "secure compartmented information facility" at the bureau office in Portland.

In the meantime, copies of the document appear to have been sent abroad, and the government concedes that it has made no efforts to contact people overseas who it suspects have them.

"It's probably gone many, many places," Judge King said of the document at the August hearing. "Who is it secret from?"

A Justice Department lawyer, Andrew H. Tannenbaum, replied, "It's secret from anyone who has not seen it."

He added, "The document must be completely removed from the case, and plaintiffs are not allowed to rely on it to prove their claims."

Judge King wondered aloud about the implications of that position, saying, "There is nothing in the law that requires them to purge their memory."

Mr. Eisenberg, in an interview, said that was precisely the government position. "They claim they own the portions of our brains that remember anything," he said.

In a decision in September, Judge King ruled that the plaintiffs were not entitled to review the document again but could rely on their recollections of it. In October, they filed a motion for summary judgment, a routine step in many civil litigations. In a sealed filing, they described the classified document.

Government lawyers sent Judge King a letter saying the plaintiffs had "mishandled information contained in the classified document" by, among other actions, preparing filings on their own computers.

In a telephone conference on Nov. 1, Judge King appeared unpersuaded. "My problem with your statement," he told Mr. Tannenbaum, "is that you assume you are absolutely correct in everything you are stating, and I am not sure that you are."

Mr. Boyd of the Justice Department said the government "continues to explore with counsel ways in which the classified information may be properly protected without any intrusion on the attorney-client privilege."

Terrorism Jury Suffering 'Mental Fatigue,' Cuts Work Hours (AP)

By Mike Robinson

AP, January 26, 2007

CHICAGO - Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours.

"We have taken very few breaks," the jurors said in a note to U.S. District Judge Amy J. St. Eve who is presiding at the trial, described when the indictment was made public as a step in the war on terrorism.

Jurors said in the note that they are suffering from "mental fatigue."

Former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant business professor at Washington's Howard University, are charged with racketeering conspiracy and other offenses.

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They are accused among other things of funneling thousands of dollars through American bank accounts to Hamas terrorists on the West Bank and the Gaza strip seeking to topple the government of Israel.

Both men say any money they furnished was destined for such purposes as clinics and day-care centers. Hamas is blamed for a number of murders, bombings and kidnappings. But the group also operates various charities and holds a 60 percent majority in the Palestinian legislative council.

Jurors heard three months of testimony in the case and have deliberated on the evidence for nine days.

In their note, they told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one.

Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m.

When lunch was delivered to the jury room around noon on Thursday, the laughter and chatter that came through the open door was relaxed and friendly sounding.

Correct This Wrong (MH)

The Miami Herald, January 26, 2007

The best thing to do when you make a mistake is to admit the error, apologize for the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar.

Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured.

All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria.

Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong.

No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. "This practice is abhorrent and stains America's reputation as a defender and protector of human rights," said Sen. Patrick Leahy, D-Vt., who is chair of the Senate Judiciary Committee. Sen. Leahy is right. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do.

HOMELAND RESPONSE:

FBI Reaches Out To Local Muslims (KINGDM)

By Aaron Royster, Miner Staff Writer

Kingman (AZ) Daily Miner, January 26, 2007

Special Agent John E. Lewis, who overseas all FBI operations in Arizona, talks with Muslim community members regarding their concerns while visiting the Kingman mosque, Masjid-E-Ibrahim, Tuesday night. Photo: AARON ROYSTER/Miner KINGMAN - Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night.

Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups.

"We highly appreciate their efforts," Farooqi said. "Now the distance (between communication) is reduced."

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Farooqi said he felt the night went well. He invited Lewis and two accompanying agents to share a meal with Muslim community members.

The evening began with Farooqi providing an explanation of Islam and the beliefs of its members. He said the Islamic faith is based upon a total submission to God and establishing a means of peace on earth.

"Islam is the religion of peace," Farooqi said. "Muslims are the people of peace."

Lewis followed Farooqi, explaining the FBI to the more than 20 community leaders present to help dispel misconceptions about his organization.

Lewis and Farooqi had met at the Phoenix FBI office in December, which led to the visit by Lewis.

Lewis explained the different focuses of the FBI: counter-terrorism, counter-intelligence, cyber-crime, public corruption, violent crimes, white-collar crimes, organized crime and drug trafficking.

He said counter-terrorism is the current No. 1 priority of the FBI, but white-collar crime was the No. 1 priority before 9/11.

Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI.

"It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience," Lewis said. "We're not in business, unfortunately, to deliver good news to you."

Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders.

Lewis added he has received complaints in the past from citizens who felt scared or mistreated following interactions with his office. But with that stark reality, he presented some hope for the future.

"The only way that we're going to correct the way we are today is ... time," Lewis said. "We got to push forward in time and get past this."

Lewis said he felt when he started over 30 years ago with the FBI that the open forum and discussion with community members wouldn't have happened. He said that one purpose of the outreach to the community by the FBI is to make it easier for community members to get involved with the FBI.

"We cannot do our job effectively if we believe we can do it alone," Lewis said.

Is The Gulf Coast Not Part Of Our Union? (USAT)

USA Today, January 26, 2007

President Bush's State of the Union address Tuesday included few surprises. He opened up with domestic policy and was predictably myopic about our quagmire in Iraq, seemingly immune to the pressure coming from both parties to get out of the ill-advised war. The president gets points for talking about immigration policy and for putting new ideas for health care reform on the table. But how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention?

To be sure, the federal government has set aside billions of dollars for the region's recovery. But 15 months after Hurricane Katrina hit the Gulf Coast and the levees broke in New Orleans, tens of thousands of people still are displaced.

Some people are desperately trying to get home, but Louisiana Gov. Kathleen Blanco's "Road Home" program has been paved with good intentions and poor delivery — just a fraction of the thousands who have applied for relief have received it. Habitable housing is being torn down to make way for "mixed-use" housing, and no provisions have been made for the poor who used to live in those projects. Children are being turned away from schools because there are too few to accommodate them. Citizens want to "stop the violence," but the social infrastructure to deter crime is essentially nonexistent.

Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens. A more sensitive president might acknowledge the pain that people still feel, but then again, this is a president whose mother observed that the Houston Astrodome, where people fled, was "working very well for them."

After the levees broke, wealthy New Orleaneans openly said that the city's footprint needed to shrink and that it should look different demographically, geographically and politically. At least one member of Congress said Katrina had done what public

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policy could not do. And Loyola Law School professor Bill Quigley, who is litigating on behalf of New Orleans' poor, has said recovery policies have been so biased that "you might as well put up a sign that says, 'Poor people, do not enter.' "

How could President Bush say that the state of our union is "good" when New Orleans has not yet recovered? If we can attempt to rebuild Baghdad but not New Orleans, what does that say about this country? And if Bush can spend so much of his address talking about Iraq, while Katrina recovery doesn't merit a mention, what does this say about his priorities?

Julianne Malveaux is an economist and author.

No Words For The Gulf (WP)

By Eugene Robinson

The Washington Post, January 26, 2007

More infuriating than anything George W. Bush said in his State of the Union address was what he didn't say. Congress and the nation heard nothing, zilch, nada, not a single, solitary word about New Orleans, the Gulf Coast and the devastation that remains from the worst natural disaster in United States history.

A disaster that happened on his watch. How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, "Brownie, you're doing a heck of a job." Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting.

They can't forget that, days after Hurricane Katrina made its tragic landfall, President Bush stood in New Orleans's historic Jackson Square, while most of the city still lay beneath brackish floodwaters, and said that nature's trials "remind us that we're tied together in this life, in this nation -- and that the despair of any touches us all."

Must have been a very light touch.

That night, Bush promised that "we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities." He vowed that "this great city will rise again." Then, as usual, he acted as if saying something were enough to make it true.

Bush said there was "no way to imagine America without New Orleans." No imagination is needed -- the New Orleans that we knew before the flood no longer exists. The remnant of a city that survives between the Mississippi River and Lake Pontchartrain has less than half the population of the New Orleans we used to know. Vast neighborhoods are full of houses abandoned to mold and decay.

Hundreds of thousands of residents still have no way to come home -- or no homes to return to. Vicious hoodlums have returned, however, and are preying on the diehards who never left and the pioneers who are doing their best to help the city rebuild. Yes, Brad Pitt and Angelina Jolie have just bought a house in New Orleans and say they will make the city their home. But they're likely to have better security than their neighbors.

New Orleans was doomed not just by Hurricane Katrina but by the failure of levees and flood walls that should have provided ample protection. The Army Corps of Engineers has worked day and night to patch the flood control system, and if a Katrina hit again tomorrow, most of the city should stay dry. But if a similar hurricane hit from a different angle -- or, heaven forbid, a stronger hurricane hit from any angle -- what's left of New Orleans would probably be destroyed.

The man who inspired Bush's immortal "Brownie" remark, Michael Brown, will go down in history as the Federal Emergency Management Agency director who botched the federal response to Katrina. But he intends to take others in the White House down with him. Last week, speaking to a group of graduate students, Brown claimed that he recommended that the White House assert federal control of the disaster response in the whole affected area.

"Certain people in the White House," Brown said, wanted to "federalize" the response in Louisiana to embarrass Gov. Kathleen Babineaux Blanco, a Democrat, but avoid taking any steps in Mississippi that would cast Gov. Haley Barbour, a Republican, in an unfavorable light. Brown did not name the White House officials who were behind these alleged machinations; a White House spokesman denied his claims.

I'm about as cynical as anyone about George W. Bush and his administration, but what I mostly saw in the days after Katrina was incompetence, not political gamesmanship. The scale of the disaster was almost unimaginable, and even if the federal government had done its job, lives would have been lost and the Gulf Coast left in ruins.

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What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. The logjam of insurance claims, construction permits, flood maps and levee projects keeps things from moving forward; businesses can't function without workers, and workers can't come home if they have no place to live.

What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?

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WAR NEWS:

Republican Senators May Offer Alternative Iraq Resolutions (LAT)

By Noam N. Levey

The Los Angeles Times, January 26, 2007

Scrambling to head off a potentially embarrassing congressional rebuke for President Bush's troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific "benchmarks" to the White House plan.

Sen. John McCain (R-Ariz.), who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged.

And Sen. John Cornyn (R-Texas), one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution.

"It says we need to give it a chance," Cornyn said, echoing the president's State of the Union plea to lawmakers Tuesday to give his plan "a chance to work." "We owe it to our servicemen and servicewomen to say what we're for, not just what we're against."

The legislative maneuvering comes after a rough two weeks for GOP lawmakers, who have been struggling to respond to Bush's deeply unpopular proposal to increase the number of U.S. troops in Iraq by 21,500 in the coming months.

If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq.

Six Republican senators have already expressed support for one of two resolutions that explicitly criticize the Bush plan, bringing Senate Democrats close to the GOP support needed to override any filibuster.

The first, more critical of the resolutions — sponsored by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.), Carl Levin (D-Mich.) and Olympia J. Snowe (R-Maine) — was approved by the Senate Foreign Relations Committee Wednesday and sent to the Senate floor.

The second — put together by Sens. John W. Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine) — has the support of seven other senators, including two Republicans.

The White House has been working hard to derail both of the resolutions, which — although nonbinding — would mark the first time Congress has challenged Bush's leadership of the 4-year-old war.

"What they really want to come out of this is no resolution," said Sen. Trent Lott of Mississippi, the No. 2 Republican leader in the Senate.

Cornyn said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan.

Cornyn's and McCain's comments come days after House Republican leaders proposed their own measure to establish benchmarks, which they challenged Democrats to support.

"The new majority has two choices," House Minority Leader John A. Boehner (R-Ohio) said Monday. "They can either try to stop the president's new strategy and block funding for our troops, or they can join us in aggressively holding the Bush administration and the Iraqi government accountable for achieving success."

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But Democrats — buoyed by public disapproval of the president and his Iraq plan — are pushing ahead with their plans to take on the White House.

Thursday, Sen. Richard J. Durbin (D-Ill.) took to the floor of the Senate to accuse Vice President Dick Cheney of being "out of touch with reality" for telling CNN that the administration has had "enormous successes in Iraq."

McCain Suggests Iraqi Government Meet Benchmarks (MERCN/MCT)

By Margaret Talev

The San Jose Mercury News, January 26, 2007

McClatchy Newspapers

(MCT)

WASHINGTON - Sen. John McCain, R-Ariz., one of the most stalwart supporters of the war in Iraq, said Thursday that he might propose that the Iraqi government meet certain benchmarks for the United States to continue its engagement.

Fellow senators and independent political scientists said McCain's thinking reflected growing concerns within the Republican Party about the course of the war, and also might mark a turning point for the likely 2008 presidential contender, whose previous unconditional backing of the war may have hurt his prospects.

McCain said Thursday that he hadn't yet decided on precise benchmarks. "They'd have to be specific and they (the Iraqi government) would have to meet them."

Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options."

Senate Minority Whip Trent Lott, R-Miss., a McCain ally, said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress.

"Everybody wants the situation to change. Everybody wants to lay down some markers," Lott said. "We need to see some results here. A lot of people would like to be on record on something or for something."

Andrew E. Smith, a political science professor and the director of the University of New Hampshire Survey Center, said: "I think it certainly could be politically significant." New Hampshire will hold the first presidential primary of the 2008 cycle.

"This seems to me like he's trimming his sails a little on the issue," Smith said, adding: "He has a lot of company with this. He's not out on a limb. I think there is probably a deep sense of frustration among Republicans."

McCain in no way is withdrawing his backing for the war or President Bush's plan to add 21,500 troops. It was unclear what consequences or timetables McCain would spell out or whether he believes that Congress has the authority to enforce them.

Still, several Senate Democrats who oppose the troop buildup and also may seek the presidency said they were struck by McCain's comments.

"We Catholics call that an epiphany," said Senate Foreign Relations Chairman Joseph Biden, D-Del., who's sponsoring the main Democratic resolution opposing the troop buildup.

Sen. Barack Obama, D-Ill., said, "I called for that . . . several weeks ago. I'm glad that John McCain agrees with me.

"He's somebody who has enormous influence with the White House. He's been one of the key champions of this escalation of troops," Obama said, "and I think the fact that he recognizes the potential lack of follow-through on the part of the Maliki government, I think that's good."

Congress is preparing to debate up to a dozen proposals addressing Bush's plan to increase U.S. troops in Iraq. Voting could begin as soon as next week. Senate Democrats are working with a group of moderate Republicans to seek compromise language opposing the buildup. McCain isn't among them. He's long advocated that more troops are needed.

Sen. Norm Coleman, R-Minn., said lawmakers on all sides of the war issue were weighing whether to set performance benchmarks for Iraq's government. "Maybe that's a way to bring some of these things together," Coleman said, referring to the various resolutions before Congress.

GOP Senators Wrestle With Iraq War Resolution (WP)

DOJ_NMG_0122177

By Jonathan Weisman

The Washington Post, January 26, 2007

Senate Republicans, scrambling to head off GOP defections to a resolution opposing President Bush's war policy, are considering their own resolution demanding benchmarks to measure progress in Iraq and possibly a new diplomatic effort to end the war, senators said yesterday.

Senators from both parties began preparing for a showdown with President Bush over his plan to increase troop levels in Iraq, although that showdown may be pushed back to the week of Feb. 5. Two rival camps opposed to the additional troop deployments continued to dicker over the wording of a resolution expressing the Senate's opposition, while GOP leaders and White House loyalists plotted a response.

Minority Whip Trent Lott (Miss.) conceded that his party's leadership could not head off a vote, as the White House wants. But GOP leaders will try to force a vote on a resolution that they hope will satisfy Republicans who are leery of the president's approach but are reluctant to oppose him.

"What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress," said Sen. George V. Voinovich (R-Ohio), who has expressed deep concern with the Bush policy but voted against a Foreign Relations Committee resolution of opposition Wednesday.

Democrats said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.).

Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and his resolution's co-author, Sen. Chuck Hagel (R-Neb.), requested a meeting with Warner and his supporters to try to negotiate a single resolution that could attract broad bipartisan support. Last night Warner rebuffed those overtures, saying that he will introduce his resolution on the floor as it is written and that any amendments will have to be made during open debate.

The two resolutions come to similar conclusions, opposing the introduction of an additional 21,500 troops, calling for more diplomacy and a regional peace effort, and demanding that U.S. troops be deployed away from urban sectarian hotbeds to guard Iraq's borders, hunt down terrorists and train Iraqi security forces.

But Warner's version starts with deferential language accepting Bush's constitutional powers as commander in chief, leaves rhetorical room for some additional troop deployments and treats the fight with Sunni extremists in Anbar province as a matter separate from the sectarian violence in Baghdad.

While the lawmakers negotiate, antiwar groups are launching a public relations blitz to sway Congress. A march on Washington is planned for the weekend. And a coalition of labor unions, liberal activists and Iraq war veterans, called Americans Against Escalation in Iraq, will barnstorm through Minnesota, Indiana, Ohio, Maine, New Hampshire, Pennsylvania and Virginia next week to pressure wavering Republican senators.

In each state, television advertising will show six ex-soldiers intoning: "When it comes to Iraq, America is divided. On the one hand, you've got two-thirds of the American people, a bipartisan majority in Congress, the Iraq Study Group and veterans like us, all opposed to the escalation."

Then, one of the veterans, who is missing an arm, concludes: "On the other hand, there's George Bush, who supports escalation. If you support escalation, you don't support the troops."

No Compromise Seen On Iraq Resolutions (AP)

By Anne Flaherty

AP, January 26, 2007

The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week.

Sen. John Warner, R-Va., former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq. His comments _ along with the emergence of other resolutions the Senate might consider _

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underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it.

Warner's decision bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive.

His decision to avoid bargaining also decreases the odds that a single resolution would emerge that would garner a strong, bipartisan vote reproaching Bush's plan, which the White House hopes to avoid.

Warner's resolution would put the Senate on record as opposing Bush's decision to send 21,500 more troops to Iraq. It leaves open the possibility that a small number of forces could be sent to the western Anbar Province, where al-Qaida members are believed to be operating.

The nonbinding measure is less critical than one approved Wednesday in a 12-9 vote by the Senate Foreign Relations Committee. That resolution _ introduced by Sens. Joseph Biden, D-Del., Carl Levin, D-Mich., and Chuck Hagel, R-Neb. _ states flatly that sending more troops into Iraq is "not in the national interest."

Any agreement on the two resolutions "should occur as a consequence of the will of the Senate, working in 'open' session," Warner wrote in a letter to Biden and other co-sponsors of the Democratic-driven resolution.

A full Senate vote could come as early as the week of Feb. 5, with debate beginning next week. The House is expected to follow with a vote on a similar measure.

Amid the maneuvering, House Speaker Nancy Pelosi, D-Calif., and Rep. John Murtha, D-Pa., led House members on a fact-finding trip to Iraq. And other Democrats attacked Vice President Dick Cheney for comments in a CNN interview Wednesday defending administration policy in Iraq.

"To have Vice President Cheney suggest that we have had a series of enormous successes in Iraq is delusional," said Sen. Dick Durbin, D-Ill.

As the Democratic-led Senate steams toward a vote on Iraq, Republicans crafted their own proposals in hopes of staving off GOP defections. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., drafted separate resolutions that would voice support for the administration's Iraq policies.

Sen. John McCain, R-Ariz., said he is interested in drafting a resolution that would establish benchmarks by which the U.S. could measure the effectiveness of the troop increase.

Republican leaders, however, were unlikely to try to corral members behind a single position. Also, any agreement probably would look unfavorable for the White House because so many members have grown tired of the nearly four-year war.

David Satterfield, the State Department's senior adviser on Iraq, told a Senate panel Thursday that the increased security afforded by extra troops will make it easier to oversee rebuilding efforts in Iraq.

"We know there are no silver bullets, no guarantees regarding the question of Iraq. ... But the situation now in Iraq, and the stakes for the United States, the region and the international community, are extraordinary," Satterfield said.

Members of the Senate Foreign Relations Committee responded that they were wary of pouring more money into rebuilding without a political settlement and improved security.

"I want you to know that I am not inclined to support any additional funding in this area without strong assurances that this sort of mismanagement has been alleviated," said Sen. Jim Webb, D-Va.

White House chief of staff Joshua Bolten said in an interview Thursday with National Public Radio that the administration does not expect Congress to cut the purse strings for the war. But he said the administration has some concern that the ill will that U.S. policy in Iraq has generated on Capitol Hill could hamper the ability for lawmakers to work with the White House on other issues.

"To some degree there will inevitably be some hangover of that issue into other areas, but that doesn't mean we shouldn't do the people's business," Bolten said.

US Senators Feel Weight Of Iraq Vote (CSM)

By Gail Russell Chaddock

DOJ_NMG_0122179

The Christian Science Monitor, January 26, 2007

WASHINGTON

Back in 1971, Vietnam veteran John Kerry gave a face to the antiwar movement with a single question in televised testimony before the Senate Foreign Relations Committee: "How do you ask a man to be the last man to die for a mistake?"

This week, Senator Kerry reprised the argument before the same panel: "How many of you here at this table believe what's happening [in Iraq] is a mistake today?" he asked, as the Foreign Relations Committee took the first congressional step opposing the strategy in Iraq since lawmakers authorized the use of force in 2002.

In the end, 12 senators – all the Democrats on the panel plus one Republican, Sen. Chuck Hagel of Nebraska – backed a non-binding resolution opposing President Bush's "new way forward" in Iraq. The vote came 16 hours after Mr. Bush appealed to lawmakers, in his State of the Union address, to give his plan to add 21,500 US troops to the forces fighting in Iraq "a chance to work."

As the resolution moves to the full Senate next week, it's clear that deep disagreements exist within each party over how best to express doubts about the Iraq war. The result is a vivid – and very public – grappling over the terms of their disagreement.

At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote.

Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way.

"The president is deeply invested in this plan, and the deployments opposed by the resolution have already begun," warned Sen. Richard Lugar (R) of Indiana, the committee's ranking Republican, before the vote on Wednesday. "This resolution will increase the divide between the executive and legislative branches that is already unacceptably wide," he added, cautioning his colleagues not to give in to frustration with a White House that has not listened to the Congress in the past.

Those concerns are at the center of intense negotiations, as senators grapple with how to find words that will bring enough Republicans on board to get the attention of the White House, but not send a message of defeat to the troops.

The White House and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq.

"The goal is to try to salvage this thing and not send additional troops over with a message of disapproval from the Congress," says Sen. John McCain (R) of Arizona, who supports the president on sending more troops to Iraq.

In a first move toward achieving a bipartisan consensus, the resolution's supporters agreed to drop any reference to the president's "escalating" the war in Iraq. For many Republicans, it's a loaded term that both recalls the Vietnam quagmire and appears to give Congress a claim to "micromanage" the commander in chief. Sens. Joseph Biden (D) of Delaware, Carl Levin (D) of Michigan, Olympia Snowe (R) of Maine, and Hagel, cosponsors of the resolution, agreed to drop it.

"We can't have 535 commanders in chief, and if you think the US is doomed to fail, please remember that the enemy is listening," says Sen. Lindsey Graham (R) of South Carolina, a member of the Senate Armed Services Committee, who opposes the resolution.

In a sharp disagreement with Kerry, Sen. Jim Webb (D) of Virginia cautioned colleagues to avoid comparisons between the Iraq war and the Vietnam War. "We're losing the support of a lot of people who supported the Vietnam War and who have problems with this [war in Iraq] if we try to lump [them] together," he said.

In the Vietnam era, senators also struggled to maintain a distinction between opposing Vietnam War policy and opposing the US forces fighting it.

"The dean of the antiwar resolutions in Vietnam, [Idaho's Democratic] Sen. Frank Church, was constantly trying to make this distinction," says Julian Zelizer, a congressional historian at Boston University. In the congressional debate over the Iraq war, "there's a very similar rhetorical strategy now to that period," he adds.

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In the next few days, sponsors of a second resolution opposing the new White House strategy on the war – especially the involvement of US forces in combating sectarian violence – will be trying to line up backers. "Our resolution does not provide a reduction of the US forces now or provide a timetable, but it calls on the president to consider all options," specifically along the lines of the Iraq Study Group recommendations, says Sen. John Warner (R) of Virginia, the top Republican on the Armed Services Committee.

After the vote of the Foreign Relations Committee, backers of the alternative resolution – Senator Warner and cosponsors Susan Collins (R) of Maine, Norm Coleman (R) of Minnesota, and Ben Nelson (D) of Nebraska – said they had five other Democratic cosponsors for it. Both resolutions could come to the floor as early as next Wednesday.

Some criticize the resolutions as soft-pedaling. "This is not a time for legislative nuancing," said Sen. Russ Feingold (D) of Wisconsin Wednesday. "This is a time to stop the needless deaths of American troops in Iraq."

Brownback Could Back Rival Resolution Against Troop Increase (MERCN)

By Sam Hananel

The San Jose Mercury News, January 26, 2007

WASHINGTON - Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language.

Brownback, among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive.

"I think what we ought to be discussing now as these resolutions move forward is what we should support, not what we're opposed to, and what we can pull together on, not what we're divided on," Brownback said during a conference call with reporters.

The Senate panel on Wednesday passed a resolution that rejects Bush's plans to send 21,500 more troops to Iraq as "not in the national interest." The vote on the nonbinding measure was largely along party lines, though Sen. Chuck Hagel, R-Neb., joined Democrats in offering his support.

Brownback, who is running for the 2008 GOP presidential nomination, said he prefers a milder resolution drafted by Sen. John Warner, R-Va., that leaves open the possibility of Bush sending in a much smaller number of troops.

"I believe we've got to get to a political solution. We cannot impose a military solution," Brownback said. "I also believe we have to be united here to win over there. You can't have a war with one party supporting it and one party opposing it."

Several GOP Senators, including Susan Collins, R-Maine, Norm Coleman, R-Minn., and Ben Nelson, D-Neb., have backed Warner's resolution and other Republicans, like Brownback, say they might be willing to sign on as well.

Despite his opposition to the resolution, Brownback he remains against the idea of sending more troops to Iraq.

"The Iraqis need to do the patrolling in Iraq and we should be fighting terrorists and not becoming targets for terrorists," Brownback said. "I think sending more troops delays some of those requirements that we need to have."

Asked if he would vote against funding an increase in troops, Brownback said, "I'm not at that point."

He has called on the Bush administration to step up diplomatic efforts to quell the violence in Iraq. Ultimately, Brownback said he expects to see a "three-state, one country solution" for Iraq, where the nation is divided into Sunni, Shiite and Kurdish regions, with Baghdad as a federal city.

Pataki Breaks Ranks, Opposes Iraq Troop Proposal (AP)

By Mark Humbert,

AP, January 26, 2007

ALBANY - Former New York Gov. George Pataki, breaking ranks with President Bush and the front-runners for the 2008 Republican presidential nomination, says he opposes the president's plan to send more than 20,000 additional American troops to Iraq.

Pataki's position, at odds with the support offered Bush by Sen. John McCain, former New York City Mayor Rudolph Giuliani and former Massachusetts Gov. Mitt Romney, was made public Thursday as aides released excerpts of a speech the former governor was to deliver Friday at Georgetown University.

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"A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq," said Pataki, who is eyeing a run for the 2008 nomination. "And I share the doubt of many that 20,000 additional troops alone will assure a successful democracy."

"Sending more American troops into Baghdad is unnecessary to achieve the core victory over al-Qaida in Iraq," he added. "A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki, whose eldest son is a Marine facing possible deployment to Iraq, said "before the United States government puts more troops in harm's way in Baghdad we must have confidence that the Maliki government will be an active partner in this effort."

Pataki spokesman David Catalfamo said the former governor wasn't ruling out possible future support for the Bush-backed initiative, but only if the Iraqi government proved it was getting control of the country and taking on more of the responsibility for security there.

"We must detail to the Iraqi government the terms under which we will continue to prop up its weak and struggling institutions," said Pataki. "If they want Americans to continue to die in defense of their government, if they want Americans to continue to pour tens of billions of dollars into their people's schools, services, and security, we can and must first demand action on their part."

While Pataki's comments appeared as a sharp departure from his past support of Bush on the Iraq war, the former governor began expressing reservations about the U.S.-Iraq policy after a November trip to the war zone when he said the Iraq government "is not delivering the security or the services that the people of Iraq need. That has to change and that has to change quickly."

The remarks released Thursday make it clear Pataki believes that had not happened.

"An oppressive majority can ignore the rule of law or use the power of government to deny opposition groups basic human rights," he said. "Unconstrained majorities can act in the interest of good or evil, or simply choose not to react to the evil of others. To a large extent, that has happened in Iraq."

Catalfamo said he did not expect Pataki to use the speech to announce his intentions about running for president. Pataki chose not to seek re-election last year after three terms as governor. National polls have shown Pataki trailing far behind McCain, Giuliani and Romney.

Feingold Pushes Plan To Cut Off War Funds (POL)

By John Bresnahan

The Politico, January 26, 2007

Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war.

Feingold, a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic.

Republicans "would like this debate to be as whether or not we are going to be cutting off money for the troops," Senate Majority Leader Harry Reid recently told The Politico. "The logical conclusion is that a lot of things can happen. But right now, the most important thing is to tell the president that what he has done with the escalation is wrong. And that's what we are doing, bi-partisanly."

Feingold, who chairs the Subcommittee on the Constitution, will question several witnesses, including a Library of Congress official and legal experts from Harvard, Duke, and the University of Virginia, on the issue. Senior Bush administration officials have publicly argued that Congress' has no such right, but Feingold plans to introduce legislation to force President Bush to American forces out of the troubled country.

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"Congress holds the power of the purse and of the president continues to advance his failed Iraq policy, we have have the responsibility to use that power to safely redeploy our troops from Iraq," Feingold said in a statement released by his office on Thursday. "I will soon be introducing legislation to use the power of the purse to end what is clearly one of the greatest mistakes in the history of the nation's foreign policy."

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by kevinizon on 01.26.2007 at 12:33 AM

Well at least we can all have a dialogue about all this.

Interesting that everyone went crazy at Hotspur's comments, even tho they're entitled to an opinion.

Obviously some people have not been around the last 6 years when Bush said -- about every single thing -- we're doing it my way and thats that. He definitely feels that he's king, and that the lord speaks to him personally, and thats fine. But not everyone subscribes to this ideology, and now some ideas are being bandied out. Man, everyone gets real freaked out when ideas are bandied about! Remember ideas?

No one wants "failure" in Iraq -- another buzzword bandied about ridiculously. What these congresspeople are doing is to try to steer the course towards something that WILL work.

As a last resort, if we all check our news sites, is that we can blast everyone with the new 'heat ray' and they'll all scatter.

http://www.news24.com/News24/World/News/0,9294,2-10-1462_2059990,00.html

by menino on 01.26.2007 at 12:24 AM

I think its immaterial whether 70 or 7 percent are against the war. I think we should get out of Iraq. I imagine Bin Laden and al-Sadr feel the same way. Does that mean NOT getting out of Iraq is a better idea? No, it's worse. It's worse because it proven to be an endeavor that is not nearly worth the cost. I don't think we should have to sacrifice 3000 lives and tens of thousands maimed, AND almost 400 billion dollars....so that a country can have a democracy that did not develop organically withouth any lasting social or economic institutions held over from the previous regime. It doesn't matter that evil people want the same result that I do. No one will seriously doubt American power if we plan a stategic rereat (yes, RETREAT I have no problem with that word.)No one disputes America's unrivaled capability to execute a lightning fast, compeltely integrated (in terms of air, land, and sea), and surgically peformed invasion. No one will dispute that for a long time. The U.S is at least thirty years ahead of any country in terms of military capabilities. We have zero moral authority, it was exhausted with this fiasco. If we do pull out of Iraq, people will still think we can bomb the crap out of their country, and they'll think we can't occupy it, which is both true and something we shouldn't be doing anyway.

by ATLMerlinAF on 01.26.2007 at 12:09 AM

I think, instead of throwing personal attacks at the SENATOR (elected by his people), we need to consider the merit or lack of merit his proposition. The Senator is correct in his assertion that the Congress can allocate funding how it so chooses, especially as it pertains to the military [U.S. Constitution Article 1 Sections 7 and 8]. If we were to divulge into a Constitutional debate, there would be ?experts? for and against such an assertion but in the end, the Supreme Court will refuse to settle this dispute between the Executive and the Legislature, as it has done on no less than 3 occasions in the past. The core issue is: does this plan lack credibility, and I think it does. Why? Because by virtue of proposing this extreme to the President?s extreme of introducing more troops (humor me for a moment), the Congress is forced to fill in the gaps between the two extremes. At this juncture, the only true, enforceable alternative to President Bush?s plan is to withdraw funding but, I am almost certain that in order to avoid voting on a Fiengoldesque piece of legislation, members of Congress will be forced to develop more alternatives, which is a good thing. Who knows, maybe from the firestorm that will start because of the introduction of such a bill we may reach a happy medium and a true course in Iraq for the entire country to get on board with, which is, I think, how the framers would have envisioned such a quandary to play out. Ladies and gents, this is politics at its best. People are going say and do things that appease certain portions of the electorate so that they can maneuver themselves politically, especially as it pertains to their constituency. In politics, you can never take something at face value; as McNamara said about the Cuban Missile Crisis in the

movie 13 days ?this is language to the likes of which the world has never seen. This is President Kennedy communicating [indirectly] to Premier Kruschev?. I would like to rephrase that as ?this is Cong

by dandy on 01.26.2007 at 12:06 AM

I hear a lot of comparasion of Iraq to WWII, but if we hadn't bombed everything and killed anything and everything the war would have lasted a lot longer. The insane and homo Hitler was one of our biggest allies and didn't even know it. He killed off so many of his brightest generals, tied their hands and wouldn't let the fight the way they needed to and couldn't properly supply them. If we hadn't been fighting their second stringers, replacement units and units recovering from the eastern front we might be speaking German or still fighting. Ever hear of the "Battle of the Bulge" again unable to supply his army. If we had to fight WWII the way were fighting in Iraq we would be speaking German. You cann't win a polically correct war in short order. And you cann't win with a bunch of cowardly "DEMOCRATS" running the show.

by Dexter on 01.26.2007 at 12:02 AM

If the same sort of polling technology that we have today were available in the late 1700s, we might still be British colonies. in the 1870s, the South might be their own nation.

The cold hard fact is that we are a Representative Republic. We are not a Democracy. The Founders were smart enough to realize that a Democracy is too unstable, in that the emotion of the public on any given day is too fluid. If the public on one day polled to got the troops out, and IF we were a democracy, then we might move the troops out. If on the next day we polled and found that the majority wanted the troops, do we move them back in?

The founders designed our government to be deliberate and slow to act. I government that can react quickly dissolves into a reactionary one, that gets nothing (or too much) done. The President is, by DESIGN, the sole Commander in Chief. The Founders wanted it this way, so that the people elect a person they trust to be the international REACTOR for the government for four years, who doesn't have to worry about the pulse of the Nation.

The Founders designed this Republic to operate as it is now. Who are we to argue with this design?

Dexter

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U.S. Is Neither Winning Nor Losing War In Iraq, Most Americans Say (WSJ)

The Wall Street Journal, January 26, 2007

A recent Harris poll finds 29% of Americans feel the U.S. is losing in Iraq, compared with 10% who feel the U.S. is winning and 52% who said the U.S. is neither winning nor losing.

The poll, which was conducted Jan. 11 to 18, after President Bush proposed increasing troops in Iraq but before his State of the Union address, shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent.

The online survey of 2,337 U.S. adults shows most Americans are also maintaining a negative outlook for the situation in Iraq: 61% said they aren't confident U.S. policies in Iraq will be successful, compared with 19% who have confidence in U.S. policies. Likewise, 55% say the situation for U.S. troops in Iraq is getting worse, compared with 13% who say it is getting better.

However, the poll indicates more Americans may be falling behind Mr. Bush's proposal to boost U.S. troops in Iraq: 27% of those polled said the U.S. should send more troops for a few months to stabilize the situation, up from 19% in November. Forty-four percent think a timetable should be set for the withdrawal of troops from Iraq, down from 51% in the previous poll, and 20% said the U.S. should withdraw all troops now.

When asked whether Mr. Bush appears to be listening to his generals on Iraq, 39% of respondents said they believe he is listening, but he isn't taking generals' advice and another 17% said he isn't listening to them at all; 19% think he is following their advice, while 25% aren't sure.

Here are full results of the poll: * * * "Overall, how would you rate the job President Bush has done in handling the issue of Iraq over the last several months?"

Base: All adults

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Note: Percentages may not add up exactly to 100% due to rounding. * * * "How confident are you that U.S. policies in Iraq will be successful?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Thinking about everything that has happened, do you think that taking military action against Iraq was the right or wrong thing to do?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you think that the situation for U.S. troops in Iraq is…?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you believe there is a civil war in Iraq now?

Base: All adults * * * "Which of the following possible scenarios would you like to see the US government undertake with regard to Iraq?"

Base: All adults * * * "Which of the following is closest to your opinion?"

Base: All adults * * * "Which one of the following statements about the situation in Iraq is closest to your opinion?"

Base: All adults * * * "Do you believe President Bush has been listening to his generals when it comes to the situation in Iraq?"

Base: All adults

Methodology:

Harris Interactive conducted this online survey in the U.S., Jan.. 11-18, 2007, among a nationwide cross section of 2,337 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

Big Antiwar Rallies Set For L.A., D.C. And Other Cities Saturday (LAT)

By Adam Schreck And Valerie Reitman

The Los Angeles Times, January 26, 2007

WASHINGTON -- Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall.

Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war.

"The message will be 'Mr. President, bring our troops home,' " said Rep. Lynn Woolsey, D-Calif., one of several politicians, activists and actors scheduled to speak in Washington.

The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, one of the rally sponsors, is also scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins.

"We're predicting this will be one of the largest demonstrations since the war began," said Leslie Cagan, national coordinator for United for Peace and Justice, the umbrella group organizing the Washington protest.

About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil.

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Sgt. Scott Booker of the U.S. Park Police said organizers had initially requested a permit for 50,000 people on the Mall, but Khalil said Thursday that organizers are now expecting numbers to reach into the hundreds of thousands. When asked if he thought the revised estimate was realistic, Booker said, "It's quite possible."

The protests come at a time when polls show public support for Bush's Iraq policy and for the war itself are at all-time lows. A Times/Bloomberg poll last week found that 62 percent of those surveyed said the war was not worth fighting, and only one-third approved of the president's handling of the war. Three out of five respondents said they disapproved of Bush's plan to send an additional 21,500 U.S. troops to Iraq, and about half said they wanted Congress to prevent the deployment.

Saturday's rally and march in Washington will be followed by a coordinated lobbying effort Monday to pressure lawmakers into supporting Senate and House resolutions against the deployment of additional troops to Iraq. Cagan said around 800 protesters are planning to speak with members of Congress.

Former Rep. Tom Andrews, D-Maine, national director of Win Without War, said the rally and appeal to lawmakers are part of the "most sophisticated and focused effort so far" against the war. Organizers are also calling on Congress to fully fund benefits for veterans and pay for reconstruction in Iraq.

"This is truly a movement," Andrews said. "We intend to step up and keep up pressure on Congress."

He added that plans by lawmakers to pass nonbinding resolutions against the war, such as one approved by the Senate Foreign Relations Committee on Wednesday, are not enough.

Schreck reported from Washington and Reitman from Los Angeles.

Antiwar Protesters Target Congress (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 26, 2007

When thousands of Iraq war protesters gather in Washington Saturday, their chants and amplified speeches are likely to be heard inside the secure grounds of the White House where the commander in chief has made his case for sending more troops into combat.

But the other end of Pennsylvania Avenue – the Capitol and the Democratic-led Congress – is where they most aim their message.

House Speaker Nancy Pelosi is the main political target. War protesters want something tougher than nonbinding resolutions opposing the "surge" in additional US forces. Some want hearings on the controversial basis for the war itself, perhaps leading to the impeachment of President Bush.

It's not just the nation's capital, where busloads of people from at least 30 states are headed to make their voices heard.

Around the country, lawmakers' district offices are feeling the heat as well through Quakers' peaceful "vigils" and the occasional act of civil disobedience. In one recent case, the Episcopal bishop of northern California was arrested for blocking the door of the federal office building in San Francisco. And marches and rallies are planned in other cities, including Orlando, Fla., Seattle, San Diego, and Newark, N.J.

Major organizations are working to ensure that events do not include fringe groups and speakers, such as anarchists or socialists. Until recently, "people on the far left got control of the agenda and it became marginalized, even though the sentiment in the country increasingly became antiwar," says one organizer, who wished to remain anonymous. These days, such events feature labor union members, environmentalists, and especially active duty military people, says this source.

Organizers of the Washington event are anticipating between 300,000 and 500,000 people. Among Americans, 70 percent opposed a troop surge, according to a recent AP-Ipsos poll.

Movement organizers are careful not to indicate anything other than strong support for the troops.

"A big difference between the antiwar movement now and the one in Vietnam is that there has not been – even among the most radical of them – attacks on the troops themselves," says political scientist John Allen Williams of Loyola University Chicago. "That is absolutely crucial."

That's one reason Tim Kahlor of Temecula, Calif., will join protesters in Washington.

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He turned against the war when he had to send his soldier son in Iraq proper body armor and night-vision equipment. "I got ticked off, and it snowballed," says Mr. Kahlor. "I started out as an upset parent trying to protect my son's unit and ended up spending hours every day writing letters and e-mails," he says, adding, "I'm just as ticked at the Democrats as the Republicans."

Nearly four years into the war, new antiwar recruits planning to travel to the rally in Washington include people like Judy Hess, who hasn't protested anything since she was in college during the Kent State shootings in 1970 when four Vietnam War protesters were killed by US National Guard troops.

"I was politically aware, politically interested, and always voted...." says Ms. Hess of Chula Vista, Calif. "But it was this war and how we got into it that really got me active."

Across the country, retiree Beverley Wiskow of Inverness, Fla., whose son-in-law has been serving in Iraq since July, will drive with three others to Washington for the protest rally and march.

"Congress clearly is not doing anything," she says. "The only hope for ending this is for the American people to say if you won't listen to us at the ballot box, perhaps you'll listen to us in the streets. I think our democracy is at stake."

Charlie Williams will leave his coffee shop in Daytona Beach, Fla., to drive north. "I think it's the moral thing to do, the right thing to do," he says. "I don't want my country getting involved in all this stuff."

These days, Phil Restino of Daytona Beach, Fla., has been spending most of his waking hours fielding calls from people in Florida and Georgia who are looking for rides to Washington or wanting to donate money.

"The phone has been ringing off the hook," says Mr. Restino, an Army veteran active with Veterans for Peace. "I haven't shaved in two days."

Eileen Fleming of Clermont, Fla., already has appointments with representatives of her two US Senators Mel Martinez (R) and Bill Nelson (D) in Washington. "We just have to hold [members of Congress] to the fire to do what we elected them to do, which is rise up and question this president, not just rubber-stamp everything."

Antiwar activities began earlier this week. A coalition of student, labor, church, and veterans' groups visited the offices of 17 US senators the morning after Mr. Bush's State of the Union address to Congress. Veterans for Peace formed up for a political assault in Washington beginning Thursday and scheduled to include a "grass-roots congressional education day" when lawmakers return to work Monday.

"The 109th Congress shirked their responsibility," says Michael McPearson, executive director of the veterans' group based in St. Louis. "The 110th Congress must stand up to the president. This is why they were elected."

Meanwhile, state legislators in half a dozen states are expected to introduce resolutions opposing what critics say is an "escalation" of US forces in Iraq.

But nonbinding resolutions don't satisfy many war opponents. Some activists want Speaker Pelosi to launch an investigation under congressional powers of impeachment.

"We're pressuring her to see if she'll let the Judiciary Committee do their work," says Norah Foster, co-chair of a San Francisco-area antiwar group that's also launched a "Pelosi Watch" to keep the spotlight on the new House speaker. "We feel that it's too important to wait; it's too serious."

"What's happening is, the left is trying to stiffen the resolve of the mainline Demo-crats," says Dr. Williams, who's also a retired naval reserve captain. The question for the political left on the eve of major demonstrations, he says, is "Do you want to be effective, or do you want to be cathartic?"

Groups Head To Capital To Step Up Antiwar Drive (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Tens of thousands of demonstrators are set to arrive in the capital this weekend for a major antiwar march, staging the first of several protests intended to persuade the new Democratic-controlled Congress to do more than simply speak against President Bush's Iraq policy.

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But do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest.

So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race.

Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops.

Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February.

"The face of antiwar is not what it was in the '70s," said Jon Soltz, a veteran of the Iraq and Afghanistan wars who is the chairman of a group called VoteVets.

If members of Congress are slowly finding their voice opposing the administration's Iraq plan, aides to lawmakers say, it is in no small part because of the face-to-face lobbying campaign that is a central piece of the strategy employed by Americans Against Escalation in Iraq. The group plans to spend up to $9 million, said its spokesman, Brad Woodhouse, which they expect to raise through Internet solicitations and individual donations.

Mr. Soltz and nearly a dozen other veterans have been walking the halls of Congress, and they have had no problems getting appointments. One day last week, they held back-to-back meetings with Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, Democrats who are running for president in 2008.

"This battle to oppose the escalation is as important as the original battle in Iraq," said Jonathan Powers, who spent 14 months serving in Iraq as a captain with the First Armored Division. He laced up his beige combat boots and put on a blue suit as he went to Congress on a recent day of lobbying.

Senate leaders said Thursday that it appeared unlikely that any vote on an Iraq resolution would occur until the week of Feb. 5. Efforts to meld differing resolutions opposing the troop buildup faltered Thursday when Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska, chose not to negotiate with those behind a competing plan approved by the Foreign Relations Committee.

Senator Joseph R. Biden Jr., the Delaware Democrat who is the chairman of the panel, and his allies had offered to try to merge the resolutions, saying the differences could be overcome, clearing the way for a consensus measure.

But Mr. Warner has been reluctant to consider the idea of merging the two, a move that could bring a strong bipartisan vote against the president. In a written response to Mr. Biden, Senators Warner and Nelson said they would rather work out any disagreements on the floor "as a consequence of the will of the Senate."

In an interview on Thursday evening, Mr. Biden expressed disappointment that Mr. Warner did not agree to negotiate, but he added that a full-fledged debate on the Senate floor would be "healthy."

Mr. Coleman said he saw the Warner approach as less partisan than the plan offered by Mr. Biden and allies who included Senator Chuck Hagel, Republican of Nebraska.

"The Warner resolution, I think, offers an opportunity for a lot of us to express a concern about an aspect of the policy without taking a shot at the president," Mr. Coleman said.

The White House spokesman, Tony Snow, acknowledged the administration had been talking with Mr. Warner about his initiative. "We're trying to take his temperature on what he intends," Mr. Snow said.

Supporters of the president's policy were developing resolutions of their own. Senator John McCain, Republican of Arizona, said he would propose giving the Iraqis a series of benchmarks to demonstrate progress. A draft proposal from Senator John

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Cornyn, Republican of Texas, declares that "the United States military leadership in Iraq should be given a reasonable chance to execute the new plan for Iraq."

Senator Harry Reid of Nevada, the majority leader, began trying to frame what could be a muddled procedural fight in the Senate by emphasizing that in the end, there is likely to be a bipartisan majority of senators going on record in opposition to Mr. Bush's approach in Iraq.

"For the first time in an intractable war," Mr. Reid said, "a bipartisan group of senators is going to tell the president that 'what you are doing is wrong."

But it remained an open question whether critics of the war would wait patiently for Democrats and Republicans to reach agreement.

"The country has told us they don't like what's happening, and they want us to do something about it," said Representative Lynn Woolsey, a California Democrat who is one of four members of Congress (none of them senators) scheduled to attend the rally on Saturday. "Congress has yet to keep up with the public."

Americans Against Escalation in Iraq receives its organizational and financial muscle, at least in part, from the Service Employees International Union, the largest labor organization in the country, which wields significant influence in Democratic politics. For the first time, the union is speaking out against the plan to increase troops in Iraq.

"There was an election that showed clear consequences," said Andrew L. Stern, the president of the union. "It's incumbent on Democrats to express their disagreement with the president."

While Democrats have shown little reticence speaking against the president's plan, there is little agreement on the next step. Next week, Senator Russell D. Feingold, Democrat of Wisconsin, is convening a hearing to discuss the ways in which Congress can begin blocking the financing for the war, an idea that remains deeply controversial inside the party.

"It's a walk in the park right now to oppose the idea of this war. It's also very easy to oppose the escalation," Mr. Feingold said. "They are once again being too timid and too cautious."

Insurgents Will Find No Place To Hide, Al-Maliki Says (USAT)

USA Today, January 26, 2007

BAGHDAD — Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide.

In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional U.S. troops who have begun arriving in the capital. President Bush has said Iraq's government must crack down on sectarian militias as a first step to reducing violence.

"There will be no safe haven — no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties," al-Maliki said. He said his determination had already borne fruit. "I know that senior criminals have left Baghdad, others have fled the country," he said.

White House spokesman Tony Snow called al-Maliki's speech "a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about … and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Al-Maliki vowed to reverse the sectarian violence that has driven thousands from their homes. "We will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," he said.

The ensuing debate was contentious. Abdul-Nasser al-Janabi, a Sunni legislator and cleric, took the floor and accused the Shiite-dominated government of carrying out purges against Sunnis. Al-Maliki angrily denied the accusation and refused to shake hands with al-Janabi after the session.

Also:

•The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of a strategy to weaken Iran's influence across the Middle East and compel it to give up its nuclear program, The Washington Post reported on its website late Thursday. The "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, the Post said.

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The newspaper cited anonymous government and counterterrorism officials who said their standing with the White House would be at risk if they were named. The information could not be independently verified.

•A suicide car bomb ripped through a Shiite neighborhood in Baghdad on Thursday, killing at least 26. Shortly before the bombing, two rockets slammed to earth in the Green Zone near the U.S. Embassy, wounding five people.

Al-Maliki Promises A Safe Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 26, 2007

BAGHDAD -- Prime Minister Nouri al-Maliki pledged in a speech to parliament yesterday that the militants who have made life intolerable in Baghdad would not be safe anywhere in Iraq in the face of a coming U.S.-Iraqi security sweep.

Mr. al-Maliki did not reveal the details of the plan, which he has dubbed "Operation Imposing Law," or say when it would begin. But he made clear that it would not be the last such battle against the militants.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

As if to underline the urgency of the security drive, an extremist exploded a suicide bomb in the Shi'ite neighborhood of Karradah, killing at least 26 persons just hours after the prime minister spoke. In other violence, two rockets slammed into the Green Zone not far from the U.S. Embassy.

Meanwhile, the mayor of Baghdad's Sadr City said he reached agreement with political and religious groups to keep weapons off the streets of the heavily populated Shi'ite militia stronghold, and has presented the deal to U.S. and Iraqi government officials in an apparent attempt to avoid a crackdown on the area.

Rahim al-Darraji said Iraqi troops will be in charge of security in the sprawling district in eastern Baghdad. His comments come amid fears that Sadr City, the main headquarters of the Mahdi Army militia, could be a major target in the planned crackdown.

U.S. officials have indicated that the security operation, to which President Bush has pledged an additional 21,500 troops, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed yesterday to go after those behind Baghdad's rampant violence regardless of their sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

Past attempts to secure the capital have failed, and many critics said it was because Mr. al-Maliki intervened to protect members of the Mahdi Army militia that is run by one of his prime political backers, Shi'ite cleric Muqtada al-Sadr.

Cleric Abdul-Nasser al-Janabi yesterday accused the Shi'ite-dominated government of carrying out purges against Sunnis, the minority Islamic sect in Iraq.

"The firing of officers and civil servants under the pretext of de-Ba'athification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," Mr. al-Janabi implored, adding that Sunnis do not trust the government.

Mr. al-Maliki counterattacked by implying that Mr. al-Janabi was responsible for the kidnapping of 150 persons in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area, and you don't speak about them," Mr. al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

In his address, Mr. al-Maliki also called on lawmakers to enact laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Ba'ath Party membership.

Mr. al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," Mr. al-Maliki said.

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White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

After the car bombing, angry Karradah residents took to the streets chanting, "We want the Sunnis out." It was the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, a resident said.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public-address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five persons were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently, but reported casualties are rare.

Police yesterday reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shi'ites over security.

Iraq Leader And Sunni Officials In Sectarian Clash On Security (NYT)

By Marc Santora

The New York Times, January 26, 2007

BAGHDAD, Jan. 25 — Iraq's Shiite prime minister and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit.

The uproar revolved around the new Baghdad security plan, but it came as the prime minister, Nuri Kamal al-Maliki, is under increasing pressure to demonstrate even-handedness. President Bush's new strategy for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants.

In Parliament on Thursday, Mr. Maliki focused his anger on Sunni lawmakers, accusing one of being involved in sectarian kidnappings. The confrontation erupted after Mr. Maliki described the outlines of the new Baghdad security plan and pledged there would be no "safe haven" for militants.

The leader of a powerful Sunni bloc, Abdul Nasir al-Janabi, provoked Mr. Maliki, saying over jeers from Shiite politicians, "We cannot trust the office of the prime minister."

His microphone was quickly shut off, and Mr. Maliki lashed into him, essentially accusing him of being one of the outlaws he had just said would not be granted sanctuary.

"I will show you," Mr. Maliki said, waving his finger in the air. "I will turn over the documents we have," implying that the legislator was guilty of crimes.

While the politicians battled in Parliament, the sectarian battle on the streets went on unabated, with 25 people killed by a suicide car bomb in a Shiite neighborhood in Baghdad.

It was the latest in a series of attacks directed at Shiites, claiming more than 200 lives in little more than a week and increasing pressure on Mr. Maliki to restrain his supporters from exacting revenge. Sunni leaders and critics of the administration's strategy remain deeply skeptical about Mr. Maliki's ability or desire to confront the Shiite militias, particularly the Mahdi Army of Moktada al-Sadr, one of his most important political backers.

American military officers say they have seen evidence in the past of the Maliki government using its influence with Iraq's security forces to further a sectarian agenda, turning a blind eye to Shiite militia death squads while cracking down on Sunni insurgents.

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Mr. Maliki spent much of his speech before Parliament trying to counter that image, going further than he has before by promising to stop sectarian militias from driving rivals out of their neighborhoods and to return houses to their rightful owners. It is a daunting challenge given that the map of Baghdad has been almost completely redrawn along sectarian lines over the past year, displacing hundreds of thousands of people.

"Let it be known today or tomorrow, we will start arresting anybody who took by force the house of a displaced family," he said.

The prime minister's claims were challenged by Mr. Janabi, who leads the Sunni-dominated Tawafiq Party.

Mr. Janabi, over jeers from the Shiite politicians in the room, said that the government should suspend executions, which he said were being used for political purposes, and called for parliamentary oversight of the new security plan to be sure Sunnis were not unfairly singled out.

It was when he questioned Mr. Maliki's trustworthiness that the prime minister issued his vague threat to turn over incriminating information about Mr. Janabi. With that, the speaker of Parliament, Mahmoud al-Mashhadani, a Sunni, slammed his gavel down and condemned the prime minister and those who applauded him.

"That is unacceptable, Mr. Prime Minister," Mr. Mashhadani said over the tumult. "It is unacceptable, Mr. Prime Minister, to make such accusations against a lawmaker under the dome of Parliament."

But Mr. Maliki pressed on.

"What about the 150 people kidnapped near Al Bairaat?" he said, referring to an area by a lake south of Baghdad where Mr. Janabi has his base of support.

Mr. Janabi could not be reached for comment but another member of his party, Dhafer al-Ani, said Mr. Maliki was trying to "terrify" his opponents into silence. "If there are documents against him showing crimes, why were they not revealed until this session?" he said in an interview. "What kept him silent all this time?"

In the Parliament room, politicians shouted over one another trying to be heard. Mr. Mashhadani finally yelled for everyone to "shut up." He then used an ancient Arabic phrase, literally meaning to "put your stuff on the camel," which roughly translates as, "We expect more of this body." He said in disgust, "I cannot see how it is possible that a new security plan can work."

The session of Parliament was attended by nearly all members, a rarity in recent months, and was broadcast live on Iraqi national television.

The lawmakers had their shouting match while sitting beneath a banner with a phrase from the Koran that extols the importance of a civil debate in making good decisions.

Shatha al-Mousawi, a lawmaker from the Mr. Maliki's leading Shiite bloc, the United Iraqi Alliance, said some politicians were simply grandstanding for the cameras. But she said the fighting continued after Mr. Mashhadani abruptly called an end to the session and the cameras were turned off.

Mr. Mashhadani demanded that the prime minister apologize to Mr. Janabi. Members of Mr. Maliki's party said Mr. Janabi was the one who should apologize, Ms. Mousawi said.

Mr. Mashhadani then threatened to quit.

"Someone said you do not need to quit, we will dismiss you," she said.

Mr. Mashhadani called a Shiite politician a "psychopath," as the bitter exchanges continued.

Eventually, though, the tensions eased and Parliament approved the security plan.

No sooner had they finished their business than three rockets exploded in the heavily fortified Green Zone, where Parliament is housed. Lou Fintor, a spokesman for the United States Embassy, said that no one was killed in the attacks.

The car bomb attack occurred just outside the Green Zone, ripping apart a market area in the heavily Shiite neighborhood of Karrada.

Um Mohammed, a woman who lives across the street from the site of the bombing, said she saw two buses full of people burn with the passengers trapped inside, dying agonizing deaths.

The attack occurred as people were leaving work, the streets crowded with traffic and local clothes stores packed with customers.

Her neighbor had just sent her 9-year-old boy, Amar Ali Habib, out to play with friends, she said.

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"He took his ball and left the house."

Moments later, he was dead. The explosion was so powerful, she said, that pieces of one man's body were blown about 50 yards from where the car detonated.

Afterward, she said, many young men took to the streets. Some called for vengeance against Sunnis while others condemned the government for failing to do anything.

Looking At The Surge From The Other Side (WP)

By Gary Anderson

The Washington Post, January 26, 2007

Policy Memo From the Planning Directorate, Mahdi Army:

We have completed a review of the new American surge strategy announced by their president. In analyzing possible courses of action, we must make two key assumptions:

First, it represents their administration's last chance to change course given the reported mood of the American public and their legislature. For us, this presents both opportunity and danger. We have to assume that we are the primary Shiite target of this plan. How we respond will largely determine how we position ourselves for operations after the Americans are gone.

Second, our Sunni adversaries will not be able to react in a coordinated manner; they are expected to remain divided in their actions and motivations.

Our first potential course of action would be to openly resist government and American efforts to gain control over Sadr City and other predominately Shiite neighborhoods. Potential advantage: Waging a stand-up battle could create such chaos and so many disturbing images of casualties -- American and Iraqi -- that the American public and Congress will demand an immediate withdrawal.

The disadvantages here are that such a battle would weaken us by causing attrition to our best fighters. We are just now recovering from the casualties that we sustained in the 2004 fighting with the occupiers. We must keep in mind (and be prepared for) the inevitable post-American battles with the Sunnis and the Badr Organization.

A second potential course of action is classic insurgent strategy: going to ground when confronted by enemy strength. The object here would be to lull the enemy into a false sense of security, perhaps enough for him to begin decreasing his strength early. Once the Americans have carried out a significant drawdown, we could openly challenge the government forces and attempt to push them out of our areas of influence. It is very likely this would have the effect of the Vietnamese Tet Offensive in convincing the Americans that nothing they do will work. It is also unlikely that their administration could get support for reinforcing Baghdad once they have begun to reduce troop levels.

Potential drawbacks:

First, there is always the chance that the Americans and the Maliki government will use this period to significantly increase the capability of the security forces and actually gain public support through increasing public service and employment, rendering us far less useful to Maliki. Given their performance to date, this is a remote possibility, but it cannot be totally discounted.

More likely is that some of our more enthusiastic fighters will resist on their own authority. Given the decentralized nature of our command-and-control system, this possibility must be considered. One solution would be to create training camps outside of Baghdad where we could hone their skills for urban combat (necessary if we are to succeed in the future). This would keep them occupied and out of the way.

A third course would be to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American "hearts and minds" strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely.

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Consequently, this final course seems to be the one most likely to serve our long-term interests by preserving our capabilities and allowing the Sunnis to bear the brunt and take the blame for most anti-government action. Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing.

If God wills it, we will be successful.

The writer, a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 26, 2007

Vague rules

Defense officials tell us one of the rules of engagement for U.S. combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity.

One troubling rule that is among several printed on the card given to troops going into combat is "use minimum force necessary to decisively eliminate the threat." It is viewed by many in the military as ambiguous and confusing.

"Does it mean you are obligated to wrestle with a threat rather than shoot him or her?" one defense official asked. "That is how a lot of police officers lose their lives each year, as the criminal gains control of the police officer's firearm. How about approaching and/or wrestling a threat who, it turns out, is a homicide bomber?"

Bottom line: There is no way in law to define "minimum deadly force," the official said.

It is not known whether the imprecise rules directly led to the deaths in action of U.S. troops in Iraq, but some say it is likely because the rules are overly cautious and vague, an apparent outgrowth of destructive political correctness applied to war.

"A major part of the problem is that military commanders have surrendered their responsibility for ROE [rules of engagement] preparation and approval to lawyers lacking the knowledge, training and experience to prepare ROE. Unsure of themselves, they err to caution and ambiguity," the official said.

Said a second official: "Only someone who hasn't been in a close gunfight could find that a reasonable set of ROE."

And a third official said of the "minimum" requirement: "Interesting. Someone did not take the Napoleon Orders class" — a reference to making sure that orders issued to troops are clear.

We're told that one of the first things Army Lt. Gen. David H. Petraeus, the next commander of forces in Iraq, needs to do is demand an overhaul of the rules of engagement by line officers, not lawyers, so that ambiguities will be eliminated and lives saved.

A spokesman for Multinational Forces-Iraq could not be reached for comment.

Petraeus prediction

Sen. John McCain, Arizona Republican, asked Lt. Gen. David H. Petraeus, the incoming commander in Iraq, what happens if the United States leaves Iraq.

"There is the very real possibility of involvement of countries from elsewhere in the region, around Iraq, entering Iraq to take sides with one or the other groups," Gen. Petraeus said at his Senate Armed Services confirmation hearing this week. "There is the possibility, certainly, of an international terrorist organization truly getting a grip on some substantial piece of Iraq. There is the possibility of problems in the global economy, should in fact this cause a disruption to the flow of oil — and a number of other potential outcomes, none of which are positive."

World government

House Foreign Affairs Committee Chairman Tom Lantos, California Democrat, announced his committee's organization this way: "Members formed subcommittees with jurisdictions spanning the Earth and covering a range of the most pressing global challenges."

Korea, not Vietnam

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Sen. James H. Webb Jr., Virginia Democrat and decorated war hero, gave the Democrats' response to President Bush's State of the Union address, and likened Iraq to the 1950-53 Korean War.

Mr. Webb said, "As I look at Iraq, I recall the words of former general and soon-to-be President Dwight Eisenhower during the dark days of the Korean War, which had fallen into a bloody stalemate. 'When comes the end?' asked the general who had commanded our forces in Europe during World War II. And as soon as he became president, he brought the Korean War to an end."

We think that is an apt comparison, but probably not for the same reason as Mr. Webb's.

Like Iraq, the U.S. war in Korea was dogged by poor planning, the wrong types of troops, failed tactics and major miscalculations, such as China coming to the communist north's defense. The American death toll: 36,000 in theater.

But in the end, America won. The north's invasion was reversed and the south was preserved. It matured into one of the world's great democracies, free markets and U.S. allies. And a free South Korea helped blunt Josef Stalin's plan for a communist Asia. What some have called the "forgotten war" was messy and unpopular. It drove Harry S. Truman from office. But it made the world a better place. It just took 30 years to realize it.

Moving on

Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year.

Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary. Mr. Rumsfeld left office in December, succeeded by Robert M. Gates.

Mr. Ruff forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy.

He is generally liked by the Pentagon press corps, which finds him accessible and responsive.

Mr. Ruff has served in a number of government public affairs jobs, including press secretary to Sen. John W. Warner, Virginia Republican, and Sen. Kay Bailey Hutchison, Texas Republican.

The un-Rumsfeld

Our colleague David Sands traveled with Defense Secretary Robert M. Gates last week. He filed this report:

Mr. Gates made a quickie post-confirmation trip to Baghdad last month. But Secretary Gates' seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East last week was the real shakedown cruise for the secretary, his generals and admirals, his schedulers, his staff and the Pentagon press corps. All were still recovering from six years of verbal and policy jousts with former Defense Secretary Donald H. Rumsfeld.

The new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants.

Mr. Gates did let slip a few personal insights on the trip. His long years in the CIA served him well, as he could recall previous visits to virtually every stop on the tour. He even reminisced with Romanian journalists in Iraq about his 1975 trip there.

He frankly acknowledged the "risk" to his reputation in leaving a job he dearly loved as president of Texas A&M University to head the Pentagon in the depths of the Iraq war. But he added, "I think if you put your personal interests — including protecting your reputation — ahead of a sense of duty, you've got your values screwed up."

Mr. Gates said one of his "favorite quotes" is a bit of realist wisdom about diplomacy from Prussian ruler Frederick the Great: "Negotiations without arms are like notes without instruments."

And the Pentagon chief strongly hinted that his future fact-finding missions will feature either fewer stops or more days.

"I've found at least one fact," he said in Iraq on the trip's final full day. "I'm too old to do seven countries in 5½ days."

Suicide Car Bombing Kills 26 In Baghdad (AP)

By Bassem Mroue

AP, January 26, 2007

DOJ_NMG_0122195

Iraq's prime minister insisted Thursday there will be "no safe place in Iraq for terrorists," hours before a suicide car bombing killed at least 26 people in the Shiite neighborhood of Karradah and two rockets slammed into the heavy fortified Green Zone not far from the U.S. Embassy.

Angry Karradah residents took to the streets chanting "We want the Sunnis out!" after the blast, the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, according to a resident.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five people were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently but reported casualties are rare.

The attacks came on a day that police reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shiites over security.

Parliament held yet another raucous session, this time witnessing a heated exchange between Prime Minister Nouri al-Maliki and Sunni legislator and cleric Abdul-Nasser al-Janabi, who accused the Shiite-dominated government of carrying out purges against Sunnis, the minority sect in Iraq.

The prime minister was seeking support for his and President Bush's plan to crush sectarian violence in Baghdad.

Al-Maliki gave no details for the plan, which he named "Operation Imposing Law," nor did he say when it would begin. U.S. officials have indicated the security operation, to which Bush has pledged an additional 21,500 American soldiers, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed to go after those behind Baghdad's rampant violence no matter where they try to hide and regardless of sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

But al-Janabi took the floor and said al-Maliki's government had gratuitously and summarily fired former members of Saddam Hussein's ousted Baath party from government jobs, sentenced people to death for political reasons and detained without reason Sunni pilgrims returning from the hajj in Saudi Arabia this month.

He also accused al-Maliki of running a sham program to reconcile Sunni-Shiite differences that have produced a near-civil war in Baghdad and prompted the new security drive _ the third since al-Maliki took office May 25.

"The firing of officers and civil servants under the pretext of de-Baathification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," al-Janabi implored, adding that Sunnis do not trust the government.

Al-Maliki counterattacked by implying al-Janabi was responsible for the kidnapping of 150 people in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area and you don't speak about them," al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

Legislators believed to be Shiites applauded the remark.

Parliament speaker Mahmoud al-Mashhadani, a Sunni, then organized a short suspension of the debate, called a vote on the security plan _ which was approved unanimously _ and continued with normal business.

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Al-Maliki refused to shake hands when al-Janabi approached him after the session.

Angry and insulting exchanges have become normal in Iraq's 275-member parliament, but the involvement of the nation's leader heightened the tension.

Parliamentary sessions previously were broadcast live, but the government has since ordered them to be aired with a 30-minute delay to allow editing.

During Thursday's session, state-run Iraqiya television stopped airing the session shortly after the exchange and later aired an edited version.

In his address al-Maliki also called on lawmakers to pass laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Baath party membership.

Al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," al-Maliki said.

White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Until Monday, parliament had not had a quorum since late November, when 30 legislators and five Cabinet members loyal to renegade Shiite cleric Muqtada al-Sadr announced a boycott of the government and the National Assembly to protest al-Maliki's meeting with Bush in Jordan.

The boycott was a blow to al-Maliki, who owes his job to support from the Sadr bloc in parliament.

On Sunday the Sadr legislators ended their walkout under threat that they would be ousted from the political process and that their allied militia, the Mahdi Army, could face wholesale attack by American soldiers in the coming security sweep.

At Least 24 Killed In Car Bombings In Baghdad (WP)

By Ernesto Londono

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- Two car bombs detonated in a busy commercial area of central Baghdad on Thursday afternoon, killing at least 24 people and injuring dozens more, Iraqi officials said.

The bombs were placed in Karrada, a predominantly Shiite Muslim sector of the city, and wounded at least 60 people when detonated, according to a spokesman for the Iraqi Interior Ministry. A set of car bombs killed at least 79 people in a Shiite market in central Baghdad on Monday.

The Karrada explosions occurred shortly after at least two rockets struck the U.S. Embassy compound in the fortified Green Zone. The rockets injured six people, one of them seriously, the U.S. military said in a statement.

U.S. Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m.

"The damage was minor, and the embassy is functioning normally," Fintor said. "It wasn't a densely populated area." He said that no U.S. citizens were injured and that none of the injuries was life-threatening.

Also Thursday, a soldier from the U.S.-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin.

Meanwhile, Prime Minister Nouri al-Maliki asked lawmakers Thursday to embrace his security plan for the capital, which he said would target militants aggressively regardless of sect.

"Some people are saying that it targets the Shiites, and others say that it targets Sunnis," Maliki said. "While I say that it targets everyone."

Maliki offered few details of the initiative. While acknowledging the support of U.S. forces, he said the security plan is being driven by the Iraqi government. "This is a 100 percent Iraqi plan and under Iraqi command," he said, adding that the American military's role is "just to provide backup."

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Reporters who have accompanied U.S. and Iraqi forces on joint missions in recent months have described American forces as taking control of the operations. Several U.S. soldiers have told reporters they don't trust the ability, competence or commitment of their Iraqi counterparts.

Maliki, a Shiite, has faced questions at home and abroad about his ability and willingness to enforce the law uniformly amid unrelenting sectarian violence in a country with a weak criminal justice system. He urged lawmakers during his speech to help him keep sectarian tensions from hindering the security plan.

But Thursday's session showed the extent to which sectarian tensions influence the political process. Abdul Nasser al-Janabi, a Sunni Muslim legislator who belongs to a bloc that wants U.S. troops to leave and has criticized Maliki for favoring Shiites, lashed out at the prime minister and criticized his security plan.

An exasperated Maliki appeared to threaten Janabi: "This brother will trust the prime ministry when I bring your file forward and hold you responsible." He did not elaborate.

Numerous other violent acts were reported in the capital and elsewhere Thursday.

A suicide bomber on a motorcycle slammed into a market in central Baghdad, killing eight people and injuring 18, according to a spokesman at the Interior Ministry. At least seven people were killed by improvised explosive devices elsewhere in the city.

Special correspondents Waleed Saffar and Saad al-Izzi contributed to this report.

Insurgents Post Video Of Downed Copter (AP)

By Maamoun Youssef

AP, January 26, 2007

An insurgent group that has claimed responsibility for the downing this week of a U.S. helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies.

The 1-minute, 14-second video carried the logo of the 1920 Revolution Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it. The naked bodies of two men, one with gray hair and the other with dark hair, were seen near the wreckage.

"Our heroes were able to shoot the film of the helicopter wreckage after they downed it over a roof of a house of a citizen," said a statement from the group.

Iraqi and U.S. officials said earlier that four of the five Americans who died in the downing of a U.S. security company's helicopter in a dangerous Sunni neighborhood in central Baghdad on Tuesday were shot in the head execution-style _ though it was unclear if they were alive when shot.

The two bodies shown in the video had no visible gunshot wounds to the head or any other visible wounds. The dark-haired man's hair was tangled and matted but it was difficult to see from the footage if it was blood or dirt.

Another militant group, Ansar al-Sunnah Army, which also has claimed responsibility for downing the helicopter, said in a statement posted Wednesday on an Islamic Web site that its fighters "rushed toward the crash of the helicopter while under fire from a second (U.S.) helicopter and killed three U.S. soldiers."

The authenticity of the two statements could not be verified.

The helicopter, owned by Blackwater USA, swooped into electrical wires and crashed after racing to help a U.S. Embassy ground convoy that had come under fire in the Sunni neighborhood. U.S. officials said it was not clear if gunfire brought down the aircraft or caused its pilot to veer into the wires during evasive maneuvers.

A second helicopter also was hit but there were no casualties among its crew, a Washington official said.

The Ansar al-Sunnah Army posted with its statement an ID card it claimed was from a man who was on the helicopter. The card bore the name of Arthur Laguna, later identified by his mother as among those killed. Laguna was a 52-year-old pilot for Blackwater, which provides security for State Department officials in Iraq, trains military units from around the world, and works for corporate clients.

The crash of Blackwater's small surveillance helicopter was the second in a week associated with the U.S. war effort in Iraq.

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A U.S. Army Black Hawk helicopter went down Saturday northeast of Baghdad, killing all 12 service members on board, including two colonels, one lieutenant colonel and two command sergeants major. It was the largest number of key officers and sergeants killed in a single incident since the Iraq war started nearly four years ago.

Iraq's Violence Tests Limits Of Humanitarians' Resolve (USAT)

By Emily Bazar

USA Today, January 26, 2007

The slaying last week of an American working for a democracy-building project in Iraq is just the latest in a series of attacks testing the resolve of relief groups and other international organizations working there.

Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups.

Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute. Last week, institute staffer Andrea Parhamovich, 28, was killed when her convoy was ambushed in Baghdad.

As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown.

"The bigger organizations have made a decision to pull out," usually after a staffer has died, says Samuel Worthington, president of InterAction, an alliance of about 165 humanitarian organizations. "We have the world's largest unfolding humanitarian disaster … and our ability to function on the ground compared to the size of the disaster is completely out of sync."

Typically, 40 to 50 InterAction groups respond to a crisis, he says. There are fewer than 10 in Iraq.

Mofarah says there are about 80 international aid groups still active in Iraq. There were 300 in 2003.

Most humanitarian organizations have moved their non-Iraqi staff members to safer locations, such as northern Iraq or Jordan, says Greg Hansen, a consultant to the Feinstein International Center at Tufts University. The organizations maintain a low profile, he says: They don't display their logos, they work out of homes instead of offices, and they avoid coordinating with other groups to keep their actions quiet.

As dangerous as the situation is, some groups avoid seeking protection from soldiers or armed guards because they don't want to be seen as taking sides or be mistaken for government or military personnel, Hansen says.

Les Campbell, the National Democratic Institute's regional director for the Middle East, declined to say how many people the institute has in Iraq or where they are, except that they work outside the high-security Green Zone in Baghdad.

The group, which trains locals in democratic political processes, has been soul-searching since Parhamovich's death. "We're going to try to assess whether or not we can still make a difference," he says.

The Los Angeles-based humanitarian group Relief International pulled its non-Iraqi staff out in mid-2004, says program manager Lindsay Mathieson. The Iraqi staff that remains works in less dangerous parts of the country

In some cases, projects are delayed by violence and instability.

"In an ideal world, we would be working in the more dangerous places because there's such a significant need," she says. "But there is a line you can't cross. You need to take care of your staff."

Christian Peacemaker Teams, a group based in Chicago and Toronto that promotes human rights in war zones, has been in Iraq since October 2002, before the invasion.

In November 2005, four members were kidnapped. American Tom Fox was killed; the other three were released in March 2006. Many of the Iraqis who had worked with the group have left the country or gone into hiding, co-director Doug Pritchard says.

The group pulled out in April 2006 but returned in July. It is limiting its activities to safer areas of northern Iraq, Pritchard says.

"It's certainly gotten worse and worse," he says. "If anything, it makes us more determined to work with Iraqis who are still willing to face this and hold out hope of a better society."

Troops Authorized To Kill Iranian Operatives In Iraq (WP)

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By Dafna Linzer

The Washington Post, January 26, 2007

The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with direct knowledge of the effort.

For more than a year, U.S. forces in Iraq have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time. The "catch and release" policy was designed to avoid escalating tensions with Iran and yet intimidate its emissaries. U.S. forces collected DNA samples from some of the Iranians without their knowledge, subjected others to retina scans, and fingerprinted and photographed all of them before letting them go.

Last summer, however, senior administration officials decided that a more confrontational approach was necessary, as Iran's regional influence grew and U.S. efforts to isolate Tehran appeared to be failing. The country's nuclear work was advancing, U.S. allies were resisting robust sanctions against the Tehran government, and Iran was aggravating sectarian violence in Iraq.

"There were no costs for the Iranians," said one senior administration official. "They are hurting our mission in Iraq, and we were bending over backwards not to fight back."

Three officials said that about 150 Iranian intelligence officers, plus members of Iran's Revolutionary Guard Command, are believed to be active inside Iraq at any given time. There is no evidence the Iranians have directly attacked U.S. troops in Iraq, intelligence officials said.

But, for three years, the Iranians have operated an embedding program there, offering operational training, intelligence and weaponry to several Shiite militias connected to the Iraqi government, to the insurgency and to the violence against Sunni factions. Gen. Michael V. Hayden, the director of the CIA, told the Senate recently that the amount of Iranian-supplied materiel used against U.S. troops in Iraq "has been quite striking."

"Iran seems to be conducting a foreign policy with a sense of dangerous triumphalism," Hayden said.

The new "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts. Tehran insists that its nuclear program is peaceful, but the United States and other nations say it is aimed at developing weapons.

The administration's plans contain five "theaters of interest," as one senior official put it, with military, intelligence, political and diplomatic strategies designed to target Iranian interests across the Middle East.

The White House has authorized a widening of what is known inside the intelligence community as the "Blue Game Matrix" -- a list of approved operations that can be carried out against the Iranian-backed Hezbollah in Lebanon. And U.S. officials are preparing international sanctions against Tehran for holding several dozen al-Qaeda fighters who fled across the Afghan border in late 2001. They plan more aggressive moves to disrupt Tehran's funding of the radical Palestinian group Hamas and to undermine Iranian interests among Shiites in western Afghanistan.

In Iraq, U.S. troops now have the authority to target any member of Iran's Revolutionary Guard, as well as officers of its intelligence services believed to be working with Iraqi militias. The policy does not extend to Iranian civilians or diplomats. Though U.S. forces are not known to have used lethal force against any Iranian to date, Bush administration officials have been urging top military commanders to exercise the authority.

The wide-ranging plan has several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war.

Senior administration officials said the policy is based on the theory that Tehran will back down from its nuclear ambitions if the United States hits it hard in Iraq and elsewhere, creating a sense of vulnerability among Iranian leaders. But if Iran responds with escalation, it has the means to put U.S. citizens and national interests at greater risk in Iraq, Afghanistan and elsewhere.

Officials said Hayden counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing U.S. personnel in Iraq.

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Two officials said that Secretary of State Condoleezza Rice, though a supporter of the strategy, is concerned about the potential for errors, as well as the ramifications of a military confrontation between U.S. and Iranian troops on the Iraqi battlefield.

In meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict. Rice got the oversight guarantees she sought, though it remains unclear whether senior Pentagon officials must approve targets on a case-by-case basis or whether the oversight is more general.

The departments of Defense and State referred all requests for comment on the Iran strategy to the National Security Council, which declined to address specific elements of the plan and would not comment on some intelligence matters.

But in response to questions about the "kill or capture" authorization, Gordon Johndroe, spokesman for the NSC, said: "The president has made clear for some time that we will take the steps necessary to protect Americans on the ground in Iraq and disrupt activity that could lead to their harm. Our forces have standing authority, consistent with the mandate of the U.N. Security Council."

Officials said U.S. and British special forces in Iraq, which will work together in some operations, are developing the program's rules of engagement to define the exact circumstances for using force. In his last few weeks as the top commander in Iraq, Army Gen. George W. Casey Jr. sought to help coordinate the program on the ground. One official said Casey had planned to designate Iran's Revolutionary Guard as a "hostile entity," a distinction within the military that would permit offensive action.

Casey's designated successor, Army Lt. Gen. David H. Petraeus, told Congress in writing this week that a top priority will be "countering the threats posed by Iranian and Syrian meddling in Iraq, and the continued mission of dismantling terrorist networks and killing or capturing those who refuse to support a unified, stable Iraq."

Advocates of the new policy -- some of whom are in the NSC, the vice president's office, the Pentagon and the State Department -- said that only direct and aggressive efforts can shatter Iran's growing influence. A less confident Iran, with fewer cards, may be more willing to cut the kind of deal the Bush administration is hoping for on its nuclear program. "The Iranians respond to the international community only when they are under pressure, not when they are feeling strong," one official said.

With aspects of the plan also targeting Iran's influence in Lebanon, Afghanistan and the Palestinian territories, the policy goes beyond the threats Bush issued earlier this month to "interrupt the flow of support from Iran and Syria" into Iraq. It also marks a departure from years past when diplomacy appeared to be the sole method of pressuring Iran to reverse course on its nuclear program.

R. Nicholas Burns, the undersecretary of state for political affairs, said in an interview in late October that the United States knows that Iran "is providing support to Hezbollah and Hamas and supporting insurgent groups in Iraq that have posed a problem for our military forces." He added: "In addition to the nuclear issue, Iran's support for terrorism is high up on our agenda."

Burns, the top Foreign Service officer in the State Department, has been leading diplomatic efforts to increase international pressure on the Iranians. Over several months, the administration made available five political appointees for interviews, to discuss limited aspects of the policy, on the condition that they not be identified.

Officials who spoke in more detail and without permission -- including senior officials, career analysts and policymakers -- said their standing with the White House would be at risk if they were quoted by name.

The decision to use lethal force against Iranians inside Iraq began taking shape last summer, when Israel was at war with Hezbollah in Lebanon. Officials said a group of senior Bush administration officials who regularly attend the highest-level counterterrorism meetings agreed that the conflict provided an opening to portray Iran as a nuclear-ambitious link between al-Qaeda, Hezbollah and the death squads in Iraq.

Among those involved in the discussions, beginning in August, were deputy national security adviser Elliott Abrams, NSC counterterrorism adviser Juan Zarate, the head of the CIA's counterterrorism center, representatives from the Pentagon and the vice president's office, and outgoing State Department counterterrorism chief Henry A. Crumpton.

At the time, Bush publicly emphasized diplomacy as his preferred path for dealing with Iran. Standing before the U.N. General Assembly in New York on Sept. 19, Bush spoke directly to the Iranian people: "We look to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

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Two weeks later, Crumpton flew from Washington to U.S. Central Command headquarters in Tampa for a meeting with Gen. John P. Abizaid, the top U.S. commander for the Middle East. A principal reason for the visit, according to two officials with direct knowledge of the discussion, was to press Abizaid to prepare for an aggressive campaign against Iranian intelligence and military operatives inside Iraq.

Information gleaned through the "catch and release" policy expanded what was once a limited intelligence community database on Iranians in Iraq. It also helped to avert a crisis between the United States and the Iraqi government over whether U.S. troops should be holding Iranians, several officials said, and dampened the possibility of Iranians directly targeting U.S. personnel in retaliation.

But senior officials saw it as too timid.

"We were making no traction" with "catch and release," a senior counterterrorism official said in a recent interview, explaining that it had failed to halt Iranian activities in Iraq or worry the Tehran leadership. "Our goal is to change the dynamic with the Iranians, to change the way the Iranians perceive us and perceive themselves. They need to understand that they cannot be a party to endangering U.S. soldiers' lives and American interests, as they have before. That is going to end."

A senior intelligence officer was more wary of the ambitions of the strategy.

"This has little to do with Iraq. It's all about pushing Iran's buttons. It is purely political," the official said. The official expressed similar views about other new efforts aimed at Iran, suggesting that the United States is escalating toward an unnecessary conflict to shift attention away from Iraq and to blame Iran for the United States' increasing inability to stanch the violence there.

But some officials within the Bush administration say that targeting Iran's Revolutionary Guard Command, and specifically a Guard unit known as the Quds Force, should be as much a priority as fighting al-Qaeda in Iraq. The Quds Force is considered by Western intelligence to be directed by Iran's supreme leader, Ayatollah Ali Khamenei, to support Iraqi militias, Hamas and Hezbollah.

In interviews, two senior administration officials separately compared the Tehran government to the Nazis and the Guard to the "SS." They also referred to Guard members as "terrorists." Such a formal designation could turn Iran's military into a target of what Bush calls a "war on terror," with its members potentially held as enemy combatants or in secret CIA detention.

Asked whether such a designation is imminent, Johndroe of the NSC said in a written response that the administration has "long been concerned about the activities of the IRGC and its components throughout the Middle East and beyond." He added: "The Iranian Revolutionary Guards Quds Force is a part of the Iranian state apparatus that supports and carries out these activities."

Staff writer Barton Gellman and staff researcher Julie Tate contributed to this report.

Tehran's Influence Grows As Iraqis See Advantages (WP)

By Joshua Partlow

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- When Fadhil Abbas determined that his mother's astigmatism required surgery, they did not consider treatment in his home town of Najaf, in southern Iraq. Instead they joined a four-taxi convoy of ailing Iraqis headed to Iran.

For more than two weeks last fall, Abbas, his sister and his mother were treated to free hotels, trips to the zoo and religious shrines, and his mother's $1,300 eye surgery at a hospital in Tehran, all courtesy of the offices of Moqtada al-Sadr, Iraq's ascendant Shiite Muslim cleric. Abbas returned to Najaf glowing over the technical prowess of Iran.

"When you look at this hospital, it is like something imaginary -- you wouldn't believe such a hospital like this exists," said Abbas, a 22-year-old college student. "Iran wants to help the patients in Iraq. Other countries don't want to let Iraqis in."

The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries. Thousands of Iranian pilgrims visit the Shiite holy cities in southern Iraq each year. Iran exports electricity and refined oil products to Iraq, and Iraqi vendors sell Iranian-made cars, air coolers, plastics and the black flags, decorated with colorful script, that Shiites are flying this week to celebrate the religious holiday of Ashura. But when President Bush and top U.S. officials speak of Iran's role in Iraq, their focus is more limited. U.S.

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officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas.

"We will not allow hegemony of a hostile regime to have power over this area," U.S. Ambassador to Iraq Zalmay Khalilzad said this week.

But changing the "behavior" of the Iranian government, as Khalilzad proposes, collides with Iran's expanding influence in Iraq, which is built on deep cultural ties as well as personal and business relationships developed during the years that many leading Iraqi Shiite politicians spent in exile in Iran.

Iran has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala. It maintains informal liaison offices in the Kurdish cities of Sulaymaniyah and Irbil, the latter of which was raided Jan. 11 by U.S. troops, who arrested five Iranians. Each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene. Iran exports electricity through Iraq's Diyala province and plans to quadruple the amount with new projects, Iraqi officials say.

Iran has also extended a $1 billion line of credit to Iraq to help fund reconstruction and rebuilding. When Iraqi President Jalal Talabani and his delegation of ministers visited Iran in November, he asked for more help and said Iraq "would like to expand our relations in every field with the Islamic Republic of Iran."

"The economic power between the two countries, it's enormous," said Hassan Kazemi Qomi, Iran's ambassador to Iraq. "We can help them in technical issues and engineering. We have a lot of experience in building roads and airports."

Qomi works inside a stone embassy in a compound with lush gardens and spear-wielding statuary just outside the fortified Green Zone, the seat of U.S. power in Iraq. When he speaks of the Americans, he calls them "the others."

"As for our policy, it's clear and it's going forward. We are happy with the Iraqi government," Qomi said at a recent news conference. "The kidnapping of our diplomats will have no effect at all on our help and cooperation with the Iraqi side. . . . We are only at the first stages of this support."

Qomi said the presence of American troops in Iraq "has increased the instability, increased the killing of innocent people and inflamed the sectarian violence."

"If we want to establish security in Iraq, the Iraqi government should take security into its own hands," he said. "Unfortunately, the others don't want that to happen."

Caught between the United States and Iran is Hoshyar Zebari, Iraq's foreign minister. "I'm treading a very thin line," he said last week over tea in his office. Zebari says he believes Iran wants a stable government in Iraq, along with the departure of U.S. troops, but is worried that a full-scale civil war could spill over Iraq's borders.

Iran supports the two largest Shiite political parties, the Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa party of Prime Minister Nouri al-Maliki, U.S. officials have said. But Iran also negotiates with Kurdish and Sunni politicians and sometimes bypasses the central government to forge agreements with Iraqi provinces, Zebari said.

"Historically that has been their attitude, to bet on every horse. And they have changed their support from one group to another," Zebari said.

Some analysts say the violence and instability in Iraq attract more Iranian involvement, not less, as Iran positions itself to be on the winning side of a sectarian war.

"The whole Gulf system is turned upside down, and everybody is trying to figure out how they situate themselves in it," said Ray Takeyh, an Iran expert at the Council on Foreign Relations, referring to traditional relationships in the Persian Gulf region. Iranian support is "part of the program of strengthening the Shia community to resist and expand its influence, and become a successful combatant in a civil war."

For the Iraqi government, it has been a frustrating strategy. "Instead of diversifying your support or aid to different groups, militias, political leaders, if you're sincere in your commitment to see this government succeed, why don't you give all this assistance and money and weapons and training directly to the government?" Zebari said.

Iran has driven a wedge between Iraq and the United States. Last month, when U.S. troops seized two Iranian officials inside the Baghdad compound of Abdul Aziz al-Hakim, the leader of SCIRI, the Iraqi government intervened and the United States

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freed them. After U.S. troops seized five more Iranian officials from the liaison office in Irbil, the Iraqi government again appealed for their release -- so far unsuccessfully -- saying the men worked in an approved office providing consular services.

In both cases, U.S. officials accused some of the Iranians of being operatives with the al-Quds Brigade, which the Americans say arms and trains terrorist groups outside Iran, including the Lebanese organization Hezbollah and Islamic Jihad, which is active in the Palestinian territories. Both the Iraqis and Iranians have asked the United States for proof of clandestine activities.

U.S. officials decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to "harden" Iraq's security forces to repel Iranian influence, failed to produce satisfactory results, Khalilzad said. "We've come to the view that we need to do more than that, we need to go after their networks," he said.

During the rule of Saddam Hussein, who oppressed Iraq's Shiites and fought an eight-year war against Iran, Iraqi Shiite dissidents in exile, especially SCIRI and its armed wing, the Badr Brigade, found welcome help from Iranian security forces.

"We know what the relationship between SCIRI, Badr and the Iranian institutions were in those days. Now it's a different situation," Khalilzad said. The Iraqi government is no longer "an opposition movement in need of support from the security agencies of a neighboring state, so there is a need for adaptation in terms of what's appropriate in terms of a relationship."

Iraqi officials are sharply divided in their perceptions of Iran's intentions in Iraq. Hussein al-Falluji, a Sunni member of parliament, said Iranian influence exceeds that of the United States, but it is "hidden, and is heading toward targeting vital joints of the Iraqi state."

Mowaffak al-Rubaie, Iraq's national security adviser, said, "Iran is networking aggressively inside Iraq in every aspect of life, including the security aspect."

Mariam Rayis, a foreign affairs adviser to Maliki, dismissed as paranoia U.S. assertions about Iran's "dark involvement" in Iraq. "These neighbors can help us for a while until we can have new construction here," she said. "We have noticed that there is moral support from Iran."

Iran Calls For Summit With Iraq, Syria (AP)

By Steven R. Hurst And Qassim Abdul-zahra

AP, January 26, 2007

Iran has invited the Iraqi and Syrian presidents to Tehran for a weekend summit with Mahmoud Ahmadinejad to hash out ways to cooperate in curbing the runaway violence that has taken Iraq to the verge of civil war and threatens to spread through the region, four key lawmakers told The Associated Press on Monday.

Iraqi President Jalal Talabani has accepted the invitation and will fly to the Iranian capital Saturday, a close parliamentary associate said.

The Iranian diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort to clamp off violence in Iraq, where more civilians have been killed in the first 20 days of November than in any other month since the AP began tallying the figures in April 2005.

The Iranian move was also a display of its increasingly muscular role in the Middle East, where it already has established deep influence over Syria and Lebanon.

"All three countries intend to hold a three-way summit among Iraq, Iran and Syria to discuss the security situation and the repercussions for stability of the region," said Ali al-Adeeb, a lawmaker of Prime Minister Nouri al-Maliki's Dawa Party and a close aide to the prime minister.

Both Iran and Syria are seen as key players in Iraq. Syria is widely believed to have done little to stop foreign fighters and al-Qaida in Iraq recruits from crossing its border to join Sunni insurgents in Iraq. It also has provided refuge for many top members of Saddam Hussein's former leadership and political corps, which is thought to have organized arms and funding for the insurgents. The Sunni insurgency, since it sprang to life in late summer 2003, has been responsible for most of the U.S. deaths in Iraq.

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Iran is deeply involved in training, funding and arming the two major Shiite militias in Iraq, where Tehran has deep historic ties to the current Shiite political leadership. Many Iraqi Shiites spent years in Iranian exile during Saddam's decades in power in Baghdad. One militia, the Badr Brigade, was trained in Iran by the Revolutionary Guard.

An Ahmadinejad spokesman said that Talibani's visit was scheduled several weeks ago for late November to work on improving bilateral relations. But Majid Yazdi told the AP that he had no information on a coming visit by the Syrian leader.

But Talabani confidants said the invitation was issued on Thursday by Iranian Ambassador Hassan Kazimi Qumi, who said Syrian President Bashar Assad also would be in Tehran for the talks with Ahmadinejad.

Rockefeller: Cheney Applied 'Constant' Pressure To Stall Investigation On Flawed Iraq Intelligence (MCT)

By Jonathan S. Landay

McClatchy Newspapers, January 26, 2007

WASHINGTON - Vice President Dick Cheney exerted "constant" pressure on the Republican former chairman of the Senate Intelligence Committee to stall an investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday.

In an interview with McClatchy Newspapers, Sen. Jay Rockefeller of West Virginia also accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants.

In the 45-minute interview, Rockefeller said that it was "not hearsay" that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence.

"It was just constant," Rockefeller said of Cheney's alleged interference. He added that he knew that the vice president attended regular policy meetings in which he conveyed White House directions to Republican staffers.

Republicans "just had to go along with the administration," he said.

In an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: "The vice president believes Senator Roberts was a good chairman of the Intelligence Committee."

Roberts' chief of staff, Jackie Cottrell, blamed the Democrats for the investigation remaining incomplete more than two years after it began.

"Senator Rockefeller's allegations are patently untrue," she said in an e-mail statement. "The delays came from the Democrats' insistence that they expand the scope of the inquiry to make it a more political document going into the 2006 elections. Chairman Roberts did everything he could to accommodate their requests for further information without allowing them to distort the facts."

"I'm not aware of any effort by the vice president, his staff or anyone in the administration to influence the speed at which the committee did its work," said Bill Duhnke, who was Roberts' staff director.

Rockefeller's comments were among the most forceful he's made about why the committee failed to complete the inquiry under Roberts. Roberts chaired the intelligence committee from January 2003 until the Democrats took over Congress this month.

The panel released a report in July 2004 that lambasted the CIA and other U.S. intelligence agencies for erroneously concluding that Iraqi dictator Saddam Hussein was concealing biological, chemical and nuclear warfare programs. It then began examining how senior Bush administration officials used faulty intelligence to justify the March 2003 invasion.

Robert promised to quickly complete what became known as the Phase II investigation. After more than two years, however, the panel published only two of five Phase II reports amid serious rifts between Republican and Democratic members and their staffs.

Rockefeller recalled that in November 2005, the then-minority Democrats employed a rarely used parliamentary procedure to force the Senate into a closed session to pressure Roberts to complete Phase II.

"That was the reason we closed the session. To force him" to complete the investigation, he said.

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The most potentially controversial of the three Phase II reports being worked on will compare what Bush and his top lieutenants said publicly about Iraq's weapons programs and ties to terrorists with what was contained in top-secret intelligence reports.

In the two reports released in September, the panel said that the administration's claims of ties between Saddam and al-Qaida were false and found that administration officials distributed exaggerated and bogus claims provided by an Iraqi exile group with close ties to some senior administration officials.

Rockefeller said it was important to complete the Phase II inquiry.

"The looking backward creates tension, but it's necessary tension because the administration needs to be held accountable and the country . . . needs to know," he said.

Rockefeller said that he and the senior Republican member of the committee, Sen. Christopher Bond, R-Mo., have put the frictions behind them and agree that the committee should press the administration for documents it's withholding on its domestic eavesdropping program and detainee programs.

Under the eavesdropping program, the National Security Agency monitored Americans' international telephone calls and e-mails without court warrants if one party was a suspected member or supporter of al-Qaida or another terrorist group.

Rockefeller charged that Bush had violated the Foreign Intelligence Surveillance Act, which requires the government to obtain permission to eavesdrop on Americans from a secret national security court.

"For five years he's (Bush) has been operating an illegal program," he said, adding that the committee wants the administration to provide the classified documents that set out its legal argument that Bush has the power to wiretap Americans without warrants.

Rockefeller is among a handful of lawmakers who were kept briefed on the program after it started following the Sept. 11, 2001, attacks. But he told Cheney in a handwritten note in July 2003 that he was deeply concerned about its legality.

In the interview, Rockefeller said the committee needs more details about how the program worked before it considers amending the eavesdropping act to give the administration the flexibility it says it requires to be able to track terrorists.

"How do we draw something up if we have no idea about what the president sent out in the way of orders to the NSA? What about the interpretation of the Department of Justice?" he asked. "Americans . . . should want us to discern what the facts are, what the truth is."

G.I. Gets 18-Year Prison Term For Killing 2 Captive Iraqis (NYT)

By Paul Von Zielbauer

The New York Times, January 26, 2007

FORT CAMPBELL, Ky., Jan. 25 — An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May.

The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice.

Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said.

Private Clagett is the third of four soldiers charged with premeditated murder in the case to plead guilty in exchange for a reduced sentence. His plea further strengthens prosecutors' case against the remaining soldier, Staff Sgt. Raymond L. Girouard, and increases the chances that Sergeant Girouard may also seek a plea arrangement to avoid conviction at trial, which would require a life sentence.

Sergeant Girouard, 24, the squad leader, is charged with creating a plan to free the three Iraqi men from their plastic handcuffs, have Private Clagett and another soldier shoot them as they fled and then cover up the crime by telling investigators the men had attacked the soldiers and tried to escape.

Military officials raised questions about the deaths after the bodies were removed and found to still have blindfolds and parts of plastic handcuffs on them.

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In his plea, Private Clagett told the military judge, Col. Theodore Dixon, that he had conspired with Sergeant Girouard and Specialist William B. Hunsaker to kill the three men after blindfolding and handcuffing them with plastic "zip-tie" handcuffs.

"I cut the zip-ties loose, pulled the blindfold up on one of them, down on the other," he said, referring to two of the three Iraqi men. "Hunsaker told them to run. I told them to 'yallah,' meaning to run faster." He said he and Specialist Hunsaker had sprayed the men with rifle fire, killing two and gravely wounding the third.

Specialist Hunsaker pleaded guilty to murder charges on Jan. 11 and received an 18-year prison sentence. That same week, Specialist Juston R. Graber, the fourth soldier charged in the case, pleaded guilty to aggravated assault for shooting the wounded man after an Army medic had declared him to be beyond help.

Sergeant Girouard's trial is scheduled to begin March 5. If he does not end up pleading guilty, his lawyers said they would ask the judge to force the soldiers' brigade commander, Col. Michael D. Steele, to testify at his trial.

Several soldiers in Private Clagett's platoon have said in sworn statements that Colonel Steele told his men that they would be attacking a stronghold of Al Qaeda and ordered them to kill all men of military age they encountered during the raid.

Colonel Steele, in sworn testimony to Army investigators that has not been made public, said he had not given orders using those exact words, but had warned his soldiers to expect a fierce battle. He was reprimanded by an Army general last summer for issuing confusing rules of engagement that investigators said had contributed to the deaths of the three Iraqi men and a fourth man killed during the raid.

Private Clagett's civilian lawyer, Paul W. Bergrin, said his client was sorry for killing unarmed men but was steadfast in his belief that the men, had they lived, would have gone on to kill American soldiers.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Mr. Bergrin said outside the courtroom.

U.S. Soldier Sentenced To 18 Years After Pleading Guilty To Murder In Iraqi Detainees' Deaths (FINDLAW/AP)

By Beth Rucker, Associated Press Writer

AP, January 26, 2007

(AP) - FORT CAMPBELL, Kentucky-A 101st Airborne Division soldier was sentenced to 18 years in prison after pleading guilty Thursday to murdering an Iraqi detainee and taking part in the killings of two others, saying he went along with a plan to make it look like they were escaping.

Pfc. Corey R. Clagett, 22, was one of four soldiers from the division's 3rd Brigade "Rakkasans" who were accused in the detainees' deaths during a May 9 raid on the Muthana chemical complex in Samarra, about 60 miles (96 kilometers) north of Baghdad.

In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening.

Clagett will also be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole.

The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission.

Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial.

"(Sgt. Girouard) said we were going to cut the zip ties loose and kill the detainees," Clagett told the military judge, Col. Theodore Dixon, on Thursday. "I knew it was an unlawful order. I just went along with it."

The judge asked Clagett what his intention was when he shot at the detainees.

"To kill them, your honor," Clagett said.

Prosecutors said Clagett fatally shot one detainee and seriously wounded another. Official say Graber then killed the wounded detainee, and Hunsaker killed the third.

Clagett's lawyer, Paul Bergrin, has insisted Clagett was following orders, but sought the plea agreement after Hunsaker, 24, told a military judge that Clagett helped him shoot the detainees.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Bergrin told reporters after the sentencing. "His heart is bleeding that he can no longer serve his country."

Military prosecutors would not discuss the case.

Hunsaker pleaded guilty to murder, attempted murder and obstruction of justice this month and was also sentenced to 18 years in prison.

Graber, 21, pleaded guilty to a lesser charge of aggravated assault with a dangerous weapon as part of his agreement to cooperate with prosecutors. He was sentenced to nine months in military jail.

Hunsaker testified that Girouard cut him on the face and arm to make it appear there was a struggle after he and Clagett killed the detainees. Clagett repeated that story to the judge Thursday.

"Just like anyone, we didn't want to get caught," Clagett said.

The case is one of two involving soldiers from the 101st Airborne Division accused of killing Iraqis during a deployment to the Middle Eastern country that ended in September.

Four other soldiers from the division's 2nd Brigade Combat Team are accused of raping and killing an Iraqi teenager and killing three others in her family last March. A former Army private also faces murder and rape charges in federal court for the same incident.

Salvadoran's Death In Iraq Leaves His Mother Fuming (NYT)

By Marc Lacey

The New York Times, January 26, 2007

SAN SALVADOR, Jan. 21 — From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son.

In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict.

El Salvador is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population.

"Our army should be at home," said Ms. Ramos, 48, fuming against a war she said she did not know the first thing about until smartly dressed officers showed up at her home in 2004 to inform her that her son, Natividad, had become the first Salvadoran to die in combat in Iraq.

The United States has been debating for years the reasons for the war in Iraq and whether the invasion and continued presence of troops there are justified. Was there reason to believe that weapons of mass destruction were there? Was Saddam Hussein's despotism enough reason to topple him? Did links between Iraq and Al Qaeda exist?

El Salvador, which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification. Those other mothers can say that their children fell while fighting for their country, either for the Marxist guerrilla movement or the American-backed government. But Natividad Ramos, 20, died in Najaf in a clash with armed followers of the Shiite cleric Moktada al-Sadr.

"I got through our war without losing any family," she said of El Salvador's civil war, which took an estimated 75,000 lives. "And now my son was sent to fight in someone else's war."

Officially, Mr. Saca's government says the deployment of what is called the Cuscatlán Battalion is a way to thank the world for its assistance in helping stop the civil war here a decade and a half ago. Salvadoran officials say their country is an active part of the United Nations and believe in the world body's effort to rebuild Iraq.

They stress the humanitarian dimension to their soldiers' work there, like building roads, health clinics and schools, while acknowledging the dangers that have resulted in the deaths of five soldiers and the wounding of about two dozen more. They proudly note that El Salvador's army, once linked to right-wing death squads, has been purged of its bad elements and is now one of the most respected institutions in the country.

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But those arguments have not been enough to sway local critics. A newspaper opinion poll put opposition to El Salvador's involvement in Iraq at 81 percent. In 2004, masked protesters briefly took over the country's main cathedral and demanded an immediate withdrawal of troops. For the most part, though, Salvadorans have been preoccupied with local concerns, such as their economic woes and the insecurity that causes strains in their own country.

Every time a new contingent is sent, though, the legislature splits along party lines, with the right-wing government and its allies backing the plan and the leftist opposition voting no.

"It's the gringos' war," said one critic, Olga Serrano, who is executive secretary of a group of wounded veterans from the war in the 1980s. "What are we doing over there?"

Behind the scenes, government officials sell the plan differently. They point to all the benefits they believe they are receiving from Washington as a result of their assistance, even as the Bush administration insists that it is not giving El Salvador special favors for its troop presence.

"We're doing this to help the Iraqis but we're also doing this for our own people," said Carlos Rolando Herrarte Rivas, a legislator from the center-right Christian Democratic Party who went to Iraq in December as part of a government delegation to visit the troops. "The president can't say that but that's why we're doing it."

Mr. Herrarte, a retired colonel, said the Bush administration had been treating Salvadoran migrants well despite strong anti-immigrant sentiment in the United States. He pointed to the Bush administration's decision in January 2005 to grant a one-year extension of temporary protected status for about 250,000 Salvadorans living in the United States. The status gives them a reprieve from deportation because of natural disasters or political turmoil at home.

Mr. Herrarte also cited the $461 million in antipoverty funds that El Salvador was awarded last fall by the Millennium Challenge Corporation, an American foreign aid agency, as being another outgrowth of the war effort.

"When I go to my town, they yell," he said of his vociferous antiwar constituents. "They want to know why we are there. They say, 'Get them out.' Then I start explaining how this is helping our people in the United States."

To say that El Salvador and the United States are joined at the hip is an understatement. Nearly a third of native-born Salvadorans are living in the United States, including relatives of President Saca, Defense Minister Otto Alejandro Romero Orellana and many other decision makers. Those Salvadorans abroad send home about $2.5 billion every year, which represents about 17 percent of the country's gross domestic product.

Former President Francisco Guillermo Flores Pérez, who was considered especially close to the White House, sent the first troops to Iraq in 2003. The issue came up in the presidential campaign the following year when Mr. Saca, a pro-American businessman, defeated Schafik Handal, a former Communist guerrilla.

Mr. Handal had pledged to withdraw Salvador's 380 soldiers from Iraq immediately. Mr. Saca said a victory by Mr. Handal ran the risk of cutting the flow of money from Salvadoran migrants in the United States.

Mr. Saca has continued sending troops even though the governing Nationalist Republican Alliance party, known as Arena, lacks a majority in the legislature. Mr. Saca's party has had to strike deals with two smaller parties to come up with the 43-vote simple majority.

The Farabundo Martí National Liberation Front, an outgrowth of the guerrilla movement that fought the government in the 1980s, has consistently voted against the war.

Critics of decision to send Salvadoran troops point out that Nicaragua, Honduras and Dominican Republic continued to have strong relationships with Washington, even though they pulled their troops out of Iraq in the spring of 2004.

They point out that Hondurans and Nicaraguans also have the same preferred immigration status that Salvadorans do. Honduras and Nicaragua also received Millennium grants, albeit smaller ones than El Salvador's, critics note.

Salvadoran officials are not speaking of an increase in troops to quell the Iraqi insurgency. But when they are asked how long the country plans to involve itself in the war, they do adopt President Bush's language: as long as it takes.

Hello, Mr. Chips: Vendors Feeding Demand In Iraq (USAT)

By Zaid Sabah

USA Today, January 26, 2007

DOJ_NMG_0122209

BAGHDAD — It's a sight on Baghdad sidewalks as common as cigarette or kebab vendors: Rows of clear plastic bags, some the size of small duffle bags, bulging with golden potato chips.

Dates are the country's biggest food export and pistachios are a better-known local commodity. But Iraqi-made potato chips — deep fried, thin and greasy — are considered more than a snack: They're a delicacy.

"I love them," said Lubna Bahjat, 25, a civil engineer, who said she eats the chips while watching DVDs at home. "I can't watch a movie without them."

MORE LIFE IN IRAQ: Index of stories

Baghdad once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons, Ismail and other chip vendors say. Today, one factory dominates the industry — near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia.

Due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the U.S. invasion.

The story of potato chips in Baghdad dates back to the late 1950s, when a Kurdish merchant known as Abu Rafal opened the first potato chip factory in the capital, said Jassim Issa, another Karrada chip vendor.

At first wildly foreign to Iraqis, the strange, crispy treat quickly surged in popularity, he says. Initially, potato chips were consumed mainly by men drinking beer or liquor at bars or restaurants. They later became mainstream and grew popular among women and children.

Ismail said he used to sell about 110 pounds of chips a day from his sidewalk stand. But since the bombing of a holy Shiite shrine in Samarra in February 2006, which launched a wave of sectarian violence, his business has diminished because fewer people are on the streets, he said.

Today, he sells about 45 pounds of potato chips per day, Ismail said. His most popular flavor: chicken.

"Potato chips are still very popular in Iraq," he said.

"Everybody loves them."

Issa has owned his sidewalk chip stand since 1994. He once dreamed of opening his own chip factory. But the venture involved an endless bureaucratic tangle with Baghdad's municipal government and the health and oil ministries and required several million Iraqi dinars, putting the plan out of reach, he said. He gave up on the idea and focused on his sidewalk sales.

He says his business has suffered as the violence has increased in Baghdad, keeping people indoors. Through February 2006, he was selling about 165 pounds of chips a day, Issa said. Today, he's lucky to sell 66 pounds.

Despite the dip in sales, Issa said he'll stick to his profession — more out of love for the chip than lust for profits.

"This job is the blood that flows in my veins," Issa said, adjusting the bags of chips on his stand. "Can a fish live outside the water? Neither can I."

Army Finds Probable Cause In Afghans' Torture, Death (LAT)

By Kevin Sack And Craig Pyes

The Los Angeles Times, January 26, 2007

Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003.

The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004.

The military investigators, who work for the Army's Criminal Investigation Command, also found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes.

Christopher P. Grey, chief of public affairs for CID, said Thursday that he could not release names or details of the findings because the soldiers have not been formally charged. Rather, the findings have been forwarded to the U.S. Army Special Forces Command, based at Ft. Bragg, N.C., for decisions on whether the soldiers should be charged and prosecuted.

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Maj. James O. Gregory, a spokesman for the Special Forces command, said a statement would be issued soon, but he declined to comment further.

Grey did not specify the gravity of the assault findings. Simple assault and dereliction of duty can be considered minor offenses by superior officers, according to specialists in military justice.

Grey also would not say whether the criminal findings relate directly to the death of an 18-year-old Afghan army recruit, Jamal Naseer, who died at the Special Forces compound in Gardez after being interrogated there by U.S. troops. A number of other Afghans who were taken prisoner along with Naseer have said they were severely beaten and otherwise abused while being held at the base by soldiers with the 20th Special Forces Group, an Alabama-based National Guard unit.

Concurrently, the Army investigators determined there was not probable cause to charge anyone in the separate case of an Afghan detainee who died in the custody of the same 20th Special Forces Group team, known as ODA 2021. That detainee, an unarmed woodcutter named Wakil Mohammed, was shot in the face by a soldier during a search of the village of Wazi after a fierce firefight, also in March 2003, according to Afghan witnesses interviewed by The Times.

Grey, the CID spokesman, said in an e-mailed statement that "the case involving Wazi was unfounded." That term is used, he said, "when there is not probable cause to believe that the offense occurred … considering the quality and quantity of all available evidence."

In March 2005, however, CID announced it had found probable cause in the Wazi case to recommend charges of murder against one member of the 20th Special Forces Group and of dereliction of duty against another soldier for not reporting Mohammed's death. Those referrals, known as "listings," have since been rescinded, but Grey declined to say what had changed.

Details of Mohammed's death were revealed in a two-part series about ODA 2021 that was published in The Times in September.

Grey said both investigations were closed by CID on Jan. 11. "If any new credible information becomes available, CID stands ready to reopen the investigation," he said.

The deaths of Naseer and Mohammed were never reported to higher authorities, according to both the battalion and group commanders who oversaw the 20th Group's operations in Afghanistan. That distinguished them from scores of other questionable deaths of detainees in U.S. custody in both Afghanistan and Iraq.

The Times account last fall cited numerous Afghan witnesses who saw Naseer immediately before and after his death and said he appeared to have been badly beaten. It quoted one Special Forces member as saying the team held a meeting after the detainee died to coordinate stories should an investigation arise.

"Everybody on the team had knowledge of it," the soldier said, speaking on condition of anonymity. "You just don't talk about that stuff in the Special Forces community. What happens downrange stays downrange."

Other detainees arrested with Naseer also showed signs of severe beating that were noted in local doctors' reports after their release from the base. One of those detainees was a man with one leg.

The commander of the Special Forces team at the time of both deaths was Chief Warrant Officer Kenneth C. Waller, a full-time National Guardsman who continues to work at 20th Group headquarters in Birmingham. Grey would not say whether Waller, who is now 36, is among those implicated in the CID investigation.

Officials with 20th Group said today that Waller, despite the ongoing case involving his unit, is currently deployed to East Africa, as is Col. Leonard Kiser, the 20th Group's current commanding officer. Neither was available for comment.

While the Special Forces team in Gardez consisted mostly of Alabama National Guardsmen, it also included several members from other groups.

One of them, Sgt. 1st Class Michael E. MacMillan, an intelligence analyst with the 7th Special Forces Group at Ft. Bragg, was depicted by other team members as being heavily involved in the interrogation of detainees at the base.

U.S. To Seek $10.6B For Afghan Aid (AP)

By Anne Gearan

AP, January 26, 2007

President Bush will ask Congress for $10.6 billion to help Afghanistan strengthen its security forces and rebuild from years of war, Secretary of State Condoleezza Rice said Thursday.

The money would be on top of $14.2 billion in aid the United States has already given to Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

The request, which Bush will make formally next month, comes after a year in which Taliban forces launched surprisingly fierce attacks across the country. U.S. and NATO forces are bracing for a renewed offensive by Taliban fighters in the spring

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Rice told reporters flying with her to Brussels for NATO meetings on Afghanistan.

Rice said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction. The money would be spent over the next two years.

The aid proposal also comes as the U.S. appears to be stepping up its military commitment in the country.

The Defense Department has said that 3,200 soldiers from the New York-based 10th Mountain Division already in Afghanistan would have their tour extended by four months. In a visit to Afghanistan last week, new Defense Secretary Robert Gates indicated he is likely to ask Bush for more troops for the country.

There are about 24,000 U.S. troops in Afghanistan, the highest number since the war began in October 2001. About half are under the control of NATO, which is gradually gaining more control over operations there.

A senior State Department official who spoke on condition of anonymity gave another indication that U.S. forces in Afghanistan may grow, saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary."

On Thursday, Gen. David Richards, the top NATO commander in Afghanistan, said NATO-led troops battling resurgent Taliban militants will shortly be reinforced with another combat brigade. The NATO-led force is about 20 percent short of the troops levels pledged by its contributing nations.

Among other issues, Rice will raise with her NATO colleagues are the divisions within the alliance on sharing the burden in Afghanistan. More NATO countries have shown a greater willingness than others to send troops to areas of conflict.

State Department spokesman Sean McCormack said there is a pressing need to address the problem of high levels of opium poppy production in Afghanistan.

"Everybody understands that it's a problem that needs to be addressed," he said. "We don't want an Afghanistan (economy) that is based solely on production of narcotics and international aid."

Officials in the Afghan capital of Kabul said this week that despite pressure from the United States the country's heroin-producing poppies will not be sprayed with herbicide this year despite a record crop in 2006. Afghan officials said there would be an increased effort to destroy poppy crops with traditional techniques _ typically sending teams of laborers into fields to batter down or plow in the plants before they can be harvested.

Fueled by the Taliban, a powerful drug mafia and the need for a profitable crop that can overcome drought, opium production from poppies in Afghanistan last year rose 49 percent to 6,700 tons. That's enough to make about 670 tons of heroin, or more than 90 percent of the world's supply and more than the world's addicts consume in a year.

The U.S. budget request follows a review of U.S. policy in Afghanistan that the White House began last year.

"It had been over five years since we went into Afghanistan and the situation on the ground _ economic and security _ has changed," said Gordon Johndroe, a spokesman for the National Security Council. "There's now a viable government that we're working with. Substantial progress has been made in many areas, but it's also clear that the policy needed to be reviewed, so that we continue to improve the lives of Afghan citizens."

Rice To Press Europe On Afghan Funding (FT)

By Daniel Dombey, Aunohita Mojumdar And Fidelius Schmid

Financial Times, January 26, 2007

Condoleezza Rice, the US secretary for state, will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe.

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At a meeting of Nato and European Union foreign ministers in Brussels, Ms Rice is expected to unveil details of a US initiative to provide about $8bn (€6bn, £4bn) for the war-torn country and call on Europe to make a similar step.

President George W. Bush is scheduled to ask Congress for the funds next month, an indication of the growing concern in Washington about the future of Afghanistan and the bitter fight against Taliban insurgents. The request would be a huge increase as the total assistance provided by Washington.

In an effort to boost troops in the country, the US Department of Defense has also said about 3,500 US soldiers will stay four months longer than scheduled.

Separately, the European Commission will on Friday announce about €600m ($780m, £395m) for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health.

The figure represents a fall on the levels of aid the Commission has given Afghanistan in the past, although typically European governments, not Brussels, provide the lion's share of EU aid.

"We are working within limited resources," said a Commission official. "This is by far our largest aid programme in Asia."

The difference between the US and many European states has also been exposed by most Nato countries' reluctance to deploy troops to the south and east of Afghanistan, where the main fighting against the Taliban is taking place.

A hard core of Atlanticist countries, led by the US, the UK, Canada and the Netherlands, is spearheading the fight in the region, with countries such as Germany and France clearly set against joining them.

On Thursday Gen Rahim Wardak, Afghanistan's defence minister, said he expected "much more force in hand" because of the US decision to increase numbers in Afghanistan, the deployment of 1,000 Polish troops and the expected augmentation of British forces. He said that it would give Nato commanders a "strategic reserve".

The Afghan National Army's own strength would increase by up to 12,000 troops from its current level of 40,000 by the time of any "spring offensive" by the Taliban.

But France is pulling out most of the 200 special forces it has in the country, although it has agreed to provide extra aircraft for the Nato mission. Germany is also seeking to provide Nato with more aircraft.

"The countries that are in the south and east are the countries that wake up every morning feeling that their own national security is tied to the future of Afghanistan," said a senior Nato diplomat.

Bush To Seek More Aid For Afghanistan (NYT)

By Helene Cooper And David S. Cloud

The New York Times, January 26, 2007

BRUSSELS, Jan. 25 — President Bush plans to ask Congress for $10.6 billion in aid for Afghanistan, primarily to beef up the country's security forces, Secretary of State Condoleezza Rice said Thursday.

The aid request would come before what is expected to be another spring offensive by resurgent forces linked to the Taliban, the former rulers of Afghanistan. In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan for as long as three months, increasing the American force level there to around 24,000. An additional 20,000 soldiers from other NATO countries are also deployed there.

The aid request would include $8.6 billion for training and equipping Afghan security forces and would go toward increasing the size of Afghanistan's national army by 70,000 and its local police forces by 82,000, said a senior American official familiar with the issue.

An additional $2 billion would go to reconstruction projects like building roads, laying down electric power lines, development in rural areas, and counternarcotics efforts, administration officials said. The officials said that they planned to use some of the money to help Afghanistan and Pakistan battle the Taliban and other insurgents along the Afghan-Pakistan border.

President Bush is expected to make a formal request for the funds next month, after a year in which Taliban forces have carried out fierce attacks across the country, particularly in the south.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Ms. Rice told reporters aboard her flight to Brussels for a NATO meeting on Afghanistan, coming from a donors' conference for Lebanon that was held in Paris.

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President Bush announced two weeks ago that he was sending more than 20,000 additional troops to Iraq, where the United States already has about 132,000 troops.

The troops to remain longer in Afghanistan, from the Third Brigade of the 10th Mountain Division, provide commanders with more forces before an expected spring offensive by the Taliban. The unit was supposed to return to the United States next month. But commanders asked Defense Secretary Robert M. Gates for additional forces when he visited Kabul last week and he said at the time that he was inclined to support the request.

In a statement, the Army said the additional forces were necessary to "deny the Taliban a base of operations."

Because another battalion is scheduled to leave Afghanistan shortly, the actual increase in American troop numbers as a result of holding over the 3,500-member brigade will be about 2,500 troops, said Bryan Whitman, a Pentagon spokesman.

The increase comes at the same time that the Bush administration is renewing pressure on European allies to increase their troops in Afghanistan and is aimed at quelling European concerns that the United States may soon draw down in Afghanistan to meet its growing troop commitments in Iraq. British, Canadian and Dutch troops have at times since last summer been in intense combat in southern Afghanistan, the Taliban's heartland.

In addition, an American general, Dan K. McNeil, is taking command of the NATO mission in Afghanistan next month, taking over from a British officer.

The NATO-led force remains about 15 percent short of the troop and equipment levels pledged by its contributing nations, a point that is bound to be of contention during Friday's scheduled NATO meeting in Brussels to discuss Afghanistan.

Mr. Gates has been more open to adding troops to Afghanistan than his predecessor, Donald H. Rumsfeld, who argued for holding down force levels. Mr. Gates has indicated that he favors aggressive action to root out the Taliban and has said repeatedly that Afghanistan cannot be permitted to fall back into chaos.

American officials say that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and are preparing to resume attacks in the spring, as they have done every year since the American invasion, which toppled the Taliban in 2001.

Since 2001, the United States has provided over $14.2 billion in aid to Afghanistan.

New Combat Brigade To Bolster NATO-Led Forces In Afghanistan (WP/AP)

The Washington Post, January 26, 2007

KABUL, Jan. 25 -- NATO-led troops battling resurgent Taliban fighters will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday.

British Gen. David Richards said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops. Richards did not specify how many reinforcements he expected.

"I anticipate at least another brigade of combat troops from ISAF nations coming here shortly and more after that," Richards told reporters.

At NATO headquarters in Brussels, officials would not specify which countries planned to send reinforcements, saying such announcements are up to individual nations.

Several countries, however, plan to boost their contributions in response to requests for more troops to join the fight against the Taliban in the spring.

Poland is expected to send about 1,200 soldiers in February, and British news media have reported that Britain is considering deploying 600 more troops. It was not clear if Richards was referring to those upcoming troop contributions.

The U.S. Defense Department said Wednesday that about 3,500 soldiers from the New York-based 10th Mountain Division already in the country would have their tour extended by four months.

The NATO-led force, which is bracing for renewed fighting with the Taliban, is about 20 percent short of the troop levels pledged by its contributing nations.

Richards made the comments during the opening of a joint operations center in Kabul that will be manned by officers from Afghanistan, Pakistan and NATO. The three are trying to increase coordination in their counterinsurgency efforts.

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Relations between Pakistan and Afghanistan have deteriorated recently as top officials have traded accusations over which side was responsible for the increase in Taliban attacks. About 4,000 people died in insurgency-related violence in Afghanistan last year, according to numbers from Afghan, U.S. and NATO officials.

Also Thursday, Italy's government approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition. Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, although he has resisted NATO's request to increase its size.

Bush Seeks Funds To Counter Taliban (WT)

By Nicholas Kralev

The Washington Times, January 26, 2007

The Bush administration will ask Congress for $10.6 billion next month for Afghanistan's reconstruction and to beef up the country's security forces to counter recent Taliban gains, Secretary of State Condoleezza Rice said yesterday.

The unusually large figure -- the United States has given Afghanistan $14.2 billion in aid since 2001 -- is an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, U.S. officials said.

In addition, the Pentagon announced yesterday that it would extend the tours of 3,200 soldiers in Afghanistan. The troops from the 3rd Brigade, 10th Mountain Division, were expecting to complete a one-year deployment next month, but their tour of duty had been extended by up to 120 days.

The extension means there will be about 2,500 more soldiers in Afghanistan than planned for the next few months.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Miss Rice said as she flew last night to Brussels, where she will urge fellow NATO members today to follow Washington's lead and increase their financial assistance.

She said $8.6 billion would be used for training and equipping Afghan police and security forces. The money would also help to increase the Afghan army by 70,000 soldiers and police forces by 82,000, a senior U.S. official said.

The remaining $2 billion would go to building roads, an electricity grid and other infrastructure, as well as counternarcotics operations, said State Department spokesman Sean McCormack.

The administration will submit the request as a supplemental to this year's budget, but the funds would be disbursed over the next two years, officials said.

They said the White House had realized that an "adjustment in strategy" was urgently needed if Afghanistan was going to be the success the United States wants it to be, and a broad interagency review was conducted in the past several months.

"There was a feeling that we were incrementally making progress, but that, given the kind of insurgency threat we faced last year, maybe that wasn't enough, that what we needed to do was make significant progress across the board," Richard Boucher, assistant secretary of state for South and Central Asian affairs, said yesterday in Brussels.

Mr. Boucher said the "significant funding," a decision to keep more troops in Afghanistan, as well as other steps by the United States and NATO were meant to disrupt Taliban's plans for the winter.

About 4,000 people were killed in insurgency fighting last year, and U.S. officials have said there were nearly 140 suicide attacks, up from 27 in 2005.

Secretary of Defense Robert M. Gates visited Afghanistan last week, but officials said the administration delayed the new funds pledge until Miss Rice's meeting at NATO in order to "make a political point."

"We're looking for others to step up their effort with us, step it up across the board," Mr. Boucher said.

About 33,000 troops from 37 countries under the NATO-led International Security Assistance Force are currently deployed in Afghanistan.

The Bush administration has been criticized that it stopped paying enough attention to the country after toppling the Taliban in 2001, and particularly since the war in Iraq began nearly four years ago.

A senior U.S. official said yesterday the administration wanted to show to its European allies that "it's not all about Iraq, all the time."

NATO defense ministers are expected to discuss the alliance's operation in Afghanistan at a meeting in Spain next month.

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White House Wants More Aid For Afghanistan (LAT)

By Paul Richter

The Los Angeles Times, January 26, 2007

WASHINGTON — The Bush administration will seek $10.6 billion more in aid for Afghanistan, Secretary of State Condoleezza Rice said Thursday, in another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence.

The proposal for additional money came the same week the Pentagon announced plans to extend the deployment of 3,200 troops in the country and amid a broad rethinking of the American strategy for dealing with Afghanistan.

The new aid, which would be spent over two years, would mark a substantial addition to the $14 billion the United States has spent in Afghanistan since the invasion that toppled the Taliban's fundamentalist Islamic government in late 2001. About $8.6 billion of the new funding would be used to train and arm Afghan troops and police, and the remainder would be for reconstruction, including new roads, electricity and other infrastructure, Rice told reporters during a trip to Brussels.

"The challenges of the last several months have demonstrated that we want to, and should, redouble our efforts," she said.

U.S. officials have become increasingly alarmed by the resurgence of the Taliban, whose attacks on the fragile government and international forces made 2006 the bloodiest year since the U.S.-led invasion, with 4,000 deaths from violence. Military strategists are preparing for an expected spring campaign by the Taliban forces.

A senior U.S. official, speaking to reporters last week, said that prospects for progress in the Afghan effort were far better than in Iraq. Even so, he said, "efforts in Afghanistan need desperately to be intensified."

The official, who would discuss U.S. strategy only on condition of anonymity, said the United States and its NATO allies needed a "comprehensive approach" that included not only stepped-up security, but also efforts to strengthen the weak economy, fight the opium trade and extend the reach of a government that is hardly in evidence in many parts of the country.

As part of the effort to stabilize the country, the U.S. is temporarily increasing the size of its force there by postponing the return of the 3rd Brigade of the 10th Mountain Division. The brigade, based at Ft. Drum, N.Y., will be extended by up to 120 days beyond its one-year deployment, the Pentagon said this week. Taking into account service members being rotated out of Afghanistan, that will mean a net increase of about 2,500 U.S. troops in the country.

About 24,000 U.S. troops are in Afghanistan, representing the largest American force since the start of the war. About half of them are under the command of the North Atlantic Treaty Organization.

The new aid proposal requires approval from the Democrat-controlled Congress as part of the administration's 2007 supplemental budget proposal, a special war spending measure separate from the regular budget. The war budget proposal is expected to top $100 billion, adding to more than $400 billion spent on the conflicts and reconstruction efforts in Iraq and Afghanistan since 2001.

Pentagon officials said the money would enable them to train 70,000 Afghan soldiers and 82,000 police officers.

Defense Secretary Robert M. Gates said during a trip to Afghanistan last week that he was sympathetic to NATO requests for more U.S. and European troops and expressed concern that progress in the country would "slip away" under a sustained Taliban offensive.

Rice will address the planned addition of forces with European leaders at a NATO ministerial meeting today in Brussels.

Although the Afghanistan mission is NATO's first outside Europe, U.S. officials are unhappy that their allies have not provided more troops and that the NATO forces have in some cases limited their missions in an effort to reduce casualties. The Bush administration has been pressing Spain, Italy and Germany to lift operational restrictions on troops in southern Afghanistan, where the fighting is the most dangerous.

The senior U.S. official said the French too "need to do more." But the Europeans, for their part, have expressed concern that the Pentagon may shift U.S. troops from Afghanistan to Iraq to try to quell the surging violence there, leaving NATO to fill the gap.

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New York Prosecutor With Wall Street In His Sights (FT)

By Brooke Masters In New York

Financial Times, January 26, 2007

Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet gambling investigation, takes pride in being an ordinary guy.

Spurning the car and driver that comes with his position as US attorney for the southern district of New York, he commutes by train and is never recognised on the street.

He notes wryly that his alma mater is so low on the academic totem poll that he was the first Albany Law School graduate to be hired by the office in more than 200 years.

But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling.

"This is an office that has been willing to take on the difficult and new cases, and you see the results," Mr Garcia, 45, told the Financial Times. "If there is a case there, we will make it."

A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice.

"He was a regular guy. He put his head down. He worked with agents. He made the cases," said Lev Dassin, a colleague from those days who now serves as one of Mr Garcia's top deputies.

As a young terrorism prosecutor, Mr Garcia travelled to Asia to help build the office's case against Ramzi Yousef for plotting to blow up US airliners. A few years later, he went to Kenya and Tanzania to collect evidence from the victims of the 1998 US embassy bombings there.

"Mike is just an extraordinarily talented prosecutor and investigator," said Mary Jo White, the US attorney at the time.

The southern district is known, only half jokingly, as "the sovereign district", in recognition of its broad jurisdiction and its founding in 1789, which predates the Justice Department itself.

Located blocks from Wall Street, the office attracts many of the US's pre-eminent securities fraud prosecutors and brought recent cases against the leaders of WorldCom and Adelphia, and domesticity mogul Martha Stewart.

"New York is a centre and New York is a target," Mr Garcia said. "For a lot of those reasons, our venue is very expansive and we are proud of that."

The gambling probe has particularly raised hackles because Mr Garcia's staff have not only filed money-laundering charges against the Canadian founders of Neteller, a company that processes gambling proceeds, but also sought to trace the overseas financial holdings of gambling companies and their principal officers.

Though Mr Garcia would not comment on the particulars, he says he sees the gambling crackdown as simple fairness.

"We think it violates US law and we are going to do it whether it is the guy in the Bronx operating an illegal gambling [den] or a multi-million dollar offshore on-line gambling operation."

Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington.

He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security.

Mr Garcia calls his 2005 return to New York a "great honour" and has promised to beef up prosecution of public corruption. His emphasis on meetings and reporting lines initially irked some long-time staffers and contrasted with his predecessor, David Kelley, who had often roamed the halls.

Mr Garcia's arrival coincided with a rough patch for the white-collar unit. Last summer the office lost an appeal and then agreed to a deferred prosecution of banker Frank Quattrone, a move widely seen as a defeat.

A federal judge publicly railed at the office's handling of its case against accountancy firm KPMG, and the office also dropped criminal charges against seven former New York Stock Exchange specialists.

Mr Garcia's supporters are quick to point out that all of these cases started before his arrival in 2005 and he dismissed the problems as "cyclical".

"This office is always going to be at the forefront of white-collar work," he promised. "This year you will see some very good cases coming out."

Reichert To Submit Candidates To Succeed U.S. Attorney McKay (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, January 26, 2007

Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington.

McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School.

U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor.

U.S. attorneys are White House appointees subject to Senate confirmation.

It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates.

Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay.

Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration.

Reichert is not obligated to consult with members of the opposite party.

Sen. Patty Murray, D-Wash, has not been contacted by Reichert's office about the U.S. attorney vacancy, said Alex Glass, a spokeswoman for Murray.

"Congressman Reichert is involved in looking at candidates and will seek to work in a bipartisan way in putting that name forward," Shields said.

Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng.

Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources.

McKay announced his plans to resign Dec. 14.

His departure became the subject of speculation after a spate of reports earlier this month suggested that the White House had pushed several U.S. attorneys out of their jobs. The White House denied it had orchestrated a purge, but declined to comment on whether McKay had been asked to leave.

McKay said last month he stepped down to return to the private sector. Emily Langlie, a spokeswoman for the U.S. Attorney's Office, said McKay stood by that statement and would not comment further.

CORPORATE SCANDALS:

McNulty Memo On Attorney-Client Privilege Blasted For Lack Of Change (NLJ)

By Pamela A. MacLean, The National Law Journal

National Law Journal, January 26, 2007

Critics say result will be silent pressure by Justice; Congress expected to seek bans on waiver demands

Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a "don't ask, don't tell" policy that will drive prosecution waiver demands underground.

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And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12 by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a "culture of waiver."

Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify "limited waiver" of attorney-client privilege, despite wide federal and state court rejection of the concept.

Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits.

McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits "is a significant concern," McNulty said in a recent interview. "That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver," he said.

A DEPARTURE

His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government "carefully took no position," and declined to participate in oral argument. In re Qwest Communications Securities Litigation, 450 F.3d 1179 (2006).

As for Congress stepping in to ban all but voluntary waivers, McNulty said, "I am hopeful the Senate and the House will give the new guidance a chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance."

But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing "partial waivers."

At a Jan. 12 meeting in Phoenix, a subcommittee of the Standing Committee on Rules of Practice and Procedure of the Judicial Conference of the United States heard public comments on proposed Rule 502 changes.

A 2003 memo by former Deputy Attorney General Larry D. Thompson, which told prosecutors considering whether to charge a corporation criminally to take its cooperation into account, turned the waiver controversy into a subject of national debate. Waiver of attorney-client or work-product privileges was considered a sign of cooperation. Companies failing to cooperate could be indicted along with suspect executives.

The Justice Department was tampering with a privilege that has existed in common law for more than 400 years of balancing the courts' search for truth with a need to protect defendants' right to counsel, according to Steven K. Hazen, an advisor to the American Bar Association task force on Rule 502 and the State Bar of California Business Law Section. "Confidentiality is like toothpaste, once it is out of the tube it is out for good," he said.

A survey earlier this year by the Association of Corporate Counsel, representing 19,000 public companies, found that nearly 75 percent of inside and outside counsel said government agencies expect a company under investigation to waive legal privileges. In addition, it found that in the last five years, 51 percent of outside counsel and 30 percent of in-house counsel reported the government expected waivers in order to be eligible for leniency.

"It is chilling the relationship with employees and impacts whether people report misconduct," said Susan Hackett, a spokeswoman for the association.

The McNulty memo didn't resolve the conflict. "We're thrilled the Department of Justice has taken this step forward after two years of begging. But this proposal is no solution. It not only doesn't go far enough, it still misses the point. They still think DOJ gets to decide whether corporate counsel they are prosecuting have a right to counsel or not," Hackett said.

"One bone dangled before counsel is a confidentiality agreement [partial waiver]," she said. "We don't support the rule change. There is still a fundamental constitutional problem of right to counsel. Only a court can decide that right."

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The McNulty memo converts the Thompson memo's upfront requests for waiver to a "don't ask, don't tell policy," complained Judson W. Starr, head of environmental defense for Venable in Washington. "The government raises the prospect of getting information but doesn't ask for it. You still have every bit as much pressure to waive," said Starr.

"In environmental cases it is on the table in every case," he said. "If you refuse to waive, it becomes part of the conspiracy."

McNulty disputed the notion that his changes would turn government waiver requests into an unspoken wink and nod. "Practically speaking, if someone engaged in some subtle process of seeking waiver without following the procedure, it would come out quickly," he said.

"If a corporation came back and said 'there was a method or tone we picked up, that gave the impression it would be bad if we didn't volunteer to waive,' I would want to know a lot more about the facts of that," McNulty said.

Jim Parkman, who successfully defended HealthSouth Corp. CEO Richard M. Scrushy, said, "I am not for giving any waivers of any kind." In the HealthSouth prosecution, said Parkman of The Cochran Firm's Birmingham, Ala., office, "we knew they signed an agreement and provided the government everything. We tried to obtain the agreement. The court ordered we get it, but we never did."

ABA task force advisor Hazen added that there's a danger of "commoditizing" waivers by making them bargaining chips to be traded for something of value.

But most troubling, the McNulty memo "leaves the impression something significant has been done when it hasn't," Hazen said. "Comparing the McNulty memo line by line with the Thompson memo, there is almost no change. It is very subtle." Hazen also said the Justice Department "institutionalize[s] artificially the entire attorney work-product protection area as trivial."

Nacchio's Legal Tab Picked Up (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, January 26, 2007

Bylaws require Qwest to pay for ex-CEO's defense

Joe Nacchio is getting the best defense Qwest can buy.

The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading.

Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19.

His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees.

Qwest's bylaws require it to "advance legal fees to current and former officers who may be involved" in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs.

"If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual," Toevs said.

But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts.

Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing.

The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002.

Qwest shareholder and retiree Jaclyn Prokesh called the arrangement "outrageous."

"It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses," said retiree Nelson

Phelps, executive director of the Association of US West Retirees. "It's a further hit against a company (through) legal costs for a person that many retirees look at as almost sinking the company."

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"Expensive litigations"

Qwest, which acquired Baby Bell US West in 2000, hasn't disclosed how much it has spent or expects to spend on Nacchio's defense. Some of the fees may be covered by so-called Directors and Officers liability insurance, which many public corporations including Qwest carry to help defend and settle lawsuits against key officials.

But the insurance typically doesn't cover criminal charges, said John Toothman, founder of The Devil's Advocate, a legal-fees consulting firm in Great Falls, Va.

The Justice Department's case alleges Nacchio sold $101 million in Qwest stock in early 2001 while he knew the company's finances were faltering.

Separately, the SEC has sued Nacchio and several other former Qwest executives, alleging that they fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Nacchio has also been named in several shareholder lawsuits.

He is represented by two law firms: Roseland, N.J.-based Stern & Kilcullen and Denver's Richilano & Gilligan.

Herbert Stern is Nacchio's lead attorney, and John Richilano is the top local attorney. Six other attorneys from those two firms have entered appearances in the criminal case.

Costs add up

Toothman said the lead attorneys in the case could likely charge more than $500 an hour and their associates around $200 an hour. The legal bill would also include fees for pollsters, expert witnesses, travel expenses and other costs.

One expert already has appeared in court filings on Nacchio's behalf. Noted jury specialist Edward Bronson of California State University reviewed hundreds of newspaper articles and prepared a 62-page report supporting Nacchio's effort to move the trial to New Jersey, which was rejected. Bronson has said that he is paid $125 an hour for his work.

"These are expensive litigations," said John Marquess, president of Legal Cost Control, a legal-fees consulting firm in New Jersey. "These things could go as high as $60 million to $75 million to defend."

Since Qwest is paying fees in advance, Marquess said Nacchio has no reason to control costs. Skilling shelled out $23 million from his own pocket for his attorney fees, his insurance covered $17 million and $25 million went unpaid, according to published reports. Enron had filed bankruptcy by the time Skilling faced criminal charges.

"When it's your own money, you may care a bit," Marquess said. "When it's not your own money, what's he care?"

Legal experts said large corporations such as Qwest need to offer officers and directors financial protection from lawsuits in order to hire them.

"It'd be hard to attract the kind of individuals that you need to run a public corporation without that type of indemnification," said John O'Dorisio, a Denver corporate attorney.

Recommended steps

Harvey Pitt, former chairman of the SEC, said companies should have their boards conduct an investigation into charges before advancing legal fees. He also said they should have adequate protections in place to ensure that they'll be able to recover the fees.

"Unless there are satisfactory responses to these questions, I don't believe boards are justified in advancing expenses, even though they may legally be able to do so or even obligated to do so," said Pitt, who now heads business consulting firm Kalorama Partners.

Experts said companies rarely recover legal fees from former executives even if they are convicted, and shareholders ultimately foot the bill.

"There's a lot of hurdles to get that money back," Marquess said.

The company would have to stand in line behind court fines, debt holders such as mortgage companies and shareholders that file civil suits.

Experts said Qwest would have the ability to recover attorney fees from former Qwest chief financial officer Robin Szeliga, who pleaded guilty to one count of illegal insider trading.

But during her sentencing last year, Szeliga said she has faced "financial devastation." She was fined $250,000 as part of her sentence.

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Szeliga is the only other former top Qwest officer to have been charged criminally. Former president Afshin Mohebbi and former CFO Robert Woodruff, who preceded Szeliga, are also named in the SEC suit.

Toevs said he couldn't comment about individual cases.

Staff writer Greg Griffin contributed to this report.

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GM Delays Earnings Announcement; Will Restate Some Financial Statements (DEN)

By Sharon Terlep And Christine Tierney, The Detroit News

Detroit News, January 26, 2007

General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter.

GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments.

"As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006," the U.S. automaker said in a statement. "GM does not expect any material impact on cash flow."

While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern.

While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department.

Last year, GM reported a $10.6 billion loss for 2005 -- after restating the result it issued previously.

That shortfall was dwarfed Thursday by Ford Motor Co.'s announcement that it lost $12.7 billion in 2006 -- the biggest annual loss in its history.

Of Detroit's automakers, struggling against intense competition from Asian rivals in their home market, GM is furthest along in its recovery program, and investors are watching its progress closely. GM said it expected to report "improved performance in its automotive business, including record fourth quarter revenue in 2006."

Analysts have been expecting strong results from GM for 2006, a year in which the automaker pared back its workforce, cut production costs and scaled back less profitable businesses, such as sales to rental car companies. "I think they will not disappoint," analyst Brad Rubin of BNP Paribas said prior to GM's announcement that it would delay and restate results.

"The company expects to be profitable on a reported consolidated basis in the 2006 fourth quarter, and net income is expected to improve significantly over the fourth quarter of 2005," GM said in its statement.

It said it had improved its liquidity position, ending the year with around $26.4 billion in cash and equivalents, an increase of about $5.9 billion over year-earlier levels.

In its statement, GM also said GMAC, its former finance arm, was not able to supply information on time that GM needed for its fourth-quarter report. GM sold 51 percent of GMAC on Nov. 30 as part of an effort to raise cash.

The automaker confirmed Thursday that it was considering the sale of its Allison Transmission division in Indianapolis.

GM did not say when it would report its fourth-quarter and annual results but will provide information on the progress of its financial reporting in early February. It said it expected to file its annual report on Form 10-K with the SEC by March 1, the due date.

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OUTSIDE INFLUENCE How Borrowed Shares Swing Company Votes (WSJ)

By Kara Scannell

The Wall Street Journal, January 26, 2007

Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes.

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In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late.

Fueling the practice -- dubbed "empty voting" in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences.

Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners.

This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined.

The practice "is almost certainly going to force further regulatory response to ensure that investors' interests are protected," Securities and Exchange Commission Chairman Christopher Cox said in an interview. "This is already a serious issue and it is showing all signs of growing."

The SEC has no firm plans yet. Britain's securities regulator, the Financial Services Authority, has begun a study into whether to force greater disclosure of large investors' stakes in companies, regardless of whether they own stocks or are just borrowing them. One of the largest pension-fund managers there, Hermes, has called for regulators to outlaw voting altogether by borrowers of shares. In Hong Kong, the Securities and Futures Commission said it is studying "issues relating to borrowed shares and voting."

The concern arises just as more companies are moving toward requiring a majority of all shares to elect directors, instead of simply a plurality of those casting votes. A recent U.S. federal appeals court decision opened the door to giving shareholders a greater say in the election and nomination of directors, and the SEC recently approved a rule to make it easier for investors to put up their own slates of directors. But the vulnerability of the voting system could set back such efforts.

"It seems in trying to perfect corporate governance, we were polishing an apple that had a lot of worms inside, and we didn't know it," says Carol Hayes, corporate secretary of Coca-Cola Co., and a member of the Society of Corporate Secretaries and Governance Professionals.

The opportunity for "empty voting" arises when brokerage firms or institutional fund managers lend the shares they manage to hedge funds or other firms, for a fee that can rise with how difficult the shares are to get. The value of securities borrowed on any given day has reached $1.6 trillion after several years of double-digit growth, according to Astec Marketing Research Group Inc., a New York capital-markets research firm.

When it comes times for a shareholder vote, it's the borrowers that hold the voting rights. Under Delaware law, where most large companies are incorporated, voting rights belong to whoever holds the stock on a date the company chooses in advance of its stockholder meeting. It's as if in the U.S. electoral system, someone could borrow your voting rights and use them to vote in your place without your knowing it. Individual share owners often are unaware that contracts with brokerages normally allow the brokerages to make money by lending out stock if it's held in margin accounts, just as banks profit from lending their cash deposits.

The owners must ask for their stock to be recalled if they want to vote -- which means they would have to know the stock was lent and that the vote was coming. If their stocks are lent, the borrowers of the shares, not the owners, are supposed to receive invitations to vote. Stocks in cash accounts aren't affected.

READ THE STUDY

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See the study by law professors Hu and Black1, which cites 22 instances in which either borrowed stock or hedging strategies, or both, were used.

No one knows how widespread "empty voting" is. Law professors Henry Hu and Bernard Black at the University of Texas at Austin have studied 22 instances world-wide from 2001 through 2006 in which either borrowed stock or hedging strategies, or both, were used. (See Messrs. Hu and Black's study2.) Consider one example:

Henderson Land Development Co., Hong Kong's third-largest property developer, owned 73% of a subsidiary called Henderson Investment. It offered a rich premium in November 2005 to buy the rest. It had failed in a similar effort three years earlier, but this time it came back with a better offer. Under Hong Kong law, the deal would go through unless 10% of all the shares opposed it. Since the parent owned such a large stake and large institutions backed the deal, passage was considered a foregone conclusion.

Yet the acquisition was voted down early last year by a slim margin. Several market participants were quoted in news reports saying there was a surge in borrowed shares by at least one hedge fund ahead of the vote, compared with little if any lending in Henderson shares over the previous seven months.

By borrowing the shares and simultaneously shorting the underlying stock, the hedge funds gained the voting rights to squash the deal and stood to profit when the stock dropped 18% the next day. After the Henderson vote, the Hong Kong regulator said it was examining voting practices.

"It appears that one or more hedge funds borrowed Henderson Investment shares before the record date, voted against the buyout, and then sold those shares short, thus profiting from its private knowledge that the buyout would be defeated," the Texas professors wrote in the May 2006 Southern California Law Review. A Henderson spokeswoman declined to comment.

Altogether the professors analyzed 12 instances in which it appeared that hedge funds or other large shareholders voted to try to swing public-company contests in their favor without much ownership stake. In 10 others, they said investors just hid their stake in the company until a vote.

The shareholder vote is rooted firmly in corporate law, which is based on the notion that shareholders vote in the best interests of the company in which they own stock. The effects of short-selling and other sophisticated instruments that can separate a vote from economic interest were never considered. "You have this whole superstructure built on this notion that there is this coupling of economic interest and voting power," says Mr. Hu. "With these financial innovations, you're screwing around with the foundation."

Hedge funds say their actions are legitimate, lawful and many times in the best interest of their investors. Often they borrow stock or use a hedging strategy to minimize the risk of their stake without any intention to affect the votes of the companies. They also say that if institutions can make money by lending shares, there shouldn't be a judgment against those who borrow.

"You should be able to vote your shares irrationally if you want," says Mark Weingarten, a partner in New York with law firm Schulte Roth & Zable who advises hedge funds. He adds, "The rules and state law simply haven't caught up with the marketplace for sophisticated trading techniques. They never contemplated the slicing and dicing of ownership and voting power that's done in the marketplace."

It's routine for hedge funds and other investors to borrow shares to vote them. Many individual investors hold their shares in margin accounts with their brokers. Brokers lend those shares out, often when they are requested by short-sellers, who borrow shares in the expectation the price will fall, sell them and hope to profit by buying them back at a lower price.

The California Public Employees' Retirement System reported in October that it made $129.4 million in net income from lending securities for the year ending March 31, 2006. Critics say investors like Calpers shouldn't lend their shares if borrowers will use them in ways to undermine corporate governance. Proponents of securities lending say Calpers and other institutional investors have a fiduciary duty to make the most money for their constituents.

Not everyone agrees where the fiduciary duty lies. Lord, Abbett & Co., a mutual-fund company, has scaled back its stock lending program recently, saying it sometimes didn't get securities back in time to vote and decided that the money it was earning from lending out stocks wasn't worth it. "It was impeding our corporate governance efforts in a troubling number of circumstances," says Robert Morris, chief investment officer at Lord Abbett.

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Calpers says it prohibits lending its 30 largest equity investments to make sure they will be available for voting, and on a second list monitors 300 of its largest so that if Calpers wants to vote the shares, it can try to get them back. A Calpers spokesman called those measures "a sufficient safeguard for our interests, for the time being."

Brokerage firms keep records of which shares are lent out when, and which holders of stocks are supposed to have the votes. But shares can be lent and re-lent and the records don't always keep up. Sometimes proxies are sent to both owners and borrowers, leading to "overvoting."

The New York Stock Exchange, which says tracking of votes has become inadequate, found overvotes in almost all the shareholder votes it tested at Deutsche Bank in 2002 and 2003: 23 of 27 instances. "There shouldn't be overvoting," John Thain, chief executive of NYSE Group Inc., said in a speech last year. "The question is, 'How do we prevent that from happening?' "

Last February, Deutsche Bank agreed to pay $1 million, without admitting or denying wrongdoing, to settle NYSE allegations that the brokerage firm didn't have proper systems in place. In June, UBS Securities, Goldman Sachs Group Inc. and Credit Suisse Securities agreed to pay a total of $1.35 million, without admitting or denying wrongdoing, to settle similar NYSE charges.

James Morphy, the head of mergers and acquisitions at New York-based law firm Sullivan & Cromwell, says because the votes haven't yet affected many outcomes in general corporate elections, companies haven't spent the time or money to dig deeply into who actually owns and votes their stocks. "To the extent there are a lot more voting contests, these issues are going to come to the fore," he said. As shareholders are getting more power in the wake of management scandals, votes are narrowing, which forces companies to pay more attention to who their shareholders are -- as have the growth and increased combativeness of hedge funds.

One way "empty voting" occurs is by borrowing stock ahead of the date that companies use to determine which stockholders can vote at a particular meeting. Record dates are usually set 30 days before a vote, designed to give companies adequate time to print and mail information to its shareholders of record.

In 2002, activist British hedge fund Laxey Partners, which owned a 1% stake in British Land, a major British property owner, sought to break up the company and oust its chairman John Ritblat. With a key proxy vote approaching, Laxey boosted its voting stake in British Land to 9% by borrowing more than 40 million shares days before the record date. By being shareholders of record on the record date, Laxey was entitled to vote at the next meeting.

In the end, Laxey's proposals were defeated. But Mr. Ritblat criticized Laxey for borrowing the shares, saying it wasn't good corporate governance. The three institutions that lent out shares -- Hermes, Barclays Global Investors and Scottish Widows, a life insurance and investment arm of Lloyds TSB -- apologized to British Land. Hermes says it didn't lend shares to Laxey but apologized to British Land for not recalling its shares and voting its full strength in support of management.

Since then, several large pension funds have taken notice and established internal systems to allow them to recall shares ahead of a vote and better monitor which shares are lent.

Because corporate voting is mostly governed by state law, the SEC's main tool in voting issues is requiring more disclosure. "Empty voting" usually doesn't trigger current disclosure rules because they don't cover borrowed stock or derivative holdings unless an investor owns more than 5%. Many hedge funds own just shy of 5%, Mr. Hu says -- and then use empty-voting strategies to enlarge or hide their stake.

Paul Atkins, a Republican SEC commissioner, expressed concern in a speech this week that empty-voting and other techniques should be considered as the SEC looks to tackle other shareholder proposals. That could delay the SEC from moving forward in resolving whether shareholders are permitted to nominate their own directors on corporate ballots.

One potential solution is to give institutional investors better notice of important proxy votes so they can know to recall shares -- and the attached voting rights -- that they've lent. Some investors already write recall options into their lending contracts, but brokerage firms have advised it could make borrowing those shares less attractive.

Professors Hu and Black recommend regulators require disclosure of an investor's complete stake, however it is held. Disclosure now "is so patchwork, you almost never see it," says Mr. Hu. "We need to get a better grip on just how extensive these practices are."

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Regulators, however, don't want to disrupt the stock-lending market, and also have to be careful that any fix doesn't have the reverse effect that they intend. For instance, weighing votes by how long the stock has been held could curtail empty voting but disenfranchise individual investors, too.

Federal Agents Raise Ante On Overseas Corruption (PORTBIZ)

By Cathy Cheney

Portland (OR) Business Journal, January 19, 2007

Miller Nash attorney Chris Helmer: Using an overseas agent won't protect U.S. firms from bribery charges.

A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets.

About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts.

Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department.

The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits.

Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department.

The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said.

"A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country," Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. "You don't insulate yourself by using an agent or distributor."

In the Schnitzer case, the company agreed to adopt internal compliance measures that must be monitored by an independent consultant to ensure the company adheres to them.

Such measures already are in place -- voluntarily -- at Intel Corp.'s Oregon operations, where employees receive extensive, mandatory training about the FCPA, said James Jarrett, legal and government affairs director, who is based at Intel headquarters in Santa Clara, Calif. No third party monitors Intel's training efforts.

"Intel has scores of people working with government representatives worldwide, so it is very important that we interact with these officials in a way that will be positive for both sides," Jarrett said. "One base requirement is that we adhere to the Foreign Corrupt Practices Act and equivalent local legislation. Because we are governed by the requirements of the FCPA and similar local laws, we make sure that all of our people, particularly within government affairs, public affairs, and the sales and marketing groups, are well aware of the details of the FCPA and other government laws and regulations."

Intel employees are expected to screen local agents and consultants on an ongoing basis for FCPA compliance, and immediately report to their manager and Intel's legal counsel if they become aware of an FCPA violation. Employees who fail to comply with state, federal and international regulations can be fired and may be held personally liable as well, said Bill MacKenzie, Intel's communications manager.

Low Funding 'threatens' US Futures Regulator (FT)

By Jeremy Grant In Houston

Financial Times, January 26, 2007

The US futures industry regulator, the Commodity Futures Trading Commission, is at "critical levels" in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday.

The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets.

There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange.

Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange.

Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol.

On Wednesday, the American Public Gas Association, whose members are 950 public gas systems across the US, was joined by the Iowa public gas system in calling on Congress to enact legislation that would empower the CFTC to collect information concerning trading positions held by the largest traders in the OTC natural gas derivatives markets – as is done with formal exchanges.

"It simply makes no sense to have oversight of one portion of the market and no oversight over another, particularly given that the OTC markets are one of the fastest growing segments of the natural gas marketplace," the groups said in a letter to Tom Harkin, chairman of the senate agriculture committee, which is responsible for overseeing the CFTC.

However, Mr Lukken is expected to tell a conference on energy trading speculation in Houston that the CFTC's continued ability to apply its relatively flexible, "principles-based" regulation of markets under the existing scope of its mandate could be jeopardised if the agency is not given added resources.

"Despite record exchange trading volumes, employee levels at the CFTC are the lowest in the agency's 30-year history," he will say Thursday in a speech obtained by the Financial Times. "Unless the proper funds are dedicated to our mission, this regulatory tool cannot be properly utilised and could end up sitting idle, gathering dust while these markets and investors are jeopardised due to the lack of regulatory oversight."

The conference, hosted by the University of Houston's "Global Energy Management Institute", will focus on speculation in the energy markets, including the OTC markets.

Craig Pirrong, the institute's energy management director, said: "Government reports and private analysts have blamed speculation for recent [energy price] volatility, and they are advocating tighter regulations [of OTC markets]. Economists, on the other hand, believe that speculation facilitates the transfer of risk from those who are very averse to it to those who are less averse."

Judge Rules Against Former H-P Executive (WSJ)

By Christopher Lawton

The Wall Street Journal, January 26, 2007

A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday.

Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002.

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H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim.

Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package.

Mr. Kamb's counterclaim is a response to an amended lawsuit filed by H-P against him and others last August. In H-P's suit, the company alleged Mr. Kamb and a team secretly organized and began a competing business venture against H-P using company resources, contacts and trade secrets.

In a statement earlier, H-P spokesman Ryan Donovan said, "This counterclaim is wholly without merit." Mr. Kamb's attorneys didn't immediately return calls for comment.

Dell spokesman Bob Pearson said in a statement, "There is no place for industrial espionage, and if we discover that we have been the victim of that we will consider all appropriate actions in response."

CNBC Defends Anchor Bartiromo (WSJ)

By Brooks Barnes And Monica Langley

The Wall Street Journal, January 26, 2007

CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive.

Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation.

"Maria Bartiromo ... works tirelessly around the world in the service of business journalism," CNBC said in a prepared statement. "In 2006 alone, she made 46 public appearances on behalf of CNBC. Her travel has been company-related and approved, and involved legitimate business assignments. Her record and reporting speak for themselves." CNBC, a business-news channel, is owned by General Electric Co.'s NBC Universal.

FROM THE ARCHIVES

In Ouster at Citigroup, a Battle Over Expenses1

1/24/07

CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the "source development" section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup.

For over a decade, Ms. Bartiromo has been a primary anchor and public face of CNBC. In the late 1990s, when the Internet was helping Wall Street become more accessible to millions, Ms. Bartiromo helped to usher in a new era of TV business journalism, bringing glitz and celebrity to what had been a staid genre.

Business-news organizations including CNBC have strict regulations regarding accepting gifts or payment from outside companies, or in any way compromising their ability to provide news coverage of those companies. Consequently, the disclosure of Ms. Bartiromo's ties to Mr. Thomson has drawn media scrutiny. The Wall Street Journal carried a front-page story2 Wednesday detailing the role of Mr. Thomson's relationship with Ms. Bartiromo in his ouster by Citigroup.

Dow Jones & Co., publisher of The Wall Street Journal, provides news content to CNBC. Ms. Bartiromo hosts the syndicated program "Wall Street Journal Report with Maria Bartiromo" but is a CNBC employee. A Dow Jones spokesman declined to comment.

Ms. Bartiromo has reported substantial pieces on Citigroup 11 times since 2004, according to a review of CNBC transcripts, including four interviews with Mr. Thomson.

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Citigroup records show that Ms. Bartiromo flew on its corporate jets a few times, but Mr. Thomson tried but failed to get her on the jet on at least one occasion. More than a year ago, Mr. Thomson was entertaining some private-banking clients on a ski vacation at his home in the members-only Yellowstone Club resort near Bozeman, Mont. While there, he requested a Citigroup plane to fly Ms. Bartiromo to his house, according to a person familiar with the situation. The Citigroup official who was asked to approve the requisition rejected it. Ms. Bartiromo ultimately didn't make the trip, the person said. Ms. Bartiromo and Mr. Thomson declined to comment, according to the spokesman for both, Charles McLean.

Mr. Thomson has told colleagues that bringing Ms. Bartiromo to events was a great "business-building tool" with important clients.

News organizations often give approval for their reporters to take corporate jets if the flights represent a journalistic opportunity like access to a certain executive; the rule is to reimburse the company for what a commercial, often first-class, ticket to or from that destination would cost.

Inside CNBC and NBC Universal, according to executives and reporters for the channel, there is a feeling that the channel and Ms. Bartiromo have been caught in unfair crossfire from Citigroup. These people say Citigroup was concerned that Mr. Thomson might be leaking Ms. Bartiromo information -- particularly after the anchor broke the news that former chairman Sanford Weill planned to leave the company -- and therefore didn't distance her from the Thomson imbroglio. A Citigroup spokeswoman declined to comment.

NBC Universal executives say they gave approval last spring for Ms. Bartiromo to tape a portion of a Sundance Channel series examining the intersection of the environment and business. But the format of the series soon changed and by last July Ms. Bartiromo was no longer a formal host, although plans still called for her to appear. NBC Universal owns a minor stake in Sundance Channel.

This isn't the first time Ms. Bartiromo has garnered attention over journalistic issues. Last spring, Ms. Bartiromo ran into Federal Reserve Chairman Ben Bernanke at a cocktail party before the annual White House correspondents' dinner and asked him if his public statements were being misinterpreted by investors. He said yes. Ms. Bartiromo reported the scoop on her Monday program, roiling financial markets. She drew criticism because the annual dinner is widely known to be an off-the-record event. Ms. Bartiromo said Mr. Bernanke was speaking for attribution at the time.

In 2003, Ms. Bartiromo prompted CNBC to institute a new stock-ownership policy for its staff after she disclosed during an on-air interview with then-Citigroup Chairman Sanford Weill that she owned 1,000 shares of the company's stock. Most major news outlets prohibit newsroom staff from owning stocks of companies they cover. Ownership by family members is also strictly regulated. Under CNBC's new rules, staffers are prohibited from owning individual stocks and bonds, including stock in parent General Electric, unless such stock is part of a company plan such as a 401(k) or owned through a mutual fund or blind trust.

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Anchor's Ties To Citigroup Attract Scrutiny (NYT)

By Geraldine Fabrikant

The New York Times, January 26, 2007

Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again.

Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane.

Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights.

Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host.

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Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her "one of the most prolific and well-respected financial journalists in the industry."

Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers.

CNBC executives dismissed any suggestion of an ethics breach in any of Ms. Bartiromo's activities involving Citigroup. Neither Mr. Thomson nor Ms. Bartiromo would comment for this article.

The episode comes at an awkward time for CNBC. Having endured a long ratings and advertising slump after the last bull market, the network has been on a run, becoming a growing profit center for NBC Universal. At the moment, the channel has no competitors in the field of 24-hour business news coverage on television, but the News Corporation, controlled by Rupert Murdoch, has been promising for almost three years to start a business channel.

As CNBC's most visible asset, Ms. Bartiromo, who is married to Jonathan Steinberg, son of the financier Saul Steinberg, has become something of a celebrity. She has written two financial books and has a regular column in BusinessWeek magazine. And she is often seen at corporate or political events: she is spending this week leading the network's coverage from the World Economic Forum in Davos, Switzerland.

Some of the events put her in close proximity to Citigroup executives. According to one of last year's guests at Davos, Ms. Bartiromo made the trip back to the United States on the Citigroup private jet on that occasion as well. She appeared at a Citigroup-sponsored awards event in London in 2005, as co-host of the event with another CNBC anchor, Simon Hobbs. Mr. Thomson represented Citigroup at the event.

One executive representing CNBC said that Ms. Bartiromo had made "no more than two" trips on the Citigroup jet. CNBC executives would not agree to be quoted by name because they said they did want to be seen as adding anything to what they considered an illegitimate inquiry.

CNBC also denied that Ms. Bartiromo had involvement with Citigroup more so than other businesses. In its statement, CNBC said, "In 2006 alone, she made 46 public appearances on behalf of CNBC."

The CNBC representative said that as the on-air figure most closely associated with the channel, Ms. Bartiromo routinely made promotional appearances at corporate events. Many of the corporations advertise on CNBC. Citigroup is among the biggest advertisers, a CNBC spokesman said.

Of the 46 appearances Ms. Bartiromo made in 2006, the CNBC representative said, only three were on behalf of Citigroup. The list of other companies with events at which she appeared last year included Google, Schwab and Dow Jones.

In no case was Ms. Bartiromo paid for speaking at the events, the CNBC representative said. The channel defended Ms. Bartiromo's travel arrangements. The statement said, "Her travel has been company-related and approved, and involved legitimate business assignments." The CNBC representative added that the awards event in London was a routine appearance for Ms. Bartiromo.

CNBC also dismissed any connection between Citigroup's sponsorship in the Sundance Channel program and Ms. Bartiromo's participation.

The CNBC representative noted that CNBC's parent company, NBC Universal, owns more than 50 percent of the Sundance Channel; so Ms. Bartiromo, an NBC employee, was a logical choice as host of a Sundance program. Her selection for the program came long before Citigroup's decision to invest, the representative said. She has since ended her participation in the program.

There are other connections between Ms. Bartiromo and Mr. Thomson. In 2004, she was named to an advisory board for the Wharton School of the University of Pennsylvania. A Wharton news release then reported that Mr. Thomson — who, along with his wife, had made a gift of $500,000 to the Wharton Center to Support Leadership and Change Management — had led the formation of the advisory board, which included Ms. Bartiromo.

In June 2005, she and Mr. Thomson were co-hosts of a leadership conference at Wharton. A Wharton spokeswoman did not return phone calls yesterday seeking comment.

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Ms. Bartiromo has drawn criticism before. In 2003, she disclosed during an interview with Citigroup's chief executive, Sanford I. Weill, that she owned 1,000 shares of stock in his company. Many journalistic enterprises consider it an ethics breach for reporters to own shares in businesses they cover, and CNBC tightened its guidelines soon after the interview. In 2006, she reported off-the-record comments by the Federal Reserve chairman, Ben S. Bernanke.

But CNBC remained supportive. "Her record and reporting speak for themselves," its statement said.

CRIMINAL LAW:

Justice Dept. Announces More Manpower, Equipment For New Orleans (AP)

By Mary Foster, The Associated Press

AP, January 26, 2007

NEW ORLEANS (AP) — New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005.

"The goal is to help take the pressure off local officials and to turn up the heat on these violent felons," U.S. Attorney Jim Letten said at a news conference.

Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock.

"These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions," the Justice Department said in a news release.

U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month.

"This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region," Landrieu said.

"Additional federal resources and technical assistance is only one solution," she added. "More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight."

Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina.

"By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site," the Justice Department announcement said.

The equipment will allow New Orleans to link with over 200 sites throughout the country to compare ballistics information

ATF also will assign more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team (VCIT). The FBI will add nine agents to its Violent Gang Safe Streets Task Force in New Orleans. Meanwhile, the Justice Department said, and the DEA temporarily has been provided authority to investigate and enforce all federal criminal law, in addition to federal drug laws. "This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans," the Justice Department release said.

U.S. Sen. David Vitter, R-La., also praised Gonzales' decision to address the city's law enforcement needs.

"My focus has been to place more federal agents in New Orleans and to get them to immediately coordinate with local law enforcement on the ground," said Vitter. "To end the reign of fear, we must protect our citizens and enable them to assist law enforcement."

Katrina virtually emptied the city of its residents when it hit in August 2005. The city has been slow to repopulate since then, and crime has returned along with the people. With a population estimated at 200,000, less than half the pre-Katrina population of 454,000, the city had 161 killings last year. That's a per capita murder rate of 81 murders per 100,000 people.

The rate was 56 per 100,000 in 2004, when the city had 264 murders.

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The police force is down from its pre-Katrina level of 1,700 officers to about 1,400. But that number includes about 100 officers on leave for injuries or illness.

And Police Superintendent Warren Riley said during Thursday's news conference that the force is losing officers at a rate of about 17 per month. Better pay in other jurisdictions is luring many away, he said.

"The bottom line is other states are paying more money, giving them a signing bonus and housing opportunities," Riley said.

Law Enforcement Turns Up Heat In N.O. (BRADV)

By Joe Gyan Jr., Advocate New Orleans Bureau

Baton Rouge Advocate, January 26, 2007

NEW ORLEANS — U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the "thugs and predators'' off the city's streets and into federal prison.

"We're not screwing around. We're going to bring all federal resources to bear,'' James Bernazzani, special agent in charge of the FBI's New Orleans office, said during a news conference at the U.S. Attorney's Office.

Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime.

Bernazzani and William Renton, special agent in charge of the DEA's New Orleans office, both said their agencies will be targeting the "worst of the worst.''

Terry Ebbert, New Orleans Mayor Ray Nagin's homeland security chief, said residents should notice a difference by June 1 at the latest.

"We're bigger, better and faster than the scum that's out there in the street,'' he said.

U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year.

"The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,'' Gonzales said.

ATF is assigning more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team, and the FBI is adding nine agents to its Violent Gang Safe Streets Task Force in the city, Letten said.

"The goal is to help take the pressure off the local criminal justice system and turn up the heat on these violent felons,'' he said.

Meanwhile, the Justice Department has given DEA temporary authority to investigate and enforce all federal criminal law, not just federal drug laws.

"This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans,'' a Justice Department news release said.

U.S. Sen. Mary Landrieu, D-La., and U.S. Rep. David Vitter, R-La., applauded the extra federal law enforcement manpower dispatched to New Orleans.

"This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,'' said Landrieu, who called for more federal agents in a 10-point anti-crime plan she unveiled earlier this month.

"I believe we can make strides and clamp down on the crime problems plaguing New Orleans,'' Vitter added. "The increase in the number of agents to the Violent Gang Safe Streets Task Force is just one example of how this continued commitment from the Department of Justice will help.''

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Some of the technical assistance that Landrieu referred to includes new ballistics equipment that the ATF has obtained to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site but was destroyed by Katrina.

David Harper, special agent in charge of the ATF's New Orleans office, said the equipment will allow New Orleans to link with more than 200 sites across the country to compare ballistics information.

Feds Add Firepower To Battle Crime (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, January 26, 2007

More agents, equipment to help New Orleans police

Federal law enforcement agencies on Thursday vowed to team up with New Orleans police to solve homicides, quell drug trafficking, and walk the beat in an effort to win the confidence of families who call the city's most dangerous neighborhoods home.

The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force.

Agents from the Federal Bureau of Investigation will patrol the streets with New Orleans police officers. The Bureau of Alcohol, Tobacco, Firearms and Explosives will add six special agents to its team of six permanently assigned to New Orleans, and provide NOPD with ballistics identification equipment to replace what the force lost to Hurricane Katrina.

"The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system," U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency.

"This is a reflection of support for NOPD," Letten said. "We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear."

In 90 days, the collective federal effort will review its progress.

Thursday's announcement, which came from U.S. Attorney General Alberto Gonzales and was delivered by Letten, includes nine additional FBI agents who will join the 13 already assigned to the Violent Gang Safe Streets Task Force.

The Drug Enforcement Administration has been given added authority to investigate and enforce all criminal law, in addition to federal drug laws, with plans to hit the streets of Central City in undercover sweeps.

The U.S. Marshal's office will add three deputies and one investigator to its team.

Police are leaving force

The infusion of federal resources comes at a time when New Orleans still has the National Guard and State Police troopers embedded with local police, and after a recent shakeup among the brass of NOPD districts.

NOPD's officer roster is in a constant downward spiral, said Riley.

"We are losing about 17 officers a month right now," Riley said. "Our recruits can't live in a $1,200-a-month apartment when they're taking home $700 every other week."

Riley, who spoke briefly at Thursday's news conference, held in the downtown offices of the U.S. attorney, said the NOPD recruiting drive must be successful.

"We're at a point where every avenue is being covered," Riley said. "This city is at a critical point. We obviously have issues with crime and repeat offenders."

In New Orleans, federal agencies said their support of NOPD is nothing new. Since the 2005 hurricane season, the U.S. Department of Justice has delivered some $30 million in grants to New Orleans alone. In total, the department has made available more than $61 million for law enforcement relief.

"We are going to increase and plus-up that relationship," said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. "We're not screwing around. The people of New Orleans deserve a better quality of life."

U.S. Sens. Mary Landrieu and David Vitter each released statements praising the strengthened federal effort in the fight against violent crime.

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Leaders are shuffled

A violent crime wave recently prompted thousands of people to march on City Hall. New Orleans has recorded 14 homicides this year. In 2006, there were 162 murders in a city that had its population nearly halved in the aftermath of Katrina.

The nation's top prosecutor also weighed in, saying his forces are here to assist at a time of crisis.

"The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals," Gonzales said Thursday in a statement. "Ultimately, New Orleans' violent crime problem must be solved by local leadership and the hard work of local law enforcement professionals."

The local leadership recently shifted, NOPD said last week. Assistant Superintendent Steven Nicholas will take over the NOPD Bureau of Investigations, leaving his post as commander of the Operations Bureau. Deputy Chief Anthony Cannatella will assume command of the Operations Bureau, leaving behind the Bureau of Investigations.

NOPD's 2nd District will be led by Capt. Kirk Bouyelas. Edwin Hosli has left that district to take the helm at the 8th District, which includes the French Quarter.

FBI agents have already joined the 2nd District, which includes dicey street corners in Gert Town and Hollygrove, said Bernazzani. Two of the added FBI agents will work with the NOPD's cold case homicide squad. The federal effort will zero in on repeat offenders and those on the front lines of the city's drug trade.

"Much like how we fight al Qaida," Bernazzani said. "We're identifying the worst of the worst. We're helping NOPD get in front of this. Where we can find the federal hook, we will."

Regain the public's trust

FBI agents will hit the streets with NOPD patrols, knocking on doors in order to build relationships with residents, he added, determined to end the days when citizens distrust police to the point where they neither want to cooperate with investigations nor testify at trials.

"It's going to break this yoke of the community not cooperating with law enforcement," Bernazzani said. "They will see cops caring. They're going to say, 'That's a crack house over there.' "

Citizen involvement is crucial to solving crimes, the federal contingent said Thursday.

David Harper of ATF said his agency brought back its 24-hour gun hotline, (504) 581-GUNS, or 581-4867, to allow citizens to report illegal use and possession of firearms. Since October, he said, the hotline has taken 1,500 calls, with 117 of them leading to investigations.

"One woman called to say drug dealers had taken over her house and she had to move," said Harper, who declined to release details of the pending investigation. A federal search warrant followed, with agents seizing guns, narcotics and cash from the New Orleans house, which the dealers had wired with a surveillance system to alert them to any cops riding by.

"The victim is back in her house and the drug dealers are out of the neighborhood," Harper said.

Thursday's announcement was rife with confident, sweeping statements from city leaders.

"We are bigger, stronger and faster than the scum out in the streets today causing this city heartache," said Col. Terry Ebbert, director of Homeland Security for New Orleans. "You can hold us accountable. We will make a difference."

Not a polished crew

Letten said New Orleans' drug trade is far from being an organized crime syndicate. Instead, he said, the city's impoverished pockets are held hostage by independent drug dealers who are all too trigger-happy and deprived of a decent upbringing.

"They come from a failed educational system and poverty, and turn to drugs at an early age and settle things with guns," Letten said. "We need to get these violent offenders in the federal system."

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Louisiana: Federal Officials Pledge Help On Crime (NYT)

By Adam Nossiter

The New York Times, January 26, 2007

Responding to an increase in violent crime in New Orleans, the Department of Justice announced it would assign agents to the Police Department "around the clock" to help identify cases that could be prosecuted by federal officials. In other federal efforts to help beleaguered local law enforcement officials, the department also said it would send more agents from the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco, Firearms and Explosives, expand the authority of Drug Enforcement Administration agents and extend financing for six additional federal prosecutors temporarily posted to the city.

Ex-Cheney Aide Contradicts Libby (NYT)

By Neil A. Lewis

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — A former spokeswoman for Vice President Dick Cheney gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him.

Cathie Martin, Mr. Cheney's former spokeswoman, testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter.

Ms. Martin was the fourth witness for the prosecution in the trial of Mr. Libby, who is charged with lying during an investigation of who leaked the name of the C.I.A. operative, Valerie Wilson. Unlike the previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby. She repeatedly referred to him as Scooter, his nickname.

She testified that both Mr. Cheney and Mr. Libby were intensely interested in Ms. Wilson and her husband, Joseph C. Wilson IV, who had been sent to Africa to investigate reports that Saddam Hussein was trying to buy uranium from Niger for his nuclear weapons program.

Ms. Martin, who no longer works for Mr. Cheney but remains at the White House as a communications assistant to the president, described how Mr. Libby had telephoned a senior Central Intelligence Agency official in her presence sometime in early July and asked about the Wilson trip. She said she was then put on the phone with Bill Harlow, the C.I.A. spokesman, who told her that Mr. Wilson went to Africa on behalf of the agency and that his wife worked there.

She testified that, later that day, in a meeting with Mr. Libby and Mr. Cheney, she related the fact that Mr. Wilson's wife worked at the agency.

Mr. Libby is facing five felony counts that he lied when he told a grand jury and F.B.I. agents that he learned of Ms. Wilson's identity from reporters. Ms. Wilson's identity was first disclosed in a news column by Robert Novak on July 14, 2003, just days after her husband had written a commentary in The New York Times asserting that the Bush administration had distorted intelligence to build the case for invading Iraq.

Ms. Martin's testimony raised difficulties for Mr. Libby's defense in two respects. She bolstered the prosecution's assertion that Mr. Libby was made aware of Ms. Wilson's identity from a number of administration officials. He denied passing her name to two reporters, but those reporters have told a grand jury otherwise.

She also described an incident in which his behavior appeared less than noble. She recounted a senior staff meeting at the White House in which Stephen J. Hadley, the deputy national security adviser, expressed anger after receiving a query from Andrea Mitchell of NBC. Ms. Mitchell had heard that the White House was blaming the C.I.A. for causing the president to inaccurately say in his State of the Union address that the British government had confirmed Iraq's efforts to buy uranium in Africa.

Ms. Martin made it clear earlier on Thursday that it was Mr. Libby who had gone out of his way to take on the task of speaking to Ms. Mitchell about that issue.

But at the July meeting in the White House, she said, Mr. Hadley made a point of turning around and looking directly at her as if to signify he knew she was Ms. Mitchell's source.

Ms. Martin was asked by Patrick J. Fitzgerald, the prosecutor, whether she was, in fact, the source.

"No," she said.

Mr. Fitzgerald asked what Mr. Libby was doing when Mr. Hadley was all but accusing her.

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"He was looking down at the floor," she said.

At the end of the meeting, she said, Mr. Hadley took her and other press aides aside and upbraided them further.

Theodore V. Wells Jr., Mr. Libby's chief lawyer, in his cross-examination of Ms. Martin, tried to challenge her memory, as he has done with other witnesses. He noted that she originally told investigators that she spoke to Mr. Harlow sometime after July 7. But she has since acknowledged it must have been earlier because she recognized Mr. Wilson when he appeared on the NBC news program "Meet the Press" on July 7 to make his charges about the administration.

Over all, however, Ms. Martin was a self-assured witness whose testimony appeared to have frayed Mr. Libby's version of events. She is also a loyal Republican who was recruited to work for the vice president by Mary Matalin, a close friend of both Mr. Libby and Mr. Cheney.

She is married to Kevin Martin, the chairman of the Federal Communications Commission, and now works as the deputy director of communications for policy and planning for President Bush.

Her cross-examination will continue when the trial resumes Monday. She will be followed on the witness stand by Ari Fleischer, the former White House press secretary.

Cheney's Key Role In Leak Case Detailed (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 26, 2007

WASHINGTON — In the first such account from Vice President Dick Cheney's inner circle, a former aide testified Thursday that Cheney personally directed the effort to discredit an administration critic by having calls made to reporters in 2003.

Cheney dictated detailed "talking points" for his chief of staff, I. Lewis "Scooter" Libby, and others on how they could impugn the critic's credibility, said Catherine J. Martin, who was the vice president's top press aide at the time.

Libby is on trial on charges of obstructing an investigation into how the name of a CIA operative, Valerie Plame, became public. The government says her identity emerged in conversations Libby had with several reporters. It is illegal to knowingly divulge the name of a CIA employee.

Plame's name came up in the conversations because she is the wife of former envoy Joseph C. Wilson IV, the critic whom the administration was trying to attack after he publicly raised questions about the intelligence used to justify the invasion of Iraq.

Martin, who is now deputy White House director of communications for policy and planning, testified as a prosecution witness on the third day of Libby's trial. She became the third witness to testify that they had told Libby of Plame's identity well before Libby spoke with the reporters.

That contradicts Libby's statement that he learned of Plame's identity from one of the reporters, Tim Russert of NBC News. Libby is charged with lying to federal agents looking into the leak of Plame's name.

The events unfolded after a New York Times columnist reported in May 2003 that an unnamed diplomat had been sent to Niger the previous year to investigate reports that Saddam Hussein had tried to buy uranium from Africa, and found that the reports were wrong. President Bush's State of the Union speech in January 2003 contained the uranium assertion.

Libby learned that the unnamed diplomat was Wilson, a former ambassador.

Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair.

Martin said she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney.

She described details of a White House media strategy, designed at the highest levels, that sought to rebut charges that Bush had misled the public in his January 2003 speech.

Martin said Cheney's talking points disputed Wilson's allegation that Cheney had authorized the trip to Niger. They also included information from a secret National Intelligence Estimate.

The vice president ordered press aides to start tracking press coverage closely, while Libby was directed to contact reporters. At one point, the vice president gave a note card to Libby with information to give to a Time magazine reporter covering the case, while Cheney and Libby were returning on Air Force Two from the christening of an aircraft carrier.

Martin also described how she discussed with Libby media "options" to rebut Wilson that included a strategic "leak" to a handful of reporters.

But Martin said that neither Cheney nor Libby had suggested that the identity of Plame be divulged as part of the game plan. She said that she had no knowledge of either actually doing so.

"I recall the vice president telling me to keep track of this story, and keep track of the commentators who were continuing to write on this story and talk about us," Martin testified. "We were paying attention to 'Hardball With Chris Matthews' because he had been talking about it a lot."

She described the reaction inside the administration as questions began to be raised, starting in May 2003. The New York Times column said the administration had engaged in a "campaign of wholesale deceit" and suggested that Cheney was directly involved.

Martin said Libby asked her to call the then-chief public affairs officer at the CIA, William Harlow, to find out about the trip by Wilson.

"So I was saying, 'Who sent him? Who is this guy?' " Martin testified. "I remember Bill Harlow saying his name was Joe Wilson, he was a charge in Baghdad, and his wife works over here."

Martin said she promptly went to see Cheney and Libby with the news.

Wilson published an op-ed column in the New York Times on July 6, 2003, describing his trip. The same day, he aired his concerns on the NBC program "Meet the Press." Almost immediately, Martin said she was huddling again with Cheney about how to respond to a surge in press inquires.

"He dictated to me what he wanted to say," Martin said.

The detailed response covered eight points, including a reference to a sensitive intelligence-community assessment. Martin testified that she was "not sure if I could use that point" because she believed at the time that the report was classified.

Later, she said, she discussed with Cheney and Libby how she had learned from Harlow that two network reporters were writing stories about the case, and how Cheney ordered Libby to call them personally, including one call that Libby made from his private anteroom outside of Cheney's office.

"I was aggravated that Scooter was calling the reporters and that I wasn't," Martin said.

The trial is expected to resume Monday with testimony from former White House Press Secretary Ari Fleischer.

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Leak case timeline

I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, is being tried on five counts related to the leak of CIA operative Valerie Plame's name in 2003. Some important events in the case:

2003:

• Jan. 28: President Bush says in his State of the Union address: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

• May 6: New York Times columnist Nicholas D. Kristof reports that a former ambassador, whom he does not name, had been sent to Niger in 2002 to investigate the uranium report. The column says the former envoy reported to the CIA and State Department well before Bush's speech that the uranium story was unequivocally wrong and was based on forged documents.

• May 29: Libby asks Marc Grossman, an undersecretary of State, for information about the ambassador's travel to Niger. Grossman later tells Libby that Joseph C. Wilson IV is the former ambassador.

• June 11 or 12: Grossman tells Libby that Wilson's wife works at the CIA and that State Department personnel are saying Wilson's wife was involved in planning the trip. A senior CIA officer gives him similar information.

• June 12: Cheney advises Libby that Wilson's wife works at the CIA.

• June 14: Libby meets with a CIA briefer and discusses "Joe Wilson" and his wife, "Valerie Wilson."

• June 23: Libby meets with New York Times reporter Judith Miller. He tells Miller that Wilson's wife might work at a bureau of the CIA.

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• July 6: The New York Times publishes an opinion piece by Wilson titled "What I Didn't Find in Africa," and he appears on NBC's "Meet the Press." Wilson said he doubted Iraq had obtained uranium from Niger recently and thought Cheney's office was told of the results of his trip.

• July 7: Libby meets with then-White House Press Secretary Ari Fleischer. Libby notes that Wilson's wife works at the CIA and that the information is not widely known.

• July 8: Libby meets with Miller again and tells her that he believes Wilson's wife works for the CIA.

• July 12: Libby speaks to Time magazine's Matthew Cooper and confirms to him that he has heard that Wilson's wife was involved in sending Wilson on the trip. Libby also speaks to Miller and discusses Wilson's wife and says that she works at the CIA.

• July 14: Syndicated columnist Robert Novak reports that Wilson's wife is a CIA operative on weapons of mass destruction and that two senior administration officials, whom Novak does not name, said she suggested sending her husband to Niger to investigate the uranium story.

• Sept. 26: A criminal investigation is authorized to determine who leaked Plame's identity to reporters. Disclosing the identity of CIA operatives is illegal.

• Oct. 14 and Nov. 26: Libby is interviewed by FBI agents.

• Dec. 30: U.S. Atty. Patrick J. Fitzgerald in Chicago is named to head the leak investigation.

2004:

• January: A grand jury begins investigating possible violations of federal criminal laws.

• March 5 and March 24: Libby testifies before the grand jury.

2005:

• Oct. 28: Libby is indicted on five counts: obstruction of justice and two counts each of false statement and perjury.

2006:

• Sept. 7: Former Deputy Secretary of State Richard L. Armitage admits he leaked Plame's identity to Novak and to Bob Woodward of the Washington Post. Armitage says he did not realize Plame's job was covert. Woodward taped his June 13, 2003, interview with Armitage.

Ex-spokeswoman Contradicts Libby Account (AP)

By Michael J. Sniffen

AP, January 26, 2007

Vice President Dick Cheney's spokeswoman testified Thursday she told I. Lewis "Scooter" Libby that a prominent war critic's wife was a CIA employee earlier than Libby has said he first learned it from a reporter.

On the third day of Libby's trial, Cathie Martin became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003.

Theodore Wells, defense lawyer for Cheney's former chief of staff, quickly sought to limit any damage from the testimony of Cheney's former assistant for public affairs.

Wells got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003.

The date is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials.

Besides Martin, one State Department and two CIA officials testified earlier to conversations with Libby about Plame before July 10, 2003. The defense tried to show each had imperfect memories

On Thursday morning, a legal argument between Wells and prosecutor Patrick Fitzgerald outside the jury's presence increased the likelihood that Libby will testify. Fitzgerald argued that Wells was trying to get the memory defense into evidence "with no guarantee of Mr. Libby testifying" and being subject to cross-examination about his memory.

But U.S. District Judge Reggie Walton warned, "I will not permit the defense to argue the memory defense at closing if Mr. Libby does not testify."

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Martin provided an inside look at how intensely Cheney, Libby and other administration officials worked on responding to the firestorm of criticism that developed months after the war began in March 2003 when Wilson called into question President Bush's justifications.

Wilson claimed that questions from Cheney were the reason he was sent by the CIA to Niger in 2002 to investigate reports Iraq tried to buy uranium for nuclear weapons. But Wilson said he debunked the story long before Bush used it in his State of the Union address in January 2003 to help justify the war. Also, the ex-ambassador said he assumed Cheney was aware of his conclusions.

Fitzgerald got Martin to testify that Cheney personally wrote out statements and talking points for Libby and other aides to give to reporters to deny he was behind Wilson's trip or ever learned Wilson's conclusions.

Martin testified Cheney also wanted to tell reporters that U.S. intelligence agencies concluded in a formal National Intelligence Estimate in October 2002 that Iraq did seek uranium.

Plame actually conceived the idea for the trip in response to interest from Cheney and the State and Defense Departments, a CIA witness has testified.

Fitzgerald says Libby discussed Plame's job and role with reporters as part of the White House effort to discredit Wilson.

But under Wells' cross-examination, Martin testified she had no knowledge that Libby ever discussed Plame's job with any reporter. She also said Cheney ordered her to get all the facts out, but she did not think Plame's role was part of the story she had to tell.

"It didn't seem appropriate or helpful for us to get that out," Martin testified. "It gave me some explanation" of the affair, but "we didn't need it as a talking point."

Martin testified that sometime after Wilson's claims first emerged, attributed to an unnamed ex-ambassador, in a New York Times column on May 6, 2003, she called CIA spokesman Bill Harlow to sort out the genesis of the mission.

She said Harlow told her Wilson's wife worked for the CIA. She said she immediately went to the vice president's office and told Cheney and Libby about it. She did not recall their response.

Martin testified that the Harlow conversation occurred no later than July 6 because she was not surprised to see Wilson discussing the affair on NBC's "Meet the Press" on that date. But Wells got her to acknowledge "it makes sense to me" she might have talked about Plame with Harlow on June 11, when government telephone records show they talked.

Cheney Scripted Libby Response, Ex-aide Says (USAT)

By Richard Willing

USA Today, January 26, 2007

WASHINGTON — Vice President Cheney personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa, a former Cheney aide said in federal court Thursday.

In July 2003, Cheney scripted quotes for chief of staff Lewis "Scooter" Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story, former Cheney press aide Cathie Martin said.

Days earlier, Martin said, the vice president had dictated eight "talking points" for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false.

"It was decided that Scooter would call (reporters) to try to get into the story and correct the false information," Martin said. "That was (Cheney's) decision."

Martin, a press and policy aide for the president, was the fourth witness to say Libby knew Wilson's wife, Valerie Plame, was a CIA employee before a conversation between Libby and NBC reporter Tim Russert. Libby told investigators he first learned Plame's identity from Russert.

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Libby is charged with perjury and obstruction of justice for allegedly lying to investigators about his knowledge of the leaking of Plame's covert CIA status to the media. Such a disclosure, if made knowingly, can be a crime.

Martin said that in 2003, she and then-CIA spokesman Bill Harlow worked on a media strategy to deflect other critics of the administration's justification for the war in Iraq. Martin said that Harlow told her Wilson's "wife works over here" and that she then told Libby and Cheney.

Martin was the first member of the Cheney inner circle to testify about Libby's knowledge of Plame's identity. Her testimony could help prosecutors prove their contention that Libby made up the Russert story to cover for Cheney. Libby's attorneys have said he merely had a lapse of memory when he told investigators how he first learned of Plame's CIA work.

As he did with earlier prosecution witnesses, defense attorney Theodore Wells tried to show that there were problems with Martin's recollection of the events in 2003. Martin first said that she probably learned of Plame's identity in a phone conversation with Harlow during the second week of July 2003.

Using a notation from a CIA official's desk pad, Wells showed that the call probably occurred June 11.

"You forgot an entire month during which you knew it," Wells said during cross-examination.

Ex-Aide Says Cheney Led Rebuttal Effort (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 26, 2007

Vice President Cheney personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish, according to testimony and evidence yesterday in the criminal trial of his former chief of staff.

Cheney dictated talking points for a White House briefing in the midst of the controversy that summer, his former press aide, Cathie Martin, testified, stressing that the CIA never told Cheney that a CIA-sponsored mission had found no real evidence that Iraq was trying to buy nuclear materials in Africa.

Aboard Air Force Two, on a trip back from the launch of a warship in Norfolk, Cheney instructed his chief of staff, I. Lewis "Scooter" Libby, about responding to a Time magazine reporter who questioned how the faulty intelligence on Iraq had become one of the Bush administration's central arguments for going to war.

In the dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong.

Previously described in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account. She is the first witness in the case who worked closely with Cheney and Libby as they tried to refute former ambassador Joseph C. Wilson IV, who was sent to Niger by the CIA to determine whether Iraq had sought uranium for a weapons program.

Her testimony was buttressed by previously unreleased documents provided as evidence yesterday, including handwritten notes and margin scribblings Cheney's staffers hastily jotted at their boss's instruction.

Lea Anne McBride, Cheney's current spokeswoman, said yesterday that the vice president's office could not comment on the case or the evidence introduced in the trial.

Libby, 56, is charged with lying to investigators and a grand jury about how the identity of Wilson's wife, CIA officer Valerie Plame, was leaked to reporters days after Wilson went public with his allegations that the administration had twisted his findings to justify the war in Iraq. Libby has pleaded not guilty, contending that he misspoke and that he forgot about conversations he had with journalists amid the crush of his duties. He is not charged with the leak itself.

Martin recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger "and his wife works for the CIA." Martin is the fourth witness from the administration to bolster the prosecution's claim that Libby had to be lying when he said he learned about Wilson's wife weeks later from NBC's Tim Russert.

Also yesterday, Special Counsel Patrick J. Fitzgerald told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its "bad memory" defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember.

U.S. District Judge Reggie B. Walton warned the defense that Libby would have to take the stand if he wanted to try to convince the jury that his own memory was flawed.

Martin's testimony also illustrated how doggedly Cheney insisted that the administration had significant evidence that Iraq was trying to acquire weapons of mass destruction -- even after the White House had backed off that claim and admitted it was not solid enough for the president to have cited it in his 2003 State of the Union address.

Cheney told Martin to alert the news media that a highly classified and recent National Intelligence Estimate indicated no doubts about Iraq's efforts to buy uranium. Intelligence analysts have said that the uranium claim was never a key finding of the NIE and that there were doubts about it.

On college-rule paper, in blue ink, Martin scribbled what Cheney told her reporters needed to know about the Niger controversy as they conferred in his Capitol Hill office on July 7, 2003. "As late as last October, the considered judgment of the intel community was that SH [Saddam Hussein] had indeed undertaken a vigorous effort to acquire uranium from Africa, according to NIE [the National Intelligence Estimate]," she wrote.

Martin, who now works on communication issues for President Bush, said Libby also directed her to ask the CIA which journalists were calling with questions about Wilson's Africa trip, then personally telephoned at least one in an attempt to influence the broadcast.

Martin said that Cheney also determined the reply to questions she had received from Time reporter Matt Cooper about the role the vice president's office had played in the Niger trip. While flying back from Norfolk on the vice president's plane, she mentioned to Libby the e-mailed questions from Cooper.

Libby later came to her seat in the back of the plane, holding a handwritten card with notes he said were Cheney's instructions about what to say to Cooper. Libby told her, Martin testified, that Cheney, in a rare move, authorized him to provide a specific quote on the record, with Libby's name attached.

Martin portrayed both Libby and Cheney as concerned that reporters were not telephoning their office directly to get their side of the story about Wilson and his criticism of the administration. She said they directed her and her staff to begin monitoring television reports on the Niger trip and provide daily transcripts along with their usual canvas of printed stories about the vice president's office.

Attorneys for Libby repeatedly pressed Martin to acknowledge that, though she saw Cheney and Libby working overtime to rebut Wilson's criticisms, she had no evidence that either of them tried to leak Plame's name to reporters.

"At no time did Vice President Cheney indicate to you that he considered Valerie Wilson part of the story he wanted to get out," attorney Theodore V. Wells Jr. said to Martin.

"I did not have a conversation with the vice president about that," Martin responded.

Vice President's Spokeswoman Questions White House Aide's Account In CIA Leak Case (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 26, 2007

(AP) - WASHINGTON-Vice President Dick Cheney's spokeswoman testified Thursday that she told Cheney and his chief of staff, I. Lewis "Scooter" Libby, that a prominent war critic's wife worked for the CIA days before Libby said he learned it from a reporter.

Cathie Martin's testimony during the third day of Libby's perjury trial described Cheney's personal eagerness to refute war criticism by former Ambassador Joseph Wilson in 2003.

Wilson had gone on a CIA fact-finding mission to Africa, and on the basis of his findings he questioned intelligence President George W. Bush later relied on to go to war. Wilson has contended Cheney's office had asked the agency to undertake the mission.

Witnesses have testified this week, however, that Wilson's wife, CIA operative Valerie Plame, actually conceived the idea for the trip. Special Prosecutor Patrick Fitzgerald is trying to show that Cheney's office wanted to make her involvement clear to reporters.

Fitzgerald says Libby learned that fact on several occasions and discussed it with reporters as part of the White House effort to discredit Wilson. When FBI agents began investigating the leak of Plame's identity, Libby lied and said he learned about Plame only from reporters, Fitzgerald said. Libby is on trial on perjury and obstruction charges.

Neither he nor anybody else was charged in connection with the leak.

Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media.

Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws.

Martin said that Wilson's criticism was a direct attack on the president's credibility. Wilson says he debunked claims that Iraq was trying to buy uranium from Niger long before that statement ended up in the 2003 State of the Union speech.

Cheney and Libby were eager to refute that, Martin said. She described calling a CIA spokesman to figure out the genesis of the mission.

"We didn't send him," Martin recalled saying. "If we didn't send him, you must've sent him. Who sent him?"

That's when Martin said the CIA spokesman told her that Wilson's wife worked for the CIA. She said she immediately told Cheney and Libby about it. She couldn't pinpoint the date off the conversation but said it definitely took place by July 6. Libby says he learned Plame's identity days later.

Cheney took a personal interest in the issue, Martin said, and in the following days dictated media "talking points" making it clear that his office was not responsible for the Wilson trip.

The talking points do not refer to Plame, and nobody has been charged with leaking her identity.

Libby says he did not lie about how he learned about Plame, but rather honestly forgot.

Associated Press writer Michael J. Sniffen contributed to this report.

On the Net:

Documents for the Libby trial may be found at: http://wid.ap.org/documents/libbytrial/index.html

In Ex-Aide's Testimony, A Spin Through VP's PR (WP)

By Dana Milbank

The Washington Post, January 26, 2007

Memo to Tim Russert: Dick Cheney thinks he controls you.

This delicious morsel about the "Meet the Press" host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis "Scooter" Libby.

Flashed on the courtroom computer screens were her notes from 2004 about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions. Option 1: "MTP-VP," she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under "pro," she wrote: "control message."

"I suggested we put the vice president on 'Meet the Press,' which was a tactic we often used," Martin testified. "It's our best format."

It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it.

With a candor that is frowned upon at the White House, Martin explained the use of late-Friday statements. "Fewer people pay attention to it late on Friday," she said. "Fewer people pay attention when it's reported on Saturday."

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Martin, perhaps unaware of the suspicion such machinations caused in the press corps, lamented that her statements at the time were not regarded as credible. She testified that, as the controversy swelled in 2004, reporters ignored her denials and continued to report that it was Cheney's office that sent former ambassador Joseph Wilson to Niger to investigate allegations of Iraq's nuclear acquisitions. "They're not taking my word for it," Martin recalled telling a colleague.

Martin, who now works on the president's communications staff, said she was frustrated that reporters wouldn't call for comment about the controversy. She said she had to ask the CIA spokesman, Bill Harlow, which reporters were working on the story. "Often, reporters would stop calling us," she testified.

This prompted quiet chuckles among the two dozen reporters sitting in court to cover the trial. Whispered one: "When was the last time you called the vice president's office and got anything other than a 'no comment'?"

At length, Martin explained how she, Libby and deputy national security adviser Steve Hadley worked late into the night writing a statement to be issued by George Tenet in 2004 in which the CIA boss would take blame for the bogus claim in Bush's State of the Union address that Iraq was seeking nuclear material in Africa.

After "delicate" talks, Tenet agreed to say the CIA "approved" the claim and "I am responsible" -- but even that disappointed Martin, who had wanted Tenet to say that "we did not express any doubt about Niger."

During her testimony, Martin, a Harvard Law School graduate married to FCC Chairman Kevin Martin and a close pal of Bush counselor Dan Bartlett, seemed uncomfortable, shifting in her chair, squinting at her interrogators, stealing quick glances at the jury, and repeatedly touching her cheek, ear, nose, lips and scalp.

Martin shed light on the mystery of why White House press secretary Scott McClellan promised, falsely, that Libby was not involved in outing CIA operative Valerie Plame, Wilson's wife. After McClellan had vouched for Bush strategist Karl Rove's innocence, Libby asked Martin, "Why don't they say something about me?"

"You need to talk to Scott," Martin advised.

On jurors' monitors were images of Martin's talking points, some labeled "on the record" and others "deep background." She walked the jurors through how the White House coddles friendly writers and freezes out others. To deal with the Wilson controversy, she hastily arranged a Cheney lunch with conservative commentators. And when New York Times columnist Nicholas Kristof first wrote about the Niger affair, she explained, "we didn't see any urgency to get to Kristof" because "he frankly attacked the administration fairly regularly."

Questioned by prosecutor Patrick Fitzgerald, Martin described how Hadley tried to shield White House spokesmen from the Niger controversy. "Everybody was sort of in the dark," she explained. "There had been a decision not to have the communicators involved."

But Martin, encouraged by Libby, secretly advised Libby and Cheney on how to respond. She put "Meet the Press" at the top of her list of "Options" but noted that it might appear "too defensive." Next, she proposed "leak to Sanger-Pincus-newsmags. Sit down and give to him." This meant that the "no-leak" White House would give the story to the New York Times' David Sanger, The Washington Post's Walter Pincus, or Time or Newsweek. Option 3: "Press conference -- Condi/Rumsfeld." Option 4: "Op-ed."

Martin was embarrassed about the "leak" option; the case, after all, is about a leak. "It's a term of art," she said. "If you give it to one reporter, they're likelier to write the story."

For all the elaborate press management, things didn't always go according to plan. Martin described how Time wound up with an exclusive one weekend because she didn't have a phone number for anybody at Newsweek.

"You didn't have a lot of hands-on experience dealing with the press?" defense attorney Theodore Wells asked.

"Correct," Martin replied. After further questions, she added: "Few of us in the White House had had hands-on experience with any crisis like this."

Staff writer Carol D. Leonnig contributed to this report.

Time Comes To A Standstill In A Courtroom Journey (NYT)

By Scott Shane

The New York Times, January 26, 2007

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WASHINGTON, Jan. 25 — The most politically charged criminal trial in the capital in nearly two decades crackles to life each morning in a bland sixth-floor courtroom with a stopped clock.

The clock reads 9:25 when I. Lewis Libby Jr. strolls in with a tight smile and a high-priced bodyguard of lawyers and starts perusing documents, scribbling notes and tapping occasionally on a laptop. It is as if Mr. Libby, the former chief of staff to Vice President Dick Cheney, is just the counsel, not the accused.

It reads 9:25 as witnesses from government's inner sanctums dredge from memory the declassified details of how, exactly, the country was thrust into war.

A Central Intelligence Agency briefer, Craig Schmall, describes how he rose in the middle of the night to prepare a fresh list of terrorism threats and global troubles for Mr. Libby's breakfast. A Cheney press aide, Cathie Martin, recounts how she leaked news "exclusives" and arranged luncheons for conservative columnists to counter bad news.

And the clock still reads 9:25 when the fatherly judge, Reggie B. Walton, sends the jury home for the day with the usual reminders about avoiding news coverage of the case, a rule that may prove a particular challenge.

The frozen clock is an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence.

The trial promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead.

Each witness so far has shed light on another kind of government tradecraft. Mr. Schmall of the C.I.A. told of returning from briefing Mr. Libby or Mr. Cheney with their many "taskers" — questions they wanted answered right away — and their gripes. Once Mr. Libby complained that C.I.A. officers were leaking to reporters about alleged pressure on the agency from the vice president's office.

Marc Grossman, a former under secretary of state, told of the burden of high-level White House meetings, for which he crammed like a graduate student over fat books of data. "I studied them like mad," he said, "and tried my best to hold onto the information for the time of the meeting."

Ms. Martin of the Cheney press office explained the nuances of "deep background" comments to reporters and explained her 2003 notes on tactics to counter a tide of bad publicity on Iraq intelligence. Putting Mr. Cheney on "Meet the Press" was one option, she wrote, but that would raise the critics' profile. Another was to write, or feed to a friendly columnist, an op-ed article.

And then there was the leak option, she explained. Her notes show she considered David E. Sanger of The New York Times, Walter Pincus of The Washington Post or a "newsmag" like Time or Newsweek.

But if you want to get your views out, asked Patrick J. Fitzgerald, the lead prosecutor, why not give the story to all the press? Ms. Martin explained, as if to a dense pupil, the irresistible lure of the "exclusive."

"If you give it to one reporter, they're more likely to write the story," Ms. Martin said. What's more, she said, "you can be a 'senior administration official,' " hiding behind the anonymous cover that Washington officials so often crave.

Sitting in the courtroom among his lawyers is Mr. Libby, 56, a veteran corporate lawyer known as Scooter, smiling at a passed note or a witness's quip and rarely showing any distress, even when the testimony seems to put him in jeopardy. His thinning hair has passed almost entirely from blond to gray. This once-powerful man turns out to be slight and short, no taller than his wife, Harriet Grant — one more note-taking lawyer herself. She occasionally leans across a rail to whisper to her husband.

On Thursday, Ms. Grant, in a black suit with a pink patterned scarf, sat beside Barbara Comstock, a former Justice Department spokeswoman who is the media consultant for the defense. It is an undemanding position, given the judge's orders to both sides not to discuss the case.

At the table on the left, in front of the 12 jurors and 4 alternates, is the prosecution, led by the rumpled Mr. Fitzgerald, who has a prominent bald spot and a knack for projecting righteous indignation even in the most routine exchanges of legal Ping-Pong.

His team of a half-dozen lawyers is imposing, but on Thursday Mr. Fitzgerald grumbled about the forces arrayed against him.

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“There are 3 law firms and 11 lawyers on the other side,” he told the judge. “Paper comes flying at us.”

The defense, around an identical table on the right side of the courtroom, is led by the voluble Theodore V. Wells Jr., a star of the white-collar defense bar, who switches up often with William H. Jeffress Jr., a bulldog cross-examiner.

Lengthy legal wrangles — like one Thursday over whether copies of certain documents provided to the defense were legible — can make it seem as if time has stopped for real. But there are also arresting flashes of candor, as when Robert L. Grenier, a C.I.A. veteran, testified about his growing conviction that the White House was shifting responsibility for the war to the agency, a development he found deeply unfair.

“Yes, there was an attempt on the part of the White House to throw blame on the C.I.A.,” said Mr. Grenier, who at the time was the agency’s top Iraq officer and later headed the Counterterrorist Center.

And there are comic moments. In the midst of a discussion over flawed intelligence, Mr. Grenier misplaced his reading glasses on the witness stand. “I appear to have lost my glasses,” he said.

Proceedings were halted. Prosecution and defense united, for once, in a bent-over hunt around desks until the glasses were recovered and the trial could resume.

Anti-abortion Extremist Convicted Of Violating Federal Law (FINDLAW/AP)

AP, January 26, 2007

(AP) - BUFFALO, New York-An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider.

James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services.

U.S. law bars people from blocking access to reproductive health services by force or threat of force.

After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives.

A federal jury deliberated about four hours over two days before returning the verdict Thursday.

The jury also convicted him on a weapons count.

Kopp could face life in prison without parole when he is sentenced.

Kopp, who represented himself in the trial, stood with a half-smile as the verdict was read.

Kopp had tried to convince jurors he did not mean to kill Slepian when he fired from woods into the doctor's home. Kopp said he intended only to wound Slepian to prevent him from performing abortions the next day.

"If it happened the way I wanted it to, he would have his arm in a sling," said Kopp, 52, who also is suspected in the non-fatal shootings of three Canadian doctors and one in Rochester, New York.

A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent.

Slepian's wife, Lynne Slepian, smiled and hugged prosecutors after the verdict Thursday. She then left to call her sons, declining to talk to reporters.

Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19.

"Hopefully, this will give (Lynne Slepian) what she's always wanted, that she will never have to go to any state parole hearings," Flynn said.

Kopp would be in his 70s before becoming eligible for parole on his 2003 second-degree murder conviction.

Most jurors left the courthouse without commenting Thursday. "He was guilty, and the evidence proved it," a female juror said on her way out.

"We just went by the law," a male juror added.

Former NBC Treasurer Charged With Theft (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, January 26, 2007

DOJ_NMG_0122245

(AP) - NEW YORK-The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company.

A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan.

Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him.

Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said.

If convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime.

Jung was to make an initial court appearance Thursday, though it was not immediately clear who would represent him.

A message left with a woman who answered the phone at Jung's home was not immediately returned.

Former NBC Treasurer Faces Charges For Embezzling Funds (WSJ)

By Chad Bray

The Wall Street Journal, January 26, 2007

NEW YORK -- The former treasurer of General Electric Co.'s NBC Universal Inc. has been charged with stealing more than $800,000 from the company and using the money to fund private jet flights and rent a summer home in the Hamptons on Long Island, prosecutors said Thursday.

In a press release, the U.S. Attorney's office in Manhattan said Victor Jung, NBC Universal's former treasurer, has been charged with two counts of wire fraud. Mr. Jung, 34 years old, faces up to 20 years in prison on each charge of wire fraud. He was arrested by federal authorities about 6 a.m. EST Thursday, prosecutors said.

"He plans to vigorously defend himself against the charges and he looks forward to the opportunity to have a complete hearing on the charges," said Christopher Brennan, Mr. Jung's lawyer.

Mr. Jung, who worked for NBC Universal for about 12 years, entered a not guilty plea to the charges through his lawyer at a hearing before U.S. Magistrate Judge Gabriel W. Gorenstein on Thursday. Bail was set at $250,000 to be secured by $5,000 in cash.

Mr. Brennan said Mr. Jung left the company in the past six months, but declined to comment on the circumstances of Mr. Jung's departure from NBC Universal. Mr. Jung didn't speak to reporters after the hearing.

Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006.

The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006.

NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents.

Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. Prosecutors said that the flights were catered and that Jung and his fellow passengers consumed shrimp cocktails, Veuve Clicquot champagne, Grey Goose vodka and Mondavi wine.

The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card.

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"NBC Universal is committed to and vigilant about the enforcement of its compliance policies," the company said in a statement. "When we discovered the potential integrity breach, we promptly brought it to the appropriate authorities and are cooperating fully with the investigation. We will continue to monitor the situation to its resolution."

Judge Urges U.S. To Drop Plan To Seek Death Penalty In Case (NYT)

By William K. Rashbaum

The New York Times, January 26, 2007

A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution "absurd" and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor.

The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001.

"Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?" the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. "If I'm wrong , I will have egg on my face, but I will not be incorrect."

Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in Washington before the case begins.

The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services.

Going forward with the penalty phase, he said, would be "a total misappropriation" of taxpayer funds, "and I advise the government accordingly." He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case.

"And there's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, judicial resources," he said in remarks that were unusually blunt for a judge to deliver from the bench.

The attorney general can withdraw the notice of intent to seek the death penalty at any time before the jury's vote in the penalty phase, said Kevin McNally, the director of the Federal Death Penalty Resource Counsel Project, which coordinates the defense of federal death penalty cases for federal defenders' offices nationwide.

"I'm not at all surprised that the judge has made this suggestion, and I wouldn't be surprised if it was acted upon," Mr. McNally said in a telephone interview. "I think, from all the information we've received, this is not a case that should have been a federal death penalty trial to begin with."

A spokesman for the Justice Department in Washington declined to comment on the case.

Robert Nardoza, a spokesman for Roslynn R. Mauskopf, the United States attorney in Brooklyn whose office is prosecuting the case, declined to comment, saying federal rules prohibited the office from doing so during a jury trial.

One of Mr. McGriff's lawyers, David Ruhnke, would not comment on the judge's statements, saying only: "His remarks speak for themselves. We certainly hope the message has been conveyed."

Mr. McGriff's trial is one of three death penalty cases that are currently ongoing or recently concluded in the Brooklyn courthouse. One is the trial of Ronell Wilson, 24, who faces possible execution after having been convicted for the 2003 slayings of two detectives on Staten Island. Mr. Wilson's trial has received daily news coverage, while Mr. McGriff's trial have garnered far less attention.

Prosecutors have charged that Mr. McGriff, a crack kingpin who in the 1980s founded the drug-dealing Supreme Team and served time in federal prison, resumed his drug dealing upon his release and paid $50,000 to have two rivals killed.

At the end of the trial day on Wednesday, the lead prosecutor in the case, Carolyn Pokorny, an assistant United States attorney, expressed concern to the judge that his remarks, if reported in the news media, could influence the jury.

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"I know that," he said. "I told them not to read the paper, and the truth of the matter is, is that because of the Wilson trial on the fourth floor, nobody from the press has been here today, and we're flying under the radar screen, for sure."

The judge added: "I have to balance this out. If I feel, as an officer, as a judge, that this is an absurd prosecution based upon what I have heard, I think I have a responsibility to let the authorities know."

Judge Calls Seeking Death Penalty Against Drug Kingpin A Waste Of Time, Money (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 26, 2007

(AP) - NEW YORK-A judge at the federal murder conspiracy trial of a crack kingpin with ties to the rap music industry warned prosecutors that pursuing a death sentence would be a waste of time and money.

"There's no chance in the world there would be a death penalty verdict in this case," U.S. District Judge Frederic Block said.

"If I'm wrong, I will have egg on my face," the Brooklyn judge said Wednesday while jurors were on a break amid closing arguments in the guilt phase at the trial of Kenneth "Supreme" McGriff. "But I will not be incorrect."

Block advised prosecutors to contact their superiors in Washington and ask them to reconsider their decision to seek a death sentence. Even if McGriff is convicted in a contract killing conspiracy, going forward with a penalty phase would be pointless, he said.

"There's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, and judicial resources," he said.

A spokesman for the U.S. attorney's office declined to comment.

The jury deliberated briefly Thursday afternoon without reaching a verdict. It was to resume Friday morning.

In the 1980s, McGriff founded the Supreme Team, a profitable and ruthless drug crew that became legend on the same Queens streets that later produced rap stars such as Ja Rule and 50 Cent. Authorities allege that after serving time for a drug conviction, McGriff resumed his drug dealing operations and paid $50,000 (â,¬38,526) to have two rivals killed.

His lawyer said that McGriff sought to turn his life around by producing music and movies with the help of Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. At a trial last year, prosecutors had alleged Lorenzo laundered more than $1 million (â,¬770,000) in McGriff's drug proceeds through the label; Lorenzo was acquitted.

McGriff produced a straight-to-video film, "Crime Partners 2000" that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

Bow Out, Judge Blockhead (NYDN)

New York Daily News, January 26, 2007

No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord.

Block is presiding over the trial of Kenneth (Supreme) McGriff, a notorious Queens crack kingpin charged, in this instance, with ordering hits on two rivals. Jurors have retired to deliberate as to McGriff's guilt. If they convict McGriff, the Brooklyn U.S. attorney's office will then petition panel members to sentence McGriff to death.

There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money.

Said this Amazing Kreskin of the federal bench: "In this judge's opinion, there's no chance in the world there would be a death penalty verdict...from my observations of the intensity with which the jury is listening to defense summation...and all the evidence that has been presented or not presented - if I'm wrong, I will have egg on my face, but I will not be incorrect."

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Block said he believes that McGriff "has been humanized" by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that "nobody from the press has been here today, and we're flying under the radar screen, for sure."

For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any capital punishment proceedings to a colleague who is not so openly and obviously biased.

You can e-mail the Daily News editors at voicers@edit.nydailynews.com. Please include your full name, address and phone number. The Daily News reserves the right to edit letters. The shorter the letter, the better the chance it will be used.

Deputy Marshal Indicted In Leak Of Witness Information (AP)

By Mike Robinson, The Associated Press

AP, January 26, 2007

CHICAGO - A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family.

John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak.

Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders.

Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information.

But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John "No Nose" DiFronzo in the file that marshals kept on Calabrese.

DiFronzo is not charged in the Family Secrets case.

A telephone message seeking comment was left Thursday night at the office of Ambrose attorney Francis Lipuma.

Ambrose came under suspicion when eavesdropping FBI agents heard reputed mobster Michael Marcello chatting with his jailed brother, James Marcello, in the visitors room at the Milan, Mich., federal prison.

Michael Marcello told his brother that he had a source within federal law enforcement and that the source was the son of a police officer who was convicted in the Marquette 10 police corruption trial of the 1980s.

Ambrose fit the description. Federal officials said his fingerprints were later found on the Calabrese file.

FEC OKs Kolbe Funds For Legal Defense (AP)

AP, January 26, 2007

WASHINGTON -- Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday.

Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages.

FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's "ordinary and necessary" duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available.

The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident.

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Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages.

According to his last campaign finance report, filed in October, Kolbe had $143,586 in his campaign account.

More Willful Indifference (NYT)

The New York Times, January 26, 2007

Mark Foley fled his seat in the House of Representatives last September when his sexual approaches to teenage pages finally reached the news media after years of a shameful cover-up in the halls of Congress. Now it turns out that the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues. An inspector general's report excoriates F.B.I. agents for brushing aside "troubling" evidence of the lawmaker's flirtatious message-writing, and then falsely blaming their inaction on the watchdog group that tried to alert the government in the first place.

The report underlines the calculated indifference at the heart of the scandal. In their final hours in power, the Republicans who controlled the ethics committee issued a report that whitewashed the fact that key members of the Republican leadership and their staff members were aware of Mr. Foley's long predatory history. The F.B.I. inspector general's report showed the same indifference among law enforcement officials charged with investigating Mr. Foley's actions. The report describes one F.B.I. supervisor who said he had read Mr. Foley's e-mail notes and thought, "What a freak," but who had then sent the evidence on a fruitless bureaucratic roundabout.

The lug-headed consensus was that there had been no real crime, when — as the inspector general pointed out — agents should have been urgently alerting the page program's supervisors.

When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group — Citizens for Responsibility and Ethics — had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections.

The new Congress voted to overhaul protections by mandating that an oversight board of surrogates be enlarged to include a former page and a page's parent. It will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness.

Fmr. State Janitors Get Short Prison Sentences In No-work Scheme (BVND)

By Jan Dennis

The Belleville News Democrat, January 26, 2007

PEORIA, Ill. - Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government.

David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement.

The men also were ordered to pay a combined total of more than $148,000 in restitution to the state.

"I don't see any of these defendants as evil men or bad people. I see they made choices that violated the law ... and they have to pay the consequences," said U.S. District Judge Joe B. McDade.

The judge said at Medvesek's sentencing that he could not grant probation because he needed to send a message that corruption in state government would not be tolerated.

"The strongest message I can send is (that) you would do some jail time," McDade said.

Federal prosecutors say the janitors developed a scheme to report late for their nighttime jobs or to leave without taking approved time off, collecting nearly $200,000 in state pay for work they didn't do.

The men developed various methods to cover their absences from 1999 to August 2005, including leaving notes for other workers that said they were working elsewhere, according to prosecutors.

All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme.

Turner, 60, of Springfield - former director of the Secretary of State's physical services division - was sentenced Jan. 4 to 30 months in prison on four federal counts of wire fraud and two counts of lying to investigators. He also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed.

Prosecutors allege Turner helped the janitors collect unearned pay in exchange for special treatment by city trash collectors in his Springfield neighborhood.

Assistant U.S. District Attorney Greg Gilmore says the scheme has left a dark cloud over all state employees, the vast majority of whom he said are hardworking and dedicated.

"In a sense, these offenses have put a stain on that, and that's unfortunate," Gilmore said.

Medvesek's attorney, Jay Elmore, agreed the court needed to send a message to stamp out a culture of corruption that he says is "epidemic" in Springfield. But he said McDade could drive home the point without jail time, saying other state workers already have seen Medvesek lose his nearly $40,000 a year job, pension and benefits.

Each of the janitors lost their state pensions and have been ordered to turn over their own retirement contributions - totaling roughly $23,000 each - to help pay restitution.

Assistant U.S. District Attorney Patrick Chesley called Boyce's cooperation "extraordinary," saying he recorded more than 200 conversations with the other janitors that helped crack the case and ultimately link Turner to the scheme.

Turner received no financial kickbacks, but aided in the scheme because Dinora also worked for Springfield's public works department, where he allegedly arranged quick pickups of junk ranging from water heaters to a dog house for Turner and his neighbors, prosecutors said.

Defense attorneys said Turner was unaware of the payroll scam and blamed Dinora, who they contend took advantage of Turner's lack of experience after he was appointed to the $98,000-a-year job by Secretary of State Jesse White in 1999.

Turner and the janitors were fired after an investigation uncovered the scheme in 2005.

The three former janitors each offered brief apologies before they were sentenced.

"There was no excuse," Boyce said. "I know right from wrong."

A spokesman for the secretary of state's office did not return a call for comment Thursday. But White has said the cases send a message that his administration will not tolerate corruption and that workers who cheat will pay the price.

In Philadelphia, Cops And Feds Say, Violent Gangs Are Kid Stuff (PHI)

By Dana Difilippo

The Philadelphia Inquirer, January 26, 2007

In other cities, gangs like the Bloods, the Crips and the MS-13 menace their communities with the efficiency of a business organization, with rookie "training," initiation rituals and a leader-soldier structure.

But Philadelphia's typical gang member is a school-skipper just getting his first mustache whose "gang" is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a news conference about their joint gang-busting strategies.

That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia.

"Better than half" of the city's 1,800 shootings and 406 homicides last year were committed by such young neighborhood thugs, said Chief Inspector Joseph Fox, head of the police department's detectives. Last week's shooting outside Sayre High School, in which a 17-year-old student was injured by gunfire in an ongoing feud between teens from 56th Street and others from 60th Street, is a good, recent example, Fox said.

"Philadelphia is just saturated right now with these neighborhood groups whose affiliations are very fluid," Fox said.

Their youth and lack of organization make them "very susceptible to being recruited by more violent and more structured gangs," he added. "We don't want to see this [neighborhood thuggery] mushroom into something more organized."

Besides teenage toughs, the city's crime-fighters say law-breakers in the Latino community have also given them growing headaches.

The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office.

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"We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America," Hosko said. "[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city."

Three other FBI-led task forces - in which agents partner with city police and other authorities - focus on organized crime, black gangs and violent crime/fugitives, Hosko said.

Federal Prosecutors In Washington State To Review Homer Shootout (AP)

By Dan Joling

AP, January 26, 2007

ANCHORAGE, Alaska - The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington.

Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded.

State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict.

Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking.

On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued.

Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded.

Dr. Franc Fallico, the state's chief medical examiner, concluded Anderson was mortally wounded by gunfire. He also concluded Anderson shot his son before turning his gun on himself. A 6-month-old girl in the vehicle was not wounded.

Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review.

The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said.

Exec Says Secretary Didn't Have Know-how To Do Coke Theft Alone (MH)

By Johnny C. Clark

The Miami Herald, January 26, 2007

ATLANTA - A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own.

Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams "didn't have the intellectual capacity" to steal the documents or get them in the hands of a Coca-Cola competitor by herself.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and one has testified that Williams thought of the idea for the scheme.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Sanchez Lamelas, Coca-Cola's global brand director, after the allegations came to light.

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Sanchez Lamelas also testified Thursday that Williams was cited on occasion for failing to carry out basic job responsibilities. He told jurors that Williams did not take "feedback" in a positive manner and that the two of them had arguments at times.

U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them.

Other government witnesses Thursday included a Coke database administrator, and a company computer forensic manager that investigated Williams' print logs for a month starting June 15, 2006. She and the two other defendants were arrested three weeks later.

Testimony was to resume Friday.

Coke Exec Testifies At Williams Trial (WXIA)

WXIA-TV, January 26, 2007

A Coca-Cola executive testified on Thursday that he didn't think that one of his former employees, Joya Williams, had the intellect to steal Coke trade secrets, and try to sell them to Pepsi by herself.

But now Williams is charged with conspiring to do just that, on trial and facing ten years in prison.

Joya Williams wants the jury to see her as a hard-working, well-meaning, but inept Coca-Cola employee.

Just in over-her-head when she was executive assistant to a Coke vice president in 2005 and 2006 -- not the mastermind of a conspiracy to mine Coca Cola computers at company headquarters, steal Coke trade secrets and then try to sell them to Pepsi for $1.5 million.

On the stand at Williams' conspiracy trial -- Williams' boss, a Coke vice president, Javier Sanchez.

Sanchez was a prosecution witness, but he testified under cross-examination by Williams' attorney, Janice Singer, that he didn't think Williams had the intellect to steal Coke's trade secrets and get them into someone else's hands by herself.

Williams was arrested in July with two ex-cons who later pleaded guilty.

But Williams' boss said that just after the arrests, he was "in shock that Joya could have done something like that."

Joya Williams blames the two ex-cons, and says they stole the Coke documents from her, without her knowledge.

But the prosecutor showed Sanchez one Coke document after another that Williams admits she took from Sanchez's office to her home.

Question -- Did Williams have any legitimate reason to take the documents home?

Answer -- No.

On Friday, the prosecution expects to show the jury surveillance video and photos of Williams putting into her bag what prosecutors say were Coke trade secrets, and leaving the building with them.

Williams contends the documents she took home from Coke Headquarters were routine work papers for her own files, not Coke secrets.

The prosecution may rest on Monday or Tuesday.

Coke Secrets To Stay Secret, Judge Says (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 26, 2007

The judge in the Coke secrets trial said Thursday he will seal roughly 750 pages of company documents that the beverage company says contain trade secrets.

The lawyer for defendant Joya Williams has said she may want to use the confidential company documents to prove her case. But prosecutors and Coke lawyers have convinced Judge J. Owen Forrester that allowing the public to see the documents would harm the company.

RECENT NEWS

Harris County Residents Accused Of Hurricane Fraud (HC)

Houston Chronicle

DOJ_NMG_0122253

Houston Chronicle, January 26, 2007

Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance.

U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft.

The government also seeks a $145,438 forfeiture from each.

The conspiracy charge carries a punishment of up to five years in prison.

Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52.

Man Who Lured Teen Over Internet Gets 5 Years In Jail (SEAPI)

By Brad Wong, P-I REPORTER

Seattle Post-Intelligencer, January 26, 2007

A 46-year-old Coupeville man received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported.

During the sentencing in U.S. District Court in Seattle, John Leonard Young received a stern rebuke from Judge Thomas Zilly. "The victim may never be the same," Zilly said. "You've taken her innocence away."

The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said.

But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI.

Young and the girl started using the Internet in late 2004 to communicate with each other, and they met in a chat room. Prosecutors said the two also talked by telephone.

Young described "bold, detailed discussions about sex," according to a prosecutor's statement.

Young also used his credit card to buy an airplane ticket to Seattle for her.But days before that flight, she went to the airport and bought a ticket with her own money.

Officials said she was upset about landing in the wrong Washington.

Young urged the girl to remove her computer's hard drive so her parents and investigators would have a difficult time finding her, prosecutors said.

FBI agents contacted the girl's parents, and investigators found messages from Young on her computer.

With court approval, investigators searched Young's home and uncovered computer messages with the girl and child pornography.

At least one of his computers contained about 100 pornographic images of children.

The girl is home in the Chicago area, according to the Attorney's Office.

Brad Wong can be reached at 206-448-8137 or bradwong@seattlepi.com.

Coupeville Man Sentenced (AP)

AP, January 26, 2007

SEATTLE A Coupeville man was sentenced today in U.S. District Court in Seattle to five years in prison for using the Internet to entice a minor to travel for illegal sexual activity.Judge Thomas Zilly called the crime serious and told 46-year-old John Leonard Young that his victim may never be the same because Young had taken her innocence away.Zilly said he was concerned the FBI found 100 images of child pornography on Young's computer.In late 2004 and early 2005, Young was charged with communicating over the Internet with a 14-year-old girl who lived in the Chicago area.(Contact: Emily Langlie, public affairs officer for the U.S. attorney's office in Seattle, 206-553-4110)

Man, 2 Women Charged In 'Horrific' Case Of Delco Child Porn (PHI)

By Tom Schmidt

The Philadelphia Inquirer, January 26, 2007

One suspect, John Worman, 39, of Colwyn, Delaware County, allegedly installed a video camera in his bathroom wall and videotaped four children as they used the toilet, undressed and showered.

Worman, according to an indictment, sexually abused eight other children, including five whom he forced to engage in oral, vaginal and anal sex, from 1997 through 2006.

Three of the children that Worman forced oral and vaginal sex upon were infants, one of them just three months old, authorities said.

He videotaped the assaults and downloaded the images to his computer, they added.

Worman and two women - Dorothy Prawdzik, 43, of Drexel Hill and Concetta Jackson, 44, of Collingdale, both in Delaware County - were charged yesterday in a 53-count indictment with producing child pornography.

The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis.

Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006.

Prawdzik helped Worman video the kids by posing them in front of hidden video cameras, undressing them and having them expose their genitals, it was alleged.

At one point in the investigation, investigators got a search warrant for Worman's home and recovered more than one million images from his computer, including thousands of videos that Worman produced himself committing sexual acts on children.

"This was a long-term, planned and horrific exploitation of young children," Meehan said. "According to the indictment, the defendants allegedly manipulated and abused children, even infants, to satisfy unimaginable perversions, and they did it repeatedly."

Authorities said that during the period covered by the investigation, Worman had relationships with Prawdzik and Jackson, at different times.

The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales.

It was described as a nationwide initiative designed to protect children from online exploitation and abuse.

'Preteen' Impostor In Video With Kid (AZREP)

By Tony Lombardo, The Arizona Republic

Arizona Republic, January 26, 2007

A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday.

The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile.

"I am aware they are trying to identify a child on a video," sheriff's spokesman Scott Reed said.

advertisement

Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader "Casey Price" and attended class at Imagine School at Rosefield in Surprise.

The Dysart Unified School District saw a slight increase in enrollment at its schools this week as word got out about Rodreick's enrollment at Imagine School, Dysart spokesman Tom Herrmann said. Six families pulled their children out of Imagine School but two families have since come back, spokeswoman Rhonda Cagle said.

Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old.

Rodreick is in a Prescott jail facing charges that include fraud, forgery and failing to register as a sex offender.

Three men, two of whom reportedly had a sexual relationship with Rodreick, are also facing charges in conjunction with the con.

Reach the reporter at (602) 444-6912.

O'Malley Voices Support Of Bill To End Death Penalty (WP)

By Ovetta Wiggins And John Wagner

The Washington Post, January 26, 2007

Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk.

"I've had a pretty consistent position on this," O'Malley told reporters at the State House. "Now that it's salient, I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty."

O'Malley's comments came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday.

Lisa A. Gladden (D-Baltimore), the lead sponsor in the Senate, said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee.

"I don't think it's totally out of the question that we could pass a repeal bill this year," said Gladden, a public defender, who has introduced similar measures in the past. "I think other legislators don't want blood on their hands."

Gladden was emboldened yesterday by the group of lawmakers, religious leaders and supporters who joined her and Del. Samuel I. Rosenberg (D-Baltimore) at a news conference about the legislation.

The issue has gained prominence in the wake of a court ruling last month that halted executions in Maryland until new regulations on lethal injection are put forward by the Department of Public Safety and Correctional Services. O'Malley said that the process will not start before the conclusion of the legislature's debate on the death penalty bill.

"That debate needs to happen," O'Malley told reporters.

Senate President Thomas Mike V. Miller Jr. (D-Calvert) said he supports the death penalty but thinks there needs to be a "healthy debate" on the subject. He said he would not influence a vote one way or the other.

"I realize the trend is against the death penalty," Miller said, "but I think there are some crimes so atrocious that it's warranted."

House Speaker Michael E. Busch (D-Anne Arundel) said he doesn't "have a real strong feeling one way or the other. We'll let the legislative process take place. . . . We've never tried to influence our colleagues on two issues: the death penalty and abortion."

The bill is likely to meet resistance, with some Democrats joining minority Republicans in opposition.

Del. Dereck E. Davis (D-Prince George's) said he could not support a repeal because he had a gun held to his head three years ago.

Anthony J. O'Donnell (R-Calvert), the House minority leader, said he would not support a repeal and said he is certain that many share his position, across party lines. "We need the death penalty for the most heinous cases," he said.

Gladden and Rosenberg said they expected support from O'Malley, who has consistently said he opposes the death penalty. But O'Malley also has said that his views would not prevent him from following the law and signing death warrants.

O'Malley rarely mentioned the death penalty in his primary campaign against then-Montgomery County Executive Douglas M. Duncan (D) or in the general election race against Gov. Robert L. Ehrlich Jr. (R).

O'Malley has argued that the death penalty is not a deterrent and that money spent on prosecuting death penalty cases could be better spent fighting violent crime.

Rosenberg said that a sentence of life without the possibility of parole would be an "enormous deterrent" to committing murder.

"The time and effort litigating these cases, that goes into legislating this issue, could be spent on preventative measures that make each and every citizen more safe in their home," Rosenberg said.

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The death penalty repeal was not part of the 13-bill legislative agenda that O'Malley issued this week.

"There are good people who have strong feelings on both sides of the issue," he said.

Maryland Considers Repeal Of Death Penalty (WT/AP)

By Brian Witte

The Washington Times, January 26, 2007

ANNAPOLIS -- Maryland lawmakers said yesterday they will introduce legislation to repeal the death penalty, a measure Gov. Martin O'Malley said he would sign if the General Assembly approves it.

State Sen. Lisa A. Gladden and Delegate Samuel I. Rosenberg, Baltimore Democrats, are sponsoring bills that would replace the state's death penalty with a prison sentence of life without parole.

Mr. O'Malley, a Democrat who personally opposes the death penalty, said he "sure would" sign such a bill in favor of life without parole.

"We waste a lot of money pursuing a policy that doesn't work to reduce crime or to save lives, but we could be putting that money into crime reduction," Mr. O'Malley said. "I'm much more in favor of life without parole."

Former Gov. Robert L. Ehrlich Jr., a Republican, supported capital punishment. He reinstituted the death penalty after taking office in 2003, refusing to uphold a moratorium by former Gov. Parris N. Glendening, a Democrat.

Michael Paranzino, executive director of Throw Away the Key, which supports capital punishment, said a debate on the death penalty is needed.

"It's better to debate this in the open," he said. "We will be educating the lawmakers about the victims of murder. While I think that it's a difficult task, I don't think it's impossible."

Mrs. Gladden and Mr. Rosenberg think support for a repeal has increased, but said more votes are needed to get the measure through both chambers.

Kirk Bloodsworth, a Maryland man who spent two years on death row and was later released from prison because of DNA evidence, said yesterday he was "living proof that the criminal justice system makes serious mistakes."

Mr. Bloodsworth was convicted twice of killing a 9-year-old girl in 1984. He was placed on death row following his first trial. Mr. Bloodsworth was convicted again in a second trial, but received a life sentence instead of capital punishment. He was exonerated by DNA evidence in 1993.

Mrs. Gladden said the Bloodsworth case demonstrated a need for ending capital punishment.

The proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature. The decision came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment.

No death sentences can be carried out in Maryland until the injection issue is resolved.

Delegate Anne Healey, co-chairman of the joint legislative committee that would hold hearings on the injection protocol, said the governor will decide whether members should take up the review. Mrs. Healey, a Prince George's Democrat, said she hasn't heard from Mr. O'Malley on the issue.

Mrs. Healey, who opposes the death penalty, said she's not sure lawmakers want to wade into such a divisive debate this year.

Senate Minority Leader David R. Brinkley, a Frederick and Carroll counties Republican, thinks the lethal-injection review should be taken up to affirm the use of capital punishment in the state. However, he doesn't think the committee would bother this session, because lawmakers want to focus on budget issues.

"I think it's going to put it on the back burner," he said.

Another issue is a University of Maryland study released in 2003 that found those who murder a white person are twice as likely to get a death sentence than those who murder a black person.

There are six inmates on Maryland's death row.

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-- Vernon Evans Jr. was sentenced May 15, 1984, in Baltimore County. He and Anthony Grandison were convicted in the shooting deaths of David S. Piechowicz and Susan Kennedy at a Pikesville motel.

-- Mr. Grandison was sentenced June 6, 1984, in Baltimore County.

-- John Booth-El was sentenced Oct. 18, 1984, in Baltimore. He fatally stabbed an elderly couple, Irvin and Rose Bronstein, in their home.

-- Heath W. Burch was sentenced March 29, 1996, in Prince George's County. He killed a neighbor, Robert F. Davis, and his wife, Cleo, during a botched late-night robbery.

-- Jody L. Miles was sentenced March 19, 1998, in Queen Anne's County. While collecting a debt for a loan shark, Miles fatally shot Edward J. Atkinson in the back of the head in the woods in Mardela Springs.

-- Lawrence Borchardt was sentenced May 23, 2000, in Anne Arundel County, where the case was moved from Baltimore County. Five years later, Borchardt was granted a new sentencing hearing. Arguments to appeal this ruling are scheduled for next month. During a home-invasion robbery, he killed an elderly couple, Joseph and Bernice Ohler, leaving the crime scene with $11.

Official Shot Movers In Self-Defense, Police Say (WP)

By Eric Rich And Ruben Castaneda

The Washington Post, January 26, 2007

The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another.

An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said.

Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital.

The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts.

Clark's live-in girlfriend, Leelee Best, echoing the sentiment of his family members, questioned the police claim that the movers were the aggressors, saying police "need to charge [Washington] for shooting them."

"It's stupid, honestly," Best said of the argument. "All he had to do was just tell them to leave. There are other ways you can handle it than shooting somebody."

Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a homeowners association board on which he served.

Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is "mentally tough."

Washington, who was released from the hospital, did not respond to messages seeking comment, and no one answered the door at his home. An attorney who has represented him before did not respond to a phone call seeking comment.

Yesterday afternoon, Best said a Marlo delivery contractor for whom Clark worked knocked on the door of their home at close to midnight Wednesday. "I knew something was wrong," she said, speaking at Prince George's Hospital Center.

Best said the contractor told her that Clark called him from Washington's house Wednesday evening to say that Washington was angry over a bedroom set that was being exchanged.

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Michael J. Winkelman, an attorney representing the families of White and Clark, said a Marlo representative and an associate he believes was the contractor visited with the family at the hospital yesterday. The associate told the family that the movers had sought guidance from a supervisor about how to handle the clash with Washington.

"They called from the house and said he was upset, very upset," Winkelman said. He said the movers were told to "give the officer what he wanted."

Marlo officials declined interview requests yesterday. The company issued a brief statement pledging to cooperate with the investigation and adding that its priority is "the welfare of those who have been injured."

In a news release, police said both deliverymen were struck in the upper body. A law enforcement source, speaking on condition of anonymity because the investigation is continuing, said that White was shot in the chest, groin and knee and that Clark was shot in the abdomen. The Washington Post erroneously reported in some editions yesterday that one man had been fatally shot, based on inaccurate information from a government source.

State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter.

Winkelman said he was not surprised to learn that police expected to charge the unarmed men shot by an officer. "It's the custom of the Prince George's County police to do so," he said.

Clark's girlfriend and father said their anxiety was compounded yesterday by the hospital's refusal to update them on Clark's condition -- or even, for most of the day, to confirm that he was a patient there. Winkelman said hospital officials told the family that "an ongoing police investigation overrides hospital authority."

Attempts to reach members of White's family were unsuccessful. Winkelman said late yesterday that he also could not immediately reach members of the family.

Clark's family described him as a gentle giant, easygoing and slow to anger. He stands 6 feet 4 inches and weighs more than 260 pounds, according to a younger brother, Nathaniel B. Saunders.

"He gets along with everybody," Saunders said. He said Clark graduated from DuVal High School, where he played on the football team.

Washington was a detective when Johnson, then the state's attorney, tapped him to become part of his security detail. He enthusiastically endorsed Johnson's 2002 bid for county executive, contributing to and working for the campaign.

Washington rose fast after Johnson's election. In 2003, Johnson named Washington to his transition team. In August 2004, he appointed Washington deputy director of homeland security.

The appointment came eight months after Washington was placed on administrative leave pending the outcome of an investigation into whether he hit a member of the Simmons Acres Homeowners Association during a meeting. The complaint was later dropped without legal or administrative action.

In 2000, a federal civil jury awarded $260,000 to the plaintiff in the civil rights suit against Washington and county correctional officers. The man, David Paul Maslousky, said he was arrested and strip-searched after he protested Washington's treatment of a man who had been involved in a minor traffic accident. The case was appealed, and Washington prevailed.

Last year, Johnson contributed to Washington's unsuccessful bid for the seat of County Council member Marilynn Bland (D-Clinton).

James Keary, Johnson's spokesman, said the county executive would not comment on the case. "It's a police matter, and it's under investigation," Keary said.

Staff writers Hamil R. Harris, Rosalind S. Helderman and Avis Thomas-Lester and staff researcher Meg Smith contributed to this report.

Panel Urges Leaders To Deal With Prison System 'Tailspin' (LAT)

By Jenifer Warren

The Los Angeles Times, January 26, 2007

SACRAMENTO — Three decades of tough-on-crime lawmaking has sent California's prison system into a "tailspin" that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today.

In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state.

If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them.

"For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis," the commission said. "And now their time has run out."

The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer.

A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000.

While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact.

Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go.

In October, the commission noted, the governor declared a state of emergency in the prisons: "But even that didn't bring action, only more reports to federal judges that underscore the fact that the state's corrections policy is politically bankrupt."

In an interview, Commissioner Dan Hancock said the report's unusually harsh tone was designed to highlight the desperate state of affairs, which extends beyond crowding to medical and mental health care and a criminal sentencing system that the commission called "a haphazard jumble."

Hancock said the crisis has been caused largely by a ceaseless game of one-upmanship by politicians seeking to burnish their reputations as crime-fighters.

"Each has tried to outdo the other on who could be toughest on crime, but nobody was thinking clearly about what the ramifications would be for the state," he said. The result is an incoherent penal code dominated by what experts call "drive-by sentencing laws," often enacted by politicians responding to a single high-profile crime.

The report comes just days after Schwarzenegger and the top Democrat in the Assembly publicly lamented the lack of political will to tackle the prison woes.

In an interview with The Times last week, Schwarzenegger said prisons had not been a priority because they were not a "sexy" topic that affects the lives of voters – and therefore had attracted little interest from lawmakers.

"You talk about prisons, people feel like, 'OK, go out and get the criminal and you send him somewhere, but wherever that is, I don't want to look there, I don't want to know,' " the governor said.

He added that, "When the people are not excited about it, how do you make the legislators excited about it?"

Assembly Speaker Fabian Nunez of Los Angeles was more pointed in his comments, blaming legislators for a short-sighted, "lock up everybody" mentality that has wrought painful consequences.

"It's good politically, because you can champion it as you're tough on crime," Nunez said at a press conference Monday. "But in the end, the prisons are overcrowded, we don't do enough rehabilitation, the prisoners get out of jail and go back and commit more crimes, we have the highest recidivism rate of any state in the nation.

"It's a shameful part of the California body politic," Nunez said. "We've got to change that. I think people ought not be afraid."

Whether the rhetoric – or the commission's report -- will have any substantial effect on legislators is unclear. Analysts say the political fear of being tagged as a friend of felons runs deep. And voters rarely fail to embrace ballot initiatives seeking new penalties for offenders, such as the three strikes law of 1994.

"We're always ever so nice to furry animals and very, very mean to criminals," said Shaun Bowler, a professor of political science at UC Riverside. "It's almost reflexive, the voters' desire to be tough. If the prisons are a cross between a sewer and the Roman Colosseum, their answer seems to be, 'Good.' "

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But criminologists say that the public has been misled about just what sort of policies make the streets safer. At UC Irvine, Joan Petersilia said it's up to the governor – a Republican – to point out that "what we're doing now with our system is costing us a lot and not giving us much public safety benefit in return."

California, experts noted, spends more than $8 billion a year on corrections, but roughly 70% of the inmates it releases wind up back behind bars.

"Everyone agrees we've got a crisis, but no one is willing to put forth an agenda and lead," Petersilia said. "That's the key ingredient that's been missing."

Hack, Pump And Dump (WP)

By Ellen Nakashima

The Washington Post, January 26, 2007

Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks.

The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment.

But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors.

Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold.

Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission.

The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam.

"You wake up in the morning and all your blue chips are gone, and instead you own a microcap stock that is virtually worthless," said John Reed Stark, chief of the SEC's Office of Internet Enforcement. Stark added that he expected more complaints in the coming weeks, saying, "This is an area where we've become increasingly concerned."

The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said.

Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said. He has no attorney, authorities said.

On Aug. 21 last year, Kamardin booted up his computer in his apartment in Tampa and logged into his E-Trade account, according to the SEC complaint, which forms the basis for the following account.

At 2:10 p.m. he bought 43,000 shares of Thomas Equipment.

Between 1:29 p.m. and 3:41 p.m., an intruder -- either Kamardin or an accomplice -- hacked into two TD Ameritrade accounts, using those investors' stocks to buy 60,900 Thomas Equipment shares.

At 3:28 p.m., an intruder hit a Charles Schwab account, buying 20,000 shares.

At 3:32 p.m., an E-Trade account was hacked, boosting that investor's portfolio by 68,000 Thomas Equipment shares.

At 3:35 p.m., Kamardin began to sell the Thomas shares.

One minute later, Schwab, evidently onto the fraud, canceled an order to buy 50,000 Thomas shares in a second hacked account.

By 3:53, Kamardin had unloaded all his Thomas shares, netting $13,158.

The SEC is not saying how Kamardin's ring obtained the user names and passwords on the investors' accounts. Typically, authorities said, hackers use keystroke monitoring software placed on a public computer, or they purchase personal data, such as stolen Social Security and credit card numbers, from criminal enterprises.

The fraud affects not only the investors, but the market and companies whose stocks are pumped then dumped.

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Hugo Cancio was stunned when trading on his company's stock increased from fewer than 1,000 shares a day to 1.1 million shares last Aug. 24.

"For no reason whatsoever," he said, the share price for Fuego Entertainment, a Miami-based entertainment firm targeting the burgeoning Latino media market, zoomed from 88 cents to $1.28.

"My phone rang off the hook," he said. "We couldn't figure out what was going on."

Allegedly, between 11:51 a.m. and 3:05 p.m. that day, Kamardin had bought and sold 55,000 Fuego shares, raking in $9,164.

In the interim, 10 accounts with Fuego holdings were hacked into at TD Ameritrade, Scottrade, E-Trade and Schwab.

"Wow, wow," Cancio said, upon hearing the allegations. "That's unbelievable."

The following day, Cancio said, his company's share price had plummeted to 13 cents, where it has been ever since. TD Ameritrade, the third-largest online broker by volume, has restricted online trade on the company's stock.

Cancio said that on Aug. 24 he was negotiating a deal to buy 14 television stations, and when he saw the price surge, he began to suspect the stations' owner of insider trading.

The owner denied it, but the deal soured, and with the share price down, Cancio said, the deal is on the rocks. "We were knocking on the door of a multibillion market," he said. "We haven't seen any progress. It's all due to that particular day."

On Aug. 28 and Aug. 29, Kamardin wired proceeds from his E-Trade account to a Wachovia bank account and then transferred the funds to an account owned by his Russian-born roommate. The roommate wired the money to a bank account in Riga, Latvia, the SEC alleges.

E-Trade, which regularly monitors unusual activity, at some point became concerned and alerted the SEC and the FBI of possible fraudulent activities, said sources familiar with the matter.

Kamardin is charged with securities fraud. The SEC is seeking return of the money and payment of civil penalties.

Florida Man Used E*Trade Account For Illegal Trading (Update3) (BLOOM)

By Bradley Keoun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A 21-year-old Florida man hacked into online accounts at E*Trade Financial Corp. and four other brokerage firms in the second case to emerge from a probe of Internet trading fraud, U.S. officials allege.

The U.S. Securities and Exchange Commission sued Aleksey Kamardin, claiming he took control of the accounts and netted $83,000 in illegal profits. The regulator said Kamardin bid up 17 stocks and then sold the shares in his own E*Trade account at inflated prices.

The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc.

``This is typical of what we've seen a lot of lately," John Reed Stark, chief of the SEC's office of Internet enforcement, said in an interview. ``We have other cases like this in our inventory that we expect to be rolling out."

Stark declined to say whether criminal charges would be filed against Kamardin, who he said is believed to have fled the U.S. and gone into hiding in Russia. A contact telephone number provided by the SEC at Kamardin's last known address in Tampa was answered by a woman who said she didn't know him.

Illegal Profit

The illegal trades occurred between July 13 and Aug. 25, according to the suit, which was filed today in U.S. District Court in Tampa, Florida.

Kamardin on Aug. 28 and 29 wired the illegal profit from his online brokerage account at E*Trade to a Wachovia Corp. bank account in the U.S. The money was then transferred to a second account owned by Kamardin's Russian-born roommate, who in turn wired it to a bank account in Riga, Latvia, the SEC said.

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A July 2006 application opening an account in Kamardin's name at E*Trade said he was a U.S. citizen with a liquid net worth of $15,000, the SEC said. Stark declined to comment on whether the agency had confirmed Kamardin's citizenship. He said the roommate hasn't been accused of wrongdoing.

Other online brokerage firms whose accounts Kamardin manipulated included Scottrade, JPMorgan Chase & Co. and Charles Schwab Corp., according to the complaint.

`Circumstantial Case'

The SEC named 14 of the 17 stocks it believes were manipulated by Kamardin. They included Gales Industries, a Bay Shore, New York-based manufacturer of aircraft structural parts; Butler National Corp., an Olathe, Kansas-based provider of electronic monitoring of water-pumping stations; and Thomas Equipment Ltd., a Milwaukee-based manufacturer of farm equipment.

Stark said the SEC couldn't link Kamardin directly to the unauthorized use of the accounts. Kamardin probably gained access by stealing usernames and passwords through software that allows outsiders to spy on keystrokes on another person's keyboard, or by buying the logins from Web sites outside the U.S. that traffic in such information, Stark said.

``It is a circumstantial case" built on ``compelling" evidence, Stark said. ``He did this 17 times and profited 14 times."

The SEC claimed, for example, that on Aug. 21 between 2:10 p.m. and 2:36 p.m., Kamardin bought 43,000 Thomas shares at about 43 cents each. About the same time, an intruder used unauthorized access to buy 60,900 Thomas shares in two TD Ameritrade accounts, 20,000 shares in a Schwab account and 68,000 shares in an E*Trade account.

The buying -- trading volume was 10 times its daily average -- drove the shares as high as 80 cents, the SEC said.

From 3:35 p.m. to 3:53 p.m., Kamardin sold all 43,000 of his Thomas shares, for a profit of $13,158, the SEC said.

Pump-and-Dump

Federal regulators and law enforcement authorities said in October they were investigating securities schemes on the Internet after New York-based E*Trade reported that it had spent $18 million in the third quarter to reimburse victims of the fraud. In one instance, E*Trade had to take possession of 1 million shares of BoysToys.com, the owner of a San Francisco strip club. Omaha, Nebraska-based TD Ameritrade also had $4 million in expenses related to the schemes.

E*Trade, TD Ameritrade and San Francisco-based Schwab, under policies begun last year, reimburse customers who lose money because of unauthorized trading in their accounts.

Spokesmen for E*Trade, New York-based JPMorgan and St. Louis-based Scottrade declined to comment on the SEC lawsuit. A spokeswoman for TD Ameritrade didn't return a call seeking a comment.

`Unusual Behavior'

``We monitor client transactions using a combination of sophisticated automated and manual surveillance techniques, watching for unusual account behavior," Schwab spokeswoman Sarah Bulgatz said in an e-mailed statement. ``This enables us to intervene preemptively as needed."

Investigators have compared the online fraud with traditional pump-and-dump schemes in which criminals use false statements or advertisements to spur a rally in the prices of stocks they own so they can sell them at inflated prices.

``It's like a boiler room without the boiler room," Stark said of the online fraud. ``Instead of having to convince an investor to buy your stock you just steal that investor's password and username and buy it in his account."

E*Trade shares fell 70 cents, or 2.8 percent, to $23.97 today in New York Stock Exchange composite trading.

D.C. Clubs Dreading Proposed Teen Ban (WP)

By Keith L. Alexander And Darragh Johnson

The Washington Post, January 26, 2007

District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths.

Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served.

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Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21.

"The artists don't particularly like to play to 21-and-older clubs," said Steve Lambert, talent booker for the Rock and Roll Hotel on H Street Northeast. "A lot of their audiences are college-aged, between 18 and 21, and they depend on those people to buy tickets to the show."

In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers.

Many at the hearing defended the venues, saying they strictly enforce age limits. "Some clubs, like H2O, 9:30 Club, the Black Cat, Platinum and Envy -- they do it very well," said Ronald Moten, co-founder of Peaceaholics, an organization that works to solve disputes among youth. "They monitor for fake IDs, they have bracelets or stamps they put on people who're underage, and they're very strict on this."

The clubs feature a range of music, from the hard-thumping go-go to indie-rock, reggae, hip hop and rhythm and blues.

The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink.

Briejon Smith, 14, Ford's cousin, said that at several city clubs, it is "easy" for teenagers to get alcohol. "All you have to do is slip the bartender $10 and you can get a drink. They ask me if I have ID, and I say 'No,' and then they charge me extra. But I can still get in and order a drink if I wanted to," she said.

Some suburban teenagers, who had left school early to testify at the hearing, said they were concerned that the fatal shooting would give officials a reason to expand restrictions on all clubs, even those that already have tight rules.

Maya Gibson-Reinemer, 18, of Arlington said teenagers go to the clubs mainly to listen to the bands. "You can get drunk anywhere. But where can you see music?" she said.

Council member Jim Graham (D-Ward 1) is considering legislation that would establish a minimum age for patrons within the District. In Boston, those younger than 14 are not permitted into nightclubs that serve alcohol. In some other cities, the minimum age is 21. His proposal would also require teenagers, even when accompanied by a legal-aged adult, to leave the establishment after a certain time.

Graham is also considering creating a new license for nightclubs that want to cater to under-21 patrons. It would require them to have minimum-standard security, training and aggressive monitoring during an event for underage drinking. And he wants to restrict the renting of venues to outside promoters. That was the case Saturday morning at Smarta/Broadway, also known as Club 1919, on Ninth Street just off the bustling U Street corridor. Police said that Ford was shot there when the club's bouncer got into a scuffle with a patron carrying a gun. There have been no arrests.

At least one club's advertised rules regarding teen patrons are vague. The Web site for the Black Cat, at 1811 14th St. NW, says: "Black Cat events are all ages. Patrons under 18 should have parental permission, and we prefer them to be accompanied by an adult."

Graham said he did not want to use the fatal shooting as a way to target go-go clubs, popular nightspots mostly frequented by blacks. Instead, he said, he decided to focus on all nightclubs. At the time of the shooting, the Smarta/Broadway was booked as a venue for local go-go bands. Some go-go dances have been marred by violence, but there is a growing movement to change their reputation by promoting peaceful go-gos.

"There needs to be a safe place for these kids to go. There are safe places out there with extra security and where we don't have to be afraid for our kids' safety," Moten said.

Charles A. Burger, chairman of the D.C. Alcoholic Beverage Control Board, said that Smarta/Broadway's liquor license has been suspended since the shooting and that a hearing is scheduled for Monday.

"We're going to get to the bottom of this. This was a troubled establishment doing whatever it needed to do and didn't care one bit about public safety," Graham said.

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CIVIL LAW:

Fieger Sues U.S. Attorney General (FREEP)

By NAOMI R. PATTON, FREE PRESS STAFF WRITER

Detroit Free Press, January 26, 2007

Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm.

In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act.

It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office.

The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office.

Toner is included as a defendant, because the FEC "is tacitly cooperating and conspiring with the Attorney General."

Fieger also contends that investigators required witnesses to identify who they voted for in the 2004 presidential election.

Feiger is seeking a declaration from Gonzales and Stoner that their action was unconstitutional. He also seeks to have all legal fees recouped.

A spokesperson for the Attorney General's Office did not return calls.

Contact NAOMI R. PATTON at 313-223-4485 or npatton@freepress.com.

Fieger Sues U.S. Attorney General (DEN)

By Paul Egan, The Detroit News

Detroit News, January 26, 2007

Southfield attorney Geoffrey Fieger filed a federal lawsuit today against U.S. Attorney General Alberto Gonzales and the Federal Election Commission, alleging a grand jury investigation of Fieger and his law firm is unlawful.

A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination.

Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them.

In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful.

Federal officials could not immediately be reached for comment.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Evidence Concludes In Framed Men's Suit (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 26, 2007

As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit.

But with a decision in the case not expected until at least mid-March, Salvati, 74, of the North End, said: "Now starts the worst part. Like Yogi Berra said, 'It's not over till it's over.' "

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Salvati and Limone, 72, of Malden, attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed for the slaying in Chelsea of Edward Deegan.

After seeing the reports, a state judge overturned Limone's murder conviction in January 2001, and he walked free after 33 years in prison. She also vacated the conviction of Salvati, who was paroled in 1997 after 30 years in prison. Greco's exoneration came two years ago, when his conviction was posthumously set aside.

Yesterday, hours after evidence concluded in the federal civil trial, state prosecutors filed a motion urging Suffolk Superior Judge Margaret Hinkle to vacate the murder conviction posthumously of Tameleo, who was 84 years old when he died in prison in 1985.

After receiving a petition from Tameleo's family last June and reviewing the other three cases, Suffolk District Attorney Daniel F. Conley "determined that vacating Mr. Tameleo's conviction was the legal, ethical, and moral thing to do," said Jake Wark, a spokesman for Conley's office.

The motion asserts there is "newly discovered evidence indicating that justice may not have been done at Tameleo's trial," Wark said.

In federal court yesterday, US District Judge Nancy Gertner accepted the last of thousands of exhibits and filings just before 11 a.m. in the civil suit for wrongful imprisonment. Lawyers for the four men and the government will file briefs next month, and final arguments in the case will be given Feb. 27. The judge said she will try to reach a decision about two weeks later.

During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph "The Animal" Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco. At the time, Tameleo was the reputed consigliere of the New England Mafia, according to organized crime reports compiled by the FBI.

Deegan was gunned down in a Chelsea alley in March 1965. Local police were unable to solve the slaying until the FBI struck a deal with Barboza, whose testimony resulted in the 1968 convictions of the four men and of two others whose involvement in the slaying has not been disputed.

A Justice Department lawyer asserted during the trial that the FBI cannot be blamed because state prosecutors were responsible for investigating and trying the case. She also argued that the FBI had no obligation to share internal documents with state prosecutors, but also said that agents provided some information about the Deegan slaying to state and local police.

After yesterday's session, Limone, said: "I'm glad it's all over. It was like going to trial again."

Wal-Mart To Pay More Than $33 Million For Overtime Violations (FINDLAW/AP)

By Marcus Kabel, Ap Business Writer

AP, January 26, 2007

(AP) - BENTONVILLE, Arkansas-Wal-Mart Stores Inc. will pay more than $33 million (â,¬25.5 million) in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department.

Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 (â,¬15.41) per worker.

Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations.

"They had some concern that some of the practices were not in compliance" with federal wage laws, he told a conference call for reporters

"It's not particularly unusual for an employer to come to us and talk to us about potential payroll violations," Mandel said.

But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division.

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Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again.

Last October, Wal-Mart workers in Pennsylvania won a $78.5 million (â,¬60.5 million) judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award.

One of Wal-Mart's most vociferous critics, union-backed WakeUpWalMart.com, said the overtime settlement was a sweetheart deal that favored the retailer rather than its workers.

WakeUpWalMart.com spokesman Chris Kofinis said workers were not represented in the settlement talks and added that the idea that Wal-Mart "would negotiate in the best interests of its workers is ludicrous on its face."

Critics had previously denounced a separate Labor Department settlement with Wal-Mart over child labor violations, which was made public last February.

That $135,540 (â,¬104,438) settlement was later found by the Labor Department's inspector general to contain significant concessions for the retailer. The inspector general's report said the settlement was "significantly different" from other such agreements and included far-reaching restrictions on the government's ability to assess monetary penalties.

Regarding the overtime issue, Mandel said the department carried out a national review of all Wal-Mart stores over a two-year period from February 2005 to this year.

The settlement was approved Thursday by a federal judge in the U.S. District Court for western Arkansas, Mandel said.

The highest award to an individual employee was about $39,000 (â,¬30,051), he said.

Wal-Mart is the world's largest retailer with about 1.3 million employees.

Wal-Mart Reaches Deal Over Back Pay (WP)

By Amy Joyce And Ylan Q. Mui

The Washington Post, January 26, 2007

Wal-Mart must pay nearly $34 million in back wages and interest to employees who were not paid for overtime hours under a settlement announced yesterday by the U.S. Labor Department.

The company said that because of errors in calculation, it underpaid about 87,000 employees nationwide by at least $20 during the past five years. But some are due much more, with one person to receive $39,775.

Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days.

"It's not particularly unusual for an employer to come to us to talk about potential payroll violations," said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties.

Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said.

"The issue has been resolved," said John Simley, a Wal-Mart spokesman. "We are committed to our associates, and we have apologized to them for this error."

About 75 employees are owed more than $10,000, according to Simley. The retailer also said it overpaid about 215,000 current and former workers $20 or more, which amounts to at least $4.3 million. The actual total was not disclosed. Wal-Mart said it would not seek to recover the overpayments.

Wal-Mart found the errors in 2004 during a routine internal review, Simley said. Problems stemmed from "calculation errors and procedural errors" at headquarters, he said, but he declined to say how they occurred. Wal-Mart reviewed data going back to Feb. 1, 2002, the first year for which it has "consistently reliable records," Simley said.

Wal-Mart said it found that some non-exempt salaried employees were expected to work 45 to 48 hours before they earned overtime pay. They did not receive the extra half-time they were owed for hours between 40 and 45 or 48. Other errors also occurred, Wal-Mart said.

The company will still face legal challenges from at least one state.

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The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million.

"While Wal-Mart has indicated its desire to pay all additional wages owed under California law, we will not agree to any settlement terms until state auditors have the opportunity to verify the accounting records relied upon by [U.S. Labor Department] officials and to examine additional records that relate to those issues that are subject to more stringent California statutes," said Robert Jones, acting state labor commissioner.

State and federal wage-and-hours laws require employers to pay time and a half to workers who put in more than 40 hours a week. Salaried managers and independent contractors are exempt unless their salaries fall below a certain threshold.

Wal-Mart has been involved in other overtime suits. In October, a Pennsylvania jury decided that Wal-Mart forced hourly employees to work through breaks and beyond their shifts without overtime pay. The plaintiffs were awarded $78.5 million. Wal-Mart is appealing.

In 2002, a federal jury in Oregon found that Wal-Mart employees were forced to work off the clock and awarded back pay to 83 workers. In 2004, Wal-Mart settled a similar lunch-break case in Colorado for $50 million.

At least 57 other wage-and-hours cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings.

Wal-Mart's decision to report the problem is indicative of how visible it has become, according to Harley Shaiken, a labor professor at the University of California at Berkeley. "They realized there was a problem and didn't want to see it become a worse problem," he said. "I think Wal-Mart has really learned that putting it under the rug doesn't make it better."

Trustee: Sen. Clinton's Brother Owes Debts To Carnival Operators (AP)

By Rose French, The Associated Press

AP, January 26, 2007

Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton.

A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc.

Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004.

A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham.

The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued.

Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death.

Nashville-based federal bankruptcy trustee Michael Collins said he has tried to get Rodham to repay the loans for almost two years.

Collins had Rodham's accounts frozen in 2005 after Rodham failed to respond to an initial complaint. A judge ruled that Rodham was in default on the loans, but later unfroze the accounts after Rodham appealed.

Collins said the latest filing seeks to establish "realistic deadlines for the future progression of this litigation."

"It's collecting a receivable that was owed to the company," he said. "Its just like any loan."

Collins says he's seeking the loan money which, with interest, comes to nearly $150,000.

Rodham's lawyers in Virginia did not immediately return phone calls on today seeking comment.

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The Gregorys hired Rodham in June 1998, five months before they filed pardon applications with the Justice Department.

Rodham says he was hired to help bring new business to the Gregorys' carnival operation. But the report by the U.S. House Committee on Government Reform said that without any documentation the episode raises "substantial questions ... as to what Rodham actually did for the Gregorys that was so valuable."

"It appears that the president was interested in the Gregory pardons solely because of his contacts with Tony Rodham," the report says. "It is fair to conclude that, but for Tony Rodham's lobbying efforts, the Gregory pardons would not have been granted."

Rodham refused to appear before the committee. He did, however, at the time tell CNN's Larry King Live he talked about the pardons with President Clinton, but said Clinton made the decision to grant clemency to the Gregorys on the merits of their case.

"If I used any kind of influence, then why did it sit in the Justice Department for 18 months? It's absurd to even say that I used any kind of influence. ... The Gregorys are the type of people the pardon system is made for."

CIVIL RIGHTS:

Brother Refused To Give Up On Racially Tinged 1964 Deaths (CNN)

CNN, January 26, 2007

WASHINGTON (CNN) -- After the investigation into the May 1964 deaths in rural Mississippi of his brother and a friend went cold, Thomas Moore was convinced he would never see justice done.

But when a documentary filmmaker for the Canadian Broadcasting Corp. began to research the case about a year and a half ago, Moore saw a glimmer of hope.

And Thursday, 71-year-old James Ford Seale, who court documents state is a former Ku Klux Klan member, made an initial appearance in court in Jackson, Mississippi, on charges of kidnapping and conspiracy in the abduction and killing of Charles Eddie Moore and Henry Hezekiah Dee, both 19, Attorney General Alberto Gonzales announced. (Watch how a 42-year-old cold case heated up)

Seale has pleaded not guilty. He is being held without bail, Gonzales said. (Dee's sister prayed for justice "somehow, some way")

Moore said that after momentum began to build on the case two years ago, he told his late brother he wouldn't give up.

"I promised him in 2005 at his grave in Franklin County ... that I would fight until I die," Moore told reporters in Washington on Thursday shortly after the indictment was announced.

"When I got the word yesterday ... I cried," he continued. "And I felt that my mom and my dad and Charles Moore and Henry Dee said, 'Thank you.' " (Watch Moore savor the day he's been waiting for)

Moore said he returned to Franklin County with CBC producer David Ridgen to help research the case.

At one point, Moore said, he told some friends there it was too bad that one of the suspects -- Seale, who was initially arrested along with Charles Edwards soon after the murders -- had died.

"They said, 'He hasn't passed away,' " Moore said. "They directed us to where he lived. That changed our mission."

Soon after their arrests in 1964, Seale and Edwards were released on bail and were never tried.

According to the CBC, FBI documents stated that Edwards confessed that he had picked up the two young African-American men, beaten and interrogated them.

But he said they were alive when he left.

Edwards, who also is still alive, was not named in the recent indictment.

The allegations in the indictment against Seale say that "Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River tied to heavy objects alleged to have included an engine block, iron weights and railroad ties," Gonzales said.

"These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin," the attorney general added. (Watch the FBI's top agent describe 'a dark chapter' in history)

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After learning that Seale was alive, Moore gave Dunn Lampton, the U.S. attorney for the Southern District of Mississippi, the FBI files on the case that he got from a reporter in Mississippi.

"The really most important factor, in my mind, was Thomas Moore coming to see me," Lampton said. "And at that time, I had not really looked at the file. And the case had lain dormant for years. And I thought that there was nothing we could do about it."

"I took the file home with me and read it," Lampton said. "I was a district attorney for 20 years; I've tried a lot of murder cases. I read the file and I thought that perhaps something could be done either on the state side or on the federal side."

Lampton said he helped form a task force and that the end result -- the indictment -- was a joint effort.

"Nineteen months ago was the start of a journey," Moore said. "Had no idea what it would lead to, but we had hoped and we tried and we continued to push.

"And I'm so glad."

CNN Justice Correspondent Kelli Arena and Justice Department Producer Terry Frieden contributed to this report

Man Pleads Not Guilty In 1964 Race Case (AP)

By Emily Wagster Pettus, The Associated Press

AP, January 26, 2007

JACKSON, Miss. (AP) — A reputed Ku Klux Klansman accused in the 1964 slayings of two black men pleaded not guilty Thursday, and in a measure of how things have changed across the South, the judge he stood before was a black woman.

With his wrists and ankles shackled, 71-year-old James Ford Seale repeatedly addressed the judge as "ma'am," a social courtesy whites typically denied to blacks in Mississippi 43 years ago.

Seale was arrested Wednesday on federal charges of kidnapping and conspiracy. Prosecutors said Charles Eddie Moore and Henry Hezekiah Dee, both 19, were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges.

The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive.

"Forty years ago, the system failed," FBI Director Robert Mueller said in Washington. "We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day."

On Thursday, U.S. Magistrate Linda R. Anderson asked Seale whether he understood the charges, which carry up to life in prison.

"Yes, ma'am, I think so," Seale said in a calm voice.

Seale was jailed for a bail hearing on Monday. His court-appointed attorneys said he is suffering from cancer. His trial is scheduled for April 2.

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Lara Jakes Jordan reported from Washington. AP National Writer Allen G. Breed in Raleigh, N.C., also contributed to this report.

Suspect Pleads In 1964 Slayings (USAT)

By Jerry Mitchell And Ana Radelat

USA Today, January 26, 2007

JACKSON, Miss. — A 71-year-old reputed Ku Klux Klan member pleaded innocent Thursday to charges linked to the killings of two black teens in Mississippi almost 43 years ago.

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James Seale is charged with two counts of kidnapping and one count of conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of Henry Dee and Charles Moore, both 19. If convicted, Seale could face up to three life sentences.

Seale, now in custody in the Madison County Jail near Jackson, faces a hearing Monday on whether he will be released on bond. His court-appointed public defenders are likely to argue Seale should be freed because he has cancer.

U.S. Magistrate Judge Linda Anderson asked Seale on Thursday whether he understood the charges.

"Yes, ma'am, I think so," replied Seale, his wrists and ankles shackled.

Six years ago, in an interview with the Jackson, Miss., Clarion-Ledger, Seale scoffed at the idea he would ever be arrested in the case.

The charges were announced in Washington on Thursday by Attorney General Alberto Gonzales, Dunn Lampton, U.S. attorney for the Southern District of Mississippi, and Robert Mueller, head of the FBI.

"This was a horrible crime inflicted with stunning disregard for the suffering of these victims," Mueller said. "These tragic murders are straight from the darkest page of our country's history."

Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths.

Thomas Moore, 65, traveled to Washington on Thursday with Dee's sister, Thelma Collins. Looking back on the years since his brother's death, he said his hopes surged any time someone took an interest in the case.

"Every now and then, people would get my hopes up, and then it would fade away," he said.

The indictment said Seale and other Klansmen who abducted Dee and Moore thought the two had information about local gunrunning and thought Dee might be a civil rights activist.

The teens eventually were driven to Parker's Landing in Mississippi, according to the indictment, where the Klansmen tied a Jeep engine block, iron weights and railroad rails to them and then threw them into the Mississippi River.

Seale, along with Charles Edwards, now 72, was arrested once before, on Nov. 6, 1964, in connection with the slayings. The FBI, consumed by the search for three civil rights workers who had disappeared that same summer in Philadelphia, Miss., turned the case over to local authorities, who threw out the charges.

Edwards has not been charged, and Gonzales declined Thursday to say whether there will be more charges in the case.

Race Former Deputy Charged In Civil-Rights Murders (NPR)

By Wade Goodwyn

NPR's All Things Consider, January 26, 2007

A federal grand jury charges a Mississippi man with the 1964 killings of two black men, in the latest in a series of charges involving racially motivated killings from the civil-rights era. The two men had been hitchhiking when they went missing. Their bodies were found in the Mississippi River, shackled to an engine block.

James Ford Seale, 71, pleaded not guilty to the charges in Jackson, Miss. The former sheriff's deputy and reputed Klansman was one of two suspects originally charged in the deaths decades ago. But the FBI turned the case over to local authorities — at the time, the agency was consumed with the search for three missing civil-rights workers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, Miss., on Thursday. The former Sheriff's deputy, once thought to be dead, faces charges for his alleged involvement in the kidnapping and slaying of two black teenagers in 1964 in one of the last major unsolved crimes of the Civil Rights era. AP

More than 40 years ago, two black hitchhikers were found dead in Mississippi. Thursday, a reputed Ku Klux Klan member — James Ford Seale, 71 — will be charged with kidnapping, but not murder. Reporter Jerry Mitchell of The Clarion-Ledger newspaper in Jackson, Miss., discusses the case with Steve Inskeep:

SI: Would you remind us exactly what happened in 1964, and what James Seale's alleged role was.

JM: This was a case of forgotten killings, really. These two teenagers, African-American teenagers, were hitchhiking. And the Klan believed that there was gunrunning in the county [Franklin County, Miss.] and believed they might know something about

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it, or did know something about it. [They] took them out into the woods, beat them, then hauled them out to the Mississippi River and tied them to a Jeep motor block and dumped them alive into the Mississippi River.

SI: And James Seale, was he a member of the KKK at that time?

JM: [He was] reputed to be. He denied being a member when I talked to him in 2000. And, of course, he went on to deny that he knew anybody in the Klan. But, of course, his brother was in the Klan, and his dad was supposedly in the Klan. So, I found that kind of interesting.

SI: You mentioned that you talked to him in 2000. It was your newspaper that got this old case reopened. Can you describe to me what evidence led you to James Seale?

JM: Basically, federal authorities had reopened another case, the Chester White killings that the Klan did in '66 in Mississippi. It had taken place on federal property, in the Homochitto National Forest. And the name rung a bell. So, I was like, "it seems like there was something else that took place there." And, sure enough, Henry Hezekiah Dee and Charles Eddy Moore were both beaten in that forest. So that's what led them to reopen that case at that point.

SI: And what led you to Seale? Had he been a suspect at the time?

JM: Yes. He had been arrested along with a guy by the name of Charles Marcus Edwards. But the case never went anywhere.

SI: You mean the Mississippi authorities never did…

JM: [The] never did a thing with it. It was on the state side. The state never prosecuted. In fact, they've dismissed the charges.

SI: Based on what you've seen, how strong is the evidence connecting him to this crime, and what is the evidence?

JM: The case against him, I think, is probably similar to what it would have been in '64, if authorities had been able to put the case together. And this is laid out in FBI documents. Mr. Edwards confessed to authorities his involvement in the case, and identified Mr. Seale as being one of the fellow participants. But Mr. Edwards also said he didn't take part in anything beyond that.

SI: This other suspect confessed to a role in the beating, not the killing. And he leads you, then, to James Seale, the man who's been arrested now?

JM: Correct. I was able to, you know, [use] old records and other things [that] led me to him. And [I] actually had help from people that knew him [that] helped me track him down.

SI: These two men were 19 when they were killed. Are their parents still alive?

JM: No, they're not. But the brother of Charles Moore, Thomas Moore, really deserves a tremendous amount of credit for this case being re-prosecuted. He's been working with a CBC documentary filmmaker, and he's the one who approached the U.S attorney in 2005 and I think really deserves the credit for this case finally going forward.

SI: After more than 40 years, he was still going after the killers of his brother, and he's part of the reason we're hearing about the case again now.

JM: Absolutely. There's no question he's the one that convinced federal authorities to finally do this thing.

'System Failed' In 1964 Race Killings: FBI Director (CBC)

CBC News, January 26, 2007

An elderly Mississippi man could spend the rest of his life in prison in connection with the 1964 slayings of two African-American teenagers afterÂ interestÂ in theÂ cold case wasÂ rekindled by a CBC documentary maker andÂ one ofÂ the victim'sÂ brothers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted from the federal courthouse in Jackson, Miss., on Thursday. Seale pleaded not guilty to federal kidnapping charges tied to the 1964 slayings of two black teenagers.

Seale faces two counts of kidnappingÂ and one count of conspiracy to commitÂ kidnapping in the case of Charles Eddie Moore and Henry Hezekiah Dee, both 19,Â Attorney General Alberto Gonzales said ThursdayÂ in Washington.

Each count carries a maximum sentence of life in prison.

In a news conference attended by Moore's brother Thomas Moore and Dee's sister Thelma Collins, Gonzales said the case was "a painful reminder of a terrible time in our country."

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Gonzales wouldn't comment on why aÂ second suspect, church deacon and reputed KKK member Charles Marcus Edwards, now 72, was not charged.

FBI Director Robert Mueller acknowledgedÂ that it took too long for prosecutors to lay charges.

"Forty years ago, the system failed," Mueller said bluntly with Gonzales and Dunn Lampton, the U.S. attorney for southern Mississippi, at his side. 'My son don't have an uncle. I don't have a brother'

Moore, who joined CBC documentary filmmaker DavidÂ Ridgen on seven journeys toÂ Mississippi,Â said heÂ cried tears ofÂ joy when he heardÂ Seale was in custody, butÂ still struggles withÂ his brother's death.Â

Thomas Moore and CBC documentary filmmaker David Ridgen discovered James Ford Seale, the suspect in Moore's brother's slaying, was still alive in Mississippi.

"I will continue to feel bad," Moore said after the news conference. "My son don't have an uncle. I don't have a brother to call. So I've struggled for 42 years."

Collins said she didn't think she would live toÂ see progressÂ in her brother's case.

"I thank the Lord that I got to see it at my age," she said. "I'm 70 years old. I did see some good come of it."

For years, Seale's family told reporters that he had died. But in JulyÂ 2005, Moore andÂ Ridgen found Seale alive and residing a fewÂ kilometres from where the kidnapping took place.

"When I first met Thomas Moore, heÂ knew more about the case than I did,"Â said Lampton, who headed the task forceÂ launched after the discovery.

"We thought that there was nothing we could do with it."

On May 2, 1964, Moore and Dee, both 19, disappeared whileÂ hitchhiking near Meadville, in southwestern Mississippi.

According to the FBI, they were interrogated and tortured in a nearby forest, locked in a trunk, driven to Louisiana, chained to a Jeep motor and some train rails, and dropped alive into the Mississippi River, whereÂ they drowned.

TheirÂ mangled torsos were discovered more than two months later during the search for Michael Schwerner, Andrew Goodman, and James Chaney â€" three civil rights workers who disappeared June 21 the same year.

Those three bodies were found in Mississippi a short time later, and the case was made famous in the 1988 film Mississippi Burning. Case never went to trial

Seale, then 28, and Edwards, then 31, were arrested in the original investigation, but released soon thereafter on a $5,000 bond. No grand jury or trial was ever held.

FBI documents allege Edwards admitted that he and Seale picked up Moore â€"Â who was on his way home after being expelled from Alcorn A&M University for taking part in a student protest â€" and Dee, who worked at a lumberyard.

According to the documents, EdwardsÂ said he and Seale took the two men to a wooded area, where they were whipped with beanpoles and interrogated.Â Edwards insisted that when he left, the two men were still alive.

He later denied making the statement. None of the allegations have been proven in court.

The FBI turned over Edwards' statement and other files on the investigation to local authorities, and a justice of the peace dismissed all charges.

Gonzales said Seale was not charged with murder because prosecutors examined the evidence and determined a murder case would be too difficult to prove.

"These are very difficult cases to make," Gonzales said, citing the death of witnesses and oldÂ evidence that is no longer available.

TheÂ Justice Department was slow to act on evidence and pursue those responsible for the crime,Â according to Jerry Mitchell,Â an investigative reporter for the Jackson newspaper the Clarion-Ledger who hasÂ worked onÂ the case and numerous other civil-rights slayings.

"It could have been done years ago," Mitchell told CBC News Thursday. With files from the Associated Press

Seale Pleads 'not Guilty' (JCL)

Jackson Clarion-Ledger, January 26, 2007

In court, after 42 years

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A judge will decide Monday whether to free on bond reputed Klansman James Ford Seale, who pleaded not guilty to federal kidnapping and conspiracy charges in connection with the 1964 slayings of two black teenagers.

Assistant U.S. Attorney John Dowdy said Thursday the 71-year-old former crop-duster should stay behind bars. Seale is charged in the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, who were hitchhiking in Meadville when they were grabbed, beaten and thrown into the Mississippi River, where they drowned, according to FBI reports.

Jackson lawyer Kathy Nester of the federal public defenders' office said Seale, who suffers from cancer, should be freed because he is in poor health.

Seale's trial on two counts of kidnapping and one count of conspiracy is set for April 2, although that date likely will be pushed back.

The clash between past and present became apparent when the reputed Klansman stood in front of U.S. Magistrate Judge Linda R. Anderson, the first African-American magistrate in Jackson. Shackled in chains and wearing an orange jumpsuit, he responded to many of her queries with "yes, ma'am" or "no, ma'am."

Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson. If convicted, Seale could face up to three life sentences.

His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson.

Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions, most recently in 2005 when a Mississippi jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of civil rights workers James Chaney, Andrew Goodman and Michael Schwerner.

In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore "tragic murders ... straight from the darkest page of our country's history."

It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings.

"Every now and then, people would get my hopes up, and then it would fade away," said Thomas Moore, who was in Washington for the news conference.

Dee's 70-year-old sister, Thelma Collins, who also traveled to Washington, "cried and sat down and cried again" after hearing of Seale's arrest.

In most criminal cases, defendants waive the reading of the indictment, but Seale sat Thursday and listened to Dowdy read the entire five-page document.

It says Seale and other Klansmen thought Dee might have information about gunrunning in Franklin County, and that's why they abducted him and Moore.

Taking the two teens to Homochitto National Forest, Seale pointed a sawed-off shotgun at Dee and Moore while fellow Klansmen beat the teens with switches and tree branches, the indictment says.

Dee and Moore fabricated a confession there were guns hidden in a Roxie church, which Klansmen and the local sheriff searched, only to find no guns, the indictment says.

Klansmen used duct tape to bind Dee and Moore, weighted them down with a Jeep engine block, iron weights and railroad rails before throwing them into an old Mississippi River channel, where they drowned, the indictment says.

Dowdy read the details of the crime and then said the Klansmen "met to discuss the murders of Dee and Moore and the need to maintain secrecy among the co-conspirators."

He looked straight at Seale, who showed no emotion.

Seale had been arrested for the slayings in 1964, too, along with Charles Marcus Edwards, who admitted he was involved in the beatings but said the teens were alive when he last saw them. No charges are expected against Edwards.

Authorities confronted Seale in 1964, telling him they knew he and others had taken Dee and Moore "to some remote place and beat them to death," FBI records say.

"You then transported and disposed of their bodies by dropping them in the Mississippi River," the records say. "You didn't even give them a decent burial. We know you did it. You know you did. The Lord above knows you did it."

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"Yes," Seale was quoted as replying. "But I'm not going to admit it. You are going to have to prove it."

Asked in a 2000 interview with The Clarion-Ledger if he had anything to do with the crime, Seale replied, "I ain't in jail, am I?"

Charges against Seale have renewed attention on other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers.

"I think today is a step in the right direction, and I think it will contribute to the passage of the Emmett Till Unsolved Civil Rights Crime Act," said Alvin Sykes, whose work helped lead to the reopening of the 1955 killing of Emmett Till.

When he saw Seale in court Thursday, he said he felt sadness "to see such an old man, but if it's true what he's alleged to have done, he has wasted his life with hatred when he had an opportunity to live a life more fruitful. If he did the crime, he has to do the time. It doesn't matter how old he is."

Reputed Klansman Pleads Not Guilty To Civil Rights Era Murders (WLBT)

By Marsha Thompson

WLBT-TV, January 26, 2007

Fast moving developments in a civil rights era cold murder case. A reputed K.K.K. member is behind bars after facing a federal judge Thursday. James Ford Seale was arraigned in federal court in Jackson Thursday morning, charged with conspiracy charges and the kidnapping of Charles Moore and Henry Hezekiah Dee 43 years ago.

United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades.

As Seale's wife, brother and family members left the federal courthouse, they ignored the media's questions. The feds say they are out to prove James Ford Seale and other K.K.K. members pretended to be sheriff's deputies when they picked up Charles Moore and Henry Dee near Mendenall May 2, 1964.

The indictment alleges the teenagers were taken to the Homochitto National Forest beaten and their bodies later weighted down and dumped in the Mississippi River. Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice.

Alvin Sykes, the president of Emmett Till Campaign Justice says, "In Washington federal officials including Mississippi's U.S. Attorney said it's time for justice."

FBI Director Robert Mueller said, "This was a horrible crime. Indicted with stunning disregard for the suffering of the victims."

Thomas Moore, the brother of Charles Moore believed Seale was dead, until he tracked him down in Roxie, Mississippi. His tenacity persuaded the feds to reopen the decades old case.

U.S. Attorney Dunn Lampton said, "Thomas Moore uncovered the fact he was alive and well. He came to see me. The case had lain dormant for years."

A grisly reminder of the darker days in Mississippi during the so-called "Summer of Freedom." The 43 year old cold case is no longer dormant, but active with a living suspect.

Feds Get Indictment In Cold Case (ABC)

By Stephanie Sy

ABC News, January 26, 2007

Suspected former Ku Klux Klan member James Seale was indicted for his alleged role in the kidnapping and murder of two black teenagers, 40 years ago. U.S. attorney Alberto Gonzales said Seale faces two counts of kidnapping resulting in death, and one count of conspiracy.

The charges fall just short of murder.

"In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both

African-American, were kidnapped by members of the Ku Klux Klan and beaten," said FBI director Robert Mueller.

And then, while still alive, their bodies were tied with weights, pushed

into a river, and they were left to drown.

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Outside the courthouse, Seale's family kept silent. For years, his son had led reporters to believe he was dead. Seale entered a not guilty plea. If convicted, the 71-year old could spend the rest of his life in prison.

At the time, authorities say they knew it was murder. But such was the power of the Klan in the 1960s, that Seale was never charged.

The case went cold until a few years ago when Charles Moore's brother, along with a documentary filmmaker, started digging deeper.

"I promised him in 2005 at his grave in Franklin that I would fight until I

die," said Thomas Moore. "I got the word yesterday. And I cried."

In 1999, another man implicated in the case spoke to ABC's 20/20. Even though Charles Edwards' allegedly gave a partial confession, he still hasn't been charged. But the ABC report led investigators to obtain the evidence they needed to indict Seale, four decades after the crime.

This posting has been altered from its original version, in which Seale was referred to as a former sheriff's deputy. ABC News later

confirmed that Seale was never a police officer or deputy sheriff as previously reported.

US Charges Suspect In 1964 Civil Rights Murders (VOA)

By Jim Malone

Voice of America, January 26, 2007

An elderly white man in the southern state of Mississippi faces federal charges of kidnapping and conspiracy in connection with the 1964 murders of two African-American men. The case is the latest in a series of prosecutions brought by the government to solve racially-motivated crimes from the civil rights era of the 1950s and 1960s. National correspondent Jim Malone has more from Washington.

James Ford Seale, 71, a reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, MississippiThe suspect now under arrest is James Seale, 71, from Mississippi. Prosecutors say Seale was a reputed member of the white supremacist organization known as the Ku Klux Klan and was part of a group of whites that kidnapped two 19-year-old black men in May of 1964.

The two victims, Henry Dee and Charles Moore, were taken to a nearby forest, tied to a tree and beaten.

Attorney General Alberto Gonzales describes what happened next:

"Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River, tied to heavy objects that allegedly included an engine block, iron weights and railroad ties," he said. "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior."

The bodies of the two men were found months later and James Seale and another man were initially arrested by the Federal Bureau of Investigation (FBI), on murder charges in November of 1964. But local authorities declined to prosecute the two suspects and the case was dropped.

The case was reopened in 2000 after previously uncovered documents indicated the murders of the two black men took place on federal land, allowing the FBI and the Justice Department to once again pursue the case.

A brother of one of the victims, Thomas Moore, pressed federal investigators to reopen the case after he found out that the main suspect, James Seale, was still alive. Seale's family had claimed for years he was dead.

FBI Director Robert Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial.

But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades.

"These tragic murders are from among the darkest page of our country's history," he said. "And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes."

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In recent years, authorities in Mississippi and Alabama have won convictions in several notable civil rights cases from the past including a 1963 church bombing in Alabama that killed four black girls and the 1964 murders of three civil rights workers in Mississippi.

Ex-policeman Charged Over 1964 Killing Of Black Teens (UKIND)

By Andrew Buncombe In Washington

The (UK) Daily Independent, January 26, 2007

A former sheriff's deputy and alleged member of the Ku Klux Klan has been charged over the killing of two black teenagers more than four decades ago - one of the very last of the civil rights-era cases authorities are likely to seek to bring to justice.

James Seale, 71, once believed to be dead, appeared in court in Jackson, Mississippi, yesterday morning where he was charged over the deaths of the two 19-year-olds who were beaten, tied to weights and then thrown alive into a river. Their remains were found several months later by federal authorities who were hunting for the bodies of three civil rights workers who were also murdered by members of the Klan.

According to a three-page indictment laying out the accusations, Mr Seale and several accomplices abducted Henry Dee and Charles Moore as the pair were hitchhiking near an ice-cream stand in the town of Meadville in south-west Mississippi and drove them to Homochitto National Forest. There they allegedly beat the teenagers with tree branches, questioned them at gunpoint and bound them with tape.

Mr Dee was apparently tied to an engine block from a car while Mr Moore was tied to iron weights from a railroad track. Both men were then thrown into the Mississippi river. "It was a horrible crime committed with stunning disregard for the victims," said the FBI director Robert Mueller.

When the case was initially investigated, Mr Seale and another suspect were arrested. But the FBI - perhaps distracted by the "Mississippi Burning" case involving the deaths of three civil rights workers - passed the case to the local authorities and a judge promptly threw out the charges.

For many years, Mr Seale's family told reporters that he was dead. But two years ago Mr Moore's brother, Thomas, and a Canadian filmmaker discovered he was still alive and living in rural Franklin County, close to the scene of the crime.

Thomas Moore put pressure on federal authorities to reopen the case. Mr Seale was arrested on Wednesday.

Yesterday, he was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. The Attorney General, Alberto Gonzales, said authorities had decided to proceed with these charges rather than murder after examining all the available evidence. He declined to say why an alleged accomplice of Mr Seale's was also not charged, though reports said that the man - a church deacon now aged 72 - has been co-operating with authorities.

In court in Jackson, Mr Seale pleaded not guilty to the charges. The court ordered he be held in custody until Monday when a bail hearing is scheduled to take place. His court-appointed lawyer said his client was suffering from cancer.

The case is the latest in a flurry of crimes and killings dating from the civil rights era that authorities have belatedly sought to prosecute.

In recent years, they have secured convictions against two former Klan members, Thomas Blanton and Bobby Cherry, for the murder of four black girls killed in the bombing of a church in Birmingham, Alabama, in 1963, and Edgar Killen, for the murder of the three civil rights workers in 1964. Killen, a former Klan recruiter, has appealed against his conviction.

Penny Weaver, of the Southern Poverty Law Centre, a civil rights and anti-racism group, said: "It's extremely important [that these cases are brought to trial]. All you have to do is look at the comments of the family members. It's a great relief. They are overwhelmed... by a sense that after all these years someone is taking their loved ones' deaths seriously."

Anthony Collins, the grandson of Thelma Collins, the sister of Henry Dee, said his grandmother had for decades suffered from depression over the death of her brother.

He told The Independent: "Right now, she is happy that there is going to be some resolution. It's been a long time trying to make sure justice is served."

Thomas Moore, a brother of the other murdered man, said: "I'm very satisfied at this point ...I never thought it would happen. I never forgot my brother or Henry Dee."

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Man Pleads Not Guilty In 1964 Race Case (ABC)

By Harry Phillips

ABC News, January 26, 2007

Jan. 25, 2007— By all accounts, it was a typically sultry afternoon in tiny Meadville, Miss., on May 2, 1964, the day that two 19-year-olds, Henry Dee and Charles Moore, vanished while walking along a highway on the edge of town.

As far as anyone knew, Dee and Moore had no enemies, nor had they any connection with the burgeoning civil rights movement. They'd never done anything to pique the ire of the notoriously racist and violent White Knights of the Ku Klux Klan, many of whom lived in the rural settlements across Franklin County.

Around Meadville, Dee and Moore were just known as average, law-abiding young black men.

But these were not average times in Mississippi. The civil rights struggle had become a virtual war, defined by the white supremacist KKK taking on anyone who would seek to end racial discrimination.

Ratcheting up the tension, civil rights organizations had recently announced "Freedom Summer" for 1964, a bold initiative to bring activists into the Deep South and register black voters for the coming presidential and congressional elections. Mississippi was, in fact, bracing for the worst summer in a most painful chapter of American History.

In 1964, young men like Henry Dee and Charles Moore knew that to stay safe, they needed to avoid doing anything that might be viewed by the KKK as activism. They also knew to avoid any contact with Klansmen. And so, on that early May afternoon, when a Volkswagen Beetle pulled to a stop beside them, Dee and Moore knew enough to respectfully decline the white driver's offer of a ride.

More than two months later, investigators got their first clue about what happened to the two young men when the partial remains of a black man surfaced in a remote section of the Mississippi River some 90 miles from Meadville. A college identification card found in a pants pocket helped identify the remains as those of Charles Moore.

For another two months, FBI investigators conducted a fruitless investigation of the case until they received a call from an anonymous informant who said he had information about Dee and Moore's disappearance.

The informant was so terrified of the KKK that he insisted on anonymity. The FBI gave him a code name: JN-30R.

Over the ensuing weeks, JN-30R provided the FBI all the information they would need to identify five Klansmen as prime suspects in a horrifying tale of how Henry Dee and Charles Moore were murdered for little reason beyond the color of their skin.

In dozens of pages of reports to the FBI, JN-30R described in gut-wrenching detail how Dee and Moore were kidnapped and taken deep into the Homochitto National Forest and beaten with bean-poles until their bodies were broken and bleeding profusely.

They were then stuffed into the trunk of a car and driven 90 miles to a Mississippi River bank where they were bound and tied to a Jeep engine block and dumped into the river alive.

Brother Wins Arrest In '64 Case (MH)

By Allen G. Breed

The Miami Herald, January 26, 2007

As a deacon at Bunkley Baptist Church, Charles Marcus Edwards was responsible for opening up for Sunday school. And so on that sultry Mississippi morning, he and his wife were the first to arrive at the tiny brick chapel.

A minivan pulled into the gravel drive behind them. A black man got out of the van and approached, followed by a younger white man carrying a video camera. Betty Edwards gave them a friendly wave.

"Mr. Edwards," the black man said, extending a hand with a sealed manila envelope. "I have something for you, sir."

"What is this?" the 72-year-old deacon asked, bemused.

Inside were pages from an unfinished story.

The nine sheets, copied from a 42-year-old FBI file, told a tale of Ku Klux Klansmen and secret codes and terror. They told, in gruesome detail, of the kidnap, torture and slaying of two black men - Henry Hezekiah Dee and Charles Eddie Moore.

Edwards limped quickly toward the church and climbed the three steps. At the top, he stopped and turned.

"What's your name, fella?" the elderly white man asked.

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"My name is Moore," the stranger replied. "Thomas James Moore."

The reputed former Klansman moved to enter the sanctuary, then paused and turned again.

"I'm going to tell you, fella," he said, gesturing down at Moore with the church keys in one hand and his Bible clutched in the other. "I DID not kill your brother. I didn't have, I didn't have anything to do with that."

As Edwards disappeared inside the darkened church, his wife jiggled the door handle to make sure it was locked, then slammed it behind her. As the cameraman filmed, Moore walked back to the van, a satisfied grin on his face.

The old man hadn't confessed. But tucked under his arm, along with the black-covered Bible, was the manila envelope, with those chilling documents for the deacon to ponder.

The Sunday morning drama, which happened last year, would become a turning point in the quest for justice in the long-dormant Dee and Moore killings.

Just this week, another document was added in the case: a three-count federal indictment.

Never Too Late For Justice (USAT)

USA Today, January 26, 2007

In the summer of 1964, they were two black teenagers hitchhiking near an ice cream stand in Meadville, Miss.

A car picked up Henry Dee and Charles Moore and drove them into the woods, where Ku Klux Klan members tied them to trees and whipped them. Still alive, the two 19-year-olds were bound, weighted down and thrown into a river, where their bodies were later found.

Their deaths never drew the kind of attention garnered by the nearby murders of three young civil rights workers that same summer. In that, Dee and Moore were more like scores of victims who died in obscurity when the young civil rights movement met the South's last gasp of raw racism.

At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late.

Federal authorities arrested and charged James Seale, 71, a former sheriff's deputy and reputed Klan member, in connection with the murders.

Seale was a suspect in 1964, but the case was dropped by local authorities. For years, the case lay dormant. Then, in 2000, The Clarion-Ledger of Jackson, Miss., uncovered documents that gave federal authorities a new hook. And in 2005, while Seale family members insisted Seale was dead, Thomas Moore, the brother of one of the victims, found Seale living not far from the murder scene. Moore persuaded authorities to take another look.

Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes.

To the nation's credit, changing times and values continue to prove them wrong.

LA Gang Member Sentenced To Life In Prison For Targeting Blacks (AP)

AP, January 26, 2007

LOS ANGELES - The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison.

Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles.

Gang members killed one man, Christopher Bowser, who was waiting for a bus in 2000 and another, Kenneth Wilson, who was looking for a parking spot a year earlier, authorities said.

Avila was implicated in the shooting death of Bowser. His three co-defendants were sentenced to two consecutive life terms for their role in the conspiracy and for Wilson's murder.

"Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents," said Wan J. Kim, assistant attorney general for the civil rights division.

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Defense attorneys had claimed police concocted the conspiracy charges by tying together random attacks committed largely by unknown perpetrators. They also questioned the credibility of two former members of the gang who became government witnesses.

Avila has been serving a life sentence in state prison for the murder of Bowser and another black man. A fifth defendant, Merced Cambrero, is a fugitive.

Avila's sentencing punctuates a month that has some residents of another neighborhood and activists fearing a race war between gangs.

Police say a 34-year-old black man was shot without provocation by a Hispanic man in the Harbor Gateway area Saturday - just south from where a 14-year-old black girl was shot to death after she entered an area claimed by a Latino gang last month.

Prison Sex Suit Can Go Forward (DEN)

By Ronald J. Hansen, The Detroit News

Detroit News, January 26, 2007

DETROIT -- A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act.

The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago.

U.S. District Judge John Corbett O'Meara said the March 2000 decision to exempt inmates "essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law.

"Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling," O'Meara wrote. "It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones."

Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, "We're recommending appeal to the (prison) agency because we think the judge is incorrect." The state has argued that inmates still had ample federal civil rights protections and could sue in federal court.

Deborah LaBelle, an Ann Arbor lawyer who is suing the state, said the ruling should send a message to state officials to help end inmate abuse rather than fight lawsuits.

"Instead of addressing the degrading and intolerable abuse of women and girls held in Michigan's prisons, the Department of Corrections thus far has focused its energies on denying the reality of the abuse and silencing women and their families through shutting down legal avenues," LaBelle said.

An April 2005 memo to the Corrections Department from a state lawyer suggests the abuse problem has continued, LaBelle said. "The failure of the Department to take action against this employee is compelling support that the Department is aware of the sexual misconduct of its officers but allows it to continue," the state lawyer wrote.

In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections.

A 2005 Detroit News investigation found that sexual abuse complaints by the women were higher a decade after federal officials first noted Michigan had a problem in 1995.

O'Meara's ruling came a day after the U.S. Supreme Court held that the 6th U.S. Circuit Court of Appeals, which covers Michigan cases, was overly aggressive in throwing out inmate lawsuits.

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The Paradox Of Supermax (TIME)

By Jeffery Kluger

Time, January 26, 2007

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There's no such thing as a good day for a prisoner at the highest level of security within the Ohio State Penitentiary, a 504-bed supermax prison in Youngstown, Ohio. Every inmate lives alone in a 7-ft. by 14-ft. cell that resembles nothing so much as a large, concrete closet, equipped with a sink, a toilet, a desk and a molded stool and sleep platform covered by a thin mattress. The solid metal door is outfitted with strips around the sides and bottom, muffling conversation with inmates in adjacent cells. Three times a day, a tray of food is delivered and is eaten alone. The prisoner may spend 23 hours a day in lockdown, emerging to exercise once a day. The lights in the cell never go off, although they may be dimmed a bit at night.

If there's not much to like about the conditions in Youngstown, there's not much to like about the people confined there either. These are the men corrections folks like to call "the worst of the worst," the kind of felons who dealt drugs or led gangs or killed on the outside and continued to do so in prison. For them, maximum security would not be enough--only supermax would do. And say what you will about the draconian environment, it keeps them under control.

But that level of control may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown--or at least a claim of mental breakdown--is sure to follow. When that happens, a constitutional challenge can't be far behind.

In December, officials in Texas and California conceded that the suicide rates in their prisons are on the rise, with the majority occurring among inmates in solitary. This prompted an outcry against both systems. Lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense. Around the same time, convicted bomber Eric Rudolph began corresponding with a reporter for a Colorado newspaper, describing his days in his 7-ft. by 12-ft. cell as a form of confinement "designed to inflict as much misery and pain as constitutionally permissible."

But is it constitutionally permissible? And even if it is, is this the kind of open-ended mental-health experiment the government should be running? "We have to ask ourselves why we're doing this," says psychiatrist Stuart Grassian, a former faculty member at the Harvard Medical School and a consultant in criminal cases. "These aren't a bunch of cold, controlled James Cagneys. We're taking criminals who are already unstable and driving them crazy."

The origin of solitary confinement in the U.S. is actually benign. It was the Philadelphia Quakers of the 19th century who dreamed up the idea, establishing a program at the city's Walnut Street prison under which inmates were housed in isolation in the hope of providing them with an opportunity for quiet contemplation during which they would develop insight into their crimes. That's not what has happened.

By the 1830s, evidence began to accumulate that the extended solitude was leading to emotional disintegration, certainly in higher numbers than in communal prisons. In 1890 the U.S. Supreme Court weighed in, deploring solitary confinement for the "semi-fatuous condition" in which it left prisoners. The case was narrow enough that its effect was merely to overturn a single law in a single state, but the court's distaste for the idea of solitary was clear. "The justices saw it as a form of what some people now call no-touch torture," says Alfred W. McCoy, a professor of history at the University of Wisconsin at Madison and author of the book A Question of Torture. "It sends prisoners in one of two directions: catatonia or rage."

Modern science has confirmed this, with electroencephalograms showing that after a few days in solitary, prisoners' brain waves shift toward a pattern characteristic of stupor and delirium. When sensory deprivation is added--as when Padilla was seen being led from his cell wearing a blindfold and sound-deadening earphones--the breakdown is even worse. As long ago as 1952, studies at Montreal's McGill University showed that when researchers eliminate sight, sound and, with the use of padded gloves, tactile stimulation, subjects can descend into a hallucinatory state in as little as 48 hours.

All of this is providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment. One suit involving prisoners in a Wisconsin supermax has led to rulings requiring that mentally ill inmates be kept out of such facilities. The state is challenging the decisions, and arguments will be heard in February, but at least six other states have fought similar suits, and all of them have failed. "So far, the prisoners are batting a thousand on the issue of mentally ill inmates," says David Fathi, a senior staff counsel with the A.C.L.U.

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Another approach--one that's a bit of a constitutional bank shot--is to rely on the 14th Amendment's requirement of a due-process hearing before the state denies an inmate a "liberty interest," something courts define as a reasonable expectation of a freedom or right. People confined to prison have few liberty interests left and thus have little ground to challenge assignment to a strict level of security. Confinement to supermax, however, may be so qualitatively different that it does require a hearing. That's the argument Ohio inmates made in 2005, and that's the argument a unanimous Supreme Court bought, with Justice Anthony Kennedy writing that supermax isolation imposes such an "atypical and significant hardship" that prisoners must have a formal opportunity to make their case against the assignment before prison officials decide.

The eventual ruling on Padilla's fitness could liberalize things further, and similar suits are sure to follow. Even so, no one thinks the supermax system is going away soon. For all the debate the prisons generate, it may not take much to make them more palatable to civil libertarians. TVs or radios, reading material and clocks, as well as a bit of natural lighting--which provides critical time-of-day orientation--would help stabilize inmates. So would human contact with guards or other prisoners.

"Just how sterile do you have to make that cell?" asks retired prison expert Chase Riveland, who spent his career as an official in the Colorado, Wisconsin and Washington prison systems.

What's more, inmates aren't the only ones hurt by extreme incarceration. People like Padilla or the GuantÃ¡namo Bay detainees are, in theory, resources for information about the extremist groups with which they are putatively associated. "To an overwhelming degree, such people are not threats behind bars. They're opportunities," says Grassian. "We hurt ourselves by destroying their sanity." Closer to home, prisoners serving sentences for more mundane crimes do sometimes get released. Demolish their psyches while they're in prison, and nobody's safer when they get out.

Part of the reason we build prisons at all has always been the retributive urge. Those who do very bad things while they walk among us should lead very hard lives after they have been removed. That makes a lot of emotional sense. Whether it always makes practical sense is something else entirely.

Colleges Regroup After Voters Ban Race Preferences (NYT)

By Tamar Lewin

The New York Times, January 26, 2007

With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics.

At Wayne State University Law School in Detroit, a new admissions policy, without mentioning race, allows officials to consider factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice.

Others are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools. Ohio State University, for example, has started a magnet high school with a focus on math and science, to help prepare potential applicants, and sends educators into poor and low-performing middle and elementary schools to encourage children, and their parents, to start planning for college.

Officials across the country have a sense of urgency about the issue in part because Ward Connerly, the black California businessman behind such initiatives in California and Michigan, is planning a kind of Super Tuesday next fall, with ballot initiatives against racial preferences in several states. He is researching possible campaigns in Arizona, Colorado, Missouri, Nebraska, Nevada, Oregon, South Dakota, Utah and Wyoming, and expects to announce next month which states he has chosen.

Ann Korschgen, vice provost at the University of Missouri, said in a recent interview, "Just this morning, we had a conversation along the line of how we would continue to ensure diversity at our campus if we could not consider race."

The issue is already heating up in Colorado. This month, two Republican representatives in Colorado asked the state to examine the University of Colorado's spending on diversity, after a libertarian group questioned the expenditures.

Mr. Connerly said that a decade ago, when California passed its ban, Proposition 209, he thought the state was ahead of its time, but that now, he believes "the country is poised to make a decision about race, about what its place in American life is going to be — and I really believe the popular vote may be the way to achieve that."

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Both defenders and opponents of affirmative action say the lesson of last fall's campaign in Michigan — where Proposition 2, banning race and gender preferences in public education, employment and contracting, passed by 58 percent to 42 percent despite strong opposition from government, business, labor, education and religious leaders — is that such initiatives can succeed almost anywhere.

"Certain things become popular as state initiatives, like the ban on gay marriages, and restrictions on affirmative action could become one of those things," said Terry Hartle, senior vice president for government and public affairs at the American Council on Education.

If so, he said, private universities, with their wide discretion in admissions and financial aid, could have a competitive advantage regarding diversity, reshaping the landscape of higher education.

"Private universities can do whatever they want, consistent with federal law and the Supreme Court," Mr. Hartle said. "Where minority students have a choice between selective public universities that cannot use affirmative action, and selective private universities with strong affirmative action programs, the private universities may seem like the more hospitable places, which would give them an advantage in drawing a diverse student body."

To many educators, that would be a troubling turnabout.

"You'd think public universities are charged with special responsibility for ensuring access, but it could come to be exactly the opposite, if there are a lot of these state initiatives," said Evan Caminker, the dean of the University of Michigan Law School, adding, "in terms of public values, it's a big step backward."

Mr. Connerly is unbothered: If black and Hispanic students are rare at selective universities, the solution is better academic preparation, not special treatment in admissions. "Every individual should have the same opportunity to compete," he said. "I don't worry about the outcomes."

Legally, affirmative action has been a moving target. In 2003, the Supreme Court ruled in cases involving the University of Michigan that race could be one of many factors in admissions, although admissions offices could not give extra points to minority candidates. Many colleges nationwide then moved to "holistic" review, considering applicants' ethnicity, but not awarding a set number of points. In states that could face a ballot initiative campaign, though, that standard could fall.

Nationwide, after 30 years of debate, and litigation, over affirmative action, universities have made strikingly little progress toward racially representative student bodies. And recently, with growing awareness that affluent students are vastly overrepresented at selective colleges, the longstanding focus on racial diversity has been joined by a growing concern about economic diversity.

Currently, four states with highly ranked public universities — California, Florida, Michigan and Washington — forbid racial preferences, either because of ballot propositions or decisions by elected officials.

Texas banned affirmative action for seven years. The University of Texas resumed consideration of race after the 2003 United States Supreme Court ruling. "We need every tool we can get," concluded Dr. Bruce Walker, the university's director of admissions.

In California and Texas, the first two states to ban racial preferences, underrepresented minorities at the flagship universities declined — even though both states, and Florida, adopted plans giving a percentage of top high school graduates guaranteed admission to state universities.

In Texas, students admitted through the Top 10 percent plan swamped the flagship Austin campus. But the plan, now being rethought by the Legislature, never brought in many minority students. Last fall, with both race-conscious admissions and the Top 10 plan, blacks made up an all-time high of 5 percent of the freshman class, and Hispanics 19 percent.

A decade after the California ban, only 2 percent of this year's freshmen at the University of California, Los Angeles, are black: a 30-year low. Hispanic representation at U.C.L.A. has dropped, too. At Berkeley, the number of blacks in the freshman class plunged by half the year after the ban, and the number of Hispanics nearly as much.

Systemwide, blacks make up only 3 percent of U.C. freshmen, although about 7 percent of the state's high school graduates are black. Most top black students choose private institutions over state campuses. Over all, of the top third of all students offered admission to the University of California class of 2005, most enrolled and only 19 percent went instead to selective private colleges. But among blacks in that group, 51 percent chose selective private colleges. Meanwhile, up the coast,

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Stanford University is enrolling more underrepresented minority students. Among this year's freshmen, 11 percent are African-American, up from 8 percent in 1995; Hispanic enrollment has risen, too.

"Folks look for a place that's comfortable," said Richard Shaw, Stanford's admissions dean. "They want a sense that there's kids like them at the institution."

The University of Michigan, with other state institutions, tried to win a delay of the ban so it would not hit in the middle of this year's admissions cycle. But the courts rejected this effort, so officials have stopped considering race and gender as factors in admissions, and worry that next year's entering class will be less diverse. Many officials worry that they will lose top minority candidates to selective private universities.

"We know from colleagues in Texas and California that if we can't take race into account, we're at a competitive disadvantage," said Julie Peterson, a spokeswoman for the University of Michigan, where two-thirds of the applicants are from out of state.

Since most of Michigan is overwhelmingly white, said Mary Sue Coleman, the university's president, a plan guaranteeing admission to a percentage of top high school graduates would have little impact, and nothing short of affirmative action will maintain the university's racial diversity.

"Of course, you want to look at family income, and being the first in the family to attend college and those kinds of factors, of course we do that, but it doesn't get us to a racially diverse student body," Dr. Coleman said.

At the University of North Carolina, Chapel Hill, a program guaranteeing that low-income students can graduate debt-free helped to increase the percentage of blacks in the freshman class to 12 percent, and to increase both economic diversity and the enrollment of underrepresented minority students. Other states have started similar programs.

In Detroit, Wayne State University Law School recently adopted a new admissions policy. Jonathan Weinberg, the professor assigned last year to draft a contingency policy, looked at other states with race-blind admissions and found that instead of race, they look to "a set of broader diversity concerns that go to socioeconomic status."

Last month, the faculty adopted his policy, eliminating any mention of race, but broadening the factors the admissions office may consider. Those include being the first in the family to go to college or graduate school; having overcome substantial obstacles, including prejudice and discrimination; being multilingual; and residence abroad, in Detroit or on an Indian reservation.

Frank Wu, the law school's dean, said Wayne State's effort to comply with the law could bring a legal challenge.

"There's a new fight building," Mr. Wu said, "and that's going to be whether the mere fact that you're striving for diversity means you're somehow trying to get around the ban and find proxies, or pretexts, for race, and that that's impermissible. It's ironic, but in some quarters our effort to adopt a new policy to comply with Prop 2 has been interpreted as an effort to circumvent it."

Roger Clegg, president of the Council for Equal Opportunity, which opposes racial preferences, said policies like Wayne State's do raise questions.

"I have a real problem when schools adopt what on their face are race-neutral criteria, if they are doing so to reach a predetermined racial and ethnic goal," Mr. Clegg said. "Both in law and in common sense, the motivation matters."

At Ohio State University, where admissions are increasingly selective, officials are looking for a long-term answer. "When we saw what was coming down the road, we started looking to other models, but no other model results in as much diversity," said Mabel Freeman, assistant vice president at Ohio State. "The only long-term solution is to do better in the pipeline and make sure all kids get the best education possible, K-12."

ANTITRUST:

Senate Hearing On Airline Mergers Highlights Delta Issues (FCDR)

By Philippa Maister, Fulton County Daily Report

Fulton County (GA) Daily Report, January 26, 2007

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US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers.

Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota.

"Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country," Steinberg said.

While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case.

The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future.

The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely.

The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan.

As the deadlines approach, both sides have stepped up their public relations campaigns. Delta's unions and employees have rallied to their company's cause in displays of support, as have Georgia Sens. Johnny Isakson and Saxby Chambliss. Meanwhile, US Airways has placed ads in two Capitol Hill publications, Roll Call and The Hill, to persuade legislators that its offer, which it valued at $12.7 billion to $15.4 billion, is best for the traveling public and the companies' employees.

In a letter to Parker, Sen. Charles Schumer, D-N.Y., raised "serious concerns" about the merger, which he said "could cast a huge shadow over upstate [New York] air service." Schumer demanded answers to questions about how a merger with Delta would affect routes, fares and employees in his state.

The Senate can't block the merger; only the U.S. Justice Department has that authority. Still, it has influence. Schumer claimed credit in his letter for foiling an attempted hostile takeover of Independence Airline by Mesa Airlines in 2003. Schumer said his request that the Department of Justice investigate Mesa's possible anti-competitive behavior caused Mesa to drop its plan.

Paul Burke O'Hearn, a partner in Burr & Forman's Atlanta office, predicted that a bankruptcy court-appointed unsecured creditors' committee is likely to support Delta's stand-alone plan. O'Hearn is a past chairman of the American Bar Association's Subcommittee on Lender Liability and of the State Bar of Georgia's Bankruptcy Section. He is not involved in the Delta bankruptcy case.

According to Delta's revised disclosure statement, unsecured creditors of Delta subsidiary Comair will get stock in the new Delta projected to be worth 76 percent to 100 percent of their claims. Delta's unsecured creditors will get a 62 percent to 78 percent projected recovery of their claims.

"That's a pretty good deal, assuming all the valuations are right," O'Hearn said. He noted that valuations are performed by investment banks and involve sophisticated analysis of business plans.

But O'Hearn acknowledged there are other players who may not support Delta's reorganization plan.

One group that may not is an unofficial committee of unsecured creditors made up largely of hedge funds that want Delta to take another look at US Airways.

The Unofficial Committee of Unsecured Claimholders, formed Dec. 7, is represented by Paul, Weiss, Rifkind, Wharton & Garrison. It includes 18 hedge funds and investment management companies that hold $2.35 billion worth of creditors' claims against Delta and its subsidiaries. On Jan. 10, the group called on Delta to allow US Airways to do due diligence on the merger and to postpone the Feb. 7 disclosure hearing so that the proposal could be fully evaluated.

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O'Hearn said hedge funds -- or, as he termed them, "vulture funds" -- buy up stock and debt in troubled companies at significant discounts and can make a 300 percent return on a six-month investment when the claims are settled.

Another player is the federal Pension Benefits Guaranty Corp., which holds $2.2 billion in claims against Delta. O'Hearn said the PBGC may be attracted to the US Airways buyout offer -- but may also be concerned that, if the merged company failed, it could wind up with an even larger number of pension obligations.

Delta's fate could become clearer after the Feb. 7 disclosure hearing. Creditors could object to approval of Delta's disclosure statement, claiming it doesn't accurately value the US Airways offer and the official and unofficial creditors committees could square off.

If approved, the statement will be submitted to a vote of all creditors.

Hatch Urges Caution In Merger (DESERET)

By Suzanne Struglinski, Deseret Morning News

Deseret Morning News, January 26, 2007

WASHINGTON — The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to U.S. Attorney General Alberto Gonzales Thursday.

Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to "carefully and thoroughly consider the substantial competitive impact of this merger" should it get to the point of being reviewed."

"From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks," Hatch and Kohl wrote. "These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares."

Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing.

The senators said their letter does not "express a firm position on a potential transaction" but that they felt the need to "underscore our firm expectation that the Department will investigate this or any other merger among airlines of all sizes with all due care and vigor."

Kohl is chairman of the Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights where Hatch is the top Republican.

Microsoft Executive Wanted To `Whack' Dell Over Linux (Update6) (BLOOM)

By Bob Van Voris And Dina Bass

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A Microsoft Corp. executive said he wanted to ``whack" computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software.

In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar- Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft.

``We should whack them, we should make sure they understand our value," said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court.

The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law.

Didn't Retaliate

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Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup.

The judge's order prohibited the software giant from retaliating against computer makers by ``altering Microsoft's commercial relations,'' or holding back money from manufacturers who partner with companies that produce competing operating systems.

``What counts at the end of the day is what actually happened,'' said Microsoft spokesman Jack Evans. ``We didn't take any retaliatory action against Dell. In fact, we very clearly increased our investment with Dell.''

Robert Lande, who teaches antitrust law at the University of Baltimore law school, said ``on its face it looks like this is anti-competitive.''

``You're allowed to do almost anything to sell your own product,'' Lande said. ``What you can't do is say if you buy from our competitors, we'll whack you.''

Forwarded Message

One of about a dozen Microsoft executives who received the e-mails forwarded Flessner's message to the company's legal department, according to Microsoft Associate General Counsel Richard Wallis.

Wallis declined to disclose the identity of the e-mail recipient who forwarded the message to the legal department, or advice provided as a result, citing the need to preserve privileged communications between attorney and client.

``If anything, this is evidence that our compliance process worked,'' said Evans, the Microsoft spokesman. Microsoft plans to introduce additional e-mails in the trial to show it took appropriate, legal steps to address its relationship with Dell, he said.

As part of the Iowa case, the consumers are trying to prove that Microsoft, whose Windows operating system runs almost 95 percent of the world's personal computers, abused its monopoly in software markets after it settled the Justice Department case.

Dominant Position

Lawyers for the consumers claim Microsoft used its dominant position to stifle competition from Linux, an open-source operating system. In her opening statement in December, Roxanne Conlin, one of two lead lawyers for the plaintiffs, told jurors she will call Red Hat executive Michael Tiemann to testify.

The e-mails show that ``if Microsoft can leverage its market power to its advantage and to disadvantage a competitor, it will do so,'' said Richard Hagstrom, the other lead consumer lawyer.

The e-mail exchange began with a Nov. 7, 2002, message in which Bill Veghte, Microsoft's vice president for Windows Server, discussed an industry conference he had attended the week before, which included a panel discussion of Linux.

``Each company's position was quite predictably slamming us but the one that really got me animated was Dell,'' wrote Veghte.

A Dell vice president on the panel said his company was the No. 1 Linux distributor among computer makers and that the company was committed to selling even more, according to Veghte.

At the time of the e-mail exchange, Microsoft viewed Linux as one of the top threats to its business software revenue as some customers considered the program a cheaper alternative to Microsoft's Windows server software.

`Job One'

Microsoft Chief Executive Officer Steve Ballmer, in an interview the month before the e-mails were sent, said he had told his sales force that derailing Linux was ``job one.'' To keep some customers from choosing Linux, Microsoft offered free support and price cuts.

``I can disagree with your statement that Dell's behavior won't change,'' Veghte wrote in an e-mail to Microsoft's Flessner. ``If it won't change, then we should just throw in the towel and settle for 50 percent market share at best.''

Dell spokeswoman Amy King didn't return a call seeking comment. Red Hat spokeswoman Leigh Day declined to comment.

``I want them to think very, very carefully about when and which forums they decide to push Linux,'' wrote Veghte in another e-mail. ``Today, they do not. When they do, you can bet, behavior will evolve.''

Microsoft shares fell 64 cents to $30.45 in Nasdaq Stock Market composite trading.

The Iowa case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County.

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High Court Upholds Extradition (FT)

By Nikki Tait, Law Courts Correspondent

Financial Times, January 26, 2007

Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community.

The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US.

Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an "extradition offence".

Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced.

But they said: "Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it."

Mr Norris's lawyers will appeal to the House of Lords. "We continue to believe that the issues raised in this case need to be heard by theUK's highest court," said Alistair Graham, partner at White & Case.

"The question of whether price-fixing can be characterised as the old English common-law offence of conspiracy to defraud is an absolutely critical point of law, not only in this case and, therefore, for future potential extradition requests, but also for UK competition law and UK businesses in general," Mr Graham said.

"Any decision in this matter has significant ramifications for large numbers of UK businessmen and women, who will be potentially exposed to price-fixing charges in relation to the period prior to 2002."

Mr Norris is being sought by the US authorities for his alleged involvement, while at Morgan Crucible, in an international carbon products cartel, as well as on separate obstruction of justice counts. According to the charges, which he denies, the offences occurred be-tween 1989 and May 2000.

A furore erupted last year when three former NatWest bankers were sent to the US to face Enron-related fraud charges.

Yesterday, in an effort to defuse the controversy, Lord Goldsmith, attorney-general, unveiled a protocol for UK and US prosecutors dealing with cross-border cases. It focuses on early liaison and exchange of information.

"The fundamental issue is that British citizens can still be extradited to the US without prima facie evidence of an offence. The government has not addressed the concerns of business that this is unfair treatment," said Richard Lambert, director-general of the Confederation of British Industry.

Northrop Completes Buyout Of Essex Firm (AP)

By Donna Borak, AP Business Writer

AP, January 26, 2007

Northrop Grumman Completes Buyout of Cybersecurity Company Essex Corp. for $580 Million

LOS ANGELES (AP) -- Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval.

The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt.

The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million.

The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services.

Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company.

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Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities.

Essex shareholders approved the acquisition in December by more than two-thirds of the majority vote.

Shares of Essex gained 2 cents to $23.99 in aftermarket trading, after gaining 2 cents to close at $23.97 on the Nasdaq. Northrop gained 1 cent to $71.31 in aftermarket trading, after dropping 50 cents to finish at $71.30 on the New York Stock Exchange.

Siemens Touts Purchase Of Texas Company (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

Siemens Says Texas Company Fills Key Hole in Its Lineup

DALLAS (AP) -- The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal.

"It takes us from being a small player with limited resources to being a major player," said Tony Affuso, the chairman and chief executive of UGS.

Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion.

Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse.

In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units.

"It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States," he said.

UGS is in the still-young business of PLM, or product lifestyle management. Its customers include automakers as well as aerospace and defense companies in the United States and Europe.

Although UGS lost $7.4 million in the Sept. 30 quarter, and $22 million in 2005, the company has reported 13 straight quarters of year-over-year sales growth and annual revenue of more than $1.1 billion.

Affuso said the company took on more than $1 billion in debt when Electronic Data Systems Corp. sold it to the private equity firms for $2.05 billion in 2004, and added more to buy back preferred shares.

Since then, he said, the company has built up its sales organization and invested in products and marketing, he said. Executives kept reviewing a checklist for taking the company public, but never got close to an IPO, he said.

Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise.

For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions. The company is trying to shed an unprofitable telecommunications equipment division while buying companies in other lines, including medical diagnostics and water treatment.

The Munich-based conglomerate is also dealing with regulatory problems and investigations. On Wednesday, European Union regulators ordered Siemens to pay $517 million for helping fix prices for heavy equipment used by power utilities. Authorities are also investigating suspected bribes to win contracts.

On Thursday, Siemens reported that its profit in the Dec. 31 quarter fell 16 percent because of the price-fixing fine, but would otherwise have jumped 51 percent, to $2.1 billion.

U.S.-traded shares of Siemens rose $4.90, or 4.9 percent, to close at $105.09 on the New York Stock Exchange.

Siemens Profit Falls 17%, Hit By Price-Fixing Fine (WSJ)

By Joon Knapen

The Wall Street Journal, January 26, 2007

MUNICH -- Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit.

Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine.

Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives.

The company posted a 51% rise in operating profit, which excludes expenses such as the EU fine.

The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering.

Siemens shares ended up 6% Thursday at €82.60 in Frankfurt.

The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems.

Chief Executive Officer Klaus Kleinfeld has disposed of the loss-plagued cellphone arm, unveiled job cuts and made several big purchases since taking the helm in early 2005. He also vowed to bring profit margins in line with peers such as General Electric Co. by April.

Mr. Kleinfeld still has his work cut out to raise the profitability of four of the conglomerate's 10 divisions in the current quarter in order to meet that April deadline.

Meanwhile, Siemens has been haunted by several issues, with the latest blow coming Wednesday from a €423 million penalty imposed by the European Commission for price fixing among providers of gas-insulated electric-power switchgear. The company also is a target of investigations by Munich prosecutors in a wide-ranging bribery probe, with several former executive-board members of the company among the suspects.

"In terms of underlying performance of our business, the first quarter got the fiscal year off to a strong start," Mr. Kleinfeld said, adding that Siemens remains committed to achieving the divisional profit margin targets by April.

Meanwhile, the CEO continues to overhaul Siemens's industrial holdings that make items including steam turbines, high-speed trains and light bulbs, in a drive to boost the company's profitability.It is in the process of transferring its telecommunications equipment unit into a joint venture with Nokia Corp., as the initial starting date was delayed due to the bribery investigations. Mr. Kleinfeld yesterday said that he still expects the deal to be completed in the current quarter.

Kroes: EU Probe Has Uncovered Problems (AP)

By Adam Cohen

AP, January 26, 2007

EU Official Says Probe Into World Body's Banking Sector Has Uncovered Antitrust Problems

DAVOS, Switzerland (AP) -- A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes.

The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31.

Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that "some segments of the market are anticompetitive."

"I'm not against profit, but there are some cases where there are firms making too much," she said, declining to elaborate.

People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services.

The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro.

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By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country.

Some electronic-payment companies are monopolies, a situation the commission's report is expected to criticize in broad strokes. For instance, Belgium's Banksys -- formed as a partnership of the country's largest retail banks and now owned by French information technology company Atos Origin SA -- handles all the country's electronic payments. Banksys issues the card readers that stores and restaurants use to process credit and bank-card payments and also controls the country's automated teller machines.

Since taking office in November 2004, Kroes has initiated two main investigations: a wide-ranging look at the financial-sector and a similar study of Europe's energy market.

Earlier this month, Kroes' final report on the energy-sector probe showed the EU's gas and electricity prices are unreasonably high because of limited cross-border integration and overly dominant former state-owned monopolies.

The report didn't name-and-shame monopolies, but some sections showing market shares in specific countries pointed to companies such as Electricite de France SA and Germany's E.On AG.

When the report was published, Kroes said she is prepared to order the breakup of some monopolies if they don't change their business practices.

Adam Cohen is a correspondent for Dow Jones Newswires in Brussels, Belgium.

Cardinal, Refocusing On Core, Sells A Unit (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, January 26, 2007

Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group.

The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing.

• The News: Drug distributor Cardinal Health will sell its drug manufacturing and packaging unit to Blackstone Group for $3.3 billion.

• Why: The unit, roughly 10 years old, had underperformed in recent years.

• What's Next: Cardinal will focus its business on drug distribution and patient-safety products.

"We're looking at all our businesses and making sure they have a strategic fit," Jeff Henderson, Cardinal's chief financial officer, said in an interview. The unit "didn't fit with the direction we're headed."

The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers.

Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient.

Cardinal spokesman Jim Mazzola said that the notice "pertains to an individual and not the company. It doesn't impact settlement discussions with the SEC." Mr. Mazzola said Mr. Walter wasn't available for comment.

As a result of the Blackstone deal, expected to close by June, the drug distributor would shed a unit that aimed to be a one-stop outsourcing center for drug makers. The unit contracted with pharmaceutical companies to manufacture a host of prescription and over-the-counter products, including Advil Liqui-Gels for Wyeth and Tamiflu for Roche Holding AG. Cardinal even built a showroom in New Jersey, home to many major drug manufacturers, to entice companies to use its services.

But the business proved disappointing for Cardinal. It "had become a distraction for them," said Larry Marsh, a drug-distribution analyst with Lehman Brothers. "It wasn't really generating the kinds of returns that they wanted," he said. Mr. Marsh said that based on the unit's acquisitions and capital spending costs over the years, he doesn't think the company profited much

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from the sale. However, based on depreciating the assets and some write-offs, its tax basis allows for a slight gain, which Cardinal noted.

Drug distributors have been roiled by shrinking margins and consolidation in recent years. Roughly 90% of all drugs in the U.S. are distributed by three companies. Through the 1980s and early part of the 1990s, Cardinal and rivals McKesson Corp. and AmerisourceBergen Corp. grew robustly through acquisitions and business expansion. Of the three, Cardinal took the most divergent path by entering into medical technology and contract manufacturing with the goal that such services would give it a competitive edge in attracting and keeping its drug distribution business. Products from Cardinal units include medical-device software and computerized medicine cabinets that help hospitals control and monitor drug inventory.

Now, all of the so-called "Big Three" are reassessing their businesses and making efforts to return to their roots. McKesson announced plans to sell its medical-supply business later this year. And AmerisourceBergen has beefed up its drug distribution business in Canada.

Cardinal announced its intention to sell its manufacturing arm in November. Morgan Stanley was slated to handle an auction of the unit, but Blackstone stepped in and offered $3.3 billion, which was higher than some analysts' estimated price tag of $2.1 billion to $3 billion.

Blackstone Senior Managing Director Chinh Chu said the Cardinal unit was very attractive and could see robust sales with "more capital to accelerate growth and pursue acquisitions."

Also yesterday, Cardinal reported earnings for its fiscal second quarter. For the quarter ended Dec. 31, revenue increased 13% to $21.8 billion and earnings from continuing operations rose 10% to $316 million, or 77 cents a share.

Finally, the company also announced an agreement to acquire SpecialtyScripts Pharmacy to broaden its specialty pharmaceutical service offerings for pharmaceutical manufacturers. Terms weren't disclosed.

Cardinal shares rose 3.4%, or $2.39, to $72.42 in New York Stock Exchange 4 p.m. composite trading.

Blackstone Raises Ante In Battle For Equity Office (NYT)

By Terry Pristin

The New York Times, January 26, 2007

The biggest leveraged buyout ever got bigger yesterday.

The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the nation's largest office landlord, with nearly 600 buildings across the country.

The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement.

In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million.

Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer.

A spokeswoman for Vornado, a REIT with a diversified portfolio that includes office buildings, retail space and showrooms, said yesterday that the company would respond to the latest offer "at the appropriate time."

Shares of Equity Office rose 8 cents, to $54.90, and Vornado shares rose $1.11, to $125.76.

Blackstone, controlled by Stephen A. Schwarzman, bought interests in more than $28 billion worth of real estate from 2001 to 2006, 38 percent more than next largest buyer, according Dan Fasulo, director of market analysis for Real Capital Analytics, a New York investment firm.

Blackstone says its offer has advantages over the Vornado bid aside from price. It is all cash, and could be completed three days after a vote by Equity Office shareholders, set for Feb. 5. If Vornado prevailed, a deal might need approval of its shareholders, analysts said.

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"Our offer is now materially superior on price, timing, form of consideration and certainty," said John Ford, a Blackstone spokesman.

Kathy Shanley, a corporate bond analyst, for Gimme Credit, an independent research company in Chicago, said the new offer had shifted the odds in Blackstone's favor. "They have all their financing locked up, they could close quicker, and there's a lot less uncertainty," she said.

But, she added: "Vornado has said they don't anticipate any problems, and they have some heavy hitters on their side. At some level, it all depends on who blinks first."

Barry Vinocur, the editor of REIT Wrap, a daily newsletter about real estate investment trusts, said Vornado and its partners in the deal, the Starwood Capital Group and Walton Street Capital, two real estate investment funds, were almost certain to raise their bid.

Vornado has said that if its bid is successful, it will retain the Equity Office buildings on the East and West Coasts, including the Verizon building at 42nd Street and the Avenue of the Americas in the red-hot Midtown Manhattan market.

Starwood — whose chief executive, Barry S. Sternlicht, founded the Starwood Hotel and Resorts chain — and Walton Street Capital would take Equity Office buildings in markets like Miami, San Jose and Seattle, where real estate values are expected to rise in the next couple of years. Neil G. Bluhm, the president of JMB Realty, a Chicago development company, is a co-founder of Walton Street.

Mr. Vinocur said Mr. Zell and his investment bankers had done a "masterful" job of steering the acquisition process by setting the breakup fee low enough so that other bidders would enter the contest.

"This is chess at its highest level," he said.

Fox Subpoenas YouTube Over Pirated TV Shows (WSJ)

By Nicole Urbanowicz

The Wall Street Journal, January 26, 2007

News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of "24" and "The Simpsons."

The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately.

According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of "24" appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as "ECOtotal."

On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch.

The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena.

A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately.

A recent YouTube search revealed only a prequel to Season 6 of "24" and several clips from The Simpsons episodes.

This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber.

The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable.

Excluding damages related to piracy of TV episodes, the Motion Picture Association estimates that major global movie studios lost about $2.3 billion to Internet piracy in 2005.

It is unknown whether YouTube has responded to the subpoena at this point and calls to YouTube weren't immediately returned.

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ENVIRONMENT:

Energy Mandates Fuel A Rift (WSJ)

By JOHN J. FIALKA

Wall Street Journal, January 26, 2007

WASHINGTON -- Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming.

Greater use of liquid fuels made from coal, the nation's most plentiful energy source, would reduce reliance on imported oil. But making the liquid fuels and burning them in automobile engines would release additional carbon dioxide, a greenhouse gas thought to accelerate climate change, environmentalists say.

The president's proposal, described in his State of the Union address, would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel.

James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed "to create an opportunity for a variety of other approaches," which, he said, could include such fuels as methanol and diesel oil made from coal. The goal, he says, is to create a technological horse race that will make it easier for promising ideas for alternative fuel to find investors. Currently, there are no commercial-size coal-liquefaction plants in the U.S.

While administration officials have assured coal-industry lobbyists that coal-to-liquid fuels are embraced in the president's proposal, Mr. Bush has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes, including corn stalks. But even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose "any effort to support coal-based transportation fuels."

"The more you scratch this, the dirtier it gets," says Anna Aurilio, director of the Washington office of the U.S. Public Interest Research Group. She worries that oil made from abundant shale formations in Colorado and Utah might also get support. Environmentalists are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves.

The divergence over the fuel mandate opens up gaps that some politicians may find difficult to straddle. Sen. Barack Obama, an Illinois Democrat and White House hopeful, is a sponsor of the Coal-to-Liquid Fuel Promotion Act, which provides more tax incentives and federal loan guarantees for companies interested in making coal-based fuels. Mr. Obama also supports ethanol subsidies. He has said that the nation's continued use of fossil fuels such as coal is "condemning future generations to global catastrophe" posed by climate change.

Tommy Vietor, a spokesman for the senator, says Mr. Obama's "vision" is that "any coal-to-liquids production would have to operate within the framework of a bipartisan Senate proposal to reduce greenhouse-gas emissions across all major sectors of the U.S. economy."

Rep. Rick Boucher, a Virginia Democrat who is chairman of the subcommittee that will put together the package of fuel incentives, says "I think coal-to-liquids should be a part of the mix of alternatives going forward." Mr. Boucher, who represents a coal-mining area, says that a process of deriving diesel oil from coal was used by both Germany and Japan during World War II to make up for shortages of imported oil, and may be the most proven alternative to gasoline.

Coal companies say that problems for makers of ethanol-based fuels render coal-based fuels more competitive. They see an annual production ceiling on corn-based ethanol of about 15 billion gallons annually; above that point, food experts say, demand for corn will raise food and meat prices to unacceptable levels. Coal-industry spokesmen also say that the technology to make ethanol from farm wastes, called cellulosic ethanol, hasn't been proven commercially.

Vic Svec, a senior vice president for Peabody Energy Corp., the nation's largest coal producer, says the company already is scouting for sites to build a coal-to-liquid plants "We are very encouraged by the bipartisan support that's been expressed on this,

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from President Bush to Senator Obama," says Mr. Svec, who notes that governors and officials from 16 Southern states also support new incentives for coal-based liquids.

Bob Dinneen, president of the Renewable Fuels Association, which represents ethanol manufacturers, says his group will fight to keep such alternative fuels out of any new federal mandate for renewable fuels. "Doing this ecumenical approach of all alternative fuels, I think, will just confuse the investment community," he says.

It isn't clear who will win the competition to produce new domestic fuels. Ethanol-industry experts predict that at least two companies will commit to building cellulosic ethanol plants this year. But DKRW Energy LLC, of Houston, already has the permits and partners for a plant that makes diesel oil from coal that could begin production by 2010.

Robert Kelley, DKRW's chairman, says the facility will be built near Medicine Bow, Wyo., and will produce 13,000 barrels a day. DKRW has two partners in the project, Arch Coal Inc., which owns a nearby mine, and Sinclair Oil Corp., which will market the diesel fuel. Mr. Kelley says the diesel oil produced won't harm the environment because the production turns the coal into a gas, from which carbon dioxide will be removed and sold to oil companies. And the oil companies will inject the carbon dioxide generated in the process back into the ground to produce more oil.

David Hawkins, a climate-change expert for the Natural Resources Defense Council, says the diesel fuel still contains carbon dioxide, which will be released into the air when it is burned in the engines of cars and trucks. "This issue is the classic example of why you need to have an integrated policy on both global warming and energy," he says.

The President's Energy Policy (WP)

The Washington Post, January 26, 2007

ANTICIPATING Tuesday's State of the Union speech, Al Hubbard, President Bush's national economic adviser, spoke of "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." The address that Mr. Bush delivered certainly was bold. But by choosing energy independence as his main policy target, Mr. Bush missed opportunities to improve energy security and to combat climate change.

The president was on firmest ground with his call for stricter fuel economy standards. His administration has already increased the standard for light trucks by executive order, but it lacks the authority to do the same for cars; he has asked Congress to step forward. The standards that the president supports are weaker than they could be because they aim to improve the fuel efficiency of each category of car rather than also prodding manufacturers to build smaller cars in greater numbers. Still, Mr. Bush called for an improvement of 4 percent per year in the miles-per-gallon rating of new vehicles. If enacted without loopholes, this would reduce the nation's vulnerability to oil shocks and slow global warming.

Mr. Bush also used his speech to propose a shift away from gasoline toward alternative fuels. The nation's cars and trucks already burn about 4 billion gallons of non-gasoline fuel per year, and current law requires fuel blenders to boost that quantity to 7.5 billion gallons by 2012, which they will do by stepping up the use of corn-derived ethanol. This replacement of oil with corn ethanol reduces oil imports but cuts carbon emissions only slightly. Mr. Bush now proposes to shoot for fully 35 billion gallons of alternative fuel to be used annually by 2017. Where could this extra fuel come from?

Corn-based ethanol can't provide more than 15 billion gallons to fulfill the mandate, since there's a limit to the land available to plant corn, and livestock farmers are already complaining that the price of corn feed has been driven up by the ethanol mandate. In an ideal world, the other 20 billion gallons of alternative fuel might come from ethanol distilled from switch grass and other plant material; this "cellulosic" ethanol has the potential to cut carbon emissions far more substantially than the corn-based variety. But cellulosic ethanol remains an unproven technology. Unless that changes, Mr. Bush's alternative fuel standard could open the door to oil derived from coal -- an option that's known to work but that would be far worse for global warming than burning traditional gasoline.

The president's other energy proposal was to double the size of the Strategic Petroleum Reserve, which insures against the risk of an oil supply disruption. This is where the focus on energy independence obscures true energy security. In the face of the danger of oil price shocks, what matters is not the size of oil reserves in the United States but the size of such reserves globally. U.S. energy security depends, for example, on whether India has a reserve that it could tap in the event of a sudden shortage: If it doesn't, India will respond to a shortage by buying more oil on world markets, forcing up global oil prices and hitting motorists on

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the Beltway. Mr. Bush's unilateral solution -- build a bigger oil reserve at home -- is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency.

Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol -- a policy that farm-state members will find tempting as they write this year's farm bill. Instead, Congress should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy.

Column: Energy Independence? (WP)

By Charles Krauthammer

Washington Post, January 26, 2007

Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? By my count, 24 of the 34 State of the Union addresses since the oil embargo of 1973 have proposed solutions to our energy problem.

The result? In 1973 we imported 34.8 percent of our oil. Today we import 60.3 percent.

And what does this president propose? Another great technological fix. For Jimmy Carter, it was the magic of synfuels. For George Bush, it's the wonders of ethanol. Our fuel will grow on trees. Well, stalks, with even fancier higher-tech variants to come from cellulose and other (literal) rubbish.

It is very American to believe that chemists are going to discover the cure for geopolitical weakness. It is even more American to imagine that it can be done painlessly. Ethanol for everyone. Farmers get a huge cash crop. Consumers get more supply. And the country ends up more secure.

This is nonsense. As my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it.

Even worse, the happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs.

There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear.

First, tax gas. The president ostentatiously rolled out his 20-in-10 plan: reducing gasoline consumption by 20 percent in 10 years. This with Rube Goldberg regulation -- fuel-efficiency standards, artificially mandated levels of "renewable and alternative fuels in 2017" and various bribes (er, incentives) for government-favored technologies -- of the kind we have been trying for three decades.

Good grief. I can give you 20-in-2: Tax gas to $4 a gallon. With oil prices having fallen to $55 a barrel, now is the time. The effect of a gas-tax hike will be seen in less than two years, and you don't even have to go back to the 1970s and the subsequent radical reduction in consumption to see how. Just look at last summer. Gas prices spike to $3 -- with the premium going to Vladimir Putin, Hugo ChÃ¡vez and assorted sheiks rather than the U.S. Treasury -- and, presto, SUV sales plunge, the Prius is cool and car ads once again begin featuring miles-per-gallon ratings.

No regulator, no fuel-efficiency standards, no presidential exhortations, no grand experiments with switch grass. Raise the price, and people change their habits. It's the essence of capitalism.

Second, immediate drilling to recover oil that is under U.S. control, namely in the Arctic and on the outer continental shelf. No one pretends that this fixes everything. But a million barrels a day from the Arctic National Wildlife Refuge is 5 percent of our consumption. In tight markets, that makes a crucial difference.

We will always need some oil. And the more of it that is ours, the better. It is tautological that nothing more directly reduces dependence on foreign oil than substituting domestic for foreign production. Yet ANWR is now so politically dead that the president did not even mention it in the State of the Union or in his energy address the next day.

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He did bring up, to enthusiastic congressional applause, global warming. No one has a remotely good idea about how to make any difference in global warming without enlisting China and India, and without destroying the carbon-based Western economy. The obvious first step, however, is an extremely powerful source of energy that produces not an ounce of carbon dioxide: nuclear.

What about nuclear waste? Well, coal produces toxic pollutants, as does oil. Both produce carbon dioxide that we are told is going to end civilization as we know it. These wastes are widely dispersed and almost impossible to recover once they get thrown into the atmosphere.

Nukes produce waste as well, but it comes out concentrated -- very toxic and lasting nearly forever. But because it is packed into a small, manageable volume, it is more controllable. And it doesn't pollute the atmosphere. At all.

There is no free lunch. Producing energy is going to produce waste. You pick your poison, and you find a way to manage it. Want to do something about global warming? How many global warming activists are willing to say the word nuclear?

So much easier to say ethanol. That it will do farcically little is beside the point. Our debates about oil consumption, energy dependence and global warming are not meant to be serious. They are meant for show.

Potomac Watch If The Cap Fits (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, January 26, 2007

Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it.

Democrats want to flog the global warming theme through 2008 and they'll take what help they can get, even if it means cozying up to executives whose goal is to enrich their firms. Right now, the corporate giants calling for a mandatory carbon cap serve too useful a political purpose for anyone to delve into their baser motives.

The Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect. The media dutifully declared that "even" business now recognized the climate threat. Sen. Barbara Boxer, who begins marathon hearings on warming next week, lauded the corporate angels for thinking of the "common good."

There was a time when the financial press understood that companies exist to make money. And it happens that the cap-and-trade climate program these 10 jolly green giants are now calling for is a regulatory device designed to financially reward companies that reduce CO_2 emissions, and punish those that don't.

Four of the affiliates -- Duke, PG&E, FPL and PNM Resources -- are utilities that have made big bets on wind, hydroelectric and nuclear power. So a Kyoto program would reward them for simply enacting their business plan, and simultaneously sock it to their competitors. Duke also owns Cinergy, which relies heavily on dirty, CO_2-emitting coal plants. But Cinergy will soon have to replace those plants with cleaner equipment. Under a Kyoto, it'll get paid for its trouble.

NOTE

We reintroduce today the weekly Potomac Watch column from Washington. It will appear on Fridays and be written by Kimberley Strassel, a member of the Journal editorial board. Ms. Strassel joined the Journal in 1994 and has worked as a reporter in Europe and as an editor and editorial writer in New York.

DuPont has been plunging into biofuels, the use of which would soar under a cap. Somebody has to cobble together all these complex trading deals, so say hello to Lehman Brothers. Caterpillar has invested heavily in new engines that generate "clean energy." British Petroleum is mostly doing public penance for its dirty oil habit, but also gets a plug for its own biofuels venture.

Finally, there's General Electric, whose CEO Jeffrey Immelt these days spends as much time in Washington as Connecticut. GE makes all the solar equipment and wind turbines (at $2 million a pop) that utilities would have to buy under a climate regime. GE's revenue from environmental products long ago passed the $10 billion mark, and it doesn't take much "ecomagination" to see why Mr. Immelt is leading the pack of climate profiteers.

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CEOs are quick learners, and even those who would get smacked by a carbon cap are now devising ways to make warming work to their political advantage. The "most creative" prize goes to steel giant Nucor. Steven Rowlan, the company's environmental director, doesn't want carbon caps in the U.S. -- oh, no. The smarter answer, he explains, would be for the U.S. to impose trade restrictions on foreign firms that aren't environmentally clean. Global warming as foil for trade protectionism: Chuck Schumer's dream.

What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players.

This is what comes from Washington steadily backstepping energy policy into the interventionist 1970s, picking winners and losers. In ethanol, in biodiesel, in wind farms, success isn't a function of supply or demand. The champs are the ones that coax out of Washington the best subsidies and regulations. Global warming is simply the biggest trough yet.

Both Republicans and Democrats understand this debate is increasingly about home-state economics, even as they publicly joust about environmental rights or wrongs. The softening Republican stance on a mandatory program is one result. New Mexico's Pete Domenici appeared to undergo an epiphany about global warming in 2005, voting for a Senate resolution supporting caps. The switch might have more to do with remembering that his state is nuclear-power central, and will win big under a new program. Just ask his fellow New Mexican, Jeff Bingaman, who introduced the resolution.

Economic interests also motivate those Democrats who won't play nice. The senators who have voted against previous bills represent those industries that will suffer most under Mr. Immelt's agenda. Louisiana's Mary Landrieu (oil); Montana's Max Baucus (coal); West Virginia's Robert Byrd (ditto). House Energy & Commerce Chair John Dingell remains a skeptic, since the last thing his Michigan auto makers need is yet another reason for people to not buy their cars.

Which is fine with Ms. Pelosi. The Democratic leadership ran out of the winner's circle last November promising to tackle climate. And much was made this week of Madam Speaker's decision to wrest control of the debate away from Mr. Dingell's purview, handing it instead to a new "select" committee on climate change.

But read the fine print. The new vaunted committee will have no legislative authority, but exists solely to hold hearings and to "communicate with the American people." Ms. Pelosi and Harry Reid want to talk about this issue . . . and talk, and talk and talk. But not necessarily anything more.

That's because Democrats want global warming as an issue through 2008. With Al Gore getting his Oscar nod, they've got a "problem" that captures the public imagination, as well as an endless supply of cash from thrilled environmental groups. No need to spoil it with a solution. And a Democratic president in 2009 would be more open to any ultimate legislation.

Best yet, they've got the "support" of the business community, or at least the savvier elements of it. Welcome, Big CarbonCap; we're likely to be hearing a lot from you.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

Many of the models displayed at the Washington Auto Show have brought couples together over the years. Did it work for House Speaker Nancy Pelosi, D-Calif., and Energy and Commerce Chairman John Dingell, D-Mich.?

The Politico heard differing accounts of the success of the auto date and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)

A Democratic aide close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: "We no longer anticipate a floor battle," the aide said.

But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute:"I am pleased to report that the Speaker agreed to work closely with us when drafting the resolution to create the Select Committee …we will continue working in good faith to find a solution that will satisfy the concerns of our Members while preserving the overall objectives of the Speaker. I am confident this is possible."

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But, he added, he's still keeping his firepower at the ready: "If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully." Translation: Nancy, I reserve the right to make this ugly for you.

Still, it's unclear whether Dingell has the muscle to win this one on the floor. He'll have some help from Republicans eager to deliver a loss to Pelosi, but a Republican leadership aide conceded that "25 to 35" moderate Republicans likely would break ranks and side with her. So Dingell can only count on around 170 Republican votes, which is a long way from 218 even if every one of the 31 Democratic members of the Energy and Commerce Committee vote with him, which they won't. (Committee member Anna Eshoo, D-Calif., a Pelosi confidante, declared in a closed-door meeting last week that she "doesn't worship at the altar of jurisdiction," according to a Democratic aide.)

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Dearborn Waste Company, 3 Ex-employees Charged In Dumping (AP)

By DAVID N. GOODMAN, The Associated Press

AP, January 26, 2007

DETROIT (AP) — A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy.

The indictment was not based on the April 2002 spill, for which no one was ever charged.

A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release.

In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices.

A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then.

The company "added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices," said spokesman Robert Moll.

Moll said the company "fully cooperated with the investigation" of the 2002 spill and continues to believe it was not involved.

Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said.

All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements.

The obstruction of justice charge carries up to 10 years in prison; conspiracy or making false statements, up to five years; and violating the Clean Water Act, up to three years.

A message seeking comment was left Thursday for Mallindine. There was no phone listing for Panyard, and Long's telephone number was unlisted.

Former plant manager Donald Kaniowski, 37, of Dearborn, reached a plea agreement to a charge of violating the Clean Water Act, the Justice Department said.

The 2002 spill released an estimated 255,000 gallons into the Rouge River, from which it entered the Detroit River and Lake Erie. The investigation and cleanup cost at least $5 million.

Comprehensive Environmental Solutions acquired a Dearborn waste treatment facility in 2002. Company officials "continued to accept millions of gallons of liquid wastes which it could not treat or store," the Justice Department said.

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"The defendants often bypassed treatment processes and discharged untreated wastes directly to the sewer," part of the Detroit water and sewer system, the statement said.

Comprehensive Environmental Solutions has about 20 employees, is privately held and does not release financial details of its operations, Moll said.

David N. Goodman can be reached at dgoodman(at)ap.org

When Superfund Expenses Go Mega (LAT)

By Marla Cone

The Los Angeles Times, January 26, 2007

FORT EDWARD, N.Y. — After the winter thaw, a huge enterprise — so expensive and risky that it ranks among the most ambitious environmental projects on Earth — will rise up from an abandoned cornfield in upstate New York.

Not far from Saratoga, where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice.

Yet, despite 50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed.

The Hudson River is one of 154 places across the country — 16 in California — dubbed Superfund "mega sites" because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes.

Mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight.

In Southern California, off the Palos Verdes Peninsula, the U.S. Environmental Protection Agency is trying to decide the best way to immobilize a huge ocean-floor deposit of the pesticide DDT that has been poisoning fish and other marine life for decades.

Near Redding, on a mountain fractured by a huge copper and silver mine that opened in 1879, the EPA has constructed a dam and diverted a creek to try to contain a continuous flow of acids and metals that will probably go on forever.

In Butte, Mont., one mega site is so notorious that it has become a tourist attraction. At a viewing stand above an old copper mine, visitors peer into a 900-foot-deep pit of toxic waste. When migratory birds land on this brew of acids and metals, mistaking it for a watering hole, they die.

'Blight on communities'

Yet EPA officials say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy.

"Usually, they are a blight on communities. In our case, the stigma of the contamination is hurting the economy of the upper Hudson," said David King, the EPA's Hudson River project manager.

Twenty-six years after Congress passed the Superfund law to clean up the nation's most dangerous dumping grounds, the list of mega sites keeps growing as more mines, landfills, military bases and factories qualify.

Superfund's national priority list includes more than 1,200 chemical sites, but only one of every eight rises to "mega" status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark.

"State programs can deal with garden-variety sites, but mega sites are ones that nobody but the federal government can deal with," said Katherine Probst, a senior fellow at Resources for the Future, an environmental think tank in Washington, who has researched Superfund for 15 years.

Mega cleanups averaged $140 million each in 2000, 10 times the standard Superfund project, according to Resources for the Future. California's 16 mega sites' cost estimates range from $100 million to $450 million, said Elizabeth Adams, the EPA's regional Superfund cleanup chief in San Francisco.

"Today, a real mega site is well over the $100-million mark. Sadly, $50 million may not be what it once was," Probst said.

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Funding lags behind

Yet federal funding for Superfund oversight has not kept up with the surge in mega sites, and many cleanups remain in the early stages. At 22% of all sites, human exposure to chemicals is not under control, the EPA says.

Polluters pay for most cleanups, but Superfund's annual budget, which supports EPA analyses, has remained at about $1.2 billion since 1987. With inflation, that is a 40% decline.

"The Superfund program's real purchasing power has decreased dramatically at the same time that large, complex and expensive sites — often referred to as mega sites — make up an increasing proportion of the program's workload," Probst said at a congressional hearing in June.

What makes a site such a headache that it becomes a mega? "It's the number of contaminants, the size, how far the contamination has spread and how remote it is," Adams said.

Some, such as the Hudson River, involve one company and gigantic volumes of a single pollutant. Others, such as a Monterey Park landfill that towers over surrounding hills, have multiple chemicals and sources.

In the Northeast, many megas are old factories. But around Los Angeles, the worst are immense underground basins in which water supplies, polluted by industrial solvents, have had decades of pumping and treatment. The San Gabriel Valley aquifer is the state's most expensive mega cleanup, expected to reach at least $450 million.

"A lot of these industries came in during the '40s, and these underground plumes are now miles long — sometimes six or seven miles," Adams said. "It's a huge effort, and very costly, to make sure everything meets drinking-water standards."

The trickiest megas — 11 including the Hudson River — are underwater. Dredging them risks uncovering more polluted layers or leaving toxic residue.

"It's not like vacuuming your carpet," said Richard Luthy, Stanford University's chairman of civil and environmental engineering and a member of a National Research Council committee on mega sites. "You are, in every case, left with some material on the bottom that you haven't completely picked up. Just because you can dredge doesn't mean you can get everything."

At a small cleanup in San Francisco Bay's Richmond Harbor, DDT-laden sludge was dredged in 1997. But high concentrations resurfaced a year later. A sloped bottom and barge debris complicated the work.

With problems at small sites, Luthy said, "you have to wonder about the big sites. You might actually make them worse."

The most unusual underwater site is half a mile deep in the Pacific, a mile off the Palos Verdes Peninsula. For 25 years, a pesticide plant near Torrance released DDT into sewers. Now the EPA is trying to decide whether to use clean sand to cap part of the deposit, which covers several square miles of ocean floor.

Decades of analysis often occur before the EPA decides whether to dredge, cap, dam, pump — or some combination. At many, the EPA wrestles with remedies that might be ineffective — or worse.

Hazards of cleanup

In the Hudson River Valley, the debate over dredging has gone on for three decades, predating Superfund.

Two GE plants discharged as much as 1.3 million pounds of polychlorinated biphenyls, or PCBs, into the river for 30 years beginning in 1947. Used to insulate large electrical equipment, the PCBs, which are likely human carcinogens and can disrupt immune systems and brain development, rendered the river's fish inedible.

GE maintained that removing PCBs from the Hudson was too risky, and in 1984, the EPA agreed. The agency reversed course in 2001, concluding that dredging could be done safely and setting performance standards. Finally, in a November court settlement, GE agreed to dredge 10%. If an independent panel approves the results, GE can voluntarily dredge the rest or face a likely EPA order.

The main risk, King said, is unleashing buried PCBs. To reduce that threat, clamshell buckets will tightly seal as they bring mud to the surface. Work will stop if water standards are violated.

"Technically, it's not anything exotic; it's the size and the logistics that make it a challenge," he said. "I can't recall anything of this scale before."

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The dig will remove 2 million cubic yards of PCB-contaminated mud. Another PCB cleanup along Wisconsin's Fox River could dredge a record 7 million cubic yards. "That makes them the largest by volume and us the largest by cost. Both are dubious honors," King said.

This spring, before the first bucketful is scooped in 2008, workers will descend on Fort Edward, a town of 6,000, to build a treatment plant, rail tracks, a wharf, marina, rail yard, utility lines and filtering presses. That alone is "like constructing a small city," said John Haggard, GE program manager.

Dug up by mechanical dredgers, the mud will be transported by barges and tugs to the plant, where the PCBs will be extracted, squeezed through presses, then hauled by 81-car freight trains to a landfill.

The dredging is expected to last six to eight years, but after decades of delay in the start-up, Hudson River Valley residents are skeptical about when the toxic mud will be gone.

In Fort Edward's museum, a sign reads: "The roots of the present lie deep in the past." For residents of mega-site communities, the past, present and future are defined by a toxic legacy.

"We could come back two decades from now, and it will still be going on," said Peter Berle, New York's former environmental commissioner. "Hopefully, someday, we'll be free of PCBs."

Concerns, Finger-pointing Greet Audit Of Sewage Spills (LAT)

By Sharon Bernstein And Tony Barboza, Times Staff Writers

The Los Angeles Times, January 26, 2007

A county report that says most incidents aren't acted on sparks calls for new measures.

Southern Californians love their beaches.

So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff.

But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills.

The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other tributaries that lead to the sea.

How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did.

But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent.

The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels.

"There was a total communication breakdown," said Anjali Jaiswal, an attorney for the Natural Resources Defense Council, an environmental group that has been active in Santa Monica Bay pollution issues. "There would be spills and they wouldn't be reported properly. The public wasn't notified."

Part of the problem is that various ocean pollution laws require different types of notification.

State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies.

Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality.

County officials say they typically log all communications with their offices, and that there are no indications that the cities and water agencies that spilled most of the sewage phoned to report it.

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Dr. Jonathan Fielding, the county's public health director, said that one or two calls might have been lost by county operators, but every call routed to the health department was logged, and the spill investigated.

But the cities, including Los Angeles, which dumped the most sewage into the bay, have meticulous records documenting the size and time of the spills.

It is not clear whether the cities' records include references to phone calls made to report the spills.

But Barry Berggren, division manager for the city of Los Angeles' wastewater collection system, said he personally phoned the county Department of Public Health to report high-volume leaks that occurred in Glassell Park on Jan. 9, 2005.

On that day, a heavy rainstorm sent more than 1 million gallons of raw sewage into the storm drain system, which directs runoff into the Los Angeles River and Long Beach Harbor.

The county auditor-controller's report listed those spills as unreported, with no known action taken.

Berggren says that's not true.

"For some reason, they believe they weren't notified. I don't know why that is," Berggren said.

Neil Miller, public works director for Manhattan Beach, said his department immediately reports every sewage leak that reaches a storm drain. Because the city is so close to the ocean, any spill could pollute the water very quickly, so it is in the city's interest to report them so the county can close the beaches before swimmers are exposed, he said.

"Especially in the coastal communities, if sewage has a chance of reaching the ocean they need to do extra testing to see if it's safe for swimming," Miller said.

County Supervisor Don Knabe, who ordered the audit after a massive release of raw sewage by Culver City last year went unreported for two days, said there is no doubt in his mind that the system is broken.

"I knew we had some issues but I had no idea they were so severe," Knabe said.

The audit recommended several reforms, some as simple as providing county operators with the names and telephone numbers of officials to be contacted if a spill occurs after business hours.

The report also recommended a centralized program to field reports of spills and track their cleanup, size and costs.

At the Board of Supervisors meeting Tuesday, Knabe plans to introduce a motion to implement the recommendations, along with a request that a specialist in public health be appointed to the Los Angeles Regional Water Control Board, at the Board of Supervisors meeting scheduled for Jan. 30. He is also asking for new standards for maintaining sewer systems so leaks are less frequent, and requesting additional research into what went wrong with the reporting of a particularly egregious spill during the heavy rains of 2005.

Regional water quality control officials support Knabe's efforts and are considering making the board's reporting requirements more stringent.

"We require them to report back within 24 hours of a spill, but apparently that's not being followed," said board Chairwoman Fran Diamond.

The Pacific Palisades resident, who said she was "horrified" by the information in the audit, said she will press to reduce the reporting time to two hours. "We're talking about tremendous public health consequences and tremendous economic consequences," Diamond said. "We have a $2 -billion coastal economy.... This is a real setback."

State Sen. Sheila Kuehl (D-Santa Monica), whose district includes shoreline communities, urged state water regulators to investigate the leaks to determine whether the cities and water agencies that released the sewage were in violation of their permits when the incidents occurred.

Diamond said she would support such investigations.

The audit's findings disturbed beachgoers interviewed Thursday — though none appeared surprised.

"Everybody knows it's filthy here," said Heidi Phillips, 26, who was with her two children, ages 3 months and 3 years. "But for them to be so careless is disgusting. I would never let my kids swim at this beach."

Phillips, who lives in Canoga Park, said the study only confirmed her lack of confidence in the city and county's ability to keep Santa Monica Bay clean.

Matt Sylvester, 26, said he comes to Venice Beach to surf twice a week with friends. He said he knows that the ocean near a big city would not likely be pristine, but expects to be notified if there were a huge sewage spill.

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"We're paying for our sewage to be disposed of properly."

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FBI/DEA/ATF/USMS:

Officer Indicted In Steroid Probe (BOS)

By Shelley Murphy And Suzanne Smalley, Globe Staff

The Boston Globe, January 26, 2007

Faces distribution and perjury charges

A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe.

"There's an ongoing grand jury investigation," Assistant US Attorney John T. McNeil told US Magistrate Judge Robert B. Collings at a hearing. "We are taking a hard look at steroid use among officers in the Boston Police Department."

Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury.

The 12-year department veteran was suspended without pay yesterday. He had been placed on administrative duty last summer after three other Boston officers were indicted in July for allegedly guarding large shipments of what they believed to be cocaine.

The suspected ringleader in that case is accused of trafficking steroids, and one of the other officers was a regular customer, said an FBI affidavit. After the steroid abuse allegations emerged, Mayor Thomas M. Menino vowed to try to require steroids testing for officers as part of negotiations on a new contract. Department spokeswoman Elaine Driscoll said last night that the proposal is still part of the negotiations.

The department is also dealing with other illegal drug use. In statistics it released last July, it said that 75 officers failed drug tests -- 61 of them for cocaine -- after the department started annual testing in 1999.

Police Commissioner Edward F. Davis last night pledged to strengthen training to help supervisors detect patterns of behavior suggesting an officer is abusing drugs, including steroids. "I have instructed the Bureau of Internal Investigations to develop and conduct extensive training for all Boston Police supervisors to better enable them to detect, expose, and identify illegal substance abuse," the statement said.

Yesterday, McNeill said that a number of Internal Affairs complaints had been filed against Rodriguez alleging "abusive, aggressive and violent behavior," which the prosecutor characterized as conduct "consistent with steroids use."

But Rodriguez's attorney, Philip A. Tracy Jr., said his client is not addicted to steroids and passed two drug tests he was given by the department in July and August.

McNeil also told the magistrate that Rodriguez had tried to discourage another Boston police officer four or five times from testifying before the grand jury. That officer later testified about Rodriguez's interference, McNeil said.

Prosecutors yesterday asked the judge to ensure that Rodriguez, a Jamaica Plain native and a former Marine who served in the first Persian Gulf War, does not associate with any other Boston police officers because they could be witnesses in the ongoing probe.

"We don't want to disclose who we are looking at," McNeil said. "We don't want any interference."

The indictment alleges that last Oct. 5, Rodriguez lied when he told a grand jury that he had not sold steroids to another Boston officer, who is not identified.

Just after testifying, Rodriguez met an officer in the hallway outside the grand jury room and tried to persuade him not to testify, McNeil also alleged.

However, Rodriguez's attorney told the magistrate that his client was merely warning the officer not to testify without an attorney.

Collings ordered Rodriguez not to have contact with any other Boston police officers, except for anticorruption investigators, but said at Rodriguez's arraignment on Tuesday there will be a hearing on whether to modify the order.

Collings said that because of the obstruction-of-justice charge, he was ordering Rodriguez to post a $50,000 bond, secured by a second mortgage on his Hyde Park home. Rodriguez was also ordered to surrender a handgun he keeps in his home and any department equipment still in his possession.

Rodriguez's attorney argued that it was unfair to ask his client to not talk with other officers because Rodriguez's social life revolves around the department.

Tracy said Rodriguez has been unfairly tarred by his alleged association with the three officers indicted on drug conspiracy charges.

"These charges have no relation to a much more serious conspiracy of three other officers," Tracy said. "These allegations can usually be handled internally or with less severe consequences than a federal indictment."

A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted.

In a statement issued with the indictment, US Attorney Michael J. Sullivan suggested Rodriguez is being charged because of how he behaved during the investigation, not just because of steroid use.

"This case is not just about steroids use by law enforcement officers," Sullivan said in the statement. "It is about an officer allegedly distributing steroids to another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

Fourth Officer Indicted In BPD Drugs Probe (BOSH)

By O'Ryan Johnson

Boston Herald, January 26, 2007

A fourth cop was indicted yesterday as part of a long-term federal undercover probe of corruption and drug peddling inside the ranks of the Boston Police Department.

Edgardo Rodriguez, 37, faces charges including possession with intent to distribute anabolic steroids, perjury and obstruction of justice. Rodriguez, a nine-year Boston police veteran, had been on administrative duty since July for his alleged involvement.

He was put on unpaid leave yesterday, police said. His lawyer, Philip A.Tracy Jr., said Rodriguez "has nothing to do and is not connected with any more serious charges against other Boston police officers." Rodriguez was freed after arraignment yesterday.

According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids.

Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit.

Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch.

According to the indictment unsealed yesterday, when Rodriguez was called before a grand jury investigating "the unlawful activities of a number of Boston police officers and others" in October, he denied selling steroids to or buying steroids from a person identified as "Boston Police Officer A."

Prosecutors said those statements are false. Rodriguez could face 35 years in prison if convicted on all charges.

BPD Patrolman Indicted On Fed Corruption Charges (CBS4BOS)

By Maggie Mulvihill

CBS 4 Boston, January 26, 2007

(CBS4) BOSTON In another embarrassing blow to the Boston Police Department, veteran patrolman Edgardo Rodriguez was indicted on federal corruption charges late Thursday stemming from alleged steroid distribution and other potential crimes within the force.

"It is a gross betrayal of an officer's duty," said U.S. Attorney Michael J. Sullivan in a statement after perjury and obstruction of justice charges were handed down by a federal grand jury.

Calling it a "sad time" for the department, Police Commissioner Ed Davis announced he was suspending Rodriguez without pay as the department continues to root out any other officers who may be involved in drug use.

The BPD is already reeling from two other scandals - missing drugs from the Hyde Park evidence warehouse and the corruption case federal prosecutors are building against three other officers accused of protecting cocaine shipments and other alleged crimes.

The I-Team reported earlier this month that Rodriguez had been warned by police brass to quit the force as federal and department investigators continued to scrutinize his role in the on-going drug-related criminal probe that has engulfed his fellow officers.

Roberto E. Pulido, Nelson Carrasquillo and Carlos A. Pizarro denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston.

Investigators learned Rodriguez was allegedly using and distributing steroids during their 2 1/2 year probe of the trio, while other Boston officers have been notified their voices have also been picked up on federal wiretaps, the I-Team has reported.

Rodriguez, an 11-year-veteran, has worked in Dorchester, Roxbury, East Boston and the Mobile Operations Unit.

Rodriguez is accused of in the six-count indictment of lying to a federal grand jury about whether or not anyone else in the department has possessed or distributed steroids.

Rodriguez is also accused of three counts of perjury and one count of obstruction of justice. If convicted of all charges he could face a maximum of 35 years in prison. His attorney, Philip A. Tracy, did not immediately return a telephone call seeking comment.

Feds Help Crack Big Cocaine Ring (LN)

Lancaster Newspapers, January 26, 2007

LANCASTER COUNTY, PA - Investigators said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers.

Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week.

As of Thursday night, Pablo Beltran and Tellin Cintron, both of Lancaster city, were the only suspects yet to be apprehended among the 20 indicted.

The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force.

The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said.

Assistant United States Attorney Christy Fawcett said each kilogram sold for an average of $22,000, then re-sold at a higher price.

Fawcett, lead prosecutor in the case, said it was one of the largest stings in recent memory. “This was expensive stuff,” she said.

Some of the cocaine was cooked into crack, Fawcett said, and marijuana also was sold.

The indictments were filed Jan. 11. Seven arrests were made Wednesday, Fawcett said, and some of the suspects already were serving time in prison.

The seven Lancaster County residents arrested were charged with conspiracy to distribute and possession with intent to distribute cocaine, crack cocaine and marijuana.

They were: Edward Rivera and Jorge Torres, both of High Street; Jimmy Ortiz-Rivera, Lafayette Street; Sandra Collazo-Medina, Valley Drive; Harry Delgado, East Clay Street; Nathaniel Sanchez, North Broad Street; and Pedro Rivera, Oak Ridge Drive, Millersville.

Ortiz-Rivera also was charged with possession of a stolen firearm.

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Lancaster County District Attorney Donald Totaro said some of the suspects were known to be local drug dealers.

"I recognized some of the names as people we dealt with in the past," he said.

If convicted, each suspect faces a mandatory 10-year prison sentence and fines up to $4 million.

Investigators seized about $500,000 in cash, five lots of real estate and jewelry during the investigation. A Lancaster city business — K&A Appliances at 149 E. King St. — also was seized.

The charges also include a $7.2 million substitute asset forfeiture that must be paid if the suspects are convicted. Fawcett said that sum is for money and real estate that wasn't recovered during the investigation.

A major break in the investigation came May 27, when two Mexican nationals — Jaime Cardenas-Borbon and Gabriel Rivera-Gil — were arrested at Days Inn, 30 Keller Ave.

Investigators seized 40 kilograms of cocaine and $182,000 cash from their room. It is believed to be one of the largest cocaine shipments ever intended for Lancaster County.

"As a result of that arrest, we were able to piece together additional information" about the drug ring, Totaro said.

The two-year investigation also was aided by wiretaps placed on five telephone lines authorities said were used for trafficking drugs.

"These federal agencies bring manpower and resources that enhance an investigation," Totaro said. Also, "jail sentences are far more severe" upon convictions in such cases.

Hearings for the suspects are scheduled to begin April 2, Fawcett said.

Accused Kingpin In Prison (SEN)

Sentinel, January 25, 2007

When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities.

The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg around 6 p.m. Tuesday, says a spokesman from the state attorney general's office. Robinson, 34, formerly of Steelton, had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago.

Santiago was sentenced last month in Cumberland County Court for drug dealing. Santiago and several smaller dealers were nabbed in September 2005.

Authorities believe Robinson stayed with friends and family in New York City, Florida and Washington, D.C., while the federal marshals hunted for him, and that he was most recently in the D.C. area. Marshals had frequent contact with Robinson's friends and relatives, which often wears them down and causes them to put pressure on the fugitive, said Nils Frederiksen, spokesman for the attorney general's office.

"In this case, it looks like it worked. I think eventually, everybody tires of constantly looking over their shoulder."

Later, authorities plan to look at whether to charge anyone with giving aid to the fugitive, he said.

Robinson is being held in Cumberland County Prison without bail, with a preliminary hearing set Tuesday. He is charged with five counts of delivery of cocaine, one count of possession with intent to deliver, one count of criminal conspiracy and two counts of participating in corrupt organizations, which is the state's racketeering statute. He could serve up to 90 years in prison and face $725,000 in fines.

An investigation into the drug ring found that Robinson and Santiago, 35, set up two separate but similar organizations for distributing drugs that involved at least 23 residents. According to reports, the men transported cocaine from New York before repackaging it for local sale, or "cooking" it into crack, eventually distributing more than $7 million of the drug.

The AG's office said Robinson used a home on North Second Street in Steelton and an address on Allen Road in Carlisle as distribution points, while Santiago set up shop on Beetum Hollow Road in the Newville area.

Santiago faced more counts than Robinson and was sentenced last month to 7 to 20 years in state prison and ordered to pay $110,000 in fines.

N.J. State Police, DEA Break Up South Jersey Narcotics Ring (AP)

AP, January 25, 2007

TRENTON, N.J. (AP) -- State and federal authorities broke up a major South Jersey drug distribution ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine.

New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew.

"We took this one down at the trafficking level," Simpkins said. "When you stop it at the kilo level, it doesn't filter down to the school-yard level. It keeps it (the drugs) out of our neighborhoods."

"It's the most effective way to fight the drug game," said Simpkins who oversees state police in southern New Jersey.

The cocaine was valued at about $15,000 per pound.

State Police Superintendent Col. Rick Fuentes said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center.

The new facility nicknamed "The Rock," is where federal, state and local officials gather to share information on evolving cases.

"This information will have a value beyond the arrest of individuals," said Fuentes. "The information will be linked up with other potential cases and the vehicle for doing that is 'The Rock.' That's our clearinghouse."

Police from Gloucester Township entered six homes and three storage facilities in Gloucester, Camden and Burlington counties Thursday morning.

Three New Jersey men were arrested in Tucson, where the New Jersey suspects went to meet their supplier, police said. Eleven others were arrested in New Jersey, with the highest bail set at $500,000 and some defendants released without bail.

In Arizona, police found a vehicle with hidden compartments for drugs.

Authorities also seized $244,000 in cash and three guns.

Those arrested were charged with conspiracy in connection with the distribution of narcotics. The maximum penalty upon conviction is 10 years in prison and a $150,000 fine. Additional charges are likely, authorities said.

The investigation was code-named Operation Centerfield because one of the first suspects identified was Gary Maddox, who has the same name as the former Phillies center fielder.

Gang Task Force Nets Suspects, Drugs, Guns (RMA)

By Stephanie Barry

The Republican, January 25, 2007

SPRINGFIELD - Standing behind an array of guns and street drugs, federal and local law enforcement officials yesterday announced the results of Tuesday's blitz targeting suspected dealers in Mason Square.

The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects by yesterday morning, officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm.

Springfield Police Commissioner Edward A. Flynn said the raids were the result of a year-long investigation into the robust open-air drug trade in Mason Square.

"The goal was impact players," Flynn said, adding that the investigation included undercover operatives, sophisticated surveillance and countless drug buys through informants.

He said of those indicted in state court, 13 were apprehended; one was located in a Maine jail on unrelated charges, and four are still at large.

Laid out on a table in a conference room at police headquarters yesterday were six handguns - including five police said were previously loaded and one outfitted with a scope - plus bags of marijuana, crack cocaine and heroin.

The contraband was recovered from searches that accompanied the arrests, police said, and were labeled with various suspects' names and addresses.

The guns, some found with stashes of ammunition, will be tested to probe possible links to local unsolved shootings, yesterday's panel said.

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FBI supervisor Michael G. O'Reilly said the gang task force was established in 1994. It includes members of the FBI; U.S. Drug Enforcement Administration; U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives; Massachusetts State Police; Hampden County Sheriff's Department; and local police in Springfield, Chicopee and Holyoke.

"We each have a special focus ... We take that focus and bring it together," said Robert G. Tacinelli, supervisor of the Springfield office of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The task force was responsible for a 2005 crackdown on 36 local Latin King affiliates, the largest single-day roundup of that faction in the state's history, O'Reilly said. Many of those were prosecuted in federal court.

Assistant Hampden County District Attorney James R. Goodhines said all suspects are being held in lieu of bond ranging from $50,000 to $500,000.

The suspects were arraigned in Springfield District and Superior courts during the past two days. Flynn said the hope is that the charges will get bumped up to federal court, where sentences for drug crimes are long and prison assignments are often far-flung.

He said the timing of the sweep was critical for a wary city still reeling from a spate of violent crime.

Mayor Charles V. Ryan also attended yesterday's announcement at the police station, lauding the fruits of the sweep.

"To see this type of hardware in front of us reminds us really what the stakes are," he said.

Ironworkers' Business Manager Faces Drug Charges (VANSUN)

By Peter O'Neil And Glenn Bohn, Vancouver Sun

Vancouver Sun, January 26, 2007

Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night.

Holmes, a 50-year-old married man with eight children, is in Spokane County Jail.

According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior.

The officers followed tire tracks of a pickup truck to the driveway of a rural home, where the pickup apparently turned around. They then followed fresh tracks in snow left by two people.

The officers turned on their vehicle's bright "takedown" lights and "observed two individuals lying in the snow under some bushes," the affidavit states. A large backpack was beside each man. The officers ordered the two men to stay where they were. One -- the affidavit wasn't clear which one -- attempted to run north towards the Canadian border, less than a kilometre away, but was caught.

A U.S. Border Patrol Agency news release reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a "Canadian citizen attempting to smuggle the contraband across the border."

The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash.

The criminal complaint is the first step towards a possible U.S. grand jury indictment on these recommended charges: possession with intent to distribute more than five kilograms of cocaine, and conspiracy to possess with the intent to distribute more than five kilograms of cocaine.

Dave Beatty, elected president of Ironworkers Local 97, said he and other officials were shocked by the arrest of Holmes.

"It was completely out of character for anybody who knows him," Beatty said Wednesday.

He said the union called in an independent auditor at its Burnaby office Monday to investigate union records.

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B.C. Union Leader Arrested In U.S. On Drug Charge (CBC)

CBC News, January 26, 2007

The business manager of the B.C. and Yukon local of the Ironworkers union has been arrested in Washington state, where he has been charged with a serious drug offence.

Perley Edmund Holmes, 50,Â is in jail in Spokane and faces a charge of possession of cocaine with intent to distribute.

U.S. border patrol officers said they arrested Holmes and another man last Thursday near Chesam, Wash., just south of Grand Forks in B.C.'s southern Interior.

They said they seized more than 60 kilograms of cocaine, worth an estimated $4.3 million.

Union president David Beatty saidÂ the arrestÂ came asÂ a big surprise to people who know Holmes.

"It's probably as shocking as could be, for anyone I've talked to, our members, our contractors. It's completely out of character and nobody can visualize this happening."

Beatty also said Holmes is no longer on the payroll.

An auditor will be brought in to review the finances of the local to ensure no illegal activities were conducted with union funds, he said.

Holmes faces 10 years to life in an American prison if he's convicted of the allegations.

Drug 'kingpin' Says He's Guilty In Broad Scheme (REP)

Reporter, January 25, 2007

A Vacaville man who prosecutors described as a regional "drug kingpin" pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction.

Eduardo Pichardo, 33, now faces 10 years in federal prison and a personal financial judgment of $500,000. He will return to federal court in Sacramento on April 3 for sentencing.

Pichardo was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine.

The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama.

In October, Pichardo was indicted on the additional charges of money laundering.

In exchange for his plea Tuesday, prosecutors agreed not to pursue money laundering or other charges against Pichardo's wife.

According to investigators, Pichardo became a prime suspect in a drug trafficking investigation shortly after it was launched in 1999.

Drug Enforcement Administration agents said Pichardo was the head of an organization that trafficked multi-kilogram quantities of cocaine and methamphetamine,

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frequently traveling to Mexico to arrange smuggling across the border.

In October 2001, investigators said Pichardo arranged for the driver of a pickup truck to transport 25 kilograms (about 56 pounds) of cocaine from Phoenix, Ariz. to Alabama. On Oct. 5, the driver was stopped by Arkansas State Police during a routine traffic stop and was subsequently arrested. A search of the truck revealed the cocaine, which was concealed in a hidden compartment inside the truck's gas tank, officials said.

The street value of the seized load was estimated at $1.3 million.

According to court documents, Pichardo gave a colleague $15,500 in cash to wire to a bail bondsman in Arkansas in order to bail out his driver.

"The cash the defendant gave was proceeds of (his) drug trafficking activities," prosecutors wrote. And he used a friend to wire the funds so that the cash could not be traced back to him.

In addition, he instructed his colleague to wire the money in two separate transactions so that neither one would exceed $10,000. That order was given, prosecutors said, because he knew that any cash transaction in excess of $10,000 would be reported to authorities, thus hiding the transaction.

Pharmacist Could Face Three-year Term (MBSN)

By Josh Hoke

Myrtle Beach (SC) Sun News, January 25, 2007

DOJ_NMG_0122310

The 81-year-old Myrtle Beach man accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment obtained by The Sun News.

John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration.

Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering.

All four men were arrested earlier this month.

Tuite denied wrongdoing on Tuesday, and he could not be reached for comment Wednesday.

Tuite appeared in court last week and is free on bail.

He was to be in court Wednesday, his attorney said, but it was unclear by press time whether he made that appearance.

His attorney, public defender Bill Nettles, said, "The judge just wants an update on how the case can be resolved."

Nettles said since the indictment was filed in California, Tuite may eventually be forced to appear in federal court in that state.

Andrew Thomas Russo, 48, United Care Pharmacy's former chief operating officer; Denis Leborgne, 42, the former chief technical officer; and David John, 41, the former chief financial officer, were also arrested and charged in the case.

Cincinnati Doctor Gets Two Years For Clinic Crimes (PORTDT)

By Jeff Barron, PDT Staff Writer

Portsmouth (OH) Daily Times, January 26, 2007

A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe.

Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year.

“Money laundering is not a victimless crime,” Internal Revenue Service criminal investigator Jeffrey Cooper said. “Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.”

According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at.

Jewell, of Paintsville, Ky., and Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail.

According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day.

He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients.

He also had no diagnostic equipment at the clinics.

Patients paid in cash $175 to $200 per visit. The clinics would not accept insurance, personal checks, credit cards or any other form of payment.

New patients were required to bring an X-ray or MRI to create an aura of legitimacy, the Justice Department said.

Prescriptions were filled at only a few pharmacies, including the South Shore Pharmacy in South Shore, Ky. Many of the patients signed an agreement to only use that pharmacy.

Ebner admitted what he was doing at the pain clinics was below the accepted standards of medical practice.

Justice officials said Ebner split the patient payments with Jewell and structured them to hide his involvement in the illegal activity.

Ebner broke the money down into smaller amounts, typically less than $10,000 for deposit into his personal bank account to avoid the Currency Transaction Reporting requirements.

He used the money for a real estate down payment, shares of a medical partnership and as a payoff of his mortgage.

Ebner must surrender to officials on March 19.

JEFF BARRON can be reached at (740) 353-3101, ext. 236.

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IMMIGRATION:

Senate Endorses A Contracts Ban (WSJ)

The Wall Street Journal, January 26, 2007

WASHINGTON -- The U.S. Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts.

The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security. The amendment was offered on the fourth day of debate on an increase in the federal minimum wage from $5.15 an hour to $7.25.

Alien Hiring Fine Fails On Hill (WT)

By Charles Hurt

The Washington Times, January 26, 2007

Senate Democrats quashed a proposal yesterday that would have dramatically increased civil fines on employers who hire illegal aliens.

Sen. Jeff Sessions, Alabama Republican, offered the amendment to the bill now being debated that would increase the federal minimum wage.

Ridding the economy of illegal aliens, he argued, would do far more to help low-income wage earners than simply raising the minimum wage. Not only do aliens displace U.S. citizens in the work force, he said, they also artificially suppress wages.

"Our whole purpose of the minimum-wage act is to increase the wages of working Americans, particularly low-skilled workers," Mr. Sessions said. "That's a noble goal."

One of the reasons "that those salaries have lagged behind is because of a large influx of illegal immigrant labor," he said. "That is indisputable, and it's not been discussed much here. People apparently don't want to talk about it, but we're going to talk about it."

But Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill.

Some 60 amendments have been offered, and today marks the fifth day of debate on raising the minimum wage to $7.25 per hour from $5.15 per hour over two years.

"Amendment here. Amendment there," thundered Sen. Edward M. Kennedy, Massachusetts Democrat.

"Amendment on Social Security. Amendment on immigration. And all the chortling and laughing as they go on about their business," he boomed.

Republicans are "not for those millions of Americans who are heading home tonight, who've worked long and hard, facing their children hoping that at last ... the United States isn't going to fail us," he said. "What do we tell them after five days?"

After accusing Republicans of stalling, Mr. Kennedy then proceeded to read aloud for five minutes a story in the New York Times about soldiers fighting in Iraq.

Mr. Sessions said his amendment is not a delaying tactic and isn't unrelated to the overall minimum-wage bill. His provision, he said, gets at the very reason a minimum-wage increase is needed in the first place. He calls his amendment "comprehensive wage reform," a sly reference to the "comprehensive" approach to immigration reform that Democrats and President Bush are demanding, but most Republicans deride as amnesty.

Mr. Sessions' proposal came directly out of the employer-sanctions section of the immigration-reform bill approved with overwhelming Democratic support last year.

It would raise the minimum fine on employers from $250 per hired alien to $5,000 per alien. And it would raise the maximum fine from $10,000 per alien to $40,000 per alien.

Though Democrats turned back Mr. Sessions' employer-sanctions amendment, they allowed through a second Sessions amendment aimed at federal government contractors who are caught hiring illegal aliens.

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He ticked off a half-dozen recent examples of federal contractors using illegal aliens, even in the most sensitive of positions.

"It's astounding how widespread this problem is," Mr. Sessions said. "In one alarming incident, the Nuclear Regulatory Commission was caught allowing illegal aliens who obtained documentation by using fake Social Security numbers to work as contract painters at nuclear facilities."

Under the amendment that Democrats allowed last night, any government contractor caught using illegal labor would be prohibited from future government contracts for ten years. It was approved on a 94-0 vote.

Bonkers At The Border (WSJ)

The Wall Street Journal, January 26, 2007

Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime.

Several GOP lawmakers, including outspoken restrictionists like Congressmen Tom Tancredo and Duncan Hunter, have hailed the ex-agents as American heroes. President Bush is even being urged to pardon Ramos and Compean, who received sentences of 11 years and 12 years, respectively. GOP Representative Dana Rohrabacher has gone so far as to accuse Mr. Bush of being "on the side of [America's] enemies" for allowing the men to go to jail.

CNN's Lou Dobbs has also weighed in repeatedly with pseudo-reporting designed to rile up his viewers rather than inform them of the facts. Speaking of facts, they are as follows, according to the U.S. Attorney's Office for the Western District of Texas and evidence presented at the ex-agents' jury trial:

Agents Ramos and Compean were guarding the Mexican border near El Paso, Texas, on Feb. 17, 2005, when they encountered a van driven by Osvaldo Aldrete-Davila. When the driver saw the agents he sped off, eventually abandoning the vehicle and fleeing toward the border on foot. At one point, Aldrete-Davila stopped running and raised his empty hands to surrender. But when the first border agent to approach him stumbled, Aldrete-Davila took off again toward the Rio Grande.

At this point, Agents Ramos and Compean opened fire, shooting at the back of a suspect who they knew was unarmed. They fired 14 rounds in all -- Agent Compean even paused to reload -- finally hitting Aldrete-Davila in the buttocks. The suspect was wounded but still managed to make it across the border and escape.

It later was determined that Aldrete-Davila was in the country illegally and smuggling drugs. Nearly 750 pounds of marijuana were found in the van. But Ramos and Compean didn't know the suspect's immigration status when they shot him. Nor did they know the contents of the vehicle he was driving. What the agents did know is that they had broken any number of border patrol policies.

So Compean and another agent returned to the scene to gather shell casings and discard them in a drainage ditch. Compean and Ramos, who'd been disciplined for past conduct unbecoming a federal officer, then filed a false report. The only reason their cover-up didn't succeed is because an honest border agent who learned of the shooting eventually reported it.

After a trial lasting nearly three weeks, a federal jury in El Paso convicted both agents on charges including assault with a deadly weapon and obstruction of justice. As Johnny Sutton, U.S. Attorney for the Western District of Texas, put it: "The simple truth of this case is that former Agents Compean and Ramos shot 15 times at an unarmed man who was running away from them and posed no threat. They lied about what happened, covered up the shooting, conspired to destroy the evidence and then proceeded to write up and file a false report."

The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien.

This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the U.S. must "enforce the law" on the border. That the agents have been held accountable for misconduct shows that no one is

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above the law. Letting the agents off the hook would also send a terrible message to honest border agents who perform a difficult and dangerous job.

Turning felons into political causes is the kind of stunt usually pulled by the likes of Al Sharpton. That Republicans would now stoop to it shows how immigration has caused some on the right to lose their political bearings. First they gave up their belief in free labor markets, and now they're discarding their law enforcement credentials.

And these are the same folks who assail Mr. Bush's guest-worker proposal as "amnesty." The irony is that if Mr. Bush's plan were in place and there were more legal ways to enter the U.S., border agents would have more time and resources to chase down people like Aldrete-Davila and apprehend them properly.

Fight Against Immigrant Smuggling Follows Money Trail (WP)

By John Pomfret

The Washington Post, January 26, 2007

PHOENIX -- In 2001, Arizona state prosecutors trying to stem the growing tide of immigrant smuggling found a Western Union outlet in the border town of Douglas that was doling out more than $91,000 a month -- this in a community where the per capita income was barely $10,000 a year.

People across the country, prosecutors said, were sending money to the little Western Union shop in Douglas -- and scores others like it in Arizona -- to pay smugglers to sneak illegal immigrants into the United States.

To fight back, Attorney General Terry Goddard employed a controversial technique known as a damming warrant to seize $17 million in money transfers into hundreds of Western Union locations in Arizona, prosecute scores of immigrant smugglers and deport hundreds of people in a program he marvels at because of its "elegant simplicity."

On the surface, the warrants were a success. Between mid-2005 and mid-2006, according to Goddard's office, transfers of $500 and more into Arizona fell from $36.8 million a month to just $2.8 million. The only problem was that all of Goddard's other sources indicated that immigrant smuggling was still booming in Arizona.

So on Sept. 21, Goddard expanded the program, issuing a warrant blocking all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora. He also planned on issuing warrants blocking money transfers through Western Union to nearby states such as Nevada.

Western Union sued to block the Sonoran warrant. "We felt that the state was overreaching," said Peter Ziverts, Western Union's vice president for compliance, "because none of this money ever touched Arizona. So how could Arizona claim it was involved in a state crime?"

On Jan. 9, Maricopa County Superior Court Judge Kenneth L. Fields agreed, quashing the warrant and ruling that it was "unconstitutional as applied under the Commerce Clause, Foreign Commerce Clause, Due Process Clause and the Fourth Amendment of the United States Constitution."

This legal battle is but one of more than 10 state and federal cases in Arizona over how to police illegal immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers. Tactics prosecutors believe are a godsend in the crackdown are often, in the words of one federal law enforcement official, "either brilliant or illegal."

Arizona has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as Goddard said in an interview, "we have it rubbed in our face on a daily basis."

Since the mid-1990s when a federal crackdown in San Diego and El Paso forced illegal immigrants into the desert, Arizona has become the highway through which millions of crossers enter the United States. In fiscal 2006, the U.S. Border Patrol apprehended more than 510,000 people attempting to unlawfully enter the United States via Arizona, half of the total for the 2,000-mile-long southern border, according to government statistics.

Phoenix is recognized as the hub of the immigrant smuggling trade, stocked with safe houses where illegal immigrants, known as pollos, or chickens, are held until relatives or friends pay about $1,600 a head and they are moved out on the highways that crisscross the city. In an affidavit filed late last year, Goddard's office contended that Phoenix-based immigrant smuggling

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enterprises had annual revenues of $1.7 billion to $2.5 billion. The Phoenix Police Department estimates that 50 percent of that city's murders involve either an illegal immigrant as assailant or victim.

Sheriff Joe Arpaio of Maricopa County, home to 3.5 million people, has made his department one of the first local law enforcement agencies in the nation to direct its deputies to arrest illegal immigrants under a state law. So far 400 have been arrested, although Arpaio's tactics are the subject of a lawsuit.

In addition to the Western Union suit, Goddard's fight against immigrant smugglers, who are sometimes called coyotes, has also prompted a federal lawsuit by a group of Western Union customers who allege that the attorney general's office seized their money and never returned it.

According to the suit, Goddard's investigators did not tell the senders that their transfers had been blocked (a charge Goddard did not dispute) and handed money over to recipients only after they had proved that the transfers were not being used for illegal activity. "So much for innocent until proven guilty," said Matthew Piers, the lead attorney in the case.

"We have law enforcement run wild down there," Piers said. "We support interdiction of money for coyotes, that's an activity well worth stopping. But the warrants in Arizona are so broad as to be ridiculous."

Goddard's prosecutors said 91 percent of the people whose money was seized were involved in either drug or immigrant smuggling. Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, which interviewed more than 400 of Western Union's customers to help prepare the case, said that while the "clear majority" of the money senders were illegal immigrants, only a small fraction were involved in felonies. "This is a legal equivalent of a drive-by shooting," he said. "People were sending money to their relatives to buy medicine and food."

Goddard said he has proof that immigrant smugglers were continuing operations in Arizona and using Western Union branches in Sonora to stash their cash. According to an attorney general's office affidavit, a suspect, who had been picking up his cash in Arizona, received $270,000 within two months from a small Western Union stand in Sonora, another garnered $136,000, a third $113,000.

"It is obvious to us that they've just moved the cash aspect of their business out of state," he said, "but the smuggling operations remain in Arizona."

Goddard's tactics were also controversial because of federal concerns that his office was overreaching. When ICE Director Julie Myers visited Arizona in late 2005, Gov. Janet Napolitano (D) suggested that they hold a joint news conference in support of the warrants. Myers declined, officials from both the state and federal governments said. And ICE pulled out of the state's financial crimes task force.

But in recent months, relations between ICE and the Arizona state government have improved. A new special-agent-in-charge, Alonzo PeÃ±a, arrived from Texas after Napolitano pressured the federal government to transfer his predecessor, law enforcement officials said. ICE will soon rejoin the state's financial crimes task force.

In an interview, PeÃ±a said ICE is considering using the surveillance warrants as a tactic to fight immigrant smuggling; that way at least law enforcement could avoid Western Union's argument that Arizona was overreaching.

"I am not really concerned about what happened in the past," PeÃ±a said, "We just want to get in and participate . . . as long as it's legal and can be introduced in court."

TAX:

KPMG Placed On State Probation In Tax-shelter Case (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

DALLAS — Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters.

The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation.

KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said.

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The case stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes.

KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation.

The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing.

William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department.

KPMG, which has more than 400 certified public accountants in Texas, said its activities would not be affected by probation.

"We are pleased that the Texas matter is now resolved and that it does not restrict in any way our ability to serve our clients in the state," said spokesman George Ledwith.

The case was settled through a consent order without holding a formal hearing. Ledwith said Texas is the first state to reach a settlement with the firm. Other states were considering action before KPMG settled with the Justice Department in 2005.

The accountancy board is the licensing and enforcement agency for certified public accountants and accounting firms in Texas. The agency's director said it was unusual for the board to bring a case against such a large accounting firm.

The last one, he said, involved Arthur Andersen LLP, which was convicted of obstruction of justice for shredding Enron documents. The U.S. Supreme Court overturned the conviction, but not before Andersen was devastated.

"Fortunately for the public, we don't have these very often — maybe every three or four years," Treacy said.

Kentucky Sewer District Settles With IRS Over Bond Proceeds (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status.

Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director.

``What they determined is that you should not have used bond proceeds to purchase the put option," Gee said.

Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments.

Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due.

Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said.

Debt Buyback

U.S. local governments agree to settlements with the IRS to prevent the agency from seeking taxes from investors who were willing to accept lower returns from their bonds because the securities weren't subject to income taxes. As part of the settlement, the district will repurchase $2.8 million of the bonds in November.

The district proposed the settlement under a program that allows municipal borrowers to head off audits if they discover that a bond issue may violate IRS regulations on tax-exempt bonds, it said in a bond filing. Gee declined to say how much the district agreed to pay to the IRS, though he said no other parties to the transaction have to pay the agency.

``I'm not at liberty to talk about that amount because the case hasn't legally been closed," he said.

Investment Management Advisory spokesman Gene Grabowski didn't immediately return a call seeking comment. Lehman Brothers spokesman Randy Whitestone declined to comment.

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CONGRESS-ADMINISTRATION:

Bush Touts Tax Breaks For Health Care VIDEO (KCS)

By Dave Helling

The Kansas City Star, January 26, 2007

President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions.

"We believe the private sector is the best delivery of health care," Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, Mo. "We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker," he said.

In his State of the Union speech Tuesday, Bush proposed taxing employer-provided health care benefits, after allowing a $7,500 deduction for individuals and $15,000 for families. He said the plan would help individuals buy insurance, while keeping health care costs low.

Bush traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings.

Critics say the plan could raise taxes for some people with good health care plans and could convince some employers to drop health insurance for their workers.

Earlier, Bush toured the hospital, meeting with staff to talk about use of computers and technology to cut costs. "Medicine is finally catching up with the rest of America in the use of information technology, particularly this facility here," he said.

Around a dozen protestors picketed across the street from the hospital.

Bush Touts Health-Care Plan As Cost Control (WP)

By Michael A. Fletcher And Christopher Lee

The Washington Post, January 26, 2007

LEE'S SUMMIT, Mo. Jan. 25 -- With his new health-care proposals receiving a frosty reception from Democrats on Capitol Hill, President Bush ventured here Thursday to make the case that his ideas offer the best remedy for the nation's health insurance crisis.

Speaking at a roundtable before an audience made up largely of journalists, Bush promoted his plan to offer new tax incentives for people to get modestly priced health insurance through their employers or on their own.

Bush, who announced the initiative Tuesday in his State of the Union address, said it is part of a larger strategy to use private-sector forces, new technology and changes in existing government programs to hold down health-care costs and improve access to medical coverage.

"The best way to do that is through private health insurance," Bush said. "Therein lies part of the debate we have in Washington. We believe the private sector is the best delivery of health care. We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker."

The president wants to offer tax breaks for families who buy health insurance that costs less than $15,000 a year, and impose a new tax on those with more expensive plans. For individuals, the tax break would go to those with plans costing $7,500 or less.

Bush said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run. He also promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance.

"There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care," Bush said. "We'll do that."

After touring facilities run by the high-tech St. Luke's East medical center here, Bush spoke in a session that included small-business owners and uninsured workers who would probably benefit from his plan.

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The plan would end the tax code's longtime bias in favor of employer-sponsored insurance, allowing millions of people who buy policies in the individual market to enjoy a tax deduction on their premiums for the first time. The self-employed can deduct premium costs, but many others cannot.

Essentially, Bush would use the new tax on people with high-priced health plans to subsidize the cost of insurance for those with lower-priced coverage, a progressive feature that administration officials thought would draw interest from Democrats who now run Congress.

But so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured.

"I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans," Sen. Edward M. Kennedy (D-Mass.) said.

The administration, however, contends that the plan would eliminate the blatant disparity favoring employer-sponsored coverage, which has been a feature of the tax code since the middle of the last century. Currently employer contributions to their workers' health benefits do not count as taxable income for the employee, which administration officials say encourages workers to get more expensive plans and use more health care than they otherwise would. Buyers of insurance on the individual market do not enjoy the same tax advantages.

The idea of altering that balance dates at least to the early 1980s, when President Reagan proposed limiting the amount of employer health contributions that could be excluded from an employee's taxable income and diverting the resulting tax revenue to reducing the federal deficit.

Thomas A. Scully, a Republican congressional staffer at the time who later became a top health policy adviser to President George H.W. Bush, said the plan went nowhere: Republicans panned it as a tax increase, and Democrats feared it would penalize some unionized workers with generous health benefits.

In 1992, under the first President Bush, the White House considered scaling back the unlimited tax break on employer coverage and using the new revenue to pay for refundable tax credits to help low-income people get coverage, Scully said. House Republicans, still smarting from Bush's decision to raise taxes as part of the 1990 budget deal, objected, and Bush's advisers stripped the plan out of the budget at the last minute.

"The political timing was terrible," Scully said.

A proposal similar to the current one was recommended two years ago by a presidential advisory panel studying the federal tax system. The panel recommended capping the exclusion from taxable income of employment-based health benefits at $11,500 for family coverage and $5,000 for individuals, starting in 2006. The key difference was that the panel's proposal would have limited the new deduction to the cost of premiums, while Bush's plan would allow even those with cheaper policies to claim the full $15,000 amount.

"The truth is that policy wonks have been talking about this for well more than 20 years, but politicians generally look at it and say, 'This doesn't look like a good deal for me,' " said Joseph Antos, a health economist at the American Enterprise Institute who supports the new Bush plan. "As we've joked around here for years, it's an idea that only a policy wonk could love."

Not so, said Bush.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," he said. "They're just dismissing things because of pure politics; we have put forth ideas that are worthy of debate, and we believe will work."

Bush Promotes His Healthcare Proposal (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 26, 2007

He defends his plan to tax some employer-paid coverage, saying it would rectify 'discrimination … based upon who you work for.'

DOJ_NMG_0122318

LEE'S SUMMIT, MO. — President Bush traveled to a Missouri hospital Thursday to press his case that Congress should sign on to his healthcare proposals, including his idea to pay for his initiative by taxing some employer-paid insurance premiums as employee income.

Unlike similar town-hall-style events that the White House bills as "conversations," the round table at St. Luke's East hospital had no audience other than about 30 reporters.

"If you work for a company, you get your healthcare free, in essence. It's part of the benefits package," Bush told his seven guests, who included several small-business owners and an uninsured waitress. "If you're a stand-alone person, you pay your healthcare on an after-tax basis.

"In other words, there's discrimination in the tax code based upon who you work for. It makes it harder for individuals or small-company employees to be able to buy healthcare," the president said.

Members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining healthcare for the 47 million people in the United States who are uninsured and would eventually raise costs for average families.

Bush toured the new hospital, part of St. Luke's Health System of Kansas City, Mo., to examine its use of information technology, another cause he has promoted. In the emergency room, Bush admired a flat-screen television monitor with a blinking display of patients' vital signs, procedures and medications.

"Medicine is finally catching up with the rest of America in terms of information technology," Bush told the assembled doctors and nurses.

In his State of the Union address, the president proposed making health insurance premiums paid by employers taxable to their employees as part of their compensation. At the same time, every family would get a standard healthcare deduction of $15,000 ($7,500 for singles).

That would mean that families with total healthcare premiums less than $15,000 would get a tax break, but those with what Bush has termed "gold-plated" plans would have to pay income tax on the amount over $15,000.

The president argues that his proposal would level the playing field for those without employer-sponsored health insurance, because the standard deduction would be available to everyone. And that would make it easier for more people to afford to buy individual health insurance.

However, many healthcare experts say that the president's proposal will do little to help most of those who have no health insurance. That is because about half of the uninsured earn so little that they do not file income taxes, so the standard deduction would not help them.

Currently, about 25% of employer health plans cost companies and their employees more than $15,000 a year, meaning that roughly 75% of those with employer health plans would get a tax break under the president's proposal. But healthcare experts say that those savings could be short-lived; the deduction and cap will be indexed to inflation, whereas healthcare costs have been rising faster than the inflation rate.

Esmerelda Wergin, a waitress at her grandmother's Mexican restaurant, told the president that she and her husband had been unable to afford health coverage for themselves and their two sons, either through a job or on their own.

"Some jobs offer you health insurance plans, but they cover nothing…. It's really hard to find one that's going to suit your family's needs," Wergin said.

Bush said the Wergins would save $3,500 in taxes under his proposal, money they could put toward health insurance.

"Rather than have a family sit outside the system … why not help them afford a healthcare system through making the tax code fair?" Bush asked.

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Bush Health Plan Leaves Questions (PD)

By Mary Vanac

Cleveland Plain Dealer, January 26, 2007

Mary Vanac Plain Dealer Reporter

DOJ_NMG_0122319

Local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance.

During his State of the Union address Tuesday evening, Bush proposed giving a $7,500 deduction to single taxpayers and a $15,000 tax deduction to families who buy health insurance.

Practically speaking, taxpayers who pay for their own health insurance would benefit directly from the proposal.

Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership.

But this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said.

But for the majority of taxpayers who get their medical insurance through an employer, the proposal means shifting that employer-paid benefit to employees as income.

This income would be tax-free up to the deduction amounts, but amounts exceeding the deductions would be taxable income for the first time.

Many of the details surrounding the Bush proposal still aren't clear, said Joe Gibbons, government-relations director for Medical Mutual of Ohio in Cleveland.

"The president offered up an interesting concept, which deserves a full review," Gibbons said.

"But I don't think anything becomes clear until after the next [presidential] election."

Jim Kappel, spokesman for WellPoint Inc., the Indianapolis owner of Anthem Blue Cross and Blue Shield of Ohio, said, "Tax policy can be an important way for people to consider health coverage."

Like many insurers and states, WellPoint has its own ideas about how to reform the U.S. health insurance system.

A WellPoint plan announced this month called for universal coverage for children and for expanding programs for the neediest, Kappel said.

John Ryan, outgoing head of the North Shore Federation of Labor, said the proposal raised concerns for people who have medical insurance, as well as those who don't.

"For people who have health-care coverage, it provides a foot in the door for tax benefits," said Ryan, who plans to become U.S. Sen. Sherrod Brown's Ohio director after his replacement at the former Cleveland AFL-CIO Federation is found.

But workers who now receive generous health-care benefits could pay taxes they don't have to pay today, he said.

People who don't have insurance because they can't afford it, though, won't benefit from a tax deduction.

"The proposal falls short of what working families need," Ryan said.

"The only good thing about [Bush's] proposal on health care is that he has stated there's a problem," Ryan said.

COSE's Millard said he was glad to see that health care made the first 10 minutes of Bush's speech.

"I liked the comments he made supporting the Voinovich bill and alternatives for how states deal with health care costs," Millard said, referring to Ohio Republican Sen. George Voinovich's idea to provide waivers for Medicaid recipients that could bring more federal dollars to states like Ohio.

"We are advocating a number of things for changing the health care system," Millard said. Pairing the president's proposed tax deductions with a requirement that all Americans have health care coverage will bring change to the health care system, he said.

Bush Pushes Health Care Plan (NYT)

By Jim Rutenberg

The New York Times, January 26, 2007

LEE'S SUMMIT, Mo., Jan. 25 — President Bush urged Congress on Thursday to consider his new health care proposal and indicated he was ready for a fight.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," Mr. Bush said of his health care plan. "They're just dismissing things because of pure politics."

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Mr. Bush's comments came in a discussion with local doctors, small-business owners and workers here on the second stop of a tour to promote policies he proposed during his State of the Union address on Tuesday night.

Even before the speech, Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, had cast doubt on the chances of Mr. Bush's package of proposals, which is intended to improve access to health insurance with changes in the tax code. Mr. Rangel called it "a bad policy"; other Democratic leaders have since called the proposal all but "dead on arrival."

Under the proposal, workers would be newly taxed on health care plans provided by employers that were valued above new — and, administration officials say, generous — standard deductions for health care benefits. Individuals would in turn be able to buy insurance plans tax-free.

White House officials said they had received more positive feedback from some Senate Democrats, but the plan has drawn fierce resistance from the labor unions.

With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say.

But Mr. Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them.

"We proposed a bold initiative," Mr. Bush said here. "I know Americans expect that the United States Congress will take a look at all ideas."

The president spoke at St. Luke's Hospital here, where he asked a group of workers, business owners and administrators how the current system worked against them and how the new system would help them.

Martha Gelencher, a small-business owner sitting with the president, said in a typically glowing exchange about the proposal that she could not imagine "why someone would not think it would be a good thing."

Mr. Bush portrayed the plan as in keeping with his philosophy that it was government's role to enable people to become the "decision maker," reminiscent of his reference to himself last year as "the decider."

Bush Comes To Missouri To Promote Health Plan (SLPD)

By David Twiddy

St. Louis Post-Dispatch, January 26, 2007

LEE'S SUMMIT, Mo. (AP) -- In town to push his proposal to expand access to health insurance, President Bush on Thursday praised advanced patient care technology at a local hospital.

Bush toured the Lee's Summit campus of the Saint Luke's Health System, which is less than two years old and features an array of high-tech systems that closely track patient care, even from half a state away.

In one room, Bush studied a wall of computer screens that included medical information on every patient currently receiving treatment in the hospital's emergency room, including the X-ray of a girl who had dislocated her elbow.

In another room in the intensive care unit, hospital officials showed the president a high-powered camera above a bed that would allow physicians anywhere to keep an eye on the patient's progress. A similar system allows hospital employees to watch patients at ICUs in other Saint Luke's system hospitals, including one in Hays, Kan.

"Medicine is finally catching up with the rest of America in the use of technology," said Bush, who has advocated for greater use of computerized health records as a way to bring down costs and reduce medical errors.

Afterward, Bush attended a round-table discussion in one of the hospital's conference rooms with a group of small-business owners and employees, hearing their concerns about paying for insurance.

In his State of the Union address Tuesday, Bush proposed taxing employer-financed health care benefits after a deduction of $15,000 for families and $7,500 for individuals. The deductions would also apply to people buying their own insurance plans.

The White House estimates about 80 percent of workers with health insurance would see a tax cut because of the change. The other 20 percent would see a tax increase if their insurance was worth more than the deductions.

Bush defended the plan Thursday, saying it would "level the playing field" between small businesses and large businesses, which typically get a discount because of their size and help more people afford coverage.

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"If you work for a company you get your health care for free, in essence, because it's part of your benefit package," he said. "If you're a stand-alone person, you're paying for your insurance on an after-tax basis. There's discrimination in the tax code based on who you work for."

The Missouri Democratic Party joined other critics of the plan, saying it wouldn't help reduce the millions of people living without insurance and could encourage employers to limit or drop high-quality coverage.

"You don't make health care more affordable by increasing taxes on middle-class families that work hard and currently have good health care coverage," said Jack Cardetti, the state party spokesman.

Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, said the poorest people will have to use any tax savings they receive for other living expenses, not insurance.

"We know tax cuts don't help the general public," Carroll said. "It gets President Bush around the real issue, which is universal health care."

Bush dismissed similar concerns from Democratic opponents in Congress as "pure politics."

"If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider," he said.

As an example, he pointed to Dan Jones, a St. Louis computer engineer and one of the round-table participants, who said he's been without insurance since dropping his individual plan when premiums got to $400 a month.

"That $4,800 (a year's worth of premiums) is a lot of money," he said. "That's money that could go toward a car or a house."

Bush said the plan would save Jones more than the cost for an individual insurance plan.

"Here's a classic case, a young guy in the marketplace priced out of the individual market," he said. "The plan helps him."

Bush Promotes Health Care Proposal (USAT)

By David Jackson

USA Today, January 26, 2007

LEE'S SUMMIT, Mo. — For Dan Jones, a single man with no health insurance, President Bush's plan to give tax deductions for health coverage sounds like a good deal.

Bush's proposal would give individuals a $7,500 tax deduction regardless of whether they buy their own health insurance or their employers pay for it. Families would receive a $15,000 deduction. It was unveiled during Tuesday's State of the Union speech.

VIDEO: Bush tours hospital

"Your health care proposal looks very profitable to me," Jones told Bush Thursday at a roundtable discussion.

Jones, who lives in St. Louis and works for a computer company, said he would be able to buy an insurance policy under Bush's plan and have money left over. Jones would be able to reduce his taxable income by $7,500, even if he spends less on health insurance.

On the second of his road trips to sell his State of the Union ideas, Bush told a group of medical professionals that the federal government should make health insurance and care more affordable. An estimated 47 million Americans are uninsured.

"The (health care) system discriminates against the Dan Joneses because the tax code … has made it harder for him," the president said. "We're trying to move somebody like Dan from being a statistic."

Democrats criticized Bush's plan. In Washington, a fact sheet released by Senate Majority Leader Harry Reid's office said it would "prompt employers to stop offering health care."

Sen. Barack Obama, D-Ill., who is exploring a White House bid, said Bush's proposal was a "halfway measure" that "does little to bring down costs or guarantee coverage."

Before the roundtable discussion on health care, Bush toured St. Luke's East hospital and learned more about new technologies that help doctors treat and diagnose diseases. The president said he wants to find ways to use information technology to help people understand the costs of medical services.

He also repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. "When you've got a lawsuit, it causes good docs to quit the practice of medicine," he said.

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White House spokesman Tony Fratto said public pressure — and demand for better health care — would force Republicans in Bush's party and Democrats who control Congress to work together.

"The American people are rightly concerned about any plan that will put the government between patients and their doctors," Fratto said. "Good ideas that avoid that pitfall will have a chance to prevail."

On Capitol Hill, Republicans such as Sen. George Voinovich of Ohio have expressed concern that the war in Iraq could affect Bush's ability to press a domestic agenda with Congress.

Bush meets today with House Republicans to discuss health care, energy, immigration and other issues.

"They're going to want to talk about issues that came up in the State of the Union address," White House press secretary Tony Snow said, "because that is going to play a significant role in politics over the next few months."

Leavitt Espouses Health Plan (WT)

By Gregory Lopes

The Washington Times, January 26, 2007

During the next three months, Secretary of Health and Human Services Michael O. Leavitt will travel the country to drum up support for the Bush administration's proposals for health care coverage.

Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance.

It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured.

While the new attention is necessary, it may not be effective.

"What we have here is a convergence of philosophies between the Democrats in Congress that want to expand the employer system and public programs and Republicans [the Bush administration] who believe the individual system is where we need to go," said Robert Laszewski, president of Health Policy and Strategy Associates. "You don't split the difference, we're stalemated until 2008."

The president released his proposals to Congress shortly before the State of the Union address. Almost immediately the plan was criticized on Capitol Hill.

"President Bush's proposal on health care is another step in the wrong direction," said House Speaker Nancy Pelosi, California Democrat, at the U.S. Conference of Mayors on Wednesday.

"It will actually raise taxes on middle-class families lucky enough to have good health insurance, while providing little assistance to the 47 million uninsured Americans. Quite simply, it's bad medicine."

The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured.

The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. "It's not fair," he said.

So the administration is proposing to reform the tax code by giving families a $15,000 deduction and individuals a $7,500 deduction. But Families USA, a nonprofit consumer organization, calls the tax-reform proposal regressive, partly because a tax deduction favors people with higher incomes.

A tax credit provides more tax relief. For a family in a 15 percent tax bracket, a tax deduction reduces their tax liability by only 15 cents for every dollar spent on premiums. The Families USA analysis shows that for a family in a 15 percent bracket, the tax deduction is worth $2,250.

When asked why a deduction rather than a credit, the secretary said that the administration considered a tax credit and that "a tax credit certainly has redeeming features."

"If exclusion [deduction] is not the solution, let's talk about what is a solution, but I believe exclusion is the best policy," he said.

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Under the proposal, Mr. Leavitt said 23 million to 28 million people would pay more taxes on their insurance because, for the first time, the government would levy a tax on the value of employer-sponsored health insurance in some cases. Currently, most employees are not taxed on the value of their employer-sponsored health insurance.

Meanwhile, the industry/advocacy coalition proposal, while also offering tax incentives, calls for not only an expansion of the State Children's Health Insurance Program but also broadening the coverage power of Medicaid to childless adults.

Bush Touts Health Care; So Do Obama, Clinton (NPR)

By Julie Rovner

NPR, January 26, 2007

All Things Considered, January 25, 2007 · President Bush travels to Missouri to tout the health plan he unveiled in his State of the Union Address. Back in Washington, Democrats who want his job in 2008 are pushing plans of their own.

Sen. Barack Obama (D-IL) makes his health-care debut at the annual conference of the consumer health group Families USA, while Sen. Hillary Rodham Clinton (D-NY) addresses the U.S. Conference of Mayors.

White House Touts Health Care Savings (AP)

By Kevin Freking

AP, January 26, 2007

Get health insurance through your employer? The average cost of a family policy is about $11,500, low enough to get you a tax break under President Bush's new health care initiative.

If an employer-provided plan covers you alone, the policy costs just under $4,250 on average, still low enough for a tax cut.

The administration says its proposal would enable more Americans to afford health insurance, reducing the ranks of the uninsured _ now estimated at 46.6 million _ by 5 percent to 10 percent.

The president hit the road Thursday to sell his health care plan, talking it up at a conference in Lee's Summit, Mo. But it has received a cold response from key Democrats in Congress.

The plan would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically.

But, then, the president calls for a standard tax deduction for those who buy health insurance _ $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction.

The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase.

About 160 million people get health coverage through their employers.

A smaller group of Americans, about 17.8 million, buy health insurance on their own because their job doesn't provide it or they can't afford the coverage their employer offers. Almost all of them would experience a substantial tax cut.

That's because they don't have a boss fronting the cost of their insurance on a tax-free basis. They pay for it themselves, and get little tax help unless they spend at least 7.5 percent of their adjusted gross income on health care.

Karen Davis, president of the Commonwealth Fund, said the people who buy insurance on their own are typically baby boomers. Of the 12 million adults in the individual market, 40 percent of them make more than $50,000 a year.

They would save, on average, about $2,500 when buying individual coverage, and $5,000 on family coverage, she said.

"I definitely think it is fiscal relief" for those in the individual market, Davis said.

That relief is much more mixed when it comes to people who get health insurance through their work, she said.

Just how much one pays or saves depends upon which income tax bracket they're in. The administration projects that the greatest benefit would go to the middle class.

The wealthy tend to have the most expensive policies, and many of them can expect to pay higher taxes. Meanwhile, the poor generally don't pay any income tax, so the help they get would be limited to lower payroll taxes.

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The administration has referred to health insurance policies exceeding $15,000 for a family or $7,500 for an individual as gold-plated, but many disagree with that assessment.

"Not all these policies are gold-plated. What you get depends on where you live, where you work and what the cost of insurance is in that area," said Diane Rowland, executive vice president of the Kaiser Family Foundation.

Workers in established manufacturing industries, such as the auto and steel industry, tend to have generous health insurance benefits, so they could see their taxes go up if they stick with their current policy. So could many government workers.

Also, large firms tend to have better, more expensive policies than do small businesses. Davis said that large businesses tend to treat the great majority of employees equally.

"Typically, the person working in the mail room has the same health coverage as the person working as an executive," Davis said.

But John Goodman, president and CEO of the National Center for Policy Analysis, disagreed. He said executives at large corporations often get extra benefits on top of the insurance that everyone else at the company gets. They'll get annual checkups and undergo screenings at the most renowned medical facilities such as the Mayo Clinic, or in his home town of Dallas, the Cooper Clinic. It makes little sense for the government to subsidize such health insurance plans, he said.

"It's not unusual at all to find the guys at the top with the most lavish plan," Goodman said.

While more than 100 million people would get a tax break, the administration estimates, more than 55 percent of the uninsured _ about 25 million people _ have such low incomes that they pay no income taxes, Davis said. So the tax changes would not make insurance any more affordable for them, she said.

The president's plan would not kick in until 2009. Over the years, the standard deduction would increase at the rate of overall inflation. But some tax analysts warn that the deduction would still lose value as a result.

That's because health insurance premiums have been going up much more quickly than inflation, so, eventually, more taxpayers will fall into that camp whose health insurance cost more than the deductible. When that happens, they have two choices, pay more taxes or select more basic, less expensive insurance plans.

The administration says it believes that people will seek out more basic coverage to avoid tax increases.

"We think that will bring down national health spending," said Katherine Baicker, who serves on the president's council of economic advisers.

Some analysts also worry that more small businesses will drop coverage if they know their workers can get coverage on the individual market, thanks to the new tax breaks for people buying insurance on their own.

Coverage in the individual market is generally cheaper than coverage in the group market, but many Americans, particularly those with pre-existing health conditions, will find it difficult getting a company to sell them a policy, said Len Burman of the Tax Policy Center, a joint program run by the Urban Institute and the Brookings Institution.

"For many, the nongroup market doesn't work well," Burman said. "It works fine for people who are healthy. It just doesn't work well for people who are sick."

Bush's Health Plan Might Look Familiar To Utah (SLT)

By Robert Gehrke

Salt Lake Tribune, January 26, 2007

WASHINGTON - As governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance.

Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in President Bush's State of the Union to deeply skeptical Democrats in Congress.

"Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state," Leavitt told reporters Wednesday.

The Bush plan extends tax deductions to help self-employed workers or those whose employers don't offer insurance buy health coverage.

"If you're a waitress or you're a bricklayer or you're a day care worker . . . it's simply too big of a lift," Leavitt said.

There are currently about 47 million Americans without health insurance.

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The second part of the plan would tax health care benefits provided by employers that exceed $15,000 for families and $7,500 for individuals.

About 20 percent of workers with plans worth more than the deduction - policies the administration calls "gold-plated" coverage - would pay taxes. However, the White House projects that after 10 years, nearly 40 percent of workers would see a tax increase or have to find a cheaper policy, White House spokesman Tony Fratto said.

That's because the cost of health care

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is projected to grow faster than the value of the tax deduction, meaning that, barring changes the White House hopes will keep health costs down, more workers would have health coverage worth more than the deduction.

Leavitt said the tax issue is a question of fairness that has to be addressed if the goal is coverage for every American.

"In my mind, it's simply indefensible for our country to have a tax policy that provides a tax benefit to portion of our citizens and simply ignores the rest, and that's the policy we currently have," he said.

As governor, Leavitt proposed, and the Legislature passed, a similar proposal exempting health care costs from state income taxes, but "it became very clear that it was essentially just a gesture."

"This dilemma is simply unresolvable by the states," he said. "It has to be dealt with by the federal government."

Leavitt and the administration face a skeptical Congress.

Rep. Pete Stark, D-Calif., who chairs a House health subcommittee, said the president's plan won't help the uninsured and will discourage employers from covering workers. Senate health committee Chairman Edward Kennedy, D-Mass., said the tax breaks won't improve coverage or "help working families afford the spiraling cost of health care."

Utah health care advocates also have reservations about Bush's health care plans.

"These tax credits aren't going to come anywhere near what it's going to cost families to have credible health coverage," said Judi Hilman, executive director of the Utah Health Policy Project.

Leavitt also outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over.

Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns.

"I took criticism from advocacy groups, but I got letter after letter after letter of appreciation from nearly 20,000 families that had health insurance for the first time," Leavitt said.

Bush's Budget Will Detail Plans To Slow Spending On Medicare (WSJ)

By Deborah Solomon

The Wall Street Journal, January 26, 2007

WASHINGTON -- Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready.

Read excerpts2 from the interview with Treasury Secretary Henry Paulson.

In an interview yesterday, Mr. Paulson said the budget for fiscal 2008, which begins Oct. 1, will include a number of "incremental changes" to government health programs, including some aimed at slowing the projected 7% annual growth in Medicare spending. The budget is to be released on Feb. 5.

Mr. Paulson wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly.

"When the budget goes up you will see a number of changes relating to Medicare which are aimed at slowing the growth of these liabilities, slowing the trajectory," Mr. Paulson said.

Talking to Congress

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Mr. Paulson, who took office six months ago, said he is spending much of his time talking to members of Congress about the urgency of restraining health costs and reducing the nation's reliance on foreign oil.

Restraining the costs of the Medicare health insurance program for the elderly will help the White House show a budget that is balanced by 2012.

The program cost about $374 billion last year, about 14% of all federal spending. Without any changes, the Congressional Budget Office estimates it will cost $851 billion by 2017.

The proposals to save the government money on Medicare complement President Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said. Calling the proposal "a big idea," he said it is intended to advance the national conversation about health care and make Americans better consumers of health care and thus restrain cost increases over time.

On Social Security, Mr. Paulson acknowledged that it may be hard to meet the president's goal of fixing the long-term finances of the government's retirement program, given the "significant political differences and policy differences on what steps are to be taken."

In his State of the Union address, Mr. Bush said failure to put Medicare, Medicaid and Social Security on strong financial footing "will one day leave our children with three bad options: huge tax increases, huge deficits, or huge and immediate cuts in benefits."

Mr. Paulson said he has been reaching out to Democrats and Republicans in Congress to start a discussion without any "preconditions." Mr. Bush has pushed the notion of creating private accounts as part of a Social Security fix; Democrats have resisted. Mr. Paulson insisted nothing is off the table, refusing, for instance, to rule out discussion of changes to the payroll tax. "The key thing is to come together without preconditions," he said. "It's only fair that if you're going to have a bipartisan discussion, you can't tell someone we're not going to let you talk about your idea."

In a Fox News interview last week, Vice President Dick Cheney sounded a different tone, saying that the president wants a discussion without "preconditions" but that "we don't believe a tax increase is necessary." Those comments drew fire from Democrats.

Asked about Mr. Cheney's remarks, Mr. Paulson said, "The president has been very clear. He'd like people to come together without preconditions."

'Can't Force Something'

Mr. Paulson said even creating a path for his successor to solve the Social Security problem would be progress. "We can't force something," he said. "If we get fortunate there will be enough momentum and the leaders in both bodies of Congress will work together and we'll craft a solution. But if we don't, hopefully if I do my job right, if others do the things they're doing, we'll make progress. We'll depoliticize this and it will be easier for someone, sometime in the future to solve."

The secretary, an active environmentalist before coming to Washington, also emphasized the urgency of taking action to reduce the nation's dependence on oil, saying "one of the significant risks to our economy is imported oil" and said the solution lies primarily in reducing the reliance of automobiles on gasoline.

Mr. Bush has called for a 20% cut in gasoline consumption over the next 10 years, and would achieve that through new auto fuel-economy standards and a mandate to use more ethanol and other alternative energy.

"This is aggressive," Mr. Paulson said. "By putting a mandate of that size out there, I believe that is going to spur, and I know the president does, huge technological advances in investment," he said, adding: "If we can have 20% of our transport fuel not come from oil, that will make a big difference."

Growing Support Of Public (WSJ)

By John Harwood

The Wall Street Journal, January 26, 2007

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In new Wall Street Journal/NBC News poll1, Americans back Democrats by 35 percentage points on prescription drugs for seniors amid looming showdown with White House over Medicare drug benefit. Since Bush's presidency began, Democrats have turned an eight-point deficit on taxes into an eight-point edge, and narrowed deficit on "moral values" to nine points from 22.

Approaching 2008, Democrats have "a once-in-a-generation opportunity to be...reconsidered" as a national party, says Republican pollster Bill McInturff, who conducts the Journal/NBC survey with Democratic counterpart Peter Hart. In new book, Senate Democrats' campaign chief Schumer of New York recommends a "kitchen-table compact" including unconventional issues like reduced cancer mortality to court centrists like the fictional couple "Joe and Eileen Bailey" he uses to shape strategy.

The Baileys remain "up for grabs," Schumer says, "but they're more open to our message than theirs."

Congress attracts promising initial reviews.

By 53% to 44%, Americans say new House ethics rules will improve lawmakers' "ethics and honesty." A 48% plurality predicts Democratic Congress will "strike the right balance" with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be "too inflexible" with then-President Clinton.

Speaker Pelosi's positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name; most still don't know Senate Democratic Leader Reid, Senate Republican Leader McConnell or House Republican leader Boehner.

Health care returns to spotlight but still poses political risks.

A 53% majority expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993.

Resistance is greatest among those earning more than $75,000. Americans embrace coverage mandates pushed by Romney of Massachusetts and Schwarzenegger of California as good ideas, but by only a bare 48%-42% plurality; those 50 or older, the most-frequent voters, are least supportive.

Obama's backing of universal coverage may draw other African-Americans, who support the goal more than whites or Hispanics.

AS IRAQ COSTS mount, administration leans on private companies to help rebuild Lebanon as part of broader Mideast peace strategy; Intel and Cisco executives attend Paris donors' conference where Rice announces $770 million in U.S. aid. Some 49% of Americans say average U.S. citizen has sacrificed for Iraq war; 48% say no.

NEGOTIATORS STRUGGLE to complete U.S.-South Korea trade pact, which would be the biggest since Nafta. Among sticking points: Korean market access for U.S.-produced beef and autos. Among blue-collar workers, 28% call "jobs going overseas" the economic issue that concerns them most; 29% cite health costs.

SALES JOB: With just 40% approving his handling of the economy, Bush heads to Peoria and New York next week to promote recent signs of strength and rising wages. Treasury Secretary Paulson calls economy "a hell of a lot better than we thought it would be a year ago."

WHAT SLUMP? Majorities in all parts of the country say their home values are still rising. Most bullish are Southerners (65%); least bullish are Midwesterners (52%).

Charities chafe at Bush's foreign-aid priorities.

Antipoverty groups say U.S. would improve international image by emphasizing efforts against poverty and disease rather than democratization. "America has the opportunity to present a different face abroad," says Samuel Worthington of InterAction, an umbrella group with members including CARE and World Vision.

Though conservatives still strongly approve Bush's foreign policy, evangelicals are now split. Among families containing military veterans or active-duty soldiers, 55% disapprove Bush's handling of Iraq and 54% say the war hasn't been worth the costs.

Bush aid chief Randall Tobias pledges "an appropriate balance" between foreign-policy and antipoverty goals.

MINOR MEMOS: Despite election thumping, 40% of Republicans characterize themselves as very happy compared with 26% of Democrats. ... Most likely to say they've taken antidepressants: women, whites, those earning less than $30,000 and liberals.

The President's Risky Health Plan (NYT)

DOJ_NMG_0122328

The New York Times, January 26, 2007

The new health care proposals announced by President Bush this week purport to tackle the two toughest problems confronting the American health care system: the rising number of uninsured Americans and the escalating costs of medical care.

But on both counts, they fall miles short of what is needed to fix a system where — scandalously — 47 million Americans go without health insurance.

The financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address the problem. To keep the program "revenue neutral," Mr. Bush would instead use tax subsidies to encourage more people to buy their own health insurance, while imposing additional taxes on people who have what Mr. Bush deems "gold plated" insurance.

It is a formula that would do little to reduce the number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden.

One enlightened element is that the plan would provide equal tax treatment to those who bought their insurance policies on the individual market and those who got coverage through group policies at work, thus ending a longstanding inequity that favors employer-based policies. To level the playing field, the administration proposes to grant everyone who gets qualifying health insurance a standard deduction — $15,000 for family coverage or $7,500 for single coverage — off their income subject to taxation. Those with family policies exceeding $15,000 in value would have to pay taxes on the excess amount.

After the proposed starting date in 2009, the administration estimates, about 80 percent of workers with employer-provided policies would pay lower taxes and 20 percent would pay higher taxes, unless they reduced the value of their health coverage to fit within the standard deduction.

The new standard deduction would almost certainly entice some people to buy health insurance who had previously elected not to. But a tax deduction is of little value to people so poor that they pay little or no income tax. And unfortunately, it is those people who account for the vast majority of the nation's uninsured.

Instead of trying to fix that fundamental flaw, the administration has decided instead to buck it to the states. The White House has offered few details. But its idea is to allow states to redirect federal money that now helps to finance hospitals that provide charity care and use it instead to subsidize health insurance for the poor.

In an ideal world, it would make good sense to insure people in advance rather than wait for them to show up in a high-cost emergency room. But this plan could quickly cripple the safety-net hospitals. Fortunately, no governor would have to accept the offer to redirect funds. The scheme is mostly a reflection of how the administration is unwilling to accept true responsibility for the uninsured.

If the administration really wanted to help low-income people, it would have proposed a refundable tax credit that would have the same dollar value for everyone — instead of a tax deduction, which primarily helps people in high tax brackets. Even those who do not pay taxes would get a check for the dollar value of the credit, providing them at least some money to help pay for health insurance. Congress ought to recognize that credits are the better approach for even such a limited plan.

As for the tax increases on those "gold plated" health policies, the White House is hoping to discourage people from using high-priced comprehensive health policies that cover everything from routine office visits to costly diagnostic procedures that are not always necessary.

The administration's goal is to instead encourage people to take out policies that might reduce the use of medical services, like policies with high deductibles or co-payments, or managed care plans. But even "copper plated" policies can exceed $15,000 in cost if they are issued in areas where medical prices are high or to groups with high numbers of older or chronically ill workers.

The whole approach rests on the premise that comprehensive prepaid health policies are a major factor in driving up costs; the theory is that people will tend to use services if they are covered. There is probably some truth in that.

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But the main drivers in rising health costs are the costly services, high-priced drugs and hospitalizations for people who are seriously ill with catastrophic diseases or multiple chronic illnesses. Making their health coverage less generous would simply make it harder for them to get the care they need.

The greatest risk in the president's proposal is that it would seem likely to lead many small- and medium-size employers to stop offering health benefits altogether on the theory that their workers could buy affordable insurance on their own. That would leave many more Americans at the mercy of the dysfunctional individual policy market, where administrative costs are high and insurers strive to avoid covering people who are apt to become sick and need costly care.

For all its fanfare, Mr. Bush's plan would be unlikely to reduce the ranks of the uninsured very much. And if things went badly, it could actually increase their numbers. That's not the answer Americans are waiting for and not what they deserve.

Bush Plan Won't Fix Broken Health Insurance System (FLSUNSEN)

By Michael Mayo

South Florida Sun-Sentinel, January 26, 2007

To see how spectacularly off the mark President Bush's proposal to solve the health insurance crisis is, consider the case of Celestine Pearson.

"We're already capped out on our deductions, because we got five of us living on one part-time salary," Pearson said. "So how is this [$15,000 tax credit] going to benefit us? We won't get any more tax breaks, and health insurance still won't be affordable."

I met her outside Memorial Regional Hospital in Hollywood on Wednesday, where her 10-year-old son was having minor surgery.

She and her husband have been without health insurance for a year, when he lost his job with the state as a toll collector. He now has a part-time job that doesn't include benefits.

They live in Miami Gardens and have four children: 10, 13, 15 and 19.

She said the three youngest have medical coverage through Medicaid and the state. Their oldest, a biology student on scholarship at the University of South Florida in Tampa, has been uninsured since she turned 18.

"The president may have some people's interests at heart, but I don't think it's probably mine," said Pearson, 43.

Pearson said the family hasn't even bothered shopping for new insurance since losing the HMO plan that came with her husband's former job. She ticked off the other things that take priority: rent, food, electric bill, clothes.

Now that she, her husband and oldest daughter are among the 3.6 million Floridians without health insurance, she said they have adopted a new "preventative care" plan.

"Basically we're neglecting ourselves and praying we don't get sick," Pearson said.

"The politicians talk as if they care, but when it comes down to actually providing, they do nothing."

Actually, Bush's plan might be worse than nothing. It would reward high-income workers in low-cost plans, penalize middle-class families who live in high-cost states and might prove utterly irrelevant in reducing the ranks of the 46.5 million uninsured Americans or the overall cost of health care.

The plan would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries.

In other words, sounds like another Bush boondoggle.

The plan appears dead on arrival, with no realistic way to get through the new Democratic Congress. But it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago.

"For the average Joe American, making 30 or 40 grand a year, these tax breaks are going to do him bupkis," said Marc Zilbert, 60, of Hollywood, using the Yiddish word for nothing.

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When it comes to health care, Zilbert is living proof of how upside-down the system is. A former commodities broker, he said he has been uninsured and unemployed for the last year, but now has all his medical care provided by the South Broward Hospital District's indigent fund.

"I get treated first class," said Zilbert. "No different than if I had Blue Cross/Blue Shield."

He stood outside with a cigarette, attached to an IV drip. He said he had pneumonia and diabetes. Was it a good idea to be smoking? He used another Yiddish word to describe himself (rhymes with luck) and said he had cut down from four packs to five cigarettes a day.

"I'd much rather be paying my own way," he said.

He said he'd have to pay about $1,200 a month for an individual health-care plan, and it wasn't likely any insurance company would take him because of his health history, including cancer.

"The gap in coverage is what's killing people," he said. "If you have a lot of money or if you have nothing, you're OK, but everyone in between is stuck. ... I don't believe in socialism but there has to be a happy medium. There's got to be a better way."

President's Health Care Plan Deservedly DOA (MERCN)

The San Jose Mercury News, January 26, 2007

President Bush should have taken a page out of Gov. Arnold Schwarzenegger's book if he were serious about national health care reform.

Instead, the president's approach, culminating with his State of the Union address, pretty much assures the centerpiece of his domestic agenda is dead on arrival.

That's exactly what President Bush's weak, warmed-over proposal deserves.

The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured.

Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. Prior to his State of the State address, he consulted with Democratic leaders and health care experts throughout the state, and he has since welcomed alternative proposals and criticisms, creating a political aura that suggests he is more interested in ``getting it right'' than furthering a political agenda.

Monday, he continued his effort to drum up support for his plan by sitting down with nearly two dozen high-tech executives for a round table discussion at Seagate Technology in Fremont.

President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle.

Rather than a push for ``shared responsibility,'' the president continues with his view that everyone, rich and poor, should be pretty much on his own.

The president is offering a tax deduction of $7,500 for individuals and $15,000 for families to try to help purchase health insurance. But as Health Access Executive Director Anthony Wright puts it, ``that's like giving a three-foot rope to people in a 10-foot hole.''

Since it's becoming increasingly clear that the president isn't going to be able to lead a national debate on health care for his remaining years in office, it's time for the 2008 presidential contenders to start offering ideas.

They can begin by talking about their reaction to what innovative states -- including California and Massachusetts -- are doing to provide potential national models for health care reform.

Running On Empty (NYT)

By Thomas L. Friedman

The New York Times, January 26, 2007

Sorry to repeat myself, but I have the same reaction to this year's energy proposals in the State of the Union that I had to last year's. President Bush had the opportunity to launch America on a transformative new path for clean, efficient power. He had a

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chance for a "Nixon to China" moment — as the Texas oilman who leads us into a greener future. Instead, he gave us "Nixon to New Mexico" — right direction, but not nearly far enough.

As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired George Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip.

The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk — regarding both energy and Iraq.

"The stakes on Iraq and on climate change are way too large for us all to be just couch potatoes waiting for the messiah to come in 2009," said Fred Krupp, president of Environmental Defense. "That is not an option. Yes, it would be entertaining, but we need leadership on these issues, and we need it now."

On energy — no, the president's proposals were not just beanbag. His call to reform CAFE mileage standards for U.S. cars "shifts the debate from whether to compel U.S. automakers to build more fuel-efficient vehicles to how much they should do so," notes a strategy consultant, Peter Schwartz. And his call for a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks also changes the debate from whether to how much, and which fuels.

But the devil will be in the details. Will liquefied coal be one of those alternatives — which could add to global warming — or only non-fossil-fuel alternatives? On mileage standards, U.S. automakers will lobby the White House very hard for the smallest possible change. Will they get their way? If so, there isn't much here.

The really bold, transformative — and popular — initiative Mr. Bush should have offered would either be a national cap-and-trade system for controlling CO2 emissions by utilities, manufacturers and autos, or a carbon tax. Both would create economic incentives for us to get rid of appliances, buildings and cars that emit a lot of CO2 and to invent and purchase those that don't.

But there is no reason that the Democrats could not right now put a cap-and-trade bill on Mr. Bush's desk themselves by spring, Mr. Krupp said, "and I think Bush would sign it."

It is not enough for Democrats to just hold hearings on climate change. They need to use their new power to change the climate. Not only would the public be with them, but so would big business. A coalition of America's best companies — like General Electric, DuPont, Duke Energy, Alcoa, Caterpillar — and environmentalists just issued a "call to action" for a national cap-and-trade program to limit greenhouse gas emissions.

On Iraq: talking to some of our senior military lately, I've been struck by how concerned they are about the new Bush buildup against Iran. Before we have even won one war in Iraq, the Bush team seems to be courting another with Iran. I am all for brandishing the stick with Iran, but it should be for the purpose of gaining leverage for a diplomatic dialogue with Iran and Syria about Iraq.

"When your house is burning, you don't go looking to start a fire in the next house," said Vali Nasr, author of the "The Shia Revival." Right now, he adds, everything should be subordinated to trying to salvage Iraq.

Let the troop surge be accompanied and reinforced by what the Baker-Hamilton commission proposed: a regional conference that puts Syria, Iran, Jordan and Saudi Arabia around a table with Iraqis to try to stabilize the place. And that requires that America brandish carrots and sticks with all the parties. If a real regional conference doesn't work, then Democrats who want to just set a date to withdraw will have an even stronger case because we will truly have tried everything. But let's try everything: a surge of diplomacy, not just troops.

Let the Democrats put that on the president's desk. Just as the business community would support a real climate initiative, I think the U.S. military would support a real diplomatic conference. Bush gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them — for the long haul.

President's Union Speech Pleases Conservative Base (WT)

By Ralph Z. Hallow

The Washington Times, January 26, 2007

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President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress.

"He did not pander to the Democrats and independents as some thought he would," said New Jersey Rep. Scott Garrett, a conservative Republican who told The Washington Times that his House colleagues expressed a similar assessment.

Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion. But Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing.

Pat Toomey, president of the influential Club for Growth, saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans.

"A good example was health care, which was the central focus of his policy," Mr. Toomey said. "His message will appeal to voters, the middle class, Democrats and Republicans alike, because it eliminates an inequity in the tax code that has prevented the evolution of consumer-based -- as distinct from employer-provided -- health care."

"So we are every happy with his proposal, which will lower costs and provide more choice for consumers," said Mr. Toomey. "Democrats ought to like it, but I very much wonder if they to give the president any kind of victory and I am afraid they would rather have this issue to use against Republicans in the 2008 elections."

Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress.

"The top issues primarily interested the new majority," said Family Research Council President Tony Perkins. "While some of these issues have merit, the president went silent on key social issues that many Americans care deeply about. The overarching concern is that the administration is yielding its ability to influence the public discussion to the liberal leadership of the new congressional majority."

However, with his presidency now in its final two years, Mr. Bush must fight to maintain his influence.

"Bush is already a lame-duck president, but he is trying his best not to be considered a 'dead duck' president -- with no power or influence at all," said Merrill Matthews, an analyst at the Institute for Policy Innovation. "He was, in essence, saying, 'I am still relevant.' Bill Clinton made that claim verbally after the Republican victory in 1994. Bush is doing that by proposing several ideas -- many of them good and some of them more aligned with moderates or the left."

Because last year's election undermined Mr. Bush's political power to push his agenda, he is moving to "idea power," Mr. Matthews said. "Conservatives have always thought that ideas are the real driving force behind change," he said.

As for what, if anything, the president's sixth State of the Union will accomplish, Tom Kilgannon, president of Oliver North's Freedom Alliance, said, "It won't advance much that conservatives care about."

Senior State Department Official Resigns (AP)

By Barry Schweid

AP, January 26, 2007

Robert Joseph, the State Department's senior arms control and security official, has resigned.

Joseph submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea. Talks on both fronts have moved slowly, with U.N. penalties against both countries showing limited results. The talks are in recess.

Still, in an interview Thursday, Joseph said, "I think we have a very good record."

He cited Libya's renunciation of weapons of mass destruction and the dissolution of a network headed by A.Q. Khan, a Pakistani scientist who leaked weapons technology to North Korea, Iran and Libya.

Joseph also concentrated on what is now a grouping of more than 80 countries committed to intercepting and inspecting weapons cargo at sea and an initiative to combat nuclear terrorism.

Joseph, who will leave next month, acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to U.S. security.

While he was not a participant in negotiations with Iran and North Korea, Joseph worked on backup measures, including a financial squeeze on the two governments and putting in place the U.N. penalties.

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His departure follows that of several other top diplomatic officials, including Philip Zelikow, a close adviser to Secretary of State Condoleezza Rice; Deputy Secretary Robert Zoellick; and John Bolton, the U.S. ambassador to the United Nations;

Joseph joined the department in 2005 after working on Bush's national security council staff.

He has taken a strong view on a need to eliminate North Korean and Iranian nuclear programs. He warned last month against terrorist groups and other nations acting against U.S. and commercial satellites.

In a telephone interview, he said he would write, teach and work as a consultant. He has compiled 26 years of government service, teaching intermittently over that span.

Senators Kill Minimum Wage Amendment (AP)

By Jim Kuhnhenn

AP, January 26, 2007

An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a "poison pill."

Democrats said the Republican proposal was designed to kill underlying minimum wage legislation.

An amendment offered by Sen. Jim DeMint, R-S.C., was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor.

Eighteen other states have higher minimum wages than the current federal floor, but not as high as the $7.25 in the proposed legislation.

"This is a mandate on low-cost-of-living states, but not on high-cost-of-living states," DeMint said.

The amendment failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law.

Kennedy called the amendment a ploy "intended to give senators in high minimum wage states an uncomfortable vote today not to raise wages for hardworking Americans."

States that already have higher minimum wages than the federal floor tend to be clustered in the Northeast and the Pacific Coast. States without their own wage floor are in the Midwest and the South.

How To Make The Poor Poorer (WSJ)

By Gary S. Becker And Richard A. Posner

The Wall Street Journal, January 26, 2007

The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian.

An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. The higher prices reduce the producers' output and thus their demand for labor. The adjustments to the hike in the minimum wage are inefficient because they are motivated not by a higher real cost of low-skilled labor but by a government-mandated increase in the price of that labor. That increase has the same misallocative effect as monopoly pricing.

Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain; they are also likely to be poorer people. And poor families are disproportionately hurt by the rise in the price of fast foods and other goods produced with low-skilled labor because these families spend a relatively large fraction of their incomes on such goods. And many, maybe most, of the gainers from a higher minimum wage are not poor. Most minimum-wage workers are part time, and for the majority their minimum-wage income supplements an income derived from other sources. Examples are retirees living on Social Security or private pensions who want to get out of the house part of the day and

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earn pin money, stay-at-home spouses who want to supplement their spouse's earnings, and teenagers working after school. An increase in the minimum wage will thus provide a windfall to many workers who are not poor.

Some economists deny that a minimum wage reduces employment, though most disagree. And because most increases in the minimum wage have been slight, their effects are difficult to disentangle from other factors that affect employment. But a 40% increase would be too large to have no employment effect; about a tenth of the work force makes less than $7.25 an hour. Even defenders of minimum-wage laws must believe that beyond some point a higher minimum would cause unemployment. Otherwise why don't they propose $10, or $15, or an even higher figure?

A number of countries, including France, have conducted such experiments; the ratio of the minimum wage to the average wage is much higher in these countries than in the U.S. Economists Guy Laroque and Bernard Salanie find that the high minimum wage in France explains a significant part of the low employment rate of married women. Mr. Salanie has argued that the minimum wage also contributes to the dismal employment prospects of young persons in France, including Muslim youths, an estimated 40% of whom are unemployed.

As a means of raising people from poverty or near poverty, the minimum wage is inferior to the Earned Income Tax Credit, which compensates for low wages without interfering with the labor market or conferring windfalls on the nonpoor. EITC is not completely devoid of effects on efficient resource allocation, because like any other government spending it is defrayed out of taxes, and it has been abused by underreporting of income and overreporting of dependents. But it is a more efficient tax than the minimum wage as well as being more effective in redistributing income to the poor.

So why push to increase the minimum wage rather than the EITC? For one thing, unions strongly favor the minimum wage because it reduces competition from low-wage workers (who, partly because most of them work part time, tend not to be unionized) and thus enhances unions' bargaining power and so their appeal to workers. For another, increasing the EITC would mean an increase in government spending, which might require higher taxes; there is no public support for explicit tax increases and most people don't understand that regulatory laws can have the same effect as taxes.

Moreover, poor people tend not to vote; and the number of nonpoor who'd be directly benefited by an increase in the minimum wage, when combined with the number of nonpoor workers whose incomes would rise because of reduced competition from minimum-wage workers, probably exceeds the number of nonpoor who would lose jobs. Teenagers would be among the hardest hit -- and few of them are voters (if under 18, they're ineligible). While workers who receive a wage increase when the minimum wage is hiked realize they've benefited from the hike, many hurt by the hike don't realize it; teenagers and retirees who have trouble finding a job are unlikely to realize that it's because there are fewer jobs in the economy for minimum-wage workers.

Let's hope that if Congress passes a stiff increase in the federal minimum wage, George Bush will emulate Mayor Richard Daley and veto it. Several months ago the Chicago City Council, by a lopsided but not veto-proof vote, passed an ordinance requiring companies that have more than $1 billion in annual sales, and own stores in Chicago having at least 90,000 square feet of floor space, to pay Chicago employees a minimum wage of $9.25 an hour plus $1.50 an hour in fringe benefits, respectively rising to $10 and $3 by 2010. About 40 stores would have been affected.

The ordinance was surpassingly foolish. The retailers that would have been most affected, such as Wal-Mart, Target and Home Depot, are at best only marginally interested in placing stores in large cities because space for large stores and for the parking they require is much more expensive than in suburbs and smaller towns. Moreover, these companies could offset much of the effect of the ordinance by opening more stores in suburbs within easy reach of Chicago, or by holding their floor space to just below 90,000 square feet. Fewer jobs would be available to low-skilled workers in the city, and families with modest incomes who seek low prices rather than elaborate service would be hurt more than the affluent by the increase in prices and reduced availability of big box outlets.

Who would favor such a bad ordinance? Conventional supermarket chains and clothing stores, of course, and unions -- the latter not only for the usual reasons but also because big box companies oppose unions; the ordinance sent a signal that unions have enough political clout to make life difficult for large nonunion retailers. The absence of opposition to the ordinance from low-income consumers is not surprising because they are not organized to exert political pressure. The aggressive support of the ordinance by most of the council's black members is more difficult to understand, but the explanation may be that they are allied

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with unions. They may have realized that their constituents would be harmed by the ordinance, but believed that in return for taking this hit they would get the support of unions for measures that would help low-income families.

The failure of the Chicago ordinance and related local measures helps to explain the push to raise the federal minimum wage. The ordinance would have been particularly destructive -- hence Mayor Daley's veto of it -- because the smaller the scope of a minimum-wage increase, the more easily it is evaded, though possibly at great social cost. A federal increase would have a smaller social cost per worker covered, but presumably a larger overall social cost. Chicago's "big box" ordinance is evidence, if any is needed, that politics can override economic sanity. One can only hope that this lesson will not be repeated on the national stage.

Mr. Becker, the 1992 Nobel economics laureate, is professor of economics at the University of Chicago and senior fellow at the Hoover Institution. Mr. Posner is a federal circuit judge and a senior lecturer at the University of Chicago Law School.

Lawmakers Target Rising Credit Penalties (AP)

By Marcy Gordon

AP, January 26, 2007

Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory.

The credit card industry and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students.

Credit cards have become a ubiquitous and indispensable part of the culture, with an estimated 640 million cards in Americans' wallets and more than $1.8 trillion charged on them in 2005. Many depend on them to pay their bills and buy groceries or gasoline. But consumer groups and other critics say fees are excessive and information provided to consumers is confusing.

The banking industry maintains that credit cards are an essential element of the economy, providing convenience to consumers _ at flexible interest rates according to the risk of the holder. Industry officials have acknowledged that the disclosure material provided to consumers could be improved.

"I would like to put the credit card industry ... on notice," said Sen. Christopher Dodd, D-Conn., the committee's chairman. "If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice."

Banks and other credit card issuers "should take a long, hard look at how you treat your customers," he said.

Dodd, one of several Democrats in the Senate who are seeking the party's presidential nomination in 2008, has put consumer issues on the committee's agenda for this year.

If the industry doesn't improve practices on its own, legislation may be needed, he indicated.

Dodd and other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp.

The executives defended their practices as fair and responsible. Most customers pay their bills on time, and only a small proportion of them represent a risk of default and are subject to punitive measures, they said.

Some members of the committee, mostly Republicans, said that while improved disclosure is needed, lawmakers should avoid imposing requirements or sanctions for the credit card industry that would amount to price controls.

"I think we should recognize that the market does work," said Sen. Bob Bennett, R-Utah.

A study by congressional investigators released in October found that fees for paying credit card bills late averaged $34, up from $13 in 1995, while some card issuers impose penalty interest rates of more than 30 percent on consumers who pay late or exceed the credit limit.

Among other practices cited at Thursday's hearing:

_Some credit card issuers use a billing method that charges interest on credit card debt already paid by the consumer.

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_The massive solicitations mailed to consumers _ an estimated 6 billion in 2005 _ and targeting of college students and the elderly.

FCC To Feel Unfamiliar Heat From Democrats (WP)

By Charles Babington

The Washington Post, January 26, 2007

As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges.

The Republican-controlled FCC -- which makes far-reaching decisions on telephone, television, radio, Internet and other services that people use daily -- has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday.

Senators vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years.

"They've effectively emasculated any public-interest standards that existed" for radio and TV stations, said Sen. Byron L. Dorgan (D-N.D.), a committee member who plans sharp questions on decency, media consolidation and other topics. "The entire Congress for years now has been devoid of any kind of oversight," he said, and the new Democratic majority is launching a process that will force the FCC to "beat a path to Capitol Hill to respond."

Rep. Edward J. Markey (D-Mass.), a senior House Commerce Committee member, said he plans "comprehensive hearings on net neutrality" later this year. The term refers to measures barring telephone and cable service providers from charging Web-based companies for priority access to the Internet. Markey supports such proposals, while the FCC's Republican members generally oppose them.

FCC Chairman Kevin J. Martin, a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation.

"McDowell has been critical of Kevin Martin on a number of occasions," said industry analyst Blair Levin. Although both men are conservative Republicans, Levin said, their independence is partly explained by their different political bases -- Martin's in the Bush administration, McDowell's in Congress.

In the legal, lobbying and industrial circles that monitor the FCC, opinions vary on the severity of the Martin-McDowell rivalry.

Publicly, the two men have played down their differences and said they have a good working relationship. "The chairman and I have been friends for more than a decade," McDowell, 43, said in an interview. "We have a strong and durable relationship. . . . We will still have some differences, but we work together."

A spokeswoman for Martin, Tamara Lipper, said the two men "have a very good relationship."

The FCC's commissioners -- currently three Republicans and two Democrats -- are appointed by the president, confirmed by the Senate, and allowed to operate largely independently of each other. Intra-agency and intra-party feuds are not uncommon, and many analysts noted that Martin clashed with former chairman and fellow Republican Michael K. Powell.

"When Michael Powell was FCC chairman, Kevin Martin was viewed as the maverick Republican," said Philip J. Weiser, a law professor at the University of Colorado who specializes in telecommunications. "And now he has to deal with his own maverick Republican."

Martin, 40, and McDowell clashed even before McDowell arrived at the FCC in June. McDowell handed Martin a stinging setback by saying the FCC had no authority to require cable companies to carry additional digital broadcast channels, a key industry issue that Martin hoped to bring to a vote.

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The two subsequently tangled on other issues, most notably the $85 billion merger between AT&T and BellSouth approved by the FCC last month. Martin needed McDowell's vote to break a deadlock. But McDowell effectively held the process up, insisting that he could not take part in a vote because he previously worked as a lobbyist for an association representing companies that competed against AT&T and BellSouth.

McDowell's sharp criticism of arguments in favor of a full commission vote were widely regarded as a rebuke of Martin. Ultimately, the merger was approved, but only after the companies made concessions sought by the two Democratic commissioners.

Martin, McDowell and their colleagues may need all the camaraderie and cohesion they can muster at next week's hearing. With Democrats now in control of Congress, Dorgan said, "the running room of the FCC is going to be limited."

A No Vote On Senate Raises Just Might Count (NYT)

By David D. Kirkpatrick

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — It is a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform.

Some members vote for it, but the proposal usually fails. And even the reformers get their raise.

The Senate, at least, may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed.

Last year, a senator would have lost $3,100 out of a salary of $165,200. (The Senate has delayed taking a pay increase this year until after it finishes debating whether to increase the federal minimum wage for the first time in nearly 10 years.)

The penalty for opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase “the greatest single hypocrisy every year.”

“All the press releases hit the home state,” he said in a speech last year introducing the idea. “And then, of course, it is defeated, and they end up taking the increase anyway.”

The idea is a rare attempt to punish lawmakers financially on the basis of how they vote. Could the Senate, for example, cut a member’s pay for a vote to increase the deficit? For one against a new minimum wage?

“It is a precedent that could lead to a slippery slope,” said Kenneth A. Gross, an expert on political law. But, he acknowledged, lawmakers voting against a raise “would have to put their money where their mouth is.”

The Democratic and Republican Senate leaders incorporated the measure into their bipartisan ethics proposal, and the Senate passed it by a vote of 96 to 2 without further discussion.

But in an interview this week a spokesman for the Senate rules committee suggested that a House and Senate conference might revisit the provision before it became law.

Tancredo: Abolish Race-based Caucuses (AP)

By Laurie Kellman

AP, January 26, 2007

White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished.

"It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race," said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration.

"If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses," said Tancredo, who is scheduled to pitch his long-shot presidential bid this weekend in New Hampshire.

One caucus member dismissed Tancredo's comments as sour grapes from a dethroned Republican _ who also happens to be running for president.

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"This story is really about a member of the minority party using intolerance to advance his presidential campaign," said Rep. William Lacy Clay, D-Mo.

Tancredo's request, relayed in a letter to Administration Committee Chairwoman Juanita Millender-McDonald, D-Calif., revived his effort to change House rules to abolish the groups.

Besides the Congressional Black Caucus, Democrats also have a Hispanic caucus with 21 members, and Republicans have a comparable Hispanic conference with five full members and 11 "associate" members who are not Hispanic.

The request comes in the wake of reports that freshman Rep. Stephen Cohen, D-Tenn., was refused admission to the Congressional Black Caucus because he is white. All 43 members of the caucus are black.

Cohen said in a statement that he told a reporter that he would be honored to join the caucus but did not apply, "nor has the CBC denied membership to me."

However, the group would not have permitted Cohen to join, its new chairwoman told The Associated Press. Rep. Carolyn Cheeks Kilpatrick, D-Mich., said the caucus decided early on that official membership would be restricted to blacks.

Tancredo is chairman of the Congressional Immigration Reform Caucus, which seeks to toughen border security to stem illegal immigration. He also opposes guest worker programs and immigration proposals by President Bush.

Tancredo: Ban Minority Caucuses (DENP)

By Anne C. Mulkern

Denver Post, January 26, 2007

Washington - Rep. Tom Tancredo called today for abolishment of the Congressional Hispanic Caucus, Black Caucus and Asian Pacific American Caucus, saying they equal racial segregation

"It is utterly hypocritical for Congress to extol the virtues of a color-blind society while officially sanctioning caucuses that are based solely on race - and restrict their membership based on race," Tancredo wrote in a letter to Rep. Juanita Millender-McDonald, D-Calif., who oversees the caucuses.

Tancredo, a Littleton Republican who is considering a presidential run, first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white.

A spokesman for Cohen said "He never formally sought membership in the Congressional Black Caucus, nor has the Congressional Black Caucus denied membership to him," said Cohen's spokeswoman, Marilyn Dillihan.

Cohen, Dillihan said "really regrets that this is being used the way it's being used."

Whether Cohen officially asked to join or not is irrelevant, Tancredo spokesman, Carlos Espinosa, said. If he had asked to join, Espinosa said, he would not have been allowed.

"The policy is what's relevant here," Espinosa said.

Rep. John Salazar, D-Manassa, belongs to the Congressional Hispanic Caucus.

When Tancredo previously said the caucuses should be eliminated, a member of the Congressional Hispanic Caucus called that statement "more race-baiting" by Tancredo. The black, Hispanic and Asian-American caucuses exist because few members of Congress come from those racial groups and they need a unified voice, said Rep. Raul M. Grijalva, D-Ariz.

FEDERAL DIARY: Head Of TSP Moving On (WP)

By Stephen Barr

Washington Post, January 26, 2007

His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company.

Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services. He will probably leave the agency early next month, a TSP spokesman said.

Amelio expanded TSP investment options in 2005 by adding life-cycle funds as a way to help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit

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TSP participants to select an investment mix linked to the time they expect to draw down their savings. The funds rely on asset allocation models that professional managers have determined can produce the maximum returns for the minimum risk.

During his 3 1/2 -year stint with the TSP, Amelio resolved problems that had delayed a new computer system that keeps track of accounts on a daily basis and introduced a toll-free telephone service. The TSP is one of the world's largest retirement plans, with about $206 billion in assets.

In accepting the resignation, Andrew M. Saul, the chairman of the Federal Retirement Thrift Investment Board, praised Amelio for upgrading TSP operations. A recent survey of TSP participants showed that 85 percent are satisfied with the retirement plan, a sign that Amelio's changes have been well received, Saul said.

Mark E. Singleton, the president and chief executive at ULLICO, said the union-owned company manages about $4.6 billion in pension assets and will look to Amelio to expand retirement services to meet the needs of union members, especially baby boomers who will be leaving the workforce in the next few years. ULLICO dates back to 1927, when it began offering life insurance to construction workers.Settlement at Social Security

A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced.

Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them.

The union recently filed a grievance on behalf of the employees, contending they had followed the orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants.

The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing. The inspector general was pursuing civil penalties against the employees, and a $215,000 fine had been proposed for one worker. The judge in charge of the cases died in 2003.

The employees, as part of the settlement, will cooperate in a review of "this misguided attempt to streamline the appeals process," Jonathan L. Lasher, a deputy chief counsel for the inspector general, said in a statement. Interviews with the employees will be the first step in a new audit focused on disability adjudication policies and practices, he said.

Kelley said the settlement showed that "these employees did nothing wrong. It is outrageous that the inspector general used his considerable authority to put these employees in fear of losing, not only their jobs, but their life savings, when all they were doing was carrying out the job duties as directed by their supervisor."Talk Shows

Beth Moten, director of the American Federation of Government Employees Legislative and Political Affairs Department, outlines the union's goals in Congress on "Inside Government" at 10 a.m. today on http://Federalnewsradio.com and WFED (1050 AM).

R. Allen Pittman, assistant secretary for human resources and administration and the chief human capital officer at the Veterans Affairs Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK (106.7 FM).

Ginsburg 'Lonely' Without O'Connor (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench.

"The word I would use to describe my position on the bench is lonely," Ginsburg, 73, said in an interview with USA TODAY.

ONE-WOMAN COURT: Composition in contrast to gains elsewhere

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"This is how it was for Sandra's first 12 years," she said, citing the time from O'Connor's appointment in 1981 to Ginsburg's arrival in 1993. "Neither of us ever thought this would happen again. I didn't realize how much I would miss her until she was gone."

A year after Ginsburg joined the court, O'Connor recalled welcoming the new justice "with enormous pleasure," in part because O'Connor no longer would be the court's only symbolic representative for American women. They confided in each other, and when Ginsburg had surgery for colorectal cancer in 1999, O'Connor, a breast cancer survivor, was the first person to call her in the hospital.

O'Connor, a Reagan appointee, was at the ideological center of the divided court, a key backer of abortion rights and affirmative action in education. President Bush tried to replace her with a woman, then-White House counsel Harriet Miers, but the nomination died amid questions about her qualifications. Bush turned to Samuel Alito, whose record suggests he could tilt the court to the right.

The justices are weighing cases on abortion and school integration. Ginsburg, a Clinton appointee on the court's liberal wing, won't discuss how O'Connor's exit will change the court, saying only, "This term may be very revealing."

For now, O'Connor's absence is more symbolic. In court, the sight of Ginsburg — a slight figure in a tall, black leather chair, flanked by eight men — contrasts with the rising prominence of women in Congress. The number of female judges also is rising: Of the 875 federal judges, 201 are women.

Ginsburg is encouraged by such numbers, but disconcerted by the look of her own court. She said with O'Connor, the message was: "Here are two women. They don't look alike. They don't always vote alike. But here are two women." The former women's rights lawyer fears the message now is that a woman justice is a "one-at-a-time curiosity, not the normal thing."

High Court Just A 1-woman Show (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — When Louisiana teacher Stephanie Goodrich began a session with her eighth-grade honors class on the Supreme Court this month, she showed them a picture of the nine justices.

"They said, 'Could there be only one lady on the court?' " recalled Goodrich, who is in her 15th year teaching in the Alexandria, La., school district. Goodrich said her students are used to seeing women in key government positions. Louisiana has a female governor, Kathleen Blanco; one of its two U.S. senators is Mary Landrieu.

The makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the U.S. judiciary, where women have made historical gains. After she was elected as the first female speaker of the House, California Democrat Nancy Pelosi declared that women had "broken the marble ceiling" in Congress.

Meanwhile, the number of women serving as federal judges across the nation has soared since 1977. Before Jimmy Carter became president, eight women had been appointed to federal judgeships in U.S. history. There now are 201 women on the 875-member federal bench.

Back at the Supreme Court, however, Ruth Bader Ginsburg, 73, is acknowledging her discontent with being the lone woman on the court. Since Sandra Day O'Connor was replaced by Samuel Alito a year ago, Ginsburg has worried about the symbolism of having just one woman on the court.

The message of the court's current makeup, Ginsburg says, is that a female jurist is "aberrational," when "if you look at courts generally, women are well represented."

"Having only one of nine judges with a woman's experience definitely seems out of date," said Celinda Lake, a Democratic strategist and pollster. "People don't want a woman just for a woman's sake, but they do respond to the argument that women bring a certain experience."

President Bush tried replacing O'Connor with a woman, nominating then-White House counsel Harriet Miers for the seat. However, Miers withdrew under criticism about her qualifications and conservatism, and the post went to Alito.

Alito's comments in court have suggested he might help move the bench toward the right on matters such as abortion rights and affirmative action in education. O'Connor was a key vote in supporting both.

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Ginsburg, a member of the court's liberal wing, also supports abortion rights and affirmative action. However, her concern about the court's makeup is rooted more in a desire for jurists who have experienced American life as women than for those who would agree with her on the law. Ginsburg and O'Connor — who regularly voted with the court's conservative wing — often did not agree on cases.

Beyond the legal issues, analysts disagree about the significance of having just one woman on the Supreme Court.

Lee Arbetman, director of U.S. programs for Street Law, a non-profit organization that works with high school social studies teachers, said diversity in positions of power offers all students role models and builds confidence in the institution.

"There aren't men's outcomes and women's outcomes in (court) cases," he said. "But there is value in the different experiences men and women bring to the court. Women experience some aspects of the world differently, just as people of color experience some aspects of the world differently."

The court has only one member of a racial minority, Clarence Thomas. He was the second black justice appointed to the court, after the late Thurgood Marshall, who served from 1967 to 1991.

In the fall of 2005, when Bush nominated Alito to succeed O'Connor, few Americans seemed to care that a man would replace the first female justice. A USA TODAY/CNN/Gallup Poll just before the nomination indicated that 15% of the respondents said it was "essential" to nominate a woman; 33% said it was a "good idea; not essential," and 49% said it "doesn't matter."

The conservative American Enterprise Institute's Karlyn Bowman, who specializes in opinion polls, said that "men and women thought it would be nice, but that it should not be determinative." Bowman said that when it comes to establishing role models for young people, gender diversity is not as important as it was in earlier decades. "We are past that for young women, because women have risen to leadership positions" in many fields.

Sheila Krumholz, executive director of the Center for Responsive Politics, said she believes it still matters to girls. And for women in important jobs, "having other woman around is liberating. It's no longer all eyes on you."

In Louisiana, Goodrich said her students have indicated they believe the most qualified people should be on the high court, irrespective of their sex.

Goodrich said the girls in her class sympathize with Ginsburg. They "said they felt sorry for Justice Ginsburg, being the only one," Goodrich said. "One girl said, 'She kind of carries the weight of all the ladies. At least when there were two ladies on the court, she had backup.' "

When Ginsburg was told of the girl's comment, she said, "That is very insightful."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 26, 2007

'The War'

There was barely a dry eye in the house when Veterans Affairs Secretary Jim Nicholson played host this week to a special screening by acclaimed filmmakers Ken Burns and Lynn Novick.

Mr. Burns and his longtime collaborator, best known for their documentaries "The Civil War," "Baseball" and "Jazz," have just completed "The War," a 14-hour documentary on World War II slated to air on PBS in September.

Mr. Nicholson's invited guests for the 45-minute sneak preview of "The War" included 25 veterans of the "Greatest Generation," who told Inside the Beltway that they were "thrilled" and "moved to tears" that the filmmakers had chosen World War II as the topic for their latest documentary.

Personal sermon

"Oh yes, things are quieting down," a somewhat relieved the Rev. Art Smith, pastor of St. Thomas Aquinas Catholic Church in Buffalo, N.Y., told Inside the Beltway by telephone yesterday, after New York Rep. Brian Higgins and his family abruptly walked out of Mass there on Sunday.

The Democrat received what was described as a public tongue-lashing from the pulpit by deacon Tom McDonnell because of his support for embryonic stem-cell research.

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"Everybody has their own version to the story," Father Smith told us yesterday, assuring us that he was not trying to downplay the "emotion of the situation."

The pastor, who more than a decade ago worked in television for the U.S. Conference of Catholic Bishops in Washington, has been sharply critical of the deacon's sermon. Indeed, Father Smith took to the pulpit and apologized to the congregation.

In addition, Buffalo Bishop Edward U. Kmiec has issued a statement critical of Mr. McDonnell's personal attack, saying no member of the congregation, congressman or otherwise, should be confronted from the holy altar.

Mr. Higgins gave Inside the Beltway the following statement yesterday: "On the incident itself — I never apologized for leaving the church service last Sunday. ... Under the circumstances, leaving was the appropriate thing to do."

Ouch!

As House Republicans continue to draft a new battle plan at their annual legislative retreat on Maryland's Eastern Shore, they might keep in the back of their minds an observation from Democratic National Committee Chairman Howard Dean, who commented this week about the November elections and the subsequent shift of power on Capitol Hill: "The Republicans never knew what hit them."

Spilling to Sidey

First lady Laura Bush today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he.

Take the time shortly before his untimely death in November 2005, when Mr. Sidey, who covered the White House for decades, was invited into the Houston living room of former President George Bush and Mrs. Bush to chat about the second presidential term of their son, George W. Bush.

Mr. Bush: "Kitty Kelley. Did you see where somebody handed her her hat the other night, the Washingtonian? [The notorious Washington author's name was dropped from the magazine's masthead.] I loved that."

Mrs. Bush: "Remember when Ann Richards said George Bush was born with a silver foot in his mouth? And then when George beat her in his first run for governor — I must say I felt a certain sense of joy that he finally had kind of taken her down. I could go around saying, 'We showed her what she could do with that silver foot, where she could stick that now.' "

Mr. Bush: "Michael Moore's got to be the worst for me. I mean, he's such a slimeball and so atrocious. But I love the fact now that the Democrats are not embracing him as theirs anymore."

Mrs. Bush: "[President Bush] knows we're the only two people in America who are awake at 6 in the morning. He calls from the Oval Office to talk to George, and we put him on speakerphone."

Mr. Bush: "The thing that was perhaps the most hurtful to me was the theme that the president doesn't know what he's doing, that he's dumb, that he's some know-nothing cowboy from Texas. And when I sat with him, as I did out at Camp David, at Crawford, and heard him with the intelligence people, talking about the world and asking the appropriate questions — what's the development in this country or that — I was surprised at how broad the vision and grasp are. But he gets no credit for that."

Stealthy Maneuver: The CIA Captures An A-12 Blackbird (WSJ)

By Jonathan Karp

The Wall Street Journal, January 26, 2007

The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird.

The CIA plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991.

Even though a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears.

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"Possession is nine-tenths of the law, so until they drag it away with me screaming, we have a chance," said James Goodall, an aviation buff and retired Minnesota National Guardsman who salvaged the plane and led efforts to preserve it.

The A-12 Blackbird, retired in 1968, was the forerunner to the better-known SR-71 Blackbird. The stealthy A-12 is one of the fastest aircraft ever made, capable of flying at more than three times the speed of sound and at the edge of space. The plane originated as part of a CIA program code-named "Oxcart." Of the 15 A-12s built by Lockheed Martin Corp.'s famed Skunk Works advanced projects unit, nine remain. One is on display at an Air Force base, and the others are at museums around the country.

Mr. Goodall and his supporters don't question the right of the Air Force, which controls these decommissioned warplanes, to reclaim an A-12 and lend it to the CIA as an oversize lawn ornament inside the agency compound. Instead, their two-month dogfight has been aimed at getting the Air Force to justify removing the Minnesota museum's crown jewel while three A-12s sit in Alabama, including one that has been neglected since suffering hurricane damage. Another is parked on the USS Intrepid aircraft carrier, a floating Manhattan museum that will be closed until late next year because of renovation work across the Hudson River.

The CIA, whose headquarters isn't open to the public, had no role in selecting which plane it would receive. The Air Force says the Minnesota Air National Guard doesn't have a historical connection to the A-12, and though the Minnesotans have taken good care of their A-12, the volunteer-run museum doesn't meet the Air Force's current legal requirements for its museums. For one thing, it doesn't have a salaried director. After reviewing all nine A-12s, "The only one that didn't have a legitimate rationale for its location was Minnesota's," said Terry Aitken, senior curator at the National Museum of the U.S. Air Force.

That logic outrages Mr. Goodall, 61 years old, who spent 20 years in the Minnesota Air National Guard and his entire adult life smitten with the A-12. He says he became an "airplane nut" at age 5 when he saw a squadron of B-36 bombers flying over San Francisco Bay. He first glimpsed a Blackbird as an 18-year-old Air Force recruit at Edwards Air Force Base in California. It was March 10, 1964, and "it affected me forever," he says.

Over the years, Mr. Goodall became an expert, writing five books on the supersonic plane. He built a rapport with Ben Rich, who developed the Blackbird for Lockheed and eventually ran Skunk Works. Mr. Goodall says he got a tip from Mr. Rich in 1989 that the Blackbird program would be canceled. "If anyone can scrounge one, you can," he says the late Mr. Rich told him.

At the time, Mr. Goodall was the staff historian for the 133rd Airlift Wing of the Minnesota Air National Guard. He hatched a scheme to rescue an A-12 from the scrapheap in Palmdale, Calif. In 1990, Minnesota's congressional delegation backed the Air Guard museum's request, citing the fact that companies in Minnesota supplied key Blackbird components and that some Blackbird pilots hailed from the state.

The Air Force was happy to unload the A-12 to avoid a costly process of destroying the asbestos-packed plane. Once the Air Force museum agreed to the loan, Mr. Goodall arranged for two massive cargo planes from the New York Air National Guard to haul the Blackbird in pieces from California. He persuaded a local hotel to put up the flight and moving crews free of charge for 10 days. "The Air Force estimated the move would cost $500,000. I got it done for $27,000. That makes me the deal-of-the-century guy," Mr. Goodall says.

Back in St. Paul, he marshaled volunteers and corporate donations for restoration work. He then spent years -- and thousands of his own dollars, he says -- scrounging for cockpit instruments, at one point swapping a prized ejection seat from his private collection to get a supersonic speedometer known as a Mach meter.

All was well until last November, when the museum got a letter from Mr. Aitken, the Air Force museum curator, invoking a provision of the loan agreement that allows the Air Force to reclaim its plane by giving 60 days' notice. The only reason Mr. Aitken cited for the decision was the need to "satisfy current exhibit requirements."

Distressed local Air Guard commanders appealed to save the A-12, calling it a "labor of love." Mr. Aitken replied that the plane didn't conform to the air park's primary mission, which is to commemorate the state guard wing's history, and said it would be better suited at the CIA. Mr. Goodall, who is now retired in Seattle but returns to the Twin Cities occasionally to visit his beloved Blackbird, energized the opposition movement by urging guardsmen and the museum's civilian nonprofit foundation to enlist Minnesota and national politicians. He also mobilized support from former A-12 pilots.

Mr. Goodall's plea: If the Air Force wants a plane to commemorate the CIA's pioneering past, it should take one that actually flew in combat. Minnesota's plane never saw action. The A-12 in Birmingham, Ala., on the other hand, photographed

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North Vietnamese surface-to-air missile sites in 1967, later sustained flak damage, and flew over North Korea on a spy mission in 1968 after the North Koreans captured the USS Pueblo, claiming the Navy ship had strayed into its territorial waters.

Some Minnesotans are upset that the Air Force gave short notice and didn't offer to discuss its A-12 plans. "This is a museum, a community, not a war game," said Mark Ness, vice chairman of the museum foundation and a retired Air National Guard brigadier general. Mr. Goodall knew the odds were long. The Air Force has plucked other planes despite local resistance, including a B-36 bomber taken from Fort Worth, Texas, and the celebrated World War II B-17, the Memphis Belle, from its namesake city in Tennessee.

Even as another joint appeal from Minnesota's congressional delegation was delivered to the Air Force secretary Friday, the Air Force museum told guardsmen in Minneapolis-St. Paul to prepare for the movers.

The Minnesota museum's supporters have retained a former state supreme court justice as their lawyer, but as the moving crew continued to unbolt the A-12's wings yesterday, they had yet to decide whether to seek a court injunction against the move. Mr. Goodall, who refers to the plane as "my A-12," has made his own unilateral sortie. He has removed some cockpit instruments he had donated. "No one will see them anyway if the plane is on a pole," he says. "I'll be damned if the CIA...will get their hands on these."

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On Being Partisan (NYT)

By Paul Krugman

The New York Times, January 26, 2007

American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that "politics has become so bitter and partisan" — which it certainly has.

But he then went on to say that partisanship is why "we can't tackle the big problems that demand solutions. And that's what we have to change first." Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we'll eventually have a new era of bipartisanship — but that will be the end of the story, not the beginning.

Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower.

You see, the nastiness of modern American politics isn't the result of a random outbreak of bad manners. It's a symptom of deeper factors — mainly the growing polarization of our economy. And history says that we'll see a return to bipartisanship only if and when that economic polarization is reversed.

After all, American politics has been nasty in the past. Before the New Deal, America was a nation with a vast gap between the rich and everyone else, and this gap was reflected in a sharp political divide. The Republican Party, in effect, represented the interests of the economic elite, and the Democratic Party, in an often confused way, represented the populist alternative.

In that divided political system, the Democrats probably came much closer to representing the interests of the typical American. But the G.O.P.'s advantage in money, and the superior organization that money bought, usually allowed it to dominate national politics. "I am not a member of any organized party," Will Rogers said. "I am a Democrat."

Then came the New Deal. I urge Mr. Obama — and everyone else who thinks that good will alone is enough to change the tone of our politics — to read the speeches of Franklin Delano Roosevelt, the quintessential example of a president who tackled big problems that demanded solutions.

For the fact is that F.D.R. faced fierce opposition as he created the institutions — Social Security, unemployment insurance, more progressive taxation and beyond — that helped alleviate inequality. And he didn't shy away from confrontation.

"We had to struggle," he declared in 1936, "with the old enemies of peace — business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering. ... Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hate for me — and I welcome their hatred."

It was only after F.D.R. had created a more equal society, and the old class warriors of the G.O.P. were replaced by "modern Republicans" who accepted the New Deal, that bipartisanship began to prevail.

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The history of the last few decades has basically been the story of the New Deal in reverse. Income inequality has returned to levels not seen since the pre-New Deal era, and so have political divisions in Congress as the Republicans have moved right, once again becoming the party of the economic elite. The signature domestic policy initiatives of the Bush administration have been attempts to undo F.D.R.'s legacy, from slashing taxes on the rich to privatizing Social Security. And a bitter partisan gap has opened up between the G.O.P. and Democrats, who have tried to defend that legacy.

What about the smear campaigns, like Karl Rove's 2005 declaration that after 9/11 liberals wanted to "offer therapy and understanding for our attackers"? Well, they're reminiscent of the vicious anti-Catholic propaganda used to defeat Al Smith in 1928: smear tactics are what a well-organized, well-financed party with a fundamentally unpopular domestic agenda uses to change the subject.

So am I calling for partisanship for its own sake? Certainly not. By all means pass legislation, if you can, with plenty of votes from the other party: the Social Security Act of 1935 received 77 Republican votes in the House, about the same as the number of Republicans who recently voted for a minimum wage increase.

But politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right — and they should welcome that hatred, not fear it.

OTHER NEWS:

Home Sales Slipped In December (LAT)

By Jesus Sanchez

The Los Angeles Times, January 26, 2007

Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today.

Total existing-home sales — including detached houses and condominiums — in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors.

For the year, existing home sales totaled 6.48 million properties — the third best year for home sales. However, last year's results represented an 8.4% decline from record high sales in 2005. It was the biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press.

Despite the sales slide, NAR chief economist David Lereah said a decline in the number of homes available for sale at the end of last year and other data suggested that the housing market might be bottoming out after a lengthy slow down.

"It looks like we're moving beyond the low for the housing cycle last fall, and buyers are responding to historically low interest rates and competitive pricing by home sellers," said Lereah said in a statement. "In addition, a tightening inventory of homes on the market is supporting prices."

Prices, after surging up in recent years, also remained relatively flat at the end of last year. In December, the national median sales price remained unchanged from the same month in 2005 at $222,000 (The median is a typical market price where half of the homes sold for more and half sold for less). For all of 2006, the median price was also $222,000, up 1.1 percent from a median of $219,600 in 2005.

In California, sales of existing homes (excluding condominiums) fell 15.3% in December on a year-over-year basis to a seasonally adjusted, annual pace of 450,550 properties, according to the California Assn. of Realtors. The median sales price, meanwhile, rose 3.7% during the same period to $547,400.

The median number of days it took to sell a single-family home was 73 days in December 2006, compared with a revised 43 days in December 2005.

"The market continues to level out as buyers and sellers search for common ground in today's more balanced environment," said Colleen Badagliacco, president of the state association, in a statement. "The number of homes for sale peaked in June and July and has since edged downward. Although time on the market remains higher than it was a year ago, competitively priced homes continue to sell well."

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Existing-Home Sales Plunge, But Pace Is Expected To Ease (WSJ)

By Michael Corkery

The Wall Street Journal, January 26, 2007

Homes sales in 2006 tumbled at the fastest pace in 17 years, although economists believe the worst of the housing correction may have passed and sales could start to rebound later this year.

The National Association of Realtors said sales of existing, or previously owned, homes fell 0.8% in December from the previous month to a seasonally adjusted annual rate of 6.22 million units. For all of 2006, sales of existing homes totaled 6.48 million. That was down 8.4% from 2005 and was the largest annual decline since 1989, when rising interest rates and relatively high unemployment fueled a housing recession.

Even after last year's sharp drop, 2006 was the third-strongest year for home sales since the NAR began tracking sales in 1968. And prices managed to move slightly higher in 2006; the existing-home median price was up 1.1% to $222,000.

"We have to remember how strong and some might say overheated the housing market was in 2005 in terms of sales and investor demand," said Stuart Hoffman, chief economist of PNC Financial Services Group in Pittsburgh. Last year showed a big drop as a whole "but to a level that frankly is still reasonably active with over six million home sales."

Sales of condominiums and cooperatives led the decline for the year, falling 10.4% to 803,000 units. Sales of single-family homes were off 8.1% to 5.68 million. However, data for the month of December suggested that the condominium market may be starting to recover, and at a faster pace than the market for single-family homes. Condominium sales rose 2.1% in December compared with the previous month as sales of single-family homes declined 1.3%.

Although sales were down across the nation in December, the biggest year-over-year declines occurred in the West, where sales plunged 15.5%. December sales were down 7.1% in the South from a year earlier, 5.5% in the Northeast and 5.8% in the Midwest.

For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. "The biggest drop is probably behind us," said Fannie Mae's chief economist, David Berson. "But it's still too soon to say this is unambiguously the bottom."

Forecasts for 2007 vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%.

Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come. "Everything in a housing cycle doesn't turn at once," he said. "Lagging indicators will weaken as much as the leading indicators already did."

Separately, the Labor Department reported that new claims for unemployment insurance jumped 36,000 to 325,000 in the week ended Jan. 20. Claims had been below the 300,000 level -- which economists consider a benchmark for very tight labor markets -- the previous two weeks. The Jan. 13 reading was revised to 289,000 from a previously reported level of 290,000.

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Sales Of Existing Homes In '06 Had Biggest Drop In 17 Years (NYT/AP)

By The Associated Press

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 (AP) — Sales of existing homes fell last month, closing out a year when demand for homes slumped by the largest amount in 17 years.

The National Association of Realtors reported that sales of existing homes were down 0.8 percent in December, a bigger decline than had been expected. For the year, sales fell by 8.4 percent, the biggest annual decline since 1989, when sales of existing homes fell by 14.8 percent.

The sales figure underscored the sharp contraction in the once-highflying housing market, which before last year had set sales records for five straight years.

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Even with the sharp decline in sales last year, the median price of an existing home sold in 2006 managed to rise 1.1 percent. But that was far below the double-digit gains during the boom years. The median home price rose by 12.4 percent in 2005.

Economists said they believed that the low point for housing had been reached, and they were forecasting a slow rebound in 2007. Because of that optimism, analysts say they do not believe the slump in housing will drag the overall economy into a recession.

The 0.8 percent drop in sales in December came after two straight months of improving sales, the first back-to-back sales gains since the spring of 2005.

David Lereah, chief economist for the Realtors, said that he believes that sales of existing homes have hit bottom and will start to gradually improve.

He said that in 2005, 40 percent of the market represented purchases of second homes and investors buying homes looking to resell them for quick profits.

He said speculators had now left the market and that should leave sales at a more sustainable level.

In other economics news, the number of Americans filing applications for unemployment benefits shot up last week by the largest amount in 16 months, reversing two weeks of big declines.

The Labor Department reported that 325,000 newly laid-off workers filed claims for jobless benefits last week, an increase of 36,000 from the previous week. That was the biggest one-week rise since a surge of 96,000 claims the week of Sept. 10, 2005, when devastated Gulf Coast businesses laid off workers after Hurricane Katrina.

Home Sales Down 8.4%, Could Be At Bottom (USAT)

By Noelle Knox

USA Today, January 26, 2007

Sales of existing homes slid 8.4% last year, the steepest fall in 17 years, but the market probably hit bottom in September and is entering a slow recovery that will last until June, the National Association of Realtors said Thursday.

One sign the market could revive this year is that the median home price, which had fallen for four months, was unchanged at $222,000 in December and was up 1.1% for all of 2006. And though it's still a buyer's market in most of the USA, the 7.3-month glut of homes for sale in November shrank to 6.8 months.

"It looks like we are on the bottom, and we will be scraping bottom as we move along," said David Lereah, the NAR's chief economist. "The worst is over for existing-home sales, but I'm still troubled about new homes."

The Commerce Department will release new-home sales today. Those sales are expected to be down 17% for 2006 and to fall a further 9.7% this year, Lereah says.

Not everyone is ready to herald the end of the correction for existing homes. From November to December, they note, sales fell 0.8%, ending a two-month upward trend. December sales were off 7.9% from December 2005. "It's very premature at this point to jump to the conclusion that we've turned the corner," says Brian Bethune of Global Insight.

Buyers are also facing rising interest rates, which make mortgages harder for some to afford. The average rate on a 30-year fixed-rate loan crept up to 6.25% last week, the highest since early November, Freddie Mac said. Each quarter-point increase makes homes unaffordable for about 50,000 more people, Lereah said.

Still, most economists say the bottom has probably been reached.

"Is the worst behind us? Most likely," says Joel Naroff, chief economist of Naroff Economic Advisors. "Are better times here? Doubtful."

During the last housing correction, in 1989, sales tumbled nearly 15%. This time, an overall healthy economy is cushioning the blow.

In areas that never overheated during the boom, such as parts of Texas and North Carolina, home sales are still setting modest records. The housing markets that were the hottest — especially Florida and California — are where the cooling-off will take the longest.

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In Florida, sales in December plummeted 28% from the year before, and prices dropped in five metro areas. In California, sales skidded 15%; prices were down in 13 metro areas of the state.

Sales last year in California, where the median-priced home costs a gasp-inducing $567,690, were the lowest in a decade. They are projected to fall a further 7% this year. Robert Kleinhenz, an economist for the California Association of Realtors, said, "I'm hopeful we'll see the bottom soon."

Annual Existing-Home Sales Fall Most In 17 Years (WP)

By Dina Elboghdady

The Washington Post, January 26, 2007

Sales of previously owned homes fell slightly in December after two consecutive months of modest gains but took their steepest annual drop since 1989, the National Association of Realtors reported yesterday.

But home prices rose 1.1 percent for the year, and the supply of existing single-family houses, townhouses, condominiums and co-ops for sale shrank from November to December -- offering some hope that the housing market may be on the mend, economists said.

However, stock and bond markets fell on concern that these numbers indicated that housing problems may not be over.

"During the summer, the housing market was like a trauma patient being wheeled in with multiple wounds," said Michael Larson, a real estate analyst for Weiss Research. "There's some momentum back in the market, but I don't think the patient will get off the gurney and walk out the door any time soon."

In 2006, 6.48 million existing homes were sold, down 8.4 percent from 2005, which was the busiest year on record. The drop was the steepest since 1989, when sales fell 14.8 percent from the year before.

In December, existing homes sold at a seasonally adjusted annual rate of 6.22 million, down 0.8 percent from November and down 7.9 percent from December 2005.

Todd Vencil, a real estate analyst at BB&T Capital Markets, said he is relieved to see the rate of sales stabilizing in the 6.2 million to 6.3 million range in recent months after peaking at 7.27 million in June 2005.

"We look for up trends, down trends and sideways trends," Vencil said. "We seem to be in a sideways trend now, which is fine because it indicates there's stabilization, and stabilization today will allow for recovery later in the year."

David Lereah, the National Association of Realtors' chief economist, said he saw good news in the numbers, most notably in home prices.

The median price of a home in December was $222,000, unchanged from December 2005. The median price for all of 2006 was up 1.1 from the previous year, also to $222,000, meaning that half of buyers in 2006 paid more and half paid less.

"All the doomsayers were saying the bubble was going to burst, and it never did in 2006," Lereah said. "We had price increases."

But there's a more muddled picture when it comes to the supply of homes on the market.

The inventory fell 7.9 percent in December from November. If no more homes are added to the mix, there's a 6.8-month supply of existing homes for sale.

That shrinkage is typical in the slow winter months, when sellers tend to pull their homes off the market before re-listing them in the spring, many analysts said.

Instead, some analysts pointed to the year-over-year increase in supply. Inventory climbed 23.3 percent from December 2005 to December 2006. Until that supply dwindles substantially, home prices will drop well into the future, said Nishu Sood, an analyst at Deutsche Bank Securities. "Demand remains fairly weak, and we're likely to see home prices decrease more significantly during the spring selling season," Sood said.

Sood dismisses the price increase for 2006 as insignificant because it factors in numbers from the beginning of the year, when prices were still doing well.

In December, existing-home sales, which account for most home sales, fell 15.5 percent in the West, 7.1 percent in the South, 5.8 percent in the Midwest and 5.5 percent in the Northeast. The South includes the Washington area.

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The report released yesterday did not include the sales of newly built homes; the government is scheduled to announce that statistic today. But sales of new homes also appear weak based on the recent earnings reports from builders.

Yesterday, NVR, the parent company of Ryan Homes, reported that profit fell 39 percent in the fourth quarter compared with a year earlier. The Reston company posted revenue of $1.6 billion, down 2 percent.

Fed's View: Steady But Set To Boost (WSJ)

By Greg Ip

The Wall Street Journal, January 26, 2007

WASHINGTON -- Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long.

Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago.

In spite of that, the Fed, at the end of its policy meeting Wednesday, is likely to reaffirm its "bias" toward raising rates rather than lowering them, citing inflation concerns. It is almost certain to leave its target for short-term interest rates unchanged at 5.25%. The Fed has maintained that target and its "tightening bias" since June.

There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. Because they are uncertain how much further it will fall, they believe the Fed, to keep the public from expecting higher inflation, should be biased toward raising rates.

The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected. The longer unemployment stays low, the greater the likelihood that fear of accelerating wages and prices will prompt officials to contemplate an interest-rate increase.

Janet Yellen, president of the Federal Reserve Bank of San Francisco, said in a speech this week that there is "an emerging puzzle in the data: Why is the labor market apparently going gangbusters, while growth ... has turned in only a middling performance on average in recent quarters?" Her puzzlement is shared by some of her colleagues.

When the economy grows at its long-term "potential" rate, which is thought to be a little under 3%, it creates just enough jobs to employ new entrants to the labor market, and the unemployment rate is steady. But last year, as growth fell below 3% in the spring, the unemployment rate declined steadily, from 4.7% in the first quarter to 4.5% in the fourth.

Ms. Yellen said one worrisome explanation may be that either the economy's potential growth rate is notably slower than 3%, or that growth is stronger than the official data now show. In either case, the economy could face tighter capacity constraints than first thought, stoking inflation pressure.

Ms. Yellen said a likelier explanation is that the job market has simply lagged behind the overall economy, and unemployment will soon move higher. Other officials agree, noting in particular that construction employment seems bound to decline more.

In early December, economists thought the economy would grow at an annual rate of 2% in the fourth quarter, according to a survey by forecasting company Macroeconomic Advisers LLC, following growth rates of 2% in the third quarter and 2.6% in the second. Many analysts said the Fed could shift to a "neutral" bias -- that is, saying rates were equally likely to go up or down -- at next week's meeting. Futures markets expected three to four quarter-percentage-point rate cuts this year.

Since December, however, trade, housing starts, employment and manufacturing activity all have proved stronger than expected, and growth is now thought to have hit 3% in the fourth quarter. While the consensus forecast is for first-quarter growth of around 2.5%, that, too, is rising; Morgan Stanley expects 3.5%. Housing remains a drag on the economy, but trade and consumer spending, fueled by job growth and lower oil prices, have compensated. Some economists predict that presages more rate increases.

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Michael Feroli, economist at J.P. Morgan Chase, says sub-3% growth in mid-2006 shows "the Fed nailed the soft landing." But the point of the soft landing "is to get some increase in unemployment ... and that didn't happen. The clock is ticking to see if it happens at all." His firm expects the Fed to start raising rates again in October.

Fed officials don't appear ready to go with that forecast yet. They still think the economy is slowing. They believe further declines in construction are necessary just to bring supply in line with current home sales. Moreover, flat or falling home prices are expected to make consumers feel less wealthy, damping their spending later this year.

Inflation is also ebbing. Excluding food, energy and shelter, it was just 0.5%, at an annual rate, in the past six months. Shelter is heavily influenced by rents, which face downward pressure as owners of unsold homes put them up for rent.

But just in case, a continued bias toward raising rates would keep the Fed, and the markets, prepared in case they are wrong.

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Blue Chips Post Biggest Loss In 2 Months In Heavy Trading (WSJ)

By E.s. Browning

The Wall Street Journal, January 26, 2007

A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months.

The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007.

Traders cited worries about interest rates, corporate profits, home sales and unemployment data.

More broadly, with the DJIA up more than 17% since July 14, many investors were asking how much higher it can go without a pullback. Some are beginning to sell to lock in profits.

The day's news wasn't awful -- just troubling enough to spark selling.

Investors learned that sales of previously occupied homes fell in December. Home builder Beazer Homes USA reported a quarterly loss and said it hasn't seen "any meaningful evidence of a sustainable recovery in the housing market."

Bristol-Myers pulled down drug stocks with its own quarterly loss, due to competition from generics.

Some energy-related companies had bad news. Peabody Energy warned of soft quarterly profits to come. BJ Services posted a disappointing quarterly profit. Occidental Petroleum said fourth-quarter profit fell.

Some stock investors are worried now about bond yields. The yield of the benchmark 10-year Treasury note, which influences a variety of other market rates including some mortgage rates, was below 4.5% last month. Yesterday, it rose to 4.865% amid fears the Federal Reserve won't cut interest rates this year.

"You are seeing interest rates run up a little here and that is causing some concern in the market," said portfolio manager Richard Nash at Cleveland investment-management firm McCormack Advisors International. Higher rates raise costs for consumers and businesses.

Investors looked past upbeat profit news from companies including eBay and Nokia. A $1.14 decline in crude-oil prices to $54.23 a barrel served mainly to worsen concerns about energy-company profits.

The Standard & Poor's 500-stock index fell 1.1%, or 16.23 points, to 1423.90, up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007.

In news that could affect trading today, Microsoft reported a stronger-than-expected per-share quarterly profit and announced a share buyback. Its stock rose 2% in after-hours trading.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 3.09 billion shares; 788 stocks rose and 2,575 fell.

Bond prices declined2. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested. The 30-year bond was down 24/32, pushing the yield up to 4.961%.

The dollar strengthened3. Late in New York, it traded at 121.15 yen, up from 121.11, while the euro weakened against the dollar to $1.2939 from $1.2960.

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Strong Global Economy Clobbers Stocks (USAT)

By Matt Krantz

USA Today, January 26, 2007

Stocks endured their worst sell-off in two months Thursday after investors bristled over news regarding China's economy, home sales and interest rates.

Growing evidence the global economy is strong, perhaps too strong, is stoking concerns about inflation.

Investors pushed the Dow Jones industrials down 119.21 points, or 0.9%, to 12,502.56, a harsh sell-off coming one day after the Dow set a new high. It was the Dow's worst day since it fell 158.46 points on Nov. 27, 2006. Still, the blue-chip barometer is up 0.3% this year.

Tech stocks, measured by the Nasdaq composite index, took it even harder, falling 32.04 points, or 1.3%, to 2434.24. The Nasdaq is up 0.8% this year, making it the best performer year-to-date among the major market indexes.

Hit by declines in stocks in the paper and packaging, investment banking and brokerage and home entertainment software industries, the Standard & Poor's 500 lost 16.23 points to 1423.90. The S&P 500 is up 0.4% this year.

News of a red-hot Chinese economy was one thing that hit stocks, says Todd Clark of Nollenberger Capital. China reported blistering economic growth of 10.7%, igniting fears of inflation.

Next, investors were served up news indicating sales of existing homes fell 0.8% in December (story, 1B). That weak number made them worry if they've overestimated how healthy consumer spending is. "It wasn't a recipe for higher (stock) pric es today," Clark says.

And then stock investors contended with a surge in the yield of the benchmark 10-year Treasury note to a three-month high of 4.88%.

Not only does the higher yield tempt investors away from stocks, but it signals some investors may think the economy is healthy enough for the Federal Reserve to boost rates, says Gary Tapp at SunTrust Robinson Humphrey. "It looks like the U.S. economy is strengthening," he says.

But it could be simply the market needed to cool off after a strong 2006, he says. "The market had been going straight up for a long time," Tapp says.

Highlights:

Varian Medical, a medical-supply company, fell $4.37 to $45.77. On Wednesday, it issued a forecast for its fiscal second quarter that was 4% lower than expected.

•Plexus, an electronics manufacturing company, lost $3.04 to $18.18. The company said Wednesday it expected to earn up to 19 cents a share in its second quarter, 46% lower than forecasts.

10-year-old Filmmaker Sues For Creative Control (LAT)

By Josh Friedman, Times Staff Writer

The Los Angeles Times, January 26, 2007

He seeks creative control of his movie, alleging his financier wants 'final cut and everything.'

Most 10-year-olds are happy with an allowance and some video games.

Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow.

The child actor, whose credits include Steven Spielberg's "Minority Report" and voicing Wilbur the pig in Paramount Pictures' recent "Charlotte's Web," is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team.

"She wanted to make all the decisions and stuff," Kay said. "She wanted final cut and everything."

Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of "Saving Angelo," starring actor Kevin Bacon, which she helped bankroll with $11,000.

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Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a "charitable contribution" to animal rights. "This is another example that no good deed goes unpunished," he said.

Kanter was seeking to use Kay to become a Hollywood "player," said Dylan Ruga, who is representing Kay along with prominent Hollywood lawyer Stanton L. (Larry) Stein.

Kay based his film on an incident from his own life. It tells the story of a boy who rescues a dog left for dead on the side of the road, finding a home for it in a local firehouse.

The lawsuit describes Bacon as a friend of Kay's, who worked with the actor before when he starred in the Bacon-directed film "Loverboy."

Kay alleged that he had shelved the film because Kanter had threatened to sue him since September 2005 if he completed the editing or screened the finished product without her consent. The lawsuit said profit would go toward animal rescue charities.

The movie was invited to the Los Angeles International Short Film Festival, and it could have been entered in the 2006 and 2007 editions of the Sundance Film Festival, Kay alleges.

"One of the most frustrating things was that Ms. Kanter stopped me from showing the film at Sundance for two years in a row," Kay said. "I don't think that's fair."

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Democrats' New Leader Embraces Faith (CSM)

By Linda Feldmann

The Christian Science Monitor, January 26, 2007

WASHINGTON

Harold Ford Jr. is back in national politics. The young former congressman from Tennessee, who came close last fall to becoming the first African- American elected to the Senate from the South since Reconstruction, was named chair of the Democratic Leadership Council (DLC) Thursday.

The Washington-based DLC has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, now also running for president.

Speaking at a Monitor breakfast Thursday, Mr. Ford laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes.

"This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare," said Ford. "This congress has its work cut out for it."

Unlike most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville.

Two of the top three Democratic contenders, according to early polls, are active in the DLC – Senator Clinton and former Sen. John Edwards of North Carolina – but the group will not issue any endorsements. Part of the DLC's goal is to help expand the Democrats' appeal in parts of the country where it has struggled in recent years, including the South. Already, the Democrats have made gains in the Mountain West, after a period of decline.

Ford made clear that he intends to run for office again someday. When asked what went wrong in his race for the Senate, which he lost by three percentage points, he said: "It's over with, we didn't win."

"A lot of things happened right there at the end of the race.... I haven't sat down and looked at the numbers," he said. "I know I want to do it again one day. In my state, it takes a few times to run sometimes, one or two times to run before you win."

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During the campaign, Ford, who is single, took some heat for his attendance at a Playboy party at last year's Super Bowl. This year, he won't be at the Super Bowl. But, he quipped, "I make clear [that] I love Jesus, I love girls, and I absolutely love football. That's not a DLC comment."

The Jesus part was not just a throwaway. During his race against the eventual winner, former Chattanooga Mayor Bob Corker, Ford liberally sprinkled religious references into his stump speech, speaking of his upbringing in the Baptist Church and how his faith informs his political views.

"I would hope that any candidate not be timid about sharing their faith," Ford said.

For him, some of the central issues of the day – healthcare, poverty, global warming – go right to the heart of his religious tradition.

"Anybody that really preaches about their faith, how could they not be concerned about those three issues," he said. "The New Testament's essentially dedicated to what people with money should do for people who don't have a lot of it. So ... if your religion actually informs your faith and not politics informing your faith, you should actually care about those things."

Harold Ford Jr. Will Lead Democratic Leadership Council (MCA)

Memphis Commercial Appeal, January 26, 2007

January 25, 2007 WASHINGTON -- Former Memphis congressman Harold Ford Jr. today accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency.

The announcement was made this morning at a Washington hotel breakfast sponsored by the Christian Science Monitor, but had been anticipated for days.

Advertisement

Ford accepted the post, calling it "one of the most important organizations on the think-tank landscape. "

"I'm excited about the post for a couple of reasons," he said. "I think that the new majority in Congress presents not only our party with a great opportunity to give the nation a chance to see a new leadership but to embarking in a new direction on a lot of policy fronts."

DLC founder Al From and DLC president Bruce Reed made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future.

He fielded questions for more than an hour on policy positions he's taken in the past, and on the role his faith played in the recent U.S. Senate race he lost to former Chattanooga mayor Bob Corker.

Later, asked if he'd be going to the Super Bowl this year, Ford said: "I love Jesus, I love girls and I love football."

And although the DLC won't endorse a Democrat in the presidential primaries, Ford did endorse Al Gore to get an Oscar for his film "An Inconvenient Truth."

Before the announcement, many said the post is the best available platform for a moderate-to-conservative Democrat as he waits for elective offices, like Lamar Alexander's Senate seat in 2008 or the Tennessee governorship in 2010, to contest.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

The new head of the leading group of centrist Democrats lashed out Wednesday at what he called the "hypocrisy" of Republicans who overdo their talk about religion.

Harold Ford Jr., the charismatic Tennessee congressman who lost a nasty Senate race last year, on Thursday was named chairman of the Democratic Leadership Council, the party's most influential centrist group.

Ford made his debut at the Christian Science Monitor breakfast, a Washington institution for reporters. Once called the Sperling Breakfast, after founder Godfrey Sperling, the breakfasts -- which started in 1966 -- are a chance for politicians to float ideas and field questions in a relaxed atmosphere.

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But business gets done: Everything is on the record. And Ford did not disappoint the sleepy-headed journalists, offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith "is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that."

"God works in mysterious ways," Ford said. "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most. I pray for all of them, and would hope that they'd be able to find some healing and wholeness in their lives, but that they would also see that maybe they should reflect a little before they go lashing out and attacking others. I think voters get it, too. The hypocrisy on the part of some was so interesting in this last election."

In November, Ford, age 36, lost by 51 percent to 48 percent to Republican Bob Corker, but told the breakfast several times that he plans to run again. "Between political jobs?" he joked when DLC founder Al From noted that an earlier chairman was Charles S. Robb after he was Virginia governor and before he was a U.S. senator.

Ford succeeds Iowa Gov. Tom Vilsack, who's heading off to run for president. His other predecessors include former President Bill Clinton, Sen. Evan Bayh of Indiana and Sen. Joseph Lieberman of Connecticut.

Ford was presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies. "We will be aggressive. The agenda will be ambitious," Ford said. "We certainly anticipate the conversation attracting the leading minds in our party, the leading candidates in our party."

During the question period, Ford recalled Steven Thomma, chief political correspondent for McClatchy Newspapers, from a catfish restaurant on the Tennessee campaign trail toward the end of the campaign, and joked that the reporter almost couldn't ask his question because he was eating coleslaw. "When I left that, I thought you were going to win," the reporter said.

"So did I," Ford said, to big laughter.

"What happened?" Thomma asked.

Ford didn't seem interested in a detailed autopsy. "It's over with - we didn't win," he said. "We ran a hard campaign. A lot of things happened right there at the end of the race. I don't mean to be flippant about your question. I've sat down at looked at the numbers, and I know I want to do it again one day. In my state, it takes a few times to run - sometimes one or two times to run before you win."

Then he spoke about the oft-discussed phenomenon of black candidates, including former Virginia Gov. L. Douglas Wilder, who do better in polls than they do at the ballot box, apparently because white respondents say they're going to vote for an African American and then don't. "One thing that was very interesting in the last week were the polls that came out showing us down double digits, which we never were, and I think that probably played a little bit of role in sapping a little bit of the momentum," Ford said. "People kept calling it a 'Wilder tax.' … I assume it means if you're a black guy, you've got to be way ahead because you're going to lose votes on Election Day. Well, the opposite happened here, according to the polls. We actually gained, and came within 49,000 votes of winning. … We'll run again, one day."

Ford made it clear that he still resents some tactics of Republicans. Asked what he had learned about race in the contest, and what advice he would have for Sen. Barack Obama in his presidential race, Ford replied: "Run hard and be honest and put it in the voters' hands. That's all you can do." He also said: "This stuff on race, you'd probably need to ask my opponent."

One Republican ad taunted Ford for his attendance at a Playboy magazine party at the 2005 Super Bowl. Over eggs and sausage on Thursday, Ford reprised one of the greatest lines from the whole '06 campaign cycle: "I made clear: I love Jesus. I love girls. And I absolutely love football."

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Hagel Ponders White House Run As War Criticism Raises His Profile (WP)

By Shailagh Murray

Washington Post, January 26, 2007

His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base.

Looks as though Sen. Chuck Hagel is on a roll.

Both parties have their Iraq war contrarians. For the Democrats, it is Sen. Joseph I. Lieberman of Connecticut, whose steadfast support for President Bush nearly cost him his seat last year and forced him to run as an independent. The Republican version is Hagel, a career maverick from Nebraska and the only GOP senator to call for an end to the war.

Hagel's sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies.

But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run.

Hagel said in a wide-ranging interview this week that he is discussing his options with his family and other confidants and will make a decision in the next six weeks.

He said one possibility is forming a presidential exploratory committee and -- despite his outcast position within his party -- seeking the Republican nomination. Or he may seek a third Senate term. Then again, he might take a more creative path.

Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course.

Hagel clearly admires Sen. Barack Obama (D-Ill.) and calls him "a star," but he doubts the two could ever team up given the vast difference in their parties' principles. "I don't know if it gets to that point, but there is a shift going on out there, and there's nothing like a war that does that," Hagel said.

His GOP critics fume that Hagel and his Democratic allies who sponsor resolutions opposing a troop buildup are undermining Bush at a critical moment. "I really don't understand Senator Hagel," said Sen. Orrin G. Hatch (R-Utah.). "But playing around with resolutions when we all know we've got to stay and get the job done -- that doesn't make any sense. Most Republicans want us to win over there."

Hagel attracted the support of only 1 percent of registered Republicans in recent polls, compared with 25 to 30 percent for McCain. And his standing among conservative party faithful who will determine the outcome of the Republican presidential nomination remains strikingly low because of the intensity of his attacks on Bush. But Hagel has gained a particular following within the antiwar community. An Internet "draft Hagel" movement has formed, and even die-hard liberals admit they find him appealing.

"Chuck Hagel for president! If it ever narrows down to a choice between him and some Democratic hack who hasn't the guts to fundamentally challenge the president on Iraq, then the conservative Republican from Nebraska will have my vote," said an Internet article last week by Robert Scheer, co-author of the book "The Five Biggest Lies Bush Told Us About Iraq."

Like McCain, his close friend and potential 2008 GOP rival, Hagel is a decorated Vietnam War veteran, but his assessment of the Iraq conflict is radically different. McCain has asserted that despite serious mistakes by the Bush administration, victory remains possible. Hagel believes that U.S. troops are being thrown into a civil war that cannot be won and calls the conflict "the most divisive issue in this country since Vietnam."

Earlier in their careers, McCain, 70, and Hagel, 60, were viewed as rising Republican stars, two plain-spoken outsiders with gritty military rÃ©sumÃ©s. After losing to Bush in the 2000 GOP nomination battle, McCain greatly enhanced his stature inside the party by embracing Bush's Iraq policy. Meanwhile, Hagel, an early and persistent critic of the invasion, grew more estranged.

"He's held his view for a long time and I've held mine for a long time, so it's not as if we suddenly find ourselves on the opposite side of the issue," McCain said of Hagel. "I respect his views. I maintain my strong affection and respect for him."

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Hagel warned against military action long before the Iraq invasion, but despite his trepidations, he supported a Senate resolution authorizing the war. He has since renounced his vote and has been trying to atone for it ever since. When Bush announced a plan earlier this month to deploy additional troops, Hagel co-sponsored, with two prominent Democrats, a new Senate resolution opposing the plan. Though nonbinding, the measure has triggered the first significant confrontation between the White House and Congress over Iraq since the war began.

Hagel vainly implored his Republican colleagues to join him in supporting the resolution, which was approved 12 to 9 during a session of the Foreign Relations Committee on Wednesday. "If you wanted a safe job, go sell shoes," he said. "This is a tough business."

One of Hagel's sparring partners is Lieberman, who has infuriated Democrats with his outspoken war advocacy. Two weeks ago, the Nebraska senator was introduced to the Internet video site YouTube when his son, an eighth-grader, showed him a clip from "Meet the Press" that was drawing heavy traffic. It was a showdown between Hagel and Lieberman over Iraq.

If critics of Bush's troop increase have their way, Lieberman asserted, the consequences "for my children and grandchildren, I fear, will be disastrous."

"That's ridiculous," Hagel shot back, "and I am offended that any responsible member of Congress or anyone else would even suggest such a thing. Senator Lieberman talks about his children and grandchildren. We all have children and grandchildren; he doesn't have a market on that."

Hagel is a loner in the Senate, a serious and somewhat distant colleague who eschews consultants and other trappings of political ambition -- although he is a regular on political talk shows. He travels the country extensively and particularly enjoys talking to students. Last month, he spoke at Nebraska Wesleyan University and the University of Nebraska at Lincoln, and he is to receive an honorary degree from the College of William and Mary next month. Ambassadors and foreign officials visit his office regularly.

He often speaks of the current period as a "transformational time" that could bring a political earthquake, as early as the 2008 election. He sees parallels to 1960 and 1980, which resulted in the pivotal presidencies of John F. Kennedy and Ronald Reagan.

"Politics and politicians must become relevant to the times . . . or they become irrelevant," Hagel said. "And when you become irrelevant, something is going to fill that void."

TIME Poll: Hillary Vs. McCain? (TIME)

By Tony Karon

Time, January 26, 2007

Hillary Clinton is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani — with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone.

Despite the buzz generated by Senator Barack Obama entering the race, the survey found that Senator Clinton would beat him for the Democratic nomination by a margin of 40% to 21%. Senator John Edwards is a distant third with 11%. Obama clearly suffers a disadvantage in profile among likely voters, with only 51% indicating that they knew enough about him to form an opinion, compared with 94% saying the same of Hillary Clinton. In Obama's favor, however, is his far lower negative ratings. While 58% of voters familiar with Hillary Clinton have a positive view of her, 41% give her negative marks, for a net favorability score of +17. By contrast, Obama's net favorability score is +47. On the Republican side, Giuliani has a net favorability rating of +68, with only 14% having a negative view of him. McCain's net favorability score is +45.

McCain, however, holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or Senator John Edwards by a 7-point margin.

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Clinton's popularity within her party does not translate as easily across party lines as Obama's does, or indeed as Giuliani's and McCain's. Only 58% of the total sample of respondents had a very or somewhat favorable impression of her, compared with 82% for Giuliani (including 7 out of 10 Democratic voters), and 70% each for Obama and McCain — both of whom showed strongly among independents. These figures must be read against the fact that 94% of respondents said they knew "a great deal" or "some" about Clinton, while 73% said the same of Giuliani and 66% of John McCain. Only 51% knew "a great deal" or "some" about Obama.

If the election were held now, Rudy Giuliani appears to have the support of the greatest number of respondents of both parties, with 56% indicating they would "definitely" or "probably" support him — followed by Hillary Clinton (51%) John McCain (50%) and Barack Obama (50%). But Clinton has a strong edge when the question is which presidential candidate people would most like to have over to their homes for dinner. The former First Lady led the dinner-invitation field with 26%, while Obama and McCain tied for second place at 15%. But with the New Hampshire primaries a year away, the the four leading contenders all have some work to do: Obama in making himself better known, Clinton in making herself better liked, McCain in matching Giuliani's appeal to Democratic voters, and Giuliani in landing more invitations to dinner.

8 Keys To The Campaign (TIME)

By Massimo Calabresi, Perry Bacon Jr, Ana Marie Cox, James Carney

Time, January 26, 2007

IRAQ

HOW THE WAR SCRAMBLES PARTY LINES

The Iraq war has actedÂ like bleach on this year's primary colors: political stripes have faded and dissolved as candidates scramble to explain how they would get America out of Iraq without igniting the Middle East. The most conservative candidate for the G.O.P., Sam Brownback, is closer on Iraq to Democrat Joseph Biden than he is to John McCain. Democrats John Edwards and Hillary Clinton, meanwhile, are worlds apart.

The Republican Party has perhaps the deepest identity crisis over the way forward in Iraq. G.O.P. voters are down on Bush but still largely behind the war, and three leading Republicans--John McCain, Mitt Romney and Rudy Giuliani--would like to change policy but refuse to abandon the mission. All three back Bush's troop increase. McCain has, however, attacked the Administration's handling of the war. Brownback--like fellow Republican and potential candidate Chuck Hagel--supports scaling back the U.S. military mission and appears to be betting that by next winter Republican voters will be looking for an exit strategy.

Most Democratic voters oppose the war and want it ended. But too dovish a position by candidates now could look weak to independents and centrists in the general election. Hillary Clinton backed the war and the mission through last November's election but has since called for capping troop levels. Biden, chairman of the Senate Foreign Relations Committee, calls for cautious withdrawal and scores points for his proposed political solutions, including direct talks with Iran and Syria. Always antiwar, Barack Obama has taken the party position of cautious withdrawal: a troop drawdown starting in four to six months. John Edwards has come out hard and early to declare his vote authorizing the war was a mistake and to issue the strongest antisurge message among the major Democratic candidates.

No position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser.

MONEY

THE FIRST TEST: WHO CAN RAISE THE MOST CASH

After Barack Obama posted an online video to announce he was running for President and promised a new kind of politics for his campaign, he went straight old-school. He spent much of the rest of his day dialing for dollars, asking wealthy Democrats to support him in his quest to compete with Hillary Clinton's deep pockets. When Clinton got into the race a few days later, the New York Senator made clear she would avoid public financing for her campaign--forgoing a system that matches the first $250 of every individual campaign donation--because she believes she can raise much more than the $50 million limit imposed on candidates who accept matching funds in the primary.

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The 2008 presidential campaign may show that race, religion and gender don't matter, but money still talks, and more loudly than ever before. In 2003, John Edwards surprised everyone by raking in $7 million in campaign donations in the first three months of the year. That amount will be like Monopoly money after 2008. Strategists say the two eventual party nominees could well spend up to $500 million each before the general election.

Whether they get their money by calling, blogging or throwing lavish fund raisers, would-be contenders had better start quickly. Raising even $50 million for the primary this year means coming up with $137,000 a day.

RELIGION

CHASING VOTERS INTO THE PEW

This time around, candidates from both parties are looking for the right tone on religion. On the Republican side, the usual scramble is under way to win over the large Evangelical base, which is still without a top-tier candidate. Many conservative Christian activists admire Sam Brownback for his opposition to embryonic stem-cell research, abortion and gay marriage, even though he is a long shot. Three G.O.P. front runners aren't exactly dream candidates for social conservatives: Mitt Romney faces a challenge in explaining his Mormonism to conservative Christians suspicious of it. Rudy Giuliani supports abortion rights. And in 2000 John McCain called conservative Christian activists like Jerry Falwell "agents of intolerance."

Democratic candidates for 2008 are determined to build credibility with religious swing voters. Barack Obama devoted a chapter to his religion in his newest book and is far more likely to talk about his "personal relationship with Jesus Christ" than McCain, who keeps religious matters largely to himself. In December Obama publicly joined Brownback at an AIDS-awareness convention at Saddleback, the Rev. Rick Warren's evangelical megachurch in Orange County, Calif. On its website the Clinton campaign, in a bio of the New York Senator, describes at length that "faith was central to her family. Her mother taught Sunday school, and Hillary was a regular in her church youth group."

But Democratic activists may have little appetite for overt religiosity, particularly if it impinges on socially liberal issues. Former vice-presidential nominee John Edwards, though he is tacking left in his second White House run, nonetheless had to disappoint a questioner at a New Hampshire town hall who wanted him to support gay marriage. "I am just not there yet," Edwards says.

AMAZON FACTOR

FIRST, WRITE A BEST SELLER

This election cycleÂ may boast the most ever candidates with best sellers: John McCain with Faith of My Fathers, Barack Obama, riding high on the hardcover and paperback lists (The Audacity of Hope and Dreams from My Father) and Hillary Clinton, whose Living History sold more than 1.2 million hardbacks. The most memorable title belongs to former Arkansas Governor Mike Huckabee, who wrote Quit Digging Your Grave with a Knife and Fork after losing 100 lbs. If he's not elected President, he could at least make it into Oprah's Book Club.

LAST-MINUTE CAMPAIGNS

THE WAIT-AND-SEE PRIMARY

Despite the rash of newÂ candidates announcing their bid this month, some heavyweights are holding out, either for tactical reasons or out of indecision, and could shake things up with a late entry into the race. The biggest could-be contenders are former Vice President Al Gore and former House Speaker Newt Gingrich. Gore denies that he plans to run, but his hit film, An Inconvenient Truth, and his strong stands on climate change and the war in Iraq have rehabilitated him with Democratic activists.

Gingrich has energized some on the right with his calls for a conservative revival in the Republican Party. If Mitt Romney's attempt to woo the party base fails, Gingrich, who's already polling in third place, could capitalize. Some dream of a run by George W. Bush's brother, former Florida Governor Jeb Bush, or Secretary of State Condoleezza Rice, although the President's low approval ratings and the lack of progress in Iraq could dim their prospects. But with 21 months before the election for the announced candidates to pummel one another, voters may tire of the whole bunch, leaving the door open for a fresh bid by a familiar face.

OPERATIVES

RECRUITING THE NEW GURUS

DOJ_NMG_0122359

The hunt is onÂ for theÂ next Karl Rove, the political consultant with the strategic acumen and message magic to steer a candidate all the way from Iowa to the Oval Office.

The biggest names in the race, Clinton and McCain, have the early talent advantage. The former boasts Hillaryland--a cadre of loyal, long-serving pros--with the addition of a few carefully selected people from her husband's operation. McCain retains his inner circle from 2000 and has scooped up a slew of Bush veterans, even though some aided in the trashing of McCain in the infamous South Carolina 2000 primary. "We're in the business of making friends now," explains one of the Arizona Senator's old hands.

Hillary Clinton, of course, has the top political consultant who is not on the payroll: her husband. And then there's Rove. Bush's political guru coyly refuses to say whether he plans to advise a Republican in the 2008 race. If he does and his man wins, the next Karl Rove could be ... Karl Rove.

THE BLOGOSPHERE

WINNING OVER THE ONLINE ACTIVISTS

While the past fewÂ elections have seen candidates try out newfangled blogging technology with all the comfort and skill of a granddad on a skateboard, the 2008 candidates are doing everyone a favor by not trying to be bloggers.

"Bloggers put much more of a premium on understanding the medium rather than joining in," says Kevin Madden, a spokesman for Mitt Romney. Romney's strategy is to participate in podcasts and talk regularly with top conservative bloggers, an approach that has made him the top vote getter in Republican blogger straw polls, though he lags in national telephone ones.

Hillary Clinton, a real-world front runner, dwells in the low one figures in blogger surveys, but she has hired former Kerry hand Peter Daou to burnish her Web image. Daou says bloggers need to be wooed like any other reporters--or voters, for that matter. "It's very old school," he says. "I just reach out to them one by one." Employing bloggers instead of just courting them is a tricky next step, though. McCain was chastised last year when a blogger posted attacks on Romney without disclosing up front that he was on McCain's payroll.

NEW FACES

HOW CAN YOU TELL A BROWNBACK FROM A VILSACK?

Only a few candidates are famous. The rest are known mostly in their universes--the Senate or Arkansas, say--or as perennial protest candidates. Here's a primer on the faces you might not recognize in the crowd.

SAM BROWNBACK

A standard-bearer of the social right--with a twist. He speaks out against poverty, the genocide in Darfur and the war in Iraq

MIKE HUCKABEE

The socially conservative ex-Governor of Arkansas lost more than 100 lbs. while in office. His story of fitness redemption may resonate with voters

DUNCAN HUNTER

A boutique candidate for lovers of military hardware and a pro-Bush foreign policy, the Congressman (R.-Calif.) has ties to bribe-taking Duke Cunningham

TOM TANCREDO

The Colorado Rep's big issue, border control, inspires base G.O.P. voters. He has sponsored legislation punishing Sudan for its war in Darfur

TOMMY THOMPSON

The former Wisconsin G.O.P. Governor made a name in welfare reform in the '90s. He's pushing a plan to split Iraq into three separate states

DENNIS KUCINICH

Yes, it still rhymes with "spinach." His antiwar stance, looking better now than in '04, has drawn backers among House colleagues in both parties

CHRISTOPHER DODD

The affable Democrat is popular in the Senate. Fluent in Spanish, he's an expert on Latin America and is strong on children's issues

DOJ_NMG_0122360

TOM VILSACK

Inexperienced in foreign affairs, he's a likable self-made man. His hopes ride on his record as Iowa's Governor and a champion of ethanol fuel

McCain's Health And Age Present Campaign Challenge (POL)

The Politico, January 26, 2007

"I am older than dirt and have more scars than Frankenstein," John McCain likes to say.

It always gets a laugh, though I don't suppose his mother, who is 94, and her twin sister, appreciate it very much. If he is older than dirt, what does that make them? Older than lava?

If McCain, 70, runs and wins, he would be the oldest person ever inaugurated as president. As is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. (One in every 60 Americans is at risk for developing invasive melanoma in their lifetimes.)

I talked to McCain recently and asked him about his health. He said it was good. "I hiked the Grand Canyon rim-to-rim last August with my son, Jack," he said.

I tried to imagine that. The last time I saw it, the Grand Canyon was seriously deep.

How on earth do you hike a thing like that rim-to-rim? I asked.

"Down and up!" he said. "It takes three days."

John Kennedy, who at 43 became the youngest person ever elected president, and who was always associated with "vig-ah," in fact had serious diseases that were kept from the public.

As was revealed in 2002, Kennedy was sick from age 13 through the rest of his life, was on chronic-pain medication throughout his presidency and had Addison's disease, an endocrine disorder that until 1940 was a terminal illness. Kennedy survived it through cortisone injections, which at the time only rich people could afford.

Dr. Jeffrey Kelman, who examined Kennedy's medical records in 2002, said, "He was never healthy. I mean, the image you get of vigor and progressive health wasn't true."

The point being: Electing a young person to the presidency is no guarantee that he or she will be healthy or stay healthy.

The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts. (And how many presidential candidates can say that?)

"We'll probably have to do that again," McCain told me of the record release.

Do you think all candidates should release their medical and psychiatric records? I asked.

I thought he would jump on that and say yes, just to put pressure on the other presidential campaigns, but he did not.

"I don't know," he said. "I think probably in my case it was a little more unique because of my POW status and the war injuries and the fact that people were spreading rumors that I was crazy and disabled both. So we'll probably have to do that again."

You think the rumors will start again? I asked.

"They already have!" he said.

But I don't think that is going to be McCain's problem. It isn't his health but rather his demeanor that worries some people.

The Iraq war, which he strongly supports, has disturbed and dismayed him. He told The Washington Post it was a "train wreck." He told me it was a "witch's brew." He visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain.

And it is showing.

Last April, I wrote of a campaign swing McCain made through New Hampshire and Iowa, "Though McCain said he enjoyed himself, he was not the rollicking campaigner of six years ago. At a number of stops, he was largely subdued and sometimes almost somber."

Last Sunday, on "Meet the Press with Tim Russert," McCain seemed to have moved from almost somber to almost gloomy.

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In my recent interview, I suggested to him that the laughing, joking John McCain of his last presidential campaign seemed to be AWOL.

"It's hard to make jokes; we are a nation at war," he said. "There are great national security challenges that we face. But I also believe, as Ronald Reagan did, that America's greatest days are ahead of us. It's going to be an upbeat campaign and an optimistic one."

And will you still come to the back of the bus and goof off with the press like before? I asked.

"If I changed that," McCain said with a smile of old, "I would probably get death threats."

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by bleeck house on 01.25.2007 at 11:02 PM

I'm very excited about Politico, but I sure hope that your level of commentary rises above what we see here. McCain's health is a vital issue in the upcoming race. Anyone looking at him can see he's not well. I hope you examine this issue with a degree of vigor and candor the mainstream press shies away from. To reprint McCain's quips and leave it at there is useless.

by Paradise on 01.25.2007 at 05:54 PM

I don't want this to sound mean spirited. I am not a fan of McCain for several reasons. But the point of this comment is that John McCain was a prisoner of war. I have read his story and his books, and the fact that he survived being a POW for 5 years, in my mind does not make him a war hero. Neither does getting shot down. I know that he is a patriot. Most Americans are. When I think of a war hero, I think of my oldest brother who was killed in action in Korea, and awarded the Medal of Honor. That is a war hero, and there are thousands of others just like him. It has always troubled me that we call McCain a war hero, based largely on his own account. Patriot, sure, good man, absolutely, war hero, i just don't know.

by AnnaCatherine on 01.25.2007 at 04:12 PM

McCain might want to get out while he still has his dignity. His military record protects him from being bashed like the others. I'm not sure that's fair. He was obviously asleep at the State of the Union Address. It was overlooked or just 'off limits'. While I understand the reluctance to criticize him others are scrutinized and criticized all the time. It's part of the deal.Maybe it's time for a reality check. No malice intended. Thanks, ANNA

by desertdog on 01.25.2007 at 04:03 PM

I know McCain. Have met him several times. He's honest about Iraq. It's what he thinks that he tells you. He really does believe that it will be very tough for us if we pull out suddenly and the country collapses, and he does think that it is a chance if we send some more troops. I don't think he is enthusiastic about it. On the other hand, he knows that such a position will cost him votes next year. He doesn't care about that. If he loses because of it, those are the lumps you take. That's how McCain thinks. Yep, any way you look at it, he's a patriot. He may be wrong, but it's his view, like it or not. What if we do something else? Webb's idea of getting our troops out of the cities? At this point, McC doesn't think much of that. It's his opinion. I have found that you might not agree with him, but you do get his views when you ask. Would he have invaded if he were president, or would he have run the war the way Bush has? I doubt he would have invaded, regardless of how he voted (see Kerry and Hillary), I know he would have run it differently.

by Bramdean on 01.25.2007 at 01:38 PM

The days of American adventurism is over. Gun boat diplomacy no longer "persuades" the natives. Someone needs to emphatically tell McCain (and Bush).

Time and again McCain strikes me as someone keen to attack Iran, expanding the current mayhem exponentially. The bloodshed will result in regional and global costs. He also strikes me as somone relatively unfamiliar with the regional realities, IAEA reports and international law.

No, he'll not have my support. We've already seen the consequences of one fellow attacking a country that did not pose a threat to us (or anyone else). And we attacked and occupied them based on fraud and cooked intelligence. We don't need more (much more) of the same from this so called "maverick".

This is fighting terrorism? I think not!

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Giuliani A Tough Conservative Sell (AP)

By Liz Sidoti

AP, January 26, 2007

Rudy Giuliani's star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero _ the face of U.S. resolve at a time of tragedy.

The Republican dubbed "America's Mayor" hopes to ride that celebrity and his record at City Hall to the White House by emphasizing his leadership skills and embracing the strong-on-security, limited-government tenets of the GOP.

"If he can handle the scrutiny, and if events break his way, sure, he can win," said Fred Siegel, who wrote a Giuliani biography, "The Prince of the City."

Giuliani's quest to capture his party's presidential nomination won't be easy.

He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice.

"I sure have strengths and weaknesses," Giuliani said recently. "I think that sort of puts me in the same category as just about everybody else that's running. Are my strengths greater or my weaknesses worse? I don't know. You have to sort of examine that. That won't be the issue."

His challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals _ Sen. John McCain of Arizona and former Massachusetts Gov. Mitt Romney _ no doubt will try to exploit his background and record. For now, both are trying to gauge how much of a threat he may be.

Giuliani, who formed a presidential exploratory committee last year, is betting that the Republican rank-and-file will look past his liabilities. His aides dismiss skeptics who say he has too many flaws to win over primary voters a year from now.

"I believe they'll look at the picture as a whole," said Tony Carbonetti, Giuliani's longtime political adviser. "This (New York) was an unmanageable city, and I think what people want today is a manager, someone to lead in difficult times and to lead in not-difficult times.

"We're going to continue to tell that story," he said.

Before Sept. 11, Giuliani was known as the hard-charging prosecutor-turned-politician who cleaned up Times Square, led the city out of fiscal despair and brought Republican rule back to the liberal mecca.

Giuliani, of course, made enemies in the process, but on Sept. 11 even his chronic critics were muted when he took charge amid the rubble of the World Trade Center's twin towers. To many, he became a picture of strength, a reminder of the resilience of the American spirit.

"He has a connection to that. He is unique. On the other hand you look at the politics and you say this is a problem," said Alex Vogel, a Republican strategist in Washington who is not affiliated with any presidential candidate.

"The question is: Can you win a Republican primary a different way? History keeps saying no. But history has never presented us with someone whose favorability numbers are as high as Rudy's."

Indeed, national polls have consistently shown him leading for the GOP nomination, and early surveys in key states show him ahead or competitive. He travels to one important state, New Hampshire, this weekend where he will give the keynote address at the state GOP's annual meeting.

For all the hype since 2001, Giuliani didn't start preparing for a presidential run in earnest until after November's elections. Thus, he has lagged behind McCain and Romney in courting fundraisers, setting up a national organization and hiring ground operatives in key states, although he has made progress on all fronts recently.

Giuliani's aides insist they're making strides toward filling out his campaign. They say he can raise the $80 million to $100 million necessary this year for a serious run. Name recognition, obviously, isn't an issue.

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Neither, his supporters argue, is likability. They say he appeals to people across the political spectrum and in every region of the country, meaning he could expand the general election playing field. That, his backers say, makes him the Republican most likely to beat the presumptive Democratic front-runner, Sen. Hillary Rodham Clinton of New York.

Perhaps.

But first he has to capture the GOP nomination _ and the big question is whether he can win over enough Republicans in states like Iowa and South Carolina, among the first nominating contests where voters are solid conservatives and could be turned off by his stance on social issues.

"Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest," said Peverill Squire, who teaches politics at the University of Iowa.

The former mayor's support for abortion rights, gay rights and gun control conflict with the hard-line positions of the GOP's right. His supporters say he's not as liberal on those issues as he's made out to be. Still, he's from New York _ and that alone rankles the party's conservative wing.

Despite that, Giuliani's backers contend _ and some Republican strategists agree _ that he could get support from fiscal conservatives because of his record of cutting taxes, curbing spending and promoting small government, particularly now when the base is smarting over the soaring federal deficit under Republicans.

And, with the country still at war, his link to Sept. 11 _ the brand of a strong leader _ could trump the base's concerns about his background and stand on social issues.

"Giuliani's national security credentials will allow him to span ideological divides in the Republican Party and win conservative votes," said Greg Strimple, a GOP strategist in New York who is neutral in the race.

Unknown is whether Giuliani can woo enough of those base Republican voters to win the nomination and, if not, whether he can make up the difference by attracting independents and Democrats.

"His opening could come if people really think that somebody like Hillary is running away with it, and if there's a perception that only Giuliani can beat her," said John Truscott, an unaffiliated Republican strategist in Michigan.

Another factor that could help Giuliani is how the primary calendar shakes out.

New Hampshire and Michigan hold early contests, and New Jersey, California, Illinois, Florida and other states viewed as more hospitable to a moderate may schedule their votes earlier in the year, perhaps lessening the importance of a strong showing for Giuliani in Iowa and South Carolina.

For all the obstacles, even folks with ties to Giuliani's opponents can't deny that the New Yorker has a shot.

Said Ken Khachigian of California, who served as a strategist for President Reagan and was with McCain in 2000: "I would never sell Giuliani short."

Hunter Makes Presidential Bid Official (AP)

By Jim Davenport

AP, January 26, 2007

Republican Rep. Duncan Hunter, best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in this early voting state.

Frequently citing Ronald Reagan, Hunter told supporters he wants to pick up on the former president's legacy.

"I want to lead that policy of peace through strength," said Hunter, a strong supporter of the Iraq war.

The 14-term conservative from California, who has made no secret of his White House aspirations, set up a presidential exploratory committee earlier this month.

He initially announced his intentions in October, becoming the first GOP candidate to declare, and then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina.

He joins an increasingly crowded GOP field of declared and likely candidates, including Sens. John McCain of Arizona and Sam Brownback of Kansas, former Massachusetts Gov. Mitt Romney, and former New York Mayor Rudy Giuliani.

Hunter has been a familiar face on Capitol Hill and at the Pentagon. Until Democrats took control of Congress this month, he was chairman of the House Armed Services Committee, the powerful panel that oversees military policy.

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However, Hunter is little known outside of Congress and his San Diego district. He is a strong opponent of illegal immigration who wants fences extended along the U.S.-Mexico border and supports the prosecution of smugglers bringing illegal immigrants across the border.

Last week, Hunter filed a bill calling for a congressional pardon of two U.S. Border Patrol agents who are both serving more than a decade in prison for shooting a Mexican drug dealer as he fled, then covering up the crime.

In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination.

"Nobody wins the presidency without winning South Carolina," Hunter said.

Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor.

"I'm thrilled that he's running," said Milliken, who hasn't yet endorsed a presidential candidate. "This point of view he represents must be heard."

Hunter, 58, was born in Riverside, Calif., and was an Army Ranger in Vietnam. He worked his way through law school with farming and construction jobs.

Hunter won his U.S. House seat in 1980 and has been an ardent military supporter. His son has spent a pair of seven-month tours in Iraq.

Hunter Touts Experience, Conservatism In Bid For Presidency (CQ)

By Rachel Kapochunas

Congressional Quarterly, January 26, 2007

Republican Rep. Duncan Hunter of California made his presidential candidacy official Thursday morning, announcing his entry into the GOP field at a breakfast meeting in the South Carolina city of Spartanburg.

The 14-term lawmaker is touting more than a quarter-century of congressional experience; his focus on national security issues that has made him the current ranking Republican (and former chairman) of the House Armed Services Committee; and a record as a staunch conservative that he says will appeal to many voters in the Republican Party's base.

Yet Hunter is making his first campaign venture outside his congressional constituency in the San Diego area, in the southwestern corner of the continental United States. And the 58-year-old representative of California's 52nd District enters the presidential race trailing far behind nationally recognized hopefuls, such as Arizona Sen. John McCain and former New York City Mayor Rudolph Giuliani, in name recogintion and fundraising potential.

He is also fighting history. The last successful candidate to make the direct leap from the House to the White House was Ohio Republican James Garfield in 1880.

And though he maintains he is "the most conservative" candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20.

Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney.

Hunter picked Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials.

Hunter already has a network of allies in the state, including Roger Milliken, head of textile and chemical manufacturer Milliken & Company, based in Spartanburg. Last year, Milliken contributed both to Hunter's House campaign committee — from which he can legally transfer funds to his presidential campaign — and the congressman's Peace Through Strength political action committee (PAC).

The two share a strong skepticism of free trade agreements that they believe cost American jobs. Milliken told the Associated Press that he supports Hunter's committment to protecting U.S. manufacturing, though adding that he has not made any official endorsement for the 2008 presidential race.

The Peace Through Strength committee ran ads featuring Hunter last month, including one in which he called for "fair trade."

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Hunter said China is "cheating" U.S. businesses by devaluing its currency — which has the effect of making its exports cheaper and U.S. imports to China more expensive — and subsidizing its businesses.

His second ad emphasized his charge that China is buying "ships, planes and missiles with our money."

Hunter's conservatism extends to social issues. He is an outspoken opponent of illegal immigration, an issue on which President Bush and some of the Republican candidates have taken more moderate stances.

2nd Republican Enters Race For Presidency (NYT)

By Sarah Abruzzese

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Representative Duncan Hunter, Republican of California, announced his bid for the presidency on Thursday in Spartanburg, S.C., then boarded a motor home to tour the state, where he hopes to gain support from a conservative electorate.

Mr. Hunter, 58, said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade.

Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel.

In a release earlier this month, he paved the way for his candidacy, saying, "America needs a way ahead in the ongoing war against terrorists and a policy of economic opportunity, with a reaffirmation of faith in the principles of our founding."

He said yesterday that he would also emphasize the need to restore the balance of trade with China.

"This is not free trade, this is not fair trade," Mr. Hunter said according to the text of his speech. "It is cheating."

Mr. Hunter, who has a 92 percent lifetime conservative rating from the American Conservative Union, repeated his opposition to abortion this week, telling thousands of anti-abortion demonstrators here that, if elected, he would not nominate judges who supported abortion.

Mr. Hunter also opposes embryonic stem cell research and supports tighter controls on illegal immigration. Mr. Hunter is the second Republican to announce his intention to run for the presidency. Senator Sam Brownback of Kansas did last week. Senator John McCain of Arizona and Rudolph W. Giuliani, the former mayor of New York, are also expected to seek the nomination.

Duncan Hunter Announces For President At Spartanburg Breakfast (HJH)

By Jason Spencer

Spartanburg (SC) Herald Journal Hunter, January 26, 2007

Espousing hard-line views on immigration, trade, America's role in spreading democracy and the need to protect the life of an unborn child, California Congressman Duncan Hunter today officially announced his longshot bid to become this country's next president.

"God still loves our nation. We are still a people of character, and strength, and kindness," Hunter told a packed room at the Marriott at Renaissance Park (Watch video from the announcement).

"My fellow Americans, with the support of our families, with faith in God, and with confidence in the goodness of the American people, let's begin this race for the American presidency, and let's win."

The announcement is a first for Spartanburg, but not surprising considering the strong ally Hunter has in textile magnate Roger Milliken.

"Judging from the reaction I've just had, talking to a few people, they can get his message," Milliken said afterward. "The problem is, how does the word get through? His message is the right one for America. And you can see that he's dedicated."

Hunter's announcement received national media attention, with Fox News, CNN and C-SPAN among the many cameras rolling in the back of the Marriott's Azalea Ballroom.

The 250-or-so supporters in the room included the local GOP faithful, but they also came from across the state — not to mention San Diego (where Hunter lives), Yuma, Ariz., and Washington, D.C.

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While some pundits have debated whether in 2008 Americans will be electing a “wartime president,” Hunter made it very clear they would be. He and his supporters almost referred to him more as this country’s “next commander in chief” rather than “next president.”

“We live in a world that’s on fire, and our next commander in chief has to be someone who in that critical moment, to help protect the lives of American people, that can make the right decision. And with his background and experience, he’s the right man for the job,” said Van Hipp, a former chairman of the S.C. Republican Party and current head of Washington, D.C.-based American Defense International.

Hunter, a Vietnam veteran, has served in Congress since 1980, and spent the last four years as the chairman of the House Armed Services Committee. He co-wrote the legislation to build a 700-mile fence along the U.S.-Mexican border.

And like many other conservatives seeking the GOP nomination in 2008, he’s trying to latch onto the legacy of Ronald Reagan — Hipp even introduced him as “the next best thing” to Reagan.

Today’s announcement begins a statewide tour of South Carolina for Hunter and his family. Sunday, they’ll fly to New Hampshire.

A CNN poll last week cast Hunter with only 1 percent of the vote among likely Republican voters — trailing even other lesser-known conservatives like Kansas Sen. Sam Brownback, former Virginia Gov. Jim Gilmore and former Massachusetts Gov. Mitt Romney.

Those three have visited Spartanburg, too. But only Hunter chose this city to make his official announcement.

“This represents the heart of what I call the arsenal of democracy. This is a place that’s known for textile manufacturing. You’ve got steel manufacturing right up the way … and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion,” Hunter said.

“You know what that is? That’s the great Americans who won’t move their companies off-shore, who won’t take their manufacturing to China. … There’s a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that.”

Obama Calls For Universal Health Care (AP)

By Nedra Pickler

AP, January 26, 2007

Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country," Obama told a conference of Families USA, a health care advocacy group.

The Illinois senator did not provide specifics on his plan for coverage.

Obama was previewing what is shaping up to be a theme of the 2008 Democratic primary. His chief rivals, Sen. Hillary Rodham Clinton and John Edwards, also are strong proponents of universal health care and have promised to offer their plans.

Obama said while plans are offered in every campaign season with "much fanfare and promise," they collapse under the weight of Washington politics, leaving citizens to struggle with the skyrocketing costs.

He said it's wrong that 46 million in this country are uninsured when the country spends more than anyone else on health care. He said Americans pay $15 billion in taxes to help care for the uninsured.

"We can't afford another disappointing charade in 2008, 2009 and 2010," Obama said. "It's not only tiresome, it's wrong."

Obama's call was an echo of a speech he made last April when he said Democrats "need to cling to the core values that make us Democrats, the belief in universal health care, the belief in universal education, and then we should be agnostic in terms of how to achieve those values."

His argument Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival Sen. Hillary Rodham Clinton's ill-fated plan to overhaul the health care insurance system when she was first lady.

Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid.

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"One of the goals that I will be presenting ... is health insurance for every child and universal health care for every American," she said at a community health clinic in New York Sunday, the day after entering the 2008 Democratic field. "That's a very major part of my campaign and I want to hear people's ideas about how we can achieve that goal."

On Thursday, she criticized Bush's proposal to make health care more affordable through tax breaks, arguing that it would lead to less funding for hospitals.

Addressing the U.S. Conference of Mayors, Clinton was self-deprecating in describing her own experience in the health care debate and joked that Bush would need some heavy-duty protection as he wades into the fight.

"I welcome his participation in the health care debate. I'm going to send him a suit of armor because I know anybody who puts a foot in the health care debate is gonna need that. I've got the scars and experience to show for it," said the New York senator.

Another candidate, Ohio Rep. Dennis Kucinich, also backs universal health care.

Obama Adopts Universal Health Care As Policy Theme (CQ)

By Marie Horrigan

Congressional Quarterly, January 26, 2007

Illinois Sen. Barack Obama, who is mulling a bid for the Democratic presidential nomination in 2008, Thursday called on policymakers to overcome the "failure of leadership" and create a universal health care system.

"In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how," he said in a speech at a Washington, D.C., conference on health care issues staged by the nonprofit advocacy organization Families USA.

"We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president's first term," continued Obama, who railed against what he called the "smallness of our politics — the idea that there isn't much we can agree on or do about the major challenges facing our country."

"We can't afford another disappointing charade in 2008," he said in prepared remarks. "It's not only tiresome, it's wrong."

Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee. But the position he pronounced Thursday is not original to him.

Sen. Edward M. Kennedy of Massachusetts, who chairs that committee, cited universal health care as a top agenda item for the 110th Congress at the panel's first hearing earlier this month. "We need to find a solution in this Congress, so that every American has guaranteed access to quality care by the end of the decade," Kennedy said.

His suggestion that such a system could be modeled on a program recently instituted in Massachusetts added a bit of a bipartisan ring to the discussion, as the plan was championed by now-retired Republican Gov. Mitt Romney — himself a prospective candidate for president in 2008.

While Obama's speech was one of his first major policy statements since he launched his presidential campaign exploratory committee last week, Families USA Executive Director Ron Pollack said his appearance should not be construed as an endorsement by the organization. Families USA, which has a stated goal of getting high-quality affordable health coverage for everyone, has not endorsed a political candidate in its 24-year history.

And Obama is not the only senator addressing the conference. Kennedy is scheduled to speak Friday morning, as is newly elected Sen. Sherrod Brown of Ohio, though neither of them is in the 2008 presidential running.

New York Sen. Hillary Rodham Clinton — who has formed her own exploratory committee and is considered a front-runner for the Democratic presidential nomination — has her own deep ties to the organization. She addressed Families USA conferences in 2001 and 2005, and the organization strongly supported her efforts in to develop a universal health care system in the 1990s during the presidency of her husband, Bill Clinton.

Families USA, according to Pollack, worked closely with Clinton in her role as first lady and backed her sweeping proposals, which ultimately failed in the face of massive Republican opposition and divisions within Democratic ranks.

Clinton also has seniority over Obama on the Health, Education, Labor and Pensions Committee, having joined when she first came to Congress in 2001.

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But Obama's ability to garner major media attention lent cogency to his speech Thursday. The first-term senator called for an online medical records system to cut administrative costs, something that he said everyone from Kennedy to Republican former House Speaker Newt Gingrich "believes we should do." He said such a policy would save the nation $600 million a year.

He also called for an examination of the "record-breaking profits" earned by the pharmaceutical and health care industries, and questioned whether the employer-based insurance system was a good fit in today's economy, in which few workers stay with one company throughout their careers.

"This crisis isn't just morally offensive, it's economically untenable," he said.

Obama said he had experts working on his own plan for universal health care, but referenced plans by Oregon Democratic Sen. Ron Wyden and comprehensive state-based plans emerging from places such as Maine, Illinois and California.

• On Kucinich's Turf. Obama has been a media magnet since he caught the public's imagination with his dynamic keynote address to the 2004 Democratic convention and his election to the Senate later that year. At the other end of the attention scale is a longshot Democratic presidential hopeful, Ohio Rep. Dennis J. Kucinich — who happens to have made universal health care a central cause for years.

Kucinich, who unsuccessfully sought the 2004 Democratic nomination, is co-author with Michigan Democratic Rep. John Conyers Jr. of HR 676, the Universal Health Care Insurance Act, which they introduced Wednesday.

Kucinich described the bill as the only plan to address the issues of quality, accessibility and cost. It "stands alone in an increasingly crowded field of efforts to provide health care coverage to all," Kucinich said in a statement.

Last week, Kucinich was named chairman of the new Domestic Subcommittee of the House Oversight Committee, which has jurisdiction over the Department of Health and Human Services and through which the congressman has vowed to address health care issues.

• Rebutting the Madrassa Rumor. Yet if Kucinich is regularly overshadowed in the presidential derby by Obama's star power, he at least has not yet been subjected to personal attacks of the sort Obama already is seeing.

Earlier this week, Obama became the center of a media frenzy as he rebuffed a published report that he had attended a madrassa, or radical Islamist school, while living in Indonesia as a child with his American mother and Indonesian stepfather.

The conservative-oriented Insight Magazine, associated with the Washington Times newspaper, ran a story last week that cited unnamed sources who said Obama spent at least four years at a madrassa. The magazine attributed the allegation — which were subsequently cited on Fox News Channel — to sources within Clinton's presidential campaign exploratory committee, in what one Clinton staffer told CNN was "an obvious right-wing hit job."

CNN, though, sent a reporting team to Indonesia, the nation with the world's largest Muslim population, and debunked the madrassa charge. The network cited numerous sources who said the school Obama attended as a child, though Muslim-run, had a diverse student body and did not engaged in radical politics.

Obama's team fired back Wednesday. "These malicious, irresponsible charges are precisely the kind of politics the American people have grown tired of, and that Senator Obama is trying to change," spokesman Robert Gibbs wrote in a memo distributed

Universal Health Care Pushed By Democrats (CHIT)

By Mike Dorning

Chicago Tribune, January 26, 2007

WASHINGTON -- Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994.

The Republican takeover of Congress that year was credited in part to political opposition to the Clinton health care plan. Since then, Democrats have concentrated on more modest, incremental efforts to expand health coverage, such as subsidized insurance for low-income children and prescription drug coverage for the elderly.

But this year, the three most prominent Democratic presidential candidates all have declared their intention to move the country toward universal health care coverage

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Sen. Barack Obama (D-Ill.) committed on Thursday to providing health care coverage for every American within six years.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country. There's no reason we shouldn't have that," Obama said in a speech to Families USA, a liberal health advocacy group.

Former Sen. John Edwards of North Carolina declared in announcing his presidential campaign in December that he would back universal health care, even if it required expanding the federal budget deficit.

And Sen. Hillary Rodham Clinton (D-N.Y.), who as first lady spearheaded the Clinton administration's ill-fated plan, also has made health care coverage for all a central theme—highlighting her commitment by appearing at a community health care center last weekend, the day after entering the Democratic presidential field.

"One of the goals that I will be presenting…is health insurance for every child and universal health care for every American," Clinton said on Sunday. "That's a very major part of my campaign."

An adviser to one of the Democratic candidates said that health care is among the top concerns of the public, particularly likely Democratic primary voters, and that campaign strategists expect health coverage will be a paramount issue in the struggle for the nomination.

"We expect that it's going to play a bigger role than it ever did," said the Democratic adviser, who declined to be otherwise identified.

Several Republican governors also have recently embraced the goal of health care coverage for all.

Former Massachusetts Gov. Mitt Romney, now a GOP presidential candidate, signed legislation requiring all state residents to get health insurance by July 1 or face a tax penalty, with the state subsidizing insurance for lower-income residents. California Republican Gov. Arnold Schwarzenegger kicked off his second term this month with a call to assure health care for all state residents.

In Illinois, Democratic Gov. Rod Blagojevich's All Kids program was the first in the nation to offer state-subsidized health insurance to all children. During his re-election campaign last year and since, Blagojevich has spoken of his interest in moving the state toward a broad universal health care program.

In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care.

He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage.

"We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated," the senator said.

Obama said he would offer a plan for universal health coverage within "several months" and said the goal would be "a top priority" for him.

He otherwise provided few details, though he called for a greater focus on preventive health care to reduce doctors' visits and argued that the country could save on administrative costs by requiring greater use of electronic insurance claims. He said the country should examine "how much of our spending is going toward the record-breaking profits earned by the drug and health care industry."

Obama hinted that he might re-examine the building block of the current health insurance system, in which most workers received group health insurance provided through their employers.

"At a time when businesses are facing increased competition and workers rarely stay with one company throughout their lives, we also have to ask if the employer-based system of health care itself is still the best for providing insurance for all Americans," Obama said.

Asked to clarify the comment afterward by reporters, he said, "I don't think we immediately replace the employer-based system."

He added that he would be looking at such options as broadening employer-based group plans into larger insurance pools and improving the portability of health insurance coverage as employees move in and out of jobs.

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Edwards and Clinton also have yet to offer detailed plans on health coverage, but spokesmen for both candidates said they would release proposals in the coming months.

Economist Henry Aaron of the Brookings Institution, a think tank with a liberal leaning, and health-care expert Stuart Butler of the Heritage Foundation, a conservative think tank, both said establishing universal health care coverage would be enormously difficult.

Butler, who has studied America's health-care system for 30 years, said he supports universal coverage, but that the current system would require drastic overhaul and that the "costs would be staggering." An estimated 47 million Americans have no health insurance.

Aaron, who has been working on reform of America's health-care system for more than 25 years, said the climate for universal coverage has improved, but probably not enough to get very complex legislation passed in the next several years.

To adopt a universal plan is "technically enormously difficult," Aaron said, and would have to take into account that the U.S. has a highly diverse population and a highly diverse health-care system. It would require passage of several pieces of legislation that could take years to get through Congress, he said.

"I am not sure that even a new president and a new Congress can work through those devilish details" in the next presidential term and pass a universal plan, he said. Still, he said, if the supporters of a national plan avoid the mistakes of the Clinton administration, "they've got a shot."

Tribune Washington correspondent William Neikirk contributed to this article.

Obama Certain Of His Appeal To Black Voters (CHIT)

By Christi Parsons

Chicago Tribune, January 26, 2007

WASHINGTON -- Sen. Barack Obama said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February.

"If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois," Obama (D-Ill.) said, "I feel pretty confident that, once folks know who I am, we'll do just fine."

The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove "black enough" to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004.

The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign.

Demonstrating his flair for drawing a media crowd, Sharpton circulated a schedule of Democratic presidential hopefuls he planned to visit on Capitol Hill early in the day, with the guaranteed media draw, Obama, last on the list.

"We talked about issues and policy, about 21st Century civil rights concerns that we both share," Sharpton said after meeting with Obama. "We're trying to get the process beyond just the surface stuff."

Sharpton hasn't announced his own intentions for 2008 and, after the meeting, said he hasn't chosen a candidate among Democrats now seeking the office.

"I'm not making any endorsements today," Sharpton said.

Standing with Sharpton after their meeting, Obama gestured to a portrait of Supreme Court Justice Thurgood Marshall on the wall of his office, saying he and Sharpton are both beneficiaries of Marshall's legacy.

"Rev. Sharpton emphasized his hope that any presidential candidate is speaking to the issues of the dispossessed, and that his number one priority is making sure that we get those on the agenda," Obama said.

"I think he's right to do that and I assured him that I not only want to hear his views, … but that publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues. "

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Sharpton Sizes Up 2008 Contenders (AP)

By Nedra Pickler

AP, January 26, 2007

Democrat Al Sharpton said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate.

The civil rights activist spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency _ Chris Dodd of Connecticut, Joe Biden of Delaware, Hillary Rodham Clinton of New York and Barack Obama of Illinois. Each met privately with Sharpton in their office.

"I'm not making any endorsements today," Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama.

Obama said the two talked about their shared agenda of fighting for the dispossessed. "I assured him that I not only want to hear his views and thoughts and policy recommendations, but publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues," he said.

Sharpton said they talked about economics, health care and education issues. "We are going to keep talking and he knows I'm talking to everybody," he said.

The normally loquacious Sharpton was unusually curt and cut off further questioning by saying he was behind schedule. But he told reporters who followed him that he would decide about his own candidacy "once I see what these guys do or don't do."

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Former Rep. Harold Ford Jr., has some advice for his friend Sen. Barack Obama: Don't be afraid to take your presidential campaign anywhere in this country, no matter what the racial politics.

Ford lost a close bid last fall to become the first black senator from a Southern state since Reconstruction. Some blamed the loss in Tennessee on racial politics, but Ford said Thursday other factors, including a rival who spent his own money, contributed to his defeat.

He said Obama, son of a white mother and an African father, can't control how his race will affect his candidacy.

"As long as he works hard, is honest ... and is not afraid to take his message anywhere in the country, he'll do fine," Ford said. "He can't try to predict what other people may think or may do. All he can do is run the campaign that he's capable of running.

"Do I think the fact that he's black will be a factor in his campaign? Probably," Ford said. "It would be a factor if two white guys were running. People talk about race regardless, so race is an issue that we deal with in America. I don't think that will be a central part of his campaign at all."

Ford spoke to reporters over lunch on his first day as chairman of the centrist Democratic Leadership Council. Ford is replacing former Iowa Gov. Tom Vilsack, who stepped down to run for president.

Ford said he plans to remain neutral in the 2008 race because of his new position, but he is particularly close to Sen. Hillary Rodham Clinton of New York and Obama.

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WASHINGTON (AP) _ Hollywood moguls Steven Spielberg, Jeffrey Katzenberg and David Geffen are throwing a fundraiser for Sen. Barack Obama's presidential campaign next month.

Some 700 invitations to the $2,300-per-head event at the Beverly Hilton Hotel went out this week, Andy Spahn, political adviser to Katzenberg and Spielberg, said Thursday. Katzenberg, Spielberg and Geffen are the founders of the DreamWorks movie studio.

Katzenberg has endorsed Obama, but Spielberg, a longtime supporter of Sen. Hillary Rodham Clinton, hasn't made up his mind. Geffen also has not publicly endorsed a candidate.

"There are many people in this community who will support multiple candidates, but this certainly is evidence off the serious credibility and strength of Obama's candidacy," said Spahn, rejecting the suggestion the fundraiser was a slight to Clinton.

The Feb. 20 event will be followed by a private dinner at Geffen's house for donors who have committed to raising $46,000.

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As president, Bill Clinton had a famously affectionate relationship with Hollywood, and the goodwill _ and deep pockets _ transferred to Sen. Clinton. Celebrities such as Barbra Streisand, Jennifer Lopez and Chris Rock donated to her Senate races in 2000 and 2006.

Clinton spokesman Phil Singer said Spielberg and other major Los Angeles donors, including producer Steve Bing, media mogul Haim Saban, supermarket magnate Ron Burkle and investment banker Sim Farar, will be co-hosting a fundraiser for the New York senator in the spring.

Sharpton Goes To Washington To Talk To Party's '08 Hopefuls (NYT)

By Patrick Healy

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — The Rev. Al Sharpton, a man who says he knows a well-tailored suit from a fake, went to the United States Senate on Thursday to do some comparison shopping, meeting separately with four Democrats who are seeking the 2008 presidential nomination to discuss civil rights.

One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to Senator Barack Obama, Democrat of Illinois and a fellow African-American, that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004.

Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after their meeting in the senator's office, where Mr. Obama had them pose for a picture beneath a portrait of Justice Thurgood Marshall of the Supreme Court.

"I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is," Mr. Sharpton said.

Mr. Obama and Senator Hillary Rodham Clinton of New York, with whom Mr. Sharpton also met, are expected to compete fiercely for black votes.

"I'm not endorsing anyone at this point," Mr. Sharpton said, "but she has more of a civil rights program laid out. And I always know where I stand with her. She is always accessible and welcoming."

No candidate's schedule was too important for them to miss the meeting: Mrs. Clinton was waiting to speak at a Senate Armed Services Committee hearing on Iraq when the time for her appointment with Mr. Sharpton came and went. So one of her aides escorted Mr. Sharpton to an office near the hearing room, and Mrs. Clinton left the discussion about troop levels in Baghdad to meet him.

Mr. Sharpton and Mrs. Clinton met behind closed doors for 15 minutes, then emerged with big smiles. Mrs. Clinton seemed surprised to see a dozen reporters waiting; Mr. Sharpton had sent out two news releases, one at 2 a.m. on Thursday, with his itinerary.

"I'm delighted that Reverend Sharpton is here today to talk about issues that are important to our country," Mrs. Clinton said as they stood in a Senate hallway. "His commitment to the 21st-century civil rights agenda is one that I share."

Mr. Sharpton said, "I'm very happy my hometown senator is in the race."

Mrs. Clinton declined to take questions and zipped back to the hearing, while Mr. Sharpton hung back with reporters for a few minutes.

Asked who he favored among the Democratic candidates, he said, "We're talking." He said the conversations dealt with criminal justice issues and Hurricane Katrina, among other things.

Mr. Sharpton also met with Senators Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware, and plans to meet soon with former Senator John Edwards of North Carolina and Gov. Bill Richardson of New Mexico, all of whom are seeking the presidency.

Mr. Sharpton also said he would decide this spring whether to run for president again in 2008.

Sharpton: Step Up Or I'll Run In '08 (WT)

By Brian Debose

The Washington Times, January 26, 2007

DOJ_NMG_0122373

The Rev. Al Sharpton yesterday threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues.

Mr. Sharpton, a New York-based activist and perennial candidate for various posts, said strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education.

"If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does," Mr. Sharpton said.

Mr. Sharpton's comments came as he visited Democratic Sens. Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware, Barack Obama of Illinois and Christopher J. Dodd of Connecticut, the four senators seeking the party's nomination.

Mrs. Clinton after speaking with Mr. Sharpton said she is in lock step to deal with "21st-century civil rights issues" such as those Mr. Sharpton is backing.

"These are issues important to our country and ... an agenda that I support," she said.

Mrs. Clinton and Mr. Obama are the front-runners in recent polls and considered the two strongest candidates by most political pundits. Many pundits think that the pair will need to court Mr. Sharpton's endorsement and his help on the campaign trail to secure votes from black voters.

Standing next to the New York minister in front of a painting of renowned Supreme Court Justice Thurgood Marshall, Mr. Obama said the two men have benefited from the movement Mr. Marshall energized when, as a lawyer for the National Association for the Advancement of Colored People, he won the 1954 Brown v. Board of Education case that barred segregation in schools.

"Hopefully the work that we do will benefit generations to come; he wants the candidates to speak to the issues of the dispossessed. And I think he is right to do that," Mr. Obama said.

Mr. Sharpton entered the 2004 presidential race to put issues of police brutality and racial profiling, poverty, limited access to education and health care at the forefront and to denounce the war in Iraq. He said far too many Democrats were "acting like elephants in donkey jackets," referring to the overwhelming support by the party's members of Congress to authorize the war.

While most pundits wrote off his campaign, he placed third in the polls in South Carolina and second in the District's nonbinding primary. He also gave what was regarded as one of the best speeches at the 2004 Democratic National Convention.

But after the election, Mr. Sharpton began a new campaign working with evangelical ministers to expand their activism with Republicans against abortion and homosexual "marriage" to also address such issues as poverty, equal opportunity and rebuilding New Orleans after Hurricane Katrina.

"It was shocking, beyond shocking, that the president did not mention New Orleans or Katrina in the State of the Union address, because they are members of the Union still suffering daily with issues of poverty and despair," he said.

Mr. Sharpton said that this campaign is the reason why his first stop in Washington yesterday was at the office of Mr. Dodd, chairman of the Senate Committee on Banking, Housing and Urban Affairs.

He said Mr. Dodd "is in the best position to work on" the minister's concerns about such issues as access to capital, diversity among heads of pension funds and the practice of redlining -- where minority neighborhoods pay more for goods and services, particularly bank interest on loans.

"Those issues are ones that he as the committee chairman can affect now, and also out on the campaign trail as a presidential candidate, so that was a very important meeting," Mr. Sharpton said.

Sharp Decline In Union Membership In ’06 (NYT)

By Steven Greenhouse

The New York Times, January 26, 2007

Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history.

The Bureau of Labor Statistics reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s.

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Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses.

In manufacturing, which had long been the heart of organized labor, the percentage of workers in unions sank to 11.7 percent, from 13 percent. Perhaps the brightest spot for labor was the extent of government workers in unions, 36.2 percent, although that, too, was down, from 36.5 percent in 2005.

Union leaders have long said that for organized labor to turn around, it must reverse the decline in membership in the private sector. But the percentage of private sector workers in unions continued to fall last year, slipping to 7.4 percent — the lowest percentage since the early 1900s. In 2005, the private sector percentage was 7.8 percent.

At a news conference on Wednesday, the A.F.L.-C.I.O. pointed to polling results showing that 53 percent of nonunion workers said they would vote to join a union tomorrow if they could.

"Sixty million Americans say they would join a union tomorrow if they could — that's far more than the 15.4 million now in unions," said Stewart Acuff, the A.F.L.-C.I.O.'s organizing director. "What's stopping them is employer resistance."

With the Democrats in control of Congress, labor unions hope they can reverse their decline by persuading Congress to enact the Employee Free Choice Act, which would give workers the right to unionize through an easier, less antagonistic method — signing pro-union cards.

But many business groups favor the current system in which employers can insist on using secret-ballot elections to determine whether a majority of workers want to join a union.

Business groups assert that elections are fairer, while labor unions assert that elections often involve employer intimidation of workers and the firing of union supporters.

Billions Pledged For Lebanon Government (AP)

By Anne Gearan

AP, January 26, 2007

World powers pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence.

Lebanese Prime Minister Fuad Saniora took a risk by leaving his fortified compound in Beirut to attend a one-day conference on developing ways to help Lebanon recover from last summer's war between Israel and Hezbollah and address its $40 billion in debt.

As the donors met in Paris, government and opposition supporters clashed at a university campus back in Beirut in new violence spilling over from Lebanon's political crisis. The army, struggling to restore order, imposed a nighttime curfew. At least three people were killed and dozens injured.

Saniora told the Paris conference his nation was on the verge of a deep recession.

"Your support will be essential in seeing Lebanon through," Saniora told the conference. "The cost of failure is too great to contemplate."

Saniora stands between the West and Iranian-backed Hezbollah militants trying to bring down his government. Thursday's conference had an urgent tone, with some diplomats and leaders hoping to give Saniora tangible bargaining power in his power struggle with Hezbollah.

"I think this goes beyond the wildest dreams of everyone for the success of the conference," Secretary of State Condoleezza Rice said of the pledge total. "I think when people really started thinking about what was at stake here ... they decided that this statement had to be made," she said in an interview with The Associated Press.

Rice announced $770 million in new U.S. aid, more than three times the Bush administration's previous commitment.

The United States regards Hezbollah as a terrorist organization. U.S. law forbids funding for terror groups, restrictions that led to a cutoff of direct U.S. aid for the Palestinian government following the election victory of the Hamas militants exactly a year ago.

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The Bush administration has since found ways to segregate money for the Western-backed Palestinian President, Mahmoud Abbas, but it is not clear what the administration would do if the Saniora government falls in Lebanon.

Rice would not give a direct answer when asked if an elected Hezbollah-led government could still collect the U.S. pledge.

"We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora," Rice said at a press conference. "I don't have any desire to get into hypotheticals about Lebanon's future."

Saniora is fighting for his political life against Hezbollah, a military and political organization that has organized deadly street protests.

The Hezbollah-led opposition demands a share of power in the Cabinet and effective veto on key decisions, or it wants the government ousted and new elections held. Saniora has refused to quit or cede power. The opposition's six ministers in the 24-member Cabinet quit in November.

The opposition has been camped out in front of the prime minister's office in downtown Beirut and staged several protests to press its demands since Dec. 1.

Uncertainty over Lebanon's political future did not appear to hold down pledges, estimated before the conference at about $5 billion. Much of the money is tied to promised financial reforms in Saniora's government.

The host, French President Jacques Chirac, played auctioneer, pressuring participants to give. He gently chided Japan for not giving more than $11 million.

"Be brief, be good and be generous," he said at one point, as the more than 40 nations and financial institutions took turns in announcing their aid.

Saudi Arabia said it would commit $1 billion in development funding and an additional $100 million as a direct grant to the Lebanese government. France, a former colonial power in Lebanon, put forward $650 million, much of it in loans. The European Union committed $522 million in loans or aid.

British Foreign Secretary Margaret Beckett said the conference sent a signal of political as well as economic support for Saniora's government and his proposals to reduce public debt.

"This government does have a credible reform program," she told reporters.

Saniora's critics said donors would worsen Lebanon's debt and be pouring good money after bad.

Lebanon's $40 billion in state debt is equivalent to about 185 percent of its annual economic output, making it one of the world's most indebted nations.

Tiny Lebanon had experienced promising economic growth in the past decade, as the scars faded from a 15-year civil war. But much of the progress was undone by the summer war with Israel, which wasted towns in southern Lebanon, and by weeks of political deadlock that have closed shops and businesses.

Lebanon's economy is nearly at a standstill, with jobs, capital and trained workers leaving for better prospects overseas. This was the third in a series of Paris donor conferences since 1998. A separate session in Stockholm, Sweden, in August netted pledged of about $1 billion for postwar reconstruction.

Lebanon _ a country of 4 million people, 17 religious sects, an educated class and a free-market economy _ has historically been a Middle East battleground.

Iran and the United States had a proxy conflict in Lebanon in the 1980s when a series of kidnappings and suicide bombings in Beirut, blamed on pro-Iranian militants, killed more than 270 Americans. The United States pulled its Marines from the city.

Beirut Riots Cast Shadow Over Aid Pledges (FT)

By Ferry Biedermann And Andrew England

Financial Times, January 26, 2007

An international donor conference in Paris at which $7.6bn was committed to support Lebanon was overshadowed on Thursday by renewed political violence in the increasingly divided country.

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The clashes in Beirut were sparked by a fight between pro-government and opposition supporters at the city's Arab University, and then spread to the institution's environs in a predominantly Sunni neighbourhood. Four people were shot dead in the clashes.

The Lebanese army clamped a night curfew on the capital, seeking to quell Sunni-Shia tensions in a country still recovering from a 1975-90 civil war.

It was the second outbreak of violence in Beirut this week and came against the backdrop of political instability in Lebanon following last summer's conflict between Israel and the Islamist Hizbollah movement. Since a United Nations-backed ceasefire came into force in August, the government of prime minister Fouad Siniora has been under pressure to cede more power to Hizbollah and its Christian allies, which are seeking early elections.

The opposition has been running a protest campaign since December aimed at bringing down the Sunni-led pro-western government, which has a parliamentary majority.

Thursday's fighting pitted Sunni against Shia. There were reports that snipers fired from rooftops. Violence on Tuesday, which was triggered by a Hizbollah-enforced general strike and left three dead, was mainly between rival Christian groups.

It was not clear if the clashes, which involved groups of young men brandishing clubs, were triggered by provocation designed to coincide with the donor conference or whether they erupted spontaneously as a result of increasing sectarian tensions, which have led to fears that the country could slide back into civil war.

Both Sunni and Shia blamed each other for the violence and Sayyed Hassan Nasrallah, Hizbollah leader, later told supporters to leave the streets and co-operate with the army.

Jacques Chirac, French president, who organised and chaired the Paris conference, on Thursday openly backed Mr Siniora, stressing the legitimacy of his government, "put in place by democratic elections".

Mr Siniora called on his countrymen to maintain calm and "renounce temptation to fan the flames".

The donor conference was intended to aid the country's reconstruction after last summer's war, as well as address its crippling debt of $40.5bn (€31.2bn, £26.7bn), equivalent to 180 per cent of gross domestic product. Both Mr Siniora and the French president emphasised that the international support was for "all the Lebanese".

But given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on.

Big new commitments of support came from the International Monetary Fund and the European Investment Bank (EIB) as well as the US, Europe, Saudi Arabia and other Arab countries.

A Lebanese official said $800m of the $7.6bn was expected to be in the form of grants and almost $2bn was scheduled to be disbursed during 2007.

Mr Chirac praised the economic reform programme that Mr Siniora presented to the conference, elements of which have been criticised by Hizbollah and other opposition groups.

The French president and others linked long-term international aid to implementation of the reforms.

Saudi Arabia pledged $1bn, on top of substantial earlier commitments, while the IMF and the EIB pledged more than $2bn. On Wednesday the European Union committed an extra €400m ($520m, £265m) and France announced €500m in soft loans. Condoleezza Rice, US secretary of state, confirmed a US pledge announced a day earlier of $770m in new aid.

Other Arab countries, including Kuwait, Qatar and other Gulf states, pitched in with hundreds of millions of dollars each.

Aid Conference Raises $7.6 Billion For Lebanon (NYT)

By Helene Cooper

The New York Times, January 26, 2007

PARIS, Jan. 25 — Led by Saudi Arabia and the United States, international donors from more than 30 countries on Thursday pledged $7.6 billion in aid for Lebanon, in a bold effort to try to prop up the government of Prime Minister Fouad Siniora.

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But even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon. Four people were shot dead and 150 wounded in clashes between groups supporting the government and protesters aligned with the Hezbollah-led opposition. Both sides appealed for calm.

The clashes in Lebanon this week, which came just as Mr. Siniora sought to present his country as ripe for investment, were another embarrassment to the prime minister, who has been fighting to keep his government afloat. The political faction led by Hezbollah and backed by Iran and Syria has been calling for his resignation for more than two months.

Lebanon is a battlefield in a larger proxy war. The United States, its Sunni Arab allies and Europe, all represented at the conference, are on one side. Iran and Syria are on the other, backing Hezbollah as it seeks to increase its power. They have been giving an estimated $40 million a month to Hezbollah and other groups in Lebanon, analysts say. The money available to rebuild towns and communities damaged in Hezbollah's war with Israel last summer is seen as pivotal to winning the support of the Lebanese people.

Saudi Arabia, which is seeking to counter the rising influence of Iran in the Muslim world, led the pledges for the government on Thursday with a promise of $1.1 billion in loans and grants. The United States pledged $770 million in loans and grants, bringing to $1 billion the amount it has pledged to the government of Mr. Siniora since September.

The donors in Paris took pains to deflect criticism that their aid pledges were solely meant to prop up Mr. Siniora. Secretary of State Condoleezza Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, deflected the question.

Mr. Siniora, seated beside Ms. Rice during an early morning news briefing, quickly interjected, "No conditions, no conditions." Ms. Rice replied that the money was for the Lebanese people.

"Clearly this is a package that is for Lebanon, and that is extremely important to understand," she said. "Lebanon is a democracy. That said, Lebanon is also undertaking some important economic reforms that are critical to making any of this work, and it's not at all unusual that donors expect that those reforms are going to continue, in fact, as the donor community responds to the needs."

When pressed later on whether the American funds would be cut off if Hezbollah gained control of the Lebanese government, she said she did not want to discuss "hypotheticals."

"As you know, Hezbollah is considered a terrorist organization by the U.S.," she said.

The European Union offered $522 million in loans and other aid, while France separately promised $650 million in loans.

The conference, in the Kleber Conference Center near the Arc de Triomphe, had a somewhat surreal air. One after another, foreign dignitaries at a conference table announced, in French, Arabic and English, how much money they were willing to put forward.

"Be brief, be good and be generous," President Jacques Chirac of France, the host, exhorted the group before the event.

The World Bank offered $1 billion in loans, grants and other aid. The European Investment Bank offered $1.2 billion, and the Islamic Development Bank followed with $250 million.

Lebanon is hobbled from the economic and political impact of the Israel-Hezbollah war, and reconstruction efforts have been burdened by the country's $41 billion public debt.

On Tuesday, groups opposing Mr. Siniora's government essentially shut down the country, staging protests in Beirut, blocking roads with burning tires and setting off clashes that killed three people and left more than 130 wounded. Thursday's clashes added to the burdens of Mr. Siniora, whose survival thus far, Lebanon analysts say, is attributed not only to his support from about half of the country, but also to his strong international support.

Even with the $7.6 billion in donations and pledges, Mr. Siniora will still return to Lebanon with a battle on his hands as he tries to establish an international tribunal that could eventually implicate Syria in the assassination of Rafik Hariri, a former Lebanese prime minister who was an outspoken critic of Syria.

Syria occupied Lebanon for 30 years but was forced to withdraw its troops after Mr. Hariri's death. The United States has accused Syria and Iran of trying to bring down the Siniora government to wreck plans for the creation of an international tribunal to try suspects in the case.

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$7.6 Billion In Assistance Pledged To Lebanon (WP)

By John Ward Anderson

The Washington Post, January 26, 2007

PARIS, Jan. 25 -- The embattled Lebanese government of Prime Minister Fouad Siniora won more than $7.6 billion in pledges of financial assistance Thursday from international donors eager to help rebuild the war-ravaged country, stabilize its economy and improve the security situation.

The package -- including pledges of grants and loans totaling $1.1 billion from Saudi Arabia and $770 million from the United States -- is a major boon for Siniora, whose government has been buffeted since early December by a Hezbollah campaign to topple it.

The power struggle intensified Tuesday when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes, leaving three people dead and more than 100 injured. Four people were killed in renewed clashes Thursday at Beirut Arab University and other locales, officials said.

Against that backdrop, leaders from 36 countries and 14 international agencies gathered here to express their support for Siniora's democratically elected government and its attempts to implement economic reforms, ease a $41 billion debt burden and rebuild vast areas of Lebanon that were demolished last summer during Israel's 33-day war with Hezbollah. Lebanese officials estimate war damage at $3.6 billion.

"I'm going back really pleased with the level of financial support shown today," Siniora said. "This is for all Lebanon and all the Lebanese."

Secretary of State Condoleezza Rice said, "The conference today was a very important expression of the international community's intention to stand by Lebanon and the Lebanese people in these difficult times."

Rice would not say whether U.S. money would be delivered if Hezbollah -- an Iranian- and Syrian-backed Shiite Muslim group that the United States has labeled a terrorist organization -- succeeded in overthrowing Siniora's government and came to power, calling it "speculation."

C. David Welch, assistant secretary of state for Near Eastern affairs, told reporters in Paris on Wednesday, "We are not going to support people who launch wars and try to bring down governments with the benefit of outside assistance. . . . That's just not going to happen."

French President Jacques Chirac, who hosted the conference and pledged $650 million in low-interest loans to Lebanon, said international support depended on a Lebanese "national consensus on economic and social reforms imperative for the future of the country, and on the implementation of those reforms as soon as possible."

At least $464 million of the funds pledged by the United States would be directed to military aid or security measures, according to a State Department official, quoted by news services, who briefed reporters traveling with Rice.

That included $220 million in military aid to the Lebanese government for the purchase of small arms, ammunition, spare parts and other hardware; $184 million for U.N. peacekeeping forces in southern Lebanon; and $40 million for internal Lebanese security services.

About $250 million in a cash reserve would be released to the Lebanese government as it met targets for reforms that Siniora has pledged to implement to help restore fiscal stability and stimulate the economy. Lebanon's $41 billion debt is equivalent to about 180 percent of its gross domestic product, and about half of the country's annual budget is spent servicing it.

Among the measures the government has promised are to raise the value-added tax from 10 to 12 percent, reduce state subsidies for fuel and privatize the electricity and telecommunications industries.

The U.S. funds, which are subject to approval by Congress, are in addition to $230 million that Washington pledged at an August conference in Stockholm and represent a significant increase in U.S. financial assistance to Lebanon, which in years past was as low as $2 million a year.

Beirut University Dispute Escalates Into Rioting, Killing 4 (NYT)

By Nada Bakri And Hassan M. Fattah

The New York Times, January 26, 2007

DOJ_NMG_0122379

BEIRUT, Lebanon, Jan. 25 — Violence erupted in Beirut on Thursday for the second time in three days, as an altercation in a university cafeteria escalated into rioting and gunfire.

The army declared a rare night curfew throughout the city amid fears that Lebanon's two-month political crisis had entered a violent phase.

At least four people were shot dead — two supporters of the government and two of the opposition — and 150 were wounded in street fighting that began with a scuffle in the student cafeteria at Beirut Arab University in Tariq Jadidah, a Sunni neighborhood. It spilled into the street, and men arrived and started shooting as each side apparently summoned reinforcements.

Vanloads of antigovernment protesters arrived. They smashed cars parked in the university lot and on adjacent streets, setting them on fire and burning tires.

Arriving Lebanese soldiers fired into the air and used tear gas and stun grenades to try to disperse the crowds, but with little success. In some instances, soldiers stood on sidewalks or took cover in their armored personnel carriers, watching the violence.

Members of the March 14 movement, supporting the government of Prime Minister Fouad Siniora, accused the soldiers of giving the Shiite protesters, most of them backers of Hezbollah, free rein to go on a rampage.

"They allowed them into the neighborhood, they are scared of them," a pro-government protester said.

Others accused Saad Hariri, the leader of the Future Movement a Sunni party that supports the government, of abandoning the residents of the area by not arming them.

The deep-seated anger was palpable as the fighting continued through the afternoon, uncovering a widening sectarian divide in many Lebanese neighborhoods.

"Animals, they are animals," said Abdallah Tassi, in tears, as his car burst into flames. He directed his anger at Sheik Hassan Nasrallah, the Hezbollah leader. "Nasrallah is a liar," he said. "He pretends to be the enemy of Israel, but really he is the enemy of the Sunnis."

The air filled with thick smoke as tires burned and young men hurled stones and shouted epithets.

"The blood of the Shiites is boiling, boiling!" shouted one opposition member, as he watched the fighting.

Television stations run by each side of the political divide blamed the other side for the violence, while leaders on each side urged calm.

Hezbollah supporters were seen firing M-16 rifles, while members of the Future Movement were observed firing pistols. Hezbollah men carrying the group's trademark walkie-talkies mingled among the rioters and managed the crowds.

"Let them get their anger out," said one Hezbollah member, his radio held close to his mouth.

Some witnesses reported seeing shots fired from roofs. Government supporters said opposition snipers had fired at them from buildings.

Sheik Nasrallah, in a prerecorded message released Thursday night, contended that his group had uncovered information that snipers were brought into the country in recent days by "pro-government militias." Hezbollah's marksmen have long been a point of pride for the group, which used them to great advantage against advancing Israeli soldiers in the summer war with Israel.

Government loyalists also hurled incendiary devices at an office of a pro-Syrian party nearby, setting the building on fire, witnesses said.

But by nightfall, all Lebanese leaders appealed for calm.

Sheik Nasrallah issued a fatwa, or edict, telling his followers to leave the streets and restore calm. The Future Movement urged its supporters to show self-restraint and calm.

Mr. Siniora, at an aid conference in Paris, called on all the parties "to return to the voice of reason."

Nabih Berri, leader of the Shiite Amal party and speaker of Lebanon's Parliament, said, "What everyone should do now is halt the strife." He added, "We must all remain united or we will find our country in the graveyard of history."

Tensions remained high Thursday night, even as the fighting ebbed.

Sheik Nasrallah "wants us to wait until they kill us; he does not want to give us weapons!" an opposition member shouted. "Where is he, why isn't he giving us weapons?"

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Rival Groups Clash In Beirut Streets (WP)

By Anthony Shadid

The Washington Post, January 26, 2007

BEIRUT, Jan. 25 -- The Lebanese army imposed a curfew on the capital Thursday after hundreds of government supporters and foes wielded rocks, molotov cocktails and sometimes guns in street battles that dragged on past nightfall. Four people were killed and 150 wounded, officials said, many of them soldiers who at times stood helplessly between the two sides.

The clashes, which began in a university cafeteria and spread to the surrounding neighborhood of Tariq Jedideh, offered a bitter contrast to the optimism of an international conference in Paris, where more than $7.6 billion was pledged to help Lebanon's economy recover from last summer's war between Israel and the Shiite Muslim movement Hezbollah.

As the grants and loans were announced in Paris, bursts of gunfire echoed along the airport road here and columns of black smoke rose from burning cars. The clashes were some of the worst since Lebanon's 15-year civil war ended in 1990 and followed violence Tuesday that left three people dead.

Hundreds of Hezbollah followers, in red and blue helmets, poured into Tariq Jedideh, a Sunni neighborhood, many of them carrying sticks and chains. At one point, their opponents burned a Hezbollah banner, an act that spoke to the jarring rise in tension between Sunni Muslims, largely aligned with the government, and Hezbollah supporters since the crisis began two months ago.

The army and security officers deployed in force after the clashes erupted, but often fired into the air or simply gave way. For hours, crowds surged at each other, then retreated, usually separated by soldiers crouched behind armored personnel carriers. More clashes ensued elsewhere, as Sunni crowds firebombed the headquarters of a party allied with Hezbollah and Shiite youths rampaged along a downtown street lined with bank headquarters.

The images reverberated across Beirut, uneasy since Dec. 1, when Hezbollah and its allies began their campaign to topple the government of Prime Minister Fouad Siniora with a mass protest in the downtown area. The overburdened cellphone network was paralyzed. In the streets, there were grim reminders of the civil war: Swaggering young men asked residents whether they were Sunni or Shiite; cars were attacked because of their owner's sect; and both sides questioned whether the army could protect them.

"It's going to get worse. Look at all this," said Salah al-Sheikh, a 40-year-old Sunni resident, waving his hand toward a block of incinerated or smashed vehicles, the street littered with rocks, sticks and shattered glass. "A few days ago, they were in the same schools and the same universities. Look what's happening now. Why? That's all I want to ask. Why?"

Behind him, another Sunni resident shouted, "Give us weapons! Give us weapons!"

Across the street, Shiite crowds set fire to cars and released the emergency brakes of buses, letting them slam into concrete walls. Traffic signals were broken; street signs and an iron gate were torn down.

"Let them blow off steam," said an older, bearded man, dressed in the traditional black of Hezbollah's security force.

The fighting was an episode, writ small, of an increasingly precarious Middle East, riven by growing sectarian tension, simmering civil conflict here and in the Palestinian territories, and a deepening war in Iraq that followed the U.S.-led invasion in 2003. Leaders across the political divide called on their supporters to exercise restraint. Lebanese officials said the army insisted that all sides agree to a curfew before it declared its start at 8:30 p.m.

"I call on everyone to return to the voice of reason," Siniora said from Paris, where he attended the aid conference.

Hasan Nasrallah, Hezbollah's leader, issued a religious edict to his followers to withdraw. "This is an order on everyone," he said.

Nabih Berri, the speaker of parliament, whose Amal movement is allied with Hezbollah, warned that events were spiraling out of control: "We must all be united or we have to look for our country in the graveyard of history."

Almost from the beginning of the current crisis, many in Lebanon have predicted that only bloodshed would force a break in the deadlock between the government, supported by the United States and France, and an opposition led by Hezbollah, supported by Iran and Syria. Since then, the struggle -- effectively splitting the country into two camps divided by sect, ideology, perspective and loyalty to leaders -- has escalated. On Tuesday, Hezbollah, Amal and their Christian allies, who are led by Michel

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Aoun, enforced a nationwide strike by blocking thousands of roads with tires, uprooted trees and barricades of dirt and dumpsters.

As Thursday's battles raged, the country's politicians frantically called one another. Lebanese officials said Berri and Walid Jumblatt, a Druze leader allied with the government, spoke for the first time since the crisis began. All agreed to try to quiet the streets, although no initiative emerged. After the curfew took effect, the army said the streets were largely calm.

The battles began around noon with an argument between Shiite and Sunni students in the cafeteria of the Beirut Arab University. Each side accused the other of provocation, but within 15 minutes, university security officers separated the two groups. Sunni students said one of their own was then attacked on campus. Shiite students said the army tried to evacuate female students. As they left, Sunni students hit them and ripped off their veils, Shiite students said.

The fighting spilled into the tense Sunni neighborhood of Tariq Jedideh. Shiite students said that residents threw rocks and that at least three people fired on them from balconies. Mohammed Abdel Satir, a 21-year-old engineering student, said he and others then called Hezbollah officials, who dispatched men in trucks and vans.

"We don't trust the Lebanese army, and we saw this today with our own eyes," he said as he stood near knots of female students, some of them crying. "It's Hezbollah's duty to protect us. The government is not protecting us anymore."

The arrival of hundreds of Shiite residents inflamed tensions. Battles spread through the surrounding streets, with the airport road serving as a front line. Troops fired tear gas; at other times, they stood idly next to rock-throwing protesters.

"The blood of Shiites is boiling!" young men shouted.

Sunni residents urged the army to push back the Shiite crowds.

"Attack them!" one man yelled at the soldiers, his face contorted in anger.

Along the street, gunfire crackled into the night. Some Sunni residents tossed molotov cocktails into a parking lot, where young Shiite men had wrecked dozens of cars. Others threw rocks, some of them hitting soldiers.

"They came to our turf," said Mohammed Kraim, 23. "We want to face them with guns," he added. "This isn't fair."

Special correspondent Alia Ibrahim contributed to this report.

Security Council Sees Hope For Mideast (AP)

By Sarah Dilorenzo

AP, January 26, 2007

Security Council members are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process, Russia's U.N. ambassador said Thursday.

The so-called quartet of Middle East peace brokers _ the U.S., the European Union, Russia and the U.N. _ will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking.

Russian Ambassador Vitaly Churkin said there was hope that the meeting would lead to a wider international conference to end the conflict.

"There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community," Churkin told reporters after a Security Council meeting on the situation in the Middle East.

"Maybe not in such a long run, this process could culminate in an international conference, which needs to be well prepared, but which would bring about a long-awaited settlement of the situation in the Middle East," he said.

A "road map" for peace launched by the quartet in 2003 never got off the ground because each side failed to meet its initial obligations. The plan outlined stages for creating a Palestinian state alongside Israel.

However, there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland.

Churkin said key to next month's meeting will be helping the Palestinians form a unity government.

Abbas, of the more moderate Fatah party, has been locked in a power struggle with the Islamic militant Hamas, which won control of the Palestinian parliament in elections last year. Dozens of people have been killed in fighting between the rival factions.

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Abbas has been pushing for a unity government partly as a bid to end Western sanctions imposed on the Hamas-led government for its refusal to renounce violence and recognize Israel's right to exist.

Ibrahim Gambari, undersecretary-general for political affairs, told the Security Council that despite the sanctions, aid to the territories rose nearly 10 percent in 2006 over the previous year.

Gambari said more than half of the aid had come from Arab countries. Some Western countries have continued to fund humanitarian programs for the Palestinians, but the aid bypasses the government in keeping with the embargo.

Despite the increase in aid, Gambari said the territories' GDP per capita fell by at least 8 percent in 2006 and poverty rose by 30 percent.

Without a revived peace process, Gambari said, "the most that aid can do is contain for a limited time the spread of grievances and the spread of instability."

Time Has Come For Mideast Peace : Abbas (AFP)

AFP, January 26, 2007

Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away.

"The time has come for us .. to make peace a reality," Abbas told an audience at the annual meeting of business and political leaders in Davos.

"We are ready, as of now, to start serious negotiations with our Israeli neighbours," he said during a discussion in which he and Livni shared a stage with Israeli Deputy Prime Minister Shimon Peres.

"The map (to peace) is there, we have all agreed to it. I am convinced we can reach a quick solution," Abbas added.

The United States is due to host a meeting on February 2 of the diplomatic Quartet, whose 2003 "roadmap" for achieving Palestinian statehood and peace with Israel has languished since its inception.

US Secretary of State Condoleezza Rice said during a week-long trip to the Middle East and Europe earlier this month that she planned to "accelerate" implementation of the roadmap put forward by the United States, European Union, United Nations and Russia.

Abbas is expected to meet Rice and Israeli Prime Minister Ehud Olmert next month.

Speaking after the Palestinian president, Livni was more circumspect about the timetable for a possible resumption of the road map, even as she stressed the need for both sides to stick to the vision of two states living side by side.

"The Palestinian state is not an illusion, its feasible, it's there, it's achievable," Livni said. "The establishment of a Palestinian state and homeland for the Palestinians is the answer, the national answer to the Palestinians wherever they are."

At the same time, Livni stressed that Israel would never "allow" a Palestinian state that was "ruled by a terrorist organisation."

Abbas and his secular Fatah party are locked in a power struggle with the radical Islamic movement Hamas, which controls the Palestinian government and has refused to recognize Israel.

At WEF, A Pledge For Mideast Peace (AP)

By Paul Haven

AP, January 26, 2007

Israel's foreign minister reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state is "not an illusion. It's there, it's achievable."

Tzipi Livni made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists, a reference to the militant Hamas government's refusal to disavow its call for the destruction of Israel.

But Livni also made a personal and impassioned plea for dialogue to begin, turning to face Abbas.

"I would like to negotiate, to speak, to meet, to talk," she said. On finding peace, she said: "There is nothing I want more ... this is part of our dream, this is part of our goal."

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Abbas, for his part, said he was confident the peace process could be put back on track. "We are ready as of now to start serious negotiations," he said during the public session. Afterward, the two warmly shook hands. They are to meet one-on-one at a hotel on Friday.

"We are creating this momentum ...to put the train on the track and push it after that," Abbas told The Associated Press.

Abbas and Israeli Prime Minister Ehud Olmert are scheduled to hold three-way talks next month with Secretary of State Condoleezza Rice, although a date and place have not been set.

The renewed efforts to jumpstart peace talks have come amid widespread worry in recent weeks that unless progress is made, the Mideast in general will continue to deteriorate.

The pledges by Livni and Abbas followed pleas from Israeli and Palestinian youth, speaking via satellite from Jerusalem, Tel Aviv and the West Bank city of Ramallah, that their leaders end the long conflict.

Many in the crowd of some of the world's most powerful business and political leaders seemed deeply moved by their words.

The tone was a sharp departure from the somber mood that took hold of Davos a year ago, when Israeli and Palestinian delegates were stunned by news of the Hamas electoral victory in Palestinian elections. At the time, many predicted 12 months of pain lay ahead for the region, and they were right.

The year brought violent Palestinian infighting and crippling Western sanctions targeted at Hamas that have hit ordinary Palestinians hard. Progress in talks between Israel and the Palestinians ground to a halt in the months after Hamas's victory.

Livni made clear that Hamas was still an obstacle.

"Compromising with extremists will not promote anything, but it can lead to further stagnation," she said, addressing Abbas.

Abbas said he was hopeful that talks with Hamas could result in a unity Palestinian government, despite violence between Hamas militants and his Fatah supporters. He reiterated that he would call early elections if the talks failed but gave no specifics.

"We will fight for this (unity) government. Otherwise, if we totally fail, we will go to early elections," he told the AP.

Abbas met earlier in the day with German Chancellor Angela Merkel, who told reporters that she wished Abbas success in his efforts to form a unity government, but added that "Europe should not overestimate its role" in restarting any broader talks on peace.

Abbas and Olmert met last month to discuss confidence-building measures that would allow the sides to return to the negotiating table, abandoned more than six years ago.

While the Israeli-Palestinian issue provided the day's most dramatic moment, the forum was also an occasion for interesting, quirky and sometimes high-level meetings. In one small corridor early Thursday, UNICEF executive director Ann Veneman _ a former secretary of agriculture in the Bush administration _ had a brief, warm reunion with former Iranian President Mohammad Khatami. Veneman said the two had met previously at a forum on promoting interfaith understanding.

At another forum, a Saudi princess, a Jewish Orthodox rabbi and Khatami talked about Muslim-Christian misunderstandings and the Israeli-Palestinian crisis.

Rice's Strategic Reset (WP)

By David Ignatius

The Washington Post, January 26, 2007

What's America's strategy in the Middle East? Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the "realignment" of states that want to contain Iran and its radical Muslim proxies.

In an interview Tuesday, Rice summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism.

Rice said the new approach reflects growing Arab concern about Iran's attempt to project power through its proxies: "After the war in Lebanon, the Middle East really did begin to clarify into an extremist element allied with Iran, including Syria, Hezbollah

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and Hamas. On the other side were the targets of this extremism -- the Lebanese, the Iraqis, the Palestinians -- and those who want to resist, such as the Saudis, Egypt and Jordan."

America's recent show of force against Iran -- seizing Iranian operatives in Iraq and sending additional warships to the Persian Gulf -- was part of this broader effort to reassure the Saudis and others that, despite its troubles in Iraq, America remains a reliable ally against a rising Iran. "The U.S. has to demonstrate that it is present in the Gulf, and going to be present in the Gulf," Rice told me.

Realignment is linked with a new U.S. effort to forge peace between Israel and the Palestinians. Rice is encouraging both sides to explore "final-status issues" -- such as borders, the status of Jerusalem and the right of Palestinian refugees to return to a homeland -- rather than remain deadlocked over the so-called road map.

The effort to contain Iranian-backed pressure took on new urgency this week, as Hezbollah's campaign against the government of Lebanese Prime Minister Fouad Siniora spawned a spasm of violence that left at least four dead. America, France and Saudi Arabia quickly organized a $7.6 billion financial rescue package for Siniora, but that hasn't stemmed the rising sectarian tension in Lebanon between Sunnis who back Siniora and Shiite supporters of Hezbollah.

Critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict. These critics may also question the central role of Saudi Arabia, a conservative Islamic monarchy that many Arabs regard as a bastion of the status quo.

"The reception will be very skeptical" among some Arabs, cautioned one prominent official who is normally among the most pro-American in the region. "Increasing the fault line between Sunnis and Shiites is a mistake," he argued. State Department officials would counter that it was Iran that moved the fault line by encouraging Hezbollah's provocative behavior in Lebanon.

The Bush administration's thinking about realignment helps explain why it has resisted engaging Syria and Iran, as recommended by the Baker-Hamilton report. As Rice put it, "You have a 'pan' movement, across the region. The war in Lebanon crystallized it for everyone. You can't just leave it there. . . . If you concentrate on engaging Syria and Iran, you may lose the chance to do the realignment."

On Syria, Rice said the administration is seeking a change of policy rather than regime change. Asked about an offer made in an interview with me last month by Syrian Foreign Minister Walid Moallem to help the U.S. provide greater security in Iraq, she said: "If the Syrians want to stabilize Iraq, why don't they do it?" As for Israeli interest in exploring the Syrian initiative, she noted recent private peace feelers between Syrians and Israelis and suggested that if the Israelis decide there is something important, they will pursue it.

The administration's tougher stance against Iran arguably has already produced some results. Iran's firebrand president, Mahmoud Ahmadinejad, appears to be in political trouble with the ruling mullahs, in part because his reckless talk alienated other Muslims. But the strongest leverage against Iran appears to be the West's unified diplomatic coalition. "The Security Council resolution [condemning Iran's nuclear program and mandating mild sanctions] has had more of an effect than I thought it would," Rice said.

The realignment strategy poses as many questions as it answers -- not least the anomaly of supporting Sunni resistance to Iran at the same time the U.S. augments its military support for a Shiite-led government in Iraq. But as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

U.N. Agency Defers N. Korea Programs (AP)

By Alexandra Olson

AP, January 26, 2007

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The U.N. Development Program agreed Thursday not to approve new projects in North Korea until an external audit addresses U.S. allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules.

U.S. deputy ambassador Mark Wallace alleged Friday that the UNDP's North Korea operation had been run "in blatant violation of U.N. rules" for years. He demanded an outside audit focusing on concerns that development funds had been used by Pyongyang for "its own illicit purposes."

The audit, announced Monday by U.N. Secretary-General Ban Ki-moon, is expected to last three months.

UNDP assistant administrator Ad Melkert said the agency also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang. The United States had complained about both practices, which Melkert said would stop by March 1.

The UNDP said it will be responsible for implementing all North Korean projects, addressing U.S. complaints that authorities in the North had been responsible for carrying out certain initiatives.

The U.S. welcomed the new steps.

"We're pleased with the approach that the UNDP administrator has laid out," acting U.S. Permanent Representative Alejandro Wolff told reporters.

North Korea said it would accept the steps, though it condemned them as an attempt to "politicize the system" of the UNDP _ a stance echoed by the representatives of Russia and Cuba.

Japan, however, applauded the agreement and went a step further. It said the U.N. should stop providing aid to North Korea except for humanitarian assistance "directly delivered to the people" because Pyongyang had defied Security Council demands that it end its nuclear program.

Wolff said the Japanese argument was "compelling" and that the U.S. would consider it.

U.S. officials said the United States already withholds its contributions to the UNDP and other U.N. agencies that provide funds to North Korea.

Ban's spokeswoman, Michele Montas, said Monday the audit will initially focus on UNDP spending in North Korea and then be expanded to other U.N. agencies.

The agency said it welcomed the external audit, stressing it was committed to operating in a transparent manner.

U.S. officials said they first received indications there might be irregularities in UNDP's North Korea program last year. They raised concerns the cash might be misused, possibly for Pyongyang's nuclear program.

The U.N. Security Council imposed sanctions on North Korea on Oct. 14 for conducting a nuclear test.

North Korean delegate Jang Chunsik called the U.S. allegations "nonsense," insisting the UNDP's activities in his country had been "conducted in a transparent way."

Wallace has made several allegations in letters to senior UNDP officials, which were first reported by The Wall Street Journal. He has said that UNDP's local staff is dominated by North Korean government employees who managed the agency's programs and finances in violation of UNDP rules.

The U.S. cited three other violations of U.N. rules _ the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

On Monday, the agency sought to refute the allegations, insisting the North Korean program followed UNDP financial rules. UNDP Administrator Kemal Dervis said there is "no justification for the extreme allegations" made by Wallace, adding that UNDP was "doing its best in very difficult circumstances."

UNDP spokesman David Morrison said the agency has spent about $3 million annually in the last 10 years on programs in impoverished North Korea, in addition to about $600,000 in office costs, which include local salaries and supplies. The programs focus on food production, rural and environmental sector management, economic management and social sector management.

Morrison said UNDP international staff have visited nearly all their project sites in the past two years to ensure funds are being used appropriately.

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The UNDP has conducted three internal audits of its North Korean program in the last eight years, the last in 2004. Another internal audit was scheduled for this year, Morrison said.

N Korea Bows To Audit Of UN Agency (FT)

By Mark Turner

Financial Times, January 26, 2007

North Korea agreed on Thursday to an external audit and tighter rules for the UN Development Programme's operation in the country, after US allegations that the agency was funnelling hard currency to Pyongyang.

The UNDP's executive board adopted the measures after Washington's concerns were leaked last week to the press and Ban Ki-moon, secretary-general, called for a sweeping investigation into UN agencies.

Approval of a future UNDP programme will be contingent on the audit's findings.

The board agreed to end direct payments in hard currency, to stop the hiring of North Korean government officials, and to cease support to government ministries. Officials said the UN would still need to buy local currency through the central bank.

One diplomat said the decision could herald for the UN a new approach to doing business with autocracies under international scrutiny. It would also inject transparency into UN agencies, which operated under different rules from the secretariat and had refused to make internal audits available, the diplomat said.

Pyongyang, which sits on the 36-member board, went along with the decision and did not force the issue to a vote, even though it dismissed the allegations as politically motivated.

Russia, Cuba, Guatemala and Bangladesh expressed discomfort at the singling out of North Korea and warned that the decision should not set a precedent. Cuba described the decision as an effort to "introduce manipulation" to UN development activities.

But Japan argued that the UN should not give aid other than humanitarian assistance to a country that has rejected two UN Security Council resolutions – an argument the US found "compelling".

In a letter sent on January 16, Washington alleged that "at least since 1998 the UNDP [North Korea] programme has been systematically perverted for the benefit of the Kim Jong Il regime – rather than the people of North Korea".

Some commentators said the situation bore echoes of the UN's Iraq oil-for-food scandal.

But one UNDP official asked why it had been singled out when other UN agencies and governments operated in a similar way in North Korea.

U.N. Program Facing New Curbs In N. Korea (WP)

By Colum Lynch

The Washington Post, January 26, 2007

UNITED NATIONS, Jan. 25 -- The U.N. Development Program's executive board decided Thursday to stop paying for its local staff and supplies in foreign currency, and to call for the U.N. General Assembly's board of auditors to determine within three months whether the development agency violated its own guidelines by doing so.

The board also decided to delay approval of the program's 2007-2009 budget until the audit is finished.

The action comes just weeks after the United States charged that the U.N. program had been "systematically perverted" by channeling millions of euros in hard currency to North Korean leader Kim Jong Il's repressive government. Alejandro D. Wolff, the acting U.S. ambassador, expressed concern Thursday that the money could be used to finance North Korea's illicit activities, including a nuclear weapons program.

The debate over the United Nations' oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea.

Japan said the United Nations should end its development assistance to North Korea, citing the country's defiance of two U.N. Security Council resolutions calling for an end to its nuclear weapons program. The United States -- which has stepped up efforts to cut off hard currency to Pyongyang after its October test of a nuclear device -- said it is considering supporting Japan's position.

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"A member state that does not comply with the obligations of the U.N. Charter should not receive funds from [the] United Nations," said Koji Tsuruoka, director general for global affairs in Japan's Foreign Ministry. "Assistance to such a country should be limited to that of a humanitarian nature directly delivered to the people."

North Korea's delegate, Jang Chun Sik, said that the board's decision was "unfair and unacceptable" and that it was designed to further U.S. and Japanese efforts to "isolate and stifle" North Korea's people.

Russia, China and scores of developing countries voiced concern that the board was responding to political pressure from its most influential powers and they insisted that it should not set the stage for audits of other poor countries.

The Development Program is one of four U.N. agencies, including the World Food Program and UNICEF, that carry out development and relief work in North Korea. They are required to hire government-appointed workers and pay salaries through state-controlled offices.

The program's operations in North Korea, which are managed by eight international workers, cost about $3.7 million, according to its figures. Between $1.5 million and $2.5 million of that is spent each year inside North Korea, including hundreds of thousands of dollars to pay for local staff, supplies and accommodation, according to program officials. Last year, it spent more than $1 million in salaries, rent and travel costs, as much as half of which was distributed through government-controlled agencies, according to a spokesman.

Thursday's action will freeze all development operations managed by the North Korean government, including training programs in trade and international finance. It also calls for more extensive monitoring of assistance programs and bans the recruitment of government-selected workers.

Mark D. Wallace, the U.S. representative for U.N. management, said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea.

U.S. officials have privately pressed the Development Program to ask the auditors to hire a private firm to conduct an independent review of its operations. They expressed concern that the auditing board had previously failed to flag problems in the North Korea program.

"We need a fresh set of eyes," Wallace said.

Less Cash For Kim (WSJ)

The Wall Street Journal, January 26, 2007

The case of U.N. hard currency for Kim Jong Il continues to evolve, with the Executive Board of the United Nations Development Fund agreeing yesterday to suspend new operations in North Korea until an audit can be completed and provide better oversight of existing programs.

Most UNDP meetings are snoozefests. But yesterday's got lively, after the U.S., Japan and other countries requested the "deferral" over concerns that tens of millions of dollars in hard currency have been funneled to Kim's dictatorship. A compromise deal requires that projects in progress adhere to UNDP rules regarding hard currency, staff and on-site visits. Projects managed by Pyongyang will be handed over to the UNDP, which will restrict activities to those that directly improve the lives of North Koreans and get out of the business of helping the government.

Dragged along kicking and screaming were the North Koreans, whose delegate condemned "the distorted and fabricated allegations made by the U.S. through its media." This was a tad ungracious, since his business class airfare to New York was paid by the U.N. But no doubt he had orders from Pyongyang, where a Foreign Ministry spokesman asserted that "The U.N. operations in North Korea are conducted in a transparent manner and meet U.N. regulations." Yes, so "transparent" that U.N. officials have been barred from visiting some of the "project" sites.

Meanwhile, U.N. Secretary-General Ban Ki Moon issued a statement this week elaborating on the "urgent, system wide and external inquiry" into "all" activities of U.N. funds and programs that he promised last Friday. The good news is that he is moving swiftly on North Korea, ordering a full investigation within three months.

The disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise. It's understandable that he'd want to limit his audit order in some fashion; investigations of every nook and cranny world-wide would take years. But

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that's no justification for defining "external" audits as those done by the U.N.'s own Panel of Auditors and its subset, the Board of External Auditors. These are the same auditors who found nothing suspicious in the Oil for Food program.

There's nothing to prevent the U.N. from hiring outside audit firms to look at specific problems. Oil for Food was investigated by the Volcker Commission, which devoted half its budget to a forensic audit by Deloitte Touche. An independent task force investigating procurement has also hired AON Corp. for forensic auditing.

Also troubling is that Mr. Ban's elaboration appears to limit the audits to "hard currency transactions, independence of staff hiring, and access to reviewing local projects." Those are key problem areas, to be sure. But the auditors should be free to follow the trail wherever it takes them. We also hope the audit will include other U.N. programs in North Korea that operate under the same rules as UNDP, including Unicef, the Population Fund and the World Food Program.

It's good to see the cash for Kim programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors.

New India Accords With Russia Include More Nuclear Power Plants (NYT)

By Amelia Gentleman

New York Times, January 26, 2007

NEW DELHI, Jan. 25 — India sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States.

In a joint statement issued after President Vladimir V. Putin of Russia met with Prime Minister Manmohan Singh of India, Russia offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here.

"Energy security is the most important of the emerging dimensions of our strategic partnership," Mr. Singh said. "Russia's position as a global leader on energy issues is widely recognized."

As India's economy booms, the prospect of growing energy shortages has become a major driver of its foreign policy. Describing Russia as a "special friend" of India, Mr. Singh added that despite the "sea change" that had occurred in international affairs over the past decade, "Russia remains indispensable to India's strategic interests."

This was Mr. Putin's first visit to India since the United States agreed to cooperate with India on its civilian nuclear power program last year, and the Indian government was at pains to show that the agreement had done nothing to dilute the warmth of India's affection for its historic partner, Russia.

Mr. Singh went to the airport to meet the Russian leader as he stepped off his plane, a pointed gesture of respect previously extended only to President Bush and King Abdullah of Saudi Arabia.

Mr. Putin will be the guest of honor at India's Republic Day celebrations on Friday. Much of the weaponry on display will be Soviet-made, a testament to the earlier close friendship between the countries in the 1970s and 1980s.

Pentagon Eyes Missile Defenses In Eastern Europe (WT)

By Bill Gertz

The Washington Times, January 26, 2007

The Pentagon is moving rapidly to build new missile defenses in Poland and the Czech Republic to counter the threat posed by Iranian long-range missiles, the head of the Missile Defense Agency said yesterday.

"The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program," said Air Force Lt. Gen. Henry "Trey" Obering, the agency's director.

The three-star general said plans call for deploying 10 long-range anti-missile interceptors in Poland along with a tracking radar in the nearby Czech Republic by 2011 or 2012.

"We want to have this in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability," he said.

The Iranian long-range missile threat is emerging, and as a result "it's prudent for us to be thinking about that now and to begin to build toward that so we're in a position that we can do something about it in that time frame," Gen. Obering said.

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The Eastern European missile defense site will cost about $3.5 billion and is part of a global integrated missile defense designed to counter "rogue" nations' missiles, including those from Iran and North Korea, he said.

The Polish interceptor base will be the third global long-range missile interceptor base and will be similar to the current base at Fort Greeley, Alaska, where 14 interceptors are deployed. A second U.S. missile defense base at California's Vandenberg Air Force Base now has two interceptors. Both sites will have 24 or 25 by the end of the year.

Gen. Obering sought to calm Russian fears that the European-based interceptors will be capable of shooting down Russian long-range missiles. He said the interceptors pose no threat to Russian intercontinental ballistic missiles because they cannot intercept either the large numbers of Russian ICBMs, nor will they be capable of chasing them successfully from the Polish location.

Russia is opposing the Polish and Czech sites, and Moscow officials have threatened to take unspecified action to counter the interceptors.

Iran has no long-range missiles, but its Shahab-3 medium-range missiles, with ranges of 620 miles, are thought capable of reaching some parts of Europe.

Iran is working on Shahab-4, Shahab-5 and Shahab-6 missiles that have ranges from 1,240 miles to 4,154 miles, which also could be used as nonmilitary space launchers.

"We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability," Gen. Obering said.

The magazine Aviation Week & Space Technology reported on its Web site last night that Iran was poised to take that very step: launching a satellite into space.

A recently assembled 30-ton ballistic missile turned space launcher "will liftoff soon" with an Iranian satellite, the magazine quoted Alaoddin Boroujerdi, chairman of the Iranian parliament's National Security and Foreign Policy Commission, as saying during a speech to religious students and clerics in Qom.

Gen. Obering said that once Iran succeeds in building a space launch vehicle, "you have demonstrated all the basic building blocks for a long-range ICBM capability, in terms of staging, controlling a vehicle through the staging and burns."

"All indications are they are working to be able to achieve that," he said.

On China's recent anti-satellite weapons test, Gen. Obering said it does not pose an immediate threat to the space-based elements of the U.S. missile defense system. But in the long term it could pose a threat, he said.

Iran Set To Try Space Launch (AVWEEK)

By Craig Covault

Aviation Week, January 26, 2007

Iran has converted its most powerful ballistic missile into a satellite launch vehicle. The 30-ton rocket could also be a wolf in sheep's clothing for testing longer-range missile strike technologies, Aviation Week & Space Technology magazine reports in its Jan. 29 issue.

The Iranian space launcher has recently been assembled and "will liftoff soon" with an Iranian satellite, according to Alaoddin Boroujerdi, the chairman of the Iranian parliament's National Security and Foreign Policy Commission.

The move toward an independent space launch capacity is likely to ratchet up concern in the U.S. and Europe about Iran's strategic capabilities and intents. Orbiting its own satellite would send a powerful message throughout the Muslim world about the Shiite regime in Tehran.

U.S. agencies believe the launcher to be a derivation of the 800-1,000-mi. range Shahab 3 missile. A Shahab 3 fired from central Iran could strike anywhere in Israel, Saudi Arabia, the entire Persian Gulf region and as far west as southern Turkey.

There are concerns in the West that space launch upgrades, however, could eventually create an Iranian intercontinental ballistic missile (ICBM) with a range of nearly 2,500 mi., giving Tehran the ability to strike as far as central Europe, well into Russia and even China and India.

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The U. S. Defense Intelligence Agency has told the Congress that Iran may be capable of developing a 3,000-mi. range ICBM by 2015.

"But ultimately, their space program aims to orbit reconnaissance satellites like Israel's "Ofek," using an Iranian satellite launcher from Iranian territory, says Uzi Rubin, the former head of the Israel Missile Defense Organization. Rubin made his assessment in a report for The Jerusalem Center for Public Affairs.

"A reconnaissance satellite of reasonable performance should weigh about 300 kg. [660 lb.] Once Iran learns how to put 300 kg. into earth orbit, it could adapt the satellite launcher into an ICBM that could drop more than 300 kg anywhere in the world.

Boroujerdi's made his remarks about the imminent Iranian launch in a speech before a group of religious students and clerics in the city of Qom near where Iran has conducted some of its ballistic missile tests. Iran is now in the midst of military exercises that include a series of shorter-range missile tests, Iranian officials say.

Although designed as a technology demonstrator, the planned satellite launch would be a potent political and emotional weapon in the Middle East.

The new space launcher and ongoing missile development is also significant in that it highlights close technological ties between the Iranian and North Korean missiles programs, intelligence agencies agree.

Analysts at the strategic think tank GlobalSecurity.org believe that the new Iranian modification could be a stepping stone to an Iranian clone of the North Korean Taep'O-Dong 2C/3 ballistic missile that failed in a launch attempt from North Korea last July 4.

A November 2006 Congressional Research Service report reinforced concerns over Iranian and North Korean missile development ties. It notes that Israel's military intelligence chief has information indicating that North Korea has shipped to Iran eighteen 1,500 mi. range BM-25 ballistic missiles capable of carrying a nuclear warhead.

"Largely with foreign help, Iran is becoming self-sufficient in the production of ballistic missiles," says the report's author, Kenneth Katzman. And he reminds that a 2006 U.S. National Security Strategy Document notes, "The United States may face no greater challenge from a single country than Iran."

U.S. Military Rejects Russian Worries (AP)

By George Gedda

AP, January 26, 2007

Proposed U.S. missile defense sites in Poland and the Czech Republic will not affect Russian security but will be designed to intercept missiles planned by Iran that would be capable of reaching Eastern Europe, a senior defense official said Thursday.

Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, rejected Russian claims that the U.S. plan would upset the security balance. Russian officials have warned of the possibility of countermeasures.

Russian Defense Minister Sergei Ivanov said Wednesday that U.S. systems being considered could not be directed against Iran because that country has no intercontinental ballistic missiles and will not have any in the future.

Obering, speaking to reporters in a telephone briefing, said that while Iran poses no long-range threat to Eastern Europe today, "we have to stay ahead of what we think that threat is."

Beyond that, Obering said, the interceptors the United States plans for Poland and the Czech Republic are insignificant compared with Russian capabilities.

"There is no way, shape or form that 10 interceptors can neutralize the hundreds of missiles in the Russian arsenal," Obering said. "I can't be any more plain than that."

He said U.S. defense officials have traveled to Russia to explain U.S. intentions and plan more such consultations in the future.

Asked if Russia would be allowed to send observers to the sites, Obering said, "We have nothing to hide. But any invitation would be subject to consultations with the host governments."

The $3.5 billion program for Poland will be completed in 2011 or 2012, Obering said.

At one point, he said the program will be designed to deal with "rogue nations," but he mentioned no country in that category besides Iran.

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A Polish journalist asked whether any compensation would be paid to the country in exchange for Poland's willingness to serve as a host missile defense country. Obering said no such benefit is planned because the project will enhance Polish security.

He added that the United States has other Eastern European countries in mind if negotiations with Poland and the Czech republic over terms of the deployments are unsuccessful.

Diamonds In The Sky (TIME)

Time, January 26, 2007

China's successful antisatellite-missle test Jan. 11 carries potential implicationsÂ for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher). At issue are military surveillance satellites--the very ones that detected Beijing's test--which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites--and a possible catalyst to a space arms race. [This article consists of a complex diagram. Please see hardcopy of magazine.]

Venezuela May Ask U.S. Envoy To Leave (AP)

By Christopher Toothaker

AP, January 26, 2007

President Hugo Chavez warned Thursday that the U.S. ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs."

The outspoken Venezuelan leader lashed out after William Brownfield said U.S. companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it.

"If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could ... be declared a persona non grata and would have to leave the country," Chavez.

The top American envoy to Venezuela told Caracas' Union Radio the planned takeover of CA Nacional de Telefonos, or CANTV, should proceed "in a transparent, legal manner" and that Venezuela's government must offer "fair and quick compensation to the people who are affected or the owners."

"These are the only obligations that a government has when it decides to nationalize an industry," Brownfield added.

Thursday's exchange is the latest demonstration of tensions between Caracas and Washington.

U.S. officials have accused Chavez of becoming increasingly authoritarian and of being a destabilizing force in Latin America. The Venezuelan leader has repeatedly accused Washington of scheming against his left-leaning government.

Virginia-based Verizon Communications Inc. holds the largest minority share of CANTV, which was privatized in 1991. The takeover jeopardizes an agreement by Verizon to sell its 28.5 percent stake in CANTV to a joint venture of America Movil and Telefonos de Mexico SA, controlled by Mexican billionaire Carlos Slim.

The sale had been awaiting Venezuelan government regulatory approval.

Chavez, a self-proclaimed "revolutionary" who is steering Venezuela toward socialism, has said he wants an immediate state takeover of the telephone company and will not pay shareholders the market value. The Venezuelan leader has said the price for CANTV would take into account debts to workers, pensions and other obligations to the state.

Brownfield said he was optimistic that shareholders would be fairly compensated.

"I think it can be a process that concludes in a satisfactory manner for all those involved, that's my hope," he said.

Chavez _ a close ally of Cuban leader Fidel Castro _ also has said he plans to nationalize the electricity sector, and take state control of four lucrative oil projects and the natural gas sector.

Relations between Caracas and Washington have been tense since Chavez was briefly ousted in a 2002 coup that he claimed the U.S. played a role in. The Bush administration has repeatedly denied involvement, although it recognized an interim government established by coup leaders.

Brownfield said he wanted to improve relations through "a serious and pragmatic dialogue between the two governments, to identify issues of mutual interest and to look for solutions to those issues."

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Legislation Would Relax Cuba Policy (WT)

By Steve Hirsch

The Washington Times, January 26, 2007

Legislation to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the U.S. policy on Cuba.

The first bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican.

The Cuban economic embargo, which dates to the 1960s, allows cash sales only for food, medicine and medical equipment and restricts travel to the island.

U.S. citizens are generally barred from travel to Cuba without a specific license, although there are exceptions for working journalists, researchers and some others. Permits for visits to immediate family members in Cuba may be issued every three years.

The measures to ease the policy will be filed as stand-alone legislation or as amendments to appropriations bills or other legislation.

Mr. Flake, who introduced his bill with House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, said that nearly 50 years of the current policy have "done little" to bring democracy to Cuba.

Instead of aiding democratic reform, the policy has given Cuban President Fidel Castro "a convenient scapegoat for his own regime's failures," Mr. Flake said.

Rep. Bill Delahunt, Massachusetts Democrat, plans legislation to ease restrictions on Cuban-American family travel.

Other possibilities include legislation to ease payment restrictions for cash sales of food to Cuba.

Rep. Jerry Moran, Kansas Republican, is planning to introduce one such payment-regulation bill next week. He said Wednesday that stand-alone Cuba legislation is more likely to reach the House floor now than under Republican leadership, partly because Republican leaders were adamantly opposed to dealings with Cuba.

President Bush's continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat.

Rep. Jo Ann Emerson, Missouri Republican, who plans to co-sponsor Mr. Moran's proposal, said that Congress may be able to make some changes in the Cuba policy, but that even with a new Democratic majority, any such changes would be "pretty incremental."

Mr. Rangel criticized Mr. Bush as being "locked into punishing Castro," but suggested that Mr. Bush would not veto bills that have Republican support.

"He's in enough trouble for the war that the best he can look for is trying to be able to accomplish something among Republican members. He owes them big time," Mr. Rangel said.

The White House had no comment on the bills yesterday. National Security Council spokesman Gordon Johndroe only said: "Our Cuba policy is unchanged."

The bills come as the state of Mr. Castro's health remains a mystery.

Mr. Castro, who has not been seen in public since July, has temporarily handed over power to his younger brother, Raul, but it is not clear whether a permanent succession would result in a fundamental change in Cuba's government.

Some observers have suggested recently that Fidel Castro's departure from the scene might not cause any fundamental change in Cuba's political system.

Earlier this month, a senior U.S. intelligence official told congressional intelligence panels, "Raul Castro is firmly in control as Cuba's acting president and will likely maintain power and stability after Fidel Castro dies, at least for the short term."

Army Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, told the committees that the younger Castro "has widespread respect and support among Cuban military leaders who will be crucial in permanent government succession."

Blueprint Sees Kosovo As Ward Of EU (FT)

By Guy Dinmore And Mark Turner

DOJ_NMG_0122393

Financial Times, January 26, 2007

The special UN envoy charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with Nato peacekeepers braced for a backlash from ethnic Albanians demanding full independence.

Martti Ahtisaari, a former Finnish president, has already disclosed that his proposal "foresees strong international civilian and military presences within a broader future international engagement in Kosovo".

In effect, Kosovo would be given the attributes of independence but remain under the wing of the international community, diplomats said. Neither "independence" nor Serbia's continued sovereignty are expected to be mentioned. Ultimate authority will be transferred to a special representative of the European Union from the United Nations, which has administered the province since Nato intervened in 1999 to stop Serbia's campaign of ethnic cleansing.

Mr Ahtisaari will also set out provisions for the protection of minority rights, in particular for the Serbs living mostly in small enclaves.

After submitting his report to the six-nation Contact Group in Vienna on Friday, the UN envoy, who was appointed in November 2005, will take the report to Belgrade and Pristina on February 2. Neither side is expected to embrace the plan, but both are under intense pressure not to reject it outright.

The formula of supervised independence is similar to the status given to Bosnia in 1995, except that the concept of sovereignty in Kosovo's case will remain vague.

Analysts said the Bush administration did not appear to have the political will to take on Russia over the issue, perhaps because of other priorities needing Moscow's acquiescence, namely Iran, North Korea and energy security.

"I think there are all sorts of possibilities which can be there, if the parties get into creative discussions," Vitaly Churkin, Russia's envoy to the UN, told the FT, indicating Moscow's willingness to continue along this tack.

Russia has previously said it would block an effort at the UN Security Council to recognise Kosovo as a breakaway sovereign state against the will of Belgrade.

A senior US official said Mr Ahtisaari would propose "a very generous package" to protect the Serb minority and the ancient Orthodox churches that remain a powerful symbol of Serbia's national identity.

The Right Muddle For Kosovo (LAT)

The Los Angeles Times, January 26, 2007

HERE'S A PLACE you probably haven't thought about much in the last seven years: Kosovo. But the Balkan province is about to make a comeback bid for your attention, and not necessarily in a good way.

The former Yugoslavia, a steaming kettle of ethnic and religious resentments, has been comparatively peaceful since the wars of the 1990s — not because the region's territorial disputes have been settled but because NATO has kept a close watch on the stove (in the case of Kosovo, with 16,000 troops). But an upcoming United Nations ruling on Kosovo's bid for independence from Serbia stands to set the burner on high.

Kosovo, a province the size of Connecticut, has about 2 million residents, 90% of them ethnic Albanians. It was an autonomous region within the Yugoslav federation until 1989, when Slobodan Milosevic jump-started his career as dictator by asserting Belgrade's authority over what is, for Serbs, a land of nationalist importance. The crackdown led to a Kosovar rebellion nine years later that was ruthlessly suppressed until halted by NATO bombardiers. The region has been under U.N. supervision while the international community fumbles for a more permanent settlement.

That U.N. blueprint will be unveiled privately today in Vienna to the six-nation Contact Group that sets policy for Kosovo — the U.S., Britain, France, Germany, Italy and Russia. Leaked pieces of the plan seem a bit of a mess. It is expected to propose "supervised autonomy," a sort of "independence lite," watched over by an international monitor. Kosovo will reportedly be allowed to join international organizations such as the U.N. and the World Bank and even maintain a tiny army. But the minority Serb population would largely be self-governed, with direct links to Serbia.

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The plan isn't going to please many in proindependence Kosovo, and next to no one in pro-federation Serbia. Anticipation of an unfavorable U.N. recommendation probably helped the ultranationalist Radicals — led by a Serb awaiting a war crimes trial in The Hague — win the most votes of any party in Serbia's recent elections.

Yet flawed and temporary as it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around.

First Test For New UN Chief: Darfur (CSM)

By Howard Lafranchi

The Christian Science Monitor, January 26, 2007

UNITED NATIONS, N.Y.

The new United Nations secretary-general, Ban Ki Moon, lists Darfur among his top priorities.

Putting an end to the violence there, which the United States calls "genocide," is also turning into the UN leader's first major test – of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action.

Mr. Ban is underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip. There he plans to meet Sudanese President Omar Hassan al-Bashir and to press him to accept deployment of a "hybrid" African Union-UN force of 20,000 peacekeepers for the war-ravaged province.

UN officials say Ban, who has been in his job since Jan. 2, does not want to lose the "momentum" that was thought to have been made at the end of last year, when Mr. Bashir sent a letter to outgoing UN Secretary-General Kofi Annan in which he seemed to accept the idea of a hybrid force.

"The problem is that the Sudanese agree to things, but then they backtrack and dawdle. So the worry here is that they made a gesture but then saw they could use the change from Annan to Ban to stall," says one UN official close to the thinking in the secretary-general's office. "The idea will be to move ahead with what has already been approved," says the official, who spoke on condition of anonymity.

Ban's meeting with Bashir is a good first step, some analysts of conflict diplomacy say, but they add that he can do much more.

"The most important thing is to get countries to make significant pledges of troops for a Darfur force, so that it is something more than an idea approved last year by the Security Council," says Lee Feinstein, an expert in international institutions at the Council on Foreign Relations in Washington. "That's something Ban can do that would send a particularly stern message of determination to the Sudanese."

Mr. Feinstein says that Ban, whose candidacy to the secretary-general's post was backed by both Washington and Beijing, should turn to China now for a troop commitment to a peacekeeping force in Darfur. Given Beijing's significant economic partnership with Khartoum, no other power could equal the message that would send, he adds.

Increasingly sensitive to its international image, China is openly discussing its growing involvement in Africa in general and in Sudan in particular. But it is also emphasizing that its cooperation toward a resolution of the Darfur conflict will be diplomatic and not military in nature.

Chinese President Hu Jintao announced this week his plans to visit Sudan next month for talks that will include the Darfur crisis.

Wang Guangya, the Chinese ambassador to the UN, who met with Ban this week in New York, says he made clear China's support for a diplomatic solution in Darfur.

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"I told [Ban] we support him in setting his priority on Darfur, and that we will work with him for progress on that issue," Mr. Wang says. Referring to Sudan's recent hints of openness to outside involvement, he adds, "We have seen some important signals over the past few weeks, and I think we are seeing indications that we can expect more."

Ban also met this week with a Sudanese foreign-ministry official, registering his concern over continued aerial bombardments by the government of Sudan in north Darfur. He also brought up increasing harassment of and attacks on UN staff members in Darfur.

But pressure for more robust international action is mounting in other quarters. Several rights organizations, including Human Rights Watch and the Save Darfur Coalition, are calling on the African Union to reject Sudan's candidacy for the presidency of the 53-member organization. In letters to AU countries, the groups said the AU's effectiveness and role in a Darfur resolution would be undermined with a Sudanese presidency.

At the same time, a bipartisan group of US senators is calling on President Bush to divulge any plans the administration has to strengthen its measures addressing the Darfur conflict. Andrew Natsios, presidential envoy for Darfur, had warned the Sudanese government in a Khartoum meeting last month that the US would move on to a new plan of more aggressive measures if Sudan did not begin opening up to a larger international force than the 7,000 soldiers the AU has in the vast western region.

Feinstein, who has authored a new paper on international responsibilities in internal conflicts like that in Darfur, says Ban must also start looking to changes that can help prevent future Darfurs. "Ban should use the advantage he has of the 'fresh start' to move ahead more long term on developing the means to prevent conflicts from becoming international tragedies, as Darfur has," he says.

Among other things, he says Ban should build on the UN General Assembly's adoption in 2005 of the so-called "responsibility to protect" doctrine, which calls on the international community to protect civilians in countries where the government is unable or unwilling to do so.

Doha Breakthrough Not Far Away (FT)

By Alan Beattie

Financial Times, January 26, 2007

Trade ministers continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks.

Peter Mandelson, EU trade commissioner, told the FT that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away.

“I believe we can get a breakthrough on the big numbers in agriculture and industrial goods in the next month or so,” he said.

But he continued to argue that the onus was on the US to offer more cuts in farm subsidies. Despite intensive talks between the EU and US negotiators in recent weeks, officials say that gaps remain.

“The agricultural consultations between the EU and the US are through the worst,” Mr Mandelson said. “We are approaching the end of the endgame in that regard.”

Saturday’s meeting will discuss whether to reopen the multilateral talks, which were suspended last July.

The outstanding issue in agriculture was between the US and developing countries, said Mr Mandelson. The US has asked for substantial new access to the consumer markets of big emerging market countries such as India, Indonesia and the Philippines.

Susan Schwab, US trade representative, said that a framework agreement was possible “in a matter of months”, but that would require rapid progress in the next few weeks.

She declined to discuss what cuts in farm tariffs and subsidies would be required for agreement. “There are two things I am not going to get into this weekend,” she said. “I am not going to point fingers and I am not going to quote top-line numbers.”

Detailed discussions with individual countries about the protection they wanted to maintain for various farm commodities was necessary to reach agreement, she said.

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Rachid Mohammed Rachid, Egypt's trade minister, said that the EU and US both had to do more, but that the task was harder for the US.

He added that few developing countries, apart from Brazil and India, had been properly consulted. "Africa has been totally neglected," he said. "Africa has been dealt with more by threats than by anything else. They have been told: 'You should not be the ones blocking this deal. You should be supporting it'."

Mr Rachid said there appeared to be a belief that the poorest developing countries could be bought off with a few concessions in the last few hours of a trade deal.

The agricultural talks will focus on the number of so-called sensitive products for rich countries and special products for developing countries which they can shield from across-the-board cuts in farm tariffs.

Rules Dispute Imperils Khmer Rouge Trial (NYT)

By Seth Mydans

The New York Times, January 26, 2007

PHNOM PENH, Cambodia, Jan. 25 — The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge.

If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out. That would cast a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value.

Seventeen Cambodians and 12 foreigners took office as judges and prosecutors in July, inaugurating a United Nations-sponsored process that mixes Cambodian law with international standards of justice. It is an awkward formula made more questionable by the meager qualifications of the Cambodian judges, who are seen as poorly trained and subject to political manipulation.

Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have.

Almost three decades have passed since the Khmer Rouge ruled Cambodia, from 1975 to 1979, causing 1.7 million deaths through killings, torture, starvation and overwork.

The potential defendants are aging and some have died, notably the Khmer Rouge leader, Pol Pot, in 1998. The targets of the trial are top leaders and "those most responsible" for the crimes and is expected to focus on at most a dozen defendants. Among the handful of names often mentioned, only one is in custody, with the rest living freely in Cambodia.

The foreign co-prosecutor, a Canadian named Robert Petit, has been pursuing the evidence vigorously but has not said where it is leading him. In an interview, he said he was ready to propose his first indictments once the judges formalized the rules at a plenary session tentatively set for March. A trial might then begin by the end of the year.

Cambodia and the United Nations agreed on the structure of the mixed tribunal in 2003 after years of negotiations that involved technical and political differences. Those differences remained at the heart of the disagreements that have stalled the trial since November, say experts on the tribunal.

A rules committee of nine judges is trying to resolve the differences. Sean Visoth, the tribunal's Cambodian coordinator, said, "If there is no compromise and there is no plenary, the international judges will walk away."

The delay has revived a concern that Prime Minister Hun Sen may not in fact want the trial to proceed and may be throwing up the latest in a long series of roadblocks that have stalled it over the years. Among other things, he is believed to be under pressure from China, which does not want to see a trial that would be likely to demonstrate its close ties to the Khmer Rouge government.

The core disputes appear to involve a long-running issue: the independence of the trial from Cambodian political manipulation.

On the Cambodian side, an important issue is control, said the American ambassador to Cambodia, Joseph A. Mussomeli. "The government in general tries to keep tight control over the judiciary and anything that could have negative consequences," he said.

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The first concern is the scope of indictments in a country where the politics of the present remain tangled in the past. Some former middle-ranking Khmer Rouge are prominent in the current government, including Mr. Hun Sen — although experts say he is not culpable. Other potential defendants may have powerful patrons trying to protect them.

One point of contention among the judges, said people close to the negotiations, is a provision that would in effect allow an indictment to proceed without the agreement of the Cambodian side. That provision is one of several balancing acts in the tribunal's super-majority system that at most junctures allows foreign and Cambodian judges to cast what amount to vetoes over one another's decisions.

The Cambodian side is also seeking to limit the right of defendants to be represented in court by foreign lawyers, which it says is a violation of Cambodian legal sovereignty. Foreign analysts say the Cambodian concern is that aggressive foreign lawyers would be independent of any political guidance and could send the case in unpredictable directions.

A British lawyer, Rupert Skilbeck, who will coordinate the lawyers' work, said defendants would be placed at a disadvantage if they could not select their own lawyers.

"It's important that the trials are very fair, because if they're seen as show trials, then there will be no justice," he said in November.

Mr. Mussomeli said the Cambodian government, accustomed to controlling the judiciary, might be reacting defensively to Mr. Petit, who has taken on his job as prosecutor with an energy and independence that is unfamiliar here.

In the interview, Mr. Petit sought to calm these concerns, saying he was aware that the tribunal could be derailed by an overaggressive prosecution. "We have to apply the law in the context of Cambodia," he said. "I'm not stupid. You have to exercise discretion."

Mr. Petit has been involved in tribunals in Rwanda, Sierra Leone, Kosovo and East Timor, and he said he understood that in cases like these it was not possible to follow the law blindly, without reference to its context. "We all have a sense of our responsibilities," he said. "Our primary responsibility is to deliver justice to the victims of these crimes." That will not be possible, he said, if the process is shut down for any reason.

"Having a right and exercising it with good judgment are two different things," he said.

He said he did not know how many cases he would forward to the next level of the tribunal, the investigating judges, who are to issue indictments. "In this particular tribunal there are very specific expectations," he said. "Everyone 'knows' what happened. We've got the evidence there; you just have to pick it up and carry it into court — well, it doesn't work that way."

"We have to grasp events of great magnitude that happened 30 years ago and be legally and morally convinced that we have cases against individual people," he said.

Carter Apologizes For 'Stupid' Book Passage (WT)

By Eric Pfeiffer

The Washington Times, January 26, 2007

Jimmy Carter has apologized for what he called a "stupid" passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis.

The former president had spent most of the past two months defending his new book, "Palestine: Peace not Apartheid," after 15 board members at his Atlanta-based Carter Center resigned in protest of the book's content.

"I apologize to you personally and to everyone here," Mr. Carter said when asked about the passage by a student during his appearance at Brandeis University on Tuesday. After explaining that the passage was "worded in a completely improper and stupid way," Mr. Carter said he has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

The questionable passage, which appears on Page 213 of the book, reads: "It is imperative that the general Arab community and all significant Palestinian groups make it clear that they will end the suicide bombings and other acts of terrorism when international laws and the ultimate goals of the Roadmap for Peace are accepted by Israel."

Some of Mr. Carter's critics, including the Carter Center board members who resigned, say the text reads as defending terror tactics until a peace accord can be reached between Israel and Palestinians.

"Repeatedly I call on all to terminate the use of violence," Mr. Carter said in response.

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He also addressed critics who said the book title unfairly compared Israeli policy to the racial separatist policies of South Africa's government, which ended apartheid in the early 1990s. Mr. Carter said he did not mean to "equate Zionism with racism" when choosing the title.

"I chose that title knowing that it would be provocative, but in the long run it has precipitated discussion and there has been a lot of positive discussion," he said.

Emory University history professor Kenneth W. Stein, who served as the Carter Center's first executive director, was one of the first board members to resign after the book was published in December.

Last week, in a statement released through Emory's Institute for the Study of Modern Israel, Mr. Stein criticized Mr. Carter's book for suggesting that the Palestinian terror group Hamas is "ready for dialogue." Mr. Stein noted that Hamas has never recognized the legitimacy of the Jewish state and that, as recently as October, a Palestinian official said at a Hamas gathering that Israel is "a vile entity."

On Wednesday, Mr. Carter released the transcript of a discussion he held as president with Pope John Paul II. During the Oct. 6, 1979, discussion, Mr. Carter urged the pope to publicly acknowledge Israel during one of his speeches.

"I reported that the Jews in our country at least thought that he was biased against them because he had never yet mentioned Israel in one of his speeches," the transcript reads. "He replied, 'I have mentioned Jerusalem.' I replied, 'This is not adequate for the Jews.' " The transcript was first released to the Associated Press.

Mr. Carter's appearance at the Brandeis campus in Boston was followed by an appearance by Harvard University law professor Alan Dershowitz, who has been critical of the book. Although Mr. Carter refused to debate him and even to appear with him, Mr. Dershowitz told the students in attendance that he appreciated the former president's apology.

"You heard the Brandeis Jimmy Carter today, and he was terrific," Mr. Dershowitz said. "I support almost everything he said. But if you listen to the Al Jazeera Jimmy Carter, you'll hear a very different perspective."

Judgment Day (WSJ)

By Yossi Klein Halevi

The Wall Street Journal, January 26, 2007

JERUSALEM -- The Israeli presidency is largely a ceremonial position and has only one real purpose: to uphold the honor of the Jewish state. Yet over the last six months, as accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign, insisting on his right to remain in office until being formally charged -- even though, by tainting the presidency with scandal, he has betrayed the job's core requirement. Now, with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office: Yesterday, the Knesset approved the president's temporary suspension. But not before Mr. Katsav called a hysterical press conference in which he blamed the media, the police and the attorney general for hounding him.

For Israelis, this is a time of near-despair. A former justice minister is on trial for sexual harassment, leading tax authority officials have been arrested for fraud, the finance minister is under investigation, and any of a half-dozen alleged financial scandals could topple Prime Minister Ehud Olmert. "There is no judgment and no judge," Israelis tell each other, quoting a Talmudic phrase. With the looming threat of a nuclear Iran, and jihadist Hamas and Hezbollah pressing against its borders, Israel faces an internal challenge that is no less daunting than the external ones: to recreate a society that is worth fighting for. Never before has Israel faced greater dangers, and never before has it been so bereft of trustworthy leaders.

The roots of Israel's ethical crisis go back, ironically, to the heroic founders of the state. Personally stoic, the leaders of Mapai, the socialist party that led the state in its formative years, created a culture of cronyism. Possession of a "red card," marking Mapai membership, was often a precondition for securing scarce employment. Cronyism was coupled with frontier recklessness: Under constant siege, and overwhelmed with impoverished refugees, Israel created a culture of improvisation, a bending of the rules. With the country's survival constantly in the balance, Israelis indulged the sexual improprieties of their military heroes; Prime Minister David Ben-Gurion defended the philandering general, Moshe Dayan, by noting that King David was also an adulterer. But they knew their leaders were devoted to the nation. The same can hardly be said about today's politicians, who absorbed the wiles of the founders but not their self-sacrifice.

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Perhaps the greatest threat to the political system today is a corruption of the spirit of leadership. In refusing to accept responsibility for sullying the presidency, Mr. Katsav represents a new class of Israeli leaders who reject accountability for failure. Though last summer's war didn't achieve any of its objectives, none of the architects of Israel's first military defeat admitted responsibility. Mr. Olmert continues to insist that Israel won, even though Hezbollah has rearmed and Israeli deterrence has been weakened by the very war that was intended to restore it. True, the army chief of staff, Dan Halutz, did resign last week -- but only to pre-empt a call for his dismissal from a commission of inquiry investigating the war, and without any admission of failure on his part.

It used to be different. When Avraham Ofer, housing minister in the first government of Yitzhak Rabin during the mid-1970s, was accused of corruption, he shot himself, leaving behind a note that insisted on his innocence while adding that he couldn't bear the shame. And when the wife of Prime Minister Yitzhak Rabin was found to have kept a bank account in Washington, in violation of the law at the time forbidding Israelis to hold foreign currency, Rabin took personal responsibility and resigned -- incomprehensible by today's standards.

Corruption among Israel's leadership is arguably no worse than anywhere else. But a nation facing immediate existential threats needs leaders who can inspire. No citizen in the West makes the kind of sacrifices, from compulsory military reserve duty to punishingly high taxes, that Israelis routinely endure. To a large extent, they endure those hardships willingly: Teenagers vie for every slot in elite combat units; at times of national emergency, even reservists who haven't been called up volunteer for service. Israelis deserve a leadership worthy of their sacrifices.

The founders of Zionism hoped to turn the Jews into a "normal" people, a nation like all other nations. They envisioned a country maintaining normal international relations while creating an admirable society -- externally normalized, internally exceptional. Given Israel's precarious status and the current state of its political culture, that vision seems to have been reversed.

But the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders. With Lt. Gen. Halutz gone, Mr. Peretz will almost certainly soon have to follow: He will be forced to resign either by the commission of inquiry into the Lebanon war or by a rebellion within the Labor Party, which he currently heads. Finally, Mr. Olmert's own day before the commission of inquiry is approaching, and so is a decision by the attorney general about whether to pursue criminal charges against him for financial improprieties. There is judgment and judge, after all.

Mr. Klein Halevi is a senior fellow at the Shalem Center and a contributing editor to the New Republic.

Days Of Decision In Ulster (NYT)

The New York Times, January 26, 2007

The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule.

Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein — as the top parties elected by the Protestant and Roman Catholic communities are supposed to do under the Good Friday peace agreement on Northern Ireland.

If both sides come through, elections will be held and a coalition cabinet formed in March. If either falters, there can be no power sharing, and Northern Ireland will remain ruled by appointed British officials for the foreseeable future.

The Good Friday agreement of 1998 all but ended years of sectarian bloodshed in Northern Ireland. In 2005, the Irish Republican Army took the further crucial steps of permanently renouncing political violence and destroying its weapons. But the agreement's full promise has never been met as Sinn Fein and the Unionists have sparred over political power sharing and police reform.

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The importance of police reform was clearly demonstrated this week with the release of a devastating ombudsman's report on years of police collaboration with a Protestant paramilitary death squad. Most, but not all, of that collaboration occurred before the present professional police service was created to replace the old Protestant-dominated Royal Ulster Constabulary.

Further reforms put in place by the head of the new force make any repetition of such shocking abuses unlikely. But the best safeguard would be oversight of the police by a democratically chosen executive and legislature. That is the courageous and sensible argument Mr. Adams will make to Sinn Fein this weekend. If his view prevails, Mr. Paisley's time to be courageous and sensible will follow.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Justice Department Wants Domestic Spying Lawsuit Dropped (AP)

By Lara Jakes Jordan, Associated Press

AP, January 26, 2007

WASHINGTON - The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court.

Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program.

The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida.

The ACLU's lawsuit against the terrorist surveillance program "is now moot," the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. "The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist."

The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005.

Last August, a federal judge in Detroit declared the program unconstitutional, saying it violates the rights to free speech and privacy and the separation of powers. In October, a three-judge Cincinnati appeals panel ruled the administration could keep the program in place while it appeals the Detroit decision.

The ACLU plans to file a response Friday, asking for the appeal to continue, said assistant legal director Ann Beeson. The watchdog group contends that Bush retains his authority to return to the warrantless program if it needs to.

"The case could not be less moot," Beeson said. "The case is not moot if there's any remote possibility that the government is going to violate the law again."

Dismissal Of Lawsuit Against Warrantless Wiretaps Sought (WP)

By Dan Eggen

The Washington Post, January 26, 2007

A lawsuit challenging the legality of the National Security Agency's warrantless surveillance program should be thrown out because the government is now conducting the wiretaps under the authority of a secret intelligence court, according to court papers filed by the Justice Department yesterday.

In a filing with the U.S. Court of Appeals for the 6th Circuit, in Cincinnati, Justice Department lawyers said the lawsuit of the American Civil Liberties Union and other plaintiffs -- which received a favorable ruling from a federal judge in Detroit -- should be considered moot because the case "no longer has any live significance."

The ACLU called the government's arguments implausible and said it plans to file its response today.

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The brief is the latest volley in the legal battle over the controversial spying effort, dubbed by the administration as the "Terrorist Surveillance Program," or TSP. Under the program, the NSA monitored, without obtaining warrants, telephone calls and e-mails between the United States and overseas if the government determined that one of the parties was linked to al-Qaeda or other terrorist groups.

Attorney General Alberto R. Gonzales announced last week that the government was terminating the program and that eavesdropping will be overseen by a secret 11-member court that administers the law governing clandestine spying in the United States, known as the Foreign Intelligence Surveillance Act, or FISA.

The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed.

"Plaintiffs' challenge to the TSP is now moot," the government said in its filing yesterday. "The surveillance activity they challenge . . . does not exist. And the specific relief they sought and were awarded -- injunction of the TSP -- cannot redress any claimed injury because no electronic surveillance is being conducted under the TSP."

Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. "This is not an instance of 'voluntary cessation' of allegedly unlawful activity," the government lawyers wrote. "The government has not ceased surveillance -- instead, the facts and legal authorities have changed."

But Ann Beeson, the ACLU's associate legal director, said that argument is "not plausible." She added that previous court rulings made it clear that the government cannot escape a legal judgment merely by voluntarily halting its illegal activity.

"The FISA court didn't reach out on its own to do something; the government asked it to do something," Beeson said. "And absent a ruling, they are free to return to their illegal conduct again."

The new lines of argument in the ACLU case come less than a week before a hearing scheduled for next Wednesday in Cincinnati where both sides are set to offer oral arguments.

Most of the details of the new spying arrangement are considered classified by the Bush administration, including a set of orders issued by a FISA judge on Jan. 10 that authorizes the eavesdropping. As a result, the precise outlines of and legal justifications for the monitoring remain unclear.

The government signaled in its filing that it would oppose a public release of the orders, saying that "the longstanding practice is that FISA Court orders remain classified and not subject to public dissemination." Senate Judiciary Committee leaders have asked to see copies of the orders but have, so far, been rebuffed.

Secrecy Is At Issue In Suits Opposing Domestic Spying (NYT)

By Adam Liptak

The New York Times, January 26, 2007

The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies.

Judges have even been instructed to use computers provided by the Justice Department to compose their decisions.

But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union.

Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege.

Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials.

In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves.

At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records.

In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices.

"The documents reviewed by the court have not been altered and will not be altered," Ms. Kennedy wrote, and they "will be preserved securely as part of the record of this case."

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Some cases challenging the program, which monitored international communications of people in the United States without court approval, have also involved atypical maneuvering. Soon after one suit challenging the program was filed last year in Oregon, Justice Department lawyers threatened to seize an exhibit from the court file.

This month, in the same case, the department sought to inspect and delete files from the computers on which lawyers for the plaintiffs had prepared their legal filings.

The tactics, said a lawyer in the Oregon case, Jon B. Eisenberg, prompted him to conduct unusual research.

"Sometime during all of this," Mr. Eisenberg said, "I went on Amazon and ordered a copy of Kafka's 'The Trial,' because I needed a refresher course in bizarre legal procedures."

A federal district judge in the case, Garr M. King, invoked another book after a government lawyer refused to disclose whether he had a certain security clearance, saying information about the clearance was itself classified.

"Frankly, your response," Judge King said, "is kind of an Alice in Wonderland response."

Questions about the secret filings may figure in the first appellate argument in the challenges, before the Sixth Circuit, in Cincinnati, on Wednesday. The three judges who will hear the appeal met with lawyers for the Justice Department and the American Civil Liberties Union on Jan. 8 in a judge's chambers in Memphis.

"The court raised questions about the procedures the government had used to file classified submissions in the case and the propriety and integrity of those procedures," said Ms. Beeson, associate legal director of the A.C.L.U., which represents the plaintiffs in the appeal.

"They were also concerned about the independence of the judiciary," given that "the Justice Department retains custody and total control over the court filings." Ms. Beeson said.

Nancy S. Marder, a law professor at the Chicago-Kent College of Law and an authority on secrecy in litigation, said the tactics were really extreme and deeply, deeply troubling.

"These are the basics that we take for granted in our court system," Professor Marder said. "You have two parties. You exchange documents. The documents you've seen don't disappear."

A spokesman for the Justice Department, Dean Boyd, said employees involved in storing the classified documents were independent of the litigators and provided "neutral assistance" to courts in handling sensitive information. The documents, Mr. Boyd said, are "stored securely and without alteration."

The appellate argument in Cincinnati will almost certainly also concern the effects of the administration announcement last week that it would submit the program to a secret court, ending its eavesdropping without warrants.

In a brief filed on Thursday, the government said the move made the case against the program moot.

Ms. Beeson of the A.C.L.U. said the government was wrong.

At least one case, the one in Oregon, is probably not moot. It goes beyond the other cases in seeking damages from the government, because the plaintiffs say they have seen proof that they were wiretapped without a warrant.

In August 2004, the Treasury Department's Office of Foreign Assets Control, which was investigating an Oregon charity, al-Haramain Islamic Foundation, inadvertently provided a copy of a classified document to a foundation lawyer, Lynne Bernabei.

That document indicated, according to court filings, that the government monitored communications between officers of the charity and two of its lawyers without a warrant in spring 2004.

"If I gave you this document today and you put it on the front page of The New York Times, it would not threaten national security," Mr. Eisenberg, a lawyer for the foundation, said. "There is only one thing about it that's explosive, and that's the fact that our clients were wiretapped."

Ms. Bernabei circulated the document to two directors of the charity, at least one of them in Saudi Arabia, and to three other lawyers. She discussed them with two more lawyers. A reporter for The Washington Post, David B. Ottaway, also reviewed the document.

The full significance of the document was apparently not clear to any recipient, more than a year before The New York Times disclosed the existence of the N.S.A. program in December 2005.

The F.B.I. learned of the disclosure almost immediately in August 2004, Judge King said at a court hearing last year, but made no effort to retrieve copies of the document for about six weeks.

When it did, everyone it asked apparently returned all copies of the document. In a statement reported in The Post in March, for instance, Mr. Ottaway said he the F.B.I. had told him that the document had "highly sensitive national security information."

"I returned it after consulting with Washington Post editors and lawyers, and concluding that it was not relevant to what I was working on at the time," Mr. Ottaway said.

In a sworn statement in June, a lawyer who had the document, Asim Ghafoor, said the bureau took custody of his laptop computer "in order that the document might be 'scrubbed' from it."

The computer was returned weeks later.

In February 2006, the charity and the two lawyers who say they were wiretapped sued to stop the program, requesting financial damages. They attached a copy of the classified document, filing it under seal. They have not said how they came to have a copy.

Three weeks later, the lawyers for the foundation received a call from two Justice Department lawyers. The classified document "had not been properly secured," the lawyers said, according to a letter from the plaintiffs' lawyers to the judge.

As Mr. Eisenberg recalled it, the government lawyers said, "The F.B.I. is on its way to the courthouse to take possession of the document from the judge."

But Judge King, at a hurriedly convened hearing, would not yield it, and asked, "What if I say I will not deliver it to the F.B.I.?"

A Justice Department lawyer, Anthony J. Coppolino, gave a measured response, saying: "Your Honor, we obviously don't want to have any kind of a confrontation with you. But it has to be secured in a proper fashion."

The document was ultimately deposited in a "secure compartmented information facility" at the bureau office in Portland.

In the meantime, copies of the document appear to have been sent abroad, and the government concedes that it has made no efforts to contact people overseas who it suspects have them.

"It's probably gone many, many places," Judge King said of the document at the August hearing. "Who is it secret from?"

A Justice Department lawyer, Andrew H. Tannenbaum, replied, "It's secret from anyone who has not seen it."

He added, "The document must be completely removed from the case, and plaintiffs are not allowed to rely on it to prove their claims."

Judge King wondered aloud about the implications of that position, saying, "There is nothing in the law that requires them to purge their memory."

Mr. Eisenberg, in an interview, said that was precisely the government position. "They claim they own the portions of our brains that remember anything," he said.

In a decision in September, Judge King ruled that the plaintiffs were not entitled to review the document again but could rely on their recollections of it. In October, they filed a motion for summary judgment, a routine step in many civil litigations. In a sealed filing, they described the classified document.

Government lawyers sent Judge King a letter saying the plaintiffs had "mishandled information contained in the classified document" by, among other actions, preparing filings on their own computers.

In a telephone conference on Nov. 1, Judge King appeared unpersuaded. "My problem with your statement," he told Mr. Tannenbaum, "is that you assume you are absolutely correct in everything you are stating, and I am not sure that you are."

Mr. Boyd of the Justice Department said the government "continues to explore with counsel ways in which the classified information may be properly protected without any intrusion on the attorney-client privilege."

Terrorism Jury Suffering 'Mental Fatigue,' Cuts Work Hours (AP)

By Mike Robinson

AP, January 26, 2007

CHICAGO - Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours.

"We have taken very few breaks," the jurors said in a note to U.S. District Judge Amy J. St. Eve who is presiding at the trial, described when the indictment was made public as a step in the war on terrorism.

Jurors said in the note that they are suffering from "mental fatigue."

Former Chicago grocer Muhammad Salah, 53, and Abdelhaleem Ashqar, 48, a former assistant business professor at Washington's Howard University, are charged with racketeering conspiracy and other offenses.

They are accused among other things of funneling thousands of dollars through American bank accounts to Hamas terrorists on the West Bank and the Gaza strip seeking to topple the government of Israel.

Both men say any money they furnished was destined for such purposes as clinics and day-care centers. Hamas is blamed for a number of murders, bombings and kidnappings. But the group also operates various charities and holds a 60 percent majority in the Palestinian legislative council.

Jurors heard three months of testimony in the case and have deliberated on the evidence for nine days.

In their note, they told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one.

Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m.

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When lunch was delivered to the jury room around noon on Thursday, the laughter and chatter that came through the open door was relaxed and friendly sounding.

Correct This Wrong (MH)

The Miami Herald, January 26, 2007

The best thing to do when you make a mistake is to admit the error, apologize for the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar.

Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured.

All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria.

Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong.

No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. "This practice is abhorrent and stains America's reputation as a defender and protector of human rights," said Sen. Patrick Leahy, D-Vt., who is chair of the Senate Judiciary Committee. Sen. Leahy is right. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do.

HOMELAND RESPONSE:

FBI Reaches Out To Local Muslims (KINGDM)

By Aaron Royster, Miner Staff Writer

Kingman (AZ) Daily Miner, January 26, 2007

Special Agent John E. Lewis, who overseas all FBI operations in Arizona, talks with Muslim community members regarding their concerns while visiting the Kingman mosque, Masjid-E-Ibrahim, Tuesday night. Photo: AARON ROYSTER/Miner KINGMAN - Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night.

Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups.

"We highly appreciate their efforts," Farooqi said. "Now the distance (between communication) is reduced."

Farooqi said he felt the night went well. He invited Lewis and two accompanying agents to share a meal with Muslim community members.

The evening began with Farooqi providing an explanation of Islam and the beliefs of its members. He said the Islamic faith is based upon a total submission to God and establishing a means of peace on earth.

"Islam is the religion of peace," Farooqi said. "Muslims are the people of peace."

Lewis followed Farooqi, explaining the FBI to the more than 20 community leaders present to help dispel misconceptions about his organization.

Lewis and Farooqi had met at the Phoenix FBI office in December, which led to the visit by Lewis.

Lewis explained the different focuses of the FBI: counter-terrorism, counter-intelligence, cyber-crime, public corruption, violent crimes, white-collar crimes, organized crime and drug trafficking.

He said counter-terrorism is the current No. 1 priority of the FBI, but white-collar crime was the No. 1 priority before 9/11.

Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI.

"It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience," Lewis said. "We're not in business, unfortunately, to deliver good news to you."

Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders.

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Lewis added he has received complaints in the past from citizens who felt scared or mistreated following interactions with his office. But with that stark reality, he presented some hope for the future.

"The only way that we're going to correct the way we are today is ... time," Lewis said. "We got to push forward in time and get past this."

Lewis said he felt when he started over 30 years ago with the FBI that the open forum and discussion with community members wouldn't have happened. He said that one purpose of the outreach to the community by the FBI is to make it easier for community members to get involved with the FBI.

"We cannot do our job effectively if we believe we can do it alone," Lewis said.

Is The Gulf Coast Not Part Of Our Union? (USAT)

USA Today, January 26, 2007

President Bush's State of the Union address Tuesday included few surprises. He opened up with domestic policy and was predictably myopic about our quagmire in Iraq, seemingly immune to the pressure coming from both parties to get out of the ill-advised war. The president gets points for talking about immigration policy and for putting new ideas for health care reform on the table. But how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention?

To be sure, the federal government has set aside billions of dollars for the region's recovery. But 15 months after Hurricane Katrina hit the Gulf Coast and the levees broke in New Orleans, tens of thousands of people still are displaced.

Some people are desperately trying to get home, but Louisiana Gov. Kathleen Blanco's "Road Home" program has been paved with good intentions and poor delivery — just a fraction of the thousands who have applied for relief have received it. Habitable housing is being torn down to make way for "mixed-use" housing, and no provisions have been made for the poor who used to live in those projects. Children are being turned away from schools because there are too few to accommodate them. Citizens want to "stop the violence," but the social infrastructure to deter crime is essentially nonexistent.

Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens. A more sensitive president might acknowledge the pain that people still feel, but then again, this is a president whose mother observed that the Houston Astrodome, where people fled, was "working very well for them."

After the levees broke, wealthy New Orleaneans openly said that the city's footprint needed to shrink and that it should look different demographically, geographically and politically. At least one member of Congress said Katrina had done what public policy could not do. And Loyola Law School professor Bill Quigley, who is litigating on behalf of New Orleans' poor, has said recovery policies have been so biased that "you might as well put up a sign that says, 'Poor people, do not enter.' "

How could President Bush say that the state of our union is "good" when New Orleans has not yet recovered? If we can attempt to rebuild Baghdad but not New Orleans, what does that say about this country? And if Bush can spend so much of his address talking about Iraq, while Katrina recovery doesn't merit a mention, what does this say about his priorities?

Julianne Malveaux is an economist and author.

No Words For The Gulf (WP)

By Eugene Robinson

The Washington Post, January 26, 2007

More infuriating than anything George W. Bush said in his State of the Union address was what he didn't say. Congress and the nation heard nothing, zilch, nada, not a single, solitary word about New Orleans, the Gulf Coast and the devastation that remains from the worst natural disaster in United States history.

A disaster that happened on his watch. How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, "Brownie, you're doing a heck of a job." Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting.

They can't forget that, days after Hurricane Katrina made its tragic landfall, President Bush stood in New Orleans's historic Jackson Square, while most of the city still lay beneath brackish floodwaters, and said that nature's trials "remind us that we're tied together in this life, in this nation -- and that the despair of any touches us all."

Must have been a very light touch.

That night, Bush promised that "we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities." He vowed that "this great city will rise again." Then, as usual, he acted as if saying something were enough to make it true.

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Bush said there was "no way to imagine America without New Orleans." No imagination is needed -- the New Orleans that we knew before the flood no longer exists. The remnant of a city that survives between the Mississippi River and Lake Pontchartrain has less than half the population of the New Orleans we used to know. Vast neighborhoods are full of houses abandoned to mold and decay.

Hundreds of thousands of residents still have no way to come home -- or no homes to return to. Vicious hoodlums have returned, however, and are preying on the diehards who never left and the pioneers who are doing their best to help the city rebuild. Yes, Brad Pitt and Angelina Jolie have just bought a house in New Orleans and say they will make the city their home. But they're likely to have better security than their neighbors.

New Orleans was doomed not just by Hurricane Katrina but by the failure of levees and flood walls that should have provided ample protection. The Army Corps of Engineers has worked day and night to patch the flood control system, and if a Katrina hit again tomorrow, most of the city should stay dry. But if a similar hurricane hit from a different angle -- or, heaven forbid, a stronger hurricane hit from any angle -- what's left of New Orleans would probably be destroyed.

The man who inspired Bush's immortal "Brownie" remark, Michael Brown, will go down in history as the Federal Emergency Management Agency director who botched the federal response to Katrina. But he intends to take others in the White House down with him. Last week, speaking to a group of graduate students, Brown claimed that he recommended that the White House assert federal control of the disaster response in the whole affected area.

"Certain people in the White House," Brown said, wanted to "federalize" the response in Louisiana to embarrass Gov. Kathleen Babineaux Blanco, a Democrat, but avoid taking any steps in Mississippi that would cast Gov. Haley Barbour, a Republican, in an unfavorable light. Brown did not name the White House officials who were behind these alleged machinations; a White House spokesman denied his claims.

I'm about as cynical as anyone about George W. Bush and his administration, but what I mostly saw in the days after Katrina was incompetence, not political gamesmanship. The scale of the disaster was almost unimaginable, and even if the federal government had done its job, lives would have been lost and the Gulf Coast left in ruins.

What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. The logjam of insurance claims, construction permits, flood maps and levee projects keeps things from moving forward; businesses can't function without workers, and workers can't come home if they have no place to live.

What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?

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WAR NEWS:

Republican Senators May Offer Alternative Iraq Resolutions (LAT)

By Noam N. Levey

The Los Angeles Times, January 26, 2007

Scrambling to head off a potentially embarrassing congressional rebuke for President Bush's troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific "benchmarks" to the White House plan.

Sen. John McCain (R-Ariz.), who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged.

And Sen. John Cornyn (R-Texas), one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution.

"It says we need to give it a chance," Cornyn said, echoing the president's State of the Union plea to lawmakers Tuesday to give his plan "a chance to work." "We owe it to our servicemen and servicewomen to say what we're for, not just what we're against."

The legislative maneuvering comes after a rough two weeks for GOP lawmakers, who have been struggling to respond to Bush's deeply unpopular proposal to increase the number of U.S. troops in Iraq by 21,500 in the coming months.

If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq.

Six Republican senators have already expressed support for one of two resolutions that explicitly criticize the Bush plan, bringing Senate Democrats close to the GOP support needed to override any filibuster.

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The first, more critical of the resolutions — sponsored by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.), Carl Levin (D-Mich.) and Olympia J. Snowe (R-Maine) — was approved by the Senate Foreign Relations Committee Wednesday and sent to the Senate floor.

The second — put together by Sens. John W. Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine) — has the support of seven other senators, including two Republicans.

The White House has been working hard to derail both of the resolutions, which — although nonbinding — would mark the first time Congress has challenged Bush's leadership of the 4-year-old war.

"What they really want to come out of this is no resolution," said Sen. Trent Lott of Mississippi, the No. 2 Republican leader in the Senate.

Cornyn said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan.

Cornyn's and McCain's comments come days after House Republican leaders proposed their own measure to establish benchmarks, which they challenged Democrats to support.

"The new majority has two choices," House Minority Leader John A. Boehner (R-Ohio) said Monday. "They can either try to stop the president's new strategy and block funding for our troops, or they can join us in aggressively holding the Bush administration and the Iraqi government accountable for achieving success."

But Democrats — buoyed by public disapproval of the president and his Iraq plan — are pushing ahead with their plans to take on the White House.

Thursday, Sen. Richard J. Durbin (D-Ill.) took to the floor of the Senate to accuse Vice President Dick Cheney of being "out of touch with reality" for telling CNN that the administration has had "enormous successes in Iraq."

McCain Suggests Iraqi Government Meet Benchmarks (MERCN/MCT)

By Margaret Talev

The San Jose Mercury News, January 26, 2007

McClatchy Newspapers

(MCT)

WASHINGTON - Sen. John McCain, R-Ariz., one of the most stalwart supporters of the war in Iraq, said Thursday that he might propose that the Iraqi government meet certain benchmarks for the United States to continue its engagement.

Fellow senators and independent political scientists said McCain's thinking reflected growing concerns within the Republican Party about the course of the war, and also might mark a turning point for the likely 2008 presidential contender, whose previous unconditional backing of the war may have hurt his prospects.

McCain said Thursday that he hadn't yet decided on precise benchmarks. "They'd have to be specific and they (the Iraqi government) would have to meet them."

Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options."

Senate Minority Whip Trent Lott, R-Miss., a McCain ally, said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress.

"Everybody wants the situation to change. Everybody wants to lay down some markers," Lott said. "We need to see some results here. A lot of people would like to be on record on something or for something."

Andrew E. Smith, a political science professor and the director of the University of New Hampshire Survey Center, said: "I think it certainly could be politically significant." New Hampshire will hold the first presidential primary of the 2008 cycle.

"This seems to me like he's trimming his sails a little on the issue," Smith said, adding: "He has a lot of company with this. He's not out on a limb. I think there is probably a deep sense of frustration among Republicans."

McCain in no way is withdrawing his backing for the war or President Bush's plan to add 21,500 troops. It was unclear what consequences or timetables McCain would spell out or whether he believes that Congress has the authority to enforce them.

Still, several Senate Democrats who oppose the troop buildup and also may seek the presidency said they were struck by McCain's comments.

"We Catholics call that an epiphany," said Senate Foreign Relations Chairman Joseph Biden, D-Del., who's sponsoring the main Democratic resolution opposing the troop buildup.

Sen. Barack Obama, D-Ill., said, "I called for that . . . several weeks ago. I'm glad that John McCain agrees with me.

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"He's somebody who has enormous influence with the White House. He's been one of the key champions of this escalation of troops," Obama said, "and I think the fact that he recognizes the potential lack of follow-through on the part of the Maliki government, I think that's good."

Congress is preparing to debate up to a dozen proposals addressing Bush's plan to increase U.S. troops in Iraq. Voting could begin as soon as next week. Senate Democrats are working with a group of moderate Republicans to seek compromise language opposing the buildup. McCain isn't among them. He's long advocated that more troops are needed.

Sen. Norm Coleman, R-Minn., said lawmakers on all sides of the war issue were weighing whether to set performance benchmarks for Iraq's government. "Maybe that's a way to bring some of these things together," Coleman said, referring to the various resolutions before Congress.

GOP Senators Wrestle With Iraq War Resolution (WP)

By Jonathan Weisman

The Washington Post, January 26, 2007

Senate Republicans, scrambling to head off GOP defections to a resolution opposing President Bush's war policy, are considering their own resolution demanding benchmarks to measure progress in Iraq and possibly a new diplomatic effort to end the war, senators said yesterday.

Senators from both parties began preparing for a showdown with President Bush over his plan to increase troop levels in Iraq, although that showdown may be pushed back to the week of Feb. 5. Two rival camps opposed to the additional troop deployments continued to dicker over the wording of a resolution expressing the Senate's opposition, while GOP leaders and White House loyalists plotted a response.

Minority Whip Trent Lott (Miss.) conceded that his party's leadership could not head off a vote, as the White House wants. But GOP leaders will try to force a vote on a resolution that they hope will satisfy Republicans who are leery of the president's approach but are reluctant to oppose him.

"What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress," said Sen. George V. Voinovich (R-Ohio), who has expressed deep concern with the Bush policy but voted against a Foreign Relations Committee resolution of opposition Wednesday.

Democrats said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.).

Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and his resolution's co-author, Sen. Chuck Hagel (R-Neb.), requested a meeting with Warner and his supporters to try to negotiate a single resolution that could attract broad bipartisan support. Last night Warner rebuffed those overtures, saying that he will introduce his resolution on the floor as it is written and that any amendments will have to be made during open debate.

The two resolutions come to similar conclusions, opposing the introduction of an additional 21,500 troops, calling for more diplomacy and a regional peace effort, and demanding that U.S. troops be deployed away from urban sectarian hotbeds to guard Iraq's borders, hunt down terrorists and train Iraqi security forces.

But Warner's version starts with deferential language accepting Bush's constitutional powers as commander in chief, leaves rhetorical room for some additional troop deployments and treats the fight with Sunni extremists in Anbar province as a matter separate from the sectarian violence in Baghdad.

While the lawmakers negotiate, antiwar groups are launching a public relations blitz to sway Congress. A march on Washington is planned for the weekend. And a coalition of labor unions, liberal activists and Iraq war veterans, called Americans Against Escalation in Iraq, will barnstorm through Minnesota, Indiana, Ohio, Maine, New Hampshire, Pennsylvania and Virginia next week to pressure wavering Republican senators.

In each state, television advertising will show six ex-soldiers intoning: "When it comes to Iraq, America is divided. On the one hand, you've got two-thirds of the American people, a bipartisan majority in Congress, the Iraq Study Group and veterans like us, all opposed to the escalation."

Then, one of the veterans, who is missing an arm, concludes: "On the other hand, there's George Bush, who supports escalation. If you support escalation, you don't support the troops."

No Compromise Seen On Iraq Resolutions (AP)

By Anne Flaherty

AP, January 26, 2007

DOJ_NMG_0122413

The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week.

Sen. John Warner, R-Va., former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq. His comments _ along with the emergence of other resolutions the Senate might consider _ underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it.

Warner's decision bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive.

His decision to avoid bargaining also decreases the odds that a single resolution would emerge that would garner a strong, bipartisan vote reproaching Bush's plan, which the White House hopes to avoid.

Warner's resolution would put the Senate on record as opposing Bush's decision to send 21,500 more troops to Iraq. It leaves open the possibility that a small number of forces could be sent to the western Anbar Province, where al-Qaida members are believed to be operating.

The nonbinding measure is less critical than one approved Wednesday in a 12-9 vote by the Senate Foreign Relations Committee. That resolution _ introduced by Sens. Joseph Biden, D-Del., Carl Levin, D-Mich., and Chuck Hagel, R-Neb. _ states flatly that sending more troops into Iraq is "not in the national interest."

Any agreement on the two resolutions "should occur as a consequence of the will of the Senate, working in 'open' session," Warner wrote in a letter to Biden and other co-sponsors of the Democratic-driven resolution.

A full Senate vote could come as early as the week of Feb. 5, with debate beginning next week. The House is expected to follow with a vote on a similar measure.

Amid the maneuvering, House Speaker Nancy Pelosi, D-Calif., and Rep. John Murtha, D-Pa., led House members on a fact-finding trip to Iraq. And other Democrats attacked Vice President Dick Cheney for comments in a CNN interview Wednesday defending administration policy in Iraq.

"To have Vice President Cheney suggest that we have had a series of enormous successes in Iraq is delusional," said Sen. Dick Durbin, D-Ill.

As the Democratic-led Senate steams toward a vote on Iraq, Republicans crafted their own proposals in hopes of staving off GOP defections. Sens. John Cornyn, R-Texas, and Jon Kyl, R-Ariz., drafted separate resolutions that would voice support for the administration's Iraq policies.

Sen. John McCain, R-Ariz., said he is interested in drafting a resolution that would establish benchmarks by which the U.S. could measure the effectiveness of the troop increase.

Republican leaders, however, were unlikely to try to corral members behind a single position. Also, any agreement probably would look unfavorable for the White House because so many members have grown tired of the nearly four-year war.

David Satterfield, the State Department's senior adviser on Iraq, told a Senate panel Thursday that the increased security afforded by extra troops will make it easier to oversee rebuilding efforts in Iraq.

"We know there are no silver bullets, no guarantees regarding the question of Iraq. ... But the situation now in Iraq, and the stakes for the United States, the region and the international community, are extraordinary," Satterfield said.

Members of the Senate Foreign Relations Committee responded that they were wary of pouring more money into rebuilding without a political settlement and improved security.

"I want you to know that I am not inclined to support any additional funding in this area without strong assurances that this sort of mismanagement has been alleviated," said Sen. Jim Webb, D-Va.

White House chief of staff Joshua Bolten said in an interview Thursday with National Public Radio that the administration does not expect Congress to cut the purse strings for the war. But he said the administration has some concern that the ill will that U.S. policy in Iraq has generated on Capitol Hill could hamper the ability for lawmakers to work with the White House on other issues.

"To some degree there will inevitably be some hangover of that issue into other areas, but that doesn't mean we shouldn't do the people's business," Bolten said.

US Senators Feel Weight Of Iraq Vote (CSM)

By Gail Russell Chaddock
The Christian Science Monitor, January 26, 2007
WASHINGTON

DOJ_NMG_0122414

Back in 1971, Vietnam veteran John Kerry gave a face to the antiwar movement with a single question in televised testimony before the Senate Foreign Relations Committee: "How do you ask a man to be the last man to die for a mistake?"

This week, Senator Kerry reprised the argument before the same panel: "How many of you here at this table believe what's happening [in Iraq] is a mistake today?" he asked, as the Foreign Relations Committee took the first congressional step opposing the strategy in Iraq since lawmakers authorized the use of force in 2002.

In the end, 12 senators – all the Democrats on the panel plus one Republican, Sen. Chuck Hagel of Nebraska – backed a non-binding resolution opposing President Bush's "new way forward" in Iraq. The vote came 16 hours after Mr. Bush appealed to lawmakers, in his State of the Union address, to give his plan to add 21,500 US troops to the forces fighting in Iraq "a chance to work."

As the resolution moves to the full Senate next week, it's clear that deep disagreements exist within each party over how best to express doubts about the Iraq war. The result is a vivid – and very public – grappling over the terms of their disagreement.

At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote.

Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way.

"The president is deeply invested in this plan, and the deployments opposed by the resolution have already begun," warned Sen. Richard Lugar (R) of Indiana, the committee's ranking Republican, before the vote on Wednesday. "This resolution will increase the divide between the executive and legislative branches that is already unacceptably wide," he added, cautioning his colleagues not to give in to frustration with a White House that has not listened to the Congress in the past.

Those concerns are at the center of intense negotiations, as senators grapple with how to find words that will bring enough Republicans on board to get the attention of the White House, but not send a message of defeat to the troops.

The White House and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq.

"The goal is to try to salvage this thing and not send additional troops over with a message of disapproval from the Congress," says Sen. John McCain (R) of Arizona, who supports the president on sending more troops to Iraq.

In a first move toward achieving a bipartisan consensus, the resolution's supporters agreed to drop any reference to the president's "escalating" the war in Iraq. For many Republicans, it's a loaded term that both recalls the Vietnam quagmire and appears to give Congress a claim to "micromanage" the commander in chief. Sens. Joseph Biden (D) of Delaware, Carl Levin (D) of Michigan, Olympia Snowe (R) of Maine, and Hagel, cosponsors of the resolution, agreed to drop it.

"We can't have 535 commanders in chief, and if you think the US is doomed to fail, please remember that the enemy is listening," says Sen. Lindsey Graham (R) of South Carolina, a member of the Senate Armed Services Committee, who opposes the resolution.

In a sharp disagreement with Kerry, Sen. Jim Webb (D) of Virginia cautioned colleagues to avoid comparisons between the Iraq war and the Vietnam War. "We're losing the support of a lot of people who supported the Vietnam War and who have problems with this [war in Iraq] if we try to lump [them] together," he said.

In the Vietnam era, senators also struggled to maintain a distinction between opposing Vietnam War policy and opposing the US forces fighting it.

"The dean of the antiwar resolutions in Vietnam, [Idaho's Democratic] Sen. Frank Church, was constantly trying to make this distinction," says Julian Zelizer, a congressional historian at Boston University. In the congressional debate over the Iraq war, "there's a very similar rhetorical strategy now to that period," he adds.

In the next few days, sponsors of a second resolution opposing the new White House strategy on the war – especially the involvement of US forces in combating sectarian violence – will be trying to line up backers. "Our resolution does not provide a reduction of the US forces now or provide a timetable, but it calls on the president to consider all options," specifically along the lines of the Iraq Study Group recommendations, says Sen. John Warner (R) of Virginia, the top Republican on the Armed Services Committee.

After the vote of the Foreign Relations Committee, backers of the alternative resolution – Senator Warner and cosponsors Susan Collins (R) of Maine, Norm Coleman (R) of Minnesota, and Ben Nelson (D) of Nebraska – said they had five other Democratic cosponsors for it. Both resolutions could come to the floor as early as next Wednesday.

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Some criticize the resolutions as soft-pedaling. "This is not a time for legislative nuancing," said Sen. Russ Feingold (D) of Wisconsin Wednesday. "This is a time to stop the needless deaths of American troops in Iraq."

Brownback Could Back Rival Resolution Against Troop Increase (MERCN)

By Sam Hananel

The San Jose Mercury News, January 26, 2007

WASHINGTON - Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language.

Brownback, among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive.

"I think what we ought to be discussing now as these resolutions move forward is what we should support, not what we're opposed to, and what we can pull together on, not what we're divided on," Brownback said during a conference call with reporters.

The Senate panel on Wednesday passed a resolution that rejects Bush's plans to send 21,500 more troops to Iraq as "not in the national interest." The vote on the nonbinding measure was largely along party lines, though Sen. Chuck Hagel, R-Neb., joined Democrats in offering his support.

Brownback, who is running for the 2008 GOP presidential nomination, said he prefers a milder resolution drafted by Sen. John Warner, R-Va., that leaves open the possibility of Bush sending in a much smaller number of troops.

"I believe we've got to get to a political solution. We cannot impose a military solution," Brownback said. "I also believe we have to be united here to win over there. You can't have a war with one party supporting it and one party opposing it."

Several GOP Senators, including Susan Collins, R-Maine, Norm Coleman, R-Minn., and Ben Nelson, D-Neb., have backed Warner's resolution and other Republicans, like Brownback, say they might be willing to sign on as well.

Despite his opposition to the resolution, Brownback he remains against the idea of sending more troops to Iraq.

"The Iraqis need to do the patrolling in Iraq and we should be fighting terrorists and not becoming targets for terrorists," Brownback said. "I think sending more troops delays some of those requirements that we need to have."

Asked if he would vote against funding an increase in troops, Brownback said, "I'm not at that point."

He has called on the Bush administration to step up diplomatic efforts to quell the violence in Iraq. Ultimately, Brownback said he expects to see a "three-state, one country solution" for Iraq, where the nation is divided into Sunni, Shiite and Kurdish regions, with Baghdad as a federal city.

Pataki Breaks Ranks, Opposes Iraq Troop Proposal (AP)

By Mark Humbert,

AP, January 26, 2007

ALBANY - Former New York Gov. George Pataki, breaking ranks with President Bush and the front-runners for the 2008 Republican presidential nomination, says he opposes the president's plan to send more than 20,000 additional American troops to Iraq.

Pataki's position, at odds with the support offered Bush by Sen. John McCain, former New York City Mayor Rudolph Giuliani and former Massachusetts Gov. Mitt Romney, was made public Thursday as aides released excerpts of a speech the former governor was to deliver Friday at Georgetown University.

"A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq," said Pataki, who is eyeing a run for the 2008 nomination. "And I share the doubt of many that 20,000 additional troops alone will assure a successful democracy."

"Sending more American troops into Baghdad is unnecessary to achieve the core victory over al-Qaida in Iraq," he added. "A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki, whose eldest son is a Marine facing possible deployment to Iraq, said "before the United States government puts more troops in harm's way in Baghdad we must have confidence that the Maliki government will be an active partner in this effort."

Pataki spokesman David Catalfamo said the former governor wasn't ruling out possible future support for the Bush-backed initiative, but only if the Iraqi government proved it was getting control of the country and taking on more of the responsibility for security there.

"We must detail to the Iraqi government the terms under which we will continue to prop up its weak and struggling institutions," said Pataki. "If they want Americans to continue to die in defense of their government, if they want Americans to

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continue to pour tens of billions of dollars into their people's schools, services, and security, we can and must first demand action on their part."

While Pataki's comments appeared as a sharp departure from his past support of Bush on the Iraq war, the former governor began expressing reservations about the U.S.-Iraq policy after a November trip to the war zone when he said the Iraq government "is not delivering the security or the services that the people of Iraq need. That has to change and that has to change quickly."

The remarks released Thursday make it clear Pataki believes that had not happened.

"An oppressive majority can ignore the rule of law or use the power of government to deny opposition groups basic human rights," he said. "Unconstrained majorities can act in the interest of good or evil, or simply choose not to react to the evil of others. To a large extent, that has happened in Iraq."

Catalfamo said he did not expect Pataki to use the speech to announce his intentions about running for president. Pataki chose not to seek re-election last year after three terms as governor. National polls have shown Pataki trailing far behind McCain, Giuliani and Romney.

Feingold Pushes Plan To Cut Off War Funds (POL)

By John Bresnahan

The Politico, January 26, 2007

Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war.

Feingold, a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic.

Republicans "would like this debate to be as whether or not we are going to be cutting off money for the troops," Senate Majority Leader Harry Reid recently told The Politico. "The logical conclusion is that a lot of things can happen. But right now, the most important thing is to tell the president that what he has done with the escalation is wrong. And that's what we are doing, bi-partisanly."

Feingold, who chairs the Subcommittee on the Constitution, will question several witnesses, including a Library of Congress official and legal experts from Harvard, Duke, and the University of Virginia, on the issue. Senior Bush administration officials have publicly argued that Congress' has no such right, but Feingold plans to introduce legislation to force President Bush to American forces out of the troubled country.

"Congress holds the power of the purse and of the president continues to advance his failed Iraq policy, we have have the responsibility to use that power to safely redeploy our troops from Iraq," Feingold said in a statement released by his office on Thursday. "I will soon be introducing legislation to use the power of the purse to end what is clearly one of the greatest mistakes in the history of the nation's foreign policy."

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by kevinizon on 01.26.2007 at 12:33 AM

Well at least we can all have a dialogue about all this.

Interesting that everyone went crazy at Hotspur's comments, even tho they're entitled to an opinion.

Obviously some people have not been around the last 6 years when Bush said -- about every single thing -- we're doing it my way and thats that. He definitely feels that he's king, and that the lord speaks to him personally, and thats fine. But not everyone subscribes to this ideology, and now some ideas are being bandied out. Man, everyone gets real freaked out when ideas are bandied about! Remember ideas?

No one wants "failure" in Iraq -- another buzzword bandied about ridiculously. What these congresspeople are doing is to try to steer the course towards something that WILL work.

As a last resort, if we all check our news sites, is that we can blast everyone with the new 'heat ray' and they'll all scatter.

http://www.news24.com/News24/World/News/0,9294,2-10-1462_2059990,00.html

by menino on 01.26.2007 at 12:24 AM

I think its immaterial whether 70 or 7 percent are against the war. I think we should get out of Iraq. I imagine Bin Laden and al-Sadr feel the same way. Does that mean NOT getting out of Iraq is a better idea? No, it's worse. It's worse because it proven

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to be an endeavor that is not nearly worth the cost. I don't think we should have to sacrifice 3000 lives and tens of thousands maimed, AND almost 400 billion dollars....so that a country can have a democracy that did not develop organically withouth any lasting social or economic institutions held over from the previous regime. It doesn't matter that evil people want the same result that I do. No one will seriously doubt American power if we plan a stategic rereat (yes, RETREAT I have no problem with that word.)No one disputes America's unrivaled capability to execute a lightning fast, compeltely integrated (in terms of air, land, and sea), and surgically peformed invasion. No one will dispute that for a long time. The U.S is at least thirty years ahead of any country in terms of military capabilities. We have zero moral authority, it was exhausted with this fiasco. If we do pull out of Iraq, people will still think we can bomb the crap out of their country, and they'll think we can't occupy it, which is both true and something we shouldn't be doing anyway.

by ATLMerlinAF on 01.26.2007 at 12:09 AM

I think, instead of throwing personal attacks at the SENATOR (elected by his people), we need to consider the merit or lack of merit his proposition. The Senator is correct in his assertion that the Congress can allocate funding how it so chooses, especially as it pertains to the military [U.S. Constitution Article 1 Sections 7 and 8]. If we were to divulge into a Constitutional debate, there would be ?experts? for and against such an assertion but in the end, the Supreme Court will refuse to settle this dispute between the Executive and the Legislature, as it has done on no less than 3 occasions in the past. The core issue is: does this plan lack credibility, and I think it does. Why? Because by virtue of proposing this extreme to the President?s extreme of introducing more troops (humor me for a moment), the Congress is forced to fill in the gaps between the two extremes. At this juncture, the only true, enforceable alternative to President Bush?s plan is to withdraw funding but, I am almost certain that in order to avoid voting on a Fiengoldesque piece of legislation, members of Congress will be forced to develop more alternatives, which is a good thing. Who knows, maybe from the firestorm that will start because of the introduction of such a bill we may reach a happy medium and a true course in Iraq for the entire country to get on board with, which is, I think, how the framers would have envisioned such a quandary to play out. Ladies and gents, this is politics at its best. People are going say and do things that appease certain portions of the electorate so that they can maneuver themselves politically, especially as it pertains to their constituency. In politics, you can never take something at face value; as McNamara said about the Cuban Missile Crisis in the movie 13 days ?this is language to the likes of which the world has never seen. This is President Kennedy communicating [indirectly] to Premier Kruschev?. I would like to rephrase that as ?this is Cong

by dandy on 01.26.2007 at 12:06 AM

I hear a lot of comparasion of Iraq to WWII, but if we hadn't bombed everything and killed anything and everything the war would have lasted a lot longer. The insane and homo Hitler was one of our biggest allies and didn't even know it. He killed off so many of his brightest generals, tied their hands and wouldn't let the fight the way they needed to and couldn't properly supply them. If we hadn't been fighting their second stringers, replacement units and units recovering from the eastern front we might be speaking German or still fighting. Ever hear of the "Battle of the Bulge" again unable to supply his army. If we had to fight WWII the way were fighting in Iraq we would be speaking German. You cann't win a polically correct war in short order. And you cann't win with a bunch of cowardly "DEMOCRATS" running the show.

by Dexter on 01.26.2007 at 12:02 AM

If the same sort of polling technology that we have today were available in the late 1700s, we might still be British colonies. in the 1870s, the South might be their own nation.

The cold hard fact is that we are a Representative Republic. We are not a Democracy. The Founders were smart enough to realize that a Democracy is too unstable, in that the emotion of the public on any given day is too fluid. If the public on one day polled to got the troops out, and IF we were a democracy, then we might move the troops out. If on the next day we polled and found that the majority wanted the troops, do we move them back in?

The founders designed our government to be deliberate and slow to act. I government that can react quickly dissolves into a reactionary one, that gets nothing (or too much) done. The President is, by DESIGN, the sole Commander in Chief. The Founders wanted it this way, so that the people elect a person they trust to be the international REACTOR for the government for four years, who doesn't have to worry about the pulse of the Nation.

The Founders designed this Republic to operate as it is now. Who are we to argue with this design?

Dexter

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U.S. Is Neither Winning Nor Losing War In Iraq, Most Americans Say (WSJ)

The Wall Street Journal, January 26, 2007

A recent Harris poll finds 29% of Americans feel the U.S. is losing in Iraq, compared with 10% who feel the U.S. is winning and 52% who said the U.S. is neither winning nor losing.

The poll, which was conducted Jan. 11 to 18, after President Bush proposed increasing troops in Iraq but before his State of the Union address, shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent.

The online survey of 2,337 U.S. adults shows most Americans are also maintaining a negative outlook for the situation in Iraq: 61% said they aren't confident U.S. policies in Iraq will be successful, compared with 19% who have confidence in U.S. policies. Likewise, 55% say the situation for U.S. troops in Iraq is getting worse, compared with 13% who say it is getting better.

However, the poll indicates more Americans may be falling behind Mr. Bush's proposal to boost U.S. troops in Iraq: 27% of those polled said the U.S. should send more troops for a few months to stabilize the situation, up from 19% in November. Forty-four percent think a timetable should be set for the withdrawal of troops from Iraq, down from 51% in the previous poll, and 20% said the U.S. should withdraw all troops now.

When asked whether Mr. Bush appears to be listening to his generals on Iraq, 39% of respondents said they believe he is listening, but he isn't taking generals' advice and another 17% said he isn't listening to them at all; 19% think he is following their advice, while 25% aren't sure.

Here are full results of the poll: * * * "Overall, how would you rate the job President Bush has done in handling the issue of Iraq over the last several months?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "How confident are you that U.S. policies in Iraq will be successful?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Thinking about everything that has happened, do you think that taking military action against Iraq was the right or wrong thing to do?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you think that the situation for U.S. troops in Iraq is…?"

Base: All adults

Note: Percentages may not add up exactly to 100% due to rounding. * * * "Do you believe there is a civil war in Iraq now?

Base: All adults * * * "Which of the following possible scenarios would you like to see the US government undertake with regard to Iraq?"

Base: All adults * * * "Which of the following is closest to your opinion?"

Base: All adults * * * "Which one of the following statements about the situation in Iraq is closest to your opinion?"

Base: All adults * * * "Do you believe President Bush has been listening to his generals when it comes to the situation in Iraq?"

Base: All adults

Methodology:

Harris Interactive conducted this online survey in the U.S., Jan.. 11-18, 2007, among a nationwide cross section of 2,337 adults. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online. In theory, with probability samples of this size, one can say with 95% certainty that the overall results have a sampling error of +/- 3 percentage points of what they would be if the entire U.S. adult population had been polled with complete accuracy. This online sample is not a probability sample.

<hr/>About Harris Interactive

Harris Interactive is a world-wide market research and consulting firm, best known for The Harris Poll and its use of the Internet to conduct scientifically accurate market research. For more information, see www.harrisinteractive.com1. To become a participant in The Harris Poll Online and join future online surveys, see www.harrispollonline.com2.

Big Antiwar Rallies Set For L.A., D.C. And Other Cities Saturday (LAT)

By Adam Schreck And Valerie Reitman

The Los Angeles Times, January 26, 2007

WASHINGTON -- Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall.

Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war.

"The message will be 'Mr. President, bring our troops home,' " said Rep. Lynn Woolsey, D-Calif., one of several politicians, activists and actors scheduled to speak in Washington.

The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, one of the rally sponsors, is also scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins.

"We're predicting this will be one of the largest demonstrations since the war began," said Leslie Cagan, national coordinator for United for Peace and Justice, the umbrella group organizing the Washington protest.

About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil.

Sgt. Scott Booker of the U.S. Park Police said organizers had initially requested a permit for 50,000 people on the Mall, but Khalil said Thursday that organizers are now expecting numbers to reach into the hundreds of thousands. When asked if he thought the revised estimate was realistic, Booker said, "It's quite possible."

The protests come at a time when polls show public support for Bush's Iraq policy and for the war itself are at all-time lows. A Times/Bloomberg poll last week found that 62 percent of those surveyed said the war was not worth fighting, and only one-third approved of the president's handling of the war. Three out of five respondents said they disapproved of Bush's plan to send an additional 21,500 U.S. troops to Iraq, and about half said they wanted Congress to prevent the deployment.

Saturday's rally and march in Washington will be followed by a coordinated lobbying effort Monday to pressure lawmakers into supporting Senate and House resolutions against the deployment of additional troops to Iraq. Cagan said around 800 protesters are planning to speak with members of Congress.

Former Rep. Tom Andrews, D-Maine, national director of Win Without War, said the rally and appeal to lawmakers are part of the "most sophisticated and focused effort so far" against the war. Organizers are also calling on Congress to fully fund benefits for veterans and pay for reconstruction in Iraq.

"This is truly a movement," Andrews said. "We intend to step up and keep up pressure on Congress."

He added that plans by lawmakers to pass nonbinding resolutions against the war, such as one approved by the Senate Foreign Relations Committee on Wednesday, are not enough.

Schreck reported from Washington and Reitman from Los Angeles.

Antiwar Protesters Target Congress (CSM)

By Brad Knickerbocker

The Christian Science Monitor, January 26, 2007

When thousands of Iraq war protesters gather in Washington Saturday, their chants and amplified speeches are likely to be heard inside the secure grounds of the White House where the commander in chief has made his case for sending more troops into combat.

But the other end of Pennsylvania Avenue – the Capitol and the Democratic-led Congress – is where they most aim their message.

House Speaker Nancy Pelosi is the main political target. War protesters want something tougher than nonbinding resolutions opposing the "surge" in additional US forces. Some want hearings on the controversial basis for the war itself, perhaps leading to the impeachment of President Bush.

It's not just the nation's capital, where busloads of people from at least 30 states are headed to make their voices heard.

Around the country, lawmakers' district offices are feeling the heat as well through Quakers' peaceful "vigils" and the occasional act of civil disobedience. In one recent case, the Episcopal bishop of northern California was arrested for blocking the door of the federal office building in San Francisco. And marches and rallies are planned in other cities, including Orlando, Fla., Seattle, San Diego, and Newark, N.J.

Major organizations are working to ensure that events do not include fringe groups and speakers, such as anarchists or socialists. Until recently, "people on the far left got control of the agenda and it became marginalized, even though the sentiment in the country increasingly became antiwar," says one organizer, who wished to remain anonymous. These days, such events feature labor union members, environmentalists, and especially active duty military people, says this source.

Organizers of the Washington event are anticipating between 300,000 and 500,000 people. Among Americans, 70 percent opposed a troop surge, according to a recent AP-Ipsos poll.

Movement organizers are careful not to indicate anything other than strong support for the troops.

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"A big difference between the antiwar movement now and the one in Vietnam is that there has not been – even among the most radical of them – attacks on the troops themselves," says political scientist John Allen Williams of Loyola University Chicago. "That is absolutely crucial."

That's one reason Tim Kahlor of Temecula, Calif., will join protesters in Washington.

He turned against the war when he had to send his soldier son in Iraq proper body armor and night-vision equipment. "I got ticked off, and it snowballed," says Mr. Kahlor. "I started out as an upset parent trying to protect my son's unit and ended up spending hours every day writing letters and e-mails," he says, adding, "I'm just as ticked at the Democrats as the Republicans."

Nearly four years into the war, new antiwar recruits planning to travel to the rally in Washington include people like Judy Hess, who hasn't protested anything since she was in college during the Kent State shootings in 1970 when four Vietnam War protesters were killed by US National Guard troops.

"I was politically aware, politically interested, and always voted...." says Ms. Hess of Chula Vista, Calif. "But it was this war and how we got into it that really got me active."

Across the country, retiree Beverley Wiskow of Inverness, Fla., whose son-in-law has been serving in Iraq since July, will drive with three others to Washington for the protest rally and march.

"Congress clearly is not doing anything," she says. "The only hope for ending this is for the American people to say if you won't listen to us at the ballot box, perhaps you'll listen to us in the streets. I think our democracy is at stake."

Charlie Williams will leave his coffee shop in Daytona Beach, Fla., to drive north. "I think it's the moral thing to do, the right thing to do," he says. "I don't want my country getting involved in all this stuff."

These days, Phil Restino of Daytona Beach, Fla., has been spending most of his waking hours fielding calls from people in Florida and Georgia who are looking for rides to Washington or wanting to donate money.

"The phone has been ringing off the hook," says Mr. Restino, an Army veteran active with Veterans for Peace. "I haven't shaved in two days."

Eileen Fleming of Clermont, Fla., already has appointments with representatives of her two US Senators Mel Martinez (R) and Bill Nelson (D) in Washington. "We just have to hold [members of Congress] to the fire to do what we elected them to do, which is rise up and question this president, not just rubber-stamp everything."

Antiwar activities began earlier this week. A coalition of student, labor, church, and veterans' groups visited the offices of 17 US senators the morning after Mr. Bush's State of the Union address to Congress. Veterans for Peace formed up for a political assault in Washington beginning Thursday and scheduled to include a "grass-roots congressional education day" when lawmakers return to work Monday.

"The 109th Congress shirked their responsibility," says Michael McPearson, executive director of the veterans' group based in St. Louis. "The 110th Congress must stand up to the president. This is why they were elected."

Meanwhile, state legislators in half a dozen states are expected to introduce resolutions opposing what critics say is an "escalation" of US forces in Iraq.

But nonbinding resolutions don't satisfy many war opponents. Some activists want Speaker Pelosi to launch an investigation under congressional powers of impeachment.

"We're pressuring her to see if she'll let the Judiciary Committee do their work," says Norah Foster, co-chair of a San Francisco-area antiwar group that's also launched a "Pelosi Watch" to keep the spotlight on the new House speaker. "We feel that it's too important to wait; it's too serious."

"What's happening is, the left is trying to stiffen the resolve of the mainline Demo-crats," says Dr. Williams, who's also a retired naval reserve captain. The question for the political left on the eve of major demonstrations, he says, is "Do you want to be effective, or do you want to be cathartic?"

Groups Head To Capital To Step Up Antiwar Drive (NYT)

By Jeff Zeleny And Carl Hulse

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Tens of thousands of demonstrators are set to arrive in the capital this weekend for a major antiwar march, staging the first of several protests intended to persuade the new Democratic-controlled Congress to do more than simply speak against President Bush's Iraq policy.

But do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest.

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So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race.

Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops.

Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February.

"The face of antiwar is not what it was in the '70s," said Jon Soltz, a veteran of the Iraq and Afghanistan wars who is the chairman of a group called VoteVets.

If members of Congress are slowly finding their voice opposing the administration's Iraq plan, aides to lawmakers say, it is in no small part because of the face-to-face lobbying campaign that is a central piece of the strategy employed by Americans Against Escalation in Iraq. The group plans to spend up to $9 million, said its spokesman, Brad Woodhouse, which they expect to raise through Internet solicitations and individual donations.

Mr. Soltz and nearly a dozen other veterans have been walking the halls of Congress, and they have had no problems getting appointments. One day last week, they held back-to-back meetings with Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, Democrats who are running for president in 2008.

"This battle to oppose the escalation is as important as the original battle in Iraq," said Jonathan Powers, who spent 14 months serving in Iraq as a captain with the First Armored Division. He laced up his beige combat boots and put on a blue suit as he went to Congress on a recent day of lobbying.

Senate leaders said Thursday that it appeared unlikely that any vote on an Iraq resolution would occur until the week of Feb. 5. Efforts to meld differing resolutions opposing the troop buildup faltered Thursday when Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska, chose not to negotiate with those behind a competing plan approved by the Foreign Relations Committee.

Senator Joseph R. Biden Jr., the Delaware Democrat who is the chairman of the panel, and his allies had offered to try to merge the resolutions, saying the differences could be overcome, clearing the way for a consensus measure.

But Mr. Warner has been reluctant to consider the idea of merging the two, a move that could bring a strong bipartisan vote against the president. In a written response to Mr. Biden, Senators Warner and Nelson said they would rather work out any disagreements on the floor "as a consequence of the will of the Senate."

In an interview on Thursday evening, Mr. Biden expressed disappointment that Mr. Warner did not agree to negotiate, but he added that a full-fledged debate on the Senate floor would be "healthy."

Mr. Coleman said he saw the Warner approach as less partisan than the plan offered by Mr. Biden and allies who included Senator Chuck Hagel, Republican of Nebraska.

"The Warner resolution, I think, offers an opportunity for a lot of us to express a concern about an aspect of the policy without taking a shot at the president," Mr. Coleman said.

The White House spokesman, Tony Snow, acknowledged the administration had been talking with Mr. Warner about his initiative. "We're trying to take his temperature on what he intends," Mr. Snow said.

Supporters of the president's policy were developing resolutions of their own. Senator John McCain, Republican of Arizona, said he would propose giving the Iraqis a series of benchmarks to demonstrate progress. A draft proposal from Senator John Cornyn, Republican of Texas, declares that "the United States military leadership in Iraq should be given a reasonable chance to execute the new plan for Iraq."

Senator Harry Reid of Nevada, the majority leader, began trying to frame what could be a muddled procedural fight in the Senate by emphasizing that in the end, there is likely to be a bipartisan majority of senators going on record in opposition to Mr. Bush's approach in Iraq.

"For the first time in an intractable war," Mr. Reid said, "a bipartisan group of senators is going to tell the president that 'what you are doing is wrong."

But it remained an open question whether critics of the war would wait patiently for Democrats and Republicans to reach agreement.

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"The country has told us they don't like what's happening, and they want us to do something about it," said Representative Lynn Woolsey, a California Democrat who is one of four members of Congress (none of them senators) scheduled to attend the rally on Saturday. "Congress has yet to keep up with the public."

Americans Against Escalation in Iraq receives its organizational and financial muscle, at least in part, from the Service Employees International Union, the largest labor organization in the country, which wields significant influence in Democratic politics. For the first time, the union is speaking out against the plan to increase troops in Iraq.

"There was an election that showed clear consequences," said Andrew L. Stern, the president of the union. "It's incumbent on Democrats to express their disagreement with the president."

While Democrats have shown little reticence speaking against the president's plan, there is little agreement on the next step. Next week, Senator Russell D. Feingold, Democrat of Wisconsin, is convening a hearing to discuss the ways in which Congress can begin blocking the financing for the war, an idea that remains deeply controversial inside the party.

"It's a walk in the park right now to oppose the idea of this war. It's also very easy to oppose the escalation," Mr. Feingold said. "They are once again being too timid and too cautious."

Insurgents Will Find No Place To Hide, Al-Maliki Says (USAT)

USA Today, January 26, 2007

BAGHDAD — Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide.

In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional U.S. troops who have begun arriving in the capital. President Bush has said Iraq's government must crack down on sectarian militias as a first step to reducing violence.

"There will be no safe haven — no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties," al-Maliki said. He said his determination had already borne fruit. "I know that senior criminals have left Baghdad, others have fled the country," he said.

White House spokesman Tony Snow called al-Maliki's speech "a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about … and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Al-Maliki vowed to reverse the sectarian violence that has driven thousands from their homes. "We will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," he said.

The ensuing debate was contentious. Abdul-Nasser al-Janabi, a Sunni legislator and cleric, took the floor and accused the Shiite-dominated government of carrying out purges against Sunnis. Al-Maliki angrily denied the accusation and refused to shake hands with al-Janabi after the session.

Also:

·The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of a strategy to weaken Iran's influence across the Middle East and compel it to give up its nuclear program, The Washington Post reported on its website late Thursday. The "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, the Post said.

The newspaper cited anonymous government and counterterrorism officials who said their standing with the White House would be at risk if they were named. The information could not be independently verified.

·A suicide car bomb ripped through a Shiite neighborhood in Baghdad on Thursday, killing at least 26. Shortly before the bombing, two rockets slammed to earth in the Green Zone near the U.S. Embassy, wounding five people.

Al-Maliki Promises A Safe Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 26, 2007

BAGHDAD -- Prime Minister Nouri al-Maliki pledged in a speech to parliament yesterday that the militants who have made life intolerable in Baghdad would not be safe anywhere in Iraq in the face of a coming U.S.-Iraqi security sweep.

Mr. al-Maliki did not reveal the details of the plan, which he has dubbed "Operation Imposing Law," or say when it would begin. But he made clear that it would not be the last such battle against the militants.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

As if to underline the urgency of the security drive, an extremist exploded a suicide bomb in the Shi'ite neighborhood of Karradah, killing at least 26 persons just hours after the prime minister spoke. In other violence, two rockets slammed into the Green Zone not far from the U.S. Embassy.

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Meanwhile, the mayor of Baghdad's Sadr City said he reached agreement with political and religious groups to keep weapons off the streets of the heavily populated Shi'ite militia stronghold, and has presented the deal to U.S. and Iraqi government officials in an apparent attempt to avoid a crackdown on the area.

Rahim al-Darraji said Iraqi troops will be in charge of security in the sprawling district in eastern Baghdad. His comments come amid fears that Sadr City, the main headquarters of the Mahdi Army militia, could be a major target in the planned crackdown.

U.S. officials have indicated that the security operation, to which President Bush has pledged an additional 21,500 troops, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed yesterday to go after those behind Baghdad's rampant violence regardless of their sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

Past attempts to secure the capital have failed, and many critics said it was because Mr. al-Maliki intervened to protect members of the Mahdi Army militia that is run by one of his prime political backers, Shi'ite cleric Muqtada al-Sadr.

Cleric Abdul-Nasser al-Janabi yesterday accused the Shi'ite-dominated government of carrying out purges against Sunnis, the minority Islamic sect in Iraq.

"The firing of officers and civil servants under the pretext of de-Ba'athification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," Mr. al-Janabi implored, adding that Sunnis do not trust the government.

Mr. al-Maliki counterattacked by implying that Mr. al-Janabi was responsible for the kidnapping of 150 persons in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area, and you don't speak about them," Mr. al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

In his address, Mr. al-Maliki also called on lawmakers to enact laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Ba'ath Party membership.

Mr. al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," Mr. al-Maliki said.

White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

After the car bombing, angry Karradah residents took to the streets chanting, "We want the Sunnis out." It was the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, a resident said.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public-address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five persons were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently, but reported casualties are rare.

Police yesterday reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shi'ites over security.

Iraq Leader And Sunni Officials In Sectarian Clash On Security (NYT)

By Marc Santora

The New York Times, January 26, 2007

DOJ_NMG_0122424

BAGHDAD, Jan. 25 — Iraq's Shiite prime minister and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit.

The uproar revolved around the new Baghdad security plan, but it came as the prime minister, Nuri Kamal al-Maliki, is under increasing pressure to demonstrate even-handedness. President Bush's new strategy for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants.

In Parliament on Thursday, Mr. Maliki focused his anger on Sunni lawmakers, accusing one of being involved in sectarian kidnappings. The confrontation erupted after Mr. Maliki described the outlines of the new Baghdad security plan and pledged there would be no "safe haven" for militants.

The leader of a powerful Sunni bloc, Abdul Nasir al-Janabi, provoked Mr. Maliki, saying over jeers from Shiite politicians, "We cannot trust the office of the prime minister."

His microphone was quickly shut off, and Mr. Maliki lashed into him, essentially accusing him of being one of the outlaws he had just said would not be granted sanctuary.

"I will show you," Mr. Maliki said, waving his finger in the air. "I will turn over the documents we have," implying that the legislator was guilty of crimes.

While the politicians battled in Parliament, the sectarian battle on the streets went on unabated, with 25 people killed by a suicide car bomb in a Shiite neighborhood in Baghdad.

It was the latest in a series of attacks directed at Shiites, claiming more than 200 lives in little more than a week and increasing pressure on Mr. Maliki to restrain his supporters from exacting revenge. Sunni leaders and critics of the administration's strategy remain deeply skeptical about Mr. Maliki's ability or desire to confront the Shiite militias, particularly the Mahdi Army of Moktada al-Sadr, one of his most important political backers.

American military officers say they have seen evidence in the past of the Maliki government using its influence with Iraq's security forces to further a sectarian agenda, turning a blind eye to Shiite militia death squads while cracking down on Sunni insurgents.

Mr. Maliki spent much of his speech before Parliament trying to counter that image, going further than he has before by promising to stop sectarian militias from driving rivals out of their neighborhoods and to return houses to their rightful owners. It is a daunting challenge given that the map of Baghdad has been almost completely redrawn along sectarian lines over the past year, displacing hundreds of thousands of people.

"Let it be known today or tomorrow, we will start arresting anybody who took by force the house of a displaced family," he said.

The prime minister's claims were challenged by Mr. Janabi, who leads the Sunni-dominated Tawafiq Party.

Mr. Janabi, over jeers from the Shiite politicians in the room, said that the government should suspend executions, which he said were being used for political purposes, and called for parliamentary oversight of the new security plan to be sure Sunnis were not unfairly singled out.

It was when he questioned Mr. Maliki's trustworthiness that the prime minister issued his vague threat to turn over incriminating information about Mr. Janabi. With that, the speaker of Parliament, Mahmoud al-Mashhadani, a Sunni, slammed his gavel down and condemned the prime minister and those who applauded him.

"That is unacceptable, Mr. Prime Minister," Mr. Mashhadani said over the tumult. "It is unacceptable, Mr. Prime Minister, to make such accusations against a lawmaker under the dome of Parliament."

But Mr. Maliki pressed on.

"What about the 150 people kidnapped near Al Bairaat?" he said, referring to an area by a lake south of Baghdad where Mr. Janabi has his base of support.

Mr. Janabi could not be reached for comment but another member of his party, Dhafer al-Ani, said Mr. Maliki was trying to "terrify" his opponents into silence. "If there are documents against him showing crimes, why were they not revealed until this session?" he said in an interview. "What kept him silent all this time?"

In the Parliament room, politicians shouted over one another trying to be heard. Mr. Mashhadani finally yelled for everyone to "shut up." He then used an ancient Arabic phrase, literally meaning to "put your stuff on the camel," which roughly translates as, "We expect more of this body." He said in disgust, "I cannot see how it is possible that a new security plan can work."

The session of Parliament was attended by nearly all members, a rarity in recent months, and was broadcast live on Iraqi national television.

The lawmakers had their shouting match while sitting beneath a banner with a phrase from the Koran that extols the importance of a civil debate in making good decisions.

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Shatha al-Mousawi, a lawmaker from the Mr. Maliki's leading Shiite bloc, the United Iraqi Alliance, said some politicians were simply grandstanding for the cameras. But she said the fighting continued after Mr. Mashhadani abruptly called an end to the session and the cameras were turned off.

Mr. Mashhadani demanded that the prime minister apologize to Mr. Janabi. Members of Mr. Maliki's party said Mr. Janabi was the one who should apologize, Ms. Mousawi said.

Mr. Mashhadani then threatened to quit.

"Someone said you do not need to quit, we will dismiss you," she said.

Mr. Mashhadani called a Shiite politician a "psychopath," as the bitter exchanges continued.

Eventually, though, the tensions eased and Parliament approved the security plan.

No sooner had they finished their business than three rockets exploded in the heavily fortified Green Zone, where Parliament is housed. Lou Fintor, a spokesman for the United States Embassy, said that no one was killed in the attacks.

The car bomb attack occurred just outside the Green Zone, ripping apart a market area in the heavily Shiite neighborhood of Karrada.

Um Mohammed, a woman who lives across the street from the site of the bombing, said she saw two buses full of people burn with the passengers trapped inside, dying agonizing deaths.

The attack occurred as people were leaving work, the streets crowded with traffic and local clothes stores packed with customers.

Her neighbor had just sent her 9-year-old boy, Amar Ali Habib, out to play with friends, she said.

"He took his ball and left the house."

Moments later, he was dead. The explosion was so powerful, she said, that pieces of one man's body were blown about 50 yards from where the car detonated.

Afterward, she said, many young men took to the streets. Some called for vengeance against Sunnis while others condemned the government for failing to do anything.

Looking At The Surge From The Other Side (WP)

By Gary Anderson

The Washington Post, January 26, 2007

Policy Memo From the Planning Directorate, Mahdi Army:

We have completed a review of the new American surge strategy announced by their president. In analyzing possible courses of action, we must make two key assumptions:

First, it represents their administration's last chance to change course given the reported mood of the American public and their legislature. For us, this presents both opportunity and danger. We have to assume that we are the primary Shiite target of this plan. How we respond will largely determine how we position ourselves for operations after the Americans are gone.

Second, our Sunni adversaries will not be able to react in a coordinated manner; they are expected to remain divided in their actions and motivations.

Our first potential course of action would be to openly resist government and American efforts to gain control over Sadr City and other predominately Shiite neighborhoods. Potential advantage: Waging a stand-up battle could create such chaos and so many disturbing images of casualties -- American and Iraqi -- that the American public and Congress will demand an immediate withdrawal.

The disadvantages here are that such a battle would weaken us by causing attrition to our best fighters. We are just now recovering from the casualties that we sustained in the 2004 fighting with the occupiers. We must keep in mind (and be prepared for) the inevitable post-American battles with the Sunnis and the Badr Organization.

A second potential course of action is classic insurgent strategy: going to ground when confronted by enemy strength. The object here would be to lull the enemy into a false sense of security, perhaps enough for him to begin decreasing his strength early. Once the Americans have carried out a significant drawdown, we could openly challenge the government forces and attempt to push them out of our areas of influence. It is very likely this would have the effect of the Vietnamese Tet Offensive in convincing the Americans that nothing they do will work. It is also unlikely that their administration could get support for reinforcing Baghdad once they have begun to reduce troop levels.

Potential drawbacks:

First, there is always the chance that the Americans and the Maliki government will use this period to significantly increase the capability of the security forces and actually gain public support through increasing public service and employment, rendering us far less useful to Maliki. Given their performance to date, this is a remote possibility, but it cannot be totally discounted.

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More likely is that some of our more enthusiastic fighters will resist on their own authority. Given the decentralized nature of our command-and-control system, this possibility must be considered. One solution would be to create training camps outside of Baghdad where we could hone their skills for urban combat (necessary if we are to succeed in the future). This would keep them occupied and out of the way.

A third course would be to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American "hearts and minds" strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely.

Consequently, this final course seems to be the one most likely to serve our long-term interests by preserving our capabilities and allowing the Sunnis to bear the brunt and take the blame for most anti-government action. Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing.

If God wills it, we will be successful.

The writer, a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan.

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, January 26, 2007

Vague rules

Defense officials tell us one of the rules of engagement for U.S. combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity.

One troubling rule that is among several printed on the card given to troops going into combat is "use minimum force necessary to decisively eliminate the threat." It is viewed by many in the military as ambiguous and confusing.

"Does it mean you are obligated to wrestle with a threat rather than shoot him or her?" one defense official asked. "That is how a lot of police officers lose their lives each year, as the criminal gains control of the police officer's firearm. How about approaching and/or wrestling a threat who, it turns out, is a homicide bomber?"

Bottom line: There is no way in law to define "minimum deadly force," the official said.

It is not known whether the imprecise rules directly led to the deaths in action of U.S. troops in Iraq, but some say it is likely because the rules are overly cautious and vague, an apparent outgrowth of destructive political correctness applied to war.

"A major part of the problem is that military commanders have surrendered their responsibility for ROE [rules of engagement] preparation and approval to lawyers lacking the knowledge, training and experience to prepare ROE. Unsure of themselves, they err to caution and ambiguity," the official said.

Said a second official: "Only someone who hasn't been in a close gunfight could find that a reasonable set of ROE."

And a third official said of the "minimum" requirement: "Interesting. Someone did not take the Napoleon Orders class" — a reference to making sure that orders issued to troops are clear.

We're told that one of the first things Army Lt. Gen. David H. Petraeus, the next commander of forces in Iraq, needs to do is demand an overhaul of the rules of engagement by line officers, not lawyers, so that ambiguities will be eliminated and lives saved.

A spokesman for Multinational Forces-Iraq could not be reached for comment.

Petraeus prediction

Sen. John McCain, Arizona Republican, asked Lt. Gen. David H. Petraeus, the incoming commander in Iraq, what happens if the United States leaves Iraq.

"There is the very real possibility of involvement of countries from elsewhere in the region, around Iraq, entering Iraq to take sides with one or the other groups," Gen. Petraeus said at his Senate Armed Services confirmation hearing this week. "There is the possibility, certainly, of an international terrorist organization truly getting a grip on some substantial piece of Iraq. There is the possibility of problems in the global economy, should in fact this cause a disruption to the flow of oil — and a number of other potential outcomes, none of which are positive."

World government

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House Foreign Affairs Committee Chairman Tom Lantos, California Democrat, announced his committee's organization this way: "Members formed subcommittees with jurisdictions spanning the Earth and covering a range of the most pressing global challenges."

Korea, not Vietnam

Sen. James H. Webb Jr., Virginia Democrat and decorated war hero, gave the Democrats' response to President Bush's State of the Union address, and likened Iraq to the 1950-53 Korean War.

Mr. Webb said, "As I look at Iraq, I recall the words of former general and soon-to-be President Dwight Eisenhower during the dark days of the Korean War, which had fallen into a bloody stalemate. 'When comes the end?' asked the general who had commanded our forces in Europe during World War II. And as soon as he became president, he brought the Korean War to an end."

We think that is an apt comparison, but probably not for the same reason as Mr. Webb's.

Like Iraq, the U.S. war in Korea was dogged by poor planning, the wrong types of troops, failed tactics and major miscalculations, such as China coming to the communist north's defense. The American death toll: 36,000 in theater.

But in the end, America won. The north's invasion was reversed and the south was preserved. It matured into one of the world's great democracies, free markets and U.S. allies. And a free South Korea helped blunt Josef Stalin's plan for a communist Asia. What some have called the "forgotten war" was messy and unpopular. It drove Harry S. Truman from office. But it made the world a better place. It just took 30 years to realize it.

Moving on

Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year.

Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary. Mr. Rumsfeld left office in December, succeeded by Robert M. Gates.

Mr. Ruff forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy.

He is generally liked by the Pentagon press corps, which finds him accessible and responsive.

Mr. Ruff has served in a number of government public affairs jobs, including press secretary to Sen. John W. Warner, Virginia Republican, and Sen. Kay Bailey Hutchison, Texas Republican.

The un-Rumsfeld

Our colleague David Sands traveled with Defense Secretary Robert M. Gates last week. He filed this report:

Mr. Gates made a quickie post-confirmation trip to Baghdad last month. But Secretary Gates' seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East last week was the real shakedown cruise for the secretary, his generals and admirals, his schedulers, his staff and the Pentagon press corps. All were still recovering from six years of verbal and policy jousts with former Defense Secretary Donald H. Rumsfeld.

The new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants.

Mr. Gates did let slip a few personal insights on the trip. His long years in the CIA served him well, as he could recall previous visits to virtually every stop on the tour. He even reminisced with Romanian journalists in Iraq about his 1975 trip there.

He frankly acknowledged the "risk" to his reputation in leaving a job he dearly loved as president of Texas A&M University to head the Pentagon in the depths of the Iraq war. But he added, "I think if you put your personal interests — including protecting your reputation — ahead of a sense of duty, you've got your values screwed up."

Mr. Gates said one of his "favorite quotes" is a bit of realist wisdom about diplomacy from Prussian ruler Frederick the Great: "Negotiations without arms are like notes without instruments."

And the Pentagon chief strongly hinted that his future fact-finding missions will feature either fewer stops or more days.

"I've found at least one fact," he said in Iraq on the trip's final full day. "I'm too old to do seven countries in 5½ days."

Suicide Car Bombing Kills 26 In Baghdad (AP)

By Bassem Mroue

AP, January 26, 2007

Iraq's prime minister insisted Thursday there will be "no safe place in Iraq for terrorists," hours before a suicide car bombing killed at least 26 people in the Shiite neighborhood of Karradah and two rockets slammed into the heavy fortified Green Zone not far from the U.S. Embassy.

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Angry Karradah residents took to the streets chanting "We want the Sunnis out!" after the blast, the second suicide bombing in three days in the neighborhood. The explosion destroyed three minivans, 11 cars and dozens of shops, as well as the local post office, according to a resident.

Seven charred bodies were visible in one of the vans, including that of a woman who was half out a window in an apparent attempt to escape the inferno. Another women dressed in black was seen screaming in front of her son's shop, where he was killed. Ambulances raced from the scene, at least one with the back door still open and bodies stacked in the back.

A second huge explosion later rattled the capital, but police said it was a controlled blast to destroy a second car explosive that had been disabled before its suicide bomber could detonate it.

As the rockets fell and bombs exploded across the Tigris River, the public address system inside the Green Zone compound could be heard warning in English that people should take cover because "this is not a drill."

Five people were wounded in the rocket attack, none seriously. Mortar and rocket attacks hit the zone frequently but reported casualties are rare.

The attacks came on a day that police reported 61 killed in sectarian violence nationwide, including the bodies of 22 torture victims dumped in Baghdad, and a parliamentary debate was suspended briefly after arguments broke out between Sunnis and Shiites over security.

Parliament held yet another raucous session, this time witnessing a heated exchange between Prime Minister Nouri al-Maliki and Sunni legislator and cleric Abdul-Nasser al-Janabi, who accused the Shiite-dominated government of carrying out purges against Sunnis, the minority sect in Iraq.

The prime minister was seeking support for his and President Bush's plan to crush sectarian violence in Baghdad.

Al-Maliki gave no details for the plan, which he named "Operation Imposing Law," nor did he say when it would begin. U.S. officials have indicated the security operation, to which Bush has pledged an additional 21,500 American soldiers, should start in earnest about Feb. 1. A brigade of the 82nd Airborne Division already has arrived for the mission.

The prime minister vowed to go after those behind Baghdad's rampant violence no matter where they try to hide and regardless of sectarian beliefs, promising at the same time to ensure the human rights of innocent Iraqis.

"We are full of hope. We have no other choice but to use force and any place where we receive fire will not be safe even if it is a school, a mosque, a political party office or home," he said. "There will be no safe place in Iraq for terrorists."

But al-Janabi took the floor and said al-Maliki's government had gratuitously and summarily fired former members of Saddam Hussein's ousted Baath party from government jobs, sentenced people to death for political reasons and detained without reason Sunni pilgrims returning from the hajj in Saudi Arabia this month.

He also accused al-Maliki of running a sham program to reconcile Sunni-Shiite differences that have produced a near-civil war in Baghdad and prompted the new security drive _ the third since al-Maliki took office May 25.

"The firing of officers and civil servants under the pretext of de-Baathification should stop. What kind of national reconciliation are you talking about when you are implementing rules that marginalize" Sunnis, he asked.

"Stop sentencing innocent people to death because such sentences are politically motivated," al-Janabi implored, adding that Sunnis do not trust the government.

Al-Maliki counterattacked by implying al-Janabi was responsible for the kidnapping of 150 people in Anbar province, the Sunni stronghold west of Baghdad.

"This brother will trust the Cabinet when I come forward with your file and show that you are responsible. There are 150 people detained in Buhayrat area and you don't speak about them," al-Maliki snapped. Buhayrat is an insurgent stronghold in Anbar.

Legislators believed to be Shiites applauded the remark.

Parliament speaker Mahmoud al-Mashhadani, a Sunni, then organized a short suspension of the debate, called a vote on the security plan _ which was approved unanimously _ and continued with normal business.

Al-Maliki refused to shake hands when al-Janabi approached him after the session.

Angry and insulting exchanges have become normal in Iraq's 275-member parliament, but the involvement of the nation's leader heightened the tension.

Parliamentary sessions previously were broadcast live, but the government has since ordered them to be aired with a 30-minute delay to allow editing.

During Thursday's session, state-run Iraqiya television stopped airing the session shortly after the exchange and later aired an edited version.

In his address al-Maliki also called on lawmakers to pass laws on distribution of the country's oil wealth and reverse measures that have excluded many Sunnis from jobs and government positions because of Baath party membership.

Al-Maliki also promised to stop the so-called practice of sectarian cleansing that has driven thousands from their homes.

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"You should know that today or tomorrow we will detain every person who is living in the house of a displaced person in order to open the door for those displaced to return," al-Maliki said.

White House spokesman Tony Snow called the speech "a very assertive address. ... We certainly welcome that, because it demonstrates the kind of vigor we've been talking about and that the American people expect, and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq."

Until Monday, parliament had not had a quorum since late November, when 30 legislators and five Cabinet members loyal to renegade Shiite cleric Muqtada al-Sadr announced a boycott of the government and the National Assembly to protest al-Maliki's meeting with Bush in Jordan.

The boycott was a blow to al-Maliki, who owes his job to support from the Sadr bloc in parliament.

On Sunday the Sadr legislators ended their walkout under threat that they would be ousted from the political process and that their allied militia, the Mahdi Army, could face wholesale attack by American soldiers in the coming security sweep.

At Least 24 Killed In Car Bombings In Baghdad (WP)

By Ernesto Londono

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- Two car bombs detonated in a busy commercial area of central Baghdad on Thursday afternoon, killing at least 24 people and injuring dozens more, Iraqi officials said.

The bombs were placed in Karrada, a predominantly Shiite Muslim sector of the city, and wounded at least 60 people when detonated, according to a spokesman for the Iraqi Interior Ministry. A set of car bombs killed at least 79 people in a Shiite market in central Baghdad on Monday.

The Karrada explosions occurred shortly after at least two rockets struck the U.S. Embassy compound in the fortified Green Zone. The rockets injured six people, one of them seriously, the U.S. military said in a statement.

U.S. Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m.

"The damage was minor, and the embassy is functioning normally," Fintor said. "It wasn't a densely populated area." He said that no U.S. citizens were injured and that none of the injuries was life-threatening.

Also Thursday, a soldier from the U.S.-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin.

Meanwhile, Prime Minister Nouri al-Maliki asked lawmakers Thursday to embrace his security plan for the capital, which he said would target militants aggressively regardless of sect.

"Some people are saying that it targets the Shiites, and others say that it targets Sunnis," Maliki said. "While I say that it targets everyone."

Maliki offered few details of the initiative. While acknowledging the support of U.S. forces, he said the security plan is being driven by the Iraqi government. "This is a 100 percent Iraqi plan and under Iraqi command," he said, adding that the American military's role is "just to provide backup."

Reporters who have accompanied U.S. and Iraqi forces on joint missions in recent months have described American forces as taking control of the operations. Several U.S. soldiers have told reporters they don't trust the ability, competence or commitment of their Iraqi counterparts.

Maliki, a Shiite, has faced questions at home and abroad about his ability and willingness to enforce the law uniformly amid unrelenting sectarian violence in a country with a weak criminal justice system. He urged lawmakers during his speech to help him keep sectarian tensions from hindering the security plan.

But Thursday's session showed the extent to which sectarian tensions influence the political process. Abdul Nasser al-Janabi, a Sunni Muslim legislator who belongs to a bloc that wants U.S. troops to leave and has criticized Maliki for favoring Shiites, lashed out at the prime minister and criticized his security plan.

An exasperated Maliki appeared to threaten Janabi: "This brother will trust the prime ministry when I bring your file forward and hold you responsible." He did not elaborate.

Numerous other violent acts were reported in the capital and elsewhere Thursday.

A suicide bomber on a motorcycle slammed into a market in central Baghdad, killing eight people and injuring 18, according to a spokesman at the Interior Ministry. At least seven people were killed by improvised explosive devices elsewhere in the city.

Special correspondents Waleed Saffar and Saad al-Izzi contributed to this report.

Insurgents Post Video Of Downed Copter (AP)

By Maamoun Youssef

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AP, January 26, 2007

An insurgent group that has claimed responsibility for the downing this week of a U.S. helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies.

The 1-minute, 14-second video carried the logo of the 1920 Revolution Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it. The naked bodies of two men, one with gray hair and the other with dark hair, were seen near the wreckage.

"Our heroes were able to shoot the film of the helicopter wreckage after they downed it over a roof of a house of a citizen," said a statement from the group.

Iraqi and U.S. officials said earlier that four of the five Americans who died in the downing of a U.S. security company's helicopter in a dangerous Sunni neighborhood in central Baghdad on Tuesday were shot in the head execution-style _ though it was unclear if they were alive when shot.

The two bodies shown in the video had no visible gunshot wounds to the head or any other visible wounds. The dark-haired man's hair was tangled and matted but it was difficult to see from the footage if it was blood or dirt.

Another militant group, Ansar al-Sunnah Army, which also has claimed responsibility for downing the helicopter, said in a statement posted Wednesday on an Islamic Web site that its fighters "rushed toward the crash of the helicopter while under fire from a second (U.S.) helicopter and killed three U.S. soldiers."

The authenticity of the two statements could not be verified.

The helicopter, owned by Blackwater USA, swooped into electrical wires and crashed after racing to help a U.S. Embassy ground convoy that had come under fire in the Sunni neighborhood. U.S. officials said it was not clear if gunfire brought down the aircraft or caused its pilot to veer into the wires during evasive maneuvers.

A second helicopter also was hit but there were no casualties among its crew, a Washington official said.

The Ansar al-Sunnah Army posted with its statement an ID card it claimed was from a man who was on the helicopter. The card bore the name of Arthur Laguna, later identified by his mother as among those killed. Laguna was a 52-year-old pilot for Blackwater, which provides security for State Department officials in Iraq, trains military units from around the world, and works for corporate clients.

The crash of Blackwater's small surveillance helicopter was the second in a week associated with the U.S. war effort in Iraq.

A U.S. Army Black Hawk helicopter went down Saturday northeast of Baghdad, killing all 12 service members on board, including two colonels, one lieutenant colonel and two command sergeants major. It was the largest number of key officers and sergeants killed in a single incident since the Iraq war started nearly four years ago.

Iraq's Violence Tests Limits Of Humanitarians' Resolve (USAT)

By Emily Bazar

USA Today, January 26, 2007

The slaying last week of an American working for a democracy-building project in Iraq is just the latest in a series of attacks testing the resolve of relief groups and other international organizations working there.

Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups.

Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute. Last week, institute staffer Andrea Parhamovich, 28, was killed when her convoy was ambushed in Baghdad.

As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown.

"The bigger organizations have made a decision to pull out," usually after a staffer has died, says Samuel Worthington, president of InterAction, an alliance of about 165 humanitarian organizations. "We have the world's largest unfolding humanitarian disaster … and our ability to function on the ground compared to the size of the disaster is completely out of sync."

Typically, 40 to 50 InterAction groups respond to a crisis, he says. There are fewer than 10 in Iraq.

Mofarah says there are about 80 international aid groups still active in Iraq. There were 300 in 2003.

Most humanitarian organizations have moved their non-Iraqi staff members to safer locations, such as northern Iraq or Jordan, says Greg Hansen, a consultant to the Feinstein International Center at Tufts University. The organizations maintain a low profile, he says: They don't display their logos, they work out of homes instead of offices, and they avoid coordinating with other groups to keep their actions quiet.

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As dangerous as the situation is, some groups avoid seeking protection from soldiers or armed guards because they don't want to be seen as taking sides or be mistaken for government or military personnel, Hansen says.

Les Campbell, the National Democratic Institute's regional director for the Middle East, declined to say how many people the institute has in Iraq or where they are, except that they work outside the high-security Green Zone in Baghdad.

The group, which trains locals in democratic political processes, has been soul-searching since Parhamovich's death. "We're going to try to assess whether or not we can still make a difference," he says.

The Los Angeles-based humanitarian group Relief International pulled its non-Iraqi staff out in mid-2004, says program manager Lindsay Mathieson. The Iraqi staff that remains works in less dangerous parts of the country

In some cases, projects are delayed by violence and instability.

"In an ideal world, we would be working in the more dangerous places because there's such a significant need," she says. "But there is a line you can't cross. You need to take care of your staff."

Christian Peacemaker Teams, a group based in Chicago and Toronto that promotes human rights in war zones, has been in Iraq since October 2002, before the invasion.

In November 2005, four members were kidnapped. American Tom Fox was killed; the other three were released in March 2006. Many of the Iraqis who had worked with the group have left the country or gone into hiding, co-director Doug Pritchard says.

The group pulled out in April 2006 but returned in July. It is limiting its activities to safer areas of northern Iraq, Pritchard says.

"It's certainly gotten worse and worse," he says. "If anything, it makes us more determined to work with Iraqis who are still willing to face this and hold out hope of a better society."

Troops Authorized To Kill Iranian Operatives In Iraq (WP)

By Dafna Linzer

The Washington Post, January 26, 2007

The Bush administration has authorized the U.S. military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with direct knowledge of the effort.

For more than a year, U.S. forces in Iraq have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time. The "catch and release" policy was designed to avoid escalating tensions with Iran and yet intimidate its emissaries. U.S. forces collected DNA samples from some of the Iranians without their knowledge, subjected others to retina scans, and fingerprinted and photographed all of them before letting them go.

Last summer, however, senior administration officials decided that a more confrontational approach was necessary, as Iran's regional influence grew and U.S. efforts to isolate Tehran appeared to be failing. The country's nuclear work was advancing, U.S. allies were resisting robust sanctions against the Tehran government, and Iran was aggravating sectarian violence in Iraq.

"There were no costs for the Iranians," said one senior administration official. "They are hurting our mission in Iraq, and we were bending over backwards not to fight back."

Three officials said that about 150 Iranian intelligence officers, plus members of Iran's Revolutionary Guard Command, are believed to be active inside Iraq at any given time. There is no evidence the Iranians have directly attacked U.S. troops in Iraq, intelligence officials said.

But, for three years, the Iranians have operated an embedding program there, offering operational training, intelligence and weaponry to several Shiite militias connected to the Iraqi government, to the insurgency and to the violence against Sunni factions. Gen. Michael V. Hayden, the director of the CIA, told the Senate recently that the amount of Iranian-supplied materiel used against U.S. troops in Iraq "has been quite striking."

"Iran seems to be conducting a foreign policy with a sense of dangerous triumphalism," Hayden said.

The new "kill or capture" program was authorized by President Bush in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts. Tehran insists that its nuclear program is peaceful, but the United States and other nations say it is aimed at developing weapons.

The administration's plans contain five "theaters of interest," as one senior official put it, with military, intelligence, political and diplomatic strategies designed to target Iranian interests across the Middle East.

The White House has authorized a widening of what is known inside the intelligence community as the "Blue Game Matrix" -- a list of approved operations that can be carried out against the Iranian-backed Hezbollah in Lebanon. And U.S. officials are

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preparing international sanctions against Tehran for holding several dozen al-Qaeda fighters who fled across the Afghan border in late 2001. They plan more aggressive moves to disrupt Tehran's funding of the radical Palestinian group Hamas and to undermine Iranian interests among Shiites in western Afghanistan.

In Iraq, U.S. troops now have the authority to target any member of Iran's Revolutionary Guard, as well as officers of its intelligence services believed to be working with Iraqi militias. The policy does not extend to Iranian civilians or diplomats. Though U.S. forces are not known to have used lethal force against any Iranian to date, Bush administration officials have been urging top military commanders to exercise the authority.

The wide-ranging plan has several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war.

Senior administration officials said the policy is based on the theory that Tehran will back down from its nuclear ambitions if the United States hits it hard in Iraq and elsewhere, creating a sense of vulnerability among Iranian leaders. But if Iran responds with escalation, it has the means to put U.S. citizens and national interests at greater risk in Iraq, Afghanistan and elsewhere.

Officials said Hayden counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing U.S. personnel in Iraq.

Two officials said that Secretary of State Condoleezza Rice, though a supporter of the strategy, is concerned about the potential for errors, as well as the ramifications of a military confrontation between U.S. and Iranian troops on the Iraqi battlefield.

In meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict. Rice got the oversight guarantees she sought, though it remains unclear whether senior Pentagon officials must approve targets on a case-by-case basis or whether the oversight is more general.

The departments of Defense and State referred all requests for comment on the Iran strategy to the National Security Council, which declined to address specific elements of the plan and would not comment on some intelligence matters.

But in response to questions about the "kill or capture" authorization, Gordon Johndroe, spokesman for the NSC, said: "The president has made clear for some time that we will take the steps necessary to protect Americans on the ground in Iraq and disrupt activity that could lead to their harm. Our forces have standing authority, consistent with the mandate of the U.N. Security Council."

Officials said U.S. and British special forces in Iraq, which will work together in some operations, are developing the program's rules of engagement to define the exact circumstances for using force. In his last few weeks as the top commander in Iraq, Army Gen. George W. Casey Jr. sought to help coordinate the program on the ground. One official said Casey had planned to designate Iran's Revolutionary Guard as a "hostile entity," a distinction within the military that would permit offensive action.

Casey's designated successor, Army Lt. Gen. David H. Petraeus, told Congress in writing this week that a top priority will be "countering the threats posed by Iranian and Syrian meddling in Iraq, and the continued mission of dismantling terrorist networks and killing or capturing those who refuse to support a unified, stable Iraq."

Advocates of the new policy -- some of whom are in the NSC, the vice president's office, the Pentagon and the State Department -- said that only direct and aggressive efforts can shatter Iran's growing influence. A less confident Iran, with fewer cards, may be more willing to cut the kind of deal the Bush administration is hoping for on its nuclear program. "The Iranians respond to the international community only when they are under pressure, not when they are feeling strong," one official said.

With aspects of the plan also targeting Iran's influence in Lebanon, Afghanistan and the Palestinian territories, the policy goes beyond the threats Bush issued earlier this month to "interrupt the flow of support from Iran and Syria" into Iraq. It also marks a departure from years past when diplomacy appeared to be the sole method of pressuring Iran to reverse course on its nuclear program.

R. Nicholas Burns, the undersecretary of state for political affairs, said in an interview in late October that the United States knows that Iran "is providing support to Hezbollah and Hamas and supporting insurgent groups in Iraq that have posed a problem for our military forces." He added: "In addition to the nuclear issue, Iran's support for terrorism is high up on our agenda."

Burns, the top Foreign Service officer in the State Department, has been leading diplomatic efforts to increase international pressure on the Iranians. Over several months, the administration made available five political appointees for interviews, to discuss limited aspects of the policy, on the condition that they not be identified.

Officials who spoke in more detail and without permission -- including senior officials, career analysts and policymakers -- said their standing with the White House would be at risk if they were quoted by name.

The decision to use lethal force against Iranians inside Iraq began taking shape last summer, when Israel was at war with Hezbollah in Lebanon. Officials said a group of senior Bush administration officials who regularly attend the highest-level

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counterterrorism meetings agreed that the conflict provided an opening to portray Iran as a nuclear-ambitious link between al-Qaeda, Hezbollah and the death squads in Iraq.

Among those involved in the discussions, beginning in August, were deputy national security adviser Elliott Abrams, NSC counterterrorism adviser Juan Zarate, the head of the CIA's counterterrorism center, representatives from the Pentagon and the vice president's office, and outgoing State Department counterterrorism chief Henry A. Crumpton.

At the time, Bush publicly emphasized diplomacy as his preferred path for dealing with Iran. Standing before the U.N. General Assembly in New York on Sept. 19, Bush spoke directly to the Iranian people: "We look to the day when you can live in freedom, and America and Iran can be good friends and close partners in the cause of peace."

Two weeks later, Crumpton flew from Washington to U.S. Central Command headquarters in Tampa for a meeting with Gen. John P. Abizaid, the top U.S. commander for the Middle East. A principal reason for the visit, according to two officials with direct knowledge of the discussion, was to press Abizaid to prepare for an aggressive campaign against Iranian intelligence and military operatives inside Iraq.

Information gleaned through the "catch and release" policy expanded what was once a limited intelligence community database on Iranians in Iraq. It also helped to avert a crisis between the United States and the Iraqi government over whether U.S. troops should be holding Iranians, several officials said, and dampened the possibility of Iranians directly targeting U.S. personnel in retaliation.

But senior officials saw it as too timid.

"We were making no traction" with "catch and release," a senior counterterrorism official said in a recent interview, explaining that it had failed to halt Iranian activities in Iraq or worry the Tehran leadership. "Our goal is to change the dynamic with the Iranians, to change the way the Iranians perceive us and perceive themselves. They need to understand that they cannot be a party to endangering U.S. soldiers' lives and American interests, as they have before. That is going to end."

A senior intelligence officer was more wary of the ambitions of the strategy.

"This has little to do with Iraq. It's all about pushing Iran's buttons. It is purely political," the official said. The official expressed similar views about other new efforts aimed at Iran, suggesting that the United States is escalating toward an unnecessary conflict to shift attention away from Iraq and to blame Iran for the United States' increasing inability to stanch the violence there.

But some officials within the Bush administration say that targeting Iran's Revolutionary Guard Command, and specifically a Guard unit known as the Quds Force, should be as much a priority as fighting al-Qaeda in Iraq. The Quds Force is considered by Western intelligence to be directed by Iran's supreme leader, Ayatollah Ali Khamenei, to support Iraqi militias, Hamas and Hezbollah.

In interviews, two senior administration officials separately compared the Tehran government to the Nazis and the Guard to the "SS." They also referred to Guard members as "terrorists." Such a formal designation could turn Iran's military into a target of what Bush calls a "war on terror," with its members potentially held as enemy combatants or in secret CIA detention.

Asked whether such a designation is imminent, Johndroe of the NSC said in a written response that the administration has "long been concerned about the activities of the IRGC and its components throughout the Middle East and beyond." He added: "The Iranian Revolutionary Guards Quds Force is a part of the Iranian state apparatus that supports and carries out these activities."

Staff writer Barton Gellman and staff researcher Julie Tate contributed to this report.

Tehran's Influence Grows As Iraqis See Advantages (WP)

By Joshua Partlow

The Washington Post, January 26, 2007

BAGHDAD, Jan. 25 -- When Fadhil Abbas determined that his mother's astigmatism required surgery, they did not consider treatment in his home town of Najaf, in southern Iraq. Instead they joined a four-taxi convoy of ailing Iraqis headed to Iran.

For more than two weeks last fall, Abbas, his sister and his mother were treated to free hotels, trips to the zoo and religious shrines, and his mother's $1,300 eye surgery at a hospital in Tehran, all courtesy of the offices of Moqtada al-Sadr, Iraq's ascendant Shiite Muslim cleric. Abbas returned to Najaf glowing over the technical prowess of Iran.

"When you look at this hospital, it is like something imaginary -- you wouldn't believe such a hospital like this exists," said Abbas, a 22-year-old college student. "Iran wants to help the patients in Iraq. Other countries don't want to let Iraqis in."

The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries. Thousands of Iranian pilgrims visit the Shiite holy cities in southern Iraq each year. Iran exports electricity and refined oil products to Iraq, and Iraqi vendors sell Iranian-made cars, air

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coolers, plastics and the black flags, decorated with colorful script, that Shiites are flying this week to celebrate the religious holiday of Ashura. But when President Bush and top U.S. officials speak of Iran's role in Iraq, their focus is more limited. U.S. officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas.

"We will not allow hegemony of a hostile regime to have power over this area," U.S. Ambassador to Iraq Zalmay Khalilzad said this week.

But changing the "behavior" of the Iranian government, as Khalilzad proposes, collides with Iran's expanding influence in Iraq, which is built on deep cultural ties as well as personal and business relationships developed during the years that many leading Iraqi Shiite politicians spent in exile in Iran.

Iran has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala. It maintains informal liaison offices in the Kurdish cities of Sulaymaniyah and Irbil, the latter of which was raided Jan. 11 by U.S. troops, who arrested five Iranians. Each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene. Iran exports electricity through Iraq's Diyala province and plans to quadruple the amount with new projects, Iraqi officials say.

Iran has also extended a $1 billion line of credit to Iraq to help fund reconstruction and rebuilding. When Iraqi President Jalal Talabani and his delegation of ministers visited Iran in November, he asked for more help and said Iraq "would like to expand our relations in every field with the Islamic Republic of Iran."

"The economic power between the two countries, it's enormous," said Hassan Kazemi Qomi, Iran's ambassador to Iraq. "We can help them in technical issues and engineering. We have a lot of experience in building roads and airports."

Qomi works inside a stone embassy in a compound with lush gardens and spear-wielding statuary just outside the fortified Green Zone, the seat of U.S. power in Iraq. When he speaks of the Americans, he calls them "the others."

"As for our policy, it's clear and it's going forward. We are happy with the Iraqi government," Qomi said at a recent news conference. "The kidnapping of our diplomats will have no effect at all on our help and cooperation with the Iraqi side. . . . We are only at the first stages of this support."

Qomi said the presence of American troops in Iraq "has increased the instability, increased the killing of innocent people and inflamed the sectarian violence."

"If we want to establish security in Iraq, the Iraqi government should take security into its own hands," he said. "Unfortunately, the others don't want that to happen."

Caught between the United States and Iran is Hoshyar Zebari, Iraq's foreign minister. "I'm treading a very thin line," he said last week over tea in his office. Zebari says he believes Iran wants a stable government in Iraq, along with the departure of U.S. troops, but is worried that a full-scale civil war could spill over Iraq's borders.

Iran supports the two largest Shiite political parties, the Supreme Council for the Islamic Revolution in Iraq (SCIRI) and the Dawa party of Prime Minister Nouri al-Maliki, U.S. officials have said. But Iran also negotiates with Kurdish and Sunni politicians and sometimes bypasses the central government to forge agreements with Iraqi provinces, Zebari said.

"Historically that has been their attitude, to bet on every horse. And they have changed their support from one group to another," Zebari said.

Some analysts say the violence and instability in Iraq attract more Iranian involvement, not less, as Iran positions itself to be on the winning side of a sectarian war.

"The whole Gulf system is turned upside down, and everybody is trying to figure out how they situate themselves in it," said Ray Takeyh, an Iran expert at the Council on Foreign Relations, referring to traditional relationships in the Persian Gulf region. Iranian support is "part of the program of strengthening the Shia community to resist and expand its influence, and become a successful combatant in a civil war."

For the Iraqi government, it has been a frustrating strategy. "Instead of diversifying your support or aid to different groups, militias, political leaders, if you're sincere in your commitment to see this government succeed, why don't you give all this assistance and money and weapons and training directly to the government?" Zebari said.

Iran has driven a wedge between Iraq and the United States. Last month, when U.S. troops seized two Iranian officials inside the Baghdad compound of Abdul Aziz al-Hakim, the leader of SCIRI, the Iraqi government intervened and the United States freed them. After U.S. troops seized five more Iranian officials from the liaison office in Irbil, the Iraqi government again appealed for their release -- so far unsuccessfully -- saying the men worked in an approved office providing consular services.

In both cases, U.S. officials accused some of the Iranians of being operatives with the al-Quds Brigade, which the Americans say arms and trains terrorist groups outside Iran, including the Lebanese organization Hezbollah and Islamic Jihad, which is active in the Palestinian territories. Both the Iraqis and Iranians have asked the United States for proof of clandestine activities.

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U.S. officials decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to "harden" Iraq's security forces to repel Iranian influence, failed to produce satisfactory results, Khalilzad said. "We've come to the view that we need to do more than that, we need to go after their networks," he said.

During the rule of Saddam Hussein, who oppressed Iraq's Shiites and fought an eight-year war against Iran, Iraqi Shiite dissidents in exile, especially SCIRI and its armed wing, the Badr Brigade, found welcome help from Iranian security forces.

"We know what the relationship between SCIRI, Badr and the Iranian institutions were in those days. Now it's a different situation," Khalilzad said. The Iraqi government is no longer "an opposition movement in need of support from the security agencies of a neighboring state, so there is a need for adaptation in terms of what's appropriate in terms of a relationship."

Iraqi officials are sharply divided in their perceptions of Iran's intentions in Iraq. Hussein al-Falluji, a Sunni member of parliament, said Iranian influence exceeds that of the United States, but it is "hidden, and is heading toward targeting vital joints of the Iraqi state."

Mowaffak al-Rubaie, Iraq's national security adviser, said, "Iran is networking aggressively inside Iraq in every aspect of life, including the security aspect."

Mariam Rayis, a foreign affairs adviser to Maliki, dismissed as paranoia U.S. assertions about Iran's "dark involvement" in Iraq. "These neighbors can help us for a while until we can have new construction here," she said. "We have noticed that there is moral support from Iran."

Iran Calls For Summit With Iraq, Syria (AP)

By Steven R. Hurst And Qassim Abdul-zahra

AP, January 26, 2007

Iran has invited the Iraqi and Syrian presidents to Tehran for a weekend summit with Mahmoud Ahmadinejad to hash out ways to cooperate in curbing the runaway violence that has taken Iraq to the verge of civil war and threatens to spread through the region, four key lawmakers told The Associated Press on Monday.

Iraqi President Jalal Talabani has accepted the invitation and will fly to the Iranian capital Saturday, a close parliamentary associate said.

The Iranian diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort to clamp off violence in Iraq, where more civilians have been killed in the first 20 days of November than in any other month since the AP began tallying the figures in April 2005.

The Iranian move was also a display of its increasingly muscular role in the Middle East, where it already has established deep influence over Syria and Lebanon.

"All three countries intend to hold a three-way summit among Iraq, Iran and Syria to discuss the security situation and the repercussions for stability of the region," said Ali al-Adeeb, a lawmaker of Prime Minister Nouri al-Maliki's Dawa Party and a close aide to the prime minister.

Both Iran and Syria are seen as key players in Iraq. Syria is widely believed to have done little to stop foreign fighters and al-Qaida in Iraq recruits from crossing its border to join Sunni insurgents in Iraq. It also has provided refuge for many top members of Saddam Hussein's former leadership and political corps, which is thought to have organized arms and funding for the insurgents. The Sunni insurgency, since it sprang to life in late summer 2003, has been responsible for most of the U.S. deaths in Iraq.

Iran is deeply involved in training, funding and arming the two major Shiite militias in Iraq, where Tehran has deep historic ties to the current Shiite political leadership. Many Iraqi Shiites spent years in Iranian exile during Saddam's decades in power in Baghdad. One militia, the Badr Brigade, was trained in Iran by the Revolutionary Guard.

An Ahmadinejad spokesman said that Talibani's visit was scheduled several weeks ago for late November to work on improving bilateral relations. But Majid Yazdi told the AP that he had no information on a coming visit by the Syrian leader.

But Talabani confidants said the invitation was issued on Thursday by Iranian Ambassador Hassan Kazimi Qumi, who said Syrian President Bashar Assad also would be in Tehran for the talks with Ahmadinejad.

Rockefeller: Cheney Applied 'Constant' Pressure To Stall Investigation On Flawed Iraq Intelligence (MCT)

By Jonathan S. Landay

McClatchy Newspapers, January 26, 2007

WASHINGTON - Vice President Dick Cheney exerted "constant" pressure on the Republican former chairman of the Senate Intelligence Committee to stall an investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday.

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In an interview with McClatchy Newspapers, Sen. Jay Rockefeller of West Virginia also accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants.

In the 45-minute interview, Rockefeller said that it was "not hearsay" that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence.

"It was just constant," Rockefeller said of Cheney's alleged interference. He added that he knew that the vice president attended regular policy meetings in which he conveyed White House directions to Republican staffers.

Republicans "just had to go along with the administration," he said.

In an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: "The vice president believes Senator Roberts was a good chairman of the Intelligence Committee."

Roberts' chief of staff, Jackie Cottrell, blamed the Democrats for the investigation remaining incomplete more than two years after it began.

"Senator Rockefeller's allegations are patently untrue," she said in an e-mail statement. "The delays came from the Democrats' insistence that they expand the scope of the inquiry to make it a more political document going into the 2006 elections. Chairman Roberts did everything he could to accommodate their requests for further information without allowing them to distort the facts."

"I'm not aware of any effort by the vice president, his staff or anyone in the administration to influence the speed at which the committee did its work," said Bill Duhnke, who was Roberts' staff director.

Rockefeller's comments were among the most forceful he's made about why the committee failed to complete the inquiry under Roberts. Roberts chaired the intelligence committee from January 2003 until the Democrats took over Congress this month.

The panel released a report in July 2004 that lambasted the CIA and other U.S. intelligence agencies for erroneously concluding that Iraqi dictator Saddam Hussein was concealing biological, chemical and nuclear warfare programs. It then began examining how senior Bush administration officials used faulty intelligence to justify the March 2003 invasion.

Robert promised to quickly complete what became known as the Phase II investigation. After more than two years, however, the panel published only two of five Phase II reports amid serious rifts between Republican and Democratic members and their staffs.

Rockefeller recalled that in November 2005, the then-minority Democrats employed a rarely used parliamentary procedure to force the Senate into a closed session to pressure Roberts to complete Phase II.

"That was the reason we closed the session. To force him" to complete the investigation, he said.

The most potentially controversial of the three Phase II reports being worked on will compare what Bush and his top lieutenants said publicly about Iraq's weapons programs and ties to terrorists with what was contained in top-secret intelligence reports.

In the two reports released in September, the panel said that the administration's claims of ties between Saddam and al-Qaida were false and found that administration officials distributed exaggerated and bogus claims provided by an Iraqi exile group with close ties to some senior administration officials.

Rockefeller said it was important to complete the Phase II inquiry.

"The looking backward creates tension, but it's necessary tension because the administration needs to be held accountable and the country . . . needs to know," he said.

Rockefeller said that he and the senior Republican member of the committee, Sen. Christopher Bond, R-Mo., have put the frictions behind them and agree that the committee should press the administration for documents it's withholding on its domestic eavesdropping program and detainee programs.

Under the eavesdropping program, the National Security Agency monitored Americans' international telephone calls and e-mails without court warrants if one party was a suspected member or supporter of al-Qaida or another terrorist group.

Rockefeller charged that Bush had violated the Foreign Intelligence Surveillance Act, which requires the government to obtain permission to eavesdrop on Americans from a secret national security court.

"For five years he's (Bush) has been operating an illegal program," he said, adding that the committee wants the administration to provide the classified documents that set out its legal argument that Bush has the power to wiretap Americans without warrants.

Rockefeller is among a handful of lawmakers who were kept briefed on the program after it started following the Sept. 11, 2001, attacks. But he told Cheney in a handwritten note in July 2003 that he was deeply concerned about its legality.

In the interview, Rockefeller said the committee needs more details about how the program worked before it considers amending the eavesdropping act to give the administration the flexibility it says it requires to be able to track terrorists.

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"How do we draw something up if we have no idea about what the president sent out in the way of orders to the NSA? What about the interpretation of the Department of Justice?" he asked. "Americans . . . should want us to discern what the facts are, what the truth is."

G.I. Gets 18-Year Prison Term For Killing 2 Captive Iraqis (NYT)

By Paul Von Zielbauer

The New York Times, January 26, 2007

FORT CAMPBELL, Ky., Jan. 25 — An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May.

The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice.

Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said.

Private Clagett is the third of four soldiers charged with premeditated murder in the case to plead guilty in exchange for a reduced sentence. His plea further strengthens prosecutors' case against the remaining soldier, Staff Sgt. Raymond L. Girouard, and increases the chances that Sergeant Girouard may also seek a plea arrangement to avoid conviction at trial, which would require a life sentence.

Sergeant Girouard, 24, the squad leader, is charged with creating a plan to free the three Iraqi men from their plastic handcuffs, have Private Clagett and another soldier shoot them as they fled and then cover up the crime by telling investigators the men had attacked the soldiers and tried to escape.

Military officials raised questions about the deaths after the bodies were removed and found to still have blindfolds and parts of plastic handcuffs on them.

In his plea, Private Clagett told the military judge, Col. Theodore Dixon, that he had conspired with Sergeant Girouard and Specialist William B. Hunsaker to kill the three men after blindfolding and handcuffing them with plastic "zip-tie" handcuffs.

"I cut the zip-ties loose, pulled the blindfold up on one of them, down on the other," he said, referring to two of the three Iraqi men. "Hunsaker told them to run. I told them to 'yallah,' meaning to run faster." He said he and Specialist Hunsaker had sprayed the men with rifle fire, killing two and gravely wounding the third.

Specialist Hunsaker pleaded guilty to murder charges on Jan. 11 and received an 18-year prison sentence. That same week, Specialist Juston R. Graber, the fourth soldier charged in the case, pleaded guilty to aggravated assault for shooting the wounded man after an Army medic had declared him to be beyond help.

Sergeant Girouard's trial is scheduled to begin March 5. If he does not end up pleading guilty, his lawyers said they would ask the judge to force the soldiers' brigade commander, Col. Michael D. Steele, to testify at his trial.

Several soldiers in Private Clagett's platoon have said in sworn statements that Colonel Steele told his men that they would be attacking a stronghold of Al Qaeda and ordered them to kill all men of military age they encountered during the raid.

Colonel Steele, in sworn testimony to Army investigators that has not been made public, said he had not given orders using those exact words, but had warned his soldiers to expect a fierce battle. He was reprimanded by an Army general last summer for issuing confusing rules of engagement that investigators said had contributed to the deaths of the three Iraqi men and a fourth man killed during the raid.

Private Clagett's civilian lawyer, Paul W. Bergrin, said his client was sorry for killing unarmed men but was steadfast in his belief that the men, had they lived, would have gone on to kill American soldiers.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Mr. Bergrin said outside the courtroom.

U.S. Soldier Sentenced To 18 Years After Pleading Guilty To Murder In Iraqi Detainees' Deaths (FINDLAW/AP)

By Beth Rucker, Associated Press Writer

AP, January 26, 2007

(AP) - FORT CAMPBELL, Kentucky-A 101st Airborne Division soldier was sentenced to 18 years in prison after pleading guilty Thursday to murdering an Iraqi detainee and taking part in the killings of two others, saying he went along with a plan to make it look like they were escaping.

Pfc. Corey R. Clagett, 22, was one of four soldiers from the division's 3rd Brigade "Rakkasans" who were accused in the detainees' deaths during a May 9 raid on the Muthana chemical complex in Samarra, about 60 miles (96 kilometers) north of Baghdad.

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In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening.

Clagett will also be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole.

The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission.

Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial.

"(Sgt. Girouard) said we were going to cut the zip ties loose and kill the detainees," Clagett told the military judge, Col. Theodore Dixon, on Thursday. "I knew it was an unlawful order. I just went along with it."

The judge asked Clagett what his intention was when he shot at the detainees.

"To kill them, your honor," Clagett said.

Prosecutors said Clagett fatally shot one detainee and seriously wounded another. Official say Graber then killed the wounded detainee, and Hunsaker killed the third.

Clagett's lawyer, Paul Bergrin, has insisted Clagett was following orders, but sought the plea agreement after Hunsaker, 24, told a military judge that Clagett helped him shoot the detainees.

"My client was 100 percent convinced at all times that the individuals that were killed were terrorists," Bergrin told reporters after the sentencing. "His heart is bleeding that he can no longer serve his country."

Military prosecutors would not discuss the case.

Hunsaker pleaded guilty to murder, attempted murder and obstruction of justice this month and was also sentenced to 18 years in prison.

Graber, 21, pleaded guilty to a lesser charge of aggravated assault with a dangerous weapon as part of his agreement to cooperate with prosecutors. He was sentenced to nine months in military jail.

Hunsaker testified that Girouard cut him on the face and arm to make it appear there was a struggle after he and Clagett killed the detainees. Clagett repeated that story to the judge Thursday.

"Just like anyone, we didn't want to get caught," Clagett said.

The case is one of two involving soldiers from the 101st Airborne Division accused of killing Iraqis during a deployment to the Middle Eastern country that ended in September.

Four other soldiers from the division's 2nd Brigade Combat Team are accused of raping and killing an Iraqi teenager and killing three others in her family last March. A former Army private also faces murder and rape charges in federal court for the same incident.

Salvadoran's Death In Iraq Leaves His Mother Fuming (NYT)

By Marc Lacey

The New York Times, January 26, 2007

SAN SALVADOR, Jan. 21 — From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son.

In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict.

El Salvador is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population.

"Our army should be at home," said Ms. Ramos, 48, fuming against a war she said she did not know the first thing about until smartly dressed officers showed up at her home in 2004 to inform her that her son, Natividad, had become the first Salvadoran to die in combat in Iraq.

The United States has been debating for years the reasons for the war in Iraq and whether the invasion and continued presence of troops there are justified. Was there reason to believe that weapons of mass destruction were there? Was Saddam Hussein's despotism enough reason to topple him? Did links between Iraq and Al Qaeda exist?

El Salvador, which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification. Those other mothers can say that their children fell while fighting for their country, either for the Marxist guerrilla movement or the American-backed government. But Natividad Ramos, 20, died in Najaf in a clash with armed followers of the Shiite cleric Moktada al-Sadr.

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"I got through our war without losing any family," she said of El Salvador's civil war, which took an estimated 75,000 lives. "And now my son was sent to fight in someone else's war."

Officially, Mr. Saca's government says the deployment of what is called the Cuscatlán Battalion is a way to thank the world for its assistance in helping stop the civil war here a decade and a half ago. Salvadoran officials say their country is an active part of the United Nations and believe in the world body's effort to rebuild Iraq.

They stress the humanitarian dimension to their soldiers' work there, like building roads, health clinics and schools, while acknowledging the dangers that have resulted in the deaths of five soldiers and the wounding of about two dozen more. They proudly note that El Salvador's army, once linked to right-wing death squads, has been purged of its bad elements and is now one of the most respected institutions in the country.

But those arguments have not been enough to sway local critics. A newspaper opinion poll put opposition to El Salvador's involvement in Iraq at 81 percent. In 2004, masked protesters briefly took over the country's main cathedral and demanded an immediate withdrawal of troops. For the most part, though, Salvadorans have been preoccupied with local concerns, such as their economic woes and the insecurity that causes strains in their own country.

Every time a new contingent is sent, though, the legislature splits along party lines, with the right-wing government and its allies backing the plan and the leftist opposition voting no.

"It's the gringos' war," said one critic, Olga Serrano, who is executive secretary of a group of wounded veterans from the war in the 1980s. "What are we doing over there?"

Behind the scenes, government officials sell the plan differently. They point to all the benefits they believe they are receiving from Washington as a result of their assistance, even as the Bush administration insists that it is not giving El Salvador special favors for its troop presence.

"We're doing this to help the Iraqis but we're also doing this for our own people," said Carlos Rolando Herrarte Rivas, a legislator from the center-right Christian Democratic Party who went to Iraq in December as part of a government delegation to visit the troops. "The president can't say that but that's why we're doing it."

Mr. Herrarte, a retired colonel, said the Bush administration had been treating Salvadoran migrants well despite strong anti-immigrant sentiment in the United States. He pointed to the Bush administration's decision in January 2005 to grant a one-year extension of temporary protected status for about 250,000 Salvadorans living in the United States. The status gives them a reprieve from deportation because of natural disasters or political turmoil at home.

Mr. Herrarte also cited the $461 million in antipoverty funds that El Salvador was awarded last fall by the Millennium Challenge Corporation, an American foreign aid agency, as being another outgrowth of the war effort.

"When I go to my town, they yell," he said of his vociferous antiwar constituents. "They want to know why we are there. They say, 'Get them out.' Then I start explaining how this is helping our people in the United States."

To say that El Salvador and the United States are joined at the hip is an understatement. Nearly a third of native-born Salvadorans are living in the United States, including relatives of President Saca, Defense Minister Otto Alejandro Romero Orellana and many other decision makers. Those Salvadorans abroad send home about $2.5 billion every year, which represents about 17 percent of the country's gross domestic product.

Former President Francisco Guillermo Flores Pérez, who was considered especially close to the White House, sent the first troops to Iraq in 2003. The issue came up in the presidential campaign the following year when Mr. Saca, a pro-American businessman, defeated Schafik Handal, a former Communist guerrilla.

Mr. Handal had pledged to withdraw Salvador's 380 soldiers from Iraq immediately. Mr. Saca said a victory by Mr. Handal ran the risk of cutting the flow of money from Salvadoran migrants in the United States.

Mr. Saca has continued sending troops even though the governing Nationalist Republican Alliance party, known as Arena, lacks a majority in the legislature. Mr. Saca's party has had to strike deals with two smaller parties to come up with the 43-vote simple majority.

The Farabundo Martí National Liberation Front, an outgrowth of the guerrilla movement that fought the government in the 1980s, has consistently voted against the war.

Critics of decision to send Salvadoran troops point out that Nicaragua, Honduras and Dominican Republic continued to have strong relationships with Washington, even though they pulled their troops out of Iraq in the spring of 2004.

They point out that Hondurans and Nicaraguans also have the same preferred immigration status that Salvadorans do. Honduras and Nicaragua also received Millennium grants, albeit smaller ones than El Salvador's, critics note.

Salvadoran officials are not speaking of an increase in troops to quell the Iraqi insurgency. But when they are asked how long the country plans to involve itself in the war, they do adopt President Bush's language: as long as it takes.

Hello, Mr. Chips: Vendors Feeding Demand In Iraq (USAT)

By Zaid Sabah

USA Today, January 26, 2007

BAGHDAD — It's a sight on Baghdad sidewalks as common as cigarette or kebab vendors: Rows of clear plastic bags, some the size of small duffle bags, bulging with golden potato chips.

Dates are the country's biggest food export and pistachios are a better-known local commodity. But Iraqi-made potato chips — deep fried, thin and greasy — are considered more than a snack: They're a delicacy.

"I love them," said Lubna Bahjat, 25, a civil engineer, who said she eats the chips while watching DVDs at home. "I can't watch a movie without them."

MORE LIFE IN IRAQ: Index of stories

Baghdad once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons, Ismail and other chip vendors say. Today, one factory dominates the industry — near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia.

Due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the U.S. invasion.

The story of potato chips in Baghdad dates back to the late 1950s, when a Kurdish merchant known as Abu Rafal opened the first potato chip factory in the capital, said Jassim Issa, another Karrada chip vendor.

At first wildly foreign to Iraqis, the strange, crispy treat quickly surged in popularity, he says. Initially, potato chips were consumed mainly by men drinking beer or liquor at bars or restaurants. They later became mainstream and grew popular among women and children.

Ismail said he used to sell about 110 pounds of chips a day from his sidewalk stand. But since the bombing of a holy Shiite shrine in Samarra in February 2006, which launched a wave of sectarian violence, his business has diminished because fewer people are on the streets, he said.

Today, he sells about 45 pounds of potato chips per day, Ismail said. His most popular flavor: chicken.

"Potato chips are still very popular in Iraq," he said.

"Everybody loves them."

Issa has owned his sidewalk chip stand since 1994. He once dreamed of opening his own chip factory. But the venture involved an endless bureaucratic tangle with Baghdad's municipal government and the health and oil ministries and required several million Iraqi dinars, putting the plan out of reach, he said. He gave up on the idea and focused on his sidewalk sales.

He says his business has suffered as the violence has increased in Baghdad, keeping people indoors. Through February 2006, he was selling about 165 pounds of chips a day, Issa said. Today, he's lucky to sell 66 pounds.

Despite the dip in sales, Issa said he'll stick to his profession — more out of love for the chip than lust for profits.

"This job is the blood that flows in my veins," Issa said, adjusting the bags of chips on his stand. "Can a fish live outside the water? Neither can I."

Army Finds Probable Cause In Afghans' Torture, Death (LAT)

By Kevin Sack And Craig Pyes

The Los Angeles Times, January 26, 2007

Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003.

The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004.

The military investigators, who work for the Army's Criminal Investigation Command, also found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes.

Christopher P. Grey, chief of public affairs for CID, said Thursday that he could not release names or details of the findings because the soldiers have not been formally charged. Rather, the findings have been forwarded to the U.S. Army Special Forces Command, based at Ft. Bragg, N.C., for decisions on whether the soldiers should be charged and prosecuted.

Maj. James O. Gregory, a spokesman for the Special Forces command, said a statement would be issued soon, but he declined to comment further.

Grey did not specify the gravity of the assault findings. Simple assault and dereliction of duty can be considered minor offenses by superior officers, according to specialists in military justice.

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Grey also would not say whether the criminal findings relate directly to the death of an 18-year-old Afghan army recruit, Jamal Naseer, who died at the Special Forces compound in Gardez after being interrogated there by U.S. troops. A number of other Afghans who were taken prisoner along with Naseer have said they were severely beaten and otherwise abused while being held at the base by soldiers with the 20th Special Forces Group, an Alabama-based National Guard unit.

Concurrently, the Army investigators determined there was not probable cause to charge anyone in the separate case of an Afghan detainee who died in the custody of the same 20th Special Forces Group team, known as ODA 2021. That detainee, an unarmed woodcutter named Wakil Mohammed, was shot in the face by a soldier during a search of the village of Wazi after a fierce firefight, also in March 2003, according to Afghan witnesses interviewed by The Times.

Grey, the CID spokesman, said in an e-mailed statement that "the case involving Wazi was unfounded." That term is used, he said, "when there is not probable cause to believe that the offense occurred … considering the quality and quantity of all available evidence."

In March 2005, however, CID announced it had found probable cause in the Wazi case to recommend charges of murder against one member of the 20th Special Forces Group and of dereliction of duty against another soldier for not reporting Mohammed's death. Those referrals, known as "listings," have since been rescinded, but Grey declined to say what had changed.

Details of Mohammed's death were revealed in a two-part series about ODA 2021 that was published in The Times in September.

Grey said both investigations were closed by CID on Jan. 11. "If any new credible information becomes available, CID stands ready to reopen the investigation," he said.

The deaths of Naseer and Mohammed were never reported to higher authorities, according to both the battalion and group commanders who oversaw the 20th Group's operations in Afghanistan. That distinguished them from scores of other questionable deaths of detainees in U.S. custody in both Afghanistan and Iraq.

The Times account last fall cited numerous Afghan witnesses who saw Naseer immediately before and after his death and said he appeared to have been badly beaten. It quoted one Special Forces member as saying the team held a meeting after the detainee died to coordinate stories should an investigation arise.

"Everybody on the team had knowledge of it," the soldier said, speaking on condition of anonymity. "You just don't talk about that stuff in the Special Forces community. What happens downrange stays downrange."

Other detainees arrested with Naseer also showed signs of severe beating that were noted in local doctors' reports after their release from the base. One of those detainees was a man with one leg.

The commander of the Special Forces team at the time of both deaths was Chief Warrant Officer Kenneth C. Waller, a full-time National Guardsman who continues to work at 20th Group headquarters in Birmingham. Grey would not say whether Waller, who is now 36, is among those implicated in the CID investigation.

Officials with 20th Group said today that Waller, despite the ongoing case involving his unit, is currently deployed to East Africa, as is Col. Leonard Kiser, the 20th Group's current commanding officer. Neither was available for comment.

While the Special Forces team in Gardez consisted mostly of Alabama National Guardsmen, it also included several members from other groups.

One of them, Sgt. 1st Class Michael E. MacMillan, an intelligence analyst with the 7th Special Forces Group at Ft. Bragg, was depicted by other team members as being heavily involved in the interrogation of detainees at the base.

U.S. To Seek $10.6B For Afghan Aid (AP)

By Anne Gearan

AP, January 26, 2007

President Bush will ask Congress for $10.6 billion to help Afghanistan strengthen its security forces and rebuild from years of war, Secretary of State Condoleezza Rice said Thursday.

The money would be on top of $14.2 billion in aid the United States has already given to Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

The request, which Bush will make formally next month, comes after a year in which Taliban forces launched surprisingly fierce attacks across the country. U.S. and NATO forces are bracing for a renewed offensive by Taliban fighters in the spring

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Rice told reporters flying with her to Brussels for NATO meetings on Afghanistan.

Rice said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction. The money would be spent over the next two years.

The aid proposal also comes as the U.S. appears to be stepping up its military commitment in the country.

The Defense Department has said that 3,200 soldiers from the New York-based 10th Mountain Division already in Afghanistan would have their tour extended by four months. In a visit to Afghanistan last week, new Defense Secretary Robert Gates indicated he is likely to ask Bush for more troops for the country.

There are about 24,000 U.S. troops in Afghanistan, the highest number since the war began in October 2001. About half are under the control of NATO, which is gradually gaining more control over operations there.

A senior State Department official who spoke on condition of anonymity gave another indication that U.S. forces in Afghanistan may grow, saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary."

On Thursday, Gen. David Richards, the top NATO commander in Afghanistan, said NATO-led troops battling resurgent Taliban militants will shortly be reinforced with another combat brigade. The NATO-led force is about 20 percent short of the troops levels pledged by its contributing nations.

Among other issues, Rice will raise with her NATO colleagues are the divisions within the alliance on sharing the burden in Afghanistan. More NATO countries have shown a greater willingness than others to send troops to areas of conflict.

State Department spokesman Sean McCormack said there is a pressing need to address the problem of high levels of opium poppy production in Afghanistan.

"Everybody understands that it's a problem that needs to be addressed," he said. "We don't want an Afghanistan (economy) that is based solely on production of narcotics and international aid."

Officials in the Afghan capital of Kabul said this week that despite pressure from the United States the country's heroin-producing poppies will not be sprayed with herbicide this year despite a record crop in 2006. Afghan officials said there would be an increased effort to destroy poppy crops with traditional techniques _ typically sending teams of laborers into fields to batter down or plow in the plants before they can be harvested.

Fueled by the Taliban, a powerful drug mafia and the need for a profitable crop that can overcome drought, opium production from poppies in Afghanistan last year rose 49 percent to 6,700 tons. That's enough to make about 670 tons of heroin, or more than 90 percent of the world's supply and more than the world's addicts consume in a year.

The U.S. budget request follows a review of U.S. policy in Afghanistan that the White House began last year.

"It had been over five years since we went into Afghanistan and the situation on the ground _ economic and security _ has changed," said Gordon Johndroe, a spokesman for the National Security Council. "There's now a viable government that we're working with. Substantial progress has been made in many areas, but it's also clear that the policy needed to be reviewed, so that we continue to improve the lives of Afghan citizens."

Rice To Press Europe On Afghan Funding (FT)

By Daniel Dombey, Aunohita Mojumdar And Fidelius Schmid

Financial Times, January 26, 2007

Condoleezza Rice, the US secretary for state, will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe.

At a meeting of Nato and European Union foreign ministers in Brussels, Ms Rice is expected to unveil details of a US initiative to provide about $8bn (€6bn, £4bn) for the war-torn country and call on Europe to make a similar step.

President George W. Bush is scheduled to ask Congress for the funds next month, an indication of the growing concern in Washington about the future of Afghanistan and the bitter fight against Taliban insurgents. The request would be a huge increase as the total assistance provided by Washington.

In an effort to boost troops in the country, the US Department of Defense has also said about 3,500 US soldiers will stay four months longer than scheduled.

Separately, the European Commission will on Friday announce about €600m ($780m, £395m) for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health.

The figure represents a fall on the levels of aid the Commission has given Afghanistan in the past, although typically European governments, not Brussels, provide the lion's share of EU aid.

"We are working within limited resources," said a Commission official. "This is by far our largest aid programme in Asia."

The difference between the US and many European states has also been exposed by most Nato countries' reluctance to deploy troops to the south and east of Afghanistan, where the main fighting against the Taliban is taking place.

A hard core of Atlanticist countries, led by the US, the UK, Canada and the Netherlands, is spearheading the fight in the region, with countries such as Germany and France clearly set against joining them.

On Thursday Gen Rahim Wardak, Afghanistan's defence minister, said he expected "much more force in hand" because of the US decision to increase numbers in Afghanistan, the deployment of 1,000 Polish troops and the expected augmentation of British forces. He said that it would give Nato commanders a "strategic reserve".

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The Afghan National Army's own strength would increase by up to 12,000 troops from its current level of 40,000 by the time of any "spring offensive" by the Taliban.

But France is pulling out most of the 200 special forces it has in the country, although it has agreed to provide extra aircraft for the Nato mission. Germany is also seeking to provide Nato with more aircraft.

"The countries that are in the south and east are the countries that wake up every morning feeling that their own national security is tied to the future of Afghanistan," said a senior Nato diplomat.

Bush To Seek More Aid For Afghanistan (NYT)

By Helene Cooper And David S. Cloud

The New York Times, January 26, 2007

BRUSSELS, Jan. 25 — President Bush plans to ask Congress for $10.6 billion in aid for Afghanistan, primarily to beef up the country's security forces, Secretary of State Condoleezza Rice said Thursday.

The aid request would come before what is expected to be another spring offensive by resurgent forces linked to the Taliban, the former rulers of Afghanistan. In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan for as long as three months, increasing the American force level there to around 24,000. An additional 20,000 soldiers from other NATO countries are also deployed there.

The aid request would include $8.6 billion for training and equipping Afghan security forces and would go toward increasing the size of Afghanistan's national army by 70,000 and its local police forces by 82,000, said a senior American official familiar with the issue.

An additional $2 billion would go to reconstruction projects like building roads, laying down electric power lines, development in rural areas, and counternarcotics efforts, administration officials said. The officials said that they planned to use some of the money to help Afghanistan and Pakistan battle the Taliban and other insurgents along the Afghan-Pakistan border.

President Bush is expected to make a formal request for the funds next month, after a year in which Taliban forces have carried out fierce attacks across the country, particularly in the south.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Ms. Rice told reporters aboard her flight to Brussels for a NATO meeting on Afghanistan, coming from a donors' conference for Lebanon that was held in Paris.

President Bush announced two weeks ago that he was sending more than 20,000 additional troops to Iraq, where the United States already has about 132,000 troops.

The troops to remain longer in Afghanistan, from the Third Brigade of the 10th Mountain Division, provide commanders with more forces before an expected spring offensive by the Taliban. The unit was supposed to return to the United States next month. But commanders asked Defense Secretary Robert M. Gates for additional forces when he visited Kabul last week and he said at the time that he was inclined to support the request.

In a statement, the Army said the additional forces were necessary to "deny the Taliban a base of operations."

Because another battalion is scheduled to leave Afghanistan shortly, the actual increase in American troop numbers as a result of holding over the 3,500-member brigade will be about 2,500 troops, said Bryan Whitman, a Pentagon spokesman.

The increase comes at the same time that the Bush administration is renewing pressure on European allies to increase their troops in Afghanistan and is aimed at quelling European concerns that the United States may soon draw down in Afghanistan to meet its growing troop commitments in Iraq. British, Canadian and Dutch troops have at times since last summer been in intense combat in southern Afghanistan, the Taliban's heartland.

In addition, an American general, Dan K. McNeil, is taking command of the NATO mission in Afghanistan next month, taking over from a British officer.

The NATO-led force remains about 15 percent short of the troop and equipment levels pledged by its contributing nations, a point that is bound to be of contention during Friday's scheduled NATO meeting in Brussels to discuss Afghanistan.

Mr. Gates has been more open to adding troops to Afghanistan than his predecessor, Donald H. Rumsfeld, who argued for holding down force levels. Mr. Gates has indicated that he favors aggressive action to root out the Taliban and has said repeatedly that Afghanistan cannot be permitted to fall back into chaos.

American officials say that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and are preparing to resume attacks in the spring, as they have done every year since the American invasion, which toppled the Taliban in 2001.

Since 2001, the United States has provided over $14.2 billion in aid to Afghanistan.

New Combat Brigade To Bolster NATO-Led Forces In Afghanistan (WP/AP)

DOJ_NMG_0122444

The Washington Post, January 26, 2007

KABUL, Jan. 25 -- NATO-led troops battling resurgent Taliban fighters will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday.

British Gen. David Richards said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops. Richards did not specify how many reinforcements he expected.

"I anticipate at least another brigade of combat troops from ISAF nations coming here shortly and more after that," Richards told reporters.

At NATO headquarters in Brussels, officials would not specify which countries planned to send reinforcements, saying such announcements are up to individual nations.

Several countries, however, plan to boost their contributions in response to requests for more troops to join the fight against the Taliban in the spring.

Poland is expected to send about 1,200 soldiers in February, and British news media have reported that Britain is considering deploying 600 more troops. It was not clear if Richards was referring to those upcoming troop contributions.

The U.S. Defense Department said Wednesday that about 3,500 soldiers from the New York-based 10th Mountain Division already in the country would have their tour extended by four months.

The NATO-led force, which is bracing for renewed fighting with the Taliban, is about 20 percent short of the troop levels pledged by its contributing nations.

Richards made the comments during the opening of a joint operations center in Kabul that will be manned by officers from Afghanistan, Pakistan and NATO. The three are trying to increase coordination in their counterinsurgency efforts.

Relations between Pakistan and Afghanistan have deteriorated recently as top officials have traded accusations over which side was responsible for the increase in Taliban attacks. About 4,000 people died in insurgency-related violence in Afghanistan last year, according to numbers from Afghan, U.S. and NATO officials.

Also Thursday, Italy's government approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition. Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, although he has resisted NATO's request to increase its size.

Bush Seeks Funds To Counter Taliban (WT)

By Nicholas Kralev

The Washington Times, January 26, 2007

The Bush administration will ask Congress for $10.6 billion next month for Afghanistan's reconstruction and to beef up the country's security forces to counter recent Taliban gains, Secretary of State Condoleezza Rice said yesterday.

The unusually large figure -- the United States has given Afghanistan $14.2 billion in aid since 2001 -- is an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, U.S. officials said.

In addition, the Pentagon announced yesterday that it would extend the tours of 3,200 soldiers in Afghanistan. The troops from the 3rd Brigade, 10th Mountain Division, were expecting to complete a one-year deployment next month, but their tour of duty had been extended by up to 120 days.

The extension means there will be about 2,500 more soldiers in Afghanistan than planned for the next few months.

"The challenges of the last several months have demonstrated that we want to and we should redouble our efforts," Miss Rice said as she flew last night to Brussels, where she will urge fellow NATO members today to follow Washington's lead and increase their financial assistance.

She said $8.6 billion would be used for training and equipping Afghan police and security forces. The money would also help to increase the Afghan army by 70,000 soldiers and police forces by 82,000, a senior U.S. official said.

The remaining $2 billion would go to building roads, an electricity grid and other infrastructure, as well as counternarcotics operations, said State Department spokesman Sean McCormack.

The administration will submit the request as a supplemental to this year's budget, but the funds would be disbursed over the next two years, officials said.

They said the White House had realized that an "adjustment in strategy" was urgently needed if Afghanistan was going to be the success the United States wants it to be, and a broad interagency review was conducted in the past several months.

"There was a feeling that we were incrementally making progress, but that, given the kind of insurgency threat we faced last year, maybe that wasn't enough, that what we needed to do was make significant progress across the board," Richard Boucher, assistant secretary of state for South and Central Asian affairs, said yesterday in Brussels.

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Mr. Boucher said the "significant funding," a decision to keep more troops in Afghanistan, as well as other steps by the United States and NATO were meant to disrupt Taliban's plans for the winter.

About 4,000 people were killed in insurgency fighting last year, and U.S. officials have said there were nearly 140 suicide attacks, up from 27 in 2005.

Secretary of Defense Robert M. Gates visited Afghanistan last week, but officials said the administration delayed the new funds pledge until Miss Rice's meeting at NATO in order to "make a political point."

"We're looking for others to step up their effort with us, step it up across the board," Mr. Boucher said.

About 33,000 troops from 37 countries under the NATO-led International Security Assistance Force are currently deployed in Afghanistan.

The Bush administration has been criticized that it stopped paying enough attention to the country after toppling the Taliban in 2001, and particularly since the war in Iraq began nearly four years ago.

A senior U.S. official said yesterday the administration wanted to show to its European allies that "it's not all about Iraq, all the time."

NATO defense ministers are expected to discuss the alliance's operation in Afghanistan at a meeting in Spain next month.

White House Wants More Aid For Afghanistan (LAT)

By Paul Richter

The Los Angeles Times, January 26, 2007

WASHINGTON — The Bush administration will seek $10.6 billion more in aid for Afghanistan, Secretary of State Condoleezza Rice said Thursday, in another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence.

The proposal for additional money came the same week the Pentagon announced plans to extend the deployment of 3,200 troops in the country and amid a broad rethinking of the American strategy for dealing with Afghanistan.

The new aid, which would be spent over two years, would mark a substantial addition to the $14 billion the United States has spent in Afghanistan since the invasion that toppled the Taliban's fundamentalist Islamic government in late 2001. About $8.6 billion of the new funding would be used to train and arm Afghan troops and police, and the remainder would be for reconstruction, including new roads, electricity and other infrastructure, Rice told reporters during a trip to Brussels.

"The challenges of the last several months have demonstrated that we want to, and should, redouble our efforts," she said.

U.S. officials have become increasingly alarmed by the resurgence of the Taliban, whose attacks on the fragile government and international forces made 2006 the bloodiest year since the U.S.-led invasion, with 4,000 deaths from violence. Military strategists are preparing for an expected spring campaign by the Taliban forces.

A senior U.S. official, speaking to reporters last week, said that prospects for progress in the Afghan effort were far better than in Iraq. Even so, he said, "efforts in Afghanistan need desperately to be intensified."

The official, who would discuss U.S. strategy only on condition of anonymity, said the United States and its NATO allies needed a "comprehensive approach" that included not only stepped-up security, but also efforts to strengthen the weak economy, fight the opium trade and extend the reach of a government that is hardly in evidence in many parts of the country.

As part of the effort to stabilize the country, the U.S. is temporarily increasing the size of its force there by postponing the return of the 3rd Brigade of the 10th Mountain Division. The brigade, based at Ft. Drum, N.Y., will be extended by up to 120 days beyond its one-year deployment, the Pentagon said this week. Taking into account service members being rotated out of Afghanistan, that will mean a net increase of about 2,500 U.S. troops in the country.

About 24,000 U.S. troops are in Afghanistan, representing the largest American force since the start of the war. About half of them are under the command of the North Atlantic Treaty Organization.

The new aid proposal requires approval from the Democrat-controlled Congress as part of the administration's 2007 supplemental budget proposal, a special war spending measure separate from the regular budget. The war budget proposal is expected to top $100 billion, adding to more than $400 billion spent on the conflicts and reconstruction efforts in Iraq and Afghanistan since 2001.

Pentagon officials said the money would enable them to train 70,000 Afghan soldiers and 82,000 police officers.

Defense Secretary Robert M. Gates said during a trip to Afghanistan last week that he was sympathetic to NATO requests for more U.S. and European troops and expressed concern that progress in the country would "slip away" under a sustained Taliban offensive.

Rice will address the planned addition of forces with European leaders at a NATO ministerial meeting today in Brussels.

Although the Afghanistan mission is NATO's first outside Europe, U.S. officials are unhappy that their allies have not provided more troops and that the NATO forces have in some cases limited their missions in an effort to reduce casualties. The

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Bush administration has been pressing Spain, Italy and Germany to lift operational restrictions on troops in southern Afghanistan, where the fighting is the most dangerous.

The senior U.S. official said the French too "need to do more." But the Europeans, for their part, have expressed concern that the Pentagon may shift U.S. troops from Afghanistan to Iraq to try to quell the surging violence there, leaving NATO to fill the gap.

DOJ:

New York Prosecutor With Wall Street In His Sights (FT)

By Brooke Masters In New York

Financial Times, January 26, 2007

Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet gambling investigation, takes pride in being an ordinary guy.

Spurning the car and driver that comes with his position as US attorney for the southern district of New York, he commutes by train and is never recognised on the street.

He notes wryly that his alma mater is so low on the academic totem poll that he was the first Albany Law School graduate to be hired by the office in more than 200 years.

But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling.

"This is an office that has been willing to take on the difficult and new cases, and you see the results," Mr Garcia, 45, told the Financial Times. "If there is a case there, we will make it."

A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice.

"He was a regular guy. He put his head down. He worked with agents. He made the cases," said Lev Dassin, a colleague from those days who now serves as one of Mr Garcia's top deputies.

As a young terrorism prosecutor, Mr Garcia travelled to Asia to help build the office's case against Ramzi Yousef for plotting to blow up US airliners. A few years later, he went to Kenya and Tanzania to collect evidence from the victims of the 1998 US embassy bombings there.

"Mike is just an extraordinarily talented prosecutor and investigator," said Mary Jo White, the US attorney at the time.

The southern district is known, only half jokingly, as "the sovereign district", in recognition of its broad jurisdiction and its founding in 1789, which predates the Justice Department itself.

Located blocks from Wall Street, the office attracts many of the US's pre-eminent securities fraud prosecutors and brought recent cases against the leaders of WorldCom and Adelphia, and domesticity mogul Martha Stewart.

"New York is a centre and New York is a target," Mr Garcia said. "For a lot of those reasons, our venue is very expansive and we are proud of that."

The gambling probe has particularly raised hackles because Mr Garcia's staff have not only filed money-laundering charges against the Canadian founders of Neteller, a company that processes gambling proceeds, but also sought to trace the overseas financial holdings of gambling companies and their principal officers.

Though Mr Garcia would not comment on the particulars, he says he sees the gambling crackdown as simple fairness.

"We think it violates US law and we are going to do it whether it is the guy in the Bronx operating an illegal gambling [den] or a multi-million dollar offshore on-line gambling operation."

Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington.

He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security.

Mr Garcia calls his 2005 return to New York a "great honour" and has promised to beef up prosecution of public corruption. His emphasis on meetings and reporting lines initially irked some long-time staffers and contrasted with his predecessor, David Kelley, who had often roamed the halls.

Mr Garcia's arrival coincided with a rough patch for the white-collar unit. Last summer the office lost an appeal and then agreed to a deferred prosecution of banker Frank Quattrone, a move widely seen as a defeat.

A federal judge publicly railed at the office's handling of its case against accountancy firm KPMG, and the office also dropped criminal charges against seven former New York Stock Exchange specialists.

Mr Garcia's supporters are quick to point out that all of these cases started before his arrival in 2005 and he dismissed the problems as "cyclical".

"This office is always going to be at the forefront of white-collar work," he promised. "This year you will see some very good cases coming out."

Reichert To Submit Candidates To Succeed U.S. Attorney McKay (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, January 26, 2007

Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington.

McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School.

U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor.

U.S. attorneys are White House appointees subject to Senate confirmation.

It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates.

Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay.

Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration.

Reichert is not obligated to consult with members of the opposite party.

Sen. Patty Murray, D-Wash, has not been contacted by Reichert's office about the U.S. attorney vacancy, said Alex Glass, a spokeswoman for Murray.

"Congressman Reichert is involved in looking at candidates and will seek to work in a bipartisan way in putting that name forward," Shields said.

Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng.

Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources.

McKay announced his plans to resign Dec. 14.

His departure became the subject of speculation after a spate of reports earlier this month suggested that the White House had pushed several U.S. attorneys out of their jobs. The White House denied it had orchestrated a purge, but declined to comment on whether McKay had been asked to leave.

McKay said last month he stepped down to return to the private sector. Emily Langlie, a spokeswoman for the U.S. Attorney's Office, said McKay stood by that statement and would not comment further.

CORPORATE SCANDALS:

McNulty Memo On Attorney-Client Privilege Blasted For Lack Of Change (NLJ)

By Pamela A. MacLean, The National Law Journal

National Law Journal, January 26, 2007

Critics say result will be silent pressure by Justice; Congress expected to seek bans on waiver demands

Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a "don't ask, don't tell" policy that will drive prosecution waiver demands underground.

And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12 by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a "culture of waiver."

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Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify "limited waiver" of attorney-client privilege, despite wide federal and state court rejection of the concept.

Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits.

McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits "is a significant concern," McNulty said in a recent interview. "That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver," he said.

A DEPARTURE

His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government "carefully took no position," and declined to participate in oral argument. In re Qwest Communications Securities Litigation, 450 F.3d 1179 (2006).

As for Congress stepping in to ban all but voluntary waivers, McNulty said, "I am hopeful the Senate and the House will give the new guidance a chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance."

But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing "partial waivers."

At a Jan. 12 meeting in Phoenix, a subcommittee of the Standing Committee on Rules of Practice and Procedure of the Judicial Conference of the United States heard public comments on proposed Rule 502 changes.

A 2003 memo by former Deputy Attorney General Larry D. Thompson, which told prosecutors considering whether to charge a corporation criminally to take its cooperation into account, turned the waiver controversy into a subject of national debate. Waiver of attorney-client or work-product privileges was considered a sign of cooperation. Companies failing to cooperate could be indicted along with suspect executives.

The Justice Department was tampering with a privilege that has existed in common law for more than 400 years of balancing the courts' search for truth with a need to protect defendants' right to counsel, according to Steven K. Hazen, an advisor to the American Bar Association task force on Rule 502 and the State Bar of California Business Law Section. "Confidentiality is like toothpaste, once it is out of the tube it is out for good," he said.

A survey earlier this year by the Association of Corporate Counsel, representing 19,000 public companies, found that nearly 75 percent of inside and outside counsel said government agencies expect a company under investigation to waive legal privileges. In addition, it found that in the last five years, 51 percent of outside counsel and 30 percent of in-house counsel reported the government expected waivers in order to be eligible for leniency.

"It is chilling the relationship with employees and impacts whether people report misconduct," said Susan Hackett, a spokeswoman for the association.

The McNulty memo didn't resolve the conflict. "We're thrilled the Department of Justice has taken this step forward after two years of begging. But this proposal is no solution. It not only doesn't go far enough, it still misses the point. They still think DOJ gets to decide whether corporate counsel they are prosecuting have a right to counsel or not," Hackett said.

"One bone dangled before counsel is a confidentiality agreement [partial waiver]," she said. "We don't support the rule change. There is still a fundamental constitutional problem of right to counsel. Only a court can decide that right."

The McNulty memo converts the Thompson memo's upfront requests for waiver to a "don't ask, don't tell policy," complained Judson W. Starr, head of environmental defense for Venable in Washington. "The government raises the prospect of getting information but doesn't ask for it. You still have every bit as much pressure to waive," said Starr.

"In environmental cases it is on the table in every case," he said. "If you refuse to waive, it becomes part of the conspiracy."

McNulty disputed the notion that his changes would turn government waiver requests into an unspoken wink and nod. "Practically speaking, if someone engaged in some subtle process of seeking waiver without following the procedure, it would come out quickly," he said.

"If a corporation came back and said 'there was a method or tone we picked up, that gave the impression it would be bad if we didn't volunteer to waive,' I would want to know a lot more about the facts of that," McNulty said.

Jim Parkman, who successfully defended HealthSouth Corp. CEO Richard M. Scrushy, said, "I am not for giving any waivers of any kind." In the HealthSouth prosecution, said Parkman of The Cochran Firm's Birmingham, Ala., office, "we knew

they signed an agreement and provided the government everything. We tried to obtain the agreement. The court ordered we get it, but we never did."

ABA task force advisor Hazen added that there's a danger of "commoditizing" waivers by making them bargaining chips to be traded for something of value.

But most troubling, the McNulty memo "leaves the impression something significant has been done when it hasn't," Hazen said. "Comparing the McNulty memo line by line with the Thompson memo, there is almost no change. It is very subtle." Hazen also said the Justice Department "institutionalize[s] artificially the entire attorney work-product protection area as trivial."

Nacchio's Legal Tab Picked Up (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, January 26, 2007

Bylaws require Qwest to pay for ex-CEO's defense

Joe Nacchio is getting the best defense Qwest can buy.

The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading.

Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19.

His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees.

Qwest's bylaws require it to "advance legal fees to current and former officers who may be involved" in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs.

"If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual," Toevs said.

But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts.

Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing.

The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002.

Qwest shareholder and retiree Jaclyn Prokesh called the arrangement "outrageous."

"It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses," said retiree Nelson

Phelps, executive director of the Association of US West Retirees. "It's a further hit against a company (through) legal costs for a person that many retirees look at as almost sinking the company."

"Expensive litigations"

Qwest, which acquired Baby Bell US West in 2000, hasn't disclosed how much it has spent or expects to spend on Nacchio's defense. Some of the fees may be covered by so-called Directors and Officers liability insurance, which many public corporations including Qwest carry to help defend and settle lawsuits against key officials.

But the insurance typically doesn't cover criminal charges, said John Toothman, founder of The Devil's Advocate, a legal-fees consulting firm in Great Falls, Va.

The Justice Department's case alleges Nacchio sold $101 million in Qwest stock in early 2001 while he knew the company's finances were faltering.

Separately, the SEC has sued Nacchio and several other former Qwest executives, alleging that they fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Nacchio has also been named in several shareholder lawsuits.

He is represented by two law firms: Roseland, N.J.-based Stern & Kilcullen and Denver's Richilano & Gilligan.

Herbert Stern is Nacchio's lead attorney, and John Richilano is the top local attorney. Six other attorneys from those two firms have entered appearances in the criminal case.

Costs add up

Toothman said the lead attorneys in the case could likely charge more than $500 an hour and their associates around $200 an hour. The legal bill would also include fees for pollsters, expert witnesses, travel expenses and other costs.

One expert already has appeared in court filings on Nacchio's behalf. Noted jury specialist Edward Bronson of California State University reviewed hundreds of newspaper articles and prepared a 62-page report supporting Nacchio's effort to move the trial to New Jersey, which was rejected. Bronson has said that he is paid $125 an hour for his work.

"These are expensive litigations," said John Marquess, president of Legal Cost Control, a legal-fees consulting firm in New Jersey. "These things could go as high as $60 million to $75 million to defend."

Since Qwest is paying fees in advance, Marquess said Nacchio has no reason to control costs. Skilling shelled out $23 million from his own pocket for his attorney fees, his insurance covered $17 million and $25 million went unpaid, according to published reports. Enron had filed bankruptcy by the time Skilling faced criminal charges.

"When it's your own money, you may care a bit," Marquess said. "When it's not your own money, what's he care?"

Legal experts said large corporations such as Qwest need to offer officers and directors financial protection from lawsuits in order to hire them.

"It'd be hard to attract the kind of individuals that you need to run a public corporation without that type of indemnification," said John O'Dorisio, a Denver corporate attorney.

Recommended steps

Harvey Pitt, former chairman of the SEC, said companies should have their boards conduct an investigation into charges before advancing legal fees. He also said they should have adequate protections in place to ensure that they'll be able to recover the fees.

"Unless there are satisfactory responses to these questions, I don't believe boards are justified in advancing expenses, even though they may legally be able to do so or even obligated to do so," said Pitt, who now heads business consulting firm Kalorama Partners.

Experts said companies rarely recover legal fees from former executives even if they are convicted, and shareholders ultimately foot the bill.

"There's a lot of hurdles to get that money back," Marquess said.

The company would have to stand in line behind court fines, debt holders such as mortgage companies and shareholders that file civil suits.

Experts said Qwest would have the ability to recover attorney fees from former Qwest chief financial officer Robin Szeliga, who pleaded guilty to one count of illegal insider trading.

But during her sentencing last year, Szeliga said she has faced "financial devastation." She was fined $250,000 as part of her sentence.

Szeliga is the only other former top Qwest officer to have been charged criminally. Former president Afshin Mohebbi and former CFO Robert Woodruff, who preceded Szeliga, are also named in the SEC suit.

Toevs said he couldn't comment about individual cases.

Staff writer Greg Griffin contributed to this report.

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GM Delays Earnings Announcement; Will Restate Some Financial Statements (DEN)

By Sharon Terlep And Christine Tierney, The Detroit News

Detroit News, January 26, 2007

General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter.

GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments.

"As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006," the U.S. automaker said in a statement. "GM does not expect any material impact on cash flow."

While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern.

While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department.

Last year, GM reported a $10.6 billion loss for 2005 -- after restating the result it issued previously.

That shortfall was dwarfed Thursday by Ford Motor Co.'s announcement that it lost $12.7 billion in 2006 -- the biggest annual loss in its history.

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Of Detroit's automakers, struggling against intense competition from Asian rivals in their home market, GM is furthest along in its recovery program, and investors are watching its progress closely. GM said it expected to report "improved performance in its automotive business, including record fourth quarter revenue in 2006."

Analysts have been expecting strong results from GM for 2006, a year in which the automaker pared back its workforce, cut production costs and scaled back less profitable businesses, such as sales to rental car companies. "I think they will not disappoint," analyst Brad Rubin of BNP Paribas said prior to GM's announcement that it would delay and restate results.

"The company expects to be profitable on a reported consolidated basis in the 2006 fourth quarter, and net income is expected to improve significantly over the fourth quarter of 2005," GM said in its statement.

It said it had improved its liquidity position, ending the year with around $26.4 billion in cash and equivalents, an increase of about $5.9 billion over year-earlier levels.

In its statement, GM also said GMAC, its former finance arm, was not able to supply information on time that GM needed for its fourth-quarter report. GM sold 51 percent of GMAC on Nov. 30 as part of an effort to raise cash.

The automaker confirmed Thursday that it was considering the sale of its Allison Transmission division in Indianapolis.

GM did not say when it would report its fourth-quarter and annual results but will provide information on the progress of its financial reporting in early February. It said it expected to file its annual report on Form 10-K with the SEC by March 1, the due date.

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OUTSIDE INFLUENCE How Borrowed Shares Swing Company Votes (WSJ)

By Kara Scannell

The Wall Street Journal, January 26, 2007

Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes.

In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late.

Fueling the practice -- dubbed "empty voting" in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences.

Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners.

This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined.

The practice "is almost certainly going to force further regulatory response to ensure that investors' interests are protected," Securities and Exchange Commission Chairman Christopher Cox said in an interview. "This is already a serious issue and it is showing all signs of growing."

The SEC has no firm plans yet. Britain's securities regulator, the Financial Services Authority, has begun a study into whether to force greater disclosure of large investors' stakes in companies, regardless of whether they own stocks or are just borrowing them. One of the largest pension-fund managers there, Hermes, has called for regulators to outlaw voting altogether by borrowers of shares. In Hong Kong, the Securities and Futures Commission said it is studying "issues relating to borrowed shares and voting."

The concern arises just as more companies are moving toward requiring a majority of all shares to elect directors, instead of simply a plurality of those casting votes. A recent U.S. federal appeals court decision opened the door to giving shareholders a greater say in the election and nomination of directors, and the SEC recently approved a rule to make it easier for investors to put up their own slates of directors. But the vulnerability of the voting system could set back such efforts.

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"It seems in trying to perfect corporate governance, we were polishing an apple that had a lot of worms inside, and we didn't know it," says Carol Hayes, corporate secretary of Coca-Cola Co., and a member of the Society of Corporate Secretaries and Governance Professionals.

The opportunity for "empty voting" arises when brokerage firms or institutional fund managers lend the shares they manage to hedge funds or other firms, for a fee that can rise with how difficult the shares are to get. The value of securities borrowed on any given day has reached $1.6 trillion after several years of double-digit growth, according to Astec Marketing Research Group Inc., a New York capital-markets research firm.

When it comes times for a shareholder vote, it's the borrowers that hold the voting rights. Under Delaware law, where most large companies are incorporated, voting rights belong to whoever holds the stock on a date the company chooses in advance of its stockholder meeting. It's as if in the U.S. electoral system, someone could borrow your voting rights and use them to vote in your place without your knowing it. Individual share owners often are unaware that contracts with brokerages normally allow the brokerages to make money by lending out stock if it's held in margin accounts, just as banks profit from lending their cash deposits.

The owners must ask for their stock to be recalled if they want to vote -- which means they would have to know the stock was lent and that the vote was coming. If their stocks are lent, the borrowers of the shares, not the owners, are supposed to receive invitations to vote. Stocks in cash accounts aren't affected.

READ THE STUDY

See the study by law professors Hu and Black1, which cites 22 instances in which either borrowed stock or hedging strategies, or both, were used.

No one knows how widespread "empty voting" is. Law professors Henry Hu and Bernard Black at the University of Texas at Austin have studied 22 instances world-wide from 2001 through 2006 in which either borrowed stock or hedging strategies, or both, were used. (See Messrs. Hu and Black's study2.) Consider one example:

Henderson Land Development Co., Hong Kong's third-largest property developer, owned 73% of a subsidiary called Henderson Investment. It offered a rich premium in November 2005 to buy the rest. It had failed in a similar effort three years earlier, but this time it came back with a better offer. Under Hong Kong law, the deal would go through unless 10% of all the shares opposed it. Since the parent owned such a large stake and large institutions backed the deal, passage was considered a foregone conclusion.

Yet the acquisition was voted down early last year by a slim margin. Several market participants were quoted in news reports saying there was a surge in borrowed shares by at least one hedge fund ahead of the vote, compared with little if any lending in Henderson shares over the previous seven months.

By borrowing the shares and simultaneously shorting the underlying stock, the hedge funds gained the voting rights to squash the deal and stood to profit when the stock dropped 18% the next day. After the Henderson vote, the Hong Kong regulator said it was examining voting practices.

"It appears that one or more hedge funds borrowed Henderson Investment shares before the record date, voted against the buyout, and then sold those shares short, thus profiting from its private knowledge that the buyout would be defeated," the Texas professors wrote in the May 2006 Southern California Law Review. A Henderson spokeswoman declined to comment.

Altogether the professors analyzed 12 instances in which it appeared that hedge funds or other large shareholders voted to try to swing public-company contests in their favor without much ownership stake. In 10 others, they said investors just hid their stake in the company until a vote.

The shareholder vote is rooted firmly in corporate law, which is based on the notion that shareholders vote in the best interests of the company in which they own stock. The effects of short-selling and other sophisticated instruments that can separate a vote from economic interest were never considered. "You have this whole superstructure built on this notion that there is this coupling of economic interest and voting power," says Mr. Hu. "With these financial innovations, you're screwing around with the foundation."

Hedge funds say their actions are legitimate, lawful and many times in the best interest of their investors. Often they borrow stock or use a hedging strategy to minimize the risk of their stake without any intention to affect the votes of the companies. They also say that if institutions can make money by lending shares, there shouldn't be a judgment against those who borrow.

"You should be able to vote your shares irrationally if you want," says Mark Weingarten, a partner in New York with law firm Schulte Roth & Zable who advises hedge funds. He adds, "The rules and state law simply haven't caught up with the marketplace for sophisticated trading techniques. They never contemplated the slicing and dicing of ownership and voting power that's done in the marketplace."

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It's routine for hedge funds and other investors to borrow shares to vote them. Many individual investors hold their shares in margin accounts with their brokers. Brokers lend those shares out, often when they are requested by short-sellers, who borrow shares in the expectation the price will fall, sell them and hope to profit by buying them back at a lower price.

The California Public Employees' Retirement System reported in October that it made $129.4 million in net income from lending securities for the year ending March 31, 2006. Critics say investors like Calpers shouldn't lend their shares if borrowers will use them in ways to undermine corporate governance. Proponents of securities lending say Calpers and other institutional investors have a fiduciary duty to make the most money for their constituents.

Not everyone agrees where the fiduciary duty lies. Lord, Abbett & Co., a mutual-fund company, has scaled back its stock lending program recently, saying it sometimes didn't get securities back in time to vote and decided that the money it was earning from lending out stocks wasn't worth it. "It was impeding our corporate governance efforts in a troubling number of circumstances," says Robert Morris, chief investment officer at Lord Abbett.

Calpers says it prohibits lending its 30 largest equity investments to make sure they will be available for voting, and on a second list monitors 300 of its largest so that if Calpers wants to vote the shares, it can try to get them back. A Calpers spokesman called those measures "a sufficient safeguard for our interests, for the time being."

Brokerage firms keep records of which shares are lent out when, and which holders of stocks are supposed to have the votes. But shares can be lent and re-lent and the records don't always keep up. Sometimes proxies are sent to both owners and borrowers, leading to "overvoting."

The New York Stock Exchange, which says tracking of votes has become inadequate, found overvotes in almost all the shareholder votes it tested at Deutsche Bank in 2002 and 2003: 23 of 27 instances. "There shouldn't be overvoting," John Thain, chief executive of NYSE Group Inc., said in a speech last year. "The question is, 'How do we prevent that from happening?' "

Last February, Deutsche Bank agreed to pay $1 million, without admitting or denying wrongdoing, to settle NYSE allegations that the brokerage firm didn't have proper systems in place. In June, UBS Securities, Goldman Sachs Group Inc. and Credit Suisse Securities agreed to pay a total of $1.35 million, without admitting or denying wrongdoing, to settle similar NYSE charges.

James Morphy, the head of mergers and acquisitions at New York-based law firm Sullivan & Cromwell, says because the votes haven't yet affected many outcomes in general corporate elections, companies haven't spent the time or money to dig deeply into who actually owns and votes their stocks. "To the extent there are a lot more voting contests, these issues are going to come to the fore," he said. As shareholders are getting more power in the wake of management scandals, votes are narrowing, which forces companies to pay more attention to who their shareholders are -- as have the growth and increased combativeness of hedge funds.

One way "empty voting" occurs is by borrowing stock ahead of the date that companies use to determine which stockholders can vote at a particular meeting. Record dates are usually set 30 days before a vote, designed to give companies adequate time to print and mail information to its shareholders of record.

In 2002, activist British hedge fund Laxey Partners, which owned a 1% stake in British Land, a major British property owner, sought to break up the company and oust its chairman John Ritblat. With a key proxy vote approaching, Laxey boosted its voting stake in British Land to 9% by borrowing more than 40 million shares days before the record date. By being shareholders of record on the record date, Laxey was entitled to vote at the next meeting.

In the end, Laxey's proposals were defeated. But Mr. Ritblat criticized Laxey for borrowing the shares, saying it wasn't good corporate governance. The three institutions that lent out shares -- Hermes, Barclays Global Investors and Scottish Widows, a life insurance and investment arm of Lloyds TSB -- apologized to British Land. Hermes says it didn't lend shares to Laxey but apologized to British Land for not recalling its shares and voting its full strength in support of management.

Since then, several large pension funds have taken notice and established internal systems to allow them to recall shares ahead of a vote and better monitor which shares are lent.

Because corporate voting is mostly governed by state law, the SEC's main tool in voting issues is requiring more disclosure. "Empty voting" usually doesn't trigger current disclosure rules because they don't cover borrowed stock or derivative holdings unless an investor owns more than 5%. Many hedge funds own just shy of 5%, Mr. Hu says -- and then use empty-voting strategies to enlarge or hide their stake.

Paul Atkins, a Republican SEC commissioner, expressed concern in a speech this week that empty-voting and other techniques should be considered as the SEC looks to tackle other shareholder proposals. That could delay the SEC from moving forward in resolving whether shareholders are permitted to nominate their own directors on corporate ballots.

One potential solution is to give institutional investors better notice of important proxy votes so they can know to recall shares -- and the attached voting rights -- that they've lent. Some investors already write recall options into their lending contracts, but brokerage firms have advised it could make borrowing those shares less attractive.

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Professors Hu and Black recommend regulators require disclosure of an investor's complete stake, however it is held. Disclosure now "is so patchwork, you almost never see it," says Mr. Hu. "We need to get a better grip on just how extensive these practices are."

Regulators, however, don't want to disrupt the stock-lending market, and also have to be careful that any fix doesn't have the reverse effect that they intend. For instance, weighing votes by how long the stock has been held could curtail empty voting but disenfranchise individual investors, too.

Federal Agents Raise Ante On Overseas Corruption (PORTBIZ)

By Cathy Cheney

Portland (OR) Business Journal, January 19, 2007

Miller Nash attorney Chris Helmer: Using an overseas agent won't protect U.S. firms from bribery charges.

A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets.

About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts.

Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department.

The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits.

Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department.

The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said.

"A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country," Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. "You don't insulate yourself by using an agent or distributor."

In the Schnitzer case, the company agreed to adopt internal compliance measures that must be monitored by an independent consultant to ensure the company adheres to them.

Such measures already are in place -- voluntarily -- at Intel Corp.'s Oregon operations, where employees receive extensive, mandatory training about the FCPA, said James Jarrett, legal and government affairs director, who is based at Intel headquarters in Santa Clara, Calif. No third party monitors Intel's training efforts.

"Intel has scores of people working with government representatives worldwide, so it is very important that we interact with these officials in a way that will be positive for both sides," Jarrett said. "One base requirement is that we adhere to the Foreign Corrupt Practices Act and equivalent local legislation. Because we are governed by the requirements of the FCPA and similar local laws, we make sure that all of our people, particularly within government affairs, public affairs, and the sales and marketing groups, are well aware of the details of the FCPA and other government laws and regulations."

Intel employees are expected to screen local agents and consultants on an ongoing basis for FCPA compliance, and immediately report to their manager and Intel's legal counsel if they become aware of an FCPA violation. Employees who fail to comply with state, federal and international regulations can be fired and may be held personally liable as well, said Bill MacKenzie, Intel's communications manager.

Low Funding 'threatens' US Futures Regulator (FT)

By Jeremy Grant In Houston

Financial Times, January 26, 2007

The US futures industry regulator, the Commodity Futures Trading Commission, is at "critical levels" in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday.

The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets.

There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange.

Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange.

Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol.

On Wednesday, the American Public Gas Association, whose members are 950 public gas systems across the US, was joined by the Iowa public gas system in calling on Congress to enact legislation that would empower the CFTC to collect information concerning trading positions held by the largest traders in the OTC natural gas derivatives markets – as is done with formal exchanges.

"It simply makes no sense to have oversight of one portion of the market and no oversight over another, particularly given that the OTC markets are one of the fastest growing segments of the natural gas marketplace," the groups said in a letter to Tom Harkin, chairman of the senate agriculture committee, which is responsible for overseeing the CFTC.

However, Mr Lukken is expected to tell a conference on energy trading speculation in Houston that the CFTC's continued ability to apply its relatively flexible, "principles-based" regulation of markets under the existing scope of its mandate could be jeopardised if the agency is not given added resources.

"Despite record exchange trading volumes, employee levels at the CFTC are the lowest in the agency's 30-year history," he will say Thursday in a speech obtained by the Financial Times. "Unless the proper funds are dedicated to our mission, this regulatory tool cannot be properly utilised and could end up sitting idle, gathering dust while these markets and investors are jeopardised due to the lack of regulatory oversight."

The conference, hosted by the University of Houston's "Global Energy Management Institute", will focus on speculation in the energy markets, including the OTC markets.

Craig Pirrong, the institute's energy management director, said: "Government reports and private analysts have blamed speculation for recent [energy price] volatility, and they are advocating tighter regulations [of OTC markets]. Economists, on the other hand, believe that speculation facilitates the transfer of risk from those who are very averse to it to those who are less averse."

Judge Rules Against Former H-P Executive (WSJ)

By Christopher Lawton

The Wall Street Journal, January 26, 2007

A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday.

Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002.

H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim.

Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package.

Mr. Kamb's counterclaim is a response to an amended lawsuit filed by H-P against him and others last August. In H-P's suit, the company alleged Mr. Kamb and a team secretly organized and began a competing business venture against H-P using company resources, contacts and trade secrets.

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In a statement earlier, H-P spokesman Ryan Donovan said, "This counterclaim is wholly without merit." Mr. Kamb's attorneys didn't immediately return calls for comment.

Dell spokesman Bob Pearson said in a statement, "There is no place for industrial espionage, and if we discover that we have been the victim of that we will consider all appropriate actions in response."

CNBC Defends Anchor Bartiromo (WSJ)

By Brooks Barnes And Monica Langley

The Wall Street Journal, January 26, 2007

CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive.

Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation.

"Maria Bartiromo ... works tirelessly around the world in the service of business journalism," CNBC said in a prepared statement. "In 2006 alone, she made 46 public appearances on behalf of CNBC. Her travel has been company-related and approved, and involved legitimate business assignments. Her record and reporting speak for themselves." CNBC, a business-news channel, is owned by General Electric Co.'s NBC Universal.

FROM THE ARCHIVES

In Ouster at Citigroup, a Battle Over Expenses1

1/24/07

CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the "source development" section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup.

For over a decade, Ms. Bartiromo has been a primary anchor and public face of CNBC. In the late 1990s, when the Internet was helping Wall Street become more accessible to millions, Ms. Bartiromo helped to usher in a new era of TV business journalism, bringing glitz and celebrity to what had been a staid genre.

Business-news organizations including CNBC have strict regulations regarding accepting gifts or payment from outside companies, or in any way compromising their ability to provide news coverage of those companies. Consequently, the disclosure of Ms. Bartiromo's ties to Mr. Thomson has drawn media scrutiny. The Wall Street Journal carried a front-page story2 Wednesday detailing the role of Mr. Thomson's relationship with Ms. Bartiromo in his ouster by Citigroup.

Dow Jones & Co., publisher of The Wall Street Journal, provides news content to CNBC. Ms. Bartiromo hosts the syndicated program "Wall Street Journal Report with Maria Bartiromo" but is a CNBC employee. A Dow Jones spokesman declined to comment.

Ms. Bartiromo has reported substantial pieces on Citigroup 11 times since 2004, according to a review of CNBC transcripts, including four interviews with Mr. Thomson.

Citigroup records show that Ms. Bartiromo flew on its corporate jets a few times, but Mr. Thomson tried but failed to get her on the jet on at least one occasion. More than a year ago, Mr. Thomson was entertaining some private-banking clients on a ski vacation at his home in the members-only Yellowstone Club resort near Bozeman, Mont. While there, he requested a Citigroup plane to fly Ms. Bartiromo to his house, according to a person familiar with the situation. The Citigroup official who was asked to approve the requisition rejected it. Ms. Bartiromo ultimately didn't make the trip, the person said. Ms. Bartiromo and Mr. Thomson declined to comment, according to the spokesman for both, Charles McLean.

Mr. Thomson has told colleagues that bringing Ms. Bartiromo to events was a great "business-building tool" with important clients.

News organizations often give approval for their reporters to take corporate jets if the flights represent a journalistic opportunity like access to a certain executive; the rule is to reimburse the company for what a commercial, often first-class, ticket to or from that destination would cost.

Inside CNBC and NBC Universal, according to executives and reporters for the channel, there is a feeling that the channel and Ms. Bartiromo have been caught in unfair crossfire from Citigroup. These people say Citigroup was concerned that Mr. Thomson might be leaking Ms. Bartiromo information -- particularly after the anchor broke the news that former chairman Sanford Weill planned to leave the company -- and therefore didn't distance her from the Thomson imbroglio. A Citigroup spokeswoman declined to comment.

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NBC Universal executives say they gave approval last spring for Ms. Bartiromo to tape a portion of a Sundance Channel series examining the intersection of the environment and business. But the format of the series soon changed and by last July Ms. Bartiromo was no longer a formal host, although plans still called for her to appear. NBC Universal owns a minor stake in Sundance Channel.

This isn't the first time Ms. Bartiromo has garnered attention over journalistic issues. Last spring, Ms. Bartiromo ran into Federal Reserve Chairman Ben Bernanke at a cocktail party before the annual White House correspondents' dinner and asked him if his public statements were being misinterpreted by investors. He said yes. Ms. Bartiromo reported the scoop on her Monday program, roiling financial markets. She drew criticism because the annual dinner is widely known to be an off-the-record event. Ms. Bartiromo said Mr. Bernanke was speaking for attribution at the time.

In 2003, Ms. Bartiromo prompted CNBC to institute a new stock-ownership policy for its staff after she disclosed during an on-air interview with then-Citigroup Chairman Sanford Weill that she owned 1,000 shares of the company's stock. Most major news outlets prohibit newsroom staff from owning stocks of companies they cover. Ownership by family members is also strictly regulated. Under CNBC's new rules, staffers are prohibited from owning individual stocks and bonds, including stock in parent General Electric, unless such stock is part of a company plan such as a 401(k) or owned through a mutual fund or blind trust.

Write to Brooks Barnes at brooks.barnes@wsj.com3 and Monica Langley at monica.langley@wsj.com4

Anchor's Ties To Citigroup Attract Scrutiny (NYT)

By Geraldine Fabrikant

The New York Times, January 26, 2007

Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again.

Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane.

Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights.

Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host.

Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her "one of the most prolific and well-respected financial journalists in the industry."

Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers.

CNBC executives dismissed any suggestion of an ethics breach in any of Ms. Bartiromo's activities involving Citigroup. Neither Mr. Thomson nor Ms. Bartiromo would comment for this article.

The episode comes at an awkward time for CNBC. Having endured a long ratings and advertising slump after the last bull market, the network has been on a run, becoming a growing profit center for NBC Universal. At the moment, the channel has no competitors in the field of 24-hour business news coverage on television, but the News Corporation, controlled by Rupert Murdoch, has been promising for almost three years to start a business channel.

As CNBC's most visible asset, Ms. Bartiromo, who is married to Jonathan Steinberg, son of the financier Saul Steinberg, has become something of a celebrity. She has written two financial books and has a regular column in BusinessWeek magazine. And she is often seen at corporate or political events: she is spending this week leading the network's coverage from the World Economic Forum in Davos, Switzerland.

Some of the events put her in close proximity to Citigroup executives. According to one of last year's guests at Davos, Ms. Bartiromo made the trip back to the United States on the Citigroup private jet on that occasion as well. She appeared at a Citigroup-sponsored awards event in London in 2005, as co-host of the event with another CNBC anchor, Simon Hobbs. Mr. Thomson represented Citigroup at the event.

One executive representing CNBC said that Ms. Bartiromo had made "no more than two" trips on the Citigroup jet. CNBC executives would not agree to be quoted by name because they said they did want to be seen as adding anything to what they considered an illegitimate inquiry.

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CNBC also denied that Ms. Bartiromo had involvement with Citigroup more so than other businesses. In its statement, CNBC said, "In 2006 alone, she made 46 public appearances on behalf of CNBC."

The CNBC representative said that as the on-air figure most closely associated with the channel, Ms. Bartiromo routinely made promotional appearances at corporate events. Many of the corporations advertise on CNBC. Citigroup is among the biggest advertisers, a CNBC spokesman said.

Of the 46 appearances Ms. Bartiromo made in 2006, the CNBC representative said, only three were on behalf of Citigroup. The list of other companies with events at which she appeared last year included Google, Schwab and Dow Jones.

In no case was Ms. Bartiromo paid for speaking at the events, the CNBC representative said. The channel defended Ms. Bartiromo's travel arrangements. The statement said, "Her travel has been company-related and approved, and involved legitimate business assignments." The CNBC representative added that the awards event in London was a routine appearance for Ms. Bartiromo.

CNBC also dismissed any connection between Citigroup's sponsorship in the Sundance Channel program and Ms. Bartiromo's participation.

The CNBC representative noted that CNBC's parent company, NBC Universal, owns more than 50 percent of the Sundance Channel; so Ms. Bartiromo, an NBC employee, was a logical choice as host of a Sundance program. Her selection for the program came long before Citigroup's decision to invest, the representative said. She has since ended her participation in the program.

There are other connections between Ms. Bartiromo and Mr. Thomson. In 2004, she was named to an advisory board for the Wharton School of the University of Pennsylvania. A Wharton news release then reported that Mr. Thomson — who, along with his wife, had made a gift of $500,000 to the Wharton Center to Support Leadership and Change Management — had led the formation of the advisory board, which included Ms. Bartiromo.

In June 2005, she and Mr. Thomson were co-hosts of a leadership conference at Wharton. A Wharton spokeswoman did not return phone calls yesterday seeking comment.

Ms. Bartiromo has drawn criticism before. In 2003, she disclosed during an interview with Citigroup's chief executive, Sanford I. Weill, that she owned 1,000 shares of stock in his company. Many journalistic enterprises consider it an ethics breach for reporters to own shares in businesses they cover, and CNBC tightened its guidelines soon after the interview. In 2006, she reported off-the-record comments by the Federal Reserve chairman, Ben S. Bernanke.

But CNBC remained supportive. "Her record and reporting speak for themselves," its statement said.

CRIMINAL LAW:

Justice Dept. Announces More Manpower, Equipment For New Orleans (AP)

By Mary Foster, The Associated Press

AP, January 26, 2007

NEW ORLEANS (AP) — New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005.

"The goal is to help take the pressure off local officials and to turn up the heat on these violent felons," U.S. Attorney Jim Letten said at a news conference.

Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock.

"These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions," the Justice Department said in a news release.

U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month.

"This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region," Landrieu said.

"Additional federal resources and technical assistance is only one solution," she added. "More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight."

Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics

Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina.

"By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site," the Justice Department announcement said.

The equipment will allow New Orleans to link with over 200 sites throughout the country to compare ballistics information

ATF also will assign more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team (VCIT). The FBI will add nine agents to its Violent Gang Safe Streets Task Force in New Orleans. Meanwhile, the Justice Department said, and the DEA temporarily has been provided authority to investigate and enforce all federal criminal law, in addition to federal drug laws. "This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans," the Justice Department release said.

U.S. Sen. David Vitter, R-La., also praised Gonzales' decision to address the city's law enforcement needs.

"My focus has been to place more federal agents in New Orleans and to get them to immediately coordinate with local law enforcement on the ground," said Vitter. "To end the reign of fear, we must protect our citizens and enable them to assist law enforcement."

Katrina virtually emptied the city of its residents when it hit in August 2005. The city has been slow to repopulate since then, and crime has returned along with the people. With a population estimated at 200,000, less than half the pre-Katrina population of 454,000, the city had 161 killings last year. That's a per capita murder rate of 81 murders per 100,000 people.

The rate was 56 per 100,000 in 2004, when the city had 264 murders.

The police force is down from its pre-Katrina level of 1,700 officers to about 1,400. But that number includes about 100 officers on leave for injuries or illness.

And Police Superintendent Warren Riley said during Thursday's news conference that the force is losing officers at a rate of about 17 per month. Better pay in other jurisdictions is luring many away, he said.

"The bottom line is other states are paying more money, giving them a signing bonus and housing opportunities," Riley said.

Law Enforcement Turns Up Heat In N.O. (BRADV)

By Joe Gyan Jr., Advocate New Orleans Bureau

Baton Rouge Advocate, January 26, 2007

NEW ORLEANS — U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the “thugs and predators’’ off the city’s streets and into federal prison.

“We’re not screwing around. We’re going to bring all federal resources to bear,’’ James Bernazzani, special agent in charge of the FBI’s New Orleans office, said during a news conference at the U.S. Attorney’s Office.

Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime.

Bernazzani and William Renton, special agent in charge of the DEA’s New Orleans office, both said their agencies will be targeting the “worst of the worst.’’

Terry Ebbert, New Orleans Mayor Ray Nagin’s homeland security chief, said residents should notice a difference by June 1 at the latest.

“We’re bigger, better and faster than the scum that’s out there in the street,’’ he said.

U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year.

“The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,’’ Gonzales said.

ATF is assigning more agents to supplement the six ATF agents permanently assigned to its New Orleans Violent Crime Impact Team, and the FBI is adding nine agents to its Violent Gang Safe Streets Task Force in the city, Letten said.

“The goal is to help take the pressure off the local criminal justice system and turn up the heat on these violent felons,’’ he said.

Meanwhile, the Justice Department has given DEA temporary authority to investigate and enforce all federal criminal law, not just federal drug laws.

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“This authority will allow DEA agents to assist the New Orleans Police Department in maintaining law and order in the City of New Orleans,’’ a Justice Department news release said.

U.S. Sen. Mary Landrieu, D-La., and U.S. Rep. David Vitter, R-La., applauded the extra federal law enforcement manpower dispatched to New Orleans.

“This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,’’ said Landrieu, who called for more federal agents in a 10-point anti-crime plan she unveiled earlier this month.

“I believe we can make strides and clamp down on the crime problems plaguing New Orleans,’’ Vitter added. “The increase in the number of agents to the Violent Gang Safe Streets Task Force is just one example of how this continued commitment from the Department of Justice will help.’’

Some of the technical assistance that Landrieu referred to includes new ballistics equipment that the ATF has obtained to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site but was destroyed by Katrina.

David Harper, special agent in charge of the ATF’s New Orleans office, said the equipment will allow New Orleans to link with more than 200 sites across the country to compare ballistics information.

Feds Add Firepower To Battle Crime (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, January 26, 2007

More agents, equipment to help New Orleans police

Federal law enforcement agencies on Thursday vowed to team up with New Orleans police to solve homicides, quell drug trafficking, and walk the beat in an effort to win the confidence of families who call the city's most dangerous neighborhoods home.

The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force.

Agents from the Federal Bureau of Investigation will patrol the streets with New Orleans police officers. The Bureau of Alcohol, Tobacco, Firearms and Explosives will add six special agents to its team of six permanently assigned to New Orleans, and provide NOPD with ballistics identification equipment to replace what the force lost to Hurricane Katrina.

"The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system," U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency.

"This is a reflection of support for NOPD," Letten said. "We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear."

In 90 days, the collective federal effort will review its progress.

Thursday's announcement, which came from U.S. Attorney General Alberto Gonzales and was delivered by Letten, includes nine additional FBI agents who will join the 13 already assigned to the Violent Gang Safe Streets Task Force.

The Drug Enforcement Administration has been given added authority to investigate and enforce all criminal law, in addition to federal drug laws, with plans to hit the streets of Central City in undercover sweeps.

The U.S. Marshal's office will add three deputies and one investigator to its team.

Police are leaving force

The infusion of federal resources comes at a time when New Orleans still has the National Guard and State Police troopers embedded with local police, and after a recent shakeup among the brass of NOPD districts.

NOPD's officer roster is in a constant downward spiral, said Riley.

"We are losing about 17 officers a month right now," Riley said. "Our recruits can't live in a $1,200-a-month apartment when they're taking home $700 every other week."

Riley, who spoke briefly at Thursday's news conference, held in the downtown offices of the U.S. attorney, said the NOPD recruiting drive must be successful.

"We're at a point where every avenue is being covered," Riley said. "This city is at a critical point. We obviously have issues with crime and repeat offenders."

In New Orleans, federal agencies said their support of NOPD is nothing new. Since the 2005 hurricane season, the U.S. Department of Justice has delivered some $30 million in grants to New Orleans alone. In total, the department has made available more than $61 million for law enforcement relief.

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"We are going to increase and plus-up that relationship," said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. "We're not screwing around. The people of New Orleans deserve a better quality of life."

U.S. Sens. Mary Landrieu and David Vitter each released statements praising the strengthened federal effort in the fight against violent crime.

Leaders are shuffled

A violent crime wave recently prompted thousands of people to march on City Hall. New Orleans has recorded 14 homicides this year. In 2006, there were 162 murders in a city that had its population nearly halved in the aftermath of Katrina.

The nation's top prosecutor also weighed in, saying his forces are here to assist at a time of crisis.

"The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals," Gonzales said Thursday in a statement. "Ultimately, New Orleans' violent crime problem must be solved by local leadership and the hard work of local law enforcement professionals."

The local leadership recently shifted, NOPD said last week. Assistant Superintendent Steven Nicholas will take over the NOPD Bureau of Investigations, leaving his post as commander of the Operations Bureau. Deputy Chief Anthony Cannatella will assume command of the Operations Bureau, leaving behind the Bureau of Investigations.

NOPD's 2nd District will be led by Capt. Kirk Bouyelas. Edwin Hosli has left that district to take the helm at the 8th District, which includes the French Quarter.

FBI agents have already joined the 2nd District, which includes dicey street corners in Gert Town and Hollygrove, said Bernazzani. Two of the added FBI agents will work with the NOPD's cold case homicide squad. The federal effort will zero in on repeat offenders and those on the front lines of the city's drug trade.

"Much like how we fight al Qaida," Bernazzani said. "We're identifying the worst of the worst. We're helping NOPD get in front of this. Where we can find the federal hook, we will."

Regain the public's trust

FBI agents will hit the streets with NOPD patrols, knocking on doors in order to build relationships with residents, he added, determined to end the days when citizens distrust police to the point where they neither want to cooperate with investigations nor testify at trials.

"It's going to break this yoke of the community not cooperating with law enforcement," Bernazzani said. "They will see cops caring. They're going to say, 'That's a crack house over there.' "

Citizen involvement is crucial to solving crimes, the federal contingent said Thursday.

David Harper of ATF said his agency brought back its 24-hour gun hotline, (504) 581-GUNS, or 581-4867, to allow citizens to report illegal use and possession of firearms. Since October, he said, the hotline has taken 1,500 calls, with 117 of them leading to investigations.

"One woman called to say drug dealers had taken over her house and she had to move," said Harper, who declined to release details of the pending investigation. A federal search warrant followed, with agents seizing guns, narcotics and cash from the New Orleans house, which the dealers had wired with a surveillance system to alert them to any cops riding by.

"The victim is back in her house and the drug dealers are out of the neighborhood," Harper said.

Thursday's announcement was rife with confident, sweeping statements from city leaders.

"We are bigger, stronger and faster than the scum out in the streets today causing this city heartache," said Col. Terry Ebbert, director of Homeland Security for New Orleans. "You can hold us accountable. We will make a difference."

Not a polished crew

Letten said New Orleans' drug trade is far from being an organized crime syndicate. Instead, he said, the city's impoverished pockets are held hostage by independent drug dealers who are all too trigger-happy and deprived of a decent upbringing.

"They come from a failed educational system and poverty, and turn to drugs at an early age and settle things with guns," Letten said. "We need to get these violent offenders in the federal system."

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Louisiana: Federal Officials Pledge Help On Crime (NYT)

By Adam Nossiter

The New York Times, January 26, 2007

Responding to an increase in violent crime in New Orleans, the Department of Justice announced it would assign agents to the Police Department “around the clock” to help identify cases that could be prosecuted by federal officials. In other federal efforts to help beleaguered local law enforcement officials, the department also said it would send more agents from the Federal

Bureau of Investigation and the Bureau of Alcohol, Tobacco, Firearms and Explosives, expand the authority of Drug Enforcement Administration agents and extend financing for six additional federal prosecutors temporarily posted to the city.

Ex-Cheney Aide Contradicts Libby (NYT)

By Neil A. Lewis

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — A former spokeswoman for Vice President Dick Cheney gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him.

Cathie Martin, Mr. Cheney's former spokeswoman, testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter.

Ms. Martin was the fourth witness for the prosecution in the trial of Mr. Libby, who is charged with lying during an investigation of who leaked the name of the C.I.A. operative, Valerie Wilson. Unlike the previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby. She repeatedly referred to him as Scooter, his nickname.

She testified that both Mr. Cheney and Mr. Libby were intensely interested in Ms. Wilson and her husband, Joseph C. Wilson IV, who had been sent to Africa to investigate reports that Saddam Hussein was trying to buy uranium from Niger for his nuclear weapons program.

Ms. Martin, who no longer works for Mr. Cheney but remains at the White House as a communications assistant to the president, described how Mr. Libby had telephoned a senior Central Intelligence Agency official in her presence sometime in early July and asked about the Wilson trip. She said she was then put on the phone with Bill Harlow, the C.I.A. spokesman, who told her that Mr. Wilson went to Africa on behalf of the agency and that his wife worked there.

She testified that, later that day, in a meeting with Mr. Libby and Mr. Cheney, she related the fact that Mr. Wilson's wife worked at the agency.

Mr. Libby is facing five felony counts that he lied when he told a grand jury and F.B.I. agents that he learned of Ms. Wilson's identity from reporters. Ms. Wilson's identity was first disclosed in a news column by Robert Novak on July 14, 2003, just days after her husband had written a commentary in The New York Times asserting that the Bush administration had distorted intelligence to build the case for invading Iraq.

Ms. Martin's testimony raised difficulties for Mr. Libby's defense in two respects. She bolstered the prosecution's assertion that Mr. Libby was made aware of Ms. Wilson's identity from a number of administration officials. He denied passing her name to two reporters, but those reporters have told a grand jury otherwise.

She also described an incident in which his behavior appeared less than noble. She recounted a senior staff meeting at the White House in which Stephen J. Hadley, the deputy national security adviser, expressed anger after receiving a query from Andrea Mitchell of NBC. Ms. Mitchell had heard that the White House was blaming the C.I.A. for causing the president to inaccurately say in his State of the Union address that the British government had confirmed Iraq's efforts to buy uranium in Africa.

Ms. Martin made it clear earlier on Thursday that it was Mr. Libby who had gone out of his way to take on the task of speaking to Ms. Mitchell about that issue.

But at the July meeting in the White House, she said, Mr. Hadley made a point of turning around and looking directly at her as if to signify he knew she was Ms. Mitchell's source.

Ms. Martin was asked by Patrick J. Fitzgerald, the prosecutor, whether she was, in fact, the source.

"No," she said.

Mr. Fitzgerald asked what Mr. Libby was doing when Mr. Hadley was all but accusing her.

"He was looking down at the floor," she said.

At the end of the meeting, she said, Mr. Hadley took her and other press aides aside and upbraided them further.

Theodore V. Wells Jr., Mr. Libby's chief lawyer, in his cross-examination of Ms. Martin, tried to challenge her memory, as he has done with other witnesses. He noted that she originally told investigators that she spoke to Mr. Harlow sometime after July 7. But she has since acknowledged it must have been earlier because she recognized Mr. Wilson when he appeared on the NBC news program "Meet the Press" on July 7 to make his charges about the administration.

Over all, however, Ms. Martin was a self-assured witness whose testimony appeared to have frayed Mr. Libby's version of events. She is also a loyal Republican who was recruited to work for the vice president by Mary Matalin, a close friend of both Mr. Libby and Mr. Cheney.

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She is married to Kevin Martin, the chairman of the Federal Communications Commission, and now works as the deputy director of communications for policy and planning for President Bush.

Her cross-examination will continue when the trial resumes Monday. She will be followed on the witness stand by Ari Fleischer, the former White House press secretary.

Cheney's Key Role In Leak Case Detailed (LAT)

By Richard B. Schmitt

The Los Angeles Times, January 26, 2007

WASHINGTON — In the first such account from Vice President Dick Cheney's inner circle, a former aide testified Thursday that Cheney personally directed the effort to discredit an administration critic by having calls made to reporters in 2003.

Cheney dictated detailed "talking points" for his chief of staff, I. Lewis "Scooter" Libby, and others on how they could impugn the critic's credibility, said Catherine J. Martin, who was the vice president's top press aide at the time.

Libby is on trial on charges of obstructing an investigation into how the name of a CIA operative, Valerie Plame, became public. The government says her identity emerged in conversations Libby had with several reporters. It is illegal to knowingly divulge the name of a CIA employee.

Plame's name came up in the conversations because she is the wife of former envoy Joseph C. Wilson IV, the critic whom the administration was trying to attack after he publicly raised questions about the intelligence used to justify the invasion of Iraq.

Martin, who is now deputy White House director of communications for policy and planning, testified as a prosecution witness on the third day of Libby's trial. She became the third witness to testify that they had told Libby of Plame's identity well before Libby spoke with the reporters.

That contradicts Libby's statement that he learned of Plame's identity from one of the reporters, Tim Russert of NBC News. Libby is charged with lying to federal agents looking into the leak of Plame's name.

The events unfolded after a New York Times columnist reported in May 2003 that an unnamed diplomat had been sent to Niger the previous year to investigate reports that Saddam Hussein had tried to buy uranium from Africa, and found that the reports were wrong. President Bush's State of the Union speech in January 2003 contained the uranium assertion.

Libby learned that the unnamed diplomat was Wilson, a former ambassador.

Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair.

Martin said she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney.

She described details of a White House media strategy, designed at the highest levels, that sought to rebut charges that Bush had misled the public in his January 2003 speech.

Martin said Cheney's talking points disputed Wilson's allegation that Cheney had authorized the trip to Niger. They also included information from a secret National Intelligence Estimate.

The vice president ordered press aides to start tracking press coverage closely, while Libby was directed to contact reporters. At one point, the vice president gave a note card to Libby with information to give to a Time magazine reporter covering the case, while Cheney and Libby were returning on Air Force Two from the christening of an aircraft carrier.

Martin also described how she discussed with Libby media "options" to rebut Wilson that included a strategic "leak" to a handful of reporters.

But Martin said that neither Cheney nor Libby had suggested that the identity of Plame be divulged as part of the game plan. She said that she had no knowledge of either actually doing so.

"I recall the vice president telling me to keep track of this story, and keep track of the commentators who were continuing to write on this story and talk about us," Martin testified. "We were paying attention to 'Hardball With Chris Matthews' because he had been talking about it a lot."

She described the reaction inside the administration as questions began to be raised, starting in May 2003. The New York Times column said the administration had engaged in a "campaign of wholesale deceit" and suggested that Cheney was directly involved.

Martin said Libby asked her to call the then-chief public affairs officer at the CIA, William Harlow, to find out about the trip by Wilson.

"So I was saying, 'Who sent him? Who is this guy?' " Martin testified. "I remember Bill Harlow saying his name was Joe Wilson, he was a charge in Baghdad, and his wife works over here."

Martin said she promptly went to see Cheney and Libby with the news.

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Wilson published an op-ed column in the New York Times on July 6, 2003, describing his trip. The same day, he aired his concerns on the NBC program "Meet the Press." Almost immediately, Martin said she was huddling again with Cheney about how to respond to a surge in press inquires.

"He dictated to me what he wanted to say," Martin said.

The detailed response covered eight points, including a reference to a sensitive intelligence-community assessment. Martin testified that she was "not sure if I could use that point" because she believed at the time that the report was classified.

Later, she said, she discussed with Cheney and Libby how she had learned from Harlow that two network reporters were writing stories about the case, and how Cheney ordered Libby to call them personally, including one call that Libby made from his private anteroom outside of Cheney's office.

"I was aggravated that Scooter was calling the reporters and that I wasn't," Martin said.

The trial is expected to resume Monday with testimony from former White House Press Secretary Ari Fleischer.

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Leak case timeline

I. Lewis "Scooter" Libby, former chief of staff to Vice President Dick Cheney, is being tried on five counts related to the leak of CIA operative Valerie Plame's name in 2003. Some important events in the case:

2003:

· Jan. 28: President Bush says in his State of the Union address: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

· May 6: New York Times columnist Nicholas D. Kristof reports that a former ambassador, whom he does not name, had been sent to Niger in 2002 to investigate the uranium report. The column says the former envoy reported to the CIA and State Department well before Bush's speech that the uranium story was unequivocally wrong and was based on forged documents.

· May 29: Libby asks Marc Grossman, an undersecretary of State, for information about the ambassador's travel to Niger. Grossman later tells Libby that Joseph C. Wilson IV is the former ambassador.

· June 11 or 12: Grossman tells Libby that Wilson's wife works at the CIA and that State Department personnel are saying Wilson's wife was involved in planning the trip. A senior CIA officer gives him similar information.

· June 12: Cheney advises Libby that Wilson's wife works at the CIA.

· June 14: Libby meets with a CIA briefer and discusses "Joe Wilson" and his wife, "Valerie Wilson."

· June 23: Libby meets with New York Times reporter Judith Miller. He tells Miller that Wilson's wife might work at a bureau of the CIA.

· July 6: The New York Times publishes an opinion piece by Wilson titled "What I Didn't Find in Africa," and he appears on NBC's "Meet the Press." Wilson said he doubted Iraq had obtained uranium from Niger recently and thought Cheney's office was told of the results of his trip.

· July 7: Libby meets with then-White House Press Secretary Ari Fleischer. Libby notes that Wilson's wife works at the CIA and that the information is not widely known.

· July 8: Libby meets with Miller again and tells her that he believes Wilson's wife works for the CIA.

· July 12: Libby speaks to Time magazine's Matthew Cooper and confirms to him that he has heard that Wilson's wife was involved in sending Wilson on the trip. Libby also speaks to Miller and discusses Wilson's wife and says that she works at the CIA.

· July 14: Syndicated columnist Robert Novak reports that Wilson's wife is a CIA operative on weapons of mass destruction and that two senior administration officials, whom Novak does not name, said she suggested sending her husband to Niger to investigate the uranium story.

· Sept. 26: A criminal investigation is authorized to determine who leaked Plame's identity to reporters. Disclosing the identity of CIA operatives is illegal.

· Oct. 14 and Nov. 26: Libby is interviewed by FBI agents.

· Dec. 30: U.S. Atty. Patrick J. Fitzgerald in Chicago is named to head the leak investigation.

2004:

· January: A grand jury begins investigating possible violations of federal criminal laws.

· March 5 and March 24: Libby testifies before the grand jury.

2005:

· Oct. 28: Libby is indicted on five counts: obstruction of justice and two counts each of false statement and perjury.

2006:

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· Sept. 7: Former Deputy Secretary of State Richard L. Armitage admits he leaked Plame's identity to Novak and to Bob Woodward of the Washington Post. Armitage says he did not realize Plame's job was covert. Woodward taped his June 13, 2003, interview with Armitage.

Ex-spokeswoman Contradicts Libby Account (AP)

By Michael J. Sniffen

AP, January 26, 2007

Vice President Dick Cheney's spokeswoman testified Thursday she told I. Lewis "Scooter" Libby that a prominent war critic's wife was a CIA employee earlier than Libby has said he first learned it from a reporter.

On the third day of Libby's trial, Cathie Martin became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003.

Theodore Wells, defense lawyer for Cheney's former chief of staff, quickly sought to limit any damage from the testimony of Cheney's former assistant for public affairs.

Wells got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003.

The date is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials.

Besides Martin, one State Department and two CIA officials testified earlier to conversations with Libby about Plame before July 10, 2003. The defense tried to show each had imperfect memories

On Thursday morning, a legal argument between Wells and prosecutor Patrick Fitzgerald outside the jury's presence increased the likelihood that Libby will testify. Fitzgerald argued that Wells was trying to get the memory defense into evidence "with no guarantee of Mr. Libby testifying" and being subject to cross-examination about his memory.

But U.S. District Judge Reggie Walton warned, "I will not permit the defense to argue the memory defense at closing if Mr. Libby does not testify."

Martin provided an inside look at how intensely Cheney, Libby and other administration officials worked on responding to the firestorm of criticism that developed months after the war began in March 2003 when Wilson called into question President Bush's justifications.

Wilson claimed that questions from Cheney were the reason he was sent by the CIA to Niger in 2002 to investigate reports Iraq tried to buy uranium for nuclear weapons. But Wilson said he debunked the story long before Bush used it in his State of the Union address in January 2003 to help justify the war. Also, the ex-ambassador said he assumed Cheney was aware of his conclusions.

Fitzgerald got Martin to testify that Cheney personally wrote out statements and talking points for Libby and other aides to give to reporters to deny he was behind Wilson's trip or ever learned Wilson's conclusions.

Martin testified Cheney also wanted to tell reporters that U.S. intelligence agencies concluded in a formal National Intelligence Estimate in October 2002 that Iraq did seek uranium.

Plame actually conceived the idea for the trip in response to interest from Cheney and the State and Defense Departments, a CIA witness has testified.

Fitzgerald says Libby discussed Plame's job and role with reporters as part of the White House effort to discredit Wilson.

But under Wells' cross-examination, Martin testified she had no knowledge that Libby ever discussed Plame's job with any reporter. She also said Cheney ordered her to get all the facts out, but she did not think Plame's role was part of the story she had to tell.

"It didn't seem appropriate or helpful for us to get that out," Martin testified. "It gave me some explanation" of the affair, but "we didn't need it as a talking point."

Martin testified that sometime after Wilson's claims first emerged, attributed to an unnamed ex-ambassador, in a New York Times column on May 6, 2003, she called CIA spokesman Bill Harlow to sort out the genesis of the mission.

She said Harlow told her Wilson's wife worked for the CIA. She said she immediately went to the vice president's office and told Cheney and Libby about it. She did not recall their response.

Martin testified that the Harlow conversation occurred no later than July 6 because she was not surprised to see Wilson discussing the affair on NBC's "Meet the Press" on that date. But Wells got her to acknowledge "it makes sense to me" she might have talked about Plame with Harlow on June 11, when government telephone records show they talked.

Cheney Scripted Libby Response, Ex-aide Says (USAT)

DOJ_NMG_0122466

By Richard Willing
USA Today, January 26, 2007

WASHINGTON — Vice President Cheney personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa, a former Cheney aide said in federal court Thursday.

In July 2003, Cheney scripted quotes for chief of staff Lewis "Scooter" Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story, former Cheney press aide Cathie Martin said.

Days earlier, Martin said, the vice president had dictated eight "talking points" for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false.

"It was decided that Scooter would call (reporters) to try to get into the story and correct the false information," Martin said. "That was (Cheney's) decision."

Martin, a press and policy aide for the president, was the fourth witness to say Libby knew Wilson's wife, Valerie Plame, was a CIA employee before a conversation between Libby and NBC reporter Tim Russert. Libby told investigators he first learned Plame's identity from Russert.

Libby is charged with perjury and obstruction of justice for allegedly lying to investigators about his knowledge of the leaking of Plame's covert CIA status to the media. Such a disclosure, if made knowingly, can be a crime.

Martin said that in 2003, she and then-CIA spokesman Bill Harlow worked on a media strategy to deflect other critics of the administration's justification for the war in Iraq. Martin said that Harlow told her Wilson's "wife works over here" and that she then told Libby and Cheney.

Martin was the first member of the Cheney inner circle to testify about Libby's knowledge of Plame's identity. Her testimony could help prosecutors prove their contention that Libby made up the Russert story to cover for Cheney. Libby's attorneys have said he merely had a lapse of memory when he told investigators how he first learned of Plame's CIA work.

As he did with earlier prosecution witnesses, defense attorney Theodore Wells tried to show that there were problems with Martin's recollection of the events in 2003. Martin first said that she probably learned of Plame's identity in a phone conversation with Harlow during the second week of July 2003.

Using a notation from a CIA official's desk pad, Wells showed that the call probably occurred June 11.

"You forgot an entire month during which you knew it," Wells said during cross-examination.

Ex-Aide Says Cheney Led Rebuttal Effort (WP)

By Carol D. Leonnig And Amy Goldstein
The Washington Post, January 26, 2007

Vice President Cheney personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish, according to testimony and evidence yesterday in the criminal trial of his former chief of staff.

Cheney dictated talking points for a White House briefing in the midst of the controversy that summer, his former press aide, Cathie Martin, testified, stressing that the CIA never told Cheney that a CIA-sponsored mission had found no real evidence that Iraq was trying to buy nuclear materials in Africa.

Aboard Air Force Two, on a trip back from the launch of a warship in Norfolk, Cheney instructed his chief of staff, I. Lewis "Scooter" Libby, about responding to a Time magazine reporter who questioned how the faulty intelligence on Iraq had become one of the Bush administration's central arguments for going to war.

In the dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong.

Previously described in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account. She is the first witness in the case who worked closely with Cheney and Libby as they tried to refute former ambassador Joseph C. Wilson IV, who was sent to Niger by the CIA to determine whether Iraq had sought uranium for a weapons program.

Her testimony was buttressed by previously unreleased documents provided as evidence yesterday, including handwritten notes and margin scribblings Cheney's staffers hastily jotted at their boss's instruction.

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Lea Anne McBride, Cheney's current spokeswoman, said yesterday that the vice president's office could not comment on the case or the evidence introduced in the trial.

Libby, 56, is charged with lying to investigators and a grand jury about how the identity of Wilson's wife, CIA officer Valerie Plame, was leaked to reporters days after Wilson went public with his allegations that the administration had twisted his findings to justify the war in Iraq. Libby has pleaded not guilty, contending that he misspoke and that he forgot about conversations he had with journalists amid the crush of his duties. He is not charged with the leak itself.

Martin recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger "and his wife works for the CIA." Martin is the fourth witness from the administration to bolster the prosecution's claim that Libby had to be lying when he said he learned about Wilson's wife weeks later from NBC's Tim Russert.

Also yesterday, Special Counsel Patrick J. Fitzgerald told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its "bad memory" defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember.

U.S. District Judge Reggie B. Walton warned the defense that Libby would have to take the stand if he wanted to try to convince the jury that his own memory was flawed.

Martin's testimony also illustrated how doggedly Cheney insisted that the administration had significant evidence that Iraq was trying to acquire weapons of mass destruction -- even after the White House had backed off that claim and admitted it was not solid enough for the president to have cited it in his 2003 State of the Union address.

Cheney told Martin to alert the news media that a highly classified and recent National Intelligence Estimate indicated no doubts about Iraq's efforts to buy uranium. Intelligence analysts have said that the uranium claim was never a key finding of the NIE and that there were doubts about it.

On college-rule paper, in blue ink, Martin scribbled what Cheney told her reporters needed to know about the Niger controversy as they conferred in his Capitol Hill office on July 7, 2003. "As late as last October, the considered judgment of the intel community was that SH [Saddam Hussein] had indeed undertaken a vigorous effort to acquire uranium from Africa, according to NIE [the National Intelligence Estimate]," she wrote.

Martin, who now works on communication issues for President Bush, said Libby also directed her to ask the CIA which journalists were calling with questions about Wilson's Africa trip, then personally telephoned at least one in an attempt to influence the broadcast.

Martin said that Cheney also determined the reply to questions she had received from Time reporter Matt Cooper about the role the vice president's office had played in the Niger trip. While flying back from Norfolk on the vice president's plane, she mentioned to Libby the e-mailed questions from Cooper.

Libby later came to her seat in the back of the plane, holding a handwritten card with notes he said were Cheney's instructions about what to say to Cooper. Libby told her, Martin testified, that Cheney, in a rare move, authorized him to provide a specific quote on the record, with Libby's name attached.

Martin portrayed both Libby and Cheney as concerned that reporters were not telephoning their office directly to get their side of the story about Wilson and his criticism of the administration. She said they directed her and her staff to begin monitoring television reports on the Niger trip and provide daily transcripts along with their usual canvas of printed stories about the vice president's office.

Attorneys for Libby repeatedly pressed Martin to acknowledge that, though she saw Cheney and Libby working overtime to rebut Wilson's criticisms, she had no evidence that either of them tried to leak Plame's name to reporters.

"At no time did Vice President Cheney indicate to you that he considered Valerie Wilson part of the story he wanted to get out," attorney Theodore V. Wells Jr. said to Martin.

"I did not have a conversation with the vice president about that," Martin responded.

Vice President's Spokeswoman Questions White House Aide's Account In CIA Leak Case (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, January 26, 2007

(AP) - WASHINGTON-Vice President Dick Cheney's spokeswoman testified Thursday that she told Cheney and his chief of staff, I. Lewis "Scooter" Libby, that a prominent war critic's wife worked for the CIA days before Libby said he learned it from a reporter.

Cathie Martin's testimony during the third day of Libby's perjury trial described Cheney's personal eagerness to refute war criticism by former Ambassador Joseph Wilson in 2003.

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Wilson had gone on a CIA fact-finding mission to Africa, and on the basis of his findings he questioned intelligence President George W. Bush later relied on to go to war. Wilson has contended Cheney's office had asked the agency to undertake the mission.

Witnesses have testified this week, however, that Wilson's wife, CIA operative Valerie Plame, actually conceived the idea for the trip. Special Prosecutor Patrick Fitzgerald is trying to show that Cheney's office wanted to make her involvement clear to reporters.

Fitzgerald says Libby learned that fact on several occasions and discussed it with reporters as part of the White House effort to discredit Wilson. When FBI agents began investigating the leak of Plame's identity, Libby lied and said he learned about Plame only from reporters, Fitzgerald said. Libby is on trial on perjury and obstruction charges.

Neither he nor anybody else was charged in connection with the leak.

Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media.

Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws.

Martin said that Wilson's criticism was a direct attack on the president's credibility. Wilson says he debunked claims that Iraq was trying to buy uranium from Niger long before that statement ended up in the 2003 State of the Union speech.

Cheney and Libby were eager to refute that, Martin said. She described calling a CIA spokesman to figure out the genesis of the mission.

"We didn't send him," Martin recalled saying. "If we didn't send him, you must've sent him. Who sent him?"

That's when Martin said the CIA spokesman told her that Wilson's wife worked for the CIA. She said she immediately told Cheney and Libby about it. She couldn't pinpoint the date off the conversation but said it definitely took place by July 6. Libby says he learned Plame's identity days later.

Cheney took a personal interest in the issue, Martin said, and in the following days dictated media "talking points" making it clear that his office was not responsible for the Wilson trip.

The talking points do not refer to Plame, and nobody has been charged with leaking her identity.

Libby says he did not lie about how he learned about Plame, but rather honestly forgot.

Associated Press writer Michael J. Sniffen contributed to this report.

On the Net:

Documents for the Libby trial may be found at: http://wid.ap.org/documents/libbytrial/index.html

In Ex-Aide's Testimony, A Spin Through VP's PR (WP)

By Dana Milbank

The Washington Post, January 26, 2007

Memo to Tim Russert: Dick Cheney thinks he controls you.

This delicious morsel about the "Meet the Press" host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis "Scooter" Libby.

Flashed on the courtroom computer screens were her notes from 2004 about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions. Option 1: "MTP-VP," she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under "pro," she wrote: "control message."

"I suggested we put the vice president on 'Meet the Press,' which was a tactic we often used," Martin testified. "It's our best format."

It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it.

With a candor that is frowned upon at the White House, Martin explained the use of late-Friday statements. "Fewer people pay attention to it late on Friday," she said. "Fewer people pay attention when it's reported on Saturday."

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Martin, perhaps unaware of the suspicion such machinations caused in the press corps, lamented that her statements at the time were not regarded as credible. She testified that, as the controversy swelled in 2004, reporters ignored her denials and continued to report that it was Cheney's office that sent former ambassador Joseph Wilson to Niger to investigate allegations of Iraq's nuclear acquisitions. "They're not taking my word for it," Martin recalled telling a colleague.

Martin, who now works on the president's communications staff, said she was frustrated that reporters wouldn't call for comment about the controversy. She said she had to ask the CIA spokesman, Bill Harlow, which reporters were working on the story. "Often, reporters would stop calling us," she testified.

This prompted quiet chuckles among the two dozen reporters sitting in court to cover the trial. Whispered one: "When was the last time you called the vice president's office and got anything other than a 'no comment'?"

At length, Martin explained how she, Libby and deputy national security adviser Steve Hadley worked late into the night writing a statement to be issued by George Tenet in 2004 in which the CIA boss would take blame for the bogus claim in Bush's State of the Union address that Iraq was seeking nuclear material in Africa.

After "delicate" talks, Tenet agreed to say the CIA "approved" the claim and "I am responsible" -- but even that disappointed Martin, who had wanted Tenet to say that "we did not express any doubt about Niger."

During her testimony, Martin, a Harvard Law School graduate married to FCC Chairman Kevin Martin and a close pal of Bush counselor Dan Bartlett, seemed uncomfortable, shifting in her chair, squinting at her interrogators, stealing quick glances at the jury, and repeatedly touching her cheek, ear, nose, lips and scalp.

Martin shed light on the mystery of why White House press secretary Scott McClellan promised, falsely, that Libby was not involved in outing CIA operative Valerie Plame, Wilson's wife. After McClellan had vouched for Bush strategist Karl Rove's innocence, Libby asked Martin, "Why don't they say something about me?"

"You need to talk to Scott," Martin advised.

On jurors' monitors were images of Martin's talking points, some labeled "on the record" and others "deep background." She walked the jurors through how the White House coddles friendly writers and freezes out others. To deal with the Wilson controversy, she hastily arranged a Cheney lunch with conservative commentators. And when New York Times columnist Nicholas Kristof first wrote about the Niger affair, she explained, "we didn't see any urgency to get to Kristof" because "he frankly attacked the administration fairly regularly."

Questioned by prosecutor Patrick Fitzgerald, Martin described how Hadley tried to shield White House spokesmen from the Niger controversy. "Everybody was sort of in the dark," she explained. "There had been a decision not to have the communicators involved."

But Martin, encouraged by Libby, secretly advised Libby and Cheney on how to respond. She put "Meet the Press" at the top of her list of "Options" but noted that it might appear "too defensive." Next, she proposed "leak to Sanger-Pincus-newsmags. Sit down and give to him." This meant that the "no-leak" White House would give the story to the New York Times' David Sanger, The Washington Post's Walter Pincus, or Time or Newsweek. Option 3: "Press conference -- Condi/Rumsfeld." Option 4: "Op-ed."

Martin was embarrassed about the "leak" option; the case, after all, is about a leak. "It's a term of art," she said. "If you give it to one reporter, they're likelier to write the story."

For all the elaborate press management, things didn't always go according to plan. Martin described how Time wound up with an exclusive one weekend because she didn't have a phone number for anybody at Newsweek.

"You didn't have a lot of hands-on experience dealing with the press?" defense attorney Theodore Wells asked.

"Correct," Martin replied. After further questions, she added: "Few of us in the White House had had hands-on experience with any crisis like this."

Staff writer Carol D. Leonnig contributed to this report.

Time Comes To A Standstill In A Courtroom Journey (NYT)

By Scott Shane

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — The most politically charged criminal trial in the capital in nearly two decades crackles to life each morning in a bland sixth-floor courtroom with a stopped clock.

The clock reads 9:25 when I. Lewis Libby Jr. strolls in with a tight smile and a high-priced bodyguard of lawyers and starts perusing documents, scribbling notes and tapping occasionally on a laptop. It is as if Mr. Libby, the former chief of staff to Vice President Dick Cheney, is just the counsel, not the accused.

It reads 9:25 as witnesses from government's inner sanctums dredge from memory the declassified details of how, exactly, the country was thrust into war.

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A Central Intelligence Agency briefer, Craig Schmall, describes how he rose in the middle of the night to prepare a fresh list of terrorism threats and global troubles for Mr. Libby's breakfast. A Cheney press aide, Cathie Martin, recounts how she leaked news "exclusives" and arranged luncheons for conservative columnists to counter bad news.

And the clock still reads 9:25 when the fatherly judge, Reggie B. Walton, sends the jury home for the day with the usual reminders about avoiding news coverage of the case, a rule that may prove a particular challenge.

The frozen clock is an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence.

The trial promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead.

Each witness so far has shed light on another kind of government tradecraft. Mr. Schmall of the C.I.A. told of returning from briefing Mr. Libby or Mr. Cheney with their many "taskers" — questions they wanted answered right away — and their gripes. Once Mr. Libby complained that C.I.A. officers were leaking to reporters about alleged pressure on the agency from the vice president's office.

Marc Grossman, a former under secretary of state, told of the burden of high-level White House meetings, for which he crammed like a graduate student over fat books of data. "I studied them like mad," he said, "and tried my best to hold onto the information for the time of the meeting."

Ms. Martin of the Cheney press office explained the nuances of "deep background" comments to reporters and explained her 2003 notes on tactics to counter a tide of bad publicity on Iraq intelligence. Putting Mr. Cheney on "Meet the Press" was one option, she wrote, but that would raise the critics' profile. Another was to write, or feed to a friendly columnist, an op-ed article.

And then there was the leak option, she explained. Her notes show she considered David E. Sanger of The New York Times, Walter Pincus of The Washington Post or a "newsmag" like Time or Newsweek.

But if you want to get your views out, asked Patrick J. Fitzgerald, the lead prosecutor, why not give the story to all the press? Ms. Martin explained, as if to a dense pupil, the irresistible lure of the "exclusive."

"If you give it to one reporter, they're more likely to write the story," Ms. Martin said. What's more, she said, "you can be a 'senior administration official,' " hiding behind the anonymous cover that Washington officials so often crave.

Sitting in the courtroom among his lawyers is Mr. Libby, 56, a veteran corporate lawyer known as Scooter, smiling at a passed note or a witness's quip and rarely showing any distress, even when the testimony seems to put him in jeopardy. His thinning hair has passed almost entirely from blond to gray. This once-powerful man turns out to be slight and short, no taller than his wife, Harriet Grant — one more note-taking lawyer herself. She occasionally leans across a rail to whisper to her husband.

On Thursday, Ms. Grant, in a black suit with a pink patterned scarf, sat beside Barbara Comstock, a former Justice Department spokeswoman who is the media consultant for the defense. It is an undemanding position, given the judge's orders to both sides not to discuss the case.

At the table on the left, in front of the 12 jurors and 4 alternates, is the prosecution, led by the rumpled Mr. Fitzgerald, who has a prominent bald spot and a knack for projecting righteous indignation even in the most routine exchanges of legal Ping-Pong.

His team of a half-dozen lawyers is imposing, but on Thursday Mr. Fitzgerald grumbled about the forces arrayed against him.

"There are 3 law firms and 11 lawyers on the other side," he told the judge. "Paper comes flying at us."

The defense, around an identical table on the right side of the courtroom, is led by the voluble Theodore V. Wells Jr., a star of the white-collar defense bar, who switches up often with William H. Jeffress Jr., a bulldog cross-examiner.

Lengthy legal wrangles — like one Thursday over whether copies of certain documents provided to the defense were legible — can make it seem as if time has stopped for real. But there are also arresting flashes of candor, as when Robert L. Grenier, a C.I.A. veteran, testified about his growing conviction that the White House was shifting responsibility for the war to the agency, a development he found deeply unfair.

"Yes, there was an attempt on the part of the White House to throw blame on the C.I.A.," said Mr. Grenier, who at the time was the agency's top Iraq officer and later headed the Counterterrorist Center.

And there are comic moments. In the midst of a discussion over flawed intelligence, Mr. Grenier misplaced his reading glasses on the witness stand. "I appear to have lost my glasses," he said.

Proceedings were halted. Prosecution and defense united, for once, in a bent-over hunt around desks until the glasses were recovered and the trial could resume.

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Anti-abortion Extremist Convicted Of Violating Federal Law (FINDLAW/AP)

AP, January 26, 2007

(AP) - BUFFALO, New York-An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider.

James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services.

U.S. law bars people from blocking access to reproductive health services by force or threat of force.

After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives.

A federal jury deliberated about four hours over two days before returning the verdict Thursday.

The jury also convicted him on a weapons count.

Kopp could face life in prison without parole when he is sentenced.

Kopp, who represented himself in the trial, stood with a half-smile as the verdict was read.

Kopp had tried to convince jurors he did not mean to kill Slepian when he fired from woods into the doctor's home. Kopp said he intended only to wound Slepian to prevent him from performing abortions the next day.

"If it happened the way I wanted it to, he would have his arm in a sling," said Kopp, 52, who also is suspected in the non-fatal shootings of three Canadian doctors and one in Rochester, New York.

A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent.

Slepian's wife, Lynne Slepian, smiled and hugged prosecutors after the verdict Thursday. She then left to call her sons, declining to talk to reporters.

Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19.

"Hopefully, this will give (Lynne Slepian) what she's always wanted, that she will never have to go to any state parole hearings," Flynn said.

Kopp would be in his 70s before becoming eligible for parole on his 2003 second-degree murder conviction.

Most jurors left the courthouse without commenting Thursday. "He was guilty, and the evidence proved it," a female juror said on her way out.

"We just went by the law," a male juror added.

Former NBC Treasurer Charged With Theft (FINDLAW/AP)

By Larry Neumeister, Associated Press Writer

AP, January 26, 2007

(AP) - NEW YORK-The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company.

A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan.

Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him.

Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said.

If convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime.

Jung was to make an initial court appearance Thursday, though it was not immediately clear who would represent him.

A message left with a woman who answered the phone at Jung's home was not immediately returned.

Former NBC Treasurer Faces Charges For Embezzling Funds (WSJ)

By Chad Bray

The Wall Street Journal, January 26, 2007

DOJ_NMG_0122472

NEW YORK -- The former treasurer of General Electric Co.'s NBC Universal Inc. has been charged with stealing more than $800,000 from the company and using the money to fund private jet flights and rent a summer home in the Hamptons on Long Island, prosecutors said Thursday.

In a press release, the U.S. Attorney's office in Manhattan said Victor Jung, NBC Universal's former treasurer, has been charged with two counts of wire fraud. Mr. Jung, 34 years old, faces up to 20 years in prison on each charge of wire fraud. He was arrested by federal authorities about 6 a.m. EST Thursday, prosecutors said.

"He plans to vigorously defend himself against the charges and he looks forward to the opportunity to have a complete hearing on the charges," said Christopher Brennan, Mr. Jung's lawyer.

Mr. Jung, who worked for NBC Universal for about 12 years, entered a not guilty plea to the charges through his lawyer at a hearing before U.S. Magistrate Judge Gabriel W. Gorenstein on Thursday. Bail was set at $250,000 to be secured by $5,000 in cash.

Mr. Brennan said Mr. Jung left the company in the past six months, but declined to comment on the circumstances of Mr. Jung's departure from NBC Universal. Mr. Jung didn't speak to reporters after the hearing.

Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006.

The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006.

NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents.

Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. Prosecutors said that the flights were catered and that Jung and his fellow passengers consumed shrimp cocktails, Veuve Clicquot champagne, Grey Goose vodka and Mondavi wine.

The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card.

"NBC Universal is committed to and vigilant about the enforcement of its compliance policies," the company said in a statement. "When we discovered the potential integrity breach, we promptly brought it to the appropriate authorities and are cooperating fully with the investigation. We will continue to monitor the situation to its resolution."

Judge Urges U.S. To Drop Plan To Seek Death Penalty In Case (NYT)

By William K. Rashbaum

The New York Times, January 26, 2007

A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution "absurd" and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor.

The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001.

"Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?" the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. "If I'm wrong, I will have egg on my face, but I will not be incorrect."

Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in Washington before the case begins.

The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services.

Going forward with the penalty phase, he said, would be "a total misappropriation" of taxpayer funds, "and I advise the government accordingly." He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case.

"And there's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, judicial resources," he said in remarks that were unusually blunt for a judge to deliver from the bench.

The attorney general can withdraw the notice of intent to seek the death penalty at any time before the jury's vote in the penalty phase, said Kevin McNally, the director of the Federal Death Penalty Resource Counsel Project, which coordinates the defense of federal death penalty cases for federal defenders' offices nationwide.

"I'm not at all surprised that the judge has made this suggestion, and I wouldn't be surprised if it was acted upon," Mr. McNally said in a telephone interview. "I think, from all the information we've received, this is not a case that should have been a federal death penalty trial to begin with."

A spokesman for the Justice Department in Washington declined to comment on the case.

Robert Nardoza, a spokesman for Roslynn R. Mauskopf, the United States attorney in Brooklyn whose office is prosecuting the case, declined to comment, saying federal rules prohibited the office from doing so during a jury trial.

One of Mr. McGriff's lawyers, David Ruhnke, would not comment on the judge's statements, saying only: "His remarks speak for themselves. We certainly hope the message has been conveyed."

Mr. McGriff's trial is one of three death penalty cases that are currently ongoing or recently concluded in the Brooklyn courthouse. One is the trial of Ronell Wilson, 24, who faces possible execution after having been convicted for the 2003 slayings of two detectives on Staten Island. Mr. Wilson's trial has received daily news coverage, while Mr. McGriff's trial have garnered far less attention.

Prosecutors have charged that Mr. McGriff, a crack kingpin who in the 1980s founded the drug-dealing Supreme Team and served time in federal prison, resumed his drug dealing upon his release and paid $50,000 to have two rivals killed.

At the end of the trial day on Wednesday, the lead prosecutor in the case, Carolyn Pokorny, an assistant United States attorney, expressed concern to the judge that his remarks, if reported in the news media, could influence the jury.

"I know that," he said. "I told them not to read the paper, and the truth of the matter is, is that because of the Wilson trial on the fourth floor, nobody from the press has been here today, and we're flying under the radar screen, for sure."

The judge added: "I have to balance this out. If I feel, as an officer, as a judge, that this is an absurd prosecution based upon what I have heard, I think I have a responsibility to let the authorities know."

Judge Calls Seeking Death Penalty Against Drug Kingpin A Waste Of Time, Money (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 26, 2007

(AP) - NEW YORK-A judge at the federal murder conspiracy trial of a crack kingpin with ties to the rap music industry warned prosecutors that pursuing a death sentence would be a waste of time and money.

"There's no chance in the world there would be a death penalty verdict in this case," U.S. District Judge Frederic Block said.

"If I'm wrong, I will have egg on my face," the Brooklyn judge said Wednesday while jurors were on a break amid closing arguments in the guilt phase at the trial of Kenneth "Supreme" McGriff. "But I will not be incorrect."

Block advised prosecutors to contact their superiors in Washington and ask them to reconsider their decision to seek a death sentence. Even if McGriff is convicted in a contract killing conspiracy, going forward with a penalty phase would be pointless, he said.

"There's just no chance that 12 jurors will vote for the death penalty in this case, and I think it is good for us to save money, if we can do that, and judicial resources," he said.

A spokesman for the U.S. attorney's office declined to comment.

The jury deliberated briefly Thursday afternoon without reaching a verdict. It was to resume Friday morning.

In the 1980s, McGriff founded the Supreme Team, a profitable and ruthless drug crew that became legend on the same Queens streets that later produced rap stars such as Ja Rule and 50 Cent. Authorities allege that after serving time for a drug conviction, McGriff resumed his drug dealing operations and paid $50,000 (â,¬38,526) to have two rivals killed.

His lawyer said that McGriff sought to turn his life around by producing music and movies with the help of Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. At a trial last year, prosecutors had alleged Lorenzo laundered more than $1 million (â,¬770,000) in McGriff's drug proceeds through the label; Lorenzo was acquitted.

McGriff produced a straight-to-video film, "Crime Partners 2000" that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

Bow Out, Judge Blockhead (NYDN)

New York Daily News, January 26, 2007

DOJ_NMG_0122474

No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord.

Block is presiding over the trial of Kenneth (Supreme) McGriff, a notorious Queens crack kingpin charged, in this instance, with ordering hits on two rivals. Jurors have retired to deliberate as to McGriff's guilt. If they convict McGriff, the Brooklyn U.S. attorney's office will then petition panel members to sentence McGriff to death.

There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money.

Said this Amazing Kreskin of the federal bench: "In this judge's opinion, there's no chance in the world there would be a death penalty verdict...from my observations of the intensity with which the jury is listening to defense summation...and all the evidence that has been presented or not presented - if I'm wrong, I will have egg on my face, but I will not be incorrect."

Block said he believes that McGriff "has been humanized" by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that "nobody from the press has been here today, and we're flying under the radar screen, for sure."

For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any capital punishment proceedings to a colleague who is not so openly and obviously biased.

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Deputy Marshal Indicted In Leak Of Witness Information (AP)

By Mike Robinson, The Associated Press

AP, January 26, 2007

CHICAGO - A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family.

John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak.

Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders.

Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information.

But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John "No Nose" DiFronzo in the file that marshals kept on Calabrese.

DiFronzo is not charged in the Family Secrets case.

A telephone message seeking comment was left Thursday night at the office of Ambrose attorney Francis Lipuma.

Ambrose came under suspicion when eavesdropping FBI agents heard reputed mobster Michael Marcello chatting with his jailed brother, James Marcello, in the visitors room at the Milan, Mich., federal prison.

Michael Marcello told his brother that he had a source within federal law enforcement and that the source was the son of a police officer who was convicted in the Marquette 10 police corruption trial of the 1980s.

Ambrose fit the description. Federal officials said his fingerprints were later found on the Calabrese file.

FEC OKs Kolbe Funds For Legal Defense (AP)

AP, January 26, 2007

WASHINGTON -- Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday.

Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages.

FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's "ordinary and necessary" duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available.

The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident.

Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages.

According to his last campaign finance report, filed in October, Kolbe had $143,586 in his campaign account.

More Willful Indifference (NYT)

The New York Times, January 26, 2007

Mark Foley fled his seat in the House of Representatives last September when his sexual approaches to teenage pages finally reached the news media after years of a shameful cover-up in the halls of Congress. Now it turns out that the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues. An inspector general's report excoriates F.B.I. agents for brushing aside "troubling" evidence of the lawmaker's flirtatious message-writing, and then falsely blaming their inaction on the watchdog group that tried to alert the government in the first place.

The report underlines the calculated indifference at the heart of the scandal. In their final hours in power, the Republicans who controlled the ethics committee issued a report that whitewashed the fact that key members of the Republican leadership and their staff members were aware of Mr. Foley's long predatory history. The F.B.I. inspector general's report showed the same indifference among law enforcement officials charged with investigating Mr. Foley's actions. The report describes one F.B.I. supervisor who said he had read Mr. Foley's e-mail notes and thought, "What a freak," but who had then sent the evidence on a fruitless bureaucratic roundabout.

The lug-headed consensus was that there had been no real crime, when — as the inspector general pointed out — agents should have been urgently alerting the page program's supervisors.

When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group — Citizens for Responsibility and Ethics — had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections.

The new Congress voted to overhaul protections by mandating that an oversight board of surrogates be enlarged to include a former page and a page's parent. It will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness.

Fmr. State Janitors Get Short Prison Sentences In No-work Scheme (BVND)

By Jan Dennis

The Belleville News Democrat, January 26, 2007

PEORIA, Ill. - Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government.

David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement.

The men also were ordered to pay a combined total of more than $148,000 in restitution to the state.

"I don't see any of these defendants as evil men or bad people. I see they made choices that violated the law ... and they have to pay the consequences," said U.S. District Judge Joe B. McDade.

The judge said at Medvesek's sentencing that he could not grant probation because he needed to send a message that corruption in state government would not be tolerated.

"The strongest message I can send is (that) you would do some jail time," McDade said.

Federal prosecutors say the janitors developed a scheme to report late for their nighttime jobs or to leave without taking approved time off, collecting nearly $200,000 in state pay for work they didn't do.

The men developed various methods to cover their absences from 1999 to August 2005, including leaving notes for other workers that said they were working elsewhere, according to prosecutors.

All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme.

DOJ_NMG_0122476

Turner, 60, of Springfield - former director of the Secretary of State's physical services division - was sentenced Jan. 4 to 30 months in prison on four federal counts of wire fraud and two counts of lying to investigators. He also was ordered to pay more than $49,000 in restitution to the state for money the janitors pocketed.

Prosecutors allege Turner helped the janitors collect unearned pay in exchange for special treatment by city trash collectors in his Springfield neighborhood.

Assistant U.S. District Attorney Greg Gilmore says the scheme has left a dark cloud over all state employees, the vast majority of whom he said are hardworking and dedicated.

"In a sense, these offenses have put a stain on that, and that's unfortunate," Gilmore said.

Medvesek's attorney, Jay Elmore, agreed the court needed to send a message to stamp out a culture of corruption that he says is "epidemic" in Springfield. But he said McDade could drive home the point without jail time, saying other state workers already have seen Medvesek lose his nearly $40,000 a year job, pension and benefits.

Each of the janitors lost their state pensions and have been ordered to turn over their own retirement contributions - totaling roughly $23,000 each - to help pay restitution.

Assistant U.S. District Attorney Patrick Chesley called Boyce's cooperation "extraordinary," saying he recorded more than 200 conversations with the other janitors that helped crack the case and ultimately link Turner to the scheme.

Turner received no financial kickbacks, but aided in the scheme because Dinora also worked for Springfield's public works department, where he allegedly arranged quick pickups of junk ranging from water heaters to a dog house for Turner and his neighbors, prosecutors said.

Defense attorneys said Turner was unaware of the payroll scam and blamed Dinora, who they contend took advantage of Turner's lack of experience after he was appointed to the $98,000-a-year job by Secretary of State Jesse White in 1999.

Turner and the janitors were fired after an investigation uncovered the scheme in 2005.

The three former janitors each offered brief apologies before they were sentenced.

"There was no excuse," Boyce said. "I know right from wrong."

A spokesman for the secretary of state's office did not return a call for comment Thursday. But White has said the cases send a message that his administration will not tolerate corruption and that workers who cheat will pay the price.

In Philadelphia, Cops And Feds Say, Violent Gangs Are Kid Stuff (PHI)

By Dana Difilippo

The Philadelphia Inquirer, January 26, 2007

In other cities, gangs like the Bloods, the Crips and the MS-13 menace their communities with the efficiency of a business organization, with rookie "training," initiation rituals and a leader-soldier structure.

But Philadelphia's typical gang member is a school-skipper just getting his first mustache whose "gang" is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a news conference about their joint gang-busting strategies.

That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia.

"Better than half" of the city's 1,800 shootings and 406 homicides last year were committed by such young neighborhood thugs, said Chief Inspector Joseph Fox, head of the police department's detectives. Last week's shooting outside Sayre High School, in which a 17-year-old student was injured by gunfire in an ongoing feud between teens from 56th Street and others from 60th Street, is a good, recent example, Fox said.

"Philadelphia is just saturated right now with these neighborhood groups whose affiliations are very fluid," Fox said.

Their youth and lack of organization make them "very susceptible to being recruited by more violent and more structured gangs," he added. "We don't want to see this [neighborhood thuggery] mushroom into something more organized."

Besides teenage toughs, the city's crime-fighters say law-breakers in the Latino community have also given them growing headaches.

The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office.

"We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America," Hosko said. "[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city."

Three other FBI-led task forces - in which agents partner with city police and other authorities - focus on organized crime, black gangs and violent crime/fugitives, Hosko said.

Federal Prosecutors In Washington State To Review Homer Shootout (AP)

DOJ_NMG_0122477

By Dan Joling
AP, January 26, 2007

ANCHORAGE, Alaska - The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington.

Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded.

State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict.

Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking.

On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued.

Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded.

Dr. Franc Fallico, the state's chief medical examiner, concluded Anderson was mortally wounded by gunfire. He also concluded Anderson shot his son before turning his gun on himself. A 6-month-old girl in the vehicle was not wounded.

Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review.

The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said.

Exec Says Secretary Didn't Have Know-how To Do Coke Theft Alone (MH)

By Johnny C. Clark
The Miami Herald, January 26, 2007

ATLANTA - A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own.

Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams "didn't have the intellectual capacity" to steal the documents or get them in the hands of a Coca-Cola competitor by herself.

Williams faces up to 10 years in prison if convicted of the single federal conspiracy charge against her. She has pleaded not guilty. Two co-defendants have pleaded guilty to conspiracy, and one has testified that Williams thought of the idea for the scheme.

Williams, Edmund Duhaney and Ibrahim Dimson were indicted in July, accused of stealing new product samples and confidential documents from The Coca-Cola Co. and trying to sell them to Purchase, N.Y.-based PepsiCo Inc.

The alleged plans were foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Williams was fired from her job as an administrative assistant to Sanchez Lamelas, Coca-Cola's global brand director, after the allegations came to light.

Sanchez Lamelas also testified Thursday that Williams was cited on occasion for failing to carry out basic job responsibilities. He told jurors that Williams did not take "feedback" in a positive manner and that the two of them had arguments at times.

U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them.

Other government witnesses Thursday included a Coke database administrator, and a company computer forensic manager that investigated Williams' print logs for a month starting June 15, 2006. She and the two other defendants were arrested three weeks later.

Testimony was to resume Friday.

Coke Exec Testifies At Williams Trial (WXIA)

WXIA-TV, January 26, 2007

A Coca-Cola executive testified on Thursday that he didn't think that one of his former employees, Joya Williams, had the intellect to steal Coke trade secrets, and try to sell them to Pepsi by herself.

DOJ_NMG_0122478

But now Williams is charged with conspiring to do just that, on trial and facing ten years in prison.

Joya Williams wants the jury to see her as a hard-working, well-meaning, but inept Coca-Cola employee.

Just in over-her-head when she was executive assistant to a Coke vice president in 2005 and 2006 -- not the mastermind of a conspiracy to mine Coca Cola computers at company headquarters, steal Coke trade secrets and then try to sell them to Pepsi for $1.5 million.

On the stand at Williams' conspiracy trial -- Williams' boss, a Coke vice president, Javier Sanchez.

Sanchez was a prosecution witness, but he testified under cross-examination by Williams' attorney, Janice Singer, that he didn't think Williams had the intellect to steal Coke's trade secrets and get them into someone else's hands by herself.

Williams was arrested in July with two ex-cons who later pleaded guilty.

But Williams' boss said that just after the arrests, he was "in shock that Joya could have done something like that."

Joya Williams blames the two ex-cons, and says they stole the Coke documents from her, without her knowledge.

But the prosecutor showed Sanchez one Coke document after another that Williams admits she took from Sanchez's office to her home.

Question -- Did Williams have any legitimate reason to take the documents home?

Answer -- No.

On Friday, the prosecution expects to show the jury surveillance video and photos of Williams putting into her bag what prosecutors say were Coke trade secrets, and leaving the building with them.

Williams contends the documents she took home from Coke Headquarters were routine work papers for her own files, not Coke secrets.

The prosecution may rest on Monday or Tuesday.

Coke Secrets To Stay Secret, Judge Says (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 26, 2007

The judge in the Coke secrets trial said Thursday he will seal roughly 750 pages of company documents that the beverage company says contain trade secrets.

The lawyer for defendant Joya Williams has said she may want to use the confidential company documents to prove her case. But prosecutors and Coke lawyers have convinced Judge J. Owen Forrester that allowing the public to see the documents would harm the company.

RECENT NEWS

Harris County Residents Accused Of Hurricane Fraud (HC)

Houston Chronicle

Houston Chronicle, January 26, 2007

Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance.

U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft.

The government also seeks a $145,438 forfeiture from each.

The conspiracy charge carries a punishment of up to five years in prison.

Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52.

Man Who Lured Teen Over Internet Gets 5 Years In Jail (SEAPI)

By Brad Wong, P-I REPORTER

Seattle Post-Intelligencer, January 26, 2007

A 46-year-old Coupeville man received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported.

During the sentencing in U.S. District Court in Seattle, John Leonard Young received a stern rebuke from Judge Thomas Zilly. "The victim may never be the same," Zilly said. "You've taken her innocence away."

The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said.

But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI.

Young and the girl started using the Internet in late 2004 to communicate with each other, and they met in a chat room. Prosecutors said the two also talked by telephone.

Young described "bold, detailed discussions about sex," according to a prosecutor's statement.

Young also used his credit card to buy an airplane ticket to Seattle for her.But days before that flight, she went to the airport and bought a ticket with her own money.

Officials said she was upset about landing in the wrong Washington.

Young urged the girl to remove her computer's hard drive so her parents and investigators would have a difficult time finding her, prosecutors said.

FBI agents contacted the girl's parents, and investigators found messages from Young on her computer.

With court approval, investigators searched Young's home and uncovered computer messages with the girl and child pornography.

At least one of his computers contained about 100 pornographic images of children.

The girl is home in the Chicago area, according to the Attorney's Office.

Brad Wong can be reached at 206-448-8137 or bradwong@seattlepi.com.

Coupeville Man Sentenced (AP)

AP, January 26, 2007

SEATTLE A Coupeville man was sentenced today in U.S. District Court in Seattle to five years in prison for using the Internet to entice a minor to travel for illegal sexual activity.Judge Thomas Zilly called the crime serious and told 46-year-old John Leonard Young that his victim may never be the same because Young had taken her innocence away.Zilly said he was concerned the FBI found 100 images of child pornography on Young's computer.In late 2004 and early 2005, Young was charged with communicating over the Internet with a 14-year-old girl who lived in the Chicago area.(Contact: Emily Langlie, public affairs officer for the U.S. attorney's office in Seattle, 206-553-4110)

Man, 2 Women Charged In 'Horrific' Case Of Delco Child Porn (PHI)

By Tom Schmidt

The Philadelphia Inquirer, January 26, 2007

One suspect, John Worman, 39, of Colwyn, Delaware County, allegedly installed a video camera in his bathroom wall and videotaped four children as they used the toilet, undressed and showered.

Worman, according to an indictment, sexually abused eight other children, including five whom he forced to engage in oral, vaginal and anal sex, from 1997 through 2006.

Three of the children that Worman forced oral and vaginal sex upon were infants, one of them just three months old, authorities said.

He videotaped the assaults and downloaded the images to his computer, they added.

Worman and two women - Dorothy Prawdzik, 43, of Drexel Hill and Concetta Jackson, 44, of Collingdale, both in Delaware County - were charged yesterday in a 53-count indictment with producing child pornography.

The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis.

Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006.

Prawdzik helped Worman video the kids by posing them in front of hidden video cameras, undressing them and having them expose their genitals, it was alleged.

At one point in the investigation, investigators got a search warrant for Worman's home and recovered more than one million images from his computer, including thousands of videos that Worman produced himself committing sexual acts on children.

"This was a long-term, planned and horrific exploitation of young children," Meehan said. "According to the indictment, the defendants allegedly manipulated and abused children, even infants, to satisfy unimaginable perversions, and they did it repeatedly."

Authorities said that during the period covered by the investigation, Worman had relationships with Prawdzik and Jackson, at different times.

The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales.

It was described as a nationwide initiative designed to protect children from online exploitation and abuse.

'Preteen' Impostor In Video With Kid (AZREP)

By Tony Lombardo, The Arizona Republic

Arizona Republic, January 26, 2007

A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday.

The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile.

"I am aware they are trying to identify a child on a video," sheriff's spokesman Scott Reed said.

advertisement

Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader "Casey Price" and attended class at Imagine School at Rosefield in Surprise.

The Dysart Unified School District saw a slight increase in enrollment at its schools this week as word got out about Rodreick's enrollment at Imagine School, Dysart spokesman Tom Herrmann said. Six families pulled their children out of Imagine School but two families have since come back, spokeswoman Rhonda Cagle said.

Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old.

Rodreick is in a Prescott jail facing charges that include fraud, forgery and failing to register as a sex offender.

Three men, two of whom reportedly had a sexual relationship with Rodreick, are also facing charges in conjunction with the con.

Reach the reporter at (602) 444-6912.

O'Malley Voices Support Of Bill To End Death Penalty (WP)

By Ovetta Wiggins And John Wagner

The Washington Post, January 26, 2007

Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk.

"I've had a pretty consistent position on this," O'Malley told reporters at the State House. "Now that it's salient, I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty."

O'Malley's comments came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday.

Lisa A. Gladden (D-Baltimore), the lead sponsor in the Senate, said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee.

"I don't think it's totally out of the question that we could pass a repeal bill this year," said Gladden, a public defender, who has introduced similar measures in the past. "I think other legislators don't want blood on their hands."

Gladden was emboldened yesterday by the group of lawmakers, religious leaders and supporters who joined her and Del. Samuel I. Rosenberg (D-Baltimore) at a news conference about the legislation.

The issue has gained prominence in the wake of a court ruling last month that halted executions in Maryland until new regulations on lethal injection are put forward by the Department of Public Safety and Correctional Services. O'Malley said that the process will not start before the conclusion of the legislature's debate on the death penalty bill.

"That debate needs to happen," O'Malley told reporters.

Senate President Thomas Mike V. Miller Jr. (D-Calvert) said he supports the death penalty but thinks there needs to be a "healthy debate" on the subject. He said he would not influence a vote one way or the other.

"I realize the trend is against the death penalty," Miller said, "but I think there are some crimes so atrocious that it's warranted."

House Speaker Michael E. Busch (D-Anne Arundel) said he doesn't "have a real strong feeling one way or the other. We'll let the legislative process take place. . . . We've never tried to influence our colleagues on two issues: the death penalty and abortion."

The bill is likely to meet resistance, with some Democrats joining minority Republicans in opposition.

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Del. Dereck E. Davis (D-Prince George's) said he could not support a repeal because he had a gun held to his head three years ago.

Anthony J. O'Donnell (R-Calvert), the House minority leader, said he would not support a repeal and said he is certain that many share his position, across party lines. "We need the death penalty for the most heinous cases," he said.

Gladden and Rosenberg said they expected support from O'Malley, who has consistently said he opposes the death penalty. But O'Malley also has said that his views would not prevent him from following the law and signing death warrants.

O'Malley rarely mentioned the death penalty in his primary campaign against then-Montgomery County Executive Douglas M. Duncan (D) or in the general election race against Gov. Robert L. Ehrlich Jr. (R).

O'Malley has argued that the death penalty is not a deterrent and that money spent on prosecuting death penalty cases could be better spent fighting violent crime.

Rosenberg said that a sentence of life without the possibility of parole would be an "enormous deterrent" to committing murder.

"The time and effort litigating these cases, that goes into legislating this issue, could be spent on preventative measures that make each and every citizen more safe in their home," Rosenberg said.

The death penalty repeal was not part of the 13-bill legislative agenda that O'Malley issued this week.

"There are good people who have strong feelings on both sides of the issue," he said.

Maryland Considers Repeal Of Death Penalty (WT/AP)

By Brian Witte

The Washington Times, January 26, 2007

ANNAPOLIS -- Maryland lawmakers said yesterday they will introduce legislation to repeal the death penalty, a measure Gov. Martin O'Malley said he would sign if the General Assembly approves it.

State Sen. Lisa A. Gladden and Delegate Samuel I. Rosenberg, Baltimore Democrats, are sponsoring bills that would replace the state's death penalty with a prison sentence of life without parole.

Mr. O'Malley, a Democrat who personally opposes the death penalty, said he "sure would" sign such a bill in favor of life without parole.

"We waste a lot of money pursuing a policy that doesn't work to reduce crime or to save lives, but we could be putting that money into crime reduction," Mr. O'Malley said. "I'm much more in favor of life without parole."

Former Gov. Robert L. Ehrlich Jr., a Republican, supported capital punishment. He reinstituted the death penalty after taking office in 2003, refusing to uphold a moratorium by former Gov. Parris N. Glendening, a Democrat.

Michael Paranzino, executive director of Throw Away the Key, which supports capital punishment, said a debate on the death penalty is needed.

"It's better to debate this in the open," he said. "We will be educating the lawmakers about the victims of murder. While I think that it's a difficult task, I don't think it's impossible."

Mrs. Gladden and Mr. Rosenberg think support for a repeal has increased, but said more votes are needed to get the measure through both chambers.

Kirk Bloodsworth, a Maryland man who spent two years on death row and was later released from prison because of DNA evidence, said yesterday he was "living proof that the criminal justice system makes serious mistakes."

Mr. Bloodsworth was convicted twice of killing a 9-year-old girl in 1984. He was placed on death row following his first trial. Mr. Bloodsworth was convicted again in a second trial, but received a life sentence instead of capital punishment. He was exonerated by DNA evidence in 1993.

Mrs. Gladden said the Bloodsworth case demonstrated a need for ending capital punishment.

The proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature. The decision came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment.

No death sentences can be carried out in Maryland until the injection issue is resolved.

Delegate Anne Healey, co-chairman of the joint legislative committee that would hold hearings on the injection protocol, said the governor will decide whether members should take up the review. Mrs. Healey, a Prince George's Democrat, said she hasn't heard from Mr. O'Malley on the issue.

Mrs. Healey, who opposes the death penalty, said she's not sure lawmakers want to wade into such a divisive debate this year.

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Senate Minority Leader David R. Brinkley, a Frederick and Carroll counties Republican, thinks the lethal-injection review should be taken up to affirm the use of capital punishment in the state. However, he doesn't think the committee would bother this session, because lawmakers want to focus on budget issues.

"I think it's going to put it on the back burner," he said.

Another issue is a University of Maryland study released in 2003 that found those who murder a white person are twice as likely to get a death sentence than those who murder a black person.

There are six inmates on Maryland's death row.

-- Vernon Evans Jr. was sentenced May 15, 1984, in Baltimore County. He and Anthony Grandison were convicted in the shooting deaths of David S. Piechowicz and Susan Kennedy at a Pikesville motel.

-- Mr. Grandison was sentenced June 6, 1984, in Baltimore County.

-- John Booth-El was sentenced Oct. 18, 1984, in Baltimore. He fatally stabbed an elderly couple, Irvin and Rose Bronstein, in their home.

-- Heath W. Burch was sentenced March 29, 1996, in Prince George's County. He killed a neighbor, Robert F. Davis, and his wife, Cleo, during a botched late-night robbery.

-- Jody L. Miles was sentenced March 19, 1998, in Queen Anne's County. While collecting a debt for a loan shark, Miles fatally shot Edward J. Atkinson in the back of the head in the woods in Mardela Springs.

-- Lawrence Borchardt was sentenced May 23, 2000, in Anne Arundel County, where the case was moved from Baltimore County. Five years later, Borchardt was granted a new sentencing hearing. Arguments to appeal this ruling are scheduled for next month. During a home-invasion robbery, he killed an elderly couple, Joseph and Bernice Ohler, leaving the crime scene with $11.

Official Shot Movers In Self-Defense, Police Say (WP)

By Eric Rich And Ruben Castaneda

The Washington Post, January 26, 2007

The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another.

An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said.

Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital.

The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts.

Clark's live-in girlfriend, Leelee Best, echoing the sentiment of his family members, questioned the police claim that the movers were the aggressors, saying police "need to charge [Washington] for shooting them."

"It's stupid, honestly," Best said of the argument. "All he had to do was just tell them to leave. There are other ways you can handle it than shooting somebody."

Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a homeowners association board on which he served.

Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is "mentally tough."

Washington, who was released from the hospital, did not respond to messages seeking comment, and no one answered the door at his home. An attorney who has represented him before did not respond to a phone call seeking comment.

Yesterday afternoon, Best said a Marlo delivery contractor for whom Clark worked knocked on the door of their home at close to midnight Wednesday. "I knew something was wrong," she said, speaking at Prince George's Hospital Center.

Best said the contractor told her that Clark called him from Washington's house Wednesday evening to say that Washington was angry over a bedroom set that was being exchanged.

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Michael J. Winkelman, an attorney representing the families of White and Clark, said a Marlo representative and an associate he believes was the contractor visited with the family at the hospital yesterday. The associate told the family that the movers had sought guidance from a supervisor about how to handle the clash with Washington.

"They called from the house and said he was upset, very upset," Winkelman said. He said the movers were told to "give the officer what he wanted."

Marlo officials declined interview requests yesterday. The company issued a brief statement pledging to cooperate with the investigation and adding that its priority is "the welfare of those who have been injured."

In a news release, police said both deliverymen were struck in the upper body. A law enforcement source, speaking on condition of anonymity because the investigation is continuing, said that White was shot in the chest, groin and knee and that Clark was shot in the abdomen. The Washington Post erroneously reported in some editions yesterday that one man had been fatally shot, based on inaccurate information from a government source.

State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter.

Winkelman said he was not surprised to learn that police expected to charge the unarmed men shot by an officer. "It's the custom of the Prince George's County police to do so," he said.

Clark's girlfriend and father said their anxiety was compounded yesterday by the hospital's refusal to update them on Clark's condition -- or even, for most of the day, to confirm that he was a patient there. Winkelman said hospital officials told the family that "an ongoing police investigation overrides hospital authority."

Attempts to reach members of White's family were unsuccessful. Winkelman said late yesterday that he also could not immediately reach members of the family.

Clark's family described him as a gentle giant, easygoing and slow to anger. He stands 6 feet 4 inches and weighs more than 260 pounds, according to a younger brother, Nathaniel B. Saunders.

"He gets along with everybody," Saunders said. He said Clark graduated from DuVal High School, where he played on the football team.

Washington was a detective when Johnson, then the state's attorney, tapped him to become part of his security detail. He enthusiastically endorsed Johnson's 2002 bid for county executive, contributing to and working for the campaign.

Washington rose fast after Johnson's election. In 2003, Johnson named Washington to his transition team. In August 2004, he appointed Washington deputy director of homeland security.

The appointment came eight months after Washington was placed on administrative leave pending the outcome of an investigation into whether he hit a member of the Simmons Acres Homeowners Association during a meeting. The complaint was later dropped without legal or administrative action.

In 2000, a federal civil jury awarded $260,000 to the plaintiff in the civil rights suit against Washington and county correctional officers. The man, David Paul Maslousky, said he was arrested and strip-searched after he protested Washington's treatment of a man who had been involved in a minor traffic accident. The case was appealed, and Washington prevailed.

Last year, Johnson contributed to Washington's unsuccessful bid for the seat of County Council member Marilynn Bland (D-Clinton).

James Keary, Johnson's spokesman, said the county executive would not comment on the case. "It's a police matter, and it's under investigation," Keary said.

Staff writers Hamil R. Harris, Rosalind S. Helderman and Avis Thomas-Lester and staff researcher Meg Smith contributed to this report.

Panel Urges Leaders To Deal With Prison System 'Tailspin' (LAT)

By Jenifer Warren

The Los Angeles Times, January 26, 2007

SACRAMENTO — Three decades of tough-on-crime lawmaking has sent California's prison system into a "tailspin" that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today.

In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state.

If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them.

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"For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis," the commission said. "And now their time has run out."

The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer.

A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000.

While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact.

Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go.

In October, the commission noted, the governor declared a state of emergency in the prisons: "But even that didn't bring action, only more reports to federal judges that underscore the fact that the state's corrections policy is politically bankrupt."

In an interview, Commissioner Dan Hancock said the report's unusually harsh tone was designed to highlight the desperate state of affairs, which extends beyond crowding to medical and mental health care and a criminal sentencing system that the commission called "a haphazard jumble."

Hancock said the crisis has been caused largely by a ceaseless game of one-upmanship by politicians seeking to burnish their reputations as crime-fighters.

"Each has tried to outdo the other on who could be toughest on crime, but nobody was thinking clearly about what the ramifications would be for the state," he said. The result is an incoherent penal code dominated by what experts call "drive-by sentencing laws," often enacted by politicians responding to a single high-profile crime.

The report comes just days after Schwarzenegger and the top Democrat in the Assembly publicly lamented the lack of political will to tackle the prison woes.

In an interview with The Times last week, Schwarzenegger said prisons had not been a priority because they were not a "sexy" topic that affects the lives of voters – and therefore had attracted little interest from lawmakers.

"You talk about prisons, people feel like, 'OK, go out and get the criminal and you send him somewhere, but wherever that is, I don't want to look there, I don't want to know,' " the governor said.

He added that, "When the people are not excited about it, how do you make the legislators excited about it?"

Assembly Speaker Fabian Nunez of Los Angeles was more pointed in his comments, blaming legislators for a short-sighted, "lock up everybody" mentality that has wrought painful consequences.

"It's good politically, because you can champion it as you're tough on crime," Nunez said at a press conference Monday. "But in the end, the prisons are overcrowded, we don't do enough rehabilitation, the prisoners get out of jail and go back and commit more crimes, we have the highest recidivism rate of any state in the nation.

"It's a shameful part of the California body politic," Nunez said. "We've got to change that. I think people ought not be afraid."

Whether the rhetoric – or the commission's report -- will have any substantial effect on legislators is unclear. Analysts say the political fear of being tagged as a friend of felons runs deep. And voters rarely fail to embrace ballot initiatives seeking new penalties for offenders, such as the three strikes law of 1994.

"We're always ever so nice to furry animals and very, very mean to criminals," said Shaun Bowler, a professor of political science at UC Riverside. "It's almost reflexive, the voters' desire to be tough. If the prisons are a cross between a sewer and the Roman Colosseum, their answer seems to be, 'Good.' "

But criminologists say that the public has been misled about just what sort of policies make the streets safer. At UC Irvine, Joan Petersilia said it's up to the governor – a Republican – to point out that "what we're doing now with our system is costing us a lot and not giving us much public safety benefit in return."

California, experts noted, spends more than $8 billion a year on corrections, but roughly 70% of the inmates it releases wind up back behind bars.

"Everyone agrees we've got a crisis, but no one is willing to put forth an agenda and lead," Petersilia said. "That's the key ingredient that's been missing."

Hack, Pump And Dump (WP)

By Ellen Nakashima

The Washington Post, January 26, 2007

Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks.

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The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment.

But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors.

Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold.

Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission.

The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam.

"You wake up in the morning and all your blue chips are gone, and instead you own a microcap stock that is virtually worthless," said John Reed Stark, chief of the SEC's Office of Internet Enforcement. Stark added that he expected more complaints in the coming weeks, saying, "This is an area where we've become increasingly concerned."

The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said.

Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said. He has no attorney, authorities said.

On Aug. 21 last year, Kamardin booted up his computer in his apartment in Tampa and logged into his E-Trade account, according to the SEC complaint, which forms the basis for the following account.

At 2:10 p.m. he bought 43,000 shares of Thomas Equipment.

Between 1:29 p.m. and 3:41 p.m., an intruder -- either Kamardin or an accomplice -- hacked into two TD Ameritrade accounts, using those investors' stocks to buy 60,900 Thomas Equipment shares.

At 3:28 p.m., an intruder hit a Charles Schwab account, buying 20,000 shares.

At 3:32 p.m., an E-Trade account was hacked, boosting that investor's portfolio by 68,000 Thomas Equipment shares.

At 3:35 p.m., Kamardin began to sell the Thomas shares.

One minute later, Schwab, evidently onto the fraud, canceled an order to buy 50,000 Thomas shares in a second hacked account.

By 3:53, Kamardin had unloaded all his Thomas shares, netting $13,158.

The SEC is not saying how Kamardin's ring obtained the user names and passwords on the investors' accounts. Typically, authorities said, hackers use keystroke monitoring software placed on a public computer, or they purchase personal data, such as stolen Social Security and credit card numbers, from criminal enterprises.

The fraud affects not only the investors, but the market and companies whose stocks are pumped then dumped.

Hugo Cancio was stunned when trading on his company's stock increased from fewer than 1,000 shares a day to 1.1 million shares last Aug. 24.

"For no reason whatsoever," he said, the share price for Fuego Entertainment, a Miami-based entertainment firm targeting the burgeoning Latino media market, zoomed from 88 cents to $1.28.

"My phone rang off the hook," he said. "We couldn't figure out what was going on."

Allegedly, between 11:51 a.m. and 3:05 p.m. that day, Kamardin had bought and sold 55,000 Fuego shares, raking in $9,164.

In the interim, 10 accounts with Fuego holdings were hacked into at TD Ameritrade, Scottrade, E-Trade and Schwab.

"Wow, wow," Cancio said, upon hearing the allegations. "That's unbelievable."

The following day, Cancio said, his company's share price had plummeted to 13 cents, where it has been ever since. TD Ameritrade, the third-largest online broker by volume, has restricted online trade on the company's stock.

Cancio said that on Aug. 24 he was negotiating a deal to buy 14 television stations, and when he saw the price surge, he began to suspect the stations' owner of insider trading.

The owner denied it, but the deal soured, and with the share price down, Cancio said, the deal is on the rocks. "We were knocking on the door of a multibillion market," he said. "We haven't seen any progress. It's all due to that particular day."

On Aug. 28 and Aug. 29, Kamardin wired proceeds from his E-Trade account to a Wachovia bank account and then transferred the funds to an account owned by his Russian-born roommate. The roommate wired the money to a bank account in Riga, Latvia, the SEC alleges.

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E-Trade, which regularly monitors unusual activity, at some point became concerned and alerted the SEC and the FBI of possible fraudulent activities, said sources familiar with the matter.

Kamardin is charged with securities fraud. The SEC is seeking return of the money and payment of civil penalties.

Florida Man Used E*Trade Account For Illegal Trading (Update3) (BLOOM)

By Bradley Keoun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A 21-year-old Florida man hacked into online accounts at E*Trade Financial Corp. and four other brokerage firms in the second case to emerge from a probe of Internet trading fraud, U.S. officials allege.

The U.S. Securities and Exchange Commission sued Aleksey Kamardin, claiming he took control of the accounts and netted $83,000 in illegal profits. The regulator said Kamardin bid up 17 stocks and then sold the shares in his own E*Trade account at inflated prices.

The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc.

``This is typical of what we've seen a lot of lately," John Reed Stark, chief of the SEC's office of Internet enforcement, said in an interview. ``We have other cases like this in our inventory that we expect to be rolling out."

Stark declined to say whether criminal charges would be filed against Kamardin, who he said is believed to have fled the U.S. and gone into hiding in Russia. A contact telephone number provided by the SEC at Kamardin's last known address in Tampa was answered by a woman who said she didn't know him.

Illegal Profit

The illegal trades occurred between July 13 and Aug. 25, according to the suit, which was filed today in U.S. District Court in Tampa, Florida.

Kamardin on Aug. 28 and 29 wired the illegal profit from his online brokerage account at E*Trade to a Wachovia Corp. bank account in the U.S. The money was then transferred to a second account owned by Kamardin's Russian-born roommate, who in turn wired it to a bank account in Riga, Latvia, the SEC said.

A July 2006 application opening an account in Kamardin's name at E*Trade said he was a U.S. citizen with a liquid net worth of $15,000, the SEC said. Stark declined to comment on whether the agency had confirmed Kamardin's citizenship. He said the roommate hasn't been accused of wrongdoing.

Other online brokerage firms whose accounts Kamardin manipulated included Scottrade, JPMorgan Chase & Co. and Charles Schwab Corp., according to the complaint.

`Circumstantial Case'

The SEC named 14 of the 17 stocks it believes were manipulated by Kamardin. They included Gales Industries, a Bay Shore, New York-based manufacturer of aircraft structural parts; Butler National Corp., an Olathe, Kansas-based provider of electronic monitoring of water-pumping stations; and Thomas Equipment Ltd., a Milwaukee-based manufacturer of farm equipment.

Stark said the SEC couldn't link Kamardin directly to the unauthorized use of the accounts. Kamardin probably gained access by stealing usernames and passwords through software that allows outsiders to spy on keystrokes on another person's keyboard, or by buying the logins from Web sites outside the U.S. that traffic in such information, Stark said.

``It is a circumstantial case" built on ``compelling" evidence, Stark said. ``He did this 17 times and profited 14 times."

The SEC claimed, for example, that on Aug. 21 between 2:10 p.m. and 2:36 p.m., Kamardin bought 43,000 Thomas shares at about 43 cents each. About the same time, an intruder used unauthorized access to buy 60,900 Thomas shares in two TD Ameritrade accounts, 20,000 shares in a Schwab account and 68,000 shares in an E*Trade account.

The buying -- trading volume was 10 times its daily average -- drove the shares as high as 80 cents, the SEC said.

From 3:35 p.m. to 3:53 p.m., Kamardin sold all 43,000 of his Thomas shares, for a profit of $13,158, the SEC said.

Pump-and-Dump

Federal regulators and law enforcement authorities said in October they were investigating securities schemes on the Internet after New York-based E*Trade reported that it had spent $18 million in the third quarter to reimburse victims of the fraud. In one instance, E*Trade had to take possession of 1 million shares of BoysToys.com, the owner of a San Francisco strip club. Omaha, Nebraska-based TD Ameritrade also had $4 million in expenses related to the schemes.

E*Trade, TD Ameritrade and San Francisco-based Schwab, under policies begun last year, reimburse customers who lose money because of unauthorized trading in their accounts.

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Spokesmen for E*Trade, New York-based JPMorgan and St. Louis-based Scottrade declined to comment on the SEC lawsuit. A spokeswoman for TD Ameritrade didn't return a call seeking a comment.

`Unusual Behavior'

``We monitor client transactions using a combination of sophisticated automated and manual surveillance techniques, watching for unusual account behavior," Schwab spokeswoman Sarah Bulgatz said in an e-mailed statement. ``This enables us to intervene preemptively as needed."

Investigators have compared the online fraud with traditional pump-and-dump schemes in which criminals use false statements or advertisements to spur a rally in the prices of stocks they own so they can sell them at inflated prices.

``It's like a boiler room without the boiler room," Stark said of the online fraud. ``Instead of having to convince an investor to buy your stock you just steal that investor's password and username and buy it in his account."

E*Trade shares fell 70 cents, or 2.8 percent, to $23.97 today in New York Stock Exchange composite trading.

D.C. Clubs Dreading Proposed Teen Ban (WP)

By Keith L. Alexander And Darragh Johnson

The Washington Post, January 26, 2007

District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths.

Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served.

Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21.

"The artists don't particularly like to play to 21-and-older clubs," said Steve Lambert, talent booker for the Rock and Roll Hotel on H Street Northeast. "A lot of their audiences are college-aged, between 18 and 21, and they depend on those people to buy tickets to the show."

In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers.

Many at the hearing defended the venues, saying they strictly enforce age limits. "Some clubs, like H2O, 9:30 Club, the Black Cat, Platinum and Envy -- they do it very well," said Ronald Moten, co-founder of Peaceaholics, an organization that works to solve disputes among youth. "They monitor for fake IDs, they have bracelets or stamps they put on people who're underage, and they're very strict on this."

The clubs feature a range of music, from the hard-thumping go-go to indie-rock, reggae, hip hop and rhythm and blues.

The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink.

Briejon Smith, 14, Ford's cousin, said that at several city clubs, it is "easy" for teenagers to get alcohol. "All you have to do is slip the bartender $10 and you can get a drink. They ask me if I have ID, and I say 'No,' and then they charge me extra. But I can still get in and order a drink if I wanted to," she said.

Some suburban teenagers, who had left school early to testify at the hearing, said they were concerned that the fatal shooting would give officials a reason to expand restrictions on all clubs, even those that already have tight rules.

Maya Gibson-Reinemer, 18, of Arlington said teenagers go to the clubs mainly to listen to the bands. "You can get drunk anywhere. But where can you see music?" she said.

Council member Jim Graham (D-Ward 1) is considering legislation that would establish a minimum age for patrons within the District. In Boston, those younger than 14 are not permitted into nightclubs that serve alcohol. In some other cities, the minimum age is 21. His proposal would also require teenagers, even when accompanied by a legal-aged adult, to leave the establishment after a certain time.

Graham is also considering creating a new license for nightclubs that want to cater to under-21 patrons. It would require them to have minimum-standard security, training and aggressive monitoring during an event for underage drinking. And he wants to restrict the renting of venues to outside promoters. That was the case Saturday morning at Smarta/Broadway, also known as Club 1919, on Ninth Street just off the bustling U Street corridor. Police said that Ford was shot there when the club's bouncer got into a scuffle with a patron carrying a gun. There have been no arrests.

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At least one club's advertised rules regarding teen patrons are vague. The Web site for the Black Cat, at 1811 14th St. NW, says: "Black Cat events are all ages. Patrons under 18 should have parental permission, and we prefer them to be accompanied by an adult."

Graham said he did not want to use the fatal shooting as a way to target go-go clubs, popular nightspots mostly frequented by blacks. Instead, he said, he decided to focus on all nightclubs. At the time of the shooting, the Smarta/Broadway was booked as a venue for local go-go bands. Some go-go dances have been marred by violence, but there is a growing movement to change their reputation by promoting peaceful go-gos.

"There needs to be a safe place for these kids to go. There are safe places out there with extra security and where we don't have to be afraid for our kids' safety," Moten said.

Charles A. Burger, chairman of the D.C. Alcoholic Beverage Control Board, said that Smarta/Broadway's liquor license has been suspended since the shooting and that a hearing is scheduled for Monday.

"We're going to get to the bottom of this. This was a troubled establishment doing whatever it needed to do and didn't care one bit about public safety," Graham said.

CIVIL LAW:

Fieger Sues U.S. Attorney General (FREEP)

By NAOMI R. PATTON, FREE PRESS STAFF WRITER

Detroit Free Press, January 26, 2007

Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm.

In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act.

It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office.

The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office.

Toner is included as a defendant, because the FEC "is tacitly cooperating and conspiring with the Attorney General."

Fieger also contends that investigators required witnesses to identify who they voted for in the 2004 presidential election.

Feiger is seeking a declaration from Gonzales and Stoner that their action was unconstitutional. He also seeks to have all legal fees recouped.

A spokesperson for the Attorney General's Office did not return calls.

Contact NAOMI R. PATTON at 313-223-4485 or npatton@freepress.com.

Fieger Sues U.S. Attorney General (DEN)

By Paul Egan, The Detroit News

Detroit News, January 26, 2007

Southfield attorney Geoffrey Fieger filed a federal lawsuit today against U.S. Attorney General Alberto Gonzales and the Federal Election Commission, alleging a grand jury investigation of Fieger and his law firm is unlawful.

A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination.

Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them.

In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful.

Federal officials could not immediately be reached for comment.

You can reach Paul Egan at (313) 222-2069 or pegan@detnews.com.

Evidence Concludes In Framed Men's Suit (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, January 26, 2007

As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit.

But with a decision in the case not expected until at least mid-March, Salvati, 74, of the North End, said: "Now starts the worst part. Like Yogi Berra said, 'It's not over till it's over.' "

Salvati and Limone, 72, of Malden, attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed for the slaying in Chelsea of Edward Deegan.

After seeing the reports, a state judge overturned Limone's murder conviction in January 2001, and he walked free after 33 years in prison. She also vacated the conviction of Salvati, who was paroled in 1997 after 30 years in prison. Greco's exoneration came two years ago, when his conviction was posthumously set aside.

Yesterday, hours after evidence concluded in the federal civil trial, state prosecutors filed a motion urging Suffolk Superior Judge Margaret Hinkle to vacate the murder conviction posthumously of Tameleo, who was 84 years old when he died in prison in 1985.

After receiving a petition from Tameleo's family last June and reviewing the other three cases, Suffolk District Attorney Daniel F. Conley "determined that vacating Mr. Tameleo's conviction was the legal, ethical, and moral thing to do," said Jake Wark, a spokesman for Conley's office.

The motion asserts there is "newly discovered evidence indicating that justice may not have been done at Tameleo's trial," Wark said.

In federal court yesterday, US District Judge Nancy Gertner accepted the last of thousands of exhibits and filings just before 11 a.m. in the civil suit for wrongful imprisonment. Lawyers for the four men and the government will file briefs next month, and final arguments in the case will be given Feb. 27. The judge said she will try to reach a decision about two weeks later.

During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph "The Animal" Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco. At the time, Tameleo was the reputed consigliere of the New England Mafia, according to organized crime reports compiled by the FBI.

Deegan was gunned down in a Chelsea alley in March 1965. Local police were unable to solve the slaying until the FBI struck a deal with Barboza, whose testimony resulted in the 1968 convictions of the four men and of two others whose involvement in the slaying has not been disputed.

A Justice Department lawyer asserted during the trial that the FBI cannot be blamed because state prosecutors were responsible for investigating and trying the case. She also argued that the FBI had no obligation to share internal documents with state prosecutors, but also said that agents provided some information about the Deegan slaying to state and local police.

After yesterday's session, Limone, said: "I'm glad it's all over. It was like going to trial again."

Wal-Mart To Pay More Than $33 Million For Overtime Violations (FINDLAW/AP)

By Marcus Kabel, Ap Business Writer

AP, January 26, 2007

(AP) - BENTONVILLE, Arkansas-Wal-Mart Stores Inc. will pay more than $33 million (â,¬25.5 million) in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department.

Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 (â,¬15.41) per worker.

Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations.

"They had some concern that some of the practices were not in compliance" with federal wage laws, he told a conference call for reporters

"It's not particularly unusual for an employer to come to us and talk to us about potential payroll violations," Mandel said.

But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division.

Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again.

Last October, Wal-Mart workers in Pennsylvania won a $78.5 million (â,¬60.5 million) judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award.

One of Wal-Mart's most vociferous critics, union-backed WakeUpWalMart.com, said the overtime settlement was a sweetheart deal that favored the retailer rather than its workers.

WakeUpWalMart.com spokesman Chris Kofinis said workers were not represented in the settlement talks and added that the idea that Wal-Mart "would negotiate in the best interests of its workers is ludicrous on its face."

Critics had previously denounced a separate Labor Department settlement with Wal-Mart over child labor violations, which was made public last February.

That $135,540 (â,¬104,438) settlement was later found by the Labor Department's inspector general to contain significant concessions for the retailer. The inspector general's report said the settlement was "significantly different" from other such agreements and included far-reaching restrictions on the government's ability to assess monetary penalties.

Regarding the overtime issue, Mandel said the department carried out a national review of all Wal-Mart stores over a two-year period from February 2005 to this year.

The settlement was approved Thursday by a federal judge in the U.S. District Court for western Arkansas, Mandel said.

The highest award to an individual employee was about $39,000 (â,¬30,051), he said.

Wal-Mart is the world's largest retailer with about 1.3 million employees.

Wal-Mart Reaches Deal Over Back Pay (WP)

By Amy Joyce And Ylan Q. Mui

The Washington Post, January 26, 2007

Wal-Mart must pay nearly $34 million in back wages and interest to employees who were not paid for overtime hours under a settlement announced yesterday by the U.S. Labor Department.

The company said that because of errors in calculation, it underpaid about 87,000 employees nationwide by at least $20 during the past five years. But some are due much more, with one person to receive $39,775.

Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days.

"It's not particularly unusual for an employer to come to us to talk about potential payroll violations," said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties.

Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said.

"The issue has been resolved," said John Simley, a Wal-Mart spokesman. "We are committed to our associates, and we have apologized to them for this error."

About 75 employees are owed more than $10,000, according to Simley. The retailer also said it overpaid about 215,000 current and former workers $20 or more, which amounts to at least $4.3 million. The actual total was not disclosed. Wal-Mart said it would not seek to recover the overpayments.

Wal-Mart found the errors in 2004 during a routine internal review, Simley said. Problems stemmed from "calculation errors and procedural errors" at headquarters, he said, but he declined to say how they occurred. Wal-Mart reviewed data going back to Feb. 1, 2002, the first year for which it has "consistently reliable records," Simley said.

Wal-Mart said it found that some non-exempt salaried employees were expected to work 45 to 48 hours before they earned overtime pay. They did not receive the extra half-time they were owed for hours between 40 and 45 or 48. Other errors also occurred, Wal-Mart said.

The company will still face legal challenges from at least one state.

The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million.

"While Wal-Mart has indicated its desire to pay all additional wages owed under California law, we will not agree to any settlement terms until state auditors have the opportunity to verify the accounting records relied upon by [U.S. Labor Department] officials and to examine additional records that relate to those issues that are subject to more stringent California statutes," said Robert Jones, acting state labor commissioner.

State and federal wage-and-hours laws require employers to pay time and a half to workers who put in more than 40 hours a week. Salaried managers and independent contractors are exempt unless their salaries fall below a certain threshold.

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Wal-Mart has been involved in other overtime suits. In October, a Pennsylvania jury decided that Wal-Mart forced hourly employees to work through breaks and beyond their shifts without overtime pay. The plaintiffs were awarded $78.5 million. Wal-Mart is appealing.

In 2002, a federal jury in Oregon found that Wal-Mart employees were forced to work off the clock and awarded back pay to 83 workers. In 2004, Wal-Mart settled a similar lunch-break case in Colorado for $50 million.

At least 57 other wage-and-hours cases have been filed across the United States against the world's largest retailer, and many of them are awaiting class-action certification, according to company filings.

Wal-Mart's decision to report the problem is indicative of how visible it has become, according to Harley Shaiken, a labor professor at the University of California at Berkeley. "They realized there was a problem and didn't want to see it become a worse problem," he said. "I think Wal-Mart has really learned that putting it under the rug doesn't make it better."

Trustee: Sen. Clinton's Brother Owes Debts To Carnival Operators (AP)

By Rose French, The Associated Press

AP, January 26, 2007

Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton.

A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc.

Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004.

A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham.

The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued.

Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death.

Nashville-based federal bankruptcy trustee Michael Collins said he has tried to get Rodham to repay the loans for almost two years.

Collins had Rodham's accounts frozen in 2005 after Rodham failed to respond to an initial complaint. A judge ruled that Rodham was in default on the loans, but later unfroze the accounts after Rodham appealed.

Collins said the latest filing seeks to establish "realistic deadlines for the future progression of this litigation."

"It's collecting a receivable that was owed to the company," he said. "Its just like any loan."

Collins says he's seeking the loan money which, with interest, comes to nearly $150,000.

Rodham's lawyers in Virginia did not immediately return phone calls on today seeking comment.

The Gregorys hired Rodham in June 1998, five months before they filed pardon applications with the Justice Department.

Rodham says he was hired to help bring new business to the Gregorys' carnival operation. But the report by the U.S. House Committee on Government Reform said that without any documentation the episode raises "substantial questions ... as to what Rodham actually did for the Gregorys that was so valuable."

"It appears that the president was interested in the Gregory pardons solely because of his contacts with Tony Rodham," the report says. "It is fair to conclude that, but for Tony Rodham's lobbying efforts, the Gregory pardons would not have been granted."

Rodham refused to appear before the committee. He did, however, at the time tell CNN's Larry King Live he talked about the pardons with President Clinton, but said Clinton made the decision to grant clemency to the Gregorys on the merits of their case.

"If I used any kind of influence, then why did it sit in the Justice Department for 18 months? It's absurd to even say that I used any kind of influence. ... The Gregorys are the type of people the pardon system is made for."

CIVIL RIGHTS:

Brother Refused To Give Up On Racially Tinged 1964 Deaths (CNN)

CNN, January 26, 2007

WASHINGTON (CNN) -- After the investigation into the May 1964 deaths in rural Mississippi of his brother and a friend went cold, Thomas Moore was convinced he would never see justice done.

But when a documentary filmmaker for the Canadian Broadcasting Corp. began to research the case about a year and a half ago, Moore saw a glimmer of hope.

And Thursday, 71-year-old James Ford Seale, who court documents state is a former Ku Klux Klan member, made an initial appearance in court in Jackson, Mississippi, on charges of kidnapping and conspiracy in the abduction and killing of Charles Eddie Moore and Henry Hezekiah Dee, both 19, Attorney General Alberto Gonzales announced. (Watch how a 42-year-old cold case heated up)

Seale has pleaded not guilty. He is being held without bail, Gonzales said. (Dee's sister prayed for justice "somehow, some way")

Moore said that after momentum began to build on the case two years ago, he told his late brother he wouldn't give up.

"I promised him in 2005 at his grave in Franklin County ... that I would fight until I die," Moore told reporters in Washington on Thursday shortly after the indictment was announced.

"When I got the word yesterday ... I cried," he continued. "And I felt that my mom and my dad and Charles Moore and Henry Dee said, 'Thank you.' " (Watch Moore savor the day he's been waiting for)

Moore said he returned to Franklin County with CBC producer David Ridgen to help research the case.

At one point, Moore said, he told some friends there it was too bad that one of the suspects -- Seale, who was initially arrested along with Charles Edwards soon after the murders -- had died.

"They said, 'He hasn't passed away,' " Moore said. "They directed us to where he lived. That changed our mission."

Soon after their arrests in 1964, Seale and Edwards were released on bail and were never tried.

According to the CBC, FBI documents stated that Edwards confessed that he had picked up the two young African-American men, beaten and interrogated them.

But he said they were alive when he left.

Edwards, who also is still alive, was not named in the recent indictment.

The allegations in the indictment against Seale say that "Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River tied to heavy objects alleged to have included an engine block, iron weights and railroad ties," Gonzales said.

"These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin," the attorney general added. (Watch the FBI's top agent describe 'a dark chapter' in history)

After learning that Seale was alive, Moore gave Dunn Lampton, the U.S. attorney for the Southern District of Mississippi, the FBI files on the case that he got from a reporter in Mississippi.

"The really most important factor, in my mind, was Thomas Moore coming to see me," Lampton said. "And at that time, I had not really looked at the file. And the case had lain dormant for years. And I thought that there was nothing we could do about it."

"I took the file home with me and read it," Lampton said. "I was a district attorney for 20 years; I've tried a lot of murder cases. I read the file and I thought that perhaps something could be done either on the state side or on the federal side."

Lampton said he helped form a task force and that the end result -- the indictment -- was a joint effort.

"Nineteen months ago was the start of a journey," Moore said. "Had no idea what it would lead to, but we had hoped and we tried and we continued to push.

"And I'm so glad."

CNN Justice Correspondent Kelli Arena and Justice Department Producer Terry Frieden contributed to this report

Man Pleads Not Guilty In 1964 Race Case (AP)

By Emily Wagster Pettus, The Associated Press

AP, January 26, 2007

JACKSON, Miss. (AP) — A reputed Ku Klux Klansman accused in the 1964 slayings of two black men pleaded not guilty Thursday, and in a measure of how things have changed across the South, the judge he stood before was a black woman.

With his wrists and ankles shackled, 71-year-old James Ford Seale repeatedly addressed the judge as "ma'am," a social courtesy whites typically denied to blacks in Mississippi 43 years ago.

Seale was arrested Wednesday on federal charges of kidnapping and conspiracy. Prosecutors said Charles Eddie Moore and Henry Hezekiah Dee, both 19, were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

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A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges.

The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive.

"Forty years ago, the system failed," FBI Director Robert Mueller said in Washington. "We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day."

On Thursday, U.S. Magistrate Linda R. Anderson asked Seale whether he understood the charges, which carry up to life in prison.

"Yes, ma'am, I think so," Seale said in a calm voice.

Seale was jailed for a bail hearing on Monday. His court-appointed attorneys said he is suffering from cancer. His trial is scheduled for April 2.

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Lara Jakes Jordan reported from Washington. AP National Writer Allen G. Breed in Raleigh, N.C., also contributed to this report.

Suspect Pleads In 1964 Slayings (USAT)

By Jerry Mitchell And Ana Radelat

USA Today, January 26, 2007

JACKSON, Miss. — A 71-year-old reputed Ku Klux Klan member pleaded innocent Thursday to charges linked to the killings of two black teens in Mississippi almost 43 years ago.

James Seale is charged with two counts of kidnapping and one count of conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of Henry Dee and Charles Moore, both 19. If convicted, Seale could face up to three life sentences.

Seale, now in custody in the Madison County Jail near Jackson, faces a hearing Monday on whether he will be released on bond. His court-appointed public defenders are likely to argue Seale should be freed because he has cancer.

U.S. Magistrate Judge Linda Anderson asked Seale on Thursday whether he understood the charges.

"Yes, ma'am, I think so," replied Seale, his wrists and ankles shackled.

Six years ago, in an interview with the Jackson, Miss., Clarion-Ledger, Seale scoffed at the idea he would ever be arrested in the case.

The charges were announced in Washington on Thursday by Attorney General Alberto Gonzales, Dunn Lampton, U.S. attorney for the Southern District of Mississippi, and Robert Mueller, head of the FBI.

"This was a horrible crime inflicted with stunning disregard for the suffering of these victims," Mueller said. "These tragic murders are straight from the darkest page of our country's history."

Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths.

Thomas Moore, 65, traveled to Washington on Thursday with Dee's sister, Thelma Collins. Looking back on the years since his brother's death, he said his hopes surged any time someone took an interest in the case.

"Every now and then, people would get my hopes up, and then it would fade away," he said.

The indictment said Seale and other Klansmen who abducted Dee and Moore thought the two had information about local gunrunning and thought Dee might be a civil rights activist.

The teens eventually were driven to Parker's Landing in Mississippi, according to the indictment, where the Klansmen tied a Jeep engine block, iron weights and railroad rails to them and then threw them into the Mississippi River.

Seale, along with Charles Edwards, now 72, was arrested once before, on Nov. 6, 1964, in connection with the slayings. The FBI, consumed by the search for three civil rights workers who had disappeared that same summer in Philadelphia, Miss., turned the case over to local authorities, who threw out the charges.

Edwards has not been charged, and Gonzales declined Thursday to say whether there will be more charges in the case.

Race Former Deputy Charged In Civil-Rights Murders (NPR)

By Wade Goodwyn

NPR's All Things Consider, January 26, 2007

DOJ_NMG_0122494

A federal grand jury charges a Mississippi man with the 1964 killings of two black men, in the latest in a series of charges involving racially motivated killings from the civil-rights era. The two men had been hitchhiking when they went missing. Their bodies were found in the Mississippi River, shackled to an engine block.

James Ford Seale, 71, pleaded not guilty to the charges in Jackson, Miss. The former sheriff's deputy and reputed Klansman was one of two suspects originally charged in the deaths decades ago. But the FBI turned the case over to local authorities — at the time, the agency was consumed with the search for three missing civil-rights workers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, Miss., on Thursday. The former Sheriff's deputy, once thought to be dead, faces charges for his alleged involvement in the kidnapping and slaying of two black teenagers in 1964 in one of the last major unsolved crimes of the Civil Rights era. AP

More than 40 years ago, two black hitchhikers were found dead in Mississippi. Thursday, a reputed Ku Klux Klan member — James Ford Seale, 71 — will be charged with kidnapping, but not murder. Reporter Jerry Mitchell of The Clarion-Ledger newspaper in Jackson, Miss., discusses the case with Steve Inskeep:

SI: Would you remind us exactly what happened in 1964, and what James Seale's alleged role was.

JM: This was a case of forgotten killings, really. These two teenagers, African-American teenagers, were hitchhiking. And the Klan believed that there was gunrunning in the county [Franklin County, Miss.] and believed they might know something about it, or did know something about it. [They] took them out into the woods, beat them, then hauled them out to the Mississippi River and tied them to a Jeep motor block and dumped them alive into the Mississippi River.

SI: And James Seale, was he a member of the KKK at that time?

JM: [He was] reputed to be. He denied being a member when I talked to him in 2000. And, of course, he went on to deny that he knew anybody in the Klan. But, of course, his brother was in the Klan, and his dad was supposedly in the Klan. So, I found that kind of interesting.

SI: You mentioned that you talked to him in 2000. It was your newspaper that got this old case reopened. Can you describe to me what evidence led you to James Seale?

JM: Basically, federal authorities had reopened another case, the Chester White killings that the Klan did in '66 in Mississippi. It had taken place on federal property, in the Homochitto National Forest. And the name rung a bell. So, I was like, "it seems like there was something else that took place there." And, sure enough, Henry Hezekiah Dee and Charles Eddy Moore were both beaten in that forest. So that's what led them to reopen that case at that point.

SI: And what led you to Seale? Had he been a suspect at the time?

JM: Yes. He had been arrested along with a guy by the name of Charles Marcus Edwards. But the case never went anywhere.

SI: You mean the Mississippi authorities never did…

JM: [The] never did a thing with it. It was on the state side. The state never prosecuted. In fact, they've dismissed the charges.

SI: Based on what you've seen, how strong is the evidence connecting him to this crime, and what is the evidence?

JM: The case against him, I think, is probably similar to what it would have been in '64, if authorities had been able to put the case together. And this is laid out in FBI documents. Mr. Edwards confessed to authorities his involvement in the case, and identified Mr. Seale as being one of the fellow participants. But Mr. Edwards also said he didn't take part in anything beyond that.

SI: This other suspect confessed to a role in the beating, not the killing. And he leads you, then, to James Seale, the man who's been arrested now?

JM: Correct. I was able to, you know, [use] old records and other things [that] led me to him. And [I] actually had help from people that knew him [that] helped me track him down.

SI: These two men were 19 when they were killed. Are their parents still alive?

JM: No, they're not. But the brother of Charles Moore, Thomas Moore, really deserves a tremendous amount of credit for this case being re-prosecuted. He's been working with a CBC documentary filmmaker, and he's the one who approached the U.S attorney in 2005 and I think really deserves the credit for this case finally going forward.

SI: After more than 40 years, he was still going after the killers of his brother, and he's part of the reason we're hearing about the case again now.

JM: Absolutely. There's no question he's the one that convinced federal authorities to finally do this thing.

'System Failed' In 1964 Race Killings: FBI Director (CBC)

CBC News, January 26, 2007

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An elderly Mississippi man could spend the rest of his life in prison in connection with the 1964 slayings of two African-American teenagers afterÂ interestÂ in theÂ cold case wasÂ rekindled by a CBC documentary maker andÂ one ofÂ the victim'sÂ brothers.

James Ford Seale, a 71-year-old reputed Ku Klux Klansman, is escorted from the federal courthouse in Jackson, Miss., on Thursday. Seale pleaded not guilty to federal kidnapping charges tied to the 1964 slayings of two black teenagers.

Seale faces two counts of kidnappingÂ and one count of conspiracy to commitÂ kidnapping in the case of Charles Eddie Moore and Henry Hezekiah Dee, both 19,Â Attorney General Alberto Gonzales said ThursdayÂ in Washington.

Each count carries a maximum sentence of life in prison.

In a news conference attended by Moore's brother Thomas Moore and Dee's sister Thelma Collins, Gonzales said the case was "a painful reminder of a terrible time in our country."

Gonzales wouldn't comment on why aÂ second suspect, church deacon and reputed KKK member Charles Marcus Edwards, now 72, was not charged.

FBI Director Robert Mueller acknowledgedÂ that it took too long for prosecutors to lay charges.

"Forty years ago, the system failed," Mueller said bluntly with Gonzales and Dunn Lampton, the U.S. attorney for southern Mississippi, at his side. 'My son don't have an uncle. I don't have a brother'

Moore, who joined CBC documentary filmmaker DavidÂ Ridgen on seven journeys toÂ Mississippi,Â said heÂ cried tears ofÂ joy when he heardÂ Seale was in custody, butÂ still struggles withÂ his brother's death.Â

Thomas Moore and CBC documentary filmmaker David Ridgen discovered James Ford Seale, the suspect in Moore's brother's slaying, was still alive in Mississippi.

"I will continue to feel bad," Moore said after the news conference. "My son don't have an uncle. I don't have a brother to call. So I've struggled for 42 years."

Collins said she didn't think she would live toÂ see progressÂ in her brother's case.

"I thank the Lord that I got to see it at my age," she said. "I'm 70 years old. I did see some good come of it."

For years, Seale's family told reporters that he had died. But in JulyÂ 2005, Moore andÂ Ridgen found Seale alive and residing a fewÂ kilometres from where the kidnapping took place.

"When I first met Thomas Moore, heÂ knew more about the case than I did,"Â said Lampton, who headed the task forceÂ launched after the discovery.

"We thought that there was nothing we could do with it."

On May 2, 1964, Moore and Dee, both 19, disappeared whileÂ hitchhiking near Meadville, in southwestern Mississippi.

According to the FBI, they were interrogated and tortured in a nearby forest, locked in a trunk, driven to Louisiana, chained to a Jeep motor and some train rails, and dropped alive into the Mississippi River, whereÂ they drowned.

TheirÂ mangled torsos were discovered more than two months later during the search for Michael Schwerner, Andrew Goodman, and James Chaney â€" three civil rights workers who disappeared June 21 the same year.

Those three bodies were found in Mississippi a short time later, and the case was made famous in the 1988 film Mississippi Burning. Case never went to trial

Seale, then 28, and Edwards, then 31, were arrested in the original investigation, but released soon thereafter on a $5,000 bond. No grand jury or trial was ever held.

FBI documents allege Edwards admitted that he and Seale picked up Moore â€"Â who was on his way home after being expelled from Alcorn A&M University for taking part in a student protest â€" and Dee, who worked at a lumberyard.

According to the documents, EdwardsÂ said he and Seale took the two men to a wooded area, where they were whipped with beanpoles and interrogated.Â Edwards insisted that when he left, the two men were still alive.

He later denied making the statement. None of the allegations have been proven in court.

The FBI turned over Edwards' statement and other files on the investigation to local authorities, and a justice of the peace dismissed all charges.

Gonzales said Seale was not charged with murder because prosecutors examined the evidence and determined a murder case would be too difficult to prove.

"These are very difficult cases to make," Gonzales said, citing the death of witnesses and oldÂ evidence that is no longer available.

TheÂ Justice Department was slow to act on evidence and pursue those responsible for the crime,Â according to Jerry Mitchell,Â an investigative reporter for the Jackson newspaper the Clarion-Ledger who hasÂ worked onÂ the case and numerous other civil-rights slayings.

"It could have been done years ago," Mitchell told CBC News Thursday. With files from the Associated Press

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Seale Pleads 'not Guilty' (JCL)

Jackson Clarion-Ledger, January 26, 2007

In court, after 42 years

A judge will decide Monday whether to free on bond reputed Klansman James Ford Seale, who pleaded not guilty to federal kidnapping and conspiracy charges in connection with the 1964 slayings of two black teenagers.

Assistant U.S. Attorney John Dowdy said Thursday the 71-year-old former crop-duster should stay behind bars. Seale is charged in the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, who were hitchhiking in Meadville when they were grabbed, beaten and thrown into the Mississippi River, where they drowned, according to FBI reports.

Jackson lawyer Kathy Nester of the federal public defenders' office said Seale, who suffers from cancer, should be freed because he is in poor health.

Seale's trial on two counts of kidnapping and one count of conspiracy is set for April 2, although that date likely will be pushed back.

The clash between past and present became apparent when the reputed Klansman stood in front of U.S. Magistrate Judge Linda R. Anderson, the first African-American magistrate in Jackson. Shackled in chains and wearing an orange jumpsuit, he responded to many of her queries with "yes, ma'am" or "no, ma'am."

Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson. If convicted, Seale could face up to three life sentences.

His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson.

Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions, most recently in 2005 when a Mississippi jury convicted Edgar Ray Killen of manslaughter for orchestrating the Klan's killings of civil rights workers James Chaney, Andrew Goodman and Michael Schwerner.

In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore "tragic murders ... straight from the darkest page of our country's history."

It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings.

"Every now and then, people would get my hopes up, and then it would fade away," said Thomas Moore, who was in Washington for the news conference.

Dee's 70-year-old sister, Thelma Collins, who also traveled to Washington, "cried and sat down and cried again" after hearing of Seale's arrest.

In most criminal cases, defendants waive the reading of the indictment, but Seale sat Thursday and listened to Dowdy read the entire five-page document.

It says Seale and other Klansmen thought Dee might have information about gunrunning in Franklin County, and that's why they abducted him and Moore.

Taking the two teens to Homochitto National Forest, Seale pointed a sawed-off shotgun at Dee and Moore while fellow Klansmen beat the teens with switches and tree branches, the indictment says.

Dee and Moore fabricated a confession there were guns hidden in a Roxie church, which Klansmen and the local sheriff searched, only to find no guns, the indictment says.

Klansmen used duct tape to bind Dee and Moore, weighted them down with a Jeep engine block, iron weights and railroad rails before throwing them into an old Mississippi River channel, where they drowned, the indictment says.

Dowdy read the details of the crime and then said the Klansmen "met to discuss the murders of Dee and Moore and the need to maintain secrecy among the co-conspirators."

He looked straight at Seale, who showed no emotion.

Seale had been arrested for the slayings in 1964, too, along with Charles Marcus Edwards, who admitted he was involved in the beatings but said the teens were alive when he last saw them. No charges are expected against Edwards.

Authorities confronted Seale in 1964, telling him they knew he and others had taken Dee and Moore "to some remote place and beat them to death," FBI records say.

"You then transported and disposed of their bodies by dropping them in the Mississippi River," the records say. "You didn't even give them a decent burial. We know you did it. You know you did. The Lord above knows you did it."

"Yes," Seale was quoted as replying. "But I'm not going to admit it. You are going to have to prove it."

Asked in a 2000 interview with The Clarion-Ledger if he had anything to do with the crime, Seale replied, "I ain't in jail, am I?"

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Charges against Seale have renewed attention on other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers.

"I think today is a step in the right direction, and I think it will contribute to the passage of the Emmett Till Unsolved Civil Rights Crime Act," said Alvin Sykes, whose work helped lead to the reopening of the 1955 killing of Emmett Till.

When he saw Seale in court Thursday, he said he felt sadness "to see such an old man, but if it's true what he's alleged to have done, he has wasted his life with hatred when he had an opportunity to live a life more fruitful. If he did the crime, he has to do the time. It doesn't matter how old he is."

Reputed Klansman Pleads Not Guilty To Civil Rights Era Murders (WLBT)

By Marsha Thompson

WLBT-TV, January 26, 2007

Fast moving developments in a civil rights era cold murder case. A reputed K.K.K. member is behind bars after facing a federal judge Thursday. James Ford Seale was arraigned in federal court in Jackson Thursday morning, charged with conspiracy charges and the kidnapping of Charles Moore and Henry Hezekiah Dee 43 years ago.

United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades.

As Seale's wife, brother and family members left the federal courthouse, they ignored the media's questions. The feds say they are out to prove James Ford Seale and other K.K.K. members pretended to be sheriff's deputies when they picked up Charles Moore and Henry Dee near Mendenall May 2, 1964.

The indictment alleges the teenagers were taken to the Homochitto National Forest beaten and their bodies later weighted down and dumped in the Mississippi River. Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice.

Alvin Sykes, the president of Emmett Till Campaign Justice says, "In Washington federal officials including Mississippi's U.S. Attorney said it's time for justice."

FBI Director Robert Mueller said, "This was a horrible crime. Indicted with stunning disregard for the suffering of the victims."

Thomas Moore, the brother of Charles Moore believed Seale was dead, until he tracked him down in Roxie, Mississippi. His tenacity persuaded the feds to reopen the decades old case.

U.S. Attorney Dunn Lampton said, "Thomas Moore uncovered the fact he was alive and well. He came to see me. The case had lain dormant for years."

A grisly reminder of the darker days in Mississippi during the so-called "Summer of Freedom." The 43 year old cold case is no longer dormant, but active with a living suspect.

Feds Get Indictment In Cold Case (ABC)

By Stephanie Sy

ABC News, January 26, 2007

Suspected former Ku Klux Klan member James Seale was indicted for his alleged role in the kidnapping and murder of two black teenagers, 40 years ago. U.S. attorney Alberto Gonzales said Seale faces two counts of kidnapping resulting in death, and one count of conspiracy.

The charges fall just short of murder.

"In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both
African-American, were kidnapped by members of the Ku Klux Klan and beaten," said FBI director Robert Mueller.
And then, while still alive, their bodies were tied with weights, pushed
into a river, and they were left to drown.

Outside the courthouse, Seale's family kept silent. For years, his son had led reporters to believe he was dead. Seale entered a not guilty plea. If convicted, the 71-year old could spend the rest of his life in prison.

At the time, authorities say they knew it was murder. But such was the power of the Klan in the 1960s, that Seale was never charged.

The case went cold until a few years ago when Charles Moore's brother, along with a documentary filmmaker, started digging deeper.

"I promised him in 2005 at his grave in Franklin that I would fight until I
die," said Thomas Moore. "I got the word yesterday. And I cried."

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In 1999, another man implicated in the case spoke to ABC's 20/20. Even though Charles Edwards' allegedly gave a partial confession, he still hasn't been charged. But the ABC report led investigators to obtain the evidence they needed to indict Seale, four decades after the crime.

This posting has been altered from its original version, in which Seale was referred to as a former sheriff's deputy. ABC News later

confirmed that Seale was never a police officer or deputy sheriff as previously reported.

US Charges Suspect In 1964 Civil Rights Murders (VOA)

By Jim Malone

Voice of America, January 26, 2007

An elderly white man in the southern state of Mississippi faces federal charges of kidnapping and conspiracy in connection with the 1964 murders of two African-American men. The case is the latest in a series of prosecutions brought by the government to solve racially-motivated crimes from the civil rights era of the 1950s and 1960s. National correspondent Jim Malone has more from Washington.

James Ford Seale, 71, a reputed Ku Klux Klansman, is escorted into the federal courthouse by marshals in Jackson, MississippiThe suspect now under arrest is James Seale, 71, from Mississippi. Prosecutors say Seale was a reputed member of the white supremacist organization known as the Ku Klux Klan and was part of a group of whites that kidnapped two 19-year-old black men in May of 1964.

The two victims, Henry Dee and Charles Moore, were taken to a nearby forest, tied to a tree and beaten.

Attorney General Alberto Gonzales describes what happened next:

"Dee and Moore were beaten by their captors, then transported and finally forcibly drowned by being thrown into the old Mississippi River, tied to heavy objects that allegedly included an engine block, iron weights and railroad ties," he said. "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior."

The bodies of the two men were found months later and James Seale and another man were initially arrested by the Federal Bureau of Investigation (FBI), on murder charges in November of 1964. But local authorities declined to prosecute the two suspects and the case was dropped.

The case was reopened in 2000 after previously uncovered documents indicated the murders of the two black men took place on federal land, allowing the FBI and the Justice Department to once again pursue the case.

A brother of one of the victims, Thomas Moore, pressed federal investigators to reopen the case after he found out that the main suspect, James Seale, was still alive. Seale's family had claimed for years he was dead.

FBI Director Robert Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial.

But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades.

"These tragic murders are from among the darkest page of our country's history," he said. "And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes."

In recent years, authorities in Mississippi and Alabama have won convictions in several notable civil rights cases from the past including a 1963 church bombing in Alabama that killed four black girls and the 1964 murders of three civil rights workers in Mississippi.

Ex-policeman Charged Over 1964 Killing Of Black Teens (UKIND)

By Andrew Buncombe In Washington

The (UK) Daily Independent, January 26, 2007

A former sheriff's deputy and alleged member of the Ku Klux Klan has been charged over the killing of two black teenagers more than four decades ago - one of the very last of the civil rights-era cases authorities are likely to seek to bring to justice.

James Seale, 71, once believed to be dead, appeared in court in Jackson, Mississippi, yesterday morning where he was charged over the deaths of the two 19-year-olds who were beaten, tied to weights and then thrown alive into a river. Their remains were found several months later by federal authorities who were hunting for the bodies of three civil rights workers who were also murdered by members of the Klan.

According to a three-page indictment laying out the accusations, Mr Seale and several accomplices abducted Henry Dee and Charles Moore as the pair were hitchhiking near an ice-cream stand in the town of Meadville in south-west Mississippi and

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drove them to Homochitto National Forest. There they allegedly beat the teenagers with tree branches, questioned them at gunpoint and bound them with tape.

Mr Dee was apparently tied to an engine block from a car while Mr Moore was tied to iron weights from a railroad track. Both men were then thrown into the Mississippi river. "It was a horrible crime committed with stunning disregard for the victims," said the FBI director Robert Mueller.

When the case was initially investigated, Mr Seale and another suspect were arrested. But the FBI - perhaps distracted by the "Mississippi Burning" case involving the deaths of three civil rights workers - passed the case to the local authorities and a judge promptly threw out the charges.

For many years, Mr Seale's family told reporters that he was dead. But two years ago Mr Moore's brother, Thomas, and a Canadian filmmaker discovered he was still alive and living in rural Franklin County, close to the scene of the crime.

Thomas Moore put pressure on federal authorities to reopen the case. Mr Seale was arrested on Wednesday.

Yesterday, he was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. The Attorney General, Alberto Gonzales, said authorities had decided to proceed with these charges rather than murder after examining all the available evidence. He declined to say why an alleged accomplice of Mr Seale's was also not charged, though reports said that the man - a church deacon now aged 72 - has been co-operating with authorities.

In court in Jackson, Mr Seale pleaded not guilty to the charges. The court ordered he be held in custody until Monday when a bail hearing is scheduled to take place. His court-appointed lawyer said his client was suffering from cancer.

The case is the latest in a flurry of crimes and killings dating from the civil rights era that authorities have belatedly sought to prosecute.

In recent years, they have secured convictions against two former Klan members, Thomas Blanton and Bobby Cherry, for the murder of four black girls killed in the bombing of a church in Birmingham, Alabama, in 1963, and Edgar Killen, for the murder of the three civil rights workers in 1964. Killen, a former Klan recruiter, has appealed against his conviction.

Penny Weaver, of the Southern Poverty Law Centre, a civil rights and anti-racism group, said: "It's extremely important [that these cases are brought to trial]. All you have to do is look at the comments of the family members. It's a great relief. They are overwhelmed... by a sense that after all these years someone is taking their loved ones' deaths seriously."

Anthony Collins, the grandson of Thelma Collins, the sister of Henry Dee, said his grandmother had for decades suffered from depression over the death of her brother.

He told The Independent: "Right now, she is happy that there is going to be some resolution. It's been a long time trying to make sure justice is served."

Thomas Moore, a brother of the other murdered man, said: "I'm very satisfied at this point ...I never thought it would happen. I never forgot my brother or Henry Dee."

Man Pleads Not Guilty In 1964 Race Case (ABC)

By Harry Phillips

ABC News, January 26, 2007

Jan. 25, 2007— By all accounts, it was a typically sultry afternoon in tiny Meadville, Miss., on May 2, 1964, the day that two 19-year-olds, Henry Dee and Charles Moore, vanished while walking along a highway on the edge of town.

As far as anyone knew, Dee and Moore had no enemies, nor had they any connection with the burgeoning civil rights movement. They'd never done anything to pique the ire of the notoriously racist and violent White Knights of the Ku Klux Klan, many of whom lived in the rural settlements across Franklin County.

Around Meadville, Dee and Moore were just known as average, law-abiding young black men.

But these were not average times in Mississippi. The civil rights struggle had become a virtual war, defined by the white supremacist KKK taking on anyone who would seek to end racial discrimination.

Ratcheting up the tension, civil rights organizations had recently announced "Freedom Summer" for 1964, a bold initiative to bring activists into the Deep South and register black voters for the coming presidential and congressional elections. Mississippi was, in fact, bracing for the worst summer in a most painful chapter of American History.

In 1964, young men like Henry Dee and Charles Moore knew that to stay safe, they needed to avoid doing anything that might be viewed by the KKK as activism. They also knew to avoid any contact with Klansmen. And so, on that early May afternoon, when a Volkswagen Beetle pulled to a stop beside them, Dee and Moore knew enough to respectfully decline the white driver's offer of a ride.

More than two months later, investigators got their first clue about what happened to the two young men when the partial remains of a black man surfaced in a remote section of the Mississippi River some 90 miles from Meadville. A college identification card found in a pants pocket helped identify the remains as those of Charles Moore.

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For another two months, FBI investigators conducted a fruitless investigation of the case until they received a call from an anonymous informant who said he had information about Dee and Moore's disappearance.

The informant was so terrified of the KKK that he insisted on anonymity. The FBI gave him a code name: JN-30R.

Over the ensuing weeks, JN-30R provided the FBI all the information they would need to identify five Klansmen as prime suspects in a horrifying tale of how Henry Dee and Charles Moore were murdered for little reason beyond the color of their skin.

In dozens of pages of reports to the FBI, JN-30R described in gut-wrenching detail how Dee and Moore were kidnapped and taken deep into the Homochitto National Forest and beaten with bean-poles until their bodies were broken and bleeding profusely.

They were then stuffed into the trunk of a car and driven 90 miles to a Mississippi River bank where they were bound and tied to a Jeep engine block and dumped into the river alive.

Brother Wins Arrest In '64 Case (MH)

By Allen G. Breed

The Miami Herald, January 26, 2007

As a deacon at Bunkley Baptist Church, Charles Marcus Edwards was responsible for opening up for Sunday school. And so on that sultry Mississippi morning, he and his wife were the first to arrive at the tiny brick chapel.

A minivan pulled into the gravel drive behind them. A black man got out of the van and approached, followed by a younger white man carrying a video camera. Betty Edwards gave them a friendly wave.

"Mr. Edwards," the black man said, extending a hand with a sealed manila envelope. "I have something for you, sir."

"What is this?" the 72-year-old deacon asked, bemused.

Inside were pages from an unfinished story.

The nine sheets, copied from a 42-year-old FBI file, told a tale of Ku Klux Klansmen and secret codes and terror. They told, in gruesome detail, of the kidnap, torture and slaying of two black men - Henry Hezekiah Dee and Charles Eddie Moore.

Edwards limped quickly toward the church and climbed the three steps. At the top, he stopped and turned.

"What's your name, fella?" the elderly white man asked.

"My name is Moore," the stranger replied. "Thomas James Moore."

The reputed former Klansman moved to enter the sanctuary, then paused and turned again.

"I'm going to tell you, fella," he said, gesturing down at Moore with the church keys in one hand and his Bible clutched in the other. "I DID not kill your brother. I didn't have, I didn't have anything to do with that."

As Edwards disappeared inside the darkened church, his wife jiggled the door handle to make sure it was locked, then slammed it behind her. As the cameraman filmed, Moore walked back to the van, a satisfied grin on his face.

The old man hadn't confessed. But tucked under his arm, along with the black-covered Bible, was the manila envelope, with those chilling documents for the deacon to ponder.

The Sunday morning drama, which happened last year, would become a turning point in the quest for justice in the long-dormant Dee and Moore killings.

Just this week, another document was added in the case: a three-count federal indictment.

Never Too Late For Justice (USAT)

USA Today, January 26, 2007

In the summer of 1964, they were two black teenagers hitchhiking near an ice cream stand in Meadville, Miss.

A car picked up Henry Dee and Charles Moore and drove them into the woods, where Ku Klux Klan members tied them to trees and whipped them. Still alive, the two 19-year-olds were bound, weighted down and thrown into a river, where their bodies were later found.

Their deaths never drew the kind of attention garnered by the nearby murders of three young civil rights workers that same summer. In that, Dee and Moore were more like scores of victims who died in obscurity when the young civil rights movement met the South's last gasp of raw racism.

At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late.

Federal authorities arrested and charged James Seale, 71, a former sheriff's deputy and reputed Klan member, in connection with the murders.

Seale was a suspect in 1964, but the case was dropped by local authorities. For years, the case lay dormant. Then, in 2000, The Clarion-Ledger of Jackson, Miss., uncovered documents that gave federal authorities a new hook. And in 2005, while

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Seale family members insisted Seale was dead, Thomas Moore, the brother of one of the victims, found Seale living not far from the murder scene. Moore persuaded authorities to take another look.

Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes.

To the nation's credit, changing times and values continue to prove them wrong.

LA Gang Member Sentenced To Life In Prison For Targeting Blacks (AP)

AP, January 26, 2007

LOS ANGELES - The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison.

Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles.

Gang members killed one man, Christopher Bowser, who was waiting for a bus in 2000 and another, Kenneth Wilson, who was looking for a parking spot a year earlier, authorities said.

Avila was implicated in the shooting death of Bowser. His three co-defendants were sentenced to two consecutive life terms for their role in the conspiracy and for Wilson's murder.

"Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents," said Wan J. Kim, assistant attorney general for the civil rights division.

Defense attorneys had claimed police concocted the conspiracy charges by tying together random attacks committed largely by unknown perpetrators. They also questioned the credibility of two former members of the gang who became government witnesses.

Avila has been serving a life sentence in state prison for the murder of Bowser and another black man. A fifth defendant, Merced Cambrero, is a fugitive.

Avila's sentencing punctuates a month that has some residents of another neighborhood and activists fearing a race war between gangs.

Police say a 34-year-old black man was shot without provocation by a Hispanic man in the Harbor Gateway area Saturday - just south from where a 14-year-old black girl was shot to death after she entered an area claimed by a Latino gang last month.

Prison Sex Suit Can Go Forward (DEN)

By Ronald J. Hansen, The Detroit News

Detroit News, January 26, 2007

DETROIT -- A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act.

The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago.

U.S. District Judge John Corbett O'Meara said the March 2000 decision to exempt inmates "essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law.

"Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling," O'Meara wrote. "It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones."

Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, "We're recommending appeal to the (prison) agency because we think the judge is incorrect." The state has argued that inmates still had ample federal civil rights protections and could sue in federal court.

Deborah LaBelle, an Ann Arbor lawyer who is suing the state, said the ruling should send a message to state officials to help end inmate abuse rather than fight lawsuits.

"Instead of addressing the degrading and intolerable abuse of women and girls held in Michigan's prisons, the Department of Corrections thus far has focused its energies on denying the reality of the abuse and silencing women and their families through shutting down legal avenues," LaBelle said.

An April 2005 memo to the Corrections Department from a state lawyer suggests the abuse problem has continued, LaBelle said. "The failure of the Department to take action against this employee is compelling support that the Department is aware of the sexual misconduct of its officers but allows it to continue," the state lawyer wrote.

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In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections.

A 2005 Detroit News investigation found that sexual abuse complaints by the women were higher a decade after federal officials first noted Michigan had a problem in 1995.

O'Meara's ruling came a day after the U.S. Supreme Court held that the 6th U.S. Circuit Court of Appeals, which covers Michigan cases, was overly aggressive in throwing out inmate lawsuits.

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The Paradox Of Supermax (TIME)

By Jeffery Kluger

Time, January 26, 2007

There's no such thing as a good day for a prisoner at the highest level of security within the Ohio State Penitentiary, a 504-bed supermax prison in Youngstown, Ohio. Every inmate lives alone in a 7-ft. by 14-ft. cell that resembles nothing so much as a large, concrete closet, equipped with a sink, a toilet, a desk and a molded stool and sleep platform covered by a thin mattress. The solid metal door is outfitted with strips around the sides and bottom, muffling conversation with inmates in adjacent cells. Three times a day, a tray of food is delivered and is eaten alone. The prisoner may spend 23 hours a day in lockdown, emerging to exercise once a day. The lights in the cell never go off, although they may be dimmed a bit at night.

If there's not much to like about the conditions in Youngstown, there's not much to like about the people confined there either. These are the men corrections folks like to call "the worst of the worst," the kind of felons who dealt drugs or led gangs or killed on the outside and continued to do so in prison. For them, maximum security would not be enough--only supermax would do. And say what you will about the draconian environment, it keeps them under control.

But that level of control may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown--or at least a claim of mental breakdown--is sure to follow. When that happens, a constitutional challenge can't be far behind.

In December, officials in Texas and California conceded that the suicide rates in their prisons are on the rise, with the majority occurring among inmates in solitary. This prompted an outcry against both systems. Lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense. Around the same time, convicted bomber Eric Rudolph began corresponding with a reporter for a Colorado newspaper, describing his days in his 7-ft. by 12-ft. cell as a form of confinement "designed to inflict as much misery and pain as constitutionally permissible."

But is it constitutionally permissible? And even if it is, is this the kind of open-ended mental-health experiment the government should be running? "We have to ask ourselves why we're doing this," says psychiatrist Stuart Grassian, a former faculty member at the Harvard Medical School and a consultant in criminal cases. "These aren't a bunch of cold, controlled James Cagneys. We're taking criminals who are already unstable and driving them crazy."

The origin of solitary confinement in the U.S. is actually benign. It was the Philadelphia Quakers of the 19th century who dreamed up the idea, establishing a program at the city's Walnut Street prison under which inmates were housed in isolation in the hope of providing them with an opportunity for quiet contemplation during which they would develop insight into their crimes. That's not what has happened.

By the 1830s, evidence began to accumulate that the extended solitude was leading to emotional disintegration, certainly in higher numbers than in communal prisons. In 1890 the U.S. Supreme Court weighed in, deploring solitary confinement for the "semi-fatuous condition" in which it left prisoners. The case was narrow enough that its effect was merely to overturn a single law in a single state, but the court's distaste for the idea of solitary was clear. "The justices saw it as a form of what some people now call no-touch torture," says Alfred W. McCoy, a professor of history at the University of Wisconsin at Madison and author of the book A Question of Torture. "It sends prisoners in one of two directions: catatonia or rage."

Modern science has confirmed this, with electroencephalograms showing that after a few days in solitary, prisoners' brain waves shift toward a pattern characteristic of stupor and delirium. When sensory deprivation is added--as when Padilla was seen being led from his cell wearing a blindfold and sound-deadening earphones--the breakdown is even worse. As long ago as 1952, studies at Montreal's McGill University showed that when researchers eliminate sight, sound and, with the use of padded gloves, tactile stimulation, subjects can descend into a hallucinatory state in as little as 48 hours.

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All of this is providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment. One suit involving prisoners in a Wisconsin supermax has led to rulings requiring that mentally ill inmates be kept out of such facilities. The state is challenging the decisions, and arguments will be heard in February, but at least six other states have fought similar suits, and all of them have failed. "So far, the prisoners are batting a thousand on the issue of mentally ill inmates," says David Fathi, a senior staff counsel with the A.C.L.U.

Another approach--one that's a bit of a constitutional bank shot--is to rely on the 14th Amendment's requirement of a due-process hearing before the state denies an inmate a "liberty interest," something courts define as a reasonable expectation of a freedom or right. People confined to prison have few liberty interests left and thus have little ground to challenge assignment to a strict level of security. Confinement to supermax, however, may be so qualitatively different that it does require a hearing. That's the argument Ohio inmates made in 2005, and that's the argument a unanimous Supreme Court bought, with Justice Anthony Kennedy writing that supermax isolation imposes such an "atypical and significant hardship" that prisoners must have a formal opportunity to make their case against the assignment before prison officials decide.

The eventual ruling on Padilla's fitness could liberalize things further, and similar suits are sure to follow. Even so, no one thinks the supermax system is going away soon. For all the debate the prisons generate, it may not take much to make them more palatable to civil libertarians. TVs or radios, reading material and clocks, as well as a bit of natural lighting--which provides critical time-of-day orientation--would help stabilize inmates. So would human contact with guards or other prisoners.

"Just how sterile do you have to make that cell?" asks retired prison expert Chase Riveland, who spent his career as an official in the Colorado, Wisconsin and Washington prison systems.

What's more, inmates aren't the only ones hurt by extreme incarceration. People like Padilla or the GuantÃ¡namo Bay detainees are, in theory, resources for information about the extremist groups with which they are putatively associated. "To an overwhelming degree, such people are not threats behind bars. They're opportunities," says Grassian. "We hurt ourselves by destroying their sanity." Closer to home, prisoners serving sentences for more mundane crimes do sometimes get released. Demolish their psyches while they're in prison, and nobody's safer when they get out.

Part of the reason we build prisons at all has always been the retributive urge. Those who do very bad things while they walk among us should lead very hard lives after they have been removed. That makes a lot of emotional sense. Whether it always makes practical sense is something else entirely.

Colleges Regroup After Voters Ban Race Preferences (NYT)

By Tamar Lewin

The New York Times, January 26, 2007

With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics.

At Wayne State University Law School in Detroit, a new admissions policy, without mentioning race, allows officials to consider factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice.

Others are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools. Ohio State University, for example, has started a magnet high school with a focus on math and science, to help prepare potential applicants, and sends educators into poor and low-performing middle and elementary schools to encourage children, and their parents, to start planning for college.

Officials across the country have a sense of urgency about the issue in part because Ward Connerly, the black California businessman behind such initiatives in California and Michigan, is planning a kind of Super Tuesday next fall, with ballot initiatives against racial preferences in several states. He is researching possible campaigns in Arizona, Colorado, Missouri, Nebraska, Nevada, Oregon, South Dakota, Utah and Wyoming, and expects to announce next month which states he has chosen.

Ann Korschgen, vice provost at the University of Missouri, said in a recent interview, "Just this morning, we had a conversation along the line of how we would continue to ensure diversity at our campus if we could not consider race."

The issue is already heating up in Colorado. This month, two Republican representatives in Colorado asked the state to examine the University of Colorado's spending on diversity, after a libertarian group questioned the expenditures.

Mr. Connerly said that a decade ago, when California passed its ban, Proposition 209, he thought the state was ahead of its time, but that now, he believes "the country is poised to make a decision about race, about what its place in American life is going to be — and I really believe the popular vote may be the way to achieve that."

Both defenders and opponents of affirmative action say the lesson of last fall's campaign in Michigan — where Proposition 2, banning race and gender preferences in public education, employment and contracting, passed by 58 percent to 42 percent

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despite strong opposition from government, business, labor, education and religious leaders — is that such initiatives can succeed almost anywhere.

"Certain things become popular as state initiatives, like the ban on gay marriages, and restrictions on affirmative action could become one of those things," said Terry Hartle, senior vice president for government and public affairs at the American Council on Education.

If so, he said, private universities, with their wide discretion in admissions and financial aid, could have a competitive advantage regarding diversity, reshaping the landscape of higher education.

"Private universities can do whatever they want, consistent with federal law and the Supreme Court," Mr. Hartle said. "Where minority students have a choice between selective public universities that cannot use affirmative action, and selective private universities with strong affirmative action programs, the private universities may seem like the more hospitable places, which would give them an advantage in drawing a diverse student body."

To many educators, that would be a troubling turnabout.

"You'd think public universities are charged with special responsibility for ensuring access, but it could come to be exactly the opposite, if there are a lot of these state initiatives," said Evan Caminker, the dean of the University of Michigan Law School, adding, "in terms of public values, it's a big step backward."

Mr. Connerly is unbothered: If black and Hispanic students are rare at selective universities, the solution is better academic preparation, not special treatment in admissions. "Every individual should have the same opportunity to compete," he said. "I don't worry about the outcomes."

Legally, affirmative action has been a moving target. In 2003, the Supreme Court ruled in cases involving the University of Michigan that race could be one of many factors in admissions, although admissions offices could not give extra points to minority candidates. Many colleges nationwide then moved to "holistic" review, considering applicants' ethnicity, but not awarding a set number of points. In states that could face a ballot initiative campaign, though, that standard could fall.

Nationwide, after 30 years of debate, and litigation, over affirmative action, universities have made strikingly little progress toward racially representative student bodies. And recently, with growing awareness that affluent students are vastly overrepresented at selective colleges, the longstanding focus on racial diversity has been joined by a growing concern about economic diversity.

Currently, four states with highly ranked public universities — California, Florida, Michigan and Washington — forbid racial preferences, either because of ballot propositions or decisions by elected officials.

Texas banned affirmative action for seven years. The University of Texas resumed consideration of race after the 2003 United States Supreme Court ruling. "We need every tool we can get," concluded Dr. Bruce Walker, the university's director of admissions.

In California and Texas, the first two states to ban racial preferences, underrepresented minorities at the flagship universities declined — even though both states, and Florida, adopted plans giving a percentage of top high school graduates guaranteed admission to state universities.

In Texas, students admitted through the Top 10 percent plan swamped the flagship Austin campus. But the plan, now being rethought by the Legislature, never brought in many minority students. Last fall, with both race-conscious admissions and the Top 10 plan, blacks made up an all-time high of 5 percent of the freshman class, and Hispanics 19 percent.

A decade after the California ban, only 2 percent of this year's freshmen at the University of California, Los Angeles, are black: a 30-year low. Hispanic representation at U.C.L.A. has dropped, too. At Berkeley, the number of blacks in the freshman class plunged by half the year after the ban, and the number of Hispanics nearly as much.

Systemwide, blacks make up only 3 percent of U.C. freshmen, although about 7 percent of the state's high school graduates are black. Most top black students choose private institutions over state campuses. Over all, of the top third of all students offered admission to the University of California class of 2005, most enrolled and only 19 percent went instead to selective private colleges. But among blacks in that group, 51 percent chose selective private colleges. Meanwhile, up the coast, Stanford University is enrolling more underrepresented minority students. Among this year's freshmen, 11 percent are African-American, up from 8 percent in 1995; Hispanic enrollment has risen, too.

"Folks look for a place that's comfortable," said Richard Shaw, Stanford's admissions dean. "They want a sense that there's kids like them at the institution."

The University of Michigan, with other state institutions, tried to win a delay of the ban so it would not hit in the middle of this year's admissions cycle. But the courts rejected this effort, so officials have stopped considering race and gender as factors in admissions, and worry that next year's entering class will be less diverse. Many officials worry that they will lose top minority candidates to selective private universities.

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"We know from colleagues in Texas and California that if we can't take race into account, we're at a competitive disadvantage," said Julie Peterson, a spokeswoman for the University of Michigan, where two-thirds of the applicants are from out of state.

Since most of Michigan is overwhelmingly white, said Mary Sue Coleman, the university's president, a plan guaranteeing admission to a percentage of top high school graduates would have little impact, and nothing short of affirmative action will maintain the university's racial diversity.

"Of course, you want to look at family income, and being the first in the family to attend college and those kinds of factors, of course we do that, but it doesn't get us to a racially diverse student body," Dr. Coleman said.

At the University of North Carolina, Chapel Hill, a program guaranteeing that low-income students can graduate debt-free helped to increase the percentage of blacks in the freshman class to 12 percent, and to increase both economic diversity and the enrollment of underrepresented minority students. Other states have started similar programs.

In Detroit, Wayne State University Law School recently adopted a new admissions policy. Jonathan Weinberg, the professor assigned last year to draft a contingency policy, looked at other states with race-blind admissions and found that instead of race, they look to "a set of broader diversity concerns that go to socioeconomic status."

Last month, the faculty adopted his policy, eliminating any mention of race, but broadening the factors the admissions office may consider. Those include being the first in the family to go to college or graduate school; having overcome substantial obstacles, including prejudice and discrimination; being multilingual; and residence abroad, in Detroit or on an Indian reservation.

Frank Wu, the law school's dean, said Wayne State's effort to comply with the law could bring a legal challenge.

"There's a new fight building," Mr. Wu said, "and that's going to be whether the mere fact that you're striving for diversity means you're somehow trying to get around the ban and find proxies, or pretexts, for race, and that that's impermissible. It's ironic, but in some quarters our effort to adopt a new policy to comply with Prop 2 has been interpreted as an effort to circumvent it."

Roger Clegg, president of the Council for Equal Opportunity, which opposes racial preferences, said policies like Wayne State's do raise questions.

"I have a real problem when schools adopt what on their face are race-neutral criteria, if they are doing so to reach a predetermined racial and ethnic goal," Mr. Clegg said. "Both in law and in common sense, the motivation matters."

At Ohio State University, where admissions are increasingly selective, officials are looking for a long-term answer. "When we saw what was coming down the road, we started looking to other models, but no other model results in as much diversity," said Mabel Freeman, assistant vice president at Ohio State. "The only long-term solution is to do better in the pipeline and make sure all kids get the best education possible, K-12."

ANTITRUST:

Senate Hearing On Airline Mergers Highlights Delta Issues (FCDR)

By Philippa Maister, Fulton County Daily Report

Fulton County (GA) Daily Report, January 26, 2007

US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers.

Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota.

"Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country," Steinberg said.

While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case.

The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future.

The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely.

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The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan.

As the deadlines approach, both sides have stepped up their public relations campaigns. Delta's unions and employees have rallied to their company's cause in displays of support, as have Georgia Sens. Johnny Isakson and Saxby Chambliss. Meanwhile, US Airways has placed ads in two Capitol Hill publications, Roll Call and The Hill, to persuade legislators that its offer, which it valued at $12.7 billion to $15.4 billion, is best for the traveling public and the companies' employees.

In a letter to Parker, Sen. Charles Schumer, D-N.Y., raised "serious concerns" about the merger, which he said "could cast a huge shadow over upstate [New York] air service." Schumer demanded answers to questions about how a merger with Delta would affect routes, fares and employees in his state.

The Senate can't block the merger; only the U.S. Justice Department has that authority. Still, it has influence. Schumer claimed credit in his letter for foiling an attempted hostile takeover of Independence Airline by Mesa Airlines in 2003. Schumer said his request that the Department of Justice investigate Mesa's possible anti-competitive behavior caused Mesa to drop its plan.

Paul Burke O'Hearn, a partner in Burr & Forman's Atlanta office, predicted that a bankruptcy court-appointed unsecured creditors' committee is likely to support Delta's stand-alone plan. O'Hearn is a past chairman of the American Bar Association's Subcommittee on Lender Liability and of the State Bar of Georgia's Bankruptcy Section. He is not involved in the Delta bankruptcy case.

According to Delta's revised disclosure statement, unsecured creditors of Delta subsidiary Comair will get stock in the new Delta projected to be worth 76 percent to 100 percent of their claims. Delta's unsecured creditors will get a 62 percent to 78 percent projected recovery of their claims.

"That's a pretty good deal, assuming all the valuations are right," O'Hearn said. He noted that valuations are performed by investment banks and involve sophisticated analysis of business plans.

But O'Hearn acknowledged there are other players who may not support Delta's reorganization plan.

One group that may not is an unofficial committee of unsecured creditors made up largely of hedge funds that want Delta to take another look at US Airways.

The Unofficial Committee of Unsecured Claimholders, formed Dec. 7, is represented by Paul, Weiss, Rifkind, Wharton & Garrison. It includes 18 hedge funds and investment management companies that hold $2.35 billion worth of creditors' claims against Delta and its subsidiaries. On Jan. 10, the group called on Delta to allow US Airways to do due diligence on the merger and to postpone the Feb. 7 disclosure hearing so that the proposal could be fully evaluated.

O'Hearn said hedge funds -- or, as he termed them, "vulture funds" -- buy up stock and debt in troubled companies at significant discounts and can make a 300 percent return on a six-month investment when the claims are settled.

Another player is the federal Pension Benefits Guaranty Corp., which holds $2.2 billion in claims against Delta. O'Hearn said the PBGC may be attracted to the US Airways buyout offer -- but may also be concerned that, if the merged company failed, it could wind up with an even larger number of pension obligations.

Delta's fate could become clearer after the Feb. 7 disclosure hearing. Creditors could object to approval of Delta's disclosure statement, claiming it doesn't accurately value the US Airways offer and the official and unofficial creditors committees could square off.

If approved, the statement will be submitted to a vote of all creditors.

Hatch Urges Caution In Merger (DESERET)

By Suzanne Struglinski, Deseret Morning News

Deseret Morning News, January 26, 2007

WASHINGTON — The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to U.S. Attorney General Alberto Gonzales Thursday.

Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to "carefully and thoroughly consider the substantial competitive impact of this merger" should it get to the point of being reviewed."

"From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks," Hatch and Kohl wrote. "These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares."

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Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing.

The senators said their letter does not "express a firm position on a potential transaction" but that they felt the need to "underscore our firm expectation that the Department will investigate this or any other merger among airlines of all sizes with all due care and vigor."

Kohl is chairman of the Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights where Hatch is the top Republican.

Microsoft Executive Wanted To `Whack' Dell Over Linux (Update6) (BLOOM)

By Bob Van Voris And Dina Bass

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- A Microsoft Corp. executive said he wanted to ``whack'' computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software.

In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar- Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft.

``We should whack them, we should make sure they understand our value,'' said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court.

The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law.

Didn't Retaliate

Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup.

The judge's order prohibited the software giant from retaliating against computer makers by ``altering Microsoft's commercial relations,'' or holding back money from manufacturers who partner with companies that produce competing operating systems.

``What counts at the end of the day is what actually happened,'' said Microsoft spokesman Jack Evans. ``We didn't take any retaliatory action against Dell. In fact, we very clearly increased our investment with Dell.''

Robert Lande, who teaches antitrust law at the University of Baltimore law school, said ``on its face it looks like this is anti-competitive.''

``You're allowed to do almost anything to sell your own product,'' Lande said. ``What you can't do is say if you buy from our competitors, we'll whack you.''

Forwarded Message

One of about a dozen Microsoft executives who received the e-mails forwarded Flessner's message to the company's legal department, according to Microsoft Associate General Counsel Richard Wallis.

Wallis declined to disclose the identity of the e-mail recipient who forwarded the message to the legal department, or advice provided as a result, citing the need to preserve privileged communications between attorney and client.

``If anything, this is evidence that our compliance process worked,'' said Evans, the Microsoft spokesman. Microsoft plans to introduce additional e-mails in the trial to show it took appropriate, legal steps to address its relationship with Dell, he said.

As part of the Iowa case, the consumers are trying to prove that Microsoft, whose Windows operating system runs almost 95 percent of the world's personal computers, abused its monopoly in software markets after it settled the Justice Department case.

Dominant Position

Lawyers for the consumers claim Microsoft used its dominant position to stifle competition from Linux, an open-source operating system. In her opening statement in December, Roxanne Conlin, one of two lead lawyers for the plaintiffs, told jurors she will call Red Hat executive Michael Tiemann to testify.

The e-mails show that ``if Microsoft can leverage its market power to its advantage and to disadvantage a competitor, it will do so,'' said Richard Hagstrom, the other lead consumer lawyer.

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The e-mail exchange began with a Nov. 7, 2002, message in which Bill Veghte, Microsoft's vice president for Windows Server, discussed an industry conference he had attended the week before, which included a panel discussion of Linux.

``Each company's position was quite predictably slamming us but the one that really got me animated was Dell," wrote Veghte.

A Dell vice president on the panel said his company was the No. 1 Linux distributor among computer makers and that the company was committed to selling even more, according to Veghte.

At the time of the e-mail exchange, Microsoft viewed Linux as one of the top threats to its business software revenue as some customers considered the program a cheaper alternative to Microsoft's Windows server software.

`Job One'

Microsoft Chief Executive Officer Steve Ballmer, in an interview the month before the e-mails were sent, said he had told his sales force that derailing Linux was ``job one." To keep some customers from choosing Linux, Microsoft offered free support and price cuts.

``I can disagree with your statement that Dell's behavior won't change," Veghte wrote in an e-mail to Microsoft's Flessner. ``If it won't change, then we should just throw in the towel and settle for 50 percent market share at best."

Dell spokeswoman Amy King didn't return a call seeking comment. Red Hat spokeswoman Leigh Day declined to comment.

``I want them to think very, very carefully about when and which forums they decide to push Linux," wrote Veghte in another e-mail. ``Today, they do not. When they do, you can bet, behavior will evolve."

Microsoft shares fell 64 cents to $30.45 in Nasdaq Stock Market composite trading.

The Iowa case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County.

High Court Upholds Extradition (FT)

By Nikki Tait, Law Courts Correspondent

Financial Times, January 26, 2007

Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community.

The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US.

Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an "extradition offence".

Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced.

But they said: "Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it."

Mr Norris's lawyers will appeal to the House of Lords. "We continue to believe that the issues raised in this case need to be heard by theUK's highest court," said Alistair Graham, partner at White & Case.

"The question of whether price-fixing can be characterised as the old English common-law offence of conspiracy to defraud is an absolutely critical point of law, not only in this case and, therefore, for future potential extradition requests, but also for UK competition law and UK businesses in general," Mr Graham said.

"Any decision in this matter has significant ramifications for large numbers of UK businessmen and women, who will be potentially exposed to price-fixing charges in relation to the period prior to 2002."

Mr Norris is being sought by the US authorities for his alleged involvement, while at Morgan Crucible, in an international carbon products cartel, as well as on separate obstruction of justice counts. According to the charges, which he denies, the offences occurred be-tween 1989 and May 2000.

A furore erupted last year when three former NatWest bankers were sent to the US to face Enron-related fraud charges.

Yesterday, in an effort to defuse the controversy, Lord Goldsmith, attorney-general, unveiled a protocol for UK and US prosecutors dealing with cross-border cases. It focuses on early liaison and exchange of information.

"The fundamental issue is that British citizens can still be extradited to the US without prima facie evidence of an offence. The government has not addressed the concerns of business that this is unfair treatment," said Richard Lambert, director-general of the Confederation of British Industry.

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Northrop Completes Buyout Of Essex Firm (AP)

By Donna Borak, AP Business Writer

AP, January 26, 2007

Northrop Grumman Completes Buyout of Cybersecurity Company Essex Corp. for $580 Million

LOS ANGELES (AP) -- Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval.

The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt.

The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million.

The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services.

Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company.

Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities.

Essex shareholders approved the acquisition in December by more than two-thirds of the majority vote.

Shares of Essex gained 2 cents to $23.99 in aftermarket trading, after gaining 2 cents to close at $23.97 on the Nasdaq. Northrop gained 1 cent to $71.31 in aftermarket trading, after dropping 50 cents to finish at $71.30 on the New York Stock Exchange.

Siemens Touts Purchase Of Texas Company (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

Siemens Says Texas Company Fills Key Hole in Its Lineup

DALLAS (AP) -- The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal.

"It takes us from being a small player with limited resources to being a major player," said Tony Affuso, the chairman and chief executive of UGS.

Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion.

Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse.

In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units.

"It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States," he said.

UGS is in the still-young business of PLM, or product lifestyle management. Its customers include automakers as well as aerospace and defense companies in the United States and Europe.

Although UGS lost $7.4 million in the Sept. 30 quarter, and $22 million in 2005, the company has reported 13 straight quarters of year-over-year sales growth and annual revenue of more than $1.1 billion.

Affuso said the company took on more than $1 billion in debt when Electronic Data Systems Corp. sold it to the private equity firms for $2.05 billion in 2004, and added more to buy back preferred shares.

Since then, he said, the company has built up its sales organization and invested in products and marketing, he said. Executives kept reviewing a checklist for taking the company public, but never got close to an IPO, he said.

Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise.

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For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions. The company is trying to shed an unprofitable telecommunications equipment division while buying companies in other lines, including medical diagnostics and water treatment.

The Munich-based conglomerate is also dealing with regulatory problems and investigations. On Wednesday, European Union regulators ordered Siemens to pay $517 million for helping fix prices for heavy equipment used by power utilities. Authorities are also investigating suspected bribes to win contracts.

On Thursday, Siemens reported that its profit in the Dec. 31 quarter fell 16 percent because of the price-fixing fine, but would otherwise have jumped 51 percent, to $2.1 billion.

U.S.-traded shares of Siemens rose $4.90, or 4.9 percent, to close at $105.09 on the New York Stock Exchange.

Siemens Profit Falls 17%, Hit By Price-Fixing Fine (WSJ)

By Joon Knapen

The Wall Street Journal, January 26, 2007

MUNICH -- Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit.

Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine.

Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives.

The company posted a 51% rise in operating profit, which excludes expenses such as the EU fine.

The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering.

Siemens shares ended up 6% Thursday at €82.60 in Frankfurt.

The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems.

Chief Executive Officer Klaus Kleinfeld has disposed of the loss-plagued cellphone arm, unveiled job cuts and made several big purchases since taking the helm in early 2005. He also vowed to bring profit margins in line with peers such as General Electric Co. by April.

Mr. Kleinfeld still has his work cut out to raise the profitability of four of the conglomerate's 10 divisions in the current quarter in order to meet that April deadline.

Meanwhile, Siemens has been haunted by several issues, with the latest blow coming Wednesday from a €423 million penalty imposed by the European Commission for price fixing among providers of gas-insulated electric-power switchgear. The company also is a target of investigations by Munich prosecutors in a wide-ranging bribery probe, with several former executive-board members of the company among the suspects.

"In terms of underlying performance of our business, the first quarter got the fiscal year off to a strong start," Mr. Kleinfeld said, adding that Siemens remains committed to achieving the divisional profit margin targets by April.

Meanwhile, the CEO continues to overhaul Siemens's industrial holdings that make items including steam turbines, high-speed trains and light bulbs, in a drive to boost the company's profitability.It is in the process of transferring its telecommunications equipment unit into a joint venture with Nokia Corp., as the initial starting date was delayed due to the bribery investigations. Mr. Kleinfeld yesterday said that he still expects the deal to be completed in the current quarter.

Kroes: EU Probe Has Uncovered Problems (AP)

By Adam Cohen

AP, January 26, 2007

EU Official Says Probe Into World Body's Banking Sector Has Uncovered Antitrust Problems

DAVOS, Switzerland (AP) -- A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes.

The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31.

Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that "some segments of the market are anticompetitive."

"I'm not against profit, but there are some cases where there are firms making too much," she said, declining to elaborate.

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People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services.

The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro.

By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country.

Some electronic-payment companies are monopolies, a situation the commission's report is expected to criticize in broad strokes. For instance, Belgium's Banksys -- formed as a partnership of the country's largest retail banks and now owned by French information technology company Atos Origin SA -- handles all the country's electronic payments. Banksys issues the card readers that stores and restaurants use to process credit and bank-card payments and also controls the country's automated teller machines.

Since taking office in November 2004, Kroes has initiated two main investigations: a wide-ranging look at the financial-sector and a similar study of Europe's energy market.

Earlier this month, Kroes' final report on the energy-sector probe showed the EU's gas and electricity prices are unreasonably high because of limited cross-border integration and overly dominant former state-owned monopolies.

The report didn't name-and-shame monopolies, but some sections showing market shares in specific countries pointed to companies such as Electricite de France SA and Germany's E.On AG.

When the report was published, Kroes said she is prepared to order the breakup of some monopolies if they don't change their business practices.

Adam Cohen is a correspondent for Dow Jones Newswires in Brussels, Belgium.

Cardinal, Refocusing On Core, Sells A Unit (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, January 26, 2007

Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group.

The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing.

· The News: Drug distributor Cardinal Health will sell its drug manufacturing and packaging unit to Blackstone Group for $3.3 billion.

· Why: The unit, roughly 10 years old, had underperformed in recent years.

· What's Next: Cardinal will focus its business on drug distribution and patient-safety products.

"We're looking at all our businesses and making sure they have a strategic fit," Jeff Henderson, Cardinal's chief financial officer, said in an interview. The unit "didn't fit with the direction we're headed."

The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers.

Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient.

Cardinal spokesman Jim Mazzola said that the notice "pertains to an individual and not the company. It doesn't impact settlement discussions with the SEC." Mr. Mazzola said Mr. Walter wasn't available for comment.

As a result of the Blackstone deal, expected to close by June, the drug distributor would shed a unit that aimed to be a one-stop outsourcing center for drug makers. The unit contracted with pharmaceutical companies to manufacture a host of prescription and over-the-counter products, including Advil Liqui-Gels for Wyeth and Tamiflu for Roche Holding AG. Cardinal even built a showroom in New Jersey, home to many major drug manufacturers, to entice companies to use its services.

But the business proved disappointing for Cardinal. It "had become a distraction for them," said Larry Marsh, a drug-distribution analyst with Lehman Brothers. "It wasn't really generating the kinds of returns that they wanted," he said. Mr. Marsh said that based on the unit's acquisitions and capital spending costs over the years, he doesn't think the company profited much from the sale. However, based on depreciating the assets and some write-offs, its tax basis allows for a slight gain, which Cardinal noted.

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Drug distributors have been roiled by shrinking margins and consolidation in recent years. Roughly 90% of all drugs in the U.S. are distributed by three companies. Through the 1980s and early part of the 1990s, Cardinal and rivals McKesson Corp. and AmerisourceBergen Corp. grew robustly through acquisitions and business expansion. Of the three, Cardinal took the most divergent path by entering into medical technology and contract manufacturing with the goal that such services would give it a competitive edge in attracting and keeping its drug distribution business. Products from Cardinal units include medical-device software and computerized medicine cabinets that help hospitals control and monitor drug inventory.

Now, all of the so-called "Big Three" are reassessing their businesses and making efforts to return to their roots. McKesson announced plans to sell its medical-supply business later this year. And AmerisourceBergen has beefed up its drug distribution business in Canada.

Cardinal announced its intention to sell its manufacturing arm in November. Morgan Stanley was slated to handle an auction of the unit, but Blackstone stepped in and offered $3.3 billion, which was higher than some analysts' estimated price tag of $2.1 billion to $3 billion.

Blackstone Senior Managing Director Chinh Chu said the Cardinal unit was very attractive and could see robust sales with "more capital to accelerate growth and pursue acquisitions."

Also yesterday, Cardinal reported earnings for its fiscal second quarter. For the quarter ended Dec. 31, revenue increased 13% to $21.8 billion and earnings from continuing operations rose 10% to $316 million, or 77 cents a share.

Finally, the company also announced an agreement to acquire SpecialtyScripts Pharmacy to broaden its specialty pharmaceutical service offerings for pharmaceutical manufacturers. Terms weren't disclosed.

Cardinal shares rose 3.4%, or $2.39, to $72.42 in New York Stock Exchange 4 p.m. composite trading.

Blackstone Raises Ante In Battle For Equity Office (NYT)

By Terry Pristin

The New York Times, January 26, 2007

The biggest leveraged buyout ever got bigger yesterday.

The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the nation's largest office landlord, with nearly 600 buildings across the country.

The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement.

In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million.

Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer.

A spokeswoman for Vornado, a REIT with a diversified portfolio that includes office buildings, retail space and showrooms, said yesterday that the company would respond to the latest offer "at the appropriate time."

Shares of Equity Office rose 8 cents, to $54.90, and Vornado shares rose $1.11, to $125.76.

Blackstone, controlled by Stephen A. Schwarzman, bought interests in more than $28 billion worth of real estate from 2001 to 2006, 38 percent more than next largest buyer, according Dan Fasulo, director of market analysis for Real Capital Analytics, a New York investment firm.

Blackstone says its offer has advantages over the Vornado bid aside from price. It is all cash, and could be completed three days after a vote by Equity Office shareholders, set for Feb. 5. If Vornado prevailed, a deal might need approval of its shareholders, analysts said.

"Our offer is now materially superior on price, timing, form of consideration and certainty," said John Ford, a Blackstone spokesman.

Kathy Shanley, a corporate bond analyst, for Gimme Credit, an independent research company in Chicago, said the new offer had shifted the odds in Blackstone's favor. "They have all their financing locked up, they could close quicker, and there's a lot less uncertainty," she said.

But, she added: "Vornado has said they don't anticipate any problems, and they have some heavy hitters on their side. At some level, it all depends on who blinks first."

Barry Vinocur, the editor of REIT Wrap, a daily newsletter about real estate investment trusts, said Vornado and its partners in the deal, the Starwood Capital Group and Walton Street Capital, two real estate investment funds, were almost certain to raise their bid.

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Vornado has said that if its bid is successful, it will retain the Equity Office buildings on the East and West Coasts, including the Verizon building at 42nd Street and the Avenue of the Americas in the red-hot Midtown Manhattan market.

Starwood — whose chief executive, Barry S. Sternlicht, founded the Starwood Hotel and Resorts chain — and Walton Street Capital would take Equity Office buildings in markets like Miami, San Jose and Seattle, where real estate values are expected to rise in the next couple of years. Neil G. Bluhm, the president of JMB Realty, a Chicago development company, is a co-founder of Walton Street.

Mr. Vinocur said Mr. Zell and his investment bankers had done a “masterful” job of steering the acquisition process by setting the breakup fee low enough so that other bidders would enter the contest.

“This is chess at its highest level,” he said.

Fox Subpoenas YouTube Over Pirated TV Shows (WSJ)

By Nicole Urbanowicz

The Wall Street Journal, January 26, 2007

News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of "24" and "The Simpsons."

The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately.

According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of "24" appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as "ECOtotal."

On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch.

The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena.

A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately.

A recent YouTube search revealed only a prequel to Season 6 of "24" and several clips from The Simpsons episodes.

This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber.

The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable.

Excluding damages related to piracy of TV episodes, the Motion Picture Association estimates that major global movie studios lost about $2.3 billion to Internet piracy in 2005.

It is unknown whether YouTube has responded to the subpoena at this point and calls to YouTube weren't immediately returned.

ENVIRONMENT:

Energy Mandates Fuel A Rift (WSJ)

By JOHN J. FIALKA

Wall Street Journal, January 26, 2007

WASHINGTON -- Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming.

Greater use of liquid fuels made from coal, the nation's most plentiful energy source, would reduce reliance on imported oil. But making the liquid fuels and burning them in automobile engines would release additional carbon dioxide, a greenhouse gas thought to accelerate climate change, environmentalists say.

The president's proposal, described in his State of the Union address, would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel.

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James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed "to create an opportunity for a variety of other approaches," which, he said, could include such fuels as methanol and diesel oil made from coal. The goal, he says, is to create a technological horse race that will make it easier for promising ideas for alternative fuel to find investors. Currently, there are no commercial-size coal-liquefaction plants in the U.S.

While administration officials have assured coal-industry lobbyists that coal-to-liquid fuels are embraced in the president's proposal, Mr. Bush has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes, including corn stalks. But even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose "any effort to support coal-based transportation fuels."

"The more you scratch this, the dirtier it gets," says Anna Aurilio, director of the Washington office of the U.S. Public Interest Research Group. She worries that oil made from abundant shale formations in Colorado and Utah might also get support. Environmentalists are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves.

The divergence over the fuel mandate opens up gaps that some politicians may find difficult to straddle. Sen. Barack Obama, an Illinois Democrat and White House hopeful, is a sponsor of the Coal-to-Liquid Fuel Promotion Act, which provides more tax incentives and federal loan guarantees for companies interested in making coal-based fuels. Mr. Obama also supports ethanol subsidies. He has said that the nation's continued use of fossil fuels such as coal is "condemning future generations to global catastrophe" posed by climate change.

Tommy Vietor, a spokesman for the senator, says Mr. Obama's "vision" is that "any coal-to-liquids production would have to operate within the framework of a bipartisan Senate proposal to reduce greenhouse-gas emissions across all major sectors of the U.S. economy."

Rep. Rick Boucher, a Virginia Democrat who is chairman of the subcommittee that will put together the package of fuel incentives, says "I think coal-to-liquids should be a part of the mix of alternatives going forward." Mr. Boucher, who represents a coal-mining area, says that a process of deriving diesel oil from coal was used by both Germany and Japan during World War II to make up for shortages of imported oil, and may be the most proven alternative to gasoline.

Coal companies say that problems for makers of ethanol-based fuels render coal-based fuels more competitive. They see an annual production ceiling on corn-based ethanol of about 15 billion gallons annually; above that point, food experts say, demand for corn will raise food and meat prices to unacceptable levels. Coal-industry spokesmen also say that the technology to make ethanol from farm wastes, called cellulosic ethanol, hasn't been proven commercially.

Vic Svec, a senior vice president for Peabody Energy Corp., the nation's largest coal producer, says the company already is scouting for sites to build a coal-to-liquid plants "We are very encouraged by the bipartisan support that's been expressed on this, from President Bush to Senator Obama," says Mr. Svec, who notes that governors and officials from 16 Southern states also support new incentives for coal-based liquids.

Bob Dinneen, president of the Renewable Fuels Association, which represents ethanol manufacturers, says his group will fight to keep such alternative fuels out of any new federal mandate for renewable fuels. "Doing this ecumenical approach of all alternative fuels, I think, will just confuse the investment community," he says.

It isn't clear who will win the competition to produce new domestic fuels. Ethanol-industry experts predict that at least two companies will commit to building cellulosic ethanol plants this year. But DKRW Energy LLC, of Houston, already has the permits and partners for a plant that makes diesel oil from coal that could begin production by 2010.

Robert Kelley, DKRW's chairman, says the facility will be built near Medicine Bow, Wyo., and will produce 13,000 barrels a day. DKRW has two partners in the project, Arch Coal Inc., which owns a nearby mine, and Sinclair Oil Corp., which will market the diesel fuel. Mr. Kelley says the diesel oil produced won't harm the environment because the production turns the coal into a gas, from which carbon dioxide will be removed and sold to oil companies. And the oil companies will inject the carbon dioxide generated in the process back into the ground to produce more oil.

David Hawkins, a climate-change expert for the Natural Resources Defense Council, says the diesel fuel still contains carbon dioxide, which will be released into the air when it is burned in the engines of cars and trucks. "This issue is the classic example of why you need to have an integrated policy on both global warming and energy," he says.

The President's Energy Policy (WP)

The Washington Post, January 26, 2007

ANTICIPATING Tuesday's State of the Union speech, Al Hubbard, President Bush's national economic adviser, spoke of "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." The address that Mr. Bush delivered certainly was bold. But by choosing energy independence as his main policy target, Mr. Bush missed opportunities to improve energy security and to combat climate change.

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The president was on firmest ground with his call for stricter fuel economy standards. His administration has already increased the standard for light trucks by executive order, but it lacks the authority to do the same for cars; he has asked Congress to step forward. The standards that the president supports are weaker than they could be because they aim to improve the fuel efficiency of each category of car rather than also prodding manufacturers to build smaller cars in greater numbers. Still, Mr. Bush called for an improvement of 4 percent per year in the miles-per-gallon rating of new vehicles. If enacted without loopholes, this would reduce the nation's vulnerability to oil shocks and slow global warming.

Mr. Bush also used his speech to propose a shift away from gasoline toward alternative fuels. The nation's cars and trucks already burn about 4 billion gallons of non-gasoline fuel per year, and current law requires fuel blenders to boost that quantity to 7.5 billion gallons by 2012, which they will do by stepping up the use of corn-derived ethanol. This replacement of oil with corn ethanol reduces oil imports but cuts carbon emissions only slightly. Mr. Bush now proposes to shoot for fully 35 billion gallons of alternative fuel to be used annually by 2017. Where could this extra fuel come from?

Corn-based ethanol can't provide more than 15 billion gallons to fulfill the mandate, since there's a limit to the land available to plant corn, and livestock farmers are already complaining that the price of corn feed has been driven up by the ethanol mandate. In an ideal world, the other 20 billion gallons of alternative fuel might come from ethanol distilled from switch grass and other plant material; this "cellulosic" ethanol has the potential to cut carbon emissions far more substantially than the corn-based variety. But cellulosic ethanol remains an unproven technology. Unless that changes, Mr. Bush's alternative fuel standard could open the door to oil derived from coal -- an option that's known to work but that would be far worse for global warming than burning traditional gasoline.

The president's other energy proposal was to double the size of the Strategic Petroleum Reserve, which insures against the risk of an oil supply disruption. This is where the focus on energy independence obscures true energy security. In the face of the danger of oil price shocks, what matters is not the size of oil reserves in the United States but the size of such reserves globally. U.S. energy security depends, for example, on whether India has a reserve that it could tap in the event of a sudden shortage: If it doesn't, India will respond to a shortage by buying more oil on world markets, forcing up global oil prices and hitting motorists on the Beltway. Mr. Bush's unilateral solution -- build a bigger oil reserve at home -- is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency.

Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol -- a policy that farm-state members will find tempting as they write this year's farm bill. Instead, Congress should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy.

Column: Energy Independence? (WP)

By Charles Krauthammer

Washington Post, January 26, 2007

Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? By my count, 24 of the 34 State of the Union addresses since the oil embargo of 1973 have proposed solutions to our energy problem.

The result? In 1973 we imported 34.8 percent of our oil. Today we import 60.3 percent.

And what does this president propose? Another great technological fix. For Jimmy Carter, it was the magic of synfuels. For George Bush, it's the wonders of ethanol. Our fuel will grow on trees. Well, stalks, with even fancier higher-tech variants to come from cellulose and other (literal) rubbish.

It is very American to believe that chemists are going to discover the cure for geopolitical weakness. It is even more American to imagine that it can be done painlessly. Ethanol for everyone. Farmers get a huge cash crop. Consumers get more supply. And the country ends up more secure.

This is nonsense. As my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it.

Even worse, the happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs.

There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear.

First, tax gas. The president ostentatiously rolled out his 20-in-10 plan: reducing gasoline consumption by 20 percent in 10 years. This with Rube Goldberg regulation -- fuel-efficiency standards, artificially mandated levels of "renewable and alternative

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fuels in 2017" and various bribes (er, incentives) for government-favored technologies -- of the kind we have been trying for three decades.

Good grief. I can give you 20-in-2: Tax gas to $4 a gallon. With oil prices having fallen to $55 a barrel, now is the time. The effect of a gas-tax hike will be seen in less than two years, and you don't even have to go back to the 1970s and the subsequent radical reduction in consumption to see how. Just look at last summer. Gas prices spike to $3 -- with the premium going to Vladimir Putin, Hugo ChÃ¡vez and assorted sheiks rather than the U.S. Treasury -- and, presto, SUV sales plunge, the Prius is cool and car ads once again begin featuring miles-per-gallon ratings.

No regulator, no fuel-efficiency standards, no presidential exhortations, no grand experiments with switch grass. Raise the price, and people change their habits. It's the essence of capitalism.

Second, immediate drilling to recover oil that is under U.S. control, namely in the Arctic and on the outer continental shelf. No one pretends that this fixes everything. But a million barrels a day from the Arctic National Wildlife Refuge is 5 percent of our consumption. In tight markets, that makes a crucial difference.

We will always need some oil. And the more of it that is ours, the better. It is tautological that nothing more directly reduces dependence on foreign oil than substituting domestic for foreign production. Yet ANWR is now so politically dead that the president did not even mention it in the State of the Union or in his energy address the next day.

He did bring up, to enthusiastic congressional applause, global warming. No one has a remotely good idea about how to make any difference in global warming without enlisting China and India, and without destroying the carbon-based Western economy. The obvious first step, however, is an extremely powerful source of energy that produces not an ounce of carbon dioxide: nuclear.

What about nuclear waste? Well, coal produces toxic pollutants, as does oil. Both produce carbon dioxide that we are told is going to end civilization as we know it. These wastes are widely dispersed and almost impossible to recover once they get thrown into the atmosphere.

Nukes produce waste as well, but it comes out concentrated -- very toxic and lasting nearly forever. But because it is packed into a small, manageable volume, it is more controllable. And it doesn't pollute the atmosphere. At all.

There is no free lunch. Producing energy is going to produce waste. You pick your poison, and you find a way to manage it. Want to do something about global warming? How many global warming activists are willing to say the word nuclear?

So much easier to say ethanol. That it will do farcically little is beside the point. Our debates about oil consumption, energy dependence and global warming are not meant to be serious. They are meant for show.

Potomac Watch If The Cap Fits (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, January 26, 2007

Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it.

Democrats want to flog the global warming theme through 2008 and they'll take what help they can get, even if it means cozying up to executives whose goal is to enrich their firms. Right now, the corporate giants calling for a mandatory carbon cap serve too useful a political purpose for anyone to delve into their baser motives.

The Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect. The media dutifully declared that "even" business now recognized the climate threat. Sen. Barbara Boxer, who begins marathon hearings on warming next week, lauded the corporate angels for thinking of the "common good."

There was a time when the financial press understood that companies exist to make money. And it happens that the cap-and-trade climate program these 10 jolly green giants are now calling for is a regulatory device designed to financially reward companies that reduce CO2 emissions, and punish those that don't.

Four of the affiliates -- Duke, PG&E, FPL and PNM Resources -- are utilities that have made big bets on wind, hydroelectric and nuclear power. So a Kyoto program would reward them for simply enacting their business plan, and simultaneously sock it to their competitors. Duke also owns Cinergy, which relies heavily on dirty, CO2-emitting coal plants. But Cinergy will soon have to replace those plants with cleaner equipment. Under a Kyoto, it'll get paid for its trouble.

NOTE

We reintroduce today the weekly Potomac Watch column from Washington. It will appear on Fridays and be written by Kimberley Strassel, a member of the Journal editorial board. Ms. Strassel joined the Journal in 1994 and has worked as a reporter in Europe and as an editor and editorial writer in New York.

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DuPont has been plunging into biofuels, the use of which would soar under a cap. Somebody has to cobble together all these complex trading deals, so say hello to Lehman Brothers. Caterpillar has invested heavily in new engines that generate "clean energy." British Petroleum is mostly doing public penance for its dirty oil habit, but also gets a plug for its own biofuels venture.

Finally, there's General Electric, whose CEO Jeffrey Immelt these days spends as much time in Washington as Connecticut. GE makes all the solar equipment and wind turbines (at $2 million a pop) that utilities would have to buy under a climate regime. GE's revenue from environmental products long ago passed the $10 billion mark, and it doesn't take much "ecomagination" to see why Mr. Immelt is leading the pack of climate profiteers.

CEOs are quick learners, and even those who would get smacked by a carbon cap are now devising ways to make warming work to their political advantage. The "most creative" prize goes to steel giant Nucor. Steven Rowlan, the company's environmental director, doesn't want carbon caps in the U.S. -- oh, no. The smarter answer, he explains, would be for the U.S. to impose trade restrictions on foreign firms that aren't environmentally clean. Global warming as foil for trade protectionism: Chuck Schumer's dream.

What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players.

This is what comes from Washington steadily backstepping energy policy into the interventionist 1970s, picking winners and losers. In ethanol, in biodiesel, in wind farms, success isn't a function of supply or demand. The champs are the ones that coax out of Washington the best subsidies and regulations. Global warming is simply the biggest trough yet.

Both Republicans and Democrats understand this debate is increasingly about home-state economics, even as they publicly joust about environmental rights or wrongs. The softening Republican stance on a mandatory program is one result. New Mexico's Pete Domenici appeared to undergo an epiphany about global warming in 2005, voting for a Senate resolution supporting caps. The switch might have more to do with remembering that his state is nuclear-power central, and will win big under a new program. Just ask his fellow New Mexican, Jeff Bingaman, who introduced the resolution.

Economic interests also motivate those Democrats who won't play nice. The senators who have voted against previous bills represent those industries that will suffer most under Mr. Immelt's agenda. Louisiana's Mary Landrieu (oil); Montana's Max Baucus (coal); West Virginia's Robert Byrd (ditto). House Energy & Commerce Chair John Dingell remains a skeptic, since the last thing his Michigan auto makers need is yet another reason for people to not buy their cars.

Which is fine with Ms. Pelosi. The Democratic leadership ran out of the winner's circle last November promising to tackle climate. And much was made this week of Madam Speaker's decision to wrest control of the debate away from Mr. Dingell's purview, handing it instead to a new "select" committee on climate change.

But read the fine print. The new vaunted committee will have no legislative authority, but exists solely to hold hearings and to "communicate with the American people." Ms. Pelosi and Harry Reid want to talk about this issue . . . and talk, and talk and talk. But not necessarily anything more.

That's because Democrats want global warming as an issue through 2008. With Al Gore getting his Oscar nod, they've got a "problem" that captures the public imagination, as well as an endless supply of cash from thrilled environmental groups. No need to spoil it with a solution. And a Democratic president in 2009 would be more open to any ultimate legislation.

Best yet, they've got the "support" of the business community, or at least the savvier elements of it. Welcome, Big CarbonCap; we're likely to be hearing a lot from you.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

Many of the models displayed at the Washington Auto Show have brought couples together over the years. Did it work for House Speaker Nancy Pelosi, D-Calif., and Energy and Commerce Chairman John Dingell, D-Mich.?

The Politico heard differing accounts of the success of the auto date and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)

A Democratic aide close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: "We no longer anticipate a floor battle," the aide said.

But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute:"I am pleased to report that the Speaker agreed to work closely with us when drafting the resolution to create the Select

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Committee …we will continue working in good faith to find a solution that will satisfy the concerns of our Members while preserving the overall objectives of the Speaker. I am confident this is possible."

But, he added, he's still keeping his firepower at the ready: "If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully." Translation: Nancy, I reserve the right to make this ugly for you.

Still, it's unclear whether Dingell has the muscle to win this one on the floor. He'll have some help from Republicans eager to deliver a loss to Pelosi, but a Republican leadership aide conceded that "25 to 35" moderate Republicans likely would break ranks and side with her. So Dingell can only count on around 170 Republican votes, which is a long way from 218 even if every one of the 31 Democratic members of the Energy and Commerce Committee vote with him, which they won't. (Committee member Anna Eshoo, D-Calif., a Pelosi confidante, declared in a closed-door meeting last week that she "doesn't worship at the altar of jurisdiction," according to a Democratic aide.)

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Dearborn Waste Company, 3 Ex-employees Charged In Dumping (AP)

By DAVID N. GOODMAN, The Associated Press

AP, January 26, 2007

DETROIT (AP) — A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy.

The indictment was not based on the April 2002 spill, for which no one was ever charged.

A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release.

In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices.

A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then.

The company "added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices," said spokesman Robert Moll.

Moll said the company "fully cooperated with the investigation" of the 2002 spill and continues to believe it was not involved.

Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said.

All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements.

The obstruction of justice charge carries up to 10 years in prison; conspiracy or making false statements, up to five years; and violating the Clean Water Act, up to three years.

A message seeking comment was left Thursday for Mallindine. There was no phone listing for Panyard, and Long's telephone number was unlisted.

Former plant manager Donald Kaniowski, 37, of Dearborn, reached a plea agreement to a charge of violating the Clean Water Act, the Justice Department said.

The 2002 spill released an estimated 255,000 gallons into the Rouge River, from which it entered the Detroit River and Lake Erie. The investigation and cleanup cost at least $5 million.

Comprehensive Environmental Solutions acquired a Dearborn waste treatment facility in 2002. Company officials "continued to accept millions of gallons of liquid wastes which it could not treat or store," the Justice Department said.

"The defendants often bypassed treatment processes and discharged untreated wastes directly to the sewer," part of the Detroit water and sewer system, the statement said.

Comprehensive Environmental Solutions has about 20 employees, is privately held and does not release financial details of its operations, Moll said.

David N. Goodman can be reached at dgoodman(at)ap.org

When Superfund Expenses Go Mega (LAT)

By Marla Cone

The Los Angeles Times, January 26, 2007

FORT EDWARD, N.Y. — After the winter thaw, a huge enterprise — so expensive and risky that it ranks among the most ambitious environmental projects on Earth — will rise up from an abandoned cornfield in upstate New York.

Not far from Saratoga, where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice.

Yet, despite 50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed.

The Hudson River is one of 154 places across the country — 16 in California — dubbed Superfund "mega sites" because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes.

Mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight.

In Southern California, off the Palos Verdes Peninsula, the U.S. Environmental Protection Agency is trying to decide the best way to immobilize a huge ocean-floor deposit of the pesticide DDT that has been poisoning fish and other marine life for decades.

Near Redding, on a mountain fractured by a huge copper and silver mine that opened in 1879, the EPA has constructed a dam and diverted a creek to try to contain a continuous flow of acids and metals that will probably go on forever.

In Butte, Mont., one mega site is so notorious that it has become a tourist attraction. At a viewing stand above an old copper mine, visitors peer into a 900-foot-deep pit of toxic waste. When migratory birds land on this brew of acids and metals, mistaking it for a watering hole, they die.

'Blight on communities'

Yet EPA officials say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy.

"Usually, they are a blight on communities. In our case, the stigma of the contamination is hurting the economy of the upper Hudson," said David King, the EPA's Hudson River project manager.

Twenty-six years after Congress passed the Superfund law to clean up the nation's most dangerous dumping grounds, the list of mega sites keeps growing as more mines, landfills, military bases and factories qualify.

Superfund's national priority list includes more than 1,200 chemical sites, but only one of every eight rises to "mega" status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark.

"State programs can deal with garden-variety sites, but mega sites are ones that nobody but the federal government can deal with," said Katherine Probst, a senior fellow at Resources for the Future, an environmental think tank in Washington, who has researched Superfund for 15 years.

Mega cleanups averaged $140 million each in 2000, 10 times the standard Superfund project, according to Resources for the Future. California's 16 mega sites' cost estimates range from $100 million to $450 million, said Elizabeth Adams, the EPA's regional Superfund cleanup chief in San Francisco.

"Today, a real mega site is well over the $100-million mark. Sadly, $50 million may not be what it once was," Probst said.

Funding lags behind

Yet federal funding for Superfund oversight has not kept up with the surge in mega sites, and many cleanups remain in the early stages. At 22% of all sites, human exposure to chemicals is not under control, the EPA says.

Polluters pay for most cleanups, but Superfund's annual budget, which supports EPA analyses, has remained at about $1.2 billion since 1987. With inflation, that is a 40% decline.

"The Superfund program's real purchasing power has decreased dramatically at the same time that large, complex and expensive sites — often referred to as mega sites — make up an increasing proportion of the program's workload," Probst said at a congressional hearing in June.

What makes a site such a headache that it becomes a mega? "It's the number of contaminants, the size, how far the contamination has spread and how remote it is," Adams said.

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Some, such as the Hudson River, involve one company and gigantic volumes of a single pollutant. Others, such as a Monterey Park landfill that towers over surrounding hills, have multiple chemicals and sources.

In the Northeast, many megas are old factories. But around Los Angeles, the worst are immense underground basins in which water supplies, polluted by industrial solvents, have had decades of pumping and treatment. The San Gabriel Valley aquifer is the state's most expensive mega cleanup, expected to reach at least $450 million.

"A lot of these industries came in during the '40s, and these underground plumes are now miles long — sometimes six or seven miles," Adams said. "It's a huge effort, and very costly, to make sure everything meets drinking-water standards."

The trickiest megas — 11 including the Hudson River — are underwater. Dredging them risks uncovering more polluted layers or leaving toxic residue.

"It's not like vacuuming your carpet," said Richard Luthy, Stanford University's chairman of civil and environmental engineering and a member of a National Research Council committee on mega sites. "You are, in every case, left with some material on the bottom that you haven't completely picked up. Just because you can dredge doesn't mean you can get everything."

At a small cleanup in San Francisco Bay's Richmond Harbor, DDT-laden sludge was dredged in 1997. But high concentrations resurfaced a year later. A sloped bottom and barge debris complicated the work.

With problems at small sites, Luthy said, "you have to wonder about the big sites. You might actually make them worse."

The most unusual underwater site is half a mile deep in the Pacific, a mile off the Palos Verdes Peninsula. For 25 years, a pesticide plant near Torrance released DDT into sewers. Now the EPA is trying to decide whether to use clean sand to cap part of the deposit, which covers several square miles of ocean floor.

Decades of analysis often occur before the EPA decides whether to dredge, cap, dam, pump — or some combination. At many, the EPA wrestles with remedies that might be ineffective — or worse.

Hazards of cleanup

In the Hudson River Valley, the debate over dredging has gone on for three decades, predating Superfund.

Two GE plants discharged as much as 1.3 million pounds of polychlorinated biphenyls, or PCBs, into the river for 30 years beginning in 1947. Used to insulate large electrical equipment, the PCBs, which are likely human carcinogens and can disrupt immune systems and brain development, rendered the river's fish inedible.

GE maintained that removing PCBs from the Hudson was too risky, and in 1984, the EPA agreed. The agency reversed course in 2001, concluding that dredging could be done safely and setting performance standards. Finally, in a November court settlement, GE agreed to dredge 10%. If an independent panel approves the results, GE can voluntarily dredge the rest or face a likely EPA order.

The main risk, King said, is unleashing buried PCBs. To reduce that threat, clamshell buckets will tightly seal as they bring mud to the surface. Work will stop if water standards are violated.

"Technically, it's not anything exotic; it's the size and the logistics that make it a challenge," he said. "I can't recall anything of this scale before."

The dig will remove 2 million cubic yards of PCB-contaminated mud. Another PCB cleanup along Wisconsin's Fox River could dredge a record 7 million cubic yards. "That makes them the largest by volume and us the largest by cost. Both are dubious honors," King said.

This spring, before the first bucketful is scooped in 2008, workers will descend on Fort Edward, a town of 6,000, to build a treatment plant, rail tracks, a wharf, marina, rail yard, utility lines and filtering presses. That alone is "like constructing a small city," said John Haggard, GE program manager.

Dug up by mechanical dredgers, the mud will be transported by barges and tugs to the plant, where the PCBs will be extracted, squeezed through presses, then hauled by 81-car freight trains to a landfill.

The dredging is expected to last six to eight years, but after decades of delay in the start-up, Hudson River Valley residents are skeptical about when the toxic mud will be gone.

In Fort Edward's museum, a sign reads: "The roots of the present lie deep in the past." For residents of mega-site communities, the past, present and future are defined by a toxic legacy.

"We could come back two decades from now, and it will still be going on," said Peter Berle, New York's former environmental commissioner. "Hopefully, someday, we'll be free of PCBs."

Concerns, Finger-pointing Greet Audit Of Sewage Spills (LAT)

By Sharon Bernstein And Tony Barboza, Times Staff Writers

The Los Angeles Times, January 26, 2007

A county report that says most incidents aren't acted on sparks calls for new measures.

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Southern Californians love their beaches.

So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff.

But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills.

The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other tributaries that lead to the sea.

How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did.

But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent.

The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels.

"There was a total communication breakdown," said Anjali Jaiswal, an attorney for the Natural Resources Defense Council, an environmental group that has been active in Santa Monica Bay pollution issues. "There would be spills and they wouldn't be reported properly. The public wasn't notified."

Part of the problem is that various ocean pollution laws require different types of notification.

State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies.

Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality.

County officials say they typically log all communications with their offices, and that there are no indications that the cities and water agencies that spilled most of the sewage phoned to report it.

Dr. Jonathan Fielding, the county's public health director, said that one or two calls might have been lost by county operators, but every call routed to the health department was logged, and the spill investigated.

But the cities, including Los Angeles, which dumped the most sewage into the bay, have meticulous records documenting the size and time of the spills.

It is not clear whether the cities' records include references to phone calls made to report the spills.

But Barry Berggren, division manager for the city of Los Angeles' wastewater collection system, said he personally phoned the county Department of Public Health to report high-volume leaks that occurred in Glassell Park on Jan. 9, 2005.

On that day, a heavy rainstorm sent more than 1 million gallons of raw sewage into the storm drain system, which directs runoff into the Los Angeles River and Long Beach Harbor.

The county auditor-controller's report listed those spills as unreported, with no known action taken.

Berggren says that's not true.

"For some reason, they believe they weren't notified. I don't know why that is," Berggren said.

Neil Miller, public works director for Manhattan Beach, said his department immediately reports every sewage leak that reaches a storm drain. Because the city is so close to the ocean, any spill could pollute the water very quickly, so it is in the city's interest to report them so the county can close the beaches before swimmers are exposed, he said.

"Especially in the coastal communities, if sewage has a chance of reaching the ocean they need to do extra testing to see if it's safe for swimming," Miller said.

County Supervisor Don Knabe, who ordered the audit after a massive release of raw sewage by Culver City last year went unreported for two days, said there is no doubt in his mind that the system is broken.

"I knew we had some issues but I had no idea they were so severe," Knabe said.

The audit recommended several reforms, some as simple as providing county operators with the names and telephone numbers of officials to be contacted if a spill occurs after business hours.

The report also recommended a centralized program to field reports of spills and track their cleanup, size and costs.

At the Board of Supervisors meeting Tuesday, Knabe plans to introduce a motion to implement the recommendations, along with a request that a specialist in public health be appointed to the Los Angeles Regional Water Control Board, at the Board of Supervisors meeting scheduled for Jan. 30. He is also asking for new standards for maintaining sewer systems so leaks are less frequent, and requesting additional research into what went wrong with the reporting of a particularly egregious spill during the heavy rains of 2005.

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Regional water quality control officials support Knabe's efforts and are considering making the board's reporting requirements more stringent.

"We require them to report back within 24 hours of a spill, but apparently that's not being followed," said board Chairwoman Fran Diamond.

The Pacific Palisades resident, who said she was "horrified" by the information in the audit, said she will press to reduce the reporting time to two hours. "We're talking about tremendous public health consequences and tremendous economic consequences," Diamond said. "We have a $2 -billion coastal economy…. This is a real setback."

State Sen. Sheila Kuehl (D-Santa Monica), whose district includes shoreline communities, urged state water regulators to investigate the leaks to determine whether the cities and water agencies that released the sewage were in violation of their permits when the incidents occurred.

Diamond said she would support such investigations.

The audit's findings disturbed beachgoers interviewed Thursday — though none appeared surprised.

"Everybody knows it's filthy here," said Heidi Phillips, 26, who was with her two children, ages 3 months and 3 years. "But for them to be so careless is disgusting. I would never let my kids swim at this beach."

Phillips, who lives in Canoga Park, said the study only confirmed her lack of confidence in the city and county's ability to keep Santa Monica Bay clean.

Matt Sylvester, 26, said he comes to Venice Beach to surf twice a week with friends. He said he knows that the ocean near a big city would not likely be pristine, but expects to be notified if there were a huge sewage spill.

"We're paying for our sewage to be disposed of properly."

*

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FBI/DEA/ATF/USMS:

Officer Indicted In Steroid Probe (BOS)

By Shelley Murphy And Suzanne Smalley, Globe Staff
The Boston Globe, January 26, 2007
Faces distribution and perjury charges

A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe.

"There's an ongoing grand jury investigation," Assistant US Attorney John T. McNeil told US Magistrate Judge Robert B. Collings at a hearing. "We are taking a hard look at steroid use among officers in the Boston Police Department."

Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury.

The 12-year department veteran was suspended without pay yesterday. He had been placed on administrative duty last summer after three other Boston officers were indicted in July for allegedly guarding large shipments of what they believed to be cocaine.

The suspected ringleader in that case is accused of trafficking steroids, and one of the other officers was a regular customer, said an FBI affidavit. After the steroid abuse allegations emerged, Mayor Thomas M. Menino vowed to try to require steroids testing for officers as part of negotiations on a new contract. Department spokeswoman Elaine Driscoll said last night that the proposal is still part of the negotiations.

The department is also dealing with other illegal drug use. In statistics it released last July, it said that 75 officers failed drug tests -- 61 of them for cocaine -- after the department started annual testing in 1999.

Police Commissioner Edward F. Davis last night pledged to strengthen training to help supervisors detect patterns of behavior suggesting an officer is abusing drugs, including steroids. "I have instructed the Bureau of Internal Investigations to develop and conduct extensive training for all Boston Police supervisors to better enable them to detect, expose, and identify illegal substance abuse," the statement said.

Yesterday, McNeill said that a number of Internal Affairs complaints had been filed against Rodriguez alleging "abusive, aggressive and violent behavior," which the prosecutor characterized as conduct "consistent with steroids use."

But Rodriguez's attorney, Philip A. Tracy Jr., said his client is not addicted to steroids and passed two drug tests he was given by the department in July and August.

McNeil also told the magistrate that Rodriguez had tried to discourage another Boston police officer four or five times from testifying before the grand jury. That officer later testified about Rodriguez's interference, McNeil said.

Prosecutors yesterday asked the judge to ensure that Rodriguez, a Jamaica Plain native and a former Marine who served in the first Persian Gulf War, does not associate with any other Boston police officers because they could be witnesses in the ongoing probe.

"We don't want to disclose who we are looking at," McNeil said. "We don't want any interference."

The indictment alleges that last Oct. 5, Rodriguez lied when he told a grand jury that he had not sold steroids to another Boston officer, who is not identified.

Just after testifying, Rodriguez met an officer in the hallway outside the grand jury room and tried to persuade him not to testify, McNeil also alleged.

However, Rodriguez's attorney told the magistrate that his client was merely warning the officer not to testify without an attorney.

Collings ordered Rodriguez not to have contact with any other Boston police officers, except for anticorruption investigators, but said at Rodriguez's arraignment on Tuesday there will be a hearing on whether to modify the order.

Collings said that because of the obstruction-of-justice charge, he was ordering Rodriguez to post a $50,000 bond, secured by a second mortgage on his Hyde Park home. Rodriguez was also ordered to surrender a handgun he keeps in his home and any department equipment still in his possession.

Rodriguez's attorney argued that it was unfair to ask his client to not talk with other officers because Rodriguez's social life revolves around the department.

Tracy said Rodriguez has been unfairly tarred by his alleged association with the three officers indicted on drug conspiracy charges.

"These charges have no relation to a much more serious conspiracy of three other officers," Tracy said. "These allegations can usually be handled internally or with less severe consequences than a federal indictment."

A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted.

In a statement issued with the indictment, US Attorney Michael J. Sullivan suggested Rodriguez is being charged because of how he behaved during the investigation, not just because of steroid use.

"This case is not just about steroids use by law enforcement officers," Sullivan said in the statement. "It is about an officer allegedly distributing steroids to another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

Fourth Officer Indicted In BPD Drugs Probe (BOSH)

By O'Ryan Johnson

Boston Herald, January 26, 2007

A fourth cop was indicted yesterday as part of a long-term federal undercover probe of corruption and drug peddling inside the ranks of the Boston Police Department.

Edgardo Rodriguez, 37, faces charges including possession with intent to distribute anabolic steroids, perjury and obstruction of justice. Rodriguez, a nine-year Boston police veteran, had been on administrative duty since July for his alleged involvement.

He was put on unpaid leave yesterday, police said. His lawyer, Philip A.Tracy Jr., said Rodriguez "has nothing to do and is not connected with any more serious charges against other Boston police officers." Rodriguez was freed after arraignment yesterday.

According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids.

Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit.

Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch.

According to the indictment unsealed yesterday, when Rodriguez was called before a grand jury investigating "the unlawful activities of a number of Boston police officers and others" in October, he denied selling steroids to or buying steroids from a person identified as "Boston Police Officer A."

Prosecutors said those statements are false. Rodriguez could face 35 years in prison if convicted on all charges.

BPD Patrolman Indicted On Fed Corruption Charges (CBS4BOS)

By Maggie Mulvihill

CBS 4 Boston, January 26, 2007

(CBS4) BOSTON In another embarrassing blow to the Boston Police Department, veteran patrolman Edgardo Rodriguez was indicted on federal corruption charges late Thursday stemming from alleged steroid distribution and other potential crimes within the force.

"It is a gross betrayal of an officer's duty," said U.S. Attorney Michael J. Sullivan in a statement after perjury and obstruction of justice charges were handed down by a federal grand jury.

Calling it a "sad time" for the department, Police Commissioner Ed Davis announced he was suspending Rodriguez without pay as the department continues to root out any other officers who may be involved in drug use.

The BPD is already reeling from two other scandals - missing drugs from the Hyde Park evidence warehouse and the corruption case federal prosecutors are building against three other officers accused of protecting cocaine shipments and other alleged crimes.

The I-Team reported earlier this month that Rodriguez had been warned by police brass to quit the force as federal and department investigators continued to scrutinize his role in the on-going drug-related criminal probe that has engulfed his fellow officers.

Roberto E. Pulido, Nelson Carrasquillo and Carlos A. Pizarro denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston.

Investigators learned Rodriguez was allegedly using and distributing steroids during their 2 1/2 year probe of the trio, while other Boston officers have been notified their voices have also been picked up on federal wiretaps, the I-Team has reported.

Rodriguez, an 11-year-veteran, has worked in Dorchester, Roxbury, East Boston and the Mobile Operations Unit.

Rodriguez is accused of in the six-count indictment of lying to a federal grand jury about whether or not anyone else in the department has possessed or distributed steroids.

Rodriguez is also accused of three counts of perjury and one count of obstruction of justice. If convicted of all charges he could face a maximum of 35 years in prison. His attorney, Philip A. Tracy, did not immediately return a telephone call seeking comment.

Feds Help Crack Big Cocaine Ring (LN)

Lancaster Newspapers, January 26, 2007

LANCASTER COUNTY, PA - Investigators said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers.

Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week.

As of Thursday night, Pablo Beltran and Tellin Cintron, both of Lancaster city, were the only suspects yet to be apprehended among the 20 indicted.

The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force.

The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said.

Assistant United States Attorney Christy Fawcett said each kilogram sold for an average of $22,000, then re-sold at a higher price.

Fawcett, lead prosecutor in the case, said it was one of the largest stings in recent memory. “This was expensive stuff,” she said.

Some of the cocaine was cooked into crack, Fawcett said, and marijuana also was sold.

The indictments were filed Jan. 11. Seven arrests were made Wednesday, Fawcett said, and some of the suspects already were serving time in prison.

The seven Lancaster County residents arrested were charged with conspiracy to distribute and possession with intent to distribute cocaine, crack cocaine and marijuana.

They were: Edward Rivera and Jorge Torres, both of High Street; Jimmy Ortiz-Rivera, Lafayette Street; Sandra Collazo-Medina, Valley Drive; Harry Delgado, East Clay Street; Nathaniel Sanchez, North Broad Street; and Pedro Rivera, Oak Ridge Drive, Millersville.

Ortiz-Rivera also was charged with possession of a stolen firearm.

Lancaster County District Attorney Donald Totaro said some of the suspects were known to be local drug dealers.

“I recognized some of the names as people we dealt with in the past,” he said.

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If convicted, each suspect faces a mandatory 10-year prison sentence and fines up to $4 million.

Investigators seized about $500,000 in cash, five lots of real estate and jewelry during the investigation. A Lancaster city business — K&A Appliances at 149 E. King St. — also was seized.

The charges also include a $7.2 million substitute asset forfeiture that must be paid if the suspects are convicted. Fawcett said that sum is for money and real estate that wasn't recovered during the investigation.

A major break in the investigation came May 27, when two Mexican nationals — Jaime Cardenas-Borbon and Gabriel Rivera-Gil — were arrested at Days Inn, 30 Keller Ave.

Investigators seized 40 kilograms of cocaine and $182,000 cash from their room. It is believed to be one of the largest cocaine shipments ever intended for Lancaster County.

"As a result of that arrest, we were able to piece together additional information" about the drug ring, Totaro said.

The two-year investigation also was aided by wiretaps placed on five telephone lines authorities said were used for trafficking drugs.

"These federal agencies bring manpower and resources that enhance an investigation," Totaro said. Also, "jail sentences are far more severe" upon convictions in such cases.

Hearings for the suspects are scheduled to begin April 2, Fawcett said.

Accused Kingpin In Prison (SEN)

Sentinel, January 25, 2007

When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities.

The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg around 6 p.m. Tuesday, says a spokesman from the state attorney general's office. Robinson, 34, formerly of Steelton, had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago.

Santiago was sentenced last month in Cumberland County Court for drug dealing. Santiago and several smaller dealers were nabbed in September 2005.

Authorities believe Robinson stayed with friends and family in New York City, Florida and Washington, D.C., while the federal marshals hunted for him, and that he was most recently in the D.C. area. Marshals had frequent contact with Robinson's friends and relatives, which often wears them down and causes them to put pressure on the fugitive, said Nils Frederiksen, spokesman for the attorney general's office.

"In this case, it looks like it worked. I think eventually, everybody tires of constantly looking over their shoulder."

Later, authorities plan to look at whether to charge anyone with giving aid to the fugitive, he said.

Robinson is being held in Cumberland County Prison without bail, with a preliminary hearing set Tuesday. He is charged with five counts of delivery of cocaine, one count of possession with intent to deliver, one count of criminal conspiracy and two counts of participating in corrupt organizations, which is the state's racketeering statute. He could serve up to 90 years in prison and face $725,000 in fines.

An investigation into the drug ring found that Robinson and Santiago, 35, set up two separate but similar organizations for distributing drugs that involved at least 23 residents. According to reports, the men transported cocaine from New York before repackaging it for local sale, or "cooking" it into crack, eventually distributing more than $7 million of the drug.

The AG's office said Robinson used a home on North Second Street in Steelton and an address on Allen Road in Carlisle as distribution points, while Santiago set up shop on Beetum Hollow Road in the Newville area.

Santiago faced more counts than Robinson and was sentenced last month to 7 to 20 years in state prison and ordered to pay $110,000 in fines.

N.J. State Police, DEA Break Up South Jersey Narcotics Ring (AP)

AP, January 25, 2007

TRENTON, N.J. (AP) -- State and federal authorities broke up a major South Jersey drug distribution ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine.

New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew.

"We took this one down at the trafficking level," Simpkins said. "When you stop it at the kilo level, it doesn't filter down to the school-yard level. It keeps it (the drugs) out of our neighborhoods."

"It's the most effective way to fight the drug game," said Simpkins who oversees state police in southern New Jersey.

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The cocaine was valued at about $15,000 per pound.

State Police Superintendent Col. Rick Fuentes said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center.

The new facility nicknamed "The Rock," is where federal, state and local officials gather to share information on evolving cases.

"This information will have a value beyond the arrest of individuals," said Fuentes. "The information will be linked up with other potential cases and the vehicle for doing that is 'The Rock.' That's our clearinghouse."

Police from Gloucester Township entered six homes and three storage facilities in Gloucester, Camden and Burlington counties Thursday morning.

Three New Jersey men were arrested in Tucson, where the New Jersey suspects went to meet their supplier, police said. Eleven others were arrested in New Jersey, with the highest bail set at $500,000 and some defendants released without bail.

In Arizona, police found a vehicle with hidden compartments for drugs.

Authorities also seized $244,000 in cash and three guns.

Those arrested were charged with conspiracy in connection with the distribution of narcotics. The maximum penalty upon conviction is 10 years in prison and a $150,000 fine. Additional charges are likely, authorities said.

The investigation was code-named Operation Centerfield because one of the first suspects identified was Gary Maddox, who has the same name as the former Phillies center fielder.

Gang Task Force Nets Suspects, Drugs, Guns (RMA)

By Stephanie Barry

The Republican, January 25, 2007

SPRINGFIELD - Standing behind an array of guns and street drugs, federal and local law enforcement officials yesterday announced the results of Tuesday's blitz targeting suspected dealers in Mason Square.

The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects by yesterday morning, officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm.

Springfield Police Commissioner Edward A. Flynn said the raids were the result of a year-long investigation into the robust open-air drug trade in Mason Square.

"The goal was impact players," Flynn said, adding that the investigation included undercover operatives, sophisticated surveillance and countless drug buys through informants.

He said of those indicted in state court, 13 were apprehended; one was located in a Maine jail on unrelated charges, and four are still at large.

Laid out on a table in a conference room at police headquarters yesterday were six handguns - including five police said were previously loaded and one outfitted with a scope - plus bags of marijuana, crack cocaine and heroin.

The contraband was recovered from searches that accompanied the arrests, police said, and were labeled with various suspects' names and addresses.

The guns, some found with stashes of ammunition, will be tested to probe possible links to local unsolved shootings, yesterday's panel said.

FBI supervisor Michael G. O'Reilly said the gang task force was established in 1994. It includes members of the FBI; U.S. Drug Enforcement Administration; U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives; Massachusetts State Police; Hampden County Sheriff's Department; and local police in Springfield, Chicopee and Holyoke.

"We each have a special focus ... We take that focus and bring it together," said Robert G. Tacinelli, supervisor of the Springfield office of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The task force was responsible for a 2005 crackdown on 36 local Latin King affiliates, the largest single-day roundup of that faction in the state's history, O'Reilly said. Many of those were prosecuted in federal court.

Assistant Hampden County District Attorney James R. Goodhines said all suspects are being held in lieu of bond ranging from $50,000 to $500,000.

The suspects were arraigned in Springfield District and Superior courts during the past two days. Flynn said the hope is that the charges will get bumped up to federal court, where sentences for drug crimes are long and prison assignments are often far-flung.

He said the timing of the sweep was critical for a wary city still reeling from a spate of violent crime.

Mayor Charles V. Ryan also attended yesterday's announcement at the police station, lauding the fruits of the sweep.

"To see this type of hardware in front of us reminds us really what the stakes are," he said.

Ironworkers' Business Manager Faces Drug Charges (VANSUN)

By Peter O'Neil And Glenn Bohn, Vancouver Sun

Vancouver Sun, January 26, 2007

Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night.

Holmes, a 50-year-old married man with eight children, is in Spokane County Jail.

According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior.

The officers followed tire tracks of a pickup truck to the driveway of a rural home, where the pickup apparently turned around. They then followed fresh tracks in snow left by two people.

The officers turned on their vehicle's bright "takedown" lights and "observed two individuals lying in the snow under some bushes," the affidavit states. A large backpack was beside each man. The officers ordered the two men to stay where they were. One -- the affidavit wasn't clear which one -- attempted to run north towards the Canadian border, less than a kilometre away, but was caught.

A U.S. Border Patrol Agency news release reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a "Canadian citizen attempting to smuggle the contraband across the border."

The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash.

The criminal complaint is the first step towards a possible U.S. grand jury indictment on these recommended charges: possession with intent to distribute more than five kilograms of cocaine, and conspiracy to possess with the intent to distribute more than five kilograms of cocaine.

Dave Beatty, elected president of Ironworkers Local 97, said he and other officials were shocked by the arrest of Holmes.

"It was completely out of character for anybody who knows him," Beatty said Wednesday.

He said the union called in an independent auditor at its Burnaby office Monday to investigate union records.

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B.C. Union Leader Arrested In U.S. On Drug Charge (CBC)

CBC News, January 26, 2007

The business manager of the B.C. and Yukon local of the Ironworkers union has been arrested in Washington state, where he has been charged with a serious drug offence.

Perley Edmund Holmes, 50,Â is in jail in Spokane and faces a charge of possession of cocaine with intent to distribute.

U.S. border patrol officers said they arrested Holmes and another man last Thursday near Chesam, Wash., just south of Grand Forks in B.C.'s southern Interior.

They said they seized more than 60 kilograms of cocaine, worth an estimated $4.3 million.

Union president David Beatty saidÂ the arrestÂ came asÂ a big surprise to people who know Holmes.

"It's probably as shocking as could be, for anyone I've talked to, our members, our contractors. It's completely out of character and nobody can visualize this happening."

Beatty also said Holmes is no longer on the payroll.

An auditor will be brought in to review the finances of the local to ensure no illegal activities were conducted with union funds, he said.

Holmes faces 10 years to life in an American prison if he's convicted of the allegations.

Drug 'kingpin' Says He's Guilty In Broad Scheme (REP)

Reporter, January 25, 2007

A Vacaville man who prosecutors described as a regional "drug kingpin" pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction.

Eduardo Pichardo, 33, now faces 10 years in federal prison and a personal financial judgment of $500,000. He will return to federal court in Sacramento on April 3 for sentencing.

Pichardo was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine.

The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama.

In October, Pichardo was indicted on the additional charges of money laundering.

In exchange for his plea Tuesday, prosecutors agreed not to pursue money laundering or other charges against Pichardo's wife.

According to investigators, Pichardo became a prime suspect in a drug trafficking investigation shortly after it was launched in 1999.

Drug Enforcement Administration agents said Pichardo was the head of an organization that trafficked multi-kilogram quantities of cocaine and methamphetamine,

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frequently traveling to Mexico to arrange smuggling across the border.

In October 2001, investigators said Pichardo arranged for the driver of a pickup truck to transport 25 kilograms (about 56 pounds) of cocaine from Phoenix, Ariz. to Alabama. On Oct. 5, the driver was stopped by Arkansas State Police during a routine traffic stop and was subsequently arrested. A search of the truck revealed the cocaine, which was concealed in a hidden compartment inside the truck's gas tank, officials said.

The street value of the seized load was estimated at $1.3 million.

According to court documents, Pichardo gave a colleague $15,500 in cash to wire to a bail bondsman in Arkansas in order to bail out his driver.

"The cash the defendant gave was proceeds of (his) drug trafficking activities," prosecutors wrote. And he used a friend to wire the funds so that the cash could not be traced back to him.

In addition, he instructed his colleague to wire the money in two separate transactions so that neither one would exceed $10,000. That order was given, prosecutors said, because he knew that any cash transaction in excess of $10,000 would be reported to authorities, thus hiding the transaction.

Pharmacist Could Face Three-year Term (MBSN)

By Josh Hoke

Myrtle Beach (SC) Sun News, January 25, 2007

The 81-year-old Myrtle Beach man accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment obtained by The Sun News.

John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration.

Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering.

All four men were arrested earlier this month.

Tuite denied wrongdoing on Tuesday, and he could not be reached for comment Wednesday.

Tuite appeared in court last week and is free on bail.

He was to be in court Wednesday, his attorney said, but it was unclear by press time whether he made that appearance.

His attorney, public defender Bill Nettles, said, "The judge just wants an update on how the case can be resolved."

Nettles said since the indictment was filed in California, Tuite may eventually be forced to appear in federal court in that state.

Andrew Thomas Russo, 48, United Care Pharmacy's former chief operating officer; Denis Leborgne, 42, the former chief technical officer; and David John, 41, the former chief financial officer, were also arrested and charged in the case.

Cincinnati Doctor Gets Two Years For Clinic Crimes (PORTDT)

By Jeff Barron, PDT Staff Writer

Portsmouth (OH) Daily Times, January 26, 2007

A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe.

Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year.

“Money laundering is not a victimless crime,” Internal Revenue Service criminal investigator Jeffrey Cooper said. “Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.”

According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at.

Jewell, of Paintsville, Ky., and Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail.

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According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day.

He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients.

He also had no diagnostic equipment at the clinics.

Patients paid in cash $175 to $200 per visit. The clinics would not accept insurance, personal checks, credit cards or any other form of payment.

New patients were required to bring an X-ray or MRI to create an aura of legitimacy, the Justice Department said.

Prescriptions were filled at only a few pharmacies, including the South Shore Pharmacy in South Shore, Ky. Many of the patients signed an agreement to only use that pharmacy.

Ebner admitted what he was doing at the pain clinics was below the accepted standards of medical practice.

Justice officials said Ebner split the patient payments with Jewell and structured them to hide his involvement in the illegal activity.

Ebner broke the money down into smaller amounts, typically less than $10,000 for deposit into his personal bank account to avoid the Currency Transaction Reporting requirements.

He used the money for a real estate down payment, shares of a medical partnership and as a payoff of his mortgage.

Ebner must surrender to officials on March 19.

JEFF BARRON can be reached at (740) 353-3101, ext. 236.

IMMIGRATION:

Senate Endorses A Contracts Ban (WSJ)

The Wall Street Journal, January 26, 2007

WASHINGTON -- The U.S. Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts.

The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security. The amendment was offered on the fourth day of debate on an increase in the federal minimum wage from $5.15 an hour to $7.25.

Alien Hiring Fine Fails On Hill (WT)

By Charles Hurt

The Washington Times, January 26, 2007

Senate Democrats quashed a proposal yesterday that would have dramatically increased civil fines on employers who hire illegal aliens.

Sen. Jeff Sessions, Alabama Republican, offered the amendment to the bill now being debated that would increase the federal minimum wage.

Ridding the economy of illegal aliens, he argued, would do far more to help low-income wage earners than simply raising the minimum wage. Not only do aliens displace U.S. citizens in the work force, he said, they also artificially suppress wages.

"Our whole purpose of the minimum-wage act is to increase the wages of working Americans, particularly low-skilled workers," Mr. Sessions said. "That's a noble goal."

One of the reasons "that those salaries have lagged behind is because of a large influx of illegal immigrant labor," he said. "That is indisputable, and it's not been discussed much here. People apparently don't want to talk about it, but we're going to talk about it."

But Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill.

Some 60 amendments have been offered, and today marks the fifth day of debate on raising the minimum wage to $7.25 per hour from $5.15 per hour over two years.

"Amendment here. Amendment there," thundered Sen. Edward M. Kennedy, Massachusetts Democrat.

"Amendment on Social Security. Amendment on immigration. And all the chortling and laughing as they go on about their business," he boomed.

Republicans are "not for those millions of Americans who are heading home tonight, who've worked long and hard, facing their children hoping that at last ... the United States isn't going to fail us," he said. "What do we tell them after five days?"

After accusing Republicans of stalling, Mr. Kennedy then proceeded to read aloud for five minutes a story in the New York Times about soldiers fighting in Iraq.

Mr. Sessions said his amendment is not a delaying tactic and isn't unrelated to the overall minimum-wage bill. His provision, he said, gets at the very reason a minimum-wage increase is needed in the first place. He calls his amendment "comprehensive wage reform," a sly reference to the "comprehensive" approach to immigration reform that Democrats and President Bush are demanding, but most Republicans deride as amnesty.

Mr. Sessions' proposal came directly out of the employer-sanctions section of the immigration-reform bill approved with overwhelming Democratic support last year.

It would raise the minimum fine on employers from $250 per hired alien to $5,000 per alien. And it would raise the maximum fine from $10,000 per alien to $40,000 per alien.

Though Democrats turned back Mr. Sessions' employer-sanctions amendment, they allowed through a second Sessions amendment aimed at federal government contractors who are caught hiring illegal aliens.

He ticked off a half-dozen recent examples of federal contractors using illegal aliens, even in the most sensitive of positions.

"It's astounding how widespread this problem is," Mr. Sessions said. "In one alarming incident, the Nuclear Regulatory Commission was caught allowing illegal aliens who obtained documentation by using fake Social Security numbers to work as contract painters at nuclear facilities."

Under the amendment that Democrats allowed last night, any government contractor caught using illegal labor would be prohibited from future government contracts for ten years. It was approved on a 94-0 vote.

Bonkers At The Border (WSJ)

The Wall Street Journal, January 26, 2007

Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime.

Several GOP lawmakers, including outspoken restrictionists like Congressmen Tom Tancredo and Duncan Hunter, have hailed the ex-agents as American heroes. President Bush is even being urged to pardon Ramos and Compean, who received sentences of 11 years and 12 years, respectively. GOP Representative Dana Rohrabacher has gone so far as to accuse Mr. Bush of being "on the side of [America's] enemies" for allowing the men to go to jail.

CNN's Lou Dobbs has also weighed in repeatedly with pseudo-reporting designed to rile up his viewers rather than inform them of the facts. Speaking of facts, they are as follows, according to the U.S. Attorney's Office for the Western District of Texas and evidence presented at the ex-agents' jury trial:

Agents Ramos and Compean were guarding the Mexican border near El Paso, Texas, on Feb. 17, 2005, when they encountered a van driven by Osvaldo Aldrete-Davila. When the driver saw the agents he sped off, eventually abandoning the vehicle and fleeing toward the border on foot. At one point, Aldrete-Davila stopped running and raised his empty hands to surrender. But when the first border agent to approach him stumbled, Aldrete-Davila took off again toward the Rio Grande.

At this point, Agents Ramos and Compean opened fire, shooting at the back of a suspect who they knew was unarmed. They fired 14 rounds in all -- Agent Compean even paused to reload -- finally hitting Aldrete-Davila in the buttocks. The suspect was wounded but still managed to make it across the border and escape.

It later was determined that Aldrete-Davila was in the country illegally and smuggling drugs. Nearly 750 pounds of marijuana were found in the van. But Ramos and Compean didn't know the suspect's immigration status when they shot him. Nor did they know the contents of the vehicle he was driving. What the agents did know is that they had broken any number of border patrol policies.

So Compean and another agent returned to the scene to gather shell casings and discard them in a drainage ditch. Compean and Ramos, who'd been disciplined for past conduct unbecoming a federal officer, then filed a false report. The only reason their cover-up didn't succeed is because an honest border agent who learned of the shooting eventually reported it.

After a trial lasting nearly three weeks, a federal jury in El Paso convicted both agents on charges including assault with a deadly weapon and obstruction of justice. As Johnny Sutton, U.S. Attorney for the Western District of Texas, put it: "The simple truth of this case is that former Agents Compean and Ramos shot 15 times at an unarmed man who was running away from

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them and posed no threat. They lied about what happened, covered up the shooting, conspired to destroy the evidence and then proceeded to write up and file a false report."

The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien.

This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the U.S. must "enforce the law" on the border. That the agents have been held accountable for misconduct shows that no one is above the law. Letting the agents off the hook would also send a terrible message to honest border agents who perform a difficult and dangerous job.

Turning felons into political causes is the kind of stunt usually pulled by the likes of Al Sharpton. That Republicans would now stoop to it shows how immigration has caused some on the right to lose their political bearings. First they gave up their belief in free labor markets, and now they're discarding their law enforcement credentials.

And these are the same folks who assail Mr. Bush's guest-worker proposal as "amnesty." The irony is that if Mr. Bush's plan were in place and there were more legal ways to enter the U.S., border agents would have more time and resources to chase down people like Aldrete-Davila and apprehend them properly.

Fight Against Immigrant Smuggling Follows Money Trail (WP)

By John Pomfret

The Washington Post, January 26, 2007

PHOENIX -- In 2001, Arizona state prosecutors trying to stem the growing tide of immigrant smuggling found a Western Union outlet in the border town of Douglas that was doling out more than $91,000 a month -- this in a community where the per capita income was barely $10,000 a year.

People across the country, prosecutors said, were sending money to the little Western Union shop in Douglas -- and scores others like it in Arizona -- to pay smugglers to sneak illegal immigrants into the United States.

To fight back, Attorney General Terry Goddard employed a controversial technique known as a damming warrant to seize $17 million in money transfers into hundreds of Western Union locations in Arizona, prosecute scores of immigrant smugglers and deport hundreds of people in a program he marvels at because of its "elegant simplicity."

On the surface, the warrants were a success. Between mid-2005 and mid-2006, according to Goddard's office, transfers of $500 and more into Arizona fell from $36.8 million a month to just $2.8 million. The only problem was that all of Goddard's other sources indicated that immigrant smuggling was still booming in Arizona.

So on Sept. 21, Goddard expanded the program, issuing a warrant blocking all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora. He also planned on issuing warrants blocking money transfers through Western Union to nearby states such as Nevada.

Western Union sued to block the Sonoran warrant. "We felt that the state was overreaching," said Peter Ziverts, Western Union's vice president for compliance, "because none of this money ever touched Arizona. So how could Arizona claim it was involved in a state crime?"

On Jan. 9, Maricopa County Superior Court Judge Kenneth L. Fields agreed, quashing the warrant and ruling that it was "unconstitutional as applied under the Commerce Clause, Foreign Commerce Clause, Due Process Clause and the Fourth Amendment of the United States Constitution."

This legal battle is but one of more than 10 state and federal cases in Arizona over how to police illegal immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers. Tactics prosecutors believe are a godsend in the crackdown are often, in the words of one federal law enforcement official, "either brilliant or illegal."

Arizona has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as Goddard said in an interview, "we have it rubbed in our face on a daily basis."

Since the mid-1990s when a federal crackdown in San Diego and El Paso forced illegal immigrants into the desert, Arizona has become the highway through which millions of crossers enter the United States. In fiscal 2006, the U.S. Border Patrol apprehended more than 510,000 people attempting to unlawfully enter the United States via Arizona, half of the total for the 2,000-mile-long southern border, according to government statistics.

Phoenix is recognized as the hub of the immigrant smuggling trade, stocked with safe houses where illegal immigrants, known as pollos, or chickens, are held until relatives or friends pay about $1,600 a head and they are moved out on the highways that crisscross the city. In an affidavit filed late last year, Goddard's office contended that Phoenix-based immigrant

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smuggling enterprises had annual revenues of $1.7 billion to $2.5 billion. The Phoenix Police Department estimates that 50 percent of that city's murders involve either an illegal immigrant as assailant or victim.

Sheriff Joe Arpaio of Maricopa County, home to 3.5 million people, has made his department one of the first local law enforcement agencies in the nation to direct its deputies to arrest illegal immigrants under a state law. So far 400 have been arrested, although Arpaio's tactics are the subject of a lawsuit.

In addition to the Western Union suit, Goddard's fight against immigrant smugglers, who are sometimes called coyotes, has also prompted a federal lawsuit by a group of Western Union customers who allege that the attorney general's office seized their money and never returned it.

According to the suit, Goddard's investigators did not tell the senders that their transfers had been blocked (a charge Goddard did not dispute) and handed money over to recipients only after they had proved that the transfers were not being used for illegal activity. "So much for innocent until proven guilty," said Matthew Piers, the lead attorney in the case.

"We have law enforcement run wild down there," Piers said. "We support interdiction of money for coyotes, that's an activity well worth stopping. But the warrants in Arizona are so broad as to be ridiculous."

Goddard's prosecutors said 91 percent of the people whose money was seized were involved in either drug or immigrant smuggling. Joshua Hoyt, executive director of the Illinois Coalition for Immigrant and Refugee Rights, which interviewed more than 400 of Western Union's customers to help prepare the case, said that while the "clear majority" of the money senders were illegal immigrants, only a small fraction were involved in felonies. "This is a legal equivalent of a drive-by shooting," he said. "People were sending money to their relatives to buy medicine and food."

Goddard said he has proof that immigrant smugglers were continuing operations in Arizona and using Western Union branches in Sonora to stash their cash. According to an attorney general's office affidavit, a suspect, who had been picking up his cash in Arizona, received $270,000 within two months from a small Western Union stand in Sonora, another garnered $136,000, a third $113,000.

"It is obvious to us that they've just moved the cash aspect of their business out of state," he said, "but the smuggling operations remain in Arizona."

Goddard's tactics were also controversial because of federal concerns that his office was overreaching. When ICE Director Julie Myers visited Arizona in late 2005, Gov. Janet Napolitano (D) suggested that they hold a joint news conference in support of the warrants. Myers declined, officials from both the state and federal governments said. And ICE pulled out of the state's financial crimes task force.

But in recent months, relations between ICE and the Arizona state government have improved. A new special-agent-in-charge, Alonzo PeÃ±a, arrived from Texas after Napolitano pressured the federal government to transfer his predecessor, law enforcement officials said. ICE will soon rejoin the state's financial crimes task force.

In an interview, PeÃ±a said ICE is considering using the surveillance warrants as a tactic to fight immigrant smuggling; that way at least law enforcement could avoid Western Union's argument that Arizona was overreaching.

"I am not really concerned about what happened in the past," PeÃ±a said, "We just want to get in and participate . . . as long as it's legal and can be introduced in court."

TAX:

KPMG Placed On State Probation In Tax-shelter Case (AP)

By David Koenig, AP Business Writer

AP, January 26, 2007

DALLAS — Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters.

The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation.

KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said.

The case stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes.

KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation.

The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing.

William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department.

KPMG, which has more than 400 certified public accountants in Texas, said its activities would not be affected by probation.

"We are pleased that the Texas matter is now resolved and that it does not restrict in any way our ability to serve our clients in the state," said spokesman George Ledwith.

The case was settled through a consent order without holding a formal hearing. Ledwith said Texas is the first state to reach a settlement with the firm. Other states were considering action before KPMG settled with the Justice Department in 2005.

The accountancy board is the licensing and enforcement agency for certified public accountants and accounting firms in Texas. The agency's director said it was unusual for the board to bring a case against such a large accounting firm.

The last one, he said, involved Arthur Andersen LLP, which was convicted of obstruction of justice for shredding Enron documents. The U.S. Supreme Court overturned the conviction, but not before Andersen was devastated.

"Fortunately for the public, we don't have these very often — maybe every three or four years," Treacy said.

Kentucky Sewer District Settles With IRS Over Bond Proceeds (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, January 26, 2007

Jan. 25 (Bloomberg) -- Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status.

Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director.

``What they determined is that you should not have used bond proceeds to purchase the put option," Gee said.

Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments.

Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due.

Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said.

Debt Buyback

U.S. local governments agree to settlements with the IRS to prevent the agency from seeking taxes from investors who were willing to accept lower returns from their bonds because the securities weren't subject to income taxes. As part of the settlement, the district will repurchase $2.8 million of the bonds in November.

The district proposed the settlement under a program that allows municipal borrowers to head off audits if they discover that a bond issue may violate IRS regulations on tax-exempt bonds, it said in a bond filing. Gee declined to say how much the district agreed to pay to the IRS, though he said no other parties to the transaction have to pay the agency.

``I'm not at liberty to talk about that amount because the case hasn't legally been closed," he said.

Investment Management Advisory spokesman Gene Grabowski didn't immediately return a call seeking comment. Lehman Brothers spokesman Randy Whitestone declined to comment.

CONGRESS-ADMINISTRATION:

Bush Touts Tax Breaks For Health Care VIDEO (KCS)

By Dave Helling

The Kansas City Star, January 26, 2007

President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions.

"We believe the private sector is the best delivery of health care," Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, Mo. "We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker," he said.

In his State of the Union speech Tuesday, Bush proposed taxing employer-provided health care benefits, after allowing a $7,500 deduction for individuals and $15,000 for families. He said the plan would help individuals buy insurance, while keeping health care costs low.

Bush traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings.

Critics say the plan could raise taxes for some people with good health care plans and could convince some employers to drop health insurance for their workers.

Earlier, Bush toured the hospital, meeting with staff to talk about use of computers and technology to cut costs. "Medicine is finally catching up with the rest of America in the use of information technology, particularly this facility here," he said.

Around a dozen protestors picketed across the street from the hospital.

Bush Touts Health-Care Plan As Cost Control (WP)

By Michael A. Fletcher And Christopher Lee

The Washington Post, January 26, 2007

LEE'S SUMMIT, Mo. Jan. 25 -- With his new health-care proposals receiving a frosty reception from Democrats on Capitol Hill, President Bush ventured here Thursday to make the case that his ideas offer the best remedy for the nation's health insurance crisis.

Speaking at a roundtable before an audience made up largely of journalists, Bush promoted his plan to offer new tax incentives for people to get modestly priced health insurance through their employers or on their own.

Bush, who announced the initiative Tuesday in his State of the Union address, said it is part of a larger strategy to use private-sector forces, new technology and changes in existing government programs to hold down health-care costs and improve access to medical coverage.

"The best way to do that is through private health insurance," Bush said. "Therein lies part of the debate we have in Washington. We believe the private sector is the best delivery of health care. We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker."

The president wants to offer tax breaks for families who buy health insurance that costs less than $15,000 a year, and impose a new tax on those with more expensive plans. For individuals, the tax break would go to those with plans costing $7,500 or less.

Bush said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run. He also promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance.

"There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care," Bush said. "We'll do that."

After touring facilities run by the high-tech St. Luke's East medical center here, Bush spoke in a session that included small-business owners and uninsured workers who would probably benefit from his plan.

The plan would end the tax code's longtime bias in favor of employer-sponsored insurance, allowing millions of people who buy policies in the individual market to enjoy a tax deduction on their premiums for the first time. The self-employed can deduct premium costs, but many others cannot.

Essentially, Bush would use the new tax on people with high-priced health plans to subsidize the cost of insurance for those with lower-priced coverage, a progressive feature that administration officials thought would draw interest from Democrats who now run Congress.

But so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured.

"I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans," Sen. Edward M. Kennedy (D-Mass.) said.

The administration, however, contends that the plan would eliminate the blatant disparity favoring employer-sponsored coverage, which has been a feature of the tax code since the middle of the last century. Currently employer contributions to their workers' health benefits do not count as taxable income for the employee, which administration officials say encourages workers to get more expensive plans and use more health care than they otherwise would. Buyers of insurance on the individual market do not enjoy the same tax advantages.

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The idea of altering that balance dates at least to the early 1980s, when President Reagan proposed limiting the amount of employer health contributions that could be excluded from an employee's taxable income and diverting the resulting tax revenue to reducing the federal deficit.

Thomas A. Scully, a Republican congressional staffer at the time who later became a top health policy adviser to President George H.W. Bush, said the plan went nowhere: Republicans panned it as a tax increase, and Democrats feared it would penalize some unionized workers with generous health benefits.

In 1992, under the first President Bush, the White House considered scaling back the unlimited tax break on employer coverage and using the new revenue to pay for refundable tax credits to help low-income people get coverage, Scully said. House Republicans, still smarting from Bush's decision to raise taxes as part of the 1990 budget deal, objected, and Bush's advisers stripped the plan out of the budget at the last minute.

"The political timing was terrible," Scully said.

A proposal similar to the current one was recommended two years ago by a presidential advisory panel studying the federal tax system. The panel recommended capping the exclusion from taxable income of employment-based health benefits at $11,500 for family coverage and $5,000 for individuals, starting in 2006. The key difference was that the panel's proposal would have limited the new deduction to the cost of premiums, while Bush's plan would allow even those with cheaper policies to claim the full $15,000 amount.

"The truth is that policy wonks have been talking about this for well more than 20 years, but politicians generally look at it and say, 'This doesn't look like a good deal for me,' " said Joseph Antos, a health economist at the American Enterprise Institute who supports the new Bush plan. "As we've joked around here for years, it's an idea that only a policy wonk could love."

Not so, said Bush.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," he said. "They're just dismissing things because of pure politics; we have put forth ideas that are worthy of debate, and we believe will work."

Bush Promotes His Healthcare Proposal (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, January 26, 2007

He defends his plan to tax some employer-paid coverage, saying it would rectify 'discrimination … based upon who you work for.'

LEE'S SUMMIT, MO. — President Bush traveled to a Missouri hospital Thursday to press his case that Congress should sign on to his healthcare proposals, including his idea to pay for his initiative by taxing some employer-paid insurance premiums as employee income.

Unlike similar town-hall-style events that the White House bills as "conversations," the round table at St. Luke's East hospital had no audience other than about 30 reporters.

"If you work for a company, you get your healthcare free, in essence. It's part of the benefits package," Bush told his seven guests, who included several small-business owners and an uninsured waitress. "If you're a stand-alone person, you pay your healthcare on an after-tax basis.

"In other words, there's discrimination in the tax code based upon who you work for. It makes it harder for individuals or small-company employees to be able to buy healthcare," the president said.

Members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining healthcare for the 47 million people in the United States who are uninsured and would eventually raise costs for average families.

Bush toured the new hospital, part of St. Luke's Health System of Kansas City, Mo., to examine its use of information technology, another cause he has promoted. In the emergency room, Bush admired a flat-screen television monitor with a blinking display of patients' vital signs, procedures and medications.

"Medicine is finally catching up with the rest of America in terms of information technology," Bush told the assembled doctors and nurses.

In his State of the Union address, the president proposed making health insurance premiums paid by employers taxable to their employees as part of their compensation. At the same time, every family would get a standard healthcare deduction of $15,000 ($7,500 for singles).

That would mean that families with total healthcare premiums less than $15,000 would get a tax break, but those with what Bush has termed "gold-plated" plans would have to pay income tax on the amount over $15,000.

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The president argues that his proposal would level the playing field for those without employer-sponsored health insurance, because the standard deduction would be available to everyone. And that would make it easier for more people to afford to buy individual health insurance.

However, many healthcare experts say that the president's proposal will do little to help most of those who have no health insurance. That is because about half of the uninsured earn so little that they do not file income taxes, so the standard deduction would not help them.

Currently, about 25% of employer health plans cost companies and their employees more than $15,000 a year, meaning that roughly 75% of those with employer health plans would get a tax break under the president's proposal. But healthcare experts say that those savings could be short-lived; the deduction and cap will be indexed to inflation, whereas healthcare costs have been rising faster than the inflation rate.

Esmerelda Wergin, a waitress at her grandmother's Mexican restaurant, told the president that she and her husband had been unable to afford health coverage for themselves and their two sons, either through a job or on their own.

"Some jobs offer you health insurance plans, but they cover nothing…. It's really hard to find one that's going to suit your family's needs," Wergin said.

Bush said the Wergins would save $3,500 in taxes under his proposal, money they could put toward health insurance.

"Rather than have a family sit outside the system … why not help them afford a healthcare system through making the tax code fair?" Bush asked.

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Bush Health Plan Leaves Questions (PD)

By Mary Vanac

Cleveland Plain Dealer, January 26, 2007

Mary Vanac Plain Dealer Reporter

Local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance.

During his State of the Union address Tuesday evening, Bush proposed giving a $7,500 deduction to single taxpayers and a $15,000 tax deduction to families who buy health insurance.

Practically speaking, taxpayers who pay for their own health insurance would benefit directly from the proposal.

Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership.

But this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said.

But for the majority of taxpayers who get their medical insurance through an employer, the proposal means shifting that employer-paid benefit to employees as income.

This income would be tax-free up to the deduction amounts, but amounts exceeding the deductions would be taxable income for the first time.

Many of the details surrounding the Bush proposal still aren't clear, said Joe Gibbons, government-relations director for Medical Mutual of Ohio in Cleveland.

"The president offered up an interesting concept, which deserves a full review," Gibbons said.

"But I don't think anything becomes clear until after the next [presidential] election."

Jim Kappel, spokesman for WellPoint Inc., the Indianapolis owner of Anthem Blue Cross and Blue Shield of Ohio, said, "Tax policy can be an important way for people to consider health coverage."

Like many insurers and states, WellPoint has its own ideas about how to reform the U.S. health insurance system.

A WellPoint plan announced this month called for universal coverage for children and for expanding programs for the neediest, Kappel said.

John Ryan, outgoing head of the North Shore Federation of Labor, said the proposal raised concerns for people who have medical insurance, as well as those who don't.

"For people who have health-care coverage, it provides a foot in the door for tax benefits," said Ryan, who plans to become U.S. Sen. Sherrod Brown's Ohio director after his replacement at the former Cleveland AFL-CIO Federation is found.

But workers who now receive generous health-care benefits could pay taxes they don't have to pay today, he said.

People who don't have insurance because they can't afford it, though, won't benefit from a tax deduction.

"The proposal falls short of what working families need," Ryan said.

"The only good thing about [Bush's] proposal on health care is that he has stated there's a problem," Ryan said.

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COSE's Millard said he was glad to see that health care made the first 10 minutes of Bush's speech.

"I liked the comments he made supporting the Voinovich bill and alternatives for how states deal with health care costs," Millard said, referring to Ohio Republican Sen. George Voinovich's idea to provide waivers for Medicaid recipients that could bring more federal dollars to states like Ohio.

"We are advocating a number of things for changing the health care system," Millard said. Pairing the president's proposed tax deductions with a requirement that all Americans have health care coverage will bring change to the health care system, he said.

Bush Pushes Health Care Plan (NYT)

By Jim Rutenberg

The New York Times, January 26, 2007

LEE'S SUMMIT, Mo., Jan. 25 — President Bush urged Congress on Thursday to consider his new health care proposal and indicated he was ready for a fight.

"If people in Washington are serious about dealing with the uninsured, here is a serious idea for them to consider," Mr. Bush said of his health care plan. "They're just dismissing things because of pure politics."

Mr. Bush's comments came in a discussion with local doctors, small-business owners and workers here on the second stop of a tour to promote policies he proposed during his State of the Union address on Tuesday night.

Even before the speech, Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, had cast doubt on the chances of Mr. Bush's package of proposals, which is intended to improve access to health insurance with changes in the tax code. Mr. Rangel called it "a bad policy"; other Democratic leaders have since called the proposal all but "dead on arrival."

Under the proposal, workers would be newly taxed on health care plans provided by employers that were valued above new — and, administration officials say, generous — standard deductions for health care benefits. Individuals would in turn be able to buy insurance plans tax-free.

White House officials said they had received more positive feedback from some Senate Democrats, but the plan has drawn fierce resistance from the labor unions.

With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say.

But Mr. Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them.

"We proposed a bold initiative," Mr. Bush said here. "I know Americans expect that the United States Congress will take a look at all ideas."

The president spoke at St. Luke's Hospital here, where he asked a group of workers, business owners and administrators how the current system worked against them and how the new system would help them.

Martha Gelencher, a small-business owner sitting with the president, said in a typically glowing exchange about the proposal that she could not imagine "why someone would not think it would be a good thing."

Mr. Bush portrayed the plan as in keeping with his philosophy that it was government's role to enable people to become the "decision maker," reminiscent of his reference to himself last year as "the decider."

Bush Comes To Missouri To Promote Health Plan (SLPD)

By David Twiddy

St. Louis Post-Dispatch, January 26, 2007

LEE'S SUMMIT, Mo. (AP) -- In town to push his proposal to expand access to health insurance, President Bush on Thursday praised advanced patient care technology at a local hospital.

Bush toured the Lee's Summit campus of the Saint Luke's Health System, which is less than two years old and features an array of high-tech systems that closely track patient care, even from half a state away.

In one room, Bush studied a wall of computer screens that included medical information on every patient currently receiving treatment in the hospital's emergency room, including the X-ray of a girl who had dislocated her elbow.

In another room in the intensive care unit, hospital officials showed the president a high-powered camera above a bed that would allow physicians anywhere to keep an eye on the patient's progress. A similar system allows hospital employees to watch patients at ICUs in other Saint Luke's system hospitals, including one in Hays, Kan.

"Medicine is finally catching up with the rest of America in the use of technology," said Bush, who has advocated for greater use of computerized health records as a way to bring down costs and reduce medical errors.

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Afterward, Bush attended a round-table discussion in one of the hospital's conference rooms with a group of small-business owners and employees, hearing their concerns about paying for insurance.

In his State of the Union address Tuesday, Bush proposed taxing employer-financed health care benefits after a deduction of $15,000 for families and $7,500 for individuals. The deductions would also apply to people buying their own insurance plans.

The White House estimates about 80 percent of workers with health insurance would see a tax cut because of the change. The other 20 percent would see a tax increase if their insurance was worth more than the deductions.

Bush defended the plan Thursday, saying it would "level the playing field" between small businesses and large businesses, which typically get a discount because of their size and help more people afford coverage.

"If you work for a company you get your health care for free, in essence, because it's part of your benefit package," he said. "If you're a stand-alone person, you're paying for your insurance on an after-tax basis. There's discrimination in the tax code based on who you work for."

The Missouri Democratic Party joined other critics of the plan, saying it wouldn't help reduce the millions of people living without insurance and could encourage employers to limit or drop high-quality coverage.

"You don't make health care more affordable by increasing taxes on middle-class families that work hard and currently have good health care coverage," said Jack Cardetti, the state party spokesman.

Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, said the poorest people will have to use any tax savings they receive for other living expenses, not insurance.

"We know tax cuts don't help the general public," Carroll said. "It gets President Bush around the real issue, which is universal health care."

Bush dismissed similar concerns from Democratic opponents in Congress as "pure politics."

"If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider," he said.

As an example, he pointed to Dan Jones, a St. Louis computer engineer and one of the round-table participants, who said he's been without insurance since dropping his individual plan when premiums got to $400 a month.

"That $4,800 (a year's worth of premiums) is a lot of money," he said. "That's money that could go toward a car or a house."

Bush said the plan would save Jones more than the cost for an individual insurance plan.

"Here's a classic case, a young guy in the marketplace priced out of the individual market," he said. "The plan helps him."

Bush Promotes Health Care Proposal (USAT)

By David Jackson

USA Today, January 26, 2007

LEE'S SUMMIT, Mo. — For Dan Jones, a single man with no health insurance, President Bush's plan to give tax deductions for health coverage sounds like a good deal.

Bush's proposal would give individuals a $7,500 tax deduction regardless of whether they buy their own health insurance or their employers pay for it. Families would receive a $15,000 deduction. It was unveiled during Tuesday's State of the Union speech.

VIDEO: Bush tours hospital

"Your health care proposal looks very profitable to me," Jones told Bush Thursday at a roundtable discussion.

Jones, who lives in St. Louis and works for a computer company, said he would be able to buy an insurance policy under Bush's plan and have money left over. Jones would be able to reduce his taxable income by $7,500, even if he spends less on health insurance.

On the second of his road trips to sell his State of the Union ideas, Bush told a group of medical professionals that the federal government should make health insurance and care more affordable. An estimated 47 million Americans are uninsured.

"The (health care) system discriminates against the Dan Joneses because the tax code … has made it harder for him," the president said. "We're trying to move somebody like Dan from being a statistic."

Democrats criticized Bush's plan. In Washington, a fact sheet released by Senate Majority Leader Harry Reid's office said it would "prompt employers to stop offering health care."

Sen. Barack Obama, D-Ill., who is exploring a White House bid, said Bush's proposal was a "halfway measure" that "does little to bring down costs or guarantee coverage."

Before the roundtable discussion on health care, Bush toured St. Luke's East hospital and learned more about new technologies that help doctors treat and diagnose diseases. The president said he wants to find ways to use information technology to help people understand the costs of medical services.

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He also repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. "When you've got a lawsuit, it causes good docs to quit the practice of medicine," he said.

White House spokesman Tony Fratto said public pressure — and demand for better health care — would force Republicans in Bush's party and Democrats who control Congress to work together.

"The American people are rightly concerned about any plan that will put the government between patients and their doctors," Fratto said. "Good ideas that avoid that pitfall will have a chance to prevail."

On Capitol Hill, Republicans such as Sen. George Voinovich of Ohio have expressed concern that the war in Iraq could affect Bush's ability to press a domestic agenda with Congress.

Bush meets today with House Republicans to discuss health care, energy, immigration and other issues.

"They're going to want to talk about issues that came up in the State of the Union address," White House press secretary Tony Snow said, "because that is going to play a significant role in politics over the next few months."

Leavitt Espouses Health Plan (WT)

By Gregory Lopes

The Washington Times, January 26, 2007

During the next three months, Secretary of Health and Human Services Michael O. Leavitt will travel the country to drum up support for the Bush administration's proposals for health care coverage.

Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance.

It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured.

While the new attention is necessary, it may not be effective.

"What we have here is a convergence of philosophies between the Democrats in Congress that want to expand the employer system and public programs and Republicans [the Bush administration] who believe the individual system is where we need to go," said Robert Laszewski, president of Health Policy and Strategy Associates. "You don't split the difference, we're stalemated until 2008."

The president released his proposals to Congress shortly before the State of the Union address. Almost immediately the plan was criticized on Capitol Hill.

"President Bush's proposal on health care is another step in the wrong direction," said House Speaker Nancy Pelosi, California Democrat, at the U.S. Conference of Mayors on Wednesday.

"It will actually raise taxes on middle-class families lucky enough to have good health insurance, while providing little assistance to the 47 million uninsured Americans. Quite simply, it's bad medicine."

The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured.

The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. "It's not fair," he said.

So the administration is proposing to reform the tax code by giving families a $15,000 deduction and individuals a $7,500 deduction. But Families USA, a nonprofit consumer organization, calls the tax-reform proposal regressive, partly because a tax deduction favors people with higher incomes.

A tax credit provides more tax relief. For a family in a 15 percent tax bracket, a tax deduction reduces their tax liability by only 15 cents for every dollar spent on premiums. The Families USA analysis shows that for a family in a 15 percent bracket, the tax deduction is worth $2,250.

When asked why a deduction rather than a credit, the secretary said that the administration considered a tax credit and that "a tax credit certainly has redeeming features."

"If exclusion [deduction] is not the solution, let's talk about what is a solution, but I believe exclusion is the best policy," he said.

Under the proposal, Mr. Leavitt said 23 million to 28 million people would pay more taxes on their insurance because, for the first time, the government would levy a tax on the value of employer-sponsored health insurance in some cases. Currently, most employees are not taxed on the value of their employer-sponsored health insurance.

Meanwhile, the industry/advocacy coalition proposal, while also offering tax incentives, calls for not only an expansion of the State Children's Health Insurance Program but also broadening the coverage power of Medicaid to childless adults.

Bush Touts Health Care; So Do Obama, Clinton (NPR)

DOJ_NMG_0122540

By Julie Rovner

NPR, January 26, 2007

All Things Considered, January 25, 2007 · President Bush travels to Missouri to tout the health plan he unveiled in his State of the Union Address. Back in Washington, Democrats who want his job in 2008 are pushing plans of their own.

Sen. Barack Obama (D-IL) makes his health-care debut at the annual conference of the consumer health group Families USA, while Sen. Hillary Rodham Clinton (D-NY) addresses the U.S. Conference of Mayors.

White House Touts Health Care Savings (AP)

By Kevin Freking

AP, January 26, 2007

Get health insurance through your employer? The average cost of a family policy is about $11,500, low enough to get you a tax break under President Bush's new health care initiative.

If an employer-provided plan covers you alone, the policy costs just under $4,250 on average, still low enough for a tax cut.

The administration says its proposal would enable more Americans to afford health insurance, reducing the ranks of the uninsured _ now estimated at 46.6 million _ by 5 percent to 10 percent.

The president hit the road Thursday to sell his health care plan, talking it up at a conference in Lee's Summit, Mo. But it has received a cold response from key Democrats in Congress.

The plan would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically.

But, then, the president calls for a standard tax deduction for those who buy health insurance _ $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction.

The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase.

About 160 million people get health coverage through their employers.

A smaller group of Americans, about 17.8 million, buy health insurance on their own because their job doesn't provide it or they can't afford the coverage their employer offers. Almost all of them would experience a substantial tax cut.

That's because they don't have a boss fronting the cost of their insurance on a tax-free basis. They pay for it themselves, and get little tax help unless they spend at least 7.5 percent of their adjusted gross income on health care.

Karen Davis, president of the Commonwealth Fund, said the people who buy insurance on their own are typically baby boomers. Of the 12 million adults in the individual market, 40 percent of them make more than $50,000 a year.

They would save, on average, about $2,500 when buying individual coverage, and $5,000 on family coverage, she said.

"I definitely think it is fiscal relief" for those in the individual market, Davis said.

That relief is much more mixed when it comes to people who get health insurance through their work, she said.

Just how much one pays or saves depends upon which income tax bracket they're in. The administration projects that the greatest benefit would go to the middle class.

The wealthy tend to have the most expensive policies, and many of them can expect to pay higher taxes. Meanwhile, the poor generally don't pay any income tax, so the help they get would be limited to lower payroll taxes.

The administration has referred to health insurance policies exceeding $15,000 for a family or $7,500 for an individual as gold-plated, but many disagree with that assessment.

"Not all these policies are gold-plated. What you get depends on where you live, where you work and what the cost of insurance is in that area," said Diane Rowland, executive vice president of the Kaiser Family Foundation.

Workers in established manufacturing industries, such as the auto and steel industry, tend to have generous health insurance benefits, so they could see their taxes go up if they stick with their current policy. So could many government workers.

Also, large firms tend to have better, more expensive policies than do small businesses. Davis said that large businesses tend to treat the great majority of employees equally.

"Typically, the person working in the mail room has the same health coverage as the person working as an executive," Davis said.

But John Goodman, president and CEO of the National Center for Policy Analysis, disagreed. He said executives at large corporations often get extra benefits on top of the insurance that everyone else at the company gets. They'll get annual checkups and undergo screenings at the most renowned medical facilities such as the Mayo Clinic, or in his home town of Dallas, the Cooper Clinic. It makes little sense for the government to subsidize such health insurance plans, he said.

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"It's not unusual at all to find the guys at the top with the most lavish plan," Goodman said.

While more than 100 million people would get a tax break, the administration estimates, more than 55 percent of the uninsured _ about 25 million people _ have such low incomes that they pay no income taxes, Davis said. So the tax changes would not make insurance any more affordable for them, she said.

The president's plan would not kick in until 2009. Over the years, the standard deduction would increase at the rate of overall inflation. But some tax analysts warn that the deduction would still lose value as a result.

That's because health insurance premiums have been going up much more quickly than inflation, so, eventually, more taxpayers will fall into that camp whose health insurance cost more than the deductible. When that happens, they have two choices, pay more taxes or select more basic, less expensive insurance plans.

The administration says it believes that people will seek out more basic coverage to avoid tax increases.

"We think that will bring down national health spending," said Katherine Baicker, who serves on the president's council of economic advisers.

Some analysts also worry that more small businesses will drop coverage if they know their workers can get coverage on the individual market, thanks to the new tax breaks for people buying insurance on their own.

Coverage in the individual market is generally cheaper than coverage in the group market, but many Americans, particularly those with pre-existing health conditions, will find it difficult getting a company to sell them a policy, said Len Burman of the Tax Policy Center, a joint program run by the Urban Institute and the Brookings Institution.

"For many, the nongroup market doesn't work well," Burman said. "It works fine for people who are healthy. It just doesn't work well for people who are sick."

Bush's Health Plan Might Look Familiar To Utah (SLT)

By Robert Gehrke

Salt Lake Tribune, January 26, 2007

WASHINGTON - As governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance.

Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in President Bush's State of the Union to deeply skeptical Democrats in Congress.

"Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state," Leavitt told reporters Wednesday.

The Bush plan extends tax deductions to help self-employed workers or those whose employers don't offer insurance buy health coverage.

"If you're a waitress or you're a bricklayer or you're a day care worker . . . it's simply too big of a lift," Leavitt said.

There are currently about 47 million Americans without health insurance.

The second part of the plan would tax health care benefits provided by employers that exceed $15,000 for families and $7,500 for individuals.

About 20 percent of workers with plans worth more than the deduction - policies the administration calls "gold-plated" coverage - would pay taxes. However, the White House projects that after 10 years, nearly 40 percent of workers would see a tax increase or have to find a cheaper policy, White House spokesman Tony Fratto said.

That's because the cost of health care

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is projected to grow faster than the value of the tax deduction, meaning that, barring changes the White House hopes will keep health costs down, more workers would have health coverage worth more than the deduction.

Leavitt said the tax issue is a question of fairness that has to be addressed if the goal is coverage for every American.

"In my mind, it's simply indefensible for our country to have a tax policy that provides a tax benefit to portion of our citizens and simply ignores the rest, and that's the policy we currently have," he said.

As governor, Leavitt proposed, and the Legislature passed, a similar proposal exempting health care costs from state income taxes, but "it became very clear that it was essentially just a gesture."

"This dilemma is simply unresolvable by the states," he said. "It has to be dealt with by the federal government."

Leavitt and the administration face a skeptical Congress.

Rep. Pete Stark, D-Calif., who chairs a House health subcommittee, said the president's plan won't help the uninsured and will discourage employers from covering workers. Senate health committee Chairman Edward Kennedy, D-Mass., said the tax breaks won't improve coverage or "help working families afford the spiraling cost of health care."

Utah health care advocates also have reservations about Bush's health care plans.

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"These tax credits aren't going to come anywhere near what it's going to cost families to have credible health coverage," said Judi Hilman, executive director of the Utah Health Policy Project.

Leavitt also outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over.

Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns.

"I took criticism from advocacy groups, but I got letter after letter after letter of appreciation from nearly 20,000 families that had health insurance for the first time," Leavitt said.

Bush's Budget Will Detail Plans To Slow Spending On Medicare (WSJ)

By Deborah Solomon

The Wall Street Journal, January 26, 2007

WASHINGTON -- Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready.

Read excerpts2 from the interview with Treasury Secretary Henry Paulson.

In an interview yesterday, Mr. Paulson said the budget for fiscal 2008, which begins Oct. 1, will include a number of "incremental changes" to government health programs, including some aimed at slowing the projected 7% annual growth in Medicare spending. The budget is to be released on Feb. 5.

Mr. Paulson wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly.

"When the budget goes up you will see a number of changes relating to Medicare which are aimed at slowing the growth of these liabilities, slowing the trajectory," Mr. Paulson said.

Talking to Congress

Mr. Paulson, who took office six months ago, said he is spending much of his time talking to members of Congress about the urgency of restraining health costs and reducing the nation's reliance on foreign oil.

Restraining the costs of the Medicare health insurance program for the elderly will help the White House show a budget that is balanced by 2012.

The program cost about $374 billion last year, about 14% of all federal spending. Without any changes, the Congressional Budget Office estimates it will cost $851 billion by 2017.

The proposals to save the government money on Medicare complement President Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said. Calling the proposal "a big idea," he said it is intended to advance the national conversation about health care and make Americans better consumers of health care and thus restrain cost increases over time.

On Social Security, Mr. Paulson acknowledged that it may be hard to meet the president's goal of fixing the long-term finances of the government's retirement program, given the "significant political differences and policy differences on what steps are to be taken."

In his State of the Union address, Mr. Bush said failure to put Medicare, Medicaid and Social Security on strong financial footing "will one day leave our children with three bad options: huge tax increases, huge deficits, or huge and immediate cuts in benefits."

Mr. Paulson said he has been reaching out to Democrats and Republicans in Congress to start a discussion without any "preconditions." Mr. Bush has pushed the notion of creating private accounts as part of a Social Security fix; Democrats have resisted. Mr. Paulson insisted nothing is off the table, refusing, for instance, to rule out discussion of changes to the payroll tax. "The key thing is to come together without preconditions," he said. "It's only fair that if you're going to have a bipartisan discussion, you can't tell someone we're not going to let you talk about your idea."

In a Fox News interview last week, Vice President Dick Cheney sounded a different tone, saying that the president wants a discussion without "preconditions" but that "we don't believe a tax increase is necessary." Those comments drew fire from Democrats.

Asked about Mr. Cheney's remarks, Mr. Paulson said, "The president has been very clear. He'd like people to come together without preconditions."

'Can't Force Something'

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Mr. Paulson said even creating a path for his successor to solve the Social Security problem would be progress. "We can't force something," he said. "If we get fortunate there will be enough momentum and the leaders in both bodies of Congress will work together and we'll craft a solution. But if we don't, hopefully if I do my job right, if others do the things they're doing, we'll make progress. We'll depoliticize this and it will be easier for someone, sometime in the future to solve."

The secretary, an active environmentalist before coming to Washington, also emphasized the urgency of taking action to reduce the nation's dependence on oil, saying "one of the significant risks to our economy is imported oil" and said the solution lies primarily in reducing the reliance of automobiles on gasoline.

Mr. Bush has called for a 20% cut in gasoline consumption over the next 10 years, and would achieve that through new auto fuel-economy standards and a mandate to use more ethanol and other alternative energy.

"This is aggressive," Mr. Paulson said. "By putting a mandate of that size out there, I believe that is going to spur, and I know the president does, huge technological advances in investment," he said, adding: "If we can have 20% of our transport fuel not come from oil, that will make a big difference."

Growing Support Of Public (WSJ)

By John Harwood

The Wall Street Journal, January 26, 2007

In new Wall Street Journal/NBC News poll1, Americans back Democrats by 35 percentage points on prescription drugs for seniors amid looming showdown with White House over Medicare drug benefit. Since Bush's presidency began, Democrats have turned an eight-point deficit on taxes into an eight-point edge, and narrowed deficit on "moral values" to nine points from 22.

Approaching 2008, Democrats have "a once-in-a-generation opportunity to be...reconsidered" as a national party, says Republican pollster Bill McInturff, who conducts the Journal/NBC survey with Democratic counterpart Peter Hart. In new book, Senate Democrats' campaign chief Schumer of New York recommends a "kitchen-table compact" including unconventional issues like reduced cancer mortality to court centrists like the fictional couple "Joe and Eileen Bailey" he uses to shape strategy.

The Baileys remain "up for grabs," Schumer says, "but they're more open to our message than theirs."

Congress attracts promising initial reviews.

By 53% to 44%, Americans say new House ethics rules will improve lawmakers' "ethics and honesty." A 48% plurality predicts Democratic Congress will "strike the right balance" with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be "too inflexible" with then-President Clinton.

Speaker Pelosi's positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name; most still don't know Senate Democratic Leader Reid, Senate Republican Leader McConnell or House Republican leader Boehner.

Health care returns to spotlight but still poses political risks.

A 53% majority expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993.

Resistance is greatest among those earning more than $75,000. Americans embrace coverage mandates pushed by Romney of Massachusetts and Schwarzenegger of California as good ideas, but by only a bare 48%-42% plurality; those 50 or older, the most-frequent voters, are least supportive.

Obama's backing of universal coverage may draw other African-Americans, who support the goal more than whites or Hispanics.

AS IRAQ COSTS mount, administration leans on private companies to help rebuild Lebanon as part of broader Mideast peace strategy; Intel and Cisco executives attend Paris donors' conference where Rice announces $770 million in U.S. aid. Some 49% of Americans say average U.S. citizen has sacrificed for Iraq war; 48% say no.

NEGOTIATORS STRUGGLE to complete U.S.-South Korea trade pact, which would be the biggest since Nafta. Among sticking points: Korean market access for U.S.-produced beef and autos. Among blue-collar workers, 28% call "jobs going overseas" the economic issue that concerns them most; 29% cite health costs.

SALES JOB: With just 40% approving his handling of the economy, Bush heads to Peoria and New York next week to promote recent signs of strength and rising wages. Treasury Secretary Paulson calls economy "a hell of a lot better than we thought it would be a year ago."

WHAT SLUMP? Majorities in all parts of the country say their home values are still rising. Most bullish are Southerners (65%); least bullish are Midwesterners (52%).

Charities chafe at Bush's foreign-aid priorities.

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Antipoverty groups say U.S. would improve international image by emphasizing efforts against poverty and disease rather than democratization. "America has the opportunity to present a different face abroad," says Samuel Worthington of InterAction, an umbrella group with members including CARE and World Vision.

Though conservatives still strongly approve Bush's foreign policy, evangelicals are now split. Among families containing military veterans or active-duty soldiers, 55% disapprove Bush's handling of Iraq and 54% say the war hasn't been worth the costs.

Bush aid chief Randall Tobias pledges "an appropriate balance" between foreign-policy and antipoverty goals.

MINOR MEMOS: Despite election thumping, 40% of Republicans characterize themselves as very happy compared with 26% of Democrats. ... Most likely to say they've taken antidepressants: women, whites, those earning less than $30,000 and liberals.

The President's Risky Health Plan (NYT)

The New York Times, January 26, 2007

The new health care proposals announced by President Bush this week purport to tackle the two toughest problems confronting the American health care system: the rising number of uninsured Americans and the escalating costs of medical care.

But on both counts, they fall miles short of what is needed to fix a system where — scandalously — 47 million Americans go without health insurance.

The financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address the problem. To keep the program "revenue neutral," Mr. Bush would instead use tax subsidies to encourage more people to buy their own health insurance, while imposing additional taxes on people who have what Mr. Bush deems "gold plated" insurance.

It is a formula that would do little to reduce the number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden.

One enlightened element is that the plan would provide equal tax treatment to those who bought their insurance policies on the individual market and those who got coverage through group policies at work, thus ending a longstanding inequity that favors employer-based policies. To level the playing field, the administration proposes to grant everyone who gets qualifying health insurance a standard deduction — $15,000 for family coverage or $7,500 for single coverage — off their income subject to taxation. Those with family policies exceeding $15,000 in value would have to pay taxes on the excess amount.

After the proposed starting date in 2009, the administration estimates, about 80 percent of workers with employer-provided policies would pay lower taxes and 20 percent would pay higher taxes, unless they reduced the value of their health coverage to fit within the standard deduction.

The new standard deduction would almost certainly entice some people to buy health insurance who had previously elected not to. But a tax deduction is of little value to people so poor that they pay little or no income tax. And unfortunately, it is those people who account for the vast majority of the nation's uninsured.

Instead of trying to fix that fundamental flaw, the administration has decided instead to buck it to the states. The White House has offered few details. But its idea is to allow states to redirect federal money that now helps to finance hospitals that provide charity care and use it instead to subsidize health insurance for the poor.

In an ideal world, it would make good sense to insure people in advance rather than wait for them to show up in a high-cost emergency room. But this plan could quickly cripple the safety-net hospitals. Fortunately, no governor would have to accept the offer to redirect funds. The scheme is mostly a reflection of how the administration is unwilling to accept true responsibility for the uninsured.

If the administration really wanted to help low-income people, it would have proposed a refundable tax credit that would have the same dollar value for everyone — instead of a tax deduction, which primarily helps people in high tax brackets. Even those who do not pay taxes would get a check for the dollar value of the credit, providing them at least some money to help pay for health insurance. Congress ought to recognize that credits are the better approach for even such a limited plan.

As for the tax increases on those "gold plated" health policies, the White House is hoping to discourage people from using high-priced comprehensive health policies that cover everything from routine office visits to costly diagnostic procedures that are not always necessary.

The administration's goal is to instead encourage people to take out policies that might reduce the use of medical services, like policies with high deductibles or co-payments, or managed care plans. But even "copper plated" policies can exceed

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$15,000 in cost if they are issued in areas where medical prices are high or to groups with high numbers of older or chronically ill workers.

The whole approach rests on the premise that comprehensive prepaid health policies are a major factor in driving up costs; the theory is that people will tend to use services if they are covered. There is probably some truth in that.

But the main drivers in rising health costs are the costly services, high-priced drugs and hospitalizations for people who are seriously ill with catastrophic diseases or multiple chronic illnesses. Making their health coverage less generous would simply make it harder for them to get the care they need.

The greatest risk in the president's proposal is that it would seem likely to lead many small- and medium-size employers to stop offering health benefits altogether on the theory that their workers could buy affordable insurance on their own. That would leave many more Americans at the mercy of the dysfunctional individual policy market, where administrative costs are high and insurers strive to avoid covering people who are apt to become sick and need costly care.

For all its fanfare, Mr. Bush's plan would be unlikely to reduce the ranks of the uninsured very much. And if things went badly, it could actually increase their numbers. That's not the answer Americans are waiting for and not what they deserve.

Bush Plan Won't Fix Broken Health Insurance System (FLSUNSEN)

By Michael Mayo

South Florida Sun-Sentinel, January 26, 2007

To see how spectacularly off the mark President Bush's proposal to solve the health insurance crisis is, consider the case of Celestine Pearson.

"We're already capped out on our deductions, because we got five of us living on one part-time salary," Pearson said. "So how is this [$15,000 tax credit] going to benefit us? We won't get any more tax breaks, and health insurance still won't be affordable."

I met her outside Memorial Regional Hospital in Hollywood on Wednesday, where her 10-year-old son was having minor surgery.

She and her husband have been without health insurance for a year, when he lost his job with the state as a toll collector. He now has a part-time job that doesn't include benefits.

They live in Miami Gardens and have four children: 10, 13, 15 and 19.

She said the three youngest have medical coverage through Medicaid and the state. Their oldest, a biology student on scholarship at the University of South Florida in Tampa, has been uninsured since she turned 18.

"The president may have some people's interests at heart, but I don't think it's probably mine," said Pearson, 43.

Pearson said the family hasn't even bothered shopping for new insurance since losing the HMO plan that came with her husband's former job. She ticked off the other things that take priority: rent, food, electric bill, clothes.

Now that she, her husband and oldest daughter are among the 3.6 million Floridians without health insurance, she said they have adopted a new "preventative care" plan.

"Basically we're neglecting ourselves and praying we don't get sick," Pearson said.

"The politicians talk as if they care, but when it comes down to actually providing, they do nothing."

Actually, Bush's plan might be worse than nothing. It would reward high-income workers in low-cost plans, penalize middle-class families who live in high-cost states and might prove utterly irrelevant in reducing the ranks of the 46.5 million uninsured Americans or the overall cost of health care.

The plan would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries.

In other words, sounds like another Bush boondoggle.

The plan appears dead on arrival, with no realistic way to get through the new Democratic Congress. But it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago.

"For the average Joe American, making 30 or 40 grand a year, these tax breaks are going to do him bupkis," said Marc Zilbert, 60, of Hollywood, using the Yiddish word for nothing.

When it comes to health care, Zilbert is living proof of how upside-down the system is. A former commodities broker, he said he has been uninsured and unemployed for the last year, but now has all his medical care provided by the South Broward Hospital District's indigent fund.

"I get treated first class," said Zilbert. "No different than if I had Blue Cross/Blue Shield."

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He stood outside with a cigarette, attached to an IV drip. He said he had pneumonia and diabetes. Was it a good idea to be smoking? He used another Yiddish word to describe himself (rhymes with luck) and said he had cut down from four packs to five cigarettes a day.

"I'd much rather be paying my own way," he said.

He said he'd have to pay about $1,200 a month for an individual health-care plan, and it wasn't likely any insurance company would take him because of his health history, including cancer.

"The gap in coverage is what's killing people," he said. "If you have a lot of money or if you have nothing, you're OK, but everyone in between is stuck. ... I don't believe in socialism but there has to be a happy medium. There's got to be a better way."

President's Health Care Plan Deservedly DOA (MERCN)

The San Jose Mercury News, January 26, 2007

President Bush should have taken a page out of Gov. Arnold Schwarzenegger's book if he were serious about national health care reform.

Instead, the president's approach, culminating with his State of the Union address, pretty much assures the centerpiece of his domestic agenda is dead on arrival.

That's exactly what President Bush's weak, warmed-over proposal deserves.

The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured.

Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. Prior to his State of the State address, he consulted with Democratic leaders and health care experts throughout the state, and he has since welcomed alternative proposals and criticisms, creating a political aura that suggests he is more interested in ``getting it right'' than furthering a political agenda.

Monday, he continued his effort to drum up support for his plan by sitting down with nearly two dozen high-tech executives for a round table discussion at Seagate Technology in Fremont.

President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle.

Rather than a push for ``shared responsibility,'' the president continues with his view that everyone, rich and poor, should be pretty much on his own.

The president is offering a tax deduction of $7,500 for individuals and $15,000 for families to try to help purchase health insurance. But as Health Access Executive Director Anthony Wright puts it, ``that's like giving a three-foot rope to people in a 10-foot hole.''

Since it's becoming increasingly clear that the president isn't going to be able to lead a national debate on health care for his remaining years in office, it's time for the 2008 presidential contenders to start offering ideas.

They can begin by talking about their reaction to what innovative states -- including California and Massachusetts -- are doing to provide potential national models for health care reform.

Running On Empty (NYT)

By Thomas L. Friedman

The New York Times, January 26, 2007

Sorry to repeat myself, but I have the same reaction to this year's energy proposals in the State of the Union that I had to last year's. President Bush had the opportunity to launch America on a transformative new path for clean, efficient power. He had a chance for a "Nixon to China" moment — as the Texas oilman who leads us into a greener future. Instead, he gave us "Nixon to New Mexico" — right direction, but not nearly far enough.

As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired George Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip.

The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk — regarding both energy and Iraq.

"The stakes on Iraq and on climate change are way too large for us all to be just couch potatoes waiting for the messiah to come in 2009," said Fred Krupp, president of Environmental Defense. "That is not an option. Yes, it would be entertaining, but we need leadership on these issues, and we need it now."

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On energy — no, the president's proposals were not just beanbag. His call to reform CAFE mileage standards for U.S. cars "shifts the debate from whether to compel U.S. automakers to build more fuel-efficient vehicles to how much they should do so," notes a strategy consultant, Peter Schwartz. And his call for a nearly fivefold mandatory increase in the production of ethanol and other alternative fuels for cars and trucks also changes the debate from whether to how much, and which fuels.

But the devil will be in the details. Will liquefied coal be one of those alternatives — which could add to global warming — or only non-fossil-fuel alternatives? On mileage standards, U.S. automakers will lobby the White House very hard for the smallest possible change. Will they get their way? If so, there isn't much here.

The really bold, transformative — and popular — initiative Mr. Bush should have offered would either be a national cap-and-trade system for controlling CO2 emissions by utilities, manufacturers and autos, or a carbon tax. Both would create economic incentives for us to get rid of appliances, buildings and cars that emit a lot of CO2 and to invent and purchase those that don't.

But there is no reason that the Democrats could not right now put a cap-and-trade bill on Mr. Bush's desk themselves by spring, Mr. Krupp said, "and I think Bush would sign it."

It is not enough for Democrats to just hold hearings on climate change. They need to use their new power to change the climate. Not only would the public be with them, but so would big business. A coalition of America's best companies — like General Electric, DuPont, Duke Energy, Alcoa, Caterpillar — and environmentalists just issued a "call to action" for a national cap-and-trade program to limit greenhouse gas emissions.

On Iraq: talking to some of our senior military lately, I've been struck by how concerned they are about the new Bush buildup against Iran. Before we have even won one war in Iraq, the Bush team seems to be courting another with Iran. I am all for brandishing the stick with Iran, but it should be for the purpose of gaining leverage for a diplomatic dialogue with Iran and Syria about Iraq.

"When your house is burning, you don't go looking to start a fire in the next house," said Vali Nasr, author of the "The Shia Revival." Right now, he adds, everything should be subordinated to trying to salvage Iraq.

Let the troop surge be accompanied and reinforced by what the Baker-Hamilton commission proposed: a regional conference that puts Syria, Iran, Jordan and Saudi Arabia around a table with Iraqis to try to stabilize the place. And that requires that America brandish carrots and sticks with all the parties. If a real regional conference doesn't work, then Democrats who want to just set a date to withdraw will have an even stronger case because we will truly have tried everything. But let's try everything: a surge of diplomacy, not just troops.

Let the Democrats put that on the president's desk. Just as the business community would support a real climate initiative, I think the U.S. military would support a real diplomatic conference. Bush gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them — for the long haul.

President's Union Speech Pleases Conservative Base (WT)

By Ralph Z. Hallow

The Washington Times, January 26, 2007

President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress.

"He did not pander to the Democrats and independents as some thought he would," said New Jersey Rep. Scott Garrett, a conservative Republican who told The Washington Times that his House colleagues expressed a similar assessment.

Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion. But Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing.

Pat Toomey, president of the influential Club for Growth, saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans.

"A good example was health care, which was the central focus of his policy," Mr. Toomey said. "His message will appeal to voters, the middle class, Democrats and Republicans alike, because it eliminates an inequity in the tax code that has prevented the evolution of consumer-based -- as distinct from employer-provided -- health care."

"So we are every happy with his proposal, which will lower costs and provide more choice for consumers," said Mr. Toomey. "Democrats ought to like it, but I very much wonder if they to give the president any kind of victory and I am afraid they would rather have this issue to use against Republicans in the 2008 elections."

Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress.

"The top issues primarily interested the new majority," said Family Research Council President Tony Perkins. "While some of these issues have merit, the president went silent on key social issues that many Americans care deeply about. The

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overarching concern is that the administration is yielding its ability to influence the public discussion to the liberal leadership of the new congressional majority."

However, with his presidency now in its final two years, Mr. Bush must fight to maintain his influence.

"Bush is already a lame-duck president, but he is trying his best not to be considered a 'dead duck' president -- with no power or influence at all," said Merrill Matthews, an analyst at the Institute for Policy Innovation. "He was, in essence, saying, 'I am still relevant.' Bill Clinton made that claim verbally after the Republican victory in 1994. Bush is doing that by proposing several ideas -- many of them good and some of them more aligned with moderates or the left."

Because last year's election undermined Mr. Bush's political power to push his agenda, he is moving to "idea power," Mr. Matthews said. "Conservatives have always thought that ideas are the real driving force behind change," he said.

As for what, if anything, the president's sixth State of the Union will accomplish, Tom Kilgannon, president of Oliver North's Freedom Alliance, said, "It won't advance much that conservatives care about."

Senior State Department Official Resigns (AP)

By Barry Schweid

AP, January 26, 2007

Robert Joseph, the State Department's senior arms control and security official, has resigned.

Joseph submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea. Talks on both fronts have moved slowly, with U.N. penalties against both countries showing limited results. The talks are in recess.

Still, in an interview Thursday, Joseph said, "I think we have a very good record."

He cited Libya's renunciation of weapons of mass destruction and the dissolution of a network headed by A.Q. Khan, a Pakistani scientist who leaked weapons technology to North Korea, Iran and Libya.

Joseph also concentrated on what is now a grouping of more than 80 countries committed to intercepting and inspecting weapons cargo at sea and an initiative to combat nuclear terrorism.

Joseph, who will leave next month, acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to U.S. security.

While he was not a participant in negotiations with Iran and North Korea, Joseph worked on backup measures, including a financial squeeze on the two governments and putting in place the U.N. penalties.

His departure follows that of several other top diplomatic officials, including Philip Zelikow, a close adviser to Secretary of State Condoleezza Rice; Deputy Secretary Robert Zoellick; and John Bolton, the U.S. ambassador to the United Nations;

Joseph joined the department in 2005 after working on Bush's national security council staff.

He has taken a strong view on a need to eliminate North Korean and Iranian nuclear programs. He warned last month against terrorist groups and other nations acting against U.S. and commercial satellites.

In a telephone interview, he said he would write, teach and work as a consultant. He has compiled 26 years of government service, teaching intermittently over that span.

Senators Kill Minimum Wage Amendment (AP)

By Jim Kuhnhenn

AP, January 26, 2007

An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a "poison pill."

Democrats said the Republican proposal was designed to kill underlying minimum wage legislation.

An amendment offered by Sen. Jim DeMint, R-S.C., was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor.

Eighteen other states have higher minimum wages than the current federal floor, but not as high as the $7.25 in the proposed legislation.

"This is a mandate on low-cost-of-living states, but not on high-cost-of-living states," DeMint said.

The amendment failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law.

Kennedy called the amendment a ploy "intended to give senators in high minimum wage states an uncomfortable vote today not to raise wages for hardworking Americans."

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States that already have higher minimum wages than the federal floor tend to be clustered in the Northeast and the Pacific Coast. States without their own wage floor are in the Midwest and the South.

How To Make The Poor Poorer (WSJ)

By Gary S. Becker And Richard A. Posner

The Wall Street Journal, January 26, 2007

The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian.

An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. The higher prices reduce the producers' output and thus their demand for labor. The adjustments to the hike in the minimum wage are inefficient because they are motivated not by a higher real cost of low-skilled labor but by a government-mandated increase in the price of that labor. That increase has the same misallocative effect as monopoly pricing.

Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain; they are also likely to be poorer people. And poor families are disproportionately hurt by the rise in the price of fast foods and other goods produced with low-skilled labor because these families spend a relatively large fraction of their incomes on such goods. And many, maybe most, of the gainers from a higher minimum wage are not poor. Most minimum-wage workers are part time, and for the majority their minimum-wage income supplements an income derived from other sources. Examples are retirees living on Social Security or private pensions who want to get out of the house part of the day and earn pin money, stay-at-home spouses who want to supplement their spouse's earnings, and teenagers working after school. An increase in the minimum wage will thus provide a windfall to many workers who are not poor.

Some economists deny that a minimum wage reduces employment, though most disagree. And because most increases in the minimum wage have been slight, their effects are difficult to disentangle from other factors that affect employment. But a 40% increase would be too large to have no employment effect; about a tenth of the work force makes less than $7.25 an hour. Even defenders of minimum-wage laws must believe that beyond some point a higher minimum would cause unemployment. Otherwise why don't they propose $10, or $15, or an even higher figure?

A number of countries, including France, have conducted such experiments; the ratio of the minimum wage to the average wage is much higher in these countries than in the U.S. Economists Guy Laroque and Bernard Salanie find that the high minimum wage in France explains a significant part of the low employment rate of married women. Mr. Salanie has argued that the minimum wage also contributes to the dismal employment prospects of young persons in France, including Muslim youths, an estimated 40% of whom are unemployed.

As a means of raising people from poverty or near poverty, the minimum wage is inferior to the Earned Income Tax Credit, which compensates for low wages without interfering with the labor market or conferring windfalls on the nonpoor. EITC is not completely devoid of effects on efficient resource allocation, because like any other government spending it is defrayed out of taxes, and it has been abused by underreporting of income and overreporting of dependents. But it is a more efficient tax than the minimum wage as well as being more effective in redistributing income to the poor.

So why push to increase the minimum wage rather than the EITC? For one thing, unions strongly favor the minimum wage because it reduces competition from low-wage workers (who, partly because most of them work part time, tend not to be unionized) and thus enhances unions' bargaining power and so their appeal to workers. For another, increasing the EITC would mean an increase in government spending, which might require higher taxes; there is no public support for explicit tax increases and most people don't understand that regulatory laws can have the same effect as taxes.

Moreover, poor people tend not to vote; and the number of nonpoor who'd be directly benefited by an increase in the minimum wage, when combined with the number of nonpoor workers whose incomes would rise because of reduced competition from minimum-wage workers, probably exceeds the number of nonpoor who would lose jobs. Teenagers would be among the hardest hit -- and few of them are voters (if under 18, they're ineligible). While workers who receive a wage increase when the minimum wage is hiked realize they've benefited from the hike, many hurt by the hike don't realize it; teenagers and retirees who have trouble finding a job are unlikely to realize that it's because there are fewer jobs in the economy for minimum-wage workers.

Let's hope that if Congress passes a stiff increase in the federal minimum wage, George Bush will emulate Mayor Richard Daley and veto it. Several months ago the Chicago City Council, by a lopsided but not veto-proof vote, passed an ordinance requiring companies that have more than $1 billion in annual sales, and own stores in Chicago having at least 90,000 square

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feet of floor space, to pay Chicago employees a minimum wage of $9.25 an hour plus $1.50 an hour in fringe benefits, respectively rising to $10 and $3 by 2010. About 40 stores would have been affected.

The ordinance was surpassingly foolish. The retailers that would have been most affected, such as Wal-Mart, Target and Home Depot, are at best only marginally interested in placing stores in large cities because space for large stores and for the parking they require is much more expensive than in suburbs and smaller towns. Moreover, these companies could offset much of the effect of the ordinance by opening more stores in suburbs within easy reach of Chicago, or by holding their floor space to just below 90,000 square feet. Fewer jobs would be available to low-skilled workers in the city, and families with modest incomes who seek low prices rather than elaborate service would be hurt more than the affluent by the increase in prices and reduced availability of big box outlets.

Who would favor such a bad ordinance? Conventional supermarket chains and clothing stores, of course, and unions -- the latter not only for the usual reasons but also because big box companies oppose unions; the ordinance sent a signal that unions have enough political clout to make life difficult for large nonunion retailers. The absence of opposition to the ordinance from low-income consumers is not surprising because they are not organized to exert political pressure. The aggressive support of the ordinance by most of the council's black members is more difficult to understand, but the explanation may be that they are allied with unions. They may have realized that their constituents would be harmed by the ordinance, but believed that in return for taking this hit they would get the support of unions for measures that would help low-income families.

The failure of the Chicago ordinance and related local measures helps to explain the push to raise the federal minimum wage. The ordinance would have been particularly destructive -- hence Mayor Daley's veto of it -- because the smaller the scope of a minimum-wage increase, the more easily it is evaded, though possibly at great social cost. A federal increase would have a smaller social cost per worker covered, but presumably a larger overall social cost. Chicago's "big box" ordinance is evidence, if any is needed, that politics can override economic sanity. One can only hope that this lesson will not be repeated on the national stage.

Mr. Becker, the 1992 Nobel economics laureate, is professor of economics at the University of Chicago and senior fellow at the Hoover Institution. Mr. Posner is a federal circuit judge and a senior lecturer at the University of Chicago Law School.

Lawmakers Target Rising Credit Penalties (AP)

By Marcy Gordon

AP, January 26, 2007

Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory.

The credit card industry and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students.

Credit cards have become a ubiquitous and indispensable part of the culture, with an estimated 640 million cards in Americans' wallets and more than $1.8 trillion charged on them in 2005. Many depend on them to pay their bills and buy groceries or gasoline. But consumer groups and other critics say fees are excessive and information provided to consumers is confusing.

The banking industry maintains that credit cards are an essential element of the economy, providing convenience to consumers _ at flexible interest rates according to the risk of the holder. Industry officials have acknowledged that the disclosure material provided to consumers could be improved.

"I would like to put the credit card industry ... on notice," said Sen. Christopher Dodd, D-Conn., the committee's chairman. "If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice."

Banks and other credit card issuers "should take a long, hard look at how you treat your customers," he said.

Dodd, one of several Democrats in the Senate who are seeking the party's presidential nomination in 2008, has put consumer issues on the committee's agenda for this year.

If the industry doesn't improve practices on its own, legislation may be needed, he indicated.

Dodd and other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp.

The executives defended their practices as fair and responsible. Most customers pay their bills on time, and only a small proportion of them represent a risk of default and are subject to punitive measures, they said.

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Some members of the committee, mostly Republicans, said that while improved disclosure is needed, lawmakers should avoid imposing requirements or sanctions for the credit card industry that would amount to price controls.

"I think we should recognize that the market does work," said Sen. Bob Bennett, R-Utah.

A study by congressional investigators released in October found that fees for paying credit card bills late averaged $34, up from $13 in 1995, while some card issuers impose penalty interest rates of more than 30 percent on consumers who pay late or exceed the credit limit.

Among other practices cited at Thursday's hearing:

_Some credit card issuers use a billing method that charges interest on credit card debt already paid by the consumer.

_The massive solicitations mailed to consumers _ an estimated 6 billion in 2005 _ and targeting of college students and the elderly.

FCC To Feel Unfamiliar Heat From Democrats (WP)

By Charles Babington

The Washington Post, January 26, 2007

As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges.

The Republican-controlled FCC -- which makes far-reaching decisions on telephone, television, radio, Internet and other services that people use daily -- has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday.

Senators vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years.

"They've effectively emasculated any public-interest standards that existed" for radio and TV stations, said Sen. Byron L. Dorgan (D-N.D.), a committee member who plans sharp questions on decency, media consolidation and other topics. "The entire Congress for years now has been devoid of any kind of oversight," he said, and the new Democratic majority is launching a process that will force the FCC to "beat a path to Capitol Hill to respond."

Rep. Edward J. Markey (D-Mass.), a senior House Commerce Committee member, said he plans "comprehensive hearings on net neutrality" later this year. The term refers to measures barring telephone and cable service providers from charging Web-based companies for priority access to the Internet. Markey supports such proposals, while the FCC's Republican members generally oppose them.

FCC Chairman Kevin J. Martin, a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation.

"McDowell has been critical of Kevin Martin on a number of occasions," said industry analyst Blair Levin. Although both men are conservative Republicans, Levin said, their independence is partly explained by their different political bases -- Martin's in the Bush administration, McDowell's in Congress.

In the legal, lobbying and industrial circles that monitor the FCC, opinions vary on the severity of the Martin-McDowell rivalry.

Publicly, the two men have played down their differences and said they have a good working relationship. "The chairman and I have been friends for more than a decade," McDowell, 43, said in an interview. "We have a strong and durable relationship. . . . We will still have some differences, but we work together."

A spokeswoman for Martin, Tamara Lipper, said the two men "have a very good relationship."

The FCC's commissioners -- currently three Republicans and two Democrats -- are appointed by the president, confirmed by the Senate, and allowed to operate largely independently of each other. Intra-agency and intra-party feuds are not uncommon, and many analysts noted that Martin clashed with former chairman and fellow Republican Michael K. Powell.

"When Michael Powell was FCC chairman, Kevin Martin was viewed as the maverick Republican," said Philip J. Weiser, a law professor at the University of Colorado who specializes in telecommunications. "And now he has to deal with his own maverick Republican."

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Martin, 40, and McDowell clashed even before McDowell arrived at the FCC in June. McDowell handed Martin a stinging setback by saying the FCC had no authority to require cable companies to carry additional digital broadcast channels, a key industry issue that Martin hoped to bring to a vote.

The two subsequently tangled on other issues, most notably the $85 billion merger between AT&T and BellSouth approved by the FCC last month. Martin needed McDowell's vote to break a deadlock. But McDowell effectively held the process up, insisting that he could not take part in a vote because he previously worked as a lobbyist for an association representing companies that competed against AT&T and BellSouth.

McDowell's sharp criticism of arguments in favor of a full commission vote were widely regarded as a rebuke of Martin. Ultimately, the merger was approved, but only after the companies made concessions sought by the two Democratic commissioners.

Martin, McDowell and their colleagues may need all the camaraderie and cohesion they can muster at next week's hearing. With Democrats now in control of Congress, Dorgan said, "the running room of the FCC is going to be limited."

A No Vote On Senate Raises Just Might Count (NYT)

By David D. Kirkpatrick

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — It is a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform.

Some members vote for it, but the proposal usually fails. And even the reformers get their raise.

The Senate, at least, may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed.

Last year, a senator would have lost $3,100 out of a salary of $165,200. (The Senate has delayed taking a pay increase this year until after it finishes debating whether to increase the federal minimum wage for the first time in nearly 10 years.)

The penalty for opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase “the greatest single hypocrisy every year.”

“All the press releases hit the home state,” he said in a speech last year introducing the idea. “And then, of course, it is defeated, and they end up taking the increase anyway.”

The idea is a rare attempt to punish lawmakers financially on the basis of how they vote. Could the Senate, for example, cut a member’s pay for a vote to increase the deficit? For one against a new minimum wage?

“It is a precedent that could lead to a slippery slope,” said Kenneth A. Gross, an expert on political law. But, he acknowledged, lawmakers voting against a raise “would have to put their money where their mouth is.”

The Democratic and Republican Senate leaders incorporated the measure into their bipartisan ethics proposal, and the Senate passed it by a vote of 96 to 2 without further discussion.

But in an interview this week a spokesman for the Senate rules committee suggested that a House and Senate conference might revisit the provision before it became law.

Tancredo: Abolish Race-based Caucuses (AP)

By Laurie Kellman

AP, January 26, 2007

White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished.

"It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race," said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration.

"If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses," said Tancredo, who is scheduled to pitch his long-shot presidential bid this weekend in New Hampshire.

One caucus member dismissed Tancredo's comments as sour grapes from a dethroned Republican _ who also happens to be running for president.

"This story is really about a member of the minority party using intolerance to advance his presidential campaign," said Rep. William Lacy Clay, D-Mo.

Tancredo's request, relayed in a letter to Administration Committee Chairwoman Juanita Millender-McDonald, D-Calif., revived his effort to change House rules to abolish the groups.

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Besides the Congressional Black Caucus, Democrats also have a Hispanic caucus with 21 members, and Republicans have a comparable Hispanic conference with five full members and 11 "associate" members who are not Hispanic.

The request comes in the wake of reports that freshman Rep. Stephen Cohen, D-Tenn., was refused admission to the Congressional Black Caucus because he is white. All 43 members of the caucus are black.

Cohen said in a statement that he told a reporter that he would be honored to join the caucus but did not apply, "nor has the CBC denied membership to me."

However, the group would not have permitted Cohen to join, its new chairwoman told The Associated Press. Rep. Carolyn Cheeks Kilpatrick, D-Mich., said the caucus decided early on that official membership would be restricted to blacks.

Tancredo is chairman of the Congressional Immigration Reform Caucus, which seeks to toughen border security to stem illegal immigration. He also opposes guest worker programs and immigration proposals by President Bush.

Tancredo: Ban Minority Caucuses (DENP)

By Anne C. Mulkern

Denver Post, January 26, 2007

Washington - Rep. Tom Tancredo called today for abolishment of the Congressional Hispanic Caucus, Black Caucus and Asian Pacific American Caucus, saying they equal racial segregation

"It is utterly hypocritical for Congress to extol the virtues of a color-blind society while officially sanctioning caucuses that are based solely on race - and restrict their membership based on race," Tancredo wrote in a letter to Rep. Juanita Millender-McDonald, D-Calif., who oversees the caucuses.

Tancredo, a Littleton Republican who is considering a presidential run, first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white.

A spokesman for Cohen said "He never formally sought membership in the Congressional Black Caucus, nor has the Congressional Black Caucus denied membership to him," said Cohen's spokeswoman, Marilyn Dillihan.

Cohen, Dillihan said "really regrets that this is being used the way it's being used."

Whether Cohen officially asked to join or not is irrelevant, Tancredo spokesman, Carlos Espinosa, said. If he had asked to join, Espinosa said, he would not have been allowed.

"The policy is what's relevant here," Espinosa said.

Rep. John Salazar, D-Manassa, belongs to the Congressional Hispanic Caucus.

When Tancredo previously said the caucuses should be eliminated, a member of the Congressional Hispanic Caucus called that statement "more race-baiting" by Tancredo. The black, Hispanic and Asian-American caucuses exist because few members of Congress come from those racial groups and they need a unified voice, said Rep. Raul M. Grijalva, D-Ariz.

FEDERAL DIARY: Head Of TSP Moving On (WP)

By Stephen Barr

Washington Post, January 26, 2007

His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company.

Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services. He will probably leave the agency early next month, a TSP spokesman said.

Amelio expanded TSP investment options in 2005 by adding life-cycle funds as a way to help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit TSP participants to select an investment mix linked to the time they expect to draw down their savings. The funds rely on asset allocation models that professional managers have determined can produce the maximum returns for the minimum risk.

During his 3 1/2 -year stint with the TSP, Amelio resolved problems that had delayed a new computer system that keeps track of accounts on a daily basis and introduced a toll-free telephone service. The TSP is one of the world's largest retirement plans, with about $206 billion in assets.

In accepting the resignation, Andrew M. Saul, the chairman of the Federal Retirement Thrift Investment Board, praised Amelio for upgrading TSP operations. A recent survey of TSP participants showed that 85 percent are satisfied with the retirement plan, a sign that Amelio's changes have been well received, Saul said.

Mark E. Singleton, the president and chief executive at ULLICO, said the union-owned company manages about $4.6 billion in pension assets and will look to Amelio to expand retirement services to meet the needs of union members, especially

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baby boomers who will be leaving the workforce in the next few years. ULLICO dates back to 1927, when it began offering life insurance to construction workers.Settlement at Social Security

A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced.

Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them.

The union recently filed a grievance on behalf of the employees, contending they had followed the orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants.

The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing. The inspector general was pursuing civil penalties against the employees, and a $215,000 fine had been proposed for one worker. The judge in charge of the cases died in 2003.

The employees, as part of the settlement, will cooperate in a review of "this misguided attempt to streamline the appeals process," Jonathan L. Lasher, a deputy chief counsel for the inspector general, said in a statement. Interviews with the employees will be the first step in a new audit focused on disability adjudication policies and practices, he said.

Kelley said the settlement showed that "these employees did nothing wrong. It is outrageous that the inspector general used his considerable authority to put these employees in fear of losing, not only their jobs, but their life savings, when all they were doing was carrying out the job duties as directed by their supervisor."Talk Shows

Beth Moten, director of the American Federation of Government Employees Legislative and Political Affairs Department, outlines the union's goals in Congress on "Inside Government" at 10 a.m. today on http://Federalnewsradio.com and WFED (1050 AM).

R. Allen Pittman, assistant secretary for human resources and administration and the chief human capital officer at the Veterans Affairs Department, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK (106.7 FM).

Ginsburg 'Lonely' Without O'Connor (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench.

"The word I would use to describe my position on the bench is lonely," Ginsburg, 73, said in an interview with USA TODAY.

ONE-WOMAN COURT: Composition in contrast to gains elsewhere

"This is how it was for Sandra's first 12 years," she said, citing the time from O'Connor's appointment in 1981 to Ginsburg's arrival in 1993. "Neither of us ever thought this would happen again. I didn't realize how much I would miss her until she was gone."

A year after Ginsburg joined the court, O'Connor recalled welcoming the new justice "with enormous pleasure," in part because O'Connor no longer would be the court's only symbolic representative for American women. They confided in each other, and when Ginsburg had surgery for colorectal cancer in 1999, O'Connor, a breast cancer survivor, was the first person to call her in the hospital.

O'Connor, a Reagan appointee, was at the ideological center of the divided court, a key backer of abortion rights and affirmative action in education. President Bush tried to replace her with a woman, then-White House counsel Harriet Miers, but the nomination died amid questions about her qualifications. Bush turned to Samuel Alito, whose record suggests he could tilt the court to the right.

The justices are weighing cases on abortion and school integration. Ginsburg, a Clinton appointee on the court's liberal wing, won't discuss how O'Connor's exit will change the court, saying only, "This term may be very revealing."

For now, O'Connor's absence is more symbolic. In court, the sight of Ginsburg — a slight figure in a tall, black leather chair, flanked by eight men — contrasts with the rising prominence of women in Congress. The number of female judges also is rising: Of the 875 federal judges, 201 are women.

Ginsburg is encouraged by such numbers, but disconcerted by the look of her own court. She said with O'Connor, the message was: "Here are two women. They don't look alike. They don't always vote alike. But here are two women." The former women's rights lawyer fears the message now is that a woman justice is a "one-at-a-time curiosity, not the normal thing."

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High Court Just A 1-woman Show (USAT)

By Joan Biskupic

USA Today, January 26, 2007

WASHINGTON — When Louisiana teacher Stephanie Goodrich began a session with her eighth-grade honors class on the Supreme Court this month, she showed them a picture of the nine justices.

"They said, 'Could there be only one lady on the court?' " recalled Goodrich, who is in her 15th year teaching in the Alexandria, La., school district. Goodrich said her students are used to seeing women in key government positions. Louisiana has a female governor, Kathleen Blanco; one of its two U.S. senators is Mary Landrieu.

The makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the U.S. judiciary, where women have made historical gains. After she was elected as the first female speaker of the House, California Democrat Nancy Pelosi declared that women had "broken the marble ceiling" in Congress.

Meanwhile, the number of women serving as federal judges across the nation has soared since 1977. Before Jimmy Carter became president, eight women had been appointed to federal judgeships in U.S. history. There now are 201 women on the 875-member federal bench.

Back at the Supreme Court, however, Ruth Bader Ginsburg, 73, is acknowledging her discontent with being the lone woman on the court. Since Sandra Day O'Connor was replaced by Samuel Alito a year ago, Ginsburg has worried about the symbolism of having just one woman on the court.

The message of the court's current makeup, Ginsburg says, is that a female jurist is "aberrational," when "if you look at courts generally, women are well represented."

"Having only one of nine judges with a woman's experience definitely seems out of date," said Celinda Lake, a Democratic strategist and pollster. "People don't want a woman just for a woman's sake, but they do respond to the argument that women bring a certain experience."

President Bush tried replacing O'Connor with a woman, nominating then-White House counsel Harriet Miers for the seat. However, Miers withdrew under criticism about her qualifications and conservatism, and the post went to Alito.

Alito's comments in court have suggested he might help move the bench toward the right on matters such as abortion rights and affirmative action in education. O'Connor was a key vote in supporting both.

Ginsburg, a member of the court's liberal wing, also supports abortion rights and affirmative action. However, her concern about the court's makeup is rooted more in a desire for jurists who have experienced American life as women than for those who would agree with her on the law. Ginsburg and O'Connor — who regularly voted with the court's conservative wing — often did not agree on cases.

Beyond the legal issues, analysts disagree about the significance of having just one woman on the Supreme Court.

Lee Arbetman, director of U.S. programs for Street Law, a non-profit organization that works with high school social studies teachers, said diversity in positions of power offers all students role models and builds confidence in the institution.

"There aren't men's outcomes and women's outcomes in (court) cases," he said. "But there is value in the different experiences men and women bring to the court. Women experience some aspects of the world differently, just as people of color experience some aspects of the world differently."

The court has only one member of a racial minority, Clarence Thomas. He was the second black justice appointed to the court, after the late Thurgood Marshall, who served from 1967 to 1991.

In the fall of 2005, when Bush nominated Alito to succeed O'Connor, few Americans seemed to care that a man would replace the first female justice. A USA TODAY/CNN/Gallup Poll just before the nomination indicated that 15% of the respondents said it was "essential" to nominate a woman; 33% said it was a "good idea; not essential," and 49% said it "doesn't matter."

The conservative American Enterprise Institute's Karlyn Bowman, who specializes in opinion polls, said that "men and women thought it would be nice, but that it should not be determinative." Bowman said that when it comes to establishing role models for young people, gender diversity is not as important as it was in earlier decades. "We are past that for young women, because women have risen to leadership positions" in many fields.

Sheila Krumholz, executive director of the Center for Responsive Politics, said she believes it still matters to girls. And for women in important jobs, "having other woman around is liberating. It's no longer all eyes on you."

In Louisiana, Goodrich said her students have indicated they believe the most qualified people should be on the high court, irrespective of their sex.

Goodrich said the girls in her class sympathize with Ginsburg. They "said they felt sorry for Justice Ginsburg, being the only one," Goodrich said. "One girl said, 'She kind of carries the weight of all the ladies. At least when there were two ladies on the court, she had backup.' "

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When Ginsburg was told of the girl's comment, she said, "That is very insightful."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, January 26, 2007

'The War'

There was barely a dry eye in the house when Veterans Affairs Secretary Jim Nicholson played host this week to a special screening by acclaimed filmmakers Ken Burns and Lynn Novick.

Mr. Burns and his longtime collaborator, best known for their documentaries "The Civil War," "Baseball" and "Jazz," have just completed "The War," a 14-hour documentary on World War II slated to air on PBS in September.

Mr. Nicholson's invited guests for the 45-minute sneak preview of "The War" included 25 veterans of the "Greatest Generation," who told Inside the Beltway that they were "thrilled" and "moved to tears" that the filmmakers had chosen World War II as the topic for their latest documentary.

Personal sermon

"Oh yes, things are quieting down," a somewhat relieved the Rev. Art Smith, pastor of St. Thomas Aquinas Catholic Church in Buffalo, N.Y., told Inside the Beltway by telephone yesterday, after New York Rep. Brian Higgins and his family abruptly walked out of Mass there on Sunday.

The Democrat received what was described as a public tongue-lashing from the pulpit by deacon Tom McDonnell because of his support for embryonic stem-cell research.

"Everybody has their own version to the story," Father Smith told us yesterday, assuring us that he was not trying to downplay the "emotion of the situation."

The pastor, who more than a decade ago worked in television for the U.S. Conference of Catholic Bishops in Washington, has been sharply critical of the deacon's sermon. Indeed, Father Smith took to the pulpit and apologized to the congregation.

In addition, Buffalo Bishop Edward U. Kmiec has issued a statement critical of Mr. McDonnell's personal attack, saying no member of the congregation, congressman or otherwise, should be confronted from the holy altar.

Mr. Higgins gave Inside the Beltway the following statement yesterday: "On the incident itself — I never apologized for leaving the church service last Sunday. ... Under the circumstances, leaving was the appropriate thing to do."

Ouch!

As House Republicans continue to draft a new battle plan at their annual legislative retreat on Maryland's Eastern Shore, they might keep in the back of their minds an observation from Democratic National Committee Chairman Howard Dean, who commented this week about the November elections and the subsequent shift of power on Capitol Hill: "The Republicans never knew what hit them."

Spilling to Sidey

First lady Laura Bush today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he.

Take the time shortly before his untimely death in November 2005, when Mr. Sidey, who covered the White House for decades, was invited into the Houston living room of former President George Bush and Mrs. Bush to chat about the second presidential term of their son, George W. Bush.

Mr. Bush: "Kitty Kelley. Did you see where somebody handed her her hat the other night, the Washingtonian? [The notorious Washington author's name was dropped from the magazine's masthead.] I loved that."

Mrs. Bush: "Remember when Ann Richards said George Bush was born with a silver foot in his mouth? And then when George beat her in his first run for governor — I must say I felt a certain sense of joy that he finally had kind of taken her down. I could go around saying, 'We showed her what she could do with that silver foot, where she could stick that now.' "

Mr. Bush: "Michael Moore's got to be the worst for me. I mean, he's such a slimeball and so atrocious. But I love the fact now that the Democrats are not embracing him as theirs anymore."

Mrs. Bush: "[President Bush] knows we're the only two people in America who are awake at 6 in the morning. He calls from the Oval Office to talk to George, and we put him on speakerphone."

Mr. Bush: "The thing that was perhaps the most hurtful to me was the theme that the president doesn't know what he's doing, that he's dumb, that he's some know-nothing cowboy from Texas. And when I sat with him, as I did out at Camp David, at Crawford, and heard him with the intelligence people, talking about the world and asking the appropriate questions — what's the development in this country or that — I was surprised at how broad the vision and grasp are. But he gets no credit for that."

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Stealthy Maneuver: The CIA Captures An A-12 Blackbird (WSJ)

By Jonathan Karp

The Wall Street Journal, January 26, 2007

The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird.

The CIA plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991.

Even though a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears.

"Possession is nine-tenths of the law, so until they drag it away with me screaming, we have a chance," said James Goodall, an aviation buff and retired Minnesota National Guardsman who salvaged the plane and led efforts to preserve it.

The A-12 Blackbird, retired in 1968, was the forerunner to the better-known SR-71 Blackbird. The stealthy A-12 is one of the fastest aircraft ever made, capable of flying at more than three times the speed of sound and at the edge of space. The plane originated as part of a CIA program code-named "Oxcart." Of the 15 A-12s built by Lockheed Martin Corp.'s famed Skunk Works advanced projects unit, nine remain. One is on display at an Air Force base, and the others are at museums around the country.

Mr. Goodall and his supporters don't question the right of the Air Force, which controls these decommissioned warplanes, to reclaim an A-12 and lend it to the CIA as an oversize lawn ornament inside the agency compound. Instead, their two-month dogfight has been aimed at getting the Air Force to justify removing the Minnesota museum's crown jewel while three A-12s sit in Alabama, including one that has been neglected since suffering hurricane damage. Another is parked on the USS Intrepid aircraft carrier, a floating Manhattan museum that will be closed until late next year because of renovation work across the Hudson River.

The CIA, whose headquarters isn't open to the public, had no role in selecting which plane it would receive. The Air Force says the Minnesota Air National Guard doesn't have a historical connection to the A-12, and though the Minnesotans have taken good care of their A-12, the volunteer-run museum doesn't meet the Air Force's current legal requirements for its museums. For one thing, it doesn't have a salaried director. After reviewing all nine A-12s, "The only one that didn't have a legitimate rationale for its location was Minnesota's," said Terry Aitken, senior curator at the National Museum of the U.S. Air Force.

That logic outrages Mr. Goodall, 61 years old, who spent 20 years in the Minnesota Air National Guard and his entire adult life smitten with the A-12. He says he became an "airplane nut" at age 5 when he saw a squadron of B-36 bombers flying over San Francisco Bay. He first glimpsed a Blackbird as an 18-year-old Air Force recruit at Edwards Air Force Base in California. It was March 10, 1964, and "it affected me forever," he says.

Over the years, Mr. Goodall became an expert, writing five books on the supersonic plane. He built a rapport with Ben Rich, who developed the Blackbird for Lockheed and eventually ran Skunk Works. Mr. Goodall says he got a tip from Mr. Rich in 1989 that the Blackbird program would be canceled. "If anyone can scrounge one, you can," he says the late Mr. Rich told him.

At the time, Mr. Goodall was the staff historian for the 133rd Airlift Wing of the Minnesota Air National Guard. He hatched a scheme to rescue an A-12 from the scrapheap in Palmdale, Calif. In 1990, Minnesota's congressional delegation backed the Air Guard museum's request, citing the fact that companies in Minnesota supplied key Blackbird components and that some Blackbird pilots hailed from the state.

The Air Force was happy to unload the A-12 to avoid a costly process of destroying the asbestos-packed plane. Once the Air Force museum agreed to the loan, Mr. Goodall arranged for two massive cargo planes from the New York Air National Guard to haul the Blackbird in pieces from California. He persuaded a local hotel to put up the flight and moving crews free of charge for 10 days. "The Air Force estimated the move would cost $500,000. I got it done for $27,000. That makes me the deal-of-the-century guy," Mr. Goodall says.

Back in St. Paul, he marshaled volunteers and corporate donations for restoration work. He then spent years -- and thousands of his own dollars, he says -- scrounging for cockpit instruments, at one point swapping a prized ejection seat from his private collection to get a supersonic speedometer known as a Mach meter.

All was well until last November, when the museum got a letter from Mr. Aitken, the Air Force museum curator, invoking a provision of the loan agreement that allows the Air Force to reclaim its plane by giving 60 days' notice. The only reason Mr. Aitken cited for the decision was the need to "satisfy current exhibit requirements."

Distressed local Air Guard commanders appealed to save the A-12, calling it a "labor of love." Mr. Aitken replied that the plane didn't conform to the air park's primary mission, which is to commemorate the state guard wing's history, and said it would

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be better suited at the CIA. Mr. Goodall, who is now retired in Seattle but returns to the Twin Cities occasionally to visit his beloved Blackbird, energized the opposition movement by urging guardsmen and the museum's civilian nonprofit foundation to enlist Minnesota and national politicians. He also mobilized support from former A-12 pilots.

Mr. Goodall's plea: If the Air Force wants a plane to commemorate the CIA's pioneering past, it should take one that actually flew in combat. Minnesota's plane never saw action. The A-12 in Birmingham, Ala., on the other hand, photographed North Vietnamese surface-to-air missile sites in 1967, later sustained flak damage, and flew over North Korea on a spy mission in 1968 after the North Koreans captured the USS Pueblo, claiming the Navy ship had strayed into its territorial waters.

Some Minnesotans are upset that the Air Force gave short notice and didn't offer to discuss its A-12 plans. "This is a museum, a community, not a war game," said Mark Ness, vice chairman of the museum foundation and a retired Air National Guard brigadier general. Mr. Goodall knew the odds were long. The Air Force has plucked other planes despite local resistance, including a B-36 bomber taken from Fort Worth, Texas, and the celebrated World War II B-17, the Memphis Belle, from its namesake city in Tennessee.

Even as another joint appeal from Minnesota's congressional delegation was delivered to the Air Force secretary Friday, the Air Force museum told guardsmen in Minneapolis-St. Paul to prepare for the movers.

The Minnesota museum's supporters have retained a former state supreme court justice as their lawyer, but as the moving crew continued to unbolt the A-12's wings yesterday, they had yet to decide whether to seek a court injunction against the move. Mr. Goodall, who refers to the plane as "my A-12," has made his own unilateral sortie. He has removed some cockpit instruments he had donated. "No one will see them anyway if the plane is on a pole," he says. "I'll be damned if the CIA...will get their hands on these."

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On Being Partisan (NYT)

By Paul Krugman

The New York Times, January 26, 2007

American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that “politics has become so bitter and partisan” — which it certainly has.

But he then went on to say that partisanship is why “we can’t tackle the big problems that demand solutions. And that’s what we have to change first.” Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we’ll eventually have a new era of bipartisanship — but that will be the end of the story, not the beginning.

Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower.

You see, the nastiness of modern American politics isn’t the result of a random outbreak of bad manners. It’s a symptom of deeper factors — mainly the growing polarization of our economy. And history says that we’ll see a return to bipartisanship only if and when that economic polarization is reversed.

After all, American politics has been nasty in the past. Before the New Deal, America was a nation with a vast gap between the rich and everyone else, and this gap was reflected in a sharp political divide. The Republican Party, in effect, represented the interests of the economic elite, and the Democratic Party, in an often confused way, represented the populist alternative.

In that divided political system, the Democrats probably came much closer to representing the interests of the typical American. But the G.O.P.’s advantage in money, and the superior organization that money bought, usually allowed it to dominate national politics. “I am not a member of any organized party,” Will Rogers said. “I am a Democrat.”

Then came the New Deal. I urge Mr. Obama — and everyone else who thinks that good will alone is enough to change the tone of our politics — to read the speeches of Franklin Delano Roosevelt, the quintessential example of a president who tackled big problems that demanded solutions.

For the fact is that F.D.R. faced fierce opposition as he created the institutions — Social Security, unemployment insurance, more progressive taxation and beyond — that helped alleviate inequality. And he didn’t shy away from confrontation.

“We had to struggle,” he declared in 1936, “with the old enemies of peace — business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering. ... Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hate for me — and I welcome their hatred.”

It was only after F.D.R. had created a more equal society, and the old class warriors of the G.O.P. were replaced by “modern Republicans” who accepted the New Deal, that bipartisanship began to prevail.

The history of the last few decades has basically been the story of the New Deal in reverse. Income inequality has returned to levels not seen since the pre-New Deal era, and so have political divisions in Congress as the Republicans have moved right, once again becoming the party of the economic elite. The signature domestic policy initiatives of the Bush administration have

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been attempts to undo F.D.R.'s legacy, from slashing taxes on the rich to privatizing Social Security. And a bitter partisan gap has opened up between the G.O.P. and Democrats, who have tried to defend that legacy.

What about the smear campaigns, like Karl Rove's 2005 declaration that after 9/11 liberals wanted to "offer therapy and understanding for our attackers"? Well, they're reminiscent of the vicious anti-Catholic propaganda used to defeat Al Smith in 1928: smear tactics are what a well-organized, well-financed party with a fundamentally unpopular domestic agenda uses to change the subject.

So am I calling for partisanship for its own sake? Certainly not. By all means pass legislation, if you can, with plenty of votes from the other party: the Social Security Act of 1935 received 77 Republican votes in the House, about the same as the number of Republicans who recently voted for a minimum wage increase.

But politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right — and they should welcome that hatred, not fear it.

OTHER NEWS:

Home Sales Slipped In December (LAT)

By Jesus Sanchez

The Los Angeles Times, January 26, 2007

Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today.

Total existing-home sales — including detached houses and condominiums — in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors.

For the year, existing home sales totaled 6.48 million properties — the third best year for home sales. However, last year's results represented an 8.4% decline from record high sales in 2005. It was the biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press.

Despite the sales slide, NAR chief economist David Lereah said a decline in the number of homes available for sale at the end of last year and other data suggested that the housing market might be bottoming out after a lengthy slow down.

"It looks like we're moving beyond the low for the housing cycle last fall, and buyers are responding to historically low interest rates and competitive pricing by home sellers," said Lereah said in a statement. "In addition, a tightening inventory of homes on the market is supporting prices."

Prices, after surging up in recent years, also remained relatively flat at the end of last year. In December, the national median sales price remained unchanged from the same month in 2005 at $222,000 (The median is a typical market price where half of the homes sold for more and half sold for less). For all of 2006, the median price was also $222,000, up 1.1 percent from a median of $219,600 in 2005.

In California, sales of existing homes (excluding condominiums) fell 15.3% in December on a year-over-year basis to a seasonally adjusted, annual pace of 450,550 properties, according to the California Assn. of Realtors. The median sales price, meanwhile, rose 3.7% during the same period to $547,400.

The median number of days it took to sell a single-family home was 73 days in December 2006, compared with a revised 43 days in December 2005.

"The market continues to level out as buyers and sellers search for common ground in today's more balanced environment," said Colleen Badagliacco, president of the state association, in a statement. "The number of homes for sale peaked in June and July and has since edged downward. Although time on the market remains higher than it was a year ago, competitively priced homes continue to sell well."

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Existing-Home Sales Plunge, But Pace Is Expected To Ease (WSJ)

By Michael Corkery

The Wall Street Journal, January 26, 2007

Homes sales in 2006 tumbled at the fastest pace in 17 years, although economists believe the worst of the housing correction may have passed and sales could start to rebound later this year.

The National Association of Realtors said sales of existing, or previously owned, homes fell 0.8% in December from the previous month to a seasonally adjusted annual rate of 6.22 million units. For all of 2006, sales of existing homes totaled 6.48

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million. That was down 8.4% from 2005 and was the largest annual decline since 1989, when rising interest rates and relatively high unemployment fueled a housing recession.

Even after last year's sharp drop, 2006 was the third-strongest year for home sales since the NAR began tracking sales in 1968. And prices managed to move slightly higher in 2006; the existing-home median price was up 1.1% to $222,000.

"We have to remember how strong and some might say overheated the housing market was in 2005 in terms of sales and investor demand," said Stuart Hoffman, chief economist of PNC Financial Services Group in Pittsburgh. Last year showed a big drop as a whole "but to a level that frankly is still reasonably active with over six million home sales."

Sales of condominiums and cooperatives led the decline for the year, falling 10.4% to 803,000 units. Sales of single-family homes were off 8.1% to 5.68 million. However, data for the month of December suggested that the condominium market may be starting to recover, and at a faster pace than the market for single-family homes. Condominium sales rose 2.1% in December compared with the previous month as sales of single-family homes declined 1.3%.

Although sales were down across the nation in December, the biggest year-over-year declines occurred in the West, where sales plunged 15.5%. December sales were down 7.1% in the South from a year earlier, 5.5% in the Northeast and 5.8% in the Midwest.

For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. "The biggest drop is probably behind us," said Fannie Mae's chief economist, David Berson. "But it's still too soon to say this is unambiguously the bottom."

Forecasts for 2007 vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%.

Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come. "Everything in a housing cycle doesn't turn at once," he said. "Lagging indicators will weaken as much as the leading indicators already did."

Separately, the Labor Department reported that new claims for unemployment insurance jumped 36,000 to 325,000 in the week ended Jan. 20. Claims had been below the 300,000 level -- which economists consider a benchmark for very tight labor markets -- the previous two weeks. The Jan. 13 reading was revised to 289,000 from a previously reported level of 290,000.

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Sales Of Existing Homes In ’06 Had Biggest Drop In 17 Years (NYT/AP)

By The Associated Press

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 (AP) — Sales of existing homes fell last month, closing out a year when demand for homes slumped by the largest amount in 17 years.

The National Association of Realtors reported that sales of existing homes were down 0.8 percent in December, a bigger decline than had been expected. For the year, sales fell by 8.4 percent, the biggest annual decline since 1989, when sales of existing homes fell by 14.8 percent.

The sales figure underscored the sharp contraction in the once-highflying housing market, which before last year had set sales records for five straight years.

Even with the sharp decline in sales last year, the median price of an existing home sold in 2006 managed to rise 1.1 percent. But that was far below the double-digit gains during the boom years. The median home price rose by 12.4 percent in 2005.

Economists said they believed that the low point for housing had been reached, and they were forecasting a slow rebound in 2007. Because of that optimism, analysts say they do not believe the slump in housing will drag the overall economy into a recession.

The 0.8 percent drop in sales in December came after two straight months of improving sales, the first back-to-back sales gains since the spring of 2005.

David Lereah, chief economist for the Realtors, said that he believes that sales of existing homes have hit bottom and will start to gradually improve.

He said that in 2005, 40 percent of the market represented purchases of second homes and investors buying homes looking to resell them for quick profits.

He said speculators had now left the market and that should leave sales at a more sustainable level.

In other economics news, the number of Americans filing applications for unemployment benefits shot up last week by the largest amount in 16 months, reversing two weeks of big declines.

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The Labor Department reported that 325,000 newly laid-off workers filed claims for jobless benefits last week, an increase of 36,000 from the previous week. That was the biggest one-week rise since a surge of 96,000 claims the week of Sept. 10, 2005, when devastated Gulf Coast businesses laid off workers after Hurricane Katrina.

Home Sales Down 8.4%, Could Be At Bottom (USAT)

By Noelle Knox

USA Today, January 26, 2007

Sales of existing homes slid 8.4% last year, the steepest fall in 17 years, but the market probably hit bottom in September and is entering a slow recovery that will last until June, the National Association of Realtors said Thursday.

One sign the market could revive this year is that the median home price, which had fallen for four months, was unchanged at $222,000 in December and was up 1.1% for all of 2006. And though it's still a buyer's market in most of the USA, the 7.3-month glut of homes for sale in November shrank to 6.8 months.

"It looks like we are on the bottom, and we will be scraping bottom as we move along," said David Lereah, the NAR's chief economist. "The worst is over for existing-home sales, but I'm still troubled about new homes."

The Commerce Department will release new-home sales today. Those sales are expected to be down 17% for 2006 and to fall a further 9.7% this year, Lereah says.

Not everyone is ready to herald the end of the correction for existing homes. From November to December, they note, sales fell 0.8%, ending a two-month upward trend. December sales were off 7.9% from December 2005. "It's very premature at this point to jump to the conclusion that we've turned the corner," says Brian Bethune of Global Insight.

Buyers are also facing rising interest rates, which make mortgages harder for some to afford. The average rate on a 30-year fixed-rate loan crept up to 6.25% last week, the highest since early November, Freddie Mac said. Each quarter-point increase makes homes unaffordable for about 50,000 more people, Lereah said.

Still, most economists say the bottom has probably been reached.

"Is the worst behind us? Most likely," says Joel Naroff, chief economist of Naroff Economic Advisors. "Are better times here? Doubtful."

During the last housing correction, in 1989, sales tumbled nearly 15%. This time, an overall healthy economy is cushioning the blow.

In areas that never overheated during the boom, such as parts of Texas and North Carolina, home sales are still setting modest records. The housing markets that were the hottest — especially Florida and California — are where the cooling-off will take the longest.

In Florida, sales in December plummeted 28% from the year before, and prices dropped in five metro areas. In California, sales skidded 15%; prices were down in 13 metro areas of the state.

Sales last year in California, where the median-priced home costs a gasp-inducing $567,690, were the lowest in a decade. They are projected to fall a further 7% this year. Robert Kleinhenz, an economist for the California Association of Realtors, said, "I'm hopeful we'll see the bottom soon."

Annual Existing-Home Sales Fall Most In 17 Years (WP)

By Dina Elboghdady

The Washington Post, January 26, 2007

Sales of previously owned homes fell slightly in December after two consecutive months of modest gains but took their steepest annual drop since 1989, the National Association of Realtors reported yesterday.

But home prices rose 1.1 percent for the year, and the supply of existing single-family houses, townhouses, condominiums and co-ops for sale shrank from November to December -- offering some hope that the housing market may be on the mend, economists said.

However, stock and bond markets fell on concern that these numbers indicated that housing problems may not be over.

"During the summer, the housing market was like a trauma patient being wheeled in with multiple wounds," said Michael Larson, a real estate analyst for Weiss Research. "There's some momentum back in the market, but I don't think the patient will get off the gurney and walk out the door any time soon."

In 2006, 6.48 million existing homes were sold, down 8.4 percent from 2005, which was the busiest year on record. The drop was the steepest since 1989, when sales fell 14.8 percent from the year before.

In December, existing homes sold at a seasonally adjusted annual rate of 6.22 million, down 0.8 percent from November and down 7.9 percent from December 2005.

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Todd Vencil, a real estate analyst at BB&T Capital Markets, said he is relieved to see the rate of sales stabilizing in the 6.2 million to 6.3 million range in recent months after peaking at 7.27 million in June 2005.

"We look for up trends, down trends and sideways trends," Vencil said. "We seem to be in a sideways trend now, which is fine because it indicates there's stabilization, and stabilization today will allow for recovery later in the year."

David Lereah, the National Association of Realtors' chief economist, said he saw good news in the numbers, most notably in home prices.

The median price of a home in December was $222,000, unchanged from December 2005. The median price for all of 2006 was up 1.1 from the previous year, also to $222,000, meaning that half of buyers in 2006 paid more and half paid less.

"All the doomsayers were saying the bubble was going to burst, and it never did in 2006," Lereah said. "We had price increases."

But there's a more muddled picture when it comes to the supply of homes on the market.

The inventory fell 7.9 percent in December from November. If no more homes are added to the mix, there's a 6.8-month supply of existing homes for sale.

That shrinkage is typical in the slow winter months, when sellers tend to pull their homes off the market before re-listing them in the spring, many analysts said.

Instead, some analysts pointed to the year-over-year increase in supply. Inventory climbed 23.3 percent from December 2005 to December 2006. Until that supply dwindles substantially, home prices will drop well into the future, said Nishu Sood, an analyst at Deutsche Bank Securities. "Demand remains fairly weak, and we're likely to see home prices decrease more significantly during the spring selling season," Sood said.

Sood dismisses the price increase for 2006 as insignificant because it factors in numbers from the beginning of the year, when prices were still doing well.

In December, existing-home sales, which account for most home sales, fell 15.5 percent in the West, 7.1 percent in the South, 5.8 percent in the Midwest and 5.5 percent in the Northeast. The South includes the Washington area.

The report released yesterday did not include the sales of newly built homes; the government is scheduled to announce that statistic today. But sales of new homes also appear weak based on the recent earnings reports from builders.

Yesterday, NVR, the parent company of Ryan Homes, reported that profit fell 39 percent in the fourth quarter compared with a year earlier. The Reston company posted revenue of $1.6 billion, down 2 percent.

Fed's View: Steady But Set To Boost (WSJ)

By Greg Ip

The Wall Street Journal, January 26, 2007

WASHINGTON -- Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long.

Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago.

In spite of that, the Fed, at the end of its policy meeting Wednesday, is likely to reaffirm its "bias" toward raising rates rather than lowering them, citing inflation concerns. It is almost certain to leave its target for short-term interest rates unchanged at 5.25%. The Fed has maintained that target and its "tightening bias" since June.

There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. Because they are uncertain how much further it will fall, they believe the Fed, to keep the public from expecting higher inflation, should be biased toward raising rates.

The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected. The longer unemployment stays low, the greater the likelihood that fear of accelerating wages and prices will prompt officials to contemplate an interest-rate increase.

Janet Yellen, president of the Federal Reserve Bank of San Francisco, said in a speech this week that there is "an emerging puzzle in the data: Why is the labor market apparently going gangbusters, while growth ... has turned in only a middling performance on average in recent quarters?" Her puzzlement is shared by some of her colleagues.

When the economy grows at its long-term "potential" rate, which is thought to be a little under 3%, it creates just enough jobs to employ new entrants to the labor market, and the unemployment rate is steady. But last year, as growth fell below 3% in the spring, the unemployment rate declined steadily, from 4.7% in the first quarter to 4.5% in the fourth.

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Ms. Yellen said one worrisome explanation may be that either the economy's potential growth rate is notably slower than 3%, or that growth is stronger than the official data now show. In either case, the economy could face tighter capacity constraints than first thought, stoking inflation pressure.

Ms. Yellen said a likelier explanation is that the job market has simply lagged behind the overall economy, and unemployment will soon move higher. Other officials agree, noting in particular that construction employment seems bound to decline more.

In early December, economists thought the economy would grow at an annual rate of 2% in the fourth quarter, according to a survey by forecasting company Macroeconomic Advisers LLC, following growth rates of 2% in the third quarter and 2.6% in the second. Many analysts said the Fed could shift to a "neutral" bias -- that is, saying rates were equally likely to go up or down -- at next week's meeting. Futures markets expected three to four quarter-percentage-point rate cuts this year.

Since December, however, trade, housing starts, employment and manufacturing activity all have proved stronger than expected, and growth is now thought to have hit 3% in the fourth quarter. While the consensus forecast is for first-quarter growth of around 2.5%, that, too, is rising; Morgan Stanley expects 3.5%. Housing remains a drag on the economy, but trade and consumer spending, fueled by job growth and lower oil prices, have compensated. Some economists predict that presages more rate increases.

Michael Feroli, economist at J.P. Morgan Chase, says sub-3% growth in mid-2006 shows "the Fed nailed the soft landing." But the point of the soft landing "is to get some increase in unemployment ... and that didn't happen. The clock is ticking to see if it happens at all." His firm expects the Fed to start raising rates again in October.

Fed officials don't appear ready to go with that forecast yet. They still think the economy is slowing. They believe further declines in construction are necessary just to bring supply in line with current home sales. Moreover, flat or falling home prices are expected to make consumers feel less wealthy, damping their spending later this year.

Inflation is also ebbing. Excluding food, energy and shelter, it was just 0.5%, at an annual rate, in the past six months. Shelter is heavily influenced by rents, which face downward pressure as owners of unsold homes put them up for rent.

But just in case, a continued bias toward raising rates would keep the Fed, and the markets, prepared in case they are wrong.

Write to Greg Ip at greg.ip@wsj.com3

Blue Chips Post Biggest Loss In 2 Months In Heavy Trading (WSJ)

By E.s. Browning

The Wall Street Journal, January 26, 2007

A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months.

The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007.

Traders cited worries about interest rates, corporate profits, home sales and unemployment data.

More broadly, with the DJIA up more than 17% since July 14, many investors were asking how much higher it can go without a pullback. Some are beginning to sell to lock in profits.

The day's news wasn't awful -- just troubling enough to spark selling.

Investors learned that sales of previously occupied homes fell in December. Home builder Beazer Homes USA reported a quarterly loss and said it hasn't seen "any meaningful evidence of a sustainable recovery in the housing market."

Bristol-Myers pulled down drug stocks with its own quarterly loss, due to competition from generics.

Some energy-related companies had bad news. Peabody Energy warned of soft quarterly profits to come. BJ Services posted a disappointing quarterly profit. Occidental Petroleum said fourth-quarter profit fell.

Some stock investors are worried now about bond yields. The yield of the benchmark 10-year Treasury note, which influences a variety of other market rates including some mortgage rates, was below 4.5% last month. Yesterday, it rose to 4.865% amid fears the Federal Reserve won't cut interest rates this year.

"You are seeing interest rates run up a little here and that is causing some concern in the market," said portfolio manager Richard Nash at Cleveland investment-management firm McCormack Advisors International. Higher rates raise costs for consumers and businesses.

Investors looked past upbeat profit news from companies including eBay and Nokia. A $1.14 decline in crude-oil prices to $54.23 a barrel served mainly to worsen concerns about energy-company profits.

The Standard & Poor's 500-stock index fell 1.1%, or 16.23 points, to 1423.90, up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007.

DOJ_NMG_0122564

In news that could affect trading today, Microsoft reported a stronger-than-expected per-share quarterly profit and announced a share buyback. Its stock rose 2% in after-hours trading.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 3.09 billion shares; 788 stocks rose and 2,575 fell.

Bond prices declined2. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested. The 30-year bond was down 24/32, pushing the yield up to 4.961%.

The dollar strengthened3. Late in New York, it traded at 121.15 yen, up from 121.11, while the euro weakened against the dollar to $1.2939 from $1.2960.

Strong Global Economy Clobbers Stocks (USAT)

By Matt Krantz

USA Today, January 26, 2007

Stocks endured their worst sell-off in two months Thursday after investors bristled over news regarding China's economy, home sales and interest rates.

Growing evidence the global economy is strong, perhaps too strong, is stoking concerns about inflation.

Investors pushed the Dow Jones industrials down 119.21 points, or 0.9%, to 12,502.56, a harsh sell-off coming one day after the Dow set a new high. It was the Dow's worst day since it fell 158.46 points on Nov. 27, 2006. Still, the blue-chip barometer is up 0.3% this year.

Tech stocks, measured by the Nasdaq composite index, took it even harder, falling 32.04 points, or 1.3%, to 2434.24. The Nasdaq is up 0.8% this year, making it the best performer year-to-date among the major market indexes.

Hit by declines in stocks in the paper and packaging, investment banking and brokerage and home entertainment software industries, the Standard & Poor's 500 lost 16.23 points to 1423.90. The S&P 500 is up 0.4% this year.

News of a red-hot Chinese economy was one thing that hit stocks, says Todd Clark of Nollenberger Capital. China reported blistering economic growth of 10.7%, igniting fears of inflation.

Next, investors were served up news indicating sales of existing homes fell 0.8% in December (story, 1B). That weak number made them worry if they've overestimated how healthy consumer spending is. "It wasn't a recipe for higher (stock) prices today," Clark says.

And then stock investors contended with a surge in the yield of the benchmark 10-year Treasury note to a three-month high of 4.88%.

Not only does the higher yield tempt investors away from stocks, but it signals some investors may think the economy is healthy enough for the Federal Reserve to boost rates, says Gary Tapp at SunTrust Robinson Humphrey. "It looks like the U.S. economy is strengthening," he says.

But it could be simply the market needed to cool off after a strong 2006, he says. "The market had been going straight up for a long time," Tapp says.

Highlights:

Varian Medical, a medical-supply company, fell $4.37 to $45.77. On Wednesday, it issued a forecast for its fiscal second quarter that was 4% lower than expected.

·Plexus, an electronics manufacturing company, lost $3.04 to $18.18. The company said Wednesday it expected to earn up to 19 cents a share in its second quarter, 46% lower than forecasts.

10-year-old Filmmaker Sues For Creative Control (LAT)

By Josh Friedman, Times Staff Writer

The Los Angeles Times, January 26, 2007

He seeks creative control of his movie, alleging his financier wants 'final cut and everything.'

Most 10-year-olds are happy with an allowance and some video games.

Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow.

The child actor, whose credits include Steven Spielberg's "Minority Report" and voicing Wilbur the pig in Paramount Pictures' recent "Charlotte's Web," is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team.

"She wanted to make all the decisions and stuff," Kay said. "She wanted final cut and everything."

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Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of "Saving Angelo," starring actor Kevin Bacon, which she helped bankroll with $11,000.

Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a "charitable contribution" to animal rights. "This is another example that no good deed goes unpunished," he said.

Kanter was seeking to use Kay to become a Hollywood "player," said Dylan Ruga, who is representing Kay along with prominent Hollywood lawyer Stanton L. (Larry) Stein.

Kay based his film on an incident from his own life. It tells the story of a boy who rescues a dog left for dead on the side of the road, finding a home for it in a local firehouse.

The lawsuit describes Bacon as a friend of Kay's, who worked with the actor before when he starred in the Bacon-directed film "Loverboy."

Kay alleged that he had shelved the film because Kanter had threatened to sue him since September 2005 if he completed the editing or screened the finished product without her consent. The lawsuit said profit would go toward animal rescue charities.

The movie was invited to the Los Angeles International Short Film Festival, and it could have been entered in the 2006 and 2007 editions of the Sundance Film Festival, Kay alleges.

"One of the most frustrating things was that Ms. Kanter stopped me from showing the film at Sundance for two years in a row," Kay said. "I don't think that's fair."

*

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Democrats' New Leader Embraces Faith (CSM)

By Linda Feldmann

The Christian Science Monitor, January 26, 2007

WASHINGTON

Harold Ford Jr. is back in national politics. The young former congressman from Tennessee, who came close last fall to becoming the first African- American elected to the Senate from the South since Reconstruction, was named chair of the Democratic Leadership Council (DLC) Thursday.

The Washington-based DLC has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton of New York, now also running for president.

Speaking at a Monitor breakfast Thursday, Mr. Ford laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes.

"This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare," said Ford. "This congress has its work cut out for it."

Unlike most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville.

Two of the top three Democratic contenders, according to early polls, are active in the DLC – Senator Clinton and former Sen. John Edwards of North Carolina – but the group will not issue any endorsements. Part of the DLC's goal is to help expand the Democrats' appeal in parts of the country where it has struggled in recent years, including the South. Already, the Democrats have made gains in the Mountain West, after a period of decline.

Ford made clear that he intends to run for office again someday. When asked what went wrong in his race for the Senate, which he lost by three percentage points, he said: "It's over with, we didn't win."

"A lot of things happened right there at the end of the race.... I haven't sat down and looked at the numbers," he said. "I know I want to do it again one day. In my state, it takes a few times to run sometimes, one or two times to run before you win."

During the campaign, Ford, who is single, took some heat for his attendance at a Playboy party at last year's Super Bowl. This year, he won't be at the Super Bowl. But, he quipped, "I make clear [that] I love Jesus, I love girls, and I absolutely love football. That's not a DLC comment."

The Jesus part was not just a throwaway. During his race against the eventual winner, former Chattanooga Mayor Bob Corker, Ford liberally sprinkled religious references into his stump speech, speaking of his upbringing in the Baptist Church and how his faith informs his political views.

"I would hope that any candidate not be timid about sharing their faith," Ford said.

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For him, some of the central issues of the day – healthcare, poverty, global warming – go right to the heart of his religious tradition.

"Anybody that really preaches about their faith, how could they not be concerned about those three issues," he said. "The New Testament's essentially dedicated to what people with money should do for people who don't have a lot of it. So ... if your religion actually informs your faith and not politics informing your faith, you should actually care about those things."

Harold Ford Jr. Will Lead Democratic Leadership Council (MCA)

Memphis Commercial Appeal, January 26, 2007

January 25, 2007 WASHINGTON -- Former Memphis congressman Harold Ford Jr. today accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency.

The announcement was made this morning at a Washington hotel breakfast sponsored by the Christian Science Monitor, but had been anticipated for days.

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Ford accepted the post, calling it "one of the most important organizations on the think-tank landscape. "

"I'm excited about the post for a couple of reasons," he said. "I think that the new majority in Congress presents not only our party with a great opportunity to give the nation a chance to see a new leadership but to embarking in a new direction on a lot of policy fronts."

DLC founder Al From and DLC president Bruce Reed made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future.

He fielded questions for more than an hour on policy positions he's taken in the past, and on the role his faith played in the recent U.S. Senate race he lost to former Chattanooga mayor Bob Corker.

Later, asked if he'd be going to the Super Bowl this year, Ford said: "I love Jesus, I love girls and I love football."

And although the DLC won't endorse a Democrat in the presidential primaries, Ford did endorse Al Gore to get an Oscar for his film "An Inconvenient Truth."

Before the announcement, many said the post is the best available platform for a moderate-to-conservative Democrat as he waits for elective offices, like Lamar Alexander's Senate seat in 2008 or the Tennessee governorship in 2010, to contest.

New Dem Leader Challenges GOP Over Religion (POL)

By Mike Allen

The Politico, January 26, 2007

The new head of the leading group of centrist Democrats lashed out Wednesday at what he called the "hypocrisy" of Republicans who overdo their talk about religion.

Harold Ford Jr., the charismatic Tennessee congressman who lost a nasty Senate race last year, on Thursday was named chairman of the Democratic Leadership Council, the party's most influential centrist group.

Ford made his debut at the Christian Science Monitor breakfast, a Washington institution for reporters. Once called the Sperling Breakfast, after founder Godfrey Sperling, the breakfasts -- which started in 1966 -- are a chance for politicians to float ideas and field questions in a relaxed atmosphere.

But business gets done: Everything is on the record. And Ford did not disappoint the sleepy-headed journalists, offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith "is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that."

"God works in mysterious ways," Ford said. "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most. I pray for all of them, and would hope that they'd be able to find some healing and wholeness in their lives, but that they would also see that maybe they should reflect a little before they go lashing out and attacking others. I think voters get it, too. The hypocrisy on the part of some was so interesting in this last election."

In November, Ford, age 36, lost by 51 percent to 48 percent to Republican Bob Corker, but told the breakfast several times that he plans to run again. "Between political jobs?" he joked when DLC founder Al From noted that an earlier chairman was Charles S. Robb after he was Virginia governor and before he was a U.S. senator.

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Ford succeeds Iowa Gov. Tom Vilsack, who's heading off to run for president. His other predecessors include former President Bill Clinton, Sen. Evan Bayh of Indiana and Sen. Joseph Lieberman of Connecticut.

Ford was presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies. "We will be aggressive. The agenda will be ambitious," Ford said. "We certainly anticipate the conversation attracting the leading minds in our party, the leading candidates in our party."

During the question period, Ford recalled Steven Thomma, chief political correspondent for McClatchy Newspapers, from a catfish restaurant on the Tennessee campaign trail toward the end of the campaign, and joked that the reporter almost couldn't ask his question because he was eating coleslaw. "When I left that, I thought you were going to win," the reporter said.

"So did I," Ford said, to big laughter.

"What happened?" Thomma asked.

Ford didn't seem interested in a detailed autopsy. "It's over with - we didn't win," he said. "We ran a hard campaign. A lot of things happened right there at the end of the race. I don't mean to be flippant about your question. I've sat down at looked at the numbers, and I know I want to do it again one day. In my state, it takes a few times to run - sometimes one or two times to run before you win."

Then he spoke about the oft-discussed phenomenon of black candidates, including former Virginia Gov. L. Douglas Wilder, who do better in polls than they do at the ballot box, apparently because white respondents say they're going to vote for an African American and then don't. "One thing that was very interesting in the last week were the polls that came out showing us down double digits, which we never were, and I think that probably played a little bit of role in sapping a little bit of the momentum," Ford said. "People kept calling it a 'Wilder tax.' … I assume it means if you're a black guy, you've got to be way ahead because you're going to lose votes on Election Day. Well, the opposite happened here, according to the polls. We actually gained, and came within 49,000 votes of winning. … We'll run again, one day."

Ford made it clear that he still resents some tactics of Republicans. Asked what he had learned about race in the contest, and what advice he would have for Sen. Barack Obama in his presidential race, Ford replied: "Run hard and be honest and put it in the voters' hands. That's all you can do." He also said: "This stuff on race, you'd probably need to ask my opponent."

One Republican ad taunted Ford for his attendance at a Playboy magazine party at the 2005 Super Bowl. Over eggs and sausage on Thursday, Ford reprised one of the greatest lines from the whole '06 campaign cycle: "I made clear: I love Jesus. I love girls. And I absolutely love football."

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Hagel Ponders White House Run As War Criticism Raises His Profile (WP)

By Shailagh Murray

Washington Post, January 26, 2007

His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base.

Looks as though Sen. Chuck Hagel is on a roll.

Both parties have their Iraq war contrarians. For the Democrats, it is Sen. Joseph I. Lieberman of Connecticut, whose steadfast support for President Bush nearly cost him his seat last year and forced him to run as an independent. The Republican version is Hagel, a career maverick from Nebraska and the only GOP senator to call for an end to the war.

Hagel's sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies.

But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run.

Hagel said in a wide-ranging interview this week that he is discussing his options with his family and other confidants and will make a decision in the next six weeks.

He said one possibility is forming a presidential exploratory committee and -- despite his outcast position within his party -- seeking the Republican nomination. Or he may seek a third Senate term. Then again, he might take a more creative path.

Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course.

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Hagel clearly admires Sen. Barack Obama (D-Ill.) and calls him "a star," but he doubts the two could ever team up given the vast difference in their parties' principles. "I don't know if it gets to that point, but there is a shift going on out there, and there's nothing like a war that does that," Hagel said.

His GOP critics fume that Hagel and his Democratic allies who sponsor resolutions opposing a troop buildup are undermining Bush at a critical moment. "I really don't understand Senator Hagel," said Sen. Orrin G. Hatch (R-Utah.). "But playing around with resolutions when we all know we've got to stay and get the job done -- that doesn't make any sense. Most Republicans want us to win over there."

Hagel attracted the support of only 1 percent of registered Republicans in recent polls, compared with 25 to 30 percent for McCain. And his standing among conservative party faithful who will determine the outcome of the Republican presidential nomination remains strikingly low because of the intensity of his attacks on Bush. But Hagel has gained a particular following within the antiwar community. An Internet "draft Hagel" movement has formed, and even die-hard liberals admit they find him appealing.

"Chuck Hagel for president! If it ever narrows down to a choice between him and some Democratic hack who hasn't the guts to fundamentally challenge the president on Iraq, then the conservative Republican from Nebraska will have my vote," said an Internet article last week by Robert Scheer, co-author of the book "The Five Biggest Lies Bush Told Us About Iraq."

Like McCain, his close friend and potential 2008 GOP rival, Hagel is a decorated Vietnam War veteran, but his assessment of the Iraq conflict is radically different. McCain has asserted that despite serious mistakes by the Bush administration, victory remains possible. Hagel believes that U.S. troops are being thrown into a civil war that cannot be won and calls the conflict "the most divisive issue in this country since Vietnam."

Earlier in their careers, McCain, 70, and Hagel, 60, were viewed as rising Republican stars, two plain-spoken outsiders with gritty military rÃ©sumÃ©s. After losing to Bush in the 2000 GOP nomination battle, McCain greatly enhanced his stature inside the party by embracing Bush's Iraq policy. Meanwhile, Hagel, an early and persistent critic of the invasion, grew more estranged.

"He's held his view for a long time and I've held mine for a long time, so it's not as if we suddenly find ourselves on the opposite side of the issue," McCain said of Hagel. "I respect his views. I maintain my strong affection and respect for him."

Hagel warned against military action long before the Iraq invasion, but despite his trepidations, he supported a Senate resolution authorizing the war. He has since renounced his vote and has been trying to atone for it ever since. When Bush announced a plan earlier this month to deploy additional troops, Hagel co-sponsored, with two prominent Democrats, a new Senate resolution opposing the plan. Though nonbinding, the measure has triggered the first significant confrontation between the White House and Congress over Iraq since the war began.

Hagel vainly implored his Republican colleagues to join him in supporting the resolution, which was approved 12 to 9 during a session of the Foreign Relations Committee on Wednesday. "If you wanted a safe job, go sell shoes," he said. "This is a tough business."

One of Hagel's sparring partners is Lieberman, who has infuriated Democrats with his outspoken war advocacy. Two weeks ago, the Nebraska senator was introduced to the Internet video site YouTube when his son, an eighth-grader, showed him a clip from "Meet the Press" that was drawing heavy traffic. It was a showdown between Hagel and Lieberman over Iraq.

If critics of Bush's troop increase have their way, Lieberman asserted, the consequences "for my children and grandchildren, I fear, will be disastrous."

"That's ridiculous," Hagel shot back, "and I am offended that any responsible member of Congress or anyone else would even suggest such a thing. Senator Lieberman talks about his children and grandchildren. We all have children and grandchildren; he doesn't have a market on that."

Hagel is a loner in the Senate, a serious and somewhat distant colleague who eschews consultants and other trappings of political ambition -- although he is a regular on political talk shows. He travels the country extensively and particularly enjoys talking to students. Last month, he spoke at Nebraska Wesleyan University and the University of Nebraska at Lincoln, and he is to receive an honorary degree from the College of William and Mary next month. Ambassadors and foreign officials visit his office regularly.

He often speaks of the current period as a "transformational time" that could bring a political earthquake, as early as the 2008 election. He sees parallels to 1960 and 1980, which resulted in the pivotal presidencies of John F. Kennedy and Ronald Reagan.

"Politics and politicians must become relevant to the times . . . or they become irrelevant," Hagel said. "And when you become irrelevant, something is going to fill that void."

TIME Poll: Hillary Vs. McCain? (TIME)

By Tony Karon

DOJ_NMG_0122569

Time, January 26, 2007

Hillary Clinton is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani — with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone.

Despite the buzz generated by Senator Barack Obama entering the race, the survey found that Senator Clinton would beat him for the Democratic nomination by a margin of 40% to 21%. Senator John Edwards is a distant third with 11%. Obama clearly suffers a disadvantage in profile among likely voters, with only 51% indicating that they knew enough about him to form an opinion, compared with 94% saying the same of Hillary Clinton. In Obama's favor, however, is his far lower negative ratings. While 58% of voters familiar with Hillary Clinton have a positive view of her, 41% give her negative marks, for a net favorability score of +17. By contrast, Obama's net favorability score is +47. On the Republican side, Giuliani has a net favorability rating of +68, with only 14% having a negative view of him. McCain's net favorability score is +45.

McCain, however, holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or Senator John Edwards by a 7-point margin.

Clinton's popularity within her party does not translate as easily across party lines as Obama's does, or indeed as Giuliani's and McCain's. Only 58% of the total sample of respondents had a very or somewhat favorable impression of her, compared with 82% for Giuliani (including 7 out of 10 Democratic voters), and 70% each for Obama and McCain — both of whom showed strongly among independents. These figures must be read against the fact that 94% of respondents said they knew "a great deal" or "some" about Clinton, while 73% said the same of Giuliani and 66% of John McCain. Only 51% knew "a great deal" or "some" about Obama.

If the election were held now, Rudy Giuliani appears to have the support of the greatest number of respondents of both parties, with 56% indicating they would "definitely" or "probably" support him — followed by Hillary Clinton (51%) John McCain (50%) and Barack Obama (50%). But Clinton has a strong edge when the question is which presidential candidate people would most like to have over to their homes for dinner. The former First Lady led the dinner-invitation field with 26%, while Obama and McCain tied for second place at 15%. But with the New Hampshire primaries a year away, the the four leading contenders all have some work to do: Obama in making himself better known, Clinton in making herself better liked, McCain in matching Giuliani's appeal to Democratic voters, and Giuliani in landing more invitations to dinner.

8 Keys To The Campaign (TIME)

By Massimo Calabresi, Perry Bacon Jr, Ana Marie Cox, James Carney

Time, January 26, 2007

IRAQ

HOW THE WAR SCRAMBLES PARTY LINES

The Iraq war has actedÂ like bleach on this year's primary colors: political stripes have faded and dissolved as candidates scramble to explain how they would get America out of Iraq without igniting the Middle East. The most conservative candidate for the G.O.P., Sam Brownback, is closer on Iraq to Democrat Joseph Biden than he is to John McCain. Democrats John Edwards and Hillary Clinton, meanwhile, are worlds apart.

The Republican Party has perhaps the deepest identity crisis over the way forward in Iraq. G.O.P. voters are down on Bush but still largely behind the war, and three leading Republicans--John McCain, Mitt Romney and Rudy Giuliani--would like to change policy but refuse to abandon the mission. All three back Bush's troop increase. McCain has, however, attacked the Administration's handling of the war. Brownback--like fellow Republican and potential candidate Chuck Hagel--supports scaling back the U.S. military mission and appears to be betting that by next winter Republican voters will be looking for an exit strategy.

Most Democratic voters oppose the war and want it ended. But too dovish a position by candidates now could look weak to independents and centrists in the general election. Hillary Clinton backed the war and the mission through last November's election but has since called for capping troop levels. Biden, chairman of the Senate Foreign Relations Committee, calls for cautious withdrawal and scores points for his proposed political solutions, including direct talks with Iran and Syria. Always antiwar, Barack Obama has taken the party position of cautious withdrawal: a troop drawdown starting in four to six months. John Edwards has come out hard and early to declare his vote authorizing the war was a mistake and to issue the strongest antisurge message among the major Democratic candidates.

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No position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser.

MONEY

THE FIRST TEST: WHO CAN RAISE THE MOST CASH

After Barack Obama posted an online video to announce he was running for President and promised a new kind of politics for his campaign, he went straight old-school. He spent much of the rest of his day dialing for dollars, asking wealthy Democrats to support him in his quest to compete with Hillary Clinton's deep pockets. When Clinton got into the race a few days later, the New York Senator made clear she would avoid public financing for her campaign--forgoing a system that matches the first $250 of every individual campaign donation--because she believes she can raise much more than the $50 million limit imposed on candidates who accept matching funds in the primary.

The 2008 presidential campaign may show that race, religion and gender don't matter, but money still talks, and more loudly than ever before. In 2003, John Edwards surprised everyone by raking in $7 million in campaign donations in the first three months of the year. That amount will be like Monopoly money after 2008. Strategists say the two eventual party nominees could well spend up to $500 million each before the general election.

Whether they get their money by calling, blogging or throwing lavish fund raisers, would-be contenders had better start quickly. Raising even $50 million for the primary this year means coming up with $137,000 a day.

RELIGION

CHASING VOTERS INTO THE PEW

This time around, candidates from both parties are looking for the right tone on religion. On the Republican side, the usual scramble is under way to win over the large Evangelical base, which is still without a top-tier candidate. Many conservative Christian activists admire Sam Brownback for his opposition to embryonic stem-cell research, abortion and gay marriage, even though he is a long shot. Three G.O.P. front runners aren't exactly dream candidates for social conservatives: Mitt Romney faces a challenge in explaining his Mormonism to conservative Christians suspicious of it. Rudy Giuliani supports abortion rights. And in 2000 John McCain called conservative Christian activists like Jerry Falwell "agents of intolerance."

Democratic candidates for 2008 are determined to build credibility with religious swing voters. Barack Obama devoted a chapter to his religion in his newest book and is far more likely to talk about his "personal relationship with Jesus Christ" than McCain, who keeps religious matters largely to himself. In December Obama publicly joined Brownback at an AIDS-awareness convention at Saddleback, the Rev. Rick Warren's evangelical megachurch in Orange County, Calif. On its website the Clinton campaign, in a bio of the New York Senator, describes at length that "faith was central to her family. Her mother taught Sunday school, and Hillary was a regular in her church youth group."

But Democratic activists may have little appetite for overt religiosity, particularly if it impinges on socially liberal issues. Former vice-presidential nominee John Edwards, though he is tacking left in his second White House run, nonetheless had to disappoint a questioner at a New Hampshire town hall who wanted him to support gay marriage. "I am just not there yet," Edwards says.

AMAZON FACTOR

FIRST, WRITE A BEST SELLER

This election cycleÂ may boast the most ever candidates with best sellers: John McCain with Faith of My Fathers, Barack Obama, riding high on the hardcover and paperback lists (The Audacity of Hope and Dreams from My Father) and Hillary Clinton, whose Living History sold more than 1.2 million hardbacks. The most memorable title belongs to former Arkansas Governor Mike Huckabee, who wrote Quit Digging Your Grave with a Knife and Fork after losing 100 lbs. If he's not elected President, he could at least make it into Oprah's Book Club.

LAST-MINUTE CAMPAIGNS

THE WAIT-AND-SEE PRIMARY

Despite the rash of newÂ candidates announcing their bid this month, some heavyweights are holding out, either for tactical reasons or out of indecision, and could shake things up with a late entry into the race. The biggest could-be contenders are former Vice President Al Gore and former House Speaker Newt Gingrich. Gore denies that he plans to run, but his hit film, An Inconvenient Truth, and his strong stands on climate change and the war in Iraq have rehabilitated him with Democratic activists.

Gingrich has energized some on the right with his calls for a conservative revival in the Republican Party. If Mitt Romney's attempt to woo the party base fails, Gingrich, who's already polling in third place, could capitalize. Some dream of a run by George W. Bush's brother, former Florida Governor Jeb Bush, or Secretary of State Condoleezza Rice, although the President's low approval ratings and the lack of progress in Iraq could dim their prospects. But with 21 months before the election for the

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announced candidates to pummel one another, voters may tire of the whole bunch, leaving the door open for a fresh bid by a familiar face.

OPERATIVES

RECRUITING THE NEW GURUS

The hunt is onÂ for theÂ next Karl Rove, the political consultant with the strategic acumen and message magic to steer a candidate all the way from Iowa to the Oval Office.

The biggest names in the race, Clinton and McCain, have the early talent advantage. The former boasts Hillaryland--a cadre of loyal, long-serving pros--with the addition of a few carefully selected people from her husband's operation. McCain retains his inner circle from 2000 and has scooped up a slew of Bush veterans, even though some aided in the trashing of McCain in the infamous South Carolina 2000 primary. "We're in the business of making friends now," explains one of the Arizona Senator's old hands.

Hillary Clinton, of course, has the top political consultant who is not on the payroll: her husband. And then there's Rove. Bush's political guru coyly refuses to say whether he plans to advise a Republican in the 2008 race. If he does and his man wins, the next Karl Rove could be ... Karl Rove.

THE BLOGOSPHERE

WINNING OVER THE ONLINE ACTIVISTS

While the past fewÂ elections have seen candidates try out newfangled blogging technology with all the comfort and skill of a granddad on a skateboard, the 2008 candidates are doing everyone a favor by not trying to be bloggers.

"Bloggers put much more of a premium on understanding the medium rather than joining in," says Kevin Madden, a spokesman for Mitt Romney. Romney's strategy is to participate in podcasts and talk regularly with top conservative bloggers, an approach that has made him the top vote getter in Republican blogger straw polls, though he lags in national telephone ones.

Hillary Clinton, a real-world front runner, dwells in the low one figures in blogger surveys, but she has hired former Kerry hand Peter Daou to burnish her Web image. Daou says bloggers need to be wooed like any other reporters--or voters, for that matter. "It's very old school," he says. "I just reach out to them one by one." Employing bloggers instead of just courting them is a tricky next step, though. McCain was chastised last year when a blogger posted attacks on Romney without disclosing up front that he was on McCain's payroll.

NEW FACES

HOW CAN YOU TELL A BROWNBACK FROM A VILSACK?

Only a few candidates are famous. The rest are known mostly in their universes--the Senate or Arkansas, say--or as perennial protest candidates. Here's a primer on the faces you might not recognize in the crowd.

SAM BROWNBACK

A standard-bearer of the social right--with a twist. He speaks out against poverty, the genocide in Darfur and the war in Iraq

MIKE HUCKABEE

The socially conservative ex-Governor of Arkansas lost more than 100 lbs. while in office. His story of fitness redemption may resonate with voters

DUNCAN HUNTER

A boutique candidate for lovers of military hardware and a pro-Bush foreign policy, the Congressman (R.-Calif.) has ties to bribe-taking Duke Cunningham

TOM TANCREDO

The Colorado Rep's big issue, border control, inspires base G.O.P. voters. He has sponsored legislation punishing Sudan for its war in Darfur

TOMMY THOMPSON

The former Wisconsin G.O.P. Governor made a name in welfare reform in the '90s. He's pushing a plan to split Iraq into three separate states

DENNIS KUCINICH

Yes, it still rhymes with "spinach." His antiwar stance, looking better now than in '04, has drawn backers among House colleagues in both parties

CHRISTOPHER DODD

The affable Democrat is popular in the Senate. Fluent in Spanish, he's an expert on Latin America and is strong on children's issues

TOM VILSACK

Inexperienced in foreign affairs, he's a likable self-made man. His hopes ride on his record as Iowa's Governor and a champion of ethanol fuel

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McCain's Health And Age Present Campaign Challenge (POL)

The Politico, January 26, 2007

"I am older than dirt and have more scars than Frankenstein," John McCain likes to say.

It always gets a laugh, though I don't suppose his mother, who is 94, and her twin sister, appreciate it very much. If he is older than dirt, what does that make them? Older than lava?

If McCain, 70, runs and wins, he would be the oldest person ever inaugurated as president. As is evident from the scar on the left side of his face, he has had malignant melanoma, the most invasive and dangerous form of skin cancer. (One in every 60 Americans is at risk for developing invasive melanoma in their lifetimes.)

I talked to McCain recently and asked him about his health. He said it was good. "I hiked the Grand Canyon rim-to-rim last August with my son, Jack," he said.

I tried to imagine that. The last time I saw it, the Grand Canyon was seriously deep.

How on earth do you hike a thing like that rim-to-rim? I asked.

"Down and up!" he said. "It takes three days."

John Kennedy, who at 43 became the youngest person ever elected president, and who was always associated with "vig-ah," in fact had serious diseases that were kept from the public.

As was revealed in 2002, Kennedy was sick from age 13 through the rest of his life, was on chronic-pain medication throughout his presidency and had Addison's disease, an endocrine disorder that until 1940 was a terminal illness. Kennedy survived it through cortisone injections, which at the time only rich people could afford.

Dr. Jeffrey Kelman, who examined Kennedy's medical records in 2002, said, "He was never healthy. I mean, the image you get of vigor and progressive health wasn't true."

The point being: Electing a young person to the presidency is no guarantee that he or she will be healthy or stay healthy.

The media often demands the release of medical records these days, and the candidates sometimes comply. There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts. (And how many presidential candidates can say that?)

"We'll probably have to do that again," McCain told me of the record release.

Do you think all candidates should release their medical and psychiatric records? I asked.

I thought he would jump on that and say yes, just to put pressure on the other presidential campaigns, but he did not.

"I don't know," he said. "I think probably in my case it was a little more unique because of my POW status and the war injuries and the fact that people were spreading rumors that I was crazy and disabled both. So we'll probably have to do that again."

You think the rumors will start again? I asked.

"They already have!" he said.

But I don't think that is going to be McCain's problem. It isn't his health but rather his demeanor that worries some people.

The Iraq war, which he strongly supports, has disturbed and dismayed him. He told The Washington Post it was a "train wreck." He told me it was a "witch's brew." He visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain.

And it is showing.

Last April, I wrote of a campaign swing McCain made through New Hampshire and Iowa, "Though McCain said he enjoyed himself, he was not the rollicking campaigner of six years ago. At a number of stops, he was largely subdued and sometimes almost somber."

Last Sunday, on "Meet the Press with Tim Russert," McCain seemed to have moved from almost somber to almost gloomy.

In my recent interview, I suggested to him that the laughing, joking John McCain of his last presidential campaign seemed to be AWOL.

"It's hard to make jokes; we are a nation at war," he said. "There are great national security challenges that we face. But I also believe, as Ronald Reagan did, that America's greatest days are ahead of us. It's going to be an upbeat campaign and an optimistic one."

And will you still come to the back of the bus and goof off with the press like before? I asked.

"If I changed that," McCain said with a smile of old, "I would probably get death threats."

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by bleeck house on 01.25.2007 at 11:02 PM

I'm very excited about Politico, but I sure hope that your level of commentary rises above what we see here. McCain's health is a vital issue in the upcoming race. Anyone looking at him can see he's not well. I hope you examine this issue with a degree of vigor and candor the mainstream press shies away from. To reprint McCain's quips and leave it at there is useless.

by Paradise on 01.25.2007 at 05:54 PM

I don't want this to sound mean spirited. I am not a fan of McCain for several reasons. But the point of this comment is that John McCain was a prisoner of war. I have read his story and his books, and the fact that he survived being a POW for 5 years, in my mind does not make him a war hero. Neither does getting shot down. I know that he is a patriot. Most Americans are. When I think of a war hero, I think of my oldest brother who was killed in action in Korea, and awarded the Medal of Honor. That is a war hero, and there are thousands of others just like him. It has always troubled me that we call McCain a war hero, based largely on his own account. Patriot, sure, good man, absolutely, war hero, i just don't know.

by AnnaCatherine on 01.25.2007 at 04:12 PM

McCain might want to get out while he still has his dignity. His military record protects him from being bashed like the others. I'm not sure that's fair. He was obviously asleep at the State of the Union Address. It was overlooked or just 'off limits'. While I understand the reluctance to criticize him others are scrutinized and criticized all the time. It's part of the deal.Maybe it's time for a reality check. No malice intended. Thanks, ANNA

by desertdog on 01.25.2007 at 04:03 PM

I know McCain. Have met him several times. He's honest about Iraq. It's what he thinks that he tells you. He really does believe that it will be very tough for us if we pull out suddenly and the country collapses, and he does think that it is a chance if we send some more troops. I don't think he is enthusiastic about it. On the other hand, he knows that such a position will cost him votes next year. He doesn't care about that. If he loses because of it, those are the lumps you take. That's how McCain thinks. Yep, any way you look at it, he's a patriot. He may be wrong, but it's his view, like it or not. What if we do something else? Webb's idea of getting our troops out of the cities? At this point, McC doesn't think much of that. It's his opinion. I have found that you might not agree with him, but you do get his views when you ask. Would he have invaded if he were president, or would he have run the war the way Bush has? I doubt he would have invaded, regardless of how he voted (see Kerry and Hillary), I know he would have run it differently.

by Bramdean on 01.25.2007 at 01:38 PM

The days of American adventurism is over. Gun boat diplomacy no longer "persuades" the natives. Someone needs to emphatically tell McCain (and Bush).

Time and again McCain strikes me as someone keen to attack Iran, expanding the current mayhem exponentially. The bloodshed will result in regional and global costs. He also strikes me as somone relatively unfamiliar with the regional realities, IAEA reports and international law.

No, he'll not have my support. We've already seen the consequences of one fellow attacking a country that did not pose a threat to us (or anyone else). And we attacked and occupied them based on fraud and cooked intelligence. We don't need more (much more) of the same from this so called "maverick".

This is fighting terrorism? I think not!

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Giuliani A Tough Conservative Sell (AP)

By Liz Sidoti

AP, January 26, 2007

Rudy Giuliani's star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero _ the face of U.S. resolve at a time of tragedy.

The Republican dubbed "America's Mayor" hopes to ride that celebrity and his record at City Hall to the White House by emphasizing his leadership skills and embracing the strong-on-security, limited-government tenets of the GOP.

"If he can handle the scrutiny, and if events break his way, sure, he can win," said Fred Siegel, who wrote a Giuliani biography, "The Prince of the City."

Giuliani's quest to capture his party's presidential nomination won't be easy.

He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's

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linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice.

"I sure have strengths and weaknesses," Giuliani said recently. "I think that sort of puts me in the same category as just about everybody else that's running. Are my strengths greater or my weaknesses worse? I don't know. You have to sort of examine that. That won't be the issue."

His challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals _ Sen. John McCain of Arizona and former Massachusetts Gov. Mitt Romney _ no doubt will try to exploit his background and record. For now, both are trying to gauge how much of a threat he may be.

Giuliani, who formed a presidential exploratory committee last year, is betting that the Republican rank-and-file will look past his liabilities. His aides dismiss skeptics who say he has too many flaws to win over primary voters a year from now.

"I believe they'll look at the picture as a whole," said Tony Carbonetti, Giuliani's longtime political adviser. "This (New York) was an unmanageable city, and I think what people want today is a manager, someone to lead in difficult times and to lead in not-difficult times.

"We're going to continue to tell that story," he said.

Before Sept. 11, Giuliani was known as the hard-charging prosecutor-turned-politician who cleaned up Times Square, led the city out of fiscal despair and brought Republican rule back to the liberal mecca.

Giuliani, of course, made enemies in the process, but on Sept. 11 even his chronic critics were muted when he took charge amid the rubble of the World Trade Center's twin towers. To many, he became a picture of strength, a reminder of the resilience of the American spirit.

"He has a connection to that. He is unique. On the other hand you look at the politics and you say this is a problem," said Alex Vogel, a Republican strategist in Washington who is not affiliated with any presidential candidate.

"The question is: Can you win a Republican primary a different way? History keeps saying no. But history has never presented us with someone whose favorability numbers are as high as Rudy's."

Indeed, national polls have consistently shown him leading for the GOP nomination, and early surveys in key states show him ahead or competitive. He travels to one important state, New Hampshire, this weekend where he will give the keynote address at the state GOP's annual meeting.

For all the hype since 2001, Giuliani didn't start preparing for a presidential run in earnest until after November's elections. Thus, he has lagged behind McCain and Romney in courting fundraisers, setting up a national organization and hiring ground operatives in key states, although he has made progress on all fronts recently.

Giuliani's aides insist they're making strides toward filling out his campaign. They say he can raise the $80 million to $100 million necessary this year for a serious run. Name recognition, obviously, isn't an issue.

Neither, his supporters argue, is likability. They say he appeals to people across the political spectrum and in every region of the country, meaning he could expand the general election playing field. That, his backers say, makes him the Republican most likely to beat the presumptive Democratic front-runner, Sen. Hillary Rodham Clinton of New York.

Perhaps.

But first he has to capture the GOP nomination _ and the big question is whether he can win over enough Republicans in states like Iowa and South Carolina, among the first nominating contests where voters are solid conservatives and could be turned off by his stance on social issues.

"Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest," said Peverill Squire, who teaches politics at the University of Iowa.

The former mayor's support for abortion rights, gay rights and gun control conflict with the hard-line positions of the GOP's right. His supporters say he's not as liberal on those issues as he's made out to be. Still, he's from New York _ and that alone rankles the party's conservative wing.

Despite that, Giuliani's backers contend _ and some Republican strategists agree _ that he could get support from fiscal conservatives because of his record of cutting taxes, curbing spending and promoting small government, particularly now when the base is smarting over the soaring federal deficit under Republicans.

And, with the country still at war, his link to Sept. 11 _ the brand of a strong leader _ could trump the base's concerns about his background and stand on social issues.

"Giuliani's national security credentials will allow him to span ideological divides in the Republican Party and win conservative votes," said Greg Strimple, a GOP strategist in New York who is neutral in the race.

Unknown is whether Giuliani can woo enough of those base Republican voters to win the nomination and, if not, whether he can make up the difference by attracting independents and Democrats.

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"His opening could come if people really think that somebody like Hillary is running away with it, and if there's a perception that only Giuliani can beat her," said John Truscott, an unaffiliated Republican strategist in Michigan.

Another factor that could help Giuliani is how the primary calendar shakes out.

New Hampshire and Michigan hold early contests, and New Jersey, California, Illinois, Florida and other states viewed as more hospitable to a moderate may schedule their votes earlier in the year, perhaps lessening the importance of a strong showing for Giuliani in Iowa and South Carolina.

For all the obstacles, even folks with ties to Giuliani's opponents can't deny that the New Yorker has a shot.

Said Ken Khachigian of California, who served as a strategist for President Reagan and was with McCain in 2000: "I would never sell Giuliani short."

Hunter Makes Presidential Bid Official (AP)

By Jim Davenport

AP, January 26, 2007

Republican Rep. Duncan Hunter, best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in this early voting state.

Frequently citing Ronald Reagan, Hunter told supporters he wants to pick up on the former president's legacy.

"I want to lead that policy of peace through strength," said Hunter, a strong supporter of the Iraq war.

The 14-term conservative from California, who has made no secret of his White House aspirations, set up a presidential exploratory committee earlier this month.

He initially announced his intentions in October, becoming the first GOP candidate to declare, and then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina.

He joins an increasingly crowded GOP field of declared and likely candidates, including Sens. John McCain of Arizona and Sam Brownback of Kansas, former Massachusetts Gov. Mitt Romney, and former New York Mayor Rudy Giuliani.

Hunter has been a familiar face on Capitol Hill and at the Pentagon. Until Democrats took control of Congress this month, he was chairman of the House Armed Services Committee, the powerful panel that oversees military policy.

However, Hunter is little known outside of Congress and his San Diego district. He is a strong opponent of illegal immigration who wants fences extended along the U.S.-Mexico border and supports the prosecution of smugglers bringing illegal immigrants across the border.

Last week, Hunter filed a bill calling for a congressional pardon of two U.S. Border Patrol agents who are both serving more than a decade in prison for shooting a Mexican drug dealer as he fled, then covering up the crime.

In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination.

"Nobody wins the presidency without winning South Carolina," Hunter said.

Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor.

"I'm thrilled that he's running," said Milliken, who hasn't yet endorsed a presidential candidate. "This point of view he represents must be heard."

Hunter, 58, was born in Riverside, Calif., and was an Army Ranger in Vietnam. He worked his way through law school with farming and construction jobs.

Hunter won his U.S. House seat in 1980 and has been an ardent military supporter. His son has spent a pair of seven-month tours in Iraq.

Hunter Touts Experience, Conservatism In Bid For Presidency (CQ)

By Rachel Kapochunas

Congressional Quarterly, January 26, 2007

Republican Rep. Duncan Hunter of California made his presidential candidacy official Thursday morning, announcing his entry into the GOP field at a breakfast meeting in the South Carolina city of Spartanburg.

The 14-term lawmaker is touting more than a quarter-century of congressional experience; his focus on national security issues that has made him the current ranking Republican (and former chairman) of the House Armed Services Committee; and a record as a staunch conservative that he says will appeal to many voters in the Republican Party's base.

Yet Hunter is making his first campaign venture outside his congressional constituency in the San Diego area, in the southwestern corner of the continental United States. And the 58-year-old representative of California's 52nd District enters the presidential race trailing far behind nationally recognized hopefuls, such as Arizona Sen. John McCain and former New York City Mayor Rudolph Giuliani, in name recogintion and fundraising potential.

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He is also fighting history. The last successful candidate to make the direct leap from the House to the White House was Ohio Republican James Garfield in 1880.

And though he maintains he is "the most conservative" candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20.

Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney.

Hunter picked Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials.

Hunter already has a network of allies in the state, including Roger Milliken, head of textile and chemical manufacturer Milliken & Company, based in Spartanburg. Last year, Milliken contributed both to Hunter's House campaign committee — from which he can legally transfer funds to his presidential campaign — and the congressman's Peace Through Strength political action committee (PAC).

The two share a strong skepticism of free trade agreements that they believe cost American jobs. Milliken told the Associated Press that he supports Hunter's committment to protecting U.S. manufacturing, though adding that he has not made any official endorsement for the 2008 presidential race.

The Peace Through Strength committee ran ads featuring Hunter last month, including one in which he called for "fair trade."

Hunter said China is "cheating" U.S. businesses by devaluing its currency — which has the effect of making its exports cheaper and U.S. imports to China more expensive — and subsidizing its businesses.

His second ad emphasized his charge that China is buying "ships, planes and missiles with our money."

Hunter's conservatism extends to social issues. He is an outspoken opponent of illegal immigration, an issue on which President Bush and some of the Republican candidates have taken more moderate stances.

2nd Republican Enters Race For Presidency (NYT)

By Sarah Abruzzese

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — Representative Duncan Hunter, Republican of California, announced his bid for the presidency on Thursday in Spartanburg, S.C., then boarded a motor home to tour the state, where he hopes to gain support from a conservative electorate.

Mr. Hunter, 58, said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade.

Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel.

In a release earlier this month, he paved the way for his candidacy, saying, "America needs a way ahead in the ongoing war against terrorists and a policy of economic opportunity, with a reaffirmation of faith in the principles of our founding."

He said yesterday that he would also emphasize the need to restore the balance of trade with China.

"This is not free trade, this is not fair trade," Mr. Hunter said according to the text of his speech. "It is cheating."

Mr. Hunter, who has a 92 percent lifetime conservative rating from the American Conservative Union, repeated his opposition to abortion this week, telling thousands of anti-abortion demonstrators here that, if elected, he would not nominate judges who supported abortion.

Mr. Hunter also opposes embryonic stem cell research and supports tighter controls on illegal immigration. Mr. Hunter is the second Republican to announce his intention to run for the presidency. Senator Sam Brownback of Kansas did last week. Senator John McCain of Arizona and Rudolph W. Giuliani, the former mayor of New York, are also expected to seek the nomination.

Duncan Hunter Announces For President At Spartanburg Breakfast (HJH)

By Jason Spencer

Spartanburg (SC) Herald Journal Hunter, January 26, 2007

Espousing hard-line views on immigration, trade, America's role in spreading democracy and the need to protect the life of an unborn child, California Congressman Duncan Hunter today officially announced his longshot bid to become this country's next president.

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"God still loves our nation. We are still a people of character, and strength, and kindness," Hunter told a packed room at the Marriott at Renaissance Park (Watch video from the announcement).

"My fellow Americans, with the support of our families, with faith in God, and with confidence in the goodness of the American people, let's begin this race for the American presidency, and let's win."

The announcement is a first for Spartanburg, but not surprising considering the strong ally Hunter has in textile magnate Roger Milliken.

"Judging from the reaction I've just had, talking to a few people, they can get his message," Milliken said afterward. "The problem is, how does the word get through? His message is the right one for America. And you can see that he's dedicated."

Hunter's announcement received national media attention, with Fox News, CNN and C-SPAN among the many cameras rolling in the back of the Marriott's Azalea Ballroom.

The 250-or-so supporters in the room included the local GOP faithful, but they also came from across the state — not to mention San Diego (where Hunter lives), Yuma, Ariz., and Washington, D.C.

While some pundits have debated whether in 2008 Americans will be electing a "wartime president," Hunter made it very clear they would be. He and his supporters almost referred to him more as this country's "next commander in chief" rather than "next president."

"We live in a world that's on fire, and our next commander in chief has to be someone who in that critical moment, to help protect the lives of American people, that can make the right decision. And with his background and experience, he's the right man for the job," said Van Hipp, a former chairman of the S.C. Republican Party and current head of Washington, D.C.-based American Defense International.

Hunter, a Vietnam veteran, has served in Congress since 1980, and spent the last four years as the chairman of the House Armed Services Committee. He co-wrote the legislation to build a 700-mile fence along the U.S.-Mexican border.

And like many other conservatives seeking the GOP nomination in 2008, he's trying to latch onto the legacy of Ronald Reagan — Hipp even introduced him as "the next best thing" to Reagan.

Today's announcement begins a statewide tour of South Carolina for Hunter and his family. Sunday, they'll fly to New Hampshire.

A CNN poll last week cast Hunter with only 1 percent of the vote among likely Republican voters — trailing even other lesser-known conservatives like Kansas Sen. Sam Brownback, former Virginia Gov. Jim Gilmore and former Massachusetts Gov. Mitt Romney.

Those three have visited Spartanburg, too. But only Hunter chose this city to make his official announcement.

"This represents the heart of what I call the arsenal of democracy. This is a place that's known for textile manufacturing. You've got steel manufacturing right up the way … and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion," Hunter said.

"You know what that is? That's the great Americans who won't move their companies off-shore, who won't take their manufacturing to China. … There's a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that."

Obama Calls For Universal Health Care (AP)

By Nedra Pickler

AP, January 26, 2007

Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country," Obama told a conference of Families USA, a health care advocacy group.

The Illinois senator did not provide specifics on his plan for coverage.

Obama was previewing what is shaping up to be a theme of the 2008 Democratic primary. His chief rivals, Sen. Hillary Rodham Clinton and John Edwards, also are strong proponents of universal health care and have promised to offer their plans.

Obama said while plans are offered in every campaign season with "much fanfare and promise," they collapse under the weight of Washington politics, leaving citizens to struggle with the skyrocketing costs.

He said it's wrong that 46 million in this country are uninsured when the country spends more than any one else on health care. He said Americans pay $15 billion in taxes to help care for the uninsured.

"We can't afford another disappointing charade in 2008, 2009 and 2010," Obama said. "It's not only tiresome, it's wrong."

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Obama's call was an echo of a speech he made last April when he said Democrats "need to cling to the core values that make us Democrats, the belief in universal health care, the belief in universal education, and then we should be agnostic in terms of how to achieve those values."

His argument Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival Sen. Hillary Rodham Clinton's ill-fated plan to overhaul the health care insurance system when she was first lady.

Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid.

"One of the goals that I will be presenting ... is health insurance for every child and universal health care for every American," she said at a community health clinic in New York Sunday, the day after entering the 2008 Democratic field. "That's a very major part of my campaign and I want to hear people's ideas about how we can achieve that goal."

On Thursday, she criticized Bush's proposal to make health care more affordable through tax breaks, arguing that it would lead to less funding for hospitals.

Addressing the U.S. Conference of Mayors, Clinton was self-deprecating in describing her own experience in the health care debate and joked that Bush would need some heavy-duty protection as he wades into the fight.

"I welcome his participation in the health care debate. I'm going to send him a suit of armor because I know anybody who puts a foot in the health care debate is gonna need that. I've got the scars and experience to show for it," said the New York senator.

Another candidate, Ohio Rep. Dennis Kucinich, also backs universal health care.

Obama Adopts Universal Health Care As Policy Theme (CQ)

By Marie Horrigan

Congressional Quarterly, January 26, 2007

Illinois Sen. Barack Obama, who is mulling a bid for the Democratic presidential nomination in 2008, Thursday called on policymakers to overcome the “failure of leadership” and create a universal health care system.

“In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how,” he said in a speech at a Washington, D.C., conference on health care issues staged by the nonprofit advocacy organization Families USA.

“We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president’s first term,” continued Obama, who railed against what he called the “smallness of our politics — the idea that there isn’t much we can agree on or do about the major challenges facing our country.”

“We can’t afford another disappointing charade in 2008,” he said in prepared remarks. “It’s not only tiresome, it’s wrong.”

Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee. But the position he pronounced Thursday is not original to him.

Sen. Edward M. Kennedy of Massachusetts, who chairs that committee, cited universal health care as a top agenda item for the 110th Congress at the panel’s first hearing earlier this month. “We need to find a solution in this Congress, so that every American has guaranteed access to quality care by the end of the decade,” Kennedy said.

His suggestion that such a system could be modeled on a program recently instituted in Massachusetts added a bit of a bipartisan ring to the discussion, as the plan was championed by now-retired Republican Gov. Mitt Romney — himself a prospective candidate for president in 2008.

While Obama’s speech was one of his first major policy statements since he launched his presidential campaign exploratory committee last week, Families USA Executive Director Ron Pollack said his appearance should not be construed as an endorsement by the organization. Families USA, which has a stated goal of getting high-quality affordable health coverage for everyone, has not endorsed a political candidate in its 24-year history.

And Obama is not the only senator addressing the conference. Kennedy is scheduled to speak Friday morning, as is newly elected Sen. Sherrod Brown of Ohio, though neither of them is in the 2008 presidential running.

New York Sen. Hillary Rodham Clinton — who has formed her own exploratory committee and is considered a front-runner for the Democratic presidential nomination — has her own deep ties to the organization. She addressed Families USA conferences in 2001 and 2005, and the organization strongly supported her efforts in to develop a universal health care system in the 1990s during the presidency of her husband, Bill Clinton.

Families USA, according to Pollack, worked closely with Clinton in her role as first lady and backed her sweeping proposals, which ultimately failed in the face of massive Republican opposition and divisions within Democratic ranks.

Clinton also has seniority over Obama on the Health, Education, Labor and Pensions Committee, having joined when she first came to Congress in 2001.

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But Obama's ability to garner major media attention lent cogency to his speech Thursday. The first-term senator called for an online medical records system to cut administrative costs, something that he said everyone from Kennedy to Republican former House Speaker Newt Gingrich "believes we should do." He said such a policy would save the nation $600 million a year.

He also called for an examination of the "record-breaking profits" earned by the pharmaceutical and health care industries, and questioned whether the employer-based insurance system was a good fit in today's economy, in which few workers stay with one company throughout their careers.

"This crisis isn't just morally offensive, it's economically untenable," he said.

Obama said he had experts working on his own plan for universal health care, but referenced plans by Oregon Democratic Sen. Ron Wyden and comprehensive state-based plans emerging from places such as Maine, Illinois and California.

· On Kucinich's Turf. Obama has been a media magnet since he caught the public's imagination with his dynamic keynote address to the 2004 Democratic convention and his election to the Senate later that year. At the other end of the attention scale is a longshot Democratic presidential hopeful, Ohio Rep. Dennis J. Kucinich — who happens to have made universal health care a central cause for years.

Kucinich, who unsuccessfully sought the 2004 Democratic nomination, is co-author with Michigan Democratic Rep. John Conyers Jr. of HR 676, the Universal Health Care Insurance Act, which they introduced Wednesday.

Kucinich described the bill as the only plan to address the issues of quality, accessibility and cost. It "stands alone in an increasingly crowded field of efforts to provide health care coverage to all," Kucinich said in a statement.

Last week, Kucinich was named chairman of the new Domestic Subcommittee of the House Oversight Committee, which has jurisdiction over the Department of Health and Human Services and through which the congressman has vowed to address health care issues.

· Rebutting the Madrassa Rumor. Yet if Kucinich is regularly overshadowed in the presidential derby by Obama's star power, he at least has not yet been subjected to personal attacks of the sort Obama already is seeing.

Earlier this week, Obama became the center of a media frenzy as he rebuffed a published report that he had attended a madrassa, or radical Islamist school, while living in Indonesia as a child with his American mother and Indonesian stepfather.

The conservative-oriented Insight Magazine, associated with the Washington Times newspaper, ran a story last week that cited unnamed sources who said Obama spent at least four years at a madrassa. The magazine attributed the allegation — which were subsequently cited on Fox News Channel — to sources within Clinton's presidential campaign exploratory committee, in what one Clinton staffer told CNN was "an obvious right-wing hit job."

CNN, though, sent a reporting team to Indonesia, the nation with the world's largest Muslim population, and debunked the madrassa charge. The network cited numerous sources who said the school Obama attended as a child, though Muslim-run, had a diverse student body and did not engaged in radical politics.

Obama's team fired back Wednesday. "These malicious, irresponsible charges are precisely the kind of politics the American people have grown tired of, and that Senator Obama is trying to change," spokesman Robert Gibbs wrote in a memo distributed

Universal Health Care Pushed By Democrats (CHIT)

By Mike Dorning

Chicago Tribune, January 26, 2007

WASHINGTON -- Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994.

The Republican takeover of Congress that year was credited in part to political opposition to the Clinton health care plan. Since then, Democrats have concentrated on more modest, incremental efforts to expand health coverage, such as subsidized insurance for low-income children and prescription drug coverage for the elderly.

But this year, the three most prominent Democratic presidential candidates all have declared their intention to move the country toward universal health care coverage

Sen. Barack Obama (D-Ill.) committed on Thursday to providing health care coverage for every American within six years.

"I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country. There's no reason we shouldn't have that," Obama said in a speech to Families USA, a liberal health advocacy group.

Former Sen. John Edwards of North Carolina declared in announcing his presidential campaign in December that he would back universal health care, even if it required expanding the federal budget deficit.

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And Sen. Hillary Rodham Clinton (D-N.Y.), who as first lady spearheaded the Clinton administration's ill-fated plan, also has made health care coverage for all a central theme—highlighting her commitment by appearing at a community health care center last weekend, the day after entering the Democratic presidential field.

"One of the goals that I will be presenting…is health insurance for every child and universal health care for every American," Clinton said on Sunday. "That's a very major part of my campaign."

An adviser to one of the Democratic candidates said that health care is among the top concerns of the public, particularly likely Democratic primary voters, and that campaign strategists expect health coverage will be a paramount issue in the struggle for the nomination.

"We expect that it's going to play a bigger role than it ever did," said the Democratic adviser, who declined to be otherwise identified.

Several Republican governors also have recently embraced the goal of health care coverage for all.

Former Massachusetts Gov. Mitt Romney, now a GOP presidential candidate, signed legislation requiring all state residents to get health insurance by July 1 or face a tax penalty, with the state subsidizing insurance for lower-income residents. California Republican Gov. Arnold Schwarzenegger kicked off his second term this month with a call to assure health care for all state residents.

In Illinois, Democratic Gov. Rod Blagojevich's All Kids program was the first in the nation to offer state-subsidized health insurance to all children. During his re-election campaign last year and since, Blagojevich has spoken of his interest in moving the state toward a broad universal health care program.

In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care.

He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage.

"We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated," the senator said.

Obama said he would offer a plan for universal health coverage within "several months" and said the goal would be "a top priority" for him.

He otherwise provided few details, though he called for a greater focus on preventive health care to reduce doctors' visits and argued that the country could save on administrative costs by requiring greater use of electronic insurance claims. He said the country should examine "how much of our spending is going toward the record-breaking profits earned by the drug and health care industry."

Obama hinted that he might re-examine the building block of the current health insurance system, in which most workers received group health insurance provided through their employers.

"At a time when businesses are facing increased competition and workers rarely stay with one company throughout their lives, we also have to ask if the employer-based system of health care itself is still the best for providing insurance for all Americans," Obama said.

Asked to clarify the comment afterward by reporters, he said, "I don't think we immediately replace the employer-based system."

He added that he would be looking at such options as broadening employer-based group plans into larger insurance pools and improving the portability of health insurance coverage as employees move in and out of jobs.

Edwards and Clinton also have yet to offer detailed plans on health coverage, but spokesmen for both candidates said they would release proposals in the coming months.

Economist Henry Aaron of the Brookings Institution, a think tank with a liberal leaning, and health-care expert Stuart Butler of the Heritage Foundation, a conservative think tank, both said establishing universal health care coverage would be enormously difficult.

Butler, who has studied America's health-care system for 30 years, said he supports universal coverage, but that the current system would require drastic overhaul and that the "costs would be staggering." An estimated 47 million Americans have no health insurance.

Aaron, who has been working on reform of America's health-care system for more than 25 years, said the climate for universal coverage has improved, but probably not enough to get very complex legislation passed in the next several years.

To adopt a universal plan is "technically enormously difficult," Aaron said, and would have to take into account that the U.S. has a highly diverse population and a highly diverse health-care system. It would require passage of several pieces of legislation that could take years to get through Congress, he said.

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"I am not sure that even a new president and a new Congress can work through those devilish details" in the next presidential term and pass a universal plan, he said. Still, he said, if the supporters of a national plan avoid the mistakes of the Clinton administration, "they've got a shot."

Tribune Washington correspondent William Neikirk contributed to this article.

Obama Certain Of His Appeal To Black Voters (CHIT)

By Christi Parsons

Chicago Tribune, January 26, 2007

WASHINGTON -- Sen. Barack Obama said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February.

"If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois," Obama (D-Ill.) said, "I feel pretty confident that, once folks know who I am, we'll do just fine."

The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove "black enough" to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004.

The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign.

Demonstrating his flair for drawing a media crowd, Sharpton circulated a schedule of Democratic presidential hopefuls he planned to visit on Capitol Hill early in the day, with the guaranteed media draw, Obama, last on the list.

"We talked about issues and policy, about 21st Century civil rights concerns that we both share," Sharpton said after meeting with Obama. "We're trying to get the process beyond just the surface stuff."

Sharpton hasn't announced his own intentions for 2008 and, after the meeting, said he hasn't chosen a candidate among Democrats now seeking the office.

"I'm not making any endorsements today," Sharpton said.

Standing with Sharpton after their meeting, Obama gestured to a portrait of Supreme Court Justice Thurgood Marshall on the wall of his office, saying he and Sharpton are both beneficiaries of Marshall's legacy.

"Rev. Sharpton emphasized his hope that any presidential candidate is speaking to the issues of the dispossessed, and that his number one priority is making sure that we get those on the agenda," Obama said.

"I think he's right to do that and I assured him that I not only want to hear his views, … but that publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues. "

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Sharpton Sizes Up 2008 Contenders (AP)

By Nedra Pickler

AP, January 26, 2007

Democrat Al Sharpton said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate.

The civil rights activist spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency _ Chris Dodd of Connecticut, Joe Biden of Delaware, Hillary Rodham Clinton of New York and Barack Obama of Illinois. Each met privately with Sharpton in their office.

"I'm not making any endorsements today," Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama.

Obama said the two talked about their shared agenda of fighting for the dispossessed. "I assured him that I not only want to hear his views and thoughts and policy recommendations, but publicly any of us who step into this fight for the nomination have to be held accountable and speak to these issues," he said.

Sharpton said they talked about economics, health care and education issues. "We are going to keep talking and he knows I'm talking to everybody," he said.

The normally loquacious Sharpton was unusually curt and cut off further questioning by saying he was behind schedule. But he told reporters who followed him that he would decide about his own candidacy "once I see what these guys do or don't do."

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Former Rep. Harold Ford Jr., has some advice for his friend Sen. Barack Obama: Don't be afraid to take your presidential campaign anywhere in this country, no matter what the racial politics.

Ford lost a close bid last fall to become the first black senator from a Southern state since Reconstruction. Some blamed the loss in Tennessee on racial politics, but Ford said Thursday other factors, including a rival who spent his own money, contributed to his defeat.

He said Obama, son of a white mother and an African father, can't control how his race will affect his candidacy.

"As long as he works hard, is honest ... and is not afraid to take his message anywhere in the country, he'll do fine," Ford said. "He can't try to predict what other people may think or may do. All he can do is run the campaign that he's capable of running.

"Do I think the fact that he's black will be a factor in his campaign? Probably," Ford said. "It would be a factor if two white guys were running. People talk about race regardless, so race is an issue that we deal with in America. I don't think that will be a central part of his campaign at all."

Ford spoke to reporters over lunch on his first day as chairman of the centrist Democratic Leadership Council. Ford is replacing former Iowa Gov. Tom Vilsack, who stepped down to run for president.

Ford said he plans to remain neutral in the 2008 race because of his new position, but he is particularly close to Sen. Hillary Rodham Clinton of New York and Obama.

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WASHINGTON (AP) _ Hollywood moguls Steven Spielberg, Jeffrey Katzenberg and David Geffen are throwing a fundraiser for Sen. Barack Obama's presidential campaign next month.

Some 700 invitations to the $2,300-per-head event at the Beverly Hilton Hotel went out this week, Andy Spahn, political adviser to Katzenberg and Spielberg, said Thursday. Katzenberg, Spielberg and Geffen are the founders of the DreamWorks movie studio.

Katzenberg has endorsed Obama, but Spielberg, a longtime supporter of Sen. Hillary Rodham Clinton, hasn't made up his mind. Geffen also has not publicly endorsed a candidate.

"There are many people in this community who will support multiple candidates, but this certainly is evidence off the serious credibility and strength of Obama's candidacy," said Spahn, rejecting the suggestion the fundraiser was a slight to Clinton.

The Feb. 20 event will be followed by a private dinner at Geffen's house for donors who have committed to raising $46,000.

As president, Bill Clinton had a famously affectionate relationship with Hollywood, and the goodwill _ and deep pockets _ transferred to Sen. Clinton. Celebrities such as Barbra Streisand, Jennifer Lopez and Chris Rock donated to her Senate races in 2000 and 2006.

Clinton spokesman Phil Singer said Spielberg and other major Los Angeles donors, including producer Steve Bing, media mogul Haim Saban, supermarket magnate Ron Burkle and investment banker Sim Farar, will be co-hosting a fundraiser for the New York senator in the spring.

Sharpton Goes To Washington To Talk To Party's '08 Hopefuls (NYT)

By Patrick Healy

The New York Times, January 26, 2007

WASHINGTON, Jan. 25 — The Rev. Al Sharpton, a man who says he knows a well-tailored suit from a fake, went to the United States Senate on Thursday to do some comparison shopping, meeting separately with four Democrats who are seeking the 2008 presidential nomination to discuss civil rights.

One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to Senator Barack Obama, Democrat of Illinois and a fellow African-American, that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004.

Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after their meeting in the senator's office, where Mr. Obama had them pose for a picture beneath a portrait of Justice Thurgood Marshall of the Supreme Court.

"I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is," Mr. Sharpton said.

Mr. Obama and Senator Hillary Rodham Clinton of New York, with whom Mr. Sharpton also met, are expected to compete fiercely for black votes.

"I'm not endorsing anyone at this point," Mr. Sharpton said, "but she has more of a civil rights program laid out. And I always know where I stand with her. She is always accessible and welcoming."

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No candidate's schedule was too important for them to miss the meeting: Mrs. Clinton was waiting to speak at a Senate Armed Services Committee hearing on Iraq when the time for her appointment with Mr. Sharpton came and went. So one of her aides escorted Mr. Sharpton to an office near the hearing room, and Mrs. Clinton left the discussion about troop levels in Baghdad to meet him.

Mr. Sharpton and Mrs. Clinton met behind closed doors for 15 minutes, then emerged with big smiles. Mrs. Clinton seemed surprised to see a dozen reporters waiting; Mr. Sharpton had sent out two news releases, one at 2 a.m. on Thursday, with his itinerary.

"I'm delighted that Reverend Sharpton is here today to talk about issues that are important to our country," Mrs. Clinton said as they stood in a Senate hallway. "His commitment to the 21st-century civil rights agenda is one that I share."

Mr. Sharpton said, "I'm very happy my hometown senator is in the race."

Mrs. Clinton declined to take questions and zipped back to the hearing, while Mr. Sharpton hung back with reporters for a few minutes.

Asked who he favored among the Democratic candidates, he said, "We're talking." He said the conversations dealt with criminal justice issues and Hurricane Katrina, among other things.

Mr. Sharpton also met with Senators Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware, and plans to meet soon with former Senator John Edwards of North Carolina and Gov. Bill Richardson of New Mexico, all of whom are seeking the presidency.

Mr. Sharpton also said he would decide this spring whether to run for president again in 2008.

Sharpton: Step Up Or I'll Run In '08 (WT)

By Brian Debose

The Washington Times, January 26, 2007

The Rev. Al Sharpton yesterday threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues.

Mr. Sharpton, a New York-based activist and perennial candidate for various posts, said strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education.

"If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does," Mr. Sharpton said.

Mr. Sharpton's comments came as he visited Democratic Sens. Hillary Rodham Clinton of New York, Joseph R. Biden Jr. of Delaware, Barack Obama of Illinois and Christopher J. Dodd of Connecticut, the four senators seeking the party's nomination.

Mrs. Clinton after speaking with Mr. Sharpton said she is in lock step to deal with "21st-century civil rights issues" such as those Mr. Sharpton is backing.

"These are issues important to our country and ... an agenda that I support," she said.

Mrs. Clinton and Mr. Obama are the front-runners in recent polls and considered the two strongest candidates by most political pundits. Many pundits think that the pair will need to court Mr. Sharpton's endorsement and his help on the campaign trail to secure votes from black voters.

Standing next to the New York minister in front of a painting of renowned Supreme Court Justice Thurgood Marshall, Mr. Obama said the two men have benefited from the movement Mr. Marshall energized when, as a lawyer for the National Association for the Advancement of Colored People, he won the 1954 Brown v. Board of Education case that barred segregation in schools.

"Hopefully the work that we do will benefit generations to come; he wants the candidates to speak to the issues of the dispossessed. And I think he is right to do that," Mr. Obama said.

Mr. Sharpton entered the 2004 presidential race to put issues of police brutality and racial profiling, poverty, limited access to education and health care at the forefront and to denounce the war in Iraq. He said far too many Democrats were "acting like elephants in donkey jackets," referring to the overwhelming support by the party's members of Congress to authorize the war.

While most pundits wrote off his campaign, he placed third in the polls in South Carolina and second in the District's nonbinding primary. He also gave what was regarded as one of the best speeches at the 2004 Democratic National Convention.

But after the election, Mr. Sharpton began a new campaign working with evangelical ministers to expand their activism with Republicans against abortion and homosexual "marriage" to also address such issues as poverty, equal opportunity and rebuilding New Orleans after Hurricane Katrina.

"It was shocking, beyond shocking, that the president did not mention New Orleans or Katrina in the State of the Union address, because they are members of the Union still suffering daily with issues of poverty and despair," he said.

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Mr. Sharpton said that this campaign is the reason why his first stop in Washington yesterday was at the office of Mr. Dodd, chairman of the Senate Committee on Banking, Housing and Urban Affairs.

He said Mr. Dodd "is in the best position to work on" the minister's concerns about such issues as access to capital, diversity among heads of pension funds and the practice of redlining -- where minority neighborhoods pay more for goods and services, particularly bank interest on loans.

"Those issues are ones that he as the committee chairman can affect now, and also out on the campaign trail as a presidential candidate, so that was a very important meeting," Mr. Sharpton said.

Sharp Decline In Union Membership In '06 (NYT)

By Steven Greenhouse

The New York Times, January 26, 2007

Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history.

The Bureau of Labor Statistics reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s.

Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses.

In manufacturing, which had long been the heart of organized labor, the percentage of workers in unions sank to 11.7 percent, from 13 percent. Perhaps the brightest spot for labor was the extent of government workers in unions, 36.2 percent, although that, too, was down, from 36.5 percent in 2005.

Union leaders have long said that for organized labor to turn around, it must reverse the decline in membership in the private sector. But the percentage of private sector workers in unions continued to fall last year, slipping to 7.4 percent — the lowest percentage since the early 1900s. In 2005, the private sector percentage was 7.8 percent.

At a news conference on Wednesday, the A.F.L.-C.I.O. pointed to polling results showing that 53 percent of nonunion workers said they would vote to join a union tomorrow if they could.

"Sixty million Americans say they would join a union tomorrow if they could — that's far more than the 15.4 million now in unions," said Stewart Acuff, the A.F.L.-C.I.O.'s organizing director. "What's stopping them is employer resistance."

With the Democrats in control of Congress, labor unions hope they can reverse their decline by persuading Congress to enact the Employee Free Choice Act, which would give workers the right to unionize through an easier, less antagonistic method — signing pro-union cards.

But many business groups favor the current system in which employers can insist on using secret-ballot elections to determine whether a majority of workers want to join a union.

Business groups assert that elections are fairer, while labor unions assert that elections often involve employer intimidation of workers and the firing of union supporters.

Billions Pledged For Lebanon Government (AP)

By Anne Gearan

AP, January 26, 2007

World powers pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence.

Lebanese Prime Minister Fuad Saniora took a risk by leaving his fortified compound in Beirut to attend a one-day conference on developing ways to help Lebanon recover from last summer's war between Israel and Hezbollah and address its $40 billion in debt.

As the donors met in Paris, government and opposition supporters clashed at a university campus back in Beirut in new violence spilling over from Lebanon's political crisis. The army, struggling to restore order, imposed a nighttime curfew. At least three people were killed and dozens injured.

Saniora told the Paris conference his nation was on the verge of a deep recession.

"Your support will be essential in seeing Lebanon through," Saniora told the conference. "The cost of failure is too great to contemplate."

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Saniora stands between the West and Iranian-backed Hezbollah militants trying to bring down his government. Thursday's conference had an urgent tone, with some diplomats and leaders hoping to give Saniora tangible bargaining power in his power struggle with Hezbollah.

"I think this goes beyond the wildest dreams of everyone for the success of the conference," Secretary of State Condoleezza Rice said of the pledge total. "I think when people really started thinking about what was at stake here ... they decided that this statement had to be made," she said in an interview with The Associated Press.

Rice announced $770 million in new U.S. aid, more than three times the Bush administration's previous commitment.

The United States regards Hezbollah as a terrorist organization. U.S. law forbids funding for terror groups, restrictions that led to a cutoff of direct U.S. aid for the Palestinian government following the election victory of the Hamas militants exactly a year ago.

The Bush administration has since found ways to segregate money for the Western-backed Palestinian President, Mahmoud Abbas, but it is not clear what the administration would do if the Saniora government falls in Lebanon.

Rice would not give a direct answer when asked if an elected Hezbollah-led government could still collect the U.S. pledge.

"We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora," Rice said at a press conference. "I don't have any desire to get into hypotheticals about Lebanon's future."

Saniora is fighting for his political life against Hezbollah, a military and political organization that has organized deadly street protests.

The Hezbollah-led opposition demands a share of power in the Cabinet and effective veto on key decisions, or it wants the government ousted and new elections held. Saniora has refused to quit or cede power. The opposition's six ministers in the 24-member Cabinet quit in November.

The opposition has been camped out in front of the prime minister's office in downtown Beirut and staged several protests to press its demands since Dec. 1.

Uncertainty over Lebanon's political future did not appear to hold down pledges, estimated before the conference at about $5 billion. Much of the money is tied to promised financial reforms in Saniora's government.

The host, French President Jacques Chirac, played auctioneer, pressuring participants to give. He gently chided Japan for not giving more than $11 million.

"Be brief, be good and be generous," he said at one point, as the more than 40 nations and financial institutions took turns in announcing their aid.

Saudi Arabia said it would commit $1 billion in development funding and an additional $100 million as a direct grant to the Lebanese government. France, a former colonial power in Lebanon, put forward $650 million, much of it in loans. The European Union committed $522 million in loans or aid.

British Foreign Secretary Margaret Beckett said the conference sent a signal of political as well as economic support for Saniora's government and his proposals to reduce public debt.

"This government does have a credible reform program," she told reporters.

Saniora's critics said donors would worsen Lebanon's debt and be pouring good money after bad.

Lebanon's $40 billion in state debt is equivalent to about 185 percent of its annual economic output, making it one of the world's most indebted nations.

Tiny Lebanon had experienced promising economic growth in the past decade, as the scars faded from a 15-year civil war. But much of the progress was undone by the summer war with Israel, which wasted towns in southern Lebanon, and by weeks of political deadlock that have closed shops and businesses.

Lebanon's economy is nearly at a standstill, with jobs, capital and trained workers leaving for better prospects overseas. This was the third in a series of Paris donor conferences since 1998. A separate session in Stockholm, Sweden, in August netted pledged of about $1 billion for postwar reconstruction.

Lebanon _ a country of 4 million people, 17 religious sects, an educated class and a free-market economy _ has historically been a Middle East battleground.

Iran and the United States had a proxy conflict in Lebanon in the 1980s when a series of kidnappings and suicide bombings in Beirut, blamed on pro-Iranian militants, killed more than 270 Americans. The United States pulled its Marines from the city.

Beirut Riots Cast Shadow Over Aid Pledges (FT)

By Ferry Biedermann And Andrew England

Financial Times, January 26, 2007

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An international donor conference in Paris at which $7.6bn was committed to support Lebanon was overshadowed on Thursday by renewed political violence in the increasingly divided country.

The clashes in Beirut were sparked by a fight between pro-government and opposition supporters at the city's Arab University, and then spread to the institution's environs in a predominantly Sunni neighbourhood. Four people were shot dead in the clashes.

The Lebanese army clamped a night curfew on the capital, seeking to quell Sunni-Shia tensions in a country still recovering from a 1975-90 civil war.

It was the second outbreak of violence in Beirut this week and came against the backdrop of political instability in Lebanon following last summer's conflict between Israel and the Islamist Hizbollah movement. Since a United Nations-backed ceasefire came into force in August, the government of prime minister Fouad Siniora has been under pressure to cede more power to Hizbollah and its Christian allies, which are seeking early elections.

The opposition has been running a protest campaign since December aimed at bringing down the Sunni-led pro-western government, which has a parliamentary majority.

Thursday's fighting pitted Sunni against Shia. There were reports that snipers fired from rooftops. Violence on Tuesday, which was triggered by a Hizbollah-enforced general strike and left three dead, was mainly between rival Christian groups.

It was not clear if the clashes, which involved groups of young men brandishing clubs, were triggered by provocation designed to coincide with the donor conference or whether they erupted spontaneously as a result of increasing sectarian tensions, which have led to fears that the country could slide back into civil war.

Both Sunni and Shia blamed each other for the violence and Sayyed Hassan Nasrallah, Hizbollah leader, later told supporters to leave the streets and co-operate with the army.

Jacques Chirac, French president, who organised and chaired the Paris conference, on Thursday openly backed Mr Siniora, stressing the legitimacy of his government, "put in place by democratic elections".

Mr Siniora called on his countrymen to maintain calm and "renounce temptation to fan the flames".

The donor conference was intended to aid the country's reconstruction after last summer's war, as well as address its crippling debt of $40.5bn (€31.2bn, £26.7bn), equivalent to 180 per cent of gross domestic product. Both Mr Siniora and the French president emphasised that the international support was for "all the Lebanese".

But given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on.

Big new commitments of support came from the International Monetary Fund and the European Investment Bank (EIB) as well as the US, Europe, Saudi Arabia and other Arab countries.

A Lebanese official said $800m of the $7.6bn was expected to be in the form of grants and almost $2bn was scheduled to be disbursed during 2007.

Mr Chirac praised the economic reform programme that Mr Siniora presented to the conference, elements of which have been criticised by Hizbollah and other opposition groups.

The French president and others linked long-term international aid to implementation of the reforms.

Saudi Arabia pledged $1bn, on top of substantial earlier commitments, while the IMF and the EIB pledged more than $2bn. On Wednesday the European Union committed an extra €400m ($520m, £265m) and France announced €500m in soft loans. Condoleezza Rice, US secretary of state, confirmed a US pledge announced a day earlier of $770m in new aid.

Other Arab countries, including Kuwait, Qatar and other Gulf states, pitched in with hundreds of millions of dollars each.

Aid Conference Raises $7.6 Billion For Lebanon (NYT)

By Helene Cooper

The New York Times, January 26, 2007

PARIS, Jan. 25 — Led by Saudi Arabia and the United States, international donors from more than 30 countries on Thursday pledged $7.6 billion in aid for Lebanon, in a bold effort to try to prop up the government of Prime Minister Fouad Siniora.

But even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon. Four people were shot dead and 150 wounded in clashes between groups supporting the government and protesters aligned with the Hezbollah-led opposition. Both sides appealed for calm.

The clashes in Lebanon this week, which came just as Mr. Siniora sought to present his country as ripe for investment, were another embarrassment to the prime minister, who has been fighting to keep his government afloat. The political faction led by Hezbollah and backed by Iran and Syria has been calling for his resignation for more than two months.

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Lebanon is a battlefield in a larger proxy war. The United States, its Sunni Arab allies and Europe, all represented at the conference, are on one side. Iran and Syria are on the other, backing Hezbollah as it seeks to increase its power. They have been giving an estimated $40 million a month to Hezbollah and other groups in Lebanon, analysts say. The money available to rebuild towns and communities damaged in Hezbollah's war with Israel last summer is seen as pivotal to winning the support of the Lebanese people.

Saudi Arabia, which is seeking to counter the rising influence of Iran in the Muslim world, led the pledges for the government on Thursday with a promise of $1.1 billion in loans and grants. The United States pledged $770 million in loans and grants, bringing to $1 billion the amount it has pledged to the government of Mr. Siniora since September.

The donors in Paris took pains to deflect criticism that their aid pledges were solely meant to prop up Mr. Siniora. Secretary of State Condoleezza Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, deflected the question.

Mr. Siniora, seated beside Ms. Rice during an early morning news briefing, quickly interjected, "No conditions, no conditions." Ms. Rice replied that the money was for the Lebanese people.

"Clearly this is a package that is for Lebanon, and that is extremely important to understand," she said. "Lebanon is a democracy. That said, Lebanon is also undertaking some important economic reforms that are critical to making any of this work, and it's not at all unusual that donors expect that those reforms are going to continue, in fact, as the donor community responds to the needs."

When pressed later on whether the American funds would be cut off if Hezbollah gained control of the Lebanese government, she said she did not want to discuss "hypotheticals."

"As you know, Hezbollah is considered a terrorist organization by the U.S.," she said.

The European Union offered $522 million in loans and other aid, while France separately promised $650 million in loans.

The conference, in the Kleber Conference Center near the Arc de Triomphe, had a somewhat surreal air. One after another, foreign dignitaries at a conference table announced, in French, Arabic and English, how much money they were willing to put forward.

"Be brief, be good and be generous," President Jacques Chirac of France, the host, exhorted the group before the event.

The World Bank offered $1 billion in loans, grants and other aid. The European Investment Bank offered $1.2 billion, and the Islamic Development Bank followed with $250 million.

Lebanon is hobbled from the economic and political impact of the Israel-Hezbollah war, and reconstruction efforts have been burdened by the country's $41 billion public debt.

On Tuesday, groups opposing Mr. Siniora's government essentially shut down the country, staging protests in Beirut, blocking roads with burning tires and setting off clashes that killed three people and left more than 130 wounded. Thursday's clashes added to the burdens of Mr. Siniora, whose survival thus far, Lebanon analysts say, is attributed not only to his support from about half of the country, but also to his strong international support.

Even with the $7.6 billion in donations and pledges, Mr. Siniora will still return to Lebanon with a battle on his hands as he tries to establish an international tribunal that could eventually implicate Syria in the assassination of Rafik Hariri, a former Lebanese prime minister who was an outspoken critic of Syria.

Syria occupied Lebanon for 30 years but was forced to withdraw its troops after Mr. Hariri's death. The United States has accused Syria and Iran of trying to bring down the Siniora government to wreck plans for the creation of an international tribunal to try suspects in the case.

$7.6 Billion In Assistance Pledged To Lebanon (WP)

By John Ward Anderson

The Washington Post, January 26, 2007

PARIS, Jan. 25 -- The embattled Lebanese government of Prime Minister Fouad Siniora won more than $7.6 billion in pledges of financial assistance Thursday from international donors eager to help rebuild the war-ravaged country, stabilize its economy and improve the security situation.

The package -- including pledges of grants and loans totaling $1.1 billion from Saudi Arabia and $770 million from the United States -- is a major boon for Siniora, whose government has been buffeted since early December by a Hezbollah campaign to topple it.

The power struggle intensified Tuesday when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes, leaving three people dead and more than 100 injured. Four people were killed in renewed clashes Thursday at Beirut Arab University and other locales, officials said.

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Against that backdrop, leaders from 36 countries and 14 international agencies gathered here to express their support for Siniora's democratically elected government and its attempts to implement economic reforms, ease a $41 billion debt burden and rebuild vast areas of Lebanon that were demolished last summer during Israel's 33-day war with Hezbollah. Lebanese officials estimate war damage at $3.6 billion.

"I'm going back really pleased with the level of financial support shown today," Siniora said. "This is for all Lebanon and all the Lebanese."

Secretary of State Condoleezza Rice said, "The conference today was a very important expression of the international community's intention to stand by Lebanon and the Lebanese people in these difficult times."

Rice would not say whether U.S. money would be delivered if Hezbollah -- an Iranian- and Syrian-backed Shiite Muslim group that the United States has labeled a terrorist organization -- succeeded in overthrowing Siniora's government and came to power, calling it "speculation."

C. David Welch, assistant secretary of state for Near Eastern affairs, told reporters in Paris on Wednesday, "We are not going to support people who launch wars and try to bring down governments with the benefit of outside assistance. . . . That's just not going to happen."

French President Jacques Chirac, who hosted the conference and pledged $650 million in low-interest loans to Lebanon, said international support depended on a Lebanese "national consensus on economic and social reforms imperative for the future of the country, and on the implementation of those reforms as soon as possible."

At least $464 million of the funds pledged by the United States would be directed to military aid or security measures, according to a State Department official, quoted by news services, who briefed reporters traveling with Rice.

That included $220 million in military aid to the Lebanese government for the purchase of small arms, ammunition, spare parts and other hardware; $184 million for U.N. peacekeeping forces in southern Lebanon; and $40 million for internal Lebanese security services.

About $250 million in a cash reserve would be released to the Lebanese government as it met targets for reforms that Siniora has pledged to implement to help restore fiscal stability and stimulate the economy. Lebanon's $41 billion debt is equivalent to about 180 percent of its gross domestic product, and about half of the country's annual budget is spent servicing it.

Among the measures the government has promised are to raise the value-added tax from 10 to 12 percent, reduce state subsidies for fuel and privatize the electricity and telecommunications industries.

The U.S. funds, which are subject to approval by Congress, are in addition to $230 million that Washington pledged at an August conference in Stockholm and represent a significant increase in U.S. financial assistance to Lebanon, which in years past was as low as $2 million a year.

Beirut University Dispute Escalates Into Rioting, Killing 4 (NYT)

By Nada Bakri And Hassan M. Fattah

The New York Times, January 26, 2007

BEIRUT, Lebanon, Jan. 25 — Violence erupted in Beirut on Thursday for the second time in three days, as an altercation in a university cafeteria escalated into rioting and gunfire.

The army declared a rare night curfew throughout the city amid fears that Lebanon’s two-month political crisis had entered a violent phase.

At least four people were shot dead — two supporters of the government and two of the opposition — and 150 were wounded in street fighting that began with a scuffle in the student cafeteria at Beirut Arab University in Tariq Jadidah, a Sunni neighborhood. It spilled into the street, and men arrived and started shooting as each side apparently summoned reinforcements.

Vanloads of antigovernment protesters arrived. They smashed cars parked in the university lot and on adjacent streets, setting them on fire and burning tires.

Arriving Lebanese soldiers fired into the air and used tear gas and stun grenades to try to disperse the crowds, but with little success. In some instances, soldiers stood on sidewalks or took cover in their armored personnel carriers, watching the violence.

Members of the March 14 movement, supporting the government of Prime Minister Fouad Siniora, accused the soldiers of giving the Shiite protesters, most of them backers of Hezbollah, free rein to go on a rampage.

“They allowed them into the neighborhood, they are scared of them,” a pro-government protester said.

Others accused Saad Hariri, the leader of the Future Movement a Sunni party that supports the government, of abandoning the residents of the area by not arming them.

The deep-seated anger was palpable as the fighting continued through the afternoon, uncovering a widening sectarian divide in many Lebanese neighborhoods.

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"Animals, they are animals," said Abdallah Tassi, in tears, as his car burst into flames. He directed his anger at Sheik Hassan Nasrallah, the Hezbollah leader. "Nasrallah is a liar," he said. "He pretends to be the enemy of Israel, but really he is the enemy of the Sunnis."

The air filled with thick smoke as tires burned and young men hurled stones and shouted epithets.

"The blood of the Shiites is boiling, boiling!" shouted one opposition member, as he watched the fighting.

Television stations run by each side of the political divide blamed the other side for the violence, while leaders on each side urged calm.

Hezbollah supporters were seen firing M-16 rifles, while members of the Future Movement were observed firing pistols. Hezbollah men carrying the group's trademark walkie-talkies mingled among the rioters and managed the crowds.

"Let them get their anger out," said one Hezbollah member, his radio held close to his mouth.

Some witnesses reported seeing shots fired from roofs. Government supporters said opposition snipers had fired at them from buildings.

Sheik Nasrallah, in a prerecorded message released Thursday night, contended that his group had uncovered information that snipers were brought into the country in recent days by "pro-government militias." Hezbollah's marksmen have long been a point of pride for the group, which used them to great advantage against advancing Israeli soldiers in the summer war with Israel.

Government loyalists also hurled incendiary devices at an office of a pro-Syrian party nearby, setting the building on fire, witnesses said.

But by nightfall, all Lebanese leaders appealed for calm.

Sheik Nasrallah issued a fatwa, or edict, telling his followers to leave the streets and restore calm. The Future Movement urged its supporters to show self-restraint and calm.

Mr. Siniora, at an aid conference in Paris, called on all the parties "to return to the voice of reason."

Nabih Berri, leader of the Shiite Amal party and speaker of Lebanon's Parliament, said, "What everyone should do now is halt the strife." He added, "We must all remain united or we will find our country in the graveyard of history."

Tensions remained high Thursday night, even as the fighting ebbed.

Sheik Nasrallah "wants us to wait until they kill us; he does not want to give us weapons!" an opposition member shouted. "Where is he, why isn't he giving us weapons?"

Rival Groups Clash In Beirut Streets (WP)

By Anthony Shadid

The Washington Post, January 26, 2007

BEIRUT, Jan. 25 -- The Lebanese army imposed a curfew on the capital Thursday after hundreds of government supporters and foes wielded rocks, molotov cocktails and sometimes guns in street battles that dragged on past nightfall. Four people were killed and 150 wounded, officials said, many of them soldiers who at times stood helplessly between the two sides.

The clashes, which began in a university cafeteria and spread to the surrounding neighborhood of Tariq Jedideh, offered a bitter contrast to the optimism of an international conference in Paris, where more than $7.6 billion was pledged to help Lebanon's economy recover from last summer's war between Israel and the Shiite Muslim movement Hezbollah.

As the grants and loans were announced in Paris, bursts of gunfire echoed along the airport road here and columns of black smoke rose from burning cars. The clashes were some of the worst since Lebanon's 15-year civil war ended in 1990 and followed violence Tuesday that left three people dead.

Hundreds of Hezbollah followers, in red and blue helmets, poured into Tariq Jedideh, a Sunni neighborhood, many of them carrying sticks and chains. At one point, their opponents burned a Hezbollah banner, an act that spoke to the jarring rise in tension between Sunni Muslims, largely aligned with the government, and Hezbollah supporters since the crisis began two months ago.

The army and security officers deployed in force after the clashes erupted, but often fired into the air or simply gave way. For hours, crowds surged at each other, then retreated, usually separated by soldiers crouched behind armored personnel carriers. More clashes ensued elsewhere, as Sunni crowds firebombed the headquarters of a party allied with Hezbollah and Shiite youths rampaged along a downtown street lined with bank headquarters.

The images reverberated across Beirut, uneasy since Dec. 1, when Hezbollah and its allies began their campaign to topple the government of Prime Minister Fouad Siniora with a mass protest in the downtown area. The overburdened cellphone network was paralyzed. In the streets, there were grim reminders of the civil war: Swaggering young men asked residents whether they were Sunni or Shiite; cars were attacked because of their owner's sect; and both sides questioned whether the army could protect them.

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"It's going to get worse. Look at all this," said Salah al-Sheikh, a 40-year-old Sunni resident, waving his hand toward a block of incinerated or smashed vehicles, the street littered with rocks, sticks and shattered glass. "A few days ago, they were in the same schools and the same universities. Look what's happening now. Why? That's all I want to ask. Why?"

Behind him, another Sunni resident shouted, "Give us weapons! Give us weapons!"

Across the street, Shiite crowds set fire to cars and released the emergency brakes of buses, letting them slam into concrete walls. Traffic signals were broken; street signs and an iron gate were torn down.

"Let them blow off steam," said an older, bearded man, dressed in the traditional black of Hezbollah's security force.

The fighting was an episode, writ small, of an increasingly precarious Middle East, riven by growing sectarian tension, simmering civil conflict here and in the Palestinian territories, and a deepening war in Iraq that followed the U.S.-led invasion in 2003. Leaders across the political divide called on their supporters to exercise restraint. Lebanese officials said the army insisted that all sides agree to a curfew before it declared its start at 8:30 p.m.

"I call on everyone to return to the voice of reason," Siniora said from Paris, where he attended the aid conference.

Hasan Nasrallah, Hezbollah's leader, issued a religious edict to his followers to withdraw. "This is an order on everyone," he said.

Nabih Berri, the speaker of parliament, whose Amal movement is allied with Hezbollah, warned that events were spiraling out of control: "We must all be united or we have to look for our country in the graveyard of history."

Almost from the beginning of the current crisis, many in Lebanon have predicted that only bloodshed would force a break in the deadlock between the government, supported by the United States and France, and an opposition led by Hezbollah, supported by Iran and Syria. Since then, the struggle -- effectively splitting the country into two camps divided by sect, ideology, perspective and loyalty to leaders -- has escalated. On Tuesday, Hezbollah, Amal and their Christian allies, who are led by Michel Aoun, enforced a nationwide strike by blocking thousands of roads with tires, uprooted trees and barricades of dirt and dumpsters.

As Thursday's battles raged, the country's politicians frantically called one another. Lebanese officials said Berri and Walid Jumblatt, a Druze leader allied with the government, spoke for the first time since the crisis began. All agreed to try to quiet the streets, although no initiative emerged. After the curfew took effect, the army said the streets were largely calm.

The battles began around noon with an argument between Shiite and Sunni students in the cafeteria of the Beirut Arab University. Each side accused the other of provocation, but within 15 minutes, university security officers separated the two groups. Sunni students said one of their own was then attacked on campus. Shiite students said the army tried to evacuate female students. As they left, Sunni students hit them and ripped off their veils, Shiite students said.

The fighting spilled into the tense Sunni neighborhood of Tariq Jedideh. Shiite students said that residents threw rocks and that at least three people fired on them from balconies. Mohammed Abdel Satir, a 21-year-old engineering student, said he and others then called Hezbollah officials, who dispatched men in trucks and vans.

"We don't trust the Lebanese army, and we saw this today with our own eyes," he said as he stood near knots of female students, some of them crying. "It's Hezbollah's duty to protect us. The government is not protecting us anymore."

The arrival of hundreds of Shiite residents inflamed tensions. Battles spread through the surrounding streets, with the airport road serving as a front line. Troops fired tear gas; at other times, they stood idly next to rock-throwing protesters.

"The blood of Shiites is boiling!" young men shouted.

Sunni residents urged the army to push back the Shiite crowds.

"Attack them!" one man yelled at the soldiers, his face contorted in anger.

Along the street, gunfire crackled into the night. Some Sunni residents tossed molotov cocktails into a parking lot, where young Shiite men had wrecked dozens of cars. Others threw rocks, some of them hitting soldiers.

"They came to our turf," said Mohammed Kraim, 23. "We want to face them with guns," he added. "This isn't fair."

Special correspondent Alia Ibrahim contributed to this report.

Security Council Sees Hope For Mideast (AP)

By Sarah Dilorenzo

AP, January 26, 2007

Security Council members are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process, Russia's U.N. ambassador said Thursday.

The so-called quartet of Middle East peace brokers _ the U.S., the European Union, Russia and the U.N. _ will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking.

Russian Ambassador Vitaly Churkin said there was hope that the meeting would lead to a wider international conference to end the conflict.

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"There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community," Churkin told reporters after a Security Council meeting on the situation in the Middle East.

"Maybe not in such a long run, this process could culminate in an international conference, which needs to be well prepared, but which would bring about a long-awaited settlement of the situation in the Middle East," he said.

A "road map" for peace launched by the quartet in 2003 never got off the ground because each side failed to meet its initial obligations. The plan outlined stages for creating a Palestinian state alongside Israel.

However, there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland.

Churkin said key to next month's meeting will be helping the Palestinians form a unity government.

Abbas, of the more moderate Fatah party, has been locked in a power struggle with the Islamic militant Hamas, which won control of the Palestinian parliament in elections last year. Dozens of people have been killed in fighting between the rival factions.

Abbas has been pushing for a unity government partly as a bid to end Western sanctions imposed on the Hamas-led government for its refusal to renounce violence and recognize Israel's right to exist.

Ibrahim Gambari, undersecretary-general for political affairs, told the Security Council that despite the sanctions, aid to the territories rose nearly 10 percent in 2006 over the previous year.

Gambari said more than half of the aid had come from Arab countries. Some Western countries have continued to fund humanitarian programs for the Palestinians, but the aid bypasses the government in keeping with the embargo.

Despite the increase in aid, Gambari said the territories' GDP per capita fell by at least 8 percent in 2006 and poverty rose by 30 percent.

Without a revived peace process, Gambari said, "the most that aid can do is contain for a limited time the spread of grievances and the spread of instability."

Time Has Come For Mideast Peace : Abbas (AFP)

AFP, January 26, 2007

Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away.

"The time has come for us .. to make peace a reality," Abbas told an audience at the annual meeting of business and political leaders in Davos.

"We are ready, as of now, to start serious negotiations with our Israeli neighbours," he said during a discussion in which he and Livni shared a stage with Israeli Deputy Prime Minister Shimon Peres.

"The map (to peace) is there, we have all agreed to it. I am convinced we can reach a quick solution," Abbas added.

The United States is due to host a meeting on February 2 of the diplomatic Quartet, whose 2003 "roadmap" for achieving Palestinian statehood and peace with Israel has languished since its inception.

US Secretary of State Condoleezza Rice said during a week-long trip to the Middle East and Europe earlier this month that she planned to "accelerate" implementation of the roadmap put forward by the United States, European Union, United Nations and Russia.

Abbas is expected to meet Rice and Israeli Prime Minister Ehud Olmert next month.

Speaking after the Palestinian president, Livni was more circumspect about the timetable for a possible resumption of the road map, even as she stressed the need for both sides to stick to the vision of two states living side by side.

"The Palestinian state is not an illusion, its feasible, it's there, it's achievable," Livni said. "The establishment of a Palestinian state and homeland for the Palestinians is the answer, the national answer to the Palestinians wherever they are."

At the same time, Livni stressed that Israel would never "allow" a Palestinian state that was "ruled by a terrorist organisation."

Abbas and his secular Fatah party are locked in a power struggle with the radical Islamic movement Hamas, which controls the Palestinian government and has refused to recognize Israel.

At WEF, A Pledge For Mideast Peace (AP)

By Paul Haven

AP, January 26, 2007

Israel's foreign minister reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state is "not an illusion. It's there, it's achievable."

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Tzipi Livni made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists, a reference to the militant Hamas government's refusal to disavow its call for the destruction of Israel.

But Livni also made a personal and impassioned plea for dialogue to begin, turning to face Abbas.

"I would like to negotiate, to speak, to meet, to talk," she said. On finding peace, she said: "There is nothing I want more ... this is part of our dream, this is part of our goal."

Abbas, for his part, said he was confident the peace process could be put back on track. "We are ready as of now to start serious negotiations," he said during the public session. Afterward, the two warmly shook hands. They are to meet one-on-one at a hotel on Friday.

"We are creating this momentum ...to put the train on the track and push it after that," Abbas told The Associated Press.

Abbas and Israeli Prime Minister Ehud Olmert are scheduled to hold three-way talks next month with Secretary of State Condoleezza Rice, although a date and place have not been set.

The renewed efforts to jumpstart peace talks have come amid widespread worry in recent weeks that unless progress is made, the Mideast in general will continue to deteriorate.

The pledges by Livni and Abbas followed pleas from Israeli and Palestinian youth, speaking via satellite from Jerusalem, Tel Aviv and the West Bank city of Ramallah, that their leaders end the long conflict.

Many in the crowd of some of the world's most powerful business and political leaders seemed deeply moved by their words.

The tone was a sharp departure from the somber mood that took hold of Davos a year ago, when Israeli and Palestinian delegates were stunned by news of the Hamas electoral victory in Palestinian elections. At the time, many predicted 12 months of pain lay ahead for the region, and they were right.

The year brought violent Palestinian infighting and crippling Western sanctions targeted at Hamas that have hit ordinary Palestinians hard. Progress in talks between Israel and the Palestinians ground to a halt in the months after Hamas's victory.

Livni made clear that Hamas was still an obstacle.

"Compromising with extremists will not promote anything, but it can lead to further stagnation," she said, addressing Abbas.

Abbas said he was hopeful that talks with Hamas could result in a unity Palestinian government, despite violence between Hamas militants and his Fatah supporters. He reiterated that he would call early elections if the talks failed but gave no specifics.

"We will fight for this (unity) government. Otherwise, if we totally fail, we will go to early elections," he told the AP.

Abbas met earlier in the day with German Chancellor Angela Merkel, who told reporters that she wished Abbas success in his efforts to form a unity government, but added that "Europe should not overestimate its role" in restarting any broader talks on peace.

Abbas and Olmert met last month to discuss confidence-building measures that would allow the sides to return to the negotiating table, abandoned more than six years ago.

While the Israeli-Palestinian issue provided the day's most dramatic moment, the forum was also an occasion for interesting, quirky and sometimes high-level meetings. In one small corridor early Thursday, UNICEF executive director Ann Veneman _ a former secretary of agriculture in the Bush administration _ had a brief, warm reunion with former Iranian President Mohammad Khatami. Veneman said the two had met previously at a forum on promoting interfaith understanding.

At another forum, a Saudi princess, a Jewish Orthodox rabbi and Khatami talked about Muslim-Christian misunderstandings and the Israeli-Palestinian crisis.

Rice's Strategic Reset (WP)

By David Ignatius

The Washington Post, January 26, 2007

What's America's strategy in the Middle East? Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the "realignment" of states that want to contain Iran and its radical Muslim proxies.

In an interview Tuesday, Rice summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism.

Rice said the new approach reflects growing Arab concern about Iran's attempt to project power through its proxies: "After the war in Lebanon, the Middle East really did begin to clarify into an extremist element allied with Iran, including Syria, Hezbollah and Hamas. On the other side were the targets of this extremism -- the Lebanese, the Iraqis, the Palestinians -- and those who want to resist, such as the Saudis, Egypt and Jordan."

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America's recent show of force against Iran -- seizing Iranian operatives in Iraq and sending additional warships to the Persian Gulf -- was part of this broader effort to reassure the Saudis and others that, despite its troubles in Iraq, America remains a reliable ally against a rising Iran. "The U.S. has to demonstrate that it is present in the Gulf, and going to be present in the Gulf," Rice told me.

Realignment is linked with a new U.S. effort to forge peace between Israel and the Palestinians. Rice is encouraging both sides to explore "final-status issues" -- such as borders, the status of Jerusalem and the right of Palestinian refugees to return to a homeland -- rather than remain deadlocked over the so-called road map.

The effort to contain Iranian-backed pressure took on new urgency this week, as Hezbollah's campaign against the government of Lebanese Prime Minister Fouad Siniora spawned a spasm of violence that left at least four dead. America, France and Saudi Arabia quickly organized a $7.6 billion financial rescue package for Siniora, but that hasn't stemmed the rising sectarian tension in Lebanon between Sunnis who back Siniora and Shiite supporters of Hezbollah.

Critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict. These critics may also question the central role of Saudi Arabia, a conservative Islamic monarchy that many Arabs regard as a bastion of the status quo.

"The reception will be very skeptical" among some Arabs, cautioned one prominent official who is normally among the most pro-American in the region. "Increasing the fault line between Sunnis and Shiites is a mistake," he argued. State Department officials would counter that it was Iran that moved the fault line by encouraging Hezbollah's provocative behavior in Lebanon.

The Bush administration's thinking about realignment helps explain why it has resisted engaging Syria and Iran, as recommended by the Baker-Hamilton report. As Rice put it, "You have a 'pan' movement, across the region. The war in Lebanon crystallized it for everyone. You can't just leave it there. . . . If you concentrate on engaging Syria and Iran, you may lose the chance to do the realignment."

On Syria, Rice said the administration is seeking a change of policy rather than regime change. Asked about an offer made in an interview with me last month by Syrian Foreign Minister Walid Moallem to help the U.S. provide greater security in Iraq, she said: "If the Syrians want to stabilize Iraq, why don't they do it?" As for Israeli interest in exploring the Syrian initiative, she noted recent private peace feelers between Syrians and Israelis and suggested that if the Israelis decide there is something important, they will pursue it.

The administration's tougher stance against Iran arguably has already produced some results. Iran's firebrand president, Mahmoud Ahmadinejad, appears to be in political trouble with the ruling mullahs, in part because his reckless talk alienated other Muslims. But the strongest leverage against Iran appears to be the West's unified diplomatic coalition. "The Security Council resolution [condemning Iran's nuclear program and mandating mild sanctions] has had more of an effect than I thought it would," Rice said.

The realignment strategy poses as many questions as it answers -- not least the anomaly of supporting Sunni resistance to Iran at the same time the U.S. augments its military support for a Shiite-led government in Iraq. But as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

U.N. Agency Defers N. Korea Programs (AP)

By Alexandra Olson

AP, January 26, 2007

The U.N. Development Program agreed Thursday not to approve new projects in North Korea until an external audit addresses U.S. allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules.

U.S. deputy ambassador Mark Wallace alleged Friday that the UNDP's North Korea operation had been run "in blatant violation of U.N. rules" for years. He demanded an outside audit focusing on concerns that development funds had been used by Pyongyang for "its own illicit purposes."

The audit, announced Monday by U.N. Secretary-General Ban Ki-moon, is expected to last three months.

UNDP assistant administrator Ad Melkert said the agency also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang. The United States had complained about both practices, which Melkert said would stop by March 1.

The UNDP said it will be responsible for implementing all North Korean projects, addressing U.S. complaints that authorities in the North had been responsible for carrying out certain initiatives.

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The U.S. welcomed the new steps.

"We're pleased with the approach that the UNDP administrator has laid out," acting U.S. Permanent Representative Alejandro Wolff told reporters.

North Korea said it would accept the steps, though it condemned them as an attempt to "politicize the system" of the UNDP _ a stance echoed by the representatives of Russia and Cuba.

Japan, however, applauded the agreement and went a step further. It said the U.N. should stop providing aid to North Korea except for humanitarian assistance "directly delivered to the people" because Pyongyang had defied Security Council demands that it end its nuclear program.

Wolff said the Japanese argument was "compelling" and that the U.S. would consider it.

U.S. officials said the United States already withholds its contributions to the UNDP and other U.N. agencies that provide funds to North Korea.

Ban's spokeswoman, Michele Montas, said Monday the audit will initially focus on UNDP spending in North Korea and then be expanded to other U.N. agencies.

The agency said it welcomed the external audit, stressing it was committed to operating in a transparent manner.

U.S. officials said they first received indications there might be irregularities in UNDP's North Korea program last year. They raised concerns the cash might be misused, possibly for Pyongyang's nuclear program.

The U.N. Security Council imposed sanctions on North Korea on Oct. 14 for conducting a nuclear test.

North Korean delegate Jang Chunsik called the U.S. allegations "nonsense," insisting the UNDP's activities in his country had been "conducted in a transparent way."

Wallace has made several allegations in letters to senior UNDP officials, which were first reported by The Wall Street Journal. He has said that UNDP's local staff is dominated by North Korean government employees who managed the agency's programs and finances in violation of UNDP rules.

The U.S. cited three other violations of U.N. rules _ the government's insistence that UNDP pay cash to North Korean government suppliers, and UNDP's failure to oversee projects it funds in the country or to audit its programs.

On Monday, the agency sought to refute the allegations, insisting the North Korean program followed UNDP financial rules. UNDP Administrator Kemal Dervis said there is "no justification for the extreme allegations" made by Wallace, adding that UNDP was "doing its best in very difficult circumstances."

UNDP spokesman David Morrison said the agency has spent about $3 million annually in the last 10 years on programs in impoverished North Korea, in addition to about $600,000 in office costs, which include local salaries and supplies. The programs focus on food production, rural and environmental sector management, economic management and social sector management.

Morrison said UNDP international staff have visited nearly all their project sites in the past two years to ensure funds are being used appropriately.

The UNDP has conducted three internal audits of its North Korean program in the last eight years, the last in 2004. Another internal audit was scheduled for this year, Morrison said.

N Korea Bows To Audit Of UN Agency (FT)

By Mark Turner

Financial Times, January 26, 2007

North Korea agreed on Thursday to an external audit and tighter rules for the UN Development Programme's operation in the country, after US allegations that the agency was funnelling hard currency to Pyongyang.

The UNDP's executive board adopted the measures after Washington's concerns were leaked last week to the press and Ban Ki-moon, secretary-general, called for a sweeping investigation into UN agencies.

Approval of a future UNDP programme will be contingent on the audit's findings.

The board agreed to end direct payments in hard currency, to stop the hiring of North Korean government officials, and to cease support to government ministries. Officials said the UN would still need to buy local currency through the central bank.

One diplomat said the decision could herald for the UN a new approach to doing business with autocracies under international scrutiny. It would also inject transparency into UN agencies, which operated under different rules from the secretariat and had refused to make internal audits available, the diplomat said.

Pyongyang, which sits on the 36-member board, went along with the decision and did not force the issue to a vote, even though it dismissed the allegations as politically motivated.

Russia, Cuba, Guatemala and Bangladesh expressed discomfort at the singling out of North Korea and warned that the decision should not set a precedent. Cuba described the decision as an effort to "introduce manipulation" to UN development activities.

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But Japan argued that the UN should not give aid other than humanitarian assistance to a country that has rejected two UN Security Council resolutions – an argument the US found “compelling”.

In a letter sent on January 16, Washington alleged that “at least since 1998 the UNDP [North Korea] programme has been systematically perverted for the benefit of the Kim Jong Il regime – rather than the people of North Korea”.

Some commentators said the situation bore echoes of the UN’s Iraq oil-for-food scandal.

But one UNDP official asked why it had been singled out when other UN agencies and governments operated in a similar way in North Korea.

U.N. Program Facing New Curbs In N. Korea (WP)

By Colum Lynch

The Washington Post, January 26, 2007

UNITED NATIONS, Jan. 25 -- The U.N. Development Program's executive board decided Thursday to stop paying for its local staff and supplies in foreign currency, and to call for the U.N. General Assembly's board of auditors to determine within three months whether the development agency violated its own guidelines by doing so.

The board also decided to delay approval of the program's 2007-2009 budget until the audit is finished.

The action comes just weeks after the United States charged that the U.N. program had been "systematically perverted" by channeling millions of euros in hard currency to North Korean leader Kim Jong Il's repressive government. Alejandro D. Wolff, the acting U.S. ambassador, expressed concern Thursday that the money could be used to finance North Korea's illicit activities, including a nuclear weapons program.

The debate over the United Nations' oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea.

Japan said the United Nations should end its development assistance to North Korea, citing the country's defiance of two U.N. Security Council resolutions calling for an end to its nuclear weapons program. The United States -- which has stepped up efforts to cut off hard currency to Pyongyang after its October test of a nuclear device -- said it is considering supporting Japan's position.

"A member state that does not comply with the obligations of the U.N. Charter should not receive funds from [the] United Nations," said Koji Tsuruoka, director general for global affairs in Japan's Foreign Ministry. "Assistance to such a country should be limited to that of a humanitarian nature directly delivered to the people."

North Korea's delegate, Jang Chun Sik, said that the board's decision was "unfair and unacceptable" and that it was designed to further U.S. and Japanese efforts to "isolate and stifle" North Korea's people.

Russia, China and scores of developing countries voiced concern that the board was responding to political pressure from its most influential powers and they insisted that it should not set the stage for audits of other poor countries.

The Development Program is one of four U.N. agencies, including the World Food Program and UNICEF, that carry out development and relief work in North Korea. They are required to hire government-appointed workers and pay salaries through state-controlled offices.

The program's operations in North Korea, which are managed by eight international workers, cost about $3.7 million, according to its figures. Between $1.5 million and $2.5 million of that is spent each year inside North Korea, including hundreds of thousands of dollars to pay for local staff, supplies and accommodation, according to program officials. Last year, it spent more than $1 million in salaries, rent and travel costs, as much as half of which was distributed through government-controlled agencies, according to a spokesman.

Thursday's action will freeze all development operations managed by the North Korean government, including training programs in trade and international finance. It also calls for more extensive monitoring of assistance programs and bans the recruitment of government-selected workers.

Mark D. Wallace, the U.S. representative for U.N. management, said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea.

U.S. officials have privately pressed the Development Program to ask the auditors to hire a private firm to conduct an independent review of its operations. They expressed concern that the auditing board had previously failed to flag problems in the North Korea program.

"We need a fresh set of eyes," Wallace said.

Less Cash For Kim (WSJ)

The Wall Street Journal, January 26, 2007

DOJ_NMG_0122596

The case of U.N. hard currency for Kim Jong Il continues to evolve, with the Executive Board of the United Nations Development Fund agreeing yesterday to suspend new operations in North Korea until an audit can be completed and provide better oversight of existing programs.

Most UNDP meetings are snoozefests. But yesterday's got lively, after the U.S., Japan and other countries requested the "deferral" over concerns that tens of millions of dollars in hard currency have been funneled to Kim's dictatorship. A compromise deal requires that projects in progress adhere to UNDP rules regarding hard currency, staff and on-site visits. Projects managed by Pyongyang will be handed over to the UNDP, which will restrict activities to those that directly improve the lives of North Koreans and get out of the business of helping the government.

Dragged along kicking and screaming were the North Koreans, whose delegate condemned "the distorted and fabricated allegations made by the U.S. through its media." This was a tad ungracious, since his business class airfare to New York was paid by the U.N. But no doubt he had orders from Pyongyang, where a Foreign Ministry spokesman asserted that "The U.N. operations in North Korea are conducted in a transparent manner and meet U.N. regulations." Yes, so "transparent" that U.N. officials have been barred from visiting some of the "project" sites.

Meanwhile, U.N. Secretary-General Ban Ki Moon issued a statement this week elaborating on the "urgent, system wide and external inquiry" into "all" activities of U.N. funds and programs that he promised last Friday. The good news is that he is moving swiftly on North Korea, ordering a full investigation within three months.

The disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise. It's understandable that he'd want to limit his audit order in some fashion; investigations of every nook and cranny world-wide would take years. But that's no justification for defining "external" audits as those done by the U.N.'s own Panel of Auditors and its subset, the Board of External Auditors. These are the same auditors who found nothing suspicious in the Oil for Food program.

There's nothing to prevent the U.N. from hiring outside audit firms to look at specific problems. Oil for Food was investigated by the Volcker Commission, which devoted half its budget to a forensic audit by Deloitte Touche. An independent task force investigating procurement has also hired AON Corp. for forensic auditing.

Also troubling is that Mr. Ban's elaboration appears to limit the audits to "hard currency transactions, independence of staff hiring, and access to reviewing local projects." Those are key problem areas, to be sure. But the auditors should be free to follow the trail wherever it takes them. We also hope the audit will include other U.N. programs in North Korea that operate under the same rules as UNDP, including Unicef, the Population Fund and the World Food Program.

It's good to see the cash for Kim programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors.

New India Accords With Russia Include More Nuclear Power Plants (NYT)

By Amelia Gentleman

New York Times, January 26, 2007

NEW DELHI, Jan. 25 — India sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States.

In a joint statement issued after President Vladimir V. Putin of Russia met with Prime Minister Manmohan Singh of India, Russia offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here.

"Energy security is the most important of the emerging dimensions of our strategic partnership," Mr. Singh said. "Russia's position as a global leader on energy issues is widely recognized."

As India's economy booms, the prospect of growing energy shortages has become a major driver of its foreign policy. Describing Russia as a "special friend" of India, Mr. Singh added that despite the "sea change" that had occurred in international affairs over the past decade, "Russia remains indispensable to India's strategic interests."

This was Mr. Putin's first visit to India since the United States agreed to cooperate with India on its civilian nuclear power program last year, and the Indian government was at pains to show that the agreement had done nothing to dilute the warmth of India's affection for its historic partner, Russia.

Mr. Singh went to the airport to meet the Russian leader as he stepped off his plane, a pointed gesture of respect previously extended only to President Bush and King Abdullah of Saudi Arabia.

Mr. Putin will be the guest of honor at India's Republic Day celebrations on Friday. Much of the weaponry on display will be Soviet-made, a testament to the earlier close friendship between the countries in the 1970s and 1980s.

Pentagon Eyes Missile Defenses In Eastern Europe (WT)

By Bill Gertz

DOJ_NMG_0122597

The Washington Times, January 26, 2007

The Pentagon is moving rapidly to build new missile defenses in Poland and the Czech Republic to counter the threat posed by Iranian long-range missiles, the head of the Missile Defense Agency said yesterday.

"The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program," said Air Force Lt. Gen. Henry "Trey" Obering, the agency's director.

The three-star general said plans call for deploying 10 long-range anti-missile interceptors in Poland along with a tracking radar in the nearby Czech Republic by 2011 or 2012.

"We want to have this in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability," he said.

The Iranian long-range missile threat is emerging, and as a result "it's prudent for us to be thinking about that now and to begin to build toward that so we're in a position that we can do something about it in that time frame," Gen. Obering said.

The Eastern European missile defense site will cost about $3.5 billion and is part of a global integrated missile defense designed to counter "rogue" nations' missiles, including those from Iran and North Korea, he said.

The Polish interceptor base will be the third global long-range missile interceptor base and will be similar to the current base at Fort Greeley, Alaska, where 14 interceptors are deployed. A second U.S. missile defense base at California's Vandenberg Air Force Base now has two interceptors. Both sites will have 24 or 25 by the end of the year.

Gen. Obering sought to calm Russian fears that the European-based interceptors will be capable of shooting down Russian long-range missiles. He said the interceptors pose no threat to Russian intercontinental ballistic missiles because they cannot intercept either the large numbers of Russian ICBMs, nor will they be capable of chasing them successfully from the Polish location.

Russia is opposing the Polish and Czech sites, and Moscow officials have threatened to take unspecified action to counter the interceptors.

Iran has no long-range missiles, but its Shahab-3 medium-range missiles, with ranges of 620 miles, are thought capable of reaching some parts of Europe.

Iran is working on Shahab-4, Shahab-5 and Shahab-6 missiles that have ranges from 1,240 miles to 4,154 miles, which also could be used as nonmilitary space launchers.

"We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability," Gen. Obering said.

The magazine Aviation Week & Space Technology reported on its Web site last night that Iran was poised to take that very step: launching a satellite into space.

A recently assembled 30-ton ballistic missile turned space launcher "will liftoff soon" with an Iranian satellite, the magazine quoted Alaoddin Boroujerdi, chairman of the Iranian parliament's National Security and Foreign Policy Commission, as saying during a speech to religious students and clerics in Qom.

Gen. Obering said that once Iran succeeds in building a space launch vehicle, "you have demonstrated all the basic building blocks for a long-range ICBM capability, in terms of staging, controlling a vehicle through the staging and burns."

"All indications are they are working to be able to achieve that," he said.

On China's recent anti-satellite weapons test, Gen. Obering said it does not pose an immediate threat to the space-based elements of the U.S. missile defense system. But in the long term it could pose a threat, he said.

Iran Set To Try Space Launch (AVWEEK)

By Craig Covault

Aviation Week, January 26, 2007

Iran has converted its most powerful ballistic missile into a satellite launch vehicle. The 30-ton rocket could also be a wolf in sheep's clothing for testing longer-range missile strike technologies, Aviation Week & Space Technology magazine reports in its Jan. 29 issue.

The Iranian space launcher has recently been assembled and "will liftoff soon" with an Iranian satellite, according to Alaoddin Boroujerdi, the chairman of the Iranian parliament's National Security and Foreign Policy Commission.

The move toward an independent space launch capacity is likely to ratchet up concern in the U.S. and Europe about Iran's strategic capabilities and intents. Orbiting its own satellite would send a powerful message throughout the Muslim world about the Shiite regime in Tehran.

U.S. agencies believe the launcher to be a derivation of the 800-1,000-mi. range Shahab 3 missile. A Shahab 3 fired from central Iran could strike anywhere in Israel, Saudi Arabia, the entire Persian Gulf region and as far west as southern Turkey.

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There are concerns in the West that space launch upgrades, however, could eventually create an Iranian intercontinental ballistic missile (ICBM) with a range of nearly 2,500 mi., giving Tehran the ability to strike as far as central Europe, well into Russia and even China and India.

The U. S. Defense Intelligence Agency has told the Congress that Iran may be capable of developing a 3,000-mi. range ICBM by 2015.

"But ultimately, their space program aims to orbit reconnaissance satellites like Israel's "Ofek," using an Iranian satellite launcher from Iranian territory, says Uzi Rubin, the former head of the Israel Missile Defense Organization. Rubin made his assessment in a report for The Jerusalem Center for Public Affairs.

"A reconnaissance satellite of reasonable performance should weigh about 300 kg. [660 lb.] Once Iran learns how to put 300 kg. into earth orbit, it could adapt the satellite launcher into an ICBM that could drop more than 300 kg anywhere in the world.

Boroujerdi's made his remarks about the imminent Iranian launch in a speech before a group of religious students and clerics in the city of Qom near where Iran has conducted some of its ballistic missile tests. Iran is now in the midst of military exercises that include a series of shorter-range missile tests, Iranian officials say.

Although designed as a technology demonstrator, the planned satellite launch would be a potent political and emotional weapon in the Middle East.

The new space launcher and ongoing missile development is also significant in that it highlights close technological ties between the Iranian and North Korean missiles programs, intelligence agencies agree.

Analysts at the strategic think tank GlobalSecurity.org believe that the new Iranian modification could be a stepping stone to an Iranian clone of the North Korean Taep'O-Dong 2C/3 ballistic missile that failed in a launch attempt from North Korea last July 4.

A November 2006 Congressional Research Service report reinforced concerns over Iranian and North Korean missile development ties. It notes that Israel's military intelligence chief has information indicating that North Korea has shipped to Iran eighteen 1,500 mi. range BM-25 ballistic missiles capable of carrying a nuclear warhead.

"Largely with foreign help, Iran is becoming self-sufficient in the production of ballistic missiles," says the report's author, Kenneth Katzman. And he reminds that a 2006 U.S. National Security Strategy Document notes, "The United States may face no greater challenge from a single country than Iran."

U.S. Military Rejects Russian Worries (AP)

By George Gedda

AP, January 26, 2007

Proposed U.S. missile defense sites in Poland and the Czech Republic will not affect Russian security but will be designed to intercept missiles planned by Iran that would be capable of reaching Eastern Europe, a senior defense official said Thursday.

Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, rejected Russian claims that the U.S. plan would upset the security balance. Russian officials have warned of the possibility of countermeasures.

Russian Defense Minister Sergei Ivanov said Wednesday that U.S. systems being considered could not be directed against Iran because that country has no intercontinental ballistic missiles and will not have any in the future.

Obering, speaking to reporters in a telephone briefing, said that while Iran poses no long-range threat to Eastern Europe today, "we have to stay ahead of what we think that threat is."

Beyond that, Obering said, the interceptors the United States plans for Poland and the Czech Republic are insignificant compared with Russian capabilities.

"There is no way, shape or form that 10 interceptors can neutralize the hundreds of missiles in the Russian arsenal," Obering said. "I can't be any more plain than that."

He said U.S. defense officials have traveled to Russia to explain U.S. intentions and plan more such consultations in the future.

Asked if Russia would be allowed to send observers to the sites, Obering said, "We have nothing to hide. But any invitation would be subject to consultations with the host governments."

The $3.5 billion program for Poland will be completed in 2011 or 2012, Obering said.

At one point, he said the program will be designed to deal with "rogue nations," but he mentioned no country in that category besides Iran.

A Polish journalist asked whether any compensation would be paid to the country in exchange for Poland's willingness to serve as a host missile defense country. Obering said no such benefit is planned because the project will enhance Polish security.

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He added that the United States has other Eastern European countries in mind if negotiations with Poland and the Czech republic over terms of the deployments are unsuccessful.

Diamonds In The Sky (TIME)

Time, January 26, 2007

China's successful antisatellite-missle test Jan. 11 carries potential implicationsÂ for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher). At issue are military surveillance satellites--the very ones that detected Beijing's test--which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites--and a possible catalyst to a space arms race. [This article consists of a complex diagram. Please see hardcopy of magazine.]

Venezuela May Ask U.S. Envoy To Leave (AP)

By Christopher Toothaker

AP, January 26, 2007

President Hugo Chavez warned Thursday that the U.S. ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs."

The outspoken Venezuelan leader lashed out after William Brownfield said U.S. companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it.

"If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could ... be declared a persona non grata and would have to leave the country," Chavez.

The top American envoy to Venezuela told Caracas' Union Radio the planned takeover of CA Nacional de Telefonos, or CANTV, should proceed "in a transparent, legal manner" and that Venezuela's government must offer "fair and quick compensation to the people who are affected or the owners."

"These are the only obligations that a government has when it decides to nationalize an industry," Brownfield added.

Thursday's exchange is the latest demonstration of tensions between Caracas and Washington.

U.S. officials have accused Chavez of becoming increasingly authoritarian and of being a destabilizing force in Latin America. The Venezuelan leader has repeatedly accused Washington of scheming against his left-leaning government.

Virginia-based Verizon Communications Inc. holds the largest minority share of CANTV, which was privatized in 1991. The takeover jeopardizes an agreement by Verizon to sell its 28.5 percent stake in CANTV to a joint venture of America Movil and Telefonos de Mexico SA, controlled by Mexican billionaire Carlos Slim.

The sale had been awaiting Venezuelan government regulatory approval.

Chavez, a self-proclaimed "revolutionary" who is steering Venezuela toward socialism, has said he wants an immediate state takeover of the telephone company and will not pay shareholders the market value. The Venezuelan leader has said the price for CANTV would take into account debts to workers, pensions and other obligations to the state.

Brownfield said he was optimistic that shareholders would be fairly compensated.

"I think it can be a process that concludes in a satisfactory manner for all those involved, that's my hope," he said.

Chavez _ a close ally of Cuban leader Fidel Castro _ also has said he plans to nationalize the electricity sector, and take state control of four lucrative oil projects and the natural gas sector.

Relations between Caracas and Washington have been tense since Chavez was briefly ousted in a 2002 coup that he claimed the U.S. played a role in. The Bush administration has repeatedly denied involvement, although it recognized an interim government established by coup leaders.

Brownfield said he wanted to improve relations through "a serious and pragmatic dialogue between the two governments, to identify issues of mutual interest and to look for solutions to those issues."

Legislation Would Relax Cuba Policy (WT)

By Steve Hirsch

The Washington Times, January 26, 2007

Legislation to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the U.S. policy on Cuba.

The first bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican.

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The Cuban economic embargo, which dates to the 1960s, allows cash sales only for food, medicine and medical equipment and restricts travel to the island.

U.S. citizens are generally barred from travel to Cuba without a specific license, although there are exceptions for working journalists, researchers and some others. Permits for visits to immediate family members in Cuba may be issued every three years.

The measures to ease the policy will be filed as stand-alone legislation or as amendments to appropriations bills or other legislation.

Mr. Flake, who introduced his bill with House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, said that nearly 50 years of the current policy have "done little" to bring democracy to Cuba.

Instead of aiding democratic reform, the policy has given Cuban President Fidel Castro "a convenient scapegoat for his own regime's failures," Mr. Flake said.

Rep. Bill Delahunt, Massachusetts Democrat, plans legislation to ease restrictions on Cuban-American family travel.

Other possibilities include legislation to ease payment restrictions for cash sales of food to Cuba.

Rep. Jerry Moran, Kansas Republican, is planning to introduce one such payment-regulation bill next week. He said Wednesday that stand-alone Cuba legislation is more likely to reach the House floor now than under Republican leadership, partly because Republican leaders were adamantly opposed to dealings with Cuba.

President Bush's continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat.

Rep. Jo Ann Emerson, Missouri Republican, who plans to co-sponsor Mr. Moran's proposal, said that Congress may be able to make some changes in the Cuba policy, but that even with a new Democratic majority, any such changes would be "pretty incremental."

Mr. Rangel criticized Mr. Bush as being "locked into punishing Castro," but suggested that Mr. Bush would not veto bills that have Republican support.

"He's in enough trouble for the war that the best he can look for is trying to be able to accomplish something among Republican members. He owes them big time," Mr. Rangel said.

The White House had no comment on the bills yesterday. National Security Council spokesman Gordon Johndroe only said: "Our Cuba policy is unchanged."

The bills come as the state of Mr. Castro's health remains a mystery.

Mr. Castro, who has not been seen in public since July, has temporarily handed over power to his younger brother, Raul, but it is not clear whether a permanent succession would result in a fundamental change in Cuba's government.

Some observers have suggested recently that Fidel Castro's departure from the scene might not cause any fundamental change in Cuba's political system.

Earlier this month, a senior U.S. intelligence official told congressional intelligence panels, "Raul Castro is firmly in control as Cuba's acting president and will likely maintain power and stability after Fidel Castro dies, at least for the short term."

Army Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, told the committees that the younger Castro "has widespread respect and support among Cuban military leaders who will be crucial in permanent government succession."

Blueprint Sees Kosovo As Ward Of EU (FT)

By Guy Dinmore And Mark Turner

Financial Times, January 26, 2007

The special UN envoy charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with Nato peacekeepers braced for a backlash from ethnic Albanians demanding full independence.

Martti Ahtisaari, a former Finnish president, has already disclosed that his proposal “foresees strong international civilian and military presences within a broader future international engagement in Kosovo”.

In effect, Kosovo would be given the attributes of independence but remain under the wing of the international community, diplomats said. Neither “independence” nor Serbia’s continued sovereignty are expected to be mentioned. Ultimate authority will be transferred to a special representative of the European Union from the United Nations, which has administered the province since Nato intervened in 1999 to stop Serbia’s campaign of ethnic cleansing.

Mr Ahtisaari will also set out provisions for the protection of minority rights, in particular for the Serbs living mostly in small enclaves.

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After submitting his report to the six-nation Contact Group in Vienna on Friday, the UN envoy, who was appointed in November 2005, will take the report to Belgrade and Pristina on February 2. Neither side is expected to embrace the plan, but both are under intense pressure not to reject it outright.

The formula of supervised independence is similar to the status given to Bosnia in 1995, except that the concept of sovereignty in Kosovo's case will remain vague.

Analysts said the Bush administration did not appear to have the political will to take on Russia over the issue, perhaps because of other priorities needing Moscow's acquiescence, namely Iran, North Korea and energy security.

"I think there are all sorts of possibilities which can be there, if the parties get into creative discussions," Vitaly Churkin, Russia's envoy to the UN, told the FT, indicating Moscow's willingness to continue along this tack.

Russia has previously said it would block an effort at the UN Security Council to recognise Kosovo as a breakaway sovereign state against the will of Belgrade.

A senior US official said Mr Ahtisaari would propose "a very generous package" to protect the Serb minority and the ancient Orthodox churches that remain a powerful symbol of Serbia's national identity.

The Right Muddle For Kosovo (LAT)

The Los Angeles Times, January 26, 2007

HERE'S A PLACE you probably haven't thought about much in the last seven years: Kosovo. But the Balkan province is about to make a comeback bid for your attention, and not necessarily in a good way.

The former Yugoslavia, a steaming kettle of ethnic and religious resentments, has been comparatively peaceful since the wars of the 1990s — not because the region's territorial disputes have been settled but because NATO has kept a close watch on the stove (in the case of Kosovo, with 16,000 troops). But an upcoming United Nations ruling on Kosovo's bid for independence from Serbia stands to set the burner on high.

Kosovo, a province the size of Connecticut, has about 2 million residents, 90% of them ethnic Albanians. It was an autonomous region within the Yugoslav federation until 1989, when Slobodan Milosevic jump-started his career as dictator by asserting Belgrade's authority over what is, for Serbs, a land of nationalist importance. The crackdown led to a Kosovar rebellion nine years later that was ruthlessly suppressed until halted by NATO bombardiers. The region has been under U.N. supervision while the international community fumbles for a more permanent settlement.

That U.N. blueprint will be unveiled privately today in Vienna to the six-nation Contact Group that sets policy for Kosovo — the U.S., Britain, France, Germany, Italy and Russia. Leaked pieces of the plan seem a bit of a mess. It is expected to propose "supervised autonomy," a sort of "independence lite," watched over by an international monitor. Kosovo will reportedly be allowed to join international organizations such as the U.N. and the World Bank and even maintain a tiny army. But the minority Serb population would largely be self-governed, with direct links to Serbia.

The plan isn't going to please many in proindependence Kosovo, and next to no one in pro-federation Serbia. Anticipation of an unfavorable U.N. recommendation probably helped the ultranationalist Radicals — led by a Serb awaiting a war crimes trial in The Hague — win the most votes of any party in Serbia's recent elections.

Yet flawed and temporary as it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around.

First Test For New UN Chief: Darfur (CSM)

By Howard Lafranchi

The Christian Science Monitor, January 26, 2007

UNITED NATIONS, N.Y.

The new United Nations secretary-general, Ban Ki Moon, lists Darfur among his top priorities.

Putting an end to the violence there, which the United States calls "genocide," is also turning into the UN leader's first major test – of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action.

Mr. Ban is underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip. There he plans to meet Sudanese President Omar Hassan al-Bashir and to press him to accept deployment of a "hybrid" African Union-UN force of 20,000 peacekeepers for the war-ravaged province.

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UN officials say Ban, who has been in his job since Jan. 2, does not want to lose the "momentum" that was thought to have been made at the end of last year, when Mr. Bashir sent a letter to outgoing UN Secretary-General Kofi Annan in which he seemed to accept the idea of a hybrid force.

"The problem is that the Sudanese agree to things, but then they backtrack and dawdle. So the worry here is that they made a gesture but then saw they could use the change from Annan to Ban to stall," says one UN official close to the thinking in the secretary-general's office. "The idea will be to move ahead with what has already been approved," says the official, who spoke on condition of anonymity.

Ban's meeting with Bashir is a good first step, some analysts of conflict diplomacy say, but they add that he can do much more.

"The most important thing is to get countries to make significant pledges of troops for a Darfur force, so that it is something more than an idea approved last year by the Security Council," says Lee Feinstein, an expert in international institutions at the Council on Foreign Relations in Washington. "That's something Ban can do that would send a particularly stern message of determination to the Sudanese."

Mr. Feinstein says that Ban, whose candidacy to the secretary-general's post was backed by both Washington and Beijing, should turn to China now for a troop commitment to a peacekeeping force in Darfur. Given Beijing's significant economic partnership with Khartoum, no other power could equal the message that would send, he adds.

Increasingly sensitive to its international image, China is openly discussing its growing involvement in Africa in general and in Sudan in particular. But it is also emphasizing that its cooperation toward a resolution of the Darfur conflict will be diplomatic and not military in nature.

Chinese President Hu Jintao announced this week his plans to visit Sudan next month for talks that will include the Darfur crisis.

Wang Guangya, the Chinese ambassador to the UN, who met with Ban this week in New York, says he made clear China's support for a diplomatic solution in Darfur.

"I told [Ban] we support him in setting his priority on Darfur, and that we will work with him for progress on that issue," Mr. Wang says. Referring to Sudan's recent hints of openness to outside involvement, he adds, "We have seen some important signals over the past few weeks, and I think we are seeing indications that we can expect more."

Ban also met this week with a Sudanese foreign-ministry official, registering his concern over continued aerial bombardments by the government of Sudan in north Darfur. He also brought up increasing harassment of and attacks on UN staff members in Darfur.

But pressure for more robust international action is mounting in other quarters. Several rights organizations, including Human Rights Watch and the Save Darfur Coalition, are calling on the African Union to reject Sudan's candidacy for the presidency of the 53-member organization. In letters to AU countries, the groups said the AU's effectiveness and role in a Darfur resolution would be undermined with a Sudanese presidency.

At the same time, a bipartisan group of US senators is calling on President Bush to divulge any plans the administration has to strengthen its measures addressing the Darfur conflict. Andrew Natsios, presidential envoy for Darfur, had warned the Sudanese government in a Khartoum meeting last month that the US would move on to a new plan of more aggressive measures if Sudan did not begin opening up to a larger international force than the 7,000 soldiers the AU has in the vast western region.

Feinstein, who has authored a new paper on international responsibilities in internal conflicts like that in Darfur, says Ban must also start looking to changes that can help prevent future Darfurs. "Ban should use the advantage he has of the 'fresh start' to move ahead more long term on developing the means to prevent conflicts from becoming international tragedies, as Darfur has," he says.

Among other things, he says Ban should build on the UN General Assembly's adoption in 2005 of the so-called "responsibility to protect" doctrine, which calls on the international community to protect civilians in countries where the government is unable or unwilling to do so.

Doha Breakthrough Not Far Away (FT)

By Alan Beattie

Financial Times, January 26, 2007

Trade ministers continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks.

Peter Mandelson, EU trade commissioner, told the FT that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away.

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"I believe we can get a breakthrough on the big numbers in agriculture and industrial goods in the next month or so," he said.

But he continued to argue that the onus was on the US to offer more cuts in farm subsidies. Despite intensive talks between the EU and US negotiators in recent weeks, officials say that gaps remain.

"The agricultural consultations between the EU and the US are through the worst," Mr Mandelson said. "We are approaching the end of the endgame in that regard."

Saturday's meeting will discuss whether to reopen the multilateral talks, which were suspended last July.

The outstanding issue in agriculture was between the US and developing countries, said Mr Mandelson. The US has asked for substantial new access to the consumer markets of big emerging market countries such as India, Indonesia and the Philippines.

Susan Schwab, US trade representative, said that a framework agreement was possible "in a matter of months", but that would require rapid progress in the next few weeks.

She declined to discuss what cuts in farm tariffs and subsidies would be required for agreement. "There are two things I am not going to get into this weekend," she said. "I am not going to point fingers and I am not going to quote top-line numbers."

Detailed discussions with individual countries about the protection they wanted to maintain for various farm commodities was necessary to reach agreement, she said.

Rachid Mohammed Rachid, Egypt's trade minister, said that the EU and US both had to do more, but that the task was harder for the US.

He added that few developing countries, apart from Brazil and India, had been properly consulted. "Africa has been totally neglected," he said. "Africa has been dealt with more by threats than by anything else. They have been told: 'You should not be the ones blocking this deal. You should be supporting it'."

Mr Rachid said there appeared to be a belief that the poorest developing countries could be bought off with a few concessions in the last few hours of a trade deal.

The agricultural talks will focus on the number of so-called sensitive products for rich countries and special products for developing countries which they can shield from across-the-board cuts in farm tariffs.

Rules Dispute Imperils Khmer Rouge Trial (NYT)

By Seth Mydans

The New York Times, January 26, 2007

PHNOM PENH, Cambodia, Jan. 25 — The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge.

If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out. That would cast a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value.

Seventeen Cambodians and 12 foreigners took office as judges and prosecutors in July, inaugurating a United Nations-sponsored process that mixes Cambodian law with international standards of justice. It is an awkward formula made more questionable by the meager qualifications of the Cambodian judges, who are seen as poorly trained and subject to political manipulation.

Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have.

Almost three decades have passed since the Khmer Rouge ruled Cambodia, from 1975 to 1979, causing 1.7 million deaths through killings, torture, starvation and overwork.

The potential defendants are aging and some have died, notably the Khmer Rouge leader, Pol Pot, in 1998. The targets of the trial are top leaders and "those most responsible" for the crimes and is expected to focus on at most a dozen defendants. Among the handful of names often mentioned, only one is in custody, with the rest living freely in Cambodia.

The foreign co-prosecutor, a Canadian named Robert Petit, has been pursuing the evidence vigorously but has not said where it is leading him. In an interview, he said he was ready to propose his first indictments once the judges formalized the rules at a plenary session tentatively set for March. A trial might then begin by the end of the year.

Cambodia and the United Nations agreed on the structure of the mixed tribunal in 2003 after years of negotiations that involved technical and political differences. Those differences remained at the heart of the disagreements that have stalled the trial since November, say experts on the tribunal.

A rules committee of nine judges is trying to resolve the differences. Sean Visoth, the tribunal's Cambodian coordinator, said, "If there is no compromise and there is no plenary, the international judges will walk away."

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The delay has revived a concern that Prime Minister Hun Sen may not in fact want the trial to proceed and may be throwing up the latest in a long series of roadblocks that have stalled it over the years. Among other things, he is believed to be under pressure from China, which does not want to see a trial that would be likely to demonstrate its close ties to the Khmer Rouge government.

The core disputes appear to involve a long-running issue: the independence of the trial from Cambodian political manipulation.

On the Cambodian side, an important issue is control, said the American ambassador to Cambodia, Joseph A. Mussomeli. "The government in general tries to keep tight control over the judiciary and anything that could have negative consequences," he said.

The first concern is the scope of indictments in a country where the politics of the present remain tangled in the past. Some former middle-ranking Khmer Rouge are prominent in the current government, including Mr. Hun Sen — although experts say he is not culpable. Other potential defendants may have powerful patrons trying to protect them.

One point of contention among the judges, said people close to the negotiations, is a provision that would in effect allow an indictment to proceed without the agreement of the Cambodian side. That provision is one of several balancing acts in the tribunal's super-majority system that at most junctures allows foreign and Cambodian judges to cast what amount to vetoes over one another's decisions.

The Cambodian side is also seeking to limit the right of defendants to be represented in court by foreign lawyers, which it says is a violation of Cambodian legal sovereignty. Foreign analysts say the Cambodian concern is that aggressive foreign lawyers would be independent of any political guidance and could send the case in unpredictable directions.

A British lawyer, Rupert Skilbeck, who will coordinate the lawyers' work, said defendants would be placed at a disadvantage if they could not select their own lawyers.

"It's important that the trials are very fair, because if they're seen as show trials, then there will be no justice," he said in November.

Mr. Mussomeli said the Cambodian government, accustomed to controlling the judiciary, might be reacting defensively to Mr. Petit, who has taken on his job as prosecutor with an energy and independence that is unfamiliar here.

In the interview, Mr. Petit sought to calm these concerns, saying he was aware that the tribunal could be derailed by an overaggressive prosecution. "We have to apply the law in the context of Cambodia," he said. "I'm not stupid. You have to exercise discretion."

Mr. Petit has been involved in tribunals in Rwanda, Sierra Leone, Kosovo and East Timor, and he said he understood that in cases like these it was not possible to follow the law blindly, without reference to its context. "We all have a sense of our responsibilities," he said. "Our primary responsibility is to deliver justice to the victims of these crimes." That will not be possible, he said, if the process is shut down for any reason.

"Having a right and exercising it with good judgment are two different things," he said.

He said he did not know how many cases he would forward to the next level of the tribunal, the investigating judges, who are to issue indictments. "In this particular tribunal there are very specific expectations," he said. "Everyone 'knows' what happened. We've got the evidence there; you just have to pick it up and carry it into court — well, it doesn't work that way."

"We have to grasp events of great magnitude that happened 30 years ago and be legally and morally convinced that we have cases against individual people," he said.

Carter Apologizes For 'Stupid' Book Passage (WT)

By Eric Pfeiffer

The Washington Times, January 26, 2007

Jimmy Carter has apologized for what he called a "stupid" passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis.

The former president had spent most of the past two months defending his new book, "Palestine: Peace not Apartheid," after 15 board members at his Atlanta-based Carter Center resigned in protest of the book's content.

"I apologize to you personally and to everyone here," Mr. Carter said when asked about the passage by a student during his appearance at Brandeis University on Tuesday. After explaining that the passage was "worded in a completely improper and stupid way," Mr. Carter said he has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

The questionable passage, which appears on Page 213 of the book, reads: "It is imperative that the general Arab community and all significant Palestinian groups make it clear that they will end the suicide bombings and other acts of terrorism when international laws and the ultimate goals of the Roadmap for Peace are accepted by Israel."

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Some of Mr. Carter's critics, including the Carter Center board members who resigned, say the text reads as defending terror tactics until a peace accord can be reached between Israel and Palestinians.

"Repeatedly I call on all to terminate the use of violence," Mr. Carter said in response.

He also addressed critics who said the book title unfairly compared Israeli policy to the racial separatist policies of South Africa's government, which ended apartheid in the early 1990s. Mr. Carter said he did not mean to "equate Zionism with racism" when choosing the title.

"I chose that title knowing that it would be provocative, but in the long run it has precipitated discussion and there has been a lot of positive discussion," he said.

Emory University history professor Kenneth W. Stein, who served as the Carter Center's first executive director, was one of the first board members to resign after the book was published in December.

Last week, in a statement released through Emory's Institute for the Study of Modern Israel, Mr. Stein criticized Mr. Carter's book for suggesting that the Palestinian terror group Hamas is "ready for dialogue." Mr. Stein noted that Hamas has never recognized the legitimacy of the Jewish state and that, as recently as October, a Palestinian official said at a Hamas gathering that Israel is "a vile entity."

On Wednesday, Mr. Carter released the transcript of a discussion he held as president with Pope John Paul II. During the Oct. 6, 1979, discussion, Mr. Carter urged the pope to publicly acknowledge Israel during one of his speeches.

"I reported that the Jews in our country at least thought that he was biased against them because he had never yet mentioned Israel in one of his speeches," the transcript reads. "He replied, 'I have mentioned Jerusalem.' I replied, 'This is not adequate for the Jews.' " The transcript was first released to the Associated Press.

Mr. Carter's appearance at the Brandeis campus in Boston was followed by an appearance by Harvard University law professor Alan Dershowitz, who has been critical of the book. Although Mr. Carter refused to debate him and even to appear with him, Mr. Dershowitz told the students in attendance that he appreciated the former president's apology.

"You heard the Brandeis Jimmy Carter today, and he was terrific," Mr. Dershowitz said. "I support almost everything he said. But if you listen to the Al Jazeera Jimmy Carter, you'll hear a very different perspective."

Judgment Day (WSJ)

By Yossi Klein Halevi

The Wall Street Journal, January 26, 2007

JERUSALEM -- The Israeli presidency is largely a ceremonial position and has only one real purpose: to uphold the honor of the Jewish state. Yet over the last six months, as accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign, insisting on his right to remain in office until being formally charged -- even though, by tainting the presidency with scandal, he has betrayed the job's core requirement. Now, with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office: Yesterday, the Knesset approved the president's temporary suspension. But not before Mr. Katsav called a hysterical press conference in which he blamed the media, the police and the attorney general for hounding him.

For Israelis, this is a time of near-despair. A former justice minister is on trial for sexual harassment, leading tax authority officials have been arrested for fraud, the finance minister is under investigation, and any of a half-dozen alleged financial scandals could topple Prime Minister Ehud Olmert. "There is no judgment and no judge," Israelis tell each other, quoting a Talmudic phrase. With the looming threat of a nuclear Iran, and jihadist Hamas and Hezbollah pressing against its borders, Israel faces an internal challenge that is no less daunting than the external ones: to recreate a society that is worth fighting for. Never before has Israel faced greater dangers, and never before has it been so bereft of trustworthy leaders.

The roots of Israel's ethical crisis go back, ironically, to the heroic founders of the state. Personally stoic, the leaders of Mapai, the socialist party that led the state in its formative years, created a culture of cronyism. Possession of a "red card," marking Mapai membership, was often a precondition for securing scarce employment. Cronyism was coupled with frontier recklessness: Under constant siege, and overwhelmed with impoverished refugees, Israel created a culture of improvisation, a bending of the rules. With the country's survival constantly in the balance, Israelis indulged the sexual improprieties of their military heroes; Prime Minister David Ben-Gurion defended the philandering general, Moshe Dayan, by noting that King David was also an adulterer. But they knew their leaders were devoted to the nation. The same can hardly be said about today's politicians, who absorbed the wiles of the founders but not their self-sacrifice.

Perhaps the greatest threat to the political system today is a corruption of the spirit of leadership. In refusing to accept responsibility for sullying the presidency, Mr. Katsav represents a new class of Israeli leaders who reject accountability for failure. Though last summer's war didn't achieve any of its objectives, none of the architects of Israel's first military defeat admitted responsibility. Mr. Olmert continues to insist that Israel won, even though Hezbollah has rearmed and Israeli deterrence has

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been weakened by the very war that was intended to restore it. True, the army chief of staff, Dan Halutz, did resign last week -- but only to pre-empt a call for his dismissal from a commission of inquiry investigating the war, and without any admission of failure on his part.

It used to be different. When Avraham Ofer, housing minister in the first government of Yitzhak Rabin during the mid-1970s, was accused of corruption, he shot himself, leaving behind a note that insisted on his innocence while adding that he couldn't bear the shame. And when the wife of Prime Minister Yitzhak Rabin was found to have kept a bank account in Washington, in violation of the law at the time forbidding Israelis to hold foreign currency, Rabin took personal responsibility and resigned -- incomprehensible by today's standards.

Corruption among Israel's leadership is arguably no worse than anywhere else. But a nation facing immediate existential threats needs leaders who can inspire. No citizen in the West makes the kind of sacrifices, from compulsory military reserve duty to punishingly high taxes, that Israelis routinely endure. To a large extent, they endure those hardships willingly: Teenagers vie for every slot in elite combat units; at times of national emergency, even reservists who haven't been called up volunteer for service. Israelis deserve a leadership worthy of their sacrifices.

The founders of Zionism hoped to turn the Jews into a "normal" people, a nation like all other nations. They envisioned a country maintaining normal international relations while creating an admirable society -- externally normalized, internally exceptional. Given Israel's precarious status and the current state of its political culture, that vision seems to have been reversed.

But the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders. With Lt. Gen. Halutz gone, Mr. Peretz will almost certainly soon have to follow: He will be forced to resign either by the commission of inquiry into the Lebanon war or by a rebellion within the Labor Party, which he currently heads. Finally, Mr. Olmert's own day before the commission of inquiry is approaching, and so is a decision by the attorney general about whether to pursue criminal charges against him for financial improprieties. There is judgment and judge, after all.

Mr. Klein Halevi is a senior fellow at the Shalem Center and a contributing editor to the New Republic.

Days Of Decision In Ulster (NYT)

The New York Times, January 26, 2007

The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule.

Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein — as the top parties elected by the Protestant and Roman Catholic communities are supposed to do under the Good Friday peace agreement on Northern Ireland.

If both sides come through, elections will be held and a coalition cabinet formed in March. If either falters, there can be no power sharing, and Northern Ireland will remain ruled by appointed British officials for the foreseeable future.

The Good Friday agreement of 1998 all but ended years of sectarian bloodshed in Northern Ireland. In 2005, the Irish Republican Army took the further crucial steps of permanently renouncing political violence and destroying its weapons. But the agreement's full promise has never been met as Sinn Fein and the Unionists have sparred over political power sharing and police reform.

The importance of police reform was clearly demonstrated this week with the release of a devastating ombudsman's report on years of police collaboration with a Protestant paramilitary death squad. Most, but not all, of that collaboration occurred before the present professional police service was created to replace the old Protestant-dominated Royal Ulster Constabulary.

Further reforms put in place by the head of the new force make any repetition of such shocking abuses unlikely. But the best safeguard would be oversight of the police by a democratically chosen executive and legislature. That is the courageous and sensible argument Mr. Adams will make to Sinn Fein this weekend. If his view prevails, Mr. Paisley's time to be courageous and sensible will follow.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TERRORISM NEWS:

DOJ Seeks Dismissal Of NSA Surveillance Suit. The AP (1/26, Jordan) reports, "The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court." The AP continues, "Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program. … The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida." The AP adds, "The ACLU's lawsuit against the terrorist surveillance program 'is now moot,' the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. 'The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist.' … The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005."

The Washington Post (1/26, A5, Eggen) reports, "The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed. … Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. 'This is not an instance of "voluntary cessation" of allegedly unlawful activity,' the government lawyers wrote. 'The government has not ceased surveillance -- instead, the facts and legal authorities have changed.' … But Ann Beeson, the ACLU's associate legal director, said that argument is 'not plausible.' She added that previous court rulings made it clear that the government cannot escape a legal judgment

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merely by voluntarily halting its illegal activity. … 'The FISA court didn't reach out on its own to do something; the government asked it to do something,' Beeson said. 'And absent a ruling, they are free to return to their illegal conduct again.'"

US Guards Secrecy In Surveillance Suits. The New York Times (1/26, Liptak) reports, "The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies." The Times continues, "Judges have even been instructed to use computers provided by the Justice Department to compose their decisions. … But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union." The Times adds, "Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege. … Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials. … In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves." The Times notes, "At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records. … In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices. … 'The documents reviewed by the court have not been altered and will not be altered,' Ms. Kennedy wrote, and they 'will be preserved securely as part of the record of this case.'"

Hamas-Funding Trial Jurors Cutting Deliberation Hours. The AP (1/26, Robinson) reports, "Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours." The Muhammad Salah and Abdelhaleem Ashqar trial jurors said in a note to US District Judge Amy St. Eve "that they are suffering from 'mental fatigue." The AP notes, "Jurors heard three months of testimony in the case and have deliberated on the evidence for nine days." They "told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one. Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m."

Sting Disrupts Plot To Sell Enriched Uranium To Terrorists. The CBS Evening News (1/25, story 3, 2:20, Orr, 7.66M) reported on a plot by a Russian man to sell enriched uranium, "a real-life thriller, you might say, complete with a CIA sting." Inside "these nondescript pouches is nearly four ounces of weapons-grade uranium. Officials from the former Soviet Republic of Georgia confiscated it from this man, Oleg Khinsagov when he traveled from Russia intending to selling uranium to a radical Islamic terrorist. Instead, says this official, it so happened the potential buyer was our operative. Tests by a US Department of Energy nuclear lab confirmed the material was highly enriched uranium, capable of being used for nuclear weapons. The three ounces confiscated was not enough to make a bomb, but the suspect claimed he had more, four pounds more, and officials say that's reason enough for concern." Sean McCormack, US State Department spokesman: "We all have to be vigilant to make sure there aren't these sort of smuggling attempts. It could lead to real tragedy." Orr: "Billions of dollars have been spent to tighten controls over nuclear inventories, but former Senator Sam Nunn, who now heads the Nuclear Threat Initiative, warns not all weapons and ingredients are locked down." Sam Nunn, former US Senator: "That's raw material of terrorism, and if not properly secured in many cases small amounts but enough to make a crude weapon. A crude weapon could destroy a city and, indeed, shake the confidence of the world."

Editorial Urges Reversal Of Arar Decision. The Miami Herald (1/26) editorializes, "The best thing to do when you make a mistake is to admit the error, apologize for

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the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar." The Herald continues, "Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured. … All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria." The Herald adds, "Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong. … No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. .. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do."

HOMELAND RESPONSE:

Arizona FBI Agents Meet With Local Muslim Leaders. The Kingman (AZ) Daily Miner (1/25, Royster) reported, "Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night. Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups. 'We highly appreciate their efforts,' Farooqi said. … Farooqi said he felt the night went well." The Miner added, "Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI. 'It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience,' Lewis said. 'We're not in business, unfortunately, to deliver good news to you.' Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders."

Lack Of Gulf Coast Mention In State Of The Union Seen As Insensitive. Julianne Malveaux, in a commentary appearing in USA Today (1/26, 11A, 2.27M), writes about President Bush's State of the Union address and asks "how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention? … Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens."

Referring to the lack of a Gulf Coast mention, Eugene Robinson, in his column for the Washington Post (1/26, A21, 690K) writes, "How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, 'Brownie, you're doing a heck of a job.' Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting." Robinson states, "What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. … What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?"

WAR NEWS:

McCain, Cornyn Crafting Iraq Resolutions That Don't Rebuke Bush. The Los Angeles Times (1/26, Levey, 850K) reports, "Scrambling to head off a potentially embarrassing congressional rebuke" for President Bush's "troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific

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'benchmarks' to the White House plan." Sen. John McCain, "who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged." Also, Sen. John Cornyn, "one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution. … If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq." Cornyn "said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan."

McClatchy (1/26) reports "McCain said Thursday that he hadn't yet decided on precise benchmarks. 'They'd have to be specific and they (the Iraqi government) would have to meet them.' Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options.'" McClatchy describes Minority Whip Trent Lott as "a McCain ally," and notes he "said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress."

The Washington Post (1/26, A4, Weisman, 690K) quotes GOP Sen. George Voinovich saying, "What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress." Democrats "said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.)."

GOP Sen. David Vitter said on MSNBC (1/25, Jansing), "I think everybody across the country -- myself included -- is worn down and frustrated and really heartbroken by our American losses, particularly loss of life. … The tough question is, at the end of the day, we are where we are. What do we do to go forward? And one of my main disappointments with the resolution that we debated in committee yesterday, and I expressed this, is it's not a plan. Everybody on the committee and the Senate has the right to oppose a plan, to oppose the President's plan if that's what they decide. But I also think everybody has the responsibility to be for some plan."

Local TV coverage of the Senate Foreign Relation Committee's focus on Bush's Iraq troop surge plan dropped considerably from the extensive amount broadcast on Wednesday. KTUL-TV Tulsa (1/25, 5:13 pm), for example, reported that despite the President's "efforts to focus on domestic issues, the Iraq war continues to dominate discussion on Capitol Hill. The Senate Armed Services Committee heard from experts on the President's troop surge plan."

WAKA-TV Montgomery (1/25, 5:02 pm) began its 5 o'clock broadcast covering this story, adding that the President "expected the debate, but he is calling on lawmakers to give his new way forward a chance to work. Alabama Senator Jeff Sessions says he will support the President's plan to increase troop levels. He says that Congress has handled the war on Iraq irresponsibly. He calls a resolution approved by a Senate committee yesterday 'cynical and toothless.'"

Warner Says He Won't Seek Compromise With Biden. The AP (1/26, Flaherty) reports, "The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week." Sen. John Warner, "former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq." Warner's decision is being portrayed as bad news for the President. The AP, for example, adds that Warner's move, "along with the emergence of other resolutions the Senate might consider -- underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it." Warner's decision "bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive."

NBC Nightly News (1/25, story 7, Williams, 9.87M) a part of a very positive profile of Warner, likewise said there is "more momentum for opponents of…Bush's plan to send more

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troops to Iraq. Two nonbinding resolutions opposing the increase will come before the full Senate." NBC (Reid) added, "In the Senate, it is well understood that if a nonbinding resolution opposing the troop buildup is to have effect on the President it must have Republican support and that could depend on this man…Warner, widely respected on all things military, veteran of World War II and Korea." Later in the story, GOP Sen. Susan Collins was shown saying, "When he speaks on this issue, he speaks with enormous credibility." Political analyst Larry Sabato "says more [Republicans] are likely to sign on" to his resolution. Sabato said, "You can say I'm disagreeing with the President, but I'm agreeing with John Warner." Warner "says he is not counting votes, doing what he believes is the right thing for the troops."

The Washington Post (1/26, A4, Weisman, 690K) reports Lott "conceded that his party's leadership could not head off a vote, as the White House wants."

The Los Angeles Times (1/26, Levey, 850K) reports "the White House has been working hard to derail both of the resolutions, which -- although nonbinding -- would mark the first time Congress has challenged Bush's leadership of the 4-year-old war." Lott said, "What they really want to come out of this is no resolution."

The Christian Science Monitor (1/26, Chaddock, 59K) reports, "At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote. Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way." The White House "and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq."

Brownback Says He Might Back Warner Resolution. The AP (1/26, Hananel) reports, "Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language." Brownback, "among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive." He added that he "prefers a milder resolution drafted by…Warner…that leaves open the possibility of Bush sending in a much smaller number of troops."

Pataki Opposes Iraq Troop Surge. The AP (1/26, Humbert) previews a speech Gov. Pataki will deliver at Georgetown University today, where he will officially "break rank" with Bush and 2008 GOP frontrunners by opposing the plan to send an additional 20,000 troops to Iraq. His speech reads, "A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq. … A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki said on MSNBC's Tucker (1/25, Carlson), "I think what we have to do, before we go forward with a troop surge, is make the Iraqis step up. The Americans, particularly our soldiers on the ground, have made an extraordinary effort and I think every American is proud of them. But what we haven't seen is that effort on the part of the Maliki government. To hope that we are going to succeed in creating a stable, representative government in Iraq, we have to have the active leadership of that Iraqi government and it hasn't been there."

Feingold To Hold Hearing On Possibility Of Cutting Off Funding. The Politico (1/26) reports, "Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war." Feingold, "a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic."

Harris Poll Finds 52% Believe US Not Winning Or Losing In Iraq. On its website, the Wall Street Journal (1/26, 2.04M) reports on the latest Harris Poll, according to which "29% of Americans feel the US is losing in Iraq, compared with 10% who feel the US is winning and 52% who said the U.S. is neither winning nor losing." The poll, which "was

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conducted Jan. 11 to 18, after…Bush proposed increasing troops in Iraq but before his State of the Union address." It "shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent."

Antiwar Activists Hope For Massive Washington Protest. The Los Angeles Times (1/26, Schreck, 850K) reports, "Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall. Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war." The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, is "scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins. … About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil."

The Christian Science Monitor (1/26, Knickerbocker, 59K) says "organizers of the Washington event are anticipating between 300,000 and 500,000 people."

The New York Times (1/26, Zeleny, Hulse, 1.16M) reports, "Do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest. So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race." Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org "and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops." The Times adds, "Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February."

Maliki Vows To Crack Down On Insurgents.

USA Today (1/26, 9A, 2.27M) reports, "Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide. In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional US troops who have begun arriving in the capital. … 'There will be no safe haven -- no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties,' al-Maliki said. He said his determination had already borne fruit. 'I know that senior criminals have left Baghdad, others have fled the country,' he said." White House spokesman Tony Snow "called al-Maliki's speech 'a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about…and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq.'"

ABC World News (1/25, story 3, :30, Gibson, 8.78M) noted that just hours after the speech "a suicide car bombing killed 26 people in a Shiite section of Baghdad."

The Washington Times/AP (1/26, Mroue) reports "Maliki did not reveal the details of the plan, which he has dubbed 'Operation Imposing Law,' or say when it would begin. But he made clear that it would not be the last such battle against the militants."

One of the most negative reports on Malaki's speech runs in today's New York Times (1/26, Santora, 1.16M), which says Malaki "and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit. The uproar revolved around the new Baghdad security plan, but it came as the prime minister…is under increasing pressure to demonstrate even-handedness." Bush's new

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strategy "for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants."

Sadr Movement Endorses New Security Plan. The Los Angeles Times (1/26, Daragahi, 850K) reports, "Muqtada Sadr, the radical anti-American cleric, has backed away from confrontation with U.S. and Iraqi forces in recent weeks, a move that has surprised US officials who long have characterized his movement as among the greatest threats to Iraq's security." Yesterday, a leader of the Sadr movement in one of its Baghdad strongholds publicly endorsed the security plan that at least some US officials have touted as a way to combat Sadr's movement. … 'We will fully cooperate with the government to make the plan successful,' said Abdul-Hussein Kaabai, the head of the local council in Shiite-dominated Sadr City."

Possible Course For Mahdi Militia Under New Strategy Noted. Gary Anderson, "a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan," writes a "Policy Memo From the Planning Directorate, Mahdi Army" in today's Washington Post (1/26, 690K). The "memo" says, "We have completed a review of the new American surge strategy announced by their president." The "course" of action advocated by the "review" is "to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American 'hearts and minds' strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely. … Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing."

Pentagon Officials Wary Of Lawyerly Rules Of Engagement. The Washington Times (1/26, Gertz, Scarborough, 88K) "Inside The Ring" column says Defense Department officials "tell us one of the rules of engagement for US combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity. One troubling rule that is among several printed on the card given to troops going into combat is 'use minimum force necessary to decisively eliminate the threat.' It is viewed by many in the military as ambiguous and confusing."

Car Bombing Kills 26 In Shiite Neighborhood. NBC Nightly News (1/25, story 6, :30, Williams, 9.87M) reported, "In Baghdad, a suicide car bomb killed 26 people in a Shiite neighborhood today," the "second attack there in three days." The AP (1/26, Mroue) reports that in addition, "two rockets slammed into the heavy fortified Green Zone not far from the US Embassy." After the car bombing, "angry…residents took to the streets chanting 'We want the Sunnis out!'"

The Washington Post (1/26, A14, Londono, 690K) reports "US Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m. 'The damage was minor, and the embassy is functioning normally,' Fintor said. 'It wasn't a densely populated area.'" He said that "no US citizens were injured and that none of the injuries was life-threatening." The Post adds, "Also Thursday, a soldier from the US-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin."

The CBS Evening News (1/25, story 4, 2:50, Couric, 7.66M) reports "the situation Baghdad has gotten so dire, people there are now relying on the American military for basic necessities, and that can turn dangerous as well." CBS (Logan) added, "The desperation of the people in this neighborhood almost turned this humanitarian mission into a riot. Crowd of women and children frantically swarmed around the supply truck, pushing each other in the frenzy. Then US Staff Sergeant Steven Frost tried to calm them down. Even fiercely proud Iraqi men begged for some of the blankets and kerosene heaters. The mission started peacefully enough, with a truckload of much-needed propane gas handed out according to names on a list, all part of the US effort to turn this violent Sunni area into a model for the rest of the neighborhood to follow."

Insurgent Group Posts Video Of Wrecked US Copter On Website. The AP (1/26, Youssef) reports, "An insurgent group that has claimed responsibility for the downing this week of a US helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies. The 1-minute, 14-second video carried the logo of the 1920 Revolution

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Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it."

Baghdad Violence Deterring Work By Humanitarian Groups. USA Today (1/26, Bazar, 2.27M) reports, "Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups. Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute." USA Today adds, "As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown."

US Troops Authorized To Kill Iranian Operatives In Iraq. In a front page article, the Washington Post (1/26, A1, Linzer, 690K) reports the Bush administration "has authorized the US military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with direct knowledge of the effort." For more than a year, US forces in Iraq "have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time." The so-called "kill or capture" program was authorized by President Bush "in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts." According to the Post, the plan has "several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war." Senior administration officials said CIA director Gen. Michael Hayden "counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing US personnel in Iraq." Meanwhile, Secretary of State Condoleezza Rice, "though a supporter of the strategy, is concerned about the potential for errors," and "in meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict."

Iran Seen As Exerting Growing Influence In Iraq. In a separate front page article, the Washington Post (1/26, A1, Partlow, 690K) reports, "The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries." The Post goes on to note the growing diplomatic and economic ties between to the two countries. Fro example, Iran "has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala," and "each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene." But when President Bush and top US officials "speak of Iran's role in Iraq, their focus is more limited. US officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas." Caught "between the United States and Iran" is Iraqi Foreign Minister Hoshyar Zebari, who told the Post in an interview last week, "I'm treading a very thin line," noting that "he believes Iran wants a stable government in Iraq, along with the departure of US troops, but is worried that a full-scale civil war could spill over Iraq's borders." However, the Post says Iran "has driven a wedge between Iraq and the United States" as US officials "decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to 'harden' Iraq's security forces to repel Iranian influence."

Iran Calls For Summit With Iraq, Syria. The AP (1/26, Hurst, Abdul-Zahra) reports Iran "has invited the Iraqi and Syrian presidents to Tehran for a weekend summit" with President Mahmoud Ahmadinejad to "hash out ways to cooperate in curbing the runaway violence" in Iraq, four "key" Iraqi lawmakers told the AP Monday. According to one source, Iraqi President Jalal Talabani "has accepted the invitation and will fly to the Iranian capital Saturday." The Iranian "diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort," the AP writes.

Rockefeller Derides Cheney's "Constant" Pressure On Roberts During Intel Probe. McClatchy (1/26, Landay) reports, "Vice President Dick Cheney exerted 'constant' pressure on the Republican former chairman of the Senate Intelligence Committee to stall an

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investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday." In an interview with McClatchy Newspapers, Sen. Jay Rockefeller also "accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants." McClatchy added, "n the 45-minute interview, Rockefeller said that it was 'not hearsay' that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence." In "an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: 'The vice president believes Senator Roberts was a good chairman of the Intelligence Committee.'" Roberts' chief of staff, Jackie Cottrell, "blamed the Democrats for the investigation remaining incomplete more than two years after it began."

US Soldier Gets 18-Year Sentence For Killing Two Iraqis. The New York Times (1/26, Von Zielbauer, 1.16M) reports, "An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May. The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice." The Times adds, "Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said."

The AP (1/26, Rucker) reports from Fort Campbell, KY, "In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening. … Clagett will also be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole." The AP notes, "The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission. … Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial."

Salvadoran Mother Grieves For Son Killed In Iraq. The New York Times (1/26, Lacey, 1.16M) reports, "From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son. In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict." El Salvador "is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population." El Salvador, "which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification."

Violence Cripples Baghdad Potato Chip Industry. USA Today (1/26, Sabah, 2.27M) reports, "Iraqi-made potato chips -- deep fried, thin and greasy -- are considered more than a snack: They're a delicacy." Baghdad "once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons. … Today, one factory dominates the industry -- near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia." And "due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the US invasion."

Army Finds Probable Cause That Two US Soldiers Assaulted Afghan Detainees. The Los Angeles Times (1/26, Sack, Pyes, 850K) reports, "Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003. The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004." The Times adds, "The military investigators, who work for the Army's Criminal Investigation Command, also

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found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes."

Rice Says Administration To Seek $10.6 Billion For Afghanistan. ABC World News (1/25, story 5, 0:30, Gibson, 8.78M) reported, "The Bush Administration is requesting $10.6 billion in new military and reconstruction aid for Afghanistan --almost as much as the US has given that country over the last five years, combined -- and the tours of 3,200 US soldiers in Afghanistan are being extended by four months. All of this to thwart Taliban insurgents who have showed signs of renewed strength."

The AP (1/26, Gearan) reports Secretary of State Condoleezza Rice announced Thursday that President Bush will ask Congress for the funds "to help Afghanistan strengthen its security forces and rebuild from years of war." Speaking to reporters on her way to NATO headquarters in Brussels for talks on Afghanistan, Rice said, "The challenges of the last several months have demonstrated that we want to and we should redouble our efforts." Rice "said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction," to be spent over the next two years. Meanwhile, a senior State Department official who spoke on condition of anonymity "gave another indication that US forces in Afghanistan may grow," saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary." Separately, State Department spokesman Sean McCormack said Thursday there is "a pressing need to address the problem of high levels of opium poppy production in Afghanistan."

The Financial Times (1/26, Dombey, Mojumdar, Schmid) reports Rice "will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe." At a meeting of NATO and European Union foreign ministers in Brussels, Rice "is expected to unveil details of a US initiative to provide about $8billion for the war-torn country and call on Europe to make a similar step." Separately, the European Commission will on Friday announce about $780 million for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health."

The New York Times (1/26, A6, Cooper, Cloud, 1.16M) notes the President's aid request "would come before what is expected to be another spring offensive by resurgent forces linked to the Taliban." In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan "for as long as three months, increasing the American force level there to around 24,000." Meanwhile, an additional 20,000 soldiers from other NATO countries are also being deployed there. President Bush is expected to make a formal request for the funds next month.

The Washington Post/AP (1/26, A17) adds that also on Thursday, Italy's government "approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition." Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, "although he has resisted NATO's request to increase its size."

Calling the $10.6 billion an "unusually large figure," the Washington Times (1/26, Kralev, 88K) says it is "an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, US officials said."

The Los Angeles Times (1/26, Richter, 850K) calls the move "another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence."

NATO To Send Additional Brigade To Afghanistan. The Washington Post/AP (1/26, Faiez) reports, "NATO-led troops battling resurgent Taliban militants will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday." Gen. David Richards "said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops."

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Southern New York US Attorney Profiled. The Financial Times (1/26, Masters) runs a profile of Michael Garcia, US Attorney for the southern district of New York. The Times reports, "Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet

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gambling investigation, takes pride in being an ordinary guy. … But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling. … 'This is an office that has been willing to take on the difficult and new cases, and you see the results,' Mr Garcia, 45, told the Financial Times. 'If there is a case there, we will make it.'" The Times adds, "A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice. … Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington. … He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security."

Rep. Reichert Mulling Candidates For Western Washington US Attorney. The Seattle Times (1/26, Bowermaster) reports, "Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington." The Times continues, "McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School. … U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor. … U.S. attorneys are White House appointees subject to Senate confirmation." The Times adds, "It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates. … Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay. … Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration. … Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng. … Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources."

CORPORATE SCANDALS:

Critics Blast McNulty Memo On Privilege Policy. The National Law Journal (1/26, MacLean) reports, "Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a 'don't ask, don't tell' policy that will drive prosecution waiver demands underground. … And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12 by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a 'culture of waiver.'" The Journal continues, "Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify 'limited waiver' of attorney-client privilege, despite wide federal and state court rejection of the concept." The Journal adds, "Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits. … McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits 'is a significant concern,' McNulty said in a recent interview. 'That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver,' he said. … His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government 'carefully took no position,' and declined to participate in oral argument. … As for Congress stepping in to ban all but voluntary waivers, McNulty said, 'I am hopeful the Senate and the House will give the new guidance a

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chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance.' … But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing 'partial waivers.'"

Qwest Picking Up Defense Tab For Former CEO. The Denver Post (1/26, Vuong) reports, "Joe Nacchio is getting the best defense Qwest can buy. … The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading." The Post continues, "Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19. … His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees." The Post adds, "Qwest's bylaws require it to 'advance legal fees to current and former officers who may be involved' in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs. … 'If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual,' Toevs said. … But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts." The Post notes, "Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing. … The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002. … Qwest shareholder and retiree Jaclyn Prokesh called the arrangement 'outrageous.' … 'It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses,' said retiree Nelson "

GM To Restate Financial Statements. The Detroit News (1/26, Terlep, Tierney) reports, "General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter. … GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments. … 'As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006,' the U.S. automaker said in a statement. 'GM does not expect any material impact on cash flow.'" The News adds, "While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern. … While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department."

Borrowing Of Shares By Hedge Funds May Lead To Federal Scrutiny. The Wall Street Journal (1/26, A1, Scannell) reports, "Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes. … In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late." The Journal adds, "Fueling the practice -- dubbed 'empty voting' in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences. … Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York

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Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners." The Journal notes, "This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined. … The practice 'is almost certainly going to force further regulatory response to ensure that investors' interests are protected,' Securities and Exchange Commission Chairman Christopher Cox said in an interview. 'This is already a serious issue and it is showing all signs of growing.'"

DOJ Cracks Down On Corruption Overseas. The Portland (OR) Business Journal (1/19, Finnemore) reports, "A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets." The Journal continues, "About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts. … Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department." The Journal adds, "The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits. … Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department. … The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said. … 'A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country,' Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. 'You don't insulate yourself by using an agent or distributor.'"

CFTC Commissioner Warns Of Funding Shortfalls. The Financial Times (1/26, Grant) reports, "The US futures industry regulator, the Commodity Futures Trading Commission, is at 'critical levels' in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday." The Times continues, "The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets." The Times adds, "There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange. … Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange." The Times notes, "Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol."

Judge Orders Former H-P Official To Withdraw Counterclaim In Dell Case. The Wall

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Street Journal (1/26, Lawton) reports, "A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday." The Journal continues, "Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002." The Journal adds, "H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim. … Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package."

CNBC Anchor Under Fire For Ties To Citigroup. The Wall Street Journal (1/26, B5, Barnes, Langley) reports, "CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive." The Journal continues, "Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation." The Journal adds, "CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the 'source development' section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup."

The New York Times (1/26, Fabrikant) reports, "Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again." The Times continues, "Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane. … Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights." The Times adds, "Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host. … Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her 'one of the most prolific and well-respected financial journalists in the industry.' … Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers."

CRIMINAL LAW:

US Rushing Law Enforcement Aid To New Orleans. The AP (1/26, Foster) reports, "New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005. … 'The goal is to help take the pressure off local officials and to turn up the heat on these violent felons,' U.S. Attorney Jim Letten said at a news conference." The AP continues, "Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from

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the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock. … 'These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions,' the Justice Department said in a news release." The AP adds, "U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month. … 'This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,' Landrieu said. … 'Additional federal resources and technical assistance is only one solution,' she added. 'More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight.'" The AP notes, "Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina. … 'By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site,' the Justice Department announcement said."

The Baton Rouge Advocate (1/26, Gyan) reports, "U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the 'thugs and predators' off the city's streets and into federal prison. … 'We're not screwing around. We're going to bring all federal resources to bear,' James Bernazzani, special agent in charge of the FBI's New Orleans office, said during a news conference at the U.S. Attorney's Office." The Advocate continues, "Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime. … Bernazzani and William Renton, special agent in charge of the DEA's New Orleans office, both said their agencies will be targeting the 'worst of the worst.'" The Advocate notes, "U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year. … 'The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,' Gonzales said."

The New Orleans Times-Picayune (1/26, Filosa) reports, "The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force. … 'The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system,' U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency. … 'This is a reflection of support for NOPD,' Letten said. 'We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear.'" The New York Times (1/26, Nossiter, 1.16M) also briefly reports on the new assistance by FBI, ATF and DEA agents, under the headline "Louisiana: Federal Officials Pledge Help on Crime."

Former Cheney Spokeswoman Contradicts Libby's Account. The New York Times (1/26, Lewis, 1.16M) reports Cathie Martin, a former spokeswoman for Vice President Dick Cheney, "gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him." Martin "testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter." Unlike the "previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby."

NBC Nightly News (1/25, story 4, 1:50, O'Donnell, 9.87M) reported, "Today in court, a picture emerged of how deeply involved Vice President Cheney was in a fight against

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critical news stories about prewar intelligence." Martin "told the jury the Vice President dictated to me what he wanted me to say. Eight talking points to refute charges the Administration allowed faulty intelligence on Iraq to get into the President's 2003 State of the Union address. Describing it as a major crisis, Martin testified that the Vice President personally directed his chief of staff, Scooter Libby, who did not usually deal with the media, to call specific reporters, among them NBC's Andrea Mitchell after a CIA tip that Mitchell was working on a story for 'Nightly News.'"

The Los Angeles Times (1/26, Schmitt, 850K) reports, "Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair." Martin said "she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney."

The AP (1/26, Sniffen) reports Martin "became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003." Libby defense attorney Theodore Wells "quickly sought to limit any damage from the testimony of Cheney's former assistant for public affairs." Wells "got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003." The date "is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials."

USA Today (1/26, Willing, 2.27M) reports Martin said Vice President Cheney "personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa." According to Maritn, in July 2003, Cheney "scripted quotes for chief of staff Lewis 'Scooter' Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story." Days earlier, Martin said, "the vice president had dictated eight 'talking points' for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false."

The Washington Post (1/26, A3, Leonnig, Goldstein, 690K) reports Martin said Cheney "personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish." In the "dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong." Previously described "in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account." Martin "recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger 'and his wife works for the CIA.'" The Post adds that Special Counsel Patrick J. Fitzgerald yesterday "told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its 'bad memory' defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember."

The AP (1/26, Apuzzo) reports, "Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media. … Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws."

Martin's Testimony Offers Window Into White House Press Operation. In the Washington Post's "Washington Sketch" column (1/26, A1), Dana Milbank says, "Memo to Tim Russert: Dick Cheney thinks he controls you. This delicious morsel about the 'Meet the Press' host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis 'Scooter' Libby." Martin's

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notes from 2004 "about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions" included "option 1: 'MTP-VP,' she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under 'pro,' she wrote: 'control message.'" The Post adds, "It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it."

Highlights Of Libby Trial Yet To Come. The New York Times (1/26, Shane, 1.16M) reports that the clock in the courtroom is frozen at 9:25, "an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence." The trial "promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead."

Plame's Sponsorship Of Wilson's Niger Trip Now Confirmed. On Fox News' "The Big Story With John Gibson" (1/25), anchor John Gibson said in his concluding "My Word" segment, "Just to make sure we have the record straight, a screaming headline out of the Scooter Libby trial that the mainstream media is playing as a meaningless footnote if they play it at all says Ambassador Joe Wilson, an opponent of the president's plan to invade Iraq, let people believe he was sent on a mission to discover if Saddam Hussein was trying to buy nuke bomb material in Africa by Vice President Dick Cheney. We now know from testimony yesterday in the Libby trial that Ambassador Wilson was sent on the CIA mission by his wife, CIA analyst Valerie Plame." Wilson "wanted Karl Rove frog marched across the White House lawn. It turns out Joe Wilson didn't know the truth that it was his wife who got him the job or he lied to keep it secret."

Anti-Abortion Extremist Convicted Of Federal Charge In Abortionist's Slaying. The AP (1/26) reports from Buffalo, NY, "An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider." The AP continues, "James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services. … U.S. law bars people from blocking access to reproductive health services by force or threat of force." The AP adds, "After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives. … A federal jury deliberated about four hours over two days before returning the verdict Thursday. … The jury also convicted him on a weapons count. … Kopp could face life in prison without parole when he is sentenced." The AP notes, "A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent. … Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19."

Former NBC Official Charged With Theft. The AP (1/26, Neumeister) reports, "The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company." The AP continues, "A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan. … Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him." The AP adds, "Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said. … If

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convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime."

The Wall Street Journal (1/26, C2, Bray) reports, "Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006. … The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006." The Journal adds, "NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents. … Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. … The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card."

Federal Judge Urges DOJ To Drop Death Penalty Push In New York Case. The New York Times (1/26, Rashbaum) reports, "A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution 'absurd' and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor." The Times continues, "The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001. … 'Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?' the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. 'If I'm wrong, I will have egg on my face, but I will not be incorrect.'" The Times adds, "Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in Washington before the case begins. … The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services. … Going forward with the penalty phase, he said, would be 'a total misappropriation' of taxpayer funds, 'and I advise the government accordingly.' He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case." The AP (1/26, Hays) also reports this story.

Under the headline "Bow Out, Judge Blockhead," the New York Daily News (1/26) editorializes, "No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord." The Daily News continues, "There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money." The Daily News adds, "Block said he believes that McGriff 'has been humanized' by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that 'nobody from the press has been here today, and we're flying under the radar screen, for sure.' … For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any

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capital punishment proceedings to a colleague who is not so openly and obviously biased."

Deputy Marshal Charged With Leaking Witness Information To Chicago Mobster. The AP (1/26, Robinson) reports, "A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family." The AP continues, "John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak." The AP adds, "Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders. … Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information. … But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John 'No Nose' DiFronzo in the file that marshals kept on Calabrese. … DiFronzo is not charged in the Family Secrets case."

FEC Approves Kolbe's Use Of Campaign Funds For Legal Defense In Foley Probe. The AP (1/26) reports, "Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday." The AP continues, "Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages." The AP adds, "FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's 'ordinary and necessary' duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available. … The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident. … Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages."

NYTimes Lambastes FBI Response To Foley Emails. Under the headline "More Willful Indifference," a New York Times (1/26, 1.16M) editorial lambastes the FBI over the Mark Foley probe, saying "the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues." The Times notes, "When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group…had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections." The Times concludes that the new Congress "will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness."

Illinois Janitors Receive Short Prison Sentences In Corruption Probe. The AP (1/26, Dennis) reports, "Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government. David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement. The men also were ordered to pay a combined total of more than $148,000 in restitution to the state." The AP notes, "All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme."

FBI, Philadelphia Police Announce New Anti-Gang Task Force. The Philadelphia Daily News (1/26, DiFilippo, 106K) reports that "Philadelphia's typical gang member is a school-skipper just getting his first mustache whose 'gang' is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a

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news conference about their joint gang-busting strategies. That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia." The Daily News adds, "The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office. 'We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America,' Hosko said. '[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city.'"

Federal Prosecutors To Review Alaska Shootout. The AP (1/26, Joling) reports from Anchorage, AK, "The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington." The AP continues, "Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded. … State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict." The AP adds, "Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking. … On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued. … Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded." The AP notes, "Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review. … The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said."

Coke Executive Says Williams Not Smart Enough To Plan Formula Theft. The AP (1/26, Clark) reports, "A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own. Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams 'didn't have the intellectual capacity' to steal the documents or get them in the hands of a Coca-Cola competitor by herself." The AP adds, "U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them." WXIA-TV Atlanta (1/25) and the Atlanta Journal-Constitution (1/26, 379K) also report on yesterday's testimony.

Five Houston-Area Residents Charged With FEMA Relief Fraud. The Houston Chronicle (1/26, 530K) reports, "Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance. U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft. The government also seeks a $145,438 forfeiture from each." The Chronicle notes, "Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52."

Washington State Man Sentenced To Five Years In Prison For Child Enticement. The Seattle Post-Intelligencer (1/26, Wong, 124K) reports 46-year-old John Leonard Young of Coupeville, Wash., "received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported. … The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said. But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI." The Post-Intelligencer notes, "FBI agents contacted the girl's parents, and investigators found messages from Young on her computer. … At least one of his computers contained about 100 pornographic images of children." The AP (1/26) also briefly reports on Young's sentence.

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Three Pennsylvanians Charged In Massive Child Porn Operation. The Philadelphia Daily News (1/26, Schmidt, 106K) reports John Worman of Colwyn, Penn., Dorothy Prawdzik of Drexel Hill and Concetta Jackson of Collingdale "were charged yesterday in a 53-count indictment with producing child pornography. The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis. Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006." The Daily News notes, "The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales. It was described as a nationwide initiative designed to protect children from online exploitation and abuse."

Sex Offender Who Posed As Teen Filmed Himself With A Child. The Arizona Republic (1/26, Lombardo) reports, "A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday." The Republic continues, "The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile. … 'I am aware they are trying to identify a child on a video,' sheriff's spokesman Scott Reed said." The Republic adds, "Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader 'Casey Price' and attended class at Imagine School at Rosefield in Surprise. … Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old."

O'Malley Would Sign Bill Repealing Death Penalty. The Washington Post (1/26, B6, Wiggins, Wagner, 690K) reports, "Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk." O'Malley said yesterday, "I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty." O'Malley's comments "came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday." Lisa A. Gladden, the lead sponsor in the state Senate, "said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee."

The Washington Times/AP (1/26, A1, Witte) reports "the proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature." The decision "came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment. "

Prince George's Police Say Official Shot Movers In Self-Defense. The Washington Post (1/26, A1, Rich, Castaneda) reports, "The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another. … An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said." The Post continues, "Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital. … The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts." The Post adds, "Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a

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homeowners association board on which he served. … Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is 'mentally tough.' … State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter."

California Leaders Urged To Deal With Prison System Problems. The Los Angeles Times (1/26, Warren) reports, "Three decades of tough-on-crime lawmaking has sent California's prison system into a 'tailspin' that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today." The Times continues, "In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state." The Times adds, "If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them. … 'For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis,' the commission said. 'And now their time has run out.'" The Times adds, "The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer. … A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000. … While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact. … Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go."

Hackers Using Stolen IDs In Stock Scams. The Washington Post (1/26, D1, Nakashima) reports, "Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks. … The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment. … But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors." The Post continues, "Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold. … Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission." The Post adds, "The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam. … The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said. … Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said."

Bloomberg (1/26, Keoun) reports, "The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc."

DC Nightclubs Oppose Proposed Teen Ban. The Washington Post (1/26, A1, Alexander, Johnson) reports, "District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar

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teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths." The Post continues, "Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served. … Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21." The Post adds, "In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers. … Many at the hearing defended the venues, saying they strictly enforce age limits. … The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink."

CIVIL LAW:

Michigan Attorney Sues Gonzales Over Probe. The Detroit Free Press (1/26, PATTON) reports, "Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm." The Free Press continues, "In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act. … It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office. … The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office."

The Detroit News (1/26, Egan) reports, "A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination. … Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them." The News adds, "In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful."

Judge Hears Final Evidence In FBI Wrongful Conviction Suit. The Boston Globe (1/26, Murphy, 413K) reports, "As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit." Salvati and Limone "attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed." The Globe notes, "During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph 'The Animal' Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco."

Wal-Mart To Pay $33 Million In Back Wages In Overtime Probe. The AP (1/26, Kabel) reports, "Wal-Mart Stores Inc. will pay more than $33 million in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department." The AP continues, "Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 per

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worker." The AP adds, "Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations. … But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division." The AP notes, "Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again. … Last October, Wal-Mart workers in Pennsylvania won a $78.5 million judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award."

The Washington Post (1/26, D1, Joyce, Mui) reports, "Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days. … 'It's not particularly unusual for an employer to come to us to talk about potential payroll violations,' said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties." The Post adds, "Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said. … The company will still face legal challenges from at least one state. … The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million."

Federal Trustee Says Sen. Clinton's Brother Owes Carnival Debt. The AP (1/26, French) reports, "Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton." The AP continues, "A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc." The AP adds, "Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004. .. A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham." The AP notes, "The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued. … Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death."

CIVIL RIGHTS:

Seale Arraigned In 1964 Mississippi Racial Murders. ABC World News (1/25, story 6, 3:05, Gibson, 8.78M) reported, "In Mississippi, the wheels of civil rights justice sometimes have turned slowly. Sometimes they haven't turned at all. But today, in Jackson, Mississippi, a reputed former Ku Klux Klansman was arraigned for the brutal and vicious killing of two black teenagers in 1964." ABC (Thomas) added, "Even for the turbulent times of the civil rights movement, this was a case of unimaginable hate. Henry Dee and Charles Moore were abducted by members of the Klan, taken to a forest, beaten, tied to an engine block and thrown into the Mississippi river alive." FBI Director Robert Mueller: "This was a horrible crime, inflicted with stunning disregard for the suffering of the victims." Thomas: "At first, there were virtually no leads, but the FBI soon got a breakthrough. No less than the Grand Wizard of Mississippi's Klan became a secret informant." He allegedly identified James Ford Seale "as one of the killers, but fearing for his life, refused to testify. … The FBI even lost its files. But Moore's brother, Thomas, and reporters, including those from ABC News, stayed on the case," and "now sources tell ABC News another suspect in the case has agreed to testify against Seale. 42 years later, there will now finally be a prosecution. … At today's arraignment, incidentally, the suspect stood before a judge who was a black woman -- a measure of just how much things have changed in the South."

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The CBS Evening News (1/25, story 6, 2:10, Couric, 7.66M) called the case "a painful reminder today of one of the darkest chapters in US history," and CBS (Pinkston) added, "At 71 and wearing shackles, James Ford Seale shuffled into federal court to face charges in the murder of two black teenagers more than 40 years ago. It was a moment this man had long prayed for." Thomas Moore: "And I cried, yeah." … Thomas Moore spent years helping investigators make a case and teamed up with a Canadian TV producer to try to confront Seale." Pinkston: Jackson Clarion-Ledger reporter Jerry Mitchell "managed to find FBI files presumed to have been lost, files now key to the government's case. … Tonight, the FBI is telling its agents to review all cold cases from the civil rights era."

NBC Nightly News (1/25, story 10, 2:25, Williams, 9.87M) reported that Seale's arraignment "is the latest development in a once cold case that was revived through a series of surprises." NBC (P. Williams) added, "It seemed no one would stand trial for killing the students," until "Moore's brother, Thomas, retired from the Army determined to get the case reopened." He discovered that Seale was still alive, and "another break came from a newspaper reporter after writing that the FBI thought the original case file was lost, he was surprised to hear from a researcher" that the researcher had the files. "This new prosecution is something the sister of Henry Dee…thought would never come." Thelma Collins: "I thank the Lord that I got to see at my age – I'm 70 years old – I get to see it happen."

CNN's Live Today (1/25, 11:40 a.m.) carried the DOJ press conference live, airing Gonzales' and Mueller's remarks. CNN's Newsroom (1/25, Nguyen) also reported on the arraignment and DC press conference, as does CNN.com, which includes a link to the video of Mueller's comments. PBS' NewsHour with Jim Lehrer (1/25, 7:04 p.m.) reported on the Seale story and showed Mueller saying, "Forty years ago, the system failed. We in the FBI have a responsibility to investigate these cold case civil rights era murders where evidence still exists to bring both closure and justice to these cases that, for many, remain unhealed wounds to this day."

In a widely-distributed story, the AP (1/26, Pettus) reports that at the time of the murders, "the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges. The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive. 'Forty years ago, the system failed,' FBI Director Robert Mueller said in Washington. 'We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day.'" The AP notes, "Seale was jailed for a bail hearing on Monday. … His trial is scheduled for April 2."

USA Today/Gannett (1/26, Mitchell, Radelat) reports Gonzales, Mueller and US Attorney Dunn Lampton announced the charges yesterday. "'This was a horrible crime inflicted with stunning disregard for the suffering of these victims,' Mueller said. 'These tragic murders are straight from the darkest page of our country's history.' Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths." In its report on the arraignment, investigation and DOJ press conference, NPR's All Things Considered (1/25, Goodwyn) included a 26-second clip of Mueller saying, "Henry Dee and Charlie Moore – both age 19, both African American – were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown. These tragic murders are straight from among the darkest page of our country's history. And sadly, while we cannot right the wrongs of the past, we can pursue justice to the end." CBC News (1/25) also reported the story, under the headline "'System Failed' In 1964 Race Killings: FBI Director."

The Jackson Clarion-Ledger (1/26, Mitchell) reports, "Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson." The Clarion-Ledger notes, "His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson. Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions." The Clarion-Ledger adds, "In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore 'tragic murders ... straight from the darkest page of our country's history.' It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings. 'Every now and then, people would get my hopes up, and then

it would fade away,' said Thomas Moore, who was in Washington for the news conference."

WLBT-TV Jackson (1/25, Thompson) reported on its Web site from a broadcast story, "United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades. … Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice. … FBI Director Robert Mueller said, 'This was a horrible crime. Indicted with stunning disregard for the suffering of the victims.'" WTOK-TV Meridian (1/25, Sy) noted in its story on the arraignment that Mueller said, "In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten."

Voice of America (1/25, Malone) reports in its story on the arraignment and DC press conference, "Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial. But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades. 'These tragic murders are from among the darkest page of our country's history,' he said. 'And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes.'" The (UK) Daily Independent (1/26, Buncombe) also reports on the investigation and yesterday's events in Jackson and DC, as does the BBC World Service this morning.

CNN Live Today (1/25, 11:40 a.m.) broadcasted regarding a former Mississippi law man, James Seale, who is in court facing charges for the killing of Henry Dee and Charles Moore during the civil rights era. During a news conference in Washington, Attorney General Alberto Gonzales said, "Part of moving forward comes through addressing as best we can and as soon as we can, the terrible crimes of the past. … The case is being prosecuted by US Attorney Lampton and attorneys from the civil rights division, Paige Fitzgerald and trial attorney Eric Gibson. Public and governmental interests in the murders of Moore and Dee had been renewed by the activism of the brother of one of the victims."

CNN Newsroom (1/25, 1:30 p.m.) broadcasted, "Today at the Justice Department, Attorney General Alberto Gonzales announced this indictment. He said, "We would much prefer, of course that justice had been served 40 years ago in this case but what we are doing today, bringing closure to this horrible crime by trying this case through a public trial, should serve as notice to those who would violate the civil rights of their fellow citizens. We will pursue you as long as it takes and as long as the law allows, whenever it comes, justice is always welcomed." CNN The Situation Room (1/25, 4:30 p.m.) also broadcasted this story. This story was locally broadcasted in over 20 major and smaller cities nationwide. Some examples are: WNBC-TV, New York, NY (1/25, 5:00 p.m.) broadcasted, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. Seale was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. Seale held a sawed-off shotgun as clan members beat the teenagers." KSEE-TV, Fresno, CA (1/25, 6:30 p.m.) broadcasted, "Alberto Gonzales US Attorney General said, 'These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin.'"

Arraignment, Press Conference Receive Widespread Local TV Coverage. Local TV news nationwide also reported on Seale's arraignment and the DOJ press conference. Some examples: WTVQ-TV, Lexington, KY (1/25, 5:00 p.m.) reported on its broadcast, "Robert Mueller, FBI Director said, 'In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown.' Outside the courthouse, Seale's family kept silent." WDBJ-TV, Roanoke, VA (1/25, 11:00 p.m.) showed Mueller saying, "These tragic murders are straight from among the darkest page of our country's history."

WNBC-TV, New York (1/25, 5:00 p.m.) reported, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. … Seale held a sawed-off shotgun as Klan members beat the teenagers." KSEE-TV, Fresno (1/25, 6:30 p.m.) showed Gonzales saying, "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow

Americans as inferior and as a threat based only on the color of their skin.'"

ABC Reporter Recounts "20/20" Investigation. In and ABC News (1/25) online "Reporter's Notebook" column, Harry Phillips writes at length about his "20/20" investigation into the story, which eventually led to an interview with the 1964 FBI informant, Ernest Gilbert, and the June 2000, "20/20" report "Justice At Last." Phillips notes, "A call from an anonymous source led this reporter to an abandoned desk in the empty foyer of a building somewhere south of the Mason-Dixon Line. I'd been told there would be a 'package' waiting there for me. … Back at my hotel, I opened the box and found that it contained more than 900 pages of FBI reports bound by a single rubber band. It was a copy of the FBI file that was unredacted, containing names and other information blacked out on the first copy. It took several days to read the entire file, but it was quickly apparent that it contained virtually every bit of information gathered by the FBI in the Dee/Moore investigation, including many reports on statements provided by the informant JN-30R."

Meanwhile, the AP (1/26, Breed) reports in a widely-distributed story on the details of the FBI files from the bureau's 1964 investigation of the murders.

USA Today Hails Civil Rights Cold Case Prosecutions. Under the headline "Never Too Late For Justice," USA Today (1/26, 2.27M) editorializes, "At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late." USA adds, "Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes. To the nation's credit, changing times and values continue to prove them wrong."

Los Angeles Hispanic Gang Member Convicted Of Hate Crime Murder. The AP (1/23) reported from Los Angeles, "The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison. Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles. … 'Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents,' said Wan J. Kim, assistant attorney general for the civil rights division."

Judge Rules Michigan Prison Sex Abuse Suit May Proceed. The Detroit News (1/26, Hansen) reports, "A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act." The News continues, "The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago." The News adds, "U.S. District Judge John Corbett O'Meara said the March 2000 decision to exempt inmates 'essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law. … Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling,' O'Meara wrote. 'It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones.'" The News notes, "Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, 'We're recommending appeal to the (prison) agency because we think the judge is incorrect.' The state has argued that inmates still had ample federal civil rights protections and could sue in federal court. … In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections."

Mental State Of Supermax Inmates Draws Challenge. Time (1/26, Kluger) reports the "level of control" over inmates in supermax penitentiaries "may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown -- or at least a claim of mental breakdown -- is sure to follow. When that happens, a

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constitutional challenge can't be far behind." In one instance, "lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense." The breakdown of defendants in supermax isolation is "providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment."

Universities Seek To Maintain Racial Diversity After Bans On Affirmative Action. The New York Times (1/26, Lewin, 1.16M) reports, "With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics." Some universities are including "factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice," while others "are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools." Bans are said to give private universities "a competitive advantage regarding diversity" and "to many educators, that would be a troubling turnabout." University of Michigan President Mary Sue Coleman said that "nothing short of affirmative action will maintain the university's racial diversity."

ANTITRUST:

Senate Hearing On Airline Mergers Raises Antitrust Issues. The Fulton County (GA) Daily Report (1/26, Maister) reports, "US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers." The Report continues, "Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota. … 'Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country,' Steinberg said." The Report adds, "While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case. … The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future. … The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely. … The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan."

Hatch, Kohl Urge DOJ Caution In Merger Review. The Deseret Morning News (1/26, Struglinski) reports, "The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to U.S. Attorney General Alberto Gonzales Thursday." The News continues, "Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to 'carefully and thoroughly consider the substantial competitive impact of this merger' should it get to the point of being reviewed. … 'From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks,' Hatch and Kohl wrote. 'These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares.'" The News adds, "Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing. … The senators said their letter does not 'express a firm position on a potential transaction' but that they felt the need to 'underscore our firm expectation that the

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Department will investigate this or any other merger among airlines of all sizes with all due care and vigor.'"

Microsoft Executive Threatened Retaliation Against Dell Over Linux. Bloomberg (1/26, Van Voris, Bass) reports, "A Microsoft Corp. executive said he wanted to 'whack' computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software." Bloomberg continues, "In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar-Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft. … 'We should whack them, we should make sure they understand our value,' said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court." Bloomberg adds, "The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law. … Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup."

British Court Upholds Extradition Of Ex-CEO To Face US Antitrust Charges. The Financial Times (1/26, Tait) reports, "Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community." The Times continues, "The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US." The Times adds, "Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an 'extradition offence'. … Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced. … But they said: 'Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it.' … Mr Norris's lawyers will appeal to the House of Lords."

Northrop Completes Buyout Of Cybersecurity Company For $580 Million. The AP (1/26, Borak) reports, "Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval." The AP continues, The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt. … The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million." The AP adds, "The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services. … Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company. … Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities."

Siemens To Purchase Texas Software Firm. The AP (1/26, Koenig) reports, "The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal. … 'It takes us

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from being a small player with limited resources to being a major player,' said Tony Affuso, the chairman and chief executive of UGS." The AP continues, "Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion. … Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse." The AP adds, "In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units. … 'It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States,' he said. … Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise. … For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions."

Siemens Profit Falls Sharply After Price-Fixing Fine. The Wall Street Journal (1/26, B4, Knapen) reports, "Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit." The Journal continues, "Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine. … Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives." The Journal adds, "The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering. … The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems."

EU Bank Probe Uncovers Antitrust Problems. The AP (1/26, Cohen) reports, "A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes." The AP continues, "The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31. … Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that 'some segments of the market are anticompetitive.' … 'I'm not against profit, but there are some cases where there are firms making too much,' she said, declining to elaborate." The AP adds, "People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services. … The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro." The AP notes, "By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country."

Blackstone To Purchase Cardinal Health, Raises Bid For Equity Office Properties. The Wall Street Journal (1/26, B5, Tesoriero) reports, "Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group." The Journal continues, "The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing." The Journal adds, "The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers. … Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old

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accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient."

The New York Times (1/26, Pristin) reports, "The biggest leveraged buyout ever got bigger yesterday. … The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the nation's largest office landlord, with nearly 600 buildings across the country." The Times continues, "The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement." The Times adds, "In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million. … Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer."

YouTube Subpoenaed Over Pirated Fox TV Shows. The Wall Street Journal (1/26, B4, Urbanowicz) reports, "News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of '24' and 'The Simpsons.'" The Journal continues, "The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately." The Journal adds, "According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of '24' appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as 'ECOtotal.'" The Journal notes, "On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch. … The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena. … A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately. … This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber. … The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable."

ENVIRONMENT:

Bush's Fuel Proposal Sparks Battle Between Coal Interests, Environmentalists. The Wall Street Journal (1/26, A4, Fialka, 2.04M) reports, "Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming." The president's proposal "would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel. James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed 'to create an opportunity for a variety of other approaches,' which, he said, could include such fuels as methanol and diesel oil made from coal." Bush "has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes." But "even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose 'any effort to support coal-based transportation fuels.'" Environmentalists "are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves."

Meeting President's Goal Said To Require Alternative Fuels Beyond Ethanol. ABC World News Tonight (1/25, story 2, 2:40, Gibson) reported that Bush in his

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State of the Union address "said the US needs to ease its dependence on foreign oil, by growing more fuel here rather than importing it. But is that realistic?" ABC (Stark) added, "The centerpiece of the President's plan to cut gas consumption by 20% in ten years is a mandatory and massive increase in the production of alternative fuels, especially ethanol. Can it be done? Refineries are already working overtime turning corn into ethanol fuel. But they can't make enough to meet the President's goal of 35 billion gallons of alternative fuel by 2017." John Pierce, DuPont Bio-Based Technology: "16 billion gallons can come from corn. The rest will have to come from other sources." Stark: "Other sources, such as wheat, wood chips and switch grass, which the President was touting yesterday." President Bush: "That switch grass, which can be grown all across America, can end up being made into fuel that powers automobiles." Stark: "The President's plan also calls for cutting gas consumption by requiring cars to be more fuel-efficient. His proposal would raise efficiency standards from about 27 miles per gallon today to about 34 miles per gallon in the next 10 years. Analysts say it's an achievable goal if new cars are produced to be more fuel-efficient."

WPost Says Climate Change, Not Independence, Should Be Main Energy Policy Goal. In an editorial, the Washington Post (1/26, A20, 690K) writes that "by choosing energy independence as [the] main policy target" of his State of the Union address, the President "missed opportunities to improve energy security and to combat climate change. The president's proposal to double the size of the Strategic Petroleum Reserve "is where the focus on energy independence obscures true energy security." The proposal "is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency." The Post writes, "Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol." Congress "should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy."

Krauthammer Says Biofuels Won't Dent US Oil Dependence. Washington Post (1/26, A21, 690K) columnist Charles Krauthammer writes, "Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? ... [W]hat does this president propose? Another great technological fix." As "my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it." The "happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs. There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear."

Big Firms Pushing Carbon Caps Said To Have Financial Motives. In the Wall Street Journal (1/26, A10, 2.04M) Kimberly A. Strassel writes, "Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it." The "Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect." Strassel adds, "What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players."

Pelosi, Dingell Dispute Over Global Warming May Not Be Over. The Politico (1/26, Hearn) reports, "The Politico heard differing accounts of the success" of House Speaker Nancy Pelosi's trip to the Washington, DC, auto show with Rep. John Dingell "and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)" A Democratic aide "close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: 'We no longer anticipate a floor battle,' the aide said." The Politico adds, "But Dingell wasn't so sure. In a memo to his committee

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members this afternoon, he noted progress in diffusing the dispute," but, "he added, he's still keeping his firepower at the ready: 'If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully.' Translation: Nancy, I reserve the right to make this ugly for you."

Michigan Waste Company, Former Employees Charged With Illegal Dumping. The AP (1/26, Goodman) reports, "A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy. … The indictment was not based on the April 2002 spill, for which no one was ever charged." The AP continues, "A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release. … In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices." The AP adds, "A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then. … The company 'added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices,' said spokesman Robert Moll. … Moll said the company 'fully cooperated with the investigation' of the 2002 spill and continues to believe it was not involved. … Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said. … All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements."

EPA Designates 154 Superfund "Mega Sites." The Los Angeles Times (1/26, Cone, 850K) reports, "After the winter thaw, a huge enterprise -- so expensive and risky that it ranks among the most ambitious environmental projects on Earth -- will rise up from an abandoned cornfield in upstate New York." Not far from Saratoga, "where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice." Yet, despite "50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed." The Hudson River is "one of 154 places across the country -- 16 in California -- dubbed Superfund 'mega sites' because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes." The "mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight." But EPA officials "say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy." Superfund's national priority list "includes more than 1,200 chemical sites, but only one of every eight rises to 'mega' status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark."

Californians Concerned About Audit Showing Sewer Spill Reporting Problems. The Los Angeles Times (1/26, Bernstein, Barboza) reports, "Southern Californians love their beaches. .. So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff. … But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills." The Times continues, "The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other

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tributaries that lead to the sea. … How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did. … But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent." The Times adds, "The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels. … Part of the problem is that various ocean pollution laws require different types of notification…. State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies. … Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality."

FBI/DEA/ATF/USMS:

Boston Police Officer Indicted In Federal Steroids Probe. The Boston Globe (1/26, Murphy, Smalley, 413K) reports, "A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe. … Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury." The Globe notes, "A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted." US Attorney Michael J. Sullivan said in a statement yesterday, "This case is not just about steroids use by law enforcement officers. It is about an officer allegedly distributing steroids to another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

The Boston Herald (1/26, Johnson, 184K) reports, "According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids. Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit. Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch." WBZ-TV Boston (1/25) called it "another embarrassing blow to the Boston Police Department," and notes that the other three officers "denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston."

Cocaine Operation Busted In Pennsylvania, 20 Suspected Smugglers Indicted. Lancaster Newspapers (1/26) reports investigators "said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers. Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week. … The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force. The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said."

Cocaine "Kingpin" Surrenders. Carlisle, Pennsylvania's Sentinel (1/25) reported, "When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities. The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg. Robinson…had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago."

New Jersey Drug Ring Investigation Nets 14 Arrests. The AP (1/25) reported state and federal authorities "broke up a major South Jersey drug distribution

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ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine. New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew." State Police Superintendent Col. Rick Fuentes "said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center. The new facility nicknamed 'The Rock,' is where federal, state and local officials gather to share information on evolving cases." The AP story was used by Long Island Newsday, WINS Radio in New York; KYW and WPVI-TV, Philadelphia; and KVOA-TV, Tucson.

Gang Task Force In Massachusetts Arrests 14 On Drug, Gun Charges. In Springfield, Massachusetts, the Republican (1/25, Barry) reported federal and local law enforcement officials "announced the results of Tuesday's blitz targeting suspected dealers in Mason Square. The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects...officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm." The Republican notes the DEA's involvement with the task force.

Canadian Union Leader Arrested In Washington State On Drug Charges. The Vancouver Sun (1/25) reported, "Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night. Holmes…is in Spokane County Jail. According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior." The Border Patrol "reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a 'Canadian citizen attempting to smuggle the contraband across the border.' The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash."

Canada's CBC News (1/25) also reported on Holmes' arrest.

In California, Purported Drug Kingpin Pleads Guilty To Drug, Money Laundering Charges. Vacaville, California's Reporter (1/25) says a Vacaville man who prosecutors "described as a regional 'drug kingpin' pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction. Eduardo Pichardo, 33, now faces 10 years in federal prison." Pichardo "was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine. The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama."

South Carolina Pharmacist Could Get 3-Year Sentence For Illegally Distributing Drugs Online. The Myrtle Beach (SC) Sun News (1/25, Hoke) reported the 81-year-old Myrtle Beach man "accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment. John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration. Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering."

Ohio Doctor Sentenced To Two Years For Pain Clinic Crimes. The Portsmouth (OH) Daily Times (1/26, Barron) reports, "A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe." The Times continues, "Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year. … 'Money laundering is not a victimless crime,' Internal Revenue Service criminal investigator Jeffrey Cooper said. 'Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.'" The Times adds, "According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at. … Jewell, of Paintsville, Ky., and

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Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail." The Times notes, "According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day. … He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients. … He also had no diagnostic equipment at the clinics."

IMMIGRATION:

Senate Endorses Ban On Federal Contracts For Companies That Hire Illegal Immigrants.

In a brief article, the Wall Street Journal (1/26, A5, 2.04M) reports, "The US Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts. The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security."

Meanwhile, the Washington Times (1/26, Hurt, 88K) reports a proposal from Sen. Jeff Sessions (R) to "dramatically" increase civil fines on employers who hire illegal aliens was "quashed" by Democrats yesterday. Sessions said the amendment, proposed for a bill that would increase the federal minimum wage, "would do far more to help low-income wage earners than simply raising the minimum wage." However, "Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill." The Times notes that the federal contract ban, also proposed by Sessions, was allowed through by Democrats.

WSJournal Questions Immigration Hardliners' Support For Convicted Border Agents. The Wall Street Journal (1/26, A10, 2.04M) editorializes, "Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime." The Journal continues, 'The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien. This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the US must 'enforce the law' on the border." Though "these are the same folks who assail Mr. Bush's guest-worker proposal as 'amnesty,'" such a change would give border agents "more time and resources to chase down" criminals "and apprehend them properly."

Arizona Experimenting With Tactics To Battle Illegal Immigration. The Washington Post (1/26, A2, Pomfret, 690K) describes Arizona's attempt to expand its use of "a controversial technique known as a damming warrant" to block "all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora." The warrant was challenged in court by Western Union and ruled unconstitutional by a judge, becoming "one of more than 10 state and federal cases in Arizona over how to police illegal immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers." Arizona, the Post adds, "has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as [Attorney General Terry] Goddard said in an interview, 'we have it rubbed in our face on a daily basis.'"

TAX:

KPMG On Texas Probation In Tax Shelter Case.

The AP (1/26, Koenig) reports, "Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters." The AP continues, "The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation. … KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said." The AP adds, "The case

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stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes. … KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation. … The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing. … William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department."

IRS Settles Bond Proceeds Case With Kentucky Sewer District. Bloomberg (1/26, Selway, Braun) reports, "Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status." Bloomberg continues, "Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director. … 'What they determined is that you should not have used bond proceeds to purchase the put option,' Gee said." Bloomberg adds, "Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments. … Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due." Bloomberg notes, "Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said."

CONGRESS-ADMINISTRATION:

Bush Promotes Healthcare Agenda In Missouri. The Kansas City Star (1/26, Helling, 271K) reports, "President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions." Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, M), "We believe the private sector is the best delivery of health care. … We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker." Bush "traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) notes Bush "said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run." He also "promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance. 'There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care,' Bush said. 'We'll do that.'"

The CBS Evening News (1/25, story 8, 2:30, Couric, 7.66M) reported Bush "wants to even the playing field for those who get insurance through work and those who don't. Under his plan, people with generous health coverage provided by their employers would be taxed on some of those benefits while those without health coverage would get a tax break to help them buy it. While his plan is debated in Washington, many states are trying their own approach, and Massachusetts is leading the pack."

The Los Angeles Times (1/26, Reynolds, 850K) reports, "Unlike similar town hall-style events that the White House bills as 'conversations,' the roundtable at St. Luke's East hospital had no audience other than about 30 local and national reporters." Said Bush, "If you work for a company, you get your health care free, in essence, as part of your benefits package. … If you're a stand-alone person, you pay for your health care on an after-tax basis. In other words,

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there is discrimination in the tax code based upon who you work for, and it makes it harder for individuals or small-business employees to buy health care." The Times says "members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining health care for the 47 million Americans who are uninsured and would eventually raise costs for average families."

The Cleveland Plain Dealer (1/25, Vanac, 352K) said yesterday "local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance. … Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership." But "this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said." For "the majority of taxpayers who get their medical insurance through an employer," the proposal "means shifting that employer-paid benefit to employees as income."

The New York Times (1/26, Rutenberg, 1.16M) reports, "With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say." But "Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them."

The AP (1/26) quotes Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, saying "the poorest people will have to use any tax savings they receive for other living expenses, not insurance. 'We know tax cuts don't help the general public,' Carroll said. 'It gets President Bush around the real issue, which is universal health care.'" Bush "dismissed similar concerns from Democratic opponents in Congress as 'pure politics.' 'If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider,' he said."

USA Today (1/26, Jackson, 2.27M) reports Democrats continued to criticize Bush's plan. In Washington, "a fact sheet released by Senate Majority Leader Harry Reid's office said it would 'prompt employers to stop offering health care.'" And Sen. Barack Obama, "who is exploring a White House bid, said Bush's proposal was a 'halfway measure' that 'does little to bring down costs or guarantee coverage.'" Bush, meanwhile, "repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. 'When you've got a lawsuit, it causes good docs to quit the practice of medicine,' he said." Bush "meets today with House Republicans to discuss health care, energy, immigration and other issues. 'They're going to want to talk about issues that came up in the State of the Union address,' White House press secretary Tony Snow said, 'because that is going to play a significant role in politics over the next few months.'"

The Washington Times (1/26, Lopes, 88K) reports that Leavitt "will travel the country to drum up support for the Bush administration's proposals for health care coverage" for the next three months. The Times continues, "Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance. It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured. While the new attention is necessary, it may not be effective." The Times continues, "The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured. The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. 'It's not fair,' he said."

Bush's trip to Missouri generated extensive local TV coverage across the nation. KTVI-TV St. Louis (1/25, 5:20 pm) reported in an early evening broadcast that "the President sat down with small business owners and workers near Kansas City to discuss his plan for healthcare." KSHB-TV Kansas City (1/25, 6:00 pm) led off its 6 o'clock news by saying, "The President chose the new, all digital Saint Luke's Hospital in Lee's Summit for the first roundtable discussion on his health insurance plan. … President Bush made his way back on to Air Force One around 1:40 this afternoon. Five minutes later, the plane was on its way out of the city and back to the White House. A very quick trip for the President."

WLBZ-TV Bangor, ME (1/25, 11:17 pm) said Bush talked "about his health insurance plan to small businesses in Missouri. … The President says his proposal to tax employer-provided health insurance and give tax deductions that would make things much easier on smaller businesses in America. Bush says 80 percent of the workers who have health insurance will receive a tax break from his plan."

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KTVO-TV Ottumwa, IA (1/25, 10:23 pm) reported Bush "said people should not be penalized by insurance costs just because of where they work," but "critics…say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage. Bush said today that such concerns were just politics."

KHQA-TV Quincy, IL (1/25, 10:02 pm) said Bush "has put forward a complex proposal aimed at encouraging people to buy basic health insurance plans. Critics say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage."

KIRO-TV Seattle (1/25, 6:46 pm) reported, "It's one of America's biggest financial worries, healthcare. Now President Bush is going full-steam ahead with" his health plan across the country. The President "is hoping to address the concerns by changing the tax code." Today, he toured a Missouri hospital, "touting the plan."

WJBF-TV Augusta, GA (1/25, 5:28 pm) showed Bush saying, "The system is geared toward enabling the individual to have more control over his or her decision-making and make the tax code fair for the individual." The report added, "Some Democrats, including Senator Hillary Clinton, are voicing strong opposition to the President's plan."

NPR's All Things Considered (1/25, Rovner) quoted a speech by New York Sen. Hillary Clinton (D), who compared Bush's plan to "robbing Peter to pay Paul." NPR added, "In many ways, today feels like 1991, when the country was gearing up for the debate that would rage during President Bill Clinton's administration." NPR concluded, "[O]ne thing hasn't changed when it comes to health reform: details matter, and no one's showing them yet."

Bush Plan Called A Tax Hike For 20% Of Workers Who Get Insurance Through Jobs. The AP (1/26, Freking) says Bush's plan "would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically. But, then, the president calls for a standard tax deduction for those who buy health insurance -- $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction." The AP adds, "The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) also reports "so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured. 'I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans,' Sen. Edward M. Kennedy (D-Mass.) said."

Plan Has Similarities To Leavitt Initiatives As Governor. The Salt Lake Tribune (1/25, Gehrke) reported that "as governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance. Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in…Bush's State of the Union to deeply skeptical Democrats in Congress." Leavitt told reporters yesterday, "Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state." Leavitt also "outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over. Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns."

Paulson Says Steps To Slow Medicare Spending Growth "Complement" Healthcare Plan. The Wall Street Journal (1/26, A5, Solomon, 2.04M) reports, "Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready." Paulson "wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly." The Journal adds, "The proposals to save the government money on Medicare complement…Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said."

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Poll Finds Democrats With 35 Point Edge On Prescription Drugs. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says that in a "new Wall Street Journal/NBC News poll, Americans back Democrats by 35 percentage points on prescription drugs for seniors" amid the "looming showdown" with he White House over the Medicare drug benefit. Since Bush took office, "Democrats have turned an eight-point deficit on taxes into an eight-point edge," and narrowed the deficit on "'moral values' to nine points from 22."

The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" also says health care is returning to the spotlight, "but still poses political risks. A 53% majority" in the Wall Street Journal/NBC News poll "expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993."

More Commentary On Bush's Plan. Under the headline "The President's Risky Health Plan," the New York Times (1/26, 1.16M) editorializes that the "financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address" the healthcare "problem." The plan "would do little to reduce the number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden. … That's not the answer Americans are waiting for and not what they deserve."

Michael Mayo, in his column for the South Florida News Sentinel (1/26), says the plan "would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries. In other words, sounds like another Bush boondoggle." The plan "appears dead on arrival, with no realistic way to get through the new Democratic Congress." But "it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago."

The San Jose Mercury News (1/25, 229K) editorialized, "The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured. Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. … President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle."

Meanwhile Thomas Friedman, in his New York Times column (1/26, Friedman), comments on the overall Bush agenda, writing, "As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired…Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip. The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk -- regarding both energy and Iraq." Bush "gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them -- for the long haul."

Spellings Urges Illinois Business Leaders To Support Changes To No Child Left Behind Act. The Chicago Tribune (1/26, Banchero, 617K) reports U.S. Secretary of Education Margaret Spellings "spent the day in Chicago Thursday, lobbying students, teachers, school officials and business leaders to support proposed changes to the No Child Left Behind law." Spellings told the Illinois Business Roundtable, "We need to start paying more attention to the chronically underperforming schools." She said that "some proposals" are "likely to win wide support" but, she "spent most of her time pushing the more controversial parts of the blueprint, including vouchers for students to attend private schools, allowing districts to bypass state-imposed charter school caps, letting districts circumvent teacher contracts to transfer teachers to the worst schools." The proposals "received a positive response from the state's business leaders" and "they pressed Spellings for tougher measures."

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GOP Base Said To Have Liked Bush's State Of The Union. The Washington Times (1/26, Hallow, 88K) reports, "President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress. … Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion." But "Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing." Pat Toomey, president of the influential Club for Growth, "saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans. … Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress."

Gates Said To Have Different Press Management Style Than Rumsfeld. In the Washington Times (1/26, 88K) "Inside The Ring" column, correspondent David Sands reports on Defense Secretary Robert Gates' "seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East" shortly after being confirmed, and contrasts Gates with predecessor Donald Rumsfeld. The "new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants."

Rumsfeld Press Secretary Expected To Leave Pentagon. The Washington Times (1/26, Gertz, Scarborough, 88K) "Inside The Ring" column reports, "Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year. Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary." Ruff "forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy. He is generally liked by the Pentagon press corps, which finds him accessible and responsive."

Senior State Department Official Resigns. The AP (1/26, Schweid) reports Under Secretary of State for arms control, Robert Joseph, has "submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea." Talks on both fronts have "moved slowly," but in an interview Thursday, Joseph said, "I think we have a very good record." Joseph, who will leave next month, "acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to US security." In a telephone interview, he "said he would write, teach and work as a consultant" after leaving the department.

GOP Amendment To Senate Minimum Wage Bill Defeated. The AP (1/26, Kuhnhenn) reports, "An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a 'poison pill.' Democrats said the Republican proposal was designed to kill underlying minimum wage legislation." An amendment offered by GOP Sen. Jim DeMint "was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor." The amendment "failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law."

Proposed Minimum Wage Hike Criticized. Gary S. Becker, the 1992 Nobel economics laureate, and Richard A. Posner, a federal circuit judge and a senior lecturer at the University of Chicago Law School, write in the Wall Street Journal (1/26, 2.04M), "The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian. An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the

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substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. … Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain."

Democrats Challenge Credit Executives Over Penalties. The AP (1/26, Gordon) reports, "Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory." The credit card industry "and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students. … 'I would like to put the credit card industry...on notice,' said Sen. Christopher Dodd, D-Conn., the committee's chairman. 'If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice.'" Dodd and "other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp." The executives "defended their practices as fair and responsible."

Democrats To Increase Scrutiny Of FCC. The Washington Post (1/26, A4, Babington, 690K) reports, "As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges. The Republican-controlled FCC...has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday." Senators "vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years." FCC Chairman Kevin J. Martin, "a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation."

Inhofe Proposal Would Deny Pay Raise To Those Who Vote Against It. The New York Times (1/26, Kirkpatrick, 1.16M) reports it is "a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform." But the "proposal usually fails. And even the reformers get their raise." However, the Senate "may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed." Last year, "a senator would have lost $3,100 out of a salary of $165,200." The penalty for "opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase 'the greatest single hypocrisy every year.'"

Tancredo Calls For Abolition Of Black, Hispanic, Asian Caucuses. The AP (1/26, Kellman) reports, "White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished. 'It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race,' said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration." He added, "If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses."

The Denver Post (1/26, Mulkem, 256K) notes Tancredo "first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen

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Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white."

Poll Shows Positive Feeling Toward Democratic Majorities. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says the new Wall Street Journal/NBC News poll find that the new Congress "attracts promising initial reviews" from respondents. "By 53% to 44%, Americans say new House ethics rules will improve lawmakers' 'ethics and honesty.' A 48% plurality" predicts the Democratic Congress "will 'strike the right balance' with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be 'too inflexible' with then-President Clinton." House Speaker Nancy Pelosi's "positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name."

Thrift Savings Plan Director Departing. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company. Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services," probably leaving the "agency early next month, a TSP spokesman said." The Post adds that Amelio "expanded TSP investment options" by adding "life-cycle funds" to "help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit TSP participants to select an investment mix linked to the time they expect to draw down their savings."

NTEU Announces Settlement In Social Security Employees' Case. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced. Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them." The union maintained that the employees were following "orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants. The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing."

Ginsburg Says She Feels "Lonely" As Only Woman On Supreme Court. USA Today (1/26, 1A, Biskupic, 2.27M) reports, "It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench." Ginsburg told USA Today, "The word I would use to describe my position on the bench is lonely. … This is how it was for Sandra's first 12 years. … Neither of us ever thought this would happen again. I didn't realize how much I would miss her until she was gone." USA Today (1/26, 6A, Biskupic, 2.27M) runs a second story on the issue titled "High Court Just A 1-Woman Show; In Contrast With Gains Elsewhere," in which it says "the makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the US judiciary, where women have made historical gains."

First Lady To Host Sidey Scholarship Debut. The Washington Times (1/26, McCaslin, 88K) "Inside the Beltway" column writes that First Lady Laura Bush "today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he."

Minnesota Guard Opposes CIA Acquisition Of 1960s Plane. The Wall Street Journal (1/26, A1, Karp, 2.04M) reports, "The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird." The CIA "plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991." Even though "a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense

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are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears."

Krugman Calls For Partisanship To Pass Another "New Deal." Paul Krugman writes in his New York Times column (1/26), "American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that 'politics has become so bitter and partisan' -- which it certainly has." But "he then went on to say that partisanship is why 'we can't tackle the big problems that demand solutions. And that's what we have to change first.' Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we'll eventually have a new era of bipartisanship -- but that will be the end of the story, not the beginning. Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower. … So am I calling for partisanship for its own sake? Certainly not." But "politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right -- and they should welcome that hatred, not fear it."

OTHER NEWS:

Annual Home Sales Saw Sharpest Drop Since 1989. The Los Angeles Times (1/26, Sanchez, 850K) reports, "Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today. Total existing-home sales -- including detached houses and condominiums -- in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors." For all of 2006, sales of existing homes dropped 8.4 percent, the "biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press."

The Wall Street Journal (1/26, Corkery, 2.04M) reports, "For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. 'The biggest drop is probably behind us,' said Fannie Mae's chief economist, David Berson. 'But it's still too soon to say this is unambiguously the bottom.'" Forecasts "vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%. Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come."

NBC Nightly News (1/25, story 2, :15, Williams, 9.87M) reported, "Bad news as well today for the US housing market which in 2006 had its worst year in 17 years."

The CBS Evening News (1/25, story 2, :20, Couric, 7.66M) also noted the report, saying "the housing industry has taken a big hit. … After five years of record sales America's realtors reported today sales fell last year nearly 8.5%. That is the biggest drop in 17 years." The New York Times/AP (1/26), USA Today (1/26, Knox, 2.27M) and Washington Post (1/26, D1, Elboghdady, 690K) run similar reports.

Fed May Maintain Bias Toward Rate Increases In Near Term. The Wall Street Journal (1/26, Ip, 2.04M) reports, "Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long." But "Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago. … There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. … The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected."

Stocks Sharply Down. The Wall Street Journal (1/26, Browning, 2.04M) reports, "A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months. The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007. Traders cited worries about interest rates, corporate profits, home sales and unemployment data." The Standard & Poor's 500-stock index "fell 1.1%, or 16.23 points, to 1423.90,

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up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007." NBC Nightly News (1/25, story 3, :15, Williams, 9.87M) and USA Today (1/26, Krantz, 2.27M), among other newspapers, also reports the stock numbers.

Ten-Year-old Filmmaker Sues Over Creative Control Issues. The Los Angeles Times (1/26, Friedman) reports, "Most 10-year-olds are happy with an allowance and some video games. … Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow." The Times continues, "The child actor, whose credits include Steven Spielberg's 'Minority Report' and voicing Wilbur the pig in Paramount Pictures' recent 'Charlotte's Web,' is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team. … 'She wanted to make all the decisions and stuff,' Kay said. 'She wanted final cut and everything.'" The Times continues, "Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of 'Saving Angelo,' starring actor Kevin Bacon, which she helped bankroll with $11,000. … Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a 'charitable contribution' to animal rights. 'This is another example that no good deed goes unpunished,' he said."

Ford To Chair Democratic Leadership Council. The Christian Science Monitor (1/26, Feldmann, 59K) reports former Rep. Harold Ford, who lost his 2006 Senate race in Tennessee, is "back in national politics" and "was named chair of the Democratic Leadership Council (DLC) Thursday." The Washington-based DLC "has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton." Speaking at a Monitor breakfast Thursday, Ford "laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes." Ford said, "This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare. This congress has its work cut out for it." The Monitor adds that unlike "most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville."

The Memphis Commercial Appeal (1/26, Sullivan, 163K) reports Ford "accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency." Ford "accepted the post, calling it 'one of the most important organizations on the think-tank landscape. '" DLC founder Al From and DLC president Bruce Reed "made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future."

The Politico (1/26, Allen) reports Ford "lashed out Wednesday at what he called the 'hypocrisy' of Republicans who overdo their talk about religion." Ford "did not disappoint the sleepy-headed journalists" at the Monitor Breakfast, "offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith 'is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that.'" Ford said, "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most." Ford was "presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies." Ford made it "clear that he still resents some tactics of Republicans."

On MSNBC's Hardball (1/25, Matthews), Ford said, "I think the focus for the DLC…is to help develop and advance and promote a policy agenda that Democrats in the Congress and even the presidential candidates on our side can look to for ideas on national security and tax policy, pro-business,

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pro-family policies, and obviously ways to combat terrorism and make ourselves energy independent." On CNN's The Situation Room (1/25, Blitzer), Ford said, "The DLC, over the last 15 years, has played as big, if not the biggest role, in helping to develop and promote some of the smartest, most progressive, national security, pro-family, pro-business efforts, pro-family efforts that we've seen in the party."

Ford Has No Plans To Challenge Alexander. On CNN's The Situation Room (1/25, Blitzer), Ford said, "I don't have any plans to run against Lamar Alexander. My plan is right away to try to do a good job with the DLC. I'm proud to say that I'm associated with Vanderbilt University; I'm now a professor of public policy."

GOP War Critic Hagel Pondering '08 Bid For President. In a front-page story, the Washington Post (1/16, A1, Murray, 690K) reports, "His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base." But Nebraska Sen. Chuck Hagel's (R) "sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies. But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run." In an interview, Hagel said "that he is discussing his options with his family and other confidants and will make a decision in the next six weeks." Hagel said he's considering forming a presidential exploratory panel, or running for "a third Senate term. Then again, he might take a more creative path. Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course."

Poll Shows Clinton Thrashing Democratic Field, McCain Topping Giuliani. Time (1/25, Karon, 4.03M), in a report on its website, reported that New York Sen. Hillary Clinton (D) "is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani -- with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone." The survey showed that Clinton would defeat Illinois Sen. Barack Obama (D) in the Democratic race "by a margin of 40% to 21%," with ex-North Carolina Sen. John Edwards (D) "a distant third with 11%." McCain, meanwhile, "holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or" Edwards "by a 7-point margin."

Time (1/26, Calabresi, Bacon, Cox, Carney, 4.03M) lists "8 Keys To The Campaign," such as the Iraq war, where "no position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser." The second key is "money," the third "religion," the "Amazon factor" or book sales, the "last minute campaigns" of potential heavyweights such as Al Gore or Newt Gingrich, "recruiting the new gurus" to staff the campaign, "winning over the online activists," and the "New Faces."

McAuliffe, Ford Praise Clinton. Hillary Clinton campaign chairman Terry McAuliffe said on Fox News' The Big Story (1/25, Gibson) said that when his candidate visits Iowa this weekend, "they are going to love her, just as here we are in New York. You look at what happened in the last election. Last year she won in a landslide. She won in Republican counties that people would have said six years ago, she had no chance of winning. Why? They got to know her. They see how bright she was, how hard she worked for them. That's what the folks in Iowa will see." Asked if black primary voters will prefer Clinton or Sen. Barack Obama, McAuliffe said, "I would say they vote for Clinton. The African-American community have been strong supporters of the Clintons."

Ex-Rep. Harold Ford said on MSNBC's Hardball (1/25, Matthews), "Hillary Clinton, back when she was first lady of Arkansas, took on the issue of education and challenged some of the orthodoxy of our party years ago. Throughout her time in the Senate, she has been a champion, a stalwart for strong national security measures, even measures that take

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on other orthodoxies in the party that help advance national interest."

Simon Says Iraq War Weighing Heavily On McCain. In an article in The Politico (1/26), political analyst Roger Simon, noting that if Arizona John McCain (R), 70, runs for the White House "and wins, he would be the oldest person ever inaugurated as president," relates, "There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts." In the 2008 race, Simon says that he doesn't believe those types of rumors are "going to be McCain's problem. It isn't his health but rather his demeanor that worries some people. The Iraq war, which he strongly supports, has disturbed and dismayed him." McCain "visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain. And it is showing." As an example, Simon notes, "Last Sunday, on 'Meet the Press with Tim Russert,' McCain seemed to have moved from almost somber to almost gloomy."

Giuliani Faces Tough Challenge In Winning Over Conservative Primary Voters. The AP (1/26, Sidoti) reports that ex-New York City Mayor Rudy Giuliani's (R) "star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero -- the face of U.S. resolve at a time of tragedy." But his "quest to capture his party's presidential nomination won't be easy. He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice." Giuliani's "challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals," Arizona Sen. John McCain (R) and ex-Massachusetts Gov. Mitt Romney (R), "no doubt will try to exploit his background and record. … 'Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest,' said Peverill Squire, who teaches politics at the University of Iowa."

In South Carolina, Hunter Formally Launches His Bid For President. The AP (1/26, Davenport) reports that CA52 Rep. Duncan Hunter (R), "best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in" in Spartanburg, SC. Hunter, who formed "a presidential exploratory committee earlier" in January, "initially announced his intentions in October, becoming the first GOP candidate to declare." He "then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina." The AP notes, "In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination. 'Nobody wins the presidency without winning South Carolina,' Hunter said. Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor."

CQ Politics (1/26, Kapochunas) reports that though Hunter "maintains he is 'the most conservative' candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20. Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney." Hunter chose "Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials."

The New York Times (1/26, Abruzzese, 1.16M) reports that Hunter "said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade. Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel." Hunter "said yesterday that he would also emphasize the need to restore the balance of trade with China. 'This is not free trade, this is not fair trade,' Mr. Hunter said according to the text of his speech. 'It is cheating.'"

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The Spartanburg (SC) Herald (1/25, Spencer) reported that Hunter, in discussing his decision to formally announce his candidacy in Spartanburg, said, "This represents the heart of what I call the arsenal of democracy. This is a place that's known for textile manufacturing. You've got steel manufacturing right up the way...and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion." Hunter added, "You know what that is? That's the great Americans who won't move their companies off-shore, who won't take their manufacturing to China. ... There's a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that."

Hunter Touts His Conservative Credentials During Cable TV Appearances. On Fox News' Your World (1/25, Cavuto), Rep. Duncan Hunter said, "I've got the issues: strong border control; strong national defense; reversing this one-way street on trade, bringing good jobs back to the U.S. If you've got the issues, you don't have to spend as much money on image consultants and folks that are shaping a message." Hunter focused on border control in an interview with CNN's The Situation Room (1/25, Blitzer), saying, "I built the border fence in San Diego. We knocked down crime by 50%, knocked down smuggling in that area by more than 90%. And I wrote the provisions that the bill that the president signed that would extend the border fence across Arizona, New Mexico and Texas some 700-plus miles. ... Every time the President talks about amnesty or guest worker, massive arrests take place, or the arrests go up at the border, because people think they have to come in and get under the wire, and they overwhelm the Border Patrol and the National Guard that he sent down to try and stem the crossing. So we've got to get the sides up on the house before we decide how to adjust the front door."

Obama Pushes Universal Healthcare As Key Campaign Theme. The AP (1/26, Pickler) reports, "Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race. 'I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country,' Obama told a conference of Families USA, a health care advocacy group." While Obama "did not provide specifics on his plan for coverage," he "was previewing what is shaping up to be a theme of the 2008 Democratic primary." Democratic opponents New York Sen. Hillary Clinton (D) and ex-North Carolina Sen. John Edwards (D) "also are strong proponents of universal health care and have promised to offer their plans." Obama's call "Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival" Sen. Clinton's "ill-fated plan to overhaul the health care insurance system when she was first lady. Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid."

CQ Politics (1/26, Horrigan) reports that in his speech, Obama said, "In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how. ... We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president's first term." Obama added, "We can't afford another disappointing charade in 2008." CQ Politics notes that "Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee."

The Chicago Tribune (1/26, Dorning, 617K) reports , "Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994." Noting that Sen. Clinton and Edwards are also pushing for universal healthcare, the Tribune adds, "In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care. He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage. 'We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated,' the senator said."

Obama Confident He'll Fare Well With African-American Voters. The Chicago Tribune (1/26, Parsons, 617K) reports that Obama "said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February. 'If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois,' Obama

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(D-Ill.) said, 'I feel pretty confident that, once folks know who I am, we'll do just fine.' The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove 'black enough' to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004. The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign."

Sharpton Meets With Several Democratic Presidential Hopefuls, Suggests He May Run. The AP (1/26, Pickler) reports that The Rev. Al Sharpton (D) "said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate." Sharpton "spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency:" Connecticut Sen. Chris Dodd (D), Delaware Sen. Joe Biden (D), Illinois Sen. Barack Obama (D) and New York Sen. Hillary Clinton (D). Each of the senators "met privately with Sharpton in their office. 'I'm not making any endorsements today,' Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama." Sharpton said he and Obama "talked about economics, health care and education issues. 'We are going to keep talking and he knows I'm talking to everybody,' he said." Sharpton said "he would decide about his own candidacy 'once I see what these guys do or don't do.'"

The New York Times (1/26, Healy, 1.16M) reports, "One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to" Obama "that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004. Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after their meeting in the senator's office." Sharpton said, "I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is." Of his meeting with Sen. Clinton, Sharpton said, "I'm not endorsing anyone at this point…but she has more of a civil rights program laid out. And I always know where I stand with her."

The Washington Times (1/26, DeBose, 88K) reports that Sharpton "threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues." Sharpton said that "strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education. 'If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does,' Mr. Sharpton said."

Reid Says Kerry "Did The Right Thing" In Choosing Not To Make '08 Bid. On Massachusetts Sen. John Kerry's (D) decision not to run for president again, Senate Majority Leader Harry Reid said on MSNBC's Hardball (1/25, Matthews), "He did the right thing. I acknowledge that, but he same so close and that was such a terribly unfair election."

Union Membership Fell By 326,000 Last Year. The New York Times (1/26, Greenhouse, 1.16M) reports, "Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history." The Bureau of Labor Statistics "reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s." The Times adds, "Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses."

Donors Pledge $7.6 Billion To Lebanon As Violence Continues. The AP (1/26, Gearan) reports international donors "pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence." Lebanese Prime Minister Fuad Saniora "took a risk by leaving his fortified compound in Beirut to attend" the one-day conference in Paris. As the donors, government and opposition supporters "clashed at a university campus back in Beirut in new

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violence spilling over from Lebanon's political crisis." Thursday's conference had "an urgent tone," with some diplomats and leaders "hoping to give Saniora tangible bargaining power" in his struggle with Hezbollah. In an interview with the AP, Secretary Rice said of the pledge total, "I think this goes beyond the wildest dreams of everyone for the success of the conference. I think when people really started thinking about what was at stake here...they decided that this statement had to be made." However, Rice "would not give a direct answer when asked if an elected Hezbollah-led government could still collect the US pledge." In a press conference, the Secretary said, "We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora. I don't have any desire to get into hypotheticals about Lebanon's future."

Under the headline "Beirut Riots Cast Shadow Over Aid Pledges," the Financial Times (1/26, Biedermann, England) says Thursday's conference "was overshadowed on Thursday by renewed political violence in the increasingly divided country." While the conference "was intended to aid the country's reconstruction after last summer's war…given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on."

The New York Times (1/26, A8, Cooper, 1.16M) calls the donations "a bold effort to try to prop up the government of Prime Minister Fouad Siniora," noting that "even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon." The clashes in Lebanon this week, which came "just as Mr. Siniora sought to present his country as ripe for investment," were "another embarrassment to the prime minister, who has been fighting to keep his government afloat." The Times also says that Secretary Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, "deflected the question."

The Washington Post (1/26, A10, Anderson, 690K) says the aid package is "a major boon for Siniora" as the "power struggle" within Lebanon "intensified" this week "when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes."

Four Killed In Escalating Violence In Beirut. ABC World News (1/25, story 4, 2:15, Gibson, 8.78M) reported, "In the Middle East there are fears today that the government of Lebanon may be near a breaking point. Hezbollah has been stoking anger over the country's slow recovery after the war with Israel. Clashes between government supporters broke out for a third day today, leaving people dead and wounded." ABC (Wright) added, "Today, the campus of Beirut Arab University erupted into a miniature civil war. … These images of violent instability stole the thunder from today's foreign donor's conference in Paris aimed to help Lebanon."

The CBS Evening News (1/25, story 5, 0:20, Couric, 7.66M) said, "There is concern the country could be headed for a civil war," while NBC Nightly News (1/25, story 5, 0:20, Williams, 9.87M) reported the violence "threatened Lebanon's fragile government."

The New York Times (1/26, A8, Bakri, Fattah, 1.16M) reports the Lebanese army declared "a rare night curfew throughout the city amid fears that Lebanon's two-month political crisis had entered a violent phase" after "at least four people were shot dead…and 150 were wounded in street fighting" Thursday.

The Washington Post (1/26, A10, Shadid, 690K) says the "clashes…offered a bitter contrast to the optimism of an international conference in Paris" and "were some of the worst since Lebanon's 15-year civil war ended in 1990."

Security Council Optimistic Ahead Of New Round Of Mideast Talks. The AP (1/26, Dilorenzo) reports U.N. Security Council members "are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process," Russia's U.N. ambassador said Thursday. The so-called Quartet will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking, and Russian Ambassador Vitaly Churkin said, "There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community." The AP adds that "there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland."

Abbas Says Time Has Come For Peace. AFP (1/26) reports Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni "shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away." In an address at the Davos forum, Abbas said, "The time has come for us...to make peace a reality. We are ready, as of now, to start serious negotiations with our Israeli neighbors."

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The AP (1/26, Haven) reports Livni also "reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state" is "not an illusion. It's there, it's achievable." Tzipi Livni "made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists," in what was seen as a reference to Hamas.

Ignatius Welcomes Rice's New Mideast Strategy. The Washington Post's (1/26, A21) David Ignatius writes, "Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the 'realignment' of states that want to contain Iran and its radical Muslim proxies." In an interview Tuesday, Rice "summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism." Ignatius writes that although "critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict," the Administration's "tougher stance against Iran arguably has already produced some results," notably President Mahmoud Ahmadinejad's "political trouble with the ruling mullahs." Although the strategy "poses as many questions as it answers," Ignatius says, "as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano."

UN Suspends North Korea Programs Until Audit Completed. The AP (1/26, Olson) reports the U.N. Development Program agreed Thursday "not to approve new projects in North Korea until an external audit addresses US allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules." UNDP assistant administrator Ad Melkert said the agency "also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang." The United States had complained about both practices, which Melkert said would stop by March 1. Ambassador Alejandro Wolff welcomed the moves, saying, "We're pleased with the approach that the UNDP administrator has laid out."

The Financial Times (1/26, Turner) reports Pyongyang agreed Thursday "to an external audit and tighter rules for the UN Development Program's operation in the country," even though it "dismissed the allegations as politically motivated."

The Washington Post (1/26, A13, Lynch, 690K) adds, the debate over the United Nations' "oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea." Meanwhile, Mark D. Wallace, the US representative for U.N. management, "said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea."

WSJournal Welcomes Audit Of Korean Programs. In an editorial, the Wall Street Journal (1/26, A10, 2.04M) says the "good news" is U.N. Secretary-General Ban Ki Moon "is moving swiftly on North Korea, ordering a full investigation within three months." However, the "disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise." The Journal writes, "It's good to see the cash for [North Korean leader] Kim [Jong Il] programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors."

Russia, India Reach New Nuclear Accord. The New York Times (1/26, A10, Gentleman, 1.16M) reports India "sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States." In a joint statement issued after Russian President Vladimir Putin met with Indian Prime Minister Manmohan Singh, Russia" offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here." Singh stressed that "energy security is the most important of the emerging dimensions of our strategic partnership."

Pentagon Moving Ahead With Missile Defense Plans. The Washington Times (1/26, Gertz, 88K) reports the Pentagon is "moving rapidly to build new missile defenses in Poland and the Czech Republic to

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counter the threat posed by Iranian long-range missiles," head of the Missile Defense Agency said yesterday. Air Force Lt. Gen. Henry "Trey" Obering, the agency's director, said, "The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program." Obering said the US hopes to have the system "in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability." He also warned, "We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability." The Times notes that the magazine Aviation Week & Space Technology reported on its Web site last night that Iran "was poised to take that very step: launching a satellite into space."

The AP (1/26, Gedda) adds, Obering "rejected Russian claims that the US plan would upset the security balance," saying the plans for Poland and the Czech Republic "are insignificant compared with Russian capabilities."

China Anti-Satellite Missile Test Seen As Threat. Time (1/26, 4.03M) reports in its "Notebook" column, "China's successful anti-satellite-missile test Jan. 11 carries potential implications for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher)." At issue "are military surveillance satellites -- the very ones that detected Beijing's test -- which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites -- and a possible catalyst to a space arms race."

Chavez Threatens To Expel US Envoy. The AP (1/26, Toothaker) reports Venezuelan President Hugo Chavez warned Thursday that the US ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs." Chavez "lashed out" after Ambassador William Brownfield "said US companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it." The president was quoted as saying, "If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could...be declared a persona non grata and would have to leave the country."

Lawmakers To Seek Ease Of US Policy On Cuba. In a front page article, the Washington Times (1/26, A1, Hirsch, 88K) reports legislation "to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the US policy on Cuba." One bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican. Other legislation reportedly under consideration would "ease payment restrictions for cash sales of food to Cuba." Rep. Jerry Moran (R-KS) "is planning to introduce one such payment-regulation bill next week." However, President Bush's "continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat." Rep. Jo Ann Emerson (R-MO) "said that Congress may be able to make some changes in the Cuba policy," but that even with a new Democratic majority, any such changes would be "pretty incremental."

UN Plan For Kosovo Expected To Anger Ethnic Albanians. The Financial Times (1/26, Dinmore, Turner) reports the special UN envoy "charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with NATO peacekeepers braced for a backlash from ethnic Albanians demanding full independence." Former Finnish President Martti Ahtisaari has already disclosed that his proposal "foresees strong international civilian and military presences within a broader future international engagement in Kosovo." In effect, Kosovo would be given "the attributes of independence but remain under the wing of the international community," diplomats said.

LATimes Backs UN Plan As "Only Practical Solution." The Los Angeles Times (1/26, 850K) editorializes, "As it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the

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idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around."

Darfur Seen As First Test For UN's Ban. The Christian Science Monitor (1/26, LaFranchi, 59K) reports the new United Nations secretary-general, Ban Ki Moon, "lists Darfur among his top priorities," but "putting an end to the violence there…is also turning into the UN leader's first major test -- of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action." Ban is "underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip," where he plans to meet Sudanese President Omar Hassan al-Bashir. Ban's meeting with Bashir is "a good first step, some analysts of conflict diplomacy say, but they add that he can do much more."

Doha Breakthrough Could Come "Within Weeks." The Financial Times (1/26, Beattie) reports world trade ministers "continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks." EU trade commissioner Peter Mandelson told the Times "that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away." However, he "continued to argue that the onus was on the US to offer more cuts in farm subsidies."

Rules Dispute Threatens Khmer Rouge Trial. The New York Times (1/26, A3, Mydans, 1.16M) reports, "The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge." However, "If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out," casting "a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value." However, "Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have."

Carter Apologizes For Book Passage. The Washington Times (1/26, Pfeiffer, 88K) reports former President Jimmy Carter has "apologized for what he called a 'stupid' passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis." The former president, who "had spent most of the past two months defending his new book," Tuesday said the passage was "worded in a completely improper and stupid way" and has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

Commentator Welcomes Trial Of Israeli President. Klein Halevi, a senior fellow at the Shalem Center and contributing editor to the New Republic, writes in the Wall Street Journal (1/26, A10, 2.04M) that although the Israeli presidency "is largely a ceremonial position," over the last six months "accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign." Now, "with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office." But Halevi says "the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders."

NYTimes Urges Irish Parties To Reach Accord. The New York Times (1/26, 1.16M) editorializes, "The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule. Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Advice From The Home Front."
"Prison Pay Hikes Drain Staff At State Hospitals."
"When Superfund Expenses Go Mega."

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"Cheney's Key Role In Leak Case Detailed."
"Cooperative Tone Of Sadr Surprises U.S.."
"Freeways' Tainted Air Harms Children's Lungs, Experts Say."

USA Today:
"Airline Delays Set Record In 2006."
"Ginsburg 'Lonely' Without O'Connor."
"The Donald Wants To Host A US Open."

New York Times:
"Secrecy Is At Issue In Suits Opposing Domestic Spying."
"Ford Chief Sees Small As Virtue And Necessity."
"In Clue To Addictive Behavior, A Brain Injury Halts Smoking."
"Iraq Leader And Sunni Officials In Sectarian Clash On Security."
"Hollywood, the Sequel: Less Shabby, More Chic."
"Colleges Regroup After Voters Ban Race Preferences."

Washington Post:
"Troops Authorized to Kill Iranian Operatives in Iraq."
"Tehran's Influence Grows As Iraqis See Advantages."
"D.C. Clubs Dreading Proposed Teen Ban."
"Official Shot Movers in Self-Defense, Police Say."
"In Ex-Aide's Testimony, A Spin Through VP's PR."
"Hagel Ponders White House Run As War Criticism Raises His Profile."

Washington Times:
"Al-Maliki Promises A Safe Iraq."
"Alien Hiring Fines Fails On Hill."
"Sharpton: Step Up Or I'll Run In '08."
"Maryland Considers Repeal Of Death Penalty."
"Brazilian Runs From US Theft Charges."
"Legislation Would Relax Cuba Policy."
"Damaged Brain Region Helps Some Kick Habit."

Detroit Free Press:
"'We Are AT The Bottom.'"
"Pace For '08 race Quickens In State."

Atlanta Journal-Constitution:
"Gridlock Surprise."
"Absolved By DNA Ready To Live Again."
"Cell Discovery At UGA Could Open Path To Breakthroughs."
"Democrats' 'Attack Dog' Leaves Without Regrets."

Houston Chronicle:
"Troops Deaths A Heavy Toll For A&M."
"Perry Orders TSU To make Fixes."
"Teenage Drivers Face New Hazards."
"Woman Survivors House Blowup."
"Saavedra Issues Apology To teachers In Bonus Flap."
"Injury To Spot In Brain Seems To Erase Smoking Addiction."

Story Lineup From Last Night's Network News:
ABC: Ford-Record Lows; Alternative Fuels; Iraq Unrest; Lebanon Unrest; Afghanistan War Front; Civil Rights Cold Case; Pentacel FDA Approved; Teenage Driver-Study; Airline Pilots-Guns; College Admission Error; School Injustice.
CBS: Ford Record Lows; Housing Industry-Record Lows; Nuclear Uranium Sting; Troops On Patrol; Lebanon Unrest; Civil Rights Cold Case; Breast Cancer Treatment; Health Insurance; Fallen Soldiers.
NBC: Ford Record Lows; Housing Industry-Record Lows; Stock Market; Libby Trial; Lebanon Unrest; Iraq Sectarian Violence; Sen. Warner's-Iraq Resolution; Fallen Troops-Chopper Crash; Identity Theft; Civil Rights-Cold Case; Pile Of Pandas; Caring For Wounded Troops.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-House Republicans; Iran-Satellite Launch Vehicle; Baghdad-Market Bomb Blast; Libby Trial; MS-Civil Rights Era Murder Case; New Orleans-Enrollment Decline At Colleges; Federal Health Officials Concerned About Drop In Rate Of Women Getting Mammograms.
NPR: Baghdad-Market Bomb Blast; Iraq Parliament-New Security Plan; Buffalo-Murder Of Abortion-Performing Doctor; Ford-Record Losses; Mixed Signals For US Job Market; Beirut-Violent Protests; Paris-Lebanon Donations; Afghanistan-NATO Airstrike; Bush Administration-Preparing For Expected Spring Taliban Offensive.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting with the Secretary of Defense, Chairman of the Joint Chiefs of Staff, and the Incoming Commander of Multi-National Force – Iraq, Oval Office, The White House; speaks at the House Republican Conference retreat, Cambridge, Md.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the launch of the Hugh Sidey Scholarship for Print Journalism, East Room.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

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Other: MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 9 a.m. Deputy Assistant Treasury Secretary Dan Iannicola discuss the the federal government's role in financial literacy. 9:30 a.m. - 12 p.m. Plenary session with announcement of Dollar Wi$e Capacity Grants, with Energy Secretary Bodman, House Majority Whip James Clyburn, Marian Wright Edelman of the Children's Defense Fund, others. Location: Capital Hilton, 16th and K Sts. NW.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: 9 a.m. - 10:30 a.m. Plenary on SCHIP and Medicaid with Sen. Edward Kennedy, D-Mass., others. 12:30 p.m. Luncheon: Consumer Health Advocate of the Year Awards. 2:30 p.m. - 3:45 p.m. Plenary: ``Red Flags and Red Herrings: The Outlook for Medicare," with Bruce Vladeck, Interim President, University of Medicine and Dentistry of New Jersey (UMDNJ) ; andTricia Neuman, Kaiser Family Foundation. 5:45 p.m. Special Plenary on Global Health. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Highlights: 6 p.m. Cocktail reception honoring John Bolton. 8 p.m. Night Owl Session, ``The State of Conservatism," with commentators Kate O'Beirne, Kathryn Lopez, Michelle Malkin, Laura Ingraham, and Mona Charen. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INTERNATIONAL LAW _ 10 a.m. - 4 p.m. The Advisory Committee on International Law meets to discuss a range of issues relating to current international legal topics, including the effectiveness of international trade law and international human rights law; issues related to the Geneva Conventions and the legal framework for detention and trial of international terrorists; and issues relating to the immunities of foreign states and international organizations and their respective officials. Location: Room 1105, State Department, 2201 C St. NW.

HIGH SCHOOLS _ 8:30 a.m. The Alliance for Excellent Education holds a discussion on high school reform and recent research, with Sens. Jeff Bingaman and Richard Burr, others. Location: Room 902, Hart.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael S. Galloucis, commander of 89th Military Police Brigade, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

HEALTH RECORDS _ 9:30 a.m. Health Affairs holds a briefing with Agency for Healthcare Research and Quality Director Carolyn Clancy to kick off a discussion on how electronic health records can speed advances in medical care. Other participants include John Lumpkin of the Robert Wood Johnson Foundation, Lynn Etheredge of George Washington University, Joel Kupersmith of the Veterans Health Administration. Location: Columbus Club, Union Station.

BUDGET-OCEANS _ 10 a.m. Commerce Secretary Guetierrez, Interior Secretary Kempthorne, White House Council on Enviornmental Quality Chairman James Connaughton, others, announce the budget for FY08 for ocean priorities. Location: Indian Treaty Room, Eisenhower EOB.

HOYER-IRAQ _ 10 a.m. House Majority Leader Steny Hoyer delivers a ``major" address on Iraq. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

PUBLIC POWER _ 10 a.m. Energy Daily and AREVA hold a media breakfast with members of the Large Public Power Council to discuss public power and its response to deregulation, with Joe Beal of the Lower Colorado River Authority, Jan Schori of the Sacramento Municipal Utility District and Mark Crisson of the Tacoma Public Utilities. Location: National Press Club.

COVERING KATRINA _ 11 a.m. New Orleans Times-Picayune reporters participate in a discussion, ``The State of New Orleans Following Hurricane Katrina." Participants: Times-Picayune writer Mark Schleifstein; senior editor James OByrne; and Susan Feeney, senior editor at NPRs All Things Considered and former Times-Picayune reporter. Location: Room S-120, Capitol.

PATAKI _ 11 a.m. Georgetown University sponsors a lecture by former New York Gov. George Pataki discussing ``A Way Forward in Iraq." Location: Copley Formal Lounge, on campus.

PENTAGON-AFGHANISTAN SECURITY _ 11 a.m. Army Maj. Gen. Benjamin Freakley, commander of Combined Joint Task Force-76, and commanding general, 10th Mountain Division, will brief live from Afghanistan to provide an update on ongoing security operations in

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Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

ANTIWAR DISPLAY _ 12 p.m. CODEPINK: Women for Peace and Iraqi Voices for Peace open a display called ``Walk In Their Shoes, consisting of thousands of shoes, representing civilians killed in Iraq. Location: On the National Mall at 3rd Street NW.

HOLOCAUST REMEMBRANCE _ 12 p.m. The Holocaust Memorial Museum holds a commemoration to mark Holocaust Remembrance Day. Location: At the museum.

INFRASTRUCTURE-CONGRESS _ 12 p.m. Peter Ruane, president and CEO, American Road & Transportation Builders Association, addresses the Transportation Table. Topic: ``The Road Ahead: American Infrastructure and the 110th Congress." Location: National Press Club.

VETERANS-HOUSING _ 12 p.m. The National Housing Conference holds a discussion on veterans and housing, with Cheryl Beversdorf of the National Coalition for Homeless Veterans, Stephanie Buckley of the U.S. Veterans Initiative, and Jonathan Harwitz of the Corporation for Supportive Housing. Location: Suite M-100, 1801 K St. NW.

SINISE-DISABLED VETERANS _ 12:30 p.m. Actor Gary Sinise speaks on ``Honoring the Cost of Freedom -- The Building of the American Veterans Disabled for Life Memorial" at a National Press Club luncheon. Location: National Press Club.

TURKEY-PENTAGON _ 12:30 p.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Turkish Minister of National Defense Vecdi Gonul to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 26, 2007 7:45 AM EST

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TERRORISM NEWS:

DOJ Seeks Dismissal Of NSA Surveillance Suit. The AP (1/26, Jordan) reports, "The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court." The AP continues, "Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program. … The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida." The AP adds, "The ACLU's lawsuit against the terrorist surveillance program 'is now moot,' the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. 'The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist.' … The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005."

The Washington Post (1/26, A5, Eggen) reports, "The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed. … Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. 'This is not an instance of "voluntary cessation" of allegedly unlawful activity,' the government lawyers wrote. 'The government has not ceased surveillance -- instead, the facts and legal authorities have changed.' … But Ann Beeson, the ACLU's associate legal director, said that argument is 'not plausible.' She added that previous court rulings made it clear that the government cannot escape a legal judgment merely by voluntarily halting its illegal activity. … 'The FISA court didn't reach out on its own to do something; the government asked it to do something,' Beeson said. 'And absent a ruling, they are free to return to their illegal conduct again.'"

US Guards Secrecy In Surveillance Suits. The New York Times (1/26, Liptak) reports, "The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies." The Times continues, "Judges have even been instructed to use computers provided by the Justice Department to compose their decisions. … But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union." The Times adds, "Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege. … Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials. … In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves." The Times notes, "At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records. … In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices. … 'The documents reviewed by the court have not been altered and will not be altered,' Ms. Kennedy wrote, and they 'will be preserved securely as part of the record of this case.'"

Hamas-Funding Trial Jurors Cutting Deliberation Hours. The AP (1/26, Robinson) reports, "Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours." The Muhammad Salah and Abdelhaleem Ashqar trial jurors said in a note to US District Judge Amy St. Eve "that they are suffering from 'mental fatigue." The AP notes, "Jurors heard

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three months of testimony in the case and have deliberated on the evidence for nine days." They "told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one. Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m."

Sting Disrupts Plot To Sell Enriched Uranium To Terrorists. The CBS Evening News (1/25, story 3, 2:20, Orr, 7.66M) reported on a plot by a Russian man to sell enriched uranium, "a real-life thriller, you might say, complete with a CIA sting." Inside "these nondescript pouches is nearly four ounces of weapons-grade uranium. Officials from the former Soviet Republic of Georgia confiscated it from this man, Oleg Khinsagov when he traveled from Russia intending to selling uranium to a radical Islamic terrorist. Instead, says this official, it so happened the potential buyer was our operative. Tests by a US Department of Energy nuclear lab confirmed the material was highly enriched uranium, capable of being used for nuclear weapons. The three ounces confiscated was not enough to make a bomb, but the suspect claimed he had more, four pounds more, and officials say that's reason enough for concern." Sean McCormack, US State Department spokesman: "We all have to be vigilant to make sure there aren't these sort of smuggling attempts. It could lead to real tragedy." Orr: "Billions of dollars have been spent to tighten controls over nuclear inventories, but former Senator Sam Nunn, who now heads the Nuclear Threat Initiative, warns not all weapons and ingredients are locked down." Sam Nunn, former US Senator: "That's raw material of terrorism, and if not properly secured in many cases small amounts but enough to make a crude weapon. A crude weapon could destroy a city and, indeed, shake the confidence of the world."

Editorial Urges Reversal Of Arar Decision. The Miami Herald (1/26) editorializes, "The best thing to do when you make a mistake is to admit the error, apologize for the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar." The Herald continues, "Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured. … All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria." The Herald adds, "Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong. … No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. .. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do."

HOMELAND RESPONSE:

Arizona FBI Agents Meet With Local Muslim Leaders. The Kingman (AZ) Daily Miner (1/25, Royster) reported, "Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night. Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups. 'We highly appreciate their efforts,' Farooqi said. … Farooqi said he felt the night went well." The Miner added, "Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI. 'It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience,' Lewis said. 'We're not in business, unfortunately, to deliver good news to you.' Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders."

Lack Of Gulf Coast Mention In State Of The Union Seen As Insensitive. Julianne Malveaux, in a commentary appearing in USA Today (1/26, 11A, 2.27M), writes about President Bush's State of the Union address and asks "how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention? … Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens."

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Referring to the lack of a Gulf Coast mention, Eugene Robinson, in his column for the Washington Post (1/26, A21, 690K) writes, "How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, 'Brownie, you're doing a heck of a job.' Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting." Robinson states, "What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. … What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?"

WAR NEWS:

McCain, Cornyn Crafting Iraq Resolutions That Don't Rebuke Bush. The Los Angeles Times (1/26, Levey, 850K) reports, "Scrambling to head off a potentially embarrassing congressional rebuke" for President Bush's "troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific 'benchmarks' to the White House plan." Sen. John McCain, "who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged." Also, Sen. John Cornyn, "one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution. … If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq." Cornyn "said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan."

McClatchy (1/26) reports "McCain said Thursday that he hadn't yet decided on precise benchmarks. 'They'd have to be specific and they (the Iraqi government) would have to meet them.' Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options.'" McClatchy describes Minority Whip Trent Lott as "a McCain ally," and notes he "said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress."

The Washington Post (1/26, A4, Weisman, 690K) quotes GOP Sen. George Voinovich saying, "What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress." Democrats "said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.)."

GOP Sen. David Vitter said on MSNBC (1/25, Jansing), "I think everybody across the country -- myself included -- is worn down and frustrated and really heartbroken by our American losses, particularly loss of life. … The tough question is, at the end of the day, we are where we are. What do we do to go forward? And one of my main disappointments with the resolution that we debated in committee yesterday, and I expressed this, is it's not a plan. Everybody on the committee and the Senate has the right to oppose a plan, to oppose the President's plan if that's what they decide. But I also think everybody has the responsibility to be for some plan."

Local TV coverage of the Senate Foreign Relation Committee's focus on Bush's Iraq troop surge plan dropped considerably from the extensive amount broadcast on Wednesday. KTUL-TV Tulsa (1/25, 5:13 pm), for example, reported that despite the President's "efforts to focus on domestic issues, the Iraq war continues to dominate discussion on Capitol Hill. The Senate Armed Services Committee heard from experts on the President's troop surge plan."

WAKA-TV Montgomery (1/25, 5:02 pm) began its 5 o'clock broadcast covering this story, adding that the President "expected the debate, but he is calling on lawmakers to give his new way forward a chance to work. Alabama Senator Jeff Sessions says he will support the President's plan to increase troop levels. He says that Congress has handled the war on Iraq irresponsibly. He calls a resolution approved by a Senate committee yesterday 'cynical and toothless.'"

Warner Says He Won't Seek Compromise With Biden. The AP (1/26, Flaherty) reports, "The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week." Sen. John Warner, "former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq." Warner's decision is

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being portrayed as bad news for the President. The AP, for example, adds that Warner's move, "along with the emergence of other resolutions the Senate might consider -- underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it." Warner's decision "bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive."

NBC Nightly News (1/25, story 7, Williams, 9.87M) a part of a very positive profile of Warner, likewise said there is "more momentum for opponents of…Bush's plan to send more troops to Iraq. Two nonbinding resolutions opposing the increase will come before the full Senate." NBC (Reid) added, "In the Senate, it is well understood that if a nonbinding resolution opposing the troop buildup is to have effect on the President it must have Republican support and that could depend on this man…Warner, widely respected on all things military, veteran of World War II and Korea." Later in the story, GOP Sen. Susan Collins was shown saying, "When he speaks on this issue, he speaks with enormous credibility." Political analyst Larry Sabato "says more [Republicans] are likely to sign on" to his resolution. Sabato said, "You can say I'm disagreeing with the President, but I'm agreeing with John Warner." Warner "says he is not counting votes, doing what he believes is the right thing for the troops."

The Washington Post (1/26, A4, Weisman, 690K) reports Lott "conceded that his party's leadership could not head off a vote, as the White House wants."

The Los Angeles Times (1/26, Levey, 850K) reports "the White House has been working hard to derail both of the resolutions, which -- although nonbinding -- would mark the first time Congress has challenged Bush's leadership of the 4-year-old war." Lott said, "What they really want to come out of this is no resolution."

The Christian Science Monitor (1/26, Chaddock, 59K) reports, "At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote. Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way." The White House "and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq."

Brownback Says He Might Back Warner Resolution. The AP (1/26, Hananel) reports, "Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language." Brownback, "among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive." He added that he "prefers a milder resolution drafted by…Warner…that leaves open the possibility of Bush sending in a much smaller number of troops."

Pataki Opposes Iraq Troop Surge. The AP (1/26, Humbert) previews a speech Gov. Pataki will deliver at Georgetown University today, where he will officially "break rank" with Bush and 2008 GOP frontrunners by opposing the plan to send an additional 20,000 troops to Iraq. His speech reads, "A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq. … A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki said on MSNBC's Tucker (1/25, Carlson), "I think what we have to do, before we go forward with a troop surge, is make the Iraqis step up. The Americans, particularly our soldiers on the ground, have made an extraordinary effort and I think every American is proud of them. But what we haven't seen is that effort on the part of the Maliki government. To hope that we are going to succeed in creating a stable, representative government in Iraq, we have to have the active leadership of that Iraqi government and it hasn't been there."

Feingold To Hold Hearing On Possibility Of Cutting Off Funding. The Politico (1/26) reports, "Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war." Feingold, "a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic."

Harris Poll Finds 52% Believe US Not Winning Or Losing In Iraq. On its website, the Wall Street Journal (1/26, 2.04M) reports on the latest Harris Poll, according to which "29% of Americans feel the US is losing in Iraq, compared with 10% who feel the US is winning and 52% who said the

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U.S. is neither winning nor losing." The poll, which "was conducted Jan. 11 to 18, after…Bush proposed increasing troops in Iraq but before his State of the Union address." It "shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent."

Antiwar Activists Hope For Massive Washington Protest. The Los Angeles Times (1/26, Schreck, 850K) reports, "Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall. Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war." The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, is "scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins. … About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil."

The Christian Science Monitor (1/26, Knickerbocker, 59K) says "organizers of the Washington event are anticipating between 300,000 and 500,000 people."

The New York Times (1/26, Zeleny, Hulse, 1.16M) reports, "Do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest. So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race." Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org "and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops." The Times adds, "Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February."

Maliki Vows To Crack Down On Insurgents. USA Today (1/26, 9A, 2.27M) reports, "Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide. In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional US troops who have begun arriving in the capital. … 'There will be no safe haven -- no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties,' al-Maliki said. He said his determination had already borne fruit. 'I know that senior criminals have left Baghdad, others have fled the country,' he said." White House spokesman Tony Snow "called al-Maliki's speech 'a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about…and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq.'"

ABC World News (1/25, story 3, :30, Gibson, 8.78M) noted that just hours after the speech "a suicide car bombing killed 26 people in a Shiite section of Baghdad."

The Washington Times/AP (1/26, Mroue) reports "Maliki did not reveal the details of the plan, which he has dubbed 'Operation Imposing Law,' or say when it would begin. But he made clear that it would not be the last such battle against the militants."

One of the most negative reports on Malaki's speech runs in today's New York Times (1/26, Santora, 1.16M), which says Malaki "and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit. The uproar revolved around the new Baghdad security plan, but it came as the prime minister…is under increasing pressure to demonstrate even-handedness." Bush's new strategy "for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants."

Sadr Movement Endorses New Security Plan. The Los Angeles Times (1/26, Daragahi, 850K) reports, "Muqtada Sadr, the radical anti-American cleric, has backed away from confrontation with U.S. and Iraqi forces in recent weeks, a move that has surprised US officials who long have characterized his movement as among the greatest threats to Iraq's security." Yesterday, a leader of the Sadr movement in one of its Baghdad strongholds publicly endorsed the security plan that at least some US officials have touted as a way to combat Sadr's movement. … 'We will fully cooperate with the

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government to make the plan successful,' said Abdul-Hussein Kaabai, the head of the local council in Shiite-dominated Sadr City."

Possible Course For Mahdi Militia Under New Strategy Noted. Gary Anderson, "a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan," writes a "Policy Memo From the Planning Directorate, Mahdi Army" in today's Washington Post (1/26, 690K). The "memo" says, "We have completed a review of the new American surge strategy announced by their president." The "course" of action advocated by the "review" is "to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American 'hearts and minds' strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely. … Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing."

Pentagon Officials Wary Of Lawyerly Rules Of Engagement. The Washington Times (1/26, Gertz, Scarborough, 88K) "Inside The Ring" column says Defense Department officials "tell us one of the rules of engagement for US combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity. One troubling rule that is among several printed on the card given to troops going into combat is 'use minimum force necessary to decisively eliminate the threat.' It is viewed by many in the military as ambiguous and confusing."

Car Bombing Kills 26 In Shiite Neighborhood. NBC Nightly News (1/25, story 6, :30, Williams, 9.87M) reported, "In Baghdad, a suicide car bomb killed 26 people in a Shiite neighborhood today," the "second attack there in three days." The AP (1/26, Mroue) reports that in addition, "two rockets slammed into the heavy fortified Green Zone not far from the US Embassy." After the car bombing, "angry…residents took to the streets chanting 'We want the Sunnis out!'"

The Washington Post (1/26, A14, Londono, 690K) reports "US Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m. 'The damage was minor, and the embassy is functioning normally,' Fintor said. 'It wasn't a densely populated area.'" He said that "no US citizens were injured and that none of the injuries was life-threatening." The Post adds, "Also Thursday, a soldier from the US-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin."

The CBS Evening News (1/25, story 4, 2:50, Couric, 7.66M) reports "the situation Baghdad has gotten so dire, people there are now relying on the American military for basic necessities, and that can turn dangerous as well." CBS (Logan) added, "The desperation of the people in this neighborhood almost turned this humanitarian mission into a riot. Crowd of women and children frantically swarmed around the supply truck, pushing each other in the frenzy. Then US Staff Sergeant Steven Frost tried to calm them down. Even fiercely proud Iraqi men begged for some of the blankets and kerosene heaters. The mission started peacefully enough, with a truckload of much-needed propane gas handed out according to names on a list, all part of the US effort to turn this violent Sunni area into a model for the rest of the neighborhood to follow."

Insurgent Group Posts Video Of Wrecked US Copter On Website. The AP (1/26, Youssef) reports, "An insurgent group that has claimed responsibility for the downing this week of a US helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies. The 1-minute, 14-second video carried the logo of the 1920 Revolution Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it."

Baghdad Violence Deterring Work By Humanitarian Groups. USA Today (1/26, Bazar, 2.27M) reports, "Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups. Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute." USA Today adds, "As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown."

US Troops Authorized To Kill Iranian Operatives In Iraq. In a front page article, the Washington Post (1/26, A1, Linzer, 690K) reports the Bush administration "has authorized the US military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with

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direct knowledge of the effort." For more than a year, US forces in Iraq "have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time." The so-called "kill or capture" program was authorized by President Bush "in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts." According to the Post, the plan has "several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war." Senior administration officials said CIA director Gen. Michael Hayden "counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing US personnel in Iraq." Meanwhile, Secretary of State Condoleezza Rice, "though a supporter of the strategy, is concerned about the potential for errors," and "in meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict."

Iran Seen As Exerting Growing Influence In Iraq. In a separate front page article, the Washington Post (1/26, A1, Partlow, 690K) reports, "The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries." The Post goes on to note the growing diplomatic and economic ties between to the two countries. Fro example, Iran "has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala," and "each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene." But when President Bush and top US officials "speak of Iran's role in Iraq, their focus is more limited. US officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas." Caught "between the United States and Iran" is Iraqi Foreign Minister Hoshyar Zebari, who told the Post in an interview last week, "I'm treading a very thin line," noting that "he believes Iran wants a stable government in Iraq, along with the departure of US troops, but is worried that a full-scale civil war could spill over Iraq's borders." However, the Post says Iran "has driven a wedge between Iraq and the United States" as US officials "decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to 'harden' Iraq's security forces to repel Iranian influence."

Iran Calls For Summit With Iraq, Syria. The AP (1/26, Hurst, Abdul-Zahra) reports Iran "has invited the Iraqi and Syrian presidents to Tehran for a weekend summit" with President Mahmoud Ahmadinejad to "hash out ways to cooperate in curbing the runaway violence" in Iraq, four "key" Iraqi lawmakers told the AP Monday. According to one source, Iraqi President Jalal Talabani "has accepted the invitation and will fly to the Iranian capital Saturday." The Iranian "diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort," the AP writes.

Rockefeller Derides Cheney's "Constant" Pressure On Roberts During Intel Probe. McClatchy (1/26, Landay) reports, "Vice President Dick Cheney exerted 'constant' pressure on the Republican former chairman of the Senate Intelligence Committee to stall an investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday." In an interview with McClatchy Newspapers, Sen. Jay Rockefeller also "accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants." McClatchy added, "n the 45-minute interview, Rockefeller said that it was 'not hearsay' that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence." In "an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: 'The vice president believes Senator Roberts was a good chairman of the Intelligence Committee.'" Roberts' chief of staff, Jackie Cottrell, "blamed the Democrats for the investigation remaining incomplete more than two years after it began."

US Soldier Gets 18-Year Sentence For Killing Two Iraqis. The New York Times (1/26, Von Zielbauer, 1.16M) reports, "An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May. The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice." The Times adds, "Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said."

The AP (1/26, Rucker) reports from Fort Campbell, KY, "In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening. … Clagett will also

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be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole." The AP notes, "The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission. … Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial."

Salvadoran Mother Grieves For Son Killed In Iraq. The New York Times (1/26, Lacey, 1.16M) reports, "From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son. In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict." El Salvador "is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population." El Salvador, "which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification."

Violence Cripples Baghdad Potato Chip Industry. USA Today (1/26, Sabah, 2.27M) reports, "Iraqi-made potato chips -- deep fried, thin and greasy -- are considered more than a snack: They're a delicacy." Baghdad "once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons. … Today, one factory dominates the industry -- near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia." And "due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the US invasion."

Army Finds Probable Cause That Two US Soldiers Assaulted Afghan Detainees. The Los Angeles Times (1/26, Sack, Pyes, 850K) reports, "Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003. The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004." The Times adds, "The military investigators, who work for the Army's Criminal Investigation Command, also found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes."

Rice Says Administration To Seek $10.6 Billion For Afghanistan. ABC World News (1/25, story 5, 0:30, Gibson, 8.78M) reported, "The Bush Administration is requesting $10.6 billion in new military and reconstruction aid for Afghanistan --almost as much as the US has given that country over the last five years, combined -- and the tours of 3,200 US soldiers in Afghanistan are being extended by four months. All of this to thwart Taliban insurgents who have showed signs of renewed strength."

The AP (1/26, Gearan) reports Secretary of State Condoleezza Rice announced Thursday that President Bush will ask Congress for the funds "to help Afghanistan strengthen its security forces and rebuild from years of war." Speaking to reporters on her way to NATO headquarters in Brussels for talks on Afghanistan, Rice said, "The challenges of the last several months have demonstrated that we want to and we should redouble our efforts." Rice "said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction," to be spent over the next two years. Meanwhile, a senior State Department official who spoke on condition of anonymity "gave another indication that US forces in Afghanistan may grow," saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary." Separately, State Department spokesman Sean McCormack said Thursday there is "a pressing need to address the problem of high levels of opium poppy production in Afghanistan."

The Financial Times (1/26, Dombey, Mojumdar, Schmid) reports Rice "will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe." At a meeting of NATO and European Union foreign ministers in Brussels, Rice "is expected to unveil details of a US initiative to provide about $8billion for the war-torn country and call on Europe to make a similar step." Separately, the European Commission will on Friday announce about $780 million for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health."

The New York Times (1/26, A6, Cooper, Cloud, 1.16M) notes the President's aid request "would come before what is

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expected to be another spring offensive by resurgent forces linked to the Taliban." In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan "for as long as three months, increasing the American force level there to around 24,000." Meanwhile, an additional 20,000 soldiers from other NATO countries are also being deployed there. President Bush is expected to make a formal request for the funds next month.

The Washington Post/AP (1/26, A17) adds that also on Thursday, Italy's government "approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition." Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, "although he has resisted NATO's request to increase its size."

Calling the $10.6 billion an "unusually large figure," the Washington Times (1/26, Kralev, 88K) says it is "an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, US officials said."

The Los Angeles Times (1/26, Richter, 850K) calls the move "another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence."

NATO To Send Additional Brigade To Afghanistan. The Washington Post/AP (1/26, Faiez) reports, "NATO-led troops battling resurgent Taliban militants will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday." Gen. David Richards "said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops."

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Southern New York US Attorney Profiled. The Financial Times (1/26, Masters) runs a profile of Michael Garcia, US Attorney for the southern district of New York. The Times reports, "Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet gambling investigation, takes pride in being an ordinary guy. … But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling. … 'This is an office that has been willing to take on the difficult and new cases, and you see the results,' Mr Garcia, 45, told the Financial Times. 'If there is a case there, we will make it.'" The Times adds, "A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice. … Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington. … He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security."

Rep. Reichert Mulling Candidates For Western Washington US Attorney. The Seattle Times (1/26, Bowermaster) reports, "Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington." The Times continues, "McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School. … U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor. … U.S. attorneys are White House appointees subject to Senate confirmation." The Times adds, "It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates. … Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay. … Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration. … Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng. … Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources."

CORPORATE SCANDALS:

Critics Blast McNulty Memo On Privilege Policy. The National Law Journal (1/26, MacLean) reports, "Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a 'don't ask, don't tell' policy that will drive prosecution waiver demands underground. … And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12

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by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a 'culture of waiver.'" The Journal continues, "Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify 'limited waiver' of attorney-client privilege, despite wide federal and state court rejection of the concept." The Journal adds, "Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits. … McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits 'is a significant concern,' McNulty said in a recent interview. 'That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver,' he said. … His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government 'carefully took no position,' and declined to participate in oral argument. … As for Congress stepping in to ban all but voluntary waivers, McNulty said, 'I am hopeful the Senate and the House will give the new guidance a chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance.' … But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing 'partial waivers.'"

Qwest Picking Up Defense Tab For Former CEO. The Denver Post (1/26, Vuong) reports, "Joe Nacchio is getting the best defense Qwest can buy. … The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading." The Post continues, "Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19. … His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees." The Post adds, "Qwest's bylaws require it to 'advance legal fees to current and former officers who may be involved' in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs. … 'If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual,' Toevs said. … But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts." The Post notes, "Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing. … The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002. … Qwest shareholder and retiree Jaclyn Prokesh called the arrangement 'outrageous.' … 'It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses,' said retiree Nelson "

GM To Restate Financial Statements. The Detroit News (1/26, Terlep, Tierney) reports, "General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter. … GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments. … 'As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006,' the U.S. automaker said in a statement. 'GM does not expect any material impact on cash flow.'" The News adds, "While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern. … While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department."

Borrowing Of Shares By Hedge Funds May Lead To Federal Scrutiny. The Wall Street Journal (1/26, A1, Scannell) reports, "Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes. … In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -

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- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late." The Journal adds, "Fueling the practice -- dubbed 'empty voting' in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences. … Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners." The Journal notes, "This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined. … The practice 'is almost certainly going to force further regulatory response to ensure that investors' interests are protected,' Securities and Exchange Commission Chairman Christopher Cox said in an interview. 'This is already a serious issue and it is showing all signs of growing.'"

DOJ Cracks Down On Corruption Overseas. The Portland (OR) Business Journal (1/19, Finnemore) reports, "A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets." The Journal continues, "About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts. … Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department." The Journal adds, "The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits. … Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department. … The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said. … 'A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country,' Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. 'You don't insulate yourself by using an agent or distributor.'"

CFTC Commissioner Warns Of Funding Shortfalls. The Financial Times (1/26, Grant) reports, "The US futures industry regulator, the Commodity Futures Trading Commission, is at 'critical levels' in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday." The Times continues, "The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets." The Times adds, "There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange. … Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange." The Times notes, "Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol."

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Judge Orders Former H-P Official To Withdraw Counterclaim In Dell Case. The Wall Street Journal (1/26, Lawton) reports, "A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday." The Journal continues, "Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002." The Journal adds, "H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim. … Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package."

CNBC Anchor Under Fire For Ties To Citigroup. The Wall Street Journal (1/26, B5, Barnes, Langley) reports, "CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive." The Journal continues, "Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation." The Journal adds, "CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the 'source development' section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup."

The New York Times (1/26, Fabrikant) reports, "Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again." The Times continues, "Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane. … Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights." The Times adds, "Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host. … Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her 'one of the most prolific and well-respected financial journalists in the industry.' … Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers."

CRIMINAL LAW:

US Rushing Law Enforcement Aid To New Orleans. The AP (1/26, Foster) reports, "New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005. … 'The goal is to help take the pressure off local officials and to turn up the heat on these violent felons,' U.S. Attorney Jim Letten said at a news conference." The AP continues, "Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock. … 'These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions,' the Justice Department said in a news release." The AP adds, "U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month. … 'This additional manpower and technical

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assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,' Landrieu said. … 'Additional federal resources and technical assistance is only one solution,' she added. 'More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight.'" The AP notes, "Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina. … 'By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site,' the Justice Department announcement said."

The Baton Rouge Advocate (1/26, Gyan) reports, "U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the 'thugs and predators' off the city's streets and into federal prison. … 'We're not screwing around. We're going to bring all federal resources to bear,' James Bernazzani, special agent in charge of the FBI's New Orleans office, said during a news conference at the U.S. Attorney's Office." The Advocate continues, "Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime. … Bernazzani and William Renton, special agent in charge of the DEA's New Orleans office, both said their agencies will be targeting the 'worst of the worst.'" The Advocate notes, "U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year. … 'The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,' Gonzales said."

The New Orleans Times-Picayune (1/26, Filosa) reports, "The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force. … 'The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system,' U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency. … 'This is a reflection of support for NOPD,' Letten said. 'We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear.'" The New York Times (1/26, Nossiter, 1.16M) also briefly reports on the new assistance by FBI, ATF and DEA agents, under the headline "Louisiana: Federal Officials Pledge Help on Crime."

Former Cheney Spokeswoman Contradicts Libby's Account. The New York Times (1/26, Lewis, 1.16M) reports Cathie Martin, a former spokeswoman for Vice President Dick Cheney, "gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him." Martin "testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter." Unlike the "previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby."

NBC Nightly News (1/25, story 4, 1:50, O'Donnell, 9.87M) reported, "Today in court, a picture emerged of how deeply involved Vice President Cheney was in a fight against critical news stories about prewar intelligence." Martin "told the jury the Vice President dictated to me what he wanted me to say. Eight talking points to refute charges the Administration allowed faulty intelligence on Iraq to get into the President's 2003 State of the Union address. Describing it as a major crisis, Martin testified that the Vice President personally directed his chief of staff, Scooter Libby, who did not usually deal with the media, to call specific reporters, among them NBC's Andrea Mitchell after a CIA tip that Mitchell was working on a story for 'Nightly News.'"

The Los Angeles Times (1/26, Schmitt, 850K) reports, "Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair." Martin said "she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney."

The AP (1/26, Sniffen) reports Martin "became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003." Libby defense attorney Theodore Wells "quickly sought to limit any damage from the testimony of Cheney's

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former assistant for public affairs." Wells "got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003." The date "is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials."

USA Today (1/26, Willing, 2.27M) reports Martin said Vice President Cheney "personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa." According to Maritn, in July 2003, Cheney "scripted quotes for chief of staff Lewis 'Scooter' Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story." Days earlier, Martin said, "the vice president had dictated eight 'talking points' for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false."

The Washington Post (1/26, A3, Leonnig, Goldstein, 690K) reports Martin said Cheney "personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish." In the "dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong." Previously described "in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account." Martin "recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger 'and his wife works for the CIA.'" The Post adds that Special Counsel Patrick J. Fitzgerald yesterday "told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its 'bad memory' defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember."

The AP (1/26, Apuzzo) reports, "Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media. … Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws."

Martin's Testimony Offers Window Into White House Press Operation. In the Washington Post's "Washington Sketch" column (1/26, A1), Dana Milbank says, "Memo to Tim Russert: Dick Cheney thinks he controls you. This delicious morsel about the 'Meet the Press' host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis 'Scooter' Libby." Martin's notes from 2004 "about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions" included "option 1: 'MTP-VP,' she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under 'pro,' she wrote: 'control message.'" The Post adds, "It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it."

Highlights Of Libby Trial Yet To Come. The New York Times (1/26, Shane, 1.16M) reports that the clock in the courtroom is frozen at 9:25, "an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence." The trial "promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead."

Plame's Sponsorship Of Wilson's Niger Trip Now Confirmed. On Fox News' "The Big Story With John Gibson" (1/25), anchor John Gibson said in his concluding "My Word" segment, "Just to make sure we have the record straight, a screaming headline out of the Scooter Libby trial that the mainstream media is playing as a meaningless footnote if they play it at all says Ambassador Joe Wilson, an opponent

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of the president's plan to invade Iraq, let people believe he was sent on a mission to discover if Saddam Hussein was trying to buy nuke bomb material in Africa by Vice President Dick Cheney. We now know from testimony yesterday in the Libby trial that Ambassador Wilson was sent on the CIA mission by his wife, CIA analyst Valerie Plame." Wilson "wanted Karl Rove frog marched across the White House lawn. It turns out Joe Wilson didn't know the truth that it was his wife who got him the job or he lied to keep it secret."

Anti-Abortion Extremist Convicted Of Federal Charge In Abortionist's Slaying. The AP (1/26) reports from Buffalo, NY, "An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider." The AP continues, "James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services. … U.S. law bars people from blocking access to reproductive health services by force or threat of force." The AP adds, "After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives. … A federal jury deliberated about four hours over two days before returning the verdict Thursday. … The jury also convicted him on a weapons count. … Kopp could face life in prison without parole when he is sentenced." The AP notes, "A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent. … Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19."

Former NBC Official Charged With Theft. The AP (1/26, Neumeister) reports, "The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company." The AP continues, "A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan. … Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him." The AP adds, "Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said. … If convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime."

The Wall Street Journal (1/26, C2, Bray) reports, "Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006. … The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006." The Journal adds, "NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents. … Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. … The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card."

Federal Judge Urges DOJ To Drop Death Penalty Push In New York Case. The New York Times (1/26, Rashbaum) reports, "A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution 'absurd' and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor." The Times continues, "The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001. … 'Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?' the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. 'If I'm wrong, I will have egg on my face, but I will not be incorrect.'" The Times adds, "Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in

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Washington before the case begins. … The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services. … Going forward with the penalty phase, he said, would be 'a total misappropriation' of taxpayer funds, 'and I advise the government accordingly.' He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case." The AP (1/26, Hays) also reports this story.

Under the headline "Bow Out, Judge Blockhead," the New York Daily News (1/26) editorializes, "No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord." The Daily News continues, "There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money." The Daily News adds, "Block said he believes that McGriff 'has been humanized' by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that 'nobody from the press has been here today, and we're flying under the radar screen, for sure.' … For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any capital punishment proceedings to a colleague who is not so openly and obviously biased."

Deputy Marshal Charged With Leaking Witness Information To Chicago Mobster. The AP (1/26, Robinson) reports, "A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family." The AP continues, "John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak." The AP adds, "Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders. … Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information. … But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John 'No Nose' DiFronzo in the file that marshals kept on Calabrese. … DiFronzo is not charged in the Family Secrets case."

FEC Approves Kolbe's Use Of Campaign Funds For Legal Defense In Foley Probe. The AP (1/26) reports, "Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday." The AP continues, "Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages." The AP adds, "FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's 'ordinary and necessary' duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available. … The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident. … Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages."

NYTimes Lambastes FBI Response To Foley Emails. Under the headline "More Willful Indifference," a New York Times (1/26, 1.16M) editorial lambastes the FBI over the Mark Foley probe, saying "the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues." The Times notes, "When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group…had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections." The Times concludes that the new Congress "will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness."

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Illinois Janitors Receive Short Prison Sentences In Corruption Probe. The AP (1/26, Dennis) reports, "Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government. David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement. The men also were ordered to pay a combined total of more than $148,000 in restitution to the state." The AP notes, "All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme."

FBI, Philadelphia Police Announce New Anti-Gang Task Force. The Philadelphia Daily News (1/26, DiFilippo, 106K) reports that "Philadelphia's typical gang member is a school-skipper just getting his first mustache whose 'gang' is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a news conference about their joint gang-busting strategies. That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia." The Daily News adds, "The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office. 'We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America,' Hosko said. '[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city.'"

Federal Prosecutors To Review Alaska Shootout. The AP (1/26, Joling) reports from Anchorage, AK, "The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington." The AP continues, "Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded. … State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict." The AP adds, "Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking. … On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued. … Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded." The AP notes, "Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review. … The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said."

Coke Executive Says Williams Not Smart Enough To Plan Formula Theft. The AP (1/26, Clark) reports, "A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own. Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams 'didn't have the intellectual capacity' to steal the documents or get them in the hands of a Coca-Cola competitor by herself." The AP adds, "U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them." WXIA-TV Atlanta (1/25) and the Atlanta Journal-Constitution (1/26, 379K) also report on yesterday's testimony.

Five Houston-Area Residents Charged With FEMA Relief Fraud. The Houston Chronicle (1/26, 530K) reports, "Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance. U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft. The government also seeks a $145,438 forfeiture from each." The Chronicle notes, "Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52."

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Washington State Man Sentenced To Five Years In Prison For Child Enticement. The Seattle Post-Intelligencer (1/26, Wong, 124K) reports 46-year-old John Leonard Young of Coupeville, Wash., "received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported. … The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said. But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI." The Post-Intelligencer notes, "FBI agents contacted the girl's parents, and investigators found messages from Young on her computer. … At least one of his computers contained about 100 pornographic images of children." The AP (1/26) also briefly reports on Young's sentence.

Three Pennsylvanians Charged In Massive Child Porn Operation. The Philadelphia Daily News (1/26, Schmidt, 106K) reports John Worman of Colwyn, Penn., Dorothy Prawdzik of Drexel Hill and Concetta Jackson of Collingdale "were charged yesterday in a 53-count indictment with producing child pornography. The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis. Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006." The Daily News notes, "The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales. It was described as a nationwide initiative designed to protect children from online exploitation and abuse."

Sex Offender Who Posed As Teen Filmed Himself With A Child. The Arizona Republic (1/26, Lombardo) reports, "A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday." The Republic continues, "The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile. … 'I am aware they are trying to identify a child on a video,' sheriff's spokesman Scott Reed said." The Republic adds, "Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader 'Casey Price' and attended class at Imagine School at Rosefield in Surprise. … Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old."

O'Malley Would Sign Bill Repealing Death Penalty. The Washington Post (1/26, B6, Wiggins, Wagner, 690K) reports, "Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk." O'Malley said yesterday, "I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty." O'Malley's comments "came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday." Lisa A. Gladden, the lead sponsor in the state Senate, "said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee."

The Washington Times/AP (1/26, A1, Witte) reports "the proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature." The decision "came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment. "

Prince George's Police Say Official Shot Movers In Self-Defense. The Washington Post (1/26, A1, Rich, Castaneda) reports, "The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another. … An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said." The Post continues, "Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital. … The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts." The Post adds, "Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long

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been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a homeowners association board on which he served. … Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is 'mentally tough.' … State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter."

California Leaders Urged To Deal With Prison System Problems. The Los Angeles Times (1/26, Warren) reports, "Three decades of tough-on-crime lawmaking has sent California's prison system into a 'tailspin' that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today." The Times continues, "In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state." The Times adds, "If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them. … 'For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis,' the commission said. 'And now their time has run out.'" The Times adds, "The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer. … A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000. … While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact. … Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go."

Hackers Using Stolen IDs In Stock Scams. The Washington Post (1/26, D1, Nakashima) reports, "Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks. … The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment. … But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors." The Post continues, "Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold. … Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission." The Post adds, "The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam. … The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said. … Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said."

Bloomberg (1/26, Keoun) reports, "The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc."

DC Nightclubs Oppose Proposed Teen Ban. The Washington Post (1/26, A1, Alexander, Johnson) reports, "District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths." The Post continues, "Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served. … Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and

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clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21." The Post adds, "In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers. … Many at the hearing defended the venues, saying they strictly enforce age limits. … The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink."

CIVIL LAW:

Michigan Attorney Sues Gonzales Over Probe. The Detroit Free Press (1/26, PATTON) reports, "Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm." The Free Press continues, "In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act. … It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office. … The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office."

The Detroit News (1/26, Egan) reports, "A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination. … Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them." The News adds, "In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful."

Judge Hears Final Evidence In FBI Wrongful Conviction Suit. The Boston Globe (1/26, Murphy, 413K) reports, "As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit." Salvati and Limone "attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed." The Globe notes, "During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph 'The Animal' Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco."

Wal-Mart To Pay $33 Million In Back Wages In Overtime Probe. The AP (1/26, Kabel) reports, "Wal-Mart Stores Inc. will pay more than $33 million in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department." The AP continues, "Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 per worker." The AP adds, "Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations. … But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division." The AP notes, "Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again. … Last October, Wal-Mart workers in Pennsylvania won a $78.5 million judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award."

The Washington Post (1/26, D1, Joyce, Mui) reports, "Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days. … 'It's not particularly unusual for an employer to come to us to talk about potential payroll violations,' said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The

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settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties." The Post adds, "Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said. … The company will still face legal challenges from at least one state. … The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million."

Federal Trustee Says Sen. Clinton's Brother Owes Carnival Debt. The AP (1/26, French) reports, "Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton." The AP continues, "A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc." The AP adds, "Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004. .. A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham." The AP notes, "The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued. … Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death."

CIVIL RIGHTS:

Seale Arraigned In 1964 Mississippi Racial Murders. ABC World News (1/25, story 6, 3:05, Gibson, 8.78M) reported, "In Mississippi, the wheels of civil rights justice sometimes have turned slowly. Sometimes they haven't turned at all. But today, in Jackson, Mississippi, a reputed former Ku Klux Klansman was arraigned for the brutal and vicious killing of two black teenagers in 1964." ABC (Thomas) added, "Even for the turbulent times of the civil rights movement, this was a case of unimaginable hate. Henry Dee and Charles Moore were abducted by members of the Klan, taken to a forest, beaten, tied to an engine block and thrown into the Mississippi river alive." FBI Director Robert Mueller: "This was a horrible crime, inflicted with stunning disregard for the suffering of the victims." Thomas: "At first, there were virtually no leads, but the FBI soon got a breakthrough. No less than the Grand Wizard of Mississippi's Klan became a secret informant." He allegedly identified James Ford Seale "as one of the killers, but fearing for his life, refused to testify. … The FBI even lost its files. But Moore's brother, Thomas, and reporters, including those from ABC News, stayed on the case," and "now sources tell ABC News another suspect in the case has agreed to testify against Seale. 42 years later, there will now finally be a prosecution. … At today's arraignment, incidentally, the suspect stood before a judge who was a black woman -- a measure of just how much things have changed in the South."

The CBS Evening News (1/25, story 6, 2:10, Couric, 7.66M) called the case "a painful reminder today of one of the darkest chapters in US history," and CBS (Pinkston) added, "At 71 and wearing shackles, James Ford Seale shuffled into federal court to face charges in the murder of two black teenagers more than 40 years ago. It was a moment this man had long prayed for." Thomas Moore: "And I cried, yeah." … Thomas Moore spent years helping investigators make a case and teamed up with a Canadian TV producer to try to confront Seale." Pinkston: Jackson Clarion-Ledger reporter Jerry Mitchell "managed to find FBI files presumed to have been lost, files now key to the government's case. … Tonight, the FBI is telling its agents to review all cold cases from the civil rights era."

NBC Nightly News (1/25, story 10, 2:25, Williams, 9.87M) reported that Seale's arraignment "is the latest development in a once cold case that was revived through a series of surprises." NBC (P. Williams) added, "It seemed no one would stand trial for killing the students," until "Moore's brother, Thomas, retired from the Army determined to get the case reopened." He discovered that Seale was still alive, and "another break came from a newspaper reporter after writing that the FBI thought the original case file was lost, he was surprised to hear from a researcher" that the researcher had the files. "This new prosecution is something the sister of Henry Dee…thought would never come." Thelma Collins: "I thank the Lord that I got to see at my age – I'm 70 years old – I get to see it happen."

CNN's Live Today (1/25, 11:40 a.m.) carried the DOJ press conference live, airing Gonzales' and Mueller's remarks. CNN's Newsroom (1/25, Nguyen) also reported on the arraignment and DC press conference, as does CNN.com, which includes a link to the video of Mueller's comments. PBS' NewsHour with Jim Lehrer (1/25, 7:04 p.m.)

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reported on the Seale story and showed Mueller saying, "Forty years ago, the system failed. We in the FBI have a responsibility to investigate these cold case civil rights era murders where evidence still exists to bring both closure and justice to these cases that, for many, remain unhealed wounds to this day."

In a widely-distributed story, the AP (1/26, Pettus) reports that at the time of the murders, "the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges. The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive. 'Forty years ago, the system failed,' FBI Director Robert Mueller said in Washington. 'We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day.'" The AP notes, "Seale was jailed for a bail hearing on Monday. … His trial is scheduled for April 2."

USA Today/Gannett (1/26, Mitchell, Radelat) reports Gonzales, Mueller and US Attorney Dunn Lampton announced the charges yesterday. "'This was a horrible crime inflicted with stunning disregard for the suffering of these victims,' Mueller said. 'These tragic murders are straight from the darkest page of our country's history.' Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths." In its report on the arraignment, investigation and DOJ press conference, NPR's All Things Considered (1/25, Goodwyn) included a 26-second clip of Mueller saying, "Henry Dee and Charlie Moore – both age 19, both African American – were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown. These tragic murders are straight from among the darkest page of our country's history. And sadly, while we cannot right the wrongs of the past, we can pursue justice to the end." CBC News (1/25) also reported the story, under the headline "'System Failed' In 1964 Race Killings: FBI Director."

The Jackson Clarion-Ledger (1/26, Mitchell) reports, "Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson." The Clarion-Ledger notes, "His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson. Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions." The Clarion-Ledger adds, "In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore 'tragic murders ... straight from the darkest page of our country's history.' It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings. 'Every now and then, people would get my hopes up, and then it would fade away,' said Thomas Moore, who was in Washington for the news conference."

WLBT-TV Jackson (1/25, Thompson) reported on its Web site from a broadcast story, "United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades. … Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice. … FBI Director Robert Mueller said, 'This was a horrible crime. Indicted with stunning disregard for the suffering of the victims.'" WTOK-TV Meridian (1/25, Sy) noted in its story on the arraignment that Mueller said, "In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten."

Voice of America (1/25, Malone) reports in its story on the arraignment and DC press conference, "Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial. But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades. 'These tragic murders are from among the darkest page of our country's history,' he said. 'And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes.'" The (UK) Daily Independent (1/26, Buncombe) also reports on the investigation and yesterday's events in Jackson and DC, as does the BBC World Service this morning.

CNN Live Today (1/25, 11:40 a.m.) broadcasted regarding a former Mississippi law man, James Seale, who is in court facing charges for the killing of Henry Dee and Charles Moore during the civil rights era. During a news conference in Washington, Attorney General Alberto Gonzales said, "Part of moving forward comes through addressing as best we can and as soon as we can, the terrible crimes of the past. … The case is being prosecuted by US Attorney Lampton and attorneys from the civil rights division, Paige Fitzgerald and trial attorney Eric Gibson. Public and governmental interests in the murders of Moore and Dee had been renewed by the activism of the brother of one of the victims."

CNN Newsroom (1/25, 1:30 p.m.) broadcasted, "Today at the Justice Department, Attorney General Alberto Gonzales announced this indictment. He said, "We would much prefer, of course that justice had been served 40 years ago in this case but what we are doing today, bringing closure

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to this horrible crime by trying this case through a public trial, should serve as notice to those who would violate the civil rights of their fellow citizens. We will pursue you as long as it takes and as long as the law allows, whenever it comes, justice is always welcomed." CNN The Situation Room (1/25, 4:30 p.m.) also broadcasted this story. This story was locally broadcasted in over 20 major and smaller cities nationwide. Some examples are: WNBC-TV, New York, NY (1/25, 5:00 p.m.) broadcasted, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. Seale was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. Seale held a sawed-off shotgun as clan members beat the teenagers." KSEE-TV, Fresno, CA (1/25, 6:30 p.m.) broadcasted, "Alberto Gonzales US Attorney General said, 'These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin.'"

Arraignment, Press Conference Receive Widespread Local TV Coverage. Local TV news nationwide also reported on Seale's arraignment and the DOJ press conference. Some examples: WTVQ-TV, Lexington, KY (1/25, 5:00 p.m.) reported on its broadcast, "Robert Mueller, FBI Director said, 'In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown.' Outside the courthouse, Seale's family kept silent." WDBJ-TV, Roanoke, VA (1/25, 11:00 p.m.) showed Mueller saying, "These tragic murders are straight from among the darkest page of our country's history."

WNBC-TV, New York (1/25, 5:00 p.m.) reported, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. … Seale held a sawed-off shotgun as Klan members beat the teenagers." KSEE-TV, Fresno (1/25, 6:30 p.m.) showed Gonzales saying, "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin.'"

ABC Reporter Recounts "20/20" Investigation. In and ABC News (1/25) online "Reporter's Notebook" column, Harry Phillips writes at length about his "20/20" investigation into the story, which eventually led to an interview with the 1964 FBI informant, Ernest Gilbert, and the June 2000, "20/20" report "Justice At Last." Phillips notes, "A call from an anonymous source led this reporter to an abandoned desk in the empty foyer of a building somewhere south of the Mason-Dixon Line. I'd been told there would be a 'package' waiting there for me. … Back at my hotel, I opened the box and found that it contained more than 900 pages of FBI reports bound by a single rubber band. It was a copy of the FBI file that was unredacted, containing names and other information blacked out on the first copy. It took several days to read the entire file, but it was quickly apparent that it contained virtually every bit of information gathered by the FBI in the Dee/Moore investigation, including many reports on statements provided by the informant JN-30R."

Meanwhile, the AP (1/26, Breed) reports in a widely-distributed story on the details of the FBI files from the bureau's 1964 investigation of the murders.

USA Today Hails Civil Rights Cold Case Prosecutions. Under the headline "Never Too Late For Justice," USA Today (1/26, 2.27M) editorializes, "At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late." USA adds, "Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes. To the nation's credit, changing times and values continue to prove them wrong."

Los Angeles Hispanic Gang Member Convicted Of Hate Crime Murder. The AP (1/23) reported from Los Angeles, "The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison. Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles. … 'Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents,' said Wan J. Kim, assistant attorney general for the civil rights division."

Judge Rules Michigan Prison Sex Abuse Suit May Proceed. The Detroit News (1/26, Hansen) reports, "A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act." The News continues, "The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago." The News adds, "U.S. District

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Judge John Corbett O'Meara said the March 2000 decision to exempt inmates 'essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law. … Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling,' O'Meara wrote. 'It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones.'" The News notes, "Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, 'We're recommending appeal to the (prison) agency because we think the judge is incorrect.' The state has argued that inmates still had ample federal civil rights protections and could sue in federal court. … In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections."

Mental State Of Supermax Inmates Draws Challenge. Time (1/26, Kluger) reports the "level of control" over inmates in supermax penitentiaries "may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown -- or at least a claim of mental breakdown -- is sure to follow. When that happens, a constitutional challenge can't be far behind." In one instance, "lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense." The breakdown of defendants in supermax isolation is "providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment."

Universities Seek To Maintain Racial Diversity After Bans On Affirmative Action. The New York Times (1/26, Lewin, 1.16M) reports, "With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics." Some universities are including "factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice," while others "are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools." Bans are said to give private universities "a competitive advantage regarding diversity" and "to many educators, that would be a troubling turnabout." University of Michigan President Mary Sue Coleman said that "nothing short of affirmative action will maintain the university's racial diversity."

ANTITRUST:

Senate Hearing On Airline Mergers Raises Antitrust Issues. The Fulton County (GA) Daily Report (1/26, Maister) reports, "US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers." The Report continues, "Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota. … 'Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country,' Steinberg said." The Report adds, "While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case. … The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future. … The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely. … The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan."

Hatch, Kohl Urge DOJ Caution In Merger Review. The Deseret Morning News (1/26, Struglinski) reports, "The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to

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U.S. Attorney General Alberto Gonzales Thursday." The News continues, "Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to 'carefully and thoroughly consider the substantial competitive impact of this merger' should it get to the point of being reviewed. … 'From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks,' Hatch and Kohl wrote. 'These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares.'" The News adds, "Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing. … The senators said their letter does not 'express a firm position on a potential transaction' but that they felt the need to 'underscore our firm expectation that the Department will investigate this or any other merger among airlines of all sizes with all due care and vigor.'"

Microsoft Executive Threatened Retaliation Against Dell Over Linux. Bloomberg (1/26, Van Voris, Bass) reports, "A Microsoft Corp. executive said he wanted to 'whack' computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software." Bloomberg continues, "In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar- Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft. … 'We should whack them, we should make sure they understand our value,' said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court." Bloomberg adds, "The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law. … Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup."

British Court Upholds Extradition Of Ex-CEO To Face US Antitrust Charges. The Financial Times (1/26, Tait) reports, "Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community." The Times continues, "The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US." The Times adds, "Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an 'extradition offence'. … Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced. … But they said: 'Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it.' … Mr Norris's lawyers will appeal to the House of Lords."

Northrop Completes Buyout Of Cybersecurity Company For $580 Million. The AP (1/26, Borak) reports, "Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval." The AP continues, The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt. … The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million." The AP adds, "The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services. … Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company. … Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities."

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Siemens To Purchase Texas Software Firm. The AP (1/26, Koenig) reports, "The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal. … 'It takes us from being a small player with limited resources to being a major player,' said Tony Affuso, the chairman and chief executive of UGS." The AP continues, "Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion. … Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse." The AP adds, "In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units. … 'It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States,' he said. … Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise. … For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions."

Siemens Profit Falls Sharply After Price-Fixing Fine. The Wall Street Journal (1/26, B4, Knapen) reports, "Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit." The Journal continues, "Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine. … Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives." The Journal adds, "The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering. … The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems."

EU Bank Probe Uncovers Antitrust Problems. The AP (1/26, Cohen) reports, "A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes." The AP continues, "The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31. … Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that 'some segments of the market are anticompetitive.' … 'I'm not against profit, but there are some cases where there are firms making too much,' she said, declining to elaborate." The AP adds, "People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services. … The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro." The AP notes, "By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country."

Blackstone To Purchase Cardinal Health, Raises Bid For Equity Office Properties. The Wall Street Journal (1/26, B5, Tesoriero) reports, "Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group." The Journal continues, "The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing." The Journal adds, "The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers. … Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient."

The New York Times (1/26, Pristin) reports, "The biggest leveraged buyout ever got bigger yesterday. … The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the

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nation's largest office landlord, with nearly 600 buildings across the country." The Times continues, "The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement." The Times adds, "In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million. … Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer."

YouTube Subpoenaed Over Pirated Fox TV Shows. The Wall Street Journal (1/26, B4, Urbanowicz) reports, "News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of '24' and 'The Simpsons.'" The Journal continues, "The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately." The Journal adds, "According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of '24' appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as 'ECOtotal.'" The Journal notes, "On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch. … The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena. … A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately. … This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber. … The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable."

ENVIRONMENT:

Bush's Fuel Proposal Sparks Battle Between Coal Interests, Environmentalists. The Wall Street Journal (1/26, A4, Fialka, 2.04M) reports, "Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming." The president's proposal "would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel. James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed 'to create an opportunity for a variety of other approaches,' which, he said, could include such fuels as methanol and diesel oil made from coal." Bush "has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes." But "even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose 'any effort to support coal-based transportation fuels.'" Environmentalists "are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves."

Meeting President's Goal Said To Require Alternative Fuels Beyond Ethanol. ABC World News Tonight (1/25, story 2, 2:40, Gibson) reported that Bush in his State of the Union address "said the US needs to ease its dependence on foreign oil, by growing more fuel here rather than importing it. But is that realistic?" ABC (Stark) added, "The centerpiece of the President's plan to cut gas consumption by 20% in ten years is a mandatory and massive increase in the production of alternative fuels, especially ethanol. Can it be done? Refineries are already working overtime turning corn into ethanol fuel. But they can't make enough to meet the President's goal of 35 billion gallons of alternative fuel by 2017." John Pierce, DuPont Bio-Based Technology: "16 billion gallons can come from corn. The rest will have to come from other sources." Stark: "Other sources, such as wheat, wood chips and switch grass, which the President was touting yesterday." President Bush: "That switch grass, which can be grown all across America, can end up being made into fuel that powers automobiles."

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Stark: "The President's plan also calls for cutting gas consumption by requiring cars to be more fuel-efficient. His proposal would raise efficiency standards from about 27 miles per gallon today to about 34 miles per gallon in the next 10 years. Analysts say it's an achievable goal if new cars are produced to be more fuel-efficient."

WPost Says Climate Change, Not Independence, Should Be Main Energy Policy Goal. In an editorial, the Washington Post (1/26, A20, 690K) writes that "by choosing energy independence as [the] main policy target" of his State of the Union address, the President "missed opportunities to improve energy security and to combat climate change. The president's proposal to double the size of the Strategic Petroleum Reserve "is where the focus on energy independence obscures true energy security." The proposal "is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency." The Post writes, "Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol." Congress "should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy."

Krauthammer Says Biofuels Won't Dent US Oil Dependence. Washington Post (1/26, A21, 690K) columnist Charles Krauthammer writes, "Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? ... [W]hat does this president propose? Another great technological fix." As "my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it." The "happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs. There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear."

Big Firms Pushing Carbon Caps Said To Have Financial Motives. In the Wall Street Journal (1/26, A10, 2.04M) Kimberly A. Strassel writes, "Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it." The "Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect." Strassel adds, "What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players."

Pelosi, Dingell Dispute Over Global Warming May Not Be Over. The Politico (1/26, Hearn) reports, "The Politico heard differing accounts of the success" of House Speaker Nancy Pelosi's trip to the Washington, DC, auto show with Rep. John Dingell "and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)" A Democratic aide "close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: 'We no longer anticipate a floor battle,' the aide said." The Politico adds, "But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute," but, "he added, he's still keeping his firepower at the ready: 'If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully.' Translation: Nancy, I reserve the right to make this ugly for you."

Michigan Waste Company, Former Employees Charged With Illegal Dumping. The AP (1/26, Goodman) reports, "A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy. … The indictment was not based on the April 2002 spill, for which no one was ever charged." The AP continues, "A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release. … In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices." The AP adds, "A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then. … The company 'added a new management team, including two full-time onsite chemists, and voluntarily

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installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices,' said spokesman Robert Moll. … Moll said the company 'fully cooperated with the investigation' of the 2002 spill and continues to believe it was not involved. … Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said. … All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements."

EPA Designates 154 Superfund "Mega Sites." The Los Angeles Times (1/26, Cone, 850K) reports, "After the winter thaw, a huge enterprise -- so expensive and risky that it ranks among the most ambitious environmental projects on Earth -- will rise up from an abandoned cornfield in upstate New York." Not far from Saratoga, "where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice." Yet, despite "50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed." The Hudson River is "one of 154 places across the country -- 16 in California -- dubbed Superfund 'mega sites' because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes." The "mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight." But EPA officials "say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy." Superfund's national priority list "includes more than 1,200 chemical sites, but only one of every eight rises to 'mega' status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark."

Californians Concerned About Audit Showing Sewer Spill Reporting Problems. The Los Angeles Times (1/26, Bernstein, Barboza) reports, "Southern Californians love their beaches. .. So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff. … But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills." The Times continues, "The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other tributaries that lead to the sea. … How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did. … But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent." The Times adds, "The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels. … Part of the problem is that various ocean pollution laws require different types of notification…. State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies. … Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality."

FBI/DEA/ATF/USMS:

Boston Police Officer Indicted In Federal Steroids Probe. The Boston Globe (1/26, Murphy, Smalley, 413K) reports, "A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe. … Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury." The Globe notes, "A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted." US Attorney Michael J. Sullivan said in a statement yesterday, "This case is not just about steroids use by law enforcement officers. It is about an officer allegedly distributing steroids to

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another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

The Boston Herald (1/26, Johnson, 184K) reports, "According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids. Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit. Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch." WBZ-TV Boston (1/25) called it "another embarrassing blow to the Boston Police Department," and notes that the other three officers "denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston."

Cocaine Operation Busted In Pennsylvania, 20 Suspected Smugglers Indicted. Lancaster Newspapers (1/26) reports investigators "said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers. Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week. … The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force. The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said."

Cocaine "Kingpin" Surrenders. Carlisle, Pennsylvania's Sentinel (1/25) reported, "When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities. The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg. Robinson…had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago."

New Jersey Drug Ring Investigation Nets 14 Arrests. The AP (1/25) reported state and federal authorities "broke up a major South Jersey drug distribution ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine. New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew." State Police Superintendent Col. Rick Fuentes "said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center. The new facility nicknamed 'The Rock,' is where federal, state and local officials gather to share information on evolving cases." The AP story was used by Long Island Newsday, WINS Radio in New York; KYW and WPVI-TV, Philadelphia; and KVOA-TV, Tucson.

Gang Task Force In Massachusetts Arrests 14 On Drug, Gun Charges. In Springfield, Massachusetts, the Republican (1/25, Barry) reported federal and local law enforcement officials "announced the results of Tuesday's blitz targeting suspected dealers in Mason Square. The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects...officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm." The Republican notes the DEA's involvement with the task force.

Canadian Union Leader Arrested In Washington State On Drug Charges. The Vancouver Sun (1/25) reported, "Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night. Holmes…is in Spokane County Jail. According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior." The Border Patrol "reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a 'Canadian citizen attempting to smuggle the contraband across the border.' The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash."

Canada's CBC News (1/25) also reported on Holmes' arrest.

In California, Purported Drug Kingpin Pleads Guilty To Drug, Money Laundering Charges. Vacaville, California's Reporter (1/25) says a Vacaville man who prosecutors "described as a regional 'drug kingpin' pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction.

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Eduardo Pichardo, 33, now faces 10 years in federal prison." Pichardo "was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine. The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama."

South Carolina Pharmacist Could Get 3-Year Sentence For Illegally Distributing Drugs Online. The Myrtle Beach (SC) Sun News (1/25, Hoke) reported the 81-year-old Myrtle Beach man "accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment. John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration. Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering."

Ohio Doctor Sentenced To Two Years For Pain Clinic Crimes. The Portsmouth (OH) Daily Times (1/26, Barron) reports, "A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe." The Times continues, "Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year. … 'Money laundering is not a victimless crime,' Internal Revenue Service criminal investigator Jeffrey Cooper said. 'Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.'" The Times adds, "According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at. … Jewell, of Paintsville, Ky., and Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail." The Times notes, "According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day. … He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients. … He also had no diagnostic equipment at the clinics."

IMMIGRATION:

Senate Endorses Ban On Federal Contracts For Companies That Hire Illegal Immigrants. In a brief article, the Wall Street Journal (1/26, A5, 2.04M) reports, "The US Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts. The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security."

Meanwhile, the Washington Times (1/26, Hurt, 88K) reports a proposal from Sen. Jeff Sessions (R) to "dramatically" increase civil fines on employers who hire illegal aliens was "quashed" by Democrats yesterday. Sessions said the amendment, proposed for a bill that would increase the federal minimum wage, "would do far more to help low-income wage earners than simply raising the minimum wage." However, "Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill." The Times notes that the federal contract ban, also proposed by Sessions, was allowed through by Democrats.

WSJournal Questions Immigration Hardliners' Support For Convicted Border Agents. The Wall Street Journal (1/26, A10, 2.04M) editorializes, "Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime." The Journal continues, 'The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien. This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the US must 'enforce the law' on the border." Though "these are the same folks who assail Mr. Bush's guest-worker proposal as 'amnesty,'" such a change would give border agents "more time and resources to chase down" criminals "and apprehend them properly."

Arizona Experimenting With Tactics To Battle Illegal Immigration. The Washington Post (1/26, A2, Pomfret, 690K) describes Arizona's attempt to expand its use of "a controversial technique known as a damming warrant" to block "all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora." The warrant was challenged in court by Western Union and ruled unconstitutional by a judge, becoming "one of more than 10 state and federal cases in Arizona over how to police illegal

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immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers." Arizona, the Post adds, "has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as [Attorney General Terry] Goddard said in an interview, 'we have it rubbed in our face on a daily basis.'"

TAX:

KPMG On Texas Probation In Tax Shelter Case. The AP (1/26, Koenig) reports, "Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters." The AP continues, "The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation. … KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said." The AP adds, "The case stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes. … KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation. … The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing. … William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department."

IRS Settles Bond Proceeds Case With Kentucky Sewer District. Bloomberg (1/26, Selway, Braun) reports, "Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status." Bloomberg continues, "Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director. … 'What they determined is that you should not have used bond proceeds to purchase the put option,' Gee said." Bloomberg adds, "Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments. … Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due." Bloomberg notes, "Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said."

CONGRESS-ADMINISTRATION:

Bush Promotes Healthcare Agenda In Missouri. The Kansas City Star (1/26, Helling, 271K) reports, "President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions." Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, M), "We believe the private sector is the best delivery of health care. … We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker." Bush "traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) notes Bush "said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run." He also "promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance. 'There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care,' Bush said. 'We'll do that.'"

The CBS Evening News (1/25, story 8, 2:30, Couric, 7.66M) reported Bush "wants to even the playing field for those who get insurance through work and those who don't. Under his plan, people with generous health coverage provided by their employers would be taxed on some of those benefits while those without health coverage would get a tax break to help them buy it. While his plan is debated in Washington, many states are trying their own approach, and Massachusetts is leading the pack."

The Los Angeles Times (1/26, Reynolds, 850K) reports, "Unlike similar town hall-style events that the White House

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bills as 'conversations,' the roundtable at St. Luke's East hospital had no audience other than about 30 local and national reporters." Said Bush, "If you work for a company, you get your health care free, in essence, as part of your benefits package. … If you're a stand-alone person, you pay for your health care on an after-tax basis. In other words, there is discrimination in the tax code based upon who you work for, and it makes it harder for individuals or small-business employees to buy health care." The Times says "members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining health care for the 47 million Americans who are uninsured and would eventually raise costs for average families."

The Cleveland Plain Dealer (1/25, Vanac, 352K) said yesterday "local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance. … Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership." But "this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said." For "the majority of taxpayers who get their medical insurance through an employer," the proposal "means shifting that employer-paid benefit to employees as income."

The New York Times (1/26, Rutenberg, 1.16M) reports, "With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say." But "Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them."

The AP (1/26) quotes Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, saying "the poorest people will have to use any tax savings they receive for other living expenses, not insurance. 'We know tax cuts don't help the general public,' Carroll said. 'It gets President Bush around the real issue, which is universal health care.'" Bush "dismissed similar concerns from Democratic opponents in Congress as 'pure politics.' 'If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider,' he said."

USA Today (1/26, Jackson, 2.27M) reports Democrats continued to criticize Bush's plan. In Washington, "a fact sheet released by Senate Majority Leader Harry Reid's office said it would 'prompt employers to stop offering health care.'" And Sen. Barack Obama, "who is exploring a White House bid, said Bush's proposal was a 'halfway measure' that 'does little to bring down costs or guarantee coverage.'" Bush, meanwhile, "repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. 'When you've got a lawsuit, it causes good docs to quit the practice of medicine,' he said." Bush "meets today with House Republicans to discuss health care, energy, immigration and other issues. 'They're going to want to talk about issues that came up in the State of the Union address,' White House press secretary Tony Snow said, 'because that is going to play a significant role in politics over the next few months.'"

The Washington Times (1/26, Lopes, 88K) reports that Leavitt "will travel the country to drum up support for the Bush administration's proposals for health care coverage" for the next three months. The Times continues, "Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance. It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured. While the new attention is necessary, it may not be effective." The Times continues, "The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured. The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. 'It's not fair,' he said."

Bush's trip to Missouri generated extensive local TV coverage across the nation. KTVI-TV St. Louis (1/25, 5:20 pm) reported in an early evening broadcast that "the President sat down with small business owners and workers near Kansas City to discuss his plan for healthcare." KSHB-TV Kansas City (1/25, 6:00 pm) led off its 6 o'clock news by saying, "The President chose the new, all digital Saint Luke's Hospital in Lee's Summit for the first roundtable discussion on his health insurance plan. … President Bush made his way back on to Air Force One around 1:40 this afternoon. Five minutes later, the plane was on its way out of the city and back to the White House. A very quick trip for the President."

WLBZ-TV Bangor, ME (1/25, 11:17 pm) said Bush talked "about his health insurance plan to small businesses in Missouri. … The President says his proposal to tax employer-provided health insurance and give tax deductions that would make things much easier on smaller businesses in America. Bush says 80 percent of the workers who have health insurance will receive a tax break from his plan."

KTVO-TV Ottumwa, IA (1/25, 10:23 pm) reported Bush "said people should not be penalized by insurance costs just because of where they work," but "critics…say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage. Bush said today that such concerns were just politics."

KHQA-TV Quincy, IL (1/25, 10:02 pm) said Bush "has put forward a complex proposal aimed at encouraging people

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to buy basic health insurance plans. Critics say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage."

KIRO-TV Seattle (1/25, 6:46 pm) reported, "It's one of America's biggest financial worries, healthcare. Now President Bush is going full-steam ahead with" his health plan across the country. The President "is hoping to address the concerns by changing the tax code." Today, he toured a Missouri hospital, "touting the plan."

WJBF-TV Augusta, GA (1/25, 5:28 pm) showed Bush saying, "The system is geared toward enabling the individual to have more control over his or her decision-making and make the tax code fair for the individual." The report added, "Some Democrats, including Senator Hillary Clinton, are voicing strong opposition to the President's plan."

NPR's All Things Considered (1/25, Rovner) quoted a speech by New York Sen. Hillary Clinton (D), who compared Bush's plan to "robbing Peter to pay Paul." NPR added, "In many ways, today feels like 1991, when the country was gearing up for the debate that would rage during President Bill Clinton's administration." NPR concluded, "[O]ne thing hasn't changed when it comes to health reform: details matter, and no one's showing them yet."

Bush Plan Called A Tax Hike For 20% Of Workers Who Get Insurance Through Jobs. The AP (1/26, Freking) says Bush's plan "would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically. But, then, the president calls for a standard tax deduction for those who buy health insurance -- $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction." The AP adds, "The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) also reports "so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured. 'I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans,' Sen. Edward M. Kennedy (D-Mass.) said."

Plan Has Similarities To Leavitt Initiatives As Governor. The Salt Lake Tribune (1/25, Gehrke) reported that "as governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance. Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in…Bush's State of the Union to deeply skeptical Democrats in Congress." Leavitt told reporters yesterday, "Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state." Leavitt also "outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over. Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns."

Paulson Says Steps To Slow Medicare Spending Growth "Complement" Healthcare Plan. The Wall Street Journal (1/26, A5, Solomon, 2.04M) reports, "Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready." Paulson "wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly." The Journal adds, "The proposals to save the government money on Medicare complement…Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said."

Poll Finds Democrats With 35 Point Edge On Prescription Drugs. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says that in a "new Wall Street Journal/NBC News poll, Americans back Democrats by 35 percentage points on prescription drugs for seniors" amid the "looming showdown" with he White House over the Medicare drug benefit. Since Bush took office, "Democrats have turned an eight-point deficit on taxes into an eight-point edge," and narrowed the deficit on "'moral values' to nine points from 22."

The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" also says health care is returning to the spotlight, "but still poses political risks. A 53% majority" in the Wall Street Journal/NBC News poll "expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993."

More Commentary On Bush's Plan. Under the headline "The President's Risky Health Plan," the New York Times (1/26, 1.16M) editorializes that the "financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address" the healthcare "problem." The plan "would do little to reduce the

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number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden. … That's not the answer Americans are waiting for and not what they deserve."

Michael Mayo, in his column for the South Florida News Sentinel (1/26), says the plan "would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries. In other words, sounds like another Bush boondoggle." The plan "appears dead on arrival, with no realistic way to get through the new Democratic Congress." But "it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago."

The San Jose Mercury News (1/25, 229K) editorialized, "The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured. Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. … President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle."

Meanwhile Thomas Friedman, in his New York Times column (1/26, Friedman), comments on the overall Bush agenda, writing, "As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired…Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip. The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk -- regarding both energy and Iraq." Bush "gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them -- for the long haul."

Spellings Urges Illinois Business Leaders To Support Changes To No Child Left Behind Act. The Chicago Tribune (1/26, Banchero, 617K) reports U.S. Secretary of Education Margaret Spellings "spent the day in Chicago Thursday, lobbying students, teachers, school officials and business leaders to support proposed changes to the No Child Left Behind law." Spellings told the Illinois Business Roundtable, "We need to start paying more attention to the chronically underperforming schools." She said that "some proposals" are "likely to win wide support" but, she "spent most of her time pushing the more controversial parts of the blueprint, including vouchers for students to attend private schools, allowing districts to bypass state-imposed charter school caps, letting districts circumvent teacher contracts to transfer teachers to the worst schools." The proposals "received a positive response from the state's business leaders" and "they pressed Spellings for tougher measures."

GOP Base Said To Have Liked Bush's State Of The Union. The Washington Times (1/26, Hallow, 88K) reports, "President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress. … Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion." But "Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing." Pat Toomey, president of the influential Club for Growth, "saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans. … Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress."

Gates Said To Have Different Press Management Style Than Rumsfeld. In the Washington Times (1/26, 88K) "Inside The Ring" column, correspondent David Sands reports on Defense Secretary Robert Gates' "seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East" shortly after being confirmed, and contrasts Gates with predecessor Donald Rumsfeld. The "new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants."

Rumsfeld Press Secretary Expected To Leave Pentagon. The Washington Times (1/26, Gertz,

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Scarborough, 88K) "Inside The Ring" column reports, "Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year. Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary." Ruff "forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy. He is generally liked by the Pentagon press corps, which finds him accessible and responsive."

Senior State Department Official Resigns. The AP (1/26, Schweid) reports Under Secretary of State for arms control, Robert Joseph, has "submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea." Talks on both fronts have "moved slowly," but in an interview Thursday, Joseph said, "I think we have a very good record." Joseph, who will leave next month, "acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to US security." In a telephone interview, he "said he would write, teach and work as a consultant" after leaving the department.

GOP Amendment To Senate Minimum Wage Bill Defeated. The AP (1/26, Kuhnhenn) reports, "An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a 'poison pill.' Democrats said the Republican proposal was designed to kill underlying minimum wage legislation." An amendment offered by GOP Sen. Jim DeMint "was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor." The amendment "failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law."

Proposed Minimum Wage Hike Criticized. Gary S. Becker, the 1992 Nobel economics laureate, and Richard A. Posner, a federal circuit judge and a senior lecturer at the University of Chicago Law School, write in the Wall Street Journal (1/26, 2.04M), "The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian. An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. … Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain."

Democrats Challenge Credit Executives Over Penalties. The AP (1/26, Gordon) reports, "Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory." The credit card industry "and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students. … 'I would like to put the credit card industry...on notice,' said Sen. Christopher Dodd, D-Conn., the committee's chairman. 'If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice.'" Dodd and "other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp." The executives "defended their practices as fair and responsible."

Democrats To Increase Scrutiny Of FCC. The Washington Post (1/26, A4, Babington, 690K) reports, "As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges. The Republican-controlled FCC…has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday." Senators "vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years." FCC Chairman Kevin J. Martin, "a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in

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Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation."

Inhofe Proposal Would Deny Pay Raise To Those Who Vote Against It. The New York Times (1/26, Kirkpatrick, 1.16M) reports it is "a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform." But the "proposal usually fails. And even the reformers get their raise." However, the Senate "may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed." Last year, "a senator would have lost $3,100 out of a salary of $165,200." The penalty for "opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase 'the greatest single hypocrisy every year.'"

Tancredo Calls For Abolition Of Black, Hispanic, Asian Caucuses. The AP (1/26, Kellman) reports, "White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished. 'It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race,' said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration." He added, "If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses."

The Denver Post (1/26, Mulkem, 256K) notes Tancredo "first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white."

Poll Shows Positive Feeling Toward Democratic Majorities. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says the new Wall Street Journal/NBC News poll find that the new Congress "attracts promising initial reviews" from respondents. "By 53% to 44%, Americans say new House ethics rules will improve lawmakers' 'ethics and honesty.' A 48% plurality" predicts the Democratic Congress "will 'strike the right balance' with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be 'too inflexible' with then-President Clinton." House Speaker Nancy Pelosi's "positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name."

Thrift Savings Plan Director Departing. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company. Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services," probably leaving the "agency early next month, a TSP spokesman said." The Post adds that Amelio "expanded TSP investment options" by adding "life-cycle funds" to "help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit TSP participants to select an investment mix linked to the time they expect to draw down their savings."

NTEU Announces Settlement In Social Security Employees' Case. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced. Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them." The union maintained that the employees were following "orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants. The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing."

Ginsburg Says She Feels "Lonely" As Only Woman On Supreme Court. USA Today (1/26, 1A, Biskupic, 2.27M) reports, "It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench." Ginsburg told USA Today, "The word I would use to describe my position on the bench is lonely. … This is how it was for Sandra's first 12 years. … Neither of us ever thought

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this would happen again. I didn't realize how much I would miss her until she was gone." USA Today (1/26, 6A, Biskupic, 2.27M) runs a second story on the issue titled "High Court Just A 1-Woman Show; In Contrast With Gains Elsewhere," in which it says "the makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the US judiciary, where women have made historical gains."

First Lady To Host Sidey Scholarship Debut. The Washington Times (1/26, McCaslin, 88K) "Inside the Beltway" column writes that First Lady Laura Bush "today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he."

Minnesota Guard Opposes CIA Acquisition Of 1960s Plane. The Wall Street Journal (1/26, A1, Karp, 2.04M) reports, "The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird." The CIA "plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991." Even though "a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears."

Krugman Calls For Partisanship To Pass Another "New Deal." Paul Krugman writes in his New York Times column (1/26), "American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that 'politics has become so bitter and partisan' -- which it certainly has." But "he then went on to say that partisanship is why 'we can't tackle the big problems that demand solutions. And that's what we have to change first.' Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we'll eventually have a new era of bipartisanship -- but that will be the end of the story, not the beginning. Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower. … So am I calling for partisanship for its own sake? Certainly not." But "politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right -- and they should welcome that hatred, not fear it."

OTHER NEWS:

Annual Home Sales Saw Sharpest Drop Since 1989. The Los Angeles Times (1/26, Sanchez, 850K) reports, "Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today. Total existing-home sales -- including detached houses and condominiums -- in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors." For all of 2006, sales of existing homes dropped 8.4 percent, the "biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press."

The Wall Street Journal (1/26, Corkery, 2.04M) reports, "For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. 'The biggest drop is probably behind us,' said Fannie Mae's chief economist, David Berson. 'But it's still too soon to say this is unambiguously the bottom.'" Forecasts "vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%. Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come."

NBC Nightly News (1/25, story 2, :15, Williams, 9.87M) reported, "Bad news as well today for the US housing market which in 2006 had its worst year in 17 years."

The CBS Evening News (1/25, story 2, :20, Couric, 7.66M) also noted the report, saying "the housing industry has taken a big hit. … After five years of record sales America's realtors reported today sales fell last year nearly 8.5%. That is the biggest drop in 17 years." The New York Times/AP (1/26), USA Today (1/26, Knox, 2.27M) and Washington Post (1/26, D1, Elboghdady, 690K) run similar reports.

Fed May Maintain Bias Toward Rate Increases In Near Term. The Wall Street Journal (1/26, Ip, 2.04M) reports, "Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long." But "Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent

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downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago. … There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. … The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected."

Stocks Sharply Down. The Wall Street Journal (1/26, Browning, 2.04M) reports, "A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months. The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007. Traders cited worries about interest rates, corporate profits, home sales and unemployment data." The Standard & Poor's 500-stock index "fell 1.1%, or 16.23 points, to 1423.90, up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007." NBC Nightly News (1/25, story 3, :15, Williams, 9.87M) and USA Today (1/26, Krantz, 2.27M), among other newspapers, also reports the stock numbers.

Ten-Year-old Filmmaker Sues Over Creative Control Issues. The Los Angeles Times (1/26, Friedman) reports, "Most 10-year-olds are happy with an allowance and some video games. … Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow." The Times continues, "The child actor, whose credits include Steven Spielberg's 'Minority Report' and voicing Wilbur the pig in Paramount Pictures' recent 'Charlotte's Web,' is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team. … 'She wanted to make all the decisions and stuff,' Kay said. 'She wanted final cut and everything.'" The Times continues, "Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of 'Saving Angelo,' starring actor Kevin Bacon, which she helped bankroll with $11,000. … Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a 'charitable contribution' to animal rights. 'This is another example that no good deed goes unpunished,' he said."

Ford To Chair Democratic Leadership Council. The Christian Science Monitor (1/26, Feldmann, 59K) reports former Rep. Harold Ford, who lost his 2006 Senate race in Tennessee, is "back in national politics" and "was named chair of the Democratic Leadership Council (DLC) Thursday." The Washington-based DLC "has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton." Speaking at a Monitor breakfast Thursday, Ford "laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes." Ford said, "This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare. This congress has its work cut out for it." The Monitor adds that unlike "most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville."

The Memphis Commercial Appeal (1/26, Sullivan, 163K) reports Ford "accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency." Ford "accepted the post, calling it 'one of the most important organizations on the think-tank landscape. '" DLC founder Al From and DLC president Bruce Reed "made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future."

The Politico (1/26, Allen) reports Ford "lashed out Wednesday at what he called the 'hypocrisy' of Republicans who overdo their talk about religion." Ford "did not disappoint the sleepy-headed journalists" at the Monitor Breakfast, "offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith 'is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that.'" Ford said, "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most." Ford was "presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies." Ford made it "clear that he still resents some tactics of Republicans."

On MSNBC's Hardball (1/25, Matthews), Ford said, "I think the focus for the DLC…is to help develop and advance and promote a policy agenda that Democrats in the Congress

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and even the presidential candidates on our side can look to for ideas on national security and tax policy, pro-business, pro-family policies, and obviously ways to combat terrorism and make ourselves energy independent." On CNN's The Situation Room (1/25, Blitzer), Ford said, "The DLC, over the last 15 years, has played as big, if not the biggest role, in helping to develop and promote some of the smartest, most progressive, national security, pro-family, pro-business efforts, pro-family efforts that we've seen in the party."

Ford Has No Plans To Challenge Alexander. On CNN's The Situation Room (1/25, Blitzer), Ford said, "I don't have any plans to run against Lamar Alexander. My plan is right away to try to do a good job with the DLC. I'm proud to say that I'm associated with Vanderbilt University; I'm now a professor of public policy."

GOP War Critic Hagel Pondering '08 Bid For President. In a front-page story, the Washington Post (1/16, A1, Murray, 690K) reports, "His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base." But Nebraska Sen. Chuck Hagel's (R) "sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies. But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run." In an interview, Hagel said "that he is discussing his options with his family and other confidants and will make a decision in the next six weeks." Hagel said he's considering forming a presidential exploratory panel, or running for "a third Senate term. Then again, he might take a more creative path. Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course."

Poll Shows Clinton Thrashing Democratic Field, McCain Topping Giuliani. Time (1/25, Karon, 4.03M), in a report on its website, reported that New York Sen. Hillary Clinton (D) "is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani -- with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone." The survey showed that Clinton would defeat Illinois Sen. Barack Obama (D) in the Democratic race "by a margin of 40% to 21%," with ex-North Carolina Sen. John Edwards (D) "a distant third with 11%." McCain, meanwhile, "holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or" Edwards "by a 7-point margin."

Time (1/26, Calabresi, Bacon, Cox, Carney, 4.03M) lists "8 Keys To The Campaign," such as the Iraq war, where "no position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser." The second key is "money," the third "religion," the "Amazon factor" or book sales, the "last minute campaigns" of potential heavyweights such as Al Gore or Newt Gingrich, "recruiting the new gurus" to staff the campaign, "winning over the online activists," and the "New Faces."

McAuliffe, Ford Praise Clinton. Hillary Clinton campaign chairman Terry McAuliffe said on Fox News' The Big Story (1/25, Gibson) said that when his candidate visits Iowa this weekend, "they are going to love her, just as here we are in New York. You look at what happened in the last election. Last year she won in a landslide. She won in Republican counties that people would have said six years ago, she had no chance of winning. Why? They got to know her. They see how bright she was, how hard she worked for them. That's what the folks in Iowa will see." Asked if black primary voters will prefer Clinton or Sen. Barack Obama, McAuliffe said, "I would say they vote for Clinton. The African-American community have been strong supporters of the Clintons."

Ex-Rep. Harold Ford said on MSNBC's Hardball (1/25, Matthews), "Hillary Clinton, back when she was first lady of Arkansas, took on the issue of education and challenged some of the orthodoxy of our party years ago. Throughout her time in the Senate, she has been a champion, a stalwart for strong national security measures, even measures that take on other orthodoxies in the party that help advance national interest."

Simon Says Iraq War Weighing Heavily On McCain. In an article in The Politico (1/26), political analyst Roger Simon, noting that if Arizona John McCain (R), 70, runs for the White House "and wins, he would be the oldest person ever inaugurated as president," relates, "There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts." In the 2008 race, Simon says that

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he doesn't believe those types of rumors are "going to be McCain's problem. It isn't his health but rather his demeanor that worries some people. The Iraq war, which he strongly supports, has disturbed and dismayed him." McCain "visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain. And it is showing." As an example, Simon notes, "Last Sunday, on 'Meet the Press with Tim Russert,' McCain seemed to have moved from almost somber to almost gloomy."

Giuliani Faces Tough Challenge In Winning Over Conservative Primary Voters. The AP (1/26, Sidoti) reports that ex-New York City Mayor Rudy Giuliani's (R) "star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero -- the face of U.S. resolve at a time of tragedy." But his "quest to capture his party's presidential nomination won't be easy. He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice." Giuliani's "challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals," Arizona Sen. John McCain (R) and ex-Massachusetts Gov. Mitt Romney (R), "no doubt will try to exploit his background and record. … 'Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest,' said Peverill Squire, who teaches politics at the University of Iowa."

In South Carolina, Hunter Formally Launches His Bid For President. The AP (1/26, Davenport) reports that CA52 Rep. Duncan Hunter (R), "best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in" in Spartanburg, SC. Hunter, who formed "a presidential exploratory committee earlier" in January, "initially announced his intentions in October, becoming the first GOP candidate to declare." He "then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina." The AP notes, "In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination. 'Nobody wins the presidency without winning South Carolina,' Hunter said. Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor."

CQ Politics (1/26, Kapochunas) reports that though Hunter "maintains he is 'the most conservative' candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20. Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney." Hunter chose "Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials."

The New York Times (1/26, Abruzzese, 1.16M) reports that Hunter "said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade. Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel." Hunter "said yesterday that he would also emphasize the need to restore the balance of trade with China. 'This is not free trade, this is not fair trade,' Mr. Hunter said according to the text of his speech. 'It is cheating.'"

The Spartanburg (SC) Herald (1/25, Spencer) reported that Hunter, in discussing his decision to formally announce his candidacy in Spartanburg, said, "This represents the heart of what I call the arsenal of democracy. This is a place that's known for textile manufacturing. You've got steel manufacturing right up the way…and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion." Hunter added, "You know what that is? That's the great Americans who won't move their companies off-shore, who won't take their manufacturing to China. … There's a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that."

Hunter Touts His Conservative Credentials During Cable TV Appearances. On Fox News' Your World (1/25, Cavuto), Rep. Duncan Hunter said, "I've got the issues: strong border control; strong national defense; reversing this one-way street on trade, bringing good jobs back to the U.S. If you've got the issues, you don't have to spend as much money on image consultants and folks that are shaping a message." Hunter focused on border control in an interview with CNN's The Situation Room (1/25, Blitzer), saying, "I built the border fence in San Diego. We knocked down crime by 50%, knocked down smuggling in that area by more than 90%. And I wrote the provisions that the bill that the president signed that would extend the border fence across Arizona, New Mexico and Texas some 700-plus miles. …

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Every time the President talks about amnesty or guest worker, massive arrests take place, or the arrests go up at the border, because people think they have to come in and get under the wire, and they overwhelm the Border Patrol and the National Guard that he sent down to try and stem the crossing. So we've got to get the sides up on the house before we decide how to adjust the front door."

Obama Pushes Universal Healthcare As Key Campaign Theme. The AP (1/26, Pickler) reports, "Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race. 'I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country,' Obama told a conference of Families USA, a health care advocacy group." While Obama "did not provide specifics on his plan for coverage," he "was previewing what is shaping up to be a theme of the 2008 Democratic primary." Democratic opponents New York Sen. Hillary Clinton (D) and ex-North Carolina Sen. John Edwards (D) "also are strong proponents of universal health care and have promised to offer their plans." Obama's call "Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival" Sen. Clinton's "ill-fated plan to overhaul the health care insurance system when she was first lady. Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid."

CQ Politics (1/26, Horrigan) reports that in his speech, Obama said, "In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how. … We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president's first term." Obama added, "We can't afford another disappointing charade in 2008." CQ Politics notes that "Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee."

The Chicago Tribune (1/26, Dorning, 617K) reports , "Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994." Noting that Sen. Clinton and Edwards are also pushing for universal healthcare, the Tribune adds, "In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care. He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage. 'We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated,' the senator said."

Obama Confident He'll Fare Well With African-American Voters. The Chicago Tribune (1/26, Parsons, 617K) reports that Obama "said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February. 'If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois,' Obama (D-Ill.) said, 'I feel pretty confident that, once folks know who I am, we'll do just fine.' The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove 'black enough' to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004. The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign."

Sharpton Meets With Several Democratic Presidential Hopefuls, Suggests He May Run. The AP (1/26, Pickler) reports that The Rev. Al Sharpton (D) "said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate." Sharpton "spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency:" Connecticut Sen. Chris Dodd (D), Delaware Sen. Joe Biden (D), Illinois Sen. Barack Obama (D) and New York Sen. Hillary Clinton (D). Each of the senators "met privately with Sharpton in their office. 'I'm not making any endorsements today,' Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama." Sharpton said he and Obama "talked about economics, health care and education issues. 'We are going to keep talking and he knows I'm talking to everybody,' he said." Sharpton said "he would decide about his own candidacy 'once I see what these guys do or don't do.'"

The New York Times (1/26, Healy, 1.16M) reports, "One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to" Obama "that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004. Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after

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their meeting in the senator's office." Sharpton said, "I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is." Of his meeting with Sen. Clinton, Sharpton said, "I'm not endorsing anyone at this point…but she has more of a civil rights program laid out. And I always know where I stand with her."

The Washington Times (1/26, DeBose, 88K) reports that Sharpton "threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues." Sharpton said that "strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education. 'If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does,' Mr. Sharpton said."

Reid Says Kerry "Did The Right Thing" In Choosing Not To Make '08 Bid. On Massachusetts Sen. John Kerry's (D) decision not to run for president again, Senate Majority Leader Harry Reid said on MSNBC's Hardball (1/25, Matthews), "He did the right thing. I acknowledge that, but he same so close and that was such a terribly unfair election."

Union Membership Fell By 326,000 Last Year. The New York Times (1/26, Greenhouse, 1.16M) reports, "Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history." The Bureau of Labor Statistics "reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s." The Times adds, "Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses."

Donors Pledge $7.6 Billion To Lebanon As Violence Continues. The AP (1/26, Gearan) reports international donors "pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence." Lebanese Prime Minister Fuad Saniora "took a risk by leaving his fortified compound in Beirut to attend" the one-day conference in Paris. As the donors, government and opposition supporters "clashed at a university campus back in Beirut in new violence spilling over from Lebanon's political crisis." Thursday's conference had "an urgent tone," with some diplomats and leaders "hoping to give Saniora tangible bargaining power" in his struggle with Hezbollah. In an interview with the AP, Secretary Rice said of the pledge total, "I think this goes beyond the wildest dreams of everyone for the success of the conference. I think when people really started thinking about what was at stake here...they decided that this statement had to be made." However, Rice "would not give a direct answer when asked if an elected Hezbollah-led government could still collect the US pledge." In a press conference, the Secretary said, "We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora. I don't have any desire to get into hypotheticals about Lebanon's future."

Under the headline "Beirut Riots Cast Shadow Over Aid Pledges," the Financial Times (1/26, Biedermann, England) says Thursday's conference "was overshadowed on Thursday by renewed political violence in the increasingly divided country." While the conference "was intended to aid the country's reconstruction after last summer's war…given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on."

The New York Times (1/26, A8, Cooper, 1.16M) calls the donations "a bold effort to try to prop up the government of Prime Minister Fouad Siniora," noting that "even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon." The clashes in Lebanon this week, which came "just as Mr. Siniora sought to present his country as ripe for investment," were "another embarrassment to the prime minister, who has been fighting to keep his government afloat." The Times also says that Secretary Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, "deflected the question."

The Washington Post (1/26, A10, Anderson, 690K) says the aid package is "a major boon for Siniora" as the "power struggle" within Lebanon "intensified" this week "when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes."

Four Killed In Escalating Violence In Beirut. ABC World News (1/25, story 4, 2:15, Gibson, 8.78M) reported, "In the Middle East there are fears today that the government of Lebanon may be near a breaking point. Hezbollah has been stoking anger over the country's slow recovery after the war with Israel. Clashes between government supporters broke out for a third day today, leaving people dead and wounded." ABC (Wright) added, "Today, the campus of Beirut Arab University erupted into a miniature civil war. … These

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images of violent instability stole the thunder from today's foreign donor's conference in Paris aimed to help Lebanon."

The CBS Evening News (1/25, story 5, 0:20, Couric, 7.66M) said, "There is concern the country could be headed for a civil war," while NBC Nightly News (1/25, story 5, 0:20, Williams, 9.87M) reported the violence "threatened Lebanon's fragile government."

The New York Times (1/26, A8, Bakri, Fattah, 1.16M) reports the Lebanese army declared "a rare night curfew throughout the city amid fears that Lebanon's two-month political crisis had entered a violent phase" after "at least four people were shot dead…and 150 were wounded in street fighting" Thursday.

The Washington Post (1/26, A10, Shadid, 690K) says the "clashes…offered a bitter contrast to the optimism of an international conference in Paris" and "were some of the worst since Lebanon's 15-year civil war ended in 1990."

Security Council Optimistic Ahead Of New Round Of Mideast Talks. The AP (1/26, Dilorenzo) reports U.N. Security Council members "are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process," Russia's U.N. ambassador said Thursday. The so-called Quartet will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking, and Russian Ambassador Vitaly Churkin said, "There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community." The AP adds that "there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland."

Abbas Says Time Has Come For Peace. AFP (1/26) reports Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni "shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away." In an address at the Davos forum, Abbas said, "The time has come for us...to make peace a reality. We are ready, as of now, to start serious negotiations with our Israeli neighbors."

The AP (1/26, Haven) reports Livni also "reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state" is "not an illusion. It's there, it's achievable." Tzipi Livni "made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists," in what was seen as a reference to Hamas.

Ignatius Welcomes Rice's New Mideast Strategy. The Washington Post's (1/26, A21) David Ignatius writes, "Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the 'realignment' of states that want to contain Iran and its radical Muslim proxies." In an interview Tuesday, Rice "summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism." Ignatius writes that although "critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict," the Administration's "tougher stance against Iran arguably has already produced some results," notably President Mahmoud Ahmadinejad's "political trouble with the ruling mullahs." Although the strategy "poses as many questions as it answers," Ignatius says, "as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano."

UN Suspends North Korea Programs Until Audit Completed. The AP (1/26, Olson) reports the U.N. Development Program agreed Thursday "not to approve new projects in North Korea until an external audit addresses US allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules." UNDP assistant administrator Ad Melkert said the agency "also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang." The United States had complained about both practices, which Melkert said would stop by March 1. Ambassador Alejandro Wolff welcomed the moves, saying, "We're pleased with the approach that the UNDP administrator has laid out."

The Financial Times (1/26, Turner) reports Pyongyang agreed Thursday "to an external audit and tighter rules for the UN Development Program's operation in the country," even though it "dismissed the allegations as politically motivated."

The Washington Post (1/26, A13, Lynch, 690K) adds, the debate over the United Nations' "oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea." Meanwhile, Mark D. Wallace, the US representative for U.N. management, "said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea."

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WSJournal Welcomes Audit Of Korean Programs. In an editorial, the Wall Street Journal (1/26, A10, 2.04M) says the "good news" is U.N. Secretary-General Ban Ki Moon "is moving swiftly on North Korea, ordering a full investigation within three months." However, the "disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise." The Journal writes, "It's good to see the cash for [North Korean leader] Kim [Jong Il] programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors."

Russia, India Reach New Nuclear Accord. The New York Times (1/26, A10, Gentleman, 1.16M) reports India "sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States." In a joint statement issued after Russian President Vladimir Putin met with Indian Prime Minister Manmohan Singh, Russia" offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here." Singh stressed that "energy security is the most important of the emerging dimensions of our strategic partnership."

Pentagon Moving Ahead With Missile Defense Plans. The Washington Times (1/26, Gertz, 88K) reports the Pentagon is "moving rapidly to build new missile defenses in Poland and the Czech Republic to counter the threat posed by Iranian long-range missiles," head of the Missile Defense Agency said yesterday. Air Force Lt. Gen. Henry "Trey" Obering, the agency's director, said, "The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program." Obering said the US hopes to have the system "in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability." He also warned, "We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability." The Times notes that the magazine Aviation Week & Space Technology reported on its Web site last night that Iran "was poised to take that very step: launching a satellite into space."

The AP (1/26, Gedda) adds, Obering "rejected Russian claims that the US plan would upset the security balance," saying the plans for Poland and the Czech Republic "are insignificant compared with Russian capabilities."

China Anti-Satellite Missile Test Seen As Threat. Time (1/26, 4.03M) reports in its "Notebook" column, "China's successful anti-satellite-missile test Jan. 11 carries potential implications for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher)." At issue "are military surveillance satellites -- the very ones that detected Beijing's test -- which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites -- and a possible catalyst to a space arms race."

Chavez Threatens To Expel US Envoy. The AP (1/26, Toothaker) reports Venezuelan President Hugo Chavez warned Thursday that the US ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs." Chavez "lashed out" after Ambassador William Brownfield "said US companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it." The president was quoted as saying, "If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could...be declared a persona non grata and would have to leave the country."

Lawmakers To Seek Ease Of US Policy On Cuba. In a front page article, the Washington Times (1/26, A1, Hirsch, 88K) reports legislation "to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the US policy on Cuba." One bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican. Other legislation reportedly under consideration would "ease payment restrictions for cash sales of food to Cuba." Rep. Jerry Moran (R-KS) "is planning to introduce one such payment-regulation bill next week." However, President Bush's "continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat." Rep. Jo Ann Emerson (R-MO) "said that Congress may be able to make some changes in the Cuba policy," but that even with a new Democratic majority, any such changes would be "pretty incremental."

UN Plan For Kosovo Expected To Anger Ethnic Albanians. The Financial Times (1/26, Dinmore, Turner) reports the special UN envoy "charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with NATO peacekeepers braced for a backlash from ethnic Albanians demanding full independence." Former Finnish President Martti Ahtisaari has already disclosed that his

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proposal "foresees strong international civilian and military presences within a broader future international engagement in Kosovo." In effect, Kosovo would be given "the attributes of independence but remain under the wing of the international community," diplomats said.

LATimes Backs UN Plan As "Only Practical Solution." The Los Angeles Times (1/26, 850K) editorializes, "As it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around."

Darfur Seen As First Test For UN's Ban. The Christian Science Monitor (1/26, LaFranchi, 59K) reports the new United Nations secretary-general, Ban Ki Moon, "lists Darfur among his top priorities," but "putting an end to the violence there…is also turning into the UN leader's first major test -- of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action." Ban is "underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip," where he plans to meet Sudanese President Omar Hassan al-Bashir. Ban's meeting with Bashir is "a good first step, some analysts of conflict diplomacy say, but they add that he can do much more."

Doha Breakthrough Could Come "Within Weeks." The Financial Times (1/26, Beattie) reports world trade ministers "continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks." EU trade commissioner Peter Mandelson told the Times "that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away." However, he "continued to argue that the onus was on the US to offer more cuts in farm subsidies."

Rules Dispute Threatens Khmer Rouge Trial. The New York Times (1/26, A3, Mydans, 1.16M) reports, "The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge." However, "If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out," casting "a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value." However, "Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have."

Carter Apologizes For Book Passage. The Washington Times (1/26, Pfeiffer, 88K) reports former President Jimmy Carter has "apologized for what he called a 'stupid' passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis." The former president, who "had spent most of the past two months defending his new book," Tuesday said the passage was "worded in a completely improper and stupid way" and has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

Commentator Welcomes Trial Of Israeli President. Klein Halevi, a senior fellow at the Shalem Center and contributing editor to the New Republic, writes in the Wall Street Journal (1/26, A10, 2.04M) that although the Israeli presidency "is largely a ceremonial position," over the last six months "accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign." Now, "with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office." But Halevi says "the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders."

NYTimes Urges Irish Parties To Reach Accord. The New York Times (1/26, 1.16M) editorializes, "The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule. Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Advice From The Home Front."
"Prison Pay Hikes Drain Staff At State Hospitals."
"When Superfund Expenses Go Mega."
"Cheney's Key Role In Leak Case Detailed."
"Cooperative Tone Of Sadr Surprises U.S.."
"Freeways' Tainted Air Harms Children's Lungs, Experts Say."

USA Today:
"Airline Delays Set Record In 2006."
"Ginsburg 'Lonely' Without O'Connor."
"The Donald Wants To Host A US Open."

New York Times:
"Secrecy Is At Issue In Suits Opposing Domestic Spying."
"Ford Chief Sees Small As Virtue And Necessity."
"In Clue To Addictive Behavior, A Brain Injury Halts Smoking."
"Iraq Leader And Sunni Officials In Sectarian Clash On Security."
"Hollywood, the Sequel: Less Shabby, More Chic."
"Colleges Regroup After Voters Ban Race Preferences."

Washington Post:
"Troops Authorized to Kill Iranian Operatives in Iraq."
"Tehran's Influence Grows As Iraqis See Advantages."
"D.C. Clubs Dreading Proposed Teen Ban."
"Official Shot Movers in Self-Defense, Police Say."
"In Ex-Aide's Testimony, A Spin Through VP's PR."
"Hagel Ponders White House Run As War Criticism Raises His Profile."

Washington Times:
"Al-Maliki Promises A Safe Iraq."
"Alien Hiring Fines Fails On Hill."
"Sharpton: Step Up Or I'll Run In '08."
"Maryland Considers Repeal Of Death Penalty."
"Brazilian Runs From US Theft Charges."
"Legislation Would Relax Cuba Policy."
"Damaged Brain Region Helps Some Kick Habit."

Detroit Free Press:
"'We Are AT The Bottom.'"
"Pace For '08 race Quickens In State."

Atlanta Journal-Constitution:
"Gridlock Surprise."
"Absolved By DNA Ready To Live Again."
"Cell Discovery At UGA Could Open Path To Breakthroughs."
"Democrats' 'Attack Dog' Leaves Without Regrets."

Houston Chronicle:
"Troops Deaths A Heavy Toll For A&M."
"Perry Orders TSU To make Fixes."
"Teenage Drivers Face New Hazards."
"Woman Survivors House Blowup."
"Saavedra Issues Apology To teachers In Bonus Flap."
"Injury To Spot In Brain Seems To Erase Smoking Addiction."

Story Lineup From Last Night's Network News:
ABC: Ford-Record Lows; Alternative Fuels; Iraq Unrest; Lebanon Unrest; Afghanistan War Front; Civil Rights Cold Case; Pentacel FDA Approved; Teenage Driver-Study; Airline Pilots-Guns; College Admission Error; School Injustice.
CBS: Ford Record Lows; Housing Industry-Record Lows; Nuclear Uranium Sting; Troops On Patrol; Lebanon Unrest; Civil Rights Cold Case; Breast Cancer Treatment; Health Insurance; Fallen Soldiers.
NBC: Ford Record Lows; Housing Industry-Record Lows; Stock Market; Libby Trial; Lebanon Unrest; Iraq Sectarian Violence; Sen. Warner's-Iraq Resolution; Fallen Troops-Chopper Crash; Identity Theft; Civil Rights-Cold Case; Pile Of Pandas; Caring For Wounded Troops.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-House Republicans; Iran-Satellite Launch Vehicle; Baghdad-Market Bomb Blast; Libby Trial; MS-Civil Rights Era Murder Case; New Orleans-Enrollment Decline At Colleges; Federal Health Officials Concerned About Drop In Rate Of Women Getting Mammograms.
NPR: Baghdad-Market Bomb Blast; Iraq Parliament-New Security Plan; Buffalo-Murder Of Abortion-Performing Doctor; Ford-Record Losses; Mixed Signals For US Job Market; Beirut-Violent Protests; Paris-Lebanon Donations; Afghanistan-NATO Airstrike; Bush Administration-Preparing For Expected Spring Taliban Offensive.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting with the Secretary of Defense, Chairman of the Joint Chiefs of Staff, and the Incoming Commander of Multi-National Force – Iraq, Oval Office, The White House; speaks at the House Republican Conference retreat, Cambridge, Md.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the launch of the Hugh Sidey Scholarship for Print Journalism, East Room.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 9 a.m. Deputy Assistant Treasury Secretary Dan Iannicola discuss the the federal government's role in financial literacy. 9:30 a.m. - 12 p.m. Plenary session with announcement of Dollar Wi$e Capacity Grants, with Energy Secretary Bodman,

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House Majority Whip James Clyburn, Marian Wright Edelman of the Children's Defense Fund, others. Location: Capital Hilton, 16th and K Sts. NW.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: 9 a.m. - 10:30 a.m. Plenary on SCHIP and Medicaid with Sen. Edward Kennedy, D-Mass., others. 12:30 p.m. Luncheon: Consumer Health Advocate of the Year Awards. 2:30 p.m. - 3:45 p.m. Plenary: ``Red Flags and Red Herrings: The Outlook for Medicare," with Bruce Vladeck, Interim President, University of Medicine and Dentistry of New Jersey (UMDNJ) ; andTricia Neuman, Kaiser Family Foundation. 5:45 p.m. Special Plenary on Global Health. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Highlights: 6 p.m. Cocktail reception honoring John Bolton. 8 p.m. Night Owl Session, ``The State of Conservatism," with commentators Kate O'Beirne, Kathryn Lopez, Michelle Malkin, Laura Ingraham, and Mona Charen. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INTERNATIONAL LAW _ 10 a.m. - 4 p.m. The Advisory Committee on International Law meets to discuss a range of issues relating to current international legal topics, including the effectiveness of international trade law and international human rights law; issues related to the Geneva Conventions and the legal framework for detention and trial of international terrorists; and issues relating to the immunities of foreign states and international organizations and their respective officials. Location: Room 1105, State Department, 2201 C St. NW.

HIGH SCHOOLS _ 8:30 a.m. The Alliance for Excellent Education holds a discussion on high school reform and recent research, with Sens. Jeff Bingaman and Richard Burr, others. Location: Room 902, Hart.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael S. Galloucis, commander of 89th Military Police Brigade, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

HEALTH RECORDS _ 9:30 a.m. Health Affairs holds a briefing with Agency for Healthcare Research and Quality Director Carolyn Clancy to kick off a discussion on how electronic health records can speed advances in medical care. Other participants include John Lumpkin of the Robert Wood Johnson Foundation, Lynn Etheredge of George Washington University, Joel Kupersmith of the Veterans Health Administration. Location: Columbus Club, Union Station.

BUDGET-OCEANS _ 10 a.m. Commerce Secretary Guetierrez, Interior Secretary Kempthorne, White House Council on Enviornmental Quality Chairman James Connaughton, others, announce the budget for FY08 for ocean priorities. Location: Indian Treaty Room, Eisenhower EOB.

HOYER-IRAQ _ 10 a.m. House Majority Leader Steny Hoyer delivers a ``major" address on Iraq. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

PUBLIC POWER _ 10 a.m. Energy Daily and AREVA hold a media breakfast with members of the Large Public Power Council to discuss public power and its response to deregulation, with Joe Beal of the Lower Colorado River Authority, Jan Schori of the Sacramento Municipal Utility District and Mark Crisson of the Tacoma Public Utilities. Location: National Press Club.

COVERING KATRINA _ 11 a.m. New Orleans Times-Picayune reporters participate in a discussion, ``The State of New Orleans Following Hurricane Katrina." Participants: Times-Picayune writer Mark Schleifstein; senior editor James OByrne; and Susan Feeney, senior editor at NPRs All Things Considered and former Times-Picayune reporter. Location: Room S-120, Capitol.

PATAKI _ 11 a.m. Georgetown University sponsors a lecture by former New York Gov. George Pataki discussing ``A Way Forward in Iraq." Location: Copley Formal Lounge, on campus.

PENTAGON-AFGHANISTAN SECURITY _ 11 a.m. Army Maj. Gen. Benjamin Freakley, commander of Combined Joint Task Force-76, and commanding general, 10th Mountain Division, will brief live from Afghanistan to provide an update on ongoing security operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

ANTIWAR DISPLAY _ 12 p.m. CODEPINK: Women for Peace and Iraqi Voices for Peace open a display called ``Walk In Their Shoes, consisting of thousands of shoes, representing civilians killed in Iraq. Location: On the National Mall at 3rd Street NW.

HOLOCAUST REMEMBRANCE _ 12 p.m. The Holocaust Memorial Museum holds a commemoration to mark Holocaust Remembrance Day. Location: At the museum.

INFRASTRUCTURE-CONGRESS _ 12 p.m. Peter Ruane, president and CEO, American Road & Transportation Builders Association, addresses the Transportation Table. Topic: ``The Road Ahead: American Infrastructure and the 110th Congress." Location: National Press Club.

VETERANS-HOUSING _ 12 p.m. The National Housing Conference holds a discussion on veterans and housing, with Cheryl Beversdorf of the National Coalition for Homeless Veterans, Stephanie Buckley of the U.S. Veterans Initiative, and Jonathan Harwitz of the Corporation for Supportive Housing. Location: Suite M-100, 1801 K St. NW.

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SINISE-DISABLED VETERANS _ 12:30 p.m. Actor Gary Sinise speaks on ``Honoring the Cost of Freedom -- The Building of the American Veterans Disabled for Life Memorial" at a National Press Club luncheon. Location: National Press Club.

TURKEY-PENTAGON _ 12:30 p.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Turkish Minister of National Defense Vecdi Gonul to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

DOJ Seeks Dismissal Of NSA Surveillance Suit. The AP (1/26, Jordan) reports, "The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court." The AP continues, "Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program. … The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida." The AP adds, "The ACLU's lawsuit against the terrorist surveillance program 'is now moot,' the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. 'The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist.' … The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005."

The Washington Post (1/26, A5, Eggen) reports, "The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed. … Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. 'This is not an instance of "voluntary cessation" of allegedly unlawful activity,' the government lawyers wrote. 'The government has not ceased surveillance -- instead, the facts and legal authorities have changed.' … But Ann Beeson, the ACLU's associate legal director, said that argument is 'not plausible.' She added that previous court rulings made it clear that the government cannot escape a legal judgment

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merely by voluntarily halting its illegal activity. … 'The FISA court didn't reach out on its own to do something; the government asked it to do something,' Beeson said. 'And absent a ruling, they are free to return to their illegal conduct again.'"

US Guards Secrecy In Surveillance Suits. The New York Times (1/26, Liptak) reports, "The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies." The Times continues, "Judges have even been instructed to use computers provided by the Justice Department to compose their decisions. … But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union." The Times adds, "Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege. … Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials. … In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves." The Times notes, "At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records. … In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices. … 'The documents reviewed by the court have not been altered and will not be altered,' Ms. Kennedy wrote, and they 'will be preserved securely as part of the record of this case.'"

Hamas-Funding Trial Jurors Cutting Deliberation Hours. The AP (1/26, Robinson) reports, "Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours." The Muhammad Salah and Abdelhaleem Ashqar trial jurors said in a note to US District Judge Amy St. Eve "that they are suffering from 'mental fatigue." The AP notes, "Jurors heard three months of testimony in the case and have deliberated on the evidence for nine days." They "told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one. Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m."

Sting Disrupts Plot To Sell Enriched Uranium To Terrorists. The CBS Evening News (1/25, story 3, 2:20, Orr, 7.66M) reported on a plot by a Russian man to sell enriched uranium, "a real-life thriller, you might say, complete with a CIA sting." Inside "these nondescript pouches is nearly four ounces of weapons-grade uranium. Officials from the former Soviet Republic of Georgia confiscated it from this man, Oleg Khinsagov when he traveled from Russia intending to selling uranium to a radical Islamic terrorist. Instead, says this official, it so happened the potential buyer was our operative. Tests by a US Department of Energy nuclear lab confirmed the material was highly enriched uranium, capable of being used for nuclear weapons. The three ounces confiscated was not enough to make a bomb, but the suspect claimed he had more, four pounds more, and officials say that's reason enough for concern." Sean McCormack, US State Department spokesman: "We all have to be vigilant to make sure there aren't these sort of smuggling attempts. It could lead to real tragedy." Orr: "Billions of dollars have been spent to tighten controls over nuclear inventories, but former Senator Sam Nunn, who now heads the Nuclear Threat Initiative, warns not all weapons and ingredients are locked down." Sam Nunn, former US Senator: "That's raw material of terrorism, and if not properly secured in many cases small amounts but enough to make a crude weapon. A crude weapon could destroy a city and, indeed, shake the confidence of the world."

Editorial Urges Reversal Of Arar Decision. The Miami Herald (1/26) editorializes, "The best thing to do when you make a mistake is to admit the error, apologize for

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the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar." The Herald continues, "Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured. … All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria." The Herald adds, "Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong. … No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. .. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do."

HOMELAND RESPONSE:

Arizona FBI Agents Meet With Local Muslim Leaders. The Kingman (AZ) Daily Miner (1/25, Royster) reported, "Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night. Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups. 'We highly appreciate their efforts,' Farooqi said. … Farooqi said he felt the night went well." The Miner added, "Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI. 'It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience,' Lewis said. 'We're not in business, unfortunately, to deliver good news to you.' Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders."

Lack Of Gulf Coast Mention In State Of The Union Seen As Insensitive. Julianne Malveaux, in a commentary appearing in USA Today (1/26, 11A, 2.27M), writes about President Bush's State of the Union address and asks "how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention? … Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens."

Referring to the lack of a Gulf Coast mention, Eugene Robinson, in his column for the Washington Post (1/26, A21, 690K) writes, "How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, 'Brownie, you're doing a heck of a job.' Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting." Robinson states, "What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. … What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?"

WAR NEWS:

McCain, Cornyn Crafting Iraq Resolutions That Don't Rebuke Bush. The Los Angeles Times (1/26, Levey, 850K) reports, "Scrambling to head off a potentially embarrassing congressional rebuke" for President Bush's "troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific

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'benchmarks' to the White House plan." Sen. John McCain, "who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged." Also, Sen. John Cornyn, "one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution. … If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq." Cornyn "said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan."

McClatchy (1/26) reports "McCain said Thursday that he hadn't yet decided on precise benchmarks. 'They'd have to be specific and they (the Iraqi government) would have to meet them.' Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options.'" McClatchy describes Minority Whip Trent Lott as "a McCain ally," and notes he "said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress."

The Washington Post (1/26, A4, Weisman, 690K) quotes GOP Sen. George Voinovich saying, "What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress." Democrats "said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.)."

GOP Sen. David Vitter said on MSNBC (1/25, Jansing), "I think everybody across the country -- myself included -- is worn down and frustrated and really heartbroken by our American losses, particularly loss of life. … The tough question is, at the end of the day, we are where we are. What do we do to go forward? And one of my main disappointments with the resolution that we debated in committee yesterday, and I expressed this, is it's not a plan. Everybody on the committee and the Senate has the right to oppose a plan, to oppose the President's plan if that's what they decide. But I also think everybody has the responsibility to be for some plan."

Local TV coverage of the Senate Foreign Relation Committee's focus on Bush's Iraq troop surge plan dropped considerably from the extensive amount broadcast on Wednesday. KTUL-TV Tulsa (1/25, 5:13 pm), for example, reported that despite the President's "efforts to focus on domestic issues, the Iraq war continues to dominate discussion on Capitol Hill. The Senate Armed Services Committee heard from experts on the President's troop surge plan."

WAKA-TV Montgomery (1/25, 5:02 pm) began its 5 o'clock broadcast covering this story, adding that the President "expected the debate, but he is calling on lawmakers to give his new way forward a chance to work. Alabama Senator Jeff Sessions says he will support the President's plan to increase troop levels. He says that Congress has handled the war on Iraq irresponsibly. He calls a resolution approved by a Senate committee yesterday 'cynical and toothless.'"

Warner Says He Won't Seek Compromise With Biden. The AP (1/26, Flaherty) reports, "The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week." Sen. John Warner, "former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq." Warner's decision is being portrayed as bad news for the President. The AP, for example, adds that Warner's move, "along with the emergence of other resolutions the Senate might consider -- underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it." Warner's decision "bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive."

NBC Nightly News (1/25, story 7, Williams, 9.87M) a part of a very positive profile of Warner, likewise said there is "more momentum for opponents of…Bush's plan to send more

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troops to Iraq. Two nonbinding resolutions opposing the increase will come before the full Senate." NBC (Reid) added, "In the Senate, it is well understood that if a nonbinding resolution opposing the troop buildup is to have effect on the President it must have Republican support and that could depend on this man…Warner, widely respected on all things military, veteran of World War II and Korea." Later in the story, GOP Sen. Susan Collins was shown saying, "When he speaks on this issue, he speaks with enormous credibility." Political analyst Larry Sabato "says more [Republicans] are likely to sign on" to his resolution. Sabato said, "You can say I'm disagreeing with the President, but I'm agreeing with John Warner." Warner "says he is not counting votes, doing what he believes is the right thing for the troops."

The Washington Post (1/26, A4, Weisman, 690K) reports Lott "conceded that his party's leadership could not head off a vote, as the White House wants."

The Los Angeles Times (1/26, Levey, 850K) reports "the White House has been working hard to derail both of the resolutions, which -- although nonbinding -- would mark the first time Congress has challenged Bush's leadership of the 4-year-old war." Lott said, "What they really want to come out of this is no resolution."

The Christian Science Monitor (1/26, Chaddock, 59K) reports, "At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote. Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way." The White House "and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq."

Brownback Says He Might Back Warner Resolution. The AP (1/26, Hananel) reports, "Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language." Brownback, "among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive." He added that he "prefers a milder resolution drafted by…Warner…that leaves open the possibility of Bush sending in a much smaller number of troops."

Pataki Opposes Iraq Troop Surge. The AP (1/26, Humbert) previews a speech Gov. Pataki will deliver at Georgetown University today, where he will officially "break rank" with Bush and 2008 GOP frontrunners by opposing the plan to send an additional 20,000 troops to Iraq. His speech reads, "A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq. … A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki said on MSNBC's Tucker (1/25, Carlson), "I think what we have to do, before we go forward with a troop surge, is make the Iraqis step up. The Americans, particularly our soldiers on the ground, have made an extraordinary effort and I think every American is proud of them. But what we haven't seen is that effort on the part of the Maliki government. To hope that we are going to succeed in creating a stable, representative government in Iraq, we have to have the active leadership of that Iraqi government and it hasn't been there."

Feingold To Hold Hearing On Possibility Of Cutting Off Funding. The Politico (1/26) reports, "Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war." Feingold, "a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic."

Harris Poll Finds 52% Believe US Not Winning Or Losing In Iraq. On its website, the Wall Street Journal (1/26, 2.04M) reports on the latest Harris Poll, according to which "29% of Americans feel the US is losing in Iraq, compared with 10% who feel the US is winning and 52% who said the U.S. is neither winning nor losing." The poll, which "was

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conducted Jan. 11 to 18, after…Bush proposed increasing troops in Iraq but before his State of the Union address." It "shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent."

Antiwar Activists Hope For Massive Washington Protest. The Los Angeles Times (1/26, Schreck, 850K) reports, "Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall. Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war." The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, is "scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins. … About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil."

The Christian Science Monitor (1/26, Knickerbocker, 59K) says "organizers of the Washington event are anticipating between 300,000 and 500,000 people."

The New York Times (1/26, Zeleny, Hulse, 1.16M) reports, "Do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest. So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race." Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org "and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops." The Times adds, "Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February."

Maliki Vows To Crack Down On Insurgents.

USA Today (1/26, 9A, 2.27M) reports, "Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide. In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional US troops who have begun arriving in the capital. … 'There will be no safe haven -- no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties,' al-Maliki said. He said his determination had already borne fruit. 'I know that senior criminals have left Baghdad, others have fled the country,' he said." White House spokesman Tony Snow "called al-Maliki's speech 'a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about…and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq.'"

ABC World News (1/25, story 3, :30, Gibson, 8.78M) noted that just hours after the speech "a suicide car bombing killed 26 people in a Shiite section of Baghdad."

The Washington Times/AP (1/26, Mroue) reports "Maliki did not reveal the details of the plan, which he has dubbed 'Operation Imposing Law,' or say when it would begin. But he made clear that it would not be the last such battle against the militants."

One of the most negative reports on Malaki's speech runs in today's New York Times (1/26, Santora, 1.16M), which says Malaki "and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit. The uproar revolved around the new Baghdad security plan, but it came as the prime minister…is under increasing pressure to demonstrate even-handedness." Bush's new

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strategy "for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants."

Sadr Movement Endorses New Security Plan. The Los Angeles Times (1/26, Daragahi, 850K) reports, "Muqtada Sadr, the radical anti-American cleric, has backed away from confrontation with U.S. and Iraqi forces in recent weeks, a move that has surprised US officials who long have characterized his movement as among the greatest threats to Iraq's security." Yesterday, a leader of the Sadr movement in one of its Baghdad strongholds publicly endorsed the security plan that at least some US officials have touted as a way to combat Sadr's movement. … 'We will fully cooperate with the government to make the plan successful,' said Abdul-Hussein Kaabai, the head of the local council in Shiite-dominated Sadr City."

Possible Course For Mahdi Militia Under New Strategy Noted. Gary Anderson, "a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan," writes a "Policy Memo From the Planning Directorate, Mahdi Army" in today's Washington Post (1/26, 690K). The "memo" says, "We have completed a review of the new American surge strategy announced by their president." The "course" of action advocated by the "review" is "to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American 'hearts and minds' strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely. … Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing."

Pentagon Officials Wary Of Lawyerly Rules Of Engagement. The Washington Times (1/26, Gertz, Scarborough, 88K) "Inside The Ring" column says Defense Department officials "tell us one of the rules of engagement for US combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity. One troubling rule that is among several printed on the card given to troops going into combat is 'use minimum force necessary to decisively eliminate the threat.' It is viewed by many in the military as ambiguous and confusing."

Car Bombing Kills 26 In Shiite Neighborhood. NBC Nightly News (1/25, story 6, :30, Williams, 9.87M) reported, "In Baghdad, a suicide car bomb killed 26 people in a Shiite neighborhood today," the "second attack there in three days." The AP (1/26, Mroue) reports that in addition, "two rockets slammed into the heavy fortified Green Zone not far from the US Embassy." After the car bombing, "angry…residents took to the streets chanting 'We want the Sunnis out!'"

The Washington Post (1/26, A14, Londono, 690K) reports "US Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m. 'The damage was minor, and the embassy is functioning normally,' Fintor said. 'It wasn't a densely populated area.'" He said that "no US citizens were injured and that none of the injuries was life-threatening." The Post adds, "Also Thursday, a soldier from the US-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin."

The CBS Evening News (1/25, story 4, 2:50, Couric, 7.66M) reports "the situation Baghdad has gotten so dire, people there are now relying on the American military for basic necessities, and that can turn dangerous as well." CBS (Logan) added, "The desperation of the people in this neighborhood almost turned this humanitarian mission into a riot. Crowd of women and children frantically swarmed around the supply truck, pushing each other in the frenzy. Then US Staff Sergeant Steven Frost tried to calm them down. Even fiercely proud Iraqi men begged for some of the blankets and kerosene heaters. The mission started peacefully enough, with a truckload of much-needed propane gas handed out according to names on a list, all part of the US effort to turn this violent Sunni area into a model for the rest of the neighborhood to follow."

Insurgent Group Posts Video Of Wrecked US Copter On Website. The AP (1/26, Youssef) reports, "An insurgent group that has claimed responsibility for the downing this week of a US helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies. The 1-minute, 14-second video carried the logo of the 1920 Revolution

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Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it."

Baghdad Violence Deterring Work By Humanitarian Groups. USA Today (1/26, Bazar, 2.27M) reports, "Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups. Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute." USA Today adds, "As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown."

US Troops Authorized To Kill Iranian Operatives In Iraq. In a front page article, the Washington Post (1/26, A1, Linzer, 690K) reports the Bush administration "has authorized the US military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with direct knowledge of the effort." For more than a year, US forces in Iraq "have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time." The so-called "kill or capture" program was authorized by President Bush "in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts." According to the Post, the plan has "several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war." Senior administration officials said CIA director Gen. Michael Hayden "counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing US personnel in Iraq." Meanwhile, Secretary of State Condoleezza Rice, "though a supporter of the strategy, is concerned about the potential for errors," and "in meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict."

Iran Seen As Exerting Growing Influence In Iraq. In a separate front page article, the Washington Post (1/26, A1, Partlow, 690K) reports, "The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries." The Post goes on to note the growing diplomatic and economic ties between to the two countries. Fro example, Iran "has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala," and "each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene." But when President Bush and top US officials "speak of Iran's role in Iraq, their focus is more limited. US officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas." Caught "between the United States and Iran" is Iraqi Foreign Minister Hoshyar Zebari, who told the Post in an interview last week, "I'm treading a very thin line," noting that "he believes Iran wants a stable government in Iraq, along with the departure of US troops, but is worried that a full-scale civil war could spill over Iraq's borders." However, the Post says Iran "has driven a wedge between Iraq and the United States" as US officials "decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to 'harden' Iraq's security forces to repel Iranian influence."

Iran Calls For Summit With Iraq, Syria. The AP (1/26, Hurst, Abdul-Zahra) reports Iran "has invited the Iraqi and Syrian presidents to Tehran for a weekend summit" with President Mahmoud Ahmadinejad to "hash out ways to cooperate in curbing the runaway violence" in Iraq, four "key" Iraqi lawmakers told the AP Monday. According to one source, Iraqi President Jalal Talabani "has accepted the invitation and will fly to the Iranian capital Saturday." The Iranian "diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort," the AP writes.

Rockefeller Derides Cheney's "Constant" Pressure On Roberts During Intel Probe. McClatchy (1/26, Landay) reports, "Vice President Dick Cheney exerted 'constant' pressure on the Republican former chairman of the Senate Intelligence Committee to stall an

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investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday." In an interview with McClatchy Newspapers, Sen. Jay Rockefeller also "accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants." McClatchy added, "n the 45-minute interview, Rockefeller said that it was 'not hearsay' that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence." In "an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: 'The vice president believes Senator Roberts was a good chairman of the Intelligence Committee.'" Roberts' chief of staff, Jackie Cottrell, "blamed the Democrats for the investigation remaining incomplete more than two years after it began."

US Soldier Gets 18-Year Sentence For Killing Two Iraqis. The New York Times (1/26, Von Zielbauer, 1.16M) reports, "An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May. The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice." The Times adds, "Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said."

The AP (1/26, Rucker) reports from Fort Campbell, KY, "In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening. … Clagett will also be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole." The AP notes, "The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission. … Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial."

Salvadoran Mother Grieves For Son Killed In Iraq. The New York Times (1/26, Lacey, 1.16M) reports, "From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son. In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict." El Salvador "is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population." El Salvador, "which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification."

Violence Cripples Baghdad Potato Chip Industry. USA Today (1/26, Sabah, 2.27M) reports, "Iraqi-made potato chips -- deep fried, thin and greasy -- are considered more than a snack: They're a delicacy." Baghdad "once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons. … Today, one factory dominates the industry -- near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia." And "due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the US invasion."

Army Finds Probable Cause That Two US Soldiers Assaulted Afghan Detainees. The Los Angeles Times (1/26, Sack, Pyes, 850K) reports, "Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003. The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004." The Times adds, "The military investigators, who work for the Army's Criminal Investigation Command, also

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found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes."

Rice Says Administration To Seek $10.6 Billion For Afghanistan. ABC World News (1/25, story 5, 0:30, Gibson, 8.78M) reported, "The Bush Administration is requesting $10.6 billion in new military and reconstruction aid for Afghanistan --almost as much as the US has given that country over the last five years, combined -- and the tours of 3,200 US soldiers in Afghanistan are being extended by four months. All of this to thwart Taliban insurgents who have showed signs of renewed strength."

The AP (1/26, Gearan) reports Secretary of State Condoleezza Rice announced Thursday that President Bush will ask Congress for the funds "to help Afghanistan strengthen its security forces and rebuild from years of war." Speaking to reporters on her way to NATO headquarters in Brussels for talks on Afghanistan, Rice said, "The challenges of the last several months have demonstrated that we want to and we should redouble our efforts." Rice "said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction," to be spent over the next two years. Meanwhile, a senior State Department official who spoke on condition of anonymity "gave another indication that US forces in Afghanistan may grow," saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary." Separately, State Department spokesman Sean McCormack said Thursday there is "a pressing need to address the problem of high levels of opium poppy production in Afghanistan."

The Financial Times (1/26, Dombey, Mojumdar, Schmid) reports Rice "will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe." At a meeting of NATO and European Union foreign ministers in Brussels, Rice "is expected to unveil details of a US initiative to provide about $8billion for the war-torn country and call on Europe to make a similar step." Separately, the European Commission will on Friday announce about $780 million for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health."

The New York Times (1/26, A6, Cooper, Cloud, 1.16M) notes the President's aid request "would come before what is expected to be another spring offensive by resurgent forces linked to the Taliban." In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan "for as long as three months, increasing the American force level there to around 24,000." Meanwhile, an additional 20,000 soldiers from other NATO countries are also being deployed there. President Bush is expected to make a formal request for the funds next month.

The Washington Post/AP (1/26, A17) adds that also on Thursday, Italy's government "approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition." Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, "although he has resisted NATO's request to increase its size."

Calling the $10.6 billion an "unusually large figure," the Washington Times (1/26, Kralev, 88K) says it is "an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, US officials said."

The Los Angeles Times (1/26, Richter, 850K) calls the move "another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence."

NATO To Send Additional Brigade To Afghanistan. The Washington Post/AP (1/26, Faiez) reports, "NATO-led troops battling resurgent Taliban militants will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday." Gen. David Richards "said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops."

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Southern New York US Attorney Profiled. The Financial Times (1/26, Masters) runs a profile of Michael Garcia, US Attorney for the southern district of New York. The Times reports, "Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet

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gambling investigation, takes pride in being an ordinary guy. … But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling. … 'This is an office that has been willing to take on the difficult and new cases, and you see the results,' Mr Garcia, 45, told the Financial Times. 'If there is a case there, we will make it.'" The Times adds, "A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice. … Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington. … He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security."

Rep. Reichert Mulling Candidates For Western Washington US Attorney. The Seattle Times (1/26, Bowermaster) reports, "Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington." The Times continues, "McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School. … U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor. … U.S. attorneys are White House appointees subject to Senate confirmation." The Times adds, "It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates. … Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay. … Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration. … Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng. … Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources."

CORPORATE SCANDALS:

Critics Blast McNulty Memo On Privilege Policy. The National Law Journal (1/26, MacLean) reports, "Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a 'don't ask, don't tell' policy that will drive prosecution waiver demands underground. … And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12 by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a 'culture of waiver.'" The Journal continues, "Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify 'limited waiver' of attorney-client privilege, despite wide federal and state court rejection of the concept." The Journal adds, "Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits. … McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits 'is a significant concern,' McNulty said in a recent interview. 'That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver,' he said. … His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government 'carefully took no position,' and declined to participate in oral argument. … As for Congress stepping in to ban all but voluntary waivers, McNulty said, 'I am hopeful the Senate and the House will give the new guidance a

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chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance.' … But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing 'partial waivers.'"

Qwest Picking Up Defense Tab For Former CEO. The Denver Post (1/26, Vuong) reports, "Joe Nacchio is getting the best defense Qwest can buy. … The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading." The Post continues, "Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19. … His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees." The Post adds, "Qwest's bylaws require it to 'advance legal fees to current and former officers who may be involved' in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs. … 'If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual,' Toevs said. … But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts." The Post notes, "Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing. … The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002. … Qwest shareholder and retiree Jaclyn Prokesh called the arrangement 'outrageous.' … 'It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses,' said retiree Nelson "

GM To Restate Financial Statements. The Detroit News (1/26, Terlep, Tierney) reports, "General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter. … GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments. … 'As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006,' the U.S. automaker said in a statement. 'GM does not expect any material impact on cash flow.'" The News adds, "While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern. … While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department."

Borrowing Of Shares By Hedge Funds May Lead To Federal Scrutiny. The Wall Street Journal (1/26, A1, Scannell) reports, "Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes. … In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late." The Journal adds, "Fueling the practice -- dubbed 'empty voting' in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences. … Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York

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Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners." The Journal notes, "This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined. … The practice 'is almost certainly going to force further regulatory response to ensure that investors' interests are protected,' Securities and Exchange Commission Chairman Christopher Cox said in an interview. 'This is already a serious issue and it is showing all signs of growing.'"

DOJ Cracks Down On Corruption Overseas. The Portland (OR) Business Journal (1/19, Finnemore) reports, "A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets." The Journal continues, "About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts. … Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department." The Journal adds, "The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits. … Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department. … The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said. … 'A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country,' Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. 'You don't insulate yourself by using an agent or distributor.'"

CFTC Commissioner Warns Of Funding Shortfalls. The Financial Times (1/26, Grant) reports, "The US futures industry regulator, the Commodity Futures Trading Commission, is at 'critical levels' in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday." The Times continues, "The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets." The Times adds, "There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange. … Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange." The Times notes, "Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol."

Judge Orders Former H-P Official To Withdraw Counterclaim In Dell Case. The Wall

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Street Journal (1/26, Lawton) reports, "A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday." The Journal continues, "Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002." The Journal adds, "H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim. … Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package."

CNBC Anchor Under Fire For Ties To Citigroup. The Wall Street Journal (1/26, B5, Barnes, Langley) reports, "CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive." The Journal continues, "Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation." The Journal adds, "CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the 'source development' section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup."

The New York Times (1/26, Fabrikant) reports, "Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again." The Times continues, "Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane. … Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights." The Times adds, "Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host. … Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her 'one of the most prolific and well-respected financial journalists in the industry.' … Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers."

CRIMINAL LAW:

US Rushing Law Enforcement Aid To New Orleans. The AP (1/26, Foster) reports, "New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005. … 'The goal is to help take the pressure off local officials and to turn up the heat on these violent felons,' U.S. Attorney Jim Letten said at a news conference." The AP continues, "Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from

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the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock. … 'These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions,' the Justice Department said in a news release." The AP adds, "U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month. … 'This additional manpower and technical assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,' Landrieu said. … 'Additional federal resources and technical assistance is only one solution,' she added. 'More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight.'" The AP notes, "Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina. … 'By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site,' the Justice Department announcement said."

The Baton Rouge Advocate (1/26, Gyan) reports, "U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the 'thugs and predators' off the city's streets and into federal prison. … 'We're not screwing around. We're going to bring all federal resources to bear,' James Bernazzani, special agent in charge of the FBI's New Orleans office, said during a news conference at the U.S. Attorney's Office." The Advocate continues, "Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime. … Bernazzani and William Renton, special agent in charge of the DEA's New Orleans office, both said their agencies will be targeting the 'worst of the worst.'" The Advocate notes, "U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year. … 'The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,' Gonzales said."

The New Orleans Times-Picayune (1/26, Filosa) reports, "The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force. … 'The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system,' U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency. … 'This is a reflection of support for NOPD,' Letten said. 'We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear.'" The New York Times (1/26, Nossiter, 1.16M) also briefly reports on the new assistance by FBI, ATF and DEA agents, under the headline "Louisiana: Federal Officials Pledge Help on Crime."

Former Cheney Spokeswoman Contradicts Libby's Account. The New York Times (1/26, Lewis, 1.16M) reports Cathie Martin, a former spokeswoman for Vice President Dick Cheney, "gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him." Martin "testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter." Unlike the "previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby."

NBC Nightly News (1/25, story 4, 1:50, O'Donnell, 9.87M) reported, "Today in court, a picture emerged of how deeply involved Vice President Cheney was in a fight against

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critical news stories about prewar intelligence." Martin "told the jury the Vice President dictated to me what he wanted me to say. Eight talking points to refute charges the Administration allowed faulty intelligence on Iraq to get into the President's 2003 State of the Union address. Describing it as a major crisis, Martin testified that the Vice President personally directed his chief of staff, Scooter Libby, who did not usually deal with the media, to call specific reporters, among them NBC's Andrea Mitchell after a CIA tip that Mitchell was working on a story for 'Nightly News.'"

The Los Angeles Times (1/26, Schmitt, 850K) reports, "Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair." Martin said "she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney."

The AP (1/26, Sniffen) reports Martin "became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003." Libby defense attorney Theodore Wells "quickly sought to limit any damage from the testimony of Cheney's former assistant for public affairs." Wells "got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003." The date "is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials."

USA Today (1/26, Willing, 2.27M) reports Martin said Vice President Cheney "personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa." According to Maritn, in July 2003, Cheney "scripted quotes for chief of staff Lewis 'Scooter' Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story." Days earlier, Martin said, "the vice president had dictated eight 'talking points' for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false."

The Washington Post (1/26, A3, Leonnig, Goldstein, 690K) reports Martin said Cheney "personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish." In the "dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong." Previously described "in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account." Martin "recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger 'and his wife works for the CIA.'" The Post adds that Special Counsel Patrick J. Fitzgerald yesterday "told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its 'bad memory' defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember."

The AP (1/26, Apuzzo) reports, "Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media. … Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws."

Martin's Testimony Offers Window Into White House Press Operation. In the Washington Post's "Washington Sketch" column (1/26, A1), Dana Milbank says, "Memo to Tim Russert: Dick Cheney thinks he controls you. This delicious morsel about the 'Meet the Press' host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis 'Scooter' Libby." Martin's

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notes from 2004 "about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions" included "option 1: 'MTP-VP,' she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under 'pro,' she wrote: 'control message.'" The Post adds, "It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it."

Highlights Of Libby Trial Yet To Come. The New York Times (1/26, Shane, 1.16M) reports that the clock in the courtroom is frozen at 9:25, "an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence." The trial "promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead."

Plame's Sponsorship Of Wilson's Niger Trip Now Confirmed. On Fox News' "The Big Story With John Gibson" (1/25), anchor John Gibson said in his concluding "My Word" segment, "Just to make sure we have the record straight, a screaming headline out of the Scooter Libby trial that the mainstream media is playing as a meaningless footnote if they play it at all says Ambassador Joe Wilson, an opponent of the president's plan to invade Iraq, let people believe he was sent on a mission to discover if Saddam Hussein was trying to buy nuke bomb material in Africa by Vice President Dick Cheney. We now know from testimony yesterday in the Libby trial that Ambassador Wilson was sent on the CIA mission by his wife, CIA analyst Valerie Plame." Wilson "wanted Karl Rove frog marched across the White House lawn. It turns out Joe Wilson didn't know the truth that it was his wife who got him the job or he lied to keep it secret."

Anti-Abortion Extremist Convicted Of Federal Charge In Abortionist's Slaying. The AP (1/26) reports from Buffalo, NY, "An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider." The AP continues, "James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services. … U.S. law bars people from blocking access to reproductive health services by force or threat of force." The AP adds, "After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives. … A federal jury deliberated about four hours over two days before returning the verdict Thursday. … The jury also convicted him on a weapons count. … Kopp could face life in prison without parole when he is sentenced." The AP notes, "A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent. … Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19."

Former NBC Official Charged With Theft. The AP (1/26, Neumeister) reports, "The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company." The AP continues, "A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan. … Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him." The AP adds, "Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said. … If

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convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime."

The Wall Street Journal (1/26, C2, Bray) reports, "Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006. … The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006." The Journal adds, "NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents. … Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. … The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card."

Federal Judge Urges DOJ To Drop Death Penalty Push In New York Case. The New York Times (1/26, Rashbaum) reports, "A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution 'absurd' and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor." The Times continues, "The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001. … 'Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?' the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. 'If I'm wrong, I will have egg on my face, but I will not be incorrect.'" The Times adds, "Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in Washington before the case begins. … The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services. … Going forward with the penalty phase, he said, would be 'a total misappropriation' of taxpayer funds, 'and I advise the government accordingly.' He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case." The AP (1/26, Hays) also reports this story.

Under the headline "Bow Out, Judge Blockhead," the New York Daily News (1/26) editorializes, "No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord." The Daily News continues, "There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money." The Daily News adds, "Block said he believes that McGriff 'has been humanized' by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that 'nobody from the press has been here today, and we're flying under the radar screen, for sure.' … For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any

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capital punishment proceedings to a colleague who is not so openly and obviously biased."

Deputy Marshal Charged With Leaking Witness Information To Chicago Mobster. The AP (1/26, Robinson) reports, "A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family." The AP continues, "John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak." The AP adds, "Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders. … Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information. … But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John 'No Nose' DiFronzo in the file that marshals kept on Calabrese. … DiFronzo is not charged in the Family Secrets case."

FEC Approves Kolbe's Use Of Campaign Funds For Legal Defense In Foley Probe. The AP (1/26) reports, "Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday." The AP continues, "Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages." The AP adds, "FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's 'ordinary and necessary' duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available. … The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident. … Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages."

NYTimes Lambastes FBI Response To Foley Emails. Under the headline "More Willful Indifference," a New York Times (1/26, 1.16M) editorial lambastes the FBI over the Mark Foley probe, saying "the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues." The Times notes, "When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group…had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections." The Times concludes that the new Congress "will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness."

Illinois Janitors Receive Short Prison Sentences In Corruption Probe. The AP (1/26, Dennis) reports, "Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government. David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement. The men also were ordered to pay a combined total of more than $148,000 in restitution to the state." The AP notes, "All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme."

FBI, Philadelphia Police Announce New Anti-Gang Task Force. The Philadelphia Daily News (1/26, DiFilippo, 106K) reports that "Philadelphia's typical gang member is a school-skipper just getting his first mustache whose 'gang' is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a

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news conference about their joint gang-busting strategies. That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia." The Daily News adds, "The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office. 'We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America,' Hosko said. '[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city.'"

Federal Prosecutors To Review Alaska Shootout. The AP (1/26, Joling) reports from Anchorage, AK, "The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington." The AP continues, "Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded. … State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict." The AP adds, "Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking. … On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued. … Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded." The AP notes, "Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review. … The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said."

Coke Executive Says Williams Not Smart Enough To Plan Formula Theft. The AP (1/26, Clark) reports, "A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own. Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams 'didn't have the intellectual capacity' to steal the documents or get them in the hands of a Coca-Cola competitor by herself." The AP adds, "U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them." WXIA-TV Atlanta (1/25) and the Atlanta Journal-Constitution (1/26, 379K) also report on yesterday's testimony.

Five Houston-Area Residents Charged With FEMA Relief Fraud. The Houston Chronicle (1/26, 530K) reports, "Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance. U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft. The government also seeks a $145,438 forfeiture from each." The Chronicle notes, "Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52."

Washington State Man Sentenced To Five Years In Prison For Child Enticement. The Seattle Post-Intelligencer (1/26, Wong, 124K) reports 46-year-old John Leonard Young of Coupeville, Wash., "received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported. … The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said. But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI." The Post-Intelligencer notes, "FBI agents contacted the girl's parents, and investigators found messages from Young on her computer. … At least one of his computers contained about 100 pornographic images of children." The AP (1/26) also briefly reports on Young's sentence.

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Three Pennsylvanians Charged In Massive Child Porn Operation. The Philadelphia Daily News (1/26, Schmidt, 106K) reports John Worman of Colwyn, Penn., Dorothy Prawdzik of Drexel Hill and Concetta Jackson of Collingdale "were charged yesterday in a 53-count indictment with producing child pornography. The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis. Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006." The Daily News notes, "The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales. It was described as a nationwide initiative designed to protect children from online exploitation and abuse."

Sex Offender Who Posed As Teen Filmed Himself With A Child. The Arizona Republic (1/26, Lombardo) reports, "A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday." The Republic continues, "The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile. … 'I am aware they are trying to identify a child on a video,' sheriff's spokesman Scott Reed said." The Republic adds, "Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader 'Casey Price' and attended class at Imagine School at Rosefield in Surprise. … Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old."

O'Malley Would Sign Bill Repealing Death Penalty. The Washington Post (1/26, B6, Wiggins, Wagner, 690K) reports, "Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk." O'Malley said yesterday, "I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty." O'Malley's comments "came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday." Lisa A. Gladden, the lead sponsor in the state Senate, "said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee."

The Washington Times/AP (1/26, A1, Witte) reports "the proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature." The decision "came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment. "

Prince George's Police Say Official Shot Movers In Self-Defense. The Washington Post (1/26, A1, Rich, Castaneda) reports, "The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another. … An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said." The Post continues, "Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital. … The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts." The Post adds, "Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a

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homeowners association board on which he served. … Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is 'mentally tough.' … State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter."

California Leaders Urged To Deal With Prison System Problems. The Los Angeles Times (1/26, Warren) reports, "Three decades of tough-on-crime lawmaking has sent California's prison system into a 'tailspin' that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today." The Times continues, "In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state." The Times adds, "If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them. … 'For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis,' the commission said. 'And now their time has run out.'" The Times adds, "The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer. … A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000. … While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact. … Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go."

Hackers Using Stolen IDs In Stock Scams. The Washington Post (1/26, D1, Nakashima) reports, "Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks. … The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment. … But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors." The Post continues, "Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold. … Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission." The Post adds, "The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam. … The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said. … Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said."

Bloomberg (1/26, Keoun) reports, "The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc."

DC Nightclubs Oppose Proposed Teen Ban. The Washington Post (1/26, A1, Alexander, Johnson) reports, "District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar

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teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths." The Post continues, "Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served. … Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21." The Post adds, "In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers. … Many at the hearing defended the venues, saying they strictly enforce age limits. … The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink."

CIVIL LAW:

Michigan Attorney Sues Gonzales Over Probe. The Detroit Free Press (1/26, PATTON) reports, "Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm." The Free Press continues, "In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act. … It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office. … The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office."

The Detroit News (1/26, Egan) reports, "A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination. … Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them." The News adds, "In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful."

Judge Hears Final Evidence In FBI Wrongful Conviction Suit. The Boston Globe (1/26, Murphy, 413K) reports, "As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit." Salvati and Limone "attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed." The Globe notes, "During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph 'The Animal' Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco."

Wal-Mart To Pay $33 Million In Back Wages In Overtime Probe. The AP (1/26, Kabel) reports, "Wal-Mart Stores Inc. will pay more than $33 million in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department." The AP continues, "Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 per

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worker." The AP adds, "Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations. … But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division." The AP notes, "Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again. … Last October, Wal-Mart workers in Pennsylvania won a $78.5 million judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award."

The Washington Post (1/26, D1, Joyce, Mui) reports, "Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days. … 'It's not particularly unusual for an employer to come to us to talk about potential payroll violations,' said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties." The Post adds, "Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said. … The company will still face legal challenges from at least one state. … The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million."

Federal Trustee Says Sen. Clinton's Brother Owes Carnival Debt. The AP (1/26, French) reports, "Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton." The AP continues, "A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc." The AP adds, "Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004. .. A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham." The AP notes, "The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued. … Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death."

CIVIL RIGHTS:

Seale Arraigned In 1964 Mississippi Racial Murders. ABC World News (1/25, story 6, 3:05, Gibson, 8.78M) reported, "In Mississippi, the wheels of civil rights justice sometimes have turned slowly. Sometimes they haven't turned at all. But today, in Jackson, Mississippi, a reputed former Ku Klux Klansman was arraigned for the brutal and vicious killing of two black teenagers in 1964." ABC (Thomas) added, "Even for the turbulent times of the civil rights movement, this was a case of unimaginable hate. Henry Dee and Charles Moore were abducted by members of the Klan, taken to a forest, beaten, tied to an engine block and thrown into the Mississippi river alive." FBI Director Robert Mueller: "This was a horrible crime, inflicted with stunning disregard for the suffering of the victims." Thomas: "At first, there were virtually no leads, but the FBI soon got a breakthrough. No less than the Grand Wizard of Mississippi's Klan became a secret informant." He allegedly identified James Ford Seale "as one of the killers, but fearing for his life, refused to testify. … The FBI even lost its files. But Moore's brother, Thomas, and reporters, including those from ABC News, stayed on the case," and "now sources tell ABC News another suspect in the case has agreed to testify against Seale. 42 years later, there will now finally be a prosecution. … At today's arraignment, incidentally, the suspect stood before a judge who was a black woman -- a measure of just how much things have changed in the South."

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The CBS Evening News (1/25, story 6, 2:10, Couric, 7.66M) called the case "a painful reminder today of one of the darkest chapters in US history," and CBS (Pinkston) added, "At 71 and wearing shackles, James Ford Seale shuffled into federal court to face charges in the murder of two black teenagers more than 40 years ago. It was a moment this man had long prayed for." Thomas Moore: "And I cried, yeah." … Thomas Moore spent years helping investigators make a case and teamed up with a Canadian TV producer to try to confront Seale." Pinkston: Jackson Clarion-Ledger reporter Jerry Mitchell "managed to find FBI files presumed to have been lost, files now key to the government's case. … Tonight, the FBI is telling its agents to review all cold cases from the civil rights era."

NBC Nightly News (1/25, story 10, 2:25, Williams, 9.87M) reported that Seale's arraignment "is the latest development in a once cold case that was revived through a series of surprises." NBC (P. Williams) added, "It seemed no one would stand trial for killing the students," until "Moore's brother, Thomas, retired from the Army determined to get the case reopened." He discovered that Seale was still alive, and "another break came from a newspaper reporter after writing that the FBI thought the original case file was lost, he was surprised to hear from a researcher" that the researcher had the files. "This new prosecution is something the sister of Henry Dee…thought would never come." Thelma Collins: "I thank the Lord that I got to see at my age – I'm 70 years old – I get to see it happen."

CNN's Live Today (1/25, 11:40 a.m.) carried the DOJ press conference live, airing Gonzales' and Mueller's remarks. CNN's Newsroom (1/25, Nguyen) also reported on the arraignment and DC press conference, as does CNN.com, which includes a link to the video of Mueller's comments. PBS' NewsHour with Jim Lehrer (1/25, 7:04 p.m.) reported on the Seale story and showed Mueller saying, "Forty years ago, the system failed. We in the FBI have a responsibility to investigate these cold case civil rights era murders where evidence still exists to bring both closure and justice to these cases that, for many, remain unhealed wounds to this day."

In a widely-distributed story, the AP (1/26, Pettus) reports that at the time of the murders, "the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges. The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive. 'Forty years ago, the system failed,' FBI Director Robert Mueller said in Washington. 'We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day.'" The AP notes, "Seale was jailed for a bail hearing on Monday. … His trial is scheduled for April 2."

USA Today/Gannett (1/26, Mitchell, Radelat) reports Gonzales, Mueller and US Attorney Dunn Lampton announced the charges yesterday. "'This was a horrible crime inflicted with stunning disregard for the suffering of these victims,' Mueller said. 'These tragic murders are straight from the darkest page of our country's history.' Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths." In its report on the arraignment, investigation and DOJ press conference, NPR's All Things Considered (1/25, Goodwyn) included a 26-second clip of Mueller saying, "Henry Dee and Charlie Moore – both age 19, both African American – were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown. These tragic murders are straight from among the darkest page of our country's history. And sadly, while we cannot right the wrongs of the past, we can pursue justice to the end." CBC News (1/25) also reported the story, under the headline "'System Failed' In 1964 Race Killings: FBI Director."

The Jackson Clarion-Ledger (1/26, Mitchell) reports, "Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson." The Clarion-Ledger notes, "His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson. Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions." The Clarion-Ledger adds, "In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore 'tragic murders ... straight from the darkest page of our country's history.' It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings. 'Every now and then, people would get my hopes up, and then

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it would fade away,' said Thomas Moore, who was in Washington for the news conference."

WLBT-TV Jackson (1/25, Thompson) reported on its Web site from a broadcast story, "United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades. … Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice. … FBI Director Robert Mueller said, 'This was a horrible crime. Indicted with stunning disregard for the suffering of the victims.'" WTOK-TV Meridian (1/25, Sy) noted in its story on the arraignment that Mueller said, "In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten."

Voice of America (1/25, Malone) reports in its story on the arraignment and DC press conference, "Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial. But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades. 'These tragic murders are from among the darkest page of our country's history,' he said. 'And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes.'" The (UK) Daily Independent (1/26, Buncombe) also reports on the investigation and yesterday's events in Jackson and DC, as does the BBC World Service this morning.

CNN Live Today (1/25, 11:40 a.m.) broadcasted regarding a former Mississippi law man, James Seale, who is in court facing charges for the killing of Henry Dee and Charles Moore during the civil rights era. During a news conference in Washington, Attorney General Alberto Gonzales said, "Part of moving forward comes through addressing as best we can and as soon as we can, the terrible crimes of the past. … The case is being prosecuted by US Attorney Lampton and attorneys from the civil rights division, Paige Fitzgerald and trial attorney Eric Gibson. Public and governmental interests in the murders of Moore and Dee had been renewed by the activism of the brother of one of the victims."

CNN Newsroom (1/25, 1:30 p.m.) broadcasted, "Today at the Justice Department, Attorney General Alberto Gonzales announced this indictment. He said, "We would much prefer, of course that justice had been served 40 years ago in this case but what we are doing today, bringing closure to this horrible crime by trying this case through a public trial, should serve as notice to those who would violate the civil rights of their fellow citizens. We will pursue you as long as it takes and as long as the law allows, whenever it comes, justice is always welcomed." CNN The Situation Room (1/25, 4:30 p.m.) also broadcasted this story. This story was locally broadcasted in over 20 major and smaller cities nationwide. Some examples are: WNBC-TV, New York, NY (1/25, 5:00 p.m.) broadcasted, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. Seale was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. Seale held a sawed-off shotgun as clan members beat the teenagers." KSEE-TV, Fresno, CA (1/25, 6:30 p.m.) broadcasted, "Alberto Gonzales US Attorney General said, 'These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin.'"

Arraignment, Press Conference Receive Widespread Local TV Coverage. Local TV news nationwide also reported on Seale's arraignment and the DOJ press conference. Some examples: WTVQ-TV, Lexington, KY (1/25, 5:00 p.m.) reported on its broadcast, "Robert Mueller, FBI Director said, 'In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown.' Outside the courthouse, Seale's family kept silent." WDBJ-TV, Roanoke, VA (1/25, 11:00 p.m.) showed Mueller saying, "These tragic murders are straight from among the darkest page of our country's history."

WNBC-TV, New York (1/25, 5:00 p.m.) reported, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. … Seale held a sawed-off shotgun as Klan members beat the teenagers." KSEE-TV, Fresno (1/25, 6:30 p.m.) showed Gonzales saying, "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow

Americans as inferior and as a threat based only on the color of their skin.'"

ABC Reporter Recounts "20/20" Investigation. In and ABC News (1/25) online "Reporter's Notebook" column, Harry Phillips writes at length about his "20/20" investigation into the story, which eventually led to an interview with the 1964 FBI informant, Ernest Gilbert, and the June 2000, "20/20" report "Justice At Last." Phillips notes, "A call from an anonymous source led this reporter to an abandoned desk in the empty foyer of a building somewhere south of the Mason-Dixon Line. I'd been told there would be a 'package' waiting there for me. … Back at my hotel, I opened the box and found that it contained more than 900 pages of FBI reports bound by a single rubber band. It was a copy of the FBI file that was unredacted, containing names and other information blacked out on the first copy. It took several days to read the entire file, but it was quickly apparent that it contained virtually every bit of information gathered by the FBI in the Dee/Moore investigation, including many reports on statements provided by the informant JN-30R."

Meanwhile, the AP (1/26, Breed) reports in a widely-distributed story on the details of the FBI files from the bureau's 1964 investigation of the murders.

USA Today Hails Civil Rights Cold Case Prosecutions. Under the headline "Never Too Late For Justice," USA Today (1/26, 2.27M) editorializes, "At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late." USA adds, "Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes. To the nation's credit, changing times and values continue to prove them wrong."

Los Angeles Hispanic Gang Member Convicted Of Hate Crime Murder. The AP (1/23) reported from Los Angeles, "The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison. Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles. … 'Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents,' said Wan J. Kim, assistant attorney general for the civil rights division."

Judge Rules Michigan Prison Sex Abuse Suit May Proceed. The Detroit News (1/26, Hansen) reports, "A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act." The News continues, "The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago." The News adds, "U.S. District Judge John Corbett O'Meara said the March 2000 decision to exempt inmates 'essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law. … Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling,' O'Meara wrote. 'It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones.'" The News notes, "Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, 'We're recommending appeal to the (prison) agency because we think the judge is incorrect.' The state has argued that inmates still had ample federal civil rights protections and could sue in federal court. … In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections."

Mental State Of Supermax Inmates Draws Challenge. Time (1/26, Kluger) reports the "level of control" over inmates in supermax penitentiaries "may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown -- or at least a claim of mental breakdown -- is sure to follow. When that happens, a

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constitutional challenge can't be far behind." In one instance, "lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense." The breakdown of defendants in supermax isolation is "providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment."

Universities Seek To Maintain Racial Diversity After Bans On Affirmative Action. The New York Times (1/26, Lewin, 1.16M) reports, "With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics." Some universities are including "factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice," while others "are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools." Bans are said to give private universities "a competitive advantage regarding diversity" and "to many educators, that would be a troubling turnabout." University of Michigan President Mary Sue Coleman said that "nothing short of affirmative action will maintain the university's racial diversity."

ANTITRUST:

Senate Hearing On Airline Mergers Raises Antitrust Issues. The Fulton County (GA) Daily Report (1/26, Maister) reports, "US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers." The Report continues, "Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota. … 'Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country,' Steinberg said." The Report adds, "While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case. … The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future. … The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely. … The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan."

Hatch, Kohl Urge DOJ Caution In Merger Review. The Deseret Morning News (1/26, Struglinski) reports, "The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to U.S. Attorney General Alberto Gonzales Thursday." The News continues, "Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to 'carefully and thoroughly consider the substantial competitive impact of this merger' should it get to the point of being reviewed. … 'From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks,' Hatch and Kohl wrote. 'These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares.'" The News adds, "Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing. … The senators said their letter does not 'express a firm position on a potential transaction' but that they felt the need to 'underscore our firm expectation that the

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Department will investigate this or any other merger among airlines of all sizes with all due care and vigor.'"

Microsoft Executive Threatened Retaliation Against Dell Over Linux. Bloomberg (1/26, Van Voris, Bass) reports, "A Microsoft Corp. executive said he wanted to 'whack' computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software." Bloomberg continues, "In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar-Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft. … 'We should whack them, we should make sure they understand our value,' said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court." Bloomberg adds, "The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law. … Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup."

British Court Upholds Extradition Of Ex-CEO To Face US Antitrust Charges. The Financial Times (1/26, Tait) reports, "Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community." The Times continues, "The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US." The Times adds, "Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an 'extradition offence'. … Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced. … But they said: 'Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it.' … Mr Norris's lawyers will appeal to the House of Lords."

Northrop Completes Buyout Of Cybersecurity Company For $580 Million. The AP (1/26, Borak) reports, "Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval." The AP continues, The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt. … The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million." The AP adds, "The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services. … Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company. … Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities."

Siemens To Purchase Texas Software Firm. The AP (1/26, Koenig) reports, "The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal. … 'It takes us

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from being a small player with limited resources to being a major player,' said Tony Affuso, the chairman and chief executive of UGS." The AP continues, "Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion. … Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse." The AP adds, "In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units. … 'It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States,' he said. … Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise. … For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions."

Siemens Profit Falls Sharply After Price-Fixing Fine. The Wall Street Journal (1/26, B4, Knapen) reports, "Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit." The Journal continues, "Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine. … Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives." The Journal adds, "The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering. … The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems."

EU Bank Probe Uncovers Antitrust Problems. The AP (1/26, Cohen) reports, "A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes." The AP continues, "The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31. … Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that 'some segments of the market are anticompetitive.' … 'I'm not against profit, but there are some cases where there are firms making too much,' she said, declining to elaborate." The AP adds, "People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services. … The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro." The AP notes, "By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country."

Blackstone To Purchase Cardinal Health, Raises Bid For Equity Office Properties. The Wall Street Journal (1/26, B5, Tesoriero) reports, "Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group." The Journal continues, "The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing." The Journal adds, "The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers. … Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old

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accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient."

The New York Times (1/26, Pristin) reports, "The biggest leveraged buyout ever got bigger yesterday. … The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the nation's largest office landlord, with nearly 600 buildings across the country." The Times continues, "The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement." The Times adds, "In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million. … Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer."

YouTube Subpoenaed Over Pirated Fox TV Shows. The Wall Street Journal (1/26, B4, Urbanowicz) reports, "News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of '24' and 'The Simpsons.'" The Journal continues, "The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately." The Journal adds, "According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of '24' appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as 'ECOtotal.'" The Journal notes, "On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch. … The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena. … A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately. … This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber. … The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable."

ENVIRONMENT:

Bush's Fuel Proposal Sparks Battle Between Coal Interests, Environmentalists. The Wall Street Journal (1/26, A4, Fialka, 2.04M) reports, "Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming." The president's proposal "would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel. James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed 'to create an opportunity for a variety of other approaches,' which, he said, could include such fuels as methanol and diesel oil made from coal." Bush "has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes." But "even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose 'any effort to support coal-based transportation fuels.'" Environmentalists "are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves."

Meeting President's Goal Said To Require Alternative Fuels Beyond Ethanol. ABC World News Tonight (1/25, story 2, 2:40, Gibson) reported that Bush in his

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State of the Union address "said the US needs to ease its dependence on foreign oil, by growing more fuel here rather than importing it. But is that realistic?" ABC (Stark) added, "The centerpiece of the President's plan to cut gas consumption by 20% in ten years is a mandatory and massive increase in the production of alternative fuels, especially ethanol. Can it be done? Refineries are already working overtime turning corn into ethanol fuel. But they can't make enough to meet the President's goal of 35 billion gallons of alternative fuel by 2017." John Pierce, DuPont Bio-Based Technology: "16 billion gallons can come from corn. The rest will have to come from other sources." Stark: "Other sources, such as wheat, wood chips and switch grass, which the President was touting yesterday." President Bush: "That switch grass, which can be grown all across America, can end up being made into fuel that powers automobiles." Stark: "The President's plan also calls for cutting gas consumption by requiring cars to be more fuel-efficient. His proposal would raise efficiency standards from about 27 miles per gallon today to about 34 miles per gallon in the next 10 years. Analysts say it's an achievable goal if new cars are produced to be more fuel-efficient."

WPost Says Climate Change, Not Independence, Should Be Main Energy Policy Goal. In an editorial, the Washington Post (1/26, A20, 690K) writes that "by choosing energy independence as [the] main policy target" of his State of the Union address, the President "missed opportunities to improve energy security and to combat climate change. The president's proposal to double the size of the Strategic Petroleum Reserve "is where the focus on energy independence obscures true energy security." The proposal "is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency." The Post writes, "Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol." Congress "should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy."

Krauthammer Says Biofuels Won't Dent US Oil Dependence. Washington Post (1/26, A21, 690K) columnist Charles Krauthammer writes, "Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? ... [W]hat does this president propose? Another great technological fix." As "my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it." The "happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs. There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear."

Big Firms Pushing Carbon Caps Said To Have Financial Motives. In the Wall Street Journal (1/26, A10, 2.04M) Kimberly A. Strassel writes, "Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it." The "Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect." Strassel adds, "What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players."

Pelosi, Dingell Dispute Over Global Warming May Not Be Over. The Politico (1/26, Hearn) reports, "The Politico heard differing accounts of the success" of House Speaker Nancy Pelosi's trip to the Washington, DC, auto show with Rep. John Dingell "and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)" A Democratic aide "close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: 'We no longer anticipate a floor battle,' the aide said." The Politico adds, "But Dingell wasn't so sure. In a memo to his committee

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members this afternoon, he noted progress in diffusing the dispute," but, "he added, he's still keeping his firepower at the ready: 'If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully.' Translation: Nancy, I reserve the right to make this ugly for you."

Michigan Waste Company, Former Employees Charged With Illegal Dumping. The AP (1/26, Goodman) reports, "A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy. … The indictment was not based on the April 2002 spill, for which no one was ever charged." The AP continues, "A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release. … In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices." The AP adds, "A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then. … The company 'added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices,' said spokesman Robert Moll. … Moll said the company 'fully cooperated with the investigation' of the 2002 spill and continues to believe it was not involved. … Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said. … All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements."

EPA Designates 154 Superfund "Mega Sites." The Los Angeles Times (1/26, Cone, 850K) reports, "After the winter thaw, a huge enterprise -- so expensive and risky that it ranks among the most ambitious environmental projects on Earth -- will rise up from an abandoned cornfield in upstate New York." Not far from Saratoga, "where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice." Yet, despite "50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed." The Hudson River is "one of 154 places across the country -- 16 in California -- dubbed Superfund 'mega sites' because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes." The "mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight." But EPA officials "say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy." Superfund's national priority list "includes more than 1,200 chemical sites, but only one of every eight rises to 'mega' status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark."

Californians Concerned About Audit Showing Sewer Spill Reporting Problems. The Los Angeles Times (1/26, Bernstein, Barboza) reports, "Southern Californians love their beaches. .. So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff. … But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills." The Times continues, "The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other

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tributaries that lead to the sea. … How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did. … But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent." The Times adds, "The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels. … Part of the problem is that various ocean pollution laws require different types of notification…. State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies. … Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality."

FBI/DEA/ATF/USMS:

Boston Police Officer Indicted In Federal Steroids Probe. The Boston Globe (1/26, Murphy, Smalley, 413K) reports, "A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe. … Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury." The Globe notes, "A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted." US Attorney Michael J. Sullivan said in a statement yesterday, "This case is not just about steroids use by law enforcement officers. It is about an officer allegedly distributing steroids to another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

The Boston Herald (1/26, Johnson, 184K) reports, "According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids. Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit. Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch." WBZ-TV Boston (1/25) called it "another embarrassing blow to the Boston Police Department," and notes that the other three officers "denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston."

Cocaine Operation Busted In Pennsylvania, 20 Suspected Smugglers Indicted. Lancaster Newspapers (1/26) reports investigators "said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers. Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week. … The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force. The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said."

Cocaine "Kingpin" Surrenders. Carlisle, Pennsylvania's Sentinel (1/25) reported, "When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities. The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg. Robinson…had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago."

New Jersey Drug Ring Investigation Nets 14 Arrests. The AP (1/25) reported state and federal authorities "broke up a major South Jersey drug distribution

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ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine. New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew." State Police Superintendent Col. Rick Fuentes "said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center. The new facility nicknamed 'The Rock,' is where federal, state and local officials gather to share information on evolving cases." The AP story was used by Long Island Newsday, WINS Radio in New York; KYW and WPVI-TV, Philadelphia; and KVOA-TV, Tucson.

Gang Task Force In Massachusetts Arrests 14 On Drug, Gun Charges. In Springfield, Massachusetts, the Republican (1/25, Barry) reported federal and local law enforcement officials "announced the results of Tuesday's blitz targeting suspected dealers in Mason Square. The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects...officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm." The Republican notes the DEA's involvement with the task force.

Canadian Union Leader Arrested In Washington State On Drug Charges. The Vancouver Sun (1/25) reported, "Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night. Holmes…is in Spokane County Jail. According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior." The Border Patrol "reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a 'Canadian citizen attempting to smuggle the contraband across the border.' The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash."

Canada's CBC News (1/25) also reported on Holmes' arrest.

In California, Purported Drug Kingpin Pleads Guilty To Drug, Money Laundering Charges. Vacaville, California's Reporter (1/25) says a Vacaville man who prosecutors "described as a regional 'drug kingpin' pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction. Eduardo Pichardo, 33, now faces 10 years in federal prison." Pichardo "was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine. The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama."

South Carolina Pharmacist Could Get 3-Year Sentence For Illegally Distributing Drugs Online. The Myrtle Beach (SC) Sun News (1/25, Hoke) reported the 81-year-old Myrtle Beach man "accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment. John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration. Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering."

Ohio Doctor Sentenced To Two Years For Pain Clinic Crimes. The Portsmouth (OH) Daily Times (1/26, Barron) reports, "A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe." The Times continues, "Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year. … 'Money laundering is not a victimless crime,' Internal Revenue Service criminal investigator Jeffrey Cooper said. 'Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.'" The Times adds, "According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at. … Jewell, of Paintsville, Ky., and

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Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail." The Times notes, "According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day. … He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients. … He also had no diagnostic equipment at the clinics."

IMMIGRATION:

Senate Endorses Ban On Federal Contracts For Companies That Hire Illegal Immigrants.

In a brief article, the Wall Street Journal (1/26, A5, 2.04M) reports, "The US Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts. The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security."

Meanwhile, the Washington Times (1/26, Hurt, 88K) reports a proposal from Sen. Jeff Sessions (R) to "dramatically" increase civil fines on employers who hire illegal aliens was "quashed" by Democrats yesterday. Sessions said the amendment, proposed for a bill that would increase the federal minimum wage, "would do far more to help low-income wage earners than simply raising the minimum wage." However, "Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill." The Times notes that the federal contract ban, also proposed by Sessions, was allowed through by Democrats.

WSJournal Questions Immigration Hardliners' Support For Convicted Border Agents. The Wall Street Journal (1/26, A10, 2.04M) editorializes, "Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime." The Journal continues, 'The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien. This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the US must 'enforce the law' on the border." Though "these are the same folks who assail Mr. Bush's guest-worker proposal as 'amnesty,'" such a change would give border agents "more time and resources to chase down" criminals "and apprehend them properly."

Arizona Experimenting With Tactics To Battle Illegal Immigration. The Washington Post (1/26, A2, Pomfret, 690K) describes Arizona's attempt to expand its use of "a controversial technique known as a damming warrant" to block "all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora." The warrant was challenged in court by Western Union and ruled unconstitutional by a judge, becoming "one of more than 10 state and federal cases in Arizona over how to police illegal immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers." Arizona, the Post adds, "has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as [Attorney General Terry] Goddard said in an interview, 'we have it rubbed in our face on a daily basis.'"

TAX:

KPMG On Texas Probation In Tax Shelter Case.

The AP (1/26, Koenig) reports, "Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters." The AP continues, "The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation. … KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said." The AP adds, "The case

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stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes. … KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation. … The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing. … William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department."

IRS Settles Bond Proceeds Case With Kentucky Sewer District. Bloomberg (1/26, Selway, Braun) reports, "Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status." Bloomberg continues, "Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director. … 'What they determined is that you should not have used bond proceeds to purchase the put option,' Gee said." Bloomberg adds, "Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments. … Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due." Bloomberg notes, "Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said."

CONGRESS-ADMINISTRATION:

Bush Promotes Healthcare Agenda In Missouri. The Kansas City Star (1/26, Helling, 271K) reports, "President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions." Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, M), "We believe the private sector is the best delivery of health care. … We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker." Bush "traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) notes Bush "said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run." He also "promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance. 'There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care,' Bush said. 'We'll do that.'"

The CBS Evening News (1/25, story 8, 2:30, Couric, 7.66M) reported Bush "wants to even the playing field for those who get insurance through work and those who don't. Under his plan, people with generous health coverage provided by their employers would be taxed on some of those benefits while those without health coverage would get a tax break to help them buy it. While his plan is debated in Washington, many states are trying their own approach, and Massachusetts is leading the pack."

The Los Angeles Times (1/26, Reynolds, 850K) reports, "Unlike similar town hall-style events that the White House bills as 'conversations,' the roundtable at St. Luke's East hospital had no audience other than about 30 local and national reporters." Said Bush, "If you work for a company, you get your health care free, in essence, as part of your benefits package. … If you're a stand-alone person, you pay for your health care on an after-tax basis. In other words,

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there is discrimination in the tax code based upon who you work for, and it makes it harder for individuals or small-business employees to buy health care." The Times says "members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining health care for the 47 million Americans who are uninsured and would eventually raise costs for average families."

The Cleveland Plain Dealer (1/25, Vanac, 352K) said yesterday "local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance. … Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership." But "this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said." For "the majority of taxpayers who get their medical insurance through an employer," the proposal "means shifting that employer-paid benefit to employees as income."

The New York Times (1/26, Rutenberg, 1.16M) reports, "With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say." But "Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them."

The AP (1/26) quotes Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, saying "the poorest people will have to use any tax savings they receive for other living expenses, not insurance. 'We know tax cuts don't help the general public,' Carroll said. 'It gets President Bush around the real issue, which is universal health care.'" Bush "dismissed similar concerns from Democratic opponents in Congress as 'pure politics.' 'If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider,' he said."

USA Today (1/26, Jackson, 2.27M) reports Democrats continued to criticize Bush's plan. In Washington, "a fact sheet released by Senate Majority Leader Harry Reid's office said it would 'prompt employers to stop offering health care.'" And Sen. Barack Obama, "who is exploring a White House bid, said Bush's proposal was a 'halfway measure' that 'does little to bring down costs or guarantee coverage.'" Bush, meanwhile, "repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. 'When you've got a lawsuit, it causes good docs to quit the practice of medicine,' he said." Bush "meets today with House Republicans to discuss health care, energy, immigration and other issues. 'They're going to want to talk about issues that came up in the State of the Union address,' White House press secretary Tony Snow said, 'because that is going to play a significant role in politics over the next few months.'"

The Washington Times (1/26, Lopes, 88K) reports that Leavitt "will travel the country to drum up support for the Bush administration's proposals for health care coverage" for the next three months. The Times continues, "Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance. It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured. While the new attention is necessary, it may not be effective." The Times continues, "The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured. The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. 'It's not fair,' he said."

Bush's trip to Missouri generated extensive local TV coverage across the nation. KTVI-TV St. Louis (1/25, 5:20 pm) reported in an early evening broadcast that "the President sat down with small business owners and workers near Kansas City to discuss his plan for healthcare." KSHB-TV Kansas City (1/25, 6:00 pm) led off its 6 o'clock news by saying, "The President chose the new, all digital Saint Luke's Hospital in Lee's Summit for the first roundtable discussion on his health insurance plan. … President Bush made his way back on to Air Force One around 1:40 this afternoon. Five minutes later, the plane was on its way out of the city and back to the White House. A very quick trip for the President."

WLBZ-TV Bangor, ME (1/25, 11:17 pm) said Bush talked "about his health insurance plan to small businesses in Missouri. … The President says his proposal to tax employer-provided health insurance and give tax deductions that would make things much easier on smaller businesses in America. Bush says 80 percent of the workers who have health insurance will receive a tax break from his plan."

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KTVO-TV Ottumwa, IA (1/25, 10:23 pm) reported Bush "said people should not be penalized by insurance costs just because of where they work," but "critics…say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage. Bush said today that such concerns were just politics."

KHQA-TV Quincy, IL (1/25, 10:02 pm) said Bush "has put forward a complex proposal aimed at encouraging people to buy basic health insurance plans. Critics say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage."

KIRO-TV Seattle (1/25, 6:46 pm) reported, "It's one of America's biggest financial worries, healthcare. Now President Bush is going full-steam ahead with" his health plan across the country. The President "is hoping to address the concerns by changing the tax code." Today, he toured a Missouri hospital, "touting the plan."

WJBF-TV Augusta, GA (1/25, 5:28 pm) showed Bush saying, "The system is geared toward enabling the individual to have more control over his or her decision-making and make the tax code fair for the individual." The report added, "Some Democrats, including Senator Hillary Clinton, are voicing strong opposition to the President's plan."

NPR's All Things Considered (1/25, Rovner) quoted a speech by New York Sen. Hillary Clinton (D), who compared Bush's plan to "robbing Peter to pay Paul." NPR added, "In many ways, today feels like 1991, when the country was gearing up for the debate that would rage during President Bill Clinton's administration." NPR concluded, "[O]ne thing hasn't changed when it comes to health reform: details matter, and no one's showing them yet."

Bush Plan Called A Tax Hike For 20% Of Workers Who Get Insurance Through Jobs. The AP (1/26, Freking) says Bush's plan "would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically. But, then, the president calls for a standard tax deduction for those who buy health insurance -- $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction." The AP adds, "The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) also reports "so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured. 'I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans,' Sen. Edward M. Kennedy (D-Mass.) said."

Plan Has Similarities To Leavitt Initiatives As Governor. The Salt Lake Tribune (1/25, Gehrke) reported that "as governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance. Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in…Bush's State of the Union to deeply skeptical Democrats in Congress." Leavitt told reporters yesterday, "Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state." Leavitt also "outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over. Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns."

Paulson Says Steps To Slow Medicare Spending Growth "Complement" Healthcare Plan. The Wall Street Journal (1/26, A5, Solomon, 2.04M) reports, "Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready." Paulson "wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly." The Journal adds, "The proposals to save the government money on Medicare complement…Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said."

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Poll Finds Democrats With 35 Point Edge On Prescription Drugs. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says that in a "new Wall Street Journal/NBC News poll, Americans back Democrats by 35 percentage points on prescription drugs for seniors" amid the "looming showdown" with he White House over the Medicare drug benefit. Since Bush took office, "Democrats have turned an eight-point deficit on taxes into an eight-point edge," and narrowed the deficit on "'moral values' to nine points from 22."

The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" also says health care is returning to the spotlight, "but still poses political risks. A 53% majority" in the Wall Street Journal/NBC News poll "expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993."

More Commentary On Bush's Plan. Under the headline "The President's Risky Health Plan," the New York Times (1/26, 1.16M) editorializes that the "financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address" the healthcare "problem." The plan "would do little to reduce the number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden. … That's not the answer Americans are waiting for and not what they deserve."

Michael Mayo, in his column for the South Florida News Sentinel (1/26), says the plan "would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries. In other words, sounds like another Bush boondoggle." The plan "appears dead on arrival, with no realistic way to get through the new Democratic Congress." But "it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago."

The San Jose Mercury News (1/25, 229K) editorialized, "The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured. Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. … President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle."

Meanwhile Thomas Friedman, in his New York Times column (1/26, Friedman), comments on the overall Bush agenda, writing, "As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired…Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip. The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk -- regarding both energy and Iraq." Bush "gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them -- for the long haul."

Spellings Urges Illinois Business Leaders To Support Changes To No Child Left Behind Act. The Chicago Tribune (1/26, Banchero, 617K) reports U.S. Secretary of Education Margaret Spellings "spent the day in Chicago Thursday, lobbying students, teachers, school officials and business leaders to support proposed changes to the No Child Left Behind law." Spellings told the Illinois Business Roundtable, "We need to start paying more attention to the chronically underperforming schools." She said that "some proposals" are "likely to win wide support" but, she "spent most of her time pushing the more controversial parts of the blueprint, including vouchers for students to attend private schools, allowing districts to bypass state-imposed charter school caps, letting districts circumvent teacher contracts to transfer teachers to the worst schools." The proposals "received a positive response from the state's business leaders" and "they pressed Spellings for tougher measures."

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GOP Base Said To Have Liked Bush's State Of The Union. The Washington Times (1/26, Hallow, 88K) reports, "President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress. … Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion." But "Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing." Pat Toomey, president of the influential Club for Growth, "saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans. … Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress."

Gates Said To Have Different Press Management Style Than Rumsfeld. In the Washington Times (1/26, 88K) "Inside The Ring" column, correspondent David Sands reports on Defense Secretary Robert Gates' "seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East" shortly after being confirmed, and contrasts Gates with predecessor Donald Rumsfeld. The "new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants."

Rumsfeld Press Secretary Expected To Leave Pentagon. The Washington Times (1/26, Gertz, Scarborough, 88K) "Inside The Ring" column reports, "Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year. Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary." Ruff "forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy. He is generally liked by the Pentagon press corps, which finds him accessible and responsive."

Senior State Department Official Resigns. The AP (1/26, Schweid) reports Under Secretary of State for arms control, Robert Joseph, has "submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea." Talks on both fronts have "moved slowly," but in an interview Thursday, Joseph said, "I think we have a very good record." Joseph, who will leave next month, "acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to US security." In a telephone interview, he "said he would write, teach and work as a consultant" after leaving the department.

GOP Amendment To Senate Minimum Wage Bill Defeated. The AP (1/26, Kuhnhenn) reports, "An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a 'poison pill.' Democrats said the Republican proposal was designed to kill underlying minimum wage legislation." An amendment offered by GOP Sen. Jim DeMint "was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor." The amendment "failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law."

Proposed Minimum Wage Hike Criticized. Gary S. Becker, the 1992 Nobel economics laureate, and Richard A. Posner, a federal circuit judge and a senior lecturer at the University of Chicago Law School, write in the Wall Street Journal (1/26, 2.04M), "The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian. An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the

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substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. … Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain."

Democrats Challenge Credit Executives Over Penalties. The AP (1/26, Gordon) reports, "Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory." The credit card industry "and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students. … 'I would like to put the credit card industry...on notice,' said Sen. Christopher Dodd, D-Conn., the committee's chairman. 'If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice.'" Dodd and "other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp." The executives "defended their practices as fair and responsible."

Democrats To Increase Scrutiny Of FCC. The Washington Post (1/26, A4, Babington, 690K) reports, "As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges. The Republican-controlled FCC...has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday." Senators "vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years." FCC Chairman Kevin J. Martin, "a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation."

Inhofe Proposal Would Deny Pay Raise To Those Who Vote Against It. The New York Times (1/26, Kirkpatrick, 1.16M) reports it is "a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform." But the "proposal usually fails. And even the reformers get their raise." However, the Senate "may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed." Last year, "a senator would have lost $3,100 out of a salary of $165,200." The penalty for "opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase 'the greatest single hypocrisy every year.'"

Tancredo Calls For Abolition Of Black, Hispanic, Asian Caucuses. The AP (1/26, Kellman) reports, "White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished. 'It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race,' said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration." He added, "If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses."

The Denver Post (1/26, Mulkem, 256K) notes Tancredo "first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen

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Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white."

Poll Shows Positive Feeling Toward Democratic Majorities. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says the new Wall Street Journal/NBC News poll find that the new Congress "attracts promising initial reviews" from respondents. "By 53% to 44%, Americans say new House ethics rules will improve lawmakers' 'ethics and honesty.' A 48% plurality" predicts the Democratic Congress "will 'strike the right balance' with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be 'too inflexible' with then-President Clinton." House Speaker Nancy Pelosi's "positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name."

Thrift Savings Plan Director Departing. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company. Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services," probably leaving the "agency early next month, a TSP spokesman said." The Post adds that Amelio "expanded TSP investment options" by adding "life-cycle funds" to "help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit TSP participants to select an investment mix linked to the time they expect to draw down their savings."

NTEU Announces Settlement In Social Security Employees' Case. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced. Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them." The union maintained that the employees were following "orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants. The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing."

Ginsburg Says She Feels "Lonely" As Only Woman On Supreme Court. USA Today (1/26, 1A, Biskupic, 2.27M) reports, "It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench." Ginsburg told USA Today, "The word I would use to describe my position on the bench is lonely. … This is how it was for Sandra's first 12 years. … Neither of us ever thought this would happen again. I didn't realize how much I would miss her until she was gone." USA Today (1/26, 6A, Biskupic, 2.27M) runs a second story on the issue titled "High Court Just A 1-Woman Show; In Contrast With Gains Elsewhere," in which it says "the makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the US judiciary, where women have made historical gains."

First Lady To Host Sidey Scholarship Debut. The Washington Times (1/26, McCaslin, 88K) "Inside the Beltway" column writes that First Lady Laura Bush "today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he."

Minnesota Guard Opposes CIA Acquisition Of 1960s Plane. The Wall Street Journal (1/26, A1, Karp, 2.04M) reports, "The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird." The CIA "plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991." Even though "a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense

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are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears."

Krugman Calls For Partisanship To Pass Another "New Deal." Paul Krugman writes in his New York Times column (1/26), "American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that 'politics has become so bitter and partisan' -- which it certainly has." But "he then went on to say that partisanship is why 'we can't tackle the big problems that demand solutions. And that's what we have to change first.' Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we'll eventually have a new era of bipartisanship -- but that will be the end of the story, not the beginning. Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower. … So am I calling for partisanship for its own sake? Certainly not." But "politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right -- and they should welcome that hatred, not fear it."

OTHER NEWS:

Annual Home Sales Saw Sharpest Drop Since 1989. The Los Angeles Times (1/26, Sanchez, 850K) reports, "Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today. Total existing-home sales -- including detached houses and condominiums -- in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors." For all of 2006, sales of existing homes dropped 8.4 percent, the "biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press."

The Wall Street Journal (1/26, Corkery, 2.04M) reports, "For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. 'The biggest drop is probably behind us,' said Fannie Mae's chief economist, David Berson. 'But it's still too soon to say this is unambiguously the bottom.'" Forecasts "vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%. Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come."

NBC Nightly News (1/25, story 2, :15, Williams, 9.87M) reported, "Bad news as well today for the US housing market which in 2006 had its worst year in 17 years."

The CBS Evening News (1/25, story 2, :20, Couric, 7.66M) also noted the report, saying "the housing industry has taken a big hit. … After five years of record sales America's realtors reported today sales fell last year nearly 8.5%. That is the biggest drop in 17 years." The New York Times/AP (1/26), USA Today (1/26, Knox, 2.27M) and Washington Post (1/26, D1, Elboghdady, 690K) run similar reports.

Fed May Maintain Bias Toward Rate Increases In Near Term. The Wall Street Journal (1/26, Ip, 2.04M) reports, "Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long." But "Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago. … There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. … The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected."

Stocks Sharply Down. The Wall Street Journal (1/26, Browning, 2.04M) reports, "A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months. The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007. Traders cited worries about interest rates, corporate profits, home sales and unemployment data." The Standard & Poor's 500-stock index "fell 1.1%, or 16.23 points, to 1423.90,

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up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007." NBC Nightly News (1/25, story 3, :15, Williams, 9.87M) and USA Today (1/26, Krantz, 2.27M), among other newspapers, also reports the stock numbers.

Ten-Year-old Filmmaker Sues Over Creative Control Issues. The Los Angeles Times (1/26, Friedman) reports, "Most 10-year-olds are happy with an allowance and some video games. … Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow." The Times continues, "The child actor, whose credits include Steven Spielberg's 'Minority Report' and voicing Wilbur the pig in Paramount Pictures' recent 'Charlotte's Web,' is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team. … 'She wanted to make all the decisions and stuff,' Kay said. 'She wanted final cut and everything.'" The Times continues, "Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of 'Saving Angelo,' starring actor Kevin Bacon, which she helped bankroll with $11,000. … Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a 'charitable contribution' to animal rights. 'This is another example that no good deed goes unpunished,' he said."

Ford To Chair Democratic Leadership Council. The Christian Science Monitor (1/26, Feldmann, 59K) reports former Rep. Harold Ford, who lost his 2006 Senate race in Tennessee, is "back in national politics" and "was named chair of the Democratic Leadership Council (DLC) Thursday." The Washington-based DLC "has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton." Speaking at a Monitor breakfast Thursday, Ford "laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes." Ford said, "This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare. This congress has its work cut out for it." The Monitor adds that unlike "most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville."

The Memphis Commercial Appeal (1/26, Sullivan, 163K) reports Ford "accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency." Ford "accepted the post, calling it 'one of the most important organizations on the think-tank landscape. '" DLC founder Al From and DLC president Bruce Reed "made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future."

The Politico (1/26, Allen) reports Ford "lashed out Wednesday at what he called the 'hypocrisy' of Republicans who overdo their talk about religion." Ford "did not disappoint the sleepy-headed journalists" at the Monitor Breakfast, "offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith 'is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that.'" Ford said, "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most." Ford was "presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies." Ford made it "clear that he still resents some tactics of Republicans."

On MSNBC's Hardball (1/25, Matthews), Ford said, "I think the focus for the DLC…is to help develop and advance and promote a policy agenda that Democrats in the Congress and even the presidential candidates on our side can look to for ideas on national security and tax policy, pro-business,

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pro-family policies, and obviously ways to combat terrorism and make ourselves energy independent." On CNN's The Situation Room (1/25, Blitzer), Ford said, "The DLC, over the last 15 years, has played as big, if not the biggest role, in helping to develop and promote some of the smartest, most progressive, national security, pro-family, pro-business efforts, pro-family efforts that we've seen in the party."

Ford Has No Plans To Challenge Alexander. On CNN's The Situation Room (1/25, Blitzer), Ford said, "I don't have any plans to run against Lamar Alexander. My plan is right away to try to do a good job with the DLC. I'm proud to say that I'm associated with Vanderbilt University; I'm now a professor of public policy."

GOP War Critic Hagel Pondering '08 Bid For President. In a front-page story, the Washington Post (1/16, A1, Murray, 690K) reports, "His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base." But Nebraska Sen. Chuck Hagel's (R) "sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies. But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run." In an interview, Hagel said "that he is discussing his options with his family and other confidants and will make a decision in the next six weeks." Hagel said he's considering forming a presidential exploratory panel, or running for "a third Senate term. Then again, he might take a more creative path. Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course."

Poll Shows Clinton Thrashing Democratic Field, McCain Topping Giuliani. Time (1/25, Karon, 4.03M), in a report on its website, reported that New York Sen. Hillary Clinton (D) "is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani -- with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone." The survey showed that Clinton would defeat Illinois Sen. Barack Obama (D) in the Democratic race "by a margin of 40% to 21%," with ex-North Carolina Sen. John Edwards (D) "a distant third with 11%." McCain, meanwhile, "holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or" Edwards "by a 7-point margin."

Time (1/26, Calabresi, Bacon, Cox, Carney, 4.03M) lists "8 Keys To The Campaign," such as the Iraq war, where "no position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser." The second key is "money," the third "religion," the "Amazon factor" or book sales, the "last minute campaigns" of potential heavyweights such as Al Gore or Newt Gingrich, "recruiting the new gurus" to staff the campaign, "winning over the online activists," and the "New Faces."

McAuliffe, Ford Praise Clinton. Hillary Clinton campaign chairman Terry McAuliffe said on Fox News' The Big Story (1/25, Gibson) said that when his candidate visits Iowa this weekend, "they are going to love her, just as here we are in New York. You look at what happened in the last election. Last year she won in a landslide. She won in Republican counties that people would have said six years ago, she had no chance of winning. Why? They got to know her. They see how bright she was, how hard she worked for them. That's what the folks in Iowa will see." Asked if black primary voters will prefer Clinton or Sen. Barack Obama, McAuliffe said, "I would say they vote for Clinton. The African-American community have been strong supporters of the Clintons."

Ex-Rep. Harold Ford said on MSNBC's Hardball (1/25, Matthews), "Hillary Clinton, back when she was first lady of Arkansas, took on the issue of education and challenged some of the orthodoxy of our party years ago. Throughout her time in the Senate, she has been a champion, a stalwart for strong national security measures, even measures that take

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on other orthodoxies in the party that help advance national interest."

Simon Says Iraq War Weighing Heavily On McCain. In an article in The Politico (1/26), political analyst Roger Simon, noting that if Arizona John McCain (R), 70, runs for the White House "and wins, he would be the oldest person ever inaugurated as president," relates, "There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts." In the 2008 race, Simon says that he doesn't believe those types of rumors are "going to be McCain's problem. It isn't his health but rather his demeanor that worries some people. The Iraq war, which he strongly supports, has disturbed and dismayed him." McCain "visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain. And it is showing." As an example, Simon notes, "Last Sunday, on 'Meet the Press with Tim Russert,' McCain seemed to have moved from almost somber to almost gloomy."

Giuliani Faces Tough Challenge In Winning Over Conservative Primary Voters. The AP (1/26, Sidoti) reports that ex-New York City Mayor Rudy Giuliani's (R) "star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero -- the face of U.S. resolve at a time of tragedy." But his "quest to capture his party's presidential nomination won't be easy. He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice." Giuliani's "challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals," Arizona Sen. John McCain (R) and ex-Massachusetts Gov. Mitt Romney (R), "no doubt will try to exploit his background and record. … 'Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest,' said Peverill Squire, who teaches politics at the University of Iowa."

In South Carolina, Hunter Formally Launches His Bid For President. The AP (1/26, Davenport) reports that CA52 Rep. Duncan Hunter (R), "best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in" in Spartanburg, SC. Hunter, who formed "a presidential exploratory committee earlier" in January, "initially announced his intentions in October, becoming the first GOP candidate to declare." He "then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina." The AP notes, "In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination. 'Nobody wins the presidency without winning South Carolina,' Hunter said. Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor."

CQ Politics (1/26, Kapochunas) reports that though Hunter "maintains he is 'the most conservative' candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20. Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney." Hunter chose "Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials."

The New York Times (1/26, Abruzzese, 1.16M) reports that Hunter "said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade. Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel." Hunter "said yesterday that he would also emphasize the need to restore the balance of trade with China. 'This is not free trade, this is not fair trade,' Mr. Hunter said according to the text of his speech. 'It is cheating.'"

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The Spartanburg (SC) Herald (1/25, Spencer) reported that Hunter, in discussing his decision to formally announce his candidacy in Spartanburg, said, "This represents the heart of what I call the arsenal of democracy. This is a place that's known for textile manufacturing. You've got steel manufacturing right up the way...and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion." Hunter added, "You know what that is? That's the great Americans who won't move their companies off-shore, who won't take their manufacturing to China. ... There's a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that."

Hunter Touts His Conservative Credentials During Cable TV Appearances. On Fox News' Your World (1/25, Cavuto), Rep. Duncan Hunter said, "I've got the issues: strong border control; strong national defense; reversing this one-way street on trade, bringing good jobs back to the U.S. If you've got the issues, you don't have to spend as much money on image consultants and folks that are shaping a message." Hunter focused on border control in an interview with CNN's The Situation Room (1/25, Blitzer), saying, "I built the border fence in San Diego. We knocked down crime by 50%, knocked down smuggling in that area by more than 90%. And I wrote the provisions that the bill that the president signed that would extend the border fence across Arizona, New Mexico and Texas some 700-plus miles. ... Every time the President talks about amnesty or guest worker, massive arrests take place, or the arrests go up at the border, because people think they have to come in and get under the wire, and they overwhelm the Border Patrol and the National Guard that he sent down to try and stem the crossing. So we've got to get the sides up on the house before we decide how to adjust the front door."

Obama Pushes Universal Healthcare As Key Campaign Theme. The AP (1/26, Pickler) reports, "Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race. 'I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country,' Obama told a conference of Families USA, a health care advocacy group." While Obama "did not provide specifics on his plan for coverage," he "was previewing what is shaping up to be a theme of the 2008 Democratic primary." Democratic opponents New York Sen. Hillary Clinton (D) and ex-North Carolina Sen. John Edwards (D) "also are strong proponents of universal health care and have promised to offer their plans." Obama's call "Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival" Sen. Clinton's "ill-fated plan to overhaul the health care insurance system when she was first lady. Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid."

CQ Politics (1/26, Horrigan) reports that in his speech, Obama said, "In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how. ... We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president's first term." Obama added, "We can't afford another disappointing charade in 2008." CQ Politics notes that "Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee."

The Chicago Tribune (1/26, Dorning, 617K) reports , "Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994." Noting that Sen. Clinton and Edwards are also pushing for universal healthcare, the Tribune adds, "In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care. He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage. 'We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated,' the senator said."

Obama Confident He'll Fare Well With African-American Voters. The Chicago Tribune (1/26, Parsons, 617K) reports that Obama "said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February. 'If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois,' Obama

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(D-Ill.) said, 'I feel pretty confident that, once folks know who I am, we'll do just fine.' The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove 'black enough' to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004. The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign."

Sharpton Meets With Several Democratic Presidential Hopefuls, Suggests He May Run. The AP (1/26, Pickler) reports that The Rev. Al Sharpton (D) "said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate." Sharpton "spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency:" Connecticut Sen. Chris Dodd (D), Delaware Sen. Joe Biden (D), Illinois Sen. Barack Obama (D) and New York Sen. Hillary Clinton (D). Each of the senators "met privately with Sharpton in their office. 'I'm not making any endorsements today,' Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama." Sharpton said he and Obama "talked about economics, health care and education issues. 'We are going to keep talking and he knows I'm talking to everybody,' he said." Sharpton said "he would decide about his own candidacy 'once I see what these guys do or don't do.'"

The New York Times (1/26, Healy, 1.16M) reports, "One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to" Obama "that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004. Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after their meeting in the senator's office." Sharpton said, "I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is." Of his meeting with Sen. Clinton, Sharpton said, "I'm not endorsing anyone at this point…but she has more of a civil rights program laid out. And I always know where I stand with her."

The Washington Times (1/26, DeBose, 88K) reports that Sharpton "threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues." Sharpton said that "strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education. 'If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does,' Mr. Sharpton said."

Reid Says Kerry "Did The Right Thing" In Choosing Not To Make '08 Bid. On Massachusetts Sen. John Kerry's (D) decision not to run for president again, Senate Majority Leader Harry Reid said on MSNBC's Hardball (1/25, Matthews), "He did the right thing. I acknowledge that, but he same so close and that was such a terribly unfair election."

Union Membership Fell By 326,000 Last Year. The New York Times (1/26, Greenhouse, 1.16M) reports, "Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history." The Bureau of Labor Statistics "reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s." The Times adds, "Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses."

Donors Pledge $7.6 Billion To Lebanon As Violence Continues. The AP (1/26, Gearan) reports international donors "pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence." Lebanese Prime Minister Fuad Saniora "took a risk by leaving his fortified compound in Beirut to attend" the one-day conference in Paris. As the donors, government and opposition supporters "clashed at a university campus back in Beirut in new

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violence spilling over from Lebanon's political crisis." Thursday's conference had "an urgent tone," with some diplomats and leaders "hoping to give Saniora tangible bargaining power" in his struggle with Hezbollah. In an interview with the AP, Secretary Rice said of the pledge total, "I think this goes beyond the wildest dreams of everyone for the success of the conference. I think when people really started thinking about what was at stake here...they decided that this statement had to be made." However, Rice "would not give a direct answer when asked if an elected Hezbollah-led government could still collect the US pledge." In a press conference, the Secretary said, "We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora. I don't have any desire to get into hypotheticals about Lebanon's future."

Under the headline "Beirut Riots Cast Shadow Over Aid Pledges," the Financial Times (1/26, Biedermann, England) says Thursday's conference "was overshadowed on Thursday by renewed political violence in the increasingly divided country." While the conference "was intended to aid the country's reconstruction after last summer's war…given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on."

The New York Times (1/26, A8, Cooper, 1.16M) calls the donations "a bold effort to try to prop up the government of Prime Minister Fouad Siniora," noting that "even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon." The clashes in Lebanon this week, which came "just as Mr. Siniora sought to present his country as ripe for investment," were "another embarrassment to the prime minister, who has been fighting to keep his government afloat." The Times also says that Secretary Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, "deflected the question."

The Washington Post (1/26, A10, Anderson, 690K) says the aid package is "a major boon for Siniora" as the "power struggle" within Lebanon "intensified" this week "when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes."

Four Killed In Escalating Violence In Beirut. ABC World News (1/25, story 4, 2:15, Gibson, 8.78M) reported, "In the Middle East there are fears today that the government of Lebanon may be near a breaking point. Hezbollah has been stoking anger over the country's slow recovery after the war with Israel. Clashes between government supporters broke out for a third day today, leaving people dead and wounded." ABC (Wright) added, "Today, the campus of Beirut Arab University erupted into a miniature civil war. … These images of violent instability stole the thunder from today's foreign donor's conference in Paris aimed to help Lebanon."

The CBS Evening News (1/25, story 5, 0:20, Couric, 7.66M) said, "There is concern the country could be headed for a civil war," while NBC Nightly News (1/25, story 5, 0:20, Williams, 9.87M) reported the violence "threatened Lebanon's fragile government."

The New York Times (1/26, A8, Bakri, Fattah, 1.16M) reports the Lebanese army declared "a rare night curfew throughout the city amid fears that Lebanon's two-month political crisis had entered a violent phase" after "at least four people were shot dead…and 150 were wounded in street fighting" Thursday.

The Washington Post (1/26, A10, Shadid, 690K) says the "clashes…offered a bitter contrast to the optimism of an international conference in Paris" and "were some of the worst since Lebanon's 15-year civil war ended in 1990."

Security Council Optimistic Ahead Of New Round Of Mideast Talks. The AP (1/26, Dilorenzo) reports U.N. Security Council members "are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process," Russia's U.N. ambassador said Thursday. The so-called Quartet will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking, and Russian Ambassador Vitaly Churkin said, "There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community." The AP adds that "there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland."

Abbas Says Time Has Come For Peace. AFP (1/26) reports Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni "shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away." In an address at the Davos forum, Abbas said, "The time has come for us...to make peace a reality. We are ready, as of now, to start serious negotiations with our Israeli neighbors."

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The AP (1/26, Haven) reports Livni also "reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state" is "not an illusion. It's there, it's achievable." Tzipi Livni "made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists," in what was seen as a reference to Hamas.

Ignatius Welcomes Rice's New Mideast Strategy. The Washington Post's (1/26, A21) David Ignatius writes, "Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the 'realignment' of states that want to contain Iran and its radical Muslim proxies." In an interview Tuesday, Rice "summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism." Ignatius writes that although "critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict," the Administration's "tougher stance against Iran arguably has already produced some results," notably President Mahmoud Ahmadinejad's "political trouble with the ruling mullahs." Although the strategy "poses as many questions as it answers," Ignatius says, "as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano."

UN Suspends North Korea Programs Until Audit Completed. The AP (1/26, Olson) reports the U.N. Development Program agreed Thursday "not to approve new projects in North Korea until an external audit addresses US allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules." UNDP assistant administrator Ad Melkert said the agency "also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang." The United States had complained about both practices, which Melkert said would stop by March 1. Ambassador Alejandro Wolff welcomed the moves, saying, "We're pleased with the approach that the UNDP administrator has laid out."

The Financial Times (1/26, Turner) reports Pyongyang agreed Thursday "to an external audit and tighter rules for the UN Development Program's operation in the country," even though it "dismissed the allegations as politically motivated."

The Washington Post (1/26, A13, Lynch, 690K) adds, the debate over the United Nations' "oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea." Meanwhile, Mark D. Wallace, the US representative for U.N. management, "said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea."

WSJournal Welcomes Audit Of Korean Programs. In an editorial, the Wall Street Journal (1/26, A10, 2.04M) says the "good news" is U.N. Secretary-General Ban Ki Moon "is moving swiftly on North Korea, ordering a full investigation within three months." However, the "disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise." The Journal writes, "It's good to see the cash for [North Korean leader] Kim [Jong Il] programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors."

Russia, India Reach New Nuclear Accord. The New York Times (1/26, A10, Gentleman, 1.16M) reports India "sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States." In a joint statement issued after Russian President Vladimir Putin met with Indian Prime Minister Manmohan Singh, Russia" offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here." Singh stressed that "energy security is the most important of the emerging dimensions of our strategic partnership."

Pentagon Moving Ahead With Missile Defense Plans. The Washington Times (1/26, Gertz, 88K) reports the Pentagon is "moving rapidly to build new missile defenses in Poland and the Czech Republic to

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counter the threat posed by Iranian long-range missiles," head of the Missile Defense Agency said yesterday. Air Force Lt. Gen. Henry "Trey" Obering, the agency's director, said, "The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program." Obering said the US hopes to have the system "in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability." He also warned, "We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability." The Times notes that the magazine Aviation Week & Space Technology reported on its Web site last night that Iran "was poised to take that very step: launching a satellite into space."

The AP (1/26, Gedda) adds, Obering "rejected Russian claims that the US plan would upset the security balance," saying the plans for Poland and the Czech Republic "are insignificant compared with Russian capabilities."

China Anti-Satellite Missile Test Seen As Threat. Time (1/26, 4.03M) reports in its "Notebook" column, "China's successful anti-satellite-missile test Jan. 11 carries potential implications for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher)." At issue "are military surveillance satellites -- the very ones that detected Beijing's test -- which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites -- and a possible catalyst to a space arms race."

Chavez Threatens To Expel US Envoy. The AP (1/26, Toothaker) reports Venezuelan President Hugo Chavez warned Thursday that the US ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs." Chavez "lashed out" after Ambassador William Brownfield "said US companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it." The president was quoted as saying, "If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could...be declared a persona non grata and would have to leave the country."

Lawmakers To Seek Ease Of US Policy On Cuba. In a front page article, the Washington Times (1/26, A1, Hirsch, 88K) reports legislation "to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the US policy on Cuba." One bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican. Other legislation reportedly under consideration would "ease payment restrictions for cash sales of food to Cuba." Rep. Jerry Moran (R-KS) "is planning to introduce one such payment-regulation bill next week." However, President Bush's "continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat." Rep. Jo Ann Emerson (R-MO) "said that Congress may be able to make some changes in the Cuba policy," but that even with a new Democratic majority, any such changes would be "pretty incremental."

UN Plan For Kosovo Expected To Anger Ethnic Albanians. The Financial Times (1/26, Dinmore, Turner) reports the special UN envoy "charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with NATO peacekeepers braced for a backlash from ethnic Albanians demanding full independence." Former Finnish President Martti Ahtisaari has already disclosed that his proposal "foresees strong international civilian and military presences within a broader future international engagement in Kosovo." In effect, Kosovo would be given "the attributes of independence but remain under the wing of the international community," diplomats said.

LATimes Backs UN Plan As "Only Practical Solution." The Los Angeles Times (1/26, 850K) editorializes, "As it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the

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idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around."

Darfur Seen As First Test For UN's Ban. The Christian Science Monitor (1/26, LaFranchi, 59K) reports the new United Nations secretary-general, Ban Ki Moon, "lists Darfur among his top priorities," but "putting an end to the violence there…is also turning into the UN leader's first major test -- of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action." Ban is "underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip," where he plans to meet Sudanese President Omar Hassan al-Bashir. Ban's meeting with Bashir is "a good first step, some analysts of conflict diplomacy say, but they add that he can do much more."

Doha Breakthrough Could Come "Within Weeks." The Financial Times (1/26, Beattie) reports world trade ministers "continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks." EU trade commissioner Peter Mandelson told the Times "that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away." However, he "continued to argue that the onus was on the US to offer more cuts in farm subsidies."

Rules Dispute Threatens Khmer Rouge Trial. The New York Times (1/26, A3, Mydans, 1.16M) reports, "The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge." However, "If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out," casting "a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value." However, "Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have."

Carter Apologizes For Book Passage. The Washington Times (1/26, Pfeiffer, 88K) reports former President Jimmy Carter has "apologized for what he called a 'stupid' passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis." The former president, who "had spent most of the past two months defending his new book," Tuesday said the passage was "worded in a completely improper and stupid way" and has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

Commentator Welcomes Trial Of Israeli President. Klein Halevi, a senior fellow at the Shalem Center and contributing editor to the New Republic, writes in the Wall Street Journal (1/26, A10, 2.04M) that although the Israeli presidency "is largely a ceremonial position," over the last six months "accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign." Now, "with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office." But Halevi says "the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders."

NYTimes Urges Irish Parties To Reach Accord. The New York Times (1/26, 1.16M) editorializes, "The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule. Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Advice From The Home Front."
"Prison Pay Hikes Drain Staff At State Hospitals."
"When Superfund Expenses Go Mega."

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"Cheney's Key Role In Leak Case Detailed."
"Cooperative Tone Of Sadr Surprises U.S.."
"Freeways' Tainted Air Harms Children's Lungs, Experts Say."

USA Today:
"Airline Delays Set Record In 2006."
"Ginsburg 'Lonely' Without O'Connor."
"The Donald Wants To Host A US Open."

New York Times:
"Secrecy Is At Issue In Suits Opposing Domestic Spying."
"Ford Chief Sees Small As Virtue And Necessity."
"In Clue To Addictive Behavior, A Brain Injury Halts Smoking."
"Iraq Leader And Sunni Officials In Sectarian Clash On Security."
"Hollywood, the Sequel: Less Shabby, More Chic."
"Colleges Regroup After Voters Ban Race Preferences."

Washington Post:
"Troops Authorized to Kill Iranian Operatives in Iraq."
"Tehran's Influence Grows As Iraqis See Advantages."
"D.C. Clubs Dreading Proposed Teen Ban."
"Official Shot Movers in Self-Defense, Police Say."
"In Ex-Aide's Testimony, A Spin Through VP's PR."
"Hagel Ponders White House Run As War Criticism Raises His Profile."

Washington Times:
"Al-Maliki Promises A Safe Iraq."
"Alien Hiring Fines Fails On Hill."
"Sharpton: Step Up Or I'll Run In '08."
"Maryland Considers Repeal Of Death Penalty."
"Brazilian Runs From US Theft Charges."
"Legislation Would Relax Cuba Policy."
"Damaged Brain Region Helps Some Kick Habit."

Detroit Free Press:
"'We Are AT The Bottom.'"
"Pace For '08 race Quickens In State."

Atlanta Journal-Constitution:
"Gridlock Surprise."
"Absolved By DNA Ready To Live Again."
"Cell Discovery At UGA Could Open Path To Breakthroughs."
"Democrats' 'Attack Dog' Leaves Without Regrets."

Houston Chronicle:
"Troops Deaths A Heavy Toll For A&M."
"Perry Orders TSU To make Fixes."
"Teenage Drivers Face New Hazards."
"Woman Survivors House Blowup."
"Saavedra Issues Apology To teachers In Bonus Flap."
"Injury To Spot In Brain Seems To Erase Smoking Addiction."

Story Lineup From Last Night's Network News:
ABC: Ford-Record Lows; Alternative Fuels; Iraq Unrest; Lebanon Unrest; Afghanistan War Front; Civil Rights Cold Case; Pentacel FDA Approved; Teenage Driver-Study; Airline Pilots-Guns; College Admission Error; School Injustice.
CBS: Ford Record Lows; Housing Industry-Record Lows; Nuclear Uranium Sting; Troops On Patrol; Lebanon Unrest; Civil Rights Cold Case; Breast Cancer Treatment; Health Insurance; Fallen Soldiers.
NBC: Ford Record Lows; Housing Industry-Record Lows; Stock Market; Libby Trial; Lebanon Unrest; Iraq Sectarian Violence; Sen. Warner's-Iraq Resolution; Fallen Troops-Chopper Crash; Identity Theft; Civil Rights-Cold Case; Pile Of Pandas; Caring For Wounded Troops.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-House Republicans; Iran-Satellite Launch Vehicle; Baghdad-Market Bomb Blast; Libby Trial; MS-Civil Rights Era Murder Case; New Orleans-Enrollment Decline At Colleges; Federal Health Officials Concerned About Drop In Rate Of Women Getting Mammograms.
NPR: Baghdad-Market Bomb Blast; Iraq Parliament-New Security Plan; Buffalo-Murder Of Abortion-Performing Doctor; Ford-Record Losses; Mixed Signals For US Job Market; Beirut-Violent Protests; Paris-Lebanon Donations; Afghanistan-NATO Airstrike; Bush Administration-Preparing For Expected Spring Taliban Offensive.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting with the Secretary of Defense, Chairman of the Joint Chiefs of Staff, and the Incoming Commander of Multi-National Force – Iraq, Oval Office, The White House; speaks at the House Republican Conference retreat, Cambridge, Md.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the launch of the Hugh Sidey Scholarship for Print Journalism, East Room.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

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Other: MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 9 a.m. Deputy Assistant Treasury Secretary Dan Iannicola discuss the the federal government's role in financial literacy. 9:30 a.m. - 12 p.m. Plenary session with announcement of Dollar Wi$e Capacity Grants, with Energy Secretary Bodman, House Majority Whip James Clyburn, Marian Wright Edelman of the Children's Defense Fund, others. Location: Capital Hilton, 16th and K Sts. NW.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: 9 a.m. - 10:30 a.m. Plenary on SCHIP and Medicaid with Sen. Edward Kennedy, D-Mass., others. 12:30 p.m. Luncheon: Consumer Health Advocate of the Year Awards. 2:30 p.m. - 3:45 p.m. Plenary: ``Red Flags and Red Herrings: The Outlook for Medicare," with Bruce Vladeck, Interim President, University of Medicine and Dentistry of New Jersey (UMDNJ) ; andTricia Neuman, Kaiser Family Foundation. 5:45 p.m. Special Plenary on Global Health. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Highlights: 6 p.m. Cocktail reception honoring John Bolton. 8 p.m. Night Owl Session, ``The State of Conservatism," with commentators Kate O'Beirne, Kathryn Lopez, Michelle Malkin, Laura Ingraham, and Mona Charen. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INTERNATIONAL LAW _ 10 a.m. - 4 p.m. The Advisory Committee on International Law meets to discuss a range of issues relating to current international legal topics, including the effectiveness of international trade law and international human rights law; issues related to the Geneva Conventions and the legal framework for detention and trial of international terrorists; and issues relating to the immunities of foreign states and international organizations and their respective officials. Location: Room 1105, State Department, 2201 C St. NW.

HIGH SCHOOLS _ 8:30 a.m. The Alliance for Excellent Education holds a discussion on high school reform and recent research, with Sens. Jeff Bingaman and Richard Burr, others. Location: Room 902, Hart.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael S. Galloucis, commander of 89th Military Police Brigade, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

HEALTH RECORDS _ 9:30 a.m. Health Affairs holds a briefing with Agency for Healthcare Research and Quality Director Carolyn Clancy to kick off a discussion on how electronic health records can speed advances in medical care. Other participants include John Lumpkin of the Robert Wood Johnson Foundation, Lynn Etheredge of George Washington University, Joel Kupersmith of the Veterans Health Administration. Location: Columbus Club, Union Station.

BUDGET-OCEANS _ 10 a.m. Commerce Secretary Guetierrez, Interior Secretary Kempthorne, White House Council on Enviornmental Quality Chairman James Connaughton, others, announce the budget for FY08 for ocean priorities. Location: Indian Treaty Room, Eisenhower EOB.

HOYER-IRAQ _ 10 a.m. House Majority Leader Steny Hoyer delivers a ``major" address on Iraq. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

PUBLIC POWER _ 10 a.m. Energy Daily and AREVA hold a media breakfast with members of the Large Public Power Council to discuss public power and its response to deregulation, with Joe Beal of the Lower Colorado River Authority, Jan Schori of the Sacramento Municipal Utility District and Mark Crisson of the Tacoma Public Utilities. Location: National Press Club.

COVERING KATRINA _ 11 a.m. New Orleans Times-Picayune reporters participate in a discussion, ``The State of New Orleans Following Hurricane Katrina." Participants: Times-Picayune writer Mark Schleifstein; senior editor James OByrne; and Susan Feeney, senior editor at NPRs All Things Considered and former Times-Picayune reporter. Location: Room S-120, Capitol.

PATAKI _ 11 a.m. Georgetown University sponsors a lecture by former New York Gov. George Pataki discussing ``A Way Forward in Iraq." Location: Copley Formal Lounge, on campus.

PENTAGON-AFGHANISTAN SECURITY _ 11 a.m. Army Maj. Gen. Benjamin Freakley, commander of Combined Joint Task Force-76, and commanding general, 10th Mountain Division, will brief live from Afghanistan to provide an update on ongoing security operations in

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Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

ANTIWAR DISPLAY _ 12 p.m. CODEPINK: Women for Peace and Iraqi Voices for Peace open a display called ``Walk In Their Shoes, consisting of thousands of shoes, representing civilians killed in Iraq. Location: On the National Mall at 3rd Street NW.

HOLOCAUST REMEMBRANCE _ 12 p.m. The Holocaust Memorial Museum holds a commemoration to mark Holocaust Remembrance Day. Location: At the museum.

INFRASTRUCTURE-CONGRESS _ 12 p.m. Peter Ruane, president and CEO, American Road & Transportation Builders Association, addresses the Transportation Table. Topic: ``The Road Ahead: American Infrastructure and the 110th Congress." Location: National Press Club.

VETERANS-HOUSING _ 12 p.m. The National Housing Conference holds a discussion on veterans and housing, with Cheryl Beversdorf of the National Coalition for Homeless Veterans, Stephanie Buckley of the U.S. Veterans Initiative, and Jonathan Harwitz of the Corporation for Supportive Housing. Location: Suite M-100, 1801 K St. NW.

SINISE-DISABLED VETERANS _ 12:30 p.m. Actor Gary Sinise speaks on ``Honoring the Cost of Freedom -- The Building of the American Veterans Disabled for Life Memorial" at a National Press Club luncheon. Location: National Press Club.

TURKEY-PENTAGON _ 12:30 p.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Turkish Minister of National Defense Vecdi Gonul to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, JANUARY 26, 2007 7:45 AM EST

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TERRORISM NEWS:

DOJ Seeks Dismissal Of NSA Surveillance Suit. The AP (1/26, Jordan) reports, "The Bush administration sought on Thursday to drop its appeal of a federal court ruling that concluded the government's domestic spying program is unconstitutional, saying the entire issue is moot since the surveillance now is monitored by a secret court." The AP continues, "Responding, lawyers for the American Civil Liberties Union said they would continue to push for their day in court since President Bush retains authority to continue the warrantless spying program. … The Justice Department's request has been expected since last week, when Attorney General Alberto Gonzales disclosed that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act had begun reviewing and approving applications to spy on people believed to be linked to al-Qaida." The AP adds, "The ACLU's lawsuit against the terrorist surveillance program 'is now moot,' the Justice Department wrote in a 21-page brief, filed Thursday with the 6th U.S. Circuit Court of Appeals in Cincinnati. 'The surveillance activity they challenge - electronic surveillance not subject to the FISA court - does not exist.' … The Bush administration secretly launched the spy program, run by the National Security Agency, in 2001 to monitor international phone calls and e-mails to or from the United States involving people suspected by the government of having terrorist links. The program, which did not require investigators to seek warrants before conducting surveillance, was revealed in December 2005."

The Washington Post (1/26, A5, Eggen) reports, "The government contends that the new arrangement essentially invalidates an August ruling in the ACLU case by U.S. District Judge Anna Diggs Taylor, who declared the surveillance program unconstitutional and ordered it halted. The government appealed to the 6th Circuit court. It wants Taylor's ruling vacated and the lawsuit dismissed. … Crucial to the Justice Department's argument is the contention that the government did not act voluntarily to stop the NSA program. 'This is not an instance of "voluntary cessation" of allegedly unlawful activity,' the government lawyers wrote. 'The government has not ceased surveillance -- instead, the facts and legal authorities have changed.' … But Ann Beeson, the ACLU's associate legal director, said that argument is 'not plausible.' She added that previous court rulings made it clear that the government cannot escape a legal judgment merely by voluntarily halting its illegal activity. … 'The FISA court didn't reach out on its own to do something; the government asked it to do something,' Beeson said. 'And absent a ruling, they are free to return to their illegal conduct again.'"

US Guards Secrecy In Surveillance Suits. The New York Times (1/26, Liptak) reports, "The Bush administration has employed extraordinary secrecy in defending the National Security Agency's highly classified domestic surveillance program from civil lawsuits. Plaintiffs and judges' clerks cannot see its secret filings. Judges have to make appointments to review them and are not allowed to keep copies." The Times continues, "Judges have even been instructed to use computers provided by the Justice Department to compose their decisions. … But now the procedures have started to meet resistance. At a private meeting with the lawyers in one of the cases this month, the judges who will hear the first appeal next week expressed uneasiness about the procedures, said a lawyer who attended, Ann Beeson of the American Civil Liberties Union." The Times adds, "Lawyers suing the government and some legal scholars say the procedures threaten the separation of powers, the adversary system and the lawyer-client privilege. … Justice Department officials say the circumstances of the cases, involving a highly classified program, require extraordinary measures. The officials say they have used similar procedures in other cases involving classified materials. … In ordinary civil suits, the parties' submissions are sent to their adversaries and are available to the public in open court files. But in several cases challenging the eavesdropping, Justice Department lawyers have been submitting legal papers not by filing them in court but by placing them in a room at the department. They have filed papers, in other words, with themselves." The Times notes, "At the meeting this month, judges on the United States Court of Appeals for the Sixth Circuit asked how the procedures might affect the integrity of the files and the appellate records. … In response, Joan B. Kennedy, a Justice Department official, submitted, in one of the department's unclassified filings, a detailed seven-page sworn statement last Friday defending the practices. … 'The documents reviewed by the court have not been altered and will not be altered,' Ms. Kennedy wrote, and they 'will be preserved securely as part of the record of this case.'"

Hamas-Funding Trial Jurors Cutting Deliberation Hours. The AP (1/26, Robinson) reports, "Jurors in the trial of two men charged with furnishing money and fresh recruits to Hamas terrorists announced Thursday that they are getting tired and are cutting their work hours." The Muhammad Salah and Abdelhaleem Ashqar trial jurors said in a note to US District Judge Amy St. Eve "that they are suffering from 'mental fatigue." The AP notes, "Jurors heard

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three months of testimony in the case and have deliberated on the evidence for nine days." They "told St. Eve that they had been working diligently to reach a verdict. But they went home Thursday without reaching one. Instead, they said that they would work a half day on Friday and from now on start work at 9 a.m. and normally quit for the day at 4 p.m."

Sting Disrupts Plot To Sell Enriched Uranium To Terrorists. The CBS Evening News (1/25, story 3, 2:20, Orr, 7.66M) reported on a plot by a Russian man to sell enriched uranium, "a real-life thriller, you might say, complete with a CIA sting." Inside "these nondescript pouches is nearly four ounces of weapons-grade uranium. Officials from the former Soviet Republic of Georgia confiscated it from this man, Oleg Khinsagov when he traveled from Russia intending to selling uranium to a radical Islamic terrorist. Instead, says this official, it so happened the potential buyer was our operative. Tests by a US Department of Energy nuclear lab confirmed the material was highly enriched uranium, capable of being used for nuclear weapons. The three ounces confiscated was not enough to make a bomb, but the suspect claimed he had more, four pounds more, and officials say that's reason enough for concern." Sean McCormack, US State Department spokesman: "We all have to be vigilant to make sure there aren't these sort of smuggling attempts. It could lead to real tragedy." Orr: "Billions of dollars have been spent to tighten controls over nuclear inventories, but former Senator Sam Nunn, who now heads the Nuclear Threat Initiative, warns not all weapons and ingredients are locked down." Sam Nunn, former US Senator: "That's raw material of terrorism, and if not properly secured in many cases small amounts but enough to make a crude weapon. A crude weapon could destroy a city and, indeed, shake the confidence of the world."

Editorial Urges Reversal Of Arar Decision. The Miami Herald (1/26) editorializes, "The best thing to do when you make a mistake is to admit the error, apologize for the harm it caused, make amends if possible -- and then move on. Somebody should explain this to Bush administration officials who are stubbornly refusing to acknowledge error or responsibility for the wrongful detention and subsequent torture of Canadian citizen Maher Arar." The Herald continues, "Mr. Arar is the Syrian-born Canadian who was detained by U.S. authorities as a terrorism suspect in 2002 when he was changing planes in New York after a vacation in Tunisia. He was deported to Syria without a hearing or judicial review. There, he was imprisoned for a year in a tiny cell and routinely tortured. … All of this is now known because of findings by a Canadian Commission of Inquiry and an independent investigation by a former McGill University law dean. The commission cleared Mr. Arar of any terrorism ties. The independent investigation documented the torture he suffered in Syria." The Herald adds, "Despite the findings, U.S. Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff say that Mr. Arar's name will remain on the terrorism watch list. Why? Messrs. Chertoff and Gonzales claim to have secret information to justify his inclusion on the list. This is profoundly disturbing -- not to mention unconscionable, morally repugnant, legally suspect and just plain wrong. … No self-respecting democracy that adheres to the rule of law would allow itself to be party to torture and injustice on the basis of secret information. .. The United States owes Mr. Arar an apology and compensation for the harm he has suffered. That is the least we can do."

HOMELAND RESPONSE:

Arizona FBI Agents Meet With Local Muslim Leaders. The Kingman (AZ) Daily Miner (1/25, Royster) reported, "Local members of the Muslim community got the opportunity to voice their concerns and have a dialogue with FBI officials at the Kingman mosque Tuesday night. Dr. Farid Farooqi, the imam of Masjid-E-Ibrahim, welcomed the head of all FBI operations in Arizona, John E. Lewis, to help open communication between the two groups. 'We highly appreciate their efforts,' Farooqi said. … Farooqi said he felt the night went well." The Miner added, "Lewis said that he is here to serve the community, but didn't gloss over the actions of the FBI. 'It is a rare event for us to be on the street conducting an investigation between us and a private citizen that would be a positive experience,' Lewis said. 'We're not in business, unfortunately, to deliver good news to you.' Individuals in attendance expressed concerns over the name checklist, profiling at airports and at the borders, and a general poor attitude from law enforcement during all interactions they had. Lewis offered few solutions or answers to the tough questions presented to him, but was attentive and expressed concern to the community leaders."

Lack Of Gulf Coast Mention In State Of The Union Seen As Insensitive. Julianne Malveaux, in a commentary appearing in USA Today (1/26, 11A, 2.27M), writes about President Bush's State of the Union address and asks "how dare he talk of the State of the Union without mentioning the Gulf Coast, and especially New Orleans. Has our president decided that one of our nation's greatest devastations does not merit a mention? … Granted, all of the challenges in New Orleans and along the Gulf Coast can't be solved by federal government action alone. But a more sensitive president might at least acknowledge the slow pace of recovery and pledge to do whatever he can to help its citizens."

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Referring to the lack of a Gulf Coast mention, Eugene Robinson, in his column for the Washington Post (1/26, A21, 690K) writes, "How nice that the White House has been able to move beyond the trauma of September 2005 -- wind and water, death and destruction, poverty and race, 'Brownie, you're doing a heck of a job.' Too bad the people of New Orleans, St. Bernard Parish, Pass Christian, Biloxi and the rest of the coast will never have the luxury of forgetting." Robinson states, "What is unconscionable is that a president who fundamentally does not believe in government has allowed market forces to take the lead in the reconstruction effort, which ensures that the New Orleans he promised to rebuild is gone forever. … What kind of president can see one of the nation's greatest, most historic cities ruined and not make its rebirth his highest priority? What kind of president gives a State of the Union and doesn't even mention New Orleans?"

WAR NEWS:

McCain, Cornyn Crafting Iraq Resolutions That Don't Rebuke Bush. The Los Angeles Times (1/26, Levey, 850K) reports, "Scrambling to head off a potentially embarrassing congressional rebuke" for President Bush's "troop buildup in Iraq, Senate Republicans are working on alternative legislation that would attach specific 'benchmarks' to the White House plan." Sen. John McCain, "who has been the leading congressional advocate of deploying additional troops to quell the sectarian violence in Iraq, said Thursday that he was interested in drafting a resolution to ensure that the effectiveness of the troop increase could be gauged." Also, Sen. John Cornyn, "one of the president's most loyal supporters on Capitol Hill, said he might introduce a similar resolution. … If McCain and Cornyn introduce resolutions, they could draw support away from other resolutions that directly oppose the buildup and cast Democrats as impediments to progress in Iraq." Cornyn "said he had talked with the White House about his plans, as well as Senate Republicans and Sen. Joe Lieberman, a Connecticut Democrat who won reelection as an independent in November. Lieberman has been one of the strongest supporters of the president's plan."

McClatchy (1/26) reports "McCain said Thursday that he hadn't yet decided on precise benchmarks. 'They'd have to be specific and they (the Iraqi government) would have to meet them.' Asked what penalty would be imposed if Iraq failed to meet his benchmarks, he said: "I think everybody knows the consequences. Haven't met the benchmarks? Obviously, then, we're not able to complete the mission. Then you have to examine your options.'" McClatchy describes Minority Whip Trent Lott as "a McCain ally," and notes he "said many Republicans might back a resolution of the sort that McCain is suggesting. He noted that Republicans in the House of Representatives earlier this week proposed establishing a set of benchmarks and asking the Bush administration to report monthly on progress."

The Washington Post (1/26, A4, Weisman, 690K) quotes GOP Sen. George Voinovich saying, "What we need is to put together a list of benchmarks that are tough and measurable, with requirements that the administration report back on the progress." Democrats "said the GOP efforts might keep some Republicans from signing a resolution opposing the troop increase, but not all of them. At least half a dozen Republicans have already signed on to one of two nonbinding resolutions, a strongly worded measure that passed out of the Foreign Relations Committee and a more deferential version drafted by Sen. John W. Warner (R-Va.)."

GOP Sen. David Vitter said on MSNBC (1/25, Jansing), "I think everybody across the country -- myself included -- is worn down and frustrated and really heartbroken by our American losses, particularly loss of life. … The tough question is, at the end of the day, we are where we are. What do we do to go forward? And one of my main disappointments with the resolution that we debated in committee yesterday, and I expressed this, is it's not a plan. Everybody on the committee and the Senate has the right to oppose a plan, to oppose the President's plan if that's what they decide. But I also think everybody has the responsibility to be for some plan."

Local TV coverage of the Senate Foreign Relation Committee's focus on Bush's Iraq troop surge plan dropped considerably from the extensive amount broadcast on Wednesday. KTUL-TV Tulsa (1/25, 5:13 pm), for example, reported that despite the President's "efforts to focus on domestic issues, the Iraq war continues to dominate discussion on Capitol Hill. The Senate Armed Services Committee heard from experts on the President's troop surge plan."

WAKA-TV Montgomery (1/25, 5:02 pm) began its 5 o'clock broadcast covering this story, adding that the President "expected the debate, but he is calling on lawmakers to give his new way forward a chance to work. Alabama Senator Jeff Sessions says he will support the President's plan to increase troop levels. He says that Congress has handled the war on Iraq irresponsibly. He calls a resolution approved by a Senate committee yesterday 'cynical and toothless.'"

Warner Says He Won't Seek Compromise With Biden. The AP (1/26, Flaherty) reports, "The leader of a bipartisan effort to rebuke President Bush's Iraq strategy said Thursday he would not strike a compromise with a harsher Democratic resolution the Senate will debate next week." Sen. John Warner, "former chairman of the Armed Services Committee, said he won't negotiate with Democrats to develop a single proposal on Iraq." Warner's decision is

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being portrayed as bad news for the President. The AP, for example, adds that Warner's move, "along with the emergence of other resolutions the Senate might consider -- underscored how a Congress largely against Bush's proposal to send more troops to Iraq remained divided over what to do about it." Warner's decision "bolsters chances that his resolution will be the one to win final Senate approval. Democrats are expected to vote for his proposal if their measure fails, and several Republicans said they prefer Warner's approach because it is less divisive."

NBC Nightly News (1/25, story 7, Williams, 9.87M) a part of a very positive profile of Warner, likewise said there is "more momentum for opponents of…Bush's plan to send more troops to Iraq. Two nonbinding resolutions opposing the increase will come before the full Senate." NBC (Reid) added, "In the Senate, it is well understood that if a nonbinding resolution opposing the troop buildup is to have effect on the President it must have Republican support and that could depend on this man…Warner, widely respected on all things military, veteran of World War II and Korea." Later in the story, GOP Sen. Susan Collins was shown saying, "When he speaks on this issue, he speaks with enormous credibility." Political analyst Larry Sabato "says more [Republicans] are likely to sign on" to his resolution. Sabato said, "You can say I'm disagreeing with the President, but I'm agreeing with John Warner." Warner "says he is not counting votes, doing what he believes is the right thing for the troops."

The Washington Post (1/26, A4, Weisman, 690K) reports Lott "conceded that his party's leadership could not head off a vote, as the White House wants."

The Los Angeles Times (1/26, Levey, 850K) reports "the White House has been working hard to derail both of the resolutions, which -- although nonbinding -- would mark the first time Congress has challenged Bush's leadership of the 4-year-old war." Lott said, "What they really want to come out of this is no resolution."

The Christian Science Monitor (1/26, Chaddock, 59K) reports, "At issue is whether the new Democrat-controlled Congress should aim for the strongest resolution opposing the troop buildup, or the one most likely to draw the largest bipartisan vote. Even Republican senators on the foreign relations panel who did not vote for the resolution expressed serious doubts about the way the president is waging the war. But these were not enough to overcome their worries that their words could have unintended consequences – from undermining US troops to further isolating a commander in chief determined to go his own way." The White House "and its supporters on Capitol Hill want to avoid any language that will undercut the troops or undermine the mission of Lt. Gen. David Petraeus, whom the Senate on Wednesday unanimously confirmed to command US and multinational forces in Iraq."

Brownback Says He Might Back Warner Resolution. The AP (1/26, Hananel) reports, "Kansas Sen. Sam Brownback said Thursday he would not support a resolution drafted by Democrats opposing President Bush's Iraq plan, but he could back a rival proposal that contains less partisan language." Brownback, "among the first Republican lawmakers to publicly break with the president over a troop increase in Iraq, said the resolution approved this week by the Senate Foreign Relations Committee is too divisive." He added that he "prefers a milder resolution drafted by…Warner…that leaves open the possibility of Bush sending in a much smaller number of troops."

Pataki Opposes Iraq Troop Surge. The AP (1/26, Humbert) previews a speech Gov. Pataki will deliver at Georgetown University today, where he will officially "break rank" with Bush and 2008 GOP frontrunners by opposing the plan to send an additional 20,000 troops to Iraq. His speech reads, "A functioning democracy throughout Iraq is not essential to our achieving a military victory over al-Qaida in Iraq. … A troop 'surge' is better suited as part of the effort to achieve a broader victory. But I oppose carrying out this surge unless the prospects for that broader victory are much greater than they appear today."

Pataki said on MSNBC's Tucker (1/25, Carlson), "I think what we have to do, before we go forward with a troop surge, is make the Iraqis step up. The Americans, particularly our soldiers on the ground, have made an extraordinary effort and I think every American is proud of them. But what we haven't seen is that effort on the part of the Maliki government. To hope that we are going to succeed in creating a stable, representative government in Iraq, we have to have the active leadership of that Iraqi government and it hasn't been there."

Feingold To Hold Hearing On Possibility Of Cutting Off Funding. The Politico (1/26) reports, "Sen. Russ Feingold, D-Wis., has scheduled a hearing next Tuesday in his Judiciary Committee subcommittee to explore whether Congress has the authority to cut off funding for the U.S. military campaign in Iraq. The move comes as Congress prepares to vote on a congressional resolution opposing President Bush's escalation of the war." Feingold, "a fierce war critic, will force Democrats to consider an option many consider politically suicidal: denying funds to the military and U.S. soldiers to force a quicker end to the war. Democratic leaders have privately called on members to restrain from cutting off funding and focus on congressional resolutions condemning the Bush policy. The resolutions are nonbinding and therefore symbolic."

Harris Poll Finds 52% Believe US Not Winning Or Losing In Iraq. On its website, the Wall Street Journal (1/26, 2.04M) reports on the latest Harris Poll, according to which "29% of Americans feel the US is losing in Iraq, compared with 10% who feel the US is winning and 52% who said the

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U.S. is neither winning nor losing." The poll, which "was conducted Jan. 11 to 18, after…Bush proposed increasing troops in Iraq but before his State of the Union address." It "shows attitudes toward the president's handling of Iraq haven't budged since November: 70% of Americans said his handling of Iraq has been fair or poor over the last several months, compared with 26% who see it as good or excellent."

Antiwar Activists Hope For Massive Washington Protest. The Los Angeles Times (1/26, Schreck, 850K) reports, "Emboldened by the Democratic takeover of Congress and shrinking public support for the Iraq war, antiwar groups are planning what they hope will be a massive protest Saturday on the National Mall. Similar events are planned in dozens of cities around the United States, with some of the largest expected in Los Angeles and San Francisco. Organizers said they aim to put pressure on both the White House and Congress to end the war." The Rev. Jesse Jackson, director of PUSH/Rainbow Coalition, is "scheduled to appear on the Mall, organizers said, as are Rep. Dennis J. Kucinich, D-Ohio, a longshot candidate for the Democratic presidential nomination, and actors Jane Fonda, Danny Glover, Susan Sarandon and Tim Robbins. … About 300 busloads of protesters are traveling from more than 30 states to attend the rally, said United for Peace and Justice spokesman Hany Khalil."

The Christian Science Monitor (1/26, Knickerbocker, 59K) says "organizers of the Washington event are anticipating between 300,000 and 500,000 people."

The New York Times (1/26, Zeleny, Hulse, 1.16M) reports, "Do not look for senators to be standing among the protesters on the Mall on Saturday. Despite a consensus building around a Senate resolution to oppose sending more troops to Iraq, even the most liberal Democratic senators do not appear eager to align themselves with a traditional antiwar protest. So the groups that are organizing the demonstrations against the president's strategy are also carrying out a sophisticated, well-financed lobbying campaign on Capitol Hill. Their behind-the-scenes efforts are intensifying, relying on tactics deployed in a cutthroat political race." Americans Against Escalation in Iraq, a coalition of labor unions, MoveOn.org "and other groups that have traditionally rallied against wars, has raised $1.5 million since it was formed two weeks ago. The group is singling out Republicans and Democrats who have spoken out against the war, but who have so far declined to pledge support for a resolution denouncing Mr. Bush's plan to increase the number of troops." The Times adds, "Next week, the group intends to fly Iraq veterans to the home states of Republican senators who serve on the Foreign Relations Committee and voted Wednesday against the resolution condemning the administration plan, including Senators Norm Coleman of Minnesota and John E. Sununu of New Hampshire. Television advertisements are scheduled to be shown in some of the same states in an effort to apply pressure before the Senate vote on the resolution in early February."

Maliki Vows To Crack Down On Insurgents. USA Today (1/26, 9A, 2.27M) reports, "Iraq's prime minister vowed Thursday that his crackdown in Baghdad will leave militants nowhere to hide. In a speech to the parliament that drew praise from the White House, Prime Minister Nouri al-Maliki urged politicians on all sides to support his new Baghdad security plan, backed by 17,000 additional US troops who have begun arriving in the capital. … 'There will be no safe haven -- no school, no home, no (Sunni) mosque or Shiite mosque. They will all be raided if they are turned into a launch pad for terrorism, even the headquarters of political parties,' al-Maliki said. He said his determination had already borne fruit. 'I know that senior criminals have left Baghdad, others have fled the country,' he said." White House spokesman Tony Snow "called al-Maliki's speech 'a very assertive address. … We certainly welcome that, because it demonstrates the kind of vigor we've been talking about…and also responds specifically to concerns members of Congress have been expressing, in terms of the aims of and the determination of the government of Iraq.'"

ABC World News (1/25, story 3, :30, Gibson, 8.78M) noted that just hours after the speech "a suicide car bombing killed 26 people in a Shiite section of Baghdad."

The Washington Times/AP (1/26, Mroue) reports "Maliki did not reveal the details of the plan, which he has dubbed 'Operation Imposing Law,' or say when it would begin. But he made clear that it would not be the last such battle against the militants."

One of the most negative reports on Malaki's speech runs in today's New York Times (1/26, Santora, 1.16M), which says Malaki "and Sunni lawmakers hurled insults at one another during a raucous session of Parliament on Thursday, with the prime minister threatening a Sunni lawmaker with arrest and the Sunni speaker of Parliament threatening to quit. The uproar revolved around the new Baghdad security plan, but it came as the prime minister…is under increasing pressure to demonstrate even-handedness." Bush's new strategy "for Iraq hinges in large measure on the Iraqi government's ability to rein in both Shiite and Sunni militants."

Sadr Movement Endorses New Security Plan. The Los Angeles Times (1/26, Daragahi, 850K) reports, "Muqtada Sadr, the radical anti-American cleric, has backed away from confrontation with U.S. and Iraqi forces in recent weeks, a move that has surprised US officials who long have characterized his movement as among the greatest threats to Iraq's security." Yesterday, a leader of the Sadr movement in one of its Baghdad strongholds publicly endorsed the security plan that at least some US officials have touted as a way to combat Sadr's movement. … 'We will fully cooperate with the

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government to make the plan successful,' said Abdul-Hussein Kaabai, the head of the local council in Shiite-dominated Sadr City."

Possible Course For Mahdi Militia Under New Strategy Noted. Gary Anderson, "a defense consultant, has been an opposition player in many war games regarding Iraq and Afghanistan," writes a "Policy Memo From the Planning Directorate, Mahdi Army" in today's Washington Post (1/26, 690K). The "memo" says, "We have completed a review of the new American surge strategy announced by their president." The "course" of action advocated by the "review" is "to avoid challenging the Americans and government forces directly but continue to attack them with IEDs and snipers. There will be many more American targets on the street, and a continuing stream of casualties would further undermine American public support. This has the advantage of keeping our fingerprints off such operations because the Sunnis will probably do this regardless of what we do. This also conserves our combat power. It shares the potential disadvantage that the American 'hearts and minds' strategy may actually work and that the security forces will increase in capability. Again, we think this is unlikely. … Clearly, America's time here is limited. Hurrying its exit at the cost of weakening our position does not make sense. We have been patient for a thousand years; another year or so is nothing."

Pentagon Officials Wary Of Lawyerly Rules Of Engagement. The Washington Times (1/26, Gertz, Scarborough, 88K) "Inside The Ring" column says Defense Department officials "tell us one of the rules of engagement for US combat troops in Iraq is vague and written by lawyers with little or no battle experience. The result is that troops are at risk of getting killed in action because of military lawyers' penchant for ambiguity. One troubling rule that is among several printed on the card given to troops going into combat is 'use minimum force necessary to decisively eliminate the threat.' It is viewed by many in the military as ambiguous and confusing."

Car Bombing Kills 26 In Shiite Neighborhood. NBC Nightly News (1/25, story 6, :30, Williams, 9.87M) reported, "In Baghdad, a suicide car bomb killed 26 people in a Shiite neighborhood today," the "second attack there in three days." The AP (1/26, Mroue) reports that in addition, "two rockets slammed into the heavy fortified Green Zone not far from the US Embassy." After the car bombing, "angry…residents took to the streets chanting 'We want the Sunnis out!'"

The Washington Post (1/26, A14, Londono, 690K) reports "US Embassy spokesman Lou Fintor said the rounds landed inside the compound shortly after 4 p.m. 'The damage was minor, and the embassy is functioning normally,' Fintor said. 'It wasn't a densely populated area.'" He said that "no US citizens were injured and that none of the injuries was life-threatening." The Post adds, "Also Thursday, a soldier from the US-led coalition was killed northwest of Baghdad when a roadside bomb exploded near his vehicle, the military said in a statement. The soldier's identity was withheld pending notification of next of kin."

The CBS Evening News (1/25, story 4, 2:50, Couric, 7.66M) reports "the situation Baghdad has gotten so dire, people there are now relying on the American military for basic necessities, and that can turn dangerous as well." CBS (Logan) added, "The desperation of the people in this neighborhood almost turned this humanitarian mission into a riot. Crowd of women and children frantically swarmed around the supply truck, pushing each other in the frenzy. Then US Staff Sergeant Steven Frost tried to calm them down. Even fiercely proud Iraqi men begged for some of the blankets and kerosene heaters. The mission started peacefully enough, with a truckload of much-needed propane gas handed out according to names on a list, all part of the US effort to turn this violent Sunni area into a model for the rest of the neighborhood to follow."

Insurgent Group Posts Video Of Wrecked US Copter On Website. The AP (1/26, Youssef) reports, "An insurgent group that has claimed responsibility for the downing this week of a US helicopter in Baghdad that killed five Americans posted a video Thursday on an Islamic Web site showing the wreckage and two bodies. The 1-minute, 14-second video carried the logo of the 1920 Revolution Brigades, a known Sunni militant group. It showed wreckage of a helicopter with bricks scattered around it."

Baghdad Violence Deterring Work By Humanitarian Groups. USA Today (1/26, Bazar, 2.27M) reports, "Since 2003, at least 82 Iraqi and international aid workers have been killed, 80 kidnapped and 245 wounded in Iraq, says Kasra Mofarah of the NGO Coordination Committee in Iraq, which assists non-governmental organizations (NGOs) such as charities and relief groups. Those figures do not include attacks on staff members with democracy-building groups such as the Washington-based National Democratic Institute." USA Today adds, "As the violence gets worse, groups that aim to help rebuild Iraq and provide medical and other services are pulling out or relocating to less violent parts of the country, even as the need for their assistance has grown."

US Troops Authorized To Kill Iranian Operatives In Iraq. In a front page article, the Washington Post (1/26, A1, Linzer, 690K) reports the Bush administration "has authorized the US military to kill or capture Iranian operatives inside Iraq as part of an aggressive new strategy to weaken Tehran's influence across the Middle East and compel it to give up its nuclear program, according to government and counterterrorism officials with

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direct knowledge of the effort." For more than a year, US forces in Iraq "have secretly detained dozens of suspected Iranian agents, holding them for three to four days at a time." The so-called "kill or capture" program was authorized by President Bush "in a meeting of his most senior advisers last fall, along with other measures meant to curtail Iranian influence from Kabul to Beirut and, ultimately, to shake Iran's commitment to its nuclear efforts." According to the Post, the plan has "several influential skeptics in the intelligence community, at the State Department and at the Defense Department who said that they worry it could push the growing conflict between Tehran and Washington into the center of a chaotic Iraq war." Senior administration officials said CIA director Gen. Michael Hayden "counseled the president and his advisers to consider a list of potential consequences, including the possibility that the Iranians might seek to retaliate by kidnapping or killing US personnel in Iraq." Meanwhile, Secretary of State Condoleezza Rice, "though a supporter of the strategy, is concerned about the potential for errors," and "in meetings with Bush's other senior advisers, officials said, Rice insisted that the defense secretary appoint a senior official to personally oversee the program to prevent it from expanding into a full-scale conflict."

Iran Seen As Exerting Growing Influence In Iraq. In a separate front page article, the Washington Post (1/26, A1, Partlow, 690K) reports, "The increasingly common arrangement for sick or wounded Iraqis to receive treatment in Iran is just one strand in a burgeoning relationship between these two Persian Gulf countries." The Post goes on to note the growing diplomatic and economic ties between to the two countries. Fro example, Iran "has dispatched 56 diplomats to staff its embassy in Baghdad and consulates in Basra and Karbala," and "each day, Iran provides 1,000 tons of cooking gas, about 20 percent of the Iraqi demand, and 2 million liters of kerosene." But when President Bush and top US officials "speak of Iran's role in Iraq, their focus is more limited. US officials accuse Iranian security forces, particularly the al-Quds Brigade of the Revolutionary Guards, of funneling sophisticated explosives to Iraqi guerrillas." Caught "between the United States and Iran" is Iraqi Foreign Minister Hoshyar Zebari, who told the Post in an interview last week, "I'm treading a very thin line," noting that "he believes Iran wants a stable government in Iraq, along with the departure of US troops, but is worried that a full-scale civil war could spill over Iraq's borders." However, the Post says Iran "has driven a wedge between Iraq and the United States" as US officials "decided to escalate their tactics against Iran after public denunciations of Iran's alleged military activities, along with attempts to 'harden' Iraq's security forces to repel Iranian influence."

Iran Calls For Summit With Iraq, Syria. The AP (1/26, Hurst, Abdul-Zahra) reports Iran "has invited the Iraqi and Syrian presidents to Tehran for a weekend summit" with President Mahmoud Ahmadinejad to "hash out ways to cooperate in curbing the runaway violence" in Iraq, four "key" Iraqi lawmakers told the AP Monday. According to one source, Iraqi President Jalal Talabani "has accepted the invitation and will fly to the Iranian capital Saturday." The Iranian "diplomatic gambit appeared designed to upstage expected moves from Washington to include Syria and Iran in a wider regional effort," the AP writes.

Rockefeller Derides Cheney's "Constant" Pressure On Roberts During Intel Probe. McClatchy (1/26, Landay) reports, "Vice President Dick Cheney exerted 'constant' pressure on the Republican former chairman of the Senate Intelligence Committee to stall an investigation into the Bush administration's use of flawed intelligence on Iraq, the panel's Democratic chairman charged Thursday." In an interview with McClatchy Newspapers, Sen. Jay Rockefeller also "accused President Bush of running an illegal program by ordering eavesdropping on Americans' international e-mails and telephone communications without court-issued warrants." McClatchy added, "n the 45-minute interview, Rockefeller said that it was 'not hearsay' that Cheney, a leading proponent of invading Iraq, pushed Sen. Pat Roberts, R-Kan., to drag out the probe of the administration's use of prewar intelligence." In "an e-mail response to Rockefeller's comments, Cheney's spokeswoman, Lea McBride, said: 'The vice president believes Senator Roberts was a good chairman of the Intelligence Committee.'" Roberts' chief of staff, Jackie Cottrell, "blamed the Democrats for the investigation remaining incomplete more than two years after it began."

US Soldier Gets 18-Year Sentence For Killing Two Iraqis. The New York Times (1/26, Von Zielbauer, 1.16M) reports, "An Army infantryman received an 18-year prison sentence on Thursday after pleading guilty to killing two unarmed Iraqis during an assault northwest of Baghdad last May. The infantryman, Pfc. Corey R. Clagett, 22, of the Third Brigade, 101st Airborne Division, also pleaded guilty to trying to kill a third unarmed man detained in the raid, and to conspiracy and obstruction of justice." The Times adds, "Under the terms of a plea deal made with military prosecutors and approved by the division's commanding general, Private Clagett will be eligible for parole after roughly five years, his lawyers said."

The AP (1/26, Rucker) reports from Fort Campbell, KY, "In an agreement with prosecutors, Clagett pleaded guilty to charges of murder, attempted murder, conspiracy to commit murder and conspiracy to obstruct justice. Prosecutors dropped a second obstruction charge and charges of disrespecting an officer and threatening. … Clagett will also

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be demoted to private and dishonorably discharged. If he does not cooperate with prosecutors, he could be sentenced to life in prison with a chance at parole." The AP notes, "The soldiers first told investigators they shot the detainees because they were attempting to flee - a story they now say they made up - and that commanders had given them orders to kill all military-age males on the mission. … Two of those soldiers, Spc. William B. Hunsaker and Spc. Juston R. Graber, have changed their stories and pleaded guilty. The squad leader, Staff Sgt. Raymond Girouard, is awaiting his court-martial."

Salvadoran Mother Grieves For Son Killed In Iraq. The New York Times (1/26, Lacey, 1.16M) reports, "From her hillside home in western El Salvador, Herminia Ramos sobbed and sobbed the other day as she recalled her fallen son. In some ways, Ms. Ramos is like the thousands of other Salvadoran mothers who lost children in the 12-year civil war here that ended in 1992. But Ms. Ramos' grief is fresher than the rest, the result of a more recent conflict." El Salvador "is the only country in Latin America with troops in Iraq, a point of pride for President Antonio Saca, who is a gung-ho supporter of the Bush administration, but extremely unpopular among the war-weary population." El Salvador, "which has been involved in the war since August 2003 and currently has 380 troops in Iraq, has been having its own discussion. Ms. Ramos, for one, can find no justification."

Violence Cripples Baghdad Potato Chip Industry. USA Today (1/26, Sabah, 2.27M) reports, "Iraqi-made potato chips -- deep fried, thin and greasy -- are considered more than a snack: They're a delicacy." Baghdad "once flourished with several potato chip factories, said Ali Ismail, a sidewalk chip vendor in Baghdad's Karrada district. But since 2003, some of the factory owners have been kidnapped, killed or have fled the violence, while other factories simply closed for financial reasons. … Today, one factory dominates the industry -- near Jamila Square in Sadr City, the Baghdad slum and bastion of the Mahdi Army, a powerful Shiite militia." And "due in part to the shrinking supply, the cost of chips has increased. A 2-pound bag now sells for about $3.80, compared with about $2 a bag before the US invasion."

Army Finds Probable Cause That Two US Soldiers Assaulted Afghan Detainees. The Los Angeles Times (1/26, Sack, Pyes, 850K) reports, "Army criminal investigators have concluded there is probable cause to believe that two soldiers committed assault in the handling of detainees at a Special Forces firebase in Afghanistan in March 2003. The case stems from reports of torture and the death of a detainee that had been concealed from military authorities until disclosed by The Times in 2004." The Times adds, "The military investigators, who work for the Army's Criminal Investigation Command, also found probable cause of dereliction of duty by one of the two soldiers. The incident was never reported up the chain of command, according to top Special Forces officials, and any attempt to cover up wrongdoing can constitute dereliction under Army criminal codes."

Rice Says Administration To Seek $10.6 Billion For Afghanistan. ABC World News (1/25, story 5, 0:30, Gibson, 8.78M) reported, "The Bush Administration is requesting $10.6 billion in new military and reconstruction aid for Afghanistan --almost as much as the US has given that country over the last five years, combined -- and the tours of 3,200 US soldiers in Afghanistan are being extended by four months. All of this to thwart Taliban insurgents who have showed signs of renewed strength."

The AP (1/26, Gearan) reports Secretary of State Condoleezza Rice announced Thursday that President Bush will ask Congress for the funds "to help Afghanistan strengthen its security forces and rebuild from years of war." Speaking to reporters on her way to NATO headquarters in Brussels for talks on Afghanistan, Rice said, "The challenges of the last several months have demonstrated that we want to and we should redouble our efforts." Rice "said that of the total, $8.6 billion would be for training and equipping Afghan police and security forces, and $2 billion would be for reconstruction," to be spent over the next two years. Meanwhile, a senior State Department official who spoke on condition of anonymity "gave another indication that US forces in Afghanistan may grow," saying, "We will not be decreasing our military commitment in Afghanistan, quite the contrary." Separately, State Department spokesman Sean McCormack said Thursday there is "a pressing need to address the problem of high levels of opium poppy production in Afghanistan."

The Financial Times (1/26, Dombey, Mojumdar, Schmid) reports Rice "will ask her European counterparts on Friday to do more to help the reconstruction and security of Afghanistan, amid signs of a growing divide on the issue between the US and continental Europe." At a meeting of NATO and European Union foreign ministers in Brussels, Rice "is expected to unveil details of a US initiative to provide about $8billion for the war-torn country and call on Europe to make a similar step." Separately, the European Commission will on Friday announce about $780 million for Afghanistan for the next four years, aimed at improving governance, providing alternative livelihoods to the drugs trade, and health."

The New York Times (1/26, A6, Cooper, Cloud, 1.16M) notes the President's aid request "would come before what is

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expected to be another spring offensive by resurgent forces linked to the Taliban." In Washington, the Pentagon announced Thursday that it was delaying the departure of a 3,200-soldier combat brigade from Afghanistan "for as long as three months, increasing the American force level there to around 24,000." Meanwhile, an additional 20,000 soldiers from other NATO countries are also being deployed there. President Bush is expected to make a formal request for the funds next month.

The Washington Post/AP (1/26, A17) adds that also on Thursday, Italy's government "approved financing for the country's military mission in Afghanistan despite calls for a pullout by leftist parties in Prime Minister Romano Prodi's coalition." Prodi has agreed to keep Italy's 1,800-strong contingent in Afghanistan, "although he has resisted NATO's request to increase its size."

Calling the $10.6 billion an "unusually large figure," the Washington Times (1/26, Kralev, 88K) says it is "an indication that the administration views the difficulties facing President Hamid Karzai's government as extremely serious, US officials said."

The Los Angeles Times (1/26, Richter, 850K) calls the move "another sign that the White House is deepening its commitment in the Central Asian nation in response to growing concern over a Taliban resurgence."

NATO To Send Additional Brigade To Afghanistan. The Washington Post/AP (1/26, Faiez) reports, "NATO-led troops battling resurgent Taliban militants will soon be reinforced with another combat brigade, the top NATO commander in Afghanistan said Thursday." Gen. David Richards "said the brigade will consist of members of different nations participating in NATO's International Security Assistance Force. A brigade is typically 1,500 to 3,500 troops."

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Southern New York US Attorney Profiled. The Financial Times (1/26, Masters) runs a profile of Michael Garcia, US Attorney for the southern district of New York. The Times reports, "Michael Garcia, the US prosecutor who has raised hackles abroad with his wide-ranging internet gambling investigation, takes pride in being an ordinary guy. … But Mr Garcia's personal modesty stands in stark contrast with his ambitious view of his office's jurisdiction. The 217 lawyers under his command have tackled corruption at the United Nations, securities fraud cases from around the US, and most recently sub-poenaed more than a dozen non-US banks as part of a controversial crackdown on internet gambling. … 'This is an office that has been willing to take on the difficult and new cases, and you see the results,' Mr Garcia, 45, told the Financial Times. 'If there is a case there, we will make it.'" The Times adds, "A born-and-bred New Yorker, Mr Garcia spent nine years as a line prosecutor in the southern district in the 1990s, working mainly on terrorism cases at a time when the office was a world leader at bringing such offenders to justice. … Mr Garcia, who is married to a Federal Bureau of Investigation agent he met at an office party, is also well versed in the ways of Washington. … He spent more than five years there, first in the Commerce Department and then heading Immigration and Customs Enforcement, a newly created bureaucracy of more than 20,000 people within the Department of Homeland Security."

Rep. Reichert Mulling Candidates For Western Washington US Attorney. The Seattle Times (1/26, Bowermaster) reports, "Rep. Dave Reichert, R-Auburn, is working with local lawyers and law-enforcement officials to identify candidates to succeed John McKay as U.S. Attorney for the Western District of Washington." The Times continues, "McKay is stepping down today after five years as the region's top law-enforcement official. He announced Thursday he will join the faculty of Seattle University Law School. … U.S. Attorney General Alberto Gonzales is expected to name an interim replacement for McKay today, to avoid disruptions to prosecutions. But it could take weeks to choose a permanent successor. … U.S. attorneys are White House appointees subject to Senate confirmation." The Times adds, "It is traditional for the senior member of the state's congressional delegation, who is from the same party as the president, to work with the White House to select U.S. attorney candidates. … Rep. Doc Hastings is the longest-serving Washington Republican. But because Hastings is from Eastern Washington, he asked Reichert to pick candidates to succeed McKay. … Mike Shields, Reichert's chief of staff, said the congressman will submit a list of finalists to the White House. However, the final decision rests with the administration. … Reichert tapped Norm Maleng, King County prosecutor, to head a panel that is reviewing candidates, said Dan Donohoe, a spokesman for Maleng. … Charles Mandigo, a former longtime FBI agent in Seattle, and Mike McKay, John's older brother and a former U.S. Attorney, are assisting Maleng, according to legal sources."

CORPORATE SCANDALS:

Critics Blast McNulty Memo On Privilege Policy. The National Law Journal (1/26, MacLean) reports, "Revision of the Justice Department's much maligned guidelines for seeking corporate waivers of attorney-client privilege in white-collar investigations has been likened to a 'don't ask, don't tell' policy that will drive prosecution waiver demands underground. … And few believe that what has been dubbed the McNulty memorandum, issued on Dec. 12

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by Deputy U.S. Attorney General Paul McNulty, will resolve the simmering anger among corporate counsel over what has been called a 'culture of waiver.'" The Journal continues, "Now that Congress has returned this month, it is expected to renew a call for a legislative ban on federal prosecutors and regulatory agencies demanding waivers. And a federal rules reform advisory committee has proposed a change in Rule 502 of the Federal Rules of Evidence to codify 'limited waiver' of attorney-client privilege, despite wide federal and state court rejection of the concept." The Journal adds, "Selective waivers, essentially confidentiality agreements, would allow prosecutors access to internal company investigations, but would seal them from plaintiffs attorneys engaged in civil suits. … McNulty said the department supports the recognition of limited waiver. The danger of waiver exposing corporations to third-party lawsuits and shareholder suits 'is a significant concern,' McNulty said in a recent interview. 'That is why we are supportive of the effort to create a limited waiver and to amend federal rules to allow it to occur. We would like to see some way forward to make it possible for limited waiver,' he said. … His comment is a departure from a June decision by the 10th U.S. Circuit Court of Appeals rejecting a partial waiver sought by Qwest Communications International Inc. The decision noted that rather than support Qwest's request for adoption of selective waiver of privilege, the government 'carefully took no position,' and declined to participate in oral argument. … As for Congress stepping in to ban all but voluntary waivers, McNulty said, 'I am hopeful the Senate and the House will give the new guidance a chance to work and see how it plays out in our corporate fraud work. I am confident that if they do give it a chance there will be no need for legislation and there will be no need for further guidance.' … But efforts at cooperation may not be so amicable in the new year. Critics, who complain that McNulty's 21-page memo fails to provide sufficient protection against government coercion, have started lining up to push for tougher legislation to curb prosecution waiver demands and to oppose legitimizing 'partial waivers.'"

Qwest Picking Up Defense Tab For Former CEO. The Denver Post (1/26, Vuong) reports, "Joe Nacchio is getting the best defense Qwest can buy. … The Denver-based phone company is paying for Nacchio's multi million-dollar defense against civil and criminal charges, which include 42 counts of illegal insider trading." The Post continues, "Nacchio, Qwest's former chief executive and chairman, has pleaded not guilty, and his criminal trial is scheduled to start March 19. … His final legal tab could run from $25 million to $75 million for both civil and criminal cases, according to experts. Former Enron CEO Jeff Skilling, who was convicted of fraud and conspiracy last year, reportedly rang up $65 million in legal fees." The Post adds, "Qwest's bylaws require it to 'advance legal fees to current and former officers who may be involved' in any criminal or civil legal proceeding because of their work with the company, said spokesman Bob Toevs. … 'If there is a finding against one of those former officers, the company does have the ability or the right to recover the fees that were advanced to the individual,' Toevs said. … But Qwest would have to recover the fees through court action, and the company wouldn't get anything if Nacchio's finances are emptied by fines and other debts." The Post notes, "Nacchio faces up to 10 years in prison and a $1 million fine for each of the 42 insider-trading charges. A separate Securities and Exchange Commission civil fraud lawsuit seeks his stock sale profits from 1999 to 2002 and bonuses. Nacchio, who reaped $176.5 million in stock sales during the period covered by the SEC lawsuit, has denied any wrongdoing. … The requirement for Qwest to cover Nacchio's legal bill is also spelled out in his severance agreement. Nacchio was forced out of Qwest in mid-2002. … Qwest shareholder and retiree Jaclyn Prokesh called the arrangement 'outrageous.' … 'It's really sad that a public corporation like Qwest is going to end up having to pay for his legal expenses,' said retiree Nelson "

GM To Restate Financial Statements. The Detroit News (1/26, Terlep, Tierney) reports, "General Motors Corp. is delaying its fourth-quarter and 2006 earnings announcement, originally scheduled for next Tuesday, but said it expected to show an improvement in its auto business in the fourth quarter. … GM also said it would restate prior financial results -- many of which have previously been restated -- due primarily to tax accounting adjustments. … 'As a result of these anticipated adjustments related to the deferred tax liabilities, hedging activities and other miscellaneous items, GM will be restating its financial statements for 2002 through the third quarter of 2006,' the U.S. automaker said in a statement. 'GM does not expect any material impact on cash flow.'" The News adds, "While GM's indication of improved results for the fourth quarter is likely to reassure investors that the automaker is on a recovery track, its continuing accounting problems are bound to provoke concern. … While some of the past restatements appear to be technical in nature, the automaker's accounts are being investigated by the U.S. Securities and Exchange Commission and Justice Department."

Borrowing Of Shares By Hedge Funds May Lead To Federal Scrutiny. The Wall Street Journal (1/26, A1, Scannell) reports, "Private investment firms have found a simple way to profit from the workings of public companies: Borrow their shares, and then swing the outcomes of their votes. … In some cases, the strategy has allowed speculators to gamble that a company's stock will drop, and then vote for decisions that will ensure that it does -

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- without their ever having to own any stock themselves. Some outside interests have used the strategy to hide their voting power within a company until the last moment. Often, individual shareholders don't realize their own stocks, and their voting rights, have been borrowed from their brokerage accounts, until it's too late." The Journal adds, "Fueling the practice -- dubbed 'empty voting' in a study by two University of Texas professors -- is a booming business in lending shares. That business has nearly doubled in the past five years, according to one report, and now earns $8 billion a year for big brokerages and banks plus an unknown amount for institutional investors. Voting rights are lent along with the shares, and increasingly, that is leading to unintended consequences. … Vote counters often fail to keep track accurately and let the borrowers and owners of the same shares both cast votes. Four big banks paid the New York Stock Exchange $2.35 million last year to settle charges in this area. Meanwhile, other shareholders often are unaware that a big voting bloc has no real ownership stake in the company -- and that it may vote directly opposite the wishes of the stock's actual owners." The Journal notes, "This phenomenon has gotten the attention of regulators, who fear it is escalating just as shareholder voting is gaining importance as a way to improve corporate governance and keep management excesses in check. If elections can be too easily gamed, critics fear, a basic foundation of public companies -- that shareholders vote in the company's best interest -- will be undermined. … The practice 'is almost certainly going to force further regulatory response to ensure that investors' interests are protected,' Securities and Exchange Commission Chairman Christopher Cox said in an interview. 'This is already a serious issue and it is showing all signs of growing.'"

DOJ Cracks Down On Corruption Overseas. The Portland (OR) Business Journal (1/19, Finnemore) reports, "A push by the U.S. Department of Justice to combat corruption overseas means Oregon companies need to pay particular attention to how they win contracts with government officials in foreign business markets." The Journal continues, "About a year ago, the Justice Department beefed up its enforcement of the Foreign Corrupt Practices Act by devoting more resources to it, including several staff members whose sole purpose is to crack down on corruption in international markets. Passed in 1977 and amended in 1988, the FCPA prohibits U.S. companies from paying bribes to foreign officials in order to gain new business or retain existing contracts. … Schnitzer Steel Industries Inc. felt the act's new teeth last October when its Korean subsidiary, SSI International Far East Ltd., was forced to pay a $7.5 million fine for violating the FCPA and engaging in conspiracy and wire fraud. SSI Korea admitted to paying more than $1.8 million in bribes over a five-year period to nearly all of Schnitzer Steel's government-owned customers in China as well as private customers in China and South Korea, according to the Justice Department." The Journal adds, "The bribes, paid to secure scrap metal purchases from Schnitzer, resulted in gross revenue of more than $602 million and nearly $55 million in profits on scrap metal sold to private-sector Chinese and South Korean customers during those five years. Schnitzer's earnings on scrap metal sold to government-owned entities in China during that period totaled more than $96 million in gross revenue and yielded more than $6 million in profits. … Besides the $7.5 million federal fine, Schnitzer agreed to pay $7.7 million in civil penalties to the Securities and Exchange Commission for violating the FCPA, according to the Justice Department. … The Schnitzer case illustrates the responsibility U.S. companies carry under the FCPA, said Chris Helmer, head of the business litigation practice group at Portland law firm Miller Nash LLP. American companies doing business abroad are liable not only for the actions of their subsidiaries, but anyone working on their behalf, she said. … 'A lot of businesses think they are immune if they're working through an agent or distributor in a foreign country,' Helmer said, but the FCPA requires U.S. companies to conduct due diligence to ensure their representatives obey the act's provisions. 'You don't insulate yourself by using an agent or distributor.'"

CFTC Commissioner Warns Of Funding Shortfalls. The Financial Times (1/26, Grant) reports, "The US futures industry regulator, the Commodity Futures Trading Commission, is at 'critical levels' in its funding and staffing that threaten its ability to carry out its mission, a commissioner at the agency will warn Thursday." The Times continues, "The comments by Walter Lukken, a Republican who is one of five CFTC commissioners, come as the regulator faces calls from Democratic lawmakers that Congress extend its mandate to the vast over-the-counter energy markets." The Times adds, "There is increasing concern that the CFTC is struggling to carry out its existing mandate to oversee the exchange-traded futures markets, let alone be capable of expanding its oversight to the rapidly growing OTC markets. OTC markets are where trades are negotiated privately between counterparties, unlike on a formal exchange such as the New York Mercantile Exchange. … Such markets have grown rapidly in the last five years and are more lightly regulated than traditional energy futures markets on exchanges like the New York Mercantile Exchange." The Times notes, "Consumer groups, utility companies and lawmakers say the growth of OTC markets means they must be subjected to the same level of oversight as exchange-traded energy futures if federal regulators are to be able to detect and prevent manipulation that could affect the prices that consumers pay for gas and petrol."

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Judge Orders Former H-P Official To Withdraw Counterclaim In Dell Case. The Wall Street Journal (1/26, Lawton) reports, "A former Hewlett-Packard Co. executive who accused the giant printer and computer maker of paying an informant to gain information about rival Dell Inc., among other things, was ordered to withdraw his counterclaim against the company on Thursday." The Journal continues, "Judge Michael Schneider of the Eastern District Court of Texas, Tyler Division, ruled that former H-P vice president Karl Kamb, Jr. must withdraw his counterclaim against H-P filed on Jan. 19th. In the counterclaim, under which Mr. Kamb alleges breach of contract and emotional distress and was seeking an unspecified amount in damages, the former executive said the Palo Alto, Calif., company had instructed him to covertly gather information about Dell's planned entry into the printer market in 2002." The Journal adds, "H-P gave a monthly stipend to one informant, Katsumi Iizuka, the former president of Dell Japan, in the form of payments to a company called Dinner Inc., the claim asserts. H-P later investigated Mr. Kamb for misappropriated funds intended for Dinner, according to the claim. … Mr. Kamb also says H-P attempted to illegally gain access to his phone records through pretexting, a tactic the company used to obtain phone records for its own board members and others in a boardroom scandal last year. Subsequently, Mr. Kamb was terminated and denied his severance package."

CNBC Anchor Under Fire For Ties To Citigroup. The Wall Street Journal (1/26, B5, Barnes, Langley) reports, "CNBC yesterday moved to defend its star anchor Maria Bartiromo, amid increasing questions about her relationship with a former top Citigroup executive." The Journal continues, "Earlier this week, the financial-services conglomerate ousted Todd Thomson, chief of its wealth-management unit, after Mr. Thomson's spending and friendship with Ms. Bartiromo angered Citigroup Chairman and Chief Executive Charles Prince. His concerns related to judgment issues, including improper use of the corporate jet -- one case involving a trip from Asia with Ms. Bartiromo -- and a decision to spend $5 million on a Sundance Channel program in which she would appear, according to a person familiar with the situation." The Journal adds, "CNBC says any trips by Ms. Bartiromo on the Citigroup jet were preapproved and fell under the 'source development' section of its code of ethics. The channel considers the matter closed and says it isn't investigating Ms. Bartiromo's relationship with Citigroup."

The New York Times (1/26, Fabrikant) reports, "Late last year, an executive from Citigroup phoned an official connected with CNBC, the cable business news channel. According to people with knowledge of the call, the Citigroup executive made it clear that Maria Bartiromo, the popular CNBC anchor, would not be permitted to fly on Citigroup's corporate jet again." The Times continues, "Shortly before that, Todd S. Thomson, the head of Citigroup's global wealth management group, arranged for Ms. Bartiromo to speak to some Citigroup clients in Hong Kong and Shanghai. Ms. Bartiromo had flown home with Mr. Thomson on the corporate jet, bumping several company bankers from the plane. … Executives at CNBC deny receiving a phone call telling them that Ms. Bartiromo would be barred from further flights." The Times adds, "Mr. Thomson was let go by Citigroup this week amid concerns over his judgment, his expenses and the way he handled some of his interactions with the CNBC anchor, including his decision to have Citigroup put $5 million into a multiyear sponsorship of a program on the Sundance Channel cable television network that would have Ms. Bartiromo as a co-host. … Ms. Bartiromo, by contrast, has the strong support of her employer. CNBC, which had said that her flight was pre-approved and that Citigroup was compensated, issued a statement yesterday that said she had not violated any of the channel's ethical standards. It called her 'one of the most prolific and well-respected financial journalists in the industry.' … Despite CNBC's blessing, it is unusual for a financial journalist to make a public appearance on behalf of a major advertiser. That incident and other associations with Mr. Thomson have raised questions about Ms. Bartiromo's judgment in getting too close to the people and organizations that she covers."

CRIMINAL LAW:

US Rushing Law Enforcement Aid To New Orleans. The AP (1/26, Foster) reports, "New Orleans is getting additional federal manpower and equipment to help its beleaguered police force fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005. … 'The goal is to help take the pressure off local officials and to turn up the heat on these violent felons,' U.S. Attorney Jim Letten said at a news conference." The AP continues, "Among initiatives announced Thursday morning by Letten and by Attorney General Alberto Gonzales in Washington is a plan to have a "small number" of agents from the FBI, Bureau of Alcohol, Tobacco and Firearms and the Drug Enforcement Administrations work with the New Orleans Police Department around the clock. … 'These federal agents will identify cases that are subject to federal jurisdiction, provide the necessary investigative assistance to make federal arrests, and follow up with federal prosecutions,' the Justice Department said in a news release." The AP adds, "U.S. Sen. Mary Landrieu, D-La., said she was pleased with the Justice Department's moves which tracked suggestions to Gonzales she initially pushed earlier this month. … 'This additional manpower and technical

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assistance is essential to backing up the efforts of our local law enforcement agencies in the fight against violent crime in New Orleans and the region,' Landrieu said. … 'Additional federal resources and technical assistance is only one solution,' she added. 'More reform and coordination on the ground in New Orleans must continue. Only with across-the-board commitment and dedication to new solutions will we back down these criminals and win the fight.'" The AP notes, "Also, the department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year; and ATF has obtained new ballistics equipment to replace the National Integrated Ballistics Identification Network equipment that had been deployed at a New Orleans Police Department site, but was destroyed by Katrina. … 'By the end of February, ATF will move the NIBIN equipment to the new ATF offices to facilitate use and access until the police department is able to identify a suitable permanent site,' the Justice Department announcement said."

The Baton Rouge Advocate (1/26, Gyan) reports, "U.S. Attorney Jim Letten announced Thursday that the Justice Department and a host of other federal law enforcement agencies are turning up the heat on drug activity and violent crime in New Orleans to get the 'thugs and predators' off the city's streets and into federal prison. … 'We're not screwing around. We're going to bring all federal resources to bear,' James Bernazzani, special agent in charge of the FBI's New Orleans office, said during a news conference at the U.S. Attorney's Office." The Advocate continues, "Those federal resources include more manpower from the FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco and Firearms as well as equipment to help the understaffed New Orleans Police Department battle a post-Katrina rise in violent crime. … Bernazzani and William Renton, special agent in charge of the DEA's New Orleans office, both said their agencies will be targeting the 'worst of the worst.'" The Advocate notes, "U.S. Attorney General Alberto Gonzales and Letten announced in Washington and New Orleans, respectively, that the Justice Department is extending funding for six assistant U.S. attorneys already assigned to the area to stay through the end of the current federal fiscal year. … 'The people of New Orleans deserve the opportunity to rebuild their communities without the fear of being victimized by violent criminals,' Gonzales said."

The New Orleans Times-Picayune (1/26, Filosa) reports, "The boots-on-the-ground plan, paid for and designed at the federal level, will double the number of federal agents assigned to New Orleans at a time when the city's alarming murder rate is exacerbated by a dwindling police force. … 'The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system,' U.S. Attorney Jim Letten said at a news conference that drew New Orleans Police Superintendent Warren Riley and leaders from every federal law enforcement agency. … 'This is a reflection of support for NOPD,' Letten said. 'We're giving them more muscle. Our goal is to get as many individuals into the federal system as possible and bring federal laws to bear.'" The New York Times (1/26, Nossiter, 1.16M) also briefly reports on the new assistance by FBI, ATF and DEA agents, under the headline "Louisiana: Federal Officials Pledge Help on Crime."

Former Cheney Spokeswoman Contradicts Libby's Account. The New York Times (1/26, Lewis, 1.16M) reports Cathie Martin, a former spokeswoman for Vice President Dick Cheney, "gave testimony in the trial of I. Lewis Libby Jr. on Thursday that directly contradicted Mr. Libby's version of events during a crucial period that is at the center of the perjury case against him." Martin "testified that she had a clear memory of telling both Mr. Cheney and Mr. Libby that a prominent war critic's wife worked for the C.I.A., days before he contends he first learned it from a reporter." Unlike the "previous three witnesses, who worked at the C.I.A. and State Department, Ms. Martin's testimony may prove especially damaging to Mr. Libby because of her perspective as a former insider in the vice president's office and as a former colleague of Mr. Libby."

NBC Nightly News (1/25, story 4, 1:50, O'Donnell, 9.87M) reported, "Today in court, a picture emerged of how deeply involved Vice President Cheney was in a fight against critical news stories about prewar intelligence." Martin "told the jury the Vice President dictated to me what he wanted me to say. Eight talking points to refute charges the Administration allowed faulty intelligence on Iraq to get into the President's 2003 State of the Union address. Describing it as a major crisis, Martin testified that the Vice President personally directed his chief of staff, Scooter Libby, who did not usually deal with the media, to call specific reporters, among them NBC's Andrea Mitchell after a CIA tip that Mitchell was working on a story for 'Nightly News.'"

The Los Angeles Times (1/26, Schmitt, 850K) reports, "Cheney's active role in the campaign to undermine Wilson has been known, but Martin's testimony was the first inside account of the administration's attempts to manage the affair." Martin said "she learned that Plame worked for the CIA after Libby directed her to call the agency to get more information about Wilson's trip to Niger. Martin said she quickly reported the information about Plame to Libby and Cheney."

The AP (1/26, Sniffen) reports Martin "became the first member of Cheney's inner circle to contradict statements by Libby that led to the charges he lied to the FBI and a grand jury investigating who leaked the wife's identity to reporters in 2003." Libby defense attorney Theodore Wells "quickly sought to limit any damage from the testimony of Cheney's

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former assistant for public affairs." Wells "got Martin to acknowledge that she herself could not recall for sure whether she relayed the information about CIA operative Valerie Plame, wife of Iraq war critic Joseph Wilson, to Cheney and Libby on June 11, 2003, or as late as July 6, 2003." The date "is important because Libby told investigators he first heard of Plame's job from NBC reporter Tim Russert on July 10. Libby claims that because he was preoccupied with pressing national security issues, he simply forgot he had earlier learned about her work at CIA from government officials."

USA Today (1/26, Willing, 2.27M) reports Martin said Vice President Cheney "personally directed his office's media response to a critic who accused the Bush administration of ignoring evidence that Iraq had not sought uranium in Africa." According to Maritn, in July 2003, Cheney "scripted quotes for chief of staff Lewis 'Scooter' Libby to read to a reporter asking about a former State Department official's claim that the administration had ignored a report debunking the Africa story." Days earlier, Martin said, "the vice president had dictated eight 'talking points' for staffers to use to counter stories suggesting Cheney had dispatched former State Department official Joseph Wilson to Africa in 2002 to explore a report that Iraq had bought uranium. In a newspaper column and television appearance on July 6, 2003, Wilson said Cheney had ignored Wilson's conclusion that the report was false."

The Washington Post (1/26, A3, Leonnig, Goldstein, 690K) reports Martin said Cheney "personally orchestrated his office's 2003 efforts to rebut allegations that the administration used flawed intelligence to justify the war in Iraq and discredit a critic who Cheney believed was making him look foolish." In the "dramatic replay of events that summer that unfolded yesterday in Libby's federal court trial, Cheney was portrayed as a general on a political battlefield -- enmeshed in tactics, but also deputizing his chief of staff to handle the dirty job of persuading journalists that the war critic was all wrong." Previously described "in court filings and by the news media, Cheney's role was brought to life yesterday by Martin's account." Martin "recalled giving Cheney and Libby information from CIA spokesman William Harlow that Wilson was the person sent to Niger 'and his wife works for the CIA.'" The Post adds that Special Counsel Patrick J. Fitzgerald yesterday "told the judge he was concerned that Libby's defense team was trying to improperly introduce elements of its 'bad memory' defense without putting Libby on the stand, questioning each witness about details that no reasonable person could remember."

The AP (1/26, Apuzzo) reports, "Since the trial started Tuesday, it has become clear that the jury will have to sort through conflicting statements in a high-profile case that has opened a very public window on the behind-the-scenes Washington practice of leaking sensitive information to the news media. … Martin is the fourth person to describe conversations with Libby about Plame and demonstrated the best recollection of the group. She is also the closest witness to Cheney's inner circle. Defense attorneys, who were to question her later Thursday, have used cross-examination of other witnesses to highlight memory flaws."

Martin's Testimony Offers Window Into White House Press Operation. In the Washington Post's "Washington Sketch" column (1/26, A1), Dana Milbank says, "Memo to Tim Russert: Dick Cheney thinks he controls you. This delicious morsel about the 'Meet the Press' host and the vice president was part of the extensive dish Cathie Martin served up yesterday when the former Cheney communications director took the stand in the perjury trial of former Cheney chief of staff I. Lewis 'Scooter' Libby." Martin's notes from 2004 "about how Cheney could respond to allegations that the Bush administration had played fast and loose with evidence of Iraq's nuclear ambitions" included "option 1: 'MTP-VP,' she wrote, then listed the pros and cons of a vice presidential appearance on the Sunday show. Under 'pro,' she wrote: 'control message.'" The Post adds, "It is unclear whether the first week of the trial will help or hurt Libby or the administration. But the trial has already pulled back the curtain on the White House's PR techniques and confirmed some of the darkest suspicions of the reporters upon whom they are used. Relatively junior White House aides run roughshod over members of the president's Cabinet. Bush aides charged with speaking to the public and the media are kept out of the loop on some of the most important issues. And bad news is dumped before the weekend for the sole purpose of burying it."

Highlights Of Libby Trial Yet To Come. The New York Times (1/26, Shane, 1.16M) reports that the clock in the courtroom is frozen at 9:25, "an apt note in a trial that is a trip back in time, to the days in mid-2003 when the Bush administration first struggled with alarming news on Iraq: insurgent attacks were increasing, the fearsome weapons used to justify the war were nowhere to be found and a drumbeat was growing that the White House had twisted the intelligence." The trial "promises to expose the collision of Washington's power centers: the presidency, the vice presidency, the spy agencies and the news media. The first three days have been the warm-up act; the anticipated high points of the trial — the testimony of Mr. Cheney, Mr. Libby and several news media stars — will come in the weeks ahead."

Plame's Sponsorship Of Wilson's Niger Trip Now Confirmed. On Fox News' "The Big Story With John Gibson" (1/25), anchor John Gibson said in his concluding "My Word" segment, "Just to make sure we have the record straight, a screaming headline out of the Scooter Libby trial that the mainstream media is playing as a meaningless footnote if they play it at all says Ambassador Joe Wilson, an opponent

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of the president's plan to invade Iraq, let people believe he was sent on a mission to discover if Saddam Hussein was trying to buy nuke bomb material in Africa by Vice President Dick Cheney. We now know from testimony yesterday in the Libby trial that Ambassador Wilson was sent on the CIA mission by his wife, CIA analyst Valerie Plame." Wilson "wanted Karl Rove frog marched across the White House lawn. It turns out Joe Wilson didn't know the truth that it was his wife who got him the job or he lied to keep it secret."

Anti-Abortion Extremist Convicted Of Federal Charge In Abortionist's Slaying. The AP (1/26) reports from Buffalo, NY, "An anti-abortion extremist was convicted Thursday of violating the U.S. Freedom of Access to Clinic Entrances Act by shooting and killing an abortion provider." The AP continues, "James Kopp, who is already serving a 25-year-to-life sentence on a state murder conviction in Dr. Barnett Slepian's death, was found guilty of targeting and killing Slepian because he provided reproductive health services. … U.S. law bars people from blocking access to reproductive health services by force or threat of force." The AP adds, "After the 1998 shooting, Kopp fled to Mexico, Ireland and finally France, where he was captured in March 2001 as one of the FBI's Ten Most Wanted fugitives. … A federal jury deliberated about four hours over two days before returning the verdict Thursday. … The jury also convicted him on a weapons count. … Kopp could face life in prison without parole when he is sentenced." The AP notes, "A federal prosecutor said Kopp's long and careful planning of the shooting and his choice of weapon - a Russian military assault rifle - proved his deadly intent. … Federal prosecutors will seek a prison term of life without parole, U.S. Attorney Terrance Flynn said. Sentencing is set for June 19."

Former NBC Official Charged With Theft. The AP (1/26, Neumeister) reports, "The former treasurer of NBC Universal was arrested Thursday on charges that he stole more than $800,000 from the company." The AP continues, "A federal indictment accuses Victor Jung, 34, of stealing the money while he worked in the company's offices in midtown Manhattan. … Jung, who was responsible for the company's collection efforts and for oversight of the company's bank accounts, stole the money by setting up an unauthorized company, NBCU Media Productions LLC, and transferring money into its accounts, according to the indictment against him." The AP adds, "Jung, who was charged with two counts of wire fraud, accused of using some of the stolen money on private flights to Miami, Antigua and the Turks and Caicos Islands, U.S. Attorney Michael Garcia said in a news release. During the flights, Jung and his travel companions enjoyed delicacies including shrimp cocktail, Veuve Cliquot champagne and Mondavi wine, the prosecutor said. … If convicted, Jung could face a maximum of 20 years in prison and a maximum fine of $250,000 or twice the gain resulting from the crime."

The Wall Street Journal (1/26, C2, Bray) reports, "Prosecutors have alleged that Mr. Jung, who worked at NBC Universal's 30 Rockefeller Plaza offices in Manhattan, engaged in a scheme to steal more than $800,000 from his employer and use it for his personal benefit from about November 2005 to May 2006. … The government claims Mr. Jung, of New York, formed a limited liability company in Delaware called NBCU Media Productions LLC and wired transferred funds from a GE account to two different bank accounts held by the limited liability company he controlled -- about $575,000 in January 2006 and $238,450 in April 2006." The Journal adds, "NBC Universal or its parent, GE, didn't authorize the formation of the company and had no affiliation with it, according to court documents. … Prosecutors said about $387,189 of the allegedly stolen funds were used to pay for private jet flights to a variety of locales, including Miami, Antigua, and the Turks and Caico Islands. … The government said Mr. Jung also used about $56,000 of the allegedly stolen funds to rent a summer home in Southampton, N.Y., and $87,416 to pay off charges to his American Express card."

Federal Judge Urges DOJ To Drop Death Penalty Push In New York Case. The New York Times (1/26, Rashbaum) reports, "A federal judge, at the close of the death penalty trial of a convicted drug trafficker with ties to the rap music industry, called the government's effort to seek his execution 'absurd' and a waste of money and urged prosecutors to ask their Justice Department superiors in Washington to abandon the endeavor." The Times continues, "The jury was not present when the judge, Frederic Block of United States District Court in Brooklyn, made his remarks late Wednesday afternoon during a break in closing arguments at the racketeering and murder-for-hire trial of Kenneth McGriff. Mr. McGriff, who is known as Supreme, is on trial in connection with two killings in Queens in 2001. … 'Will you kindly advise Washington that in this judge's opinion, there is no chance in the world there would be a death penalty verdict in this case?' the judge told prosecutors, according to a court transcript, which was obtained yesterday. He said his view was based on the intensity with which the jury listened to the defense summation and all the evidence. 'If I'm wrong, I will have egg on my face, but I will not be incorrect.'" The Times adds, "Under the federal death penalty law, if a jury finds a defendant guilty, a second minitrial is held to determine whether that defendant will face execution or life in prison without parole. The decision to seek the death penalty in cases around the country is made by the attorney general in

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Washington before the case begins. … The judge said that even if Mr. McGriff, 46, is convicted of the killings, continuing to the penalty phase would be pointless and would waste government resources that could better be spent on probation officers, marshals and other services. … Going forward with the penalty phase, he said, would be 'a total misappropriation' of taxpayer funds, 'and I advise the government accordingly.' He said he was speaking out because he believed he had an obligation to advise the Justice Department in Washington of his assessment of the case." The AP (1/26, Hays) also reports this story.

Under the headline "Bow Out, Judge Blockhead," the New York Daily News (1/26) editorializes, "No federal court jury in New York has imposed the death penalty in half a century, and Judge Frederic Block says - openly and in violation of basic standards of judicial impartiality - that he wants to keep the string going for a murdering thug of a druglord." The Daily News continues, "There is no weightier decision for any jury, and no legal matter demands more scrupulous adherence to the rules. Yet there was Block, exhorting federal prosecutors to abandon capital punishment proceedings, should they be required. As far as Block is concerned, spending a couple of weeks to take life-or-death testimony as prescribed by the law of the land would be a great big waste of time and money." The Daily News adds, "Block said he believes that McGriff 'has been humanized' by the evidence. And several times, he directed prosecutor Carolyn Pokorny to tell the Justice Department in Washington that the death penalty should be taken off the table. When she expressed concern that the jury, which was not present at that moment, might learn Block had reached a judgment and be influenced by it, the judge declared that 'nobody from the press has been here today, and we're flying under the radar screen, for sure.' … For sure. For sure. Yesterday, after transcripts became available, Block was forced to especially admonish the jury not to read the newspapers. Likely the jurors will follow instruction, but that doesn't make it all right. Actually, Block owes the public a great deal more. Having prejudged the outcome, he really ought to surrender any capital punishment proceedings to a colleague who is not so openly and obviously biased."

Deputy Marshal Charged With Leaking Witness Information To Chicago Mobster. The AP (1/26, Robinson) reports, "A federal deputy marshal was indicted Thursday in the leak of highly confidential information about a government witness to a reputed leader of Chicago's organized crime family." The AP continues, "John Thomas Ambrose, 38, was charged in the four-count indictment with theft of Justice Department property, disclosing confidential information and lying to federal agents who questioned him about the leak." The AP adds, "Ambrose already had been accused in a criminal complaint of leaking information about Nicholas Calabrese, the key witness in the government's Operation Family secrets investigation of 18 long-unsolved mob murders. … Because Ambrose already had been charged in the case, the indictment had been expected and little of its contents revealed new information. … But the indictment did accuse Ambrose of lying when he told FBI agents on Sept. 11, 2006 that he did not recall seeing the name of reputed mob boss John 'No Nose' DiFronzo in the file that marshals kept on Calabrese. … DiFronzo is not charged in the Family Secrets case."

FEC Approves Kolbe's Use Of Campaign Funds For Legal Defense In Foley Probe. The AP (1/26) reports, "Retired Rep. Jim Kolbe may use campaign funds to pay for legal expenses related to his role in last year's House page scandal, the Federal Election Commission decided Thursday." The AP continues, "Kolbe, an Arizona Republican who retired at the end of his term last year, racked up the legal bills when the House ethics committee and the U.S. Justice Department examined his role in the scandal surrounding former Rep. Mark Foley's salacious communications with former House pages." The AP adds, "FEC board members voted 4-0, with no discussion during their morning meeting, to agree with staff advisers that the legal expenses resulted from Kolbe's 'ordinary and necessary' duties as a congressman and thus could be paid with campaign funds. The amount of the legal bills wasn't available. … The ethics panel investigated what Kolbe knew about Foley's interaction with the pages after Kolbe revealed that a former page had once contacted him with concerns about Foley, a Florida Republican who resigned when the scandal broke. Kolbe said he told the proper authorities about the incident. … Federal law enforcement officials also opened a preliminary inquiry into a 1996 Grand Canyon rafting trip that Kolbe took with two former pages."

NYTimes Lambastes FBI Response To Foley Emails. Under the headline "More Willful Indifference," a New York Times (1/26, 1.16M) editorial lambastes the FBI over the Mark Foley probe, saying "the F.B.I. was just as phlegmatic about the scandal as Mr. Foley's Republican colleagues." The Times notes, "When the scandal finally became public, the F.B.I. falsely claimed that a watchdog group…had been uncooperative and withheld vital information. In truth, it had been entirely forthcoming in passing on full details from a former page who had complained about Mr. Foley's lewd predilections." The Times concludes that the new Congress "will have an even balance of House members to end the majority control that helped bury the Foley scandal. The F.B.I. had better take stock, too, and treat Congress with less wariness."

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Illinois Janitors Receive Short Prison Sentences In Corruption Probe. The AP (1/26, Dennis) reports, "Three former Illinois secretary of state's office janitors were handed short prison sentences Thursday for pocketing nearly $200,000 for work they didn't perform, a scheme a federal prosecutor says has left a stain on state government. David Medvesek, 58, of Springfield, was sentenced to five months in jail and six months of home confinement. Dana Dinora, 53, of Springfield, received six months in jail and four months home confinement. And Steven Boyce, 59, of Chatham, was sentenced to two months in prison and six months home confinement. The men also were ordered to pay a combined total of more than $148,000 in restitution to the state." The AP notes, "All three faced 15 to 21 months in prison, but received reduced sentences because they cooperated in authorities' case against Cecil Turner, a former high-ranking Secretary of State official convicted in September of helping conceal the six-year scheme."

FBI, Philadelphia Police Announce New Anti-Gang Task Force. The Philadelphia Daily News (1/26, DiFilippo, 106K) reports that "Philadelphia's typical gang member is a school-skipper just getting his first mustache whose 'gang' is his adolescent neighbors and whose crimes spring from turf battles with teenage toughs who live just a few streets over, FBI and city police officials said yesterday at a news conference about their joint gang-busting strategies. That profile stymies authorities as they try to curb the climbing violent-crime rate in Philadelphia." The Daily News adds, "The FBI is forming a new task force to ferret out and squash violent Latin gangs in Philadelphia, said Ron Hosko, the assistant special agent in charge of the FBI's Philadelphia office. 'We know that the bulk of the illegal drugs that end up in Philadelphia comes from Mexico, Central America and South America,' Hosko said. '[Latinos] are integral to the drug-trafficking organization, the drugs that get into the hands of people who spread violence in the city.'"

Federal Prosecutors To Review Alaska Shootout. The AP (1/26, Joling) reports from Anchorage, AK, "The police shooting of a Kenai Peninsula fugitive last year may have violated Alaska law, and the incident will be reviewed by the U.S. Attorney's office in western Washington." The AP continues, "Jason Carlo Jacob Anderson, 31, of Duluth, Minn., died in the shootout with law enforcement officers in the parking lot of the Homer airport. His 2-year-old son, also named Jason, was critically wounded. … State prosecutors announced Thursday that their office had reviewed the investigation by Alaska State Troopers. Prosecutors shared their findings with the U.S. Attorney General's office in Anchorage and the matter has been assigned to the U.S. Attorney's Office for the Western District of Washington to avoid conflict." The AP adds, "Anderson had been living under an assumed name with his girlfriend and their two young children. He was wanted on a federal arrest warrant for methamphetamine trafficking. … On March 1, Anderson was in a rented car with his two children at the Homer airport. Two federal marshals and four Homer police officers tried to serve a federal arrest warrant on Anderson and a shootout ensued. … Anderson was hit nine times. The 2-year-old was shot in the face and critically wounded." The AP notes, "Department of Law spokesman Mark Morones said ethics rules prohibit releasing any details of the trooper investigation or the prosecutors' conclusions while the case remains under review. … The Department of Law concluded the Department of Justice was in the best position to take over further review of the shootout, Morones said."

Coke Executive Says Williams Not Smart Enough To Plan Formula Theft. The AP (1/26, Clark) reports, "A Coca-Cola executive whose former secretary is charged with conspiring to steal trade secrets from the beverage giant testified Thursday at the woman's trial that he didn't believe she had the know-how to commit the crime on her own. Under cross-examination by Joya Williams' lawyer, Javier Sanchez Lamelas stated that after Williams was arrested he met with Coca-Cola human resources personnel and told them he believed Williams 'didn't have the intellectual capacity' to steal the documents or get them in the hands of a Coca-Cola competitor by herself." The AP adds, "U.S. District Judge J. Owen Forrester, meanwhile, agreed to seal some Coca-Cola documents due to their sensitive nature, preventing the jury from seeing them." WXIA-TV Atlanta (1/25) and the Atlanta Journal-Constitution (1/26, 379K) also report on yesterday's testimony.

Five Houston-Area Residents Charged With FEMA Relief Fraud. The Houston Chronicle (1/26, 530K) reports, "Five Harris County residents have been charged in what officials say was a hurricane-fraud scheme that resulted in 103 false claims for disaster assistance. U.S. Attorney Don DeGabrielle said in a news release Thursday that the five are named in an 11-count indictment of charges including conspiracy, mail fraud and identity theft. The government also seeks a $145,438 forfeiture from each." The Chronicle notes, "Those accused of filing fraudulent claims with the Federal Emergency Management Agency between September 2005 and June 2006 include: Octavia Caldwell, 33; Brandy Gollatt, 29; Lester Lee Patterson, 36; Judy Patterson, 53; and Elizabeth Caldwell, 52."

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Washington State Man Sentenced To Five Years In Prison For Child Enticement. The Seattle Post-Intelligencer (1/26, Wong, 124K) reports 46-year-old John Leonard Young of Coupeville, Wash., "received a five-year prison sentence Thursday for using the Internet to lure a teenage girl from Illinois to the Seattle area for sex, the U.S. Attorney's Office reported. … The case unfolded when the 14-year-old girl from the Chicago area attempted to travel to Washington state in January 2005. Young and the girl were planning to meet, prosecutors said. But she ended up at Dulles International Airport, outside of the nation's capital. Airport police there contacted the FBI." The Post-Intelligencer notes, "FBI agents contacted the girl's parents, and investigators found messages from Young on her computer. … At least one of his computers contained about 100 pornographic images of children." The AP (1/26) also briefly reports on Young's sentence.

Three Pennsylvanians Charged In Massive Child Porn Operation. The Philadelphia Daily News (1/26, Schmidt, 106K) reports John Worman of Colwyn, Penn., Dorothy Prawdzik of Drexel Hill and Concetta Jackson of Collingdale "were charged yesterday in a 53-count indictment with producing child pornography. The charges were announced by U.S. Attorney Patrick Meehan, Delaware County District Attorney G. Michael Green and FBI Special Agent-in-Charge J.P. Weis. Jackson, authorities said, knew about the camera and helped Worman videotape the four children between 2003 and 2006." The Daily News notes, "The case was brought as part of Project Safe Childhood, which was launched in February 2006 by U.S. Attorney General Alberto R. Gonzales. It was described as a nationwide initiative designed to protect children from online exploitation and abuse."

Sex Offender Who Posed As Teen Filmed Himself With A Child. The Arizona Republic (1/26, Lombardo) reports, "A sex offender posing as a 12-year-old kept a video featuring himself and a child in his Chino Valley home, authorities confirmed Thursday." The Republic continues, "The Yavapai County Sheriff's Office would not comment on the contents of the video, but the Associated Press reported it showed 29-year-old Neil Havens Rodreick II engaging in sex with a juvenile. … 'I am aware they are trying to identify a child on a video,' sheriff's spokesman Scott Reed said." The Republic adds, "Rodreick, a registered sex offender from Oklahoma, was arrested last week after trying to enroll at Mingus Springs Charter School in Chino Valley. Between August and November, Rodreick successfully posed as seventh-grader 'Casey Price' and attended class at Imagine School at Rosefield in Surprise. … Surprise police have reported no cases of inappropriate behavior during Rodreick's time there, though the investigation is ongoing. Rodreick has also lived in Payson and posed as a 12-year-old."

O'Malley Would Sign Bill Repealing Death Penalty. The Washington Post (1/26, B6, Wiggins, Wagner, 690K) reports, "Gov. Martin O'Malley (D) said yesterday that he plans to work for the repeal of Maryland's death penalty this legislative session. But he and some lawmakers predict that the measure has tough hurdles to clear before it gets to his desk." O'Malley said yesterday, "I'm certainly not going to try to duck or hide. I would like to see us repeal the death penalty." O'Malley's comments "came in response to an announcement by two lawmakers that they would introduce legislation to abolish the death penalty and replace it with a sanction of life in prison without the possibility of parole. The bills were filed yesterday." Lisa A. Gladden, the lead sponsor in the state Senate, "said that by her count, the measure was one vote shy of getting out of the judicial proceedings committee."

The Washington Times/AP (1/26, A1, Witte) reports "the proposed legislation follows a recent Maryland Court of Appeals decision to stop the use of lethal injection in executions until acceptable procedures are developed with oversight by the Attorney General's Office and the state legislature." The decision "came just days after executions were stopped in California and Florida over concerns that lethal injections might constitute cruel and unusual punishment. "

Prince George's Police Say Official Shot Movers In Self-Defense. The Washington Post (1/26, A1, Rich, Castaneda) reports, "The movers arrived at Keith Washington's home in Accokeek on Wednesday night for what was to be a simple swap: one Marlo Furniture bedroom set for another. … An argument began between Washington and the two men and escalated quickly, authorities said. It ended when Washington, who is a police officer and a top homeland security official in Prince George's County, drew a 9mm Beretta and opened fire on the unarmed movers, they said." The Post continues, "Police said that they believe the officer, a 16-year veteran, acted in self-defense and that the two wounded men probably will be charged with assault, based on statements from Washington and a family member whom they did not identify. A police spokeswoman, Cpl. Debbi Carlson, said the officer suffered serious injuries -- she declined to describe them -- and required treatment at a hospital. … The movers -- Robert White, 36, of the District and Brandon D. Clark, 22, of Oxon Hill -- remained in critical condition yesterday, and Carlson said police had not heard their accounts." The Post adds, "Washington, 45, a former driver for County Executive Jack B. Johnson (D), has long

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been a controversial figure. He was sued in 2000 by a man who claimed to have been arrested and strip-searched for protesting Washington's rough treatment of a motorist; a civil verdict against Washington for that incident was overturned on appeal. Washington also was later temporarily suspended for alleged aggressive behavior during meetings of a homeowners association board on which he served. … Because of that history, Johnson was accused of cronyism and poor judgment when he named Washington in 2004 to be deputy director of homeland security. Johnson brushed off the criticism, saying that he hired Washington in part because he is 'mentally tough.' … State's Attorney Glenn F. Ivey said two investigations of the incident will proceed on separate tracks: One team of police detectives will investigate the use of force by Washington, and a second set of detectives will look into what crimes, if any, occurred during the encounter."

California Leaders Urged To Deal With Prison System Problems. The Los Angeles Times (1/26, Warren) reports, "Three decades of tough-on-crime lawmaking has sent California's prison system into a 'tailspin' that threatens public safety and could bankrupt the state unless leaders summon the political courage to act, a government watchdog panel declared today." The Times continues, "In a blunt and blistering report, the nonpartisan Little Hoover Commission called the hurricane of problems plaguing the correctional system the largest and most pressing crisis facing the state." The Times adds, "If policymakers are unwilling to make bold changes, the commission said, they should appoint an independent entity – modeled after the federal Base Closure and Realignment Commission – with the power to do it for them. … 'For decades, governors and lawmakers fearful of appearing soft on crime have failed to muster the political will to address the looming crisis,' the commission said. 'And now their time has run out.'" The Times adds, "The state's 33 prisons are packed to twice their intended capacity, with more than 16,000 inmates bunking in hallways, classrooms and other areas not designed as housing. Prison leaders say they will be out of room for new inmates by summer. … A federal judge, meanwhile, has given the state until June to relieve the crowding or face a possible cap on the inmate population, now standing at about 172,000. … While Gov. Arnold Schwarzenegger has unveiled an ambitious, $10.9-billion prison building and reform plan, its fate in the Legislature is uncertain and most of the proposed solutions would take years to enact. … Meanwhile, the governor's short-term program to ease crowding – transferring inmates to other states – is sputtering, because few convicts are volunteering to go."

Hackers Using Stolen IDs In Stock Scams. The Washington Post (1/26, D1, Nakashima) reports, "Aleksey Kamardin reaped $13,158 in just 104 minutes buying and selling penny stocks. … The 21-year-old bought 43,000 shares in a small Wisconsin equipment company that makes, among other things, potato harvesters. He sold the shares less than two hours later at nearly double the investment. … But Kamardin's is no success story. Instead, federal authorities say, his methods place him at the front of a wave of techno-criminals who meld computer hacking with identity theft to create nightmares for legitimate investors." The Post continues, "Kamardin and his accomplices allegedly hacked into four online trading accounts of unsuspecting investors, selling off their holdings in higher-valued companies to purchase shares in Thomas Equipment, a firm whose stock that day soared from 26 cents to 80 cents a share, authorities said. The trading volume of Thomas increased tenfold. … Kamardin, allegedly part of an East European ring, repeated this scheme on 13 other occasions in July and August, defrauding investors of $82,960, according to a civil complaint filed yesterday by the Securities and Exchange Commission." The Post adds, "The complaint is one of the first the SEC has brought in response to an emerging trend of the digital era: a modern version of the old pump-and-dump stock scam. … The FBI is also investigating the case, which involved at least 27 accounts and 14 companies at brokers E-Trade Securities, Scottrade, TD Ameritrade, J.P. Morgan Chase and Charles Schwab. All the investors have been reimbursed by the brokers, which have been stepping up security and identity authentication measures, SEC officials said. … Kamardin, a U.S. citizen with a liquid net worth of $15,000, according to his E-Trade account application, is believed to have fled to Russia, the SEC said."

Bloomberg (1/26, Keoun) reports, "The SEC, FBI, U.S. Secret Service and NASD are investigating a wave of online trading fraud that has cost brokerage firms at least $22 million. In December, the SEC said a Russian man made $354,000 in illegal profit by using an Estonian Internet address to hack into accounts at E*Trade, TD Ameritrade Holding Corp. and Scottrade Inc."

DC Nightclubs Oppose Proposed Teen Ban. The Washington Post (1/26, A1, Alexander, Johnson) reports, "District nightclubs, which have become the center of a thriving music scene that attracts fans and performers from across the country, could be devastated by a proposal to bar teenagers from establishments with liquor licenses, according to musicians and club owners who say the business relies significantly on youths." The Post continues, "Saturday's killing of Taleshia Ford, 17, in a Northwest club spurred an often heated, standing-room-only crowd yesterday at a D.C. Council hearing over a multipronged proposal to place new restrictions on nightclubs where alcohol is served. … Nightclub owners said that the District, unlike many cities in the country, has become a popular destination for bands and

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clubgoers because of its all-ages policies. They allow club owners to admit patrons as young as they choose -- typically a minimum age of 15 to 18 -- even if the establishment serves alcohol that is legal only for those at least 21." The Post adds, "In emotional testimony that lasted almost two hours, about a dozen of Ford's relatives and friends called for better security in clubs that cater to teenagers. … Many at the hearing defended the venues, saying they strictly enforce age limits. … The District's all-ages policies allow nightclubs to attract larger audiences, particularly die-hard teenage music fans. But many teenagers admitted yesterday that part of the growth of area nightclubs is due to the ease with which young people can obtain alcoholic drinks. Several said they either pay club employees an extra $5 or $10 to get a drink or find a club patron who is 21 or older to buy the drink."

CIVIL LAW:

Michigan Attorney Sues Gonzales Over Probe. The Detroit Free Press (1/26, PATTON) reports, "Southfield lawyer Geoffrey Fieger filed a complaint against U.S. Attorney General Alberto Gonzales and Federal Election Commission Chairman Michael Toner alleging they unlawfully investigated Fieger and his law firm." The Free Press continues, "In the complaint filed Thursday in U.S. District Court Eastern District of Michigan, Fieger alleges that in June 2005 Gonzales illegally directed his office and agents to investigate Fieger and members of his firm, Fieger, Fieger, Kenney and Johnson for violating the campaign finance act. … It is unclear what violations they were investigating, but the complaint contends that, by law, Gonzales' office cannot conduct such an investigation until the Federal Election Commission conducts an investigation, and refers it to the attorney general's office. … The complaint says the FEC never conducted an investigation or referred any violations to the attorney general's office."

The Detroit News (1/26, Egan) reports, "A federal grand jury has been investigating more than $50,000 in political donations from Fieger and his associatesto Democrat John Edwardswhenhe was a candidate for his party's 2004 presidential nomination. … Many of the donations were made on the same day, and prosecutors are investigating whether Fieger unlawfully funneled the donations by having employees make the donations and then reimbursing them." The News adds, "In his lawsuit, Fieger alleges such a matter can only be referred to the attorney general after an investigation and referral by the election commission. Fieger alleges such a referral never happened. He asks the court for a declaration that the grand jury investigation is unlawful."

Judge Hears Final Evidence In FBI Wrongful Conviction Suit. The Boston Globe (1/26, Murphy, 413K) reports, "As they strolled out of federal court yesterday, Joseph Salvati and Peter Limone said they are happy that a federal judge has now heard all the evidence in a civil trial over whether the government should pay more than $100 million for the wrongful conviction that sent them and two other men to prison for decades for a 1965 murder they didn't commit." Salvati and Limone "attended every day of the 21-day civil trial with their wives, sons, and daughters. The two other men, Henry Tameleo and Louis Greco, died in prison before FBI reports surfaced five years ago indicating that the four had been framed." The Globe notes, "During the trial, lawyers for the four men accused the FBI of making a mockery of justice by failing to tell state prosecutors or defense lawyers about evidence that suggested that notorious hitman Joseph 'The Animal' Barboza, who had been recruited by the FBI as a witness against local Mafia leaders in another case, framed Salvati, Limone, Tameleo, and Greco."

Wal-Mart To Pay $33 Million In Back Wages In Overtime Probe. The AP (1/26, Kabel) reports, "Wal-Mart Stores Inc. will pay more than $33 million in back wages to thousands of employees after turning itself in to the Labor Department for paying too little in overtime over the past five years, according to an agreement announced Thursday by the U.S. Labor Department." The AP continues, "Wal-Mart said the department's review of its overtime calculations also found it had overpaid about 215,000 hourly workers during the same five-year period. The company said it will not seek to recover any overpayments, which were at least $20 per worker." The AP adds, "Steven Mandel, associate solicitor in the Labor Department's Fair Labor Standards Division, said the case - involving nearly 87,000 employees - resulted from Wal-Mart coming to the department in early 2005 and asking for a review of its overtime calculations. … But Mandel said the overtime settlement was one of the largest ever reached by the department's wage and hour division." The AP notes, "Wal-Mart said the settlement includes no fines or penalties and that it has adopted measures to prevent the errors from occurring again. … Last October, Wal-Mart workers in Pennsylvania won a $78.5 million judgment for working off the clock and through rest breaks. Wal-Mart denied wrongdoing and is appealing the jury award."

The Washington Post (1/26, D1, Joyce, Mui) reports, "Wal-Mart approached the Labor Department in 2005 after errors were discovered in an internal audit, according to Steven Mandel, associate solicitor in the department's fair labor standards division. He said employees will receive their pay within 90 days. … 'It's not particularly unusual for an employer to come to us to talk about potential payroll violations,' said Mandel, who noted that the settlement is one of the largest overtime settlements ever reached. The

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settlement, filed in U.S. District Court in Arkansas, does not include any fines or penalties." The Post adds, "Wal-Mart rectified several problems in 2005 but was not in complete compliance until Jan. 19, he said. … The company will still face legal challenges from at least one state. … The California labor commissioner filed suit against Wal-Mart yesterday in Superior Court in Sacramento, alleging miscalculations of overtime pay. The retailer notified the state in December 2005 of payroll errors that resulted in underpayment of about 50,000 workers in the state. About 90 percent are owed less than $20, according to the state Department of Industrial Relations. It estimates that a settlement would exceed $2 million."

Federal Trustee Says Sen. Clinton's Brother Owes Carnival Debt. The AP (1/26, French) reports, "Tony Rodham, the brother of Democratic presidential contender Sen. Hillary Clinton, is being asked again to appear in court on debts owed to a Tennessee carnival operator whose owners received presidential pardons from President Bill Clinton." The AP continues, "A bankruptcy trustee asked a federal judge today to schedule a new court date in the case to address Rodham allegedly failing to repay $109,000 in loans from now-defunct United Shows of America Inc." The AP adds, "Edgar Allen Gregory Jr. and his wife, Vonna Jo, owners of United Shows, were convicted of defrauding several banks and were given pardons in 2000 after Rodham asked the president to intervene on their behalf. Ed Gregory died in 2004. .. A report by the U.S. House Committee on Government Reform in 2002 concluded United Shows paid Rodham $240,000 for undocumented consulting services, and that the president was interested in the pardons solely because of his contacts with Rodham." The AP notes, "The Gregorys denied paying or promising Rodham for anything related to the pardons. The loans their company gave to Rodham occurred both before and after the pardons were issued. … Edgar Gregory filed for bankruptcy in 2002 for two family businesses, including United Shows, which operates state and regional fairs and carnivals across the Southeast. The company stopped operating in 2004, the same year as Ed Gregory's death."

CIVIL RIGHTS:

Seale Arraigned In 1964 Mississippi Racial Murders. ABC World News (1/25, story 6, 3:05, Gibson, 8.78M) reported, "In Mississippi, the wheels of civil rights justice sometimes have turned slowly. Sometimes they haven't turned at all. But today, in Jackson, Mississippi, a reputed former Ku Klux Klansman was arraigned for the brutal and vicious killing of two black teenagers in 1964." ABC (Thomas) added, "Even for the turbulent times of the civil rights movement, this was a case of unimaginable hate. Henry Dee and Charles Moore were abducted by members of the Klan, taken to a forest, beaten, tied to an engine block and thrown into the Mississippi river alive." FBI Director Robert Mueller: "This was a horrible crime, inflicted with stunning disregard for the suffering of the victims." Thomas: "At first, there were virtually no leads, but the FBI soon got a breakthrough. No less than the Grand Wizard of Mississippi's Klan became a secret informant." He allegedly identified James Ford Seale "as one of the killers, but fearing for his life, refused to testify. … The FBI even lost its files. But Moore's brother, Thomas, and reporters, including those from ABC News, stayed on the case," and "now sources tell ABC News another suspect in the case has agreed to testify against Seale. 42 years later, there will now finally be a prosecution. … At today's arraignment, incidentally, the suspect stood before a judge who was a black woman -- a measure of just how much things have changed in the South."

The CBS Evening News (1/25, story 6, 2:10, Couric, 7.66M) called the case "a painful reminder today of one of the darkest chapters in US history," and CBS (Pinkston) added, "At 71 and wearing shackles, James Ford Seale shuffled into federal court to face charges in the murder of two black teenagers more than 40 years ago. It was a moment this man had long prayed for." Thomas Moore: "And I cried, yeah." … Thomas Moore spent years helping investigators make a case and teamed up with a Canadian TV producer to try to confront Seale." Pinkston: Jackson Clarion-Ledger reporter Jerry Mitchell "managed to find FBI files presumed to have been lost, files now key to the government's case. … Tonight, the FBI is telling its agents to review all cold cases from the civil rights era."

NBC Nightly News (1/25, story 10, 2:25, Williams, 9.87M) reported that Seale's arraignment "is the latest development in a once cold case that was revived through a series of surprises." NBC (P. Williams) added, "It seemed no one would stand trial for killing the students," until "Moore's brother, Thomas, retired from the Army determined to get the case reopened." He discovered that Seale was still alive, and "another break came from a newspaper reporter after writing that the FBI thought the original case file was lost, he was surprised to hear from a researcher" that the researcher had the files. "This new prosecution is something the sister of Henry Dee…thought would never come." Thelma Collins: "I thank the Lord that I got to see at my age – I'm 70 years old – I get to see it happen."

CNN's Live Today (1/25, 11:40 a.m.) carried the DOJ press conference live, airing Gonzales' and Mueller's remarks. CNN's Newsroom (1/25, Nguyen) also reported on the arraignment and DC press conference, as does CNN.com, which includes a link to the video of Mueller's comments. PBS' NewsHour with Jim Lehrer (1/25, 7:04 p.m.)

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reported on the Seale story and showed Mueller saying, "Forty years ago, the system failed. We in the FBI have a responsibility to investigate these cold case civil rights era murders where evidence still exists to bring both closure and justice to these cases that, for many, remain unhealed wounds to this day."

In a widely-distributed story, the AP (1/26, Pettus) reports that at the time of the murders, "the FBI — consumed by the search for three civil rights workers who had disappeared that same summer — turned the case over to local authorities, who promptly threw out all charges. The U.S. Justice Department reopened the case in 2000. But it was not until a few years ago that authorities even realized Seale was still alive. 'Forty years ago, the system failed,' FBI Director Robert Mueller said in Washington. 'We in the FBI have a responsibility to investigate these cold-case, civil rights-era murders where evidence still exists to bring both closure and justice to these cases that for many, remain unhealed wounds to this day.'" The AP notes, "Seale was jailed for a bail hearing on Monday. … His trial is scheduled for April 2."

USA Today/Gannett (1/26, Mitchell, Radelat) reports Gonzales, Mueller and US Attorney Dunn Lampton announced the charges yesterday. "'This was a horrible crime inflicted with stunning disregard for the suffering of these victims,' Mueller said. 'These tragic murders are straight from the darkest page of our country's history.' Lampton said prosecutors were able to bring the case largely due to the efforts of Moore's brother, Thomas Moore, who pressed authorities to investigate the deaths." In its report on the arraignment, investigation and DOJ press conference, NPR's All Things Considered (1/25, Goodwyn) included a 26-second clip of Mueller saying, "Henry Dee and Charlie Moore – both age 19, both African American – were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown. These tragic murders are straight from among the darkest page of our country's history. And sadly, while we cannot right the wrongs of the past, we can pursue justice to the end." CBC News (1/25) also reported the story, under the headline "'System Failed' In 1964 Race Killings: FBI Director."

The Jackson Clarion-Ledger (1/26, Mitchell) reports, "Seale now faces a trial before U.S. District Judge Henry Wingate, the first African-American district judge in Jackson." The Clarion-Ledger notes, "His arrest is the 28th in connection with a civil rights-era slaying since 1989, when Mississippi reopened its investigation into the 1963 assassination of NAACP leader Medgar Evers in Jackson. Since then, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 22 convictions." The Clarion-Ledger adds, "In a Thursday news conference in Washington, FBI Director Robert Mueller called the killings of Dee and Moore 'tragic murders ... straight from the darkest page of our country's history.' It's been an emotional roller coaster for Moore's 65-year-old brother, Thomas, who began his quest in 1998 to get authorities to prosecute the killings. 'Every now and then, people would get my hopes up, and then it would fade away,' said Thomas Moore, who was in Washington for the news conference."

WLBT-TV Jackson (1/25, Thompson) reported on its Web site from a broadcast story, "United States Attorney General Alberto Gonzales commented on this case, saying authorities are dedicated to tracking down criminals, even if the case dates back decades. … Those seeking justice in forgotten civil rights era cases said they view the arrest of James Seale one step closer to justice. … FBI Director Robert Mueller said, 'This was a horrible crime. Indicted with stunning disregard for the suffering of the victims.'" WTOK-TV Meridian (1/25, Sy) noted in its story on the arraignment that Mueller said, "In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten."

Voice of America (1/25, Malone) reports in its story on the arraignment and DC press conference, "Mueller notes that the kidnapping and conspiracy charges against Seale are only allegations at this point that must be proven at trial. But Mueller says federal officials remain committed to prosecuting civil rights era murder cases that have remained unsolved for decades. 'These tragic murders are from among the darkest page of our country's history,' he said. 'And while sadly we cannot right the wrongs of the past, we can pursue justice to the end, and we will, no matter how long it takes until every living suspect is called to answer for their crimes.'" The (UK) Daily Independent (1/26, Buncombe) also reports on the investigation and yesterday's events in Jackson and DC, as does the BBC World Service this morning.

CNN Live Today (1/25, 11:40 a.m.) broadcasted regarding a former Mississippi law man, James Seale, who is in court facing charges for the killing of Henry Dee and Charles Moore during the civil rights era. During a news conference in Washington, Attorney General Alberto Gonzales said, "Part of moving forward comes through addressing as best we can and as soon as we can, the terrible crimes of the past. … The case is being prosecuted by US Attorney Lampton and attorneys from the civil rights division, Paige Fitzgerald and trial attorney Eric Gibson. Public and governmental interests in the murders of Moore and Dee had been renewed by the activism of the brother of one of the victims."

CNN Newsroom (1/25, 1:30 p.m.) broadcasted, "Today at the Justice Department, Attorney General Alberto Gonzales announced this indictment. He said, "We would much prefer, of course that justice had been served 40 years ago in this case but what we are doing today, bringing closure

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to this horrible crime by trying this case through a public trial, should serve as notice to those who would violate the civil rights of their fellow citizens. We will pursue you as long as it takes and as long as the law allows, whenever it comes, justice is always welcomed." CNN The Situation Room (1/25, 4:30 p.m.) also broadcasted this story. This story was locally broadcasted in over 20 major and smaller cities nationwide. Some examples are: WNBC-TV, New York, NY (1/25, 5:00 p.m.) broadcasted, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. Seale was charged with two counts of kidnapping and one count of conspiracy to commit kidnapping. Seale held a sawed-off shotgun as clan members beat the teenagers." KSEE-TV, Fresno, CA (1/25, 6:30 p.m.) broadcasted, "Alberto Gonzales US Attorney General said, 'These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin.'"

Arraignment, Press Conference Receive Widespread Local TV Coverage. Local TV news nationwide also reported on Seale's arraignment and the DOJ press conference. Some examples: WTVQ-TV, Lexington, KY (1/25, 5:00 p.m.) reported on its broadcast, "Robert Mueller, FBI Director said, 'In late spring of 1964, Henry Dee and Charlie Moore, both age 19, both African-American, were kidnapped by members of the Ku Klux Klan and beaten. And then, while still alive, their bodies were tied with weights, pushed into a river, and they were left to drown.' Outside the courthouse, Seale's family kept silent." WDBJ-TV, Roanoke, VA (1/25, 11:00 p.m.) showed Mueller saying, "These tragic murders are straight from among the darkest page of our country's history."

WNBC-TV, New York (1/25, 5:00 p.m.) reported, "A former Mississippi sheriff's deputy and KKK member pleaded not guilty to charges in connection with the deaths of two black teenage hitchhikers 43 years ago. US Attorney General Alberto Gonzalez announced the charges against 71-year-old James Earl Seale today. … Seale held a sawed-off shotgun as Klan members beat the teenagers." KSEE-TV, Fresno (1/25, 6:30 p.m.) showed Gonzales saying, "These allegations are a painful reminder of a terrible time in our country, a time when some people viewed their fellow Americans as inferior and as a threat based only on the color of their skin.'"

ABC Reporter Recounts "20/20" Investigation. In and ABC News (1/25) online "Reporter's Notebook" column, Harry Phillips writes at length about his "20/20" investigation into the story, which eventually led to an interview with the 1964 FBI informant, Ernest Gilbert, and the June 2000, "20/20" report "Justice At Last." Phillips notes, "A call from an anonymous source led this reporter to an abandoned desk in the empty foyer of a building somewhere south of the Mason-Dixon Line. I'd been told there would be a 'package' waiting there for me. … Back at my hotel, I opened the box and found that it contained more than 900 pages of FBI reports bound by a single rubber band. It was a copy of the FBI file that was unredacted, containing names and other information blacked out on the first copy. It took several days to read the entire file, but it was quickly apparent that it contained virtually every bit of information gathered by the FBI in the Dee/Moore investigation, including many reports on statements provided by the informant JN-30R."

Meanwhile, the AP (1/26, Breed) reports in a widely-distributed story on the details of the FBI files from the bureau's 1964 investigation of the murders.

USA Today Hails Civil Rights Cold Case Prosecutions. Under the headline "Never Too Late For Justice," USA Today (1/26, 2.27M) editorializes, "At the time, both their community and the justice system failed them, as it did many victims of racially motivated slayings. But on Thursday, Dee and Moore found a measure of justice. For that, it is never too late." USA adds, "Since 1989, authorities have won 22 convictions in cold cases revived from the civil rights era. Some came in murders where suspects, now old men, had bragged that they'd never be punished for their crimes. To the nation's credit, changing times and values continue to prove them wrong."

Los Angeles Hispanic Gang Member Convicted Of Hate Crime Murder. The AP (1/23) reported from Los Angeles, "The fourth member of a Hispanic street gang convicted of hate crimes in a bloody campaign to drive blacks from their neighborhood was sentenced Monday to life without parole in federal prison. Porfirio Avila, 32, and three other members of the Avenues were found guilty in August in what authorities charged was a conspiracy to attack blacks over six years in the Highland Park area, east of downtown Los Angeles. … 'Today's sentence, as well as the sentences handed down last November, demonstrate how seriously we take these incidents,' said Wan J. Kim, assistant attorney general for the civil rights division."

Judge Rules Michigan Prison Sex Abuse Suit May Proceed. The Detroit News (1/26, Hansen) reports, "A federal judge has overturned a Michigan law intended to write prison inmates out of the state's civil rights act." The News continues, "The ruling means a lawsuit alleging rampant sexual abuse of female inmates by state prison employees may proceed with its civil rights claims. That lawsuit echoes many of the same abuse problems identified by similar suits and a federal probe of Michigan's prisons more than a decade ago." The News adds, "U.S. District

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Judge John Corbett O'Meara said the March 2000 decision to exempt inmates 'essentially permits the state to discriminate against female prisoners without fear of accountability under Michigan's civil rights law. … Given the state's abhorrent and well-documented history of sexual and other abuse of female prisoners, the court finds this amendment particularly troubling,' O'Meara wrote. 'It appears that the state legislature has not attempted to deter frivolous lawsuits, but rather preclude meritorious ones.'" The News notes, "Rusty Hills, a spokesman for the Michigan attorney general, whose office is defending the lawsuit, said, 'We're recommending appeal to the (prison) agency because we think the judge is incorrect.' The state has argued that inmates still had ample federal civil rights protections and could sue in federal court. … In 1999, the state settled a U.S. Justice Department investigation of sexual abuse by promising sweeping changes. At the same time, lawmakers made it more difficult for inmates to pursue abuse claims, in part by eliminating state civil rights protections."

Mental State Of Supermax Inmates Draws Challenge. Time (1/26, Kluger) reports the "level of control" over inmates in supermax penitentiaries "may be counterproductive. It's possible that the very steps we're taking to keep society safe and such prisoners in check are achieving just the opposite. The U.S. holds about 2 million people under lock and key, and 20,000 of them are confined in the 31 supermaxes operated by the states and the Federal Government. That may represent only 1% of the inmate population, but it's a volatile 1%. Push any punishment too far and mental breakdown -- or at least a claim of mental breakdown -- is sure to follow. When that happens, a constitutional challenge can't be far behind." In one instance, "lawyers for accused terrorist facilitator Jose Padilla challenged his fitness last month to stand trial, arguing that his 312 years in solitary lockdown at a South Carolina military brig have rendered him unable to assist in his own defense." The breakdown of defendants in supermax isolation is "providing legal traction for constitutional lawyers. The most obvious point of attack is the Eighth Amendment's ban on cruel and unusual punishment."

Universities Seek To Maintain Racial Diversity After Bans On Affirmative Action. The New York Times (1/26, Lewin, 1.16M) reports, "With Michigan's new ban on affirmative action going into effect, and similar ballot initiatives looming in other states, many public universities are scrambling to find race-blind ways to attract more blacks and Hispanics." Some universities are including "factors like living on an Indian reservation or in mostly black Detroit, or overcoming discrimination or prejudice," while others "are using many different approaches, like working with mostly minority high schools, using minority students as recruiters, and offering summer prep programs for promising students from struggling high schools." Bans are said to give private universities "a competitive advantage regarding diversity" and "to many educators, that would be a troubling turnabout." University of Michigan President Mary Sue Coleman said that "nothing short of affirmative action will maintain the university's racial diversity."

ANTITRUST:

Senate Hearing On Airline Mergers Raises Antitrust Issues. The Fulton County (GA) Daily Report (1/26, Maister) reports, "US Airways' contention that bigger airlines are better for the public got unexpected support Wednesday from a senior official in the U.S. Department of Transportation testifying at a Senate hearing on airline mergers." The Report continues, "Since Sept. 11, the declining health of network carriers has created a growing need to subsidize air service to smaller communities, Andrew B. Steinberg, assistant secretary for aviation and transportation affairs, told the Senate Committee on Commerce, Science and Transportation -- many of whose members represent largely rural states like Alaska, West Virginia and Minnesota. … 'Contrary to what may have been suggested, having fewer, larger network carriers could result in having more services to smaller communities as they try to serve the entire country,' Steinberg said." The Report adds, "While US Airways CEO Doug Parker supported Steinberg's statement, Delta Air Lines CEO Gerald Grinstein, who also testified, countered that a merger would only improve service if it involved airlines where there is not a significant amount of overlap, as there is in the Delta-US Airways case. … The Committee's hearing comes as two key deadlines in the first and second weeks of February loom for Delta as it struggles to take control of its future. … The first deadline is Feb. 1, the self-imposed date on which Tempe, Ariz.-based US Airways' offer to buy Delta will expire -- unless Parker chooses to extend it. Although some bankruptcy lawyers and financial analysts are questioning its chances for success, a group of creditors holding billions of dollars in claims wants Delta to look at it more closely. … The second deadline is Feb. 7, when the U.S. Bankruptcy Court for the Southern District of New York will hold a hearing on Delta's revised disclosure statement -- essentially a prospectus that provides creditors and other interest-holders with the financial information they need to help them decide whether to go along with Delta's reorganization plan."

Hatch, Kohl Urge DOJ Caution In Merger Review. The Deseret Morning News (1/26, Struglinski) reports, "The potential merger of US Airways and Delta Air Lines concerns Sen. Orrin Hatch, R-Utah, according to a letter he sent to

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U.S. Attorney General Alberto Gonzales Thursday." The News continues, "Hatch and Sen. Herb Kohl, D-Wis., urged the Justice Department to 'carefully and thoroughly consider the substantial competitive impact of this merger' should it get to the point of being reviewed. … 'From what we are able to glean from publicly available information, there appears to be even more overlap between the US Airways and Delta route networks,' Hatch and Kohl wrote. 'These two airlines are strong domestic competitors in the East and Mountain West. Their merger would appear to result in a significant increase in concentration — especially on routes serving smaller communities — and could adversely affect Delta's hubs, as well as lead to a reduction in capacity and higher overall fares.'" The News adds, "Delta has a hub at the Salt Lake City International Airport that some Delta employees fear would close under a merger, although US Airways has said it would do no such thing. … The senators said their letter does not 'express a firm position on a potential transaction' but that they felt the need to 'underscore our firm expectation that the Department will investigate this or any other merger among airlines of all sizes with all due care and vigor.'"

Microsoft Executive Threatened Retaliation Against Dell Over Linux. Bloomberg (1/26, Van Voris, Bass) reports, "A Microsoft Corp. executive said he wanted to 'whack' computer maker Dell Inc. over its relationship with Red Hat Inc., the same week a judge ordered the company not to retaliate against sellers of competing software." Bloomberg continues, "In a series of e-mails in November 2002, Microsoft executives discussed how to respond to Dell, then the world's biggest personal computer maker, to discourage its collaboration with Red Hat, the biggest distributor of Linux software. The e- mails came several days after U.S. District Judge Colleen Kollar- Kotelly in Washington approved a consent decree to end the Justice Department's antitrust suit against Microsoft. … 'We should whack them, we should make sure they understand our value,' said Paul Flessner, then the leader of the division that sells Microsoft server software, in an e-mail that was disclosed in a private antitrust class action case against Microsoft currently on trial in Des Moines, Iowa, state court." Bloomberg adds, "The Iowa suit was filed on behalf of a statewide class of consumers who bought Microsoft products from May 1994 to June 2006. They claim Microsoft, the world's biggest software maker, illegally used its market muscle to hobble competitors and charge inflated prices. The consumers claim $329 million in damages, which may be tripled under Iowa law. … Kollar-Kotelly's order approving the 2002 decree came at the end of a landmark antitrust lawsuit by the U.S. government, one that had threatened Microsoft with a judicially ordered breakup."

British Court Upholds Extradition Of Ex-CEO To Face US Antitrust Charges. The Financial Times (1/26, Tait) reports, "Ian Norris, former chief executive of Morgan Crucible, the engineering group, yesterday lost his appeal against extradition to the US over alleged white collar crimes, which could have wide implications for the business community." The Times continues, "The 63-year-old businessman is the first foreign national to be sought byUS authorities on antitrust charges. His case is also the latest high-profile extradition sought by the US under controversial new fast-track arrangements between the UK and US." The Times adds, "Two High Court judges yesterday dismissed his lawyers' arguments that the price-fixing charges Mr Norris faces in the US did not amount to a criminal offence in the UK at the time and could not constitute an 'extradition offence'. … Instead, they found the common-law offence of conspiracy to defraud could en-compass cartel activity if an element of dishonesty were present. The judges acknowledged that no price-fixing case had been prosecuted as one of dishonesty in England and that it was not until the 2002 Enterprise Act that a statutory criminal cartel offence was introduced. … But they said: 'Although previous competition law did not of itself criminalise cartel activity, it does not follow that it was not previously chargeable as conspiracy to defraud where circumstances might have justified and required it.' … Mr Norris's lawyers will appeal to the House of Lords."

Northrop Completes Buyout Of Cybersecurity Company For $580 Million. The AP (1/26, Borak) reports, "Military contractor Northrop Grumman Corp. said on Thursday it completed a multibillion-dollar buyout of cybersecurity company Essex Corp., a day after federal regulators granted antitrust approval." The AP continues, The Los Angeles company will acquire all outstanding shares of Essex for $580 million, or $24 per share, including assumed debt. … The purchase price represents a 0.2 percent premium to Essex's Wednesday closing price of $23.95 on the Nasdaq Stock Market. Based on the 21.8 million outstanding shares held by Essex, the deal will close at roughly $522.7 million." The AP adds, "The defense firm announced plans in November to acquire Columbia, Md.-based Essex to expand its defense and intelligence offerings. Essex is a provider of signal, image and information processing and other services. … Essex will operate as a business unit within Northrop Grumman's Mission Systems unit, considered to be one of the more highly classified areas of the defense company. … Earlier this month, industry insiders speculated there could be a delay on the proposed deal, after Northrop announced plans to refile its merger notice with the Federal Trade Commission to extend the 30-day regulatory waiting period and provide further review by antitrust authorities."

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Siemens To Purchase Texas Software Firm. The AP (1/26, Koenig) reports, "The leader of UGS Corp. says his company had to grow to survive in the fast-changing business of making software to manage products through their life cycle -- and that being acquired by conglomerate Siemens AG accomplishes the same goal. … 'It takes us from being a small player with limited resources to being a major player,' said Tony Affuso, the chairman and chief executive of UGS." The AP continues, "Late Wednesday, Siemens announced it would buy UGS from private equity firms Bain Capital, Silver Lake Partners and Warburg Pincus for $3.5 million, including debt that officials for Siemens and UGS put at about $1.4 billion. … Siemens will run UGS as part of its automation and drives group, which is based in Nuremberg, Germany, and managed by Helmut Gierse." The AP adds, "In a phone interview, Gierse said the software company would fit nicely with Siemens' factory-automation business, one of the German conglomerate's biggest and most profitable units. … 'It opens up a fascinating possibility for us as the key automation supplier in the world, and UGS will widen our footprint in the United States,' he said. … Gierse said the negotiations to buy UGS took less than six months. He said Siemens hopes to complete the purchase before midyear. The deal will require approval of regulators in the United States and Europe, but Gierse said there was virtually no overlapping business and he didn't expect antitrust concerns to arise. … For Siemens, the UGS purchase is part of a restructuring strategy that has included several large acquisitions."

Siemens Profit Falls Sharply After Price-Fixing Fine. The Wall Street Journal (1/26, B4, Knapen) reports, "Siemens AG posted a 17% decline in fiscal first-quarter net profit because of a European Union fine for price fixing, though its operating profit improved after a turnaround at its information-technology unit." The Journal continues, "Net profit in the three months ended Dec. 31 fell to €739 million ($957.8 million) from €886 million a year earlier, weighed down by a €423 million charge tied to the EU fine. … Sales rose 6.1% to €19.07 billion from €17.98 billion, while new orders were up 3.9% to €24.58 billion. Sales and new orders were boosted by double-digit percentage growth in power generation and transmission and automation and drives." The Journal adds, "The quarterly results were disclosed just hours after the German engineering and technology giant announced a sweeping portfolio revamp: It agreed to buy U.S. software firm UGS Corp. for $3.5 billion, while planning to sell a minority stake in its Siemens VDO Automotive car-parts division through an initial public offering. … The information-technology-services unit, SBS, posted profit of €24 million, compared with a loss of €232 million, while earnings climbed at other units, such as medical equipment and transportation systems."

EU Bank Probe Uncovers Antitrust Problems. The AP (1/26, Cohen) reports, "A yearlong investigation into the European Union's banking sector has uncovered antitrust problems, according to the bloc's Antitrust Commissioner, Neelie Kroes." The AP continues, "The European Commission, the EU's executive arm, is slated to publish its final report on the banking probe on Jan. 31. … Kroes told Dow Jones Newswires on the sidelines of the World Economic Forum's annual meeting that 'some segments of the market are anticompetitive.' … 'I'm not against profit, but there are some cases where there are firms making too much,' she said, declining to elaborate." The AP adds, "People familiar with the study say individual companies won't face antitrust charges at this point, but the report will show credit card companies such as Visa International and MasterCard Inc. and the retail banks that issue the cards are charging too much for their services. … The commission's efforts to lower credit and bank-card fees are aimed at integrating the EU's banking sector, which remains fragmented despite the advent of the euro." The AP notes, "By 2010, the commission hopes to have a framework to allow businesses and customers to make cross-border electronic payments as easily and at the same cost as within their own country."

Blackstone To Purchase Cardinal Health, Raises Bid For Equity Office Properties. The Wall Street Journal (1/26, B5, Tesoriero) reports, "Reversing a decade-long campaign of diversification, Cardinal Health Inc. is selling its drug manufacturing and packaging division for $3.3 billion to the private-equity powerhouse Blackstone Group." The Journal continues, "The deal is the latest move by Cardinal's new chief executive, R. Kerry Clark, to refocus the Dublin, Ohio, company on its core business of drug distribution, and on products to promote the safe use of drugs and to control medication dispensing." The Journal adds, "The divestiture is a marked departure from the path charted by Mr. Clark's predecessor, Robert Walter, who was the architect of Cardinal's growth through the acquisition of smaller drug distributors and, ultimately, companies that provide services such as manufacturing and packaging to pharmaceutical makers. … Separately, the company disclosed that Mr. Walter, who remains executive chairman of Cardinal's board, and four other former officers and employees received Wells notices from the Securities and Exchange Commission, stemming from a years-old accounting probe. A Wells notice indicates that the SEC staff intends to recommend action against the recipient."

The New York Times (1/26, Pristin) reports, "The biggest leveraged buyout ever got bigger yesterday. … The Blackstone Group, a private equity firm, increased its bid for Equity Office Properties to $54 a share. Equity Office is the

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nation's largest office landlord, with nearly 600 buildings across the country." The Times continues, "The new offer represents an 11 percent premium over the price that Equity Office and Blackstone had agreed on in November when they announced the deal. With the assumption of $15.3 billion in debt, the deal would have a value of $38.3 billion, Equity Office said in yesterday's announcement." The Times adds, "In exchange for raising its bid, Blackstone got Equity Office to increase the breakup fee — the amount it would receive if its bid failed — to $500 million, from $200 million. … Last week, a group of real estate investors led by Vornado Realty Trust made an informal bid of $52 a share in cash and stock for Equity Office, a real estate investment trust founded by the Chicago real estate magnate Samuel Zell. Equity Office has since allowed the Vornado team access to its books and has set a deadline of next Wednesday for a formal offer."

YouTube Subpoenaed Over Pirated Fox TV Shows. The Wall Street Journal (1/26, B4, Urbanowicz) reports, "News Corp.'s Twentieth Century Fox has subpoenaed Google Inc.'s YouTube video-sharing site to unveil the identity of a user who uploaded pirated copies of recent episodes of '24' and 'The Simpsons.'" The Journal continues, "The subpoena filed Jan. 18 in the U.S. District Court for the Northern District of California requests that YouTube disclose information sufficient to identify the subscriber so that Fox can stop the infringing immediately." The Journal adds, "According to the subpoena's declaration made by Jane Sunderland, vice president of content protection for Twentieth Century Fox, the four-episode season premiere of '24' appeared on the site ahead of its TV broadcast, and 12 episodes of the Simpsons were being distributed on the site by a subscriber identified as 'ECOtotal.'" The Journal notes, "On Jan. 8, Fox said it officially notified YouTube about the infringed episodes and requested immediate removal or to disable access to the service. News about the subpoena filed surfaced on the blog, Google Watch. … The same group of episodes were uploaded under the username of Jorge Romero on the video site LiveDigital, to which Fox also issued a subpoena. … A spokesman for LiveDigital said the material was taken down right away and LiveDigital intends to comply with the subpoena immediately. … This isn't the first time the Twentieth Century Fox has had a piracy issue involving YouTube; a young user was identified in a case in which a Family Guy episode was posted on YouTube ahead of its premiere. However, in this recent case, Fox noted in the subpoena it has been unable to discover through its own investigation the identity of the subscriber. … The issue of piracy has sparked concern among entertainment companies and music and video-sharing sites, along with legal implications of whether the sharing sites should be financially accountable."

ENVIRONMENT:

Bush's Fuel Proposal Sparks Battle Between Coal Interests, Environmentalists. The Wall Street Journal (1/26, A4, Fialka, 2.04M) reports, "Raising the federal mandate for using renewable and alternative energy sources may mean bigger government incentives for efforts to turn coal into diesel-engine fuel. But President Bush's push for domestic alternatives to imported oil has ignited a battle between coal interests and environmentalists -- and underscored tension between the goals of increasing U.S. energy security and curbing global warming." The president's proposal "would require blenders of gasoline to include 35 billion gallons of renewable and alternative fuels by 2017. The 2005 energy law includes incentives for renewable fuels, such as ethanol, but not for alternatives, such as coal-based fuel. James Connaughton, who heads the White House Council on Environmental Quality, says the president's proposal is designed 'to create an opportunity for a variety of other approaches,' which, he said, could include such fuels as methanol and diesel oil made from coal." Bush "has kept the focus on more environmentally popular options, such as corn-based ethanol and ethanol produced from farm wastes." But "even before Mr. Bush's speech, leaders of 11 environmental groups wrote lawmakers last week that they would oppose 'any effort to support coal-based transportation fuels.'" Environmentalists "are backed by the ethanol industry, which doesn't want the coal industry muscling in on a fuel mandate that ethanol producers now have to themselves."

Meeting President's Goal Said To Require Alternative Fuels Beyond Ethanol. ABC World News Tonight (1/25, story 2, 2:40, Gibson) reported that Bush in his State of the Union address "said the US needs to ease its dependence on foreign oil, by growing more fuel here rather than importing it. But is that realistic?" ABC (Stark) added, "The centerpiece of the President's plan to cut gas consumption by 20% in ten years is a mandatory and massive increase in the production of alternative fuels, especially ethanol. Can it be done? Refineries are already working overtime turning corn into ethanol fuel. But they can't make enough to meet the President's goal of 35 billion gallons of alternative fuel by 2017." John Pierce, DuPont Bio-Based Technology: "16 billion gallons can come from corn. The rest will have to come from other sources." Stark: "Other sources, such as wheat, wood chips and switch grass, which the President was touting yesterday." President Bush: "That switch grass, which can be grown all across America, can end up being made into fuel that powers automobiles."

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Stark: "The President's plan also calls for cutting gas consumption by requiring cars to be more fuel-efficient. His proposal would raise efficiency standards from about 27 miles per gallon today to about 34 miles per gallon in the next 10 years. Analysts say it's an achievable goal if new cars are produced to be more fuel-efficient."

WPost Says Climate Change, Not Independence, Should Be Main Energy Policy Goal. In an editorial, the Washington Post (1/26, A20, 690K) writes that "by choosing energy independence as [the] main policy target" of his State of the Union address, the President "missed opportunities to improve energy security and to combat climate change. The president's proposal to double the size of the Strategic Petroleum Reserve "is where the focus on energy independence obscures true energy security." The proposal "is hugely expensive and less likely to be effective than an effort to energize existing diplomacy aimed at bringing the Indians and Chinese into the system of strategic oil reserves coordinated by the International Energy Agency." The Post writes, "Congress should embrace Mr. Bush's call for higher fuel efficiency standards and treat his other ideas cautiously. In particular, it should not use his alternative-fuel target as an excuse to throw yet more subsidies at corn-based ethanol." Congress "should press ahead with legislation aimed squarely at slowing climate change. That, not independence, should be the top priority for energy policy."

Krauthammer Says Biofuels Won't Dent US Oil Dependence. Washington Post (1/26, A21, 690K) columnist Charles Krauthammer writes, "Is there anything more depressing than yet another promise of energy independence in yet another State of the Union address? ... [W]hat does this president propose? Another great technological fix." As "my colleague Robert J. Samuelson demonstrated this week, biofuels will barely keep up with the increase in gasoline demand over time. They are a huge government bet with goals and mandates and subsidies that will not cure our oil dependence or even make a significant dent in it." The "happy talk displaces any discussion about here-and-now measures that would have a rapid and revolutionary effect on oil consumption and dependence. No one talks about them because they have unhidden costs. Politicians hate unhidden costs. There are three serious things we can do now: Tax gas. Drill in the Arctic. Go nuclear."

Big Firms Pushing Carbon Caps Said To Have Financial Motives. In the Wall Street Journal (1/26, A10, 2.04M) Kimberly A. Strassel writes, "Washington this week officially welcomed the newest industry on the hunt for financial and regulatory favors. Big CarbonCap may have the same dollar-sign agenda as Big Oil or Big Pharma, but don't expect Nancy Pelosi to admit to it." The "Climate Action Partnership, a group of 10 major companies that made headlines this week with its call for a national limit on carbon dioxide emissions, would surely feign shock at such an accusation. After all, their plea was carefully timed to coincide with President Bush's State of the Union capitulation on global warming, and it had the desired PR effect." Strassel adds, "What makes this lobby worse than the usual K-Street crowd is that it offers no upside. At least when Big Pharma self-interestedly asks for fewer regulations, the economy benefits. There's nothing capitalist about lobbying for a program that foists its debilitating costs on taxpayers and consumers while redistributing the wealth to a few corporate players."

Pelosi, Dingell Dispute Over Global Warming May Not Be Over. The Politico (1/26, Hearn) reports, "The Politico heard differing accounts of the success" of House Speaker Nancy Pelosi's trip to the Washington, DC, auto show with Rep. John Dingell "and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)" A Democratic aide "close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: 'We no longer anticipate a floor battle,' the aide said." The Politico adds, "But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute," but, "he added, he's still keeping his firepower at the ready: 'If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully.' Translation: Nancy, I reserve the right to make this ugly for you."

Michigan Waste Company, Former Employees Charged With Illegal Dumping. The AP (1/26, Goodman) reports, "A waste treatment company that came under scrutiny after a major oil spill in 2002 that sent a slick as far as Lake Erie was indicted, along with three former employees, on charges of violating federal clean water laws and conspiracy. … The indictment was not based on the April 2002 spill, for which no one was ever charged." The AP continues, "A federal grand jury in Detroit issued the indictments Wednesday against Comprehensive Environmental Solutions Inc. of Dearborn and the ex-employees, the U.S. Justice Department said in a news release. … In the aftermath of the 2002 spill, FBI and Environmental Protection Agency agents searched the company's offices." The AP adds, "A Comprehensive Environmental Solutions spokesman said Thursday that the company was not responsible for the 2002 spill and has replaced the top management and upgraded its facilities since then. … The company 'added a new management team, including two full-time onsite chemists, and voluntarily

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installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices,' said spokesman Robert Moll. … Moll said the company 'fully cooperated with the investigation' of the 2002 spill and continues to believe it was not involved. … Those charged Wednesday were former president and chief executive Bryan Mallindine, 50, of Carlsbad, Calif.; former president and general manager Michael Panyard, 44, of Pleasant Ridge; and former plant manager Charles D. Long, 41, of Wayne County's Brownstown Township, the Justice Department said. … All three were charged with conspiracy and violating the Clean Water Act. Mallindine also was charged with obstruction of justice, and Panyard was charged with making false statements."

EPA Designates 154 Superfund "Mega Sites." The Los Angeles Times (1/26, Cone, 850K) reports, "After the winter thaw, a huge enterprise -- so expensive and risky that it ranks among the most ambitious environmental projects on Earth -- will rise up from an abandoned cornfield in upstate New York." Not far from Saratoga, "where Americans defeated British soldiers in the Revolutionary War, 40 miles of the Hudson River will be excavated to remove hazardous compounds discharged by General Electric. The project, expected to cost more than $700 million, will rival the price of the new Yankee Stadium and remove enough toxic mud to fill the stadium twice." Yet, despite "50,000 tests of the river sludge and three decades of review, there are no guarantees that this cleanup will succeed." The Hudson River is "one of 154 places across the country -- 16 in California -- dubbed Superfund 'mega sites' because eliminating their toxic chemicals is such a big and costly job. And like this project, in which dredging could stir up even more chemicals, many of them involve huge investments in uncertain outcomes." The "mega cleanups — those expected to cost more than $50 million — usually last for decades. For some, there's no end in sight." But EPA officials "say tackling such engineering challenges is justified because doing nothing at these super-sized toxic sites poses an even worse threat to human health, the environment and the economy." Superfund's national priority list "includes more than 1,200 chemical sites, but only one of every eight rises to 'mega' status. New Jersey leads with 18, but California's 16 megas will soon more than double, with 18 others expected to meet the $50-million mark."

Californians Concerned About Audit Showing Sewer Spill Reporting Problems. The Los Angeles Times (1/26, Bernstein, Barboza) reports, "Southern Californians love their beaches. .. So to keep the beaches and ocean unfouled, government agencies have over the last decade passed strict pollution laws and spent millions of dollars trying to reduce sewage spills and urban runoff. … But a county audit released this week determined that all of the regulations and disclosure requirements have created a communications breakdown that has left Los Angeles County health officials in the dark about numerous sewage spills." The Times continues, "The audit found that the county had records for just 19 of the 208 major sewage spills since 2002, which dumped nearly 10 million gallons of untreated waste onto streets and into creeks and other tributaries that lead to the sea. … How much of this raw sewage reached the ocean is unknown, but experts said the sheer volume makes it highly likely that some did. … But either because cities and water agencies didn't notify the county health department about their spills or the department didn't follow up on notifications it did receive, beaches were not tested or closed, leaving beachgoers possibly exposed to effluent." The Times adds, "The findings alarmed county leaders and environmental groups, who called Thursday for immediate creation of a clearinghouse for information about sewage leaks that could flow into the ocean, causing dangerous increases in bacteria levels. … Part of the problem is that various ocean pollution laws require different types of notification…. State law requires county health officials to act when a raw sewage spill reaches the ocean adjacent to a public beach, but gives local health departments leeway in determining whether a spill is big enough to reach the beach. One law requires agencies to inform the state Office of Emergency Services, while another requires them to contact county public health agencies. … Meanwhile, local water agencies and the county health department were pointing fingers about where the communications breakdown took place and whether it affected water quality."

FBI/DEA/ATF/USMS:

Boston Police Officer Indicted In Federal Steroids Probe. The Boston Globe (1/26, Murphy, Smalley, 413K) reports, "A federal grand jury is investigating allegations of steroid abuse among Boston police officers and yesterday indicted veteran Officer Edgardo Rodriguez on charges of selling steroids, perjury, and attempting to thwart the probe. … Rodriguez, 37, was charged with six counts: conspiracy to distribute anabolic steroids last year, distribution of anabolic steroids in 2003, obstruction of justice, and three counts of perjury before a federal grand jury." The Globe notes, "A source close to the probe said yesterday that prosecutors had offered Rodriguez a deal ensuring no jail time if he would resign from the department. Rodriguez rejected the deal, the source said, and was indicted." US Attorney Michael J. Sullivan said in a statement yesterday, "This case is not just about steroids use by law enforcement officers. It is about an officer allegedly distributing steroids to

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another officer, perjuring himself, and then attempting to obstruct the grand jury's investigation."

The Boston Herald (1/26, Johnson, 184K) reports, "According to the indictment, Rodriguez lied to a federal grand jury about officers, including Roberto Pulido, about possession and distribution of steroids. Pulido and two other Boston cops, Nelson Carrasquillo and Carlos Pizarro, were arrested in July for guarding FBI-staged drug deals in exchange for cash. The agents investigating Pulido allegedly uncovered steroid use by Boston cops, police guarding illegal after-hours sex parties, and ID theft, according to a federal affidavit. Rodriguez worked with Pulido and Carrasquillo in the Mobile Operations Patrol, the police special operations branch." WBZ-TV Boston (1/25) called it "another embarrassing blow to the Boston Police Department," and notes that the other three officers "denied any wrongdoing after they were arrested in July by undercover FBI agents in Miami and accused of protecting massive cocaine shipments coming into Boston."

Cocaine Operation Busted In Pennsylvania, 20 Suspected Smugglers Indicted. Lancaster Newspapers (1/26) reports investigators "said they have disbanded a multimillion-dollar cocaine operation in eastern Pennsylvania with indictments against 20 suspected smugglers. Nine Lancaster County residents were among those indicted, investigators said, and seven of them were arrested this week. … The charges are the culmination of a two-year investigation by the Drug Enforcement Administration, Pennsylvania State Police and the Lancaster County Drug Task Force. The operation was importing 30 to 40 kilograms of cocaine into Lancaster, Dauphin, York and Lebanon counties each month, investigators said."

Cocaine "Kingpin" Surrenders. Carlisle, Pennsylvania's Sentinel (1/25) reported, "When Mycol Robinson called federal marshals and turned himself in on Tuesday, he ended more than a year of hiding from authorities. The second alleged kingpin in a central Pennsylvania cocaine ring turned himself over to members of the U.S. Marshals' fugitive squad at the federal building in Harrisburg. Robinson…had eluded authorities since they announced in September 2005 that they had broken up an overlapping cocaine ring with two leaders, who they identified as Robinson and George Santiago."

New Jersey Drug Ring Investigation Nets 14 Arrests. The AP (1/25) reported state and federal authorities "broke up a major South Jersey drug distribution ring Thursday, arresting 14 people in New Jersey and Arizona, and seizing 25 pounds of crack and powder cocaine. New Jersey State Police Capt. Jeff Simpkins said the bust resulted from a 10-month narcotics trafficking investigation that began as street-level surveillance, then grew." State Police Superintendent Col. Rick Fuentes "said the information developed with the Drug Enforcement Administration during the joint investigation will be accessible to other law enforcement agents conducting future investigations through the Regional Operations Intelligence Center. The new facility nicknamed 'The Rock,' is where federal, state and local officials gather to share information on evolving cases." The AP story was used by Long Island Newsday, WINS Radio in New York; KYW and WPVI-TV, Philadelphia; and KVOA-TV, Tucson.

Gang Task Force In Massachusetts Arrests 14 On Drug, Gun Charges. In Springfield, Massachusetts, the Republican (1/25, Barry) reported federal and local law enforcement officials "announced the results of Tuesday's blitz targeting suspected dealers in Mason Square. The FBI Western Massachusetts Joint Gang Task Force made arrests beginning at dawn that day, netting 14 suspects...officials said. Charges ranged from cocaine trafficking to possession of a large capacity firearm." The Republican notes the DEA's involvement with the task force.

Canadian Union Leader Arrested In Washington State On Drug Charges. The Vancouver Sun (1/25) reported, "Perley Edmund Holmes, business manager of Ironworkers Local 97 in Burnaby, faces drug and conspiracy charges after U.S. Border Patrol officers seized cocaine valued at more than $4 million US in eastern Washington last Thursday night. Holmes…is in Spokane County Jail. According to a court affidavit filed by a special agent of the U.S. Drug Enforcement Administration, border patrol officers responded to an electronic sensor on a road near the Curlew Border Patrol Station south of Grand Forks in B.C.'s southern Interior." The Border Patrol "reported the seizure of more than 136 pounds -- 61.6 kilograms -- of cocaine in the two backpacks and the arrest of a 'Canadian citizen attempting to smuggle the contraband across the border.' The agency didn't name the Canadian but the affidavit filed by the U.S. federal Justice Department in Spokane names Holmes and Case Hale Swinburne, of Okanogan County, Wash."

Canada's CBC News (1/25) also reported on Holmes' arrest.

In California, Purported Drug Kingpin Pleads Guilty To Drug, Money Laundering Charges. Vacaville, California's Reporter (1/25) says a Vacaville man who prosecutors "described as a regional 'drug kingpin' pleaded guilty in federal court Tuesday to charges of conspiracy to distribute cocaine and methamphetamine, money laundering and trying to hide a financial transaction.

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Eduardo Pichardo, 33, now faces 10 years in federal prison." Pichardo "was arrested by Drug Enforcement Administration agents June 21, 2006, on suspicion of distribution and conspiracy to distribute cocaine and methamphetamine. The arrest culminated a seven-year investigation into a drug-trafficking network that stretched from Northern California to Arizona and Alabama."

South Carolina Pharmacist Could Get 3-Year Sentence For Illegally Distributing Drugs Online. The Myrtle Beach (SC) Sun News (1/25, Hoke) reported the 81-year-old Myrtle Beach man "accused of illegally distributing prescription drugs could face three years in prison, according to a federal indictment. John Tuite worked as a pharmacist for Wilmington, N.C.-based United Care Pharmacy, an online business that provided prescriptions to customers throughout the country without requiring a consultation with a doctor, according to the Drug Enforcement Administration. Tuite is charged with conspiracy to distribute controlled substances. Three others face those charges and are accused of money laundering."

Ohio Doctor Sentenced To Two Years For Pain Clinic Crimes. The Portsmouth (OH) Daily Times (1/26, Barron) reports, "A Cincinnati doctor has been sentenced to two years in prison for money laundering in connection with pain clinics in Lucasville, Hanging Rock, Jackson and Chillicothe." The Times continues, "Gregory L. Ebner, 55, no address, also was fined $10,000 after pleading guilty last year. … 'Money laundering is not a victimless crime,' Internal Revenue Service criminal investigator Jeffrey Cooper said. 'Not only are innocent people duped by various schemes, but the underground, untaxed economy harms the entire nation's strength.'" The Times adds, "According to the U.S. Department of Justice, William Jewell Jr. owned the clinics that Ebner worked at. … Jewell, of Paintsville, Ky., and Nico Capurro of Cincinnati, have pleaded innocent to several charges in connection to the case and remain free on bail." The Times notes, "According to the Justice Department, Ebner worked at the pain clinics two or three days a week and saw about 30 patients a day. … He prescribed drugs including Lorcet and Xanax after cursory medical examinations in which he never checked the height, weight or blood pressure of the patients. … He also had no diagnostic equipment at the clinics."

IMMIGRATION:

Senate Endorses Ban On Federal Contracts For Companies That Hire Illegal Immigrants. In a brief article, the Wall Street Journal (1/26, A5, 2.04M) reports, "The US Senate voted unanimously to bar companies that hire illegal immigrants from receiving federal contracts. The ban would last for seven years and would last 10 years if the company were caught hiring illegal immigrants while it held a federal contract. The ban could be lifted if the government decided that doing so was in the interest of national security."

Meanwhile, the Washington Times (1/26, Hurt, 88K) reports a proposal from Sen. Jeff Sessions (R) to "dramatically" increase civil fines on employers who hire illegal aliens was "quashed" by Democrats yesterday. Sessions said the amendment, proposed for a bill that would increase the federal minimum wage, "would do far more to help low-income wage earners than simply raising the minimum wage." However, "Democratic leaders refused to let Mr. Sessions' alien amendment reach the Senate floor yesterday, and they accused him and other Republicans of offering amendments unrelated to the minimum-wage increase in order to stall passage of the bill." The Times notes that the federal contract ban, also proposed by Sessions, was allowed through by Democrats.

WSJournal Questions Immigration Hardliners' Support For Convicted Border Agents. The Wall Street Journal (1/26, A10, 2.04M) editorializes, "Most people would consider corrupt border patrol agents to be part of the illegal immigration problem, not the solution. So it's passing strange that anti-immigration Republicans in Congress are calling for the federal government to release Ignacio Ramos and Jose Alonso Compean, two former border guards from Texas who were sent to prison last week for shooting an unarmed man in the back and then trying to cover up their crime." The Journal continues, 'The Congressmen who are exploiting the episode haven't made an issue of the agents' guilt, which is by and large conceded. Rather, the restrictionists argue that Compean and Ramos should be given a pass because the victim of their crime was a drug-smuggling illegal alien. This is an odd argument coming from immigration hard-liners, who typically say that while they love legal immigrants the US must 'enforce the law' on the border." Though "these are the same folks who assail Mr. Bush's guest-worker proposal as 'amnesty,'" such a change would give border agents "more time and resources to chase down" criminals "and apprehend them properly."

Arizona Experimenting With Tactics To Battle Illegal Immigration. The Washington Post (1/26, A2, Pomfret, 690K) describes Arizona's attempt to expand its use of "a controversial technique known as a damming warrant" to block "all Western Union money transfers of $500 and above from 26 states with a significant population of illegal immigrants to a group of Western Union outlets in the northern Mexican state of Sonora." The warrant was challenged in court by Western Union and ruled unconstitutional by a judge, becoming "one of more than 10 state and federal cases in Arizona over how to police illegal

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immigration. The cases underscore the pitfalls faced by local law enforcement as it intensifies its fight against immigrant smuggling and undocumented workers." Arizona, the Post adds, "has emerged as the hothouse for new, sometimes controversial tactics to confront illegal immigration because, as [Attorney General Terry] Goddard said in an interview, 'we have it rubbed in our face on a daily basis.'"

TAX:

KPMG On Texas Probation In Tax Shelter Case. The AP (1/26, Koenig) reports, "Accounting firm KPMG LLP has agreed to be placed on probation for three years and pay a $96,000 fine to avoid losing its license to practice in Texas after an investigation into fraudulent tax shelters." The AP continues, "The company and the Texas State Board of Public Accountancy announced Thursday that they reached an agreement under which KPMG's license was suspended for five years but the sanction was blocked while the firm is on probation. … KPMG was also fined the maximum $1,000 for each of 96 violations of the state accountancy law, the board said." The AP adds, "The case stems from admissions the firm made to federal officials who investigated tax shelters that helped rich clients avoid billions in taxes. … KPMG reached a deferred-prosecution agreement with the Justice Department in August 2005, and a federal judge in New York dismissed a criminal charge this month after prosecutors said the firm had cooperated with the government's investigation. … The accounting firm has blamed the preparation of fraudulent tax returns and statements to support the tax shelters on former executives. The case against those executives is continuing. … William Treacy, executive director of the state accountancy board, said KPMG's license to practice in Texas would be suspended if it is convicted of failing to comply with terms of its deal with the Justice Department."

IRS Settles Bond Proceeds Case With Kentucky Sewer District. Bloomberg (1/26, Selway, Braun) reports, "Kentucky's largest municipal sewer operator reached a settlement with the Internal Revenue Service to prevent $68 million of bonds it sold a decade ago from losing their tax-exempt status." Bloomberg continues, "Louisville and Jefferson County Metropolitan Sewer District's settlement stems from its use of bond proceeds to buy an option on an escrow account from Lehman Brothers Holdings Inc., said Marion Gee, the district's finance director. … 'What they determined is that you should not have used bond proceeds to purchase the put option,' Gee said." Bloomberg adds, "Three other local government agencies since November settled audits stemming from IRS concerns they may have overpaid for securities and options that the borrowers purchased with bond proceeds. The U.S. Justice Department is currently conducting a criminal investigation into the business of selling investment contracts to local governments. … Municipal borrowers purchase Treasury bonds for escrows used to refinance outstanding bonds. The income from those bonds is used to pay for the refinanced debt as it comes due." Bloomberg notes, "Gee said the IRS didn't raise questions about the price the district paid for the option. Pottstown, Pennsylvania-based Investment Management Advisory Group Inc., one of at least three brokers that was raided in connection with the U.S. investigation, handled the bidding for the option, Gee said."

CONGRESS-ADMINISTRATION:

Bush Promotes Healthcare Agenda In Missouri. The Kansas City Star (1/26, Helling, 271K) reports, "President Bush told small business owners and health officials in Lee's Summit Thursday that new tax breaks will help Americans buy insurance, keep health care costs low, and maintain private control of health care decisions." Bush told members of a selected audience at St. Luke's Hospital, East, in Lee's Summit, M), "We believe the private sector is the best delivery of health care. … We know there's a role for the federal government, but it's not to dictate, it's not to be the decision-maker." Bush "traveled to the hospital to discuss the plans with small business owners, Health and Human Services secretary Mike Leavitt and St. Luke's CEO Richard Hastings."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) notes Bush "said his proposal would help some of the 47 million uninsured buy coverage, while giving everyone a financial incentive to seek reasonably priced health plans, which he said would slow spiraling health costs in the long run." He also "promised to redirect some federal health money to state efforts to help low-income people and those whose chronic health conditions make it hard to get health insurance. 'There is no question in my mind that a proper role for the federal government is to help the poor and the elderly and the diseased get health care,' Bush said. 'We'll do that.'"

The CBS Evening News (1/25, story 8, 2:30, Couric, 7.66M) reported Bush "wants to even the playing field for those who get insurance through work and those who don't. Under his plan, people with generous health coverage provided by their employers would be taxed on some of those benefits while those without health coverage would get a tax break to help them buy it. While his plan is debated in Washington, many states are trying their own approach, and Massachusetts is leading the pack."

The Los Angeles Times (1/26, Reynolds, 850K) reports, "Unlike similar town hall-style events that the White House

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bills as 'conversations,' the roundtable at St. Luke's East hospital had no audience other than about 30 local and national reporters." Said Bush, "If you work for a company, you get your health care free, in essence, as part of your benefits package. … If you're a stand-alone person, you pay for your health care on an after-tax basis. In other words, there is discrimination in the tax code based upon who you work for, and it makes it harder for individuals or small-business employees to buy health care." The Times says "members of Congress have given the idea a cold reception, saying the idea would make little headway toward obtaining health care for the 47 million Americans who are uninsured and would eventually raise costs for average families."

The Cleveland Plain Dealer (1/25, Vanac, 352K) said yesterday "local insurers and employee group advocates aren't entirely sure what to make of President Bush's proposal to change the way we pay for health insurance. … Those who can afford health insurance but have not yet purchased it also could benefit, said Steve Millard, executive director of the Council of Smaller Enterprises, a unit of the Greater Cleveland Partnership." But "this group could account for less than 10 percent of the estimated 40 million Americans who do not have health insurance, Millard said." For "the majority of taxpayers who get their medical insurance through an employer," the proposal "means shifting that employer-paid benefit to employees as income."

The New York Times (1/26, Rutenberg, 1.16M) reports, "With record low approval ratings and most of his remaining political capital going into the defense of his new strategy for the Iraq war, Mr. Bush has little sway over Congress on his new plans, pollsters and analysts say." But "Bush's aides have said that they would try to build pressure on Democrats by accusing them of turning their backs on his proposals before truly considering them."

The AP (1/26) quotes Sherwin Carroll, president of the Missouri-Kansas State Council for the Service Employees International Union, saying "the poorest people will have to use any tax savings they receive for other living expenses, not insurance. 'We know tax cuts don't help the general public,' Carroll said. 'It gets President Bush around the real issue, which is universal health care.'" Bush "dismissed similar concerns from Democratic opponents in Congress as 'pure politics.' 'If people in Washington are serious about dealing with the uninsured, this is a serious idea for them to consider,' he said."

USA Today (1/26, Jackson, 2.27M) reports Democrats continued to criticize Bush's plan. In Washington, "a fact sheet released by Senate Majority Leader Harry Reid's office said it would 'prompt employers to stop offering health care.'" And Sen. Barack Obama, "who is exploring a White House bid, said Bush's proposal was a 'halfway measure' that 'does little to bring down costs or guarantee coverage.'" Bush, meanwhile, "repeated his call for reducing the number of medical liability lawsuits, as a way to curb health care costs. 'When you've got a lawsuit, it causes good docs to quit the practice of medicine,' he said." Bush "meets today with House Republicans to discuss health care, energy, immigration and other issues. 'They're going to want to talk about issues that came up in the State of the Union address,' White House press secretary Tony Snow said, 'because that is going to play a significant role in politics over the next few months.'"

The Washington Times (1/26, Lopes, 88K) reports that Leavitt "will travel the country to drum up support for the Bush administration's proposals for health care coverage" for the next three months. The Times continues, "Not since the early days of the Clinton administration has so much attention been paid to the problem of medical insurance. It has been a dizzying month of calls for reforms, with conservative industry groups and liberal advocacy organizations joining forces on proposals to reduce the legions of the underinsured and uninsured. While the new attention is necessary, it may not be effective." The Times continues, "The Democrats do not favor the president's tax proposals but Mr. Leavitt was adamant that the states alone cannot solve the problem of the uninsured. The problem, as Mr. Leavitt explained, is that low-income people with no employer insurance must buy individual health insurance after they pay their income taxes. 'It's not fair,' he said."

Bush's trip to Missouri generated extensive local TV coverage across the nation. KTVI-TV St. Louis (1/25, 5:20 pm) reported in an early evening broadcast that "the President sat down with small business owners and workers near Kansas City to discuss his plan for healthcare." KSHB-TV Kansas City (1/25, 6:00 pm) led off its 6 o'clock news by saying, "The President chose the new, all digital Saint Luke's Hospital in Lee's Summit for the first roundtable discussion on his health insurance plan. … President Bush made his way back on to Air Force One around 1:40 this afternoon. Five minutes later, the plane was on its way out of the city and back to the White House. A very quick trip for the President."

WLBZ-TV Bangor, ME (1/25, 11:17 pm) said Bush talked "about his health insurance plan to small businesses in Missouri. … The President says his proposal to tax employer-provided health insurance and give tax deductions that would make things much easier on smaller businesses in America. Bush says 80 percent of the workers who have health insurance will receive a tax break from his plan."

KTVO-TV Ottumwa, IA (1/25, 10:23 pm) reported Bush "said people should not be penalized by insurance costs just because of where they work," but "critics…say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage. Bush said today that such concerns were just politics."

KHQA-TV Quincy, IL (1/25, 10:02 pm) said Bush "has put forward a complex proposal aimed at encouraging people

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to buy basic health insurance plans. Critics say the plan will raise taxes for some people and encourage companies to drop employee insurance coverage."

KIRO-TV Seattle (1/25, 6:46 pm) reported, "It's one of America's biggest financial worries, healthcare. Now President Bush is going full-steam ahead with" his health plan across the country. The President "is hoping to address the concerns by changing the tax code." Today, he toured a Missouri hospital, "touting the plan."

WJBF-TV Augusta, GA (1/25, 5:28 pm) showed Bush saying, "The system is geared toward enabling the individual to have more control over his or her decision-making and make the tax code fair for the individual." The report added, "Some Democrats, including Senator Hillary Clinton, are voicing strong opposition to the President's plan."

NPR's All Things Considered (1/25, Rovner) quoted a speech by New York Sen. Hillary Clinton (D), who compared Bush's plan to "robbing Peter to pay Paul." NPR added, "In many ways, today feels like 1991, when the country was gearing up for the debate that would rage during President Bill Clinton's administration." NPR concluded, "[O]ne thing hasn't changed when it comes to health reform: details matter, and no one's showing them yet."

Bush Plan Called A Tax Hike For 20% Of Workers Who Get Insurance Through Jobs. The AP (1/26, Freking) says Bush's plan "would do two things: For the first time, the cost of an insurance policy would be treated as taxable income. The cost includes both the employer's and the employee's payments. The result is that workers' taxable wages would shoot up dramatically. But, then, the president calls for a standard tax deduction for those who buy health insurance -- $15,000 for family coverage and $7,500 for individual coverage. So, the key to getting a tax cut will be to keep the cost of the policy below the size of the new deduction." The AP adds, "The result of the proposed change would be that, initially, about 80 percent of workers who get insurance through their jobs would be in the camp that gets a tax cut. About 20 percent would see a tax increase."

The Washington Post (1/26, A7, Fletcher, Lee, 690K) also reports "so far Democrats have given the idea the cold shoulder, characterizing it as a tax on the middle class that would do little for the uninsured. 'I find the plan troubling because it does nothing to help people get insurance, hurts those who already have it and provides a tax break that benefits the wealthiest Americans,' Sen. Edward M. Kennedy (D-Mass.) said."

Plan Has Similarities To Leavitt Initiatives As Governor. The Salt Lake Tribune (1/25, Gehrke) reported that "as governor, Mike Leavitt pushed a plan to give Utah taxpayers a deduction to buy health insurance. Now, a decade later, the Health and Human Services secretary has the challenge of trying to sell a similar plan outlined in…Bush's State of the Union to deeply skeptical Democrats in Congress." Leavitt told reporters yesterday, "Our goal is to get a plan for affordable, basic insurance, accessible to every citizen in every state." Leavitt also "outlined a plan to redirect money paid to hospitals to provide care for the uninsured into new, basic health insurance polices devised by the states. He said that, for the $38.5 billion now going to hospitals, all of the uninsured earning up to twice the poverty level could be covered and have money left over. Again, as governor, Leavitt tried something similar, reducing some benefits to Medicaid recipients to try to provide coverage to uninsured Utahns."

Paulson Says Steps To Slow Medicare Spending Growth "Complement" Healthcare Plan. The Wall Street Journal (1/26, A5, Solomon, 2.04M) reports, "Treasury Secretary Henry Paulson said the Bush administration will offer specific proposals to significantly slow growth in Medicare spending in its new budget, but that there is little he or the president can do to jump-start the stalled effort to fix Social Security until Republicans and Democrats in Congress are ready." Paulson "wouldn't discuss details. Others say the savings -- expected to add up to $90 billion over five years -- are expected to come mainly from squeezing health providers, though some beneficiaries would be affected directly." The Journal adds, "The proposals to save the government money on Medicare complement…Bush's plan to change the tax law to make employer-provided health insurance taxable as income and to exclude $15,000 of that income per family to encourage people to choose cheaper health-insurance plans, Mr. Paulson said."

Poll Finds Democrats With 35 Point Edge On Prescription Drugs. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says that in a "new Wall Street Journal/NBC News poll, Americans back Democrats by 35 percentage points on prescription drugs for seniors" amid the "looming showdown" with he White House over the Medicare drug benefit. Since Bush took office, "Democrats have turned an eight-point deficit on taxes into an eight-point edge," and narrowed the deficit on "'moral values' to nine points from 22."

The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" also says health care is returning to the spotlight, "but still poses political risks. A 53% majority" in the Wall Street Journal/NBC News poll "expresses willingness to pay higher taxes so everyone can have health insurance. But that's down from 66% when Bill and Hillary Clinton pursued universal coverage unsuccessfully in 1993."

More Commentary On Bush's Plan. Under the headline "The President's Risky Health Plan," the New York Times (1/26, 1.16M) editorializes that the "financial sinkhole in Iraq and huge tax cuts for wealthy Americans have left the administration with no money to really address" the healthcare "problem." The plan "would do little to reduce the

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number of uninsured Americans and would have a high risk of producing pernicious results. Even White House officials acknowledged earlier this week that they expected the number of uninsured to drop by only three million to five million people as a result of Mr. Bush's proposals. They expect the states to take on most of the burden. … That's not the answer Americans are waiting for and not what they deserve."

Michael Mayo, in his column for the South Florida News Sentinel (1/26), says the plan "would rearrange piles of tax money with no guarantee that the uninsured would use their share (if they even got a share) to buy insurance. And it wouldn't stop the increasing flow of everyone's money into the pockets of the insurance, health care and pharmaceutical industries. In other words, sounds like another Bush boondoggle." The plan "appears dead on arrival, with no realistic way to get through the new Democratic Congress." But "it does give the White House something to talk about for a bit to get everyone distracted from the continuing Iraq mess, sort of like that empty debate about privatizing Social Security a couple of years ago."

The San Jose Mercury News (1/25, 229K) editorialized, "The reaction to the president's health care plan is in sharp contrast to the buzz created by Schwarzenegger's shrewd, far-reaching concept of ``shared responsibility'' to reduce costs and provide insurance to the uninsured. Schwarzenegger went to extraordinary lengths to try to ensure buy-in to his plan from across the political spectrum. … President Bush's approach? He didn't even bother to call in House Ways and Means Chairman Charles Rangel, D-New York, or health subcommittee Chairman Pete Stark, D-Fremont, before announcing his plan. Stark found out about it by listening to the president's Saturday morning radio address. This is not reaching across the aisle."

Meanwhile Thomas Friedman, in his New York Times column (1/26, Friedman), comments on the overall Bush agenda, writing, "As I read the president's remarks, listened to the tepid public reaction and looked at his latest polls, which show Mr. Bush to be wildly unpopular, it seemed to me that the American people basically fired…Bush in the last election. We're now just watching him clean out his desk. Both his energy proposals and his recent Iraq surge were about the best he could muster, given his pink slip. The problem is that he is going to be cleaning out his desk for another two years, and Americans deserve better. I would love to see Democrats put that something better on Mr. Bush's desk -- regarding both energy and Iraq." Bush "gave America's voters the reasons to fire him. Democrats need to give voters the reasons to hire them -- for the long haul."

Spellings Urges Illinois Business Leaders To Support Changes To No Child Left Behind Act. The Chicago Tribune (1/26, Banchero, 617K) reports U.S. Secretary of Education Margaret Spellings "spent the day in Chicago Thursday, lobbying students, teachers, school officials and business leaders to support proposed changes to the No Child Left Behind law." Spellings told the Illinois Business Roundtable, "We need to start paying more attention to the chronically underperforming schools." She said that "some proposals" are "likely to win wide support" but, she "spent most of her time pushing the more controversial parts of the blueprint, including vouchers for students to attend private schools, allowing districts to bypass state-imposed charter school caps, letting districts circumvent teacher contracts to transfer teachers to the worst schools." The proposals "received a positive response from the state's business leaders" and "they pressed Spellings for tougher measures."

GOP Base Said To Have Liked Bush's State Of The Union. The Washington Times (1/26, Hallow, 88K) reports, "President Bush's State of the Union speech surprised and pleased much of his conservative base by appealing as much to them as to the new Democratic majority in Congress. … Conservative Republicans have grown increasingly tough and open in their criticism of Mr. Bush on everything from immigration and the Iraq war to spending and government intrusiveness -- to the point in some cases of open rebellion." But "Tuesday night he somehow managed to cap that dyspepsia, at least for the moment, and draw praise from his own right wing." Pat Toomey, president of the influential Club for Growth, "saw the speech as a largely successful attempt to reach out to Democrats and independents without alienating Republicans. … Some religious conservatives, however, stopped just short of saying the president pandered to the Democrats in Congress."

Gates Said To Have Different Press Management Style Than Rumsfeld. In the Washington Times (1/26, 88K) "Inside The Ring" column, correspondent David Sands reports on Defense Secretary Robert Gates' "seven-country, five-day, 13-flight swing through Western Europe, Central Asia and the Middle East" shortly after being confirmed, and contrasts Gates with predecessor Donald Rumsfeld. The "new boss relies on notes from index cards in his public remarks, using few of the colorful metaphors or eloquent hand gestures favored by his predecessor. For journalists, the good news is that low-key, soft-spoken Mr. Gates rarely challenges the premises of their questions, another favorite Rumsfeld tactic. The bad news is that he answers only as much of the question as he wants."

Rumsfeld Press Secretary Expected To Leave Pentagon. The Washington Times (1/26, Gertz,

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Scarborough, 88K) "Inside The Ring" column reports, "Word in the Pentagon is that Eric Ruff, press secretary to Defense Secretary Donald H. Rumsfeld, will leave the building later this year. Mr. Ruff had worked as a special assistant for more than two years in May when Mr. Rumsfeld named him press secretary." Ruff "forged a close working relationship with Mr. Rumsfeld, advising him on communication strategy. He is generally liked by the Pentagon press corps, which finds him accessible and responsive."

Senior State Department Official Resigns. The AP (1/26, Schweid) reports Under Secretary of State for arms control, Robert Joseph, has "submitted his resignation to President Bush amid uncertainty about the future of negotiations to curb nuclear programs in Iran and North Korea." Talks on both fronts have "moved slowly," but in an interview Thursday, Joseph said, "I think we have a very good record." Joseph, who will leave next month, "acknowledged trying to stop Iran and North Korea from building nuclear weapons was very hard and he said they posed serious challenges to US security." In a telephone interview, he "said he would write, teach and work as a consultant" after leaving the department.

GOP Amendment To Senate Minimum Wage Bill Defeated. The AP (1/26, Kuhnhenn) reports, "An effort to increase the minimum wage in all states, even those that already have wage floors higher than the federal base, failed Thursday after Democrats labeled it a 'poison pill.' Democrats said the Republican proposal was designed to kill underlying minimum wage legislation." An amendment offered by GOP Sen. Jim DeMint "was an effort to show how raising the federal minimum wage from $5.15 to $7.25 over 26 months would have no effect in eight states because they already have wage floors of $7.25 or higher. Another two states have scheduled minimum wage increases that also would place them above the proposed federal floor." The amendment "failed on a 78-16 vote after Sen. Edward Kennedy, D-Mass., raised a budget point of order challenging it. Massachusetts is among the states that already have a higher minimum wage and would not be affected by the federal law."

Proposed Minimum Wage Hike Criticized. Gary S. Becker, the 1992 Nobel economics laureate, and Richard A. Posner, a federal circuit judge and a senior lecturer at the University of Chicago Law School, write in the Wall Street Journal (1/26, 2.04M), "The strong bipartisan support for increasing the federal minimum wage to $7.25 an hour from the current $5.15 -- a 40% increase -- is a sad example of how interest-group politics and the public's ignorance of economics can combine to give us laws that manage to be both inefficient and inegalitarian. An increase in the minimum wage raises the costs of fast foods and other goods produced with large inputs of unskilled labor. Producers adjust both by substituting capital inputs and/or high-skilled labor for minimum-wage workers and, because the substitutes are more costly (otherwise the substitutions would have been made already), by raising prices. … Although some workers benefit -- those who were paid the old minimum wage but are worth the new, higher one to the employers -- others are pushed into unemployment, the underground economy or crime. The losers are therefore likely to lose more than the gainers gain."

Democrats Challenge Credit Executives Over Penalties. The AP (1/26, Gordon) reports, "Democratic lawmakers challenged credit card executives Thursday over rising late fees and other penalties and marketing practices they portrayed as predatory." The credit card industry "and its practices came under scrutiny at a session of the Senate Banking Committee. Several Democratic members of the panel are proposing legislation to require companies to provide more details to consumers on how long it will take them to pay off their debts if they make minimum monthly payments, and to rein in solicitations of college students. … 'I would like to put the credit card industry...on notice,' said Sen. Christopher Dodd, D-Conn., the committee's chairman. 'If you currently engage in any business practice that you would be ashamed to discuss before this committee, I would strongly encourage you to cease and desist that practice.'" Dodd and "other senators questioned a panel of witnesses that included executives of Chase Bank USA, Barclays Bank and Capital One Financial Corp." The executives "defended their practices as fair and responsible."

Democrats To Increase Scrutiny Of FCC. The Washington Post (1/26, A4, Babington, 690K) reports, "As congressional Democrats prepare to give the Federal Communications Commission its toughest scrutiny in years, a rivalry between the powerful agency's two most prominent Republicans is raising questions about its readiness to handle barbed questions and stiff challenges. The Republican-controlled FCC…has sparred infrequently with Republican-controlled congresses. But the Democratic-run 110th Congress is about to heat up the grill, starting with a Senate Commerce, Science and Transportation Committee hearing on Thursday." Senators "vow to press the chairman and four commissioners on matters such as media-ownership diversity, Internet access, broadcast decency standards and delays in resolving various issues. The hearing may cover the waterfront, Democratic staff members say, but there's little doubt that the agency will face a tone of questioning unseen in recent years." FCC Chairman Kevin J. Martin, "a Republican with close ties to the Bush administration, will be the focus of Democrats' criticisms. But some industry analysts think those lawmakers may try to find an ally in

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Commissioner Robert M. McDowell, another young Republican loyalist with a reputation for intelligence and political ambition. The two have clashed on at least three significant issues in the past several months, creating what some see as a rift that could be ripe for exploitation."

Inhofe Proposal Would Deny Pay Raise To Those Who Vote Against It. The New York Times (1/26, Kirkpatrick, 1.16M) reports it is "a Washington ritual. Almost every year a lawmaker proposes withholding the automatic annual cost-of-living pay increase from members of Congress in the name of fiscal responsibility and populist reform." But the "proposal usually fails. And even the reformers get their raise." However, the Senate "may be raising the price of such public displays of self-sacrifice. In the rush to pass a major ethics bill on Jan. 18, the Senate approved a provision that would deny the pay increase to any individual member who voted against it, even if it passed." Last year, "a senator would have lost $3,100 out of a salary of $165,200." The penalty for "opposing the raise is the work of Senator James M. Inhofe, Republican of Oklahoma, who called votes against the increase 'the greatest single hypocrisy every year.'"

Tancredo Calls For Abolition Of Black, Hispanic, Asian Caucuses. The AP (1/26, Kellman) reports, "White House hopeful Tom Tancredo said Thursday the existence of the Congressional Black Caucus and other race-based groups of lawmakers amount to segregation and should be abolished. 'It is utterly hypocritical for Congress to extol the virtues of a colorblind society while officially sanctioning caucuses that are based solely on race,' said the Colorado Republican, who is most widely known as a vocal critic of illegal immigration." He added, "If we are serious about achieving the goal of a colorblind society, Congress should lead by example and end these divisive, race-based caucuses."

The Denver Post (1/26, Mulkem, 256K) notes Tancredo "first called in 2003 for a ban on the caucuses that are tied to ethnic groups. He pegged his renewed demand to a report in a Capitol Hill political newspaper that freshman Rep. Stephen Cohen (D-Tennessee) could not join the Congressional Black Caucus because he is white."

Poll Shows Positive Feeling Toward Democratic Majorities. The Wall Street Journal (1/26, A4, Harwood, 2.04M) "Washington Wire" says the new Wall Street Journal/NBC News poll find that the new Congress "attracts promising initial reviews" from respondents. "By 53% to 44%, Americans say new House ethics rules will improve lawmakers' 'ethics and honesty.' A 48% plurality" predicts the Democratic Congress "will 'strike the right balance' with Bush; 12 years ago, a 47% plurality of Americans predicted the new Republican Congress would be 'too inflexible' with then-President Clinton." House Speaker Nancy Pelosi's "positive rating rises modestly to 28%, while 24% view her negatively. Three-fourths of Americans now recognize her name."

Thrift Savings Plan Director Departing. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "His mission accomplished, the executive director at the Thrift Savings Plan has resigned to join a union-owned financial services holding company. Gary A. Amelio, who developed a new retirement savings option to help federal employees diversify their investment portfolios, is joining ULLICO as president of retirement services," probably leaving the "agency early next month, a TSP spokesman said." The Post adds that Amelio "expanded TSP investment options" by adding "life-cycle funds" to "help federal employees who are too busy to monitor their savings or do not feel comfortable making investment decisions. The L Funds, as they are called, permit TSP participants to select an investment mix linked to the time they expect to draw down their savings."

NTEU Announces Settlement In Social Security Employees' Case. The Washington Post's "Federal Diary" column (1/26, D3, Barr) reports, "A settlement has been reached in a case brought by the Social Security Administration's inspector general against four employees in the agency's Des Moines office, the National Treasury Employees Union has announced. Colleen M. Kelley, the union president, said the inspector general had withdrawn charges against the employees and agreed not to undertake any other action against them." The union maintained that the employees were following "orders of an administrative law judge in preparing decisions in 700 cases that granted Social Security disability benefits to claimants. The inspector general's office had questioned the reproduction of evidence from one disability case for use in 700 cases handled by the Des Moines office in recent years, apparently to speed up claims processing."

Ginsburg Says She Feels "Lonely" As Only Woman On Supreme Court. USA Today (1/26, 1A, Biskupic, 2.27M) reports, "It's been a year since Sandra Day O'Connor retired from the Supreme Court after a quarter-century tenure and left Ruth Bader Ginsburg as the lone woman on the nine-member court. Although it's unclear how O'Connor's departure will affect the law, this much is certain: Ginsburg misses her friend, and worries about the message court visitors get when they see only one woman on the bench." Ginsburg told USA Today, "The word I would use to describe my position on the bench is lonely. … This is how it was for Sandra's first 12 years. … Neither of us ever thought

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this would happen again. I didn't realize how much I would miss her until she was gone." USA Today (1/26, 6A, Biskupic, 2.27M) runs a second story on the issue titled "High Court Just A 1-Woman Show; In Contrast With Gains Elsewhere," in which it says "the makeup of the nation's highest court contrasts sharply with that of Congress and the rest of the US judiciary, where women have made historical gains."

First Lady To Host Sidey Scholarship Debut. The Washington Times (1/26, McCaslin, 88K) "Inside the Beltway" column writes that First Lady Laura Bush "today will host the debut of the Hugh S. Sidey Scholarship for Print Journalism at the White House. The legendary Time magazine correspondent was a favorite of the entire Bush family, and nobody could get the family members to reveal their true, inner feelings better than he."

Minnesota Guard Opposes CIA Acquisition Of 1960s Plane. The Wall Street Journal (1/26, A1, Karp, 2.04M) reports, "The Central Intelligence Agency is closing in on a high-value landscaping target: a 1960s spy plane called the A-12 Blackbird." The CIA "plans to mount the once-secret, 102-foot-long supersonic plane on a pole at its Langley, Va., headquarters in time for the agency's 60th anniversary in September. The jet chosen for the mission is a particularly well-preserved specimen that has been at the Minnesota Air Guard Museum, next to the Minneapolis-St. Paul airport, since 1991." Even though "a moving crew began the 10-day process of dismantling the spy plane this week, volunteers who painstakingly restored it at their own expense are continuing to oppose what they consider a hijacking. Their pleas for mercy, backed by the governor and entire Minnesota congressional delegation, have fallen on deaf ears."

Krugman Calls For Partisanship To Pass Another "New Deal." Paul Krugman writes in his New York Times column (1/26), "American politics is ugly these days, and many people wish things were different. For example, Barack Obama recently lamented the fact that 'politics has become so bitter and partisan' -- which it certainly has." But "he then went on to say that partisanship is why 'we can't tackle the big problems that demand solutions. And that's what we have to change first.' Um, no. If history is any guide, what we need are political leaders willing to tackle the big problems despite bitter partisan opposition. If all goes well, we'll eventually have a new era of bipartisanship -- but that will be the end of the story, not the beginning. Or to put it another way: what we need now is another F.D.R., not another Dwight Eisenhower. … So am I calling for partisanship for its own sake? Certainly not." But "politicians who try to push forward the elements of a new New Deal, especially universal health care, are sure to face the hatred of a large bloc on the right -- and they should welcome that hatred, not fear it."

OTHER NEWS:

Annual Home Sales Saw Sharpest Drop Since 1989. The Los Angeles Times (1/26, Sanchez, 850K) reports, "Nationwide sales of existing homes sagged in December, contributing to the steepest drop in annual sales in nearly 20 years, according to a real estate report today. Total existing-home sales -- including detached houses and condominiums -- in December slipped 0.8% from the previous month to a seasonally adjusted, annual rate of 6.22 million units, according to the National Assn. of Realtors." For all of 2006, sales of existing homes dropped 8.4 percent, the "biggest annual drop since 1989, when sales declined 14.8%, according to the Associated Press."

The Wall Street Journal (1/26, Corkery, 2.04M) reports, "For 2007, many economists predict that sales will continue to fall, but at a more modest pace and with most of the decline occurring in the first half of the year. 'The biggest drop is probably behind us,' said Fannie Mae's chief economist, David Berson. 'But it's still too soon to say this is unambiguously the bottom.'" Forecasts "vary widely. David Lereah, NAR's chief economist, foresees a modest sales decline of 1.2% this year. Mr. Berson expects existing-home sales to drop 7% to 8%. Steven Wieting, an economist at Citigroup, said that while the housing market is showing some signs of stabilizing, a significant slowdown in housing-related industries like furniture and appliances may yet come."

NBC Nightly News (1/25, story 2, :15, Williams, 9.87M) reported, "Bad news as well today for the US housing market which in 2006 had its worst year in 17 years."

The CBS Evening News (1/25, story 2, :20, Couric, 7.66M) also noted the report, saying "the housing industry has taken a big hit. … After five years of record sales America's realtors reported today sales fell last year nearly 8.5%. That is the biggest drop in 17 years." The New York Times/AP (1/26), USA Today (1/26, Knox, 2.27M) and Washington Post (1/26, D1, Elboghdady, 690K) run similar reports.

Fed May Maintain Bias Toward Rate Increases In Near Term. The Wall Street Journal (1/26, Ip, 2.04M) reports, "Surprisingly solid economic growth hasn't only persuaded investors that the Fed won't cut interest rates, it also has prompted some to predict that an overheating economy will trigger rate increases before long." But "Fed officials don't appear to share that view -- at least not yet. They believe the housing downturn has yet to show its full impact on the economy. As it does, they expect growth to remain slow and unemployment to rise, hastening the recent

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downtrend in inflation, which is now running roughly from 2.2% to 2.6%, excluding food and energy. Indeed, officials are more comfortable about inflation than they were two months ago. … There are several reasons the Fed is likely to signal inflation concerns for at least one more meeting. Some officials believe that even if underlying inflation is coming down, it is still unacceptably high. … The second, and potentially more important reason, is that the job market, unlike the rest of the economy, is stronger than expected."

Stocks Sharply Down. The Wall Street Journal (1/26, Browning, 2.04M) reports, "A day after hitting its 26th record close in four months, the Dow Jones Industrial Average plunged 119.21 points, its heaviest decline in two months. The decline left the blue chips at 12502.56, down 0.9% in a day of heavy trading. The average is up just 0.3% in 2007. Traders cited worries about interest rates, corporate profits, home sales and unemployment data." The Standard & Poor's 500-stock index "fell 1.1%, or 16.23 points, to 1423.90, up 0.4% this year. The Nasdaq Composite Index slid 1.3%, or 32.04 points, to 2434.24, up 0.8% in 2007." NBC Nightly News (1/25, story 3, :15, Williams, 9.87M) and USA Today (1/26, Krantz, 2.27M), among other newspapers, also reports the stock numbers.

Ten-Year-old Filmmaker Sues Over Creative Control Issues. The Los Angeles Times (1/26, Friedman) reports, "Most 10-year-olds are happy with an allowance and some video games. … Budding filmmaker Dominic Scott Kay wants creative control, along with a shot at the Sundance Film Festival. And, as often happens in the entertainment business, to get what he wants he's headed to court with one of Hollywood's top litigators in tow." The Times continues, "The child actor, whose credits include Steven Spielberg's 'Minority Report' and voicing Wilbur the pig in Paramount Pictures' recent 'Charlotte's Web,' is in a creative battle with Conroy Kanter, the financier of the short film Kay directed. The two met when Kay played with Kanter's son on a soccer team. … 'She wanted to make all the decisions and stuff,' Kay said. 'She wanted final cut and everything.'" The Times continues, "Kay alleges in a lawsuit filed Thursday in Los Angeles County Superior Court that Kanter, his Malibu neighbor, is trying to wrestle away control of 'Saving Angelo,' starring actor Kevin Bacon, which she helped bankroll with $11,000. … Kanter's attorney, Michael Stoller, alleged that Kay's mother was behind the lawsuit and was seeking financial gain, adding that his client considered financing the film a 'charitable contribution' to animal rights. 'This is another example that no good deed goes unpunished,' he said."

Ford To Chair Democratic Leadership Council. The Christian Science Monitor (1/26, Feldmann, 59K) reports former Rep. Harold Ford, who lost his 2006 Senate race in Tennessee, is "back in national politics" and "was named chair of the Democratic Leadership Council (DLC) Thursday." The Washington-based DLC "has been an ideological home base for a generation of successful Democratic politicians trying to carve out a centrist policy approach – including former President Clinton and his wife, Sen. Hillary Rodham Clinton." Speaking at a Monitor breakfast Thursday, Ford "laid out the policy terrain he will be focusing on and how he hopes to help the Democratic Party build on its recent successes." Ford said, "This new majority in the Congress ... gives the nation a chance to not only see a new leadership but to experience and embark on a new direction on a lot of policy fronts – be it international terror; global competitiveness or globalization, whatever you choose to call it; be it ways to help lower the cost of healthcare. This congress has its work cut out for it." The Monitor adds that unlike "most past DLC chairs, Ford does not currently hold elective office, and so he will travel extensively around the country, helping the group develop policy positions. Ford has also accepted a teaching position at Vanderbilt University in Nashville."

The Memphis Commercial Appeal (1/26, Sullivan, 163K) reports Ford "accepted the high-profile post of chairman of the Democratic Leadership Council, the moderate policy group that launched a little-known Arkansas governor named Bill Clinton to national stardom and the presidency." Ford "accepted the post, calling it 'one of the most important organizations on the think-tank landscape. '" DLC founder Al From and DLC president Bruce Reed "made the announcement at the monthly breakfast for print journalists. Ford told the group that the job is temporary in the sense that he plans to seek elective office in Tennessee in the future."

The Politico (1/26, Allen) reports Ford "lashed out Wednesday at what he called the 'hypocrisy' of Republicans who overdo their talk about religion." Ford "did not disappoint the sleepy-headed journalists" at the Monitor Breakfast, "offering a passionate response when asked about the role of faith in politics. During the question-and-answer period, Ford said candidates should not hesitate to discuss the role religion plays in shaping their positions. But he added that faith 'is often used by some to beat up on or whip up on others, and the Bible that I read doesn't suggest that you do that.'" Ford said, "Some of the nomenclature and jargon that's used by those who invoke faith regularly - compared with some of their actions and behavior and conduct - I think has raised concerns on the part of many that maybe those who preach it the most aren't practicing the most." Ford was "presented at the breakfast by From as a rising star who will help the group develop a new generation of leaders to pursue the group's pro-growth, pro-defense policies." Ford made it "clear that he still resents some tactics of Republicans."

On MSNBC's Hardball (1/25, Matthews), Ford said, "I think the focus for the DLC…is to help develop and advance and promote a policy agenda that Democrats in the Congress

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and even the presidential candidates on our side can look to for ideas on national security and tax policy, pro-business, pro-family policies, and obviously ways to combat terrorism and make ourselves energy independent." On CNN's The Situation Room (1/25, Blitzer), Ford said, "The DLC, over the last 15 years, has played as big, if not the biggest role, in helping to develop and promote some of the smartest, most progressive, national security, pro-family, pro-business efforts, pro-family efforts that we've seen in the party."

Ford Has No Plans To Challenge Alexander. On CNN's The Situation Room (1/25, Blitzer), Ford said, "I don't have any plans to run against Lamar Alexander. My plan is right away to try to do a good job with the DLC. I'm proud to say that I'm associated with Vanderbilt University; I'm now a professor of public policy."

GOP War Critic Hagel Pondering '08 Bid For President. In a front-page story, the Washington Post (1/16, A1, Murray, 690K) reports, "His Republican colleagues regard him warily. The White House barely speaks to him. He is reviled by his party's conservative base." But Nebraska Sen. Chuck Hagel's (R) "sharp criticism of the war has placed him squarely in the mainstream of public opinion on Iraq and revived long-dormant speculation about his presidential ambitions. Hagel has been eclipsed by Sen. John McCain (R-Ariz.), a leading contender for his party's presidential nomination who has vigorously endorsed the president's war policies. But with McCain appearing increasingly isolated on the issue as public opinion has turned overwhelmingly against the war, Hagel is acting like a politician who believes his stock is climbing. In other words, he is considering a White House run." In an interview, Hagel said "that he is discussing his options with his family and other confidants and will make a decision in the next six weeks." Hagel said he's considering forming a presidential exploratory panel, or running for "a third Senate term. Then again, he might take a more creative path. Hagel joked during the interview about teaming up with New York Mayor Michael R. Bloomberg, a moderate Republican, and also floated the possibility of joining a bipartisan unity ticket with a Democrat -- with his name first, of course."

Poll Shows Clinton Thrashing Democratic Field, McCain Topping Giuliani. Time (1/25, Karon, 4.03M), in a report on its website, reported that New York Sen. Hillary Clinton (D) "is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani -- with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone." The survey showed that Clinton would defeat Illinois Sen. Barack Obama (D) in the Democratic race "by a margin of 40% to 21%," with ex-North Carolina Sen. John Edwards (D) "a distant third with 11%." McCain, meanwhile, "holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or" Edwards "by a 7-point margin."

Time (1/26, Calabresi, Bacon, Cox, Carney, 4.03M) lists "8 Keys To The Campaign," such as the Iraq war, where "no position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser." The second key is "money," the third "religion," the "Amazon factor" or book sales, the "last minute campaigns" of potential heavyweights such as Al Gore or Newt Gingrich, "recruiting the new gurus" to staff the campaign, "winning over the online activists," and the "New Faces."

McAuliffe, Ford Praise Clinton. Hillary Clinton campaign chairman Terry McAuliffe said on Fox News' The Big Story (1/25, Gibson) said that when his candidate visits Iowa this weekend, "they are going to love her, just as here we are in New York. You look at what happened in the last election. Last year she won in a landslide. She won in Republican counties that people would have said six years ago, she had no chance of winning. Why? They got to know her. They see how bright she was, how hard she worked for them. That's what the folks in Iowa will see." Asked if black primary voters will prefer Clinton or Sen. Barack Obama, McAuliffe said, "I would say they vote for Clinton. The African-American community have been strong supporters of the Clintons."

Ex-Rep. Harold Ford said on MSNBC's Hardball (1/25, Matthews), "Hillary Clinton, back when she was first lady of Arkansas, took on the issue of education and challenged some of the orthodoxy of our party years ago. Throughout her time in the Senate, she has been a champion, a stalwart for strong national security measures, even measures that take on other orthodoxies in the party that help advance national interest."

Simon Says Iraq War Weighing Heavily On McCain. In an article in The Politico (1/26), political analyst Roger Simon, noting that if Arizona John McCain (R), 70, runs for the White House "and wins, he would be the oldest person ever inaugurated as president," relates, "There were so many false rumors circulating about McCain's health when he ran for president in 2000, that he released 1,500 pages of medical and psychiatric records. They showed him to be in good health and not nuts." In the 2008 race, Simon says that

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he doesn't believe those types of rumors are "going to be McCain's problem. It isn't his health but rather his demeanor that worries some people. The Iraq war, which he strongly supports, has disturbed and dismayed him." McCain "visits wounded soldiers and Marines when they come back home for treatment and if any civilian feels the pain of the military, it is McCain. And it is showing." As an example, Simon notes, "Last Sunday, on 'Meet the Press with Tim Russert,' McCain seemed to have moved from almost somber to almost gloomy."

Giuliani Faces Tough Challenge In Winning Over Conservative Primary Voters. The AP (1/26, Sidoti) reports that ex-New York City Mayor Rudy Giuliani's (R) "star has hardly dimmed in the five years since terrorists attacked his city on Sept. 11, 2001, and he became a national hero -- the face of U.S. resolve at a time of tragedy." But his "quest to capture his party's presidential nomination won't be easy. He's a moderate Republican from New York City, on the wrong side of social issues in the eyes of hard-core conservatives who are a crucial voting bloc in the primaries. His mayoral tenure was marked by criticism of an overzealous police force. He's linked to the city's scandal-plagued ex-police chief Bernard Kerik. His thicket of business interests could pose conflicts. He's been divorced twice." Giuliani's "challenge will be to remind voters of his take-charge attitude on Sept. 11 and his two-term mayoral reign, at the same time his main rivals," Arizona Sen. John McCain (R) and ex-Massachusetts Gov. Mitt Romney (R), "no doubt will try to exploit his background and record. … 'Giuliani is going to have to convince people that he's more conservative than his record otherwise would suggest,' said Peverill Squire, who teaches politics at the University of Iowa."

In South Carolina, Hunter Formally Launches His Bid For President. The AP (1/26, Davenport) reports that CA52 Rep. Duncan Hunter (R), "best known for his advocacy on behalf of the military, launched a longshot bid for the presidency Thursday in" in Spartanburg, SC. Hunter, who formed "a presidential exploratory committee earlier" in January, "initially announced his intentions in October, becoming the first GOP candidate to declare." He "then began making stops in early primary and caucus states, including Iowa, New Hampshire and South Carolina." The AP notes, "In remarks before his speech, Hunter emphasized the importance of South Carolina in winning the GOP nomination. 'Nobody wins the presidency without winning South Carolina,' Hunter said. Hunter already has some deep-pocket allies in the state, including textile magnate Roger Milliken, who supports Hunter's promise to protect U.S. manufacturers threatened by cheap, overseas labor."

CQ Politics (1/26, Kapochunas) reports that though Hunter "maintains he is 'the most conservative' candidate in the 2008 race, he faces strong competition on the Republican right from Kansas Sen. Sam Brownback, who announced his candidacy Jan. 20. Other potential competitors for the GOP conservative vote include former Arkansas Gov. Mike Huckabee, Colorado Rep. Tom Tancredo, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney." Hunter chose "Spartanburg, in northwestern South Carolina, as the launching point in his campaign in part because voters in the strongly Republican region might be particularly receptive to his conservative views. Hunter also hopes that South Carolina, which has several military installations and a pro-defense slant, will also take a shine to his national security policy credentials."

The New York Times (1/26, Abruzzese, 1.16M) reports that Hunter "said his candidacy would emphasize his support for the war in Iraq, his opposition to abortion and his belief in free trade. Serving his 14th term as a congressman, Mr. Hunter, of San Diego, is a Vietnam veteran and a lawyer. He was the chairman of the House Armed Services Committee until this year and is now the ranking Republican on the panel." Hunter "said yesterday that he would also emphasize the need to restore the balance of trade with China. 'This is not free trade, this is not fair trade,' Mr. Hunter said according to the text of his speech. 'It is cheating.'"

The Spartanburg (SC) Herald (1/25, Spencer) reported that Hunter, in discussing his decision to formally announce his candidacy in Spartanburg, said, "This represents the heart of what I call the arsenal of democracy. This is a place that's known for textile manufacturing. You've got steel manufacturing right up the way…and I thought this was the heart of the base that is left in America, and I think the heart of the base that can help my campaign come to a successful conclusion." Hunter added, "You know what that is? That's the great Americans who won't move their companies off-shore, who won't take their manufacturing to China. … There's a certain ethic of patriotism here that is not found in many boardrooms of multinational corporations. I like that."

Hunter Touts His Conservative Credentials During Cable TV Appearances. On Fox News' Your World (1/25, Cavuto), Rep. Duncan Hunter said, "I've got the issues: strong border control; strong national defense; reversing this one-way street on trade, bringing good jobs back to the U.S. If you've got the issues, you don't have to spend as much money on image consultants and folks that are shaping a message." Hunter focused on border control in an interview with CNN's The Situation Room (1/25, Blitzer), saying, "I built the border fence in San Diego. We knocked down crime by 50%, knocked down smuggling in that area by more than 90%. And I wrote the provisions that the bill that the president signed that would extend the border fence across Arizona, New Mexico and Texas some 700-plus miles. …

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Every time the President talks about amnesty or guest worker, massive arrests take place, or the arrests go up at the border, because people think they have to come in and get under the wire, and they overwhelm the Border Patrol and the National Guard that he sent down to try and stem the crossing. So we've got to get the sides up on the house before we decide how to adjust the front door."

Obama Pushes Universal Healthcare As Key Campaign Theme. The AP (1/26, Pickler) reports, "Every American should have health care coverage within six years, Democratic Sen. Barack Obama said Thursday as he set an ambitious goal soon after jumping into the 2008 presidential race. 'I am absolutely determined that by the end of the first term of the next president, we should have universal health care in this country,' Obama told a conference of Families USA, a health care advocacy group." While Obama "did not provide specifics on his plan for coverage," he "was previewing what is shaping up to be a theme of the 2008 Democratic primary." Democratic opponents New York Sen. Hillary Clinton (D) and ex-North Carolina Sen. John Edwards (D) "also are strong proponents of universal health care and have promised to offer their plans." Obama's call "Thursday not only will be considered through the prism of the presidential campaign, but weighed against rival" Sen. Clinton's "ill-fated plan to overhaul the health care insurance system when she was first lady. Even after leading that calamitous attempt in 1993, Clinton remains in favor of universal health care and has made it a central theme of her presidential bid."

CQ Politics (1/26, Horrigan) reports that in his speech, Obama said, "In the 2008 campaign, affordable, universal health care for every single American must not be a question of whether, it must be a question of how. … We have the ideas, we have the resources, and we must find the will to pass a plan by the end of the next president's first term." Obama added, "We can't afford another disappointing charade in 2008." CQ Politics notes that "Obama has a new platform to discuss these issues, having taken a seat on the Senate Health, Education, Labor and Pensions Committee."

The Chicago Tribune (1/26, Dorning, 617K) reports , "Leading Democratic presidential candidates are showing a passion for ambitious plans to provide health care coverage to all Americans that the party has not shown since the Clinton administration's health plan turned into a political debacle in 1994." Noting that Sen. Clinton and Edwards are also pushing for universal healthcare, the Tribune adds, "In his speech Thursday, Obama argued that the political climate has shifted since 1994, opening an opportunity for universal health care. He noted that more employers have dropped private health care coverage since then. Employees with coverage are paying higher premiums and co-payments. And, he said, American companies face greater competitive pressure from foreign businesses that are not burdened with health care costs because their governments provide coverage. 'We are not in 1992. We are not in 1993. We are not in 1994. We don't have to be intimidated,' the senator said."

Obama Confident He'll Fare Well With African-American Voters. The Chicago Tribune (1/26, Parsons, 617K) reports that Obama "said Thursday that he's not worried about how he will fare with fellow African Americans should he launch a bid for the presidency, as he is expected to do in February. 'If you look at my black vote in my U.S. Senate race or my approval ratings back in Illinois,' Obama (D-Ill.) said, 'I feel pretty confident that, once folks know who I am, we'll do just fine.' The remarks came as some detractors have been quietly asking whether Obama, a biracial Harvard-educated lawyer, will prove 'black enough' to black voters in a national election. The son of a white American mother and a black Kenyan father, Obama represented a mostly black district in the Illinois state Senate and won with a healthy African American vote when he ran for the U.S. Senate in 2004. The remarks came after a meeting with Rev. Al Sharpton, the African American activist and one-time presidential candidate from New York, in which the two talked about civil rights concerns and other issues they'd like to see debated in the 2008 campaign."

Sharpton Meets With Several Democratic Presidential Hopefuls, Suggests He May Run. The AP (1/26, Pickler) reports that The Rev. Al Sharpton (D) "said Thursday he's waiting to see how the 2008 presidential field shapes up before deciding whether to declare himself a candidate." Sharpton "spent the day on Capitol Hill, meeting with the four Democratic senators who are pursuing the presidency:" Connecticut Sen. Chris Dodd (D), Delaware Sen. Joe Biden (D), Illinois Sen. Barack Obama (D) and New York Sen. Hillary Clinton (D). Each of the senators "met privately with Sharpton in their office. 'I'm not making any endorsements today,' Sharpton, who ran in 2004, told reporters at the end of his meeting with Obama." Sharpton said he and Obama "talked about economics, health care and education issues. 'We are going to keep talking and he knows I'm talking to everybody,' he said." Sharpton said "he would decide about his own candidacy 'once I see what these guys do or don't do.'"

The New York Times (1/26, Healy, 1.16M) reports, "One purpose of the visit, two New York advisers and confidants of Mr. Sharpton said, was to send a signal to" Obama "that he should not take for granted the political support of Mr. Sharpton, a power broker in New York politics and a presidential candidate in 2004. Indeed, Mr. Sharpton sounded far from sold on Mr. Obama on Thursday night after

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their meeting in the senator's office." Sharpton said, "I left the meeting a little curious, feeling that he was noticing our civil rights agenda, but I didn't understand what his civil rights agenda is." Of his meeting with Sen. Clinton, Sharpton said, "I'm not endorsing anyone at this point…but she has more of a civil rights program laid out. And I always know where I stand with her."

The Washington Times (1/26, DeBose, 88K) reports that Sharpton "threatened to again seek the Democratic presidential nomination unless current contenders, including four senators he visited on Capitol Hill, commit to focusing attention on civil rights issues." Sharpton said that "strong attention must be placed on affordable housing, access to wealth, retirement security, health care and education. 'If somebody picks up a strong agenda, I won't. But if not, maybe, and we'll see or we should see by late spring or the summer if someone does,' Mr. Sharpton said."

Reid Says Kerry "Did The Right Thing" In Choosing Not To Make '08 Bid. On Massachusetts Sen. John Kerry's (D) decision not to run for president again, Senate Majority Leader Harry Reid said on MSNBC's Hardball (1/25, Matthews), "He did the right thing. I acknowledge that, but he same so close and that was such a terribly unfair election."

Union Membership Fell By 326,000 Last Year. The New York Times (1/26, Greenhouse, 1.16M) reports, "Union membership dropped sharply last year in the United States, as the percentage of manufacturing workers in unions fell below the percentage of all American workers in unions for the first time in modern history." The Bureau of Labor Statistics "reported Thursday that union membership fell by 326,000 in 2006, to 15.4 million workers, bringing the percentage of employees in unions to 12 percent, down from 12.5 percent in 2005. Those figures are down from 20 percent in 1983 and from 35 percent in the 1950s." The Times adds, "Work force experts said the decline in union membership was caused by large-scale layoffs and buyouts in the auto industry and other manufacturing industries, together with the labor movement's difficulties in organizing nonunion workers fast enough to offset those losses."

Donors Pledge $7.6 Billion To Lebanon As Violence Continues. The AP (1/26, Gearan) reports international donors "pledged $7.6 billion in loans, donations and other help Thursday for a fragile Western-backed government in Lebanon that faces ruinous debt and paralyzing sectarian street violence." Lebanese Prime Minister Fuad Saniora "took a risk by leaving his fortified compound in Beirut to attend" the one-day conference in Paris. As the donors, government and opposition supporters "clashed at a university campus back in Beirut in new violence spilling over from Lebanon's political crisis." Thursday's conference had "an urgent tone," with some diplomats and leaders "hoping to give Saniora tangible bargaining power" in his struggle with Hezbollah. In an interview with the AP, Secretary Rice said of the pledge total, "I think this goes beyond the wildest dreams of everyone for the success of the conference. I think when people really started thinking about what was at stake here...they decided that this statement had to be made." However, Rice "would not give a direct answer when asked if an elected Hezbollah-led government could still collect the US pledge." In a press conference, the Secretary said, "We are dealing with the duly elected government of Lebanon, of Prime Minister Saniora. I don't have any desire to get into hypotheticals about Lebanon's future."

Under the headline "Beirut Riots Cast Shadow Over Aid Pledges," the Financial Times (1/26, Biedermann, England) says Thursday's conference "was overshadowed on Thursday by renewed political violence in the increasingly divided country." While the conference "was intended to aid the country's reconstruction after last summer's war…given the increasing political divisions in the country, it is difficult to know how much of the money raised at the conference will be delivered or how the government will be able to implement the economic reforms much of the funding is predicated on."

The New York Times (1/26, A8, Cooper, 1.16M) calls the donations "a bold effort to try to prop up the government of Prime Minister Fouad Siniora," noting that "even as Mr. Siniora was shaking hands and thanking world leaders in Paris for exceeding the conference's goal of $5 billion, there was chaos back in Lebanon." The clashes in Lebanon this week, which came "just as Mr. Siniora sought to present his country as ripe for investment," were "another embarrassment to the prime minister, who has been fighting to keep his government afloat." The Times also says that Secretary Rice, when asked whether the United States pledge was contingent on Mr. Siniora remaining in power, "deflected the question."

The Washington Post (1/26, A10, Anderson, 690K) says the aid package is "a major boon for Siniora" as the "power struggle" within Lebanon "intensified" this week "when Hezbollah and its allies enforced a nationwide strike that paralyzed the country and sparked sectarian clashes."

Four Killed In Escalating Violence In Beirut. ABC World News (1/25, story 4, 2:15, Gibson, 8.78M) reported, "In the Middle East there are fears today that the government of Lebanon may be near a breaking point. Hezbollah has been stoking anger over the country's slow recovery after the war with Israel. Clashes between government supporters broke out for a third day today, leaving people dead and wounded." ABC (Wright) added, "Today, the campus of Beirut Arab University erupted into a miniature civil war. … These

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images of violent instability stole the thunder from today's foreign donor's conference in Paris aimed to help Lebanon."

The CBS Evening News (1/25, story 5, 0:20, Couric, 7.66M) said, "There is concern the country could be headed for a civil war," while NBC Nightly News (1/25, story 5, 0:20, Williams, 9.87M) reported the violence "threatened Lebanon's fragile government."

The New York Times (1/26, A8, Bakri, Fattah, 1.16M) reports the Lebanese army declared "a rare night curfew throughout the city amid fears that Lebanon's two-month political crisis had entered a violent phase" after "at least four people were shot dead…and 150 were wounded in street fighting" Thursday.

The Washington Post (1/26, A10, Shadid, 690K) says the "clashes…offered a bitter contrast to the optimism of an international conference in Paris" and "were some of the worst since Lebanon's 15-year civil war ended in 1990."

Security Council Optimistic Ahead Of New Round Of Mideast Talks. The AP (1/26, Dilorenzo) reports U.N. Security Council members "are optimistic that a key meeting next month on the Israel-Palestinian conflict will help revive the stalled peace process," Russia's U.N. ambassador said Thursday. The so-called Quartet will meet in Washington on Feb. 2 to explore ways of reinvigorating peacemaking, and Russian Ambassador Vitaly Churkin said, "There was a strong feeling that there were some signs of hope, which should be fully taken advantage of by the international community." The AP adds that "there has been flurry of diplomatic activity in recent weeks to revive the peace process, including a meeting Thursday between Israeli Foreign Minister Tzipi Livni and Palestinian Mahmoud Abbas in Davos, Switzerland."

Abbas Says Time Has Come For Peace. AFP (1/26) reports Palestinian president Mahmud Abbas and Israeli Foreign Minister Tzipi Livni "shared hopes for a revived Middle East peace process, with Abbas calling for talks to begin straight away." In an address at the Davos forum, Abbas said, "The time has come for us...to make peace a reality. We are ready, as of now, to start serious negotiations with our Israeli neighbors."

The AP (1/26, Haven) reports Livni also "reached out to the Palestinian president in an emotional speech Thursday as she sat next to him at the World Economic Forum, saying lasting peace is the dream of her government and her people, and promising that a future Palestinian state" is "not an illusion. It's there, it's achievable." Tzipi Livni "made clear, however, that her government would not compromise on its need for security and urged Palestinian President Mahmoud Abbas not to compromise with extremists," in what was seen as a reference to Hamas.

Ignatius Welcomes Rice's New Mideast Strategy. The Washington Post's (1/26, A21) David Ignatius writes, "Secretary of State Condoleezza Rice this week sketched a new framework based on what she calls the 'realignment' of states that want to contain Iran and its radical Muslim proxies." In an interview Tuesday, Rice "summarized the new strategy that has been coming together over the past several months. Although many of its elements have been previewed in recent weeks by commentators such as Columbia University scholar Gary Sick, Rice's comments were an unusually detailed public explanation of the new American effort to create a de facto alliance between Israel and moderate Arab states against Iranian extremism." Ignatius writes that although "critics may see Rice's realignment strategy as another high-risk roll of the dice by the Bush administration in a region that is already polarized by the Iraq war and sectarian conflict," the Administration's "tougher stance against Iran arguably has already produced some results," notably President Mahmoud Ahmadinejad's "political trouble with the ruling mullahs." Although the strategy "poses as many questions as it answers," Ignatius says, "as with any strategy, Rice's realignment idea has the virtue of offering a basis for discussion and careful thinking about a region perched on the edge of a volcano."

UN Suspends North Korea Programs Until Audit Completed. The AP (1/26, Olson) reports the U.N. Development Program agreed Thursday "not to approve new projects in North Korea until an external audit addresses US allegations that the agency has funneled millions of dollars to the communist regime in violation of United Nations rules." UNDP assistant administrator Ad Melkert said the agency "also agreed to end cash payments to the North Korean government and local suppliers and to stop hiring staff recruited by Pyongyang." The United States had complained about both practices, which Melkert said would stop by March 1. Ambassador Alejandro Wolff welcomed the moves, saying, "We're pleased with the approach that the UNDP administrator has laid out."

The Financial Times (1/26, Turner) reports Pyongyang agreed Thursday "to an external audit and tighter rules for the UN Development Program's operation in the country," even though it "dismissed the allegations as politically motivated."

The Washington Post (1/26, A13, Lynch, 690K) adds, the debate over the United Nations' "oversight of its North Korea operations coincides with renewed calls for the Development Program to pull out of North Korea." Meanwhile, Mark D. Wallace, the US representative for U.N. management, "said the United States would press the World Food Program, UNICEF and the U.N. Population Fund to follow suit and stop using foreign currency to pay staff and hiring government-selected employees in North Korea."

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WSJournal Welcomes Audit Of Korean Programs. In an editorial, the Wall Street Journal (1/26, A10, 2.04M) says the "good news" is U.N. Secretary-General Ban Ki Moon "is moving swiftly on North Korea, ordering a full investigation within three months." However, the "disappointing news is that Mr. Ban appears to be stepping back from his larger reform promise." The Journal writes, "It's good to see the cash for [North Korean leader] Kim [Jong Il] programs reined in. But to realize his promise of making the U.N. more transparent, the new Secretary-General has to keep pressing and bring in the outside auditors."

Russia, India Reach New Nuclear Accord. The New York Times (1/26, A10, Gentleman, 1.16M) reports India "sealed a wide-ranging package of agreements with Russia on Thursday, the first day of a summit meeting intended to demonstrate that their longstanding relationship had not deteriorated as a result of India's growing engagement with the United States." In a joint statement issued after Russian President Vladimir Putin met with Indian Prime Minister Manmohan Singh, Russia" offered to build four new nuclear power plants in India, in addition to the two reactors it is already building here." Singh stressed that "energy security is the most important of the emerging dimensions of our strategic partnership."

Pentagon Moving Ahead With Missile Defense Plans. The Washington Times (1/26, Gertz, 88K) reports the Pentagon is "moving rapidly to build new missile defenses in Poland and the Czech Republic to counter the threat posed by Iranian long-range missiles," head of the Missile Defense Agency said yesterday. Air Force Lt. Gen. Henry "Trey" Obering, the agency's director, said, "The immediate threat in terms of emerging threats that we see is obviously the Iranians, and they're putting a lot of energy into that [long-range missile] program." Obering said the US hopes to have the system "in place by the 2011, 2012 time frame because we think the Iranians, for example, shortly thereafter will be able to have a long-range capability." He also warned, "We see what's happening right now in Iran, we know that they have a very aggressive test program that they have demonstrated in public, and they have avowed themselves that they are going to obtain a space launch capability." The Times notes that the magazine Aviation Week & Space Technology reported on its Web site last night that Iran "was poised to take that very step: launching a satellite into space."

The AP (1/26, Gedda) adds, Obering "rejected Russian claims that the US plan would upset the security balance," saying the plans for Poland and the Czech Republic "are insignificant compared with Russian capabilities."

China Anti-Satellite Missile Test Seen As Threat. Time (1/26, 4.03M) reports in its "Notebook" column, "China's successful anti-satellite-missile test Jan. 11 carries potential implications for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher)." At issue "are military surveillance satellites -- the very ones that detected Beijing's test -- which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites -- and a possible catalyst to a space arms race."

Chavez Threatens To Expel US Envoy. The AP (1/26, Toothaker) reports Venezuelan President Hugo Chavez warned Thursday that the US ambassador could be asked to leave the country if he continues "meddling in Venezuela's affairs." Chavez "lashed out" after Ambassador William Brownfield "said US companies and investors must receive a fair price for their shares of Venezuela's largest telephone company when Chavez's government nationalizes it." The president was quoted as saying, "If you continue meddling in Venezuela's affairs, first of all, you are violating the Geneva agreements and getting yourself involved in a serious violation and could...be declared a persona non grata and would have to leave the country."

Lawmakers To Seek Ease Of US Policy On Cuba. In a front page article, the Washington Times (1/26, A1, Hirsch, 88K) reports legislation "to chip away at the Bush administration's hard-line Cuba policy is in the works in the House, where Republicans and Democrats are planning a variety of measures aimed at easing the US policy on Cuba." One bill, which would lift the ban on Americans traveling to Cuba, was introduced yesterday by Rep. Jeff Flake, Arizona Republican. Other legislation reportedly under consideration would "ease payment restrictions for cash sales of food to Cuba." Rep. Jerry Moran (R-KS) "is planning to introduce one such payment-regulation bill next week." However, President Bush's "continuing tough stance toward Havana, however, means that a full-scale lifting of the Cuba embargo could encounter a veto threat." Rep. Jo Ann Emerson (R-MO) "said that Congress may be able to make some changes in the Cuba policy," but that even with a new Democratic majority, any such changes would be "pretty incremental."

UN Plan For Kosovo Expected To Anger Ethnic Albanians. The Financial Times (1/26, Dinmore, Turner) reports the special UN envoy "charged with negotiating the future status of the Serbian province of Kosovo plans to submit his compromise recommendations on Friday, with NATO peacekeepers braced for a backlash from ethnic Albanians demanding full independence." Former Finnish President Martti Ahtisaari has already disclosed that his

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proposal "foresees strong international civilian and military presences within a broader future international engagement in Kosovo." In effect, Kosovo would be given "the attributes of independence but remain under the wing of the international community," diplomats said.

LATimes Backs UN Plan As "Only Practical Solution." The Los Angeles Times (1/26, 850K) editorializes, "As it is, the U.N. compromise is the only practical solution for now. Full independence would mean using the U.N. to dictate and enforce a secession movement. Besides setting bad precedent, it would certainly be vetoed by Russia. And Kosovars would sooner revolt than accept a full reunion with Serbia. The two sides aren't ready to be peaceful neighbors, but taking small steps in that direction, while preserving the peace, would help them get used to the idea as their societies heal from communism and war. Impatient NATO members will just have to get used to sticking around."

Darfur Seen As First Test For UN's Ban. The Christian Science Monitor (1/26, LaFranchi, 59K) reports the new United Nations secretary-general, Ban Ki Moon, "lists Darfur among his top priorities," but "putting an end to the violence there…is also turning into the UN leader's first major test -- of his credibility as a global moral force and of his ability to cajole the international community, and in this case Sudan, beyond words to action." Ban is "underscoring his commitment to resolving the conflict in Darfur by making the African Union summit, to be held in Ethiopia Monday, the focus of his first international trip," where he plans to meet Sudanese President Omar Hassan al-Bashir. Ban's meeting with Bashir is "a good first step, some analysts of conflict diplomacy say, but they add that he can do much more."

Doha Breakthrough Could Come "Within Weeks." The Financial Times (1/26, Beattie) reports world trade ministers "continued to jockey for position ahead of their meeting on Saturday at the World Economic Forum in Davos, with the EU saying a big breakthrough on the Doha round could come within weeks." EU trade commissioner Peter Mandelson told the Times "that the broad outlines of a deal in multilateral trade talks, with overall indicators of cuts in farm tariffs and subsidies and goods tariffs, was not far away." However, he "continued to argue that the onus was on the US to offer more cuts in farm subsidies."

Rules Dispute Threatens Khmer Rouge Trial. The New York Times (1/26, A3, Mydans, 1.16M) reports, "The Cambodian judges were on one side and the foreign judges on the other this week in a dispute that captures a decade of difficulties in bringing to trial the last surviving leaders of the murderous Khmer Rouge." However, "If they cannot agree on procedural rules soon, analysts and officials at the tribunal say, some foreign judges may walk out," casting "a deeper shadow over a process that some critics say is already so compromised as to be of doubtful value." However, "Pragmatists say that a flawed trial is better than none and that there is no choice but to proceed with the tribunal you have rather than the tribunal you may wish to have."

Carter Apologizes For Book Passage. The Washington Times (1/26, Pfeiffer, 88K) reports former President Jimmy Carter has "apologized for what he called a 'stupid' passage in his book that critics say is a de facto endorsement of Palestinian violence against Israelis." The former president, who "had spent most of the past two months defending his new book," Tuesday said the passage was "worded in a completely improper and stupid way" and has asked publisher Simon & Schuster Inc. to change the wording in future editions of the book.

Commentator Welcomes Trial Of Israeli President. Klein Halevi, a senior fellow at the Shalem Center and contributing editor to the New Republic, writes in the Wall Street Journal (1/26, A10, 2.04M) that although the Israeli presidency "is largely a ceremonial position," over the last six months "accusations of sexual crimes accumulated against him, President Moshe Katsav resisted demands to resign." Now, "with impending charges that include rape, sexual harassment, obstruction of justice and fraud, he is being dragged out of office." But Halevi says "the good news is that change is coming. Mr. Katsav, after all, is being brought to trial. The plethora of sex-related accusations against prominent Israelis is an indication of a maturing society no longer indulging the excesses of its leaders."

NYTimes Urges Irish Parties To Reach Accord. The New York Times (1/26, 1.16M) editorializes, "The militant Irish republican Gerry Adams and the fire-breathing unionist preacher Ian Paisley have long symbolized the irreconcilable extremes of Ulster politics. But over the next few days, they have the chance to lead the province into a new era of democratic self-rule. Mr. Adams's opportunity comes this Sunday, when he will ask his party, Sinn Fein, to end its long refusal to cooperate with Northern Ireland's reformed police service. If Sinn Fein accepts his advice, it will be the turn of Mr. Paisley and his Democratic Unionist Party to live up to its end of the bargain and agree to form a power-sharing coalition with Sinn Fein."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Advice From The Home Front."
"Prison Pay Hikes Drain Staff At State Hospitals."
"When Superfund Expenses Go Mega."
"Cheney's Key Role In Leak Case Detailed."
"Cooperative Tone Of Sadr Surprises U.S.."
"Freeways' Tainted Air Harms Children's Lungs, Experts Say."

USA Today:
"Airline Delays Set Record In 2006."
"Ginsburg 'Lonely' Without O'Connor."
"The Donald Wants To Host A US Open."

New York Times:
"Secrecy Is At Issue In Suits Opposing Domestic Spying."
"Ford Chief Sees Small As Virtue And Necessity."
"In Clue To Addictive Behavior, A Brain Injury Halts Smoking."
"Iraq Leader And Sunni Officials In Sectarian Clash On Security."
"Hollywood, the Sequel: Less Shabby, More Chic."
"Colleges Regroup After Voters Ban Race Preferences."

Washington Post:
"Troops Authorized to Kill Iranian Operatives in Iraq."
"Tehran's Influence Grows As Iraqis See Advantages."
"D.C. Clubs Dreading Proposed Teen Ban."
"Official Shot Movers in Self-Defense, Police Say."
"In Ex-Aide's Testimony, A Spin Through VP's PR."
"Hagel Ponders White House Run As War Criticism Raises His Profile."

Washington Times:
"Al-Maliki Promises A Safe Iraq."
"Alien Hiring Fines Fails On Hill."
"Sharpton: Step Up Or I'll Run In '08."
"Maryland Considers Repeal Of Death Penalty."
"Brazilian Runs From US Theft Charges."
"Legislation Would Relax Cuba Policy."
"Damaged Brain Region Helps Some Kick Habit."

Detroit Free Press:
"'We Are AT The Bottom.'"
"Pace For '08 race Quickens In State."

Atlanta Journal-Constitution:
"Gridlock Surprise."
"Absolved By DNA Ready To Live Again."
"Cell Discovery At UGA Could Open Path To Breakthroughs."
"Democrats' 'Attack Dog' Leaves Without Regrets."

Houston Chronicle:
"Troops Deaths A Heavy Toll For A&M."
"Perry Orders TSU To make Fixes."
"Teenage Drivers Face New Hazards."
"Woman Survivors House Blowup."
"Saavedra Issues Apology To teachers In Bonus Flap."
"Injury To Spot In Brain Seems To Erase Smoking Addiction."

Story Lineup From Last Night's Network News:
ABC: Ford-Record Lows; Alternative Fuels; Iraq Unrest; Lebanon Unrest; Afghanistan War Front; Civil Rights Cold Case; Pentacel FDA Approved; Teenage Driver-Study; Airline Pilots-Guns; College Admission Error; School Injustice.
CBS: Ford Record Lows; Housing Industry-Record Lows; Nuclear Uranium Sting; Troops On Patrol; Lebanon Unrest; Civil Rights Cold Case; Breast Cancer Treatment; Health Insurance; Fallen Soldiers.
NBC: Ford Record Lows; Housing Industry-Record Lows; Stock Market; Libby Trial; Lebanon Unrest; Iraq Sectarian Violence; Sen. Warner's-Iraq Resolution; Fallen Troops-Chopper Crash; Identity Theft; Civil Rights-Cold Case; Pile Of Pandas; Caring For Wounded Troops.

Story Lineup From This Morning's Radio News Broadcasts:
CBS: Bush-House Republicans; Iran-Satellite Launch Vehicle; Baghdad-Market Bomb Blast; Libby Trial; MS-Civil Rights Era Murder Case; New Orleans-Enrollment Decline At Colleges; Federal Health Officials Concerned About Drop In Rate Of Women Getting Mammograms.
NPR: Baghdad-Market Bomb Blast; Iraq Parliament-New Security Plan; Buffalo-Murder Of Abortion-Performing Doctor; Ford-Record Losses; Mixed Signals For US Job Market; Beirut-Violent Protests; Paris-Lebanon Donations; Afghanistan-NATO Airstrike; Bush Administration-Preparing For Expected Spring Taliban Offensive.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Participates in a meeting with the Secretary of Defense, Chairman of the Joint Chiefs of Staff, and the Incoming Commander of Multi-National Force – Iraq, Oval Office, The White House; speaks at the House Republican Conference retreat, Cambridge, Md.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the launch of the Hugh Sidey Scholarship for Print Journalism, East Room.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MAYORS _ The United States Conference of Mayors holds its 75th Winter Meeting. Highlights: 9 a.m. Deputy Assistant Treasury Secretary Dan Iannicola discuss the the federal government's role in financial literacy. 9:30 a.m. - 12 p.m. Plenary session with announcement of Dollar Wi$e Capacity Grants, with Energy Secretary Bodman,

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House Majority Whip James Clyburn, Marian Wright Edelman of the Children's Defense Fund, others. Location: Capital Hilton, 16th and K Sts. NW.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Highlights: 9 a.m. - 10:30 a.m. Plenary on SCHIP and Medicaid with Sen. Edward Kennedy, D-Mass., others. 12:30 p.m. Luncheon: Consumer Health Advocate of the Year Awards. 2:30 p.m. - 3:45 p.m. Plenary: ``Red Flags and Red Herrings: The Outlook for Medicare," with Bruce Vladeck, Interim President, University of Medicine and Dentistry of New Jersey (UMDNJ) ; andTricia Neuman, Kaiser Family Foundation. 5:45 p.m. Special Plenary on Global Health. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Highlights: 6 p.m. Cocktail reception honoring John Bolton. 8 p.m. Night Owl Session, ``The State of Conservatism," with commentators Kate O'Beirne, Kathryn Lopez, Michelle Malkin, Laura Ingraham, and Mona Charen. Location: JW Marriott, 1331 Pennsylvania Ave. NW.

INTERNATIONAL LAW _ 10 a.m. - 4 p.m. The Advisory Committee on International Law meets to discuss a range of issues relating to current international legal topics, including the effectiveness of international trade law and international human rights law; issues related to the Geneva Conventions and the legal framework for detention and trial of international terrorists; and issues relating to the immunities of foreign states and international organizations and their respective officials. Location: Room 1105, State Department, 2201 C St. NW.

HIGH SCHOOLS _ 8:30 a.m. The Alliance for Excellent Education holds a discussion on high school reform and recent research, with Sens. Jeff Bingaman and Richard Burr, others. Location: Room 902, Hart.

PENTAGON-IRAQ SECURITY _ 9 a.m. Army Col. Michael S. Galloucis, commander of 89th Military Police Brigade, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

HEALTH RECORDS _ 9:30 a.m. Health Affairs holds a briefing with Agency for Healthcare Research and Quality Director Carolyn Clancy to kick off a discussion on how electronic health records can speed advances in medical care. Other participants include John Lumpkin of the Robert Wood Johnson Foundation, Lynn Etheredge of George Washington University, Joel Kupersmith of the Veterans Health Administration. Location: Columbus Club, Union Station.

BUDGET-OCEANS _ 10 a.m. Commerce Secretary Guetierrez, Interior Secretary Kempthorne, White House Council on Enviornmental Quality Chairman James Connaughton, others, announce the budget for FY08 for ocean priorities. Location: Indian Treaty Room, Eisenhower EOB.

HOYER-IRAQ _ 10 a.m. House Majority Leader Steny Hoyer delivers a ``major" address on Iraq. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

PUBLIC POWER _ 10 a.m. Energy Daily and AREVA hold a media breakfast with members of the Large Public Power Council to discuss public power and its response to deregulation, with Joe Beal of the Lower Colorado River Authority, Jan Schori of the Sacramento Municipal Utility District and Mark Crisson of the Tacoma Public Utilities. Location: National Press Club.

COVERING KATRINA _ 11 a.m. New Orleans Times-Picayune reporters participate in a discussion, ``The State of New Orleans Following Hurricane Katrina." Participants: Times-Picayune writer Mark Schleifstein; senior editor James OByrne; and Susan Feeney, senior editor at NPRs All Things Considered and former Times-Picayune reporter. Location: Room S-120, Capitol.

PATAKI _ 11 a.m. Georgetown University sponsors a lecture by former New York Gov. George Pataki discussing ``A Way Forward in Iraq." Location: Copley Formal Lounge, on campus.

PENTAGON-AFGHANISTAN SECURITY _ 11 a.m. Army Maj. Gen. Benjamin Freakley, commander of Combined Joint Task Force-76, and commanding general, 10th Mountain Division, will brief live from Afghanistan to provide an update on ongoing security operations in Afghanistan. Location: DOD Briefing Studio, Pentagon 2E579.

ANTIWAR DISPLAY _ 12 p.m. CODEPINK: Women for Peace and Iraqi Voices for Peace open a display called ``Walk In Their Shoes, consisting of thousands of shoes, representing civilians killed in Iraq. Location: On the National Mall at 3rd Street NW.

HOLOCAUST REMEMBRANCE _ 12 p.m. The Holocaust Memorial Museum holds a commemoration to mark Holocaust Remembrance Day. Location: At the museum.

INFRASTRUCTURE-CONGRESS _ 12 p.m. Peter Ruane, president and CEO, American Road & Transportation Builders Association, addresses the Transportation Table. Topic: ``The Road Ahead: American Infrastructure and the 110th Congress." Location: National Press Club.

VETERANS-HOUSING _ 12 p.m. The National Housing Conference holds a discussion on veterans and housing, with Cheryl Beversdorf of the National Coalition for Homeless Veterans, Stephanie Buckley of the U.S. Veterans Initiative, and Jonathan Harwitz of the Corporation for Supportive Housing. Location: Suite M-100, 1801 K St. NW.

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SINISE-DISABLED VETERANS _ 12:30 p.m. Actor Gary Sinise speaks on ``Honoring the Cost of Freedom -- The Building of the American Veterans Disabled for Life Memorial'' at a National Press Club luncheon. Location: National Press Club.

TURKEY-PENTAGON _ 12:30 p.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Turkish Minister of National Defense Vecdi Gonul to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, JANUARY 29, 2007 7:45 AM EST

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TERRORISM NEWS:

Defending Bush's Authority (FWST)

The Fort Worth Star-Telegram, January 29, 2007

Because your Jan. 22 editorial ("A case of whiplash") on the Terrorist Surveillance Program (TSP) and the Foreign Intelligence Surveillance Court might have left readers with inaccurate impressions, I offer this response:

First, the TSP falls well within President Bush's constitutional authority, recognized and supplemented by Congress in the aftermath of Sept. 11, 2001, to protect Americans by intercepting the international communications of a lethal enemy.

Second, the Justice Department began exploring options for FISC approval of the collection of international al Qaeda communications into and out of the United States in the spring of 2005, well before the first media accounts disclosing the existence of the TSP.

It took considerable time and effort, however, for the government to develop this new approach, which has the speed and agility offered by the TSP, and for a judge of the FISC to consider and approve these orders. The new FISC orders are innovative and complex, but the result is that any electronic surveillance that may have occurred previously under the TSP will now be subject to FISC approval.

Accordingly, under these circumstances, the president has determined not to reauthorize the TSP when the current authorization expires.

Third, the attorney general directed department officials to brief the Senate and House Intelligence committees, as well as other key members of Congress, on the new orders. Although the existence of these orders has been made public, their contents remain highly classified. The disclosure of such information could reveal to our enemies aspects of our intelligence capabilities and allow them to evade detection.

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The intelligence community has confirmed the value of the TSP in providing us with information that we would not otherwise have had and has confirmed that these new orders will fulfill that crucial function. The attorney general and the Justice Department are committed to fighting terrorism and using all lawful tools to protect our nation in a manner that respects and preserves the civil liberties of all Americans.

Tasia Scolinos, director of public affairs, Department of Justice, Washington

U.S. To Try Dutch Citizen On Iraq Terror Charges (CNN)

CNN, January 29, 2007

WASHINGTON (CNN) -- The United States on Sunday was detaining an Iraqi-born Dutch citizen, extradited by the Netherlands' government, for allegedly conspiring to kill U.S. citizens in Iraq, the Dutch Justice Ministry said.

Iraqi native Wesam al-Delaema, 33, arrived on a Dutch plane Saturday and is the first suspect to face criminal charges in a U.S. court for alleged terrorist involvement in the violent Iraqi insurgency, Justice Ministry spokesman Ivo Hommes said.

The U.S. government charged him with possession of explosives and conspiracy to kill U.S. citizens in an attack. The Justice Ministry said intelligence revealed that al-Delaema traveled to Iraq and met up with "Mujahedeen from Falluja" in 2003 and conspired with the group to conduct terrorist activities.

He was arrested by Dutch officials in May 2005 on terrorism-related charges. The Justice Department said the Netherlands placed al-Delaema in extradition custody in response to a preliminary U.S. request.

Before releasing him into U.S. custody, Hommes said Dutch officials negotiated certain terms with U.S. officials.

Both sides agreed that al-Delaema would not be tried for charges outside the current six-count indictment, and that he would be tried in a federal court, not by a military commission, where he might have fewer civil rights.

In the past, Guantanamo Bay terror suspects have been subject to trial by military commission.

If convicted, al-Delaema would be returned to the Netherlands for incarceration in a Dutch prison. The Dutch do not have the death penalty, so the maximum sentence he could receive is life in prison.

If convicted in the United States, al-Delaema would not be re-tried for the same charges in a Dutch courtroom, under the agreement between the U.S. and the Netherlands.

The Dutch government did not make specific requests as to where al-Delaema would be held during his trial, Hommes added.

HOMELAND RESPONSE:

Advocates Hopeful Congress Will Ban Racial Profiling (AP)

By Frederic J. Frommer

AP, January 29, 2007

WASHINGTON - The repercussions of an airline's decision to remove a group of imams from a commercial flight in Minneapolis could be heard in Congress this year, where newly dominant Democrats are ready to consider a national ban on racial profiling.

The incident happened in November, made national news and reinvigorated an old proposal that got little attention from the GOP. But now a champion of the legislation, Rep. John Conyers, D-Mich., is chairman of the House Judiciary Committee, which has jurisdiction on the issue. Sen. Russ Feingold, D-Wis., who sponsored legislation to ban racial profiling in the last Congress, now chairs the Judiciary subcommittee on the Constitution.

"I'm convinced that once the body of evidence of racial profiling occurring in our nation is presented before the U.S. Congress and the American people, that indeed they'll be compelled to do something about it," said Hilary Shelton, director of the NAACP's Washington Bureau.

Shelton said that the issue lost traction after the Sept. 11 attacks, when the nation was focused on security.

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"Many would argue that it's been exacerbated since 9/11, and we thought it was a tremendous problem before that," Shelton said. He said he's spoken about the issue with Conyers and is hopeful for action on legislation soon - perhaps as early as next month. Conyers declined to comment for this story.

Civil rights groups renewed their push for the legislation after last November's incident, in which US Airways barred six imams from a Minneapolis to Phoenix flight. The imams, returning from a religious conference, had prayed on their prayer rugs in the airport before the flight. After boarding, a passenger, who said she overheard anti-U.S. statements, passed a note to a flight attendant. The men were taken off the airplane, handcuffed and questioned. They were later released.

Muslims now have representation in Congress for the first time, with the election last November of Democrat Keith Ellison. Ellison, also the first black member of Congress from Minnesota, has called for an end to racial profiling.

"We should have an equal right to use the highways and byways and the airlines without regard to color, race, religion, or anything like that," said Ellison, who serves on the Judiciary Committee.

Feingold's bill, the End Racial Profiling Act, didn't come up for a vote in the GOP-controlled Congress in the last session, and there was no House version. The bill would have banned racial profiling by federal, state and local law enforcement, defining profiling as "the practice of a law enforcement agent or agency relying, to any degree, on race, ethnicity, national origin, or religion" during investigatory activities.

It included an exemption when specific information "links a person of a particular race, ethnicity, national origin, or religion to an identified incident or scheme."

No bill has been introduced yet this session, as Congress has been focused on other issues such as Iraq and the minimum wage, but Feingold, who is Jewish, made it clear the issue will be a priority for him.

"Many law-abiding African Americans, Arab Americans, Latino Americans and others live with the fear of being racially profiled as they go about their everyday lives," said Feingold. Although the vast majority of law enforcement officers don't engage in the practice, Feingold said, some do and it must be addressed.

"I look forward to working with Chairman Conyers in the House as well as others to ensure that no one is judged by how they look or where they worship," he said.

Some security-oriented groups are gearing up to fight the bill.

"It would have the effect of estranging police officers from the community that they serve," said Jim Pasco, executive director of the Fraternal Order of Police. "It would make them more hesitant to stop people who might well be in violation of the law for fear that they're going to get written up because of some racial protocol."

Peter Gadiel, of Kent, Conn., president of 9/11 Families for a Secure America, mocked the legislation.

"The 9/11 atrocity was committed by 19 young single men from Arab nations. If you want to hand this country over to terrorists, why don't you say it right out front?" said Gadiel, whose son, James, died in the attacks on the World Trade Center. "We don't have to worry about 80-year-old ladies with bleach-blonde hair and southern accents."

Norm Ornstein, a congressional scholar at the American Enterprise Institute, said that the legislation could get extra attention because several Democrats on the House Judiciary Committee - including Conyers - are black, and may be more sensitive to the racial profiling issue.

"You do have some highly motivated people, and a willingness to push a little bit on this," Ornstein said.

Steve Mustapha Elturk, an imam in Troy, Mich., said a ban on racial profiling would be a welcome development. He said that four times since Sept. 11 he's been detained by U.S. authorities - twice at the Canadian border and twice while traveling by air - while doing nothing wrong.

Elturk, 52, a Lebanese-born U.S. citizen, is imam and president of the Islamic Organization of North America, a mosque and learning center in Warren, Mich.

"It is pathetic for an American citizen who has spent more than half his life in this country to have to fly fearing that I will be stopped and interrogated," he said. "This is not the country I came to know. I chose this place. To go through with what I'm going through now is plain unacceptable."

Eric Blum, a Customs and Border Protection spokesman, said that while he couldn't comment on specific cases, the agency does not use racial profiling.

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"However, we will scrutinize cargo and individuals coming from high-risk countries - no matter what your nationality," he said, adding that people can also be detained if their name matches one on a watch list.

Justice Department spokesman Cynthia Magnuson declined to comment specifically on the bill, but did say: "In 2003, the department issued policy guidance to ban federal law enforcement officials from engaging in racial profiling in response to the president's directive that racial profiling is 'wrong and we will end it in America.' We continue to work toward this goal."

A Public Memorial (NYT)

The New York Times, January 29, 2007

For a while, it seemed as if the emotional issue of how to place the names of the dead at the 9/11 memorial had finally been resolved. And for nearly everyone, including most of the 9/11 families, it has, thanks to a compromise engineered last month by Mayor Michael Bloomberg. But a small group of victims' families has regrettably decided to mount a public campaign against the compromise.

They are trying to discourage contributions to the memorial until the victims' names appear exactly the way they want them, listing the age, corporate affiliation and floor on which each person worked. We fear that this effort will only add to the distress of other families who have been waiting for years for what is, after all, a public memorial.

It's hard to imagine a group of people who have been listened to more intently than this group of family members. Their views have helped to shape or reshape nearly every aspect of the redevelopment of ground zero — and especially the memorial. They had George Pataki's ear when he was governor, and they succeeded in shaping the debate about ground zero in ways that were sometimes polarizing. Out of respect for their loss, everyone has listened to them and tried to address their concerns.

But ground zero cannot be turned into a private memorial. If Cantor Fitzgerald, for example, feels it is important to create its own separate memorial to its terrible loss on that day, it should certainly do so. But the public memorial must be more expansive than that. There is a stark beauty and essential simplicity to the proposed listing of names as it now stands. It honors the nature of public memory, as well as the role the 9/11 museum will play in telling a fuller history of that day.

As painful as the private loss of this small group of mourners is, it must be accommodated as part of the larger public loss.

146 U.S. Levees May Fail In Flood (USAT)

By Peter Eisler, Usa Today

USA Today, January 29, 2007

Bad maintenance heightens danger

WASHINGTON — The Army Corps of Engineers has identified 146 levees nationwide that it says pose an unacceptable risk of failing in a major flood.

The deficiencies, mostly due to poor maintenance, are forcing communities from Connecticut to California to invest millions of dollars in repairs. If the levees aren't fixed, the Federal Emergency Management Agency (FEMA) could determine that they are no longer adequate flood controls. If that happens, property owners behind the levees would have to buy flood insurance costing hundreds of dollars a year or more.

The substandard levees are being identified under a corps inspection program that has grown more aggressive since Hurricane Katrina overwhelmed levees across the Gulf Coast in August 2005. Thousands of residents who lost property did not have flood insurance because those levees were considered adequate; later reviews found many were not well maintained.

"The corps and FEMA are saying, 'We've been lax as a nation in our operation and maintenance of these levees, and it's time to tighten up,' " says Larry Larson, director of the Association of State Floodplain Managers, an organization for officials who run flood-control systems. "You're talking about risking a lot of lives if one of these fails."

After Katrina, Congress directed the corps and FEMA, which administers federal flood insurance, to identify at-risk levees. The corps inspects about 2,000 levees nationwide, mostly larger ones. The corps provided USA TODAY only with a list of how many faulty levees have been found in each state.

Spokesman Pete Pierce says the corps does not want to release the list of the 146 places where levees have been identified as inadequate until all levees are inspected and all communities with faulty levees are notified. USA TODAY has filed a request for that list under the Freedom of Information Act.

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Thousands of levees are spread across every state. They range from miles-long levees protecting major cities to small berms shielding crops. Many were built by the corps and turned over to local authorities, which are responsible for maintaining them.

Local officials fear that some cities cannot afford upgrades. Hartford, Conn., spent $5 million last year to meet the corps' demands for repairs. Otherwise, thousands of properties worth almost $2 billion would have needed flood insurance, City Engineer John McGrane says. "It's a tremendous burden," he says.

The corps is allowing a one-time, one-year grace period to do the work, says Maj. Gen. Don Riley, the corps' director of civil works. "We want communities to clearly understand the risks of not maintaining these levees and take responsibility," he says.

Louisiana Officials Criticize Delays On The 'Road Home' (WP)

By Renae Merle

The Washington Post, January 29, 2007

ICF International's largest contract is turning into its biggest headache.

In June, the Fairfax company was picked by Louisiana's Office of Community Development to run a program worth more than $7 billion that will distribute thousands of federal grants to homeowners whose houses were damaged by hurricanes Katrina and Rita in 2005.

Since then, residents and state and federal officials have accused ICF of moving too slowly, paying its lawyers too much and valuing homes too low. The company's performance has been criticized by Donald Powell, federal coordinator of Gulf Coast rebuilding, and the Louisiana House and Senate have called for the contract to be canceled and for an audit of the company's $19 million in travel expenses.

"Every part of this recovery process has been challenging. They understood that when they came in," Louisiana Gov. Kathleen Babineaux Blanco (D) said of ICF in an interview.

"There has been a bottleneck," Blanco said. "I simply want them to clear out the bottleneck."

ICF defends its performance, saying that it has changed how it calculates the value of homes in urban areas and that it is ahead of schedule in parts of the program, which analysts expect to constitute 40 percent of its 2007 revenue. Some of the complaints lobbed at the firm reflect the way the program was designed by the state, including provisions to prevent fraud, not the way ICF is implementing it, company officials say.

"We're making progress, but we're constantly looking to improve," said Michael F. Byrne, ICF's program director. "We want to get the money to them fast, that's the number one priority, but we want it to be a fair and equitable progress."

Fairfax-based ICF is a mid-size contractor that provides consulting and technology services for government agencies, including the Department of Housing and Urban Development and the Defense Department, as well as some large companies. The firm has more than 2,000 employees worldwide, including about 1,200 in the Washington area.

The program, known as Road Home, is among the most high-profile for Louisiana residents affected by the storms. The state expects to dole out grants of up to $150,000 each to about 100,000 homeowners. An additional $869 million has been set aside for owners of small rental properties, a pool of about 80,000 potential applicants. The contract is worth up to $756 million to ICF.

"It's critical to the long-term rebuilding effort," Powell said in an interview. "If you're a homeowner in New Orleans, this is your source of rebuilding; it puts certainty into your life."

But complaints about the company and the contract have piled up. Under the contract, the company's lawyers make $375 an hour, significantly higher than private attorneys working on a state contract earn, said state Rep. J.P. Morrell (D-New Orleans). The contract also allocates $19 million for travel expenses without any requirement that the firm account for how it is spent, he said.

"You're giving this company a blank check to travel on the public dime," he said. "They are getting paid out of money that could be going to people's homes."

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But the most significant complaints about the ICF have centered on the pace of the program. So far, 331 homeowners have received their grants, valued at an average of $80,000. Some received less than $10,000.

That is too slow, say skeptics, who want the program wrapped up before homeowners begin registering their children for school in the fall. "It's the pace," Powell said. "I think it's too slow. It's not meeting the needs of the people."

Blanco said she has given ICF "a lot of leeway" and will meet with company officials soon to gauge when the bottleneck will be relieved and to ensure that ICF's 22 subcontractors also have a sense of urgency.

Compounding the frustration was an expectation that ICF would issue 500 awards a day starting this month. That was a misunderstanding, said ICF spokesman Douglas Beck. It does not expect to issue awards at that rate until May, he said.

ICF will launch the next phase of the program today as it takes applications from owners of small rental units, and it is applying the lessons from the homeowners program, Bryne said. "We're going to provide information to the people on a more routine basis, we're going to be available to answer questions," he said, so that "they never feel like they're disconnected."

Bringing Health Care To Katrina's Uninsured (WP/AP)

By Janet Mcconnaughey

The Washington Post, January 29, 2007

NEW ORLEANS, Jan. 28 -- Hundreds of people still without health insurance in areas hit hard by Hurricane Katrina lined up before dawn Sunday for the start of a week-long event offering free medical care.

Bundled up against the chilly wind, people began arriving at 2 a.m. outside the tents and doublewide trailers offering free care in eastern New Orleans. By the time the first 50 had been called into the registration tent, the crowd numbered in the hundreds.

Penny Anderson, her daughter, and three small grandchildren came to see a dentist. "My daughter went online to try to get health insurance for me and my husband," she said. "It was $799 a month! That's a house note!"

The health fair is open to anyone from the New Orleans area but is specifically aimed at those who no longer have insurance, are unemployed or otherwise cannot pay for regular health care. By the end of the week, 10,000 patients are expected to be seen.

The project is a collaboration by Pat Robertson's Operation Blessing International and Remote Area Medical, which organizes volunteer medical treatment in remote parts of the United States and the world.

While most people wouldn't consider New Orleans remote, the city is, "since Hurricane Katrina, extremely remote from a medical and health-care infrastructure," said Karen Wilson, executive director of the Remote Area Medical Foundation.

More than 400 health-care workers have volunteered for the health fair, including doctors, dentists and specialists. Services include free prescriptions; dental fillings and teeth cleanings; eye exams and glasses; and specialized care, including pediatrics, obstetrics and gynecology, diabetic care and cardiology.

Claudette Stone, 52, of Chalmette was first in line for most of the morning. She had tried several times to see doctors brought by the same groups about a year ago for her diabetes, high blood pressure and other problems. But she arrived after 8 a.m. and couldn't get in.

Though daily clinics are available, she's had trouble getting into those, too, even though she arrived at 4 a.m.

"Some days they'll see 15 people, some days 10. There would already be that many people lined up," she said.

Farther back in line, Zachary Jackson, 54, and Ray Stringer, 60, said they had come to New Orleans for demolition and rebuilding jobs. Neither had insurance through his employer.

"You can't put a price on this," Jackson said.

"There's no way," Stringer agreed.

WAR NEWS:

G.O.P. Senators Criticize Iraq Plan (NYT)

By Jim Rutenberg

DOJ_NMG_0122836

The New York Times, January 29, 2007

WASHINGTON, Jan. 28 — Republican allies of the White House argued on the Sunday news programs that resolutions critical of President Bush's new Iraq plan being considered by the Senate would embolden insurgents and demoralize American troops.

But they were faced with counterpoint arguments not only from Democrats but also from other Republicans. "What I'll be doing is trying to appeal to my Republican colleagues to not pass a nonbinding resolution that basically says to the troops who are going there this is a mission that doesn't have a chance of succeeding," Senator Mitch McConnell of Kentucky, the Republican leader, said on "Face the Nation" on CBS.

But on the same program, Senator Arlen Specter, Republican of Pennsylvania, said, "I cannot support sending additional troops to Iraq.<object.title class="Movie" idsrc="nyt_ttl" value="173274">"

On "</object.title>This Week" on ABC, Senator Richard G. Lugar, Republican of Indiana, said the resolutions were "not helpful" to the new American commander, Lt. Gen. David H. Petraeus, or "to the troops, to the Iraqis."

On "Fox News Sunday," Senator Sam Brownback of Kansas, a Republican presidential contender, said he was considering voting for a resolution criticizing the plan. That resolution also lays out benchmarks for the Iraqis to achieve and states that the Senate's intention is not to countermand the president's authority as commander in chief.

The Senate Foreign Relations Committee has passed a more harshly worded resolution criticizing the plan. Its backers include Senator Chuck Hagel, Republican of Nebraska.

Sen. Biden: Most Senators Oppose U.S. Troop Buildup (USAT)

By Fredreka Schouten

USA Today, January 29, 2007

WASHINGTON — The head of the Senate Foreign Relations Committee on Sunday defended a resolution that opposes sending more U.S. troops to Iraq and said the majority of his colleagues do not support President Bush on Iraq.

"It's not the American people or the United States Congress who are emboldening the enemy," said Sen. Joseph Biden, D-Del., responding to criticism that a resolution adopted by his panel last week would bolster Iraqi insurgents. "It's the failed policy of this president, going to war without a strategy, going to war prematurely, going to war without enough troops, going to war without enough equipment."

Biden's remarks on ABC's This Week came one day after tens of thousands of protesters, ranging from military families to Hollywood actors such as Jane Fonda, gathered on the National Mall to urge an end to the war.

The Senate begins debate this week on the non-binding resolution opposing Bush's plan to boost U.S. troop levels in Iraq by 21,500.

"You will not find 20% of the Senate standing up and saying the president is headed in the right direction," Biden said of the upcoming floor debate.

Top Republicans oppose the resolution. Indiana Sen. Richard Lugar, the panel's ranking Republican, said Sunday on ABC that the measure is not helpful to the troops or Lt. Gen. David Petraeus, the new commander of U.S. forces in Iraq. Virginia Sen. John Warner and other Republicans are working on alternative measures that would signal their concern about the war's direction. Some would set benchmarks for the Iraqi government.

Senate Minority Leader Mitch McConnell, R-Ky., said such benchmarks would send a strong signal to Iraqis. "If someone like me, who has been the strongest supporter of the president you could find in the Senate on this effort, is saying this is the last chance for the Iraqis, I think that ought to help them get the message (that) this is the last chance," he said Sunday on CBS' Face the Nation.

US Senators Reject Iraq Troop 'surge' (FT)

By Krishna Guha

Financial Times, January 29, 2007

Support for President George W. Bush's strategy to inject more troops into Iraq frayed further on Sunday, ahead of a week in which Congress is expected to distance itself formally from the plan.

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Arlen Specter, the senior Republican on the Senate judiciary committee, became the latest Republican senator to voice opposition to the "surge", telling CBS News: "I cannot support sending additional troops to Iraq."

Senators are expected to vote on Wednesday on non-binding resolutions criticising the strategy, which would see an extra 21,500 US troops committed to Iraq – mainly in Baghdad – combined with a tougher security approach from the Iraqi government.

Joseph Biden, the Democratic chairman of the Senate Foreign Relations Committee, who will announce his presidential bid on the day of the vote, told ABC News: "You will not find 20 per cent of the Senate standing up and saying the president is heading in the right direction."

Mr Biden, who accused Mr Bush of ignoring "95 per cent of the advice" that was given to him by the Iraq Study Group and members of Congress, said "the ground has moved beneath the president's feet".

Vice President Dick Cheney has stepped back out into the media spotlight to defend the administration's Iraq strategy. On Sunday, the White House released the transcript of an interview with Mr Cheney in Newsweek magazine, in which he admitted that pre-war intelligence was "flawed" but warned of the global consequences of failure in Iraq.

At the start of the week it appeared likely that a majority of senators would support one or more of the competing draft resolutions critical of the planned surge.

One, sponsored by Mr Biden and Chuck Hagel, the number two Republican on the foreign relations committee, is firmly critical of the Bush plan. Another, drafted by John Warner, the senior Republican on the Senate armed services committee, is milder but still expresses disagreement with the troop surge.

Analysts expect intense political manoeuvring ahead of any vote, with critics of the White House expected to seek to combine the Biden and Warner bills, and supporters anxious to split the doubters' vote between competing resolutions.

Underlining the continuing security problems, US and Iraqi security forces clashed with Sunni militants near the southern Iraqi city of Najaf on Sunday, as violence in the capital killed at least a dozen people on the eve of the Shia holy day of Ashura. There were unconfirmed reports late on Sunday night that as many as 250 militants may have been killed in the fighting.

Earlier on Saturday tens of thousands of anti-war demonstrators gathered in Washington to protest the planned surge. Only a handful of Democratic members of Congress attended the demonstration, which starred Vietnam war critic Jane Fonda and other celebrity activists.

Senators Swipe Back Over Iraq (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, January 29, 2007

Opponents of a troop buildup say Bush's 'failed' war strategy has emboldened the enemy, not their resolutions.

WASHINGTON — Prominent Democratic senators who are against the troop buildup in Iraq took issue Sunday with criticism from Bush administration officials who have charged that opposition to the president's new strategy could embolden the enemy.

"It's not the American people or the United States Congress who are emboldening the enemy," said Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee. "It's the failed policy of this president — going to war without a strategy, going to war prematurely."

On Friday, Defense Secretary Robert M. Gates said a congressional resolution against the buildup could demonstrate "flagging will" by the nation and potentially "emboldens the enemy and our adversaries."

His comments echoed those made earlier in the week by Lt. Gen. David H. Petraeus, the new top commander in Iraq. Vice President Dick Cheney has also spoken critically of the resolution.

Sen. Jim Webb (D-Va.), a former Marine and Navy secretary who is a leading critic of the war, appeared Sunday on CBS' "Face the Nation" and said Gates was wrong.

"First of all, who's the enemy?" Webb asked, "Who are they talking about? Are they talking about Iran? Are they talking about the insurgents? Are they talking about Al Qaeda?"

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Biden, speaking on ABC's "This Week," said he believed as few as 20 senators thought President Bush's plan to add 21,500 troops in Baghdad and Al Anbar province was the "right direction" for U.S. strategy.

The foreign relations committee last week voted to support a resolution sponsored by Biden and Sen. Chuck Hagel (R-Neb.), opposing the troop increase. Hagel was the only Republican on the committee to support the resolution, although many spoke against the buildup.

A second, more gently worded measure opposing the troop increase, drafted by Virginia Republican Sen. John W. Warner, has drawn support from five other GOP senators. Warner is a former Navy secretary and past chairman of the Armed Services Committee whose views on military issues are widely respected.

Debate on the resolutions could begin as soon as this week.

Sen. Richard G. Lugar (R-Ind.), the ranking Republican on the foreign relations committee, said rather than taking a "show of hands" Congress should try to work constructively with Bush.

Lugar, who appeared with Biden on "This Week," said the resolutions "are not helpful to Gen. Petraeus, to the troops, to the Iraqis but we do need some policies that will be helpful, and hopefully our committee can be constructive in forging those."

The resolutions are becoming something of a test issue for the growing number of presidential candidates.

Biden is set to announce his run for the presidency this week and joked Sunday that he would be the "800th candidate."

Sen. Sam Brownback (R-Kan.), who last week came out for Warner's measure, said on "Fox News Sunday" that the enemy was already emboldened and resolutions would hardly change that.

But Mike Huckabee, the Republican former governor of Arkansas who said he would announce his candidacy today, opposed the resolutions on NBC's "Meet the Press."

"I think it's one thing to have a debate and a discussion about this strategy," he said, "but to openly oppose, in essence, the strategy, I think that can be a very risky thing for our troops."

On "Face the Nation," Senate Republican leader Mitch McConnell of Kentucky said he was appealing to members of his party not to support the Biden or Warner resolutions.

Sen. John McCain (R-Ariz.), one of the strongest supporters of the troop buildup, is also crafting an alternative measure that would call for benchmarks against which to measure the Iraqi government.

McConnell said if there had to be a resolution, he would push for one like McCain's. Establishing benchmarks for the Iraqi government, he said, could be helpful to Petraeus. But McConnell said any Senate resolution would have to have a filibuster-proof majority of 60 votes to pass. As a result, he predicted that it would be hard for any of the resolutions to pass.

"I am not certain any of these will get 60 votes," he said. "We'll find out in the coming week or two."

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Huckabee Announces Presidential Bid (WP)

By Lois Romano

The Washington Post, January 29, 2007

Former Arkansas governor Mike Huckabee yesterday announced plans to form a presidential exploratory committee, hoping to carve out a conservative niche in an increasingly crowded field of Republican candidates.

The onetime Southern Baptist minister, perhaps best known for losing 100 pounds in two years, said he will file papers with the Federal Election Commission today, which will enable him to start raising money.

"I think America needs positive optimistic leadership to kind of turn this country around, to see a revival of our national soul," Huckabee said on NBC's "Meet the Press."

Huckabee enters the race as a long shot, boasting little national name recognition and up against such high-profile and well-funded Republican candidates as Sen. John McCain (Ariz.), former Massachusetts governor Mitt Romney and former New York mayor Rudolph W. Giuliani. But, like Sen. Sam Brownback (Kan.) and Rep. Duncan Hunter (Calif.), Huckabee is trusting that the GOP's traditional base is not content with the current leaders in the race and that there might be room for a staunch conservative who is antiabortion and opposed to same-sex marriage.

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Huckabee, 51, said yesterday that he supports President Bush's position on the Iraq war, and he discussed his record in Arkansas, which was not always predictable. He was an advocate for providing state services for illegal immigrants, opened up insurance benefits for 70,000 children from low-income homes and was criticized by fiscal conservatives for raising taxes several times.

He also publicly supported creationism, a philosophy advocated by fervent Christians, arguing that students should be exposed to the study of the doctrine as well as evolution.

When moderator Tim Russert pressed Huckabee on whether he would lead the United States to be a more Christian nation, he replied: "We are a nation of faith. It doesn't necessarily have to be mine."

"I make no apology for my faith," he said. "My faith explains me."

Huckabee was Arkansas lieutenant governor in 1996 when Democratic Gov. Jim Guy Tucker was convicted of conspiracy and mail fraud relating to the Whitewater scandal. He rose to governor when Tucker resigned and was subsequently elected by large margins for two more terms in the historically Democratic state.

The former governor shares his birthplace with another governor of Arkansas who ran for president, Bill Clinton. Both men were born in the small town of Hope.

Huckabee started his professional life as an ordained minister. He served at several churches in Arkansas and once presided over the Arkansas Baptist State Convention, launching his political career shortly thereafter.

As Arkansas governor, Huckabee admitted to weighing 300 pounds. After being diagnosed with diabetes in 2003, he went on a public diet and started competing in marathons. He lost more than 100 pounds and penned a diet book about the experience, "Quit Digging Your Grave With a Knife and Fork."

Huckabee, who also spoke yesterday at the Conservative Summit in Washington, said he planned to be in Iowa, home of the first 2008 caucuses, on Tuesday and Wednesday.

"America loves an underdog," Huckabee said. "America loves people who have had to struggle and for whom every rung of the ladder has been sometimes three rungs up and two back down."

Ex-Arkansas Governor Joins Race For G.O.P. Nomination (NYT)

By Robin Toner

The New York Times, January 29, 2007

WASHINGTON, Jan. 28 — Former Gov. Mike Huckabee of Arkansas announced Sunday that he was forming a presidential exploratory committee, mounting an underdog campaign for the Republican nomination with “a message of hope and optimism for restoring America.”

Mr. Huckabee, 51, is a Baptist minister who served more than 10 years as governor of Arkansas and has close ties with many Christian conservatives. He enters a race largely dominated, so far, by heavyweights like Senator John McCain of Arizona, former Gov. Mitt Romney of Massachusetts and former Mayor Rudolph W. Giuliani of New York. Also, Mr. Huckabee faces stiff competition for the social conservative vote, his natural base, from Senator Sam Brownback of Kansas.

Still, in an interview, Mr. Huckabee was bullish.

“It’s about getting the message to connect with Republican activists and voters, who may not see their guy on the field yet,” Mr. Huckabee said. He also criticized the emphasis on fund-raising prowess as a measure of political viability. “It makes me wonder if we should just put the presidency up on eBay,” he said.

On Sunday, Mr. Huckabee affirmed his support for President Bush’s call for an increase in American troops in Iraq. “He’s got to be given the opportunity to do his job,” Mr. Huckabee said.

In an interview on the NBC news program “Meet the Press,” where Mr. Huckabee announced his candidacy, he said that “to oppose a sitting commander in chief while we’ve got people being shot at on the ground” could be “a very risky thing to our troops.”

He also spoke about his staunch opposition to abortion rights, saying, “I always am going to err on the side of life.” But the anti-abortion movement, he said, has to do “some growing and expanding.”

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"We have to remind people that life, where we believe it begins at conception, it doesn't end at birth," Mr. Huckabee added. "And if we're really pro-life, we have to be concerned about more than the gestation period."

When asked during the television program if he had "a problem with gay people," Mr. Huckabee replied, "No, I have a problem with changing institutions that have served us," notably marriage. "Before we change the definition of marriage to mean something different, I think our real focus ought to be on strengthening heterosexual marriages because half of them are ending in divorce," he said.

Asked about a recent Democratic entrant to the 2008 field, Senator Hillary Rodham Clinton, Mr. Huckabee said that she would "absolutely" be a formidable candidate, and added, "I think people underestimate her at their own peril."

Cheney Responds To Hagel's Criticism (AP)

AP, January 29, 2007

Vice President Dick Cheney shot back at Republican Sen. Chuck Hagel of Nebraska, who has accused the Bush administration of playing "a pingpong game with American lives" by sending more U.S. troops into Iraq.

"Let's say I believe firmly in Ronald Reagan's 11th commandment: Thou shalt not speak ill of a fellow Republican," Cheney said. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

Cheney's comments came in a Newsweek interview released Sunday.

Hagel, a potential presidential candidate, has been outspoken in his criticism that the Republican White House lacks a coherent strategy in Iraq.

His "pingpong" remark came Wednesday as the Senate Foreign Relations Committee debated a nonbinding resolution that condemned Bush's troop buildup in Iraq. Hagel co-sponsored the measure, which the committee approved in a 12-9 vote.

He was the only Republican to vote for it.

In the interview, Cheney also said he doesn't spend any time worrying about how the public or the media view him. When pressed to react to personal criticism from people with whom he has worked before, Cheney said: "Well, I'm vice president and they're not."

The Senate Cooler (WP)

By Robert D. Novak

The Washington Post, January 29, 2007

The Democratic plan was for Sen. Joseph Biden, chairman of the Senate Foreign Relations Committee, to sit down over the weekend with his longtime Republican colleague Sen. John Warner and hammer out a consensus, bipartisan resolution opposing President Bush's troop surge in Iraq. But Warner, who has been making backroom deals for 28 years in the Senate, informed Biden late on Thursday: No deal.

Warner wrote that the "will of the Senate" should be determined in "open" session, not closeted negotiations. That killed the Democratic leadership's dream of passing a Biden-crafted anti-surge resolution by 70 votes or more. Such a proposal now cannot get the 60 votes needed for cloture to end a filibuster (and could fall short of the 50 needed for a simple majority). Conceivably, the Senate might pass no resolution at all.

Despite new Democratic control, the Senate remains sluggish, quirky and madly frustrating for anyone with an agenda. George Washington is reputed to have told Thomas Jefferson, skeptical about a bicameral Congress, that the Senate would be the saucer to cool hot tea from the House. More than two centuries later, the Senate saucer is cooling the beverage boiled up by Speaker Nancy Pelosi's House -- even the widely popular increase in the minimum wage. To everybody's surprise, Pelosi has held back quick House passage of an anti-surge resolution, awaiting action in the cooler Senate.

Biden wanted to force through his sharply worded (though nonbinding) resolution. But advisers prevailed on him to meld his proposal with Warner's milder language. Biden and his principal Republican co-sponsor, Sen. Chuck Hagel (the second-ranking Republican on Foreign Relations), said Wednesday that they were ready to begin negotiating with Warner, the former Armed Services Committee chairman.

One of Biden's advisers told me then that the negotiations should prove to be no problem because they were willing to accept "about 90 percent" of Warner's resolution. Democrats complained that his wording left the door open to further troop

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increases, and some questioned its first paragraph affirming the president's constitutional role as commander in chief. Such language was supposed to have been massaged over the weekend.

But Biden was surprised late Wednesday afternoon to receive a blunt letter from Warner and Ben Nelson of Nebraska, the most conservative Democrat in the Senate. They asserted that they and other co-sponsors of the resolution "believe that issues set forth in [the resolution] should occur as a consequence of the will of the Senate, working in 'open' session, during floor debate and consideration." In other words, no private negotiations.

That stand poses a dilemma for Senate Majority Leader Harry Reid because of bipartisan support for Warner's resolution. Besides Ben Nelson, its co-sponsors include Democrats Mary Landrieu (La.), Claire McCaskill (Mo.), Bill Nelson (Fla.) and Ken Salazar (Colo.), and Republicans Norm Coleman (Minn.), Susan Collins (Maine) and Gordon Smith (Ore.). If they stick together, Biden cannot change the Warner resolution.

With Sen. Olympia Snowe (Maine) the only Republican other than Hagel backing Biden's version, it may lack even enough votes for a majority. Reid faces a difficult choice. He could crack the whip on Democrats to pass the Biden resolution (though falling short of enough votes for cloture). Or he could swallow an unamended Warner resolution to win a bipartisan vote on the record against additional troops.

Bush aides hope that pressure from Cabinet members and the president himself have diminished GOP support for anti-war resolutions. The fact remains that almost no enthusiasm for the surge can be found in the Senate. Even John McCain, an early advocate of more troops, complains that a reinforcement of 21,500 is insufficient.

While many Republicans want to give their president "one last shot" at a military solution, there is pervasive pessimism about the new strategy. Republicans think withdrawal of troops must begin in the next six months for their party to have any chance at retaining the presidency in 2008, and a Bush Cabinet member -- not associated with national security -- told me the same thing last week. The Senate is a tough place for even somebody as assertive as Joe Biden to get his way, but that hardly connotes an expression of approval for sending more troops to Iraq.

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Biden: 'Failed Policy' Emboldens Enemy (AP)

By Hope Yen

AP, January 29, 2007

The Senate Foreign Relations Committee chairman on Sunday dismissed criticism that a resolution opposing a troop buildup in Iraq would embolden the enemy and estimated no more than 20 senators believe President Bush "is headed in the right direction."

"It's not the American people or the U.S. Congress who are emboldening the enemy," said Joe Biden, a White House hopeful in 2008. "It's the failed policy of this president — going to war without a strategy, going to war prematurely, going to war without enough troops."

The Senate's top Republican, Mitch McConnell, cast doubt that a clear majority would be able to coalesce behind one of the many competing resolutions on Iraq. "I'm not certain any" will get the necessary votes, he said.

The Democratic-controlled Senate plans to begin debate this week on a nonbinding resolution declaring that Bush's proposal to send 21,500 more troops to Baghdad and Anbar province is "not in the national interest."

Last week, Biden's committee approved the measure on a near party-line vote of 12-9.

In reaction, Bush challenged lawmakers not to prematurely condemn his buildup and Vice President Dick Cheney said the administration would proceed even if a nonbinding resolution won Senate approval.

With the Senate having just confirmed a new top U.S. commander for Iraq, Defense Secretary Robert Gates said it was "pretty clear that a resolution that in effect says that the general going out to take command of the arena shouldn't have the resources he thinks he needs to be successful certainly emboldens the enemy."

Senate Republicans mostly oppose the committee-passed measure. They are lining up alternatives that express concern about a buildup or in some cases set performance benchmarks for the Iraqi government. Other GOP proposals being drafted would express unqualified support for Bush.

McConnell said Republican leaders would not seek to block a vote on the nonbinding resolution opposing a troop buildup with a filibuster. He called a proposed resolution that focuses on benchmarks "the best way to go."

"I think I can pretty well speak for virtually all Republican senators when I say this is the last chance for the Iraqis to step up and do their part," said McConnell, R-Ky.

Biden, D-Del., acknowledged that votes in Congress could splinter among several competing proposals but contended that senators' opposition to the buildup was widespread.

"We will have a full throated debate on this policy," Biden said. "I will make you a bet, you will not find 20 percent of the Senate standing up and saying the president is headed in the right direction."

Cheney said most Republicans "recognize that what's ultimately going to count here isn't sort of all the hurrah that surrounds these proposals so much as it's what happens on the ground on Iraq. And we're not going to know that for a while yet," according to a Newsweek interview released Sunday.

Cheney again cited "significant progress" in Iraq and said the war is part of a long-term fight against extreme elements of Islam.

"It's not something that's going to end decisively, and there's not going to be a day when we can, say, 'There, now we have a treaty, problem solved,'" Cheney said. "It's a problem that I think will occupy our successors maybe for two or three or four administrations to come."

Sen. Richard Lugar, the top Republican on the Foreign Relations committee, said the public's concern against the war was evident by the tens of thousands of demonstrators who turned out for a protest rally Saturday in Washington.

But he said a congressional resolution would not be constructive, expressing optimism that Lt. Gen. David Petraeus, the new U.S. commander in Iraq, can do a capable job.

"I don't believe that it's helpful right now to show there's disarray around the world as well as in our body at home," said Lugar, R-Ind. "We really need, at this point, to get on the same page."

Biden and Lugar appeared on ABC's "This Week" and McConnell spoke on "Face the Nation" on CBS.

Bush Policy, Not Resolutions, Called Enemy Boost (WT)

By Eric Pfeiffer

The Washington Times, January 29, 2007

The Senate Foreign Relations Committee chairman said yesterday that President Bush's Iraq policy is "emboldening the enemy," rebutting critics who insist that resolutions denouncing the president's troop surge hurt the morale of U.S. forces.

"It's not the American people or the United States Congress who are emboldening the enemy. It's the failed policy of this president," said Sen. Joseph R. Biden Jr., Delaware Democrat.

"Going to war without a strategy, going to war prematurely, going to war without enough troops, going to war without enough equipment and lastly now sending 17,500 people in the middle of a city of 6.5 million people with bull's-eyes on their back with no plan. There is no plan," Mr. Biden said during an appearance on ABC's "This Week."

Sen. Sam Brownback, Kansas Republican, echoed Mr. Biden.

"I don't see this enemy as needing any more emboldening or getting it from any resolution. They're emboldened now," he told "Fox News Sunday."

Both men are seeking their parties' 2008 presidential nominations.

When the conservative Mr. Brownback was asked how he would handle the situation as president, he said, "I think if the president would reach out to the Democratic leadership and ask them not what are you opposed to, but what are you for, we can start coming together. I thought that was the whole purpose of [the Iraq Study Group]."

Other Republicans on the Sunday talk shows expressed support for a troop surge and opposition to the nonbinding resolutions, one of which was co-authored by Mr. Biden and passed last week by his committee.

Mr. Bush and Lt. Gen. David H. Petraeus, the incoming U.S. military commander in Iraq, have said that passing such a resolution would demoralize U.S. troops. Sen. Joe Lieberman, Connecticut independent, and several other senators agreed.

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Sen. Richard G. Lugar of Indiana, the ranking Republican on the Foreign Relations Committee, said the nonbinding resolution is the wrong idea.

"Essentially, this resolution, others that are being offered, are an opportunity for people to vent their emotions, their thoughts, get it on record," he said during an appearance on "This Week." "Some Republicans want to do that. Some Democrats want to do that. I don't believe that it's helpful right now to show there's disarray around the world as well as in our body at home."

Sen. James H. Webb Jr., the Virginian who delivered the Democratic response to Mr. Bush's State of the Union address last week, rejected the notion that his party is trying to block the president's Iraq strategy.

"We're not opposed to the president's plan. What I object to is the fact that there isn't a plan," he said during an appearance on CBS' "Face the Nation." "This is almost just like a tipping point for a lot of people who are basically saying you cannot continue to give the administration a free hand in the manipulation of troop numbers without a clear endpoint to a strategy."

Senate Minority Leader Mitch McConnell, Kentucky Republican, said he would try to persuade his Republican colleagues to vote against a resolution opposing the troop surge.

"I think I can pretty well speak for virtually all Republican senators when I say this is the last chance for the Iraqis to step up and do their part," Mr. McConnell said on "Face the Nation." "If you don't have a relatively calm capital city, there's no chance the government can function properly. So this is their last chance."

Sunday Wrap-Up: Fighting Over War Funding Looms (POL)

By Patrick O'Connor

Politico.com, January 29, 2007

As Congress girds for a contentious debate over President Bush's planned troop surge in Iraq, Senate leaders are drawing battle lines over an even more pressing question: Whether to meet the new White House funding request for the war.

"Our first step will be this sense of the Senate resolution, but it's only the first step," Sen. Charles Schumer, D-N.Y., said Sunday on NBC's Meet the Press. Both Schumer, who chairs the Democratic Senatorial Campaign Committee, and Senate Minority Leader Mitch McConnell, R-Ky., said the larger battle is likely to rage over the funding issue.

Republicans have tried to position the non-binding resolution as a purely political vote that will have no effect on the additional 21,500 U.S. troops the president wants to send to Iraq, setting up a major showdown over the supplemental spending request from the White House.

"That's the money," McConnell said on CBS's Face the Nation. "That's the real thing."

Senate leaders are expected to decide this week the number of resolutions that members will consider during the debate. And McConnell and other Republicans are plotting parliamentary maneuvers to force multiple votes in a bid to dilute the political importance of a single measure.

"Forty-one senators will insist on a fair process," McConnell said, vowing: "We will have several votes."

Senate Majority Leader Harry Reid, D-Nev., meanwhile, has been working with Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., D-Del., and Sen. John Warner, R-Va., on a single resolution aimed at enticing Republicans to criticize Bush's planned surge.

And the White House has stepped up its pressure to prevent Republican defections. Bush told House Republicans at their Eastern Shore retreat Friday that he understands how difficult the vote will be, but asked them to discuss their concerns with the White House before opposing him.

Additionally, Vice President Dick Cheney and Defense Secretary Robert Gates have suggested a vote against the president's plan would discourage U.S. troops in Iraq, bolster insurgents there and impede the efforts of Army Gen. David Petraeus, the new commander in Iraq.

Despite the administration's efforts, Schumer suggested even a "majority" of Republicans could rebuff the White House and support a resolution opposing the president's planned surge. And he said he believes such a mass defection would "send a shockwave through the White House and through the country."

One of those Republicans who could buck the president, Sen. Arlen Specter of Pennsylvania, said on CBS that he currently intends to vote against him. "I can't support sending additional troops to Iraq," Specter said.

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The senator, who sits on the appropriations committee, also said Congress would begin tougher scrutiny of the money for the war and reconstruction efforts in Iraq. "We have a duty to take a look at whether the funding is being wisely spent," he said.

Specter, McConnell and freshman Sen. Jim Webb, D-Va., predicted Congress would put restrictions on whatever money they appropriate for the war. Webb also said he plans to start inspecting reconstruction funds for potential waste and fraud by American and Iraqi contractors.

"I can pretty well speak for virtually all Republican senators when I say this is the last chance for the Iraqis to step up and do their part," McConnell said. "This is the last chance."

Schumer went a step further, suggesting Bush could be forced to start withdrawing troops by this summer or fall.

And as pressure mounts for withdrawal, Sen. Joseph I. Lieberman of Connecticut, an independent Democrat who is supporting Bush's plan, is urging his colleagues to "give this plan time to work."

"The legislative trains seem to be heading down the tracks on these resolutions, and I believe they will have a collision that will hurt our country," Lieberman said on Fox News Sunday. "The resolution doesn't do anything but express an opinion."

Polls show Republican support for the war is waning. And former White House speechwriter Michael Gerson, a close confidante of the president who helped lay the rhetorical groundwork for the war, told on NBC that Bush has acknowledged some mistakes.

However unpopular the war, though, McConnell and other ranking Republicans are opposed to the resolution approved by the foreign relations panel.

"What I'll be doing is trying to appeal to my Republican colleagues to not pass a non-binding resolution that basically says to the troops who are going there this is a mission that doesn't have a chance of succeeding," McConnell said.

Last week, Reid said the Senate might not begin debate on the war until the second week in February because of other pending business on the Senate floor.

But whenever the vote, Democrats said it was time for Congress to begin looking for an endgame.

"It's the first time we've had full-throated debate on this policy," Biden said on ABC's This Week. "I respectfully suggest that the earth has moved beneath the president's feet."

US Congress Weighs Its Role On Iraq (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 29, 2007

As the Senate begins a debate this week on whether to oppose President Bush's "new way forward" in Iraq, many lawmakers are balancing what they see as competing constitutional responsibilities – and stepped up pressure from voters long weary of a war that most Americans no longer think can be won.

A first step is the debate over a nonbinding resolution to oppose the escalation of the war in Iraq. But should that vote succeed, Demo-crats expect to move next to curb defense funding.

"We are convinced there must be a political solution to the problems in Iraq," said a Congressional delegation led by Speaker Nancy Pelosi in a statement after a trip to Iraq last week.

In the run-up to this week's debate, newly empowered Democrats have been conducting daily hearings on the war in both houses of Congress, aimed especially at clarifying Congress's role vis-à-vis a wartime president.

At issue is how to balance powers inherent in two parts of the Constitution: Article 1, which gives the power to declare and fund wars to the Congress, and Article 2, which designates the president as commander in chief.

When the Founding Fathers began working on the outlines of a new nation, a key element of their research was how absolute monarchs waged war – which is to say, badly.

"That's one reason why they developed the idea of balance of powers," says Louis Fisher of the Library of Congress, who will testify before a Senate panel Tuesday on Congress's "Constitutional Power to End a War."

On the House side, Rep. John Murtha (D) of Pennsylvania, who chairs the Defense subcommittee of the House Appropriations Committee, has been conducting closed hearings on defense readiness. Congress could use that issue to block war funding and force changes in troop deployments, all in the interest of supporting the troops, Representative Murtha says.

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House Republicans propose, instead, requiring the Bush administration to report to Congress every 30 days on progress in meeting "strategic benchmarks carefully tailored to the president's new strategy," including measuring the Iraqi government's cooperation on counterterrorism efforts.

While only 24 percent of likely voters nationwide approve of Mr. Bush's handling of the war, slightly more voters say it has been worth the loss of American lives, according to a Zogby poll released Friday. "It's now clearly a Republican war," says pollster John Zogby, noting that 59 percent of Republicans agree that the war has been worth the loss of life, compared with 20 percent of Democrats and 33 percent of independents.

"But Democrats also have this internal debate over just how far they can go. They are still afraid of being perceived by the American people as being antitroops or antipatriotic," he adds. A strong showing from antiwar voters – expressed in e-mails, phone calls, or turnout at protests – "could provide an extra prod for Democrats to go that step further," Mr. Zogby adds.

In response, some defense analysts say that polling data can be misleading. "Because only 30 percent say they still support the war doesn't mean that 70 percent are prepared to pack up and leave, no matter what happens to the region as a result," says Michael O'Hanlon at the Brookings Institution.

"It's the position of a third to half the Congress that we can still salvage something in Iraq," says Mr. O'Hanlon, noting that most of the Democratic leadership is not in that camp. "We haven't had a sophisticated development of Plan B in Iraq. Congress is in a good position to flesh out some options."

For their part, antiwar protesters in Washington are adding intensity to the debate.

Few members of Congress were in town Saturday as tens of thousands rallied on the Mall near the Capitol, but activists say lawmakers can expect 1 million e-mails and phone calls this week and intense scrutiny of member votes on the war on new blog sites.

"Symbolic actions are not enough. Congress has to stop the president. Our Founders gave the Congress Article 1. Our message was: You got elected with a mandate to get us out of Iraq. Figure it out," says Tom Matzzie, Washington director of MoveOn.org Political Action.

In the next few days, antiwar protesters are launching television ads in three states targeting Republican Sens. Richard Lugar of Indiana, John Warner of Virginia, and Judd Gregg and John Sununu of New Hampshire. MoveOn.org is gearing up to raise $7 million to $9 million to influence the war debate, says Mr. Matzzie.

Others in the antiwar movement agree with his assessment.

"The president is irrelevant at this point. We are not going to change his mind. Thank goodness we have a Congress that is a co-equal branch of government," says Tom Andrews, national director of Win Without War and a former Democratic representative from Maine.

"We're going to use the Internet to make it absolutely clear who is doing what. Members of Congress need to know that we have their back when they're attacked, and if they are against us, they will feel the heat."

Congress, The Constitution And War: The Limits On Presidential Power (NYT)

By Adam Cohen

The New York Times, January 29, 2007

President Bush doesn't seem to care that Congress wants a bigger role in guiding the Iraq war. Talking about his plan to send in 20,000 additional troops, he said on "60 Minutes" that he knows Congress can vote against it, "but I've made my decision and we're going forward."

It is hardly the first time this president has insisted that he is "the decider," or even the first time he's used the Constitution to justify it, as Vice President Dick Cheney did when he told Fox News: "The Constitution is very clear that the president is, in fact, under Article 2, the commander in chief."

But Mr. Cheney told only half the story. Congress has war powers, too, and with 70 percent of Americans now opposed to President Bush's handling of the war, according to an ABC News/Washington Post poll, it is becoming more assertive about them. Congress is poised to pass a resolution denouncing the troop increase. Down the line, Congress may well consider mandatory caps on the number of troops in Iraq, or setting a date for withdrawal.

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If it does, we may be headed toward a constitutional clash, with the administration trying to read powers into the Constitution — as it has with its "enemy combatant" doctrine and presidential "signing statements" — that the Founders did not put there. The Constitution's drafters were intent on balancing power so no one branch could drift toward despotism. The system of checks and balances that runs through the document divides the war power between the president and Congress.

The Constitution's provision that the president is the commander in chief clearly puts him at the top of the military chain of command. Congress would be overstepping if, for example, it passed a law requiring generals in the field to report directly to the speaker of the House.

But the Constitution also gives Congress an array of war powers, including the power to "declare war," "raise and support armies" and "make rules concerning captures on land and water." By "declare war," the Constitution's framers did not mean merely firing off a starting gun. In the 18th century, war declarations were often limited in scope — European powers might fight a naval battle in the Americas, for example, but not battle on their own continent. In giving Congress the power to declare war, the Constitution gives it authority to make decisions about a war's scope and duration.

The Founders, including James Madison, who is often called "the father of the Constitution," fully expected Congress to use these powers to rein in the commander in chief. "The constitution supposes, what the History of all Governments demonstrates, that the Executive is the branch of power most interested in war, and most prone to it," Madison cautioned. "It has accordingly with studied care, vested the question of war in the Legislature."

In the early days of the republic, the Supreme Court made clear that Congress could limit the president's war powers — notably in the Flying Fish case. In 1799, during the "Quasi War," the undeclared sea war between the United States and France, Congress authorized President John Adams to clamp down on trade between the two nations by stopping ships headed to French ports. But Adams went further, ordering commanders to stop ships that were sailing to or from a French port.

When the Flying Fish was seized while sailing from a French port — something Congress had not authorized — the ship's owner sued. The Supreme Court decided in his favor, ruling that the president had no right to issue the order he did. John Marshall, the nation's greatest chief justice, declared that even in a time of hostilities, a president's decision to act militarily beyond what Congress had authorized was "unlawful."

The court has repeatedly reinforced this principle. In 1952, in the steel seizure case, it ruled that President Harry Truman could not seize steel mills to avert a strike — even though steel was needed for the Korean War — because Congress had set out a different way of handling the labor unrest. More recently, in Hamdan v. Rumsfeld, it held that President Bush must follow Congressional guidelines when he sets up military tribunals for detainees.

Past Congresses have enacted just the sort of restrictions the Bush administration is trying to foreclose today. During the Vietnam War, the Foreign Assistance Act of 1974 capped the number of American military personnel in South Vietnam at 4,000 within six months. The Lebanon Emergency Assistance Act of 1983 required the president to get Congress's approval for any substantial increase in the number or role of armed forces in Lebanon.

There is little question that Congress could use its power of the purse to end a war. But cutting off financing is a drastic step, and one that members of Congress are understandably reluctant to take, because it can look like a refusal to support the troops. The Constitution's text, Supreme Court cases and history show, however, that Congress can instead pass laws that set the terms of military engagement. Whether it would be wise for Congress to adopt such limits is debatable; whether it has the authority to do so should not be.

The Bush administration insists that if Congress tries to manage the Iraq war, it will leave the commander in chief with too little authority. But the greater danger is the one Madison recognized at the nation's founding — that all the power will be left with the person "most interested in war, and most prone to it."

House Panel To Examine Iraq Contracts (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 29, 2007

With a Democrat now in the driver's seat, the House Oversight and Government Reform Committee is set to hold Congress's first in-depth hearings into charges of waste and fraud involving money spent on reconstruction in Iraq.

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Three days of hearings -- the first of what Rep. Henry Waxman (D., Calif.) says will be a series unfolding in coming months -- are set to begin Feb. 6. They will mark the opening of what promises to be one of the most significant inquiries by the new Congress into actions by the Bush administration while Republicans controlled the House and Senate.

Any new disclosures about lax oversight or misspent funds could prove embarrassing to the Bush White House just as it is pressing for an additional $1.2 billion to spend on reconstruction and economic stimulus in Iraq. The new funds are a central part of the president's plan to stabilize the country.

Moreover, the committee's Iraq reconstruction review will be among the first of a range of hearings the Democratic majority is expected to launch in both the House and Senate on topics on which Democrats long have been eager to grill the Bush administration. Hearings also are expected on domestic spying, the conduct of the war in Iraq and legal procedures for Guantanamo detainees.

Scheduled witnesses at the Waxman hearings include Paul Bremer, who was head of the Coalition Provisional Authority that temporarily ran Iraq; Stuart Bowen, the special inspector general whose audits have uncovered widespread overpayments, and wasted or missing reconstruction money in Iraq, and Timothy Carney, appointed earlier this month to a newly created post overseeing U.S. reconstruction and development projects in Iraq.

In more than 70 audit reports, Mr. Bowen has reported finding that billions of dollars were misspent or disappeared. The committee is expected to press Mr. Bremer on a January 2005 audit report by Mr. Bowen, which found that during Mr. Bremer's tenure, the CPA doled out more than $8.8 billion in cash without adequate financial controls. The money was meant to keep Iraqi interim government ministries operating. But much of it was siphoned off, including salaries paid to thousands of "ghost employees."

In recent years when Democrats were in the minority in Congress, Mr. Waxman was a gadfly to the Bush administration. He wrote numerous letters demanding executive-branch information on contracting fraud and other subjects. But the Republican majority with a few exceptions declined to hold hearings on the topics.

"The truth of the matter is that Congress overall under Republican leadership decided that they did not want to do their job of oversight," Mr. Waxman said in an interview. But he said the current Republican members of his committee didn't oppose the coming hearings and added "We're working together closely with the Republicans" on them.

Mr. Waxman confirmed that a focus of his Iraq hearings will be Halliburton Co. The Houston oilfield-services company and a provider of engineering and construction services, where Vice President Cheney once served as chief executive, has received government contracts valued at more than $15 billion for work in Iraq, more than any other contractor. But Mr. Bowen's audits found inadequate cost-accounting and widespread overcharges on billing by the company. Halliburton has denied any improprieties and said it did conscientious work under challenging security conditions in Iraq.

The review also will focus on federal agencies, including the defense, homeland security and justice departments, to see whether they lapsed in responsibility to oversee contractors and act to recoup misspent funds.

Some elements of the military, such as the Army Corps of Engineers, have defended contractors' practices in Iraq, citing the chaos of wartime.

Mr. Waxman said the initial hearing also will touch on questions not related to Iraq, but with how some homeland-security funds have been spent.

He also said he expects to reintroduce soon a bill he labeled the Clean Contracting Act, which didn't get anywhere in the previous Congress. The bill would curb no-bid contracts and restrict use of subcontracts as well as other steps Mr. Waxman says would curb abuse.

Anti-War Groups Push Impeachment (POL)

By By: Daniel Reilly

Politico.com, January 28, 2007

On Monday, a small army of anti-war activists will fan out across Capitol Hill to lobby for congressional support to impeach President Bush, who's facing a storm of opposition for his handling of the Iraq war.

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The activists may get a sympathetic ear on their anti-Bush message from Democrats, many of whom favor formal investigations into the administration's handling of the war and terrorism. But they'll likely get only get polite smiles - and little, if any, support - when they bring up the "I" word.

It's a tricky issue for Democrats in Congress, who share many of the same frustrations about Bush and the war, but are hesitant to even discuss impeachment. "Hell no," said Rep. James Clyburn, D-S.C., the House majority whip, when asked whether impeachment is a possibility.

Other members aren't quite as emphatic as Clyburn, Yet, they make it clear that Bush will not get a free ride on his handling of Iraq and national security.

"The only "I" word I worry about right now is Iraq," said Rep. Henry A. Waxman, D-Calif., chairman of the House Oversight and Government Reform Committee, which is planning hearings on the Iraq reconstruction next week.

Sen. Frank R. Lautenberg, D-N.J. said that calls for impeachment were "premature" although he added: "If (Bush's) failures (in Iraq) continue, there is no telling what the outcome can be in terms of congressional attitude."

Others had a more practical concern. "If we impeach President Bush, then Vice President Cheney is next in line (to be president), so I don't think we'd go there," said Sen. Patty Murray, D-Wash.

Many members interviewed by The Politico said they were worried that impeachment proceedings would distract from congressional investigations into Bush's handling of the war. And Democratic Party leaders had indicated before they took control of Congress that impeachment proceedings would be off the table.

Nonetheless, a small but determined group of liberal activists is keeping up the impeachment drumbeat. And on Monday, it'll kick off an aggressive lobbying push.

Embolden by the large anti-war rally Saturday and the president's historic lows in the public opinion polls, impeachment activists sense the time has come for their cause.

"George W. Bush has repeatedly insisted that he has the unilateral right to initiate and escalate wars," said Bob Fertik, president of ImpeachPAC, which raised more than $80,000 last year to support candidates favoring Bush's impeachment. The president's "view of the unitary executive is nothing less than dictatorship. There has to be accountability, there has to be impeachment."

Only one candidate endorsed by ImpeachPAC actually won last fall, however: Rep Keith Ellison, D-Minn., who received $1,000 from the group. And he has backed off.

After calling for impeachment hearings at a campaign rally last October, Ellison recently told the Minneapolis Star-Tribune he's now "a step before impeachment" as he adjusts to realities in Congress.

Tim Carpenter, national director of the Progressive Democrats of America, a left-wing organization that favors impeachment, said there are more than 1,400 members in the group who are specifically working on oversight and impeachment. And he expects "hundreds of them" to lobby on Monday.

Carpenter doesn't expect much traction on impeachment now, but has high expectations about congressional oversight. "So come a month from now, when the subpoenas start rolling, we will be confident that impeachment will be back on the table," he said.

The "impeachment and anti-war people overlap," said Fertik. "We feel passionately about both, so we are going to be pushing both issues as we walk the halls of Congress."

But not everyone who attended this weekend's march feels the same. Some fear that impeachment proceedings will in fact distract from the primary issue of ending the war. Sue Udry, legislative coordinator the United for Peace and Justice, the umbrella organization which sponsored Saturday's march and Monday's lobbying events, said he organization was not endorsing calls for Bush's impeachment.

Although impeachment supporters know that they face long odds with little support either in Congress or from other groups on the left, many like David Swanson, Washington director of ImpeachPAC vow to fight on.

"If election didn't do it then, the march doesn't do it, then lobbying doesn't do it then, well, we will have to try something else," he said.

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More Than Antiwar (NYT)

By Bob Herbert

The New York Times, January 29, 2007

Washington

It was a few minutes after 11 a.m. when the scattered crowd began moving slowly toward the stage at the end of the Mall. The sky was a beautiful sunlit blue and the Capitol building, huge and white and majestic, offered the protesters an emotional backdrop that seemed almost close enough to touch.

"It's so big," said a woman from Milwaukee, who was there with her husband and two children. "It's lovely. Makes you want to cry."

You can say what you want about the people opposed to this wretched war in Iraq, try to stereotype them any way you can. But you couldn't walk among them for more than a few minutes on Saturday without realizing that they love their country as much as anyone ever has. They love it enough to try to save it.

By 11:15 I thought there was a chance that the march against the war would be a bust. There just weren't that many people moving toward the stage to join the rally that preceded the march. But the crowd kept building, slowly, steadily. It was a good-natured crowd. Everyone was bad-mouthing the Bush administration and the war, but everybody seemed to be smiling.

There were gray-haired women with digital cameras and young girls with braces. There were guys trying to look cool in knit caps and shades and balding baby boomers trading stories about Vietnam. And many ordinary families.

"Where's Hillary?" someone asked.

That evoked laughter in the crowd. "She's in Iowa running for president," someone said.

When a woman asked, "What's her position on the war?" a man standing next to her cracked, "She was for it before she was against it."

More laughter.

The crowd kept building. There were people being pushed in wheelchairs and babies in strollers. There were elderly men and women, walking very slowly in some cases and holding hands.

The goal of the crowd was to get the attention of Congress and persuade it to move vigorously to reverse the Bush war policies. But the thought that kept returning as I watched the earnestly smiling faces, so many of them no longer young, was the way these protesters had somehow managed to keep the faith. They still believed, after all the years and all the lies, that they could make a difference. They still believed their government would listen to them and respond.

"I have to believe in this," said Donna Norton of Petaluma, Calif. "I have a daughter in the reserves and a son-in-law on active duty. I feel very, very strongly about this."

Betty and Peter Vinten-Johansen of East Lansing, Mich., said they felt obliged to march, believing that they could bolster the resolve of opponents of the war in Congress. Glancing toward the Capitol, Mr. Vinten-Johansen said, "Maybe we can strengthen their backbone a little bit."

Even the celebrities who have been at this sort of thing for decades have managed to escape the debilitating embrace of cynicism. "How can you be cynical?" asked Tim Robbins, just before he mounted the stage to address the crowd, which by that time had grown to more than 100,000.

"This is inspiring," he said. "It's the real voice of the American people, and when you hear that collective voice protesting freely it reminds you of the greatness of our country. It gives you hope."

When Jane Fonda said, "Silence is no longer an option," she was doing more than expressing the outrage of the crowd over the carnage in Iraq and the president's decision to escalate American involvement. She was implicitly re-asserting her belief in the effectiveness of citizen action.

Ms. Fonda is approaching 70 now and was at the march with her two grandchildren. It was very touching to watch her explain how she had declined to participate in antiwar marches for 34 years because she was afraid her notoriety would harm rather than help the effort.

The public is way out in front of the politicians on this issue. But the importance of Saturday's march does not lie primarily in whether it hastens a turnaround of U.S. policy on the war. The fact that so many Americans were willing to travel from every

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region of the country to march against the war was a reaffirmation of the public's commitment to our peaceful democratic processes.

It is in that unique and unflagging commitment, not in our terrifying military power, that the continued promise and greatness of America are to be found.

No More Chips For Mr. Bush (HARTC)

By Frank Harris III

The Hartford Courant, January 29, 2007

I keep visualizing our president in one of Connecticut's casinos, laying his chips on the table that is Iraq.

He's at the roulette wheel, and he's already lost, according to an Associated Press tally on Thursday, 3,069 chips, but he's not done yet. He keeps saying just one more spin, one more chance at the wheel.

``I'm the president. I'm the decider. I've got a boatload of chips I can toss onto the table," he says. ``We can still win this thing! Let the wheel keep on turning!"

But others around him say: ``No, George! Stop! Enough is enough!"

Does he listen? No. Sadly, he believes he really can still come out of this even, if not ahead. He jumps up on the table and in a presidential voice loud enough for all of the world to hear, he says: ``21,500 more chips, please!"

And throughout the casino, the words are repeated incredulously: ``More chips for Mr. Bush. More chips for Mr. Bush. More chips for Mr. Bush."

Chips.

That's how our president, George W. Bush, considers the lives of the 21,500 additional American soldiers he wants to send to fight in the civil war that is now Iraq - chips he wants to place on the table before watching the roulette wheel go round and round.

More chips for Mr. Bush.

He can watch them safely from the White House before turning his attention elsewhere to make a witty comment or two.

More chips for Mr. Bush.

He'll look back just in time to see where the little white ball has landed.

More chips for Mr. Bush.

Bullets fly. Bombs blow. Rockets explode. Someone's number comes up. Flag-draped coffins appear. They come home, like chips shoveled into the grim reaper's hand. Mr. Bush appears, says a few solemn words about finishing the job and honoring the gallant sacrifice made by the men and women of this country.

Then it's -

More chips for Mr. Bush.

The call for more is like a desperate gambler thinking, hoping, praying the next wheel's rotation will win back all that has been lost.

Double or nothing?

Those nothings are somethings. They are lives he keeps placing on the table. Lives he keeps losing. What has been lost in this war in Iraq cannot be won back. Still he does not want to leave the table. He's betting the next spin of the wheel will be the winner.

Just one more time, just one more spin, he asks, as he did last week during the State of the Union address.

``Keep it coming!" says the grim reaper. ``I've got your back, George!"

The president obliges.

But I say, step back away from the table, Mr. Bush. I say, you, you at the casino booths. Don't give him any more chips to play with. They are lives. Human beings used as fodder. Pounds of flesh unfairly placed in harm's way to atone for those already gone.

More chips on the table?

He keeps trying different angles, different approaches.

Twenty-one thousand, five hundred more he wants?

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I say not one drop more. Not one pound more. Not one hair more. Not one leg more. Not one arm more. Not one eye more. Not one tooth more. Not one life more.

The CIA World Factbook indicates there are 67.7 million males ages 18-49 in America and 67.0 million females in the same age range. This age group is labeled as ``manpower available for military service" in America.

It's inconceivable the president would be able to come up with that many recruits. Or is it? How far would you go, Mr. President?

As of Thursday, 3,069 American soldiers had died in Iraq. How many more will die by the year 2008, which is when Bush will be out of office? And we are only talking about American lives. This does not include the many more Iraqi lives lost.

Two more years of this?

Congress - stop him!

No more chips for Mr. Bush!

Iranian Reveals Plan To Expand Role In Iraq (NYT)

By James Glanz

The New York Times, January 29, 2007

BAGHDAD, Jan. 28 — Iran's ambassador to Baghdad outlined an ambitious plan on Sunday to greatly expand its economic and military ties with Iraq — including an Iranian national bank branch in the heart of the capital — just as the Bush administration has been warning the Iranians to stop meddling in Iraqi affairs.

Iran's plan, as outlined by the ambassador, carries the potential to bring Iran into further conflict here with the United States, which has detained a number of Iranian operatives in recent weeks and says it has proof of Iranian complicity in attacks on American and Iraqi forces.

The Iranian ambassador, Hassan Kazemi Qumi, said Iran was prepared to offer Iraq forces training, equipment and advisers for what he called "the security fight." In the economic area, Mr. Qumi said, Iran was ready to assume major responsibility for the reconstruction of Iraq, an area of failure on the part of the United States since American-led forces overthrew Saddam Hussein nearly four years ago.

"We have experience of reconstruction after war," Mr. Qumi said, referring to the Iran-Iraq war in the 1980s. "We are ready to transfer this experience in terms of reconstruction to the Iraqis."

Mr. Qumi also acknowledged, for the first time, that two Iranians seized and later released by American forces last month were security officials, as the United States had claimed. But he said that they were engaged in legitimate discussions with the Iraqi government and should not have been detained.

Mr. Qumi's remarks, in a 90-minute interview over tea and large Iranian pistachio nuts at the Iranian Embassy here, amounted to the most authoritative and substantive response the Iranians have made yet to increasingly belligerent accusations by the Bush administration that Iran is acting against American interests in Iraq. President Bush has said the American military is authorized to take whatever action necessary against Iranians in Iraq found to be engaged in actions deemed hostile.

The Iranian ambassador abruptly agreed to a longstanding request for the interview — made repeatedly after the first American seizure of Iranians here on Dec. 21 — and seemed eager to rebut the accusations.

The political and diplomatic standoff that followed the Dec. 21 raid until the Iranians were released nine days later has contributed, along with a dispute over the Iranian nuclear program, to greatly increased tensions between the United States and Iran. This month, American forces detained five more Iranians in a raid on a diplomatic office in the northern city of Erbil.

While providing few details, the United States has said that evidence gleaned in the Baghdad raid, made on an Iraqi Shiite leader's residential compound, proves the Iranians were involved in planning attacks on American and Iraqi forces.

How much direction, if any, Mr. Qumi was taking from his government was unclear in the interview, in which he showed disdain for the American accusations as well as a few flashes of restrained sarcasm.

He ridiculed the evidence that the American military has said it collected, including maps of Baghdad delineating Sunni, Shiite and mixed neighborhoods — the kind of maps, American officials have said, that would be useful for militias engaged in ethnic slaughter. Mr. Qumi said the maps were so common and easily obtainable that they proved nothing.

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He declined to say whether he believed the maps bore sectarian markings or address other pieces of evidence the Americans said they had found, like manifests of weapons and material relating to the technology of sophisticated roadside bombs. But that is not why the Iranians were in the compound, he said.

"They worked in the security sector in the Islamic Republic, that's clear," Mr. Qumi said, referring to Iran.

But he said that the Iranians were in Iraq because "the two countries agreed to solve the security problems." The Iranians "went to meet with the Iraqi side," he said.

In a surprise announcement, Mr. Qumi said Iran would soon open a national bank in Iraq, in effect creating a new Iranian financial institution right under the Americans' noses. A senior Iraqi banking official, Hussein al-Uzri, confirmed that Iran had received a license to open the new bank, which Mr. Uzri said would apparently be the first "wholly owned subsidiary bank" of a foreign country in Iraq.

"This will enhance trade between the two countries," Mr. Uzri said.

Mr. Qumi said the bank was just the first of what he said would be several in Iraq — an agricultural bank and three private banks also intend to open branches. Other elements of new economic cooperation, he said, include plans for Iranian shipments of kerosene and electricity to Iran and a new agricultural cooperative involving both countries.

He would not provide specifics on Iran's offer of increased military assistance to Iraq, but said it included increased border patrols and a proposed new "joint security committee."

A number of American and Iraqi officials said Sunday that it was difficult to respond to Mr. Qumi's statements until they had been communicated through official routes. A spokesman for the American Embassy in Baghdad, Lou Fintor, declined to address the statements.

Sean McCormack, a State Department spokesman, said Sunday that the United States had a significant body of evidence tying Iran to sectarian attacks inside Iraq.

"There is a high degree of confidence in the information that we already have, and we are constantly accumulating more," Mr. McCormack said.

He did not address any of the specifics of Mr. Qumi's comments about plans for stronger economic and security ties, but said that Iran currently plays "a negative role in many respects" in the country.

Iraqi officials also said that they could not comment on specific programs until they had seen the details, but expressed a range of views on the wisdom of expanding ties with Iran.

"We are welcoming all the initiatives to participate in the process of reconstruction," said Qasim Daoud, a former national security adviser who is now a secular Shiite member of Parliament.

"My belief is that our strategic alliance is with the Americans, but at the same time we are looking for the participation of any country that would like to participate," Mr. Daoud said.

Barham Salih, a deputy prime minister who is Kurdish and whose duties include economic matters, took sharper issue with Mr. Qumi's criticism of the American presence.

"Iraqi national interest requires seeking good neighborly relations with Iran as with other neighbors, but that requires respect for Iraqi sovereignty," Mr. Salih said.

Mr. Qumi spoke largely in Persian during the interview, but he occasionally broke into English when he wanted to be certain that a point had been conveyed forcefully.

Although Mr. Qumi was not given specific questions ahead of the interview, he was made aware of the general topics that would be covered and seemed prepared with detailed answers in many cases. He seemed particularly keen to give his government's view of what occurred in the early morning hours of Dec. 21, when American forces raided the Baghdad compound of Abdul Aziz al-Hakim, one of Iraq's most powerful Shiite leaders, who had traveled to Washington only three weeks before to meet President Bush.

Within the compound, the Iranians were seized in the house of Hadi al-Ameri, who holds two powerful positions in Iraq: he is the chairman of the Iraqi Parliament's security committee and also the leader of the Badr Organization, the armed wing of Mr. Hakim's political party, which spent years in exile in Iran.

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Although the Americans have suggested that the Iranians were providing support for militias like the Badr Organization, Mr. Qumi said that his countrymen were dealing with Mr. Ameri only in his official governmental capacity.

The Iranians would not even have stayed the night in the compound except, in a situation faced by many Baghdad residents, their business lasted beyond the early-evening curfew and they were forced to spend the night, Mr. Qumi said.

Mr. Qumi also warned the United States against playing out tensions in what he called "the nuclear file" in Iraq. "We don't need Iraq to pay the cost of our animosity with the Americans," Mr. Qumi said.

As the interview was breaking up, Mr. Qumi made one last stab at the Americans. If Iran is allowed to undertake reconstruction activities in Iraq, he said, all international construction companies would be welcome. "Urge the American companies to come here," he said.

Cheney Says U.S. Is Sending 'Strong Signal' To Iran (WP)

By Michael Abramowitz

The Washington Post, January 29, 2007

Vice President Cheney said the deployment this month of a second aircraft-carrier task force to the Persian Gulf delivered a "strong signal" of the United States' commitment to confront Iran's growing influence in the region.

Countries in the Middle East "want us to have a major presence there," Cheney said in a Newsweek interview published online yesterday. Referring to the deployment of the carrier USS John C. Stennis, Cheney said, "That sends a very strong signal to everybody in the region that the United States is here to stay, that we clearly have significant capabilities, and that we are working with friends and allies as well as the international organizations to deal with the Iranian threat."

When the Stennis arrives in the Persian Gulf next month, the United States will have two carrier groups stationed there for the first time since the 2003 Iraq invasion.

The deployment is one of several recent steps by the United States to oppose Iran, which administration officials say is responsible for growing instability in the region. Other actions included a program to kill or capture Iranian agents operating inside Iraq as well as moves to squeeze the country financially.

In the interview, Cheney declined to speculate about possible military strikes against Iran. "We are doing what we can to try to resolve issues such as the nuclear question diplomatically through the United Nations, but we've also made it clear that we haven't taken any options off the table," he said.

The Newsweek interview was the third granted to the media this month by the vice president, who had been relatively quiet since Republicans lost both houses of Congress in November's midterm elections. Despite increasing GOP criticism of the White House on Iraq, Cheney said he thinks President Bush has shored up his position with his Republican base in the past week and evinced little concern about the prospect of resolutions formally condemning the president's plan to send another 21,500 troops to Iraq.

"Most members on our side of the aisle recognize that what's ultimately going to count here isn't sort of all the hoorah that surrounds these proposals so much as it's what happens on the ground in Iraq. And we're not going to know that for a while yet," said Cheney, who also offered a veiled shot at one of the president's strongest GOP critics, Sen. Chuck Hagel (Neb.). "Let's say I believe firmly in Ronald Reagan's 11th Commandment: Thou shalt not speak ill of a fellow Republican," Cheney said. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

In an appearance yesterday on ABC's "This Week," Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, dismissed suggestions from administration officials that his resolution condemning the military buildup would embolden the enemy.

"It's not the American people and the United States Congress who are emboldening the enemy," he said. "It's the failed policy of this president, going to war without a strategy, going to war prematurely, going to war without enough troops, going to war without enough equipment and, lastly, now sending 17,500 people in the middle of a city of 6 1/2 million people with bull's-eyes on their back, with no plan."

Exclusive Q&A: Dick Cheney, Man Without Doubt (NSWK)

Newsweek, February 5, 2007

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In a rare print interview, Dick Cheney talks about Iraq, Iran, Chuck Hagel, his image as 'Darth Vader' and Bob Woodward.

A man with a reputation for secrecy and seclusion, Vice President Dick Cheney has spent the past few months out in public. He campaigned in the midterm elections, traveled to Saudi Arabia to talk security and eulogized former president Gerald Ford. Last week the perjury trial of his former chief of staff, I. Lewis (Scooter) Libby Jr., exposed what Libby's lawyer cast as tensions between aides to Cheney and President George W. Bush during the CIA press leak in 2003. In his first print interview since the GOP lost control of Congress, Cheney spoke to NEWSWEEK's Richard Wolffe. Excerpts:

WOLFFE: There's a lot of skepticism on the Hill, even inside the administration, about the Iraqi prime minister's ability and desire to take down the militias. What gives you confidence that Nuri al-Maliki is up to the job?

CHENEY: We've got a lot of people who want to judge the success of the Maliki administration after some nine months in office. I think it's a little premature. He has been direct and forthright in responding to our concerns. There is some evidence that he's already beginning to act—for example, Iraqi forces rounding up as many as 600 members of the Jaish-al-Mahdi [Mahdi Army] in the last couple of weeks. His commitment to us is to go after those who are responsible for the violence, whoever they may be—whether they're Baathist or ... Shia militia or criminal elements. At this stage, we don't have any reason to doubt him.

You have spoken about the possibility of regional war in case of American withdrawal. What's the basis for thinking that it would be a broader war?

Well, I think it's a concern that the current level of sectarian violence would increase, and perhaps break out in other parts of the country. It's pretty well concentrated right now in the Baghdad area. It clearly would have, I think, consequences on a regional basis in terms of the efforts that we've mounted not only in Iraq but also in Afghanistan and Pakistan and Saudi Arabia ... All of a sudden, the United States, which is the bulwark of security in that part of the world, would no longer—could no longer—be counted on by our friends and allies that have put so much into this struggle.

You have extensive contacts, especially in the Persian Gulf with the Saudis. What are you hearing about their concerns about Iran's rise, its role in the region now?

There's widespread concern throughout the region about Iran, and in particular Iran under [President Mahmoud] Ahmadinejad. A lot of people in the area—I don't want to attribute this to any one particular government—but a lot of people in the area feel directly threatened.

Is there a concern from those allies that America is too tied down, too overwhelmed with the situation in Iraq to deal with Iran?

I haven't seen that. Most of the nations in that part of the world believe their security is supported, if you will, by the United States. They want us to have a major presence there. When we—as the president did, for example, recently—deploy another aircraft-carrier task force to the gulf, that sends a very strong signal to everybody in the region that the United States is here to stay, that we clearly have significant capabilities and that we are working with friends and allies as well as the international organizations to deal with the Iranian threat.

Can you see a scenario where airstrikes on Iran would be justified?

I'm not going to speculate about security action. We are doing what we can to try to resolve issues, such as the nuclear question, diplomatically through the United Nations. But we've also made it clear that we haven't taken any options off the table.

There has been little open support from the Republican Party for the president's plan for extra troops in Iraq. Do you worry that the party has lost the stomach for the fight?

The election results last November obviously represented a blow to our friends on the Hill, Republicans on the Hill—to go from majority to minority status. A lot of members were concerned or felt that their political fortunes were adversely affected by our ongoing operations in Iraq. What's happened here now over the last few weeks is that the president has shored up his position with the speech he made specifically on Iraq.

Sen. [Chuck] Hagel said some pretty harsh things about the administration. He said there was no strategy. He said—It's not the first time. He said it was a "Ping-Pong game with human beings." Do you have a reaction to that?

I thought that Joe Lieberman's comments ... were very important. Joe basically said the plan deserved an opportunity to succeed ... that we're sending Gen. [David] Petraeus out with probably a unanimous or near-unanimous [confirmation] vote, and that it didn't make sense for Congress to simultaneously then pass a resolution disapproving of the strategy in Iraq.

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So you don't think Senator Hagel—I know you dodged completely responding to his comments, but they're not helpful to the cause and to the mission?

Let's say I believe firmly in Ronald Reagan's 11th Commandment: thou shalt not speak ill of a fellow Republican. But it's very hard sometimes to adhere to that where Chuck Hagel is involved.

You made some comments before the war talking about being greeted as liberators. Do you think that public opinion wasn't sufficiently prepared for the length of this conflict? And do you have any regrets about your own role in preparing public opinion for that?

The comments I made were based on the best information we had. There's no question that the struggle has gone on longer than we anticipated, especially in Baghdad ... It does not, though, lead me to conclude that what we're doing in terms of our overall effort, taking down Saddam Hussein's regime, standing up a new democracy in Iraq, isn't a worthy objective. I think it is. I think we have made significant progress. There's still a lot more to do—no question about it. The conflict we're involved in—not just Iraq, but on the broader basis against Al Qaeda, against the threat that's represented by the extreme elements of Islam on a global basis now—is going to go on for a long time. And it's not something that's going to end decisively, and there's not going to be a day when we can say, "There, now we have a treaty, problem solved." It's a problem that I think will occupy our successors maybe for two or three or four administrations to come. It is an existential conflict.

The question about the run-up to war, the weapons of mass destruction. Do you feel that your credibility was hurt by that and that it's harder to make the case about the broader threats now?

Well, I have my own personal view. Obviously, there was flawed intelligence prior to the war ... but we should not let the fact of past problems in that area lead us to ignore the threat we face today and in the future. It would be a huge mistake. In terms of whether or not it adversely affected public opinion, I think it clearly did, but that does not lead me to conclude that we didn't do the right thing when we went into Iraq and took down Saddam Hussein's regime.

Public opinion has this caricature of you as Darth Vader and various things. Do you think you get a fair crack from the media?

By the time I leave here, it will have been over 40 years since I arrived in Washington, and I've been praised when I didn't deserve it, and probably criticized when I didn't deserve it. And there aren't enough hours in the day for me to spend a lot of time worrying about my image.

Let me ask you about events going on at the courthouse not far from here. It's fairly unprecedented that a sitting vice president would testify—

I'm not going to talk about the trial, obviously.

About your decision to testify, about the precedent?

Sorry, I'm not going to discuss it.

President Ford, his recent funeral—did it put you in a reflective mood about that period? Do you draw any parallels to now?

I was delighted to see the outpouring of tributes to his leadership ... and praise for the tough, tough decisions he made—in particular, for example, the pardon. I reflected back on where we'd been 30 years ago when he made those decisions and, obviously, suffered for it in the public-opinion polls and the press, and how history judged him 30 years later very, very favorably because of what he'd done. He had displayed those qualities of leadership and decisiveness, steadfastness, if you will, in the face of political opposition.

Is there a parallel to now?

There may well be.

Bob Woodward reported that President Ford thought you had justified the war wrongly, and that Ford agreed with Colin Powell that you developed a fever about Saddam Hussein, about terrorism. Did you feel that was accurate?

I've never heard that from anybody but Bob Woodward.

And other comments—criticism from [Brent] Scowcroft about not knowing you anymore. People have gotten quite personal, people you worked with before. You wouldn't be human if you didn't have some reaction.

Well, I'm vice president and they're not.

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How US Is Putting More Heat On Iran (CSM)

By Peter Grier

The Christian Science Monitor, January 29, 2007

The US isn't facing a two-front war, exactly – but as the Pentagon begins its new push in Iraq, the Bush administration simultaneously is increasing military and political pressure on Iran.

The point is to counter Iranian meddling in Iraq, while making the nation's ruling mullahs think harder about any plans to intensify their nuclear program, according to White House officials. They say further US moves are likely in the weeks ahead.

But it's not clear that such escalation will accomplish more than it will cost, say some experts. Any actual attack on its agents or interests might cause Iran to redouble its current support for Iraqi Shiite militias. Or Tehran could decide to outflank US forces by causing trouble elsewhere.

Iran "has the ability to act throughout the region and beyond given its ties to groups such as Hizbollah and Hamas," said Richard Haas in remarks prepared for delivery before the Senate Foreign Relations Committee last week.

The latest move in the developing US-Iran chess match came on Saturday, when President Bush defended US action against Iranian agents inside Iraq as a crucial defense for American troops. US forces have been authorized to kill or capture Iranians if they deem it necessary, under a new policy first reported last Friday in The Washington Post.

"If somebody is trying to harm our troops or stop us from achieving our goal ... we will stop them," Mr. Bush said following a meeting with top military commanders at the White House.

The US has long worried that Iranian agents inside Iraq have been providing Shiite fighters with sophisticated bomb technology that has made roadside explosions more deadly to US troops. In the recent past, some Iranians have been detained, interrogated, and then set free. This so-called "catch-and-release" policy may now be a thing of the past.

"If you're in Iraq and are trying to kill our troops, you should consider yourself a target," said Secretary of Defense Robert Gates last week in response to a reporter's question about Iran.

Meanwhile, the US has dispatched a second aircraft-carrier battle group to the Persian Gulf as an apparent symbol of its intention to carry out airstrikes against Iranian targets, if necessary. And it has increased pressure on foreign banks and financial institutions to cut ties to Iranian counterparts – warning them that they risk losing access to US financial markets unless they stop doing business with Tehran.

Of course, the US goal isn't just to stop Iranian aid to Shiite militias. Iran's nuclear program has been continuing apace. On Saturday, a key Iranian lawmaker, Alaeddin Boroujerdi, said Iran was currently installing an array of 3,000 centrifuges at a uranium-enrichment plant.

If true, such a move would represent a slap in the face to the international effort to curtail Iran's disputed program. Three thousand centrifuges would be more than enough to produce fuel for a nuclear bomb.

However, an official of Iran's nuclear agency said over the weekend that "no new centrifuges have been installed in Natanz," referring to Iran's main nuclear facility. At the time of writing, this discrepancy in statements had not yet been resolved.

It's possible that Iran itself is split over whether to take a path of confrontation or accommodation with the US and the international community at large.

Recently a majority of Iran's parliament sent President Mahmoud Ahmadinejad a letter criticizing him for his high-profile foreign travel and blaming him for the country's economic troubles.

That's an indication that international diplomatic pressure and financial sanctions are working, according to some US experts.

Iran hasn't always worked at cross-purposes with the US in its struggle against extremist Islamist terrorism. The Iranian government gave $300 million in aid to the government of Afghanistan, and furnished the US with intelligence about the Taliban.

"They were helpful in Iraq, according to Secretary Gates, until early 2004," noted Lawrence Korb, a senior fellow for the Center for American Progress, in congressional testimony last week.

In some ways, their strategic goals for the region match those of the US. It is unlikely that the Shiite mullahs of Iran would like to see Al Qaeda win a haven in the Sunni-dominated outlying regions of Iraq, for instance. Nor would Tehran likely want any further collapse of order in Iraq, leading to a failed state and a refugee crisis on Iran's border.

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Still, it's clear that Iran has recently been troublesome. It appears eager to make the US experience in Iraq as difficult as possible.

But for the US, the problem with squeezing Iran while it struggles with sectarian violence in Iraq is that it is trying to stabilize one country while destabilizing its neighbor.

"We have to choose what our goals for the region are, and right now, unfortunately, the president's plan has us going in two different directions at once," said Robert Malley, director of the Middle East and North Africa program for the International Crisis Group, in testimony to the Senate Foreign Relations panel.

Iraq's Deputy PM Chides U.S. And Iran (AP)

By Kim Gamel

AP, January 29, 2007

Iraq's deputy prime minister on Sunday said Iran and the United States were using Iraq as a "zone of conflict and competition" and jeopardizing efforts to stabilize the country.

Barham Saleh, a Kurd who has ties with both Tehran and Washington, accused the two countries of stepping on Iraq's sovereignty as they jockeyed for advantage.

"Iraqi transition is burdened by many elements of interference in our domestic affairs," Saleh said in an interview with The Associated Press.

He urged Iran and the U.S. to resolve their differences, at least where Iraq was concerned.

"The new Iraq is one that hopes to be at peace with itself and at peace with its neighbors," he said from a gilded chair in the ornate entrance hall of his Green Zone office compound.

"And that definitely requires noninterference in our affairs," he said, declaring that Iran and the United States should see Iraq's well-being and prosperity as a "point of consensus."

The U.S. and Iran, already deeply at odds over Tehran's nuclear program, find themselves in a growing and more public conflict over Iran's involvement in Iraq, where it is accused of training, arming and funding militants fighting U.S. occupation forces.

The Iranian government heatedly blasted Washington earlier this month after U.S. forces raided an Iranian government liaison office in Kurdish-controlled northern Iraq and detained five Iranians. U.S. officials said the Iranians were members of a Revolutionary Guard faction that funds and arms insurgents in Iraq.

Top Kurdish officials and authorities in Baghdad complained that the U.S. raid was done without notification and said the Iranians must be freed, asserting they were in the country on legitimate business.

The detentions hit a nerve as Iraq's Shiite-dominated government faces the delicate task of trying to secure Baghdad with the help of American forces while maintaining ties with its neighbors, including U.S. rivals Iran and Syria.

The White House also has revealed that President Bush has authorized U.S. forces in Iraq to take whatever action necessary to counter Iranian agents who are deemed a threat.

Saleh, who served for 10 years as the Kurdistan Regional government representative to the United States, signaled Iraqi impatience with both Tehran and Washington.

His ally and fellow Kurd, President Jalal Talabani has been pressing efforts to encourage a dialogue between the two nations.

"I have to admit Iraq has become a zone of conflict and competition between various regional players and international players," Saleh said. "The tensions are there and undeniably there is a spillover effect that complicates Iraqi political and security transition."

"We are grateful to the United States for the effort on our behalf to overcome tyranny. But at the end of the day we are accountable to our own people, our own constituents who demand of us better security and better services," he said.

As for Iran, he said, good relations with the Shiite theocracy were important for Iraq given the countries sit side by side and that Iran gave shelter to many Iraqi dissidents during Saddam Hussein's Sunni-dominated regime and who now wield power.

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But, he said, "The failure of this present political process in Iraq will mean chaos in Iraq and ultimately may well mean restoration of the status quo in the form of tyranny in one way or another."

On other topics, Saleh, who is chairman of the Cabinet economics committee, dismissed concerns that a proposed oil law would allow U.S. and other international oil companies too much influence over Iraq's most important resource.

He denied published reports that the proposal would provide for so-called product sharing agreements that would give international oil firms 70 percent of oil revenues to recover initial investment and subsequently allow foreign drillers 20 percent of the profits, tax free and without restrictions on repatriating profits.

"These reports ... about the terms of PSAs (Profit Sharing Agreements) ... are totally and absolutely wrong," he said, acknowledging that concessions would have to be made to attract much-needed investment from foreign oil companies. Details were still under negotiation.

"At the end of the day Iraqi national management will be there but we need partnership with the outside world as well for technology transfer and the flow of funds," he said.

Do Not Endanger Gulf, Saudi King Tells Iran (FT)

By Heba Saleh

Financial Times, January 29, 2007

Saudi Arabia has warned Iran that it could endanger the whole Gulf region if it does not resolve the problems in its "international relations", a reference to Iran's increasingly tense standoff with the United States over its nuclear programme and its role in Iraq.

"We have advised them not to expose the region to dangers," said King Abdullah bin Abdul Aziz, the Saudi monarch. "We do not interfere in anyone's affairs, [but] any state which resorts to unwise acts will have to bear the responsibility in front of the other countries in the region."

The king's remarks, made in an interview with a Kuwaiti newspaper, Al Seyassah, comes amidst increasingly vocal criticism of Iran by officials and the press in the Arab world.

"We are extremely worried about the policies of Iran and the rhetoric coming out of Iran which adds to the tensions in the region," said an Egyptian diplomat. "Their rhetoric confirms the worst fears of the west has about Islam."

America's main allies in the Arab world – Egypt, Jordan and Saudi Arabia – are deeply concerned about the influence Iran has come to wield in Iraq, Lebanon and the Palestinian territories.

Iran, with its support for the Lebanese movement Hizbollah and the Palestinian Hamas – two uncompromising opponents of Israel – is seen to be propelling the region in a direction counter to that where America's allies want to lead it.

Tehran's backing of Hamas is said by some to be frustrating Egypt's efforts to mediate between the Palestinian factions to forge a national unity government which would, in theory, be more receptive to negotiation with Israel. "Iran's intentions are very clear," wrote Osama Saraya, editor of the government-owned daily Al Ahram on Friday. "It is ... sowing corruption in every direction."

But even if the Arabs are alarmed by Iran's nuclear ambitions and its policies in the region, they do not want a US military strike against it. Mr Saraya says it would have "dire consequences" for the region.

"There is a kind of mobilisation of Arab public opinion," said Abdul Moneim Said, the head of the Al Ahram Centre for Political and Strategic Studies. "But Arab governments are wise enough to realise that an attack against Iran would be detrimental to them and would help their radical opponents."

Egyptian Paper Accuses Iranians Of Complicity In Envoy's Death (NYT)

By Mona El-Naggar

The New York Times, January 29, 2007

CAIRO, Jan. 28 — A front-page article in Egypt's semiofficial state newspaper on Sunday accused Iranian intelligence of involvement in the 2005 killing of Egypt's ambassador to Iraq.

The report, which was denied by the Egyptian Foreign Ministry and the Iranian Foreign Ministry, comes at a time of heightened concern in Egypt and other Arab states about Iran's growing influence in the region. Egyptian officials have said they

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are upset and worried that Iraq is moving away from the Arab world and coming under the influence of Iran, a Shiite and non-Arab state.

The article, which appeared in Egypt's most widely circulated newspaper, Al Ahram, was attributed to anonymous sources and stated that Iran's goal was to "cut off the legs" of Egypt from Iraq.

It said the belief that Iran was involved in the killing helped explain Egypt's support for President Bush's plan to send additional troops into Iraq. It offered no evidence to support those claims.

In 2005, in an effort by Egypt to support Iraq's newly elected, Shiite-dominated government, Ihab Al Sharif was sent to Iraq in June as the first resident ambassador from a Sunni Arab state. One month later, Mr. Sharif was abducted, and he was killed four days later.

The Egyptian Foreign Ministry issued a statement on Sunday denying the newspaper report. "We have no relationship to what was published, and we don't have any information to this effect," Alaa El Hadidy, spokesman for the ministry, added in a telephone interview. "This is an old story buried and closed."

An unidentified person at the Iranian Foreign Ministry told the Islamic Republic News Agency, Iran's official news agency, that the article was "baseless and completely false."

Still, the report on Sunday could strain already tense relations between the countries. While Al Qaeda in Mesopotamia took responsibility for the killing of Mr. Sharif in 2005, his killers were never caught. The killing was seen by Arab states as an attempt by Sunni insurgents to discourage their governments from fostering ties with the mainly Shiite Iraqi government.

But the article contributed to concerns about Iran's seeming quest for influence in Iraq. Speaking on the news channel Al Jazeera on Sunday, Mustafa El-Fiqi, chairman of the Foreign Affairs Committee in the Egyptian Parliament, said, "Now we are starting to hear this new tale that could be influenced by the tense nature of Iranian-Arab relations at this stage because of the sectarian war in Iraq, and perhaps in Lebanon and other areas."

Egypt has not sent another ambassador, and no other Arab state has posted one to Iraq.

Iran Wants Time To Review Plan That Delays U.N. Sanctions (NYT/AP)

By The Associated Press

The New York Times, January 29, 2007

TEHRAN, Iran, Jan. 28 (AP) — The top nuclear negotiator for Iran said Sunday that his country needed time to review a plan proposed by the head of the United Nations nuclear watchdog agency that called for a delay in imposing Security Council sanctions if the Iranians suspended uranium enrichment.

The head of the International Atomic Energy Agency, Mohamed ElBaradei, proposed the simultaneous time-out plan during the World Economic Forum in Switzerland in an effort to end the standoff between the West and Iran over Iran's nuclear program. The Iranians say their uranium enrichment is for peaceful purposes but the West, led by the United States, says the enrichment could also be used for weapons.

"Time should be allocated to see if the plan has the capacity to solve the case," the Iranian nuclear negotiator, Ali Larijani, told reporters during a news conference with Russia's national security adviser, Igor Ivanov, who was visiting Tehran.

The Security Council last month voted unanimously to impose limited sanctions on Iran after it ignored demands to halt enrichment. Iran faces the prospect of additional sanctions unless it stops enrichment within a 60-day period that ends next month.

Mr. Ivanov expressed optimism that the dispute could be resolved if both sides agreed to Dr. ElBaradei's proposal.

As a permanent member of the Security Council, Russia last month forced the Council to weaken proposed punitive measures that would have imposed curbs on Iran's Bushehr nuclear power station, which the Russians are helping to construct. But the Kremlin then supported limited sanctions against Iran over its refusal to suspend uranium enrichment.

The International Atomic Energy Agency had no comment on the Iranian statements, a spokeswoman, Melissa Fleming, said Sunday. Dr. ElBaradei said recently that he believed that Iran planned to begin work in February on an underground facility to hold uranium enrichment equipment.

Russia Vows To Keep Schedule For Iran Nuclear Plant (AFP)

DOJ_NMG_0122860

By Siavosh Ghazi

AFP, January 29, 2007

Russia's security chief Igor Ivanov vowed to launch Iran's nuclear plant on schedule in September after talks in Tehran with leaders of the Islamic republic.

"Russia is determined and serious in fulfilling its obligation to finish Bushehr plant on the scheduled date," Ivanov was quoted as saying after meeting Iranian Foreign Minister Manouchehr Mottaki.

Iran's supreme leader Ayatollah Ali Khamenei also emphasised the need to complete the nuclear plant on time after meeting Ivanov, who delivered a message from Russian President Vladimir Putin.

"Cooperation and previous commitments should gain momentum and be carried out," Khamenei was quoted as saying on state television.

In September 2006, Russia and Iran signed an agreement setting September 2007 as the deadline for the launch of the Russian-built Bushehr nuclear power station which lies on the Gulf coast in southwestern Iran.

The plant will actually produce electricity from November, and the nuclear fuel for the plant is to be delivered no later than March.

Ivanov, the secretary of Russia's Security Council, also met President Mahmoud Ahmadinejad.

Before concluding his one-day trip to Tehran, Ivanov implicitly asked Iranians to consider UN watchdog chief Mohamed ElBaradei's recent recommendation for a "timeout" in the showdown over Iran's nuclear ambitions.

The proposal would have the UN suspend sanctions and Tehran halt uranium enrichment at the same time.

"It is a proposal which can be taken into consideration because it envisions a suspension of enrichment and a suspension of the enforcement of resolution 1737, and this may allow an attempt at finding a political solution to the crisis," Lavrov told reporters.

Iran's national security chief and top nuclear negotiator Ali Larijani said ElBaradei's proposal needed further examination.

"The Iranian nuclear question is a multifaceted question and cannot be answered in one line, the different proposals must be developed to be taken into account. We must study them to see if they have a capacity to solve the problem," he told reporters.

The deputy head of the Iranian Atomic Energy Organisation, Mohammad Saeedi echoed Larijani's response.

"It is an idea that needs to be developed," Saeedi said.

Russia supports Iran's right to peaceful nuclear technology but voted for a UN Security Council resolution in December that imposes sanctions on Tehran over its repeated refusal to freeze uranium enrichment.

Iran gave conflicting signals about its nuclear work on Saturday with its atomic energy agency denying a statement by a senior MP that Tehran had started to install 3,000 centrifuges to enrich uranium.

Uranium enrichment lies at the centre of fears about Iran's nuclear ambitions as the process can make the fissile core of an atom bomb as well as nuclear fuel.

Tehran says its nuclear drive is aimed at peaceful energy generation, vehemently denying charges that it plans to build an atomic bomb.

The United States has warned its arch-foe Iran of "universal" opposition if it proceeds with plans to beef up its nuclear capacity by installing the centrifuges.

The UN Security Council has imposed sanctions to pressure Iran to stop uranium enrichment, which makes fuel for civilian nuclear reactors but also the explosive core of atom bombs.

ElBaradei is due to report to the UN Security Council by February 21 on whether Iran has suspended enrichment.

If not, sanctions could be tightened and there is increased speculation about a US or Israeli pre-emptive military attack to stop Iran's nuclear drive.

In a joint statement with India on Thursday, Russia called for "diplomacy and dialogue" in the worsening dispute over Iran's nuclear programme, but also urged Tehran to comply with UN demands.

Could Weak Oil Cost Venezuela, Iran Clout? (WSJ)

By David Luhnow, Bill Spindle, And Guy Chazan

DOJ_NMG_0122861

Wall Street Journal, January 29, 2007

Softening oil prices over the past few months have spurred hope in Washington that less revenue for oil-rich states could weaken the hand of governments the U.S. considers worrisome -- particularly those in Iran, Venezuela and Russia.

The three nations are potentially vulnerable: Oil-and-gas revenue accounts for between two-thirds and three-quarters of government income in both Venezuela and Iran, and only slightly less in Russia. So, a big drop in oil prices would slow economic growth and hit government finances, forcing them to cut back spending increases that have boosted the popularity of all three governments at home and emboldened them abroad.

But it is far too early to expect the changing economics of oil to have big political effects. For one thing, although the price of oil has fallen 28% since hitting an all-time high of $77.03 in July, it is still high by historical standards. The three nations, having weathered crises before, have all built up substantial currency reserves to cushion against a further fall in prices.

"Fifty-dollar oil doesn't put any of them in any grave danger," says Michelle Billig, director of political risk at PIRA Energy Group, a New York-based consultancy. "After all, it was only a few years ago that we were talking about an oil windfall for these places at $30 a barrel."

March crude-oil futures settled at $55.42 Friday on the New York Mercantile Exchange, up $1.19 on the day.

Equally important, it isn't clear that any of the trio would radically alter their policies even if squeezed harder economically. Under President Vladimir Putin, a former KGB spy, Russia has put a priority on reasserting its political might and reclaiming the global influence it wielded during the Soviet Union's heyday. Generations of leaders in Tehran have made the development of nuclear power a stated goal -- and asserted the country's hypothetical right to a nuclear weapon -- no matter the price of oil.

Venezuela might have the hardest time pursuing the assertive foreign policy of President Hugo Chávez, a populist and former army officer, if oil prices were to drop much more. Over the past few years, Mr. Chávez has used oil money to try to counter what he sees as harmful U.S. influence in Latin America. Caracas has helped finance some neighbors' debt, and it has handed out cut-rate oil to dozens of countries, including Fidel Castro's Cuba -- and even some U.S. communities through the state oil company's Citgo subsidiary.

Unlike Russia, and to a lesser extent Iran, Venezuela has been much more reckless in spending its oil windfall. Last year alone, public spending grew 43%, widening the gap between total government income and outlays to about 1.5% of the total economy, according to estimates by Morgan Stanley.

So far, falling oil prices haven't dented Mr. Chávez's spending habits. Just last week, he announced a program to send 100,000 poor Venezuelans each year to vacation in Cuba. He also recently offered the army's services to build a road in Nicaragua at a projected cost of $350 million.

While economists agree that Mr. Chávez's free-spending policies may eventually shipwreck the Venezuelan economy, they say that won't happen -- if it happens at all -- for at least another year. The main reason: Venezuela has accumulated more than $36 billion of reserves.

But there are signs Mr. Chávez could be headed for trouble, even without a much bigger drop in oil prices. He recently ordered an increase in gasoline prices -- which the government has long subsidized -- to raise federal revenue. And some economists view his recent nationalization of Venezuela's biggest telephone and electric companies as a sign his administration is eager to raise more money to keep up its spending.

A further drop in oil prices, then, might leave Mr. Chávez with some tough choices about where to trim the fat. High on the list would be his foreign aid. By far the chief beneficiary of Mr. Chávez's largesse is Cuba, which receives 103,000 barrels a day of refined petroleum products in exchange for the services of Cuban doctors and other specialists. Analysts believe aid to Cuba totals about $3 billion a year.

Cutting back on such aid would be a relief in Washington, which worries about the spread of Mr. Chávez's socialist message, and could also be welcome at home, where many Venezuelans resent Mr. Chávez's largesse toward others when Venezuela has seen little progress on issues such as reducing poverty. Indeed, a recent study by Claudio Loser, a former International Monetary Fund official, showed that Venezuela's real per-capita income has grown a cumulative 1% since 1998, the year Mr. Chávez took power.

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Mr. Chávez also might be forced to cut back on the domestic front. Last year, Venezuela had Latin America's highest inflation rate, about 17% -- and it is expected to climb sharply this year.

"I think it will be a difficult year for the Venezuelan economy," says Francisco Rodriguez, who teaches Latin American economics at Wesleyan University in Middletown, Conn.

Russia is much less vulnerable to oil prices. Under Mr. Putin, the country has built up $300 billion of foreign-exchange reserves, an $89 billion rainy-day oil fund and runs big yearly budget surpluses. Mr. Putin is loosening the purse strings this year in the run-up to presidential elections in early 2008, with a 26% increase in spending from 2006. But the budget would still break even with oil as low as $38 to $40 per barrel. However, lower oil prices could hurt earnings at energy companies that form the backbone of Russia's economy.

Iran is more exposed to the vagaries of the oil market. As revenue has soared with oil prices, Iran's public-sector spending has expanded almost as fast. To pay for massive subsidies for most daily goods -- including gasoline, bread and heating fuel -- the government has borrowed in each of the past two years from a special rainy-day fund set up to retain some oil revenue for when prices fall again. But that spending has ignited inflation, now running around 15%.

Iranian President Mahmoud Ahmadinejad introduced a budget early last week that included a 20% increase in spending for the Iranian fiscal year that begins in March. He said the government, whose ultimate authority is held by a council of Islamic mullahs, would be able to add to its rainy-day fund if oil prices remain above $33 per barrel, the level the budget assumes for Iranian oil.

But some private economists doubt the budget calculations and predict Tehran would again fall back on those surplus funds to finance spending.

Baghdad Is Key (WP)

By Stephen J. Hadley

The Washington Post, January 29, 2007

The Baker-Hamilton report explained that failure in Iraq could have severe consequences for our national interests in a critical region and for our national security here at home. In my many conversations with members of Congress and foreign policy experts, few have disagreed.

The strategic review commissioned by President Bush analyzed the options for setting Iraq on a trajectory for success. Alternatives now being discussed in Congress were considered but rejected after the strategic risks and stakes were calculated.

The review considered the option of pulling U.S. forces out of Baghdad and concentrating on al-Qaeda in Iraq and training Iraqi security forces, as some in Congress recommend.

Most people agree that we must focus on fighting al-Qaeda. The president's strategy steps up this fight -- particularly in Anbar province, where al-Qaeda seeks a sanctuary. The administration also agrees that we must accelerate the training of Iraqi security forces. The president's strategy does this -- with benchmarks to track progress and bolster the size and effectiveness of those forces. Training and supporting Iraqi troops will remain our military's essential and primary mission.

But the president's review also concluded that the strategy with the best chance of success must have a plan for securing Baghdad. Without such a plan, the Iraqi government and its security institutions could fracture under the pressure of widespread sectarian violence, ethnic cleansing and mass killings. Chaos would then spread throughout the country -- and throughout the region. The al-Qaeda movement would be strengthened by the flight of Sunnis from Baghdad and an accelerated cycle of sectarian bloodletting. Iran would be emboldened and could be expected to provide more lethal aid for extremist groups. The Kurdish north would be isolated, inviting separation and regional interference. Terrorists could gain pockets of sanctuary throughout Iraq from which to threaten our allies in the region and our security here at home.

The new plan for Baghdad specifically corrects the problems that plagued previous efforts. First, it is an Iraqi-initiated plan for taking control of their capital. Second, there will be adequate forces (Iraqi and American) to hold neighborhoods cleared of terrorists and extremists. Third, there is a new operational concept -- one devised not just to pursue terrorists and extremists but to secure the population. Fourth, new rules of engagement will ensure that Iraqi and U.S. forces can pursue lawbreakers

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regardless of their community or sect. Fifth, security operations will be followed by economic assistance and reconstruction aid -- including billions of dollars in Iraqi funds -- offering jobs and the prospect of better lives.

As Gen. David Petraeus, the new commander of our forces in Iraq, explained in hearings before Congress last week, reinforcing U.S. troops is necessary for this new plan to succeed. Any plan that limits our ability to reinforce our troops in the field is a plan for failure -- and could hand Baghdad to terrorists and extremists before legitimate Iraqi forces are ready to take over the fight. That is an outcome the president simply could not accept.

The Baker-Hamilton report supports this conclusion. It said: "We could, however, support a short-term redeployment or surge of American combat forces to stabilize Baghdad . . . if the U.S. commander in Iraq determines that such steps would be effective." Our military commanders, and the president, have determined just that.

The focus on reinforcing our troops must not overshadow the comprehensive nature of the changes in the president's strategy. Contrary to what some have suggested, reinforcing our military presence is not the strategy -- it is a means to an end and part of a package of key strategic shifts that will fundamentally restructure our approach to achieving our objectives in Iraq.

Building on experience elsewhere in the country, the new strategy doubles the number of provincial reconstruction teams (PRTs) in Iraq. These civilian-led units will target development aid where it is needed and help the Iraqi government extend its reach to all corners of the country.

Because close civilian-military cooperation is key to success, 10 new civilian PRTs will be embedded with U.S. combat brigades.

The new strategy incorporates other essential elements of the Baker-Hamilton report, such as doubling the number of troops embedded with Iraqi forces, using benchmarks to help us and the Iraqis chart progress, and launching a renewed diplomatic effort to increase support for the Iraqi government and advance political reconciliation.

Ultimately, a strategy for success must present a realistic plan for bringing security to the people of Baghdad. This is a precondition to advancing other goals. President Bush's strategy offers such a plan -- and it is the only strategy that does.

The writer is national security adviser to the president.

2 Mideast Leaders Agree: US Can't Desert Iraq (NSWK)

Newsweek, January 29, 2007

In any discussion of who might replace Iraqi Prime Minister Nuri al-Maliki if he fails to bring peace to Baghdad, the name of Adel Abdul Mahdi comes up. But the Shiite vice president may be a slim reed to lean on. In an interview with NEWSWEEK's Lally Weymouth at the World Economic Forum in Davos, Abdul Mahdi seemed at best lukewarm to the idea of sending an additional 20,000 American troops to Iraq. Excerpts:

ADEL ABDUL MAHDI

Weymouth: In the United States, many wonder if the situation in Iraq can be brought under control. What do you think of President George Bush's plan to send additional troops?

Abdul Mahdi: We [Iraq and America] both think that Baghdad is a key issue. We have to succeed on that.

But will Bush's "surge" make a difference?

As Iraqis, we think we need more troops in Baghdad. It's up to the multinational forces to decide whether they need more troops.

You talk about multinational forces. But the U.S. administration is sending additional American troops—no one else is volunteering for the job. Are you for that or against it?

I am saying we need more troops in Iraq. Multinational forces are part of it.

But you have to be for or against the U.S. sending an additional 20,000 men.

I am not a military man. I can't say if they need to deploy their troops in Baghdad.

But it's not a military question. Americans are going to die. Is it worth the sacrifice?

I can [only] measure things seeing things as Iraqis [see them]. They are there to succeed, not because they wish to be there. If they want to succeed, we need more troops.

Doesn't success depend on your government standing up to Shia militias that support it?

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We are not facing only militias. We are also facing Al Qaeda and insurgents.

Do you believe the government is capable of stopping Shiite atrocities?

I think they can do the job if Prime Minister Maliki takes the practical measures he is announcing.

It's rumored that you're the favorite of the U.S. government [to replace Maliki].

I think al-Maliki can still do it and he should have his chance.

Moqtada al-Sadr, of course, supports the Iraqi government. What happens if U.S. forces go after him?

We are going to impose laws. If you are going to act against the law, this will not be acceptable.

Do you think restoring security in Iraq is possible?

I was in the U.S. in 2003 and 2004. People were optimistic at that time, whether Iraqis or Americans. We couldn't tell them that there was a mess in Iraq—try to be more practical. Now people are so pessimistic and you can't tell them that this country has a chance.

All Americans see on their TV screens are Sunnis slaughtering Shiites and ethnic cleansing in the streets.

Unfortunately this is true. But this is only one part of the picture. Only 12 months ago we had elections and 12 million people voted, Sunnis and Shiites.

What can you show in the next couple of months that will inspire confidence?

If we can succeed in Baghdad, then we can give hope not only to Americans but also to Iraqis. If we can improve services in Baghdad, then journalists will see that, and we'll have a new image.

Do you believe you can really work with the Sunnis?

Of course, yes. Now in the Parliament, you can see Sunnis and Shias. You never saw that before in a country like Iraq.

But there is ethnic cleansing going on in Baghdad.

Absolutely.

Is it the government's policy to help people who have been cleansed from those neighborhoods to return?

Yes.

You have a law in Iraq that no one can carry a weapon?

That's right.

Are you going to use that law to have door-to-door searches to disarm the militias?

Of course, we are doing that and there are some achievements.

Do you believe that America will stay in Iraq or that U.S. troops will leave?

We have to gain the confidence of the American people and the administration.

Do you worry that the U.S. will withdraw?

Of course we worry. We will be worried whether you stay or leave.

What do you prefer?

We are not going to decide for America. They will decide for themselves. Others bear the responsibility of where we are. We were not consulted about the war decision; we were not consulted about the invasion of Kuwait; we were not consulted about the war between Iran and Iraq; but we have to bear the consequences of all this. I think America has only two alternatives: to stay or to leave. If they stay, they should stay in a helpful way.

AHMED NAZIF

Since he was appointed to lead a mainly technocratic government in 2004, Egyptian Prime Minister Ahmed Nazif has been immersed in some of the Middle East's most complex political problems—the Israeli-Palestinian conflict, the widening war in Iraq, not to mention Egypt's own on-again off-again steps toward democracy. He also spoke to NEWSWEEK's Lally Weymouth in Davos last week. Excerpts:

Weymouth: There's a rumor in Washington that the United States is going to bomb Iran. What do you think of the idea?

Nazif: We've said clearly that this would not be a good idea. If it is to deter Iran, it probably will have the exact opposite effect. So I don't see the logic.

How do you assess the strength of Iranian President Mahmoud Ahmadinejad?

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Iran, like any other country, has many factions with many different opinions. We have seen changes in the Iranian way of thinking over the last couple of decades. We've seen Iran coming closer to the communities in the Middle East and then seen them getting a little bit farther. What we need to do is just take them at face value. This is the Iranian government. This is what we are dealing with.

When do you think the peace with Israel will become a warmer peace?

Well the answer is in the question. When Israel has made peace with the Palestinians, with the Syrians, with the Lebanese, I think things will become much warmer.

But in business, couldn't there be warmer relations?

There is a warm relationship in business right now, but at the end of the day it's the whole relationship between the people of the countries [that counts].

Your government has been helpful in trying to form a national unity government between Palestinian President Mahmoud Abbas and Hamas.

We're still facing some problems there because the Palestinians themselves are divided. We were partially successful in 2005 when ... the withdrawal from Gaza took place. If at the time, we had followed up with reassuring measures, especially on the developmental side with the Palestinians in Gaza, we would not be where we are today.

Then came the elections that brought a Hamas government to power a year ago.

We were of the opinion that those Palestinian elections should not be held. We opposed them.

But so did the Israelis, right?

It's the Americans that insisted on the elections. President [Hosni] Mubarak voiced our concern.

Because he thought radicals would win?

Exactly. But I think insistence on getting a democratic "solution" among the Palestinians at the time had sort of taken over [U.S. administration policy]. And, unfortunately, then we lost Israeli Prime Minister Sharon a few months later, and this [combination of events] has created a situation today that is, I do think, worse than where we were a year and a half ago.

So, to be clear, are you saying that the Bush administration, by pushing democracy so hard in the region, failed to see the risk that radical Islamists might be elected?

I think that's true, yeah. When you talk about how to promote democracy, you need to do it within the constraints of the countries you're working with. Palestinians did not elect Hamas because they believe in its principles. They elected Hamas because they were not satisfied with the status quo.

President Abbas recently went to Damascus against the wishes of the United States to meet with the Hamas leadership. Where does Egypt stand on this effort?

Our position is very clear. You need to get inclusion. And inclusion means you cannot ignore somebody. You cannot just say, "Hamas doesn't exist," or "Hizbullah doesn't exist," or "whatever faction in Iraq doesn't exist."

You're saying that Hamas should be included in a future Palestinian government with President Abbas.

Of course. They have to be. They have a majority in Parliament. They've been elected. They need to be there. Now to what extent, that's the negotiable part.

The U.S. appears to be reengaging in the area. You recently met with Secretary of State Condoleezza Rice.

Her visit to the region has shown that the United States is interested in moving along. For a change we are starting to look at the issues.

On her last visit, Rice seemed to put much less emphasis on the need for democracy in Egypt.

Egypt is going through a reform process. President Mubarak came up with changes in the Constitution that would take Egypt further along in democratization. I think the administration is more understanding of what's taking place.

Do you worry about the U.S. withdrawing from Iraq?

Under the current circumstances? Of course! There is no alternative in place. You'll just give those militias a free hand. And I think it would be seen as the U.S. opting out of the region. The U.S. started this, and they need to give closure to it in a proper way. Now, I think that what President Bush came up with is not an opting out, it's a commitment to peace and order. We support this, provided the Iraqi government deals even-handedly with both the Sunnis and the Shias.

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Black Hawk Down: The True Cost Of Iraq War (NSWK)

By Weston Kosova

Newsweek, January 29, 2007

For American soldiers stationed in Iraq, one of the few comforts of this war is how easily they can keep in touch with family back home. Many service members call their spouses and kids several times a week and e-mail daily, reassuring them that they are all right. Sgt. 1/c John Gary Brown knew his wife, Donna, worried every time he went up in the air. A Black Hawk helicopter crew chief and gunner with an Arkansas Army National Guard unit, Brown had experience calming the anxieties of his wife of 18 years. War had separated them before: Brown had flown missions over a similarly bleak landscape a decade and a half ago when he served in the gulf war.

That didn't make it any easier for Donna, so Brown called and wrote her almost every day. The only phone available to him was two miles from his barracks. At first he made the trek on foot, then bought a bicycle from a soldier who was rotating out. In their conversations, he reassured his wife that most of the time he was making routine flights over relatively safe territory. He even asked her to send "care" packages filled with sweets so that he could drop "candy bombs" to Iraqi children as the chopper whisked by. But there was no hiding the hazards of his duty. Large and often low to the ground, helicopters are a favorite target of insurgents, who fire at them with machine guns and rockets. They are also prone to mechanical problems, especially in the unforgiving Iraqi climate. About 90 helicopters have been lost since the war began.

Soldiers are not permitted to give their families details about combat operations. So Brown used a simple code when he spoke to Donna. If he mentioned he was going on a "training" flight, she knew not to worry. But if he told her he was going on a "mission," that meant he was heading into dangerous territory and he promised to contact her as soon as he landed. At 5:14 in the evening on Friday, Jan. 19, Donna was at home in Little Rock when Gary called and said the word she dreaded. He was at the airfield and ready to take off—this time on a "mission." Brown had just returned to Iraq after a 15-day home leave. On the phone, he told his wife how much he'd enjoyed being back with her and their two children and pair of grandchildren. Then he cut the conversation short. "I really have to go," he said. In the background, she could hear the thumping of the chopper's rotors.

She began to worry when he didn't call or e-mail on Saturday, but told herself he was probably still on duty and couldn't get to a phone or computer. She spent the day willing the phone to ring. When he still hadn't called by Sunday, she says, she suspected the worst. Still, the solemn visit from the Army's Casualty Assistance Officers came as a surprise. On Monday afternoon, there was a knock on the door. Christian, her 10-year-old grandson, answered and called to her that there were two men outside. She told the boy to ask them what they were selling. He said, "No, you don't understand. They're Army men."

Including Brown, 12 soldiers died around 3 p.m. Iraq time on Saturday when his Black Hawk crashed in Diyala province, northeast of Baghdad. The flight was a seemingly routine haul from the massive Camp Anaconda near Balad to the Iraqi capital, carrying four crew and eight passengers. Not far from the town of Baqubah, Brown's chopper—Easy 4-0—broadcast a mayday signal and went down; an accompanying Black Hawk landed nearby and its soldiers reportedly took fire from insurgents. The Army has been unusually tight-lipped about the details of the crash. It has not said exactly what went wrong. At first it reported 13 people had died, then 12. Officials tentatively blamed an equipment malfunction, then enemy fire. Now they say the crash is under investigation. The families of the soldiers say the Army did warn them not to expect much in the way of remains.

Those looking to put the crash into some larger perspective might point out that 10 of those who died were members of the National Guard—the greatest number of guard members killed in a combat mission since the Korean War. Or that the number of U.S. soldiers killed across Iraq that day (25 in all) made it one of the deadliest since the war began. But the most remarkable thing about the crash might be how quickly the deaths of a dozen soldiers can pass into and out of the public's consciousness these days, if they ever register at all.

More than 3,000 U.S. service members have now died in the Iraq war. At first it was difficult not to feel overwhelmed by the number of deaths. After four years, it is now difficult not to feel numb. In a nation without a draft, the emotional connection between the front and the home front is the weakest it has been in a major conflict in recent memory. There are so many news accounts of troops killed in combat that the details blur. The death of one soldier, or 20, loses its power to shock, except to the families of the fallen.

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At some point, the way we talk about the war itself changes. We speak less and less about husbandless wives and parentless children, and instead obscure the suffering in vaguer, more distant and—guiltily—easier terms. We shake our heads and talk about the "losses."

In Washington, the talk is now all about Iraq. Democrats, emboldened by their control of Congress and the president's sinking poll numbers, no longer fear being labeled "Defeatocrats" if they take a stand against George Bush on the war. And some Republicans, including Sens. Chuck Hagel and John Warner, are speaking out against the handling of the war and about the cost in human life. Nonetheless, the president, trying to appear conciliatory and resolute at the same time, is determined to send an additional 21,000 troops to Iraq, no matter what anyone else thinks. If Congress rejects the idea, Dick Cheney told CNN last week, "it won't stop us."

The president did not learn about the crash until late in the day on Saturday. Each morning he is handed what aides call "the blue sheets"—the overnight Iraq reports from the Situation Room that are printed on blue paper. The first line of each sheet lists the most recent casualties. But reports of the downed helicopter had not yet reached Washington. Bush spent part of the morning talking about the troop increase with Secretary of State Condoleezza Rice and Defense Secretary Robert Gates. Both had recently returned from a tour of Europe and the Middle East to promote the new Iraq strategy. The news wasn't all good. Not surprisingly, some of the allies weren't in favor of a troop escalation.

Is the president right that the additional troops can turn things around? Or is Iraq lost? These questions are the makings of a serious and long-overdue debate over the war. And yet so much of the chatter turns on the politics of the war. Who is up and who is down for 2008? Is the Bush presidency effectively "over" and will Americans trust a Democrat—and possibly a woman—to be commander in chief? Democrats (and rebelling Republicans) invest their passions in clinical debates over "exit strategies" and "withdrawal timetables," and congratulate themselves for "nonbinding" resolutions that condemn an increase in troops while still allowing them to go into the field. But few seem to be grappling with the fate of those soldiers.

There are, as always, more questions than answers about what to do in Iraq. Honest people can disagree about whether it is more dangerous to stay or to leave. But the 12 Americans who died in the Black Hawk crash offer us a vivid reminder of what is happening on the battlefield, and of the cost so many families are paying when loved ones die in combat. Guard members have taken on much of the burden of this war, and those who died aboard that helicopter were like many others who have lost their lives in the fighting: ordinary people asked to do the extraordinary. They were husbands and wives, parents and even grandparents. Some relied on their faith in God, others, their faith in the commander in chief. At least one no longer believed the war was worth fighting, but carried out his duties. Together, they left behind 34 children and at least a dozen grandchildren.

As we contemplate sending more men and women like them into harm's way, their demise leaves behind perhaps the only question that truly matters in wartime: is it worth it?

Army Capt. Sean Lyerly believed it was. At 31, Lyerly was among the younger soldiers onboard the helicopter. A proud Texan from a family with a history of military service, he went to Texas A&M and joined up with the Texas Army National Guard. "It's in the genes," says his father, George Lyerly, who himself served in the Army. "His granddaddy and uncle fought in World War II." Lyerly was determined to become a pilot. He flew relief missions in Louisiana after Hurricane Katrina and told his family about the satisfaction he got from plucking stranded people from rooftops. Up to that point his wife, 24-year-old Csilla, had convinced herself that she had no reason to fear his dedication to the guard. She worried about his flying, but she didn't give a second thought to the possibility of his being called up to serve in combat.

Most of the time Lyerly wasn't anywhere near an Army helicopter. In college he majored in horticulture and later worked as a manager in the garden department at a Home Depot. "The military was one weekend a month, two weeks a year. I never knew they could get deployed," Csilla says. "He mentioned something about maybe going to Bosnia, and I said, 'What do you mean, Bosnia? You're in the guard'." But last February, he got the call, and it wasn't Bosnia. He was nervous about going to Iraq, but he was also proud to become the next in his family to serve overseas. Like so many other soldiers, he said he "felt like he was making a difference." His wife tried to mirror his enthusiasm, but her fears sometimes got the better of her. "I was anxious. I had a bad gut feeling. There was just something ... " she recalls.

A combat captain, Lyerly was based at the sprawling Camp Anaconda, a major way station for the helicopter flights that crisscross Iraq now that the roads are so unsafe. Soldiers had nicknamed the place Mortaritaville because of frequent enemy

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attacks. Lyerly kept that kind of detail to himself when he called home to Pflugerville, a quiet suburb of Austin, each night at around 9 o'clock. Instead, he tried to re-create some semblance of home life by reading his toddler son, Zack, a favorite bedtime story—usually "Thomas the Tank Engine"—over a Webcam. A couple of days after Csilla was told that her husband had died, she tried to explain to her son what had happened. She told him about heaven, and described how beautiful it was. "Daddy went to heaven to meet God," she said gently. "We can talk to him, but we're not going to be able to see him anymore. He's always going to be able to hear us, but he's not going to come home." Zack looked back at her blankly. "Yes, he is," he said with all the worldly confidence of a 3-year-old. "He's in Iraq. When he's finished, he's going to come home."

Cpl. Victor Langarica did not share Sean Lyerly's optimism about the mission in Iraq. From the moment he received his deployment orders last April, he seemed convinced that he would not leave the war zone alive. Worse, he believed that he was going to die for no good reason. A twice-divorced single father of a young son and daughter, he had joined the Army hoping to gain the skills that would lead to higher pay than he made at Home Depot. His mother and ex-wives looked after the kids while he was overseas. He was proud of the nine months he served in combat in Afghanistan after 9/11, but the experience left the lighthearted 29-year-old sullen and fearful. Once he was surprised by an Afghan soldier who put a gun to his head. Just as the soldier was about to fire, a fellow American shot the Afghan dead. He never found out who had saved his life, but thought of him as an angel.

Unlike most of the others who died in the crash, Langarica was regular Army. But when he got his deployment papers to Iraq, he didn't want to go. The invasion made no sense to him. " 'I don't understand why Bush is doing this to us'," his mother, Pearl Lucas, recalled his saying. " 'If I die, I won't know why I died, if it was for oil or for revenge'."

Langarica arrived in Iraq last September. His fears about the dangers were justified. Stationed in southern Baghdad, he worked as a heavy-equipment mechanic and shouldn't have been in the thick of combat. But his job required him to repair Humvees and other vehicles that had broken down in the streets, amid gunfire and missile attacks. One day, as he lay under a vehicle performing a repair, a bullet grazed the top of his scalp.

In November, Langarica was granted a two-week leave. He returned to the United States to visit his mother and daughter in Decatur, Ga., and his son in Brunswick, Md. He told relatives that he dreaded returning. His aunt urged him to desert the Army and seek refuge in Nicaragua, where she and his mother were born. But Langarica was determined to finish out his tour, and returned to Iraq. Before he left, he told friends he didn't think he was going to see them again. He had already convinced himself he was "an angel of God—no matter what happens I will always be around." In a letter to his mother in 2003, he had confided, "I know it sounds crazy, but I really believe I am [an angel]."

The night before the helicopter flight, he called home for the last time, certain that he would die the next day. "You better make it," his mother told him. "Your kids are waiting here for you." She put his 6-year-old daughter, Devina, on the phone to talk with him. When he got back on the line with his mother, he was crying.

"I will remember you every second," he said.

Some of the time Jane Allgood was perfectly content not to know what her husband, Col. Brian Allgood, was doing over in Iraq. A West Point grad and orthopedic surgeon, Brian Allgood was the top medical officer for all Coalition forces in Iraq. He also used his position to help train Iraqi doctors. At 46, he was considered to be on the fast track to earning his first general's star. He routinely made hazardous trips around the country; his wife, Jane, a retired colonel who had served in the Army's Medical Service Corps, knew that his life was in danger. "I understood that it was an occupational hazard," she says. "I did not want to know when he was traveling in Iraq." The two had an arrangement. He would call home once a week, and e-mail as often as possible.

Allgood never doubted his path in life. He met his future wife at 17, and had already planned to earn a medical degree and launch a military career. Expert in flight and combat surgery, he also trained as an Army Ranger so that he could better treat jumpers' injuries. He rose quickly, served as the top U.S. military doctor in South Korea and was next scheduled to command a medical brigade in Germany, where his wife and 11-year-old son, Wyatt, live.

Allgood considered himself a doctor first, and stuck his neck out to get troops the equipment he thought they needed. This fall, an infantry unit requested fire-retardant uniforms, which were typically worn only by flight crews. Allgood believed all the men should have them. Within days, he authorized $20 million for the new uniforms. Officers with their eyes on promotion don't often make high-dollar demands of their superiors. "It would have been very easy to say no, or just give them to one unit," says Col.

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Donald Jenkins, who worked with Allgood in Baghdad. "There was a lot of questioning about the money. He didn't flinch." The mission that took his life was important to him. Allgood had spent hundreds of hours working to improve care for Iraqi civilians injured by insurgent attacks. He was returning to Baghdad that Saturday from Taji, where he had presented the Iraqi people with a new, American-built hospital.

Stories about soldiers fighting in Iraq do not immediately evoke images of grandparents in uniform. But many guard troops, plucked from their everyday civilian lives, are well into their 40s or even 50s. Lt. Col. David C. Canegata III of the Virgin Islands National Guard was the father of four and left behind a 15-month-old grandson. Command Sgt. Maj. Marilyn Gabbard of the Iowa Army National Guard and her husband, Ed, had seven children and 11 grandchildren between them. She was the only woman aboard. At 46, she had been in the military 28 years and was the first woman in the Iowa Guard to reach her rank.

Like Langarica, who eased his fears by believing himself an angel, many of the fallen took great comfort in faith. Canegata played keyboard and sang gospel in church with his wife, Shenneth. Thirty-seven-year-old Staff Sgt. Darryl Booker of the Virginia Army National Guard believed it was more than luck that saved him the day a rocket missed him by inches. "He would always tell me, 'I'm covered, Dad'," his father, Earnest Hardy, recalls. "Let me tell you, when he said he was covered, he meant Jesus was looking out for him. He was not talking about the U.S. government."

Others relied on their devotion to the cause itself. Roger Haller, a 49-year-old command sergeant major with the Maryland Army National Guard, was the top-ranking enlisted man in the guard's HQ 70th Regiment. Inspired by 9/11, Haller went to Afghanistan, and later to Iraq, for what would be his final mission. His son, Sgt. Daniel Haller, also served in Afghanistan and Iraq. Daniel is back home, and his father's tour was coming to a close soon. He had hoped to make it in time for his daughter Kathryn's high-school graduation. Retired Command Sgt. Maj. Kathleen Hurley, Haller's longtime friend, reminisced about his optimism under fire and his unshakable belief that he was doing the right thing by serving. She echoed the sentiments of many friends and family members when she said she did not want his service to be forgotten. "I don't want him to be just another casualty statistic. He was so much more."

Last Wednesday, about 1,200 soldiers gathered for a memorial service at Camp Anaconda. The base is home to the 36th Combat Aviation Brigade, the Army National Guard's first helicopter brigade. Four of the men who died in the crash had been assigned to the 36th CAB, whose service of moving men and material around Iraq is known as Catfish Air. The troops stationed there took the crash hard. On that Saturday afternoonthe men knew something serious had happened. Internet and phone service were shut down across the base, a tactic the military uses to prevent information leaks when soldiers are killed. When the lead helicopter on the fateful flight returned, its crew was led off to be debriefed immediately, before they'd even finished shutting down their bird completely. Another 24 hours passed before soldiers on the base were even told that a Black Hawk had gone down.

At the service, helmets and rifles were set up in honor of the dead. The brigade commander and chaplain rose to speak, then close friends of the fallen made short speeches. Together, the assembled soldiers had seen plenty of bloodshed, and many could not hold back their tears. "It was a pretty emotional scene," says Master Sgt. Charles Wheeler, a public-affairs officer. "People were not just trying to stand back and be stoic."

With reporting by Arian Campo-Flores in Decatur, Gretel C. Kovach in Pflugerville, Babak Dehghanpisheh in Baghdad, Stefan Theil in Heidelberg, Dan Ephron, Eve Conant, Richard Wolffe, Daren Briscoe, Jonathan Mummolo and Steve Tuttle in Washington and Andrew Murr, Sarah Childress and Karen Breslau.

Transcript: NEWSWEEK's Interview With Dick Cheney (NSWK)

Newsweek, January 29, 2007

Jan. 28, 2007 - NEWSWEEK: Let's start with Iraq, if I may. There's a lot of skepticism on the Hill, even inside the administration about the Iraqi prime minister's abilities, desire to take down the militias. Some people have said the militias have put him into power, so why would he take them down or want to take them down. So what gives you the confidence to think that he can actually be up to the job?

Dick Cheney: Well, I think we've got a lot of people who want to judge the success of the [Nuri al-]Maliki administration after some nine months in office. I think it's a little premature. I think he has been direct and forthright in responding to our concerns. I

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think there is some evidence that he's already beginning to act in terms of, for example, Iraqi forces rounding up as many as 600 members of the Jaish al-Mahdi [JAM, or Mahdi Army] in the last couple of weeks. His commitment to us is to go after those who are responsible for the violence, whoever they may be—whether they're Baathist or former regime elements or militia, Shia militia or criminal elements. And I think at this stage, we don't have any reason to doubt him.

You don't think it's a token gesture?

I think it's—people are trying to make a judgment on whether or not this plan is going to work I think far too early. And I think in fairness to the Iraqis, they need to be given an opportunity to follow through on their commitments.

The president—and I think you also—have spoken about the possibility of regional war in case of American withdrawal, a chaos in Iraq, and I think the president referred to it as an epic battle between extremists. What's the basis for thinking that it would be a broader war? What lies behind that kind of analysis in your mind?

Well, I think it's a concern that the current level of sectarian violence—Shia on Sunni and Sunni on Shia violence would increase, and perhaps break out in other parts of the country. It's pretty well concentrated right now in the Baghdad area.

There are a lot of other concerns, as well, with what would happen if we were to withdraw from Iraq and do what many in the Democratic Party want us to do. It clearly would have, I think, consequences on a regional basis in terms of the efforts that we've mounted not only in Iraq, but also in Afghanistan and Pakistan and Saudi Arabia. This is a conflict that we're involved in on a wide variety of fronts in that part of the world. And hundreds of thousands of people literally have signed on in that battle to take on the Al Qaeda or the Al Qaeda types, in part because the United States is there, because we're committed, because we provide the leadership, and because we're working closely with people like President [Pervez] Musharraf in Pakistan, and [Hamid] Karzai in Afghanistan and so forth.

And a decision by the United States to withdraw from Iraq I think would have a direct negative impact on the efforts of all of those other folks who would say wait a minute, if the United States isn't willing to complete the task in Iraq that they may have to reconsider whether or not they're willing to put their lives on the line serving in the security forces in Afghanistan, for example, or taking important political positions in Afghanistan, or the work that the Saudis have done against the Al Qaeda inside the kingdom.

All of a sudden, the United States which is the bulwark of security in that part of world would I think no longer—could no longer be counted on by our friends and allies that have put so much into this struggle.

But would that encourage them to take a role in an Iraqi civil war? There's this idea that regional powers would step in.

No, I think—I think when you look at Iraq, you have to look at Iraq in the broader context. And you cannot evaluate the consequences of the U.S. withdrawal from Iraq only in terms of Iraq. You've got to look at it in terms of what it means in other parts of the globe, really.

Remember what the strategy is here for Al Qaeda. Their strategy is that they can break our will. They can't beat us in a stand-up fight. They never have—but they believe firmly because they talk about it all the time—that they can, in fact, break the will of the American people and change our policies if they just kill enough Americans, or kill enough innocent civilians. And they cite Beirut in 1983, and Mogadishu in 1993 as evidence of that, and then they see the debate here in the United States over whether or not we've got the right policy in Iraq, whether or not we ought to stay committed there as evidence reinforcing their view that, in fact, the United States can be forced to withdraw if they simply stay the course that they're on, that is to say the Al Qaeda and the terrorist extremists stay the course that they're on.

So Iraq to some extent is a test of that basic fundamental proposition. Is their strategic view that we won't complete the job correct? Or is our strategic view correct, that we can, in fact, organize people in that part of the world, as well as use our forces in order to achieve a significant victory and defeat those elements that, among other things launched an attack on the United States on 9/11 and killed 3,000 Americans.

You've made the case that a collapsed Iraq would become a terrorist haven. The president has also said that. Al Qaeda is essentially … Look at what happened to Afghanistan.

But Al Qaeda is essentially a new organization in Iraq, a Sunni organization and it has this element of foreign fighters. Isn't there a reason to think that if there was full-blown civil war, the Shia would essentially beat them and neutralize that as being a hostile force as they take control of the country?

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What's the basis for that?

There are more Shia.

Well, let's look at Afghanistan. In 1996, there were no Al Qaeda in Afghanistan. That's when [Osama] bin Laden moved in and found refuge there. A handful of Arabs, foreign fighters, if you will, subsequently opened up training camps, trained somewhere—estimates range from 10,000 to 20,000 terrorists in the late '90s, developed a safe haven and a base of operations from which they blew up American embassies in East Africa, attacked the USS Cole, launched the planning and training for 9/11. That all took place in Afghanistan under circumstances that are similar to what you've just hypothesized about for Iraq.

OK. Can we talk about Iran? You've traveled the region, you have extensive contact especially in the [Persian] Gulf, the Saudis, what are you hearing about their concerns about Iran's rise, its role in the region now?

I think there's widespread concern throughout the region about Iran, and in particular, Iran under [President Mahmoud] Ahmadinejad. I think a lot of people in the area—I don't want to attribute this to any one particular government—but a lot of people in the area feel directly threatened. They're concerned about Iran using surrogates such as the Syrians and Hizbullah, for example, in an effort to topple the government of Lebanon. They're concerned about Iran working through Hamas to prevent any progress of the peace process vis-a-vis Israel. They are concerned about sort of a struggle for leadership of the Islamic world between Shia and Iran and Sunnis elsewhere. They're concerned about Iran's drive to acquire nuclear weapons. And of course, there's a long history of Iran trying to asset itself as the dominant power in the region. It has been a theme that you can find running back several decades.

And one of the unique things I find now as I talk to representatives of governments from the region is they're all pretty much in agreement on that proposition—greater agreement if you will among the folks in the region than I can recall on most other propositions in recent years.

Is there a concern from those allies that America is too tied down, too overwhelmed with the situation in Iraq to deal or have the capacity to deal with Iran?

I haven't seen that. I think most of the nations in that part of the world believe their security is supported, if you will, by the United States. They want us to have a major presence there. When we—as the president did, for example, recently—deploy another aircraft carrier task force to the gulf, that sends a very strong signal to everybody in the region that the United States is here to stay, that we clearly have significant capabilities, and that we are working with friends and allies as well as the international organizations to deal with the Iranian threat.

That deployment I suppose raised another round of speculation inside Washington that military action was being worked on, that something was around the corner, can you see a scenario where air strikes on Iran would be justified?

I'm not going to speculate about …

It's my job.

… security action. You've got to ask, but the fact is we are doing what we can to try to resolve issues such as the nuclear question diplomatically through the United Nations, but we've also made it clear that we haven't taken any options off the table.

Can we switch to some politics right now? Politics of Iraq, especially. There has been little open support for the president's plan for extra troops in Iraq from the Republican Party. John Warner has obviously come out fairly strongly against it. Do you worry that the party has lost the stomach for the fight?

Well, I think—my sense of it is that the election results last November obviously represented a blow to our friends on the Hill, Republicans on the Hill—to go from majority to minority status. I think a lot of members were concerned or felt that their political fortunes were adversely affected by our ongoing operations in Iraq.

My sense of it is that what's happened here now over the last few weeks is that the president has shored up his position with the speech he made a couple of weeks ago, specifically on Iraq. And I think the speech, frankly Tuesday night, the State of the Union address was one of his best. I think there's been a very positive reaction of people who saw the speech. And I think to some extent that's helped shore us up inside the party on the Hill.

Now, we haven't had a lot of votes yet. The one vote that we've seen was the Senate Foreign Relations Committee yesterday [Wednesday] where—with the exception of Chuck Hagel—the Republicans were united in opposing what [Sen. Joe] Biden and [Sen. Carl] Levin and so forth were suggesting. So I think at this stage, that most members on our side of the aisle

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recognize that what's ultimately going to count here isn't sort of all the hoorah that surrounds these proposals so much as it's what happens on the ground in Iraq. And we're not going to know that for a while yet.

We've got a very good man in Dave Petraeus. Going out to take command and I think a credible program. And the ultimate test will be how well it works.

Senator Hagel said some pretty harsh things about the administration [on Wednesday]. He said, there was no strategy. He said…

It's not the first time.

Well, he said it was a—the "ping-pong game with human beings." Do you have a reaction to that kind of comment?

I thought that Joe Lieberman's comments two days ago before—it was when the Armed Services Committee had General Petraeus up for his confirmation hearings—were very important. And Joe basically said that the plan deserved an opportunity to succeed that—I think this was Joe, if it wasn't Joe, one of the other members did—that we're sending General Petraeus out with probably a unanimous or near unanimous vote, and that it didn't make sense for Congress to simultaneously then pass a resolution disapproving of the strategy in Iraq.

There are consequences of what Congress does under these circumstances. And I thought Joe was effective in pointing out some of those consequences, both from the standpoint of our people who are putting their lives on the line and for the nation, as well as consequences from the standpoint of our adversaries.

So you don't think Senator Hagel-and now you dodged completely responding to his comments—but they're not helpful to the cause and to the mission?

Let's say I believe firmly in Ronald Reagan's 11th commandment: Thou shalt not speak ill of a fellow Republican. But it's very hard sometimes to adhere to that where Chuck Hagel is involved.

May I ask about public opinion here because a series of—a succession of polls have shown this low level of support for the war, for the president's new plan, looking back, you made some comments before the war talking about being greeted as liberators. You weren't the only one. And of course, the early part of the invasion did go better than people expected. But do you think that people weren't sufficiently prepared, public opinion wasn't sufficiently prepared for the length of this conflict, for the difficulties involved? And do you have any regrets about your own role in preparing public opinion for that?

Well, we—the comments I made were based on the best information we had. I think there's no question but what the struggle has gone on longer than we anticipated, especially in Baghdad, that the events such as the bombing of the Golden Dome in Samarra a year ago was a deliberate Al Qaeda strategy that [Abu Mussab al-]Zarqawi pursued, and it worked. He finally provoked the Shia to retaliate against the Sunni. Things like that, that have I think constituted setbacks.

It does not, though, lead me to conclude that what we're doing in terms of our overall effort, taking down Saddam Hussein's regime standing up a new democracy in Iraq isn't a worthy objective. I think it is. I think we have made significant progress. There's still a lot more to do—no question about it.

But I guess, the other sense I have that the conflict we're involved in—not just Iraq but on the broader basis against Al Qaeda, against the threat that's represented by the extreme elements of Islam on a global basis now is going to go on for a long time. And it's not something that's going to end decisively, and there's not going to be a day when we can say, there, now we have a treaty, problem solved. It's a problem that I think will occupy our successors maybe for two or three or four administrations to come.

It is an existential conflict. It is, in fact, about the future of civilization on large parts of the globe, in terms of what's represented by Al Qaeda and their associates. And it's very important that we recognize it's a long-term conflict, and we have to be engaged. There might have been a time when we could retreat behind our oceans and feel safe and secure and not worry about what was happening in other parts of the globe. But that day passed on 9/11.

And now, when we face the very real prospect that attacks can be mounted against the United States from various parts of the globe, including Europe—remember, the last threat was out of the U.K. with airliners to be blown up over the Atlantic—and where the possibility exists that the terrorists could next time have far deadlier weapons than anything they have used to date, this is a very serious problem. And the United States cannot afford not to prevail.

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The question about the run-up to war, the weapons of mass destruction, do you feel that, in making—do you feel that your credibility was hurt by that, and that, in a sense, no matter what the warnings are about this broader conflict, that, in some ways, getting beyond the run-up to the war and the eternal debate about the run-up to war, means it's harder to make the case about the broader threats now?

Well, I have my own personal view. Obviously there was flawed intelligence prior to the war. We've seen reports from the Senate Intelligence Committee and the Robb-Silberman commission and so forth—but that we should not let the fact of past problems in that area lead us to ignore the threat we face today and in the future. It would be a huge mistake.

And the—in terms of whether or not it adversely affected public opinion, I think it clearly did, but that does not lead me to conclude that we didn't do the right thing when we went into Iraq and took down Saddam Hussein's regime, et cetera.

The media has this—if not the media, public opinion—has this caricature of you, the Darth Vader in the bat cave, and various things. You must be very familiar with that. Do you think you get a fair crack from the media?

Oh, I don't worry about it a lot. I'm at that stage in my life where I'm not running for any office. I'm here to do a job for the president of the United States. It's important that I tell people what I think—and I do. And from the standpoint of the decisions the president makes and the way we try to conduct business, we don't worry a lot about the polls, what they say about us …

Or the newspapers?

… or the newspapers. If you've been around—by the time I leave here, it will have been over 40 years since I arrived in Washington, and I've been praised when I didn't deserve it, and probably criticized when I didn't deserve it. And there aren't enough hours in the day for me to spend a lot of time worrying about my image.

Let me ask you about events going on at the courthouse down—not far from here. We think it's fairly unprecedented that a sitting vice president would testify …

I'm not going to talk about the trial, obviously.

About your decision to testify, about the precedent?

Sorry, I'm not going to discuss it.

Had to ask. I just want to end—because we're running short of time—President Ford, his recent funeral, did it put you in a reflective mood about that period? Do you draw any parallels to now? What was the sort of overwhelming feeling as you thought about then and now, going through all the private and public moments surrounding the funeral?

Well, I did think about, obviously, the president a lot as we went through that, really, week-long period of national mourning. I was, like I think a lot of us who were close to him and worked for him and are part of this administration, delighted to see the outpouring of tributes to his leadership, to what he represented to the country under very difficult circumstances, and praise for the tough, tough decisions he made—in particular, for example, the pardon.

And I reflected back on where we'd been 30 years ago when, after he made those decisions and, obviously, suffered for it in the public opinion polls and the press, and how history judged him 30 years later very, very favorably because of what he'd done and because he had displayed those qualities of leadership and decisiveness, steadfastness, if you will, in the face of political opposition that became a hallmark of his administration.

Is there a parallel to now?

There may well be.

One other question. Bob Woodward reported that President Ford thought you had justified the war wrongly, and that he agreed with Colin Powell that you developed a fever, I think was the word, about Saddam Hussein, about terrorism. Did you feel that was accurate? Did it surprise you?

I've never heard that from anybody but Bob Woodward.

And other comments that—criticism from Scowcroft about not knowing you anymore—people have got quite personal, people you worked with before. You wouldn't be human if it didn't have some reaction.

Well, I'm vice president and they're not. (Laughter.)

Thank you very much.

Thank you.

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250 Are Killed In Major Iraq Battle (NYT)

By Damien Cave

The New York Times, January 29, 2007

BAGHDAD, Jan. 28 — At least 250 militants were killed and an American helicopter was shot down in violent clashes near the southern city of Najaf on Sunday, Iraqi officials said.

For 15 hours, Iraqi forces backed by American helicopters and tanks battled hundreds of gunmen hiding in a date palm orchard near the village of Zarqaa, about 120 miles south of Baghdad, by a river and a large grain silo that is surrounded by orchards, the officials said.

It appeared to be one of the deadliest battles in Iraq since the American-led invasion four years ago, and was the first major fight for Iraqi forces in Najaf Province since they took over control of security there from the Americans in December.

That handover was trumpeted by the Iraqi government at the time as a sign of its progress in regaining more control of Iraqi territory.

The American military confirmed that the helicopter crashed around 1:30 p.m., and said that two soldiers aboard died in the crash. But American military officials said they could not confirm the total number of dead in the battle.

Col. Ali Numaas, a spokesman for the Iraqi security forces in Najaf, and an Interior Ministry official said the number of dead could rise. They said that the fighting stopped just after 10 p.m. and that most of those killed were militants. An employee at a local morgue said at least two Iraqi policemen were among the dead.

In a statement, the United States military said bodies of the two soldiers aboard the helicopter were recovered. The crash, at least the third involving an American helicopter in Iraq over the past week, is under investigation.

The precise affiliation of the militants was unclear.

Asad Abu Ghalal, the governor of Najaf Province, said the fighters in the orchard were Iraqi and foreign, some wearing the brown, white and maroon regalia of Pakistani and Afghan fighters. He said they had come to assassinate Shiite clerics and attack religious convoys that were gathering in Najaf, one of Shiite Islam's holiest cities, and other southern cities for Ashura, a Shiite holiday that starts Monday night.

At a news conference on Sunday afternoon, Mr. Ghalal said the fighters called themselves the Soldiers of Heaven, and seemed to be part of a wider Sunni effort to disrupt Ashura, which marks the seventh-century death of the Prophet Muhammad's grandson Hussein.

The holiday attracts hundreds of thousands of Shiite pilgrims to Karbala, where Hussein is believed to have been killed, and for days, the roads of southern Iraq have been filled with convoys of pilgrims beating drums and preparing for the day's rituals, which include self-flagellation. In past years, Ashura has been a magnet for violent attacks from Sunnis, with at least 180 people killed on the holiday three years ago.

But two senior Shiite clerics said the gunmen were part of a Shiite splinter group that Saddam Hussein helped build in the 1990s to compete with followers of the venerated Shiite religious leader Grand Ayatollah Ali al-Sistani. They said the group, calling itself the Mehwadiya, was loyal to Ahmad bin al-Hassan al-Basri, an Iraqi cleric who had a falling out with Muhammad Bakr al-Sadr — father-in-law of the Shiite leader Moktada al-Sadr — in Hawza, a revered Shiite seminary in Najaf.

The clerics spoke on condition of anonymity because they said they had been ordered not to discuss Shiite divisions.

Iraqi officials said the group of 100 to 600 fighters was discovered in the orchard Saturday night, leading to a midnight meeting of local authorities who hatched an attack plan.

"We agreed to carry out an operation to take them by surprise," said Mr. Ghalal, the Najaf governor.

At dawn, the governor said, the area was surrounded and the offensive began. He said the militants had antiaircraft rockets and long-range sniper rifles, and, according to a soldier involved in the fighting, Iraqi security forces encountered heavy resistance. Commanders called for reinforcements and a brigade of soldiers from nearby Babil Province joined the fight.

Eventually, Iraqi officials said, they called on the United States military for help. American tanks and helicopter gunships arrived, and gun battles continued into the night. By 10:30 p.m., the gunfire had died down and Iraqi troops began searching the area for bodies.

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Elsewhere in the heavily Shiite south, there were other signs of potential strikes on Ashura. Officials in Karbala said the police arrested three men — a Saudi, an Afghan and a Moroccan — who were found on the road between Najaf and Karbala with a suicide bomb belt and explosives in their car. The officials said the vehicle had been hollowed out so it could be used as a car bomb.

The United States military also announced the deaths of a soldier and a marine on Saturday.

The marine died from combat wounds in Anbar Province, where American troops have been battling Sunni insurgents for months. The soldier, a member of the military police, was killed when a roadside bomb exploded near his patrol north of Baghdad.

Throughout Iraq, the drumbeat of daily violence continued.

In Kirkuk, two car bombs at a Kurdish car dealership and a Kurdish market killed at least 17 people, authorities said.

In Baghdad, 54 bodies were found, many showing signs of torture. At least five girls were killed and 20 wounded when a mortar round hit a school in Adil, a Sunni neighborhood.

At 7:30 a.m., a bomb inside a minibus exploded in a Shiite area of the capital east of the Tigris River, killing one and wounding five. Two hours later, in the Sunni area of Yarmouk in western Baghdad, gunmen killed four people, including a consultant with the Ministry of Industry and his daughter, who were shot on their way to work.

After dark Sunday night, residents of the Yarmouk neighborhood reported that heavy clashes had broken out, with gun and mortar fire raining down for hours.

Also on Sunday, Saddam Hussein's cousin Ali Hassan al-Majid acknowledged in court that he had given orders to destroy scores of villages during Iraq's campaign against the Kurds in the 1980s.

Prosecutors introduced two dozen documents they said incriminated members of the Hussein government in the killing of tens of thousands of Kurds.

The Associated Press reported that Mr. Majid, also known as Chemical Ali because he is accused of using chemical weapons against the Kurds, said the area "was full of Iranian agents."

"We had to isolate these saboteurs," he said.

He added, "I am the one who gave orders to the army to demolish villages and relocate the villagers."

Hundreds Die In Clash Near Shiite Holy City (LAT)

By Louise Roug And Borzou Daragahi

The Los Angeles Times, January 29, 2007

BAGHDAD — Iraqi and American forces killed several hundred gunmen apparently planning to attack a Shiite Muslim shrine Sunday, fighting a daylong battle in which a U.S. helicopter crashed, killing two U.S. troops, Iraqi security officials said.

The fighting in the holy city of Najaf on the eve of the Shiite holiday of Ashura came as a mortar attack killed five teenage girls at a school in Baghdad and the daily nationwide civilian death toll again climbed past 100.

Iraqi security officials offered conflicting accounts of the identity and motives of the heavily armed fighters in Najaf, variously describing them as foreign fighters, Sunni Arab nationalists, loyalists of executed former dictator Saddam Hussein, or followers of a messianic Shiite death cult. Some witnesses reported that the attackers wore colorful Afghan tribal robes.

The cause of the helicopter crash in Najaf was unclear, but U.S. and Iraqi officials said it was felled by fire from the ground, and witnesses said they saw it shot out of the sky. It was the third helicopter to go down in eight days.

Three additional U.S. troops were reported killed Sunday.

Sunday's fighting in Najaf and elsewhere was extraordinary, even by Iraq's bloody standards, highlighting the challenge faced by U.S. and Iraqi forces, which are fighting a complex patchwork of elusive enemies, including Shiite militias and Sunni Arab insurgents. The deaths in Najaf would comprise the highest daily casualty toll inflicted by U.S. and Iraqi forces since U.S. troops arrived in Baghdad.

Iraqi security forces took authority over Najaf's security about a month ago. But witnesses and security officials said Sunday that Iraqi forces were being beaten by the enigmatic but well-organized fighters until U.S. forces and air support arrived.

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Shaky footage recorded by mobile telephone, broadcast on Iraqi television, showed Iraqi soldiers hunkered behind a berm as intense gunfire erupted and smoke rose in the distance.

Ali Nomas, an Iraqi security official in Najaf, said the fighters belonged to a group calling itself Heaven's Army — one among several messianic cults that have appeared among Shiites, who believe in the imminent return of Imam Mahdi, the last in the line of Shiite saints who disappeared more than 1,000 years ago. Nomas said the information came from interviews with at least 10 detained fighters.

"Everyday someone claims he's the Mahdi," he said.

Nomas said the leader of the hitherto unknown Heaven's Army had told followers that he was a missing son of the Imam Ali, the cousin and son-in-law of the prophet Muhammad. Ali's remains are entombed in Najaf.

"They believe that the Mahdi has called them to fight in Najaf," he said, adding that fighters had converged on Najaf from other predominantly Shiite cities in Iraq.

Nomas lamented that Iraq's death and destruction had convinced some Shiites that the end of days was coming.

"There's nothing bizarre left in Iraq anymore," he said in a telephone interview. "We've seen the most incredible things."

But Najaf Gov. Asad Abu Gulal said some of the fighters were members of Hussein's Baath Party.

Although they disagreed on the attackers' identity, Iraqi officials and witnesses offered similar accounts of events on the battlefield. Most of the fighting took place in farmland outside the city, which also is home to the most revered Shiite cleric, Grand Ayatollah Ali Sistani. Security forces cordoned off the ancient, labyrinthine city to prevent attacks on pilgrims, clergy and holy sites, the governor said.

The gunmen, numbering at least 500, apparently planned to launch their attack today, the 10th day of the Muslim lunar month of Muharram and the holiest day in the Shiite calendar. But Iraqi security forces were tipped off Sunday night about their presence on nearby farms, Gulal said.

Iraqi security forces struck at dawn but were overwhelmed by the militants, who had dug trenches on farms. At least two Iraqi soldiers were killed in the initial fighting, a security official in Baghdad said.

Iraqi forces then called in U.S. air support as well as the Scorpion Brigades, an Iraqi quick-reaction force based in a neighboring province.

Helicopters arrived, but after one crashed around 1:30 p.m., they were replaced by higher-flying jets, as American Humvees and armored vehicles rolled into the area.

Three more Iraqi soldiers were killed, as were at least 250 of the fighters, according to several Iraqi officials. Those numbers could not be independently confirmed. By 4 p.m., the tide of the battle had shifted, but U.S. forces continued bombing into the night in an attempt to stamp out remnants of the militants, Iraqi officials and witnesses said.

Two U.S. soldiers and a Marine were killed in three separate attacks around Iraq on Saturday, the U.S. military said Sunday. The deaths brought the number of U.S. military personnel killed in Iraq since the U.S.-led invasion in 2003 to 3,080, according to icasualties.org.

Violence began early Sunday and continued throughout the day in several Iraqi cities, including Kirkuk, where bombings killed 14 people, and Babil, where mortar rounds killed 10 and five bodies were found in the Tigris River. A suspected Baath Party loyalist was assassinated in the southern city of Kut, and in the western city of Fallouja, a car bomb killed two and injured four.

Killers in Baghdad targeted both Sunnis and Shiites. In a Sunni neighborhood in west Baghdad, mortar rounds hit a girl's secondary school, killing five students and wounding 21 others. In another western neighborhood, explosives hidden in a wooden cart killed four and injured 18, while an Industry Ministry advisor and his daughter were shot to death in a nearby area.

In a Shiite neighborhood on the east side of the Tigris River, a bomb exploded on a bus, killing one and injuring five others. Two other bombings killed seven and injured 35 people in Shiite neighborhoods.

Gunmen elsewhere in the capital killed a bank clerk in a car lot near her house. At least 54 bodies were found in various Baghdad neighborhoods, including a woman kidnapped two days ago, her family said.

Meanwhile, Iraqi officials in Diyala province northeast of Baghdad sacked 1,500 policemen, charging them with absenteeism and fleeing fighting. They also dismissed Baqubah Mayor Khalid Sanjary for having alleged ties to Sunni Arab rebels. The province is riddled with Al Qaeda cell members as well as militiamen affiliated with Shiite cleric Muqtada Sadr.

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Times staff writers and special correspondents in Baghdad, Baqubah, Hillah, Najaf and Kirkuk contributed to this report.

Iraqis Raid Insurgents Near Shiite Holy City (WP)

By Joshua Partlow And Saad Sarhan

The Washington Post, January 29, 2007

BAGHDAD, Jan. 28 -- Iraqi soldiers, backed by U.S. helicopters, stormed an encampment of hundreds of insurgents hiding among date palm orchards in southern Iraq in an operation Sunday that set off fierce, day-long gun battles during the holiest week for the country's Shiite Muslims.

Iraqi security officials said the troops killed scores of insurgents while foiling a plot to annihilate the Shiite religious leadership in the revered city of Najaf. A U.S. helicopter crashed during the fighting, killing two soldiers.

The spokesman for Iraqi security forces in Najaf, Col. Ali Nomas Jerao, said that 250 suspected insurgents were killed in the fighting, which took place about eight miles northeast of Najaf, and that 40 people were detained. The U.S. military did not provide death tolls for Iraqi forces or insurgents.

Thousands of Shiite pilgrims from Iraq and neighboring countries are traveling this week in drum-beating caravans to the southern city of Karbala, 50 miles north of Najaf, in commemoration of the death of the prophet Muhammad's grandson in the 7th century. Iraqi authorities said they believed that the fighters, a diverse cadre of Sunni, Shiite, Afghan and other foreign gunmen, convened under cover of the pilgrims to set up a camp within striking distance of the Shiite religious leadership when attention was away from Najaf.

The fighters, who called themselves the Soldiers of the Sky, are driven by an apocalyptic vision of clearing the Earth of the depraved in preparation for the second coming of Muhammad al-Mahdi, a Shiite imam who disappeared in the 9th century, according to Ahmed Duaibel, a spokesman for the provincial government in Najaf. The governor of Najaf province, Assad Abu Gilel, said the group planned to attack pilgrims and shrines and to assassinate Shiite clerics at the peak of the religious holiday, called Ashura, which culminates Tuesday.

"Imam Mahdi is among you," a voice on a loudspeaker could be heard saying by a Washington Post special correspondent who spent the day at a checkpoint near the orchards. "Fight until martyrdom."

"Today's attack was designed to destroy all of Najaf, even the holy shrine of Imam Ali," said Duaibel, referring to one of the most revered Shiite shrines, near the offices of Grand Ayatollah Ali Sistani. If successful, such a provocative attack could surpass in significance the bombing at the Askariya shrine in Samarra last February that drastically escalated sectarian killing in Iraq.

The fighting began overnight when a police checkpoint near Najaf came under fire, leading the Iraqi police to the farms in the Zargaa area where the fighters had dug trenches and stockpiled weapons, said Lt. Rahim al-Fetlawi, a police officer in Najaf. The officers who responded found themselves outgunned by the estimated 350 to 400 insurgents entrenched there, said Col. Majid Rashid of the Iraqi army in Najaf.

Reinforcements from the Iraqi army's 8th Division arrived along with U.S. helicopters and ground troops. Iraqi security forces maintain primary control of Najaf province, and U.S. forces do not have an established, full-time presence there. U.S. military units based in Baghdad responded to Najaf when the fighting escalated.

"They saw that they needed some help and called in air support," a U.S. military official said on condition of anonymity. "That's exactly what they're supposed to do."

During the operation, a U.S. military helicopter based in Baghdad crashed about 1:30 p.m., killing two soldiers, the military said. The military did not say whether the helicopter was shot down.

A Washington Post special correspondent at the scene saw the helicopter trailing smoke and circling before coming down in a field of sandy dirt. Maj. Beshari al-Ghazali of the Iraqi army said that the helicopter was shot down and that another U.S. helicopter took fire but did not crash. Iraqi officials said the insurgents were using shoulder-fired rockets, antiaircraft guns and Katyusha rockets.

"The people we were fighting were highly capable, well trained and very good at street fighting," said Capt. Muthanna Ahmed, a spokesman for the police in neighboring Babil province.

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The prospect of insurgents lying in wait to attack Shiites illustrated the crisis between rival religious groups in Iraq, where extremists remain intent on undermining the religious and political order. The attack was the first large-scale battle since Iraqi forces assumed security control of the province last month and one of the deadliest Iraqi-led operations of the war. In August 2004, the U.S. military waged a three-week battle in Najaf against Shiite militiamen loyal to cleric Moqtada al-Sadr.

Iraqi officials said the insurgent leader on Sunday was Ahmed Hassan al-Yamani, a Shiite from Diwaniyah province in southern Iraq.

"This is an impostor Shiite," said Sheik Ali al-Najafi, the son of Bashir al-Najafi, one of the four leading Shiite religious figures in Najaf. "He is aiming at dismembering the Shiites in Iraq" and assassinating Shiite religious leaders, he said, "but God has failed him."

"These are very critical days now, because of the ceremonies of Ashura, and of course there are expectations that terrorist groups and criminals will launch attacks against the pilgrims who are trying to reach the city of Karbala," said Haithem Hasani, a media adviser for Abdul Aziz al-Hakim, the head of the Supreme Council for the Islamic Revolution in Iraq, a Shiite political faction.

An Iraqi police official said he believed that some of the seasoned fighters in the date palm grove came from Fallujah and Ramadi, embattled towns in the western province of Anbar that are strongholds of the insurgent group al-Qaeda in Iraq.

U.S. military officials said the operation was ongoing in Najaf, and the clatter of gunfire and drone of aircraft were heard Sunday night.

The violence continued Sunday elsewhere in Iraq. In Baghdad, mortar shells crashed down on a girls' high school, killing at least five students and wounding 13 other people, including two female teachers, according to Brig. Gen. Saad Sultan of the Interior Ministry.

Gunmen attacked a police station in the al-Wahada district of Mosul, and five of the attackers were killed in the ensuing fighting, according to Maj. Gen. Wathiq al-Hamdani, police chief of Nineveh province.

The U.S. military announced the deaths of three U.S. service members Saturday, a Marine in Anbar province and two soldiers in the Baghdad area.

Also Sunday, the Associated Press reported that two car bombs exploded in the northern city of Kirkuk, killing 11 people and wounding 34, according to a police official.

The AP also reported that the mayor of Baqubah and 1,500 police officers in Diyala province had been fired in an effort to end violence in that region northeast of Baghdad, according to the provincial police.

In the ongoing war crimes trial for the destruction of Kurdish villages in northern Iraq, deposed president Saddam Hussein's cousin said in court Sunday that he had given orders to destroy the villages in the 1980s, the AP reported.

Ali Hassan al-Majeed, known as "Chemical Ali" because he is accused of using chemical weapons during the Anfal campaign, a systematic killing of Kurds, said, "I am the one who gave orders to the army to demolish villages," the AP reported. Ali is one of six defendants facing war crimes charges.

250 Militants Slain In Fight Near Najaf (AP)

By Robert H. Reid, Associated Press

AP, January 29, 2007

BAGHDAD -- U.S.-backed Iraqi troops yesterday attacked insurgents reportedly plotting to kill pilgrims at a major Shi'ite Muslim religious festival, and Iraqi officials estimated that about 250 militants died in the daylong battle near Najaf. A U.S. helicopter crashed during the fight, killing two American soldiers.

Authorities said Iraqi soldiers supported by U.S. aircraft fought all day with a large group of insurgents in the Zarqa area, about 12 miles northeast of Najaf, home to major Shi'ite shrines.

Col. Ali Nomas, spokesman for Iraqi security forces in Najaf, said more than 250 corpses had been found. Iraqi army Maj. Gen. Othman al-Ghanemi also spoke of 250 dead but said an exact number would not be released until today. He said 10 gunmen had been captured, including one Sudanese.

DOJ_NMG_0122879

In other violence yesterday, mortar shells hit the courtyard of a girls school in a mostly Sunni Arab neighborhood of Baghdad, killing five students and wounding 20. Two car bombs exploded within a half-hour in the northern city of Kirkuk, killing 11 persons and wounding 34.

In addition to confirming the two American deaths in the helicopter crash, the U.S. command announced three combat deaths from Saturday -- one Marine in Anbar province and two soldiers in the Baghdad area.

Provincial Gov. Assad Sultan Abu Kilel said the assault in Najaf was staged because the insurgents planned to attack Shi'ite pilgrims and clerics during ceremonies marking Ashoura, the holiest day in the Shi'ite calendar. The celebration culminates tomorrow in huge public processions in Karbala and other Shi'ite cities.

Officials were not clear about the religious affiliation of the militants. Although Sunni Arabs have been the main force behind insurgent groups, several Shi'ite militant and splinter groups have clashed from time to time with the government.

The governor said Iraqi soldiers attacked at dawn and militants hiding in orchards fought back with automatic weapons, sniper rifles and rockets. He said the insurgents were members of a previously unknown group called the Army of Heaven.

"They are well-equipped, and they even have anti-aircraft missiles," the governor said. "They are backed by some locals" loyal to Saddam Hussein, the ousted dictator who was executed last month.

Mr. Abu Kilel said two Iraqi policemen were killed and 15 were wounded, but there was no word on other Iraqi government casualties.

A U.S. statement said the American helicopter went down while "conducting operations to assist Iraqi Security Forces" in the attack. It said that two crew members died and that their bodies were recovered. The statement did not say why the aircraft crashed.

It was the second U.S. military helicopter to go down in eight days. Twelve U.S. soldiers died Jan. 20 when a Black Hawk crashed northeast of Baghdad. The Army says it is investigating the cause, but a Pentagon official has said debris indicated the helicopter was downed by a missile.

The mortar attack in Baghdad occurred about 11 a.m. at the Kholoud Secondary School in the Adil neighborhood, police and school officials said. The principal, Fawzyaa Hatrosh Sawadi, said students were mingling in the courtyard during a break in exams when at least two shells exploded.

The blasts shattered windows in classrooms, spraying students with shards of glass. Associated Press Television News footage showed pools of blood on the stone steps and walkways. A fin from a mortar shell lay on the ground.

Hours after the attack, grieving parents wept as the bodies of their children were placed in wooden coffins. Police said four of the girls were killed instantly and a fifth died later.

In a joint statement, UNICEF and UNESCO called the attack "yet another tragic reminder of the risks facing Iraq's schoolchildren."

No group took responsibility for the attack, but a Sunni organization, the General Conference of the People of Iraq, blamed Shi'ite Muslim militias with ties to government security forces. The Sunni group said the mortar shells bore markings indicating they were manufactured in Iran, which U.S. officials accuse of supporting Shi'ite militias.

U.S. Helicopter Crashes In Iraq; 2 Crewmembers Killed (USAT)

By Jim Michaels And Zaid Sabah,

USA Today, January 29, 2007

BAGHDAD — Two U.S. soldiers were killed Sunday when their helicopter crashed during heavy fighting near the Shiite holy city of Najaf, the U.S. military said.

The helicopter was supporting Iraqi and U.S. forces in an intense battle against insurgents who Iraqi officials said had been plotting to disrupt Ashoura, a holiday of particular importance to Shiites.

Iraqi forces killed 250 insurgents during the battle, said Col. Ali Jrew, a spokesman for Iraqi security forces in Najaf. He said three Iraqi soldiers also died in the fighting.

A U.S. military statement did not say what caused the helicopter to crash, only that the crash is under investigation. It said the two soldiers' bodies had been recovered.

DOJ_NMG_0122880

It was the third American helicopter to crash in eight days.

On Jan. 20, 12 U.S. soldiers were killed in a Black Hawk crash northeast of Baghdad. Four days later, a helicopter belonging to Blackwater USA, a private security company, crashed in Baghdad. Five contractors were killed.

Sunday, U.S. and Iraqi forces mounted extra patrols around the country to guard against an attack on Ashoura pilgrims, which could intensify religious warfare.

Ashoura commemorates the 7th-century death of Imam Hussein, grandson of the prophet Mohammed and one of the most revered figures in Shiite Islam. In the days leading up to the Ashoura holiday on Tuesday, thousands of Shiite pilgrims have poured into the streets, some of them beating themselves with whips to symbolize grief over Hussein's death.

Najaf Gov. Asaad Abu Gilel said hundreds of militants gathered just north of Najaf to plot an attack on pilgrims and on Najaf's shrine to Imam Ali, who was Mohammed's son-in-law and Hussein's father. Jrew told al-Jazeera television that the militants had infiltrated the area disguised as pilgrims.

At 7 a.m., Iraqi forces backed by American aircraft launched an attack against the militants, Gilel said. There were no reports of any other U.S. casualties.

A witness said American ground forces had also joined the battle. "I saw an American convoy this morning heading to Najaf," said Khalid al-Shibli, 28, a hotel owner in Najaf. The convoy consisted of Humvees and armored vehicles, he said. The U.S. military declined to release details about the battle. Maj. Steven Lamb said the operation was ongoing and would not comment further.

In other developments Sunday in Iraq:

• Mortar shells hit the courtyard of a girls' school in a mostly Sunni Arab neighborhood of Baghdad, killing five pupils and wounding 20.

The attack occurred at the Kholoud Secondary School in the Adil neighborhood, police and school officials said. The principal, Fawzyaa Hatrosh Sawadi, said students were mingling in the courtyard during a break in exams when at least two shells exploded.

• Two car bombs — one at a car dealer, the other at a restaurant — exploded within a half hour in the northern city of Kirkuk, killing 11 people and wounding 34, police Brig. Gen. Sarhad Qader said. Three ethnic groups — Arabs, Kurds and Turkmen — are in a bitter struggle for control of that oil-rich area.

• Three bombings struck Shiite districts in Baghdad, killing at least seven people and wounding 61, police said. The worst incident was a car bomb that killed at least four and wounded 39 at an outdoor market in Sadr City, a sprawling slum that is a stronghold of the Mahdi Army militia of radical cleric Muqtada al-Sadr.

• Police in Baghdad said they found 39 bullet-riddled bodies throughout the city, apparent victims of sectarian death squads. Ten more bodies were recovered floating down the Tigris River 25 miles south of the capital.

•Drive-by shooters killed a high-ranking Shiite official at the Industry and Mines Ministry along with his 27-year-old daughter and two other people, police said.

•Iraqi Deputy Prime Minister Barham Saleh said Iran and the United States were using Iraq as a "zone of conflict and competition" and jeopardizing efforts to stabilize the country.

•The U.S. command announced the arrest of 21 suspected terrorists, including an al-Qaeda courier, in a series of raids in Baghdad and Sunni areas north and west of the capital. Three are believed to have close ties to the leadership of al-Qaeda in Iraq, the military said.

•The U.S. command announced three combat deaths from Saturday — one Marine in the Anbar province and two Army soldiers in the Baghdad area.

Contributing: Hassan Jarrah in Najaf; Oren Dorell in Baghdad, wire reports.

Shell Hits Baghdad Girls' School, Killing 5 Students (NYT)

By Damien Cave

The New York Times, January 29, 2007

DOJ_NMG_0122881

BAGHDAD, Jan. 28 — The girls had just finished taking an exam and were gathering in an inner courtyard at a school in a mainly Sunni section of western Baghdad on Sunday when a mortar shell crashed down.

The explosion killed at least five girls, ages 12 to 16, and wounded at least 20, witnesses and Iraqi officials said, tearing limb from limb, shattering glass, shredding the students' blue and white uniforms and leaving the survivors bloodied and confused.

"She hugged and kissed me, then went outside and the bomb hit," a teacher at the scene said, referring to one of the girls. "After a few minutes, she was dead."

"We just don't know what to do with the other girls," added the teacher, who did not want to be identified, fearing for her safety. "They're young; they've never seen this."

In a city seemingly numb to bloodshed, attacks on schools can still shock.

The mortar attack — on a day when a battle raged between Iraqi security forces and Sunni militants in Najaf, and the United States military announced the deaths of a marine and a soldier — seemed to confirm that the violence here knows no boundaries. The attack, in the Adel neighborhood, was the latest in a series of assaults on schools and those who educate the young.

Two months ago, a teacher in a Sunni area of western Baghdad was raped, mutilated and strung up by her feet outside the school building, where her body hung for days, American military officers in the area said.

And in the past month, according to Interior Ministry officials, primary and secondary schools in and around Baghdad have been attacked at least six times. In some cases, gunmen opened fire on schools during classes and guards fought them off. In other cases, mortar shells struck. At Al Gharbiya, for example, a secondary school in central Baghdad, 10 people were killed in a recent attack.

Principals and teachers have also been kidnapped and killed, repeating a pattern of terrorism that started with university professors and seems to have trickled down through the school system. In the past month, at least five school workers have been attacked or kidnapped.

A spokesman for the Ministry of Education, Bashar al-Khafaji, said this month that more guards would be added to primary and secondary schools in Baghdad, a seeming acknowledgment that they were becoming a battleground. He declined to give reporters permission to visit the city's schools.

For many Iraqi families, the risk of sending their children to school has already become too great, and promises of government protection may come too late. In many Sunni areas, parents and teachers say, schools are emptying out as students go to class only a few days a week if at all.

Isra Qasim, 35, said she fled Baghdad's Mansour neighborhood, a former Sunni middle-class enclave that now resembles a bombed-out wasteland, because she feared what might happen to her 6-year-old son at school. She left for Amman, Jordan, a few months ago, in time to register him for classes there.

"I came here for him," she said two weeks ago, when she was interviewed in Jordan. "He said he wanted to learn."

Some schools have lost more than a third of their students as families leave the country. Others, like Al Gharbiya, remain closed because of the violence.

The girls school hit on Sunday, Al Khuroud, is near an office of Adnan Dulaimi, a senior Sunni member of Parliament. Several of his family members live close by.

It was unclear if the mortar shell was intended for the school. Residents of the neighborhood said that mortars had been raining down for days, possibly as retaliation for the heavy bombings concentrated in Shiite areas, which are thought to be the work of Sunni militants. Those attacks have killed at least 300 people throughout the city in recent weeks.

Whether intended or not, the result of the attack on the school was hard to fathom, even in a neighborhood used to violence. Hours after the shell fell, windows were left shattered in the three concrete school buildings, and the schoolyard was covered with blood. Not long before, about 100 girls had been standing there, chattering and laughing.

Teachers and residents said they were not sure when or if they would return.

'Man Down': When One Bullet Alters Everything (NYT)

DOJ_NMG_0122882

By Damien Cave

The New York Times, January 29, 2007

BAGHDAD, Jan. 28 — Staff Sgt. Hector Leija scanned the kitchen, searching for illegal weapons. One wall away, in an apartment next door, a scared Shiite family huddled around a space heater, cradling an infant.

It was after 9 a.m. on Wednesday, on Haifa Street in central Baghdad, and the crack-crack of machine-gun fire had been rattling since dawn. More than a thousand American and Iraqi troops had come to this warren of high rises and hovels to disrupt the growing nest of Sunni and Shiite fighters battling for control of the area.

The joint military effort has been billed as the first step toward an Iraqi takeover of security. But this morning, in the two dark, third-floor apartments on Haifa Street, that promise seemed distant. What was close, and painfully real, was the cost of an escalating street fight that had trapped American soldiers and Iraqi bystanders between warring sects.

And as with so many days here, a bullet changed everything.

It started at 9:15 a.m.

"Help!" came the shout. "Man down."

"Sergeant Leija got hit in the head," yelled Specialist Evan Woollis, 25, his voice carrying into the apartment with the Iraqi family. The soldiers from the sergeant's platoon, part of the Third Stryker Brigade Combat Team, rushed from one apartment to the other.

In the narrow kitchen, a single bullet hole could be seen in a tinted glass window facing north.

The platoon's leader, Sgt. First Class Marc Biletski, ordered his men to get down, away from every window, and to pull Sergeant Leija out of the kitchen and into the living room.

"O.K., everybody, let's relax," Sergeant Biletski said. But he was shaking from his shoulder to his hand.

Relaxing was just not possible. Fifteen feet of floor and a three-inch-high metal doorjamb stood between where Sergeant Leija fell and the living room, out of the line of fire. Gunshots popped in bursts, their source obscured by echoes off the concrete buildings.

"Don't freak out on me, Doc," Sergeant Biletski shouted to the platoon medic, Pfc. Aaron Barnum, who was frantically yanking at Sergeant Leija's flak jacket to take the weight off his chest. "Don't freak out."

Two minutes later, three soldiers rushed to help, dragging the sergeant from the kitchen. A medevac team then rushed in and carried him to a Stryker armored vehicle outside, around 9:20. He moaned as they carried him down the stairs on a stretcher.

The men of the platoon remained in the living room, frozen in shock. They had a problem. Sergeant Leija's helmet, flak jacket, gear and weapon, along with that of at least one other soldier, were still in the exposed area of the kitchen. They needed to be recovered. But how?

"We don't know if there's friendlies in that building," said Sgt. Richard Coleman, referring to the concrete complex a few feet away from where Sergeant Leija had been shot. Sergeant Biletski, 39, decided to wait. He called for another unit to search and clear the building next door.

The additional unit needed time, and got lost. The men sat still. Sergeant B, as his soldiers called him, was near the wall farthest from the kitchen, out of sight from the room's wide, shaded window. Sergeant Woollis, Private Barnum, Sergeant Coleman and Specialist Terry Wilson sat around him.

Together, alone, trapped in a dark room with the blood of their comrade on the floor, they tried to piece together what had happened. Maybe the sniper saw Sergeant Leija's silhouette in the window and fired. Or maybe the shot was accidental, they said, fired from below by Iraqi Army soldiers who had been moving between the buildings.

Sergeant Woollis cited the available evidence — an entrance wound just below the helmet with an exit wound above. He said the shot must have been fired from the ground.

The Iraqis were not supposed to even be there yet. The plan had been for Sergeant Leija's squad to work alongside an Iraqi Army unit all day. But after arriving late at the first building, the Iraqis jumped ahead, leaving the Americans and pushing north without searching dozens of apartments in the area.

The Iraqi soldiers below the kitchen window had once again skipped forward. An American officer later said the Iraqis were brave to push ahead toward the most intense gunfire.

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But Sergeant Leija's squad had no communication links with their Iraqi counterparts, and because it was an Iraqi operation — as senior officers repeatedly emphasized — the Americans could not order the Iraqis to get back in line. There was nothing they could do.

9:40 a.m.

An Iraqi soldier rushed in and then stopped, seemingly surprised by the Americans sitting around him. He stood in the middle of the darkened living room, inches away from bloody bandages on the carpet.

"Get away from the window!"

The soldiers yelled at their interpreter, a masked Iraqi whom they called Santana. Between their shouts and his urgent Arabic, the Iraqi soldier got the message. He slowly walked away.

A few minutes later it happened again. This time, the Iraqi lingered.

"What part of 'sniper' don't you understand?" Sergeant Biletski yelled. The other soldiers cursed and called the Iraqis idiots. They were still not sure whether an Iraqi soldier was responsible for Sergeant Leija's wound, but they said the last thing they wanted was another casualty. In a moment of emotion, Private Barnum said, "I won't treat him if he's hit."

When the second Iraqi left, an airless silence returned. The dark left people alone to grieve. "You O.K.? " Sergeant B asked each soldier. A few nods. A few yeses.

Private Barnum stood up, facing the kitchen, eager to bring back the gear left. One foot back, the other forward, he stood like a sprinter. "I can get that stuff, Sergeant," he said. "I can get it."

The building next door had still not been cleared by Americans. The answer was no.

"I can't lose another man," Sergeant B said. "If I did, I failed. I already failed once. I'm not going to fail again."

The room went quiet. Faces turned away. "You didn't fail, sir," said one of the men, his voice disguised by the sound of fighting back tears. "You didn't fail."

9:55 a.m.

The piercing cry of an infant was easily identifiable, even as the gunfire outside intensified. It came from the apartment next door. The Iraqi Army had been there, too. In an interview before Sergeant Leija was shot, the three young Iraqis there said that their father had been taken by the soldiers.

"Someone from over there" — they pointed back away from Haifa Street, toward the rows of mud-brick slums — "told them we had weapons," said a young man, who seemed to be about 18.

He was sitting on a couch. To his right, his older sister clutched an infant in a blanket; his younger sister, about 16, sat on the other side.

The young man said the family was Shiite. He said the supposed informants were Sunni Arabs who wanted their apartment.

The truth of his claim was impossible to verify, but it was far from the day's only confounding tip. Earlier that morning, an Iraqi boy of about 8 ran up to Sergeant Leija. He wanted to tell the Americans about terrorists hiding in the slums behind the apartment buildings on Haifa Street's eastern side.

Sergeant Leija, an easygoing 27-year-old from Raymondville, Tex., ignored him. He and some of his soldiers said it was impossible to know whether the boy had legitimate information or would lead them to an ambush.

That summed up intelligence in Iraq, they said: there is always the threat of being set up, for an attack or an Iraqi's own agenda.

The Iraqi Army did not seem worried about such concerns, according to the family. The three young Iraqis said they were glad that the Americans had come. Maybe they could help find their father.

10:50 a.m.

Sergeant. Coleman tried using a mop to get the gear, and failed. It was too far away. With more than an hour elapsed since the attack, and after no signs of another shot through the kitchen window, Sergeant B agreed to let Private Barnum make a mad dash for the equipment.

Private Barnum waited for several minutes in the doorway, peeking around the corner, stalling. Then he dove forward, pushing himself up against the wall near the window to cut down the angle, pausing, then darting back to the camouflaged kit.

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Crack — a single gunshot. Private Barnum looked back at the kitchen window, his eyes squeezed with fear. His pace quickened. He cleared the weapons' chambers and tossed them to the living room. Then he threw the flak jackets and bolt cutters.

He picked up Sergeant Leija's helmet, cradled it in his arms, then made the final dangerous move back to the living room, his fatigues indelibly stained with his friend's blood. There were no cheers to greet him. It was a brave act borne of horror, and the men seemed eager to go.

As Private Barnum gingerly wrapped the helmet in a towel, it tipped and blood spilled out.

11:15 a.m.

Sergeant B sat down on a chair outside the two apartments and used the radio to find out if they would be heading back to base or moving forward. He was told to stay put until after an airstrike on a building 500 yards away.

The platoon, looking for cover, returned to the Iraqis' apartment, where they found the family as they were before — on the couch, in the dark, around the heater.

Specialist Wilson continued the conversation he started before the gunshot two hours earlier. The young Iraqi man said again that the Iraqi Army had taken his father. "Will you come back to help?" he asked.

"We didn't take him," Specialist Wilson said. "The I.A. took him. If he didn't do anything wrong, he should be back."

The Iraqi family nodded, as if they had heard this before.

Speaking together — none of them gave their names — they said they had lived in the apartment for 16 years. Ten days ago, before the Americans arrived, Sunnis told them they would kill every Shiite in the building if they did not leave immediately. So they fled to a neighborhood in southern Baghdad where some Shiites had started to gather in abandoned homes. But again, a threat came: leave or die. So less than a week ago, the family returned to Haifa Street.

And now the airstrike was coming.

Sergeant B told the family that they should go into a back room for safety. He asked if they wanted to take the heater with them (they did not), and he reminded everyone to keep their mouths open to protect their inner ears against the airstrike's shockwave.

A boom, then another even louder explosion hit, shaking dust from the walls. One of blasts came from a mortar shell that hit the building, the soldier said. The family stayed, but for the Americans, it was time to go.

12:30 p.m.

Over the next few hours, the platoon combined sprints across open alleyways with bouts of rest in empty makeshift homes. Under what sounded like constant gunfire, the soldiers moved behind the Iraqi soldiers, staying close.

At one point, the Iraqis detained a man who they said had videos of himself shooting American soldiers. The Iraqi soldiers slapped him in the head as they walked him past.

About an hour later, a sniper wounded two Iraqi soldiers who were mingling outside a squat apartment like teenagers at a 7-11. Private Barnum wrapped their wounds with American bandages. He and the rest of the platoon had been inside, taking cover.

"Stay away from the windows," Sergeant B kept repeating. The point was clear: don't let it happen again. Don't fail.

4 p.m.

Downstairs in the lobby of a mostly abandoned high rise on Haifa Street, the sergeant and his men sat on the floor, exhausted. They were waiting for their Stryker to return so they could head back to base. In 14 hours, they had moved through a stretch of eight buildings on Haifa Street. They had been scheduled to clear 18.

Upstairs, Iraqi soldiers searched rooms and made themselves at home in empty apartments. Many were spacious, even luxurious, with elevators opening into wide hallways and grand living rooms splashed with afternoon sun.

Under Saddam Hussein, Haifa Street had been favored by Baath Party officials and wealthy foreigners. The current residents seemed to have fled in an instant; in one apartment, a full container of shaving cream was left in the bathroom. In that apartment's living room, a band of Iraqi soldiers settled in, relaxing on blue upholstered couches and listening to a soccer game on a radio they found in a closet.

They looked comfortable, like they were waiting to be called to dinner.

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Sergeant B and Specialist Woollis, meanwhile, talked about what they would eat when they got back to their homes in California. The consensus was chili dogs and burgers.

Sergeant B also said he missed his 13-year-old son, who was growing up without him, playing football, learning to become a man with an absentee father. After 17 years in the Army, he said, he was thinking that maybe his family had put up with enough.

"I don't see how you can do this," he said, "and not be damaged."

A few hours later, the word came in: Sergeant Leija had died.

Iraq Sliding Into Civil War, Report Warns (FT)

By Guy Dinmore In Washington

Financial Times, January 29, 2007

Iraq is rapidly sliding into an all-out civil war that is likely to spill over into neighbouring countries, resulting in mass deaths and refugee flows, serious disruption of Gulf oil supplies and a drastic decline in US influence in the region.

This grim forecast is set out in Things Fall Apart, a 130-page report released today by the Brookings Institution's Saban Center for Middle East Policy, which also recommends how the US might contain the disastrous consequences of "spillover".

The Washington think-tank distils what it says are the lessons learned from other civil wars, laying out the case histories of Afghanistan, Congo, Lebanon, Somalia and Yugoslavia.

Kenneth Pollack, a former Clinton administration official and CIA analyst who co-authored the report with Daniel Byman, told the Financial Times they were looking for a "Goldilocks solution" - somewhere between "stay the course" and "getting all out".

"It was arrogance in the face of history that led us to blithely assume we could invade without preparing for an occupation, and we would do well to show greater humility when assimilating its lessons about what we fear will be the next step in Iraq's tragic history," the report says.

Brookings identifies six patterns from other civil wars that are already manifesting themselves in Iraq: large refugee flows, the breeding ground of new terrorist groups, radicalisation of neighbouring populations, the spread of secessionism, regional economic losses, and intervention by neighbours. Saudi Arabia, Jordan, Kuwait and Turkey are said to be "scrambling to catch up" with rival Iran.

Among the report's recommendations are "don't try to pick winners", as proxies often fail or turn against their masters; avoid active support for partition; "don't dump the problem on the United Nations"; pull back from Iraqi population centres despite the horrific consequences; bolster regional stability by revitalising the Israeli-Palestinian peace process; set up an international contact group including Syria and Iran; and consider setting up "safe havens" for refugees along Iraq's borders.

Brookings estimates that 50,000 to 150,000 Iraqis have died already since the US invasion in 2003 and cites United Nations figures of 1m Iraqis who have subsequently fled their country.

Mr Pollack, who previously was an outspoken proponent of the invasion, says the lessons of past full-blown civil wars reveal nearly all efforts by states to minimise or contain spillover have failed.

The report will be read with deep concern by the US administration, which is projecting an increasingly discordant picture of how it evaluates Iraq, even while speaking of the serious consequences of failure. President George W. Bush calls it the "nightmare scenario".

Analysts outside Brookings say officials are working on "what next?" strategies in the event that the 21,500 troop reinforcements announced this month fail to halt the sectarian chaos.

Mr Bush has conceded that the US is not winning the war. In contrast, Dick Cheney, his vice-president, asserted last week that the US had achieved "enormous successes" in Iraq. Both reject assertions that Iraq is in a state of civil war.

Mr Cheney told Newsweek that by sending a second aircraft carrier group to the Gulf, the US demonstrated to its allies it would stay in the region and had the capabilities, working with international organisations, "to deal with the Iranian threat".

But Mr Pollack is concerned that the US is stoking a wider conflict and is "careening" into provoking a war with Iran. Even in his "best-case scenario" for Iraq, Mr Pollack fears hundreds of thousands of deaths.

US, Britain Diverge On Troops In Iraq (CSM)

DOJ_NMG_0122886

By Mark Rice-oxley

The Christian Science Monitor, January 29, 2007

For more than four years, they have marched in step through the most desperate and perilous episode of their respective leaderships.

When President Bush mustered his Iraq coalition in 2002-03, Prime Minister Tony Blair was his most vocal ally and recruiting officer. On the most contentious issues of the war – Abu Ghraib, Fallujah, political and military strategy – they have managed to maintain unity. Reinforced by an apparently genuine friendship, the Bush-Blair axis has been the unshakable fulcrum on which the Iraq campaign has hinged.

But now, there is a hint of dissonance in the air. Blair's government is desperate to start drawing down the 7,000-strong British force based in Basra at the same time that Bush is beefing up the US contingent in Iraq by more than 21,000. Lt. Gen. David Petraeus, who was confirmed by the Senate on Friday to head the US forces in Iraq, has said he wants the additional troops in Iraq quickly.

The twang of discord was apparent last week when the US ambassador to Baghdad, Zalmay Khalilzad, hinted at American exasperation over the British eagerness to start withdrawing. "It's clear what our preference would be – the longer we stay together here, the better," he told the BBC.

Members of Parliament said that the impression given was that the allies were no longer in step with each other. "Wouldn't it be better to have a robust exchange of views with the US administration and then implement an agreed strategy?" asked William Hague, the shadow foreign secretary.

Professor George Joffe, a Middle East expert at the Centre for International Studies at the University of Cambridge, says Mr. Khalilzad's words bespeak a rift.

"You can't pretend there is no rift over strategy," he says. "The British are determined to get out of Iraq come what may, whether they have a secure situation in Basra or not. The British forces in Basra, separated between the palace and the airport, are vulnerable to any attempt by a militant group to pick them off.

"And they face a real threat should the Americans move strongly against the Sadrists in Baghdad," Professor Joffe adds. "I can understand the American concerns, and I understand the British anxiety to get out, so there is dissonance."

Some analysts say that Blair has been caught off guard by the sudden change of direction in Washington. When the Iraq Study Group produced its report, advocating a US troop withdrawal by 2008 and a dialogue with Iran and Syria, Blair welcomed it. When Bush rejected the findings and announced his plans for a troop "surge," Blair merely responded that that "made sense."

Lord Tim Garden, a defense spokesman for the opposition Liberal Democrats, said that Blair was wrong-footed by Bush's decision to increase troops. "The British government assumed that [the ISG report] was the new strategy that was to be adopted," he says. "It left them looking flat-footed by the time Bush decided to go in another direction."

Officially, the government says there is no rift, and no timetable for withdrawal, even though they are confident they will be able to hand over Basra Province to the Iraqis in the spring. But privately, ministers are keen to pull at least some troops out for a number of reasons, experts say.

First, troops from an overstretched Army are needed for the fight against the Taliban in southern Afghanistan, where British soldiers have been dying at a rate outstripping the casualty toll in Iraq.

"The British political leadership are desperately keen to reduce the number of British forces in Iraq," says Sir Hilary Synnott, formerly the coalition coordinator for southern Iraq. "There is a greater realization that the burdens on Britain in southern Afghanistan are severely stretching the British Army and, therefore, there is a particular wish to draw down [troops in Iraq]."

Second, polls suggest public opinion strongly favors a pullout. Ever since a top general, Sir Richard Dannatt, suggested last September that the British presence was only aggravating Iraqi sensibilities, the clamor for withdrawal has grown. For the first time, an opposition party – the Liberal Democrats – has outlined a specific timetable for withdrawal of all troops, by October.

"We must go for it because we are now clearly attached to a strategy that the British government and half the US political class do not believe in," says Lord Garden.

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A third reason is that Blair's time in office is limited – he intends to stand down in the summer. Joffe says both he and his likely successor, Gordon Brown, are keen to tie up loose ends in Iraq: Blair does not want to leave unfinished business, and Brown does not want to inherit a mess.

Officials argue that it would not be incongruous to have British troops leaving while thousands of American reinforcements arrive. After all, they say, different parts of Iraq need different approaches: Baghdad and Anbar Province need the beefed-up presence. In the south, the British have already ceded control of two provinces to the Iraqis.

Not everyone accepts that rationale. "That argument is becoming difficult to sustain, particularly as everyone is worried that the more robust US rules of engagement in taking on the Shia in Baghdad will have a knock-on effect on the Shia in the south," says Lord Garden. "That could make it more difficult for the British."

Australian PM Urges Against Iraq Pullout (AP)

By Rod Mcguirk,

AP, January 29, 2007

Prime Minister John Howard said withdrawing Australian troops from Iraq would damage Australia's alliance with the United States.

Howard said he agreed to send 2,000 troops to back the U.S.-led Iraq invasion because of the perceived threat of weapons of mass destruction, but also to preserve a security alliance with the U.S. that was formalized in a 1951 treaty. No weapons of mass destruction were found in Iraq.

"I have to now deal with a decision: do we rat on the Americans ... do we say to the Americans, it's got all too hard and too difficult? If anybody thinks that that wouldn't do damage to the alliance, they're kidding themselves," Howard told Southern Cross Broadcasting radio.

Australia has about 1,300 personnel in the Middle East, including 800 based in Iraq, mostly guarding Australian officials in Baghdad, helping train Iraqi forces and providing backup security in two relatively peaceful southern provinces.

The opposition Labor Party, which opposed the Iraq war, has vowed to withdraw most Australian troops if it wins elections this year.

Howard said democracy has a "reasonable prospect" of taking root in Iraq and the U.S.-led coalition partners should remain in Iraq until then.

"Until we are reasonably satisfied that the Iraqis can look after themselves and deal with the security situation over the years ahead, I think the coalition should stay," Howard said.

Pelosi, Karzai Discuss Troop Increases (AP)

By Jason Straziuso

AP, January 29, 2007

The Afghan president told House Speaker Nancy Pelosi that his security forces need to be stronger as the two discussed possible U.S. troop increases on Sunday, days after the Pentagon extended the tour of 3,200 soldiers, an Afghan official said.

President Hamid Karzai stressed his desire for increased training and equipment for Afghanistan's fledgling army and police forces, the Afghan official said on condition of anonymity because he was not authorized to release the information publicly.

Pelosi, D-Calif., and Karzai discussed plans announced last week by the Bush administration to ask Congress for $10.6 billion for Afghanistan, a major increase aimed at rebuilding the country and strengthening government security forces still fighting the Taliban five years after the U.S.-led invasion.

About $8.6 billion would be for training and equipping Afghan police and soldiers; $2 billion would go toward reconstruction.

Pelosi, D-Calif., led a delegation of six other congressional Democrats to Afghanistan to meet with military and government leaders after traveling to Iraq and Pakistan.

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The trip comes two weeks after Sen. Hillary Clinton, D-N.Y., visited the region. Clinton, who entered the 2008 presidential race a week ago, said this month that U.S. leaders should be talking about increasing troop numbers in Afghanistan instead of Iraq.

The attention being paid to Afghanistan by Democrats is a way for them to highlight their seriousness about the fight against international terrorism and say that the Bush administration "led us in the wrong direction" in Iraq, said Marvin Weinbaum, a former State Department analyst on Afghanistan, now scholar at the Middle East Institute.

"It makes a lot of sense, then, to highlight Afghanistan as where the real source of terrorism began and where it still has to be dealt with so that the Democrats come out of this not looking like they're weak-kneed when it comes to battling terrorism," Weinbaum said.

The Pentagon last week said a brigade of U.S. soldiers would stay in Afghanistan four months longer than planned — an effective troop increase of 3,200 soldiers. That announcement came only days after a visit here by Secretary of Defense Robert Gates.

Pelosi, meanwhile, has led a drive in Congress against President Bush's plan to send 21,500 more troops to Iraq as part of a new security crackdown in Baghdad.

Pelosi told Karzai that Afghanistan has bipartisan support in Congress, the Afghan official said. Members of the delegation also told Karzai they hope to see more coordination and cooperation between Pakistan and Afghanistan.

Earlier on Sunday, the delegation spent about an hour at the main U.S. base in Bagram, where she thanked soldiers from the 10th Mountain and 82nd Airborne divisions for their service, said Lt. Col. David Accetta, a U.S. military spokesman. She also met with Maj. Gen. Benjamin Freakley, the top U.S. general here.

The seven-member delegation also met with U.S. Ambassador Ronald Neumann and Gen. David Richards, the outgoing commander of NATO forces in Afghanistan.

The delegation did not talk to reporters.

The members of Congress stopped in Pakistan on Saturday, where Pelosi met with President Gen. Pervez Musharraf to discuss the situation in Afghanistan and cooperation in countering terrorism.

Pelosi's delegation earlier visited Iraq, where she met with Iraqi Prime Minister Nouri al-Maliki.

The delegation also included Rep. Ike Skelton of Missouri, the chairman of the House Armed Services Committee; Rep. Tom Lantos of California, chairman of the House Foreign Affairs Committee; and Rep. John Murtha of Pennsylvania, a strong advocate of a phased pullout of U.S. troops from Iraq.

Life Of The Parties (WSJ)

By Ann Marlowe

The Wall Street Journal, January 29, 2007

In Afghanistan, many of the problems coming home to roost now are the result of too little American intervention rather than too much. That does not mean too little American aid. In any case, private enterprise is doing very well, thank you: Afghans are a practical people with good capitalist instincts. They can pull themselves out of poverty given the right laws and the rule of law -- as well as the institutions that go to make up a functional civil society.

Of these institutions, one that is most crucial is political parties. Even one-party states have them, and with reason. They bring people together across ethnic and class lines, and often serve as a counterweight to clan ties and religious affiliation. Moreover, they lead citizens to think in national terms, rather than to vote reflexively along ethnic lines. Finally, political parties could be an essential weapon in our counterinsurgency in the border provinces.

But Afghanistan -- thanks to some dubious decisions by the Afghan government, and our acquiescence -- is the land parties forgot. This is even more of a pity because of the dearth of other institutions. Afghanistan is poor not just in per capita income -- about $350 a year, double what it was three years earlier -- but in structures that link unrelated people. All sorts of organizations Americans take for granted simply don't exist. There are no groups like PTAs, children's sport leagues, alumni associations and country clubs. Nor are there those that constitute "special interest politics," such as trade unions, manufacturers' associations, or lobbyists for economic or ethical concerns. Afghanistan is kept poor by the lack of trust among unrelated citizens and the

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absence of a sense of common interest. All it has are family and ethnic loyalties -- wonderful in many ways for those nurtured within strong families, but not so wonderful for economic growth and civil society.

With very little pulling Afghans together, greed and extremism are more potent forces than in more densely networked societies. The absence of norms of good civic behavior allows some of the Afghan elite to take advantage of their inherited positions to loot their homeland. The corruption of many of Hamid Karzai's associates is undermining efforts to build the Afghan state. How can anyone expect ordinary Afghans to work for the national interest when their country is being robbed blind?

The U.N. feared that strong political parties could revive the civil war, but it is more accurate to say that the absence of overt party politics has allowed the worst covert organizations to flourish. Some 34 former or current members of Hezb-e-Islami, Gulbuddin Hekmatyar's violent fundamentalist party, won seats in Afghanistan's parliamentary elections last September. Perhaps half of parliament's lower house are fundamentalists. And in an environment where legitimate businesses lack an open voice in the legislative process through trade organizations and lobbyists, guess which illegal business is rumored to be financing many MPs? (U.S. and NATO experts are discussing previously unthinkable ideas like buying and destroying the opium crop, since the feeble interdiction programs are not working and the opium money is financing, indeed in some places creating, the insurgency.)

Without competing, coherent ideologies, the Taliban can eat away at the elected government. If it's a choice between Mr. Karzai and associates -- people, not a party -- and a group that claims to fight corruption, who is the average villager going to trust?

There is another factor involved in the seeming revival of the Taliban, and it's not ideology. Afghans are not particularly ideological. The Taliban are popular only within a narrow geographic and ethnic band which mirrors their Hotak Ghilzai tribal membership. As two innovative scholars of Pashtun society, Thomas Johnson and Chris Mason, argue, the districts where the Taliban has gained support are exactly those which are Ghilzai, a powerful tribe that lost out to the Durrani tribe 300 years ago and has tried to bounce back ever since. This is about power, not ideology: The Ghilzai provided the leaders both to Afghanistan's communist movement and the jihadis who opposed them. Now they are attacking NATO troops because we support a Durrani-dominated government. (Mr. Karzai and the royal family are Durranis, and so are most of his Pashtun associates and Afghanistan's power elite.)

Most Afghans can at least see the benefit of civil society and the rule of law. Anyone who is not a member of the largest ethnic bloc, the Pashtuns -- 40% of the population -- has more to gain from strengthening the central government and the concept of Afghan nationhood. (Not incidentally, the relatively prosperous north and west are Tajik, Hazara, Turkmen and Uzbek, with few Pashtuns.) That's 60% of the population, plus progressive Pashtuns and Pashtuns from marginalized tribes. The Ghilzais must be co-opted, too, in order to weaken the insurgency. This must be done cautiously, of course, as they are no more interested in sharing power than are the Durranis.

There are no insuperable barriers to pushing and pulling Afghans toward a functioning democracy and civil society. The problem is that the U.S. and the U.N. have saddled Afghanistan with a voting and parliamentary system that does exactly the opposite, offering no alternative to voting by ethnicity and failing to make it worthwhile for ethnic groups to form coalitions. Elections were set up by the U.N. using a voting system ("Single Non-Transferable Vote," or SNTV) where each citizen chooses just one candidate from a long list of contenders to represent his district. (In Kabul, for instance, 387 candidates were on the ballot, but each voter chose one.)

Under these circumstances, Afghans have voted ethnically. In the October 2004 presidential election, "no candidate received significant support outside of their particular ethno-linguistic group," as Thomas Johnson of the Naval Postgraduate School has pointed out. Worse yet, Pashtuns and Tajiks -- the two most numerous ethnic groups -- are not only overwhelmingly likely to vote for candidates from their own groups, but against candidates from a perceived rival group. The Pashtun Mr. Karzai did not receive a majority of the vote of any ethnic group save his own. He still won 55.4% of the vote, with the other major candidates gaining 16.3%, 11.7% and 10%.

When the September 2005 parliamentary elections were set up, no political party affiliations were allowed on the ballots; instead, candidates had a randomly picked symbol next to their names and photos (helpful to the many illiterate voters). The prohibition of party politics was largely at Mr. Karzai's urging. As the best-known politician in Afghanistan, it was to his advantage to avoid giving potential opponents the buoying effect of a party affiliation, and to have a rubber-stamp parliament of unknowns.

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However, while parliament is often ineffectual, it has neither expedited the policies of his cabinet nor been able to present alternatives. Instead, it has been a vibrant but disorganized forum in which neophyte politicians struggle to understand the way legislation is enacted and religious fundamentalists try to block anything that smacks of secularism.

"Parliament came five years too soon," an American advisor to a cabinet minister told me. "It's slowing down approval processes and creating a forum for debate that has yet to prove useful." Given low levels of education and business experience in Afghanistan, even among elites, it's not surprising many MPs have difficulty understanding a budget, much less proposing improvements to it. But having parties in place would have allowed the more capable members to instruct the less prepared.

The absence of political parties was also shortsighted for Mr. Karzai himself, making his effectiveness depend on personal popularity. He was at his zenith when the system was designed; now he is grudgingly accepted as the least of the possible evils by a resigned electorate. Mr. Karzai would be better off with a party organization behind him: In the U.S. even an unpopular president can get things done because party discipline supports him. And a successor to an unpopular president can be groomed within a party even as challengers from competing parties ready their bids. Instead, the Afghan situation is that of a barely competent president with no more competent successor.

Prof. Johnson also points out that most Afghan voters are not represented by a candidate they voted for. Due to a combination of SNTV voting and a 50% turnout, only about 18% of eligible voters in Afghanistan are represented by a candidate they voted for; 64% chose a candidate who lost. Prof. Johnson notes that "many candidates won virtually by chance," with the top finishers in some provinces gathering only a few percent of the votes cast. This might be tolerable in a mature democracy, but is not what one wants in a country with scant trust in the electoral system and little sense of national identity. The next parliamentary elections aren't until 2010, so there is time to set up a better voting system. SNTV should be replaced, requirements stiffened for obtaining a place on the ballot to avoid such farces as choosing among 387 candidates, and runoffs considered.

An Afghan-American member of parliament, Daoud Sultanzoy, has advanced another good idea: take representation down to the district level. Currently, the people of each of Afghanistan's 34 provinces vote for members of parliament from their province, and the highest vote-getters become representatives of that province according to its population. But representatives are not linked with particular districts as they are in the U.S, though some provinces are the size of whole European countries and differ widely in population, terrain and economy. Nor are there mayoral elections for small towns in Afghanistan, so there is no one to represent the national government on a local level.

Afghanistan's biggest problem is not the Taliban, but underdeveloped institutions and a lack of rule of law. It is emphatically not "another Iraq." Most of Afghanistan is relatively peaceful. Just 192 American troops have been killed in action since fall 2001, and in 2006, 206 Afghan civilians were murdered in suicide bombings. Tragic, yes, but in 2003, the last year for which statistics are available, 16,000 Afghan women died in childbirth -- 44 a day.

As this comparison suggests, we need to foster civil society and robust institutions in order to assure a decent life for Afghanistan's citizens. An essential part of this is nurturing political parties.

Ms. Marlowe is the author of "The Book of Trouble" (Harcourt, 2006), a memoir.

Afghan War Takes A Toll On Canada (LAT)

By Laura King And Maggie Farley, Times Staff Writers

The Los Angeles Times, January 29, 2007

MASUMGHAR, AFGHANISTAN — In the wind-scoured high desert that was once the heartland of the Taliban movement, the will and determination of a little-heralded American ally have been undergoing a harsh test.

For the last six months, the task of confronting insurgents in volatile Kandahar province in southern Afghanistan has largely fallen to Canada, whose troops have participated in myriad peacekeeping missions in recent years but had not seen high-intensity combat since the Korean War.

Although its nearly 3,000 troops account for less than 10% of the allied forces in Afghanistan, Canada absorbed nearly 20% of the coalition's combat deaths last year, losing 36 soldiers.

A Canadian diplomat also was killed, by a suicide bomber.

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The disproportionate casualty count in a region that Taliban commanders have pledged to seize this spring has triggered debate at home about whether Canada is finding itself in a quagmire of American making.

The deployment is a strain for military families. Moreover, the Canadian mission points up the stresses and strains caused by unequal burden-sharing within the North Atlantic Treaty Organization.

Already, alliance unity has been frayed by what commanders describe as an insufficient overall troop commitment and rules that sharply limit the combat capabilities of some participants.

"Would I be happy if there were more nations in the south? Yes," said Lt. Gen. Michel Gauthier, commander of Canada's expeditionary forces, who toured Canadian outposts in Afghanistan in mid-January.

"Would I be happy if there were fewer caveats?" he added, referring to rules that limited the combat missions of many NATO troops to emergency sorties to aid other alliance forces. "Yes."

A NATO meeting in Brussels on Friday brought a pledge from the U.S. for more troops and an additional $10 billion over two years, but only vague promises from other alliance members.

Canadian military officers in Afghanistan sidestep questions about the safer tasks given to French troops in the capital, Kabul, or to the German deployment in the relatively calm north.

They point instead to others in the line of fire: American troops' front-line engagement with insurgents in the east, the battles that British forces have waged to the west in Helmand province, or other contingents serving alongside Canadians in Kandahar, including Dutch troops.

Even so, Canadian forces who arrived in August were stunned by their initial encounter, a full-blown battle with thousands of insurgents.

Canadian troops took the lead in NATO's Operation Medusa, a September confrontation with Taliban fighters who had entrenched themselves in and around the Panjwayi district, southwest of the city of Kandahar.

"Everyone here has seen someone die," said Cpl. Luke Winnicki, a 26-year-old combat engineer in the Royal Canadian Regiment, gesturing toward dozens of troops in a drafty tent at Masumghar, a hillside outpost about 15 miles southwest of Kandahar.

All eyes on Afghanistan

In the U.S., the Afghan conflict receives far less attention than the larger war in Iraq. But in Canada, it gets top billing daily in newspapers and on TV.

And unlike in the U.S., the public is allowed to see soldiers' bodies returning home in flag-draped caskets.

Canadian Prime Minister Stephen Harper, at the head of a coalition government, is vulnerable to political attack because of the Afghan mission.

Public support for it dropped to 35% at the end of 2006, one poll said.

In response, popular Foreign Minister Peter MacKay visited Afghanistan this month to reframe the government's message. He said Canada's mission was reconstruction, but it could not be completed without security.

After MacKay's visit, another poll said public support had rebounded to 58%.

One of the country's smaller opposition parties, the New Democratic Party, argues that Canada should focus on diplomacy and reconstruction, and it paints the Afghanistan mission as an attempt to curry favor in Washington.

"Mr. Harper, just like George Bush on Iraq, keeps saying that this war can be won, and that it is going well. It is not going well," party leader Jack Layton said in a speech at the University of Quebec last week. "The violence is escalating, opium production has skyrocketed. Most of our 25 NATO allies are refusing to send soldiers to join in the counterinsurgency mission in southern Afghanistan. And yet, Mr. Harper refuses to see what is happening."

Harper has maintained the backing of his party's main challenger, the Liberal Party, which started the Afghanistan mission in 2001.

"People see the necessity of the war but are not persuaded about the effectiveness," said Paul Heinbecker, a former Canadian ambassador to the United Nations who is director of the Center for Global Relations at Wilfrid Laurier University in Waterloo, Canada.

He said there was a strong desire to see NATO allies share more of the perilous duty.

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"We have stepped up and taken part in action while some of our NATO allies have been polishing their fingernails up in Kabul," Heinbecker said.

In a speech this month to troops preparing to deploy to Afghanistan, Defense Minister Gordon O'Connor pledged that Canada would commit more artillery and aircraft in 2007 but not more troops.

"We will support this mission until progress in Afghanistan becomes irreversible," O'Connor said.

The toll on military families

Military leaders are mindful that Canada's combat losses, though small compared with U.S. deaths in Iraq, loom large in a country with a population of 33 million.

That is particularly true in close-knit military communities such as those surrounding Canadian Forces Base Trenton, midway between Toronto and Ottawa.

Deborah Goulden, 38, whose husband is a military pilot who shuttles troops and supplies to and from Kandahar, knows little about what's going on in Afghanistan. She is on maternity leave with her 2-month-old baby, and also has a toddler. She said she couldn't bear to watch the news.

She doesn't know exactly what her husband, Mark, does or when he is coming home. In a videophone call this month, she was surprised to see him wearing a gun.

Goulden, a 16-year veteran, has been on peacekeeping missions in East Timor, the former Yugoslavia, Haiti and Somalia.

"I am respectful of what he does, and I don't think military people get enough recognition for what they do," Deborah Goulden said at a family center at the Trenton base. "He is there supporting Canadian society and building a very positive environment for a country that needs support. I'm proud that he is a part of that."

Mark Goulden, 38, interviewed at an airfield in Kandahar, described near-daily missions flying C-130 cargo planes to what he characterized as "austere locations."

"You get runways that look like roadways, gravel airstrips in the middle of nowhere, always the potential for enemy fire and mechanical failures," he said.

When he talks to his wife, he said, he tries to "edit it a little. You try not to be dramatic."

He insisted that his wife's task was harder.

Patti Leighton, 41, knows all too well what her husband, Rick, is doing in Kandahar as an engineer helping design schools and police stations.

She doesn't want to hear about the near-misses and gunfights. She already knows the dangers.

She is a military air traffic controller, and time after time this year she has helped guide the planes carrying soldiers' coffins to the Trenton base.

"There was one woman who was deployed over there at the same time as her husband. She had to come back on the plane with the body. She got off the plane and saw their kids waiting for both of them on the tarmac. That was the last one I watched," she said.

Leighton's 17-year-old daughter is tired of her father's absence; her 13-year-old son wants to be a soldier. She has been in the military for 22 years, but this year has been different.

She described standing at attention at a parade and her eyes welling up when she heard the national anthem.

"This year was the proudest year I've ever stood there, because we're over there. When I heard the music, I felt a moment of pure pride. When I heard it, I thought, 'Wow, that's for me. That's for us.' "

Rick Leighton, interviewed at his headquarters in Kandahar, said the hardest part was missing the day-to-day family events like his son's hockey games or the "butting heads" between his wife and daughter over schoolwork and curfews.

Leighton said with the reconstruction team based in the city of Kandahar, several miles from the main military base, he and his colleagues were closer to the bombings aimed at convoys.

He speaks to his family every morning, he said, but never tells them whether he will be traveling outside the headquarters, a journey that always takes place in a convoy of at least three armored vehicles with everyone in combat gear.

"Every time you hear the boom, it shakes you," he said. When the Internet and cellphones go dead moments afterward, "you know there's a communications blackout because someone's been killed."

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At the sprawling Kandahar airfield, the Canadian military has managed to evoke some comforts of home. There's an open-air hockey rink and a Tim Hortons coffee and doughnut shop, something of a Canadian institution.

But the near-constant roar of aircraft and the occasional boom of rocket fire leaves little doubt this is a war zone.

On a bare hillside in Masumghar, troops settled in for another wind-lashed night. Powdery dust leaked in through tiny rips in the barracks tent.

"The thing is, you know that your family is in this fight too, and your country," said Winnicki, the combat engineer. "So you're not alone. But you feel responsible for them too."

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King reported from Masumghar and Farley from Ottawa and Trenton, Canada.

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(INFOBOX BELOW)

Canada's cost

More than four times as many Canadians were killed in Afghanistan last year as in the four previous years combined. Canadians, who make up less than 10% of the total forces, suffered about one-fifth of the deaths. Canada's troop toll in Afghanistan:

2002: 4

2003: 2

2004: 1

2005: 1

2006: 36

Forces and casualties

How 2006 casualties compare in relation to force sizes for the nations with the most troops in Afghanistan:

Note: Force numbers are broad contributions and do not reflect exact numbers on the ground at any time.

Sources: North Atlantic Treaty Organization, icasualties.com

CORPORATE SCANDALS:

Immunity Issues Tie Brocade Cases Into Knots (LAW)

By Justin Scheck, The Recorder

California Recorder, January 29, 2007

San Francisco's best-known white-collar defendant says he needs the cooperation of prosecutors to defend himself against charges of securities fraud. The government, unsurprisingly, doesn't seem to like that idea.

Over the last few weeks, lawyers for Gregory Reyes, the ex-CEO of Brocade Communications -- and the first person to be charged in the burgeoning stock option backdating prosecutions -- have been frustrated as former company employees have invoked the Fifth Amendment in refusing to be deposed as Reyes prepares to defend SEC civil charges of stock fraud.

That's a problem, Reyes' lawyers say in court filings, because these same witnesses were granted temporary immunity by federal prosecutors to give government investigators their story -- setting up what defense lawyers call an unfair advantage for the government. Their solution: extend the immunity to cover defense depositions, a suggestion the government seems unlikely to follow.

Since the SEC and San Francisco U.S. Attorney's Office charged former Brocade executives with backdating employee stock options in July, the case has been a publicly contentious matter, with defense counsel loudly denouncing the government in court and in the press.

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Tensions have increased in the last few weeks, as evidentiary matters in the SEC civil case have started to overlap with the pending criminal prosecution.

That's relatively rare, since most judges will separate such cases, staying the SEC civil suit until the resolution of the corresponding criminal case.

But Northern District of California federal Judge Charles Breyer has decided to move the cases forward in tandem.

That set the stage for an awkward situation for at least 10 or so former Brocade employees. Granted immunity by federal prosecutors for a single interview session with lawyers from the U.S. Attorney's Office and the SEC, they coughed up what they knew about the case.

Not so when defense lawyers for Reyes and ex-HR Manager Stephanie Jensen -- who are charged in both the criminal and civil cases -- and former CFO Antonio Canova, who faces only SEC charges, tried to depose them.

"At the first such deposition on Friday, Jan. 19, 2007," Reyes' lawyer, Richard Marmaro, wrote in a brief filed this week, one witness who had been debriefed by government lawyers "invoked the Fifth Amendment in response to all questions other than her name and address."

The other witnesses did the same thing, Marmaro wrote, handcuffing his ability to defend the civil case.

"We are seeking to depose all of the witnesses who have any information on the charges in the SEC complaint," Marmaro, a partner at Skadden, Arps, Slate, Meagher & Flom, said Thursday. Since those charges seem to be based on witness interviews conducted with temporary immunity -- referred to as "queen-for-a-day" immunity -- he argues that the defense team should have access to the same information.

That's not possible without a broader grant of immunity, something the government has so far declined to offer, forcing an invocation of the Fifth Amendment that defense counsel, Marmaro said, think "is not only improper, but contrary to the truth-finding process."

Indeed, he wrote in a characteristically aggressive brief, the government and its witnesses seem to be cooperating in an inappropriate fashion.

"When a witness submits freely to questioning by governmental representatives who contend that a fraud occurred (and have the power to prosecute) but declines to answer questions from private-sector parties who contend no fraud occurred (and lack the power to prosecute), something other than a fear of prosecution is obviously afoot," he wrote.

Brown, a partner at Orrick, Herrington & Sutcliffe who represents 11 witnesses in the case, didn't have much to say Thursday. "I've received the motion and we intend to respond," he said.

But according to Peter Henning, a professor at Wayne State University Law School and an expert on white-collar prosecutions, it's unlikely that a lawyer in Brown's position would let his clients be deposed without a guarantee of immunity.

Henning said prosecutors are unlikely to make such a guarantee at this late stage of a case. "They don't want to go down that road, and they certainly don't want to be forced to do it," he said.

Furthermore, he said, Breyer is unlikely to honor Marmaro's request to order the government to facilitate depositions, since case law discourages judges from ordering immunity.

Marmaro seemed especially perturbed with the recent non-deposition of one witness.

"It is difficult to comprehend how the witnesses now before the court can credibly claim fear of self-incrimination," he wrote, pointing to the example of a former Brocade compensation and benefits analyst who had met with the Justice Department and SEC -- and with lawyers for two defendants -- before even hiring a lawyer.

"Yet, once she retained counsel, [Walter] Brown, Ms. Weaver suddenly expressed a desire to invoke the Fifth Amendment in response to all questions from the defendants in this case at her deposition on January 19, 2007.

"She now purports to fear incriminating herself by answering such benign questions as her educational background, whether she had ever met with the SEC or DOJ, whether she knew the civil defendants (even though one was sitting in the deposition room), whether she would testify if summoned by the SEC at trial, and virtually any other topic other than her name and address," Marmaro wrote.

The easiest way out of the muck, Henning said, would be for Breyer to stay the civil case until the criminal trial is over. But that could be a problem -- Breyer said at a Wednesday hearing that he wants to move the Brocade trial along without delay because he's planning to hold civil trials in the fall in two massive drug tort cases.

If the judge is unwilling to issue a stay, Henning said, more wrangling is likely in the works.

"It's a mess," he said.

Greenlight Heads To A Courtroom (WSJ)

By Carol S. Remond

The Wall Street Journal, January 29, 2007

Hedge funds have plumbed many corners of the markets in search of returns. Now Greenlight Capital, a fund with a big negative bet on Allied Capital Corp., is breaking into new ground -- the courts.

The $4 billion New York City fund has filed a lawsuit in federal court in Atlanta in the name of the U.S. government claiming that Business Loan Express LLC, a subsidiary of Allied Capital known as BLX, submitted fraudulent loan documents to the Small Business Administration, bilking the U.S. of millions of dollars.

Greenlight and James Brickman, an individual working with the fund to bring the suit, are entitled to 25% to 30% of the proceeds if their complaint results in an award.

It appears to be one of the first times a hedge fund has filed suit under a provision of the Federal Civil False Claims Act that lets private citizens sue in the name of the federal government. Such cases -- called qui tam complaints -- typically are filed by whistleblowers alleging fraud by their employers.

Allied Capital referred questions to its public-relations firm, Sitrick & Co., which didn't reply to questions submitted. The SEC declined to comment.

BLX declined to comment on the suit through the public-relations firm. Reached by telephone at BLX's Richmond, Va., office, Matthew McGee, a senior vice president, called the suit "ridiculous" and "another ploy" by investors who have made bearish bets on the stock.

Allied Capital has been under investigation for more than two years by the U.S. attorney for the District of Columbia in connection with a criminal probe of BLX. The company also is the focus of an informal investigation by the Securities and Exchange Commission. The company said in SEC filings that these investigations appear linked to "matters related to the portfolio valuation" and BLX.

Greenlight's Short

Greenlight has a short position in Allied Capital stock -- in other words, a bet that will pay off if the company's stock falls. (Typically, short positions involve the sale of borrowed securities by an investor who hopes to earn a profit by buying an equal number of shares later, at a lower price, to replace the borrowed securities.)

The government in November declined to intervene in Greenlight's case. Under qui tam, the complaint can proceed in the government's name.

The complaint, filed this month, names Business Loan Express, Business Loan Center, Robert Tannenhauser BLX's chief executive, Mr. McGee and George Harrigan, a loan broker.

Mr. Tannenhauser wasn't available for comment and Mr. Harrigan couldn't be reached.

Mr. Brickman, who describes himself as a retired real-estate investor, said he joined Greenlight in the suit because of a "shared belief that a massive fraud has been committed on SBA." Mr. Brickman said he doesn't have a short position in Allied Capital stock and receives no compensation from Greenlight.

Ignoring Signs

Greenlight manager David Einhorn has battled Allied Capital for five years. A week ago, he made public a letter sent by Greenlight to Allied Capital's board, alleging the company failed its shareholders by ignoring signs that suggested trouble with loan documents at BLX.

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That same day, Allied Capital issued its own announcement, denouncing Mr. Einhorn's motives and accusing him of trying to manipulate the price of Allied Capital's stock. Allied Capital also said Mr. Einhorn made "numerous misleading allegations" in his letter, without going into detail.

This month, a former BLX executive named Patrick Harrington was indicted by a Michigan U.S. District court on charges he and others defrauded the SBA of almost $77 million in guaranteed loans.

Mr. Harrington, through a lawyer, denied admitting to federal agents that he, and others working for him, knowingly made 76 fraudulent loans as alleged in the federal complaint against him. A jury trial is set for March 13.

According to Greenlight's complaint in Georgia, BLX submitted false loan applications to the SBA to defraud the administration into guaranteeing the loans. The complaint focuses on about $100 million in shrimp-boat loans that were backed by the SBA.

Following the Michigan indictment, the SBA is undertaking a review of loans made by BLX. The SBA said its review could take up to 45 days.

Write to Carol S. Remond at carol.remond@dowjones.com1

Lone Star Probe Engulfs South Korea Chief (WSJ)

By Laura Santini And Lina Yoon

The Wall Street Journal, January 29, 2007

The indictment of Lone Star Funds' South Korea head is part of an investigation into suspicions of wrongdoing by the Dallas private-equity fund that has already delayed the firm's ability to make a lucrative exit from its investment in Korea Exchange Bank.

On Friday, Korean prosecutors indicted Lone Star's country head, Paul Yoo, on allegations of stock manipulation and tax evasion. "This is the continuation of the investigation," a spokesman at South Korea's Supreme Prosecutors Office said. "The case will pass now to the court."

Lone Star, the largest shareholder of Korea Exchange Bank, tried to sell a controlling stake in the bank last year to Kookmin Bank for more than $7 billion, but the process was derailed by a probe into Lone Star's acquisition of KEB. Investigators claimed Lone Star's 2003 purchase was mishandled by government and KEB officials, allowing the U.S. firm to buy 51% of the bank for $1.2 billion. They allege the price was too low. Prosecutors haven't charged the firm with any wrongdoing in connection with the stake acquisition.

Friday's indictment of Mr. Yoo, the third against a Lone Star executive, relates to the merger of KEB's credit-card unit into the bank after Lone Star acquired control. Ellis Short, Lone Star's vice chairman, and Michael Thomson, its general counsel, were indicted late last year on similar charges. Mr. Yoo, who resides in Seoul, couldn't be reached for comment. Lone Star, which has said its executives are innocent, didn't respond to messages seeking comment.

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CRIMINAL LAW:

Journalists To Take Stand In Libby's Perjury Trial (USAT)

By Richard Willing, Usa Today

USA Today, January 29, 2007

WASHINGTON — This is the week the Lewis "Scooter" Libby trial meets the press.

High-profile journalists such as NBC's Tim Russert and former New York Times reporter Judith Miller are scheduled to be called as witnesses as soon as this week, as the perjury and obstruction trial of Vice President Cheney's former chief of staff heads into its second week of testimony.

Libby is charged with lying to investigators probing how and why the identity of CIA officer Valerie Plame was given to reporters in 2003.

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Disclosing the name of a covert CIA operative is a crime. Libby has not been charged with that but with lying to investigators during the course of the probe into the disclosure of Plame's identity.

Reporters are notoriously reluctant to talk about work methods, especially confidential sources. Miller went to jail for 85 days to avoid disclosing Libby as a source. Time magazine reporter Matt Cooper went to court in an unsuccessful effort to avoid talking to investigators in the case. He later cooperated with the probe.

Now, however, says a veteran trial watcher, the reporters' central role in the case will be to give evidence.

"There's some real novelty here, as in 'That's Tim Russert on the witness stand, and not on 'Meet the Press,' " says Gregory Wallance, a defense attorney and former federal prosecutor in New York City who has been following the trial.

"But once the novelty is gone, then as with any other witness, we're back to focusing on what was in the head of Scooter Libby."

Prosecutors argue that Libby deliberately lied when he told investigators and later grand jurors that he learned of Plame's identity from Russert in a telephone call on July 10 or 11, 2003. Russert will deny discussing the case with Libby and testify that he learned of Plame's identity several days later from a Robert Novak newspaper column, court papers say.

Miller testified before a grand jury after Libby told her he no longer held her to their confidentiality agreement. She said she and Libby had at least one conversation in which he mentioned Plame. Both occurred before Libby's conversation with Russert.

Libby's defense has signaled that it will also rely on reporters' testimony to show that Libby did not deliberately lie.

In court last week, defense attorney Theodore Wells said Russert may have learned Plame's identity from two NBC colleagues before his conversation with Libby. Russert's colleagues, David Gregory and Andrea Mitchell, were working on the Plame story and may have told a forgetful Russert, Wells said.

"Tim Russert is a great reporter, but he's a human being," Wells said.

"Tim Russert can be confused and make an innocent mistake just like anyone else. The sole issue is: Is somebody telling an intentional lie?"

Wells said Libby talked to 10 reporters in the month before Plame's name became public and only brought her name up once, with Miller. The reporters, including The Washington Post's Bob Woodward, can verify that Libby was not "pushing the (Plame) story," Wells said.

It is unclear which reporters will be called by Wells.

The case already has called attention to the arrangements sometimes shared by Washington reporters and their sources.

Cathie Martin, a press aide in Cheney's office in 2003, testified last week that reporters sometimes agree to quote "senior administration officials" when those officials don't want to be connected by name to some information.

Press officials typically offered exclusive stories, private lunches with Cheney and other inducements to get favorable coverage, Martin said.

When it wanted to get an important story out, she said, the administration's first option was to get Cheney on Russert's Meet the Press.

Testimony resumes today with former White House spokesman Ari Fleischer scheduled to testify for the prosecution. Libby told Fleischer about Plame's CIA job at least three days before Libby says he learned of it from Russert, prosecutor Patrick Fitzgerald has charged in court.

Fleischer demanded and received immunity from the prosecution before agreeing to testify. William Jeffress, another Libby attorney, indicated last week that he will argue to jurors that the deal gave Fleischer the freedom to accuse Libby without fear of consequences.

Leak Case: Will Rove Testify? (NSWK)

By By Michael Isikoff

Newsweek, January 29, 2007

Jan. 26, 2007 - White House anxiety is mounting over the prospect that top officials—including deputy chief of staff Karl Rove and counselor Dan Bartlett—may be forced to provide potentially awkward testimony in the perjury and obstruction trial of Lewis (Scooter) Libby.

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Both Rove and Bartlett have already received trial subpoenas from Libby's defense lawyers, according to lawyers close to the case who asked not to be identified talking about sensitive matters. While that is no guarantee they will be called, the odds increased this week after Libby's lawyer, Ted Wells, laid out a defense resting on the idea that his client, Vice President Dick Cheney's former chief of staff, had been made a "scapegoat" to protect Rove. Cheney is expected to provide the most crucial testimony to back up Wells's assertion, one of the lawyers close to the case said. The vice president personally penned an October 2003 note in which he wrote, "Not going to protect one staffer and sacrifice the other." The note, read aloud in court by Wells, implied that Libby was the one being sacrificed in an effort to clear Rove of any role in leaking the identity of CIA operative Valerie Plame, wife of Iraq war critic Joe Wilson. "Wow, for all the talk about this being a White House that prides itself on loyalty and discipline, you're not seeing much of it," the lawyer said.

Libby is charged with lying about when and from whom he learned about Plame during the spring and early summer of 2003, a time when the White House was working to discredit Wilson. A former U.S. ambassador, Wilson was dispatched to Niger to investigate reports that Iraq was seeking to purchase uranium from Africa. Wilson said he told U.S. officials there was nothing to those reports. But the president later used the claim anyway in his 2003 State of the Union address, prompting Wilson to charge the administration had manipulated the intelligence about Iraq. The week after he went public, journalist Robert Novak first reported that Wilson's wife, Plame, worked for the CIA—a disclosure that prompted allegations that administration officials had "outed her" in retaliation for Wilson's criticism.

The possibility that Rove could be called to testify would bring his own role into sharper focus—and could prove important to Libby's lawyers for several reasons. Rove has said in secret testimony that, during a chat on July 11, 2003, Libby told him he learned about Plame's employment at the CIA from NBC Washington bureau chief Tim Russert, a legal source who asked not to be identified talking about grand jury matters told NEWSWEEK. If Rove repeats that story on the witness stand, it could back up Libby's core assertion that he honestly, if mistakenly, thought he had heard about Wilson's wife from the "Meet the Press" host—even though Russert denies he knew anything about Plame, and more than a half-dozen officials (including Cheney) have said they passed along the same information to Libby earlier than that.

But the Rove account could cut in other ways. Fitzgerald would likely argue that Libby's comment to Rove merely shows that the vice president's top aide "was even lying inside the White House," according to the legal source. Moreover, Rove is likely not eager to recount the story either. The reason? He would have to acknowledge that shortly after he had the chat with Libby, he went back to his office and had a phone conversation with Time magazine reporter Matt Cooper in which he also disclosed the fact that Wilson's wife worked for the CIA. The disclosure was potentially illegal since, at the time, Plame was employed in the Directorate of Operations, the agency's covert arm. (There is no evidence that Rove or anybody else knew Plame's status at the time—and Rove has never been charged with any crime—but the possibility that White House officials were leaking classified information in an effort to discredit Wilson is what triggered the probe in the first place.)

An equally embarrassing conflict could emerge next week when former White House press secretary Ari Fleischer takes the stand. Fleischer has been one of the most mysterious figures in the case, making virtually no public comments about it since he left the White House in July 2003. In the past he has insisted he wasn't even represented by a lawyer. But it emerged during court arguments this week that Fleischer originally invoked his Fifth Amendment privileges to avoid testifying and then only agreed to do so after he was given an immunity deal by Fitzgerald—an arrangement that normally requires extensive bargaining among attorneys. Fleischer's testimony is critical to Fitzgerald's case: as the prosecutor laid out this week in his opening statement, Fleischer has said that Libby told him over a White House lunch on July 7, 2003, that Wilson's wife worked at the CIA and made a point of describing this information as "hush and hush." Fitzgerald used that account to undercut Libby's grand-jury assertion that he was surprised and "taken aback" just three or four days later when, he claims, Russert told him about Wilson's wife. "You can't learn something startling on Thursday that you're giving out Monday and Tuesday of the same week," Fitzgerald said. Fleischer has also testified that Bartlett also later told him about Wilson's wife and, after hearing it from both Libby and Bartlett, the then-White House press secretary disclosed the information to NBC reporter David Gregory.

On its face, Fleischer's account seems to contradict the repeated public assertions of his immediate successor, Scott McClellan, in October 2003 that nobody at the White House was in any way involved in the leak of Plame's identity. It also potentially puts Bartlett, one of the president's senior and most trusted advisers, on the hot seat. If Bartlett backs up Fleischer, it

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suggests he himself played a role in passing along radioactive information that triggered a criminal investigation that has plagued the White House for more than four years. If he contradicts Fleischer, it raises questions about the credibility of a man who was President Bush's chief spokesman for the first two and a half years of his presidency. His lawyer declined to comment on what Bartlett will say.

But either way, it's not a scenario that anybody at the White House can be looking forward to.

Sheriff Talks Of A Conspiracy (KNOXNS)

By J.j. Stambaugh

Knoxville News Sentinel (TN), January 29, 2007

Hutchison says FBI told him lawyers might try to 'sue him out of business'

With only three days left before turning in his badge, Knox County Sheriff Tim Hutchison said in an interview broadcast Sunday that an FBI agent tipped him off to a 1998 conspiracy by "some lawyers" to destroy his administration through the court system.

He also called lawyer Herbert S. Moncier, his longtime legal nemesis, "an anarchist" and described sheriff hopeful Randy Tyree as unqualified to hold the post of sheriff.

During the 30-minute interview aired on WBIR, Channel 10, Hutchison touched upon several controversies that arose during his 17 years as sheriff, including a series of high-profile lawsuits filed by Moncier over access to public records and alleged civil-rights violations against citizens.

The sheriff said he was approached by an FBI agent in late 1998 who told him that some lawyers were talking about "suing me out of business." Hutchison said he initially laughed off the tip, but after Moncier started filing dozens of lawsuits, "I started seeing exactly what was planned."

"It's somewhat personal between him and me," Hutchison said of his feud with Moncier. "In my opinion, he's an anarchist."

Moncier e-mailed a reply to Hutchison's comments Sunday afternoon.

"He's wrong," Moncier wrote. "I believe in a government of the people, for the people, elected by the people. Not a government of professional politicians who horde power; who peddle government jobs and contracts to their friends and supporters; who punish those who disagree with them; who abuse the powerless; and who become multi-millionaires while in office peddling their influence."

Moncier added: "I do not have a clue what he is talking about an FBI agent told him. It is interesting, however, that an FBI agent was leaking information to him, whether correct or not."

FBI spokesman Gary Kidder said Sunday he had no comment.

Hutchison, who is in his fifth term as sheriff, said he has no immediate plans to run for another public office but declined to rule out the possibility.

He is one of 12 county officeholders being forced out of office because of a recent state Supreme Court decision that upheld voter-approved term limits.

Hutchison said three of his top chiefs have met and decided to push for J.J. Jones, his chief deputy of administration, to be appointed sheriff by County Commission.

Hutchison said he asked the trio to meet because he understood they were each phoning commissioners about the post. He said he urged them to decide on a possible successor among themselves to avoid the possibility that internal friction might cause an outsider to be appointed to lead the department.

Hutchison didn't identify the aides who were vying for the job, but they have previously been identified by Commissioner Greg "Lumpy" Lambert as Jones, Chief Deputy Tom Spangler and Assistant Chief Deputy of Administration Bobby Waggoner.

Jones, who was once the sheriff's chief of detectives, resigned in 1999 and fired off an angry letter describing Hutchison as a "paranoid, selfish, power-crazed tyrant." He went to work at the Knoxville Police Department, ran unsuccessfully against Hutchison in 2002, and then returned to Hutchison's agency in 2005.

When asked by WBIR anchor Robin Wilhoit about his up-and-down relationship with Jones, Hutchison said Jones had experienced some unspecified problems while going through a divorce but has since overcome those issues.

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"We've seen the same J.J. from before that is very capable, that cares about this agency, and this is where his heart is," he said.

Hutchison also said he doesn't believe former Knoxville Mayor Randy Tyree, who came close to upsetting him in last year's election, is qualified to be sheriff. "He's been out of law enforcement longer than I've been in it," he said.

Tyree, a lawyer who worked in law enforcement at KPD and the FBI in the 1960s and '70s, said after Hutchison's interview that he hopes to be picked as sheriff and expects there to be "an elevated intensity here in the next 72 hours heading into the (County Commission) meeting on Wednesday."

"Experience is good, but sometimes you can get yourself into a rut, and what I bring to the table is a diversity of experience, all of it dealing with leadership and with public service," Tyree said.

Although he hasn't worn a uniform in decades, Tyree said he believes his administrative and leadership skills are adequate to lead the department. "It needs to be more of a professional organization, less of a political organization," he said. "And that's not dissing Tim. It's the nature of the animal."

Hutchison declined to offer an opinion on the Supreme Court's term-limits decision, saying only that the court's ruling is "the final word."

"I'm not going to argue one way or another ... that's why you haven't heard much out of me," he said.

When asked what accomplishment he was proudest of, Hutchison said he was pleased to have been chosen as the nation's "Sheriff of the Year" in 1998 but credited the honor to the work of his employees, who built a "full-service law enforcement agency" under his direction.

Hutchison said his biggest regret was the acrimonious relationship between the sheriff's department and KPD before Sterling Owen IV was appointed the city's police chief in 2004.

The relationship between the two agencies has improved greatly since Owen took office, Hutchison said, which has led to better cooperation on cases. "That's the way law enforcement better serves the entire community," he said.

Hutchison, 54, didn't want to speculate on what he might do in the future. He said he is a licensed contractor, has invested in an Oak Ridge auto dealership, and has already gotten calls about possibly seeking another elected position.

"I don't know what the Lord has in store for me out there," he said. "I don't have any specific plans for the future at this moment."

J.J. Stambaugh may be reached at 865-342-6307.

Feds Detail Alleged Jail Food Kickbacks (OREG)

By MICHELLE ROBERTS, LES ZAITZ And BRYAN DENSON

The Oregonian, January 28, 2007

Oregon prisons - Investigators say a state buyer and his wife took about $680,000 in payoffs

As Oregon's prison food buyer, Fred Monem began his 2005 performance review with a glowing self-evaluation.

"Continually striving to exceed professional and ethical standards," he wrote of his work, "as well as setting the highest measurement as a role model for fellow staff members."

Monem's bosses agreed, giving him stellar marks. After all, he'd squeezed the system's daily meal costs by 40 percent with an innovative tactic: shopping the "spot" food market for bargains in distressed or expiring goods.

By appearances, the 48-year-old Monem was a hero who'd saved taxpayers millions. But if allegations in federal court papers prove true, Monem himself may face charges including bribery and money laundering.

In an affidavit used to justify searching Monem's home and office, IRS and FBI investigators assert that Monem and his wife, Karen, accepted about $680,000 in kickbacks from companies that sold the state Department of Corrections millions of dollars' worth of food during the past five years.

Fred Monem allegedly jetted to Las Vegas every six weeks to meet with food brokers, where he sometimes picked up bundles of cash. As secret payments rolled into his wife's company, Monem was buying a rental home on the coast, a $77,000 BMW and a golf club membership. When agents searched the couple's home and safe deposit box this month, they found more than $530,000 in cash.

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Authorities say they can't recall a bigger Oregon bribery case. Prison officials say they were blindsided.

"There was not a single red flag," Corrections Director Max Williams said Friday.

Monem's attorney said his client should be presumed innocent, and no charges have been filed against him or executives of food wholesalers in California, New York and Maryland who allegedly paid the kickbacks. Prosecutors and the FBI declined to discuss the ongoing investigation, outlined in the 42-page affidavit.

The accusations put a harsh light on a program that has been a prison system showpiece. Under special procurement rules, Monem aggressively pursued distressed and bulk foods on the spot market. The savings have helped Oregon regularly rank among the lowest in the nation for per-inmate food costs.

Though the rules allowed Monem considerable flexibility, Corrections officials said there were checks. Purchases required at least two comparable price quotes to ensure against overpayment, for instance. Exactly how wholesalers were able to charge prices high enough to cover the alleged kickbacks remains unclear.

The state will seek recovery if it turns out that food prices were artificially "jacked up," Williams said.

Although Williams defended the program as a money saver, a national expert on the prison food industry told The Oregonian that buying distressed products is virtually unheard of in state corrections.

Monem has been named in multiple inmate lawsuits, The Oregonian found, and has been the target of complaints about green bologna, moldy hamburger and food cartons purportedly marked "bait fish only."

Williams insisted that "quality is not an issue" for the meals the state serves its 13,333 prisoners. Meanwhile, his agency is cooperating with federal officials by turning over documents and making employees available for interviews in an investigation that, so far, appears limited to Monem, he said.

Wheeling and dealing

To most, Monem seemed like a typical 9-to-5 state bureaucrat and suburban dad. "He's the kind of guy everybody likes," said Mark Graham, who lives down the street in Salem's Sunset Meadows subdivision.

But the Monem described in a federal affidavit seems more like a character out of a "Sopranos" episode.

When agents raided Monem's tan, two-story home Jan. 10, they found $12,410 in a bedroom closet. An additional $74,000 was stashed in a safe in the garage. At the Monems' bank, a deposit box held $444,700 in cash.

Monem fled his native Tehran in 1979 to avoid mandatory military service. By age 24, he had landed in California, where he owned and operated three family-style restaurants and later took his first job in prison food as supervisor for the now-defunct Service America Corp.

Monem helped oversee food service contracts at more than a dozen jails and prisons in Washington, California and Nevada. In 1991, as Oregon prepared to open the newly built Snake River Correctional Institution in Ontario, the firm won a contract to handle inmate meals.

State officials were so impressed with Monem's efficiency and "ability to wheel and deal" they eventually hired him away in January 1996, and he moved into his current job that September, according to Corrections spokeswoman Perrin Damon.

In December 2002, Monem logged the first of many trips to Las Vegas to meet with executives from Levin & Lawrence Inc., the Santa Clarita, Calif., wholesaler accused of paying the bulk of the kickbacks.

According to the search warrant affidavit outlining the case, the arrangement went like this:

L&L acquired bulk foods -- cold cereal, lunchmeat, burritos, candy bars, chili and jerky. In return for Monem's agreement to buy the items, some with approaching expiration dates, L&L would kick back 20 percent of its net profit on the deal to Monem.

An unnamed informant -- the firm's former controller -- said he was repeatedly asked to write checks for the payoffs by the firm's principals, Michael D. Levin and William S. Lawrence. He told investigators he once heard L&L salesman Howard Roth say that if a product was difficult to sell, they would "make Fred buy it."

The Levin & Lawrence executives and their attorney did not return phone calls seeking comment.

Another former L&L worker told agents he often overheard Roth negotiating prices by phone with Monem. The conversations, he said, left the impression that Monem was willing to pay more for the food than anyone else.

"What can you live with?" the employee recalls Roth asking Monem. "What can you live with?"

Tracking the cash

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For five years, agents said in their search warrant affidavit, the money flowed. Records show that L&L and two other food brokers named in the case sold $21 million worth of products to the Oregon system during that time.

The former controller said his bosses frequently peppered him with e-mails or notes saying such things as "I need a check for cash for you know who." One Post-it note, now in the hands of IRS agents, reads: "Mikey needs a check for $8K for cash against Fred's commission."

The informant said Levin, Lawrence and Roth delivered cash directly to Monem in Las Vegas, where they treated him to expensive stays at the Mandalay Bay Hotel and Casino, famous for its 11-acre beach and an aquarium stocked with live sharks.

Records seized by the government show that Monem, often accompanied by his wife, traveled to Las Vegas at least 29 times in the past four years.

But not all the money was delivered that way. By September 2004, the ex-controller said, Monem was instructed to form a corporation so that L&L wouldn't have to "continue writing large checks to cash."

Karen Monem registered a new Oregon company on Sept. 9: Jamm Inc. From then on, the affidavit said, Karen Monem would submit invoices "making it appear that Jamm Inc. had provided consulting services."

By the end of last year, the affidavit said, Jamm Inc. took at least $475,000 in kickbacks.

In December 2005, the L&L executives treated the Monems to a Bears game in Chicago and picked up a $1,337 tab for dinner at Smith & Wollensky. The Monems bought a white 2006 BMW for $77,000. In June 2005, Lawrence, Roth and Fred Monem purchased a $383,000 ocean-view home in Seal Rock. Two months later, they formed a new company, Laromo Inc., to own and lease the property, according to county records and the affidavit.

L&L executives worried about how Monem might explain owning a BMW worth more than his $75,500 state salary. Roth told the ex-controller that Monem had a plan: He would say his father or uncle gave him the money.

Another former L&L worker once got out of repaying a $9,000 loan to the company with a threat.

"Back off," the employee told the former controller, "or I'll blow the lid on Fred."

Last May, the controller decided to quit and form another food company. According to the affidavit, he called Levin, who cut short a vacation in Hawaii. Lawrence met the controller in a warehouse -- alone.

Levin wanted to know whether he could trust the controller to stay quiet about Monem, Lawrence said at the meeting. The controller asked what it was worth to keep the secret.

Lawrence responded, the affidavit says, with two words.

"Your life."

A string of lawsuits

On Jan. 10, the FBI came knocking at Mark and Dorothy Graham's door.

It was the first they heard of the allegations against their neighbors, whose home was searched that day. They were shocked -- and scared, they told The Oregonian. They had known the couple for years, and were investment partners.

In 2002, the Grahams and Monems formed Leisure Quest Investments to buy and lease real estate as a retirement investment. Property records show that Leisure Quest owns homes in Salem, Keizer and South Beach.

"We never knew where the (Monems') money came from," Mark Graham said. "They didn't tell us any of their business."

Graham is a food inspector with the U.S. Department of Agriculture and said he is assigned to inspect processing plants and slaughterhouses. His job has "absolutely no connection" to the allegations against the Monems, he said. Fred Monem didn't talk much about work but "told us he was doing consulting business" in Las Vegas, Graham said.

The Grahams weren't the only ones who said they were in the dark.

Prison supervisors were lauding Monem for his penny-pinching prowess. His spot market successes had helped slash the daily cost of food -- from nearly $4 per inmate in 1997 to $2.40 in the current budget period.

The program relied heavily on special rules designed to take advantage of the volatility of the food market and the short-term availability of "hot" prices. "For each and every buy, we ensure we are getting the best price by checking with vendors who have access to the same commodity," the Corrections Department said in a statement to The Oregonian.

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According to the department, Monem would first find products, then a purchasing specialist would find at least two comparable price quotes and compare them against historic prices before issuing a contract. "Fred had no influence as to who the quotes were from," the agency told The Oregonian.

Williams told The Oregonian that Monem did not have unusual autonomy, and that other executives recalled nothing out of the ordinary. He said the agency is redoubling efforts to ensure that all purchasing rules are followed. Any internal reviews will start after the criminal investigation is completed, he said.

Prisoners noticed that something didn't seem right.

Since Monem took over, he's been named in at least 17 inmate lawsuits. In 2002, officials at the Eastern Oregon Correctional Institution in Pendleton investigated allegations that a package of frozen hot dogs had expired dates on the wrappings.

Nothing came of the investigation, and Monem, in an interview with The Oregonian at the time, chalked up the incident to past conflicts with personnel at the prison.

Among the lawsuits is a July 2005 case filed by prisoner Douglas B. Bennett claiming inmates are being fed "expired, putrefied foods." The file includes affidavits from eight prisoners, including kitchen workers, who complained of green bologna, sour milk, rotten fruit, moldy hamburger, discolored tomato paste, chicken that was thawed, frozen and re-thawed, and a list of long-expired items such as ketchup, salad dressing, meats and fish.

"Fred Monem," Bennett wrote, "has been sending food to feed inmates . . . that has expired or been marked 'bait fish only' or 'not for human consumption, animal feed' since 2002."

Bennett's lawsuit was dismissed last January by U.S. District Judge Anna Brown for procedural reasons. But Michelle Burrows, a Portland lawyer who frequently represents inmates, has heard similar complaints. One inmate, she said, sent her a list of food complaints and the label from a box of fish marked "bait."

"It was the inclusion of the box label that made everything else in the letter more credible," she said.

Barbara Holly, past president of the Association of Correctional Food Service Affiliates and the former food service administrator for Alabama's prison system, said it is highly unusual for prisons to buy distressed food.

"It's not a good practice, and you sometimes end up losing more than you get because it's usually just about to go out of date," she said. "It leaves you wide open for lawsuits as far as inmates go."

Holly said Alabama rules forbade her from buying in the spot food market.

Williams defended food quality in the Oregon system, which spends about $10 million a year on meals. The agency said the three food companies accused of kickbacks did $21 million in corrections business during the five years ending in 2006. That suggests they handled about 40 percent of the system's food expenditures.

Contacted at their Salem home, Fred and Karen Monem declined to comment. Their Portland lawyer, David H. Angeli, said no one should jump to conclusions about the allegations against his client, who was placed on paid leave pending the outcome of the criminal investigation.

"I would hope," Angeli said, "state officials in Oregon remember that Fred Monem has saved this state millions of dollars through the innovative program he's put into place."

News researcher Lynne Palombo and reporter Ashbel Green contributed to this report. Michelle Roberts: 503-294-5041; michelleroberts @news.oregonian.com

Video Shows Coke Worker Taking Documents (WP/AP)

By Harry R. Weber, The Associated Press

The Washington Post, January 27, 2007

ATLANTA -- A former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant was caught on surveillance cameras removing documents from her office last June, sometimes late into the evening.

A Coca-Cola security expert testified Friday at Joya Williams' trial that a handful of concealed cameras were installed at the Atlanta-based company's headquarters to monitor Williams' movements in different parts of the sprawling complex.

DOJ_NMG_0122904

The surveillance video, played for the jury on Friday, was made after Pepsi received a letter last May purportedly from a co-defendant in the case stating that the person was willing to sell confidential Coca-Cola documents and samples of products that Coca-Cola was developing to the highest bidder.

The government has alleged that Williams stole the materials from The Coca-Cola Co. and gave them to co-defendants Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

Williams faces up to 10 years in prison if convicted of conspiracy. Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Williams' lawyer, Janice Singer, told reporters Friday her client intends to testify in her own defense as early as next week.

The surveillance that Coca-Cola conducted of Williams is a key part of the government's evidence against her.

Coca-Cola security expert Deborah Casey testified Friday that surveillance cameras were running between June 7, 2006, and July 5, 2006, the day Williams was arrested.

Video images displayed in court Friday show Williams placing papers in her bag, holding drink bottles in her hand, placing bottles on a cart in a confidential document room and stuffing gift tote bags in her personal bag. Some of the times she was removing materials occurred at night, between 8 p.m. and 10 p.m.

Under cross-examination by defense lawyer Singer, Casey said that other video clips show Williams doing routine work at her desk, making phone calls and carrying on her normal work day.

Casey also acknowledged that on June 27, when Williams is seen removing a box full of documents from the building, the box is open, and Williams walked past security with it. The lawyer is trying to show there was nothing nefarious about what Williams was doing.

Also Friday, a Coca-Cola scientist testified that some of the product samples that the three suspects are alleged to have tried to sell to Pepsi were under development and had not been launched yet.

In other testimony Friday, an FBI agent who questioned Williams the day she was arrested said Williams denied being part of a scheme to steal or sell Coke trade secrets. The agent, Joan Cronier, also told jurors that Williams denied giving any Coke documents to Dimson and Duhaney.

However, Cronier said she observed some Coke product bottles in Williams' apartment that she had never seen before, and she asked Williams where she got them.

"She said that those were collectors items and that everyone at Coca-Cola took that type of stuff," Cronier recalled.

Cronier also said that Williams told her she hadn't talked to Dimson for about a month prior to her July 5 arrest. Cronier said she then told Williams the FBI had phone records showing she talked to Dimson on June 20.

Cronier said Williams responded that "she didn't know anything about it."

Williams, who has pleaded not guilty, was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

Her former boss at Coke, Javier Sanchez Lamelas, testified Thursday that he didn't believe Williams had the know-how to commit the crime on her own.

The government is expected to wrap up its case Monday, prosecutor Byung J. Pak told U.S. District Judge J. Owen Forrester on Friday.

The defense will then have an opportunity to present its case.

Six Slain In D.C., Prince George's (WP)

By Mary Beth Sheridan And Rosalind S. Helderman

The Washington Post, January 29, 2007

Four men were killed in the District and two others were fatally shot in Prince George's County in a burst of violence Saturday night and early yesterday, police said.

There was no apparent connection between the six slayings, which included an attack with a baseball bat in Northwest Washington, an apparent robbery in Southeast Washington and a shooting in Oxon Hill, where a gunman fired several times through a sliding-glass door into a man's living room.

Police made an arrest in one of the six cases.

The incidents occurred just weeks after D.C. police announced that homicides had hit a 21-year low in 2006. Killings also declined sharply in Prince George's last year.

The office of D.C. Mayor Adrian M. Fenty (D) said last night that Fenty, Police Chief Cathy L. Lanier and U.S. Attorney Jeffrey A. Taylor will hold a news conference this morning at the site of one of the slayings in Southeast to discuss "their commitment to solve murder investigations in the city and strategies to prevent future homicides."

Two of the weekend slayings occurred in or near Washington's central Shaw neighborhood, where residents have been complaining about a jump in gun violence.

At 10:30 p.m. Saturday, police discovered the body of a 29-year-old man, shot several times, in the first-floor stairwell of an apartment building in the 1500 block of Seventh Street NW, said Sgt. Joe Gentile, a police spokesman. He said police had no suspects in the killing of Deon A. Peoples, who lived in the 1400 block of V Street NW.

Court records show that Peoples was convicted in the 1990s of property destruction, assault and distribution of heroin and cocaine. His mother, Helen Peoples, said he had served jail time but had "turned his life around," becoming a hospital orderly.

Residents said the neighborhood has been plagued by gang violence in recent months. "People are comparing this to the crime waves in the late '80s, early '90s," said Carmen Gilotte. "It's just constant."

Another man was killed about 2:45 a.m. yesterday several blocks away, on 11th Street NW between M and N streets. The man was swinging a baseball bat at other men when one of them grabbed it and dealt him a fatal blow, Gentile said.

A security guard working nearby detained the alleged assailant, Herman Melendez, 21, who has been charged with murder, police said. The dead man's name was not known, nor was Melendez's address, police said.

The other killings in the District were east of the Anacostia River.

About 11:40 p.m. Saturday, police found the body of Kevin Vincent Bradshaw, 41, in the 800 block of Yuma Street SE. He was shot multiple times, police said. "One possibility they're looking at is robbery," Gentile said.

Bradshaw was apparently attacked as he walked home from a bus stop after undergoing kidney dialysis at Howard University Hospital, said his brother, Ricky Bradshaw. "He was a guy who was so good, never been in trouble, never did anything unlawful," he said.

Shortly after 3 a.m. yesterday, police responding to a call about gunfire discovered a man with gunshot wounds in an apartment building in the 300 block of 54th Street NE, Gentile said. The man, whose identity was unavailable, was declared dead at Prince George's Hospital Center, he said.

In Prince George's, a 20-year-old man was killed early yesterday while sitting on the couch in his Oxon Hill apartment, police said. Police responding to a call about 2 a.m. discovered that Darius David Berry had been shot several times through the sliding-glass door of his ground-floor apartment in the 900 block of Marcy Avenue. He died at the scene.

Cpl. Diane Richardson, a spokeswoman for the Prince George's police, said investigators did not know whether Berry was targeted or was the victim of a random shooting.

In Laurel, a man was fatally shot about 3 a.m. during an argument outside J's Sports Cafe in the 12600 block of Laurel Bowie Road, officials said. Richardson said off-duty police officers working security nearby were responding to the fight when they heard a shot.

The crowd scattered, leaving Travis Lashawn Robinson, 29, of Suitland, lying on the pavement, she said. Robinson was taken to a hospital and died a few hours later.

Staff researcher Rena Kirsch contributed to this report.

Money Trail Often Murky In Small-Town Courts (NYT)

By William Glaberson

The New York Times, January 29, 2007

DOJ_NMG_0122906

As court clerk in the western New York village of Perry, Ruth Milks was in a prime spot to see the kind of big money that moves through the state's smallest courts. Her husband was the village justice, and Mrs. Milks — a former justice herself — collected the fines and fees.

She was also in a prime spot to cash in. Mrs. Milks started adding $35 to parking fines, recording the extra charge on the driver's receipt but not in her court files. By the time state auditors caught up with her in 2003 — only because she had fined one of them — they estimated she had pocketed at least $60,000, which investigators said she spent on gifts and a trip to a casino.

It is no secret that New York's justice courts — an unwieldy system of 1,250 town and village courts that dates back to Colonial days — have been troubled for a long time. Three-quarters of the justices are not lawyers, and state disciplinary records show that some have jailed defendants illegally and denied people basic legal rights. In recent months, the Legislature and state judicial officials have been scrambling to fix some of the courts' more obvious failings.

But one of the most intractable problems those officials face is the courts' miserable record with money, which has been lost, stolen or mishandled in case after case. State investigators have discovered financial records in disarray, missing or simply nonexistent.

It is easy to see why. More than $210 million passes through the justice courts each year in bail, fines and fees. But the part-time justices who are elected to preside in them, many with a high school diploma or less, receive about an hour of initial training in how to safeguard and keep track of the money. They and their clerks, if they have any, often get little supervision or resources, and the justices' pay can be as low as $2,000 a year.

The towns and villages that pay them are required by law to review the courts' books, but often fail to take even a cursory look. The officials who run New York's court system say they have neither the power nor the staff to carefully oversee the justice courts' finances, and even state disciplinary officials can do little more than punish the occasional justices whose crimes or errors come to light.

Small wonder, then, that some court officials have helped themselves. A clerk in Patchogue, a Long Island village with a busy justice court, was discovered stealing only after a new justice noticed a sharp drop in court revenues. A subsequent state audit in 2005 revealed that the clerk, Deborah Gustam-Williams, had made off with $37,500.

Patchogue's mayor, Paul V. Pontieri Jr., laid much of the blame on lax oversight at every level. "Give the fox the key to the henhouse," he said, "and he is going to eat hens."

Size of Problem Is Unclear

The sums that have been reported lost to fraud or ineptitude have tended to be small, but they loom large in the tiny budgets of the villages and towns. And state officials can only guess at the real extent of the problem, because the courts are so rarely scrutinized and the records are so often a shambles. A simple search of local newspaper accounts for this article showed that at least 23 justices or local court clerks have been charged with theft since 1986. And an examination of little-noticed reports by state auditors and disciplinary officials — who have punished 79 justices for financial misdeeds since 1979 — turned up every type of transgressor, from the mundane to the outlandish. Cases range from the Niagara town justice who billed both the state and the town for his judicial-training expenses, to the justice in the Hudson Valley town of Ancram who fled to Montana when faced with a 144-count indictment for methodically embezzling at least $9,000.

A Saratoga justice stashed court funds in his freezer, his shoes and several other unorthodox places. A justice in the Finger Lakes town of Ovid stowed thousands of dollars in a briefcase at home, while another, in the Catskill town of Shandaken, told investigators he had kept more than $1,000 in the trunk of his car. Then, he said, he gave the car away.

A justice in Gouverneur, near the Canadian border, let state disciplinary officials in on his unusual approach to the bail posted by defendants. "I used the money," he said. Another justice, in the Southern Tier town of Allegany, told them he saw nothing wrong with using court funds for his own purchases.

And in 2005, auditors from the state comptroller's office not only turned up a bookkeeping mess in the Southern Tier town of Genesee, but also unearthed undeposited checks that people had written to pay their fines. Some were nine years old.

For many years, those auditors were the state's best hope for maintaining some level of financial order in the justice courts. The comptroller's office audited each court every three or four years.

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But the office abandoned that sweeping approach in the 1980s, partly in response to staff cuts and new pressures to monitor larger agencies, said Mark P. Pattison, a deputy state comptroller. Now, even as the number and complexity of the courts' transactions have increased, it conducts only a handful of justice court audits every year — 5 in 2005 and 14 in 2004 — though nearly every one has uncovered evidence of systemwide trouble.

The comptroller's office connected the dots last May, sounding an alarm that "the pervasiveness of these problems" was so great that the Legislature should make fundamental changes, like combining courts or forbidding many of the smallest courts to handle money at all.

The cry was taken up by the state's chief judge, Judith S. Kaye, who issued a report in November saying the losses and thefts "raise difficult questions about the justice courts' financial integrity."

She imposed some modest new rules to tighten financial controls, and promised more training and resources for justices and clerks. But her report conceded that state court officials were powerless to do much more because the state divides responsibility for fiscal supervision among the towns, villages and several state agencies, none of which has the power to fully police the courts.

The money flows in constantly, much of it in cash: fines for speeding, fees paid by litigants in civil cases, bail and restitution from defendants. State rules require that courts quickly bank the payments, keep careful records, then forward the money and financial reports monthly to the state comptroller. The state sends some of the money back to the towns and counties, which helps lighten the load on local taxpayers.

It sounds straightforward enough. But it was apparently too much for Kerry R. Lockwood, a legal secretary and a high school graduate who in 1999 was elected justice in Plainfield, a town of 1,000 people near Cooperstown.

Although she handled, on average, fewer than four cases a month, her financial reports to the state were routinely late, some by nearly two years — even after the comptroller's office told the town board to stop paying her in May 2005 because of the chronic delinquency.

The State Commission on Judicial Conduct chased her, and her records, for an additional year and a half. She did not respond to several letters. When a commission investigator made an appointment to view her files, she stood him up, leaving a letter at the court saying she could not find many records. And when the commission called her in to testify as to why she should not be removed from office, she did not show up.

She resigned last year before the commission ordered her removal for fiscal negligence. Ms. Lockwood, like many justices and clerks, did not respond to a call seeking comment.

Even in as small a town as Plainfield, her story was familiar. In 1999, the commission removed another Plainfield town justice who was routinely late with remissions and reports: Joseph W. Kosina, a cattle farmer and high school graduate who fell so far behind in his paperwork that he asked the town's other justice to file financial reports on his cases. She fell behind, too.

In an interview last week, Mr. Kosina, 73, explained that he was "computer illiterate" and had been trying to juggle two other jobs. "I was raising beef and delivering the newspaper at 6 o'clock in the morning," he said.

A longtime town councilwoman, Larraine McNulty, said it was nearly impossible to find qualified candidates for the local judgeship, which pays $2,000 a year in Plainfield.

"These judges are in over their heads," she said.

Those with the luxury of court clerks sometimes turn over all the money matters to them. But the clerks are not much better prepared; though many receive some state training, it is not required. Many receive no guidance or oversight from their justices, and some do not want it.

In 2003, when state auditors told Amy P. Hontz, a justice in Angola, south of Buffalo, that her court's records were in disarray, with cash stuffed into some files and money missing, she told them quite a story herself: The court clerk, who had resigned, had kept all the records in her basement and limited the judge's access to them.

In its report last May, the state comptroller's office said that there were accounting and financial-review problems in all 12 courts it had studied, and that 10 justices did not understand some of their most basic financial responsibilities, like balancing accounts or determining the amount due to the state.

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Even conscientious justices can get lost trying to dig out from the mistakes of past judges. When state auditors found flaws in the financial practices of the Arcadia Town Court, east of Rochester, in 2004, the two justices explained that they were carrying on a long tradition.

"Our books were maintained," they wrote, "as they were by our predecessors and their predecessors before that."

For many towns and villages, the money generated by the justice courts is an important source of income. So it stands to reason that they would take a keen interest in the courts' books.

But Judge Kaye's report in November noted that "many, if not most, localities do not perform full annual audits of justice court finances."

A few months earlier, the comptroller had revealed that only half of the town and village boards conducted audits, and that many local officials were unaware they were supposed to provide any fiscal oversight at all. He estimated that more than $5.2 million could be missing statewide, from about 430 justice courts, or more than one-third of the system.

Local governments pay a steep price for their lack of vigilance, as some towns have found again and again.

In Palermo, a small town north of Syracuse, local officials called in state auditors in 1998 after their justice, Kimberly Sesso, resigned and the court's canceled checks could not be found. The auditors concluded that $3,439 was missing, and advised the town board to do everything possible to step up its oversight.

Seven years later the auditors were called back, this time to examine the work of the court clerk, Andrea Busko-Price, who pleaded guilty last May to falsifying court records and stealing at least $1,990. Despite their warning, the auditors concluded, court business had continued as usual.

The town supervisor, Ellen M. Jamerson, apologized and promised to do better. And the two sitting justices admitted that the court clerk had been given complete control over the money. But, they wrote, "in a small township such as Palermo with limited financial and human resources, it is not always feasible to do otherwise."

A Limited Proposal

In what she has called sweeping changes, Judge Kaye said her office would require towns and villages to audit their courts. But the punishment for not complying is less than sweeping: The list of delinquent local governments will be sent to the state comptroller's office — which long ago backed away from comprehensive policing of the courts.

To help fill the gap, Judge Kaye has directed the Office of Court Administration, which she heads, to hire 12 new auditors just for the justice courts.

For now, though, the task of policing the justices falls mostly to the Commission on Judicial Conduct. Although it investigates complaints about judges in all of the state's courts, more than 12 percent of its cases in the last three decades have involved financial mismanagement and theft in the justice courts.

But in legislative testimony last month, the commission's administrator, Robert H. Tembeckjian, said the lack of regular audits by the comptroller had left his investigators with few leads, and staff cuts over the years had put his agency "close to a breaking point."

Even when the commission suspects mismanagement or fraud, proving it can be difficult. Some justices have stonewalled, claiming their records are lost or refusing to meet with investigators.

State officials pursued the town justice in Paris, south of Utica, for nine months in 2001, with letters complaining that financial reports and deposits were late. The state persuaded the town board to stop his pay. Still, the justice, John R. Jarosz, did not bother to check his court clerk's financial records, the commission said, even though he had listed his occupation on a state questionnaire as "accountant."

Eventually, the commission found that the clerk had falsified her books to cover up for missing money. The clerk was the justice's wife.

She resigned. He paid back $3,200, and in 2003 the commission found he had failed to supervise her adequately and censured him, the most stringent punishment short of removal.

The Paris supervisor, Joseph F. Jerzak, said town board members were not pleased that the justice kept his job, but the town's lawyer told them they could do nothing about it.

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Six months after his censure, Justice Jarosz was re-elected to another four-year term. The supervisor is a bit stumped. “It certainly doesn’t seem very rational,” Mr. Jerzak said.

The Apathetic FBI (WP)

The Washington Post, January 29, 2007

CONGRESS WASN'T the only institution whose performance fell short when it came to protecting teenage pages and former pages from the predatory behavior of former representative Mark Foley (R-Fla.). A report by the Justice Department's inspector general depicts a disturbingly passive FBI response to creepy, albeit not sexually explicit, e-mails he sent to a former page. As with the lawmakers and staff who received early warnings of Mr. Foley's troubling behavior, the FBI agents who reviewed the messages seemed more interested in figuring out how to drop this hot potato than in taking steps that could have stopped the congressman.

The FBI did face a conundrum in dealing with the Foley e-mails. As its agents concluded, the e-mails on their face did not present evidence of criminal behavior. As a general matter, that's where the bureau's job should start and stop. No one wants a return to a J. Edgar Hoover-era FBI that feels empowered to rummage through people's private lives. As the agent in charge of the FBI's cyber crimes squad told the inspector general, the FBI needs to have a reasonable basis to believe that a crime is about to be committed before acting, because "we're the big, bad government."

But given that minors were involved, the FBI should have done more. The messages were disturbing enough to the former page that he forwarded them to a congressional staffer with the comment that they were "sick" and "freaked me out." The FBI agents who looked at them concluded, variously, that they were "odd" and "inappropriate"; one who read them remembered thinking, "What a freak."

As the report by Inspector General Glenn A. Fine concluded, the e-mails "provided enough troubling indications on their face, particularly given the position of trust and authority that Mr. Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps with regard to the e-mails" -- interviewing the former page, notifying House officials in charge of the page program or at the very least telling the group that had forwarded them to the FBI, Citizens for Responsibility and Ethics in Washington (CREW), that it did not plan to take any additional steps. "We are not the ethics police," the agent in charge of the cyber crimes unit told the inspector general. True, but as the report points out, the FBI's own guide to Internet safety points out that predators often "gradually seduce" their targets with attention and gifts.

All too characteristically, when Mr. Foley's misbehavior came to light, the FBI blamed its inaction on incomplete and "heavily redacted" information provided by CREW and the organization's alleged refusal to provide additional details. As the report makes clear, that was not accurate. It was the FBI's apathy, not CREW's recalcitrance, that was at fault here.

CIVIL RIGHTS:

Farm Boss Gets 30-year Term (MH)

By Ronnie Greene

The Miami Herald, January 29, 2007

The farm boss lured recruits from homeless shelters with promises of good work and steady pay, yet when the destitute arrived at the East Palatka camp of Ronald Evans Sr., they faced a different reality: a hovel-turned-open-market bazaar filled with crack, booze and cigarettes sold from the "company store." Evans docked workers' pay so steeply they pocketed just 30 cents on the dollar.

The workers, mostly black men recruited from Miami to Tampa and beyond, had become literally addicted to the camp, unable to flee until their debt was squared.

On Friday in Jacksonville federal court, Evans faced his penance: 30 years in prison, the longest sentence handed out for abuse of farmworkers in recent Florida history.

"Everyone realized this was an abhorrent act," said Paul I. Perez, U.S. attorney for the Middle District of Florida.

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Evans, 59, had been convicted in August on 57 charges of engaging in a criminal enterprise, distributing crack cocaine, dealing in contraband, spoiling the environment, violating federal farmworker statutes and more than four dozen counts of improper financial transactions.

His two labor camps have been forfeited to the government, one in Florida and the other in Newton Grove, N.C., and Evans and his wife Jequita -- his co-defendant -- must hand over $1.1 million in ill-gotten gains.

The sentence handed out by U.S. District Judge Timothy J. Corrigan nearly closes a chapter on one of the most significant federal investigations into claims that workers toiling at the bottom of Florida's rich agricultural industry are often abused and sometimes held as virtual captives.

Evans' wife and son Ronald Evans Jr., both also convicted, will be sentenced next month. On Friday, one underling was given more than five years in prison, another one a year, a third probation and a fourth awaits sentencing.

In 2003, a Miami Herald investigation, Fields of Despair, exposed the rank exploitation of laborers at North Florida farmworker camps, including the practices of crew leaders like Evans. Growers hire these bosses to supply laborers to work the fields and to house and transport them.

The Miami Herald found that Florida had the most scofflaw farm labor contractors in the United States -- more than four of every 10.

`LIKE A SLAVE CAMP'

"It was more like a slave camp. After he gets you there, he's got you," one former Evans worker, recruited from a Tampa Salvation Army shelter, told the newspaper in 2003. ``A couple of guys said they owed $10,000. You might as well owe them your soul, because where can you go?"

U.S. Attorney Perez said the government's investigation was prompted by the newspaper's series.

"We jumped on what you guys exposed," Perez said after the sentencing.

In 2003, the FBI launched a criminal investigation, later to be joined by the U.S. Department of Labor, Environmental Protection Agency and others.

"Several laborers told agents that when laborers became indebted to the Evans Labor Camp, they were not allowed to leave," court records say.

In 2005 a team of agents raided the East Palatka housing camp, gathering evidence including purple spiral notebooks listing the "line" purchases made at the camp each night after dinner and itemizing the amounts "made," "owed," and "balance" due.

'Trusted employees distributed the items and kept careful records. . . . The Evanses deducted the purchases from the laborers' pay envelopes on Saturday, keeping a very large majority of the laborers in perpetual debt and poverty."

Evans charged the laborers $50 a week for room and board, paid them at or near minimum wage, and then deducted hundreds or thousands for their purchases at the company store. Advances of crack cocaine were available on payday, stuffed into the workers' envelopes, the government said.

"The motive behind this business model was wholly economic, designed to drive down labor costs and to turn payment to the laborers into another source of profit," the U.S. Attorney's Office wrote.

CASH FOR CRACK

When Evans needed cash to buy crack, he cashed checks written by farmer clients -- hiding the true intent of the money. "Because large cash transactions must be reported by financial institutions, the defendants instructed the farmers to structure the payments to comply with the reporting requirements," the U.S. attorney wrote.

From 2001 to 2005, Evans and his wife cashed dozens of checks at just under $10,000, the threshold for detailed disclosure -- some for $9,960, $9,996 or $9,999. After his 2005 indictment, the feds say, Evans obstructed justice by persuading one farmer to lie to Internal Revenue Service agents.

The jury also convicted Evans of violating the Clean Water Act after he directed that a large PVC pipe be connected to the camp's septic tanks.

"The pipe continuously carried raw, untreated human excrement underground for some distance and then deposited it directly into Cow Creek," which flows into the St. Johns River, the feds said.

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Two other counts say Evans employed unauthorized drivers to transport laborers.

On Friday Evans' lawyers argued for leniency, saying he had actually helped down-on-their luck laborers in need of work. The government countered that he, in fact, had exploited the most vulnerable.

The case was prosecuted by Assistant U.S. Attorney John Sciortino of Jacksonville and Susan French of the U.S. Department of Justice's Civil Rights Division, and included work by the Drug Enforcement Administration and Putnam County Sheriff's Office.

Worker advocates say the prison terms send a message.

"The farmworkers in East Palatka or Fort Pierce . . . maybe will have some recognition there's a real possibility of the government doing something to stop their abusers," said Lisa Butler, an attorney with Florida Rural Legal Services who has brought lawsuits on behalf of laborers against crew bosses and growers in North Florida.

After 'Hate-crime' Melee, Calm Eludes Quaker School (CSM)

By Alexandra Marks, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, January 29, 2007

Guilford College tries to reaffirm its values after an alleged attack on three Palestinian students.

GREENSBORO, N.C.

Like the banners condemning hate and the chalked peace signs on sidewalks, the makeshift scarecrow that stands on the tree-lined Guilford College campus is a testament to the trauma gripping this small Quaker school, as well its determination to heal.

With a mop for hair and a cardboard-box face, the scarecrow wears a sign inviting students to "Write the definition of community." Pinned to the corkboard hanging around its neck are scraps of paper with words like "Tolerance," "Accepting of all," and "Well-being."

The community scarecrow, as it's called, was erected last week by students after at least five members of the school's football team were accused of attacking three Palestinian students. According to court documents, the players allegedly beat the students with feet, fists, and brass knuckles, while calling them "terrorists" and racial epithets.

This coming week, the FBI and local prosecutors will begin interviewing football players. They'll also interview the three alleged victims.

Five of the football players have already been charged with assault and battery, as well as "ethnic intimidation," North Carolina's formal name for its hate-crimes law. The FBI is also investigating whether the Palestinian students' civil rights were violated.

The altercation shocked the campus and the surrounding community – in no small measure because Guilford is dedicated to core Quaker values like diversity, integrity, and community. It also has a long history of recruiting Palestinians from the Friends Schools in the West Bank, offering them scholarships and paths to a new life.

National hate-crime experts contend the fact that such an alleged attack could take place at a school like Guilford – voted by Newsweek as the "hottest for social conscience" in 2006 – is a reflection of how deeply distrust of Islam now permeates the United States. For data, they point to polls, such as one done by CBS last April. It found that 45 percent of Americans now have a negative view of Islam – more than 9 percentage points higher than in the tense months following the 9/11 attacks. And a Washington Post poll found that the number of Americans who believe Islam stokes violence has more than doubled – from 14 percent in January 2002 to 33 percent in March 2006.

"What we have here is a climate where Islamaphobia is not only considered mainstream, it's considered patriotic by some, and that's something that makes these kinds of attacks even more despicable," says Brian Levin, director of the Center for the Study of Hate and Extremism at the University of California at San Bernadino.

The only facts not in dispute surrounding the events of that late Saturday night at Guilford are that a fight occurred, racial slurs were thrown as well as fists, and people were hurt. The three Palestinian students, one of whom was a visitor from North Carolina State University, all sustained concussions and contusions. One also has a broken jaw, another a broken nose. And a third has back injuries. All have been released from the hospital.

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"At the end of the day, we believe the facts will show they were attacked by a group of individuals, and it was an unprovoked attack," says Seth Cohen, a lawyer who is representing the Palestinian students.

The father of one of the football players, who was arrested and charged, released a picture to the media that showed his son had a bruise shaped like a belt buckle on his back. He says that is proof the football players were not the only culpable ones. In a statement released to the media last Friday, he wrote: "When all of the facts are revealed, we believe that those who are sensationalizing this story will be rightly embarrassed...."

The college administration, which has its own independent investigation under way, is determined to quell the excited emotions on both sides of the debate. It has said it will not pass any judgments until its review is complete.

"We seek truth, justice, and reconciliation," Guilford College President Kent Chabotar told students at an open forum last Wednesday. "Those are hard – impossible to achieve without due process and without listening to each other."

That determination to uphold the Quaker value of patience has angered some students at Guilford who believe that the college should be moving faster to label the incident a hate crime. During the past week, they've held candlelight vigils, staged a one-day boycott of classes, and held repeated meetings with top college officials.

"If there's one thing almost everybody ... agrees on, is that it was a hate crime," says Yuri Woodstock, a freshman from Roanoke, Va.

Other students believe the school is handling things well. And they've found their colleagues' way of expressing their anger inappropriate.

"Despite being somewhat displeased with the almost irrational initial reaction, I was also pleased to see that people actually cared," says Wes Corning, a senior from Washington, D.C., and president of the school's Community Senate. "It's formed into a real sign that the students like to protect Guilford and all it stands for – they do take the Quaker values really seriously here."

Those values have also helped the local Muslim-American community, which has always had good relations with the college, come to terms with the incident.

"If it had happened at any other college, I'd be standing on the corner raising [a ruckus]," says Isa Abuzuaiter, chairman of the Board of the Islamic Center of the Triad, which represents the estimated 10,000 Muslims in the Greensboro area. "But it's Guilford, and so we really don't know what to do."

Mr. Abuzuaiter and others in the area are doing their best to support the three students. But they are worried about the impact of the incident on their own children. His son Michael, who was born and raised in Greensboro, plays football for Guilford's archrival, Greensboro College.

"Would these players take revenge on my son and try to hurt him on the field? I don't know," he says.

But he and his colleagues are also optimistic about the future for Muslims in America, despite the current climate. And one reason, they say, is the way that Guilford College and its students are responding to the incident.

"The Quakers are our friends. They have always opened their hearts to us," says Badi Ali, president of the Islamic Center. "What we're seeing now is the fruit of those years of cooperation.... We need more education and exposure to each other. We need to stand up for victims and to challenge the racist mood in this country."

'Hate Crime' Of Beatings Divides A Campus (NYT)

By Eddie Huffman

The New York Times, January 29, 2007

GREENSBORO, N.C., Jan. 26 — In this business-minded Southern city that looks more like a sprawling suburb, Guilford College stands out like a hippie commune, a Quaker liberal arts school where students call professors by their first names and regularly stage antiwar protests.

"I regard Guilford as a kind of sanctuary from the madness of the outside world," said Parke Puterbaugh, 51, who began teaching a course about the history of rock music last fall. "A different environment altogether. Dreadlocks, flannel shirts, liberal outlooks and a high tolerance for people's backgrounds and lifestyle choices."

"That is what makes this ugly incident so abhorrent to so many on campus," Mr. Puterbaugh said. "It goes against the core values."

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The “ugly incident” occurred outside a dormitory early last Saturday. The police say a group of football players from the college — estimates range from 5 to 15 — beat up three Palestinian students, two of whom are among those who come to Guilford from a Quaker high school in the West Bank city of Ramallah. The third was a friend who attends North Carolina State University in Raleigh.

There has been a great deal of speculation but no official confirmation of a motive for the attack. The police said the injured students first refused public safety officers’ urgings that they seek medical treatment. The next day, though, a victim said, they were treated for injuries, including concussions and nerve damage, and told the police that they wanted to press charges.

As of Friday, Greensboro police had filed charges against five football players, primarily for assault and ethnic intimidation. The Federal Bureau of Investigation said it had begun an investigation to determine whether the attack was a hate crime.

Since the attack, several students, including members of minorities, have worn T-shirts saying, “I don’t feel safe here,” and, “Hate crimes happen at Guilford College.”

And one victim, along with Guilford’s director of multicultural education, Sekinah Hamlin, has called the incident a hate crime. Students and faculty and staff members have come together in customary Quaker fashion — for a worship service at the New Garden Friends Meeting House near the site of an Underground Railroad station across from the campus, for discussions where all were encouraged to speak and for a daytime vigil. A loose confederation of activist students organized a walkout from classes on Thursday in solidarity with the crime victims.

While some students praise Ms. Hamlin as trying to create a safe atmosphere for minority students to voice their concerns after the beatings, others, including friends of several athletes on campus, accuse her and some students of fostering a divisive, fearful atmosphere.

“It’s just driving a wedge between us,” said Emily Bradford, 20, a third-year anthropology, sociology and forensic science major from Hillsborough. “That’s not what Guilford is all about. That’s not what community is all about.”

Even the most ardent activists say the incident has led to a lot of stereotyping and name-calling.

“I have a friend who’s a footballer,” said Casey Thomas, 18, a freshman from Queens. “He wasn’t even here that weekend, but he said someone came up and just cursed him out — lectured him.”

In spite of the divisions, students across campus sounded remarkably similar themes on Friday, whether at a tiny liberal hangout called the Greenleaf Cafe, a dorm-basement co-op or at the sprawling dining room in Founders Hall. All expressed the desire for everyone to stop stereotyping the attack or anyone involved in it and for people not to rush to judgment but instead have the patience to let the investigative process work itself out.

“Getting to the truth is going to be a process,” said Lili Sharpless, 21, a third-year student from Germantown, Pa. “You have to trust that. A lot of people feel the football players should be suspended without going through the process.”

Ms. Thomas expressed a similar idea, lamenting divisions among students that she thinks are superficial and wrongheaded.

“This is not a clique war,” she said. “This is not a hippie vs. athlete thing.”

Woman's Crusade Against Bar Spawns Free Speech Case (LAT)

By Maura Dolan

The Los Angeles Times, January 29, 2007

The most important free speech case now before the California Supreme Court carries neither the heft of the Pentagon Papers nor the emotion of Nazis seeking to marching in Skokie, Ill.

In fact, the figure at the center of the case, a Christian evangelist in Newport Beach, makes an highly unlikely 1st Amendment hero. Anne Lemen, 58, says she doesn't care about free speech, or the constitutional question that her case, like the Pentagon Papers before it, poses: When may government prevent speech before it has occurred?

Lemen just wants to tell people that she believes her nemesis, the Balboa Island Village Inn, is mafia, as are her ex-husband and the guards at a local church, and the police are in cahoots, And, she wonders aloud, why would anyone accuse an innocent Christian woman of lying?

On top of that, Lemen contended, "the bar," as she calls the Village Inn, has attempted to murder her.

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Lemen owns a cottage only feet from the restaurant (and led a campaign to restrict it because she said it disrupted the neighborhood. Aric Toll, 41, a chef who bought the restaurant and bar with his parents, filed a defamation lawsuit against Lemen, saying she was ruining his business.

After a trial, a judge ordered Lemen to stop videotaping Toll's customers and barred her from telling anyone that the bar makes sex videos, dabbles in child pornography, distributes illegal drugs, encourages lesbian activities, has mafia links, is a whorehouse and sells tainted food — all false statements, the court said, that Lemen had made. She appealed the order before it could be enforced.

Courts around the country have disagreed over whether "prior restraint" orders in defamation cases are constitutional, and cases involving them are multiplying as people sue to stop defamation on the Internet. The U.S. Supreme Court has upheld prior restraint in cases of national security and obscenity, but not in a defamation complaint. When it took up the question in a case brought by the late Johnnie Cochran against a picketer, the high court said only that the order against the picketer was unconstitutionally broad.

Duke University constitutional law professor Erwin Chemerinsky is paying his own way to California and working free of charge to tell the California Supreme Court today that the order violates Lemen's right to free speech.

If Lemen loses, such court orders might become "a regular remedy in defamation cases," Chemerinsky said. Newspapers could even be barred from covering a person who won one, he said. In his view, the only appropriate remedy for defamation is monetary damages.

But J. Scott Russo, who will represent the Village Inn at the hearing, said the order was Toll's only way to stop Lemen from hurting his business. He said Toll did not ask for damages because it was impossible to specify how much money Lemen had cost him..

"It's ridiculous that someone can stand in front of a restaurant and tell patrons that the food makes you sick and that they sell drugs and have prostitution, and a court would have its hands tied and could not say, 'Stop,' " Russo said.

Balboa Island is a densely packed maze of small but expensive homes close to merchants. The island's reputation for rowdy nightlife has given way to a more sedate atmosphere as rising home prices have turned vacation rentals into year-round homes.

The bar has been on Marine Avenue since the 1930s, and regulars reportedly included James Cagney, Humphrey Bogart and Bing Crosby. Lemen's dispute with Toll began when he and his family purchased it in November 2000. Some neighbors, included Leman, had feuded with the previous owner as well.

Lemen, who owns the two-unit cottage a narrow alley away from the restaurant, began harassing Toll's employees and patrons, calling them "whores" and "Satan," videotaping departing customers going to their cars and taking flash photographs through the restaurant's windows, Toll said.

Later, she helped organize a campaign to stop the city from granting the bar an expanded entertainment license to expand the restaurant's entertainment permit.

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A burly, reserved man who prefers to work in the kitchen rather than the "front of the house," Toll said there was "no way" he would have bought Village Inn if he had been warned about Lemen.

She once parked in front of his restaurant and blasted the horn for 30 minutes nonstop, he said. On another evening, he said, he watched as passersby scanned his window menu and then fled after Lemen told them the food was poisonous and the place filled with rats.

"I decided something had to be done," said Toll, seated in his mostly deserted dining room on a Sunday night.

Although Lemen continues to deny most of the allegations, the trial judge found otherwise. A Court of Appeal later struck down much of his order on 1st Amendment grounds, including the part that blocked her from disparaging the bar. The court left in place a prohibition against videotaping within 25 feet of the bar.

The California Supreme Court will rule on the case within three months. If it upholds the order, Lemen could be jailed or fined for making the banned statements in the future.

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"All you need to win in court are two liars, one to back up the other, against the nice innocent Christian woman," said Lemen who wears her blond hair in a page boy with bangs.

Lemen talks at breakneck speed and sometimes bursts into a religious hymn or dances to the ring of her cellphone. "You should write this down," she repeatedly tells a reporter.

Her Balboa Island home, which she purchased in 1989 and now rents out, has a colorful front garden of fake flowers and a replica of the Statue of Liberty holding the Bible. The garden also contains a large stone Bible with Christian verses and a statue of a lighthouse with the words, "The Lord is our Light." Little booklets about Christianity, titled "Smile, Jesus Loves You," are there for passersby to pick up.

On the front of the cottage hangs a large silver circle emblazoned with an eagle and the words "In God We Trust". She said she put it up after hearing that civil libertarians opposed the mention of God on money.

"I decided I am going to make that a Christian heritage house for you, my Lord," she said.

During a recent conversation, she suggested she pose "for fun" in a plastic crown with a torch she retrieved from the cottage basement. So adorned, she put her arm around her frontyard Statue of Liberty and belted out religious hymns as people walked by and stared.

Although she is the subject of a major constitutional court case, Lemen doesn't particularly like lawyers — "they are all about money" — and complains that her own lawyer, D. Michael Bush, cares only about free speech and becoming "famous" because of it.

She would prefer her lawyers to focus on "what the bar has been up to."

"What's an attorney if he won't defend you?" Lemen said. "I don't want free speech."

Lemen's lawyers point out that she made many of the disputed statements as part of her campaign against the bar's expanded license, a matter of widespread public interest. She gathered about 400 signatures from the island's 1,200 residents to oppose the permit, but the bar won anyway.

The neighbors now enjoy good relations with Toll's Village Inn, and Lemen said the bar became quieter as a result of her efforts. Lemen, who said she was a registered nurse with grown children, believes she has paid a big price for speaking out.

"There have been four attempts on my life, and the police refuse to investigate because they are part of the bar," she said.

Business owners and residents in the neighborhood praised the owner of the Village Inn and criticized Lemen in interviews. None would be identified. "I don't want her coming after my business," said one.

Another neighbor said of Lemen, "She's just goofy, honey." The neighbor described the owner of the bar as "that poor guy."

Another longtime resident said the bar was not the problem, "It's her. She is just a very unique individual. You just try to stay clear of her."

While renting out her cottage — she said the bar drove her to move — Lemen lives in a gated, adult community miles away from Balboa Island.

There she stores piles of documents about the bar and evidence she has gathered. She asked a Times photographer not to photograph her files because "the bar is gong to break in and take this" if the presence of the files becomes known.

Lemen popped a videotape into her television to show scenes of crowds of young adults in the early morning hours outside the bar several years ago. A young woman in the crowd wore a halter top.

"Look at how she dresses," Lemen gasped.

Some Christian friends of Lemen have been trying to help her. Craig W. Fletcher, who showed up at Lemen's apartment, said he was there for her protection. He described her as his best friend, later adding that he had known her for two months.

"She's really a cross between Florence Nightingale, Joan of Arc and Erin Brockovich," Fletcher said.

Bush, her primary lawyer, said the First Amendment should protect "vulnerable" people like Lemen, who "is just not an effective advocate for herself and could be crushed."

"A kernel of truth can come from the most unlikely sources, which is why I think it is important to have the most free and robust debate," Bush said. "Who knows? Even Anne Lemen might have something to say."

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ANTITRUST:

US Air Works To Save Delta Bid (WSJ)

By Corey Dade, Melanie Trottman, And Susan Carey

The Wall Street Journal, January 29, 2007

US Airways Group Inc. is willing to increase its hostile takeover offer for Delta Air Lines Inc. by $1 billion under certain conditions as part of a last-ditch effort to win support from Delta creditors, according to people familiar with the matter.

The Tempe, Ariz., carrier said over the weekend that it would sweeten its $9.8 billion cash-and-stock bid to about $10.8 billion if the official committee of creditors approaches Delta with a demand that the Atlanta airline open itself to due diligence by US Airways, these people said. To get the additional $1 billion, all in cash, the committee also would have to ask a bankruptcy judge to postpone a hearing next week on Delta's restructuring plan, these people said. The group also would have to agree to support the start of a formal antitrust review.

• The News: US Airways is willing to raise its hostile offer for Delta by $1 billion.

• The Conditions: The official creditors' committee must demand that Delta open itself to due diligence by US Airways. The committee also would have to ask a bankruptcy judge to postpone a hearing on Delta's restructuring plan.

• What's at Stake: The move is aimed at salvaging an acquisition attempt that so far has failed to win broad support from the creditors' committee.

The move by US Airways is aimed at salvaging an acquisition attempt that so far has failed to win broad support from the official committee of Delta creditors, which holds much of the power to decide the airline's fate. The offer from US Airways is set to expire Thursday, and Delta could begin soliciting votes from creditors for its stand-alone reorganization plan following the Feb. 7 court hearing. Gerald Grinstein, Delta's chief executive, has insisted that the airline would be best to emerge from bankruptcy-court protection on its own later this year.

US Airways indicated that the $10.8 billion bid was final, said one person familiar with the matter. This person said the airline didn't consider the increased bid official since it hadn't yet sought director approval.

A spokeswoman for US Airways confirmed that the airline's advisers have been in contact with advisers for the ad hoc committee of Delta creditors, but she declined to comment on any specifics. A Delta spokesman declined to comment.

It isn't known whether the additional $1 billion is swaying any of the Delta creditors on the official committee closer to supporting the US Airways takeover bid. Any sign that the committee is wavering in its endorsement of Delta's strategy to exit from bankruptcy protection on its own this spring would likely have to emerge in the next several days.

The sweetened offer came after US Airways was approached late Friday by a group of Delta creditors that aren't part of the official committee, said the people familiar with the matter. The outside group, consisting largely of short-term investors who are more interested in the US Airways takeover than the official committee, proposed that the bid be increased by more than $2 billion, these people said. The ad hoc group also indicated that some of its members would be willing to publicly state their support for the acquisition.

On Saturday, US Airways responded with its offer of an additional $1 billion in cash, bringing the total cash portion of the bid to about $6 billion, these people said. US Airways wouldn't increase the number of shares from the previous offer of 89.5 million, but it included a termination fee that would be paid to Delta creditors if the deal is blocked by the Justice Department for anticompetitive reasons.

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Levi's Turns To Suing Its Rivals (NYT)

By Michael Barbaro And Julie Creswell

The New York Times, January 29, 2007

United States Patent and Trademark No. 1,139,254 is not much to look at: a pentagon surrounding a childlike drawing of a seagull in flight.

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But the design for a Levi's pocket, first used 133 years ago, has become the biggest legal battleground in American fashion.

Levi Strauss claims that legions of competitors have stolen its signature denim stitches — two intersecting arcs and a cloth label — for their own pockets, slapping them on the seats of high-priced, hip-hugging jeans that have soared in popularity.

So Levi's is becoming a leader in a new arena: lawsuits. The company, once the undisputed king of denim and now a case study in missed opportunities, has emerged as the most litigious in the apparel industry when it comes to trademark infringement lawsuits, firing off nearly 100 against its competitors since 2001. That's far more than General Motors, Walt Disney or Nike, according to an analysis by research firm Thomson West.

The legal scuffles offer a rare glimpse into the sharp-elbowed world of fashion, where the line between inspiration and imitation is razor thin. After all, clothing makers' trade secrets are hung on store racks for all to see, and designs can be quickly copied with small changes to exploit a hot trend.

The lawsuits, which Levi's says it is compelled to file to safeguard the defining features on its jeans, are not about the money — one settled for just $5,000 in damages. Instead, the company says, they are about removing copycats from stores. Nearly all the cases have settled out of court, with Levi's smaller rivals agreeing to stop making the offending pants and to destroy unsold pairs.

But those competitors say the lawsuits are the last resort of a poor loser, a company that has lost billions in sales, laid off thousands of workers and flirted with bankruptcy as the denim industry exploded.

"They missed the boat," said Tonny Sorensen, chief executive of Von Dutch Originals, a six-year-old denim and clothing manufacturer sued by Levi's six months ago for allegedly borrowing the company's double arcs for a back-pocket design. "Now they want to make a lot of noise and scare people away."

Mr. Sorensen said his pocket design "did not look like Levi's at all" because of subtle differences like placing the arcs "one inch to the left" and stitching a line to resemble "a pirate's hook."

Nevertheless, Von Dutch agreed to remove the jeans from dozens of boutiques and destroy hundreds of unsold pairs. "It was one style and it was not that successful anyway, so we made the decision not to fight it," Mr. Sorensen said.

In the majority of cases, Levi's accuses competitors of copying its design of two arcs that meet in the center of the pocket or its famous Levi's tab, a folded piece of cloth sewn into the vertical seam of the garment.

Robert Hanson, Levi's president for North America, said the company manufactured "a product that a lot of people are copying and copying with a lot of success."

Instead of relying on Levi's designs for what he called a "running start," competitors should "look for other devices that don't come remotely close to the Levi's trademarks," Mr. Hanson said. "Be more innovative."

But the privately held Levi's, whose founder sewed together the first pair of jeans in 1873, has been unable to exploit the latest $200-a-pair denim craze — and now claims scores of smaller competitors are riding high because of what it created. When consumers' tastes shifted toward designer jeans that were bejeweled, torn and frayed, Levi's was still selling basic $30 pairs at K-Mart.

In this dispute, back-pocket stitching has become the fashion equivalent of ink blots, with plaintiffs and defendants seeing in the new designs what they want, or need, to see. So far, Levi's view is prevailing.

The company's team of denim detectives — there are 40 across the world, scouring boutiques and department stores — has spotted what they considered offending stitches on jeans from the biggest names in the clothing business: Guess, Zegna, Esprit, Lucky Brand and Zumiez, to name a few.

Even companies that have painstakingly worked to avoid infringing on Levi's trademarks have found themselves in the company's crosshairs. At Rock & Republic, one of the country's fastest-growing jeans makers, designers intentionally placed a cloth label on the right hand side of a back pocket, not the left, which would violate a Levi's trademark.

Levi's sued anyway, arguing its trademarks forbid placing such a label on a vertical seam of a back-pocket. During a tense, five-hour settlement discussion in San Francisco several weeks ago, the chief executive of Rock and Republic, Michael Ball, upbraided Levi's lawyers for their aggressive tactics.

"I take it personally that you try to dictate how I design my jeans," he recalled saying. Still, Mr. Ball said he agreed to stop placing the label on the vertical seam of a right-hand pocket for two years to avoid a drawn-out legal battle.

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In an interview, Mr. Ball said his back-pocket stitching "was not remotely close to Levi's" and that he agreed to a settlement, in part, because "I will get bored with that design soon anyway."

Executives at Levi's concede they missed important fashion trends as the denim industry ballooned over the last several years, but they deny the lawsuits are connected to any downturn in their business.

Instead, they say they are simply trying to preserve their intellectual property. Like pharmaceutical companies that sue generic drug makers over their patents or technology companies that duke it out over who owns the right to microchip designs, Levi's says it is trying to protect its most valuable asset, its trademarks.

Clothing companies have battled counterfeiters and each other for decades over design trademarks. Lacoste has defended its alligator, Polo Ralph Lauren fights for its polo player and Nike fiercely protects its famous swoosh.

In that respect, Levi's is no different. As far back as the 1970s, it sued the firm that made Wrangler jeans over the use of identifying tabs on clothing. "We protected our trademarks when business has been terrific and when it's been difficult," said Mr. Hanson.

Yet difficult only begins to describe Levi's business today, after it failed to exploit the designer denim boom in what is widely regarded as one of the biggest debacles in the American clothing business. Levi's sales have plummeted more than 40 percent since 1996 to $4.1 billion, forcing it to close dozens of factories and lay off nearly half of its workforce, or 7,600 employees, in the last five years.

The clothing company faced two major problems over the last decade. Its image and brand — button fly, rugged, and all-around bad-boy cool — was largely built for men, its jeans cut boxy and loose- fitting. At the same time, the company, which once distributed its jeans largely through department stores catering to the rich, had shifted into lower-priced retailers like J.C. Penney, Sears and Wal-Mart.

In the mid-1990s, though, the denim industry underwent a seismic shift as small upstarts began designing tight-fitting, feature-flattering women's jeans and distributing them through luxury boutiques and department stores.

Women suddenly began snapping up jeans from manufacturers like 7 for All Mankind and True Religion that cost more than six times what Levi's charged. Levi's did not produce a premium denim line, Capital E, until just last year.

"The emergence of all this denim sold at astronomical prices simply passed them by," said David Wolfe, creative director of the Doneger Group, a fashion consulting firm in Manhattan. "They should have jumped on the bandwagon but they did not even seem to see the bandwagon rolling, which amazed everyone in the fashion industry."

The denim manufacturers who recognized the trend openly concede that Levi's has served as an inspiration, if not template, for their products.

"Everyone is borrowing from them, it's inevitable," said Michael Silver, the founder of Silver Jeans, who has had several legal run-ins with Levi's. "They should be happy that people are copying them," he said.

But Levi's is not flattered. "The value of the brand will become diluted if the marketplace becomes crowded with products with similar tabs or stitching to ours," said Thomas M. Onda, a global intellectual property lawyer for Levi's.

So employees at Levi's keep walking into stores and scanning the racks for rivals who dare to stray to close its trademarks, as Steven Shaul, the founder and chief executive of Jelessy Jeans, learned when he slapped several intersecting arcs on a back pocket.

At the time, Mr. Shaul, who loves Levi's and wears its jeans all the time, was confident his design bore no resemblance to the Levi's trademark. "It was not even close," said Mr. Shaul, whose jeans sell for between $200 and $400 a pair.

"It was an original design," he said. "Why would I use Levi's stitching? If my jeans sell for $200, I would not knock off $40 jeans from Levi's."

Nevertheless, Levi's sued in 2005. "The first night after I was sued by them I couldn't sleep," he said. "The second night, no sleep again. Then I started talking to people in the industry and I realized, hey, everyone's been sued by Levi."

Relieved, he quickly settled the case, agreeing not to sell jeans with the offending stitches. "I did not even hire a lawyer," he said.

View Of Media Ownership Limits Changes (USAT)

DOJ_NMG_0122919

By David Lieberman

USA Today, January 29, 2007

NEW YORK — When members of the Federal Communications Commission look at TV stations these days, they aren't just kicking back to watch American Idol or Heroes.

Regulators are about to reassess their rules on who can own stations and how many — a review they are legally bound to do every four years. And to rule on the most controversial proposals, they must determine how much damage — if any — the Internet and other new media are inflicting on local stations, which collectively had an estimated $26 billion in ad sales last year.

If officials conclude that competition from the digital world threatens local TV, they might decide it's OK to ease the rules and let companies own multiple stations in a market, or let a newspaper buy a station in its town.

Broadcasters and newspaper companies (including USA TODAY parent Gannett, the largest newspaper publisher and a major owner of TV stations) are lobbying for that.

"If you get rid of the newspaper-broadcast cross-ownership rule, it maximizes the chance for better local news in a community," says Newspaper Association of America CEO John Sturm.

But the case for change becomes weaker if, as many consumer advocates say, stations still generate healthy cash flows and dominate local news.

"A small handful of giants determine what the American people see, hear and read," Sen. Bernard Sanders, I-Vt., said this month at the National Conference for Media Reform, a gathering in Memphis of 3,500 activists.

They fear that once the rules are relaxed, big companies will consolidate even more. "I think that we need greater diversification in the media," Sanders says. "I think we've got to stop media deregulation, big time."

While the issues are important, some can't help but look at this year's debate with skepticism.

"The term 'media monopoly' has meaning, it's had meaning for 60 years, but I think the content of the term is changing," former FCC chairman Reed Hundt says.

" 'Media monopoly' seems now to be about whether you can use the Internet for free or whether there's any limit on what you can send over the Internet," he adds. "The issues of the last 10 years don't have that much resonance anymore."

Even so, opponents of relaxing the rules seem to feel good about their chances of winning the debate — if not at the FCC, then in the newly Democrat-run Congress.

"The best thing we can do is to play offense," FCC Commissioner Michael Copps, one of the two Democrats on the five-member body, told the gathering in Memphis. "We really have this golden opportunity right now. The American people understand what media consolidation is all about."

Many major media companies are looking to downsize and invest in new media, not increase their bets on over-the-air broadcasting. In the last two years, Knight Ridder was sold and broken up, Viacom split into two companies, and Clear Channel decided to go private. Tribune Co. now is trying to figure out which of these paths to take.

The situation may be one reason some companies appear to be investing only a little political capital fighting for the right to grow.

ABC owner Disney, for one, told the FCC that it's sitting out this year's broadcast ownership fight.

"I haven't seen the same kind of lobbying (to relax ownership caps) that there used to be," says former FCC official Blair Levin, now a managing director at Stifel Nicolaus. "You don't see a lot of people saying, 'Why hasn't (FCC Chairman) Kevin Martin moved on this?' "

Still, the FCC must grapple with the ownership rules. Beyond the legally required quadrennial reassessment, it also has to revisit its decision in 2003 to relax the rules that bar ownership of multiple stations in a market and that prevent a company from owning a newspaper and TV station in the same market. A U.S. Appeals Court sent the rule changes back, saying that the regulators hadn't adequately justified their decisions.

Martin appears determined to loosen or repeal the rule affecting newspapers and stations.

That's "his top priority among the media ownership rules," says Andrew Jay Schwartzman, president of the Media Access Project, a public interest law firm. "So we have a big fight on our hands."

Those favoring a change say TV stations need help.

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Cable companies are starting to compete for local TV ads and increasingly have their own local news channels.

What really frightens some local broadcasters, though, is the possibility that ABC, CBS, Fox and NBC, the networks that supply their popular prime-time shows and national newscasts, will use the Internet and other new media to go around them and offer programs directly to viewers.

All the networks are starting to do so on their own websites and through online retailers such as iTunes. In addition, cable and satellite companies are inviting networks to put shows on their video-on-demand menus.

"In the old days — two years ago — there was no way to air your TV show in Milwaukee if you didn't have an affiliate there," says Bernstein Research analyst Michael Nathanson. "But that monopoly has been broken. The networks' strategy has moved past, 'I've got to own everything.' The debate in Washington is very much last decade."

Once consumers find an easy way to put broadband video on their TV sets, "The competitive battle will be fully joined," says Nielsen Analytics general manager Larry Gerbrandt. "Pretty soon, we'll just see TVs equipped with broadband connections."

Major broadcasters are already responding to these trends, even though only a relative handful of people watch TV shows on new platforms now.

Last year, NBC sold four of its TV stations, bringing its total down to 10. And Disney told the FCC that it isn't interested in adding to its fleet of 10 TV stations, which reach 24% of all U.S. households, far below the federal cap of 39%.

"Given the increase in, and attractiveness of, new media outlets," Disney said in a filing, "the Commission may soon find itself considering ways to incent, rather than restrict, ownership of over-the-air broadcast stations."

Major networks, which face their own pressures to boost revenue, are weakening local station balance sheets by phasing out the payments they used to make to affiliates that air their programs.

Meanwhile, stations have had to invest in equipment to broadcast digital and high-definition signals to beat the 2009 federal government deadline to be all-digital and give back the spectrum they use to serve today's analog TV sets.

"That's a continued threat to the financial stability of broadcasting," says National Association of Broadcasters' Dennis Wharton.

Newspaper owners say that they're ready to step in and buy TV stations in markets where they own papers if the FCC lets them.

They are struggling to meet new media competition for ad sales and look forward to a payoff from cross-promoting their products, selling combo ad packages and cutting expenses, possibly including news staffs.

They add that viewers would benefit from having a station owned by a company committed to covering their community.

The amount of local TV news "is trending down, not up," Sturm says. "The only prospect for more local news on local television is for newspapers to be able to own those stations. Every other broadcast ownership regulation the FCC has had since the 1970s has been modified or eliminated. This is the only one that hasn't changed."

Fears that one company will have too much power to shape public opinion, deregulation supporters say, make little sense as the Internet, cable and other technologies virtually allow anybody to reach everybody.

"There are more (media) outlets today than there have been at any point in the past," says media investor Christopher Dixon of GGCP. "Every day that more people are on the Internet, the argument for cross-ownership limitations falls by the wayside."

Those who want to keep current restrictions argue that it's dangerous to be dazzled by Internet hype.

Some 82% of adults in a 2006 survey commissioned by the Consumer Federation of America and Consumers Union said that they still primarily get information about their communities from daily and weekly newspapers and TV and radio stations.

There's a good reason why the growing collection of local cable news channels and community-focused websites ranked far behind.

"There's nothing there," says CFA research director Mark Cooper. "There are no reporters, if you look at the cable systems. There's no original content, if you look at the Web. It just repeats what they found elsewhere. The origin of most news is still the newspaper and the TV reporters."

And he and other consumer advocates say that broadcasters — the people the FCC regulates — don't need any help to provide strong, independent newscasts.

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They're still attractive businesses: The collective value of broadcast TV company stocks rose nearly 30% in the last 12 months, beating the 13% rise in the Standard & Poor's 500. "The next time someone sells a TV station for less than they paid will be the first time," says Art Brodsky of the advocacy group Public Knowledge.

That's why FCC Commissioner Copps says the idea that broadcasters want out is "baloney."

"If the rules are loosened, you'll see a great wave of consolidation, worse than we had before," he told media activists in Memphis. "And you'll never get the genie back into the bottle."

ENVIRONMENT/INDIAN AFFAIRS:

Power Producers Rush To Secure Nuclear Sites (WSJ)

By Rebecca Smith

Wall Street Journal, January 29, 2007

First to Develop Plans Could Tap $8 Billion In Federal Subsidies

With the U.S. on the verge of building a new generation of nuclear power plants, potential owners are racing to identify and lock down the best sites in order to secure billions of dollars in federal subsidies pledged to first-comers.

Their efforts will test local and national attitudes more than two decades after nuclear accidents made headlines. They also represent a considerable financial gamble for the utility industry, which is moving ahead at a rapid pace despite uncertainty ranging from environmental opposition to finding a home for radioactive nuclear waste. In one case, the zeal to secure a promising site has resulted in a nasty legal battle.

A flood of applications seeking permission to build at least 30 reactors, primarily in the South, is expected to pour into the Nuclear Regulatory Commission beginning late this year. If built, the reactors would boost the nation's electricity supply by more than 30,000 megawatts, or 3%. A megawatt is enough to power at least 500 homes.

'A Horse Race'

Under recent legislation intended to jump-start development, Congress is dangling more than $8 billion worth of subsidies, plus loan guarantees, in front of the first few plants that get built. Practically speaking, companies must apply to the NRC this year or next to qualify for the special assistance -- a process that can cost $50 million apiece.

"It's like a horse race," says Adrian Heymer, senior director of new plant development at the Nuclear Energy Institute, a Washington, D.C.-based trade organization. "Most companies are striving to submit applications as fast as they can."

At root is a sea change in views over nuclear power. From 1974 to 1994, spooked by skyrocketing costs, high interest rates and accidents in 1979 at the Three Mile Island plant in Pennsylvania and in 1986 at Chernobyl in the former Soviet Union, utilities canceled 96 nuclear projects in the U.S. Nuclear power currently makes up about 20% of the nation's electricity supply, compared with about 50% from coal, from 104 U.S. reactors.

But in a time of rising concern over price stability, dependence on foreign sources and global warming, nuclear power is on the cusp of a return. It doesn't rely on fossil fuels in tight supply or located in politically troublesome countries. Unlike coal, use of nuclear fuel doesn't create air pollution or carbon dioxide blamed for global warming.

Earlier this month, President Bush in his State of the Union address encouraged "safe, clean" nuclear power. Some existing plants have been getting license extensions from the federal government to keep them running, but the industry argues that aging plants eventually will need to be replaced.

Facing Opposition

Still, there's no certainty the industry will build plants, despite the money being spent on the effort. Development of the federal government's waste depository at Yucca Mountain, Nev., is behind schedule and could still face political opposition. Spent fuel is being stored at power-plant sites, a situation never intended to be permanent. Utilities are worried about the waste-disposal problem and construction costs, which spiraled out of control once before.

Meanwhile, opposition is gathering. The advocacy organization Public Citizen criticizes the "nuclear relapse" under way and asks opponents near proposed plants to "let us know how you'd like to help" block construction. Utilities expect some opposition but hope nuclear power's spruced-up image as a carbon-free resource will win over environmentalists.

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Even the biggest and most profitable nuclear operators are avoiding regions where public sentiment is unpredictable. Big nuclear operator Exelon Corp. is "sniffing around for a site in Texas," says John Rowe, chairman and chief executive of the Chicago-based utility company. He says New Jersey could use more nuclear capacity, but he's "not sure the citizenry is ready for it yet" so he's steering clear. California prohibits nuclear development until there's a federal waste repository.

Focusing on the South

So far, the industry is focusing efforts almost exclusively on the South, where plant operators think acceptance of nuclear power never flagged and where local officials welcome the economic stimulus of multibillion-dollar projects. Applications will focus on sites utilities are confident will pass muster at the Nuclear Regulatory Commission -- locations that are adjacent to existing nuclear units or that were previously approved for nuclear development that never occurred.

Baltimore-based Constellation Energy Inc. has publicly identified two sites for development: the Calvert Cliffs plant in Maryland and -- a notable exception to the Southern concentration of the new sites -- the Nine Mile Point plant in upstate New York. Constellation is willing to chance receptivity because "we already operate there, so we think we can make it happen," says Tracy Imm, Constellation spokeswoman.

The 96 plants canceled long ago represented about half of the number of projects originally proposed. The cancellations were costly at the time, but they created a large inventory of locations now being given a second look. Utilities in many cases still own the sites.

For safety, security and public-relations reasons, nuclear plants typically are built in rural areas. Thus, the jobs they create loom larger than they would in cities. Plants are expected to cost $3 billion to $4 billion, each creating 2,000 construction jobs. Once completed, a plant needs 250 to 400 workers.

A consortium of utilities called NuStart Energy Development LLC is working with the NRC to speed up and smooth out the application and development process. It's working on applications for a new plant at Entergy Corp.'s Grand Gulf nuclear site in Mississippi, using a new General Electric Co. reactor design, and at Tennessee Valley Authority's Bellefonte site in Alabama, using a new reactor design from Westinghouse Electric Co., now controlled by a consortium led by Japan's Toshiba Corp. NuStart members -- Constellation, Duke Energy Corp., EDF International, Entergy, Exelon, FPL Group Inc., Progress Energy Inc., Scana Corp., Southern Co. and TVA -- control half the nation's nuclear capacity.

Utilities also are pursuing separate projects. Dominion Resources Inc. is considering its North Anna site in Virginia, and Southern is looking at its Vogtle site in Georgia; in each case, four units were permitted but only two built. "Atlanta is expected to double in the next 25 years," says Southern's Buzz Miller, senior vice president of nuclear engineering. "We're going to need a lot of new generation."

Legal Battle

The imperative to find sites has set off intense jockeying for position in some cases. One transaction, involving utility operator Duke Energy, has led to lawsuits, underscoring the eagerness to secure potential nuclear sites.

Duke announced its intention to pursue nuclear development last March, and it identified a 2,036-acre riverfront tract in Cherokee County, S.C., as its top pick. It was land Duke previously had owned, and decades earlier it received permission to build three nuclear reactors there. But after investing more than $600 million, Duke canceled the Cherokee projects and sold the parcel for $2 million in 1985.

A partnership, Mark V Land and Development LLC, approached Duke and other utilities to gauge purchase interest in 2005. When Duke learned Southern had emerged the apparent victor, it sued to block the sale. The suit was dismissed as groundless. Mark V, in a countersuit, accused Duke of abuse of process and trying to depress the price. Duke denies the allegations and the case is headed for jury trial. Duke and Southern now are teaming up to develop the site.

Alternative-Fuels Push May Inspire Some Better Bets (WSJ)

By Patrick Barta

Wall Street Journal, January 29, 2007

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President Bush's State of the Union address, which called for a nearly fivefold increase in the nation's alternative-fuel consumption by 2017, did little to silence critics who contend that new fuels like ethanol and biodiesel aren't likely to play a major role supplying the world's energy needs in the years ahead.

They see two key problems. First, the profitability of many alternative fuels -- without sizable subsidies -- is still in question. This is especially true now that the cost of raw ingredients used to produce "biofuel," including corn, has rocketed, squeezing profit margins for producers of those fuels.

At the same time, oil prices have receded since last summer when they hit $77 a barrel; they are now hovering around $55 a barrel. That could lead to losses at some biofuel plants if the trend continues.

In some parts of the world, notably Australia, the market for alternative fuels has already started to look like a bust, with the local media referring to "carnage" in the sector as once-hot companies cancel share offerings or watch their stock prices tumble.

Second, it's becoming clear that boosting output of agriculture-based fuels, such as ethanol, will cause significant new strains on the world's water and land resources, and could drive prices of basic foodstuffs to unacceptable heights, hurting poor consumers.

But even as the outlook for alternative energies darkens, some analysts see a more positive outcome from the latest turbulence: a forced redirection of resources toward alternative fuels that are more efficient and sustainable than the current batch.

These analysts see an analogy in the dot-com bust of 2000. The bust cleared out some of the worst ideas and least-efficient companies in the tech arena, allowing deeper-pocketed investors to consolidate operations and emerge leaner to make the Internet an even more powerful force in the world economy.

They believe a similar scenario will play out in the alternative-fuels market.

"I quite look forward to a period of $45-to-$50 oil prices -- I think it will bring good discipline to the [alternative-energy] market," says Michael Liebreich, chief executive of New Energy Finance, a London-based research firm that specializes in alternative energies.

There are indications that a shift toward more-sustainable investments is already taking place, as some serious investors channel their spending to energies that either produce less environmental fallout -- such as solar or wind power -- or to agriculture-based options that don't require as much water or compete with traditional food crops.

In India, for example, some farmers are rushing to plant jatropha, a little-known oilseed that can be used to make fuel. Jatropha, like some other newer-generation sources of biodiesel, is inedible, so its use doesn't divert a food crop to fuel use. More important, analysts say, it can be grown in arid soil or planted on poor, unused land that is threatened by erosion, making it a relatively environmentally friendly option.

Investors are also directing more money into "cellulosic" fuels that use nonfood commodities such as switch grass or farm waste to make ethanol. A small number of companies, including Spain's Abengoa SA, are attempting to launch projects using such biomass energy.

A growing number of financial institutions, including Bank Sarasin & Co., a Swiss private bank that follows the sector, are advising clients to steer their money into these "second-generation" alternative-energy companies.

Still, the newer alternative-energy sources have their problems. It will likely be years before sources such as jatropha or biomass will be economically viable on a meaningful scale, and it's possible much of the current wave of investment in such technologies will yield losses.

But investments in research can produce results. During the last big alternative-fuels push, after the 1970s oil-price shocks, corn yielded less than two gallons of ethanol per bushel, according to Dan Basse, president of Chicago research firm AgResource Co. In the newest facilities, launched after years of study, a bushel can yield 2.8 gallons or more.

Analysts say there's also far more private capital chasing alternative-energy solutions these days, partly because of the rise of hedge funds and other investment vehicles desperate to find new growth industries. Moreover, subsidies for the industry are more widespread than before. In addition to the U.S., many European countries as well as China, Brazil and others have adopted or are contemplating new biofuel incentives.

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Mr. Liebreich at New Energy Finance estimates that investors poured about $70 billion into alternative energies last year, more than double the 2004 total.

Much of the money is coming from well-established companies that could be in a position to buy up distressed assets if the alternative-fuel market continues to struggle.

One such company is Noble Group Ltd. of Hong Kong. Although much of its business is in traditional commodities such as iron ore and coal, Noble has purchased minority stakes in several U.S. ethanol plants and is investing in sugar-based Brazilian ethanol.

"People will overextend and many plants will have financial difficulty," says Ricardo Leiman, Noble's chief operating officer. But he adds that as facilities fail, that could create more opportunities for bigger investors to move in.

Of course, all bets are off if oil prices keep falling. If that happens, alternative energies could wither just as they did after the retreat of the oil-price surges of the 1970s.

The Sum Of All Ears (NYT)

By Paul Krugman

New York Times, January 29, 2007

For those hoping for real action on global warming and energy policy, the State of the Union address was a downer. There had been hints and hopes that the speech would be a Nixon-goes-to-China moment, with President Bush turning conservationist. But it ended up being more of a Nixon-bombs-Cambodia moment.

Too bad: the rumors were tantalizing. Al Hubbard, the chairman of the National Economic Council, predicted "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." British officials told the newspaper The Observer that Mr. Bush would "make a historic shift in his position on global warming."

None of it happened. Mr. Bush acknowledged that climate change is a problem, but you missed it if you sneezed. He said something vague about fuel economy, but the White House fact sheet on energy makes it clear that there was even less there than met the ear.

The only real substance was Mr. Bush's call for a huge increase in the supply of "alternative fuels." Mainly that means using ethanol to replace gasoline. Unfortunately, that's a really bad idea.

There is a place for ethanol in the world's energy future — but that place is in the tropics. Brazil has managed to replace a lot of its gasoline consumption with ethanol. But Brazil's ethanol comes from sugar cane.

In the United States, ethanol comes overwhelmingly from corn, a much less suitable raw material. In fact, corn is such a poor source of ethanol that researchers at the University of Minnesota estimate that converting the entire U.S. corn crop — the sum of all our ears — into ethanol would replace only 12 percent of our gasoline consumption.

Still, doesn't every little bit help? Well, this little bit would come at a very high price compared with the obvious alternative — conservation. The Congressional Budget Office estimates that reducing gasoline consumption 10 percent through an increase in fuel economy standards would cost producers and consumers about $3.6 billion a year. Achieving the same result by expanding ethanol production would cost taxpayers at least $10 billion a year, based on the subsidies ethanol already receives — and probably much more, because expanding production would require higher subsidies.

What's more, ethanol production has hidden costs. Even the Department of Energy, which is relatively optimistic, says that the net energy savings from replacing a gallon of gasoline with ethanol are only the equivalent of about a quarter of a gallon, because of the energy used to grow corn, transport it, run ethanol plants, and so on. And these energy inputs come almost entirely from fossil fuels, so it's not clear whether promoting ethanol does anything to reduce carbon dioxide emissions.

So why is ethanol, not conservation, the centerpiece of the administration's energy policy? Actually, it's not entirely Mr. Bush's fault.

To be sure, at this point Mr. Bush's people seem less concerned with devising good policy than with finding something, anything, for the president to talk about that doesn't end with the letter "q." And the malign influence of Dick "Sign of Personal Virtue" Cheney, who no doubt still sneers at conservation, continues to hang over everything.

But even after the Bushies are gone, bad energy policy ideas will have powerful constituencies, while good ideas won't.

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Subsidizing ethanol benefits two well-organized groups: corn growers and ethanol producers (especially the corporate giant Archer Daniels Midland). As a result, it's bad policy with bipartisan support. For example, earlier this month legislation calling for a huge increase in ethanol use was introduced by five senators, of whom four, including presidential aspirants Barack Obama and Joseph Biden, were Democrats. In a recent town meeting in Iowa, Hillary Clinton managed to mention ethanol twice, according to The Politico.

Meanwhile, conservation doesn't have anything like the same natural political mojo. Where's the organized, powerful constituency for tougher fuel economy standards, a higher gasoline tax, or a cap-and-trade system on carbon dioxide emissions?

Can anything be done to promote good energy policy? Public education is a necessary first step, which is why Al Gore deserves all the praise he's getting. It would also help to have a president who gets scientific advice from scientists, not oil company executives and novelists.

But there's still a huge gap between what obviously should be done and what seems politically possible. And I don't know how to close that gap.

SMELL TEST How Politics Influenced A Big Clean-Up Deal (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 29, 2007

IMPERIAL BEACH, Calif. -- As Tijuana has boomed, fueled by industrial expansion, something else has also surged: the flood of raw sewage the Mexican border city sends gushing downhill into neighboring California. Less than 60% of the city's sewage is being treated at all, and that only to minimal levels, leaving tons to flow into the canyons and surf of Southern California.

To stem this growing mess, the American government has chosen an unusual solution. Without any competitive bidding, the U.S. gave Bajagua LLC, a start-up company with no experience in treating waste water, sole authority to build and operate a treatment plant in Mexico.

The tale of Bajagua's success in getting the contract involves, among other things, well-timed campaign contributions to local members of Congress and other political figures. The firm also enlisted people with crucial connections as lobbyists. And when that didn't prove enough, Bajagua obtained backing from Vice President Dick Cheney and the White House, which cleared away opposition by federal agencies, several former senior federal agency officials say.

The Bajagua plan ("Bajagua" is a contraction of the Spanish "baja," for Baja California, and "agua," water) has prevailed even though, when it was first proposed in the late 1990s, it faced opposition from all of the relevant federal agencies. Records show that the State Department, the Environmental Protection Agency, the Justice Department and the Clinton White House's Office of Management and Budget dismissed the proposal as inadequate and impractical, and said it would violate existing law and treaties. Opponents of the plan say it won't stop the main causes of the waste and garbage flowing across the border.

Bajagua's tale shows how plans for federal public-works projects could be diverted by a small group of lawmakers, who were able to push contracts toward big campaign contributors. It also highlights the political difficulties posed by the pollution flowing into the U.S. from burgeoning Mexican border cities.

Recently, the project's backers have missed important deadlines, and officials are questioning whether the company has taken vital steps it claims already were achieved, including obtaining commitments for financing, essential permits and land. The federal government's contract with Bajagua calls for cancellation if the plant isn't built and running by September 2008, leaving the company only 19 months to build and open a plant. As a result, U.S. and Mexican officials have begun to express concern about whether it can succeed. Bajagua's principals say they are on track.

In an unusual step, the U.S. committed itself without appropriating money for the plant, and the final cost isn't known. The federal agency in charge estimates the total cost to the U.S. will be between $580 million and $780 million.

Coastal southern San Diego County lies at the bottom of a drainage system that originates in Baja California mountains in Mexico, feeds into the Tijuana River flowing through the heart of Tijuana and down into the ocean at Imperial Beach, Calif. As it passes through Tijuana, the river picks up raw human waste, battery acid, old tires, household garbage and toxic chemicals.

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From hilltop squatter settlements surrounding Tijuana, meanwhile, more sewage flows directly down canyons into San Diego County.

Beaches as far north as northern San Diego County are affected, but Imperial Beach, a favorite California surfing spot, has borne the brunt of the pollution. All or parts of the beaches along Imperial Beach and the estuary just to the south of it were closed for 198 days in 2006, according to the San Diego County statistics. The pollution causes health hazards, a weakened local economy, low home prices and harm to endangered wildlife, according to public-health experts, local business owners and others.

In the dry season, a system of special drains often catches the waste flowing through the Tijuana River (which would be dry without waste water) as well as the sewage running down the canyons. These pump the waste to a treatment plant in San Ysidro, Calif. But the drains are overwhelmed in the November-to-April rainy season and sometimes in the dry season too.

The problem was obvious on a late November day, when the San Diego-Tijuana area had its first rain of the season. After only a few tenths of an inch of rain, the raw sewage flow was too much for a drain in the river bed. Water covered with floating garbage and white foam from detergent, and filled with raw human waste, washed into the Tijuana Estuary on the U.S. side, soon reaching the ocean. Health officials closed the beach at the mouth of the Tijuana River.

Justin Jeter has surfed around the landmark Imperial Beach pier for 20 years and says he can't resist going in when the surf is up. But he adds that lately he has suffered frequent sinus and ear infections, which, like many surfers, he attributes to the pollution.

A recent study in the journal Applied and Environmental Microbiology by Richard Gersberg, professor at San Diego State University's Graduate School of Public Health, and colleagues documents high levels of hepatitis A virus and human intestinal viruses in ocean water off the mouth of the Tijuana River and at the Imperial Beach pier after seasonal rains.

The pollution also affects the estuary, a 2,531-acre wildlife reserve, sandwiched between the border and Imperial Beach, through which the Tijuana River empties into the ocean. Joy Zedler, an ecology professor who has studied the estuary, says polluted sediments from Tijuana have eliminated clams, sand dollars and fish species from the estuary and adjacent waters. Endangered birds, such as the light-footed clapper rail, have been harmed, and plants native to the estuary killed off, including a rare species of pickleweed.

Once a sleepy border town, Tijuana is now Mexico's fourth-largest city, with a population of more than 1.3 million. About 2,000 people on average arrive daily to stay. Tijuana's growth stemmed from maquiladora plants -- foreign-owned plants allowed to import materials and export finished goods duty-free -- and more recently the North American Free Trade Agreement and growing cross-border trade.

With the city's flat land used up, hundreds of thousands of new dwellings eat up the surrounding steep hillsides so quickly that whole new neighborhoods appear in days. Even in many legal developments, the dwellings aren't connected to sewers or running water. Instead, plastic pipes run from indoor latrines, dumping raw waste into the dirt roads. The outflow etches gullies in the roads and flows into the Tijuana River or down the hillsides to the estuary on the U.S. side.

The municipal sewage system is leaky. A reporter driving one day in the city's center during the dry season saw a geyser of sewage shooting up from around a manhole cover and running down the street.

Tijuana has a sewage treatment plant of its own on the coast just south of Tijuana that receives 25 million gallons of raw sewage daily. It treats 17 million gallons to a "primary" standard before dumping it into the surf. Only solids are filtered out, not toxic chemicals, heavy metals and other dangerous stuff. The rest of the sewage is spewed untreated directly into the ocean.

The U.S. has long recognized that Mexico was unlikely to pay all the costs of treating sewage that washes north of the border. Under treaties, agencies in both countries work together on sewage and other issues. The U.S. agency is the International Boundary and Water Commission, an El Paso, Texas-based arm of the State Department.

In the 1990s the commission built the San Ysidro plant, on the U.S. side of the border. It takes in 25 million gallons per day of Tijuana sewage, treats it to a primary stage, then sends it through an 11-foot-wide pipe before discharging it in the ocean 3.5 miles offshore.

That partly treated discharge falls far short of U.S. Clean Water Act standards. In response, the IBWC intended to expand treatment at the plant. It acquired land and planned to increase capacity in steps.

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Then Bajagua entered the picture. The small company was established solely to try to build a plant in Mexico under a U.S. government contract to address the Tijuana waste problem.

It grew out of a partnership in the 1990s between James D. Simmons, a former San Marcos, Calif., city councilman who runs a consulting business, and Enrique Landa, a Rancho Santa Fe, Calif., architect-turned-entrepreneur and son of a Mexico City architect. Messrs. Landa and Simmons had put together packages of permits which they sold to construction companies to build a waste-treatment plant in Sonora state in Mexico, and to upgrade treatment at a Mexico City plant.

Mr. Simmons says Mr. Landa's travels in northern Mexico, where he saw an acute shortage of usable water and waste treatment, led him to the idea of building a Tijuana treatment plant. (Through a Bajagua spokesman, Mr. Landa declined to be interviewed.) The two men concluded that they could make money by treating waste, eventually, to cleaner standards and selling the reclaimed water.

Under Bajagua's plan to build a plant in Tijuana, 25 million gallons a day of raw sewage would continue to flow to the San Ysidro plant on the U.S. side where, as now, it would be treated only to primary standards. Then new pumps and pipes would send it back uphill into Mexico to the new Bajagua plant.

After treating the sewage there, Bajagua would send it downhill again, through yet another set of new channels, where it would cross the border a third time, to San Ysidro. Then it would be shunted into the ocean through the existing pipe. Eventually, the Bajagua plant would also treat an additional 34 million gallons of sewage directly from Tijuana, to be sent across the border to the ocean pipe.

The idea of a U.S.-funded treatment plant in Mexico ran counter to an agreement the U.S. had with Mexico committing to build treatment facilities on its own side of the border.

A 1999 environmental-impact statement prepared by the Environmental Protection Agency and the IBWC called the Bajagua plan "not a feasible alternative." It said the plan wouldn't expeditiously meet the goal of additional treatment -- which it said could be accomplished at the San Ysidro plant.

A big criticism, then and now, was that no plan addressed a key source of pollution: the millions of gallons of Tijuana sewage that don't go into any sewer system at all.

Engineers who evaluated the Bajagua plan, including Michael L. Evans, a senior IBWC engineer at the time, concluded that it was unnecessarily costly, because the same sewage would ping-pong across the border three times before being discharged into the ocean.

Bajagua executives say their plan makes sense because the San Ysidro plant has limited room for expansion and faces local opposition. They also say Bajagua would be reimbursed in annual increments only after its plant is up and running. "The only way we get paid back is if we build it, it works and it operates to standards," says Mr. Simmons.

The commission and other federal agencies reviewed Bajagua's plan, and rejected it.

But that wasn't the end. Local members of Congress blocked the IBWC's plan to expand the San Ysidro plant and pushed the Bajagua alternative. Democratic Rep. Bob Filner, whose district includes the San Ysidro plant, and Republican Rep. Brian Bilbray, from a nearby district, in 2000 sponsored a bill promoting Bajagua's plan. A draft of the bill actually named Bajagua as the firm to do the work. When some lawmakers complained, the sponsors changed to wording that they hoped was so specific it would make Bajagua the only possible choice.

"We basically wanted one company," Mr. Filner says. "So we had to find a way to do it within the law."

From 1996 through 2005, Bajagua officials and their immediate relatives gave more than $56,000 in campaign contributions to Mr. Filner, federal campaign records show, more than to any other candidate in that period. Mr. Filner says he supported Bajagua because he considers it the best solution and his constituents wanted the plant in Mexico. "I'm doing this for my district, not for Enrique [Landa] who is my friend," he says.

The Clinton White House opposed the bill. The Office of Management and Budget stated, "Its approach raises serious foreign policy and legal concerns and will hinder our ongoing efforts to address the region's wastewater treatment needs." But after some amendments, and facing strong congressional support, Mr. Clinton signed it. The bill paved the way for a new treaty with Mexico that would allow the Bajagua project.

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Even Congress's backing wasn't enough to overcome opposition by the IBWC and other federal agencies. Arturo Duran, IBWC commissioner in 2004 and 2005, says he had reservations because "it's not normal to sole-source to a company a contract for hundreds of millions of dollars. It's not how the federal government operates."

With progress at a standstill, the California Water Quality Control Board in 2001 sued the IBWC, as owner of the San Ysidro plant. The suit led to a federal court order to bring the plant's discharge up to less-toxic "secondary" standards by September 2008.

It took intervention from the White House and Republican Rep. Duncan Hunter of Southern California to turn events to Bajagua's favor.

On Oct. 14, 2002, Bajagua's Messrs. Simmons and Landa traveled to Roswell, N.M., where Vice President Cheney appeared at Republican fund-raisers. After a public rally, Mr. Cheney met privately with a small group of big contributors at the home of a local Republican backer, energy executive George Yates, Mr. Yates says.

Mr. Simmons says he and Mr. Landa went in response to an invitation received in the mail to the fund-raiser. "Dick Cheney attended that, I got to shake his hand, and had my picture taken, and that was the end of it," he says.

But the next day Mr. Simmons sent a letter on Bajagua stationery to the vice president, expressing gratitude "that you could spend some time with us in Roswell." It added, "I appreciate the opportunity I had to briefly introduce the Bajagua Project to you and your staff." Mr. Simmons also gave a five-page "Bajagua Project Briefing" to Catherine Martin, a top adviser to Mr. Cheney.

In early 2003 -- Bajagua officials say they can't recall the date -- Matthew Simmons, then a lobbyist for Bajagua, met with a Cheney aide about the project in the vice president's offices. (Mr. Simmons, a former legislative director for Rep. Hunter, isn't related to James Simmons.) Other lobbyists hired by Bajagua include James R. Jones, former U.S. ambassador to Mexico.

On Sept. 4, 2003, Bajagua representatives including James Simmons met with officials of the White House's Council on Environmental Quality, which oversees executive branch environmental policy, Bajagua says. The same day Rep. Hunter met with James Connaughton, chairman of the environment council, to press for support of Bajagua, according to emails by IBWC officials disclosed on the Web site of William Weaver, a University of Texas at El Paso professor.

Public records show that Bajagua spent $585,000 on lobbying from 2001 through the first half of 2006.

Beginning in 2003 the White House pressed the relevant federal agencies to embrace the Bajagua project, according to interviews, a report by the Project on Government Oversight, a Washington, D.C.-based nonprofit organization, and email messages and documents posted on Mr. Weaver's Web site. At the Justice Department, a staff attorney who had backed the IBWC's opposition to Bajagua on legal grounds was replaced by a political appointee who reported to then-Assistant Attorney General Thomas Sansonetti, a longtime friend of Mr. Cheney. Staff at the IBWC who had opposed the project were overruled or moved aside, say Mr. Evans and other former IBWC staff.

Lea Anne McBride, a spokeswoman for Mr. Cheney, declined to respond to questions about the vice president's role in the Bajagua case. "The bottom line is that the vice president does not issue government contracts," she said.

In 2004, Rep. Hunter pushed through amendments to the 2000 law that favored Bajagua, further exempting it from normal restrictions on federal contracts. In 2005, the IBWC chose Bajagua as the sole "preferred option" for additional treatment of Tijuana sewage.

The 2002 thank-you letter from Bajagua to Mr. Cheney praised Rep. Hunter, chairman of the House Armed Services Committee, as "our champion." Before the encounter at the fund-raiser with the vice president, Rep. Hunter had received a total of $4,000 in campaign contributions from Messrs. Simmons and Landa and a Bajagua lawyer. Two days after the meeting, he received another $1,000 each from Mr. Landa's brother and sister-in-law.

Bajagua spokesman Craig Benedetto says timing of the contributions was "coincidental." He says Rep. Hunter had no role in arranging access to Mr. Cheney.

Mr. Hunter's spokesman said the congressman "doesn't specifically recall coordinating a meeting" with Mr. Cheney, but "it would be entirely appropriate for the vice president to be involved in such a meeting" given the importance of the sewage issue.

Concerning the Bajagua campaign contributions, he said, "Congressman Hunter does what he thinks is right for the nation and in the best interest of the San Diego community. This project is no exception." Rep. Hunter has announced he is running for president in 2008.

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Meanwhile, Rep. Bilbray, the other sponsor of the 2000 law, received $2,500 in contributions from Bajagua-related individuals. He lost his seat in the 2000 elections and soon went to work as a lobbyist. He represented Mr. Benedetto's public-relations firm to lobby on behalf of Bajagua, for which he received $35,000, records show.

In December 2001, less than a year after Mr. Bilbray's term ended, he testified before the House Water and Environment Subcommittee at a hearing on progress under the 2000 Bajagua-related law. He didn't disclose that he was a Bajagua lobbyist.

Mr. Bilbray says he didn't violate lobbying rules, which forbid a former lawmaker to appear before, or even communicate with, members of Congress to try to influence them on anyone else's behalf for a year after leaving office. He says he testified at the hearing "just representing myself as an author" of the 2000 law.

Last year, Mr. Bilbray was reelected to Congress, taking the seat vacated by Randy Cunningham, now in federal prison for soliciting bribes from federal contractors. Bajagua-related individuals gave Mr. Bilbray $6,850 in campaign contributions.

The cost to the government of the Bajagua project remains unknown. Bajagua and the commission missed a March 2006 deadline to negotiate an agreement which would have set the financial terms. The U.S. would reimburse the company's investment, with an added percentage of profit over 20 years once the plant opens.

Although Mr. Simmons says Bajagua's hopes for big profits lie in selling treated sewage someday as "reclaimed water," U.S. and Mexican officials say Bajagua hasn't submitted any plans for an additional plant to produce the water and has no land or approvals to build one. It isn't clear whether Bajagua legally could sell reclaimed water.

IBWC Commissioner Carlos Marin says Bajagua has missed deadlines for the Tijuana plant. Bajagua insists that, as required, it has arranged for financing. Mr. Simmons says flatly: "We have a commitment from Citibank to finance the project." But the IBWC says Bajagua hasn't given it any documents supporting the claim. Mr. Marin says, "We don't have any proof" of financing. Also, California denied Bajagua a permit it was required to obtain by September 2006 to discharge treated waste into the ocean. Bajagua is appealing.

Bajagua also was to have reached an agreement by September 2006 to purchase land. Mr. Simmons recently said Mexico would be announcing the specific site "in a few weeks." But José de Jesús Luévano, an official at the IBWC's Mexican counterpart, says the government has no intention of selling land to Bajagua. He says a lease is under discussion between Mexico and the company, but any announcement is months away.

Mr. Marin admits doubts about whether Bajagua will meet the 2008 deadline. "The more time that passes, that's getting a little bit leery," he says. Yet the IBWC has put all its eggs in Bajagua's basket. Failure would mean years before any alternative could be in place. Mr. Marin acknowledges that the IBWC has no backup plan.

Write to Scot J. Paltrow at scot.paltrow@wsj.com2

What Would It Take To Clean Up The Bay By 2010? (WP)

By David A. Fahrenthold

The Washington Post, January 29, 2007

To deliver on the pledge to save the Chesapeake Bay in three short years, you could start by digging up a million lawns to fix septic tanks that pollute too much.

Then ask 80,000 farmers to make expensive changes in the way their farms work. Overhaul hundreds of sewage plants, each project with a price tag that could run into the millions.

And find about $28 billion -- enough for six aircraft carriers -- to pay for it all. Right now, authorities are at least $14 billion short.

This month, the Environmental Protection Agency said efforts to restore the bay's health need to be accelerated to meet a 2010 deadline. It turns out that "accelerated" might be understating it: Experts say meeting the goal would require widespread sacrifices from individuals and unprecedented funding from government sources. And even then, it might not be enough.

For now, no such shock-therapy campaign has been proposed. But environmentalists say the bay project's many shortfalls are a lesson: After 19 years, the Chesapeake cleanup is struggling to produce results on par with its promises.

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"We have done a truly tremendous job of defining the problem, and we have done a truly tremendous job of defining the solution," said J. Charles Fox, a former head of the Maryland Department of Natural Resources. "But we have not yet succeeded in actually implementing the solution."

The bay cleanup, in its current form, began in 1987 with an agreement between state and federal governments. They promised that the bay, troubled by dirt, algae blooms and toxic chemicals, would be clean by 2000.

"We thought it was going to be Bethlehem Steel. We thought we were going to be able to point to big polluters," said Jack Greer, an official at the Sea Grant program at the University of Maryland.

Instead, they found that some of the bay's worst pollutants came from such things as manure, lawn fertilizer and human waste. Its troubles began on every street, in every sewer, at the back end of every cow.

"I remember politicians just going pale," Greer said.

When the 2000 deadline was missed, an even more sweeping agreement took its place. The leaders of Maryland, Virginia, Pennsylvania, the District and the EPA pledged to fix the bay's water, its oyster population, its beds of underwater grass and other environmental indicators by 2010.

There have been significant successes since then. Maryland passed a "flush tax," a surcharge on water bills to pay for cleaning up the state's sewage plants and farm fields. The bay's rockfish population has continued its remarkable comeback, which began in the 1980s. Small strips of forest, designed to filter runoff, have been planted alongside 5,000 miles of streams.

But all of that hasn't been nearly enough, officials say.

Thousands of farms still need to implement measures to prevent soil, manure and fertilizer from washing downstream -- from putting up fences to setting aside areas to regrow as forest. In Virginia, the total is near 1.5 million acres -- an area larger than Delaware.

States have said they will need at least $2 billion for these agricultural measures, which often include sending employees out to custom design a plan for each farm and reimbursing farmers for changes. Farmers have said they can't afford the changes themselves.

"If we can't absorb those costs, the only alternative is to get out," said Earl Hance, president of the Maryland Farm Bureau.

Another shortfall: Older septic systems -- including some installed as late as 2005 -- need to be replaced, or at least updated, so they release less nitrogen into groundwater. In Maryland, the most recent documents say 11,000 of 360,000 systems have been fixed so far.

If homeowners pay, each fix costs hundreds or thousands of dollars. Maryland has money to help homeowners pay for septic upgrades -- but not enough to do all of them before 2010. At current funding levels, it would take 580 years.

Also, to make the 2010 deadline, hundreds of sewage plants would need upgrades, so they release less pollution. The cost is estimated at $6 billion.

But money isn't the only problem with reaching the 2010 goal. The upgrades are so complicated, officials say, that they will take years to plan and carry out.

"If I had all the money in the world today, I would guarantee you I could not get it done by 2010," said John T. Dunn, chief engineer of the District's Water and Sewer Authority, whose Blue Plains sewage plant needs such an overhaul. He said that 2014 might be more realistic.

And even if all this effort were expended, experts say some 2010 goals might be impossible. One goal promises that the Chesapeake's oyster population will grow tenfold. But years of restoration efforts have produced no breakthroughs.

"If we're not well on the way by now, it's just not going to happen," said Standish K. Allen Jr., a professor at the Virginia Institute of Marine Science.

Blame should be spread across the watershed, environmentalists say, since all governments failed to act as boldly as the 2010 goals demanded and did little to contain sprawl. But the EPA's Chesapeake Bay Program, which oversees the cleanup, has come in for special blame. Last year, the U.S. Government Accountability Office found that the bay program was not doing enough to coordinate environmental efforts or provide updates.

Critics say the program lost valuable time by calling for elaborate plans instead of plunging straight into pollution reductions. And at the end of all this planning, they say, the cleanup had the paralyzing price tag: $28 billion.

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"What that number tended to do is make people say, 'Well, it's impossible. We can't do it,' " said William C. Baker, president of the Chesapeake Bay Foundation, an environmental group.

In response to questions about the management of the Chesapeake cleanup, bay program Director Rebecca Hanmer released a two-paragraph statement. It said the EPA was committed to "continue accelerating our progress toward a cleaner, healthier Chesapeake."

For now, the consensus among environmentalists is that the costs of meeting the 2010 goals are prohibitively high. Instead, they have begun pushing for agricultural and sewer-plant funds to aim at 80 percent of the desired pollution reductions.

Even these revised plans would require wrangling an estimated $3 billion more than state and federal governments have allocated.

Nineteen years into the bay cleanup -- intended as a model for environmental movements all over the world -- even the easy fixes are hard.

"It's not like you can find a place elsewhere that did it better," said Ann Pesiri Swanson, executive director of the Chesapeake Bay Commission, an advisory body to the cleanup. "That's the tragedy."

A Prime-Time Greening (TIME)

By Jeffrey Kluger

Time, January 29, 2007

There's nothing like a hostile Congress and a war gone sour to bring out the fence mender in a President. Tuesday's State of the Union address was President George W. Bush's most humble yet, filled with domestic goodies designed to appeal to a public fed up with bad news from Baghdad. Immigration, health care and education all got speech time, but most surprising was Bush's new focus on energy and the environment. Is the Oil President really becoming the Eco-President? Opinions are mixed.

Bush's biggest bid was to cut gasoline use 20% by 2017, in part by boosting mileage requirements for cars. The way to do this, the Administration says, is not to bump up all miles-per-gallon standards equally but rather to impose car-by-car rules, depending on the model. "Let experts consider the technology and the effect on safety and jobs," James Connaughton, chairman of the White House Council on Environmental Quality, tells TIME.

To skeptics, this smells fishy. The vagaries of the 1975 mileage laws may prevent the Administration from raising standards this way without first getting approval from Congress. If Bush really wants to boost mileage, they say, he should just tell his Department of Transportation to do so across the board. "There's a bit of slipperiness here," says John deCicco, an automotive engineer and a senior fellow with Environmental Defense. "He doesn't need Congress to get off the dime on this one."

Perhaps more promising was Bush's call to quintuple U.S. production of biofuels such as corn ethanol by 2017. The proposal is solid--to a point. You can't use biofuels without flex-fuel vehicles, and currently there aren't many out there. Plus, manufacturing ethanol is a messy process: smokestack pollution can offset what you save from tailpipes. An overall carbon cap would fix that, but even a greener Bush won't go there. "You dirty up a clean fuel if you manufacture it dirtily," says Sarah Hessenflow Harper, an Environmental Defense analyst and a former agricultural adviser for Senators Sam Brownback and Chuck Hagel.

Bush's other proposals--more solar panels, windmills and nuclear plants--seemed to be rhetorical gauze. Still there were a lot of places a beleaguered President could have gone looking for friends. Greens are pleased that after six years, Bush is finally coming to them.

FBI/DEA/ATF/USMS:

Drug Gang Revolt Feared In Mexico (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 28, 2007

The Mexican government has sent an additional 9,000 soldiers and police to the country's northern states to confront drug smugglers threatening to rise up against the extradition of their gang bosses.

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Mexican Defense Secretary Guillermo Galvan said the government buildup, part of "Operation Sierra Madre," came in response to the Jan. 19 extradition to the United States of 15 suspected smugglers, including 10 reputed drug cartel bosses.

Mexican President Felipe Calderon had dispatched more than 16,000 Mexican army, navy and federal police into the states of Chihuahua, Durango and Sinaloa shortly after he took office Dec. 1.

They have since burned more than 2,500 acres of marijuana fields and 2,000 acres of opium fields and have confiscated nearly 3 tons of cocaine and 20 tons of harvested marijuana in the country's so-called "golden triangle" of drug traffickers.

Mr. Galvan said soldiers and police are prepared to confront any uprising and suggested that he was planning more extraditions as part of a crackdown by the Calderon administration on drug kingpins in the three states.

In the past six months, Mexico has extradited more than 60 fugitives to the United States, including suspects wanted on murder, rape and drug trafficking charges. The extraditions prompted Antonio O. Garza Jr., the U.S. ambassador in Mexico, to say the two countries "are working together to guarantee that neither country will ever be a refuge for those who seek to escape justice."

Mexico's Supreme Court last year struck down a four-year-old ban on extraditions.

Among those returned to the United States to stand trial was purported Gulf cartel leader Osiel Cardenas-Guillen, who was thought to be running the drug organization from his prison cell in Mexico, and reputed drug kingpin Francisco Rafael Arellano Felix of the Tijuana-based Arellano Felix gang.

Also extradited to the United States were Ismael and Gilberto Higuera Guerrero, brothers and former chiefs of the Arellano-Felix cartel, and Hector Palma Salazar, former boss of the Sinaloa cartel of Joaquin "El Chapo" Guzman -- Mexico's most powerful drug leader who escaped in 2001 from a maximum-security prison and remains at large.

U.S. Drug Enforcement Administration (DEA) boss Karen P. Tandy has described the extraditions as "unprecedented in the history of Mexico" and said they had directly affected four major drug cartels in that country -- including the Gulf cartel headed by Mr. Cardenas-Guillen. She described that operation as "one of the most brutal and powerful drug cartels in the world."

Mr. Cardenas-Guillen controlled what the DEA has said was one of the major transit corridors into south Texas, and his lieutenants purportedly smuggled hundreds of kilograms of cocaine into neighborhoods across the United States.

U.S. authorities have said Mr. Cardenas-Guillen was responsible for moving 4 to 6 tons of cocaine a month into the United States from 1999 to March 2003. He also has been named as one of Mexico's drug kingpins most responsible for the rising violence along the U.S.-Mexico border in Texas in recent years.

"Ironically, Cardenas-Guillen was a former Mexican federal police officer who betrayed the public trust and exploited that knowledge to protect his organization," Mrs. Tandy said. "Violence, intimidation and murder are his stock in trade."

Suspected Cartel Boss Hires McAllen Lawyer For Defense Team (MCAMON)

By Andres R. Martinez, Monitor Staff Writer

Monitor, January 27, 2007

McALLEN — Suspected Gulf Cartel leader Osiel Cardenas-Guillen has hired prominent McAllen lawyer Roberto Yzaguirre as part of his defense team in a federal drug case that prompted Cardenas' extradition from Mexico a week ago.

Cardenas-Guillen, who faces a 17-count indictment out of Brownsville, was flown to the United States on Jan. 19 with 14 other fugitives.

He appeared in court once this week, but the judge closed the proceedings to the public. His arraignment is set for Feb. 1 in Houston. It's unclear whether the trial will be in Brownsville or Houston.

Yzaguirre defended the Matamoros-based Gulf Cartel's former head, Juan Garcia Abrego, in another federal drug case in 1996. Unlike Cardenas, who was first tried in Mexico before being extradited, Mexican authorities whisked Garcia out of the country without a trial the day after he was arrested.

U.S. Justice Department officials told reporters Monday that Cardenas-Guillen was responsible for smuggling 4 to 6 tons of cocaine a month into the United States from 1999 to 2003. They also claimed he is responsible for a majority of the violence associated with drug cartels during the last few years, including the attempted murder of FBI and Drug Enforcement Administration agents in Matamoros.

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Cardenas-Guillen had been running the cartel from his prison cell in Mexico since 2003, according to Mexican authorities.

Yzaguirre was also the lawyer for Guillermo Gonzalez Calderoni, Mexico's former drug czar. Calderoni led Mexico's effort against drug cartels in the early 1990s, but later fled the country after rumors spread that he protected some cartels.

Calderoni lived in McAllen for about a decade. Yzaguirre successfully represented him when Mexico twice tried to have him brought back to Mexico to face charges. The former Mexican official was gunned down leaving Yzaguirre's office Feb. 5, 2003.

Yzaguirre referred all questions about Cardenas-Guillen to the U.S. Attorney's Office in Houston.

Andres R. Martinez covers courts and general assignments for The Monitor. He can be reached at (956) 683-4434.

Mexican Police Investigated For Bribery (AP)

AP, January 27, 2007

(AP) Six federal police officers involved in President Felipe Calderon's anti-drug operation were being investigated for extortion on Friday after they were videotaped taking money from a driver in the border city of Tijuana, officials said.

The men, part of a force of more than 3,300 police and soldiers sent to Tijuana to clamp down on drug gangs and corruption, will be punished if found guilty, the Public Safety Department said in a statement.

A videotape recorded by the Tijuana city police department shows the officers at a checkpoint stopping a motorist and searching his vehicle. After a discussion, the motorist was shown giving the police a handful of cash including at least one $100 bill.

The videotape, taken Jan. 17, was released to the media and posted on Mexican news Web sites on Friday.

Soldiers involved in the anti-drug offensive known as Operation Tijuana have been inspecting firearms belonging to Tijuana's 2,000 city police for three weeks, in response to allegations by federal investigators that a network of officers supports smugglers who traffic drugs into the United States.

The Tijuana police have held demonstrations, complaining they need their guns for their jobs and stand a higher risk of being shot dead without them.

More than 300 people were slain in Tijuana last year, including 13 police officers.

On Monday, the Tijuana police department announced it had issued some officers slingshots and ball bearings to defend themselves.

Calderon narrowly won the presidency last year on a law-and-order platform and has promised to dismantle drug gangs who killed more than 2,000 people across Mexico last year.

Since December, he has sent more than 20,000 police and soldiers to regions across Mexico that have been ravaged by drug-related violence, such as Tijuana and the Pacific resort of Acapulco. Last week, he also extradited four alleged drug kingpins to the United States.

Karen Tandy, chief of the U.S. Drug Enforcement Administration, has described Calderon's battle against drug gangs as "an enormous leap forward."

Tijuana Officers Get Their Guns Back (AP)

By Luis Perez, The Associated Press

AP, January 28, 2007

TIJUANA, Mexico — Police in this violent border city got their guns back Saturday three weeks after they were forced to turn over weapons to federal authorities because of allegations they were colluding with drug traffickers.

Tijuana Public Safety Secretary Luis Javier Algorri said soldiers returned all 2,130 guns to his department.

He planned to send a letter to the attorney general's office asking for the results of the investigation so he could clear up any doubts about his officers. No one from the attorney general's office was available for comment Saturday.

The officers handed in their guns Jan. 4 after President Felipe Calderon sent 3,300 soldiers and federal police to Tijuana to hunt down drug gangs. The soldiers swept police stations and took officers' guns for inspection to see if they had been used to protect smugglers who traffic drugs into the U.S.

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Tijuana police initially stopped patrols after their guns were taken, saying it was too dangerous, but most later returned to work. In some cases, officers were accompanied by armed state police. Others patrolled in larger numbers than normal. One officer was seen holding a slingshot that he said was for his protection.

Algorri said the drastic action put the city's safety at risk and cut in half the number of arrests made in January compared to the same period last year. Five officers were injured by assailants who took advantage of them being unarmed, he said.

In several neighborhoods, residents took the law into their own hands, grabbing suspects off the street and tying them up before calling police to haul them off.

Dubbed "Operation Tijuana," the initiative was part of a major military offensive launched by Calderon against drug gangs. The president, who took office Dec. 1 promising to crack down on organized crime, has sent more than 24,000 troops to states plagued by execution-style killings and beheadings as rival gangs fight over marijuana plantations and smuggling routes.

Drug gangs were blamed for more than 2,000 murders nationwide in 2006 and have left a particularly bloody trail in Tijuana, where more than 300 people were slain last year.

Meanwhile, six federal police officers involved in Calderon's anti-drug operation were being investigated for extortion after they were videotaped Jan. 17 taking money from a driver in Tijuana, across the border from San Diego.

The video, recorded by the Tijuana police department, shows the officers at a checkpoint stopping a motorist and searching his vehicle. After a discussion, the motorist was shown giving the police a handful of cash including at least one $100 bill.

Mexico's Latest War On Drug Gangs Is Off To A Rapid Start (NYT)

By James C. Mckinley Jr.

The New York Times, January 27, 2007

MEXICO CITY, Jan. 25 — If any image can sum up President Felipe Calderón's first eight weeks in office, it would be the sight of him dressed in military fatigues addressing troops he had sent into the state of Michoacán to corral narcotics traffickers.

It has been a hundred years since a Mexican president appeared in military garb, and the choice seemed no accident to most people here. Even if the fatigues seemed a poor fit for the bespectacled, bookish head of state, the new president was sending a clear message when he donned them on Jan. 3. He was declaring war on drug trafficking.

Since he took office on Dec. 1, Mr. Calderón has moved against the drug cartels with a speed that has amazed officials in Mexico and the United States alike. He has sent thousands of federal police officers and soldiers to six states, flooding cities like Tijuana, Acapulco and Morelia with heavily armed men.

He disarmed the notoriously corrupt Tijuana police. He broke a longstanding political taboo and extradited 11 men accused of being important drug dealers to the United States to keep them from operating from prison.

"This is a permanent fight, in which, unfortunately, many have lost their lives," he declared at a meeting of governors and top public security officials, calling for a crusade to reclaim Mexico from drug gangs. "We are fighting without rest so that these sacrifices will not be in vain."

It is too early to tell how much of the offensive is a show intended to persuade the public that Mr. Calderón is serious about attacking the drug trade or whether it is the beginning of a sustained effort that will have a lasting impact.

So far the campaign has had limited success. Military operations have netted only a handful of reputed organized crime members among the 160 people detained. Gangland slayings and kidnappings have dipped slightly where the federal police and military are patrolling, but they continue to happen with unnerving regularity.

Officials in the United States from the president down have loudly praised Mr. Calderón's courage, particularly for the extraditions, and hope it is a trend. But they acknowledge that only a long-term campaign can end the violence in Mexico and stop the flow of drugs.

"Nobody claims that these extraditions are the end," said John P. Walters, the White House drug control policy director. "They are an enormously powerful step to hopefully bring this violence to an end more rapidly."

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All this has helped Mr. Calderón politically at home and abroad. Yet skeptics here say rooting out drug trafficking will take more than a few weeks of roadblocks and highly visible federal patrols in drug-plagued towns. The roots of the problem, they say, run deep in Mexican society.

Dealers flush with ill-gotten cash have long corrupted local police departments, in some cases hiring officers as enforcers and assassins or paying them to keep silent about what they know.

Prison officials are also easy to seduce with money, as happened when Joaquín Guzmán, one of the most dangerous drug cartel leaders, walked out of a high-security prison six years ago after bribing guards.

Perhaps more problematic, Mexican citizens generally distrust the police, and fear of reporting crimes has grown in the last year as drug gangs have resorted to beheadings to terrorize the public and their enemies.

Along with the widespread fear comes a certain respect. Big-time mobsters are treated like folk heroes in their home regions, their stories told and retold in popular songs.

And some who fear that Mr. Calderón's actions might not succeed point out that he is not the first to take on Mexico's organized crime. His predecessor, Vicente Fox, started his own term with a pledge to dismantle drug cartels and made significant strides. He created an elite federal force that arrested dozens of kingpins, capos and lieutenants in the Tijuana, Sinaloa and Gulf cartels.

Yet the arrests only seemed to worsen the situation, unleashing a underworld war the likes of which Mexico had never seen. More than 2,000 people were killed in drug-related disputes last year alone, including scores of police officers.

Some criminal justice experts — even those who praise Mr. Calderón's actions — say the key to reducing the power of drug barons in the long run is purging the local police, courts and city halls of corrupt officials, as well as changing the judiciary to make judges harder to bribe.

Some editorial writers and other skeptics have noted that although the president disarmed the Tijuana police, he has done little to clean up the corrupt police departments at the heart of the problem.

But other experts on the drug trade are optimistic that he will do better than Mr. Fox. They note that Mr. Calderón has adopted strategies that worked in Colombia in the 1990s: using the military to take back regions where drug dealers control the local authorities, extraditing top cartel members to the United States and eradicating crops of marijuana and poppies.

Jorge Fernández Meléndez, who has written extensively about the drug trade here, said some of these tactics had been tried piecemeal in the past, but never in such a concerted way with so many resources.

"Of all the strategies used against narcotics trafficking in recent years, this is the most on the mark and the one with the best chance of concrete success," he said.

Mexico's Willing Drug Fighter (LAT)

By Sam Enriquez, Times Staff Writer

The Los Angeles Times, January 29, 2007

President Felipe Calderon comes out swinging, but the U.S. is now in another arena.

MEXICO CITY — The U.S. war on drugs has seldom seen a more willing recruit than Mexican President Felipe Calderon.

Since taking office last month, Calderon has sent thousands of soldiers to half a dozen states, where they have pulled up pot plants and opium poppies by the hectare and searched thousands of vehicles at military roadblocks. He also has fast-tracked the extradition of men reputed to be among the hemisphere's biggest kingpins.

But unfortunately for the Mexican leader, who put the drug-trafficking battle at the top of his nation's domestic agenda, the issue that once was a staple of U.S. political speeches has fallen so far off the radar that for the first time in years it didn't warrant a mention in President Bush's State of the Union address.

Drug-related violence, meanwhile, has gone from bad to gruesome in Mexico, where traffickers have tossed hand grenades at enemies and left severed heads as messages. More than 2,000 Mexicans died in such carnage last year, according to media tallies.

Calderon has signaled that he'll ask for millions of dollars in U.S. aid to continue his campaign and extend it nationwide.

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"The Mexican people are demanding that their parks, their streets, their schools, their neighborhoods be safe places for their families, where their children can live and grow up in peace," Calderon told a meeting of Mexico's governors last week.

The war against drug criminals, he added, "is a permanent fight."

But the U.S. war on drugs has been overshadowed by the war in Iraq, and its urgency has been tempered by historically low crime rates domestically and statistics that indicate declining drug use among American teenagers. The Times reported last week that the U.S. military had cut aerial surveillance over Pacific and Gulf Coast smuggling routes by more than half and Navy patrols by a third since 2002.

"Mexico is sending a clear message to the U.S., saying, 'We're doing everything we can, even more than you,' " Mexico historian Lorenzo Meyer said. "The U.S. ambassador won't be able to moan about Mexico not fighting crime."

Calderon must find a way to turn U.S. attention back to his advantage, Meyer said.

Calderon has no such challenge at home, where his crackdown enjoys broad support, despite the shaky legal ground of his military roadblocks. Mexicans have the same protections against unwarranted government searches as Americans do, said John M. Ackerman, a law professor at the Institute for Legal Research at the National Autonomous University of Mexico. "The whole thing is of questionable constitutionality," he said.

Yet no lawmaker in the Mexican Congress, even among opposition parties, has raised a legal challenge. The newspaper El Universal published a poll last week showing a third of respondents, spread equally among all three major parties, approved of Calderon's actions; a third said it was too early to judge; and fewer than a fifth were opposed.

But without more U.S. help, Mexico stands little chance of winning a direct confrontation with sophisticated and brutal traffickers who have established a near monopoly in the estimated $65-billion U.S. drug market, analysts say.

Several Texas lawmakers are sponsoring a bill that would pay Mexico $850 million in federal funds over five years for training police and prosecutors. It would more than double the $69 million a year Mexico gets now.

"The stars are finally aligned with Calderon, who is willing to work with the United States, who's extraditing criminals, and who's willing to send troops into hot spots and take on organized crime," U.S. Rep. Henry Cuellar (D-Texas) said. "U.S. leaders have always said Mexico needs to do more, and now we have a Mexican president doing more."

Under pressure from the United States, nearly all new Mexican presidents over the last three decades have taken office with promises to crack down on smugglers and the government corruption that keeps them in business. But ties between Mexican officials and drug lords — some proven, others not — have scandalized every Mexican administration since the 1960s.

Calderon's campaign against Mexico's continuing drug violence, which makes daily headlines here, has not gone unnoticed north of the border.

Bush telephoned Calderon on Wednesday to commend him. And the U.S. government's drug czar, John P. Walters, said last week that "the boldness of the Mexican response here obviously calls upon us to continue, and to match that with our own boldness at home."

Despite the praise, the U.S. drug war "is nowhere on the political agenda," said Mark Kleiman, a professor and director of UCLA's Drug Policy Analysis Program. Kleiman argues that lack of political attention to drug policy is a good thing. "Politicians are incapable of dealing with it," he said.

Despite high-profile arrests and record annual seizures, he said, a steady supply of cocaine, marijuana, heroin and methamphetamine has been available in the U.S. since President Nixon famously declared drugs to be America's "public enemy No. 1."

Common sense, Kleiman said, suggests that Mexican law enforcement ought to attack "the side effects of trafficking" — the violent dealers and organizations. Calderon has the right idea, to put pressure on competing drug cartels until they stop assassinating police officers, bystanders and one another's members, Kleiman said. "Make the bad guys keep their head down."

Carlos Martínez and Cecilia Sánchez of The Times' Mexico City Bureau contributed to this report.

Mexico Drug Barons Get Warning (SAE)

San Antonio Express, January 27, 2007

DOJ_NMG_0122937

MEXICO CITY — By deploying the army and sending top drug prisoners to the United States, President Felipe Calderón appears bent on showing the nation he's in charge and warning gangsters to end a bloody turf war.

The word to Mexico's criminal underworld: Crawl back under your rocks — and kill fewer people — or take major heat from the feds.

By a Mexican congressional estimate, as many as 2,100 people died in cartel violence last year — a dramatic increase from the past.

The bloodletting is a national security concern and a constant source of friction between the U.S. and Mexico.

The boldest executions involved severed heads tossed onto the dance floor of a nightclub and the machine-gunning of six police officers riding in a truck.

"We are absolutely determined, for our children, to recover our streets, parks and cities," Calderón said this week. "We are on our way."

It remains to be seen how long the new president will keep the pressure on, but observers say he's already acting bolder than his predecessor, Vicente Fox.

"He is sending a strong message that some things that were tolerated in the past will not be tolerated anymore," said Jorge Chabat, a Mexico criminal-justice system expert. "It is my guess (traffickers) will get the message and modify their behavior."

"Who is going to invest a dollar in Mexico if you see images of beheaded people on the front pages of newspapers?" he said. "You can not expect to be treated like a civilized country if you tolerate these manifestations of violence."

Chabat said no one expects Calderón's latest actions will put the cartels out of business or stop the drug flow, but they could re-establish some order.

The army was operating checkpoints in the industrial city of Monterrey on Friday, just days after several key drug traffickers, including Osiel Cárdenas, the head of the Gulf Cartel smuggling organization, were handed over to U.S. authorities.

Despite being imprisoned in Mexico, Cárdenas was believed to be following a long tradition of jailed capos using bribes and intimidation to run their syndicates from their cells.

A natural Cárdenas rival, Héctor Luis "El Guero" Palma, once head of the Sinaloa cartel, was also chained by masked federal agents and whisked aboard a U.S.-bound plane.

Calderón took a page from violence-torn Colombia's playbook by sending them to the United States, where if convicted they likely will spend the rest of their lives behind bars.

In Colombia, warring cartels united in an attempt to intimidate the government into stopping extraditions. Police, judges and other officials were murdered and a commercial airliner was bombed to kill a witness.

In the end, the government brought the cartels to their knees — a strategy that in some ways resulted in Mexican gangsters taking over the hemisphere's drug trade.

Chabat said sending Cárdenas and others to the United States likely will create power struggles and therefore more short-term violence within the cartels, but he doubted the gangs would take on Calderón.

"Traffickers know if they go to war against the Mexican government, they will have to face the United States, and that is not a wise decision," he said.

He also noted that Mexico's institutions, including its army, are more solid than their Colombian counterparts.

The military's presence, however, was unusual on the streets of Monterrey, where troops were checking vehicles this week. Motorists eased into lines of traffic that slowly filed by combat-ready soldiers.

There were no immediate reports of arrests or seizures.

The city, most known for its economic clout, has seen increasing drug violence, including shootings in upscale neighborhoods and the execution of a police commander.

Mike Vigil, former chief of international operations for the U.S. Drug Enforcement Administration, said Calderón had to take action.

"When drug trafficking gets so out of control, and you have all this violence generated as a result, it impacts the national security of a country," said Vigil, who was based in Colombia and Mexico.

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By shipping traffickers to the United States, where they face federal charges, Calderón is stopping them from running their gangs and making it likely they will never again set foot in Mexico, Vigil said.

"They cannot be kings anymore and are basically severed from their organizations," he said. "All of a sudden, they go from being the head, to being nobody."

Pike Set To Spend Life In Prison (JPJ)

Jamestown Post Journal, January 28, 2007

Aaron Pike of Jamestown will spend life in prison for his role in Operation Jamestown, a 14-person federal drug case.

U.S. Attorney Terrance P. Flynn, announced Pike's sentencing, which comes after conviction in a jury trial on March 17.

Pike was sentenced by the Hon. Richard J. Arcara, U.S. District Court chief judge, to life in prison in the Bureau of Prisons, five years supervised release, a $100 special assessment and he was ordered to pay $8,617.17 in restitution to New York State Crime Victims Board.

According to Assistance U.S. Attorney's Thomas S. Duszkiewicz and Jorge S. deRosas, who handled the case, said Pike was convicted of organizing a continuing criminal enterprise which involved the distribution of more than 1,000 kilograms of marijuana and more than 4 kilograms of methamphetamine in Jamestown between July 2000 and August 2001. The drugs were allegedly supplied and shipped to Pike in Jamestown by a former inmate he had met while serving in state prison.

''Continuing a criminal enterprise after conviction is the worst crime in federal eyes,'' said Chautauqua County Sheriff Joseph Gerace.

The distribution continued after Pike went to California and led to the execution-style murders of Richard Alicea and Johnny Houston on May 23, 2001, near Gerry. Pike was later arrested in North Carolina in October 2001 and after an initial indictment was returned in July 2001.

The drug investigation also resulted in the convictions of 13 other defendants. Aaron Pike was also sentenced in Chautauqua County Court after his conviction for the murders.

''We conducted the investigation into the homicide,'' Gerace said. ''Our people did a great job and it is satisfying to know that he will not be involved in any other crimes.''

Investigation into the drug case was by the federal Drug Enforcement Administration, under the direction of Special Agent Nancy Cote; the Chautauqua County Sheriff's Department and with the cooperation of the Chautauqua County District Attorney's Office.

Federal Officials Aske States To Tighten Medical Marijuana Law (AP)

AP, January 28, 2007

HONOLULU -- Federal officials want the state to conduct background checks on those certified to supply medical marijuana to patients, saying the state must close loopholes being exploited by drug dealers.

Ed Kubo, chief federal prosecutor for Hawaii, said the December indictment of Richard Velasco, a 49-year-old accused drug dealer from the Big Island, is an example of why the state needs to strengthen oversight of its medical marijuana program.

Velasco was awarded a medical marijuana caregiver certificate in December 2004, just months after Hawaii County police officers discovered 246 marijuana plants growing on his property. He was arrested for drug trafficking.

"There needs to be adequate procedures in place to allow for background checks, inspections, monitoring and reviews so that this law is not a farce," Kubo said.

The state Department of Public Safety should also be required to perform random inspections of the caregiver's plant-growing operation, he added.

"After all, we regulate liquor licenses by unannounced inspections and monitoring, and liquor is legal," Kubo said.

Those with drug or felony convictions should also be prohibited from acting as medical marijuana caregivers.

"We're not interested in investigating the sick and the dying," said Anthony D. Williams, assistant special agent in charge of the U.S. Drug Enforcement Administration's Honolulu district office. "But we will continue to investigate and pursue anyone cultivating and distributing marijuana."

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Hawaii became the eighth state to allow marijuana use for medical purposes in 2000. There are currently 249 licensed caregivers and 2,609 medical marijuana patients in the state.

Velasco, of Fern Acres, has five criminal convictions. He was arrested Jan. 16 and is in custody at the Federal Detention Center. His trial is set for March 20 in front of U.S. District Judge Susan Mollway.

He was indicted Dec. 21 on two counts of "knowingly and intentionally manufacturing marijuana, to wit: the cultivation of 100 or more marijuana plants," according to an indictment filed in U.S. District Court.

Because Velasco has a felony drug conviction, he faces a mandatory minimum of 10 years in jail and up to life in prison if convicted, according to the U.S. Attorney's Office.

As a caregiver, Velasco had a certificate allowing him to have up to three mature, flowering marijuana plants, four immature plants and an ounce of usable marijuana for each mature plant.

The certificate must be renewed each year and permits the holder to grow and cultivate marijuana for one patient.

The unidentified medical marijuana patient in Velasco's care terminated his relationship with Velasco following the arrest.

State Rep. John Mizuno, vice chairman of the House Health Committee, said his panel would likely consider the issue if the Public Safety Department or U.S. Attorney's Office proposed language for legislation.

"We have to try and ensure the safety of our kupuna and our disabled population," Mizuno said. "We would definitely support something that makes it possible to do background checks to weed out these bad apples."

IMMIGRATION:

Fresh Potential On Immigration (LAT)

By Nicole Gaouette, Times Staff Writer

The Los Angeles Times, January 29, 2007

WASHINGTON — With a new Democratic-controlled Congress and a president newly committed to bipartisan accomplishments, prospects for an overhaul of the nation's immigration laws have never seemed brighter.

But reform efforts could still stumble over the stickiest issue: how to craft a path to citizenship for illegal immigrants that will win the support of lawmakers who draw the line at "amnesty."

In the House, where these conservatives could derail a bill, the job of finding that elusive middle ground falls to Rep. Zoe Lofgren. The San Jose Democrat, who heads the immigration subcommittee, has been buttonholing lawmakers, quizzing them between votes and hosting formal meetings.

"There's a way to deal with this," she said. "The Republicans I've listened to make it clear they're open to dialogue, to practical solutions."

Across Capitol Hill, Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) are pursuing the same goal as they develop a plan based on last year's comprehensive immigration bill, which passed the Senate, but not the House.

And in his State of the Union address last week, President Bush emphasized the importance of advances in border security and enforcement, a pitch to lawmakers who are nervous about reforms that could be seen as rewarding people who entered the country illegally.

Advocates for a broad immigration bill say it will need the support of at least 20 Republicans in the Senate and perhaps 40 in the House.

"They exist, they just have to be reassured about some things," said Tamar Jacoby, a senior fellow at the conservative Manhattan Institute who backs comprehensive immigration reform. "How do you bring along the people who said 'no' last year?"

The approach Bush took in his speech is a good start, she said. "He talked to them about border security, illegality in communities, assimilation, about working with local cops and communities. I think it's shrewd. I don't know if he can move those people, but the way to do it is address those concerns."

The Senate bill that passed last year encompassed stepped-up enforcement efforts, a program to let immigrants in as guest workers and a process for illegal immigrants to become legal residents.

The Senate seems likely to pass a similar bill this session.

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In contrast, the House is legislative terra incognita.

The House passed an enforcement-only bill last year with little debate, but never debated broader legislation. And House leaders will have to appeal not only to Republicans, but to a cadre of freshman Democrats who campaigned for tougher immigration enforcement.

As a result, lawmakers are crafting legislation with conservative Democrats and moderate Republicans in mind.

"A lot of members of Congress made campaign promises, so one of the challenges is to create a comprehensive bill that's consistent with the commitments people made during the campaign," said Rep. Jeff Flake (R-Ariz.), a co-sponsor of the House version of the Senate bill.

Though immigration is a difficult issue, lawmakers burst out of the legislative starting blocks in the first three weeks of Congress.

Republicans introduced enforcement bills in both chambers and offered tough immigration-related amendments to unrelated Senate legislation. A bipartisan Senate group proposed a bill that would give illegal farm workers a way to become legal permanent residents, a step toward citizenship. And Democrats announced their intention to reexamine the plan to build a 700-mile barrier along the southern border, which the previous Congress passed.

Lofgren said one key to winning over House lawmakers would be education, because few have had a chance to discuss the issues involved.

"Our challenge is to come up with a bill that will get broad support," said Lofgren. "The House bill that passed last year was a very draconian measure. That's not what the country wants, nor what I intend to pursue, but we need to have a dialogue.

"I'm hoping for a comprehensive package, but I'm pretty confident I'm not going to get everything I want."

She warned that the House process would be slower than the Senate's, but said that she believed lawmakers were ready to act, particularly after watching strident colleagues such as Rep. J.D. Hayworth (R-Ariz.) lose to candidates who back comprehensive reform.

"I don't think that was lost on people," Lofgren said.

Senate leaders Harry Reid (D-Nev.) and Mitch McConnell (R-Ky.) have made immigration one of the first 10 bills they will take on. McCain and Kennedy are aiming to introduce their legislation in February and are reexamining the section on legalizing illegal immigrants.

The previous bill included a three-tier approach to illegal immigrants based on their length of stay in the United States, requiring that some of them leave and allowing others to stay. It was designed to appeal to conservatives uncomfortable with treating illegal immigrants who have been in the country for many years the same as those who just arrived.

But the administration has told lawmakers that is unworkable.

Instead, the lawmakers may revert to the formula in their original bill, which required illegal immigrants to pay fines and back taxes, undergo background checks, and learn English, among other requirements, before they could be processed for legal status.

The lawmakers will also rework the provision on the temporary worker program to meet demands from immigrant advocates for more labor protections, and demands from business-oriented Republicans for programs that would supply more workers.

Attempts to bolster the bill's support among conservatives in both parties will focus in part on making employer verification programs more robust. Senate aides say that holding employers more accountable for hiring illegal immigrants would ease concerns some lawmakers have about supporting a comprehensive bill.

Opponents cite the 1986 immigration reform, which included an amnesty for 3 million illegal immigrants, as a failure, charging that it simply encouraged more people to come illegally in the expectation that they would eventually be given citizenship. Today there are about 12 million illegal immigrants in the U.S.

Comprehensive reform supporters argue that illegal immigration increased because the 1986 enforcement provisions were never enforced. They hope to convince skeptics that piecemeal measures will not work as they make their case for broad legislation this year.

Despite the commitments from members on both sides of the aisle, compromise could still prove futile.

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For some conservatives, any plan to legalize illegal immigrants would be hard to swallow. And for advocates, who will meet at a Washington summit this week expected to draw 200 grass-roots groups, anything short of that is inhumane.

Cecilia Munoz, vice president of the National Council of La Raza, a Latino civil rights and advocacy group, points to the previous Senate bill's three-tier legalization system as an example of the contortions that result when lawmakers try to compromise.

"It didn't pick up any votes and it made the program unworkable," Munoz said. "After many years of trying to reach that middle ground, it may be time to admit that it does not exist."

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Revisiting Immigration Reform (LAT)

The Los Angeles Times, January 29, 2007

It's now up to Democrats in Congress to bring common sense and decency to U.S. immigration policy.

THERE'S BEEN A LOT of optimistic talk since the November election that President Bush and the new Democratic majority in Congress can work together to reform the nation's dysfunctional immigration laws.

The House GOP leadership, after all, was the roadblock to any rational reform in the previous Congress — not only because many top Republicans opposed it but because then-House Speaker J. Dennis Hastert inexcusably refused to allow a vote on comprehensive reform absent support from a "majority of the majority" party. This prevented the approach favored by Bush and the Senate from ever having a chance in the House, even though it might have won a bipartisan majority.

But today's optimism shouldn't be overstated. Realistically, Congress only has about half a year to act before the issue becomes consumed by presidential politics. There is temptation on both sides of the aisle to preserve immigration as an election issue rather than solve the problem.

Bush's State of the Union address set the right tone for the coming legislative debate. He called for a "legal and orderly path for foreign workers to enter our country," a better process of assimilating new arrivals into American society and for resolving "the status of the illegal immigrants who are already in our country, without animosity and without amnesty."

But therein lies the political temptation. Plenty of Republicans will want to accuse Democrats in 2008 of favoring amnesty, and plenty of Democrats will want to accuse Republicans of animosity toward Latinos, the nation's fastest-growing bloc of voters. Complicating matters is the fact that the leading GOP presidential hopeful, Sen. John McCain of Arizona, joined Sen. Edward M. Kennedy (D-Mass.) to write Capitol Hill's best immigration measure of 2006. McCain was then deemed too soft by anti-immigrant zealots.

Leading Democrats have been on the right side of the debate, recognizing the nation's need to provide a legal pipeline for workers and to bring a population of at least 11 million residents out of the legal shadows. Yet immigration didn't even come up in Sen. Jim Webb's (D-Va.) response to the State of the Union speech. Might Democrats be tempted to put off the issue in order to deprive the administration of a major domestic accomplishment? Will their embrace of economic populism translate into raising the drawbridge?

That would be a shame. Because back in the real world, it's a national disgrace that millions of workers vital to the U.S. economy live in fear of the law instead of under its protection.

California Democrats will play a crucial role in the debate. Sen. Dianne Feinstein and Rep. Howard L. Berman of Valley Village are strong advocates of helping the agricultural sector find willing workers. San Jose Rep. Zoe Lofgren now chairs the House Immigration subcommittee, and it will fall on her to draft legislation that combines border security measures with a temporary worker program, visa reform and a path to legalization. But it will be mostly up to Speaker Nancy Pelosi of San Francisco to resist the temptation to put politics above policy and prioritize resolving what is a pressing problem for her state and the nation.

In Exchange For Records, Fewer Immigration Raids (WP)

By Darryl Fears And Krissah Williams

The Washington Post, January 29, 2007

DOJ_NMG_0122942

Over the past seven months, Bush administration officials have quietly toured the country, trying to persuade businesses that rely heavily on immigrant labor to join a little-known program that would spare them from embarrassing federal raids if they voluntarily handed over their workers' documents so the government can scan them for fraudulent information.

Officials at the Department of Homeland Security have asked companies to join the ICE Mutual Agreement Between Government and Employers program, known as IMAGE, operated by the department's Immigrations and Customs Enforcement division. It calls on businesses to submit all I-9 employee eligibility verification forms to ICE for an audit and to "ensure the accuracy of their wage reporting" by verifying workers' Social Security numbers, according to a description of the program.

An ICE spokesman said IMAGE is another step in the administration's drive to tighten work-site enforcement as more than a million immigrants illegally cross the Mexican border each year in a quest for jobs.

"The upside for those who . . . participate is that they're better equipped to know whether their workforce is legal, and ICE is less likely to be on their doorstep unexpectedly, interfering with their business," said Matthew Allen, acting deputy assistant director for infrastructure and fraud in the agency's investigations division. "It's an investment in making sure that their workforce is secure."

The government's efforts under IMAGE are much broader and deeper than those under another program, Basic Pilot, in which businesses voluntarily enroll. Companies that take part in Basic Pilot can check the Social Security numbers that job applicants provide against a national database of Social Security and immigration records.

In contrast, IMAGE covers all members of a company's workforce and does a more extensive scrub of records to determine if a worker is in the country illegally or is using fraudulent documents.

Allen would not disclose the names of companies recruited into IMAGE, saying only that dozens have taken the steps toward enrollment.

One business, Smithfield Packing Co., which operates the world's largest hog slaughterhouse, in Tar Heel, N.C., has participated since June, with dramatic results. Twenty-one workers at the plant were arrested last week after the government scrutinized forms submitted by the company.

ICE alerted Smithfield by e-mail of discrepancies in employees' records. A company spokesman said 541 workers in the plant's workforce of 5,000 are facing termination because of discrepancies on their job applications. Nearly half of Smithfield's labor pool is Latino.

"This is terrible for everyone, us, the employees, their families," said Dennis Pittman, a company spokesman. "It's heart-wrenching. These are our better people. These are folks who have been with us seven, eight, nine years. They are good people. People have been in tears. Fifty or so people have quit.

Pittman called Smithfield's agreement with ICE "a business decision" resulting from an implied threat. "We knew raids could be a possibility," he said. "We felt going this way, there would be less of an effect."

But Smithfield received an added benefit from cooperating with the government, according to the union that is helping its workers organize. Union officials say the company submitted the names of organizers as a tactic to intimidate some workers and get rid of others. The officials note that the National Labor Relations Board has found that Smithfield worked to undermine union elections by intimidating employees in 1994 and 1997.

"Most of the leaders of a walkout in November are on their list," said Leila McDowell, a spokeswoman for the United Food and Commercial Workers. "Whether ICE is consciously in collusion or not, Smithfield could very easily manipulate the process and can use it as a tool to intimidate and threaten workers, which it has done in the past and been found to have done so illegally."

Smithfield strongly denied the claim.

A number of businesses said they have no intention of joining IMAGE, citing the disruptive action at Smithfield. The arrests in North Carolina were the second unpleasant surprise in two months for firms that say they have tried to work with immigration enforcement agencies to hire legal workers, only to be raided.

In December, ICE rounded up 1,297 illegal immigrants in six states in raids on meatpacking plants run by Swift & Co., of Greeley, Colo. Swift's president and chief executive, Sam Rovit, criticized the arrests, saying the company has "played by the rules and relied in good faith" on the Basic Pilot program since 1997.

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A Swift spokesman said the company is not participating in IMAGE, preferring to stick with Basic Pilot. Swift has a chorus of supporters among businesses that say they hire immigrants to do work that American citizens do not want, for pay that they will not take.

"There is no upside in signing up for new obligations," said Stuart Anderson, executive director of the National Foundation for American Policy and a former policy chief in the immigration agency. Businesses "end up not only with the current obligations of the law but new requirements," he said.

He compared it to "advising average citizens to drive up to their local police station to get frisked."

In November, ICE pitched IMAGE to the Essential Worker Immigration Coalition, which includes the U.S. Chamber of Commerce, the National Restaurant Association and other trade groups. Co-chair Laura Reiff was not impressed.

"We are loath to participate in a program with self-audits until we get comprehensive reform," Reiff said. "Business understands that it is going to rest on our shoulders to have to verify the employment eligibility of our workforce. We'll take on that obligation, but we can't have it outside of comprehensive reform where we get some assurances."

About 12 million illegal immigrants live in the United States, and unauthorized workers make up 5 percent of the nation's workforce, according to business lobbyists. They mostly fill agriculture, meatpacking, hospitality and construction jobs. Employers say a large reduction of immigrant workers would hurt their businesses and raise the prices of consumer goods.

In last year's immigration debate in Congress, business and advocacy groups sided with bipartisan comprehensive legislation in the Senate that would allow illegal workers to remain in the country if they turn themselves in, pay a stiff fine for crossing the border illegally, learn English and go to the back of the line for a guest-worker program.

Last week, immigration officials pitched IMAGE to the National Council of Agricultural Employers. The presentation included a slide about the vulnerabilities of "allowing illegal aliens to exploit employment opportunities," said Craig Regelbrugge, a spokesman for the American Nursery & Landscape Association and the Agricultural Coalition for Immigration Reform.

After the presentation, Regelbrugge raised his hand. "I can save you a lot of time," he recalled telling ICE officials. The vulnerabilities are "the existence of 1.6 million job opportunities, many of which are seasonal and intermittent," he said. "Virtually no Americans are applying to work in the fields."

He added: "We really can't focus on partnering with you until we have a solution."

Staff writer Spencer S. Hsu contributed to this report.

Landscape Changes For Illegal Alien Jobs (WT)

By Sean Lengell

The Washington Times, January 29, 2007

Illegal aliens, long a vital component of the nation's agricultural work force, are swapping hoes and spades for jackhammers and feather dusters.

Fifty years ago, as many as 90 percent of all undocumented workers came to the U.S. to work in agriculture-related businesses. But while farms and rural meat-packing and poultry-processing plants still rely on cheap, immigrant labor, illegal aliens increasingly are flocking to urban areas for work.

And with the Washington area's relatively strong economy and building boom, the region is home to one of the nation's fastest-growing communities of illegal aliens, immigration analysts say.

"They're everywhere -- and they're doing all kinds of work," Georgetown University professor William McDonald said.

The types of jobs filled by the region's illegal aliens fall mostly in two categories: construction and related jobs, including landscaping, roofing and general day-labor work, and the service industry.

"In this region, we don't have a lot of manufacturing -- we never have -- but there is a lot of construction, due to the strength of the economy and the growth of the suburbs in this region," said Audrey Singer, an immigration fellow at the nonprofit Brookings Institution in Washington.

"Then there is also a whole slew of service-sector jobs that these immigrants are finding, including restaurant jobs and domestic work in people's homes."

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The region's immigrant population is considerably more diverse than elsewhere in the U.S. The most notable difference is that Washington's Mexican population, both legal and illegal, is disproportionately smaller than other markets.

Instead, immigrants from El Salvador make up the largest local contingent of foreign nationals who have crossed the border unlawfully, although communities from other Central American nations, as well as Mexicans, Asians and Africans, also live in the area.

"What happens with a lot of these immigrant communities is that there is an initial settlement for whatever reason, and then when someone else is looking to immigrate, they say, 'Where can I go where somebody will help me get a job and get settled?' " said Jeff Passel of the nonprofit Pew Hispanic Center in Washington.

Pinpointing with any certainty the number of illegal aliens in the region, where they live and where they work is impossible. But with census figures putting the Washington metropolitan area's foreign-born population at more than 1 million, some analysts say as many as one-third are here unlawfully.

Mr. Passel estimates that 300,000 illegal aliens live in the area -- an increase of about 100,000 since 2000.

Most illegals in the area live in the suburbs, with only about 15,000 to 30,000 in the District.

About 40 percent of all foreigners living unlawfully in the U.S. initially arrived legally with a valid work, tourist, student or other visa, but stayed once the document expired, Mr. Passel said.

"This is certainly a group that doesn't get much attention," he said. "And it's a group that has valid Social Security numbers."

Locally, that number could be even higher. Many within Washington's large Salvadoran community initially were granted "temporary protected status," which Congress gave to thousands of Salvadorans fleeing civil war and natural disasters since the 1980s. Many stayed after their protected status expired, either unwilling or unable to return to their home country.

"There isn't a lot for many of them to go back to -- their homes or villages and their industries and their local economies have been destroyed," Miss Singer said. "So having this legal limbo with temporary protected status doesn't necessarily encourage them to go back, but it doesn't necessary encourage them to invest [in their community] while they're here, either."

Finding and deporting foreign nationals who have overstayed visas isn't easy. Because so many communities, including Washington, rely heavily on cheap immigrant labor, authorities often are reluctant to hunt down illegal aliens, Mr. McDonald said.

"Internal enforcement is a joke. Nobody really takes immigration law that seriously," he said.

TAX:

Turning A Blind Eye, IRS Enables Church Politicking (USAT)

By Dan Gilgoff

USA Today, January 29, 2007

Last year was supposed to spell doom for sermons that endorsed political candidates or parties. Months before the congressional elections, the IRS made front-page headlines by trumpeting a new effort to crack down on churches that violated IRS restrictions on politicking by houses of worship. The offensive was framed as a reaction to the 2004 election cycle, when a growing number of churches were seen to be engaging in prohibited political activism — such as pulpit endorsements — with impunity.

It may come as a surprise, then, that when the IRS releases its tally of complaints against church politicking in the '06 election — anticipated in the next month or so — the number is expected to be even higher than it was in 2004.

But that should be no surprise at all. Fact is, the IRS has never seriously enforced the 1954 law that forbids churches to aid candidates for elected office. (It has been amended to ban opposing political candidates as well.)

The agency defends its record by noting that churches enjoy special legal protections that prevent the IRS from proactively monitoring them for violations. According to IRS spokeswoman Nancy Mathis, the agency cannot launch an investigation into a church unless it receives a complaint from a parishioner or an independent watchdog group.

"It's not like we're sitting in the pews," says Mathis. "It's the honor system plus some third-party oversight."

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IRS experts outside the agency say a bigger stumbling block to enforcement is the American cultural taboo against government intrusion into churches. Mathis estimates that only about five churches have ever lost their tax-exempt status by violating the rule. That's one church for each decade the law has been on the books.

This enforcement vacuum is aggravating the very problem that Congress set out to fix in 1954: preventing Uncle Sam from subsidizing partisan politics. Political consultants, scholars and news reports all confirm that, with each passing election, more churches — both liberal and conservative — appear to be pushing the envelope in endorsing or opposing candidates. These churches typically argue that they are advocating issues, such as opposition to gay marriage or the war in Iraq — perfectly legal under IRS rules — as opposed to specific candidates.

The law banning tax-exempt organizations, which include churches, from partisan politics was engineered by then-Senate Minority Leader Lyndon B. Johnson. Its detractors, mostly Christian conservatives, have argued that Johnson was seeking retribution against a non-profit group opposed to his reelection.

While there is some truth to that claim — Johnson's language was attached to another, unrelated bill as an amendment with reportedly little or no debate — the law has been upheld by the courts. And even before its passage, the U.S. government had long tailored tax exemptions to charities that confronted problems such as poverty because such groups provided a clear benefit to the public and saved the federal government time and money.

That's why American taxpayers should be concerned about the IRS enforcement vacuum: Tax exemptions for non-profit groups were never intended to offer tax relief to partisan political advocacy.

By failing to enforce the 1954 rule, however, that's exactly what the IRS is doing. The agency has concluded investigations into complaints filed against 40 churches in the 2004 election cycle. Though so-called "political intervention" (IRS-speak for actions that violate its prohibitions on backing or opposing candidates) was substantiated in all but three cases, not a single house of worship saw its tax-exempt status revoked. Instead, the IRS wrote advisories, warning citations that carry no punishment, or assessed excise taxes, the equivalent of light fines, on those churches.

The IRS justifies this slap-on-the-wrist approach by claiming that it wants to bring churches into compliance with IRS rules rather than punish them. But because federal law prevents publication of a list of such churches and their violations, there is no example for other churches to follow concerning what kinds of political activity go too far. The IRS does periodically issue guidelines for churches, but those receive much less attention than would a newspaper story about a church that crossed the line.

David Barton, an evangelical activist who was hired by the Republican National Committee to reach thousands of pastors in the 2004 campaign, says he hasn't heard of a single church losing its tax-exempt status in his nearly 20 years of political activism. If he hasn't, who has?

Of course, it's not just conservative evangelical churches backing Republican candidates that flout the IRS rule without consequence. Most of us have become familiar with the sight of Democratic candidates addressing liberal African-American congregations from the pulpit after being introduced by a pastor who is clearly making an endorsement. And All Saints Episcopal Church in Pasadena, Calif., has attracted national scrutiny because it is the subject of an IRS investigation triggered when a pastor there delivered an anti-Iraq war sermon that appeared to support Democratic presidential nominee John Kerry on the eve of the 2004 election.

If history is any guide, All Saints has little reason to fear revocation of its tax-free status. And if the church's legal team is right, the case will turn out to be another instance of a partisan group — this time on the right — trying to harass a church with which it disagrees politically. Indeed, with the IRS claiming it can launch investigations into churches only in response to complaints filed by parishioners or outsiders, the enforcement of a law intended to stamp out partisan politics in churches has become the province of partisan political organizations looking to make trouble for their churchgoing enemies.

In an interesting twist, though, many Christian right activists have taken up the liberal All Saints' cause, vowing to fight any IRS attempt to revoke the church's tax-exempt status. A strange marriage, to be sure, but churches on both left and right have much to gain by pressuring the IRS to continue ignoring its own rule. And as long as the agency does, partisans on both sides will continue filling the vacuum with complaints.

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Dan Gilgoff is a senior editor at U.S. News & World Report. His book, The Jesus Machine: How James Dobson, Focus on the Family, and Evangelical America are Winning the Culture War, will be published in March.

Soaking The Rich, Again (WSJ)

The Wall Street Journal, January 29, 2007

Democratic Senator James Webb of Virginia played the class card in his State of the Union response Tuesday night, but he is apparently too new to the job to realize how crucial "the rich" are to his party's spending ambitions.

Data released last week from the Congressional Budget Office confirm that the tax cuts of 2003 keep soaking the rich, especially on their capital gains. CBO and Congress's Joint Tax Committee originally estimated that reducing the capital gains rate to 15% from 20% would cost the Treasury $5.4 billion from 2003-2006.

Whoops. Actual revenues exceeded expectations by 68%, creating a $133 billion revenue bonanza for the feds. CBO's original forecast for 2006 was for $57 billion in capital gains revenues, but actual receipts were $110 billion. This surprise windfall is one reason the budget deficit is also far lower than CBO predicted.

The lower capital gains tax has raised stock values by raising the after-tax return on capital investment. It has also given stock owners a greater incentive to sell their shares, and then reinvest the proceeds, because the tax penalty on these transactions is lower. Class warriors like Mr. Webb often forget that the capital gains tax is voluntary. Investors can defer paying the tax for years by holding on to their stock. This creates what is called the "lock-in effect" that deters an efficient allocation of investment capital.

The 2003 rate cut liberated hundreds of billions of dollars of capital for new investment. By the way, the National Venture Capital Association reports that venture capitalists invested $25.5 billion in 2006, the biggest burst of dealmaking since the stock market bubble burst in 2000. This is seed money for new companies and new jobs that will lift future tax revenues.

CONGRESS-ADMINISTRATION:

Pelosi, Two Other Democrats Failed To Disclose Roles In Family Charities (USAT)

By Matt Kelley

USA Today, January 29, 2007

WASHINGTON — U.S. House Speaker Nancy Pelosi and two other prominent Democrats have failed to disclose they are officers of family charities, in violation of a law requiring members of Congress to report non-profit leadership roles.

Rep. Rahm Emanuel of Illinois, the fourth-ranking House Democrat, and Sen. Evan Bayh of Indiana also did not report they serve as family foundation directors, according to financial disclosure reports examined by USA TODAY.

All three foundations are funded and controlled by the lawmakers and their spouses, and do not solicit donations from outside sources.

Pelosi spokesman Brendan Daly said Friday the speaker will amend her reports. He said it "was an oversight" that she had not listed her position dating back to 1992.

Members of Congress and top executive branch officials are required to file yearly reports on their personal finances, including any positions they hold with businesses or non-profits. At least 16 other lawmakers from both parties have reported holding similar positions, records show.

Bayh spokeswoman Meghan Keck said it was "simply an oversight" that he did not disclose his charity role. Bayh has since amended his reports, Keck said.

Emanuel, chairman of the House Democratic Conference, does not believe the law requires him to disclose his foundation post, spokeswoman Kathleen Connery said. "We believe we're following the instructions of the (ethics) committee exactly right, but if we're not, we'll amend our report," she said.

Stanley Brand, a former House general counsel, said the 1978 federal ethics law does not allow lawmakers to omit their positions with family non-profits.

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Pelosi and other Democrats made ethics and greater transparency of how they do business a top priority in the 2006 elections. When the Democratic-controlled Congress convened Jan. 4, the House changed its ethics rules but did not specifically address financial disclosure forms.

The Senate passed an ethics bill earlier this month that would boost penalties for knowingly filing false financial disclosure statements.

"Despite all the ethics reforms, there's still no enforcement," said Melanie Sloan, a former federal prosecutor and head of the liberal-leaning Citizens for Ethics and Responsibility in Washington.

Filing a false report could be prosecuted as a felony, Sloan and Brand said, but prosecutions are rare. Last year, then-Senate Majority Leader Bill Frist failed to report his role in a family charity. He updated his disclosure form and wasn't punished.

Democrats Put Own Money Into Charitable Foundations (USAT)

By Matt Kelley

USA Today, January 29, 2007

WASHINGTON — Rep. Rahm Emanuel made millions as an investment banker. Sen. Evan Bayh had leftover cash after two successful campaigns for Indiana governor. House Speaker Nancy Pelosi's husband, Paul, became wealthy investing in real estate and technology firms.

It was with this money that each of these Democrats started a charitable foundation.

Emanuel, Bayh and Nancy Pelosi are officers of the foundations that carry their names but failed to disclose the fact on their annual financial disclosure reports filed with Congress. Tax records show the foundations donated mostly to hometown charities that reflect the lawmakers' personal and political attitudes. None of the foundations received donations from outside sources.

The oldest and most prominent of the three is the Paul and Nancy Pelosi Charitable Foundation. Created in 1992, the non-profit has donated hundreds of thousands of dollars in recent years. The charity reported having about $576,000 on hand at the end of 2005 after donating $316,000 to other charities that year.

Georgetown University, Paul Pelosi's alma mater, was the biggest recipient of the foundation's giving. Georgetown received nearly $300,000 since 2003, including $10,000 to the university's Wall Street Alliance, a group that raises the university's profile in the financial community. Vincent Wolfington, a Georgetown classmate and business partner of Paul Pelosi, was vice chairman of the alliance at the time of the donation.

The San Francisco Museum of Modern Art received more than $80,000 from the Pelosi foundation in recent years. Roselyne Swig, a longtime friend and financial backer of the House speaker, is on the museum's board of directors. The congresswoman has represented a part of San Francisco since 1987.

The Rahm Emanuel and Amy Rule Charitable Trust was formed in 2002, when the Chicago lawmaker was first elected. The former Clinton White House aide and his wife, Amy Rule, are its only donors. Emanuel was an investment banker after serving in the White House.

The trust reported having $2,900 on hand at the end of 2005 after receiving $34,000 from Emanuel and donating more than $31,000.

During the past three years, Emanuel's charity gave nearly $25,000 to the Anshe Emet synagogue and school in Chicago, and $15,000 to the foundation run by former president Bill Clinton. It also gave $14,000 to Marwen, a Chicago charity that provides art classes and other educational help to low-income children. Rule is on Marwen's board.

The Evan and Susan Bayh Foundation, also formed in 2002, reported having $663,000 in assets at the end of 2005. It gave $55,000 in 2004 and 2005 to a charity that provides direct financial assistance to Indiana National Guard members and their families.

Nearly all of the foundation's funding came from money left over from Bayh's gubernatorial campaigns. Bayh served two terms as Indiana governor, leaving office in 1997. State law allows candidates to transfer campaign funds to charities.

Bayh doesn't plan to raise any more money for the foundation, said Meghan Keck, his spokeswoman.

No Free Lunch: New Ethics Rules Vex Capitol Hill (WSJ)

By Brody Mullins

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The Wall Street Journal, January 29, 2007

WASHINGTON -- Every year, lobbyists for the seafood industry serve up choice Gulf of Mexico seafood at a reception for members of Congress. At next month's event, called "Let the World Be Your Oyster," legislators were supposed to feast on raw oysters from Acme Oyster House and oyster pasta from Drago's, a famed New Orleans restaurant.

Raw oysters are still on the menu. But the oyster pasta has been shucked. That dish runs afoul of new ethics rules passed by lawmakers -- specifically, what's being called the "toothpick rule."

To cut down on wining and dining by lobbyists, the House and Senate have drafted new rules that bar lawmakers and congressional aides from accepting almost any meals from lobbyists. Hors d'oeuvres are an exception. So is "food that you have to eat standing up using a toothpick," explains Washington lawyer Brett Kappel, who advises lobbyists and companies about ethics rules. Oyster pasta, the seafood lobbyists decided, would be difficult to eat with toothpicks.

Stung by a series of corruption and bribery investigations on Capitol Hill, Congress is moving to enact the most far-reaching ethics reforms since the Watergate scandal. Both chambers have approved new rules, but legislation has not yet been finalized. The result: considerable uncertainty about what's allowed, and some unintended consequences.

The American Heart Association canceled free CPR training on Capitol Hill for fear the sessions would violate a new ban on giving lawmakers and aides anything having more than nominal value.

A House prohibition against taking trips on corporate jets, approved this month, has turned into a headache for some lawmakers. The rule forbids House members from boarding any "non-governmental airplane that is not licensed by the Federal Aviation Administration to operate for compensation or hire," unless they are traveling to a fund-raising event.

Most private planes aren't licensed that way. That means that the dozen or so House members who are pilots would violate the rule by flying their own aircraft. Rep. Dennis Rehberg, a Republican from Montana, however, is free to continue flying. He flies a rented Sikorsky helicopter. The ban applies only to "fixed-wing" aircraft.

The rule "was written by people who don't know the difference between private planes and corporate planes," says Rep. Collin Peterson, a Democrat from Minnesota, who has stopped flying his own four-seat propeller plane across his 400-mile-long district.

Republican Rep. Robin Hayes commutes from North Carolina to Capitol Hill in his own plane. He often picks up other lawmakers along the way. He's made the trip at least once since the rule took effect. He and Mr. Peterson say they are working to change the rule to cater to the pilot-lawmakers. They say they think the problem will be resolved in the next month.

The Senate has proposed banning lawmakers' spouses from lobbying the Senate. A clause exempts those who were lobbying a year or more before their spouses became senators -- which accounts for just about all of them. But the wife of Sen. Kent Conrad, a North Dakota Democrat, wouldn't be able to continue lobbying the Senate on behalf of Major League Baseball. That's because she got into the business after her husband was elected.

Because the rules ban gift-giving by lobbying groups, dozens of amateur softball teams on Capitol Hill will no longer be allowed to accept balls, bats and league fees from corporations and lobbying organizations. The Nuclear Energy Institute's sponsorship of the team of Rep. Joe Barton, a Texas Republican who until recently headed the Energy and Commerce Committee, could be in trouble.

"I don't think you will see that happening anymore," said Bill Sells, a lobbyist with the Sporting Goods Manufacturers Association. The trade group will provide plastic bases to the league, but only if they are returned at the end of the season.

Team sponsorship by bars and restaurants is still OK, provided they don't use registered lobbyists. That means the "Smell the Glove" team from the office of Rep. William Jefferson, a Louisiana Democrat, can still receive support from Trusty's, a Capitol Hill bar.

The no-meal rules, which took effect this month, are especially knotty. They apply to meals from lobbyists and from people who work for companies that employ registered lobbyists. That means that a congressional aide can't accept a hamburger from the National Association of Home Builders, which uses lobbyists. But an aide can be treated to a steak dinner by companies that don't have registered lobbyists, such as home builders Toll Brothers Inc. and NVR Inc.

The rules are leading to other peculiar results. Consider the competing annual events to commemorate National Hot Dog Day on Capitol Hill. Each July, the American Meat Institute gives away hundreds of hot dogs to lawmakers and aides at an

invitation-only reception in the courtyard of a House office building. The trade group pays former Major League Baseball players to hand out the hot dogs.

Each year on the same day, People for the Ethical Treatment of Animals, an animal-welfare group, holds a separate reception for lawmakers and aides outside the same House office building. It hands out 1,000 vegetarian hot dogs. Unlike the meat lobby's bash, the PETA event is open to the public. Instead of paid baseball stars, the animal-welfare group recruits Playboy models to hand out the veggie dogs. The women dress in skimpy bikinis fashioned partly from lettuce.

PETA does not use registered lobbyists, which makes its event kosher. The meat institute, which does use lobbyists, isn't sure whether its event would fall under one of the 23 exemptions to the meal ban.

"Right now, everyone in town is trying to figure out what this all means," says Jesse Sevcik, a vice president of legislative affairs for the American Meat Institute. He says he plans to talk to aides on the House ethics committee to figure out how to make the event permissible. One option is to turn it into a "widely attended" event -- which is one of the exemptions.

Drago's oyster pasta was on the menu of the annual seafood reception for lawmakers until the seafood lobby did some checking. Stacey Viera, a spokeswoman for the National Fisheries Institute, one of the sponsors, called the Senate ethics panel to see if the event would pass muster.

"They said: 'You don't have any chairs or silverware, do you?'" recalls Ms. Viera.

In the new ethics environment, the use of chairs and tables suggests that a meal carries more than nominal value. "It's unusual to invite people to something and not let them sit down, but that's one of the quirks of the rule," says Mike Voisin, of Motivated Seafood, an oyster-harvesting and processing company that is one of the organizers.

Another sponsor, McIlhenny Co., the maker of Tabasco sauce, has decided to stop giving ties and golf shirts with the Tabasco logo to lawmakers and aides, worried that the clothing would be deemed too valuable. The National Fisheries Institute has offered to hand "gummy fish" candies in small packets that bear the institute's name.

Write to Brody Mullins at brody.mullins@wsj.com3

Senate Does Right By Grass-roots Lobbyists (RC)

By Stephen M. Hoersting

Roll Call, January 29, 2007

Roll Call praises the Senate's recent work on ethics and lobbying reform with one exception (Editorial, "So Far, So Good," Jan. 24). It characterizes as a "major deficiency" in the bill the "exclusion of a provision to require disclosure of 'astroturf' lobbying — the generation of mass communications to Members from special interests often joined together in coalitions euphemistically named to conceal their true aims."

Of the policy proposals circulating Capitol Hill to correct lobbying abuses, strengthen the relative voice of citizens and add accountability to the earmarking process, "grass-roots lobbying disclosure" provisions seem oddly out of place. Proposals for grass-roots lobbying disclosure do nothing either to sever the link between lobbyist cash and lawmakers' pecuniary interests or to strengthen the relative voice of citizens.

Grass-roots lobbying — encouraging or stimulating the general public to contact lawmakers about issues of general concern — is citizen-to-citizen communication that fosters citizen-to-lawmaker communication. It correspondingly weakens the relative strength of lobbyist-to-lawmaker communications, in furtherance of Congress' objective in seeking lobbying reform.

Proponents characterize the activity as "astroturf lobbying" to imply that the public outcry from such campaigns is fake. It is not. No matter if it is corporations or well-heeled lobbyists who alert citizens to a pending issue, all grass-roots campaigns are "organic" in this sense: They tap true concerns of real citizens. Whatever stimulates a citizen to speak about an issue, once he or she speaks, he or she speaks for reasons of his or her own and speaks directly to his or her elected representatives. This is precisely the point of participatory democracy in our republican form of government.

Roll Call says the provision may have failed because of "confusion over the wording of the Senate draft bill." But on the most offensive aspect of grass-roots lobbying disclosure there is no confusion (albeit an apparent lack of understanding), for even Roll Call asserts that the House should "require professional lobbyists who form and manage coalitions to disclose what groups comprise them and how much money they are spending to drum up appeals to Congress."

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Requiring grass-roots organizations to register or compelling lobbyists to disclose when they assist groups in contacting fellow citizens would strip consultants of constitutionally guaranteed anonymity and would deprive organizations championing unpopular causes of skilled representation. This anonymity, long recognized and protected by the Supreme Court, fosters political association, guards against unwarranted invasions of privacy and protects the consultants who assist such groups from possible retribution.

Disclosure is not always a good thing. The rationale for requiring disclosure of contributions to campaigns, and of direct lobbying activity, is the same for protecting anonymity in policy discussions: to protect citizens from retribution by abusive officeholders. History demonstrates that while such retribution may be uncommon, it is real.

It is not hard to imagine why officials in 1950s Alabama might have wanted to know the names of National Association for the Advancement of Colored People members, and why the Supreme Court said in response that "[i]t is hardly a novel perception that compelled disclosure of affiliation with groups engaged in advocacy may constitute as effective a restraint on freedom of association as [other] forms of governmental action." It also is easy to imagine the leverage Alabama could have put on the NAACP and the potential damper on the civil rights movement if 1950s Alabama knew about the NAACP what the 21st-century Congress proposes to learn about grass-roots organizations.

The abuse of nonprofit entities by a handful of lobbyists to host golf trips or entertain lawmakers can be cured in other ways without enacting disclosure measures too attenuated to the problem Congress seeks to address, and that could damage or diminish America's system of information exchange or drive skilled consultants away from unpopular causes.

Stephen M. Hoersting is executive director of the Center for Competitive Politics.

Democrats' Budget Bill Halts Many Earmarks (WSJ)

By David Rogers

The Wall Street Journal, January 29, 2007

WASHINGTON -- It was just a spud for starters: a $200,000 spending earmark Congress added in 1982 for the breeding of Eastern Russets. A quarter century and $28 million later, special research grants for potatoes top $1.4 million annually with no end in sight -- until now.

As part of a giant spending bill to be filed in Congress tonight, Democrats will take a spade to more than $186 million in such research grants, which have quadrupled in the Agriculture Department since the 1980s. Hardest hit are the nation's 58 land-grant colleges, which have become dependent on the funds and now are caught in the backlash against members of Congress "earmarking" money for particular causes or recipients.

Filling about 150 pages, the bill will govern spending for the last eight months of fiscal 2007 -- ending Sept. 30 -- and coming just a week before President Bush submits his budget request for fiscal 2008, its proposed cuts underscore the changed landscape after November's elections. The new Democratic majority has declared a moratorium on earmarks, while Congress establishes rules to deal with past abuses in the appropriations process. But only now will Washington get a glimpse of the full impact on spending and the balance of power between Congress and the White House.

Many agriculture grants, like the ones for potato research, had become almost fixtures of the government. Although the topics of agricultural-research grants, such as the Mormon cricket and wheat sawfly, aren't household names, the funds can be vital in paying graduate students and protecting agriculture against pests and blight.

"Funding to land-grant colleges in agriculture is like investing in a fire department," said Thomas Payne, dean of agriculture at the University of Missouri, which could lose about $17 million in annual research funds. "Research is a long-term investment. It isn't a light switch to turn on and off."

Most of the earmarked funds will be redistributed back to the colleges through federal aid programs. But many, like Missouri, will receive less than they do now through earmarks. "It's going to be devastating to the University of Florida and the land-grant college system," said Jimmy Creek, a university senior vice president for agriculture.

Restoring earmarks in future budgets will be that much harder once whole accounts have been wiped out.

Beyond agriculture, dedicated pots of money for small business and community development grants also are expected to be eliminated in the coming budget bill.

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Necessity dictates some of the earmark cuts, since the underlying budget bill will permit an increase roughly equal to inflation; therefore, any real growth in one area requires cuts in another. For example, a portion of the agriculture research funds could end up being diverted to food safety inspections after recent E. coli incidents.

But eliminating earmarks doesn't always produce savings. For example, the Environmental Protection Agency will continue to distribute the roughly $197 million earmarked in fiscal 2006 for state water projects. However, that distribution now will be dictated by the agency or federal funding formulas -- not by lawmakers.

That is the biggest rub, since Democrats know they are giving more spending discretion to a Republican, President Bush. In a single stroke, Senate Appropriations Committee Chairman Robert Byrd (D., W.Va.), a champion of legislative power, is eliminating more earmarks in dollar terms than all the line-item veto bills he has fought in his career -- a fact that astonishes his fellow Democrats.

But by shaking off the pork barrel, Congress can take a firmer stand for its priorities, such as education spending. And the administration will pay a price for having submitted a budget that critics say low-balls the need for new appropriations, by assuming fee increases that are politically difficult and have never materialized.

"The lesson is be careful what you ask for in a budget," said Mississippi Sen. Thad Cochran, the ranking Republican on the Senate Appropriations panel. "You may get it, and that may be all you get."

Just as congressional earmarks are scotched for the remainder of fiscal 2007, Mr. Bush's own initiatives will be scaled back to meet the bill's $463.5 billion spending cap, chosen to conform to the president's initial fiscal 2007 budget. The same limits contributed to a breakdown of the budget process after November's elections, leaving most of the government dependent on a stopgap spending bill to carry it through Feb. 15.

Republicans planned to saddle Democrats with the chore of quickly coming forward with a blueprint for the final eight months of fiscal 2007. The result is unlike anything attempted before by Congress. "It's unique, certainly for modern times," said White House Budget Director Rob Portman.

This isn't a typical omnibus spending package or an extension of the stopgap bill, which has proved untenable for many agencies. Instead, Democrats opted for a hybrid, which begins by freezing government spending at 2006 levels and then cuts and adds to increase net spending by between $10 billion and $12 billion, before hitting the cap.

Veterans medical care alone could consume $4 billion; defense health programs for active-duty military personnel, another $1.4 billion. Just to get back to 2005 funding levels, Democrats want to add $2.3 billion for health and education accounts such as Pell Grants for low-income college students.

The Federal Bureau of Investigation needs more money to hire agents. Google Inc. Chief Executive Eric Schmidt wrote Speaker Nancy Pelosi (D., Calif.) last week, seeking more funds for the National Science Foundation. Fighting AIDS overseas remains a priority. At home, Medicare turns out to have underbudgeted by $52 million the annual cost of a telephone hot line to help the elderly pick a prescription-drug plan.

This sets up a fight over the Democrats' reluctance to fund an extra $4.1 billion the military wants for base closings and moving about 12,000 troops back to the U.S. from Europe and Asia. Delays could complicate Army deployments for Iraq as well, but adding the full $4.1 billion would make it impossible to meet other domestic priorities.

"We're the cleanup brigade," said House Appropriations Committee Chairman David Obey (D., Wis.). And with cleaner hands on earmarks, Democrats hope to make their decisions stick.

Write to David Rogers at david.rogers@wsj.com1

As Spending Deadline Looms, Congress Debates Earmarks (WP)

By Lyndsey Layton

The Washington Post, January 29, 2007

President Bush told Congress last week that he wants to cut earmarks in half, a popular notion after the $223 million "bridge to nowhere" and other seemingly wasteful projects were tucked into the federal budget by lawmakers.

And Democrats now in charge of spending on Capitol Hill say they will not allow those narrow, special-interest provisions when they introduce a resolution this week to fund the federal government for the remaining eight months of the current fiscal

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year. Those unprecedented ground rules complicate an urgent matter, for unless Congress can agree on a new spending plan by Feb. 15, the government will shut down.

But what precisely is an earmark?

That question has been at the heart of passionate negotiations across the capital as lawmakers, federal agencies and lobbyists argue over what constitutes waste and what is legitimate spending.

"I heard an appropriator say this week that it was like Justice [Potter] Stewart's definition of pornography -- it's hard to define an earmark, but he knew it when he saw it," one Democratic staffer said.

The debate goes beyond semantics. The stakes are huge -- deciding how to spend $463 billion between now and Sept. 30 on thousands of programs run by local communities, states and federal agencies. While public debate on Capitol Hill has been dominated by the war in Iraq, closed-door arguments about what the federal government will fund this year have been nearly as intense.

The Congressional Research Service says there is no widely accepted definition of "earmark." The White House won't take a stab at it either, saying through a spokesman that it will be addressed when the president presents his fiscal 2008 budget next month.

"Defining earmarks is a little like defining a terrorist," said Ellen Miller of the Sunlight Foundation, a nonpartisan group aimed at making government more transparent. "One man's terrorist is another man's freedom fighter. Part of the problem is there is no standard. Some of the earmarks are good stuff that government ought to be doing. This has the potential of throwing the baby out with the bath water."

Earmarks have exploded in number in the past decade -- climbing from 4,126 in 1994 to 12,852 in 2006, according to the Congressional Research Service -- and this has led to abuses. Former representative Randy "Duke" Cunningham (R-Calif.) is serving a prison sentence after pleading guilty to bribery for steering government money through earmarks to defense contractors that gave him expensive gifts in return.

Citizens Against Government Waste, which publishes an annual "Congressional Pig Book" cataloguing pork-barrel spending, considers an earmark to be "a project inserted by a member into legislation without debate or hearings, usually to serve someone or some special interest," said Thomas Schatz, president of the group. By that definition, CAGW identified 9,963 earmarks in the 11 appropriations bills in 2006 that cost taxpayers $29 billion.

But federal budget expert Brian Riedl at the Heritage Foundation said an earmark is "anytime Congress specifies who will receive a government grant or contract, anytime they list an entity, specific recipient or location."

If that meaning is applied, vast swaths of the federal budget could be considered earmarks. Take the Army Corps of Engineers, for instance. Most of its budget consists of individual projects to repair dams, dredge harbors and build bridges -- each of which is an earmark under Riedl's definition. The same goes for the Environmental Protection Agency, which has a budget filled with specific clean-water projects and sewer-improvement plans.

If it adheres to Riedl's definition, Congress could just provide lump sums to federal agencies without directions specifying which projects should be funded. That would give the Bush administration significantly more flexibility in spending.

"It cedes more power to the executive branch," said Rep. James T. Walsh (N.Y.), the ranking Republican on the House Appropriations subcommittee on Labor, Health and Human Services, Education, and related agencies. "The Congress has the power of the purse. . . . For us to give that up is a mistake."

Walsh unsuccessfully argued that $700,000 for gang-prevention programs in Syracuse and $10 million for nuclear fusion work at the University of Rochester are vital to his district and deserve a place in this year's budget. Those items had been vetted by the Appropriations Committee last year and approved by the House but now have been caught up in the Democrats' earmarks moratorium, he said: "That has always been the problem, trying to define what an earmark is. Some of it is essential spending."

Last year, the Republican-controlled Congress failed to pass nine of the 11 annual appropriations bills that finance the federal government. Though the House did approve most of those bills, Senate leaders never scheduled votes on them. Congress ratified money for defense and homeland security but left the rest of the federal budget -- including Social Security, Medicare, veterans programs, education and transportation -- in limbo.

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They have been operating at 2006 levels through a series of stopgap measures, the latest of which expires Feb. 15. If Congress does not approve some new type of funding measure by that date, the federal government will screech to a halt.

The Democrats who took over the appropriations process in the new Congress, Sen. Robert C. Byrd (D-W.Va.) and Rep. David R. Obey (D-Wis.), said it would take too much time to complete the regular appropriations process for the current fiscal year at the same time they expect to begin examining Bush's fiscal 2008 budget.

To quickly resolve the current budget, the Democrats are writing a resolution to fund the government -- without earmarks -- for the remainder of the year. Obey and Byrd expect the resolution to total $463 million, the amount left over from Bush's 2007 budget after the homeland security and defense budgets are removed.

House Majority Leader Steny H. Hoyer (D-Md.) said he intends to bring their resolution to the House floor Wednesday.

Obey's staff has been the target of "intense" pressure, letters, phone calls and visits from other lawmakers and lobbyists trying to make a case that their particular earmarks are necessary and not pork, according to one Democratic staffer.

In a recent private meeting with Republican members of his committee, Obey spelled it out: no exceptions to the earmark moratorium.

"It's caused a lot of heartburn among members," said Rep. Ray LaHood (R-Ill.). "Everybody has now pretty much come to the reality that it's not going to happen."

Obey and Byrd said earmarks will resume with the 2008 budget, but under new rules passed by the Democrats. Legislators will have to disclose any earmark they insert and will have to certify they have no personal financial interest in the earmark, among other changes.

For Negroponte, Move To State Dept. Is A Homecoming (WP)

By Laura Blumenfeld

The Washington Post, January 29, 2007

Above the toilet, in the powder room at John D. Negroponte's house, a framed political cartoon hangs at eye level. In the cartoon, President Bush is congratulating Negroponte on his job as intelligence czar. Near the president, advisers stand holding memos marked "WMD" and "North Korea." They're blowing bubbles, wearing a dunce cap and a beanie.

Bush: "John, you're now in charge of all my administration's intelligence."

Negroponte: "And where would that be?"

Now, less than two years after becoming the nation's first director of national intelligence, Negroponte is leaving. Tomorrow, the Senate Foreign Relations Committee will convene hearings on his nomination as deputy secretary of state. From the outside, it seems like an unusual move, a demotion. Negroponte, 67, is stepping down from a Cabinet-level position as the president's top intelligence adviser and coordinator for all 16 U.S. intelligence services to become the No. 2 at State.

But from the inside of Negroponte's Tuscan, mustard-colored Washington home, the mystery of his career move dissipates with the steam from a pot of Earl Grey tea.

"About my life . . .," Negroponte said in his living room on a recent afternoon. He clicked Greek worry beads and sat near a wedding photo of his British wife. "Basically, I'm a diplomat. There's no escaping that. I've done it for so long, I've kind of internalized it."

Speculation over Negroponte's departure has split national security circles. Some question Negroponte's performance as DNI. Rather than unifying the intelligence community, they say, he created another bureaucratic layer. Others say that his step down is in fact a step up, that he will be in line to be secretary of state, if Condoleezza Rice moves on.

Sitting near his fireplace, though, Negroponte suggests another answer. Halfway through his sentence about studying politics in France in college, he blurted out, "all my life, I wanted to do this kind of work."

Negroponte worked for State from the 1960s, when he was a junior political officer in Vietnam, to 2005, when he served as ambassador to Iraq. He has been the U.S. envoy to Mexico, the Philippines, the United Nations and, most controversially, Honduras.

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In past confirmation hearings, he has been grilled over his 1981-1985 stint in Honduras, during the Contra buildup. Although the evidence is equivocal, and he denies the allegations, he has been accused of suppressing information about human rights violations by the CIA-backed Honduran military.

The charges have hardened into Negroponte's public legacy from Honduras. His private legacy is another matter.

"Who's that?" Negroponte said, calling out to a creak on the stairs. "Hellllllo?" He paused. Another creaking sound. "Alejandra?"

A young woman peeked into the living room. "Where's George?" said Alejandra, 23. George, 17, appeared. Then Sophia, 13, and John, 19.

Four of the five Negroponte children were at home. They drifted in and out of the living room, onto the couch, and into the conversation. Asked how he stayed connected to the countries he served in, Negroponte said, "Mexico is a good example --"

Alejandra interrupted, "Well, Honduras -- there's us."

While in Honduras, Negroponte and his wife, Diana, a historian, adopted five orphaned or abandoned Honduran children.

Negroponte, the son of a Greek shipping magnate, and Diana, the daughter of the chairman of British Steel, educated the children as they had been educated, taking them skiing at the Negroponte chalet in Switzerland, sending some to Negroponte's boarding school at Exeter and others to Diana's British boarding school, St. Mary's.

"A family tradition," Alejandra said.

"Tea, anyone?" Diana said, carrying a silver teapot. "Come on, you won't die of my tea."

"You might," joked Sophia.

The teacups were a wedding gift. "We haven't thrown them at each other," Diana teased.

"We have another set for that," Negroponte said.

Diana lighted a fire, her posture erect even as she bent over. The children sat around telling stories of their father's nine months in Iraq. Sophia said she was sad. They were not allowed to visit, for security reasons.

"On Thanksgiving we had him on speakerphone in the middle of the table for about an hour," Alejandra recalled. It was a black telephone. They called it Dad.

Negroponte tried to call every day. He left voice-mail messages in song.

"When we were feeling low, we played them," Diana recalled, singing: "Good morning, Sophia, la-la! I love you, la-la-la!" Diana turned to her daughter. "Sophia, can you think of any stories about your dad? How nice he is, when I'm beastly?"

"Um." (Later Sophia noted that Dad likes to inhale helium from balloons and recite his title in the voice of Alvin and the Chipmunks: "Hi! I'm John Negroponte, U.S. ambassador to the Philippines!" Negroponte said, "We ought to get a regular supply.") Afterward, when the children scattered, he said: "The nicest story is the adoption of Marina."

After years of trying to have a child, they decided to adopt. In Honduras, a nun contacted Diana.

"And she said, 'I have your child,' " Negroponte said.

"Johnny, I'm terribly sorry," Diana said, her voice rising. "But for me, the kids is a highly private part --"

"Not this part --"

"Well, you phrase it the way you want."

"In any case, Diana brought Marina home and it happened, we had Congressmen Jim Leach and Steve Solarz visiting us . . ."

Negroponte arrived home to find the 8-month-old girl. The congressmen, a Republican from Iowa and a Democrat from New York, ran out and bought a stuffed elephant and donkey.

"I still carry the picture of her crawling around on the floor of the residence," Negroponte said, taking out his wallet.

Negroponte kept the tiny, creased photo with him in Iraq. He said he looked at it often. Security concerns in Iraq made life "confining." In his Iraq album, there's a photo of a woman at her desk, wearing a helmet and a flak jacket. "That's my secretary," he said. It was taken during an incoming-missile alert. Iraq was the one post where Negroponte didn't learn the language.

"I was relieved when I left," he said.

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In his new job, Negroponte will return to Baghdad "at an early date," he said. The job change had been "on again, off again, since last May, after several frustrated attempts to find a successor as DNI." On New Year's Eve, national security adviser Stephen J. Hadley called with the offer. Negroponte was on the beach in south Naples, Fla. Hadley was in north Naples.

Negroponte, who has lived overseas for some 22 years, said his foreign experience would be valuable: "Look around at the government in highest circles. Who's had the opportunity to live abroad?"

As the No. 2 at state, Negroponte will assume responsibility for Iraq. He will also be the lead person for policy toward China and northeast Asia, including North Korea. His five languages will help.

"Your Mandarin might need a little polishing," Diana said.

"I'd be reluctant to take a quiz in Vietnamese," he acknowledged.

Negroponte pulled some aquamarine worry beads from his pocket. At the United Nations, he had traded beads with the Syrians.

Negroponte said, "It throws people, who's this American using worry beads?"

"He's an East Mediterranean, don't underestimate him," Diana said, and then retreated.

Negroponte walked by a photograph above the piano. It was Diana's mother, a Belgian countess, having lunch with a chum.

"Diana's mother is a very good friend of the Queen of England," Negroponte said, pointing to the friend. "It doesn't come across --" he chuckled "-- as the average American profile, I'm afraid. But what are you going to do?"

The Negroponte girls recalled meeting Grandma's friend, the queen.

"Mom taught me now to curtsy," Alejandra said.

"People look at us like, 'Wait -- you're Latin American, adopted. How do you know the queen?' " said Marina, 24.

"I was the last to be adopted," Sophia said pouting.

Negroponte walked in: "Well, I don't think we can adopt any more."

The girls looked up -- Alejandra from the couch, Marina from a chair and Sophia from the floor where she sat listening to her iPod -- at their father. No speculation here. Negroponte's five children knew why he was going to State.

"It's full circle," Alejandra said. "He started there."

And during his hearings, if the human rights accusations come up, "we all know it's there, the Honduras thing," Alejandra said. Critics have hung posters on the lampposts on their street, calling their father a "war criminal."

"We take them down," Alejandra said. "Sophia will scratch them off."

They have a different image of their father: For Christmas, they bought him Russian nesting dolls. The largest doll is President Bush. Inside of Bush is President Bill Clinton. Next, there's President George H.W. Bush, and inside of him, President Ronald Reagan. Finally, the tiniest wooden doll popped out.

"He works for everybody," Alejandra said.

She held the fat little doll between two fingers. It was labeled "Dad," pasted with Negroponte's smiling face.

Google Halts 'Miserable Failure' Link To President Bush (NYT)

By Noam Cohen

The New York Times, January 29, 2007

It has been a bad month for anti-Bush snarkiness.

First, the anodyne impressionist Rich Little was selected to address the White House correspondents' dinner as a follow-up to the scathing routine last year by Comedy Central's Stephen Colbert. Now a favored online tactic to mock the president — altering the Google search engine so the words "miserable failure" lead to President Bush's home page at the White House — has been neutralized.

Google announced on Thursday on its official blog that "by improving our analysis of the link structure of the Web" such mischief would instead "typically return commentary, discussions, and articles" about the tactic itself.

Indeed, a search on Saturday of "miserable failure" on Google leads to a now-outdated BBC News article from 2003 about the "miserable failure" search, rather than the previous first result, President Bush's portal at whitehouse.gov/president.

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Such gamesmanship has been termed “Google bombing,” and is not unique to President Bush, or even politics. John F. Kerry, the Democratic presidential candidate in 2004, was linked to the search “waffles,” while other Google bombs have been elaborate jokes or personal vendettas.

Writing on the Google blog, Matt Cutts, the head of the Google’s Webspam team, said that Google bombs had not “been a very high priority for us.” But he added: “Over time, we’ve seen more people assume that they are Google’s opinion, or that Google has hand-coded the results for these Google-bombed queries. That’s not true, and it seemed like it was worth trying to correct that misperception.”

Mr. Cutts was not available on Friday to expand on his blog, a Google spokeswoman said. A White House spokesman had no comment on the issue.

Despite the changes by Google, some other Google bombs are still operative. A search for “French military victories” still produces a first result that says, “Your search — French military victories — did not match any documents.” Click there and your find a mockup of a Google search page asking the question “Did you mean: French military defeats.”

The organizer of the “miserable failure” Google bomb was George Johnston, a political activist and software programmer in Bellevue, Wash.

What began as a prank become something more after Hurricane Katrina, Mr. Johnston said. In September 2005, he said he noticed a renewed interest in the “miserable failure” prank; he believes “people were in shock over New Orleans” and began typing “failure” into their searches. Mr. Johnston said he considered Google’s decision politically motivated, even if was not done by hand, and noted that the company had agreed to censor results in China. “I believe them that they tweaked the algorithm, but it is such weasel words,” he said. “The fact that some Google bombs still work makes me think they have a blacklist essentially of ways of tweaking results.”

He hasn’t given up the fight, he said, and remains unhappy with Google’s tweak. “They say they fixed it. I think they broke it,” he said. NOAM COHEN

Callous Abortion Backers (WT)

By Chris Smith

The Washington Times, January 29, 2007

WhenHouse Speaker Nancy Pelosi boldly proclaimedthis month that this would be a Congress that remembers the children, I couldn't help but think that this smart, savvy grandmother of six, who now wields the most powerful gavel in the world, was forgetting someone.

A whole lot of someones, for that matter.

At swearing-in, when Mrs. Pelosi invited the accompanying congressional kids to join her at the rostrum to "touch the gavel" as history was made, I smiled and thought what a gracious gesture and photo-op. And then I thought again of the forgotten girls and boys -- at last count more than 49 million of them -- killed by what is euphemistically called "choice." To be sure, born children need strong and stable families, better access to health care, educational opportunities, a clean environment to grow up in and freedom from violence and abuse.

The speaker is right, Congress should remember the children and strive to enhance the welfare and wellbeing of our young. No one is more precious than our children.

But it is equally valid and true that unborn children have inherent worth, value and dignity. They are children, too. They are not disposable commodities, nor are they junk. American jurisprudence -- and public officials in all three branches of government -- too often treat them that way. A Congress that remembers the children should strive to leave no child vulnerable, including the unborn.

In recent years, modern medicine and scientific breakthroughs have shattered the myth that unborn children are not human persons or alive. Birth is merely an event -- albeit an important one, but only an event -- in the life of a child.

Today, ultrasound technologies and other diagnostic tools have helped doctors to diagnose illness and disability before birth. New and exciting breakthrough health-care interventions for the unborn, including microsurgeries, are leading to an ever-

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expanding array of successful treatments and cures of sick or disabled unborn babies in need of help. Unborn children are society's littlest patients. This Congress should remember them as well.

In stark contrast, abortion methods rip, tear and dismember or chemically poison the fragile bodies of unborn children. There is nothing whatsoever benign, compassionate, or just about an act that utterly destroys the life of a baby and often physically, psychologically or emotionally harms the woman.

Abortion is a violation of fundamental human rights and should be treated as such. The right to life is for everyone, regardless of age, race, condition of dependency, disability, or stage of development. Congress has a duty to remember, and a duty to protect, everyone at risk -- not just the planned, the privileged and the perfect.

There is a new, powerful group of women called Silent No More who courageously speak of their personal abortion tragedies. They protest that abortion is neither a compassionate option nor a reasonable choice; rather it is an act of violence.

Women wounded by abortion -- like actress Jennifer O'Neill; singer Melba Moore; civil-rights activist Dr. Alveda King, niece of Dr. Martin Luther King Jr.; and a co-founder of the National Silent No More Awareness Campaign, Georgette Forney -- have called on us to listen to their heart-wrenching stories and take seriously our moral duty to protect women and children from the predators who ply their lethal trade in abortion mills throughout the land. Dr. King has asked "How can the 'Dream' survive if we murder the children?" These brave wounded women are the new champions of life.

They have refused to be silent any longer. They care too deeply about other women and their children and they want others to be spared the anguish they have endured. And to the millions of women who have aborted, they are uniquely equipped to convey the breathtaking love, healing and reconciliation that God provides to those who ask.

More and more women are speaking up and proclaiming that "women deserve better than abortion," and I agree.

In one of Dr. Seuss's most memorable books for children and grandchildren, an elephant named Horton hears a small person -- "a who" -- crying for help and discovers a whole town of tiny persons living on a speck of dust called Who-ville. Horton cherishes and seeks to protect them. When an eagle steals the speck of dust, Horton pleads "please don't harm all my little folks, who have as much right to life as us bigger folks do."

Against all adversity and personal insult Horton painstakingly recovers Who-ville and begs the mayor to get all the little people to make a big noise so everyone will understand that they exist. They all yell and scream, but to no avail. No one but Horton hears them. However it is the voice of the smallest of the small that puts them over the top. Dr. Seuss writes, "Finally, at last their voices were heard!" They rang out clear and clean. And the elephant smiled and said "do you see what I mean? They proved they ARE persons, no matter how small and their whole world was saved by the smallest of all."

Mrs. Pelosi, unborn children are persons, no matter how small. They cry out for your -- our -- protection and safety, and to be remembered. On this one, we could all learn a lot from Dr. Seuss.

Rep. Chris Smith is a 14-term Republican from New Jersey.

Schumer's Tort Epiphany (WSJ)

The Wall Street Journal, January 29, 2007

Write about politics long enough and you come to think you've seen everything. But even we didn't expect to see a leading Senate Democrat declare that tort law abuse is making America less economically competitive. Has Chuck Schumer told his colleagues about his epiphany?

Mr. Schumer was knocked off his horse last week on the way to a press conference with Governor Eliot Spitzer and New York City Mayor Mike Bloomberg to discuss the ways that regulation is driving financial business from U.S. shores. Governor Spitzer's presence was so ironic that even he -- not famous for his self-deprecation -- had to joke about it. But the really big news is that Mr. Schumer endorsed a study declaring that tort reform is the single biggest key to retaining U.S. leadership in global finance.

As political conversions go, this is like Dick Cheney endorsing a stronger Congress. Mr. Schumer is chairman of the Democratic Senatorial Campaign Committee, which puts him at the center of fundraising for Democratic candidates. And trial lawyers have been a leading and deep-pocketed constituency for Democrats, donating millions of dollars in each election cycle.

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Over the last decade, more than 90% of trial lawyer donations have gone to Democrats. In return, the Democratic Senate caucus has been a bulwark against tort reform.

Senator Schumer himself has a mixed voting record on reform. As a Representative, he voted for the Securities Litigation Reform Act in 1995, but he opposed an attempt to go further in the next Congress. As a Senator, he's voted against asbestos-litigation reform and class-action reform.

But as the McKinsey report commissioned by Messrs. Schumer and Bloomberg notes, settlements of securities class actions have been rising every year for years. In 2005, the total bill hit $3.5 billion -- and that number excludes $6.2 billion in WorldCom-related settlements alone.

Apart from some $7 billion in Enron-related settlements, the bill for 2006 is expected to be somewhat lower, according to the McKinsey study. But then most stocks had a good year, and securities lawsuits always thrive in a difficult market. Both the McKinsey report and last year's interim report from the privately funded Committee on Capital Market Regulation reach the same conclusion: Concern about an unpredictable and expensive legal lottery is a major impediment to listing securities in the U.S. The McKinsey report relates that, among the executives surveyed, litigation risk ranked second in importance in deciding where to do business, after the availability of qualified workers.

The CMR report released last November put it this way: "Foreign companies commonly cite the U.S. enforcement system as the most important reason why they do not want to list in the U.S. market." And a big part of "enforcement" in the U.S. is private litigation. That report also points out that securities class actions are unknown in most of the international money centers competing with the U.S. for financial business.

Mr. Schumer argued at Tuesday's press conference that a number of the report's recommendations could be handled "administratively," through rule-makings and the like by the SEC. But this is whistling past the tort graveyard. Sarbanes-Oxley has already laid the seeds for the next big round of shareholder lawsuits by creating a number of new causes of action against companies that misbehave.

The true costs of those provisions have yet to be tested for the simple reason that it will take a recession or a stock-market correction to trigger the next round of attempts to turn corporate miscalculations into income redistribution opportunities. So far, this ticking bomb inside Sarbox has received little notice compared to the very real costs of compliance with Section 404 on internal controls. But we can expect to hear more about it after the first wave of Sarbox lawsuits starts hitting the papers. Until that happens, the current consensus that Sarbox is tolerable and the SEC merely has to enforce it more sensibly will remain the conventional wisdom.

Senator Schumer was silent on the prospects for tort reform, which will be the real test of his sincerity. As a New Yorker, Mr. Schumer has been hearing a good deal from Wall Street on this, and we hope his press conference isn't just a constituency massage. He shouldn't be able to have it both ways by holding press conferences in New York City, then returning to Washington and winking to Tommy Boggs, Harry Reid and the tort lobby that it's all merely talk. If his conversion is real, we look forward to his energetic leadership in building a bipartisan majority for tort reform.

A Good Idea Inside A Bad One (TIME)

By Matt Miller

Time, January 29, 2007

In 1992 the first President Bush's budget was at theÂ printer when congressional Republicans revolted. Bush, they were told, planned to fund expanded health coverage by leaping on one of American politics' "third rails": the fact that the value of employer-provided health benefits is not included in employees' taxable income. Making a portion of these benefits taxable, Bush the Elder reckoned, was a smart way to pay for health care for folks who had none. But G.O.P. leaders were apoplectic. Didn't Bush understand that a tax hike meant political death? The uproar was so swift and furious that White House staffers spent the night using razor blades to excise the offending page from printed budgets.

First George W. Bush went to Baghdad when his daddy wouldn't. Now, with the health-care plan the President floated in his State of the Union address, he's literally picking up a page his father wouldn't keep in his health-care playbook. But the son has shrewdly disguised his slow-motion tax increase as a tax cut.

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Here's how. To make health care more affordable, Bush wants to create a standard deduction for health insurance like the one offered for dependents. Families with private health plans would have their first $15,000 in earnings exempt from taxes (for individuals, it's $7,500). The idea, Bush argued sensibly Wednesday night, is to "level the playing field" between today's tax-advantaged employer-provided benefits and those purchased outside the workplace, where growing numbers of Americans seek coverage. But Bush would offset these new deductions by taxing employer-provided benefits above that $15,000 (or $7,500) level. The White House guesses that in the first year 30 million people (whose employer plans are richer than the deduction) would see their taxes rise as a result, while 100 million would see their taxes reduced. Yet here's the trick: these numbers would reverse over the next decade, because the value of the deductions will be indexed to rise only with inflation, while health premiums, rising faster, will leave more people facing the new tax.

It adds up to a clever mouthful for a President desperate to change the subject from Iraq and to offer his party a market-oriented angle on an issue Democrats hope to ride into 2008. For those who buy coverage outside the workplace, it's a boon. But Bush's plan isn't a serious attempt to cure what ails health care and might make some things worse.

For starters, Bush's staff says his plan would reach just 3 million to 5 million of the 47 million uninsured. If that's what this White House calls "bold," it's hard to know what "inadequate" would look like. Moreover, there's a real risk that Bush's deduction could effectively bribe healthier workers to flee employer group plans for the individual-insurance market, where cheaper coverage tailored to their health status would leave more cash in their pockets. This could unravel the larger risk pools that keep premiums lower for everyone.

Still, if Democrats are right to dismiss Bush's overall plan as too little, too late, they're wrong to dis his call to reform today's regressive health-tax exclusion. A nearly invisible $200 billion subsidy that tilts its largesse toward executives in high tax brackets and workers who already have rich plans would normally be assailed by liberals as unjust. But because this particular subsidy bolsters hefty benefits negotiated by their union allies, Democrats overlook the inequity. "It's ironic and embarrassing," says Len Nichols, a former Clinton health official now at the New America Foundation. Farsighted Democrats admit as much. Andy Stern, the leader of the Service Employees International Union, and Jim McDermott, a doctor and a Democrat from Seattle on the Ways and Means Committee, tell me that if universal health coverage were being discussed, they would revisit the sacred tax exclusion as a way to help fund it.

Bush's nervy war on our wrongheaded health-tax subsidy will probably go nowhere, but it's destined to be revived if Democrats get a shot at comprehensive reform after 2008. Even a President as unpopular as Herbert Hoover probably had a good idea or two eventually to steal too.

Sloan: Don't Forget To Fix Social Security (NSWK)

By Allan Sloan

Newsweek, January 29, 2007

Sometimes what people don't say about a topic is more interesting than what they do say. Consider, if you will, President Bush's State of the Union message. Social Security—the focus of his speech two years ago—got only a few fleeting mentions in last week's address. But if you delve into the low-profile details of Bush's high-profile health-care proposals, you discover that embedded in them is a plan that would effectively trim future Social Security retirement benefits for some people, while reducing their current Social Security tax payments to help pay for health insurance.

I'm not attacking this idea the way I went after Bush's Social Security "reforms" of a few years ago. It's just that I'm a Social Security junkie, and that aspect of Bush's health proposals interests me—if only because it points out how high Social Security taxes are for many families, relative to the income tax.

Here's the deal. Bush wants to let taxpayers who have health insurance exclude $7,500 (for singles) or $15,000 (for married couples) from their taxable income, but would include as income the value of employer-paid health insurance, currently tax-free. The exclusions would be exempt not only from federal income tax, but from Social Security and Medicare tax, as well. Bush said his plan would let a couple earning $60,000 a year save $4,500 of taxes. According to the White House Press Office, that $4,500—30 percent of $15,000—is based on the couple being in the 15 percent income-tax bracket and also paying 15.3 percent in Social Security and Medicare taxes.

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In reality, the couple would probably save only about $3,400 in taxes, because employers pay 7.65 percent of the 15.3 percent Social Security and Medicare tax. So unless Bush's $60,000 family happens to be self-employed, it would save 22.65 percent of $15,000 rather than the 30 percent Bush used. But $3,400 is still serious money.

Now, let me show you how Bush's health-care proposals could reduce future retirement benefits of today's taxpayers, who would in effect be trading reduced retirement income tomorrow for help in covering health-insurance costs today. Remember that Bush would let you exclude $7,500 (singles) or $15,000 (couples) from taxes—but that you'd pay income, Social Security and Medicare taxes on employer-paid health care. So if your employer pays less than $7,500 (or $15,000) toward your health care, you'd pay less Social Security tax than you pay now.

Got that? Let's proceed. Paying less Social Security tax would reduce your future Social Security retirement benefit, which is determined by a formula that's based on how much Social Security tax you pay. The way the formula works, someone who pays Social Security tax to the max each year—for 2007, it's on $97,500 of income—would see his benefit shrink by less than 15 percent if he excluded $15,000 from Social Security tax. But low-paid people—who get much more in benefits per dollar of Social Security tax than maxed-out folks do—would see benefits shrink by a far higher percentage. "A family earning $30,000 a year could see its retirement benefit cut in half," says Len Burman, director of the Tax Policy Center in Washington. That would be an especially serious blow, because $30,000 families tend to rely almost entirely on Social Security for retirement income, whereas high-income families typically supplement Social Security with retirement accounts, pensions and savings.

I'm not offering you Burman's opinion (or mine) on Bush's health-care proposals, because plenty of people are holding forth about them. But not many are dealing with their Social Security aspect. For that matter, few people these days are dealing with Social Security at all.

That's unfortunate, because the longer we wait to come to grips with Social Security, the harder it will be to fix the problem posed by baby boomers' retiring en masse. And the more Social Security will continue to distort federal budget numbers by making the deficit look smaller than it is: last week's update by the nonpartisan Congressional Budget Office projected a $172 billion deficit for the current fiscal year; that's 52.5 percent less than it would have been without the $190 billion Social Security surplus. That $190 billion—in theory, at least—is committed to future Social Security beneficiaries. Logic suggests that we can't both commit that money to Social Security and use it to reduce the reported budget deficit. But Washington has its own logic, and its own math.

Sure, keep an eye on the health-care debate. But don't forget Social Security. It may be on the back burner for now—but it's still cooking.

OTHER NEWS:

Economists Change Rate-cut Tune (USAT)

By Barbara Hagenbaugh And Barbara Hansen

USA Today, January 29, 2007

WASHINGTON — The Federal Reserve will wait to cut interest rates until the end of 2007, not earlier this year as was expected just a few months ago, economists say.

Economists surveyed by USA TODAY expect the unemployment rate will tick higher this year as the economy grows at a steady, but not blazing, pace. The slower growth is expected to lead to a sharper pullback in inflation than what was predicted three months ago.

The 56 economists were surveyed Jan. 18-24.

"We're going to see two distinct pieces. The first half of the year is going to be pretty blah, tepid growth," says Sean Snaith, director of the Institute for Economic Competitiveness at the University of Central Florida. "In the second half, things will pick up a little bit."

Fed Chairman Ben Bernanke and his colleagues meet Tuesday and Wednesday to discuss interest rate policy. All of the economists expect the Fed policymakers will leave their target for short-term interest rates, which influences borrowing costs economywide, at 5.25%, the highest in six years.

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The Fed has left interest rates unchanged since June after raising them 17 times over two years. Looking at the median of the answers, the economists do not expect a change in interest rates until the fourth quarter, when they expect a quarter-percentage-point cut. The median is the point at which half of the answers are higher and half are lower.

The expectation for a rate cut at year's end represents a significant change. Just three months ago, economists said they expected the Fed would cut rates in the second quarter.

But since then, data have suggested the economy is faring better than was expected given the sharp slowdown in housing. Economists are now predicting the softening in this year's job market won't be as substantial as they predicted last quarter. That suggests the Fed doesn't need to cut rates.

But opinions vary. Several economists, such as those at Merrill Lynch and U.S. Trust, expect the Fed will cut rates by at least a percentage point by the end of 2007. Others, such as those at The Conference Board and Bear Stearns, predict rates will be higher at the end of the year than they are now.

The difference of opinion stems from varied views of what the Fed needs to combat in 2007. While 52% said slower economic growth was the bigger risk facing the U.S. economy, 48% said inflation was a larger concern.

Fed officials make such an assessment when deciding interest rate policy: If inflation is the bigger risk, they are more likely to raise rates than cut them. If slower growth is the bigger risk, they are more likely to cut rates.

The sharp difference of opinion doesn't surprise Timothy Rogers. The chief economist for Briefing.com in South Natick, Mass., says there are just too many unknowns, such as the state of the labor market, business investment and housing. Although he expects the Fed to cut rates once this year in the fourth quarter, he says he can come up with very plausible reasons why a rate increase may instead be needed.

"It could go either way right now," he says. "Anyone who comes out and says he knows which way things are going is full of malarkey."

A Long Stretch Of Steady Rates (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 29, 2007

There isn't much that moves the market like a shift in interest rates by Federal Reserve policy makers. This year, it is beginning to look like the Fed won't move much.

As central-bank rate setters prepare for their first meeting of the year this week, investors increasingly are resigned to a longer pause in rate moves than previously expected.

Yet it might be that it is the pause that refreshes. In recent years, the stock market usually has performed well when the Fed declines to move up or down, as it has since last summer.

Some Wall Street forecasters say the Fed could go all year without changing its rate targets, a prospect that contributed to the market's sluggishness last week.

Such predictions run counter to many investors' hopes for a quick rate cut, which would lower borrowing costs and encourage more consumption throughout the U.S. economy, potentially helping corporate profits and thus stocks.

There is a lingering risk that stocks' latest rally may already have run its course. The Dow Jones Industrial Average is up 14% since the Fed last changed its benchmark rate, raising it a quarter percentage point in late June to 5.25%. Many analysts believe the market is likely to remain especially volatile in the weeks ahead as investors rejigger their bets to reflect new rate expectations.

The main reason for bulls' overall optimism is that, as fourth-quarter reports roll in, corporate profits seem to be doing just fine even without Fed action. Wall Street expects profits at companies in the Standard & Poor's 500-stock index to rise by more than 10% for the quarter -- a slower pace than in the previous few years' boom but still solid growth by historical standards.

"There's a growing sense among investors that if the economy is OK, then profits will be OK, so I don't really need the Fed to step in and help me" with lower rates to spur economic growth, says strategist Jack Caffrey of J.P. Morgan Private Bank.

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Mr. Caffrey says his firm still expects a rate cut this year, perhaps during the summer if unemployment creeps higher. But that timetable has been pushed back from earlier estimates of a spring rate cut. "The data just weren't supporting that idea," Mr. Caffrey says.

Many analysts say the Labor Department's better-than-expected report on December payroll growth, released Jan. 5, set off hand wringing among investors that the economy might not be slowing enough to justify a rate cut.

Since that report came out, the Dow Jones Industrial Average has floundered, off 0.1% despite touching several new records.

Last week, as investors continued to shift their rate-related bets, the blue-chip average fell 78.51 points, or 0.6%, to 12487.02, up just 0.2% this year.

The broad Standard & Poor's 500-stock index also slipped 0.6% last week, off 8.32 points, to 1422.18, up 0.3% on the year. The technology-heavy Nasdaq Composite Index fell 0.6%, or 15.82 points, to 2435.49, up 0.8% on the year.

The Fed's rate committee will meet tomorrow and Wednesday, with a rate decision due Wednesday afternoon. Futures contracts tracking the likelihood of a Fed move recently have reflected a 98% chance the central bank will leave its rate target unchanged, with only a 2% chance of a quarter-point cut.

Ethan Harris, chief U.S. economist at Lehman Brothers, has been telling reporters since mid-December that he expects no rate move from the Fed in 2007.

If anything, he now says, there is some risk the Fed may raise rates this year, if the current supply of relatively cheap money throughout the global financial system begins to translate into more inflation in the U.S.

"I don't understand why some strategists are rooting for rate cuts," says Mr. Harris. "To me, a cut would tell you the Fed is quite worried about the economy. The things that would get them to reach that decision would not be a good environment for stocks."

If the Fed does indeed keep rates unchanged all year, it would constitute the longest pause since the late 1990s, in the midst of the dot-com boom.

Going back to 1989, the S&P 500 index has risen an average 10.1% during Fed pauses, not including the current one, according to research firm Thomson Financial.

Mike Thompson, director of research at Thomson Financial, says the key difference between the market now and during the late-1990s is that the market value of stocks relative to their expected earnings hasn't skyrocketed to unusual levels as it did during the bubble.

That comparison should bode well for the market in the months ahead. Explaining the more fundamental reason that flat rates might help stocks is trickier. One possibility, Mr. Thompson says, is that investors might like Fed pauses for similar reasons to why they tend to like the White House and Congress to be controlled by different political parties.

The common wisdom on Wall Street is that, if the government is divided, it is more likely to result in legislative gridlock, which cuts down on the chance that Congress will do something to hurt business. Likewise, Mr. Thompson says, if investors know the Fed is going to be on pause, maybe they grow confident that the central bank won't "overshoot" on its rate targets and set off runaway inflation or, even worse, a recession.

Like Lehman's Mr. Harris, Mr. Thompson expects the Fed to keep its rate targets unchanged throughout 2007. "For them to move, it would take some economic report to come in really, really bad, below what everyone is expecting," says Mr. Thompson. "It's hard to see what that would be."

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Refining Stocks Still Have Plenty Of Fuel For Now (WSJ)

By Jeffrey Ball

Wall Street Journal, January 29, 2007

With President Bush calling for significantly slowing the growth in gasoline consumption in the next decade, stocks of some companies that refine crude oil into gasoline slipped temporarily last week, a sign that some investors are reassessing growth prospects for the refiners.

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That long-term concern may have overshadowed a near-term opportunity. There are good reasons to conclude refiners of crude are poised for a nice seasonal stock pop as the high-demand summer driving season approaches.

In his State of the Union speech last week, Mr. Bush urged a big increase in alternative fuels such as ethanol and a potential toughening of federal automotive-fuel-economy standards. Both measures, he said, are intended to hold the growth in gasoline consumption to 20% below its projected level in 2017.

The market reacted immediately. As word of the president's energy proposals surfaced Tuesday, hours before the actual speech, the stocks of some producers of corn-based ethanol inched up -- and those of some refiners inched down.

Time will tell whether Mr. Bush's proposals will meaningfully slow the growth in America's gasoline use. It would take real technological breakthroughs for the U.S. to produce the volume of ethanol the president outlined, requiring the country to move beyond corn, the current feedstock for U.S. ethanol, and use "cellulosic" materials such as switchgrass and wood chips, which are far more plentiful, to make the fuel.

Cellulosic ethanol is largely experimental; how many years it would take to reduce its cost to a competitive level is an open question. (See Commodities Report, page C3, on ethanol's wide range of costs.)

If the president's policies to curb the growth in U.S. gasoline use succeed, "the impact on refining would be drastic," Deutsche Bank AG oil analyst Paul Sankey wrote in a research note last week following the president's address.

Whatever happens during the next decade, however, the nuts-and-bolts realities of the U.S. refining industry suggest investors may do well in the next several months by investing in refiners of old-fashioned crude oil.

Right now, largely because of a warmer-than-expected winter that has curbed demand for heating oil, another product of the refining process, oil refiners' margins are low. Analysts expect some of the same pressures that last summer pushed up U.S. gasoline prices -- and refiners' margins -- will be repeated as the summer driving season approaches.

Margins will "stabilize and start going back up in the spring," said John Parry, a senior oil analyst at John S. Herold.

The energy-research company is bullish on refiners Tesoro Corp., which will report fourth-quarter earnings today, and Sunoco Inc. and Valero Energy Corp., both of which will report this week. Although Herold doesn't rate those stocks, it has what Mr. Parry calls an "inferred buy" on them, because the stocks are trading below what Herold regards as their value based on their average margins over the past three years. Herold has recommended investors buy ConocoPhillips, an integrated oil company with a significant refining business.

Mr. Parry owns stock in Tesoro, Sunoco, Valero and ConocoPhillips, among other oil companies. Herold doesn't own shares in the companies, but it has done business with ConocoPhillips in the past year.

The underlying reason for the near-term bullishness on refiners, Mr. Parry and other analysts said, are government regulations pushing refiners to blend into gasoline the same brew President Bush touted as an antidote to high pump prices: ethanol.

Regulations in parts of the country with particularly dirty air require special blending agents be added to gasoline to reduce the air pollution produced when the gasoline is burned in cars and trucks. Historically, the chief blending agent was methyl tertiary butyl ether, or MTBE. Because of concerns that MTBE contaminates groundwater, the government effectively has prodded refiners to phase it out, and now refiners typically use ethanol as a substitute.

Particularly in summer, ethanol is harder to blend into gasoline than MTBE is. Mixing in ethanol requires adding other chemicals that are in short supply in the U.S. That raises pump prices -- and refiners' margins.

Doug Leggate, a Citigroup Inc. oil analyst, predicted Tesoro will be the first beneficiary of the seasonal bump, because it does much of its business on the warm West Coast. Tesoro's shares already have risen markedly this month. Next up for real gains, Mr. Leggate said, are Valero, focused on the Gulf Coast, and Sunoco, based on the East Coast. Sunoco has the most "upside potential," he said.

Mr. Leggate has "buy" ratings on Tesoro, Valero and Sunoco. He has a "hold" on ConocoPhillips, generally because of the company's exposure to the upstream oil business, which Mr. Leggate has regarded as less promising than the refining business. Mr. Leggate doesn't own shares in any of these companies, but Citigroup owns Sunoco shares and does business with Sunoco, Tesoro and Valero, among other oil companies.

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Aronson+Johnson+Ortiz LP, a quantitative money-management firm in Philadelphia with holdings of about $28 billion under management, has raised its holdings in refiners including Tesoro and Sunoco. During last year's third quarter, the most recent period for which statistics are available, it raised its holdings in Tesoro to 227,900 shares, up 202,300 shares, and it raised its holdings in Sunoco to 1.19 million shares, up 849,700 shares, according to FactSet Research Systems Inc.

Within the energy sector, "the refiners are looking more attractive because of their value tilt," said Stefani Cranston, a portfolio manager at the firm.

Deutsche Bank's Mr. Sankey is bearish. In addition to his long-term concerns about the threat ethanol poses to gasoline consumption, he notes that one big factor boosting refiners' margins last year was lingering refinery damage from the 2005 Gulf Coast hurricanes. Most of that is fixed.

Mr. Sankey -- who has "hold" ratings on most of refiners, including Sunoco, Tesoro and Valero -- doesn't personally own any of the stocks, but Deutsche Bank does, and it provides investment-banking services to many refiners.

Some refiners have said they are worried by Mr. Bush's ethanol push and are reconsidering plans to expand their gasoline production as a result. Adding less supply could have the effect of keeping gasoline prices higher.

Because "the mandatory nature and scope" of the president's proposals "give us serious pause," Marathon Oil Corp., an oil company with a big refining business, said in a statement following Mr. Bush's speech, "we must now re-evaluate our long-term investment program," especially prior plans to expand refinery capacity.

Mixed Reviews For Clinton In Iowa (WP)

By Dan Balz

The Washington Post, January 29, 2007

CEDAR RAPIDS, Iowa, Jan. 28 -- Lynda Waddington met Sen. Hillary Rodham Clinton twice this weekend as the Democratic senator from New York made her initial campaign visit to the state with the nation's first presidential caucuses. Clinton, she said, is nothing like the politician she sees portrayed in the press.

"The media in particular has a bad habit of taking our candidates and giving them back to us in a caricature," said Waddington, an Iowa Democratic Party official and activist. "Al Gore was a bumbling elitist. With Hillary, they have her painted as a cold fish. That's absolutely what you do not get in person. She's very warm and very intelligent."

Kay Hale met Clinton for the first time at a house party in Cedar Rapids on Saturday night. "I just never really had a true opinion of her," said Hale, who calls herself a "granny nanny" and drives a school bus. "I didn't hate her. A lot of people hate her or they like her, and I am not that way. I found her to be very warm."

Based on those reactions, Clinton and her campaign advisers may justifiably conclude that she made a positive first impression on Iowa Democratic Party activists. But a 90-minute conversation with 14 Iowa Democrats here Sunday afternoon tells a more complete and not-so-encouraging story of her candidacy in its early stages.

Widely admired and seen as strong and intelligent, Clinton nonetheless engenders substantial doubts among people who, by virtue of Iowa's place at the front of the nominating calendar, could play an outsized role in selecting the next Democratic presidential nominee.

"Competent and capable, but she's my fourth choice," said Dale Hedgecoth, a carpenter at a local high school.

"Strong, but not it," added Dona Howe, a first-grade teacher.

The 14 party activists were invited by The Washington Post to come together to talk about the presidential race. All are currently uncommitted. Their views are in no way a scientific sample, but as voters who pay especially close attention to presidential politics, they offer clues to the future in their impressions.

At the end of the conversation, these activists were asked whether they are leaning toward any particular candidates. Six said they are totally uncommitted. Of the other eight, three mentioned Clinton as one of the candidates they are looking at with the most interest.

Their opinions underscored what polls and strategists are saying: The Democratic race in Iowa is wide open. There is great interest in Illinois Sen. Barack Obama but many questions about whether he is ready to be president. Former senator John Edwards of North Carolina is well known to Iowa activists, but for someone leading the polls here he evoked a curiously

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unenthusiastic reaction among many in the group. Other candidates sparked limited interest, although there were kind words for former Iowa governor Tom Vilsack, New Mexico Gov. Bill Richardson and Sen. Joseph R. Biden Jr. of Delaware.

Clinton began her campaign a week ago as the national front-runner for the Democratic nomination, but in Iowa she remains a candidate with question marks behind her name. Iowa activists like to poke and probe the candidates. They have not had a chance to do that with Clinton, and it shows.

The fact that she could be the first woman elected president sparks a strong reaction among many women and some men. "This gender thing is an artificial distraction," said Dave Langston, a project manager whose wife is in elective office.

But even those who want to see a woman elected to the White House worry that Clinton may not be able to win a general election, given her political baggage. "I think that it would be amazing to have her be our president," said Hollyanne Howe, a high school student. "I fear that if she is nominated, she won't be electable. I would love to see her get elected, but my biggest fear is that it won't happen and we'll get stuck with another President Bush or whomever else."

Most of those in the group strongly oppose the Iraq war, and Clinton's 2002 vote authorizing Bush to go to war rankles many. Several said they want to hear fuller explanations from her about why she voted the way she did and how she would try to end the war and bring the troops home.

"Having read all the press accounts" about her opening day in Iowa, "I still don't know what she's going to do," said Roy Porterfield, an unemployed automotive manager.

"She dodged the issue," said Bob Bromley, a retired clergyman.

"That's what concerns me," Porterfield responded. "Is there any single greater issue than the war? She better offer a solution to that real quick."

Clinton attempted to do just that on Sunday morning during a town hall meeting in Davenport, with a scathing attack on Bush and a detailed description of where she stands. But based on the reactions of the 14 Democrats, who gathered at Crosby's restaurant in downtown Cedar Rapids, it will take repeated visits to get that explanation across to activists in a party with a long antiwar tradition.

Around the table, Obama evoked some of the most effusive responses, with repeated use of the word "charismatic." But the group was decidedly split about whether he is ready to be president.

Joe Stutler, a systems analyst, said that "the C-word, 'charismatic' " describes his view of Obama but that the senator reminds him of a rock star coming off the release of a double-platinum album. "Is the first album the one and only?" he asked. "Is he a one-hit wonder? I can see him as vice president now."

But Liz Belden, a retired educator, said Obama is just what the country needs. "In my estimation, he is a gem, he's one in a million, and he does have the experience, if you read his books," she said. "I would like to see a mind like that go to Washington, D.C."

Edwards has been to Iowa 17 times in the past two years and leads many of the early polls in the state. Seen as personable, bright and compassionate by these activists, he nonetheless left them struggling to explain why they had doubts about him as a potential president.

"I really like Edwards," said Ann Bromley, a retired city worker. "I think he's intelligent and compassionate. I don't think he's electable, and I don't know why. Something is missing." Others nodded in agreement.

Clinton Seeks Iowa Connections (WSJ)

By Jackie Calmes

The Wall Street Journal, January 29, 2007

DAVENPORT, Iowa -- One of the most well-known women on the planet spent the weekend introducing herself.

"I am Hillary Clinton," she began yesterday before a standing-room-only crowd, just as she had a day earlier before a throng in Des Moines.

Each time, the audience of Iowa Democrats laughed and cheered, as if in on the joke that a former first lady, current New York senator and newly minted Democratic presidential candidate wouldn't be recognizable to all. Yet for Mrs. Clinton, this is

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serious: Getting enough people to know her as she'd like to be known -- rather than as the cold figure that even some admirers perceive -- is critical to her hopes of getting the party's nomination, let alone being elected the first female president.

The senator's challenge is plain in this state that holds both parties' first nominating caucuses a year from now. Mrs. Clinton is the Democrats' early front-runner nationally -- about 40% of Democrats support her, twice as many as her closest rival, Illinois Sen. Barack Obama, can claim. But in Iowa she has trailed in polls behind Mr. Obama and two other candidates: former Sen. John Edwards of North Carolina, who has been working the state since his 2004 White House bid; and Iowa's former Gov. Tom Vilsack.

"Hillary carries a lot of baggage, and the only way she can unload that is to meet with people," says Dennis Goldford, a political scientist at Drake University in Des Moines. "People want to feel personally comfortable with a president. That's where Hillary has a problem."

So a week after announcing her presidential bid over the Internet, Mrs. Clinton was here in the flesh for what she calls "conversations," trying over a sub-freezing weekend to show fellow Democrats she isn't an ice queen. For Iowans, who jealously guard their 30-year role as vetters of presidential candidates, Mrs. Clinton can pass their "electability" test only by first passing their "likability" test. That would allow them to imagine she could overcome her polarizing image and attract the votes of independents, if not Republicans, needed to win back the White House.

'Most Iowans Do Not Jump Early'

She aced her tests for Richard Brannan. The 70-year-old longtime former county commissioner went skeptically to Saturday's rally at a Des Moines high school gymnasium. "She connected," he said. "She wasn't on stage two minutes and she had the crowd in her hands."

But many others said they wouldn't commit this early. Karin Hill, 45, of Marshalltown, Iowa, after getting Mrs. Clinton's autograph, said she liked the senator. But, she added, "I like Edwards. I like Bill Richardson," New Mexico's governor. "I like Barack Obama."

"Most Iowans do not jump early when it comes to the caucuses," says Iowa's Senate Majority Leader Mike Gronstal, one of about a dozen Democrats who dined with Mrs. Clinton at a Des Moines supporter's home Friday night. "They want each of the candidates to dinner," he quipped about Iowans' expectations of getting to meet all comers. "That's somewhat of a challenge for Hillary because of the media bubble around her."

For her maiden campaign weekend, scores of reporters, including television crews from Switzerland and Japan, followed the senator around Des Moines, Cedar Rapids and Davenport. As she will this coming weekend in New Hampshire, Mrs. Clinton mixed small private events, in which she met with party officials and labor leaders, with larger public "conversations" in each city.

The one in Des Moines Saturday drew a couple thousand, with many spilling into an overflow room. Early yesterday, perhaps 500 filled a county fairgrounds hall despite temperatures outside below zero.

She took questions, town hall-style, most from clear fans but a couple from skeptics of her 2002 vote to authorize force in Iraq. Afterward, she invited all to come forward to speak individually. A crush of photographers along with a number of Secret Service agents made it difficult for Iowans to press in. But most did, and she stayed to sign autographs, pose for photos and answer more questions.

'I Know What Not to Do'

Mrs. Clinton emphasized several issues, from health care to global warming. She tended not to bring up Iraq in remarks, addressing it mainly when asked. She reiterated her charge that Mr. Bush rushed to war and waged it incompetently, and that she wants to work for a bipartisan solution to end it. It's a position, she acknowledged, that falls short of the aggressive antiwar stance that some liberals influential in the nominating contest would like.

She repeatedly used her answers to show a folksy, self-deprecating and even humorous side. In promising to work again for universal health care, for example, she alludes to her disastrous stewardship of her husband's 1993-94 health-care initiative. "Since I do have a little experience in this area, I know what not to do," she said in Des Moines, to much laughter.

But Mrs. Clinton also sought to assure party activists that she will be steely enough to answer partisan attacks of the sort she and her husband have drawn for years. During her Saturday visit to state party headquarters, one official asked what lessons she had learned from John Kerry's unsuccessful 2004 campaign; many Democrats believe Mr. Kerry lost because he failed to fight

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back against conservatives' assaults. "When you're attacked, you have to deck your opponents," Mrs. Clinton said, to applause from about 50 officials.

She nearly brought down the house in Davenport yesterday when, for those in the audience who hadn't heard, she paraphrased one man's question: "What in my background equips me to deal with evil and bad men?" Several Democrats afterward said they interpreted her delivery as a charmingly funny allusion to her husband's past marital misbehavior -- a controversy that still leaves some voters uncomfortable about her candidacy.

But in a later news conference, Mrs. Clinton expressed mild exasperation that reporters were suggesting the audience interpreted her remark that way. "I get a little funny and now I'm being psychoanalyzed," she said. "... I don't think anybody felt that, I'm sorry."

Write to Jackie Calmes at jackie.calmes@wsj.com1

Sen. Clinton Calls For Pragmatic Approach To Stop Troop Escalation (MCGG)

By Ed Tibbetts

Mason City Globe Gazette, January 29, 2007

DAVENPORT — U.S. Sen. Hillary Rodham Clinton, D-N.Y., argued Sunday for a pragmatic approach to stop the troop escalation in Iraq, saying it's easy to appeal to people with "soundbites" and calls to cut off funding.

Clinton wrapped up a two-day swing through Iowa by spending much of the day in Davenport. It was what she promised would be the first of many trips to Iowa, site of the first-in-the-nation presidential caucuses. She announced 10 days ago she's running for president.

Many admirers greeted her Sunday. But there were direct questions, too, like about her 2002 vote to authorize President Bush to go to war.

Clinton, in interviews and before crowds, said she took responsibility for her vote, but claimed the president abused it and was at the "height of irresponsibility" by saying the war would last beyond his years in office.

She steadfastly refused to call her vote a "mistake," and said what's important now is that Congress build bipartisan pressure to stop the buildup and redeploy troops.

She said cutting off funding for the troop increase isn't the answer.

"It is easy to have a soundbite and say something that is emotionally gratifying," Clinton said, but a bipartisan vote of disapproval would "send a very clear message to the White House."

"This is an evolving policy," she said in an interview with the Quad-City Times. "We're working hard to do anything that gets the president's attention."

Other Democratic presidential candidates, such as John Edwards and Tom Vilsack, have called for a more forceful approach.

Clinton got an unexpected laugh at a fairgrounds appearance when a questioner, referring to terrorists in the world, asked about her experience dealing with "evil and bad men."

Repeating the question, Clinton said, "What in my background equips me to deal with evil and bad men?"

That prompted growing laughter in the crowd, with Clinton smiling.

After a long pause, she said, "On a slightly more serious note," then gave an answer on dealing with terrorists.

Later, at the news conference, Clinton was asked three times about the incident and laughed at being "psycho-analyzed." She brushed off the idea, broached by a reporter, that the audience was thinking of the well-publicized behavior of her husband.

The former first lady did conjure up memories of former President Bill Clinton in at least this respect: She hung around the fairgrounds long after most people left, shaking hands, signing autographs and posing for pictures.

She also won high marks from at least one man who served in Iraq.

Eli Shetler, of Moline, said he was grateful Clinton held her criticism of the president to a minimum because, while he thought Bush's performance has been lacking, "I'm ready to hear answers."

Shetler's 11-year-old daughter, Cassie, handed a large poster to Clinton that read "Hillary Clinton. For your Future."

Clinton signed it and gave it an A-plus, telling her to "follow your dreams."

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“It was cool,” Cassie said.

Clinton took questions on education, trade and health care and pledged her loyalty to ethanol, too.

In the interview with the Times, she said she is now an ethanol booster, despite her vote less than two years ago against a measure requiring 7.5 billion gallons of ethanol be mixed with the nation’s fuel system by 2012.

The mandate has created a greater market for the corn-based fuel.

Clinton said she opposed the measure because there were worries in 2005 that ethanol would drive up the price of gasoline in New York, as well as other concerns. She said Sunday those concerns have been alleviated.

“I am a very avid promoter of ethanol,” she said. “Balancing what my obligations to New York were and what the situation is now, I have no reservations at all.”

Clinton also continued to call for robust free trade, but said it should be “smart, pro-American trade.”

Rory Washburn, executive director of the Tri-City Building Trades Council, said Clinton had work to do with labor but that her remarks showed him she had their concerns in mind.

“Labor standards need to be upheld,” he said.

Clinton: Iraq War Bush's Responsibility (AP)

By Mike Glover

AP, January 29, 2007

Hillary Rodham Clinton said Sunday that President Bush has made a mess of Iraq and it is his responsibility to "extricate" the United States from the situation before he leaves office.

It would be "the height of irresponsibility" to pass the war along to the next commander in chief, she said.

"This was his decision to go to war with an ill-conceived plan and an incompetently executed strategy," the Democratic senator from New York said her in initial presidential campaign swing through Iowa.

"We expect him to extricate our country from this before he leaves office" in January 2009, the former first lady said.

The White House condemned Clinton's comments as a partisan attack that undermines U.S. soldiers.

About 130,000 American troops are in Iraq and Bush has announced he was sending 21,500 more as part of his new war strategy.

Clinton held a town hall-style forum attended by about 300 activists, giving a brief speech before taking questions for nearly an hour. Pressed to defend her vote to authorize force in Iraq before the U.S.-led invasion in March 2003, Clinton responded by stepping up her criticism of Bush.

"I am going to level with you, the president has said this is going to be left to his successor," Clinton said. "I think it is the height of irresponsibility and I really resent it."

Bush describes Iraq as the central front in the global fight against terrorism that began after the attacks of Sept. 11, 2001. "The war on terror will be a problem for the next president. Presidents after me will be confronting ... an enemy that would like to strike the United States again," he recently told USA Today.

One questioner asked Clinton if her track record showed she could stand up to "evil men" around the world.

"The question is, we face a lot of dangers in the world and, in the gentleman's words, we face a lot of evil men and what in my background equips me to deal with evil and bad men," Clinton said. She paused to gaze while the audience interrupted with about 30 seconds of laughter and applause.

Meeting later with reporters, she was pressed repeatedly to explain what she meant. She insisted it was a simple joke.

"I thought I was funny," Clinton said. "You guys keep telling me to lighten up, be funny. I get a little funny and now I'm being psychoanalyzed."

She told reporters that evil men included al-Qaida leader Osama bin Laden, who remains at large. "Isn't it about time we get serious about that?" she said.

During the town hall meeting, she tried to make clear that she thinks she would be a chief executive with enough fortitude to confront any danger facing the country.

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"I believe that a lot in my background and a lot in my public life shows the character and toughness that is required to be president," Clinton said. "It also shows that I want to get back to bringing the world around to support us again."

The meeting was scheduled for a downtown restaurant but was switched to a pavilion at a nearby park when it became clear that hundreds of people planned to attend.

At virtually all her stops in this early nominating state, she ran into questions about her Iraq vote. She says Bush misled Congress and she now wants a cap on the number of troops, as well as beginning a "phased redeployment" of troops from Iraq.

The White House said it was disappointing that Clinton was responding to Bush's new war strategy "with a partisan attack that sends the wrong message to our troops, our enemies and the Iraqi people who are working to make this plan succeed."

"The height of irresponsibility," spokesman Rob Saliterman said, "would be to cap our troop numbers at an arbitrary figure and to cut off their funding."

Clinton does not support cutting funding for American troops, but does favor that step for Iraqi forces if the Baghdad government fails to meet certain conditions.

Clinton defended the role that Congress has played, saying newly empowered Democrats are beginning to build pressure on Bush to act, but the public needs to be patient.

"We are at the beginning of a process," Clinton said. "It's a frustrating process, our system is sometimes frustrating."

In making the case for her candidacy, Clinton cites her years as first lady, when Bill Clinton was president for two terms, and two winning campaigns for the Senate.

"I believe that my qualification and my life experience equip me to hit the ground running in January of 2009," Clinton said. "I have a unique perspective having been in the White House for eight years and understanding the challenge that comes from trying to govern our great country."

Clinton said he will run hard in Iowa's leadoff caucuses, an early contest her husband skipped when he sought the nomination in 1992. That year, Iowa Sen. Tom Harkin was in the race and Democratic rivals opted not to challenge him in his home state.

"My participation in the Iowa caucuses is the only thing in politics that I will do that Bill has not done," she said.

First Stop, Iowa: Clinton Fields Questions About Iraq, Health Care (USAT)

By Jill Lawrence

USA Today, January 29, 2007

DAVENPORT, Iowa — New York Sen. Hillary Rodham Clinton, concluding her first weekend of campaigning for the Democratic presidential nomination, said President Bush should get the nation out of Iraq and stop saying he's going to hand off the war to his successor.

"I think it's the height of irresponsibility and I really resent it," Clinton told more than 300 people Sunday at the Mississippi Valley Fairgrounds. "This was his decision to go to war. ... And we can expect him to extricate this country from this before he leaves office."

A week after entering the race, Clinton made her first trip to Iowa in more than three years. Iowans, the first voters in both parties' nomination contests, are accustomed to quizzing White House hopefuls and did not spare Clinton.

Along with a raft of you-go-girl comments from thrilled women, Clinton took repeated questions about her 2002 vote for the Iraq war and what she would do about the war now; her failure as first lady to deliver on health care reform and how she would fix the system now; and potential resistance to a female candidate.

"I'm a woman. I'm a mom. But I'm running because I think I'm the most qualified person to be president in January 2009," Clinton said here.

Her remarks on Iraq drew a response from the White House. Spokesman Rob Saliterman called them "a partisan attack" and added it would be "the height of irresponsibility to cap our troop numbers at an arbitrary figure and to cut off their funding." Clinton supports a cap but opposes a funding cutoff.

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Clinton leads in all national polls of prospective Democratic nominees, but two surveys of likely Iowa caucus-goers this month put former North Carolina senator John Edwards well out in front. Clinton was clustered with Illinois Sen. Barack Obama and former Iowa governor Tom Vilsack.

At appearances with crowds ranging from 50 to more than 1,000, the former first lady swept through Iowa with the trappings of a seasoned candidate. Her "Hillary for President" signs and stickers conveyed informality and the message that this isn't about her husband.

There was a moment Sunday after Clinton, smiling, paraphrased a question about Iran, North Korea and Osama bin Laden as "what in my background equips me to deal with evil and bad men?" The audience erupted in a long round of cheers and laughter.

Later, a reporter told Clinton some people thought she was referring to Bush but a few said she might have meant "the bad side of Bill." "Oh come on," Clinton said, looking stricken. "I don't think anybody in there thought that."

The senator posed a series of questions to listeners here: Are you paying college tuition? Are you in the Medicare prescription program? What type of health care system would you like?

There was sparse support for mandates that employers provide health insurance, or that individuals buy it. Almost every hand went up for a system for all like Medicare.

"That really makes a lot of sense, because you could get the costs down," Clinton said. But she said such a plan, like her 1994 proposal, is vulnerable to attacks that it is "government-run health care." Clinton said she will work this year to cover all uninsured children and seek input from voters before proposing larger changes. "This time we're going to build the consensus first," she said.

The man who asked about Clinton's health care failure called his question tough. Later, another man asked a more pointed question about what she would do to end the war since she voted for it. "As we speak here today, young men and women are dying halfway around the world," he told her.

Clinton responded the way she has since 2004: Bush misused the authority she and others gave him and "if we had known then what I know now, there never would have been a vote and I never would have voted to give him that authority."

Unlike some of her rivals, such as Edwards, Clinton does not support immediate troop withdrawals or cutting off money for additional troops. "It is easy to have a sound bite and to say something that is emotionally gratifying," she told reporters. She said a bipartisan resolution of disapproval, backed by Republicans as well as Democrats, would be a solid first step: "We have to put enormous pressure on him to end the war he started."

Clinton doesn't call her war vote a mistake, but some anti-war listeners got that impression. "Everybody's entitled to a mistake," said Margaret Cebuhar, 57, a Davenport homemaker whose son served in Iraq. "She admitted it. That's good enough for me." Cebuhar called Clinton "awesome" and said Obama had fallen lower on her list.

Diana Toelle, 59, a former teacher from Clive, said Clinton's appearance in Des Moines amounted to a "job interview" and she will be checking out all the candidates. So why was Toelle wearing a "Hillary for President" sticker? "That's because they slapped it on me."

Clinton: I Was Misled On Iraq (CHIT)

By Ray Quintanilla

Chicago Tribune, January 29, 2007

DAVENPORT, IOWA -- On the second day of her campaign swing across the state, Sen. Hillary Rodham Clinton (D-N.Y.) confronted her vote for the invasion of Iraq by saying she was misled, and she called on President Bush to provide a solution before leaving the White House in 2009.

"I live with this every day," Clinton told a standing-room-only crowd Sunday in this Mississippi River community. "The president is determined to move forward on a plan that won't succeed. He should extricate the country before he leaves office."

The remarks were Clinton's first public statements on the war since arriving in Iowa on Saturday for a "conversation with Iowans" campaign tour across the state, whose January 2008 presidential caucus promises to be hotly contested by fellow

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Democrats including former Sen. John Edwards of North Carolina, Sen. Barack Obama of Illinois, former Iowa Gov. Tom Vilsack and others.

Yet Clinton said no matter how much she disapproves of the war's progress, she would not vote to cut funding for U.S. troops. Instead, she said, Iraq's government officials must be warned that their funding would be reduced "because they are not doing what they are supposed to do."

During much of her Iowa visit, Clinton emphasized the breadth of experience she has gained in foreign and domestic affairs while serving in the Senate for six years and during eight years as first lady in the White House.

It's time for a seasoned and tested candidate like her, she added, taking what might be seen as swipe at the candidacy of Obama, a Senate freshman.

"I am the best-qualified person to be president," Clinton said. When it comes to dealing with the war, "this is life and death."

Walt Barchman, 86, of Davenport, one of about 400 people who crowded into a small building on the municipal fairgrounds Sunday morning, said Clinton "is the most experienced candidate for president who has ever come through Iowa."

Others in the audience said Clinton's pledge to work for health-care coverage for all Americans won them over, even with the caucus a year away.

"Everyone knows the cost of health care is just out of this world," said Murl Richardson, 61, a retired social worker.

Clinton spent much of the day crisscrossing this eastern Iowa community in a seven-car motorcade. After her fairgrounds town meeting, Clinton met with about 100 supporters in a Davenport school and held a news conference.

During the news conference that marked the end of her weekend campaign tour, Clinton was asked to explain her earlier remarks about being able to go toe-to-toe with hard-line regimes such as those in North Korea and Iran.

Many of the hundred supporters chuckled as a reporter questioned whether her earlier comments about dealing with "evil and bad men" may have referred to her husband's marital infidelity in the White House.

"You guys tell me to lighten up. I get a little funny, and now I'm being psychoanalyzed," she shot back during the news conference. "Oh, come on. I don't think anyone thought that [it was referring to her husband]," she said.

Barbara Trish, a professor of political science at Grinnell College, said campaigning across Iowa will be different this year than during the last three decades because of the war in Iraq.

"Sen. Clinton is highly regarded across the state," she said. "There's going to be a lot of hard work between now and the date of the caucus."

Hillary Defends Her Vote On War (WT)

By Charles Hurt

The Washington Times, January 29, 2007

DAVENPORT, Iowa -- Sen. Hillary Rodham Clinton yesterday defended her 2002 vote to authorize the war in Iraq, a vote that Democratic activists have said could doom her campaign for the presidency.

"At the time, I said 'This is not a vote for pre-emptive war.' I said that on the floor of the Senate. I said that we should not go to war unless we have allies," she told about 300 Iowans gathered at a fairground for a town-hall-style meeting.

In her first public comments about that vote since she arrived in the state Friday, Mrs. Clinton shifted most of the blame onto President Bush for his execution of the war.

"He took the authority that I and others gave him, and he misused it and I regret that deeply," she said. "If we knew then what we know now, there never would have been a vote. I never would have voted to give this president that authority."

Yesterday's event was in stark contrast to her first public forum in Iowa on Saturday, where Mrs. Clinton drew no pointed questions about her vote. It was an indication that the staunchest anti-war Democrats had stayed away from her event, so by Saturday night she sought to address the question directly on her own.

"I know how difficult the last six years have been, particularly because of this president's foreign policy, his pre-emptive war in Iraq, his management of the war and his stubborn refusal to change course," she told a small gathering at a home in Cedar Rapids on Saturday night.

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Mrs. Clinton also held her first press conference since announcing her White House bid Jan. 20 and told reporters that the world is less safe because of how the war in Iraq has played out.

"I understand how ... much more dangerous it is" because of what she called "the president's policies" at a high school library here yesterday.

She also said she will "wholeheartedly support" either of the Senate resolutions condemning Mr. Bush's plan to add 21,500 troops to those already in Iraq -- so long as it is "a clear statement of disapproval."

Mrs. Clinton also demanded that Mr. Bush pull all U.S. troops out of Iraq in two years, calling the war "his decision" and saying it would be "the height of irresponsibility" to pass it along to the next commander in chief.

"We expect him to extricate our country from this before he leaves office" in January 2009, she said.

White House spokesman Rob Saliterman called Mrs. Clinton's words "a partisan attack that sends the wrong message to our troops, our enemies and the Iraqi people who are working to make this plan succeed."

But most of the questions from reporters yesterday pertained to a moment earlier in the day when she responded to a question from the town-hall audience about whether her life has prepared her to face down "evil men" in the world, such as Osama bin Laden. As Mrs. Clinton often does, she repeated the question for those who might not have heard it.

"What in my background equips me to deal with evil and bad men?" she said aloud and lingered in thought for a moment. The audience roared with laughter and applause as Mrs. Clinton prolonged her silence with perfect comic timing.

But at the press conference later in the day, reporters were not laughing. The first question and several after demanded to know what precisely she meant. Each time, she dodged the suggestion that she was making light of a question about "evil and bad men."

Finally she grew exasperated and said: "I thought I was funny."

Then she told the several dozen reporters: "You guys keep telling me to lighten up. I be a little funny and now I'm being psychoanalyzed."

Among the few questions asked yesterday that did not pertain to the voter's question dealt with her stand on illegal immigration. She noted that she supported last year's Senate-passed bill that critics say would grant amnesty to the estimated 12 million to 20 million illegal aliens currently in the United States.

"I hope that we're going to return to considering that in the new Democratic Congress," she said. "I believe in a tough but clear earned path to citizenship."

Clinton Jokes About `evil And Bad Men' (MCT)

By Steven Thomma

McClatchy Newspapers, January 29, 2007

DAVENPORT, Iowa - When you're Hillary Clinton, it seems you never get away from the question of bad men in your life.

Clinton's musing about her ability to deal with "evil and bad men" punctuated a town hall meeting Sunday as an Iowa audience erupted with delight in imagining who might be on her list.

Wrapping up her inaugural campaign trip to Iowa as a presidential candidate, the New York senator was breezing through a friendly, policy-laden question-and-answer session when one person asked her how she would handle the kind of men who rule Iran and North Korea.

"We face lot of dangers in the world and in the gentleman's words, we face a lot of evil men," Clinton said in response. "People like Osama bin Laden come to mind."

She added, with a pause and a shrug of her shoulders that seemed to suggest sarcasm: "What in my background equips me to deal with evil and bad men?"

That drew loud laughter, applause, hoots and whistles from the Democratic audience.

Some said afterward they thought she was referring to her suffering with a philandering husband. Others thought it was meant to conjure up people like President Bush or former House Speaker Newt Gingrich.

Either way, Clinton apparently sensed that it seemed oddly inappropriate for a question about Iran and North Korea to end up a televised laugh fest.

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"On a slightly more serious note," Clinton said, "I believe that a lot in my background and a lot in my public life shows the character and toughness that is required."

The audience response and Clinton's own contradictory comments later in the day were unscripted moments in a two-day swing that underscored both her strengths and vulnerabilities as she jumps into the battle for the 2008 Democratic presidential nomination.

The very nature of the crowd's laughing response to the notion of Clinton and bad men was reminiscent of the empathy many Americans had for her when her husband was caught having an affair with a White House aide. Yet it also served as a reminder that the scandal will follow her.

Facing reporters later, Clinton at first insisted she was thinking only of the serious issues she would face from international threats. Asked again, she said she was thinking about how Bush has failed to produce favorable results in the last six years.

Asked a third time later in the news conference, Clinton acknowledged she was trying to draw a laugh.

"I thought I was funny," she said. "I get a little funny, and now I'm being psychoanalyzed."

Told that some in the audience laughed at the thought of Bill Clinton, she said, "Oh, come on. I don't think anybody in there thought that."

Beyond the laughter and some warm greetings from fans, Clinton faced pointed questions about issues such as Iraq and health care that suggested she will face many skeptical Democrats in the state that kicks off the nominating process next January.

One asked whether she bore responsibility for the failure in 1993 and 1994 to enact universal health care coverage as she and her husband promised.

"We tried very hard in `93-`94, and we could not put together the political consensus that we needed to make changes," she said.

She added that she wants universal health care, but has not yet decided whether to pursue it through the existing system of employer-provided insurance, mandating coverage like states do with auto insurance, or going to a government-run program similar to Medicare.

The key, she said, is building the political consensus first, so that the eventual plan cannot be shot down as it was in the 1990s.

For more on her campaign, www.hillaryclinton.com

Clinton Says She's Learned From Mistakes (DMR)

Des Moines Register, January 28, 2007

Davenport, Ia. — U.S. Sen. Hillary Clinton told an eastern Iowa audience today that her mistakes leading a highly publicized health care reform effort in the 1990s have changed how she approaches the issue.

"I learned a lot in '93 and '94," the New York Democrat told more than 500 supporters and party activists at the Mississippi Valley Fairgrounds. "I can tell you I come into this experience with my eyes wide open."

At the start of her second day campaigning for president in Iowa, Clinton said she and her husband, then-President Bill Clinton, failed to anticipate the fierce resistance the universal health care plan she crafted would encounter.

"We did not put together the political consensus we needed to make changes," she said, responding to a pointed question about the failed effort 13 years ago.

Clinton said she does not believe the political will yet exists for a government-run, universal health care system. Instead, she says the best way to begin moving toward health insurance coverage for everyone is to guarantee it for children.

"And then we"re going to go on from there," she said.

Former North Carolina Sen. John Edwards and U.S. Rep. Dennis Kucinich, who have declared their candidacy for the 2008 Democratic nomination, have criticized an incremental approach toward universal health care.

Clinton's morning appearance today followed a full slate of private and public events in Des Moines Saturday, her first day campaigning in the lead-off presidential caucus state.

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Saturday, more than 2,000 central Iowans crowded into East High School in Des Moines for an event similar to today's, where Clinton spoke briefly before taking questions.

Prior to that, she met with labor leaders and the state Democratic Party's central committee. After the East High town hall meeting, she stopped by an event in Des Moines sponsored by the African American community before meeting with labor leaders and party activists in Cedar Rapids.

The former first lady leads national polls for Democratic presidential preference, but trails Edwards in Iowa and is running near-even with Illinois Sen. Barack Obama and former Iowa Gov. Tom Vilsack, according to recent polls of likely caucus-goers.

The Davenport forum was originally scheduled for the back room of a Davenport restaurant, but had to be relocated when ticket requests exceeded its capacity.

Clinton planned to attend church in Davenport before holding a mid-day news conference at Davenport Central High School. Clinton was expected to leave Iowa in the afternoon.

In Iowa, Clinton Calls Bush Reckless (WP)

By Anne E. Kornblut And Dan Balz

The Washington Post, January 29, 2007

DAVENPORT, Iowa, Jan. 28 -- Sen. Hillary Rodham Clinton (D-N.Y.), toughening her tone during a second day of campaigning in Iowa, accused President Bush of trying to pass the problems in Iraq on to the next president and described his actions as "the height of irresponsibility."

"The president has said this is going to be left to his successor. He has said that on more than one occasion," Clinton said during a town hall meeting here Sunday morning. "I really resent it. This was his decision to go to war."

Her comment quickly reverberated at the White House, where a spokesman issued a statement denouncing Clinton for a "partisan attack that sends the wrong message to our troops, our enemies and the Iraqi people."

Clinton, still relatively new to the presidential race, got a glimpse of how direct and inquisitive Iowa voters can be as she faced questions about her failed health-care plan in the 1990s and her ability to confront foreign threats. But she appeared prepared for the interrogation and showed a flash of humor as well.

Asked by a voter what qualified her to handle leaders from countries such as Iran and North Korea, Clinton began her reply, then stopped and, for effect, repeated the question.

"What in my background equips me to deal with evil and bad men?" she said wryly, prompting peals of laughter from the audience. She had begun with a reference to Osama bin Laden, but the crowd's reaction suggested they thought her experience with "bad men" involved someone other than the terrorist leader.

In a news conference later that day, Clinton tried to avoid explaining which "bad men" she had been referring to, initially insisting that she had simply repeated the audience member's question.

Minutes later, though, she acknowledged she had been showing her playful side. "I thought I was funny," she said, chiding reporters who pressed her on the remark. "You know, you guys keep telling me to lighten up. I get a little fun-

ny, and now I'm being psychoanalyzed."

Clinton has sought to strike a balance during her first days as a presidential candidate, between proving her toughness and revealing her personality after years of being closely guarded in public. She dropped nuggets from her personal biography -- comparing her high school in Illinois to ones she visited in Iowa and casually referring to her husband as "this guy from Arkansas" -- into lengthy and detailed discourses about public policy.

More than questions on Iraq, Clinton heard repeated questions Sunday morning about health care, a subject that was once a liability for her but that she is now seeking to turn into an asset. One voter asked her bluntly what happened when she and her husband, former president Bill Clinton, tried to expand coverage in 1993-1994 and what she intended to do now to reach that goal.

"It's a fair question," Clinton replied, "because everybody who cares about this issue -- which is nearly everybody in the country -- knows that we tried very hard in '93-'94 and we could not put together the political consensus that we needed to make changes."

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What followed was a 10-minute explanation of why the Clintons had failed then, how the problem has grown worse in the subsequent years and why she is not ready to outline in any detail her plan for the future. ("I'm not ready to be specific until I hear from people," she said.)

In keeping with her expressed desire to hold a "conversation with Iowans," Clinton asked at one point for a show of hands from the audience to see how many would prefer employer-based health insurance, how many would prefer a system in which individuals purchased insurance, with help from the government if necessary, and how many would prefer a system modeled on Medicare.

The audience overwhelmingly favored moving toward a Medicare-like system for all Americans. But Clinton, recalling the famous "Harry and Louise" ads run by opponents of her early-'90s health-care plan, warned that until there is greater political consensus, the same kind of attacks could sink any new efforts to provide universal coverage.

"I've been through this, so I know how hard it's going to be," she said.

On Iraq, Clinton continued to explain her 2002 vote authorizing the war in Iraq without apologizing for it, saying that even at the time, "I said this is not a vote for preemptive war." She said she opposes Bush's plan to send more troops to Iraq and favors capping the number of troops at the level it was on Jan. 1.

Traveling in an eight-car entourage that included her campaign manager, her deputy campaign manager, her Iowa director, four communications strategists and a cluster of Secret Service agents, Clinton made several attempts over the weekend at mingling with Iowa voters in small gatherings, including at a house party in Cedar Rapids on Saturday night.

After two days in Iowa, Clinton flew to Florida for a meeting with labor organizers and was scheduled for a stop in Texas on Senate business before returning to Washington on Monday night. Next weekend, she makes her first trip to New Hampshire, the first early-primary state.

Clinton, In Iowa Debut, Stresses Experience (LAT)

By Michael Finnegan

The Los Angeles Times, January 29, 2007

DAVENPORT, Iowa — The contours of Hillary Rodham Clinton's presidential campaign sharpened in her frenetic weekend visit to Iowa as she sought to distinguish herself from Democratic rivals by stressing her experience in the White House and the U.S. Senate.

In hours of remarks at stops in Des Moines, Cedar Rapids and Davenport, Clinton avoided direct strikes at her two leading opponents, Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina. But her efforts to draw contrasts with them — mainly by casting herself as more experienced — were clear as she fielded dozens of questions from Iowans.

Looming large for Clinton was her husband's White House legacy, the upside and the downside. On Sunday, it led to her first stumble of the campaign in this snowbound city on the Mississippi River, as she told a joke widely understood to be about the Monica Lewinsky scandal, then denied it had crossed her mind.

Repeating a man's question for those who could not hear him at a bagels-and-coffee gathering of several hundred, Clinton said he wanted to know "what in my background equips me to deal with evil and bad men."

The crowd's laughter gradually built, lasting a full 30 seconds, with the New York senator smiling gamely the entire time.

"On a slightly more serious note," she continued, "I believe that a lot in my background and a lot in my public life shows the character and the toughness that is required to be president."

When asked later at a news conference what was on her mind during the laughs, she said she was thinking she "could do a pretty good job" in pursuing Osama bin Laden, and "our leadership for the last six years hasn't really produced results."

Incredulous reporters persisted in asking what she was thinking. "I thought I was funny," she said. "You know, you guys keep telling me lighten up, be funny. You know, I get a little funny, and now I'm being psychoanalyzed."

Finally, asked whether the crowd was thinking of President Bill Clinton, she said no.

Still, Clinton's otherwise smooth navigation through her debut weekend in Iowa as a presidential candidate reflected the depth of her campaign experience — two Senate runs, her husband's two bids for the White House and his races for Arkansas governor and attorney general.

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In Cedar Rapids, she joked about her husband skipping the Iowa caucuses in 1992 because U.S. Sen. Tom Harkin of Iowa was in the race. "This is the only political experience I will ever have that he had never had," she said.

On foreign and domestic policy, Clinton cited her 12-year White House and Senate record, an implicit contrast with Obama, a former Illinois state senator elected to the U.S. Senate in 2004, and Edwards, a former trial lawyer who served one Senate term.

As she made her way among schools, homes and diners, she portrayed her eight years as first lady as one of her main job qualifications. She also vowed to seek advice often from her husband.

"I think it's really productive for presidents to use former presidents," she said, citing President Bush's reliance on his father and her husband to raise money for tsunami relief.

She cast her failure to win congressional approval of a healthcare overhaul during Bill Clinton's first White House term as an asset, saying it taught her the value of seeking bipartisan consensus for universal coverage.

"I've been through this, and I know how hard it's going to be," she told the breakfast crowd in Davenport.

"We can't change anything if we don't get it through the Congress."

Her emphasis on bipartisanship — whether on healthcare, Iraq or immigration — underscored the challenge she faces in overcoming her polarizing public image, part of the Clinton White House legacy. Over and over, she compared her Iowa journeys — she plans many more — to her "listening tour" of upstate New York in the 2000 Senate race. Little by little, she said, she built support among Republicans who initially disliked her.

Once they "got to know me," Clinton said, "they could work through all the characterizations and stereotypes that are out there."

"That's all I'm asking for," she told 150 invited guests Saturday at a reception in Cedar Rapids.

Facing pointed questions on the unpopular war in Iraq, Clinton defended her support of a nonbinding resolution from Congress condemning the administration's increase in troop levels.

"I know there are those who say it has no teeth," she said. "But if we don't have a bipartisan statement of disapproval, we will never get the attention of this White House."

Like Edwards, Clinton voted in 2002 to authorize the invasion of Iraq. But over the last year, Edwards has spoken out more aggressively against the war and urged Congress to take tougher action to reduce troop levels, saying "Silence is betrayal." Obama, who was an Illinois lawmaker when the war started, spoke out against the authorization vote at the time.

In that context, Clinton said Sunday that the U.S. "should do everything possible to bring the Iraq war to the right end as soon as we can, and bring our troops home, but let me just say here that that's easy to say, and everybody coming to Iowa's going to say it. It doesn't matter what they did or didn't do five years ago; everybody's going to say it."

Clinton also said she resented Bush's suggestion that the war would be "left to his successor." Bush went to war "with an ill-conceived plan and an incompetently executed strategy, and we should expect him to extricate our country from this before he leaves office."

Hillary: Dealing With 'Evil, Bad Men'? No Problem (NSDY)

By Glenn Thrush

Long Island Newsday, January 29, 2007

DAVENPORT, IOWA -- Who are the evil men on Sen. Hillary Rodham Clinton's mind?

During a question-and-answer session yesterday morning, a voter asked the Democratic presidential frontrunner how she'd deal with "evil, greedy, rotten, power-hungry leaders ... like Osama bin Laden ... who happen to be men."

After repeating the question, a grinning Clinton sarcastically asked the crowd at the Mississippi Valley Fairgrounds, "And what in my background equips me to deal with evil and bad men?"

As the room erupted in laughter and hooting, Clinton dipped her head, smiled sheepishly and reveled in her own mischief.

An informal survey of attendees yielded the following guesses about whom she was referring: A) her husband, Bill B) Attorney Kenneth Starr, who took over the Whitewater probe in August 1994 C) President George W. Bush D) Former Speaker of the House Newt Gingrich.

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Later, at a news conference, no fewer than three reporters demanded to know the object of her disaffection. It was slow going.

First, Clinton claimed "evil men" encompassed only bin Laden and other bad actors on the world stage.

Then a scribe asked why she would have been smiling if bin Laden was on her mind. Clinton responded with, "I was thinking about how our leadership of the last six years really hasn't produced results," which elicited groans from the 100 or so reporters gathered for a news conference in a Davenport school library.

Finally, a New York TV reporter suggested some people thought she was referring to the "bad side of Bill," which Clinton vehemently denied.

"I thought I was funny, you guys keep telling me lighten up, be funny," she said. "You know, I get a little funny and now I'm being psychoanalyzed."

Rich Liberals Fatten Obama's Coffers (WT)

By Donald Lambro

The Washington Times, January 29, 2007

Sen. Barack Obama is scoring gains in the early campaign-money sweepstakes, pulling in checks from liberal movie moguls, Silicon Valley executives and financiers such as George Soros in a bid to match Sen. Hillary Rodham Clinton's huge financial advantage in the race for the Democratic presidential nomination.

The youthful senator from Illinois, whose meteoric political fame has propelled him to the top tier of his party's presidential contenders, has not only been raising serious money for his White House campaign, but has made inroads into Mrs. Clinton's financial power base in New York, the Hollywood movie industry and among trial lawyers, campaign-finance consultants said.

"Senator Obama is clearly enlisting the support of a lot of people out there. He has the potential to raise $75 million to $100 million. But it remains to be seen how he performs as a candidate over the next three to four quarters," said Chip Smith, deputy campaign manager for Al Gore's 2000 presidential bid and a longtime party strategist.

"But Senator Clinton has demonstrated a fundraising prowess that has produced a lot of donors and givers for our party. She has an incredible roster of people committed to her campaign," Mr. Smith said.

The former first lady, who would become the first female nominee of a major political party, starts out with a huge $14.4 million war chest leftover from her 2006 Senate campaign. She has an even more valuable list of donors from her husband's successful presidential races in 1992 and 1996 and a network of seasoned campaign fundraisers that a Clinton supporter said "can raise $100 million without breaking a sweat."

But reports coming in from Democrats across the country say Mr. Obama is raking in checks from a variety of major donors in part because of his support for troop withdrawal from the Iraq war and his near-perfect liberal voting record.

"I don't think money is going to be a problem for Obama. At this stage of the game, he is what the late [Republican strategist] Lee Atwater used to call a rocket. He's a fresh face that captures the attention and fancy of the public," said campaign-finance lawyer Jan Baran.

Mr. Soros, the New York philanthropist who gave millions of dollars to liberal activist fundraising groups such as MoveOn.org in an attempt to defeat President Bush in 2004, sent the Illinois senator a check for $2,100 (near the maximum $2,300 allowable under campaign-finance limits) right after he announced his presidential exploratory committee.

In Los Angeles, where the movie industry has been a major source of Mrs. Clinton's campaign fundraising, there has been a much-talked-about Democratic shift to Mr. Obama among major movie producers. Producers Jeffrey Katzenberg, Steven Spielberg and David Geffen were reported working on a fundraiser for Mr. Obama for soon after his expected Feb. 10 formal announcement of his candidacy.

Mr. Geffen is officially supporting Mr. Obama and is expected to help him reach out to others in the film industry, and Mr. Spielberg and Mr. Katzenberg have not said who they will endorse.

Mr. Obama was also reported to be picking up support in Silicon Valley's high-tech industry.

Mrs. Clinton has lost some supporters in financial and entertainment sectors who question her electability. Among them is financial banker James Torrey, who heads the Torrey Funds, a global investment hedge fund.

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"I think she's a great senator, but I'd rather see Barack Obama as president. I think Republicans will make it their life's work to bring her down," Mr. Torrey told the New York Times.

Both Mr. Smith and Mr. Baran caution against reading too much into early fundraising.

"Howard Dean, an obscure governor from tiny Vermont, raised $40 million -- a record in off-year fundraising then -- and was on the cover of all the national newsmagazines. By the time the Iowa caucuses came along, he came in third," Mr. Baran said.

Occidental Remembers 'Barry' Obama (LAT)

By Larry Gordon

The Los Angeles Times, January 29, 2007

Memories of 1980 at Occidental College's Haines Hall have the standard fragments of the era: stereos blasting the B-52's through the dorm, pot-fueled bull sessions about the revival of draft registration, late-night cramming for economics exams.

That otherwise private nostalgia took on public significance this month when a former Haines Hall resident from Hawaii known at the time as Barry announced that he was forming an exploratory committee to run for president of the United States.

U.S. Sen. Barack Obama is usually described as an alumnus of Columbia University, where he earned his bachelor's degree, and of Harvard Law School.

But the Illinois Democrat began his undergraduate education at Occidental, and the 1,825-student liberal arts college in the Eagle Rock neighborhood of Los Angeles is not shy about claiming him as an alumnus for his two years there (1979-81) on full scholarship. Perhaps, some think, it's where his political and oratory skills were nurtured.

Despite the somewhat awkward facts that Obama transferred from Occidental and that his official website biography doesn't even mention the campus, old friends and former teachers at the well-regarded 120-year-old school proudly described him as a serious scholar and a good athlete who helped the JV Tigers basketball team to an undefeated season.

Though some express surprise at his current prominence, classmates recall a slim, good-looking teen with a moderate Afro, a taste for Casa Bianca's Hawaiian-style pizza (pineapple and ham) and a role in protesting college investments in firms doing business in South Africa during the apartheid era.

In his 1995 autobiography, "Dreams from My Father," Obama recounted how he was accepted into "several respectable" colleges but chose Occidental "mainly because I'd met a girl from Brentwood while she was vacationing in Hawaii." On Friday, in an e-mailed response to questions from The Times, Obama said had "fond memories" of Occidental. "It's a wonderful, small liberal arts college. The professors were diverse and inspiring. I ended up making some lifelong friendships there, and those first two years really helped me grow up."

Roger Boesche, a professor of politics who's cited as Obama's intellectual mentor at Occidental, said the young man from Honolulu was "a very thoughtful student and a very curious student."

Obama enrolled in two of Boesche's courses: a survey of American government and political thought from the Revolution through the civil rights movement and an advanced look at modern European political thought, which tackled such philosophers as Friedrich Nietzsche and Max Weber.

"You didn't take my European Modern class without wanting to think about deep ideas," said Boesche. Teacher and student later lost touch until Obama, then an Illinois state senator, ran for the U.S. Senate in 2004 and Boesche launched a warm e-mail correspondence.

Eric Newhall, a professor of American studies and American literature at Occidental, said Obama played with flair as a fiercely competitive guard in faculty-student pickup basketball games.

"I remember him clearly as better as an offensive player than a defense player," he said. Now Newhall likes to lightheartedly brag that he "scored a good number of baskets against the senator of Illinois. I would love to say I scored against the president."

On a more serious note, Newhall said Obama already showed glimpses of social conscience and what his supporters describe as his charisma. "Clearly the guy had a presence," he said. "He came off as a serious, articulate, intelligent young guy," Newhall recalled. "I didn't say, 'Here is presidential timber,' but I said to myself, 'I like our student body because they are going out to do interesting things.' "

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He and others recall a strong speech Obama made at a campus rally urging South Africa divestment. Obama, in his book, considered that a big moment: "I figured I was ready, and could reach people where it counted," he wrote. "I thought my voice wouldn't fail me." Still, Obama initially thought he had flopped.

Dorm neighbor Ken Sulzer, now a lawyer in Century City, remembers Haines Hall's loud soundtrack of New Wave bands like the Flying Lizards. Hallway debates tackled the Soviet invasion of Afghanistan and President Carter's subsequent revival of draft registration.

Obama "did not impose his personality but certainly was well-respected among his peers and always had that great voice, even when he was 17, 18," Sulzer said. In Boesche's European politics class, Sulzer said he was impressed at how few notes Obama took. "Where I had five pages, Barry had probably a paragraph of the pithiest, tightest prose you'd ever see.... It was very short, very sweet. Obviously somebody almost Clintonesque in being able to sum a whole lot of concepts and place them into a succinct written style."

John Boyer, a skin cancer surgeon in Honolulu, fondly recalled evenings driving around Los Angeles and sharing pizza near campus. Boyer described himself as conservative politically and opposed to some of Obama's positions, but added, "What I admired about him then and now is that he is a very principled person in how he formulated his views."

A woman who knew Obama at Occidental but did not want to be identified said she remains surprised that "Barry" might run for president. "It was just different times then. People sat around and smoked dope and talked about how they would reform the world. But you never thought they would," she said.

Although college friends would not discuss his drug use, Obama has publicly said he smoked marijuana and tried cocaine in high school and college.

Obama, now 45, came to Occidental's lushly landscaped campus after graduating from the Punahou School, a prestigious private academy in Hawaii. The son of a white American woman and a black Kenyan father who had been an exchange student at the University of Hawaii, he spent some of his childhood in Indonesia, where a stepfather lived.

Obama wrote about his search for a racial identity and said he often hung out with other black students at Occidental but also "the foreign students. The Chicanos. The Marxist professors and structural feminists and punk-rock performance poets ... When we ground out our cigarettes in the hallway carpet or set our stereos so loud that the walls began to shake, we were resisting bourgeois society's stifling constraints."

Today, blacks and Latinos comprise about 22% of the student body, more than double what it was in Obama's time.

Anne Howells, a retired English professor, said she wrote Obama a recommendation for his Columbia transfer — even though he sometimes turned in assignments late.

"He wanted a bigger school and the experience of Manhattan," she said. "I thought it was a good move for him."

In his e-mail, Obama confirmed that he transferred partly "because Occidental was so small, I felt that I had gotten what I needed out of it and the idea of being in New York was very appealing." But another reason was that he had many older friends who were graduating.

College spokesman Jim Tranquada said federal privacy rules forbid releasing grades, but that Obama left in good standing.

So can Occidental legitimately claim him as an alumnus? "By all means," said Jim Jacobs, alumni relations director. "Who wouldn't want to claim him as an alum?" Many colleges list anyone who has studied on campus for at least a year, he said.

Obama, in his e-mail, said he is "happy to be an honorary alumnus, though my loyalties are obviously divided with Columbia, where I had a wonderful time as well."

Occidental already is linked to presidential politics through Jack Kemp, class of 1957. The former pro quarterback and Republican congressman ran for president in 1988 and was a vice presidential candidate in 1996.

Current students are aware that Obama once was one of them, said senior Rachel Kay, a coordinator of Haines Hall, where he lived as a freshman.

"I don't think they are more in favor of him because he went here," Kay said. "But to have some connection is cool."

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Comics: An Obama Problem (NSWK)

By Nick Summers

Newsweek, January 29, 2007

Pundits, donors, opponents red and blue—everyone's getting ready for a Barack Obama presidential bid. But one group is still unprepared: the nation's comedians, who say the pol appears almost invulnerable to caricature. How do you make fun of someone when all the audience knows is that he's popular and charismatic? "There's this thing in America where you can't make fun of someone who's a nice guy, works hard, does well," says Darrell Hammond, the pitch-perfect "SNL" impersonator of Dick Cheney, Bill Clinton, Al Gore and others. "And that's all we know about Obama right now." He does have a funny name and big ears, but that's not enough to play off, like "Gore is dull" or "Kerry flip-flops." Race works to his advantage, too. White comics might tread cautiously—which rarely makes for good comedy. At least until the campaign is underway and Obama says or does something that gives them some meat, comics and writers are scratching their heads. They told PERI what they think might work:

MAKE FUN OF HOW YOU CAN'T MAKE FUN OF HIM

"Obamamania" has become absurd. "Daily Show" viewers heard a heavenly noise—"a choir of angels," host Jon Stewart said. "It can only mean one thing: Barack Obama did something." Jay Leno's line: "The big story, of course: 'American Idol.' But enough about Barack Obama."

SWITCH IT UP: MAKE FUN OF VOTERS

"People tell pollsters they'll vote for a black candidate, but once they're in that booth ... " says stand-up Greg Giraldo (an alum of Columbia and Harvard Law, just like Obama). Jokes about racial anxieties can be powerful—or professional death. Might work only from a black performer.

STALL

"Give him time," says "Real Time With Bill Maher" exec producer Scott Carter. Colin Powell, Wesley Clark—others have seemed too perfect for comedy before, but everyone tarnishes. "He has this halo, a messiahlike aura that just can't last as we get to know what he thinks about this issue and that issue." He'll crack before '08.

JUST GIVE UP

It's hopeless. "Since Obama lacks faults, weaknesses or imperfections of any kind, I guess they'll just have to soberly discuss his evenhanded policy positions," suggests Peter Koechley, managing editor of The Onion. He's making a joke.

TIME Poll: Hillary Vs. McCain? (TIME)

By Tony Karon

Time, January 26, 2007

Hillary Clinton is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani — with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone.

Despite the buzz generated by Senator Barack Obama entering the race, the survey found that Senator Clinton would beat him for the Democratic nomination by a margin of 40% to 21%. Senator John Edwards is a distant third with 11%. Obama clearly suffers a disadvantage in profile among likely voters, with only 51% indicating that they knew enough about him to form an opinion, compared with 94% saying the same of Hillary Clinton. In Obama's favor, however, is his far lower negative ratings. While 58% of voters familiar with Hillary Clinton have a positive view of her, 41% give her negative marks, for a net favorability score of +17. By contrast, Obama's net favorability score is +47. On the Republican side, Giuliani has a net favorability rating of +68, with only 14% having a negative view of him. McCain's net favorability score is +45.

McCain, however, holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or Senator John Edwards by a 7-point margin.

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Clinton's popularity within her party does not translate as easily across party lines as Obama's does, or indeed as Giuliani's and McCain's. Only 58% of the total sample of respondents had a very or somewhat favorable impression of her, compared with 82% for Giuliani (including 7 out of 10 Democratic voters), and 70% each for Obama and McCain — both of whom showed strongly among independents. These figures must be read against the fact that 94% of respondents said they knew "a great deal" or "some" about Clinton, while 73% said the same of Giuliani and 66% of John McCain. Only 51% knew "a great deal" or "some" about Obama.

If the election were held now, Rudy Giuliani appears to have the support of the greatest number of respondents of both parties, with 56% indicating they would "definitely" or "probably" support him — followed by Hillary Clinton (51%) John McCain (50%) and Barack Obama (50%). But Clinton has a strong edge when the question is which presidential candidate people would most like to have over to their homes for dinner. The former First Lady led the dinner-invitation field with 26%, while Obama and McCain tied for second place at 15%. But with the New Hampshire primaries a year away, the the four leading contenders all have some work to do: Obama in making himself better known, Clinton in making herself better liked, McCain in matching Giuliani's appeal to Democratic voters, and Giuliani in landing more invitations to dinner.

Fineman: What Are Hillary's Biggest Hurdles To Victory? (NSWK)

By Howard Fineman

Newsweek, January 29, 2007

So far, so good for Hillary Clinton. She launched her presidential campaign with a smooth professionalism that reminded me of George W. Bush's debut eight years ago. The technology has changed (Web chats vs. a chartered-plane fly-around), but the message was the same: we know the game cold, it's in the family blood, we are inevitable. Making a surprise entrance the weekend before the president's State of the Union address, Hillary introduced herself as a "Back to the Future" candidate who would usher in a sobering return to Clintonism (with "bold but practical" ideas for new times) after what Democrats have come to see as a nightmarish Bush interregnum.

The blitz moved the numbers. The new NEWSWEEK Poll shows Hillary beating her Democratic rivals in two-way matchups (55 to 35 percent over Sen. Barack Obama, 62 to 29 percent over former senator John Edwards). She does better than they do against Republicans, beating Sen. John McCain 50 to 44 percent, for example. Reviews in the Senate Democratic cloakroom — a snake pit of presidential politics—were upbeat. "The perception was that she had leveled off, had even lost altitude," says one habitué, who is neutral and therefore insistent on anonymity. "But she handled these last few days brilliantly."

Still, it is a journey of a thousand hurdles. A few:

IRAQ. The grass roots/Net roots deeply doubt her antiwar cred, her support for a toughly worded (but functionally meaningless) Senate resolution notwithstanding. Their favorite major candidate thus far is Edwards, who calls his authorizing vote in 2002 a "mistake" and supports slashing funds for the president's troop escalation. MoveOn.org and its allies have little general election clout, but they have plenty in the primaries. This year, I'm told, they plan to hold "issues elections" on their Web sites, with each candidate represented by a YouTube-able statement. The first issue contested: Iraq. The likely winner: not Hillary.

MONEY WARS. The struggle for the allegiance of big donors is on, especially between Hillary and Obama. There is a new generation of hedge-fund fat cats, and competition is fierce. Terry McAuliffe, the Hillary über-fund-raiser, jovial tell-all author ("What a Party!") and former party chair, makes it clear that he thinks it's a bad idea to give to more than one candidate—though, in fact, it's not all that uncommon. "They don't help themselves if they do," he says, "because they come off as not really being a supporter of anyone." In New York, the issue is moot: Hillary has the town more or less locked up; ditto for Obama in Chicago. Los Angeles, home of the never-quite-concluded deal, is another story. Some major figures (Steven Spielberg, David Geffen) agreed to host a fund-raiser for Obama; now, after some fast footwork by Hillary supporters, Spielberg is cohosting one for Hillary.

NET RISK. On the Web, Hillary offered herself as an openhearted neighbor, eager to bond over coffee. It was an appealing image, one the campaign will guard by carefully limiting the national press's access to her in places such as Iowa. Is Hillary really the warm and welcoming person we saw on the couch? Friends say yes, but evidence to the contrary can come from

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anywhere—including video from campaign-trail cell-phone cameras. What the Internet giveth, the Internet taketh away. Not everything can be controlled, even by a Clinton.

Attack Ads Go Online And Underground (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, January 29, 2007

'Viral' Web video spreads fast and far, biting candidates hard -- sometimes with their own words.

In a dim Culver City editing room, two video snippets of Republican presidential hopeful John McCain fill the monitors. In the first, he says same-sex marriage should be allowed. In the second, he says it should be illegal.

The clips are part of the payoff of a weeks-long hunt by filmmaker Robert Greenwald and his production team for damaging Internet video of the Arizona senator.

Greenwald, the producerdirector of scathing documentaries about Fox News and Wal-Mart, hopes to shatter McCain's image as a straight-talking maverick. But instead of creating a full-length film, he is assembling clips of McCain for a series of two-minute Web videos. The idea is to turn McCain's own words against him, spreading the videos through e-mail, blogs and websites.

"The effectiveness is hearing and seeing him say stuff," Greenwald said in the editing bay. The videos "go right to the character issue — who he is."

The first whack at McCain, now on the video-sharing site YouTube, joins a rapidly growing collection of Web videos posted by critics of leading contenders in the 2008 presidential race. Targets so far include Barack Obama, Rudolph W. Giuliani, John Edwards, Mitt Romney and Hillary Rodham Clinton.

The explosion of video-sharing on the Web poses major risks for presidential candidates: Gaffes and inconsistent statements witnessed by dozens can be e-mailed instantly to millions.

The White House ambitions of Republican George Allen of Virginia were dashed in no small part by a Web video that showed him, at a campaign event, calling an Indian American "macaca." Allen also lost his November bid for reelection to the Senate.

And Romney, a former Massachusetts governor, was hit this month with an anonymously posted YouTube video made of footage from a 1994 debate in which he took liberal stands on abortion and other matters. Romney, who has staked out more conservative positions in his quest for the Republican presidential nomination, posted his own video to explain the shift.

"I was wrong on some issues back then," he told viewers. "I'm not embarrassed to admit that."

For the candidates, as well as their detractors, the chief attribute of Web video is its broad reach, accomplished at little or no expense.

"You can grab it, send it, link it, and at zero cost," said Matthew Dowd, a top strategist for President Bush's 2004 reelection campaign. "Two hundred thousand people could see it in 24 hours."

Several White House contenders have already made promotional Web videos a central part of their communications strategy, using them to reach supporters directly, without a media filter. Democrats Clinton, Edwards, Obama and New Mexico Gov. Bill Richardson each made Web video statements for their campaign launches.

Clinton has been especially aggressive. The New York senator and presumed party front-runner took questions from supporters on three evenings last week in half-hour Web chats. As part of a broader effort to warm up voters (a fireplace crackled in the background when she appeared Wednesday on NBC's "Today" show), Clinton pivoted from Iraq and healthcare to the delights of gardening, dog-walking, movie watching, swimming and even closet cleaning.

McCain is planning his own Web version of reality TV. He has hired a videographer to record behind-the-scenes campaign moments of the senator in relaxed settings.

"What the campaign can do in a Web video is show a more personal side of the candidate," said Spencer Whelan, who works on McCain's online communications team.

But the same technology allows others to broadcast — often anonymously — videos utterly outside the campaigns' control. Already, attack videos range from the caustic to the ridiculous.

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McCain's comic potential is on display in a YouTube video featuring the melodically impaired senator singing lines from "The Way We Were" and other Barbra Streisand tunes in a "Saturday Night Live" skit.

Another video on the site shows Giuliani dressed in drag, with Donald Trump nestling his face in the former New York City mayor's fake breasts — a gag from a long-ago press dinner that struck many New Yorkers as funny, but might puzzle some Republican primary voters in, say, South Carolina.

Edwards, the 2004 Democratic nominee for vice president, is the subject of a popular prank video that uses humor to skewer the former North Carolina senator. Mocked by critics as "the Breck girl" in 2004, the telegenic candidate is shown fussing with his hair for a full two minutes in preparation for a TV interview, as Julie Andrews sings "I Feel Pretty." YouTube visitors have viewed it more than 27,000 times.

Among the Clinton material posted on the site is a home-video excerpt, first broadcast by ABC News, that shows her confiding to someone at a campaign fundraiser that she avoided e-mail because of constant investigations of the White House during her husband's presidency.

Obama, a newcomer to presidential politics, is just starting to draw the sort of negative attention that the Clintons have long attracted. Last week, Chicago-area political consultant Joe Novak posted several Web videos taking aim at the Illinois senator's wife, Michelle, for her healthcare business dealings.

"I've gotten very angry over the fawning cheerleading that's going on in this city by so-called reporters," Novak said.

Obama campaign spokesman Dan Pfeiffer said Novak's videos show that the Web "is rapidly becoming the place to put video that is too inaccurate and too scurrilous to put on television."

For candidates, one of the troublesome aspects of Web video is also one of its most appealing: the ability of viewers to send it to untold numbers of like-minded voters on an e-mail list.

"A lot of what strategists rely on is the viral impact of sending something to your existing list, and have them push it out to friends and family — make them evangelists and messengers," said Brent Blackaby, the founder of Blackrock Associates, an online political strategy consulting firm.

But the impact of a negative video can be devastating — and undetectable. For candidates trying to appeal to a distinct demographic group, for example, video that shows them taking stands that the group opposes can spread fast without the campaign's knowledge. And the words pack a more profound emotional punch when they come from the candidate's own mouth.

"Voters understand that everybody's shading the truth, but this stuff, they can look at it and say, 'Jeez, that's what he said,' " said David Doak, a veteran Democratic ad maker.

Giuliani, for one, is facing an underground Web-video effort to undercut his appeal to the social conservatives who dominate the Republican nomination race. Two videos posted on YouTube show him making remarks at City Hall news conferences that could prove unpopular among them. In one, he calls for an expansion of immigration. The other shows him announcing a city lawsuit against gun manufacturers, accusing them of deliberately selling more guns than needed for hunting and law enforcement.

"The more guns you take out of society, the more you're going to reduce murder," he says in the video.

To Greenwald, who is not getting paid for the McCain project, Web video offers a chance to end what he sees as the senator's "free ride" in the mainstream media. "It's primarily that there was a story that wasn't being told," he said.

His first video strings together some McCain statements on Iraq, the Confederate flag, Christian conservatives and same-sex marriage — remarks contradictory enough to suggest that McCain falls short of delivering the "straight talk" that he made a trademark of his first campaign for president, in 2000.

"I certainly think we'll make an impact, and he'll have to respond to what we're doing," said Cliff Schecter, a Democratic consultant working on Greenwald's project. "That's all you can hope for."

But McCain campaign spokesman Danny Diaz declined to comment on the Web-video attacks.

"Our focus," he said, "is on using video that communicates a positive message about our candidate."

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In Politics, The Camera Never Blinks (or Nods) (NYT)

By Tom Zeller Jr.

The New York Times, January 29, 2007

BEYOND its fulfillment of a constitutional requirement, the president's annual State of the Union address has come to provide much pomp. It's a prime-time gala where Washington's best and brightest gather for an evening in the media spotlight, and where the nation tunes in with varying degrees of interest, cynicism or boredom at the bloated spectacle of it all.

Oh, sure, there's the actual speech itself. But generally speaking, the odds for climactic elements — for truly earth-moving, unexpected locutions — are so low as to be negligible.

Copies of the speech are customarily distributed to members of the news media ahead of time — on the condition, of course, that they not be published until after the president begins his delivery. But in the age of the Internet, even that handshake agreement between the press and president has broken down: Copies of the speech could be found at sites like the Drudge Report and ThinkProgress.org well before President Bush began his address shortly after 9 p.m. last Tuesday.

"We'll start respecting White House embargoes when they start telling the truth," wrote the editors at Think Progress.

It is perhaps no surprise, then, that Web gremlins would chuckle as the cameras panned the chamber Oscar-style last week and alighted on what appeared to be Senator John S. McCain of Arizona, a presumed candidate for the Republican nomination for president, in an unguarded moment of slumber.

It is, perhaps, also no surprise in the age of YouTube — where unscripted video clips have become political Molotov cocktails — that a "McCain sleeping" snippet was uploaded to the Internet and was being discussed and linked in short order.

Whether the original intent was political sabotage or simple humor is hard to say, but either way the clip went straight for Mr. McCain's Achilles' heel: his age. He is now 70 years old. By 2008, if elected, he would be the oldest president to move into the White House.

So a video of the elderly statesman appearing to doze during the president's speech — and particularly during a portion of the speech where terrorism was being discussed — seemed to put questions of his fitness for office in stark relief.

And in that sense, the video brouhaha — a short-lived and misguided brouhaha, considering that he wasn't sleeping after all — constitutes one of the first "macaca moments" of the 2008 campaign. It is also a sign that Mr. McCain — and every candidate who has, or will, throw a hat into the ring — will have a very, very long road ahead.

Now, for those who have been living under a rock, it was former Senator George Allen of Virginia who was caught on video last August referring to an opposition aide — who was of Indian descent — as "macaca," a racial slur obscure to many Americans, but potent enough to have caused a media frenzy when the video hit the Internet. Mr. Allen was not re-elected.

Reasonable people can disagree on the extent to which that single incident was to blame for Mr. Allen's defeat, but there was no question in anyone's mind that the YouTube culture — in which every public moment can be clipped, cropped and distributed instantly across the globe by anyone at any time — had changed the rules of the game. As with the broken embargo on the State of the Union speech, there is no longer the default expectation that exposure can be managed. All bets are off.

The theory of Mr. McCain's supposed nap got an early boost from Tucker Carlson of MSNBC, who was blogging the speech live at hardblogger.msnbc.msn.com.

"If you're McCain, who will be over 70 by 2008, you'll want to make doubly sure to demonstrate your alertness and vigor," Mr. Carlson wrote just after 10 p.m. Tuesday. "You definitely won't want to slump in your seat, out cold, when Bush starts talking about Iraq. And yet that's exactly what McCain did tonight, napping on camera for 10 agonizing seconds."

On Wednesday morning, the Drudge Report carried the headline "McCain Eyes Wide Shut During Bush Speech," along with a link to a "Sleepy Senator John McCain" video clip that had been uploaded to YouTube (and is still available of this writing: snipurl.com/McCain). It shows Mr. McCain in a straight-on shot, sitting in the crowded chamber, chin to chest, with eyes that appear to be closed.

David All, who runs the David All Group, a Washington firm focusing on developing new-media strategies for Republican campaigns, theorized at his Web site, davidallgroup.com, that the original uploader — a user going by the sobriquet monzsca — was not likely a political operative himself, but rather someone who simply thought the clip was funny. Mr. All suggests, however, that others seeking to damage Mr. McCain saw an opportunity.

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"Though the clip was not created by an opposing campaign, it was probably identified by at least one of those campaigns as a tool to swipe at McCain to help make the argument that McCain is 'too old' to be president, and passed it along to Drudge," Mr. All wrote on Thursday, in a deconstruction of the "Sleepy John" affair.

"Whether he meant to or not, the YouTube user created a video that went viral, amplified by a coveted Drudge link," he wrote, "and is now getting a lot of front page treatment on a popular Web community, YouTube."

From Drudge, the clip and the discussion bounced around the blog circuit (including the Screens blog here at The Times as well as my own Times blog, The Lede), as did a swell of countervailing evidence, which ultimately won the day: it seems that Mr. McCain was, like just about everyone else in attendance that night, simply glancing down at his copy of the speech and reading along.

Mr. All gives high praise to swift action by McCain operatives, who uploaded a separate YouTube video showing a perky Senator McCain applauding heartily during the speech (snipurl.com/Hearty). They also pointed bloggers to links of a video montage — prepared by the folks at The Hotline's On Call blog — demonstrating that others who were gathered in the House chamber that night, while clearly reading something in their laps, also appeared to be napping if shot at some angles (snipurl.com/ReadClips).

It was good political gamesmanship, and the thrust and parry provide an object lesson in the power of Internet video, particularly in the political arena. A candidate, an elected official, even a journalist who remains ignorant of this weapon — how to handle it, how to know when it has been unleashed and from what direction — proceeds at a certain peril.

Of course, even one's best efforts at damage control may go unappreciated.

Said one commenter at Mr. All's site: "Asleep or not, McCain et al. forgot one of the maxims of modern politics: When cameras are in the room, keep your head up and smile."

Feeding Frenzy For A Big Story, Even If It's False (NYT)

By David D. Kirkpatrick

The New York Times, January 29, 2007

WASHINGTON, Jan. 28 — Jeffrey T. Kuhner, whose Web site published the first anonymous smear of the 2008 presidential race, is hardly the only editor who will not reveal his reporters' sources. What sets him apart is that he will not even disclose the names of his reporters.

But their anonymity has not stopped them from making an impact. In the last two weeks, Mr. Kuhner's Web site, Insight, the last remnant of a defunct conservative print magazine owned by the Unification Church led by the Rev. Sun Myung Moon, was able to set off a wave of television commentary, talk-radio chatter, official denials, investigations by journalists around the globe and news media self-analysis that has lasted 11 days and counting.

The controversy started with a quickly discredited Jan. 17 article on the Insight Web site asserting that the presidential campaign of Senator Hillary Rodham Clinton was preparing an accusation that her rival, Senator Barack Obama, had covered up a brief period he had spent in an Islamic religious school in Indonesia when he was 6.

(Other news organizations have confirmed Mr. Obama's descriptions of the school as a secular public school. Both senators have denounced the report, and there is no evidence that Mrs. Clinton's campaign planned to spread those accusations.)

In an interview Sunday, Mr. Kuhner, 37, said he still considered the article, which he said was meant to focus on the thinking of the Clinton campaign, to be "solid as solid can be." But he declined to say whether he had learned the identity of his reporter's sources, and so perhaps only that reporter knows the origin of the article's anonymous quotes and assertions. Its assertions about Mr. Obama resemble rumors passed on without evidence in e-mail messages that have been widely circulated over the last several weeks.

The Clinton-Obama article followed a series of inaccurate or hard-to-verify articles on Insight and its predecessor magazine about politics, the Iraq war or the Bush administration, including a widely discussed report on the Insight Web site that President Bush's relationship with his father was so strained that they were no longer speaking to each other about politics.

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The Washington Times, which is also owned by the Unification Church, but operates separately from the Web site, quickly disavowed the article. Its national editor sent an e-mail message to staff members under the heading "Insight Strikes Again" telling them to "make sure that no mention of any Insight story" appeared in the paper, and another e-mail message to its Congressional correspondent instructing him to clarify to Mrs. Clinton and Mr. Obama that The Washington Times had nothing to do with the article on the Web site.

"Some of the editors here get annoyed when Insight is identified as a publication of The Washington Times," said Wesley Pruden, editor in chief of The Washington Times.

And in an interview, John Moody, a senior vice president at Fox News, said its commentators had erred by citing the Clinton-Obama report. "The hosts violated one of our general rules, which is know what you are talking about," Mr. Moody said. "They reported information from a publication whose accuracy we didn't know."

Mr. Kuhner's ability to ignite a news media brush fire nonetheless illustrates how easily dubious and politically charged information can spread through the constant chatter of cable news commentary, talk radio programs and political Web sites. And at the start of a campaign with perhaps a dozen candidates hiring "research directors" to examine one another, the Insight episode may be a sign of what is to come.

To most journalists, the notion of anonymous reporters relying on anonymous sources is a red flag. "If you want to talk about a business model that is designed to manufacture mischief in large volume, that would be it," said Ralph Whitehead Jr., a professor of journalism at the University of Massachusetts.

With so much anonymity, "How do we know that Insight magazine actually exists?" Professor Whitehead added. "It could be performance art."

But hosts of morning television programs and an evening commentator on the Fox News Network nevertheless devoted extensive discussion to Insight's Clinton-Obama article, as did Rush Limbaugh and other conservative talk radio hosts.

And the Fox News rival MSNBC has picked up several of Insight's other recent anonymous "scoops." Among them: that Mr. Bush was afraid to fire his adviser Karl Rove because "he knows too much"; that there is a rift between President Bush and Secretary of State Condoleezza Rice over the president's support for Israel; and that Mr. Bush spent the months before the midterm elections in a bunker-mentality focused on the Iraq war and the elections to the exclusion of all else. Mr. Kuhner has appeared as a guest on both networks.

A spokesman for MSNBC declined to comment. Representatives of News World Communications, the arm of the Unification Church that owns Insight, could not be reached for comment on Sunday night.

Mr. Kuhner said, "Our report on this opposition research activity is completely accurate," and he argued that all major news organizations relied on anonymous sources. Mr. Kuhner, in an editor's note on Insight, said the Web site could not afford to "send correspondents to places like Jakarta to check out every fact in a story." The Web site pays up to $800 for an article.

Mr. Kuhner said he was not yet convinced by reports from officials of the elementary school that Mr. Obama attended in Indonesia about its secular history. "To simply take the word of a deputy headmaster about what was the religious curriculum of a school 35 years ago does not satisfy our standards for aggressive investigative reporting," he wrote.

Insight was founded two decades ago as a conservative print magazine called Insight on the News. It started the career of the journalist David Brock, who became famous for writing sensational magazine articles and books about Anita Hill and later Mrs. Clinton. Mr. Brock later recanted much of what he had written, and now runs a liberal media group dedicated to countering what it considers be conservative bias in the news media.

Insight had thousands of subscribers, but its reputation was checkered by its false reports, which included an assertion that President Bill Clinton was selling plots at Arlington National Cemetery to Democratic campaign donors, and, during the Bush administration, that Saddam Hussein's purported weapons of mass destruction might have been found.

Officials of the Unification Church closed the print magazine about a year and a half ago, and tapped Mr. Kuhner to run it as a stand-alone Web site. He worked for three years, from 2000 through 2003, as an assistant national editor at The Washington Times. Before that, he was a history professor, but did not finish his dissertation. After leaving The Washington Times, he worked for a Republican policy group.

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Mr. Kuhner said he insisted on editorial independence, reporting only to the board of New World Communications. Under his tenure, Insight's Web site has claimed a series of anonymous scoops, many centered on the White House. In addition to the article about Mr. Bush's feud with his father, there was also a January 2006 report that the United States was preparing for a covert attack on Iran and a February 2006 report that Vice President Dick Cheney would step down after the midterm elections.

Mr. Kuhner said Insight stopped using bylines to encourage contributions from reporters for major news organizations. He said such contributors could not write what they knew under their own names for their main employers, either for fear of alienating powerful sources or because of editors' biases.

"Reporters in Washington know a whole lot of what is going on and feel themselves shackled and prevented from reporting what they know is going on," Mr. Kuhner said. Insight, he said, "is almost like an outlet, an escape valve where they can come out with this information."

"The team I have has some of the most seasoned, experienced reporters in this town, so I know the material I am getting is rock-solid." he said. "The reporter has to give his or her word that, 'It is solid, Jeff,' " Mr. Kuhner said.

During an interview, he invited this reporter to moonlight for Insight. "I will take a look at your work," he said. "I will do a background check. You may get a call from me." He declined to say where the contributor who offered the Clinton-Obama story worked.

"I said, 'That is a sexy story, if you can confirm it,' " Mr. Kuhner recalled. After Insight posted the article on Jan. 17, Mr. Kuhner said, he was disappointed to see that the Drudge Report did not link to it on its Web site as it has done with other Insight articles. So, as usual, he e-mailed the article to producers at Fox News and MSNBC.

Lieberman May Back Republican In 2008 (AP)

AP, January 29, 2007

Connecticut Sen. Joe Lieberman, the Democratic vice-presidential nominee in 2000 who won re-election as an independent last year, says he is open to supporting any party's White House nominee in 2008.

"I'm going to do what most independents and a lot of Democrats and Republicans in America do, which is to take a look at all the candidates and then in the end, regardless of party, decide who I think will be best for the future of our country," Lieberman said Sunday.

"So I'm open to supporting a Democrat, Republican or even an Independent, if there's a strong one. Stay tuned," said the three-term lawmaker who caucuses with Senate Democrats.

Lieberman is an ally of GOP Sen. John McCain of Arizona, a 2008 hopeful, and supports President Bush's new Iraq strategy. Lieberman won re-election as an independent last fall when Democrats backed an anti-war candidate who won the party primary.

Speaking of which politician he may support in 2008, Lieberman said, "Obviously, the positions that some candidates have taken in Iraq troubles me. Obviously, I will be looking at what positions they take in the larger war against Islamist terrorism."

He added, "I am genuinely an independent. I agree more often than not with Democrats on domestic policy. I agree more often than not with Republicans on foreign and defense policy."

The senator said he wanted to select someone "I believe is best for the future of our country. ... Party is important, but more important is the national interest. And that's the basis that I will decide whom to support for president."

Lieberman spoke on "Fox News Sunday."

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WASHINGTON (AP) — Even Sen. Joe Biden jokes about the Democrats' crowded White House field for 2008, which he is joining this week.

"I'm the 800th candidate," said Biden, who plans to make it official on Wednesday.

Dominating the early stages of the race are New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama. Other candidates include former North Carolina Sen. John Edwards, the 2004 vice presidential nominee; Connecticut Sen. Chris Dodd, New Mexico Gov. Bill Richardson, former Iowa Gov. Tom Vilsack, and Ohio Rep. Dennis Kucinich.

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"I am absolutely confident, if I get to stand on a stage, sit in the room with all the candidates you mentioned, I'll do just fine," Biden said in a broadcast interview when Clinton, Obama and Edwards were specifically cited.

"This is a marathon. If people learn my story, learn my record, I think I can compete. The question is, can I raise the money?"

The Delaware senator was interviewed on "This Week" on ABC.

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WASHINGTON (AP) — James Garfield was the last sitting House member to win election as president when the Ohio Republican captured the White House in 1880.

Rep. Duncan Hunter, R-Calif., realizes he is up against history as his 2008 campaign moves ahead.

"Well, that's true. But on the other hand, somebody's got to win this race," he said Sunday. "And I think my messages of a strong national defense, secure border, bring some of those high-paying manufacturing jobs back that we've given away because of trade deals that weren't smart.

"And I think that my messages will resonate with the American people and I think I've got a chance to win this thing."

Hunter faces a crowded GOP field, including Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney, former New York City Mayor Rudy Giuliani, Kansas Sen. Sam Brownback and Colorado Rep. Tom Tancredo.

Until Democrats took control of Congress this month, Hunter was chairman of the House Armed Services Committee, which oversees military policy.

But he is little known outside of Congress and his San Diego district. He is a strong opponent of illegal immigration who wants fences extended along the U.S.-Mexico border and supports the prosecution of smugglers bringing illegal immigrants across the border.

Hunter appeared on "This Week" on ABC.

McCain Passes On RSC Invite (RC)

By Susan Davis And Lauren W. Whittington

Roll Call, January 29, 2007

Sen. John McCain (R-Ariz.) has decided not to address House Republican conservatives when they convene at their annual retreat this week, while one of his top rivals for the GOP's 2008 White House nod will be among the headliners of the event.

Not only is McCain not attending the annual Conservative Members Retreat — which draws members of the Republican Study Committee and is sponsored by the Heritage Foundation — Republican sources said that McCain's campaign never responded to the invitation.

The GOP's three most prominent 2008 hopefuls — McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudy Giuliani — were invited to meet with the group when it gathers in Baltimore this Thursday through Saturday.

Romney will make an appearance at the retreat, while Giuliani sent his regrets and said he had a scheduling conflict. McCain's campaign never responded to inquiries.

Other headliners of the retreat include former Speaker Newt Gingrich (R-Ga.), who is mulling a White House run, and former Sen. Phil Gramm (R-Texas), who already has signed on with McCain's campaign.

McCain campaign spokesman Danny Diaz did not address why his boss wouldn't attend, or why he didn't respond to the invite, but he said the Senator enjoys many friendships on Capitol Hill and has daily opportunities to reach out to conservative lawmakers.

"While he's not going to be able to attend this particular meeting, he's fortunate to be able to meet every day with conservative leaders in the United States Capitol," he said.

McCain has long had a tumultuous relationship with conservatives. His run for the GOP presidential nomination in 2000 put him squarely in the cross hairs of religious evangelicals and other movement conservatives who had lined up behind the candidacy of then-Texas Gov. George W. Bush. The South Carolina primary, dominated by the party's most conservative wing, was especially bloody for McCain.

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McCain has since mended fences with Bush and reached out to conservatives, many of whom are untrusting of the man they see as a maverick who has bucked his own party as often as he has supported it.

An aide to a prominent House conservative said that Members were more puzzled than offended at the apparent disinterest in the retreat coming from the McCain campaign.

According to sources, staff at both the RSC and Heritage reached out to the Romney, Giuliani and McCain campaigns in mid-January to schedule appearances at the annual gathering traditionally held in Baltimore.

Giuliani's team could not attend due to an unbreakable scheduling conflict on the West Coast, and Romney accepted the invitation and is scheduled to appear Friday. More than 100 House Republicans are members of the RSC, and while attendance lists weren't confirmed at press time Friday, about half of those Members are expected to attend.

Romney has been the most overtly active of the three in recruiting supporters in the House. A few members of the RSC already have endorsed him, including GOP Reps. Marsha Blackburn (Tenn.), Tom Feeney (Fla.), Howard McKeon (Calif.) and Dave Camp (Mich.).

One aide suggested that McCain's campaign underestimated the importance of building early support in the House.

"The McCain campaign is missing the boat entirely and failing to grasp the importance of the momentum that adding House Members early builds," the aide said, adding: "In light of Gov. Romney's energetic outreach to conservatives in the House, it's puzzling and perhaps telling about McCain's own outreach strategy to House Members."

A spokesman for Rep. Jeb Hensarling (R-Texas), the chairman of the RSC, said only that conservatives were looking forward to the scheduled discussions at the retreat.

"Chairman Hensarling is very pleased that Gov. Romney has agreed to speak to House conservatives and is looking forward to welcoming some of the best minds in the conservative movement to meet with Republican Study Committee members," said Brad Dayspring. Hensarling has not yet endorsed any presidential candidate.

Romney's appearance at the RSC event comes as his opponents are working to highlight his own ideological history, which includes a conversion from moderate to more hard-core conservative stances on several key social issues. There also is unease among conservative Christians with Romney's Mormonism.

"Gov. Romney can go meet with House conservatives and pretend to be one of them but it's important to remember that John McCain served in the U.S. House as a real conservative," said one GOP official close to the McCain campaign.

Romney spokesman Kevin Madden said that the former governor has a lot in common with RSC members when it comes to both their "political and policy philosophy" and that he looks forward to talking with them about issues such as spending priorities, national security and global terrorism.

McCain does have vocal supporters within the RSC. Former RSC Chairman John Shadegg (Ariz.) and Rep. Jeff Flake (Ariz.) are both behind their Arizona colleague. Rep. Spencer Bachus (Ala.), an RSC member, signed onto McCain's campaign as southeast co-chairman last week.

Mike Huckabee Launches Presidential Bid (AP)

AP, January 29, 2007

Conservative Republican Mike Huckabee, seeking to repeat the success of another former governor from Hope, Ark., said Sunday he is taking the first step in what he acknowledged is an underdog bid for the White House in 2008.

"I think this is an opportunity to show the American dream is still alive and there's hope and optimism that can be awakened in a lot of people's lives if they think that a person like me can run and actually become president," Huckabee told The Associated Press

The 51-year-old Huckabee, who took over as governor at the height of Bill Clinton's Whitewater scandal, comes from the same small town — Hope — in the same rural state as the former Democratic president.

Huckabee, who left office Jan. 9 after serving 10 1/2 years as governor of a Democratic-leaning state, faces steep odds in a crowded GOP field that includes well-known and well-funded hopefuls such as Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani.

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"One of the reasons that I'm running for president is because I think that America needs folks who understand what it is to start at the bottom of the ladder and climb their way to the top," Huckabee said in a broadcast interview. "We've got a lot of people who are born on third base and think they've hit a triple.

"America loves an underdog. America loves people who have had to struggle and for whom every rung of the ladder has been sometimes three rungs up and two back down, Thank God for the one you've gained, and keep climbing," Huckabee said.

He planned to travel to Iowa, an early nominating state, on Tuesday and Wednesday.

Huckabee is setting up an exploratory committee that will allow him to raise money and hire campaign staff in an effort to gauge his prospects.

Huckabee is a staunch opponent of abortion rights and gay marriage, but faces a tough fight from other conservatives in the field for support from the GOP's right flank. This is an important voting bloc in the nominating contests.

Kansas Sen. Sam Brownback, a favorite son of the religious right, is already in the race. Other conservatives, such as California Rep. Duncan Hunter and Colorado Rep. Tom Tancredo, will battle for their share of the vote.

While Arkansas is a predominantly Democratic state, Huckabee won two full terms in landslides. He championed tax increases for public schools, expanded state insurance programs for the children of the working poor and opposed banning state services for illegal immigrants.

Nationally, Huckabee is perhaps best known for his dramatic weight loss and his emphasis on healthy lifestyles. He shed 110 pounds after being diagnosed with diabetes. He also saw his political profile rise when he headed the National Governors Association for one term.

Since he left office, Huckabee has been on a nationwide tour to tout his book, "From Hope to Higher Ground: 12 Stops to Restoring America's Greatness." With chapters on taxes and foreign policy, Huckabee's book lays out his potential talking points for a presidential campaign.

Huckabee appeared on "Meet the Press" on NBC.

Former Arkansas Governor Mike Huckabee Joins Race For White House (USAT)

By Jill Lawrence

USA Today, January 29, 2007

WASHINGTON — Former Arkansas governor Mike Huckabee, the latest contestant for the 2008 Republican presidential nomination, casts himself as a pragmatic outsider with executive experience and credibility with evangelical Christians.

Huckabee said Sunday that he is forming an exploratory committee, which allows him to raise money for the race. On Tuesday, he starts a two-day visit to Iowa, which kicks off the primary season with caucuses in less than a year.

"One of the reasons I'm running for president is because America needs folks who understand what it is to start at the bottom of the ladder and climb their way to the top," Huckabee said Sunday on NBC's Meet the Press. The Arkansas native said he was the first male in his family to graduate from high school.

"America loves an underdog," Huckabee said. "America loves people who had to struggle and for whom every rung of the ladder has been sometimes three rungs up and two back down.

Other Republicans who are raising money for presidential campaigns or declared their candidacy include Sens. John McCain of Arizona and Sam Brownback of Kansas, former New York mayor Rudy Giuliani, Reps. Duncan Hunter of California and Tom Tancredo of Colorado, and former governors Mitt Romney of Massachusetts and Jim Gilmore of Virginia.

"I don't think that having a Washington address and being in Congress will be an asset," Huckabee told reporters earlier this month at a lunch near the Capitol.

Huckabee, a former Baptist minister, was born in Hope, the same town as Bill Clinton. He took office in 1996 after then-governor Jim Guy Tucker was convicted of fraud and conspiracy in a case arising from the Whitewater investigation. Since then Huckabee, 51, has lost 110 pounds and written a book about it.

A onetime president of the Arkansas Southern Baptist Convention, Huckabee said at the lunch that he is "unquestionably solid" on issues that matter to religious conservatives, such as opposition to gay marriage and abortion. Beyond that, he said his accomplishments "on issues that matter to everybody," such as health care and education, will give him broad appeal.

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Huckabee said he is an atypical Republican, citing his "passion for music and art education" (he led a drive to make it mandatory in Arkansas) and his expansion of health coverage for children. "Some of us Republicans actually like kids."

Huckabee's tenure as governor was marked by several ethics controversies. The state ethics commission cited him five times for violations involving unreported gifts and cash. As he left office he took heat for wedding-gift registries at two stores. He said they were set up by his wife's friends and were meant to provide housewarming gifts for the couple's new home.

Republicans already are competing for religious conservatives, a pillar of the GOP coalition. Brownback, who is Catholic, has led efforts in Congress to restrict abortion and stem-cell research and to ban gay marriage. McCain and Romney also are reaching out.

"It's who I am," Huckabee said. "I don't have to prove that to anybody."

Contributing: Fredreka Schouten, USA TODAY

Rebel Chuck Hagel: A President In The Making? (NSWK)

By Jonathan Darman

Newsweek, January 29, 2007

Chuck Hagel wears pain on his face. The senior senator from Nebraska earned two Purple Hearts in Vietnam, where a mine blew out his eardrums and delivered a sharp burn up the left side of his head. When he is thinking hard, his brow droops low, weighted and weary; when he smiles, his eyes slip into thin slits. His brother Tom calls this Hagel's "running gear"—the thick mask of intensity he shows the world.

That intensity was on display last Wednesday as he sat and stewed at a hearing of the Senate Foreign Relations Committee. The panel was considering a resolution condemning President Bush's proposal to send 21,000 additional troops to Iraq; Hagel, a cosponsor of the resolution, would be the only Republican on the committee to vote for its passage. As he listened to his colleagues make their cases for and against the president's plan, Hagel told NEWSWEEK he noticed something missing: an acknowledgment that the Senate was talking about committing real troops, the men and women whose "fighting and dying" make a war. He had no prepared text but the words came easily as he took his turn at the mike. Calling Iraq the country's most divisive issue since Vietnam, he dared his fellow committee members to take a stand. "I think all 100 senators ought to be on the line on this," he said. "If you wanted a safe job, go sell shoes." For a moment, his colleagues were silent and stunned. Later that afternoon, Joe Biden, the committee's Democratic chairman, complimented him on his performance. "I've rarely seen such a powerful connection between the heart and the mind," Biden said. "That was deep in you."

Viewed from afar, the stuff inside Hagel looks like the stuff that makes Republican presidential candidates. He is a third-generation party member who grew up idolizing Teddy Roosevelt and Dwight Eisenhower. He says he was the only student in his Roman Catholic high school to support Richard Nixon over John F. Kennedy in the 1960 presidential election—and when he cast his first vote, an absentee ballot from Vietnam, it was for Nixon's winning ticket in 1968. His conservative credentials are impeccable: according to Congressional Quarterly, he voted with the White House more times in 2006 than any other senator. He is manly, Middle American—and when he talks about military matters, he exudes the cool confidence of a warrior-statesman who knows that war is hell.

But Hagel, who as of late last week was in the final stages of weighing a presidential run, is never mentioned in the top tier of Republican candidates for one, simple reason: since the initial buildup to the war in Iraq, he has assailed the Bush administration's policy—in sharp words, in constant refrain and, most unforgivably, in public. His outburst last week was the culmination of a four-year campaign to raise public outrage about a war he's always considered disastrous. His stance has earned him the enmity of the White House. Asked about Hagel last week in an interview with NEWSWEEK, Vice President Dick Cheney said: "I believe firmly in Ronald Reagan's 11th Commandment: THOU SHALT NOT SPEAK ILL OF A FELLOW REPUBLICAN. But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

Cheney, however, doesn't necessarily speak for his party. In the latest NEWSWEEK Poll, only 30 percent of voters approve of Bush's performance as president. Even 31 percent of Republicans think Congress has not done enough to challenge the administration on the war. After the disastrous 2006 midterm elections, Republicans are no longer taking their talking points on Iraq from the White House—several members of Hagel's caucus have suggested they'd support a resolution criticizing the surge

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when it comes before the Senate this week. Meanwhile, the three leading contenders for the Republican nomination, John McCain, Mitt Romney and Rudy Giuliani, are all vulnerable on the war—all three are in the minority of Americans who support the president's plan. Hagel may be the one Republican who can fully separate the party from the troubled legacy of George W. Bush as the GOP looks to 2008.

The tale of Hagel's reluctant rebellion is the story of a man haunted by wars then and now—and of a party at a crossroads, weighing Hagel's past transgressions of disloyalty against the simple necessities of survival. Chuck Hagel has a lifetime of lessons in loyalty and war. His father, Charlie, flew raids for the Army Air Corps over the islands of the South Pacific during World War II. Born in 1946, Chuck was the eldest of four boys and grew up fascinated by the great conflict his father had fought in. In his childhood, his family moved through a series of Midwestern towns, but his father would always serve as commander of the local VFW. His mother and father taught their boys that loyalty to country was paramount and that every generation had its war. "It was as religious as going to church," Hagel tells NEWSWEEK.

Charlie Hagel never talked much about his war. A member of the fabled Greatest Generation, he thought it unseemly to brag about his exploits on the battlefield. But there was something darker enforcing the silence, memories that gave him nightmares and caused him to drink too much. "If they'd had the resources available back then," says Hagel's brother Tom, "he would have been diagnosed with posttraumatic stress disorder. I don't know what happened to him over there." Charlie never got a chance to tell his sons; he died of a heart attack when Chuck was just 16. For decades, all his boys would really know of his time at war was what they could find in a musty attic, the things Charlie had carried back: a handmade machete, a grass hula skirt, black-and-white photos of Japanese Zero fighters hurtling across the Pacific sky.

Two Hagel brothers would soon learn the lessons of the battlefield firsthand. Chuck and Tom were both sent to Vietnam where by some oversight (neither brother can explain it) they managed to defy Army regulations and fight in the same unit. In time, each brother would get a chance to save the other's life. In rare moments of reflection, the brothers spoke of their father, wondering how their experiences matched up with his. "Southeast Pacific. Jungles. Fighting the Asians," Chuck says. "We often talked about that." Mostly, though, the brothers focused on fighting—and staying alive. It was 1968, America's bloodiest year in the war, and on the ground the brothers were hardened by a grisly conflict they tried not to think of as futile. "You see it today in Iraq," says Tom. "We go in, kill all these insurgents, lose all those people. Then we leave town and they just move back in. Same damn thing we did every day over there."

Their tours up, the Hagel boys returned home, Vietnam still swirling in their heads. Tom quickly turned against the war, convinced he had toiled gruesomely for a mistake. Chuck, stubbornly patriotic, couldn't abide this talk; he and Tom quarreled constantly, sometimes coming to blows. But Hagel harbored his own silent doubts. He spent the '70s devouring histories of American involvement in Southeast Asia, eventually (and privately) concluding that Congress's failure to ask tough questions about the conflict in Vietnam amounted to gross negligence. He recalls making a vow to himself: "If America were to go to war again and I was in a position to influence things, I would do everything I could to understand the reality and not allow another Vietnam to occur."

Hagel got his chance to extend some influence when he won election to the Senate in 1996. He was an enthusiastic partisan, leading his state's Republican Party as Nebraska shifted solidly red. But Hagel's party loyalties extend only so far. From the early days of the Bush administration, he was uneasy with the president's apparent zest for war in Iraq and worried that a post-Saddam Iraq could not be stabilized without a broad international coalition. He shared his discomfort in frank, private conversations with administration officials and, as his detractors noted, on more than one Sunday talk show. Hagel makes no apology for his public candor. "The reason we have a very, very thin layer of confidence in leadership by the American public is because we don't answer their questions and we don't play straight," he says. "So when Senator Hagel gets asked the question on a talk show on Sunday morning, 'What do you really think about what we're doing?' I've never pulled my punches." In August 2002, Cheney traveled to the Veterans of Foreign Wars Conference and declared that "Saddam Hussein now has weapons of mass destruction." Shocked, Hagel called up his closest allies in the Bush administration, Secretary of State Colin Powell and his deputy Richard Armitage. "That was a war speech," Hagel told them. His friends assured him that Cheney had gone too far and that war could still be diverted through diplomacy.

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Hagel still worried and the war came. When the Senate debated a resolution authorizing the administration to use force to remove Saddam, Hagel took to the Senate floor and spoke in damning, eloquent terms of the folly of the whole affair. He then proceeded to grant the president the authority he needed. It was a painful contortion—one that could hurt him in a presidential contest—perhaps understood only by those who knew Hagel best. "I'm sure in the end it was, 'Damn, he's my president'," Tom says of his brother's vote. "It was, 'I have strong doubts about things, but I can't be disloyal'." Hagel, who now says he regrets his vote, admits a sense of duty played a role. "He's the commander in chief," Hagel says. "We all owe some loyalty, not to the president, but to the office itself."

To many Republicans, Hagel's gesture of obedience wasn't enough. As Iraq quickly deteriorated after Saddam's ouster, Hagel loudly voiced his frustration with the Bush administration—first urging the president to send in more troops, then saying he had no confidence in Secretary of Defense Donald Rumsfeld and, in time, concluding there was no purely military solution for Iraq. Conservative bloggers began calling him chief of the Even Republicans—wobblers whose names filled press stories on how "even Republicans" criticized the president, who was still reasonably popular. Reaction was particularly harsh from constituents back home. "It was, 'Senator, you're not as smart as the president'," says Hagel. " 'You're just a Vietnam-vet crybaby'."

In the midst of the maelstrom, Hagel found an unexpected voice of consolation: his father's. In the fall of 2005, the Hagel brothers received a box from some cousins—it contained letters Charlie had written home during and after World War II. In many ways, the letters provided a tragic portrait of the young airman, coping with the strains of battle by imagining an idyllic postwar world. "That's what they all wanted," Hagel says. "They wanted peace, they wanted stability, and they didn't want any more of what they saw." But in one letter Hagel shared with The Washington Post in 2005, Charlie makes his own reality plain. "If I thought I would ever have a son who would have to go through this," he wrote to his sister Doris in 1944, "I would never get married."

Hagel's own two children, daughter Allyn, 16, and son Ziller, 14, are still too young to worry about war, but they are on his mind. As he nears his decision on running for president—a decision he says will come sometime in "the next couple weeks"—it is the effect on his family, he says, that weighs most heavily. This is, of course, what all politicians say while figuring out if they've actually got a shot. Hagel may have a hard time making his own case. With McCain and Romney running hard, the supply of Republican campaign talent, and cash, dwindles by the minute. For Hagel to succeed in the primaries, he'd have to count on a Republican Party acting decidedly unlike itself—turning to a fresh face and ignoring past indiscretions. "It's a question of taste," says an adviser to one Republican candidate who would not publicly criticize Hagel. "You don't have to love the war to think it's inappropriate when a United States senator constantly berates the president in public."

But Hagel, along with Democratic candidates Barack Obama and John Edwards, is that rare 2008 contender whose position on the war is a potential strength, not a weakness, in a general election campaign. In fact, Tom Cole, the new chairman of the National Republican Campaign Committee, says that while he disagrees with Hagel's war stance, he's urging 2008 congressional candidates to show a similar candor when talking about the war. "I think we've reached that point in the debate," Cole says. "He's being intellectually honest."

Hagel's speech at the Foreign Relations Committee last week earned him new fans on the left, some of whom are hoping he'll run for the White House as an independent—a notion he dismisses as ludicrous. He chafes when it's suggested he could run as an "antiwar candidate," and thinks he's earned the right to define himself. "I've always said you'd better listen to the guys who've had the experience of having to actually carry the rifle," he says, "and see the tragedy of war ... Down in the mud, having to face the fact his buddy's brains are next to him because his head's been shot off." Hagel speaks these words with sadness. He walks the halls of the Senate with a gray melancholy that makes some who know him wonder if he has the fight in him for a long-shot presidential run. But Hagel is an old soldier who has fought without question before. The wound on his face was born in a flash of fire.

With Richard Wolffe and Holly Bailey

Will Pro-War Stances Hurt 2008 GOP Hopefuls? (NSWK)

By Richard Wolffe

Newsweek, January 29, 2007

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Matt Dowd knows more about the politics of war than almost anyone who has worked inside Bush's inner circle. The president's long-time pollster was the chief strategist for the Bush-Cheney campaign three years ago, when he helped frame the conflict in Iraq as a winning issue for his boss. But as Dowd surveys the field of 2008 presidential candidates, he's puzzled. "The American people have decided what they think about the war and are ready to look to the next stage," he says. "What I don't understand is why the big three GOP candidates have all chosen to follow the president's approach rather than offer up their own alternative."

The White House, of course, isn't complaining. At a time when congressional Republicans are turning against the war in growing numbers, the backing of the top 2008 contenders—John McCain, Rudy Giuliani and Mitt Romney—is a godsend. But for the candidates themselves, the strategy of carrying Bush's baggage seems politically reckless. It might help them in the primaries: most of the Republican base still supports the war and President Bush. But as the GOP discovered in November, the base isn't big enough to secure victory in a general election.

Al Gore faced a similar dilemma in 2000, when he ran in the shadow of the scandal-stricken Bill Clinton. Like Gore, the '08 contenders from the GOP need to seem both critical and loyal toward the man still in the Oval Office. It won't be easy. According to the latest NEWSWEEK Poll, 58 percent of voters would like Bush's presidency to be over—including 21 percent of Republicans. Almost two thirds of those surveyed believe Congress has been too timid in challenging Bush on Iraq since the war began.

McCain's longstanding support for the war left him little choice but to back the president's latest surge plan, his aides say. Still, his repeated clashes with Bush give him some distance from the president. "There's a brand identity with McCain that allows him to support Bush when he thinks he must and disagree when he wants to as well," says one of his strategists, who didn't want to be named discussing '08 planning. And it doesn't hurt that McCain, a Vietnam vet who suffered more than five years as a POW, has serious war credentials.

McCain's rivals are struggling to match his gravitas on issues of war and peace. Giuliani's aides (speaking anonymously about the candidate's thinking) say he consulted with a dozen military and regional experts—some pro-surge, some anti—before supporting Bush's plan. The ex-mayor touts his experience in cleaning up a big city—no matter that Haifa Street is a long way from Times Square.

Last year Romney, then the Massachusetts governor, was happy to criticize Bush's handling of the war. More recently he has tempered his comments. He's been consulting an A-list of advisers, including Henry Kissinger and former generals Barry McCaffrey and Anthony Zinni. Romney's pitch is that he has "competence"—an unsubtle dig at Bush's failings—according toa senior aide who asked to be unnamed while talking strategy. Romney didn't clean up New York City. But he's not shy about how he saved the Salt Lake City Olympics from mismanagement and scandal.

Just one announced candidate has split with the GOP pack. Sam Brownback, the socially conservative Kansas senator, was in Baghdad the day before Bush addressed the nation about his new Iraq policy. What he found was disheartening. Shia leaders blamed everything on the Sunnis, and the Sunnis felt the same about the Shiites. "I think we care more about a peaceful Iraq than they do," he tells NEWSWEEK. Brownback says he opposes Bush's surge, but won't vote with the Democrats on the war. He may be an Iraq-war critic, but he's still hoping to win the GOP nomination.

With Holly Bailey

8 Keys To The Campaign (TIME)

By Massimo Calabresi, Perry Bacon Jr, Ana Marie Cox, James Carney

Time, January 26, 2007

IRAQ

HOW THE WAR SCRAMBLES PARTY LINES

The Iraq war has actedÂ like bleach on this year's primary colors: political stripes have faded and dissolved as candidates scramble to explain how they would get America out of Iraq without igniting the Middle East. The most conservative candidate for the G.O.P., Sam Brownback, is closer on Iraq to Democrat Joseph Biden than he is to John McCain. Democrats John Edwards and Hillary Clinton, meanwhile, are worlds apart.

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The Republican Party has perhaps the deepest identity crisis over the way forward in Iraq. G.O.P. voters are down on Bush but still largely behind the war, and three leading Republicans--John McCain, Mitt Romney and Rudy Giuliani--would like to change policy but refuse to abandon the mission. All three back Bush's troop increase. McCain has, however, attacked the Administration's handling of the war. Brownback--like fellow Republican and potential candidate Chuck Hagel--supports scaling back the U.S. military mission and appears to be betting that by next winter Republican voters will be looking for an exit strategy.

Most Democratic voters oppose the war and want it ended. But too dovish a position by candidates now could look weak to independents and centrists in the general election. Hillary Clinton backed the war and the mission through last November's election but has since called for capping troop levels. Biden, chairman of the Senate Foreign Relations Committee, calls for cautious withdrawal and scores points for his proposed political solutions, including direct talks with Iran and Syria. Always antiwar, Barack Obama has taken the party position of cautious withdrawal: a troop drawdown starting in four to six months. John Edwards has come out hard and early to declare his vote authorizing the war was a mistake and to issue the strongest antisurge message among the major Democratic candidates.

No position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser.

MONEY

THE FIRST TEST: WHO CAN RAISE THE MOST CASH

After Barack Obama posted an online video to announce he was running for President and promised a new kind of politics for his campaign, he went straight old-school. He spent much of the rest of his day dialing for dollars, asking wealthy Democrats to support him in his quest to compete with Hillary Clinton's deep pockets. When Clinton got into the race a few days later, the New York Senator made clear she would avoid public financing for her campaign--forgoing a system that matches the first $250 of every individual campaign donation--because she believes she can raise much more than the $50 million limit imposed on candidates who accept matching funds in the primary.

The 2008 presidential campaign may show that race, religion and gender don't matter, but money still talks, and more loudly than ever before. In 2003, John Edwards surprised everyone by raking in $7 million in campaign donations in the first three months of the year. That amount will be like Monopoly money after 2008. Strategists say the two eventual party nominees could well spend up to $500 million each before the general election.

Whether they get their money by calling, blogging or throwing lavish fund raisers, would-be contenders had better start quickly. Raising even $50 million for the primary this year means coming up with $137,000 a day.

RELIGION

CHASING VOTERS INTO THE PEW

This time around, candidates from both parties are looking for the right tone on religion. On the Republican side, the usual scramble is under way to win over the large Evangelical base, which is still without a top-tier candidate. Many conservative Christian activists admire Sam Brownback for his opposition to embryonic stem-cell research, abortion and gay marriage, even though he is a long shot. Three G.O.P. front runners aren't exactly dream candidates for social conservatives: Mitt Romney faces a challenge in explaining his Mormonism to conservative Christians suspicious of it. Rudy Giuliani supports abortion rights. And in 2000 John McCain called conservative Christian activists like Jerry Falwell "agents of intolerance."

Democratic candidates for 2008 are determined to build credibility with religious swing voters. Barack Obama devoted a chapter to his religion in his newest book and is far more likely to talk about his "personal relationship with Jesus Christ" than McCain, who keeps religious matters largely to himself. In December Obama publicly joined Brownback at an AIDS-awareness convention at Saddleback, the Rev. Rick Warren's evangelical megachurch in Orange County, Calif. On its website the Clinton campaign, in a bio of the New York Senator, describes at length that "faith was central to her family. Her mother taught Sunday school, and Hillary was a regular in her church youth group."

But Democratic activists may have little appetite for overt religiosity, particularly if it impinges on socially liberal issues. Former vice-presidential nominee John Edwards, though he is tacking left in his second White House run, nonetheless had to

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disappoint a questioner at a New Hampshire town hall who wanted him to support gay marriage. "I am just not there yet," Edwards says.

AMAZON FACTOR

FIRST, WRITE A BEST SELLER

This election cycleÂ may boast the most ever candidates with best sellers: John McCain with Faith of My Fathers, Barack Obama, riding high on the hardcover and paperback lists (The Audacity of Hope and Dreams from My Father) and Hillary Clinton, whose Living History sold more than 1.2 million hardbacks. The most memorable title belongs to former Arkansas Governor Mike Huckabee, who wrote Quit Digging Your Grave with a Knife and Fork after losing 100 lbs. If he's not elected President, he could at least make it into Oprah's Book Club.

LAST-MINUTE CAMPAIGNS

THE WAIT-AND-SEE PRIMARY

Despite the rash of newÂ candidates announcing their bid this month, some heavyweights are holding out, either for tactical reasons or out of indecision, and could shake things up with a late entry into the race. The biggest could-be contenders are former Vice President Al Gore and former House Speaker Newt Gingrich. Gore denies that he plans to run, but his hit film, An Inconvenient Truth, and his strong stands on climate change and the war in Iraq have rehabilitated him with Democratic activists.

Gingrich has energized some on the right with his calls for a conservative revival in the Republican Party. If Mitt Romney's attempt to woo the party base fails, Gingrich, who's already polling in third place, could capitalize. Some dream of a run by George W. Bush's brother, former Florida Governor Jeb Bush, or Secretary of State Condoleezza Rice, although the President's low approval ratings and the lack of progress in Iraq could dim their prospects. But with 21 months before the election for the announced candidates to pummel one another, voters may tire of the whole bunch, leaving the door open for a fresh bid by a familiar face.

OPERATIVES

RECRUITING THE NEW GURUS

The hunt is onÂ for theÂ next Karl Rove, the political consultant with the strategic acumen and message magic to steer a candidate all the way from Iowa to the Oval Office.

The biggest names in the race, Clinton and McCain, have the early talent advantage. The former boasts Hillaryland--a cadre of loyal, long-serving pros--with the addition of a few carefully selected people from her husband's operation. McCain retains his inner circle from 2000 and has scooped up a slew of Bush veterans, even though some aided in the trashing of McCain in the infamous South Carolina 2000 primary. "We're in the business of making friends now," explains one of the Arizona Senator's old hands.

Hillary Clinton, of course, has the top political consultant who is not on the payroll: her husband. And then there's Rove. Bush's political guru coyly refuses to say whether he plans to advise a Republican in the 2008 race. If he does and his man wins, the next Karl Rove could be ... Karl Rove.

THE BLOGOSPHERE

WINNING OVER THE ONLINE ACTIVISTS

While the past fewÂ elections have seen candidates try out newfangled blogging technology with all the comfort and skill of a granddad on a skateboard, the 2008 candidates are doing everyone a favor by not trying to be bloggers.

"Bloggers put much more of a premium on understanding the medium rather than joining in," says Kevin Madden, a spokesman for Mitt Romney. Romney's strategy is to participate in podcasts and talk regularly with top conservative bloggers, an approach that has made him the top vote getter in Republican blogger straw polls, though he lags in national telephone ones.

Hillary Clinton, a real-world front runner, dwells in the low one figures in blogger surveys, but she has hired former Kerry hand Peter Daou to burnish her Web image. Daou says bloggers need to be wooed like any other reporters--or voters, for that matter. "It's very old school," he says. "I just reach out to them one by one." Employing bloggers instead of just courting them is a tricky next step, though. McCain was chastised last year when a blogger posted attacks on Romney without disclosing up front that he was on McCain's payroll.

NEW FACES

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HOW CAN YOU TELL A BROWNBACK FROM A VILSACK?

Only a few candidates are famous. The rest are known mostly in their universes--the Senate or Arkansas, say--or as perennial protest candidates. Here's a primer on the faces you might not recognize in the crowd.

SAM BROWNBACK

A standard-bearer of the social right--with a twist. He speaks out against poverty, the genocide in Darfur and the war in Iraq

MIKE HUCKABEE

The socially conservative ex-Governor of Arkansas lost more than 100 lbs. while in office. His story of fitness redemption may resonate with voters

DUNCAN HUNTER

A boutique candidate for lovers of military hardware and a pro-Bush foreign policy, the Congressman (R.-Calif.) has ties to bribe-taking Duke Cunningham

TOM TANCREDO

The Colorado Rep's big issue, border control, inspires base G.O.P. voters. He has sponsored legislation punishing Sudan for its war in Darfur

TOMMY THOMPSON

The former Wisconsin G.O.P. Governor made a name in welfare reform in the '90s. He's pushing a plan to split Iraq into three separate states

DENNIS KUCINICH

Yes, it still rhymes with "spinach." His antiwar stance, looking better now than in '04, has drawn backers among House colleagues in both parties

CHRISTOPHER DODD

The affable Democrat is popular in the Senate. Fluent in Spanish, he's an expert on Latin America and is strong on children's issues

TOM VILSACK

Inexperienced in foreign affairs, he's a likable self-made man. His hopes ride on his record as Iowa's Governor and a champion of ethanol fuel

Alter: New Hampshire Before New Year's? (NSWK)

By Jonathan Alter

Newsweek, January 29, 2007

I saw Mayor Richard Daley of Chicago last week, and he used a political term from the past: "Favorite son." Until the '60s, local party leaders would often keep their powder dry before a nominating convention by pledging their delegates to a senator or governor from their state. Occasionally, one of these favorite sons—like Illinois Gov. Adlai Stevenson in 1952—would win the nomination; more often, their delegates became bargaining chips. Daley was explaining why he's backing Barack Obama. Illinois officials are rallying behind him, just as New York has united around Hillary Clinton.

Could this be an omen? A convention instead of a coronation has been the dream of political reporters for a generation. It's still highly unlikely. But no incumbents are running in either party, and the new, yet-to-be-determined primary schedule scrambles old assumptions.

Anyone who claims they know how this will go is blowing smoke. Polls don't help much. A Clinton adviser, who didn't want to be named speculating, told me he thought Hillary might fall behind Obama—then rally as a compelling underdog. An adviser to John McCain, unnamed for the same reason, is worried about Sam Brownback (currently at 1 percent in the polls). There's widespread concern that the front-loading of primaries—meant to help parties settle on a nominee quickly—may backfire. "You can make the case that it will mean an earlier nominee—or a later nominee," says Howard Wolfson, Hillary's spokesman. "The law of unintended consequences means that what we think we know, we don't know."

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All we know for sure is that New Hampshire is determined to maintain its tradition of holding the first-in-the-nation primary, even if it means voting this Christmas, and that Iowa and Nevada will hold their caucuses before New Hampshire votes. (Thanksgiving, anyone?) Most likely, all three, plus South Carolina, will hold their contests in January.

Big-state governors like Arnold Schwarzenegger in California and Jon Corzine in New Jersey are trying to move their primaries from late spring all the way up to Feb. 5, with Illinois and Florida expected to join them. With the old tradition of winner-take-all primaries gone, the parties could face a situation where the vast majority of delegates are chosen by late March, but no candidate has it sewn up. Then the real fun would begin.

The conventional view is that the schedule will favor candidates who can spend in big media markets. Under this theory, should front runners get upset in Iowa or New Hampshire (a strong possibility, if history is any guide), they have a firewall. But don't ignore the power of momentum and technology.

Presidential politics features what George H.W. Bush in 1980 called "Big Mo." If the time period after an early primary win is short enough, momentum can often propel a candidate to victory in states where he has nothing else going. I remember landing in Atlanta with Gary Hart in 1984, a few days after he shocked Walter Mondale in New Hampshire. A Hart staffer met the plane and I asked him how big an operation they had in Georgia. "You're looking at it," he said. Hart nearly took Georgia anyway, and he won Ohio, Florida, California and other states on a shoestring. Had the 1984 primary calendar been as front-loaded as 2008, Hart would almost certainly have been the nominee, though he had much less money and official support than Mondale.

The same thing goes for McCain in 2000. He thrashed George W. Bush in New Hampshire and seemed headed for the nomination. But 18 long days lay between New Hampshire and South Carolina, enough time for Bush to claw (and slime) his way back. McCainiacs were marveling last week over how few days will elapse between early contests in '08. They think this favors them. But should Brownback (from nearby Kansas), or Mike Huckabee (a former minister) resonate with Iowa's religious GOP caucusgoers, McCain could be in trouble there. Throw in a win for former Massachusetts governor Mitt Romney in next-door New Hampshire and McCain may have only a week to turn things around and get on the scoreboard in South Carolina.

Another '08 wild card: the Web. Long-shot Howard Dean raised $45 million in '04 by striking a chord. Imagine what could happen if a second-tier candidate with a first-rate message won a key primary. You'd hear the sound of his servers crashing, but, soon enough, ka-ching! Technology has a way of breaking down hierarchies. Like a revamped primary schedule, it could bust apart the old system of selecting presidents. But, hey, who knows?

23-Month Campaign (NYT)

The New York Times, January 29, 2007

In the old days, presidential races were one-year events. John F. Kennedy announced his candidacy on Jan. 2, 1960, and was elected that November. Earlier this month, would-be candidates who were still deciding whether to run in 2008 were being accused of reckless delay. Presidential campaign pundits were saying that if Senator Hillary Clinton had waited another minute to announce, Senator Barack Obama would have locked up every New Hampshire county committee member and hedge fund billionaire.

This really is an election on hyperspeed.

Part of this is due to the peculiarities of the race. President Bush is so unpopular that a power vacuum is opening up in Washington and, for the first time in many election cycles, both parties' nominations are wide open. The Internet is also fueling the overdrive, with "netroots primaries," in which the voting has already begun.

The biggest factors, though, are money and an ever-compressed schedule. California, Illinois, Florida and New Jersey are all maneuvering to move up their primaries to next February. That has candidates rushing to lock up the big donors — and bypassing the public finance system. Senator Clinton has already made clear that she will be opting out for both the primary and the general election. Senator John McCain, a major supporter of campaign finance reform who is no longer sponsoring a big reform bill that once bore his name, seems likely to do the same, with many candidates to follow. The problem with the 23-month campaign is not just the fatigue it will inspire, but the effect on democracy. Bundlers — master fund-raisers who package individual contributions into big ones — will have even more power. There is no way to stop candidates from hurling their hats into the ring so early. But there are things that can, and should, be done.

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The national parties should stop the states' mad race to have first-in-the-nation primaries. They should adopt a schedule that reformers have been proposing for years: regional primaries that rotate, so that voters in every state eventually have a turn to be among the first to vote. Congress should fix the broken public financing system, which has not been significantly updated since it was adopted in 1974. Spending limits need to be raised, to keep pace with ever-rising costs. More money needs to be put in the fund, and there should be more flexibility to help candidates who accept public financing compete against big-money candidates who opt out.

If Hillary vs. Obama vs. Rudy vs. McCain is already starting to feel old, remember that there are more than 600 days to go. We will never return to the time when presidential campaigns unfolded handshake by handshake in New Hampshire — and we shouldn't — but Congress and the national parties can set a more thoughtful 21st-century pace.

GOP Leaders Fear Departures (RC)

By Erin P. Billings

Roll Call, January 29, 2007

Hoping to minimize their vulnerability in the upcoming election cycle, Senate Minority Leader Mitch McConnell (R-Ky.) and National Republican Senatorial Committee Chairman John Ensign (Nev.) are privately making the rounds to urge GOP colleagues to run again in 2008 — and backing the request with promises of strong support from the party.

McConnell and Ensign, charged with re-electing GOP Senators as well as winning back the majority this cycle, have been meeting over the past several weeks with GOP Senators facing re-election, according to Republican Senators and aides.

Twenty-one Republican-held seats are up in 2008, nearly twice the number of Democratic seats that will be on the ballot. One Republican — Sen. Wayne Allard (Colo.) — already has announced he will not run again next year.

Don Stewart, McConnell's spokesman, said the Minority Leader wants to do what is necessary to keep his colleagues in the Senate.

The class of Senators up in two years is critical to the strength of the GOP, Stewart said, noting that it represents both a cast of experienced veterans and a large bloc of up-and-comers first elected in 2002.

"This is a very effective group of Members that he'd like to see stay in the Senate," Stewart said. "This is a big, strong group."

Senators and aides privy to the closed-door conversations said McConnell and Ensign are making a strong and early sell to encourage their incumbents to seek another term. They also have vowed to provide incumbents with the resources necessary to mount a successful campaign, especially in competitive states where Democrats are likely to invest heavily, Republican sources said.

"I just met with Sen. McConnell and Sen. Ensign to discuss my re-election plans," Sen. Lamar Alexander (Tenn.) said last week. "I am sure he'll be having 20 more of those meetings."

Alexander is weighing a run for a second term in the Senate, a move McConnell hoped to influence when he handed the Tennessee Republican a coveted slot on the Appropriations Committee earlier this year.

Alexander said he will make his decision in the "next couple of weeks," but he acknowledged that McConnell "gave me a reason" to want to continue to serve in the chamber.

Sen. Norm Coleman (R-Minn.), who could face a tough re-election, said he also has met with the pair, saying they have pledged "to do what has to be done" to help him win. Coleman said the conversations were less about ensuring he runs and more about offering support, since Coleman said "it wasn't much of a sell for me" because he is aggressively seeking a second term.

"They said they are ready, willing and able to help," Coleman said.

McConnell and Ensign have moved quickly to get the Republican political operation in place. Since Ensign took over as chairman of the NRSC in January, he has devised a comprehensive strategy to help Republicans recapture the majority this cycle.

The Nevada Republican is expanding donor pools, targeting new contributors and asking his fellow Senators to raise and give millions more to the campaign committee.

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A senior GOP aide said Senate leaders initiated the meetings with the 2008 incumbents late last year, adding that McConnell didn't want to waste any time looking ahead to what's expected to be another competitive election cycle.

"He's not a procrastinator," the aide said. "His [modus operandi] is to set out and have a roadmap and make it happen."

Another GOP aide added the meetings "are not a secret" and are "about touching base" with the incumbent Senators. "We are all in this together," said the aide. "The leader is laser focused" on winning back the majority.

So far, none of the 11 Senate Democrats up in 2008 have announced plans to retire, while Allard is the lone Republican so far to opt against trying for another six-year term.

Republicans already are bracing for a bitter battle with the Democrats over Allard's seat, given the Democrats' recent political inroads in Colorado.

Neither party is taking their incumbents for granted. Republicans, in particular, are mindful of their Members stepping down, given they must hold onto all of their current seats and capture two more to retake control of the chamber in two years.

Sources indicated that Senate GOP leaders are only seriously concerned about a handful of seats, including those held by Coleman and Sens. Susan Collins (Maine), Gordon Smith (Ore.) and John Sununu (N.H.).

GOP leaders are keeping an eye on Senators who may opt to retire at the end of the Congress, such as Alexander and Sens. Thad Cochran (Miss.), John Warner (Va.), Elizabeth Dole (N.C.), Pete Domenici (N.M.) and Ted Stevens (Alaska).

Dole, Domenici and Stevens all have said they plan to run again.

"My decision is to run for the Senate," Domenici said last week. "You know that."

Others are less definite. Warner, who is up for a sixth term in 2008 and is extremely popular in his home state, said last week he has gotten the sell from McConnell and Ensign but is taking his time talking to his constituents before he makes a final decision.

"I have met with them previously, and told them that I lean in that direction [of running]," Warner said last week. "I want to take some time and meet with people and get the opinions of my state. I like to have consultation."

But Warner was quick to note: "I have high confidence in them as a team and their willingness to help those of us who are up in '08."

Cochran In No Hurry To Decide On '08 Race (RC)

By David M. Drucker

Roll Call, January 29, 2007

Sen. Thad Cochran (R-Miss.), under pressure from Senate Republican leaders to decide whether he'll run for re-election in 2008, is stepping up his fundraising activity and said Friday through a spokeswoman that he is leaning toward seeking a sixth term.

Cochran spokeswoman Margaret Wicker said the Senator does not plan to make a formal decision until late this year or early 2008, but she indicated that the 69-year-old Mississippian is inclined to not disappoint his supporters who are encouraging him to run again.

"He's leaning toward running," Wicker said.

About six Republican Senators have left the door open to retiring next year. But those six are part of a larger group of 19 out of the 21 GOP Senators up for re-election in 2008 who have indicated to the National Republican Senatorial Committee that they plan to stick around. Of the two who haven't given such assurances, Sen. Wayne Allard (Colo.) recently announced that he'll retire, while Cochran had been relatively noncommittal.

Republicans say Cochran recognizes the bind his conference is in — the GOP is defending 21 seats to the Democrats' 12 in 2008 — and is trying to do everything he can to make sure his seat stays in the GOP column. Cochran would be heavily favored if he runs for re-election, but an open seat could produce a highly competitive contest.

Senate Minority Leader Mitch McConnell (R-Ky.) and NRSC Chairman John Ensign (Nev.) have been urging Cochran to inform them of his plans sooner rather than later.

Cochran "definitely understands [leadership's] desire, and respects that," said one Washington, D.C.-based Republican familiar with the situation. "He is being thoughtful already on fundraising."

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Mississippi Republican insiders — citing what they describe as a "major" fundraiser Cochran has scheduled on Feb. 20 in Jackson — believe he is inclined to run for re-election, although they profess no direct knowledge of his 2008 plans.

Their read on Cochran is that he approaches big decisions in a slow and methodical fashion and is not prone to arm-twisting from above. This could be why pressure from the leadership within the Senate Republican Conference hasn't caused Cochran to reconsider his timeline for determining whether he'll run for re-election.

"I'm hearing that he's going to do it — that he's going to run again," said one Mississippi Republican.

Should Cochran retire, the person at the top of most Republicans' lists to run to replace him is six-term Rep. Chip Pickering (R). The Congressman was prepared to run in 2006, had Senate Minority Whip Trent Lott (Miss.) chosen to call it a career, and he is seen as eager to do so whenever one of his state's Republican Senators retire.

Also mentioned as possible candidates are Rep. Roger Wicker (R) and Gov. Haley Barbour (R), who is running for re-election this year. Barbour currently professes to have little interest in the Senate, but his name is bandied about as a leading contender should Cochran's seat open up.

"I certainly hope [Cochran] runs again. He's our senior Senator and one of our great leaders," said Mississippi Republican Party Chairman Jim Herring.

The field of potential Democratic candidates is less clear at the moment, although the an open seat is seen as possibly competitive despite the recent spate of success Republicans have had in the former Democratic stronghold.

One Democratic insider based in Mississippi expects the Senate candidate field to come into view after March 1, the filing deadline for running for statewide and state legislative offices this year. Once the candidates on the 2007 ballot emerge, those who might run in 2008 — whether against Cochran or for an open seat should he retire — will be easier to gauge.

One Democrat who has been mentioned for statewide office repeatedly is former state Attorney General Mike Moore. Moore led the legal fight waged by several states against the tobacco industry, and he helped negotiate a large payout worth millions of dollars to state coffers around the country.

Moore, now a lawyer in private practice near Jackson, did not return a phone message left late last week requesting comment.

Regardless of who ends up as the Democratic nominee, said one Mississippi Democrat, "I do anticipate that the Democrats will field a formidable opponent in 2008." This Democrat added that his party — following a strategy laid out by Democratic National Committee Chairman Howard Dean — plans to compete with the Republicans up and down the ballot in the Magnolia State.

Democratic Senatorial Campaign Committee spokeswoman Deirdre Murphy indicated that Democrats don't plan to give Cochran a free pass in 2008, despite the fact that he is well thought of at home and won his 2002 race with 85 percent of the vote.

"Thad Cochran has a long history of putting Washington before Mississippi, and it is going to hurt his Senate re-election bid in 2008," Murphy said.

GOP Getaway Focuses On Return To Roots (WT)

By Christina Bellantoni

The Washington Times, January 29, 2007

CAMBRIDGE, Md. -- House Republicans spent most of their 48 hours at last week's retreat here examining why they lost the congressional majority and trying to formulate a winning way forward.

"If we continue to work together as a team, we will in fact earn our way back to majority status," Minority Leader John A. Boehner of Ohio said as members gathered at the Hyatt Regency Chesapeake Bay.

The 160 Republicans attending the retreat heard from motivational speakers and peppered President Bush with questions about his Iraq policy during a private session with the commander in chief. Now, leaders say, it's time to prove Republicans understand the message voters sent in the November elections.

"The solution is to bring solutions and be very practical," said Rep. Kay Granger of Texas, the Republican Conference vice chairman. "Let them know we listened and we're making some changes."

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Freshman members agree.

"We have to show the American public that we can get things done," said Rep. Mary Fallin of Oklahoma. Voters "want to see Congress work on real solutions to real problems."

Aides noted a higher turnout than in recent years, with only about 40 of the chamber's 202 Republicans skipping the retreat. Several Republicans agreed members left Friday with a "back to basics" mentality focusing on fiscal responsibility and conservative principles in homage to the party's roots.

Former House Speaker Newt Gingrich was the lunch speaker Thursday, reminding members that "big ideas work" and saying American voters should understand Republicans want to help them, a vision he used to orchestrate the party's 1994 gains.

Leaders said Mr. Gingrich challenged members to "think outside the box" and reminded them that winning a majority won't be easy.

Republicans, most of whom have never served in the minority, will need to present these ideas as they battle Democrats on policy and procedure and for publicity.

"We're going to intelligently propose good alternatives as we fight. We're not going to try to create total gridlock, which basically shuts things down," said Rep. John Carter of Texas, the Republican Conference secretary. "We're going to have ideas that go with that fight, so that we are clearly showing what makes us Republican."

Former University of Notre Dame football coach Lou Holtz brought members to their feet following an oyster-bar dinner, telling football stories and urging the party to talk about its vision for America.

"It was the boost that we needed coming off a losing election," one member said.

Rep. Patrick T. McHenry of North Carolina said it felt more like a corporate retreat than one focused on "political nuts and bolts."

"This retreat was about the broad vision that we walk away with, how we want to move the country forward, rather than talking about specifics of legislation," he said.

Republicans also came away from the getaway realizing now that they have identified the reasons for losing, and it is time to stop licking wounds and start convincing the American public why they deserve to be trusted again.

Members agreed they must promise to control wasteful spending and to hold themselves and every member of the party to the "highest standards of ethical conduct," Mr. Boehner said.

The Republican leader said to win, members must do four things: Re-establish credibility, use all of the tools available to the minority, advance new ideas and unite to work toward a common goal.

"The American people basically agree with us," Mr. Boehner said. "We own the moral high ground, our president has the bully pulpit, and we have each other. The ability to work together is there, we need to use those tools that are available to us and find those solutions not forgetting our principles."

The unity part may prove tough as members face public opposition to the war in Iraq and as there is a clear split in the party over immigration. But members said there is common ground on economic and energy policy.

Mr. Bush, speaking Friday, repeated themes of last week's State of the Union address, saying Congress must curb pork spending, balance the budget without raising taxes and reauthorize the No Child Left Behind Act.

"These are big ideas, and it's going to require us working together to get the job done on behalf of the American people," Mr. Bush said.

Leaders agreed the private, one-hour discussion with the president was cathartic, allowing members to gripe, to question and to rally.

"It has a settling effect when people see the strength and courage of his convictions and you get a glimpse into the broader thinking behind his decisions," said Republican Conference Chairman Adam H. Putnam of Florida.

Deputy Whip Eric Cantor of Virginia said a central theme in Mr. Bush's remarks was that Washington hasn't changed him.

As for immigration, "It's an example of where the president is still the same president. He is where he is," Mr. Putnam said.

Most present for the discussion said while the passions over immigration are hot, members are struggling to agree on tough border security before tackling the more-divisive question of what to do with the estimated 12 million to 20 million illegal aliens currently in the United States.

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At Retreat, GOP Tries To Regroup (RC)

By Susan Davis

Roll Call, January 29, 2007

CAMBRIDGE, Md. — Twelve years after he helped lead them into the majority following decades in the wilderness, it seemed fitting that ex-Speaker Newt Gingrich (R-Ga.) was the keynote speaker for the House Republicans' first retreat back in the minority.

According to Members and aides in attendance, Gingrich told his Republican brethren at the Hyatt Regency Chesapeake Bay on Maryland's Eastern Shore to challenge themselves to redefine and recapture the enthusiasm for the Republican Party.

"He really outlined the hard work it is for new and bold solutions" to emerge, said Rep. Wayne Gilchrest (R-Md.).

House Minority Leader John Boehner (R-Ohio) was more direct. "It was Newt being Newt," Boehner told reporters, promptly shooting down questions as to whether Republicans were seeking to create another document similar to the "Contract with America." "No, no, no," Boehner said.

While Republican leaders and the rank-and-file continue to promote the message of "new ideas," it appears they don't yet know where to start.

One leadership aide said the retreat was helpful in getting the Republican Conference as a whole to understand the reasons why the GOP lost the majority.

Republican pollsters David Winston (a Roll Call contributing writer), Ed Goeas and Neil Newhouse led a session that challenged the belief among many House conservatives that they lost because the base did not turn out.

"After the election, many conservatives were out saying 'We lost the base,' and none of the polling bears that out," the leadership aide said. The pollsters "don't agree on everything, but they do agree on that."

In fact, the trio of pollsters argued, Republicans turned away moderates and independent voters, some of which turned out in higher than expected numbers. For instance, the pollsters said in the 18-30 age demographic, more than 1.5 million additional votes were cast than in the previous midterm elections.

"That's huge," the aide said, adding that the Iraq War was the motivating issue. "It was overwhelmingly an anti-war vote."

Iraq continues to be the issue looming over the Republican Party right now, as a potentially divisive and damaging vote for the GOP is headed to both the House and Senate floors to put Members on record on President Bush's Iraq War strategy. Democrats believe a significant number of Republicans will vote with them, sending a strong rebuke to the White House.

After the retreat, there were signs of hope from leadership that the party would be more united behind the Bush administration than anticipated. The president spent more than two hours behind closed doors with the approximately 160 Members in attendance and made a passionate case to commit to success in Iraq, according to Members and aides who were there.

No Member publicly challenged Bush on his war strategy at the session, where he fielded questions from approximately 15 lawmakers. "He seemed angry and determined," said one source. "But the anger was effective, I think, in getting Members to see how committed he is."

While in years past the retreat was largely centered on the legislative agenda, this year was focused more on message, strategy, politics and unity.

"It's not about policy anymore for us, it's about making [Democrats] take the tough votes and being focused in our politics," said another aide.

House Minority Whip Roy Blunt (Mo.) and Chief Deputy Minority Whip Eric Cantor (Va.) made a presentation where they outlined their tactical strategy to make votes as difficult as possible for Democrats.

Blunt and Cantor are monitoring the voting records of the 61 Democrats representing Bush districts. "We're keeping track of how all of these Democrats vote," said another aide, noting that those districts will be the starting point for potentially competitive races in the 2008 cycle.

It also was the first major Conference event for the new leadership team, and Boehner said they would work "as a single unit."

"This retreat is about the future," he said.

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Former Speaker Dennis Hastert (Ill.), former National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) and former Republican Conference Vice Chairman Rep. Jack Kingston (Ga.) did not attend.

Are Democrats Surging Out West? Numbers Say No (RC)

By Stuart Rothenberg

Roll Call, January 29, 2007

More than a few journalists and political pontificators have noted recent Democratic gains in the Mountain West, which includes Wyoming, Idaho, Montana, Nevada, Utah, Colorado, Arizona and New Mexico. Some see those gains in 2004 and 2006 as shattering a reliable Republican region, while others argue recent wins are only the beginning of a Democratic rally that will continue in 2008 and beyond.

After one of the best newspapers on the planet screamed "West Is Going Democrats' Direction" and "Political Shift in Mountain States" in headlines, I figured I'd look at the numbers myself to see how much of an opportunity Democrats have to turn the Mountain West blue, or at least purple.

After dissecting the historical data over the past 25 years and comparing it to election results from the past few cycles, it's very clear that not much is going on. I'm certainly not ruling out changes in 2008 or 2010, and I'm not saying that there have been no changes. But so far, the hype about a shift has overwhelmed the reality.

First, a bit of history. Democratic candidates have done pretty well in the Mountain West in the past couple of election cycles, but that's nothing new. Democrats have had significant successes in the region for many years, so portraying recent results as some sort of breakthrough is flat-out wrong.

Election returns since 1980 show that the Mountain West is really two or even three regions, not one. Utah, Wyoming and Idaho are reliably Republican in most cases, while New Mexico and Nevada are politically competitive. Arizona and Colorado definitely lean Republican in presidential politics but are much more competitive in other respects.

Former President Bill Clinton carried four Mountain States — Colorado, Montana, Nevada and New Mexico — in his 1992 election victory over then-President George H.W. Bush, and he won three states four years later: Arizona, Nevada and New Mexico. It's true that in the two elections since Clinton, Democratic presidential candidates have carried only a single state, New Mexico (very narrowly, in 2000), but that's more a statement about the party and its nominees than about the region's inherent competitiveness.

New Mexico and Nevada definitely are competitive in presidential contests, but only Idaho, Utah and Wyoming are beyond the Democrats' reach in those elections.

Much of the hype about Democrats in the Mountain West stems from the party's victories in gubernatorial races. Democrats retained three governorships last year and added a new one (in Colorado). Democratic governors now sit in Montana, New Mexico, Colorado, Arizona and Wyoming — five of the region's eight states.

But that's nothing new in the region. I went back to 1980 and found that Democrats won five of the past seven gubernatorial elections in Colorado and Wyoming (yes, that's right, Wyoming), four of the past seven in both New Mexico and Nevada and three of the past seven in Montana and Arizona.

In attempting to drive home the point of a realignment, one journalist noted, "In 2000, all eight mountain states had Republican governors; now five governors are Democrats." But why use 2000 as the baseline? In 1984, seven of the eight states had Democratic governors. Using 1984 as the baseline, you could even say the region is moving toward the GOP!

Anyway, if gubernatorial results reflected fundamental partisan strength and the potential of carrying the state in 2008, then Wyoming would seem to be a reliably Democratic state in 2008. Obviously, it isn't.

How about Senate races? Democrats won a Senate race in Montana, as well as holding onto a seat in New Mexico. But again, winning Senate races in the region is nothing new for Democrats.

In three of the eight Mountain West states, Democrats have won a majority of all Senate elections since 1980. That's right, a majority. They've won six of nine in Montana, six of 10 in Nevada and five of nine in New Mexico. In Colorado, they have won a considerable four of the past nine. Even Arizona has elected Democrats to the Senate in two of the past nine elections.

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Forget about that history. If you think Democrats' ability to knock off a politically damaged Republican in the worst Republican environment in 30 years tells you something about a state's or region's political trend, you are free to. Of course, you would be terribly wrong.

But what about Congress? Didn't Democrats make gains in the House in the Mountain West? Sure, but what kind of gains?

Democrats netted three House seats in November, one in Colorado and two in Arizona. The Colorado district was drawn to be politically competitive, but it was also referred to as the "Perlmutter district," after the Democratic legislator who was expected to run — and win — in 2002. Ed Perlmutter passed then, but he won the open seat last year.

One of the Arizona districts already was competitive, but became hard for the GOP when an anti-immigration bomb-thrower won the party's primary. In other words, if you focus only on the numbers, you will miss the story.

How about state legislatures in the region? Democrats made small gains in the Idaho, Colorado and Arizona state Houses. No chambers in the region switched control, however, except the Montana House, which went from a 50-50 tie to a one-seat GOP majority. Again, if there was a Democratic surge in 2006, you'll have to look under the rug to find it.

There were, of course, some Democratic gains in 2006. Much of the hype, I suspect, came from stronger than usual (though unsuccessful) Democratic efforts in House races in Idaho, Colorado, Nevada and Wyoming, as well as a lot of buzz about the Idaho gubernatorial race. But those showings occurred in a landslide year for Democrats, making the results more likely to be an aberration rather than a trend.

The Mountain West is not the South. It's less reliable than Dixie for Republicans, and it's less conservative on social/religious issues. Moreover, Democrats have had considerable success in the region over the past three decades, and the party's nominee could carry a few Mountain West states in the '08 presidential race, particularly if there is a nationwide trend toward their party. But the evidence strongly demonstrates that there has been no Democratic surge in the region, even if the hyperbole makes for a better news story.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Kan. Governor Draws National Attention (AP)

By John Hanna, Associated Press Writer

AP, January 29, 2007

Most of the Kansans who've made a mark on national politics have been Republicans, like Dwight Eisenhower and Bob Dole. Another, Sen. Sam Brownback, is running for president.

But now a Kansas Democrat, Gov. Kathleen Sebelius, is generating some buzz with her 58 percent re-election margin, glowing write-ups in national magazines and political chatter about her place on short lists for Cabinet posts should Democrats recapture the White House next year.

Sebelius, who's made her fortune in Kansas politics by winning over moderate Republicans, has even popped up in speculation about potential vice presidential nominees. And this year, she's chairwoman of the Democratic Governors' Association.

"It's hard to imagine that her name's not going to appear on everybody's list," said Mark Mellman, a Democratic pollster in Washington. "You've got to say Kathleen Sebelius is in demand as a role model, as a political figure, as a governor."

The 58-year-old governor is a self-described "aging rocker" who squeezed a ride in an Indy race car and a Rolling Stones concert into the same day last year. She runs nearly 15 miles a week and regularly attends college football and basketball games.

Her wit occasionally gets her into trouble, as during a 2002 gubernatorial debate when she said driving roads in neighboring Missouri was "much more terrifying to me than the attacks on the World Trade Center."

Her father, John Gilligan, a Democrat, was governor of Ohio in 1971-75, making them the only father-daughter governors in U.S. history. Her husband, Gary, a federal magistrate, was a son of the late Rep. Keith Sebelius, a western Kansas Republican.

After eight years in the Kansas House and two terms as insurance commissioner, she ran for governor in 2002, winning over moderate Republicans by portraying herself as pro-business and promising to make government more efficient.

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She's continued the political mix this year, proposing that legislators draft a plan for eventually bringing universal health care coverage to Kansas while seeking tax cuts for businesses. She's also been a visible supporter of the military, going to Iraq in 2005 to visit National Guard troops.

During her first term, the state weathered its most severe fiscal crisis since the Great Depression and was forced by its highest court to dramatically increase spending on public schools. With the economy improving, both tasks were accomplished without a general tax increase — though Republicans note Sebelius proposed a swiftly rejected tax package for schools in 2004.

That year, Time named Sebelius one of four "rising stars from the heartland," and a year later it touted her as among the nation's five best governors. Newsweek identified Sebelius as "one to watch" this year.

Much of the attention focuses on her ability to draw moderate Republicans, a necessity for statewide office in Kansas. Only 27 percent of the state's 1.6 million voters are registered as Democrats, compared to 46 percent as Republicans, giving the GOP a 322,000-person advantage. No Democratic presidential candidate has carried the state since 1964.

Kansas has long been a springboard for Republicans, most notably Eisenhower, whose presidential library is in Abilene, about 160 miles west of Kansas City, Mo. Sen. Charles Curtis served as vice president in 1929-33. Gov. Alf Landon was the GOP nominee for president in 1936. Dole was Senate majority leader before his failed presidential bid in 1996.

Brownback is considered a long shot for the GOP presidential nomination in 2008, but he's got support from the religious right and conservative groups.

Some Republicans suggested Sebelius wouldn't serve out a second term as governor because she'd be tapped for a presidential ticket, and many believe she's eyeing a run in 2010 for the Senate seat now held by Brownback, who has said he won't seek re-election.

Sebelius dismisses such ideas, saying she likes her current job.

However, some Kansans wouldn't mind seeing her on the Democratic ticket next year.

"Anything's possible," said Rachel Camp, director of a church day care center in Topeka. "She shows a lot of good qualities that would be assets to our government. I'd probably vote for her."

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On the Net:

Governor's office: http://www.ksgovernor.org/

Women Feeling Freer To Suggest 'Vote For Mom' (NYT)

By Robin Toner

The New York Times, January 29, 2007

WASHINGTON, Jan. 28 — Some women were struck by the politics of maternity practiced by Speaker Nancy Pelosi and Senator Hillary Rodham Clinton in recent weeks, the imagery and stagecraft that highlighted their roles as mothers and/or grandmothers.

For some, the issues were complicated: Is this a throwback, or a step forward? Is it politically smart?

For a long time women seeking high office, particularly executive office, were advised to play down their softer, domestic side, and play up their strength and qualifications. Focus groups often found voters questioning whether women were strong enough, tough enough, to lead.

Emily's List, the Democratic women's group, warned in an internal memo in 1988 that women must "fight throughout their campaigns to establish their qualifications, power, toughness and capacity to win."

Breakthrough candidates like Senator Dianne Feinstein, the California Democrat who campaigned unsuccessfully for governor under the slogan "tough and caring" in 1990, worked hard to ease those doubts.

Some women embraced their outsider status. Senator Patty Murray, Democrat of Washington, campaigned in 1992 as "just a mom in tennis shoes," capitalizing on a dismissive comment once directed her way by a male politician. But the reservations of many voters were real 15 or 20 years ago.

Today, many political strategists say women no longer have to be so defensive. Voters have grown more accustomed to women in powerful positions. And women like Ms. Pelosi and Mrs. Clinton, whatever other problems they may have, have been

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on the public scene long enough and are familiar enough players in the architecture of power that they no longer have to prove their strength day in and day out.

In fact, strong leadership was seen as one of Mrs. Clinton's core attributes in a CBS News Poll, conducted Jan. 18-21. Sixty-four percent of the men surveyed, and 75 percent of the women, said Mrs. Clinton had strong qualities of leadership.

"It's a whole different world," said Bill Carrick, a Democratic strategist and a longtime Feinstein adviser. And the stereotypes are weakening as younger generations come along, Mr. Carrick added.

What this means, strategists say, is that motherhood and a focus on children can become one more political asset to be showcased — a way of humanizing a candidate and connecting with voters, especially other women.

Ms. Pelosi took the speaker's gavel, ordinarily a moment of raw legislative power, in a carefully structured tableau filled with children, some of them her own grandchildren. Mrs. Clinton held the first event of her presidential campaign surrounded by children at a health care clinic, where she announced her support for expanded health coverage for children.

Aides to both women object to the idea that this is in any way contrived. Ms. Pelosi did, in fact, raise five children before she ran for office, and Mrs. Clinton raised one and has been an advocate on children's issues since her days in law school.

But candidates decide how to tell their story — George W. Bush highlighted his bipartisan friendships and alliances when he ran in 2000 — and there are good political reasons for Ms. Pelosi and Mrs. Clinton to highlight the maternal.

For Ms. Pelosi, relentlessly caricatured by the Republicans last year as a hard-edged, tax-raising liberal, the image of mother and grandmother takes the edge off the ideological cartoon. As Karen O'Connor, director of the Women and Politics Institute at American University, puts it, "For Nancy Pelosi, it becomes, 'O.K., am I going to be the San Francisco liberal, or the woman who relates to all voting women, because I've raised five kids, I have several wonderful grandchildren and I can also run your House.' "

Kate O'Beirne, Washington editor of National Review and a conservative analyst, said she believed Ms. Pelosi's imagery "was probably effective." (Although she quickly added, "I don't see that as a welcome development.") Ms. O'Beirne said that "the optics" of a speaker assuming power surrounded by children signaled "a kinder, gentler, softer approach" to voters, particularly women, who are weary of a long and difficult war and the intense partisanship in Washington in recent years.

"I definitely think that's calculated," she said.

For Mrs. Clinton, highlighting the maternal is a way of building on what polls and strategists suggest are her clear advantages, like strength and intelligence, while compensating for what are widely considered her liabilities: a coolness, an excess of caution and a capacity to so polarize the electorate that many voters question her ability to win.

Several analysts said this softer approach also allowed Ms. Pelosi and Mrs. Clinton to offer a clear contrast with the leadership style of President Bush , which Democrats have asserted was a "my way or the highway" approach to governing.

Mrs. Clinton seemed to be underscoring that contrast in the video in which she announced her candidacy, delivered from an overstuffed chintz sofa. Mrs. Clinton, leaning against a needlepoint pillow, called for the start of "a dialogue about your ideas and mine. Because the conversation in Washington has been just a little one-sided lately, don't you think?"

Deborah Tannen, a professor of linguistics at Georgetown University and the author of "You Just Don't Understand: Women and Men in Conversation," said a "listening tour" was a classic way to communicate with (and among) women.

Democrats also seem less worried these days about the old charge of being the "mommy party," dedicated to domestic concerns while the Republicans, "the daddy party," are trusted with national security. Democratic women were often warned over the years that the stereotypes of party and sex reinforced each other.

National security remains a threshold issue for voters but is no longer such an automatic advantage for the Republicans because they have lost so much support on the war in Iraq, the polls suggest. And neither Ms. Pelosi nor Mrs. Clinton is neglecting these issues. On the campaign trail in Iowa on Saturday, Mrs. Clinton argued that all of this — security, maternity, affordable health care — was part of her potential-first-woman-president package.

"I'm going to be asking people to vote for me based on my entire life and experience," she said. "The fact that I'm a woman, the fact that I'm a mom, is part of who I am."

But there has been some debate in recent weeks about the uses of motherhood, on the left and the right. After Ms. Pelosi assumed the speakership, in a week of events that repeatedly highlighted children, Katrina vanden Heuvel, editor of The Nation,

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wrote on her blog, “I wonder why Pelosi, a woman I admire, seemed so keen to use her first day as speaker to portray herself as a traditional, family-first kind of woman.”

Ms. vanden Heuvel added, “Many of the women I spoke to worry that the photo fed into the image of woman as one-dimensional.”

The question flared anew in a recent exchange between Senator Barbara Boxer, also a California Democrat, and Secretary of State Condoleezza Rice. Ms. Boxer noted in a hearing that members of her own family were either too old or too young for military service, and so she would not pay a personal price for the Iraq war. She added, of Ms. Rice, “You’re not going to pay a particular price, as I understand it, with an immediate family.”

Ms. Rice shot back later, “I thought you could still make good decisions on behalf of the country if you were single and didn’t have children.”

People Left Holding Bag When Policies Revoked (USAT)

By Julie Appleby

USA Today, January 29, 2007

Denise Wheeler, an artist in Laguna Beach, Calif., thought she and her family had health insurance.

So did Tony Seals, a self-employed businessman in nearby Riverside. Across the country in Connecticut, Maria Locker and Linda Gaskill each bought short-term insurance policies to protect themselves against catastrophic costs.

But each was left with tens of thousands in unpaid medical bills when their insurers — all major companies — retroactively canceled their policies after they faced expensive health problems. "It's the most devastating thing that's ever happened to us," says Seals, 43.

Their stories illustrate a little-recognized fact about insurance purchased by individuals: Even after being approved, policyholders can see their coverage amended to exclude certain medical conditions or revoked entirely, sometimes long after the policies are issued.

"Insurers love to market the promise, 'We'll take care of you. Just sign here,' " says Karen Pollitz of the Institute for Health Care Research and Policy at Georgetown University. "Then there is all this opportunity for the insurer not to keep the promise, and you don't find out until it's too late."

Insurers say they rarely revoke policies, and generally do so only because of misleading or omitted information on applications. One large insurer, Blue Cross of California, says it revokes less than one-half of 1% of all individual policies each year. Requiring complete medical details and honesty on the part of applicants, insurers say, is necessary to control costs and weed out fraud.

"Our objective as an industry is to provide as affordable a product as possible," says Mohit Ghose of America's Health Insurance Plans, the industry association. "We have to rely on the medical record information supplied by the applicant."

Concern may grow as more people join the individual market, which now includes more than 16 million people nationwide. People buy individual policies because their employer doesn't offer health insurance — as is the case with about 39% of all employers; or because they retire before Medicare eligibility; or because they are self-employed, between jobs or jobless.

In California and Connecticut, high-profile disputes about after-the-fact cancellations are ongoing. The disputes come amid renewed interest in the uninsured in Washington, D.C., and in many states, as politicians from governors to President Bush call for ways to make it financially easier for people to buy insurance on the individual market.

'Gaming' the system?

But the individual market has hurdles that are not just financial: Insurers in most states can pick and choose whom to cover, often turning down those with medical problems in a process called underwriting. Even if they don't thoroughly check medical records before issuing a policy, insurers can "look back," sometimes for a decade or more, at a policyholder's records to check facts on the application.

Critics of the industry say the practice is overused.

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"The newest tool insurers have found is to check into every sick person who files an expensive claim to see if there's an argument that they lied on their enrollment application," says Jamie Court of the Los Angeles-based advocacy group Foundation for Taxpayer & Consumer Rights.

Nationwide, data collected by the federal Agency for Health Care Research and Policy show that about 1% of people in the individual market have claims that total more than $30,000 in a given year.

More than 200 complaints about revocations — 189 of them since 2003 — have been filed with California's Department of Managed Health Care, which holds a public hearing today to consider new regulations. Dozens of lawsuits have been filed against insurers by patients; some have been settled. Organizations representing California's doctors and hospitals have each asked to join a class-action suit against the insurers. And two of the state's largest health plans, Kaiser Permanente and Blue Cross of California, have been hit with six-figure fines for revoking policies.

Connecticut Attorney General Richard Blumenthal has asked the state's insurance commissioner to audit Assurant Health and consider "levying significant penalties" if it finds the insurer wrongfully revoked policies. And he has proposed legislation that would require all insurers to prove applicants had intentionally lied about their health before their policies could be revoked.

"The insurance companies are gaming and manipulating the system," Blumenthal says. "The effective way to protect individuals is to change the law."

Emergency surgery

Wheeler, 48, and her husband, Stephen, completed their application with the help of an insurance broker, seeking a policy for themselves and their three children. Stephen had left a corporate job that had insurance to start his own business. Court documents from a lawsuit the Wheelers filed Jan. 12 against their former insurer, Nationwide, show the policy was approved and went into effect on Dec. 1, 2005. Wheeler says the family paid $700 a month in premiums.

In May 2006, Wheeler was rushed to the hospital with a perforated ulcer. Wheeler says she was unaware of the ulcer until she collapsed after her youngest son's baseball game. "You get this hole in your stomach that erupts," she says. "Your body fills up with toxins, and it kills you."

Not long after the five-hour surgery, Wheeler got a letter from her insurer asking for more information about her health history. On her application, she had not told the insurer that she went to an emergency room and her OB/GYN three months before applying for her insurance policy in October 2005, court documents say.

The visits were for heavy menstrual periods, not her stomach, court documents say. Wheeler told the insurer that her doctor had said everything was normal for a woman of her age.

Her insurer, citing the omission of information about the doctor visits, rescinded her policy, leaving the family owing about $30,000 for her surgery. The insurers' letter said it would not have insured her had it known about the OB/GYN visits.

"What does this have to do with my stomach?" asks Wheeler, who remains uninsured.

A Nationwide spokesman said Thursday that the insurer had not yet been served with the lawsuit and therefore could not comment on the Wheeler case.

Policy canceled

Like the Wheelers, the Seals family bought coverage on the individual market after Tony Seals became self-employed. They applied online for an individual policy with Health Net on March 15, 2003. At the time, they had four children.

Seals answered all the questions, including one asking when his wife, Susan, had her last menstrual period. Insurers ask that question because most will not grant a policy to someone who is pregnant. The policy was approved and became effective April 1, 2003, according to court documents.

About mid-April, Seals says, they found out his wife was pregnant. The insurer approved all the prenatal visits and tests, he says. On Oct. 3, 2003, Susan Seals gave birth to their fifth child, Madeline, who has severe brain damage. "They had quite a bit of distress in delivery," Seals says. Their full-term baby had to be revived after birth. His wife spent almost three weeks in the hospital; his daughter, eight.

In April 2004, when Madeline was 6 months old, the insurer told them it had reviewed their application and "felt like we had not given them a correct date for my wife's last menstrual period, so would rescind the coverage," Seals says.

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The insurer had looked at Seals' wife's OB/GYN records and found that she had told the doctor a date for her last period about two weeks' different than the one Seals had included on the application, Seals says.

Health Net spokesman Brad Kieffer said the insurer is "sorry to hear of the unfortunate situation the family is going through," but said it must rely on the information given in the insurance application.

"If we suspect misrepresentations have been made … state laws and regulations permit us to investigate to get the facts," Kieffer said. "If we determine that misrepresentation has occurred, the policy is rescinded. It is the responsibility of the applicant to be sure all information on an application is correct and complete."

The cancellation left the family with about $140,000 in unpaid bills from doctors, hospitals and other medical providers. Because the Sealses had brought a successful malpractice case stemming from his daughter's birth, they had money to pay $95,000 toward those bills, leaving them with $1 million in a trust fund that is to provide care for their daughter.

Madeline has severe cerebral palsy, is blind, can't roll over and will need care for the rest of her life, Seals said.

His wife has gone back to work, and her job provides the family with health insurance.

Short-term policies

In Connecticut, concern has centered on short-term health insurance policies, although Blumenthal says his office has also seen problems with longer-term policies.

Gaskill, a 63-year-old retiree, says she began buying policies from Assurant Health in 2005. After a six-month policy expired, she signed up for a new one with Assurant.

Her new policy went into effect on Jan. 24, 2006, according to an Oct. 10 letter from Assurant Health to the Connecticut Insurance Department. Gaskill says she bought the six-month policies instead of more traditional insurance because they were what she could afford.

In March, she went to the doctor for a small lump under her ear. It had been there awhile, but it did not hurt or bother her so she did not make an appointment until it seemed a bit larger than before.

The doctor asked how long she had the lump.

"I said 'maybe a year,' " says Gaskill, who has since moved to St. Petersburg, Fla. "I never thought that would be held against me."

The lump turned out to be cancer. After checking her medical records, Assurant revoked her policy, leaving her with $30,000 in surgical bills.

In its letter to the insurance department, Assurant said it canceled the policy because "an ordinarily prudent person would seek diagnosis or treatment when a lump initially presents itself." Therefore, the lump was considered "pre-existing" and not covered under Gaskill's current six-month policy.

"I believe I'm a prudent person, but I didn't think I needed to see a doctor over this little thing," says Gaskill, who now has coverage through a state high-risk insurance pool.

Locker, a 61-year-old English teacher, also had a series of six-month policies with Assurant; she would re-apply each time one was about to expire.

Just days before one Assurant policy expired, Locker was diagnosed with a skin rash. Because she was tired and had lost some weight, her doctor also ordered a few lab tests, says a July 12 letter from Assurant to the Connecticut Attorney General's office.

The test results came back after her new six-month policy with Assurant went into effect. Those led to further tests, and, in the summer of 2005, she was diagnosed with lymphoma, a type of cancer. She received $100,000 worth of chemotherapy and other treatment. Assurant revoked her policy, leaving her with those bills, saying her condition pre-existed her current policy and that her doctor should have been able to diagnose the condition earlier.

But, even if he had "diagnosed (Locker) under her prior policy, it would still be considered a pre-existing condition under the policy in question," the insurer said in its letter. "Short-term plans are not renewable. … They are inexpensive gap insurance policies."

"I paid my bills in good faith every month with the understanding that if I were ever to have a catastrophic illness, I would not be without medical insurance," Locker says. "Then this is what I get?"

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Locker has since been diagnosed with cancer in her liver and underwent a stem cell transplant this summer.

She now has a job teaching in a public school, which, unlike her former job at a private school, comes with health insurance, which covered the transplant.

Assurant Health, which also sells health insurance under the names Time Insurance, John Alden Life Insurance and Union Security Insurance, covers more than 1 million people nationwide.

A spokesman said the company would not comment on the Gaskill or Locker cases. In a written statement, Assurant said it is working with Connecticut's insurance department and attorney general's office: "While we can never discuss the details of individual cases, it is important to know that, when errors are found, we work with state regulatory agencies to rectify them quickly and efficiently."

Vigilant for fraud

Insurers say they have a detailed application process and the ability to rescind policies because they must be vigilant for fraud.

"We can only rely on what folks tell us," says Chris Ohman, president and CEO of the California Association of Health Plans, the industry lobby.

New regulations are not needed, says Ohman, pointing to the 200 complaints in the past several years — out of about 1.7 million policyholders statewide — filed against insurers on the issue of revoked policies. That indicates no widespread problem, he says.

Reasons for revocations vary. Most of the time, the decisions involve disputes over what the policyholder disclosed, or did not disclose, on the insurance application. Intentionally lying on an application is clearly a revocable offense, but not all disputes are that clear-cut.

In the Gaskill and Locker cases now before Connecticut regulators, the insurer does not say the policyholders misled the company, but it revoked the policies because the women should have known or suspected they had a disease, even without a diagnosis.

In California, cancellations have occurred because applicants, such as the Wheelers, left out information about a symptom unrelated to a current medical problem or did not disclose that a diagnostic test had been performed, even though the test ruled out problems.

Insurers say they are operating well within the law and are taking action to protect all policyholders.

Blue Cross of California, one of several plans being sued in California, says that it rescinds an average of 1,000 policies each year out of about 260,000 new individual enrollments — less than one-half of 1%, says spokeswoman Shannon Troughton.

"The issue here is how infrequently this happens," Troughton says. "Rescission is an important tool to protect against fraud. Fraud drives up costs for members and the health system in general."

Such disputes generally do not affect people in group health policies offered by employers, because insurers do not bar new members from group policies based on their health status. State laws also limit the amount of time a pre-existing condition can be excluded from coverage. On the individual market, there are generally fewer protections against pre-existing condition exclusions.

Pollitz at Georgetown says the individual market has some very complicated rules that applicants and insurers can get caught up in. At the root of the problem, she says, is that the market works best for people who are healthy.

"You're eligible for insurance when you don't need health care and not eligible when you do," she says. "Are people gaming? Maybe they are. Why were they gaming to begin with? They lost other coverage and need new coverage."

A typical application form asks applicants to look back at least 10 years and list conditions for which treatment was received. Some forms ask applicants to list "signs or symptoms" of disease as well.

Questions can arise on how to fill out the forms: Was the visit to the doctor eight years ago for tension headaches a reportable condition? What if the doctor said there was nothing wrong? What's an "abnormal physical exam?"

Insurers say their customer service lines or insurance salespeople can help; attorneys question whether such sources are unbiased.

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Pollitz says insurers go beyond the application form to review medical records before issuing a policy in 25% to 50% of cases. Some also buy information, such as prescription records, from national databanks to find out if an applicant is being treated for illnesses not disclosed on the forms. The onus is on the insurer to do the proper underwriting, she says.

Attorney William Shernoff, who represents Wheeler, Seals and some other patients involved in the California legal disputes, says the forms are designed to be unclear, giving insurers cover to cancel almost any policy.

"I would venture to say that anyone who fills one out would make a mistake," Shernoff says. "They have compound questions, confusing questions, ambiguous questions. There's no place to answer 'I don't remember' or 'I don't know.' "

Troughton, at Blue Cross, says the insurer is working with regulators and plaintiffs attorneys to develop a new application form.

The insurer also has created a committee to review all revocations and will employ an ombudsman to help policyholders who face rescission.

"Ultimately, we wish we didn't have to rescind any policies, which is why we are committed to making the process as thoughtful and rigorous as possible," Troughton says.

Rev. Robert Drinan, Ex-Congressman, Dies At 86 (AP)

By The Associated Press

AP, January 29, 2007

WASHINGTON, Jan. 28 (AP) — The Rev. Robert F. Drinan, a Jesuit who served in Congress for 10 years until stepping down in response to a papal order, died Sunday. He was 86 and lived here in housing for the Georgetown University Jesuit community.

A university statement Sunday night said Father Drinan had recently been ill with pneumonia and congestive heart failure.

An internationally known human rights advocate, Father Drinan represented Massachusetts in the House of Representatives for 10 years in the 1970s, stepping down only after a worldwide directive from Pope John Paul II barring priests from holding public office.

He was elected in 1970 as a Democrat, after defeating Representative Philip J. Philbin in a primary and again in the November election, when Mr. Philbin was a write-in candidate.

The only other priest to serve in Congress was a nonvoting delegate from Michigan in 1823.

Although a poll at the time showed that 30 percent of the voters in his district thought it was improper for a priest to run for office, Father Drinan considered politics a natural extension of his work in public affairs and human rights.

His bid for office came a year after he returned from a trip to Vietnam, where he said he discovered that the number of political prisoners being held in South Vietnam was rapidly increasing, contrary to State Department reports.

In a book the next year, he urged the Catholic Church to condemn the war as “morally objectionable.”

Father Drinan ran for Congress on a platform of opposition to the Vietnam War. During his Congressional tenure, he continued to dress in the robes of his clerical order and lived in a simple room in the Jesuit community at Georgetown.

But Father Drinan wore his liberal views more prominently. He opposed the draft, worked to abolish mandatory retirement and raised eyebrows with his more moderate views on abortion and birth control.

And he became the first member of Congress to call for the impeachment of President Richard M. Nixon — although the call was not related to the Watergate scandal, but to what Father Drinan viewed as the administration’s undeclared war against Cambodia.

“Can we be silent about this flagrant violation of the Constitution?” Father Drinan asked. “Can we impeach a president for concealing a burglary but not for concealing a massive bombing?”

Decades later, at the invitation of Congress, he testified against the impeachment of another president, Bill Clinton. Father Drinan said Mr. Clinton’s misdeeds were not as serious as Nixon’s, and that impeachment should be for an official act, not a private one.

He told the Judiciary Committee members reviewing Mr. Clinton’s case that, in 1974, “the country knew there was extensive lawlessness in the White House.”

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“The documentation of appalling crimes was known by everyone,” he continued. “Abuse of power and criminality were apparent to the American people.”

Father Drinan left office in 1980 — “with regret and pain” — finally yielding to the increased pressure from his superiors, including the pope.

But he continued to be active in political causes. He served as president of the Americans for Democratic Action, crisscrossing the country giving speeches on hunger, civil liberties and the perils of the arms race. He spoke out against President Ronald Reagan and President Bush, and lectured and wrote about gun control, world hunger and the war on terrorism’s impact on human rights.

He also took a post as professor of law at Georgetown University in 1981, where he taught courses on human rights, constitutional law, civil liberties, legislation, ethics and professional responsibility.

Battle Royal (WSJ)

By Michael Barone

The Wall Street Journal, January 29, 2007

Bush, Clinton, Bush, Clinton. It sounds like the Wars of the Roses: Lancaster, York, Lancaster, York.

To compare our political struggles to the conflicts between rival dynasties may be carrying it too far. But we have become, I think, a nation that is less small-r republican and more royalist than it used to be. Viscerally, this strikes me as a bad thing. But as I've thought about it, I've decided that something can be said for the increasing royalism of our politics. And whether you like it or not, you can't deny it's there. Not when the wife of the 42nd president is a leading candidate to succeed the 43rd president who in turn is the son of the 41st president. The two George Bushes are referred to in their family, we are told, as 41 and 43. If Hillary Clinton wins, will she and her husband call each other 42 and 44?

Evidence for my case comes from the recent set-to in the White House press room after reporters had learned that Laura Bush had made no public announcement when she had a skin cancer routinely removed. When Press Secretary Tony Snow said it was a private matter, reporters spun out theories why Mrs. Bush had a duty to disclose this minor surgery to the American public -- even though she is not a public official and even though the operation had no impact on the operation of government. But reporters instinctively sense that the doings of Mrs. Bush are as newsworthy as their British counterparts regard those of the royal family. And they have some reason to. Her husband started just about every campaign speech by praising his decision to "marry up." Her high approval ratings take some of the edge off his low ones.

"Royalty," wrote Walter Bagehot in his 1867 book "The English Constitution," "is a government in which the attention of the nation is concentrated in one person doing interesting actions. A Republic is a government in which attention is divided between many, who are all doing uninteresting things." He went on to note that the Monarchy (his capitals) was not just one person but several. "A family on the throne is an interesting idea also. It also brings down the pride of sovereignty to the level of petty life." So we have columnists writing that the current president's policies are a sort of oedipal rebellion against his father. And we have endless speculations on the dynamics of the Clintons' relationship. The personal has become the political. In Bagehot's England they were separate: The Monarchy was personal, the Palmerstons and Gladstones and Disraelis political. Now political reporters are getting ready to grind out pieces about the families of the 2008 presidential candidates.

There was always a risk of royalism under our Constitution, with the president both head of government and head of state. But for a long time politicians struggled against it. George Washington turned down a crown. John Adams did not make public the scintillating intellect of his wife Abigail. For half the time in the first 40 years of the 19th century there was no first lady at all: Thomas Jefferson, Andrew Jackson and Martin Van Buren were widowers when they took office. After the Civil War, politics revolved so much around parties rather than presidents -- can you name all the presidents from Abraham Lincoln to Theodore Roosevelt? -- that in the 1880s the future President Woodrow Wilson wrote a book called "Congressional Government."

The drift toward royalism is a 20th-century phenomenon. At first it was concealed. Theodore Roosevelt and William Howard Taft had strong-willed, intelligent wives and broods of children who went on to impressive achievements. But they didn't make much of this public. Woodrow Wilson's first wife, a Southerner who died early in his presidency, reportedly pushed for racial segregation in federal building cafeterias, while his second wife effectively ran the White House while he was incapacitated by a

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stroke -- neither something you'd want to talk about even now. Lou Henry Hoover, an engineering school classmate of her husband, directed her public energies to promoting the Girl Scouts. With Eleanor Roosevelt, we come to the first first lady with a political identity of her own. But she was just one of many courtiers in her husband's White House, and not necessarily the most influential.

Harry Truman did not bring Bess Truman to Potsdam; she spent much of his presidency at home in Independence with her elderly mother. Mamie Eisenhower said that "Ike runs the country and I turn the pork chops." But ever since John Kennedy made a point of bringing his French-speaking wife to Paris, where she charmed the seemingly uncharmable Charles de Gaulle, most presidents and presidential candidates have made a habit of showcasing their wives. And most of their wives have made a point of taking up some public cause or other, some of them controversial. First ladies increasingly became public figures and, given the considerable talents and charm of presidential wives since that time, political assets.

Now we have our first first lady to run for president. She brings to the race a formidable asset that few presidential candidates can claim: a first-hand knowledge of the operations of the White House. But then Queen Elizabeth II, who has had weekly audiences for 55 years with 10 prime ministers from Winston Churchill to Tony Blair, would probably be a pretty good prime minister were she eligible for the office. (She's not: By law, she can't set foot in the House of Commons.) Sen. Clinton was more involved in making public policy than any other first lady except possibly Sarah Childress Polk, who was her husband's chief secretary and worked alongside him in his office. But there is something bizarre -- something royal -- about the vision of the wife of a former president becoming president herself, although those of us who voted for George W. Bush are poorly positioned to complain about it.

And perhaps we shouldn't. Because the royalism of republican politics is not just an American phenomenon. You see it in other very large republics. India for 37 of the 42 years after independence had members of one family as head of government -- Jawaharlal Nehru, Indira Gandhi, Rajiv Gandhi, grandfather and daughter, mother and son. Rajiv Gandhi's widow is now head of the governing party. Indonesia elected as president the daughter of a former president. So did the Philippines. Maybe there is a reason for this. It's hard in a very large democracy for voters to judge a potential leader. They can gather some information on his or her positions on issues, but they rely on an inevitably imperfect (and often biased) media. If they are strongly on the side of one party, they can vote for that party's candidate; but in the United States at least they have some voice (at least if they live in Iowa or New Hampshire) in determining who that candidate is. They have a hard time ascertaining the ability and character of candidates. But in making judgments about those things, it helps if you know the family.

Not that anyone assumes that family members are all alike. It would not do for candidate Bush in 2000 and for candidate Clinton today to claim to be clones of his father and her husband. Rather, candidate Bush made comments about his mother's fearsomeness, and candidate Clinton's "let's chat" suggests that she is more of a listener and less of a nonstop talker than her husband. So the trend to royalism may not be all bad. It does give some candidates an unfair advantage over others. But let's face it: Only four of the 300 million living Americans has been president and probably only 10 or 12 more ever will be. We need as much knowledge of our presidential candidates as we can get and, if we get some of it by knowing their families as closely as we know the families of recent occupants of the White House, so be it. As Bagehot put it, "The best reason why Monarchy is a strong government is, that it is an intelligible government. The mass of mankind understand it, and they hardly anywhere in the world understand any other."

In any case, it's no sure thing that a Clinton will follow a Bush who followed a Clinton who followed a Bush. But keep the following in the back of your mind. George P. Bush will be eligible to run for president in 2012. Chelsea Clinton will be eligible to run for president in 2016. So will Jenna and Barbara Bush, who will turn 35 several days after the election. And Jeb Bush, who had a fine record in eight years as governor of Florida, will be younger in 2024 than John McCain will be in 2008 or Ronald Reagan was in 1984. Royalism may be here to stay.

Mr. Barone is a senior writer at U.S. News & World Report and coauthor of "The Almanac of American Politics" (National Journal Group).

Saudi King Urges Palestinians On Talks (AP)

By Ibrahim Barzak And Sarah El Deeb

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AP, January 29, 2007

Saudi Arabia's king urged Palestinian rival factions Sunday to hold talks in the holy city of Mecca as fighting between the Hamas and Fatah movements persisted in Gaza with no clear winner emerging.

Early Monday, Hamas fighters mobilized around the main Fatah stronghold, the Preventive Security headquarters, and threatened to attack. Information Minister Youssef Rizka of Hamas warned the two sides were close to civil war and called President Mahmoud Abbas of Fatah to order his forces back to their bases.

The bitter rivals have been buying, smuggling and building weapons for months trying to gain an edge, but they have held back from all-out battle and find themselves in a stalemate.

That leaves many Palestinians with grim hopes that a power-sharing deal still can be worked out between the Islamic militants of Hamas and the more moderate Abbas of Fatah.

Saudi King Abdullah called the factional fighting a "shame" that has undermined the Palestinian cause and urged both sides to join talks mediated by his country, Saudi Arabia's official news agency reported.

"I urge them to hold an emergency meeting in Mecca to discuss the contentious matters without any intervention from outside," Abdullah told the Saudi Press Agency.

"Our hearts bleed for what is happening in the land of our Palestinian brothers," he said. "This great atrocity with all its unjustified and weak reasons has stained the Palestinian's honorable national struggle."

Both sides welcomed the Saudi king's offer but did not say when talks might be held. Ghazi Hamad, spokesman for the Hamas-led government, said the Islamic group was in talks with Egyptian mediators.

Bursts of violence have alternated with periods of tense calm since the factional fighting erupted in December following the collapse of Hamas-Fatah coalition talks and Abbas' threat to call early elections.

Clashes involving mortars, grenades, bombs and assault rifles have erupted spontaneously, without clear objectives or central command, raged for a few hours, then suddenly fizzled.

Experts expect the pattern to continue. "They are equal parties," analyst Nasser Al Lahham said. "No one can cancel the other out."

Thirty Palestinians, including two children, have died during the latest outburst of street fighting that began Thursday, raising the death toll to more than 60 since last month.

A battle erupted early Monday near the parliament building, where a Hamas fighter was killed, Hamas and hospital officials said.

Fatah gunmen killed a Hamas security force member early Monday and a Hamas activist in Khan Younis on Sunday. Another gunman, whose affiliation was not immediately known, and a 45-year-old civilian were also killed, hospital officials said.

Several kidnappings also were reported in the factional conflict. The most brazen was in the West Bank city of Nablus, where Fatah gunmen walked into a bank and dragged out a local Hamas leader.

Hot spots in the fighting include the headquarters of Abbas' security forces, Hamas-run mosques and the homes and offices of leaders from both sides, where guards hunker down behind concrete barriers and piles of sandbags.

Traffic jams are getting worse by the day in Gaza City's already crowded streets because more and more roads are being closed to motorists by the rival security forces.

Neither side is using all of its firepower because they are giving coalition talks another chance and because they fear risking defeat in an all-out confrontation, said Mouin Rabbani, a Jordan-based analyst for the International Crisis Group, an independent think tank.

Each side can count on thousands of armed men. Most members of Palestinian security forces are loyal to Abbas, while Hamas last year set up its own 5,600-man militia. Each also has a military wing — Fatah's Al Aqsa Martyrs' Brigades and Hamas' Izzedine Al Qassam Brigades.

Hamas is getting funds from Iran and other Islamic supporters worldwide, while the Bush administration has asked Congress to approve $85 million in aid for Abbas' troops.

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Israeli analyst Shlomo Brom, a retired army general, said the U.S. shouldn't count on Abbas being able to defeat Hamas militarily. "That is not going to happen, because Hamas is a political movement that enjoys great support among the Palestinians," he said.

The Gaza muddle will likely continue, Brom added. "The probability of a full-scale war is low, because the two parties understand the consequences and they understand there will be no clear winner."

Both sides began preparing for the possibility of a big battle after Israel left the Gaza Strip in September 2005 and the arms race intensified after Hamas won legislative elections a year ago and took control of the Palestinian government.

Rifles, missiles, ammunition and explosives have been pouring into Gaza through tunnels under the border with Egypt, reaching both Hamas and Fatah, security officials and weapons dealers say.

In a climate of increasing lawlessness, Gaza clans also have stocked up on weapons, two weapons dealers in the southern Gaza border town of Rafah said Sunday, speaking on condition of anonymity for fear of arrest.

Higher-quality Russian- and Iraqi-made Kalashnikov assault rifles are no longer available, and Egyptian or Chinese models sell for up to $2,300, almost double what they cost a year ago, the dealers said. Kalashnikov bullets now cost $3.30 apiece, up from $2.30, they said.

Abu Suoud, 32, a Fatah gunman in Rafah, said his group is hoarding ammunition, and no longer wasting bullets by firing into the air at weddings and funerals.

"We save each bullet for the battle," he said.

Saudi King Invites Palestinian Factions To Talks (NYT)

By Greg Myre

The New York Times, January 29, 2007

JERUSALEM, Jan. 28 — King Abdullah of Saudi Arabia called Sunday on the rival Palestinian factions to hold emergency talks in the holy city of Mecca in the latest bid to halt some of the worst ever Palestinian internal fighting.

As the two main factions, Hamas and Fatah, waged a fourth straight day of fighting in the Gaza Strip, leaders from both groups said they would take up the invitation by the Saudi monarch, though no date was set.

“I call on my brothers, the Palestinian people, represented by their leaders, to put an immediate end to this tragedy and to abide by righteousness,” the king said in an announcement carried by the official Saudi Press Agency.

Saudi Arabia does not have a tradition of such direct involvement in Palestinian affairs. But as one of the most important figures in the Arab world the king, by his decision to hold the talks in Mecca, could increase the pressure on the Palestinian leaders to find a compromise.

However, efforts by other Arab states have failed to stop the bloodshed. Egypt has been acting as a go-between for months, and earlier this month, Syria organized talks between Mahmoud Abbas, the Palestinian president and leader of the Fatah faction, and Khaled Meshal, the political leader in exile of the Islamic militant faction Hamas. But no breakthrough was achieved.

The feud between the factions has grown increasingly bitter since Hamas, the radical Islamic group, won parliamentary elections a year ago, unseating Fatah, the dominant Palestinian political movement for decades. Hamas controls the cabinet and the Legislature, but as president, Mr. Abbas has a range of powers, and many members of the security forces remain loyal to Fatah.

In Gaza on Sunday, Prime Minister Ismail Haniya, of Hamas, made a renewed plea to halt the fighting, but to no avail.

“We call on all the Palestinian people to protect national unity, to make the language of dialogue and reason prevail, to withdraw weapons from the streets,” Mr. Haniya told an emergency session of the Palestinian cabinet in Gaza City.

Gunmen from the two sides exchanged fire throughout the day in several Gaza City neighborhoods, prompting residents in some of the hardest-hit areas to flee to the homes of relatives in less volatile areas.

A bomb exploded outside the front door of a home belonging to a bodyguard for Muhammad Dahlan, a senior Fatah figure and an ally of Mr. Abbas. No one was hurt in the blast.

Also, Fatah blamed Hamas for mortar and antitank rounds that were fired at the police headquarters in Gaza City, which is controlled by Fatah.

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Many shops were closed, and the streets were largely empty after the factions put up concrete barriers to block some roads. Both Hamas and Fatah said members of their own group had been kidnapped by the other side, a tactic that has become common, though many of those seized are later released unharmed.

The latest deaths included a 12-year-old boy fatally shot late Saturday, three Hamas fighters killed Sunday and one Fatah fighter who died of injuries sustained previously, Palestinian hospital officials said.

The violence spread to Nablus, the largest city in the West Bank, where several Hamas members were seized in separate kidnappings, one at the city's Education Ministry and another at a bank, Palestinian security officials said. Most were later released.

The clashes, which have claimed more than 20 lives and wounded dozens since erupting on Thursday, also forced a breakdown in the latest round of talks to form a unity government.

The Palestinian factions have battled periodically in recent years, and there was a sharp rise in tensions after Hamas defeated Fatah in parliamentary elections a year ago.

Months of negotiations failed to produce a unity government, and the internecine violence became an almost daily event in December. After a period of relative calm earlier this month, the gun battles broke out again this past week. More than 50 Palestinians have been killed in Gaza over the past two months, and there have also been sporadic clashes in the West Bank.

Mr. Abbas has said on several occasions that he will propose early elections if the factions cannot reach agreement on a unity government. But holding elections would be extremely difficult at a time when the Palestinian Authority is broke and political tensions are boiling over.

While Israel supports Mr. Abbas and refuses to deal with Hamas, Israel has sought to avoid direct involvement in the internal Palestinian fighting. However, some Israeli politicians are warning that the Palestinian infighting could create problems for Israel.

"We cannot allow anarchy such as this, because in the end what will come out of this could act as a boomerang on us," Zeev Boim, a cabinet minister, told Israeli Radio.

In Israeli politics, the cabinet approved the country's first Muslim Arab minister, Ghaleb Majadle, who said he would seek to help Arab citizens identify more with the state.

"The first step has been taken and this has given Israeli Arabs a feeling of belonging," Mr. Majadle, who will be a minister without a specific portfolio, said on Army Radio.

The center-left Labor Party nominated him for a cabinet post after one of its members quit the government. Some right-wing politicians have spoken out against bringing an Muslim Arab into the cabinet, but Mr. Majadle won overwhelming approval in a cabinet vote on Sunday.

Israeli Arabs account for about 1.2 million of Israel's seven million people.

Gaza Violence Threatens Peace Talks (FT)

By Sharmila Devi

Financial Times, January 29, 2007

Factional clashes that have killed at least 22 people in the past few days in the Gaza Strip threaten to overshadow a meeting this week of the international peacemaking Quartet.

Representatives of the United States, European Union, Russia and United Nations are due to meet in Washington on February 2 to discuss the stalled peace process.

But Palestinians have engaged in the fiercest infighting since a Hamas victory in parliamentary elections a year ago triggered a western aid embargo on the ruling Islamists.

Talks between Hamas and the Fatah faction on a national unity government were derailed by the Gaza violence amid appeals for calm.

"You have to put weapons away from streets and you have to end all forms of tensions," Ismail Haniyeh, the Hamas prime minister, said on Sunday.

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He also made a direct attack on US plans to fund security forces loyal to Mahmoud Abbas, the Palestinian president and leader of Fatah. Mr Haniyeh criticised "troublemakers who are trying to veer away from the path of our people" by receiving "dirty American funding and arms".

Mr Abbas was away on a European trip, which included a stop at the World Economic Forum in the Swiss resort of Davos, where he met Tzipi Livni, Israeli foreign minister.

On Sunday in Gaza, a bomb blast damaged the home of a bodyguard of Mohamed Dahlan, a Fatah strongman. There were gun battles outside the headquarters of the Fatah-dominated Preventive Security Service and the Hamas-led police force.

In December, Mr Abbas called for early presidential and parliamentary elections after months of talks failed to produce a new government. Since then, at least 52 Palestinians have been killed in factional clashes. Meanwhile, Hamas could easily derail any new polls unless the group gave its assent.

Prospects for any renewed international peacemaking push remain bleak when set against the intra-Palestinian fighting.

In Israel, meanwhile, the cabinet on Sunday approved the appointment of the first Muslim minister in the country's history.

Raleb Majadele of the Labour party faces a Knesset vote on Monday to confirm him as minister without portfolio in the coalition government.

Arabs make up about 20 per cent of Israel's citizens and have long complained of discrimination.

US Mideast Policies 'radicalise' Moderates (FT)

By Quentin Peel

Financial Times, January 29, 2007

Moderate Muslim countries face a greater threat from terrorism than western countries, but all nations must urgently address the causes of that terrorism instead of concentrating on the symptoms, according to Abdullah Badawi, prime minister of Malaysia.

World Muslim opinion had been radicalised by western policies in the Middle East, including the failure to resolve the conflict between Israel and the Palestinians, and the invasion of Iraq.

"Trying to resolve terrorism without examining its root causes is like trying to fertilise the fruits and not the roots," he said.

Speaking as the leader of one of the most moderate Muslim countries, and as chairman of the 57-nation Organisation of the Islamic Conference, Mr Abdullah warned that governments in the Islamic world were being undermined by their failure to influence the US and the United Nations in enforcing resolutions calling for an end to Israeli occupation of Palestinian land.

"Is this an Islamic issue?" he asked. "No. It is an issue of the people, of Muslims, non-Muslims, Christians and Jews, who have a right to return to the homeland when people have been expelled. So we have to help them."

Yet the fact that UN resolutions on Israel were ignored stirred up a backlash against Muslim governments, not simply in the Middle East but across Asia.

"They want to react because [they think] their government is not reacting," he said. "That is the whole trouble. [They say]: 'You are not an Islamic government, so you have no feeling for the people, for the Muslims who have been attacked, who have been marginalised and treated unjustly by other countries.'

"What is happening now in the Middle East has made even the moderates angry. That is not good."

Mr Abdullah, whose mild language and less confrontational attitudes mark a stark contrast to the angry anti-western rhetoric of his predecessor, Mahathir Mohamad, spoke out against those Muslim radicals who demand that their governments should adopt an overtly Islamic label.

"Many Muslims aspire to set up an Islamic government," he said. "I don't think that Islam is the only way to solve all problems.

"A government that is just, a government that is trustworthy, that becomes people-centred, that is Islamic. We must see what a government professes, what the government does, and if it is good, that is Islamic. A government can have Islamic values, without the label Islamic.

"Between theatre and substance, I would declare more for the substance."

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In a speech last week in London, Mr Abdullah rejected the idea that the world was split by a “clash of civilisations”, although he admitted that “never before has the tension been as pervasive or as extensive” between the western and Muslim worlds. “They may mobilise themselves along ideological or religious lines,” he said. “But at heart the conflicts are driven by the impulse for power, territory and resources, and by resistance to this. There is indeed a clash of fundamental interests.”

Mr Abdullah, who was also attending the World Economic Forum at Davos, was more sanguine about the immediate prospects for the world economy and world trade. If the Doha round of trade negotiations broke down, “I don’t say that failure would be a disaster. World trade will go on...If we cannot negotiate some kind of arrangement through the WTO then free trade will go on, bilaterally or regionally.”

He admitted that Malaysia was getting caught in the competition for foreign investment by the rise of China, India and Vietnam. “We cannot any longer be a low cost producer,” he said.

The Most Dangerous Terrorist--Besides Osama (NSWK)

By Mark Hosenball, Maziar Bahari And Joanna Chen

Newsweek, January 29, 2007

Before Osama bin Laden, there was Imad Mughniyeh. The Lebanese terrorist from Hizbullah was considered the most dangerous in the world. Now the White House worries that he's back, after years of lying low. Four serving U.S. intel and counterterrorism officials, anonymous when discussing sensitive material, said Mughniyeh is prominent in recent reporting from the field about Hizbullah activity. Bruce Riedel, a veteran Mideast expert recently retired from the CIA, told NEWSWEEK there is "no question he is heavily involved in [formulating] terrorist contingency plans in case of a U.S.-Iran confrontation."

Mughniyeh has the résumé to be a potent threat. He was the alleged organizer of a series of devastating bombings and kidnappings against U.S. targets in Lebanon during the 1980s, including two bombings of the U.S. Embassy in Beirut. But Hizbullah later made a strategic decision to abandon attacks on American targets. Even now, U.S. intel officials stress that they don't believe Hizbullah will actually hit U.S. interests unless Washington strikes first—against either the movement or its key patron, Tehran.

So what is Mughniyeh up to? Two of the U.S. officials interviewed by NEWSWEEK said field reports indicate that he travels between Beirut, Damascus and Tehran. One official said that some reports also suggest he has visited Baghdad. (Hizbullah has allegedly been involved in training the Mahdi Army militia of Moqtada al-Sadr.) According to Riedel, Mughniyeh is Hizbullah's chief of "external operations," and keeps in touch with cells around the world. FBI and other counterterror officials have said they believe Hizbullah has recruitment and fund-raising cells in the United States. "He is the brain behind all Hizbullah's military activity," says Lt. Col. Guy Hazoot, operations officer of the Galilee Brigade on Israel's northern border.

But the renewed focus on one man as a kind of Lebanese superterrorist may be folly. That's the view, anyway, of an Iranian official with close ties to Hizbullah. "Americans' interest in Mughniyeh shows their desperation for any insight into Hizbullah operations," says the official, who refused to be ID'd speaking on a sensitive subject. The official seemed amused to be asked about Mughniyeh. "To my knowledge, he hasn't been involved in any operation for the past decade. There's a new cadre of operatives in Hizbullah that Americans don't know anything about. And I'm not going to tell you about them, either."

State Dept. To Report On Israeli Strikes (USAT)

USA Today, January 29, 2007

The State Department has completed a preliminary report on whether Israel misused American-made cluster bombs in civilian areas of Lebanon during a 34-day war with Hezbollah militants last summer. The findings go to Congress today.

State Department spokesman Kurtis Cooper said the report doesn't make a final judgment.

The department is required to notify Congress of even preliminary findings of possible violations of the Arms Control Act.

Israeli Foreign Ministry spokesman Mark Regev said Sunday that he did not know of the State Department report.

When the United States has discussed Israel's use of cluster munitions in the past, he said, "we've been forthcoming, detailed and transparent."

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A congressional investigation found Israel improperly used U.S.-made cluster bombs during its invasion of Lebanon in 1982. That resulted in a six-year ban on further U.S. sales of the weapons to Israel. The sanctions are largely symbolic since Israel also makes its own cluster munitions.

Racial profiling legislation a priority for Feingold

Sen. Russ Feingold, D-Wis., who chairs the Judiciary subcommittee on the Constitution, said he will address the issue of racial profiling by law enforcement. Many minorities "live with the fear of being racially profiled as they go about their everyday lives," Feingold said.

In the last Congress, Feingold sponsored legislation that would have banned racial profiling. He said the issue will be a priority for him now that Democrats control Congress.

Feingold has yet to introduce a bill. His previous one would have banned federal, state and local law enforcement officials from "relying, to any degree, on race, ethnicity, national origin or religion" during investigations. It included an exemption for specific information that "links a person of a particular race, ethnicity, national origin or religion to an identified incident or scheme."

Steve Mustapha Elturk, an imam in Troy, Mich., said U.S. authorities have detained him four times since Sept. 11, 2001 — twice at the Canadian border and twice while traveling by air — even though he has done nothing wrong.

Some security-oriented groups are gearing up for a fight. "The 9/11 atrocity was committed by 19 young, single men from Arab nations," said Peter Gadiel of Kent, Conn., president of 9/11 Families for a Secure America. "We don't have to worry about 80-year-old ladies with bleach-blond hair and Southern accents."

Eric Blum, a Customs and Border Protection spokesman, said the agency does not use racial profiling.

Cheney says it's hardnot to criticize Sen. Hagel

Vice President Cheney said it's difficult not to criticize Sen. Chuck Hagel of Nebraska, a Republican who has accused the Bush administration of playing "a ping-pong game with American lives" by sending more U.S. troops into Iraq.

"Let's say I believe firmly in Ronald Reagan's 11th commandment: Thou shalt not speak ill of a fellow Republican," Cheney said. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

Hagel's "ping-pong" remark came Wednesday as the Senate Foreign Relations Committee debated a non-binding resolution that condemned Bush's troop buildup in Iraq. Hagel co-sponsored the measure, which the committee approved in a 12-9 vote. It is pending in the full Senate.

Cheney's comments came in an interview with Newsweek released Sunday.

Cheney also said he doesn't spend any time worrying about how the public or the media view him. When asked his reaction to personal criticisms of him from people with whom he has worked, Cheney said, "Well, I'm vice president, and they're not."

In First, Arab Muslim Joins Israeli Cabinet (WP)

By Scott Wilson

The Washington Post, January 29, 2007

JERUSALEM, Jan. 28 -- Israel's cabinet on Sunday approved the first Arab Muslim minister of the Jewish state, a milestone marked here mostly by bitter criticism of what many lawmakers viewed as a politically motivated selection.

Raleb Majadele, a Labor Party legislator, was approved by a wide margin as minister without portfolio in Prime Minister Ehud Olmert's cabinet. Only Avigdor Lieberman, minister of strategic affairs from the Israel Is Our Home party, voted against the nomination.

Majadele's appointment is "a significant, historic step toward equality and peace in the region," said Amir Peretz, the Labor leader, who chose Majadele for a cabinet post several weeks ago during an ongoing fight for the party leadership.

An Israeli Druze, Saleh Tarif, was appointed minister without portfolio in 2001. But many of Israel's roughly 100,000 Druze, members of a sect that broke with Islam centuries ago, do not identify themselves as Arabs and serve in Israel's army.

By contrast, Israel's approximately 1 million non-Druze Arab citizens, whose families remained in Israel after its founding in 1948 and make up almost a fifth of the population, do not serve in the military and face barriers to owning land and securing equal public services. Most of them are Muslim.

Balad, one of several Arab parties that denounced Majadele's appointment, said in a statement that his service in the cabinet "would give a seal of approval to the policy of racial discrimination against Arabs."

Majadele, a leader in the Histadrut trade union organization that Peretz once headed, is from the northern city of Baqa al-Gharbiya.

Peretz, who serves as defense minister, has watched his popularity plummet because of the inconclusive war against Hezbollah last summer and the army's inability to stop Palestinian rocket fire from the Gaza Strip. He also backtracked on a pledge to leave Olmert's government if Lieberman were made a minister, which occurred in October.

Lieberman has favored a proposal that would strip more than 150,000 Israeli Arabs of their citizenship by redrawing Israel's eastern boundary in a way that would leave them in the Palestinian-controlled West Bank. He has also called for the execution of Israeli Arab lawmakers who meet with officials from Hamas, the radical Islamic party elected to run the Palestinian Authority a year ago.

Peretz selected Majadele at a time when he is being challenged for leadership of the Labor party, a post that makes him Olmert's chief coalition partner. Many in the party viewed the move as a way to win back its more dovish elements.

Labor lawmaker Ophir Pines-Paz resigned in November as minister of science, culture and sport to protest Lieberman's cabinet appointment. Peretz initially named Majadele, 53, to fill that post. But he was made minister without portfolio pending what some lawmakers say is an imminent cabinet shuffle by Olmert to rejuvenate his unpopular government.

"I have no problem with an Arab minister, but it is not my job to help Amir Peretz with the primaries," Lieberman said after the cabinet vote.

In Gaza, meanwhile, violent clashes between the armed wings of the rival Fatah and Hamas movements continued for a fourth day. A member of the Hamas security force in Gaza was killed and eight others were wounded by gunfire, adding to the scores injured in recent days. Also, a senior commander of a branch of the Palestinian security services controlled by Fatah was abducted in Gaza.

Factional violence has erupted periodically since Hamas's parliamentary election victory, which ended Fatah's long monopoly on power. But the death toll since Thursday of at least 29 Palestinians, including several children, is the highest in months.

The clashes, limited largely to Gaza, have prompted Hamas to suspend talks with Fatah over the formation of a power-sharing government acceptable to international donors who cut off aid to the Palestinian Authority after Hamas's victory.

Prime Minister Ismail Haniyeh of Hamas, which does not recognize Israel's right to exist, asked for calm Sunday before an emergency cabinet meeting.

Meanwhile, Saudi Arabia invited the rival Palestinian leaders for urgent talks in Islam's holy city of Mecca, and officials of both Hamas and Fatah said Sunday that they had accepted the offer, [a] news agency reported.

In The Land Of The Lonely (TIME)

By Tim McGirk

Time, January 29, 2007

Deep inside Palestinian territory, the Jewish community of Migron sits, precariously, on the crown of a skull-white hill. On a winter day, the wind is so fierce it rocks the trailer homes, knocks over the kids' plastic tricycles in the muddy driveways and threatens to rip out the young fruit saplings planted by the 90 young settlers who call Migron home. A guard dog the size of a lion prowls the hilltop to scare off Arab prowlers--or terrorists. Migron is a hard and unforgiving place, especially these days.

Itai Harel, 32, founded the Migron settlement in 2002, on his honeymoon. Harel and his bride were fulfilling a dream: Jews repossessing the biblical land of Judea and Samaria, nearly 2,000 years after they were exiled. It matters little to Harel and the other Israelis who have settled in Migron that they are living on land that much of the world believes belongs to the Palestinians, in homes that many of their own countrymen would just as soon see abandoned. In fact, the residents of Migron seem to pride themselves on being among the biggest loners in the Middle East. "We're supposed to be a Jewish, democratic state," says Harel, a broad-shouldered ex-paratrooper still in the army reserves. "But if you ask me, it's more important that this be a Jewish state than a democratic one, and for us, Judaism is the land of biblical Israel. It's more here than in Tel Aviv."

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Settlers were once considered the golden pioneers of Zionism, the force behind the creation of Israel and, later, the occupation of territory seized after the 1967 war. But the future of the settlement movement, and the settlers themselves, has never seemed more uncertain. More than 270,000 Israelis live beyond the Green Line, as the old border is called, most in walled-in suburbs like Ma'aleh Adumim outside Jerusalem, which could be an estate of southern California condominiums if it weren't for the 300-year-old olive trees implanted in the traffic circles. The vast majority of Israelis living in the West Bank today do so less out of any ideological fervor than because the housing is cheap. But some 70,000 settlers are religious nationalists like Harel, who consider Palestinian land to be their Jewish birthright. They tend to live in remote outposts, surrounded by hostile Palestinians and occasionally harassed by Israeli authorities under pressure from the international community to evacuate the settlements. In 2005, Israel did just that, withdrawing 9,053 settlers from the Gaza Strip, the first time in more than two decades that Israel had voluntarily given back occupied territory.

The evacuation of Gaza was supposed to be the first step in Israel's "disengagement" from the Palestinians, followed by withdrawal from settlements in the more historically and strategically important West Bank. Those plans were shelved last year by Prime Minister Ehud Olmert, as conflicts with militants from Hizballah and Hamas soured many Israeli officials on the idea of giving up any more ground. But Olmert is weighing a pullout again. The Bush Administration has signaled a new determination to forge a comprehensive peace between Israel and the Palestinians. And the success of those negotiations will hinge in part on whether Olmert's government can sustain support for dismantling the West Bank settlements, more than 40% of which have been built illegally on private Palestinian land, according to Peace Now, an Israeli pacifist group.

It won't be easy. Polls show that a thin majority of Israelis want to get rid of settlements. But Olmert's dismal approval ratings have forced him into a marriage of convenience with the pro-settlement right wing. A large-scale campaign to evacuate Jewish settlers could produce more clashes like the one that erupted last January in an outpost called Amona, when an army effort to dislodge a few families left 200 soldiers and settlers injured. Another outbreak of violence could bring down Olmert's centrist government, which would probably hand power to hawkish parties who are in no mood to make peace with the Palestinians. As Gershom Gorenberg, an expert on the history of Israel's settlements, says, "Olmert's biggest fear is Jews fighting Jews, and that gives the settlers a stranglehold over the government."

The fate of the peace process, in other words, may be decided by what happens in places like Migron. As Israeli society has grown more secular and less attached to the vision of a greater Israel, ideological splits have emerged among the settlers. The most radical "hilltop youths" are ready to mobilize and resist the government's attempts to remove them. Many like Harel are second-generation settlers, the sons and daughters of older Zionists. They have grown up steeped in holy books and prophecy and see themselves as the first line of defense against the Arabs. They consider themselves divorced from the state and view the army and politicians, once their loudest cheerleaders, with distrust and suspicion. It has become a showdown of "Jews vs. Israelis," as Gorenberg puts it, and these extremists believe themselves to be the righteous Jews.

The family of Harel, the founder of Migron, embodies that divide. Harel's father Israel was among the early settlers who crossed into Jordanian territory after the 1967 war. He says that settlers like him were driven by a collective Zionism akin to socialism. "Our motivation wasn't religious," says the elder Harel. But younger settlers, like his son, seek more "divine reasons" for spreading into the Palestinian lands. "This transition into religious nationalism is unfortunate. It makes us into a sect," the elder Harel says. "And it doesn't represent what the majority of Israelis think."

Some radical settlers are hurting their own cause. Israeli television showed footage last week of a young settler, and her child, taunting a Palestinian girl in Hebron and cursing her as a "whore." Similar ugly scenes of Jewish settlers hacking down ancient Palestinian olive groves or beating up Arab schoolkids are just part of the reason why many Israelis have turned against them. Another is money: guarding and maintaining the settlements costs plenty. A study by the newspaper Ha'aretz reckons that since 1967, the bills run upwards of $10 billion, excluding military costs in the West Bank. According to Yaacov Shamir, a communications professor at Hebrew University in Jerusalem, recent polls show that 52% of Israelis are prepared to withdraw from settlements as part of a future peace deal with Palestinians.

But that number may slip if the instability in the Palestinian territories--fueled by disputes between the Hamas government and President Mahmoud Abbas--gets worse. Israelis thought that leaving Gaza would give them a breather from terrorists; instead it has accelerated a downpour of rockets into Israel from Palestinian militants in Gaza. For the most part, the Palestinians in the

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West Bank live like ghosts on the periphery of the Jewish settlements. The nearby Arab villages are usually walled off, and settler-only highways, guarded by army checkpoints and concrete walls, have turned Palestinian communities into islands. But in the gray zone of Israeli-Palestinian affairs, some Palestinians are grudgingly accepting of the settlements, because the settlers hire Palestinian workers. Modi'in Ilit, an ultra-Orthodox community of 35,000 along the Green Line, is growing so fast that 1,000 Palestinian construction workers are allowed in from nearby villages to build 10-story high-rise apartments. "Every week 40 babies are born here," says Mayor Yaakov Guterman, who predicts Modi'in Ilit will swell to 200,000 inhabitants in the next two decades, all on land purchased controversially inside the Palestinian territories. And nobody is stopping them.

Taking the painful step of leaving the West Bank will require Israelis to accept what the country's founding father, David Ben-Gurion, recognized in 1949: that the longer Jews hold onto land seized from the Arabs, the more likely they are to become a minority in their own homeland. (There are currently 5.7 million Jews living in Israel and the occupied territories, in contrast to 5.4 million Palestinians.) The problem is less one of ideology than of political will. Too many Israeli politicians, including Olmert, owe their rise to the support of the settler communities, which are among the most active and well-organized forces in Israeli politics. Back at Migron, Itai Harel turns up the collar of his blue plaid jacket against the wind and points out the asphalt road, the electricity lines leading up the hill, the water tank--all built by the Israeli government. Harel says five Cabinet ministers have visited his hilltop and all pledged support. "They're helping us through the back door, with a wink," he says.

Harel envisions that someday 500 religious families will inhabit Migron. He speaks with the confidence of both a true believer and a pragmatist, one who knows that settlements like his have outlasted many previous attempts to uproot them. At his wintry outpost, Harel is not worried about Olmert pulling back the settlers. "The Israeli public will go wherever a strong leader takes them, but for now, we have no strong leaders," he says. That's good news for Harel--but hardly a solid foundation on which to build peace in the Middle East.

With reporting by Jamil Hamad / Hebron, Aaron J. Klein / Migron

Lebanon Faces Prospect Of Civil War (CSM)

By Scott Peterson

The Christian Science Monitor, January 29, 2007

It was a dispute in a university cafeteria that erupted into the worst sectarian violence in Lebanon in 15 years. How it started and who is to blame depends on which side tells the story.

But even as young Shiite and Sunni men on both sides armed themselves for a bloody face-off last Thursday, their parents begged them to stop – horrific images of Lebanon's 1975-90 civil war rekindling in their minds.

The political standoff between the government and opposition, simmering for two months, has taken an increasingly violent and sectarian turn in the past week, exposing long-dormant divisions between Lebanon's Sunnis and Shiites, and rival Christian factions.

At stake in the spiraling conflict is who will define the identity of Lebanon, a colonial-era construct that includes 18 confessions, and in recent decades has served as the proxy battlefield for broader regional struggles by Israel, Syria, Palestinians, and today, the US and Iran.

"My mother was crying ... and telephoned me to come back," says business student Alaa, a Sunni who dismissed his mother's pleas on Thursday, as black smoke from burning cars belched above the largely Sunni Tareq al-Jdideh neighborhood.

"They know about the civil war and they fear it again," says Alaa, speaking of his parents. "[But] if we do not do this and defend our homes, [Shiites] could come and invade and stay."

That battle pitted Sunni supporters of the Western-backed government of Prime Minister Fouad Siniora, who dominate the area around the Beirut Arab University, against Shiite Hizbullah and Amal loyalists who want to topple the government and who called in armed and helmeted reinforcements to back up their students.

The specter of renewed conflict could mar the ambitions of both Lebanese camps and jeopardize a transformation that has rebuilt Beirut from the ashes of civil war. Lebanon is still reeling from the 34-day war this summer, between Hizbullah and Israel, that devastated the nation's infrastructure. Donors in the Western camp met in Paris Thursday to pledge $7.6 billion to help.

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"Only God can stop a civil war now," says a Christian father and former officer in the Lebanese Forces militia of Samir Geagea, a Christian leader once indicted for wartime killings. Two of his sons are in the Army, which has so far not been overwhelmed by the spasms of violence.

"We're between catastrophe and peace in Lebanon," he says. "The smallest accident could set it off, because blood is moving and is inflamed."

"For 15 years the TV and news showed there was peace," says another Christian, a militant who maintains a personal arsenal of two assault rifles, a pistol, and stocks of ammunition, hidden in cupboards and amid piles of clothes.

"But inside ourselves, we prepare for the next big fight. All groups have [prepared]," says the man, who asked not to be identified. "I don't believe we can all live together. There is too much religious racism, and hiding [of true feelings.]"

Those mutual suspicions have been edging closer to the surface, driven by uncompromising politicians willing to take their differences to the street. Violence first broke out last Tuesday when the Hizbullah-led opposition shut down Beirut and other cities with flaming barricades and gangs of club-wielding men during a one-day nationwide strike.

The further eruption Thursday was more shocking to many Lebanese, because the spark was apparently so small. Afterward, leading politicians of all stripes called for calm and a withdrawal from the streets.

Though it was quiet over the weekend, many Lebanese spoke of mistrusting politicians and concern that tension is rising beyond their ability to control the street.

"I didn't get scared in the past war, but now I am worried," says Adel, a Sunni who lives with his family behind Beirut Arab University. "I felt like I was completely in a trance [during the fight]. We are concerned it could get worse, but we hope it will end here. No one is looking for war.

"I told my sons: 'Stay where you are [at home]. Don't look for trouble,' " adds Adel, who would only give his first name.

But on Thursday trouble found plenty of young men – including at least one of Adel's sons – who admitted knowing little about Lebanon's past civil war or how such strife as they are engaged in helped precipitate it.

Rabiah, a Sunni student, said his parents "were terrified" by the vicious street scenes. A chunk of thrown rubble cut the right side of Rabiah's face and eye: "They tried to stop me going out, but I ignored them. I ran away from the house."

Rabiah ran directly into a conflict that had been ratcheted up by politicians and their taunting rhetoric.

Hizbullah chief Sheikh Hassan Nasrallah said he had limited the strike to one day in the interest of peace, but declared that his Shiite party and its allies had the "strength to bring down the unconstitutional government tomorrow or the day after."

Michel Aoun, a former general whose Christian faction is allied to the Syrian- and Iran-backed Hizbullah, said after the strike that "surprises" were forthcoming: "You can't imagine what we have in store."

Then after the Thursday riots, which only came to an end when the Lebanese Army intervened, pro-government forces countered with their own warnings. Saad Hariri, the parliament majority leader and son of former Prime Minister Rafik Hariri, who was assassinated two years ago, said: "Everyone has reached the red line, and here we have to back up and return to dialogue."

In a speech Friday, Mr. Geagea, whose Christian faction is pro-government, told Nasrallah that Hizbullah could not "alter the balance of power" in Lebanon: "If you go beyond democratic means, that will lead you to civil war, in which you will also not achieve your declared objective."

At street level, some of the worst clashes last week were between Christian groups, in Beirut and the northern city of Tripoli. Maronite Patriarch Boutros Sfeir complained that "such a reality makes our heart cry," as he noted that no sect was without blame.

"We used to think that some Lebanese were better than others," the Christian religious leader said, "but we discovered that all of them were involved in clashes and there isn't any difference between one sect and another."

Still, Christians are as concerned as any at the surge in violence.

"When we sit with [Muslims], we are brothers," says the armed Christian militant, speaking of his fears at his home. "But when Christians sit alone, we talk badly of them. And when Muslims sit alone, they talk badly of us. They don't like us, and talk of war."

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"We want to live in peace, but in our way – freedom," says this militant, who says he narrowly missed being shot with a pistol on Tuesday when he went to open a road closed by Aoun supporters, fellow Christians. "We don't want someone to shoot up a shop if it sells arak [liquor], or throw acid in the face of a girl if she does not wear a veil.

"I hope it continues, this Sunni-Shiite fighting, and they kill off each other," says the militant. "They will kill our children after."

Such strong views are gathering voice in Lebanon, as activists openly chant sectarian taunts for the first time in years. Many of those on the front lines were mere toddlers at the end of the last civil war.

"We are really scared," says Deem, a Sunni woman studying for a masters degree in finance at the university. "The situation has not been safe, and no one knows about the future."

"It is a nightmare. But what I saw [in Thursday's clashes] was the beginning," says Deem. "It is a civil war already, and somebody should do something, to defuse it fast. The Lebanese need to do something."

Thursday after the clashes was "fine, everyone went home," she says. "But what about tomorrow? Or the day after tomorrow?"

A NATO For The Middle East (TIME)

By Walter Isaacson

Time, January 29, 2007

When theÂ U.S. was faced with a new global threatÂ 60 years ago, the expansionism of Soviet communism, its leaders responded with an awesome burst of creativity. Among the institutions they launched were the World Bank, the Marshall Plan and, most important, the mutual-defense pact and military alliance NATO.

Now faced with a new global threat, that of terrorism from Islamist extremists, we could sure use some of that type of creative and bold thinking. What would George Marshall and Dean Acheson be doing now? At the top of their list, I suspect, would be forging a new version of NATO. They might call it MATO: the Mideast Antiterrorism Organization, a military, police, intelligence and security mutual-defense alliance between the West and our moderate allies in the Middle East.

This MATO alliance would include the countries that Secretary of State Condoleezza Rice, on her recent trip to the region, referred to as the "mainstream" and "moderate" Arab nations: Egypt, Jordan, Saudi Arabia and the gulf states. These nations are as threatened as we are by the rise of Iran and of Islamist radicalism.

Creating the alliance would present an opportunity disguised as a challenge: for it to be most effective, it should include Israel. That would require an Israeli peace with the Palestinians, which would permit Israel to escape from having to occupy the West Bank indefinitely. The opportunity is that Israel could (as the Saudi plan of 2002 suggested) then establish normal relations with the moderate Arab states, and the new military alliance could provide the security guarantees that could make any Israeli-Palestinian settlement work.

Another challenge would be to ensure that the new alliance does not inflame the sectarian divide in the Islamic world, which could happen if it is seen as a Sunni cabal against the Shi'ites. But if the new Iraqi government (the only Shi'ite-led one besides Iran in the region) joined, the new alliance could show that it was willing to protect both moderate Shi'ites as well as Sunnis. The alliance would then be able to help take over from the U.S. some of the security responsibility in Iraq, and it could wean the Shi'ite leaders in Baghdad from their ties to Tehran.

There is, however, one major philosophical objection to this approach. The so-called moderate Arab states, particularly Egypt and Saudi Arabia, are far from paragons of democracy.

Since Sept. 11, the Bush Administration has put a premium on an idealistic and neoconservative agenda of pushing hard for democracy in the region even at the risk of short-term destabilization. It would be nice to continue to say, as Secretary Rice used to declare frequently, that there is no conflict between pushing for more democracy and seeking greater stability in the Middle East. That may be true in the long run. But the real-world present is more complicated, and there are some real trade-offs. An unsettling fact about the Middle East, as the elections in the Palestinian territories and Iran have demonstrated, is that democracy does not always go hand in hand with moderation in the short term. Elections in Egypt and Saudi Arabia would surely show the same.

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Rice's rhetoric has now changed. On previous trips to Egypt, she was firm in preaching the need for faster democratic reform. But that sermon was missing during her latest trip, when she instead spoke of America's "important strategic relationship" with Egypt in what she has called a struggle "between extremism on the one hand and mainstream states on the other."

In a recent editorial, the Washington Post warned that Bush should not sacrifice his democracy agenda in the Middle East. And indeed it would be perilous to abandon our ideals for the sake of short-term security.

So what would Marshall and Acheson do? They probably would have created, in addition to a NATO-like antiterrorism alliance, a worldwide coalition of true and free democracies, ranging from India to Turkey to Israel. This Concert of Democracies could work on ways to nurture and support our common ideals, even as the new antiterrorism military alliance could be used to protect our security interests. Washington could use both instruments, just as it now uses both NATO and the U.N., depending on the situation.

Perhaps such an approach could even begin to minimize the trade-offs that now seem to vex us. Membership in MATO, especially if it drains some of the bile from the Israeli-Palestinian dispute, could make the leaders and citizens in places such as Egypt and Saudi Arabia feel more secure. And that may make them more open to greater democracy and reform.

U.S., N. Korea To Resume Financial Talks (AP)

By Edith M. Lederer

AP, January 29, 2007

A senior Treasury official said the groundwork has been laid for U.S.-North Korea talks Tuesday on U.S. financial restrictions against the North's alleged smuggling and counterfeiting, which have angered Pyongyang and held up separate talks on scrapping its nuclear weapons program.

U.S. Deputy Treasury Secretary Robert M. Kimmitt said the talks will resume in Beijing at North Korea's request.

"I would say these talks are proceeding in a business-like fashion," he said in an interview Saturday on the sidelines of the World Economic Forum. "I think progress is being made on the technical understanding on both sides."

"But these are a set of talks, from our perspective, designed to make clear that the action that we took was narrowly targeted, focused on illicit conduct — and the way to cure it is to foreswear such conduct, make restitution for what's been done in the past, and move forward," Kimmitt said.

In a sign of stepped-up diplomacy with Pyongyang, the U.S.-North Korea talks will be quickly followed in early February by another round of six-nation negotiations on the North's nuclear program. The nuclear talks involve the U.S., Russia, China, Japan and the two Koreas.

The U.S. Treasury said it notified all U.S. banks on Sept. 15, 2005 that they were banned from doing business with Banco Delta Asia SARL in Macau, which effectively barred the bank from operating in the world financial system. The United States initially alleged that North Korea was using the bank for cigarette smuggling and counterfeiting $100 bills. Later it alleged Banco Delta Asia was linked with a bank connected to the North's missile program.

The Treasury has not yet finalized the ban so banks are not legally banned from doing business with Banco Delta Asia — but all affected banks immediately cut off all business with the bank, U.S. officials said.

The U.S. action on Banco Delta Asia came four days before a Sept. 19, 2005 agreement at the six-nation talks in which North Korea agreed to abandon its nuclear program in exchange for security guarantees and aid. That accord has yet to be implemented. Upset and citing the U.S. restrictions, Pyongyang withdrew from further talks and then tested a nuclear bomb on Oct. 9, 2006.

Kimmitt said that at a meeting with the North Koreans in New York in March 2006, U.S. officials explained that the Treasury took action against the Macau bank as it has in many other places in the world where it discovered suspicious activity.

The U.S. made clear "this was not directed against North Korea as a country, it was directed against the conduct in which North Korea was engaged using that bank," he said.

The North Koreans agreed to return to the nuclear talks in December, saying there were no preconditions. But the talks ended with no apparent progress due to the dispute over the U.S. financial restrictions.

Another round of nuclear talks is expected to take place in Beijing in early February.

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Diamonds In The Sky (TIME)

Time, January 26, 2007

China's successful antisatellite-missle test Jan. 11 carries potential implicationsÂ for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher). At issue are military surveillance satellites--the very ones that detected Beijing's test--which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites--and a possible catalyst to a space arms race. [This article consists of a complex diagram. Please see hardcopy of magazine.]

Former Salvadoran Foes Share Doubts On War (WP)

By Manuel Roig-Franzia

The Washington Post, January 29, 2007

SAN MIGUEL, El Salvador -- JosÃ© Wilfredo Salgado says he collected baby skulls as trophies in the 1980s, when he fought as a government soldier in El Salvador's civil war. They worked well as candleholders, he recalls, and better as good-luck charms.

In the most barbaric chapters of a conflict that cost more than 75,000 lives, he enthusiastically embraced the scorched-earth tactics of his army bosses, even massacres of children, the elderly, the sick -- entire villages.

It was all in the name of beating back communism, Salgado, now the mayor of San Miguel, said he remembers being told.

But as El Salvador commemorates the 15th anniversary of the war's end this month, Salgado is haunted by doubts about what he saw, what he did and even why he fought. A 12-year U.S.-backed war that was defined at the time as a battle over communism is now seen by former government soldiers such as Salgado, and by former guerrillas, as less a conflict about ideology and more a battle over poverty and basic human rights.

"We soldiers were tricked -- they told us the threat was communism," Salgado said as bodyguards with pistols tucked into their waistbands hovered nearby at his home, ringed by barbed wire. "But I look back and realize those weren't communists out there that we were fighting -- we were just poor country people killing poor country people."

Salgado said he once thought that the guerrillas dreamed of communism, but now that those same men are his colleagues in business and politics, he is learning that they wanted what he wanted: prosperity, a chance to move up in the world, freedom from repression.

All of which makes what they see around them today even more heartbreaking and frustrating. For all their sacrifices, El Salvador is still among the poorest countries in the Western Hemisphere -- more than 40 percent of Salvadorans live on less than $2 a day, according to the United Nations. The country is still racked by violence, still scarred by corruption. For some the question remains: Was it all worth it?

"We gave our blood, we killed our friends and, in the end, things are still bad," said Salgado, who has served three terms as mayor of El Salvador's second-largest city. "Look at all this poverty, and look how the wealth is concentrated in just a few hands."

North of Salgado's home, the guerrillas he once fought live with the same doubts. Speeding along the curvy mountain roads near the onetime rebel stronghold of Perquin one recent afternoon, former guerrilla Benito Chica Argueta lamented that the future didn't turn out as he'd hoped.

Today, he scrapes together a living any way he can: Sometimes he sings at parties, sometimes he sells firewood. Zipping past a few sturdy masonry houses that appeared out of place alongside flimsy shacks, he quietly observed that such luxuries were beyond his reach.

"Those are people who get money sent from their relatives working in the United States," he said. "They're the only people around here who can afford a nice house."

Miles from those nice homes, he parked and hiked through a craggy ravine, grabbing vines to steady himself as he worked higher and higher up the Cacahuatique Mountains. At the end of the ravine, he reached a cave. Inside, bats skittered through the cool darkness that was his refuge as a scared young guerrilla. It still feels like a safe place to him.

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Chica Argueta, who maintains the pencil-thin mustache he wore as a young rebel, once trudged through a shallow stream to get there, so that he wouldn't leave footprints that would give away the location of the guerrillas' Radio Venceremos -- Radio We Will Be Victorious. Now he'll take anyone there for a few dollars.

In a honeyed voice that once crooned revolutionary anthems, Chica Argueta, now 46, said his guided visits are part of an effort to build a tourist industry on the relics of El Salvador's civil war -- one of the first such endeavors in Central America. But something else is at work. He is trying to secure his guerrilla movement's place in history.

Even though some factions of the coalition of guerrilla armies that fought in El Salvador's civil war were Marxist, he said, ideology had nothing to do with his decision to take up arms and leave the farm where his father earned only a few colones for backbreaking work. Nor did ideology play a role in motivating his friends in the People's Revolutionary Army -- one of five guerrilla factions during the war -- that he served with in the northern Morazan region, he said. He remembers fighting "for a piece of land, for the chance that my children might someday get to go to the university."

The Reagan administration, fearing a communist uprising, built up El Salvador's military with weapons, training and hundreds of advisers to serve as a surrogate force against what it described as encroaching Soviet and Cuban influence in Central America. To this day, Chica Argueta seethes when he recalls the sight of U.S. planes, knowing that they were there to fight a communist threat that he believes was overblown.

The war's degeneration into senseless malice was seared into Chica Argueta's mind in a tiny mountain town called El Mozote. In December 1981, a U.S.-trained battalion of government troops tortured and executed about 500 villagers there; the names of dozens of victims -- many under the age of 2 -- are now etched on the wall of the rebuilt church.

Chica Argueta and his fellow guerrillas arrived in El Mozote several days after the massacre and, fearing a return of the soldiers, hurriedly buried the dead beneath a thin layer of adobe bricks. Salgada arrived months later, after rains had unearthed the corpses, and piled skulls into sacks as souvenirs. He had "lost his love of humanity," he recalled, but a kernel of doubt was forming. He was conflicted, as he is today.

Salgada kept the skulls for years. They were reminders of how deeply he had sunk into depravity, yet somehow they also represented his awakening, he said. Witnessing the aftermath of what his colleagues did in El Mozote and reflecting on those skulls changed his mind about how the war was being fought. He might still have the skulls, he said, if not for the new family and the new life he has forged.

"Could you imagine the nightmares my children would have if I kept them in the house?" he said.

Salgada's mentor, the vaunted Col. Domingo Monterrosa, ordered the attack in El Mozote, which Salgada said he now considers "a genocide." Yet Salgada displays a huge painting of himself and Monterrosa -- who was killed during the war -- in the foyer of San Miguel City Hall. Perhaps it will make people ask questions about the war, Salgada said, though he's sure "people hate me" for displaying it.

If Monterrosa had lived, Salgada said, he should have been prosecuted for "war crimes like a Hitler." But he tempered his historical indictment, saying that "those were different times."

The scars of what he and his compatriots did, of the horrors of their brand of war, linger. Just two years ago, on a bridge in San Miguel, Salgada encountered a former government soldier who appeared to believe the war was still underway. He saluted Salgada and told him he had secured the bridge so that rebels couldn't cross, even though the war had been over for more than a decade.

"These are old wounds," Salgada said. "These anniversaries just open them wider."

Salgada and Chica Argueta now share a point of view, a common phenomenon in El Salvador today, where former soldiers and guerrillas often work together and intermarry. Chica Argueta said he believes the intermingling of former enemies was made possible by peace accords signed in 1992 without declaring a loser, thus leaving the guerrillas and the government soldiers on an even plane.

While Salgada and Chica Argueta struggle with doubts about the war, El Salvador's ruling party, the Nationalist Republican Alliance, or ARENA, presents a less nuanced image. ARENA prides itself as a bulwark against communism. The party's official hymn, sung often at political and government gatherings, boasts that "El Salvador is the tomb of the red ones," a reference to communist sympathizers.

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Walter Araujo, an ARENA stalwart who is president of El Salvador's Supreme Court and former head of the party, said in an interview that the civil war "put up a barrier against communist expansion. . . . To say communism wasn't a threat at that time would be to deny history."

Araujo is quick to point out that some rebel factions received support from Fidel Castro in Cuba and Daniel Ortega's Sandinista government in Nicaragua. And those countries might have played an outsize role in shaping El Salvador if the war had ended differently, Araujo said.

"We would have suffered the same fate as Nicaragua if there had been a victory by the left," Araujo said.

Today, Araujo and others describe what they portray as a similar threat -- the rise of populist socialist movements in Latin America -- and worry that El Salvador once again will be swept up in a bitter ideological fight.

"The risk has resurged," Araujo said.

A group of former guerrillas watched Araujo speak on television a few days before the Jan. 16 anniversary of the peace accords and scoffed at his comparisons between the present and the civil war era. On the patio of a small hotel in Perquin, where a civil war museum promotes the guerrilla version of history, they fretted that their struggle is still misunderstood.

The conversation drifted toward their disappointments about postwar El Salvador: the continued mass migration to the United States by Salvadorans who cannot find work at home, their fears about violence in a country with one of the highest murder rates in the world, their worries that the government isn't doing enough to address either problem.

"We have no historical memory here in El Salvador -- has everyone forgotten what we fought for?" said Adolfo Sanchez, a 47-year-old former guerrilla whose left arm is several inches shorter than his right because a bullet obliterated his elbow.

Then Sanchez paused. A smile grew on his face.

"You know," he said, "before the war we never could have sat here, right out in the open, and said such things."

Maybe, they all agreed, it had been worth it after all.

Zakaria: Preview Of A Post-U.S. World (NSWK)

By Fareed Zakaria

Newsweek, February 5, 2007

Two things were missing from this year's world Economic Forum at Davos: snow (which arrived eventually) and America-bashing (which did not). There were, of course, lots of American businessmen, activists and intellectuals filling the panels and halls of the conference. There were even a few senior American officials—though no star speaker. But, for the first time in my memory, America was somewhat peripheral. There were few demands, pleas, complaints or tantrums directed at the United States. In this small but significant global cocoon, people—for the moment at least—seemed to be moving beyond America.

"There has always been a talk by a senior American official as one of the centerpieces of the Forum," said a European who has advised the Forum for many years—and who asked to remain anonymous because of his relations with U.S. officials. "And in the past, people eagerly anticipated who that would be—Colin Powell, Dick Cheney, Condoleezza Rice. This year, almost no one inquired. We expected disappointment. But there was none. No one even noticed."

Part of the reason is that people are moving beyond George W. Bush. Europeans and Middle Easterners in particular used to rail against Bush. Now they think that their views about him and his policies—whether on Iraq, global warming or unilateralism—have all been vindicated, so why keep ranting? Besides, he's a lame-duck president, his weakness on full display in last week's plaintive State of the Union address.

But there may be a larger phenomenon at work here. This year's conference theme was titled "Shaping the Global Agenda: The Shifting Power Equation." The emphasis, and some of the talk at the conference, focused on that shift in power, with speakers foretelling the rise of Asia (and implicitly, the decline of America and Europe).

We are certainly in a trough for America—with Bush in his last years, with the United States mired in Iraq, with hostility toward Washington still high almost everywhere. But if so, we might also be getting a glimpse of what a world without America would look like. It will be free of American domination, but perhaps also free of leadership—a world in which problems fester and the buck is endlessly passed, until problems explode.

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Listen to the new powers. China, which in three years will likely become the world's biggest emitter of CO2, is determined not to be a leader in dealing with global environmental issues. "The ball is not in China's court," said Zhu Min, the executive vice president of the Bank of China and a former senior official in the government. "The ball is in everybody's court." India's brilliant planning czar, Montek Singh Alluwalliah, said that "every country should have the same per capita rights to pollution." In the abstract that's logical enough, but in the real world, if 2.3 billion people (the population of China plus India) pollute at average Western levels, you will have a global meltdown.

German Chancellor Angela Merkel called for a new round of trade talks and asked that everyone be "flexible." In fact, the United States has exhibited considerable flexibility, relaxing its position on many contentious issues, including agricultural subsidies. On the other hand, France, that eloquent critic of U.S. unilateralism, has refused to budge on its lavish subsidies for farmers. As a result, the European Union is fractured and paralyzed. For their part Brazil, China and India speak of flexibility in the abstract but have made no new proposals. The ball for every problem is in everybody's court, which means that it is in nobody's court.

The problem is that this free ride prob-ably can't last forever. The global system—economic, political, social—is not self-managing. Global economic growth has been a fantastic boon, but it produces stresses and strains that have to be handled. Without some coordination, or first mover—or, dare one say it, leader—such management is more difficult.

The world today bears some resemblance to the 1920s, when a newly globalized economy was booming, and science and technological change were utterly transforming life. (Think of the high-tech of the time—electricity, radio, movies and cars, among other recent inventions.) But with Britain declining and America isolationist, that was truly a world without political direction. Eventually protectionism, nationalism, xenophobia and war engulfed it.

In a provocative essay in Foreign Policy three years ago, the British historian Niall Ferguson speculated that the end of American hegemony might not fuel an orderly shift to a multipolar system but a descent into a world of highly fragmented powers, with no one exercising any global leader-ship. He called this "apolarity." "Apolarity could turn out to mean an anarchic new Dark Age," Ferguson wrote, "an era of waning empires and religious fanaticism, of economic plunder and pillage in the world's forgotten regions, of economic stagnation, and civilization's retreat into a few fortified enclaves." That might be a little farfetched. But for those who have been fondly waiting for the waning of American dominance—be careful what you wish for.

Boy Wonder (TIME)

By Catherine Mayer

Time, January 29, 2007

Britain's leader of the opposition isn't a typical alpha male. He's the kind of guy who pauses before biting into a muffin. "I really shouldn't," he says during a day of campaigning in Scotland. "I'm fat." That's not true, but like many an Englishman who ingested stodgy food at boarding school, David Cameron, 40, the leader of Britain's Conservative Party, lacks sharp angles. His telegenic appeal has propelled the Tories to a consistent lead in opinion polls for the first time since Tony Blair's 1997 victory. That has infused Britain's Conservatives with a sensation so unfamiliar, they barely recognize it: optimism. Giddy at this turn of fortune, some are already mythologizing the man behind it. Iain Dale, who writes a Conservative blog, speaks of Cameron's "Kennedyesque glamour." Cameron and his wife Samantha--the daughter of a baronet, who sports a tattoo of a dolphin on her ankle--are among London's most sought-after party guests. Says Gregory Barker, a Tory M.P. and member of Cameron's campaign team: "People sniff Camelot."

Actually, Cameron has more in common with a certain British pol than he does with J.F.K. Whether nodding sagely to recovering drug addicts at a rehab center north of Aberdeen or charming Scottish journalists on the serpentine train journey to Edinburgh, the person whom Cameron resembles more than any other is a young Blair. He has the same brow-furrowing desire not only to understand his interlocutors but to empathize with them; the same rootless accent that in Britain indicates an easy start in life (in his case, school days at Eton and a degree from Oxford). And like Blair a decade ago--when he was dumping his party's traditions to appeal to a wider constituency--Cameron inspires suspicion as well as excitement. One Labour Party campaign depicted the Tory leader as a chameleon.

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Yet the time might be ripe for Cameron. Blair has said he'll step down before the fall. His presumptive successor, Chancellor of the Exchequer Gordon Brown, is saddled by a more leaden style, a darker visage and a government that is losing popularity, largely because of the mess in Iraq. But Brown does not have to call an election until 2010, so Cameron can't rely on the war to deliver 10 Downing Street to him. Every second week he makes a foray from what he calls "the Westminster bubble" to some farther-flung outpost of the kingdom, meeting as many people as possible. "Obviously," he says, "in politics, people want to have a look at you and understand who you are and what makes you tick."

That's where the trouble begins. It's easy enough to locate Cameron's heart; that's with his family. He and Samantha have three children under 5--the eldest is severely disabled--and he says he spends most of his home life "knee-deep in nappies and wailing children." When his staff urged him to start his trip to Scotland early because of a forecast of gales, Cameron refused, insisting he had to put his children to bed.

The wellsprings of his political conviction are harder to trace. If a Kennedy inspires him, it's Bobby, the "wonderful orator," not his big brother. Unlike Blair and Brown, Cameron doesn't exude a strong affinity for the U.S. And in a departure from his predecessors, Cameron rarely invokes the name of the Tories' biggest icon: Margaret Thatcher. "To me, Mrs. Thatcher--it's all a long time in the past," says Cameron. "People are voting at the next election who were born after Mrs. Thatcher left office."

Many Tories of Cameron's generation believe that their party needs to reclaim the middle ground so brilliantly colonized by Blair and distance itself from the fiercely ideological course it charted during the Thatcher era. "We're seen as the nasty party," says Barker. To revamp that image, Cameron has engaged in conspicuously un-Tory-like behavior, traveling widely and posting a confessional blog at www.webcameron.org.uk He's promoting a doctrine he calls "modern, compassionate Conservatism," which is "about helping those people who can get left behind." In a nod to a nation where opposing global warming has become a semireligious duty, he claims to be more environmentally friendly than Labour. Cameron's slogan in local elections last May was "Vote blue, go green."

That sort of talk has worried some of the party faithful, but Cameron wants his big ideas to appeal across party lines. "You have to do what Bill Clinton did and build a big tent," says Dale, paying respect to a man whom an older generation of Conservatives dismissed as a pot-smoking, skirt-chasing lefty. But even Dale would like Cameron to signal to traditional Tories that "the old issues will be treated as seriously as the new ones." That might mean an overt reiteration of the Tories' traditional claim to be the party of low taxation. Or--always a favorite with the right wing--blaming the European Union for Britain's ills.

So far, though, Cameron has avoided making many explicit policy statements, relying instead on warm and fuzzy ideas like a belief in "social responsibility" that he says will empower business, individuals and local government. But in Britain's red-meat political and media landscape, warm and fuzzy is rarely enough. Popular attitudes to politicians are still set by the tabloids, which take no prisoners. And so far, the red tops aren't convinced. "I can't get to grips with Cameron, and I don't think the electorate can," says Trevor Kavanagh, the longtime political voice of the Sun. Here's a warning for the conservative comer: if the Sun thinks you're not substantial enough, that's a weight problem to worry about.

People's Investment Company (WSJ)

The Wall Street Journal, January 29, 2007

For Wall Street, the big news out of China this month is that the country will "actively explore and expand the channels and methods for using foreign-exchange reserves." The Communist Party might hive off a big chunk of its $1 trillion stash and invest abroad on behalf of its citizens, a la Singapore's Government Investment Corporation. That may be a boon for bankers, but it's not necessarily a smart idea for China.

This is yet another scene in the Party's balancing act between economic liberalization and state control. China's exchange-rate policy -- the catalyst for its huge foreign-exchange reserves -- is at the heart of the debate. By more or less pegging the renminbi to the dollar, Beijing accumulates foreign-exchange reserves when it mops up the incoming greenbacks. The policy has spurred an enormous boom, giving Chinese and foreigners the confidence to invest without worrying about price volatility.

This has also bought time for China to reform its broken financial sector -- a task that's far from finished. At the same financial conference at which the government investment idea was floated, Premier Wen Jiabao kicked off the reform of the

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Agricultural Bank of China, more than half of whose loan portfolio is rumored to be non-performing; it will take perhaps $100 billion or more to bail it out.

So why hive off foreign-exchange reserves into a Singapore-style fund? For one, China's policymakers may be frustrated that their efforts to encourage money to flow abroad aren't working quickly enough to offset the tide of incoming capital. The so-called Qualified Domestic Investor Initiative scheme, which lets Chinese investors buy bonds abroad, has attracted only a few billion dollars so far.

But there are good reasons for that. Today, Chinese investors see better prospects at home. The Shanghai stock market is up more than 110% over the past 12 months, and property prices are still healthy. Chinese investors probably aren't turned on by buying U.S Treasury bonds. If the Party were serious about opening their capital markets, they'd let investors buy General Electric on the New York Stock Exchange, or a vacation home in Thailand.

It's more likely that Beijing likes the GIC-like setup because it would keep the Party's hands on the money. Singapore's fund hasn't released public accounts since its founding in 1981; its stated total under management, at $100 billion, hasn't changed in years. But at least Singapore has a reputation for clean governance; the same can't be said of China's bureaucracy.

Beijing's policymakers could also make political hay domestically by telling citizens that they will get more return for their renminbi -- which could then be invested in, say, education or health care. This is the "negative carry" argument -- the idea that foreign investors are receiving double-digit returns on their dollars, while China's central bank receives single-digit returns when it invests renminbi in U.S. T-bills.

But that's not the way it really works. Foreign-exchange reserves are liabilities on a central bank's balance sheet, not found money. Up to a certain point, reserves assure foreign investors that a country has ammunition to fight an attack on its currency, such as during the 1997-98 financial crisis. Once reserves accumulate beyond that point, more fundamental questions about government policy have to be raised. Instead of creating an opaque government institution to manage reserves, China would do better to tackle the root problem: the need for more capital freedom.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Defending Bush's Authority (FWST)

The Fort Worth Star-Telegram, January 29, 2007

Because your Jan. 22 editorial ("A case of whiplash") on the Terrorist Surveillance Program (TSP) and the Foreign Intelligence Surveillance Court might have left readers with inaccurate impressions, I offer this response:

First, the TSP falls well within President Bush's constitutional authority, recognized and supplemented by Congress in the aftermath of Sept. 11, 2001, to protect Americans by intercepting the international communications of a lethal enemy.

Second, the Justice Department began exploring options for FISC approval of the collection of international al Qaeda communications into and out of the United States in the spring of 2005, well before the first media accounts disclosing the existence of the TSP.

It took considerable time and effort, however, for the government to develop this new approach, which has the speed and agility offered by the TSP, and for a judge of the FISC to consider and approve these orders. The new FISC orders are innovative and complex, but the result is that any electronic surveillance that may have occurred previously under the TSP will now be subject to FISC approval.

Accordingly, under these circumstances, the president has determined not to reauthorize the TSP when the current authorization expires.

Third, the attorney general directed department officials to brief the Senate and House Intelligence committees, as well as other key members of Congress, on the new orders. Although the existence of these orders has been made public, their contents remain highly classified. The disclosure of such information could reveal to our enemies aspects of our intelligence capabilities and allow them to evade detection.

The intelligence community has confirmed the value of the TSP in providing us with information that we would not otherwise have had and has confirmed that these new orders will fulfill that crucial function. The attorney general and the Justice Department are committed to fighting terrorism and using all lawful tools to protect our nation in a manner that respects and preserves the civil liberties of all Americans.

Tasia Scolinos, director of public affairs, Department of Justice, Washington

U.S. To Try Dutch Citizen On Iraq Terror Charges (CNN)

CNN, January 29, 2007

WASHINGTON (CNN) -- The United States on Sunday was detaining an Iraqi-born Dutch citizen, extradited by the Netherlands' government, for allegedly conspiring to kill U.S. citizens in Iraq, the Dutch Justice Ministry said.

Iraqi native Wesam al-Delaema, 33, arrived on a Dutch plane Saturday and is the first suspect to face criminal charges in a U.S. court for alleged terrorist involvement in the violent Iraqi insurgency, Justice Ministry spokesman Ivo Hommes said.

The U.S. government charged him with possession of explosives and conspiracy to kill U.S. citizens in an attack. The Justice Ministry said intelligence revealed that al-Delaema traveled to Iraq and met up with "Mujahedeen from Falluja" in 2003 and conspired with the group to conduct terrorist activities.

He was arrested by Dutch officials in May 2005 on terrorism-related charges. The Justice Department said the Netherlands placed al-Delaema in extradition custody in response to a preliminary U.S. request.

Before releasing him into U.S. custody, Hommes said Dutch officials negotiated certain terms with U.S. officials.

Both sides agreed that al-Delaema would not be tried for charges outside the current six-count indictment, and that he would be tried in a federal court, not by a military commission, where he might have fewer civil rights.

In the past, Guantanamo Bay terror suspects have been subject to trial by military commission.

If convicted, al-Delaema would be returned to the Netherlands for incarceration in a Dutch prison. The Dutch do not have the death penalty, so the maximum sentence he could receive is life in prison.

If convicted in the United States, al-Delaema would not be re-tried for the same charges in a Dutch courtroom, under the agreement between the U.S. and the Netherlands.

The Dutch government did not make specific requests as to where al-Delaema would be held during his trial, Hommes added.

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HOMELAND RESPONSE:

Advocates Hopeful Congress Will Ban Racial Profiling (AP)

By Frederic J. Frommer

AP, January 29, 2007

WASHINGTON - The repercussions of an airline's decision to remove a group of imams from a commercial flight in Minneapolis could be heard in Congress this year, where newly dominant Democrats are ready to consider a national ban on racial profiling.

The incident happened in November, made national news and reinvigorated an old proposal that got little attention from the GOP. But now a champion of the legislation, Rep. John Conyers, D-Mich., is chairman of the House Judiciary Committee, which has jurisdiction on the issue. Sen. Russ Feingold, D-Wis., who sponsored legislation to ban racial profiling in the last Congress, now chairs the Judiciary subcommittee on the Constitution.

"I'm convinced that once the body of evidence of racial profiling occurring in our nation is presented before the U.S. Congress and the American people, that indeed they'll be compelled to do something about it," said Hilary Shelton, director of the NAACP's Washington Bureau.

Shelton said that the issue lost traction after the Sept. 11 attacks, when the nation was focused on security.

"Many would argue that it's been exacerbated since 9/11, and we thought it was a tremendous problem before that," Shelton said. He said he's spoken about the issue with Conyers and is hopeful for action on legislation soon - perhaps as early as next month. Conyers declined to comment for this story.

Civil rights groups renewed their push for the legislation after last November's incident, in which US Airways barred six imams from a Minneapolis to Phoenix flight. The imams, returning from a religious conference, had prayed on their prayer rugs in the airport before the flight. After boarding, a passenger, who said she overheard anti-U.S. statements, passed a note to a flight attendant. The men were taken off the airplane, handcuffed and questioned. They were later released.

Muslims now have representation in Congress for the first time, with the election last November of Democrat Keith Ellison. Ellison, also the first black member of Congress from Minnesota, has called for an end to racial profiling.

"We should have an equal right to use the highways and byways and the airlines without regard to color, race, religion, or anything like that," said Ellison, who serves on the Judiciary Committee.

Feingold's bill, the End Racial Profiling Act, didn't come up for a vote in the GOP-controlled Congress in the last session, and there was no House version. The bill would have banned racial profiling by federal, state and local law enforcement, defining profiling as "the practice of a law enforcement agent or agency relying, to any degree, on race, ethnicity, national origin, or religion" during investigatory activities.

It included an exemption when specific information "links a person of a particular race, ethnicity, national origin, or religion to an identified incident or scheme."

No bill has been introduced yet this session, as Congress has been focused on other issues such as Iraq and the minimum wage, but Feingold, who is Jewish, made it clear the issue will be a priority for him.

"Many law-abiding African Americans, Arab Americans, Latino Americans and others live with the fear of being racially profiled as they go about their everyday lives," said Feingold. Although the vast majority of law enforcement officers don't engage in the practice, Feingold said, some do and it must be addressed.

"I look forward to working with Chairman Conyers in the House as well as others to ensure that no one is judged by how they look or where they worship," he said.

Some security-oriented groups are gearing up to fight the bill.

"It would have the effect of estranging police officers from the community that they serve," said Jim Pasco, executive director of the Fraternal Order of Police. "It would make them more hesitant to stop people who might well be in violation of the law for fear that they're going to get written up because of some racial protocol."

Peter Gadiel, of Kent, Conn., president of 9/11 Families for a Secure America, mocked the legislation.

"The 9/11 atrocity was committed by 19 young single men from Arab nations. If you want to hand this country over to terrorists, why don't you say it right out front?" said Gadiel, whose son, James, died in the attacks on the World Trade Center. "We don't have to worry about 80-year-old ladies with bleach-blonde hair and southern accents."

Norm Ornstein, a congressional scholar at the American Enterprise Institute, said that the legislation could get extra attention because several Democrats on the House Judiciary Committee - including Conyers - are black, and may be more sensitive to the racial profiling issue.

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"You do have some highly motivated people, and a willingness to push a little bit on this," Ornstein said.

Steve Mustapha Elturk, an imam in Troy, Mich., said a ban on racial profiling would be a welcome development. He said that four times since Sept. 11 he's been detained by U.S. authorities - twice at the Canadian border and twice while traveling by air - while doing nothing wrong.

Elturk, 52, a Lebanese-born U.S. citizen, is imam and president of the Islamic Organization of North America, a mosque and learning center in Warren, Mich.

"It is pathetic for an American citizen who has spent more than half his life in this country to have to fly fearing that I will be stopped and interrogated," he said. "This is not the country I came to know. I chose this place. To go through with what I'm going through now is plain unacceptable."

Eric Blum, a Customs and Border Protection spokesman, said that while he couldn't comment on specific cases, the agency does not use racial profiling.

"However, we will scrutinize cargo and individuals coming from high-risk countries - no matter what your nationality," he said, adding that people can also be detained if their name matches one on a watch list.

Justice Department spokesman Cynthia Magnuson declined to comment specifically on the bill, but did say: "In 2003, the department issued policy guidance to ban federal law enforcement officials from engaging in racial profiling in response to the president's directive that racial profiling is 'wrong and we will end it in America.' We continue to work toward this goal."

A Public Memorial (NYT)

The New York Times, January 29, 2007

For a while, it seemed as if the emotional issue of how to place the names of the dead at the 9/11 memorial had finally been resolved. And for nearly everyone, including most of the 9/11 families, it has, thanks to a compromise engineered last month by Mayor Michael Bloomberg. But a small group of victims' families has regrettably decided to mount a public campaign against the compromise.

They are trying to discourage contributions to the memorial until the victims' names appear exactly the way they want them, listing the age, corporate affiliation and floor on which each person worked. We fear that this effort will only add to the distress of other families who have been waiting for years for what is, after all, a public memorial.

It's hard to imagine a group of people who have been listened to more intently than this group of family members. Their views have helped to shape or reshape nearly every aspect of the redevelopment of ground zero — and especially the memorial. They had George Pataki's ear when he was governor, and they succeeded in shaping the debate about ground zero in ways that were sometimes polarizing. Out of respect for their loss, everyone has listened to them and tried to address their concerns.

But ground zero cannot be turned into a private memorial. If Cantor Fitzgerald, for example, feels it is important to create its own separate memorial to its terrible loss on that day, it should certainly do so. But the public memorial must be more expansive than that. There is a stark beauty and essential simplicity to the proposed listing of names as it now stands. It honors the nature of public memory, as well as the role the 9/11 museum will play in telling a fuller history of that day.

As painful as the private loss of this small group of mourners is, it must be accommodated as part of the larger public loss.

146 U.S. Levees May Fail In Flood (USAT)

By Peter Eisler, Usa Today

USA Today, January 29, 2007

Bad maintenance heightens danger

WASHINGTON — The Army Corps of Engineers has identified 146 levees nationwide that it says pose an unacceptable risk of failing in a major flood.

The deficiencies, mostly due to poor maintenance, are forcing communities from Connecticut to California to invest millions of dollars in repairs. If the levees aren't fixed, the Federal Emergency Management Agency (FEMA) could determine that they are no longer adequate flood controls. If that happens, property owners behind the levees would have to buy flood insurance costing hundreds of dollars a year or more.

The substandard levees are being identified under a corps inspection program that has grown more aggressive since Hurricane Katrina overwhelmed levees across the Gulf Coast in August 2005. Thousands of residents who lost property did not have flood insurance because those levees were considered adequate; later reviews found many were not well maintained.

"The corps and FEMA are saying, 'We've been lax as a nation in our operation and maintenance of these levees, and it's time to tighten up,' " says Larry Larson, director of the Association of State Floodplain Managers, an organization for officials who run flood-control systems. "You're talking about risking a lot of lives if one of these fails."

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After Katrina, Congress directed the corps and FEMA, which administers federal flood insurance, to identify at-risk levees. The corps inspects about 2,000 levees nationwide, mostly larger ones. The corps provided USA TODAY only with a list of how many faulty levees have been found in each state.

Spokesman Pete Pierce says the corps does not want to release the list of the 146 places where levees have been identified as inadequate until all levees are inspected and all communities with faulty levees are notified. USA TODAY has filed a request for that list under the Freedom of Information Act.

Thousands of levees are spread across every state. They range from miles-long levees protecting major cities to small berms shielding crops. Many were built by the corps and turned over to local authorities, which are responsible for maintaining them.

Local officials fear that some cities cannot afford upgrades. Hartford, Conn., spent $5 million last year to meet the corps' demands for repairs. Otherwise, thousands of properties worth almost $2 billion would have needed flood insurance, City Engineer John McGrane says. "It's a tremendous burden," he says.

The corps is allowing a one-time, one-year grace period to do the work, says Maj. Gen. Don Riley, the corps' director of civil works. "We want communities to clearly understand the risks of not maintaining these levees and take responsibility," he says.

Louisiana Officials Criticize Delays On The 'Road Home' (WP)

By Renae Merle

The Washington Post, January 29, 2007

ICF International's largest contract is turning into its biggest headache.

In June, the Fairfax company was picked by Louisiana's Office of Community Development to run a program worth more than $7 billion that will distribute thousands of federal grants to homeowners whose houses were damaged by hurricanes Katrina and Rita in 2005.

Since then, residents and state and federal officials have accused ICF of moving too slowly, paying its lawyers too much and valuing homes too low. The company's performance has been criticized by Donald Powell, federal coordinator of Gulf Coast rebuilding, and the Louisiana House and Senate have called for the contract to be canceled and for an audit of the company's $19 million in travel expenses.

"Every part of this recovery process has been challenging. They understood that when they came in," Louisiana Gov. Kathleen Babineaux Blanco (D) said of ICF in an interview.

"There has been a bottleneck," Blanco said. "I simply want them to clear out the bottleneck."

ICF defends its performance, saying that it has changed how it calculates the value of homes in urban areas and that it is ahead of schedule in parts of the program, which analysts expect to constitute 40 percent of its 2007 revenue. Some of the complaints lobbed at the firm reflect the way the program was designed by the state, including provisions to prevent fraud, not the way ICF is implementing it, company officials say.

"We're making progress, but we're constantly looking to improve," said Michael F. Byrne, ICF's program director. "We want to get the money to them fast, that's the number one priority, but we want it to be a fair and equitable progress."

Fairfax-based ICF is a mid-size contractor that provides consulting and technology services for government agencies, including the Department of Housing and Urban Development and the Defense Department, as well as some large companies. The firm has more than 2,000 employees worldwide, including about 1,200 in the Washington area.

The program, known as Road Home, is among the most high-profile for Louisiana residents affected by the storms. The state expects to dole out grants of up to $150,000 each to about 100,000 homeowners. An additional $869 million has been set aside for owners of small rental properties, a pool of about 80,000 potential applicants. The contract is worth up to $756 million to ICF.

"It's critical to the long-term rebuilding effort," Powell said in an interview. "If you're a homeowner in New Orleans, this is your source of rebuilding; it puts certainty into your life."

But complaints about the company and the contract have piled up. Under the contract, the company's lawyers make $375 an hour, significantly higher than private attorneys working on a state contract earn, said state Rep. J.P. Morrell (D-New Orleans). The contract also allocates $19 million for travel expenses without any requirement that the firm account for how it is spent, he said.

"You're giving this company a blank check to travel on the public dime," he said. "They are getting paid out of money that could be going to people's homes."

But the most significant complaints about the ICF have centered on the pace of the program. So far, 331 homeowners have received their grants, valued at an average of $80,000. Some received less than $10,000.

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That is too slow, say skeptics, who want the program wrapped up before homeowners begin registering their children for school in the fall. "It's the pace," Powell said. "I think it's too slow. It's not meeting the needs of the people."

Blanco said she has given ICF "a lot of leeway" and will meet with company officials soon to gauge when the bottleneck will be relieved and to ensure that ICF's 22 subcontractors also have a sense of urgency.

Compounding the frustration was an expectation that ICF would issue 500 awards a day starting this month. That was a misunderstanding, said ICF spokesman Douglas Beck. It does not expect to issue awards at that rate until May, he said.

ICF will launch the next phase of the program today as it takes applications from owners of small rental units, and it is applying the lessons from the homeowners program, Bryne said. "We're going to provide information to the people on a more routine basis, we're going to be available to answer questions," he said, so that "they never feel like they're disconnected."

Bringing Health Care To Katrina's Uninsured (WP/AP)

By Janet Mcconnaughey

The Washington Post, January 29, 2007

NEW ORLEANS, Jan. 28 -- Hundreds of people still without health insurance in areas hit hard by Hurricane Katrina lined up before dawn Sunday for the start of a week-long event offering free medical care.

Bundled up against the chilly wind, people began arriving at 2 a.m. outside the tents and doublewide trailers offering free care in eastern New Orleans. By the time the first 50 had been called into the registration tent, the crowd numbered in the hundreds.

Penny Anderson, her daughter, and three small grandchildren came to see a dentist. "My daughter went online to try to get health insurance for me and my husband," she said. "It was $799 a month! That's a house note!"

The health fair is open to anyone from the New Orleans area but is specifically aimed at those who no longer have insurance, are unemployed or otherwise cannot pay for regular health care. By the end of the week, 10,000 patients are expected to be seen.

The project is a collaboration by Pat Robertson's Operation Blessing International and Remote Area Medical, which organizes volunteer medical treatment in remote parts of the United States and the world.

While most people wouldn't consider New Orleans remote, the city is, "since Hurricane Katrina, extremely remote from a medical and health-care infrastructure," said Karen Wilson, executive director of the Remote Area Medical Foundation.

More than 400 health-care workers have volunteered for the health fair, including doctors, dentists and specialists. Services include free prescriptions; dental fillings and teeth cleanings; eye exams and glasses; and specialized care, including pediatrics, obstetrics and gynecology, diabetic care and cardiology.

Claudette Stone, 52, of Chalmette was first in line for most of the morning. She had tried several times to see doctors brought by the same groups about a year ago for her diabetes, high blood pressure and other problems. But she arrived after 8 a.m. and couldn't get in.

Though daily clinics are available, she's had trouble getting into those, too, even though she arrived at 4 a.m.

"Some days they'll see 15 people, some days 10. There would already be that many people lined up," she said.

Farther back in line, Zachary Jackson, 54, and Ray Stringer, 60, said they had come to New Orleans for demolition and rebuilding jobs. Neither had insurance through his employer.

"You can't put a price on this," Jackson said.

"There's no way," Stringer agreed.

WAR NEWS:

G.O.P. Senators Criticize Iraq Plan (NYT)

By Jim Rutenberg

The New York Times, January 29, 2007

WASHINGTON, Jan. 28 — Republican allies of the White House argued on the Sunday news programs that resolutions critical of President Bush's new Iraq plan being considered by the Senate would embolden insurgents and demoralize American troops.

But they were faced with counterpoint arguments not only from Democrats but also from other Republicans. "What I'll be doing is trying to appeal to my Republican colleagues to not pass a nonbinding resolution that basically says to the troops who are going there this is a mission that doesn't have a chance of succeeding," Senator Mitch McConnell of Kentucky, the Republican leader, said on "Face the Nation" on CBS.

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But on the same program, Senator Arlen Specter, Republican of Pennsylvania, said, “I cannot support sending additional troops to Iraq.<object.title class="Movie" idsrc="nyt_ttl" value="173274">”

On “</object.title>This Week” on ABC, Senator Richard G. Lugar, Republican of Indiana, said the resolutions were “not helpful” to the new American commander, Lt. Gen. David H. Petraeus, or “to the troops, to the Iraqis.”

On “Fox News Sunday,” Senator Sam Brownback of Kansas, a Republican presidential contender, said he was considering voting for a resolution criticizing the plan. That resolution also lays out benchmarks for the Iraqis to achieve and states that the Senate’s intention is not to countermand the president’s authority as commander in chief.

The Senate Foreign Relations Committee has passed a more harshly worded resolution criticizing the plan. Its backers include Senator Chuck Hagel, Republican of Nebraska.

Sen. Biden: Most Senators Oppose U.S. Troop Buildup (USAT)

By Fredreka Schouten

USA Today, January 29, 2007

WASHINGTON — The head of the Senate Foreign Relations Committee on Sunday defended a resolution that opposes sending more U.S. troops to Iraq and said the majority of his colleagues do not support President Bush on Iraq.

"It's not the American people or the United States Congress who are emboldening the enemy," said Sen. Joseph Biden, D-Del., responding to criticism that a resolution adopted by his panel last week would bolster Iraqi insurgents. "It's the failed policy of this president, going to war without a strategy, going to war prematurely, going to war without enough troops, going to war without enough equipment."

Biden's remarks on ABC's This Week came one day after tens of thousands of protesters, ranging from military families to Hollywood actors such as Jane Fonda, gathered on the National Mall to urge an end to the war.

The Senate begins debate this week on the non-binding resolution opposing Bush's plan to boost U.S. troop levels in Iraq by 21,500.

"You will not find 20% of the Senate standing up and saying the president is headed in the right direction," Biden said of the upcoming floor debate.

Top Republicans oppose the resolution. Indiana Sen. Richard Lugar, the panel's ranking Republican, said Sunday on ABC that the measure is not helpful to the troops or Lt. Gen. David Petraeus, the new commander of U.S. forces in Iraq. Virginia Sen. John Warner and other Republicans are working on alternative measures that would signal their concern about the war's direction. Some would set benchmarks for the Iraqi government.

Senate Minority Leader Mitch McConnell, R-Ky., said such benchmarks would send a strong signal to Iraqis. "If someone like me, who has been the strongest supporter of the president you could find in the Senate on this effort, is saying this is the last chance for the Iraqis, I think that ought to help them get the message (that) this is the last chance," he said Sunday on CBS' Face the Nation.

US Senators Reject Iraq Troop ‘surge’ (FT)

By Krishna Guha

Financial Times, January 29, 2007

Support for President George W. Bush’s strategy to inject more troops into Iraq frayed further on Sunday, ahead of a week in which Congress is expected to distance itself formally from the plan.

Arlen Specter, the senior Republican on the Senate judiciary committee, became the latest Republican senator to voice opposition to the “surge”, telling CBS News: “I cannot support sending additional troops to Iraq.”

Senators are expected to vote on Wednesday on non-binding resolutions criticising the strategy, which would see an extra 21,500 US troops committed to Iraq – mainly in Baghdad – combined with a tougher security approach from the Iraqi government.

Joseph Biden, the Democratic chairman of the Senate Foreign Relations Committee, who will announce his presidential bid on the day of the vote, told ABC News: “You will not find 20 per cent of the Senate standing up and saying the president is heading in the right direction.”

Mr Biden, who accused Mr Bush of ignoring “95 per cent of the advice” that was given to him by the Iraq Study Group and members of Congress, said “the ground has moved beneath the president’s feet”.

Vice President Dick Cheney has stepped back out into the media spotlight to defend the administration’s Iraq strategy. On Sunday, the White House released the transcript of an interview with Mr Cheney in Newsweek magazine, in which he admitted that pre-war intelligence was “flawed” but warned of the global consequences of failure in Iraq.

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At the start of the week it appeared likely that a majority of senators would support one or more of the competing draft resolutions critical of the planned surge.

One, sponsored by Mr Biden and Chuck Hagel, the number two Republican on the foreign relations committee, is firmly critical of the Bush plan. Another, drafted by John Warner, the senior Republican on the Senate armed services committee, is milder but still expresses disagreement with the troop surge.

Analysts expect intense political manoeuvring ahead of any vote, with critics of the White House expected to seek to combine the Biden and Warner bills, and supporters anxious to split the doubters' vote between competing resolutions.

Underlining the continuing security problems, US and Iraqi security forces clashed with Sunni militants near the southern Iraqi city of Najaf on Sunday, as violence in the capital killed at least a dozen people on the eve of the Shia holy day of Ashura. There were unconfirmed reports late on Sunday night that as many as 250 militants may have been killed in the fighting.

Earlier on Saturday tens of thousands of anti-war demonstrators gathered in Washington to protest the planned surge. Only a handful of Democratic members of Congress attended the demonstration, which starred Vietnam war critic Jane Fonda and other celebrity activists.

Senators Swipe Back Over Iraq (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, January 29, 2007

Opponents of a troop buildup say Bush's 'failed' war strategy has emboldened the enemy, not their resolutions.

WASHINGTON — Prominent Democratic senators who are against the troop buildup in Iraq took issue Sunday with criticism from Bush administration officials who have charged that opposition to the president's new strategy could embolden the enemy.

"It's not the American people or the United States Congress who are emboldening the enemy," said Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee. "It's the failed policy of this president — going to war without a strategy, going to war prematurely."

On Friday, Defense Secretary Robert M. Gates said a congressional resolution against the buildup could demonstrate "flagging will" by the nation and potentially "emboldens the enemy and our adversaries."

His comments echoed those made earlier in the week by Lt. Gen. David H. Petraeus, the new top commander in Iraq. Vice President Dick Cheney has also spoken critically of the resolution.

Sen. Jim Webb (D-Va.), a former Marine and Navy secretary who is a leading critic of the war, appeared Sunday on CBS' "Face the Nation" and said Gates was wrong.

"First of all, who's the enemy?" Webb asked, "Who are they talking about? Are they talking about Iran? Are they talking about the insurgents? Are they talking about Al Qaeda?"

Biden, speaking on ABC's "This Week," said he believed as few as 20 senators thought President Bush's plan to add 21,500 troops in Baghdad and Al Anbar province was the "right direction" for U.S. strategy.

The foreign relations committee last week voted to support a resolution sponsored by Biden and Sen. Chuck Hagel (R-Neb.), opposing the troop increase. Hagel was the only Republican on the committee to support the resolution, although many spoke against the buildup.

A second, more gently worded measure opposing the troop increase, drafted by Virginia Republican Sen. John W. Warner, has drawn support from five other GOP senators. Warner is a former Navy secretary and past chairman of the Armed Services Committee whose views on military issues are widely respected.

Debate on the resolutions could begin as soon as this week.

Sen. Richard G. Lugar (R-Ind.), the ranking Republican on the foreign relations committee, said rather than taking a "show of hands" Congress should try to work constructively with Bush.

Lugar, who appeared with Biden on "This Week," said the resolutions "are not helpful to Gen. Petraeus, to the troops, to the Iraqis but we do need some policies that will be helpful, and hopefully our committee can be constructive in forging those."

The resolutions are becoming something of a test issue for the growing number of presidential candidates.

Biden is set to announce his run for the presidency this week and joked Sunday that he would be the "800th candidate."

Sen. Sam Brownback (R-Kan.), who last week came out for Warner's measure, said on "Fox News Sunday" that the enemy was already emboldened and resolutions would hardly change that.

But Mike Huckabee, the Republican former governor of Arkansas who said he would announce his candidacy today, opposed the resolutions on NBC's "Meet the Press."

"I think it's one thing to have a debate and a discussion about this strategy," he said, "but to openly oppose, in essence, the strategy, I think that can be a very risky thing for our troops."

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On "Face the Nation," Senate Republican leader Mitch McConnell of Kentucky said he was appealing to members of his party not to support the Biden or Warner resolutions.

Sen. John McCain (R-Ariz.), one of the strongest supporters of the troop buildup, is also crafting an alternative measure that would call for benchmarks against which to measure the Iraqi government.

McConnell said if there had to be a resolution, he would push for one like McCain's. Establishing benchmarks for the Iraqi government, he said, could be helpful to Petraeus. But McConnell said any Senate resolution would have to have a filibuster-proof majority of 60 votes to pass. As a result, he predicted that it would be hard for any of the resolutions to pass.

"I am not certain any of these will get 60 votes," he said. "We'll find out in the coming week or two."

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Huckabee Announces Presidential Bid (WP)

By Lois Romano

The Washington Post, January 29, 2007

Former Arkansas governor Mike Huckabee yesterday announced plans to form a presidential exploratory committee, hoping to carve out a conservative niche in an increasingly crowded field of Republican candidates.

The onetime Southern Baptist minister, perhaps best known for losing 100 pounds in two years, said he will file papers with the Federal Election Commission today, which will enable him to start raising money.

"I think America needs positive optimistic leadership to kind of turn this country around, to see a revival of our national soul," Huckabee said on NBC's "Meet the Press."

Huckabee enters the race as a long shot, boasting little national name recognition and up against such high-profile and well-funded Republican candidates as Sen. John McCain (Ariz.), former Massachusetts governor Mitt Romney and former New York mayor Rudolph W. Giuliani. But, like Sen. Sam Brownback (Kan.) and Rep. Duncan Hunter (Calif.), Huckabee is trusting that the GOP's traditional base is not content with the current leaders in the race and that there might be room for a staunch conservative who is antiabortion and opposed to same-sex marriage.

Huckabee, 51, said yesterday that he supports President Bush's position on the Iraq war, and he discussed his record in Arkansas, which was not always predictable. He was an advocate for providing state services for illegal immigrants, opened up insurance benefits for 70,000 children from low-income homes and was criticized by fiscal conservatives for raising taxes several times.

He also publicly supported creationism, a philosophy advocated by fervent Christians, arguing that students should be exposed to the study of the doctrine as well as evolution.

When moderator Tim Russert pressed Huckabee on whether he would lead the United States to be a more Christian nation, he replied: "We are a nation of faith. It doesn't necessarily have to be mine."

"I make no apology for my faith," he said. "My faith explains me."

Huckabee was Arkansas lieutenant governor in 1996 when Democratic Gov. Jim Guy Tucker was convicted of conspiracy and mail fraud relating to the Whitewater scandal. He rose to governor when Tucker resigned and was subsequently elected by large margins for two more terms in the historically Democratic state.

The former governor shares his birthplace with another governor of Arkansas who ran for president, Bill Clinton. Both men were born in the small town of Hope.

Huckabee started his professional life as an ordained minister. He served at several churches in Arkansas and once presided over the Arkansas Baptist State Convention, launching his political career shortly thereafter.

As Arkansas governor, Huckabee admitted to weighing 300 pounds. After being diagnosed with diabetes in 2003, he went on a public diet and started competing in marathons. He lost more than 100 pounds and penned a diet book about the experience, "Quit Digging Your Grave With a Knife and Fork."

Huckabee, who also spoke yesterday at the Conservative Summit in Washington, said he planned to be in Iowa, home of the first 2008 caucuses, on Tuesday and Wednesday.

"America loves an underdog," Huckabee said. "America loves people who have had to struggle and for whom every rung of the ladder has been sometimes three rungs up and two back down."

Ex-Arkansas Governor Joins Race For G.O.P. Nomination (NYT)

By Robin Toner

The New York Times, January 29, 2007

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WASHINGTON, Jan. 28 — Former Gov. Mike Huckabee of Arkansas announced Sunday that he was forming a presidential exploratory committee, mounting an underdog campaign for the Republican nomination with “a message of hope and optimism for restoring America.”

Mr. Huckabee, 51, is a Baptist minister who served more than 10 years as governor of Arkansas and has close ties with many Christian conservatives. He enters a race largely dominated, so far, by heavyweights like Senator John McCain of Arizona, former Gov. Mitt Romney of Massachusetts and former Mayor Rudolph W. Giuliani of New York. Also, Mr. Huckabee faces stiff competition for the social conservative vote, his natural base, from Senator Sam Brownback of Kansas.

Still, in an interview, Mr. Huckabee was bullish.

“It’s about getting the message to connect with Republican activists and voters, who may not see their guy on the field yet,” Mr. Huckabee said. He also criticized the emphasis on fund-raising prowess as a measure of political viability. “It makes me wonder if we should just put the presidency up on eBay,” he said.

On Sunday, Mr. Huckabee affirmed his support for President Bush’s call for an increase in American troops in Iraq. “He’s got to be given the opportunity to do his job,” Mr. Huckabee said.

In an interview on the NBC news program “Meet the Press,” where Mr. Huckabee announced his candidacy, he said that “to oppose a sitting commander in chief while we’ve got people being shot at on the ground” could be “a very risky thing to our troops.”

He also spoke about his staunch opposition to abortion rights, saying, “I always am going to err on the side of life.” But the anti-abortion movement, he said, has to do “some growing and expanding.”

“We have to remind people that life, where we believe it begins at conception, it doesn’t end at birth,” Mr. Huckabee added. “And if we’re really pro-life, we have to be concerned about more than the gestation period.”

When asked during the television program if he had “a problem with gay people,” Mr. Huckabee replied, “No, I have a problem with changing institutions that have served us,” notably marriage. “Before we change the definition of marriage to mean something different, I think our real focus ought to be on strengthening heterosexual marriages because half of them are ending in divorce,” he said.

Asked about a recent Democratic entrant to the 2008 field, Senator Hillary Rodham Clinton, Mr. Huckabee said that she would “absolutely” be a formidable candidate, and added, “I think people underestimate her at their own peril.”

Cheney Responds To Hagel's Criticism (AP)

AP, January 29, 2007

Vice President Dick Cheney shot back at Republican Sen. Chuck Hagel of Nebraska, who has accused the Bush administration of playing "a pingpong game with American lives" by sending more U.S. troops into Iraq.

"Let's say I believe firmly in Ronald Reagan's 11th commandment: Thou shalt not speak ill of a fellow Republican," Cheney said. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

Cheney's comments came in a Newsweek interview released Sunday.

Hagel, a potential presidential candidate, has been outspoken in his criticism that the Republican White House lacks a coherent strategy in Iraq.

His "pingpong" remark came Wednesday as the Senate Foreign Relations Committee debated a nonbinding resolution that condemned Bush's troop buildup in Iraq. Hagel co-sponsored the measure, which the committee approved in a 12-9 vote.

He was the only Republican to vote for it.

In the interview, Cheney also said he doesn't spend any time worrying about how the public or the media view him. When pressed to react to personal criticism from people with whom he has worked before, Cheney said: "Well, I'm vice president and they're not."

The Senate Cooler (WP)

By Robert D. Novak

The Washington Post, January 29, 2007

The Democratic plan was for Sen. Joseph Biden, chairman of the Senate Foreign Relations Committee, to sit down over the weekend with his longtime Republican colleague Sen. John Warner and hammer out a consensus, bipartisan resolution opposing President Bush's troop surge in Iraq. But Warner, who has been making backroom deals for 28 years in the Senate, informed Biden late on Thursday: No deal.

Warner wrote that the "will of the Senate" should be determined in "open" session, not closeted negotiations. That killed the Democratic leadership's dream of passing a Biden-crafted anti-surge resolution by 70 votes or more. Such a proposal now

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cannot get the 60 votes needed for cloture to end a filibuster (and could fall short of the 50 needed for a simple majority). Conceivably, the Senate might pass no resolution at all.

Despite new Democratic control, the Senate remains sluggish, quirky and madly frustrating for anyone with an agenda. George Washington is reputed to have told Thomas Jefferson, skeptical about a bicameral Congress, that the Senate would be the saucer to cool hot tea from the House. More than two centuries later, the Senate saucer is cooling the beverage boiled up by Speaker Nancy Pelosi's House -- even the widely popular increase in the minimum wage. To everybody's surprise, Pelosi has held back quick House passage of an anti-surge resolution, awaiting action in the cooler Senate.

Biden wanted to force through his sharply worded (though nonbinding) resolution. But advisers prevailed on him to meld his proposal with Warner's milder language. Biden and his principal Republican co-sponsor, Sen. Chuck Hagel (the second-ranking Republican on Foreign Relations), said Wednesday that they were ready to begin negotiating with Warner, the former Armed Services Committee chairman.

One of Biden's advisers told me then that the negotiations should prove to be no problem because they were willing to accept "about 90 percent" of Warner's resolution. Democrats complained that his wording left the door open to further troop increases, and some questioned its first paragraph affirming the president's constitutional role as commander in chief. Such language was supposed to have been massaged over the weekend.

But Biden was surprised late Wednesday afternoon to receive a blunt letter from Warner and Ben Nelson of Nebraska, the most conservative Democrat in the Senate. They asserted that they and other co-sponsors of the resolution "believe that issues set forth in [the resolution] should occur as a consequence of the will of the Senate, working in 'open' session, during floor debate and consideration." In other words, no private negotiations.

That stand poses a dilemma for Senate Majority Leader Harry Reid because of bipartisan support for Warner's resolution. Besides Ben Nelson, its co-sponsors include Democrats Mary Landrieu (La.), Claire McCaskill (Mo.), Bill Nelson (Fla.) and Ken Salazar (Colo.), and Republicans Norm Coleman (Minn.), Susan Collins (Maine) and Gordon Smith (Ore.). If they stick together, Biden cannot change the Warner resolution.

With Sen. Olympia Snowe (Maine) the only Republican other than Hagel backing Biden's version, it may lack even enough votes for a majority. Reid faces a difficult choice. He could crack the whip on Democrats to pass the Biden resolution (though falling short of enough votes for cloture). Or he could swallow an unamended Warner resolution to win a bipartisan vote on the record against additional troops.

Bush aides hope that pressure from Cabinet members and the president himself have diminished GOP support for anti-war resolutions. The fact remains that almost no enthusiasm for the surge can be found in the Senate. Even John McCain, an early advocate of more troops, complains that a reinforcement of 21,500 is insufficient.

While many Republicans want to give their president "one last shot" at a military solution, there is pervasive pessimism about the new strategy. Republicans think withdrawal of troops must begin in the next six months for their party to have any chance at retaining the presidency in 2008, and a Bush Cabinet member -- not associated with national security -- told me the same thing last week. The Senate is a tough place for even somebody as assertive as Joe Biden to get his way, but that hardly connotes an expression of approval for sending more troops to Iraq.

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Biden: 'Failed Policy' Emboldens Enemy (AP)

By Hope Yen

AP, January 29, 2007

The Senate Foreign Relations Committee chairman on Sunday dismissed criticism that a resolution opposing a troop buildup in Iraq would embolden the enemy and estimated no more than 20 senators believe President Bush "is headed in the right direction."

"It's not the American people or the U.S. Congress who are emboldening the enemy," said Joe Biden, a White House hopeful in 2008. "It's the failed policy of this president — going to war without a strategy, going to war prematurely, going to war without enough troops."

The Senate's top Republican, Mitch McConnell, cast doubt that a clear majority would be able to coalesce behind one of the many competing resolutions on Iraq. "I'm not certain any" will get the necessary votes, he said.

The Democratic-controlled Senate plans to begin debate this week on a nonbinding resolution declaring that Bush's proposal to send 21,500 more troops to Baghdad and Anbar province is "not in the national interest."

Last week, Biden's committee approved the measure on a near party-line vote of 12-9.

In reaction, Bush challenged lawmakers not to prematurely condemn his buildup and Vice President Dick Cheney said the administration would proceed even if a nonbinding resolution won Senate approval.

With the Senate having just confirmed a new top U.S. commander for Iraq, Defense Secretary Robert Gates said it was "pretty clear that a resolution that in effect says that the general going out to take command of the arena shouldn't have the resources he thinks he needs to be successful certainly emboldens the enemy."

Senate Republicans mostly oppose the committee-passed measure. They are lining up alternatives that express concern about a buildup or in some cases set performance benchmarks for the Iraqi government. Other GOP proposals being drafted would express unqualified support for Bush.

McConnell said Republican leaders would not seek to block a vote on the nonbinding resolution opposing a troop buildup with a filibuster. He called a proposed resolution that focuses on benchmarks "the best way to go."

"I think I can pretty well speak for virtually all Republican senators when I say this is the last chance for the Iraqis to step up and do their part," said McConnell, R-Ky.

Biden, D-Del., acknowledged that votes in Congress could splinter among several competing proposals but contended that senators' opposition to the buildup was widespread.

"We will have a full throated debate on this policy," Biden said. "I will make you a bet, you will not find 20 percent of the Senate standing up and saying the president is headed in the right direction."

Cheney said most Republicans "recognize that what's ultimately going to count here isn't sort of all the hurrah that surrounds these proposals so much as it's what happens on the ground on Iraq. And we're not going to know that for a while yet," according to a Newsweek interview released Sunday.

Cheney again cited "significant progress" in Iraq and said the war is part of a long-term fight against extreme elements of Islam.

"It's not something that's going to end decisively, and there's not going to be a day when we can, say, 'There, now we have a treaty, problem solved,'" Cheney said. "It's a problem that I think will occupy our successors maybe for two or three or four administrations to come."

Sen. Richard Lugar, the top Republican on the Foreign Relations committee, said the public's concern against the war was evident by the tens of thousands of demonstrators who turned out for a protest rally Saturday in Washington.

But he said a congressional resolution would not be constructive, expressing optimism that Lt. Gen. David Petraeus, the new U.S. commander in Iraq, can do a capable job.

"I don't believe that it's helpful right now to show there's disarray around the world as well as in our body at home," said Lugar, R-Ind. "We really need, at this point, to get on the same page."

Biden and Lugar appeared on ABC's "This Week" and McConnell spoke on "Face the Nation" on CBS.

Bush Policy, Not Resolutions, Called Enemy Boost (WT)

By Eric Pfeiffer

The Washington Times, January 29, 2007

The Senate Foreign Relations Committee chairman said yesterday that President Bush's Iraq policy is "emboldening the enemy," rebutting critics who insist that resolutions denouncing the president's troop surge hurt the morale of U.S. forces.

"It's not the American people or the United States Congress who are emboldening the enemy. It's the failed policy of this president," said Sen. Joseph R. Biden Jr., Delaware Democrat.

"Going to war without a strategy, going to war prematurely, going to war without enough troops, going to war without enough equipment and lastly now sending 17,500 people in the middle of a city of 6.5 million people with bull's-eyes on their back with no plan. There is no plan," Mr. Biden said during an appearance on ABC's "This Week."

Sen. Sam Brownback, Kansas Republican, echoed Mr. Biden.

"I don't see this enemy as needing any more emboldening or getting it from any resolution. They're emboldened now," he told "Fox News Sunday."

Both men are seeking their parties' 2008 presidential nominations.

When the conservative Mr. Brownback was asked how he would handle the situation as president, he said, "I think if the president would reach out to the Democratic leadership and ask them not what are you opposed to, but what are you for, we can start coming together. I thought that was the whole purpose of [the Iraq Study Group]."

Other Republicans on the Sunday talk shows expressed support for a troop surge and opposition to the nonbinding resolutions, one of which was co-authored by Mr. Biden and passed last week by his committee.

Mr. Bush and Lt. Gen. David H. Petraeus, the incoming U.S. military commander in Iraq, have said that passing such a resolution would demoralize U.S. troops. Sen. Joe Lieberman, Connecticut independent, and several other senators agreed.

Sen. Richard G. Lugar of Indiana, the ranking Republican on the Foreign Relations Committee, said the nonbinding resolution is the wrong idea.

"Essentially, this resolution, others that are being offered, are an opportunity for people to vent their emotions, their thoughts, get it on record," he said during an appearance on "This Week." "Some Republicans want to do that. Some Democrats want to do that. I don't believe that it's helpful right now to show there's disarray around the world as well as in our body at home."

Sen. James H. Webb Jr., the Virginian who delivered the Democratic response to Mr. Bush's State of the Union address last week, rejected the notion that his party is trying to block the president's Iraq strategy.

"We're not opposed to the president's plan. What I object to is the fact that there isn't a plan," he said during an appearance on CBS' "Face the Nation." "This is almost just like a tipping point for a lot of people who are basically saying you cannot continue to give the administration a free hand in the manipulation of troop numbers without a clear endpoint to a strategy."

Senate Minority Leader Mitch McConnell, Kentucky Republican, said he would try to persuade his Republican colleagues to vote against a resolution opposing the troop surge.

"I think I can pretty well speak for virtually all Republican senators when I say this is the last chance for the Iraqis to step up and do their part," Mr. McConnell said on "Face the Nation." "If you don't have a relatively calm capital city, there's no chance the government can function properly. So this is their last chance."

Sunday Wrap-Up: Fighting Over War Funding Looms (POL)

By Patrick O'Connor

Politico.com, January 29, 2007

As Congress girds for a contentious debate over President Bush's planned troop surge in Iraq, Senate leaders are drawing battle lines over an even more pressing question: Whether to meet the new White House funding request for the war.

"Our first step will be this sense of the Senate resolution, but it's only the first step," Sen. Charles Schumer, D-N.Y., said Sunday on NBC's Meet the Press. Both Schumer, who chairs the Democratic Senatorial Campaign Committee, and Senate Minority Leader Mitch McConnell, R-Ky., said the larger battle is likely to rage over the funding issue.

Republicans have tried to position the non-binding resolution as a purely political vote that will have no effect on the additional 21,500 U.S. troops the president wants to send to Iraq, setting up a major showdown over the supplemental spending request from the White House.

"That's the money," McConnell said on CBS's Face the Nation. "That's the real thing."

Senate leaders are expected to decide this week the number of resolutions that members will consider during the debate. And McConnell and other Republicans are plotting parliamentary maneuvers to force multiple votes in a bid to dilute the political importance of a single measure.

"Forty-one senators will insist on a fair process," McConnell said, vowing: "We will have several votes."

Senate Majority Leader Harry Reid, D-Nev., meanwhile, has been working with Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., D-Del., and Sen. John Warner, R-Va., on a single resolution aimed at enticing Republicans to criticize Bush's planned surge.

And the White House has stepped up its pressure to prevent Republican defections. Bush told House Republicans at their Eastern Shore retreat Friday that he understands how difficult the vote will be, but asked them to discuss their concerns with the White House before opposing him.

Additionally, Vice President Dick Cheney and Defense Secretary Robert Gates have suggested a vote against the president's plan would discourage U.S. troops in Iraq, bolster insurgents there and impede the efforts of Army Gen. David Petraeus, the new commander in Iraq.

Despite the administration's efforts, Schumer suggested even a "majority" of Republicans could rebuff the White House and support a resolution opposing the president's planned surge. And he said he believes such a mass defection would "send a shockwave through the White House and through the country."

One of those Republicans who could buck the president, Sen. Arlen Specter of Pennsylvania, said on CBS that he currently intends to vote against him. "I can't support sending additional troops to Iraq," Specter said.

The senator, who sits on the appropriations committee, also said Congress would begin tougher scrutiny of the money for the war and reconstruction efforts in Iraq. "We have a duty to take a look at whether the funding is being wisely spent," he said.

Specter, McConnell and freshman Sen. Jim Webb, D-Va., predicted Congress would put restrictions on whatever money they appropriate for the war. Webb also said he plans to start inspecting reconstruction funds for potential waste and fraud by American and Iraqi contractors.

"I can pretty well speak for virtually all Republican senators when I say this is the last chance for the Iraqis to step up and do their part," McConnell said. "This is the last chance."

Schumer went a step further, suggesting Bush could be forced to start withdrawing troops by this summer or fall.

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And as pressure mounts for withdrawal, Sen. Joseph I. Lieberman of Connecticut, an independent Democrat who is supporting Bush's plan, is urging his colleagues to "give this plan time to work."

"The legislative trains seem to be heading down the tracks on these resolutions, and I believe they will have a collision that will hurt our country," Lieberman said on Fox News Sunday. "The resolution doesn't do anything but express an opinion."

Polls show Republican support for the war is waning. And former White House speechwriter Michael Gerson, a close confidante of the president who helped lay the rhetorical groundwork for the war, told on NBC that Bush has acknowledged some mistakes.

However unpopular the war, though, McConnell and other ranking Republicans are opposed to the resolution approved by the foreign relations panel.

"What I'll be doing is trying to appeal to my Republican colleagues to not pass a non-binding resolution that basically says to the troops who are going there this is a mission that doesn't have a chance of succeeding," McConnell said.

Last week, Reid said the Senate might not begin debate on the war until the second week in February because of other pending business on the Senate floor.

But whenever the vote, Democrats said it was time for Congress to begin looking for an endgame.

"It's the first time we've had full-throated debate on this policy," Biden said on ABC's This Week. "I respectfully suggest that the earth has moved beneath the president's feet."

US Congress Weighs Its Role On Iraq (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, January 29, 2007

As the Senate begins a debate this week on whether to oppose President Bush's "new way forward" in Iraq, many lawmakers are balancing what they see as competing constitutional responsibilities – and stepped up pressure from voters long weary of a war that most Americans no longer think can be won.

A first step is the debate over a nonbinding resolution to oppose the escalation of the war in Iraq. But should that vote succeed, Demo-crats expect to move next to curb defense funding.

"We are convinced there must be a political solution to the problems in Iraq," said a Congressional delegation led by Speaker Nancy Pelosi in a statement after a trip to Iraq last week.

In the run-up to this week's debate, newly empowered Democrats have been conducting daily hearings on the war in both houses of Congress, aimed especially at clarifying Congress's role vis-à-vis a wartime president.

At issue is how to balance powers inherent in two parts of the Constitution: Article 1, which gives the power to declare and fund wars to the Congress, and Article 2, which designates the president as commander in chief.

When the Founding Fathers began working on the outlines of a new nation, a key element of their research was how absolute monarchs waged war – which is to say, badly.

"That's one reason why they developed the idea of balance of powers," says Louis Fisher of the Library of Congress, who will testify before a Senate panel Tuesday on Congress's "Constitutional Power to End a War."

On the House side, Rep. John Murtha (D) of Pennsylvania, who chairs the Defense subcommittee of the House Appropriations Committee, has been conducting closed hearings on defense readiness. Congress could use that issue to block war funding and force changes in troop deployments, all in the interest of supporting the troops, Representative Murtha says.

House Republicans propose, instead, requiring the Bush administration to report to Congress every 30 days on progress in meeting "strategic benchmarks carefully tailored to the president's new strategy," including measuring the Iraqi government's cooperation on counterterrorism efforts.

While only 24 percent of likely voters nationwide approve of Mr. Bush's handling of the war, slightly more voters say it has been worth the loss of American lives, according to a Zogby poll released Friday. "It's now clearly a Republican war," says pollster John Zogby, noting that 59 percent of Republicans agree that the war has been worth the loss of life, compared with 20 percent of Democrats and 33 percent of independents.

"But Democrats also have this internal debate over just how far they can go. They are still afraid of being perceived by the American people as being antitroops or antipatriotic," he adds. A strong showing from antiwar voters – expressed in e-mails, phone calls, or turnout at protests – "could provide an extra prod for Democrats to go that step further," Mr. Zogby adds.

In response, some defense analysts say that polling data can be misleading. "Because only 30 percent say they still support the war doesn't mean that 70 percent are prepared to pack up and leave, no matter what happens to the region as a result," says Michael O'Hanlon at the Brookings Institution.

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"It's the position of a third to half the Congress that we can still salvage something in Iraq," says Mr. O'Hanlon, noting that most of the Democratic leadership is not in that camp. "We haven't had a sophisticated development of Plan B in Iraq. Congress is in a good position to flesh out some options."

For their part, antiwar protesters in Washington are adding intensity to the debate.

Few members of Congress were in town Saturday as tens of thousands rallied on the Mall near the Capitol, but activists say lawmakers can expect 1 million e-mails and phone calls this week and intense scrutiny of member votes on the war on new blog sites.

"Symbolic actions are not enough. Congress has to stop the president. Our Founders gave the Congress Article 1. Our message was: You got elected with a mandate to get us out of Iraq. Figure it out," says Tom Matzzie, Washington director of MoveOn.org Political Action.

In the next few days, antiwar protesters are launching television ads in three states targeting Republican Sens. Richard Lugar of Indiana, John Warner of Virginia, and Judd Gregg and John Sununu of New Hampshire. MoveOn.org is gearing up to raise $7 million to $9 million to influence the war debate, says Mr. Matzzie.

Others in the antiwar movement agree with his assessment.

"The president is irrelevant at this point. We are not going to change his mind. Thank goodness we have a Congress that is a co-equal branch of government," says Tom Andrews, national director of Win Without War and a former Democratic representative from Maine.

"We're going to use the Internet to make it absolutely clear who is doing what. Members of Congress need to know that we have their back when they're attacked, and if they are against us, they will feel the heat."

Congress, The Constitution And War: The Limits On Presidential Power (NYT)

By Adam Cohen

The New York Times, January 29, 2007

President Bush doesn't seem to care that Congress wants a bigger role in guiding the Iraq war. Talking about his plan to send in 20,000 additional troops, he said on "60 Minutes" that he knows Congress can vote against it, "but I've made my decision and we're going forward."

It is hardly the first time this president has insisted that he is "the decider," or even the first time he's used the Constitution to justify it, as Vice President Dick Cheney did when he told Fox News: "The Constitution is very clear that the president is, in fact, under Article 2, the commander in chief."

But Mr. Cheney told only half the story. Congress has war powers, too, and with 70 percent of Americans now opposed to President Bush's handling of the war, according to an ABC News/Washington Post poll, it is becoming more assertive about them. Congress is poised to pass a resolution denouncing the troop increase. Down the line, Congress may well consider mandatory caps on the number of troops in Iraq, or setting a date for withdrawal.

If it does, we may be headed toward a constitutional clash, with the administration trying to read powers into the Constitution — as it has with its "enemy combatant" doctrine and presidential "signing statements" — that the Founders did not put there. The Constitution's drafters were intent on balancing power so no one branch could drift toward despotism. The system of checks and balances that runs through the document divides the war power between the president and Congress.

The Constitution's provision that the president is the commander in chief clearly puts him at the top of the military chain of command. Congress would be overstepping if, for example, it passed a law requiring generals in the field to report directly to the speaker of the House.

But the Constitution also gives Congress an array of war powers, including the power to "declare war," "raise and support armies" and "make rules concerning captures on land and water." By "declare war," the Constitution's framers did not mean merely firing off a starting gun. In the 18th century, war declarations were often limited in scope — European powers might fight a naval battle in the Americas, for example, but not battle on their own continent. In giving Congress the power to declare war, the Constitution gives it authority to make decisions about a war's scope and duration.

The Founders, including James Madison, who is often called "the father of the Constitution," fully expected Congress to use these powers to rein in the commander in chief. "The constitution supposes, what the History of all Governments demonstrates, that the Executive is the branch of power most interested in war, and most prone to it," Madison cautioned. "It has accordingly with studied care, vested the question of war in the Legislature."

In the early days of the republic, the Supreme Court made clear that Congress could limit the president's war powers — notably in the Flying Fish case. In 1799, during the "Quasi War," the undeclared sea war between the United States and France, Congress authorized President John Adams to clamp down on trade between the two nations by stopping ships headed to French ports. But Adams went further, ordering commanders to stop ships that were sailing to or from a French port.

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When the Flying Fish was seized while sailing from a French port — something Congress had not authorized — the ship's owner sued. The Supreme Court decided in his favor, ruling that the president had no right to issue the order he did. John Marshall, the nation's greatest chief justice, declared that even in a time of hostilities, a president's decision to act militarily beyond what Congress had authorized was "unlawful."

The court has repeatedly reinforced this principle. In 1952, in the steel seizure case, it ruled that President Harry Truman could not seize steel mills to avert a strike — even though steel was needed for the Korean War — because Congress had set out a different way of handling the labor unrest. More recently, in Hamdan v. Rumsfeld, it held that President Bush must follow Congressional guidelines when he sets up military tribunals for detainees.

Past Congresses have enacted just the sort of restrictions the Bush administration is trying to foreclose today. During the Vietnam War, the Foreign Assistance Act of 1974 capped the number of American military personnel in South Vietnam at 4,000 within six months. The Lebanon Emergency Assistance Act of 1983 required the president to get Congress's approval for any substantial increase in the number or role of armed forces in Lebanon.

There is little question that Congress could use its power of the purse to end a war. But cutting off financing is a drastic step, and one that members of Congress are understandably reluctant to take, because it can look like a refusal to support the troops. The Constitution's text, Supreme Court cases and history show, however, that Congress can instead pass laws that set the terms of military engagement. Whether it would be wise for Congress to adopt such limits is debatable; whether it has the authority to do so should not be.

The Bush administration insists that if Congress tries to manage the Iraq war, it will leave the commander in chief with too little authority. But the greater danger is the one Madison recognized at the nation's founding — that all the power will be left with the person "most interested in war, and most prone to it."

House Panel To Examine Iraq Contracts (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 29, 2007

With a Democrat now in the driver's seat, the House Oversight and Government Reform Committee is set to hold Congress's first in-depth hearings into charges of waste and fraud involving money spent on reconstruction in Iraq.

Three days of hearings -- the first of what Rep. Henry Waxman (D., Calif.) says will be a series unfolding in coming months -- are set to begin Feb. 6. They will mark the opening of what promises to be one of the most significant inquiries by the new Congress into actions by the Bush administration while Republicans controlled the House and Senate.

Any new disclosures about lax oversight or misspent funds could prove embarrassing to the Bush White House just as it is pressing for an additional $1.2 billion to spend on reconstruction and economic stimulus in Iraq. The new funds are a central part of the president's plan to stabilize the country.

Moreover, the committee's Iraq reconstruction review will be among the first of a range of hearings the Democratic majority is expected to launch in both the House and Senate on topics on which Democrats long have been eager to grill the Bush administration. Hearings also are expected on domestic spying, the conduct of the war in Iraq and legal procedures for Guantanamo detainees.

Scheduled witnesses at the Waxman hearings include Paul Bremer, who was head of the Coalition Provisional Authority that temporarily ran Iraq; Stuart Bowen, the special inspector general whose audits have uncovered widespread overpayments, and wasted or missing reconstruction money in Iraq, and Timothy Carney, appointed earlier this month to a newly created post overseeing U.S. reconstruction and development projects in Iraq.

In more than 70 audit reports, Mr. Bowen has reported finding that billions of dollars were misspent or disappeared. The committee is expected to press Mr. Bremer on a January 2005 audit report by Mr. Bowen, which found that during Mr. Bremer's tenure, the CPA doled out more than $8.8 billion in cash without adequate financial controls. The money was meant to keep Iraqi interim government ministries operating. But much of it was siphoned off, including salaries paid to thousands of "ghost employees."

In recent years when Democrats were in the minority in Congress, Mr. Waxman was a gadfly to the Bush administration. He wrote numerous letters demanding executive-branch information on contracting fraud and other subjects. But the Republican majority with a few exceptions declined to hold hearings on the topics.

"The truth of the matter is that Congress overall under Republican leadership decided that they did not want to do their job of oversight," Mr. Waxman said in an interview. But he said the current Republican members of his committee didn't oppose the coming hearings and added "We're working together closely with the Republicans" on them.

Mr. Waxman confirmed that a focus of his Iraq hearings will be Halliburton Co. The Houston oilfield-services company and a provider of engineering and construction services, where Vice President Cheney once served as chief executive, has received

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government contracts valued at more than $15 billion for work in Iraq, more than any other contractor. But Mr. Bowen's audits found inadequate cost-accounting and widespread overcharges on billing by the company. Halliburton has denied any improprieties and said it did conscientious work under challenging security conditions in Iraq.

The review also will focus on federal agencies, including the defense, homeland security and justice departments, to see whether they lapsed in responsibility to oversee contractors and act to recoup misspent funds.

Some elements of the military, such as the Army Corps of Engineers, have defended contractors' practices in Iraq, citing the chaos of wartime.

Mr. Waxman said the initial hearing also will touch on questions not related to Iraq, but with how some homeland-security funds have been spent.

He also said he expects to reintroduce soon a bill he labeled the Clean Contracting Act, which didn't get anywhere in the previous Congress. The bill would curb no-bid contracts and restrict use of subcontracts as well as other steps Mr. Waxman says would curb abuse.

Anti-War Groups Push Impeachment (POL)

By By: Daniel Reilly

Politico.com, January 28, 2007

On Monday, a small army of anti-war activists will fan out across Capitol Hill to lobby for congressional support to impeach President Bush, who's facing a storm of opposition for his handling of the Iraq war.

The activists may get a sympathetic ear on their anti-Bush message from Democrats, many of whom favor formal investigations into the administration's handling of the war and terrorism. But they'll likely get only get polite smiles - and little, if any, support - when they bring up the "I" word.

It's a tricky issue for Democrats in Congress, who share many of the same frustrations about Bush and the war, but are hesitant to even discuss impeachment. "Hell no," said Rep. James Clyburn, D-S.C., the House majority whip, when asked whether impeachment is a possibility.

Other members aren't quite as emphatic as Clyburn, Yet, they make it clear that Bush will not get a free ride on his handling of Iraq and national security.

"The only "I" word I worry about right now is Iraq," said Rep. Henry A. Waxman, D-Calif., chairman of the House Oversight and Government Reform Committee, which is planning hearings on the Iraq reconstruction next week.

Sen. Frank R. Lautenberg, D-N.J. said that calls for impeachment were "premature" although he added: "If (Bush's) failures (in Iraq) continue, there is no telling what the outcome can be in terms of congressional attitude."

Others had a more practical concern. "If we impeach President Bush, then Vice President Cheney is next in line (to be president), so I don't think we'd go there," said Sen. Patty Murray, D-Wash.

Many members interviewed by The Politico said they were worried that impeachment proceedings would distract from congressional investigations into Bush's handling of the war. And Democratic Party leaders had indicated before they took control of Congress that impeachment proceedings would be off the table.

Nonetheless, a small but determined group of liberal activists is keeping up the impeachment drumbeat. And on Monday, it'll kick off an aggressive lobbying push.

Embolden by the large anti-war rally Saturday and the president's historic lows in the public opinion polls, impeachment activists sense the time has come for their cause.

"George W. Bush has repeatedly insisted that he has the unilateral right to initiate and escalate wars," said Bob Fertik, president of ImpeachPAC, which raised more than $80,000 last year to support candidates favoring Bush's impeachment. The president's "view of the unitary executive is nothing less than dictatorship. There has to be accountability, there has to be impeachment."

Only one candidate endorsed by ImpeachPAC actually won last fall, however: Rep Keith Ellison, D-Minn., who received $1,000 from the group. And he has backed off.

After calling for impeachment hearings at a campaign rally last October, Ellison recently told the Minneapolis Star-Tribune he's now "a step before impeachment" as he adjusts to realities in Congress.

Tim Carpenter, national director of the Progressive Democrats of America, a left-wing organization that favors impeachment, said there are more than 1,400 members in the group who are specifically working on oversight and impeachment. And he expects "hundreds of them" to lobby on Monday.

Carpenter doesn't expect much traction on impeachment now, but has high expectations about congressional oversight. "So come a month from now, when the subpoenas start rolling, we will be confident that impeachment will be back on the table," he said.

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The "impeachment and anti-war people overlap," said Fertik. "We feel passionately about both, so we are going to be pushing both issues as we walk the halls of Congress."

But not everyone who attended this weekend's march feels the same. Some fear that impeachment proceedings will in fact distract from the primary issue of ending the war. Sue Udry, legislative coordinator the United for Peace and Justice, the umbrella organization which sponsored Saturday's march and Monday's lobbying events, said he organization was not endorsing calls for Bush's impeachment.

Although impeachment supporters know that they face long odds with little support either in Congress or from other groups on the left, many like David Swanson, Washington director of ImpeachPAC vow to fight on.

"If election didn't do it then, the march doesn't do it, then lobbying doesn't do it then, well, we will have to try something else," he said.

More Than Antiwar (NYT)

By Bob Herbert

The New York Times, January 29, 2007

Washington

It was a few minutes after 11 a.m. when the scattered crowd began moving slowly toward the stage at the end of the Mall. The sky was a beautiful sunlit blue and the Capitol building, huge and white and majestic, offered the protesters an emotional backdrop that seemed almost close enough to touch.

“It’s so big,” said a woman from Milwaukee, who was there with her husband and two children. “It’s lovely. Makes you want to cry.”

You can say what you want about the people opposed to this wretched war in Iraq, try to stereotype them any way you can. But you couldn’t walk among them for more than a few minutes on Saturday without realizing that they love their country as much as anyone ever has. They love it enough to try to save it.

By 11:15 I thought there was a chance that the march against the war would be a bust. There just weren’t that many people moving toward the stage to join the rally that preceded the march. But the crowd kept building, slowly, steadily. It was a good-natured crowd. Everyone was bad-mouthing the Bush administration and the war, but everybody seemed to be smiling.

There were gray-haired women with digital cameras and young girls with braces. There were guys trying to look cool in knit caps and shades and balding baby boomers trading stories about Vietnam. And many ordinary families.

“Where’s Hillary?” someone asked.

That evoked laughter in the crowd. “She’s in Iowa running for president,” someone said.

When a woman asked, “What’s her position on the war?” a man standing next to her cracked, “She was for it before she was against it.”

More laughter.

The crowd kept building. There were people being pushed in wheelchairs and babies in strollers. There were elderly men and women, walking very slowly in some cases and holding hands.

The goal of the crowd was to get the attention of Congress and persuade it to move vigorously to reverse the Bush war policies. But the thought that kept returning as I watched the earnestly smiling faces, so many of them no longer young, was the way these protesters had somehow managed to keep the faith. They still believed, after all the years and all the lies, that they could make a difference. They still believed their government would listen to them and respond.

“I have to believe in this,” said Donna Norton of Petaluma, Calif. “I have a daughter in the reserves and a son-in-law on active duty. I feel very, very strongly about this.”

Betty and Peter Vinten-Johansen of East Lansing, Mich., said they felt obliged to march, believing that they could bolster the resolve of opponents of the war in Congress. Glancing toward the Capitol, Mr. Vinten-Johansen said, “Maybe we can strengthen their backbone a little bit.”

Even the celebrities who have been at this sort of thing for decades have managed to escape the debilitating embrace of cynicism. “How can you be cynical?” asked Tim Robbins, just before he mounted the stage to address the crowd, which by that time had grown to more than 100,000.

“This is inspiring,” he said. “It’s the real voice of the American people, and when you hear that collective voice protesting freely it reminds you of the greatness of our country. It gives you hope.”

When Jane Fonda said, “Silence is no longer an option,” she was doing more than expressing the outrage of the crowd over the carnage in Iraq and the president’s decision to escalate American involvement. She was implicitly re-asserting her belief in the effectiveness of citizen action.

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Ms. Fonda is approaching 70 now and was at the march with her two grandchildren. It was very touching to watch her explain how she had declined to participate in antiwar marches for 34 years because she was afraid her notoriety would harm rather than help the effort.

The public is way out in front of the politicians on this issue. But the importance of Saturday's march does not lie primarily in whether it hastens a turnaround of U.S. policy on the war. The fact that so many Americans were willing to travel from every region of the country to march against the war was a reaffirmation of the public's commitment to our peaceful democratic processes.

It is in that unique and unflagging commitment, not in our terrifying military power, that the continued promise and greatness of America are to be found.

No More Chips For Mr. Bush (HARTC)

By Frank Harris III

The Hartford Courant, January 29, 2007

I keep visualizing our president in one of Connecticut's casinos, laying his chips on the table that is Iraq.

He's at the roulette wheel, and he's already lost, according to an Associated Press tally on Thursday, 3,069 chips, but he's not done yet. He keeps saying just one more spin, one more chance at the wheel.

``I'm the president. I'm the decider. I've got a boatload of chips I can toss onto the table," he says. ``We can still win this thing! Let the wheel keep on turning!"

But others around him say: ``No, George! Stop! Enough is enough!"

Does he listen? No. Sadly, he believes he really can still come out of this even, if not ahead. He jumps up on the table and in a presidential voice loud enough for all of the world to hear, he says: ``21,500 more chips, please!"

And throughout the casino, the words are repeated incredulously: ``More chips for Mr. Bush. More chips for Mr. Bush. More chips for Mr. Bush."

Chips.

That's how our president, George W. Bush, considers the lives of the 21,500 additional American soldiers he wants to send to fight in the civil war that is now Iraq - chips he wants to place on the table before watching the roulette wheel go round and round.

More chips for Mr. Bush.

He can watch them safely from the White House before turning his attention elsewhere to make a witty comment or two.

More chips for Mr. Bush.

He'll look back just in time to see where the little white ball has landed.

More chips for Mr. Bush.

Bullets fly. Bombs blow. Rockets explode. Someone's number comes up. Flag-draped coffins appear. They come home, like chips shoveled into the grim reaper's hand. Mr. Bush appears, says a few solemn words about finishing the job and honoring the gallant sacrifice made by the men and women of this country.

Then it's -

More chips for Mr. Bush.

The call for more is like a desperate gambler thinking, hoping, praying the next wheel's rotation will win back all that has been lost.

Double or nothing?

Those nothings are somethings. They are lives he keeps placing on the table. Lives he keeps losing. What has been lost in this war in Iraq cannot be won back. Still he does not want to leave the table. He's betting the next spin of the wheel will be the winner.

Just one more time, just one more spin, he asks, as he did last week during the State of the Union address.

``Keep it coming!" says the grim reaper. ``I've got your back, George!"

The president obliges.

But I say, step back away from the table, Mr. Bush. I say, you, you at the casino booths. Don't give him any more chips to play with. They are lives. Human beings used as fodder. Pounds of flesh unfairly placed in harm's way to atone for those already gone.

More chips on the table?

He keeps trying different angles, different approaches.

Twenty-one thousand, five hundred more he wants?

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I say not one drop more. Not one pound more. Not one hair more. Not one leg more. Not one arm more. Not one eye more. Not one tooth more. Not one life more.

The CIA World Factbook indicates there are 67.7 million males ages 18-49 in America and 67.0 million females in the same age range. This age group is labeled as ``manpower available for military service" in America.

It's inconceivable the president would be able to come up with that many recruits. Or is it? How far would you go, Mr. President?

As of Thursday, 3,069 American soldiers had died in Iraq. How many more will die by the year 2008, which is when Bush will be out of office? And we are only talking about American lives. This does not include the many more Iraqi lives lost.

Two more years of this?

Congress - stop him!

No more chips for Mr. Bush!

Iranian Reveals Plan To Expand Role In Iraq (NYT)

By James Glanz

The New York Times, January 29, 2007

BAGHDAD, Jan. 28 — Iran's ambassador to Baghdad outlined an ambitious plan on Sunday to greatly expand its economic and military ties with Iraq — including an Iranian national bank branch in the heart of the capital — just as the Bush administration has been warning the Iranians to stop meddling in Iraqi affairs.

Iran's plan, as outlined by the ambassador, carries the potential to bring Iran into further conflict here with the United States, which has detained a number of Iranian operatives in recent weeks and says it has proof of Iranian complicity in attacks on American and Iraqi forces.

The Iranian ambassador, Hassan Kazemi Qumi, said Iran was prepared to offer Iraq forces training, equipment and advisers for what he called "the security fight." In the economic area, Mr. Qumi said, Iran was ready to assume major responsibility for the reconstruction of Iraq, an area of failure on the part of the United States since American-led forces overthrew Saddam Hussein nearly four years ago.

"We have experience of reconstruction after war," Mr. Qumi said, referring to the Iran-Iraq war in the 1980s. "We are ready to transfer this experience in terms of reconstruction to the Iraqis."

Mr. Qumi also acknowledged, for the first time, that two Iranians seized and later released by American forces last month were security officials, as the United States had claimed. But he said that they were engaged in legitimate discussions with the Iraqi government and should not have been detained.

Mr. Qumi's remarks, in a 90-minute interview over tea and large Iranian pistachio nuts at the Iranian Embassy here, amounted to the most authoritative and substantive response the Iranians have made yet to increasingly belligerent accusations by the Bush administration that Iran is acting against American interests in Iraq. President Bush has said the American military is authorized to take whatever action necessary against Iranians in Iraq found to be engaged in actions deemed hostile.

The Iranian ambassador abruptly agreed to a longstanding request for the interview — made repeatedly after the first American seizure of Iranians here on Dec. 21 — and seemed eager to rebut the accusations.

The political and diplomatic standoff that followed the Dec. 21 raid until the Iranians were released nine days later has contributed, along with a dispute over the Iranian nuclear program, to greatly increased tensions between the United States and Iran. This month, American forces detained five more Iranians in a raid on a diplomatic office in the northern city of Erbil.

While providing few details, the United States has said that evidence gleaned in the Baghdad raid, made on an Iraqi Shiite leader's residential compound, proves the Iranians were involved in planning attacks on American and Iraqi forces.

How much direction, if any, Mr. Qumi was taking from his government was unclear in the interview, in which he showed disdain for the American accusations as well as a few flashes of restrained sarcasm.

He ridiculed the evidence that the American military has said it collected, including maps of Baghdad delineating Sunni, Shiite and mixed neighborhoods — the kind of maps, American officials have said, that would be useful for militias engaged in ethnic slaughter. Mr. Qumi said the maps were so common and easily obtainable that they proved nothing.

He declined to say whether he believed the maps bore sectarian markings or address other pieces of evidence the Americans said they had found, like manifests of weapons and material relating to the technology of sophisticated roadside bombs. But that is not why the Iranians were in the compound, he said.

"They worked in the security sector in the Islamic Republic, that's clear," Mr. Qumi said, referring to Iran.

But he said that the Iranians were in Iraq because "the two countries agreed to solve the security problems." The Iranians "went to meet with the Iraqi side," he said.

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In a surprise announcement, Mr. Qumi said Iran would soon open a national bank in Iraq, in effect creating a new Iranian financial institution right under the Americans' noses. A senior Iraqi banking official, Hussein al-Uzri, confirmed that Iran had received a license to open the new bank, which Mr. Uzri said would apparently be the first "wholly owned subsidiary bank" of a foreign country in Iraq.

"This will enhance trade between the two countries," Mr. Uzri said.

Mr. Qumi said the bank was just the first of what he said would be several in Iraq — an agricultural bank and three private banks also intend to open branches. Other elements of new economic cooperation, he said, include plans for Iranian shipments of kerosene and electricity to Iran and a new agricultural cooperative involving both countries.

He would not provide specifics on Iran's offer of increased military assistance to Iraq, but said it included increased border patrols and a proposed new "joint security committee."

A number of American and Iraqi officials said Sunday that it was difficult to respond to Mr. Qumi's statements until they had been communicated through official routes. A spokesman for the American Embassy in Baghdad, Lou Fintor, declined to address the statements.

Sean McCormack, a State Department spokesman, said Sunday that the United States had a significant body of evidence tying Iran to sectarian attacks inside Iraq.

"There is a high degree of confidence in the information that we already have, and we are constantly accumulating more," Mr. McCormack said.

He did not address any of the specifics of Mr. Qumi's comments about plans for stronger economic and security ties, but said that Iran currently plays "a negative role in many respects" in the country.

Iraqi officials also said that they could not comment on specific programs until they had seen the details, but expressed a range of views on the wisdom of expanding ties with Iran.

"We are welcoming all the initiatives to participate in the process of reconstruction," said Qasim Daoud, a former national security adviser who is now a secular Shiite member of Parliament.

"My belief is that our strategic alliance is with the Americans, but at the same time we are looking for the participation of any country that would like to participate," Mr. Daoud said.

Barham Salih, a deputy prime minister who is Kurdish and whose duties include economic matters, took sharper issue with Mr. Qumi's criticism of the American presence.

"Iraqi national interest requires seeking good neighborly relations with Iran as with other neighbors, but that requires respect for Iraqi sovereignty," Mr. Salih said.

Mr. Qumi spoke largely in Persian during the interview, but he occasionally broke into English when he wanted to be certain that a point had been conveyed forcefully.

Although Mr. Qumi was not given specific questions ahead of the interview, he was made aware of the general topics that would be covered and seemed prepared with detailed answers in many cases. He seemed particularly keen to give his government's view of what occurred in the early morning hours of Dec. 21, when American forces raided the Baghdad compound of Abdul Aziz al-Hakim, one of Iraq's most powerful Shiite leaders, who had traveled to Washington only three weeks before to meet President Bush.

Within the compound, the Iranians were seized in the house of Hadi al-Ameri, who holds two powerful positions in Iraq: he is the chairman of the Iraqi Parliament's security committee and also the leader of the Badr Organization, the armed wing of Mr. Hakim's political party, which spent years in exile in Iran.

Although the Americans have suggested that the Iranians were providing support for militias like the Badr Organization, Mr. Qumi said that his countrymen were dealing with Mr. Ameri only in his official governmental capacity.

The Iranians would not even have stayed the night in the compound except, in a situation faced by many Baghdad residents, their business lasted beyond the early-evening curfew and they were forced to spend the night, Mr. Qumi said.

Mr. Qumi also warned the United States against playing out tensions in what he called "the nuclear file" in Iraq. "We don't need Iraq to pay the cost of our animosity with the Americans," Mr. Qumi said.

As the interview was breaking up, Mr. Qumi made one last stab at the Americans. If Iran is allowed to undertake reconstruction activities in Iraq, he said, all international construction companies would be welcome. "Urge the American companies to come here," he said.

Cheney Says U.S. Is Sending 'Strong Signal' To Iran (WP)

By Michael Abramowitz

The Washington Post, January 29, 2007

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Vice President Cheney said the deployment this month of a second aircraft-carrier task force to the Persian Gulf delivered a "strong signal" of the United States' commitment to confront Iran's growing influence in the region.

Countries in the Middle East "want us to have a major presence there," Cheney said in a Newsweek interview published online yesterday. Referring to the deployment of the carrier USS John C. Stennis, Cheney said, "That sends a very strong signal to everybody in the region that the United States is here to stay, that we clearly have significant capabilities, and that we are working with friends and allies as well as the international organizations to deal with the Iranian threat."

When the Stennis arrives in the Persian Gulf next month, the United States will have two carrier groups stationed there for the first time since the 2003 Iraq invasion.

The deployment is one of several recent steps by the United States to oppose Iran, which administration officials say is responsible for growing instability in the region. Other actions included a program to kill or capture Iranian agents operating inside Iraq as well as moves to squeeze the country financially.

In the interview, Cheney declined to speculate about possible military strikes against Iran. "We are doing what we can to try to resolve issues such as the nuclear question diplomatically through the United Nations, but we've also made it clear that we haven't taken any options off the table," he said.

The Newsweek interview was the third granted to the media this month by the vice president, who had been relatively quiet since Republicans lost both houses of Congress in November's midterm elections. Despite increasing GOP criticism of the White House on Iraq, Cheney said he thinks President Bush has shored up his position with his Republican base in the past week and evinced little concern about the prospect of resolutions formally condemning the president's plan to send another 21,500 troops to Iraq.

"Most members on our side of the aisle recognize that what's ultimately going to count here isn't sort of all the hoorah that surrounds these proposals so much as it's what happens on the ground in Iraq. And we're not going to know that for a while yet," said Cheney, who also offered a veiled shot at one of the president's strongest GOP critics, Sen. Chuck Hagel (Neb.). "Let's say I believe firmly in Ronald Reagan's 11th Commandment: Thou shalt not speak ill of a fellow Republican," Cheney said. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

In an appearance yesterday on ABC's "This Week," Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, dismissed suggestions from administration officials that his resolution condemning the military buildup would embolden the enemy.

"It's not the American people and the United States Congress who are emboldening the enemy," he said. "It's the failed policy of this president, going to war without a strategy, going to war prematurely, going to war without enough troops, going to war without enough equipment and, lastly, now sending 17,500 people in the middle of a city of 6 1/2 million people with bull's-eyes on their back, with no plan."

Exclusive Q&A: Dick Cheney, Man Without Doubt (NSWK)

Newsweek, February 5, 2007

In a rare print interview, Dick Cheney talks about Iraq, Iran, Chuck Hagel, his image as 'Darth Vader' and Bob Woodward.

A man with a reputation for secrecy and seclusion, Vice President Dick Cheney has spent the past few months out in public. He campaigned in the midterm elections, traveled to Saudi Arabia to talk security and eulogized former president Gerald Ford. Last week the perjury trial of his former chief of staff, I. Lewis (Scooter) Libby Jr., exposed what Libby's lawyer cast as tensions between aides to Cheney and President George W. Bush during the CIA press leak in 2003. In his first print interview since the GOP lost control of Congress, Cheney spoke to NEWSWEEK's Richard Wolffe. Excerpts:

WOLFFE: There's a lot of skepticism on the Hill, even inside the administration, about the Iraqi prime minister's ability and desire to take down the militias. What gives you confidence that Nuri al-Maliki is up to the job?

CHENEY: We've got a lot of people who want to judge the success of the Maliki administration after some nine months in office. I think it's a little premature. He has been direct and forthright in responding to our concerns. There is some evidence that he's already beginning to act—for example, Iraqi forces rounding up as many as 600 members of the Jaish-al-Mahdi [Mahdi Army] in the last couple of weeks. His commitment to us is to go after those who are responsible for the violence, whoever they may be—whether they're Baathist or ... Shia militia or criminal elements. At this stage, we don't have any reason to doubt him.

You have spoken about the possibility of regional war in case of American withdrawal. What's the basis for thinking that it would be a broader war?

Well, I think it's a concern that the current level of sectarian violence would increase, and perhaps break out in other parts of the country. It's pretty well concentrated right now in the Baghdad area. It clearly would have, I think, consequences on a regional basis in terms of the efforts that we've mounted not only in Iraq but also in Afghanistan and Pakistan and Saudi Arabia

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... All of a sudden, the United States, which is the bulwark of security in that part of the world, would no longer—could no longer—be counted on by our friends and allies that have put so much into this struggle.

You have extensive contacts, especially in the Persian Gulf with the Saudis. What are you hearing about their concerns about Iran's rise, its role in the region now?

There's widespread concern throughout the region about Iran, and in particular Iran under [President Mahmoud] Ahmadinejad. A lot of people in the area—I don't want to attribute this to any one particular government—but a lot of people in the area feel directly threatened.

Is there a concern from those allies that America is too tied down, too overwhelmed with the situation in Iraq to deal with Iran?

I haven't seen that. Most of the nations in that part of the world believe their security is supported, if you will, by the United States. They want us to have a major presence there. When we—as the president did, for example, recently—deploy another aircraft-carrier task force to the gulf, that sends a very strong signal to everybody in the region that the United States is here to stay, that we clearly have significant capabilities and that we are working with friends and allies as well as the international organizations to deal with the Iranian threat.

Can you see a scenario where airstrikes on Iran would be justified?

I'm not going to speculate about security action. We are doing what we can to try to resolve issues, such as the nuclear question, diplomatically through the United Nations. But we've also made it clear that we haven't taken any options off the table.

There has been little open support from the Republican Party for the president's plan for extra troops in Iraq. Do you worry that the party has lost the stomach for the fight?

The election results last November obviously represented a blow to our friends on the Hill, Republicans on the Hill—to go from majority to minority status. A lot of members were concerned or felt that their political fortunes were adversely affected by our ongoing operations in Iraq. What's happened here now over the last few weeks is that the president has shored up his position with the speech he made specifically on Iraq.

Sen. [Chuck] Hagel said some pretty harsh things about the administration. He said there was no strategy. He said—It's not the first time. He said it was a "Ping-Pong game with human beings." Do you have a reaction to that?

I thought that Joe Lieberman's comments ... were very important. Joe basically said the plan deserved an opportunity to succeed ... that we're sending Gen. [David] Petraeus out with probably a unanimous or near-unanimous [confirmation] vote, and that it didn't make sense for Congress to simultaneously then pass a resolution disapproving of the strategy in Iraq.

So you don't think Senator Hagel—I know you dodged completely responding to his comments, but they're not helpful to the cause and to the mission?

Let's say I believe firmly in Ronald Reagan's 11th Commandment: thou shalt not speak ill of a fellow Republican. But it's very hard sometimes to adhere to that where Chuck Hagel is involved.

You made some comments before the war talking about being greeted as liberators. Do you think that public opinion wasn't sufficiently prepared for the length of this conflict? And do you have any regrets about your own role in preparing public opinion for that?

The comments I made were based on the best information we had. There's no question that the struggle has gone on longer than we anticipated, especially in Baghdad ... It does not, though, lead me to conclude that what we're doing in terms of our overall effort, taking down Saddam Hussein's regime, standing up a new democracy in Iraq, isn't a worthy objective. I think it is. I think we have made significant progress. There's still a lot more to do—no question about it. The conflict we're involved in—not just Iraq, but on the broader basis against Al Qaeda, against the threat that's represented by the extreme elements of Islam on a global basis now—is going to go on for a long time. And it's not something that's going to end decisively, and there's not going to be a day when we can say, "There, now we have a treaty, problem solved." It's a problem that I think will occupy our successors maybe for two or three or four administrations to come. It is an existential conflict.

The question about the run-up to war, the weapons of mass destruction. Do you feel that your credibility was hurt by that and that it's harder to make the case about the broader threats now?

Well, I have my own personal view. Obviously, there was flawed intelligence prior to the war ... but we should not let the fact of past problems in that area lead us to ignore the threat we face today and in the future. It would be a huge mistake. In terms of whether or not it adversely affected public opinion, I think it clearly did, but that does not lead me to conclude that we didn't do the right thing when we went into Iraq and took down Saddam Hussein's regime.

Public opinion has this caricature of you as Darth Vader and various things. Do you think you get a fair crack from the media?

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By the time I leave here, it will have been over 40 years since I arrived in Washington, and I've been praised when I didn't deserve it, and probably criticized when I didn't deserve it. And there aren't enough hours in the day for me to spend a lot of time worrying about my image.

Let me ask you about events going on at the courthouse not far from here. It's fairly unprecedented that a sitting vice president would testify—

I'm not going to talk about the trial, obviously.

About your decision to testify, about the precedent?

Sorry, I'm not going to discuss it.

President Ford, his recent funeral—did it put you in a reflective mood about that period? Do you draw any parallels to now?

I was delighted to see the outpouring of tributes to his leadership ... and praise for the tough, tough decisions he made—in particular, for example, the pardon. I reflected back on where we'd been 30 years ago when he made those decisions and, obviously, suffered for it in the public-opinion polls and the press, and how history judged him 30 years later very, very favorably because of what he'd done. He had displayed those qualities of leadership and decisiveness, steadfastness, if you will, in the face of political opposition.

Is there a parallel to now?

There may well be.

Bob Woodward reported that President Ford thought you had justified the war wrongly, and that Ford agreed with Colin Powell that you developed a fever about Saddam Hussein, about terrorism. Did you feel that was accurate?

I've never heard that from anybody but Bob Woodward.

And other comments—criticism from [Brent] Scowcroft about not knowing you anymore. People have gotten quite personal, people you worked with before. You wouldn't be human if you didn't have some reaction.

Well, I'm vice president and they're not.

How US Is Putting More Heat On Iran (CSM)

By Peter Grier

The Christian Science Monitor, January 29, 2007

The US isn't facing a two-front war, exactly – but as the Pentagon begins its new push in Iraq, the Bush administration simultaneously is increasing military and political pressure on Iran.

The point is to counter Iranian meddling in Iraq, while making the nation's ruling mullahs think harder about any plans to intensify their nuclear program, according to White House officials. They say further US moves are likely in the weeks ahead.

But it's not clear that such escalation will accomplish more than it will cost, say some experts. Any actual attack on its agents or interests might cause Iran to redouble its current support for Iraqi Shiite militias. Or Tehran could decide to outflank US forces by causing trouble elsewhere.

Iran "has the ability to act throughout the region and beyond given its ties to groups such as Hizbollah and Hamas," said Richard Haas in remarks prepared for delivery before the Senate Foreign Relations Committee last week.

The latest move in the developing US-Iran chess match came on Saturday, when President Bush defended US action against Iranian agents inside Iraq as a crucial defense for American troops. US forces have been authorized to kill or capture Iranians if they deem it necessary, under a new policy first reported last Friday in The Washington Post.

"If somebody is trying to harm our troops or stop us from achieving our goal ... we will stop them," Mr. Bush said following a meeting with top military commanders at the White House.

The US has long worried that Iranian agents inside Iraq have been providing Shiite fighters with sophisticated bomb technology that has made roadside explosions more deadly to US troops. In the recent past, some Iranians have been detained, interrogated, and then set free. This so-called "catch-and-release" policy may now be a thing of the past.

"If you're in Iraq and are trying to kill our troops, you should consider yourself a target," said Secretary of Defense Robert Gates last week in response to a reporter's question about Iran.

Meanwhile, the US has dispatched a second aircraft-carrier battle group to the Persian Gulf as an apparent symbol of its intention to carry out airstrikes against Iranian targets, if necessary. And it has increased pressure on foreign banks and financial institutions to cut ties to Iranian counterparts – warning them that they risk losing access to US financial markets unless they stop doing business with Tehran.

Of course, the US goal isn't just to stop Iranian aid to Shiite militias. Iran's nuclear program has been continuing apace. On Saturday, a key Iranian lawmaker, Alaeddin Boroujerdi, said Iran was currently installing an array of 3,000 centrifuges at a uranium-enrichment plant.

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If true, such a move would represent a slap in the face to the international effort to curtail Iran's disputed program. Three thousand centrifuges would be more than enough to produce fuel for a nuclear bomb.

However, an official of Iran's nuclear agency said over the weekend that "no new centrifuges have been installed in Natanz," referring to Iran's main nuclear facility. At the time of writing, this discrepancy in statements had not yet been resolved.

It's possible that Iran itself is split over whether to take a path of confrontation or accommodation with the US and the international community at large.

Recently a majority of Iran's parliament sent President Mahmoud Ahmadinejad a letter criticizing him for his high-profile foreign travel and blaming him for the country's economic troubles.

That's an indication that international diplomatic pressure and financial sanctions are working, according to some US experts.

Iran hasn't always worked at cross-purposes with the US in its struggle against extremist Islamist terrorism. The Iranian government gave $300 million in aid to the government of Afghanistan, and furnished the US with intelligence about the Taliban.

"They were helpful in Iraq, according to Secretary Gates, until early 2004," noted Lawrence Korb, a senior fellow for the Center for American Progress, in congressional testimony last week.

In some ways, their strategic goals for the region match those of the US. It is unlikely that the Shiite mullahs of Iran would like to see Al Qaeda win a haven in the Sunni-dominated outlying regions of Iraq, for instance. Nor would Tehran likely want any further collapse of order in Iraq, leading to a failed state and a refugee crisis on Iran's border.

Still, it's clear that Iran has recently been troublesome. It appears eager to make the US experience in Iraq as difficult as possible.

But for the US, the problem with squeezing Iran while it struggles with sectarian violence in Iraq is that it is trying to stabilize one country while destabilizing its neighbor.

"We have to choose what our goals for the region are, and right now, unfortunately, the president's plan has us going in two different directions at once," said Robert Malley, director of the Middle East and North Africa program for the International Crisis Group, in testimony to the Senate Foreign Relations panel.

Iraq's Deputy PM Chides U.S. And Iran (AP)

By Kim Gamel

AP, January 29, 2007

Iraq's deputy prime minister on Sunday said Iran and the United States were using Iraq as a "zone of conflict and competition" and jeopardizing efforts to stabilize the country.

Barham Saleh, a Kurd who has ties with both Tehran and Washington, accused the two countries of stepping on Iraq's sovereignty as they jockeyed for advantage.

"Iraqi transition is burdened by many elements of interference in our domestic affairs," Saleh said in an interview with The Associated Press.

He urged Iran and the U.S. to resolve their differences, at least where Iraq was concerned.

"The new Iraq is one that hopes to be at peace with itself and at peace with its neighbors," he said from a gilded chair in the ornate entrance hall of his Green Zone office compound.

"And that definitely requires noninterference in our affairs," he said, declaring that Iran and the United States should see Iraq's well-being and prosperity as a "point of consensus."

The U.S. and Iran, already deeply at odds over Tehran's nuclear program, find themselves in a growing and more public conflict over Iran's involvement in Iraq, where it is accused of training, arming and funding militants fighting U.S. occupation forces.

The Iranian government heatedly blasted Washington earlier this month after U.S. forces raided an Iranian government liaison office in Kurdish-controlled northern Iraq and detained five Iranians. U.S. officials said the Iranians were members of a Revolutionary Guard faction that funds and arms insurgents in Iraq.

Top Kurdish officials and authorities in Baghdad complained that the U.S. raid was done without notification and said the Iranians must be freed, asserting they were in the country on legitimate business.

The detentions hit a nerve as Iraq's Shiite-dominated government faces the delicate task of trying to secure Baghdad with the help of American forces while maintaining ties with its neighbors, including U.S. rivals Iran and Syria.

The White House also has revealed that President Bush has authorized U.S. forces in Iraq to take whatever action necessary to counter Iranian agents who are deemed a threat.

Saleh, who served for 10 years as the Kurdistan Regional government representative to the United States, signaled Iraqi impatience with both Tehran and Washington.

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His ally and fellow Kurd, President Jalal Talabani has been pressing efforts to encourage a dialogue between the two nations.

"I have to admit Iraq has become a zone of conflict and competition between various regional players and international players," Saleh said. "The tensions are there and undeniably there is a spillover effect that complicates Iraqi political and security transition."

"We are grateful to the United States for the effort on our behalf to overcome tyranny. But at the end of the day we are accountable to our own people, our own constituents who demand of us better security and better services," he said.

As for Iran, he said, good relations with the Shiite theocracy were important for Iraq given the countries sit side by side and that Iran gave shelter to many Iraqi dissidents during Saddam Hussein's Sunni-dominated regime and who now wield power.

But, he said, "The failure of this present political process in Iraq will mean chaos in Iraq and ultimately may well mean restoration of the status quo in the form of tyranny in one way or another."

On other topics, Saleh, who is chairman of the Cabinet economics committee, dismissed concerns that a proposed oil law would allow U.S. and other international oil companies too much influence over Iraq's most important resource.

He denied published reports that the proposal would provide for so-called product sharing agreements that would give international oil firms 70 percent of oil revenues to recover initial investment and subsequently allow foreign drillers 20 percent of the profits, tax free and without restrictions on repatriating profits.

"These reports ... about the terms of PSAs (Profit Sharing Agreements) ... are totally and absolutely wrong," he said, acknowledging that concessions would have to be made to attract much-needed investment from foreign oil companies. Details were still under negotiation.

"At the end of the day Iraqi national management will be there but we need partnership with the outside world as well for technology transfer and the flow of funds," he said.

Do Not Endanger Gulf, Saudi King Tells Iran (FT)

By Heba Saleh

Financial Times, January 29, 2007

Saudi Arabia has warned Iran that it could endanger the whole Gulf region if it does not resolve the problems in its "international relations", a reference to Iran's increasingly tense standoff with the United States over its nuclear programme and its role in Iraq.

"We have advised them not to expose the region to dangers," said King Abdullah bin Abdul Aziz, the Saudi monarch. "We do not interfere in anyone's affairs, [but] any state which resorts to unwise acts will have to bear the responsibility in front of the other countries in the region."

The king's remarks, made in an interview with a Kuwaiti newspaper, Al Seyassah, comes amidst increasingly vocal criticism of Iran by officials and the press in the Arab world.

"We are extremely worried about the policies of Iran and the rhetoric coming out of Iran which adds to the tensions in the region," said an Egyptian diplomat. "Their rhetoric confirms the worst fears of the west has about Islam."

America's main allies in the Arab world – Egypt, Jordan and Saudi Arabia – are deeply concerned about the influence Iran has come to wield in Iraq, Lebanon and the Palestinian territories.

Iran, with its support for the Lebanese movement Hizbollah and the Palestinian Hamas – two uncompromising opponents of Israel – is seen to be propelling the region in a direction counter to that where America's allies want to lead it.

Tehran's backing of Hamas is said by some to be frustrating Egypt's efforts to mediate between the Palestinian factions to forge a national unity government which would, in theory, be more receptive to negotiation with Israel. "Iran's intentions are very clear," wrote Osama Saraya, editor of the government-owned daily Al Ahram on Friday. "It is ... sowing corruption in every direction."

But even if the Arabs are alarmed by Iran's nuclear ambitions and its policies in the region, they do not want a US military strike against it. Mr Saraya says it would have "dire consequences" for the region.

"There is a kind of mobilisation of Arab public opinion," said Abdul Moneim Said, the head of the Al Ahram Centre for Political and Strategic Studies. "But Arab governments are wise enough to realise that an attack against Iran would be detrimental to them and would help their radical opponents."

Egyptian Paper Accuses Iranians Of Complicity In Envoy's Death (NYT)

By Mona El-Naggar

The New York Times, January 29, 2007

DOJ_NMG_0123060

CAIRO, Jan. 28 — A front-page article in Egypt's semiofficial state newspaper on Sunday accused Iranian intelligence of involvement in the 2005 killing of Egypt's ambassador to Iraq.

The report, which was denied by the Egyptian Foreign Ministry and the Iranian Foreign Ministry, comes at a time of heightened concern in Egypt and other Arab states about Iran's growing influence in the region. Egyptian officials have said they are upset and worried that Iraq is moving away from the Arab world and coming under the influence of Iran, a Shiite and non-Arab state.

The article, which appeared in Egypt's most widely circulated newspaper, Al Ahram, was attributed to anonymous sources and stated that Iran's goal was to "cut off the legs" of Egypt from Iraq.

It said the belief that Iran was involved in the killing helped explain Egypt's support for President Bush's plan to send additional troops into Iraq. It offered no evidence to support those claims.

In 2005, in an effort by Egypt to support Iraq's newly elected, Shiite-dominated government, Ihab Al Sharif was sent to Iraq in June as the first resident ambassador from a Sunni Arab state. One month later, Mr. Sharif was abducted, and he was killed four days later.

The Egyptian Foreign Ministry issued a statement on Sunday denying the newspaper report. "We have no relationship to what was published, and we don't have any information to this effect," Alaa El Hadidy, spokesman for the ministry, added in a telephone interview. "This is an old story buried and closed."

An unidentified person at the Iranian Foreign Ministry told the Islamic Republic News Agency, Iran's official news agency, that the article was "baseless and completely false."

Still, the report on Sunday could strain already tense relations between the countries. While Al Qaeda in Mesopotamia took responsibility for the killing of Mr. Sharif in 2005, his killers were never caught. The killing was seen by Arab states as an attempt by Sunni insurgents to discourage their governments from fostering ties with the mainly Shiite Iraqi government.

But the article contributed to concerns about Iran's seeming quest for influence in Iraq. Speaking on the news channel Al Jazeera on Sunday, Mustafa El-Fiqi, chairman of the Foreign Affairs Committee in the Egyptian Parliament, said, "Now we are starting to hear this new tale that could be influenced by the tense nature of Iranian-Arab relations at this stage because of the sectarian war in Iraq, and perhaps in Lebanon and other areas."

Egypt has not sent another ambassador, and no other Arab state has posted one to Iraq.

Iran Wants Time To Review Plan That Delays U.N. Sanctions (NYT/AP)

By The Associated Press

The New York Times, January 29, 2007

TEHRAN, Iran, Jan. 28 (AP) — The top nuclear negotiator for Iran said Sunday that his country needed time to review a plan proposed by the head of the United Nations nuclear watchdog agency that called for a delay in imposing Security Council sanctions if the Iranians suspended uranium enrichment.

The head of the International Atomic Energy Agency, Mohamed ElBaradei, proposed the simultaneous time-out plan during the World Economic Forum in Switzerland in an effort to end the standoff between the West and Iran over Iran's nuclear program. The Iranians say their uranium enrichment is for peaceful purposes but the West, led by the United States, says the enrichment could also be used for weapons.

"Time should be allocated to see if the plan has the capacity to solve the case," the Iranian nuclear negotiator, Ali Larijani, told reporters during a news conference with Russia's national security adviser, Igor Ivanov, who was visiting Tehran.

The Security Council last month voted unanimously to impose limited sanctions on Iran after it ignored demands to halt enrichment. Iran faces the prospect of additional sanctions unless it stops enrichment within a 60-day period that ends next month.

Mr. Ivanov expressed optimism that the dispute could be resolved if both sides agreed to Dr. ElBaradei's proposal.

As a permanent member of the Security Council, Russia last month forced the Council to weaken proposed punitive measures that would have imposed curbs on Iran's Bushehr nuclear power station, which the Russians are helping to construct. But the Kremlin then supported limited sanctions against Iran over its refusal to suspend uranium enrichment.

The International Atomic Energy Agency had no comment on the Iranian statements, a spokeswoman, Melissa Fleming, said Sunday. Dr. ElBaradei said recently that he believed that Iran planned to begin work in February on an underground facility to hold uranium enrichment equipment.

Russia Vows To Keep Schedule For Iran Nuclear Plant (AFP)

By Siavosh Ghazi

AFP, January 29, 2007

DOJ_NMG_0123061

Russia's security chief Igor Ivanov vowed to launch Iran's nuclear plant on schedule in September after talks in Tehran with leaders of the Islamic republic.

"Russia is determined and serious in fulfilling its obligation to finish Bushehr plant on the scheduled date," Ivanov was quoted as saying after meeting Iranian Foreign Minister Manouchehr Mottaki.

Iran's supreme leader Ayatollah Ali Khamenei also emphasised the need to complete the nuclear plant on time after meeting Ivanov, who delivered a message from Russian President Vladimir Putin.

"Cooperation and previous commitments should gain momentum and be carried out," Khamenei was quoted as saying on state television.

In September 2006, Russia and Iran signed an agreement setting September 2007 as the deadline for the launch of the Russian-built Bushehr nuclear power station which lies on the Gulf coast in southwestern Iran.

The plant will actually produce electricity from November, and the nuclear fuel for the plant is to be delivered no later than March.

Ivanov, the secretary of Russia's Security Council, also met President Mahmoud Ahmadinejad.

Before concluding his one-day trip to Tehran, Ivanov implicitly asked Iranians to consider UN watchdog chief Mohamed ElBaradei's recent recommendation for a "timeout" in the showdown over Iran's nuclear ambitions.

The proposal would have the UN suspend sanctions and Tehran halt uranium enrichment at the same time.

"It is a proposal which can be taken into consideration because it envisions a suspension of enrichment and a suspension of the enforcement of resolution 1737, and this may allow an attempt at finding a political solution to the crisis," Lavrov told reporters.

Iran's national security chief and top nuclear negotiator Ali Larijani said ElBaradei's proposal needed further examination.

"The Iranian nuclear question is a multifaceted question and cannot be answered in one line, the different proposals must be developed to be taken into account. We must study them to see if they have a capacity to solve the problem," he told reporters.

The deputy head of the Iranian Atomic Energy Organisation, Mohammad Saeedi echoed Larijani's response.

"It is an idea that needs to be developed," Saeedi said.

Russia supports Iran's right to peaceful nuclear technology but voted for a UN Security Council resolution in December that imposes sanctions on Tehran over its repeated refusal to freeze uranium enrichment.

Iran gave conflicting signals about its nuclear work on Saturday with its atomic energy agency denying a statement by a senior MP that Tehran had started to install 3,000 centrifuges to enrich uranium.

Uranium enrichment lies at the centre of fears about Iran's nuclear ambitions as the process can make the fissile core of an atom bomb as well as nuclear fuel.

Tehran says its nuclear drive is aimed at peaceful energy generation, vehemently denying charges that it plans to build an atomic bomb.

The United States has warned its arch-foe Iran of "universal" opposition if it proceeds with plans to beef up its nuclear capacity by installing the centrifuges.

The UN Security Council has imposed sanctions to pressure Iran to stop uranium enrichment, which makes fuel for civilian nuclear reactors but also the explosive core of atom bombs.

ElBaradei is due to report to the UN Security Council by February 21 on whether Iran has suspended enrichment.

If not, sanctions could be tightened and there is increased speculation about a US or Israeli pre-emptive military attack to stop Iran's nuclear drive.

In a joint statement with India on Thursday, Russia called for "diplomacy and dialogue" in the worsening dispute over Iran's nuclear programme, but also urged Tehran to comply with UN demands.

Could Weak Oil Cost Venezuela, Iran Clout? (WSJ)

By David Luhnow, Bill Spindle, And Guy Chazan

Wall Street Journal, January 29, 2007

Softening oil prices over the past few months have spurred hope in Washington that less revenue for oil-rich states could weaken the hand of governments the U.S. considers worrisome -- particularly those in Iran, Venezuela and Russia.

The three nations are potentially vulnerable: Oil-and-gas revenue accounts for between two-thirds and three-quarters of government income in both Venezuela and Iran, and only slightly less in Russia. So, a big drop in oil prices would slow economic growth and hit government finances, forcing them to cut back spending increases that have boosted the popularity of all three governments at home and emboldened them abroad.

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But it is far too early to expect the changing economics of oil to have big political effects. For one thing, although the price of oil has fallen 28% since hitting an all-time high of $77.03 in July, it is still high by historical standards. The three nations, having weathered crises before, have all built up substantial currency reserves to cushion against a further fall in prices.

"Fifty-dollar oil doesn't put any of them in any grave danger," says Michelle Billig, director of political risk at PIRA Energy Group, a New York-based consultancy. "After all, it was only a few years ago that we were talking about an oil windfall for these places at $30 a barrel."

March crude-oil futures settled at $55.42 Friday on the New York Mercantile Exchange, up $1.19 on the day.

Equally important, it isn't clear that any of the trio would radically alter their policies even if squeezed harder economically. Under President Vladimir Putin, a former KGB spy, Russia has put a priority on reasserting its political might and reclaiming the global influence it wielded during the Soviet Union's heyday. Generations of leaders in Tehran have made the development of nuclear power a stated goal -- and asserted the country's hypothetical right to a nuclear weapon -- no matter the price of oil.

Venezuela might have the hardest time pursuing the assertive foreign policy of President Hugo Chávez, a populist and former army officer, if oil prices were to drop much more. Over the past few years, Mr. Chávez has used oil money to try to counter what he sees as harmful U.S. influence in Latin America. Caracas has helped finance some neighbors' debt, and it has handed out cut-rate oil to dozens of countries, including Fidel Castro's Cuba -- and even some U.S. communities through the state oil company's Citgo subsidiary.

Unlike Russia, and to a lesser extent Iran, Venezuela has been much more reckless in spending its oil windfall. Last year alone, public spending grew 43%, widening the gap between total government income and outlays to about 1.5% of the total economy, according to estimates by Morgan Stanley.

So far, falling oil prices haven't dented Mr. Chávez's spending habits. Just last week, he announced a program to send 100,000 poor Venezuelans each year to vacation in Cuba. He also recently offered the army's services to build a road in Nicaragua at a projected cost of $350 million.

While economists agree that Mr. Chávez's free-spending policies may eventually shipwreck the Venezuelan economy, they say that won't happen -- if it happens at all -- for at least another year. The main reason: Venezuela has accumulated more than $36 billion of reserves.

But there are signs Mr. Chávez could be headed for trouble, even without a much bigger drop in oil prices. He recently ordered an increase in gasoline prices -- which the government has long subsidized -- to raise federal revenue. And some economists view his recent nationalization of Venezuela's biggest telephone and electric companies as a sign his administration is eager to raise more money to keep up its spending.

A further drop in oil prices, then, might leave Mr. Chávez with some tough choices about where to trim the fat. High on the list would be his foreign aid. By far the chief beneficiary of Mr. Chávez's largesse is Cuba, which receives 103,000 barrels a day of refined petroleum products in exchange for the services of Cuban doctors and other specialists. Analysts believe aid to Cuba totals about $3 billion a year.

Cutting back on such aid would be a relief in Washington, which worries about the spread of Mr. Chávez's socialist message, and could also be welcome at home, where many Venezuelans resent Mr. Chávez's largesse toward others when Venezuela has seen little progress on issues such as reducing poverty. Indeed, a recent study by Claudio Loser, a former International Monetary Fund official, showed that Venezuela's real per-capita income has grown a cumulative 1% since 1998, the year Mr. Chávez took power.

Mr. Chávez also might be forced to cut back on the domestic front. Last year, Venezuela had Latin America's highest inflation rate, about 17% -- and it is expected to climb sharply this year.

"I think it will be a difficult year for the Venezuelan economy," says Francisco Rodriguez, who teaches Latin American economics at Wesleyan University in Middletown, Conn.

Russia is much less vulnerable to oil prices. Under Mr. Putin, the country has built up $300 billion of foreign-exchange reserves, an $89 billion rainy-day oil fund and runs big yearly budget surpluses. Mr. Putin is loosening the purse strings this year in the run-up to presidential elections in early 2008, with a 26% increase in spending from 2006. But the budget would still break even with oil as low as $38 to $40 per barrel. However, lower oil prices could hurt earnings at energy companies that form the backbone of Russia's economy.

Iran is more exposed to the vagaries of the oil market. As revenue has soared with oil prices, Iran's public-sector spending has expanded almost as fast. To pay for massive subsidies for most daily goods -- including gasoline, bread and heating fuel -- the government has borrowed in each of the past two years from a special rainy-day fund set up to retain some oil revenue for when prices fall again. But that spending has ignited inflation, now running around 15%.

Iranian President Mahmoud Ahmadinejad introduced a budget early last week that included a 20% increase in spending for the Iranian fiscal year that begins in March. He said the government, whose ultimate authority is held by a council of Islamic

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mullahs, would be able to add to its rainy-day fund if oil prices remain above $33 per barrel, the level the budget assumes for Iranian oil.

But some private economists doubt the budget calculations and predict Tehran would again fall back on those surplus funds to finance spending.

Baghdad Is Key (WP)

By Stephen J. Hadley

The Washington Post, January 29, 2007

The Baker-Hamilton report explained that failure in Iraq could have severe consequences for our national interests in a critical region and for our national security here at home. In my many conversations with members of Congress and foreign policy experts, few have disagreed.

The strategic review commissioned by President Bush analyzed the options for setting Iraq on a trajectory for success. Alternatives now being discussed in Congress were considered but rejected after the strategic risks and stakes were calculated.

The review considered the option of pulling U.S. forces out of Baghdad and concentrating on al-Qaeda in Iraq and training Iraqi security forces, as some in Congress recommend.

Most people agree that we must focus on fighting al-Qaeda. The president's strategy steps up this fight -- particularly in Anbar province, where al-Qaeda seeks a sanctuary. The administration also agrees that we must accelerate the training of Iraqi security forces. The president's strategy does this -- with benchmarks to track progress and bolster the size and effectiveness of those forces. Training and supporting Iraqi troops will remain our military's essential and primary mission.

But the president's review also concluded that the strategy with the best chance of success must have a plan for securing Baghdad. Without such a plan, the Iraqi government and its security institutions could fracture under the pressure of widespread sectarian violence, ethnic cleansing and mass killings. Chaos would then spread throughout the country -- and throughout the region. The al-Qaeda movement would be strengthened by the flight of Sunnis from Baghdad and an accelerated cycle of sectarian bloodletting. Iran would be emboldened and could be expected to provide more lethal aid for extremist groups. The Kurdish north would be isolated, inviting separation and regional interference. Terrorists could gain pockets of sanctuary throughout Iraq from which to threaten our allies in the region and our security here at home.

The new plan for Baghdad specifically corrects the problems that plagued previous efforts. First, it is an Iraqi-initiated plan for taking control of their capital. Second, there will be adequate forces (Iraqi and American) to hold neighborhoods cleared of terrorists and extremists. Third, there is a new operational concept -- one devised not just to pursue terrorists and extremists but to secure the population. Fourth, new rules of engagement will ensure that Iraqi and U.S. forces can pursue lawbreakers regardless of their community or sect. Fifth, security operations will be followed by economic assistance and reconstruction aid -- including billions of dollars in Iraqi funds -- offering jobs and the prospect of better lives.

As Gen. David Petraeus, the new commander of our forces in Iraq, explained in hearings before Congress last week, reinforcing U.S. troops is necessary for this new plan to succeed. Any plan that limits our ability to reinforce our troops in the field is a plan for failure -- and could hand Baghdad to terrorists and extremists before legitimate Iraqi forces are ready to take over the fight. That is an outcome the president simply could not accept.

The Baker-Hamilton report supports this conclusion. It said: "We could, however, support a short-term redeployment or surge of American combat forces to stabilize Baghdad . . . if the U.S. commander in Iraq determines that such steps would be effective." Our military commanders, and the president, have determined just that.

The focus on reinforcing our troops must not overshadow the comprehensive nature of the changes in the president's strategy. Contrary to what some have suggested, reinforcing our military presence is not the strategy -- it is a means to an end and part of a package of key strategic shifts that will fundamentally restructure our approach to achieving our objectives in Iraq.

Building on experience elsewhere in the country, the new strategy doubles the number of provincial reconstruction teams (PRTs) in Iraq. These civilian-led units will target development aid where it is needed and help the Iraqi government extend its reach to all corners of the country.

Because close civilian-military cooperation is key to success, 10 new civilian PRTs will be embedded with U.S. combat brigades.

The new strategy incorporates other essential elements of the Baker-Hamilton report, such as doubling the number of troops embedded with Iraqi forces, using benchmarks to help us and the Iraqis chart progress, and launching a renewed diplomatic effort to increase support for the Iraqi government and advance political reconciliation.

Ultimately, a strategy for success must present a realistic plan for bringing security to the people of Baghdad. This is a precondition to advancing other goals. President Bush's strategy offers such a plan -- and it is the only strategy that does.

The writer is national security adviser to the president.

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2 Mideast Leaders Agree: US Can't Desert Iraq (NSWK)

Newsweek, January 29, 2007

In any discussion of who might replace Iraqi Prime Minister Nuri al-Maliki if he fails to bring peace to Baghdad, the name of Adel Abdul Mahdi comes up. But the Shiite vice president may be a slim reed to lean on. In an interview with NEWSWEEK's Lally Weymouth at the World Economic Forum in Davos, Abdul Mahdi seemed at best lukewarm to the idea of sending an additional 20,000 American troops to Iraq. Excerpts:

ADEL ABDUL MAHDI

Weymouth: In the United States, many wonder if the situation in Iraq can be brought under control. What do you think of President George Bush's plan to send additional troops?

Abdul Mahdi: We [Iraq and America] both think that Baghdad is a key issue. We have to succeed on that.

But will Bush's "surge" make a difference?

As Iraqis, we think we need more troops in Baghdad. It's up to the multinational forces to decide whether they need more troops.

You talk about multinational forces. But the U.S. administration is sending additional American troops—no one else is volunteering for the job. Are you for that or against it?

I am saying we need more troops in Iraq. Multinational forces are part of it.

But you have to be for or against the U.S. sending an additional 20,000 men.

I am not a military man. I can't say if they need to deploy their troops in Baghdad.

But it's not a military question. Americans are going to die. Is it worth the sacrifice?

I can [only] measure things seeing things as Iraqis [see them]. They are there to succeed, not because they wish to be there. If they want to succeed, we need more troops.

Doesn't success depend on your government standing up to Shia militias that support it?

We are not facing only militias. We are also facing Al Qaeda and insurgents.

Do you believe the government is capable of stopping Shiite atrocities?

I think they can do the job if Prime Minister Maliki takes the practical measures he is announcing.

It's rumored that you're the favorite of the U.S. government [to replace Maliki].

I think al-Maliki can still do it and he should have his chance.

Moqtada al-Sadr, of course, supports the Iraqi government. What happens if U.S. forces go after him?

We are going to impose laws. If you are going to act against the law, this will not be acceptable.

Do you think restoring security in Iraq is possible?

I was in the U.S. in 2003 and 2004. People were optimistic at that time, whether Iraqis or Americans. We couldn't tell them that there was a mess in Iraq—try to be more practical. Now people are so pessimistic and you can't tell them that this country has a chance.

All Americans see on their TV screens are Sunnis slaughtering Shiites and ethnic cleansing in the streets.

Unfortunately this is true. But this is only one part of the picture. Only 12 months ago we had elections and 12 million people voted, Sunnis and Shiites.

What can you show in the next couple of months that will inspire confidence?

If we can succeed in Baghdad, then we can give hope not only to Americans but also to Iraqis. If we can improve services in Baghdad, then journalists will see that, and we'll have a new image.

Do you believe you can really work with the Sunnis?

Of course, yes. Now in the Parliament, you can see Sunnis and Shias. You never saw that before in a country like Iraq.

But there is ethnic cleansing going on in Baghdad.

Absolutely.

Is it the government's policy to help people who have been cleansed from those neighborhoods to return?

Yes.

You have a law in Iraq that no one can carry a weapon?

That's right.

Are you going to use that law to have door-to-door searches to disarm the militias?

Of course, we are doing that and there are some achievements.

Do you believe that America will stay in Iraq or that U.S. troops will leave?

We have to gain the confidence of the American people and the administration.

Do you worry that the U.S. will withdraw?

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Of course we worry. We will be worried whether you stay or leave.

What do you prefer?

We are not going to decide for America. They will decide for themselves. Others bear the responsibility of where we are. We were not consulted about the war decision; we were not consulted about the invasion of Kuwait; we were not consulted about the war between Iran and Iraq; but we have to bear the consequences of all this. I think America has only two alternatives: to stay or to leave. If they stay, they should stay in a helpful way.

AHMED NAZIF

Since he was appointed to lead a mainly technocratic government in 2004, Egyptian Prime Minister Ahmed Nazif has been immersed in some of the Middle East's most complex political problems—the Israeli-Palestinian conflict, the widening war in Iraq, not to mention Egypt's own on-again off-again steps toward democracy. He also spoke to NEWSWEEK's Lally Weymouth in Davos last week. Excerpts:

Weymouth: There's a rumor in Washington that the United States is going to bomb Iran. What do you think of the idea?

Nazif: We've said clearly that this would not be a good idea. If it is to deter Iran, it probably will have the exact opposite effect. So I don't see the logic.

How do you assess the strength of Iranian President Mahmoud Ahmadinejad?

Iran, like any other country, has many factions with many different opinions. We have seen changes in the Iranian way of thinking over the last couple of decades. We've seen Iran coming closer to the communities in the Middle East and then seen them getting a little bit farther. What we need to do is just take them at face value. This is the Iranian government. This is what we are dealing with.

When do you think the peace with Israel will become a warmer peace?

Well the answer is in the question. When Israel has made peace with the Palestinians, with the Syrians, with the Lebanese, I think things will become much warmer.

But in business, couldn't there be warmer relations?

There is a warm relationship in business right now, but at the end of the day it's the whole relationship between the people of the countries [that counts].

Your government has been helpful in trying to form a national unity government between Palestinian President Mahmoud Abbas and Hamas.

We're still facing some problems there because the Palestinians themselves are divided. We were partially successful in 2005 when ... the withdrawal from Gaza took place. If at the time, we had followed up with reassuring measures, especially on the developmental side with the Palestinians in Gaza, we would not be where we are today.

Then came the elections that brought a Hamas government to power a year ago.

We were of the opinion that those Palestinian elections should not be held. We opposed them.

But so did the Israelis, right?

It's the Americans that insisted on the elections. President [Hosni] Mubarak voiced our concern.

Because he thought radicals would win?

Exactly. But I think insistence on getting a democratic "solution" among the Palestinians at the time had sort of taken over [U.S. administration policy]. And, unfortunately, then we lost Israeli Prime Minister Sharon a few months later, and this [combination of events] has created a situation today that is, I do think, worse than where we were a year and a half ago.

So, to be clear, are you saying that the Bush administration, by pushing democracy so hard in the region, failed to see the risk that radical Islamists might be elected?

I think that's true, yeah. When you talk about how to promote democracy, you need to do it within the constraints of the countries you're working with. Palestinians did not elect Hamas because they believe in its principles. They elected Hamas because they were not satisfied with the status quo.

President Abbas recently went to Damascus against the wishes of the United States to meet with the Hamas leadership. Where does Egypt stand on this effort?

Our position is very clear. You need to get inclusion. And inclusion means you cannot ignore somebody. You cannot just say, "Hamas doesn't exist," or "Hizbullah doesn't exist," or "whatever faction in Iraq doesn't exist."

You're saying that Hamas should be included in a future Palestinian government with President Abbas.

Of course. They have to be. They have a majority in Parliament. They've been elected. They need to be there. Now to what extent, that's the negotiable part.

The U.S. appears to be reengaging in the area. You recently met with Secretary of State Condoleezza Rice.

Her visit to the region has shown that the United States is interested in moving along. For a change we are starting to look at the issues.

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On her last visit, Rice seemed to put much less emphasis on the need for democracy in Egypt.

Egypt is going through a reform process. President Mubarak came up with changes in the Constitution that would take Egypt further along in democratization. I think the administration is more understanding of what's taking place.

Do you worry about the U.S. withdrawing from Iraq?

Under the current circumstances? Of course! There is no alternative in place. You'll just give those militias a free hand. And I think it would be seen as the U.S. opting out of the region. The U.S. started this, and they need to give closure to it in a proper way. Now, I think that what President Bush came up with is not an opting out, it's a commitment to peace and order. We support this, provided the Iraqi government deals even-handedly with both the Sunnis and the Shias.

Black Hawk Down: The True Cost Of Iraq War (NSWK)

By Weston Kosova

Newsweek, January 29, 2007

For American soldiers stationed in Iraq, one of the few comforts of this war is how easily they can keep in touch with family back home. Many service members call their spouses and kids several times a week and e-mail daily, reassuring them that they are all right. Sgt. 1/c John Gary Brown knew his wife, Donna, worried every time he went up in the air. A Black Hawk helicopter crew chief and gunner with an Arkansas Army National Guard unit, Brown had experience calming the anxieties of his wife of 18 years. War had separated them before: Brown had flown missions over a similarly bleak landscape a decade and a half ago when he served in the gulf war.

That didn't make it any easier for Donna, so Brown called and wrote her almost every day. The only phone available to him was two miles from his barracks. At first he made the trek on foot, then bought a bicycle from a soldier who was rotating out. In their conversations, he reassured his wife that most of the time he was making routine flights over relatively safe territory. He even asked her to send "care" packages filled with sweets so that he could drop "candy bombs" to Iraqi children as the chopper whisked by. But there was no hiding the hazards of his duty. Large and often low to the ground, helicopters are a favorite target of insurgents, who fire at them with machine guns and rockets. They are also prone to mechanical problems, especially in the unforgiving Iraqi climate. About 90 helicopters have been lost since the war began.

Soldiers are not permitted to give their families details about combat operations. So Brown used a simple code when he spoke to Donna. If he mentioned he was going on a "training" flight, she knew not to worry. But if he told her he was going on a "mission," that meant he was heading into dangerous territory and he promised to contact her as soon as he landed. At 5:14 in the evening on Friday, Jan. 19, Donna was at home in Little Rock when Gary called and said the word she dreaded. He was at the airfield and ready to take off—this time on a "mission." Brown had just returned to Iraq after a 15-day home leave. On the phone, he told his wife how much he'd enjoyed being back with her and their two children and pair of grandchildren. Then he cut the conversation short. "I really have to go," he said. In the background, she could hear the thumping of the chopper's rotors.

She began to worry when he didn't call or e-mail on Saturday, but told herself he was probably still on duty and couldn't get to a phone or computer. She spent the day willing the phone to ring. When he still hadn't called by Sunday, she says, she suspected the worst. Still, the solemn visit from the Army's Casualty Assistance Officers came as a surprise. On Monday afternoon, there was a knock on the door. Christian, her 10-year-old grandson, answered and called to her that there were two men outside. She told the boy to ask them what they were selling. He said, "No, you don't understand. They're Army men."

Including Brown, 12 soldiers died around 3 p.m. Iraq time on Saturday when his Black Hawk crashed in Diyala province, northeast of Baghdad. The flight was a seemingly routine haul from the massive Camp Anaconda near Balad to the Iraqi capital, carrying four crew and eight passengers. Not far from the town of Baqubah, Brown's chopper—Easy 4-0—broadcast a mayday signal and went down; an accompanying Black Hawk landed nearby and its soldiers reportedly took fire from insurgents. The Army has been unusually tight-lipped about the details of the crash. It has not said exactly what went wrong. At first it reported 13 people had died, then 12. Officials tentatively blamed an equipment malfunction, then enemy fire. Now they say the crash is under investigation. The families of the soldiers say the Army did warn them not to expect much in the way of remains.

Those looking to put the crash into some larger perspective might point out that 10 of those who died were members of the National Guard—the greatest number of guard members killed in a combat mission since the Korean War. Or that the number of U.S. soldiers killed across Iraq that day (25 in all) made it one of the deadliest since the war began. But the most remarkable thing about the crash might be how quickly the deaths of a dozen soldiers can pass into and out of the public's consciousness these days, if they ever register at all.

More than 3,000 U.S. service members have now died in the Iraq war. At first it was difficult not to feel overwhelmed by the number of deaths. After four years, it is now difficult not to feel numb. In a nation without a draft, the emotional connection between the front and the home front is the weakest it has been in a major conflict in recent memory. There are so many news

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accounts of troops killed in combat that the details blur. The death of one soldier, or 20, loses its power to shock, except to the families of the fallen.

At some point, the way we talk about the war itself changes. We speak less and less about husbandless wives and parentless children, and instead obscure the suffering in vaguer, more distant and—guiltily—easier terms. We shake our heads and talk about the "losses."

In Washington, the talk is now all about Iraq. Democrats, emboldened by their control of Congress and the president's sinking poll numbers, no longer fear being labeled "Defeatocrats" if they take a stand against George Bush on the war. And some Republicans, including Sens. Chuck Hagel and John Warner, are speaking out against the handling of the war and about the cost in human life. Nonetheless, the president, trying to appear conciliatory and resolute at the same time, is determined to send an additional 21,000 troops to Iraq, no matter what anyone else thinks. If Congress rejects the idea, Dick Cheney told CNN last week, "it won't stop us."

The president did not learn about the crash until late in the day on Saturday. Each morning he is handed what aides call "the blue sheets"—the overnight Iraq reports from the Situation Room that are printed on blue paper. The first line of each sheet lists the most recent casualties. But reports of the downed helicopter had not yet reached Washington. Bush spent part of the morning talking about the troop increase with Secretary of State Condoleezza Rice and Defense Secretary Robert Gates. Both had recently returned from a tour of Europe and the Middle East to promote the new Iraq strategy. The news wasn't all good. Not surprisingly, some of the allies weren't in favor of a troop escalation.

Is the president right that the additional troops can turn things around? Or is Iraq lost? These questions are the makings of a serious and long-overdue debate over the war. And yet so much of the chatter turns on the politics of the war. Who is up and who is down for 2008? Is the Bush presidency effectively "over" and will Americans trust a Democrat—and possibly a woman—to be commander in chief? Democrats (and rebelling Republicans) invest their passions in clinical debates over "exit strategies" and "withdrawal timetables," and congratulate themselves for "nonbinding" resolutions that condemn an increase in troops while still allowing them to go into the field. But few seem to be grappling with the fate of those soldiers.

There are, as always, more questions than answers about what to do in Iraq. Honest people can disagree about whether it is more dangerous to stay or to leave. But the 12 Americans who died in the Black Hawk crash offer us a vivid reminder of what is happening on the battlefield, and of the cost so many families are paying when loved ones die in combat. Guard members have taken on much of the burden of this war, and those who died aboard that helicopter were like many others who have lost their lives in the fighting: ordinary people asked to do the extraordinary. They were husbands and wives, parents and even grandparents. Some relied on their faith in God, others, their faith in the commander in chief. At least one no longer believed the war was worth fighting, but carried out his duties. Together, they left behind 34 children and at least a dozen grandchildren.

As we contemplate sending more men and women like them into harm's way, their demise leaves behind perhaps the only question that truly matters in wartime: is it worth it?

Army Capt. Sean Lyerly believed it was. At 31, Lyerly was among the younger soldiers onboard the helicopter. A proud Texan from a family with a history of military service, he went to Texas A&M and joined up with the Texas Army National Guard. "It's in the genes," says his father, George Lyerly, who himself served in the Army. "His granddaddy and uncle fought in World War II." Lyerly was determined to become a pilot. He flew relief missions in Louisiana after Hurricane Katrina and told his family about the satisfaction he got from plucking stranded people from rooftops. Up to that point his wife, 24-year-old Csilla, had convinced herself that she had no reason to fear his dedication to the guard. She worried about his flying, but she didn't give a second thought to the possibility of his being called up to serve in combat.

Most of the time Lyerly wasn't anywhere near an Army helicopter. In college he majored in horticulture and later worked as a manager in the garden department at a Home Depot. "The military was one weekend a month, two weeks a year. I never knew they could get deployed," Csilla says. "He mentioned something about maybe going to Bosnia, and I said, 'What do you mean, Bosnia? You're in the guard'." But last February, he got the call, and it wasn't Bosnia. He was nervous about going to Iraq, but he was also proud to become the next in his family to serve overseas. Like so many other soldiers, he said he "felt like he was making a difference." His wife tried to mirror his enthusiasm, but her fears sometimes got the better of her. "I was anxious. I had a bad gut feeling. There was just something ... " she recalls.

A combat captain, Lyerly was based at the sprawling Camp Anaconda, a major way station for the helicopter flights that crisscross Iraq now that the roads are so unsafe. Soldiers had nicknamed the place Mortaritaville because of frequent enemy attacks. Lyerly kept that kind of detail to himself when he called home to Pflugerville, a quiet suburb of Austin, each night at around 9 o'clock. Instead, he tried to re-create some semblance of home life by reading his toddler son, Zack, a favorite bedtime story—usually "Thomas the Tank Engine"—over a Webcam. A couple of days after Csilla was told that her husband had died, she tried to explain to her son what had happened. She told him about heaven, and described how beautiful it was. "Daddy went to heaven to meet God," she said gently. "We can talk to him, but we're not going to be able to see him anymore. He's always

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going to be able to hear us, but he's not going to come home." Zack looked back at her blankly. "Yes, he is," he said with all the worldly confidence of a 3-year-old. "He's in Iraq. When he's finished, he's going to come home."

Cpl. Victor Langarica did not share Sean Lyerly's optimism about the mission in Iraq. From the moment he received his deployment orders last April, he seemed convinced that he would not leave the war zone alive. Worse, he believed that he was going to die for no good reason. A twice-divorced single father of a young son and daughter, he had joined the Army hoping to gain the skills that would lead to higher pay than he made at Home Depot. His mother and ex-wives looked after the kids while he was overseas. He was proud of the nine months he served in combat in Afghanistan after 9/11, but the experience left the lighthearted 29-year-old sullen and fearful. Once he was surprised by an Afghan soldier who put a gun to his head. Just as the soldier was about to fire, a fellow American shot the Afghan dead. He never found out who had saved his life, but thought of him as an angel.

Unlike most of the others who died in the crash, Langarica was regular Army. But when he got his deployment papers to Iraq, he didn't want to go. The invasion made no sense to him. " 'I don't understand why Bush is doing this to us'," his mother, Pearl Lucas, recalled his saying. " 'If I die, I won't know why I died, if it was for oil or for revenge'."

Langarica arrived in Iraq last September. His fears about the dangers were justified. Stationed in southern Baghdad, he worked as a heavy-equipment mechanic and shouldn't have been in the thick of combat. But his job required him to repair Humvees and other vehicles that had broken down in the streets, amid gunfire and missile attacks. One day, as he lay under a vehicle performing a repair, a bullet grazed the top of his scalp.

In November, Langarica was granted a two-week leave. He returned to the United States to visit his mother and daughter in Decatur, Ga., and his son in Brunswick, Md. He told relatives that he dreaded returning. His aunt urged him to desert the Army and seek refuge in Nicaragua, where she and his mother were born. But Langarica was determined to finish out his tour, and returned to Iraq. Before he left, he told friends he didn't think he was going to see them again. He had already convinced himself he was "an angel of God—no matter what happens I will always be around." In a letter to his mother in 2003, he had confided, "I know it sounds crazy, but I really believe I am [an angel]."

The night before the helicopter flight, he called home for the last time, certain that he would die the next day. "You better make it," his mother told him. "Your kids are waiting here for you." She put his 6-year-old daughter, Devina, on the phone to talk with him. When he got back on the line with his mother, he was crying.

"I will remember you every second," he said.

Some of the time Jane Allgood was perfectly content not to know what her husband, Col. Brian Allgood, was doing over in Iraq. A West Point grad and orthopedic surgeon, Brian Allgood was the top medical officer for all Coalition forces in Iraq. He also used his position to help train Iraqi doctors. At 46, he was considered to be on the fast track to earning his first general's star. He routinely made hazardous trips around the country; his wife, Jane, a retired colonel who had served in the Army's Medical Service Corps, knew that his life was in danger. "I understood that it was an occupational hazard," she says. "I did not want to know when he was traveling in Iraq." The two had an arrangement. He would call home once a week, and e-mail as often as possible.

Allgood never doubted his path in life. He met his future wife at 17, and had already planned to earn a medical degree and launch a military career. Expert in flight and combat surgery, he also trained as an Army Ranger so that he could better treat jumpers' injuries. He rose quickly, served as the top U.S. military doctor in South Korea and was next scheduled to command a medical brigade in Germany, where his wife and 11-year-old son, Wyatt, live.

Allgood considered himself a doctor first, and stuck his neck out to get troops the equipment he thought they needed. This fall, an infantry unit requested fire-retardant uniforms, which were typically worn only by flight crews. Allgood believed all the men should have them. Within days, he authorized $20 million for the new uniforms. Officers with their eyes on promotion don't often make high-dollar demands of their superiors. "It would have been very easy to say no, or just give them to one unit," says Col. Donald Jenkins, who worked with Allgood in Baghdad. "There was a lot of questioning about the money. He didn't flinch." The mission that took his life was important to him. Allgood had spent hundreds of hours working to improve care for Iraqi civilians injured by insurgent attacks. He was returning to Baghdad that Saturday from Taji, where he had presented the Iraqi people with a new, American-built hospital.

Stories about soldiers fighting in Iraq do not immediately evoke images of grandparents in uniform. But many guard troops, plucked from their everyday civilian lives, are well into their 40s or even 50s. Lt. Col. David C. Canegata III of the Virgin Islands National Guard was the father of four and left behind a 15-month-old grandson. Command Sgt. Maj. Marilyn Gabbard of the Iowa Army National Guard and her husband, Ed, had seven children and 11 grandchildren between them. She was the only woman aboard. At 46, she had been in the military 28 years and was the first woman in the Iowa Guard to reach her rank.

Like Langarica, who eased his fears by believing himself an angel, many of the fallen took great comfort in faith. Canegata played keyboard and sang gospel in church with his wife, Shenneth. Thirty-seven-year-old Staff Sgt. Darryl Booker of the Virginia

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Army National Guard believed it was more than luck that saved him the day a rocket missed him by inches. "He would always tell me, 'I'm covered, Dad'," his father, Earnest Hardy, recalls. "Let me tell you, when he said he was covered, he meant Jesus was looking out for him. He was not talking about the U.S. government."

Others relied on their devotion to the cause itself. Roger Haller, a 49-year-old command sergeant major with the Maryland Army National Guard, was the top-ranking enlisted man in the guard's HQ 70th Regiment. Inspired by 9/11, Haller went to Afghanistan, and later to Iraq, for what would be his final mission. His son, Sgt. Daniel Haller, also served in Afghanistan and Iraq. Daniel is back home, and his father's tour was coming to a close soon. He had hoped to make it in time for his daughter Kathryn's high-school graduation. Retired Command Sgt. Maj. Kathleen Hurley, Haller's longtime friend, reminisced about his optimism under fire and his unshakable belief that he was doing the right thing by serving. She echoed the sentiments of many friends and family members when she said she did not want his service to be forgotten. "I don't want him to be just another casualty statistic. He was so much more."

Last Wednesday, about 1,200 soldiers gathered for a memorial service at Camp Anaconda. The base is home to the 36th Combat Aviation Brigade, the Army National Guard's first helicopter brigade. Four of the men who died in the crash had been assigned to the 36th CAB, whose service of moving men and material around Iraq is known as Catfish Air. The troops stationed there took the crash hard. On that Saturday afternoonthe men knew something serious had happened. Internet and phone service were shut down across the base, a tactic the military uses to prevent information leaks when soldiers are killed. When the lead helicopter on the fateful flight returned, its crew was led off to be debriefed immediately, before they'd even finished shutting down their bird completely. Another 24 hours passed before soldiers on the base were even told that a Black Hawk had gone down.

At the service, helmets and rifles were set up in honor of the dead. The brigade commander and chaplain rose to speak, then close friends of the fallen made short speeches. Together, the assembled soldiers had seen plenty of bloodshed, and many could not hold back their tears. "It was a pretty emotional scene," says Master Sgt. Charles Wheeler, a public-affairs officer. "People were not just trying to stand back and be stoic."

With reporting by Arian Campo-Flores in Decatur, Gretel C. Kovach in Pflugerville, Babak Dehghanpisheh in Baghdad, Stefan Theil in Heidelberg, Dan Ephron, Eve Conant, Richard Wolffe, Daren Briscoe, Jonathan Mummolo and Steve Tuttle in Washington and Andrew Murr, Sarah Childress and Karen Breslau.

Transcript: NEWSWEEK's Interview With Dick Cheney (NSWK)

Newsweek, January 29, 2007

Jan. 28, 2007 - NEWSWEEK: Let's start with Iraq, if I may. There's a lot of skepticism on the Hill, even inside the administration about the Iraqi prime minister's abilities, desire to take down the militias. Some people have said the militias have put him into power, so why would he take them down or want to take them down. So what gives you the confidence to think that he can actually be up to the job?

Dick Cheney: Well, I think we've got a lot of people who want to judge the success of the [Nuri al-]Maliki administration after some nine months in office. I think it's a little premature. I think he has been direct and forthright in responding to our concerns. I think there is some evidence that he's already beginning to act in terms of, for example, Iraqi forces rounding up as many as 600 members of the Jaish al-Mahdi [JAM, or Mahdi Army] in the last couple of weeks. His commitment to us is to go after those who are responsible for the violence, whoever they may be—whether they're Baathist or former regime elements or militia, Shia militia or criminal elements. And I think at this stage, we don't have any reason to doubt him.

You don't think it's a token gesture?

I think it's—people are trying to make a judgment on whether or not this plan is going to work I think far too early. And I think in fairness to the Iraqis, they need to be given an opportunity to follow through on their commitments.

The president—and I think you also—have spoken about the possibility of regional war in case of American withdrawal, a chaos in Iraq, and I think the president referred to it as an epic battle between extremists. What's the basis for thinking that it would be a broader war? What lies behind that kind of analysis in your mind?

Well, I think it's a concern that the current level of sectarian violence—Shia on Sunni and Sunni on Shia violence would increase, and perhaps break out in other parts of the country. It's pretty well concentrated right now in the Baghdad area.

There are a lot of other concerns, as well, with what would happen if we were to withdraw from Iraq and do what many in the Democratic Party want us to do. It clearly would have, I think, consequences on a regional basis in terms of the efforts that we've mounted not only in Iraq, but also in Afghanistan and Pakistan and Saudi Arabia. This is a conflict that we're involved in on a wide variety of fronts in that part of the world. And hundreds of thousands of people literally have signed on in that battle to take on the Al Qaeda or the Al Qaeda types, in part because the United States is there, because we're committed, because we

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provide the leadership, and because we're working closely with people like President [Pervez] Musharraf in Pakistan, and [Hamid] Karzai in Afghanistan and so forth.

And a decision by the United States to withdraw from Iraq I think would have a direct negative impact on the efforts of all of those other folks who would say wait a minute, if the United States isn't willing to complete the task in Iraq that they may have to reconsider whether or not they're willing to put their lives on the line serving in the security forces in Afghanistan, for example, or taking important political positions in Afghanistan, or the work that the Saudis have done against the Al Qaeda inside the kingdom.

All of a sudden, the United States which is the bulwark of security in that part of world would I think no longer—could no longer be counted on by our friends and allies that have put so much into this struggle.

But would that encourage them to take a role in an Iraqi civil war? There's this idea that regional powers would step in.

No, I think—I think when you look at Iraq, you have to look at Iraq in the broader context. And you cannot evaluate the consequences of the U.S. withdrawal from Iraq only in terms of Iraq. You've got to look at it in terms of what it means in other parts of the globe, really.

Remember what the strategy is here for Al Qaeda. Their strategy is that they can break our will. They can't beat us in a stand-up fight. They never have—but they believe firmly because they talk about it all the time—that they can, in fact, break the will of the American people and change our policies if they just kill enough Americans, or kill enough innocent civilians. And they cite Beirut in 1983, and Mogadishu in 1993 as evidence of that, and then they see the debate here in the United States over whether or not we've got the right policy in Iraq, whether or not we ought to stay committed there as evidence reinforcing their view that, in fact, the United States can be forced to withdraw if they simply stay the course that they're on, that is to say the Al Qaeda and the terrorist extremists stay the course that they're on.

So Iraq to some extent is a test of that basic fundamental proposition. Is their strategic view that we won't complete the job correct? Or is our strategic view correct, that we can, in fact, organize people in that part of the world, as well as use our forces in order to achieve a significant victory and defeat those elements that, among other things launched an attack on the United States on 9/11 and killed 3,000 Americans.

You've made the case that a collapsed Iraq would become a terrorist haven. The president has also said that. Al Qaeda is essentially … Look at what happened to Afghanistan.

But Al Qaeda is essentially a new organization in Iraq, a Sunni organization and it has this element of foreign fighters. Isn't there a reason to think that if there was full-blown civil war, the Shia would essentially beat them and neutralize that as being a hostile force as they take control of the country?

What's the basis for that?

There are more Shia.

Well, let's look at Afghanistan. In 1996, there were no Al Qaeda in Afghanistan. That's when [Osama] bin Laden moved in and found refuge there. A handful of Arabs, foreign fighters, if you will, subsequently opened up training camps, trained somewhere—estimates range from 10,000 to 20,000 terrorists in the late '90s, developed a safe haven and a base of operations from which they blew up American embassies in East Africa, attacked the USS Cole, launched the planning and training for 9/11. That all took place in Afghanistan under circumstances that are similar to what you've just hypothesized about for Iraq.

OK. Can we talk about Iran? You've traveled the region, you have extensive contact especially in the [Persian] Gulf, the Saudis, what are you hearing about their concerns about Iran's rise, its role in the region now?

I think there's widespread concern throughout the region about Iran, and in particular, Iran under [President Mahmoud] Ahmadinejad. I think a lot of people in the area—I don't want to attribute this to any one particular government—but a lot of people in the area feel directly threatened. They're concerned about Iran using surrogates such as the Syrians and Hizbullah, for example, in an effort to topple the government of Lebanon. They're concerned about Iran working through Hamas to prevent any progress of the peace process vis-a-vis Israel. They are concerned about sort of a struggle for leadership of the Islamic world between Shia and Iran and Sunnis elsewhere. They're concerned about Iran's drive to acquire nuclear weapons. And of course, there's a long history of Iran trying to asset itself as the dominant power in the region. It has been a theme that you can find running back several decades.

And one of the unique things I find now as I talk to representatives of governments from the region is they're all pretty much in agreement on that proposition—greater agreement if you will among the folks in the region than I can recall on most other propositions in recent years.

Is there a concern from those allies that America is too tied down, too overwhelmed with the situation in Iraq to deal or have the capacity to deal with Iran?

I haven't seen that. I think most of the nations in that part of the world believe their security is supported, if you will, by the United States. They want us to have a major presence there. When we—as the president did, for example, recently—deploy

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another aircraft carrier task force to the gulf, that sends a very strong signal to everybody in the region that the United States is here to stay, that we clearly have significant capabilities, and that we are working with friends and allies as well as the international organizations to deal with the Iranian threat.

That deployment I suppose raised another round of speculation inside Washington that military action was being worked on, that something was around the corner, can you see a scenario where air strikes on Iran would be justified?

I'm not going to speculate about …

It's my job.

… security action. You've got to ask, but the fact is we are doing what we can to try to resolve issues such as the nuclear question diplomatically through the United Nations, but we've also made it clear that we haven't taken any options off the table.

Can we switch to some politics right now? Politics of Iraq, especially. There has been little open support for the president's plan for extra troops in Iraq from the Republican Party. John Warner has obviously come out fairly strongly against it. Do you worry that the party has lost the stomach for the fight?

Well, I think—my sense of it is that the election results last November obviously represented a blow to our friends on the Hill, Republicans on the Hill—to go from majority to minority status. I think a lot of members were concerned or felt that their political fortunes were adversely affected by our ongoing operations in Iraq.

My sense of it is that what's happened here now over the last few weeks is that the president has shored up his position with the speech he made a couple of weeks ago, specifically on Iraq. And I think the speech, frankly Tuesday night, the State of the Union address was one of his best. I think there's been a very positive reaction of people who saw the speech. And I think to some extent that's helped shore us up inside the party on the Hill.

Now, we haven't had a lot of votes yet. The one vote that we've seen was the Senate Foreign Relations Committee yesterday [Wednesday] where—with the exception of Chuck Hagel—the Republicans were united in opposing what [Sen. Joe] Biden and [Sen. Carl] Levin and so forth were suggesting. So I think at this stage, that most members on our side of the aisle recognize that what's ultimately going to count here isn't sort of all the hoorah that surrounds these proposals so much as it's what happens on the ground in Iraq. And we're not going to know that for a while yet.

We've got a very good man in Dave Petraeus. Going out to take command and I think a credible program. And the ultimate test will be how well it works.

Senator Hagel said some pretty harsh things about the administration [on Wednesday]. He said, there was no strategy. He said…

It's not the first time.

Well, he said it was a—the "ping-pong game with human beings." Do you have a reaction to that kind of comment?

I thought that Joe Lieberman's comments two days ago before—it was when the Armed Services Committee had General Petraeus up for his confirmation hearings—were very important. And Joe basically said that the plan deserved an opportunity to succeed that—I think this was Joe, if it wasn't Joe, one of the other members did—that we're sending General Petraeus out with probably a unanimous or near unanimous vote, and that it didn't make sense for Congress to simultaneously then pass a resolution disapproving of the strategy in Iraq.

There are consequences of what Congress does under these circumstances. And I thought Joe was effective in pointing out some of those consequences, both from the standpoint of our people who are putting their lives on the line and for the nation, as well as consequences from the standpoint of our adversaries.

So you don't think Senator Hagel-and now you dodged completely responding to his comments—but they're not helpful to the cause and to the mission?

Let's say I believe firmly in Ronald Reagan's 11th commandment: Thou shalt not speak ill of a fellow Republican. But it's very hard sometimes to adhere to that where Chuck Hagel is involved.

May I ask about public opinion here because a series of—a succession of polls have shown this low level of support for the war, for the president's new plan, looking back, you made some comments before the war talking about being greeted as liberators. You weren't the only one. And of course, the early part of the invasion did go better than people expected. But do you think that people weren't sufficiently prepared, public opinion wasn't sufficiently prepared for the length of this conflict, for the difficulties involved? And do you have any regrets about your own role in preparing public opinion for that?

Well, we—the comments I made were based on the best information we had. I think there's no question but what the struggle has gone on longer than we anticipated, especially in Baghdad, that the events such as the bombing of the Golden Dome in Samarra a year ago was a deliberate Al Qaeda strategy that [Abu Mussab al-]Zarqawi pursued, and it worked. He finally provoked the Shia to retaliate against the Sunni. Things like that, that have I think constituted setbacks.

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It does not, though, lead me to conclude that what we're doing in terms of our overall effort, taking down Saddam Hussein's regime standing up a new democracy in Iraq isn't a worthy objective. I think it is. I think we have made significant progress. There's still a lot more to do—no question about it.

But I guess, the other sense I have that the conflict we're involved in—not just Iraq but on the broader basis against Al Qaeda, against the threat that's represented by the extreme elements of Islam on a global basis now is going to go on for a long time. And it's not something that's going to end decisively, and there's not going to be a day when we can say, there, now we have a treaty, problem solved. It's a problem that I think will occupy our successors maybe for two or three or four administrations to come.

It is an existential conflict. It is, in fact, about the future of civilization on large parts of the globe, in terms of what's represented by Al Qaeda and their associates. And it's very important that we recognize it's a long-term conflict, and we have to be engaged. There might have been a time when we could retreat behind our oceans and feel safe and secure and not worry about what was happening in other parts of the globe. But that day passed on 9/11.

And now, when we face the very real prospect that attacks can be mounted against the United States from various parts of the globe, including Europe—remember, the last threat was out of the U.K. with airliners to be blown up over the Atlantic—and where the possibility exists that the terrorists could next time have far deadlier weapons than anything they have used to date, this is a very serious problem. And the United States cannot afford not to prevail.

The question about the run-up to war, the weapons of mass destruction, do you feel that, in making—do you feel that your credibility was hurt by that, and that, in a sense, no matter what the warnings are about this broader conflict, that, in some ways, getting beyond the run-up to the war and the eternal debate about the run-up to war, means it's harder to make the case about the broader threats now?

Well, I have my own personal view. Obviously there was flawed intelligence prior to the war. We've seen reports from the Senate Intelligence Committee and the Robb-Silberman commission and so forth—but that we should not let the fact of past problems in that area lead us to ignore the threat we face today and in the future. It would be a huge mistake.

And the—in terms of whether or not it adversely affected public opinion, I think it clearly did, but that does not lead me to conclude that we didn't do the right thing when we went into Iraq and took down Saddam Hussein's regime, et cetera.

The media has this—if not the media, public opinion—has this caricature of you, the Darth Vader in the bat cave, and various things. You must be very familiar with that. Do you think you get a fair crack from the media?

Oh, I don't worry about it a lot. I'm at that stage in my life where I'm not running for any office. I'm here to do a job for the president of the United States. It's important that I tell people what I think—and I do. And from the standpoint of the decisions the president makes and the way we try to conduct business, we don't worry a lot about the polls, what they say about us …

Or the newspapers?

… or the newspapers. If you've been around—by the time I leave here, it will have been over 40 years since I arrived in Washington, and I've been praised when I didn't deserve it, and probably criticized when I didn't deserve it. And there aren't enough hours in the day for me to spend a lot of time worrying about my image.

Let me ask you about events going on at the courthouse down—not far from here. We think it's fairly unprecedented that a sitting vice president would testify …

I'm not going to talk about the trial, obviously.

About your decision to testify, about the precedent?

Sorry, I'm not going to discuss it.

Had to ask. I just want to end—because we're running short of time—President Ford, his recent funeral, did it put you in a reflective mood about that period? Do you draw any parallels to now? What was the sort of overwhelming feeling as you thought about then and now, going through all the private and public moments surrounding the funeral?

Well, I did think about, obviously, the president a lot as we went through that, really, week-long period of national mourning. I was, like I think a lot of us who were close to him and worked for him and are part of this administration, delighted to see the outpouring of tributes to his leadership, to what he represented to the country under very difficult circumstances, and praise for the tough, tough decisions he made—in particular, for example, the pardon.

And I reflected back on where we'd been 30 years ago when, after he made those decisions and, obviously, suffered for it in the public opinion polls and the press, and how history judged him 30 years later very, very favorably because of what he'd done and because he had displayed those qualities of leadership and decisiveness, steadfastness, if you will, in the face of political opposition that became a hallmark of his administration.

Is there a parallel to now?

There may well be.

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One other question. Bob Woodward reported that President Ford thought you had justified the war wrongly, and that he agreed with Colin Powell that you developed a fever, I think was the word, about Saddam Hussein, about terrorism. Did you feel that was accurate? Did it surprise you?

I've never heard that from anybody but Bob Woodward.

And other comments that—criticism from Scowcroft about not knowing you anymore—people have got quite personal, people you worked with before. You wouldn't be human if it didn't have some reaction.

Well, I'm vice president and they're not. (Laughter.)

Thank you very much.

Thank you.

250 Are Killed In Major Iraq Battle (NYT)

By Damien Cave

The New York Times, January 29, 2007

BAGHDAD, Jan. 28 — At least 250 militants were killed and an American helicopter was shot down in violent clashes near the southern city of Najaf on Sunday, Iraqi officials said.

For 15 hours, Iraqi forces backed by American helicopters and tanks battled hundreds of gunmen hiding in a date palm orchard near the village of Zarqaa, about 120 miles south of Baghdad, by a river and a large grain silo that is surrounded by orchards, the officials said.

It appeared to be one of the deadliest battles in Iraq since the American-led invasion four years ago, and was the first major fight for Iraqi forces in Najaf Province since they took over control of security there from the Americans in December.

That handover was trumpeted by the Iraqi government at the time as a sign of its progress in regaining more control of Iraqi territory.

The American military confirmed that the helicopter crashed around 1:30 p.m., and said that two soldiers aboard died in the crash. But American military officials said they could not confirm the total number of dead in the battle.

Col. Ali Numaas, a spokesman for the Iraqi security forces in Najaf, and an Interior Ministry official said the number of dead could rise. They said that the fighting stopped just after 10 p.m. and that most of those killed were militants. An employee at a local morgue said at least two Iraqi policemen were among the dead.

In a statement, the United States military said bodies of the two soldiers aboard the helicopter were recovered. The crash, at least the third involving an American helicopter in Iraq over the past week, is under investigation.

The precise affiliation of the militants was unclear.

Asad Abu Ghalal, the governor of Najaf Province, said the fighters in the orchard were Iraqi and foreign, some wearing the brown, white and maroon regalia of Pakistani and Afghan fighters. He said they had come to assassinate Shiite clerics and attack religious convoys that were gathering in Najaf, one of Shiite Islam's holiest cities, and other southern cities for Ashura, a Shiite holiday that starts Monday night.

At a news conference on Sunday afternoon, Mr. Ghalal said the fighters called themselves the Soldiers of Heaven, and seemed to be part of a wider Sunni effort to disrupt Ashura, which marks the seventh-century death of the Prophet Muhammad's grandson Hussein.

The holiday attracts hundreds of thousands of Shiite pilgrims to Karbala, where Hussein is believed to have been killed, and for days, the roads of southern Iraq have been filled with convoys of pilgrims beating drums and preparing for the day's rituals, which include self-flagellation. In past years, Ashura has been a magnet for violent attacks from Sunnis, with at least 180 people killed on the holiday three years ago.

But two senior Shiite clerics said the gunmen were part of a Shiite splinter group that Saddam Hussein helped build in the 1990s to compete with followers of the venerated Shiite religious leader Grand Ayatollah Ali al-Sistani. They said the group, calling itself the Mehwadiya, was loyal to Ahmad bin al-Hassan al-Basri, an Iraqi cleric who had a falling out with Muhammad Bakr al-Sadr — father-in-law of the Shiite leader Moktada al-Sadr — in Hawza, a revered Shiite seminary in Najaf.

The clerics spoke on condition of anonymity because they said they had been ordered not to discuss Shiite divisions.

Iraqi officials said the group of 100 to 600 fighters was discovered in the orchard Saturday night, leading to a midnight meeting of local authorities who hatched an attack plan.

"We agreed to carry out an operation to take them by surprise," said Mr. Ghalal, the Najaf governor.

At dawn, the governor said, the area was surrounded and the offensive began. He said the militants had antiaircraft rockets and long-range sniper rifles, and, according to a soldier involved in the fighting, Iraqi security forces encountered heavy resistance. Commanders called for reinforcements and a brigade of soldiers from nearby Babil Province joined the fight.

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Eventually, Iraqi officials said, they called on the United States military for help. American tanks and helicopter gunships arrived, and gun battles continued into the night. By 10:30 p.m., the gunfire had died down and Iraqi troops began searching the area for bodies.

Elsewhere in the heavily Shiite south, there were other signs of potential strikes on Ashura. Officials in Karbala said the police arrested three men — a Saudi, an Afghan and a Moroccan — who were found on the road between Najaf and Karbala with a suicide bomb belt and explosives in their car. The officials said the vehicle had been hollowed out so it could be used as a car bomb.

The United States military also announced the deaths of a soldier and a marine on Saturday.

The marine died from combat wounds in Anbar Province, where American troops have been battling Sunni insurgents for months. The soldier, a member of the military police, was killed when a roadside bomb exploded near his patrol north of Baghdad.

Throughout Iraq, the drumbeat of daily violence continued.

In Kirkuk, two car bombs at a Kurdish car dealership and a Kurdish market killed at least 17 people, authorities said.

In Baghdad, 54 bodies were found, many showing signs of torture. At least five girls were killed and 20 wounded when a mortar round hit a school in Adil, a Sunni neighborhood.

At 7:30 a.m., a bomb inside a minibus exploded in a Shiite area of the capital east of the Tigris River, killing one and wounding five. Two hours later, in the Sunni area of Yarmouk in western Baghdad, gunmen killed four people, including a consultant with the Ministry of Industry and his daughter, who were shot on their way to work.

After dark Sunday night, residents of the Yarmouk neighborhood reported that heavy clashes had broken out, with gun and mortar fire raining down for hours.

Also on Sunday, Saddam Hussein's cousin Ali Hassan al-Majid acknowledged in court that he had given orders to destroy scores of villages during Iraq's campaign against the Kurds in the 1980s.

Prosecutors introduced two dozen documents they said incriminated members of the Hussein government in the killing of tens of thousands of Kurds.

The Associated Press reported that Mr. Majid, also known as Chemical Ali because he is accused of using chemical weapons against the Kurds, said the area "was full of Iranian agents."

"We had to isolate these saboteurs," he said.

He added, "I am the one who gave orders to the army to demolish villages and relocate the villagers."

Hundreds Die In Clash Near Shiite Holy City (LAT)

By Louise Roug And Borzou Daragahi

The Los Angeles Times, January 29, 2007

BAGHDAD — Iraqi and American forces killed several hundred gunmen apparently planning to attack a Shiite Muslim shrine Sunday, fighting a daylong battle in which a U.S. helicopter crashed, killing two U.S. troops, Iraqi security officials said.

The fighting in the holy city of Najaf on the eve of the Shiite holiday of Ashura came as a mortar attack killed five teenage girls at a school in Baghdad and the daily nationwide civilian death toll again climbed past 100.

Iraqi security officials offered conflicting accounts of the identity and motives of the heavily armed fighters in Najaf, variously describing them as foreign fighters, Sunni Arab nationalists, loyalists of executed former dictator Saddam Hussein, or followers of a messianic Shiite death cult. Some witnesses reported that the attackers wore colorful Afghan tribal robes.

The cause of the helicopter crash in Najaf was unclear, but U.S. and Iraqi officials said it was felled by fire from the ground, and witnesses said they saw it shot out of the sky. It was the third helicopter to go down in eight days.

Three additional U.S. troops were reported killed Sunday.

Sunday's fighting in Najaf and elsewhere was extraordinary, even by Iraq's bloody standards, highlighting the challenge faced by U.S. and Iraqi forces, which are fighting a complex patchwork of elusive enemies, including Shiite militias and Sunni Arab insurgents. The deaths in Najaf would comprise the highest daily casualty toll inflicted by U.S. and Iraqi forces since U.S. troops arrived in Baghdad.

Iraqi security forces took authority over Najaf's security about a month ago. But witnesses and security officials said Sunday that Iraqi forces were being beaten by the enigmatic but well-organized fighters until U.S. forces and air support arrived.

Shaky footage recorded by mobile telephone, broadcast on Iraqi television, showed Iraqi soldiers hunkered behind a berm as intense gunfire erupted and smoke rose in the distance.

Ali Nomas, an Iraqi security official in Najaf, said the fighters belonged to a group calling itself Heaven's Army — one among several messianic cults that have appeared among Shiites, who believe in the imminent return of Imam Mahdi, the last in

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the line of Shiite saints who disappeared more than 1,000 years ago. Nomas said the information came from interviews with at least 10 detained fighters.

"Everyday someone claims he's the Mahdi," he said.

Nomas said the leader of the hitherto unknown Heaven's Army had told followers that he was a missing son of the Imam Ali, the cousin and son-in-law of the prophet Muhammad. Ali's remains are entombed in Najaf.

"They believe that the Mahdi has called them to fight in Najaf," he said, adding that fighters had converged on Najaf from other predominantly Shiite cities in Iraq.

Nomas lamented that Iraq's death and destruction had convinced some Shiites that the end of days was coming.

"There's nothing bizarre left in Iraq anymore," he said in a telephone interview. "We've seen the most incredible things."

But Najaf Gov. Asad Abu Gulal said some of the fighters were members of Hussein's Baath Party.

Although they disagreed on the attackers' identity, Iraqi officials and witnesses offered similar accounts of events on the battlefield. Most of the fighting took place in farmland outside the city, which also is home to the most revered Shiite cleric, Grand Ayatollah Ali Sistani. Security forces cordoned off the ancient, labyrinthine city to prevent attacks on pilgrims, clergy and holy sites, the governor said.

The gunmen, numbering at least 500, apparently planned to launch their attack today, the 10th day of the Muslim lunar month of Muharram and the holiest day in the Shiite calendar. But Iraqi security forces were tipped off Sunday night about their presence on nearby farms, Gulal said.

Iraqi security forces struck at dawn but were overwhelmed by the militants, who had dug trenches on farms. At least two Iraqi soldiers were killed in the initial fighting, a security official in Baghdad said.

Iraqi forces then called in U.S. air support as well as the Scorpion Brigades, an Iraqi quick-reaction force based in a neighboring province.

Helicopters arrived, but after one crashed around 1:30 p.m., they were replaced by higher-flying jets, as American Humvees and armored vehicles rolled into the area.

Three more Iraqi soldiers were killed, as were at least 250 of the fighters, according to several Iraqi officials. Those numbers could not be independently confirmed. By 4 p.m., the tide of the battle had shifted, but U.S. forces continued bombing into the night in an attempt to stamp out remnants of the militants, Iraqi officials and witnesses said.

Two U.S. soldiers and a Marine were killed in three separate attacks around Iraq on Saturday, the U.S. military said Sunday. The deaths brought the number of U.S. military personnel killed in Iraq since the U.S.-led invasion in 2003 to 3,080, according to icasualties.org.

Violence began early Sunday and continued throughout the day in several Iraqi cities, including Kirkuk, where bombings killed 14 people, and Babil, where mortar rounds killed 10 and five bodies were found in the Tigris River. A suspected Baath Party loyalist was assassinated in the southern city of Kut, and in the western city of Fallouja, a car bomb killed two and injured four.

Killers in Baghdad targeted both Sunnis and Shiites. In a Sunni neighborhood in west Baghdad, mortar rounds hit a girl's secondary school, killing five students and wounding 21 others. In another western neighborhood, explosives hidden in a wooden cart killed four and injured 18, while an Industry Ministry advisor and his daughter were shot to death in a nearby area.

In a Shiite neighborhood on the east side of the Tigris River, a bomb exploded on a bus, killing one and injuring five others. Two other bombings killed seven and injured 35 people in Shiite neighborhoods.

Gunmen elsewhere in the capital killed a bank clerk in a car lot near her house. At least 54 bodies were found in various Baghdad neighborhoods, including a woman kidnapped two days ago, her family said.

Meanwhile, Iraqi officials in Diyala province northeast of Baghdad sacked 1,500 policemen, charging them with absenteeism and fleeing fighting. They also dismissed Baqubah Mayor Khalid Sanjary for having alleged ties to Sunni Arab rebels. The province is riddled with Al Qaeda cell members as well as militiamen affiliated with Shiite cleric Muqtada Sadr.

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Times staff writers and special correspondents in Baghdad, Baqubah, Hillah, Najaf and Kirkuk contributed to this report.

Iraqis Raid Insurgents Near Shiite Holy City (WP)

By Joshua Partlow And Saad Sarhan

The Washington Post, January 29, 2007

BAGHDAD, Jan. 28 -- Iraqi soldiers, backed by U.S. helicopters, stormed an encampment of hundreds of insurgents hiding among date palm orchards in southern Iraq in an operation Sunday that set off fierce, day-long gun battles during the holiest week for the country's Shiite Muslims.

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Iraqi security officials said the troops killed scores of insurgents while foiling a plot to annihilate the Shiite religious leadership in the revered city of Najaf. A U.S. helicopter crashed during the fighting, killing two soldiers.

The spokesman for Iraqi security forces in Najaf, Col. Ali Nomas Jerao, said that 250 suspected insurgents were killed in the fighting, which took place about eight miles northeast of Najaf, and that 40 people were detained. The U.S. military did not provide death tolls for Iraqi forces or insurgents.

Thousands of Shiite pilgrims from Iraq and neighboring countries are traveling this week in drum-beating caravans to the southern city of Karbala, 50 miles north of Najaf, in commemoration of the death of the prophet Muhammad's grandson in the 7th century. Iraqi authorities said they believed that the fighters, a diverse cadre of Sunni, Shiite, Afghan and other foreign gunmen, convened under cover of the pilgrims to set up a camp within striking distance of the Shiite religious leadership when attention was away from Najaf.

The fighters, who called themselves the Soldiers of the Sky, are driven by an apocalyptic vision of clearing the Earth of the depraved in preparation for the second coming of Muhammad al-Mahdi, a Shiite imam who disappeared in the 9th century, according to Ahmed Duaibel, a spokesman for the provincial government in Najaf. The governor of Najaf province, Assad Abu Gilel, said the group planned to attack pilgrims and shrines and to assassinate Shiite clerics at the peak of the religious holiday, called Ashura, which culminates Tuesday.

"Imam Mahdi is among you," a voice on a loudspeaker could be heard saying by a Washington Post special correspondent who spent the day at a checkpoint near the orchards. "Fight until martyrdom."

"Today's attack was designed to destroy all of Najaf, even the holy shrine of Imam Ali," said Duaibel, referring to one of the most revered Shiite shrines, near the offices of Grand Ayatollah Ali Sistani. If successful, such a provocative attack could surpass in significance the bombing at the Askariya shrine in Samarra last February that drastically escalated sectarian killing in Iraq.

The fighting began overnight when a police checkpoint near Najaf came under fire, leading the Iraqi police to the farms in the Zargaa area where the fighters had dug trenches and stockpiled weapons, said Lt. Rahim al-Fetlawi, a police officer in Najaf. The officers who responded found themselves outgunned by the estimated 350 to 400 insurgents entrenched there, said Col. Majid Rashid of the Iraqi army in Najaf.

Reinforcements from the Iraqi army's 8th Division arrived along with U.S. helicopters and ground troops. Iraqi security forces maintain primary control of Najaf province, and U.S. forces do not have an established, full-time presence there. U.S. military units based in Baghdad responded to Najaf when the fighting escalated.

"They saw that they needed some help and called in air support," a U.S. military official said on condition of anonymity. "That's exactly what they're supposed to do."

During the operation, a U.S. military helicopter based in Baghdad crashed about 1:30 p.m., killing two soldiers, the military said. The military did not say whether the helicopter was shot down.

A Washington Post special correspondent at the scene saw the helicopter trailing smoke and circling before coming down in a field of sandy dirt. Maj. Beshari al-Ghazali of the Iraqi army said that the helicopter was shot down and that another U.S. helicopter took fire but did not crash. Iraqi officials said the insurgents were using shoulder-fired rockets, antiaircraft guns and Katyusha rockets.

"The people we were fighting were highly capable, well trained and very good at street fighting," said Capt. Muthanna Ahmed, a spokesman for the police in neighboring Babil province.

The prospect of insurgents lying in wait to attack Shiites illustrated the crisis between rival religious groups in Iraq, where extremists remain intent on undermining the religious and political order. The attack was the first large-scale battle since Iraqi forces assumed security control of the province last month and one of the deadliest Iraqi-led operations of the war. In August 2004, the U.S. military waged a three-week battle in Najaf against Shiite militiamen loyal to cleric Moqtada al-Sadr.

Iraqi officials said the insurgent leader on Sunday was Ahmed Hassan al-Yamani, a Shiite from Diwaniyah province in southern Iraq.

"This is an impostor Shiite," said Sheik Ali al-Najafi, the son of Bashir al-Najafi, one of the four leading Shiite religious figures in Najaf. "He is aiming at dismembering the Shiites in Iraq" and assassinating Shiite religious leaders, he said, "but God has failed him."

"These are very critical days now, because of the ceremonies of Ashura, and of course there are expectations that terrorist groups and criminals will launch attacks against the pilgrims who are trying to reach the city of Karbala," said Haithem Hasani, a media adviser for Abdul Aziz al-Hakim, the head of the Supreme Council for the Islamic Revolution in Iraq, a Shiite political faction.

An Iraqi police official said he believed that some of the seasoned fighters in the date palm grove came from Fallujah and Ramadi, embattled towns in the western province of Anbar that are strongholds of the insurgent group al-Qaeda in Iraq.

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U.S. military officials said the operation was ongoing in Najaf, and the clatter of gunfire and drone of aircraft were heard Sunday night.

The violence continued Sunday elsewhere in Iraq. In Baghdad, mortar shells crashed down on a girls' high school, killing at least five students and wounding 13 other people, including two female teachers, according to Brig. Gen. Saad Sultan of the Interior Ministry.

Gunmen attacked a police station in the al-Wahada district of Mosul, and five of the attackers were killed in the ensuing fighting, according to Maj. Gen. Wathiq al-Hamdani, police chief of Nineveh province.

The U.S. military announced the deaths of three U.S. service members Saturday, a Marine in Anbar province and two soldiers in the Baghdad area.

Also Sunday, the Associated Press reported that two car bombs exploded in the northern city of Kirkuk, killing 11 people and wounding 34, according to a police official.

The AP also reported that the mayor of Baqubah and 1,500 police officers in Diyala province had been fired in an effort to end violence in that region northeast of Baghdad, according to the provincial police.

In the ongoing war crimes trial for the destruction of Kurdish villages in northern Iraq, deposed president Saddam Hussein's cousin said in court Sunday that he had given orders to destroy the villages in the 1980s, the AP reported.

Ali Hassan al-Majeed, known as "Chemical Ali" because he is accused of using chemical weapons during the Anfal campaign, a systematic killing of Kurds, said, "I am the one who gave orders to the army to demolish villages," the AP reported. Ali is one of six defendants facing war crimes charges.

250 Militants Slain In Fight Near Najaf (AP)

By Robert H. Reid, Associated Press

AP, January 29, 2007

BAGHDAD -- U.S.-backed Iraqi troops yesterday attacked insurgents reportedly plotting to kill pilgrims at a major Shi'ite Muslim religious festival, and Iraqi officials estimated that about 250 militants died in the daylong battle near Najaf. A U.S. helicopter crashed during the fight, killing two American soldiers.

Authorities said Iraqi soldiers supported by U.S. aircraft fought all day with a large group of insurgents in the Zarqa area, about 12 miles northeast of Najaf, home to major Shi'ite shrines.

Col. Ali Nomas, spokesman for Iraqi security forces in Najaf, said more than 250 corpses had been found. Iraqi army Maj. Gen. Othman al-Ghanemi also spoke of 250 dead but said an exact number would not be released until today. He said 10 gunmen had been captured, including one Sudanese.

In other violence yesterday, mortar shells hit the courtyard of a girls school in a mostly Sunni Arab neighborhood of Baghdad, killing five students and wounding 20. Two car bombs exploded within a half-hour in the northern city of Kirkuk, killing 11 persons and wounding 34.

In addition to confirming the two American deaths in the helicopter crash, the U.S. command announced three combat deaths from Saturday -- one Marine in Anbar province and two soldiers in the Baghdad area.

Provincial Gov. Assad Sultan Abu Kilel said the assault in Najaf was staged because the insurgents planned to attack Shi'ite pilgrims and clerics during ceremonies marking Ashoura, the holiest day in the Shi'ite calendar. The celebration culminates tomorrow in huge public processions in Karbala and other Shi'ite cities.

Officials were not clear about the religious affiliation of the militants. Although Sunni Arabs have been the main force behind insurgent groups, several Shi'ite militant and splinter groups have clashed from time to time with the government.

The governor said Iraqi soldiers attacked at dawn and militants hiding in orchards fought back with automatic weapons, sniper rifles and rockets. He said the insurgents were members of a previously unknown group called the Army of Heaven.

"They are well-equipped, and they even have anti-aircraft missiles," the governor said. "They are backed by some locals" loyal to Saddam Hussein, the ousted dictator who was executed last month.

Mr. Abu Kilel said two Iraqi policemen were killed and 15 were wounded, but there was no word on other Iraqi government casualties.

A U.S. statement said the American helicopter went down while "conducting operations to assist Iraqi Security Forces" in the attack. It said that two crew members died and that their bodies were recovered. The statement did not say why the aircraft crashed.

It was the second U.S. military helicopter to go down in eight days. Twelve U.S. soldiers died Jan. 20 when a Black Hawk crashed northeast of Baghdad. The Army says it is investigating the cause, but a Pentagon official has said debris indicated the helicopter was downed by a missile.

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The mortar attack in Baghdad occurred about 11 a.m. at the Kholoud Secondary School in the Adil neighborhood, police and school officials said. The principal, Fawzyaa Hatrosh Sawadi, said students were mingling in the courtyard during a break in exams when at least two shells exploded.

The blasts shattered windows in classrooms, spraying students with shards of glass. Associated Press Television News footage showed pools of blood on the stone steps and walkways. A fin from a mortar shell lay on the ground.

Hours after the attack, grieving parents wept as the bodies of their children were placed in wooden coffins. Police said four of the girls were killed instantly and a fifth died later.

In a joint statement, UNICEF and UNESCO called the attack "yet another tragic reminder of the risks facing Iraq's schoolchildren."

No group took responsibility for the attack, but a Sunni organization, the General Conference of the People of Iraq, blamed Shi'ite Muslim militias with ties to government security forces. The Sunni group said the mortar shells bore markings indicating they were manufactured in Iran, which U.S. officials accuse of supporting Shi'ite militias.

U.S. Helicopter Crashes In Iraq; 2 Crewmembers Killed (USAT)

By Jim Michaels And Zaid Sabah,

USA Today, January 29, 2007

BAGHDAD — Two U.S. soldiers were killed Sunday when their helicopter crashed during heavy fighting near the Shiite holy city of Najaf, the U.S. military said.

The helicopter was supporting Iraqi and U.S. forces in an intense battle against insurgents who Iraqi officials said had been plotting to disrupt Ashoura, a holiday of particular importance to Shiites.

Iraqi forces killed 250 insurgents during the battle, said Col. Ali Jrew, a spokesman for Iraqi security forces in Najaf. He said three Iraqi soldiers also died in the fighting.

A U.S. military statement did not say what caused the helicopter to crash, only that the crash is under investigation. It said the two soldiers' bodies had been recovered.

It was the third American helicopter to crash in eight days.

On Jan. 20, 12 U.S. soldiers were killed in a Black Hawk crash northeast of Baghdad. Four days later, a helicopter belonging to Blackwater USA, a private security company, crashed in Baghdad. Five contractors were killed.

Sunday, U.S. and Iraqi forces mounted extra patrols around the country to guard against an attack on Ashoura pilgrims, which could intensify religious warfare.

Ashoura commemorates the 7th-century death of Imam Hussein, grandson of the prophet Mohammed and one of the most revered figures in Shiite Islam. In the days leading up to the Ashoura holiday on Tuesday, thousands of Shiite pilgrims have poured into the streets, some of them beating themselves with whips to symbolize grief over Hussein's death.

Najaf Gov. Asaad Abu Gilel said hundreds of militants gathered just north of Najaf to plot an attack on pilgrims and on Najaf's shrine to Imam Ali, who was Mohammed's son-in-law and Hussein's father. Jrew told al-Jazeera television that the militants had infiltrated the area disguised as pilgrims.

At 7 a.m., Iraqi forces backed by American aircraft launched an attack against the militants, Gilel said. There were no reports of any other U.S. casualties.

A witness said American ground forces had also joined the battle. "I saw an American convoy this morning heading to Najaf," said Khalid al-Shibli, 28, a hotel owner in Najaf. The convoy consisted of Humvees and armored vehicles, he said. The U.S. military declined to release details about the battle. Maj. Steven Lamb said the operation was ongoing and would not comment further.

In other developments Sunday in Iraq:

· Mortar shells hit the courtyard of a girls' school in a mostly Sunni Arab neighborhood of Baghdad, killing five pupils and wounding 20.

The attack occurred at the Kholoud Secondary School in the Adil neighborhood, police and school officials said. The principal, Fawzyaa Hatrosh Sawadi, said students were mingling in the courtyard during a break in exams when at least two shells exploded.

· Two car bombs — one at a car dealer, the other at a restaurant — exploded within a half hour in the northern city of Kirkuk, killing 11 people and wounding 34, police Brig. Gen. Sarhad Qader said. Three ethnic groups — Arabs, Kurds and Turkmen — are in a bitter struggle for control of that oil-rich area.

· Three bombings struck Shiite districts in Baghdad, killing at least seven people and wounding 61, police said. The worst incident was a car bomb that killed at least four and wounded 39 at an outdoor market in Sadr City, a sprawling slum that is a stronghold of the Mahdi Army militia of radical cleric Muqtada al-Sadr.

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· Police in Baghdad said they found 39 bullet-riddled bodies throughout the city, apparent victims of sectarian death squads. Ten more bodies were recovered floating down the Tigris River 25 miles south of the capital.

·Drive-by shooters killed a high-ranking Shiite official at the Industry and Mines Ministry along with his 27-year-old daughter and two other people, police said.

·Iraqi Deputy Prime Minister Barham Saleh said Iran and the United States were using Iraq as a "zone of conflict and competition" and jeopardizing efforts to stabilize the country.

·The U.S. command announced the arrest of 21 suspected terrorists, including an al-Qaeda courier, in a series of raids in Baghdad and Sunni areas north and west of the capital. Three are believed to have close ties to the leadership of al-Qaeda in Iraq, the military said.

·The U.S. command announced three combat deaths from Saturday — one Marine in the Anbar province and two Army soldiers in the Baghdad area.

Contributing: Hassan Jarrah in Najaf; Oren Dorell in Baghdad, wire reports.

Shell Hits Baghdad Girls' School, Killing 5 Students (NYT)

By Damien Cave

The New York Times, January 29, 2007

BAGHDAD, Jan. 28 — The girls had just finished taking an exam and were gathering in an inner courtyard at a school in a mainly Sunni section of western Baghdad on Sunday when a mortar shell crashed down.

The explosion killed at least five girls, ages 12 to 16, and wounded at least 20, witnesses and Iraqi officials said, tearing limb from limb, shattering glass, shredding the students' blue and white uniforms and leaving the survivors bloodied and confused.

"She hugged and kissed me, then went outside and the bomb hit," a teacher at the scene said, referring to one of the girls. "After a few minutes, she was dead."

"We just don't know what to do with the other girls," added the teacher, who did not want to be identified, fearing for her safety. "They're young; they've never seen this."

In a city seemingly numb to bloodshed, attacks on schools can still shock.

The mortar attack — on a day when a battle raged between Iraqi security forces and Sunni militants in Najaf, and the United States military announced the deaths of a marine and a soldier — seemed to confirm that the violence here knows no boundaries. The attack, in the Adel neighborhood, was the latest in a series of assaults on schools and those who educate the young.

Two months ago, a teacher in a Sunni area of western Baghdad was raped, mutilated and strung up by her feet outside the school building, where her body hung for days, American military officers in the area said.

And in the past month, according to Interior Ministry officials, primary and secondary schools in and around Baghdad have been attacked at least six times. In some cases, gunmen opened fire on schools during classes and guards fought them off. In other cases, mortar shells struck. At Al Gharbiya, for example, a secondary school in central Baghdad, 10 people were killed in a recent attack.

Principals and teachers have also been kidnapped and killed, repeating a pattern of terrorism that started with university professors and seems to have trickled down through the school system. In the past month, at least five school workers have been attacked or kidnapped.

A spokesman for the Ministry of Education, Bashar al-Khafaji, said this month that more guards would be added to primary and secondary schools in Baghdad, a seeming acknowledgment that they were becoming a battleground. He declined to give reporters permission to visit the city's schools.

For many Iraqi families, the risk of sending their children to school has already become too great, and promises of government protection may come too late. In many Sunni areas, parents and teachers say, schools are emptying out as students go to class only a few days a week if at all.

Isra Qasim, 35, said she fled Baghdad's Mansour neighborhood, a former Sunni middle-class enclave that now resembles a bombed-out wasteland, because she feared what might happen to her 6-year-old son at school. She left for Amman, Jordan, a few months ago, in time to register him for classes there.

"I came here for him," she said two weeks ago, when she was interviewed in Jordan. "He said he wanted to learn."

Some schools have lost more than a third of their students as families leave the country. Others, like Al Gharbiya, remain closed because of the violence.

The girls school hit on Sunday, Al Khuroud, is near an office of Adnan Dulaimi, a senior Sunni member of Parliament. Several of his family members live close by.

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It was unclear if the mortar shell was intended for the school. Residents of the neighborhood said that mortars had been raining down for days, possibly as retaliation for the heavy bombings concentrated in Shiite areas, which are thought to be the work of Sunni militants. Those attacks have killed at least 300 people throughout the city in recent weeks.

Whether intended or not, the result of the attack on the school was hard to fathom, even in a neighborhood used to violence. Hours after the shell fell, windows were left shattered in the three concrete school buildings, and the schoolyard was covered with blood. Not long before, about 100 girls had been standing there, chattering and laughing.

Teachers and residents said they were not sure when or if they would return.

'Man Down': When One Bullet Alters Everything (NYT)

By Damien Cave

The New York Times, January 29, 2007

BAGHDAD, Jan. 28 — Staff Sgt. Hector Leija scanned the kitchen, searching for illegal weapons. One wall away, in an apartment next door, a scared Shiite family huddled around a space heater, cradling an infant.

It was after 9 a.m. on Wednesday, on Haifa Street in central Baghdad, and the crack-crack of machine-gun fire had been rattling since dawn. More than a thousand American and Iraqi troops had come to this warren of high rises and hovels to disrupt the growing nest of Sunni and Shiite fighters battling for control of the area.

The joint military effort has been billed as the first step toward an Iraqi takeover of security. But this morning, in the two dark, third-floor apartments on Haifa Street, that promise seemed distant. What was close, and painfully real, was the cost of an escalating street fight that had trapped American soldiers and Iraqi bystanders between warring sects.

And as with so many days here, a bullet changed everything.

It started at 9:15 a.m.

"Help!" came the shout. "Man down."

"Sergeant Leija got hit in the head," yelled Specialist Evan Woollis, 25, his voice carrying into the apartment with the Iraqi family. The soldiers from the sergeant's platoon, part of the Third Stryker Brigade Combat Team, rushed from one apartment to the other.

In the narrow kitchen, a single bullet hole could be seen in a tinted glass window facing north.

The platoon's leader, Sgt. First Class Marc Biletski, ordered his men to get down, away from every window, and to pull Sergeant Leija out of the kitchen and into the living room.

"O.K., everybody, let's relax," Sergeant Biletski said. But he was shaking from his shoulder to his hand.

Relaxing was just not possible. Fifteen feet of floor and a three-inch-high metal doorjamb stood between where Sergeant Leija fell and the living room, out of the line of fire. Gunshots popped in bursts, their source obscured by echoes off the concrete buildings.

"Don't freak out on me, Doc," Sergeant Biletski shouted to the platoon medic, Pfc. Aaron Barnum, who was frantically yanking at Sergeant Leija's flak jacket to take the weight off his chest. "Don't freak out."

Two minutes later, three soldiers rushed to help, dragging the sergeant from the kitchen. A medevac team then rushed in and carried him to a Stryker armored vehicle outside, around 9:20. He moaned as they carried him down the stairs on a stretcher.

The men of the platoon remained in the living room, frozen in shock. They had a problem. Sergeant Leija's helmet, flak jacket, gear and weapon, along with that of at least one other soldier, were still in the exposed area of the kitchen. They needed to be recovered. But how?

"We don't know if there's friendlies in that building," said Sgt. Richard Coleman, referring to the concrete complex a few feet away from where Sergeant Leija had been shot. Sergeant Biletski, 39, decided to wait. He called for another unit to search and clear the building next door.

The additional unit needed time, and got lost. The men sat still. Sergeant B, as his soldiers called him, was near the wall farthest from the kitchen, out of sight from the room's wide, shaded window. Sergeant Woollis, Private Barnum, Sergeant Coleman and Specialist Terry Wilson sat around him.

Together, alone, trapped in a dark room with the blood of their comrade on the floor, they tried to piece together what had happened. Maybe the sniper saw Sergeant Leija's silhouette in the window and fired. Or maybe the shot was accidental, they said, fired from below by Iraqi Army soldiers who had been moving between the buildings.

Sergeant Woollis cited the available evidence — an entrance wound just below the helmet with an exit wound above. He said the shot must have been fired from the ground.

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The Iraqis were not supposed to even be there yet. The plan had been for Sergeant Leija's squad to work alongside an Iraqi Army unit all day. But after arriving late at the first building, the Iraqis jumped ahead, leaving the Americans and pushing north without searching dozens of apartments in the area.

The Iraqi soldiers below the kitchen window had once again skipped forward. An American officer later said the Iraqis were brave to push ahead toward the most intense gunfire.

But Sergeant Leija's squad had no communication links with their Iraqi counterparts, and because it was an Iraqi operation — as senior officers repeatedly emphasized — the Americans could not order the Iraqis to get back in line. There was nothing they could do.

9:40 a.m.

An Iraqi soldier rushed in and then stopped, seemingly surprised by the Americans sitting around him. He stood in the middle of the darkened living room, inches away from bloody bandages on the carpet.

"Get away from the window!"

The soldiers yelled at their interpreter, a masked Iraqi whom they called Santana. Between their shouts and his urgent Arabic, the Iraqi soldier got the message. He slowly walked away.

A few minutes later it happened again. This time, the Iraqi lingered.

"What part of 'sniper' don't you understand?" Sergeant Biletski yelled. The other soldiers cursed and called the Iraqis idiots. They were still not sure whether an Iraqi soldier was responsible for Sergeant Leija's wound, but they said the last thing they wanted was another casualty. In a moment of emotion, Private Barnum said, "I won't treat him if he's hit."

When the second Iraqi left, an airless silence returned. The dark left people alone to grieve. "You O.K.? " Sergeant B asked each soldier. A few nods. A few yeses.

Private Barnum stood up, facing the kitchen, eager to bring back the gear left. One foot back, the other forward, he stood like a sprinter. "I can get that stuff, Sergeant," he said. "I can get it."

The building next door had still not been cleared by Americans. The answer was no.

"I can't lose another man," Sergeant B said. "If I did, I failed. I already failed once. I'm not going to fail again."

The room went quiet. Faces turned away. "You didn't fail, sir," said one of the men, his voice disguised by the sound of fighting back tears. "You didn't fail."

9:55 a.m.

The piercing cry of an infant was easily identifiable, even as the gunfire outside intensified. It came from the apartment next door. The Iraqi Army had been there, too. In an interview before Sergeant Leija was shot, the three young Iraqis there said that their father had been taken by the soldiers.

"Someone from over there" — they pointed back away from Haifa Street, toward the rows of mud-brick slums — "told them we had weapons," said a young man, who seemed to be about 18.

He was sitting on a couch. To his right, his older sister clutched an infant in a blanket; his younger sister, about 16, sat on the other side.

The young man said the family was Shiite. He said the supposed informants were Sunni Arabs who wanted their apartment.

The truth of his claim was impossible to verify, but it was far from the day's only confounding tip. Earlier that morning, an Iraqi boy of about 8 ran up to Sergeant Leija. He wanted to tell the Americans about terrorists hiding in the slums behind the apartment buildings on Haifa Street's eastern side.

Sergeant Leija, an easygoing 27-year-old from Raymondville, Tex., ignored him. He and some of his soldiers said it was impossible to know whether the boy had legitimate information or would lead them to an ambush.

That summed up intelligence in Iraq, they said: there is always the threat of being set up, for an attack or an Iraqi's own agenda.

The Iraqi Army did not seem worried about such concerns, according to the family. The three young Iraqis said they were glad that the Americans had come. Maybe they could help find their father.

10:50 a.m.

Sergeant. Coleman tried using a mop to get the gear, and failed. It was too far away. With more than an hour elapsed since the attack, and after no signs of another shot through the kitchen window, Sergeant B agreed to let Private Barnum make a mad dash for the equipment.

Private Barnum waited for several minutes in the doorway, peeking around the corner, stalling. Then he dove forward, pushing himself up against the wall near the window to cut down the angle, pausing, then darting back to the camouflaged kit.

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Crack — a single gunshot. Private Barnum looked back at the kitchen window, his eyes squeezed with fear. His pace quickened. He cleared the weapons' chambers and tossed them to the living room. Then he threw the flak jackets and bolt cutters.

He picked up Sergeant Leija's helmet, cradled it in his arms, then made the final dangerous move back to the living room, his fatigues indelibly stained with his friend's blood. There were no cheers to greet him. It was a brave act borne of horror, and the men seemed eager to go.

As Private Barnum gingerly wrapped the helmet in a towel, it tipped and blood spilled out.

11:15 a.m.

Sergeant B sat down on a chair outside the two apartments and used the radio to find out if they would be heading back to base or moving forward. He was told to stay put until after an airstrike on a building 500 yards away.

The platoon, looking for cover, returned to the Iraqis' apartment, where they found the family as they were before — on the couch, in the dark, around the heater.

Specialist Wilson continued the conversation he started before the gunshot two hours earlier. The young Iraqi man said again that the Iraqi Army had taken his father. "Will you come back to help?" he asked.

"We didn't take him," Specialist Wilson said. "The I.A. took him. If he didn't do anything wrong, he should be back."

The Iraqi family nodded, as if they had heard this before.

Speaking together — none of them gave their names — they said they had lived in the apartment for 16 years. Ten days ago, before the Americans arrived, Sunnis told them they would kill every Shiite in the building if they did not leave immediately. So they fled to a neighborhood in southern Baghdad where some Shiites had started to gather in abandoned homes. But again, a threat came: leave or die. So less than a week ago, the family returned to Haifa Street.

And now the airstrike was coming.

Sergeant B told the family that they should go into a back room for safety. He asked if they wanted to take the heater with them (they did not), and he reminded everyone to keep their mouths open to protect their inner ears against the airstrike's shockwave.

A boom, then another even louder explosion hit, shaking dust from the walls. One of blasts came from a mortar shell that hit the building, the soldier said. The family stayed, but for the Americans, it was time to go.

12:30 p.m.

Over the next few hours, the platoon combined sprints across open alleyways with bouts of rest in empty makeshift homes. Under what sounded like constant gunfire, the soldiers moved behind the Iraqi soldiers, staying close.

At one point, the Iraqis detained a man who they said had videos of himself shooting American soldiers. The Iraqi soldiers slapped him in the head as they walked him past.

About an hour later, a sniper wounded two Iraqi soldiers who were mingling outside a squat apartment like teenagers at a 7-11. Private Barnum wrapped their wounds with American bandages. He and the rest of the platoon had been inside, taking cover.

"Stay away from the windows," Sergeant B kept repeating. The point was clear: don't let it happen again. Don't fail.

4 p.m.

Downstairs in the lobby of a mostly abandoned high rise on Haifa Street, the sergeant and his men sat on the floor, exhausted. They were waiting for their Stryker to return so they could head back to base. In 14 hours, they had moved through a stretch of eight buildings on Haifa Street. They had been scheduled to clear 18.

Upstairs, Iraqi soldiers searched rooms and made themselves at home in empty apartments. Many were spacious, even luxurious, with elevators opening into wide hallways and grand living rooms splashed with afternoon sun.

Under Saddam Hussein, Haifa Street had been favored by Baath Party officials and wealthy foreigners. The current residents seemed to have fled in an instant; in one apartment, a full container of shaving cream was left in the bathroom. In that apartment's living room, a band of Iraqi soldiers settled in, relaxing on blue upholstered couches and listening to a soccer game on a radio they found in a closet.

They looked comfortable, like they were waiting to be called to dinner.

Sergeant B and Specialist Woollis, meanwhile, talked about what they would eat when they got back to their homes in California. The consensus was chili dogs and burgers.

Sergeant B also said he missed his 13-year-old son, who was growing up without him, playing football, learning to become a man with an absentee father. After 17 years in the Army, he said, he was thinking that maybe his family had put up with enough.

"I don't see how you can do this," he said, "and not be damaged."

A few hours later, the word came in: Sergeant Leija had died.

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Iraq Sliding Into Civil War, Report Warns (FT)

By Guy Dinmore In Washington

Financial Times, January 29, 2007

Iraq is rapidly sliding into an all-out civil war that is likely to spill over into neighbouring countries, resulting in mass deaths and refugee flows, serious disruption of Gulf oil supplies and a drastic decline in US influence in the region.

This grim forecast is set out in Things Fall Apart, a 130-page report released today by the Brookings Institution's Saban Center for Middle East Policy, which also recommends how the US might contain the disastrous consequences of "spillover".

The Washington think-tank distils what it says are the lessons learned from other civil wars, laying out the case histories of Afghanistan, Congo, Lebanon, Somalia and Yugoslavia.

Kenneth Pollack, a former Clinton administration official and CIA analyst who co-authored the report with Daniel Byman, told the Financial Times they were looking for a "Goldilocks solution" - somewhere between "stay the course" and "getting all out".

"It was arrogance in the face of history that led us to blithely assume we could invade without preparing for an occupation, and we would do well to show greater humility when assimilating its lessons about what we fear will be the next step in Iraq's tragic history," the report says.

Brookings identifies six patterns from other civil wars that are already manifesting themselves in Iraq: large refugee flows, the breeding ground of new terrorist groups, radicalisation of neighbouring populations, the spread of secessionism, regional economic losses, and intervention by neighbours. Saudi Arabia, Jordan, Kuwait and Turkey are said to be "scrambling to catch up" with rival Iran.

Among the report's recommendations are "don't try to pick winners", as proxies often fail or turn against their masters; avoid active support for partition; "don't dump the problem on the United Nations"; pull back from Iraqi population centres despite the horrific consequences; bolster regional stability by revitalising the Israeli-Palestinian peace process; set up an international contact group including Syria and Iran; and consider setting up "safe havens" for refugees along Iraq's borders.

Brookings estimates that 50,000 to 150,000 Iraqis have died already since the US invasion in 2003 and cites United Nations figures of 1m Iraqis who have subsequently fled their country.

Mr Pollack, who previously was an outspoken proponent of the invasion, says the lessons of past full-blown civil wars reveal nearly all efforts by states to minimise or contain spillover have failed.

The report will be read with deep concern by the US administration, which is projecting an increasingly discordant picture of how it evaluates Iraq, even while speaking of the serious consequences of failure. President George W. Bush calls it the "nightmare scenario".

Analysts outside Brookings say officials are working on "what next?" strategies in the event that the 21,500 troop reinforcements announced this month fail to halt the sectarian chaos.

Mr Bush has conceded that the US is not winning the war. In contrast, Dick Cheney, his vice-president, asserted last week that the US had achieved "enormous successes" in Iraq. Both reject assertions that Iraq is in a state of civil war.

Mr Cheney told Newsweek that by sending a second aircraft carrier group to the Gulf, the US demonstrated to its allies it would stay in the region and had the capabilities, working with international organisations, "to deal with the Iranian threat".

But Mr Pollack is concerned that the US is stoking a wider conflict and is "careening" into provoking a war with Iran. Even in his "best-case scenario" for Iraq, Mr Pollack fears hundreds of thousands of deaths.

US, Britain Diverge On Troops In Iraq (CSM)

By Mark Rice-oxley

The Christian Science Monitor, January 29, 2007

For more than four years, they have marched in step through the most desperate and perilous episode of their respective leaderships.

When President Bush mustered his Iraq coalition in 2002-03, Prime Minister Tony Blair was his most vocal ally and recruiting officer. On the most contentious issues of the war – Abu Ghraib, Fallujah, political and military strategy – they have managed to maintain unity. Reinforced by an apparently genuine friendship, the Bush-Blair axis has been the unshakable fulcrum on which the Iraq campaign has hinged.

But now, there is a hint of dissonance in the air. Blair's government is desperate to start drawing down the 7,000-strong British force based in Basra at the same time that Bush is beefing up the US contingent in Iraq by more than 21,000. Lt. Gen. David Petraeus, who was confirmed by the Senate on Friday to head the US forces in Iraq, has said he wants the additional troops in Iraq quickly.

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The twang of discord was apparent last week when the US ambassador to Baghdad, Zalmay Khalilzad, hinted at American exasperation over the British eagerness to start withdrawing. "It's clear what our preference would be – the longer we stay together here, the better," he told the BBC.

Members of Parliament said that the impression given was that the allies were no longer in step with each other. "Wouldn't it be better to have a robust exchange of views with the US administration and then implement an agreed strategy?" asked William Hague, the shadow foreign secretary.

Professor George Joffe, a Middle East expert at the Centre for International Studies at the University of Cambridge, says Mr. Khalilzad's words bespeak a rift.

"You can't pretend there is no rift over strategy," he says. "The British are determined to get out of Iraq come what may, whether they have a secure situation in Basra or not. The British forces in Basra, separated between the palace and the airport, are vulnerable to any attempt by a militant group to pick them off.

"And they face a real threat should the Americans move strongly against the Sadrists in Baghdad," Professor Joffe adds. "I can understand the American concerns, and I understand the British anxiety to get out, so there is dissonance."

Some analysts say that Blair has been caught off guard by the sudden change of direction in Washington. When the Iraq Study Group produced its report, advocating a US troop withdrawal by 2008 and a dialogue with Iran and Syria, Blair welcomed it. When Bush rejected the findings and announced his plans for a troop "surge," Blair merely responded that that "made sense."

Lord Tim Garden, a defense spokesman for the opposition Liberal Democrats, said that Blair was wrong-footed by Bush's decision to increase troops. "The British government assumed that [the ISG report] was the new strategy that was to be adopted," he says. "It left them looking flat-footed by the time Bush decided to go in another direction."

Officially, the government says there is no rift, and no timetable for withdrawal, even though they are confident they will be able to hand over Basra Province to the Iraqis in the spring. But privately, ministers are keen to pull at least some troops out for a number of reasons, experts say.

First, troops from an overstretched Army are needed for the fight against the Taliban in southern Afghanistan, where British soldiers have been dying at a rate outstripping the casualty toll in Iraq.

"The British political leadership are desperately keen to reduce the number of British forces in Iraq," says Sir Hilary Synnott, formerly the coalition coordinator for southern Iraq. "There is a greater realization that the burdens on Britain in southern Afghanistan are severely stretching the British Army and, therefore, there is a particular wish to draw down [troops in Iraq]."

Second, polls suggest public opinion strongly favors a pullout. Ever since a top general, Sir Richard Dannatt, suggested last September that the British presence was only aggravating Iraqi sensibilities, the clamor for withdrawal has grown. For the first time, an opposition party – the Liberal Democrats – has outlined a specific timetable for withdrawal of all troops, by October.

"We must go for it because we are now clearly attached to a strategy that the British government and half the US political class do not believe in," says Lord Garden.

A third reason is that Blair's time in office is limited – he intends to stand down in the summer. Joffe says both he and his likely successor, Gordon Brown, are keen to tie up loose ends in Iraq: Blair does not want to leave unfinished business, and Brown does not want to inherit a mess.

Officials argue that it would not be incongruous to have British troops leaving while thousands of American reinforcements arrive. After all, they say, different parts of Iraq need different approaches: Baghdad and Anbar Province need the beefed-up presence. In the south, the British have already ceded control of two provinces to the Iraqis.

Not everyone accepts that rationale. "That argument is becoming difficult to sustain, particularly as everyone is worried that the more robust US rules of engagement in taking on the Shia in Baghdad will have a knock-on effect on the Shia in the south," says Lord Garden. "That could make it more difficult for the British."

Australian PM Urges Against Iraq Pullout (AP)

By Rod Mcguirk,

AP, January 29, 2007

Prime Minister John Howard said withdrawing Australian troops from Iraq would damage Australia's alliance with the United States.

Howard said he agreed to send 2,000 troops to back the U.S.-led Iraq invasion because of the perceived threat of weapons of mass destruction, but also to preserve a security alliance with the U.S. that was formalized in a 1951 treaty. No weapons of mass destruction were found in Iraq.

"I have to now deal with a decision: do we rat on the Americans ... do we say to the Americans, it's got all too hard and too difficult? If anybody thinks that that wouldn't do damage to the alliance, they're kidding themselves," Howard told Southern Cross Broadcasting radio.

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Australia has about 1,300 personnel in the Middle East, including 800 based in Iraq, mostly guarding Australian officials in Baghdad, helping train Iraqi forces and providing backup security in two relatively peaceful southern provinces.

The opposition Labor Party, which opposed the Iraq war, has vowed to withdraw most Australian troops if it wins elections this year.

Howard said democracy has a "reasonable prospect" of taking root in Iraq and the U.S.-led coalition partners should remain in Iraq until then.

"Until we are reasonably satisfied that the Iraqis can look after themselves and deal with the security situation over the years ahead, I think the coalition should stay," Howard said.

Pelosi, Karzai Discuss Troop Increases (AP)

By Jason Straziuso

AP, January 29, 2007

The Afghan president told House Speaker Nancy Pelosi that his security forces need to be stronger as the two discussed possible U.S. troop increases on Sunday, days after the Pentagon extended the tour of 3,200 soldiers, an Afghan official said.

President Hamid Karzai stressed his desire for increased training and equipment for Afghanistan's fledgling army and police forces, the Afghan official said on condition of anonymity because he was not authorized to release the information publicly.

Pelosi, D-Calif., and Karzai discussed plans announced last week by the Bush administration to ask Congress for $10.6 billion for Afghanistan, a major increase aimed at rebuilding the country and strengthening government security forces still fighting the Taliban five years after the U.S.-led invasion.

About $8.6 billion would be for training and equipping Afghan police and soldiers; $2 billion would go toward reconstruction.

Pelosi, D-Calif., led a delegation of six other congressional Democrats to Afghanistan to meet with military and government leaders after traveling to Iraq and Pakistan.

The trip comes two weeks after Sen. Hillary Clinton, D-N.Y., visited the region. Clinton, who entered the 2008 presidential race a week ago, said this month that U.S. leaders should be talking about increasing troop numbers in Afghanistan instead of Iraq.

The attention being paid to Afghanistan by Democrats is a way for them to highlight their seriousness about the fight against international terrorism and say that the Bush administration "led us in the wrong direction" in Iraq, said Marvin Weinbaum, a former State Department analyst on Afghanistan, now scholar at the Middle East Institute.

"It makes a lot of sense, then, to highlight Afghanistan as where the real source of terrorism began and where it still has to be dealt with so that the Democrats come out of this not looking like they're weak-kneed when it comes to battling terrorism," Weinbaum said.

The Pentagon last week said a brigade of U.S. soldiers would stay in Afghanistan four months longer than planned — an effective troop increase of 3,200 soldiers. That announcement came only days after a visit here by Secretary of Defense Robert Gates.

Pelosi, meanwhile, has led a drive in Congress against President Bush's plan to send 21,500 more troops to Iraq as part of a new security crackdown in Baghdad.

Pelosi told Karzai that Afghanistan has bipartisan support in Congress, the Afghan official said. Members of the delegation also told Karzai they hope to see more coordination and cooperation between Pakistan and Afghanistan.

Earlier on Sunday, the delegation spent about an hour at the main U.S. base in Bagram, where she thanked soldiers from the 10th Mountain and 82nd Airborne divisions for their service, said Lt. Col. David Accetta, a U.S. military spokesman. She also met with Maj. Gen. Benjamin Freakley, the top U.S. general here.

The seven-member delegation also met with U.S. Ambassador Ronald Neumann and Gen. David Richards, the outgoing commander of NATO forces in Afghanistan.

The delegation did not talk to reporters.

The members of Congress stopped in Pakistan on Saturday, where Pelosi met with President Gen. Pervez Musharraf to discuss the situation in Afghanistan and cooperation in countering terrorism.

Pelosi's delegation earlier visited Iraq, where she met with Iraqi Prime Minister Nouri al-Maliki.

The delegation also included Rep. Ike Skelton of Missouri, the chairman of the House Armed Services Committee; Rep. Tom Lantos of California, chairman of the House Foreign Affairs Committee; and Rep. John Murtha of Pennsylvania, a strong advocate of a phased pullout of U.S. troops from Iraq.

Life Of The Parties (WSJ)

DOJ_NMG_0123086

By Ann Marlowe

The Wall Street Journal, January 29, 2007

In Afghanistan, many of the problems coming home to roost now are the result of too little American intervention rather than too much. That does not mean too little American aid. In any case, private enterprise is doing very well, thank you: Afghans are a practical people with good capitalist instincts. They can pull themselves out of poverty given the right laws and the rule of law -- as well as the institutions that go to make up a functional civil society.

Of these institutions, one that is most crucial is political parties. Even one-party states have them, and with reason. They bring people together across ethnic and class lines, and often serve as a counterweight to clan ties and religious affiliation. Moreover, they lead citizens to think in national terms, rather than to vote reflexively along ethnic lines. Finally, political parties could be an essential weapon in our counterinsurgency in the border provinces.

But Afghanistan -- thanks to some dubious decisions by the Afghan government, and our acquiescence -- is the land parties forgot. This is even more of a pity because of the dearth of other institutions. Afghanistan is poor not just in per capita income -- about $350 a year, double what it was three years earlier -- but in structures that link unrelated people. All sorts of organizations Americans take for granted simply don't exist. There are no groups like PTAs, children's sport leagues, alumni associations and country clubs. Nor are there those that constitute "special interest politics," such as trade unions, manufacturers' associations, or lobbyists for economic or ethical concerns. Afghanistan is kept poor by the lack of trust among unrelated citizens and the absence of a sense of common interest. All it has are family and ethnic loyalties -- wonderful in many ways for those nurtured within strong families, but not so wonderful for economic growth and civil society.

With very little pulling Afghans together, greed and extremism are more potent forces than in more densely networked societies. The absence of norms of good civic behavior allows some of the Afghan elite to take advantage of their inherited positions to loot their homeland. The corruption of many of Hamid Karzai's associates is undermining efforts to build the Afghan state. How can anyone expect ordinary Afghans to work for the national interest when their country is being robbed blind?

The U.N. feared that strong political parties could revive the civil war, but it is more accurate to say that the absence of overt party politics has allowed the worst covert organizations to flourish. Some 34 former or current members of Hezb-e-Islami, Gulbuddin Hekmatyar's violent fundamentalist party, won seats in Afghanistan's parliamentary elections last September. Perhaps half of parliament's lower house are fundamentalists. And in an environment where legitimate businesses lack an open voice in the legislative process through trade organizations and lobbyists, guess which illegal business is rumored to be financing many MPs? (U.S. and NATO experts are discussing previously unthinkable ideas like buying and destroying the opium crop, since the feeble interdiction programs are not working and the opium money is financing, indeed in some places creating, the insurgency.)

Without competing, coherent ideologies, the Taliban can eat away at the elected government. If it's a choice between Mr. Karzai and associates -- people, not a party -- and a group that claims to fight corruption, who is the average villager going to trust?

There is another factor involved in the seeming revival of the Taliban, and it's not ideology. Afghans are not particularly ideological. The Taliban are popular only within a narrow geographic and ethnic band which mirrors their Hotak Ghilzai tribal membership. As two innovative scholars of Pashtun society, Thomas Johnson and Chris Mason, argue, the districts where the Taliban has gained support are exactly those which are Ghilzai, a powerful tribe that lost out to the Durrani tribe 300 years ago and has tried to bounce back ever since. This is about power, not ideology: The Ghilzai provided the leaders both to Afghanistan's communist movement and the jihadis who opposed them. Now they are attacking NATO troops because we support a Durrani-dominated government. (Mr. Karzai and the royal family are Durranis, and so are most of his Pashtun associates and Afghanistan's power elite.)

Most Afghans can at least see the benefit of civil society and the rule of law. Anyone who is not a member of the largest ethnic bloc, the Pashtuns -- 40% of the population -- has more to gain from strengthening the central government and the concept of Afghan nationhood. (Not incidentally, the relatively prosperous north and west are Tajik, Hazara, Turkmen and Uzbek, with few Pashtuns.) That's 60% of the population, plus progressive Pashtuns and Pashtuns from marginalized tribes. The Ghilzais must be co-opted, too, in order to weaken the insurgency. This must be done cautiously, of course, as they are no more interested in sharing power than are the Durranis.

There are no insuperable barriers to pushing and pulling Afghans toward a functioning democracy and civil society. The problem is that the U.S. and the U.N. have saddled Afghanistan with a voting and parliamentary system that does exactly the opposite, offering no alternative to voting by ethnicity and failing to make it worthwhile for ethnic groups to form coalitions. Elections were set up by the U.N. using a voting system ("Single Non-Transferable Vote," or SNTV) where each citizen chooses just one candidate from a long list of contenders to represent his district. (In Kabul, for instance, 387 candidates were on the ballot, but each voter chose one.)

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Under these circumstances, Afghans have voted ethnically. In the October 2004 presidential election, "no candidate received significant support outside of their particular ethno-linguistic group," as Thomas Johnson of the Naval Postgraduate School has pointed out. Worse yet, Pashtuns and Tajiks -- the two most numerous ethnic groups -- are not only overwhelmingly likely to vote for candidates from their own groups, but against candidates from a perceived rival group. The Pashtun Mr. Karzai did not receive a majority of the vote of any ethnic group save his own. He still won 55.4% of the vote, with the other major candidates gaining 16.3%, 11.7% and 10%.

When the September 2005 parliamentary elections were set up, no political party affiliations were allowed on the ballots; instead, candidates had a randomly picked symbol next to their names and photos (helpful to the many illiterate voters). The prohibition of party politics was largely at Mr. Karzai's urging. As the best-known politician in Afghanistan, it was to his advantage to avoid giving potential opponents the buoying effect of a party affiliation, and to have a rubber-stamp parliament of unknowns. However, while parliament is often ineffectual, it has neither expedited the policies of his cabinet nor been able to present alternatives. Instead, it has been a vibrant but disorganized forum in which neophyte politicians struggle to understand the way legislation is enacted and religious fundamentalists try to block anything that smacks of secularism.

"Parliament came five years too soon," an American advisor to a cabinet minister told me. "It's slowing down approval processes and creating a forum for debate that has yet to prove useful." Given low levels of education and business experience in Afghanistan, even among elites, it's not surprising many MPs have difficulty understanding a budget, much less proposing improvements to it. But having parties in place would have allowed the more capable members to instruct the less prepared.

The absence of political parties was also shortsighted for Mr. Karzai himself, making his effectiveness depend on personal popularity. He was at his zenith when the system was designed; now he is grudgingly accepted as the least of the possible evils by a resigned electorate. Mr. Karzai would be better off with a party organization behind him: In the U.S. even an unpopular president can get things done because party discipline supports him. And a successor to an unpopular president can be groomed within a party even as challengers from competing parties ready their bids. Instead, the Afghan situation is that of a barely competent president with no more competent successor.

Prof. Johnson also points out that most Afghan voters are not represented by a candidate they voted for. Due to a combination of SNTV voting and a 50% turnout, only about 18% of eligible voters in Afghanistan are represented by a candidate they voted for; 64% chose a candidate who lost. Prof. Johnson notes that "many candidates won virtually by chance," with the top finishers in some provinces gathering only a few percent of the votes cast. This might be tolerable in a mature democracy, but is not what one wants in a country with scant trust in the electoral system and little sense of national identity. The next parliamentary elections aren't until 2010, so there is time to set up a better voting system. SNTV should be replaced, requirements stiffened for obtaining a place on the ballot to avoid such farces as choosing among 387 candidates, and runoffs considered.

An Afghan-American member of parliament, Daoud Sultanzoy, has advanced another good idea: take representation down to the district level. Currently, the people of each of Afghanistan's 34 provinces vote for members of parliament from their province, and the highest vote-getters become representatives of that province according to its population. But representatives are not linked with particular districts as they are in the U.S, though some provinces are the size of whole European countries and differ widely in population, terrain and economy. Nor are there mayoral elections for small towns in Afghanistan, so there is no one to represent the national government on a local level.

Afghanistan's biggest problem is not the Taliban, but underdeveloped institutions and a lack of rule of law. It is emphatically not "another Iraq." Most of Afghanistan is relatively peaceful. Just 192 American troops have been killed in action since fall 2001, and in 2006, 206 Afghan civilians were murdered in suicide bombings. Tragic, yes, but in 2003, the last year for which statistics are available, 16,000 Afghan women died in childbirth -- 44 a day.

As this comparison suggests, we need to foster civil society and robust institutions in order to assure a decent life for Afghanistan's citizens. An essential part of this is nurturing political parties.

Ms. Marlowe is the author of "The Book of Trouble" (Harcourt, 2006), a memoir.

Afghan War Takes A Toll On Canada (LAT)

By Laura King And Maggie Farley, Times Staff Writers

The Los Angeles Times, January 29, 2007

MASUMGHAR, AFGHANISTAN — In the wind-scoured high desert that was once the heartland of the Taliban movement, the will and determination of a little-heralded American ally have been undergoing a harsh test.

For the last six months, the task of confronting insurgents in volatile Kandahar province in southern Afghanistan has largely fallen to Canada, whose troops have participated in myriad peacekeeping missions in recent years but had not seen high-intensity combat since the Korean War.

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Although its nearly 3,000 troops account for less than 10% of the allied forces in Afghanistan, Canada absorbed nearly 20% of the coalition's combat deaths last year, losing 36 soldiers.

A Canadian diplomat also was killed, by a suicide bomber.

The disproportionate casualty count in a region that Taliban commanders have pledged to seize this spring has triggered debate at home about whether Canada is finding itself in a quagmire of American making.

The deployment is a strain for military families. Moreover, the Canadian mission points up the stresses and strains caused by unequal burden-sharing within the North Atlantic Treaty Organization.

Already, alliance unity has been frayed by what commanders describe as an insufficient overall troop commitment and rules that sharply limit the combat capabilities of some participants.

"Would I be happy if there were more nations in the south? Yes," said Lt. Gen. Michel Gauthier, commander of Canada's expeditionary forces, who toured Canadian outposts in Afghanistan in mid-January.

"Would I be happy if there were fewer caveats?" he added, referring to rules that limited the combat missions of many NATO troops to emergency sorties to aid other alliance forces. "Yes."

A NATO meeting in Brussels on Friday brought a pledge from the U.S. for more troops and an additional $10 billion over two years, but only vague promises from other alliance members.

Canadian military officers in Afghanistan sidestep questions about the safer tasks given to French troops in the capital, Kabul, or to the German deployment in the relatively calm north.

They point instead to others in the line of fire: American troops' front-line engagement with insurgents in the east, the battles that British forces have waged to the west in Helmand province, or other contingents serving alongside Canadians in Kandahar, including Dutch troops.

Even so, Canadian forces who arrived in August were stunned by their initial encounter, a full-blown battle with thousands of insurgents.

Canadian troops took the lead in NATO's Operation Medusa, a September confrontation with Taliban fighters who had entrenched themselves in and around the Panjwayi district, southwest of the city of Kandahar.

"Everyone here has seen someone die," said Cpl. Luke Winnicki, a 26-year-old combat engineer in the Royal Canadian Regiment, gesturing toward dozens of troops in a drafty tent at Masumghar, a hillside outpost about 15 miles southwest of Kandahar.

All eyes on Afghanistan

In the U.S., the Afghan conflict receives far less attention than the larger war in Iraq. But in Canada, it gets top billing daily in newspapers and on TV.

And unlike in the U.S., the public is allowed to see soldiers' bodies returning home in flag-draped caskets.

Canadian Prime Minister Stephen Harper, at the head of a coalition government, is vulnerable to political attack because of the Afghan mission.

Public support for it dropped to 35% at the end of 2006, one poll said.

In response, popular Foreign Minister Peter MacKay visited Afghanistan this month to reframe the government's message. He said Canada's mission was reconstruction, but it could not be completed without security.

After MacKay's visit, another poll said public support had rebounded to 58%.

One of the country's smaller opposition parties, the New Democratic Party, argues that Canada should focus on diplomacy and reconstruction, and it paints the Afghanistan mission as an attempt to curry favor in Washington.

"Mr. Harper, just like George Bush on Iraq, keeps saying that this war can be won, and that it is going well. It is not going well," party leader Jack Layton said in a speech at the University of Quebec last week. "The violence is escalating, opium production has skyrocketed. Most of our 25 NATO allies are refusing to send soldiers to join in the counterinsurgency mission in southern Afghanistan. And yet, Mr. Harper refuses to see what is happening."

Harper has maintained the backing of his party's main challenger, the Liberal Party, which started the Afghanistan mission in 2001.

"People see the necessity of the war but are not persuaded about the effectiveness," said Paul Heinbecker, a former Canadian ambassador to the United Nations who is director of the Center for Global Relations at Wilfrid Laurier University in Waterloo, Canada.

He said there was a strong desire to see NATO allies share more of the perilous duty.

"We have stepped up and taken part in action while some of our NATO allies have been polishing their fingernails up in Kabul," Heinbecker said.

In a speech this month to troops preparing to deploy to Afghanistan, Defense Minister Gordon O'Connor pledged that Canada would commit more artillery and aircraft in 2007 but not more troops.

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"We will support this mission until progress in Afghanistan becomes irreversible," O'Connor said.

The toll on military families

Military leaders are mindful that Canada's combat losses, though small compared with U.S. deaths in Iraq, loom large in a country with a population of 33 million.

That is particularly true in close-knit military communities such as those surrounding Canadian Forces Base Trenton, midway between Toronto and Ottawa.

Deborah Goulden, 38, whose husband is a military pilot who shuttles troops and supplies to and from Kandahar, knows little about what's going on in Afghanistan. She is on maternity leave with her 2-month-old baby, and also has a toddler. She said she couldn't bear to watch the news.

She doesn't know exactly what her husband, Mark, does or when he is coming home. In a videophone call this month, she was surprised to see him wearing a gun.

Goulden, a 16-year veteran, has been on peacekeeping missions in East Timor, the former Yugoslavia, Haiti and Somalia.

"I am respectful of what he does, and I don't think military people get enough recognition for what they do," Deborah Goulden said at a family center at the Trenton base. "He is there supporting Canadian society and building a very positive environment for a country that needs support. I'm proud that he is a part of that."

Mark Goulden, 38, interviewed at an airfield in Kandahar, described near-daily missions flying C-130 cargo planes to what he characterized as "austere locations."

"You get runways that look like roadways, gravel airstrips in the middle of nowhere, always the potential for enemy fire and mechanical failures," he said.

When he talks to his wife, he said, he tries to "edit it a little. You try not to be dramatic."

He insisted that his wife's task was harder.

Patti Leighton, 41, knows all too well what her husband, Rick, is doing in Kandahar as an engineer helping design schools and police stations.

She doesn't want to hear about the near-misses and gunfights. She already knows the dangers.

She is a military air traffic controller, and time after time this year she has helped guide the planes carrying soldiers' coffins to the Trenton base.

"There was one woman who was deployed over there at the same time as her husband. She had to come back on the plane with the body. She got off the plane and saw their kids waiting for both of them on the tarmac. That was the last one I watched," she said.

Leighton's 17-year-old daughter is tired of her father's absence; her 13-year-old son wants to be a soldier. She has been in the military for 22 years, but this year has been different.

She described standing at attention at a parade and her eyes welling up when she heard the national anthem.

"This year was the proudest year I've ever stood there, because we're over there. When I heard the music, I felt a moment of pure pride. When I heard it, I thought, 'Wow, that's for me. That's for us.' "

Rick Leighton, interviewed at his headquarters in Kandahar, said the hardest part was missing the day-to-day family events like his son's hockey games or the "butting heads" between his wife and daughter over schoolwork and curfews.

Leighton said with the reconstruction team based in the city of Kandahar, several miles from the main military base, he and his colleagues were closer to the bombings aimed at convoys.

He speaks to his family every morning, he said, but never tells them whether he will be traveling outside the headquarters, a journey that always takes place in a convoy of at least three armored vehicles with everyone in combat gear.

"Every time you hear the boom, it shakes you," he said. When the Internet and cellphones go dead moments afterward, "you know there's a communications blackout because someone's been killed."

At the sprawling Kandahar airfield, the Canadian military has managed to evoke some comforts of home. There's an open-air hockey rink and a Tim Hortons coffee and doughnut shop, something of a Canadian institution.

But the near-constant roar of aircraft and the occasional boom of rocket fire leaves little doubt this is a war zone.

On a bare hillside in Masumghar, troops settled in for another wind-lashed night. Powdery dust leaked in through tiny rips in the barracks tent.

"The thing is, you know that your family is in this fight too, and your country," said Winnicki, the combat engineer. "So you're not alone. But you feel responsible for them too."

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King reported from Masumghar and Farley from Ottawa and Trenton, Canada.

*

(INFOBOX BELOW)

Canada's cost

More than four times as many Canadians were killed in Afghanistan last year as in the four previous years combined. Canadians, who make up less than 10% of the total forces, suffered about one-fifth of the deaths. Canada's troop toll in Afghanistan:

2002: 4
2003: 2
2004: 1
2005: 1
2006: 36

Forces and casualties

How 2006 casualties compare in relation to force sizes for the nations with the most troops in Afghanistan:

Note: Force numbers are broad contributions and do not reflect exact numbers on the ground at any time.

Sources: North Atlantic Treaty Organization, icasualties.com

CORPORATE SCANDALS:

Immunity Issues Tie Brocade Cases Into Knots (LAW)

By Justin Scheck, The Recorder

California Recorder, January 29, 2007

San Francisco's best-known white-collar defendant says he needs the cooperation of prosecutors to defend himself against charges of securities fraud. The government, unsurprisingly, doesn't seem to like that idea.

Over the last few weeks, lawyers for Gregory Reyes, the ex-CEO of Brocade Communications -- and the first person to be charged in the burgeoning stock option backdating prosecutions -- have been frustrated as former company employees have invoked the Fifth Amendment in refusing to be deposed as Reyes prepares to defend SEC civil charges of stock fraud.

That's a problem, Reyes' lawyers say in court filings, because these same witnesses were granted temporary immunity by federal prosecutors to give government investigators their story -- setting up what defense lawyers call an unfair advantage for the government. Their solution: extend the immunity to cover defense depositions, a suggestion the government seems unlikely to follow.

Since the SEC and San Francisco U.S. Attorney's Office charged former Brocade executives with backdating employee stock options in July, the case has been a publicly contentious matter, with defense counsel loudly denouncing the government in court and in the press.

Tensions have increased in the last few weeks, as evidentiary matters in the SEC civil case have started to overlap with the pending criminal prosecution.

That's relatively rare, since most judges will separate such cases, staying the SEC civil suit until the resolution of the corresponding criminal case.

But Northern District of California federal Judge Charles Breyer has decided to move the cases forward in tandem.

That set the stage for an awkward situation for at least 10 or so former Brocade employees. Granted immunity by federal prosecutors for a single interview session with lawyers from the U.S. Attorney's Office and the SEC, they coughed up what they knew about the case.

Not so when defense lawyers for Reyes and ex-HR Manager Stephanie Jensen -- who are charged in both the criminal and civil cases -- and former CFO Antonio Canova, who faces only SEC charges, tried to depose them.

"At the first such deposition on Friday, Jan. 19, 2007," Reyes' lawyer, Richard Marmaro, wrote in a brief filed this week, one witness who had been debriefed by government lawyers "invoked the Fifth Amendment in response to all questions other than her name and address."

The other witnesses did the same thing, Marmaro wrote, handcuffing his ability to defend the civil case.

"We are seeking to depose all of the witnesses who have any information on the charges in the SEC complaint," Marmaro, a partner at Skadden, Arps, Slate, Meagher & Flom, said Thursday. Since those charges seem to be based on witness

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interviews conducted with temporary immunity -- referred to as "queen-for-a-day" immunity -- he argues that the defense team should have access to the same information.

That's not possible without a broader grant of immunity, something the government has so far declined to offer, forcing an invocation of the Fifth Amendment that defense counsel, Marmaro said, think "is not only improper, but contrary to the truth-finding process."

Indeed, he wrote in a characteristically aggressive brief, the government and its witnesses seem to be cooperating in an inappropriate fashion.

"When a witness submits freely to questioning by governmental representatives who contend that a fraud occurred (and have the power to prosecute) but declines to answer questions from private-sector parties who contend no fraud occurred (and lack the power to prosecute), something other than a fear of prosecution is obviously afoot," he wrote.

Brown, a partner at Orrick, Herrington & Sutcliffe who represents 11 witnesses in the case, didn't have much to say Thursday. "I've received the motion and we intend to respond," he said.

But according to Peter Henning, a professor at Wayne State University Law School and an expert on white-collar prosecutions, it's unlikely that a lawyer in Brown's position would let his clients be deposed without a guarantee of immunity.

Henning said prosecutors are unlikely to make such a guarantee at this late stage of a case. "They don't want to go down that road, and they certainly don't want to be forced to do it," he said.

Furthermore, he said, Breyer is unlikely to honor Marmaro's request to order the government to facilitate depositions, since case law discourages judges from ordering immunity.

Marmaro seemed especially perturbed with the recent non-deposition of one witness.

"It is difficult to comprehend how the witnesses now before the court can credibly claim fear of self-incrimination," he wrote, pointing to the example of a former Brocade compensation and benefits analyst who had met with the Justice Department and SEC -- and with lawyers for two defendants -- before even hiring a lawyer.

"Yet, once she retained counsel, [Walter] Brown, Ms. Weaver suddenly expressed a desire to invoke the Fifth Amendment in response to all questions from the defendants in this case at her deposition on January 19, 2007.

"She now purports to fear incriminating herself by answering such benign questions as her educational background, whether she had ever met with the SEC or DOJ, whether she knew the civil defendants (even though one was sitting in the deposition room), whether she would testify if summoned by the SEC at trial, and virtually any other topic other than her name and address," Marmaro wrote.

The easiest way out of the muck, Henning said, would be for Breyer to stay the civil case until the criminal trial is over. But that could be a problem -- Breyer said at a Wednesday hearing that he wants to move the Brocade trial along without delay because he's planning to hold civil trials in the fall in two massive drug tort cases.

If the judge is unwilling to issue a stay, Henning said, more wrangling is likely in the works.

"It's a mess," he said.

Greenlight Heads To A Courtroom (WSJ)

By Carol S. Remond

The Wall Street Journal, January 29, 2007

Hedge funds have plumbed many corners of the markets in search of returns. Now Greenlight Capital, a fund with a big negative bet on Allied Capital Corp., is breaking into new ground -- the courts.

The $4 billion New York City fund has filed a lawsuit in federal court in Atlanta in the name of the U.S. government claiming that Business Loan Express LLC, a subsidiary of Allied Capital known as BLX, submitted fraudulent loan documents to the Small Business Administration, bilking the U.S. of millions of dollars.

Greenlight and James Brickman, an individual working with the fund to bring the suit, are entitled to 25% to 30% of the proceeds if their complaint results in an award.

It appears to be one of the first times a hedge fund has filed suit under a provision of the Federal Civil False Claims Act that lets private citizens sue in the name of the federal government. Such cases -- called qui tam complaints -- typically are filed by whistleblowers alleging fraud by their employers.

Allied Capital referred questions to its public-relations firm, Sitrick & Co., which didn't reply to questions submitted. The SEC declined to comment.

BLX declined to comment on the suit through the public-relations firm. Reached by telephone at BLX's Richmond, Va., office, Matthew McGee, a senior vice president, called the suit "ridiculous" and "another ploy" by investors who have made bearish bets on the stock.

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Allied Capital has been under investigation for more than two years by the U.S. attorney for the District of Columbia in connection with a criminal probe of BLX. The company also is the focus of an informal investigation by the Securities and Exchange Commission. The company said in SEC filings that these investigations appear linked to "matters related to the portfolio valuation" and BLX.

Greenlight's Short

Greenlight has a short position in Allied Capital stock -- in other words, a bet that will pay off if the company's stock falls. (Typically, short positions involve the sale of borrowed securities by an investor who hopes to earn a profit by buying an equal number of shares later, at a lower price, to replace the borrowed securities.)

The government in November declined to intervene in Greenlight's case. Under qui tam, the complaint can proceed in the government's name.

The complaint, filed this month, names Business Loan Express, Business Loan Center, Robert Tannenhauser BLX's chief executive, Mr. McGee and George Harrigan, a loan broker.

Mr. Tannenhauser wasn't available for comment and Mr. Harrigan couldn't be reached.

Mr. Brickman, who describes himself as a retired real-estate investor, said he joined Greenlight in the suit because of a "shared belief that a massive fraud has been committed on SBA." Mr. Brickman said he doesn't have a short position in Allied Capital stock and receives no compensation from Greenlight.

Ignoring Signs

Greenlight manager David Einhorn has battled Allied Capital for five years. A week ago, he made public a letter sent by Greenlight to Allied Capital's board, alleging the company failed its shareholders by ignoring signs that suggested trouble with loan documents at BLX.

That same day, Allied Capital issued its own announcement, denouncing Mr. Einhorn's motives and accusing him of trying to manipulate the price of Allied Capital's stock. Allied Capital also said Mr. Einhorn made "numerous misleading allegations" in his letter, without going into detail.

This month, a former BLX executive named Patrick Harrington was indicted by a Michigan U.S. District court on charges he and others defrauded the SBA of almost $77 million in guaranteed loans.

Mr. Harrington, through a lawyer, denied admitting to federal agents that he, and others working for him, knowingly made 76 fraudulent loans as alleged in the federal complaint against him. A jury trial is set for March 13.

According to Greenlight's complaint in Georgia, BLX submitted false loan applications to the SBA to defraud the administration into guaranteeing the loans. The complaint focuses on about $100 million in shrimp-boat loans that were backed by the SBA.

Following the Michigan indictment, the SBA is undertaking a review of loans made by BLX. The SBA said its review could take up to 45 days.

Write to Carol S. Remond at carol.remond@dowjones.com1

Lone Star Probe Engulfs South Korea Chief (WSJ)

By Laura Santini And Lina Yoon

The Wall Street Journal, January 29, 2007

The indictment of Lone Star Funds' South Korea head is part of an investigation into suspicions of wrongdoing by the Dallas private-equity fund that has already delayed the firm's ability to make a lucrative exit from its investment in Korea Exchange Bank.

On Friday, Korean prosecutors indicted Lone Star's country head, Paul Yoo, on allegations of stock manipulation and tax evasion. "This is the continuation of the investigation," a spokesman at South Korea's Supreme Prosecutors Office said. "The case will pass now to the court."

Lone Star, the largest shareholder of Korea Exchange Bank, tried to sell a controlling stake in the bank last year to Kookmin Bank for more than $7 billion, but the process was derailed by a probe into Lone Star's acquisition of KEB. Investigators claimed Lone Star's 2003 purchase was mishandled by government and KEB officials, allowing the U.S. firm to buy 51% of the bank for $1.2 billion. They allege the price was too low. Prosecutors haven't charged the firm with any wrongdoing in connection with the stake acquisition.

Friday's indictment of Mr. Yoo, the third against a Lone Star executive, relates to the merger of KEB's credit-card unit into the bank after Lone Star acquired control. Ellis Short, Lone Star's vice chairman, and Michael Thomson, its general counsel, were indicted late last year on similar charges. Mr. Yoo, who resides in Seoul, couldn't be reached for comment. Lone Star, which has said its executives are innocent, didn't respond to messages seeking comment.

Write to Laura Santini at laura.santini@wsj.com1 and Lina Yoon at lina.yoon@wsj.com2

CRIMINAL LAW:

Journalists To Take Stand In Libby's Perjury Trial (USAT)

By Richard Willing, Usa Today

USA Today, January 29, 2007

WASHINGTON — This is the week the Lewis "Scooter" Libby trial meets the press.

High-profile journalists such as NBC's Tim Russert and former New York Times reporter Judith Miller are scheduled to be called as witnesses as soon as this week, as the perjury and obstruction trial of Vice President Cheney's former chief of staff heads into its second week of testimony.

Libby is charged with lying to investigators probing how and why the identity of CIA officer Valerie Plame was given to reporters in 2003.

Disclosing the name of a covert CIA operative is a crime. Libby has not been charged with that but with lying to investigators during the course of the probe into the disclosure of Plame's identity.

Reporters are notoriously reluctant to talk about work methods, especially confidential sources. Miller went to jail for 85 days to avoid disclosing Libby as a source. Time magazine reporter Matt Cooper went to court in an unsuccessful effort to avoid talking to investigators in the case. He later cooperated with the probe.

Now, however, says a veteran trial watcher, the reporters' central role in the case will be to give evidence.

"There's some real novelty here, as in 'That's Tim Russert on the witness stand, and not on 'Meet the Press,' " says Gregory Wallance, a defense attorney and former federal prosecutor in New York City who has been following the trial.

"But once the novelty is gone, then as with any other witness, we're back to focusing on what was in the head of Scooter Libby."

Prosecutors argue that Libby deliberately lied when he told investigators and later grand jurors that he learned of Plame's identity from Russert in a telephone call on July 10 or 11, 2003. Russert will deny discussing the case with Libby and testify that he learned of Plame's identity several days later from a Robert Novak newspaper column, court papers say.

Miller testified before a grand jury after Libby told her he no longer held her to their confidentiality agreement. She said she and Libby had at least one conversation in which he mentioned Plame. Both occurred before Libby's conversation with Russert.

Libby's defense has signaled that it will also rely on reporters' testimony to show that Libby did not deliberately lie.

In court last week, defense attorney Theodore Wells said Russert may have learned Plame's identity from two NBC colleagues before his conversation with Libby. Russert's colleagues, David Gregory and Andrea Mitchell, were working on the Plame story and may have told a forgetful Russert, Wells said.

"Tim Russert is a great reporter, but he's a human being," Wells said.

"Tim Russert can be confused and make an innocent mistake just like anyone else. The sole issue is: Is somebody telling an intentional lie?"

Wells said Libby talked to 10 reporters in the month before Plame's name became public and only brought her name up once, with Miller. The reporters, including The Washington Post's Bob Woodward, can verify that Libby was not "pushing the (Plame) story," Wells said.

It is unclear which reporters will be called by Wells.

The case already has called attention to the arrangements sometimes shared by Washington reporters and their sources.

Cathie Martin, a press aide in Cheney's office in 2003, testified last week that reporters sometimes agree to quote "senior administration officials" when those officials don't want to be connected by name to some information.

Press officials typically offered exclusive stories, private lunches with Cheney and other inducements to get favorable coverage, Martin said.

When it wanted to get an important story out, she said, the administration's first option was to get Cheney on Russert's Meet the Press.

Testimony resumes today with former White House spokesman Ari Fleischer scheduled to testify for the prosecution. Libby told Fleischer about Plame's CIA job at least three days before Libby says he learned of it from Russert, prosecutor Patrick Fitzgerald has charged in court.

Fleischer demanded and received immunity from the prosecution before agreeing to testify. William Jeffress, another Libby attorney, indicated last week that he will argue to jurors that the deal gave Fleischer the freedom to accuse Libby without fear of consequences.

Leak Case: Will Rove Testify? (NSWK)

DOJ_NMG_0123094

By By Michael Isikoff

Newsweek, January 29, 2007

Jan. 26, 2007 - White House anxiety is mounting over the prospect that top officials—including deputy chief of staff Karl Rove and counselor Dan Bartlett—may be forced to provide potentially awkward testimony in the perjury and obstruction trial of Lewis (Scooter) Libby.

Both Rove and Bartlett have already received trial subpoenas from Libby's defense lawyers, according to lawyers close to the case who asked not to be identified talking about sensitive matters. While that is no guarantee they will be called, the odds increased this week after Libby's lawyer, Ted Wells, laid out a defense resting on the idea that his client, Vice President Dick Cheney's former chief of staff, had been made a "scapegoat" to protect Rove. Cheney is expected to provide the most crucial testimony to back up Wells's assertion, one of the lawyers close to the case said. The vice president personally penned an October 2003 note in which he wrote, "Not going to protect one staffer and sacrifice the other." The note, read aloud in court by Wells, implied that Libby was the one being sacrificed in an effort to clear Rove of any role in leaking the identity of CIA operative Valerie Plame, wife of Iraq war critic Joe Wilson. "Wow, for all the talk about this being a White House that prides itself on loyalty and discipline, you're not seeing much of it," the lawyer said.

Libby is charged with lying about when and from whom he learned about Plame during the spring and early summer of 2003, a time when the White House was working to discredit Wilson. A former U.S. ambassador, Wilson was dispatched to Niger to investigate reports that Iraq was seeking to purchase uranium from Africa. Wilson said he told U.S. officials there was nothing to those reports. But the president later used the claim anyway in his 2003 State of the Union address, prompting Wilson to charge the administration had manipulated the intelligence about Iraq. The week after he went public, journalist Robert Novak first reported that Wilson's wife, Plame, worked for the CIA—a disclosure that prompted allegations that administration officials had "outed her" in retaliation for Wilson's criticism.

The possibility that Rove could be called to testify would bring his own role into sharper focus—and could prove important to Libby's lawyers for several reasons. Rove has said in secret testimony that, during a chat on July 11, 2003, Libby told him he learned about Plame's employment at the CIA from NBC Washington bureau chief Tim Russert, a legal source who asked not to be identified talking about grand jury matters told NEWSWEEK. If Rove repeats that story on the witness stand, it could back up Libby's core assertion that he honestly, if mistakenly, thought he had heard about Wilson's wife from the "Meet the Press" host—even though Russert denies he knew anything about Plame, and more than a half-dozen officials (including Cheney) have said they passed along the same information to Libby earlier than that.

But the Rove account could cut in other ways. Fitzgerald would likely argue that Libby's comment to Rove merely shows that the vice president's top aide "was even lying inside the White House," according to the legal source. Moreover, Rove is likely not eager to recount the story either. The reason? He would have to acknowledge that shortly after he had the chat with Libby, he went back to his office and had a phone conversation with Time magazine reporter Matt Cooper in which he also disclosed the fact that Wilson's wife worked for the CIA. The disclosure was potentially illegal since, at the time, Plame was employed in the Directorate of Operations, the agency's covert arm. (There is no evidence that Rove or anybody else knew Plame's status at the time—and Rove has never been charged with any crime—but the possibility that White House officials were leaking classified information in an effort to discredit Wilson is what triggered the probe in the first place.)

An equally embarrassing conflict could emerge next week when former White House press secretary Ari Fleischer takes the stand. Fleischer has been one of the most mysterious figures in the case, making virtually no public comments about it since he left the White House in July 2003. In the past he has insisted he wasn't even represented by a lawyer. But it emerged during court arguments this week that Fleischer originally invoked his Fifth Amendment privileges to avoid testifying and then only agreed to do so after he was given an immunity deal by Fitzgerald—an arrangement that normally requires extensive bargaining among attorneys. Fleischer's testimony is critical to Fitzgerald's case: as the prosecutor laid out this week in his opening statement, Fleischer has said that Libby told him over a White House lunch on July 7, 2003, that Wilson's wife worked at the CIA and made a point of describing this information as "hush and hush." Fitzgerald used that account to undercut Libby's grand-jury assertion that he was surprised and "taken aback" just three or four days later when, he claims, Russert told him about Wilson's wife. "You can't learn something startling on Thursday that you're giving out Monday and Tuesday of the same week," Fitzgerald said. Fleischer has also testified that Bartlett also later told him about Wilson's wife and, after hearing it from both Libby and Bartlett, the then-White House press secretary disclosed the information to NBC reporter David Gregory.

On its face, Fleischer's account seems to contradict the repeated public assertions of his immediate successor, Scott McClellan, in October 2003 that nobody at the White House was in any way involved in the leak of Plame's identity. It also potentially puts Bartlett, one of the president's senior and most trusted advisers, on the hot seat. If Bartlett backs up Fleischer, it suggests he himself played a role in passing along radioactive information that triggered a criminal investigation that has plagued the White House for more than four years. If he contradicts Fleischer, it raises questions about the credibility of a man who was

President Bush's chief spokesman for the first two and a half years of his presidency. His lawyer declined to comment on what Bartlett will say.

But either way, it's not a scenario that anybody at the White House can be looking forward to.

Sheriff Talks Of A Conspiracy (KNOXNS)

By J.j. Stambaugh

Knoxville News Sentinel (TN), January 29, 2007

Hutchison says FBI told him lawyers might try to 'sue him out of business'

With only three days left before turning in his badge, Knox County Sheriff Tim Hutchison said in an interview broadcast Sunday that an FBI agent tipped him off to a 1998 conspiracy by "some lawyers" to destroy his administration through the court system.

He also called lawyer Herbert S. Moncier, his longtime legal nemesis, "an anarchist" and described sheriff hopeful Randy Tyree as unqualified to hold the post of sheriff.

During the 30-minute interview aired on WBIR, Channel 10, Hutchison touched upon several controversies that arose during his 17 years as sheriff, including a series of high-profile lawsuits filed by Moncier over access to public records and alleged civil-rights violations against citizens.

The sheriff said he was approached by an FBI agent in late 1998 who told him that some lawyers were talking about "suing me out of business." Hutchison said he initially laughed off the tip, but after Moncier started filing dozens of lawsuits, "I started seeing exactly what was planned."

"It's somewhat personal between him and me," Hutchison said of his feud with Moncier. "In my opinion, he's an anarchist."

Moncier e-mailed a reply to Hutchison's comments Sunday afternoon.

"He's wrong," Moncier wrote. "I believe in a government of the people, for the people, elected by the people. Not a government of professional politicians who horde power; who peddle government jobs and contracts to their friends and supporters; who punish those who disagree with them; who abuse the powerless; and who become multi-millionaires while in office peddling their influence."

Moncier added: "I do not have a clue what he is talking about an FBI agent told him. It is interesting, however, that an FBI agent was leaking information to him, whether correct or not."

FBI spokesman Gary Kidder said Sunday he had no comment.

Hutchison, who is in his fifth term as sheriff, said he has no immediate plans to run for another public office but declined to rule out the possibility.

He is one of 12 county officeholders being forced out of office because of a recent state Supreme Court decision that upheld voter-approved term limits.

Hutchison said three of his top chiefs have met and decided to push for J.J. Jones, his chief deputy of administration, to be appointed sheriff by County Commission.

Hutchison said he asked the trio to meet because he understood they were each phoning commissioners about the post. He said he urged them to decide on a possible successor among themselves to avoid the possibility that internal friction might cause an outsider to be appointed to lead the department.

Hutchison didn't identify the aides who were vying for the job, but they have previously been identified by Commissioner Greg "Lumpy" Lambert as Jones, Chief Deputy Tom Spangler and Assistant Chief Deputy of Administration Bobby Waggoner.

Jones, who was once the sheriff's chief of detectives, resigned in 1999 and fired off an angry letter describing Hutchison as a "paranoid, selfish, power-crazed tyrant." He went to work at the Knoxville Police Department, ran unsuccessfully against Hutchison in 2002, and then returned to Hutchison's agency in 2005.

When asked by WBIR anchor Robin Wilhoit about his up-and-down relationship with Jones, Hutchison said Jones had experienced some unspecified problems while going through a divorce but has since overcome those issues.

"We've seen the same J.J. from before that is very capable, that cares about this agency, and this is where his heart is," he said.

Hutchison also said he doesn't believe former Knoxville Mayor Randy Tyree, who came close to upsetting him in last year's election, is qualified to be sheriff. "He's been out of law enforcement longer than I've been in it," he said.

Tyree, a lawyer who worked in law enforcement at KPD and the FBI in the 1960s and '70s, said after Hutchison's interview that he hopes to be picked as sheriff and expects there to be "an elevated intensity here in the next 72 hours heading into the (County Commission) meeting on Wednesday."

"Experience is good, but sometimes you can get yourself into a rut, and what I bring to the table is a diversity of experience, all of it dealing with leadership and with public service," Tyree said.

Although he hasn't worn a uniform in decades, Tyree said he believes his administrative and leadership skills are adequate to lead the department. "It needs to be more of a professional organization, less of a political organization," he said. "And that's not dissing Tim. It's the nature of the animal."

Hutchison declined to offer an opinion on the Supreme Court's term-limits decision, saying only that the court's ruling is "the final word."

"I'm not going to argue one way or another ... that's why you haven't heard much out of me," he said.

When asked what accomplishment he was proudest of, Hutchison said he was pleased to have been chosen as the nation's "Sheriff of the Year" in 1998 but credited the honor to the work of his employees, who built a "full-service law enforcement agency" under his direction.

Hutchison said his biggest regret was the acrimonious relationship between the sheriff's department and KPD before Sterling Owen IV was appointed the city's police chief in 2004.

The relationship between the two agencies has improved greatly since Owen took office, Hutchison said, which has led to better cooperation on cases. "That's the way law enforcement better serves the entire community," he said.

Hutchison, 54, didn't want to speculate on what he might do in the future. He said he is a licensed contractor, has invested in an Oak Ridge auto dealership, and has already gotten calls about possibly seeking another elected position.

"I don't know what the Lord has in store for me out there," he said. "I don't have any specific plans for the future at this moment."

J.J. Stambaugh may be reached at 865-342-6307.

Feds Detail Alleged Jail Food Kickbacks (OREG)

By MICHELLE ROBERTS, LES ZAITZ And BRYAN DENSON

The Oregonian, January 28, 2007

Oregon prisons - Investigators say a state buyer and his wife took about $680,000 in payoffs

As Oregon's prison food buyer, Fred Monem began his 2005 performance review with a glowing self-evaluation.

"Continually striving to exceed professional and ethical standards," he wrote of his work, "as well as setting the highest measurement as a role model for fellow staff members."

Monem's bosses agreed, giving him stellar marks. After all, he'd squeezed the system's daily meal costs by 40 percent with an innovative tactic: shopping the "spot" food market for bargains in distressed or expiring goods.

By appearances, the 48-year-old Monem was a hero who'd saved taxpayers millions. But if allegations in federal court papers prove true, Monem himself may face charges including bribery and money laundering.

In an affidavit used to justify searching Monem's home and office, IRS and FBI investigators assert that Monem and his wife, Karen, accepted about $680,000 in kickbacks from companies that sold the state Department of Corrections millions of dollars' worth of food during the past five years.

Fred Monem allegedly jetted to Las Vegas every six weeks to meet with food brokers, where he sometimes picked up bundles of cash. As secret payments rolled into his wife's company, Monem was buying a rental home on the coast, a $77,000 BMW and a golf club membership. When agents searched the couple's home and safe deposit box this month, they found more than $530,000 in cash.

Authorities say they can't recall a bigger Oregon bribery case. Prison officials say they were blindsided.

"There was not a single red flag," Corrections Director Max Williams said Friday.

Monem's attorney said his client should be presumed innocent, and no charges have been filed against him or executives of food wholesalers in California, New York and Maryland who allegedly paid the kickbacks. Prosecutors and the FBI declined to discuss the ongoing investigation, outlined in the 42-page affidavit.

The accusations put a harsh light on a program that has been a prison system showpiece. Under special procurement rules, Monem aggressively pursued distressed and bulk foods on the spot market. The savings have helped Oregon regularly rank among the lowest in the nation for per-inmate food costs.

Though the rules allowed Monem considerable flexibility, Corrections officials said there were checks. Purchases required at least two comparable price quotes to ensure against overpayment, for instance. Exactly how wholesalers were able to charge prices high enough to cover the alleged kickbacks remains unclear.

The state will seek recovery if it turns out that food prices were artificially "jacked up," Williams said.

Although Williams defended the program as a money saver, a national expert on the prison food industry told The Oregonian that buying distressed products is virtually unheard of in state corrections.

Monem has been named in multiple inmate lawsuits, The Oregonian found, and has been the target of complaints about green bologna, moldy hamburger and food cartons purportedly marked "bait fish only."

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Williams insisted that "quality is not an issue" for the meals the state serves its 13,333 prisoners. Meanwhile, his agency is cooperating with federal officials by turning over documents and making employees available for interviews in an investigation that, so far, appears limited to Monem, he said.

Wheeling and dealing

To most, Monem seemed like a typical 9-to-5 state bureaucrat and suburban dad. "He's the kind of guy everybody likes," said Mark Graham, who lives down the street in Salem's Sunset Meadows subdivision.

But the Monem described in a federal affidavit seems more like a character out of a "Sopranos" episode.

When agents raided Monem's tan, two-story home Jan. 10, they found $12,410 in a bedroom closet. An additional $74,000 was stashed in a safe in the garage. At the Monems' bank, a deposit box held $444,700 in cash.

Monem fled his native Tehran in 1979 to avoid mandatory military service. By age 24, he had landed in California, where he owned and operated three family-style restaurants and later took his first job in prison food as supervisor for the now-defunct Service America Corp.

Monem helped oversee food service contracts at more than a dozen jails and prisons in Washington, California and Nevada. In 1991, as Oregon prepared to open the newly built Snake River Correctional Institution in Ontario, the firm won a contract to handle inmate meals.

State officials were so impressed with Monem's efficiency and "ability to wheel and deal" they eventually hired him away in January 1996, and he moved into his current job that September, according to Corrections spokeswoman Perrin Damon.

In December 2002, Monem logged the first of many trips to Las Vegas to meet with executives from Levin & Lawrence Inc., the Santa Clarita, Calif., wholesaler accused of paying the bulk of the kickbacks.

According to the search warrant affidavit outlining the case, the arrangement went like this:

L&L acquired bulk foods -- cold cereal, lunchmeat, burritos, candy bars, chili and jerky. In return for Monem's agreement to buy the items, some with approaching expiration dates, L&L would kick back 20 percent of its net profit on the deal to Monem.

An unnamed informant -- the firm's former controller -- said he was repeatedly asked to write checks for the payoffs by the firm's principals, Michael D. Levin and William S. Lawrence. He told investigators he once heard L&L salesman Howard Roth say that if a product was difficult to sell, they would "make Fred buy it."

The Levin & Lawrence executives and their attorney did not return phone calls seeking comment.

Another former L&L worker told agents he often overheard Roth negotiating prices by phone with Monem. The conversations, he said, left the impression that Monem was willing to pay more for the food than anyone else.

"What can you live with?" the employee recalls Roth asking Monem. "What can you live with?"

Tracking the cash

For five years, agents said in their search warrant affidavit, the money flowed. Records show that L&L and two other food brokers named in the case sold $21 million worth of products to the Oregon system during that time.

The former controller said his bosses frequently peppered him with e-mails or notes saying such things as "I need a check for cash for you know who." One Post-it note, now in the hands of IRS agents, reads: "Mikey needs a check for $8K for cash against Fred's commission."

The informant said Levin, Lawrence and Roth delivered cash directly to Monem in Las Vegas, where they treated him to expensive stays at the Mandalay Bay Hotel and Casino, famous for its 11-acre beach and an aquarium stocked with live sharks.

Records seized by the government show that Monem, often accompanied by his wife, traveled to Las Vegas at least 29 times in the past four years.

But not all the money was delivered that way. By September 2004, the ex-controller said, Monem was instructed to form a corporation so that L&L wouldn't have to "continue writing large checks to cash."

Karen Monem registered a new Oregon company on Sept. 9: Jamm Inc. From then on, the affidavit said, Karen Monem would submit invoices "making it appear that Jamm Inc. had provided consulting services."

By the end of last year, the affidavit said, Jamm Inc. took at least $475,000 in kickbacks.

In December 2005, the L&L executives treated the Monems to a Bears game in Chicago and picked up a $1,337 tab for dinner at Smith & Wollensky. The Monems bought a white 2006 BMW for $77,000. In June 2005, Lawrence, Roth and Fred Monem purchased a $383,000 ocean-view home in Seal Rock. Two months later, they formed a new company, Laromo Inc., to own and lease the property, according to county records and the affidavit.

L&L executives worried about how Monem might explain owning a BMW worth more than his $75,500 state salary. Roth told the ex-controller that Monem had a plan: He would say his father or uncle gave him the money.

Another former L&L worker once got out of repaying a $9,000 loan to the company with a threat.

"Back off," the employee told the former controller, "or I'll blow the lid on Fred."

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Last May, the controller decided to quit and form another food company. According to the affidavit, he called Levin, who cut short a vacation in Hawaii. Lawrence met the controller in a warehouse -- alone.

Levin wanted to know whether he could trust the controller to stay quiet about Monem, Lawrence said at the meeting. The controller asked what it was worth to keep the secret.

Lawrence responded, the affidavit says, with two words.

"Your life."

A string of lawsuits

On Jan. 10, the FBI came knocking at Mark and Dorothy Graham's door.

It was the first they heard of the allegations against their neighbors, whose home was searched that day. They were shocked -- and scared, they told The Oregonian. They had known the couple for years, and were investment partners.

In 2002, the Grahams and Monems formed Leisure Quest Investments to buy and lease real estate as a retirement investment. Property records show that Leisure Quest owns homes in Salem, Keizer and South Beach.

"We never knew where the (Monems') money came from," Mark Graham said. "They didn't tell us any of their business."

Graham is a food inspector with the U.S. Department of Agriculture and said he is assigned to inspect processing plants and slaughterhouses. His job has "absolutely no connection" to the allegations against the Monems, he said. Fred Monem didn't talk much about work but "told us he was doing consulting business" in Las Vegas, Graham said.

The Grahams weren't the only ones who said they were in the dark.

Prison supervisors were lauding Monem for his penny-pinching prowess. His spot market successes had helped slash the daily cost of food -- from nearly $4 per inmate in 1997 to $2.40 in the current budget period.

The program relied heavily on special rules designed to take advantage of the volatility of the food market and the short-term availability of "hot" prices. "For each and every buy, we ensure we are getting the best price by checking with vendors who have access to the same commodity," the Corrections Department said in a statement to The Oregonian.

According to the department, Monem would first find products, then a purchasing specialist would find at least two comparable price quotes and compare them against historic prices before issuing a contract. "Fred had no influence as to who the quotes were from," the agency told The Oregonian.

Williams told The Oregonian that Monem did not have unusual autonomy, and that other executives recalled nothing out of the ordinary. He said the agency is redoubling efforts to ensure that all purchasing rules are followed. Any internal reviews will start after the criminal investigation is completed, he said.

Prisoners noticed that something didn't seem right.

Since Monem took over, he's been named in at least 17 inmate lawsuits. In 2002, officials at the Eastern Oregon Correctional Institution in Pendleton investigated allegations that a package of frozen hot dogs had expired dates on the wrappings.

Nothing came of the investigation, and Monem, in an interview with The Oregonian at the time, chalked up the incident to past conflicts with personnel at the prison.

Among the lawsuits is a July 2005 case filed by prisoner Douglas B. Bennett claiming inmates are being fed "expired, putrefied foods." The file includes affidavits from eight prisoners, including kitchen workers, who complained of green bologna, sour milk, rotten fruit, moldy hamburger, discolored tomato paste, chicken that was thawed, frozen and re-thawed, and a list of long-expired items such as ketchup, salad dressing, meats and fish.

"Fred Monem," Bennett wrote, "has been sending food to feed inmates . . . that has expired or been marked 'bait fish only' or 'not for human consumption, animal feed' since 2002."

Bennett's lawsuit was dismissed last January by U.S. District Judge Anna Brown for procedural reasons. But Michelle Burrows, a Portland lawyer who frequently represents inmates, has heard similar complaints. One inmate, she said, sent her a list of food complaints and the label from a box of fish marked "bait."

"It was the inclusion of the box label that made everything else in the letter more credible," she said.

Barbara Holly, past president of the Association of Correctional Food Service Affiliates and the former food service administrator for Alabama's prison system, said it is highly unusual for prisons to buy distressed food.

"It's not a good practice, and you sometimes end up losing more than you get because it's usually just about to go out of date," she said. "It leaves you wide open for lawsuits as far as inmates go."

Holly said Alabama rules forbade her from buying in the spot food market.

Williams defended food quality in the Oregon system, which spends about $10 million a year on meals. The agency said the three food companies accused of kickbacks did $21 million in corrections business during the five years ending in 2006. That suggests they handled about 40 percent of the system's food expenditures.

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Contacted at their Salem home, Fred and Karen Monem declined to comment. Their Portland lawyer, David H. Angeli, said no one should jump to conclusions about the allegations against his client, who was placed on paid leave pending the outcome of the criminal investigation.

"I would hope," Angeli said, "state officials in Oregon remember that Fred Monem has saved this state millions of dollars through the innovative program he's put into place."

News researcher Lynne Palombo and reporter Ashbel Green contributed to this report. Michelle Roberts: 503-294-5041; michelleroberts @news.oregonian.com

Video Shows Coke Worker Taking Documents (WP/AP)

By Harry R. Weber, The Associated Press

The Washington Post, January 27, 2007

ATLANTA -- A former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage giant was caught on surveillance cameras removing documents from her office last June, sometimes late into the evening.

A Coca-Cola security expert testified Friday at Joya Williams' trial that a handful of concealed cameras were installed at the Atlanta-based company's headquarters to monitor Williams' movements in different parts of the sprawling complex.

The surveillance video, played for the jury on Friday, was made after Pepsi received a letter last May purportedly from a co-defendant in the case stating that the person was willing to sell confidential Coca-Cola documents and samples of products that Coca-Cola was developing to the highest bidder.

The government has alleged that Williams stole the materials from The Coca-Cola Co. and gave them to co-defendants Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

Williams faces up to 10 years in prison if convicted of conspiracy. Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Williams' lawyer, Janice Singer, told reporters Friday her client intends to testify in her own defense as early as next week.

The surveillance that Coca-Cola conducted of Williams is a key part of the government's evidence against her.

Coca-Cola security expert Deborah Casey testified Friday that surveillance cameras were running between June 7, 2006, and July 5, 2006, the day Williams was arrested.

Video images displayed in court Friday show Williams placing papers in her bag, holding drink bottles in her hand, placing bottles on a cart in a confidential document room and stuffing gift tote bags in her personal bag. Some of the times she was removing materials occurred at night, between 8 p.m. and 10 p.m.

Under cross-examination by defense lawyer Singer, Casey said that other video clips show Williams doing routine work at her desk, making phone calls and carrying on her normal work day.

Casey also acknowledged that on June 27, when Williams is seen removing a box full of documents from the building, the box is open, and Williams walked past security with it. The lawyer is trying to show there was nothing nefarious about what Williams was doing.

Also Friday, a Coca-Cola scientist testified that some of the product samples that the three suspects are alleged to have tried to sell to Pepsi were under development and had not been launched yet.

In other testimony Friday, an FBI agent who questioned Williams the day she was arrested said Williams denied being part of a scheme to steal or sell Coke trade secrets. The agent, Joan Cronier, also told jurors that Williams denied giving any Coke documents to Dimson and Duhaney.

However, Cronier said she observed some Coke product bottles in Williams' apartment that she had never seen before, and she asked Williams where she got them.

"She said that those were collectors items and that everyone at Coca-Cola took that type of stuff," Cronier recalled.

Cronier also said that Williams told her she hadn't talked to Dimson for about a month prior to her July 5 arrest. Cronier said she then told Williams the FBI had phone records showing she talked to Dimson on June 20.

Cronier said Williams responded that "she didn't know anything about it."

Williams, who has pleaded not guilty, was fired from her job as an administrative assistant to Coca-Cola's global brand director after the allegations came to light.

Her former boss at Coke, Javier Sanchez Lamelas, testified Thursday that he didn't believe Williams had the know-how to commit the crime on her own.

The government is expected to wrap up its case Monday, prosecutor Byung J. Pak told U.S. District Judge J. Owen Forrester on Friday.

The defense will then have an opportunity to present its case.

Six Slain In D.C., Prince George's (WP)

By Mary Beth Sheridan And Rosalind S. Helderman

The Washington Post, January 29, 2007

Four men were killed in the District and two others were fatally shot in Prince George's County in a burst of violence Saturday night and early yesterday, police said.

There was no apparent connection between the six slayings, which included an attack with a baseball bat in Northwest Washington, an apparent robbery in Southeast Washington and a shooting in Oxon Hill, where a gunman fired several times through a sliding-glass door into a man's living room.

Police made an arrest in one of the six cases.

The incidents occurred just weeks after D.C. police announced that homicides had hit a 21-year low in 2006. Killings also declined sharply in Prince George's last year.

The office of D.C. Mayor Adrian M. Fenty (D) said last night that Fenty, Police Chief Cathy L. Lanier and U.S. Attorney Jeffrey A. Taylor will hold a news conference this morning at the site of one of the slayings in Southeast to discuss "their commitment to solve murder investigations in the city and strategies to prevent future homicides."

Two of the weekend slayings occurred in or near Washington's central Shaw neighborhood, where residents have been complaining about a jump in gun violence.

At 10:30 p.m. Saturday, police discovered the body of a 29-year-old man, shot several times, in the first-floor stairwell of an apartment building in the 1500 block of Seventh Street NW, said Sgt. Joe Gentile, a police spokesman. He said police had no suspects in the killing of Deon A. Peoples, who lived in the 1400 block of V Street NW.

Court records show that Peoples was convicted in the 1990s of property destruction, assault and distribution of heroin and cocaine. His mother, Helen Peoples, said he had served jail time but had "turned his life around," becoming a hospital orderly.

Residents said the neighborhood has been plagued by gang violence in recent months. "People are comparing this to the crime waves in the late '80s, early '90s," said Carmen Gilotte. "It's just constant."

Another man was killed about 2:45 a.m. yesterday several blocks away, on 11th Street NW between M and N streets. The man was swinging a baseball bat at other men when one of them grabbed it and dealt him a fatal blow, Gentile said.

A security guard working nearby detained the alleged assailant, Herman Melendez, 21, who has been charged with murder, police said. The dead man's name was not known, nor was Melendez's address, police said.

The other killings in the District were east of the Anacostia River.

About 11:40 p.m. Saturday, police found the body of Kevin Vincent Bradshaw, 41, in the 800 block of Yuma Street SE. He was shot multiple times, police said. "One possibility they're looking at is robbery," Gentile said.

Bradshaw was apparently attacked as he walked home from a bus stop after undergoing kidney dialysis at Howard University Hospital, said his brother, Ricky Bradshaw. "He was a guy who was so good, never been in trouble, never did anything unlawful," he said.

Shortly after 3 a.m. yesterday, police responding to a call about gunfire discovered a man with gunshot wounds in an apartment building in the 300 block of 54th Street NE, Gentile said. The man, whose identity was unavailable, was declared dead at Prince George's Hospital Center, he said.

In Prince George's, a 20-year-old man was killed early yesterday while sitting on the couch in his Oxon Hill apartment, police said. Police responding to a call about 2 a.m. discovered that Darius David Berry had been shot several times through the sliding-glass door of his ground-floor apartment in the 900 block of Marcy Avenue. He died at the scene.

Cpl. Diane Richardson, a spokeswoman for the Prince George's police, said investigators did not know whether Berry was targeted or was the victim of a random shooting.

In Laurel, a man was fatally shot about 3 a.m. during an argument outside J's Sports Cafe in the 12600 block of Laurel Bowie Road, officials said. Richardson said off-duty police officers working security nearby were responding to the fight when they heard a shot.

The crowd scattered, leaving Travis Lashawn Robinson, 29, of Suitland, lying on the pavement, she said. Robinson was taken to a hospital and died a few hours later.

Staff researcher Rena Kirsch contributed to this report.

Money Trail Often Murky In Small-Town Courts (NYT)

By William Glaberson

The New York Times, January 29, 2007

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As court clerk in the western New York village of Perry, Ruth Milks was in a prime spot to see the kind of big money that moves through the state's smallest courts. Her husband was the village justice, and Mrs. Milks — a former justice herself — collected the fines and fees.

She was also in a prime spot to cash in. Mrs. Milks started adding $35 to parking fines, recording the extra charge on the driver's receipt but not in her court files. By the time state auditors caught up with her in 2003 — only because she had fined one of them — they estimated she had pocketed at least $60,000, which investigators said she spent on gifts and a trip to a casino.

It is no secret that New York's justice courts — an unwieldy system of 1,250 town and village courts that dates back to Colonial days — have been troubled for a long time. Three-quarters of the justices are not lawyers, and state disciplinary records show that some have jailed defendants illegally and denied people basic legal rights. In recent months, the Legislature and state judicial officials have been scrambling to fix some of the courts' more obvious failings.

But one of the most intractable problems those officials face is the courts' miserable record with money, which has been lost, stolen or mishandled in case after case. State investigators have discovered financial records in disarray, missing or simply nonexistent.

It is easy to see why. More than $210 million passes through the justice courts each year in bail, fines and fees. But the part-time justices who are elected to preside in them, many with a high school diploma or less, receive about an hour of initial training in how to safeguard and keep track of the money. They and their clerks, if they have any, often get little supervision or resources, and the justices' pay can be as low as $2,000 a year.

The towns and villages that pay them are required by law to review the courts' books, but often fail to take even a cursory look. The officials who run New York's court system say they have neither the power nor the staff to carefully oversee the justice courts' finances, and even state disciplinary officials can do little more than punish the occasional justices whose crimes or errors come to light.

Small wonder, then, that some court officials have helped themselves. A clerk in Patchogue, a Long Island village with a busy justice court, was discovered stealing only after a new justice noticed a sharp drop in court revenues. A subsequent state audit in 2005 revealed that the clerk, Deborah Gustam-Williams, had made off with $37,500.

Patchogue's mayor, Paul V. Pontieri Jr., laid much of the blame on lax oversight at every level. "Give the fox the key to the henhouse," he said, "and he is going to eat hens."

Size of Problem Is Unclear

The sums that have been reported lost to fraud or ineptitude have tended to be small, but they loom large in the tiny budgets of the villages and towns. And state officials can only guess at the real extent of the problem, because the courts are so rarely scrutinized and the records are so often a shambles. A simple search of local newspaper accounts for this article showed that at least 23 justices or local court clerks have been charged with theft since 1986. And an examination of little-noticed reports by state auditors and disciplinary officials — who have punished 79 justices for financial misdeeds since 1979 — turned up every type of transgressor, from the mundane to the outlandish. Cases range from the Niagara town justice who billed both the state and the town for his judicial-training expenses, to the justice in the Hudson Valley town of Ancram who fled to Montana when faced with a 144-count indictment for methodically embezzling at least $9,000.

A Saratoga justice stashed court funds in his freezer, his shoes and several other unorthodox places. A justice in the Finger Lakes town of Ovid stowed thousands of dollars in a briefcase at home, while another, in the Catskill town of Shandaken, told investigators he had kept more than $1,000 in the trunk of his car. Then, he said, he gave the car away.

A justice in Gouverneur, near the Canadian border, let state disciplinary officials in on his unusual approach to the bail posted by defendants. "I used the money," he said. Another justice, in the Southern Tier town of Allegany, told them he saw nothing wrong with using court funds for his own purchases.

And in 2005, auditors from the state comptroller's office not only turned up a bookkeeping mess in the Southern Tier town of Genesee, but also unearthed undeposited checks that people had written to pay their fines. Some were nine years old.

For many years, those auditors were the state's best hope for maintaining some level of financial order in the justice courts. The comptroller's office audited each court every three or four years.

But the office abandoned that sweeping approach in the 1980s, partly in response to staff cuts and new pressures to monitor larger agencies, said Mark P. Pattison, a deputy state comptroller. Now, even as the number and complexity of the courts' transactions have increased, it conducts only a handful of justice court audits every year — 5 in 2005 and 14 in 2004 — though nearly every one has uncovered evidence of systemwide trouble.

The comptroller's office connected the dots last May, sounding an alarm that "the pervasiveness of these problems" was so great that the Legislature should make fundamental changes, like combining courts or forbidding many of the smallest courts to handle money at all.

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The cry was taken up by the state's chief judge, Judith S. Kaye, who issued a report in November saying the losses and thefts "raise difficult questions about the justice courts' financial integrity."

She imposed some modest new rules to tighten financial controls, and promised more training and resources for justices and clerks. But her report conceded that state court officials were powerless to do much more because the state divides responsibility for fiscal supervision among the towns, villages and several state agencies, none of which has the power to fully police the courts.

The money flows in constantly, much of it in cash: fines for speeding, fees paid by litigants in civil cases, bail and restitution from defendants. State rules require that courts quickly bank the payments, keep careful records, then forward the money and financial reports monthly to the state comptroller. The state sends some of the money back to the towns and counties, which helps lighten the load on local taxpayers.

It sounds straightforward enough. But it was apparently too much for Kerry R. Lockwood, a legal secretary and a high school graduate who in 1999 was elected justice in Plainfield, a town of 1,000 people near Cooperstown.

Although she handled, on average, fewer than four cases a month, her financial reports to the state were routinely late, some by nearly two years — even after the comptroller's office told the town board to stop paying her in May 2005 because of the chronic delinquency.

The State Commission on Judicial Conduct chased her, and her records, for an additional year and a half. She did not respond to several letters. When a commission investigator made an appointment to view her files, she stood him up, leaving a letter at the court saying she could not find many records. And when the commission called her in to testify as to why she should not be removed from office, she did not show up.

She resigned last year before the commission ordered her removal for fiscal negligence. Ms. Lockwood, like many justices and clerks, did not respond to a call seeking comment.

Even in as small a town as Plainfield, her story was familiar. In 1999, the commission removed another Plainfield town justice who was routinely late with remissions and reports: Joseph W. Kosina, a cattle farmer and high school graduate who fell so far behind in his paperwork that he asked the town's other justice to file financial reports on his cases. She fell behind, too.

In an interview last week, Mr. Kosina, 73, explained that he was "computer illiterate" and had been trying to juggle two other jobs. "I was raising beef and delivering the newspaper at 6 o'clock in the morning," he said.

A longtime town councilwoman, Larraine McNulty, said it was nearly impossible to find qualified candidates for the local judgeship, which pays $2,000 a year in Plainfield.

"These judges are in over their heads," she said.

Those with the luxury of court clerks sometimes turn over all the money matters to them. But the clerks are not much better prepared; though many receive some state training, it is not required. Many receive no guidance or oversight from their justices, and some do not want it.

In 2003, when state auditors told Amy P. Hontz, a justice in Angola, south of Buffalo, that her court's records were in disarray, with cash stuffed into some files and money missing, she told them quite a story herself: The court clerk, who had resigned, had kept all the records in her basement and limited the judge's access to them.

In its report last May, the state comptroller's office said that there were accounting and financial-review problems in all 12 courts it had studied, and that 10 justices did not understand some of their most basic financial responsibilities, like balancing accounts or determining the amount due to the state.

Even conscientious justices can get lost trying to dig out from the mistakes of past judges. When state auditors found flaws in the financial practices of the Arcadia Town Court, east of Rochester, in 2004, the two justices explained that they were carrying on a long tradition.

"Our books were maintained," they wrote, "as they were by our predecessors and their predecessors before that."

For many towns and villages, the money generated by the justice courts is an important source of income. So it stands to reason that they would take a keen interest in the courts' books.

But Judge Kaye's report in November noted that "many, if not most, localities do not perform full annual audits of justice court finances."

A few months earlier, the comptroller had revealed that only half of the town and village boards conducted audits, and that many local officials were unaware they were supposed to provide any fiscal oversight at all. He estimated that more than $5.2 million could be missing statewide, from about 430 justice courts, or more than one-third of the system.

Local governments pay a steep price for their lack of vigilance, as some towns have found again and again.

In Palermo, a small town north of Syracuse, local officials called in state auditors in 1998 after their justice, Kimberly Sesso, resigned and the court's canceled checks could not be found. The auditors concluded that $3,439 was missing, and advised the town board to do everything possible to step up its oversight.

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Seven years later the auditors were called back, this time to examine the work of the court clerk, Andrea Busko-Price, who pleaded guilty last May to falsifying court records and stealing at least $1,990. Despite their warning, the auditors concluded, court business had continued as usual.

The town supervisor, Ellen M. Jamerson, apologized and promised to do better. And the two sitting justices admitted that the court clerk had been given complete control over the money. But, they wrote, "in a small township such as Palermo with limited financial and human resources, it is not always feasible to do otherwise."

A Limited Proposal

In what she has called sweeping changes, Judge Kaye said her office would require towns and villages to audit their courts. But the punishment for not complying is less than sweeping: The list of delinquent local governments will be sent to the state comptroller's office — which long ago backed away from comprehensive policing of the courts.

To help fill the gap, Judge Kaye has directed the Office of Court Administration, which she heads, to hire 12 new auditors just for the justice courts.

For now, though, the task of policing the justices falls mostly to the Commission on Judicial Conduct. Although it investigates complaints about judges in all of the state's courts, more than 12 percent of its cases in the last three decades have involved financial mismanagement and theft in the justice courts.

But in legislative testimony last month, the commission's administrator, Robert H. Tembeckjian, said the lack of regular audits by the comptroller had left his investigators with few leads, and staff cuts over the years had put his agency "close to a breaking point."

Even when the commission suspects mismanagement or fraud, proving it can be difficult. Some justices have stonewalled, claiming their records are lost or refusing to meet with investigators.

State officials pursued the town justice in Paris, south of Utica, for nine months in 2001, with letters complaining that financial reports and deposits were late. The state persuaded the town board to stop his pay. Still, the justice, John R. Jarosz, did not bother to check his court clerk's financial records, the commission said, even though he had listed his occupation on a state questionnaire as "accountant."

Eventually, the commission found that the clerk had falsified her books to cover up for missing money. The clerk was the justice's wife.

She resigned. He paid back $3,200, and in 2003 the commission found he had failed to supervise her adequately and censured him, the most stringent punishment short of removal.

The Paris supervisor, Joseph F. Jerzak, said town board members were not pleased that the justice kept his job, but the town's lawyer told them they could do nothing about it.

Six months after his censure, Justice Jarosz was re-elected to another four-year term. The supervisor is a bit stumped. "It certainly doesn't seem very rational," Mr. Jerzak said.

The Apathetic FBI (WP)

The Washington Post, January 29, 2007

CONGRESS WASN'T the only institution whose performance fell short when it came to protecting teenage pages and former pages from the predatory behavior of former representative Mark Foley (R-Fla.). A report by the Justice Department's inspector general depicts a disturbingly passive FBI response to creepy, albeit not sexually explicit, e-mails he sent to a former page. As with the lawmakers and staff who received early warnings of Mr. Foley's troubling behavior, the FBI agents who reviewed the messages seemed more interested in figuring out how to drop this hot potato than in taking steps that could have stopped the congressman.

The FBI did face a conundrum in dealing with the Foley e-mails. As its agents concluded, the e-mails on their face did not present evidence of criminal behavior. As a general matter, that's where the bureau's job should start and stop. No one wants a return to a J. Edgar Hoover-era FBI that feels empowered to rummage through people's private lives. As the agent in charge of the FBI's cyber crimes squad told the inspector general, the FBI needs to have a reasonable basis to believe that a crime is about to be committed before acting, because "we're the big, bad government."

But given that minors were involved, the FBI should have done more. The messages were disturbing enough to the former page that he forwarded them to a congressional staffer with the comment that they were "sick" and "freaked me out." The FBI agents who looked at them concluded, variously, that they were "odd" and "inappropriate"; one who read them remembered thinking, "What a freak."

As the report by Inspector General Glenn A. Fine concluded, the e-mails "provided enough troubling indications on their face, particularly given the position of trust and authority that Mr. Foley held with respect to House pages, that a better practice for the FBI would have been to take at least some follow-up steps with regard to the e-mails" -- interviewing the former page,

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notifying House officials in charge of the page program or at the very least telling the group that had forwarded them to the FBI, Citizens for Responsibility and Ethics in Washington (CREW), that it did not plan to take any additional steps. "We are not the ethics police," the agent in charge of the cyber crimes unit told the inspector general. True, but as the report points out, the FBI's own guide to Internet safety points out that predators often "gradually seduce" their targets with attention and gifts.

All too characteristically, when Mr. Foley's misbehavior came to light, the FBI blamed its inaction on incomplete and "heavily redacted" information provided by CREW and the organization's alleged refusal to provide additional details. As the report makes clear, that was not accurate. It was the FBI's apathy, not CREW's recalcitrance, that was at fault here.

CIVIL RIGHTS:

Farm Boss Gets 30-year Term (MH)

By Ronnie Greene

The Miami Herald, January 29, 2007

The farm boss lured recruits from homeless shelters with promises of good work and steady pay, yet when the destitute arrived at the East Palatka camp of Ronald Evans Sr., they faced a different reality: a hovel-turned-open-market bazaar filled with crack, booze and cigarettes sold from the "company store." Evans docked workers' pay so steeply they pocketed just 30 cents on the dollar.

The workers, mostly black men recruited from Miami to Tampa and beyond, had become literally addicted to the camp, unable to flee until their debt was squared.

On Friday in Jacksonville federal court, Evans faced his penance: 30 years in prison, the longest sentence handed out for abuse of farmworkers in recent Florida history.

"Everyone realized this was an abhorrent act," said Paul I. Perez, U.S. attorney for the Middle District of Florida.

Evans, 59, had been convicted in August on 57 charges of engaging in a criminal enterprise, distributing crack cocaine, dealing in contraband, spoiling the environment, violating federal farmworker statutes and more than four dozen counts of improper financial transactions.

His two labor camps have been forfeited to the government, one in Florida and the other in Newton Grove, N.C., and Evans and his wife Jequita -- his co-defendant -- must hand over $1.1 million in ill-gotten gains.

The sentence handed out by U.S. District Judge Timothy J. Corrigan nearly closes a chapter on one of the most significant federal investigations into claims that workers toiling at the bottom of Florida's rich agricultural industry are often abused and sometimes held as virtual captives.

Evans' wife and son Ronald Evans Jr., both also convicted, will be sentenced next month. On Friday, one underling was given more than five years in prison, another one a year, a third probation and a fourth awaits sentencing.

In 2003, a Miami Herald investigation, Fields of Despair, exposed the rank exploitation of laborers at North Florida farmworker camps, including the practices of crew leaders like Evans. Growers hire these bosses to supply laborers to work the fields and to house and transport them.

The Miami Herald found that Florida had the most scofflaw farm labor contractors in the United States -- more than four of every 10.

`LIKE A SLAVE CAMP'

"It was more like a slave camp. After he gets you there, he's got you," one former Evans worker, recruited from a Tampa Salvation Army shelter, told the newspaper in 2003. ``A couple of guys said they owed $10,000. You might as well owe them your soul, because where can you go?"

U.S. Attorney Perez said the government's investigation was prompted by the newspaper's series.

"We jumped on what you guys exposed," Perez said after the sentencing.

In 2003, the FBI launched a criminal investigation, later to be joined by the U.S. Department of Labor, Environmental Protection Agency and others.

"Several laborers told agents that when laborers became indebted to the Evans Labor Camp, they were not allowed to leave," court records say.

In 2005 a team of agents raided the East Palatka housing camp, gathering evidence including purple spiral notebooks listing the "line" purchases made at the camp each night after dinner and itemizing the amounts "made," "owed," and "balance" due.

'Trusted employees distributed the items and kept careful records. . . . The Evanses deducted the purchases from the laborers' pay envelopes on Saturday, keeping a very large majority of the laborers in perpetual debt and poverty."

Evans charged the laborers $50 a week for room and board, paid them at or near minimum wage, and then deducted hundreds or thousands for their purchases at the company store. Advances of crack cocaine were available on payday, stuffed into the workers' envelopes, the government said.

"The motive behind this business model was wholly economic, designed to drive down labor costs and to turn payment to the laborers into another source of profit," the U.S. Attorney's Office wrote.

CASH FOR CRACK

When Evans needed cash to buy crack, he cashed checks written by farmer clients -- hiding the true intent of the money. "Because large cash transactions must be reported by financial institutions, the defendants instructed the farmers to structure the payments to comply with the reporting requirements," the U.S. attorney wrote.

From 2001 to 2005, Evans and his wife cashed dozens of checks at just under $10,000, the threshold for detailed disclosure -- some for $9,960, $9,996 or $9,999. After his 2005 indictment, the feds say, Evans obstructed justice by persuading one farmer to lie to Internal Revenue Service agents.

The jury also convicted Evans of violating the Clean Water Act after he directed that a large PVC pipe be connected to the camp's septic tanks.

"The pipe continuously carried raw, untreated human excrement underground for some distance and then deposited it directly into Cow Creek," which flows into the St. Johns River, the feds said.

Two other counts say Evans employed unauthorized drivers to transport laborers.

On Friday Evans' lawyers argued for leniency, saying he had actually helped down-on-their luck laborers in need of work. The government countered that he, in fact, had exploited the most vulnerable.

The case was prosecuted by Assistant U.S. Attorney John Sciortino of Jacksonville and Susan French of the U.S. Department of Justice's Civil Rights Division, and included work by the Drug Enforcement Administration and Putnam County Sheriff's Office.

Worker advocates say the prison terms send a message.

"The farmworkers in East Palatka or Fort Pierce . . . maybe will have some recognition there's a real possibility of the government doing something to stop their abusers," said Lisa Butler, an attorney with Florida Rural Legal Services who has brought lawsuits on behalf of laborers against crew bosses and growers in North Florida.

After 'Hate-crime' Melee, Calm Eludes Quaker School (CSM)

By Alexandra Marks, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, January 29, 2007

Guilford College tries to reaffirm its values after an alleged attack on three Palestinian students.

GREENSBORO, N.C.

Like the banners condemning hate and the chalked peace signs on sidewalks, the makeshift scarecrow that stands on the tree-lined Guilford College campus is a testament to the trauma gripping this small Quaker school, as well its determination to heal.

With a mop for hair and a cardboard-box face, the scarecrow wears a sign inviting students to "Write the definition of community." Pinned to the corkboard hanging around its neck are scraps of paper with words like "Tolerance," "Accepting of all," and "Well-being."

The community scarecrow, as it's called, was erected last week by students after at least five members of the school's football team were accused of attacking three Palestinian students. According to court documents, the players allegedly beat the students with feet, fists, and brass knuckles, while calling them "terrorists" and racial epithets.

This coming week, the FBI and local prosecutors will begin interviewing football players. They'll also interview the three alleged victims.

Five of the football players have already been charged with assault and battery, as well as "ethnic intimidation," North Carolina's formal name for its hate-crimes law. The FBI is also investigating whether the Palestinian students' civil rights were violated.

The altercation shocked the campus and the surrounding community – in no small measure because Guilford is dedicated to core Quaker values like diversity, integrity, and community. It also has a long history of recruiting Palestinians from the Friends Schools in the West Bank, offering them scholarships and paths to a new life.

National hate-crime experts contend the fact that such an alleged attack could take place at a school like Guilford – voted by Newsweek as the "hottest for social conscience" in 2006 – is a reflection of how deeply distrust of Islam now permeates the United States. For data, they point to polls, such as one done by CBS last April. It found that 45 percent of Americans now have a negative view of Islam – more than 9 percentage points higher than in the tense months following the 9/11 attacks. And a

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Washington Post poll found that the number of Americans who believe Islam stokes violence has more than doubled – from 14 percent in January 2002 to 33 percent in March 2006.

"What we have here is a climate where Islamaphobia is not only considered mainstream, it's considered patriotic by some, and that's something that makes these kinds of attacks even more despicable," says Brian Levin, director of the Center for the Study of Hate and Extremism at the University of California at San Bernadino.

The only facts not in dispute surrounding the events of that late Saturday night at Guilford are that a fight occurred, racial slurs were thrown as well as fists, and people were hurt. The three Palestinian students, one of whom was a visitor from North Carolina State University, all sustained concussions and contusions. One also has a broken jaw, another a broken nose. And a third has back injuries. All have been released from the hospital.

"At the end of the day, we believe the facts will show they were attacked by a group of individuals, and it was an unprovoked attack," says Seth Cohen, a lawyer who is representing the Palestinian students.

The father of one of the football players, who was arrested and charged, released a picture to the media that showed his son had a bruise shaped like a belt buckle on his back. He says that is proof the football players were not the only culpable ones. In a statement released to the media last Friday, he wrote: "When all of the facts are revealed, we believe that those who are sensationalizing this story will be rightly embarrassed...."

The college administration, which has its own independent investigation under way, is determined to quell the excited emotions on both sides of the debate. It has said it will not pass any judgments until its review is complete.

"We seek truth, justice, and reconciliation," Guilford College President Kent Chabotar told students at an open forum last Wednesday. "Those are hard – impossible to achieve without due process and without listening to each other."

That determination to uphold the Quaker value of patience has angered some students at Guilford who believe that the college should be moving faster to label the incident a hate crime. During the past week, they've held candlelight vigils, staged a one-day boycott of classes, and held repeated meetings with top college officials.

"If there's one thing almost everybody ... agrees on, is that it was a hate crime," says Yuri Woodstock, a freshman from Roanoke, Va.

Other students believe the school is handling things well. And they've found their colleagues' way of expressing their anger inappropriate.

"Despite being somewhat displeased with the almost irrational initial reaction, I was also pleased to see that people actually cared," says Wes Corning, a senior from Washington, D.C., and president of the school's Community Senate. "It's formed into a real sign that the students like to protect Guilford and all it stands for – they do take the Quaker values really seriously here."

Those values have also helped the local Muslim-American community, which has always had good relations with the college, come to terms with the incident.

"If it had happened at any other college, I'd be standing on the corner raising [a ruckus]," says Isa Abuzuaiter, chairman of the Board of the Islamic Center of the Triad, which represents the estimated 10,000 Muslims in the Greensboro area. "But it's Guilford, and so we really don't know what to do."

Mr. Abuzuaiter and others in the area are doing their best to support the three students. But they are worried about the impact of the incident on their own children. His son Michael, who was born and raised in Greensboro, plays football for Guilford's archrival, Greensboro College.

"Would these players take revenge on my son and try to hurt him on the field? I don't know," he says.

But he and his colleagues are also optimistic about the future for Muslims in America, despite the current climate. And one reason, they say, is the way that Guilford College and its students are responding to the incident.

"The Quakers are our friends. They have always opened their hearts to us," says Badi Ali, president of the Islamic Center. "What we're seeing now is the fruit of those years of cooperation.... We need more education and exposure to each other. We need to stand up for victims and to challenge the racist mood in this country."

'Hate Crime' Of Beatings Divides A Campus (NYT)

By Eddie Huffman

The New York Times, January 29, 2007

GREENSBORO, N.C., Jan. 26 — In this business-minded Southern city that looks more like a sprawling suburb, Guilford College stands out like a hippie commune, a Quaker liberal arts school where students call professors by their first names and regularly stage antiwar protests.

"I regard Guilford as a kind of sanctuary from the madness of the outside world," said Parke Puterbaugh, 51, who began teaching a course about the history of rock music last fall. "A different environment altogether. Dreadlocks, flannel shirts, liberal outlooks and a high tolerance for people's backgrounds and lifestyle choices."

"That is what makes this ugly incident so abhorrent to so many on campus," Mr. Puterbaugh said. "It goes against the core values."

The "ugly incident" occurred outside a dormitory early last Saturday. The police say a group of football players from the college — estimates range from 5 to 15 — beat up three Palestinian students, two of whom are among those who come to Guilford from a Quaker high school in the West Bank city of Ramallah. The third was a friend who attends North Carolina State University in Raleigh.

There has been a great deal of speculation but no official confirmation of a motive for the attack. The police said the injured students first refused public safety officers' urgings that they seek medical treatment. The next day, though, a victim said, they were treated for injuries, including concussions and nerve damage, and told the police that they wanted to press charges.

As of Friday, Greensboro police had filed charges against five football players, primarily for assault and ethnic intimidation. The Federal Bureau of Investigation said it had begun an investigation to determine whether the attack was a hate crime.

Since the attack, several students, including members of minorities, have worn T-shirts saying, "I don't feel safe here," and, "Hate crimes happen at Guilford College."

And one victim, along with Guilford's director of multicultural education, Sekinah Hamlin, has called the incident a hate crime. Students and faculty and staff members have come together in customary Quaker fashion — for a worship service at the New Garden Friends Meeting House near the site of an Underground Railroad station across from the campus, for discussions where all were encouraged to speak and for a daytime vigil. A loose confederation of activist students organized a walkout from classes on Thursday in solidarity with the crime victims.

While some students praise Ms. Hamlin as trying to create a safe atmosphere for minority students to voice their concerns after the beatings, others, including friends of several athletes on campus, accuse her and some students of fostering a divisive, fearful atmosphere.

"It's just driving a wedge between us," said Emily Bradford, 20, a third-year anthropology, sociology and forensic science major from Hillsborough. "That's not what Guilford is all about. That's not what community is all about."

Even the most ardent activists say the incident has led to a lot of stereotyping and name-calling.

"I have a friend who's a footballer," said Casey Thomas, 18, a freshman from Queens. "He wasn't even here that weekend, but he said someone came up and just cursed him out — lectured him."

In spite of the divisions, students across campus sounded remarkably similar themes on Friday, whether at a tiny liberal hangout called the Greenleaf Cafe, a dorm-basement co-op or at the sprawling dining room in Founders Hall. All expressed the desire for everyone to stop stereotyping the attack or anyone involved in it and for people not to rush to judgment but instead have the patience to let the investigative process work itself out.

"Getting to the truth is going to be a process," said Lili Sharpless, 21, a third-year student from Germantown, Pa. "You have to trust that. A lot of people feel the football players should be suspended without going through the process."

Ms. Thomas expressed a similar idea, lamenting divisions among students that she thinks are superficial and wrongheaded.

"This is not a clique war," she said. "This is not a hippie vs. athlete thing."

Woman's Crusade Against Bar Spawns Free Speech Case (LAT)

By Maura Dolan

The Los Angeles Times, January 29, 2007

The most important free speech case now before the California Supreme Court carries neither the heft of the Pentagon Papers nor the emotion of Nazis seeking to marching in Skokie, Ill.

In fact, the figure at the center of the case, a Christian evangelist in Newport Beach, makes an highly unlikely 1st Amendment hero. Anne Lemen, 58, says she doesn't care about free speech, or the constitutional question that her case, like the Pentagon Papers before it, poses: When may government prevent speech before it has occurred?

Lemen just wants to tell people that she believes her nemesis, the Balboa Island Village Inn, is mafia, as are her ex-husband and the guards at a local church, and the police are in cahoots, And, she wonders aloud, why would anyone accuse an innocent Christian woman of lying?

On top of that, Lemen contended, "the bar," as she calls the Village Inn, has attempted to murder her.

Lemen owns a cottage only feet from the restaurant (and led a campaign to restrict it because she said it disrupted the neighborhood. Aric Toll, 41, a chef who bought the restaurant and bar with his parents, filed a defamation lawsuit against Lemen, saying she was ruining his business.

After a trial, a judge ordered Lemen to stop videotaping Toll's customers and barred her from telling anyone that the bar makes sex videos, dabbles in child pornography, distributes illegal drugs, encourages lesbian activities, has mafia links, is a

whorehouse and sells tainted food — all false statements, the court said, that Lemen had made. She appealed the order before it could be enforced.

Courts around the country have disagreed over whether "prior restraint" orders in defamation cases are constitutional, and cases involving them are multiplying as people sue to stop defamation on the Internet. The U.S. Supreme Court has upheld prior restraint in cases of national security and obscenity, but not in a defamation complaint. When it took up the question in a case brought by the late Johnnie Cochran against a picketer, the high court said only that the order against the picketer was unconstitutionally broad.

Duke University constitutional law professor Erwin Chemerinsky is paying his own way to California and working free of charge to tell the California Supreme Court today that the order violates Lemen's right to free speech.

If Lemen loses, such court orders might become "a regular remedy in defamation cases," Chemerinsky said. Newspapers could even be barred from covering a person who won one, he said. In his view, the only appropriate remedy for defamation is monetary damages.

But J. Scott Russo, who will represent the Village Inn at the hearing, said the order was Toll's only way to stop Lemen from hurting his business. He said Toll did not ask for damages because it was impossible to specify how much money Lemen had cost him..

"It's ridiculous that someone can stand in front of a restaurant and tell patrons that the food makes you sick and that they sell drugs and have prostitution, and a court would have its hands tied and could not say, 'Stop,' " Russo said.

Balboa Island is a densely packed maze of small but expensive homes close to merchants. The island's reputation for rowdy nightlife has given way to a more sedate atmosphere as rising home prices have turned vacation rentals into year-round homes.

The bar has been on Marine Avenue since the 1930s, and regulars reportedly included James Cagney, Humphrey Bogart and Bing Crosby. Lemen's dispute with Toll began when he and his family purchased it in November 2000. Some neighbors, included Leman, had feuded with the previous owner as well.

Lemen, who owns the two-unit cottage a narrow alley away from the restaurant, began harassing Toll's employees and patrons, calling them "whores" and "Satan," videotaping departing customers going to their cars and taking flash photographs through the restaurant's windows, Toll said.

Later, she helped organize a campaign to stop the city from granting the bar an expanded entertainment license to expand the restaurant's entertainment permit.

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A burly, reserved man who prefers to work in the kitchen rather than the "front of the house," Toll said there was "no way" he would have bought Village Inn if he had been warned about Lemen.

She once parked in front of his restaurant and blasted the horn for 30 minutes nonstop, he said. On another evening, he said, he watched as passersby scanned his window menu and then fled after Lemen told them the food was poisonous and the place filled with rats.

"I decided something had to be done," said Toll, seated in his mostly deserted dining room on a Sunday night.

Although Lemen continues to deny most of the allegations, the trial judge found otherwise. A Court of Appeal later struck down much of his order on 1st Amendment grounds, including the part that blocked her from disparaging the bar. The court left in place a prohibition against videotaping within 25 feet of the bar.

The California Supreme Court will rule on the case within three months. If it upholds the order, Lemen could be jailed or fined for making the banned statements in the future.

"All you need to win in court are two liars, one to back up the other, against the nice innocent Christian woman," said Lemen who wears her blond hair in a page boy with bangs.

Lemen talks at breakneck speed and sometimes bursts into a religious hymn or dances to the ring of her cellphone. "You should write this down," she repeatedly tells a reporter.

Her Balboa Island home, which she purchased in 1989 and now rents out, has a colorful front garden of fake flowers and a replica of the Statue of Liberty holding the Bible. The garden also contains a large stone Bible with Christian verses and a statue of a lighthouse with the words, "The Lord is our Light." Little booklets about Christianity, titled "Smile, Jesus Loves You," are there for passersby to pick up.

On the front of the cottage hangs a large silver circle emblazoned with an eagle and the words "In God We Trust". She said she put it up after hearing that civil libertarians opposed the mention of God on money.

"I decided I am going to make that a Christian heritage house for you, my Lord," she said.

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During a recent conversation, she suggested she pose "for fun" in a plastic crown with a torch she retrieved from the cottage basement. So adorned, she put her arm around her frontyard Statue of Liberty and belted out religious hymns as people walked by and stared.

Although she is the subject of a major constitutional court case, Lemen doesn't particularly like lawyers — "they are all about money" — and complains that her own lawyer, D. Michael Bush, cares only about free speech and becoming "famous" because of it.

She would prefer her lawyers to focus on "what the bar has been up to."

"What's an attorney if he won't defend you?" Lemen said. "I don't want free speech."

Lemen's lawyers point out that she made many of the disputed statements as part of her campaign against the bar's expanded license, a matter of widespread public interest. She gathered about 400 signatures from the island's 1,200 residents to oppose the permit, but the bar won anyway.

The neighbors now enjoy good relations with Toll's Village Inn, and Lemen said the bar became quieter as a result of her efforts. Lemen, who said she was a registered nurse with grown children, believes she has paid a big price for speaking out.

"There have been four attempts on my life, and the police refuse to investigate because they are part of the bar," she said.

Business owners and residents in the neighborhood praised the owner of the Village Inn and criticized Lemen in interviews. None would be identified. "I don't want her coming after my business," said one.

Another neighbor said of Lemen, "She's just goofy, honey." The neighbor described the owner of the bar as "that poor guy."

Another longtime resident said the bar was not the problem, "It's her. She is just a very unique individual. You just try to stay clear of her."

While renting out her cottage — she said the bar drove her to move — Lemen lives in a gated, adult community miles away from Balboa Island.

There she stores piles of documents about the bar and evidence she has gathered. She asked a Times photographer not to photograph her files because "the bar is gong to break in and take this" if the presence of the files becomes known.

Lemen popped a videotape into her television to show scenes of crowds of young adults in the early morning hours outside the bar several years ago. A young woman in the crowd wore a halter top.

"Look at how she dresses," Lemen gasped.

Some Christian friends of Lemen have been trying to help her. Craig W. Fletcher, who showed up at Lemen's apartment, said he was there for her protection. He described her as his best friend, later adding that he had known her for two months.

"She's really a cross between Florence Nightingale, Joan of Arc and Erin Brockovich," Fletcher said.

Bush, her primary lawyer, said the First Amendment should protect "vulnerable" people like Lemen, who "is just not an effective advocate for herself and could be crushed."

"A kernel of truth can come from the most unlikely sources, which is why I think it is important to have the most free and robust debate," Bush said. "Who knows? Even Anne Lemen might have something to say."

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ANTITRUST:

US Air Works To Save Delta Bid (WSJ)

By Corey Dade, Melanie Trottman, And Susan Carey

The Wall Street Journal, January 29, 2007

US Airways Group Inc. is willing to increase its hostile takeover offer for Delta Air Lines Inc. by $1 billion under certain conditions as part of a last-ditch effort to win support from Delta creditors, according to people familiar with the matter.

The Tempe, Ariz., carrier said over the weekend that it would sweeten its $9.8 billion cash-and-stock bid to about $10.8 billion if the official committee of creditors approaches Delta with a demand that the Atlanta airline open itself to due diligence by US Airways, these people said. To get the additional $1 billion, all in cash, the committee also would have to ask a bankruptcy judge to postpone a hearing next week on Delta's restructuring plan, these people said. The group also would have to agree to support the start of a formal antitrust review.

· The News: US Airways is willing to raise its hostile offer for Delta by $1 billion.

· The Conditions: The official creditors' committee must demand that Delta open itself to due diligence by US Airways. The committee also would have to ask a bankruptcy judge to postpone a hearing on Delta's restructuring plan.

· What's at Stake: The move is aimed at salvaging an acquisition attempt that so far has failed to win broad support from the creditors' committee.

The move by US Airways is aimed at salvaging an acquisition attempt that so far has failed to win broad support from the official committee of Delta creditors, which holds much of the power to decide the airline's fate. The offer from US Airways is set to expire Thursday, and Delta could begin soliciting votes from creditors for its stand-alone reorganization plan following the Feb. 7 court hearing. Gerald Grinstein, Delta's chief executive, has insisted that the airline would be best to emerge from bankruptcy-court protection on its own later this year.

US Airways indicated that the $10.8 billion bid was final, said one person familiar with the matter. This person said the airline didn't consider the increased bid official since it hadn't yet sought director approval.

A spokeswoman for US Airways confirmed that the airline's advisers have been in contact with advisers for the ad hoc committee of Delta creditors, but she declined to comment on any specifics. A Delta spokesman declined to comment.

It isn't known whether the additional $1 billion is swaying any of the Delta creditors on the official committee closer to supporting the US Airways takeover bid. Any sign that the committee is wavering in its endorsement of Delta's strategy to exit from bankruptcy protection on its own this spring would likely have to emerge in the next several days.

The sweetened offer came after US Airways was approached late Friday by a group of Delta creditors that aren't part of the official committee, said the people familiar with the matter. The outside group, consisting largely of short-term investors who are more interested in the US Airways takeover than the official committee, proposed that the bid be increased by more than $2 billion, these people said. The ad hoc group also indicated that some of its members would be willing to publicly state their support for the acquisition.

On Saturday, US Airways responded with its offer of an additional $1 billion in cash, bringing the total cash portion of the bid to about $6 billion, these people said. US Airways wouldn't increase the number of shares from the previous offer of 89.5 million, but it included a termination fee that would be paid to Delta creditors if the deal is blocked by the Justice Department for anticompetitive reasons.

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Levi's Turns To Suing Its Rivals (NYT)

By Michael Barbaro And Julie Creswell

The New York Times, January 29, 2007

United States Patent and Trademark No. 1,139,254 is not much to look at: a pentagon surrounding a childlike drawing of a seagull in flight.

But the design for a Levi's pocket, first used 133 years ago, has become the biggest legal battleground in American fashion.

Levi Strauss claims that legions of competitors have stolen its signature denim stitches — two intersecting arcs and a cloth label — for their own pockets, slapping them on the seats of high-priced, hip-hugging jeans that have soared in popularity.

So Levi's is becoming a leader in a new arena: lawsuits. The company, once the undisputed king of denim and now a case study in missed opportunities, has emerged as the most litigious in the apparel industry when it comes to trademark infringement lawsuits, firing off nearly 100 against its competitors since 2001. That's far more than General Motors, Walt Disney or Nike, according to an analysis by research firm Thomson West.

The legal scuffles offer a rare glimpse into the sharp-elbowed world of fashion, where the line between inspiration and imitation is razor thin. After all, clothing makers' trade secrets are hung on store racks for all to see, and designs can be quickly copied with small changes to exploit a hot trend.

The lawsuits, which Levi's says it is compelled to file to safeguard the defining features on its jeans, are not about the money — one settled for just $5,000 in damages. Instead, the company says, they are about removing copycats from stores. Nearly all the cases have settled out of court, with Levi's smaller rivals agreeing to stop making the offending pants and to destroy unsold pairs.

But those competitors say the lawsuits are the last resort of a poor loser, a company that has lost billions in sales, laid off thousands of workers and flirted with bankruptcy as the denim industry exploded.

"They missed the boat," said Tonny Sorensen, chief executive of Von Dutch Originals, a six-year-old denim and clothing manufacturer sued by Levi's six months ago for allegedly borrowing the company's double arcs for a back-pocket design. "Now they want to make a lot of noise and scare people away."

Mr. Sorensen said his pocket design "did not look like Levi's at all" because of subtle differences like placing the arcs "one inch to the left" and stitching a line to resemble "a pirate's hook."

Nevertheless, Von Dutch agreed to remove the jeans from dozens of boutiques and destroy hundreds of unsold pairs. "It was one style and it was not that successful anyway, so we made the decision not to fight it," Mr. Sorensen said.

In the majority of cases, Levi's accuses competitors of copying its design of two arcs that meet in the center of the pocket or its famous Levi's tab, a folded piece of cloth sewn into the vertical seam of the garment.

Robert Hanson, Levi's president for North America, said the company manufactured "a product that a lot of people are copying and copying with a lot of success."

Instead of relying on Levi's designs for what he called a "running start," competitors should "look for other devices that don't come remotely close to the Levi's trademarks," Mr. Hanson said. "Be more innovative."

But the privately held Levi's, whose founder sewed together the first pair of jeans in 1873, has been unable to exploit the latest $200-a-pair denim craze — and now claims scores of smaller competitors are riding high because of what it created. When consumers' tastes shifted toward designer jeans that were bejeweled, torn and frayed, Levi's was still selling basic $30 pairs at K-Mart.

In this dispute, back-pocket stitching has become the fashion equivalent of ink blots, with plaintiffs and defendants seeing in the new designs what they want, or need, to see. So far, Levi's view is prevailing.

The company's team of denim detectives — there are 40 across the world, scouring boutiques and department stores — has spotted what they considered offending stitches on jeans from the biggest names in the clothing business: Guess, Zegna, Esprit, Lucky Brand and Zumiez, to name a few.

Even companies that have painstakingly worked to avoid infringing on Levi's trademarks have found themselves in the company's crosshairs. At Rock & Republic, one of the country's fastest-growing jeans makers, designers intentionally placed a cloth label on the right hand side of a back pocket, not the left, which would violate a Levi's trademark.

Levi's sued anyway, arguing its trademarks forbid placing such a label on a vertical seam of a back-pocket. During a tense, five-hour settlement discussion in San Francisco several weeks ago, the chief executive of Rock and Republic, Michael Ball, upbraided Levi's lawyers for their aggressive tactics.

"I take it personally that you try to dictate how I design my jeans," he recalled saying. Still, Mr. Ball said he agreed to stop placing the label on the vertical seam of a right-hand pocket for two years to avoid a drawn-out legal battle.

In an interview, Mr. Ball said his back-pocket stitching "was not remotely close to Levi's" and that he agreed to a settlement, in part, because "I will get bored with that design soon anyway."

Executives at Levi's concede they missed important fashion trends as the denim industry ballooned over the last several years, but they deny the lawsuits are connected to any downturn in their business.

Instead, they say they are simply trying to preserve their intellectual property. Like pharmaceutical companies that sue generic drug makers over their patents or technology companies that duke it out over who owns the right to microchip designs, Levi's says it is trying to protect its most valuable asset, its trademarks.

Clothing companies have battled counterfeiters and each other for decades over design trademarks. Lacoste has defended its alligator, Polo Ralph Lauren fights for its polo player and Nike fiercely protects its famous swoosh.

In that respect, Levi's is no different. As far back as the 1970s, it sued the firm that made Wrangler jeans over the use of identifying tabs on clothing. "We protected our trademarks when business has been terrific and when it's been difficult," said Mr. Hanson.

Yet difficult only begins to describe Levi's business today, after it failed to exploit the designer denim boom in what is widely regarded as one of the biggest debacles in the American clothing business. Levi's sales have plummeted more than 40 percent since 1996 to $4.1 billion, forcing it to close dozens of factories and lay off nearly half of its workforce, or 7,600 employees, in the last five years.

The clothing company faced two major problems over the last decade. Its image and brand — button fly, rugged, and all-around bad-boy cool — was largely built for men, its jeans cut boxy and loose- fitting. At the same time, the company, which once distributed its jeans largely through department stores catering to the rich, had shifted into lower-priced retailers like J.C. Penney, Sears and Wal-Mart.

In the mid-1990s, though, the denim industry underwent a seismic shift as small upstarts began designing tight-fitting, feature-flattering women's jeans and distributing them through luxury boutiques and department stores.

Women suddenly began snapping up jeans from manufacturers like 7 for All Mankind and True Religion that cost more than six times what Levi's charged. Levi's did not produce a premium denim line, Capital E, until just last year.

"The emergence of all this denim sold at astronomical prices simply passed them by," said David Wolfe, creative director of the Doneger Group, a fashion consulting firm in Manhattan. "They should have jumped on the bandwagon but they did not even seem to see the bandwagon rolling, which amazed everyone in the fashion industry."

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The denim manufacturers who recognized the trend openly concede that Levi's has served as an inspiration, if not template, for their products.

"Everyone is borrowing from them, it's inevitable," said Michael Silver, the founder of Silver Jeans, who has had several legal run-ins with Levi's. "They should be happy that people are copying them," he said.

But Levi's is not flattered. "The value of the brand will become diluted if the marketplace becomes crowded with products with similar tabs or stitching to ours," said Thomas M. Onda, a global intellectual property lawyer for Levi's.

So employees at Levi's keep walking into stores and scanning the racks for rivals who dare to stray to close its trademarks, as Steven Shaul, the founder and chief executive of Jelessy Jeans, learned when he slapped several intersecting arcs on a back pocket.

At the time, Mr. Shaul, who loves Levi's and wears its jeans all the time, was confident his design bore no resemblance to the Levi's trademark. "It was not even close," said Mr. Shaul, whose jeans sell for between $200 and $400 a pair.

"It was an original design," he said. "Why would I use Levi's stitching? If my jeans sell for $200, I would not knock off $40 jeans from Levi's."

Nevertheless, Levi's sued in 2005. "The first night after I was sued by them I couldn't sleep," he said. "The second night, no sleep again. Then I started talking to people in the industry and I realized, hey, everyone's been sued by Levi."

Relieved, he quickly settled the case, agreeing not to sell jeans with the offending stitches. "I did not even hire a lawyer," he said.

View Of Media Ownership Limits Changes (USAT)

By David Lieberman

USA Today, January 29, 2007

NEW YORK — When members of the Federal Communications Commission look at TV stations these days, they aren't just kicking back to watch American Idol or Heroes.

Regulators are about to reassess their rules on who can own stations and how many — a review they are legally bound to do every four years. And to rule on the most controversial proposals, they must determine how much damage — if any — the Internet and other new media are inflicting on local stations, which collectively had an estimated $26 billion in ad sales last year.

If officials conclude that competition from the digital world threatens local TV, they might decide it's OK to ease the rules and let companies own multiple stations in a market, or let a newspaper buy a station in its town.

Broadcasters and newspaper companies (including USA TODAY parent Gannett, the largest newspaper publisher and a major owner of TV stations) are lobbying for that.

"If you get rid of the newspaper-broadcast cross-ownership rule, it maximizes the chance for better local news in a community," says Newspaper Association of America CEO John Sturm.

But the case for change becomes weaker if, as many consumer advocates say, stations still generate healthy cash flows and dominate local news.

"A small handful of giants determine what the American people see, hear and read," Sen. Bernard Sanders, I-Vt., said this month at the National Conference for Media Reform, a gathering in Memphis of 3,500 activists.

They fear that once the rules are relaxed, big companies will consolidate even more. "I think that we need greater diversification in the media," Sanders says. "I think we've got to stop media deregulation, big time."

While the issues are important, some can't help but look at this year's debate with skepticism.

"The term 'media monopoly' has meaning, it's had meaning for 60 years, but I think the content of the term is changing," former FCC chairman Reed Hundt says.

" 'Media monopoly' seems now to be about whether you can use the Internet for free or whether there's any limit on what you can send over the Internet," he adds. "The issues of the last 10 years don't have that much resonance anymore."

Even so, opponents of relaxing the rules seem to feel good about their chances of winning the debate — if not at the FCC, then in the newly Democrat-run Congress.

"The best thing we can do is to play offense," FCC Commissioner Michael Copps, one of the two Democrats on the five-member body, told the gathering in Memphis. "We really have this golden opportunity right now. The American people understand what media consolidation is all about."

Many major media companies are looking to downsize and invest in new media, not increase their bets on over-the-air broadcasting. In the last two years, Knight Ridder was sold and broken up, Viacom split into two companies, and Clear Channel decided to go private. Tribune Co. now is trying to figure out which of these paths to take.

The situation may be one reason some companies appear to be investing only a little political capital fighting for the right to grow.

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ABC owner Disney, for one, told the FCC that it's sitting out this year's broadcast ownership fight.

"I haven't seen the same kind of lobbying (to relax ownership caps) that there used to be," says former FCC official Blair Levin, now a managing director at Stifel Nicolaus. "You don't see a lot of people saying, 'Why hasn't (FCC Chairman) Kevin Martin moved on this?' "

Still, the FCC must grapple with the ownership rules. Beyond the legally required quadrennial reassessment, it also has to revisit its decision in 2003 to relax the rules that bar ownership of multiple stations in a market and that prevent a company from owning a newspaper and TV station in the same market. A U.S. Appeals Court sent the rule changes back, saying that the regulators hadn't adequately justified their decisions.

Martin appears determined to loosen or repeal the rule affecting newspapers and stations.

That's "his top priority among the media ownership rules," says Andrew Jay Schwartzman, president of the Media Access Project, a public interest law firm. "So we have a big fight on our hands."

Those favoring a change say TV stations need help.

Cable companies are starting to compete for local TV ads and increasingly have their own local news channels.

What really frightens some local broadcasters, though, is the possibility that ABC, CBS, Fox and NBC, the networks that supply their popular prime-time shows and national newscasts, will use the Internet and other new media to go around them and offer programs directly to viewers.

All the networks are starting to do so on their own websites and through online retailers such as iTunes. In addition, cable and satellite companies are inviting networks to put shows on their video-on-demand menus.

"In the old days — two years ago — there was no way to air your TV show in Milwaukee if you didn't have an affiliate there," says Bernstein Research analyst Michael Nathanson. "But that monopoly has been broken. The networks' strategy has moved past, 'I've got to own everything.' The debate in Washington is very much last decade."

Once consumers find an easy way to put broadband video on their TV sets, "The competitive battle will be fully joined," says Nielsen Analytics general manager Larry Gerbrandt. "Pretty soon, we'll just see TVs equipped with broadband connections."

Major broadcasters are already responding to these trends, even though only a relative handful of people watch TV shows on new platforms now.

Last year, NBC sold four of its TV stations, bringing its total down to 10. And Disney told the FCC that it isn't interested in adding to its fleet of 10 TV stations, which reach 24% of all U.S. households, far below the federal cap of 39%.

"Given the increase in, and attractiveness of, new media outlets," Disney said in a filing, "the Commission may soon find itself considering ways to incent, rather than restrict, ownership of over-the-air broadcast stations."

Major networks, which face their own pressures to boost revenue, are weakening local station balance sheets by phasing out the payments they used to make to affiliates that air their programs.

Meanwhile, stations have had to invest in equipment to broadcast digital and high-definition signals to beat the 2009 federal government deadline to be all-digital and give back the spectrum they use to serve today's analog TV sets.

"That's a continued threat to the financial stability of broadcasting," says National Association of Broadcasters' Dennis Wharton.

Newspaper owners say that they're ready to step in and buy TV stations in markets where they own papers if the FCC lets them.

They are struggling to meet new media competition for ad sales and look forward to a payoff from cross-promoting their products, selling combo ad packages and cutting expenses, possibly including news staffs.

They add that viewers would benefit from having a station owned by a company committed to covering their community.

The amount of local TV news "is trending down, not up," Sturm says. "The only prospect for more local news on local television is for newspapers to be able to own those stations. Every other broadcast ownership regulation the FCC has had since the 1970s has been modified or eliminated. This is the only one that hasn't changed."

Fears that one company will have too much power to shape public opinion, deregulation supporters say, make little sense as the Internet, cable and other technologies virtually allow anybody to reach everybody.

"There are more (media) outlets today than there have been at any point in the past," says media investor Christopher Dixon of GGCP. "Every day that more people are on the Internet, the argument for cross-ownership limitations falls by the wayside."

Those who want to keep current restrictions argue that it's dangerous to be dazzled by Internet hype.

Some 82% of adults in a 2006 survey commissioned by the Consumer Federation of America and Consumers Union said that they still primarily get information about their communities from daily and weekly newspapers and TV and radio stations.

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There's a good reason why the growing collection of local cable news channels and community-focused websites ranked far behind.

"There's nothing there," says CFA research director Mark Cooper. "There are no reporters, if you look at the cable systems. There's no original content, if you look at the Web. It just repeats what they found elsewhere. The origin of most news is still the newspaper and the TV reporters."

And he and other consumer advocates say that broadcasters — the people the FCC regulates — don't need any help to provide strong, independent newscasts.

They're still attractive businesses: The collective value of broadcast TV company stocks rose nearly 30% in the last 12 months, beating the 13% rise in the Standard & Poor's 500. "The next time someone sells a TV station for less than they paid will be the first time," says Art Brodsky of the advocacy group Public Knowledge.

That's why FCC Commissioner Copps says the idea that broadcasters want out is "baloney."

"If the rules are loosened, you'll see a great wave of consolidation, worse than we had before," he told media activists in Memphis. "And you'll never get the genie back into the bottle."

ENVIRONMENT/INDIAN AFFAIRS:

Power Producers Rush To Secure Nuclear Sites (WSJ)

By Rebecca Smith

Wall Street Journal, January 29, 2007

First to Develop Plans Could Tap $8 Billion In Federal Subsidies

With the U.S. on the verge of building a new generation of nuclear power plants, potential owners are racing to identify and lock down the best sites in order to secure billions of dollars in federal subsidies pledged to first-comers.

Their efforts will test local and national attitudes more than two decades after nuclear accidents made headlines. They also represent a considerable financial gamble for the utility industry, which is moving ahead at a rapid pace despite uncertainty ranging from environmental opposition to finding a home for radioactive nuclear waste. In one case, the zeal to secure a promising site has resulted in a nasty legal battle.

A flood of applications seeking permission to build at least 30 reactors, primarily in the South, is expected to pour into the Nuclear Regulatory Commission beginning late this year. If built, the reactors would boost the nation's electricity supply by more than 30,000 megawatts, or 3%. A megawatt is enough to power at least 500 homes.

'A Horse Race'

Under recent legislation intended to jump-start development, Congress is dangling more than $8 billion worth of subsidies, plus loan guarantees, in front of the first few plants that get built. Practically speaking, companies must apply to the NRC this year or next to qualify for the special assistance -- a process that can cost $50 million apiece.

"It's like a horse race," says Adrian Heymer, senior director of new plant development at the Nuclear Energy Institute, a Washington, D.C.-based trade organization. "Most companies are striving to submit applications as fast as they can."

At root is a sea change in views over nuclear power. From 1974 to 1994, spooked by skyrocketing costs, high interest rates and accidents in 1979 at the Three Mile Island plant in Pennsylvania and in 1986 at Chernobyl in the former Soviet Union, utilities canceled 96 nuclear projects in the U.S. Nuclear power currently makes up about 20% of the nation's electricity supply, compared with about 50% from coal, from 104 U.S. reactors.

But in a time of rising concern over price stability, dependence on foreign sources and global warming, nuclear power is on the cusp of a return. It doesn't rely on fossil fuels in tight supply or located in politically troublesome countries. Unlike coal, use of nuclear fuel doesn't create air pollution or carbon dioxide blamed for global warming.

Earlier this month, President Bush in his State of the Union address encouraged "safe, clean" nuclear power. Some existing plants have been getting license extensions from the federal government to keep them running, but the industry argues that aging plants eventually will need to be replaced.

Facing Opposition

Still, there's no certainty the industry will build plants, despite the money being spent on the effort. Development of the federal government's waste depository at Yucca Mountain, Nev., is behind schedule and could still face political opposition. Spent fuel is being stored at power-plant sites, a situation never intended to be permanent. Utilities are worried about the waste-disposal problem and construction costs, which spiraled out of control once before.

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Meanwhile, opposition is gathering. The advocacy organization Public Citizen criticizes the "nuclear relapse" under way and asks opponents near proposed plants to "let us know how you'd like to help" block construction. Utilities expect some opposition but hope nuclear power's spruced-up image as a carbon-free resource will win over environmentalists.

Even the biggest and most profitable nuclear operators are avoiding regions where public sentiment is unpredictable. Big nuclear operator Exelon Corp. is "sniffing around for a site in Texas," says John Rowe, chairman and chief executive of the Chicago-based utility company. He says New Jersey could use more nuclear capacity, but he's "not sure the citizenry is ready for it yet" so he's steering clear. California prohibits nuclear development until there's a federal waste repository.

Focusing on the South

So far, the industry is focusing efforts almost exclusively on the South, where plant operators think acceptance of nuclear power never flagged and where local officials welcome the economic stimulus of multibillion-dollar projects. Applications will focus on sites utilities are confident will pass muster at the Nuclear Regulatory Commission -- locations that are adjacent to existing nuclear units or that were previously approved for nuclear development that never occurred.

Baltimore-based Constellation Energy Inc. has publicly identified two sites for development: the Calvert Cliffs plant in Maryland and -- a notable exception to the Southern concentration of the new sites -- the Nine Mile Point plant in upstate New York. Constellation is willing to chance receptivity because "we already operate there, so we think we can make it happen," says Tracy Imm, Constellation spokeswoman.

The 96 plants canceled long ago represented about half of the number of projects originally proposed. The cancellations were costly at the time, but they created a large inventory of locations now being given a second look. Utilities in many cases still own the sites.

For safety, security and public-relations reasons, nuclear plants typically are built in rural areas. Thus, the jobs they create loom larger than they would in cities. Plants are expected to cost $3 billion to $4 billion, each creating 2,000 construction jobs. Once completed, a plant needs 250 to 400 workers.

A consortium of utilities called NuStart Energy Development LLC is working with the NRC to speed up and smooth out the application and development process. It's working on applications for a new plant at Entergy Corp.'s Grand Gulf nuclear site in Mississippi, using a new General Electric Co. reactor design, and at Tennessee Valley Authority's Bellefonte site in Alabama, using a new reactor design from Westinghouse Electric Co., now controlled by a consortium led by Japan's Toshiba Corp. NuStart members -- Constellation, Duke Energy Corp., EDF International, Entergy, Exelon, FPL Group Inc., Progress Energy Inc., Scana Corp., Southern Co. and TVA -- control half the nation's nuclear capacity.

Utilities also are pursuing separate projects. Dominion Resources Inc. is considering its North Anna site in Virginia, and Southern is looking at its Vogtle site in Georgia; in each case, four units were permitted but only two built. "Atlanta is expected to double in the next 25 years," says Southern's Buzz Miller, senior vice president of nuclear engineering. "We're going to need a lot of new generation."

Legal Battle

The imperative to find sites has set off intense jockeying for position in some cases. One transaction, involving utility operator Duke Energy, has led to lawsuits, underscoring the eagerness to secure potential nuclear sites.

Duke announced its intention to pursue nuclear development last March, and it identified a 2,036-acre riverfront tract in Cherokee County, S.C., as its top pick. It was land Duke previously had owned, and decades earlier it received permission to build three nuclear reactors there. But after investing more than $600 million, Duke canceled the Cherokee projects and sold the parcel for $2 million in 1985.

A partnership, Mark V Land and Development LLC, approached Duke and other utilities to gauge purchase interest in 2005. When Duke learned Southern had emerged the apparent victor, it sued to block the sale. The suit was dismissed as groundless. Mark V, in a countersuit, accused Duke of abuse of process and trying to depress the price. Duke denies the allegations and the case is headed for jury trial. Duke and Southern now are teaming up to develop the site.

Alternative-Fuels Push May Inspire Some Better Bets (WSJ)

By Patrick Barta

Wall Street Journal, January 29, 2007

President Bush's State of the Union address, which called for a nearly fivefold increase in the nation's alternative-fuel consumption by 2017, did little to silence critics who contend that new fuels like ethanol and biodiesel aren't likely to play a major role supplying the world's energy needs in the years ahead.

They see two key problems. First, the profitability of many alternative fuels -- without sizable subsidies -- is still in question. This is especially true now that the cost of raw ingredients used to produce "biofuel," including corn, has rocketed, squeezing profit margins for producers of those fuels.

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At the same time, oil prices have receded since last summer when they hit $77 a barrel; they are now hovering around $55 a barrel. That could lead to losses at some biofuel plants if the trend continues.

In some parts of the world, notably Australia, the market for alternative fuels has already started to look like a bust, with the local media referring to "carnage" in the sector as once-hot companies cancel share offerings or watch their stock prices tumble.

Second, it's becoming clear that boosting output of agriculture-based fuels, such as ethanol, will cause significant new strains on the world's water and land resources, and could drive prices of basic foodstuffs to unacceptable heights, hurting poor consumers.

But even as the outlook for alternative energies darkens, some analysts see a more positive outcome from the latest turbulence: a forced redirection of resources toward alternative fuels that are more efficient and sustainable than the current batch.

These analysts see an analogy in the dot-com bust of 2000. The bust cleared out some of the worst ideas and least-efficient companies in the tech arena, allowing deeper-pocketed investors to consolidate operations and emerge leaner to make the Internet an even more powerful force in the world economy.

They believe a similar scenario will play out in the alternative-fuels market.

"I quite look forward to a period of $45-to-$50 oil prices -- I think it will bring good discipline to the [alternative-energy] market," says Michael Liebreich, chief executive of New Energy Finance, a London-based research firm that specializes in alternative energies.

There are indications that a shift toward more-sustainable investments is already taking place, as some serious investors channel their spending to energies that either produce less environmental fallout -- such as solar or wind power -- or to agriculture-based options that don't require as much water or compete with traditional food crops.

In India, for example, some farmers are rushing to plant jatropha, a little-known oilseed that can be used to make fuel. Jatropha, like some other newer-generation sources of biodiesel, is inedible, so its use doesn't divert a food crop to fuel use. More important, analysts say, it can be grown in arid soil or planted on poor, unused land that is threatened by erosion, making it a relatively environmentally friendly option.

Investors are also directing more money into "cellulosic" fuels that use nonfood commodities such as switch grass or farm waste to make ethanol. A small number of companies, including Spain's Abengoa SA, are attempting to launch projects using such biomass energy.

A growing number of financial institutions, including Bank Sarasin & Co., a Swiss private bank that follows the sector, are advising clients to steer their money into these "second-generation" alternative-energy companies.

Still, the newer alternative-energy sources have their problems. It will likely be years before sources such as jatropha or biomass will be economically viable on a meaningful scale, and it's possible much of the current wave of investment in such technologies will yield losses.

But investments in research can produce results. During the last big alternative-fuels push, after the 1970s oil-price shocks, corn yielded less than two gallons of ethanol per bushel, according to Dan Basse, president of Chicago research firm AgResource Co. In the newest facilities, launched after years of study, a bushel can yield 2.8 gallons or more.

Analysts say there's also far more private capital chasing alternative-energy solutions these days, partly because of the rise of hedge funds and other investment vehicles desperate to find new growth industries. Moreover, subsidies for the industry are more widespread than before. In addition to the U.S., many European countries as well as China, Brazil and others have adopted or are contemplating new biofuel incentives.

Mr. Liebreich at New Energy Finance estimates that investors poured about $70 billion into alternative energies last year, more than double the 2004 total.

Much of the money is coming from well-established companies that could be in a position to buy up distressed assets if the alternative-fuel market continues to struggle.

One such company is Noble Group Ltd. of Hong Kong. Although much of its business is in traditional commodities such as iron ore and coal, Noble has purchased minority stakes in several U.S. ethanol plants and is investing in sugar-based Brazilian ethanol.

"People will overextend and many plants will have financial difficulty," says Ricardo Leiman, Noble's chief operating officer. But he adds that as facilities fail, that could create more opportunities for bigger investors to move in.

Of course, all bets are off if oil prices keep falling. If that happens, alternative energies could wither just as they did after the retreat of the oil-price surges of the 1970s.

The Sum Of All Ears (NYT)

By Paul Krugman

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New York Times, January 29, 2007

For those hoping for real action on global warming and energy policy, the State of the Union address was a downer. There had been hints and hopes that the speech would be a Nixon-goes-to-China moment, with President Bush turning conservationist. But it ended up being more of a Nixon-bombs-Cambodia moment.

Too bad: the rumors were tantalizing. Al Hubbard, the chairman of the National Economic Council, predicted "headlines above the fold that will knock your socks off in terms of our commitment to energy independence." British officials told the newspaper The Observer that Mr. Bush would "make a historic shift in his position on global warming."

None of it happened. Mr. Bush acknowledged that climate change is a problem, but you missed it if you sneezed. He said something vague about fuel economy, but the White House fact sheet on energy makes it clear that there was even less there than met the ear.

The only real substance was Mr. Bush's call for a huge increase in the supply of "alternative fuels." Mainly that means using ethanol to replace gasoline. Unfortunately, that's a really bad idea.

There is a place for ethanol in the world's energy future — but that place is in the tropics. Brazil has managed to replace a lot of its gasoline consumption with ethanol. But Brazil's ethanol comes from sugar cane.

In the United States, ethanol comes overwhelmingly from corn, a much less suitable raw material. In fact, corn is such a poor source of ethanol that researchers at the University of Minnesota estimate that converting the entire U.S. corn crop — the sum of all our ears — into ethanol would replace only 12 percent of our gasoline consumption.

Still, doesn't every little bit help? Well, this little bit would come at a very high price compared with the obvious alternative — conservation. The Congressional Budget Office estimates that reducing gasoline consumption 10 percent through an increase in fuel economy standards would cost producers and consumers about $3.6 billion a year. Achieving the same result by expanding ethanol production would cost taxpayers at least $10 billion a year, based on the subsidies ethanol already receives — and probably much more, because expanding production would require higher subsidies.

What's more, ethanol production has hidden costs. Even the Department of Energy, which is relatively optimistic, says that the net energy savings from replacing a gallon of gasoline with ethanol are only the equivalent of about a quarter of a gallon, because of the energy used to grow corn, transport it, run ethanol plants, and so on. And these energy inputs come almost entirely from fossil fuels, so it's not clear whether promoting ethanol does anything to reduce carbon dioxide emissions.

So why is ethanol, not conservation, the centerpiece of the administration's energy policy? Actually, it's not entirely Mr. Bush's fault.

To be sure, at this point Mr. Bush's people seem less concerned with devising good policy than with finding something, anything, for the president to talk about that doesn't end with the letter "q." And the malign influence of Dick "Sign of Personal Virtue" Cheney, who no doubt still sneers at conservation, continues to hang over everything.

But even after the Bushies are gone, bad energy policy ideas will have powerful constituencies, while good ideas won't.

Subsidizing ethanol benefits two well-organized groups: corn growers and ethanol producers (especially the corporate giant Archer Daniels Midland). As a result, it's bad policy with bipartisan support. For example, earlier this month legislation calling for a huge increase in ethanol use was introduced by five senators, of whom four, including presidential aspirants Barack Obama and Joseph Biden, were Democrats. In a recent town meeting in Iowa, Hillary Clinton managed to mention ethanol twice, according to The Politico.

Meanwhile, conservation doesn't have anything like the same natural political mojo. Where's the organized, powerful constituency for tougher fuel economy standards, a higher gasoline tax, or a cap-and-trade system on carbon dioxide emissions?

Can anything be done to promote good energy policy? Public education is a necessary first step, which is why Al Gore deserves all the praise he's getting. It would also help to have a president who gets scientific advice from scientists, not oil company executives and novelists.

But there's still a huge gap between what obviously should be done and what seems politically possible. And I don't know how to close that gap.

SMELL TEST How Politics Influenced A Big Clean-Up Deal (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 29, 2007

IMPERIAL BEACH, Calif. -- As Tijuana has boomed, fueled by industrial expansion, something else has also surged: the flood of raw sewage the Mexican border city sends gushing downhill into neighboring California. Less than 60% of the city's sewage is being treated at all, and that only to minimal levels, leaving tons to flow into the canyons and surf of Southern California.

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To stem this growing mess, the American government has chosen an unusual solution. Without any competitive bidding, the U.S. gave Bajagua LLC, a start-up company with no experience in treating waste water, sole authority to build and operate a treatment plant in Mexico.

The tale of Bajagua's success in getting the contract involves, among other things, well-timed campaign contributions to local members of Congress and other political figures. The firm also enlisted people with crucial connections as lobbyists. And when that didn't prove enough, Bajagua obtained backing from Vice President Dick Cheney and the White House, which cleared away opposition by federal agencies, several former senior federal agency officials say.

The Bajagua plan ("Bajagua" is a contraction of the Spanish "baja," for Baja California, and "agua," water) has prevailed even though, when it was first proposed in the late 1990s, it faced opposition from all of the relevant federal agencies. Records show that the State Department, the Environmental Protection Agency, the Justice Department and the Clinton White House's Office of Management and Budget dismissed the proposal as inadequate and impractical, and said it would violate existing law and treaties. Opponents of the plan say it won't stop the main causes of the waste and garbage flowing across the border.

Bajagua's tale shows how plans for federal public-works projects could be diverted by a small group of lawmakers, who were able to push contracts toward big campaign contributors. It also highlights the political difficulties posed by the pollution flowing into the U.S. from burgeoning Mexican border cities.

Recently, the project's backers have missed important deadlines, and officials are questioning whether the company has taken vital steps it claims already were achieved, including obtaining commitments for financing, essential permits and land. The federal government's contract with Bajagua calls for cancellation if the plant isn't built and running by September 2008, leaving the company only 19 months to build and open a plant. As a result, U.S. and Mexican officials have begun to express concern about whether it can succeed. Bajagua's principals say they are on track.

In an unusual step, the U.S. committed itself without appropriating money for the plant, and the final cost isn't known. The federal agency in charge estimates the total cost to the U.S. will be between $580 million and $780 million.

Coastal southern San Diego County lies at the bottom of a drainage system that originates in Baja California mountains in Mexico, feeds into the Tijuana River flowing through the heart of Tijuana and down into the ocean at Imperial Beach, Calif. As it passes through Tijuana, the river picks up raw human waste, battery acid, old tires, household garbage and toxic chemicals. From hilltop squatter settlements surrounding Tijuana, meanwhile, more sewage flows directly down canyons into San Diego County.

Beaches as far north as northern San Diego County are affected, but Imperial Beach, a favorite California surfing spot, has borne the brunt of the pollution. All or parts of the beaches along Imperial Beach and the estuary just to the south of it were closed for 198 days in 2006, according to the San Diego County statistics. The pollution causes health hazards, a weakened local economy, low home prices and harm to endangered wildlife, according to public-health experts, local business owners and others.

In the dry season, a system of special drains often catches the waste flowing through the Tijuana River (which would be dry without waste water) as well as the sewage running down the canyons. These pump the waste to a treatment plant in San Ysidro, Calif. But the drains are overwhelmed in the November-to-April rainy season and sometimes in the dry season too.

The problem was obvious on a late November day, when the San Diego-Tijuana area had its first rain of the season. After only a few tenths of an inch of rain, the raw sewage flow was too much for a drain in the river bed. Water covered with floating garbage and white foam from detergent, and filled with raw human waste, washed into the Tijuana Estuary on the U.S. side, soon reaching the ocean. Health officials closed the beach at the mouth of the Tijuana River.

Justin Jeter has surfed around the landmark Imperial Beach pier for 20 years and says he can't resist going in when the surf is up. But he adds that lately he has suffered frequent sinus and ear infections, which, like many surfers, he attributes to the pollution.

A recent study in the journal Applied and Environmental Microbiology by Richard Gersberg, professor at San Diego State University's Graduate School of Public Health, and colleagues documents high levels of hepatitis A virus and human intestinal viruses in ocean water off the mouth of the Tijuana River and at the Imperial Beach pier after seasonal rains.

The pollution also affects the estuary, a 2,531-acre wildlife reserve, sandwiched between the border and Imperial Beach, through which the Tijuana River empties into the ocean. Joy Zedler, an ecology professor who has studied the estuary, says polluted sediments from Tijuana have eliminated clams, sand dollars and fish species from the estuary and adjacent waters. Endangered birds, such as the light-footed clapper rail, have been harmed, and plants native to the estuary killed off, including a rare species of pickleweed.

Once a sleepy border town, Tijuana is now Mexico's fourth-largest city, with a population of more than 1.3 million. About 2,000 people on average arrive daily to stay. Tijuana's growth stemmed from maquiladora plants -- foreign-owned plants allowed

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to import materials and export finished goods duty-free -- and more recently the North American Free Trade Agreement and growing cross-border trade.

With the city's flat land used up, hundreds of thousands of new dwellings eat up the surrounding steep hillsides so quickly that whole new neighborhoods appear in days. Even in many legal developments, the dwellings aren't connected to sewers or running water. Instead, plastic pipes run from indoor latrines, dumping raw waste into the dirt roads. The outflow etches gullies in the roads and flows into the Tijuana River or down the hillsides to the estuary on the U.S. side.

The municipal sewage system is leaky. A reporter driving one day in the city's center during the dry season saw a geyser of sewage shooting up from around a manhole cover and running down the street.

Tijuana has a sewage treatment plant of its own on the coast just south of Tijuana that receives 25 million gallons of raw sewage daily. It treats 17 million gallons to a "primary" standard before dumping it into the surf. Only solids are filtered out, not toxic chemicals, heavy metals and other dangerous stuff. The rest of the sewage is spewed untreated directly into the ocean.

The U.S. has long recognized that Mexico was unlikely to pay all the costs of treating sewage that washes north of the border. Under treaties, agencies in both countries work together on sewage and other issues. The U.S. agency is the International Boundary and Water Commission, an El Paso, Texas-based arm of the State Department.

In the 1990s the commission built the San Ysidro plant, on the U.S. side of the border. It takes in 25 million gallons per day of Tijuana sewage, treats it to a primary stage, then sends it through an 11-foot-wide pipe before discharging it in the ocean 3.5 miles offshore.

That partly treated discharge falls far short of U.S. Clean Water Act standards. In response, the IBWC intended to expand treatment at the plant. It acquired land and planned to increase capacity in steps.

Then Bajagua entered the picture. The small company was established solely to try to build a plant in Mexico under a U.S. government contract to address the Tijuana waste problem.

It grew out of a partnership in the 1990s between James D. Simmons, a former San Marcos, Calif., city councilman who runs a consulting business, and Enrique Landa, a Rancho Santa Fe, Calif., architect-turned-entrepreneur and son of a Mexico City architect. Messrs. Landa and Simmons had put together packages of permits which they sold to construction companies to build a waste-treatment plant in Sonora state in Mexico, and to upgrade treatment at a Mexico City plant.

Mr. Simmons says Mr. Landa's travels in northern Mexico, where he saw an acute shortage of usable water and waste treatment, led him to the idea of building a Tijuana treatment plant. (Through a Bajagua spokesman, Mr. Landa declined to be interviewed.) The two men concluded that they could make money by treating waste, eventually, to cleaner standards and selling the reclaimed water.

Under Bajagua's plan to build a plant in Tijuana, 25 million gallons a day of raw sewage would continue to flow to the San Ysidro plant on the U.S. side where, as now, it would be treated only to primary standards. Then new pumps and pipes would send it back uphill into Mexico to the new Bajagua plant.

After treating the sewage there, Bajagua would send it downhill again, through yet another set of new channels, where it would cross the border a third time, to San Ysidro. Then it would be shunted into the ocean through the existing pipe. Eventually, the Bajagua plant would also treat an additional 34 million gallons of sewage directly from Tijuana, to be sent across the border to the ocean pipe.

The idea of a U.S.-funded treatment plant in Mexico ran counter to an agreement the U.S. had with Mexico committing to build treatment facilities on its own side of the border.

A 1999 environmental-impact statement prepared by the Environmental Protection Agency and the IBWC called the Bajagua plan "not a feasible alternative." It said the plan wouldn't expeditiously meet the goal of additional treatment -- which it said could be accomplished at the San Ysidro plant.

A big criticism, then and now, was that no plan addressed a key source of pollution: the millions of gallons of Tijuana sewage that don't go into any sewer system at all.

Engineers who evaluated the Bajagua plan, including Michael L. Evans, a senior IBWC engineer at the time, concluded that it was unnecessarily costly, because the same sewage would ping-pong across the border three times before being discharged into the ocean.

Bajagua executives say their plan makes sense because the San Ysidro plant has limited room for expansion and faces local opposition. They also say Bajagua would be reimbursed in annual increments only after its plant is up and running. "The only way we get paid back is if we build it, it works and it operates to standards," says Mr. Simmons.

The commission and other federal agencies reviewed Bajagua's plan, and rejected it.

But that wasn't the end. Local members of Congress blocked the IBWC's plan to expand the San Ysidro plant and pushed the Bajagua alternative. Democratic Rep. Bob Filner, whose district includes the San Ysidro plant, and Republican Rep. Brian Bilbray, from a nearby district, in 2000 sponsored a bill promoting Bajagua's plan. A draft of the bill actually named Bajagua as

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the firm to do the work. When some lawmakers complained, the sponsors changed to wording that they hoped was so specific it would make Bajagua the only possible choice.

"We basically wanted one company," Mr. Filner says. "So we had to find a way to do it within the law."

From 1996 through 2005, Bajagua officials and their immediate relatives gave more than $56,000 in campaign contributions to Mr. Filner, federal campaign records show, more than to any other candidate in that period. Mr. Filner says he supported Bajagua because he considers it the best solution and his constituents wanted the plant in Mexico. "I'm doing this for my district, not for Enrique [Landa] who is my friend," he says.

The Clinton White House opposed the bill. The Office of Management and Budget stated, "Its approach raises serious foreign policy and legal concerns and will hinder our ongoing efforts to address the region's wastewater treatment needs." But after some amendments, and facing strong congressional support, Mr. Clinton signed it. The bill paved the way for a new treaty with Mexico that would allow the Bajagua project.

Even Congress's backing wasn't enough to overcome opposition by the IBWC and other federal agencies. Arturo Duran, IBWC commissioner in 2004 and 2005, says he had reservations because "it's not normal to sole-source to a company a contract for hundreds of millions of dollars. It's not how the federal government operates."

With progress at a standstill, the California Water Quality Control Board in 2001 sued the IBWC, as owner of the San Ysidro plant. The suit led to a federal court order to bring the plant's discharge up to less-toxic "secondary" standards by September 2008.

It took intervention from the White House and Republican Rep. Duncan Hunter of Southern California to turn events to Bajagua's favor.

On Oct. 14, 2002, Bajagua's Messrs. Simmons and Landa traveled to Roswell, N.M., where Vice President Cheney appeared at Republican fund-raisers. After a public rally, Mr. Cheney met privately with a small group of big contributors at the home of a local Republican backer, energy executive George Yates, Mr. Yates says.

Mr. Simmons says he and Mr. Landa went in response to an invitation received in the mail to the fund-raiser. "Dick Cheney attended that, I got to shake his hand, and had my picture taken, and that was the end of it," he says.

But the next day Mr. Simmons sent a letter on Bajagua stationery to the vice president, expressing gratitude "that you could spend some time with us in Roswell." It added, "I appreciate the opportunity I had to briefly introduce the Bajagua Project to you and your staff." Mr. Simmons also gave a five-page "Bajagua Project Briefing" to Catherine Martin, a top adviser to Mr. Cheney.

In early 2003 -- Bajagua officials say they can't recall the date -- Matthew Simmons, then a lobbyist for Bajagua, met with a Cheney aide about the project in the vice president's offices. (Mr. Simmons, a former legislative director for Rep. Hunter, isn't related to James Simmons.) Other lobbyists hired by Bajagua include James R. Jones, former U.S. ambassador to Mexico.

On Sept. 4, 2003, Bajagua representatives including James Simmons met with officials of the White House's Council on Environmental Quality, which oversees executive branch environmental policy, Bajagua says. The same day Rep. Hunter met with James Connaughton, chairman of the environment council, to press for support of Bajagua, according to emails by IBWC officials disclosed on the Web site of William Weaver, a University of Texas at El Paso professor.

Public records show that Bajagua spent $585,000 on lobbying from 2001 through the first half of 2006.

Beginning in 2003 the White House pressed the relevant federal agencies to embrace the Bajagua project, according to interviews, a report by the Project on Government Oversight, a Washington, D.C.-based nonprofit organization, and email messages and documents posted on Mr. Weaver's Web site. At the Justice Department, a staff attorney who had backed the IBWC's opposition to Bajagua on legal grounds was replaced by a political appointee who reported to then-Assistant Attorney General Thomas Sansonetti, a longtime friend of Mr. Cheney. Staff at the IBWC who had opposed the project were overruled or moved aside, say Mr. Evans and other former IBWC staff.

Lea Anne McBride, a spokeswoman for Mr. Cheney, declined to respond to questions about the vice president's role in the Bajagua case. "The bottom line is that the vice president does not issue government contracts," she said.

In 2004, Rep. Hunter pushed through amendments to the 2000 law that favored Bajagua, further exempting it from normal restrictions on federal contracts. In 2005, the IBWC chose Bajagua as the sole "preferred option" for additional treatment of Tijuana sewage.

The 2002 thank-you letter from Bajagua to Mr. Cheney praised Rep. Hunter, chairman of the House Armed Services Committee, as "our champion." Before the encounter at the fund-raiser with the vice president, Rep. Hunter had received a total of $4,000 in campaign contributions from Messrs. Simmons and Landa and a Bajagua lawyer. Two days after the meeting, he received another $1,000 each from Mr. Landa's brother and sister-in-law.

Bajagua spokesman Craig Benedetto says timing of the contributions was "coincidental." He says Rep. Hunter had no role in arranging access to Mr. Cheney.

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Mr. Hunter's spokesman said the congressman "doesn't specifically recall coordinating a meeting" with Mr. Cheney, but "it would be entirely appropriate for the vice president to be involved in such a meeting" given the importance of the sewage issue.

Concerning the Bajagua campaign contributions, he said, "Congressman Hunter does what he thinks is right for the nation and in the best interest of the San Diego community. This project is no exception." Rep. Hunter has announced he is running for president in 2008.

Meanwhile, Rep. Bilbray, the other sponsor of the 2000 law, received $2,500 in contributions from Bajagua-related individuals. He lost his seat in the 2000 elections and soon went to work as a lobbyist. He represented Mr. Benedetto's public-relations firm to lobby on behalf of Bajagua, for which he received $35,000, records show.

In December 2001, less than a year after Mr. Bilbray's term ended, he testified before the House Water and Environment Subcommittee at a hearing on progress under the 2000 Bajagua-related law. He didn't disclose that he was a Bajagua lobbyist.

Mr. Bilbray says he didn't violate lobbying rules, which forbid a former lawmaker to appear before, or even communicate with, members of Congress to try to influence them on anyone else's behalf for a year after leaving office. He says he testified at the hearing "just representing myself as an author" of the 2000 law.

Last year, Mr. Bilbray was reelected to Congress, taking the seat vacated by Randy Cunningham, now in federal prison for soliciting bribes from federal contractors. Bajagua-related individuals gave Mr. Bilbray $6,850 in campaign contributions.

The cost to the government of the Bajagua project remains unknown. Bajagua and the commission missed a March 2006 deadline to negotiate an agreement which would have set the financial terms. The U.S. would reimburse the company's investment, with an added percentage of profit over 20 years once the plant opens.

Although Mr. Simmons says Bajagua's hopes for big profits lie in selling treated sewage someday as "reclaimed water," U.S. and Mexican officials say Bajagua hasn't submitted any plans for an additional plant to produce the water and has no land or approvals to build one. It isn't clear whether Bajagua legally could sell reclaimed water.

IBWC Commissioner Carlos Marin says Bajagua has missed deadlines for the Tijuana plant. Bajagua insists that, as required, it has arranged for financing. Mr. Simmons says flatly: "We have a commitment from Citibank to finance the project." But the IBWC says Bajagua hasn't given it any documents supporting the claim. Mr. Marin says, "We don't have any proof" of financing. Also, California denied Bajagua a permit it was required to obtain by September 2006 to discharge treated waste into the ocean. Bajagua is appealing.

Bajagua also was to have reached an agreement by September 2006 to purchase land. Mr. Simmons recently said Mexico would be announcing the specific site "in a few weeks." But José de Jesús Luévano, an official at the IBWC's Mexican counterpart, says the government has no intention of selling land to Bajagua. He says a lease is under discussion between Mexico and the company, but any announcement is months away.

Mr. Marin admits doubts about whether Bajagua will meet the 2008 deadline. "The more time that passes, that's getting a little bit leery," he says. Yet the IBWC has put all its eggs in Bajagua's basket. Failure would mean years before any alternative could be in place. Mr. Marin acknowledges that the IBWC has no backup plan.

Write to Scot J. Paltrow at scot.paltrow@wsj.com2

What Would It Take To Clean Up The Bay By 2010? (WP)

By David A. Fahrenthold

The Washington Post, January 29, 2007

To deliver on the pledge to save the Chesapeake Bay in three short years, you could start by digging up a million lawns to fix septic tanks that pollute too much.

Then ask 80,000 farmers to make expensive changes in the way their farms work. Overhaul hundreds of sewage plants, each project with a price tag that could run into the millions.

And find about $28 billion -- enough for six aircraft carriers -- to pay for it all. Right now, authorities are at least $14 billion short.

This month, the Environmental Protection Agency said efforts to restore the bay's health need to be accelerated to meet a 2010 deadline. It turns out that "accelerated" might be understating it: Experts say meeting the goal would require widespread sacrifices from individuals and unprecedented funding from government sources. And even then, it might not be enough.

For now, no such shock-therapy campaign has been proposed. But environmentalists say the bay project's many shortfalls are a lesson: After 19 years, the Chesapeake cleanup is struggling to produce results on par with its promises.

"We have done a truly tremendous job of defining the problem, and we have done a truly tremendous job of defining the solution," said J. Charles Fox, a former head of the Maryland Department of Natural Resources. "But we have not yet succeeded in actually implementing the solution."

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The bay cleanup, in its current form, began in 1987 with an agreement between state and federal governments. They promised that the bay, troubled by dirt, algae blooms and toxic chemicals, would be clean by 2000.

"We thought it was going to be Bethlehem Steel. We thought we were going to be able to point to big polluters," said Jack Greer, an official at the Sea Grant program at the University of Maryland.

Instead, they found that some of the bay's worst pollutants came from such things as manure, lawn fertilizer and human waste. Its troubles began on every street, in every sewer, at the back end of every cow.

"I remember politicians just going pale," Greer said.

When the 2000 deadline was missed, an even more sweeping agreement took its place. The leaders of Maryland, Virginia, Pennsylvania, the District and the EPA pledged to fix the bay's water, its oyster population, its beds of underwater grass and other environmental indicators by 2010.

There have been significant successes since then. Maryland passed a "flush tax," a surcharge on water bills to pay for cleaning up the state's sewage plants and farm fields. The bay's rockfish population has continued its remarkable comeback, which began in the 1980s. Small strips of forest, designed to filter runoff, have been planted alongside 5,000 miles of streams.

But all of that hasn't been nearly enough, officials say.

Thousands of farms still need to implement measures to prevent soil, manure and fertilizer from washing downstream -- from putting up fences to setting aside areas to regrow as forest. In Virginia, the total is near 1.5 million acres -- an area larger than Delaware.

States have said they will need at least $2 billion for these agricultural measures, which often include sending employees out to custom design a plan for each farm and reimbursing farmers for changes. Farmers have said they can't afford the changes themselves.

"If we can't absorb those costs, the only alternative is to get out," said Earl Hance, president of the Maryland Farm Bureau.

Another shortfall: Older septic systems -- including some installed as late as 2005 -- need to be replaced, or at least updated, so they release less nitrogen into groundwater. In Maryland, the most recent documents say 11,000 of 360,000 systems have been fixed so far.

If homeowners pay, each fix costs hundreds or thousands of dollars. Maryland has money to help homeowners pay for septic upgrades -- but not enough to do all of them before 2010. At current funding levels, it would take 580 years.

Also, to make the 2010 deadline, hundreds of sewage plants would need upgrades, so they release less pollution. The cost is estimated at $6 billion.

But money isn't the only problem with reaching the 2010 goal. The upgrades are so complicated, officials say, that they will take years to plan and carry out.

"If I had all the money in the world today, I would guarantee you I could not get it done by 2010," said John T. Dunn, chief engineer of the District's Water and Sewer Authority, whose Blue Plains sewage plant needs such an overhaul. He said that 2014 might be more realistic.

And even if all this effort were expended, experts say some 2010 goals might be impossible. One goal promises that the Chesapeake's oyster population will grow tenfold. But years of restoration efforts have produced no breakthroughs.

"If we're not well on the way by now, it's just not going to happen," said Standish K. Allen Jr., a professor at the Virginia Institute of Marine Science.

Blame should be spread across the watershed, environmentalists say, since all governments failed to act as boldly as the 2010 goals demanded and did little to contain sprawl. But the EPA's Chesapeake Bay Program, which oversees the cleanup, has come in for special blame. Last year, the U.S. Government Accountability Office found that the bay program was not doing enough to coordinate environmental efforts or provide updates.

Critics say the program lost valuable time by calling for elaborate plans instead of plunging straight into pollution reductions. And at the end of all this planning, they say, the cleanup had the paralyzing price tag: $28 billion.

"What that number tended to do is make people say, 'Well, it's impossible. We can't do it,' " said William C. Baker, president of the Chesapeake Bay Foundation, an environmental group.

In response to questions about the management of the Chesapeake cleanup, bay program Director Rebecca Hanmer released a two-paragraph statement. It said the EPA was committed to "continue accelerating our progress toward a cleaner, healthier Chesapeake."

For now, the consensus among environmentalists is that the costs of meeting the 2010 goals are prohibitively high. Instead, they have begun pushing for agricultural and sewer-plant funds to aim at 80 percent of the desired pollution reductions.

Even these revised plans would require wrangling an estimated $3 billion more than state and federal governments have allocated.

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Nineteen years into the bay cleanup -- intended as a model for environmental movements all over the world -- even the easy fixes are hard.

"It's not like you can find a place elsewhere that did it better," said Ann Pesiri Swanson, executive director of the Chesapeake Bay Commission, an advisory body to the cleanup. "That's the tragedy."

A Prime-Time Greening (TIME)

By Jeffrey Kluger

Time, January 29, 2007

There's nothing like a hostile Congress and a war gone sour to bring out the fence mender in a President. Tuesday's State of the Union address was President George W. Bush's most humble yet, filled with domestic goodies designed to appeal to a public fed up with bad news from Baghdad. Immigration, health care and education all got speech time, but most surprising was Bush's new focus on energy and the environment. Is the Oil President really becoming the Eco-President? Opinions are mixed.

Bush's biggest bid was to cut gasoline use 20% by 2017, in part by boosting mileage requirements for cars. The way to do this, the Administration says, is not to bump up all miles-per-gallon standards equally but rather to impose car-by-car rules, depending on the model. "Let experts consider the technology and the effect on safety and jobs," James Connaughton, chairman of the White House Council on Environmental Quality, tells TIME.

To skeptics, this smells fishy. The vagaries of the 1975 mileage laws may prevent the Administration from raising standards this way without first getting approval from Congress. If Bush really wants to boost mileage, they say, he should just tell his Department of Transportation to do so across the board. "There's a bit of slipperiness here," says John deCicco, an automotive engineer and a senior fellow with Environmental Defense. "He doesn't need Congress to get off the dime on this one."

Perhaps more promising was Bush's call to quintuple U.S. production of biofuels such as corn ethanol by 2017. The proposal is solid--to a point. You can't use biofuels without flex-fuel vehicles, and currently there aren't many out there. Plus, manufacturing ethanol is a messy process: smokestack pollution can offset what you save from tailpipes. An overall carbon cap would fix that, but even a greener Bush won't go there. "You dirty up a clean fuel if you manufacture it dirtily," says Sarah Hessenflow Harper, an Environmental Defense analyst and a former agricultural adviser for Senators Sam Brownback and Chuck Hagel.

Bush's other proposals--more solar panels, windmills and nuclear plants--seemed to be rhetorical gauze. Still there were a lot of places a beleaguered President could have gone looking for friends. Greens are pleased that after six years, Bush is finally coming to them.

FBI/DEA/ATF/USMS:

Drug Gang Revolt Feared In Mexico (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 28, 2007

The Mexican government has sent an additional 9,000 soldiers and police to the country's northern states to confront drug smugglers threatening to rise up against the extradition of their gang bosses.

Mexican Defense Secretary Guillermo Galvan said the government buildup, part of "Operation Sierra Madre," came in response to the Jan. 19 extradition to the United States of 15 suspected smugglers, including 10 reputed drug cartel bosses.

Mexican President Felipe Calderon had dispatched more than 16,000 Mexican army, navy and federal police into the states of Chihuahua, Durango and Sinaloa shortly after he took office Dec. 1.

They have since burned more than 2,500 acres of marijuana fields and 2,000 acres of opium fields and have confiscated nearly 3 tons of cocaine and 20 tons of harvested marijuana in the country's so-called "golden triangle" of drug traffickers.

Mr. Galvan said soldiers and police are prepared to confront any uprising and suggested that he was planning more extraditions as part of a crackdown by the Calderon administration on drug kingpins in the three states.

In the past six months, Mexico has extradited more than 60 fugitives to the United States, including suspects wanted on murder, rape and drug trafficking charges. The extraditions prompted Antonio O. Garza Jr., the U.S. ambassador in Mexico, to say the two countries "are working together to guarantee that neither country will ever be a refuge for those who seek to escape justice."

Mexico's Supreme Court last year struck down a four-year-old ban on extraditions.

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Among those returned to the United States to stand trial was purported Gulf cartel leader Osiel Cardenas-Guillen, who was thought to be running the drug organization from his prison cell in Mexico, and reputed drug kingpin Francisco Rafael Arellano Felix of the Tijuana-based Arellano Felix gang.

Also extradited to the United States were Ismael and Gilberto Higuera Guerrero, brothers and former chiefs of the Arellano-Felix cartel, and Hector Palma Salazar, former boss of the Sinaloa cartel of Joaquin "El Chapo" Guzman -- Mexico's most powerful drug leader who escaped in 2001 from a maximum-security prison and remains at large.

U.S. Drug Enforcement Administration (DEA) boss Karen P. Tandy has described the extraditions as "unprecedented in the history of Mexico" and said they had directly affected four major drug cartels in that country -- including the Gulf cartel headed by Mr. Cardenas-Guillen. She described that operation as "one of the most brutal and powerful drug cartels in the world."

Mr. Cardenas-Guillen controlled what the DEA has said was one of the major transit corridors into south Texas, and his lieutenants purportedly smuggled hundreds of kilograms of cocaine into neighborhoods across the United States.

U.S. authorities have said Mr. Cardenas-Guillen was responsible for moving 4 to 6 tons of cocaine a month into the United States from 1999 to March 2003. He also has been named as one of Mexico's drug kingpins most responsible for the rising violence along the U.S.-Mexico border in Texas in recent years.

"Ironically, Cardenas-Guillen was a former Mexican federal police officer who betrayed the public trust and exploited that knowledge to protect his organization," Mrs. Tandy said. "Violence, intimidation and murder are his stock in trade."

Suspected Cartel Boss Hires McAllen Lawyer For Defense Team (MCAMON)

By Andres R. Martinez, Monitor Staff Writer

Monitor, January 27, 2007

McALLEN — Suspected Gulf Cartel leader Osiel Cardenas-Guillen has hired prominent McAllen lawyer Roberto Yzaguirre as part of his defense team in a federal drug case that prompted Cardenas' extradition from Mexico a week ago.

Cardenas-Guillen, who faces a 17-count indictment out of Brownsville, was flown to the United States on Jan. 19 with 14 other fugitives.

He appeared in court once this week, but the judge closed the proceedings to the public. His arraignment is set for Feb. 1 in Houston. It's unclear whether the trial will be in Brownsville or Houston.

Yzaguirre defended the Matamoros-based Gulf Cartel's former head, Juan Garcia Abrego, in another federal drug case in 1996. Unlike Cardenas, who was first tried in Mexico before being extradited, Mexican authorities whisked Garcia out of the country without a trial the day after he was arrested.

U.S. Justice Department officials told reporters Monday that Cardenas-Guillen was responsible for smuggling 4 to 6 tons of cocaine a month into the United States from 1999 to 2003. They also claimed he is responsible for a majority of the violence associated with drug cartels during the last few years, including the attempted murder of FBI and Drug Enforcement Administration agents in Matamoros.

Cardenas-Guillen had been running the cartel from his prison cell in Mexico since 2003, according to Mexican authorities.

Yzaguirre was also the lawyer for Guillermo Gonzalez Calderoni, Mexico's former drug czar. Calderoni led Mexico's effort against drug cartels in the early 1990s, but later fled the country after rumors spread that he protected some cartels.

Calderoni lived in McAllen for about a decade. Yzaguirre successfully represented him when Mexico twice tried to have him brought back to Mexico to face charges. The former Mexican official was gunned down leaving Yzaguirre's office Feb. 5, 2003.

Yzaguirre referred all questions about Cardenas-Guillen to the U.S. Attorney's Office in Houston.

Andres R. Martinez covers courts and general assignments for The Monitor. He can be reached at (956) 683-4434.

Mexican Police Investigated For Bribery (AP)

AP, January 27, 2007

(AP) Six federal police officers involved in President Felipe Calderon's anti-drug operation were being investigated for extortion on Friday after they were videotaped taking money from a driver in the border city of Tijuana, officials said.

The men, part of a force of more than 3,300 police and soldiers sent to Tijuana to clamp down on drug gangs and corruption, will be punished if found guilty, the Public Safety Department said in a statement.

A videotape recorded by the Tijuana city police department shows the officers at a checkpoint stopping a motorist and searching his vehicle. After a discussion, the motorist was shown giving the police a handful of cash including at least one $100 bill.

The videotape, taken Jan. 17, was released to the media and posted on Mexican news Web sites on Friday.

Soldiers involved in the anti-drug offensive known as Operation Tijuana have been inspecting firearms belonging to Tijuana's 2,000 city police for three weeks, in response to allegations by federal investigators that a network of officers supports smugglers who traffic drugs into the United States.

The Tijuana police have held demonstrations, complaining they need their guns for their jobs and stand a higher risk of being shot dead without them.

More than 300 people were slain in Tijuana last year, including 13 police officers.

On Monday, the Tijuana police department announced it had issued some officers slingshots and ball bearings to defend themselves.

Calderon narrowly won the presidency last year on a law-and-order platform and has promised to dismantle drug gangs who killed more than 2,000 people across Mexico last year.

Since December, he has sent more than 20,000 police and soldiers to regions across Mexico that have been ravaged by drug-related violence, such as Tijuana and the Pacific resort of Acapulco. Last week, he also extradited four alleged drug kingpins to the United States.

Karen Tandy, chief of the U.S. Drug Enforcement Administration, has described Calderon's battle against drug gangs as "an enormous leap forward."

Tijuana Officers Get Their Guns Back (AP)

By Luis Perez, The Associated Press

AP, January 28, 2007

TIJUANA, Mexico — Police in this violent border city got their guns back Saturday three weeks after they were forced to turn over weapons to federal authorities because of allegations they were colluding with drug traffickers.

Tijuana Public Safety Secretary Luis Javier Algorri said soldiers returned all 2,130 guns to his department.

He planned to send a letter to the attorney general's office asking for the results of the investigation so he could clear up any doubts about his officers. No one from the attorney general's office was available for comment Saturday.

The officers handed in their guns Jan. 4 after President Felipe Calderon sent 3,300 soldiers and federal police to Tijuana to hunt down drug gangs. The soldiers swept police stations and took officers' guns for inspection to see if they had been used to protect smugglers who traffic drugs into the U.S.

Tijuana police initially stopped patrols after their guns were taken, saying it was too dangerous, but most later returned to work. In some cases, officers were accompanied by armed state police. Others patrolled in larger numbers than normal. One officer was seen holding a slingshot that he said was for his protection.

Algorri said the drastic action put the city's safety at risk and cut in half the number of arrests made in January compared to the same period last year. Five officers were injured by assailants who took advantage of them being unarmed, he said.

In several neighborhoods, residents took the law into their own hands, grabbing suspects off the street and tying them up before calling police to haul them off.

Dubbed "Operation Tijuana," the initiative was part of a major military offensive launched by Calderon against drug gangs. The president, who took office Dec. 1 promising to crack down on organized crime, has sent more than 24,000 troops to states plagued by execution-style killings and beheadings as rival gangs fight over marijuana plantations and smuggling routes.

Drug gangs were blamed for more than 2,000 murders nationwide in 2006 and have left a particularly bloody trail in Tijuana, where more than 300 people were slain last year.

Meanwhile, six federal police officers involved in Calderon's anti-drug operation were being investigated for extortion after they were videotaped Jan. 17 taking money from a driver in Tijuana, across the border from San Diego.

The video, recorded by the Tijuana police department, shows the officers at a checkpoint stopping a motorist and searching his vehicle. After a discussion, the motorist was shown giving the police a handful of cash including at least one $100 bill.

Mexico's Latest War On Drug Gangs Is Off To A Rapid Start (NYT)

By James C. Mckinley Jr.

The New York Times, January 27, 2007

MEXICO CITY, Jan. 25 — If any image can sum up President Felipe Calderón's first eight weeks in office, it would be the sight of him dressed in military fatigues addressing troops he had sent into the state of Michoacán to corral narcotics traffickers.

It has been a hundred years since a Mexican president appeared in military garb, and the choice seemed no accident to most people here. Even if the fatigues seemed a poor fit for the bespectacled, bookish head of state, the new president was sending a clear message when he donned them on Jan. 3. He was declaring war on drug trafficking.

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Since he took office on Dec. 1, Mr. Calderón has moved against the drug cartels with a speed that has amazed officials in Mexico and the United States alike. He has sent thousands of federal police officers and soldiers to six states, flooding cities like Tijuana, Acapulco and Morelia with heavily armed men.

He disarmed the notoriously corrupt Tijuana police. He broke a longstanding political taboo and extradited 11 men accused of being important drug dealers to the United States to keep them from operating from prison.

"This is a permanent fight, in which, unfortunately, many have lost their lives," he declared at a meeting of governors and top public security officials, calling for a crusade to reclaim Mexico from drug gangs. "We are fighting without rest so that these sacrifices will not be in vain."

It is too early to tell how much of the offensive is a show intended to persuade the public that Mr. Calderón is serious about attacking the drug trade or whether it is the beginning of a sustained effort that will have a lasting impact.

So far the campaign has had limited success. Military operations have netted only a handful of reputed organized crime members among the 160 people detained. Gangland slayings and kidnappings have dipped slightly where the federal police and military are patrolling, but they continue to happen with unnerving regularity.

Officials in the United States from the president down have loudly praised Mr. Calderón's courage, particularly for the extraditions, and hope it is a trend. But they acknowledge that only a long-term campaign can end the violence in Mexico and stop the flow of drugs.

"Nobody claims that these extraditions are the end," said John P. Walters, the White House drug control policy director. "They are an enormously powerful step to hopefully bring this violence to an end more rapidly."

All this has helped Mr. Calderón politically at home and abroad. Yet skeptics here say rooting out drug trafficking will take more than a few weeks of roadblocks and highly visible federal patrols in drug-plagued towns. The roots of the problem, they say, run deep in Mexican society.

Dealers flush with ill-gotten cash have long corrupted local police departments, in some cases hiring officers as enforcers and assassins or paying them to keep silent about what they know.

Prison officials are also easy to seduce with money, as happened when Joaquín Guzmán, one of the most dangerous drug cartel leaders, walked out of a high-security prison six years ago after bribing guards.

Perhaps more problematic, Mexican citizens generally distrust the police, and fear of reporting crimes has grown in the last year as drug gangs have resorted to beheadings to terrorize the public and their enemies.

Along with the widespread fear comes a certain respect. Big-time mobsters are treated like folk heroes in their home regions, their stories told and retold in popular songs.

And some who fear that Mr. Calderón's actions might not succeed point out that he is not the first to take on Mexico's organized crime. His predecessor, Vicente Fox, started his own term with a pledge to dismantle drug cartels and made significant strides. He created an elite federal force that arrested dozens of kingpins, capos and lieutenants in the Tijuana, Sinaloa and Gulf cartels.

Yet the arrests only seemed to worsen the situation, unleashing a underworld war the likes of which Mexico had never seen. More than 2,000 people were killed in drug-related disputes last year alone, including scores of police officers.

Some criminal justice experts — even those who praise Mr. Calderón's actions — say the key to reducing the power of drug barons in the long run is purging the local police, courts and city halls of corrupt officials, as well as changing the judiciary to make judges harder to bribe.

Some editorial writers and other skeptics have noted that although the president disarmed the Tijuana police, he has done little to clean up the corrupt police departments at the heart of the problem.

But other experts on the drug trade are optimistic that he will do better than Mr. Fox. They note that Mr. Calderón has adopted strategies that worked in Colombia in the 1990s: using the military to take back regions where drug dealers control the local authorities, extraditing top cartel members to the United States and eradicating crops of marijuana and poppies.

Jorge Fernández Meléndez, who has written extensively about the drug trade here, said some of these tactics had been tried piecemeal in the past, but never in such a concerted way with so many resources.

"Of all the strategies used against narcotics trafficking in recent years, this is the most on the mark and the one with the best chance of concrete success," he said.

Mexico's Willing Drug Fighter (LAT)

By Sam Enriquez, Times Staff Writer

The Los Angeles Times, January 29, 2007

President Felipe Calderon comes out swinging, but the U.S. is now in another arena.

MEXICO CITY — The U.S. war on drugs has seldom seen a more willing recruit than Mexican President Felipe Calderon.

Since taking office last month, Calderon has sent thousands of soldiers to half a dozen states, where they have pulled up pot plants and opium poppies by the hectare and searched thousands of vehicles at military roadblocks. He also has fast-tracked the extradition of men reputed to be among the hemisphere's biggest kingpins.

But unfortunately for the Mexican leader, who put the drug-trafficking battle at the top of his nation's domestic agenda, the issue that once was a staple of U.S. political speeches has fallen so far off the radar that for the first time in years it didn't warrant a mention in President Bush's State of the Union address.

Drug-related violence, meanwhile, has gone from bad to gruesome in Mexico, where traffickers have tossed hand grenades at enemies and left severed heads as messages. More than 2,000 Mexicans died in such carnage last year, according to media tallies.

Calderon has signaled that he'll ask for millions of dollars in U.S. aid to continue his campaign and extend it nationwide.

"The Mexican people are demanding that their parks, their streets, their schools, their neighborhoods be safe places for their families, where their children can live and grow up in peace," Calderon told a meeting of Mexico's governors last week.

The war against drug criminals, he added, "is a permanent fight."

But the U.S. war on drugs has been overshadowed by the war in Iraq, and its urgency has been tempered by historically low crime rates domestically and statistics that indicate declining drug use among American teenagers. The Times reported last week that the U.S. military had cut aerial surveillance over Pacific and Gulf Coast smuggling routes by more than half and Navy patrols by a third since 2002.

"Mexico is sending a clear message to the U.S., saying, 'We're doing everything we can, even more than you,' " Mexico historian Lorenzo Meyer said. "The U.S. ambassador won't be able to moan about Mexico not fighting crime."

Calderon must find a way to turn U.S. attention back to his advantage, Meyer said.

Calderon has no such challenge at home, where his crackdown enjoys broad support, despite the shaky legal ground of his military roadblocks. Mexicans have the same protections against unwarranted government searches as Americans do, said John M. Ackerman, a law professor at the Institute for Legal Research at the National Autonomous University of Mexico. "The whole thing is of questionable constitutionality," he said.

Yet no lawmaker in the Mexican Congress, even among opposition parties, has raised a legal challenge. The newspaper El Universal published a poll last week showing a third of respondents, spread equally among all three major parties, approved of Calderon's actions; a third said it was too early to judge; and fewer than a fifth were opposed.

But without more U.S. help, Mexico stands little chance of winning a direct confrontation with sophisticated and brutal traffickers who have established a near monopoly in the estimated $65-billion U.S. drug market, analysts say.

Several Texas lawmakers are sponsoring a bill that would pay Mexico $850 million in federal funds over five years for training police and prosecutors. It would more than double the $69 million a year Mexico gets now.

"The stars are finally aligned with Calderon, who is willing to work with the United States, who's extraditing criminals, and who's willing to send troops into hot spots and take on organized crime," U.S. Rep. Henry Cuellar (D-Texas) said. "U.S. leaders have always said Mexico needs to do more, and now we have a Mexican president doing more."

Under pressure from the United States, nearly all new Mexican presidents over the last three decades have taken office with promises to crack down on smugglers and the government corruption that keeps them in business. But ties between Mexican officials and drug lords — some proven, others not — have scandalized every Mexican administration since the 1960s.

Calderon's campaign against Mexico's continuing drug violence, which makes daily headlines here, has not gone unnoticed north of the border.

Bush telephoned Calderon on Wednesday to commend him. And the U.S. government's drug czar, John P. Walters, said last week that "the boldness of the Mexican response here obviously calls upon us to continue, and to match that with our own boldness at home."

Despite the praise, the U.S. drug war "is nowhere on the political agenda," said Mark Kleiman, a professor and director of UCLA's Drug Policy Analysis Program. Kleiman argues that lack of political attention to drug policy is a good thing. "Politicians are incapable of dealing with it," he said.

Despite high-profile arrests and record annual seizures, he said, a steady supply of cocaine, marijuana, heroin and methamphetamine has been available in the U.S. since President Nixon famously declared drugs to be America's "public enemy No. 1."

Common sense, Kleiman said, suggests that Mexican law enforcement ought to attack "the side effects of trafficking" — the violent dealers and organizations. Calderon has the right idea, to put pressure on competing drug cartels until they stop assassinating police officers, bystanders and one another's members, Kleiman said. "Make the bad guys keep their head down."

Carlos Martínez and Cecilia Sánchez of The Times' Mexico City Bureau contributed to this report.

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Mexico Drug Barons Get Warning (SAE)

San Antonio Express, January 27, 2007

MEXICO CITY — By deploying the army and sending top drug prisoners to the United States, President Felipe Calderón appears bent on showing the nation he's in charge and warning gangsters to end a bloody turf war.

The word to Mexico's criminal underworld: Crawl back under your rocks — and kill fewer people — or take major heat from the feds.

By a Mexican congressional estimate, as many as 2,100 people died in cartel violence last year — a dramatic increase from the past.

The bloodletting is a national security concern and a constant source of friction between the U.S. and Mexico.

The boldest executions involved severed heads tossed onto the dance floor of a nightclub and the machine-gunning of six police officers riding in a truck.

"We are absolutely determined, for our children, to recover our streets, parks and cities," Calderón said this week. "We are on our way."

It remains to be seen how long the new president will keep the pressure on, but observers say he's already acting bolder than his predecessor, Vicente Fox.

"He is sending a strong message that some things that were tolerated in the past will not be tolerated anymore," said Jorge Chabat, a Mexico criminal-justice system expert. "It is my guess (traffickers) will get the message and modify their behavior."

"Who is going to invest a dollar in Mexico if you see images of beheaded people on the front pages of newspapers?" he said. "You can not expect to be treated like a civilized country if you tolerate these manifestations of violence."

Chabat said no one expects Calderón's latest actions will put the cartels out of business or stop the drug flow, but they could re-establish some order.

The army was operating checkpoints in the industrial city of Monterrey on Friday, just days after several key drug traffickers, including Osiel Cárdenas, the head of the Gulf Cartel smuggling organization, were handed over to U.S. authorities.

Despite being imprisoned in Mexico, Cárdenas was believed to be following a long tradition of jailed capos using bribes and intimidation to run their syndicates from their cells.

A natural Cárdenas rival, Héctor Luis "El Guero" Palma, once head of the Sinaloa cartel, was also chained by masked federal agents and whisked aboard a U.S.-bound plane.

Calderón took a page from violence-torn Colombia's playbook by sending them to the United States, where if convicted they likely will spend the rest of their lives behind bars.

In Colombia, warring cartels united in an attempt to intimidate the government into stopping extraditions. Police, judges and other officials were murdered and a commercial airliner was bombed to kill a witness.

In the end, the government brought the cartels to their knees — a strategy that in some ways resulted in Mexican gangsters taking over the hemisphere's drug trade.

Chabat said sending Cárdenas and others to the United States likely will create power struggles and therefore more short-term violence within the cartels, but he doubted the gangs would take on Calderón.

"Traffickers know if they go to war against the Mexican government, they will have to face the United States, and that is not a wise decision," he said.

He also noted that Mexico's institutions, including its army, are more solid than their Colombian counterparts.

The military's presence, however, was unusual on the streets of Monterrey, where troops were checking vehicles this week. Motorists eased into lines of traffic that slowly filed by combat-ready soldiers.

There were no immediate reports of arrests or seizures.

The city, most known for its economic clout, has seen increasing drug violence, including shootings in upscale neighborhoods and the execution of a police commander.

Mike Vigil, former chief of international operations for the U.S. Drug Enforcement Administration, said Calderón had to take action.

"When drug trafficking gets so out of control, and you have all this violence generated as a result, it impacts the national security of a country," said Vigil, who was based in Colombia and Mexico.

By shipping traffickers to the United States, where they face federal charges, Calderón is stopping them from running their gangs and making it likely they will never again set foot in Mexico, Vigil said.

"They cannot be kings anymore and are basically severed from their organizations," he said. "All of a sudden, they go from being the head, to being nobody."

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Pike Set To Spend Life In Prison (JPJ)

Jamestown Post Journal, January 28, 2007

Aaron Pike of Jamestown will spend life in prison for his role in Operation Jamestown, a 14-person federal drug case.

U.S. Attorney Terrance P. Flynn, announced Pike's sentencing, which comes after conviction in a jury trial on March 17.

Pike was sentenced by the Hon. Richard J. Arcara, U.S. District Court chief judge, to life in prison in the Bureau of Prisons, five years supervised release, a $100 special assessment and he was ordered to pay $8,617.17 in restitution to New York State Crime Victims Board.

According to Assistance U.S. Attorney's Thomas S. Duszkiewicz and Jorge S. deRosas, who handled the case, said Pike was convicted of organizing a continuing criminal enterprise which involved the distribution of more than 1,000 kilograms of marijuana and more than 4 kilograms of methamphetamine in Jamestown between July 2000 and August 2001. The drugs were allegedly supplied and shipped to Pike in Jamestown by a former inmate he had met while serving in state prison.

''Continuing a criminal enterprise after conviction is the worst crime in federal eyes,'' said Chautauqua County Sheriff Joseph Gerace.

The distribution continued after Pike went to California and led to the execution-style murders of Richard Alicea and Johnny Houston on May 23, 2001, near Gerry. Pike was later arrested in North Carolina in October 2001 and after an initial indictment was returned in July 2001.

The drug investigation also resulted in the convictions of 13 other defendants. Aaron Pike was also sentenced in Chautauqua County Court after his conviction for the murders.

''We conducted the investigation into the homicide,'' Gerace said. ''Our people did a great job and it is satisfying to know that he will not be involved in any other crimes.''

Investigation into the drug case was by the federal Drug Enforcement Administration, under the direction of Special Agent Nancy Cote; the Chautauqua County Sheriff's Department and with the cooperation of the Chautauqua County District Attorney's Office.

Federal Officials Aske States To Tighten Medical Marijuana Law (AP)

AP, January 28, 2007

HONOLULU -- Federal officials want the state to conduct background checks on those certified to supply medical marijuana to patients, saying the state must close loopholes being exploited by drug dealers.

Ed Kubo, chief federal prosecutor for Hawaii, said the December indictment of Richard Velasco, a 49-year-old accused drug dealer from the Big Island, is an example of why the state needs to strengthen oversight of its medical marijuana program.

Velasco was awarded a medical marijuana caregiver certificate in December 2004, just months after Hawaii County police officers discovered 246 marijuana plants growing on his property. He was arrested for drug trafficking.

"There needs to be adequate procedures in place to allow for background checks, inspections, monitoring and reviews so that this law is not a farce," Kubo said.

The state Department of Public Safety should also be required to perform random inspections of the caregiver's plant-growing operation, he added.

"After all, we regulate liquor licenses by unannounced inspections and monitoring, and liquor is legal," Kubo said.

Those with drug or felony convictions should also be prohibited from acting as medical marijuana caregivers.

"We're not interested in investigating the sick and the dying," said Anthony D. Williams, assistant special agent in charge of the U.S. Drug Enforcement Administration's Honolulu district office. "But we will continue to investigate and pursue anyone cultivating and distributing marijuana."

Hawaii became the eighth state to allow marijuana use for medical purposes in 2000. There are currently 249 licensed caregivers and 2,609 medical marijuana patients in the state.

Velasco, of Fern Acres, has five criminal convictions. He was arrested Jan. 16 and is in custody at the Federal Detention Center. His trial is set for March 20 in front of U.S. District Judge Susan Mollway.

He was indicted Dec. 21 on two counts of "knowingly and intentionally manufacturing marijuana, to wit: the cultivation of 100 or more marijuana plants," according to an indictment filed in U.S. District Court.

Because Velasco has a felony drug conviction, he faces a mandatory minimum of 10 years in jail and up to life in prison if convicted, according to the U.S. Attorney's Office.

As a caregiver, Velasco had a certificate allowing him to have up to three mature, flowering marijuana plants, four immature plants and an ounce of usable marijuana for each mature plant.

The certificate must be renewed each year and permits the holder to grow and cultivate marijuana for one patient.

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The unidentified medical marijuana patient in Velasco's care terminated his relationship with Velasco following the arrest.

State Rep. John Mizuno, vice chairman of the House Health Committee, said his panel would likely consider the issue if the Public Safety Department or U.S. Attorney's Office proposed language for legislation.

"We have to try and ensure the safety of our kupuna and our disabled population," Mizuno said. "We would definitely support something that makes it possible to do background checks to weed out these bad apples."

IMMIGRATION:

Fresh Potential On Immigration (LAT)

By Nicole Gaouette, Times Staff Writer

The Los Angeles Times, January 29, 2007

WASHINGTON — With a new Democratic-controlled Congress and a president newly committed to bipartisan accomplishments, prospects for an overhaul of the nation's immigration laws have never seemed brighter.

But reform efforts could still stumble over the stickiest issue: how to craft a path to citizenship for illegal immigrants that will win the support of lawmakers who draw the line at "amnesty."

In the House, where these conservatives could derail a bill, the job of finding that elusive middle ground falls to Rep. Zoe Lofgren. The San Jose Democrat, who heads the immigration subcommittee, has been buttonholing lawmakers, quizzing them between votes and hosting formal meetings.

"There's a way to deal with this," she said. "The Republicans I've listened to make it clear they're open to dialogue, to practical solutions."

Across Capitol Hill, Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) are pursuing the same goal as they develop a plan based on last year's comprehensive immigration bill, which passed the Senate, but not the House.

And in his State of the Union address last week, President Bush emphasized the importance of advances in border security and enforcement, a pitch to lawmakers who are nervous about reforms that could be seen as rewarding people who entered the country illegally.

Advocates for a broad immigration bill say it will need the support of at least 20 Republicans in the Senate and perhaps 40 in the House.

"They exist, they just have to be reassured about some things," said Tamar Jacoby, a senior fellow at the conservative Manhattan Institute who backs comprehensive immigration reform. "How do you bring along the people who said 'no' last year?"

The approach Bush took in his speech is a good start, she said. "He talked to them about border security, illegality in communities, assimilation, about working with local cops and communities. I think it's shrewd. I don't know if he can move those people, but the way to do it is address those concerns."

The Senate bill that passed last year encompassed stepped-up enforcement efforts, a program to let immigrants in as guest workers and a process for illegal immigrants to become legal residents.

The Senate seems likely to pass a similar bill this session.

In contrast, the House is legislative terra incognita.

The House passed an enforcement-only bill last year with little debate, but never debated broader legislation. And House leaders will have to appeal not only to Republicans, but to a cadre of freshman Democrats who campaigned for tougher immigration enforcement.

As a result, lawmakers are crafting legislation with conservative Democrats and moderate Republicans in mind.

"A lot of members of Congress made campaign promises, so one of the challenges is to create a comprehensive bill that's consistent with the commitments people made during the campaign," said Rep. Jeff Flake (R-Ariz.), a co-sponsor of the House version of the Senate bill.

Though immigration is a difficult issue, lawmakers burst out of the legislative starting blocks in the first three weeks of Congress.

Republicans introduced enforcement bills in both chambers and offered tough immigration-related amendments to unrelated Senate legislation. A bipartisan Senate group proposed a bill that would give illegal farm workers a way to become legal permanent residents, a step toward citizenship. And Democrats announced their intention to reexamine the plan to build a 700-mile barrier along the southern border, which the previous Congress passed.

Lofgren said one key to winning over House lawmakers would be education, because few have had a chance to discuss the issues involved.

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"Our challenge is to come up with a bill that will get broad support," said Lofgren. "The House bill that passed last year was a very draconian measure. That's not what the country wants, nor what I intend to pursue, but we need to have a dialogue.

"I'm hoping for a comprehensive package, but I'm pretty confident I'm not going to get everything I want."

She warned that the House process would be slower than the Senate's, but said that she believed lawmakers were ready to act, particularly after watching strident colleagues such as Rep. J.D. Hayworth (R-Ariz.) lose to candidates who back comprehensive reform.

"I don't think that was lost on people," Lofgren said.

Senate leaders Harry Reid (D-Nev.) and Mitch McConnell (R-Ky.) have made immigration one of the first 10 bills they will take on. McCain and Kennedy are aiming to introduce their legislation in February and are reexamining the section on legalizing illegal immigrants.

The previous bill included a three-tier approach to illegal immigrants based on their length of stay in the United States, requiring that some of them leave and allowing others to stay. It was designed to appeal to conservatives uncomfortable with treating illegal immigrants who have been in the country for many years the same as those who just arrived.

But the administration has told lawmakers that is unworkable.

Instead, the lawmakers may revert to the formula in their original bill, which required illegal immigrants to pay fines and back taxes, undergo background checks, and learn English, among other requirements, before they could be processed for legal status.

The lawmakers will also rework the provision on the temporary worker program to meet demands from immigrant advocates for more labor protections, and demands from business-oriented Republicans for programs that would supply more workers.

Attempts to bolster the bill's support among conservatives in both parties will focus in part on making employer verification programs more robust. Senate aides say that holding employers more accountable for hiring illegal immigrants would ease concerns some lawmakers have about supporting a comprehensive bill.

Opponents cite the 1986 immigration reform, which included an amnesty for 3 million illegal immigrants, as a failure, charging that it simply encouraged more people to come illegally in the expectation that they would eventually be given citizenship. Today there are about 12 million illegal immigrants in the U.S.

Comprehensive reform supporters argue that illegal immigration increased because the 1986 enforcement provisions were never enforced. They hope to convince skeptics that piecemeal measures will not work as they make their case for broad legislation this year.

Despite the commitments from members on both sides of the aisle, compromise could still prove futile.

For some conservatives, any plan to legalize illegal immigrants would be hard to swallow. And for advocates, who will meet at a Washington summit this week expected to draw 200 grass-roots groups, anything short of that is inhumane.

Cecilia Munoz, vice president of the National Council of La Raza, a Latino civil rights and advocacy group, points to the previous Senate bill's three-tier legalization system as an example of the contortions that result when lawmakers try to compromise.

"It didn't pick up any votes and it made the program unworkable," Munoz said. "After many years of trying to reach that middle ground, it may be time to admit that it does not exist."

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Revisiting Immigration Reform (LAT)

The Los Angeles Times, January 29, 2007

It's now up to Democrats in Congress to bring common sense and decency to U.S. immigration policy.

THERE'S BEEN A LOT of optimistic talk since the November election that President Bush and the new Democratic majority in Congress can work together to reform the nation's dysfunctional immigration laws.

The House GOP leadership, after all, was the roadblock to any rational reform in the previous Congress — not only because many top Republicans opposed it but because then-House Speaker J. Dennis Hastert inexcusably refused to allow a vote on comprehensive reform absent support from a "majority of the majority" party. This prevented the approach favored by Bush and the Senate from ever having a chance in the House, even though it might have won a bipartisan majority.

But today's optimism shouldn't be overstated. Realistically, Congress only has about half a year to act before the issue becomes consumed by presidential politics. There is temptation on both sides of the aisle to preserve immigration as an election issue rather than solve the problem.

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Bush's State of the Union address set the right tone for the coming legislative debate. He called for a "legal and orderly path for foreign workers to enter our country," a better process of assimilating new arrivals into American society and for resolving "the status of the illegal immigrants who are already in our country, without animosity and without amnesty."

But therein lies the political temptation. Plenty of Republicans will want to accuse Democrats in 2008 of favoring amnesty, and plenty of Democrats will want to accuse Republicans of animosity toward Latinos, the nation's fastest-growing bloc of voters. Complicating matters is the fact that the leading GOP presidential hopeful, Sen. John McCain of Arizona, joined Sen. Edward M. Kennedy (D-Mass.) to write Capitol Hill's best immigration measure of 2006. McCain was then deemed too soft by anti-immigrant zealots.

Leading Democrats have been on the right side of the debate, recognizing the nation's need to provide a legal pipeline for workers and to bring a population of at least 11 million residents out of the legal shadows. Yet immigration didn't even come up in Sen. Jim Webb's (D-Va.) response to the State of the Union speech. Might Democrats be tempted to put off the issue in order to deprive the administration of a major domestic accomplishment? Will their embrace of economic populism translate into raising the drawbridge?

That would be a shame. Because back in the real world, it's a national disgrace that millions of workers vital to the U.S. economy live in fear of the law instead of under its protection.

California Democrats will play a crucial role in the debate. Sen. Dianne Feinstein and Rep. Howard L. Berman of Valley Village are strong advocates of helping the agricultural sector find willing workers. San Jose Rep. Zoe Lofgren now chairs the House Immigration subcommittee, and it will fall on her to draft legislation that combines border security measures with a temporary worker program, visa reform and a path to legalization. But it will be mostly up to Speaker Nancy Pelosi of San Francisco to resist the temptation to put politics above policy and prioritize resolving what is a pressing problem for her state and the nation.

In Exchange For Records, Fewer Immigration Raids (WP)

By Darryl Fears And Krissah Williams

The Washington Post, January 29, 2007

Over the past seven months, Bush administration officials have quietly toured the country, trying to persuade businesses that rely heavily on immigrant labor to join a little-known program that would spare them from embarrassing federal raids if they voluntarily handed over their workers' documents so the government can scan them for fraudulent information.

Officials at the Department of Homeland Security have asked companies to join the ICE Mutual Agreement Between Government and Employers program, known as IMAGE, operated by the department's Immigrations and Customs Enforcement division. It calls on businesses to submit all I-9 employee eligibility verification forms to ICE for an audit and to "ensure the accuracy of their wage reporting" by verifying workers' Social Security numbers, according to a description of the program.

An ICE spokesman said IMAGE is another step in the administration's drive to tighten work-site enforcement as more than a million immigrants illegally cross the Mexican border each year in a quest for jobs.

"The upside for those who . . . participate is that they're better equipped to know whether their workforce is legal, and ICE is less likely to be on their doorstep unexpectedly, interfering with their business," said Matthew Allen, acting deputy assistant director for infrastructure and fraud in the agency's investigations division. "It's an investment in making sure that their workforce is secure."

The government's efforts under IMAGE are much broader and deeper than those under another program, Basic Pilot, in which businesses voluntarily enroll. Companies that take part in Basic Pilot can check the Social Security numbers that job applicants provide against a national database of Social Security and immigration records.

In contrast, IMAGE covers all members of a company's workforce and does a more extensive scrub of records to determine if a worker is in the country illegally or is using fraudulent documents.

Allen would not disclose the names of companies recruited into IMAGE, saying only that dozens have taken the steps toward enrollment.

One business, Smithfield Packing Co., which operates the world's largest hog slaughterhouse, in Tar Heel, N.C., has participated since June, with dramatic results. Twenty-one workers at the plant were arrested last week after the government scrutinized forms submitted by the company.

ICE alerted Smithfield by e-mail of discrepancies in employees' records. A company spokesman said 541 workers in the plant's workforce of 5,000 are facing termination because of discrepancies on their job applications. Nearly half of Smithfield's labor pool is Latino.

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"This is terrible for everyone, us, the employees, their families," said Dennis Pittman, a company spokesman. "It's heart-wrenching. These are our better people. These are folks who have been with us seven, eight, nine years. They are good people. People have been in tears. Fifty or so people have quit.

Pittman called Smithfield's agreement with ICE "a business decision" resulting from an implied threat. "We knew raids could be a possibility," he said. "We felt going this way, there would be less of an effect."

But Smithfield received an added benefit from cooperating with the government, according to the union that is helping its workers organize. Union officials say the company submitted the names of organizers as a tactic to intimidate some workers and get rid of others. The officials note that the National Labor Relations Board has found that Smithfield worked to undermine union elections by intimidating employees in 1994 and 1997.

"Most of the leaders of a walkout in November are on their list," said Leila McDowell, a spokeswoman for the United Food and Commercial Workers. "Whether ICE is consciously in collusion or not, Smithfield could very easily manipulate the process and can use it as a tool to intimidate and threaten workers, which it has done in the past and been found to have done so illegally."

Smithfield strongly denied the claim.

A number of businesses said they have no intention of joining IMAGE, citing the disruptive action at Smithfield. The arrests in North Carolina were the second unpleasant surprise in two months for firms that say they have tried to work with immigration enforcement agencies to hire legal workers, only to be raided.

In December, ICE rounded up 1,297 illegal immigrants in six states in raids on meatpacking plants run by Swift & Co., of Greeley, Colo. Swift's president and chief executive, Sam Rovit, criticized the arrests, saying the company has "played by the rules and relied in good faith" on the Basic Pilot program since 1997.

A Swift spokesman said the company is not participating in IMAGE, preferring to stick with Basic Pilot. Swift has a chorus of supporters among businesses that say they hire immigrants to do work that American citizens do not want, for pay that they will not take.

"There is no upside in signing up for new obligations," said Stuart Anderson, executive director of the National Foundation for American Policy and a former policy chief in the immigration agency. Businesses "end up not only with the current obligations of the law but new requirements," he said.

He compared it to "advising average citizens to drive up to their local police station to get frisked."

In November, ICE pitched IMAGE to the Essential Worker Immigration Coalition, which includes the U.S. Chamber of Commerce, the National Restaurant Association and other trade groups. Co-chair Laura Reiff was not impressed.

"We are loath to participate in a program with self-audits until we get comprehensive reform," Reiff said. "Business understands that it is going to rest on our shoulders to have to verify the employment eligibility of our workforce. We'll take on that obligation, but we can't have it outside of comprehensive reform where we get some assurances."

About 12 million illegal immigrants live in the United States, and unauthorized workers make up 5 percent of the nation's workforce, according to business lobbyists. They mostly fill agriculture, meatpacking, hospitality and construction jobs. Employers say a large reduction of immigrant workers would hurt their businesses and raise the prices of consumer goods.

In last year's immigration debate in Congress, business and advocacy groups sided with bipartisan comprehensive legislation in the Senate that would allow illegal workers to remain in the country if they turn themselves in, pay a stiff fine for crossing the border illegally, learn English and go to the back of the line for a guest-worker program.

Last week, immigration officials pitched IMAGE to the National Council of Agricultural Employers. The presentation included a slide about the vulnerabilities of "allowing illegal aliens to exploit employment opportunities," said Craig Regelbrugge, a spokesman for the American Nursery & Landscape Association and the Agricultural Coalition for Immigration Reform.

After the presentation, Regelbrugge raised his hand. "I can save you a lot of time," he recalled telling ICE officials. The vulnerabilities are "the existence of 1.6 million job opportunities, many of which are seasonal and intermittent," he said. "Virtually no Americans are applying to work in the fields."

He added: "We really can't focus on partnering with you until we have a solution."

Staff writer Spencer S. Hsu contributed to this report.

Landscape Changes For Illegal Alien Jobs (WT)

By Sean Lengell

The Washington Times, January 29, 2007

Illegal aliens, long a vital component of the nation's agricultural work force, are swapping hoes and spades for jackhammers and feather dusters.

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Fifty years ago, as many as 90 percent of all undocumented workers came to the U.S. to work in agriculture-related businesses. But while farms and rural meat-packing and poultry-processing plants still rely on cheap, immigrant labor, illegal aliens increasingly are flocking to urban areas for work.

And with the Washington area's relatively strong economy and building boom, the region is home to one of the nation's fastest-growing communities of illegal aliens, immigration analysts say.

"They're everywhere -- and they're doing all kinds of work," Georgetown University professor William McDonald said.

The types of jobs filled by the region's illegal aliens fall mostly in two categories: construction and related jobs, including landscaping, roofing and general day-labor work, and the service industry.

"In this region, we don't have a lot of manufacturing -- we never have -- but there is a lot of construction, due to the strength of the economy and the growth of the suburbs in this region," said Audrey Singer, an immigration fellow at the nonprofit Brookings Institution in Washington.

"Then there is also a whole slew of service-sector jobs that these immigrants are finding, including restaurant jobs and domestic work in people's homes."

The region's immigrant population is considerably more diverse than elsewhere in the U.S. The most notable difference is that Washington's Mexican population, both legal and illegal, is disproportionately smaller than other markets.

Instead, immigrants from El Salvador make up the largest local contingent of foreign nationals who have crossed the border unlawfully, although communities from other Central American nations, as well as Mexicans, Asians and Africans, also live in the area.

"What happens with a lot of these immigrant communities is that there is an initial settlement for whatever reason, and then when someone else is looking to immigrate, they say, 'Where can I go where somebody will help me get a job and get settled?' " said Jeff Passel of the nonprofit Pew Hispanic Center in Washington.

Pinpointing with any certainty the number of illegal aliens in the region, where they live and where they work is impossible. But with census figures putting the Washington metropolitan area's foreign-born population at more than 1 million, some analysts say as many as one-third are here unlawfully.

Mr. Passel estimates that 300,000 illegal aliens live in the area -- an increase of about 100,000 since 2000.

Most illegals in the area live in the suburbs, with only about 15,000 to 30,000 in the District.

About 40 percent of all foreigners living unlawfully in the U.S. initially arrived legally with a valid work, tourist, student or other visa, but stayed once the document expired, Mr. Passel said.

"This is certainly a group that doesn't get much attention," he said. "And it's a group that has valid Social Security numbers."

Locally, that number could be even higher. Many within Washington's large Salvadoran community initially were granted "temporary protected status," which Congress gave to thousands of Salvadorans fleeing civil war and natural disasters since the 1980s. Many stayed after their protected status expired, either unwilling or unable to return to their home country.

"There isn't a lot for many of them to go back to -- their homes or villages and their industries and their local economies have been destroyed," Miss Singer said. "So having this legal limbo with temporary protected status doesn't necessarily encourage them to go back, but it doesn't necessary encourage them to invest [in their community] while they're here, either."

Finding and deporting foreign nationals who have overstayed visas isn't easy. Because so many communities, including Washington, rely heavily on cheap immigrant labor, authorities often are reluctant to hunt down illegal aliens, Mr. McDonald said.

"Internal enforcement is a joke. Nobody really takes immigration law that seriously," he said.

TAX:

Turning A Blind Eye, IRS Enables Church Politicking (USAT)

By Dan Gilgoff

USA Today, January 29, 2007

Last year was supposed to spell doom for sermons that endorsed political candidates or parties. Months before the congressional elections, the IRS made front-page headlines by trumpeting a new effort to crack down on churches that violated IRS restrictions on politicking by houses of worship. The offensive was framed as a reaction to the 2004 election cycle, when a growing number of churches were seen to be engaging in prohibited political activism — such as pulpit endorsements — with impunity.

It may come as a surprise, then, that when the IRS releases its tally of complaints against church politicking in the '06 election — anticipated in the next month or so — the number is expected to be even higher than it was in 2004.

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But that should be no surprise at all. Fact is, the IRS has never seriously enforced the 1954 law that forbids churches to aid candidates for elected office. (It has been amended to ban opposing political candidates as well.)

The agency defends its record by noting that churches enjoy special legal protections that prevent the IRS from proactively monitoring them for violations. According to IRS spokeswoman Nancy Mathis, the agency cannot launch an investigation into a church unless it receives a complaint from a parishioner or an independent watchdog group.

"It's not like we're sitting in the pews," says Mathis. "It's the honor system plus some third-party oversight."

IRS experts outside the agency say a bigger stumbling block to enforcement is the American cultural taboo against government intrusion into churches. Mathis estimates that only about five churches have ever lost their tax-exempt status by violating the rule. That's one church for each decade the law has been on the books.

This enforcement vacuum is aggravating the very problem that Congress set out to fix in 1954: preventing Uncle Sam from subsidizing partisan politics. Political consultants, scholars and news reports all confirm that, with each passing election, more churches — both liberal and conservative — appear to be pushing the envelope in endorsing or opposing candidates. These churches typically argue that they are advocating issues, such as opposition to gay marriage or the war in Iraq — perfectly legal under IRS rules — as opposed to specific candidates.

The law banning tax-exempt organizations, which include churches, from partisan politics was engineered by then-Senate Minority Leader Lyndon B. Johnson. Its detractors, mostly Christian conservatives, have argued that Johnson was seeking retribution against a non-profit group opposed to his reelection.

While there is some truth to that claim — Johnson's language was attached to another, unrelated bill as an amendment with reportedly little or no debate — the law has been upheld by the courts. And even before its passage, the U.S. government had long tailored tax exemptions to charities that confronted problems such as poverty because such groups provided a clear benefit to the public and saved the federal government time and money.

That's why American taxpayers should be concerned about the IRS enforcement vacuum: Tax exemptions for non-profit groups were never intended to offer tax relief to partisan political advocacy.

By failing to enforce the 1954 rule, however, that's exactly what the IRS is doing. The agency has concluded investigations into complaints filed against 40 churches in the 2004 election cycle. Though so-called "political intervention" (IRS-speak for actions that violate its prohibitions on backing or opposing candidates) was substantiated in all but three cases, not a single house of worship saw its tax-exempt status revoked. Instead, the IRS wrote advisories, warning citations that carry no punishment, or assessed excise taxes, the equivalent of light fines, on those churches.

The IRS justifies this slap-on-the-wrist approach by claiming that it wants to bring churches into compliance with IRS rules rather than punish them. But because federal law prevents publication of a list of such churches and their violations, there is no example for other churches to follow concerning what kinds of political activity go too far. The IRS does periodically issue guidelines for churches, but those receive much less attention than would a newspaper story about a church that crossed the line.

David Barton, an evangelical activist who was hired by the Republican National Committee to reach thousands of pastors in the 2004 campaign, says he hasn't heard of a single church losing its tax-exempt status in his nearly 20 years of political activism. If he hasn't, who has?

Of course, it's not just conservative evangelical churches backing Republican candidates that flout the IRS rule without consequence. Most of us have become familiar with the sight of Democratic candidates addressing liberal African-American congregations from the pulpit after being introduced by a pastor who is clearly making an endorsement. And All Saints Episcopal Church in Pasadena, Calif., has attracted national scrutiny because it is the subject of an IRS investigation triggered when a pastor there delivered an anti-Iraq war sermon that appeared to support Democratic presidential nominee John Kerry on the eve of the 2004 election.

If history is any guide, All Saints has little reason to fear revocation of its tax-free status. And if the church's legal team is right, the case will turn out to be another instance of a partisan group — this time on the right — trying to harass a church with which it disagrees politically. Indeed, with the IRS claiming it can launch investigations into churches only in response to complaints filed by parishioners or outsiders, the enforcement of a law intended to stamp out partisan politics in churches has become the province of partisan political organizations looking to make trouble for their churchgoing enemies.

In an interesting twist, though, many Christian right activists have taken up the liberal All Saints' cause, vowing to fight any IRS attempt to revoke the church's tax-exempt status. A strange marriage, to be sure, but churches on both left and right have much to gain by pressuring the IRS to continue ignoring its own rule. And as long as the agency does, partisans on both sides will continue filling the vacuum with complaints.

Dan Gilgoff is a senior editor at U.S. News & World Report. His book, The Jesus Machine: How James Dobson, Focus on the Family, and Evangelical America are Winning the Culture War, will be published in March.

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Soaking The Rich, Again (WSJ)

The Wall Street Journal, January 29, 2007

Democratic Senator James Webb of Virginia played the class card in his State of the Union response Tuesday night, but he is apparently too new to the job to realize how crucial "the rich" are to his party's spending ambitions.

Data released last week from the Congressional Budget Office confirm that the tax cuts of 2003 keep soaking the rich, especially on their capital gains. CBO and Congress's Joint Tax Committee originally estimated that reducing the capital gains rate to 15% from 20% would cost the Treasury $5.4 billion from 2003-2006.

Whoops. Actual revenues exceeded expectations by 68%, creating a $133 billion revenue bonanza for the feds. CBO's original forecast for 2006 was for $57 billion in capital gains revenues, but actual receipts were $110 billion. This surprise windfall is one reason the budget deficit is also far lower than CBO predicted.

The lower capital gains tax has raised stock values by raising the after-tax return on capital investment. It has also given stock owners a greater incentive to sell their shares, and then reinvest the proceeds, because the tax penalty on these transactions is lower. Class warriors like Mr. Webb often forget that the capital gains tax is voluntary. Investors can defer paying the tax for years by holding on to their stock. This creates what is called the "lock-in effect" that deters an efficient allocation of investment capital.

The 2003 rate cut liberated hundreds of billions of dollars of capital for new investment. By the way, the National Venture Capital Association reports that venture capitalists invested $25.5 billion in 2006, the biggest burst of dealmaking since the stock market bubble burst in 2000. This is seed money for new companies and new jobs that will lift future tax revenues.

CONGRESS-ADMINISTRATION:

Pelosi, Two Other Democrats Failed To Disclose Roles In Family Charities (USAT)

By Matt Kelley

USA Today, January 29, 2007

WASHINGTON — U.S. House Speaker Nancy Pelosi and two other prominent Democrats have failed to disclose they are officers of family charities, in violation of a law requiring members of Congress to report non-profit leadership roles.

Rep. Rahm Emanuel of Illinois, the fourth-ranking House Democrat, and Sen. Evan Bayh of Indiana also did not report they serve as family foundation directors, according to financial disclosure reports examined by USA TODAY.

All three foundations are funded and controlled by the lawmakers and their spouses, and do not solicit donations from outside sources.

Pelosi spokesman Brendan Daly said Friday the speaker will amend her reports. He said it "was an oversight" that she had not listed her position dating back to 1992.

Members of Congress and top executive branch officials are required to file yearly reports on their personal finances, including any positions they hold with businesses or non-profits. At least 16 other lawmakers from both parties have reported holding similar positions, records show.

Bayh spokeswoman Meghan Keck said it was "simply an oversight" that he did not disclose his charity role. Bayh has since amended his reports, Keck said.

Emanuel, chairman of the House Democratic Conference, does not believe the law requires him to disclose his foundation post, spokeswoman Kathleen Connery said. "We believe we're following the instructions of the (ethics) committee exactly right, but if we're not, we'll amend our report," she said.

Stanley Brand, a former House general counsel, said the 1978 federal ethics law does not allow lawmakers to omit their positions with family non-profits.

Pelosi and other Democrats made ethics and greater transparency of how they do business a top priority in the 2006 elections. When the Democratic-controlled Congress convened Jan. 4, the House changed its ethics rules but did not specifically address financial disclosure forms.

The Senate passed an ethics bill earlier this month that would boost penalties for knowingly filing false financial disclosure statements.

"Despite all the ethics reforms, there's still no enforcement," said Melanie Sloan, a former federal prosecutor and head of the liberal-leaning Citizens for Ethics and Responsibility in Washington.

Filing a false report could be prosecuted as a felony, Sloan and Brand said, but prosecutions are rare. Last year, then-Senate Majority Leader Bill Frist failed to report his role in a family charity. He updated his disclosure form and wasn't punished.

DOJ_NMG_0123137

Democrats Put Own Money Into Charitable Foundations (USAT)

By Matt Kelley

USA Today, January 29, 2007

WASHINGTON — Rep. Rahm Emanuel made millions as an investment banker. Sen. Evan Bayh had leftover cash after two successful campaigns for Indiana governor. House Speaker Nancy Pelosi's husband, Paul, became wealthy investing in real estate and technology firms.

It was with this money that each of these Democrats started a charitable foundation.

Emanuel, Bayh and Nancy Pelosi are officers of the foundations that carry their names but failed to disclose the fact on their annual financial disclosure reports filed with Congress. Tax records show the foundations donated mostly to hometown charities that reflect the lawmakers' personal and political attitudes. None of the foundations received donations from outside sources.

The oldest and most prominent of the three is the Paul and Nancy Pelosi Charitable Foundation. Created in 1992, the non-profit has donated hundreds of thousands of dollars in recent years. The charity reported having about $576,000 on hand at the end of 2005 after donating $316,000 to other charities that year.

Georgetown University, Paul Pelosi's alma mater, was the biggest recipient of the foundation's giving. Georgetown received nearly $300,000 since 2003, including $10,000 to the university's Wall Street Alliance, a group that raises the university's profile in the financial community. Vincent Wolfington, a Georgetown classmate and business partner of Paul Pelosi, was vice chairman of the alliance at the time of the donation.

The San Francisco Museum of Modern Art received more than $80,000 from the Pelosi foundation in recent years. Roselyne Swig, a longtime friend and financial backer of the House speaker, is on the museum's board of directors. The congresswoman has represented a part of San Francisco since 1987.

The Rahm Emanuel and Amy Rule Charitable Trust was formed in 2002, when the Chicago lawmaker was first elected. The former Clinton White House aide and his wife, Amy Rule, are its only donors. Emanuel was an investment banker after serving in the White House.

The trust reported having $2,900 on hand at the end of 2005 after receiving $34,000 from Emanuel and donating more than $31,000.

During the past three years, Emanuel's charity gave nearly $25,000 to the Anshe Emet synagogue and school in Chicago, and $15,000 to the foundation run by former president Bill Clinton. It also gave $14,000 to Marwen, a Chicago charity that provides art classes and other educational help to low-income children. Rule is on Marwen's board.

The Evan and Susan Bayh Foundation, also formed in 2002, reported having $663,000 in assets at the end of 2005. It gave $55,000 in 2004 and 2005 to a charity that provides direct financial assistance to Indiana National Guard members and their families.

Nearly all of the foundation's funding came from money left over from Bayh's gubernatorial campaigns. Bayh served two terms as Indiana governor, leaving office in 1997. State law allows candidates to transfer campaign funds to charities.

Bayh doesn't plan to raise any more money for the foundation, said Meghan Keck, his spokeswoman.

No Free Lunch: New Ethics Rules Vex Capitol Hill (WSJ)

By Brody Mullins

The Wall Street Journal, January 29, 2007

WASHINGTON -- Every year, lobbyists for the seafood industry serve up choice Gulf of Mexico seafood at a reception for members of Congress. At next month's event, called "Let the World Be Your Oyster," legislators were supposed to feast on raw oysters from Acme Oyster House and oyster pasta from Drago's, a famed New Orleans restaurant.

Raw oysters are still on the menu. But the oyster pasta has been shucked. That dish runs afoul of new ethics rules passed by lawmakers -- specifically, what's being called the "toothpick rule."

To cut down on wining and dining by lobbyists, the House and Senate have drafted new rules that bar lawmakers and congressional aides from accepting almost any meals from lobbyists. Hors d'oeuvres are an exception. So is "food that you have to eat standing up using a toothpick," explains Washington lawyer Brett Kappel, who advises lobbyists and companies about ethics rules. Oyster pasta, the seafood lobbyists decided, would be difficult to eat with toothpicks.

Stung by a series of corruption and bribery investigations on Capitol Hill, Congress is moving to enact the most far-reaching ethics reforms since the Watergate scandal. Both chambers have approved new rules, but legislation has not yet been finalized. The result: considerable uncertainty about what's allowed, and some unintended consequences.

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The American Heart Association canceled free CPR training on Capitol Hill for fear the sessions would violate a new ban on giving lawmakers and aides anything having more than nominal value.

A House prohibition against taking trips on corporate jets, approved this month, has turned into a headache for some lawmakers. The rule forbids House members from boarding any "non-governmental airplane that is not licensed by the Federal Aviation Administration to operate for compensation or hire," unless they are traveling to a fund-raising event.

Most private planes aren't licensed that way. That means that the dozen or so House members who are pilots would violate the rule by flying their own aircraft. Rep. Dennis Rehberg, a Republican from Montana, however, is free to continue flying. He flies a rented Sikorsky helicopter. The ban applies only to "fixed-wing" aircraft.

The rule "was written by people who don't know the difference between private planes and corporate planes," says Rep. Collin Peterson, a Democrat from Minnesota, who has stopped flying his own four-seat propeller plane across his 400-mile-long district.

Republican Rep. Robin Hayes commutes from North Carolina to Capitol Hill in his own plane. He often picks up other lawmakers along the way. He's made the trip at least once since the rule took effect. He and Mr. Peterson say they are working to change the rule to cater to the pilot-lawmakers. They say they think the problem will be resolved in the next month.

The Senate has proposed banning lawmakers' spouses from lobbying the Senate. A clause exempts those who were lobbying a year or more before their spouses became senators -- which accounts for just about all of them. But the wife of Sen. Kent Conrad, a North Dakota Democrat, wouldn't be able to continue lobbying the Senate on behalf of Major League Baseball. That's because she got into the business after her husband was elected.

Because the rules ban gift-giving by lobbying groups, dozens of amateur softball teams on Capitol Hill will no longer be allowed to accept balls, bats and league fees from corporations and lobbying organizations. The Nuclear Energy Institute's sponsorship of the team of Rep. Joe Barton, a Texas Republican who until recently headed the Energy and Commerce Committee, could be in trouble.

"I don't think you will see that happening anymore," said Bill Sells, a lobbyist with the Sporting Goods Manufacturers Association. The trade group will provide plastic bases to the league, but only if they are returned at the end of the season.

Team sponsorship by bars and restaurants is still OK, provided they don't use registered lobbyists. That means the "Smell the Glove" team from the office of Rep. William Jefferson, a Louisiana Democrat, can still receive support from Trusty's, a Capitol Hill bar.

The no-meal rules, which took effect this month, are especially knotty. They apply to meals from lobbyists and from people who work for companies that employ registered lobbyists. That means that a congressional aide can't accept a hamburger from the National Association of Home Builders, which uses lobbyists. But an aide can be treated to a steak dinner by companies that don't have registered lobbyists, such as home builders Toll Brothers Inc. and NVR Inc.

The rules are leading to other peculiar results. Consider the competing annual events to commemorate National Hot Dog Day on Capitol Hill. Each July, the American Meat Institute gives away hundreds of hot dogs to lawmakers and aides at an invitation-only reception in the courtyard of a House office building. The trade group pays former Major League Baseball players to hand out the hot dogs.

Each year on the same day, People for the Ethical Treatment of Animals, an animal-welfare group, holds a separate reception for lawmakers and aides outside the same House office building. It hands out 1,000 vegetarian hot dogs. Unlike the meat lobby's bash, the PETA event is open to the public. Instead of paid baseball stars, the animal-welfare group recruits Playboy models to hand out the veggie dogs. The women dress in skimpy bikinis fashioned partly from lettuce.

PETA does not use registered lobbyists, which makes its event kosher. The meat institute, which does use lobbyists, isn't sure whether its event would fall under one of the 23 exemptions to the meal ban.

"Right now, everyone in town is trying to figure out what this all means," says Jesse Sevcik, a vice president of legislative affairs for the American Meat Institute. He says he plans to talk to aides on the House ethics committee to figure out how to make the event permissible. One option is to turn it into a "widely attended" event -- which is one of the exemptions.

Drago's oyster pasta was on the menu of the annual seafood reception for lawmakers until the seafood lobby did some checking. Stacey Viera, a spokeswoman for the National Fisheries Institute, one of the sponsors, called the Senate ethics panel to see if the event would pass muster.

"They said: 'You don't have any chairs or silverware, do you?'" recalls Ms. Viera.

In the new ethics environment, the use of chairs and tables suggests that a meal carries more than nominal value. "It's unusual to invite people to something and not let them sit down, but that's one of the quirks of the rule," says Mike Voisin, of Motivated Seafood, an oyster-harvesting and processing company that is one of the organizers.

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Another sponsor, McIlhenny Co., the maker of Tabasco sauce, has decided to stop giving ties and golf shirts with the Tabasco logo to lawmakers and aides, worried that the clothing would be deemed too valuable. The National Fisheries Institute has offered to hand "gummy fish" candies in small packets that bear the institute's name.

Write to Brody Mullins at brody.mullins@wsj.com3

Senate Does Right By Grass-roots Lobbyists (RC)

By Stephen M. Hoersting

Roll Call, January 29, 2007

Roll Call praises the Senate's recent work on ethics and lobbying reform with one exception (Editorial, "So Far, So Good," Jan. 24). It characterizes as a "major deficiency" in the bill the "exclusion of a provision to require disclosure of 'astroturf' lobbying — the generation of mass communications to Members from special interests often joined together in coalitions euphemistically named to conceal their true aims."

Of the policy proposals circulating Capitol Hill to correct lobbying abuses, strengthen the relative voice of citizens and add accountability to the earmarking process, "grass-roots lobbying disclosure" provisions seem oddly out of place. Proposals for grass-roots lobbying disclosure do nothing either to sever the link between lobbyist cash and lawmakers' pecuniary interests or to strengthen the relative voice of citizens.

Grass-roots lobbying — encouraging or stimulating the general public to contact lawmakers about issues of general concern — is citizen-to-citizen communication that fosters citizen-to-lawmaker communication. It correspondingly weakens the relative strength of lobbyist-to-lawmaker communications, in furtherance of Congress' objective in seeking lobbying reform.

Proponents characterize the activity as "astroturf lobbying" to imply that the public outcry from such campaigns is fake. It is not. No matter if it is corporations or well-heeled lobbyists who alert citizens to a pending issue, all grass-roots campaigns are "organic" in this sense: They tap true concerns of real citizens. Whatever stimulates a citizen to speak about an issue, once he or she speaks, he or she speaks for reasons of his or her own and speaks directly to his or her elected representatives. This is precisely the point of participatory democracy in our republican form of government.

Roll Call says the provision may have failed because of "confusion over the wording of the Senate draft bill." But on the most offensive aspect of grass-roots lobbying disclosure there is no confusion (albeit an apparent lack of understanding), for even Roll Call asserts that the House should "require professional lobbyists who form and manage coalitions to disclose what groups comprise them and how much money they are spending to drum up appeals to Congress."

Requiring grass-roots organizations to register or compelling lobbyists to disclose when they assist groups in contacting fellow citizens would strip consultants of constitutionally guaranteed anonymity and would deprive organizations championing unpopular causes of skilled representation. This anonymity, long recognized and protected by the Supreme Court, fosters political association, guards against unwarranted invasions of privacy and protects the consultants who assist such groups from possible retribution.

Disclosure is not always a good thing. The rationale for requiring disclosure of contributions to campaigns, and of direct lobbying activity, is the same for protecting anonymity in policy discussions: to protect citizens from retribution by abusive officeholders. History demonstrates that while such retribution may be uncommon, it is real.

It is not hard to imagine why officials in 1950s Alabama might have wanted to know the names of National Association for the Advancement of Colored People members, and why the Supreme Court said in response that "[i]t is hardly a novel perception that compelled disclosure of affiliation with groups engaged in advocacy may constitute as effective a restraint on freedom of association as [other] forms of governmental action." It also is easy to imagine the leverage Alabama could have put on the NAACP and the potential damper on the civil rights movement if 1950s Alabama knew about the NAACP what the 21st-century Congress proposes to learn about grass-roots organizations.

The abuse of nonprofit entities by a handful of lobbyists to host golf trips or entertain lawmakers can be cured in other ways without enacting disclosure measures too attenuated to the problem Congress seeks to address, and that could damage or diminish America's system of information exchange or drive skilled consultants away from unpopular causes.

Stephen M. Hoersting is executive director of the Center for Competitive Politics.

Democrats' Budget Bill Halts Many Earmarks (WSJ)

By David Rogers

The Wall Street Journal, January 29, 2007

WASHINGTON -- It was just a spud for starters: a $200,000 spending earmark Congress added in 1982 for the breeding of Eastern Russets. A quarter century and $28 million later, special research grants for potatoes top $1.4 million annually with no end in sight -- until now.

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As part of a giant spending bill to be filed in Congress tonight, Democrats will take a spade to more than $186 million in such research grants, which have quadrupled in the Agriculture Department since the 1980s. Hardest hit are the nation's 58 land-grant colleges, which have become dependent on the funds and now are caught in the backlash against members of Congress "earmarking" money for particular causes or recipients.

Filling about 150 pages, the bill will govern spending for the last eight months of fiscal 2007 -- ending Sept. 30 -- and coming just a week before President Bush submits his budget request for fiscal 2008, its proposed cuts underscore the changed landscape after November's elections. The new Democratic majority has declared a moratorium on earmarks, while Congress establishes rules to deal with past abuses in the appropriations process. But only now will Washington get a glimpse of the full impact on spending and the balance of power between Congress and the White House.

Many agriculture grants, like the ones for potato research, had become almost fixtures of the government. Although the topics of agricultural-research grants, such as the Mormon cricket and wheat sawfly, aren't household names, the funds can be vital in paying graduate students and protecting agriculture against pests and blight.

"Funding to land-grant colleges in agriculture is like investing in a fire department," said Thomas Payne, dean of agriculture at the University of Missouri, which could lose about $17 million in annual research funds. "Research is a long-term investment. It isn't a light switch to turn on and off."

Most of the earmarked funds will be redistributed back to the colleges through federal aid programs. But many, like Missouri, will receive less than they do now through earmarks. "It's going to be devastating to the University of Florida and the land-grant college system," said Jimmy Creek, a university senior vice president for agriculture.

Restoring earmarks in future budgets will be that much harder once whole accounts have been wiped out.

Beyond agriculture, dedicated pots of money for small business and community development grants also are expected to be eliminated in the coming budget bill.

Necessity dictates some of the earmark cuts, since the underlying budget bill will permit an increase roughly equal to inflation; therefore, any real growth in one area requires cuts in another. For example, a portion of the agriculture research funds could end up being diverted to food safety inspections after recent E. coli incidents.

But eliminating earmarks doesn't always produce savings. For example, the Environmental Protection Agency will continue to distribute the roughly $197 million earmarked in fiscal 2006 for state water projects. However, that distribution now will be dictated by the agency or federal funding formulas -- not by lawmakers.

That is the biggest rub, since Democrats know they are giving more spending discretion to a Republican, President Bush. In a single stroke, Senate Appropriations Committee Chairman Robert Byrd (D., W.Va.), a champion of legislative power, is eliminating more earmarks in dollar terms than all the line-item veto bills he has fought in his career -- a fact that astonishes his fellow Democrats.

But by shaking off the pork barrel, Congress can take a firmer stand for its priorities, such as education spending. And the administration will pay a price for having submitted a budget that critics say low-balls the need for new appropriations, by assuming fee increases that are politically difficult and have never materialized.

"The lesson is be careful what you ask for in a budget," said Mississippi Sen. Thad Cochran, the ranking Republican on the Senate Appropriations panel. "You may get it, and that may be all you get."

Just as congressional earmarks are scotched for the remainder of fiscal 2007, Mr. Bush's own initiatives will be scaled back to meet the bill's $463.5 billion spending cap, chosen to conform to the president's initial fiscal 2007 budget. The same limits contributed to a breakdown of the budget process after November's elections, leaving most of the government dependent on a stopgap spending bill to carry it through Feb. 15.

Republicans planned to saddle Democrats with the chore of quickly coming forward with a blueprint for the final eight months of fiscal 2007. The result is unlike anything attempted before by Congress. "It's unique, certainly for modern times," said White House Budget Director Rob Portman.

This isn't a typical omnibus spending package or an extension of the stopgap bill, which has proved untenable for many agencies. Instead, Democrats opted for a hybrid, which begins by freezing government spending at 2006 levels and then cuts and adds to increase net spending by between $10 billion and $12 billion, before hitting the cap.

Veterans medical care alone could consume $4 billion; defense health programs for active-duty military personnel, another $1.4 billion. Just to get back to 2005 funding levels, Democrats want to add $2.3 billion for health and education accounts such as Pell Grants for low-income college students.

The Federal Bureau of Investigation needs more money to hire agents. Google Inc. Chief Executive Eric Schmidt wrote Speaker Nancy Pelosi (D., Calif.) last week, seeking more funds for the National Science Foundation. Fighting AIDS overseas remains a priority. At home, Medicare turns out to have underbudgeted by $52 million the annual cost of a telephone hot line to help the elderly pick a prescription-drug plan.

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This sets up a fight over the Democrats' reluctance to fund an extra $4.1 billion the military wants for base closings and moving about 12,000 troops back to the U.S. from Europe and Asia. Delays could complicate Army deployments for Iraq as well, but adding the full $4.1 billion would make it impossible to meet other domestic priorities.

"We're the cleanup brigade," said House Appropriations Committee Chairman David Obey (D., Wis.). And with cleaner hands on earmarks, Democrats hope to make their decisions stick.

Write to David Rogers at david.rogers@wsj.com1

As Spending Deadline Looms, Congress Debates Earmarks (WP)

By Lyndsey Layton

The Washington Post, January 29, 2007

President Bush told Congress last week that he wants to cut earmarks in half, a popular notion after the $223 million "bridge to nowhere" and other seemingly wasteful projects were tucked into the federal budget by lawmakers.

And Democrats now in charge of spending on Capitol Hill say they will not allow those narrow, special-interest provisions when they introduce a resolution this week to fund the federal government for the remaining eight months of the current fiscal year. Those unprecedented ground rules complicate an urgent matter, for unless Congress can agree on a new spending plan by Feb. 15, the government will shut down.

But what precisely is an earmark?

That question has been at the heart of passionate negotiations across the capital as lawmakers, federal agencies and lobbyists argue over what constitutes waste and what is legitimate spending.

"I heard an appropriator say this week that it was like Justice [Potter] Stewart's definition of pornography -- it's hard to define an earmark, but he knew it when he saw it," one Democratic staffer said.

The debate goes beyond semantics. The stakes are huge -- deciding how to spend $463 billion between now and Sept. 30 on thousands of programs run by local communities, states and federal agencies. While public debate on Capitol Hill has been dominated by the war in Iraq, closed-door arguments about what the federal government will fund this year have been nearly as intense.

The Congressional Research Service says there is no widely accepted definition of "earmark." The White House won't take a stab at it either, saying through a spokesman that it will be addressed when the president presents his fiscal 2008 budget next month.

"Defining earmarks is a little like defining a terrorist," said Ellen Miller of the Sunlight Foundation, a nonpartisan group aimed at making government more transparent. "One man's terrorist is another man's freedom fighter. Part of the problem is there is no standard. Some of the earmarks are good stuff that government ought to be doing. This has the potential of throwing the baby out with the bath water."

Earmarks have exploded in number in the past decade -- climbing from 4,126 in 1994 to 12,852 in 2006, according to the Congressional Research Service -- and this has led to abuses. Former representative Randy "Duke" Cunningham (R-Calif.) is serving a prison sentence after pleading guilty to bribery for steering government money through earmarks to defense contractors that gave him expensive gifts in return.

Citizens Against Government Waste, which publishes an annual "Congressional Pig Book" cataloguing pork-barrel spending, considers an earmark to be "a project inserted by a member into legislation without debate or hearings, usually to serve someone or some special interest," said Thomas Schatz, president of the group. By that definition, CAGW identified 9,963 earmarks in the 11 appropriations bills in 2006 that cost taxpayers $29 billion.

But federal budget expert Brian Riedl at the Heritage Foundation said an earmark is "anytime Congress specifies who will receive a government grant or contract, anytime they list an entity, specific recipient or location."

If that meaning is applied, vast swaths of the federal budget could be considered earmarks. Take the Army Corps of Engineers, for instance. Most of its budget consists of individual projects to repair dams, dredge harbors and build bridges -- each of which is an earmark under Riedl's definition. The same goes for the Environmental Protection Agency, which has a budget filled with specific clean-water projects and sewer-improvement plans.

If it adheres to Riedl's definition, Congress could just provide lump sums to federal agencies without directions specifying which projects should be funded. That would give the Bush administration significantly more flexibility in spending.

"It cedes more power to the executive branch," said Rep. James T. Walsh (N.Y.), the ranking Republican on the House Appropriations subcommittee on Labor, Health and Human Services, Education, and related agencies. "The Congress has the power of the purse. . . . For us to give that up is a mistake."

Walsh unsuccessfully argued that $700,000 for gang-prevention programs in Syracuse and $10 million for nuclear fusion work at the University of Rochester are vital to his district and deserve a place in this year's budget. Those items had been vetted

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by the Appropriations Committee last year and approved by the House but now have been caught up in the Democrats' earmarks moratorium, he said: "That has always been the problem, trying to define what an earmark is. Some of it is essential spending."

Last year, the Republican-controlled Congress failed to pass nine of the 11 annual appropriations bills that finance the federal government. Though the House did approve most of those bills, Senate leaders never scheduled votes on them. Congress ratified money for defense and homeland security but left the rest of the federal budget -- including Social Security, Medicare, veterans programs, education and transportation -- in limbo.

They have been operating at 2006 levels through a series of stopgap measures, the latest of which expires Feb. 15. If Congress does not approve some new type of funding measure by that date, the federal government will screech to a halt.

The Democrats who took over the appropriations process in the new Congress, Sen. Robert C. Byrd (D-W.Va.) and Rep. David R. Obey (D-Wis.), said it would take too much time to complete the regular appropriations process for the current fiscal year at the same time they expect to begin examining Bush's fiscal 2008 budget.

To quickly resolve the current budget, the Democrats are writing a resolution to fund the government -- without earmarks -- for the remainder of the year. Obey and Byrd expect the resolution to total $463 million, the amount left over from Bush's 2007 budget after the homeland security and defense budgets are removed.

House Majority Leader Steny H. Hoyer (D-Md.) said he intends to bring their resolution to the House floor Wednesday.

Obey's staff has been the target of "intense" pressure, letters, phone calls and visits from other lawmakers and lobbyists trying to make a case that their particular earmarks are necessary and not pork, according to one Democratic staffer.

In a recent private meeting with Republican members of his committee, Obey spelled it out: no exceptions to the earmark moratorium.

"It's caused a lot of heartburn among members," said Rep. Ray LaHood (R-Ill.). "Everybody has now pretty much come to the reality that it's not going to happen."

Obey and Byrd said earmarks will resume with the 2008 budget, but under new rules passed by the Democrats. Legislators will have to disclose any earmark they insert and will have to certify they have no personal financial interest in the earmark, among other changes.

For Negroponte, Move To State Dept. Is A Homecoming (WP)

By Laura Blumenfeld

The Washington Post, January 29, 2007

Above the toilet, in the powder room at John D. Negroponte's house, a framed political cartoon hangs at eye level. In the cartoon, President Bush is congratulating Negroponte on his job as intelligence czar. Near the president, advisers stand holding memos marked "WMD" and "North Korea." They're blowing bubbles, wearing a dunce cap and a beanie.

Bush: "John, you're now in charge of all my administration's intelligence."

Negroponte: "And where would that be?"

Now, less than two years after becoming the nation's first director of national intelligence, Negroponte is leaving. Tomorrow, the Senate Foreign Relations Committee will convene hearings on his nomination as deputy secretary of state. From the outside, it seems like an unusual move, a demotion. Negroponte, 67, is stepping down from a Cabinet-level position as the president's top intelligence adviser and coordinator for all 16 U.S. intelligence services to become the No. 2 at State.

But from the inside of Negroponte's Tuscan, mustard-colored Washington home, the mystery of his career move dissipates with the steam from a pot of Earl Grey tea.

"About my life . . .," Negroponte said in his living room on a recent afternoon. He clicked Greek worry beads and sat near a wedding photo of his British wife. "Basically, I'm a diplomat. There's no escaping that. I've done it for so long, I've kind of internalized it."

Speculation over Negroponte's departure has split national security circles. Some question Negroponte's performance as DNI. Rather than unifying the intelligence community, they say, he created another bureaucratic layer. Others say that his step down is in fact a step up, that he will be in line to be secretary of state, if Condoleezza Rice moves on.

Sitting near his fireplace, though, Negroponte suggests another answer. Halfway through his sentence about studying politics in France in college, he blurted out, "all my life, I wanted to do this kind of work."

Negroponte worked for State from the 1960s, when he was a junior political officer in Vietnam, to 2005, when he served as ambassador to Iraq. He has been the U.S. envoy to Mexico, the Philippines, the United Nations and, most controversially, Honduras.

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In past confirmation hearings, he has been grilled over his 1981-1985 stint in Honduras, during the Contra buildup. Although the evidence is equivocal, and he denies the allegations, he has been accused of suppressing information about human rights violations by the CIA-backed Honduran military.

The charges have hardened into Negroponte's public legacy from Honduras. His private legacy is another matter.

"Who's that?" Negroponte said, calling out to a creak on the stairs. "Hellllo?" He paused. Another creaking sound. "Alejandra?"

A young woman peeked into the living room. "Where's George?" said Alejandra, 23. George, 17, appeared. Then Sophia, 13, and John, 19.

Four of the five Negroponte children were at home. They drifted in and out of the living room, onto the couch, and into the conversation. Asked how he stayed connected to the countries he served in, Negroponte said, "Mexico is a good example --"

Alejandra interrupted, "Well, Honduras -- there's us."

While in Honduras, Negroponte and his wife, Diana, a historian, adopted five orphaned or abandoned Honduran children.

Negroponte, the son of a Greek shipping magnate, and Diana, the daughter of the chairman of British Steel, educated the children as they had been educated, taking them skiing at the Negroponte chalet in Switzerland, sending some to Negroponte's boarding school at Exeter and others to Diana's British boarding school, St. Mary's.

"A family tradition," Alejandra said.

"Tea, anyone?" Diana said, carrying a silver teapot. "Come on, you won't die of my tea."

"You might," joked Sophia.

The teacups were a wedding gift. "We haven't thrown them at each other," Diana teased.

"We have another set for that," Negroponte said.

Diana lighted a fire, her posture erect even as she bent over. The children sat around telling stories of their father's nine months in Iraq. Sophia said she was sad. They were not allowed to visit, for security reasons.

"On Thanksgiving we had him on speakerphone in the middle of the table for about an hour," Alejandra recalled. It was a black telephone. They called it Dad.

Negroponte tried to call every day. He left voice-mail messages in song.

"When we were feeling low, we played them," Diana recalled, singing: "Good morning, Sophia, la-la! I love you, la-la-la!" Diana turned to her daughter. "Sophia, can you think of any stories about your dad? How nice he is, when I'm beastly?"

"Um." (Later Sophia noted that Dad likes to inhale helium from balloons and recite his title in the voice of Alvin and the Chipmunks: "Hi! I'm John Negroponte, U.S. ambassador to the Philippines!" Negroponte said, "We ought to get a regular supply.") Afterward, when the children scattered, he said: "The nicest story is the adoption of Marina."

After years of trying to have a child, they decided to adopt. In Honduras, a nun contacted Diana.

"And she said, 'I have your child,' " Negroponte said.

"Johnny, I'm terribly sorry," Diana said, her voice rising. "But for me, the kids is a highly private part --"

"Not this part --"

"Well, you phrase it the way you want."

"In any case, Diana brought Marina home and it happened, we had Congressmen Jim Leach and Steve Solarz visiting us . . ."

Negroponte arrived home to find the 8-month-old girl. The congressmen, a Republican from Iowa and a Democrat from New York, ran out and bought a stuffed elephant and donkey.

"I still carry the picture of her crawling around on the floor of the residence," Negroponte said, taking out his wallet.

Negroponte kept the tiny, creased photo with him in Iraq. He said he looked at it often. Security concerns in Iraq made life "confining." In his Iraq album, there's a photo of a woman at her desk, wearing a helmet and a flak jacket. "That's my secretary," he said. It was taken during an incoming-missile alert. Iraq was the one post where Negroponte didn't learn the language.

"I was relieved when I left," he said.

In his new job, Negroponte will return to Baghdad "at an early date," he said. The job change had been "on again, off again, since last May, after several frustrated attempts to find a successor as DNI." On New Year's Eve, national security adviser Stephen J. Hadley called with the offer. Negroponte was on the beach in south Naples, Fla. Hadley was in north Naples.

Negroponte, who has lived overseas for some 22 years, said his foreign experience would be valuable: "Look around at the government in highest circles. Who's had the opportunity to live abroad?"

As the No. 2 at state, Negroponte will assume responsibility for Iraq. He will also be the lead person for policy toward China and northeast Asia, including North Korea. His five languages will help.

"Your Mandarin might need a little polishing," Diana said.

"I'd be reluctant to take a quiz in Vietnamese," he acknowledged.

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Negroponte pulled some aquamarine worry beads from his pocket. At the United Nations, he had traded beads with the Syrians.

Negroponte said, "It throws people, who's this American using worry beads?"

"He's an East Mediterranean, don't underestimate him," Diana said, and then retreated.

Negroponte walked by a photograph above the piano. It was Diana's mother, a Belgian countess, having lunch with a chum.

"Diana's mother is a very good friend of the Queen of England," Negroponte said, pointing to the friend. "It doesn't come across --" he chuckled "-- as the average American profile, I'm afraid. But what are you going to do?"

The Negroponte girls recalled meeting Grandma's friend, the queen.

"Mom taught me now to curtsy," Alejandra said.

"People look at us like, 'Wait -- you're Latin American, adopted. How do you know the queen?' " said Marina, 24.

"I was the last to be adopted," Sophia said pouting.

Negroponte walked in: "Well, I don't think we can adopt any more."

The girls looked up -- Alejandra from the couch, Marina from a chair and Sophia from the floor where she sat listening to her iPod -- at their father. No speculation here. Negroponte's five children knew why he was going to State.

"It's full circle," Alejandra said. "He started there."

And during his hearings, if the human rights accusations come up, "we all know it's there, the Honduras thing," Alejandra said. Critics have hung posters on the lampposts on their street, calling their father a "war criminal."

"We take them down," Alejandra said. "Sophia will scratch them off."

They have a different image of their father: For Christmas, they bought him Russian nesting dolls. The largest doll is President Bush. Inside of Bush is President Bill Clinton. Next, there's President George H.W. Bush, and inside of him, President Ronald Reagan. Finally, the tiniest wooden doll popped out.

"He works for everybody," Alejandra said.

She held the fat little doll between two fingers. It was labeled "Dad," pasted with Negroponte's smiling face.

Google Halts 'Miserable Failure' Link To President Bush (NYT)

By Noam Cohen

The New York Times, January 29, 2007

It has been a bad month for anti-Bush snarkiness.

First, the anodyne impressionist Rich Little was selected to address the White House correspondents' dinner as a follow-up to the scathing routine last year by Comedy Central's Stephen Colbert. Now a favored online tactic to mock the president — altering the Google search engine so the words "miserable failure" lead to President Bush's home page at the White House — has been neutralized.

Google announced on Thursday on its official blog that "by improving our analysis of the link structure of the Web" such mischief would instead "typically return commentary, discussions, and articles" about the tactic itself.

Indeed, a search on Saturday of "miserable failure" on Google leads to a now-outdated BBC News article from 2003 about the "miserable failure" search, rather than the previous first result, President Bush's portal at whitehouse.gov/president.

Such gamesmanship has been termed "Google bombing," and is not unique to President Bush, or even politics. John F. Kerry, the Democratic presidential candidate in 2004, was linked to the search "waffles," while other Google bombs have been elaborate jokes or personal vendettas.

Writing on the Google blog, Matt Cutts, the head of the Google's Webspam team, said that Google bombs had not "been a very high priority for us." But he added: "Over time, we've seen more people assume that they are Google's opinion, or that Google has hand-coded the results for these Google-bombed queries. That's not true, and it seemed like it was worth trying to correct that misperception."

Mr. Cutts was not available on Friday to expand on his blog, a Google spokeswoman said. A White House spokesman had no comment on the issue.

Despite the changes by Google, some other Google bombs are still operative. A search for "French military victories" still produces a first result that says, "Your search — French military victories — did not match any documents." Click there and your find a mockup of a Google search page asking the question "Did you mean: French military defeats."

The organizer of the "miserable failure" Google bomb was George Johnston, a political activist and software programmer in Bellevue, Wash.

What began as a prank become something more after Hurricane Katrina, Mr. Johnston said. In September 2005, he said he noticed a renewed interest in the "miserable failure" prank; he believes "people were in shock over New Orleans" and began

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typing “failure” into their searches. Mr. Johnston said he considered Google’s decision politically motivated, even if was not done by hand, and noted that the company had agreed to censor results in China. “I believe them that they tweaked the algorithm, but it is such weasel words,” he said. “The fact that some Google bombs still work makes me think they have a blacklist essentially of ways of tweaking results.”

He hasn’t given up the fight, he said, and remains unhappy with Google’s tweak. “They say they fixed it. I think they broke it,” he said. NOAM COHEN

Callous Abortion Backers (WT)

By Chris Smith

The Washington Times, January 29, 2007

WhenHouse Speaker Nancy Pelosi boldly proclaimedthis month that this would be a Congress that remembers the children, I couldn't help but think that this smart, savvy grandmother of six, who now wields the most powerful gavel in the world, was forgetting someone.

A whole lot of someones, for that matter.

At swearing-in, when Mrs. Pelosi invited the accompanying congressional kids to join her at the rostrum to "touch the gavel" as history was made, I smiled and thought what a gracious gesture and photo-op. And then I thought again of the forgotten girls and boys -- at last count more than 49 million of them -- killed by what is euphemistically called "choice." To be sure, born children need strong and stable families, better access to health care, educational opportunities, a clean environment to grow up in and freedom from violence and abuse.

The speaker is right, Congress should remember the children and strive to enhance the welfare and wellbeing of our young. No one is more precious than our children.

But it is equally valid and true that unborn children have inherent worth, value and dignity. They are children, too. They are not disposable commodities, nor are they junk. American jurisprudence -- and public officials in all three branches of government -- too often treat them that way. A Congress that remembers the children should strive to leave no child vulnerable, including the unborn.

In recent years, modern medicine and scientific breakthroughs have shattered the myth that unborn children are not human persons or alive. Birth is merely an event -- albeit an important one, but only an event -- in the life of a child.

Today, ultrasound technologies and other diagnostic tools have helped doctors to diagnose illness and disability before birth. New and exciting breakthrough health-care interventions for the unborn, including microsurgeries, are leading to an ever-expanding array of successful treatments and cures of sick or disabled unborn babies in need of help. Unborn children are society's littlest patients. This Congress should remember them as well.

In stark contrast, abortion methods rip, tear and dismember or chemically poison the fragile bodies of unborn children. There is nothing whatsoever benign, compassionate, or just about an act that utterly destroys the life of a baby and often physically, psychologically or emotionally harms the woman.

Abortion is a violation of fundamental human rights and should be treated as such. The right to life is for everyone, regardless of age, race, condition of dependency, disability, or stage of development. Congress has a duty to remember, and a duty to protect, everyone at risk -- not just the planned, the privileged and the perfect.

There is a new, powerful group of women called Silent No More who courageously speak of their personal abortion tragedies. They protest that abortion is neither a compassionate option nor a reasonable choice; rather it is an act of violence.

Women wounded by abortion -- like actress Jennifer O'Neill; singer Melba Moore; civil-rights activist Dr. Alveda King, niece of Dr. Martin Luther King Jr.; and a co-founder of the National Silent No More Awareness Campaign, Georgette Forney -- have called on us to listen to their heart-wrenching stories and take seriously our moral duty to protect women and children from the predators who ply their lethal trade in abortion mills throughout the land. Dr. King has asked "How can the 'Dream' survive if we murder the children?" These brave wounded women are the new champions of life.

They have refused to be silent any longer. They care too deeply about other women and their children and they want others to be spared the anguish they have endured. And to the millions of women who have aborted, they are uniquely equipped to convey the breathtaking love, healing and reconciliation that God provides to those who ask.

More and more women are speaking up and proclaiming that "women deserve better than abortion," and I agree.

In one of Dr. Seuss's most memorable books for children and grandchildren, an elephant named Horton hears a small person -- "a who" -- crying for help and discovers a whole town of tiny persons living on a speck of dust called Who-ville. Horton cherishes and seeks to protect them. When an eagle steals the speck of dust, Horton pleads "please don't harm all my little folks, who have as much right to life as us bigger folks do."

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Against all adversity and personal insult Horton painstakingly recovers Who-ville and begs the mayor to get all the little people to make a big noise so everyone will understand that they exist. They all yell and scream, but to no avail. No one but Horton hears them. However it is the voice of the smallest of the small that puts them over the top. Dr. Seuss writes, "Finally, at last their voices were heard!" They rang out clear and clean. And the elephant smiled and said "do you see what I mean? They proved they ARE persons, no matter how small and their whole world was saved by the smallest of all."

Mrs. Pelosi, unborn children are persons, no matter how small. They cry out for your -- our -- protection and safety, and to be remembered. On this one, we could all learn a lot from Dr. Seuss.

Rep. Chris Smith is a 14-term Republican from New Jersey.

Schumer's Tort Epiphany (WSJ)

The Wall Street Journal, January 29, 2007

Write about politics long enough and you come to think you've seen everything. But even we didn't expect to see a leading Senate Democrat declare that tort law abuse is making America less economically competitive. Has Chuck Schumer told his colleagues about his epiphany?

Mr. Schumer was knocked off his horse last week on the way to a press conference with Governor Eliot Spitzer and New York City Mayor Mike Bloomberg to discuss the ways that regulation is driving financial business from U.S. shores. Governor Spitzer's presence was so ironic that even he -- not famous for his self-deprecation -- had to joke about it. But the really big news is that Mr. Schumer endorsed a study declaring that tort reform is the single biggest key to retaining U.S. leadership in global finance.

As political conversions go, this is like Dick Cheney endorsing a stronger Congress. Mr. Schumer is chairman of the Democratic Senatorial Campaign Committee, which puts him at the center of fundraising for Democratic candidates. And trial lawyers have been a leading and deep-pocketed constituency for Democrats, donating millions of dollars in each election cycle. Over the last decade, more than 90% of trial lawyer donations have gone to Democrats. In return, the Democratic Senate caucus has been a bulwark against tort reform.

Senator Schumer himself has a mixed voting record on reform. As a Representative, he voted for the Securities Litigation Reform Act in 1995, but he opposed an attempt to go further in the next Congress. As a Senator, he's voted against asbestos-litigation reform and class-action reform.

But as the McKinsey report commissioned by Messrs. Schumer and Bloomberg notes, settlements of securities class actions have been rising every year for years. In 2005, the total bill hit $3.5 billion -- and that number excludes $6.2 billion in WorldCom-related settlements alone.

Apart from some $7 billion in Enron-related settlements, the bill for 2006 is expected to be somewhat lower, according to the McKinsey study. But then most stocks had a good year, and securities lawsuits always thrive in a difficult market. Both the McKinsey report and last year's interim report from the privately funded Committee on Capital Market Regulation reach the same conclusion: Concern about an unpredictable and expensive legal lottery is a major impediment to listing securities in the U.S. The McKinsey report relates that, among the executives surveyed, litigation risk ranked second in importance in deciding where to do business, after the availability of qualified workers.

The CMR report released last November put it this way: "Foreign companies commonly cite the U.S. enforcement system as the most important reason why they do not want to list in the U.S. market." And a big part of "enforcement" in the U.S. is private litigation. That report also points out that securities class actions are unknown in most of the international money centers competing with the U.S. for financial business.

Mr. Schumer argued at Tuesday's press conference that a number of the report's recommendations could be handled "administratively," through rule-makings and the like by the SEC. But this is whistling past the tort graveyard. Sarbanes-Oxley has already laid the seeds for the next big round of shareholder lawsuits by creating a number of new causes of action against companies that misbehave.

The true costs of those provisions have yet to be tested for the simple reason that it will take a recession or a stock-market correction to trigger the next round of attempts to turn corporate miscalculations into income redistribution opportunities. So far, this ticking bomb inside Sarbox has received little notice compared to the very real costs of compliance with Section 404 on internal controls. But we can expect to hear more about it after the first wave of Sarbox lawsuits starts hitting the papers. Until that happens, the current consensus that Sarbox is tolerable and the SEC merely has to enforce it more sensibly will remain the conventional wisdom.

Senator Schumer was silent on the prospects for tort reform, which will be the real test of his sincerity. As a New Yorker, Mr. Schumer has been hearing a good deal from Wall Street on this, and we hope his press conference isn't just a constituency massage. He shouldn't be able to have it both ways by holding press conferences in New York City, then returning to

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Washington and winking to Tommy Boggs, Harry Reid and the tort lobby that it's all merely talk. If his conversion is real, we look forward to his energetic leadership in building a bipartisan majority for tort reform.

A Good Idea Inside A Bad One (TIME)

By Matt Miller

Time, January 29, 2007

In 1992 the first President Bush's budget was at theÂ printer when congressional Republicans revolted. Bush, they were told, planned to fund expanded health coverage by leaping on one of American politics' "third rails": the fact that the value of employer-provided health benefits is not included in employees' taxable income. Making a portion of these benefits taxable, Bush the Elder reckoned, was a smart way to pay for health care for folks who had none. But G.O.P. leaders were apoplectic. Didn't Bush understand that a tax hike meant political death? The uproar was so swift and furious that White House staffers spent the night using razor blades to excise the offending page from printed budgets.

First George W. Bush went to Baghdad when his daddy wouldn't. Now, with the health-care plan the President floated in his State of the Union address, he's literally picking up a page his father wouldn't keep in his health-care playbook. But the son has shrewdly disguised his slow-motion tax increase as a tax cut.

Here's how. To make health care more affordable, Bush wants to create a standard deduction for health insurance like the one offered for dependents. Families with private health plans would have their first $15,000 in earnings exempt from taxes (for individuals, it's $7,500). The idea, Bush argued sensibly Wednesday night, is to "level the playing field" between today's tax-advantaged employer-provided benefits and those purchased outside the workplace, where growing numbers of Americans seek coverage. But Bush would offset these new deductions by taxing employer-provided benefits above that $15,000 (or $7,500) level. The White House guesses that in the first year 30 million people (whose employer plans are richer than the deduction) would see their taxes rise as a result, while 100 million would see their taxes reduced. Yet here's the trick: these numbers would reverse over the next decade, because the value of the deductions will be indexed to rise only with inflation, while health premiums, rising faster, will leave more people facing the new tax.

It adds up to a clever mouthful for a President desperate to change the subject from Iraq and to offer his party a market-oriented angle on an issue Democrats hope to ride into 2008. For those who buy coverage outside the workplace, it's a boon. But Bush's plan isn't a serious attempt to cure what ails health care and might make some things worse.

For starters, Bush's staff says his plan would reach just 3 million to 5 million of the 47 million uninsured. If that's what this White House calls "bold," it's hard to know what "inadequate" would look like. Moreover, there's a real risk that Bush's deduction could effectively bribe healthier workers to flee employer group plans for the individual-insurance market, where cheaper coverage tailored to their health status would leave more cash in their pockets. This could unravel the larger risk pools that keep premiums lower for everyone.

Still, if Democrats are right to dismiss Bush's overall plan as too little, too late, they're wrong to dis his call to reform today's regressive health-tax exclusion. A nearly invisible $200 billion subsidy that tilts its largesse toward executives in high tax brackets and workers who already have rich plans would normally be assailed by liberals as unjust. But because this particular subsidy bolsters hefty benefits negotiated by their union allies, Democrats overlook the inequity. "It's ironic and embarrassing," says Len Nichols, a former Clinton health official now at the New America Foundation. Farsighted Democrats admit as much. Andy Stern, the leader of the Service Employees International Union, and Jim McDermott, a doctor and a Democrat from Seattle on the Ways and Means Committee, tell me that if universal health coverage were being discussed, they would revisit the sacred tax exclusion as a way to help fund it.

Bush's nervy war on our wrongheaded health-tax subsidy will probably go nowhere, but it's destined to be revived if Democrats get a shot at comprehensive reform after 2008. Even a President as unpopular as Herbert Hoover probably had a good idea or two eventually to steal too.

Sloan: Don't Forget To Fix Social Security (NSWK)

By Allan Sloan

Newsweek, January 29, 2007

Sometimes what people don't say about a topic is more interesting than what they do say. Consider, if you will, President Bush's State of the Union message. Social Security—the focus of his speech two years ago—got only a few fleeting mentions in last week's address. But if you delve into the low-profile details of Bush's high-profile health-care proposals, you discover that embedded in them is a plan that would effectively trim future Social Security retirement benefits for some people, while reducing their current Social Security tax payments to help pay for health insurance.

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I'm not attacking this idea the way I went after Bush's Social Security "reforms" of a few years ago. It's just that I'm a Social Security junkie, and that aspect of Bush's health proposals interests me—if only because it points out how high Social Security taxes are for many families, relative to the income tax.

Here's the deal. Bush wants to let taxpayers who have health insurance exclude $7,500 (for singles) or $15,000 (for married couples) from their taxable income, but would include as income the value of employer-paid health insurance, currently tax-free. The exclusions would be exempt not only from federal income tax, but from Social Security and Medicare tax, as well. Bush said his plan would let a couple earning $60,000 a year save $4,500 of taxes. According to the White House Press Office, that $4,500—30 percent of $15,000—is based on the couple being in the 15 percent income-tax bracket and also paying 15.3 percent in Social Security andMedicare taxes.

In reality, the couple would probably save only about $3,400 in taxes, because employers pay 7.65 percent of the 15.3 percent Social Security and Medicare tax. So unless Bush's $60,000 family happens to be self-employed, it would save 22.65 percent of $15,000 rather than the 30 percent Bush used. But $3,400 is still serious money.

Now, let me show you how Bush's health-care proposals could reduce future retirement benefits of today's taxpayers, who would in effect be trading reduced retirement income tomorrow for help in covering health-insurance costs today. Remember that Bush would let you exclude $7,500 (singles) or $15,000 (couples) from taxes—but that you'd pay income, Social Security and Medicare taxes on employer-paid health care. So if your employer pays less than $7,500 (or $15,000) toward your health care, you'd pay less Social Security tax than you pay now.

Got that? Let's proceed. Paying less Social Security tax would reduce your future Social Security retirement benefit, which is determined by a formula that's based on how much Social Security tax you pay. The way the formula works, someone who pays Social Security tax to the max each year—for 2007, it's on $97,500 of income—would see his benefit shrink by less than 15 percent if he excluded $15,000 from Social Security tax. But low-paid people—who get much more in benefits per dollar of Social Security tax than maxed-out folks do—would see benefits shrink by a far higher percentage. "A family earning $30,000 a year could see its retirement benefit cut in half," says Len Burman, director of the Tax Policy Center in Washington. That would be an especially serious blow, because $30,000 families tend to rely almost entirely on Social Security for retirement income, whereas high-income families typically supplement Social Security with retirement accounts, pensions and savings.

I'm not offering you Burman's opinion (or mine) on Bush's health-care proposals, because plenty of people are holding forth about them. But not many are dealing with their Social Security aspect. For that matter, few people these days are dealing with Social Security at all.

That's unfortunate, because the longer we wait to come to grips with Social Security, the harder it will be to fix the problem posed by baby boomers' retiring en masse. And the more Social Security will continue to distort federal budget numbers by making the deficit look smaller than it is: last week's update by the nonpartisan Congressional Budget Office projected a $172 billion deficit for the current fiscal year; that's 52.5 percent less than it would have been without the $190 billion Social Security surplus. That $190 billion—in theory, at least—is committed to future Social Security beneficiaries. Logic suggests that we can't both commit that money to Social Security and use it to reduce the reported budget deficit. But Washington has its own logic, and its own math.

Sure, keep an eye on the health-care debate. But don't forget Social Security. It may be on the back burner for now—but it's still cooking.

OTHER NEWS:

Economists Change Rate-cut Tune (USAT)

By Barbara Hagenbaugh And Barbara Hansen

USA Today, January 29, 2007

WASHINGTON — The Federal Reserve will wait to cut interest rates until the end of 2007, not earlier this year as was expected just a few months ago, economists say.

Economists surveyed by USA TODAY expect the unemployment rate will tick higher this year as the economy grows at a steady, but not blazing, pace. The slower growth is expected to lead to a sharper pullback in inflation than what was predicted three months ago.

The 56 economists were surveyed Jan. 18-24.

"We're going to see two distinct pieces. The first half of the year is going to be pretty blah, tepid growth," says Sean Snaith, director of the Institute for Economic Competitiveness at the University of Central Florida. "In the second half, things will pick up a little bit."

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Fed Chairman Ben Bernanke and his colleagues meet Tuesday and Wednesday to discuss interest rate policy. All of the economists expect the Fed policymakers will leave their target for short-term interest rates, which influences borrowing costs economywide, at 5.25%, the highest in six years.

The Fed has left interest rates unchanged since June after raising them 17 times over two years. Looking at the median of the answers, the economists do not expect a change in interest rates until the fourth quarter, when they expect a quarter-percentage-point cut. The median is the point at which half of the answers are higher and half are lower.

The expectation for a rate cut at year's end represents a significant change. Just three months ago, economists said they expected the Fed would cut rates in the second quarter.

But since then, data have suggested the economy is faring better than was expected given the sharp slowdown in housing. Economists are now predicting the softening in this year's job market won't be as substantial as they predicted last quarter. That suggests the Fed doesn't need to cut rates.

But opinions vary. Several economists, such as those at Merrill Lynch and U.S. Trust, expect the Fed will cut rates by at least a percentage point by the end of 2007. Others, such as those at The Conference Board and Bear Stearns, predict rates will be higher at the end of the year than they are now.

The difference of opinion stems from varied views of what the Fed needs to combat in 2007. While 52% said slower economic growth was the bigger risk facing the U.S. economy, 48% said inflation was a larger concern.

Fed officials make such an assessment when deciding interest rate policy: If inflation is the bigger risk, they are more likely to raise rates than cut them. If slower growth is the bigger risk, they are more likely to cut rates.

The sharp difference of opinion doesn't surprise Timothy Rogers. The chief economist for Briefing.com in South Natick, Mass., says there are just too many unknowns, such as the state of the labor market, business investment and housing. Although he expects the Fed to cut rates once this year in the fourth quarter, he says he can come up with very plausible reasons why a rate increase may instead be needed.

"It could go either way right now," he says. "Anyone who comes out and says he knows which way things are going is full of malarkey."

A Long Stretch Of Steady Rates (WSJ)

By Peter A. Mckay

The Wall Street Journal, January 29, 2007

There isn't much that moves the market like a shift in interest rates by Federal Reserve policy makers. This year, it is beginning to look like the Fed won't move much.

As central-bank rate setters prepare for their first meeting of the year this week, investors increasingly are resigned to a longer pause in rate moves than previously expected.

Yet it might be that it is the pause that refreshes. In recent years, the stock market usually has performed well when the Fed declines to move up or down, as it has since last summer.

Some Wall Street forecasters say the Fed could go all year without changing its rate targets, a prospect that contributed to the market's sluggishness last week.

Such predictions run counter to many investors' hopes for a quick rate cut, which would lower borrowing costs and encourage more consumption throughout the U.S. economy, potentially helping corporate profits and thus stocks.

There is a lingering risk that stocks' latest rally may already have run its course. The Dow Jones Industrial Average is up 14% since the Fed last changed its benchmark rate, raising it a quarter percentage point in late June to 5.25%. Many analysts believe the market is likely to remain especially volatile in the weeks ahead as investors rejigger their bets to reflect new rate expectations.

The main reason for bulls' overall optimism is that, as fourth-quarter reports roll in, corporate profits seem to be doing just fine even without Fed action. Wall Street expects profits at companies in the Standard & Poor's 500-stock index to rise by more than 10% for the quarter -- a slower pace than in the previous few years' boom but still solid growth by historical standards.

"There's a growing sense among investors that if the economy is OK, then profits will be OK, so I don't really need the Fed to step in and help me" with lower rates to spur economic growth, says strategist Jack Caffrey of J.P. Morgan Private Bank.

Mr. Caffrey says his firm still expects a rate cut this year, perhaps during the summer if unemployment creeps higher. But that timetable has been pushed back from earlier estimates of a spring rate cut. "The data just weren't supporting that idea," Mr. Caffrey says.

Many analysts say the Labor Department's better-than-expected report on December payroll growth, released Jan. 5, set off hand wringing among investors that the economy might not be slowing enough to justify a rate cut.

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Since that report came out, the Dow Jones Industrial Average has floundered, off 0.1% despite touching several new records.

Last week, as investors continued to shift their rate-related bets, the blue-chip average fell 78.51 points, or 0.6%, to 12487.02, up just 0.2% this year.

The broad Standard & Poor's 500-stock index also slipped 0.6% last week, off 8.32 points, to 1422.18, up 0.3% on the year. The technology-heavy Nasdaq Composite Index fell 0.6%, or 15.82 points, to 2435.49, up 0.8% on the year.

The Fed's rate committee will meet tomorrow and Wednesday, with a rate decision due Wednesday afternoon. Futures contracts tracking the likelihood of a Fed move recently have reflected a 98% chance the central bank will leave its rate target unchanged, with only a 2% chance of a quarter-point cut.

Ethan Harris, chief U.S. economist at Lehman Brothers, has been telling reporters since mid-December that he expects no rate move from the Fed in 2007.

If anything, he now says, there is some risk the Fed may raise rates this year, if the current supply of relatively cheap money throughout the global financial system begins to translate into more inflation in the U.S.

"I don't understand why some strategists are rooting for rate cuts," says Mr. Harris. "To me, a cut would tell you the Fed is quite worried about the economy. The things that would get them to reach that decision would not be a good environment for stocks."

If the Fed does indeed keep rates unchanged all year, it would constitute the longest pause since the late 1990s, in the midst of the dot-com boom.

Going back to 1989, the S&P 500 index has risen an average 10.1% during Fed pauses, not including the current one, according to research firm Thomson Financial.

Mike Thompson, director of research at Thomson Financial, says the key difference between the market now and during the late-1990s is that the market value of stocks relative to their expected earnings hasn't skyrocketed to unusual levels as it did during the bubble.

That comparison should bode well for the market in the months ahead. Explaining the more fundamental reason that flat rates might help stocks is trickier. One possibility, Mr. Thompson says, is that investors might like Fed pauses for similar reasons to why they tend to like the White House and Congress to be controlled by different political parties.

The common wisdom on Wall Street is that, if the government is divided, it is more likely to result in legislative gridlock, which cuts down on the chance that Congress will do something to hurt business. Likewise, Mr. Thompson says, if investors know the Fed is going to be on pause, maybe they grow confident that the central bank won't "overshoot" on its rate targets and set off runaway inflation or, even worse, a recession.

Like Lehman's Mr. Harris, Mr. Thompson expects the Fed to keep its rate targets unchanged throughout 2007. "For them to move, it would take some economic report to come in really, really bad, below what everyone is expecting," says Mr. Thompson. "It's hard to see what that would be."

Write to Peter A. McKay at peter.mckay@wsj.com1

Refining Stocks Still Have Plenty Of Fuel For Now (WSJ)

By Jeffrey Ball

Wall Street Journal, January 29, 2007

With President Bush calling for significantly slowing the growth in gasoline consumption in the next decade, stocks of some companies that refine crude oil into gasoline slipped temporarily last week, a sign that some investors are reassessing growth prospects for the refiners.

That long-term concern may have overshadowed a near-term opportunity. There are good reasons to conclude refiners of crude are poised for a nice seasonal stock pop as the high-demand summer driving season approaches.

In his State of the Union speech last week, Mr. Bush urged a big increase in alternative fuels such as ethanol and a potential toughening of federal automotive-fuel-economy standards. Both measures, he said, are intended to hold the growth in gasoline consumption to 20% below its projected level in 2017.

The market reacted immediately. As word of the president's energy proposals surfaced Tuesday, hours before the actual speech, the stocks of some producers of corn-based ethanol inched up -- and those of some refiners inched down.

Time will tell whether Mr. Bush's proposals will meaningfully slow the growth in America's gasoline use. It would take real technological breakthroughs for the U.S. to produce the volume of ethanol the president outlined, requiring the country to move beyond corn, the current feedstock for U.S. ethanol, and use "cellulosic" materials such as switchgrass and wood chips, which are far more plentiful, to make the fuel.

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Cellulosic ethanol is largely experimental; how many years it would take to reduce its cost to a competitive level is an open question. (See Commodities Report, page C3, on ethanol's wide range of costs.)

If the president's policies to curb the growth in U.S. gasoline use succeed, "the impact on refining would be drastic," Deutsche Bank AG oil analyst Paul Sankey wrote in a research note last week following the president's address.

Whatever happens during the next decade, however, the nuts-and-bolts realities of the U.S. refining industry suggest investors may do well in the next several months by investing in refiners of old-fashioned crude oil.

Right now, largely because of a warmer-than-expected winter that has curbed demand for heating oil, another product of the refining process, oil refiners' margins are low. Analysts expect some of the same pressures that last summer pushed up U.S. gasoline prices -- and refiners' margins -- will be repeated as the summer driving season approaches.

Margins will "stabilize and start going back up in the spring," said John Parry, a senior oil analyst at John S. Herold.

The energy-research company is bullish on refiners Tesoro Corp., which will report fourth-quarter earnings today, and Sunoco Inc. and Valero Energy Corp., both of which will report this week. Although Herold doesn't rate those stocks, it has what Mr. Parry calls an "inferred buy" on them, because the stocks are trading below what Herold regards as their value based on their average margins over the past three years. Herold has recommended investors buy ConocoPhillips, an integrated oil company with a significant refining business.

Mr. Parry owns stock in Tesoro, Sunoco, Valero and ConocoPhillips, among other oil companies. Herold doesn't own shares in the companies, but it has done business with ConocoPhillips in the past year.

The underlying reason for the near-term bullishness on refiners, Mr. Parry and other analysts said, are government regulations pushing refiners to blend into gasoline the same brew President Bush touted as an antidote to high pump prices: ethanol.

Regulations in parts of the country with particularly dirty air require special blending agents be added to gasoline to reduce the air pollution produced when the gasoline is burned in cars and trucks. Historically, the chief blending agent was methyl tertiary butyl ether, or MTBE. Because of concerns that MTBE contaminates groundwater, the government effectively has prodded refiners to phase it out, and now refiners typically use ethanol as a substitute.

Particularly in summer, ethanol is harder to blend into gasoline than MTBE is. Mixing in ethanol requires adding other chemicals that are in short supply in the U.S. That raises pump prices -- and refiners' margins.

Doug Leggate, a Citigroup Inc. oil analyst, predicted Tesoro will be the first beneficiary of the seasonal bump, because it does much of its business on the warm West Coast. Tesoro's shares already have risen markedly this month. Next up for real gains, Mr. Leggate said, are Valero, focused on the Gulf Coast, and Sunoco, based on the East Coast. Sunoco has the most "upside potential," he said.

Mr. Leggate has "buy" ratings on Tesoro, Valero and Sunoco. He has a "hold" on ConocoPhillips, generally because of the company's exposure to the upstream oil business, which Mr. Leggate has regarded as less promising than the refining business. Mr. Leggate doesn't own shares in any of these companies, but Citigroup owns Sunoco shares and does business with Sunoco, Tesoro and Valero, among other oil companies.

Aronson+Johnson+Ortiz LP, a quantitative money-management firm in Philadelphia with holdings of about $28 billion under management, has raised its holdings in refiners including Tesoro and Sunoco. During last year's third quarter, the most recent period for which statistics are available, it raised its holdings in Tesoro to 227,900 shares, up 202,300 shares, and it raised its holdings in Sunoco to 1.19 million shares, up 849,700 shares, according to FactSet Research Systems Inc.

Within the energy sector, "the refiners are looking more attractive because of their value tilt," said Stefani Cranston, a portfolio manager at the firm.

Deutsche Bank's Mr. Sankey is bearish. In addition to his long-term concerns about the threat ethanol poses to gasoline consumption, he notes that one big factor boosting refiners' margins last year was lingering refinery damage from the 2005 Gulf Coast hurricanes. Most of that is fixed.

Mr. Sankey -- who has "hold" ratings on most of refiners, including Sunoco, Tesoro and Valero -- doesn't personally own any of the stocks, but Deutsche Bank does, and it provides investment-banking services to many refiners.

Some refiners have said they are worried by Mr. Bush's ethanol push and are reconsidering plans to expand their gasoline production as a result. Adding less supply could have the effect of keeping gasoline prices higher.

Because "the mandatory nature and scope" of the president's proposals "give us serious pause," Marathon Oil Corp., an oil company with a big refining business, said in a statement following Mr. Bush's speech, "we must now re-evaluate our long-term investment program," especially prior plans to expand refinery capacity.

Mixed Reviews For Clinton In Iowa (WP)

By Dan Balz

DOJ_NMG_0123152

The Washington Post, January 29, 2007

CEDAR RAPIDS, Iowa, Jan. 28 -- Lynda Waddington met Sen. Hillary Rodham Clinton twice this weekend as the Democratic senator from New York made her initial campaign visit to the state with the nation's first presidential caucuses. Clinton, she said, is nothing like the politician she sees portrayed in the press.

"The media in particular has a bad habit of taking our candidates and giving them back to us in a caricature," said Waddington, an Iowa Democratic Party official and activist. "Al Gore was a bumbling elitist. With Hillary, they have her painted as a cold fish. That's absolutely what you do not get in person. She's very warm and very intelligent."

Kay Hale met Clinton for the first time at a house party in Cedar Rapids on Saturday night. "I just never really had a true opinion of her," said Hale, who calls herself a "granny nanny" and drives a school bus. "I didn't hate her. A lot of people hate her or they like her, and I am not that way. I found her to be very warm."

Based on those reactions, Clinton and her campaign advisers may justifiably conclude that she made a positive first impression on Iowa Democratic Party activists. But a 90-minute conversation with 14 Iowa Democrats here Sunday afternoon tells a more complete and not-so-encouraging story of her candidacy in its early stages.

Widely admired and seen as strong and intelligent, Clinton nonetheless engenders substantial doubts among people who, by virtue of Iowa's place at the front of the nominating calendar, could play an outsized role in selecting the next Democratic presidential nominee.

"Competent and capable, but she's my fourth choice," said Dale Hedgecoth, a carpenter at a local high school.

"Strong, but not it," added Dona Howe, a first-grade teacher.

The 14 party activists were invited by The Washington Post to come together to talk about the presidential race. All are currently uncommitted. Their views are in no way a scientific sample, but as voters who pay especially close attention to presidential politics, they offer clues to the future in their impressions.

At the end of the conversation, these activists were asked whether they are leaning toward any particular candidates. Six said they are totally uncommitted. Of the other eight, three mentioned Clinton as one of the candidates they are looking at with the most interest.

Their opinions underscored what polls and strategists are saying: The Democratic race in Iowa is wide open. There is great interest in Illinois Sen. Barack Obama but many questions about whether he is ready to be president. Former senator John Edwards of North Carolina is well known to Iowa activists, but for someone leading the polls here he evoked a curiously unenthusiastic reaction among many in the group. Other candidates sparked limited interest, although there were kind words for former Iowa governor Tom Vilsack, New Mexico Gov. Bill Richardson and Sen. Joseph R. Biden Jr. of Delaware.

Clinton began her campaign a week ago as the national front-runner for the Democratic nomination, but in Iowa she remains a candidate with question marks behind her name. Iowa activists like to poke and probe the candidates. They have not had a chance to do that with Clinton, and it shows.

The fact that she could be the first woman elected president sparks a strong reaction among many women and some men. "This gender thing is an artificial distraction," said Dave Langston, a project manager whose wife is in elective office.

But even those who want to see a woman elected to the White House worry that Clinton may not be able to win a general election, given her political baggage. "I think that it would be amazing to have her be our president," said Hollyanne Howe, a high school student. "I fear that if she is nominated, she won't be electable. I would love to see her get elected, but my biggest fear is that it won't happen and we'll get stuck with another President Bush or whomever else."

Most of those in the group strongly oppose the Iraq war, and Clinton's 2002 vote authorizing Bush to go to war rankles many. Several said they want to hear fuller explanations from her about why she voted the way she did and how she would try to end the war and bring the troops home.

"Having read all the press accounts" about her opening day in Iowa, "I still don't know what she's going to do," said Roy Porterfield, an unemployed automotive manager.

"She dodged the issue," said Bob Bromley, a retired clergyman.

"That's what concerns me," Porterfield responded. "Is there any single greater issue than the war? She better offer a solution to that real quick."

Clinton attempted to do just that on Sunday morning during a town hall meeting in Davenport, with a scathing attack on Bush and a detailed description of where she stands. But based on the reactions of the 14 Democrats, who gathered at Crosby's restaurant in downtown Cedar Rapids, it will take repeated visits to get that explanation across to activists in a party with a long antiwar tradition.

Around the table, Obama evoked some of the most effusive responses, with repeated use of the word "charismatic." But the group was decidedly split about whether he is ready to be president.

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Joe Stutler, a systems analyst, said that "the C-word, 'charismatic' " describes his view of Obama but that the senator reminds him of a rock star coming off the release of a double-platinum album. "Is the first album the one and only?" he asked. "Is he a one-hit wonder? I can see him as vice president now."

But Liz Belden, a retired educator, said Obama is just what the country needs. "In my estimation, he is a gem, he's one in a million, and he does have the experience, if you read his books," she said. "I would like to see a mind like that go to Washington, D.C."

Edwards has been to Iowa 17 times in the past two years and leads many of the early polls in the state. Seen as personable, bright and compassionate by these activists, he nonetheless left them struggling to explain why they had doubts about him as a potential president.

"I really like Edwards," said Ann Bromley, a retired city worker. "I think he's intelligent and compassionate. I don't think he's electable, and I don't know why. Something is missing." Others nodded in agreement.

Clinton Seeks Iowa Connections (WSJ)

By Jackie Calmes

The Wall Street Journal, January 29, 2007

DAVENPORT, Iowa -- One of the most well-known women on the planet spent the weekend introducing herself.

"I am Hillary Clinton," she began yesterday before a standing-room-only crowd, just as she had a day earlier before a throng in Des Moines.

Each time, the audience of Iowa Democrats laughed and cheered, as if in on the joke that a former first lady, current New York senator and newly minted Democratic presidential candidate wouldn't be recognizable to all. Yet for Mrs. Clinton, this is serious: Getting enough people to know her as she'd like to be known -- rather than as the cold figure that even some admirers perceive -- is critical to her hopes of getting the party's nomination, let alone being elected the first female president.

The senator's challenge is plain in this state that holds both parties' first nominating caucuses a year from now. Mrs. Clinton is the Democrats' early front-runner nationally -- about 40% of Democrats support her, twice as many as her closest rival, Illinois Sen. Barack Obama, can claim. But in Iowa she has trailed in polls behind Mr. Obama and two other candidates: former Sen. John Edwards of North Carolina, who has been working the state since his 2004 White House bid; and Iowa's former Gov. Tom Vilsack.

"Hillary carries a lot of baggage, and the only way she can unload that is to meet with people," says Dennis Goldford, a political scientist at Drake University in Des Moines. "People want to feel personally comfortable with a president. That's where Hillary has a problem."

So a week after announcing her presidential bid over the Internet, Mrs. Clinton was here in the flesh for what she calls "conversations," trying over a sub-freezing weekend to show fellow Democrats she isn't an ice queen. For Iowans, who jealously guard their 30-year role as vetters of presidential candidates, Mrs. Clinton can pass their "electability" test only by first passing their "likability" test. That would allow them to imagine she could overcome her polarizing image and attract the votes of independents, if not Republicans, needed to win back the White House.

'Most Iowans Do Not Jump Early'

She aced her tests for Richard Brannan. The 70-year-old longtime former county commissioner went skeptically to Saturday's rally at a Des Moines high school gymnasium. "She connected," he said. "She wasn't on stage two minutes and she had the crowd in her hands."

But many others said they wouldn't commit this early. Karin Hill, 45, of Marshalltown, Iowa, after getting Mrs. Clinton's autograph, said she liked the senator. But, she added, "I like Edwards. I like Bill Richardson," New Mexico's governor. "I like Barack Obama."

"Most Iowans do not jump early when it comes to the caucuses," says Iowa's Senate Majority Leader Mike Gronstal, one of about a dozen Democrats who dined with Mrs. Clinton at a Des Moines supporter's home Friday night. "They want each of the candidates to dinner," he quipped about Iowans' expectations of getting to meet all comers. "That's somewhat of a challenge for Hillary because of the media bubble around her."

For her maiden campaign weekend, scores of reporters, including television crews from Switzerland and Japan, followed the senator around Des Moines, Cedar Rapids and Davenport. As she will this coming weekend in New Hampshire, Mrs. Clinton mixed small private events, in which she met with party officials and labor leaders, with larger public "conversations" in each city.

The one in Des Moines Saturday drew a couple thousand, with many spilling into an overflow room. Early yesterday, perhaps 500 filled a county fairgrounds hall despite temperatures outside below zero.

She took questions, town hall-style, most from clear fans but a couple from skeptics of her 2002 vote to authorize force in Iraq. Afterward, she invited all to come forward to speak individually. A crush of photographers along with a number of Secret

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Service agents made it difficult for Iowans to press in. But most did, and she stayed to sign autographs, pose for photos and answer more questions.

'I Know What Not to Do'

Mrs. Clinton emphasized several issues, from health care to global warming. She tended not to bring up Iraq in remarks, addressing it mainly when asked. She reiterated her charge that Mr. Bush rushed to war and waged it incompetently, and that she wants to work for a bipartisan solution to end it. It's a position, she acknowledged, that falls short of the aggressive antiwar stance that some liberals influential in the nominating contest would like.

She repeatedly used her answers to show a folksy, self-deprecating and even humorous side. In promising to work again for universal health care, for example, she alludes to her disastrous stewardship of her husband's 1993-94 health-care initiative. "Since I do have a little experience in this area, I know what not to do," she said in Des Moines, to much laughter.

But Mrs. Clinton also sought to assure party activists that she will be steely enough to answer partisan attacks of the sort she and her husband have drawn for years. During her Saturday visit to state party headquarters, one official asked what lessons she had learned from John Kerry's unsuccessful 2004 campaign; many Democrats believe Mr. Kerry lost because he failed to fight back against conservatives' assaults. "When you're attacked, you have to deck your opponents," Mrs. Clinton said, to applause from about 50 officials.

She nearly brought down the house in Davenport yesterday when, for those in the audience who hadn't heard, she paraphrased one man's question: "What in my background equips me to deal with evil and bad men?" Several Democrats afterward said they interpreted her delivery as a charmingly funny allusion to her husband's past marital misbehavior -- a controversy that still leaves some voters uncomfortable about her candidacy.

But in a later news conference, Mrs. Clinton expressed mild exasperation that reporters were suggesting the audience interpreted her remark that way. "I get a little funny and now I'm being psychoanalyzed," she said. "... I don't think anybody felt that, I'm sorry."

Write to Jackie Calmes at jackie.calmes@wsj.com1

Sen. Clinton Calls For Pragmatic Approach To Stop Troop Escalation (MCGG)

By Ed Tibbetts

Mason City Globe Gazette, January 29, 2007

DAVENPORT — U.S. Sen. Hillary Rodham Clinton, D-N.Y., argued Sunday for a pragmatic approach to stop the troop escalation in Iraq, saying it's easy to appeal to people with "soundbites" and calls to cut off funding.

Clinton wrapped up a two-day swing through Iowa by spending much of the day in Davenport. It was what she promised would be the first of many trips to Iowa, site of the first-in-the-nation presidential caucuses. She announced 10 days ago she's running for president.

Many admirers greeted her Sunday. But there were direct questions, too, like about her 2002 vote to authorize President Bush to go to war.

Clinton, in interviews and before crowds, said she took responsibility for her vote, but claimed the president abused it and was at the "height of irresponsibility" by saying the war would last beyond his years in office.

She steadfastly refused to call her vote a "mistake," and said what's important now is that Congress build bipartisan pressure to stop the buildup and redeploy troops.

She said cutting off funding for the troop increase isn't the answer.

"It is easy to have a soundbite and say something that is emotionally gratifying," Clinton said, but a bipartisan vote of disapproval would "send a very clear message to the White House."

"This is an evolving policy," she said in an interview with the Quad-City Times. "We're working hard to do anything that gets the president's attention."

Other Democratic presidential candidates, such as John Edwards and Tom Vilsack, have called for a more forceful approach.

Clinton got an unexpected laugh at a fairgrounds appearance when a questioner, referring to terrorists in the world, asked about her experience dealing with "evil and bad men."

Repeating the question, Clinton said, "What in my background equips me to deal with evil and bad men?"

That prompted growing laughter in the crowd, with Clinton smiling.

After a long pause, she said, "On a slightly more serious note," then gave an answer on dealing with terrorists.

Later, at the news conference, Clinton was asked three times about the incident and laughed at being "psycho-analyzed." She brushed off the idea, broached by a reporter, that the audience was thinking of the well-publicized behavior of her husband.

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The former first lady did conjure up memories of former President Bill Clinton in at least this respect: She hung around the fairgrounds long after most people left, shaking hands, signing autographs and posing for pictures.

She also won high marks from at least one man who served in Iraq.

Eli Shetler, of Moline, said he was grateful Clinton held her criticism of the president to a minimum because, while he thought Bush's performance has been lacking, "I'm ready to hear answers."

Shetler's 11-year-old daughter, Cassie, handed a large poster to Clinton that read "Hillary Clinton. For your Future."

Clinton signed it and gave it an A-plus, telling her to "follow your dreams."

"It was cool," Cassie said.

Clinton took questions on education, trade and health care and pledged her loyalty to ethanol, too.

In the interview with the Times, she said she is now an ethanol booster, despite her vote less than two years ago against a measure requiring 7.5 billion gallons of ethanol be mixed with the nation's fuel system by 2012.

The mandate has created a greater market for the corn-based fuel.

Clinton said she opposed the measure because there were worries in 2005 that ethanol would drive up the price of gasoline in New York, as well as other concerns. She said Sunday those concerns have been alleviated.

"I am a very avid promoter of ethanol," she said. "Balancing what my obligations to New York were and what the situation is now, I have no reservations at all."

Clinton also continued to call for robust free trade, but said it should be "smart, pro-American trade."

Rory Washburn, executive director of the Tri-City Building Trades Council, said Clinton had work to do with labor but that her remarks showed him she had their concerns in mind.

"Labor standards need to be upheld," he said.

Clinton: Iraq War Bush's Responsibility (AP)

By Mike Glover

AP, January 29, 2007

Hillary Rodham Clinton said Sunday that President Bush has made a mess of Iraq and it is his responsibility to "extricate" the United States from the situation before he leaves office.

It would be "the height of irresponsibility" to pass the war along to the next commander in chief, she said.

"This was his decision to go to war with an ill-conceived plan and an incompetently executed strategy," the Democratic senator from New York said her in initial presidential campaign swing through Iowa.

"We expect him to extricate our country from this before he leaves office" in January 2009, the former first lady said.

The White House condemned Clinton's comments as a partisan attack that undermines U.S. soldiers.

About 130,000 American troops are in Iraq and Bush has announced he was sending 21,500 more as part of his new war strategy.

Clinton held a town hall-style forum attended by about 300 activists, giving a brief speech before taking questions for nearly an hour. Pressed to defend her vote to authorize force in Iraq before the U.S.-led invasion in March 2003, Clinton responded by stepping up her criticism of Bush.

"I am going to level with you, the president has said this is going to be left to his successor," Clinton said. "I think it is the height of irresponsibility and I really resent it."

Bush describes Iraq as the central front in the global fight against terrorism that began after the attacks of Sept. 11, 2001. "The war on terror will be a problem for the next president. Presidents after me will be confronting ... an enemy that would like to strike the United States again," he recently told USA Today.

One questioner asked Clinton if her track record showed she could stand up to "evil men" around the world.

"The question is, we face a lot of dangers in the world and, in the gentleman's words, we face a lot of evil men and what in my background equips me to deal with evil and bad men," Clinton said. She paused to gaze while the audience interrupted with about 30 seconds of laughter and applause.

Meeting later with reporters, she was pressed repeatedly to explain what she meant. She insisted it was a simple joke.

"I thought I was funny," Clinton said. "You guys keep telling me to lighten up, be funny. I get a little funny and now I'm being psychoanalyzed."

She told reporters that evil men included al-Qaida leader Osama bin Laden, who remains at large. "Isn't it about time we get serious about that?" she said.

During the town hall meeting, she tried to make clear that she thinks she would be a chief executive with enough fortitude to confront any danger facing the country.

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"I believe that a lot in my background and a lot in my public life shows the character and toughness that is required to be president," Clinton said. "It also shows that I want to get back to bringing the world around to support us again."

The meeting was scheduled for a downtown restaurant but was switched to a pavilion at a nearby park when it became clear that hundreds of people planned to attend.

At virtually all her stops in this early nominating state, she ran into questions about her Iraq vote. She says Bush misled Congress and she now wants a cap on the number of troops, as well as beginning a "phased redeployment" of troops from Iraq.

The White House said it was disappointing that Clinton was responding to Bush's new war strategy "with a partisan attack that sends the wrong message to our troops, our enemies and the Iraqi people who are working to make this plan succeed."

"The height of irresponsibility," spokesman Rob Saliterman said, "would be to cap our troop numbers at an arbitrary figure and to cut off their funding."

Clinton does not support cutting funding for American troops, but does favor that step for Iraqi forces if the Baghdad government fails to meet certain conditions.

Clinton defended the role that Congress has played, saying newly empowered Democrats are beginning to build pressure on Bush to act, but the public needs to be patient.

"We are at the beginning of a process," Clinton said. "It's a frustrating process, our system is sometimes frustrating."

In making the case for her candidacy, Clinton cites her years as first lady, when Bill Clinton was president for two terms, and two winning campaigns for the Senate.

"I believe that my qualification and my life experience equip me to hit the ground running in January of 2009," Clinton said. "I have a unique perspective having been in the White House for eight years and understanding the challenge that comes from trying to govern our great country."

Clinton said he will run hard in Iowa's leadoff caucuses, an early contest her husband skipped when he sought the nomination in 1992. That year, Iowa Sen. Tom Harkin was in the race and Democratic rivals opted not to challenge him in his home state.

"My participation in the Iowa caucuses is the only thing in politics that I will do that Bill has not done," she said.

First Stop, Iowa: Clinton Fields Questions About Iraq, Health Care (USAT)

By Jill Lawrence

USA Today, January 29, 2007

DAVENPORT, Iowa — New York Sen. Hillary Rodham Clinton, concluding her first weekend of campaigning for the Democratic presidential nomination, said President Bush should get the nation out of Iraq and stop saying he's going to hand off the war to his successor.

"I think it's the height of irresponsibility and I really resent it," Clinton told more than 300 people Sunday at the Mississippi Valley Fairgrounds. "This was his decision to go to war. ... And we can expect him to extricate this country from this before he leaves office."

A week after entering the race, Clinton made her first trip to Iowa in more than three years. Iowans, the first voters in both parties' nomination contests, are accustomed to quizzing White House hopefuls and did not spare Clinton.

Along with a raft of you-go-girl comments from thrilled women, Clinton took repeated questions about her 2002 vote for the Iraq war and what she would do about the war now; her failure as first lady to deliver on health care reform and how she would fix the system now; and potential resistance to a female candidate.

"I'm a woman. I'm a mom. But I'm running because I think I'm the most qualified person to be president in January 2009," Clinton said here.

Her remarks on Iraq drew a response from the White House. Spokesman Rob Saliterman called them "a partisan attack" and added it would be "the height of irresponsibility to cap our troop numbers at an arbitrary figure and to cut off their funding." Clinton supports a cap but opposes a funding cutoff.

Clinton leads in all national polls of prospective Democratic nominees, but two surveys of likely Iowa caucus-goers this month put former North Carolina senator John Edwards well out in front. Clinton was clustered with Illinois Sen. Barack Obama and former Iowa governor Tom Vilsack.

At appearances with crowds ranging from 50 to more than 1,000, the former first lady swept through Iowa with the trappings of a seasoned candidate. Her "Hillary for President" signs and stickers conveyed informality and the message that this isn't about her husband.

There was a moment Sunday after Clinton, smiling, paraphrased a question about Iran, North Korea and Osama bin Laden as "what in my background equips me to deal with evil and bad men?" The audience erupted in a long round of cheers and laughter.

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Later, a reporter told Clinton some people thought she was referring to Bush but a few said she might have meant "the bad side of Bill." "Oh come on," Clinton said, looking stricken. "I don't think anybody in there thought that."

The senator posed a series of questions to listeners here: Are you paying college tuition? Are you in the Medicare prescription program? What type of health care system would you like?

There was sparse support for mandates that employers provide health insurance, or that individuals buy it. Almost every hand went up for a system for all like Medicare.

"That really makes a lot of sense, because you could get the costs down," Clinton said. But she said such a plan, like her 1994 proposal, is vulnerable to attacks that it is "government-run health care." Clinton said she will work this year to cover all uninsured children and seek input from voters before proposing larger changes. "This time we're going to build the consensus first," she said.

The man who asked about Clinton's health care failure called his question tough. Later, another man asked a more pointed question about what she would do to end the war since she voted for it. "As we speak here today, young men and women are dying halfway around the world," he told her.

Clinton responded the way she has since 2004: Bush misused the authority she and others gave him and "if we had known then what I know now, there never would have been a vote and I never would have voted to give him that authority."

Unlike some of her rivals, such as Edwards, Clinton does not support immediate troop withdrawals or cutting off money for additional troops. "It is easy to have a sound bite and to say something that is emotionally gratifying," she told reporters. She said a bipartisan resolution of disapproval, backed by Republicans as well as Democrats, would be a solid first step: "We have to put enormous pressure on him to end the war he started."

Clinton doesn't call her war vote a mistake, but some anti-war listeners got that impression. "Everybody's entitled to a mistake," said Margaret Cebuhar, 57, a Davenport homemaker whose son served in Iraq. "She admitted it. That's good enough for me." Cebuhar called Clinton "awesome" and said Obama had fallen lower on her list.

Diana Toelle, 59, a former teacher from Clive, said Clinton's appearance in Des Moines amounted to a "job interview" and she will be checking out all the candidates. So why was Toelle wearing a "Hillary for President" sticker? "That's because they slapped it on me."

Clinton: I Was Misled On Iraq (CHIT)

By Ray Quintanilla

Chicago Tribune, January 29, 2007

DAVENPORT, IOWA -- On the second day of her campaign swing across the state, Sen. Hillary Rodham Clinton (D-N.Y.) confronted her vote for the invasion of Iraq by saying she was misled, and she called on President Bush to provide a solution before leaving the White House in 2009.

"I live with this every day," Clinton told a standing-room-only crowd Sunday in this Mississippi River community. "The president is determined to move forward on a plan that won't succeed. He should extricate the country before he leaves office."

The remarks were Clinton's first public statements on the war since arriving in Iowa on Saturday for a "conversation with Iowans" campaign tour across the state, whose January 2008 presidential caucus promises to be hotly contested by fellow Democrats including former Sen. John Edwards of North Carolina, Sen. Barack Obama of Illinois, former Iowa Gov. Tom Vilsack and others.

Yet Clinton said no matter how much she disapproves of the war's progress, she would not vote to cut funding for U.S. troops. Instead, she said, Iraq's government officials must be warned that their funding would be reduced "because they are not doing what they are supposed to do."

During much of her Iowa visit, Clinton emphasized the breadth of experience she has gained in foreign and domestic affairs while serving in the Senate for six years and during eight years as first lady in the White House.

It's time for a seasoned and tested candidate like her, she added, taking what might be seen as swipe at the candidacy of Obama, a Senate freshman.

"I am the best-qualified person to be president," Clinton said. When it comes to dealing with the war, "this is life and death."

Walt Barchman, 86, of Davenport, one of about 400 people who crowded into a small building on the municipal fairgrounds Sunday morning, said Clinton "is the most experienced candidate for president who has ever come through Iowa."

Others in the audience said Clinton's pledge to work for health-care coverage for all Americans won them over, even with the caucus a year away.

"Everyone knows the cost of health care is just out of this world," said Murl Richardson, 61, a retired social worker.

Clinton spent much of the day crisscrossing this eastern Iowa community in a seven-car motorcade. After her fairgrounds town meeting, Clinton met with about 100 supporters in a Davenport school and held a news conference.

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During the news conference that marked the end of her weekend campaign tour, Clinton was asked to explain her earlier remarks about being able to go toe-to-toe with hard-line regimes such as those in North Korea and Iran.

Many of the hundred supporters chuckled as a reporter questioned whether her earlier comments about dealing with "evil and bad men" may have referred to her husband's marital infidelity in the White House.

"You guys tell me to lighten up. I get a little funny, and now I'm being psychoanalyzed," she shot back during the news conference. "Oh, come on. I don't think anyone thought that [it was referring to her husband]," she said.

Barbara Trish, a professor of political science at Grinnell College, said campaigning across Iowa will be different this year than during the last three decades because of the war in Iraq.

"Sen. Clinton is highly regarded across the state," she said. "There's going to be a lot of hard work between now and the date of the caucus."

Hillary Defends Her Vote On War (WT)

By Charles Hurt

The Washington Times, January 29, 2007

DAVENPORT, Iowa -- Sen. Hillary Rodham Clinton yesterday defended her 2002 vote to authorize the war in Iraq, a vote that Democratic activists have said could doom her campaign for the presidency.

"At the time, I said 'This is not a vote for pre-emptive war.' I said that on the floor of the Senate. I said that we should not go to war unless we have allies," she told about 300 Iowans gathered at a fairground for a town-hall-style meeting.

In her first public comments about that vote since she arrived in the state Friday, Mrs. Clinton shifted most of the blame onto President Bush for his execution of the war.

"He took the authority that I and others gave him, and he misused it and I regret that deeply," she said. "If we knew then what we know now, there never would have been a vote. I never would have voted to give this president that authority."

Yesterday's event was in stark contrast to her first public forum in Iowa on Saturday, where Mrs. Clinton drew no pointed questions about her vote. It was an indication that the staunchest anti-war Democrats had stayed away from her event, so by Saturday night she sought to address the question directly on her own.

"I know how difficult the last six years have been, particularly because of this president's foreign policy, his pre-emptive war in Iraq, his management of the war and his stubborn refusal to change course," she told a small gathering at a home in Cedar Rapids on Saturday night.

Mrs. Clinton also held her first press conference since announcing her White House bid Jan. 20 and told reporters that the world is less safe because of how the war in Iraq has played out.

"I understand how ... much more dangerous it is" because of what she called "the president's policies" at a high school library here yesterday.

She also said she will "wholeheartedly support" either of the Senate resolutions condemning Mr. Bush's plan to add 21,500 troops to those already in Iraq -- so long as it is "a clear statement of disapproval."

Mrs. Clinton also demanded that Mr. Bush pull all U.S. troops out of Iraq in two years, calling the war "his decision" and saying it would be "the height of irresponsibility" to pass it along to the next commander in chief.

"We expect him to extricate our country from this before he leaves office" in January 2009, she said.

White House spokesman Rob Saliterman called Mrs. Clinton's words "a partisan attack that sends the wrong message to our troops, our enemies and the Iraqi people who are working to make this plan succeed."

But most of the questions from reporters yesterday pertained to a moment earlier in the day when she responded to a question from the town-hall audience about whether her life has prepared her to face down "evil men" in the world, such as Osama bin Laden. As Mrs. Clinton often does, she repeated the question for those who might not have heard it.

"What in my background equips me to deal with evil and bad men?" she said aloud and lingered in thought for a moment. The audience roared with laughter and applause as Mrs. Clinton prolonged her silence with perfect comic timing.

But at the press conference later in the day, reporters were not laughing. The first question and several after demanded to know what precisely she meant. Each time, she dodged the suggestion that she was making light of a question about "evil and bad men."

Finally she grew exasperated and said: "I thought I was funny."

Then she told the several dozen reporters: "You guys keep telling me to lighten up. I be a little funny and now I'm being psychoanalyzed."

Among the few questions asked yesterday that did not pertain to the voter's question dealt with her stand on illegal immigration. She noted that she supported last year's Senate-passed bill that critics say would grant amnesty to the estimated 12 million to 20 million illegal aliens currently in the United States.

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"I hope that we're going to return to considering that in the new Democratic Congress," she said. "I believe in a tough but clear earned path to citizenship."

Clinton Jokes About `evil And Bad Men' (MCT)

By Steven Thomma

McClatchy Newspapers, January 29, 2007

DAVENPORT, Iowa - When you're Hillary Clinton, it seems you never get away from the question of bad men in your life.

Clinton's musing about her ability to deal with "evil and bad men" punctuated a town hall meeting Sunday as an Iowa audience erupted with delight in imagining who might be on her list.

Wrapping up her inaugural campaign trip to Iowa as a presidential candidate, the New York senator was breezing through a friendly, policy-laden question-and-answer session when one person asked her how she would handle the kind of men who rule Iran and North Korea.

"We face lot of dangers in the world and in the gentleman's words, we face a lot of evil men," Clinton said in response. "People like Osama bin Laden come to mind."

She added, with a pause and a shrug of her shoulders that seemed to suggest sarcasm: "What in my background equips me to deal with evil and bad men?"

That drew loud laughter, applause, hoots and whistles from the Democratic audience.

Some said afterward they thought she was referring to her suffering with a philandering husband. Others thought it was meant to conjure up people like President Bush or former House Speaker Newt Gingrich.

Either way, Clinton apparently sensed that it seemed oddly inappropriate for a question about Iran and North Korea to end up a televised laugh fest.

"On a slightly more serious note," Clinton said, "I believe that a lot in my background and a lot in my public life shows the character and toughness that is required."

The audience response and Clinton's own contradictory comments later in the day were unscripted moments in a two-day swing that underscored both her strengths and vulnerabilities as she jumps into the battle for the 2008 Democratic presidential nomination.

The very nature of the crowd's laughing response to the notion of Clinton and bad men was reminiscent of the empathy many Americans had for her when her husband was caught having an affair with a White House aide. Yet it also served as a reminder that the scandal will follow her.

Facing reporters later, Clinton at first insisted she was thinking only of the serious issues she would face from international threats. Asked again, she said she was thinking about how Bush has failed to produce favorable results in the last six years.

Asked a third time later in the news conference, Clinton acknowledged she was trying to draw a laugh.

"I thought I was funny," she said. "I get a little funny, and now I'm being psychoanalyzed."

Told that some in the audience laughed at the thought of Bill Clinton, she said, "Oh, come on. I don't think anybody in there thought that."

Beyond the laughter and some warm greetings from fans, Clinton faced pointed questions about issues such as Iraq and health care that suggested she will face many skeptical Democrats in the state that kicks off the nominating process next January.

One asked whether she bore responsibility for the failure in 1993 and 1994 to enact universal health care coverage as she and her husband promised.

"We tried very hard in `93-`94, and we could not put together the political consensus that we needed to make changes," she said.

She added that she wants universal health care, but has not yet decided whether to pursue it through the existing system of employer-provided insurance, mandating coverage like states do with auto insurance, or going to a government-run program similar to Medicare.

The key, she said, is building the political consensus first, so that the eventual plan cannot be shot down as it was in the 1990s.

For more on her campaign, www.hillaryclinton.com

Clinton Says She's Learned From Mistakes (DMR)

Des Moines Register, January 28, 2007

Davenport, Ia. — U.S. Sen. Hillary Clinton told an eastern Iowa audience today that her mistakes leading a highly publicized health care reform effort in the 1990s have changed how she approaches the issue.

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"I learned a lot in '93 and '94," the New York Democrat told more than 500 supporters and party activists at the Mississippi Valley Fairgrounds. "I can tell you I come into this experience with my eyes wide open."

At the start of her second day campaigning for president in Iowa, Clinton said she and her husband, then-President Bill Clinton, failed to anticipate the fierce resistance the universal health care plan she crafted would encounter.

"We did not put together the political consensus we needed to make changes," she said, responding to a pointed question about the failed effort 13 years ago.

Clinton said she does not believe the political will yet exists for a government-run, universal health care system. Instead, she says the best way to begin moving toward health insurance coverage for everyone is to guarantee it for children.

"And then we"re going to go on from there," she said.

Former North Carolina Sen. John Edwards and U.S. Rep. Dennis Kucinich, who have declared their candidacy for the 2008 Democratic nomination, have criticized an incremental approach toward universal health care.

Clinton's morning appearance today followed a full slate of private and public events in Des Moines Saturday, her first day campaigning in the lead-off presidential caucus state.

Saturday, more than 2,000 central Iowans crowded into East High School in Des Moines for an event similar to today's, where Clinton spoke briefly before taking questions.

Prior to that, she met with labor leaders and the state Democratic Party's central committee. After the East High town hall meeting, she stopped by an event in Des Moines sponsored by the African American community before meeting with labor leaders and party activists in Cedar Rapids.

The former first lady leads national polls for Democratic presidential preference, but trails Edwards in Iowa and is running near-even with Illinois Sen. Barack Obama and former Iowa Gov. Tom Vilsack, according to recent polls of likely caucus-goers.

The Davenport forum was originally scheduled for the back room of a Davenport restaurant, but had to be relocated when ticket requests exceeded its capacity.

Clinton planned to attend church in Davenport before holding a mid-day news conference at Davenport Central High School. Clinton was expected to leave Iowa in the afternoon.

In Iowa, Clinton Calls Bush Reckless (WP)

By Anne E. Kornblut And Dan Balz

The Washington Post, January 29, 2007

DAVENPORT, Iowa, Jan. 28 -- Sen. Hillary Rodham Clinton (D-N.Y.), toughening her tone during a second day of campaigning in Iowa, accused President Bush of trying to pass the problems in Iraq on to the next president and described his actions as "the height of irresponsibility."

"The president has said this is going to be left to his successor. He has said that on more than one occasion," Clinton said during a town hall meeting here Sunday morning. "I really resent it. This was his decision to go to war."

Her comment quickly reverberated at the White House, where a spokesman issued a statement denouncing Clinton for a "partisan attack that sends the wrong message to our troops, our enemies and the Iraqi people."

Clinton, still relatively new to the presidential race, got a glimpse of how direct and inquisitive Iowa voters can be as she faced questions about her failed health-care plan in the 1990s and her ability to confront foreign threats. But she appeared prepared for the interrogation and showed a flash of humor as well.

Asked by a voter what qualified her to handle leaders from countries such as Iran and North Korea, Clinton began her reply, then stopped and, for effect, repeated the question.

"What in my background equips me to deal with evil and bad men?" she said wryly, prompting peals of laughter from the audience. She had begun with a reference to Osama bin Laden, but the crowd's reaction suggested they thought her experience with "bad men" involved someone other than the terrorist leader.

In a news conference later that day, Clinton tried to avoid explaining which "bad men" she had been referring to, initially insisting that she had simply repeated the audience member's question.

Minutes later, though, she acknowledged she had been showing her playful side. "I thought I was funny," she said, chiding reporters who pressed her on the remark. "You know, you guys keep telling me to lighten up. I get a little fun-

ny, and now I'm being psychoanalyzed."

Clinton has sought to strike a balance during her first days as a presidential candidate, between proving her toughness and revealing her personality after years of being closely guarded in public. She dropped nuggets from her personal biography -- comparing her high school in Illinois to ones she visited in Iowa and casually referring to her husband as "this guy from Arkansas" -- into lengthy and detailed discourses about public policy.

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More than questions on Iraq, Clinton heard repeated questions Sunday morning about health care, a subject that was once a liability for her but that she is now seeking to turn into an asset. One voter asked her bluntly what happened when she and her husband, former president Bill Clinton, tried to expand coverage in 1993-1994 and what she intended to do now to reach that goal.

"It's a fair question," Clinton replied, "because everybody who cares about this issue -- which is nearly everybody in the country -- knows that we tried very hard in '93-'94 and we could not put together the political consensus that we needed to make changes."

What followed was a 10-minute explanation of why the Clintons had failed then, how the problem has grown worse in the subsequent years and why she is not ready to outline in any detail her plan for the future. ("I'm not ready to be specific until I hear from people," she said.)

In keeping with her expressed desire to hold a "conversation with Iowans," Clinton asked at one point for a show of hands from the audience to see how many would prefer employer-based health insurance, how many would prefer a system in which individuals purchased insurance, with help from the government if necessary, and how many would prefer a system modeled on Medicare.

The audience overwhelmingly favored moving toward a Medicare-like system for all Americans. But Clinton, recalling the famous "Harry and Louise" ads run by opponents of her early-'90s health-care plan, warned that until there is greater political consensus, the same kind of attacks could sink any new efforts to provide universal coverage.

"I've been through this, so I know how hard it's going to be," she said.

On Iraq, Clinton continued to explain her 2002 vote authorizing the war in Iraq without apologizing for it, saying that even at the time, "I said this is not a vote for preemptive war." She said she opposes Bush's plan to send more troops to Iraq and favors capping the number of troops at the level it was on Jan. 1.

Traveling in an eight-car entourage that included her campaign manager, her deputy campaign manager, her Iowa director, four communications strategists and a cluster of Secret Service agents, Clinton made several attempts over the weekend at mingling with Iowa voters in small gatherings, including at a house party in Cedar Rapids on Saturday night.

After two days in Iowa, Clinton flew to Florida for a meeting with labor organizers and was scheduled for a stop in Texas on Senate business before returning to Washington on Monday night. Next weekend, she makes her first trip to New Hampshire, the first early-primary state.

Clinton, In Iowa Debut, Stresses Experience (LAT)

By Michael Finnegan

The Los Angeles Times, January 29, 2007

DAVENPORT, Iowa — The contours of Hillary Rodham Clinton's presidential campaign sharpened in her frenetic weekend visit to Iowa as she sought to distinguish herself from Democratic rivals by stressing her experience in the White House and the U.S. Senate.

In hours of remarks at stops in Des Moines, Cedar Rapids and Davenport, Clinton avoided direct strikes at her two leading opponents, Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina. But her efforts to draw contrasts with them — mainly by casting herself as more experienced — were clear as she fielded dozens of questions from Iowans.

Looming large for Clinton was her husband's White House legacy, the upside and the downside. On Sunday, it led to her first stumble of the campaign in this snowbound city on the Mississippi River, as she told a joke widely understood to be about the Monica Lewinsky scandal, then denied it had crossed her mind.

Repeating a man's question for those who could not hear him at a bagels-and-coffee gathering of several hundred, Clinton said he wanted to know "what in my background equips me to deal with evil and bad men."

The crowd's laughter gradually built, lasting a full 30 seconds, with the New York senator smiling gamely the entire time.

"On a slightly more serious note," she continued, "I believe that a lot in my background and a lot in my public life shows the character and the toughness that is required to be president."

When asked later at a news conference what was on her mind during the laughs, she said she was thinking she "could do a pretty good job" in pursuing Osama bin Laden, and "our leadership for the last six years hasn't really produced results."

Incredulous reporters persisted in asking what she was thinking. "I thought I was funny," she said. "You know, you guys keep telling me lighten up, be funny. You know, I get a little funny, and now I'm being psychoanalyzed."

Finally, asked whether the crowd was thinking of President Bill Clinton, she said no.

Still, Clinton's otherwise smooth navigation through her debut weekend in Iowa as a presidential candidate reflected the depth of her campaign experience — two Senate runs, her husband's two bids for the White House and his races for Arkansas governor and attorney general.

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In Cedar Rapids, she joked about her husband skipping the Iowa caucuses in 1992 because U.S. Sen. Tom Harkin of Iowa was in the race. "This is the only political experience I will ever have that he had never had," she said.

On foreign and domestic policy, Clinton cited her 12-year White House and Senate record, an implicit contrast with Obama, a former Illinois state senator elected to the U.S. Senate in 2004, and Edwards, a former trial lawyer who served one Senate term.

As she made her way among schools, homes and diners, she portrayed her eight years as first lady as one of her main job qualifications. She also vowed to seek advice often from her husband.

"I think it's really productive for presidents to use former presidents," she said, citing President Bush's reliance on his father and her husband to raise money for tsunami relief.

She cast her failure to win congressional approval of a healthcare overhaul during Bill Clinton's first White House term as an asset, saying it taught her the value of seeking bipartisan consensus for universal coverage.

"I've been through this, and I know how hard it's going to be," she told the breakfast crowd in Davenport.

"We can't change anything if we don't get it through the Congress."

Her emphasis on bipartisanship — whether on healthcare, Iraq or immigration — underscored the challenge she faces in overcoming her polarizing public image, part of the Clinton White House legacy. Over and over, she compared her Iowa journeys — she plans many more — to her "listening tour" of upstate New York in the 2000 Senate race. Little by little, she said, she built support among Republicans who initially disliked her.

Once they "got to know me," Clinton said, "they could work through all the characterizations and stereotypes that are out there."

"That's all I'm asking for," she told 150 invited guests Saturday at a reception in Cedar Rapids.

Facing pointed questions on the unpopular war in Iraq, Clinton defended her support of a nonbinding resolution from Congress condemning the administration's increase in troop levels.

"I know there are those who say it has no teeth," she said. "But if we don't have a bipartisan statement of disapproval, we will never get the attention of this White House."

Like Edwards, Clinton voted in 2002 to authorize the invasion of Iraq. But over the last year, Edwards has spoken out more aggressively against the war and urged Congress to take tougher action to reduce troop levels, saying "Silence is betrayal." Obama, who was an Illinois lawmaker when the war started, spoke out against the authorization vote at the time.

In that context, Clinton said Sunday that the U.S. "should do everything possible to bring the Iraq war to the right end as soon as we can, and bring our troops home, but let me just say here that that's easy to say, and everybody coming to Iowa's going to say it. It doesn't matter what they did or didn't do five years ago; everybody's going to say it."

Clinton also said she resented Bush's suggestion that the war would be "left to his successor." Bush went to war "with an ill-conceived plan and an incompetently executed strategy, and we should expect him to extricate our country from this before he leaves office."

Hillary: Dealing With 'Evil, Bad Men'? No Problem (NSDY)

By Glenn Thrush

Long Island Newsday, January 29, 2007

DAVENPORT, IOWA -- Who are the evil men on Sen. Hillary Rodham Clinton's mind?

During a question-and-answer session yesterday morning, a voter asked the Democratic presidential frontrunner how she'd deal with "evil, greedy, rotten, power-hungry leaders ... like Osama bin Laden ... who happen to be men."

After repeating the question, a grinning Clinton sarcastically asked the crowd at the Mississippi Valley Fairgrounds, "And what in my background equips me to deal with evil and bad men?"

As the room erupted in laughter and hooting, Clinton dipped her head, smiled sheepishly and reveled in her own mischief.

An informal survey of attendees yielded the following guesses about whom she was referring: A) her husband, Bill B) Attorney Kenneth Starr, who took over the Whitewater probe in August 1994 C) President George W. Bush D) Former Speaker of the House Newt Gingrich.

Later, at a news conference, no fewer than three reporters demanded to know the object of her disaffection. It was slow going.

First, Clinton claimed "evil men" encompassed only bin Laden and other bad actors on the world stage.

Then a scribe asked why she would have been smiling if bin Laden was on her mind. Clinton responded with, "I was thinking about how our leadership of the last six years really hasn't produced results," which elicited groans from the 100 or so reporters gathered for a news conference in a Davenport school library.

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Finally, a New York TV reporter suggested some people thought she was referring to the "bad side of Bill," which Clinton vehemently denied.

"I thought I was funny, you guys keep telling me lighten up, be funny," she said. "You know, I get a little funny and now I'm being psychoanalyzed."

Rich Liberals Fatten Obama's Coffers (WT)

By Donald Lambro

The Washington Times, January 29, 2007

Sen. Barack Obama is scoring gains in the early campaign-money sweepstakes, pulling in checks from liberal movie moguls, Silicon Valley executives and financiers such as George Soros in a bid to match Sen. Hillary Rodham Clinton's huge financial advantage in the race for the Democratic presidential nomination.

The youthful senator from Illinois, whose meteoric political fame has propelled him to the top tier of his party's presidential contenders, has not only been raising serious money for his White House campaign, but has made inroads into Mrs. Clinton's financial power base in New York, the Hollywood movie industry and among trial lawyers, campaign-finance consultants said.

"Senator Obama is clearly enlisting the support of a lot of people out there. He has the potential to raise $75 million to $100 million. But it remains to be seen how he performs as a candidate over the next three to four quarters," said Chip Smith, deputy campaign manager for Al Gore's 2000 presidential bid and a longtime party strategist.

"But Senator Clinton has demonstrated a fundraising prowess that has produced a lot of donors and givers for our party. She has an incredible roster of people committed to her campaign," Mr. Smith said.

The former first lady, who would become the first female nominee of a major political party, starts out with a huge $14.4 million war chest leftover from her 2006 Senate campaign. She has an even more valuable list of donors from her husband's successful presidential races in 1992 and 1996 and a network of seasoned campaign fundraisers that a Clinton supporter said "can raise $100 million without breaking a sweat."

But reports coming in from Democrats across the country say Mr. Obama is raking in checks from a variety of major donors in part because of his support for troop withdrawal from the Iraq war and his near-perfect liberal voting record.

"I don't think money is going to be a problem for Obama. At this stage of the game, he is what the late [Republican strategist] Lee Atwater used to call a rocket. He's a fresh face that captures the attention and fancy of the public," said campaign-finance lawyer Jan Baran.

Mr. Soros, the New York philanthropist who gave millions of dollars to liberal activist fundraising groups such as MoveOn.org in an attempt to defeat President Bush in 2004, sent the Illinois senator a check for $2,100 (near the maximum $2,300 allowable under campaign-finance limits) right after he announced his presidential exploratory committee.

In Los Angeles, where the movie industry has been a major source of Mrs. Clinton's campaign fundraising, there has been a much-talked-about Democratic shift to Mr. Obama among major movie producers. Producers Jeffrey Katzenberg, Steven Spielberg and David Geffen were reported working on a fundraiser for Mr. Obama for soon after his expected Feb. 10 formal announcement of his candidacy.

Mr. Geffen is officially supporting Mr. Obama and is expected to help him reach out to others in the film industry, and Mr. Spielberg and Mr. Katzenberg have not said who they will endorse.

Mr. Obama was also reported to be picking up support in Silicon Valley's high-tech industry.

Mrs. Clinton has lost some supporters in financial and entertainment sectors who question her electability. Among them is financial banker James Torrey, who heads the Torrey Funds, a global investment hedge fund.

"I think she's a great senator, but I'd rather see Barack Obama as president. I think Republicans will make it their life's work to bring her down," Mr. Torrey told the New York Times.

Both Mr. Smith and Mr. Baran caution against reading too much into early fundraising.

"Howard Dean, an obscure governor from tiny Vermont, raised $40 million -- a record in off-year fundraising then -- and was on the cover of all the national newsmagazines. By the time the Iowa caucuses came along, he came in third," Mr. Baran said.

Occidental Remembers 'Barry' Obama (LAT)

By Larry Gordon

The Los Angeles Times, January 29, 2007

Memories of 1980 at Occidental College's Haines Hall have the standard fragments of the era: stereos blasting the B-52's through the dorm, pot-fueled bull sessions about the revival of draft registration, late-night cramming for economics exams.

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That otherwise private nostalgia took on public significance this month when a former Haines Hall resident from Hawaii known at the time as Barry announced that he was forming an exploratory committee to run for president of the United States.

U.S. Sen. Barack Obama is usually described as an alumnus of Columbia University, where he earned his bachelor's degree, and of Harvard Law School.

But the Illinois Democrat began his undergraduate education at Occidental, and the 1,825-student liberal arts college in the Eagle Rock neighborhood of Los Angeles is not shy about claiming him as an alumnus for his two years there (1979-81) on full scholarship. Perhaps, some think, it's where his political and oratory skills were nurtured.

Despite the somewhat awkward facts that Obama transferred from Occidental and that his official website biography doesn't even mention the campus, old friends and former teachers at the well-regarded 120-year-old school proudly described him as a serious scholar and a good athlete who helped the JV Tigers basketball team to an undefeated season.

Though some express surprise at his current prominence, classmates recall a slim, good-looking teen with a moderate Afro, a taste for Casa Bianca's Hawaiian-style pizza (pineapple and ham) and a role in protesting college investments in firms doing business in South Africa during the apartheid era.

In his 1995 autobiography, "Dreams from My Father," Obama recounted how he was accepted into "several respectable" colleges but chose Occidental "mainly because I'd met a girl from Brentwood while she was vacationing in Hawaii." On Friday, in an e-mailed response to questions from The Times, Obama said had "fond memories" of Occidental. "It's a wonderful, small liberal arts college. The professors were diverse and inspiring. I ended up making some lifelong friendships there, and those first two years really helped me grow up."

Roger Boesche, a professor of politics who's cited as Obama's intellectual mentor at Occidental, said the young man from Honolulu was "a very thoughtful student and a very curious student."

Obama enrolled in two of Boesche's courses: a survey of American government and political thought from the Revolution through the civil rights movement and an advanced look at modern European political thought, which tackled such philosophers as Friedrich Nietzsche and Max Weber.

"You didn't take my European Modern class without wanting to think about deep ideas," said Boesche. Teacher and student later lost touch until Obama, then an Illinois state senator, ran for the U.S. Senate in 2004 and Boesche launched a warm e-mail correspondence.

Eric Newhall, a professor of American studies and American literature at Occidental, said Obama played with flair as a fiercely competitive guard in faculty-student pickup basketball games.

"I remember him clearly as better as an offensive player than a defense player," he said. Now Newhall likes to lightheartedly brag that he "scored a good number of baskets against the senator of Illinois. I would love to say I scored against the president."

On a more serious note, Newhall said Obama already showed glimpses of social conscience and what his supporters describe as his charisma. "Clearly the guy had a presence," he said. "He came off as a serious, articulate, intelligent young guy," Newhall recalled. "I didn't say, 'Here is presidential timber,' but I said to myself, 'I like our student body because they are going out to do interesting things.' "

He and others recall a strong speech Obama made at a campus rally urging South Africa divestment. Obama, in his book, considered that a big moment: "I figured I was ready, and could reach people where it counted," he wrote. "I thought my voice wouldn't fail me." Still, Obama initially thought he had flopped.

Dorm neighbor Ken Sulzer, now a lawyer in Century City, remembers Haines Hall's loud soundtrack of New Wave bands like the Flying Lizards. Hallway debates tackled the Soviet invasion of Afghanistan and President Carter's subsequent revival of draft registration.

Obama "did not impose his personality but certainly was well-respected among his peers and always had that great voice, even when he was 17, 18," Sulzer said. In Boesche's European politics class, Sulzer said he was impressed at how few notes Obama took. "Where I had five pages, Barry had probably a paragraph of the pithiest, tightest prose you'd ever see.... It was very short, very sweet. Obviously somebody almost Clintonesque in being able to sum a whole lot of concepts and place them into a succinct written style."

John Boyer, a skin cancer surgeon in Honolulu, fondly recalled evenings driving around Los Angeles and sharing pizza near campus. Boyer described himself as conservative politically and opposed to some of Obama's positions, but added, "What I admired about him then and now is that he is a very principled person in how he formulated his views."

A woman who knew Obama at Occidental but did not want to be identified said she remains surprised that "Barry" might run for president. "It was just different times then. People sat around and smoked dope and talked about how they would reform the world. But you never thought they would," she said.

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Although college friends would not discuss his drug use, Obama has publicly said he smoked marijuana and tried cocaine in high school and college.

Obama, now 45, came to Occidental's lushly landscaped campus after graduating from the Punahou School, a prestigious private academy in Hawaii. The son of a white American woman and a black Kenyan father who had been an exchange student at the University of Hawaii, he spent some of his childhood in Indonesia, where a stepfather lived.

Obama wrote about his search for a racial identity and said he often hung out with other black students at Occidental but also "the foreign students. The Chicanos. The Marxist professors and structural feminists and punk-rock performance poets ... When we ground out our cigarettes in the hallway carpet or set our stereos so loud that the walls began to shake, we were resisting bourgeois society's stifling constraints."

Today, blacks and Latinos comprise about 22% of the student body, more than double what it was in Obama's time.

Anne Howells, a retired English professor, said she wrote Obama a recommendation for his Columbia transfer — even though he sometimes turned in assignments late.

"He wanted a bigger school and the experience of Manhattan," she said. "I thought it was a good move for him."

In his e-mail, Obama confirmed that he transferred partly "because Occidental was so small, I felt that I had gotten what I needed out of it and the idea of being in New York was very appealing." But another reason was that he had many older friends who were graduating.

College spokesman Jim Tranquada said federal privacy rules forbid releasing grades, but that Obama left in good standing.

So can Occidental legitimately claim him as an alumnus? "By all means," said Jim Jacobs, alumni relations director. "Who wouldn't want to claim him as an alum?" Many colleges list anyone who has studied on campus for at least a year, he said.

Obama, in his e-mail, said he is "happy to be an honorary alumnus, though my loyalties are obviously divided with Columbia, where I had a wonderful time as well."

Occidental already is linked to presidential politics through Jack Kemp, class of 1957. The former pro quarterback and Republican congressman ran for president in 1988 and was a vice presidential candidate in 1996.

Current students are aware that Obama once was one of them, said senior Rachel Kay, a coordinator of Haines Hall, where he lived as a freshman.

"I don't think they are more in favor of him because he went here," Kay said. "But to have some connection is cool."

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Comics: An Obama Problem (NSWK)

By Nick Summers

Newsweek, January 29, 2007

Pundits, donors, opponents red and blue—everyone's getting ready for a Barack Obama presidential bid. But one group is still unprepared: the nation's comedians, who say the pol appears almost invulnerable to caricature. How do you make fun of someone when all the audience knows is that he's popular and charismatic? "There's this thing in America where you can't make fun of someone who's a nice guy, works hard, does well," says Darrell Hammond, the pitch-perfect "SNL" impersonator of Dick Cheney, Bill Clinton, Al Gore and others. "And that's all we know about Obama right now." He does have a funny name and big ears, but that's not enough to play off, like "Gore is dull" or "Kerry flip-flops." Race works to his advantage, too. White comics might tread cautiously—which rarely makes for good comedy. At least until the campaign is underway and Obama says or does something that gives them some meat, comics and writers are scratching their heads. They told PERI what they think might work:

MAKE FUN OF HOW YOU CAN'T MAKE FUN OF HIM

"Obamamania" has become absurd. "Daily Show" viewers heard a heavenly noise—"a choir of angels," host Jon Stewart said. "It can only mean one thing: Barack Obama did something." Jay Leno's line: "The big story, of course: 'American Idol.' But enough about Barack Obama."

SWITCH IT UP: MAKE FUN OF VOTERS

"People tell pollsters they'll vote for a black candidate, but once they're in that booth ... " says stand-up Greg Giraldo (an alum of Columbia and Harvard Law, just like Obama). Jokes about racial anxieties can be powerful—or professional death. Might work only from a black performer.

STALL

"Give him time," says "Real Time With Bill Maher" exec producer Scott Carter. Colin Powell, Wesley Clark—others have seemed too perfect for comedy before, but everyone tarnishes. "He has this halo, a messiahlike aura that just can't last as we get to know what he thinks about this issue and that issue." He'll crack before '08.

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JUST GIVE UP

It's hopeless. "Since Obama lacks faults, weaknesses or imperfections of any kind, I guess they'll just have to soberly discuss his evenhanded policy positions," suggests Peter Koechley, managing editor of The Onion. He's making a joke.

TIME Poll: Hillary Vs. McCain? (TIME)

By Tony Karon

Time, January 26, 2007

Hillary Clinton is the clear front-runner to win the Democratic Party's nomination for President in 2008, but the Republican race will be a close contest between Senator John McCain and former New York mayor Rudy Giuliani — with McCain edging Giuliani by a three- to four-point margin. And a presidential face-off between Clinton and McCain, right now, would be close to a dead heat. Those are some of the key findings of a new TIME poll earlier this week that canvassed a random sample of 1,064 registered voters by phone.

Despite the buzz generated by Senator Barack Obama entering the race, the survey found that Senator Clinton would beat him for the Democratic nomination by a margin of 40% to 21%. Senator John Edwards is a distant third with 11%. Obama clearly suffers a disadvantage in profile among likely voters, with only 51% indicating that they knew enough about him to form an opinion, compared with 94% saying the same of Hillary Clinton. In Obama's favor, however, is his far lower negative ratings. While 58% of voters familiar with Hillary Clinton have a positive view of her, 41% give her negative marks, for a net favorability score of +17. By contrast, Obama's net favorability score is +47. On the Republican side, Giuliani has a net favorability rating of +68, with only 14% having a negative view of him. McCain's net favorability score is +45.

McCain, however, holds a narrow lead of 30% to 26% over Giuliani for the G.O.P. nomination. A race between McCain and Clinton would be a virtual tie (47%-47%), according to the poll, while McCain would beat either Obama or Senator John Edwards by a 7-point margin.

Clinton's popularity within her party does not translate as easily across party lines as Obama's does, or indeed as Giuliani's and McCain's. Only 58% of the total sample of respondents had a very or somewhat favorable impression of her, compared with 82% for Giuliani (including 7 out of 10 Democratic voters), and 70% each for Obama and McCain — both of whom showed strongly among independents. These figures must be read against the fact that 94% of respondents said they knew "a great deal" or "some" about Clinton, while 73% said the same of Giuliani and 66% of John McCain. Only 51% knew "a great deal" or "some" about Obama.

If the election were held now, Rudy Giuliani appears to have the support of the greatest number of respondents of both parties, with 56% indicating they would "definitely" or "probably" support him — followed by Hillary Clinton (51%) John McCain (50%) and Barack Obama (50%). But Clinton has a strong edge when the question is which presidential candidate people would most like to have over to their homes for dinner. The former First Lady led the dinner-invitation field with 26%, while Obama and McCain tied for second place at 15%. But with the New Hampshire primaries a year away, the the four leading contenders all have some work to do: Obama in making himself better known, Clinton in making herself better liked, McCain in matching Giuliani's appeal to Democratic voters, and Giuliani in landing more invitations to dinner.

Fineman: What Are Hillary's Biggest Hurdles To Victory? (NSWK)

By Howard Fineman

Newsweek, January 29, 2007

So far, so good for Hillary Clinton. She launched her presidential campaign with a smooth professionalism that reminded me of George W. Bush's debut eight years ago. The technology has changed (Web chats vs. a chartered-plane fly-around), but the message was the same: we know the game cold, it's in the family blood, we are inevitable. Making a surprise entrance the weekend before the president's State of the Union address, Hillary introduced herself as a "Back to the Future" candidate who would usher in a sobering return to Clintonism (with "bold but practical" ideas for new times) after what Democrats have come to see as a nightmarish Bush interregnum.

The blitz moved the numbers. The new NEWSWEEK Poll shows Hillary beating her Democratic rivals in two-way matchups (55 to 35 percent over Sen. Barack Obama, 62 to 29 percent over former senator John Edwards). She does better than they do against Republicans, beating Sen. John McCain 50 to 44 percent, for example. Reviews in the Senate Democratic cloakroom—a snake pit of presidential politics—were upbeat. "The perception was that she had leveled off, had even lost altitude," says one habitué, who is neutral and therefore insistent on anonymity. "But she handled these last few days brilliantly."

Still, it is a journey of a thousand hurdles. A few:

IRAQ. The grass roots/Net roots deeply doubt her antiwar cred, her support for a toughly worded (but functionally meaningless) Senate resolution notwithstanding. Their favorite major candidate thus far is Edwards, who calls his authorizing

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vote in 2002 a "mistake" and supports slashing funds for the president's troop escalation. MoveOn.org and its allies have little general election clout, but they have plenty in the primaries. This year, I'm told, they plan to hold "issues elections" on their Web sites, with each candidate represented by a YouTube-able statement. The first issue contested: Iraq. The likely winner: not Hillary.

MONEY WARS. The struggle for the allegiance of big donors is on, especially between Hillary and Obama. There is a new generation of hedge-fund fat cats, and competition is fierce. Terry McAuliffe, the Hillary über-fund-raiser, jovial tell-all author ("What a Party!") and former party chair, makes it clear that he thinks it's a bad idea to give to more than one candidate—though, in fact, it's not all that uncommon. "They don't help themselves if they do," he says, "because they come off as not really being a supporter of anyone." In New York, the issue is moot: Hillary has the town more or less locked up; ditto for Obama in Chicago. Los Angeles, home of the never-quite-concluded deal, is another story. Some major figures (Steven Spielberg, David Geffen) agreed to host a fund-raiser for Obama; now, after some fast footwork by Hillary supporters, Spielberg is cohosting one for Hillary.

NET RISK. On the Web, Hillary offered herself as an openhearted neighbor, eager to bond over coffee. It was an appealing image, one the campaign will guard by carefully limiting the national press's access to her in places such as Iowa. Is Hillary really the warm and welcoming person we saw on the couch? Friends say yes, but evidence to the contrary can come from anywhere—including video from campaign-trail cell-phone cameras. What the Internet giveth, the Internet taketh away. Not everything can be controlled, even by a Clinton.

Attack Ads Go Online And Underground (LAT)

By Michael Finnegan, Times Staff Writer

The Los Angeles Times, January 29, 2007

'Viral' Web video spreads fast and far, biting candidates hard -- sometimes with their own words.

In a dim Culver City editing room, two video snippets of Republican presidential hopeful John McCain fill the monitors. In the first, he says same-sex marriage should be allowed. In the second, he says it should be illegal.

The clips are part of the payoff of a weeks-long hunt by filmmaker Robert Greenwald and his production team for damaging Internet video of the Arizona senator.

Greenwald, the producerdirector of scathing documentaries about Fox News and Wal-Mart, hopes to shatter McCain's image as a straight-talking maverick. But instead of creating a full-length film, he is assembling clips of McCain for a series of two-minute Web videos. The idea is to turn McCain's own words against him, spreading the videos through e-mail, blogs and websites.

"The effectiveness is hearing and seeing him say stuff," Greenwald said in the editing bay. The videos "go right to the character issue — who he is."

The first whack at McCain, now on the video-sharing site YouTube, joins a rapidly growing collection of Web videos posted by critics of leading contenders in the 2008 presidential race. Targets so far include Barack Obama, Rudolph W. Giuliani, John Edwards, Mitt Romney and Hillary Rodham Clinton.

The explosion of video-sharing on the Web poses major risks for presidential candidates: Gaffes and inconsistent statements witnessed by dozens can be e-mailed instantly to millions.

The White House ambitions of Republican George Allen of Virginia were dashed in no small part by a Web video that showed him, at a campaign event, calling an Indian American "macaca." Allen also lost his November bid for reelection to the Senate.

And Romney, a former Massachusetts governor, was hit this month with an anonymously posted YouTube video made of footage from a 1994 debate in which he took liberal stands on abortion and other matters. Romney, who has staked out more conservative positions in his quest for the Republican presidential nomination, posted his own video to explain the shift.

"I was wrong on some issues back then," he told viewers. "I'm not embarrassed to admit that."

For the candidates, as well as their detractors, the chief attribute of Web video is its broad reach, accomplished at little or no expense.

"You can grab it, send it, link it, and at zero cost," said Matthew Dowd, a top strategist for President Bush's 2004 reelection campaign. "Two hundred thousand people could see it in 24 hours."

Several White House contenders have already made promotional Web videos a central part of their communications strategy, using them to reach supporters directly, without a media filter. Democrats Clinton, Edwards, Obama and New Mexico Gov. Bill Richardson each made Web video statements for their campaign launches.

Clinton has been especially aggressive. The New York senator and presumed party front-runner took questions from supporters on three evenings last week in half-hour Web chats. As part of a broader effort to warm up voters (a fireplace crackled

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in the background when she appeared Wednesday on NBC's "Today" show), Clinton pivoted from Iraq and healthcare to the delights of gardening, dog-walking, movie watching, swimming and even closet cleaning.

McCain is planning his own Web version of reality TV. He has hired a videographer to record behind-the-scenes campaign moments of the senator in relaxed settings.

"What the campaign can do in a Web video is show a more personal side of the candidate," said Spencer Whelan, who works on McCain's online communications team.

But the same technology allows others to broadcast — often anonymously — videos utterly outside the campaigns' control. Already, attack videos range from the caustic to the ridiculous.

McCain's comic potential is on display in a YouTube video featuring the melodically impaired senator singing lines from "The Way We Were" and other Barbra Streisand tunes in a "Saturday Night Live" skit.

Another video on the site shows Giuliani dressed in drag, with Donald Trump nestling his face in the former New York City mayor's fake breasts — a gag from a long-ago press dinner that struck many New Yorkers as funny, but might puzzle some Republican primary voters in, say, South Carolina.

Edwards, the 2004 Democratic nominee for vice president, is the subject of a popular prank video that uses humor to skewer the former North Carolina senator. Mocked by critics as "the Breck girl" in 2004, the telegenic candidate is shown fussing with his hair for a full two minutes in preparation for a TV interview, as Julie Andrews sings "I Feel Pretty." YouTube visitors have viewed it more than 27,000 times.

Among the Clinton material posted on the site is a home-video excerpt, first broadcast by ABC News, that shows her confiding to someone at a campaign fundraiser that she avoided e-mail because of constant investigations of the White House during her husband's presidency.

Obama, a newcomer to presidential politics, is just starting to draw the sort of negative attention that the Clintons have long attracted. Last week, Chicago-area political consultant Joe Novak posted several Web videos taking aim at the Illinois senator's wife, Michelle, for her healthcare business dealings.

"I've gotten very angry over the fawning cheerleading that's going on in this city by so-called reporters," Novak said.

Obama campaign spokesman Dan Pfeiffer said Novak's videos show that the Web "is rapidly becoming the place to put video that is too inaccurate and too scurrilous to put on television."

For candidates, one of the troublesome aspects of Web video is also one of its most appealing: the ability of viewers to send it to untold numbers of like-minded voters on an e-mail list.

"A lot of what strategists rely on is the viral impact of sending something to your existing list, and have them push it out to friends and family — make them evangelists and messengers," said Brent Blackaby, the founder of Blackrock Associates, an online political strategy consulting firm.

But the impact of a negative video can be devastating — and undetectable. For candidates trying to appeal to a distinct demographic group, for example, video that shows them taking stands that the group opposes can spread fast without the campaign's knowledge. And the words pack a more profound emotional punch when they come from the candidate's own mouth.

"Voters understand that everybody's shading the truth, but this stuff, they can look at it and say, 'Jeez, that's what he said,' " said David Doak, a veteran Democratic ad maker.

Giuliani, for one, is facing an underground Web-video effort to undercut his appeal to the social conservatives who dominate the Republican nomination race. Two videos posted on YouTube show him making remarks at City Hall news conferences that could prove unpopular among them. In one, he calls for an expansion of immigration. The other shows him announcing a city lawsuit against gun manufacturers, accusing them of deliberately selling more guns than needed for hunting and law enforcement.

"The more guns you take out of society, the more you're going to reduce murder," he says in the video.

To Greenwald, who is not getting paid for the McCain project, Web video offers a chance to end what he sees as the senator's "free ride" in the mainstream media. "It's primarily that there was a story that wasn't being told," he said.

His first video strings together some McCain statements on Iraq, the Confederate flag, Christian conservatives and same-sex marriage — remarks contradictory enough to suggest that McCain falls short of delivering the "straight talk" that he made a trademark of his first campaign for president, in 2000.

"I certainly think we'll make an impact, and he'll have to respond to what we're doing," said Cliff Schecter, a Democratic consultant working on Greenwald's project. "That's all you can hope for."

But McCain campaign spokesman Danny Diaz declined to comment on the Web-video attacks.

"Our focus," he said, "is on using video that communicates a positive message about our candidate."

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In Politics, The Camera Never Blinks (or Nods) (NYT)

By Tom Zeller Jr.

The New York Times, January 29, 2007

BEYOND its fulfillment of a constitutional requirement, the president's annual State of the Union address has come to provide much pomp. It's a prime-time gala where Washington's best and brightest gather for an evening in the media spotlight, and where the nation tunes in with varying degrees of interest, cynicism or boredom at the bloated spectacle of it all.

Oh, sure, there's the actual speech itself. But generally speaking, the odds for climactic elements — for truly earth-moving, unexpected locutions — are so low as to be negligible.

Copies of the speech are customarily distributed to members of the news media ahead of time — on the condition, of course, that they not be published until after the president begins his delivery. But in the age of the Internet, even that handshake agreement between the press and president has broken down: Copies of the speech could be found at sites like the Drudge Report and ThinkProgress.org well before President Bush began his address shortly after 9 p.m. last Tuesday.

"We'll start respecting White House embargoes when they start telling the truth," wrote the editors at Think Progress.

It is perhaps no surprise, then, that Web gremlins would chuckle as the cameras panned the chamber Oscar-style last week and alighted on what appeared to be Senator John S. McCain of Arizona, a presumed candidate for the Republican nomination for president, in an unguarded moment of slumber.

It is, perhaps, also no surprise in the age of YouTube — where unscripted video clips have become political Molotov cocktails — that a "McCain sleeping" snippet was uploaded to the Internet and was being discussed and linked in short order.

Whether the original intent was political sabotage or simple humor is hard to say, but either way the clip went straight for Mr. McCain's Achilles' heel: his age. He is now 70 years old. By 2008, if elected, he would be the oldest president to move into the White House.

So a video of the elderly statesman appearing to doze during the president's speech — and particularly during a portion of the speech where terrorism was being discussed — seemed to put questions of his fitness for office in stark relief.

And in that sense, the video brouhaha — a short-lived and misguided brouhaha, considering that he wasn't sleeping after all — constitutes one of the first "macaca moments" of the 2008 campaign. It is also a sign that Mr. McCain — and every candidate who has, or will, throw a hat into the ring — will have a very, very long road ahead.

Now, for those who have been living under a rock, it was former Senator George Allen of Virginia who was caught on video last August referring to an opposition aide — who was of Indian descent — as "macaca," a racial slur obscure to many Americans, but potent enough to have caused a media frenzy when the video hit the Internet. Mr. Allen was not re-elected.

Reasonable people can disagree on the extent to which that single incident was to blame for Mr. Allen's defeat, but there was no question in anyone's mind that the YouTube culture — in which every public moment can be clipped, cropped and distributed instantly across the globe by anyone at any time — had changed the rules of the game. As with the broken embargo on the State of the Union speech, there is no longer the default expectation that exposure can be managed. All bets are off.

The theory of Mr. McCain's supposed nap got an early boost from Tucker Carlson of MSNBC, who was blogging the speech live at hardblogger.msnbc.msn.com.

"If you're McCain, who will be over 70 by 2008, you'll want to make doubly sure to demonstrate your alertness and vigor," Mr. Carlson wrote just after 10 p.m. Tuesday. "You definitely won't want to slump in your seat, out cold, when Bush starts talking about Iraq. And yet that's exactly what McCain did tonight, napping on camera for 10 agonizing seconds."

On Wednesday morning, the Drudge Report carried the headline "McCain Eyes Wide Shut During Bush Speech," along with a link to a "Sleepy Senator John McCain" video clip that had been uploaded to YouTube (and is still available of this writing: snipurl.com/McCain). It shows Mr. McCain in a straight-on shot, sitting in the crowded chamber, chin to chest, with eyes that appear to be closed.

David All, who runs the David All Group, a Washington firm focusing on developing new-media strategies for Republican campaigns, theorized at his Web site, davidallgroup.com, that the original uploader — a user going by the sobriquet monzsca — was not likely a political operative himself, but rather someone who simply thought the clip was funny. Mr. All suggests, however, that others seeking to damage Mr. McCain saw an opportunity.

"Though the clip was not created by an opposing campaign, it was probably identified by at least one of those campaigns as a tool to swipe at McCain to help make the argument that McCain is 'too old' to be president, and passed it along to Drudge," Mr. All wrote on Thursday, in a deconstruction of the "Sleepy John" affair.

"Whether he meant to or not, the YouTube user created a video that went viral, amplified by a coveted Drudge link," he wrote, "and is now getting a lot of front page treatment on a popular Web community, YouTube."

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From Drudge, the clip and the discussion bounced around the blog circuit (including the Screens blog here at The Times as well as my own Times blog, The Lede), as did a swell of countervailing evidence, which ultimately won the day: it seems that Mr. McCain was, like just about everyone else in attendance that night, simply glancing down at his copy of the speech and reading along.

Mr. All gives high praise to swift action by McCain operatives, who uploaded a separate YouTube video showing a perky Senator McCain applauding heartily during the speech (snipurl.com/Hearty). They also pointed bloggers to links of a video montage — prepared by the folks at The Hotline's On Call blog — demonstrating that others who were gathered in the House chamber that night, while clearly reading something in their laps, also appeared to be napping if shot at some angles (snipurl.com/ReadClips).

It was good political gamesmanship, and the thrust and parry provide an object lesson in the power of Internet video, particularly in the political arena. A candidate, an elected official, even a journalist who remains ignorant of this weapon — how to handle it, how to know when it has been unleashed and from what direction — proceeds at a certain peril.

Of course, even one's best efforts at damage control may go unappreciated.

Said one commenter at Mr. All's site: "Asleep or not, McCain et al. forgot one of the maxims of modern politics: When cameras are in the room, keep your head up and smile."

Feeding Frenzy For A Big Story, Even If It's False (NYT)

By David D. Kirkpatrick

The New York Times, January 29, 2007

WASHINGTON, Jan. 28 — Jeffrey T. Kuhner, whose Web site published the first anonymous smear of the 2008 presidential race, is hardly the only editor who will not reveal his reporters' sources. What sets him apart is that he will not even disclose the names of his reporters.

But their anonymity has not stopped them from making an impact. In the last two weeks, Mr. Kuhner's Web site, Insight, the last remnant of a defunct conservative print magazine owned by the Unification Church led by the Rev. Sun Myung Moon, was able to set off a wave of television commentary, talk-radio chatter, official denials, investigations by journalists around the globe and news media self-analysis that has lasted 11 days and counting.

The controversy started with a quickly discredited Jan. 17 article on the Insight Web site asserting that the presidential campaign of Senator Hillary Rodham Clinton was preparing an accusation that her rival, Senator Barack Obama, had covered up a brief period he had spent in an Islamic religious school in Indonesia when he was 6.

(Other news organizations have confirmed Mr. Obama's descriptions of the school as a secular public school. Both senators have denounced the report, and there is no evidence that Mrs. Clinton's campaign planned to spread those accusations.)

In an interview Sunday, Mr. Kuhner, 37, said he still considered the article, which he said was meant to focus on the thinking of the Clinton campaign, to be "solid as solid can be." But he declined to say whether he had learned the identity of his reporter's sources, and so perhaps only that reporter knows the origin of the article's anonymous quotes and assertions. Its assertions about Mr. Obama resemble rumors passed on without evidence in e-mail messages that have been widely circulated over the last several weeks.

The Clinton-Obama article followed a series of inaccurate or hard-to-verify articles on Insight and its predecessor magazine about politics, the Iraq war or the Bush administration, including a widely discussed report on the Insight Web site that President Bush's relationship with his father was so strained that they were no longer speaking to each other about politics.

The Washington Times, which is also owned by the Unification Church, but operates separately from the Web site, quickly disavowed the article. Its national editor sent an e-mail message to staff members under the heading "Insight Strikes Again" telling them to "make sure that no mention of any Insight story" appeared in the paper, and another e-mail message to its Congressional correspondent instructing him to clarify to Mrs. Clinton and Mr. Obama that The Washington Times had nothing to do with the article on the Web site.

"Some of the editors here get annoyed when Insight is identified as a publication of The Washington Times," said Wesley Pruden, editor in chief of The Washington Times.

And in an interview, John Moody, a senior vice president at Fox News, said its commentators had erred by citing the Clinton-Obama report. "The hosts violated one of our general rules, which is know what you are talking about," Mr. Moody said. "They reported information from a publication whose accuracy we didn't know."

Mr. Kuhner's ability to ignite a news media brush fire nonetheless illustrates how easily dubious and politically charged information can spread through the constant chatter of cable news commentary, talk radio programs and political Web sites. And

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at the start of a campaign with perhaps a dozen candidates hiring "research directors" to examine one another, the Insight episode may be a sign of what is to come.

To most journalists, the notion of anonymous reporters relying on anonymous sources is a red flag. "If you want to talk about a business model that is designed to manufacture mischief in large volume, that would be it," said Ralph Whitehead Jr., a professor of journalism at the University of Massachusetts.

With so much anonymity, "How do we know that Insight magazine actually exists?" Professor Whitehead added. "It could be performance art."

But hosts of morning television programs and an evening commentator on the Fox News Network nevertheless devoted extensive discussion to Insight's Clinton-Obama article, as did Rush Limbaugh and other conservative talk radio hosts.

And the Fox News rival MSNBC has picked up several of Insight's other recent anonymous "scoops." Among them: that Mr. Bush was afraid to fire his adviser Karl Rove because "he knows too much"; that there is a rift between President Bush and Secretary of State Condoleezza Rice over the president's support for Israel; and that Mr. Bush spent the months before the midterm elections in a bunker-mentality focused on the Iraq war and the elections to the exclusion of all else. Mr. Kuhner has appeared as a guest on both networks.

A spokesman for MSNBC declined to comment. Representatives of News World Communications, the arm of the Unification Church that owns Insight, could not be reached for comment on Sunday night.

Mr. Kuhner said, "Our report on this opposition research activity is completely accurate," and he argued that all major news organizations relied on anonymous sources. Mr. Kuhner, in an editor's note on Insight, said the Web site could not afford to "send correspondents to places like Jakarta to check out every fact in a story." The Web site pays up to $800 for an article.

Mr. Kuhner said he was not yet convinced by reports from officials of the elementary school that Mr. Obama attended in Indonesia about its secular history. "To simply take the word of a deputy headmaster about what was the religious curriculum of a school 35 years ago does not satisfy our standards for aggressive investigative reporting," he wrote.

Insight was founded two decades ago as a conservative print magazine called Insight on the News. It started the career of the journalist David Brock, who became famous for writing sensational magazine articles and books about Anita Hill and later Mrs. Clinton. Mr. Brock later recanted much of what he had written, and now runs a liberal media group dedicated to countering what it considers be conservative bias in the news media.

Insight had thousands of subscribers, but its reputation was checkered by its false reports, which included an assertion that President Bill Clinton was selling plots at Arlington National Cemetery to Democratic campaign donors, and, during the Bush administration, that Saddam Hussein's purported weapons of mass destruction might have been found.

Officials of the Unification Church closed the print magazine about a year and a half ago, and tapped Mr. Kuhner to run it as a stand-alone Web site. He worked for three years, from 2000 through 2003, as an assistant national editor at The Washington Times. Before that, he was a history professor, but did not finish his dissertation. After leaving The Washington Times, he worked for a Republican policy group.

Mr. Kuhner said he insisted on editorial independence, reporting only to the board of New World Communications. Under his tenure, Insight's Web site has claimed a series of anonymous scoops, many centered on the White House. In addition to the article about Mr. Bush's feud with his father, there was also a January 2006 report that the United States was preparing for a covert attack on Iran and a February 2006 report that Vice President Dick Cheney would step down after the midterm elections.

Mr. Kuhner said Insight stopped using bylines to encourage contributions from reporters for major news organizations. He said such contributors could not write what they knew under their own names for their main employers, either for fear of alienating powerful sources or because of editors' biases.

"Reporters in Washington know a whole lot of what is going on and feel themselves shackled and prevented from reporting what they know is going on," Mr. Kuhner said. Insight, he said, "is almost like an outlet, an escape valve where they can come out with this information."

"The team I have has some of the most seasoned, experienced reporters in this town, so I know the material I am getting is rock-solid." he said. "The reporter has to give his or her word that, 'It is solid, Jeff,' " Mr. Kuhner said.

During an interview, he invited this reporter to moonlight for Insight. "I will take a look at your work," he said. "I will do a background check. You may get a call from me." He declined to say where the contributor who offered the Clinton-Obama story worked.

"I said, 'That is a sexy story, if you can confirm it,' " Mr. Kuhner recalled. After Insight posted the article on Jan. 17, Mr. Kuhner said, he was disappointed to see that the Drudge Report did not link to it on its Web site as it has done with other Insight articles. So, as usual, he e-mailed the article to producers at Fox News and MSNBC.

Lieberman May Back Republican In 2008 (AP)

AP, January 29, 2007

Connecticut Sen. Joe Lieberman, the Democratic vice-presidential nominee in 2000 who won re-election as an independent last year, says he is open to supporting any party's White House nominee in 2008.

"I'm going to do what most independents and a lot of Democrats and Republicans in America do, which is to take a look at all the candidates and then in the end, regardless of party, decide who I think will be best for the future of our country," Lieberman said Sunday.

"So I'm open to supporting a Democrat, Republican or even an Independent, if there's a strong one. Stay tuned," said the three-term lawmaker who caucuses with Senate Democrats.

Lieberman is an ally of GOP Sen. John McCain of Arizona, a 2008 hopeful, and supports President Bush's new Iraq strategy. Lieberman won re-election as an independent last fall when Democrats backed an anti-war candidate who won the party primary.

Speaking of which politician he may support in 2008, Lieberman said, "Obviously, the positions that some candidates have taken in Iraq troubles me. Obviously, I will be looking at what positions they take in the larger war against Islamist terrorism."

He added, "I am genuinely an independent. I agree more often than not with Democrats on domestic policy. I agree more often than not with Republicans on foreign and defense policy."

The senator said he wanted to select someone "I believe is best for the future of our country. ... Party is important, but more important is the national interest. And that's the basis that I will decide whom to support for president."

Lieberman spoke on "Fox News Sunday."

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WASHINGTON (AP) — Even Sen. Joe Biden jokes about the Democrats' crowded White House field for 2008, which he is joining this week.

"I'm the 800th candidate," said Biden, who plans to make it official on Wednesday.

Dominating the early stages of the race are New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama. Other candidates include former North Carolina Sen. John Edwards, the 2004 vice presidential nominee; Connecticut Sen. Chris Dodd, New Mexico Gov. Bill Richardson, former Iowa Gov. Tom Vilsack, and Ohio Rep. Dennis Kucinich.

"I am absolutely confident, if I get to stand on a stage, sit in the room with all the candidates you mentioned, I'll do just fine," Biden said in a broadcast interview when Clinton, Obama and Edwards were specifically cited.

"This is a marathon. If people learn my story, learn my record, I think I can compete. The question is, can I raise the money?"

The Delaware senator was interviewed on "This Week" on ABC.

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WASHINGTON (AP) — James Garfield was the last sitting House member to win election as president when the Ohio Republican captured the White House in 1880.

Rep. Duncan Hunter, R-Calif., realizes he is up against history as his 2008 campaign moves ahead.

"Well, that's true. But on the other hand, somebody's got to win this race," he said Sunday. "And I think my messages of a strong national defense, secure border, bring some of those high-paying manufacturing jobs back that we've given away because of trade deals that weren't smart.

"And I think that my messages will resonate with the American people and I think I've got a chance to win this thing."

Hunter faces a crowded GOP field, including Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney, former New York City Mayor Rudy Giuliani, Kansas Sen. Sam Brownback and Colorado Rep. Tom Tancredo.

Until Democrats took control of Congress this month, Hunter was chairman of the House Armed Services Committee, which oversees military policy.

But he is little known outside of Congress and his San Diego district. He is a strong opponent of illegal immigration who wants fences extended along the U.S.-Mexico border and supports the prosecution of smugglers bringing illegal immigrants across the border.

Hunter appeared on "This Week" on ABC.

McCain Passes On RSC Invite (RC)

By Susan Davis And Lauren W. Whittington

Roll Call, January 29, 2007

Sen. John McCain (R-Ariz.) has decided not to address House Republican conservatives when they convene at their annual retreat this week, while one of his top rivals for the GOP's 2008 White House nod will be among the headliners of the event.

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Not only is McCain not attending the annual Conservative Members Retreat — which draws members of the Republican Study Committee and is sponsored by the Heritage Foundation — Republican sources said that McCain's campaign never responded to the invitation.

The GOP's three most prominent 2008 hopefuls — McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudy Giuliani — were invited to meet with the group when it gathers in Baltimore this Thursday through Saturday.

Romney will make an appearance at the retreat, while Giuliani sent his regrets and said he had a scheduling conflict. McCain's campaign never responded to inquiries.

Other headliners of the retreat include former Speaker Newt Gingrich (R-Ga.), who is mulling a White House run, and former Sen. Phil Gramm (R-Texas), who already has signed on with McCain's campaign.

McCain campaign spokesman Danny Diaz did not address why his boss wouldn't attend, or why he didn't respond to the invite, but he said the Senator enjoys many friendships on Capitol Hill and has daily opportunities to reach out to conservative lawmakers.

"While he's not going to be able to attend this particular meeting, he's fortunate to be able to meet every day with conservative leaders in the United States Capitol," he said.

McCain has long had a tumultuous relationship with conservatives. His run for the GOP presidential nomination in 2000 put him squarely in the cross hairs of religious evangelicals and other movement conservatives who had lined up behind the candidacy of then-Texas Gov. George W. Bush. The South Carolina primary, dominated by the party's most conservative wing, was especially bloody for McCain.

McCain has since mended fences with Bush and reached out to conservatives, many of whom are untrusting of the man they see as a maverick who has bucked his own party as often as he has supported it.

An aide to a prominent House conservative said that Members were more puzzled than offended at the apparent disinterest in the retreat coming from the McCain campaign.

According to sources, staff at both the RSC and Heritage reached out to the Romney, Giuliani and McCain campaigns in mid-January to schedule appearances at the annual gathering traditionally held in Baltimore.

Giuliani's team could not attend due to an unbreakable scheduling conflict on the West Coast, and Romney accepted the invitation and is scheduled to appear Friday. More than 100 House Republicans are members of the RSC, and while attendance lists weren't confirmed at press time Friday, about half of those Members are expected to attend.

Romney has been the most overtly active of the three in recruiting supporters in the House. A few members of the RSC already have endorsed him, including GOP Reps. Marsha Blackburn (Tenn.), Tom Feeney (Fla.), Howard McKeon (Calif.) and Dave Camp (Mich.).

One aide suggested that McCain's campaign underestimated the importance of building early support in the House.

"The McCain campaign is missing the boat entirely and failing to grasp the importance of the momentum that adding House Members early builds," the aide said, adding: "In light of Gov. Romney's energetic outreach to conservatives in the House, it's puzzling and perhaps telling about McCain's own outreach strategy to House Members."

A spokesman for Rep. Jeb Hensarling (R-Texas), the chairman of the RSC, said only that conservatives were looking forward to the scheduled discussions at the retreat.

"Chairman Hensarling is very pleased that Gov. Romney has agreed to speak to House conservatives and is looking forward to welcoming some of the best minds in the conservative movement to meet with Republican Study Committee members," said Brad Dayspring. Hensarling has not yet endorsed any presidential candidate.

Romney's appearance at the RSC event comes as his opponents are working to highlight his own ideological history, which includes a conversion from moderate to more hard-core conservative stances on several key social issues. There also is unease among conservative Christians with Romney's Mormonism.

"Gov. Romney can go meet with House conservatives and pretend to be one of them but it's important to remember that John McCain served in the U.S. House as a real conservative," said one GOP official close to the McCain campaign.

Romney spokesman Kevin Madden said that the former governor has a lot in common with RSC members when it comes to both their "political and policy philosophy" and that he looks forward to talking with them about issues such as spending priorities, national security and global terrorism.

McCain does have vocal supporters within the RSC. Former RSC Chairman John Shadegg (Ariz.) and Rep. Jeff Flake (Ariz.) are both behind their Arizona colleague. Rep. Spencer Bachus (Ala.), an RSC member, signed onto McCain's campaign as southeast co-chairman last week.

Mike Huckabee Launches Presidential Bid (AP)

AP, January 29, 2007

DOJ_NMG_0123174

Conservative Republican Mike Huckabee, seeking to repeat the success of another former governor from Hope, Ark., said Sunday he is taking the first step in what he acknowledged is an underdog bid for the White House in 2008.

"I think this is an opportunity to show the American dream is still alive and there's hope and optimism that can be awakened in a lot of people's lives if they think that a person like me can run and actually become president," Huckabee told The Associated Press

The 51-year-old Huckabee, who took over as governor at the height of Bill Clinton's Whitewater scandal, comes from the same small town — Hope — in the same rural state as the former Democratic president.

Huckabee, who left office Jan. 9 after serving 10 1/2 years as governor of a Democratic-leaning state, faces steep odds in a crowded GOP field that includes well-known and well-funded hopefuls such as Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani.

"One of the reasons that I'm running for president is because I think that America needs folks who understand what it is to start at the bottom of the ladder and climb their way to the top," Huckabee said in a broadcast interview. "We've got a lot of people who are born on third base and think they've hit a triple.

"America loves an underdog. America loves people who have had to struggle and for whom every rung of the ladder has been sometimes three rungs up and two back down, Thank God for the one you've gained, and keep climbing," Huckabee said.

He planned to travel to Iowa, an early nominating state, on Tuesday and Wednesday.

Huckabee is setting up an exploratory committee that will allow him to raise money and hire campaign staff in an effort to gauge his prospects.

Huckabee is a staunch opponent of abortion rights and gay marriage, but faces a tough fight from other conservatives in the field for support from the GOP's right flank. This is an important voting bloc in the nominating contests.

Kansas Sen. Sam Brownback, a favorite son of the religious right, is already in the race. Other conservatives, such as California Rep. Duncan Hunter and Colorado Rep. Tom Tancredo, will battle for their share of the vote.

While Arkansas is a predominantly Democratic state, Huckabee won two full terms in landslides. He championed tax increases for public schools, expanded state insurance programs for the children of the working poor and opposed banning state services for illegal immigrants.

Nationally, Huckabee is perhaps best known for his dramatic weight loss and his emphasis on healthy lifestyles. He shed 110 pounds after being diagnosed with diabetes. He also saw his political profile rise when he headed the National Governors Association for one term.

Since he left office, Huckabee has been on a nationwide tour to tout his book, "From Hope to Higher Ground: 12 Stops to Restoring America's Greatness." With chapters on taxes and foreign policy, Huckabee's book lays out his potential talking points for a presidential campaign.

Huckabee appeared on "Meet the Press" on NBC.

Former Arkansas Governor Mike Huckabee Joins Race For White House (USAT)

By Jill Lawrence

USA Today, January 29, 2007

WASHINGTON — Former Arkansas governor Mike Huckabee, the latest contestant for the 2008 Republican presidential nomination, casts himself as a pragmatic outsider with executive experience and credibility with evangelical Christians.

Huckabee said Sunday that he is forming an exploratory committee, which allows him to raise money for the race. On Tuesday, he starts a two-day visit to Iowa, which kicks off the primary season with caucuses in less than a year.

"One of the reasons I'm running for president is because America needs folks who understand what it is to start at the bottom of the ladder and climb their way to the top," Huckabee said Sunday on NBC's Meet the Press. The Arkansas native said he was the first male in his family to graduate from high school.

"America loves an underdog," Huckabee said. "America loves people who had to struggle and for whom every rung of the ladder has been sometimes three rungs up and two back down.

Other Republicans who are raising money for presidential campaigns or declared their candidacy include Sens. John McCain of Arizona and Sam Brownback of Kansas, former New York mayor Rudy Giuliani, Reps. Duncan Hunter of California and Tom Tancredo of Colorado, and former governors Mitt Romney of Massachusetts and Jim Gilmore of Virginia.

"I don't think that having a Washington address and being in Congress will be an asset," Huckabee told reporters earlier this month at a lunch near the Capitol.

Huckabee, a former Baptist minister, was born in Hope, the same town as Bill Clinton. He took office in 1996 after then-governor Jim Guy Tucker was convicted of fraud and conspiracy in a case arising from the Whitewater investigation. Since then Huckabee, 51, has lost 110 pounds and written a book about it.

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A onetime president of the Arkansas Southern Baptist Convention, Huckabee said at the lunch that he is "unquestionably solid" on issues that matter to religious conservatives, such as opposition to gay marriage and abortion. Beyond that, he said his accomplishments "on issues that matter to everybody," such as health care and education, will give him broad appeal.

Huckabee said he is an atypical Republican, citing his "passion for music and art education" (he led a drive to make it mandatory in Arkansas) and his expansion of health coverage for children. "Some of us Republicans actually like kids."

Huckabee's tenure as governor was marked by several ethics controversies. The state ethics commission cited him five times for violations involving unreported gifts and cash. As he left office he took heat for wedding-gift registries at two stores. He said they were set up by his wife's friends and were meant to provide housewarming gifts for the couple's new home.

Republicans already are competing for religious conservatives, a pillar of the GOP coalition. Brownback, who is Catholic, has led efforts in Congress to restrict abortion and stem-cell research and to ban gay marriage. McCain and Romney also are reaching out.

"It's who I am," Huckabee said. "I don't have to prove that to anybody."

Contributing: Fredreka Schouten, USA TODAY

Rebel Chuck Hagel: A President In The Making? (NSWK)

By Jonathan Darman

Newsweek, January 29, 2007

Chuck Hagel wears pain on his face. The senior senator from Nebraska earned two Purple Hearts in Vietnam, where a mine blew out his eardrums and delivered a sharp burn up the left side of his head. When he is thinking hard, his brow droops low, weighted and weary; when he smiles, his eyes slip into thin slits. His brother Tom calls this Hagel's "running gear"—the thick mask of intensity he shows the world.

That intensity was on display last Wednesday as he sat and stewed at a hearing of the Senate Foreign Relations Committee. The panel was considering a resolution condemning President Bush's proposal to send 21,000 additional troops to Iraq; Hagel, a cosponsor of the resolution, would be the only Republican on the committee to vote for its passage. As he listened to his colleagues make their cases for and against the president's plan, Hagel told NEWSWEEK he noticed something missing: an acknowledgment that the Senate was talking about committing real troops, the men and women whose "fighting and dying" make a war. He had no prepared text but the words came easily as he took his turn at the mike. Calling Iraq the country's most divisive issue since Vietnam, he dared his fellow committee members to take a stand. "I think all 100 senators ought to be on the line on this," he said. "If you wanted a safe job, go sell shoes." For a moment, his colleagues were silent and stunned. Later that afternoon, Joe Biden, the committee's Democratic chairman, complimented him on his performance. "I've rarely seen such a powerful connection between the heart and the mind," Biden said. "That was deep in you."

Viewed from afar, the stuff inside Hagel looks like the stuff that makes Republican presidential candidates. He is a third-generation party member who grew up idolizing Teddy Roosevelt and Dwight Eisenhower. He says he was the only student in his Roman Catholic high school to support Richard Nixon over John F. Kennedy in the 1960 presidential election—and when he cast his first vote, an absentee ballot from Vietnam, it was for Nixon's winning ticket in 1968. His conservative credentials are impeccable: according to Congressional Quarterly, he voted with the White House more times in 2006 than any other senator. He is manly, Middle American—and when he talks about military matters, he exudes the cool confidence of a warrior-statesman who knows that war is hell.

But Hagel, who as of late last week was in the final stages of weighing a presidential run, is never mentioned in the top tier of Republican candidates for one, simple reason: since the initial buildup to the war in Iraq, he has assailed the Bush administration's policy—in sharp words, in constant refrain and, most unforgivably, in public. His outburst last week was the culmination of a four-year campaign to raise public outrage about a war he's always considered disastrous. His stance has earned him the enmity of the White House. Asked about Hagel last week in an interview with NEWSWEEK, Vice President Dick Cheney said: "I believe firmly in Ronald Reagan's 11th Commandment: THOU SHALT NOT SPEAK ILL OF A FELLOW REPUBLICAN. But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

Cheney, however, doesn't necessarily speak for his party. In the latest NEWSWEEK Poll, only 30 percent of voters approve of Bush's performance as president. Even 31 percent of Republicans think Congress has not done enough to challenge the administration on the war. After the disastrous 2006 midterm elections, Republicans are no longer taking their talking points on Iraq from the White House—several members of Hagel's caucus have suggested they'd support a resolution criticizing the surge when it comes before the Senate this week. Meanwhile, the three leading contenders for the Republican nomination, John McCain, Mitt Romney and Rudy Giuliani, are all vulnerable on the war—all three are in the minority of Americans who support the president's plan. Hagel may be the one Republican who can fully separate the party from the troubled legacy of George W. Bush as the GOP looks to 2008.

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The tale of Hagel's reluctant rebellion is the story of a man haunted by wars then and now—and of a party at a crossroads, weighing Hagel's past transgressions of disloyalty against the simple necessities of survival. Chuck Hagel has a lifetime of lessons in loyalty and war. His father, Charlie, flew raids for the Army Air Corps over the islands of the South Pacific during World War II. Born in 1946, Chuck was the eldest of four boys and grew up fascinated by the great conflict his father had fought in. In his childhood, his family moved through a series of Midwestern towns, but his father would always serve as commander of the local VFW. His mother and father taught their boys that loyalty to country was paramount and that every generation had its war. "It was as religious as going to church," Hagel tells NEWSWEEK.

Charlie Hagel never talked much about his war. A member of the fabled Greatest Generation, he thought it unseemly to brag about his exploits on the battlefield. But there was something darker enforcing the silence, memories that gave him nightmares and caused him to drink too much. "If they'd had the resources available back then," says Hagel's brother Tom, "he would have been diagnosed with posttraumatic stress disorder. I don't know what happened to him over there." Charlie never got a chance to tell his sons; he died of a heart attack when Chuck was just 16. For decades, all his boys would really know of his time at war was what they could find in a musty attic, the things Charlie had carried back: a handmade machete, a grass hula skirt, black-and-white photos of Japanese Zero fighters hurtling across the Pacific sky.

Two Hagel brothers would soon learn the lessons of the battlefield firsthand. Chuck and Tom were both sent to Vietnam where by some oversight (neither brother can explain it) they managed to defy Army regulations and fight in the same unit. In time, each brother would get a chance to save the other's life. In rare moments of reflection, the brothers spoke of their father, wondering how their experiences matched up with his. "Southeast Pacific. Jungles. Fighting the Asians," Chuck says. "We often talked about that." Mostly, though, the brothers focused on fighting—and staying alive. It was 1968, America's bloodiest year in the war, and on the ground the brothers were hardened by a grisly conflict they tried not to think of as futile. "You see it today in Iraq," says Tom. "We go in, kill all these insurgents, lose all those people. Then we leave town and they just move back in. Same damn thing we did every day over there."

Their tours up, the Hagel boys returned home, Vietnam still swirling in their heads. Tom quickly turned against the war, convinced he had toiled gruesomely for a mistake. Chuck, stubbornly patriotic, couldn't abide this talk; he and Tom quarreled constantly, sometimes coming to blows. But Hagel harbored his own silent doubts. He spent the '70s devouring histories of American involvement in Southeast Asia, eventually (and privately) concluding that Congress's failure to ask tough questions about the conflict in Vietnam amounted to gross negligence. He recalls making a vow to himself: "If America were to go to war again and I was in a position to influence things, I would do everything I could to understand the reality and not allow another Vietnam to occur."

Hagel got his chance to extend some influence when he won election to the Senate in 1996. He was an enthusiastic partisan, leading his state's Republican Party as Nebraska shifted solidly red. But Hagel's party loyalties extend only so far. From the early days of the Bush administration, he was uneasy with the president's apparent zest for war in Iraq and worried that a post-Saddam Iraq could not be stabilized without a broad international coalition. He shared his discomfort in frank, private conversations with administration officials and, as his detractors noted, on more than one Sunday talk show. Hagel makes no apology for his public candor. "The reason we have a very, very thin layer of confidence in leadership by the American public is because we don't answer their questions and we don't play straight," he says. "So when Senator Hagel gets asked the question on a talk show on Sunday morning, 'What do you really think about what we're doing?' I've never pulled my punches." In August 2002, Cheney traveled to the Veterans of Foreign Wars Conference and declared that "Saddam Hussein now has weapons of mass destruction." Shocked, Hagel called up his closest allies in the Bush administration, Secretary of State Colin Powell and his deputy Richard Armitage. "That was a war speech," Hagel told them. His friends assured him that Cheney had gone too far and that war could still be diverted through diplomacy.

Hagel still worried and the war came. When the Senate debated a resolution authorizing the administration to use force to remove Saddam, Hagel took to the Senate floor and spoke in damning, eloquent terms of the folly of the whole affair. He then proceeded to grant the president the authority he needed. It was a painful contortion—one that could hurt him in a presidential contest—perhaps understood only by those who knew Hagel best. "I'm sure in the end it was, 'Damn, he's my president'," Tom says of his brother's vote. "It was, 'I have strong doubts about things, but I can't be disloyal'." Hagel, who now says he regrets his vote, admits a sense of duty played a role. "He's the commander in chief," Hagel says. "We all owe some loyalty, not to the president, but to the office itself."

To many Republicans, Hagel's gesture of obedience wasn't enough. As Iraq quickly deteriorated after Saddam's ouster, Hagel loudly voiced his frustration with the Bush administration—first urging the president to send in more troops, then saying he had no confidence in Secretary of Defense Donald Rumsfeld and, in time, concluding there was no purely military solution for Iraq. Conservative bloggers began calling him chief of the Even Republicans—wobblers whose names filled press stories on how "even Republicans" criticized the president, who was still reasonably popular. Reaction was particularly harsh from

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constituents back home. "It was, 'Senator, you're not as smart as the president'," says Hagel. " 'You're just a Vietnam-vet crybaby'."

In the midst of the maelstrom, Hagel found an unexpected voice of consolation: his father's. In the fall of 2005, the Hagel brothers received a box from some cousins—it contained letters Charlie had written home during and after World War II. In many ways, the letters provided a tragic portrait of the young airman, coping with the strains of battle by imagining an idyllic postwar world. "That's what they all wanted," Hagel says. "They wanted peace, they wanted stability, and they didn't want any more of what they saw." But in one letter Hagel shared with The Washington Post in 2005, Charlie makes his own reality plain. "If I thought I would ever have a son who would have to go through this," he wrote to his sister Doris in 1944, "I would never get married."

Hagel's own two children, daughter Allyn, 16, and son Ziller, 14, are still too young to worry about war, but they are on his mind. As he nears his decision on running for president—a decision he says will come sometime in "the next couple weeks"—it is the effect on his family, he says, that weighs most heavily. This is, of course, what all politicians say while figuring out if they've actually got a shot. Hagel may have a hard time making his own case. With McCain and Romney running hard, the supply of Republican campaign talent, and cash, dwindles by the minute. For Hagel to succeed in the primaries, he'd have to count on a Republican Party acting decidedly unlike itself—turning to a fresh face and ignoring past indiscretions. "It's a question of taste," says an adviser to one Republican candidate who would not publicly criticize Hagel. "You don't have to love the war to think it's inappropriate when a United States senator constantly berates the president in public."

But Hagel, along with Democratic candidates Barack Obama and John Edwards, is that rare 2008 contender whose position on the war is a potential strength, not a weakness, in a general election campaign. In fact, Tom Cole, the new chairman of the National Republican Campaign Committee, says that while he disagrees with Hagel's war stance, he's urging 2008 congressional candidates to show a similar candor when talking about the war. "I think we've reached that point in the debate," Cole says. "He's being intellectually honest."

Hagel's speech at the Foreign Relations Committee last week earned him new fans on the left, some of whom are hoping he'll run for the White House as an independent—a notion he dismisses as ludicrous. He chafes when it's suggested he could run as an "antiwar candidate," and thinks he's earned the right to define himself. "I've always said you'd better listen to the guys who've had the experience of having to actually carry the rifle," he says, "and see the tragedy of war ... Down in the mud, having to face the fact his buddy's brains are next to him because his head's been shot off." Hagel speaks these words with sadness. He walks the halls of the Senate with a gray melancholy that makes some who know him wonder if he has the fight in him for a long-shot presidential run. But Hagel is an old soldier who has fought without question before. The wound on his face was born in a flash of fire.

With Richard Wolffe and Holly Bailey

Will Pro-War Stances Hurt 2008 GOP Hopefuls? (NSWK)

By Richard Wolffe

Newsweek, January 29, 2007

Matt Dowd knows more about the politics of war than almost anyone who has worked inside Bush's inner circle. The president's long-time pollster was the chief strategist for the Bush-Cheney campaign three years ago, when he helped frame the conflict in Iraq as a winning issue for his boss. But as Dowd surveys the field of 2008 presidential candidates, he's puzzled. "The American people have decided what they think about the war and are ready to look to the next stage," he says. "What I don't understand is why the big three GOP candidates have all chosen to follow the president's approach rather than offer up their own alternative."

The White House, of course, isn't complaining. At a time when congressional Republicans are turning against the war in growing numbers, the backing of the top 2008 contenders—John McCain, Rudy Giuliani and Mitt Romney—is a godsend. But for the candidates themselves, the strategy of carrying Bush's baggage seems politically reckless. It might help them in the primaries: most of the Republican base still supports the war and President Bush. But as the GOP discovered in November, the base isn't big enough to secure victory in a general election.

Al Gore faced a similar dilemma in 2000, when he ran in the shadow of the scandal-stricken Bill Clinton. Like Gore, the '08 contenders from the GOP need to seem both critical and loyal toward the man still in the Oval Office. It won't be easy. According to the latest NEWSWEEK Poll, 58 percent of voters would like Bush's presidency to be over—including 21 percent of Republicans. Almost two thirds of those surveyed believe Congress has been too timid in challenging Bush on Iraq since the war began.

McCain's longstanding support for the war left him little choice but to back the president's latest surge plan, his aides say. Still, his repeated clashes with Bush give him some distance from the president. "There's a brand identity with McCain that allows

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him to support Bush when he thinks he must and disagree when he wants to as well," says one of his strategists, who didn't want to be named discussing '08 planning. And it doesn't hurt that McCain, a Vietnam vet who suffered more than five years as a POW, has serious war credentials.

McCain's rivals are struggling to match his gravitas on issues of war and peace. Giuliani's aides (speaking anonymously about the candidate's thinking) say he consulted with a dozen military and regional experts—some pro-surge, some anti—before supporting Bush's plan. The ex-mayor touts his experience in cleaning up a big city—no matter that Haifa Street is a long way from Times Square.

Last year Romney, then the Massachusetts governor, was happy to criticize Bush's handling of the war. More recently he has tempered his comments. He's been consulting an A-list of advisers, including Henry Kissinger and former generals Barry McCaffrey and Anthony Zinni. Romney's pitch is that he has "competence"—an unsubtle dig at Bush's failings—according toa senior aide who asked to be unnamed while talking strategy. Romney didn't clean up New York City. But he's not shy about how he saved the Salt Lake City Olympics from mismanagement and scandal.

Just one announced candidate has split with the GOP pack. Sam Brownback, the socially conservative Kansas senator, was in Baghdad the day before Bush addressed the nation about his new Iraq policy. What he found was disheartening. Shia leaders blamed everything on the Sunnis, and the Sunnis felt the same about the Shiites. "I think we care more about a peaceful Iraq than they do," he tells NEWSWEEK. Brownback says he opposes Bush's surge, but won't vote with the Democrats on the war. He may be an Iraq-war critic, but he's still hoping to win the GOP nomination.

With Holly Bailey

8 Keys To The Campaign (TIME)

By Massimo Calabresi, Perry Bacon Jr, Ana Marie Cox, James Carney

Time, January 26, 2007

IRAQ

HOW THE WAR SCRAMBLES PARTY LINES

The Iraq war has actedÂ like bleach on this year's primary colors: political stripes have faded and dissolved as candidates scramble to explain how they would get America out of Iraq without igniting the Middle East. The most conservative candidate for the G.O.P., Sam Brownback, is closer on Iraq to Democrat Joseph Biden than he is to John McCain. Democrats John Edwards and Hillary Clinton, meanwhile, are worlds apart.

The Republican Party has perhaps the deepest identity crisis over the way forward in Iraq. G.O.P. voters are down on Bush but still largely behind the war, and three leading Republicans--John McCain, Mitt Romney and Rudy Giuliani--would like to change policy but refuse to abandon the mission. All three back Bush's troop increase. McCain has, however, attacked the Administration's handling of the war. Brownback--like fellow Republican and potential candidate Chuck Hagel--supports scaling back the U.S. military mission and appears to be betting that by next winter Republican voters will be looking for an exit strategy.

Most Democratic voters oppose the war and want it ended. But too dovish a position by candidates now could look weak to independents and centrists in the general election. Hillary Clinton backed the war and the mission through last November's election but has since called for capping troop levels. Biden, chairman of the Senate Foreign Relations Committee, calls for cautious withdrawal and scores points for his proposed political solutions, including direct talks with Iran and Syria. Always antiwar, Barack Obama has taken the party position of cautious withdrawal: a troop drawdown starting in four to six months. John Edwards has come out hard and early to declare his vote authorizing the war was a mistake and to issue the strongest antisurge message among the major Democratic candidates.

No position on either side is particularly safe; they are all gambles on a certain outcome in Iraq. If the situation on the ground stabilizes, the leading Republicans and Clinton will appear steady hands; if it deteriorates, Biden, Brownback and Edwards will look wiser.

MONEY

THE FIRST TEST: WHO CAN RAISE THE MOST CASH

After Barack Obama posted an online video to announce he was running for President and promised a new kind of politics for his campaign, he went straight old-school. He spent much of the rest of his day dialing for dollars, asking wealthy Democrats to support him in his quest to compete with Hillary Clinton's deep pockets. When Clinton got into the race a few days later, the New York Senator made clear she would avoid public financing for her campaign--forgoing a system that matches the first $250 of every individual campaign donation--because she believes she can raise much more than the $50 million limit imposed on candidates who accept matching funds in the primary.

The 2008 presidential campaign may show that race, religion and gender don't matter, but money still talks, and more loudly than ever before. In 2003, John Edwards surprised everyone by raking in $7 million in campaign donations in the first

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three months of the year. That amount will be like Monopoly money after 2008. Strategists say the two eventual party nominees could well spend up to $500 million each before the general election.

Whether they get their money by calling, blogging or throwing lavish fund raisers, would-be contenders had better start quickly. Raising even $50 million for the primary this year means coming up with $137,000 a day.

RELIGION

CHASING VOTERS INTO THE PEW

This time around, candidates from both parties are looking for the right tone on religion. On the Republican side, the usual scramble is under way to win over the large Evangelical base, which is still without a top-tier candidate. Many conservative Christian activists admire Sam Brownback for his opposition to embryonic stem-cell research, abortion and gay marriage, even though he is a long shot. Three G.O.P. front runners aren't exactly dream candidates for social conservatives: Mitt Romney faces a challenge in explaining his Mormonism to conservative Christians suspicious of it. Rudy Giuliani supports abortion rights. And in 2000 John McCain called conservative Christian activists like Jerry Falwell "agents of intolerance."

Democratic candidates for 2008 are determined to build credibility with religious swing voters. Barack Obama devoted a chapter to his religion in his newest book and is far more likely to talk about his "personal relationship with Jesus Christ" than McCain, who keeps religious matters largely to himself. In December Obama publicly joined Brownback at an AIDS-awareness convention at Saddleback, the Rev. Rick Warren's evangelical megachurch in Orange County, Calif. On its website the Clinton campaign, in a bio of the New York Senator, describes at length that "faith was central to her family. Her mother taught Sunday school, and Hillary was a regular in her church youth group."

But Democratic activists may have little appetite for overt religiosity, particularly if it impinges on socially liberal issues. Former vice-presidential nominee John Edwards, though he is tacking left in his second White House run, nonetheless had to disappoint a questioner at a New Hampshire town hall who wanted him to support gay marriage. "I am just not there yet," Edwards says.

AMAZON FACTOR

FIRST, WRITE A BEST SELLER

This election cycleÂ may boast the most ever candidates with best sellers: John McCain with Faith of My Fathers, Barack Obama, riding high on the hardcover and paperback lists (The Audacity of Hope and Dreams from My Father) and Hillary Clinton, whose Living History sold more than 1.2 million hardbacks. The most memorable title belongs to former Arkansas Governor Mike Huckabee, who wrote Quit Digging Your Grave with a Knife and Fork after losing 100 lbs. If he's not elected President, he could at least make it into Oprah's Book Club.

LAST-MINUTE CAMPAIGNS

THE WAIT-AND-SEE PRIMARY

Despite the rash of newÂ candidates announcing their bid this month, some heavyweights are holding out, either for tactical reasons or out of indecision, and could shake things up with a late entry into the race. The biggest could-be contenders are former Vice President Al Gore and former House Speaker Newt Gingrich. Gore denies that he plans to run, but his hit film, An Inconvenient Truth, and his strong stands on climate change and the war in Iraq have rehabilitated him with Democratic activists.

Gingrich has energized some on the right with his calls for a conservative revival in the Republican Party. If Mitt Romney's attempt to woo the party base fails, Gingrich, who's already polling in third place, could capitalize. Some dream of a run by George W. Bush's brother, former Florida Governor Jeb Bush, or Secretary of State Condoleezza Rice, although the President's low approval ratings and the lack of progress in Iraq could dim their prospects. But with 21 months before the election for the announced candidates to pummel one another, voters may tire of the whole bunch, leaving the door open for a fresh bid by a familiar face.

OPERATIVES

RECRUITING THE NEW GURUS

The hunt is onÂ for theÂ next Karl Rove, the political consultant with the strategic acumen and message magic to steer a candidate all the way from Iowa to the Oval Office.

The biggest names in the race, Clinton and McCain, have the early talent advantage. The former boasts Hillaryland--a cadre of loyal, long-serving pros--with the addition of a few carefully selected people from her husband's operation. McCain retains his inner circle from 2000 and has scooped up a slew of Bush veterans, even though some aided in the trashing of McCain in the infamous South Carolina 2000 primary. "We're in the business of making friends now," explains one of the Arizona Senator's old hands.

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Hillary Clinton, of course, has the top political consultant who is not on the payroll: her husband. And then there's Rove. Bush's political guru coyly refuses to say whether he plans to advise a Republican in the 2008 race. If he does and his man wins, the next Karl Rove could be ... Karl Rove.

THE BLOGOSPHERE

WINNING OVER THE ONLINE ACTIVISTS

While the past fewÂ elections have seen candidates try out newfangled blogging technology with all the comfort and skill of a granddad on a skateboard, the 2008 candidates are doing everyone a favor by not trying to be bloggers.

"Bloggers put much more of a premium on understanding the medium rather than joining in," says Kevin Madden, a spokesman for Mitt Romney. Romney's strategy is to participate in podcasts and talk regularly with top conservative bloggers, an approach that has made him the top vote getter in Republican blogger straw polls, though he lags in national telephone ones.

Hillary Clinton, a real-world front runner, dwells in the low one figures in blogger surveys, but she has hired former Kerry hand Peter Daou to burnish her Web image. Daou says bloggers need to be wooed like any other reporters--or voters, for that matter. "It's very old school," he says. "I just reach out to them one by one." Employing bloggers instead of just courting them is a tricky next step, though. McCain was chastised last year when a blogger posted attacks on Romney without disclosing up front that he was on McCain's payroll.

NEW FACES

HOW CAN YOU TELL A BROWNBACK FROM A VILSACK?

Only a few candidates are famous. The rest are known mostly in their universes--the Senate or Arkansas, say--or as perennial protest candidates. Here's a primer on the faces you might not recognize in the crowd.

SAM BROWNBACK

A standard-bearer of the social right--with a twist. He speaks out against poverty, the genocide in Darfur and the war in Iraq

MIKE HUCKABEE

The socially conservative ex-Governor of Arkansas lost more than 100 lbs. while in office. His story of fitness redemption may resonate with voters

DUNCAN HUNTER

A boutique candidate for lovers of military hardware and a pro-Bush foreign policy, the Congressman (R.-Calif.) has ties to bribe-taking Duke Cunningham

TOM TANCREDO

The Colorado Rep's big issue, border control, inspires base G.O.P. voters. He has sponsored legislation punishing Sudan for its war in Darfur

TOMMY THOMPSON

The former Wisconsin G.O.P. Governor made a name in welfare reform in the '90s. He's pushing a plan to split Iraq into three separate states

DENNIS KUCINICH

Yes, it still rhymes with "spinach." His antiwar stance, looking better now than in '04, has drawn backers among House colleagues in both parties

CHRISTOPHER DODD

The affable Democrat is popular in the Senate. Fluent in Spanish, he's an expert on Latin America and is strong on children's issues

TOM VILSACK

Inexperienced in foreign affairs, he's a likable self-made man. His hopes ride on his record as Iowa's Governor and a champion of ethanol fuel

Alter: New Hampshire Before New Year's? (NSWK)

By Jonathan Alter

Newsweek, January 29, 2007

I saw Mayor Richard Daley of Chicago last week, and he used a political term from the past: "Favorite son." Until the '60s, local party leaders would often keep their powder dry before a nominating convention by pledging their delegates to a senator or governor from their state. Occasionally, one of these favorite sons—like Illinois Gov. Adlai Stevenson in 1952—would win the nomination; more often, their delegates became bargaining chips. Daley was explaining why he's backing Barack Obama. Illinois officials are rallying behind him, just as New York has united around Hillary Clinton.

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Could this be an omen? A convention instead of a coronation has been the dream of political reporters for a generation. It's still highly unlikely. But no incumbents are running in either party, and the new, yet-to-be-determined primary schedule scrambles old assumptions.

Anyone who claims they know how this will go is blowing smoke. Polls don't help much. A Clinton adviser, who didn't want to be named speculating, told me he thought Hillary might fall behind Obama—then rally as a compelling underdog. An adviser to John McCain, unnamed for the same reason, is worried about Sam Brownback (currently at 1 percent in the polls). There's widespread concern that the front-loading of primaries—meant to help parties settle on a nominee quickly—may backfire. "You can make the case that it will mean an earlier nominee—or a later nominee," says Howard Wolfson, Hillary's spokesman. "The law of unintended consequences means that what we think we know, we don't know."

All we know for sure is that New Hampshire is determined to maintain its tradition of holding the first-in-the-nation primary, even if it means voting this Christmas, and that Iowa and Nevada will hold their caucuses before New Hampshire votes. (Thanksgiving, anyone?) Most likely, all three, plus South Carolina, will hold their contests in January.

Big-state governors like Arnold Schwarzenegger in California and Jon Corzine in New Jersey are trying to move their primaries from late spring all the way up to Feb. 5, with Illinois and Florida expected to join them. With the old tradition of winner-take-all primaries gone, the parties could face a situation where the vast majority of delegates are chosen by late March, but no candidate has it sewn up. Then the real fun would begin.

The conventional view is that the schedule will favor candidates who can spend in big media markets. Under this theory, should front runners get upset in Iowa or New Hampshire (a strong possibility, if history is any guide), they have a firewall. But don't ignore the power of momentum and technology.

Presidential politics features what George H.W. Bush in 1980 called "Big Mo." If the time period after an early primary win is short enough, momentum can often propel a candidate to victory in states where he has nothing else going. I remember landing in Atlanta with Gary Hart in 1984, a few days after he shocked Walter Mondale in New Hampshire. A Hart staffer met the plane and I asked him how big an operation they had in Georgia. "You're looking at it," he said. Hart nearly took Georgia anyway, and he won Ohio, Florida, California and other states on a shoestring. Had the 1984 primary calendar been as front-loaded as 2008, Hart would almost certainly have been the nominee, though he had much less money and official support than Mondale.

The same thing goes for McCain in 2000. He thrashed George W. Bush in New Hampshire and seemed headed for the nomination. But 18 long days lay between New Hampshire and South Carolina, enough time for Bush to claw (and slime) his way back. McCainiacs were marveling last week over how few days will elapse between early contests in '08. They think this favors them. But should Brownback (from nearby Kansas), or Mike Huckabee (a former minister) resonate with Iowa's religious GOP caucusgoers, McCain could be in trouble there. Throw in a win for former Massachusetts governor Mitt Romney in next-door New Hampshire and McCain may have only a week to turn things around and get on the scoreboard in South Carolina.

Another '08 wild card: the Web. Long-shot Howard Dean raised $45 million in '04 by striking a chord. Imagine what could happen if a second-tier candidate with a first-rate message won a key primary. You'd hear the sound of his servers crashing, but, soon enough, ka-ching! Technology has a way of breaking down hierarchies. Like a revamped primary schedule, it could bust apart the old system of selecting presidents. But, hey, who knows?

23-Month Campaign (NYT)

The New York Times, January 29, 2007

In the old days, presidential races were one-year events. John F. Kennedy announced his candidacy on Jan. 2, 1960, and was elected that November. Earlier this month, would-be candidates who were still deciding whether to run in 2008 were being accused of reckless delay. Presidential campaign pundits were saying that if Senator Hillary Clinton had waited another minute to announce, Senator Barack Obama would have locked up every New Hampshire county committee member and hedge fund billionaire.

This really is an election on hyperspeed.

Part of this is due to the peculiarities of the race. President Bush is so unpopular that a power vacuum is opening up in Washington and, for the first time in many election cycles, both parties' nominations are wide open. The Internet is also fueling the overdrive, with "netroots primaries," in which the voting has already begun.

The biggest factors, though, are money and an ever-compressed schedule. California, Illinois, Florida and New Jersey are all maneuvering to move up their primaries to next February. That has candidates rushing to lock up the big donors — and bypassing the public finance system. Senator Clinton has already made clear that she will be opting out for both the primary and the general election. Senator John McCain, a major supporter of campaign finance reform who is no longer sponsoring a big reform bill that once bore his name, seems likely to do the same, with many candidates to follow. The problem with the 23-month campaign is not just the fatigue it will inspire, but the effect on democracy. Bundlers — master fund-raisers who package

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individual contributions into big ones — will have even more power. There is no way to stop candidates from hurling their hats into the ring so early. But there are things that can, and should, be done.

The national parties should stop the states' mad race to have first-in-the-nation primaries. They should adopt a schedule that reformers have been proposing for years: regional primaries that rotate, so that voters in every state eventually have a turn to be among the first to vote. Congress should fix the broken public financing system, which has not been significantly updated since it was adopted in 1974. Spending limits need to be raised, to keep pace with ever-rising costs. More money needs to be put in the fund, and there should be more flexibility to help candidates who accept public financing compete against big-money candidates who opt out.

If Hillary vs. Obama vs. Rudy vs. McCain is already starting to feel old, remember that there are more than 600 days to go. We will never return to the time when presidential campaigns unfolded handshake by handshake in New Hampshire — and we shouldn't — but Congress and the national parties can set a more thoughtful 21st-century pace.

GOP Leaders Fear Departures (RC)

By Erin P. Billings

Roll Call, January 29, 2007

Hoping to minimize their vulnerability in the upcoming election cycle, Senate Minority Leader Mitch McConnell (R-Ky.) and National Republican Senatorial Committee Chairman John Ensign (Nev.) are privately making the rounds to urge GOP colleagues to run again in 2008 — and backing the request with promises of strong support from the party.

McConnell and Ensign, charged with re-electing GOP Senators as well as winning back the majority this cycle, have been meeting over the past several weeks with GOP Senators facing re-election, according to Republican Senators and aides.

Twenty-one Republican-held seats are up in 2008, nearly twice the number of Democratic seats that will be on the ballot. One Republican — Sen. Wayne Allard (Colo.) — already has announced he will not run again next year.

Don Stewart, McConnell's spokesman, said the Minority Leader wants to do what is necessary to keep his colleagues in the Senate.

The class of Senators up in two years is critical to the strength of the GOP, Stewart said, noting that it represents both a cast of experienced veterans and a large bloc of up-and-comers first elected in 2002.

"This is a very effective group of Members that he'd like to see stay in the Senate," Stewart said. "This is a big, strong group."

Senators and aides privy to the closed-door conversations said McConnell and Ensign are making a strong and early sell to encourage their incumbents to seek another term. They also have vowed to provide incumbents with the resources necessary to mount a successful campaign, especially in competitive states where Democrats are likely to invest heavily, Republican sources said.

"I just met with Sen. McConnell and Sen. Ensign to discuss my re-election plans," Sen. Lamar Alexander (Tenn.) said last week. "I am sure he'll be having 20 more of those meetings."

Alexander is weighing a run for a second term in the Senate, a move McConnell hoped to influence when he handed the Tennessee Republican a coveted slot on the Appropriations Committee earlier this year.

Alexander said he will make his decision in the "next couple of weeks," but he acknowledged that McConnell "gave me a reason" to want to continue to serve in the chamber.

Sen. Norm Coleman (R-Minn.), who could face a tough re-election, said he also has met with the pair, saying they have pledged "to do what has to be done" to help him win. Coleman said the conversations were less about ensuring he runs and more about offering support, since Coleman said "it wasn't much of a sell for me" because he is aggressively seeking a second term.

"They said they are ready, willing and able to help," Coleman said.

McConnell and Ensign have moved quickly to get the Republican political operation in place. Since Ensign took over as chairman of the NRSC in January, he has devised a comprehensive strategy to help Republicans recapture the majority this cycle.

The Nevada Republican is expanding donor pools, targeting new contributors and asking his fellow Senators to raise and give millions more to the campaign committee.

A senior GOP aide said Senate leaders initiated the meetings with the 2008 incumbents late last year, adding that McConnell didn't want to waste any time looking ahead to what's expected to be another competitive election cycle.

"He's not a procrastinator," the aide said. "His [modus operandi] is to set out and have a roadmap and make it happen."

Another GOP aide added the meetings "are not a secret" and are "about touching base" with the incumbent Senators. "We are all in this together," said the aide. "The leader is laser focused" on winning back the majority.

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So far, none of the 11 Senate Democrats up in 2008 have announced plans to retire, while Allard is the lone Republican so far to opt against trying for another six-year term.

Republicans already are bracing for a bitter battle with the Democrats over Allard's seat, given the Democrats' recent political inroads in Colorado.

Neither party is taking their incumbents for granted. Republicans, in particular, are mindful of their Members stepping down, given they must hold onto all of their current seats and capture two more to retake control of the chamber in two years.

Sources indicated that Senate GOP leaders are only seriously concerned about a handful of seats, including those held by Coleman and Sens. Susan Collins (Maine), Gordon Smith (Ore.) and John Sununu (N.H.).

GOP leaders are keeping an eye on Senators who may opt to retire at the end of the Congress, such as Alexander and Sens. Thad Cochran (Miss.), John Warner (Va.), Elizabeth Dole (N.C.), Pete Domenici (N.M.) and Ted Stevens (Alaska).

Dole, Domenici and Stevens all have said they plan to run again.

"My decision is to run for the Senate," Domenici said last week. "You know that."

Others are less definite. Warner, who is up for a sixth term in 2008 and is extremely popular in his home state, said last week he has gotten the sell from McConnell and Ensign but is taking his time talking to his constituents before he makes a final decision.

"I have met with them previously, and told them that I lean in that direction [of running]," Warner said last week. "I want to take some time and meet with people and get the opinions of my state. I like to have consultation."

But Warner was quick to note: "I have high confidence in them as a team and their willingness to help those of us who are up in '08."

Cochran In No Hurry To Decide On '08 Race (RC)

By David M. Drucker

Roll Call, January 29, 2007

Sen. Thad Cochran (R-Miss.), under pressure from Senate Republican leaders to decide whether he'll run for re-election in 2008, is stepping up his fundraising activity and said Friday through a spokeswoman that he is leaning toward seeking a sixth term.

Cochran spokeswoman Margaret Wicker said the Senator does not plan to make a formal decision until late this year or early 2008, but she indicated that the 69-year-old Mississippian is inclined to not disappoint his supporters who are encouraging him to run again.

"He's leaning toward running," Wicker said.

About six Republican Senators have left the door open to retiring next year. But those six are part of a larger group of 19 out of the 21 GOP Senators up for re-election in 2008 who have indicated to the National Republican Senatorial Committee that they plan to stick around. Of the two who haven't given such assurances, Sen. Wayne Allard (Colo.) recently announced that he'll retire, while Cochran had been relatively noncommittal.

Republicans say Cochran recognizes the bind his conference is in — the GOP is defending 21 seats to the Democrats' 12 in 2008 — and is trying to do everything he can to make sure his seat stays in the GOP column. Cochran would be heavily favored if he runs for re-election, but an open seat could produce a highly competitive contest.

Senate Minority Leader Mitch McConnell (R-Ky.) and NRSC Chairman John Ensign (Nev.) have been urging Cochran to inform them of his plans sooner rather than later.

Cochran "definitely understands [leadership's] desire, and respects that," said one Washington, D.C.-based Republican familiar with the situation. "He is being thoughtful already on fundraising."

Mississippi Republican insiders — citing what they describe as a "major" fundraiser Cochran has scheduled on Feb. 20 in Jackson — believe he is inclined to run for re-election, although they profess no direct knowledge of his 2008 plans.

Their read on Cochran is that he approaches big decisions in a slow and methodical fashion and is not prone to arm-twisting from above. This could be why pressure from the leadership within the Senate Republican Conference hasn't caused Cochran to reconsider his timeline for determining whether he'll run for re-election.

"I'm hearing that he's going to do it — that he's going to run again," said one Mississippi Republican.

Should Cochran retire, the person at the top of most Republicans' lists to run to replace him is six-term Rep. Chip Pickering (R). The Congressman was prepared to run in 2006, had Senate Minority Whip Trent Lott (Miss.) chosen to call it a career, and he is seen as eager to do so whenever one of his state's Republican Senators retire.

Also mentioned as possible candidates are Rep. Roger Wicker (R) and Gov. Haley Barbour (R), who is running for re-election this year. Barbour currently professes to have little interest in the Senate, but his name is bandied about as a leading contender should Cochran's seat open up.

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"I certainly hope [Cochran] runs again. He's our senior Senator and one of our great leaders," said Mississippi Republican Party Chairman Jim Herring.

The field of potential Democratic candidates is less clear at the moment, although the an open seat is seen as possibly competitive despite the recent spate of success Republicans have had in the former Democratic stronghold.

One Democratic insider based in Mississippi expects the Senate candidate field to come into view after March 1, the filing deadline for running for statewide and state legislative offices this year. Once the candidates on the 2007 ballot emerge, those who might run in 2008 — whether against Cochran or for an open seat should he retire — will be easier to gauge.

One Democrat who has been mentioned for statewide office repeatedly is former state Attorney General Mike Moore. Moore led the legal fight waged by several states against the tobacco industry, and he helped negotiate a large payout worth millions of dollars to state coffers around the country.

Moore, now a lawyer in private practice near Jackson, did not return a phone message left late last week requesting comment.

Regardless of who ends up as the Democratic nominee, said one Mississippi Democrat, "I do anticipate that the Democrats will field a formidable opponent in 2008." This Democrat added that his party — following a strategy laid out by Democratic National Committee Chairman Howard Dean — plans to compete with the Republicans up and down the ballot in the Magnolia State.

Democratic Senatorial Campaign Committee spokeswoman Deirdre Murphy indicated that Democrats don't plan to give Cochran a free pass in 2008, despite the fact that he is well thought of at home and won his 2002 race with 85 percent of the vote.

"Thad Cochran has a long history of putting Washington before Mississippi, and it is going to hurt his Senate re-election bid in 2008," Murphy said.

GOP Getaway Focuses On Return To Roots (WT)

By Christina Bellantoni

The Washington Times, January 29, 2007

CAMBRIDGE, Md. -- House Republicans spent most of their 48 hours at last week's retreat here examining why they lost the congressional majority and trying to formulate a winning way forward.

"If we continue to work together as a team, we will in fact earn our way back to majority status," Minority Leader John A. Boehner of Ohio said as members gathered at the Hyatt Regency Chesapeake Bay.

The 160 Republicans attending the retreat heard from motivational speakers and peppered President Bush with questions about his Iraq policy during a private session with the commander in chief. Now, leaders say, it's time to prove Republicans understand the message voters sent in the November elections.

"The solution is to bring solutions and be very practical," said Rep. Kay Granger of Texas, the Republican Conference vice chairman. "Let them know we listened and we're making some changes."

Freshman members agree.

"We have to show the American public that we can get things done," said Rep. Mary Fallin of Oklahoma. Voters "want to see Congress work on real solutions to real problems."

Aides noted a higher turnout than in recent years, with only about 40 of the chamber's 202 Republicans skipping the retreat. Several Republicans agreed members left Friday with a "back to basics" mentality focusing on fiscal responsibility and conservative principles in homage to the party's roots.

Former House Speaker Newt Gingrich was the lunch speaker Thursday, reminding members that "big ideas work" and saying American voters should understand Republicans want to help them, a vision he used to orchestrate the party's 1994 gains.

Leaders said Mr. Gingrich challenged members to "think outside the box" and reminded them that winning a majority won't be easy.

Republicans, most of whom have never served in the minority, will need to present these ideas as they battle Democrats on policy and procedure and for publicity.

"We're going to intelligently propose good alternatives as we fight. We're not going to try to create total gridlock, which basically shuts things down," said Rep. John Carter of Texas, the Republican Conference secretary. "We're going to have ideas that go with that fight, so that we are clearly showing what makes us Republican."

Former University of Notre Dame football coach Lou Holtz brought members to their feet following an oyster-bar dinner, telling football stories and urging the party to talk about its vision for America.

"It was the boost that we needed coming off a losing election," one member said.

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Rep. Patrick T. McHenry of North Carolina said it felt more like a corporate retreat than one focused on "political nuts and bolts."

"This retreat was about the broad vision that we walk away with, how we want to move the country forward, rather than talking about specifics of legislation," he said.

Republicans also came away from the getaway realizing now that they have identified the reasons for losing, and it is time to stop licking wounds and start convincing the American public why they deserve to be trusted again.

Members agreed they must promise to control wasteful spending and to hold themselves and every member of the party to the "highest standards of ethical conduct," Mr. Boehner said.

The Republican leader said to win, members must do four things: Re-establish credibility, use all of the tools available to the minority, advance new ideas and unite to work toward a common goal.

"The American people basically agree with us," Mr. Boehner said. "We own the moral high ground, our president has the bully pulpit, and we have each other. The ability to work together is there, we need to use those tools that are available to us and find those solutions not forgetting our principles."

The unity part may prove tough as members face public opposition to the war in Iraq and as there is a clear split in the party over immigration. But members said there is common ground on economic and energy policy.

Mr. Bush, speaking Friday, repeated themes of last week's State of the Union address, saying Congress must curb pork spending, balance the budget without raising taxes and reauthorize the No Child Left Behind Act.

"These are big ideas, and it's going to require us working together to get the job done on behalf of the American people," Mr. Bush said.

Leaders agreed the private, one-hour discussion with the president was cathartic, allowing members to gripe, to question and to rally.

"It has a settling effect when people see the strength and courage of his convictions and you get a glimpse into the broader thinking behind his decisions," said Republican Conference Chairman Adam H. Putnam of Florida.

Deputy Whip Eric Cantor of Virginia said a central theme in Mr. Bush's remarks was that Washington hasn't changed him.

As for immigration, "It's an example of where the president is still the same president. He is where he is," Mr. Putnam said.

Most present for the discussion said while the passions over immigration are hot, members are struggling to agree on tough border security before tackling the more-divisive question of what to do with the estimated 12 million to 20 million illegal aliens currently in the United States.

At Retreat, GOP Tries To Regroup (RC)

By Susan Davis

Roll Call, January 29, 2007

CAMBRIDGE, Md. — Twelve years after he helped lead them into the majority following decades in the wilderness, it seemed fitting that ex-Speaker Newt Gingrich (R-Ga.) was the keynote speaker for the House Republicans' first retreat back in the minority.

According to Members and aides in attendance, Gingrich told his Republican brethren at the Hyatt Regency Chesapeake Bay on Maryland's Eastern Shore to challenge themselves to redefine and recapture the enthusiasm for the Republican Party.

"He really outlined the hard work it is for new and bold solutions" to emerge, said Rep. Wayne Gilchrest (R-Md.).

House Minority Leader John Boehner (R-Ohio) was more direct. "It was Newt being Newt," Boehner told reporters, promptly shooting down questions as to whether Republicans were seeking to create another document similar to the "Contract with America." "No, no, no," Boehner said.

While Republican leaders and the rank-and-file continue to promote the message of "new ideas," it appears they don't yet know where to start.

One leadership aide said the retreat was helpful in getting the Republican Conference as a whole to understand the reasons why the GOP lost the majority.

Republican pollsters David Winston (a Roll Call contributing writer), Ed Goeas and Neil Newhouse led a session that challenged the belief among many House conservatives that they lost because the base did not turn out.

"After the election, many conservatives were out saying 'We lost the base,' and none of the polling bears that out," the leadership aide said. The pollsters "don't agree on everything, but they do agree on that."

In fact, the trio of pollsters argued, Republicans turned away moderates and independent voters, some of which turned out in higher than expected numbers. For instance, the pollsters said in the 18-30 age demographic, more than 1.5 million additional votes were cast than in the previous midterm elections.

"That's huge," the aide said, adding that the Iraq War was the motivating issue. "It was overwhelmingly an anti-war vote."

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Iraq continues to be the issue looming over the Republican Party right now, as a potentially divisive and damaging vote for the GOP is headed to both the House and Senate floors to put Members on record on President Bush's Iraq War strategy. Democrats believe a significant number of Republicans will vote with them, sending a strong rebuke to the White House.

After the retreat, there were signs of hope from leadership that the party would be more united behind the Bush administration than anticipated. The president spent more than two hours behind closed doors with the approximately 160 Members in attendance and made a passionate case to commit to success in Iraq, according to Members and aides who were there.

No Member publicly challenged Bush on his war strategy at the session, where he fielded questions from approximately 15 lawmakers. "He seemed angry and determined," said one source. "But the anger was effective, I think, in getting Members to see how committed he is."

While in years past the retreat was largely centered on the legislative agenda, this year was focused more on message, strategy, politics and unity.

"It's not about policy anymore for us, it's about making [Democrats] take the tough votes and being focused in our politics," said another aide.

House Minority Whip Roy Blunt (Mo.) and Chief Deputy Minority Whip Eric Cantor (Va.) made a presentation where they outlined their tactical strategy to make votes as difficult as possible for Democrats.

Blunt and Cantor are monitoring the voting records of the 61 Democrats representing Bush districts. "We're keeping track of how all of these Democrats vote," said another aide, noting that those districts will be the starting point for potentially competitive races in the 2008 cycle.

It also was the first major Conference event for the new leadership team, and Boehner said they would work "as a single unit."

"This retreat is about the future," he said.

Former Speaker Dennis Hastert (Ill.), former National Republican Congressional Committee Chairman Tom Reynolds (N.Y.) and former Republican Conference Vice Chairman Rep. Jack Kingston (Ga.) did not attend.

Are Democrats Surging Out West? Numbers Say No (RC)

By Stuart Rothenberg

Roll Call, January 29, 2007

More than a few journalists and political pontificators have noted recent Democratic gains in the Mountain West, which includes Wyoming, Idaho, Montana, Nevada, Utah, Colorado, Arizona and New Mexico. Some see those gains in 2004 and 2006 as shattering a reliable Republican region, while others argue recent wins are only the beginning of a Democratic rally that will continue in 2008 and beyond.

After one of the best newspapers on the planet screamed "West Is Going Democrats' Direction" and "Political Shift in Mountain States" in headlines, I figured I'd look at the numbers myself to see how much of an opportunity Democrats have to turn the Mountain West blue, or at least purple.

After dissecting the historical data over the past 25 years and comparing it to election results from the past few cycles, it's very clear that not much is going on. I'm certainly not ruling out changes in 2008 or 2010, and I'm not saying that there have been no changes. But so far, the hype about a shift has overwhelmed the reality.

First, a bit of history. Democratic candidates have done pretty well in the Mountain West in the past couple of election cycles, but that's nothing new. Democrats have had significant successes in the region for many years, so portraying recent results as some sort of breakthrough is flat-out wrong.

Election returns since 1980 show that the Mountain West is really two or even three regions, not one. Utah, Wyoming and Idaho are reliably Republican in most cases, while New Mexico and Nevada are politically competitive. Arizona and Colorado definitely lean Republican in presidential politics but are much more competitive in other respects.

Former President Bill Clinton carried four Mountain States — Colorado, Montana, Nevada and New Mexico — in his 1992 election victory over then-President George H.W. Bush, and he won three states four years later: Arizona, Nevada and New Mexico. It's true that in the two elections since Clinton, Democratic presidential candidates have carried only a single state, New Mexico (very narrowly, in 2000), but that's more a statement about the party and its nominees than about the region's inherent competitiveness.

New Mexico and Nevada definitely are competitive in presidential contests, but only Idaho, Utah and Wyoming are beyond the Democrats' reach in those elections.

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Much of the hype about Democrats in the Mountain West stems from the party's victories in gubernatorial races. Democrats retained three governorships last year and added a new one (in Colorado). Democratic governors now sit in Montana, New Mexico, Colorado, Arizona and Wyoming — five of the region's eight states.

But that's nothing new in the region. I went back to 1980 and found that Democrats won five of the past seven gubernatorial elections in Colorado and Wyoming (yes, that's right, Wyoming), four of the past seven in both New Mexico and Nevada and three of the past seven in Montana and Arizona.

In attempting to drive home the point of a realignment, one journalist noted, "In 2000, all eight mountain states had Republican governors; now five governors are Democrats." But why use 2000 as the baseline? In 1984, seven of the eight states had Democratic governors. Using 1984 as the baseline, you could even say the region is moving toward the GOP!

Anyway, if gubernatorial results reflected fundamental partisan strength and the potential of carrying the state in 2008, then Wyoming would seem to be a reliably Democratic state in 2008. Obviously, it isn't.

How about Senate races? Democrats won a Senate race in Montana, as well as holding onto a seat in New Mexico. But again, winning Senate races in the region is nothing new for Democrats.

In three of the eight Mountain West states, Democrats have won a majority of all Senate elections since 1980. That's right, a majority. They've won six of nine in Montana, six of 10 in Nevada and five of nine in New Mexico. In Colorado, they have won a considerable four of the past nine. Even Arizona has elected Democrats to the Senate in two of the past nine elections.

Forget about that history. If you think Democrats' ability to knock off a politically damaged Republican in the worst Republican environment in 30 years tells you something about a state's or region's political trend, you are free to. Of course, you would be terribly wrong.

But what about Congress? Didn't Democrats make gains in the House in the Mountain West? Sure, but what kind of gains?

Democrats netted three House seats in November, one in Colorado and two in Arizona. The Colorado district was drawn to be politically competitive, but it was also referred to as the "Perlmutter district," after the Democratic legislator who was expected to run — and win — in 2002. Ed Perlmutter passed then, but he won the open seat last year.

One of the Arizona districts already was competitive, but became hard for the GOP when an anti-immigration bomb-thrower won the party's primary. In other words, if you focus only on the numbers, you will miss the story.

How about state legislatures in the region? Democrats made small gains in the Idaho, Colorado and Arizona state Houses. No chambers in the region switched control, however, except the Montana House, which went from a 50-50 tie to a one-seat GOP majority. Again, if there was a Democratic surge in 2006, you'll have to look under the rug to find it.

There were, of course, some Democratic gains in 2006. Much of the hype, I suspect, came from stronger than usual (though unsuccessful) Democratic efforts in House races in Idaho, Colorado, Nevada and Wyoming, as well as a lot of buzz about the Idaho gubernatorial race. But those showings occurred in a landslide year for Democrats, making the results more likely to be an aberration rather than a trend.

The Mountain West is not the South. It's less reliable than Dixie for Republicans, and it's less conservative on social/religious issues. Moreover, Democrats have had considerable success in the region over the past three decades, and the party's nominee could carry a few Mountain West states in the '08 presidential race, particularly if there is a nationwide trend toward their party. But the evidence strongly demonstrates that there has been no Democratic surge in the region, even if the hyperbole makes for a better news story.

Stuart Rothenberg is editor of the Rothenberg Political Report.

Kan. Governor Draws National Attention (AP)

By John Hanna, Associated Press Writer

AP, January 29, 2007

Most of the Kansans who've made a mark on national politics have been Republicans, like Dwight Eisenhower and Bob Dole. Another, Sen. Sam Brownback, is running for president.

But now a Kansas Democrat, Gov. Kathleen Sebelius, is generating some buzz with her 58 percent re-election margin, glowing write-ups in national magazines and political chatter about her place on short lists for Cabinet posts should Democrats recapture the White House next year.

Sebelius, who's made her fortune in Kansas politics by winning over moderate Republicans, has even popped up in speculation about potential vice presidential nominees. And this year, she's chairwoman of the Democratic Governors' Association.

"It's hard to imagine that her name's not going to appear on everybody's list," said Mark Mellman, a Democratic pollster in Washington. "You've got to say Kathleen Sebelius is in demand as a role model, as a political figure, as a governor."

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The 58-year-old governor is a self-described "aging rocker" who squeezed a ride in an Indy race car and a Rolling Stones concert into the same day last year. She runs nearly 15 miles a week and regularly attends college football and basketball games.

Her wit occasionally gets her into trouble, as during a 2002 gubernatorial debate when she said driving roads in neighboring Missouri was "much more terrifying to me than the attacks on the World Trade Center."

Her father, John Gilligan, a Democrat, was governor of Ohio in 1971-75, making them the only father-daughter governors in U.S. history. Her husband, Gary, a federal magistrate, was a son of the late Rep. Keith Sebelius, a western Kansas Republican.

After eight years in the Kansas House and two terms as insurance commissioner, she ran for governor in 2002, winning over moderate Republicans by portraying herself as pro-business and promising to make government more efficient.

She's continued the political mix this year, proposing that legislators draft a plan for eventually bringing universal health care coverage to Kansas while seeking tax cuts for businesses. She's also been a visible supporter of the military, going to Iraq in 2005 to visit National Guard troops.

During her first term, the state weathered its most severe fiscal crisis since the Great Depression and was forced by its highest court to dramatically increase spending on public schools. With the economy improving, both tasks were accomplished without a general tax increase — though Republicans note Sebelius proposed a swiftly rejected tax package for schools in 2004.

That year, Time named Sebelius one of four "rising stars from the heartland," and a year later it touted her as among the nation's five best governors. Newsweek identified Sebelius as "one to watch" this year.

Much of the attention focuses on her ability to draw moderate Republicans, a necessity for statewide office in Kansas. Only 27 percent of the state's 1.6 million voters are registered as Democrats, compared to 46 percent as Republicans, giving the GOP a 322,000-person advantage. No Democratic presidential candidate has carried the state since 1964.

Kansas has long been a springboard for Republicans, most notably Eisenhower, whose presidential library is in Abilene, about 160 miles west of Kansas City, Mo. Sen. Charles Curtis served as vice president in 1929-33. Gov. Alf Landon was the GOP nominee for president in 1936. Dole was Senate majority leader before his failed presidential bid in 1996.

Brownback is considered a long shot for the GOP presidential nomination in 2008, but he's got support from the religious right and conservative groups.

Some Republicans suggested Sebelius wouldn't serve out a second term as governor because she'd be tapped for a presidential ticket, and many believe she's eyeing a run in 2010 for the Senate seat now held by Brownback, who has said he won't seek re-election.

Sebelius dismisses such ideas, saying she likes her current job.

However, some Kansans wouldn't mind seeing her on the Democratic ticket next year.

"Anything's possible," said Rachel Camp, director of a church day care center in Topeka. "She shows a lot of good qualities that would be assets to our government. I'd probably vote for her."

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On the Net:

Governor's office: http://www.ksgovernor.org/

Women Feeling Freer To Suggest 'Vote For Mom' (NYT)

By Robin Toner

The New York Times, January 29, 2007

WASHINGTON, Jan. 28 — Some women were struck by the politics of maternity practiced by Speaker Nancy Pelosi and Senator Hillary Rodham Clinton in recent weeks, the imagery and stagecraft that highlighted their roles as mothers and/or grandmothers.

For some, the issues were complicated: Is this a throwback, or a step forward? Is it politically smart?

For a long time women seeking high office, particularly executive office, were advised to play down their softer, domestic side, and play up their strength and qualifications. Focus groups often found voters questioning whether women were strong enough, tough enough, to lead.

Emily's List, the Democratic women's group, warned in an internal memo in 1988 that women must "fight throughout their campaigns to establish their qualifications, power, toughness and capacity to win."

Breakthrough candidates like Senator Dianne Feinstein, the California Democrat who campaigned unsuccessfully for governor under the slogan "tough and caring" in 1990, worked hard to ease those doubts.

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Some women embraced their outsider status. Senator Patty Murray, Democrat of Washington, campaigned in 1992 as "just a mom in tennis shoes," capitalizing on a dismissive comment once directed her way by a male politician. But the reservations of many voters were real 15 or 20 years ago.

Today, many political strategists say women no longer have to be so defensive. Voters have grown more accustomed to women in powerful positions. And women like Ms. Pelosi and Mrs. Clinton, whatever other problems they may have, have been on the public scene long enough and are familiar enough players in the architecture of power that they no longer have to prove their strength day in and day out.

In fact, strong leadership was seen as one of Mrs. Clinton's core attributes in a CBS News Poll, conducted Jan. 18-21. Sixty-four percent of the men surveyed, and 75 percent of the women, said Mrs. Clinton had strong qualities of leadership.

"It's a whole different world," said Bill Carrick, a Democratic strategist and a longtime Feinstein adviser. And the stereotypes are weakening as younger generations come along, Mr. Carrick added.

What this means, strategists say, is that motherhood and a focus on children can become one more political asset to be showcased — a way of humanizing a candidate and connecting with voters, especially other women.

Ms. Pelosi took the speaker's gavel, ordinarily a moment of raw legislative power, in a carefully structured tableau filled with children, some of them her own grandchildren. Mrs. Clinton held the first event of her presidential campaign surrounded by children at a health care clinic, where she announced her support for expanded health coverage for children.

Aides to both women object to the idea that this is in any way contrived. Ms. Pelosi did, in fact, raise five children before she ran for office, and Mrs. Clinton raised one and has been an advocate on children's issues since her days in law school.

But candidates decide how to tell their story — George W. Bush highlighted his bipartisan friendships and alliances when he ran in 2000 — and there are good political reasons for Ms. Pelosi and Mrs. Clinton to highlight the maternal.

For Ms. Pelosi, relentlessly caricatured by the Republicans last year as a hard-edged, tax-raising liberal, the image of mother and grandmother takes the edge off the ideological cartoon. As Karen O'Connor, director of the Women and Politics Institute at American University, puts it, "For Nancy Pelosi, it becomes, 'O.K., am I going to be the San Francisco liberal, or the woman who relates to all voting women, because I've raised five kids, I have several wonderful grandchildren and I can also run your House.' "

Kate O'Beirne, Washington editor of National Review and a conservative analyst, said she believed Ms. Pelosi's imagery "was probably effective." (Although she quickly added, "I don't see that as a welcome development.") Ms. O'Beirne said that "the optics" of a speaker assuming power surrounded by children signaled "a kinder, gentler, softer approach" to voters, particularly women, who are weary of a long and difficult war and the intense partisanship in Washington in recent years.

"I definitely think that's calculated," she said.

For Mrs. Clinton, highlighting the maternal is a way of building on what polls and strategists suggest are her clear advantages, like strength and intelligence, while compensating for what are widely considered her liabilities: a coolness, an excess of caution and a capacity to so polarize the electorate that many voters question her ability to win.

Several analysts said this softer approach also allowed Ms. Pelosi and Mrs. Clinton to offer a clear contrast with the leadership style of President Bush , which Democrats have asserted was a "my way or the highway" approach to governing.

Mrs. Clinton seemed to be underscoring that contrast in the video in which she announced her candidacy, delivered from an overstuffed chintz sofa. Mrs. Clinton, leaning against a needlepoint pillow, called for the start of "a dialogue about your ideas and mine. Because the conversation in Washington has been just a little one-sided lately, don't you think?"

Deborah Tannen, a professor of linguistics at Georgetown University and the author of "You Just Don't Understand: Women and Men in Conversation," said a "listening tour" was a classic way to communicate with (and among) women.

Democrats also seem less worried these days about the old charge of being the "mommy party," dedicated to domestic concerns while the Republicans, "the daddy party," are trusted with national security. Democratic women were often warned over the years that the stereotypes of party and sex reinforced each other.

National security remains a threshold issue for voters but is no longer such an automatic advantage for the Republicans because they have lost so much support on the war in Iraq, the polls suggest. And neither Ms. Pelosi nor Mrs. Clinton is neglecting these issues. On the campaign trail in Iowa on Saturday, Mrs. Clinton argued that all of this — security, maternity, affordable health care — was part of her potential-first-woman-president package.

"I'm going to be asking people to vote for me based on my entire life and experience," she said. "The fact that I'm a woman, the fact that I'm a mom, is part of who I am."

But there has been some debate in recent weeks about the uses of motherhood, on the left and the right. After Ms. Pelosi assumed the speakership, in a week of events that repeatedly highlighted children, Katrina vanden Heuvel, editor of The Nation, wrote on her blog, "I wonder why Pelosi, a woman I admire, seemed so keen to use her first day as speaker to portray herself as a traditional, family-first kind of woman."

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Ms. vanden Heuvel added, “Many of the women I spoke to worry that the photo fed into the image of woman as one-dimensional.”

The question flared anew in a recent exchange between Senator Barbara Boxer, also a California Democrat, and Secretary of State Condoleezza Rice. Ms. Boxer noted in a hearing that members of her own family were either too old or too young for military service, and so she would not pay a personal price for the Iraq war. She added, of Ms. Rice, “You’re not going to pay a particular price, as I understand it, with an immediate family.”

Ms. Rice shot back later, “I thought you could still make good decisions on behalf of the country if you were single and didn’t have children.”

People Left Holding Bag When Policies Revoked (USAT)

By Julie Appleby

USA Today, January 29, 2007

Denise Wheeler, an artist in Laguna Beach, Calif., thought she and her family had health insurance.

So did Tony Seals, a self-employed businessman in nearby Riverside. Across the country in Connecticut, Maria Locker and Linda Gaskill each bought short-term insurance policies to protect themselves against catastrophic costs.

But each was left with tens of thousands in unpaid medical bills when their insurers — all major companies — retroactively canceled their policies after they faced expensive health problems. "It's the most devastating thing that's ever happened to us," says Seals, 43.

Their stories illustrate a little-recognized fact about insurance purchased by individuals: Even after being approved, policyholders can see their coverage amended to exclude certain medical conditions or revoked entirely, sometimes long after the policies are issued.

"Insurers love to market the promise, 'We'll take care of you. Just sign here,' " says Karen Pollitz of the Institute for Health Care Research and Policy at Georgetown University. "Then there is all this opportunity for the insurer not to keep the promise, and you don't find out until it's too late."

Insurers say they rarely revoke policies, and generally do so only because of misleading or omitted information on applications. One large insurer, Blue Cross of California, says it revokes less than one-half of 1% of all individual policies each year. Requiring complete medical details and honesty on the part of applicants, insurers say, is necessary to control costs and weed out fraud.

"Our objective as an industry is to provide as affordable a product as possible," says Mohit Ghose of America's Health Insurance Plans, the industry association. "We have to rely on the medical record information supplied by the applicant."

Concern may grow as more people join the individual market, which now includes more than 16 million people nationwide. People buy individual policies because their employer doesn't offer health insurance — as is the case with about 39% of all employers; or because they retire before Medicare eligibility; or because they are self-employed, between jobs or jobless.

In California and Connecticut, high-profile disputes about after-the-fact cancellations are ongoing. The disputes come amid renewed interest in the uninsured in Washington, D.C., and in many states, as politicians from governors to President Bush call for ways to make it financially easier for people to buy insurance on the individual market.

'Gaming' the system?

But the individual market has hurdles that are not just financial: Insurers in most states can pick and choose whom to cover, often turning down those with medical problems in a process called underwriting. Even if they don't thoroughly check medical records before issuing a policy, insurers can "look back," sometimes for a decade or more, at a policyholder's records to check facts on the application.

Critics of the industry say the practice is overused.

"The newest tool insurers have found is to check into every sick person who files an expensive claim to see if there's an argument that they lied on their enrollment application," says Jamie Court of the Los Angeles-based advocacy group Foundation for Taxpayer & Consumer Rights.

Nationwide, data collected by the federal Agency for Health Care Research and Policy show that about 1% of people in the individual market have claims that total more than $30,000 in a given year.

More than 200 complaints about revocations — 189 of them since 2003 — have been filed with California's Department of Managed Health Care, which holds a public hearing today to consider new regulations. Dozens of lawsuits have been filed against insurers by patients; some have been settled. Organizations representing California's doctors and hospitals have each asked to join a class-action suit against the insurers. And two of the state's largest health plans, Kaiser Permanente and Blue Cross of California, have been hit with six-figure fines for revoking policies.

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Connecticut Attorney General Richard Blumenthal has asked the state's insurance commissioner to audit Assurant Health and consider "levying significant penalties" if it finds the insurer wrongfully revoked policies. And he has proposed legislation that would require all insurers to prove applicants had intentionally lied about their health before their policies could be revoked.

"The insurance companies are gaming and manipulating the system," Blumenthal says. "The effective way to protect individuals is to change the law."

Emergency surgery

Wheeler, 48, and her husband, Stephen, completed their application with the help of an insurance broker, seeking a policy for themselves and their three children. Stephen had left a corporate job that had insurance to start his own business. Court documents from a lawsuit the Wheelers filed Jan. 12 against their former insurer, Nationwide, show the policy was approved and went into effect on Dec. 1, 2005. Wheeler says the family paid $700 a month in premiums.

In May 2006, Wheeler was rushed to the hospital with a perforated ulcer. Wheeler says she was unaware of the ulcer until she collapsed after her youngest son's baseball game. "You get this hole in your stomach that erupts," she says. "Your body fills up with toxins, and it kills you."

Not long after the five-hour surgery, Wheeler got a letter from her insurer asking for more information about her health history. On her application, she had not told the insurer that she went to an emergency room and her OB/GYN three months before applying for her insurance policy in October 2005, court documents say.

The visits were for heavy menstrual periods, not her stomach, court documents say. Wheeler told the insurer that her doctor had said everything was normal for a woman of her age.

Her insurer, citing the omission of information about the doctor visits, rescinded her policy, leaving the family owing about $30,000 for her surgery. The insurers' letter said it would not have insured her had it known about the OB/GYN visits.

"What does this have to do with my stomach?" asks Wheeler, who remains uninsured.

A Nationwide spokesman said Thursday that the insurer had not yet been served with the lawsuit and therefore could not comment on the Wheeler case.

Policy canceled

Like the Wheelers, the Seals family bought coverage on the individual market after Tony Seals became self-employed. They applied online for an individual policy with Health Net on March 15, 2003. At the time, they had four children.

Seals answered all the questions, including one asking when his wife, Susan, had her last menstrual period. Insurers ask that question because most will not grant a policy to someone who is pregnant. The policy was approved and became effective April 1, 2003, according to court documents.

About mid-April, Seals says, they found out his wife was pregnant. The insurer approved all the prenatal visits and tests, he says. On Oct. 3, 2003, Susan Seals gave birth to their fifth child, Madeline, who has severe brain damage. "They had quite a bit of distress in delivery," Seals says. Their full-term baby had to be revived after birth. His wife spent almost three weeks in the hospital; his daughter, eight.

In April 2004, when Madeline was 6 months old, the insurer told them it had reviewed their application and "felt like we had not given them a correct date for my wife's last menstrual period, so would rescind the coverage," Seals says.

The insurer had looked at Seals' wife's OB/GYN records and found that she had told the doctor a date for her last period about two weeks' different than the one Seals had included on the application, Seals says.

Health Net spokesman Brad Kieffer said the insurer is "sorry to hear of the unfortunate situation the family is going through," but said it must rely on the information given in the insurance application.

"If we suspect misrepresentations have been made … state laws and regulations permit us to investigate to get the facts," Kieffer said. "If we determine that misrepresentation has occurred, the policy is rescinded. It is the responsibility of the applicant to be sure all information on an application is correct and complete."

The cancellation left the family with about $140,000 in unpaid bills from doctors, hospitals and other medical providers. Because the Sealses had brought a successful malpractice case stemming from his daughter's birth, they had money to pay $95,000 toward those bills, leaving them with $1 million in a trust fund that is to provide care for their daughter.

Madeline has severe cerebral palsy, is blind, can't roll over and will need care for the rest of her life, Seals said.

His wife has gone back to work, and her job provides the family with health insurance.

Short-term policies

In Connecticut, concern has centered on short-term health insurance policies, although Blumenthal says his office has also seen problems with longer-term policies.

Gaskill, a 63-year-old retiree, says she began buying policies from Assurant Health in 2005. After a six-month policy expired, she signed up for a new one with Assurant.

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Her new policy went into effect on Jan. 24, 2006, according to an Oct. 10 letter from Assurant Health to the Connecticut Insurance Department. Gaskill says she bought the six-month policies instead of more traditional insurance because they were what she could afford.

In March, she went to the doctor for a small lump under her ear. It had been there awhile, but it did not hurt or bother her so she did not make an appointment until it seemed a bit larger than before.

The doctor asked how long she had the lump.

"I said 'maybe a year,' " says Gaskill, who has since moved to St. Petersburg, Fla. "I never thought that would be held against me."

The lump turned out to be cancer. After checking her medical records, Assurant revoked her policy, leaving her with $30,000 in surgical bills.

In its letter to the insurance department, Assurant said it canceled the policy because "an ordinarily prudent person would seek diagnosis or treatment when a lump initially presents itself." Therefore, the lump was considered "pre-existing" and not covered under Gaskill's current six-month policy.

"I believe I'm a prudent person, but I didn't think I needed to see a doctor over this little thing," says Gaskill, who now has coverage through a state high-risk insurance pool.

Locker, a 61-year-old English teacher, also had a series of six-month policies with Assurant; she would re-apply each time one was about to expire.

Just days before one Assurant policy expired, Locker was diagnosed with a skin rash. Because she was tired and had lost some weight, her doctor also ordered a few lab tests, says a July 12 letter from Assurant to the Connecticut Attorney General's office.

The test results came back after her new six-month policy with Assurant went into effect. Those led to further tests, and, in the summer of 2005, she was diagnosed with lymphoma, a type of cancer. She received $100,000 worth of chemotherapy and other treatment. Assurant revoked her policy, leaving her with those bills, saying her condition pre-existed her current policy and that her doctor should have been able to diagnose the condition earlier.

But, even if he had "diagnosed (Locker) under her prior policy, it would still be considered a pre-existing condition under the policy in question," the insurer said in its letter. "Short-term plans are not renewable. … They are inexpensive gap insurance policies."

"I paid my bills in good faith every month with the understanding that if I were ever to have a catastrophic illness, I would not be without medical insurance," Locker says. "Then this is what I get?"

Locker has since been diagnosed with cancer in her liver and underwent a stem cell transplant this summer.

She now has a job teaching in a public school, which, unlike her former job at a private school, comes with health insurance, which covered the transplant.

Assurant Health, which also sells health insurance under the names Time Insurance, John Alden Life Insurance and Union Security Insurance, covers more than 1 million people nationwide.

A spokesman said the company would not comment on the Gaskill or Locker cases. In a written statement, Assurant said it is working with Connecticut's insurance department and attorney general's office: "While we can never discuss the details of individual cases, it is important to know that, when errors are found, we work with state regulatory agencies to rectify them quickly and efficiently."

Vigilant for fraud

Insurers say they have a detailed application process and the ability to rescind policies because they must be vigilant for fraud.

"We can only rely on what folks tell us," says Chris Ohman, president and CEO of the California Association of Health Plans, the industry lobby.

New regulations are not needed, says Ohman, pointing to the 200 complaints in the past several years — out of about 1.7 million policyholders statewide — filed against insurers on the issue of revoked policies. That indicates no widespread problem, he says.

Reasons for revocations vary. Most of the time, the decisions involve disputes over what the policyholder disclosed, or did not disclose, on the insurance application. Intentionally lying on an application is clearly a revocable offense, but not all disputes are that clear-cut.

In the Gaskill and Locker cases now before Connecticut regulators, the insurer does not say the policyholders misled the company, but it revoked the policies because the women should have known or suspected they had a disease, even without a diagnosis.

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In California, cancellations have occurred because applicants, such as the Wheelers, left out information about a symptom unrelated to a current medical problem or did not disclose that a diagnostic test had been performed, even though the test ruled out problems.

Insurers say they are operating well within the law and are taking action to protect all policyholders.

Blue Cross of California, one of several plans being sued in California, says that it rescinds an average of 1,000 policies each year out of about 260,000 new individual enrollments — less than one-half of 1%, says spokeswoman Shannon Troughton.

"The issue here is how infrequently this happens," Troughton says. "Rescission is an important tool to protect against fraud. Fraud drives up costs for members and the health system in general."

Such disputes generally do not affect people in group health policies offered by employers, because insurers do not bar new members from group policies based on their health status. State laws also limit the amount of time a pre-existing condition can be excluded from coverage. On the individual market, there are generally fewer protections against pre-existing condition exclusions.

Pollitz at Georgetown says the individual market has some very complicated rules that applicants and insurers can get caught up in. At the root of the problem, she says, is that the market works best for people who are healthy.

"You're eligible for insurance when you don't need health care and not eligible when you do," she says. "Are people gaming? Maybe they are. Why were they gaming to begin with? They lost other coverage and need new coverage."

A typical application form asks applicants to look back at least 10 years and list conditions for which treatment was received. Some forms ask applicants to list "signs or symptoms" of disease as well.

Questions can arise on how to fill out the forms: Was the visit to the doctor eight years ago for tension headaches a reportable condition? What if the doctor said there was nothing wrong? What's an "abnormal physical exam?"

Insurers say their customer service lines or insurance salespeople can help; attorneys question whether such sources are unbiased.

Pollitz says insurers go beyond the application form to review medical records before issuing a policy in 25% to 50% of cases. Some also buy information, such as prescription records, from national databanks to find out if an applicant is being treated for illnesses not disclosed on the forms. The onus is on the insurer to do the proper underwriting, she says.

Attorney William Shernoff, who represents Wheeler, Seals and some other patients involved in the California legal disputes, says the forms are designed to be unclear, giving insurers cover to cancel almost any policy.

"I would venture to say that anyone who fills one out would make a mistake," Shernoff says. "They have compound questions, confusing questions, ambiguous questions. There's no place to answer 'I don't remember' or 'I don't know.' "

Troughton, at Blue Cross, says the insurer is working with regulators and plaintiffs attorneys to develop a new application form.

The insurer also has created a committee to review all revocations and will employ an ombudsman to help policyholders who face rescission.

"Ultimately, we wish we didn't have to rescind any policies, which is why we are committed to making the process as thoughtful and rigorous as possible," Troughton says.

Rev. Robert Drinan, Ex-Congressman, Dies At 86 (AP)

By The Associated Press

AP, January 29, 2007

WASHINGTON, Jan. 28 (AP) — The Rev. Robert F. Drinan, a Jesuit who served in Congress for 10 years until stepping down in response to a papal order, died Sunday. He was 86 and lived here in housing for the Georgetown University Jesuit community.

A university statement Sunday night said Father Drinan had recently been ill with pneumonia and congestive heart failure.

An internationally known human rights advocate, Father Drinan represented Massachusetts in the House of Representatives for 10 years in the 1970s, stepping down only after a worldwide directive from Pope John Paul II barring priests from holding public office.

He was elected in 1970 as a Democrat, after defeating Representative Philip J. Philbin in a primary and again in the November election, when Mr. Philbin was a write-in candidate.

The only other priest to serve in Congress was a nonvoting delegate from Michigan in 1823.

Although a poll at the time showed that 30 percent of the voters in his district thought it was improper for a priest to run for office, Father Drinan considered politics a natural extension of his work in public affairs and human rights.

His bid for office came a year after he returned from a trip to Vietnam, where he said he discovered that the number of political prisoners being held in South Vietnam was rapidly increasing, contrary to State Department reports.

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In a book the next year, he urged the Catholic Church to condemn the war as “morally objectionable.”

Father Drinan ran for Congress on a platform of opposition to the Vietnam War. During his Congressional tenure, he continued to dress in the robes of his clerical order and lived in a simple room in the Jesuit community at Georgetown.

But Father Drinan wore his liberal views more prominently. He opposed the draft, worked to abolish mandatory retirement and raised eyebrows with his more moderate views on abortion and birth control.

And he became the first member of Congress to call for the impeachment of President Richard M. Nixon — although the call was not related to the Watergate scandal, but to what Father Drinan viewed as the administration’s undeclared war against Cambodia.

“Can we be silent about this flagrant violation of the Constitution?” Father Drinan asked. “Can we impeach a president for concealing a burglary but not for concealing a massive bombing?”

Decades later, at the invitation of Congress, he testified against the impeachment of another president, Bill Clinton. Father Drinan said Mr. Clinton’s misdeeds were not as serious as Nixon’s, and that impeachment should be for an official act, not a private one.

He told the Judiciary Committee members reviewing Mr. Clinton’s case that, in 1974, “the country knew there was extensive lawlessness in the White House.”

“The documentation of appalling crimes was known by everyone,” he continued. “Abuse of power and criminality were apparent to the American people.”

Father Drinan left office in 1980 — “with regret and pain” — finally yielding to the increased pressure from his superiors, including the pope.

But he continued to be active in political causes. He served as president of the Americans for Democratic Action, crisscrossing the country giving speeches on hunger, civil liberties and the perils of the arms race. He spoke out against President Ronald Reagan and President Bush, and lectured and wrote about gun control, world hunger and the war on terrorism’s impact on human rights.

He also took a post as professor of law at Georgetown University in 1981, where he taught courses on human rights, constitutional law, civil liberties, legislation, ethics and professional responsibility.

Battle Royal (WSJ)

By Michael Barone

The Wall Street Journal, January 29, 2007

Bush, Clinton, Bush, Clinton. It sounds like the Wars of the Roses: Lancaster, York, Lancaster, York.

To compare our political struggles to the conflicts between rival dynasties may be carrying it too far. But we have become, I think, a nation that is less small-r republican and more royalist than it used to be. Viscerally, this strikes me as a bad thing. But as I've thought about it, I've decided that something can be said for the increasing royalism of our politics. And whether you like it or not, you can't deny it's there. Not when the wife of the 42nd president is a leading candidate to succeed the 43rd president who in turn is the son of the 41st president. The two George Bushes are referred to in their family, we are told, as 41 and 43. If Hillary Clinton wins, will she and her husband call each other 42 and 44?

Evidence for my case comes from the recent set-to in the White House press room after reporters had learned that Laura Bush had made no public announcement when she had a skin cancer routinely removed. When Press Secretary Tony Snow said it was a private matter, reporters spun out theories why Mrs. Bush had a duty to disclose this minor surgery to the American public -- even though she is not a public official and even though the operation had no impact on the operation of government. But reporters instinctively sense that the doings of Mrs. Bush are as newsworthy as their British counterparts regard those of the royal family. And they have some reason to. Her husband started just about every campaign speech by praising his decision to "marry up." Her high approval ratings take some of the edge off his low ones.

"Royalty," wrote Walter Bagehot in his 1867 book "The English Constitution," "is a government in which the attention of the nation is concentrated in one person doing interesting actions. A Republic is a government in which attention is divided between many, who are all doing uninteresting things." He went on to note that the Monarchy (his capitals) was not just one person but several. "A family on the throne is an interesting idea also. It also brings down the pride of sovereignty to the level of petty life." So we have columnists writing that the current president's policies are a sort of oedipal rebellion against his father. And we have endless speculations on the dynamics of the Clintons' relationship. The personal has become the political. In Bagehot's England they were separate: The Monarchy was personal, the Palmerstons and Gladstones and Disraelis political. Now political reporters are getting ready to grind out pieces about the families of the 2008 presidential candidates.

There was always a risk of royalism under our Constitution, with the president both head of government and head of state. But for a long time politicians struggled against it. George Washington turned down a crown. John Adams did not make public

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the scintillating intellect of his wife Abigail. For half the time in the first 40 years of the 19th century there was no first lady at all: Thomas Jefferson, Andrew Jackson and Martin Van Buren were widowers when they took office. After the Civil War, politics revolved so much around parties rather than presidents -- can you name all the presidents from Abraham Lincoln to Theodore Roosevelt? -- that in the 1880s the future President Woodrow Wilson wrote a book called "Congressional Government."

The drift toward royalism is a 20th-century phenomenon. At first it was concealed. Theodore Roosevelt and William Howard Taft had strong-willed, intelligent wives and broods of children who went on to impressive achievements. But they didn't make much of this public. Woodrow Wilson's first wife, a Southerner who died early in his presidency, reportedly pushed for racial segregation in federal building cafeterias, while his second wife effectively ran the White House while he was incapacitated by a stroke -- neither something you'd want to talk about even now. Lou Henry Hoover, an engineering school classmate of her husband, directed her public energies to promoting the Girl Scouts. With Eleanor Roosevelt, we come to the first first lady with a political identity of her own. But she was just one of many courtiers in her husband's White House, and not necessarily the most influential.

Harry Truman did not bring Bess Truman to Potsdam; she spent much of his presidency at home in Independence with her elderly mother. Mamie Eisenhower said that "Ike runs the country and I turn the pork chops." But ever since John Kennedy made a point of bringing his French-speaking wife to Paris, where she charmed the seemingly uncharmable Charles de Gaulle, most presidents and presidential candidates have made a habit of showcasing their wives. And most of their wives have made a point of taking up some public cause or other, some of them controversial. First ladies increasingly became public figures and, given the considerable talents and charm of presidential wives since that time, political assets.

Now we have our first first lady to run for president. She brings to the race a formidable asset that few presidential candidates can claim: a first-hand knowledge of the operations of the White House. But then Queen Elizabeth II, who has had weekly audiences for 55 years with 10 prime ministers from Winston Churchill to Tony Blair, would probably be a pretty good prime minister were she eligible for the office. (She's not: By law, she can't set foot in the House of Commons.) Sen. Clinton was more involved in making public policy than any other first lady except possibly Sarah Childress Polk, who was her husband's chief secretary and worked alongside him in his office. But there is something bizarre -- something royal -- about the vision of the wife of a former president becoming president herself, although those of us who voted for George W. Bush are poorly positioned to complain about it.

And perhaps we shouldn't. Because the royalism of republican politics is not just an American phenomenon. You see it in other very large republics. India for 37 of the 42 years after independence had members of one family as head of government -- Jawaharlal Nehru, Indira Gandhi, Rajiv Gandhi, grandfather and daughter, mother and son. Rajiv Gandhi's widow is now head of the governing party. Indonesia elected as president the daughter of a former president. So did the Philippines. Maybe there is a reason for this. It's hard in a very large democracy for voters to judge a potential leader. They can gather some information on his or her positions on issues, but they rely on an inevitably imperfect (and often biased) media. If they are strongly on the side of one party, they can vote for that party's candidate; but in the United States at least they have some voice (at least if they live in Iowa or New Hampshire) in determining who that candidate is. They have a hard time ascertaining the ability and character of candidates. But in making judgments about those things, it helps if you know the family.

Not that anyone assumes that family members are all alike. It would not do for candidate Bush in 2000 and for candidate Clinton today to claim to be clones of his father and her husband. Rather, candidate Bush made comments about his mother's fearsomeness, and candidate Clinton's "let's chat" suggests that she is more of a listener and less of a nonstop talker than her husband. So the trend to royalism may not be all bad. It does give some candidates an unfair advantage over others. But let's face it: Only four of the 300 million living Americans has been president and probably only 10 or 12 more ever will be. We need as much knowledge of our presidential candidates as we can get and, if we get some of it by knowing their families as closely as we know the families of recent occupants of the White House, so be it. As Bagehot put it, "The best reason why Monarchy is a strong government is, that it is an intelligible government. The mass of mankind understand it, and they hardly anywhere in the world understand any other."

In any case, it's no sure thing that a Clinton will follow a Bush who followed a Clinton who followed a Bush. But keep the following in the back of your mind. George P. Bush will be eligible to run for president in 2012. Chelsea Clinton will be eligible to run for president in 2016. So will Jenna and Barbara Bush, who will turn 35 several days after the election. And Jeb Bush, who had a fine record in eight years as governor of Florida, will be younger in 2024 than John McCain will be in 2008 or Ronald Reagan was in 1984. Royalism may be here to stay.

Mr. Barone is a senior writer at U.S. News & World Report and coauthor of "The Almanac of American Politics" (National Journal Group).

Saudi King Urges Palestinians On Talks (AP)

DOJ_NMG_0123196

By Ibrahim Barzak And Sarah El Deeb

AP, January 29, 2007

Saudi Arabia's king urged Palestinian rival factions Sunday to hold talks in the holy city of Mecca as fighting between the Hamas and Fatah movements persisted in Gaza with no clear winner emerging.

Early Monday, Hamas fighters mobilized around the main Fatah stronghold, the Preventive Security headquarters, and threatened to attack. Information Minister Youssef Rizka of Hamas warned the two sides were close to civil war and called President Mahmoud Abbas of Fatah to order his forces back to their bases.

The bitter rivals have been buying, smuggling and building weapons for months trying to gain an edge, but they have held back from all-out battle and find themselves in a stalemate.

That leaves many Palestinians with grim hopes that a power-sharing deal still can be worked out between the Islamic militants of Hamas and the more moderate Abbas of Fatah.

Saudi King Abdullah called the factional fighting a "shame" that has undermined the Palestinian cause and urged both sides to join talks mediated by his country, Saudi Arabia's official news agency reported.

"I urge them to hold an emergency meeting in Mecca to discuss the contentious matters without any intervention from outside," Abdullah told the Saudi Press Agency.

"Our hearts bleed for what is happening in the land of our Palestinian brothers," he said. "This great atrocity with all its unjustified and weak reasons has stained the Palestinian's honorable national struggle."

Both sides welcomed the Saudi king's offer but did not say when talks might be held. Ghazi Hamad, spokesman for the Hamas-led government, said the Islamic group was in talks with Egyptian mediators.

Bursts of violence have alternated with periods of tense calm since the factional fighting erupted in December following the collapse of Hamas-Fatah coalition talks and Abbas' threat to call early elections.

Clashes involving mortars, grenades, bombs and assault rifles have erupted spontaneously, without clear objectives or central command, raged for a few hours, then suddenly fizzled.

Experts expect the pattern to continue. "They are equal parties," analyst Nasser Al Lahham said. "No one can cancel the other out."

Thirty Palestinians, including two children, have died during the latest outburst of street fighting that began Thursday, raising the death toll to more than 60 since last month.

A battle erupted early Monday near the parliament building, where a Hamas fighter was killed, Hamas and hospital officials said.

Fatah gunmen killed a Hamas security force member early Monday and a Hamas activist in Khan Younis on Sunday. Another gunman, whose affiliation was not immediately known, and a 45-year-old civilian were also killed, hospital officials said.

Several kidnappings also were reported in the factional conflict. The most brazen was in the West Bank city of Nablus, where Fatah gunmen walked into a bank and dragged out a local Hamas leader.

Hot spots in the fighting include the headquarters of Abbas' security forces, Hamas-run mosques and the homes and offices of leaders from both sides, where guards hunker down behind concrete barriers and piles of sandbags.

Traffic jams are getting worse by the day in Gaza City's already crowded streets because more and more roads are being closed to motorists by the rival security forces.

Neither side is using all of its firepower because they are giving coalition talks another chance and because they fear risking defeat in an all-out confrontation, said Mouin Rabbani, a Jordan-based analyst for the International Crisis Group, an independent think tank.

Each side can count on thousands of armed men. Most members of Palestinian security forces are loyal to Abbas, while Hamas last year set up its own 5,600-man militia. Each also has a military wing — Fatah's Al Aqsa Martyrs' Brigades and Hamas' Izzedine Al Qassam Brigades.

Hamas is getting funds from Iran and other Islamic supporters worldwide, while the Bush administration has asked Congress to approve $85 million in aid for Abbas' troops.

Israeli analyst Shlomo Brom, a retired army general, said the U.S. shouldn't count on Abbas being able to defeat Hamas militarily. "That is not going to happen, because Hamas is a political movement that enjoys great support among the Palestinians," he said.

The Gaza muddle will likely continue, Brom added. "The probability of a full-scale war is low, because the two parties understand the consequences and they understand there will be no clear winner."

Both sides began preparing for the possibility of a big battle after Israel left the Gaza Strip in September 2005 and the arms race intensified after Hamas won legislative elections a year ago and took control of the Palestinian government.

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Rifles, missiles, ammunition and explosives have been pouring into Gaza through tunnels under the border with Egypt, reaching both Hamas and Fatah, security officials and weapons dealers say.

In a climate of increasing lawlessness, Gaza clans also have stocked up on weapons, two weapons dealers in the southern Gaza border town of Rafah said Sunday, speaking on condition of anonymity for fear of arrest.

Higher-quality Russian- and Iraqi-made Kalashnikov assault rifles are no longer available, and Egyptian or Chinese models sell for up to $2,300, almost double what they cost a year ago, the dealers said. Kalashnikov bullets now cost $3.30 apiece, up from $2.30, they said.

Abu Suoud, 32, a Fatah gunman in Rafah, said his group is hoarding ammunition, and no longer wasting bullets by firing into the air at weddings and funerals.

"We save each bullet for the battle," he said.

Saudi King Invites Palestinian Factions To Talks (NYT)

By Greg Myre

The New York Times, January 29, 2007

JERUSALEM, Jan. 28 — King Abdullah of Saudi Arabia called Sunday on the rival Palestinian factions to hold emergency talks in the holy city of Mecca in the latest bid to halt some of the worst ever Palestinian internal fighting.

As the two main factions, Hamas and Fatah, waged a fourth straight day of fighting in the Gaza Strip, leaders from both groups said they would take up the invitation by the Saudi monarch, though no date was set.

“I call on my brothers, the Palestinian people, represented by their leaders, to put an immediate end to this tragedy and to abide by righteousness,” the king said in an announcement carried by the official Saudi Press Agency.

Saudi Arabia does not have a tradition of such direct involvement in Palestinian affairs. But as one of the most important figures in the Arab world the king, by his decision to hold the talks in Mecca, could increase the pressure on the Palestinian leaders to find a compromise.

However, efforts by other Arab states have failed to stop the bloodshed. Egypt has been acting as a go-between for months, and earlier this month, Syria organized talks between Mahmoud Abbas, the Palestinian president and leader of the Fatah faction, and Khaled Meshal, the political leader in exile of the Islamic militant faction Hamas. But no breakthrough was achieved.

The feud between the factions has grown increasingly bitter since Hamas, the radical Islamic group, won parliamentary elections a year ago, unseating Fatah, the dominant Palestinian political movement for decades. Hamas controls the cabinet and the Legislature, but as president, Mr. Abbas has a range of powers, and many members of the security forces remain loyal to Fatah.

In Gaza on Sunday, Prime Minister Ismail Haniya, of Hamas, made a renewed plea to halt the fighting, but to no avail.

“We call on all the Palestinian people to protect national unity, to make the language of dialogue and reason prevail, to withdraw weapons from the streets,” Mr. Haniya told an emergency session of the Palestinian cabinet in Gaza City.

Gunmen from the two sides exchanged fire throughout the day in several Gaza City neighborhoods, prompting residents in some of the hardest-hit areas to flee to the homes of relatives in less volatile areas.

A bomb exploded outside the front door of a home belonging to a bodyguard for Muhammad Dahlan, a senior Fatah figure and an ally of Mr. Abbas. No one was hurt in the blast.

Also, Fatah blamed Hamas for mortar and antitank rounds that were fired at the police headquarters in Gaza City, which is controlled by Fatah.

Many shops were closed, and the streets were largely empty after the factions put up concrete barriers to block some roads. Both Hamas and Fatah said members of their own group had been kidnapped by the other side, a tactic that has become common, though many of those seized are later released unharmed.

The latest deaths included a 12-year-old boy fatally shot late Saturday, three Hamas fighters killed Sunday and one Fatah fighter who died of injuries sustained previously, Palestinian hospital officials said.

The violence spread to Nablus, the largest city in the West Bank, where several Hamas members were seized in separate kidnappings, one at the city’s Education Ministry and another at a bank, Palestinian security officials said. Most were later released.

The clashes, which have claimed more than 20 lives and wounded dozens since erupting on Thursday, also forced a breakdown in the latest round of talks to form a unity government.

The Palestinian factions have battled periodically in recent years, and there was a sharp rise in tensions after Hamas defeated Fatah in parliamentary elections a year ago.

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Months of negotiations failed to produce a unity government, and the internecine violence became an almost daily event in December. After a period of relative calm earlier this month, the gun battles broke out again this past week. More than 50 Palestinians have been killed in Gaza over the past two months, and there have also been sporadic clashes in the West Bank.

Mr. Abbas has said on several occasions that he will propose early elections if the factions cannot reach agreement on a unity government. But holding elections would be extremely difficult at a time when the Palestinian Authority is broke and political tensions are boiling over.

While Israel supports Mr. Abbas and refuses to deal with Hamas, Israel has sought to avoid direct involvement in the internal Palestinian fighting. However, some Israeli politicians are warning that the Palestinian infighting could create problems for Israel.

"We cannot allow anarchy such as this, because in the end what will come out of this could act as a boomerang on us," Zeev Boim, a cabinet minister, told Israeli Radio.

In Israeli politics, the cabinet approved the country's first Muslim Arab minister, Ghaleb Majadle, who said he would seek to help Arab citizens identify more with the state.

"The first step has been taken and this has given Israeli Arabs a feeling of belonging," Mr. Majadle, who will be a minister without a specific portfolio, said on Army Radio.

The center-left Labor Party nominated him for a cabinet post after one of its members quit the government. Some right-wing politicians have spoken out against bringing an Muslim Arab into the cabinet, but Mr. Majadle won overwhelming approval in a cabinet vote on Sunday.

Israeli Arabs account for about 1.2 million of Israel's seven million people.

Gaza Violence Threatens Peace Talks (FT)

By Sharmila Devi

Financial Times, January 29, 2007

Factional clashes that have killed at least 22 people in the past few days in the Gaza Strip threaten to overshadow a meeting this week of the international peacemaking Quartet.

Representatives of the United States, European Union, Russia and United Nations are due to meet in Washington on February 2 to discuss the stalled peace process.

But Palestinians have engaged in the fiercest infighting since a Hamas victory in parliamentary elections a year ago triggered a western aid embargo on the ruling Islamists.

Talks between Hamas and the Fatah faction on a national unity government were derailed by the Gaza violence amid appeals for calm.

"You have to put weapons away from streets and you have to end all forms of tensions," Ismail Haniyeh, the Hamas prime minister, said on Sunday.

He also made a direct attack on US plans to fund security forces loyal to Mahmoud Abbas, the Palestinian president and leader of Fatah. Mr Haniyeh criticised "troublemakers who are trying to veer away from the path of our people" by receiving "dirty American funding and arms".

Mr Abbas was away on a European trip, which included a stop at the World Economic Forum in the Swiss resort of Davos, where he met Tzipi Livni, Israeli foreign minister.

On Sunday in Gaza, a bomb blast damaged the home of a bodyguard of Mohamed Dahlan, a Fatah strongman. There were gun battles outside the headquarters of the Fatah-dominated Preventive Security Service and the Hamas-led police force.

In December, Mr Abbas called for early presidential and parliamentary elections after months of talks failed to produce a new government. Since then, at least 52 Palestinians have been killed in factional clashes. Meanwhile, Hamas could easily derail any new polls unless the group gave its assent.

Prospects for any renewed international peacemaking push remain bleak when set against the intra-Palestinian fighting.

In Israel, meanwhile, the cabinet on Sunday approved the appointment of the first Muslim minister in the country's history.

Raleb Majadele of the Labour party faces a Knesset vote on Monday to confirm him as minister without portfolio in the coalition government.

Arabs make up about 20 per cent of Israel's citizens and have long complained of discrimination.

US Mideast Policies 'radicalise' Moderates (FT)

By Quentin Peel

Financial Times, January 29, 2007

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Moderate Muslim countries face a greater threat from terrorism than western countries, but all nations must urgently address the causes of that terrorism instead of concentrating on the symptoms, according to Abdullah Badawi, prime minister of Malaysia.

World Muslim opinion had been radicalised by western policies in the Middle East, including the failure to resolve the conflict between Israel and the Palestinians, and the invasion of Iraq.

"Trying to resolve terrorism without examining its root causes is like trying to fertilise the fruits and not the roots," he said.

Speaking as the leader of one of the most moderate Muslim countries, and as chairman of the 57-nation Organisation of the Islamic Conference, Mr Abdullah warned that governments in the Islamic world were being undermined by their failure to influence the US and the United Nations in enforcing resolutions calling for an end to Israeli occupation of Palestinian land.

"Is this an Islamic issue?" he asked. "No. It is an issue of the people, of Muslims, non-Muslims, Christians and Jews, who have a right to return to the homeland when people have been expelled. So we have to help them."

Yet the fact that UN resolutions on Israel were ignored stirred up a backlash against Muslim governments, not simply in the Middle East but across Asia.

"They want to react because [they think] their government is not reacting," he said. "That is the whole trouble. [They say]: 'You are not an Islamic government, so you have no feeling for the people, for the Muslims who have been attacked, who have been marginalised and treated unjustly by other countries.'

"What is happening now in the Middle East has made even the moderates angry. That is not good."

Mr Abdullah, whose mild language and less confrontational attitudes mark a stark contrast to the angry anti-western rhetoric of his predecessor, Mahathir Mohamad, spoke out against those Muslim radicals who demand that their governments should adopt an overtly Islamic label.

"Many Muslims aspire to set up an Islamic government," he said. "I don't think that Islam is the only way to solve all problems.

"A government that is just, a government that is trustworthy, that becomes people-centred, that is Islamic. We must see what a government professes, what the government does, and if it is good, that is Islamic. A government can have Islamic values, without the label Islamic.

"Between theatre and substance, I would declare more for the substance."

In a speech last week in London, Mr Abdullah rejected the idea that the world was split by a "clash of civilisations", although he admitted that "never before has the tension been as pervasive or as extensive" between the western and Muslim worlds. "They may mobilise themselves along ideological or religious lines," he said. "But at heart the conflicts are driven by the impulse for power, territory and resources, and by resistance to this. There is indeed a clash of fundamental interests."

Mr Abdullah, who was also attending the World Economic Forum at Davos, was more sanguine about the immediate prospects for the world economy and world trade. If the Doha round of trade negotiations broke down, "I don't say that failure would be a disaster. World trade will go on...If we cannot negotiate some kind of arrangement through the WTO then free trade will go on, bilaterally or regionally."

He admitted that Malaysia was getting caught in the competition for foreign investment by the rise of China, India and Vietnam. "We cannot any longer be a low cost producer," he said.

The Most Dangerous Terrorist--Besides Osama (NSWK)

By Mark Hosenball, Maziar Bahari And Joanna Chen

Newsweek, January 29, 2007

Before Osama bin Laden, there was Imad Mughniyeh. The Lebanese terrorist from Hizbullah was considered the most dangerous in the world. Now the White House worries that he's back, after years of lying low. Four serving U.S. intel and counterterrorism officials, anonymous when discussing sensitive material, said Mughniyeh is prominent in recent reporting from the field about Hizbullah activity. Bruce Riedel, a veteran Mideast expert recently retired from the CIA, told NEWSWEEK there is "no question he is heavily involved in [formulating] terrorist contingency plans in case of a U.S.-Iran confrontation."

Mughniyeh has the résumé to be a potent threat. He was the alleged organizer of a series of devastating bombings and kidnappings against U.S. targets in Lebanon during the 1980s, including two bombings of the U.S. Embassy in Beirut. But Hizbullah later made a strategic decision to abandon attacks on American targets. Even now, U.S. intel officials stress that they don't believe Hizbullah will actually hit U.S. interests unless Washington strikes first—against either the movement or its key patron, Tehran.

So what is Mughniyeh up to? Two of the U.S. officials interviewed by NEWSWEEK said field reports indicate that he travels between Beirut, Damascus and Tehran. One official said that some reports also suggest he has visited Baghdad. (Hizbullah has allegedly been involved in training the Mahdi Army militia of Moqtada al-Sadr.) According to Riedel, Mughniyeh is Hizbullah's

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chief of "external operations," and keeps in touch with cells around the world. FBI and other counterterror officials have said they believe Hizbullah has recruitment and fund-raising cells in the United States. "He is the brain behind all Hizbullah's military activity," says Lt. Col. Guy Hazoot, operations officer of the Galilee Brigade on Israel's northern border.

But the renewed focus on one man as a kind of Lebanese superterrorist may be folly. That's the view, anyway, of an Iranian official with close ties to Hizbullah. "Americans' interest in Mughniyeh shows their desperation for any insight into Hizbullah operations," says the official, who refused to be ID'd speaking on a sensitive subject. The official seemed amused to be asked about Mughniyeh. "To my knowledge, he hasn't been involved in any operation for the past decade. There's a new cadre of operatives in Hizbullah that Americans don't know anything about. And I'm not going to tell you about them, either."

State Dept. To Report On Israeli Strikes (USAT)

USA Today, January 29, 2007

The State Department has completed a preliminary report on whether Israel misused American-made cluster bombs in civilian areas of Lebanon during a 34-day war with Hezbollah militants last summer. The findings go to Congress today.

State Department spokesman Kurtis Cooper said the report doesn't make a final judgment.

The department is required to notify Congress of even preliminary findings of possible violations of the Arms Control Act.

Israeli Foreign Ministry spokesman Mark Regev said Sunday that he did not know of the State Department report.

When the United States has discussed Israel's use of cluster munitions in the past, he said, "we've been forthcoming, detailed and transparent."

A congressional investigation found Israel improperly used U.S.-made cluster bombs during its invasion of Lebanon in 1982. That resulted in a six-year ban on further U.S. sales of the weapons to Israel. The sanctions are largely symbolic since Israel also makes its own cluster munitions.

Racial profiling legislation a priority for Feingold

Sen. Russ Feingold, D-Wis., who chairs the Judiciary subcommittee on the Constitution, said he will address the issue of racial profiling by law enforcement. Many minorities "live with the fear of being racially profiled as they go about their everyday lives," Feingold said.

In the last Congress, Feingold sponsored legislation that would have banned racial profiling. He said the issue will be a priority for him now that Democrats control Congress.

Feingold has yet to introduce a bill. His previous one would have banned federal, state and local law enforcement officials from "relying, to any degree, on race, ethnicity, national origin or religion" during investigations. It included an exemption for specific information that "links a person of a particular race, ethnicity, national origin or religion to an identified incident or scheme."

Steve Mustapha Elturk, an imam in Troy, Mich., said U.S. authorities have detained him four times since Sept. 11, 2001 — twice at the Canadian border and twice while traveling by air — even though he has done nothing wrong.

Some security-oriented groups are gearing up for a fight. "The 9/11 atrocity was committed by 19 young, single men from Arab nations," said Peter Gadiel of Kent, Conn., president of 9/11 Families for a Secure America. "We don't have to worry about 80-year-old ladies with bleach-blond hair and Southern accents."

Eric Blum, a Customs and Border Protection spokesman, said the agency does not use racial profiling.

Cheney says it's hardnot to criticize Sen. Hagel

Vice President Cheney said it's difficult not to criticize Sen. Chuck Hagel of Nebraska, a Republican who has accused the Bush administration of playing "a ping-pong game with American lives" by sending more U.S. troops into Iraq.

"Let's say I believe firmly in Ronald Reagan's 11th commandment: Thou shalt not speak ill of a fellow Republican," Cheney said. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

Hagel's "ping-pong" remark came Wednesday as the Senate Foreign Relations Committee debated a non-binding resolution that condemned Bush's troop buildup in Iraq. Hagel co-sponsored the measure, which the committee approved in a 12-9 vote. It is pending in the full Senate.

Cheney's comments came in an interview with Newsweek released Sunday.

Cheney also said he doesn't spend any time worrying about how the public or the media view him. When asked his reaction to personal criticisms of him from people with whom he has worked, Cheney said, "Well, I'm vice president, and they're not."

In First, Arab Muslim Joins Israeli Cabinet (WP)

By Scott Wilson

The Washington Post, January 29, 2007

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JERUSALEM, Jan. 28 -- Israel's cabinet on Sunday approved the first Arab Muslim minister of the Jewish state, a milestone marked here mostly by bitter criticism of what many lawmakers viewed as a politically motivated selection.

Raleb Majadele, a Labor Party legislator, was approved by a wide margin as minister without portfolio in Prime Minister Ehud Olmert's cabinet. Only Avigdor Lieberman, minister of strategic affairs from the Israel Is Our Home party, voted against the nomination.

Majadele's appointment is "a significant, historic step toward equality and peace in the region," said Amir Peretz, the Labor leader, who chose Majadele for a cabinet post several weeks ago during an ongoing fight for the party leadership.

An Israeli Druze, Saleh Tarif, was appointed minister without portfolio in 2001. But many of Israel's roughly 100,000 Druze, members of a sect that broke with Islam centuries ago, do not identify themselves as Arabs and serve in Israel's army.

By contrast, Israel's approximately 1 million non-Druze Arab citizens, whose families remained in Israel after its founding in 1948 and make up almost a fifth of the population, do not serve in the military and face barriers to owning land and securing equal public services. Most of them are Muslim.

Balad, one of several Arab parties that denounced Majadele's appointment, said in a statement that his service in the cabinet "would give a seal of approval to the policy of racial discrimination against Arabs."

Majadele, a leader in the Histadrut trade union organization that Peretz once headed, is from the northern city of Baqa al-Gharbiya.

Peretz, who serves as defense minister, has watched his popularity plummet because of the inconclusive war against Hezbollah last summer and the army's inability to stop Palestinian rocket fire from the Gaza Strip. He also backtracked on a pledge to leave Olmert's government if Lieberman were made a minister, which occurred in October.

Lieberman has favored a proposal that would strip more than 150,000 Israeli Arabs of their citizenship by redrawing Israel's eastern boundary in a way that would leave them in the Palestinian-controlled West Bank. He has also called for the execution of Israeli Arab lawmakers who meet with officials from Hamas, the radical Islamic party elected to run the Palestinian Authority a year ago.

Peretz selected Majadele at a time when he is being challenged for leadership of the Labor party, a post that makes him Olmert's chief coalition partner. Many in the party viewed the move as a way to win back its more dovish elements.

Labor lawmaker Ophir Pines-Paz resigned in November as minister of science, culture and sport to protest Lieberman's cabinet appointment. Peretz initially named Majadele, 53, to fill that post. But he was made minister without portfolio pending what some lawmakers say is an imminent cabinet shuffle by Olmert to rejuvenate his unpopular government.

"I have no problem with an Arab minister, but it is not my job to help Amir Peretz with the primaries," Lieberman said after the cabinet vote.

In Gaza, meanwhile, violent clashes between the armed wings of the rival Fatah and Hamas movements continued for a fourth day. A member of the Hamas security force in Gaza was killed and eight others were wounded by gunfire, adding to the scores injured in recent days. Also, a senior commander of a branch of the Palestinian security services controlled by Fatah was abducted in Gaza.

Factional violence has erupted periodically since Hamas's parliamentary election victory, which ended Fatah's long monopoly on power. But the death toll since Thursday of at least 29 Palestinians, including several children, is the highest in months.

The clashes, limited largely to Gaza, have prompted Hamas to suspend talks with Fatah over the formation of a power-sharing government acceptable to international donors who cut off aid to the Palestinian Authority after Hamas's victory.

Prime Minister Ismail Haniyeh of Hamas, which does not recognize Israel's right to exist, asked for calm Sunday before an emergency cabinet meeting.

Meanwhile, Saudi Arabia invited the rival Palestinian leaders for urgent talks in Islam's holy city of Mecca, and officials of both Hamas and Fatah said Sunday that they had accepted the offer, [a] news agency reported.

In The Land Of The Lonely (TIME)

By Tim McGirk

Time, January 29, 2007

Deep inside Palestinian territory, the Jewish community of Migron sits, precariously, on the crown of a skull-white hill. On a winter day, the wind is so fierce it rocks the trailer homes, knocks over the kids' plastic tricycles in the muddy driveways and threatens to rip out the young fruit saplings planted by the 90 young settlers who call Migron home. A guard dog the size of a lion prowls the hilltop to scare off Arab prowlers--or terrorists. Migron is a hard and unforgiving place, especially these days.

Itai Harel, 32, founded the Migron settlement in 2002, on his honeymoon. Harel and his bride were fulfilling a dream: Jews repossessing the biblical land of Judea and Samaria, nearly 2,000 years after they were exiled. It matters little to Harel and the

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other Israelis who have settled in Migron that they are living on land that much of the world believes belongs to the Palestinians, in homes that many of their own countrymen would just as soon see abandoned. In fact, the residents of Migron seem to pride themselves on being among the biggest loners in the Middle East. "We're supposed to be a Jewish, democratic state," says Harel, a broad-shouldered ex-paratrooper still in the army reserves. "But if you ask me, it's more important that this be a Jewish state than a democratic one, and for us, Judaism is the land of biblical Israel. It's more here than in Tel Aviv."

Settlers were once considered the golden pioneers of Zionism, the force behind the creation of Israel and, later, the occupation of territory seized after the 1967 war. But the future of the settlement movement, and the settlers themselves, has never seemed more uncertain. More than 270,000 Israelis live beyond the Green Line, as the old border is called, most in walled-in suburbs like Ma'aleh Adumim outside Jerusalem, which could be an estate of southern California condominiums if it weren't for the 300-year-old olive trees implanted in the traffic circles. The vast majority of Israelis living in the West Bank today do so less out of any ideological fervor than because the housing is cheap. But some 70,000 settlers are religious nationalists like Harel, who consider Palestinian land to be their Jewish birthright. They tend to live in remote outposts, surrounded by hostile Palestinians and occasionally harassed by Israeli authorities under pressure from the international community to evacuate the settlements. In 2005, Israel did just that, withdrawing 9,053 settlers from the Gaza Strip, the first time in more than two decades that Israel had voluntarily given back occupied territory.

The evacuation of Gaza was supposed to be the first step in Israel's "disengagement" from the Palestinians, followed by withdrawal from settlements in the more historically and strategically important West Bank. Those plans were shelved last year by Prime Minister Ehud Olmert, as conflicts with militants from Hizballah and Hamas soured many Israeli officials on the idea of giving up any more ground. But Olmert is weighing a pullout again. The Bush Administration has signaled a new determination to forge a comprehensive peace between Israel and the Palestinians. And the success of those negotiations will hinge in part on whether Olmert's government can sustain support for dismantling the West Bank settlements, more than 40% of which have been built illegally on private Palestinian land, according to Peace Now, an Israeli pacifist group.

It won't be easy. Polls show that a thin majority of Israelis want to get rid of settlements. But Olmert's dismal approval ratings have forced him into a marriage of convenience with the pro-settlement right wing. A large-scale campaign to evacuate Jewish settlers could produce more clashes like the one that erupted last January in an outpost called Amona, when an army effort to dislodge a few families left 200 soldiers and settlers injured. Another outbreak of violence could bring down Olmert's centrist government, which would probably hand power to hawkish parties who are in no mood to make peace with the Palestinians. As Gershom Gorenberg, an expert on the history of Israel's settlements, says, "Olmert's biggest fear is Jews fighting Jews, and that gives the settlers a stranglehold over the government."

The fate of the peace process, in other words, may be decided by what happens in places like Migron. As Israeli society has grown more secular and less attached to the vision of a greater Israel, ideological splits have emerged among the settlers. The most radical "hilltop youths" are ready to mobilize and resist the government's attempts to remove them. Many like Harel are second-generation settlers, the sons and daughters of older Zionists. They have grown up steeped in holy books and prophecy and see themselves as the first line of defense against the Arabs. They consider themselves divorced from the state and view the army and politicians, once their loudest cheerleaders, with distrust and suspicion. It has become a showdown of "Jews vs. Israelis," as Gorenberg puts it, and these extremists believe themselves to be the righteous Jews.

The family of Harel, the founder of Migron, embodies that divide. Harel's father Israel was among the early settlers who crossed into Jordanian territory after the 1967 war. He says that settlers like him were driven by a collective Zionism akin to socialism. "Our motivation wasn't religious," says the elder Harel. But younger settlers, like his son, seek more "divine reasons" for spreading into the Palestinian lands. "This transition into religious nationalism is unfortunate. It makes us into a sect," the elder Harel says. "And it doesn't represent what the majority of Israelis think."

Some radical settlers are hurting their own cause. Israeli television showed footage last week of a young settler, and her child, taunting a Palestinian girl in Hebron and cursing her as a "whore." Similar ugly scenes of Jewish settlers hacking down ancient Palestinian olive groves or beating up Arab schoolkids are just part of the reason why many Israelis have turned against them. Another is money: guarding and maintaining the settlements costs plenty. A study by the newspaper Ha'aretz reckons that since 1967, the bills run upwards of $10 billion, excluding military costs in the West Bank. According to Yaacov Shamir, a communications professor at Hebrew University in Jerusalem, recent polls show that 52% of Israelis are prepared to withdraw from settlements as part of a future peace deal with Palestinians.

But that number may slip if the instability in the Palestinian territories--fueled by disputes between the Hamas government and President Mahmoud Abbas--gets worse. Israelis thought that leaving Gaza would give them a breather from terrorists; instead it has accelerated a downpour of rockets into Israel from Palestinian militants in Gaza. For the most part, the Palestinians in the West Bank live like ghosts on the periphery of the Jewish settlements. The nearby Arab villages are usually walled off, and settler-only highways, guarded by army checkpoints and concrete walls, have turned Palestinian communities into islands. But in

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the gray zone of Israeli-Palestinian affairs, some Palestinians are grudgingly accepting of the settlements, because the settlers hire Palestinian workers. Modi'in Ilit, an ultra-Orthodox community of 35,000 along the Green Line, is growing so fast that 1,000 Palestinian construction workers are allowed in from nearby villages to build 10-story high-rise apartments. "Every week 40 babies are born here," says Mayor Yaakov Guterman, who predicts Modi'in Ilit will swell to 200,000 inhabitants in the next two decades, all on land purchased controversially inside the Palestinian territories. And nobody is stopping them.

Taking the painful step of leaving the West Bank will require Israelis to accept what the country's founding father, David Ben-Gurion, recognized in 1949: that the longer Jews hold onto land seized from the Arabs, the more likely they are to become a minority in their own homeland. (There are currently 5.7 million Jews living in Israel and the occupied territories, in contrast to 5.4 million Palestinians.) The problem is less one of ideology than of political will. Too many Israeli politicians, including Olmert, owe their rise to the support of the settler communities, which are among the most active and well-organized forces in Israeli politics. Back at Migron, Itai Harel turns up the collar of his blue plaid jacket against the wind and points out the asphalt road, the electricity lines leading up the hill, the water tank--all built by the Israeli government. Harel says five Cabinet ministers have visited his hilltop and all pledged support. "They're helping us through the back door, with a wink," he says.

Harel envisions that someday 500 religious families will inhabit Migron. He speaks with the confidence of both a true believer and a pragmatist, one who knows that settlements like his have outlasted many previous attempts to uproot them. At his wintry outpost, Harel is not worried about Olmert pulling back the settlers. "The Israeli public will go wherever a strong leader takes them, but for now, we have no strong leaders," he says. That's good news for Harel--but hardly a solid foundation on which to build peace in the Middle East.

With reporting by Jamil Hamad / Hebron, Aaron J. Klein / Migron

Lebanon Faces Prospect Of Civil War (CSM)

By Scott Peterson

The Christian Science Monitor, January 29, 2007

It was a dispute in a university cafeteria that erupted into the worst sectarian violence in Lebanon in 15 years. How it started and who is to blame depends on which side tells the story.

But even as young Shiite and Sunni men on both sides armed themselves for a bloody face-off last Thursday, their parents begged them to stop – horrific images of Lebanon's 1975-90 civil war rekindling in their minds.

The political standoff between the government and opposition, simmering for two months, has taken an increasingly violent and sectarian turn in the past week, exposing long-dormant divisions between Lebanon's Sunnis and Shiites, and rival Christian factions.

At stake in the spiraling conflict is who will define the identity of Lebanon, a colonial-era construct that includes 18 confessions, and in recent decades has served as the proxy battlefield for broader regional struggles by Israel, Syria, Palestinians, and today, the US and Iran.

"My mother was crying ... and telephoned me to come back," says business student Alaa, a Sunni who dismissed his mother's pleas on Thursday, as black smoke from burning cars belched above the largely Sunni Tareq al-Jdideh neighborhood.

"They know about the civil war and they fear it again," says Alaa, speaking of his parents. "[But] if we do not do this and defend our homes, [Shiites] could come and invade and stay."

That battle pitted Sunni supporters of the Western-backed government of Prime Minister Fouad Siniora, who dominate the area around the Beirut Arab University, against Shiite Hizbullah and Amal loyalists who want to topple the government and who called in armed and helmeted reinforcements to back up their students.

The specter of renewed conflict could mar the ambitions of both Lebanese camps and jeopardize a transformation that has rebuilt Beirut from the ashes of civil war. Lebanon is still reeling from the 34-day war this summer, between Hizbullah and Israel, that devastated the nation's infrastructure. Donors in the Western camp met in Paris Thursday to pledge $7.6 billion to help.

"Only God can stop a civil war now," says a Christian father and former officer in the Lebanese Forces militia of Samir Geagea, a Christian leader once indicted for wartime killings. Two of his sons are in the Army, which has so far not been overwhelmed by the spasms of violence.

"We're between catastrophe and peace in Lebanon," he says. "The smallest accident could set it off, because blood is moving and is inflamed."

"For 15 years the TV and news showed there was peace," says another Christian, a militant who maintains a personal arsenal of two assault rifles, a pistol, and stocks of ammunition, hidden in cupboards and amid piles of clothes.

"But inside ourselves, we prepare for the next big fight. All groups have [prepared]," says the man, who asked not to be identified. "I don't believe we can all live together. There is too much religious racism, and hiding [of true feelings.]"

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Those mutual suspicions have been edging closer to the surface, driven by uncompromising politicians willing to take their differences to the street. Violence first broke out last Tuesday when the Hizbullah-led opposition shut down Beirut and other cities with flaming barricades and gangs of club-wielding men during a one-day nationwide strike.

The further eruption Thursday was more shocking to many Lebanese, because the spark was apparently so small. Afterward, leading politicians of all stripes called for calm and a withdrawal from the streets.

Though it was quiet over the weekend, many Lebanese spoke of mistrusting politicians and concern that tension is rising beyond their ability to control the street.

"I didn't get scared in the past war, but now I am worried," says Adel, a Sunni who lives with his family behind Beirut Arab University. "I felt like I was completely in a trance [during the fight]. We are concerned it could get worse, but we hope it will end here. No one is looking for war.

"I told my sons: 'Stay where you are [at home]. Don't look for trouble,' " adds Adel, who would only give his first name.

But on Thursday trouble found plenty of young men – including at least one of Adel's sons – who admitted knowing little about Lebanon's past civil war or how such strife as they are engaged in helped precipitate it.

Rabiah, a Sunni student, said his parents "were terrified" by the vicious street scenes. A chunk of thrown rubble cut the right side of Rabiah's face and eye: "They tried to stop me going out, but I ignored them. I ran away from the house."

Rabiah ran directly into a conflict that had been ratcheted up by politicians and their taunting rhetoric.

Hizbullah chief Sheikh Hassan Nasrallah said he had limited the strike to one day in the interest of peace, but declared that his Shiite party and its allies had the "strength to bring down the unconstitutional government tomorrow or the day after."

Michel Aoun, a former general whose Christian faction is allied to the Syrian- and Iran-backed Hizbullah, said after the strike that "surprises" were forthcoming: "You can't imagine what we have in store."

Then after the Thursday riots, which only came to an end when the Lebanese Army intervened, pro-government forces countered with their own warnings. Saad Hariri, the parliament majority leader and son of former Prime Minister Rafik Hariri, who was assassinated two years ago, said: "Everyone has reached the red line, and here we have to back up and return to dialogue."

In a speech Friday, Mr. Geagea, whose Christian faction is pro-government, told Nasrallah that Hizbullah could not "alter the balance of power" in Lebanon: "If you go beyond democratic means, that will lead you to civil war, in which you will also not achieve your declared objective."

At street level, some of the worst clashes last week were between Christian groups, in Beirut and the northern city of Tripoli. Maronite Patriarch Boutros Sfeir complained that "such a reality makes our heart cry," as he noted that no sect was without blame.

"We used to think that some Lebanese were better than others," the Christian religious leader said, "but we discovered that all of them were involved in clashes and there isn't any difference between one sect and another."

Still, Christians are as concerned as any at the surge in violence.

"When we sit with [Muslims], we are brothers," says the armed Christian militant, speaking of his fears at his home. "But when Christians sit alone, we talk badly of them. And when Muslims sit alone, they talk badly of us. They don't like us, and talk of war."

"We want to live in peace, but in our way – freedom," says this militant, who says he narrowly missed being shot with a pistol on Tuesday when he went to open a road closed by Aoun supporters, fellow Christians. "We don't want someone to shoot up a shop if it sells arak [liquor], or throw acid in the face of a girl if she does not wear a veil.

"I hope it continues, this Sunni-Shiite fighting, and they kill off each other," says the militant. "They will kill our children after."

Such strong views are gathering voice in Lebanon, as activists openly chant sectarian taunts for the first time in years. Many of those on the front lines were mere toddlers at the end of the last civil war.

"We are really scared," says Deem, a Sunni woman studying for a masters degree in finance at the university. "The situation has not been safe, and no one knows about the future."

"It is a nightmare. But what I saw [in Thursday's clashes] was the beginning," says Deem. "It is a civil war already, and somebody should do something, to defuse it fast. The Lebanese need to do something."

Thursday after the clashes was "fine, everyone went home," she says. "But what about tomorrow? Or the day after tomorrow?"

A NATO For The Middle East (TIME)

By Walter Isaacson
Time, January 29, 2007

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When theÂ U.S. was faced with a new global threatÂ 60 years ago, the expansionism of Soviet communism, its leaders responded with an awesome burst of creativity. Among the institutions they launched were the World Bank, the Marshall Plan and, most important, the mutual-defense pact and military alliance NATO.

Now faced with a new global threat, that of terrorism from Islamist extremists, we could sure use some of that type of creative and bold thinking. What would George Marshall and Dean Acheson be doing now? At the top of their list, I suspect, would be forging a new version of NATO. They might call it MATO: the Mideast Antiterrorism Organization, a military, police, intelligence and security mutual-defense alliance between the West and our moderate allies in the Middle East.

This MATO alliance would include the countries that Secretary of State Condoleezza Rice, on her recent trip to the region, referred to as the "mainstream" and "moderate" Arab nations: Egypt, Jordan, Saudi Arabia and the gulf states. These nations are as threatened as we are by the rise of Iran and of Islamist radicalism.

Creating the alliance would present an opportunity disguised as a challenge: for it to be most effective, it should include Israel. That would require an Israeli peace with the Palestinians, which would permit Israel to escape from having to occupy the West Bank indefinitely. The opportunity is that Israel could (as the Saudi plan of 2002 suggested) then establish normal relations with the moderate Arab states, and the new military alliance could provide the security guarantees that could make any Israeli-Palestinian settlement work.

Another challenge would be to ensure that the new alliance does not inflame the sectarian divide in the Islamic world, which could happen if it is seen as a Sunni cabal against the Shi'ites. But if the new Iraqi government (the only Shi'ite-led one besides Iran in the region) joined, the new alliance could show that it was willing to protect both moderate Shi'ites as well as Sunnis. The alliance would then be able to help take over from the U.S. some of the security responsibility in Iraq, and it could wean the Shi'ite leaders in Baghdad from their ties to Tehran.

There is, however, one major philosophical objection to this approach. The so-called moderate Arab states, particularly Egypt and Saudi Arabia, are far from paragons of democracy.

Since Sept. 11, the Bush Administration has put a premium on an idealistic and neoconservative agenda of pushing hard for democracy in the region even at the risk of short-term destabilization. It would be nice to continue to say, as Secretary Rice used to declare frequently, that there is no conflict between pushing for more democracy and seeking greater stability in the Middle East. That may be true in the long run. But the real-world present is more complicated, and there are some real trade-offs. An unsettling fact about the Middle East, as the elections in the Palestinian territories and Iran have demonstrated, is that democracy does not always go hand in hand with moderation in the short term. Elections in Egypt and Saudi Arabia would surely show the same.

Rice's rhetoric has now changed. On previous trips to Egypt, she was firm in preaching the need for faster democratic reform. But that sermon was missing during her latest trip, when she instead spoke of America's "important strategic relationship" with Egypt in what she has called a struggle "between extremism on the one hand and mainstream states on the other."

In a recent editorial, the Washington Post warned that Bush should not sacrifice his democracy agenda in the Middle East. And indeed it would be perilous to abandon our ideals for the sake of short-term security.

So what would Marshall and Acheson do? They probably would have created, in addition to a NATO-like antiterrorism alliance, a worldwide coalition of true and free democracies, ranging from India to Turkey to Israel. This Concert of Democracies could work on ways to nurture and support our common ideals, even as the new antiterrorism military alliance could be used to protect our security interests. Washington could use both instruments, just as it now uses both NATO and the U.N., depending on the situation.

Perhaps such an approach could even begin to minimize the trade-offs that now seem to vex us. Membership in MATO, especially if it drains some of the bile from the Israeli-Palestinian dispute, could make the leaders and citizens in places such as Egypt and Saudi Arabia feel more secure. And that may make them more open to greater democracy and reform.

U.S., N. Korea To Resume Financial Talks (AP)

By Edith M. Lederer

AP, January 29, 2007

A senior Treasury official said the groundwork has been laid for U.S.-North Korea talks Tuesday on U.S. financial restrictions against the North's alleged smuggling and counterfeiting, which have angered Pyongyang and held up separate talks on scrapping its nuclear weapons program.

U.S. Deputy Treasury Secretary Robert M. Kimmitt said the talks will resume in Beijing at North Korea's request.

"I would say these talks are proceeding in a business-like fashion," he said in an interview Saturday on the sidelines of the World Economic Forum. "I think progress is being made on the technical understanding on both sides."

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"But these are a set of talks, from our perspective, designed to make clear that the action that we took was narrowly targeted, focused on illicit conduct — and the way to cure it is to foreswear such conduct, make restitution for what's been done in the past, and move forward," Kimmitt said.

In a sign of stepped-up diplomacy with Pyongyang, the U.S.-North Korea talks will be quickly followed in early February by another round of six-nation negotiations on the North's nuclear program. The nuclear talks involve the U.S., Russia, China, Japan and the two Koreas.

The U.S. Treasury said it notified all U.S. banks on Sept. 15, 2005 that they were banned from doing business with Banco Delta Asia SARL in Macau, which effectively barred the bank from operating in the world financial system. The United States initially alleged that North Korea was using the bank for cigarette smuggling and counterfeiting $100 bills. Later it alleged Banco Delta Asia was linked with a bank connected to the North's missile program.

The Treasury has not yet finalized the ban so banks are not legally banned from doing business with Banco Delta Asia — but all affected banks immediately cut off all business with the bank, U.S. officials said.

The U.S. action on Banco Delta Asia came four days before a Sept. 19, 2005 agreement at the six-nation talks in which North Korea agreed to abandon its nuclear program in exchange for security guarantees and aid. That accord has yet to be implemented. Upset and citing the U.S. restrictions, Pyongyang withdrew from further talks and then tested a nuclear bomb on Oct. 9, 2006.

Kimmitt said that at a meeting with the North Koreans in New York in March 2006, U.S. officials explained that the Treasury took action against the Macau bank as it has in many other places in the world where it discovered suspicious activity.

The U.S. made clear "this was not directed against North Korea as a country, it was directed against the conduct in which North Korea was engaged using that bank," he said.

The North Koreans agreed to return to the nuclear talks in December, saying there were no preconditions. But the talks ended with no apparent progress due to the dispute over the U.S. financial restrictions.

Another round of nuclear talks is expected to take place in Beijing in early February.

Diamonds In The Sky (TIME)

Time, January 26, 2007

China's successful antisatellite-missle test Jan. 11 carries potential implicationsÂ for the international community, which has collectively placed at least 316 satellites within the missile's proven range (528 more orbiters, such as GPS and early-warning satellites, fly even higher). At issue are military surveillance satellites--the very ones that detected Beijing's test--which represent only 6% of the total number but almost all of which fly within reach. Until now, only Russia and the U.S. have downed space objects, and despite Beijing's assurances that the test was not adversarial, the U.S. sees a threat to its spy satellites--and a possible catalyst to a space arms race. [This article consists of a complex diagram. Please see hardcopy of magazine.]

Former Salvadoran Foes Share Doubts On War (WP)

By Manuel Roig-Franzia

The Washington Post, January 29, 2007

SAN MIGUEL, El Salvador -- JosÃ© Wilfredo Salgado says he collected baby skulls as trophies in the 1980s, when he fought as a government soldier in El Salvador's civil war. They worked well as candleholders, he recalls, and better as good-luck charms.

In the most barbaric chapters of a conflict that cost more than 75,000 lives, he enthusiastically embraced the scorched-earth tactics of his army bosses, even massacres of children, the elderly, the sick -- entire villages.

It was all in the name of beating back communism, Salgado, now the mayor of San Miguel, said he remembers being told.

But as El Salvador commemorates the 15th anniversary of the war's end this month, Salgado is haunted by doubts about what he saw, what he did and even why he fought. A 12-year U.S.-backed war that was defined at the time as a battle over communism is now seen by former government soldiers such as Salgado, and by former guerrillas, as less a conflict about ideology and more a battle over poverty and basic human rights.

"We soldiers were tricked -- they told us the threat was communism," Salgado said as bodyguards with pistols tucked into their waistbands hovered nearby at his home, ringed by barbed wire. "But I look back and realize those weren't communists out there that we were fighting -- we were just poor country people killing poor country people."

Salgado said he once thought that the guerrillas dreamed of communism, but now that those same men are his colleagues in business and politics, he is learning that they wanted what he wanted: prosperity, a chance to move up in the world, freedom from repression.

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All of which makes what they see around them today even more heartbreaking and frustrating. For all their sacrifices, El Salvador is still among the poorest countries in the Western Hemisphere -- more than 40 percent of Salvadorans live on less than $2 a day, according to the United Nations. The country is still racked by violence, still scarred by corruption. For some the question remains: Was it all worth it?

"We gave our blood, we killed our friends and, in the end, things are still bad," said Salgado, who has served three terms as mayor of El Salvador's second-largest city. "Look at all this poverty, and look how the wealth is concentrated in just a few hands."

North of Salgado's home, the guerrillas he once fought live with the same doubts. Speeding along the curvy mountain roads near the onetime rebel stronghold of Perquin one recent afternoon, former guerrilla Benito Chica Argueta lamented that the future didn't turn out as he'd hoped.

Today, he scrapes together a living any way he can: Sometimes he sings at parties, sometimes he sells firewood. Zipping past a few sturdy masonry houses that appeared out of place alongside flimsy shacks, he quietly observed that such luxuries were beyond his reach.

"Those are people who get money sent from their relatives working in the United States," he said. "They're the only people around here who can afford a nice house."

Miles from those nice homes, he parked and hiked through a craggy ravine, grabbing vines to steady himself as he worked higher and higher up the Cacahuatique Mountains. At the end of the ravine, he reached a cave. Inside, bats skittered through the cool darkness that was his refuge as a scared young guerrilla. It still feels like a safe place to him.

Chica Argueta, who maintains the pencil-thin mustache he wore as a young rebel, once trudged through a shallow stream to get there, so that he wouldn't leave footprints that would give away the location of the guerrillas' Radio Venceremos -- Radio We Will Be Victorious. Now he'll take anyone there for a few dollars.

In a honeyed voice that once crooned revolutionary anthems, Chica Argueta, now 46, said his guided visits are part of an effort to build a tourist industry on the relics of El Salvador's civil war -- one of the first such endeavors in Central America. But something else is at work. He is trying to secure his guerrilla movement's place in history.

Even though some factions of the coalition of guerrilla armies that fought in El Salvador's civil war were Marxist, he said, ideology had nothing to do with his decision to take up arms and leave the farm where his father earned only a few colones for backbreaking work. Nor did ideology play a role in motivating his friends in the People's Revolutionary Army -- one of five guerrilla factions during the war -- that he served with in the northern Morazan region, he said. He remembers fighting "for a piece of land, for the chance that my children might someday get to go to the university."

The Reagan administration, fearing a communist uprising, built up El Salvador's military with weapons, training and hundreds of advisers to serve as a surrogate force against what it described as encroaching Soviet and Cuban influence in Central America. To this day, Chica Argueta seethes when he recalls the sight of U.S. planes, knowing that they were there to fight a communist threat that he believes was overblown.

The war's degeneration into senseless malice was seared into Chica Argueta's mind in a tiny mountain town called El Mozote. In December 1981, a U.S.-trained battalion of government troops tortured and executed about 500 villagers there; the names of dozens of victims -- many under the age of 2 -- are now etched on the wall of the rebuilt church.

Chica Argueta and his fellow guerrillas arrived in El Mozote several days after the massacre and, fearing a return of the soldiers, hurriedly buried the dead beneath a thin layer of adobe bricks. Salgada arrived months later, after rains had unearthed the corpses, and piled skulls into sacks as souvenirs. He had "lost his love of humanity," he recalled, but a kernel of doubt was forming. He was conflicted, as he is today.

Salgada kept the skulls for years. They were reminders of how deeply he had sunk into depravity, yet somehow they also represented his awakening, he said. Witnessing the aftermath of what his colleagues did in El Mozote and reflecting on those skulls changed his mind about how the war was being fought. He might still have the skulls, he said, if not for the new family and the new life he has forged.

"Could you imagine the nightmares my children would have if I kept them in the house?" he said.

Salgada's mentor, the vaunted Col. Domingo Monterrosa, ordered the attack in El Mozote, which Salgada said he now considers "a genocide." Yet Salgada displays a huge painting of himself and Monterrosa -- who was killed during the war -- in the foyer of San Miguel City Hall. Perhaps it will make people ask questions about the war, Salgada said, though he's sure "people hate me" for displaying it.

If Monterrosa had lived, Salgada said, he should have been prosecuted for "war crimes like a Hitler." But he tempered his historical indictment, saying that "those were different times."

The scars of what he and his compatriots did, of the horrors of their brand of war, linger. Just two years ago, on a bridge in San Miguel, Salgada encountered a former government soldier who appeared to believe the war was still underway. He saluted

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Salgada and told him he had secured the bridge so that rebels couldn't cross, even though the war had been over for more than a decade.

"These are old wounds," Salgada said. "These anniversaries just open them wider."

Salgada and Chica Argueta now share a point of view, a common phenomenon in El Salvador today, where former soldiers and guerrillas often work together and intermarry. Chica Argueta said he believes the intermingling of former enemies was made possible by peace accords signed in 1992 without declaring a loser, thus leaving the guerrillas and the government soldiers on an even plane.

While Salgada and Chica Argueta struggle with doubts about the war, El Salvador's ruling party, the Nationalist Republican Alliance, or ARENA, presents a less nuanced image. ARENA prides itself as a bulwark against communism. The party's official hymn, sung often at political and government gatherings, boasts that "El Salvador is the tomb of the red ones," a reference to communist sympathizers.

Walter Araujo, an ARENA stalwart who is president of El Salvador's Supreme Court and former head of the party, said in an interview that the civil war "put up a barrier against communist expansion. . . . To say communism wasn't a threat at that time would be to deny history."

Araujo is quick to point out that some rebel factions received support from Fidel Castro in Cuba and Daniel Ortega's Sandinista government in Nicaragua. And those countries might have played an outsize role in shaping El Salvador if the war had ended differently, Araujo said.

"We would have suffered the same fate as Nicaragua if there had been a victory by the left," Araujo said.

Today, Araujo and others describe what they portray as a similar threat -- the rise of populist socialist movements in Latin America -- and worry that El Salvador once again will be swept up in a bitter ideological fight.

"The risk has resurged," Araujo said.

A group of former guerrillas watched Araujo speak on television a few days before the Jan. 16 anniversary of the peace accords and scoffed at his comparisons between the present and the civil war era. On the patio of a small hotel in Perquin, where a civil war museum promotes the guerrilla version of history, they fretted that their struggle is still misunderstood.

The conversation drifted toward their disappointments about postwar El Salvador: the continued mass migration to the United States by Salvadorans who cannot find work at home, their fears about violence in a country with one of the highest murder rates in the world, their worries that the government isn't doing enough to address either problem.

"We have no historical memory here in El Salvador -- has everyone forgotten what we fought for?" said Adolfo Sanchez, a 47-year-old former guerrilla whose left arm is several inches shorter than his right because a bullet obliterated his elbow.

Then Sanchez paused. A smile grew on his face.

"You know," he said, "before the war we never could have sat here, right out in the open, and said such things."

Maybe, they all agreed, it had been worth it after all.

Zakaria: Preview Of A Post-U.S. World (NSWK)

By Fareed Zakaria

Newsweek, February 5, 2007

Two things were missing from this year's world Economic Forum at Davos: snow (which arrived eventually) and America-bashing (which did not). There were, of course, lots of American businessmen, activists and intellectuals filling the panels and halls of the conference. There were even a few senior American officials—though no star speaker. But, for the first time in my memory, America was somewhat peripheral. There were few demands, pleas, complaints or tantrums directed at the United States. In this small but significant global cocoon, people—for the moment at least—seemed to be moving beyond America.

"There has always been a talk by a senior American official as one of the centerpieces of the Forum," said a European who has advised the Forum for many years—and who asked to remain anonymous because of his relations with U.S. officials. "And in the past, people eagerly anticipated who that would be—Colin Powell, Dick Cheney, Condoleezza Rice. This year, almost no one inquired. We expected disappointment. But there was none. No one even noticed."

Part of the reason is that people are moving beyond George W. Bush. Europeans and Middle Easterners in particular used to rail against Bush. Now they think that their views about him and his policies—whether on Iraq, global warming or unilateralism—have all been vindicated, so why keep ranting? Besides, he's a lame-duck president, his weakness on full display in last week's plaintive State of the Union address.

But there may be a larger phenomenon at work here. This year's conference theme was titled "Shaping the Global Agenda: The Shifting Power Equation." The emphasis, and some of the talk at the conference, focused on that shift in power, with speakers foretelling the rise of Asia (and implicitly, the decline of America and Europe).

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We are certainly in a trough for America—with Bush in his last years, with the United States mired in Iraq, with hostility toward Washington still high almost everywhere. But if so, we might also be getting a glimpse of what a world without America would look like. It will be free of American domination, but perhaps also free of leadership—a world in which problems fester and the buck is endlessly passed, until problems explode.

Listen to the new powers. China, which in three years will likely become the world's biggest emitter of CO2, is determined not to be a leader in dealing with global environmental issues. "The ball is not in China's court," said Zhu Min, the executive vice president of the Bank of China and a former senior official in the government. "The ball is in everybody's court." India's brilliant planning czar, Montek Singh Alluwalliah, said that "every country should have the same per capita rights to pollution." In the abstract that's logical enough, but in the real world, if 2.3 billion people (the population of China plus India) pollute at average Western levels, you will have a global meltdown.

German Chancellor Angela Merkel called for a new round of trade talks and asked that everyone be "flexible." In fact, the United States has exhibited considerable flexibility, relaxing its position on many contentious issues, including agricultural subsidies. On the other hand, France, that eloquent critic of U.S. unilateralism, has refused to budge on its lavish subsidies for farmers. As a result, the European Union is fractured and paralyzed. For their part Brazil, China and India speak of flexibility in the abstract but have made no new proposals. The ball for every problem is in everybody's court, which means that it is in nobody's court.

The problem is that this free ride prob-ably can't last forever. The global system—economic, political, social—is not self-managing. Global economic growth has been a fantastic boon, but it produces stresses and strains that have to be handled. Without some coordination, or first mover—or, dare one say it, leader—such management is more difficult.

The world today bears some resemblance to the 1920s, when a newly globalized economy was booming, and science and technological change were utterly transforming life. (Think of the high-tech of the time—electricity, radio, movies and cars, among other recent inventions.) But with Britain declining and America isolationist, that was truly a world without political direction. Eventually protectionism, nationalism, xenophobia and war engulfed it.

In a provocative essay in Foreign Policy three years ago, the British historian Niall Ferguson speculated that the end of American hegemony might not fuel an orderly shift to a multipolar system but a descent into a world of highly fragmented powers, with no one exercising any global leader-ship. He called this "apolarity." "Apolarity could turn out to mean an anarchic new Dark Age," Ferguson wrote, "an era of waning empires and religious fanaticism, of economic plunder and pillage in the world's forgotten regions, of economic stagnation, and civilization's retreat into a few fortified enclaves." That might be a little farfetched. But for those who have been fondly waiting for the waning of American dominance—be careful what you wish for.

Boy Wonder (TIME)

By Catherine Mayer

Time, January 29, 2007

Britain's leader of the opposition isn't a typical alpha male. He's the kind of guy who pauses before biting into a muffin. "I really shouldn't," he says during a day of campaigning in Scotland. "I'm fat." That's not true, but like many an Englishman who ingested stodgy food at boarding school, David Cameron, 40, the leader of Britain's Conservative Party, lacks sharp angles. His telegenic appeal has propelled the Tories to a consistent lead in opinion polls for the first time since Tony Blair's 1997 victory. That has infused Britain's Conservatives with a sensation so unfamiliar, they barely recognize it: optimism. Giddy at this turn of fortune, some are already mythologizing the man behind it. Iain Dale, who writes a Conservative blog, speaks of Cameron's "Kennedyesque glamour." Cameron and his wife Samantha--the daughter of a baronet, who sports a tattoo of a dolphin on her ankle--are among London's most sought-after party guests. Says Gregory Barker, a Tory M.P. and member of Cameron's campaign team: "People sniff Camelot."

Actually, Cameron has more in common with a certain British pol than he does with J.F.K. Whether nodding sagely to recovering drug addicts at a rehab center north of Aberdeen or charming Scottish journalists on the serpentine train journey to Edinburgh, the person whom Cameron resembles more than any other is a young Blair. He has the same brow-furrowing desire not only to understand his interlocutors but to empathize with them; the same rootless accent that in Britain indicates an easy start in life (in his case, school days at Eton and a degree from Oxford). And like Blair a decade ago--when he was dumping his party's traditions to appeal to a wider constituency--Cameron inspires suspicion as well as excitement. One Labour Party campaign depicted the Tory leader as a chameleon.

Yet the time might be ripe for Cameron. Blair has said he'll step down before the fall. His presumptive successor, Chancellor of the Exchequer Gordon Brown, is saddled by a more leaden style, a darker visage and a government that is losing popularity, largely because of the mess in Iraq. But Brown does not have to call an election until 2010, so Cameron can't rely on the war to deliver 10 Downing Street to him. Every second week he makes a foray from what he calls "the Westminster bubble"

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to some farther-flung outpost of the kingdom, meeting as many people as possible. "Obviously," he says, "in politics, people want to have a look at you and understand who you are and what makes you tick."

That's where the trouble begins. It's easy enough to locate Cameron's heart; that's with his family. He and Samantha have three children under 5--the eldest is severely disabled--and he says he spends most of his home life "knee-deep in nappies and wailing children." When his staff urged him to start his trip to Scotland early because of a forecast of gales, Cameron refused, insisting he had to put his children to bed.

The wellsprings of his political conviction are harder to trace. If a Kennedy inspires him, it's Bobby, the "wonderful orator," not his big brother. Unlike Blair and Brown, Cameron doesn't exude a strong affinity for the U.S. And in a departure from his predecessors, Cameron rarely invokes the name of the Tories' biggest icon: Margaret Thatcher. "To me, Mrs. Thatcher--it's all a long time in the past," says Cameron. "People are voting at the next election who were born after Mrs. Thatcher left office."

Many Tories of Cameron's generation believe that their party needs to reclaim the middle ground so brilliantly colonized by Blair and distance itself from the fiercely ideological course it charted during the Thatcher era. "We're seen as the nasty party," says Barker. To revamp that image, Cameron has engaged in conspicuously un-Tory-like behavior, traveling widely and posting a confessional blog at www.webcameron.org.uk He's promoting a doctrine he calls "modern, compassionate Conservatism," which is "about helping those people who can get left behind." In a nod to a nation where opposing global warming has become a semireligious duty, he claims to be more environmentally friendly than Labour. Cameron's slogan in local elections last May was "Vote blue, go green."

That sort of talk has worried some of the party faithful, but Cameron wants his big ideas to appeal across party lines. "You have to do what Bill Clinton did and build a big tent," says Dale, paying respect to a man whom an older generation of Conservatives dismissed as a pot-smoking, skirt-chasing lefty. But even Dale would like Cameron to signal to traditional Tories that "the old issues will be treated as seriously as the new ones." That might mean an overt reiteration of the Tories' traditional claim to be the party of low taxation. Or--always a favorite with the right wing--blaming the European Union for Britain's ills.

So far, though, Cameron has avoided making many explicit policy statements, relying instead on warm and fuzzy ideas like a belief in "social responsibility" that he says will empower business, individuals and local government. But in Britain's red-meat political and media landscape, warm and fuzzy is rarely enough. Popular attitudes to politicians are still set by the tabloids, which take no prisoners. And so far, the red tops aren't convinced. "I can't get to grips with Cameron, and I don't think the electorate can," says Trevor Kavanagh, the longtime political voice of the Sun. Here's a warning for the conservative comer: if the Sun thinks you're not substantial enough, that's a weight problem to worry about.

People's Investment Company (WSJ)

The Wall Street Journal, January 29, 2007

For Wall Street, the big news out of China this month is that the country will "actively explore and expand the channels and methods for using foreign-exchange reserves." The Communist Party might hive off a big chunk of its $1 trillion stash and invest abroad on behalf of its citizens, a la Singapore's Government Investment Corporation. That may be a boon for bankers, but it's not necessarily a smart idea for China.

This is yet another scene in the Party's balancing act between economic liberalization and state control. China's exchange-rate policy -- the catalyst for its huge foreign-exchange reserves -- is at the heart of the debate. By more or less pegging the renminbi to the dollar, Beijing accumulates foreign-exchange reserves when it mops up the incoming greenbacks. The policy has spurred an enormous boom, giving Chinese and foreigners the confidence to invest without worrying about price volatility.

This has also bought time for China to reform its broken financial sector -- a task that's far from finished. At the same financial conference at which the government investment idea was floated, Premier Wen Jiabao kicked off the reform of the Agricultural Bank of China, more than half of whose loan portfolio is rumored to be non-performing; it will take perhaps $100 billion or more to bail it out.

So why hive off foreign-exchange reserves into a Singapore-style fund? For one, China's policymakers may be frustrated that their efforts to encourage money to flow abroad aren't working quickly enough to offset the tide of incoming capital. The so-called Qualified Domestic Investor Initiative scheme, which lets Chinese investors buy bonds abroad, has attracted only a few billion dollars so far.

But there are good reasons for that. Today, Chinese investors see better prospects at home. The Shanghai stock market is up more than 110% over the past 12 months, and property prices are still healthy. Chinese investors probably aren't turned on by buying U.S Treasury bonds. If the Party were serious about opening their capital markets, they'd let investors buy General Electric on the New York Stock Exchange, or a vacation home in Thailand.

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It's more likely that Beijing likes the GIC-like setup because it would keep the Party's hands on the money. Singapore's fund hasn't released public accounts since its founding in 1981; its stated total under management, at $100 billion, hasn't changed in years. But at least Singapore has a reputation for clean governance; the same can't be said of China's bureaucracy.

Beijing's policymakers could also make political hay domestically by telling citizens that they will get more return for their renminbi -- which could then be invested in, say, education or health care. This is the "negative carry" argument -- the idea that foreign investors are receiving double-digit returns on their dollars, while China's central bank receives single-digit returns when it invests renminbi in U.S. T-bills.

But that's not the way it really works. Foreign-exchange reserves are liabilities on a central bank's balance sheet, not found money. Up to a certain point, reserves assure foreign investors that a country has ammunition to fight an attack on its currency, such as during the 1997-98 financial crisis. Once reserves accumulate beyond that point, more fundamental questions about government policy have to be raised. Instead of creating an opaque government institution to manage reserves, China would do better to tackle the root problem: the need for more capital freedom.

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TERRORISM NEWS:

Professor Calls War On Terror A "Massive Overreaction." In a Los Angeles Times (1/28, 850K) op-ed, David Bell, a professor of history at Johns Hopkins University, questions whether the American reaction to the 9/11 attacks has "in fact been a massive overreaction." Bell says "it is no disrespect to the victims of 9/11, or to the men and women of our armed forces, to say that, by the standards of past wars, the war against terrorism has so far inflicted a very small human cost on the United States." The "people who attacked us in 2001 are indeed hate-filled fanatics who would like nothing better than to destroy this country," Bell concedes, but stresses that "desire is not the same thing as capacity, and although Islamist extremists can certainly do huge amounts of harm around the world, it is quite different to suggest that they can threaten the existence of the United States." Therefore, he suggests that the war against terrorism "has not yet been much of a war at all, let alone a war to end all wars," but rather "a messy, difficult, long-term struggle against exceptionally dangerous criminals." To fight them effectively, Bell says "we need coolness, resolve and stamina. But we also need to overcome long habit and remind ourselves that not every enemy is in fact a threat to our existence."

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Express-News Questions Surveillance Moves. The San Antonio Express-News (1/28) editorializes, "Attorney General Alberto Gonzales says the nation will be 'no less safe' now that the Bush administration has agreed to bring its warrantless surveillance program into line with provisions of the Foreign Intelligence Surveillance Act. … The effort to monitor international calls to or from terrorist suspects will now come under some sort of scrutiny from the secretive FISA court, specially created to review intelligence matters." The Express-News continues, "It is a curious reversal for the administration that raises an important question: If judicial review of the program doesn't impair national security, why didn't the White House adhere to this legal process from the beginning? … President Bush had maintained that as commander in chief, he is empowered in time of war to carry out such surveillance beyond the purview of the FISA court. Since the surveillance effort became known publicly in late 2005, he has strenuously argued that any changes to the program would imperil national security. … The new White House position still asserts this executive power — what Gonzales calls 'inherent authority.' But it accepts some sort of formal review process under FISA rules." The Express-News adds, "Other than a new majority in Congress, what has changed? No one really knows, because Gonzales' description of the process is as nebulous as the surveillance program itself. … Unfortunately, we don't know whether the program has changed or if the administration's interpretation of the law has changed. Bush's penchant for executive signing statements — Oval Office appendages to new laws that carve out exemptions for executive power — doesn't inspire confidence in the former."

HOMELAND RESPONSE:

New Passport Rules Take Effect. NBC Nightly News (1/27, story 9, 2:00, Seigenthaler, 9.87M) reported, "This week marked the beginning of a new era in air travel for Americans. In the old days if you were flying from Canada, Mexico or the Caribbean, all you needed to show at Customs was a birth certificate. Not any more. Some fear the new rules will spell trouble for American travelers."

D'Souza Says Bin Laden Targeted US For Its Assaults On Values. Dinesh D'Souza, author and fellow at the Hoover Institution, writes in the Washington Post (1/28, B1, 690K) that "contrary to the common liberal view, I don't believe that the 9/11 attacks were payback for US foreign policy. Bin Laden isn't upset because there are US troops in Mecca," nor is it "all about Israel. (Why hasn't al-Qaeda launched a single attack against Israel?)" D'Souza says, "Contrary to President Bush's view, they don't hate us for our freedom, either. Rather, they hate us for how we use our freedom." Instead, he asserts that it is the "assault on prevailing religious and traditional values" that angers the "sensibilities of many of the world's people." D'Souza says the US "cannot defeat terrorism without driving a wedge between radical Islam and traditional Islam, because the latter has been the main recruiting pool for the former."

Charities Responsible For Most Of Katrina Reconstruction. The Washington Post (1/28, A3, Whoriskey, 690K) reports, "While the national debate over the recovery has focused on the billions expected in federal aid and insurance, those sources have so far provided little for places…, and charity efforts have constituted more than 80 percent of the home rebuilding completed so far," local and charity officials on the Gulf Coast said. In Hancock County, Mississippi, "where nearly 11,000 homes were destroyed by the storm," the largest single home rebuilder is the local Habitat for Humanity project." The reason for the charity's "dominant role" in the rebuilding is that "little, if any, of the $3.2 billion in federal aid for Mississippi homeowners has reached anyone here -- it is tied up for now at the state level." As for insurance, "most residents of this rural community lacked any form of flood policy."

WAR NEWS:

Demonstrators Turn Out In Opposition To Iraq War. Saturday demonstrations against President Bush's Iraq policy receive heavy and generally sympathetic coverage on an otherwise slow news day, when the other big story was the early action in the presidential race. Reports on the protests concentrate on the disputed turnout numbers, the presence of film celebrities and several active-duty members of the military, and on the demonstrators' intention to impact Democrats in Congress more than the President.

NBC Nightly News (1/27, lead story, 2:55, Seigenthaler, 9.87M) led with the demonstrations, saying "tens of thousands of Americans converged on Washington, D.C., demonstrating against the war in Iraq, urging the US government to bring the troops home. The crowd gathered on the Washington Mall

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joined by politicians and celebrities like Jane Fonda delivering a message that was clearly intended for the President." NBC (Yang): "President Bush asked American people to give his plan for Iraq a chance. But the people who marched in the streets in Washington and other cities today were in no mood to be patient. The demonstrators' message: no more troops to Iraq and bring all the troops home. It was aimed at both President Bush and the new Democratic majority in Congress."

The CBS Evening News (1/27, story 2, 3:00, Assuras, 7.66M) also ran the story near the top of the broadcast, saying "here at home, there were anti-war protests in Washington and other cities as well." CBS (Chen): "This was not the first, this was not the biggest protest of its type this city has seen. Still, organizers believe it will have a significant impact, mostly because it tried to change the direction of the debate over the war by changing the direction of the protest. The surge of protestors pushed off, led by faces you might expect -- activist Jesse Jackson, actor Sean Penn, and Jane Fonda, who admitted she avoided this soapbox since the days she was called Hanoi Jane. … But for all the tie-dye and familiar chants, the anti-war movement has moved on, and changed direction. Today's protest didn't go near the White House, instead leading tens of thousands up Constitution Avenue towards the Capitol, bearing a message for the new Congress, now controlled by Democrats."

ABC World News (1/27, story 5, 2:00, Weir, 8.78M) said the "steady drumbeat of death was on the minds of demonstrators from Washington, D.C., to the West Coast." ABC (Marquez): "The tens of thousands of protestors who gathered on both coasts today spoke with a single voice: They want the US out of Iraq. … Hollywood celebrities crowded the stage, including Jane Fonda, a controversial figure from the Vietnam antiwar movement." The Washington Post (1/28, D1, Weeks, 690K) details Fonda's re-emergence on the activist scene.

On its front page, the Washington Post (1/28, Ruane, Kunkle, 690K) reports, "A raucous and colorful multitude of protesters, led by some of the aging activists of the past, staged a series of rallies and a march on the Capitol yesterday to demand that the United States end its war in Iraq. ... They came from across the country and across the activist spectrum, with a wide array of grievances. Many seemed to be under 30, but there were others who said they had been at the famed war protests of the 1960s and '70s." The Washington Times (1/28, A1, Lively, 88K) reports, "Organizers said they exceeded their goal of 100,000 attendees. Police do not give official crowd estimates, but some officers said privately that the crowd appeared smaller."

The AP (1/28, Woodward, Margasak) called the march an "anti-war demonstration linking military families, ordinary people and an icon of the Vietnam protest movement in a spirited call to get out of Iraq." The New York Times (1/28, A21, Urbina, 1.16M) reports, "Tassi McKee, from Bastrop, La., who said she was a staff sergeant in the Air Force, was among a small contingent of about 20 active-duty service members who turned out." The Times says "police officials declined to provide crowd estimates, but Hany Khalil, a spokesman for United for Peace and Justice, said the protesters numbered about 400,000." An AP (1/28) article quotes two other active service members at the rally. BBC.com (1/27) reports the rally, saying, "The rally comes days before Congress is to discuss President George W Bush's new strategy for Iraq."

Students Fight Apathetic Image. The Washington Post (1/28, A8, Greenwell, 690K) reports, "Since the war began nearly four years ago, many Vietnam-era antiwar activists have publicly lamented what they see as apathy among today's college students. They wonder whether the absence of a draft and a culture of pop music and reality television have distracted young people from civic responsibilities. But among the hundreds of students on the Mall yesterday, dozens of whom drove all night to get to Washington for the protest, the prevailing sentiment was that their generation had been unfairly maligned and that the antiwar movement is growing stronger every day." Students at the rally found signs "of a building resistance to the war in Iraq and other U.S. foreign policy initiatives."

Deployment Resistor Watada Profiled. The CBS Evening News (1/27, story 4, 2:20, Assuras, 7.66M) reported, "The Iraq war sparked demonstrations today; one man has waged his own protest for months now. He is the first Army officer to publicly refuse to fight in Iraq, and he may soon face court martial for his beliefs." CBS (Blackstone): "Ehren Watada sounds little different than any other war protestor. But his protest could send him to prison for six years; when his army unit shipped out last June, Lieutenant Watada refused to go to Iraq." Watada: "Just being a part of that would be adding more fuel to the fire instead of trying to put it out." Blackstone: "While Lt. Watada waits for his court martial, the Army still requires him to show up for work here at Fort Lewis every day. He admits he's probably the most unpopular

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soldier on the base, but that hasn't stopped him from continuing to speak out against the war."

More Commentary On Iraq. In his Washington Post (1/28, B7, 690K), column, Robert Kagan writes that, besides Democrats, "Many conservatives and Republicans, including erstwhile supporters of the war, have thrown up their hands in anger at the Iraqi people or the Iraqi government. They, too, seem to believe that if American troops leave, because Iraqis don't 'deserve' our help, then somehow the whole mess will solve itself or simply fade away. ... Politicians in both parties should realize that success in this mission is in their interest, as well as the nation's. Here's a wild idea: Forget the political posturing, be responsible, and provide the moral and material support our forces need and expect."

In an op-ed for the New York Times (1/28, WK1, 1.16M), reporter Sabrina Tavernise writes, "A painful measure of just how much Iraq has changed in the four years since I started coming here is contained in my cellphone. Many numbers in the address book are for Iraqis who have either fled the country or been killed. ... Iraq is a different country now. ... Deeply damaged from years of abuse under Saddam Hussein, the Shiites who run the government have themselves turned into abusers." Tavernise predicts the failure of the new US plan in Iraq because "Abused under Mr. Hussein, [Shiites] still act like an oppressed class. That means Iraqis are looking into a future of war, at least in the near term."

In the New York Times (1/28, WK16, 1.16M), columnist David Brooks writes that, based on the experience of Bosnia, "The best answer [for Iraq], then, is soft partition: create a central government with a few key powers; reinforce strong regional governments; separate the sectarian groups as much as possible. ... logic, circumstances and politics are leading inexorably toward soft partition. The Bush administration has been slow to recognize its virtues because it is too dependent on the Green Zone Iraqis. The Iraqis talk about national unity but their behavior suggests they want decentralization."

Deliberations Over Iraq War Said To Color Response To Criticisms Of Iran. On its front page, the New York Times (1/28, A1, Sanger, 1.16M) notes the "haunting echoes" in Bush Administration statements about Iran. "As President Bush and his aides calibrate how directly to confront Iran, they are discovering that both their words and their strategy are haunted by the echoes of four years ago — when their warnings of terrorist activity and nuclear ambitions were clearly a prelude to war. This time, they insist, it is different." The Times continues, "To many in Washington, especially Mr. Bush's Democratic critics, the new approach to Iran has all the hallmarks of an administration once again spoiling for a fight. Some see an attempt to create a diversion, focusing the country's attention away from a war gone bad in Iraq, and toward a country that has exploited America's troubles to expand its influence. Others suspect an effort to shift the blame for the spiraling chaos in Iraq." Now, "as they present their evidence, some Bush administration officials concede they are confronting the bitter legacy of their prewar distortions of the intelligence in Iraq." While in the coming weeks, "more escalation is likely," the Times says "the debate over whether the United States should stick to diplomacy or take more forceful action is bound to begin right away, and will sound familiar. Democrats, even while accusing the administration of failing to engage with Iran, are positioning themselves to sound tough."

Iran Condemns Raids On Operatives. The AP (1/27) reports, "A top Iranian lawmaker denounced the United States on Saturday for allowing its troops to kill or capture Iranians in Iraq whom U.S. forces believe pose a threat." Alaeddin Boroujerdi, the head of Parliament's Foreign Policy and National Security Committee, called the policy "support for terrorism" on Iranian television. The AP adds, "The more aggressive policy — evolving over a period of months — was described as the result of mounting evidence that Iran is supporting terrorists inside Iraq and is a major supplier of bombs and other weapons used to target U.S. forces."

Ahmadinejad's Impact, Influence Examined. A 5,000-word piece in today's New York Times Magazine (1/28, Secor) analyzes President Mahmoud Ahmadinejad's role in and impact on Iranian politics. "South Tehran is Ahmadinejad's heartland. It is here, in the less affluent neighborhoods of the city of 14 million where he was once mayor, that he rose from the obscure end of the seven-candidate roster in 2005, only to become one of the most popular figures in the Muslim world." However, the Times notes, his local candidate slate was "trounced" in recent voting. "The Iranian political system seems to be restoring its equilibrium by showing an extremist president the limits of his power. But is it an equilibrium that can hold? In part, last month's election results reflected the complexity of Ahmadinejad's skeptical, conditional and diverse

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constituency. They also demonstrated his isolation within the powerful conservative establishment, whose politics, however opaque, are determinative."

Iranian Nuclear Official Denies Centrifuge Installation Plan. The AP (1/28, Dareini) notes Iranian Atomic Energy Organization official Hossein Simorgh "has denied claims made by a top lawmaker that the Islamic Republic had begun installing 3,000 centrifuges at an uranium enrichment plant" at Natanz. He is quoted saying, "No new centrifuges have been installed in Natanz." The AP notes comments yesterday by Alaeddin Boroujerdi that "Iran was currently installing the 3,000 centrifuges, underlining that the country would continue to develop its disputed nuclear program despite U.N. sanctions."

WPost Prods Administration To "Mix" Pressure And Engagement With Iran. In an editorial today, the Washington Post (1/28, B6, 690K) says the Administration's "recent steps against Iran" are "fortunately" causing "some influential people in Tehran" to become "nervous. … Some influential voices have begun publicly suggesting that flexibility as well as toughness is needed in dealing with the West," and "pressure is growing on radical President Mahmoud Ahmadinejad." Those "U.S. measures, compounded by a U.N. sanctions resolution, may be having an effect on the mullahs. If so, the impact is sorely needed," both on Iran and on Syria. While "it's too early to tell whether Iran will back off from [its] belligerent agenda," it is "not too soon for the Bush administration to begin working on the next stage of its strategy. That's because the pushback tactics, while necessary to change the atmosphere of hubris in Tehran, aren't likely by themselves to achieve the administration's goals." Now, "what's needed is a mix of pressure with avenues for moderation by Tehran." The Post concludes, "The most promising way of refining the current policy would be to return to a strategy that worked when the Bush administration tried it in 2001, which is engaging Iran in a regional forum. … To pursue such an initiative while simultaneously stepping up military and economic pressure on Iran, the Bush administration would have to forswear the Manichaeism it is so prone to in foreign affairs. But it might get better results."

Seven US Troops Killed; Bombers Strike Baghdad Market. ABC World News (1/27, story 4, :25, Weir, 8.78M) reported, "The military announced late today that seven US soldiers have been killed in a series of roadside bombings. Also today, two car bombs exploded, one after the other in a Baghdad marketplace, killing at least 13 people. And Iraqi police say 40 bodies have been found dumped around the capital, most showing signs of torture."

The CBS Evening News (1/27, story 2, 3:00, Assuras, 7.66M) reported, "The battle for Iraq took another heavy toll of American lives today as the debate on the war spilled out on to US streets. The military today announced the death of seven more American soldiers in Iraq, bringing the total number of deaths to at least 3,075." NBC Nightly News (1/27, story 3, 2:00, Seigenthaler, 9.87M) called it "another deadly day for Americans and Iraqis." NBC (Arraf): "In Baghdad, today, even shopping is dangerous. A suicide car bomb detonated in this crowded outdoor market in the city; when people rushed to help, a second car bomb exploded. ... Immersed in this bewildering war, some soldiers on their second tour here pleaded for support back home, not protests."

The New York Times (1/28, A4, Santora, Cave, 1.16M) reports, "Shiite neighborhoods in Baghdad came under fierce assault once again on Saturday, following two weeks of violence that left at least 300 dead and many hundreds more wounded. Many of the recent attacks, nearly all of them in heavily Shiite areas, have occurred during the period of commemoration that leads to one of the holiest days for Shiites, an intense day of mourning known as Ashura that falls this year on Monday. ... The spate of recent attacks appear to have been intended not just to inflict the maximum amount of civilian suffering, but also to grind all aspects of daily life closer to a halt." The AP (1/27, Mroue) reports, "Death squads, believed to be primarily Shiite militiamen, continued their butchery on the other side of Iraq's deepening sectarian divide, with police reporting the discovery of 40 bodies dumped in Baghdad alone." The Washington Times (1/28, A1, Mroue, 88K) carries an abbreviated version of this story.

The Washington Post (1/28, A13, Londono, 690K) also reports the deaths of the seven soldiers, adding, "Violence in the capital and elsewhere continued to surge. ... Meanwhile, a prominent politician in the western city of Ramadi was kidnapped and killed, according to a physician at Ramadi Hospital. Saied Hussein al-Alwani, a council member, was abducted by suspected members of the insurgent group al-Qaeda in Iraq; his body was discarded on a road an hour later." The Green Zone suffered its "second rocket attack this week," and the US consulate in Hilla was reportedly "attacked with mortars."

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The Los Angeles Times (1/28, Daragahi, 850K) reports that the troops' deaths came "amid a steady swirl of violence against American troops and Iraqi civilians." Describing a pair of suicide bombings, the Times notes, "Authorities suspect that many such bombers are young Sunni Arab men from other countries heeding religious calls to fight against the U.S. military and Iraq's Shiite government." CNN.com (1/27) reports on Saturday in Baghdad "gunmen dressed as Iraqi national police officers stormed a computer store, abducted seven people and sped off in three vehicles," Baghdad police said. CNN notes it is "not the first report of gunmen disguising themselves" wearing "Iraqi Army, national police and commando uniforms, as well as uniforms that resemble US military attire."

Contractor Death Toll In Iraq Nearing 800. The Houston Chronicle (1/28, Ivanovich, Clanton, 530K) reports, "Laboring in a war with no discernible front line, more than 770 civilian contractors have died in Iraq since the U.S.-led invasion began in March 2003. Statistics kept by the Labor Department indicate fatalities among civilian contractors working for American firms escalated rapidly late last year, with at least 301 dying in Iraq in 2006 — including 124 in the final three months." The military had 818 deaths in 2006. The Chronicle adds, "[Contractors'] names are left off the Pentagon's Iraq casualty rolls. If they were counted, the U.S. military's official casualty figures — 3,063 as of Friday — would be 25 percent higher."

Iraq's Shiite Vice President Ambivalent About Surge. In the Washington Post (1/28, B1, 690K), Lally Weymouth interviews Iraq's Shiite vice president, Adel Abdul Mahdi. He refuses to explicitly endorse a surge of US troops to Baghdad, saying, "As Iraqis, we think we need more troops in Baghdad. It's up to the multinational forces to decide whether they need more troops. ... [The Americans] are there to succeed, not because they wish to be there. They came with plans, agendas and policies. If they want to succeed, we need more troops." When asked specifically about "the United States sending an additional 20,000 men," Mahdi replies, "I can't say if they need to deploy more troops in Baghdad."

Wife Of Soldier Contemplates Surge. NBC Nightly News (1/27, story 2, 3:30, Seigenthaler, 9.87M) reported, "Now to the view of one military wife. Rebekah Sanderlin, whose husband is based in Fort Bragg, North Carolina. Part of the first wave deploying to Iraq this month, talks about how the surge in US forces affects military families at home." Rebekah Sanderlin, wife of soldier: "When we talk about the troops in Iraq, you know, 15 names or faces come to mind instantly. So a troop surge to us is not just my husband is going it is my husband is going to help his best friend. ... I lost quite a few friends. I don't want to lose my husband or lose any more friends. But I also realize that this is not a war that will end when we leave."

War Raises Questions About Volunteer Military. McClatchy (1/28, Brown) reports, "The war in Iraq marks the first time in modern history that the United States has fought an extended conflict with an all-volunteer military. The strain of fighting nearly four years in a two-front war has put unprecedented stress on the Army and the Marine Corps — which have borne the brunt of the fighting — and has raised serious questions about whether an all-volunteer force can be maintained over the long term. ... Rep. Charles Rangel, D-N.Y., wants to reinstate the draft. ... Many military officers, lawmakers and analysts oppose bringing back conscription, saying it would ruin the professionalism and quality that the all-volunteer force has built up over the last 34 years. ... Defense Secretary Robert Gates has outlined plans to call up the National Guard and Reserves more frequently. But the more the military relies on its citizen-soldiers to fight the war, the less attractive the Reserves become to those who don't want full-time military careers."

ABC World News (1/27, story 6, 2:10, Weir, 8.78M) reported, "In his State of the Union Address, President Bush warned that the war on terror will take generations, and a major military expansion to win. But the armed forces are already struggling to fill quotas. How will they enlist more recruits?" ABC (Hendron): "Recruiters admit the job is harder, but they are not soft pedaling the chances of going from boot camp to Baghdad." Staff Sgt. Douglas Haynesworth, Marine recruiter: "They see it on TV every day, and they know it's a chance. We don't hide it." Hendron: "After failing to meet goals in 2005, the Army let in more high school dropouts and more low test scores. In recent years, it's raised the maximum age from 35 to 42. It's raised the allowable body fat, and gave more waivers, recruiting soldiers who have criminal backgrounds. Among them was Stephen Green, who now stands accused of rape and multiple murders last year in an Iraqi town." ... Bill Carr, Deputy Under Secretary of Defense: "Recruiting is hard, but hard is what we do."

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Gates Seeks To Reduce Forced Extensions. The AP (1/28, Jelinek) reports, "In an action branded a backdoor draft by some critics, the military over the past several years has held tens of thousand of soldiers, sailors, airmen and Marines on the job and in war zones beyond their retirement dates or enlistment length. It is a widely disliked practice that the Pentagon, under new Defense Secretary Robert Gates, is trying to figure out how to cut back on." Gates has ordered that "stop loss" be "minimized" and "has asked the chief of each service branch for a plan by the end of February on how they would rely less on stop loss." The AP adds, "Pentagon officials provided no figures on how many people the policy has affected. Yet just in the Army, it is in the tens of thousands."

Iraqi Soldiers Still Reliant On US. The Los Angeles Times (1/28, Zavis, 850K) reports that a downpour in Diyala province "could have spelled the end of the offensive [for Iraqi forces]. When U.S. Humvees, Bradley fighting vehicles and tanks pushed ahead two days later, they had to tow the Iraqis to the fight. ... As pressure mounts here and at home for U.S. troops to start leaving, the assault in Diyala province this month showed how far the Iraqis must go before they can stand on their own." Iraqis still lack "more sophisticated equipment until [Americans] are confident the Iraqis can maintain and keep track of it" and are faulted by American troops as "not organized" and prone to "corruption." However, the Times adds that Iraqis "proved adept at spotting an out-of-place carpet concealing a hoard of guns or a bomb tucked among the reeds. It was also Iraqis who recognized three brothers identified as key members of a [insurgent] group known as the Council."

Iraqi Government Cultivates Ties To US Democrats. The Los Angeles Times (1/28, Daragahi, 850K) reports, "Representatives of Iraq's government are hedging their bets on America's political future, hoping to keep U.S. support for their country strong by building ties with a Democratic Party that now controls Congress and is closely scrutinizing President Bush's Iraq policy." Iraqi observers "concluded early that even the most staunchly antiwar Democrats would not abandon Iraq. ... Many pointed out advantages to the Democrats' increased sway over Iraq policy. Government officials said they had generally found the Democratic position on handing over security to Iraqi forces sooner rather than later closer to theirs. Almost all agree on Democratic Party initiatives, squashed when Republicans controlled Congress, to prevent the building of permanent U.S. bases here. They note news reports of Democrats acknowledging the suffering of the Iraqi population." They also "found Democratic visitors such as Pelosi, Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois less parochial, more culturally sensitive and more willing to listen to Iraqi concerns than Republicans."

Army Probes Contractor Fraud. The AP (1/27) reports, "From high-dollar fraud to conspiracy to bribery and bid rigging, Army investigators have opened up to 50 criminal probes involving battlefield contractors in the war in Iraq and the U.S. fight against terrorism, the Associated Press has learned. Senior contracting officials, government employees, residents of other countries and, in some cases, U.S. military personnel have been implicated in millions of dollars of fraud allegations. ... The problems stem in part from the Pentagon's struggle to get a handle on the unprecedented number of contractors now helping run the nation's wars."

Warner's Iraq Stance Affected By Vietnam. On its front page, the Washington Post (1/28, Shear, 690K) reports on Sen. John Warner, who says, "I regret that I was not more outspoken" during the Vietnam War. Warner continues, "They thought they could win it. We kept surging in those years. It didn't work." The Post states, "More than 30 years after Vietnam, Warner is once again watching as generals propose additional troops. But this time, he's not staying silent. In a rebuke to President Bush, Warner is leading an effort to have the U.S. Senate declare a lack of confidence in the administration's plans to send 21,500 additional soldiers into the Iraqi war zone. ... to GOP loyalists, Warner is also a more-than-occasional irritant who seems willing to buck the party line with little regard for the political consequences to his Republican colleagues. ... Now he's at it again, delivering a new affront to Bush and offering nothing but a shrug when asked if he worries about that."

LATimes Notes How War Has Changed Political Fortunes. The Los Angeles Times (1/28, 850K) editorializes, "Sen. Richard G. Lugar (R-Ind.) was once considered one of the Senate's foremost foreign policy experts," while Warner "was, well, not. Now, if you believe the Beltway buzz, their reputations have been reversed. ... It shows that the president isn't the only politician in Washington whose career has been hobbled by Iraq."

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Ex-USAID Worker Remembers Work In Fallujah Before Injury. In the Washington Post (1/28, W18, 690K) Sunday magazine, author Kirk Johnson recalls in a 4,400-word article his work in Baghdad and Fallujah before a freak accident made his return to Iraq impossible: "I grew steadily more frustrated by the surreal isolation of palaces and swimming pools bobbing with drunken contractors and began to agitate for a job outside of the Emerald City. ... My work was exhausting, infrequently rewarding and drenched with a sense of urgency and importance. What little work we had finished, I discovered, was either ill-conceived or poorly executed." Johnson still cannot explain the accident in the Dominican Republic that injured him so badly he could not return to Iraq before his contract expired: "When people suggested, gingerly, that I might have been suffering from PTSD, I rejected it out of hand. I hadn't worn a uniform and didn't believe I had the right to group my injury with those who did. So many had it worse: Marines, soldiers, Iraqis -- so many Iraqis. I called a psychiatrist friend, who said that I probably had experienced a stress-prompted fugue state, which is characterized by dissociative amnesia and autopilot behavior."

Taliban Threatens Summer Wave Of Suicide Bombers. The Washington Times (1/28, 88K) reports, "The Taliban is gearing up for a massive summer offensive, with more than 2,000 suicide bombers ready for action and even more preparing, a senior Taliban commander said yesterday. The commander, Mullah Hayat Khan, issued his threat a day after a top U.S. diplomat warned that Afghanistan was in for a bloody and dangerous spring." Khan "said 2,000 suicide bombers were ready -- about 40 percent of the total suicide force -- adding that numbers were so high that it was sometimes hard to find enough explosives and targets."

CORPORATE SCANDALS:

Qwest May Face Dispute Over CEO's Legal Fees. The Denver Post (1/28, Vuong) reports, "CA Inc. is trying to recover the $14.9 million that the software company spent to defend former chief executive Sanjay Kumar against accounting-fraud charges. … A lawsuit by the Islandia, N.Y.-based company, formerly known as Computer Associates, has targeted Kumar's cars, home, yacht and bank accounts after he pleaded guilty to masterminding a multibillion-dollar fraud." The Post continues, "A similar court battle could be in line for Denver-based Qwest if former chief executive Joe Nacchio is convicted of criminal insider trading." The Post adds, "Qwest is footing Nacchio's legal bill, which could cost up to $75 million for both civil and criminal cases, according to experts. Nacchio has pleaded not guilty to 42 counts of illegal insider trading. His criminal trial is set to begin March 19. .. Bob Toevs, a Qwest spokesman, wouldn't say whether the company would seek reimbursement if Nacchio is convicted, but he said it has the right to. … Qwest and CA are just two of a large number of companies that pay legal fees for their current and former executives, experts say. … 'It's very, very common for almost any corporation, and certainly for large publicly traded companies, to have provisions and agreements that will actually require the corporation to advance defense costs up front,' said Lawrence Hamermesh, a corporate and business law professor at Widener University School of Law in Wilmington, Del. … Hamermesh said companies are not required to do so under state law in Delaware, which is where Qwest and many firms are incorporated. .. .Instead, experts say, most companies offer indemnification from legal proceedings and pay attorney fees in advance in order to attract officers and directors to their company."

Shareholders, Company Directors Urged To Rein In Executive Pay. In the New York Times (1/28, BU1, 1.16M), Gretchen Morgenson writes, "Congress has a new idea about how to rein in executive pay. Trouble is, the plan will squeeze midlevel workers, even as they need to save more money for retirement. And it won't even dent top executives' takes." Considering the "explosion in executive pay" Morgenson says it was "thoroughly predictable that Congress would jump into the fray." However, she says "legislators' past attempts to curtail executive pay have wound up fattening already rich packages." Therefore, she concludes that the US tax code "should not be used to legislate corporate governance. This is why it is so crucial now to bring shareholders and company directors together to discuss executive pay. And why it is foolish for companies to resist those dialogues."

CRIMINAL LAW:

Libby Trial Reveals Lack Of Identity Protection For CIA Agents. The Los Angeles

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Times (1/28, Schmitt, 850K) reports, "From their earliest days, US intelligence agencies have made it an article of faith to protect the identity of their secret agents." But last week, as former White House aide I. Lewis 'Scooter' Libby went on trial, "it appeared that neither the CIA nor some other intelligence community insiders were all that tight-lipped about such supposedly sensitive matters." Valerie Plame's identity, the Times writes, "was often treated as not much more than water-cooler dishing or cocktail party chatter." The revelations thus far in Libby's trial "suggest that, though US officials -- especially within the Bush administration -- have publicly insisted that secrecy is crucial in national security matters, there is a backstage world inside the government where even the most basic rules for protecting sensitive information may be ignored."

Havesi Prosecutor Seeks "One Standard Of Justice." The New York Times (1/29, Hakim) reports, "P. David Soares, the Democratic district attorney here, has clashed at various points in his two years in office with the mayor, the police chief, the sheriff and the County Legislature. He has assailed the war on drugs as a failure that 'provides law enforcement officials with lucrative jobs' and called prison building an American 'economic development strategy.' … Now Mr. Soares, 37, is taking on one of the most durable political machines in America: the elected officials of Albany, where built-in incumbency and a 'pay-to-play' system have created a culture in which at least 10 state lawmakers have been investigated, indicted or convicted in recent years." The Times continues, "While Gov. Eliot Spitzer has been the most prominent voice calling for change, it was Mr. Soares who sent tremors through Albany by pressuring former State Comptroller Alan G. Hevesi, a fellow Democrat, to plead guilty to a single felony charge and to resign last month. Since then, Mr. Soares said his office has received numerous tips about wrongdoing in state government." The Times adds, "Perhaps most worrisome for the capital: his efforts to look into corruption are now being aided by a partnership with Attorney General Andrew M. Cuomo, creating what could be a potent check on legislative abuses in a newly reform-minded Albany. … Much of the groundwork for the Hevesi case was laid out by the State Ethics Commission and the attorney general's office, but it was Mr. Soares (pronounced soars) who decided to pursue it as a felony investigation. Mr. Soares's predecessor, Paul A. Clyne, prosecuted high-profile cases, but the more notable, including cases against former Assemblyman Roger L. Green and J. Michael Boxley, a former top Assembly aide, ended with misdemeanor pleas. … The Hevesi case reinforced Mr. Soares's pledge to bring 'one standard of justice' to the office."

Penalty Phase Of Criminal Trials Lays Bare All Secrets. The New York Times (1/28, Brick) reports, "In the federal court system of the United States of America, duly recorded and transcribed by professional stenographers, there exists testimony documenting the fact that one Ronell Wilson, 24, of Staten Island, wet the bed into his teenage years. … Kids might call that T.M.I., 'too much information.' The law calls it evidence of a 'mitigating factor' that could spare a defendant's life." The Times continues, "Mr. Wilson may or may not get the death penalty for killing two undercover detectives; jurors in Brooklyn will be asked to decide this week. But in two weeks of testimony to determine his sentence, he has already endured an unenviable ordeal. … The degree of scrutiny afforded a capital defendant is enough to mortify anyone who has ever been a child, dated a girl, gotten a haircut or tried to dress fashionably. This is the full probe. All your secrets revealed. Some defendants consider it either more agonizing than death, a sentence no federal jury in New York has prescribed for a half-century, or at least worth a big gamble to avoid." The Times adds, "In 2003, in the same court, a defendant named Emile Dixon took his chances, forbidding defense lawyers to call his relatives or dissect the circumstances of his upbringing. The strategy worked well for him, or as well as possible under the circumstances. Six jurors wrote on a verdict sheet that Mr. Dixon had impressively 'exhibited concern for the privacy and dignity of his family.' … He is serving a life term for dealing drugs and murdering two people, including another dealer who had become a government witness." The Times notes, "In theory, this adversarial process known as the penalty phase, coda to a capital murder trial, informs jurors of the broader circumstances of the case. Prosecutors argue that the convicted man is more rotten than other killers; defense lawyers suggest causes for mercy. In practice, it can produce some bizarre tableaus. After all, once it has been established that you murdered somebody, other biographical details can seem surreally picayune."

Doubt Cast On Perception That Teen Girls Are Becoming More Violent. The Pittsburgh Post-Gazette (1/28, Ove) reports on the national perception that

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American girls are becoming more violent. Citing recent incidents in Rhode Island, Pittsburgh, and South Carolina, the Post-Gazette reports, "Incidents like these are showing up in news media reports across the country, often to illustrate a common theme: American girls are becoming more violent. … But have girls really gone so wild?" The Post-Gazette continues, "A U.S. Justice Department report, under internal review and due out in about a month, will largely conclude that they haven't -- or at least that there's no data to support that they have. … 'We don't have good evidence that it is increasing. We think it's not getting worse,' said Margaret Zahn, lead investigator for the Girls Study Group, a panel of experts assembled by the Office of Juvenile Justice and Delinquency Prevention. 'The media [approach] is always, "If it bleeds, it leads." I do wish the media would be more careful about how these things are reported.'" The Post-Gazette adds, "But the drumbeat continues. Just last week, 'CBS Evening News' reported on a group of Long Island girls who videotaped vicious assaults and put them on the Internet. That story also featured commentary by James Garbarino, the author of an influential 2006 book, 'See Jane Hit: Why Girls Are Growing More Violent and What We Can Do About It.' … Yet the consensus of most criminologists is that the 'crisis' of girl violence is probably overblown, inflated by statistics gathered from reporting standards that didn't exist years ago -- such as zero tolerance policies in schools and increased reporting of domestic violence." The Post-Gazette notes, "The root of this debate is numbers. … Girls are definitely getting arrested for assault and aggravated assault more often than they used to, according to figures from the FBI's Uniform Crime Reports. … Although juvenile arrests for violent crime are down overall, girls represent a larger percentage of those arrests. … While the rate for boys declined 26 percent between 1980 and 2003, the female rate jumped 47 percent. Between those years, female assault arrests rose from about 200 for every 100,000 girls to 750." … Some analysts and media reports cite that fact in saying the 'gender gap' between boys and girls is closing. … But criminologists largely dismiss Mr. Garbarino's book, and others like it, as simplistic and alarmist."

US Praised For Law Enforcement Aid To New Orleans. The New Orleans Times-Picayune (1/28) editorializes, "With a rash of murders to begin the year and only one arrest in 14 cases, New Orleans police clearly needed help. They are getting it. … In the broadest law enforcement commitment yet from the federal government, FBI, U.S. Marshal, Drug Enforcement Administration and Alcohol, Tobacco, Firearms and Explosives agents will work the streets with police to make arrests, develop cases and reach out to residents in the city's most violent neighborhoods. … 'The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system,' said U.S. Attorney Jim Letten, who delivered Thursday's announcement for U.S. Attorney General Alberto Gonzales. Wherever possible, Mr. Letten said, cases will be handled in federal court. … Hallelujah." The Times-Picayune adds, "The federal system is functioning at a much higher level than the New Orleans Police Department and Orleans Parish district attorney's office. As for the city's criminal court judges, there are so many problems with evidence gathering and prosecution of cases that it's difficult to figure out how well the judges are handling their duties. There have been judges who went out of their way to set low bonds for violent offenders. But with Judge Charles Elloie off the bench that doesn't seem to be the problem that it was a year ago." The Times-Picayune concludes, "Federal intervention can only go so far. The cases Mr. Letten can prosecute are limited by law. Police, prosecutors and Criminal District Court must be equipped to handle their share of cases, and those are plentiful. … But New Orleanians weary of crime are surely thankful that the cavalry is on the way."

CIVIL RIGHTS:

Mississippi Clerk Testifies To Inaction On Invalid Ballots. The Jackson (MS) Clarion-Ledger (1/28, Gates) reports, "Noxubee County Circuit Clerk Carl Miggins testified Friday his office took no action to find out why signatures on some absentee ballots in a 2003 election were different than the signatures on the applications for the ballots." The Clarion-Ledger continues, "A court ruled that 33 absentee ballots cast in a race between a black candidate and a white candidate in the race for sheriff were invalid. But the judge ruled the election results in which a black candidate was declared the winner would stand because the absentee ballots didn't affect the election's outcome. … In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against white voters." The Clarion-Ledger adds, "Miggins, the last official witness called

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by the Justice Department, began his testimony late Friday. … He will complete his testimony Monday, when the trial in U.S. District Court in Jackson enters its third week. District Judge Tom S. Lee is presiding. … Defendants in the lawsuit are the Noxubee County Democratic Executive Committee and its chairman, Ike Brown, and the county Election Commission." The Clarion-Ledger notes, "Miggins, who is black, and Noxubee County had been defendants but were removed after the county signed a federal consent decree to prevent any discrimination against voters. … Questioned Friday by Justice Department attorney Christopher Coates about the signatures being different, Miggins explained he took no action to find out why 'Because the judge and the Election Commission ruled on it. ... If a judge ruled on it, I feel it is behind us.' … Miggins said he personally doesn't make any determination on ballots cast the day of an election. He said it's up to poll workers to decide who can cast a ballot legally at the polls."

New Jersey Towns Mull Tougher Rules For Rental Housing Overcrowding. The Bridgewater (NJ) Courier-News (1/28, Richardson) reports, "In the battle against illegal overcrowding in rental properties -- often called 'stacking' -- some Central Jersey communities are considering tougher laws, some of which require the registration of individual tenants and their landlords. … That's the case in Raritan Borough, for instance, where officials might require landlords to certify the number of tenants in each rental unit, Mayor Jo-Ann Liptak said. … 'We're going after the landlord who thinks he can exploit these people,' Liptak said of tenants who are stacked." The Courier-News continues, "Flemington, North Plainfield and Bernards also are considering stronger laws, although not everyone thinks they are necessary. … Tougher laws might also stir the debate over whether overcrowding laws inordinately penalize Hispanics." The Courier-News adds, "Not every community dealing with overcrowding laws is making them tougher. … When Bernardsville wanted to make sure its inspection practices were not discriminatory, it looked to Bound Brook, said Elaine Broyles, Bernardsville's Zoning Code Enforcement official, and adopted Bound Brook's revised guidelines. … In 2004, Bound Brook agreed to reform its inspection practices -- which the U.S. Justice Department said were designed to drive out Hispanics -- in order to end a federal lawsuit. … Among other reforms, Bound Brook translated its property maintenance code into Spanish, gave residents 24 hours notice to correct an illegal living situation and hired a bilingual coordinator to give residents information about housing, property maintenance and redevelopment."

Police Departments Make Effort To Boost Minority Recruitment. The New York Times (1/28, Richter) reports, "As part of an initial push to recruit minority officers to the Long Beach, N.Y., Police Department in 2004, the civil service exam was opened to nonresidents for the first time. That move, police officials said, led to the hiring of a Hispanic woman and an Asian-American man, both New York City police officers. … But the department was unable to hire a police officer who was black in that recruitment drive. 'We diversified but were still missing a part of the target population,' said Lt. Bruce Meyer, who heads the recruitment efforts for a department that had no black officers for almost four decades. 'At that point I said we have to do more.'" The Times continues, "Police departments in suburbs and towns across the region have been putting a new emphasis in recent years on bringing more black and Hispanic officers into their ranks as, census figures show, the white population in the suburbs has declined by 2.1 percent and minority populations have grown in the last five years. … The departments are using different tactics, with mixed success, including tweaking residency requirements and recruiting candidates who live beyond their borders. They are holding civil service tests more frequently, initiating new advertising campaigns and turning to the military for possible candidates." The Times adds, "Some police departments that have failed to increase the number of minority officers have come under scrutiny by the United States Justice Department, which has entered into consent decrees to help oversee the recruiting efforts of a number of departments, including those of both Nassau and Suffolk Counties. … Under such decrees, the Justice Department typically helps shape the content of civil service exams. But Steve Levy, the Suffolk County executive, said the department's input had done little to raise the number of minority officers. … In addition, Mr. Levy said the Justice Department vetoed his idea in 2005 to recruit police officers from Suffolk communities where crime was high. 'Unfortunately we have a Justice Department that tells us what we can't do,' he said, 'but doesn't tell us what we can do.' … Cynthia Magnuson, a spokeswoman for the Justice Department, said the consent decree with Suffolk County, agreed to in 1986, has resulted in a 'significant improvement' in police minority hiring. In 1983,

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when the Justice Department first lodged complaints of discrimination against the county, only 25 women, or less than 1 percent of the force, and only 59 blacks and Hispanics, or 2.3 percent, were on the county police force. … In 2005, there were 320 women, or 12.1 percent, and 262 blacks and Hispanics, or 9.9 percent. … 'Our contact with the county is through the county attorney, who has not conveyed to us any criticism regarding this department's input into the county's civil service examinations, or this department's monitoring of the consent decree we have with the county,' Ms. Magnuson said."

Religious Issues Increasingly Debated In US Courts. On its front page, the Washington Times (1/28, Price, 88K) examines the history of so-called "separation of church and state" -- which "many American wrongly assume…are included in the Constitution" -- in US court rulings. According to the Times, US courts rule "about two times each week on cases involving whether prayers can be included in a high school graduation ceremony, an image of Jesus Christ can be displayed in a public school or a Ten Commandments monument can remain in a government building or public park." The American Civil Liberties Union (ACLU) "says such prayers and displays violate the principle of separation of church and state," but the Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, "estimates the frequency of such rulings between 104 and 156 annually."

ANTITRUST:

Microsoft Faces New EU Antitrust Questions With Vista. AFP (1/28) reports, "Microsoft risks a new showdown with EU regulators with the roll-out of its Vista operating system nearly three years after a landmark antitrust ruling against the US software giant, officials have said." AFP continues, 'After numerous delays, Microsoft's next-generation Windows Vista operating system is to make its debut with home computer users on January 30 after it was shipped to business clients in November. … While Microsoft readies to roll out its first revamped operating system in five years, rivals are preparing to do battle again with the IT colossus after already winning one victory in March 2004 with an EU antitrust ruling against the company. … 'With Vista, Microsoft has clearly chosen to ignore the fundamental principles of the commission's March 2004 decision,' said Simon Awde, the chairman of the ECIS trade association that opposes Microsoft in its antitrust troubles." AFP adds, "ECIS, which includes such tech giants as Oracle, IBM and Nokia, filed a complaint with EU regulators in February 2006 targeting Vista and Office and updated their action with details on Vista last month. … 'We are in the process of examining this complaint,' said European Commission spokesman for competition issues Jonathan Todd."

ENVIRONMENT/INDIAN AFFAIRS:

Michigan Waste Treatment Firm Faces Dumping Charges. The Dearborn (MI) Press & Guide (1/28, Kis) reports, "A Dearborn waste treatment company and three former executives were indicted Wednesday and face charges of dumping untreated industrial waste into the Detroit sewer system." The P&G continues, "CESI, Comprehensive Environmental Solutions, Inc., a liquid industrial waste treatment and disposal facility at Ford and Wyoming, is accused of violating the Clean Water Act from March 2002 until the present. … A federal grand jury returned a 12-count indictment alleging the company bypassed treatment processes and discharged untreated wastes directly into sewers, in violation of the Clean Water Act and Detroit City Ordinance requirements." The P&G adds, "To conceal the misconduct, the indictment charges that employees made false statements and engaged in other surreptitious activities to cover up the violations. … 'The federal regime of environmental laws is in place to protect the public and prevent unlawful discharges into our water system,' said United States Attorney Stephen J. Murphy. '(Wednesday's) charges demonstrate the commitment of my office, U.S. EPA and the FBI to pursue possible violations of the environmental laws as well as attempts to conceal such violations.' … In addition to CESI, three company officials were also indicted. Former president and CEO Bryan S. J. Mallindine, 50, of Carlsbad, Calif.; former president, general manager and sales manager Michael G. Panyard, 44, of Pleasant Ridge, Mich.; and former plant and operations manager Charles D. Long, 41, of Brownstown Township are charged with conspiracy and Clean Water Act violations. … Mallindine is also charged with obstruction of justice and Panyard is facing seven false statement charges. … A fourth employee, former plant manager Donald A. Kaniowski, 37, of Dearborn, pleaded guilty to unlawfully bypassing treatment equipment

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and discharging untreated liquid wastes into the sewer system, in violation of the Clean Water Act."

Energy Independence Could Be "Century Away" Under Bush Plan. In its "Week in Review" section, the New York Times (1/28, WK2, Wald, 1.16M) observes that President Bush "never used the phrase 'energy independence' in his State of the Union address last week, and it is just as well. His program for cutting gasoline demand is ambitious in scope, but modest in effect, according to experts." The reason, according to the Times, is that the United States "has fallen down a very deep well, and it's hard to get out." Even "at the rate of change suggested by the Bush plan," energy independence is "about a century away."

Breakthrough Reported In Debate Over House Climate Change Committee. The Politico (1/27, Hearn) reports House Speaker Nancy Pelosi and Energy and Commerce Chairman John Dingell may have reached an tentative agreement "in diffusing an escalating battle over the select committee on climate change" at a meeting following the Washington Auto Show. A Democratic aide close to Pelosi "suggested that the meeting," which also included Rep. Henry Waxman, had been "a turning point," saying, "We no longer anticipate a floor battle." However, Dingell, in a memo to his committee members, "noted progress in diffusing the dispute," but cautioned that he is "still keeping his firepower at the ready."

Communities Concerned Over Expiration Of Rural Law. The New York Times/AP (1/28, A16) reports, "he expiration of a federal law that provided $385 million for schools and roads last year in some of the nation's most scenic and rural areas has administrators in 41 states concerned. In 1908, President Theodore Roosevelt struck a bargain with rural America: In exchange for allowing the creation of national forests, counties would receive 25 percent of the receipts from logging and other resource sales. In return, the land would be off limits for development and could not be taxed by state and local governments." However, for years, financing "fluctuated with the price of timber." Recognizing the" stress these market fluctuations put on schools," Congress offered a short-term solution, the Secure Rural Schools and Community Self-Determination Act, a six-year financing plan that expired in December."

Two Wolf Species To Lose Endangered Status. The New York Times/AP (1/28, A19) reports, "Wolves in the Northern Rockies will be removed from the endangered species list within the next year," the Fish and Wildlife Service said Friday. The agency also will "remove from the list wolves in the Western Great Lakes region." Announcements on the two proposals are planned for Monday, said Sharon Rose, an agency spokeswoman. The action "caps a sharp turnaround for the wolf," which has been federally protected since 1974.

Tribe Oppose Bid To Alter Gaming Laws. The AP (1/28, Mitchell) reports from Atmore, AL, "The melodic bing-bing-bing on the electronic bingo machines at the always-open Poarch Creek entertainment center in south Alabama has kept players busy and the parking lot crowded. … Would they keep playing if the game took a little longer and required more players? Or would they head to gaming centers elsewhere, off tribal land? … These questions have poured into the National Indian Gaming Commission in response to its proposal to change such electronic games, a move that Indian tribal leaders in at least 10 states, including Texas and Alabama, fear could cause hundreds of millions of losses in annual revenues and hundreds of jobs. … 'These proposed rules are unnecessary and should be significantly revised to reduce new layers of federal bureaucracy,' Chadwick Smith, principal chief of the Cherokee Nation in Oklahoma, has told the NIGC." The AP adds, "With advances in technology, the NIGC says the line between Class II games, such as bingo, and Class III games, such as Vegas-style slot machines, has blurred. The commission, joined by the Justice Department, has proposed new uniform standards for Class II games that are widely used in Indian gaming centers. .. .Tribal leaders contend the change would cause bingo games to be less entertaining, played at half the current pace by requiring a two-second delay between each ball draw and, in one example, requiring a customer to wait for five additional players instead of the current one additional player. … An additional wait doesn't sit well with some players." The AP notes, "Nationwide, the new-rule scenario could reduce gaming revenue by $142.7 million, with an additional loss of $9.6 million in non-gaming revenue, according to an independent analysis of the proposal for the NGIC by Alan Meister of the Los Angeles-based Analysis Group, Inc. The analysis also says about 458 tribal member jobs would be lost. … In Alabama and other states without

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tribal-state compacts, Class III games are not allowed. Tribal leaders say the changes to Class II games will drive away players, leaving tribes with little recourse but to consider whether to continue operations."

FBI/DEA/ATF/USMS:

Battered Mexican Drug Cartel Said To Be On The Ropes. The San Diego Union-Tribune (1/28, Caldwell) reports, "Mexico and the United States, working together, are steadily dismantling the murderous Tijuana drug cartel, the infamous Arellano Félix Organization. Once among the most powerful and feared criminal syndicates in Mexico, the AFO is now a shambles. Its top leaders are dead or in custody. Most if not all of the AFO leaders now behind bars face trial in the United States, where bribery cannot buy the criminal justice system and intimidation doesn't work." The Union-Tribune continues, "Mexico's extradition of 11 accused narco-traffickers to the United States a week ago wielded the weapon the cartel leaders fear most. If convicted, they will spend the rest of their lives locked away in maximum security federal prisons. The favors and preferential treatment, the illicit opportunities to continue running their drug empires, even the possibility of escape or early release that their money might buy in Mexico won't be available in the U.S. prison system." The Union-Tribune adds, "Here, the capos of Mexico's drug mafias will have 50 years or more to sit in their cells reflecting on the untold numbers of murders they ordered, the horrendous torture they routinely sanctioned and the millions of lives blighted or destroyed by their drugs. Under the terms of these extraditions, U.S. authorities must respect Mexico's prohibition on extradition of criminal suspects who would face sentences of death or explicitly stated life terms. Prison sentences of 50 or 60 years would substitute nicely for the latter … Mexico's extraditions – which included eight drug kingpins, among them two top AFO lieutenants and an AFO assassin, plus the former head of the Gulf cartel – sent the cartels another jarring signal. Mexico's new president, Felipe Calderón, is more determined than any past Mexican president to break the drug mafias that threaten to turn Mexico into a narco state. After just seven weeks in office, Calderón did what no other Mexican president has done – delivered Mexican drug traffickers en masse to the United States for trial."

Brady Center Targets Gun Dealers. The Wilmington (DE) News Journal (1/28, Brown) reports, "A national group fighting gun violence tied into a mayors conference to push for reform and more federal resources to cut illegal gun sales by 'corrupt dealers.'" The Journal continues, "The Brady Center to Prevent Gun Violence unveiled its study called 'Shady Dealings: Illegal Gun Trafficking From Licensed Gun Dealers' last week in Philadelphia -- a city struggling with gun violence -- joined by the city's Police Commissioner Sylvester Johnson and others." The Journal adds, "The release of the study, which does not directly address Delaware, was timed to precede the start of the 75th winter meeting of the United States Conference of Mayors, running Wednesday through Friday in Washington. … The Brady center cited gun violence as a top issue for mayors across the country." The Journal notes, "The mayors group did not make a formal response to the Brady center study. … But crime already had surfaced as No. 2 in the mayors' 10-point legislative agenda on issues impacting cities and families. That agenda first was presented to House Speaker Nancy Pelosi, then brought to the full mayors meeting headed by Conference President and Trenton Mayor Douglas H. Palmer. … The mayors are calling for a federal-local partnership to fight crime, including the creation of a federal trust fund that could fund law enforcement deployment, support of local innovations, fight domestic violence and pay for crime-fighting technology. They also back restoration of past federal block grants and policing funding. … The Brady study pointed more directly to the U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives. The study concluded the bureau lacks enough resources to inspect licensed gun dealers and that laws should be changed to ease prosecution and increase penalties for gun-sale violations."

IMMIGRATION:

Minnesota Family Decries Mother's Deportation As Daughter Faces Medical Treatment. The St. Paul Pioneer-Press (1/28, Rosario) reports, "The federal judge predicted this would happen. So did the doctor and nurse who have treated the little boy since birth. … But their warnings meant nothing. A legal system that proved stubbornly deaf to common sense brushed aside their concerns. All this could have been avoided. … Instead, 16

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months after the federal government deported his mother, 3-year-old Cece Lamah finds himself facing months of difficult medical care — mostly on our dime." The Pioneer-Press continues, "Cece, hospitalized in Minneapolis, endures daily pain. One recent afternoon, he asked his dad to remove a needle and tube from his arm because they hurt so much. … Two years ago, U.S. District Judge Donovan Frank, Dr. Stephen Nelson and nurse Jane Hennessy of Children's Hospital in Minneapolis warned in court filings that deporting the boy's mother, Cynthia Lamah, would have a devastating domino effect." The Pioneer-Press adds, "Cece, a U.S. citizen, has sickle cell anemia, a condition that requires constant care and monitoring. His mother was his primary caretaker. … At the time, the boy's father, Daniel Lamah, a native of the Congo granted political asylum in the United States in 1999, worked as a tile setter and had health insurance benefits. … But Cynthia Lamah came here illegally from Germany with a falsified passport. She did so after her requests for a visiting visa and political asylum were denied. Federal officials ordered her deported. … Frank, who reviewed a last-minute request for a reprieve, concluded he had no legal standing to block a Justice Department immigration judge's deportation order. He nevertheless criticized the move on practical and moral grounds."

National Guard Soldiers On "Front Line" Of Immigration Debate. The Minneapolis Star Tribune (1/28, Hopfensperger, 395K) reports that "across the nation's 1,300-mile border with Mexico…thousands of National Guard soldiers are now playing a front-line role in the divisive fight over illegal immigration." For example, Minnesota Guard members are "trying to stop the more than 1 million migrants who attempt or make illegal crossings each year -- a tide that's flowing up to Minnesota and bringing both benefits and burdens." The National Guard's assignment, dubbed "Operation Jump Start," is part of "a broad crackdown along the southwestern border" that President Bush initiated last year. Another "controversial" step is the construction of "a massive fence and other border barriers" that began last week. Meanwhile, in his State of the Union address, Bush "also revived his push for a guest-worker program and said that immigration reform is one of his priorities this year."

Study Finds "Light-Skinned" Immigrants Earning Higher Incomes. The New York Times/AP (1/28, A17) reports "light-skinned" immigrants in the United States "make more money on average than those with darker complexions, and the chief reason appears to be discrimination," a researcher says. Joni Hersch, a professor of law and economics at Vanderbilt University, "looked at a government survey of 2,084 legal immigrants to the United States from around the world and found that those with the lightest skin earned an average of 8 percent to 15 percent more than similar immigrants with much darker skin." Other researchers said the findings were "consistent with other studies on color and pointed to a skin-tone prejudice that went beyond race."

TAX:

Taxpayers Left In The Dark About IRS Bond Probes. Bloomberg (1/28) reports, "Cities and towns across the United States are being investigated by the Internal Revenue Service and keeping the investigations secret from taxpayers." Bloomberg continues, "The IRS sent more than 100 letters last year to local governments from California to Pennsylvania, saying bonds they sold may be subject to federal taxes, said Charles Anderson, who led the field operations for the IRS's tax-exempt bond division until this month. Fewer than a quarter of the municipalities disclosed the probes. … 'The entire market is hampered by that lack of information,' said Martha Haines, chief of the Securities and Exchange Commission's Office of Municipal Securities. With municipal bond sales averaging $30 million each, 100 letters indicates as much as $3 billion is under scrutiny." Bloomberg adds, "Bond audits cost taxpayer-funded agencies more than $100 million from 2001 to 2005, according to IRS data. Abuses first spotted by the agency led the Justice Department to issue more than a dozen subpoenas last year in the broadest probe to date of the municipal bond market. … The IRS has focused on whether municipalities paid banks inflated fees to invest proceeds from bond sales before the money was used for roads, schools, sewers, and other projects. Local governments are required to return most profits from investments as taxes, so higher payments to banks erode IRS revenue. US prosecutors are checking whether banks violated antitrust rules by fixing prices of the investment products. … State and local governments raise $400 billion a year in the municipal bond market, borrowing at lower rates than corporations or the federal government because debt payments are exempt from taxes."

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NYTimes Says Bush Tax Credits Should Be Allowed To Expire. In an editorial, the New York Times (1/28, WK15, 1.16M) writes, "In the State of the Union speech, President Bush said that the budget deficit had been cut in half from 2004 to 2006. Not quite." According to the Times, the deficit "declined, but not by half, from $412 billion to $248 billion." Then, Bush "greatly compounded his otherwise modest exaggeration by taking credit for the reduction, when the deficit really fell despite his policies, not because of them." Bush, it writes, "wants you to believe that tax cuts caused the economic recovery, and thus the budget improvement. If you follow that logic, the key to continued improvement would be continued tax cuts, and that is just what Mr. Bush called for last week." Therefore the Times urges Bush's tax cuts "should largely be allowed to expire. Facing that truth is not a fiscal challenge, it's a political one. Mr. Bush will not meet it. But a future president and Congress will have to."

CONGRESS-ADMINISTRATION:

New White House Counsel Seen Better Suited To Upcoming Challenges. The Austin American-Statesman (1/28, Herman) reports, "White House Counsel Harriet Miers, President Bush's longtime go-to lawyer, is being replaced by a longtime Washington lawyer viewed as more suited for the rough-and-tumble of congressional investigations to come." The AAS continues, "For 13 years, Bush had turned to Miers when he needed a personal lawyer, a Texas Lottery Commission leader, a key White House aide and a Supreme Court nominee. … She retains the president's respect and friendship, but three cabinet members, all longtime friends of Miers', said the Democrats' rise contributed to Miers' demise." The AAS adds, "The nation's top diplomat put it diplomatically. 'Changed circumstances require changed talents,' Secretary of State Condoleezza Rice said. … The changed circumstances include anticipated Democrat- led congressional investigations of the Bush White House. … When Miers leaves this week, Fred Fielding will become White House counsel, an office in which he worked during the Reagan and Nixon administrations, making him a veteran of the Watergate and Iran-Contra investigations. … Just what the president needs, some say." The AAS notes, "Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, both longtime friends of Miers' dating back to their work for Bush in Texas, agreed that the new Washington reality contributed to the need for a new top White House lawyer. … Gonzales, who preceded Miers as White House counsel, said, 'There are others who have dealt with these kinds of issues before, people that have more experience with them than even I do.' … Bringing Fielding on board is part of making sure 'we have the best assets, the best tools, to deal with those challenges,' Gonzales said."

Experts Warn Bush Health Plan Would End Employee Benefits. The New York Times (1/28, A20, Pear, 1.16M) reports President Bush's proposed health plan "has touched off an impassioned debate over the future of the employer-based system that provides health insurance to more than half of all Americans." Paul Fronstin, director of health research at the Employee Benefit Research Institute, said: "The president's proposal would mean the end of employer-based benefits as we know them. It gives employers a way out of providing the benefits because their employees could get the same tax break on their own." Deputy White House chief of staff, Joel D. Kaplan, "acknowledged that the proposal could accelerate the trend of employers' dropping health benefits for employees." But he said more people "would be able to buy insurance in the individual market," so there would be "a net increase in the number of insured."

Rangel, New York City Officials Condemn Bush Medicaid Plan. The New York Times (1/28, A27, Rivera, 1.16M) reports Rep. Charles Rangel and "a number" of New York City officials "urged President Bush yesterday to reconsider a proposed change to Medicaid that could cost the city's public hospital network millions of dollars in annual financing." City Council speaker Christine C. Quinn said, "We want to make sure the president knows how damaging his health care proposal will be to our Health and Hospitals Corporation," referring to the agency that runs the city's 11 public hospitals and dozens of diagnostic centers and health clinics. Quinn joined Rangel "and more than a dozen other elected officials and health care representatives at City Hall yesterday to protest the president's proposal."

Reid Land Purchase, Ties To Lubricants Industry Examined. The Los Angeles Times (1/28, Neubauer, Hamburger, 850K) reports on its front page, "It's hard to buy undeveloped land in booming northern Arizona for

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$166 an acre. But now-Senate Majority Leader Harry Reid effectively did just that when a longtime friend decided to sell property owned by the employee pension fund that he controlled." Six months after the deal closed, Reid introduced legislation "to address the plight of lubricants dealers who had their supplies disrupted by the decisions of big oil companies." The Times notes the land deal is "a potential violation of congressional ethics standards for a member to accept anything of value -- including a real estate discount -- from a person with interests before Congress. In a statement, Reid's spokesman Jon Summers said that the transaction was "not a gift and that the price was due to the property's history and the fact that only a partial interest was sold." However, "Records and interviews show that beginning in the mid-1990s, Reid tried several times to push legislation that would have protected lubricants distributors from abrupt cancellations by their suppliers."

Schumer Says GOP Senators May Moderate Stances. In an interview with the New York Times Magazine (1/28, Solomon), Sen. Charles Schumer, asked whether he think the president will respond at all to the ideas of the new Democratic majority, said, "I don't have much hope that Bush will moderate, but many of the Republicans in Congress, having seen the handwriting on the wall, may moderate, and that will help us." For example, Schumer noted Sens. Dick Lugar, John Warner as "old-fashioned conservatives who know that this hard-right philosophy is wrong." Asked if Vice President Cheney will remain "as large an influence inside the White House in the wake of the Republican drubbing," Schumer said, "Unfortunately, yes, maybe more so, because in an odd way, the counter to Cheney was Karl Rove, and he has lost some credibility."

Johnson's Continued Absence Felt On Capitol Hill. The Washington Post (1/28, D1, Montgomery, 690K) has a 2,700-word story on Sen. Tim Johnson's recovery and the impact of his absence from the Senate. Everything in Johnson's office "is exactly how he left it last Dec. 13: The morning when words deserted him, and they rushed him, speechless, to the hospital. … His staff has left everything virtually untouched as a sign of respect, a sign of love, a sign of not knowing what else to do. It is an appeal to presence in the void of absence. The news from the hospital has been good, so far." Son Brendan Johnson said, "In talking to his physicians, we really feel optimistic and confident that he is going to make a full recovery. … He is making much faster progress than anyone anticipated." The Post says that "when a senator is absent for an extended period, two seemingly contradictory sides of Washington come into focus. There is an inevitable, almost ruthless, forward momentum that tarries for no senator. The people of South Dakota must be served, partisan interests must be advanced. Yet, there is also a human side, an instinct for decency, an acknowledgement that life can't fully go on as usual."

As Only Female, Ginsburg Feels Isolated On Court. The Washington Post (1/28, A2, 690K) reports Supreme Court Justice Ruth Bader Ginsburg said Friday that she dislikes being "all alone on the court" nearly a year after the retirement of Sandra Day O'Connor, leaving her as the only female. However, Ginsburg, speaking at Suffolk University Law School, said her "consolation" is that "if you look at the federal courts altogether, you get a much different picture than you do if you look only at the US Supreme Court."

Columnist Welcomes Justices' Public Discussions. Dahlia Lithwick of Slate magazine writes in the Washington Post (1/28, B2, 690K), "The justices of the Supreme Court have served hard time in the makeup chair in recent months" as "even some of the justices who are reluctant to talk on camera have been more amenable to speaking on the record lately." According to Lithwick, "What the justices have discussed in these interviews" has "opened the door to a more robust and nuanced national conversation about constitutional law and the role of the judiciary."

Navy Calls Off Search For Missing Sailors. The AP (1/28) reports, "The Navy called off a search Saturday for three missing crew members of a helicopter that crashed in the ocean about 50 miles off California's southern coast." Earlier, the CBS Evening News (1/27, story 5, :20, Assuras, 7.66M) had reported, "Three crew members of a Navy Seahawk helicopter are still missing tonight after their chopper went down off Southern California yesterday. ... A fourth sailor was killed."

Will Criticizes Move To Give US Territories Vote In House. The Washington Post's (1/28, B7) George Will writes House Democrats Wednesday "again voted to give the delegates to the House from Guam, American Samoa, the Virgin Islands and the District of Columbia, and the resident commissioner from Puerto Rico,

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the right to vote in the House when it is sitting as the Committee of the Whole, which is how it sits almost all the time. It is in that status that almost all debate about and amending of legislation occurs." Will questions Speaker Nancy Pelosi about the "possible scope of [her] majoritarian abuse," given her "disregard of the unambiguous language and clear intent of Article I, Section 2 -- which uses the word 'state' eight times to designate the only entity from which a member of the House may be chosen."

Bush Urged To Make Papers Public, Disclose Library Contributors. New York Times (1/28, WK15, 1.16M) editorial observer Dorothy Samuels writes as the Southern Methodist University in Dallas reportedly moves closer to reaching a deal to become the home to President Bush's presidential library, she hops "the university's president, R. Gerald Turner, and members of his board of trustees (presuming Laura Bush, the best-known trustee, has removed herself from the deliberations) can be persuaded to withhold a final go-ahead unless two basic conditions are met." First, she says the university "should insist that Mr. Bush rescind Executive Order 13233, his 2001 directive that reverses…the strong presumption of a public right of access to presidential papers embedded in the 1978 Presidential Records Act." Second, Samuels urges Bush and members of his library committee to disclose "the identity of presidential library donors, and the amounts they contribute," in order to "advance government integrity, and avoid entangling the university in potentially compromising secret fund-raising, by insisting on disclosure."

OTHER NEWS:

Median Home Prices Dropping. NBC Nightly News (1/27, story 7, 2:30, Seigenthaler, 9.87M) reported, "After word home sales were down for 2006, a new report shows the median price for a home is dropping too: down 10% for the fourth quarter of last year. For many a drop in the homes value comes as mortgage payments go up, contributing to a huge increase in foreclosures across the country and in some areas, that is driving down prices further."

Democrats Seek To Tap Into Economic Anxiety Of Swing Voters. The New York Times (1/28, WK1, Leonhardt, 1.16M) reports, "As they plan their strategy on Capitol Hill and begin the 2008 presidential campaign, the leaders of the Democratic Party are betting that the temporary swings of the economic cycle no longer have the political power they once did." Instead, they say, the "economic shocks of recent years -- technological change, globalization, the decline of labor unions and business icons like Ford Motor Company -- have left many swing voters feeling anxious and insecure about the future." After years of "fighting losing battles against tax cuts," Democrats argue that this "economic anxiety has altered the political landscape, making swing voters open to a new role for government." With issues like energy policy, immigration and health care "having gone largely unaddressed in recent years," Democrats "see a way to define themselves as the party that can help Americans survive the 21st-century economy."

Clinton Holds First Iowa Event Of Her Presidential Campaign. Sen. Hillary Clinton's first foray into Iowa since declaring her plans to seek the presidency receives heavy coverage, even leading the broadcast on ABC World News (1/27, lead story, 3:00, Snow, 8.78M), which reported, "The high school basketball gym was crammed to capacity: more than 1,000 people, plus an overflow room down the hall. The first question out of the gate, about breaking the tradition of exclusively male presidents." Clinton: "Oh, I expect there will probably be more stories about my clothes and hair than some of the people running against me, and I just have accepted that. The fact that I'm a woman, the fact that I'm a mom, is part of who I am. But I'm going to ask people to vote for the person they believe will be the best president." The CBS Evening News (1/27, story 3, 2:50, Bowers, 7.66M) said Clinton "charmed the 1,500 or so Democrats gathered in a high school gym in Des Moines with her softer side…and drew heavy applause as she hammered away at familiar Democratic themes, such as the need for national health care, more money for education, and the Bush Administration." Clinton: "We may not have had good leadership the last six years, but we are still the best, most able, can-do country in the world!"

CNN (1/27, Crowley) reported, "In the national polls Hillary Clinton leads by a fairly large margin over Barack Obama. It's very different here in Iowa, where there have been a number of polls showing her running anywhere from second to fourth. The frontrunner is John Edwards. … So, she has some work to do here and certainly over the next couple of days, she'll probably make some inroads. There

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are five events in all, three different cities, so she has her work cut out for her, but a lot of people here think it just was a matter of showing up." NBC Nightly News (1/27, story 5, 3:20, Seigenthaler, 9.87M) sad that "with so many other presidential candidates working hard and well established here, she has a lot of catching up to do."

In a front-page story, the Washington Post (1/28, Kornblut, Balz, 690K) reports Clinton, "bursting onto the campaign trail," confronted "two looming questions about her presidential candidacy: whether voters are ready to elect a woman to the White House and how aggressively she would respond to Republican attacks if she were her party's nominee." Clinton "got just one question about Iraq, and she deflected it without answering it, speaking instead about health care for veterans. But at a morning session with Iowa Democratic Party officials, she was asked to address her vote for the 2002 congressional resolution authorizing President Bush to go to war. That vote, along with her reluctance until late last year to recant, has put her at odds with many antiwar activists in the party and is expected to be a factor as she begins to meet voters in a state with a strong antiwar tradition." Clinton said, "I've taken responsibility for my vote. But there are no do-overs in life. I wish there were. I acted on the best judgment I had at the time." The Washington Times (1/28, Hurt, 88K) also reports on its front page that "the dominant issue of the war in Iraq" was "absent" from the Des Moines event. On its Web site, USA Today (1/27, Lawrence, 2.27M) says "some 150 journalists from around the country and the world, including Japan, England, France, Germany, Italy and Switzerland," were on hand.

The Los Angeles Times (1/28, Finnegan, 850K) says Clinton "took on the full trappings of a presidential candidate" in Iowa, "where she defended her early support of the Iraq war and played up her chance to 'break a historic barrier' as the first woman to win the White House. Clinton's Iowa visit opened her yearlong courtship of Democratic voters in the state whose precinct caucuses launch the 2008 presidential nominating process. Clinton, who is leading her Democratic rivals in national polls but not in Iowa, sought above all to spur excitement over her status as the only major female candidate." Clinton said, "When people tell me, 'Well you know, I don't think a woman can be elected president,' I say, 'Well, I don't believe that, but we're going to find out.'" The Chicago Tribune (1/28, Quintanilla, 617K) writes Clinton raised "energy and health-care issues" while "remaining conspicuously silent on the war in Iraq. … 'You go, girl,' came a shout from the audience. 'You come with me,' Clinton replied, generating much applause." The AP (1/27, Glover) says Clinton said her husband "would have a role in the campaign but 'I'm the one running for president.'"

Newsday (1/28, Thrush) reports Clinton said she was "the best Democrat to take on 'bellicose' GOP opponents" such as Sen. John McCain and Rudy Giuliani. Clinton told the state committee members, "When you are attacked, you have to deck your opponent. I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back." The Des Moines Register (1/28, 160K) says Clinton told the party members, "I do seem to inspire strong feelings." The Politico (1/27) carries the pool report on the party meeting.

McAuliffe Says Nomination "Hers To Lose." Asked on CNN's Larry King Live (1/27) if the nomination is "Hillary's to lose," Clinton campaign chairman Terry McAuliffe said, "Clearly I would say she is the frontrunner. She's got the smarts. She's tough. … She's got the leadership skills. … Yes, it's hers to lose, and we've got to work hard, we've got to work for every single vote and get out there. People have to get to know Hillary Clinton."

Novak Says Obama Backers Expect Emanuel To Support Clinton. In his syndicated column, Robert Novak (1/27) writes, "Sources close to Sen. Barack Obama are sure that Rep. Rahm Emanuel will not support his fellow Illinois Democrat" but will instead back Clinton.

Corsi Joins Anti-Clinton Organization. In his syndicated column, Robert Novak (1/27) writes that Jerome Corsi, "co-author of the 2004 campaign book 'Unfit for Command' attacking Sen. John Kerry's war record, joined up Tuesday with the organization intended to similarly undermine" Clinton. Novak says "TheVanguard.org is intended to be a right-wing version of the leftist MoveOn.org."

Simon Says Clinton's Performance "Virtually Flawless." Roger Simon writes in The Politico (1/27), "In her first face-to-face meeting with voters since announcing for president, Hillary Clinton was asked about Iraq and ducked the question. … In the one-hour town meeting, Hillary did not mention Iraq a single time. She mentioned ethanol twice. … Except for that one moment regarding Iraq, Hillary gave a virtually flawless performance from the moment she walked into the overflowing gym."

Broder Chastises Clinton Over Petraeus Hearing Performance. In his Washington Post (1/28, B7, 690K) column, David Broder writes that during the Senate Armed

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Services Committee hearings on the confirmation of t. Gen. David Petraeus to lead US forces in Iraq, Clinton "used her time to make a speech about Iraq policy and did not ask a single question of the man who will be leading the military campaign." Broker offers three "possible explanations for her remarkable reluctance to probe the general's thinking. First, she has been treading a careful line from her early support of military action against Saddam Hussein to an increasingly sharp criticism of the war and calls for troop reductions. … Second, the hearing came only three days after she announced her presidential exploratory committee, and she may have decided it was a good opportunity to repeat her views on Iraq policy before TV cameras rather than share time with the general. … The third, less benign possibility is that Clinton is reverting to the mode of her ill-fated 1993-94 health-care initiative, when she gave members of Congress and other interested folks the impression that she thought she had all the answers -- so please just do as I say. … This month Clinton began her presidential campaign, as she did her first race for the Senate in New York, by saying that she wanted to do a lot of listening. She sure wasn't listening to Gen. Petraeus. She wasn't even asking."

Rich Says Clinton "Cannot Rewrite Her Own History On Iraq." In his New York Times (1/28, WK16, 1.16M) column, Frank Rich writes, "Hillary Clinton has an answer to those who suspect that her 'I'm in to win' Webcast last weekend was forced by Barack Obama's Webcast of just four days earlier. 'I wanted to do it before the president's State of the Union,' she explained to Brian Williams on NBC, 'because I wanted to draw the contrast between what we've seen over the last six years, and the kind of leadership and experience that I would bring to the office.' She couldn't have set the bar any lower. … Clinton cannot rewrite her own history on Iraq to match Mr. Obama's early opposition to the war," or that of Sen. Jim Webb. She "was not prescient enough to see, as Mr. Webb wrote in The Washington Post back in September 2002, that 'unilateral wars designed to bring about regime change and a long-term occupation should be undertaken only when a nation's existence is clearly at stake.' But she's hardly alone in this failing, and the point now is not that she mimic John Edwards with a prostrate apology for her vote to authorize the war."

Gender Said To Not Be Enough For Clinton To Win. In a Washington Post (1/28, B1, 690K) "Outlook" piece, women's studies scholar Linda Hirshman writes, "Clinton sure got it right when she announced her candidacy for president while sitting on her living room couch. Her success may very well turn on the decisions of millions of women sitting on their living room couches." But "all the gender gap talk notwithstanding, there's no guarantee that Clinton would receive enough votes from women to be elected. I've studied women and women's politics for 20 years, and if there's one thing I know, it's that, except for possibly once in 1996, female voters have not by themselves put anyone in the White House. … If Clinton is going to stand a chance in 2008, her campaign may have to discredit the Republican nominee. … A suffering wife and mother whose campaign mysteriously unleashes attacks on her opponents? It's not the current game plan, no doubt. But I'm drawing on the lessons of history."

Giuliani Hits New Hampshire, But Stays Mum On Plans. ABC World News (1/27, story 2, 2:35, Weir, 8.78M) reported Rudy Giuliani "is on the Republican campaign trail" in New Hampshire, and "there are two big questions. Is he really in, and can he really win?" ABC (Morrell): "He has not officially joined the race, but working the lunch crowd at this Manchester diner with his wife this afternoon, Rudy Giuliani certainly looks like he's running for president. … The former mayor is on a two-day swing through the Granite State, arawing big crowds and hordes of reporters wherever he goes. … But at each stop, including the state Republican convention this morning, he refuses to say he's a candidate. … Conservative voters tend to dominate the primaries, and the twice-divorced Giuliani is moderate, some might say liberal, on social issues. … Still, our poll shows Giuliani leading John McCain by 12 points among conservatives. So if America's mayor, as they call him, jumps into this race, he will certainly be a force to be reckoned with."

Under the headline "Giuliani Is Sounding More Like A Candidate," the New York Times (1/28, A16, Perez-Pena, 1.16M) reports Giuliani "sounded nearer than ever to being a presidential candidate" in Manchester, "repeatedly talking about the prospect of running, and inviting voters to judge him by his record as mayor." While Giuliani "he has long been thought to be a presidential contender, he has fallen behind other candidates in declaring his intention, and the language he used on Saturday, while suggesting a run, also contained built-in escape hatches." Following on that theme, the Los Angeles Times (1/28, Barabak, 850K) headlines its report "Giuliani Plays It Close To The Vest," saying "the Rudy Giuliani Mystery Theater" rolled into town as the would-be

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candidate "gave away nothing about plans for a White House run."

The Washington Times (1/28, Curl, 88K) says that "judging by the effusive greeting" Giuliani "received yesterday from Republican activists in the nation's first primary state, it seemed like the former New York City mayor was already running for president. But he isn't -- at least not yet. The man made famous by his steely resolve and decisive leadership after the 2001 terrorist attacks on his city said yesterday he has no idea when he will decide whether to run." Giuliani said, "Every day you get closer, but we don't have a timetable yet. The timetable is, when's the right time and when do you have the confidence and the sense that you have the whole organization. But most of it is about Judith and I deciding that there's a really unique contribution that we can make." The Politico (1/27) quotes Giuliani saying, "I have to make a decision about my exploratory committee and running, but ultimately the more important decision is what you make a year from now."

Giuliani "On A Hiring Tear." The Washington Post (1/28, A2, 690K) says Giuliani "is on a hiring tear of late, putting to rest speculation that he isn't serious about running for president. … His latest signing is Bill Stepien, who will be his national field director." Stepien "has his political roots in the Bush campaigns; he served as a New Hampshire field director in the president's reelection bid. Last cycle he directed the 72-Hour Project, the Republican National Committee's much-ballyhooed turnout apparatus."

Houston Giuliani Fundraiser Scheduled For Thursday. In his syndicated column, Robert Novak (1/27) writes, "Texas Republican contributors are being solicited to spend $30,000" for a February 1 Houston dinner with Giuliani. The "'private' dinner will follow a 6:30 to 8 p.m. cocktail reception, costing $2,100 a person and $4,200 for couples. The best-known host of Giuliani's Houston event is billionaire oilman T. Boone Pickens Jr., chairman of the private equity firm BP Capital Management. Also on Giuliani's Texas fund-raising team are Tom Hicks, whose company owns the Texas Rangers baseball team; oil industry executive Jim Lee; and lawyer Patrick C. Oxford."

Obama First Became "Political Sensation" At Harvard Law School. As the Los Angeles Times did on Saturday, two major newspapers, the New York Times (1/28, A1, Kantor, 1.16M) and the Boston Globe (1/28, Levenson, Saltzman, 413K), today have features on Sen. Barack Obama's time at Harvard Law school. The New York newspaper says that "in his two memoirs and the biographical video on his Web site, Senator Obama's legal education is barely a blip, one of the least known chapters of his life." But Harvard "was the place where he first became a political sensation. He arrived there as an unknown, Afro-wearing community organizer who had spent years searching for his identity; by the time he left, he had his first national news media exposure, a book contract and a shot of confidence from running the most powerful legal journal in the country." The Boston Globe (1/28, Levenson, Saltzman, 413K) says in its headline that Obama was "a unifying voice" at Harvard. While today, Obama "is the hot new candidate for the White House, trying to end the warring in Washington with a warm message of unity and optimism," years before he took "that message to the national political stage, he was defusing battles large and small from the sharp-elbowed basketball games to the cutthroat classrooms at Harvard Law School."

Obama's Unique Life Story Could Impact Campaign. The Times of London (1/28, Sheridan, Baxter) runs a story headlined "Secrets Of Obama Family Unlocked" that says Obama's "chances of winning the presidency depend to an unusual degree on his life story and character. The race is on to define the gifted but little-known senator," and "his heritage is far more diverse and astonishing than anything American voters have heard so far." He "has two half- sisters, one living in Britain, and five surviving half-brothers, the eldest of whom converted to Islam, and whose stories span the globe." The article details mother Ann Dunham's marriage to Kenyan student Barack Obama, her second marriage to Sen. Obama's Indonesian stepfather Lolo Soetoro, and "the estrangement between his mother and stepfather as Soetoro made compromises with Indonesia's power elite."

McAuliffe Says He Is "Not Shocked" Obama Is Running. Hillary Clinton campaign chairman Terry McAuliffe said of Obama on CNN's Larry King Live (1/27), "I'm not shocked that he's in the race. When that brass ring comes along, you've got to grab it. You can't win unless you're on the playing field, and if I were Barack Obama, I would have run myself."

WPost Slams Obama's "Slimers." The Washington Post (1/28, B6, 690K) editorializes, "It's become a fad among some conservatives to refer to the junior senator from Illinois by his full name: Barack Hussein Obama. This would be merely juvenile if it weren't so contemptible. … Insight

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magazine managed to further degrade the public discourse with a scurrilous 'report' alleging that Mr. Obama, as a child in Indonesia, attended a radical Islamic madrassa. … Obama's slimers seem to think such name-calling and Muslim-baiting can score points with the American people. On the contrary, Mr. Obama's multicultural background (his father was Kenyan, and he spent several years living in Indonesia with his mother and stepfather) ought to be viewed as a plus. A president with an understanding of Islam and the developing world would be welcomed by those who too often feel misunderstood and slighted by the United States."

Novak Says Democrats Pleased By "Dour" McCain Interview. In his syndicated column, Robert Novak (1/27) writes that "Democratic strategists who had feared Sen. John McCain as the potentially unbeatable Republican candidate for president in 2008 were surprised and delighted by his dour appearance on NBC's 'Meet the Press' last Sunday. One Democratic leader referred to McCain's performance, in suggesting President Bush's additional 21,000 troops may be inadequate, as 'comatose.' A Republican adviser to McCain said it was one of the worst performances ever on 'Meet the Press.' The senator's defender said he could not be expected to be cheerful about a plan to send additional U.S. troops in harm's way."

Romney Said To Be Winning Support Of Hastert, House GOP. In his syndicated column, Robert Novak (1/27) says Mitt Romney "is picking up support for president among House Republicans, headed by former Speaker Dennis Hastert."

McAuliffe Says GOP Candidates Will "Stay Away" From Bush. Asked on CNN's Larry King Live (1/27) if he expects President Bush to campaign for Republicans in 2008, Hillary Clinton campaign chairman Terry McAuliffe said, "If he's at a 28% approval rating -- I mean, we saw in '06 that candidates, the gubernatorial candidate in Florida, the Republican candidate, wouldn't get anywhere near George Bush toward the end of the campaign, and it happened in other places around the country, and he was even higher approval rating than he has today. I think the candidates on the Republican side are going to do their best to stay away from George Bush."

Six Politicians' Endorsements Could Impact Primaries. The Washington Post (1/28, A2, Cillizza, Murray, 690K) considers six politicians' endorsements that could matter in the presidential primary races. On the Democratic side, Sen. Ted Kennedy is now a "sought-after free agent" with John Kerry out of the race. Kennedy "has ties to several of the candidates, although Sen. Chris Dodd (D-Conn.) stands to benefit most from an endorsement by the liberal icon." African-American Rep. Jim Clyburn represents the early state of South Carolina, and in New Hampshire, ex-Gov. Jeanne Shaheen "maintains an active political organization." Among Republicans, ex-Gov. Jeb Bush is influential in a big state that could vote early, and "also happens to be the president's brother." Rep. Steve King "represents the vast -- and overwhelmingly Republican -- 5th District in western Iowa." And South Carolina Gov. Mark Sanford is one of the few statewide elected there who has yet to pick a candidate.

Successful "Dark Horse" Candidates Could Be Nearing Extinction. The New York Times (1/28, WK4, Zeleny, 1.16M) looks at whether the "Democratic stable" is "too full for a dark horse presidential candidate to emerge. … Perhaps more than any other presidential contest, 2008's could help determine whether the dark horse…is on the verge of extinction, particularly since the entry fee in the race for the White House has been raised yet again," since "the window will be narrow for a second-tier candidate."

Cullen To Head New Hampshire GOP. The New Hampshire Union Leader (1/28, Rayno) reports businessman Fergus Cullen was elected New Hampshire Republican state chairman Saturday. Cullen "calls himself 'a conservative in the mainstream conservative wing of the Republican Party.'"

Impact Of Possible California Primary Move Considered. An editorial and two op-eds about the California primary's possible jump to early February appear in the Los Angeles Times (1/28, 850K) today. The editorial supports the move, but says that while "Sacramento is right to want to make the state a player in presidential races," the "front-loading of each party's nomination process is not a healthy development. … Alas, the parties have not taken meaningful steps to curtail the front-loading of the nomination process. … So it's understandable for California to want to hold its primary on the first permissible date under party rules: Feb. 5, 2008. This would force candidates to come to the nation's most-populous state not merely to raise money for

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their battles elsewhere (centered on other regions' concerns) but to focus on issues important to Californians. And if a California vote in February, with its high costs, makes the primary process seem untenably front-loaded to the point that it forces party leaders to establish a more rational calendar, then the state will have provided the entire nation a worthy service."

Clinton White House adviser Christopher Lehane is also sympathetic to the move in a Los Angeles Times (1/28, 850K) op-ed, saying it would give California "a well-deserved bigger say in the presidential campaign by moving up the state's primary. However, if Democrats really want to put the party in the strongest possible position to succeed in presidential elections, let's completely rethink the current primary system and replace it with a nominating process designed to pick the candidate best able to win." He suggests that, "along with a Midwestern Iowa and a Northeastern New Hampshire, let's have a state from the Southwest, South and West all voting on the same day," leading a primary season "spread over a longer time period."

In another Los Angeles Times (1/28, 850K) op-ed, San Jose State University Survey and Policy Research Institute director Philip Trounstine writes that while the move "would be a good thing" from California's perspective, "it's increasingly looking like California will not get to exercise its political weight unilaterally. Indeed, Feb. 5, 2008, may become Super-Duper Tuesday with, perhaps, Alabama, Arizona, Arkansas, Delaware, Florida, Illinois, Missouri, New Jersey, New Mexico, North Carolina, North Dakota, Oklahoma and Utah voting on the same day. If Super-Duper Tuesday does occur, California would still represent the biggest bloc in what would be, in effect, a national primary. But as the law of unintended consequences is wont to do, all this may actually increase, rather than decrease, the importance of Iowa and New Hampshire (and perhaps Nevada and South Carolina), because winners in those states would have the only momentum heading into Super-Duper Tuesday. … The nominating process itself may screen the field, even before a single vote is cast. That's not necessarily good for the country."

Colorado Democrats Could Move Caucuses To February 5. The Denver Post (1/28, Crummy, 256K) reports Colorado Democrats "are considering moving up the state's caucuses to the first week of February 2008 in an effort to be politically relevant in the next presidential election. If Colorado moves its caucuses from the third week in March to Feb. 5, however, it would join more than a dozen other states that have either already moved their caucuses or primaries up to the same date, or are thinking about it. As a result, some political observers say, Colorado probably becomes insignificant."

Chait Would Like To See Presidents Bush, Clinton To Face Off In 2008. In his Los Angeles Times (1/28, 850K) column, Jonathan Chait argues for a repeal of the 22nd Amendment, saying the "Hillary Clinton campaign is a product of the fact that her husband can't run for reelection. … Indeed, Democratic presidential politics since Clinton has consisted largely of referendum-by-proxy on Clinton." As for Republicans, President Bush "is going to leave office deeply unpopular with the American public. But what do Republicans think? According to a recent poll, three-quarters of them still approve of Bush's performance. Because Bush can't run again, though, Republicans won't have to confront whether they want to stick with him or move in a different direction. … What this country really needs is to have Bill Clinton run against George W. Bush."

Baker Weighing Challenge To Landrieu. The New Orleans Times-Picayune (1/28, Alpert, Walsh) reports Rep. Richard Baker "isn't ruling out a run against Sen. Mary Landrieu." Baker spokesman Michael DiResto said, "Folks in D.C. have talked to him about it. Folks in Louisiana have talked to him about it. He's thinking about it." Baker "wasn't well-known outside his district until he proposed a community redevelopment plan for post-Katrina Louisiana that won accolades from state leaders, including Landrieu and Gov. Kathleen Blanco. It died when the Bush administration opposed it, but the effort boosted Baker's profile statewide."

Speech By Jeb Bush Energizes Conservative Gathering. The Washington Post (1/28, A4, Goldfarb, 690K) reports that "at a time when the conservative movement is looking bereft, humbled by midterm-election defeats and hungering for a presidential candidate to rally around, Jeb Bush delivered yesterday in Washington a resounding endorsement of conservative principles, bringing his audience repeatedly to its feet." Addressing the Conservative Summit, the former Florida governor "struck every conservative chord, blaming Republicans' defeat in November on the party's abandonment of tenets including limited government and

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fiscal restraint." His speech "prompted three standing ovations from the audience of hundreds."

US-European Missile Defense Cooperation Said To Face Local, Russian Resistance. Under the headline, "U.S. Missiles in E. Europe Opposed by Locals, Russia," the Washington Post (1/28, A16, Konviser, 690K) notes an Administration "plan to deploy a missile defense shield in Eastern Europe is drawing protests from Russia and from residents who oppose hosting foreign military bases and fear the facilities might make their countries targets for attack." The Administration is seeking to place "about 10 interceptor missiles in Poland and a radar tracking station in the Czech Republic," a move the Kremlin says "would pose a 'clear threat' to Russia." A Foreign Ministry spokesman "underlined his government's opposition Friday, saying in an interview with the ITAR-Tass news agency that 'the creation of a U.S. European anti-missile base can only be regarded as a substantial reconfiguration of the American military presence in Europe.' He called the move 'a mistaken step with negative consequences for international security.'"

WTO Doha Talk Resumption Will Seek Technical Agreements First. The New York Times (1/28, A10, Dougherty, 1.16M) reports, "Leading trade ministers on Saturday embraced an unusual game plan for reviving trade talks, saying they would try to hash out details on technical issues, rather than first agreeing on the broad outlines of an accord." At the World Economic Forum in Davos, "officials from 30 countries including the United States, the European Union and emerging markets like India and Brazil vowed to move forward in the" WTO Doha Round. "To resuscitate the talks, the ministers endorsed a strategy that is highly unusual in these negotiations, but now appears to offer the only chance to conclude the trade round. Instead of creating a framework for agreement and then working out details on technical issues like tariffs and subsidies later, countries will aim to work out most specifics up front. Then, they will decide whether a final push is warranted at a meeting of all World Trade Organization members in Geneva." WTO Director-General Pascal Lamy "said the process would have to achieve a genuine breakthrough in 'months, not quarters,' for a meeting of all the group's members to occur."

Blair Backs G-8 Expansion To Include India, China. Under the headline, "Blair Says G-8 Should Expand, Disagrees With Merkel," Bloomberg (1/28, Fraher) notes British Prime Minister Tony Blair's speech yesterday in Davos. He "said the Group of Eight industrialized nations should eventually expand to include countries such as China and India, putting him at odds with current G-8 head Angela Merkel." Bloomberg explains, "Politicians from the G-8 are debating whether to allow some of the world's fastest growing economies into their club and grant them a top table presence on talks ranging from foreign exchange policy to development aid. While Blair argued for expansion, Merkel rejected the idea in her opening address on Jan. 24." In addition, Bloomberg reports, Blair "is running out of time to build a foreign policy legacy beyond the war in Iraq before he steps down later this year. He repeated a call made last May to fuse the International Monetary Fund and the World Bank to strengthen the influence of emerging economies."

Three Killed In Third Day Of Fatah-Hamas Fighting. The New York Times (1/28, Erlanger, 1.16M) reports, "At least three more Palestinians were killed Saturday in Gaza in continuing battles between fighters loyal to Fatah and Hamas, which has been celebrating its victory a year ago over Fatah in legislative elections." Yesterday's "fighting started near the Hamas Islamic University, the headquarters of the Fatah-dominated preventive security force in Gaza City and the Shifa Hospital a few blocks away." Noting the deaths of over 20 Palestinians in violence since Thursday, and the suspension of Fatah-Hamas unity government talks, the Times notes, "If the talks fail, [President Mahmoud] Abbas said he would move to make good on his Dec. 16 call for early presidential and parliamentary elections, despite Hamas' victory a year ago." Washington "is continuing to try to support Mr. Abbas and his loyal presidential guard with more than $80 million in what is supposed to be nonlethal aid."

A lengthy AP (1/28, Barzak) piece adds, "Gunmen from the rival Hamas and Fatah movements battled in Gaza City for a third straight day Saturday, firing mortars and grenades in clashes that killed seven people in the increasingly bloody power struggle over the Palestinian government." BBC.com (1/27) adds, "Clashes erupted in Gaza after weeks of relative calm and renewed efforts to form a national unity government. Both sides say they have suspended talks."

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Israel May Have Violated Arms Export Control Act. The New York Times (1/28, Cloud, Myre, 1.16M) reports a State Department statement that it "will inform Congress" tomorrow "that Israel may have violated agreements with the United States when it fired American-supplied cluster munitions into southern Lebanon during its fight with Hezbollah last summer." That "finding, though preliminary, has prompted a contentious debate within the administration over whether the United States should penalize Israel for its use of cluster munitions against towns and villages where Hezbollah had placed its rocket launchers. … Midlevel officials at the Pentagon and the State Department have argued that Israel violated American prohibitions on using cluster munitions against populated areas," while "other officials in both departments contend that Israel's use of the weapons was for self-defense and aimed at stopping the Hezbollah rocket attacks that killed 159 Israeli citizens and at worst was only a technical violation." The Los Angeles Times (1/28, 850K) adds the State Department "has completed a preliminary report on whether Israel misused American-made cluster bombs in civilian areas of Lebanon."

NYTimes Says Dialogue With Syria Is Crucial To Stabilizing Lebanon. An editorial in today's New York Times (1/28, 1.16M) praises international donors' $7.6 million pledge for rebuilding Lebanon. "The democratically elected government of Prime Minister Fouad Siniora needs all the help it can get," and recent violence, "if not contained," might "even reignite Lebanon's catastrophic civil war." The country's "fundamental problem is the archaic and unfair political system that divides the country's top offices among rival and distrustful religious communities." Noting Hezbollah's simultaneous use of politics and violence to gain influence, the Times says "Any plan for stabilizing Lebanon has to face up to this dynamic. That's why the Bush administration needs to drop its stubborn resistance to diplomacy with Syria — and try to coax Damascus away from both Iran and Hezbollah." The Administration "must make clear that Lebanon's sovereignty is not negotiable." While Syria has sometimes "responded constructively" to dialogue, "it has always responded destructively to isolation. Engaging Syria may not work. But ignoring it all but guarantees that even $7.6 billion in aid will not be enough to stabilize Lebanon."

Saudis Said To Work To Keep Oil Prices Stable. A lengthy piece on the front page of the New York Times (1/28, Mouawad, 1.16M) reports Saudi officials have "sent signals in the past two weeks that" they are "committed to keeping oil at around $50 a barrel — down $27 a barrel from the summer peak that shook consumers across the developed world." Saudi Arabia, "which is by far the largest oil producer within OPEC and sets the cartel's agenda, is seeking to avoid a repeat of the dramatic rise in prices while trying to put a floor beneath them." Saudi leaders, the Times says, "appear to be rediscovering that painfully high energy prices take a profound toll on the global economy, which in turn reduces demand for their oil. But other motives seem to be at work, too, including the Saudis' desire to restrain Iran's ambitions in the region." While they "say their oil policy is based on market considerations and not political ones," recent events "led to renewed speculation that the kingdom might be tempted to dry out Iran's ambitions by pushing oil prices down."

Pelosi Leads Delegation To Discuss Security With Musharraf. The AP (1/27) notes House Speaker Nancy Pelosi "arrived in Pakistan Saturday for talks with the country's president expected to touch on cooperation against Taliban and al-Qaeda militants and U.S. aid to the South Asian country, officials said." None of the meeting participants were expected to make public comments. The AP notes the coincidence of the visit with the Congress' consideration of legislation "that would link American aid for Pakistan's military with its commitment to combating resurgent Taliban militants."

ABC World News (1/27, story 3, 1:50, Weir, 8.78M) reported Pelosi "is in Pakistan tonight for talks with one of America's biggest allies on the war on terror. Her visit, about fighting Al Qaeda and the Taliban, come on the same day as a major attack in Pakistan." Pelosi's delegation is "there to push [Musharraf] to crack down harder on the Taliban, and Al Qaeda sympathizers in Pakistan, and these explosions coming just one day after the other. At the very least, a wakeup call that he needs to do that."

Suicide Bomber Kills 15 In Northern Pakistan. The Washington Post/AP (1/28, A13, Khan) reports, "A suicide attacker detonated a bomb among police on guard near a Shiite mosque in this northern Pakistani city Saturday, killing at least 15 people and wounding more than 30, police said." The "explosion came as Pakistan's minority Shiites started to

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commemorate their most important religious festival, Ashura, often an impetus for sectarian violence. Paramilitary forces in armored vehicles were deployed to patrol Peshawar after the bombing." President Pervez Musharraf "condemned the 'terrorist attack' in Peshawar and ordered an immediate inquiry. … Most of the victims were police and municipal officials," and "there was no immediate assertion of responsibility, but suspicion was likely to fall on Sunni extremists." NBC Nightly News (1/27, story 4, :15, Seigenthaler, 9.87M) briefly reported on the attack.

The New York Times (1/28, A4, Khan, 1.16M) adds, "At least 14 people were killed, most of them policemen, and several others were wounded Saturday in what appeared to be a suicide bombing here shortly before a Shiite religious procession was to come through, the police said." The Times says "security in Peshawar was already on alert after a suicide bombing outside a Marriott hotel in Islamabad on Friday and in preparation for Ashura," and a police source "said there was little any one could do to head off a determined suicide bomber." BBC.com (1/27) adds, "It is not clear whether the attack was aimed at the worshippers or the police. Power was cut in the city centre shortly after the blast, complicating rescue efforts."

The Los Angeles Times (1/28, Ali, King, 850K) calls Peshawar a "volatile frontier city," and says "scores of people were wounded in the powerful blast… Adding to the chaos, a power failure apparently caused by the explosion plunged the area into darkness. Rescuers groped in the dark, guided by the cries and moans of the injured." The Times also notes Pelosi's visit, saying her "delegation held discussions with Musharraf centering on Pakistan's role in fighting the insurgency in neighboring Afghanistan."

Two Americans Killed By Carjackers In Kenya. A brief item in today's New York Times (1/28, 1.16M) reports, "Two Americans, including an elderly woman, were shot to death on Saturday afternoon by carjackers in Nairobi." The wife and mother-in-law of an Embassy officer "were traveling in an embassy car with three other Americans when a truck cut them off, police officials said. Four men jumped out with Kalashnikov assault rifles and ordered the occupants out of their car." Police did not offer a reason for the shooting itself, "and American officials said they did not believe the attack was related to terrorism." The AP (1/27) reports, "Gunmen carjacked a U.S. Embassy vehicle on the outskirts [Nairobi] Saturday afternoon and killed two female relatives of an embassy employee, officials said. Police later killed two people involved in the carjacking."

Sudan's North-South Peace Accord "Endangered." Under the headline, "Sudan's Peace Deal, Seen As A Bush Success, Is Endangered," the Washington Post (1/28, A18, Kessler, 690K) reports, "A peace agreement that two years ago ended Africa's longest-running conflict -- and that the White House considers one of President Bush's signature achievements -- is in danger of unraveling because of inattention by top U.S. officials and growing tensions between Sudan's government and the former rebels who signed the deal, according to experts and congressional officials." The Administration "made [that] peace agreement one of its top diplomatic priorities," but "experts warn that the Khartoum government's unwillingness to abide by the terms of the Comprehensive Peace Agreement (CPA) could lead to a new outbreak of war." Some "experts said the administration, distracted by war in the Middle East and an unrelated conflict in Sudan's Darfur region, has failed to recognize the peril lurking in the south." The Post includes criticism from Rep. Frank Wolf and Rep. Donald Payne, who "said the administration should appoint a special envoy specifically to make sure the north-south peace deal does not collapse."

Kristof Asks Bush To Do More To Stop Darfur Genocide. In his New York Times (1/28, 1.16M) column, Nicholas Kristof pans the idea of Sudan assuming the chair of the African Union. Calling President Omar al-Bashir "blood-drenched" and the "architect of the genocide in Darfur," Kristof says "it's mind-boggling that African countries would even consider selecting as their leader a man who has systematically dispatched militias that pick out babies on the basis of tribe and skin color and throw them into bonfires." With Africa "enjoying solid economic growth and improved leadership," he says, "this self-inflicted wound would sully Africa's image and make it far more difficult for African Union peacekeepers to save lives in Darfur. … For anyone who wants the best for Africa, it is repulsive to think of President Bashir as the duly elected spokesman for the continent." Noting that "the world doesn't seriously object" to Khartoum's actions, Kristof says "Europe is oblivious" and "President Bush has been better than most world leaders, but still pathetic: he mustered half a sentence in his State of the Union address. Perhaps this is because Mr. Bush regards the situation as

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tragic but hopeless, but in fact there is plenty he could do," including lobbying against Sudan in its bid to lead the AU.

Hoagland Says Tutu Is Example For Bush, World. In his Washington Post (1/28, 690K) column, Jim Hoagland praises Archbishop Desmond Tutu's recent criticisms of South Africa's refusal to support a UN Security Council rebuke of the Burmese regime. "When Desmond Tutu speaks out about morality in politics and foreign policy, his nation and the rest of the world should listen. By criticizing the government he helped bring into being, the South African Nobel laureate raises in his own distinctive fashion some of the key issues of our time." Tutu "rightly suggests that because of its history, post-apartheid South Africa has a special responsibility to pursue a foreign policy that supports international action to help oppressed populations." He continues, "Just as South Africans should be guided by the recent past, Americans must recall their government's history with Iraq." President Bush "has failed to underpin his narrowly American approach to values with a persuasive appeal to international moral standards and conscience. Desmond Tutu's reproach to his own government is a cogent reminder of the perils and ignominy that such failure brings."

Mexican Efforts To Stem Central American Immigration Said To Falter. The New York Times (1/28, A12, McKinley, 1.16M) details Mexico's continuing efforts to slow Central American immigration. While Mexican President Felipe Calderon has "announced measures to slow the flow of illegal immigrants across Mexico's southern border and reduce crime in this lush but impoverished region,… much remains to be done to stop or deter the migrants, and for now the measures have had little effect. Social workers and volunteers who aid the migrants say they keep coming." The Times reports "corruption is rampant. Soldiers and police officers on the Mexican side extort money from the migrants but seldom turn them around, aid workers and migrants said." The "biggest deterrent, migrants say, is not federal authorities but armed thugs who waylay them along the railroad tracks or on paths through the countryside used to avoid the immigration posts along the main highway."

Karimov Said To Maintain Firm Control In Uzbekistan. An analysis piece by the AP (1/27, Bukharbayeva) notes, "Nearly a week after his term elapsed, the former Communist strongman who has kept a tight grip on Uzbekistan for more than 15 years shows no sign of vacating the presidential office." Islam Karimov's continuance in office past the expiration of his mandate is "a sign his hold on power remains strong and that he has no intention of leaving, analysts say." Citing analysts who believe Karimov will stand for election again in December, the AP adds, "Many observers fear that the Karimov government's oppressive control of the country could radicalize Islamic fundamentalists and lead to an explosion of violence in an already troubled part of the world."

Kerry Assails Bush Administration Foreign Policy. The Washington Times/AP (1/28) reports comments at the World Economic Forum by Sen. John Kerry, who "slammed the foreign policy of the Bush administration yesterday, saying it has caused the United States to become 'a sort of international pariah.'" Kerry "made the comment as he responded to a question about whether the U.S. government had failed to adequately engage Iran's government before the election of hard-liner Mahmoud Ahmadinejad in 2005. He said the Bush administration has failed to adequately address a number of foreign-policy issues." Kerry also "said the government needs to use diplomacy to improve national security."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"The Vaccine Industry's Development Revival."
"A Deal In The Desert For Sen. Reid?"
"Bringing Home A New Islam."
"Waiting For The DDT Tide To Turn."

New York Times:

"Saudi Officials Seek To Temper The Price Of Oil."
"In Law School, Obama Found Political Voice."
"A Cleric's Journey Leads To A Suburban Frontier."
"On Iran, Bush Faces Haunting Echoes Of Iraq."
"After Times Of Grief And Doubt, A Tennis Ace Is Hungry Again."
"Atlantic City Casinos Reap Anti-Blight Funds."

Washington Post:

"Thousands Protest Bush Policy."
"Clinton Begins Her Run In Earnest."

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"Vietnam Shades Warner's Iraq Stand."
"Dinner, Movie -- And A Background Check -- For Online "
A Real-Life Sequel To 'Lorenzo's Oil.'"

Washington Times:
"Iraq War Foes Mass On Mall."
"Seven U.S. Troops Killed In Iraq."
"In Iowa, Hillary Off And Running."
"Church-State 'Wall' Coming Back Down?"
"Pope John Paul 'Escaped' To Hit Slopes, New Book Says."

Detroit Free Press:
"Gumbleton Not Ousted For Condemning Abuse, Archdiocese Says."
"Spartans, Neitzel Run Out Of Gas Against Ohio State."
"RV Enthusiasts Oooh And Ahhh At Ford Field."
"U-M Fades Again In Bloomington."

Atlanta Journal-Constitution:
"Escapee Arrested After S.E. Manhunt."
"Searchers Find Skeletal Remains."
"Bill Targets Eyewitness IDs."
"Thousands Protest War."
"Kidd To Lead State Dems."
"Man Surrenders After Standoff."
"Guilty Plea In Shaking Case."

Dallas Morning News:
"Surgeries Mend Twins' Tiny Hearts."
"Two DISD Principals Told To Resign -- Or Else."
"Bail Means Freedom, Lighter Terms For Many Suspects."
"D.C. Anti-War Demonstration Draws Tens Of Thousands."
"Schools Get Around 'No-Pass, No-Play' Law."
"Super Bowl Coaches Represent Winning Drive For Diversity."
"SMU Students Revisit Holocaust."
"Escapee Suspected Of Stealing Singer's Tour Bus."

Houston Chronicle:
"Contractor Deaths In Iraq Nearing 800."
"Houston Nightclub Sting Ends In Vice Raid, Arrests."
"Sketch Was Key To Houston Rape Suspect's Arrest."
"Parts Of Houston To Miss Air-Pollution Deadline."
"HISD Among Bonus-For-Performance Pioneers."
"Houston-Galveston Passenger Train Could Roll."
"'Green' Options Bloom At Houston Auto Show."
"Cuts In Texas Welfare Come At Cost."
"Pave The Way For Your PC To Handle Vista."

Story Lineup From Last Night's Network News:
ABC: Clinton In Iowa; Giuliani In New Hampshire; Pelosi In Pakistan; Violence In Iraq; Antiwar Protests; Military Struggling To Enlist; Computer Chips; Retirees Move To Panama; Prince Charles; Community Service Vacations.
CBS: Computer Chips; Antiwar Protests; Clinton In Iowa; Officer Refuses To Go To Iraq; Sailors Missing After Crash; Prince Charles.
NBC: Antiwar Protests; Military Family View Of War; Violence In Iraq; Sectarian Violence In Pakistan; Clinton In Iowa; Presidential Campaign; Housing Market; Prince Charles; Passport Requirement; Apollo One; Diving In Everglades.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session

US House: Not in session.

Other: CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Location: JW Marriott, 1331 Pennsylvania Ave. NW. Contacts: Kristina Graboski, 703-683-5004 ext 132.

AIR TRAFFIC CONTROLLERS _ The National Air Traffic Controllers Association (NATCA) National Legislative Committee holds a Washington conference. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Jan. 28-31.

SCHOOL BOARDS _ The National School Board Association holds its annual Federal Relations Network Conference. Location: Grand Hyatt Hotel, Independence A Room, 1000 H St. NW. Contacts: Linda Embrey, 703-838-6737.

ANTIWAR WORKSHOPS _ 9 a.m. - 12 p.m. United for Peace and Justice holds training sessions for those joining the Congressional Lobby Day on Monday, Jan. 29. Location: Bethesda-Chevy Chase High School, 4301 East-West Highway, Bethesda, Md. Contacts: ., 212-868-5545.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Professor Calls War On Terror A "Massive Overreaction." In a Los Angeles Times (1/28, 850K) op-ed, David Bell, a professor of history at Johns Hopkins University, questions whether the American reaction to the 9/11 attacks has "in fact been a massive overreaction." Bell says "it is no disrespect to the victims of 9/11, or to the men and women of our armed forces, to say that, by the standards of past wars, the war against terrorism has so far inflicted a very small human cost on the United States." The "people who attacked us in 2001 are indeed hate-filled fanatics who would like nothing better than to destroy this country," Bell concedes, but stresses that "desire is not the same thing as capacity, and although Islamist extremists can certainly do huge amounts of harm around the world, it is quite different to suggest that they can threaten the existence of the United States." Therefore, he suggests that the war against terrorism "has not yet been much of a war at all, let alone a war to end all wars," but rather "a messy, difficult, long-term struggle against exceptionally dangerous criminals." To fight them effectively, Bell says "we need coolness, resolve and stamina. But we also need to overcome long habit and remind ourselves that not every enemy is in fact a threat to our existence."

Express-News Questions Surveillance Moves. The San Antonio Express-News (1/28) editorializes, "Attorney General Alberto Gonzales says the nation will be 'no less safe' now that the Bush administration has agreed to bring its warrantless surveillance program into line with provisions of the Foreign Intelligence Surveillance Act. … The effort to monitor international calls to or from terrorist suspects will now come under some sort of scrutiny from the secretive FISA court, specially created to review intelligence matters." The Express-News continues, "It is a curious reversal for the administration that raises an important question: If judicial review of the program doesn't impair national security, why didn't the White House adhere to this legal process from the beginning? … President Bush had maintained that as commander in chief, he is empowered in time of war to carry out such surveillance beyond the purview of the FISA court. Since the surveillance effort became known publicly in late 2005, he has strenuously argued that any changes to the program would imperil national security. … The new White House position still asserts this executive power — what Gonzales calls 'inherent authority.' But it accepts some sort of formal review process under FISA rules." The Express-News adds, "Other than a new majority in Congress, what has changed? No one really knows, because Gonzales' description of the process is as nebulous as the surveillance program itself. … Unfortunately, we don't know whether the program has changed or if the administration's interpretation of the law has changed. Bush's penchant for executive signing statements — Oval Office appendages to new laws that carve out exemptions for executive power — doesn't inspire confidence in the former."

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HOMELAND RESPONSE:

New Passport Rules Take Effect. NBC Nightly News (1/27, story 9, 2:00, Seigenthaler, 9.87M) reported, "This week marked the beginning of a new era in air travel for Americans. In the old days if you were flying from Canada, Mexico or the Caribbean, all you needed to show at Customs was a birth certificate. Not any more. Some fear the new rules will spell trouble for American travelers."

D'Souza Says Bin Laden Targeted US For Its Assaults On Values. Dinesh D'Souza, author and fellow at the Hoover Institution, writes in the Washington Post (1/28, B1, 690K) that "contrary to the common liberal view, I don't believe that the 9/11 attacks were payback for US foreign policy. Bin Laden isn't upset because there are US troops in Mecca," nor is it "all about Israel. (Why hasn't al-Qaeda launched a single attack against Israel?)" D'Souza says, "Contrary to President Bush's view, they don't hate us for our freedom, either. Rather, they hate us for how we use our freedom." Instead, he asserts that it is the "assault on prevailing religious and traditional values" that angers the "sensibilities of many of the world's people." D'Souza says the US "cannot defeat terrorism without driving a wedge between radical Islam and traditional Islam, because the latter has been the main recruiting pool for the former."

Charities Responsible For Most Of Katrina Reconstruction. The Washington Post (1/28, A3, Whoriskey, 690K) reports, "While the national debate over the recovery has focused on the billions expected in federal aid and insurance, those sources have so far provided little for places…, and charity efforts have constituted more than 80 percent of the home rebuilding completed so far," local and charity officials on the Gulf Coast said. In Hancock County, Mississippi, "where nearly 11,000 homes were destroyed by the storm," the largest single home rebuilder is the local Habitat for Humanity project." The reason for the charity's "dominant role" in the rebuilding is that "little, if any, of the $3.2 billion in federal aid for Mississippi homeowners has reached anyone here -- it is tied up for now at the state level." As for insurance, "most residents of this rural community lacked any form of flood policy."

WAR NEWS:

Demonstrators Turn Out In Opposition To Iraq War. Saturday demonstrations against President Bush's Iraq policy receive heavy and generally sympathetic coverage on an otherwise slow news day, when the other big story was the early action in the presidential race. Reports on the protests concentrate on the disputed turnout numbers, the presence of film celebrities and several active-duty members of the military, and on the demonstrators' intention to impact Democrats in Congress more than the President.

NBC Nightly News (1/27, lead story, 2:55, Seigenthaler, 9.87M) led with the demonstrations, saying "tens of thousands of Americans converged on Washington, D.C., demonstrating against the war in Iraq, urging the US government to bring the troops home. The crowd gathered on the Washington Mall joined by politicians and celebrities like Jane Fonda delivering a message that was clearly intended for the President." NBC (Yang): "President Bush asked American people to give his plan for Iraq a chance. But the people who marched in the streets in Washington and other cities today were in no mood to be patient. The demonstrators' message: no more troops to Iraq and bring all the troops home. It was aimed at both President Bush and the new Democratic majority in Congress."

The CBS Evening News (1/27, story 2, 3:00, Assuras, 7.66M) also ran the story near the top of the broadcast, saying "here at home, there were anti-war protests in Washington and other cities as well." CBS (Chen): "This was not the first, this was not the biggest protest of its type this city has seen. Still, organizers believe it will have a significant impact, mostly because it tried to change the direction of the debate over the war by changing the direction of the protest. The surge of protestors pushed off, led by faces you might expect -- activist Jesse Jackson, actor Sean Penn, and Jane Fonda, who admitted she avoided this soapbox since the days she was called Hanoi Jane. … But for all the tie-dye and familiar chants, the anti-war movement has moved on, and changed direction. Today's protest didn't go near the White House, instead leading tens of thousands up Constitution Avenue towards the Capitol, bearing a message for the new Congress, now controlled by Democrats."

ABC World News (1/27, story 5, 2:00, Weir, 8.78M) said the "steady drumbeat of death was on the minds of demonstrators from Washington, D.C., to the West Coast." ABC (Marquez): "The tens of thousands of protestors who gathered on both coasts today spoke with a single voice: They want the US out of Iraq. … Hollywood celebrities crowded the stage, including Jane Fonda, a controversial figure from the Vietnam antiwar movement." The Washington Post (1/28, D1, Weeks, 690K) details Fonda's re-emergence on the activist scene.

On its front page, the Washington Post (1/28, Ruane, Kunkle, 690K) reports, "A raucous and colorful multitude of protesters, led by some of the aging activists of the past, staged a series of rallies and a march on the Capitol yesterday to demand that the United States end its war in Iraq. ... They came from across the country and across the activist spectrum, with a wide array of grievances. Many

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seemed to be under 30, but there were others who said they had been at the famed war protests of the 1960s and '70s." The Washington Times (1/28, A1, Lively, 88K) reports, "Organizers said they exceeded their goal of 100,000 attendees. Police do not give official crowd estimates, but some officers said privately that the crowd appeared smaller."

The AP (1/28, Woodward, Margasak) called the march an "anti-war demonstration linking military families, ordinary people and an icon of the Vietnam protest movement in a spirited call to get out of Iraq." The New York Times (1/28, A21, Urbina, 1.16M) reports, "Tassi McKee, from Bastrop, La., who said she was a staff sergeant in the Air Force, was among a small contingent of about 20 active-duty service members who turned out." The Times says "police officials declined to provide crowd estimates, but Hany Khalil, a spokesman for United for Peace and Justice, said the protesters numbered about 400,000." An AP (1/28) article quotes two other active service members at the rally. BBC.com (1/27) reports the rally, saying, "The rally comes days before Congress is to discuss President George W Bush's new strategy for Iraq."

Students Fight Apathetic Image. The Washington Post (1/28, A8, Greenwell, 690K) reports, "Since the war began nearly four years ago, many Vietnam-era antiwar activists have publicly lamented what they see as apathy among today's college students. They wonder whether the absence of a draft and a culture of pop music and reality television have distracted young people from civic responsibilities. But among the hundreds of students on the Mall yesterday, dozens of whom drove all night to get to Washington for the protest, the prevailing sentiment was that their generation had been unfairly maligned and that the antiwar movement is growing stronger every day." Students at the rally found signs "of a building resistance to the war in Iraq and other U.S. foreign policy initiatives."

Deployment Resistor Watada Profiled. The CBS Evening News (1/27, story 4, 2:20, Assuras, 7.66M) reported, "The Iraq war sparked demonstrations today; one man has waged his own protest for months now. He is the first Army officer to publicly refuse to fight in Iraq, and he may soon face court martial for his beliefs." CBS (Blackstone): "Ehren Watada sounds little different than any other war protestor. But his protest could send him to prison for six years; when his army unit shipped out last June, Lieutenant Watada refused to go to Iraq." Watada: "Just being a part of that would be adding more fuel to the fire instead of trying to put it out." Blackstone: "While Lt. Watada waits for his court martial, the Army still requires him to show up for work here at Fort Lewis every day. He admits he's probably the most unpopular soldier on the base, but that hasn't stopped him from continuing to speak out against the war."

More Commentary On Iraq. In his Washington Post (1/28, B7, 690K), column, Robert Kagan writes that, besides Democrats, "Many conservatives and Republicans, including erstwhile supporters of the war, have thrown up their hands in anger at the Iraqi people or the Iraqi government. They, too, seem to believe that if American troops leave, because Iraqis don't 'deserve' our help, then somehow the whole mess will solve itself or simply fade away. ... Politicians in both parties should realize that success in this mission is in their interest, as well as the nation's. Here's a wild idea: Forget the political posturing, be responsible, and provide the moral and material support our forces need and expect."

In an op-ed for the New York Times (1/28, WK1, 1.16M), reporter Sabrina Tavernise writes, "A painful measure of just how much Iraq has changed in the four years since I started coming here is contained in my cellphone. Many numbers in the address book are for Iraqis who have either fled the country or been killed. ... Iraq is a different country now. ... Deeply damaged from years of abuse under Saddam Hussein, the Shiites who run the government have themselves turned into abusers." Tavernise predicts the failure of the new US plan in Iraq because "Abused under Mr. Hussein, [Shiites] still act like an oppressed class. That means Iraqis are looking into a future of war, at least in the near term."

In the New York Times (1/28, WK16, 1.16M), columnist David Brooks writes that, based on the experience of Bosnia, "The best answer [for Iraq], then, is soft partition: create a central government with a few key powers; reinforce strong regional governments; separate the sectarian groups as much as possible. ... logic, circumstances and politics are leading inexorably toward soft partition. The Bush administration has been slow to recognize its virtues because it is too dependent on the Green Zone Iraqis. The Iraqis talk about national unity but their behavior suggests they want decentralization."

Deliberations Over Iraq War Said To Color Response To Criticisms Of Iran. On its front page, the New York Times (1/28, A1, Sanger, 1.16M) notes the "haunting echoes" in Bush Administration statements about Iran. "As President Bush and his aides calibrate how directly to confront Iran, they are discovering that both their words and their strategy are haunted by the echoes of four years ago — when their warnings of terrorist activity and nuclear ambitions were clearly a prelude to war. This time, they insist, it is different." The Times continues, "To many in Washington, especially Mr. Bush's Democratic critics, the new approach to Iran has all the hallmarks of an administration once again spoiling for a fight. Some see an attempt to create a diversion, focusing the country's attention away from a war gone bad in Iraq, and toward a country that has exploited America's troubles to expand its influence. Others suspect an effort to shift the blame for the spiraling

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chaos in Iraq." Now, "as they present their evidence, some Bush administration officials concede they are confronting the bitter legacy of their prewar distortions of the intelligence in Iraq." While in the coming weeks, "more escalation is likely," the Times says "the debate over whether the United States should stick to diplomacy or take more forceful action is bound to begin right away, and will sound familiar. Democrats, even while accusing the administration of failing to engage with Iran, are positioning themselves to sound tough."

Iran Condemns Raids On Operatives. The AP (1/27) reports, "A top Iranian lawmaker denounced the United States on Saturday for allowing its troops to kill or capture Iranians in Iraq whom U.S. forces believe pose a threat." Alaeddin Boroujerdi, the head of Parliament's Foreign Policy and National Security Committee, called the policy "support for terrorism" on Iranian television. The AP adds, "The more aggressive policy — evolving over a period of months — was described as the result of mounting evidence that Iran is supporting terrorists inside Iraq and is a major supplier of bombs and other weapons used to target U.S. forces."

Ahmadinejad's Impact, Influence Examined. A 5,000-word piece in today's New York Times Magazine (1/28, Secor) analyzes President Mahmoud Ahmadinejad's role in and impact on Iranian politics. "South Tehran is Ahmadinejad's heartland. It is here, in the less affluent neighborhoods of the city of 14 million where he was once mayor, that he rose from the obscure end of the seven-candidate roster in 2005, only to become one of the most popular figures in the Muslim world." However, the Times notes, his local candidate slate was "trounced" in recent voting. "The Iranian political system seems to be restoring its equilibrium by showing an extremist president the limits of his power. But is it an equilibrium that can hold? In part, last month's election results reflected the complexity of Ahmadinejad's skeptical, conditional and diverse constituency. They also demonstrated his isolation within the powerful conservative establishment, whose politics, however opaque, are determinative."

Iranian Nuclear Official Denies Centrifuge Installation Plan. The AP (1/28, Dareini) notes Iranian Atomic Energy Organization official Hossein Simorgh "has denied claims made by a top lawmaker that the Islamic Republic had begun installing 3,000 centrifuges at an uranium enrichment plant" at Natanz. He is quoted saying, "No new centrifuges have been installed in Natanz." The AP notes comments yesterday by Alaeddin Boroujerdi that "Iran was currently installing the 3,000 centrifuges, underlining that the country would continue to develop its disputed nuclear program despite U.N. sanctions."

WPost Prods Administration To "Mix" Pressure And Engagement With Iran. In an editorial today, the Washington Post (1/28, B6, 690K) says the Administration's "recent steps against Iran" are "fortunately" causing "some influential people in Tehran" to become "nervous. … Some influential voices have begun publicly suggesting that flexibility as well as toughness is needed in dealing with the West," and "pressure is growing on radical President Mahmoud Ahmadinejad." Those "U.S. measures, compounded by a U.N. sanctions resolution, may be having an effect on the mullahs. If so, the impact is sorely needed," both on Iran and on Syria. While "it's too early to tell whether Iran will back off from [its] belligerent agenda," it is "not too soon for the Bush administration to begin working on the next stage of its strategy. That's because the pushback tactics, while necessary to change the atmosphere of hubris in Tehran, aren't likely by themselves to achieve the administration's goals." Now, "what's needed is a mix of pressure with avenues for moderation by Tehran." The Post concludes, "The most promising way of refining the current policy would be to return to a strategy that worked when the Bush administration tried it in 2001, which is engaging Iran in a regional forum. … To pursue such an initiative while simultaneously stepping up military and economic pressure on Iran, the Bush administration would have to forswear the Manichaeism it is so prone to in foreign affairs. But it might get better results."

Seven US Troops Killed; Bombers Strike Baghdad Market. ABC World News (1/27, story 4, :25, Weir, 8.78M) reported, "The military announced late today that seven US soldiers have been killed in a series of roadside bombings. Also today, two car bombs exploded, one after the other in a Baghdad marketplace, killing at least 13 people. And Iraqi police say 40 bodies have been found dumped around the capital, most showing signs of torture."

The CBS Evening News (1/27, story 2, 3:00, Assuras, 7.66M) reported, "The battle for Iraq took another heavy toll of American lives today as the debate on the war spilled out on to US streets. The military today announced the death of seven more American soldiers in Iraq, bringing the total number of deaths to at least 3,075." NBC Nightly News (1/27, story 3, 2:00, Seigenthaler, 9.87M) called it "another deadly day for Americans and Iraqis." NBC (Arraf): "In Baghdad, today, even shopping is dangerous. A suicide car bomb detonated in this crowded outdoor market in the city; when people rushed to help, a second car bomb exploded. ... Immersed in this bewildering war, some soldiers on their second tour here pleaded for support back home, not protests."

The New York Times (1/28, A4, Santora, Cave, 1.16M) reports, "Shiite neighborhoods in Baghdad came under fierce assault once again on Saturday, following two weeks of violence that left at least 300 dead and many hundreds more wounded. Many of the recent attacks, nearly all of them in

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heavily Shiite areas, have occurred during the period of commemoration that leads to one of the holiest days for Shiites, an intense day of mourning known as Ashura that falls this year on Monday. ... The spate of recent attacks appear to have been intended not just to inflict the maximum amount of civilian suffering, but also to grind all aspects of daily life closer to a halt." The AP (1/27, Mroue) reports, "Death squads, believed to be primarily Shiite militiamen, continued their butchery on the other side of Iraq's deepening sectarian divide, with police reporting the discovery of 40 bodies dumped in Baghdad alone." The Washington Times (1/28, A1, Mroue, 88K) carries an abbreviated version of this story.

The Washington Post (1/28, A13, Londono, 690K) also reports the deaths of the seven soldiers, adding, "Violence in the capital and elsewhere continued to surge. ... Meanwhile, a prominent politician in the western city of Ramadi was kidnapped and killed, according to a physician at Ramadi Hospital. Saied Hussein al-Alwani, a council member, was abducted by suspected members of the insurgent group al-Qaeda in Iraq; his body was discarded on a road an hour later." The Green Zone suffered its "second rocket attack this week," and the US consulate in Hilla was reportedly "attacked with mortars."

The Los Angeles Times (1/28, Daragahi, 850K) reports that the troops' deaths came "amid a steady swirl of violence against American troops and Iraqi civilians." Describing a pair of suicide bombings, the Times notes, "Authorities suspect that many such bombers are young Sunni Arab men from other countries heeding religious calls to fight against the U.S. military and Iraq's Shiite government." CNN.com (1/27) reports on Saturday in Baghdad "gunmen dressed as Iraqi national police officers stormed a computer store, abducted seven people and sped off in three vehicles," Baghdad police said. CNN notes it is "not the first report of gunmen disguising themselves" wearing "Iraqi Army, national police and commando uniforms, as well as uniforms that resemble US military attire."

Contractor Death Toll In Iraq Nearing 800. The Houston Chronicle (1/28, Ivanovich, Clanton, 530K) reports, "Laboring in a war with no discernible front line, more than 770 civilian contractors have died in Iraq since the U.S.-led invasion began in March 2003. Statistics kept by the Labor Department indicate fatalities among civilian contractors working for American firms escalated rapidly late last year, with at least 301 dying in Iraq in 2006 — including 124 in the final three months." The military had 818 deaths in 2006. The Chronicle adds, "[Contractors'] names are left off the Pentagon's Iraq casualty rolls. If they were counted, the U.S. military's official casualty figures — 3,063 as of Friday — would be 25 percent higher."

Iraq's Shiite Vice President Ambivalent About Surge. In the Washington Post (1/28, B1, 690K), Lally Weymouth interviews Iraq's Shiite vice president, Adel Abdul Mahdi. He refuses to explicitly endorse a surge of US troops to Baghdad, saying, "As Iraqis, we think we need more troops in Baghdad. It's up to the multinational forces to decide whether they need more troops. ... [The Americans] are there to succeed, not because they wish to be there. They came with plans, agendas and policies. If they want to succeed, we need more troops." When asked specifically about "the United States sending an additional 20,000 men," Mahdi replies, "I can't say if they need to deploy more troops in Baghdad."

Wife Of Soldier Contemplates Surge. NBC Nightly News (1/27, story 2, 3:30, Seigenthaler, 9.87M) reported, "Now to the view of one military wife. Rebekah Sanderlin, whose husband is based in Fort Bragg, North Carolina. Part of the first wave deploying to Iraq this month, talks about how the surge in US forces affects military families at home." Rebekah Sanderlin, wife of soldier: "When we talk about the troops in Iraq, you know, 15 names or faces come to mind instantly. So a troop surge to us is not just my husband is going it is my husband is going to help his best friend. ... I lost quite a few friends. I don't want to lose my husband or lose any more friends. But I also realize that this is not a war that will end when we leave."

War Raises Questions About Volunteer Military. McClatchy (1/28, Brown) reports, "The war in Iraq marks the first time in modern history that the United States has fought an extended conflict with an all-volunteer military. The strain of fighting nearly four years in a two-front war has put unprecedented stress on the Army and the Marine Corps — which have borne the brunt of the fighting — and has raised serious questions about whether an all-volunteer force can be maintained over the long term. ... Rep. Charles Rangel, D-N.Y., wants to reinstate the draft. ... Many military officers, lawmakers and analysts oppose bringing back conscription, saying it would ruin the professionalism and quality that the all-volunteer force has built up over the last 34 years. ... Defense Secretary Robert Gates has outlined plans to call up the National Guard and Reserves more frequently. But the more the military relies on its citizen-soldiers to fight the war, the less attractive the Reserves become to those who don't want full-time military careers."

ABC World News (1/27, story 6, 2:10, Weir, 8.78M) reported, "In his State of the Union Address, President Bush warned that the war on terror will take generations, and a major military expansion to win. But the armed forces are already struggling to fill quotas. How will they enlist more recruits?" ABC (Hendron): "Recruiters admit the job is harder, but they are not soft pedaling the chances of going

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from boot camp to Baghdad." Staff Sgt. Douglas Haynesworth, Marine recruiter: "They see it on TV every day, and they know it's a chance. We don't hide it." Hendron: "After failing to meet goals in 2005, the Army let in more high school dropouts and more low test scores. In recent years, it's raised the maximum age from 35 to 42. It's raised the allowable body fat, and gave more waivers, recruiting soldiers who have criminal backgrounds. Among them was Stephen Green, who now stands accused of rape and multiple murders last year in an Iraqi town." ... Bill Carr, Deputy Under Secretary of Defense: "Recruiting is hard, but hard is what we do."

Gates Seeks To Reduce Forced Extensions. The AP (1/28, Jelinek) reports, "In an action branded a backdoor draft by some critics, the military over the past several years has held tens of thousand of soldiers, sailors, airmen and Marines on the job and in war zones beyond their retirement dates or enlistment length. It is a widely disliked practice that the Pentagon, under new Defense Secretary Robert Gates, is trying to figure out how to cut back on." Gates has ordered that "stop loss" be "minimized" and "has asked the chief of each service branch for a plan by the end of February on how they would rely less on stop loss." The AP adds, "Pentagon officials provided no figures on how many people the policy has affected. Yet just in the Army, it is in the tens of thousands."

Iraqi Soldiers Still Reliant On US. The Los Angeles Times (1/28, Zavis, 850K) reports that a downpour in Diyala province "could have spelled the end of the offensive [for Iraqi forces]. When U.S. Humvees, Bradley fighting vehicles and tanks pushed ahead two days later, they had to tow the Iraqis to the fight. ... As pressure mounts here and at home for U.S. troops to start leaving, the assault in Diyala province this month showed how far the Iraqis must go before they can stand on their own." Iraqis still lack "more sophisticated equipment until [Americans] are confident the Iraqis can maintain and keep track of it" and are faulted by American troops as "not organized" and prone to "corruption." However, the Times adds that Iraqis "proved adept at spotting an out-of-place carpet concealing a hoard of guns or a bomb tucked among the reeds. It was also Iraqis who recognized three brothers identified as key members of a [insurgent] group known as the Council."

Iraqi Government Cultivates Ties To US Democrats. The Los Angeles Times (1/28, Daragahi, 850K) reports, "Representatives of Iraq's government are hedging their bets on America's political future, hoping to keep U.S. support for their country strong by building ties with a Democratic Party that now controls Congress and is closely scrutinizing President Bush's Iraq policy." Iraqi observers "concluded early that even the most staunchly antiwar Democrats would not abandon Iraq. ... Many pointed out advantages to the Democrats' increased sway over Iraq policy. Government officials said they had generally found the Democratic position on handing over security to Iraqi forces sooner rather than later closer to theirs. Almost all agree on Democratic Party initiatives, squashed when Republicans controlled Congress, to prevent the building of permanent U.S. bases here. They note news reports of Democrats acknowledging the suffering of the Iraqi population." They also "found Democratic visitors such as Pelosi, Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois less parochial, more culturally sensitive and more willing to listen to Iraqi concerns than Republicans."

Army Probes Contractor Fraud. The AP (1/27) reports, "From high-dollar fraud to conspiracy to bribery and bid rigging, Army investigators have opened up to 50 criminal probes involving battlefield contractors in the war in Iraq and the U.S. fight against terrorism, the Associated Press has learned. Senior contracting officials, government employees, residents of other countries and, in some cases, U.S. military personnel have been implicated in millions of dollars of fraud allegations. ... The problems stem in part from the Pentagon's struggle to get a handle on the unprecedented number of contractors now helping run the nation's wars."

Warner's Iraq Stance Affected By Vietnam. On its front page, the Washington Post (1/28, Shear, 690K) reports on Sen. John Warner, who says, "I regret that I was not more outspoken" during the Vietnam War. Warner continues, "They thought they could win it. We kept surging in those years. It didn't work." The Post states, "More than 30 years after Vietnam, Warner is once again watching as generals propose additional troops. But this time, he's not staying silent. In a rebuke to President Bush, Warner is leading an effort to have the U.S. Senate declare a lack of confidence in the administration's plans to send 21,500 additional soldiers into the Iraqi war zone. ... to GOP loyalists, Warner is also a more-than-occasional irritant who seems willing to buck the party line with little regard for the political consequences to his Republican colleagues. ... Now he's at it again, delivering a new affront to Bush and offering nothing but a shrug when asked if he worries about that."

LATimes Notes How War Has Changed Political Fortunes. The Los Angeles Times (1/28, 850K) editorializes, "Sen. Richard G. Lugar (R-Ind.) was once considered one of the Senate's foremost foreign policy experts," while Warner "was, well, not. Now, if you believe the Beltway buzz, their reputations have been reversed. ... It shows that the president isn't the only politician in Washington whose career has been hobbled by Iraq."

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Ex-USAID Worker Remembers Work In Fallujah Before Injury. In the Washington Post (1/28, W18, 690K) Sunday magazine, author Kirk Johnson recalls in a 4,400-word article his work in Baghdad and Fallujah before a freak accident made his return to Iraq impossible: "I grew steadily more frustrated by the surreal isolation of palaces and swimming pools bobbing with drunken contractors and began to agitate for a job outside of the Emerald City. ... My work was exhausting, infrequently rewarding and drenched with a sense of urgency and importance. What little work we had finished, I discovered, was either ill-conceived or poorly executed." Johnson still cannot explain the accident in the Dominican Republic that injured him so badly he could not return to Iraq before his contract expired: "When people suggested, gingerly, that I might have been suffering from PTSD, I rejected it out of hand. I hadn't worn a uniform and didn't believe I had the right to group my injury with those who did. So many had it worse: Marines, soldiers, Iraqis -- so many Iraqis. I called a psychiatrist friend, who said that I probably had experienced a stress-prompted fugue state, which is characterized by dissociative amnesia and autopilot behavior."

Taliban Threatens Summer Wave Of Suicide Bombers. The Washington Times (1/28, 88K) reports, "The Taliban is gearing up for a massive summer offensive, with more than 2,000 suicide bombers ready for action and even more preparing, a senior Taliban commander said yesterday. The commander, Mullah Hayat Khan, issued his threat a day after a top U.S. diplomat warned that Afghanistan was in for a bloody and dangerous spring." Khan "said 2,000 suicide bombers were ready -- about 40 percent of the total suicide force -- adding that numbers were so high that it was sometimes hard to find enough explosives and targets."

CORPORATE SCANDALS:

Qwest May Face Dispute Over CEO's Legal Fees. The Denver Post (1/28, Vuong) reports, "CA Inc. is trying to recover the $14.9 million that the software company spent to defend former chief executive Sanjay Kumar against accounting-fraud charges. … A lawsuit by the Islandia, N.Y.-based company, formerly known as Computer Associates, has targeted Kumar's cars, home, yacht and bank accounts after he pleaded guilty to masterminding a multibillion-dollar fraud." The Post continues, "A similar court battle could be in line for Denver-based Qwest if former chief executive Joe Nacchio is convicted of criminal insider trading." The Post adds, "Qwest is footing Nacchio's legal bill, which could cost up to $75 million for both civil and criminal cases, according to experts. Nacchio has pleaded not guilty to 42 counts of illegal insider trading. His criminal trial is set to begin March 19. .. Bob Toevs, a Qwest spokesman, wouldn't say whether the company would seek reimbursement if Nacchio is convicted, but he said it has the right to. … Qwest and CA are just two of a large number of companies that pay legal fees for their current and former executives, experts say. … 'It's very, very common for almost any corporation, and certainly for large publicly traded companies, to have provisions and agreements that will actually require the corporation to advance defense costs up front,' said Lawrence Hamermesh, a corporate and business law professor at Widener University School of Law in Wilmington, Del. … Hamermesh said companies are not required to do so under state law in Delaware, which is where Qwest and many firms are incorporated. .. .Instead, experts say, most companies offer indemnification from legal proceedings and pay attorney fees in advance in order to attract officers and directors to their company."

Shareholders, Company Directors Urged To Rein In Executive Pay. In the New York Times (1/28, BU1, 1.16M), Gretchen Morgenson writes, "Congress has a new idea about how to rein in executive pay. Trouble is, the plan will squeeze midlevel workers, even as they need to save more money for retirement. And it won't even dent top executives' takes." Considering the "explosion in executive pay" Morgenson says it was "thoroughly predictable that Congress would jump into the fray." However, she says "legislators' past attempts to curtail executive pay have wound up fattening already rich packages." Therefore, she concludes that the US tax code "should not be used to legislate corporate governance. This is why it is so crucial now to bring shareholders and company directors together to discuss executive pay. And why it is foolish for companies to resist those dialogues."

CRIMINAL LAW:

Libby Trial Reveals Lack Of Identity Protection For CIA Agents. The Los Angeles Times (1/28, Schmitt, 850K) reports, "From their earliest days, US intelligence agencies have made it an article of faith to protect the identity of their secret agents." But last week, as former White House aide I. Lewis 'Scooter' Libby went on trial, "it appeared that neither the CIA nor some other intelligence community insiders were all that tight-lipped about such supposedly sensitive matters." Valerie Plame's identity, the Times writes, "was often treated as not much more than water-cooler dishing or cocktail party chatter." The revelations thus far in Libby's trial "suggest that, though US officials -- especially within the Bush administration -- have publicly insisted that

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secrecy is crucial in national security matters, there is a backstage world inside the government where even the most basic rules for protecting sensitive information may be ignored."

Havesi Prosecutor Seeks "One Standard Of Justice." The New York Times (1/29, Hakim) reports, "P. David Soares, the Democratic district attorney here, has clashed at various points in his two years in office with the mayor, the police chief, the sheriff and the County Legislature. He has assailed the war on drugs as a failure that 'provides law enforcement officials with lucrative jobs' and called prison building an American 'economic development strategy.' … Now Mr. Soares, 37, is taking on one of the most durable political machines in America: the elected officials of Albany, where built-in incumbency and a 'pay-to-play' system have created a culture in which at least 10 state lawmakers have been investigated, indicted or convicted in recent years." The Times continues, "While Gov. Eliot Spitzer has been the most prominent voice calling for change, it was Mr. Soares who sent tremors through Albany by pressuring former State Comptroller Alan G. Hevesi, a fellow Democrat, to plead guilty to a single felony charge and to resign last month. Since then, Mr. Soares said his office has received numerous tips about wrongdoing in state government." The Times adds, "Perhaps most worrisome for the capital: his efforts to look into corruption are now being aided by a partnership with Attorney General Andrew M. Cuomo, creating what could be a potent check on legislative abuses in a newly reform-minded Albany. … Much of the groundwork for the Hevesi case was laid out by the State Ethics Commission and the attorney general's office, but it was Mr. Soares (pronounced soars) who decided to pursue it as a felony investigation. Mr. Soares's predecessor, Paul A. Clyne, prosecuted high-profile cases, but the more notable, including cases against former Assemblyman Roger L. Green and J. Michael Boxley, a former top Assembly aide, ended with misdemeanor pleas. … The Hevesi case reinforced Mr. Soares's pledge to bring 'one standard of justice' to the office."

Penalty Phase Of Criminal Trials Lays Bare All Secrets. The New York Times (1/28, Brick) reports, "In the federal court system of the United States of America, duly recorded and transcribed by professional stenographers, there exists testimony documenting the fact that one Ronell Wilson, 24, of Staten Island, wet the bed into his teenage years. … Kids might call that T.M.I., 'too much information.' The law calls it evidence of a 'mitigating factor' that could spare a defendant's life." The Times continues, "Mr. Wilson may or may not get the death penalty for killing two undercover detectives; jurors in Brooklyn will be asked to decide this week. But in two weeks of testimony to determine his sentence, he has already endured an unenviable ordeal. … The degree of scrutiny afforded a capital defendant is enough to mortify anyone who has ever been a child, dated a girl, gotten a haircut or tried to dress fashionably. This is the full probe. All your secrets revealed. Some defendants consider it either more agonizing than death, a sentence no federal jury in New York has prescribed for a half-century, or at least worth a big gamble to avoid." The Times adds, "In 2003, in the same court, a defendant named Emile Dixon took his chances, forbidding defense lawyers to call his relatives or dissect the circumstances of his upbringing. The strategy worked well for him, or as well as possible under the circumstances. Six jurors wrote on a verdict sheet that Mr. Dixon had impressively 'exhibited concern for the privacy and dignity of his family.' … He is serving a life term for dealing drugs and murdering two people, including another dealer who had become a government witness." The Times notes, "In theory, this adversarial process known as the penalty phase, coda to a capital murder trial, informs jurors of the broader circumstances of the case. Prosecutors argue that the convicted man is more rotten than other killers; defense lawyers suggest causes for mercy. In practice, it can produce some bizarre tableaus. After all, once it has been established that you murdered somebody, other biographical details can seem surreally picayune."

Doubt Cast On Perception That Teen Girls Are Becoming More Violent. The Pittsburgh Post-Gazette (1/28, Ove) reports on the national perception that American girls are becoming more violent. Citing recent incidents in Rhode Island, Pittsburgh, and South Carolina, the Post-Gazette reports, "Incidents like these are showing up in news media reports across the country, often to illustrate a common theme: American girls are becoming more violent. … But have girls really gone so wild?" The Post-Gazette continues, "A U.S. Justice Department report, under internal review and due out in about a month, will largely conclude that they haven't -- or at least that there's no data to support that they have. … 'We don't have good evidence that it is increasing. We think it's not getting worse,' said Margaret Zahn, lead investigator for the Girls Study Group, a panel of experts assembled by the Office of Juvenile Justice and Delinquency Prevention. 'The media [approach] is always, "If it bleeds, it leads." I do wish the media would be more careful about how these things are reported.'" The Post-Gazette adds, "But the drumbeat continues. Just last week, 'CBS Evening News' reported on a group of Long Island girls who videotaped vicious assaults and put them on the Internet. That story also featured commentary by James Garbarino, the author of an influential 2006 book, 'See Jane Hit: Why Girls Are Growing More Violent and What We Can Do About

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It.' … Yet the consensus of most criminologists is that the 'crisis' of girl violence is probably overblown, inflated by statistics gathered from reporting standards that didn't exist years ago -- such as zero tolerance policies in schools and increased reporting of domestic violence." The Post-Gazette notes, "The root of this debate is numbers. … Girls are definitely getting arrested for assault and aggravated assault more often than they used to, according to figures from the FBI's Uniform Crime Reports. … Although juvenile arrests for violent crime are down overall, girls represent a larger percentage of those arrests. … While the rate for boys declined 26 percent between 1980 and 2003, the female rate jumped 47 percent. Between those years, female assault arrests rose from about 200 for every 100,000 girls to 750." … Some analysts and media reports cite that fact in saying the 'gender gap' between boys and girls is closing. … But criminologists largely dismiss Mr. Garbarino's book, and others like it, as simplistic and alarmist."

US Praised For Law Enforcement Aid To New Orleans. The New Orleans Times-Picayune (1/28) editorializes, "With a rash of murders to begin the year and only one arrest in 14 cases, New Orleans police clearly needed help. They are getting it. … In the broadest law enforcement commitment yet from the federal government, FBI, U.S. Marshal, Drug Enforcement Administration and Alcohol, Tobacco, Firearms and Explosives agents will work the streets with police to make arrests, develop cases and reach out to residents in the city's most violent neighborhoods. … 'The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system,' said U.S. Attorney Jim Letten, who delivered Thursday's announcement for U.S. Attorney General Alberto Gonzales. Wherever possible, Mr. Letten said, cases will be handled in federal court. … Hallelujah." The Times-Picayune adds, "The federal system is functioning at a much higher level than the New Orleans Police Department and Orleans Parish district attorney's office. As for the city's criminal court judges, there are so many problems with evidence gathering and prosecution of cases that it's difficult to figure out how well the judges are handling their duties. There have been judges who went out of their way to set low bonds for violent offenders. But with Judge Charles Elloie off the bench that doesn't seem to be the problem that it was a year ago." The Times-Picayune concludes, "Federal intervention can only go so far. The cases Mr. Letten can prosecute are limited by law. Police, prosecutors and Criminal District Court must be equipped to handle their share of cases, and those are plentiful. … But New Orleanians weary of crime are surely thankful that the cavalry is on the way."

CIVIL RIGHTS:

Mississippi Clerk Testifies To Inaction On Invalid Ballots. The Jackson (MS) Clarion-Ledger (1/28, Gates) reports, "Noxubee County Circuit Clerk Carl Miggins testified Friday his office took no action to find out why signatures on some absentee ballots in a 2003 election were different than the signatures on the applications for the ballots." The Clarion-Ledger continues, "A court ruled that 33 absentee ballots cast in a race between a black candidate and a white candidate in the race for sheriff were invalid. But the judge ruled the election results in which a black candidate was declared the winner would stand because the absentee ballots didn't affect the election's outcome. … In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against white voters." The Clarion-Ledger adds, "Miggins, the last official witness called by the Justice Department, began his testimony late Friday. … He will complete his testimony Monday, when the trial in U.S. District Court in Jackson enters its third week. District Judge Tom S. Lee is presiding. … Defendants in the lawsuit are the Noxubee County Democratic Executive Committee and its chairman, Ike Brown, and the county Election Commission." The Clarion-Ledger notes, "Miggins, who is black, and Noxubee County had been defendants but were removed after the county signed a federal consent decree to prevent any discrimination against voters. … Questioned Friday by Justice Department attorney Christopher Coates about the signatures being different, Miggins explained he took no action to find out why 'Because the judge and the Election Commission ruled on it. ... If a judge ruled on it, I feel it is behind us.' … Miggins said he personally doesn't make any determination on ballots cast the day of an election. He said it's up to poll workers to decide who can cast a ballot legally at the polls."

New Jersey Towns Mull Tougher Rules For Rental Housing Overcrowding. The Bridgewater (NJ) Courier-News (1/28, Richardson) reports, "In the battle against illegal overcrowding in rental properties -- often called 'stacking' -- some Central Jersey communities are considering tougher laws, some of which require the registration of individual tenants and their landlords. … That's the case in Raritan Borough, for instance, where officials might require landlords to certify the number of tenants in each rental unit, Mayor Jo-Ann Liptak said. … 'We're going after the landlord who thinks he can exploit these people,' Liptak said of tenants who are stacked." The Courier-News continues, "Flemington, North Plainfield and Bernards also are considering stronger laws, although not everyone thinks

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they are necessary. … Tougher laws might also stir the debate over whether overcrowding laws inordinately penalize Hispanics." The Courier-News adds, "Not every community dealing with overcrowding laws is making them tougher. … When Bernardsville wanted to make sure its inspection practices were not discriminatory, it looked to Bound Brook, said Elaine Broyles, Bernardsville's Zoning Code Enforcement official, and adopted Bound Brook's revised guidelines. … In 2004, Bound Brook agreed to reform its inspection practices -- which the U.S. Justice Department said were designed to drive out Hispanics -- in order to end a federal lawsuit. … Among other reforms, Bound Brook translated its property maintenance code into Spanish, gave residents 24 hours notice to correct an illegal living situation and hired a bilingual coordinator to give residents information about housing, property maintenance and redevelopment."

Police Departments Make Effort To Boost Minority Recruitment. The New York Times (1/28, Richter) reports, "As part of an initial push to recruit minority officers to the Long Beach, N.Y., Police Department in 2004, the civil service exam was opened to nonresidents for the first time. That move, police officials said, led to the hiring of a Hispanic woman and an Asian-American man, both New York City police officers. … But the department was unable to hire a police officer who was black in that recruitment drive. 'We diversified but were still missing a part of the target population,' said Lt. Bruce Meyer, who heads the recruitment efforts for a department that had no black officers for almost four decades. 'At that point I said we have to do more.'" The Times continues, "Police departments in suburbs and towns across the region have been putting a new emphasis in recent years on bringing more black and Hispanic officers into their ranks as, census figures show, the white population in the suburbs has declined by 2.1 percent and minority populations have grown in the last five years. … The departments are using different tactics, with mixed success, including tweaking residency requirements and recruiting candidates who live beyond their borders. They are holding civil service tests more frequently, initiating new advertising campaigns and turning to the military for possible candidates." The Times adds, "Some police departments that have failed to increase the number of minority officers have come under scrutiny by the United States Justice Department, which has entered into consent decrees to help oversee the recruiting efforts of a number of departments, including those of both Nassau and Suffolk Counties. … Under such decrees, the Justice Department typically helps shape the content of civil service exams. But Steve Levy, the Suffolk County executive, said the department's input had done little to raise the number of minority officers. … In addition, Mr. Levy said the Justice Department vetoed his idea in 2005 to recruit police officers from Suffolk communities where crime was high. 'Unfortunately we have a Justice Department that tells us what we can't do,' he said, 'but doesn't tell us what we can do.' … Cynthia Magnuson, a spokeswoman for the Justice Department, said the consent decree with Suffolk County, agreed to in 1986, has resulted in a 'significant improvement' in police minority hiring. In 1983, when the Justice Department first lodged complaints of discrimination against the county, only 25 women, or less than 1 percent of the force, and only 59 blacks and Hispanics, or 2.3 percent, were on the county police force. … In 2005, there were 320 women, or 12.1 percent, and 262 blacks and Hispanics, or 9.9 percent. … 'Our contact with the county is through the county attorney, who has not conveyed to us any criticism regarding this department's input into the county's civil service examinations, or this department's monitoring of the consent decree we have with the county,' Ms. Magnuson said."

Religious Issues Increasingly Debated In US Courts. On its front page, the Washington Times (1/28, Price, 88K) examines the history of so-called "separation of church and state" -- which "many American wrongly assume…are included in the Constitution" -- in US court rulings. According to the Times, US courts rule "about two times each week on cases involving whether prayers can be included in a high school graduation ceremony, an image of Jesus Christ can be displayed in a public school or a Ten Commandments monument can remain in a government building or public park." The American Civil Liberties Union (ACLU) "says such prayers and displays violate the principle of separation of church and state," but the Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, "estimates the frequency of such rulings between 104 and 156 annually."

ANTITRUST:

Microsoft Faces New EU Antitrust Questions With Vista. AFP (1/28) reports, "Microsoft risks a new showdown with EU regulators with the roll-out of its Vista operating system nearly three years after a landmark antitrust ruling against the US software giant, officials have said." AFP continues, 'After numerous delays, Microsoft's next-generation Windows Vista operating system is to make its debut with home computer users on January 30 after it was shipped to business clients in November. … While Microsoft readies to roll out its first revamped operating system in five years, rivals are preparing to do battle again with the IT colossus after already winning one victory in March 2004 with an EU antitrust ruling against the company. … 'With Vista, Microsoft has clearly chosen to ignore the fundamental

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principles of the commission's March 2004 decision,' said Simon Awde, the chairman of the ECIS trade association that opposes Microsoft in its antitrust troubles." AFP adds, "ECIS, which includes such tech giants as Oracle, IBM and Nokia, filed a complaint with EU regulators in February 2006 targeting Vista and Office and updated their action with details on Vista last month. … 'We are in the process of examining this complaint,' said European Commission spokesman for competition issues Jonathan Todd."

ENVIRONMENT/INDIAN AFFAIRS:

Michigan Waste Treatment Firm Faces Dumping Charges. The Dearborn (MI) Press & Guide (1/28, Kis) reports, "A Dearborn waste treatment company and three former executives were indicted Wednesday and face charges of dumping untreated industrial waste into the Detroit sewer system." The P&G continues, "CESI, Comprehensive Environmental Solutions, Inc., a liquid industrial waste treatment and disposal facility at Ford and Wyoming, is accused of violating the Clean Water Act from March 2002 until the present. … A federal grand jury returned a 12-count indictment alleging the company bypassed treatment processes and discharged untreated wastes directly into sewers, in violation of the Clean Water Act and Detroit City Ordinance requirements." The P&G adds, "To conceal the misconduct, the indictment charges that employees made false statements and engaged in other surreptitious activities to cover up the violations. … 'The federal regime of environmental laws is in place to protect the public and prevent unlawful discharges into our water system,' said United States Attorney Stephen J. Murphy. '(Wednesday's) charges demonstrate the commitment of my office, U.S. EPA and the FBI to pursue possible violations of the environmental laws as well as attempts to conceal such violations.' … In addition to CESI, three company officials were also indicted. Former president and CEO Bryan S. J. Mallindine, 50, of Carlsbad, Calif.; former president, general manager and sales manager Michael G. Panyard, 44, of Pleasant Ridge, Mich.; and former plant and operations manager Charles D. Long, 41, of Brownstown Township are charged with conspiracy and Clean Water Act violations. … Mallindine is also charged with obstruction of justice and Panyard is facing seven false statement charges. … A fourth employee, former plant manager Donald A. Kaniowski, 37, of Dearborn, pleaded guilty to unlawfully bypassing treatment equipment and discharging untreated liquid wastes into the sewer system, in violation of the Clean Water Act."

Energy Independence Could Be "Century Away" Under Bush Plan. In its "Week in Review" section, the New York Times (1/28, WK2, Wald, 1.16M) observes that President Bush "never used the phrase 'energy independence' in his State of the Union address last week, and it is just as well. His program for cutting gasoline demand is ambitious in scope, but modest in effect, according to experts." The reason, according to the Times, is that the United States "has fallen down a very deep well, and it's hard to get out." Even "at the rate of change suggested by the Bush plan," energy independence is "about a century away."

Breakthrough Reported In Debate Over House Climate Change Committee. The Politico (1/27, Hearn) reports House Speaker Nancy Pelosi and Energy and Commerce Chairman John Dingell may have reached an tentative agreement "in diffusing an escalating battle over the select committee on climate change" at a meeting following the Washington Auto Show. A Democratic aide close to Pelosi "suggested that the meeting," which also included Rep. Henry Waxman, had been "a turning point," saying, "We no longer anticipate a floor battle." However, Dingell, in a memo to his committee members, "noted progress in diffusing the dispute," but cautioned that he is "still keeping his firepower at the ready."

Communities Concerned Over Expiration Of Rural Law. The New York Times/AP (1/28, A16) reports, "he expiration of a federal law that provided $385 million for schools and roads last year in some of the nation's most scenic and rural areas has administrators in 41 states concerned. In 1908, President Theodore Roosevelt struck a bargain with rural America: In exchange for allowing the creation of national forests, counties would receive 25 percent of the receipts from logging and other resource sales. In return, the land would be off limits for development and could not be taxed by state and local governments." However, for years, financing "fluctuated with the price of timber." Recognizing the" stress these market fluctuations put on schools," Congress offered a short-term solution, the Secure Rural Schools and Community Self-Determination Act, a six-year financing plan that expired in December."

Two Wolf Species To Lose Endangered Status. The New York Times/AP (1/28, A19) reports, "Wolves in the Northern Rockies will be removed from the endangered species list within the next year," the Fish and Wildlife Service said Friday. The agency also will "remove from the list wolves in the Western Great Lakes region." Announcements on the two proposals are planned for Monday, said Sharon Rose, an agency spokeswoman. The action "caps a sharp turnaround for the wolf," which has been federally protected since 1974.

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Tribe Oppose Bid To Alter Gaming Laws. The AP (1/28, Mitchell) reports from Atmore, AL, "The melodic bing-bing-bing on the electronic bingo machines at the always-open Poarch Creek entertainment center in south Alabama has kept players busy and the parking lot crowded. … Would they keep playing if the game took a little longer and required more players? Or would they head to gaming centers elsewhere, off tribal land? … These questions have poured into the National Indian Gaming Commission in response to its proposal to change such electronic games, a move that Indian tribal leaders in at least 10 states, including Texas and Alabama, fear could cause hundreds of millions of losses in annual revenues and hundreds of jobs. … 'These proposed rules are unnecessary and should be significantly revised to reduce new layers of federal bureaucracy,' Chadwick Smith, principal chief of the Cherokee Nation in Oklahoma, has told the NIGC." The AP adds, "With advances in technology, the NIGC says the line between Class II games, such as bingo, and Class III games, such as Vegas-style slot machines, has blurred. The commission, joined by the Justice Department, has proposed new uniform standards for Class II games that are widely used in Indian gaming centers. .. .Tribal leaders contend the change would cause bingo games to be less entertaining, played at half the current pace by requiring a two-second delay between each ball draw and, in one example, requiring a customer to wait for five additional players instead of the current one additional player. … An additional wait doesn't sit well with some players." The AP notes, "Nationwide, the new-rule scenario could reduce gaming revenue by $142.7 million, with an additional loss of $9.6 million in non-gaming revenue, according to an independent analysis of the proposal for the NGIC by Alan Meister of the Los Angeles-based Analysis Group, Inc. The analysis also says about 458 tribal member jobs would be lost. … In Alabama and other states without tribal-state compacts, Class III games are not allowed. Tribal leaders say the changes to Class II games will drive away players, leaving tribes with little recourse but to consider whether to continue operations."

FBI/DEA/ATF/USMS:

Battered Mexican Drug Cartel Said To Be On The Ropes. The San Diego Union-Tribune (1/28, Caldwell) reports, "Mexico and the United States, working together, are steadily dismantling the murderous Tijuana drug cartel, the infamous Arellano Félix Organization. Once among the most powerful and feared criminal syndicates in Mexico, the AFO is now a shambles. Its top leaders are dead or in custody. Most if not all of the AFO leaders now behind bars face trial in the United States, where bribery cannot buy the criminal justice system and intimidation doesn't work." The Union-Tribune continues, "Mexico's extradition of 11 accused narco-traffickers to the United States a week ago wielded the weapon the cartel leaders fear most. If convicted, they will spend the rest of their lives locked away in maximum security federal prisons. The favors and preferential treatment, the illicit opportunities to continue running their drug empires, even the possibility of escape or early release that their money might buy in Mexico won't be available in the U.S. prison system." The Union-Tribune adds, "Here, the capos of Mexico's drug mafias will have 50 years or more to sit in their cells reflecting on the untold numbers of murders they ordered, the horrendous torture they routinely sanctioned and the millions of lives blighted or destroyed by their drugs. Under the terms of these extraditions, U.S. authorities must respect Mexico's prohibition on extradition of criminal suspects who would face sentences of death or explicitly stated life terms. Prison sentences of 50 or 60 years would substitute nicely for the latter … Mexico's extraditions – which included eight drug kingpins, among them two top AFO lieutenants and an AFO assassin, plus the former head of the Gulf cartel – sent the cartels another jarring signal. Mexico's new president, Felipe Calderón, is more determined than any past Mexican president to break the drug mafias that threaten to turn Mexico into a narco state. After just seven weeks in office, Calderón did what no other Mexican president has done – delivered Mexican drug traffickers en masse to the United States for trial."

Brady Center Targets Gun Dealers. The Wilmington (DE) News Journal (1/28, Brown) reports, "A national group fighting gun violence tied into a mayors conference to push for reform and more federal resources to cut illegal gun sales by 'corrupt dealers.'" The Journal continues, "The Brady Center to Prevent Gun Violence unveiled its study called 'Shady Dealings: Illegal Gun Trafficking From Licensed Gun Dealers' last week in Philadelphia -- a city struggling with gun violence -- joined by the city's Police Commissioner Sylvester Johnson and others." The Journal adds, "The release of the study, which does not directly address Delaware, was timed to precede the start of the 75th winter meeting of the United States Conference of Mayors, running Wednesday through Friday in Washington. … The Brady center cited gun violence as a top issue for mayors across the country." The Journal notes, "The mayors group did not make a formal response to the Brady center study. … But crime already had surfaced as No. 2 in the mayors' 10-point legislative agenda on issues impacting cities and families. That agenda first was presented to House Speaker Nancy Pelosi, then brought to the full mayors meeting headed by Conference President and Trenton Mayor Douglas H. Palmer. … The mayors are calling for a federal-local partnership to fight crime, including the creation of a

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federal trust fund that could fund law enforcement deployment, support of local innovations, fight domestic violence and pay for crime-fighting technology. They also back restoration of past federal block grants and policing funding. … The Brady study pointed more directly to the U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives. The study concluded the bureau lacks enough resources to inspect licensed gun dealers and that laws should be changed to ease prosecution and increase penalties for gun-sale violations."

IMMIGRATION:

Minnesota Family Decries Mother's Deportation As Daughter Faces Medical Treatment. The St. Paul Pioneer-Press (1/28, Rosario) reports, "The federal judge predicted this would happen. So did the doctor and nurse who have treated the little boy since birth. … But their warnings meant nothing. A legal system that proved stubbornly deaf to common sense brushed aside their concerns. All this could have been avoided. … Instead, 16 months after the federal government deported his mother, 3-year-old Cece Lamah finds himself facing months of difficult medical care — mostly on our dime." The Pioneer-Press continues, "Cece, hospitalized in Minneapolis, endures daily pain. One recent afternoon, he asked his dad to remove a needle and tube from his arm because they hurt so much. … Two years ago, U.S. District Judge Donovan Frank, Dr. Stephen Nelson and nurse Jane Hennessy of Children's Hospital in Minneapolis warned in court filings that deporting the boy's mother, Cynthia Lamah, would have a devastating domino effect." The Pioneer-Press adds, "Cece, a U.S. citizen, has sickle cell anemia, a condition that requires constant care and monitoring. His mother was his primary caretaker. … At the time, the boy's father, Daniel Lamah, a native of the Congo granted political asylum in the United States in 1999, worked as a tile setter and had health insurance benefits. … But Cynthia Lamah came here illegally from Germany with a falsified passport. She did so after her requests for a visiting visa and political asylum were denied. Federal officials ordered her deported. … Frank, who reviewed a last-minute request for a reprieve, concluded he had no legal standing to block a Justice Department immigration judge's deportation order. He nevertheless criticized the move on practical and moral grounds."

National Guard Soldiers On "Front Line" Of Immigration Debate. The Minneapolis Star Tribune (1/28, Hopfensperger, 395K) reports that "across the nation's 1,300-mile border with Mexico…thousands of National Guard soldiers are now playing a front-line role in the divisive fight over illegal immigration." For example, Minnesota Guard members are "trying to stop the more than 1 million migrants who attempt or make illegal crossings each year -- a tide that's flowing up to Minnesota and bringing both benefits and burdens." The National Guard's assignment, dubbed "Operation Jump Start," is part of "a broad crackdown along the southwestern border" that President Bush initiated last year. Another "controversial" step is the construction of "a massive fence and other border barriers" that began last week. Meanwhile, in his State of the Union address, Bush "also revived his push for a guest-worker program and said that immigration reform is one of his priorities this year."

Study Finds "Light-Skinned" Immigrants Earning Higher Incomes. The New York Times/AP (1/28, A17) reports "light-skinned" immigrants in the United States "make more money on average than those with darker complexions, and the chief reason appears to be discrimination," a researcher says. Joni Hersch, a professor of law and economics at Vanderbilt University, "looked at a government survey of 2,084 legal immigrants to the United States from around the world and found that those with the lightest skin earned an average of 8 percent to 15 percent more than similar immigrants with much darker skin." Other researchers said the findings were "consistent with other studies on color and pointed to a skin-tone prejudice that went beyond race."

TAX:

Taxpayers Left In The Dark About IRS Bond Probes. Bloomberg (1/28) reports, "Cities and towns across the United States are being investigated by the Internal Revenue Service and keeping the investigations secret from taxpayers." Bloomberg continues, "The IRS sent more than 100 letters last year to local governments from California to Pennsylvania, saying bonds they sold may be subject to federal taxes, said Charles Anderson, who led the field operations for the IRS's tax-exempt bond division until this month. Fewer than a quarter of the municipalities disclosed the probes. … 'The entire market is hampered by that lack of information,' said Martha Haines, chief of the Securities and Exchange Commission's Office of Municipal Securities. With municipal bond sales averaging $30 million each, 100 letters indicates as much as $3 billion is under scrutiny." Bloomberg adds, "Bond audits cost taxpayer-funded agencies more than $100 million from 2001 to 2005, according to IRS data. Abuses first spotted by the agency led the Justice Department to issue more than a dozen subpoenas last year in the broadest probe to date of the municipal bond market. … The IRS has focused on whether municipalities paid banks inflated fees to invest proceeds from bond sales before the money was used for roads, schools, sewers, and other projects. Local governments are required to return most profits from investments as taxes, so

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higher payments to banks erode IRS revenue. US prosecutors are checking whether banks violated antitrust rules by fixing prices of the investment products. … State and local governments raise $400 billion a year in the municipal bond market, borrowing at lower rates than corporations or the federal government because debt payments are exempt from taxes."

NYTimes Says Bush Tax Credits Should Be Allowed To Expire. In an editorial, the New York Times (1/28, WK15, 1.16M) writes, "In the State of the Union speech, President Bush said that the budget deficit had been cut in half from 2004 to 2006. Not quite." According to the Times, the deficit "declined, but not by half, from $412 billion to $248 billion." Then, Bush "greatly compounded his otherwise modest exaggeration by taking credit for the reduction, when the deficit really fell despite his policies, not because of them." Bush, it writes, "wants you to believe that tax cuts caused the economic recovery, and thus the budget improvement. If you follow that logic, the key to continued improvement would be continued tax cuts, and that is just what Mr. Bush called for last week." Therefore the Times urges Bush's tax cuts "should largely be allowed to expire. Facing that truth is not a fiscal challenge, it's a political one. Mr. Bush will not meet it. But a future president and Congress will have to."

CONGRESS-ADMINISTRATION:

New White House Counsel Seen Better Suited To Upcoming Challenges. The Austin American-Statesman (1/28, Herman) reports, "White House Counsel Harriet Miers, President Bush's longtime go-to lawyer, is being replaced by a longtime Washington lawyer viewed as more suited for the rough-and-tumble of congressional investigations to come." The AAS continues, "For 13 years, Bush had turned to Miers when he needed a personal lawyer, a Texas Lottery Commission leader, a key White House aide and a Supreme Court nominee. … She retains the president's respect and friendship, but three cabinet members, all longtime friends of Miers', said the Democrats' rise contributed to Miers' demise." The AAS adds, "The nation's top diplomat put it diplomatically. 'Changed circumstances require changed talents,' Secretary of State Condoleezza Rice said. … The changed circumstances include anticipated Democrat- led congressional investigations of the Bush White House. … When Miers leaves this week, Fred Fielding will become White House counsel, an office in which he worked during the Reagan and Nixon administrations, making him a veteran of the Watergate and Iran-Contra investigations. … Just what the president needs, some say." The AAS notes, "Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, both longtime friends of Miers' dating back to their work for Bush in Texas, agreed that the new Washington reality contributed to the need for a new top White House lawyer. … Gonzales, who preceded Miers as White House counsel, said, 'There are others who have dealt with these kinds of issues before, people that have more experience with them than even I do.' … Bringing Fielding on board is part of making sure 'we have the best assets, the best tools, to deal with those challenges,' Gonzales said."

Experts Warn Bush Health Plan Would End Employee Benefits. The New York Times (1/28, A20, Pear, 1.16M) reports President Bush's proposed health plan "has touched off an impassioned debate over the future of the employer-based system that provides health insurance to more than half of all Americans." Paul Fronstin, director of health research at the Employee Benefit Research Institute, said: "The president's proposal would mean the end of employer-based benefits as we know them. It gives employers a way out of providing the benefits because their employees could get the same tax break on their own." Deputy White House chief of staff, Joel D. Kaplan, "acknowledged that the proposal could accelerate the trend of employers' dropping health benefits for employees." But he said more people "would be able to buy insurance in the individual market," so there would be "a net increase in the number of insured."

Rangel, New York City Officials Condemn Bush Medicaid Plan. The New York Times (1/28, A27, Rivera, 1.16M) reports Rep. Charles Rangel and "a number" of New York City officials "urged President Bush yesterday to reconsider a proposed change to Medicaid that could cost the city's public hospital network millions of dollars in annual financing." City Council speaker Christine C. Quinn said, "We want to make sure the president knows how damaging his health care proposal will be to our Health and Hospitals Corporation," referring to the agency that runs the city's 11 public hospitals and dozens of diagnostic centers and health clinics. Quinn joined Rangel "and more than a dozen other elected officials and health care representatives at City Hall yesterday to protest the president's proposal."

Reid Land Purchase, Ties To Lubricants Industry Examined. The Los Angeles Times (1/28, Neubauer, Hamburger, 850K) reports on its front page, "It's hard to buy undeveloped land in booming northern Arizona for $166 an acre. But now-Senate Majority Leader Harry Reid effectively did just that when a longtime friend decided to sell property owned by the employee pension fund that he controlled." Six months after the deal closed, Reid introduced legislation "to address the plight of lubricants dealers who had their supplies disrupted by the decisions of big oil

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companies." The Times notes the land deal is "a potential violation of congressional ethics standards for a member to accept anything of value -- including a real estate discount -- from a person with interests before Congress. In a statement, Reid's spokesman Jon Summers said that the transaction was "not a gift and that the price was due to the property's history and the fact that only a partial interest was sold." However, "Records and interviews show that beginning in the mid-1990s, Reid tried several times to push legislation that would have protected lubricants distributors from abrupt cancellations by their suppliers."

Schumer Says GOP Senators May Moderate Stances. In an interview with the New York Times Magazine (1/28, Solomon), Sen. Charles Schumer, asked whether he think the president will respond at all to the ideas of the new Democratic majority, said, "I don't have much hope that Bush will moderate, but many of the Republicans in Congress, having seen the handwriting on the wall, may moderate, and that will help us." For example, Schumer noted Sens. Dick Lugar, John Warner as "old-fashioned conservatives who know that this hard-right philosophy is wrong." Asked if Vice President Cheney will remain "as large an influence inside the White House in the wake of the Republican drubbing," Schumer said, "Unfortunately, yes, maybe more so, because in an odd way, the counter to Cheney was Karl Rove, and he has lost some credibility."

Johnson's Continued Absence Felt On Capitol Hill. The Washington Post (1/28, D1, Montgomery, 690K) has a 2,700-word story on Sen. Tim Johnson's recovery and the impact of his absence from the Senate. Everything in Johnson's office "is exactly how he left it last Dec. 13: The morning when words deserted him, and they rushed him, speechless, to the hospital. … His staff has left everything virtually untouched as a sign of respect, a sign of love, a sign of not knowing what else to do. It is an appeal to presence in the void of absence. The news from the hospital has been good, so far." Son Brendan Johnson said, "In talking to his physicians, we really feel optimistic and confident that he is going to make a full recovery. … He is making much faster progress than anyone anticipated." The Post says that "when a senator is absent for an extended period, two seemingly contradictory sides of Washington come into focus. There is an inevitable, almost ruthless, forward momentum that tarries for no senator. The people of South Dakota must be served, partisan interests must be advanced. Yet, there is also a human side, an instinct for decency, an acknowledgement that life can't fully go on as usual."

As Only Female, Ginsburg Feels Isolated On Court. The Washington Post (1/28, A2, 690K) reports Supreme Court Justice Ruth Bader Ginsburg said Friday that she dislikes being "all alone on the court" nearly a year after the retirement of Sandra Day O'Connor, leaving her as the only female. However, Ginsburg, speaking at Suffolk University Law School, said her "consolation" is that "if you look at the federal courts altogether, you get a much different picture than you do if you look only at the US Supreme Court."

Columnist Welcomes Justices' Public Discussions. Dahlia Lithwick of Slate magazine writes in the Washington Post (1/28, B2, 690K), "The justices of the Supreme Court have served hard time in the makeup chair in recent months" as "even some of the justices who are reluctant to talk on camera have been more amenable to speaking on the record lately." According to Lithwick, "What the justices have discussed in these interviews" has "opened the door to a more robust and nuanced national conversation about constitutional law and the role of the judiciary."

Navy Calls Off Search For Missing Sailors. The AP (1/28) reports, "The Navy called off a search Saturday for three missing crew members of a helicopter that crashed in the ocean about 50 miles off California's southern coast." Earlier, the CBS Evening News (1/27, story 5, :20, Assuras, 7.66M) had reported, "Three crew members of a Navy Seahawk helicopter are still missing tonight after their chopper went down off Southern California yesterday. ... A fourth sailor was killed."

Will Criticizes Move To Give US Territories Vote In House. The Washington Post's (1/28, B7) George Will writes House Democrats Wednesday "again voted to give the delegates to the House from Guam, American Samoa, the Virgin Islands and the District of Columbia, and the resident commissioner from Puerto Rico, the right to vote in the House when it is sitting as the Committee of the Whole, which is how it sits almost all the time. It is in that status that almost all debate about and amending of legislation occurs." Will questions Speaker Nancy Pelosi about the "possible scope of [her] majoritarian abuse," given her "disregard of the unambiguous language and clear intent of Article I, Section 2 -- which uses the word 'state' eight times to designate the only entity from which a member of the House may be chosen."

Bush Urged To Make Papers Public, Disclose Library Contributors. New York Times (1/28, WK15, 1.16M) editorial observer Dorothy Samuels writes as the Southern Methodist University in Dallas reportedly moves closer to reaching a deal to become the home to President Bush's presidential library, she hops "the university's president, R. Gerald Turner, and members of his board of trustees (presuming Laura Bush, the best-known trustee, has

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removed herself from the deliberations) can be persuaded to withhold a final go-ahead unless two basic conditions are met." First, she says the university "should insist that Mr. Bush rescind Executive Order 13233, his 2001 directive that reverses…the strong presumption of a public right of access to presidential papers embedded in the 1978 Presidential Records Act." Second, Samuels urges Bush and members of his library committee to disclose "the identity of presidential library donors, and the amounts they contribute," in order to "advance government integrity, and avoid entangling the university in potentially compromising secret fund-raising, by insisting on disclosure."

OTHER NEWS:

Median Home Prices Dropping. NBC Nightly News (1/27, story 7, 2:30, Seigenthaler, 9.87M) reported, "After word home sales were down for 2006, a new report shows the median price for a home is dropping too: down 10% for the fourth quarter of last year. For many a drop in the homes value comes as mortgage payments go up, contributing to a huge increase in foreclosures across the country and in some areas, that is driving down prices further."

Democrats Seek To Tap Into Economic Anxiety Of Swing Voters. The New York Times (1/28, WK1, Leonhardt, 1.16M) reports, "As they plan their strategy on Capitol Hill and begin the 2008 presidential campaign, the leaders of the Democratic Party are betting that the temporary swings of the economic cycle no longer have the political power they once did." Instead, they say, the "economic shocks of recent years -- technological change, globalization, the decline of labor unions and business icons like Ford Motor Company -- have left many swing voters feeling anxious and insecure about the future." After years of "fighting losing battles against tax cuts," Democrats argue that this "economic anxiety has altered the political landscape, making swing voters open to a new role for government." With issues like energy policy, immigration and health care "having gone largely unaddressed in recent years," Democrats "see a way to define themselves as the party that can help Americans survive the 21st-century economy."

Clinton Holds First Iowa Event Of Her Presidential Campaign. Sen. Hillary Clinton's first foray into Iowa since declaring her plans to seek the presidency receives heavy coverage, even leading the broadcast on ABC World News (1/27, lead story, 3:00, Snow, 8.78M), which reported, "The high school basketball gym was crammed to capacity: more than 1,000 people, plus an overflow room down the hall. The first question out of the gate, about breaking the tradition of exclusively male presidents." Clinton: "Oh, I expect there will probably be more stories about my clothes and hair than some of the people running against me, and I just have accepted that. The fact that I'm a woman, the fact that I'm a mom, is part of who I am. But I'm going to ask people to vote for the person they believe will be the best president." The CBS Evening News (1/27, story 3, 2:50, Bowers, 7.66M) said Clinton "charmed the 1,500 or so Democrats gathered in a high school gym in Des Moines with her softer side…and drew heavy applause as she hammered away at familiar Democratic themes, such as the need for national health care, more money for education, and the Bush Administration." Clinton: "We may not have had good leadership the last six years, but we are still the best, most able, can-do country in the world!"

CNN (1/27, Crowley) reported, "In the national polls Hillary Clinton leads by a fairly large margin over Barack Obama. It's very different here in Iowa, where there have been a number of polls showing her running anywhere from second to fourth. The frontrunner is John Edwards. … So, she has some work to do here and certainly over the next couple of days, she'll probably make some inroads. There are five events in all, three different cities, so she has her work cut out for her, but a lot of people here think it just was a matter of showing up." NBC Nightly News (1/27, story 5, 3:20, Seigenthaler, 9.87M) sad that "with so many other presidential candidates working hard and well established here, she has a lot of catching up to do."

In a front-page story, the Washington Post (1/28, Kornblut, Balz, 690K) reports Clinton, "bursting onto the campaign trail," confronted "two looming questions about her presidential candidacy: whether voters are ready to elect a woman to the White House and how aggressively she would respond to Republican attacks if she were her party's nominee." Clinton "got just one question about Iraq, and she deflected it without answering it, speaking instead about health care for veterans. But at a morning session with Iowa Democratic Party officials, she was asked to address her vote for the 2002 congressional resolution authorizing President Bush to go to war. That vote, along with her reluctance until late last year to recant, has put her at odds with many antiwar activists in the party and is expected to be a factor as she begins to meet voters in a state with a strong antiwar tradition." Clinton said, "I've taken responsibility for my vote. But there are no do-overs in life. I wish there were. I acted on the best judgment I had at the time." The Washington Times (1/28, Hurt, 88K) also reports on its front page that "the dominant issue of the war in Iraq" was "absent" from the Des Moines event. On its Web site, USA Today (1/27, Lawrence, 2.27M) says "some 150 journalists from around the country and the world, including Japan, England, France, Germany, Italy and Switzerland," were on hand.

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The Los Angeles Times (1/28, Finnegan, 850K) says Clinton "took on the full trappings of a presidential candidate" in Iowa, "where she defended her early support of the Iraq war and played up her chance to 'break a historic barrier' as the first woman to win the White House. Clinton's Iowa visit opened her yearlong courtship of Democratic voters in the state whose precinct caucuses launch the 2008 presidential nominating process. Clinton, who is leading her Democratic rivals in national polls but not in Iowa, sought above all to spur excitement over her status as the only major female candidate." Clinton said, "When people tell me, 'Well you know, I don't think a woman can be elected president,' I say, 'Well, I don't believe that, but we're going to find out.'" The Chicago Tribune (1/28, Quintanilla, 617K) writes Clinton raised "energy and health-care issues" while "remaining conspicuously silent on the war in Iraq. … 'You go, girl,' came a shout from the audience. 'You come with me,' Clinton replied, generating much applause." The AP (1/27, Glover) says Clinton said her husband "would have a role in the campaign but 'I'm the one running for president.'"

Newsday (1/28, Thrush) reports Clinton said she was "the best Democrat to take on 'bellicose' GOP opponents" such as Sen. John McCain and Rudy Giuliani. Clinton told the state committee members, "When you are attacked, you have to deck your opponent. I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back." The Des Moines Register (1/28, 160K) says Clinton told the party members, "I do seem to inspire strong feelings." The Politico (1/27) carries the pool report on the party meeting.

McAuliffe Says Nomination "Hers To Lose." Asked on CNN's Larry King Live (1/27) if the nomination is "Hillary's to lose," Clinton campaign chairman Terry McAuliffe said, "Clearly I would say she is the frontrunner. She's got the smarts. She's tough. … She's got the leadership skills. … Yes, it's hers to lose, and we've got to work hard, we've got to work for every single vote and get out there. People have to get to know Hillary Clinton."

Novak Says Obama Backers Expect Emanuel To Support Clinton. In his syndicated column, Robert Novak (1/27) writes, "Sources close to Sen. Barack Obama are sure that Rep. Rahm Emanuel will not support his fellow Illinois Democrat" but will instead back Clinton.

Corsi Joins Anti-Clinton Organization. In his syndicated column, Robert Novak (1/27) writes that Jerome Corsi, "co-author of the 2004 campaign book 'Unfit for Command' attacking Sen. John Kerry's war record, joined up Tuesday with the organization intended to similarly undermine" Clinton. Novak says "TheVanguard.org is intended to be a right-wing version of the leftist MoveOn.org."

Simon Says Clinton's Performance "Virtually Flawless." Roger Simon writes in The Politico (1/27), "In her first face-to-face meeting with voters since announcing for president, Hillary Clinton was asked about Iraq and ducked the question. … In the one-hour town meeting, Hillary did not mention Iraq a single time. She mentioned ethanol twice. … Except for that one moment regarding Iraq, Hillary gave a virtually flawless performance from the moment she walked into the overflowing gym."

Broder Chastises Clinton Over Petraeus Hearing Performance. In his Washington Post (1/28, B7, 690K) column, David Broder writes that during the Senate Armed Services Committee hearings on the confirmation of t. Gen. David Petraeus to lead US forces in Iraq, Clinton "used her time to make a speech about Iraq policy and did not ask a single question of the man who will be leading the military campaign." Broker offers three "possible explanations for her remarkable reluctance to probe the general's thinking. First, she has been treading a careful line from her early support of military action against Saddam Hussein to an increasingly sharp criticism of the war and calls for troop reductions. … Second, the hearing came only three days after she announced her presidential exploratory committee, and she may have decided it was a good opportunity to repeat her views on Iraq policy before TV cameras rather than share time with the general. … The third, less benign possibility is that Clinton is reverting to the mode of her ill-fated 1993-94 health-care initiative, when she gave members of Congress and other interested folks the impression that she thought she had all the answers -- so please just do as I say. … This month Clinton began her presidential campaign, as she did her first race for the Senate in New York, by saying that she wanted to do a lot of listening. She sure wasn't listening to Gen. Petraeus. She wasn't even asking."

Rich Says Clinton "Cannot Rewrite Her Own History On Iraq." In his New York Times (1/28, WK16, 1.16M) column, Frank Rich writes, "Hillary Clinton has an answer to those who suspect that her 'I'm in to win' Webcast last weekend was forced by Barack Obama's Webcast of just four days earlier. 'I wanted to do it before the president's State of the Union,' she explained to Brian Williams on NBC, 'because I wanted to draw the contrast between what we've seen over the last six years, and the kind of leadership and experience that I would bring to the office.' She couldn't have set the bar any lower. … Clinton cannot rewrite her own history on Iraq to match Mr. Obama's early opposition to the war," or that of Sen. Jim Webb. She "was not prescient enough to see, as Mr. Webb wrote in The Washington Post back in September 2002, that 'unilateral wars designed to bring about regime change and a long-term occupation should be undertaken only when a nation's existence is clearly at stake.' But she's hardly alone in this failing, and the point now is not that she mimic John Edwards with a prostrate apology for her vote to authorize the war."

Gender Said To Not Be Enough For Clinton To Win. In a Washington Post (1/28, B1, 690K) "Outlook" piece,

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women's studies scholar Linda Hirshman writes, "Clinton sure got it right when she announced her candidacy for president while sitting on her living room couch. Her success may very well turn on the decisions of millions of women sitting on their living room couches." But "all the gender gap talk notwithstanding, there's no guarantee that Clinton would receive enough votes from women to be elected. I've studied women and women's politics for 20 years, and if there's one thing I know, it's that, except for possibly once in 1996, female voters have not by themselves put anyone in the White House. … If Clinton is going to stand a chance in 2008, her campaign may have to discredit the Republican nominee. … A suffering wife and mother whose campaign mysteriously unleashes attacks on her opponents? It's not the current game plan, no doubt. But I'm drawing on the lessons of history."

Giuliani Hits New Hampshire, But Stays Mum On Plans. ABC World News (1/27, story 2, 2:35, Weir, 8.78M) reported Rudy Giuliani "is on the Republican campaign trail" in New Hampshire, and "there are two big questions. Is he really in, and can he really win?" ABC (Morrell): "He has not officially joined the race, but working the lunch crowd at this Manchester diner with his wife this afternoon, Rudy Giuliani certainly looks like he's running for president. … The former mayor is on a two-day swing through the Granite State, arawing big crowds and hordes of reporters wherever he goes. … But at each stop, including the state Republican convention this morning, he refuses to say he's a candidate. … Conservative voters tend to dominate the primaries, and the twice-divorced Giuliani is moderate, some might say liberal, on social issues. … Still, our poll shows Giuliani leading John McCain by 12 points among conservatives. So if America's mayor, as they call him, jumps into this race, he will certainly be a force to be reckoned with."

Under the headline "Giuliani Is Sounding More Like A Candidate," the New York Times (1/28, A16, Perez-Pena, 1.16M) reports Giuliani "sounded nearer than ever to being a presidential candidate" in Manchester, "repeatedly talking about the prospect of running, and inviting voters to judge him by his record as mayor." While Giuliani "he has long been thought to be a presidential contender, he has fallen behind other candidates in declaring his intention, and the language he used on Saturday, while suggesting a run, also contained built-in escape hatches." Following on that theme, the Los Angeles Times (1/28, Barabak, 850K) headlines its report "Giuliani Plays It Close To The Vest," saying "the Rudy Giuliani Mystery Theater" rolled into town as the would-be candidate "gave away nothing about plans for a White House run."

The Washington Times (1/28, Curl, 88K) says that "judging by the effusive greeting" Giuliani "received yesterday from Republican activists in the nation's first primary state, it seemed like the former New York City mayor was already running for president. But he isn't -- at least not yet. The man made famous by his steely resolve and decisive leadership after the 2001 terrorist attacks on his city said yesterday he has no idea when he will decide whether to run." Giuliani said, "Every day you get closer, but we don't have a timetable yet. The timetable is, when's the right time and when do you have the confidence and the sense that you have the whole organization. But most of it is about Judith and I deciding that there's a really unique contribution that we can make." The Politico (1/27) quotes Giuliani saying, "I have to make a decision about my exploratory committee and running, but ultimately the more important decision is what you make a year from now."

Giuliani "On A Hiring Tear." The Washington Post (1/28, A2, 690K) says Giuliani "is on a hiring tear of late, putting to rest speculation that he isn't serious about running for president. … His latest signing is Bill Stepien, who will be his national field director." Stepien "has his political roots in the Bush campaigns; he served as a New Hampshire field director in the president's reelection bid. Last cycle he directed the 72-Hour Project, the Republican National Committee's much-ballyhooed turnout apparatus."

Houston Giuliani Fundraiser Scheduled For Thursday. In his syndicated column, Robert Novak (1/27) writes, "Texas Republican contributors are being solicited to spend $30,000" for a February 1 Houston dinner with Giuliani. The "'private' dinner will follow a 6:30 to 8 p.m. cocktail reception, costing $2,100 a person and $4,200 for couples. The best-known host of Giuliani's Houston event is billionaire oilman T. Boone Pickens Jr., chairman of the private equity firm BP Capital Management. Also on Giuliani's Texas fund-raising team are Tom Hicks, whose company owns the Texas Rangers baseball team; oil industry executive Jim Lee; and lawyer Patrick C. Oxford."

Obama First Became "Political Sensation" At Harvard Law School. As the Los Angeles Times did on Saturday, two major newspapers, the New York Times (1/28, A1, Kantor, 1.16M) and the Boston Globe (1/28, Levenson, Saltzman, 413K), today have features on Sen. Barack Obama's time at Harvard Law school. The New York newspaper says that "in his two memoirs and the biographical video on his Web site, Senator Obama's legal education is barely a blip, one of the least known chapters of his life." But Harvard "was the place where he first became a political sensation. He arrived there as an unknown, Afro-wearing community organizer who had spent years searching for his identity; by the time he left, he had his first national

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news media exposure, a book contract and a shot of confidence from running the most powerful legal journal in the country." The Boston Globe (1/28, Levenson, Saltzman, 413K) says in its headline that Obama was "a unifying voice" at Harvard. While today, Obama "is the hot new candidate for the White House, trying to end the warring in Washington with a warm message of unity and optimism," years before he took "that message to the national political stage, he was defusing battles large and small from the sharp-elbowed basketball games to the cutthroat classrooms at Harvard Law School."

Obama's Unique Life Story Could Impact Campaign. The Times of London (1/28, Sheridan, Baxter) runs a story headlined "Secrets Of Obama Family Unlocked" that says Obama's "chances of winning the presidency depend to an unusual degree on his life story and character. The race is on to define the gifted but little-known senator," and "his heritage is far more diverse and astonishing than anything American voters have heard so far." He "has two half- sisters, one living in Britain, and five surviving half-brothers, the eldest of whom converted to Islam, and whose stories span the globe." The article details mother Ann Dunham's marriage to Kenyan student Barack Obama, her second marriage to Sen. Obama's Indonesian stepfather Lolo Soetoro, and "the estrangement between his mother and stepfather as Soetoro made compromises with Indonesia's power elite."

McAuliffe Says He Is "Not Shocked" Obama Is Running. Hillary Clinton campaign chairman Terry McAuliffe said of Obama on CNN's Larry King Live (1/27), "I'm not shocked that he's in the race. When that brass ring comes along, you've got to grab it. You can't win unless you're on the playing field, and if I were Barack Obama, I would have run myself."

WPost Slams Obama's "Slimers." The Washington Post (1/28, B6, 690K) editorializes, "It's become a fad among some conservatives to refer to the junior senator from Illinois by his full name: Barack Hussein Obama. This would be merely juvenile if it weren't so contemptible. … Insight magazine managed to further degrade the public discourse with a scurrilous 'report' alleging that Mr. Obama, as a child in Indonesia, attended a radical Islamic madrassa. … Obama's slimers seem to think such name-calling and Muslim-baiting can score points with the American people. On the contrary, Mr. Obama's multicultural background (his father was Kenyan, and he spent several years living in Indonesia with his mother and stepfather) ought to be viewed as a plus. A president with an understanding of Islam and the developing world would be welcomed by those who too often feel misunderstood and slighted by the United States."

Novak Says Democrats Pleased By "Dour" McCain Interview. In his syndicated column, Robert Novak (1/27) writes that "Democratic strategists who had feared Sen. John McCain as the potentially unbeatable Republican candidate for president in 2008 were surprised and delighted by his dour appearance on NBC's 'Meet the Press' last Sunday. One Democratic leader referred to McCain's performance, in suggesting President Bush's additional 21,000 troops may be inadequate, as 'comatose.' A Republican adviser to McCain said it was one of the worst performances ever on 'Meet the Press.' The senator's defender said he could not be expected to be cheerful about a plan to send additional U.S. troops in harm's way."

Romney Said To Be Winning Support Of Hastert, House GOP. In his syndicated column, Robert Novak (1/27) says Mitt Romney "is picking up support for president among House Republicans, headed by former Speaker Dennis Hastert."

McAuliffe Says GOP Candidates Will "Stay Away" From Bush. Asked on CNN's Larry King Live (1/27) if he expects President Bush to campaign for Republicans in 2008, Hillary Clinton campaign chairman Terry McAuliffe said, "If he's at a 28% approval rating -- I mean, we saw in '06 that candidates, the gubernatorial candidate in Florida, the Republican candidate, wouldn't get anywhere near George Bush toward the end of the campaign, and it happened in other places around the country, and he was even higher approval rating than he has today. I think the candidates on the Republican side are going to do their best to stay away from George Bush."

Six Politicians' Endorsements Could Impact Primaries. The Washington Post (1/28, A2, Cillizza, Murray, 690K) considers six politicians' endorsements that could matter in the presidential primary races. On the Democratic side, Sen. Ted Kennedy is now a "sought-after free agent" with John Kerry out of the race. Kennedy "has ties to several of the candidates, although Sen. Chris Dodd (D-Conn.) stands to benefit most from an endorsement by the liberal icon." African-American Rep. Jim Clyburn represents the early state of South Carolina, and in New Hampshire, ex-Gov. Jeanne Shaheen "maintains an active political organization." Among Republicans, ex-Gov. Jeb Bush is influential in a big state that could vote early, and "also happens to be the president's brother." Rep. Steve King "represents the vast -- and overwhelmingly Republican -- 5th District in western Iowa." And South Carolina Gov. Mark Sanford is one of the few statewide elected there who has yet to pick a candidate.

Successful "Dark Horse" Candidates Could Be Nearing Extinction. The New York Times (1/28, WK4,

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Zeleny, 1.16M) looks at whether the "Democratic stable" is "too full for a dark horse presidential candidate to emerge. … Perhaps more than any other presidential contest, 2008's could help determine whether the dark horse…is on the verge of extinction, particularly since the entry fee in the race for the White House has been raised yet again," since "the window will be narrow for a second-tier candidate."

Cullen To Head New Hampshire GOP. The New Hampshire Union Leader (1/28, Rayno) reports businessman Fergus Cullen was elected New Hampshire Republican state chairman Saturday. Cullen "calls himself 'a conservative in the mainstream conservative wing of the Republican Party.'"

Impact Of Possible California Primary Move Considered. An editorial and two op-eds about the California primary's possible jump to early February appear in the Los Angeles Times (1/28, 850K) today. The editorial supports the move, but says that while "Sacramento is right to want to make the state a player in presidential races," the "front-loading of each party's nomination process is not a healthy development. … Alas, the parties have not taken meaningful steps to curtail the front-loading of the nomination process. … So it's understandable for California to want to hold its primary on the first permissible date under party rules: Feb. 5, 2008. This would force candidates to come to the nation's most-populous state not merely to raise money for their battles elsewhere (centered on other regions' concerns) but to focus on issues important to Californians. And if a California vote in February, with its high costs, makes the primary process seem untenably front-loaded to the point that it forces party leaders to establish a more rational calendar, then the state will have provided the entire nation a worthy service."

Clinton White House adviser Christopher Lehane is also sympathetic to the move in a Los Angeles Times (1/28, 850K) op-ed, saying it would give California "a well-deserved bigger say in the presidential campaign by moving up the state's primary. However, if Democrats really want to put the party in the strongest possible position to succeed in presidential elections, let's completely rethink the current primary system and replace it with a nominating process designed to pick the candidate best able to win." He suggests that, "along with a Midwestern Iowa and a Northeastern New Hampshire, let's have a state from the Southwest, South and West all voting on the same day," leading a primary season "spread over a longer time period."

In another Los Angeles Times (1/28, 850K) op-ed, San Jose State University Survey and Policy Research Institute director Philip Trounstine writes that while the move "would be a good thing" from California's perspective, "it's increasingly looking like California will not get to exercise its political weight unilaterally. Indeed, Feb. 5, 2008, may become Super-Duper Tuesday with, perhaps, Alabama, Arizona, Arkansas, Delaware, Florida, Illinois, Missouri, New Jersey, New Mexico, North Carolina, North Dakota, Oklahoma and Utah voting on the same day. If Super-Duper Tuesday does occur, California would still represent the biggest bloc in what would be, in effect, a national primary. But as the law of unintended consequences is wont to do, all this may actually increase, rather than decrease, the importance of Iowa and New Hampshire (and perhaps Nevada and South Carolina), because winners in those states would have the only momentum heading into Super-Duper Tuesday. … The nominating process itself may screen the field, even before a single vote is cast. That's not necessarily good for the country."

Colorado Democrats Could Move Caucuses To February 5. The Denver Post (1/28, Crummy, 256K) reports Colorado Democrats "are considering moving up the state's caucuses to the first week of February 2008 in an effort to be politically relevant in the next presidential election. If Colorado moves its caucuses from the third week in March to Feb. 5, however, it would join more than a dozen other states that have either already moved their caucuses or primaries up to the same date, or are thinking about it. As a result, some political observers say, Colorado probably becomes insignificant."

Chait Would Like To See Presidents Bush, Clinton To Face Off In 2008. In his Los Angeles Times (1/28, 850K) column, Jonathan Chait argues for a repeal of the 22nd Amendment, saying the "Hillary Clinton campaign is a product of the fact that her husband can't run for reelection. … Indeed, Democratic presidential politics since Clinton has consisted largely of referendum-by-proxy on Clinton." As for Republicans, President Bush "is going to leave office deeply unpopular with the American public. But what do Republicans think? According to a recent poll, three-quarters of them still approve of Bush's performance. Because Bush can't run again, though, Republicans won't have to confront whether they want to stick with him or move in a different direction. … What this country really needs is to have Bill Clinton run against George W. Bush."

Baker Weighing Challenge To Landrieu. The New Orleans Times-Picayune (1/28, Alpert, Walsh) reports Rep. Richard Baker "isn't ruling out a run against Sen. Mary Landrieu." Baker spokesman Michael DiResto said, "Folks in D.C. have talked to him about it. Folks in Louisiana have talked to him about it. He's thinking about it." Baker "wasn't well-known outside his district until he proposed a community redevelopment plan for post-Katrina Louisiana that won accolades from state leaders, including Landrieu and Gov.

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Kathleen Blanco. It died when the Bush administration opposed it, but the effort boosted Baker's profile statewide."

Speech By Jeb Bush Energizes Conservative Gathering. The Washington Post (1/28, A4, Goldfarb, 690K) reports that "at a time when the conservative movement is looking bereft, humbled by midterm-election defeats and hungering for a presidential candidate to rally around, Jeb Bush delivered yesterday in Washington a resounding endorsement of conservative principles, bringing his audience repeatedly to its feet." Addressing the Conservative Summit, the former Florida governor "struck every conservative chord, blaming Republicans' defeat in November on the party's abandonment of tenets including limited government and fiscal restraint." His speech "prompted three standing ovations from the audience of hundreds."

US-European Missile Defense Cooperation Said To Face Local, Russian Resistance. Under the headline, "U.S. Missiles in E. Europe Opposed by Locals, Russia," the Washington Post (1/28, A16, Konviser, 690K) notes an Administration "plan to deploy a missile defense shield in Eastern Europe is drawing protests from Russia and from residents who oppose hosting foreign military bases and fear the facilities might make their countries targets for attack." The Administration is seeking to place "about 10 interceptor missiles in Poland and a radar tracking station in the Czech Republic," a move the Kremlin says "would pose a 'clear threat' to Russia." A Foreign Ministry spokesman "underlined his government's opposition Friday, saying in an interview with the ITAR-Tass news agency that 'the creation of a U.S. European anti-missile base can only be regarded as a substantial reconfiguration of the American military presence in Europe.' He called the move 'a mistaken step with negative consequences for international security.'"

WTO Doha Talk Resumption Will Seek Technical Agreements First. The New York Times (1/28, A10, Dougherty, 1.16M) reports, "Leading trade ministers on Saturday embraced an unusual game plan for reviving trade talks, saying they would try to hash out details on technical issues, rather than first agreeing on the broad outlines of an accord." At the World Economic Forum in Davos, "officials from 30 countries including the United States, the European Union and emerging markets like India and Brazil vowed to move forward in the" WTO Doha Round. "To resuscitate the talks, the ministers endorsed a strategy that is highly unusual in these negotiations, but now appears to offer the only chance to conclude the trade round. Instead of creating a framework for agreement and then working out details on technical issues like tariffs and subsidies later, countries will aim to work out most specifics up front. Then, they will decide whether a final push is warranted at a meeting of all World Trade Organization members in Geneva." WTO Director-General Pascal Lamy "said the process would have to achieve a genuine breakthrough in 'months, not quarters,' for a meeting of all the group's members to occur."

Blair Backs G-8 Expansion To Include India, China. Under the headline, "Blair Says G-8 Should Expand, Disagrees With Merkel," Bloomberg (1/28, Fraher) notes British Prime Minister Tony Blair's speech yesterday in Davos. He "said the Group of Eight industrialized nations should eventually expand to include countries such as China and India, putting him at odds with current G-8 head Angela Merkel." Bloomberg explains, "Politicians from the G-8 are debating whether to allow some of the world's fastest growing economies into their club and grant them a top table presence on talks ranging from foreign exchange policy to development aid. While Blair argued for expansion, Merkel rejected the idea in her opening address on Jan. 24." In addition, Bloomberg reports, Blair "is running out of time to build a foreign policy legacy beyond the war in Iraq before he steps down later this year. He repeated a call made last May to fuse the International Monetary Fund and the World Bank to strengthen the influence of emerging economies."

Three Killed In Third Day Of Fatah-Hamas Fighting. The New York Times (1/28, Erlanger, 1.16M) reports, "At least three more Palestinians were killed Saturday in Gaza in continuing battles between fighters loyal to Fatah and Hamas, which has been celebrating its victory a year ago over Fatah in legislative elections." Yesterday's "fighting started near the Hamas Islamic University, the headquarters of the Fatah-dominated preventive security force in Gaza City and the Shifa Hospital a few blocks away." Noting the deaths of over 20 Palestinians in violence since Thursday, and the suspension of Fatah-Hamas unity government talks, the Times notes, "If the talks fail, [President Mahmoud] Abbas said he would move to make good on his Dec. 16 call for early presidential and parliamentary elections, despite Hamas' victory a year ago." Washington "is continuing to try to support Mr. Abbas and his loyal presidential guard with more than $80 million in what is supposed to be nonlethal aid."

A lengthy AP (1/28, Barzak) piece adds, "Gunmen from the rival Hamas and Fatah movements battled in Gaza City for a third straight day Saturday, firing mortars and grenades in clashes that killed seven people in the increasingly bloody power struggle over the Palestinian government." BBC.com (1/27) adds, "Clashes erupted in Gaza after weeks of relative calm and renewed efforts to form a national unity government. Both sides say they have suspended talks."

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Israel May Have Violated Arms Export Control Act. The New York Times (1/28, Cloud, Myre, 1.16M) reports a State Department statement that it "will inform Congress" tomorrow "that Israel may have violated agreements with the United States when it fired American-supplied cluster munitions into southern Lebanon during its fight with Hezbollah last summer." That "finding, though preliminary, has prompted a contentious debate within the administration over whether the United States should penalize Israel for its use of cluster munitions against towns and villages where Hezbollah had placed its rocket launchers. … Midlevel officials at the Pentagon and the State Department have argued that Israel violated American prohibitions on using cluster munitions against populated areas," while "other officials in both departments contend that Israel's use of the weapons was for self-defense and aimed at stopping the Hezbollah rocket attacks that killed 159 Israeli citizens and at worst was only a technical violation." The Los Angeles Times (1/28, 850K) adds the State Department "has completed a preliminary report on whether Israel misused American-made cluster bombs in civilian areas of Lebanon."

NYTimes Says Dialogue With Syria Is Crucial To Stabilizing Lebanon. An editorial in today's New York Times (1/28, 1.16M) praises international donors' $7.6 million pledge for rebuilding Lebanon. "The democratically elected government of Prime Minister Fouad Siniora needs all the help it can get," and recent violence, "if not contained," might "even reignite Lebanon's catastrophic civil war." The country's "fundamental problem is the archaic and unfair political system that divides the country's top offices among rival and distrustful religious communities." Noting Hezbollah's simultaneous use of politics and violence to gain influence, the Times says "Any plan for stabilizing Lebanon has to face up to this dynamic. That's why the Bush administration needs to drop its stubborn resistance to diplomacy with Syria — and try to coax Damascus away from both Iran and Hezbollah." The Administration "must make clear that Lebanon's sovereignty is not negotiable." While Syria has sometimes "responded constructively" to dialogue, "it has always responded destructively to isolation. Engaging Syria may not work. But ignoring it all but guarantees that even $7.6 billion in aid will not be enough to stabilize Lebanon."

Saudis Said To Work To Keep Oil Prices Stable. A lengthy piece on the front page of the New York Times (1/28, Mouawad, 1.16M) reports Saudi officials have "sent signals in the past two weeks that" they are "committed to keeping oil at around $50 a barrel — down $27 a barrel from the summer peak that shook consumers across the developed world." Saudi Arabia, "which is by far the largest oil producer within OPEC and sets the cartel's agenda, is seeking to avoid a repeat of the dramatic rise in prices while trying to put a floor beneath them." Saudi leaders, the Times says, "appear to be rediscovering that painfully high energy prices take a profound toll on the global economy, which in turn reduces demand for their oil. But other motives seem to be at work, too, including the Saudis' desire to restrain Iran's ambitions in the region." While they "say their oil policy is based on market considerations and not political ones," recent events "led to renewed speculation that the kingdom might be tempted to dry out Iran's ambitions by pushing oil prices down."

Pelosi Leads Delegation To Discuss Security With Musharraf. The AP (1/27) notes House Speaker Nancy Pelosi "arrived in Pakistan Saturday for talks with the country's president expected to touch on cooperation against Taliban and al-Qaeda militants and U.S. aid to the South Asian country, officials said." None of the meeting participants were expected to make public comments. The AP notes the coincidence of the visit with the Congress' consideration of legislation "that would link American aid for Pakistan's military with its commitment to combating resurgent Taliban militants."

ABC World News (1/27, story 3, 1:50, Weir, 8.78M) reported Pelosi "is in Pakistan tonight for talks with one of America's biggest allies on the war on terror. Her visit, about fighting Al Qaeda and the Taliban, come on the same day as a major attack in Pakistan." Pelosi's delegation is "there to push [Musharraf] to crack down harder on the Taliban, and Al Qaeda sympathizers in Pakistan, and these explosions coming just one day after the other. At the very least, a wakeup call that he needs to do that."

Suicide Bomber Kills 15 In Northern Pakistan. The Washington Post/AP (1/28, A13, Khan) reports, "A suicide attacker detonated a bomb among police on guard near a Shiite mosque in this northern Pakistani city Saturday, killing at least 15 people and wounding more than 30, police said." The "explosion came as Pakistan's minority Shiites started to commemorate their most important religious festival, Ashura, often an impetus for sectarian violence. Paramilitary forces in armored vehicles were deployed to patrol Peshawar after the bombing." President Pervez Musharraf "condemned the 'terrorist attack' in Peshawar and ordered an immediate inquiry. … Most of the victims were police and municipal officials," and "there was no immediate assertion of responsibility, but suspicion was likely to fall on Sunni extremists." NBC Nightly News (1/27, story 4, :15, Seigenthaler, 9.87M) briefly reported on the attack.

The New York Times (1/28, A4, Khan, 1.16M) adds, "At least 14 people were killed, most of them policemen, and several others were wounded Saturday in what appeared to

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be a suicide bombing here shortly before a Shiite religious procession was to come through, the police said." The Times says "security in Peshawar was already on alert after a suicide bombing outside a Marriott hotel in Islamabad on Friday and in preparation for Ashura," and a police source "said there was little any one could do to head off a determined suicide bomber." BBC.com (1/27) adds, "It is not clear whether the attack was aimed at the worshippers or the police. Power was cut in the city centre shortly after the blast, complicating rescue efforts."

The Los Angeles Times (1/28, Ali, King, 850K) calls Peshawar a "volatile frontier city," and says "scores of people were wounded in the powerful blast… Adding to the chaos, a power failure apparently caused by the explosion plunged the area into darkness. Rescuers groped in the dark, guided by the cries and moans of the injured." The Times also notes Pelosi's visit, saying her "delegation held discussions with Musharraf centering on Pakistan's role in fighting the insurgency in neighboring Afghanistan."

Two Americans Killed By Carjackers In Kenya. A brief item in today's New York Times (1/28, 1.16M) reports, "Two Americans, including an elderly woman, were shot to death on Saturday afternoon by carjackers in Nairobi." The wife and mother-in-law of an Embassy officer "were traveling in an embassy car with three other Americans when a truck cut them off, police officials said. Four men jumped out with Kalashnikov assault rifles and ordered the occupants out of their car." Police did not offer a reason for the shooting itself, "and American officials said they did not believe the attack was related to terrorism." The AP (1/27) reports, "Gunmen carjacked a U.S. Embassy vehicle on the outskirts [Nairobi] Saturday afternoon and killed two female relatives of an embassy employee, officials said. Police later killed two people involved in the carjacking."

Sudan's North-South Peace Accord "Endangered." Under the headline, "Sudan's Peace Deal, Seen As A Bush Success, Is Endangered," the Washington Post (1/28, A18, Kessler, 690K) reports, "A peace agreement that two years ago ended Africa's longest-running conflict -- and that the White House considers one of President Bush's signature achievements -- is in danger of unraveling because of inattention by top U.S. officials and growing tensions between Sudan's government and the former rebels who signed the deal, according to experts and congressional officials." The Administration "made [that] peace agreement one of its top diplomatic priorities," but "experts warn that the Khartoum government's unwillingness to abide by the terms of the Comprehensive Peace Agreement (CPA) could lead to a new outbreak of war." Some "experts said the administration, distracted by war in the Middle East and an unrelated conflict in Sudan's Darfur region, has failed to recognize the peril lurking in the south." The Post includes criticism from Rep. Frank Wolf and Rep. Donald Payne, who "said the administration should appoint a special envoy specifically to make sure the north-south peace deal does not collapse."

Kristof Asks Bush To Do More To Stop Darfur Genocide. In his New York Times (1/28, 1.16M) column, Nicholas Kristof pans the idea of Sudan assuming the chair of the African Union. Calling President Omar al-Bashir "blood-drenched" and the "architect of the genocide in Darfur," Kristof says "it's mind-boggling that African countries would even consider selecting as their leader a man who has systematically dispatched militias that pick out babies on the basis of tribe and skin color and throw them into bonfires." With Africa "enjoying solid economic growth and improved leadership," he says, "this self-inflicted wound would sully Africa's image and make it far more difficult for African Union peacekeepers to save lives in Darfur. … For anyone who wants the best for Africa, it is repulsive to think of President Bashir as the duly elected spokesman for the continent." Noting that "the world doesn't seriously object" to Khartoum's actions, Kristof says "Europe is oblivious" and "President Bush has been better than most world leaders, but still pathetic: he mustered half a sentence in his State of the Union address. Perhaps this is because Mr. Bush regards the situation as tragic but hopeless, but in fact there is plenty he could do," including lobbying against Sudan in its bid to lead the AU.

Hoagland Says Tutu Is Example For Bush, World. In his Washington Post (1/28, 690K) column, Jim Hoagland praises Archbishop Desmond Tutu's recent criticisms of South Africa's refusal to support a UN Security Council rebuke of the Burmese regime. "When Desmond Tutu speaks out about morality in politics and foreign policy, his nation and the rest of the world should listen. By criticizing the government he helped bring into being, the South African Nobel laureate raises in his own distinctive fashion some of the key issues of our time." Tutu "rightly suggests that because of its history, post-apartheid South Africa has a special responsibility to pursue a foreign policy that supports international action to help oppressed populations." He continues, "Just as South Africans should be guided by the recent past, Americans must recall their government's history with Iraq." President Bush "has failed to underpin his narrowly American approach to values with a persuasive appeal to international moral standards and conscience. Desmond Tutu's reproach to his own government is a cogent reminder of the perils and ignominy that such failure brings."

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Mexican Efforts To Stem Central American Immigration Said To Falter. The New York Times (1/28, A12, McKinley, 1.16M) details Mexico's continuing efforts to slow Central American immigration. While Mexican President Felipe Calderon has "announced measures to slow the flow of illegal immigrants across Mexico's southern border and reduce crime in this lush but impoverished region,… much remains to be done to stop or deter the migrants, and for now the measures have had little effect. Social workers and volunteers who aid the migrants say they keep coming." The Times reports "corruption is rampant. Soldiers and police officers on the Mexican side extort money from the migrants but seldom turn them around, aid workers and migrants said." The "biggest deterrent, migrants say, is not federal authorities but armed thugs who waylay them along the railroad tracks or on paths through the countryside used to avoid the immigration posts along the main highway."

Karimov Said To Maintain Firm Control In Uzbekistan. An analysis piece by the AP (1/27, Bukharbayeva) notes, "Nearly a week after his term elapsed, the former Communist strongman who has kept a tight grip on Uzbekistan for more than 15 years shows no sign of vacating the presidential office." Islam Karimov's continuance in office past the expiration of his mandate is "a sign his hold on power remains strong and that he has no intention of leaving, analysts say." Citing analysts who believe Karimov will stand for election again in December, the AP adds, "Many observers fear that the Karimov government's oppressive control of the country could radicalize Islamic fundamentalists and lead to an explosion of violence in an already troubled part of the world."

Kerry Assails Bush Administration Foreign Policy. The Washington Times/AP (1/28) reports comments at the World Economic Forum by Sen. John Kerry, who "slammed the foreign policy of the Bush administration yesterday, saying it has caused the United States to become 'a sort of international pariah.'" Kerry "made the comment as he responded to a question about whether the U.S. government had failed to adequately engage Iran's government before the election of hard-liner Mahmoud Ahmadinejad in 2005. He said the Bush administration has failed to adequately address a number of foreign-policy issues." Kerry also "said the government needs to use diplomacy to improve national security."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"The Vaccine Industry's Development Revival."
"A Deal In The Desert For Sen. Reid?"
"Bringing Home A New Islam."
"Waiting For The DDT Tide To Turn."

New York Times:
"Saudi Officials Seek To Temper The Price Of Oil."
"In Law School, Obama Found Political Voice."
"A Cleric's Journey Leads To A Suburban Frontier."
"On Iran, Bush Faces Haunting Echoes Of Iraq."
"After Times Of Grief And Doubt, A Tennis Ace Is Hungry Again."
"Atlantic City Casinos Reap Anti-Blight Funds."

Washington Post:
"Thousands Protest Bush Policy."
"Clinton Begins Her Run In Earnest."
"Vietnam Shades Warner's Iraq Stand."
"Dinner, Movie -- And A Background Check -- For Online "
A Real-Life Sequel To 'Lorenzo's Oil.'"

Washington Times:
"Iraq War Foes Mass On Mall."
"Seven U.S. Troops Killed In Iraq."
"In Iowa, Hillary Off And Running."
"Church-State 'Wall' Coming Back Down?"
"Pope John Paul 'Escaped' To Hit Slopes, New Book Says."

Detroit Free Press:
"Gumbleton Not Ousted For Condemning Abuse, Archdiocese Says."
"Spartans, Neitzel Run Out Of Gas Against Ohio State."
"RV Enthusiasts Oooh And Ahhh At Ford Field."
"U-M Fades Again In Bloomington."

Atlanta Journal-Constitution:
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"Searchers Find Skeletal Remains."
"Bill Targets Eyewitness IDs."
"Thousands Protest War."
"Kidd To Lead State Dems."
"Man Surrenders After Standoff."
"Guilty Plea In Shaking Case."

Dallas Morning News:
"Surgeries Mend Twins' Tiny Hearts."
"Two DISD Principals Told To Resign -- Or Else."
"Bail Means Freedom, Lighter Terms For Many Suspects."
"D.C. Anti-War Demonstration Draws Tens Of Thousands."
"Schools Get Around 'No-Pass, No-Play' Law."
"Super Bowl Coaches Represent Winning Drive For Diversity."
"SMU Students Revisit Holocaust."
"Escapee Suspected Of Stealing Singer's Tour Bus."

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Houston Chronicle:
"Contractor Deaths In Iraq Nearing 800."
"Houston Nightclub Sting Ends In Vice Raid, Arrests."
"Sketch Was Key To Houston Rape Suspect's Arrest."
"Parts Of Houston To Miss Air-Pollution Deadline."
"HISD Among Bonus-For-Performance Pioneers."
"Houston-Galveston Passenger Train Could Roll."
"'Green' Options Bloom At Houston Auto Show."
"Cuts In Texas Welfare Come At Cost."
"Pave The Way For Your PC To Handle Vista."

Story Lineup From Last Night's Network News:
ABC: Clinton In Iowa; Giuliani In New Hampshire; Pelosi In Pakistan; Violence In Iraq; Antiwar Protests; Military Struggling To Enlist; Computer Chips; Retirees Move To Panama; Prince Charles; Community Service Vacations.
CBS: Computer Chips; Antiwar Protests; Clinton In Iowa; Officer Refuses To Go To Iraq; Sailors Missing After Crash; Prince Charles.
NBC: Antiwar Protests; Military Family View Of War; Violence In Iraq; Sectarian Violence In Pakistan; Clinton In Iowa; Presidential Campaign; Housing Market; Prince Charles; Passport Requirement; Apollo One; Diving In Everglades.

WASHINGTON'S SCHEDULE

Today's Events In Washington.
White House:
PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session

US House: Not in session.

Other: CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Location: JW Marriott, 1331 Pennsylvania Ave. NW. Contacts: Kristina Graboski, 703-683-5004 ext 132.

AIR TRAFFIC CONTROLLERS _ The National Air Traffic Controllers Association (NATCA) National Legislative Committee holds a Washington conference. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Jan. 28-31.

SCHOOL BOARDS _ The National School Board Association holds its annual Federal Relations Network Conference. Location: Grand Hyatt Hotel, Independence A Room, 1000 H St. NW. Contacts: Linda Embrey, 703-838-6737.

ANTIWAR WORKSHOPS _ 9 a.m. - 12 p.m. United for Peace and Justice holds training sessions for those joining the Congressional Lobby Day on Monday, Jan. 29. Location: Bethesda-Chevy Chase High School, 4301 East-West Highway, Bethesda, Md. Contacts: ., 212-868-5545.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Was 9/11 Really That Bad? (LAT)

By David A. Bell

The Los Angeles Times, January 28, 2007

IMAGINE THAT on 9/11, six hours after the assault on the twin towers and the Pentagon, terrorists had carried out a second wave of attacks on the United States, taking an additional 3,000 lives. Imagine that six hours after that, there had been yet another wave. Now imagine that the attacks had continued, every six hours, for another four years, until nearly 20 million Americans were dead. This is roughly what the Soviet Union suffered during World War II, and contemplating these numbers may help put in perspective what the United States has so far experienced during the war against terrorism.

It also raises several questions. Has the American reaction to the attacks in fact been a massive overreaction? Is the widespread belief that 9/11 plunged us into one of the deadliest struggles of our time simply wrong? If we did overreact, why did we do so? Does history provide any insight?

Certainly, if we look at nothing but our enemies' objectives, it is hard to see any indication of an overreaction. The people who attacked us in 2001 are indeed hate-filled fanatics who would like nothing better than to destroy this country. But desire is not the same thing as capacity, and although Islamist extremists can certainly do huge amounts of harm around the world, it is quite different to suggest that they can threaten the existence of the United States.

Yet a great many Americans, particularly on the right, have failed to make this distinction. For them, the "Islamo-fascist" enemy has inherited not just Adolf Hitler's implacable hatreds but his capacity to destroy. The conservative author Norman Podhoretz has gone so far as to say that we are fighting World War IV (No. III being the Cold War).

But it is no disrespect to the victims of 9/11, or to the men and women of our armed forces, to say that, by the standards of past wars, the war against terrorism has so far inflicted a very small human cost on the United States. As an instance of mass murder, the attacks were unspeakable, but they still pale in comparison with any number of military assaults on civilian targets of the recent past, from Hiroshima on down.

Even if one counts our dead in Iraq and Afghanistan as casualties of the war against terrorism, which brings us to about 6,500, we should remember that roughly the same number of Americans die every two months in automobile accidents.

Of course, the 9/11 attacks also conjured up the possibility of far deadlier attacks to come. But then, we were hardly ignorant of these threats before, as a glance at just about any thriller from the 1990s will testify. And despite the even more nightmarish fantasies of the post-9/11 era (e.g. the TV show "24's" nuclear attack on Los Angeles), Islamist terrorists have not come close to deploying weapons other than knives, guns and conventional explosives. A war it may be, but does it really deserve comparison to World War II and its 50 million dead? Not every adversary is an apocalyptic threat.

So why has there been such an overreaction? Unfortunately, the commentators who detect one have generally explained it in a tired, predictably ideological way: calling the United States a uniquely paranoid aggressor that always overreacts to provocation.

In a recent book, for instance, political scientist John Mueller evaluated the threat that terrorists pose to the United States and convincingly concluded that it has been, to quote his title, "Overblown." But he undercut his own argument by adding that the United States has overreacted to every threat in its recent history, including even Pearl Harbor (rather than trying to defeat Japan, he argued, we should have tried containment!).

Seeing international conflict in apocalyptic terms — viewing every threat as existential — is hardly a uniquely American habit. To a certain degree, it is a universal human one. But it is also, more specifically, a Western one, which paradoxically has its origins in one of the most optimistic periods of human history: the 18th century Enlightenment.

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Until this period, most people in the West took warfare for granted as an utterly unavoidable part of the social order. Western states fought constantly and devoted most of their disposable resources to this purpose; during the 1700s, no more than six or seven years passed without at least one major European power at war.

The Enlightenment, however, popularized the notion that war was a barbaric relic of mankind's infancy, an anachronism that should soon vanish from the Earth. Human societies, wrote the influential thinkers of the time, followed a common path of historical evolution from savage beginnings toward ever-greater levels of peaceful civilization, politeness and commercial exchange.

The unexpected consequence of this change was that those who considered themselves "enlightened," but who still thought they needed to go to war, found it hard to justify war as anything other than an apocalyptic struggle for survival against an irredeemably evil enemy. In such struggles, of course, there could be no reason to practice restraint or to treat the enemy as an honorable opponent.

Ever since, the enlightened dream of perpetual peace and the nightmare of modern total war have been bound closely to each other in the West. Precisely when the Enlightenment hopes glowed most brightly, wars often took on an especially hideous character.

The Enlightenment was followed by the French Revolution and the Napoleonic wars, which touched every European state, sparked vicious guerrilla conflicts across the Continent and killed millions (including, probably, a higher proportion of young Frenchmen than died from 1914 to 1918).

During the hopeful early years of the 20th century, journalist Norman Angell's huge bestseller, "The Great Illusion," argued that wars had become too expensive to fight. Then came the unspeakable horrors of World War I. And the end of the Cold War, which seemed to promise the worldwide triumph of peace and democracy in a more stable unipolar world, has been followed by the wars in the Balkans, the Persian Gulf War and the present global upheaval. In each of these conflicts, the United States has justified the use of force by labeling its foe a new Hitler, not only in evil intentions but in potential capacity.

Yet as the comparison with the Soviet experience should remind us, the war against terrorism has not yet been much of a war at all, let alone a war to end all wars. It is a messy, difficult, long-term struggle against exceptionally dangerous criminals who actually like nothing better than being put on the same level of historical importance as Hitler — can you imagine a better recruiting tool? To fight them effectively, we need coolness, resolve and stamina. But we also need to overcome long habit and remind ourselves that not every enemy is in fact a threat to our existence.

David A. Bell Is A Professor Of History At Johns Hopkins University

Editorial: Bush's Mysterious Surveillance Moves (SAEN)

San Antonio Express-News, January 28, 2007

Attorney General Alberto Gonzales says the nation will be "no less safe" now that the Bush administration has agreed to bring its warrantless surveillance program into line with provisions of the Foreign Intelligence Surveillance Act.

The effort to monitor international calls to or from terrorist suspects will now come under some sort of scrutiny from the secretive FISA court, specially created to review intelligence matters.

It is a curious reversal for the administration that raises an important question: If judicial review of the program doesn't impair national security, why didn't the White House adhere to this legal process from the beginning?

President Bush had maintained that as commander in chief, he is empowered in time of war to carry out such surveillance beyond the purview of the FISA court. Since the surveillance effort became known publicly in late 2005, he has strenuously argued that any changes to the program would imperil national security.

The new White House position still asserts this executive power — what Gonzales calls "inherent authority." But it accepts some sort of formal review process under FISA rules.

Other than a new majority in Congress, what has changed? No one really knows, because Gonzales' description of the process is as nebulous as the surveillance program itself.

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Unfortunately, we don't know whether the program has changed or if the administration's interpretation of the law has changed. Bush's penchant for executive signing statements — Oval Office appendages to new laws that carve out exemptions for executive power — doesn't inspire confidence in the former.

Bush added one of those statements to a postal reform bill on Dec. 20. Civil liberties watchdogs contend the signing would allow officials to circumvent FISA warrants to open mail in emergency and foreign intelligence cases. The White House says the statement is, legally speaking, nothing new.

When the FISA controversy broke one year ago, this editorial page argued that if FISA requirements placed unreasonable restraints on efforts to defend the nation against terrorist attack, the Bush administration should work with Congress to amend the law, not ignore the law. That's still the case today.

HOMELAND RESPONSE:

Bin Laden, The Left And Me (WP)

By Dinesh D'Souza

The Washington Post, January 28, 2007

As a conservative author, I'm used to a little controversy. Even so, the reaction to my new book, "The Enemy at Home," has felt, well, a little hysterical.

"Ratfink writes new book," James Wolcott, cultural critic for Vanity Fair, declares in his blog. He goes on to call my book a "sleazy, shameless, ignorant, ahistorical, tendentious, meretricious lie."

In the pages of Esquire, Mark Warren charges that I "hate America" and have "taken to heart" Osama bin Laden's view of the United States. (Warren also challenged me to a fight and threatened to put me in the hospital.) In his New York Times review of my book last week, Alan Wolfe calls my work "a national disgrace . . . either self-delusional or dishonest." I am "a childish thinker" with "no sense of shame," he argues. "D'Souza writes like a lover spurned; despite all his efforts to reach out to Bin Laden, the man insists on joining forces with the Satanists."

It goes on. The Washington Post's Warren Bass writes that I think Jerry Falwell was "on to something" when he blamed the attacks of Sept. 11, 2001, on pagans, gays and the ACLU. Slate's Timothy Noah diagnoses "Mullah envy," while the Nation's Katha Pollitt calls me a "surrender monkey" and the headline to her article brands me "Ayatollah D'Souza." And in my recent appearance on Comedy Central's "The Colbert Report," I had to fend off the insistent host. "But you agree with the Islamic radicals, don't you?" Stephen Colbert asked again and again.

Why the onslaught? Just this: In my book, published this month, I argue that the American left bears a measure of responsibility for the volcano of anger from the Muslim world that produced the 9/11 attacks. President Jimmy Carter's withdrawal of support for the shah of Iran, for example, helped Ayatollah Khomeini's regime come to power in Iran, thus giving radical Islamists control of a major state; and President Bill Clinton's failure to respond to Islamic attacks confirmed bin Laden's perceptions of U.S. weakness and emboldened him to strike on 9/11. I also argue that the policies that U.S. "progressives" promote around the world -- including abortion rights, contraception for teenagers and gay rights -- are viewed as an assault on traditional values by many cultures, and have contributed to the blowback of Islamic rage.

The reaction I'm eliciting is not entirely new to me. As a college student in the early 1980s, I edited the politically incorrect Dartmouth Review and was frequently accosted by left-wing students and faculty. They called me names back then, too. And at the time I didn't care. I often informed them that taking on our iconoclastic paper was like wrestling a pig: Not only does it get everyone dirty but the pig likes it.

One of my earlier books, "The End of Racism," explored why nonwhite immigrants to the United States (like me) tend to succeed academically and economically compared with African Americans who are born here. I received lots of abuse for playing down racism -- as a "person of color," no less -- and taking sides with the white man. Some of my fellow immigrants from India advised me to "decolonize" my mind.

But the personal attacks have reached new heights with "The Enemy at Home." So much so, in fact, that I feel compelled to explain why I wrote this book, what it does and doesn't say and why I think it prompts people to threaten me with hospitalization.

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First, and I feel silly having to say it: I don't hate America. My last book was called "What's So Great About America," and there is no question mark in the title. If I hated this country, why would I have left my family and friends in India and moved to the United States, married an American and become a U.S. citizen? I came here because the United States gives me the freedom to make the life that I could not have made in India. And just last week a Midwestern chapter of the Daughters of the American Revolution offered to award me its annual "Patriot of the Year" prize -- an honor that I presume is not typically bestowed upon people who hate America.

If I am a patriot, however, I am a rational patriot. I don't believe in "my country right or wrong." Mine is not the patriotism of David Warren, who says he tasted the dust of 9/11 and places my criticism of the American left in the same category as those who say "Death to America." Rather, I uphold Edmund Burke's view: "To make us love our country, our country ought to be lovely."

Immediately following 9/11, there was a wondrous moment of national unity in which the American tribe came together. "Why do they hate us?" some wondered, but no one wanted to comprehend the enemy -- only to annihilate him. And I shared this view.

But five years later, that unity has dissolved amid a furious national debate over the war in Iraq and the war on terrorism. I thought it was time to go back and reconsider 9/11; in so doing, I concluded that the prevailing conservative and liberal theories explaining Muslim rage were wrong.

Contrary to the common liberal view, I don't believe that the 9/11 attacks were payback for U.S. foreign policy. Bin Laden isn't upset because there are U.S. troops in Mecca, as liberals are fond of saying. (There are no U.S. troops in Mecca.) He isn't upset because Washington is allied with despotic regimes in the region. Israel aside, what other regimes are there in the Middle East? It isn't all about Israel. (Why hasn't al-Qaeda launched a single attack against Israel?) The thrust of the radical Muslim critique of America is that Islam is under attack from the global forces of atheism and immorality -- and that the United States is leading that attack.

Contrary to President Bush's view, they don't hate us for our freedom, either. Rather, they hate us for how we use our freedom. When Planned Parenthood International opens clinics in non-Western countries and dispenses contraceptives to unmarried girls, many see it as an assault on prevailing religious and traditional values. When human rights groups use their interpretation of international law to pressure non-Western countries to overturn laws against abortion or to liberalize laws regarding homosexuality, the traditional sensibilities of many of the world's people are violated.

This argument has nothing to do with Falwell's suggestion that 9/11 was God's judgment on the ACLU and the feminists for their sins. I pose a simple question: Why did the terrorists do it? In a 2003 statement, bin Laden said that to him, the World Trade Center resembled the idols that the prophet Muhammad removed from Mecca. In other words, bin Laden believes that the United States represents the pagan depravity that Muslims have a duty to resist. The literature of radical Islam, such as the works of Egyptian writer Sayyid Qutb, resonates with these themes. One radical sheik even told a European television station a few years ago that although Europe is more decadent than America, the United States is the more vital target because it is U.S. culture -- not Swedish culture or French culture -- that is spreading throughout the world.

What would motivate Muslims in faraway countries to volunteer for martyrdom? The fact that Palestinians don't have a state? I don't think so. It's more likely that they would do it if they feared their values and way of life were threatened. Even as the cultural left accuses Bush of imperialism in invading Iraq, it deflects attention from its own cultural imperialism aimed at secularizing Muslim society and undermining its patriarchal and traditional values. The liberal "solution" to Islamic fundamentalism is itself a source of Islamic hostility to America.

Contrary to the accusations of Alan Wolfe and others, I have no sympathy for bin Laden or the Islamic radicals. But I do respect the concerns of traditional Muslims, the majority in the Muslim world. In fact, the United States cannot defeat terrorism without driving a wedge between radical Islam and traditional Islam, because the latter has been the main recruiting pool for the former.

All my arguments can be disputed, but they are neither extreme nor absurd. So why has "The Enemy at Home" been so intemperately excoriated? I can imagine only two reasons. The first is given by James Wolcott himself. I am not, as he says, an unqualified right-wing hack. Rather, I am a scholar at the Hoover Institution at Stanford University, so Wolcott fears that I will be taken seriously.

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The second reason can be gleaned from the common theme in the reviews: that mine is a dangerous book. But if a book says things that are obviously untrue and can be disproved, then it is not dangerous -- it is merely fiction and should be ignored. A book is dangerous only if it exposes something in the culture that some people are eager to keep hidden.

And what is that? It is that the far left seems to hate Bush nearly as much as it hates bin Laden. Bin Laden may want sharia, or Islamic law, in Baghdad, they reason, but Bush wants sharia in Boston. Indeed, leftists routinely portray Bush's war on terrorism as a battle of competing fundamentalisms, Islamic vs. Christian. It is Bush, more than bin Laden, they say, who threatens abortion rights and same-sex marriage and the entire social liberal agenda in the United States. So leftist activists such as Michael Moore and Howard Zinn and Cindy Sheehan seem willing to let the enemy win in Iraq so they can use that defeat in 2008 to rout Bush -- their enemy at home.

When I began writing my new book, this concern was largely theoretical, because the left was outside the corridors of power. Now I fear that the extreme cultural left is whispering into the ears of the Democratic Congress. Cut off the funding. Block the increase in troops. Shut down Guantanamo Bay. Lose the war on terrorism -- and blame Bush.

Pointing this out is what makes me dangerous.

Dinesh D'Souza, a fellow at the Hoover Institution, is author of "The Enemy at Home" (Doubleday).

As Aid Lags, Volunteers Shoulder Rebuilding On Gulf Coast (WP)

By Peter Whoriskey

The Washington Post, January 28, 2007

PEARLINGTON, Miss. -- The two-by-fours inside the walls of George and Margaret Ladner's new home are inscribed with biblical verses, each written by one of the Alabama schoolchildren who raised money to buy the lumber.

The framing work on the house was done by a Christian from Pennsylvania, the exterior planking was put up by people from Texarkana, Tex., and a group from Destin, Fla., worked on other details.

"This home was built by the hands of God," Margaret Ladner, 75, said from the couch of her new living room last week.

In this small rural community, as in much of the hurricane-ravaged Mississippi Gulf Coast, this kind of motley charity effort accounts for the vast bulk of what halting progress has been made in the immense task of rebuilding.

While the national debate over the recovery has focused on the billions expected in federal aid and insurance, those sources have so far provided little for places such as Pearlington, and charity efforts have constituted more than 80 percent of the home rebuilding completed so far, local and charity officials said.

Fewer than one in five families here are back in their homes, but nearly all of them have relied to some extent on charity groups. The waves of volunteers typically come down for a week or two, work during the day and at night sleep on cots and bunks set up in places such as the old school library and huts on the community's football field.

"Without the volunteers and the donations, we'd still be in the mud," said Rocky Pullman, a tugboat captain who represents the Pearlington area on the Hancock County Commission.

In a county where nearly 11,000 homes were destroyed by the storm, the largest single home rebuilder is the local Habitat for Humanity project, which is undertaking the construction of 19 homes in the area, according to an official with the governor's commission on recovery. Other groups are aiming at similar numbers.

The reason for the charity's dominant role in the rebuilding is that little, if any, of the $3.2 billion in federal aid for Mississippi homeowners has reached anyone here -- it is tied up for now at the state level. As for insurance, most residents of this rural community lacked any form of flood policy. People say there just hadn't been a flood in recent memory, and of those who did have coverage, most had too little.

"If it wasn't for the good American citizens coming here, we'd be in a world of hurt," said Chuck Benvenutti, Hancock County representative on the Governor's Commission on Recovery, Rebuilding, Renewal.

The fact that now, 17 months after Hurricane Katrina, only a small fraction of the home rebuilding has been completed and that most of it has been done by charity groups is viewed here as both wonderful and disappointing -- wonderful that so many strangers have arrived to help, but disappointing that the federal aid and insurance payouts have proved, for now, so unavailable.

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The charitable groups and residents also say they sometimes worry that as the rest of the country forgets about their plight, the flow of volunteers that they have relied upon could shrink.

Several expressed outrage that there was no mention of the hurricane recovery in President Bush's State of the Union address on Tuesday.

"We still look like a bomb hit us, and then the president in his national address doesn't even mention us?" said Larry Randall, a retired boat captain and a coordinator of relief efforts at the Pearlington Recovery Center. "That really hurt."

Katrina made a nearly direct hit on this modest community, which once had about 1,700 people, about 77 percent of them white, about 20 percent black, census figures show. Most maintained houses -- a typical one sold for about $50,000 before the storm -- and the rest had mobile homes.

Katrina pushed ashore a surge of water that simply washed many homes away and filled others with as much as 10 feet of water, according to recovery officials. Eight local people died. Several rode out the storm by climbing tall trees and resting in their branches; others jumped from rooftops into boats.

Now the vast majority of the residents who have returned live in FEMA trailers, the skinny, 27-foot-long homes on wheels provided by the Federal Emergency Management Agency that house families in cramped quarters. Along the woodsy roadsides, hand-painted plywood signs offer community encouragement -- "Keep Hope Alive" and "Katrina Was Big, God Was Bigger." Stray dogs roam.

Every week, scores of volunteers descend on this community to fill the cots at the school library or the parsonage at the local Baptist Church or a camp run by Presbyterians. Last week there were more than 80 here, but at other times there have been as many as 200.

By day, they go out in work crews, framing houses, putting up drywall, installing doors. At night, some have prayer meetings.

This past week, at various sites one could run into Amish from Pennsylvania, Catholics from Massachusetts, Methodists from Illinois, Baptists from Mississippi and a Florida church group. The Amish crews, clad in their distinctive suspenders and wide-brimmed hats, have a non-Amish driver who takes them to work sites.

"Many of us were born with a hammer in our hands," said Sam Stoltzfus, 41, part of an Amish crew from the Williamsport, Pa., area. "This is fun. Yes, we're supposed to help people, but it's not like a chain around our necks."

Russell Geeraerts, 38, a general contractor from Helena, Mont., said he came down after the hurricane "for all the wrong reasons." He was going to volunteer for a couple of weeks and then come back with his own work crew to make some money.

"But then I asked myself, 'How could you?' " he said last week after lunch at a local kitchen, which like the various camps was set up to serve volunteers. "Just look at this place."

The $3.2 billion in federal aid disbursed by the Mississippi program has largely been untouchable by people in Pearlington.

The program's first phase doles out money to people who were flooded but did not live in the federally designated flood zone.

Most people in Pearlington live in the flood zone and must wait for the second phase to begin. Under its guidelines, families of low and moderate income will be eligible for as much as $100,000, less any insurance and FEMA rebuilding payments they have received.

In the meantime, not knowing whether they will receive aid, many families here say they have accepted, sometimes reluctantly, the help of the charity groups in the rebuilding.

Many put what they have into building a foundation, getting the home started. Then the charitable groups, which provide materials and work crews, do the rest.

Even so, many feel uncomfortable about receiving the help.

Frank Bello and his wife, for example, are raising five children. He worked in maintenance at the local elementary school. She is a nurse.

Last week, an Amish crew was putting together the frame on a new house for the family.

Just before Christmas, when Bello was hauling three loads of dirt to his home site, it began to rain. He told the volunteer work crew that he was sorry that they had to work in such conditions.

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"They said, 'Don't worry, we're glad to do it,' and that made me feel better," Bello said. "But I still feel bad about it. Personally, myself, I like to be doing that sort of thing for other people, not having them do it for me. But now that's the way it is."

WAR NEWS:

Fonda Reprises A Famous Role At Peace Rally (WP)

By Linton Weeks

The Washington Post, January 28, 2007

For her next act, Jane Fonda has entered the war against the Iraq war. At the tail-end of yesterday's on-the-Mall rally, organized by United for Peace and Justice, Fonda stood onstage with the Capitol behind her and addressed the sun-drenched thousands. "I haven't spoken at an antiwar rally in 34 years," she said. But, "Silence is no longer an option."

The first time Fonda, 69, spoke out for peace, the country was soul-deep in the Vietnam War. In the ensuing decades, as the nation has gone through a slew of changes, so has Fonda.

As a young woman, the daughter of actor Henry Fonda was an actress, a feminist and anti-Vietnam War activist. She morphed into a workout maven, post-feminist arm candy for billionaire media magnate Ted Turner, a vocal Christian and an autobiographer. With 2005's "Monster-in-Law," she defibrillated her movie career.

Yesterday, with her daughter, Vanessa Vadim, and two grandchildren nearby, she was again front and center as actress, feminist and opponent of war.

Her life has come full circle.

She thanked the tens of thousands of protesters for standing up to a "mean-spirited, vengeful administration" and she said she was glad to discover that the soul of America "is alive and well." One huge difference between protests then and now, she told the crowd, is military families and active service people in the present-day movement.

Children in tie-dyed shirts, grandmothers in flowered hats, kids with frizzy hair and muddy jeans danced and hoisted signs and chanted against the war and for impeachment. Despite her showbiz elegance -- blond hair, sunglasses, camel's hair coat and dark over-the-knee boots -- Fonda seemed to fit right in.

She was first known for campy movies such as "Barbarella," which was directed by first husband Roger Vadim, then for higher-shelf films such as "Klute" and "Coming Home," for which she won Best Actress Oscars. She became involved in the political world in the late 1960s, an involvement that continued with her second husband, activist Tom Hayden.

As a vocal opponent of the Vietnam War, she cut a controversial figure. She spoke at protest rallies and, in 1972, posed for a photograph with a North Vietnamese antiaircraft gun. The act was viewed by many as unpatriotic, even treasonous, and some called her "Hanoi Jane."

She has since apologized.

"Those people who would try to undermine her credibility will fail. We welcome her back to the peace community," said Rep. Maxine Waters (D-Calif.), chairman of the Out of Iraq congressional caucus.

"She's a high-profile, outspoken American," said actor Sean Penn, while smoking a cigarette before the rally. What she means to the antiwar movement "is the same thing any of the rest of us mean to it. She's one more voting American with a conscience who is against this war."

Getting her to speak at the massive rally was a breeze, organizers said. Leslie Cagan, who works for United for Peace and Justice and is a longtime friend, e-mailed an invitation. Fonda said yes. Fonda has spoken out against the Iraq war at smaller events such as a Canadian lecture series, book signings and the recent National Conference for Media Reform in Memphis. United for Peace spokesman Hany Khalil said yesterday's rally was "one of the first times she has appeared on the national stage."

Kathy Engel, another United for Peace and Justice spokeswoman, said Fonda is important to the cause because through the years, she has been on the wave-crest of women's rights "and a myriad of issues concerning the health of our country. She's a long-distance runner."

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Before the march, Fonda spoke briefly to a few hundred people at the Navy Memorial. The event was sponsored by Code Pink, an antiwar group started by women. On the other side of Pennsylvania Avenue, three dozen protesters organized by the conservative Web site Free Republic held up signs calling protesters traitors and terrorist sympathizers.

"Jaaaaannnneeeee Fonda has blood on her hands!" chanted one man with a megaphone.

"Thank you so much for being here," Fonda told the Code Pink folks over the noise. "We're going to get it done." Afterward, she hugged civil-rights activist Dick Gregory.

Asked whether she believed her presence might cause more harm than good to this antiwar movement, she snapped, "No." Then laughed. And was spirited away by handlers to the rally on the Mall.

She was one of the last people to speak at the midday rally. As she waited for her cue, she chatted with Rep. Dennis Kucinich (D-Ohio). She shook hands with the Raging Grannies, a group of senior citizens who sang onstage, while the Rev. Jesse Jackson, Sean Penn and actor-couple Susan Sarandon and Tim Robbins milled about nearby.

Vietnam War veteran Orin "Spike" Tyson, 56, motored through the crowd on a Golden Companion Scooter with a U.S. flag flapping on the back. Tyson, a Lansing, Mich., resident who was wounded by shrapnel and a land mine, said he hasn't always agreed with Fonda, "but she has the right to say whatever she wants to say."

It's that freedom, he said, that he fought for.

Thousands Protest Bush Policy (WP)

By Michael Ruane, Fredrick Kunkle

The Washington Post, January 28, 2007

A raucous and colorful multitude of protesters, led by some of the aging activists of the past, staged a series of rallies and a march on the Capitol yesterday to demand that the United States end its war in Iraq.

Under a blue sky with a pale midday moon, tens of thousands of people angry about the war and other policies of the Bush administration danced, sang, shouted and chanted their opposition.

They came from across the country and across the activist spectrum, with a wide array of grievances. Many seemed to be under 30, but there were others who said they had been at the famed war protests of the 1960s and '70s.

They came to Washington at what they said was a moment of opportunity to push the new Congress to take action against the war, even as the Bush administration is accelerating plans to send an additional 21,500 troops to Iraq. This week, the Senate will begin debating a resolution of disapproval of the president's Iraq policy, setting up a dramatic confrontation with the White House.

Some protesters plan to stay and lobby their representatives in Congress. Other antiwar activists intend to barnstorm states this week urging senators to oppose the troop escalation.

Yesterday's crowd was large and vociferous, but its size was unclear because there was no official crowd estimate. It was filled with longtime opponents of the conflict and of the administration.

"Its primary value is that it keeps up the pressure," said former Senate Democratic leader Tom Daschle of South Dakota. "There is a sense that by summer, a march like this will be two or three times as large."

The demonstrators were garbed in many colors and T-shirts and buttons of many sentiments. "Think," read one shirt. "It's not illegal yet." A button read: "Kill your lawn." Read another: "Trees Hate You."

But the overriding complaint was the U.S. prosecution of the war in Iraq.

"Peace is controversial," civil rights and community activist Jesse Jackson, 65, said in a rousing address to the crowd gathered at the east end of the Mall. "But so is war. The fruit of peace is so much sweeter."

Some came for relatives in the service. A New York woman came on behalf of her younger brother, who she said was about to be deployed to Iraq. She had a framed picture of him in a knapsack. An Akron, Ohio, woman came with her infant son, saying his father, in the Navy in Kuwait, had yet to see him.

Oriana Futrell, 21, of Spokane, Wash., came with a sign that said: "Bring my husband home now." She said her husband, Dan, an Army lieutenant, was in Baghdad. They were married in April. She said she was weary of attending military funerals.

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Among the celebrities who appeared was Jane Fonda, the 69-year-old actress and activist who was criticized for sympathizing with the North Vietnamese during the Vietnam War. She told the crowd that this was the first time she had spoken at an antiwar rally in 34 years.

"I've been afraid that because of the lies that have been and continue to be spread about me and that war, that they would be used to hurt this new antiwar movement," she told the crowd. "But silence is no longer an option."

Fonda said she was attending with her daughter and two grandchildren. "I'm very proud that they're here, but I'm so sad that we still have to do this, that we did not learn the lessons from the Vietnam War," she said.

She concluded by saying, "God bless." And someone in the crowd yelled: "All right, Janey!"

But Fonda's presence drew counter protesters. Members of the Free Republic group picketed an antiwar rally at the Navy Memorial where Fonda spoke earlier in the day. "Hanoi Jane," one of the conservative group's signs read. "Wrong then, wrong now."

The day's events unfolded peacefully. And after a cold morning with temperatures in the mid-20s, the day quickly warmed, and protesters were unzipping jackets as the mercury topped 50 degrees.

The crowd, while exuberant, seemed significantly smaller than the half-million people organizers said were present and may not have matched similar protests in September 2005 and January 2003. The throng filled much of the Mall between Third and Fourth streets NW but thinned toward Seventh Street.

It was big enough, though, that the march that followed the rallies stretched the length of the route from the Mall, up Constitution Avenue to the east front of the Capitol and back to the Mall.

The day's events were organized chiefly by United for Peace and Justice, which describes itself as a coalition of 1,400 local and national organizations. Among them are the National Organization for Women, United Church of Christ, the American Friends Service Committee, True Majority, Military Families Speak Out, Iraq Veterans Against the War, Farms Not Arms, CODEPINK, MoveOn.org and September 11th Families for Peaceful Tomorrows.

The day began with a 10 a.m. rally at the Navy Memorial sponsored by the peace group CODEPINK. There, several thousand activists heard speeches by actor Sean Penn, presidential candidate and U.S. Rep. Dennis J. Kucinich (D-Ohio), and Reps. Maxine Waters (D-Calif.) and Lynne Woolsey (D-Calif.), and a brief greeting from Fonda.

But the most moving words were Futrell's.

"My husband deployed last June to Iraq," she said. "He is an Army infantry officer currently patrolling the streets of Baghdad. And I just have to say I'm sick of attending the funerals of my friends. I have seen the weeping majors. I have seen the weeping colonels. I am sick of the death."

"I don't know what else to say, other than: 'Bring them home,' " she said. "It is time. We need to bring them home where they can be safe."

The main rally began at 11 a.m. on the Mall and featured more speeches and a crowd that seemed to grow as the weather warmed.

In addition to Fonda and Jackson, actors Susan Sarandon and Tim Robbins addressed the protesters.

Robbins mocked President Bush, urging Congress to impeach him.

"Let's get him out of office before he's ruling from a bunker," Robbins said.

"Impeach Bush!" the crowd began to chant, interspersed with a few shouts of "And Cheney!"

"Richard Nixon talked to the walls," Robbins continued. "But George Bush is talking to God. But it is not a God I recognize. This God seems to be giving Bush a pass" on some commandments.

Colin Fallon, who works at the Government Accountability Office, and his wife, Melinda, a history professor at George Mason University, came to the demonstration from Fairfax with their three children.

Melinda Fallon guided her son through the crowd, talking about Americans. "They can say when they don't agree with what's going on," she told him.

"We're looking at more or less a 30-years-war here," Colin Fallon said. "All the indications are bad. I think about these kids. If they were asked to fight, would I think they would be able to help the situation as soldiers? I don't think so. I think it has become something of a war of attrition."

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Laura Sinderbrand, 79, and her husband, Alvin, 84, of New York, said they attended dozens of Washington protests against the Vietnam War during the 1960s and early '70s.

"The biggest difference back then, of course, was the draft," said Alvin Sinderbrand, a retired patent lawyer. "That made everything much more emotional. There was a sense that everybody was vulnerable."

The Sinderbrands were opposed to involvement in Iraq from the beginning, they said, and attended a 2003 protest here. Yesterday, the couple rode down on the train and planned to return home in the evening.

"We're doing it with the hope that it's going to be the last time we need to protest this," said Laura Sinderbrand, a retired museum director.

Kim Brenegar, 46, of the Capitol Hill neighborhood attended with her son Julian, 12.

"Of late, I've become very numb to the front-page reporting of deaths," she said. "And that's kind of problem for me. We've all become so used to it, it's the norm. I hope today's event will wake up a lot of people and demonstrate that this doesn't have to go on, we can stop this."

Julian added: "I don't like the war. I just think it's so stupid that we're there and it's pointless."

As the events went on, Johnny "Satchmo" T., of Northeast Washington, sat on a plastic bucket at Seventh Street and Constitution Avenue -- his regular spot -- and played a haunting version of "When Johnny Comes Marching Home" on his bent trumpet.

"They're lucky that they can do stuff" like that, he said of the protesters. "Some countries don't even let people do stuff like that."

Iraq War Foes Mass On Mall (WT)

By Tarron Lively

The Washington Times, January 28, 2007

Tens of thousands of anti-war protesters led by several Hollywood celebrities converged on Capitol Hill yesterday and railed against President Bush and his plan to send thousands of additional troops to Iraq.

The demonstrators descended on the Mall for one of the largest demonstrations since the Iraq war began in March 2003.

Organizers said they exceeded their goal of 100,000 attendees. Police do not give official crowd estimates, but some officers said privately that the crowd appeared smaller.

Dozens of politicians, civil rights leaders, military family members and celebrities spoke in opposition to the Bush administration's policy in Iraq and the president's recent decision to deploy 21,500 additional troops to Iraq.

Among the speakers was Jane Fonda, the actress and Vietnam-era protester, who participated in her first anti-war demonstration in 34 years.

"Thank you so much for the courage to stand up against this mean-spirited, vengeful administration," Miss Fonda said. "Your ongoing commitment to ending this war allows people in other parts of the world to remain hopeful that America has the stuff to become again a country that they can love and respect."

In addition to Miss Fonda, Hollywood liberals at the forefront of the event included Sean Penn, Tim Robbins, Susan Sarandon and Rhea Perlman.

"I'm so sad that we still have to do this, that we did not learn the lessons from the Vietnam War," said Miss Fonda, whose public protest of the Vietnam War included a trip to Hanoi in 1972, during which she was photographed seated on an anti-aircraft battery.

Miss Fonda, 69, said she had been silent on the subject of the Iraq war because she thought she would be a distraction to the anti-war cause.

"Silence is no longer an option," she said to cheers.

Her presence at an earlier demonstration at Seventh Street and Pennsylvania Avenue NW prompted jeers from a few dozen counterdemonstrators, some of whom held signs that expressed support for the troops in Iraq and disparaged Miss Fonda personally. Some objected to her presence at the site of the Navy Memorial. The sides exchanged hostile and obscenity-laced taunts, but police kept the groups separate.

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Among the participants were soldiers being treated at Walter Reed Army Medical Center.

Army Cpl. Joshua Sparling, who lost a leg to a roadside bomb in November 2005 in Ramadi, Iraq, said the anti-war protesters, especially those who are veterans or who are currently on active duty, "need to remember the sacrifice we have made and what our fallen comrades would say if they were alive."

Cpl. Sparling, 25, is based at Fort Bragg, N.C.

Meanwhile at the White House, spokesman Gordon Johndroe gave Mr. Bush's reaction to the protest: "The president ... understands that Americans want to see a conclusion to the war in Iraq and the new strategy is designed to do just that."

Yesterday's protest preceded an upcoming vote in the Senate on a nonbinding resolution condemning the new Iraq strategy.

The main rally, sponsored by the umbrella group United for Peace and Justice, began at 11 a.m. with a rally on the Mall. Protesters chanted and banged drums as they peacefully marched halfway around the Capitol and back.

Police said they recorded no arrests during the demonstration.

"Everything went fine. We had a large turnout, but no problems," said U.S. Park Police spokesman Lt. Scott Fear.

About 300 protesters attempted to rush the front steps of the Capitol, but they were rebuffed by police without injury or arrest.

U.S. Capitol Police spokeswoman Sgt. Kimberly Schneider also said the event was incident-free.

"I think everything went pretty peacefully," she said.

Rep. John Conyers Jr., Michigan Democrat, was one of several legislators who spoke at the rally.

"George Bush has a habit of firing military leaders who tell him the Iraq war is failing," Mr. Conyers said. "He can't fire you. He can't fire us. But we can fire him."

Rep. Lynn Woolsey, California Democrat, said Mr. Bush's request for additional troops is a waste of taxpayers' money for his own personal cause.

"We all know it's not about winning or losing," she said. "It's about doing the right thing. Everybody knows this except the president .... They say the definition of insanity is doing the same thing and expecting different results."

Dennis Rosser, 50, a speechwriter from the District, called Mr. Bush a "despot who won't follow the desires of the American people."

"He's doomed for failure," Mr. Rosser said. "[White House spokesman] Tony Snow said the other day, 'The president doesn't always listen to the people.' Now as president, would you have said that?"

Mike Sherkin, 29, software engineer from the District, said that yesterday was his birthday, but he decided to come out in support of the rally.

"This war has been going on too long. It needs to end," Mr. Sherkin said. "Innocent people are dying."

Ilonka Wloch, 36, an editor from Ithaca, N.Y., said it was "very profound" to see so many protesters.

"I wholeheartedly believe in change, and I believe that at heart we as humans all want the same things -- safety, love and cooperation," she said.

Crowds On Both Coasts Protest Iraq War (AP)

By Calvin Woodward And Larry Margasak,

AP, January 28, 2007

Convinced this is their moment, tens of thousands marched Saturday in an anti-war demonstration linking military families, ordinary people and an icon of the Vietnam protest movement in a spirited call to get out of Iraq.

Celebrities, a half-dozen lawmakers and protesters from distant states rallied in the capital under a sunny sky, seizing an opportunity to press their cause with a Congress restive on the war and a country that has turned against the conflict.

Marching with them was Jane Fonda, in what she said was her first anti-war demonstration in 34 years.

"Silence is no longer an option," Fonda said to cheers from the stage on the National Mall. The actress once derided as "Hanoi Jane" by conservatives for her stance on Vietnam said she had held back from activism so as not to be a distraction for the Iraq anti-war movement, but needed to speak out now.

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The rally on the Mall unfolded peacefully, although about 300 protesters tried to rush the Capitol, running up the grassy lawn to the front of the building. Police on motorcycles tried to stop them, scuffling with some and barricading entrances.

Protesters chanted "Our Congress" as their numbers grew and police faced off against them. Demonstrators later joined the masses marching from the Mall, around Capitol Hill and back.

About 50 demonstrators blocked a street near the Capitol for about 30 minutes, but they were dispersed without arrests.

United for Peace and Justice, a coalition group sponsoring the protest, had hoped 100,000 would come. They claimed even more afterward, but police, who no longer give official estimates, said privately the crowd was smaller than 100,000.

In California, smaller rallies were held in San Francisco, Los Angeles and Sacramento.

At the rally, 12-year-old Moriah Arnold stood on her toes to reach the microphone and tell the crowd: "Now we know our leaders either lied to us or hid the truth. Because of our actions, the rest of the world sees us as a bully and a liar."

The sixth-grader from Harvard, Mass., organized a petition drive at her school against the war that has killed more than 3,000 U.S. service-members, including seven whose deaths were reported Saturday.

More Hollywood celebrities showed up at the demonstration than buttoned-down Washington typically sees in a month.

Actor Sean Penn said lawmakers will pay a price in the 2008 elections if they do not take firmer action than to pass a nonbinding resolution against the war, the course Congress is now taking.

"If they don't stand up and make a resolution as binding as the death toll, we're not going to be behind those politicians," he said. Actors Susan Sarandon and Tim Robbins also spoke.

Fonda was a lightning rod in the Vietnam era for her outspoken opposition to that war and her advocacy from Hanoi at the height of that conflict. Sensitive to the old wounds, she made it a point to thank the active-duty service-members, veterans and Gold Star mothers who attended the rally.

She drew parallels to the Vietnam War, citing "blindness to realities on the ground, hubris ... thoughtlessness in our approach to rebuilding a country we've destroyed." But she noted that this time, veterans, soldiers and their families increasingly and vocally are against the Iraq war.

The House Judiciary Committee chairman, Rep. John Conyers, threatened to use congressional spending power to try to stop the war. "George Bush has a habit of firing military leaders who tell him the Iraq war is failing," he said, looking out at the masses. "He can't fire you." Referring to Congress, the Michigan Democrat added: "He can't fire us.

"The founders of our country gave our Congress the power of the purse because they envisioned a scenario exactly like we find ourselves in today. Not only is it in our power, it is our obligation to stop Bush."

White House spokesman Trey Bohn responded that Conyers "needs to learn the difference between fact and fable, between a soundbite and a slur." He said Conyers' "assertion that the president fires generals with whom he disagrees is flat wrong."

On the stage rested a coffin covered with a U.S. flag and a pair of military boots, symbolizing American war dead. On the Mall stood a large bin filled with tags bearing the names of Iraqis who have died.

A small contingent of active-duty service members attended the rally, wearing civilian clothes because military rules forbid them from protesting in uniform.

Air Force Staff Sgt. Tassi McKee, 26, an intelligence specialist at Fort Meade, Md., said she joined the Air Force because of patriotism, travel and money for college. "After we went to Iraq, I began to see through the lies," she said.

In the crowd, signs recalled the November elections that defeated the Republican congressional majority in part because of President Bush's Iraq policy. "I voted for peace," one said.

"I've just gotten tired of seeing widows, tired of seeing dead Marines," said Vincent DiMezza, 32, wearing a dress Marine uniform from his years as a sergeant. A Marine aircraft mechanic from 1997 to 2002, he did not serve in Iraq or Afghanistan.

About 40 people staged a counter-protest, including Army Cpl. Joshua Sparling, 25, who lost his leg to a bomb in Iraq.

He said the anti-war protesters, especially those who are veterans or who are on active duty, "need to remember the sacrifice we have made and what our fallen comrades would say if they were alive."

Bush reaffirmed his commitment to his planned troop increase in a phone conversation Saturday with Iraqi Prime Minister Nouri al-Maliki. The president was in Washington for the weekend. He is often is out of town during big protest days.

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"He understands that Americans want to see a conclusion to the war in Iraq and the new strategy is designed to do just that," said Gordon Johndroe, a spokesman for the National Security Council.

Protest organizers said the crowd included people who came on 300 buses from 40 states.

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Associated Press writers Stephen Manning and Kasie Hunt contributed to this report.

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On the Net:

United for Peace and Justice: http://www.unitedforpeace.org/

Protest Focuses On Iraq Troop Increase (NYT)

By Ian Urbina

The New York Times, January 28, 2007

WASHINGTON, Jan. 27 — Tens of thousands of protesters converged on the National Mall on Saturday to oppose President Bush's plan for a troop increase in Iraq in what organizers hoped would be one of the largest shows of antiwar sentiment in the nation's capital since the war began.

The event drew demonstrators from across the country, and many said that in addition to taking their discontent to the streets they planned to press members of Congress to oppose the war.

"When we voted it was a directive to bring our troops home now," said the Rev. Graylan S. Hagler of Plymouth Congregational United Church of Christ in Washington, referring to the November elections when Democrats won control of Congress.

Demonstrators listened to speeches from a roster of politicians and entertainment figures including the Rev. Jesse Jackson; Representative Dennis J. Kucinich, Democrat of Ohio and a candidate for the presidency in 2008; and Representative Maxine Waters, Democrat of California. The actors Jane Fonda, Susan Sarandon and Tim Robbins also addressed the crowd.

"We need to be talking not just about defunding the war but also about funding the vets," Ms. Sarandon said, adding that more than 50,000 had sought treatment through the Department of Veterans Affairs while benefits for them continue to be cut.

With Mr. Bush facing low approval ratings and Congress continuing to debate the terms of a nonbinding resolution opposing the troop increase, elderly people in wheelchairs, housewives pushing strollers, seasoned dissenters in tie-dye and veterans in uniform turned out to protest.

"I grew up during the Vietnam War, but I never protested it and never had my lottery number called to go fight," said David Quinly, a 54-year-old carpenter from Prairie Village, Kan., who arrived here Friday night with about 50 others after a 23-hour bus ride.

"In my view, this one is a war of choice and a war for profit against a culture and people we don't understand," Mr. Quinly said. "I knew I had to speak up this time."

Along the north side of the Mall, teenagers in T-shirts featuring sinister depictions of Mr. Bush chanted, "End the lunacy; end it now." A man wearing prison stripes carried a sign with the likeness of Vice President Dick Cheney. A man on 30-inch stilts, dressed as Abraham Lincoln, carried a sign quoting him: "But you can't fool all of the people all of the time." A tall, clear plastic column stood overflowing with thousands of shoes symbolizing the civilians killed in the war.

"I've got a son who just got out of the military and another still in," said Jackie Smith, 65, from Sunapee, N.H., whose sign read "Bush Bin Lyin." "And I'm here because this is all I can do to try to help them."

Tassi McKee, from Bastrop, La., who said she was a staff sergeant in the Air Force, was among a small contingent of about 20 active-duty service members who turned out. "I believe this has become a civil war, and we are being hurt and making matters worse by staying in the middle of it," Sergeant McKee said.

She said that it was not illegal for active-duty members to attend protests but that it was strongly discouraged.

Veterans were more numerous among the crowd.

Dressed in the olive green, military-issued flight jacket that he said he wore during the invasion of Iraq while serving as a Marine sergeant, Jack Teller, 26, said he joined a caravan from Greenville, N.C., because he felt that it was his duty.

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"I don't like wearing the jacket because it reminds me that I participated in an immoral and illegal war," said Mr. Teller, who had "Iraq Veterans Against the War" stenciled on the back of his jacket. "But it's important to make a political statement."

Fernando Braga, a 24-year-old Bronx native who is a member of the Army National Guard, said that he was skeptical of the war before it started. Mr. Braga said his views hardened into opposition while he served in Iraq from March 2004 through January 2005.

"My own commander told us when we arrived that if we thought we were there for any reason other than oil then we had another think coming," he said. "I realized even commanding officers were against it but following orders."

Michael McPhearson, executive director of Veterans for Peace, said more than 100 veterans from the Iraq war participated in the march, and several hundred veterans from previous wars attended as well.

Robert Watada, 67, of Honolulu, a retired executive with the State of Hawaii who said his son, First Lt. Ehren K. Watada, was to be court-martialed next month for refusing to deploy to Iraq, said: "So many thousands of our own have died and hundreds of thousands of Iraqis and for what? And still we are having to push Congress to block the president."

At least 3,065 American military personnel have been killed and at least 22,834 have been wounded since the start of the war in March 2003, according to Iraq Coalition Casualty Count, a Web site that tracks Department of Defense numbers. The United Nations has estimated that at least 35,000 Iraqis have been killed each year since the war started.

President Bush, who often spends weekends at Camp David, was in Washington on Saturday but had no public events scheduled. He spent part of the morning on his weekly bicycle ride at a Secret Service training facility in Beltsville, Md.

The White House issued a statement in response to the demonstration. "The president believes that the right to free speech is one of the greatest freedoms in our country," said Gordon D. Johndroe, a White House spokesman. "He understands that Americans want to see a conclusion to the war in Iraq, and the new strategy is designed to do just that," referring to Mr. Bush's plan to increase troop levels in Iraq.

The protest was largely organized by the group United for Peace and Justice, a coalition of 1,400 local and national organizations.

"This war has been going on longer than she has been alive, and Cheney says it will be a 50-year war," said Annie Yanowitz, a housewife from Amherst, Mass., pointing to her 2-year-old daughter, Amira.

"I find that totally inappropriate that our children may grow up with this war continuing," Ms. Yanowitz said.

Police officials declined to provide crowd estimates, but Hany Khalil, a spokesman for United for Peace and Justice, said the protesters numbered about 400,000. Smaller antiwar protests took place on Saturday in other cities, including San Francisco, Los Angeles and Sacramento.

In Washington, counterprotesters also converged on the mall in smaller numbers, but the antiwar demonstration was largely peaceful.

There were a few tense moments, however, including an encounter involving Joshua Sparling, 25, who was on crutches and who said he was a corporal with the 82nd Airborne Division and lost his right leg below the knee in Ramadi, Iraq. Mr. Sparling spoke at a smaller rally held earlier in the day at the United States Navy Memorial, and voiced his support for the administration's policies in Iraq.

Later, as antiwar protesters passed where he and his group were standing, words were exchanged and one of the antiwar protestors spit at the ground near Mr. Sparling; he spit back.

Capitol police made the antiwar protestors walk farther away from the counterprotesters.

"These are not Americans as far as I'm concerned," Mr. Sparling said.

Another counterprotester, Larry Stark, 71, a retired Navy officer who fought in Vietnam for five years and was a prisoner of war, said, "We never lost a battle in Vietnam but we lost the war, and the same is going to be true in Iraq if these protesters have their way."

The protesters on Saturday were undermining troop morale, Mr. Stark said, and increasing the likelihood of a premature withdrawal.

"It's like we never learn from the past," he said.

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Celebrities Pack D.C. War Protest (AP)

AP, January 28, 2007

More Hollywood celebrities sparkled the dais than button-down Washington typically sees in a month.

Oscar-award winner Sean Penn had a warning for politicians on the ballot in 2008. "If they don't stand up and make a resolution as binding as the death toll, we are not going to be behind those politicians," he said.

With a reporter's credential, Penn visited Iraq in November 2003 and recently traveled to Iran.

The husband and wife anti-war duo, Susan Sarandon and Tim Robbins, also spoke.

"This past November the American people sent a resounding signal to Washington, D.C., and the world. We want change. We want this war to end. And how did Bush respond? Twenty-one thousand, five hundred more will risk their lives for his misguided war. Is impeachment still off the table? Let's get him out of office," Robbins said.

The crowd responded, "Impeach Bush, impeach Bush, impeach Bush!"

Jane Fonda, who recently wrapped a film with Lindsay Lohan, brought along her daughter and grandchildren. Fonda said she used to take her daughter to anti-war protests in the 1970s. "I'm proud they're here but I'm so sad we still have to do this," she said. Fonda was married to anti-war activist Tom Hayden during the Vietnam war.

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There were a few tense moments outside the Capitol when several hundred protesters tried to rush the building. Police scuffled and wrestled with some and eventually set up barricades and a police line to keep them at bay. The protesters shouted "Our Congress!" and some carried riot shields with the slogan "U.S. out of everywhere."

Many of the protesters belonged to Students for a Democratic Society, an activist group founded in the 1960s by Tom Hayden (once married to Fonda) and others.

John Cronan, 23, from the Pace University chapter, said they were trying to send a different message than the main march. "These peace rallies really don't get anything done. With Congress historically, you have to force them to do something," he said.

The crowd eventually drifted away and many joined the larger march.

_By Steve Manning

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Dressed in civilian clothing, a few active-duty members of the military quietly lodged their opposition against a war that has cost the lives of more than 3,000 of their comrades.

Jeffrey Fitting, 24, a senior airman from Camp Hill, Pa., is a chaplain's assistant at Dover Air Force Base in Delaware, where he helps families waiting to receive the bodies of their loved ones. The bodies of dead soldiers are prepared at a mortuary on the base before they are returned to the families.

"When we have military members, their families and civilians for the same cause, we're united" against the war in Iraq, Fitting said. He asked his commander if he could attend the rally and was told he had the right to do so.

Marc Train, 19, an Army private stationed at Fort Stewart, Ga., asked not to be sent with his 3rd Infantry Division unit to Iraq. He said the Army has initiated proceedings to have him discharged.

Train said his specialty is intelligence analysis and believes that was a factor in the Army's decision to seek his discharge.

"When I joined, I was indifferent. I talked to people in my unit who have been there three or four times. They didn't feel like they were accomplishing anything," Train said.

Air Force Staff Sgt. Tassi McKee, stationed at Fort Meade and a specialist in intelligence, said, "I don't believe the war is being managed correctly."

McKee, 26, originally from Bastrop, La., said she joined the Air Force because of patriotism, travel and to save money for college.

_By Larry Margasak

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About 40 counterprotesters lofted "Support our troops" signs in front of the Navy Memorial, a few blocks from the main demonstration. Among the participants were soldiers being treated at Walter Reed Army Medical Center.

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Army Cpl. Joshua Sparling, who lost his leg to a roadside bomb in November 2005 in Ramadi, said the anti-war protesters, especially those who are veterans or who are currently on active duty, "need to remember the sacrifice we have made and what our fallen comrades would say if they are alive." Sparling, 25, is based at Fort Bragg, N.C.

The counterdemonstration vilified Fonda's appearance at the rally. They set up a fake Fonda doll hanging from a noose and taped a sign to it that read "Jane Fonda American Traitor."

_By Kasie Hunt.

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Mothers of soldiers made a poignant presence at the march. One woman held a sign with a picture of her son as a young boy, reading "Cpl. Nicholas Ziolkowski, born April 21, 1982, Baltimore, KIA Nov. 14, 2004, Falluja." Ziolkowski, a Marine, was killed by a sniper's bullet.

Peggy Gray, 51, of West Hartford, Conn., said her son Shane recently returned from Iraq after an 18-month tour. Gray, a grandmother and state employee for the Connecticut comptroller's office, said she has protested wars since Vietnam. The difference between then and now is that people support the troops even if they oppose the war, she said.

"In Vietnam, we blamed the troops. Now, we see a lot of support for the troops from those opposed to the Iraq war," she said. She held one end of a banner that said, "Military Families Speak Out," a Boston-based organization of people opposed to the war.

_By Larry Margasak.

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WASHINGTON (AP) — He stood out in the crowd because of his Air Force flight jacket.

Holding a sign that said, "Mad cowboy disease," Theodore Seman said he was a former Air Force captain and retired FBI agent.

"I was 100 percent behind our government up until we invaded Iraq. I never thought as a former military officer in command of nuclear weapons that I would see the United States of American make a pre-emptive strike on another nation."

Seman said he was not only protesting the war, but also President Bush's warrantless surveillance policies. Seman said he swore out many warrants as an FBI agent and finds it hard to believe the government would conduct surveillance without first going to a court.

"If voices are not heard, nothing will be done," he said.

Seman said he was a radar control officer in an interceptor that had nuclear weapons and was an FBI agent in Tampa, Fla.

_By Larry Margasak.

Mass US Protest Against Iraq War (BBC)

BBC.com, January 27, 2007

Tens of thousands of protesters have demonstrated in Washington to demand the withdrawal of US troops from Iraq.

The rally comes days before Congress is to discuss President George W Bush's new strategy for Iraq - including the despatch of 21,500 additional troops.

The protesters, chanting "Bring the troops home", were joined by Vietnam War-era protester, actress Jane Fonda.

Violence continued in Iraq on Saturday, with at least 15 killed in a suicide bomb attack in a Baghdad market.

The BBC's James Coomarasamy in Washington says this anti-war rally at the foot of the US Capitol was a marked shift away from the White House and on to Congress.

The protesters want Congress, now run by the Democrats, to block funding for the president's new strategy, our correspondent says.

Resolution

Jane Fonda, the Hollywood actress who angered many Americans by visiting Hanoi in 1972 during the Vietnam War, told the crowd: "I haven't spoken at an anti-war rally for 34 years. But silence is no longer an option."

She added: "I'm so sad that we still have to do this, that we did not learn the lessons from the Vietnam War."

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Fonda was joined by fellow actors Sean Penn and Tim Robbins.

Robbins said: "What we need is courage, courage and conviction and we need people to represent the voice of the American people, a very clear voice last November, a voice that said: 'We're done with this war'."

The Democrats took control of both Houses in November's mid-term election, sparking Mr Bush's decision to form a new strategy for Iraq.

But our correspondent says Congress has so far balked at using the power of funding and only a handful of staunch anti-war Congressmen were present at the rally.

A man brings a child to hospital after Saturday's Baghdad bombing

Although nearly all Democrats and a growing numbers of Republicans oppose the president's plans, he says, senators have not been able to agree yet on a single non-binding resolution expressing their concerns.

At the rally a coffin covered with a US flag and a pair of military boots was put on display.

Organisers also filled a large bin with tags bearing the names of Iraqis who have died.

More than a dozen veterans, anti-war activists, religious heads and actors addressed the crowd.

A small counter-protest held up a Fonda doll with the sign "Jane Fonda American Traitor".

Mr Bush reportedly reaffirmed his commitment to the troop increase in a phone call with Iraqi PM Nouri Maliki on Saturday.

White House national security adviser spokesman Gordon Johndroe said: "Americans want to see a conclusion to the war in Iraq and the new strategy is designed to do just that."

Student Protesters, Fighting Image Of Apathy, Call For A Cohesive Movement (WP)

By Megan Greenwell

The Washington Post, January 28, 2007

As the bulk of war protesters chanted "this is what democracy looks like" on the Mall yesterday, a few hundred gathered separately on the south edge of the Mall.

Members of the College Democrats of America mingled with the more radical Students for a Democratic Society and the Communist Youth Movement. Many held signs proclaiming themselves "another future leader against the war." Some danced. Some clapped. Others passed around a joint. Disparate in their affiliations, they were united in their chants: "College, not combat."

Since the war began nearly four years ago, many Vietnam-era antiwar activists have publicly lamented what they see as apathy among today's college students. They wonder whether the absence of a draft and a culture of pop music and reality television have distracted young people from civic responsibilities.

But among the hundreds of students on the Mall yesterday, dozens of whom drove all night to get to Washington for the protest, the prevailing sentiment was that their generation had been unfairly maligned and that the antiwar movement is growing stronger every day.

"I do think we're misrepresented as being lazy, ignorant and unaware of current events," said Sarah Searle, 19, a sophomore at the University of Virginia. "There's no huge movement going on like during Vietnam, but that doesn't mean we're apathetic."

The students at yesterday's protest noted that their efforts have not had the iconic touchstones of the late 1960s and early 1970s, when shootings at Kent State and the student takeover at Columbia University stirred U.S. consciousness. Still, there are signs, they said, of a building resistance to the war in Iraq and other U.S. foreign policy initiatives.

"Whenever you have inequality dragging on the way it is now, that's always resulted at some point in a rise in mass resistance," said David Judd, a Columbia junior who celebrated his 21st birthday yesterday by traveling with 150 classmates to Washington for the protest. "Obviously, that's not going to happen tomorrow, but there's good reason to believe that at some point it will, and the work that we do beforehand in preparing for that and getting people involved in activism is important."

Many students mentioned the case of Ehren Watada -- the U.S. Army lieutenant facing a court martial for refusing to deploy to Iraq -- as an important step in building a cohesive antiwar movement. Watada's father spoke from the main stage at the protest

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while student speakers at a side rally organized by the Campus Antiwar Network hailed the young man as a hero and said the war will not end until other soldiers make the same decision.

Mark Rudd, the 1960s radical who gained notoriety as the leader of the Columbia protests and as a member of the revolutionary group the Weathermen, said he has noticed increased antiwar activity among college students over the past year, which he attributed in part to Watada's public refusal to deploy in June. Students for a Democratic Society, the largest student activist group during Vietnam, has reemerged, holding its first convention since 1969 last year and gaining a presence on a growing number of college campuses.

"There's been a 35-year break where there hasn't been a mass movement, so students haven't had a natural model for how to do it," Rudd said, laying some of the blame on the Weathermen for breaking apart the larger student movement in the push to be more radical. "I hope they'll learn from our shameful history and learn how not to screw things up like we did."

Students agreed that ending the war will require building a coalition across political lines. University of Maryland senior Alan Wright, 21, said political moderates have been alienated from the antiwar movement by radicals.

"We might all be against the war, but there's no consensus about what we should do now," Wright said. "If we can all come together, we will be able to have more of an impact."

Grand Delusion (WP)

By Robert Kagan

The Washington Post, January 28, 2007

It's quite a juxtaposition. In Iraq, American soldiers are finally beginning the hard job of establishing a measure of peace, security and order in critical sections of Baghdad -- the essential prerequisite for the lasting political solution everyone claims to want. They've launched attacks on Sunni insurgent strongholds and begun reining in Moqtada al-Sadr's militia. And they've embarked on these operations with the expectation that reinforcements will soon be on the way: the more than 20,000 troops President Bush has ordered to Iraq and the new commander he has appointed to fight the insurgency as it has not been fought since the war began.

Back in Washington, however, Democratic and Republican members of Congress are looking for a different kind of political solution: the solution to their problems in presidential primaries and elections almost two years off. Resolutions disapproving the troop increase have proliferated on both sides of the aisle. Many of their proponents frankly, even proudly, admit they are responding to the current public mood, as if that is what they were put in office to do. Those who think they were elected sometimes to lead rather than follow seem to be in a minority.

The most popular resolutions simply oppose the troop increase without offering much useful guidance on what to do instead, other than perhaps go back to the Baker-Hamilton commission's vague plan for a gradual withdrawal. Sen. Hillary Clinton wants to cap the number of troops in Iraq at 137,500. No one explains why this is the right number, why it shouldn't be 20,000 troops lower or higher. But that's not really the point, is it?

Other critics claim that these are political cop-outs, which they are. These supposedly braver critics demand a cutoff of funds for the war and the start of a withdrawal within months. But they're not honest either, since they refuse to answer the most obvious and necessary questions: What do they propose the United States do when, as a result of withdrawal, Iraq explodes and ethnic cleansing on a truly horrific scale begins? What do they propose our response should be when the entire region becomes a war zone, when al-Qaeda and other terrorist organizations establish bases in Iraq from which to attack neighboring states as well as the United States? Even the Iraq Study Group acknowledged that these are likely consequences of precipitate withdrawal.

Those who call for an "end to the war" don't want to talk about the fact that the war in Iraq and in the region will not end but will only grow more dangerous. Do they recommend that we then do nothing, regardless of the consequences? Or are they willing to say publicly, right now, that they would favor sending U.S. troops back into Iraq to confront those new dangers? Answering those questions really would be honest and brave.

Of course, most of the discussion of Iraq isn't about Iraq at all. The war has become a political abstraction, a means of positioning oneself at home.

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To the extent that people think about Iraq, many seem to believe it is a problem that can be made to go away. Once American forces depart, Iraq will no longer be our problem. Joseph Biden, one of the smartest foreign policy hands in the Senate, recently accused President Bush of sending more troops so that he could pass the Iraq war on to his successor. Biden must assume that if the president took his advice and canceled the troop increase, then somehow Iraq would no longer be a serious crisis when President Biden entered the White House in 2009.

This is a delusion, but it is by no means only a Democratic delusion. Many conservatives and Republicans, including erstwhile supporters of the war, have thrown up their hands in anger at the Iraqi people or the Iraqi government. They, too, seem to believe that if American troops leave, because Iraqis don't "deserve" our help, then somehow the whole mess will solve itself or simply fade away. Talk about a fantasy. The fact is, the United States cannot escape the Iraq crisis, or the Middle East crisis of which it is a part, and will not be able to escape it for years. And if Iraq does collapse, it will not be the end of our problems but the beginning of a new and much bigger set of problems.

I would think that anyone wanting to be president in January 2009 would be hoping and praying that the troop increase works. The United States will be dealing with Iraq one way or another in 2009, no matter what anyone says or does today. The only question is whether it is an Iraq that is salvageable or an Iraq sinking further into chaos and destruction and dragging America along with it.

A big part of the answer will come soon in the battle for Baghdad. Politicians in both parties should realize that success in this mission is in their interest, as well as the nation's. Here's a wild idea: Forget the political posturing, be responsible, and provide the moral and material support our forces need and expect. The next president will thank you.

Robert Kagan, a senior associate at the Carnegie Endowment for International Peace and transatlantic fellow at the German Marshall Fund, writes a monthly column for The Post. His latest book is "Dangerous Nation," a history of American foreign policy.

It Has Unraveled So Quickly (NYT)

By Sabrina Tavernise

The New York Times, January 28, 2007

A PAINFUL measure of just how much Iraq has changed in the four years since I started coming here is contained in my cellphone. Many numbers in the address book are for Iraqis who have either fled the country or been killed. One of the first Sunni politicians: gunned down. A Shiite baker: missing. A Sunni family: moved to Syria.

I first came to Iraq in April 2003, at the end of the looting several weeks after the American invasion. In all, I have spent 22 months here, time enough for the place, its people and their ever-evolving tragedy to fix itself firmly in my heart.

Now, as I am leaving Iraq, a new American plan is unfolding in the capital. It feels as if we have come back to the beginning. Boots are on the ground again. Boxy Humvees move in the streets. Baghdad fell in 2003 and we are still trying to pick it back up. But Iraq is a different country now.

The moderates are mostly gone. My phone includes at least a dozen entries for middle-class families who have given up and moved away. They were supposed to build democracy here. Instead they work odd jobs in Syria and Jordan. Even the moderate political leaders have left. I have three numbers for Adnan Pachachi, the distinguished Iraqi statesman; none have Iraqi country codes.

Neighborhoods I used to visit a year ago with my armed guards and my black abaya are off limits. Most were Sunni and had been merely dangerous. Now they are dead. A neighborhood that used to be Baghdad's Upper East Side has the dilapidated, broken feel of a city just hit by a hurricane.

The Iraqi government and the political process, which seemed to have great promise a year ago, have soured. Deeply damaged from years of abuse under Saddam Hussein, the Shiites who run the government have themselves turned into abusers.

Never having covered a civil war before, I learned about it together with my Iraqi friends. It is a bit like watching a slow-motion train wreck. Broken bodies fly past. Faces freeze in one's memory in the moments before impact. Passengers grab handles and doorframes that simply tear off or uselessly collapse.

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I learned how much violence changes people, and how trust is chipped away, leaving society a thin layer of moth-eaten fabric that tears easily. It has unraveled so quickly. A year ago, my interviews were peppered with phrases like "Iraqis are all brothers." The subjects would get angry when you asked their sect. Now some of them introduce themselves that way.

I met Raad Jassim, a 38-year-old Shiite refugee, in a largely empty house, recently owned by Sunnis, where he now lives in western Baghdad. He moved there in the fall, after Sunni militants killed his brother and his nephew and confiscated his large chicken farm north of Baghdad. He had lived with Sunnis his whole life, but after what happened, a hatred spread through him like a disease.

"The word Sunni, it hurts me," he said, sitting on the floor in a bare room, his 7-year-old boy on his lap. "All that I have lost came from this word. I try to avoid mixing with them."

"A volcano of revenge" has built up inside him, he said. "I want to rip them up with my teeth."

In another measure of just how much things have changed, Mr. Jassim's Shiite neighborhood is relatively safe. The area is now largely free of Sunnis, after Shiite militias swept it last year, and it runs smoothly on a complex network of relationships among the local militias, the police and a powerful local council. His street is dotted with fruit stands. Boys in uniforms roughhouse. Men sit in teahouses sipping from tiny glass cups.

Just to the south, the Sunni neighborhood of Dawoodi is ghostly at almost any time of day. Wide boulevards trimmed with palm trees used to connect luxury homes. Now giant piles of trash go uncollected in the median.

A serious problem is dead bodies. They began to appear several times a week last summer on the railroad tracks that run through the neighborhood. But when residents call the police to pick up the bodies, they do not come. The police are Shiite and afraid of the area.

"Entering a Sunni area for them is a risk," said Yasir, a 40-year-old Sunni whose house is close to the dumping ground.

A few weeks ago, a woman's body appeared. It was raining. Yasir said he covered her with blankets and called the police. A day later the police arrived. They peeked under the waterlogged blanket and drove away. It was another day before they collected the body. They took it at night, turning off their headlights and inching toward the area like thieves.

For those eager to write off Iraq as lost, one fact bears remembering. A great many Shiites and Kurds, who together make up 80 percent of the population, will tell you that in spite of all the mistakes the Americans have made here, the single act of removing Saddam Hussein was worth it. And the new American plan, despite all the obstacles, may have a chance to work. With an Iraqi colleague, I have been studying a neighborhood in northern Baghdad that has become a dumping ground for bodies. There, after American troops conducted sweeps, the number of corpses dropped by a third in September. The new plan is built around that kind of tactic. But the odds are stacked against the corps of bright young officers charged with making the plan work, particularly because their Iraqi partner — the government of Prime Minister Nuri Kamal al-Maliki — seems to be on an entirely different page. When American officials were debating whether to send more troops in December, I went to see an Iraqi government official. The prospect of more troops infuriated him. More Americans would simply prolong the war, he said.

"If you don't allow the minority to lose, you will carry on forever," he said.

The remarks struck me as a powerful insight into the Shiites' thinking. Abused under Mr. Hussein, they still act like an oppressed class. That means Iraqis are looking into a future of war, at least in the near term. As one young Shiite in Sadr City said to me: "This just has to burn itself out."

Hazim al-Aaraji, a disciple of the renegade Shiite cleric Moktada al-Sadr, understands this. A cleric himself, he is looking for foot soldiers for the war. On a warm October afternoon, as he bustled around his mosque in western Baghdad, he said the ideal disciples would have "an empty mind," and a weapon. Surprised by the word choice, an Iraqi friend I was with stopped him, to clarify his intent. Once again, he used the word "empty."

The frank remark spoke of a new power balance, in which radicals rule and moderates have no voice. For many families I have become attached to here, the country is no longer recognizable.

I met Haifa and her husband, Hassan, both teachers, in a driveway in western Baghdad. They had just found the body of their 12-year-old son, who had been kidnapped and brutally killed, and were frantic with grief. They finally decided to leave Iraq, but its violence tormented them to the end. They paid a man to drive them to Jordan, but he was working with Sunni militants in

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western Iraq, and pointed out Hassan, a Shiite, to a Sunni gang that stopped the car. Over the next several hours, Haifa waved a tiny Koran at men in masks, pleading for her husband's release, her two remaining children in tow.

Hassan, meanwhile, knelt in a small room, his hands behind his back. His captors shot a man next to him in the neck. Haifa, a Sunni, eventually prevailed on them to let him go. The family returned to Baghdad, then borrowed money to fly to Jordan.

Now they live there, in a tiny basement apartment without windows in a white stone housing project on the side of a hill. Like many Iraqis there, they live in hiding. Residency permits cost $100,000, far beyond their means. Hassan cannot work, nor even risk leaving the house during the day for fear the Jordanian police will deport him.

He tries not to talk to people, afraid someone will recognize his Iraqi accent. He doesn't bargain in the vegetable market. He accepts mean remarks by Jordanian cabdrivers wordlessly.

Most of all, he wants to go home. "But death is waiting for us there," he tells me. "We are homeless. Please help us."

Parting Ways In Iraq (NYT)

By David Brooks

The New York Times, January 28, 2007

During the summer of 1995, Edward Joseph was serving as a U.N. peacekeeper in Bosnia. He was asked to help Muslim women and children flee from an area near Srebrenica, where 7,000 Muslims had already been slaughtered by Serb forces.

It was a controversial mission. The U.N. High Commissioner for Refugees refused to participate, believing the evacuation would just complete the ethnic cleansing. But the high commissioner didn't see the crowds of Muslim women shrieking in terror as Serb jeeps rolled by. Joseph did. It might seem high-minded to preach ethnic reconciliation from afar, Joseph now says, but in a civil war, when you can't protect people, it's immoral to leave them to be killed.

Gradually, leaders on all sides of the Bosnian fight came to see it was in their interest to separate their peoples. And once the ethnic groups were given sanctuary, it became possible to negotiate a peace that was imperfect, but which was better than the reverberating splashes of blood.

Today, many of the people active in Bosnia believe they have a model that could help stabilize Iraq. They acknowledge the many differences between the two places, but Iraq, they note, is a disintegrating nation. Ethnic cleansing is dividing Baghdad, millions are moving, thousands are dying and the future looks horrific.

The best answer, then, is soft partition: create a central government with a few key powers; reinforce strong regional governments; separate the sectarian groups as much as possible.

In practice, that means, first, modifying the Iraqi Constitution.

As Joe Biden points out, the Constitution already goes a long way toward decentralizing power. It gives the provinces the power to have their own security services, to send ambassadors to foreign countries, to join together to form regions. Decentralization is not an American imposition, it's an Iraqi idea.

But, he adds, so far the Constitution doesn't yet have legislation that would do things like equitably share oil and gas revenue. The Sunnis will never be content with a strip of sand unless they're constitutionally guaranteed 20 percent of the nation's wealth.

The second step is getting implicit consent from all sects that separation and federalism are in their interest. The Shiites would have to accept that there never will be a stable Iraq if the Sunnis are reduced to helot status. The Kurds would have to accept that peace and stability are worth territorial compromise in Kirkuk. The Sunnis would have to accept that they're never going to run Iraq again, and having a strong Sunni region is better than living under a Shiite jackboot.

As Les Gelb says, unless the thirst for vengeance has driven the leaders in Iraq beyond the realm of reason, it should be possible to persuade them to see where their best interests lie.

The third step in a soft partition would be the relocation of peoples. This would mean using U.S. or Iraqi troops to shepherd people who want to flee toward areas where they feel safe. It would mean providing humanitarian assistance so they can get back on their feet.

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As Edward Joseph and Michael O'Hanlon note, in this kind of operation, timing is everything. Move people in a certain neighborhood too early, and militias could perceive a vacuum and accelerate the violence. Move too late and you could be moving corpses.

The fourth step is getting Iraq's neighbors to buy into the arrangement. Presumably neither Iran nor Saudi Arabia really relishes complete chaos in Iraq and a proxy war with each other after the U.S. withdraws. The Turks would have to be reassured that this plan means no independent Kurdistan will ever come into being.

The most serious objection to soft partition is that the Sunni and Shiite populations are too intermingled in Baghdad and elsewhere to really separate. This objection, sadly, becomes less of a problem every day. But it would still be necessary to maintain peacekeepers in the mixed neighborhoods, be open to creative sovereignty structures, and hope that the detoxification of the situation nationally might reduce violence where diverse groups touch.

In short, logic, circumstances and politics are leading inexorably toward soft partition. The Bush administration has been slow to recognize its virtues because it is too dependent on the Green Zone Iraqis. The Iraqis talk about national unity but their behavior suggests they want decentralization. Sooner or later, everybody will settle on this sensible policy, having exhausted all the alternatives.

On Iran, Bush Faces Haunting Echoes Of Iraq (NYT)

By David E. Sanger

The New York Times, January 28, 2007

WASHINGTON, Jan. 27 — As President Bush and his aides calibrate how directly to confront Iran, they are discovering that both their words and their strategy are haunted by the echoes of four years ago — when their warnings of terrorist activity and nuclear ambitions were clearly a prelude to war.

This time, they insist, it is different.

"We're not looking for a fight with Iran," R. Nicholas Burns, the under secretary of state for policy and the chief negotiator on Iranian issues, said in an interview on Friday evening, just a few hours after Mr. Bush had repeated his warnings to Iran to halt "killing our soldiers" and to stop its drive for nuclear fuel.

Mr. Burns, citing the president's words, insisted that Washington was committed to "a diplomatic path" — even as it executed a far more aggressive strategy, seizing Iranians in Iraq and attempting to starve Iran of the money it needs to revitalize a precious asset, its oil industry.

Mr. Burns argues that those are defensive steps that are not intended to provoke Iran, though there has been a vigorous behind-the-scenes debate in the administration over whether the more aggressive policy could provoke Iran to strike back. The State Department has tended to counsel caution, while some more hawkish aides in the Pentagon and the White House say the increase in American forces in Iraq could be neutered unless the American military forcefully pushes back against the Iranian aid to the militias.

To many in Washington, especially Mr. Bush's Democratic critics, the new approach to Iran has all the hallmarks of an administration once again spoiling for a fight.

Some see an attempt to create a diversion, focusing the country's attention away from a war gone bad in Iraq, and toward a country that has exploited America's troubles to expand its influence. Others suspect an effort to shift the blame for the spiraling chaos in Iraq, as a steady flow of officials, from the C.I.A. director to the new secretary of defense, cite intelligence that Iranians are smuggling into Iraq sophisticated explosive devices and detailed plans to wipe out Sunni neighborhoods. So far, they have disclosed no evidence. Next week, American military officials are expected to make their most comprehensive case — based on materials seized in recent raids — that Iran's elite Quds force is behind many of the most lethal attacks.

But as they present their evidence, some Bush administration officials concede they are confronting the bitter legacy of their prewar distortions of the intelligence in Iraq. When speaking under the condition of anonymity, they say the administration's credibility has been deeply damaged, which would cast doubt on any attempt by Mr. Bush, for example, to back up his claim that Iran's uranium enrichment program is intended for bomb production.

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"It's never stated explicitly, but clearly we can't make the case about Iran's intentions," said a senior strategist for the Bush administration who joined it long after evidence surfaced that Iraq had none of the illicit weapons that the administration cited as a reason to go to war.

It has not helped that even as the administration is making its case against Iran, the perjury trial of I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, was opening just a few blocks away.

The early testimony in that trial has laid bare again how Mr. Cheney, among others, carefully selected intelligence for use in a political campaign to make the case against Iraq. Now, several years later, the administration is paying the price in dealing with a country whose ability to project power and to build a sophisticated nuclear program is far greater than Saddam Hussein's was in 2003.

The administration does not have definitive evidence that Iran is moving toward producing a nuclear bomb, but next week it will unveil what officials say is evidence of Iran's meddling in Iraq.

In interviews over the past several weeks, officials from the Pentagon to the State Department to the White House insist that Mr. Bush's goal in Iran is not to depose a government, Iraq-style, but rather to throw a series of brushback pitches.

Officials familiar with the intelligence prepared for Mr. Bush say American assessments conclude that Iran sees itself at the head of an alliance to drive the United States out of Iraq, and ultimately out of the Middle East. Other briefings have included assessments that Russia and China will never join meaningful economic sanctions against a country that they do business with, so if Mr. Bush wants to apply military and economic pressure, he must do so outside the United Nations.

One result was a strategy that Mr. Bush approved in the fall to push back on all fronts and to force Iran to recalculate what administration officials call its cost-benefit analysis for challenging the United States. The effort to stop European and Japanese banks from lending money to Iran's oil sector is part of the equation. So is pushing down the price of oil, though administration officials grow silent when asked whether Mr. Cheney or others have discussed with Saudi Arabia the benefits of pumping enough oil to push the price down and deprive Iran of revenues.

But it is the military component of the strategy that carries the biggest risks. Two aircraft carriers and their accompanying battle groups were sent into the Persian Gulf, a senior military official said, "to remind the Iranians that we can focus on them, too." American military forces in Iraq were authorized to move against Iranian operatives, though it is unclear what kind of evidence is needed, if any, that they are conspiring against American forces before military action is authorized.

American officials describe those measures as purely defensive. "We are definitely looking to protect our interests in the gulf, in Iraq itself, and to protect the lives of our soldiers," said Mr. Burns, who insisted that there was no effort to stop Iran from ordinary exchanges with Iraq.

Yet administration officials clearly worry that the Iranians may not back down, and that a confrontation could build up — especially if a midlevel American commander or a member of Iran's military or paramilitary forces in Iraq miscalculated. Both Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates have warned against that risk, officials say.

Administration officials say that while all of Mr. Bush's advisers have signed on to the strategy of more forceful confrontation with Tehran, there is considerable debate about how far to push it. Some Iran experts at the State Department have warned that encounters between Americans and Iranians inside Iraq could strengthen the hand of President Mahmoud Ahmadinejad by allowing him to change the subject from his failure to produce jobs and the rising cost of nuclear defiance.

Over the longer run, there is a continuing debate about whether military action may some day be necessary to set back Iran's nuclear activities. For now American officials say they do not believe they have a good set of targets or the ability to contain Iran's reaction. "It's not a question of ideology," one senior military official said, refusing to talk on the record about military planning. "We simply don't have the forces to deal with the reaction. They're busy."

At the Pentagon, military officials say there are still arguments over the rules for confronting Iranian operatives. Are they legitimate targets simply because they are identified as part of Iran's military? Or do American forces need evidence that they are importing weapons or sowing chaos? Publicly, officials say the answers to those questions are classified. Privately, a senior official said, "It's all still a matter of debate."

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In coming weeks, administration officials say, more escalation is likely. The Iranians have told the International Atomic Energy Agency that they will announce in February that they are beginning industrial-scale efforts to produce uranium. It will probably be years before they can produce enough fuel for a bomb.

But the debate over whether the United States should stick to diplomacy or take more forceful action is bound to begin right away, and will sound familiar. Democrats, even while accusing the administration of failing to engage with Iran, are positioning themselves to sound tough.

"To ensure that Iran never gets nuclear weapons, we need to keep all options on the table," former Senator John Edwards recently told an Israeli security conference. "Let me reiterate — all options."

For Mr. Bush, this is not only about options but about legacy. Already bloodied in Iraq, he will come under increasing pressure to show that he has not left the United States weakened in the Middle East. He does not want to be remembered for leaving Iran more powerful than he found it when he came to office.

Iran Condemns U.S. Raids Against Its Operatives (AP)

AP, January 27, 2007

TEHRAN, Iran - A top Iranian lawmaker denounced the United States on Saturday for allowing its troops to kill or capture Iranians in Iraq whom U.S. forces believe pose a threat.

"This is support for terrorism. It is against all recognized international treaties to order the death of nationals of another country in a foreign land," Alaeddin Boroujerdi, the head of Parliament's Foreign Policy and National Security Committee, said on state television.

On Friday, Defense Secretary Robert Gates said U.S. forces "are authorized to go after those who are trying to kill them."

The more aggressive policy — evolving over a period of months — was described as the result of mounting evidence that Iran is supporting terrorists inside Iraq and is a major supplier of bombs and other weapons used to target U.S. forces.

Foreign Minister Manouchehr Mottaki told journalists Saturday that "bullying and threatening" were part of the U.S. strategy in Iraq and said Iran was a "part of resolving Iraq's problems, not a part of the problem itself."

At least eight Iranians have been detained in Iraq recently, including two diplomats in a Dec. 21 roundup. They were interrogated and released to Iranian officials eight days later.

The six others were captured Jan. 11 at an Iranian liaison office in the northern city of Irbil. One was released and five are still believed in U.S. custody.

The U.S. ambassador to Iraq said last week that one of the detained Iranians was the director of operations for Iran's Revolutionary Guard Quds faction, the organization responsible for funding and arming Iraqi militants.

Whose Iran? (NYT)

By Laura Secor

The New York Times Magazine, January 28, 2007

The Mahestan mall in South Tehran is sometimes called "the honeycomb" of the Basij, the Iranian youth militia, because it is here that Basijis, as the militia members are known, buy and sell banners for the Shiite festival of Ashura, as well as religious books and posters. Somber, bearded young men in collarless shirts linger over tea behind stands selling tapes of religious singers — cult celebrities who belt out tear-jerking laments for the martyrdom of Hussein and make a small fortune performing at memorial services. Omid Malekian, a 28-year-old employee of a Tehran petrochemical refinery and the son of a carpenter, was shopping at Mahestan on Dec. 16, the day after Iran's elections for city councils and for the Assembly of Experts, the 86-member clerical board that will select the next supreme leader should anything happen to the current leader, Ayatollah Ali Khamenei. In the 2005 presidential election, Malekian voted for the winner, Mahmoud Ahmadinejad, and when I asked if he was happy with the president, he answered frankly.

"Sometimes I am analyzing myself and thinking, Oh, we have done wrong," he mused. "He is very popular and friendly with the people, but sometimes when he is expressing his ideas, he doesn't think about the future or the consequences. He is a simple man."

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In particular, Malekian suggested that Ahmadinejad had been incautious in his promises to improve the economy — promises he has yet to keep. There was another area, too, in which Ahmadinejad had faltered: "About the Holocaust," he said. "I don't know much about it, but from the reaction of the world, it seems he should have said something different."

Still, Malekian said that he voted for the most severe fundamentalist among the candidates running for the clerical Assembly of Experts. The campaign turned on the competition between two incumbents, Ayatollah Taqi Mesbah-Yazdi — widely reputed to be Ahmadinejad's spiritual leader — and Ayatollah Ali Akbar Hashemi Rafsanjani, the pragmatic former president who lost the presidential race to Ahmadinejad in 2005. Each hoped to increase his share of the vote and thus his power on the assembly.

South Tehran is Ahmadinejad's heartland. It is here, in the less affluent neighborhoods of the city of 14 million where he was once mayor, that he rose from the obscure end of the seven-candidate roster in 2005, only to become one of the most popular figures in the Muslim world. Because liberal-minded Iranians boycotted the 2005 presidential election, and because Ahmadinejad so adeptly played the populist card, the militants, the unemployed and the cultural conservatives of neighborhoods like this one were in the driver's seat, steering the politics of this crucial nation while their opponents warned of their presumed doctrinaire views and political naïveté.

Early on, Ahmadinejad's faction was expected to win last month's elections handily. But the results contradicted the conventional wisdom about the Iranian electorate. The president put forward his own slate of candidates for the city councils. It was trounced. By some reckonings, reformists won two-fifths of the council seats and even dominated in some cities, including Kerman and Arak. Some conservative city-council candidates did well, particularly in Tehran, but they were not the conservatives associated with Ahmadinejad: rather, they belonged to the rival conservative faction of the current Tehran mayor, Mohammad Baqer Qalibaf. And most significant, the vote for Rafsanjani for the Assembly of Experts dwarfed that of Mesbah-Yazdi by nearly two to one. By mid-January, Ahmadinejad's isolation even within his own faction was complete: 150 of 290 members of parliament, including many of Ahmadinejad's onetime allies, signed a letter criticizing the president's economic policies for failing to stanch unemployment and inflation. A smaller group also blamed Ahmadinejad's inflammatory foreign-policy rhetoric for the United Nations Security Council resolution imposing sanctions on Iran. As if that were not enough, an editorial in Jomhouri Eslami, a newspaper that reflects the views of the supreme leader, accused the president of using the nuclear issue to distract the public from his failed policies. Ahmadinejad's behavior was diminishing popular support for the nuclear program, the editorial warned. The Iranian political system seems to be restoring its equilibrium by showing an extremist president the limits of his power. But is it an equilibrium that can hold?

In part, last month's election results reflected the complexity of Ahmadinejad's skeptical, conditional and diverse constituency. They also demonstrated his isolation within the powerful conservative establishment, whose politics, however opaque, are determinative. At its center, Khamenei commands a faction known as the traditional conservatives. No elected leader can serve, let alone execute a policy agenda, without the acquiescence of the supreme leader and his associates. But was Ahmadinejad one of the leader's associates? Or was he, like his predecessor, Khatami, something of a political rival? The answer to this question should determine the extent to which Ahmadinejad's foreign-policy extremism and authoritarian tendencies are taken seriously as a political program. But it is a puzzle that has vexed political analysts since the president took office in August 2005, bringing with him a faction that was largely new to the post-revolutionary political scene. Composed partly of military and paramilitary elements, partly of extremist clerics like Mesbah-Yazdi and partly of inexperienced new conservative politicians, those in Ahmadinejad's faction are often called "neoconservatives." But to the extent that they have an ideology, it is less new than old, harking back to the early days of the Islamic republic. Since that time, the same elite has largely run Iranian politics, though it has divided itself into competing factions, and the act of wielding power has mellowed many hard-liners into pragmatists. Ahmadinejad's faction, on the other hand, came into power speaking the language of the past but with the zeal of the untried.

In 2005, many analysts believed that Ahmadinejad's elevation to the presidency must have been sanctioned by the supreme leader — indeed, that it reflected a hardening agenda among the traditional conservatives. He would be the "secretary" of Khamenei, a number of reformists said to me that summer in Tehran. But the way Ahmadinejad governed was nothing if not divisive. He undertook the most far-reaching governmental housecleaning since the revolution itself, reportedly replacing as

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many as 20,000 bureaucrats. And when it came time for the elections last month, he offered his own slates of candidates, disdaining to ally himself with the traditional conservatives or with anyone else. For the Assembly of Experts, Ahmadinejad endorsed a ticket of scholars from what is known as the Haqqani circle, a group of clerics who cleave strongly to the notion of the divine state and disdain popular sovereignty and democracy.

The senior figure in this circle, Mesbah-Yazdi, already belonged to the assembly. But in the fall of 2006, buoyed by association with the populist president, his group put forward a wave of candidates in a bid to transform the assembly. Even after the Guardian Council — an appointed body that answers to the supreme leader and that vets candidates and legislation — had disqualified almost half the proposed candidates, including most of the reformists and a large number of Mesbah-Yazdi's students, clerics associated with Mesbah-Yazdi still stood a reasonable chance of winning dozens of the 86 seats. It was here that the ideological contest of the Ahmadinejad presidency was starkest. Were the public and the leadership ready to accept Mesbah-Yazdi's brand of extremism along with the populism Ahmadinejad had served up? And what did it mean if they were not?

The 97-mile stretch of highway from Tehran southwest to Qom passes through a cratered landscape of magnificent desolation to the basin between a salt marsh and a desert at the foot of the Zagros Mountains. Middle-class, educated Tehranis often scorn and even fear Qom as the center of religious Puritanism and political repression. But for pious Shiites in Iran and elsewhere, the city is a pilgrimage destination, home to one of the holiest Shiite shrines, most of the living Shiite marjas (senior religious figures, literally "sources of imitation") and more than 50 seminaries, institutions that long pre-existed universities in Iran and where the works of the Greek philosophers have for centuries been studied alongside religious texts. Students, who number some 40,000, enter Qom at an average age of 17. Some of them continue their studies for decades, as Shiite religious learning has no set end point. Since the Islamic revolution, the seminary city has thrived as the government has spent lavishly on mosques and dormitories, nearly all with the same pale brick and blue tile facades. In recent years, Qom has absorbed waves of Shiite immigrants from Afghanistan and Iraq. There is an Iraqi bazaar not far from the holy shrine, and the sight of men in Arab dishdashas is commonplace.

Mesbah-Yazdi has a major presence here in the form of the Imam Khomeini Institute, the enormous seminary of which Mesbah-Yazdi is the head scholar. It holds Iran's most extensive library of scholarly books in English, totaling 11,200 volumes. It is the envy of the universities in Tehran. Mesbah-Yazdi, a fellow cleric told me, believed that it was important to understand Western ideas to better resist and refute them.

Born in 1934, Mesbah-Yazdi is an éminence grise among the ayatollahs of Qom, but age has not mellowed him. In the last decade he has become famous less for his learned philosophical exegeses (he posts his entry in the Routledge Encyclopedia of Philosophy on his Web site) than for his jeremiads at Friday prayers against popular sovereignty, free speech, women's rights and Islamic reform. Public execution and flogging are "a basic principle of Islam," Mesbah-Yazdi has said, and the government should regulate the content of speech "just as it checks the distribution of adulterated or contaminated foodstuffs." Because "Mesbah" sounds like the Farsi word for crocodile, he is known by his critics as Ayatollah Crocodile. (A cartoonist was once imprisoned for depicting him as a reptile, shedding crocodile tears as he strangled a dissident writer with his tail.)

At Ahmadinejad's invitation, members of Mesbah-Yazdi's Haqqani circle occupy several key government posts. But before Ahmadinejad came to power, they had been pushed mostly to the margins of Iranian politics, where they complained bitterly about the efforts of the reformist Khatami and his colleagues to advance their agenda through the elected branches of government. To the Haqqani scholars, it seemed that the reformists were challenging the doctrine of velayat-i-faqih, which is based on the sovereign power of the chief jurist, the supreme leader. "We shall wait to see what place these foxes who claim to be the supporters of reform will occupy in hell," Mesbah-Yazdi proclaimed. If Iranians believed in their supreme leader as the agent of God, second-guessing his judgment through elections was tantamount to holding a referendum on whether or not Damavand was the highest peak in Iran. What if 51 percent of the public said that it was not? "It doesn't matter what the people think," Mesbah-Yazdi was quoted as saying. "The people are ignorant sheep." He has also said, "Islam was the government of God, not the government of the people."

Mesbah-Yazdi's most open and media-friendly acolyte, Ayatollah Mohsen Gharavian, did not put the matter quite so strongly when, draped in the encompassing Iranian chador, I met with him in an unadorned office at a small seminary on one of Qom's dusty side streets.

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"In the name of God, the beneficent and merciful," Gharavian intoned, "before coming to the main question and answer, I want to know where you got this chador. Is it from the United States or Iran?"

From Iran, I told him.

"Congratulations on seeing you in a very Islamic manner," Gharavian replied.

For a cleric who had been quoted as saying that despotism was not all bad and that public opinion was meaningless, Gharavian, who teaches philosophy at the Imam Khomeini Institute, did not have a severe presence. Rather, he was a big, courteous man of 54 with a reddish beard. The election to the Assembly of Experts was just a day away, and Gharavian was the hard-line candidate for the hard-line city of Qom. Still, he expected to lose, and he did lose. Amiably, he remarked that he had run and lost before, and that to win would have required a financial outlay of which he disapproved.

When it came to politics, he spoke mostly in evasions and platitudes. Democracy, he explained, was acceptable within the boundaries of Islam, and human rights were contained within Islam, but such rights should not include freedom of worship or freedom to believe things that are untrue or unwise. (His examples were the misguided beliefs of Nietzsche and Machiavelli.) The Islamic penal code required no modification in the modern era; its harshest punishments, he asserted, were no more violent than some American and European spectator sports. He appeared shocked by the suggestion that Iran held political prisoners and demanded an example. I offered the journalist Akbar Ganji, imprisoned for six years on account of his critical writings. Gharavian replied: "Did you read Mr. Ganji's manifesto? He questioned the whole establishment." Freedom of expression, he explained, did not include the freedom to "breach the peace of the society." He demanded, "Don't you have prisoners in your country?"

Mesbah-Yazdi's statements on most of these matters were a matter of public record, and they were even blunter. "If someone tells you he has a new interpretation of Islam, hit him in the mouth," he said in 2000. Two years later, he said, "The prophets of God did not believe in pluralism. They believed that only one idea was right." On Sept. 4, 1999, he said: "Killing hypocrites does not require a court order, as it is a duty imposed by the Shariah on all genuine Muslims. The order of Islam is to throw them down from a high mountain and kill them outright." He spoke the following month of the need to break the unnecessary taboo on violence.

If such a taboo existed in the Islamic republic, it had been broken. That year, a string of dissidents were murdered under suspicious circumstances. In the writings that led to his prison sentence, Ganji accused Mesbah-Yazdi of sanctifying such actions with whispered fatwas and members of the Haqqani circle of direct involvement in the murders. A member of the shadowy vigilante group Ansar-e Hezbollah, which had violently attacked student demonstrators in July 1999, lent credence to Ganji's claims with videotaped testimony in which he said that Mesbah-Yazdi had encouraged the group to assassinate a reformist politician. "Now, on the issue of whether I authorized the assassination of individuals," Mesbah-Yazdi declared unapologetically in March 2001, "I must say that Imam Khomeini, may God be satisfied with him, issued a decree saying that shedding Salman Rushdie's blood was a religious obligation and, therefore, he advocated resorting to violence as well."

Why Ahmadinejad would ally himself with these clerics remains something of a mystery. Contrary to popular belief, says Nasser Hadian, a political scientist at Tehran University and a childhood friend of the president, Ahmadinejad never expounded a particularly conservative moral or social agenda. Rather, says Hadian, Ahmadinejad was and continues to be inspired above all by Ali Shariati, the mid-20th-century theorist of radical Islamic egalitarianism. The president's agenda is redistributionist and anti-imperialist, Hadian says. That doesn't make him a democrat. Nonetheless, "he is basically using Mesbah," Hadian says. It is an alliance of political convenience.

Alireza Haghighi, a political scientist who teaches at the University of Toronto at Mississauga, agrees that the association between Ahmadinejad and Mesbah-Yazdi has been overstated. But in an article he wrote with his colleague Victoria Tahmasebi in International Journal, Haghighi documented yet another Ahmadinejad genesis story. Young Ahmadinejad led a politically and religiously conservative Islamist student group during the Islamic Revolution, the writers claim. When the leftist Islamist students proposed seizing the American Embassy in 1979, Ahmadinejad opposed the action as imprudent, but he suggested that if they went ahead with it, they should seize the Soviet Embassy as well. His plan rejected, Ahmadinejad found himself excluded from historic events and spurned by the Islamic left, which was at that time a powerful faction within the regime. His opposition to that faction ossified into a vendetta.

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Soon after Khomeini's death, the Islamic left lost the factional battle for dominance. Its members wandered eight years in the political wilderness before returning as the reform movement. That, too, Ahmadinejad was anxious to crush. In that aspiration he would have found ample common ground with the Haqqani circle.

As president, Ahmadinejad looked to the extreme right rather than seeking allies among the traditional conservatives, and in so doing, he exposed himself politically. "They were very arrogant," Hadian said of Ahmadinejad and his camp. "They didn't want to make any compromises. He has stood against the entire political structure in Iran, not inviting any of them, even the conservatives, to be partners. You don't see them in the cabinet; you don't see them in political positions."

And for that there was a price to be paid. This fall, Rafsanjani, who had suffered a humiliating defeat at Ahmadinejad's hands in the presidential election of 2005, was reportedly persuaded to run again for the Assembly of Experts by the supreme leader or people close to him. Rafsanjani is a divisive figure in Iranian politics. He is widely perceived as a kingmaker, the power behind the rise of Khamenei to the position of supreme leader and that of Khatami to the presidency. But though he remains highly respected among clerics, Rafsanjani is not a beloved figure in Iranian public life. During his presidency, he adopted an economic liberalization program that involved extremely unpopular austerity measures; meanwhile, through pistachio exports, he had himself become one of the richest men in Iran. Political and social repression did not ease until Khatami, his successor, came into office.

Nonetheless, in the Assembly of Experts elections in December, Rafsanjani emerged as the compromise candidate of the reformists and traditional conservatives. One reformist activist described him to me as the very last line of defense against the extreme right. And Rafsanjani delivered a staggering blow, winning nearly twice as many votes as Mesbah-Yazdi. The neoconservatives, it seemed, had been slapped down much the same way the reformists had: the traditional conservatives had decided that the threat they posed was intolerable, and the voters had decided that the president associated with them could not deliver on his promises.

On the morning of Election Day, Dec. 15, there were long lines outside the polling places in central and east Tehran. A crowd milled about the front courtyard of Masjed al Nabi, a large mosque in the east. There were children, a television camera and a seller of balloons in the shape of rabbit ears. A middle-aged couple stood by the sinks normally used for ablutions; the woman wore a long, tailored raincoat and a conservative black scarf. Her husband explained that the election was very important to them. "We are choosing our future," he said through an interpreter. He was too sick, really, to move, but he had told his doctor that he could not forgo his civic duty to participate in the election.

Then I asked him if he saw big differences among the candidates for Assembly of Experts. "No," he said, "they are all the same."

What about the ones for city council?

"No," he replied. "They are all the same, too."

It is nearly impossible to have a political discussion with only one person on an Iranian street. Outside Masjed al Nabi, the first interloper was a clean-cut 35-year-old man in a plaid shirt who gave his name as Ali. "How can you say they are all the same?" he nearly shouted at the man who had been speaking. "We have candidates who are like the Taliban and others who are practically liberals. We have candidates who think women should be free and others who do not think so at all."

"I never heard of a thing like that," the first man said calmly. "The country has laws to decide these matters."

To my right, a woman in a chador heatedly exclaimed: "He's right! How can you say they are all the same? That's why we're here to vote, because they are all different. Our new president, Ahmadinejad, before the election he said women were free and equal. Now he says we should just make babies. Because he wanted our votes, he said good things."

The original couple took advantage of the hubbub to slip away. Mohammad, a 37-year-old in a running jacket, pushed his way into our circle. "I am not voting," he told me. "I want to choose my freedom. I don't want to vote for them. I'm sure that whether I vote or not, it makes no difference. I don't accept the Constitution of this country, and I hope I can change it without voting."

Ali was listening intently. "The people who are good in this thing accept the vote of the people not just for show and not just on Election Day," he told Mohammad. "Even in America it is the same; everywhere in the world it is. Everywhere in the world there are some people who are pro-democracy and others who are against it. Now people are more educated. One day, our democracy will be better than democracy in the United States, if we believe in it. We like our religion, our imams, God and Islam.

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We want democracy next to this. We don't believe in democracy and freedom the way it exists in other parts of the world. We want something of our own."

It was 5 o'clock when I left the crowded mosques of middle-class central and east Tehran for the deserted polling places of the affluent northern hills. In Tajrish, an election official told me that he had seen just 200 voters — far fewer than in the presidential election less than two years ago. "All the mullahs are the same," he confided. "Everything always gets worse. Ahmadinejad is like a catalyst, speeding it up. The philosophical foundation of the state is not good."

The debates among ordinary voters go to the heart of a structural weakness in the Iranian state. Founded on two conflicting ideas — the sovereignty of the people and divinely inspired clerical rule — the Islamic Republic of Iran has suffered from a decadelong crisis of legitimacy. Nothing forced that crisis quite the way the reform movement did, despite, or perhaps even because of, its cautious temperament and legalistic methods. Over the course of Khatami's presidency, Iranians were faced with an inevitable question: What use was a supreme leader in a democracy, and what use were elections in a theocracy? The rise of Ahmadinejad, then his comeuppance, have forced those questions from the other direction. How far could the conservatives go in the authoritarian direction, and if not all the way, why not?

"In a sense, many people, including myself, we believe that Mesbah is right," Sadegh Zibakalam, a reformist Tehran University professor, reflected when I visited him at his mother's home in north Tehran in December. "Trying to make an amalgam of Western, liberal, democratic ideas and Shiite theology is nonsense. It doesn't work."

Later, he added: "Either Khamenei is infallible, or he's not. If he's not, then he is an ordinary person like Bush or Blair, answerable to the Parliament and the people. If he is, then we should throw away all this nonsense about Western values and liberal democracy. Either we have Western liberal philosophy, republican government and checks and balances, or we should stick to Mesbah. But to combine them? Imam Khomeini was so popular and charismatic. People rallied behind him and believed he was infallible. We never thought, What if the supreme leader is not supported by the people? The answer to this was brilliantly made by Mesbah: to hell with them."

Zibakalam described Mesbah-Yazdi's reading of velayat-i-faqih as a radical version of the one first proposed by Ayatollah Ruhollah Khomeini. But when I looked back through the lectures in which Khomeini first delineated the theory in Najaf in 1970, I found a vision strikingly similar to Mesbah-Yazdi's. At that time, Khomeini had little truck with popular sovereignty. He quoted the Koran and sayings attributed to Muhammad: "The prophet has higher claims on the believers than their own selves" and "The scholars are the heirs of the prophet." The only legitimate legislation was that which had already been made by God, and this would be administered by the learned jurist, who would rule over the people like a guardian over a child.

Nine years later, from his Paris exile during the revolution, Khomeini would approve a constitution drafted by more liberal associates. It was the blueprint for a parliamentary democracy, in which a council of clergymen would play an advisory role. This draft became the basis for the debate that occupied the first Assembly of Experts, convened to revise and approve a final constitution. After much discussion of the contradictions it engendered, the experts, many of them clerics, nonetheless yoked velayat-i-faqih to the republican structure they had been handed.

To this day, the structure of the Iranian state remains too liberal for the authoritarians and too authoritarian for the liberals, but the traditional conservatives at the center of power cannot resolve this obvious paradox at the republic's heart without relinquishing their own position. The best they could do was to revise the Constitution after Khomeini's death, greatly expanding the powers of the clerical councils and of the supreme leader at the expense of the elected offices.

Clerics I spoke to from the traditional conservative camp associated with Khamenei were paternalistic in their view of the state rather than outright authoritarian. They seemed to genuinely believe in a limited form of popular sovereignty — guided, of course, by Islamic scholars so that the people would not fall into error but nonetheless necessary for the legitimacy of the state.

It was this traditional conservative establishment that the reformists, many of them clerics, hoped to transform by introducing new policies through the legal channels of the state and by persuading jurists to assimilate new ideas about rights and freedoms into their interpretations of the sacred texts. One of the leading reformist theorists, Mohammad Mojtahed Shabestari, explained to me: "Many nations have influenced our jurisprudence. We could set aside some of the decrees of Islam today and bring some Western laws to replace them. This doesn't make us infidels."

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After eight years in power, the reform movement found itself blocked by the conservative establishment, hamstrung by its own mistakes and unwilling or unable to shore up the failing economy. Ahmadinejad rose in its wake, campaigning not on ideological extremism but on populist blandishments. He would ease the financial pain of his countrymen, he promised, by bringing Iran's oil wealth to the people's tables.

As Omid Malekian had intimated to me at the Mahestan shopping mall, however, this was not a promise to make lightly. The Iranian economy has been mismanaged at least since the revolution, and to fix it would require measures no populist would be willing to take. Under Ahmadinejad, inflation has risen; foreign investors have scorned Iranian markets, fearing political upheaval or foreign invasion; the Iranian stock market has plummeted; Iranian capital has fled to Dubai. Voters I talked to pointed to the prices of ordinary foodstuffs when they wanted to explain their negative feelings about the government. According to Iranian news sources, from January to late August 2006 the prices of fruits and vegetables in urban areas rose by 20 percent. A month later, during Ramadan, the price of fruit reportedly doubled while that of chicken rose 10 percent in mere days. Housing prices in Tehran have reached a record high. Unemployment is still widespread. And Ahmadinejad's approval rating, as calculated by the official state television station, had dipped to 35 percent in October.

Iran is not a poor country. It is highly urbanized and modern, with a sizable middle class. Oil revenues, which Iran has in abundance, should be channeling plenty of hard currency into the state's coffers, and in fact the economy's overall rate of growth is healthy and rising. But as Parvin Alizadeh, an economist at London Metropolitan University, explained to me, what ultimately matters is how the state spends its influx of wealth. The Iranian government has tried to create jobs swiftly and pacify the people by spending the oil money on new government-run projects. But these projects are not only overmanned and inefficient, like much of the country's bloated and technologically backward public sector; they also increase the demand for consumer goods and services, driving up inflation.

Ahmadinejad has continued this trend. He has generated considerable personal good will in poorer communities, but hardly anyone I asked could honestly say that their lives had gotten better during his presidency. He fought to lower interest rates, which drove up lending, leading to inflation and capital flight. The government cannot risk infuriating the public with the austerity measures that would be required in order to solve its deep-rooted economic problems. But as long as its short-term fixes continue to fail, the government will go on being unpopular. The last two presidents have lost their constituencies over this issue. And so officials seek to distract people from their economic woes with ideological posturing and anti-Western rhetoric. Not only has this lost its cachet with much of the Iranian public, it also serves to compound Iran's economic problems by blackening its image abroad. "Iran has not sorted out its basic problem, which is to be accepted in the international community as a respectable government," Alizadeh said. "Investors do not take it seriously. This is a political crisis, not an economic crisis."

For a Western traveler in Iran these days, it is hard to avoid a feeling of cognitive dissonance. From a distance, the Islamic republic appears to be at its zenith. But from the street level, Iran's grand revolutionary experiment is beset with fragility. The state is in a sense defined by its contradictions, both constitutional and economic. It cannot be truly stable until it resolves them, and yet if it tries to do so, it may not survive.

Report: Iran Denies Centrifuge Work (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, January 28, 2007

An Iranian nuclear agency official has denied claims made by a top lawmaker that the Islamic Republic had begun installing 3,000 centrifuges at an uranium enrichment plant, Iran's state-run news agency reported late Saturday.

Hossein Simorgh, head of Iran's Atomic Energy Organization public relations department, said "no new centrifuges have been installed in Natanz," referring to the nuclear facility in central Iran, the official Islamic Republic News Agency reported.

Earlier Saturday, lawmaker Alaeddin Boroujerdi said Iran was currently installing the 3,000 centrifuges, underlining that the country would continue to develop its disputed nuclear program despite U.N. sanctions.

Iran faces the prospect of additional United Nations sanctions unless it stops uranium enrichment by the end of a 60-day period that ends next month.

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The U.N. Security Council voted unanimously in favor of economic sanctions Dec. 23 after Iran ignored an earlier deadline to halt enrichment.

Large scale use of centrifuges makes it possible to produce more enriched uranium in a shorter period.

Enriched uranium is used to fuel nuclear reactors and to make nuclear weapons. Many countries, including the United States, believe that Iran is using its nuclear program as a cover to produce an atomic weapon. Iran says its program is only for generating electricity.

Cracks In Iran (WP)

The Washington Post, January 28, 2007

THE BUSH administration's recent steps against Iran, which have included the dispatch of a second aircraft carrier to the Persian Gulf and the arrest of Iranian agents in Iraq, have worried a lot of people in Washington, who fear that the White House may be gearing up for another war. Fortunately, some influential people in Tehran appear to be getting nervous, as well. The stock market is dropping, and capital flight is accelerating. Some influential voices have begun publicly suggesting that flexibility as well as toughness is needed in dealing with the West. Pressure is growing on radical President Mahmoud Ahmadinejad, who has been rebuked by voters in recent elections, by parliamentary resolutions and by editorials in newspapers that reflect the views of the country's supreme leader, Ayatollah Ali Khamenei.

All this suggests that the U.S. measures, compounded by a U.N. sanctions resolution, may be having an effect on the mullahs. If so, the impact is sorely needed. During the past year Iran and its ally Syria have behaved as if they can defy the United States and United Nations with impunity. They have pressed a broad and violent offensive against Western interests across the region, from Baghdad to Beirut to the Gaza Strip, even as Iran has rejected Security Council orders to freeze its nuclear program.

It's too early to tell whether Iran will back off from that belligerent agenda: Last week its ally Hezbollah renewed its attempt to stage a coup against Lebanon's pro-Western government. But it's not too soon for the Bush administration to begin working on the next stage of its strategy. That's because the pushback tactics, while necessary to change the atmosphere of hubris in Tehran, aren't likely by themselves to achieve the administration's goals. The pressure needs to be carefully measured, since Iran, too, has the capacity to escalate, both in Iraq and elsewhere. While the threat of military action is useful, this president should not have to resort to that option.

What's needed is a mix of pressure with avenues for moderation by Tehran. Secretary of State Condoleezza Rice has offered to meet with Iranian officials and discuss a broad agenda of issues but only after the nuclear program is suspended -- a retreat Iran appears unlikely to undertake anytime soon. The administration doesn't help its cause by describing the Islamic regime as a Soviet-like monolith and publicly dividing the Middle East between pro- and anti-Iranian blocs. That ignores the very differences between extremists and moderates that can now be glimpsed in Tehran, and it invites Mr. Ahmadinejad to rally the country on a nationalist platform.

The most promising way of refining the current policy would be to return to a strategy that worked when the Bush administration tried it in 2001, which is engaging Iran in a regional forum. Five years ago the United States and Iran quietly cooperated within a larger group of nations to fashion a new regime in Afghanistan; now they have the possibility to work with Iraq's other neighbors to head off the escalation of sectarian war in Baghdad. To pursue such an initiative while simultaneously stepping up military and economic pressure on Iran, the Bush administration would have to forswear the Manichaeism it is so prone to in foreign affairs. But it might get better results.

20 Killed In Baghdad On Eve Of Holiday (NYT)

By Marc Santora, Damien Cave

The New York Times, January 28, 2007

BAGHDAD, Jan. 27 — Shiite neighborhoods in Baghdad came under fierce assault once again on Saturday, following two weeks of violence that left at least 300 dead and many hundreds more wounded.

Many of the recent attacks, nearly all of them in heavily Shiite areas, have occurred during the period of commemoration that leads to one of the holiest days for Shiites, an intense day of mourning known as Ashura that falls this year on Monday.

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Three American soldiers died when a roadside bomb exploded near their vehicle on Saturday north of Baghdad, [a news agency] reported. The news service said that the military confirmed the deaths of two other soldiers who were killed Thursday when their patrol was attacked in eastern Baghdad, and said that two additional soldiers died in separate episodes on Friday in Diyala Province.

Sunni militants have previously staged attacks on Shiites on Ashura, and fears are especially pronounced this year because it will be the first observance of the holy day since the sharp rise in sectarian killings after the bombing of a revered shrine in Samarra last February.

Basim Shareef, a member of Parliament and part of the Shiite coalition that controls the government, said the attacks might be timed to coincide with the Shiite holy days. But he thought it was more likely that militants were taking advantage of the relative lull in activity by Shiite militia leaders, who might be worried about becoming the targets of the new Baghdad security plan.

"I think the parties that might retaliate believe that they are targeted in the new security plan, and that is why they have not taken any retribution," he said.

In Saturday's deadliest attack, at least 15 people were killed and 55 wounded when twin car bombs exploded near a busy market and movie theater in eastern Baghdad, according to an Interior Ministry official.

The first car exploded after barreling into a crowded intersection, where many Shiites had gathered to perform rituals common in the period leading to Ashura, including self-flagellation.

A second bomb, in a vehicle parked nearby, exploded moments later. It was timed to inflict maximum damage just as a crowd gathered to help the victims of the first blast, according to an Iraqi security official.

Women in black chadors helped victims covered in blood reach rescue workers as militia members flooded the area.

At the time of the attack, the neighborhood, known as Jadida, was being guarded by Shiite militiamen as well as the Iraqi Army and the police, residents said.

Although it is unclear who was behind the attack, coordinated car bombings are considered to be a hallmark of Al Qaeda in Mesopotamia, which includes foreign fighters.

The spate of recent attacks appear to have been intended not just to inflict the maximum amount of civilian suffering, but also to grind all aspects of daily life closer to a halt. In a little over a week, schools, busy markets and even an animal market have been targets.

Saturday's violence came on a day when President Bush discussed the new security plan by telephone with Prime Minister Nuri Kamal al-Maliki. According to a statement released by Mr. Maliki's office, Mr. Bush "renewed his commitment to the Iraqi government."

Despite the violence and the threat of even worse attacks, Iraqi officials said they did not expect ceremonies associated with Ashura to be altered.

Ashura marks the seventh-century death of the Prophet Muhammad's grandson, Hussein, in the battle of Karbala, where the biggest gatherings will be held Monday. Last year's holy day was marked by scattered violence in which fewer than a dozen people were killed, but the two years before that were deadlier.

Two years ago, on the eve and the day of Ashura, 11 suicide bombers killed at least 74 people. In 2004, more than 180 people were killed during Iraq's Ashura commemorations.

In other violence in Baghdad on Saturday, gunmen killed five people from the same Shiite family and wounded three more after storming a home in the Amil neighborhood, the Iraqi authorities said.

Forty bodies were found around the city, most tortured and executed.

And in the Shiite area of Karada, gunmen stormed the office of a computer store and kidnapped at least eight people.

The attack began when four camouflaged S.U.V.'s swept into the crowded street of computer shops just outside the capital's Technology University shortly after noon, witnesses said. Men in camouflage commando uniforms poured out, witnesses said, fired into the air, shouted for people to get into their homes and stormed the Al Basra computer company, situated on the second floor of a nondescript concrete house on the main thoroughfare. They seized the workers and fled.

It was unclear whether the abductors were the police or Iraqi soldiers, or impostors.

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Elsewhere, American forces continued to clash with militants, killing 14 insurgents in an airstrike early on Saturday in Diyala Province.

The attack was directed against “a known foreign-fighter safe house” as the men inside tried to flee, a military statement said.

There was also an explosion in the early evening Saturday in the Green Zone that set off alarms, activating a mechanized voice warning people to duck and cover. It shook houses blocks away and followed an attack on Friday, when two rockets left six non-American workers wounded, according to an American official.

U.S. Troop Deaths Cap Iraq's Bloody Week (AP)

AP, January 27, 2007

BAGHDAD (AP) — The U.S. military reported the deaths of seven more soldiers Saturday, while Sunni insurgent bombers struck yet another market in a predominantly Shiite district, killing at least 13 people in their bid to terrorize Baghdad days before a U.S.-Iraqi military crackdown.

The latest market attack capped a week in which more than 150 people, mostly Shiites, were slain in bomb attacks.

Death squads, believed to be primarily Shiite militiamen, continued their butchery on the other side of Iraq's deepening sectarian divide, with police reporting the discovery of 40 bodies dumped in Baghdad alone. Two of the victims were women and most of the bodies showed signs of torture, police said.

In all, at least 61 victims of Iraq's sectarian warfare were killed or found dead across the country.

Of the seven service members reported dead on Saturday, two died in Diyala province northeast of the capital on Friday, three in an unspecified location north of Baghad on Saturday and two in east Baghdad on Thursday.

The latest reported deaths raised to at least 3,079 the number of U.S. service members who have died since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes seven military civilians. At least 2,471 died as a result of hostile action, according to the military.

U.S. airstrikes killed 14 insurgents and destroyed a safe house for foreign fighters during a raid south of Baqouba, 35 miles northeast of Baghdad. Two suspects were captured, the military said.

The Americans said the raid had targeted a foreigner they believed responsible for a series of attacks on U.S. and Iraqi forces in the extremely violent Baqouba region. The military there has been caught in the midst of some of the bloodiest sectarian fighting of the war.

Saturday's bombings employed what has become a classic insurgent tactic. First a suicide car bomber drove into the crowded market stalls in the busy New Baghdad commercial area shortly after noon, then detonated his explosives among the stores and kiosks selling food, clothes, household appliances and birds.

As people rushed to help the victims, a parked car bomb exploded. The 13 killed included two policemen; four officers were among the 42 wounded, police said.

Burned-out hulks of cars and vans littered the market. A bag of fruit lay in the twisted metal on the bloody pavement.

Farooq Haitham, the 33-year-old owner of a watch repair shop, said the area had been targeted by bombers before but shopkeepers had no choice but to keep opening their doors.

"What can we do? We want to live. We need the money so we come to work," Haitham said.

It was the latest in a series of attacks against commercial targets, in which more than 150 people have died since last Sunday. The attack signals a tough battle ahead as U.S. and Iraqi forces prepare for the security operation, a third bid to pacify the capital since Prime Minister Nouri al-Maliki took power on May 25.

The week's deadliest attack killed 88 people Monday when a suicide car bomber crashed into a market in the central neighborhood of Bab al-Sharqi.

Shortly before sunset Saturday, a rocket slammed into the Green Zone, wounding two people slightly. It was the second time in three days that rockets hit the area, home to the U.S. Embassy, the Iraqi government and thousands of American troops.

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In central Baghdad, police said armed men in police commando uniforms and driving cars with license plates commonly used by the Interior Ministry raided a computer shop in a Christian section of the Sina'a neighborhood. They took away four employees and three customers.

"The group pointed their guns at the victims and the passersby, then they forced the victims into the cars and they sped away," Younis Kadhim, 36, who owns a small restaurant nearby.

Two mortar shells also slammed into a residential district in the western Baghdad neighborhood of Hurriyah, police said, killing two people and wounding seven others.

A taxi driver was shot to death after he was caught in the crossfire during clashes in Mosul. A parked car bomb targeting an Iraqi army patrol later exploded in the northern city, killing one civilian and wounding another.

Seven U.S. Troops Killed In Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 28, 2007

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The week's deadliest attack killed 88 persons Monday when a suicide car bomber crashed into a market in the central neighborhood of Bab al-Sharqi.

Seven U.S. Soldiers Killed In Iraq Over Three Days (WP)

By Ernesto Londono

DOJ_NMG_0123307

The Washington Post, January 28, 2007

BAGHDAD, Jan. 27 -- Seven U.S. soldiers were killed in Iraq over the past three days, the military said Saturday, as violence in the capital and elsewhere continued to surge.

Three of the soldiers were killed Saturday north of Baghdad when an improvised explosive device detonated near their vehicle, the military said in a statement.

A Task Force Lightning soldier assigned to the 3rd Brigade Combat Team, 1st Cavalry Division was killed Friday in Diyala province in eastern Iraq when an improvised explosive device struck his vehicle, according to a military statement. Another soldier was killed Friday in Diyala when his unit came under attack, the military said.

The military also announced that two soldiers were killed Thursday in eastern Baghdad when their vehicle struck an improvised explosive device.

The soldiers' names were withheld pending notification of their relatives, officials said.

Iraqi civilians also were targeted in the violence.

Two suicide bombers drove into a market in the New Baghdad neighborhood of the capital and simultaneously detonated explosives in their vehicles, said Maj. Kassim Abdul Karim of the Iraqi Ministry of Interior. At least 13 people were killed in the attack, the latest in a string of bombings this week in areas where Shiite Muslims congregate.

More than 45 bodies with shotgun wounds were found in Baghdad during the past 48 hours, said Brig. Salim Muhsin, another Interior Ministry spokesman.

Also Saturday, armed men wearing what appeared to be Iraqi police uniforms and driving vehicles that looked like police cars raided a computer store in the Sinaa sector of the capital. The gunmen kidnapped eight employees and stole several computers, the ministry spokesman said.

Zaid Sadiq, a merchant who works near the raided store in eastern Baghdad, said the gunmen abducted only men but stole cellphones from women.

"How can we work or live like this?" Sadiq asked. "They looked exactly like police -- how can we resist them? They were in police uniforms, and who's to say that they are not police?"

Meanwhile, a prominent politician in the western city of Ramadi was kidnapped and killed, according to a physician at Ramadi Hospital. Saied Hussein al-Alwani, a council member, was abducted by suspected members of the insurgent group al-Qaeda in Iraq; his body was discarded on a road an hour later with four shotgun wounds, according to Mahmood al-Ani, the physician.

Ani said the politician was killed because he had been "accused of helping the American forces." Al-Qaeda in Iraq posted a statement at a mosque asserting responsibility for the killing, Ani said.

In Baghdad, two rockets fired into the fortified Green Zone at 4 p.m. slightly injured two people, a U.S. Embassy spokesman said. "We are currently investigating the incident," spokesman Lou Fintor said.

It was the second rocket attack this week on the compound that houses the U.S. Embassy and the Iraqi parliament.

Iraqi officials said the U.S. Consulate in Hilla, the capital of Babil province, was attacked with mortars. Fintor said he did not have information about the reported attack.

60 Civilians, 7 U.S. Troops Killed In Iraq (LAT)

By Borzou Daragahi,

The Los Angeles Times, January 28, 2007

15 of the dead are victims of a double suicide car bombing at an outdoor market in Baghdad.

BAGHDAD — At least seven U.S. soldiers were killed in separate combat incidents, the U.S. military said Saturday, amid a steady swirl of violence against American troops and Iraqi civilians.

Nationwide, at least 60 Iraqis were killed or found dead Saturday as U.S. and Iraqi officials struggled to find a formula to calm sectarian passions and reduce the American troop presence.

Three U.S. soldiers were killed Saturday north of Baghdad when a roadside bomb exploded near an Army vehicle conducting a security escort mission. One soldier was wounded.

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The U.S. military disclosed no further details about the attack, but a farmer in the Tarmiya region north of Baghdad described an incident in which a roadside bomb destroyed a U.S. Humvee near his home. A U.S. helicopter arrived to evacuate the casualties, he said.

Two soldiers were killed Friday in separate bomb attacks northeast of the capital in Diyala province. One was assigned to the 1st Cavalry Division. The other was killed in an attack that left three soldiers wounded, the military said.

Two troops were killed Thursday in east Baghdad in a bomb attack on a combat patrol that also left two soldiers wounded.

The deaths brought the number of U.S. military personnel killed in Iraq since the U.S.-led invasion in 2003 to 3,075, according to icasualties.org.

In east Baghdad, two suicide car bombers struck a crowded outdoor market in a poor district, killing at least 15 Iraqis and injuring dozens. The bombing in Jadida was one of many recent attacks on civilians in the capital's Shiite-dominated outdoor shopping venues.

Police and witnesses said two suicide bombers driving cars plowed into the crowds within seconds of each other just after the noontime call to prayer.

"The first explosion was very powerful, then the second explosion took place," said Haidar Abdul-Mohsen, 37, a minivan driver who witnessed the attacks. "I saw some bodies of people. Two were completely charred."

Authorities suspect that many such bombers are young Sunni Arab men from other countries heeding religious calls to fight against the U.S. military and Iraq's Shiite government. Iraqi soldiers at a checkpoint in south Baghdad on Saturday detained four foreign Arabs in a car containing suicide belts. Authorities declined to disclose their nationalities.

Elsewhere in Baghdad, gunmen attacked the house of a Shiite family in a western neighborhood, killing four and leaving a 10-year-old boy for dead.

Gunmen wearing police uniforms raided a shop in the city's main computer bazaar, kidnapping the store manager and seven others, police said.

Mortar rounds struck a mostly Shiite neighborhood in north Baghdad, killing one and injuring 10. Another family on a nearby side street was sprayed with gunfire in an attack that killed one and injured three.

South of the capital, a man was killed in a drive-by shooting in Iskandariya, and police in Hillah banned vehicles in an effort to protect pilgrims walking to Karbala for an annual Shiite religious festival. Two Iraqi soldiers were shot and killed in the area.

In southern Iraq, authorities in the port city of Basra discovered the bodies of four men who had been kidnapped a day earlier. And in Suwayrah, authorities discovered the corpses of five teenagers in pajamas floating in the Tigris River. All had been handcuffed, blindfolded and shot.

In the northern city of Kirkuk, a car bomb killed two people who later were identified as would-be suicide bombers.

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Special correspondents in Baghdad, Basra, Hillah and Kirkuk contributed to this report.

Bombs At Baghdad Market Kill 15; 7 U.S. Troops Die (CNN)

CNN.com, January 27, 2007

BAGHDAD, Iraq (CNN) -- Twin car bombs exploded in a busy Baghdad market Saturday morning, killing 15 people, Baghdad police officials said.

Separately, seven U.S. troops were killed in three incidents Saturday.

Two Iraqi police officers were among the people killed in the Baghdad blasts, and five other officers were wounded.

It was the second Baghdad market bombing in two days. On Friday, 15 people died when the popular Ghazel pet market, where people buy and sell monkeys, cats and dogs, was attacked.

In addition to the 15 killed in Saturday's bombings in southeastern Baghdad, 55 people were injured. The first of the two car explosions was a suicide attack, police said.

Another person was killed and 16 more were injured in northwest Baghdad's Hurriya neighborhood after two mortar rounds landed in a residential area Saturday, a Baghdad police official said.

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About 38 miles (60 kilometers) south of Baghdad, in al-Iskandariya, two Iraqi soldiers were killed and two others were wounded when gunmen opened fire on a civilian car, a Hilla police official said.

The soldiers were in civilian clothes and were headed back to their military base in Baghdad after a vacation, the official said.

In other violence, 40 bodies were found strewn across various Baghdad neighborhoods, according to Baghdad emergency police.

Also Saturday in Baghdad, gunmen dressed as Iraqi national police officers stormed a computer store, abducted seven people and sped off in three vehicles, Baghdad police said.

It is not the first report of gunmen disguising themselves. Attackers have been reported wearing Iraqi Army, national police and commando uniforms, as well as uniforms that resemble U.S. military attire.

In October, U.S. Maj. Gen. William Caldwell said Iraqi police brigades were forced to buy new uniforms after gunmen committed "criminal acts and sectarian violence" while dressed as police officers.Seven U.S. troop deaths reported

Three U.S. soldiers conducting a security escort mission were killed and one wounded Saturday in a bombing north of Baghdad, the U.S. military said.

They were from Multi-National Division-Baghdad.

Earlier Saturday, the military reported four other U.S. troop deaths -- two in Diyala province on Friday and two in eastern Baghdad on Thursday.

The number of U.S. military deaths in the Iraq war now stands at 3,067. Seven civilian contractors for the military also have been killed.

About 35 miles north of Baghdad -- near the city of Baquba -- coalition forces killed 14 suspected terrorists in an airstrike Saturday. Two more suspected terrorists were arrested during morning raids targeting safe houses for foreign fighters, the U.S. military said.

Two more insurgents were killed in southern Kirkuk when their car, rigged with explosives, detonated outside a Shiite mosque, a Kirkuk police official said. Iran fires back

Saturday's violence comes a day after a national security official confirmed that President Bush had authorized the U.S. military to capture or kill Iranian agents in Iraq who are plotting attacks against U.S.-led coalition forces.

Although the Iranian mission to the U.N. had no official comment on the policy, an article by the Islamic republic's semi-official FARS news agency quoted a top Iranian official as saying that the U.S. policy constituted "terrorist measures"

"Such a measure illustrates the failure of the United States' new strategy in Iraq because it has had no effect in quelling unrests and restoring calm and order and has instead roused intensified reactions in Iraq," said Alaoddin Boroujerdi, chairman of the Iranian Parliament's national policy commission, according to FARS.

"Such moves are deemed as terrorist measures and are in blatant contradiction to the international rules and regulations," Boroujerdi is quoted as saying.

The Iraqi government will have to share responsibility for the "illogical and incredible" policy if the reports are true, Boroujerdi said, according to FARS.

An Iranian official at the United Nations, who did not wish to be identified, said the policy will help neither Americans nor Iraqis. The Iranians, he said, are in Iraq to help.

This month, U.S. forces detained five Iranians in the northern Iraqi city of Irbil, a U.S. military officer said.

A preliminary investigation found links between the detainees and the Iranian Revolutionary Guard, which has provided funds, weapons, bomb technology and training to extremist groups in Iraq, the coalition said.Bush defends policy, asserts it's confined to Iraq

Bush reportedly approved the plan in the last couple months in an effort to be tougher with the Islamic republic.

"Some are trying to say that because we're helping ourselves in Iraq by stopping outside influence from killing our soldiers or hurting Iraqi people that we want to expand this beyond the borders," Bush said.

"That's a presumption that's simply not accurate. We believe that we can solve our problems with Iran diplomatically. And we're working to do that. As a matter of fact, we're making pretty good progress on that front," he said.

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The White House has rejected calls by the Iraq Study Group to diplomatically engage Iraq's neighbors, including Iran and Syria. The Bush administration says it will not meet with Iranian officials until the nation moves to end its alleged nuclear weapons program.

Iran has repeatedly denied interfering within Iraq's borders, but Defense Secretary Robert Gates backed the president in Friday remarks, saying the policy is aimed at outside forces who mean harm to U.S. and coalition forces.

"Our forces are authorized to go after those who are trying to kill them," Gates said. "If you're in Iraq and trying to kill our troops, you should consider yourself a target."

Asked whether the measure is part of an "anti-Iran strategy," Gates said he does not think so, but "we're not simply going to stand by and let people bring sophisticated IEDs [handmade bombs, or "improvised explosive devices"] into the country that can disable an Abrams tank and give them a free pass. But as we've said before, we think we can handle this inside the borders of Iraq and the operations are limited to inside the borders of Iraq."

Leaders of Iraq's Shiite Muslim community have strong ties to Iran, including powerful Iraqi cleric Abdel-Aziz al-Hakim.

Al-Hakim leads the Supreme Council for Islamic Revolution in Iraq (SCIRI), the Iraqi party most closely associated with Iran.

As violence between Shiites and Sunnis rises, along with insurgent attacks on U.S. and Iraq forces, Bush has ordered that 21,500 more U.S. troops go to Iraq.

Contractor Deaths In Iraq Nearing 800 (HC)

By David Ivanovich, Brett Clanton

Houston Chronicle, January 28, 2007

Laboring in a war with no discernible front line, more than 770 civilian contractors have died in Iraq since the U.S.-led invasion began in March 2003.

Statistics kept by the Labor Department indicate fatalities among civilian contractors working for American firms escalated rapidly late last year, with at least 301 dying in Iraq in 2006 — including 124 in the final three months.

U.S. military deaths totaled 818 during the year, the Defense Department has reported.

Despite the danger, job seekers continue to flood contractors' offices with résumés.

Some 165,000 prospective employees contacted Houston-based Halliburton Co.'s KBR last year about job opportunities in Iraq, Kuwait and Afghanistan, company officials said. KBR now has half a million résumés on file.

And the recent troop "surge" announced by President Bush has prompted KBR to increase its hiring, company Chief Executive Officer Bill Utt said Friday.

Among the job seekers crowding into a recent KBR orientation program at Greenspoint Mall, many of the job seekers crowding into a recent KBR orientation program at Greenspoint Mall were fatalistic about the risks.

"When it comes your time, it comes your time," said Robert Hulion, 59, of Crestview, Fla., before being deployed to Iraq to work as a fumigation specialist.

"I've been through Vietnam, and I've been to New York City. But what I call dangerous is Mardi Gras in New Orleans," Hulion joked.

Hulion has joined what the Pentagon estimates to be 100,000 civilians working for U.S.-based contractors in Iraq.

Supplementing the 130,000 American troops serving in the country, these civilians provide a wide variety of functions, including serving up chow and interrogating prisoners.

The 100,000 figure is an estimate because, nearly four years into the war, the Pentagon is just now conducting its first survey to determine how many civilian contractors are working in Iraq.

And Pentagon officials, citing military regulations, don't track contractor deaths.

Contract worth billionsHalliburton's KBR is the largest military contractor operating in Iraq, with more than 50,000 employees and subcontractors working there, as well as in Kuwait and Afghanistan.

Working under a multibillion-dollar contract with the Army, KBR crews drive trucks, wash clothes, deliver mail and provide a host of other support services for U.S. troops.

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KBR's workers are a critical component of the Pentagon's privatization strategy, enabling the military to reduce the number of troops needed in the country by turning over noncombat functions to civilians.

The idea behind the privatization plan was to keep these noncombatants away from the fighting. But that has proved impossible in violence-riddled Iraq.

"The whole place is a front line," said Peter Singer, a senior fellow at the Washington-based Brookings Institution and author of Corporate Warriors: The Rise of the Privatized Military Industry.

The contractor death toll rose last week when five Americans working for Blackwater USA were killed in Baghdad after their helicopter was shot down by insurgents. The contractors were rushing to help a U.S. Embassy convoy that had come under attack.

Civilian contractors killed in Iraq are often eligible — and many have received — the defense secretary's Medal for the Defense of Freedom, the so-called Purple Heart for civilians working on behalf of the military.

But their names are left off the Pentagon's Iraq casualty rolls.

If they were counted, the U.S. military's official casualty figures — 3,063 as of Friday — would be 25 percent higher.

"Since Day 1, the administration has been very, very comfortable artificially deflating the human cost of our effort in Iraq," said Steven Schooner, co-director of the government-procurement law program at George Washington University Law School.

The Pentagon's failure to report contractor deaths angers some family members whose loved ones died working in Iraq.

"There are so many of them who have been killed, and they're not acknowledged," noted Hollie Hulett, whose husband, Stephen, a truck driver, was killed when his convoy was ambushed in April 2004. "They're swept under the rug."

Tracking casualtiesThe 770 tally — representing fatalities (including deaths by natural causes) between March 2003 and Dec. 31, 2006 — was tabulated by the Labor Department's Division of Longshore and Harbor Workers' Compensation.

Last year's contractor fatalities represent 39 percent of the deaths reported by the Labor Department.

Besides those killed, another 7,761 civilian contractors had been injured in Iraq as of Dec. 31, the Labor Department said.

The Labor Department has these numbers because it tracks workers' compensation claims by injured workers or families of slain contractors under the federal Defense Base Act.

"Using employee time lost is a kind of a weird way to track casualties," Singer noted. "But it's part of the bizarre nature of this industry and the way it's been used in Iraq."

Still, the Labor Department figures don't tell the full story.

KBR, for instance, says 95 of its employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan. Company officials declined to say exactly how many have died in Iraq alone.

The Labor Department provided the Houston Chronicle a breakdown of fatalities and injuries by contractor, through the end of December, but this list does not identify any deaths as KBR fatalities.

The database has many — often intentional — holes. The Labor Department, for instance, won't specify an employer if that contractor has fewer than seven cases in a particular category, a department spokesman said via e-mail.

Contractor injuriesAside from the deaths, KBR officials say 430 workers and subcontractors had been injured because of hostile action in Iraq, Kuwait and Afghanistan.

In terms of fatalities, however, KBR reported a decline in 2006. The company and its subcontractors suffered 17 fatalities last year, compared with 41 in 2004.

KBR officials would not discuss why their fatalities dropped last year.

"To avoid jeopardizing the safety and security of our employees and subcontractors, we will not detail the specific measures that are currently in place," company spokeswoman Melissa Norcross said.

The Labor Department records indicate L-3 Services Group, which provides translators and interpreters for the Army, had suffered the worst casualties in Iraq: 241 workers killed by the end of 2006, including 32 in the last three months of the year.

The actual number of L-3 Services Group fatalities in Iraq, noted Rick Kiernan, the company's vice president for strategic communications, was 255 as of Dec. 31 and 261 as of Friday.

Many of those victims were Iraqis, known to be working with Americans and then assassinated while off duty, Kiernan said.

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The spate of contractor deaths suffered by L-3 Services during the fourth quarter, Kiernan said, could reflect the timing of the Muslim holy month of Ramadan, when many of the workers returned home for the holiday.

The U.S. arm of Britain's ArmorGroup International, a private security firm, has seen 22 workers die in Iraq, the Labor records show.

Company spokesman Patrick Toyne Sewell declined to confirm those figures, noting: "'If you focus on the numbers, you start to consider people as numbers, rather than as much-missed friends or colleagues."

"We aim to prevent any (casualties) at all," Toyne Sewell said.

In their discussions about Iraq, military experts had been assuming contractor casualties would account for, perhaps, 10 percent of the total U.S.-related fatalities.

If the Labor Department figures are correct, contractors accounted for 27 percent of all U.S.-related fatalities last year.

"The question is: Is this better data, or is the rate going up at a frightening pace?" Schooner said.

Of the 770 victims, only 144 have been certified as having died as a direct result of enemy action, a Labor Department spokesman said.

Why that figure would be so low — fewer than one in five fatalities — is not completely clear. But L-3 Services' Kiernan noted that the assassinations of off-duty workers, for example, would not be counted as combat deaths.

How many of these civilian-contractor casualties were American citizens is unknown. Labor officials say they cannot provide a breakdown by nationality.

Splitting the contractDespite the new hiring, KBR's activity in Iraq has declined since a peak set back in 2004, although the company still performed $4.8 billion worth of work last year, including $1.2 billion in the fourth quarter, the company's figures show.

The Army has decided to split up KBR's huge logistics contract among three companies. But KBR still has plenty of work to do.

In fact, KBR has 1,000 positions to fill in Iraq and Afghanistan.

The applicants funnel through an old Montgomery Ward store at Greenspoint. KBR processes as many as 900 job applicants a week.

In 22 training sessions, instructors cover everything from the dangerous spiders workers might encounter in the Middle East to how to behave if kidnapped.

For Trish Anderson of West Palm Beach, Fla., a one-year tour with KBR represents a way to receive some financial freedom.

"I want to buy a few more pieces of property, and I have a daughter who's ... going to college," Anderson said.

Like many applicants, Anderson also sees a bigger mission — "to be able to give the gift of freedom."

This 38-year-old former Marine Corps staffer and a veteran of both the Persian Gulf War and the Iraq war says she is not going into this blindly.

"I know what the dangers and the stress and the risks are," she said. "Honestly, I don't think it's getting worse. I think it's getting better."

Still, all the uncertainty about the actual level of danger and fatalities appalls critics.

"Should we have to estimate this matter, or should we know it as fact?" asked T. Scott Allen, a Houston attorney representing the Hulett family as well as other families of slain KBR workers and injured employees in a lawsuit against the company.

Rep. Jan Schakowsky, D-Ill., has introduced legislation that would force the administration to report to Congress about civilian casualties.

"I think people have lost patience with this war without calculating in the other 770 people who have died.

"Imagine," Schakowsky said, what the public reaction would be if the reported casualty figures "were now closer to 4,000 people who have died?"

A Conversation Wtih Adel Abdul Mahdi (WP)

DOJ_NMG_0123313

By Lally Weymouth

The Washington Post, January 28, 2007

As the Bush administration moved ahead last week with plans to send 21,500 additional troops to Iraq, Washington Post-Newsweek's Lally Weymouth sat down with Iraq's Shiite vice president, Adel Abdul Mahdi, at the World Economic Forum in Davos, Switzerland

Many in the United States wonder if the situation in Iraq can be brought under control. Your own prime minister was not supportive in the past of President Bush's sending more troops.

What do you think of the president's plan to send additional troops? What are the chances this will work and what will your government do to help?

We both think, Americans and Iraqis, that Baghdad is a key issue. We have to succeed on that.

But will Bush's "surge" make a difference?

As Iraqis, we think we need more troops in Baghdad. It's up to the multinational forces to decide whether they need more troops.

You talk about multinational forces. But the U.S. administration is sending additional American troops. No one else is volunteering for the job. Are you for that or against it?

I am saying we need more troops in Iraq. Multinational forces are part [of that].

But you have to be for or against the United States sending an additional 20,000 men.

I am not a military man. I can't say if they need to deploy more troops in Baghdad.

You're saying if "they" want to. You mean if the United States wants to send more? That sounds like you don't really care.

I care, but it's a technical question. It's a military question.

But it's not a military question. Americans are going to die. Is it worth the sacrifice?

I can [only] measure things seeing them as Iraqis [see them].

[The Americans] are there to succeed, not because they wish to be there. They came with plans, agendas and policies. If they want to succeed, we need more troops.

What are the chances of success with additional troops?

We are optimistic about succeeding. To give you some of the features of the new plan: Baghdad will be isolated and the entrances and exits will be controlled. There will be only 28 checkpoints. Baghdad will be encircled either by barriers or the river. Iraqis now will take the lead while Americans will support us.

Doesn't success depend on your government standing up to the Shiite militias that support it?

We are not facing only militias. We are also facing al-Qaeda and insurgents.

Do you believe the government is capable of stopping the Shiite atrocities?

I think they can do the job if Prime Minister [Nouri al-]Maliki takes the practical measures he is announcing.

It's rumored that you're the favorite of the U.S. government [to replace Maliki].

I think al-Maliki can still do it and he should have his chance.

[Shiite cleric Moqtada] al-Sadr, of course, supports the Iraqi government. What happens if U.S. forces go after him?

We are going to impose laws. If you are going to break the law, this will not be acceptable.

If the United States doesn't have the right to use our military the way we want to and we're operating under the sovereignty of your government, what good are additional U.S. troops?

This is one of the good understandings between us and the Americans. We are very fair on the security issue whether it concerns militias or insurgents. But we are very open in the political process. We want to bring more Shiites on board, more Sunnis on board. I have been asked to be responsible for the political issues within this security plan.

Do you think restoring security in Iraq is doable?

I was in the United States in 2003 and 2004. People were so optimistic at that time, whether Iraqis or Americans. We couldn't tell them that there was a mess in Iraq. We were telling them to be more practical.

Now people are so pessimistic and you can't tell them that this country has a chance.

All Americans see on TV screens are Sunnis slaughtering Shiites and ethnic cleansing in the streets.

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Unfortunately this is true. But this is only one part of the picture. Only 12 months ago, we had elections and 12 million people voted, Sunnis and Shiites.

What can you show in the next couple of months that will inspire confidence?

If we can succeed in Baghdad, then we can give hope, not only to Americans but also to Iraqis. If we can improve services in Baghdad, then journalists will see that, and we'll have a new image.

Do you believe you can really work with the Sunnis?

Of course, yes. Now in the parliament, you can see Sunnis and Shiites. You never saw that before in a country like Iraq.

But there is ethnic cleansing going on in Baghdad.

Absolutely.

How long do you think it would take to restore order in Baghdad?

It depends on many factors. I'm not a magician. I think we need time. Violence will continue in Iraq.

For how long?

I can't tell, to be honest with you. It depends on many things. What we are saying is that to feel successful in Iraq we have to see some shift in the behavior of people. People have to start to depend for their safety on governmental forces, not on militias or other groups.

Is it the government's policy that it will help the people who have been cleansed from their neighborhoods to return to those neighborhoods?

Yes, of course. And this time, when clearing a neighborhood of any kind of violence, then there will be a [police or military] unit stationed there to help people return and to maintain the security situation.

You have a law in Iraq that no one will carry a weapon?

That's right.

Are you going to use that law to have door-to-door searches to disarm the militias?

Of course, we are doing that and there are some achievements.

[Former national security adviser] Brent Scowcroft, who originally opposed the war, said recently that the United States cannot leave, but we cannot remain in the middle of a civil war. What role do you think America should play?

First, I don't think we are in a civil war. We are in a war on civilians. That's what [Abu Musab] al-Zarqawi was trying to do, that's what the insurgents are trying to do. Otherwise, what is the meaning of a car bomb in a university or a market? You are against a society, against civilians. Or, when Sunni militias attack, some Shiite militias attack [in retaliation]. They are not attacking as one [army] against the other, but are attacking civilians from the other community. That's why I say that we are in a war against civilians, not a civil war.

Secondly, the government is still powerful, still feared by the population. Whenever it issues a curfew, it is respected all over Iraq. No country in a civil war respects the decision of a government. We have to go and decrease the sectarian violence, we have to go and protect people from car bombs and from insurgent acts that target civilians and institutions.

Do you believe that President Bush will stay in Iraq or that U.S. troops will leave?

We have to gain the confidence of the American people and the administration.

Do you worry that the United States will withdraw?

Of course we worry. We will be worried whether you stay or leave.

What do you prefer?

We are not going to decide for America. They will decide for themselves. Others bear the responsibility of where we are. We were not consulted about the war decision, we were not consulted about the invasion of Kuwait, we were not consulted about the war between Iran and Iraq, but we have to bear the consequences of all this.

I think America has only two alternatives: to stay or to leave. If they stay, they should stay in a helpful way. I don't think they will take orders from us but we have always advocated the idea of demarcation between our authorities and those of the United States.

Pentagon Seeks New Ways To Recruit (MCT)

DOJ_NMG_0123315

By Drew Brown

McClatchy, January 28, 2007

WASHINGTON — The war in Iraq marks the first time in modern history that the United States has fought an extended conflict with an all-volunteer military.

The strain of fighting nearly four years in a two-front war has put unprecedented stress on the Army and the Marine Corps — which have borne the brunt of the fighting — and has raised serious questions about whether an all-volunteer force can be maintained over the long term.

Even if U.S. troops were to pull out of Iraq tomorrow, the United States faces a war of unknown duration against al-Qaida in Afghanistan and elsewhere. Other threats include Iran and North Korea.

The Iraq Study Group warned in its report last month that the war in Iraq has put the country in a bind.

"An extraordinary amount of sacrifice has been asked of our men and women in uniform, and of their families," the group wrote. "The American military has little reserve force to call on if it needs ground forces to respond to other crises around the world."

"I think America is on a collision course with itself because America has worldwide obligations," said Frank Schaeffer, co-author of "AWOL: The Unexcused Absence of America's Upper Classes From Military Service — and How It Hurts Our Country."

"All it's going to take is one more conflict or one more world crisis," Schaeffer said, "and we would be very soon facing the fact that no matter what our position on these issues is, we're going to be facing a simple choice of act or don't act. And if we do, then we're going to have to have alternatives."

At least one lawmaker has proposed a radical alternative. Rep. Charles Rangel, D-N.Y., wants to reinstate the draft.

His proposal would require all U.S. residents ages 18 to 42 to perform two years of national service, either in the military or as civilians working in ports, hospitals or some other public-service role. The only people exempted would be high school students up to age 20, conscientious objectors and those who are too unhealthy to serve.

Rangel, an Army veteran who won a Bronze Star in the Korean War, opposes the Iraq war and has put forth a draft bill every year since 2002. Critics accuse him of political grandstanding.

Some fellow lawmakers find his basic argument compelling. If the war in Iraq is the national security threat that the Bush administration says it is, shouldn't all Americans be asked to shoulder their part of the burden to defend the country? "The answer to that question will be as varied as the people you ask," said Rep. Sanford D. Bishop Jr., D-Ga. "I think it's a legitimate question to ask. I don't personally believe the country is ready for a draft. But I believe that if they felt a serious enough threat, all able-bodied Americans would probably want to support our national security in whatever ways they could."

President Bush and Vice President Dick Cheney define the war in Iraq as the central battleground in the global war on terrorism.

"This is an existential conflict," Cheney said Jan. 14 in an interview on the Fox News Channel. "It's the kind of conflict that's going to drive our policy and our government for the next 20 or 30 or 40 years."

Bush often lauds the military for its service, but critics point out that he's never called on anyone to serve.

Asked recently why he's never asked Americans to make sacrifices for the war, the president said people sacrificed in other ways.

"I think a lot of people are in this fight," Bush said in an interview Jan. 16 with PBS news anchor Jim Lehrer. "I mean, they sacrifice peace of mind when they see the terrible images of violence on TV every night."

President Bush said he'd considered a draft but rejected it. "I think the volunteer Army is working, and we've got to keep it strong," he said.

Charles Moskos, a military sociologist at Northwestern University and a longtime advocate of the draft, said statements such as these exemplified what he called "patriotism-lite."

"It reflects badly not only on the national leadership, it also reflects badly on the American people," said Moskos, himself a former draftee. "They're not calling for the draft, either — you know, put my son in — but that's where it's got to start."

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The United States hasn't had a military draft since 1973, when Congress eliminated conscription as the Vietnam War drew to a close. Five years earlier, Nobel Prize-winning economist Milton Friedman, a champion of free markets, had labeled the draft "inconsistent with a free society."

For most of its history, the United States has been without a draft. The North and the South conscripted forces during the Civil War. There was a draft during World War I and again in World War II. The last draft lasted from 1948 to 1973.

Many military officers, lawmakers and analysts oppose bringing back conscription, saying it would ruin the professionalism and quality that the all-volunteer force has built up over the last 34 years.

"The nature of decentralized tactics today demands a level of professional experience and competence far above what it was 30 and 40 years ago," said Rep. Geoff Davis, R-Ky., a former Army officer and West Point graduate who serves on the House Armed Services Committee.

Davis, who wrote an opinion piece last month that ripped Rangel's proposal to revive the draft, said a return to mandatory service would add unnecessary costs to national defense and would "reduce the productivity of military organizations in general."

"Think about the burden on the unit of somebody who's not motivated or highly disciplined or isn't concerned about the motivation of their peer group; they're going to be a less effective individual," he said.

Davis said he thought that the Army could easily recruit to the level that the Bush administration wanted "with the right kind of expansion plan."

"It's very doable, because we're not talking about an increase of the size of the Reagan-era military," he said.

The Army had 732,000 active-duty soldiers during the 1991 Persian Gulf War, which occurred three years after President Reagan left office. The Army now has about 512,000 active-duty soldiers.

Rep. Jim Marshall, D-Ga., who also serves on the Armed Services Committee, said he generally liked the idea "of a year or two of service for all young Americans. But I don't think we need a draft right now."

"I do think that an all-volunteer service is preferable, and military commanders think the same thing," said Marshall, who served as an Army Ranger in Vietnam.

"The question is if the country is willing to pay for it," he said. "If the country is willing to pay for it, then we can enlist more soldiers."

The Bush administration recognizes that there's a problem and has promised to add 92,000 service members to the Army and the Marine Corps over the next five years.

But that means Army recruiters will have to sign up another 7,000 men and women every year, when they're already struggling and standards have been dropped to meet the current quotas.

Gen. Peter J. Schoomaker, the Army's chief of staff, has suggested that part of the answer is increasing the incentives to enlist. The Army already offers as much as $40,000 to recruits, however, and personnel costs are taking a larger chunk of the defense budget every year.

In the meantime, Defense Secretary Robert Gates has outlined plans to call up the National Guard and Reserves more frequently. But the more the military relies on its citizen-soldiers to fight the war, the less attractive the Reserves become to those who don't want full-time military careers.

There are concerns that overusing the Guard and Reserves could strain those forces as badly as the active-duty ranks.

"This is clearly not a risk-free set of solutions," said Christine E. Wormuth, a senior fellow at the Center for Strategic and International Studies, a national-security research center, and a former Pentagon official who's written extensively about the National Guard and Reserves.

The Pentagon estimates that it would cost about $4 billion more a year to reinstate the draft. New facilities would have to be built to train and house the large numbers of inductees who'd be brought into uniform each year.

The Census Bureau estimates that there are 30 million people ages 18 to 25 in the United States.

About 4 million men and women reach military age each year, but the military needs only a small fraction of that number. That's a fact that those who argue for a return to the draft tend to overlook, said Bernard D. Rostker, the author of "I Want You: The Evolution of the All-Volunteer Force."

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"The fundamental question — which dogged us in the '60s and would dog us again if we return to conscription — is who serves when not all serve?" said Rostker, who's studied military personnel issues for more than three decades and served as a top Pentagon official in the Clinton administration.

Draft proponents say that those whom the military doesn't need could work in homeland security guarding airports, seaports and borders or could work in understaffed hospitals or schools.

The Gates Commission, which President Nixon created in 1969 to look at ways of ending compulsory service, considered a "standby draft" to be an integral part of an all-volunteer force, Rostker said.

At least one commissioner was convinced that while an all-volunteer military might be possible to maintain during peacetime, the draft would have to be reinstated during a major conflict, Rostker said.

So far, the war in Iraq has defied those expectations.

"We're three years into a war right now, and the all-volunteer force is doing remarkably well," Rostker said.

But whether that's sustainable over the long term in the war on terrorism is an open question.

Gates Aims To Lessen Forced Extensions (BSH/AP)

By Pauline Jelinek

Biloxi Sun Herald/AP, January 28, 2007

WASHINGTON - In an action branded a backdoor draft by some critics, the military over the past several years has held tens of thousand of soldiers, sailors, airmen and Marines on the job and in war zones beyond their retirement dates or enlistment length. It is a widely disliked practice that the Pentagon, under new Defense Secretary Robert Gates, is trying to figure out how to cut back on.

Gates has ordered that the practice - known as "stop loss" - must "be minimized." At the same time, he is looking for ways to decrease the hardship for troops and their families, recruit more people for a larger military and reassess how the active duty and reserves are used.

"It's long overdue," said Jules Lobel, vice president of the Center for Constitutional Rights and lawyer for some in the military who have challenged the policy in court. "It has created terrible problems of morale."

Gates has asked the chief of each service branch for a plan by the end of February on how they would rely less on stop loss.

The authority has been used off and on for years and was revived by all services to some extent after the attacks of Sept. 11, 2001.

As an example, the Army revived it in early 2002 to keep people with some skills or specialties deemed critical to the fight against terrorism and later used it to retain whole units, according to an Army chronology of the policy.

Pentagon officials provided no figures on how many people the policy has affected. Yet just in the Army, it is in the tens of thousands.

The Navy stopped a few hundred sailors from leaving in the year after the terrorist attacks and used the policy again after the U.S.-led invasion of Iraq in 2003.

The Marine Corps used it from January through August of 2003 and at the high point had some 3,400 active duty troops and 440 reservists held in service under the authority, said 1st Lt. Blanca E. Binstock, a spokeswoman.

The Air Force did not have statistics immediately available.

The Defense Department says the main reason for the policy is to keep units whole for deployments.

Iraqi Soldiers Still Rely Heavily On U.S. (LAT)

By Alexandra Zavis

The Los Angeles Times, January 28, 2007

TURKI, IRAQ — As dawn broke, a thick mist enveloped the lines of military trucks poised to sweep through a tract of rich farmland where Sunni Arab insurgents had turned miles of irrigation canals into trenches with holes to stash weapons, food and blankets.

A chilly downpour turned narrow dirt roads into sheets of slippery mud that sent vehicles skidding into ditches.

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For the U.S. Army, the weather was a temporary setback. Officers said it actually worked to their advantage because it left the enemy surrounded and exposed to the wet, wind and cold.

But for their Iraqi allies in an ambitious effort to reclaim an insurgent haven in eastern Diyala province, the weather could have spelled the end of the offensive. When U.S. Humvees, Bradley fighting vehicles and tanks pushed ahead two days later, they had to tow the Iraqis to the fight. Their flimsy pickup trucks and minivans had become hopelessly stuck.

As the campaign continued into a second week, U.S. forces flew in everything the Iraqis needed to keep going: ammunition, rice, T-shirts, dry socks and cigarettes.

A long way to go

As pressure mounts here and at home for U.S. troops to start leaving, the assault in Diyala province this month showed how far the Iraqis must go before they can stand on their own.

U.S. troops with the 3rd Brigade Combat Team, 1st Cavalry Division, said the Iraqis had made great strides since they were deployed to the province four months ago. But asked whether the operation would have been possible without the United States, Iraqi Capt. Kader Abdul Kareem Majid shook his head.

"The coalition forces have airplanes, tanks, all the equipment they need. But the Iraqi army does not have that," said Majid, a 10-year veteran of a Kurdish militia that fought Saddam Hussein's army. "We need U.S. support."

The offensive began Jan. 4 with a combined ground and air assault on a remote rural area the size of Baghdad. About 600 U.S. troops joined forces with about 400 soldiers with Iraq's 1st Brigade, 5th Army Division.

Insurgents in the targeted area are thought to be providing support for attacks in Baghdad, Baqubah and other strife-torn cities. Al Qaeda in Iraq last year declared an Islamic caliphate in Diyala, and its leader, Abu Musab Zarqawi, was killed in a U.S. airstrike here in June.

Back then, Iraqi soldiers refused to venture into the region around Turki, stronghold of a tribe that had supplied top officers to Hussein and later forged ties with Al Qaeda and other militant groups. Iraqi soldiers referred to a checkpoint on the northern edge of the region, which drew regular mortar fire, as the "posting of death."

"They are all dangerous here," said recruit Ali Mohammed, a Shiite teenager from western Diyala. "Only the men wearing the same uniform as me are my brothers in this land."

But with the might of the U.S. Army behind them, morale was much higher during this month's offensive. Iraqi soldiers clapped their hands and sang as they rolled out of their base.

The U.S. soldiers said they had to hold the Iraqis back as they conducted a slow and meticulous search of every home, seeking to collect evidence on insurgent activities.

"These guys are not organized, but they are aggressive as hell," said Capt. Andy Hercik, as he prepared a dozen Iraqi soldiers to search a wind-swept village eerily devoid of men. "When we went into the village yesterday, they swarmed the place."

"Like Normandy?" said a laughing Capt. Stephen Dobbins, his troop commander in the 5th Squadron, 73rd Cavalry Regiment, 82nd Airborne Division.

"More like cockroaches when you turn the light on," Hercik replied ruefully.

As the two sides searched mud huts and pillared homesteads, the Iraqis proved adept at spotting an out-of-place carpet concealing a hoard of guns or a bomb tucked among the reeds.

It was also Iraqis who recognized three brothers identified as key members of a group known as the Council, which oversaw insurgent activities in the region, just as U.S. forces were about to walk away from their mechanical repair shop in Turki.

Dobbins was delighted when he saw Iraqi soldiers squatting in a waterlogged field outside another village to provide cover as others pushed in.

"This is awesome. They are moving tactically, pulling security," he said. "This is a great step forward for these guys."

Details kept secret

But there also was friction. Fearful that information would leak to the insurgents, U.S. commanders kept details of the operation from all but the most senior Iraqi officers until hours before it began. Even so, one detainee later said he had been tipped off by an Iraqi officer.

Iraqi commanders said the tight security prevented them from preparing properly.

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"I didn't have time to organize supplies, vehicles or ammunition for the soldiers," said Majid, a company commander.

Although Iraqi officers emphasized their support for the U.S. forces' methodical approach to clearing villages, many of their men grew impatient. They repeatedly asked in broken English, "When we kill Wahhabis?," a reference to adherents of the fundamentalist form of Sunni Islam practiced by many Al Qaeda members.

U.S. soldiers assured them they would get their chance. But because of the yawning technological gap between them, it was the Americans who did most of the killing.

U.S. troops used advanced optics and aerial surveillance to spot small groups of gunmen and then called in thundering artillery and airstrikes. More than 100 were believed killed, in most cases before they had fired a shot.

"Look at our equipment. It is not like the Americans'," said Mohammed Habeeb, a Shiite soldier from the southern city of Basra, holding a battered machine gun with no sight. "Most of the insurgents would rather go after the Americans, but they are scared of them. So who do they go after? The ordinary Iraqi soldier."

Majid said he was forced to rely on U.S. aircraft to ferry in supplies and evacuate the wounded. Most of his vehicles had no armor plating or covers to shield his men from the elements. And his radios did not have the range to communicate with his headquarters.

After a rain-soaked night spent huddled beneath their vehicles, many of the Iraqi soldiers clamored to return to the rear for a hot meal — with bloody consequences.

An antitank mine ripped through the Iraqi convoy, killing a soldier and injuring three. They were among at least eight Iraqis killed and 29 injured during the operation. Antitank mines also injured more than a dozen U.S. soldiers, but because their vehicles were better protected, most of their injuries were less serious.

The United States has supplied the Iraqi 5th Army Division with 181 of a promised 211 armor-plated Humvees, U.S. officials said. But many were deployed elsewhere, and at least 45 already had been destroyed by roadside bombs or were awaiting repairs, they said.

U.S. officials are reluctant to provide more sophisticated equipment until they are confident the Iraqis can maintain and keep track of it.

Much of the training in coming months will focus on building logistics systems, they said.

"A lot of the Iraqi soldiers have the will and want to fight," said Lt. Col. Michael Beaudette, executive officer for five teams of U.S. trainers embedded with the 5th Division. "But in order for them to succeed, they need to be supplied and maintained."

Corruption is also a problem, he said. Some commanders inflate the numbers in their units so they can pick up the extra salaries, then wonder why they get asked to do missions they can't handle, he said. It also can take months for a promotion to be reflected in a soldier's pay.

"If you don't take care of your soldiers, they are going to walk," he said. "Because in Iraq, the soldiers are not held under any law to stay."

Suspicious Sunnis

The region's residents, most of them Sunnis, were suspicious of the mostly Shiite Arab and Kurdish soldiers, accusing them of shakedowns and arbitrary arrests when not accompanied by U.S. forces.

"We hear that sometimes they take the men, and they don't come back," said a worried Hanna Gatan. A gaunt woman wrapped in a green veil, she sat on a mat with her husband's second wife and their six squirming children while the soldiers searched their home. She said their husband was away herding sheep.

"What if they take him?" she asked. "He is the only man we have. Can you imagine a family without a man? Who will be responsible?"

U.S. and Iraqi soldiers detained about 50 suspects and seized dozens of weapons caches in the area, then set up a new base to maintain a presence. There are plans to improve water and electricity distribution, fix roads and open schools to undercut support for the insurgency.

It remains to be seen whether the Iraqis can hold the area after the Americans leave. But they said they already had achieved one important victory.

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"The government did not control this place before," Majid said. "Now, the people understand that the government can go anyplace it wants."

Iraq Cultivates Ties To Democrats (LAT)

By Borzou Daragahi

The Los Angeles Times, January 28, 2007

BAGHDAD — Representatives of Iraq's government are hedging their bets on America's political future, hoping to keep U.S. support for their country strong by building ties with a Democratic Party that now controls Congress and is closely scrutinizing President Bush's Iraq policy.

"There's a decision to be in contact, find out what they want, what their concerns are and to tell them of our concerns as well," said Ali Adeeb, a Shiite lawmaker and close associate of Prime Minister Nouri Maliki.

Republicans have dominated Iraq policy since the U.S.-led invasion in 2003. Many of the first U.S. officials in Iraq were handpicked party activists.

In one sense, the Nov. 7 election that handed Democrats control of Congress changed little, even though it was largely viewed as a repudiation of the White House's Iraq policy. The State and Defense departments are still the primary instruments of policy in Iraq.

A top government official close to House Speaker Nancy Pelosi (D-San Francisco), who ended a brief visit to Iraq on Saturday, said the Bush administration remains the final arbiter of decisions on how much continued U.S. military and financial support the Iraqis receive.

But the election that changed the political dynamic in Washington also altered the rules of the game here. Iraqi leaders studied and discussed the possibility of a Democratic takeover for months before the vote. They concluded early that even the most staunchly antiwar Democrats would not abandon Iraq. In heated discussions, lawmakers reminded one another that it was Democratic President Clinton who signed the 1998 Iraq Liberation Act, which funded the opposition movements now in power.

The Shiite Muslim leadership has informally recommended to ministerial and parliamentary delegations heading to Washington that they cultivate closer relationships with Democrats as well as Republicans.

"They have to see people from both sides, because they are both taking part in the administration of the country," Adeeb said. "Whoever is a decision-maker in America, we have to have relations with."

Many pointed out advantages to the Democrats' increased sway over Iraq policy. Government officials said they had generally found the Democratic position on handing over security to Iraqi forces sooner rather than later closer to theirs. Almost all agree on Democratic Party initiatives, squashed when Republicans controlled Congress, to prevent the building of permanent U.S. bases here. They note news reports of Democrats acknowledging the suffering of the Iraqi population.

"I see that the Democratic ideas are more related to reality," said Ammar Tuma, a lawmaker who serves in Maliki's ruling Shiite coalition. "They talk about the real problems that the Iraqis are facing every day."

To date, government officials said, they've also found Democratic visitors such as Pelosi, Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois less parochial, more culturally sensitive and more willing to listen to Iraqi concerns than Republicans.

"Before, Bush used to order Iraqi officials to do this and that," said one member of Maliki's Islamic Dawa Party, who spoke on condition of anonymity. "The Republicans were dictating the political process in Iraq. With the Democrats in control of Congress, the Republicans are now less influential than before. It helps us in a sense to breathe a bit more and to have more freedom."

Many of the Shiites around Maliki still harbor bitterness about the Bush administration's push to remove then-interim Prime Minister Ibrahim Jafari from his post last year. They considered the pressure inappropriate interference in Iraq's domestic affairs. They were also angered by recent remarks by Bush and Secretary of State Condoleezza Rice questioning whether Maliki was up to the job of leading Iraq.

The Republican Party's election drubbing not only elevated Democrats, but also emboldened Maliki, who has begun criticizing the American president almost as much as Bush's deputies criticized him.

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"I understand and realize that inside the American administration there is some kind of a crisis situation, especially after the results of the last election," he told reporters this month.

"It's more balanced now," said the Dawa Party member who asked not to be named. "What we're seeing is Mr. Maliki criticizing Bush. You didn't have that before."

After weeks of icy relations and criticism, including a televised interview in which Bush faulted Maliki for the way the execution of ousted dictator Saddam Hussein was handled, the two men spoke Saturday by phone. It was the first time they had talked since Bush outlined his new Iraq policy. It was also the day Pelosi and a delegation of lawmakers wrapped up meetings with Iraqi officials.

"Now it's different because [the Democrats] have some decision-making power," said Farooq Abdullah, a Maliki advisor. "Before, we were meeting mostly with the Republicans because they were the ones in power. Now we're meeting with both of them."

Army Probes War Contractor Fraud (AP)

AP, January 27, 2007

WASHINGTON (AP) — From high-dollar fraud to conspiracy to bribery and bid rigging, Army investigators have opened up to 50 criminal probes involving battlefield contractors in the war in Iraq and the U.S. fight against terrorism, the Associated Press has learned.

Senior contracting officials, government employees, residents of other countries and, in some cases, U.S. military personnel have been implicated in millions of dollars of fraud allegations.

"All of these involve operations in Iraq, Afghanistan and Kuwait," Chris Grey, a spokesman for the U.S. Army Criminal Investigation Command, confirmed Saturday to the AP.

"CID agents will pursue leads and the truth wherever it may take us," Grey said. "We take this very seriously."

Battlefield contractors have been implicated in allegations of fraud and abuse since the war in Iraq began in spring 2003. A special inspector general office that focused solely on reconstruction spending in Iraq developed cases that led to four criminal convictions.

The problems stem in part from the Pentagon's struggle to get a handle on the unprecedented number of contractors now helping run the nation's wars. Contractors are used in battle zones to do nearly everything but fight. They run cafeterias and laundries for troops, move supplies, run communication systems and repair weapons systems.

Special agents from the Army's major procurement fraud unit recently were dispatched to Iraq, Afghanistan and Kuwait, where they are "working closely and sharing information with other law enforcement agencies in the region," Grey said.

"Given the billions of dollars in contract dollars that have been and are being spent, it is our experience that our agents will detect millions of dollars in fraud before we are done," Grey said. "And just as likely, we will be instrumental in bringing back to the U.S. government millions of dollars in recoveries."

One case involves an Army chief warrant officer accused of taking a $50,000 bribe to steer a contract for paper products and plastic flatware away from a government contractor and to a Kuwaiti company, according to an indictment unsealed Thursday in federal court at Rock Island, Ill.

Prosecutors say the officer took the bribe while at Camp Arifjan in Kuwait, while he was the Army's food service adviser for Iraq, Afghanistan and Kuwait, according to the indictment. The officer is also accused of trying to smuggle $40,000 in undeclared cash into the United States on a December 2005 flight from Kuwait to Dover, Del.

Other cases involve a government officer manipulating a contract in exchange for large bribes, a contractor making false claims against the government and an official accepting gratuities. The cases range in type, seriousness and complexity and involve contractors both inside and outside the United States.

The Pentagon has viewed outsourcing a wide variety of military tasks as much more efficient, leaving troops trained in combat to the business of war.

But the Government Accountability Office reported in December that the military has been losing millions of dollars because it cannot monitor industry workers in far-flung locations.

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The Defense Department's inability to manage contractors effectively has hurt military operations and unit morale and cost the Pentagon money, the GAO said.

Some 60,000 contractors have been supporting the Army in Southwest Asia, which includes Iraq. That compares with 9,200 contractors in the 1991 Persian Gulf War.

Commanders are often unsure how many contractors use their bases and require food, housing and protection, according to the report. One Army official said the service estimates losing about $43 million each year on free meals provided to contractors who also get a food allowance.

The new Democratic Congress plans to ramp up oversight of the billions of dollars being spent in Iraq, including dollars awarded to contractors. Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, has said he plans to target contractor abuse.

Vietnam Shades Warner's Iraq Stand (WP)

By Michael D. Shear

The Washington Post, January 28, 2007

Virginia Sen. John W. Warner's words betray the guilt he still carries about the Vietnam War and help explain why this pillar of the Republican establishment is leading a bipartisan revolt against the war plans of a president in his own party.

"I regret that I was not more outspoken" during the Vietnam War, the former Navy secretary said in an interview in his Capitol Hill office. "The Army generals would come in, 'Just send in another five or ten thousand.' You know, month after month. Another ten or fifteen thousand. They thought they could win it. We kept surging in those years. It didn't work."

Is that a lesson for what's going on in Iraq?

"Well, you don't forget something like that," he answers. There is a long pause, he closes his eyes and his voice gets softer. "No. You don't forget those things."

More than 30 years after Vietnam, Warner is once again watching as generals propose additional troops. But this time, he's not staying silent. In a rebuke to President Bush, Warner is leading an effort to have the U.S. Senate declare a lack of confidence in the administration's plans to send 21,500 additional soldiers into the Iraqi war zone.

White House officials were taken aback by the move, which is striking because of Warner's stature, both in the Republican Party and as one of the country's most ardent supporters of the military. But Warner, who once was married to Elizabeth Taylor, has an almost mythic popularity, which has made it impossible for Bush allies to demonize him on the issue.

The Senate will vote on his resolution as early as this week, along with a competing one drafted by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.). There is little doubt that a majority of senators will vote their disapproval of Bush's latest plans for Iraq, further isolating the president from the people who once supported the war -- people such as Warner.

Throughout a career that might be winding down -- the 80-year-old senator won't say whether he will run for a sixth term next year -- Warner has been a Republican icon and a fierce defender of the military. He voted to go to war in 2003, and from his perch as chairman of the Armed Services Committee until this year, he was a frequent defender of the president.

But to GOP loyalists, Warner is also a more-than-occasional irritant who seems willing to buck the party line with little regard for the political consequences to his Republican colleagues.

In 1994, he campaigned against his party's nominee to become the junior senator from Virginia, Oliver North. That prompted a primary challenge when he sought reelection two years later. In 2004, he endorsed higher taxes in Virginia and later held hearings on the abuses in the Abu Ghraib prison. In 2005, he battled Bush over Supreme Court justices and the use of torture in U.S. terrorist prison camps.

Now he's at it again, delivering a new affront to Bush and offering nothing but a shrug when asked if he worries about that.

"I gotta tell you, I've gotten to that wonderful age in life -- I don't worry," he said. "If you do what in your heart you feel is right, go to sleep. Don't worry. I go to sleep and I don't worry."His Biggest Sin

The thing that makes John Warner different from most mavericks is that it's never clear when the next affront will come.

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He can go for weeks or months or even years as a revered member of the Republican family. A former Marine who led the Navy before his election to the Senate 28 years ago, Warner even looks the part of the courtly, white-haired GOP lawmaker from the South.

But every now and then, it seems, the urge strikes him.

"Obviously, when you're in the position of the White House or the party chairman, your job is much easier if everybody is just saying yes all the time," said Ed Gillespie, who as chairman of the National Republican Committee battled Warner on nominations to the Supreme Court.

It was Gillespie's job to shepherd the court nominees through Congress, a task made more difficult by Warner's alliance with 13 other moderate GOP senators. But Gillespie is a fan of Warner's nonetheless.

"John Warner understands full well that he is elected to the U.S. Senate, which is a separate and equal branch of government," said Gillespie, who has since become chairman of the Republican Party of Virginia.

Warner's biggest sin, in the eyes of conservative Republicans, was his opposition to North, who was seen as an unadulterated champion for the party's right wing. Warner called North "unfit" for office because of his role in the Iran-contra arms scandal.

Warner not only opposed North's candidacy, he recruited an independent challenger -- former Republican attorney general J. Marshall Coleman -- who helped give the race to then-incumbent Sen. Charles S. Robb (D). Infuriated, Virginia conservatives persuaded former president Ronald Reagan's budget director to challenge Warner in the 1996 Republican primary.

Warner won easily and in the process cemented what had been an evolving reputation as a moderate, independent politician.

"[We] live in a great state of people of common sense, of wisdom, and they are fair-minded," Warner said after defeating James C. Miller III in the primary.A Profound Impact

To anyone paying attention, it has been clear for months that Warner's support for the Iraq war has been wavering.

In October, just before the midterm elections, he returned home from a trip to Iraq and warned that the war effort was "drifting sideways." The comment was perfectly crafted for Warner: not too impertinent on its face but striking nonetheless.

Now he's gone further, sketching out his latest challenge to Bush during a late-night meeting last week with two colleagues in an ornate office at the back of the U.S. Senate chamber.

It is, he said, an attempt to send the same message offered by Hagel and Biden but without what he calls an overly harsh tone. Although it begins by respecting "the Constitutional authorities given a President," its bottom line is just as direct:

"The Senate disagrees with the plan to augment our forces by 21,500, and urges the President instead to consider all options and alternatives," the Warner resolution reads. He unveiled his draft a day before Bush's State of the Union speech.

"His support for a redeployment resolution -- and his opposition to the surge policy -- is very important," said U.S. Rep. James P. Moran Jr. (D-Va.), a longtime friend. "It's going to have a very profound impact on the debate."

Warner's resolution gives some of his Republican colleagues a politically safe position to take on a war that is increasingly unpopular with the American public. "When John Warner decides that these issues have seriousness . . . there are a number of people who come with him," said Warner's new Virginia colleague, Sen. James Webb (D).

But to conservatives, the effort is nothing but folly.

William Kristol, founder of the Weekly Standard, calls both resolutions "wrong, foolish and irresponsible."

Kristol is careful to say of Warner that "I think he's sincere." But he said the effect of the resolution passing will be to weaken Army Lt. Gen. David H. Petraeus, who was confirmed Friday as the top U.S. commander in Iraq and will implement Bush's surge.

"John Warner can be a patriot and still do something foolish that hurts our foreign policy," Kristol said.Support for Soldiers

Few criticisms aimed at Warner seem to have much effect on him these days.

But one has.

At an Armed Services hearing last week, Sen. Joseph I. Lieberman (I-Conn.) prompted Petraeus to express concern about the passage of a Senate resolution.

"A resolution -- a Senate-passed resolution of disapproval for this new strategy in Iraq -- would give the enemy some encouragement, some feeling that, well, some clear expression that the American people are divided?" Lieberman asked.

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"That's correct, sir," Petraeus replied.

When it was Warner's turn to speak, he was clearly upset. He called the exchange "personal" for him and said forcefully that support for the resolution should never be taken as a lack of support for soldiers in the field.

"We're not a division here of patriots who support the troops and those who are making statements and working on resolutions that could be translated as aiding and abetting the enemy," Warner told Petraeus and his colleagues. "I hope that this colloquy has not trapped you into some responses that you might later regret."

A few days later, in his office, Warner made it clear that he's unwilling to give in.

"Those who say we're not doing the right thing, tell me, what is the obligation of the Senate?" he asked. "Do nothing?"

How Iraq Affects D.C. Reputations (LAT)

The Los Angeles Times, January 28, 2007

SEN. RICHARD G. LUGAR (R-Ind.) was once considered one of the Senate's foremost foreign policy experts, while Sen. John W. Warner (R-Va.) was, well, not. Now, if you believe the Beltway buzz, their reputations have been reversed. Even if that reversal were justified — and it isn't — it shows that the president isn't the only politician in Washington whose career has been hobbled by Iraq.

Until the Iraq war, Lugar was seen as an elder statesman whose sound foreign policy counsel changed presidential minds for the better. His greatest hits included persuading Ronald Reagan to dump corrupt Philippine President Ferdinand Marcos and outmaneuvering GOP cold warriors to pass the landmark Nunn-Lugar law, which paid the collapsing Soviet Union to safeguard its nuclear arsenal.

But like his friend, Colin L. Powell, Lugar found himself frozen out by the Bush administration even as he continued showing loyalty to his president — to the dismay of his liberal admirers. Lugar's erstwhile fans could not understand why the powerful Senate Foreign Relations Committee chairman allowed himself to be rolled over by the Bush administration. Even after losing his chairmanship to Sen. Joseph R. Biden Jr. (D-Del.), Lugar hasn't challenged the White House on Iraq, offering only some mildly expressed concern about the surge strategy.

Although Lugar had previously enjoyed a reputation as one of the Senate's brightest, the courtly Warner has not radiated the same glow. As chairman of the powerful Senate Armed Services Committee, Warner was seen as the military's chief champion on Capitol Hill, stern in his defense of both military budgets and martial honor.

Because of Warner's long-reliable pro-military vote and support for Bush's foreign policy, it came as a shock to the body politic when the former Navy secretary returned from a trip to Iraq last October and declared bluntly that Congress would have to make "bold decisions" if the Iraqi government didn't shape up within three months. Warner's reversal made it kosher for Republicans to distance themselves from the president's war during the midterm elections. Three months later, the senator has introduced a resolution opposing Bush's troop escalation.

Warner may not win any lifetime achievement awards from foreign policy observers, but his defiance may go down as a tipping point in the war. Lugar's stellar reputation, on the other hand, only makes the fallout from his Hamlet-like indecision about Iraq worse. Fair? No. But that's war.

After The Fall (WP)

By Kirk W. Johnson

The Washington Post Magazine, January 28, 2007

ALL AMERICANS WORKING IN IRAQ, ARMED AND UNARMED, MILITARY AND CIVILIAN, DREAM ABOUT THEIR HOMECOMING -- about who will meet them at the airport, what they'll eat first, whether things will have changed much while they were gone. During my year with the U.S. Agency for International Development in Iraq -- first in Baghdad and later in Fallujah -- the send-offs to those finishing their Green Zone tours were a weekly ritual. Deep within our perimeter of blast walls, there would be a lot of backslapping and comparing of "Baghdad Donuts," the round computer graphics that ticked how many months, days, hours, seconds and milliseconds you had been in Iraq and how many you had left to go.

I had a plan for whenever I got back to the States: a month-long road trip with friends, from the Deep South to the Pacific Northwest. But when the time came, there was no send-off and no celebration at my return.

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Instead, I was wheeled onto U.S. soil, pushed like luggage by a disgruntled employee through the bowels of New York's John F. Kennedy Airport. My face was awkwardly concealed with yellowed gauze and strips of medical tape. Adults stole quick glances and admonished their staring children.

I wasn't supposed to be going home. And I wasn't ready to go.

From my wheelchair, I watched a set of golf clubs circuit the baggage carousel -- anything to distract my mind from the gnawing confusion. I had left Iraq, on R&R, to join a family reunion in the Caribbean. But while I had made it to the beach, now I was here, in America, and I couldn't remember the few decisive events that had led to this. Nobody knew. Every few hours, my dad, who was escorting me back to the family home in West Chicago, Ill., asked the same question: Anything yet? He was the one who had answered the frail tapping of my ring on his hotel room window, who drew open the blinds to see my mangled face. He later told my mother, who had slept through the worst of it, that I looked as if I'd been shot at close range, that he had never seen anything worse than my face that dawn. Without any answers, he clung to his theories. You don't remember being attacked, like with a crowbar?

It was useless. Despite my restless efforts to retrieve the memory, a few critical hours of my life were inaccessible. And what I'd been able to surmise, deduced from the recollections of witnesses and the physical facts of my injuries, made little sense: On the second night of my vacation, Fallujah had uncoiled itself in my mind, commanded my sleeping body upright and piloted me toward the window of my second-story hotel room. My sleeping hands pried open its latch. I went over the rail, sending myself tumbling 15 feet to the cold pavement below.

A WEEK BEFORE IT ALL, IN THE FINAL DAYS OF 2005, my brother Soren had called me as I stood at the landing zone in Camp Fallujah, to thank me for the gift I had recently mailed him: an AK-47 slug, spent in celebratory, retaliatory or predatory fire over Baghdad one August night. It had deep coppery scratches from its scuttle along the pavement beside my hooch and looked exactly as you might imagine a fired round would look. He told me he had placed it on his desk in the public relations office of the Catholic Diocese of Arlington. "It's a good conversation piece," he said. I thought about priests picking up the bullet.

"I'll see you soon, bro!" I shouted over the thump-thump of a pair of approaching midnight helicopters. I was leaving for my R&R, five days off to meet my family at a resort in the Dominican Republic. I sat with my gear on the edge of the concrete field watching the wobbling and shivering descent of the choppers. When they touched down, I made my way toward the beckoning aerial gunner under the rotor span, who read the letters I'd inked on my hand to confirm my destination. It would take only about 20 minutes to skirt over the deserted fields of the Euphrates River valley and past the glaring perimeter lights of Abu Ghraib prison before Baghdad's knotted skein of dimly lit neighborhoods unfurled below us. The helo nosed onward, and Marine aerial gunners hunched over their 50-cals, squinting through night-vision goggles. The baby Chinook was an aging bird with paneless windows that channeled in the wind, forcing my eyes shut.

The last time I had seen Soren was in the freighted days before I left for Baghdad, in December 2004. West Chicago had been blustery but bearable. My brothers had both come home for the holidays, and we strung lights around our frozen pond in the back yard, which we shoveled off with mounting excitement. Their wives took pictures and helped my baby niece explore the ice. We played hockey without skates; Mom brought us popcorn and hot chocolate, and we stopped between goals, steam wending its way from our lungs. Dad appeared at the pond's edge for a few moments with his pipe, surveying the game and his family quietly. We stayed away from the deep end, where Derek had once fallen through the ice 20 years earlier.

The night before I left for Iraq, as my brothers and I sat in my room clanking our beer bottles, I taught them the geographic cues that the U.S. government had trained me to use if I was taken hostage and appeared on al-Jazeera, kneeling in front of masked insurgents. My forehead, north. South, my chin. My nose was Baghdad.

I'd tried for nearly two years to get myself to the war zone. During the invasion, I was living in Cairo as a Fulbright scholar, studying the intersection of politics and Islamism. It was a path I'd started down at age 15, after a trip to Egypt with my grandmother sparked a fascination with the culture. I had begun studying Arabic almost immediately. By the time Baghdad fell, I had six years of Arabic under my belt, a degree in Middle Eastern history and had lived throughout the region. I nurtured profound opposition to the war, but I thought I could contribute my skills in the attempt to rebuild Iraq.

Now it had been nearly a year since I arrived in Iraq. And, frankly, it felt wrong to leave for even a week. There was still so much to be done in Fallujah, so much to figure out. I didn't want to take that responsibility lightly, like so many U.S. officials who

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had come for a few hours to get their picture taken and to say they'd been. But my family rarely had reunions, and I was due for a break. Plus, just days before I left, the 1st Marine Expeditionary Force, soon to deploy to Fallujah from Camp Pendleton in California, had requested a briefing on USAID's work in Anbar province. I would be able to fit in that trip after my R&R and was pleased at the chance to get at least some work done while I was out of Iraq.

In the helicopter, I bowed my head in a feeble effort to catch a few minutes' sleep before Baghdad. The air outside warmed as we dipped beneath the convection layer. I cracked open an eyelid and saw the drowsy Tigris ribboning through the center of the capital. We were almost to the Green Zone. I wondered from which street or rooftop an Iraqi had fired his Kalashnikov, arcing a volley of conversation pieces for my brother back home.

I checked my watch. In about 60 hours I'd be on the beach -- away from the dusty sea of armor and Humvees, rubble and barbed wire, helmets and the weary faces beneath them.

FOUR FLIGHTS LATER, MY FAMILY LAID SHOCKED AIRPORT EYES ON ME -- I'd lost a few dozen pounds in Iraq -- and smothered me with attention. They said, You don't have to talk about the war if you don't want to, but it was as though I'd never known anything else worth talking about.

USAID, a government agency, was charged with helping to rebuild the country and with providing humanitarian assistance. My first assignment when I'd arrived in Iraq at the beginning of 2005, at age 24, was as the agency's information officer in Baghdad's Green Zone. The perpetually devolving situation beyond our blast walls had turned the place into a sort of prison, and colleagues who had forged successful careers in the trenches were stuck in a bizarre arena of paperwork and booze, punctuated occasionally by the sounds of the war outside.

I grew steadily more frustrated by the surreal isolation of palaces and swimming pools bobbing with drunken contractors and began to agitate for a job outside of the Emerald City. So, that fall, I was dispatched to coordinate the agency's efforts in Fallujah, the restive (as our government labels it) city about 30 miles west of the capital on a southerly bend in the Euphrates. Despite its strategic importance, USAID had spent less than .05 percent of its Iraq budget on projects in Fallujah. I was charged with intensifying our work there before time, money or U.S. patience ran out.

My work was exhausting, infrequently rewarding and drenched with a sense of urgency and importance. What little work we had finished, I discovered, was either ill-conceived or poorly executed. We had paid more than $100,000 to erect a few billboards to encourage war-weary and unemployed Fallujans to keep a tidy city. At the government-run veterinary clinic we had funded, I walked in to find that the vet had moved all of our donated equipment to his private clinic, where he was charging the area's impoverished farmers seven times the government rate for his services -- and simultaneously asking us for more supplies. Out west in Ramadi, both the Marines and the Iraqis wanted to rehabilitate the city's dilapidated glassmaking factory -- once Anbar's largest employer -- but our advisers in Baghdad were pushing free-market policies that precluded restarting a failing state-owned enterprise. The glacial pace of our government bureaucracies meant that new projects, such as hiring droves of Fallujans to clear out the choked irrigation canals stemming from the Euphrates, would take time. So, for the moment, Anbar's steadiest employer was the insurgency, which paid for planting explosives, for sowing disorder.

Over the months, I settled into the grind, pushing myself through 80- or 90-hour weeks as though I were on Wall Street. I was sleeping less and less, exercising more and more. I felt as if the only way to obtain reliable information was with my own eyes and ears, so I took every opportunity to get out of the camp into the city's streets. Several mornings a week, I'd armor up, Velcroing on my flak jacket, and prepare for meetings downtown with city leaders. By 7:30 a.m., I'd be shivering in the Fallujah dawn, sitting on my helmet as Marines pinched out their cigs and loaded their gear into our cluster of Humvees. We would listen to the same convoy briefing: order of march, execution, rally points, enemy tactics, routes, rules of engagement, escalation of force, medical aid. It never changed. I would ride in the open-air tub of a Humvee, which resembles the bed of a pickup truck with shoulder-height armor plating. That fall, several children had run up and tossed grenades into the tubs. I would have one chance, the Marines grinned, to swat these ringers away from the Humvee before they exploded. If I missed, I'd have to warn the others, who, unlike me, carried weapons and were busy peering through the scopes of their M-16s. As the convoy lurched its way through camp, I'd sheepishly practice swats, doubting my coordination, feeling absurd.

On the hardball road that led into the guts of the city, I would join the others in sizing up everything that lay in front of us. It was all lethal. Black bags of trash became the hoods of grim reapers. Parked and idling cars, massive and rusty weapons, bits of

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string, detonation wire. Left to right, right to left, my eyes scanned pavement, bodies, vehicles, signs, medians, hands, light posts, tree limbs, eyes, gas stations, bushes, abandoned shacks, auto body repair shops, pierced and rusting petroleum tanks, overpasses, children on bicycles, children on foot, children.

Convoy movement is forced amnesia, visceral and bitter. On the road, it didn't matter that I spoke the language, knew the music, read the authors, studied the religion. What mattered was that they stayed away from my vehicle. That they not make any quick movements when I passed by. They needed to freeze. They needed to smile.

Hypervigilance, an expert in post-traumatic stress disorder later explained to me.

THOUGH I SHOULD HAVE BEEN EXHAUSTED FROM THE DAYS OF TRAVEL from Fallujah to the Dominican Republic, my mind was surging. I stayed up late the first night, talking more to myself than to my relatives. When I finally made it to bed, I lay there, staring at the ceiling and waiting for sleep.

A few hours later, I drowsily walked past the window in my room. Spotting a half-built dun-colored apartment complex outside, I dropped to the floor and shouted an expletive, thinking it was reckless for me to be walking without my body armor. A Fallujan sniper had put us all on edge after shooting several Marines in the weeks before, and here I was walking past a window without battle rattle. It was then, on the floor of my hotel room, that I realized where I was, safe. I was embarrassed and felt a sapping dissonance. I didn't remember getting out of bed minutes earlier, but I could replay with precision the thoughts that flared when I saw that building. I got back under the covers and waited for the sun to rise. I tried to forget about the confusing event and chalked it up to fatigue.

Later that day, after my family awoke, I tried to unwind but couldn't. Though tourists were relaxing by the ocean, I found it jarring to walk among civilians without a covey of well-armed Marines, past piles of litter while sightseeing helicopters flitted overhead. Again, I talked with my family for hours too long about Iraq. Even while I threw a football with my brothers and dad in the crashing surf, I thought about the briefing I'd give the Camp Pendleton Marines after my R&R, and I felt I was doing important things with my life.

That night, I folded my jeans, placed my watch on the nightstand and crawled under the sheets. This is my last memory of that night, which I now replay as one does the moments in which a car accident might have been avoided.

Primitivo, the Haitian night guard at the hotel, later told my family what he saw. At 4:30 in the morning, he noticed me perched on the windowsill, staring off in the direction of the unfinished apartment complex. "Â¡Peligroso!" he warned, pointing a flashlight at me. Dangerous ! I yelled back something he didn't understand. Rebuffed, he continued along his night watch until he heard a crashing thud. "Â¡Se cayo!" he shouted. He fell! He raced back to find me kneeling in a pool of my blood.

A ravine of torn flesh ran between my brows. My chin flapped below my jaw. I held my mouth with two broken wrists and groaned about my teeth, jarred loose from my fractured upper jaw. Blood spigoted from my forehead, from the nostrils of my broken nose, over shreds of lip.

I WAS FACING MONTHS OF REHABILITATION. But upon arriving in West Chicago with my father, I fought against my injuries, sparring with doctors, tugging at stitches, mentally truncating every estimate about how much time I'd need to heal. I had spent months climbing out of Humvees and Chinooks to develop relationships with city leaders, identify needs and draw lessons from the mistakes of the reconstruction. Now, my mother was buttoning my shirt for me.

I lay in my childhood bed, willing the cracks in my bones to seal and the stress in my mind to settle, and stubbornly considered this a mere interruption to my job. In the first days, I forced my fiberglass-encased hands to work the phone and pound a keyboard so I could leave messages with my bosses in Baghdad and e-mail them pictures of me in the hospital bed, along with the list of required medical procedures.

I knew that to return, I'd have to get a new health clearance from the government, a requisite for civilians working in Iraq. So, as though setting out to repair an engine, I made a list of everything wrong with my body. It would take at least two months for the casts to be cut from my broken wrists. The wires lashed around my jaw would be removed in two weeks, at which point I could schedule the several root canals required for my front teeth. Afterward, I could visit my high school orthodontist for another round of braces to hoist my fractured teeth back into line. All in all, I'd need eight weeks, I told my office, before I'd be good to go. I asked if there was anything I could do in the meantime, offering to work with the agency in Washington until my return or to write a report

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with recommendations for projects in the city. Aside from early well-wishes, I heard nothing back. The friends over there who took my calls told me not to feel offended: I was merely out of sight and out of mind.

I wondered how the Fallujans would interpret my absence at our next meeting. Too many U.S. advisers and politicians had swooped in and out of Fallujah, making promises soon forgotten or ignored. I had sworn to myself I wouldn't make grand promises, wouldn't disappear. Now a series of ruptures snaking across my face and through my bones was making me break my word. I started to type an explanatory message in Arabic to Khaled, a city council member who was working on proposals for agricultural initiatives in the outskirts of the city, but I felt foolish. What could I tell him?

I realized I had come to know more about Fallujah than about my own home town. Stuck in a wartime framework, I made a Fallujah of West Chicago. I studied satellite maps on my computer, marveling at elements of our infrastructure that I'd never noticed, at how insecure we were. I plotted a takeover of the town in case the West Chicagoans sparked an insurgency. How many troops would we need, and how would we divide the city for administration? Where would we set up entry and exit control points? Where would rally points be set in case of IEDs or small-arms fire? Just as Fallujans had had to convert their soccer pitch, my town would have to use our high school's football field for trench graves. As a show of force, I'd position an M1A1 Abrams tank in the parking lot between Ace Hardware and Taco Bell. I'd coil concertina wire into the street to snarl traffic into a slow, observable mass. While my parents drove me through town on the way to doctor's appointments, I imagined mile-long vehicle queues snaking round the gas station and muzzles of counter-sniper rifles poking from the rooftops.

After I had pacified West Chicago, I succumbed to my anger. A month into my recovery, and I still hadn't heard anything from the mission in Baghdad. With each procedure, new complications appeared, and my estimated return date was slipping further from my reach. In trying to fix one wrist, a doctor accidentally expanded the crack in the bone, adding weeks to rehabilitation. When my oral surgeon failed to remove one of the wires holding my loosened teeth in place, I drove to the hardware store and bought a pair of pliers. I wrenched the wire from the gum tissue myself, wiped the blood from my chin and crossed that procedure off my list.

I still couldn't explain why the accident had happened, or even how. My dad, a Vietnam vet, still insisted that I had been attacked or robbed, unwilling, I think, to accept the idea of any sort of mental failure. Friends overseas told me that Marines and diplomats I barely knew were gossiping about me -- a two-star general was overheard declaring that I had been drunk, that I was trying to get out of coming back. When people suggested, gingerly, that I might have been suffering from PTSD, I rejected it out of hand. I hadn't worn a uniform and didn't believe I had the right to group my injury with those who did. So many had it worse: Marines, soldiers, Iraqis -- so many Iraqis. I called a psychiatrist friend, who said that I probably had experienced a stress-prompted fugue state, which is characterized by dissociative amnesia and autopilot behavior. I didn't see a shrink because I didn't think I'd have the time, especially since I was still hoping to return to Fallujah.

I decided to accept that explanation as the most likely, despite its obvious frustrations: The most important decision I'd ever made in my life happened that night on the windowsill, and I wasn't around to make it. I declared a family moratorium on discussing other possibilities. I wasn't likely to retrieve the lost memory, and the conjecture was draining us all.

As to the larger question of why it happened, visitors would offer unsolicited explanations. A minister friend of the family informed me that I was breathing because I'd been saved, because God had plans for me. "It's a Wonderful Life" looped on television for the holidays, telling me I should be feeling reborn. Each day is a gift!

I didn't feel that way; I felt ridiculous. After all, I'd spent the 12 months before the fall in a landscape scarred by a hail of bombs, mortars, rockets and bullets. I had seen death and the on-the-brink moments that make you think you're headed there: On a cold morning in Fallujah weeks before I left the city, my convoy had missed the wrath of a suicide car bomb by a few minutes. The vigilant Marines in the lead Humvee had even spotted the vehicle lurking along Route Fran, but for whatever reason, its explosives were meant for someone else. The next morning, we drove past the black char blossom left by the blast on the pock-marked pavement. Yet it was sleepwalking at some beach resort that nearly did me in.

I wondered if it would be any different if I had sleepwalked over there, instead. Would it be easier to understand? The ifs were exhausting, unrelenting.

I came to loathe the night. I'd crawl into bed warily. After a few hours, I'd snap awake, the kind of awake that is complete and leaves you with no doubts as to its certainty. My doctors blamed it on the Vicodin and general anesthesia, but I'd never told them

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about the nightmares since my return. In each, I was back in Iraq, abandoned, in danger or helpless to save others. In a sweat, I'd roll over and turn on the television, which lit the room with infomercials hawking bagel slicers and girls gone wild. In the hours until the sun came up, I wondered what was happening in Fallujah.

For a while, people called from Iraq to tell me the news. The canal-clearing initiative foundered in my absence. I learned that our colleague Sheikh Kamal, head of the city council, was assassinated while walking out of his house.

January lapsed into February, and I still had no final word from Baghdad about my future in Fallujah. My bosses hadn't yet discussed with me the likelihood of resuming my work. A friend in Baghdad forwarded an e-mail from a newly arrived diplomat who asked, "Who was Kirk Johnson, where did he work, and when did he leave?"

Moments before getting the roots of my three dead front teeth bored, I thumbed through magazines in the endo-dontist's waiting room and came across a quote of mine in Time magazine, made weeks earlier on Election Day in Fallujah, at a time that now seemed so much more important, more loaded, than anything at home. Humming drill in hand, the doctor asked, What was it like over there? I wasn't ready to accept that past tense. I hadn't finished over there. Hell, my socks and razor were still over there.

But I wasn't going back. My cellphone rang a few weeks later, on the drive back from getting my casts sawed off. It was Baghdad. Mom turned down the radio. My contract had expired during my recuperation, my superiors said, and they weren't going to field a replacement for me. Congress was slashing reconstruction funds, and what remained wasn't likely to be spent in Fallujah. As I listened to the news, I stared out the window at the freshly plowed, salt-streaked parking lots that pooled around the strip malls and fast-food joints. The neon in their signs cut against the encroaching dusk: Fantastic Sams, L.A. Tan, Hollywood Video, Dollar Heaven. I was home, after all.

Kirk W. Johnson, a writer and Arabist, has lived throughout the Middle East and is working on a collection of essays from his experiences in the war.

Taliban Vows Summer Wave Of Suicide Bombers (WT)

The Washington Times, January 28, 2007

KABUL -- The Taliban is gearing up for a massive summer offensive, with more than 2,000 suicide bombers ready for action and even more preparing, a senior Taliban commander said yesterday.

The commander, Mullah Hayat Khan, issued his threat a day after a top U.S. diplomat warned that Afghanistan was in for a bloody and dangerous spring after the bloodiest year since the hard-line Islamist Taliban was ousted by U.S.-led forces in 2001.

"The Taliban will intensify their guerrilla and suicide strikes this summer," the mullah said. "This will be a bloodiest year for foreign troops."

He said 2,000 suicide bombers were ready -- about 40 percent of the total suicide force -- adding that numbers were so high that it was sometimes hard to find enough explosives and targets.

"Our war preparations have been completed to a large extent, and we're waiting for summer to set in," Mullah Khan said.

More than 4,000 people died last year, a quarter of them civilians, as the resurgent Taliban fought back with what NATO generals said was surprising ferocity.

Calling the guerrillas virulent and tough, Richard Boucher, U.S. assistant secretary of state for South Asia, warned on Friday the spring would be bloody and dangerous after the traditional winter lull in fighting.

"I think we will face a strong offensive and will have a difficult and dangerous and bloody spring," he told BBC radio as NATO foreign ministers discussed Afghanistan's future at a summit in Brussels, "but we are also better set up to deal with it."

The threat coincides with an upsurge in attacks by Muslim terrorists on both sides of the Pakistan-Afghanistan border.

Pakistani investigators probing a suicide blast at a top hotel in Islamabad said yesterday they were looking at possible links to pro-Taliban extremists near the border. Police said they were examining the head, a leg and an arm of the bomber who detonated explosives strapped to his body when he was prevented from entering the Marriott Hotel in Islamabad on Friday, killing a security guard.

"Experts are examining the few remains of the bomber's body in a bid to identify him," said Brig. Javed Cheema, the Interior Ministry crisis-management chief.

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Officials said a sketch of the bomber could not be prepared because no witnesses so far had come forward, nor had hotel security cameras filmed the attacker.

Interior Ministry officials said no group had yet claimed responsibility for the attack.

"We suspect [the attack] could be by militants opposed to the government's drive against Taliban elements in the tribal regions," a senior security official said on the condition of anonymity.

Pakistan is under pressure to curb Taliban activity in its lawless tribal zone bordering Afghanistan.

Afghanistan and U.S. officials said the Taliban uses the area to recruit and train fighters for cross-border attacks on Afghan, NATO-led and U.S. forces.

Kabul also has accused the Pakistani government and intelligence services of backing the insurgency, which claimed about 4,000 lives in 2006, the deadliest year since U.S.-led forces ousted the Taliban in 2001. Pakistan denies the charges.

House Speaker Nancy Pelosi and a delegation of U.S. lawmakers met with Pakistani President Pervez Musharraf yesterday in a mood of concern over a provision in a U.S. bill proposing restrictions on military aid to Islamabad. Neither side was scheduled to make any public comments.

The bill, passed by the House and awaiting action in the Senate, calls for ending U.S. military assistance to Pakistan if the country fails to stop the Taliban from operating on its territory, according to Pakistani news reports.

Under the provision, President Bush has to certify to Congress that Pakistan was doing its level best to combat insurgents before releasing any new military assistance. The Bush administration thinks that such restrictions on aid to Pakistan would undermine cooperation in the war on terrorism and is trying to persuade the Congress to drop the provision before it becomes law.

"Such conditionality [would] be counterproductive to the important goal ... of fostering a closer relationship with Pakistan," said a statement on administration policy from Mr. Bush's office.

CORPORATE SCANDALS:

Qwest May Face Fight For Money (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, January 28, 2007

If its ex-CEO is convicted, the firm can seek reimbursement for paying to defend him.

CA Inc. is trying to recover the $14.9 million that the software company spent to defend former chief executive Sanjay Kumar against accounting-fraud charges.

A lawsuit by the Islandia, N.Y.-based company, formerly known as Computer Associates, has targeted Kumar's cars, home, yacht and bank accounts after he pleaded guilty to masterminding a multibillion-dollar fraud.

A similar court battle could be in line for Denver-based Qwest if former chief executive Joe Nacchio is convicted of criminal insider trading.

Qwest is footing Nacchio's legal bill, which could cost up to $75 million for both civil and criminal cases, according to experts. Nacchio has pleaded not guilty to 42 counts of illegal insider trading. His criminal trial is set to begin March 19.

Bob Toevs, a Qwest spokesman, wouldn't say whether the company would seek reimbursement if Nacchio is convicted, but he said it has the right to.

Qwest and CA are just two of a large number of companies that pay legal fees for their current and former executives, experts say.

"It's very, very common for almost any corporation, and certainly for large publicly traded companies, to have provisions and agreements that will actually require the corporation to advance defense costs up front," said Lawrence Hamermesh, a corporate and business law professor at Widener University School of Law in Wilmington, Del.

Hamermesh said companies are not required to do so under state law in Delaware, which is where Qwest and many firms are incorporated.

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Instead, experts say, most companies offer indemnification from legal proceedings and pay attorney fees in advance in order to attract officers and directors to their company.

"If I'm wrongfully charged, why should I have to fork out $25 million to $50 million or $60 million to defend myself?" said John Marquess, president of Legal Cost Control, a legal-fees consulting firm in New Jersey.

Current and former officers and directors at Qwest don't have to.

Qwest can attempt to recover

Qwest says its bylaws require it to advance legal fees for officers and directors who may be involved in a civil or criminal proceeding because of their work with the company. The company also says that if a conviction is handed down, it can attempt to recover its money.

The Justice Department charges allege that Nacchio sold $101 million in Qwest stock in early 2001 while he knew the company's finances were faltering.

Nacchio's attorneys have argued that Nacchio had a rosy outlook for Qwest in early 2001 because he knew the company was in line to receive large government contracts.

Separately, the Securities and Exchange Commission has sued Nacchio and several other former Qwest executives, charging that they fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Nacchio has also been named in several shareholder lawsuits.

Toevs wouldn't disclose how much the company's insurance may be covering in legal expenses for Nacchio.

Amount of coverage varies

Insurance broker Bruce R. Swicker said companies can carry two types of so-called directors and officers insurance to help defend the company and its key officials against lawsuits - one to cover the company and the other to cover the individual officer or director. The coverage is also used to pay settlements.

Toevs said Qwest has D&O coverage. Nacchio's severance agreement indicates that the company has separate coverage for him.

A provision in the agreement says that "the company shall continue to make the indemnification/insurance payments" as defined in his initial employment contract.

Nacchio joined Qwest in early 1997 and left in mid-2002.

How much Qwest ends up paying for legal fees depends on the insurance coverage limits they purchased, Swicker said. The insurance coverage is rescinded, however, if an officer or director is found guilty of a crime that harms the company.

Enron reportedly only carried limits of up to $365 million for the entire corporation.

Qwest paid $250 million in 2004 to settle an SEC suit alleging accounting fraud. It later paid $400 million to settle a shareholder class-action suit.

D&O insurance may have covered portions of those settlements, but Qwest won't say.

Swicker said the wave of corporate scandals in the late 1990s and early 2000 forced some insurance companies to stop offering D&O coverage.

"When all this first broke, there was a definite hardening of the market, as carriers either withdrew or they lowered the limits they were willing to offer," Swicker said.

He said new corporate governance laws such as Sarbanes-Oxley have helped the market recover.

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Is The Fix Worse Than The Problem? (NYT)

By Gretchen Morgenson

The New York Times, January 28, 2007

CONGRESS has a new idea about how to rein in executive pay. Trouble is, the plan will squeeze midlevel workers, even as they need to save more money for retirement. And it won't even dent top executives' takes.

Tucked into the proposed Small Business and Work Opportunity Act of 2007 are two provisions that would limit employees' use of deferred compensation plans to save for retirement.

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The provisions are advertised as aiming at fat-cat deferred compensation plans — like those that contributed to the recent $200 million payouts to Hank A. McKinnell of Pfizer and Robert L. Nardelli of Home Depot. But tax and compensation experts say the law could hurt those making less than $100,000 a year. Potential victims also include workers at start-ups or companies undergoing a turnaround, or even people who have recently changed jobs.

"This doesn't just deal with the Nardellis and McKinnells of the world," said Brian Foley, an independent compensation consultant in White Plains. "It deals with all sorts of people who are middle management who will never make the big money and for whom deferred compensation is critical for saving for retirement."

The act is meant to give tax breaks to small businesses that may be hurt by an increase in the minimum wage. To offset lost revenue arising from those breaks, the bill proposes to limit the amount that any employee can amass in so-called nonqualified, tax-deferred compensation plans. The limit would kick in when earnings in a plan exceed the five-year average of an employee's annual taxable pay, or $1 million, whichever is less. If earnings in such plans exceed that limit, all of the employee's deferred compensation will be immediately taxable and subject to an additional 20 percent penalty and interest.

If the bill passes, the limit will take effect in 2007 and will not apply to earnings in qualified plans, like 401(k)s.

Know this: If a chief executive were to owe taxes or penalties because of the new limit, his company would surely cough them up. This practice, de rigueur in corporate America, is so venerable that we might as well call it "ye olde tax gross-up." Better yet, company accountants and tax specialists would figure out a way around the limit altogether for the top guys. Both outcomes would probably end up costing shareholders more.

Down the ladder, the story will be very different, however. "The definition of deferred comp, the types of arrangements and who it applies to is so broad," said Brigen L. Winters, principal at the Groom Law Group in Washington. "The vast majority of people affected by this will be in the $100,000 range." And it is unlikely that their companies will cover taxes generated by exceeding the limit.

Let's say an employee made $100,000 a year, on average over the past five years — that would be his annual limit for amounts earned in deferred compensation plans each year. While $100,000 may sound like a lot to generate in one year, it could be reached fairly easily. If a worker had $1 million saved in his deferred compensation account, for example, his savings would have to earn just over 10 percent in a year to put him over the limit. Then, his whole account would be subject to the tax and penalty.

Those who have worked the longest and set aside the most money for retirement would be prime candidates to exceed the limit — around the same time they would need to tap into their accounts.

Others who could be hurt by the deferred compensation cap are employees at start-up companies that pay little in salary but provide big equity stakes in deferred compensation programs to lure and keep talented employees. (Some stock options are exempt from the cap.) New hires, whose five-year average pay at their employers is minimal, could also be snared by the limit. And because certain severance payments are included in what the bill considers deferred compensation, workers who took early-retirement packages might also find themselves owing taxes and penalties. Older employees who wanted to cut back on their work life but not retire altogether — known as phased retirement — could also be hurt by the limit.

In addition, the law would discourage executives who receive restricted share units of their companies' stock from holding onto the stakes, eliminating an incentive for managers to align their interests with those of shareholders.

"Pensions are being eliminated left and right and a souped-up 401(k) can only do so much," Mr. Foley said. "If the nonqualified stuff is going to be capped and if the cap is going to apply across the board, it seems to me it puts the squeeze on the guys in the middle."

Good point. Limits on deferred compensation might not be bad if workers had been allowed to increase contributions to 401(k) plans beyond relatively low limits — $15,500 in 2007 — or if corporate pension plans were flush and growing in number rather than being terminated.

But amid fears that many employees have not saved enough for retirement and will face runaway health care costs as they grow older, limiting deferred compensation for middle-level managers seems goofy. The small-business bill's limits on deferred compensation were made without any hearings on their consequences.

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The idea behind this cap seems to be an Enron byproduct. The 2002 investigation by the Joint Committee on Taxation into Enron's failure, requested by Senators Max Baucus, Democrat of Montana, and Charles E. Grassley, Republican of Iowa, highlighted generous deferred compensation plans given to the company's executives. Senator Baucus, chairman of the Finance Committee, is a proponent of the limit.

"Enron allowed its executives to defer significant amounts of compensation even though Enron had to forgo a current deduction with respect to such amounts," the Joint Committee's report stated when it came out in 2003. "The fact that Enron was apparently indifferent to the deferral of its deduction provides further support for the need for changes to the tax treatment of nonqualified deferred compensation."

Carol Guthrie, a spokeswoman for the Senate Finance Committee, said: "There are a lot of hypotheticals out there about this provision affecting those other than whom it's meant to affect, but its application will not bear those out. This provision still allows far, far higher deferral benefits to the people it affects than those received by the average worker. It's hard to argue that 100 percent of your pay is too stingy an allowance for deferral."

But Mark J. Ugoretz, president of the Erisa Industry Committee, a lobbying organization that represents major employer health, retirement and compensation plans, said: "Historically, you do not get taxed on money that you have not received, do not have control over, or do not have the use of. That's a reasonable policy since, when the employee receives this money, the government will get their fair share."

Given the explosion in executive pay, it was thoroughly predictable that Congress would jump into the fray. But legislators' past attempts to curtail executive pay have wound up fattening already rich packages. The 1993 law that limited the deductibility of executive pay to $1 million, for example, pushed executives into enormous stock options packages.

The tax code should not be used to legislate corporate governance. This is why it is so crucial now to bring shareholders and company directors together to discuss executive pay. And why it is foolish for companies to resist those dialogues.

CRIMINAL LAW:

Libby Trial Shows Unsealed Lips In CIA (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 28, 2007

Though the agency has sought to protect covert identities, the leak case reveals that the secrecy rules are sometimes ignored.

WASHINGTON — From their earliest days, U.S. intelligence agencies have made it an article of faith to protect the identity of their secret agents. And in 1982, following a rash of malicious exposures, the CIA prevailed on Congress to make it a crime to knowingly disclose the identity of such operatives.

So in 2003, when the name of a CIA arms proliferation specialist, Valerie Plame, surfaced in a newspaper column, the agency immediately demanded a Justice Department investigation.

But last week, as former White House aide I. Lewis "Scooter" Libby went on trial in connection with the leak, it appeared that neither the CIA nor some other intelligence community insiders were all that tight-lipped about such supposedly sensitive matters.

When it came to talking to outsiders, the agent's identity was often treated as not much more than water-cooler dishing or cocktail party chatter.

A high-level CIA official dropped Plame's agency connection into a conversation with a White House aide who did not know Plame existed. Another CIA official confessed that it was only after he had mentioned the agent's name to an official outside the agency that he felt a twinge of regret — a kind of belated "oops" — over what he had done.

And former Deputy Secretary of State Richard L. Armitage, a possible witness in the Libby trial, has acknowledged discussing Plame with a reporter. Armitage, an old hand at dealing with sensitive intelligence matters, later told a friend that gabbing about Plame was "the dumbest thing he'd ever done in his life."

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The agent's identity wound up being a subject of discussion inside Washington's sprawling national security community after it was unveiled in a syndicated newspaper column. Libby is accused of lying to federal investigators looking into who leaked Plame's name to the columnist.

Plame is the wife of former envoy Joseph C. Wilson IV, who publicly raised questions about the intelligence used to justify the invasion of Iraq.

The revelations thus far in Libby's trial suggest that, though U.S. officials — especially within the Bush administration — have publicly insisted that secrecy is crucial in national security matters, there is a backstage world inside the government where even the most basic rules for protecting sensitive information may be ignored.

In theory, sensitive intelligence is highly compartmentalized and shared only on a need-to-know basis with people who have been cleared to receive it.

That was hardly the case with Plame.

In one instance described last week, the CIA's then-chief public affairs officer, William Harlow, apparently brought her name up almost in passing during a 2003 telephone conversation with his counterpart in Vice President Dick Cheney's office.

The White House official, Catherine J. Martin, then Cheney's director of communications, said, "It was a pleasant conversation. I had never spoken with him before."

Martin was calling about a report in the Washington Post that an unnamed diplomat had turned up evidence contradicting Bush administration claims about Iraq trying to get nuclear material from Niger. The story, and others that followed, said the diplomat had been sent to the African nation because of Cheney.

The vice president was upset over being linked to the venture, which undercut White House arguments about the Iraq threat.

Martin testified that Libby suggested she call Harlow.

"I remember talking about press reports about a former ambassador sent to Niger, and the press reports saying it was because of an inquiry by the vice president," she said.

"So I was saying, 'Who sent him? Who is this guy? And what are you saying to the press? It keeps getting reported that we sent him,' " Martin testified.

"Ultimately, I remember Bill Harlow saying his name was Joe Wilson, he was a charge in Baghdad and his wife works over here."

Harlow, responding to an e-mail request, declined to comment, citing the pending trial.

Libby allegedly learned that Wilson's wife worked at the CIA from the agency's top expert on Iraq, who testified Wednesday that he regretted passing along the tip.

Former CIA official Robert Grenier said he gave Libby the information. He said he had not remembered doing so when he initially spoke with investigators but recalled it later because he had a lingering feeling that he had done something he regretted.

"I recall feeling briefly guilty about it, that I had said too much," Grenier said. "By saying that Joe Wilson's wife was working in CIA, in effect I was revealing the identity of a CIA officer."

The law does not forbid all disclosures. It targets only leaks of identities of covert operatives and incidents where the recipient does not have a security clearance to receive the information. Libby, as Cheney's national security advisor and chief of staff, presumably had high-level security clearances.

But Grenier said he still had qualms about his actions "because it was not absolutely necessary for me to have said that…. Our habit is, if you don't need to say something, you don't."

CIA officials weren't the only ones trafficking in information about Plame. Former White House Press Secretary Ari Fleischer, scheduled to testify Monday, apparently disclosed her identity to several reporters.

Afterward, he was so concerned that he might have broken the law that he refused to cooperate with investigators until he was granted immunity from prosecution.

Plame had worked overseas, posing as a private energy consultant while working for a CIA department tracking weapons proliferation. Although she had been working at CIA headquarters at the time of the leak, the disclosure ended her clandestine career and could have endangered people who had helped her abroad.

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In part, the readiness of intelligence officials to bring Plame into conversations with White House officials reflected an unspoken reality of politics and power in Washington: The CIA is an independent agency, but it serves the president and other high officials — who not only use the intelligence it provides but pass judgment on its performance.

"The CIA works both sides of the street, satisfying the political bosses while protecting turf and tradition," said Williams Banks, a professor at Syracuse University law school and a national security expert. "Ironic for sure, but part of the Washington fabric."

The political pressures were especially intense when the Plame case broke in 2003. The CIA was under White House scrutiny because of intelligence failures preceding the Sept. 11 attacks and the Iraq war.

The pressure was clear in Grenier's testimony:

The former CIA official recalled taking a call from Libby, who, with what Grenier described as a "slightly accusatory tone in his voice," wanted to know whether the CIA was involved in sending Wilson to Africa and whether it had done so because of interest expressed by Cheney's office.

"It was pretty clear from the context that he wanted answers as quick as I could get them. It was unusual for him to be calling me in the first place."

Grenier said he called an individual who worked in the CIA counter-proliferation division who informed him about the trip and that Wilson's wife was working in the unit that had sent Wilson there.

Before Grenier could report back to Libby, he said, Libby's office had him called out of a meeting with the CIA director. "I don't think I had ever been called out of a meeting with the director before or since," Grenier said.

"I told him, in fact, it was true that the CIA had sent Ambassador Wilson to Niger. And how much else I said about it I really don't recall. I may have mentioned he was debriefed and a report was written."

Question: "In your conversation with Mr. Libby, did you also talk about information you had learned about Ambassador Wilson's wife?"

Answer: "I believe I did."

Question: "Can you tell us about that?"

Answer: "I mentioned that, only in passing, I said something to the effect, in fact, Ambassador Wilson's wife works here."

Question: "You felt that was a piece of information that was or should be passed on to Mr. Libby?"

Answer: "I'm not sure it should have been passed on to Mr. Libby. The reason why I said it, I wanted to be as forthcoming as I possibly could."

Assessing Grenier's testimony, Larry Johnson, a retired CIA and State Department counter-terrorism expert, said, "They wanted to avoid any unpleasantness with the vice president."

Besides, Johnson said, "If you can't give the vice president and president information with any degree of confidence that it is going to be protected, then you know, the entire game is up."

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For Hevesi Prosecutor, 'One Standard Of Justice' (NYT)

By Danny Hakim

The New York Times, January 29, 2007

ALBANY, Jan. 27 — P. David Soares, the Democratic district attorney here, has clashed at various points in his two years in office with the mayor, the police chief, the sheriff and the County Legislature. He has assailed the war on drugs as a failure that "provides law enforcement officials with lucrative jobs" and called prison building an American "economic development strategy."

Now Mr. Soares, 37, is taking on one of the most durable political machines in America: the elected officials of Albany, where built-in incumbency and a "pay-to-play" system have created a culture in which at least 10 state lawmakers have been investigated, indicted or convicted in recent years.

While Gov. Eliot Spitzer has been the most prominent voice calling for change, it was Mr. Soares who sent tremors through Albany by pressuring former State Comptroller Alan G. Hevesi, a fellow Democrat, to plead guilty to a single felony charge and to resign last month. Since then, Mr. Soares said his office has received numerous tips about wrongdoing in state government.

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Perhaps most worrisome for the capital: his efforts to look into corruption are now being aided by a partnership with Attorney General Andrew M. Cuomo, creating what could be a potent check on legislative abuses in a newly reform-minded Albany.

"This historically has been an office that was very much a part of the local political establishment," Mr. Soares said recently about the Albany prosecutor's office, which has jurisdiction over crimes in the capital. "I come to this job with a certain independence and therefore I feel much more comfortable in looking at these cases."

Much of the groundwork for the Hevesi case was laid out by the State Ethics Commission and the attorney general's office, but it was Mr. Soares (pronounced soars) who decided to pursue it as a felony investigation. Mr. Soares's predecessor, Paul A. Clyne, prosecuted high-profile cases, but the more notable, including cases against former Assemblyman Roger L. Green and J. Michael Boxley, a former top Assembly aide, ended with misdemeanor pleas.

The Hevesi case reinforced Mr. Soares's pledge to bring "one standard of justice" to the office. Although a Democrat in a Democratic-run county, he is also an outsider in a city led by older white men, a native Portuguese speaker from Cape Verde, off the western coast of Africa, who moved to Pawtucket, R.I., at age 6. He graduated from Cornell and then Albany Law School.

"Politically, my environment's a toxic environment, O.K.?" Mr. Soares said in an interview. "These are people that do not forget and have not forgotten."

From a seafaring culture, he has decorated his office with images of sailboats. He has a fullback's build and dresses in conservative suits, but also wears a wristband with the word "one" on it, part of an antipoverty campaign popular with celebrities — "I'm a big U2, Coldplay fan," he explained.

Before his 2004 election, he was an obscure junior prosecutor frustrated with his former boss, Mr. Clyne. Then he decided to do the unthinkable: run against his supervisor, and the local Democratic machine.

He told Mr. Clyne he was going to run against him, which led to a seven-minute conversation, Mr. Soares said. "First five, he laughed and didn't think to take me seriously, and the next two were firing me."

Mr. Clyne, who now assists district attorneys in the state, declined to comment.

A bitter and expensive campaign followed. Wealthy backers of drug law reform, including a group linked to the billionaire financier George Soros, rallied support for Mr. Soares. That angered local politicians, including the longtime Albany mayor, Gerald D. Jennings, who complained that interests from New York City were interfering in the election.

In a recent interview, Mr. Jennings said: "I don't have a lot of contact with David. I expect him to do the job he was elected to do."

His iconoclastic behavior as district attorney has certainly led some to see him as a hero ready to take on state government, while others see a zealous young prosecutor intent on making a name for himself.

Relations with law enforcement officials frayed last year when Mr. Soares delivered a speech in Canada highly critical of American drug policy, saying the war on drugs "provides law enforcement officials with lucrative jobs" — a comment that he later apologized for making, while not backing off from the essence of his criticisms.

"I took great offense at that," said James L. Campbell, the Albany county sheriff. "I'm in my 41st year of law enforcement, 16 as sheriff, 24 with the state police, and I have had people I work side by side with killed in this war on drugs, so I really was offended by it, but he did apologize for it."

His ability to take on corruption in state government was limited until recently. Last year, he created a public integrity unit to pursue such cases, but he had only two lawyers and one investigator working both local and state matters. Adding to his problems has been a feud with the County Legislature, which recently tried to strip him of his investigator.

Along came Mr. Cuomo, the new attorney general, who pledged to bolster the district attorney's efforts with lawyers and investigators from his much larger office. The deal has benefits for Mr. Cuomo as well — giving his own office more teeth on such cases and access to criminal grand jury proceedings — and a prosecutor with jurisdiction.

"In opening the newspapers for the past several weeks, you see scandal after scandal involving state government," Mr. Cuomo said recently, adding that corruption cases were "a higher priority than probably ever before."

Mr. Soares said he was cautious about the Hevesi case at first, because the initial complaint was delivered to his office by Mr. Hevesi's political opponent, J. Christopher Callaghan, with cameras in tow. But Mr. Hevesi's admissions that he had used

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state workers to chauffeur his wife, and scathing reports from the State Ethics Commission and the attorney general's office, provided a road map for conviction, and Mr. Soares insisted on a felony plea.

"You had to ask yourself, if this was a guy who worked at Dunkin' Donuts, and this happened to a guy that worked at Dunkin' Donuts, what would we be doing?" he said. "And if the answer is he's got to plea to this charge, he's got to pay restitution, he's got to leave his job, then what's good for the guy at Dunkin' Donuts is also good for the state comptroller."

In fact, Mr. Soares's entry into the political world similarly reflected more pedestrian concerns. The central issue in the 2004 race for district attorney was the Rockefeller-era drug laws, which sent many drug offenders away to prison for decades.

Mr. Clyne was a vocal supporter of such laws, while Mr. Soares became an outspoken advocate of easing them and felt the district attorney's office eschewed alternatives to locking people up. He was assigned to be the community prosecutor — essentially presenting a public face for the office — but felt his efforts to reach out were undermined.

The roots of Mr. Soares's feelings on drug policy go back to his youth.

In Pawtucket, his father worked as an electrician and carpenter. Though he and his three sisters have done well, his older brother has struggled with drugs and crime.

"He had brushes with the law as early as the age of 14, in and out of reform school, in and out of state prison," Mr. Soares said, adding, "my mother had to be the lady in the audience watching her son be arraigned."

Eventually, his brother was deported.

"I think what was frustrating for his family, and for David," said Joao Goncalves, a close friend of Mr. Soares's who also grew up in Pawtucket, "all the other siblings turned out just fine, but his brother was the bully in the neighborhood, he went down a different path."

Mr. Soares, he said, "sees the reality of people, and sees that there are some good people that make some really bad decisions and there are bad people that make some really bad decisions as well."

Perhaps the same can sometimes be said of politics. Mr. Soares seems intent on making his mark.

"In the wake of our most recent state prosecution, I think more people are beginning to take note," he said. "We do have tremendous jurisdiction and ability to help this governor with his reform agenda."

In The Penalty Phase, All One's Secrets Revealed (NYT)

By Michael Brick

The New York Times, January 28, 2007

In the federal court system of the United States of America, duly recorded and transcribed by professional stenographers, there exists testimony documenting the fact that one Ronell Wilson, 24, of Staten Island, wet the bed into his teenage years.

Kids might call that T.M.I., "too much information." The law calls it evidence of a "mitigating factor" that could spare a defendant's life.

Mr. Wilson may or may not get the death penalty for killing two undercover detectives; jurors in Brooklyn will be asked to decide this week. But in two weeks of testimony to determine his sentence, he has already endured an unenviable ordeal.

The degree of scrutiny afforded a capital defendant is enough to mortify anyone who has ever been a child, dated a girl, gotten a haircut or tried to dress fashionably. This is the full probe. All your secrets revealed. Some defendants consider it either more agonizing than death, a sentence no federal jury in New York has prescribed for a half-century, or at least worth a big gamble to avoid.

In 2003, in the same court, a defendant named Emile Dixon took his chances, forbidding defense lawyers to call his relatives or dissect the circumstances of his upbringing. The strategy worked well for him, or as well as possible under the circumstances. Six jurors wrote on a verdict sheet that Mr. Dixon had impressively "exhibited concern for the privacy and dignity of his family."

He is serving a life term for dealing drugs and murdering two people, including another dealer who had become a government witness.

A Killer, and Bad in Math

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In theory, this adversarial process known as the penalty phase, coda to a capital murder trial, informs jurors of the broader circumstances of the case. Prosecutors argue that the convicted man is more rotten than other killers; defense lawyers suggest causes for mercy. In practice, it can produce some bizarre tableaus. After all, once it has been established that you murdered somebody, other biographical details can seem surreally picayune.

Because of the youth of Mr. Wilson and his co-defendants, some of whom were teenagers at the time of the killings in 2003, the jury has already seen some jarringly boyish displays. In the first phase of the trial, one witness told of a clash after a school talent show. One enlarged evidence photograph showed Mr. Wilson making a gang hand sign for the camera, but the image was stamped with the logo of the Six Flags Great Adventure theme park.

On Wednesday, a gallery of TV reporters, sketch artists and figures from throughout Mr. Wilson's life learned that his I.Q. had once been measured at around 78. Asked long ago how to respond if a younger, smaller child started a fight, he had answered, "Pick him up and throw him in the garbage."

At P.S. 14 on Staten Island, he had done well in physical education, less so in math. Those grades were projected on a giant screen in the courtroom. His lawyer, Mitchell Dinnerstein, said: "We're talking about a kindergarten kid, right?"

"Everybody makes mistakes," cried Constance Wilson, Aunt Connie to the defendant, as she pleaded for his life from the witness stand. Her choice of words sounded belittlingly off-key in the courtroom, as the mistake in question was the murder of two men with young families, but the jury also heard about other transgressions to better fit that bill.

Prosecutors called a computer technician named Jack Marczewski to describe an encounter from June 1996, when he was 13 and Mr. Wilson was 14. With another boy, Mr. Wilson had demanded bus passes, rifled through young Jack's book bag, stolen his calculator and punched him in the face.

Cross-examination was brief. A defense lawyer asked Mr. Marczewski how he was doing these days.

"Ah, doing well," he said.

Indignities Left and Right

Seeking to portray Mr. Wilson as a sweet-hearted, wayward, neglected and possibly brain-damaged child, his own lawyers have subjected him to a catalog of humiliations.

They displayed a photograph of Mr. Wilson at age 12, thumb firmly in cheek.

They put his father, Robert Earl Barnes, on the witness stand, then made a spectacle of his resplendent incoherence. They revealed that Mr. Wilson was originally called Earl, presumably after this heavily sedated man who could not identify the year of his son's birth.

A former teacher at a juvenile detention center testified that Mr. Wilson had arrived at age 15, reading at a second-grade level. A counselor from the center, Michael J. Hall, who testified for the record that he liked Mr. Wilson, described him as "immature," "slow academically" and "a thumb sucker."

A defense lawyer asked: "Did he also wet the bed?"

Mr. Hall said: "Oh, yes."

Then he recounted a time when Mr. Wilson had claimed to be a member of the Bloods street gang. Mr. Wilson, he said, rescinded his claim when confronted by older boys who were known gang members.

The next witness, Milton Munroe, described Mr. Wilson's efforts to fill out a supermarket job application.

"I realized pretty much that he only had his first and last name on the application," Mr. Munroe said, "after 15 minutes of trying to fill it out."

It remains to be seen what value the jurors will place on any of this. From the defense table, Mr. Wilson has watched the parade of counselors and teachers and parents and other relatives go by. He has registered no humiliation, no particular response at all. There is some indication he just appreciates the concern.

"It's nice to know somebody still got love for me," he wrote in a jailhouse letter to a friend (who later betrayed him on the witness stand). "I feel much better to know that."

It Only Looks Like The Girls Have Gone Wild (PPG)

By Torsten Ove, Pittsburgh Post-gazette

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Pittsburgh Post-Gazette, January 28, 2007

Study finds no increase in 'violent femmes'

COLUMBIA, S.C. -- Six Eau Claire High School students, all girls, are arrested for fighting as students board buses after school.

WOONSOCKET, R.I. -- Two mothers and their daughters, both 13, are arrested after one woman drives her already suspended daughter to Woonsocket Middle School to fight a teenage rival.

PITTSBURGH -- As police try to calm two groups of teens yelling at each other, a brawl breaks out involving 20 females. One girl is bashed in the head with a brick, and her mother is bitten on the ear.

Incidents like these are showing up in news media reports across the country, often to illustrate a common theme: American girls are becoming more violent.

But have girls really gone so wild?

A U.S. Justice Department report, under internal review and due out in about a month, will largely conclude that they haven't -- or at least that there's no data to support that they have.

"We don't have good evidence that it is increasing. We think it's not getting worse," said Margaret Zahn, lead investigator for the Girls Study Group, a panel of experts assembled by the Office of Juvenile Justice and Delinquency Prevention. "The media [approach] is always, 'If it bleeds, it leads.' I do wish the media would be more careful about how these things are reported."

But the drumbeat continues. Just last week, "CBS Evening News" reported on a group of Long Island girls who videotaped vicious assaults and put them on the Internet. That story also featured commentary by James Garbarino, the author of an influential 2006 book, "See Jane Hit: Why Girls Are Growing More Violent and What We Can Do About It."

Yet the consensus of most criminologists is that the "crisis" of girl violence is probably overblown, inflated by statistics gathered from reporting standards that didn't exist years ago -- such as zero tolerance policies in schools and increased reporting of domestic violence.

"The empirical evidence shows it is a myth," says Penn State criminologist Darrell Steffensmeier, who is part of the Girls Study Group. "There are a lot of unanswered questions. But if you take the best evidence we have, the rates aren't any higher."

Pittsburgh police and city school police agree.

"I don't think it's anything new," says Lt. Philip Dacey, who until recently commanded the East Liberty station, the busiest in the city. "And if it's shooting up, it's not happening in my area here."

Some research, however, points the other way.

Cindy Ness, program director at the John Jay Center on Terrorism and Public Safety, has studied African-American girls in Philadelphia. Her conclusion is that street fights are a way of life for girls there but that most of the battles are never reported to police.

In her 2004 report, "Why Girls Fight: Female Youth Violence in the Inner City," she found that the girls she interviewed "actively pursue and enjoy physically dominating others and take pleasure in inflicting pain and in emerging victorious."

One girl, Aiesha, summed up the attitude this way: "You kidding me, girls be fighting more than boys do. They so emotional they'll fight over anything. Boys won't get into it over no he-said, she-said. They only gonna fight over something serious like money or drugs."

Ms. Ness also insists that street-fighting among girls in low-income areas is "significantly underestimated."

"I think it's largely an inner-city phenomenon," she says. "I think it's ratcheted up. But it's not to say it's crazy out of control. It's not this sense of Girls Gone Wild! It's more subtle than that."

More arrests, but why?

The root of this debate is numbers.

Girls are definitely getting arrested for assault and aggravated assault more often than they used to, according to figures from the FBI's Uniform Crime Reports.

Although juvenile arrests for violent crime are down overall, girls represent a larger percentage of those arrests.

While the rate for boys declined 26 percent between 1980 and 2003, the female rate jumped 47 percent. Between those years, female assault arrests rose from about 200 for every 100,000 girls to 750.

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Some analysts and media reports cite that fact in saying the "gender gap" between boys and girls is closing. Authors such as Mr. Garbarino have seized on it to bolster their contention that girls are becoming more violent.

He lists plenty of reasons why this is happening: the breakdown of the family, the decline of the church and the natural evolution of the women's liberation movement, which began in the 1960s and now encourages girls to be as aggressive as boys.

He and others are also big on blaming the entertainment industry for featuring "violent femmes" in action roles, such as gun-toting Lara Croft and sword-wielding Uma Thurman in "Kill Bill."

Even the highbrow heroine of the Harry Potter books, Hermione Granger, punches a boy and says, "Boy, that felt good."

"Girls in general are evidencing a new assertiveness and physicality that goes far beyond criminal assault," Mr. Garbarino writes. "It is evident in their participation in sports, in their open sensuality, in their enjoyment of 'normal' aggression that boys have long enjoyed in rough-and-tumble play, and in the feeling of confidence that comes with physical prowess and power."

But criminologists largely dismiss Mr. Garbarino's book, and others like it, as simplistic and alarmist.

The 15 members of the Girls Study Group, including such prominent researchers as Meda Chesney-Lind of the University of Hawaii at Manoa and Jody Miller of the University of Missouri-St. Louis, suggest more complex factors are at work.

For one thing, several studies that rely on self-reporting by girls, such as the National Crime Victimization Survey, show very little change in violence over the last two decades.

The National Youth Risk Behavior Survey, put out by the Centers for Disease Control and Prevention, actually shows a 10 percent decrease in fighting reported by girls in grades 9-12 between 1991 and 2003.

Some surveys could be skewed because they're often given in school, and many of the girls who fight might not be in school.

Still, says Ms. Zahn, "all the self-reporting data indicates no change. They're not reporting more violence."

Shifting definitions

The Girls Study Group says the reason arrests are up is probably that more people in authority are paying attention.

Police today are more likely to arrest girls than before in part because of laws requiring them to take action in domestic violence incidents. And since those are more likely to involve girls than boys -- often in fights with their mothers -- more girls are being charged than in years past.

In schools, fights among girls are more likely to end up with someone arrested than in the past.

Ms. Zahn, 60, said that when she was a 16-year-old student in Lorain, Ohio, a friend got into a "knock-down, drag-out fight" with another girl.

"I saw it," she says. "But that was never reported to anyone. I don't even know if the principal knew about it. Now we have zero tolerance in the schools."

Another factor, the study group says, is what constitutes an assault.

Mr. Steffensmeier says police are using broader definitions that include more minor incidents that girls are more likely to commit. His research shows that disorderly conduct, harassment and resisting arrest are now often categorized as simple assault -- and reported as such to the FBI.

"You can get busted much more easily now," he says. "If you start busting people for scratching or kicking or throwing minor objects, you're going to arrest more girls [than boys]."

And in some jurisdictions, the study group says, behaviors traditionally categorized as "status offenses" such as incorrigibility or truancy are now considered grounds for detention in a juvenile facility.

Mr. Steffensmeier says fear of lawsuits might also be pushing social workers, school officials and police to seek arrest instead of handling cases informally.

The bottom line, the study group says, is that violence among girls does not seem to be as widespread as it has been portrayed.

But Cindy Ness isn't convinced.

In Philadelphia, girls said they fought all the time to protect themselves or their reputations. What's more, many took pride in their viciousness and in "not fighting like a girl."

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One told her, "I punched her in the face and then I banged her head against the ground. I only stopped 'cause someone pulled me off her."

Others said a girl with a knife will always go for the other girl's face to disfigure her, whereas boys will stab to kill.

"This way she gonna see herself in the mirror every day and remember what I did to her," said one of the girls, named Lakeesha.

The fights often came home and ended up involving mothers, aunts and sisters, as in the brawl on Crucible Street in Pittsburgh on Jan. 8.

On one ride-along with police, Ms. Ness saw 30 women and girls in a fight that police had to break up three times before they finally made arrests.

But was that kind of behavior happening in 30 years ago?

"No one can say for sure," she says. "But it's been going on for a long time in the African-American community."

EDITORIAL: The Cavalry Is Coming (NOTP)

New Orleans Times-Picayune, January 28, 2007

With a rash of murders to begin the year and only one arrest in 14 cases, New Orleans police clearly needed help. They are getting it.

In the broadest law enforcement commitment yet from the federal government, FBI, U.S. Marshal, Drug Enforcement Administration and Alcohol, Tobacco, Firearms and Explosives agents will work the streets with police to make arrests, develop cases and reach out to residents in the city's most violent neighborhoods.

"The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system," said U.S. Attorney Jim Letten, who delivered Thursday's announcement for U.S. Attorney General Alberto Gonzales. Wherever possible, Mr. Letten said, cases will be handled in federal court.

Hallelujah.

The federal system is functioning at a much higher level than the New Orleans Police Department and Orleans Parish district attorney's office. As for the city's criminal court judges, there are so many problems with evidence gathering and prosecution of cases that it's difficult to figure out how well the judges are handling their duties. There have been judges who went out of their way to set low bonds for violent offenders. But with Judge Charles Elloie off the bench that doesn't seem to be the problem that it was a year ago.

The federal initiative will double the number of agents assigned to New Orleans and will expand their involvement. FBI agents will go on patrol with police officers and will knock on doors to try to create relationships with residents. DEA agents won't be limited to drug arrests but are being given the power to work all kinds of crimes.

The city will get six additional ATF agents, nine additional FBI agents and three extra deputies and an investigator in the U.S. Marshal's Service -- all at the expense of the federal government. The DEA also will replace ruined ballistics equipment for the Police Department.

This effort seems more about expertise than sheer numbers, though. The Police Department has struggled to put together solid cases and follow through with all the necessary documentation. Many witnesses are afraid of neighborhood thugs and distrustful of police, which is a combination that practically assures failure.

If FBI agents can turn that situation around, they will be heroes.

Two FBI agents also will work with the Police Department's cold case homicide squad, which has done some solid work in the past clearing old homicide cases. Solving old murder cases is vital, not only to bring closure to individual cases but to stem the cycle of violence. Some suspects have been linked to multiple murders but never convicted. Getting repeat violent offenders off the streets is crucial to building a safer city.

The effort to curb drug dealing is vital, too. The beefed up Drug Enforcement Administration unit will do undercover sweeps of crime-ridden neighborhoods, which is a good strategy. The effort ought to yield better intelligence about scattered drug operations and help build evidence against the violent dealers who terrorize some neighborhoods.

Federal authorities aren't new to the crime fight in New Orleans.

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ATF agents were instrumental in building a case against the 7th Ward Soldiers drug gang in the late 1990s. Federal investigators traced bullet casings fired by gang members "back into their hands," then-Police Superintendent Richard Pennington said when 16 people were indicted on gang-related charges that included murder and attempted murder.

When he arrived to take over the New Orleans FBI office in May 2005, special agent in charge Jim Bernazzani started talking about creating an intelligence-sharing group across law enforcement lines to fight street crime.

Post-Katrina, with the city's justice system in shambles for months, Mr. Letten and other federal authorities have looked for ways to work with police and to take on the prosecution of criminal cases that might have gone to state court in the past.

In November, nine people were indicted on federal drug and gun charges in Central City through the teamwork of the Police Department and agents from the FBI and Alcohol, Tobacco, Firearms and Explosives.

A few weeks before those arrests, ATF had brought back its 24-hour gun hotline. Since October, 117 investigations have sprung from calls made to the hotline, agency officials said Thursday. In one of those investigations, drug dealers were rooted out of a house they had commandeered from a woman, and her home was given back to her.

Federal intervention can only go so far. The cases Mr. Letten can prosecute are limited by law. Police, prosecutors and Criminal District Court must be equipped to handle their share of cases, and those are plentiful.

But New Orleanians weary of crime are surely thankful that the cavalry is on the way.

CIVIL RIGHTS:

Noxubee Clerk: No Inquiry Into Invalid Ballots (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 28, 2007

Noxubee County Circuit Clerk Carl Miggins testified Friday his office took no action to find out why signatures on some absentee ballots in a 2003 election were different than the signatures on the applications for the ballots.

A court ruled that 33 absentee ballots cast in a race between a black candidate and a white candidate in the race for sheriff were invalid. But the judge ruled the election results in which a black candidate was declared the winner would stand because the absentee ballots didn't affect the election's outcome.

In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against white voters.

Miggins, the last official witness called by the Justice Department, began his testimony late Friday.

He will complete his testimony Monday, when the trial in U.S. District Court in Jackson enters its third week. District Judge Tom S. Lee is presiding.

Defendants in the lawsuit are the Noxubee County Democratic Executive Committee and its chairman, Ike Brown, and the county Election Commission.

Miggins, who is black, and Noxubee County had been defendants but were removed after the county signed a federal consent decree to prevent any discrimination against voters.

Questioned Friday by Justice Department attorney Christopher Coates about the signatures being different, Miggins explained he took no action to find out why "Because the judge and the Election Commission ruled on it. ... If a judge ruled on it, I feel it is behind us."

Miggins said he personally doesn't make any determination on ballots cast the day of an election. He said it's up to poll workers to decide who can cast a ballot legally at the polls.

But Coates told Miggins that in his capacity as circuit clerk he is the administrator of absentee ballots and the registrar of voters.

Wil Colom, attorney for Brown and the Democratic Executive Committee, objected to Coates' questions about the signatures on the absentee ballots.

Colom said the difference in the signatures was not the only reason the 33 ballots were thrown out.

"There were probably 12 different reasons," Colom said.

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The defense will begin putting on its case after the government completes its case. The defense expects to take four to five days, Colom said.

Rental Housing Under Scrutiny (BRCN)

By KARA L. RICHARDSON, Staff Writer

Bridgewater (NJ) Courier-News, January 28, 2007

Central Jersey towns consider tougher rules for overcrowding

In the battle against illegal overcrowding in rental properties -- often called "stacking" -- some Central Jersey communities are considering tougher laws, some of which require the registration of individual tenants and their landlords.

That's the case in Raritan Borough, for instance, where officials might require landlords to certify the number of tenants in each rental unit, Mayor Jo-Ann Liptak said.

"We're going after the landlord who thinks he can exploit these people," Liptak said of tenants who are stacked.

Flemington, North Plainfield and Bernards also are considering stronger laws, although not everyone thinks they are necessary.

"I think there are enough regulations that adequately regulate the situation already," said William Johnson, municipal prosecutor in Somer-ville, where last week a landlord was fined for allowing a tenant to sleep in a basement.

Tougher laws might also stir the debate over whether overcrowding laws inordinately penalize Hispanics.

"Most of these ordinances go substantially beyond traditional health codes," said Stuart Deutsch, dean of Rutgers School of Law in Newark. "They are less about housing and more about who is being housed."

The ordinances, he said, come during this "very hot debate right now about immigration, especially related to Hispanics."

Her desire for a stiffer law, Liptak said, is not anti-immigrant. "It's anti-greedy landlord."

What inspections uncover

When housing inspectors uncover an overcrowded rental property, they often find other illegal -- and potentially deadly -- conditions such as:

Full-sized refrigerators and hot plates in bedrooms

Electrical cords strung like spiderwebs

Locks bolting every door

Mattresses in the kitchen and sleeping quarters in a basement or attic with only one way out in case of a fire.

Barry Van Horn, Somerville's fire marshal, has seen children sleeping in closets or in the bottom drawer of a dresser. Once, a woman without heat used coals under her mattress.

"You can't appreciate what this is all about until you see the desperation in their faces," Van Horn said.

Because of the widespread nature of the issue, the New Jersey League of Municipalities is collecting ordinances that deal with residential overcrowding, said Bill Dressel, the league's executive director.

Last week, Dressel said, the league started a immigration committee, and overcrowding will be one of the issues studied.

"There are quality-of-life issues both for the immigrant population and concerns for the residents who are there," Dressel said.

In North Plainfield -- with 5,000 rental units -- Council President Skip Stabile said a discussion about overcrowding laws, begun in 2006, might be resumed this year.

"You're really looking for the number of occupants," Stabile said.

The suggestion to study codes came from from North Plainfield Housing Director Jim Rodino, who wants to inspect an apartment when rented to a new tenant.

Now, municipal officials may inspect a property only when it is sold.

Support from a landlord

Jeffrey Allegar, a Raritan Borough landlord who owns a two-family property, supports overcrowding ordinances. He is required to register as a landlord, and his property is inspected annually.

"That's a good thing," Allegar said. "You're in there, you see are what doing. It's good for everybody. It saves a lot of hassles."

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"The burden should be on the town," he said. "If they make you register, they should check up, too," he said.

Not every community dealing with overcrowding laws is making them tougher.

When Bernardsville wanted to make sure its inspection practices were not discriminatory, it looked to Bound Brook, said Elaine Broyles, Bernardsville's Zoning Code Enforcement official, and adopted Bound Brook's revised guidelines.

In 2004, Bound Brook agreed to reform its inspection practices -- which the U.S. Justice Department said were designed to drive out Hispanics -- in order to end a federal lawsuit.

Among other reforms, Bound Brook translated its property maintenance code into Spanish, gave residents 24 hours notice to correct an illegal living situation and hired a bilingual coordinator to give residents information about housing, property maintenance and redevelopment.

On May 3, 2006, the Plainfield City Council repealed a 2004 overcrowding ordinance after determining that existing ordinances accomplished the same purpose.

When initially adopted, some residents felt it unfairly targeted the city's Hispanic population. The law had required the name and address of the building's owner, managing agent and superintendent; the number of sleeping rooms in each unit and a floor plan; and the number of people living in each unit, including children older than 2.

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Matching The Police To The Populace (NYT)

By Allan Richter

The New York Times, January 28, 2007

AS part of an initial push to recruit minority officers to the Long Beach, N.Y., Police Department in 2004, the civil service exam was opened to nonresidents for the first time. That move, police officials said, led to the hiring of a Hispanic woman and an Asian-American man, both New York City police officers.

But the department was unable to hire a police officer who was black in that recruitment drive. “We diversified but were still missing a part of the target population,” said Lt. Bruce Meyer, who heads the recruitment efforts for a department that had no black officers for almost four decades. “At that point I said we have to do more.”

Police departments in suburbs and towns across the region have been putting a new emphasis in recent years on bringing more black and Hispanic officers into their ranks as, census figures show, the white population in the suburbs has declined by 2.1 percent and minority populations have grown in the last five years.

The departments are using different tactics, with mixed success, including tweaking residency requirements and recruiting candidates who live beyond their borders. They are holding civil service tests more frequently, initiating new advertising campaigns and turning to the military for possible candidates.

In Long Beach, where the black population is 6.2 percent, according to the 2000 census, the decision was made to try again with a more ambitious recruiting effort. Lieutenant Meyer said the Police Department persuaded the civil service commission to hold another test a year later, rather than wait the usual four years. This time, posters announcing the test went up in churches, and a recruiting unit was assembled from the department’s few minority officers.

The effort yielded results: Some 750 candidates applied for the new test, up from 341 in the previous round, including more than five times the number of black candidates and three times the number of Hispanics. Two black officers were sworn in to the now 78-member police department last fall. It was the first time in 38 years that Long Beach had hired a black police officer.

Officer Judy Arroyo, who joined the Long Beach department in July 2005, said she had become a de facto point person for Spanish-speaking women enduring domestic abuse. “I’ve seen that people call and request me,” she said. “They see they can connect with me.”

In Bergen County, N.J., Sheriff Leo P. McGuire said his department has also been making a big push to diversify its ranks by changing its recruitment tactics. Instead of limiting job candidates to the county, positions for rank-and-file officers were made available to people statewide for the first time. Last month, the 466-member department swore in eight black officers, seven of them women.

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"Now the public is saying this administration means business," Sheriff McGuire said.

In Paterson, N.J., where Hispanics make up 57 percent of the city's population and blacks make up 30 percent, the Police Department took the opposite approach by focusing its recruiting efforts within the city's borders.

In addition, the city's police force recently agreed to hire "police assistants," a position created by the New Jersey Department of Personnel five years ago to help municipalities broaden their candidate lists with a more accessible entry-level post.

"We put ads in the local newspapers," said Michael Walker, the department's civilian police director. "We addressed every criminal justice class at Passaic County Community College in Paterson, across the street from our headquarters. We went to the religious community."

As a result, the Paterson police force expects to hire 18 police assistants — most of whom are Hispanic men and women — by the spring, Mr. Walker said.

Maki Haberfeld, chairwoman of the department of law, police science and criminal justice administration at John Jay College of Criminal Justice, said the public feels more comfortable when they know that "people of the same background are represented on the force."

Dr. Haberfeld added, however, "I do not think effective policing in any shape or form is related to someone's race or background."

Some police departments that have failed to increase the number of minority officers have come under scrutiny by the United States Justice Department, which has entered into consent decrees to help oversee the recruiting efforts of a number of departments, including those of both Nassau and Suffolk Counties.

Under such decrees, the Justice Department typically helps shape the content of civil service exams. But Steve Levy, the Suffolk County executive, said the department's input had done little to raise the number of minority officers.

"The test was ridiculous in that it was basing questions on biographical information and very subjective things such as your favorite color — things that had no correlation to one's ability to be a good police officer," he said.

In addition, Mr. Levy said the Justice Department vetoed his idea in 2005 to recruit police officers from Suffolk communities where crime was high. "Unfortunately we have a Justice Department that tells us what we can't do," he said, "but doesn't tell us what we can do."

Cynthia Magnuson, a spokeswoman for the Justice Department, said the consent decree with Suffolk County, agreed to in 1986, has resulted in a "significant improvement" in police minority hiring. In 1983, when the Justice Department first lodged complaints of discrimination against the county, only 25 women, or less than 1 percent of the force, and only 59 blacks and Hispanics, or 2.3 percent, were on the county police force.

In 2005, there were 320 women, or 12.1 percent, and 262 blacks and Hispanics, or 9.9 percent.

"Our contact with the county is through the county attorney, who has not conveyed to us any criticism regarding this department's input into the county's civil service examinations, or this department's monitoring of the consent decree we have with the county," Ms. Magnuson said.

The proposal from Mr. Levy that the Justice Department struck down, she added, would have violated nondiscrimination provisions of the consent decree and the Civil Rights Act of 1964 by instituting a racial quota. Mr. Levy's plan sought "an absolute preference" to fill 20 percent of entry-level police officer slots from minority communities, she said.

Ambitious and focused efforts do not always get results. Five years ago, the Hartford police began administering the department's civil service test more frequently and enlisted community leaders to help recruit candidates.

But Lester McCoy, the assistant police chief, conceded that those efforts had apparently not worked. The 420-member force is about 60 percent white, 20 percent Hispanic and 18 percent black, just as it was five years ago.

"We're not doing any worse, but were not doing any better," he said, adding that the force has not had the budget to dispatch its own recruiting teams to minority colleges and other potential sources.

Church-state "Wall" Coming Back Down? (WT)

By Joyce Howard Price

DOJ_NMG_0123346

The Washington Times, January 28, 2007

"Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof ..."

the First Amendment of the Bill of Rights to the U.S. Constitution, which took effect Dec. 15, 1791

U.S. courts rule about two times each week on cases involving whether prayers can be included in a high school graduation ceremony, an image of Jesus Christ can be displayed in a public school or a Ten Commandments monument can remain in a government building or public park.

The American Civil Liberties Union (ACLU) says such prayers and displays violate the principle of separation of church and state.

The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, estimates the frequency of such rulings between 104 and 156 annually.

Mr. Lynn, whose group often gets involved in the cases, says they represent only a small fraction of incidents that arise.

"Most of these cases never even make it to court," he says.

The ACLU, which routinely takes on such cases in federal court, has scored some important victories in the church-state area.

Those victories include the 1992 U.S. Supreme Court ruling in Lee v. Weisman, which struck down school-sponsored prayers at public-school graduation ceremonies.

Another was the court's 2000 decision in Santa Fe Independent School District v. Doe, which struck down a Texas school district's policy of permitting students to vote on selecting a classmate to lead prayers before football games.

The tide started to turn in June 2005, when the Supreme Court ruled that a granite monolith on the grounds of the Texas state Capitol in Austin featuring the Ten Commandments -- along with Jewish and patriotic symbols -- did not violate the First Amendment's ban on an establishment of religion.

Francis Manion, senior counsel for the American Center for Law and Justice (ACLJ), says that with its 5-4 opinion in Van Orden v. Perry, the high court "did away with the idea that there is something constitutionally radioactive about the Ten Commandments."

In a December 2005 ruling about a Kentucky courthouse's display of the Ten Commandments, the 6th U.S. Circuit Court of Appeals held that the phrase "separation of church and state" is an "extra-constitutional construct ... [that] has grown tiresome." The court ruled that the display was allowed because it was "part of an otherwise secular exhibit."

Since then, the ACLJ, a public-interest law firm that specializes in religious-liberty cases, has won "most of the Ten Commandments court cases" in which it has participated, Mr. Manion says.

History of the 'wall'

Many Americans wrongly assume the words "separation of church and state" are included in the U.S. Constitution.

In fact, the phrase "wall of separation between church and state" was first used by Thomas Jefferson in a letter he wrote to the Danbury Baptist Association in Danbury, Conn., on Jan. 1, 1802, 10 months after his presidential inauguration.

An analysis of that letter -- now housed at the Library of Congress -- as well as other documents from this nation's earliest years and nearly 150 years of legal decisions strongly suggest that Jefferson and his contemporaries would be at odds with the courts today regarding church-state issues, according to the Rev. Bryan Fischer, a minister and executive director of the Idaho Values Alliance in Boise.

Mr. Fischer says Jefferson coined the phrase that some judges are calling overused to "reassure" the Connecticut Baptists that they had "no need to fear oppression from the federal government or its intrusion into the free exercise of religion because the Constitution had erected a 'wall of separation between church and state.' "

"In other words, Jefferson's wall was designed to protect the church from the state, not the other way around," and it "was never intended to insulate the state from the influence of the church," Mr. Fischer wrote in a 2005 opinion piece published in the Idaho Statesman.

Mr. Lynn disagrees and calls opponents "historical revisionists."

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"Thomas Jefferson was a longtime champion of not having the state involved in religion," says Mr. Lynn, an ordained minister with the United Church of Christ. "He and James Madison erected a framework for separation of church and state. ... It's clear the majority of the framers of the Constitution had no interest in having government accommodate religion."

Mr. Manion says the two sides in the church-state debate agree that the Founding Fathers opposed allowing government "to make any religion obligatory" or giving one religion preferential treatment over another.

"But we know the framers of the Constitution permitted acknowledgement of religion in the public square. Given the things Jefferson said and did, he would be sued by the ACLU if he were president today," he says.

The 'wall' in court

Jefferson's letter to the Baptists was cited by Supreme Court justices for the first time in the 1879 case of Reynolds v. United States.

George Reynolds, a Mormon polygamist, had been convicted of bigamy in the Utah Territory. He said his conviction should be overturned because it was his religious duty as a Mormon to have multiple wives.

Eight justices held that religious duty was not a suitable defense to a criminal indictment. The majority opinion alluded to Jefferson's letter, in which he said there was a distinction between religious belief and action that flowed from religious belief.

The court said it recognized that under the First Amendment, Congress cannot pass a law prohibiting the free exercise of religion. But it noted that a law limiting marriage to one spouse at a time had been in effect since the times of King James I of England, who ruled from 1603 to 1625.

Nonetheless, the Supreme Court case cited by many legal analysts as having the greatest influence on the church-state debate today is Everson v. Board of Education of Ewing Township, N.J., in 1947.

"That's when the Supreme Court yanked the phrase out of an obscure letter Jefferson had written and inserted it in a legal ruling," Mr. Fischer says. "Overnight, it went from being an obscure phrase Jefferson had written" to being used in a way its author had not intended, he said.

In his lawsuit, Arch R. Everson charged that a New Jersey law authorizing local school boards to pay the costs of transportation to and from private and parochial schools violated the First Amendment of the U.S. Constitution and the state constitution because it allowed indirect aid to religion.

In its ruling, the Supreme Court applied the Establishment Clause to the states through the Due Process Clause of the 14th Amendment. The latter says: "No state shall make or enforce any law ... nor shall any state deprive any person of life, liberty, or property without due process of law."

However, the court was divided 5-4 in its decision that the New Jersey law allowing reimbursement to parochial-school students was constitutional.

Supreme Court Justice William O. Douglas, one of the five who signed the majority opinion in the Everson case, acknowledged in a 1970 ruling that the Everson case turned the entire issue of religious liberty on its head.

By incorporating the 14th Amendment into the Establishment Clause, Justice Douglas wrote, the high court "reversed the historic position that the foundation of those liberties rested largely in state law," not federal legislation.

Rob Boston, spokesman for Americans United, commemorated next month's 60th anniversary of the Everson ruling in the January issue of Church & State, his group's newsletter.

His article describes Everson as the "most important church-state decision you never heard of," which "kicked off the culture wars that still exist today."

"The importance of Everson can hardly be overstated," Mr. Boston wrote. "Virtually every case that deals with the 'establishment of religion' cites Everson. Federal judges use it as a touchstone when seeking guidance in contentious clashes over the proper role of religion in government. Its language appears in countless lower court rulings and legal briefs."

Debating Everson

However, there is disagreement about the importance of the Everson ruling among legal scholars.

Bruce Fein, a lawyer who specializes in constitutional law, is a sharp critic of the Everson ruling and has made his opinions known in columns published in The Washington Times and other newspapers.

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"It sows more doubts than it dispels," he says. "If there really was a wall separating church and state, a city fire department couldn't even put out a fire at a church."

Besides, Mr, Fein says, "Thomas Jefferson never insinuated the wall was at the state level."

But Jonathan Turley, professor of law at George Washington University, contends that "it makes a lot of sense to have a system where we all have basic [religious] rights, no matter what state we are in."

Mr. Manion says it's "hard to believe that in a country where 80 [percent] to 90 percent of the people believe in God" that the government forbids the acknowledgement "of the widespread nature of this belief."

John Whitehead, president of the Rutherford Institute, a public-interest law firm that takes on cases it sees as limiting religious freedom, says he sees several "ominous trends" in the church-state area.

"In the past few years, we've seen judges put more emphasis on something they call the government's speech doctrine, which limits free speech on government property," including prayer, Mr. Whitehead says.

He cites two cases the Rutherford Institute is working on, in which people were denied the right to pray in public ceremonies or meetings.

One case involves a City Council member in Fredericksburg, Va., who was told he could not say "in Jesus' name" in a prayer at a council meeting.

"So Christians can't pray now in public. It's dangerous," Mr. Whitehead says..

ANTITRUST:

Microsoft Faces New Antitrust Clash With Vista (AFP)

AFP, January 28, 2007

BRUSSELS (AFP) - Microsoft risks a new showdown with EU regulators with the roll-out of its Vista operating system nearly three years after a landmark antitrust ruling against the US software giant, officials have said.

After numerous delays, Microsoft's next-generation Windows Vista operating system is to make its debut with home computer users on January 30 after it was shipped to business clients in November.

While Microsoft readies to roll out its first revamped operating system in five years, rivals are preparing to do battle again with the IT colossus after already winning one victory in March 2004 with an EU antitrust ruling against the company.

"With Vista, Microsoft has clearly chosen to ignore the fundamental principles of the commission's March 2004 decision," said Simon Awde, the chairman of the ECIS trade association that opposes Microsoft in its antitrust troubles.

ECIS, which includes such tech giants as Oracle, IBM and Nokia, filed a complaint with EU regulators in February 2006 targeting Vista and Office and updated their action with details on Vista last month.

"We are in the process of examining this complaint," said European Commission spokesman for competition issues Jonathan Todd.

Microsoft did not respond to requests for comment on the complaint when contacted on Friday.

The US company has long clashed with the commission over the crushing market power of its existing Windows operating system and was fined a record 497 million euros (642 million dollars) in a landmark March 2004 antitrust ruling.

In addition to fining Microsoft, the EU ordered the company to sell a version of its Windows operating system without Media Player software and to divulge the software protocols underpinning Windows for makers of rival products.

Microsoft challenged the 2004 ruling in the EU's second-highest court in April and the judges are expected to hand down a decision in the first half of the year.

Frustrated with Microsoft's defiance of some of its demands, the commission in July slapped daily fines adding up to 280.5 million euros over the six-month period of the penalty for failing to fully respect the 2004 antitrust ruling.

Microsoft is appealing against the charges.

Meanwhile, the threat of further fines remains as the commission has not yet decided whether Microsoft is meeting its demands.

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The company's rivals warn that, as with earlier Windows versions, Vista is designed in a way that makes it difficult for them to build software that is interoperable with it, hampering competition in effect.

"Vista is the first step in Microsoft's strategy to extend its market dominance to the Internet," ECIS' Awde said.

ECIS claims that a computer language Microsoft has written to replace the current standard for publishing pages on the Internet, HTML, was designed to be dependent on Windows, making operations with other platforms difficult.

The association says that Microsoft is also to release a document file format that only operates seamlessly on Microsoft's Office platform unlike the existing format, Open Document Format.

The European Commission is unlikely to open a new antitrust front against Microsoft over Vista before the EU court gives its decision on the regulators' 2004 ruling.

ENVIRONMENT/INDIAN AFFAIRS:

Dearborn Waste Treatment Company Execs Face Myriad Of Dumping Charges (DEARPG)

By Cristen Kis, Press & Guide Newspapers

Dearborn (MI) Press & Guide, January 28, 2007

DEARBORN - A Dearborn waste treatment company and three former executives were indicted Wednesday and face charges of dumping untreated industrial waste into the Detroit sewer system.

CESI, Comprehensive Environmental Solutions, Inc., a liquid industrial waste treatment and disposal facility at Ford and Wyoming, is accused of violating the Clean Water Act from March 2002 until the present.

A federal grand jury returned a 12-count indictment alleging the company bypassed treatment processes and discharged untreated wastes directly into sewers, in violation of the Clean Water Act and Detroit City Ordinance requirements.

To conceal the misconduct, the indictment charges that employees made false statements and engaged in other surreptitious activities to cover up the violations.

"The federal regime of environmental laws is in place to protect the public and prevent unlawful discharges into our water system," said United States Attorney Stephen J. Murphy. "(Wednesday's) charges demonstrate the commitment of my office, U.S. EPA and the FBI to pursue possible violations of the environmental laws as well as attempts to conceal such violations."

In addition to CESI, three company officials were also indicted. Former president and CEO Bryan S. J. Mallindine, 50, of Carlsbad, Calif.; former president, general manager and sales manager Michael G. Panyard, 44, of Pleasant Ridge, Mich.; and former plant and operations manager Charles D. Long, 41, of Brownstown Township are charged with conspiracy and Clean Water Act violations.

Mallindine is also charged with obstruction of justice and Panyard is facing seven false statement charges.

A fourth employee, former plant manager Donald A. Kaniowski, 37, of Dearborn, pleaded guilty to unlawfully bypassing treatment equipment and discharging untreated liquid wastes into the sewer system, in violation of the Clean Water Act.

If convicted, the employees could face up to five years in prison for each violation of conspiracy or making false statements; up to three years in prison for Clean Water Act violations for unlawfully bypassing treatment equipment or otherwise violating local pretreatment requirements; up to two years in prison for the Clean Water Act violation of tampering with or rendering inaccurate monitoring equipment.

Mallindine also faces up to 10 years in prison for the obstruction of justice charge.

According to the indictment, CESI took over ownership and operations at the Wyoming Street facility in 2002. The facility had a permit to treat liquid waste brought to the facility through a variety of processes and then discharge it to the Detroit sewer system.

The ink, oil and other pollutants discharged are considered harmful, but are not classified as hazardous waste.

"The indictment in this case alleges that the defendants were paid to accept millions of gallons of waste at a time when their storage tanks were already filled to capacity," said David M. Uhlmann, Chief of the Justice Department's Environmental Crimes Section. "The defendants then allegedly discharged the waste into the Detroit sewer system without adequate treatment, which is precisely the type of conduct that the Clean Water Act was enacted to prevent."

The facility contained 12 large, above ground tanks capable of storing more than 10 million gallons of liquid industrial wastes. According to court records, although the facility's storage tanks were at or near capacity, the company continued to accept millions of gallons of liquid wastes it could not adequately treat or store.

The indictment alleges that, in order to reduce costs and maintain storage space at the facility for additional wastes, the defendants often bypassed treatment processes and discharged untreated wastes directly to the sewer.

Untreated and insufficiently-treated industrial wastes discharged into a sanitary sewer can interfere with the operation of a sewage treatment plant, causing a discharge of untreated sewage and other wastes into a lake or river.

If a major storm event causes a sanitary sewer to exceed its capacity, then untreated and insufficiently-treated industrial wastes in that sanitary sewer may discharge directly to lakes and rivers.

CESI also came under scrutiny in April 2002 after a major oil spill dumped about 85,000 gallons of oil into the Rouge River and cost more than $7 million to clean up. That spill — and a 5,000-gallon oil spill in 2004 — were never linked to a source.

Robert Moll, CESI spokesman, told a local television station that the company "fully cooperated with the investigation" of the 2002 spill and continues to believe it was not involved.

Moll also said the company "added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices."

The Long Road To Energy Independence (NYT)

By Matthew L. Wald

The New York Times, January 28, 2007

President Bush never used the phrase “energy independence” in his State of the Union address last week, and it is just as well. His program for cutting gasoline demand is ambitious in scope, but modest in effect, according to experts.

The reason is that the United States has fallen down a very deep well, and it’s hard to get out. Last year, the United States imported 60 percent of the oil it consumed. If, as Mr. Bush proposes, we cut gasoline consumption 20 percent by 2017 — about 2.1 million barrels a day — then the share of oil imported will fall only by 4 or 5 percentage points.

In fact, the government expects the share of imported oil to fall anyway, to less than 56 percent, because of a rise in domestic production, mostly from the Gulf Coast.

Domestic production has fallen sharply since the mid-1970s, but the Energy Information Administration, which is part of the Energy Department, expects production to rise to almost six million barrels a day by 2017, up from a little over five million barrels a day now.

Mr. Bush is also proposing an increase in fuel-economy standards and an increase in the production of ethanol and other gasoline substitutes, hoping to keep oil consumption relatively steady. Without such intervention, oil consumption is forecast to rise to just over 23 million barrels a day in 2017, from nearly 21 million barrels a day today.

“It’s an enormous challenge,” said John Felmy, the chief economist of the American Petroleum Institute, the industry’s main trade association.

Production of ethanol from corn has already put pressure on food prices, according to some agriculture experts, but Mr. Bush’s plan involves tripling the production of corn ethanol, and making huge amounts of ethanol from cellulose, which is not now done commercially.

Integrating that much ethanol into the fuel supply will involve many more rail-tanker cars or trucks, because ethanol cannot be shipped in conventional pipelines. In addition, the gasoline formula with which it is mixed has to be changed, or the mixture evaporates too easily, causing air pollution.

The actual amount of ethanol produced will depend on what is technically feasible and on the price of oil. But at the rate of change suggested by the Bush plan, energy independence is about a century away.

Top Democrats Still Divided? (POL)

By Josephine Hearn

The Politico, January 27, 2007

DOJ_NMG_0123351

Many of the models displayed at the Washington Auto Show have brought couples together over the years. Did it work for House Speaker Nancy Pelosi, D-Calif., and Energy and Commerce Chairman John Dingell, D-Mich.?

The Politico heard differing accounts of the success of the auto date and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)

A Democratic aide close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: "We no longer anticipate a floor battle," the aide said.

But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute:"I am pleased to report that the Speaker agreed to work closely with us when drafting the resolution to create the Select Committee …we will continue working in good faith to find a solution that will satisfy the concerns of our Members while preserving the overall objectives of the Speaker. I am confident this is possible."

But, he added, he's still keeping his firepower at the ready: "If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully." Translation: Nancy, I reserve the right to make this ugly for you.

Still, it's unclear whether Dingell has the muscle to win this one on the floor. He'll have some help from Republicans eager to deliver a loss to Pelosi, but a Republican leadership aide conceded that "25 to 35" moderate Republicans likely would break ranks and side with her. So Dingell can only count on around 170 Republican votes, which is a long way from 218 even if every one of the 31 Democratic members of the Energy and Commerce Committee vote with him, which they won't. (Committee member Anna Eshoo, D-Calif., a Pelosi confidante, declared in a closed-door meeting last week that she "doesn't worship at the altar of jurisdiction," according to a Democratic aide.)

Worry Over Expiration Of U.S. Law That Helped Rural Areas (NYT/AP)

The New York Times, January 28, 2007

MARLINTON, W.Va., Jan. 27 (AP) — The expiration of a federal law that provided $385 million for schools and roads last year in some of the nation's most scenic and rural areas has administrators in 41 states concerned.

In 1908, President Theodore Roosevelt struck a bargain with rural America: In exchange for allowing the creation of national forests, counties would receive 25 percent of the receipts from logging and other resource sales.

In return, the land would be off limits for development and could not be taxed by state and local governments.

For years, financing fluctuated with the price of timber. Recognizing the stress these market fluctuations put on schools, Congress offered a short-term solution, the Secure Rural Schools and Community Self-Determination Act, a six-year financing plan that expired in December.

West Coast states would feel the pain on the largest scale. Last year the program paid Washington $42 million and California $66 million. Oregon took the most, $149 million.

School administrators who have depended on the revenue for the last six years say they may be forced to cut staffs and programs. Without a solution, the counties will revert to the old 25 percent-share formula. But 25 percent of what, the school districts wonder.

"It's un-American for the federal government to walk away from rural communities of America, and we're here to remind them of that commitment," said Bob Douglas, president of the National Forests Counties and Schools Coalition, which estimates that nine million children could be affected.

But with the budget deficit, and spending on the wars in Iraq and Afghanistan, it is difficult to gain support for a solution, said Mark Ray, under secretary of natural resources for the Department of Agriculture.

The law will cost West Virginia $2 million if Congress does not agree to reauthorize the program by March.

"It will be very devastating," said James Law, superintendent of schools for Pocahontas County, where more than half of the county cannot be taxed or developed because it lies within Monongahela National Forest.

"We don't have income from homes or businesses because we don't have the population and we don't have the benefit of use of that land for development," Mr. Law said.

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West Virginia's state financing for schools is based on the number of students, so low population density hurts the bottom line in rural regions. Rural schools are also spread out over often difficult terrain, meaning districts must pay for long and expensive bus rides.

One Forest Service proposal that remains a possible source of revenue is the sale of 170,000 isolated tracts of national forest lands, Mr. Ray said. So far, though, Congress has been unable to agree how the program should be financed.

Representative Peter A. DeFazio, Democrat of Oregon, has introduced a bill calling for reauthorization of the Community Self-Determination Act through the 2013 fiscal year.

Senator Ron Wyden, Democrat of Oregon, introduced a bill in the Senate to continue the program.

The House legislation has been referred to the committees on agriculture and natural resources.

"It is not just the Pacific Northwest at risk," Mr. DeFazio said last week in a speech on the House floor. "It is hundreds of counties and school districts, from Florida to Maine, all across America, who are at risk."

Mr. Douglas, who is also superintendent of Tehama County schools in California, said administrators in nearby Trinity County — home to Shasta-Trinity National Forest — might have to lay off staff and school nurses and eliminate library services, arts and music programs and counseling.

"If this money goes away," he said, "there are going to be catastrophic changes."

2 Wolf Groups To Lose Endangered Status (NYT/AP)

The New York Times, January 28, 2007

BILLINGS, Mont., Jan. 27 (AP) — Wolves in the Northern Rockies will be removed from the endangered species list within the next year, the Fish and Wildlife Service said Friday.

The agency also will remove from the list wolves in the Western Great Lakes region. Announcements on the two proposals are planned for Monday, said Sharon Rose, an agency spokeswoman.

If the Northern Rockies' proposal skirts expected legal challenges, it would open wolves in the region to trophy hunting for the first time since an intensive wolf restoration effort began in the late 1980s.

The Great Lakes wolves would be protected from public hunting for at least five years.

The action caps a sharp turnaround for the wolf. By the 1930s, following a prolonged government-sponsored eradication effort, gray wolves were virtually eliminated across the West. The animal was declared endangered in 1974, shortly after passage of the Endangered Species Act.

Federal and state biologists previously have said that each of the states in the Northern Rockies, Montana, Idaho and Wyoming, will be required to maintain a minimum of 100 wolves, including 10 breeding pairs, or the animal would again come under federal protection.

Tribes In Texas, Elsewhere, Oppose Bid To Change Gaming (AP)

By Garry Mitchell, Associated Press Writer

AP, January 28, 2007

ATMORE, Ala. — The melodic bing-bing-bing on the electronic bingo machines at the always-open Poarch Creek entertainment center in south Alabama has kept players busy and the parking lot crowded.

Would they keep playing if the game took a little longer and required more players? Or would they head to gaming centers elsewhere, off tribal land?

These questions have poured into the National Indian Gaming Commission in response to its proposal to change such electronic games, a move that Indian tribal leaders in at least 10 states, including Texas and Alabama, fear could cause hundreds of millions of losses in annual revenues and hundreds of jobs.

"These proposed rules are unnecessary and should be significantly revised to reduce new layers of federal bureaucracy," Chadwick Smith, principal chief of the Cherokee Nation in Oklahoma, has told the NIGC.

With advances in technology, the NIGC says the line between Class II games, such as bingo, and Class III games, such as Vegas-style slot machines, has blurred. The commission, joined by the Justice Department, has proposed new uniform standards for Class II games that are widely used in Indian gaming centers.

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Tribal leaders contend the change would cause bingo games to be less entertaining, played at half the current pace by requiring a two-second delay between each ball draw and, in one example, requiring a customer to wait for five additional players instead of the current one additional player.

An additional wait doesn't sit well with some players.

"To me, it would reduce your chances of winning," said James Stromer, 73, of Pensacola, Fla. He lives about an hour's drive from Atmore, and about two hours from the slots at Mississippi Gulf Coast casinos.

"Class III machines are best for me, like they have in Biloxi," he said on a recent January afternoon.

Bryan Couch, 35, who lives on the Creek reservation in south Alabama, said he's opposed to adding minutes to the playing time because he's usually in a hurry.

"Sometimes I don't have a whole lot of time. I try my luck and get on out," he said.

NIGC spokesman Shawn Pensoneau said he did not have a date for a final ruling on the proposed change.

"This being an extremely important issue to the Indian gaming industry, the commission is carefully reviewing all of the comments, recommendations and concerns before publishing a final rule," he said.

Pensoneau said some tribes may agree that a distinction between Class II and Class III games would be beneficial to the industry. "Exactly how the distinction is determined is where the differences arise," he said.

Nationwide, the new-rule scenario could reduce gaming revenue by $142.7 million, with an additional loss of $9.6 million in non-gaming revenue, according to an independent analysis of the proposal for the NGIC by Alan Meister of the Los Angeles-based Analysis Group, Inc. The analysis also says about 458 tribal member jobs would be lost.

In Alabama and other states without tribal-state compacts, Class III games are not allowed. Tribal leaders say the changes to Class II games will drive away players, leaving tribes with little recourse but to consider whether to continue operations.

Poarch Creek Chairman Buford L. Rolin of Atmore has asked the commission to withdraw the proposed rule changes and would like to avoid any litigation over the issue.

Rolin estimates the Poarch Creeks, Alabama's only federally recognized tribe, would have lost more than $65 million last year in net income out of its $108.3 million in revenue if the rule change had been in place.

Because of the regulatory uncertainty, he said, the tribe also may be forced to shelve its $500 million expansion plans for two of its existing gaming centers in Alabama. The tribe has 2,100 machines at three locations.

"These numbers may appear dramatic, but when the proximity of competition is considered they may be conservative," Rolin said in a letter last year to NIGC Chairman Philip N. Hogen in Washington, D.C. "In short, the viability of our gaming enterprises is at stake."

The NIGC has been trying to determine which games fall under tribal-state compacts and which do not. Rolin says if the Creeks' machines fall into the Class III category under the proposed standards, the tribe will seek to continue using them for three years under an exception to the NIGC rule.

In 2004, the NIGC identified certain Poarch Creek games as "questionable." Rolin said the tribe removed 76 games and modified about 600 others to satisfy the NIGC's concerns. That action resulted in a 34 percent decrease in revenue and a 56 percent decrease in net income, Rolin said.

"There is no game in existence in the Class II gaming industry that would be able to stand up to the proposed standards," said Smith, the Cherokee chief in Oklahoma, in a letter last November to the NIGC.

Under the proposed changes, he said his tribe would be forced to shut down all of its 2,165 Class II games.

Dexter W. Lehtinen of Miami, an attorney for the Miccosukee Tribe in Florida, said the proposed regulations will prohibit the growth of Class II gaming and "micromanages tribal business judgment and regulatory responsibilities." He said the proposals also would eliminate virtually all games that Congress intended to allow as "similar to bingo."

Kickapoo Chairman Juan Garza of Eagle Pass, Texas, said Congress passed the Indian Gaming Regulatory Act, in part, to boost tribal economic development.

"Class II gaming has done just that," Garza said in his written comments on the proposed changes. Like Alabama, Texas has no gaming compact with the tribe, which rules out Vegas-style casinos. Because of that, he said, the tribe is wary of any proposals that may undermine the games it operates.

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The analysis by Alan Meister's group found that tribes with a viable alternative to Class II machines, such as Vegas-style slot, would not be likely to suffer losses in gaming revenue. These tribes include all of those with Class II machines in Arizona, Florida, Oklahoma, Oregon, and Wyoming, and most tribes with Class II machines in California.

Tribes without a viable alternative to Class II machines would have to adopt lower revenue-generating machines that comply with the proposed changes. These tribes include all of those with Class II machines in Alabama, Alaska, Minnesota, Montana, Nebraska, New York, Texas, South Dakota, Washington and Wisconsin, and the one tribe with Class II-only facility in California.

Veteran players interviewed at the Creeks' Atmore gaming center on Jan. 19 were unaware of the NIGC debate and couldn't quite grasp how it may affect their bingo.

"I just make sure how much money I'm playing," said O. H. Rivers, of Pace, Fla. "Longer you stay on the machine, the happier you are."

On the Net:

http://www.nigc.gov

FBI/DEA/ATF/USMS:

Drug War Victories (SDUT)

By Robert J. Caldwell

The San Diego Union-Tribune, January 28, 2007

The battered Tijuana cartel is on the ropes

Mexico and the United States, working together, are steadily dismantling the murderous Tijuana drug cartel, the infamous Arellano Félix Organization. Once among the most powerful and feared criminal syndicates in Mexico, the AFO is now a shambles. Its top leaders are dead or in custody. Most if not all of the AFO leaders now behind bars face trial in the United States, where bribery cannot buy the criminal justice system and intimidation doesn't work.

Mexico's extradition of 11 accused narco-traffickers to the United States a week ago wielded the weapon the cartel leaders fear most. If convicted, they will spend the rest of their lives locked away in maximum security federal prisons. The favors and preferential treatment, the illicit opportunities to continue running their drug empires, even the possibility of escape or early release that their money might buy in Mexico won't be available in the U.S. prison system.

Here, the capos of Mexico's drug mafias will have 50 years or more to sit in their cells reflecting on the untold numbers of murders they ordered, the horrendous torture they routinely sanctioned and the millions of lives blighted or destroyed by their drugs. Under the terms of these extraditions, U.S. authorities must respect Mexico's prohibition on extradition of criminal suspects who would face sentences of death or explicitly stated life terms. Prison sentences of 50 or 60 years would substitute nicely for the latter.

Mexico's extraditions – which included eight drug kingpins, among them two top AFO lieutenants and an AFO assassin, plus the former head of the Gulf cartel – sent the cartels another jarring signal. Mexico's new president, Felipe Calderón, is more determined than any past Mexican president to break the drug mafias that threaten to turn Mexico into a narco state. After just seven weeks in office, Calderón did what no other Mexican president has done – delivered Mexican drug traffickers en masse to the United States for trial.

The pending defeat of the AFO, implicit in these extraditions and the recent capture by U.S. authorities of AFO leader Javier Arellano Félix, sends a message of hope that Mexico desperately needs. To wit, that the rule of law can yet prevail over the narco-trafficking syndicates that have made Mexico synonymous with drug-war killings (more than 2,000 last year) and massive, systemic corruption of Mexico's police and government at the local, state and federal levels.

For the United States, law enforcement's cumulative defeat of the AFO sends a signal hardly less welcome.

Mexico has long been the source or transit country for most of the illicit narcotics on America's streets: cocaine, marijuana, methamphetamine and heroin. While the plague of smuggled narcotics won't end so long as a lucrative market exists in the United States, defeating Mexico's cartels is nonetheless vital for both countries.

The drug cartels have turned border cities such as Tijuana and Cuidad Juarez into lawless killing grounds. The resulting epidemic of deadly mayhem is a threat on both sides of the border. Over time, the cartels also became stunningly efficient at the mass export of drugs to the United States – quantities of narcotics measured not by the kilo or the ton but by hundreds of tons. In turn, the billions of dollars in illicit drug-trade profits made corruption a veritable underground industry in Mexico.

For reasons of economics, geopolitics, national security and immigration, it is a paramount American interest that Mexico's historic democratization and economic modernization succeed. The drug cartels pose a massive threat to the rule of law that must underpin these reforms.

So, the extradition of AFO figures Ismael Higuera Guerrero, his younger brother Gilberto Higuera Guerrero, and Jose Alberto MÁrquez Esqueda and their delivery to San Diego to face federal charges represent much more than merely a criminal justice matter.

Ismael Higuera, aka "El Mayel," was the AFO's top lieutenant and director of operations, according to federal indictments, until his capture in Ensenada in 2000 by an elite force of Mexican para-military police. Younger brother Gilberto faces federal charges of running the AFO's Mexicali operations and using kidnapping, torture and murder to protect his drug smuggling. José Alberto MÁrquez, aka "Bat," is an accused drug trafficker and AFO enforcer.

The Higuera brothers and MÁrquez will join Javier Arellano Félix, the most recent AFO head until his capture in international waters off Baja California last August by the U.S. Coast Guard, in line for trial in federal court here. Francisco Arellano Félix, the oldest of the Arellano brothers but only a peripheral figure in the cartel, also faces trial on a 1980 drug charge. Francisco was extradited by Mexico in 2006 after serving a dozen years in prison in Mexico.

The U.S. Justice Department is formally requesting the extradition of eight other AFO leaders in custody in Mexico, including the cartel's longtime leader Benjamin Arellano Félix, who was captured in Mexico in 2002.

If, as is now expected, the Calderón government extradites the rest of the AFO leaders to the United States, the cartel's top leadership would stand trial in federal court in San Diego. The evidence against them, painstakingly accumulated over a decade and a half by the U.S. Drug Enforcement Administration and other federal law enforcement agencies, is overwhelming.

That leaves the battered Arellano Félix Organization apparently under the uncertain leadership of the sole Arellano brother still at large, the reclusive Eduardo.

Thanks to years of dedicated and often dangerous work by law enforcement in Mexico and the United States, the AFO's two-decade reign at or near the top of Mexico's drug cartels is ending.

Meanwhile, President Calderón has sent the Mexican army and thousands of federal agents into Tijuana, Cuidad Juarez, the states of Sinaloa and Michoacan and other regions long infested with narco-traffickers. The United States must wish Calderón well, provide maximum cooperation, and continue to press for extradition of all drug traffickers under indictment in the United States.

A counter-narcotics war popularly disparaged as a chronic loser, yet vital to the national interests of both Mexico and the United States, is producing its biggest victories ever.

Caldwell is editor of the Insight section and can be reached via e-mail at robert.caldwell@uniontrib.com.

Gun-safety Center Targets 'corrupt Dealers' (WILNJ)

By Robin Brown, The News Journal

Wilmington (DE) News Journal, January 28, 2007

Mayors group places crime as high priority for meeting

A national group fighting gun violence tied into a mayors conference to push for reform and more federal resources to cut illegal gun sales by "corrupt dealers."

The Brady Center to Prevent Gun Violence unveiled its study called "Shady Dealings: Illegal Gun Trafficking From Licensed Gun Dealers" last week in Philadelphia -- a city struggling with gun violence -- joined by the city's Police Commissioner Sylvester Johnson and others.

The release of the study, which does not directly address Delaware, was timed to precede the start of the 75th winter meeting of the United States Conference of Mayors, running Wednesday through Friday in Washington.

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The Brady center cited gun violence as a top issue for mayors across the country.

The mayors group did not make a formal response to the Brady center study.

But crime already had surfaced as No. 2 in the mayors' 10-point legislative agenda on issues impacting cities and families. That agenda first was presented to House Speaker Nancy Pelosi, then brought to the full mayors meeting headed by Conference President and Trenton Mayor Douglas H. Palmer.

The mayors are calling for a federal-local partnership to fight crime, including the creation of a federal trust fund that could fund law enforcement deployment, support of local innovations, fight domestic violence and pay for crime-fighting technology. They also back restoration of past federal block grants and policing funding.

The Brady study pointed more directly to the U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives. The study concluded the bureau lacks enough resources to inspect licensed gun dealers and that laws should be changed to ease prosecution and increase penalties for gun-sale violations.

The ATF had no immediate response to the study.

ATF Resident Agent in Charge Richard Young, based in Wilmington, said he knows of no agency reports ranking or detailing how Delaware is faring in illegal gun sales or legal sales of guns that later surface with criminals.

He referred questions to the Baltimore regional office, which referred questions to the ATF's Public and Government Affairs Office in Washington, which didn't comment.

Pennsylvania figured centrally in the Brady center study as the state was the site of 11 of 28 case studies it detailed.

The study did not include any Delaware cases among those cited as proof or examples of problems from repeat gun-buying customers and multiple copy gun sales to in-store "straw purchases" of guns for other people, and dealers selling to traffickers at gun shows.

Pennsylvania cases, however, were as close to Delaware as Philadelphia and Willow Grove.

Ohio had five cited cases, while Oklahoma had three, Arizona and Georgia had two each and one was cited in Maine, Virginia, Indiana, Alabama and Florida. Like Delaware, Maryland had none.

Staffing an issue

The study concluded that the understaffed ATF also faces hurdles pursuing what it called "corrupt dealers."

The agency faces a high threshold of proof for prosecution, but serious record-keeping offenses -- tied to guns ending up in criminals' hands -- are only misdemeanors, the study said.

Separate from the study, the center's legislative and grass-roots affiliate called The Brady Campaign to Prevent Gun Violence recently launched a nationwide effort, the "Campaign Against Illegal Guns." Campaign officials described that as "a landmark multiyear effort to stem the trafficking of guns from licensed gun dealers into the hands of criminals, kids and other prohibited purchasers."

Two years ago, the center's activism arm graded Delaware on state laws to keep firearm violence out of families.

Delaware's report card had a final grade of C. Subject grades ranged from A -- for the state's minimum age of 21 for sale or transfer of handguns and 18 for other firearms -- to a pair of F's.

The F's were for what the Brady group called the state's lack of gun-safety lock and design standards and lack of background checks for secondary private gun sales.

The Brady center and campaign are named for Jim Brady, an aide to former President Ronald Reagan who was shot and seriously injured in a presidential assassination attempt. Later, Brady and his wife became gun-safety advocates and lead the center.

Contact robin brown at 324-2856 or rbrown@delawareonline.com.

IMMIGRATION:

A Family Apart, A Child In Pain. For What? (STPPP)

By Rubén Rosario

The St. Paul Pioneer-Press, January 28, 2007

DOJ_NMG_0123357

The federal judge predicted this would happen. So did the doctor and nurse who have treated the little boy since birth.

But their warnings meant nothing. A legal system that proved stubbornly deaf to common sense brushed aside their concerns. All this could have been avoided.

Instead, 16 months after the federal government deported his mother, 3-year-old Cece Lamah finds himself facing months of difficult medical care — mostly on our dime.

Cece, hospitalized in Minneapolis, endures daily pain. One recent afternoon, he asked his dad to remove a needle and tube from his arm because they hurt so much.

Two years ago, U.S. District Judge Donovan Frank, Dr. Stephen Nelson and nurse Jane Hennessy of Children's Hospital in Minneapolis warned in court filings that deporting the boy's mother, Cynthia Lamah, would have a devastating domino effect.

Cece, a U.S. citizen, has sickle cell anemia, a condition that requires constant care and monitoring. His mother was his primary caretaker.

At the time, the boy's father, Daniel Lamah, a native of the Congo granted political asylum in the United States in 1999, worked as a tile setter and had health insurance benefits.

But Cynthia Lamah came here illegally from Germany with a falsified passport. She did so after her requests for a visiting visa and political asylum were denied. Federal officials ordered her deported.

"This could put Daniel's work and the family's financial situation in jeopardy," Nelson and Hennessy wrote in a July 6, 2005, letter filed in court and sent to officials at the Homeland Security Department and Immigration and Customs Enforcement. "Sending Cece, a United States citizen, to Cameroon, with his mother would also put him at high risk."

Frank, who reviewed a last-minute request for a reprieve, concluded he had no legal standing to block a Justice Department immigration judge's deportation order. He nevertheless criticized the move on practical and moral grounds.

"This is a sad day for those who believe that when a judge adheres even-handedly to his or her oath of office, justice will prevail and the public interest will be served," Frank wrote. "To the extent that a civilized and democratic society is judged by the way in which it treats and protects its most vulnerable members, it has failed today."

Here's what has transpired since my 2005 column on the family's plight.

Cynthia, who suffered a miscarriage while detained at the Ramsey County jail in July 2005, was deported two months later to Cameroon. She now lives with one of her husband's sisters in nearby Guinea.

In December 2005, Daniel Lamah was laid off by his longtime employer, a Twin Cities construction company.

"They told me it was because of a work slowdown," Daniel Lamah, 41, said last week inside the hospital room that has turned into his makeshift home for the past two weeks. "I suspected, because some friends still work there, that it might have had to do because I had to take time out three times to find day care or take my child to the hospital."

Unemployed, with no family here and unable to find an adequate sitter to tend to his son's needs, Lamah made a choice in February 2006 that he dreaded: taking his son to Africa to stay with his mom.

"It was a risk, because I knew that the doctors there had little knowledge about (sickle cell anemia)," he said. "We took extra medication, antibiotics, and I felt I could come back and find a job and bring him back."

He returned to the Twin Cities in May. He has not found work. Meanwhile, his son underwent what Nelson describes as questionable and damaging surgeries to alleviate bone swelling in his body.

"Had that happened here, it would be malpractice, and I would lose my license," Nelson said, adding that the life expectancy of a child with sickle cell anemia in West Africa is less than five years, as opposed to 50 in the United States.

The surgeries apparently led to bacterial infections that have significantly attacked the boy's bone structure, particularly his upper arm and left leg.

Daniel Lamah flew to Guinea on Dec. 23 to bring his son back here. A family physician took one look at the kid and ordered him sent to Children's.

"I was horrified when I saw him," Nelson said, his anger palpable. "His left femur is essentially destroyed. He hasn't walked in about a year. He will need months of IV antibiotics and a blood transfusion every three to four weeks.

"Compared to just taking care of a child with sickle cell anemia, the medical expenses now for him, that the taxpayers are going to pay, is just astronomical. And this boy has suffered both physical and emotional trauma."

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But hey, we followed the law, didn't we? We got rid of another illegal alien.

Though disappointed at how his life is going, Daniel Lamah still clings to the concept of the American dream.

"I'm still dreaming," he says. "I still love and am grateful for this country."

The dream is what he had before this entire nightmare — a steady income, a home in Brooklyn Center bought before thoughts of bearing or raising children or having his wife come here from Germany. Now he's in danger of losing the home as well.

Unlike his countryman Dikembe Mutombo, the Houston Rockets center deservedly singled out for praise last week by President Bush during his State of the Union speech, Daniel Lamah is not 7-foot-2 and can't dunk a basketball.

If he could, the government would have found some way to stretch or break the rules and keep Cynthia Lamah here, raising her kid. You can bank on that.

Instead, Daniel Lamah is still waiting for the green card he applied for more than six years ago. He has no money to hire a lawyer to even inquire about it.

Michele Garnett McKenzie, director of Minnesota Advocates for Human Rights' refugee and immigrant program, is looking into the Lamahs' situation. She said Daniel Lamah cannot apply to get his wife back here until he receives his green card and becomes a naturalized U.S. citizen.

Even so, she said, the fact that Cynthia Lamah was deported means she must wait at least 10 years before she can be allowed to reunite here with her husband.

"He has been through a lot," said McKenzie, who knows of Daniel Lamah's experiences in his native land. "He was a (Congolese) government worker who was jailed, placed in solitary confinement and forced to drink his own urine because he refused to shoot at innocent civilians."

Daniel Lamah doesn't want handouts. He wants a job in order to take care of himself and his son. On this morning, however, his focus rests squarely on Cece, crying from hunger because he is scheduled for surgery to have an IV tube placed in his chest.

A nurse walks into the room and asks Daniel Lamah whether he would prefer to have his son wheeled out on a cart.

"No," he responds as he gently drapes Cece over his right shoulder.

"I'll carry him there. It's no problem."

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Minnesota's Guard: Eyes On The Border (MINNST)

By Jean Hopfensperger

Minneapolis Star Tribune, January 28, 2007

SANTA TERESA, N.M. -- As dusk fell over the desert, silhouetting distant mountains in red, Specialist Thomas Bolinger pointed binoculars toward the border and watched for anything suspicious.

Soon the Minnesota National Guardsman saw something: car headlights nearing a Mexican ranch a mile away. Then the headlights clicked off. More illegal migrants about to sneak into the United States? Bolinger grabbed his hand-held radio and alerted the U.S. Border Patrol.

It's a routine task in his unusual new mission.

Across the nation's 1,300-mile border with Mexico, in a no-man's land of cactus and tumbleweed, thousands of National Guard soldiers are now playing a front-line role in the divisive fight over illegal immigration. Bolinger is among the first wave of Minnesota Guard members trying to stop the more than 1 million migrants who attempt or make illegal crossings each year -- a tide that's flowing up to Minnesota and bringing both benefits and burdens.

"You can see how they just want to make a better life for themselves," Sgt. Ryan Clark, of Byron, Minn., said from his outpost in Deming, N.M. "But there's a [legal] way to do that."

The National Guard's assignment, dubbed "Operation Jump Start," is part of a broad crackdown along the southwestern border that President Bush initiated last year.

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Another controversial step in that plan began last week: construction of a massive fence and other border barriers. Meanwhile, in his State of the Union address last week, Bush also revived his push for a guest-worker program and said that immigration reform is one of his priorities this year.

Federal officials say the National Guard's deployment, which began months ago for some state units, reduced border arrests in the last three months of 2006 by 26 percent from California to Texas -- to about 153,000.

"It's gone extremely well," said Craig Duehring, a Mankato native who is the Pentagon's principal deputy assistant secretary overseeing reserve affairs. "In each border patrol region, the number of arrests has gone down."

But some immigration experts say the military build-up is forcing illegal immigrants either to find more remote crossing points or to rely more on smuggling networks that abuse and exploit them. Others say it does nothing to address the root causes of illegal immigration.

"When you resort to putting the military on the border, you're admitting to the failure of the system you've set up," said Kathleen Walker, an immigration attorney from El Paso and president-elect of the American Immigration Lawyers Association.

Long, watchful days and nights

About 80 Minnesota Guard soldiers took up positions on the border here in New Mexico three weeks ago. Another 120 were deployed this weekend.

Minnesota is one of 47 states and territories answering the president's call. Last summer, Gov. Tim Pawlenty said he would deploy the state's Guard to the border because illegal immigration was "nearly out of control" and the level of border enforcement was "embarrassing."

National Guard troops from other states are erecting fences, repairing Border Patrol vehicles and building border barriers against cars. Minnesota troops are strictly doing surveillance.

They spend long days and nights perched in mobile watchtowers high above the desert or stand next to their Humvees armed with binoculars and radios.

The soldiers are from the Albert Lea-based D Company, 2nd Battalion, 135th infantry. Many of them have served in Afghanistan, Kosovo or Iraq. Border duty, they say, is an unusual change of pace.

"It's a heck of a lot easier here," said company commander Capt. Eric DiNatale, 35, of Lake City.

Last week, DiNatale's soldiers were divided between Santa Teresa, an area about 15 miles west of El Paso, and Deming, about 70 miles northwest. Wearing camouflage fatigues, the Guard members in Santa Teresa could be spotted along Hwy. 9, which runs parallel to the Mexican border. Their olive green tents and turquoise portable toilets offered a hint of color in the otherwise drab desert.

Across the vast desert, it's nearly impossible to distinguish where Mexico ends and the United States begins. No fence. No Rio Grande. Just endless miles of rocky, rolling terrain of sand and shrubs.

The Guard members around Deming were further inland, watching for illegal immigrants who had already slipped into New Mexico and were on their way north. Relaxing at their new base, most of the Guard members said they had yet to spot anyone illegally crossing the border.

But Sgt. Clark said he had witnessed a crossing a day earlier. He was checking on soldiers at their surveillance posts, wind-swept from unexpected cold hitting the region, when they noticed a figure on a hilltop about 50 meters away.

It was an elderly man wearing a backpack and worn-out jacket and boots, Clark said.

Realizing he had been spotted, the man walked toward the soldiers to turn himself in. He stopped, took off his hat and fanned his face, Clark said.

The Minnesota Guard notified nearby Border Patrol agents, whose white and green vehicles whizzed to the scene. Within a half hour, Clark said, 10 people were arrested.

In that instance and all others, the Guard's rules of engagement were simple -- identify suspicious activity and report it to the Border Patrol. Guard members' weapons can only be used for self-defense.

What Clark witnessed was a typical border crossing, but others are more elaborate, said Doug Mosier, a spokesman for the U.S. Customs & Border Protection Agency.

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Illegal immigrants have strapped wood to the bottom of their shoes, with animal hoofs attached to the bottom of the wood, to prevent Border Patrol agents from spotting their tracks. Some migrants also sweep up their tracks in the sand with a branch after each step. And some walk backwards toward the border, Mosier said.

Others have come through legitimate border crossings disguised as priests, military officers and even clowns. One group dressed in Lycra and tried to pass themselves off as a bicycle team, he said.

"You have to respect the ingenuity," Mosier said.

The Border Patrol has its own tricks. It places portable sensors, triggered by movement or contact, in areas with frequent illegal crossings. It uses cameras, infrared spotlights and helicopters. Border Patrol vehicles also continually drag tires over the sandy trails that criss-cross the desert so fresh footprints can easily be seen.

Permanent barriers

The National Guard's new presence on the border is making a big difference, said Larry Jones, the Border Patrol liaison with Operation Jump Start in the El Paso/New Mexico area.

In New Mexico and western Texas, border arrests dropped 38 percent in the last months of 2006, as compared to the previous year, Jones said. Soldiers also have built more than three miles of permanent vehicle barriers on the border just west of Columbus, N.M., he said.

Across the border from there, the town of Palomas, Mexico, now has many empty hotel rooms and restaurants because far fewer illegal immigrants are passing through, said Eduardo Correo, owner of the San Carlos Hotel there.

"People don't know much about the National Guard," said Correo, whose business is down about 60 percent. "They just think of them as the military. And that makes people scared."

Immigrant advocacy groups along the border say the presence of soldiers disturbs them because it implies that illegal immigrants are a dangerous enemy. The U.S. border is not a battlefield, they say, and the people crossing are overwhelmingly just ordinary people seeking a better life.

For more than 30 years, Ruben Garcia has run a shelter for illegal immigrants in El Paso. The newly tightened border security, he said, is merely rerouting border-crossers or causing them to wait to "see how this plays out."

Among those watching and waiting is Victor Hernandez, 40, who was in Juárez, Mexico, one recent day selling newspapers next to the wide bridge that connects his city to Texas. Downtown El Paso is so close he can read the signs on the stores and see what sidewalk mannequins are wearing.

Like many Mexicans, Hernandez has slipped into Texas for years, worked in agriculture or as a day laborer, and saved some money before heading back home to his family in Mexico. He has seen the new fences, the helicopters and the troops. He said he thinks the solution is for people like him to be able to cross legally and work -- not sending more soldiers.

"It's getting harder to cross," Hernandez said. "But people will keep trying anyway."

Study Of Immigrants Links Lighter Skin And Higher Income (NYT/AP)

The New York Times, January 28, 2007

NASHVILLE, Jan. 27 (AP) — Light-skinned immigrants in the United States make more money on average than those with darker complexions, and the chief reason appears to be discrimination, a researcher says.

The scholar, Joni Hersch, a professor of law and economics at Vanderbilt University, looked at a government survey of 2,084 legal immigrants to the United States from around the world and found that those with the lightest skin earned an average of 8 percent to 15 percent more than similar immigrants with much darker skin.

“On average,” Dr. Hersch said, “being one shade lighter has about the same effect as having an additional year of education.”

The study also found that taller immigrants earned more than shorter ones, with an extra inch of height associated with a 1 percent increase in income.

Other researchers said the findings were consistent with other studies on color and pointed to a skin-tone prejudice that went beyond race.

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Dr. Hersch took into consideration other factors that could affect wages, like English-language proficiency, education, occupation, race or country of origin, and found that skin tone still seemed to make a difference in earnings. That meant that if two similar immigrants from Bangladesh, for example, came to the United States at the same time, with the same occupation and ability to speak English, the lighter-skinned one would make more money on average.

"I thought that once we controlled for race and nationality, I expected the difference to go away," Dr. Hersch said, "but even with people from the same country, the same race, skin color really matters."

Although many cultures show a bias toward lighter skin, she said her analysis showed that the skin-color advantage was not based on preferential treatment for light-skinned people in their country of origin. The bias, she said, occurs in the United States.

TAX:

Communities Quiet On Bond Probes (BLOOM)

Bloomberg, January 28, 2007

NEW YORK -- Cities and towns across the United States are being investigated by the Internal Revenue Service and keeping the investigations secret from taxpayers.

The IRS sent more than 100 letters last year to local governments from California to Pennsylvania, saying bonds they sold may be subject to federal taxes, said Charles Anderson, who led the field operations for the IRS's tax-exempt bond division until this month. Fewer than a quarter of the municipalities disclosed the probes.

"The entire market is hampered by that lack of information," said Martha Haines, chief of the Securities and Exchange Commission's Office of Municipal Securities. With municipal bond sales averaging $30 million each, 100 letters indicates as much as $3 billion is under scrutiny.

Bond audits cost taxpayer-funded agencies more than $100 million from 2001 to 2005, according to IRS data. Abuses first spotted by the agency led the Justice Department to issue more than a dozen subpoenas last year in the broadest probe to date of the municipal bond market.

The IRS has focused on whether municipalities paid banks inflated fees to invest proceeds from bond sales before the money was used for roads, schools, sewers, and other projects. Local governments are required to return most profits from investments as taxes, so higher payments to banks erode IRS revenue. US prosecutors are checking whether banks violated antitrust rules by fixing prices of the investment products.

State and local governments raise $400 billion a year in the municipal bond market, borrowing at lower rates than corporations or the federal government because debt payments are exempt from taxes.

Bonds that lose tax-exempt status usually fall in value and increase a municipality's financing costs, so local governments agree to pay IRS fines 95 percent of the time rather than risk a challenge, according to Anderson.

"We need to have more information," said Richard Ciccarone, chief research officer at McDonnell Investment Management in Oak Brook, Ill. , which oversees $11 billion.

"We need to know which deals are being targeted and why. We as investors have to know if there's a pattern" to the types of deals that draw IRS scrutiny, he said.

The Budget Illusion (NYT)

The New York Times, January 28, 2007

In the State of the Union speech, President Bush said that the budget deficit had been cut in half from 2004 to 2006. Not quite. The deficit declined, but not by half, from $412 billion to $248 billion. If you measure it as a percentage of the economy, Mr. Bush was off by an amount equal to about $15 billion.

Then, Mr. Bush greatly compounded his otherwise modest exaggeration by taking credit for the reduction, when the deficit really fell despite his policies, not because of them. The distinction is crucial, to understand both the current mess — in which debt is mounting just as huge obligations are coming due for Medicare and Social Security — and how best to get out of it.

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The drop in the deficit over the past few years was due largely to the cyclical recovery from the earlier recession, and to a boost in revenue when temporary business tax cuts expired after 2004.

Mr. Bush, meanwhile, has pursued a single-minded strategy of spending more while slashing taxes. That is the opposite of deficit reduction; it has made the budget hole deeper than it would have been. Still, Mr. Bush wants you to believe that tax cuts caused the economic recovery, and thus the budget improvement. If you follow that logic, the key to continued improvement would be continued tax cuts, and that is just what Mr. Bush called for last week. He conjured a bright future in which the deficit disappears after he leaves office, without anyone ever having to raise taxes.

That was the speech, and then there is reality, which came knocking within days when the nonpartisan Congressional Budget Office released its annual 10-year budget outlook. The outlook is for a cumulative deficit of $2.9 trillion to $3.4 trillion — about $300 billion a year — if, as Mr. Bush wishes, the tax cuts are extended beyond their scheduled expiration in 2010 and tax relief continues for Americans wrongly afflicted by the alternative minimum tax. In arriving at its estimate, the budget agency also assumed that costs for the war in Iraq would start going down next year, an assumption that, if proved wrong, would result in even higher deficits.

In the absence of overt tax increases, that leaves Mr. Bush only three ways to erase the deficit. He would have to make pie-in-the-sky assumptions of revenue growth, which would be dicey in any event, but folly at a time when the economy is slowing. He would have to renege on his pledge to protect taxpayers from the alternative minimum tax, a huge backdoor tax increase. Or he would have to persuade lawmakers to make cuts in spending even more draconian than those already dodged by the previous Republican-controlled Congress.

Fortunately, such cuts are necessary only if one accepts Mr. Bush's premise that taxes must never rise under any circumstances. That is clearly a false premise. Mr. Bush's tax cuts should largely be allowed to expire. Facing that truth is not a fiscal challenge, it's a political one.

Mr. Bush will not meet it. But a future president and Congress will have to.

CONGRESS-ADMINISTRATION:

Lawyer Suited For Tough Inquiries To Replace Harriet Miers (AAS)

By Ken Herman, WASHINGTON BUREAU

Austin American-Statesman, January 28, 2007

Democrats' rise created need to replace White House counsel, officials say.

WASHINGTON — White House Counsel Harriet Miers, President Bush's longtime go-to lawyer, is being replaced by a longtime Washington lawyer viewed as more suited for the rough-and-tumble of congressional investigations to come.

For 13 years, Bush had turned to Miers when he needed a personal lawyer, a Texas Lottery Commission leader, a key White House aide and a Supreme Court nominee.

She retains the president's respect and friendship, but three cabinet members, all longtime friends of Miers', said the Democrats' rise contributed to Miers' demise.

The nation's top diplomat put it diplomatically. "Changed circumstances require changed talents," Secretary of State Condoleezza Rice said.

The changed circumstances include anticipated Democrat- led congressional investigations of the Bush White House.

When Miers leaves this week, Fred Fielding will become White House counsel, an office in which he worked during the Reagan and Nixon administrations, making him a veteran of the Watergate and Iran-Contra investigations.

Just what the president needs, some say.

Josh Bolten, Bush's chief of staff, acknowledged last week in a National Public Radio interview that the White House is gearing up for "some tough oversight hearings and so on."

In an interview Friday, Miers shed no light on why she is leaving. "I had a series of discussions with (Bolten), and we both concluded that it was time to make a change in the counsel's office," she said.

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Asked about Rice's comment, Miers said, "I think the role of the counsel's office is always to guide the presidency in the areas where legal issues are implicated, and to that extent the role will remain the same.

"But every day was different when I was here, and I'm sure every day will be different when I'm not," said Miers, a former Dallas lawyer who has not decided what she will do when she leaves the White House.

Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, both longtime friends of Miers' dating back to their work for Bush in Texas, agreed that the new Washington reality contributed to the need for a new top White House lawyer.

Gonzales, who preceded Miers as White House counsel, said, "There are others who have dealt with these kinds of issues before, people that have more experience with them than even I do."

Bringing Fielding on board is part of making sure "we have the best assets, the best tools, to deal with those challenges," Gonzales said.

Spellings agreed that change was needed.

"The nature of a job changes as times change," she said, praising Miers as among the most tireless workers in the administration.

Outside experts concur with the insiders' views of why it was time for one of Bush's closest aides to leave the West Wing.

"I just presumed the White House was going to want to change the counsel to someone who had Washington-based experience and who is a Washington insider who had connections to Capitol Hill," said Nancy Kassop, a State University of New York-New Paltz political scientist who has studied the White House counsel office.

William Marshall, a University of North Carolina law professor who worked in the White House counsel office in the Clinton years, said Miers' departure was predictable.

"It's not a slight on her abilities," he said. "It just recognizes that when you are playing defense in the way the White House will have to that somebody who is experienced in responding to subpoenas and other kinds of things is appropriate."

In October 2005, Bush nominated Miers to succeed Supreme Court Justice Sandra Day O'Connor. The selection went down in flames under questions about Miers' qualifications, her conservative credentials and the administration's unwillingness to let senators see sensitive documents Miers had worked on at the White House.

On Friday, Miers had nothing but nice words about her three weeks as a Supreme Court nominee.

"The experience was very, very enjoyable in many, many ways and, of course, it goes without saying, for a lawyer to be nominated to the Supreme Court by the president of the United States — and for me particularly this president — is an incredible honor," Miers said.

She was, however, critical of the judicial confirmation process.

"It's very unfortunate that people view the process as so troublesome that it discourages people from coming forward and offering themselves to serve," said Miers, a top Bush hand in selecting judicial nominees.

Bush, though benefiting from Fielding's experience, could miss the long, close ties he shares with Miers, according to Gonzales.

"I think not having that background is something Fred will have to overcome," he said. "There will be a learning curve for Fred. He doesn't know the president as well as Harriet does."

Experts See Peril In Bush Health Proposal (NYT)

By Robert Pear

The New York Times, January 28, 2007

WASHINGTON, Jan. 27 — With his proposal to uproot a tax break that has been in place for more than 60 years, President Bush has touched off an impassioned debate over the future of the employer-based system that provides health insurance to more than half of all Americans.

“Changing the tax code is a vital and necessary step to making health care affordable for more Americans,” Mr. Bush said in his State of the Union address this week.

Mr. Bush said his proposal would eliminate a bias in the tax code that strongly favored insurance provided by employers over coverage bought by individuals and families outside the workplace.

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Paul Fronstin, director of health research at the Employee Benefit Research Institute, a nonpartisan organization, said: "The president's proposal would mean the end of employer-based benefits as we know them. It gives employers a way out of providing the benefits because their employees could get the same tax break on their own."

Tony Fratto, a White House spokesman, denied that the president wanted to move people away from the employer-based system and toward the individual insurance market. "We are seriously agnostic on that," he said.

It might take years for changes to occur. "Large corporate employers could not immediately terminate their health benefits because there is, at present, no reliable place where employees can get coverage they can afford outside the workplace," said Frank B. McArdle, a health policy expert at Hewitt Associates, a benefits consulting firm.

The economic rationale for Mr. Bush's proposal is that too many people have "gold-plated, deluxe" health insurance, which encourages them to use excessive amounts of health care, driving up costs for everyone.

Many economists agree. But they doubt that Mr. Bush's proposal would do much to hold down costs or cover more people.

"The president's proposal addresses inequities in the tax code that provide an open-ended subsidy for premiums paid by employers," said Robert D. Reischauer, a former director of the Congressional Budget Office. "If your employer does not provide health insurance and you have to buy it on your own, you get no tax benefit at all. The president's plan would eliminate that distinction."

But Mr. Reischauer said, "A glaring problem with the president's plan is that he did not call for any stronger regulation of the individual insurance market." In that market as it now exists in most states, insurers can deny coverage or charge higher rates to sick people.

In their desire to achieve universal coverage, some Democrats have also begun to raise questions about the employer-based system. "We have to ask ourselves if the employer-based system of health care is still the best way for providing insurance to all Americans," said Senator Barack Obama, Democrat of Illinois, noting that workers frequently changed jobs.

The Service Employees International Union negotiates with employers to secure health benefits for its members, but the president of the union, Andrew L. Stern, said, "The current employer-based health care system is not the foundation for 21st-century health care reform."

Mr. Bush's proposal differs radically from President Bill Clinton's plan for universal coverage, but experts on health benefits said they were similar in one respect: In an effort to help the uninsured — about one-sixth of the population — they would upend the system that covers most Americans.

The Clinton plan would have provided comprehensive health benefits to 39 million uninsured Americans, with more than $400 billion in new federal spending over 10 years. The White House says the tax changes proposed by Mr. Bush would provide coverage for 3 million to 5 million people at no cost to the government over 10 years.

Since Mr. Bush took office in 2001, the number of people without insurance has increased by more than 5 million, to 46.6 million, according to the Census Bureau. Administration officials said they hoped to reverse that trend by helping states that offered basic private insurance policies to their residents. To pay for such help, the administration would take federal money from hospitals that serve large numbers of poor people.

Under Mr. Bush's proposal, employee health benefits would, for the first time, be treated as income and would be subject to income and payroll taxes, just like wages. At the same time, Mr. Bush would create a tax deduction for health insurance of $15,000 for families and $7,500 for individuals. The same deduction would be available to everyone with coverage, regardless of the source or value of the policy.

A family with coverage worth $18,000 would have to pay taxes on the amount exceeding the $15,000 standard deduction — $3,000, in this example.

Katherine Baicker, a member of the president's Council of Economic Advisers, said the proposal would increase taxes for 30 million people with the most generous employer-provided health benefits, unless they "change their behavior" and choose less costly coverage. Ms. Baicker said the proposal would cut taxes for more than 100 million people who bought insurance on their own or had employee health benefits worth less than the standard deduction.

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Treasury officials said that under the Bush proposal, an uninsured family of four with an annual income of $60,000 would save $4,545 if it bought coverage in the individual market. By contrast, they said, a family that earns $80,000 and has employer-provided coverage worth $20,000 could see a tax increase of about $1,500.

Joel D. Kaplan, deputy chief of staff at the White House, acknowledged that the proposal could accelerate the trend of employers' dropping health benefits for employees. But he said more people "would be able to buy insurance in the individual market," so there would be "a net increase in the number of insured."

Politicians and health care providers are skeptical.

Representative John D. Dingell, the Michigan Democrat who is the chairman of the Committee on Energy and Commerce, said, "The president's proposal would do little to help the uninsured, but would undermine the employer-based system through which 160 million people get coverage."

Richard J. Umbdenstock, president of the American Hospital Association, agreed. "The tax proposal would have the effect of driving people to the small-group insurance market — a market that has proved unstable," Mr. Umbdenstock said. "For many people, even with a tax break, coverage would remain unaffordable."

Historically, employers have used benefits as a tool to recruit workers and keep them healthy and productive.

R. Bruce Josten, executive vice president of the United States Chamber of Commerce, praised the general direction of the president's proposal but said his members had serious concerns.

First, Mr. Josten said, the $15,000 cap on tax-free insurance takes no account of wide geographic variation in the cost of health care and insurance. The same package of benefits typically costs more in Boston than in Minneapolis, for example.

Moreover, Mr. Josten said, a health plan may be expensive because it covers older workers with major medical problems, not because it is "gold-plated." A single mother, working as a low-paid secretary at a law firm, could be pushed into a higher tax bracket because she participates in an $18,000 health plan covering older men who have had heart attacks and expensive surgery, Mr. Josten said.

Treasury officials acknowledged that some people with costly, comprehensive benefits had modest incomes.

But deluxe health plans are vanishing fast. In recent years, many workers have found themselves paying more for less comprehensive benefits. From 2000 to 2006, premiums for employer-sponsored coverage rose 87 percent, about four times as fast as workers' earnings, according to the Kaiser Family Foundation.

Rangel And Others Condemn Bush Medicaid Plan (NYT)

By Ray Rivera

The New York Times, January 28, 2007

Representative Charles B. Rangel and a number of city officials urged President Bush yesterday to reconsider a proposed change to Medicaid that could cost the city's public hospital network millions of dollars in annual financing.

"We want to make sure the president knows how damaging his health care proposal will be to our Health and Hospitals Corporation," the City Council speaker, Christine C. Quinn, said, referring to the agency that runs the city's 11 public hospitals and dozens of diagnostic centers and health clinics.

Agency officials estimate the president's plan would cost the corporation about $350 million a year, about 7 percent of its annual budget.

Ms. Quinn joined Mr. Rangel and more than a dozen other elected officials and health care representatives at City Hall yesterday to protest the president's proposal.

"Isn't it embarrassing we have to do this," said Mr. Rangel, who promised to join other Democrats and use his post as chairman of the powerful Ways and Means Committee to cut off funds to the president's health care plans.

"How can a great nation like ours explain that we can't take care of our own," he said, adding that the president's proposals come as "millions are being spent on a war that nobody wants."

Mr. Bush's proposal would end a longstanding regulation that allowed public hospitals to receive more money from Medicaid, the health plan for the poor, than private hospitals receive for the same services.

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Federal officials have said that the resulting savings could be sent to the states in the form of “affordable choice grants” and used to provide the uninsured with private health insurance.

Alan D. Aviles, president of the Health and Hospitals Corporation, said that the rule was in place to help public hospitals that provide treatment to the indigent, and that losing it would “shred the safety net of the safety net providers.”

The City Council plans to send a letter to the president this week opposing the proposal.

A Deal In The Desert For Sen. Reid? (LAT)

By Chuck Neubauer, Tom Hamburger

The Los Angeles Times, January 28, 2007

BULLHEAD CITY, ARIZ. — It's hard to buy undeveloped land in booming northern Arizona for $166 an acre. But now-Senate Majority Leader Harry Reid effectively did just that when a longtime friend decided to sell property owned by the employee pension fund that he controlled.

In 2002, Reid (D-Nev.) paid $10,000 to a pension fund controlled by Clair Haycock, a Las Vegas lubricants distributor and his friend for 50 years. The payment gave the senator full control of a 160-acre parcel in Bullhead City that Reid and the pension fund had jointly owned. Reid's price for the equivalent of 60 acres of undeveloped desert was less than one-tenth of the value the assessor placed on it at the time.

Six months after the deal closed, Reid introduced legislation to address the plight of lubricants dealers who had their supplies disrupted by the decisions of big oil companies. It was an issue the Haycock family had brought to Reid's attention in 1994, according to a source familiar with the events.

If Reid were to sell the property for any of the various estimates of its value, his gain on the $10,000 investment could range from $50,000 to $290,000.

It is a potential violation of congressional ethics standards for a member to accept anything of value — including a real estate discount — from a person with interests before Congress.

In a statement, Reid's spokesman Jon Summers said that the transaction was not a gift and that the price was due to the property's history and the fact that only a partial interest was sold. Reid's action on the lubricants issue was unrelated to the sale and reflected the senator's interest in fairness for small businesses, Summers said.

Reid "has never taken any official action to provide personal financial benefit to me, and I would never have asked him to," Clair Haycock has told The Times. Haycock's son, John, who runs the petroleum-products distribution company with him, said in a recent e-mail that it was "absolutely wrong" to connect the land sale and Reid's lubricants legislation, which did not pass.

Legislative efforts

Records and interviews show that beginning in the mid-1990s, Reid tried several times to push legislation that would have protected lubricants distributors from abrupt cancellations by their suppliers. Though unsuccessful, the legislation sent a clear message to the oil firms that there was congressional interest in the matter, according to Sarah Dodge, then-legislative director for an industry group that worked on the bill.

By the time of the land sale, the Haycocks say, they had lost interest in the issue and were not aware that the legislation had been introduced.

Because an employee pension fund had owned the land Reid purchased, labor law experts contacted by The Times said, a below-market sale would raise additional questions. Pension fund trustees like Clair Haycock have a duty in most cases to sell assets for their market value, the experts said.

"I think this would have been considered a potentially serious issue" at the time, said Ian D. Lanoff, who led the Labor Department's pension division during the Carter administration and was provided basic details of the case — though not the identity of the lawmaker — by The Times.

"Theoretically it's a serious issue for the trustee who sold the property, though practically it may not be" because the pension plan is now closed and its obligations were met, Lanoff said.

John Haycock said his workers received all promised benefits from the Haycock Distributing Co. pension plan and were therefore unaffected by the land transaction. Federal records confirm this.

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Reid's interest in the barren parcel dates back to the period of 1979 through 1982, when he and Clair Haycock bought the 160 acres. Haycock bought a three-eighths interest, equivalent to 60 acres, for $90,000 — $1,500 an acre. Reid, then a Nevada lawyer and political figure, bought the other five-eighths, the equivalent of 100 acres. They did not divide the parcel.

The property has sweeping mountain and mesa views and now abuts a housing development, which could make it attractive to developers. But there are some limitations. The land has a steep wash, or desert stream bed, and the adjacent land has a gravel pit.

In early 1987, Haycock turned over his interest in the land to the pension fund, for which he acts as trustee. The fund provided retirement benefits for about 80 employees, and under law, employers must contribute to such funds each year.

In the early 1990s, California investors bought the entire 160 acres from Reid and Haycock for a little over $1.34 million — around $8,400 an acre. The new owners obtained approval to develop a mobile home and recreational vehicle park. But a few years later they defaulted, and Reid and the pension fund were once again the land's joint owners.

Development slowed in the late 1990s, and Reid and the Haycocks say the property became a cash drain. In 1999, according to Reid's office, the senator began working without success with developer Craig Johnson on a plan for the property. At some point, Reid's office said, he offered to give the land to Johnson, who declined. Johnson has confirmed that offer. In a statement Reid's office provided, Johnson described the listless market and the property's challenges.

In 2001, Haycock Distributing Co. decided to convert its existing pension fund into a 401(k) retirement program. In liquidating its assets, the firm decided that the plan must quickly sell its share of the property.

Lawyers advised the Haycocks that the family could not buy it from the pension fund, so Clair Haycock approached Reid. At first, Reid said "he and his wife were not interested due to the property's past history," Haycock wrote in a letter to The Times.

"Eventually, he gave me $10,000 for my share," Clair Haycock wrote. "I was just happy to have been able to liquidate the property from my pension plan." Reid's office said the senator and his wife purchased it reluctantly. "Because it had minimal value to them, they were willing to pay only a minimal price," a Reid staffer wrote in response to questions.

How good a deal?

How good a deal did Reid get? Paying $166 an acre for Mohave County land is "a super deal," said the county assessor, Ron Nicholson. But the precise answer in this case, Nicholson said, is complicated by the fact that only a minority portion of a partnership was for sale; minority shares can be difficult to sell. Other experts who reviewed the transaction for The Times acknowledged the complexity of the deal but said the senator appeared to have acquired valuable property for a fraction of its value.

"The price strikes me as low," said professor Crocker H. Liu, McCord chair of real estate at Arizona State University's W.P. Carey School of Business. "But I don't know what other considerations — valuable or otherwise — were part of this transaction. Usually when a purchase price is that low, there is other juice in the deal."

Calculating the precise amount of Reid's discount is difficult because of varying values assigned to the property around that time, including some by the senator himself. In his 2001 Senate financial disclosure, Reid valued his Bullhead City acreage at $5,000 to $10,000 an acre. When questioned about the filing several months ago, Reid's office said he might have overstated the value. A Reid spokesman said the senator was in the process of amending his ethics statements to more accurately describe the terms of the deal.

At least twice, Reid appealed to the Mohave County assessor to lower the land valuation and decrease his taxes, in 2002 presenting a 2001 appraisal that valued the land at $1,000 an acre. The assessor's office made a downward adjustment for 2003 but still places the value at about $1,748 an acre.

On a recent property tour, the assessor acknowledged that Reid's land had problems.

"There are topographical issues on this property," Nicholson said as he drove a county-owned four-wheel-drive vehicle through the tract. He pointed out the property's steep wash and another streambed.

An adjacent parcel with similar topography sold in April 2004 for $4,260 an acre.

Reid's spokesman said the senator had paid a fair price for the pension fund's minority interest.

"When a willing buyer pays a willing seller to buy an asset, that is a sale, not a gift," Summers said.

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Real estate experts say that minority interests in partnerships are often sold at a discount, sometimes of 20% or more. But they say that such discounts do not necessarily apply in a case like Reid's where he is the majority owner and gains 100% control by the purchase.

"We were happy to get out of the deal as we did," John Haycock said, adding: "Would we have liked to make more money on the Bullhead City land? Of course."

Reid's office produced statements from three Haycock retirees who attested that they believed they had been well-served by the pension plan.

Since taking full control of the parcel in 2002, Reid has pushed for federal funding for a new bridge over the Colorado River a few miles from his property, a spending request The Times disclosed last November.

Reid said he secured funding for the bridge, which would connect fast-growing Bullhead City with the gambling town of Laughlin, Nev., because local residents wanted it. He said the bridge would not affect his property's value.

Losing business

Reid has long been known as a champion of Nevada interests, particularly gambling and mining. But he seemed an unlikely choice to advocate for the beleaguered lubricants industry when he took up the issue in 1994. He did not sit on the Energy Committee.

At that time, the Haycocks went to Reid for help, according to a former employee of the lubricants industry trade group, Petroleum Marketers Assn. of America, who was involved in the events. The employee asked that his name be withheld because his current job involves congressional contacts.

The Haycocks had lost business in 1994 when Mobil Oil Co. canceled the family's distributorship, costing the firm a lucrative contract with the Las Vegas-area General Motors dealers, which had to use Mobil products.

The family was "incensed that this had happened and there was nothing they could do about it," said the former trade group employee.

Reid mentions constituent

The Haycocks — who were considered industry leaders — say they do not recall discussing the matter with Reid. But the former trade group employee said the Haycocks convinced Reid to take action.

Reid "did it because John or Clair asked him to do it," said the former employee.

With the legislative session coming to a close, Reid brought the issue to the Senate floor on Oct. 5, 1994. He described a Nevada constituent whose "franchise agreement to sell lubricating oils to car dealers in Las Vegas was arbitrarily canceled with 30 days' notice," adding: "This seems grossly unfair."

A Washington lawyer who represented the Haycocks in their dispute with Mobil recalls that dealers turned to Reid after other avenues of redress had been exhausted.

"The Haycocks provided access to Sen. Reid," said Al Alfano, the attorney, who still represents distributor interests. However, Alfano said, Reid's efforts brought no relief to the Haycocks. Although the issue remains a concern for many distributors, he said, the Haycocks lost interest after the mid-1990s.

Nonetheless, Reid cited the same constituent example almost word-for-word in 2002, soon after the land sale, and again in 2003 when he introduced legislation, cosponsored by Sen. John Ensign (R-Nev.), to protect lubricants distributors.

John Haycock said Reid's actions provided no benefit to his company. "I am not aware of any action taken by the senator, relative to lubricants, that has had a financial benefit to our company," Haycock wrote. "At one point I believe Sen. Reid pushed for legislation … but that legislation was never passed and therefore could not have had any impact….

"To my best recollection, I didn't even know Sen. Reid had introduced the legislation," John Haycock said, referring to the legislation in 2002 and 2003.

Reid's spokesman said: "In any event, the Haycocks are Sen. Reid's constituents, and there is absolutely nothing improper about Sen. Reid working to advance good policy on matters of concern to Nevadans and businesses in Nevada."

You Listening To Me? (NYT)

By Deborah Solomon

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The New York Times Magazine, January 28, 2007

You have just written your first book, "Positively American: Winning Back the Middle-Class Majority One Family at a Time," in which you try to produce a functional platform for the famously unfocused Democratic Party. What do Democrats stand for? No one has a good answer. I felt anguish about that. I felt a burning need to have us thinking beyond the immediate.

What about your fellow senator Barack Obama? Did you read his book, "The Audacity of Hope," which similarly insists that politicians need to reclaim the American dream for the middle class? I just read little pieces of it.

You couldn't finish it? I skimmed the parts that were interesting.

He prescribes policy on the same issues you do, from education to health care to the war in Iraq. And he similarly wants to increase support for education. But his is not a platform. The two books, in terms of their outlook, are not dissimilar. In terms of specificity, I think I go a lot further. I hope the presidential candidates will rip off my ideas and use them.

Will you be supporting Obama for president? I'm supporting Hillary. I've worked closer with Hillary and, on experience, I would have to give her the edge. I think she's terrific. When you see her work up close, she is really smart, she asks the right questions and has a good sense of how to balance things.

In your book, you express the travails of the middle class through the example of a couple you invented: Joe Bailey, an optimistic insurance agent, and his devoted wife, Eileen, who "is able to splurge now and then at the mall," as you write. Did you like the description of them?

Not that much. They're fictional characters who lack the artistry of fiction. Oh, please! It's the Baileys! They're everything. I didn't create the Baileys for the book. I have been living with the Baileys for decades. I talk to them. I know them. They're real to me. The Baileys are average people. They could be anyone.

Why did you, a Brooklyn native, make the Baileys suburbanites who own a house in Massapequa, Long Island, and seldom drive into New York City? Massapequa could be any suburb in America. I have always felt connected to average voters. Jerry Seinfeld, you know what he said Massapequa meant? I had no idea. He said it meant in Native American, "It's near the mall."

Regardless of how your book is received, you made history in November as the chief strategist of the Democrats' campaign to regain the Senate, and you subsequently became the third-highest-ranking senator in the new majority. Have you spoken to President Bush since? He called me to congratulate me on taking back the Senate. Look, to his credit, he was gracious. He said: "I never expected you to do this, but congratulations. You did an amazing job."

Does Vice President Cheney talk to you? No. He used to. On energy issues, I talked to him, and then when I didn't agree with him, he stopped talking to me.

Do you think he will remain as large an influence inside the White House in the wake of the Republican drubbing? Unfortunately, yes, maybe more so, because in an odd way, the counter to Cheney was Karl Rove, and he has lost some credibility.

Do you expect the president to respond at all to the ideas of the new majority? I don't have much hope that Bush will moderate, but many of the Republicans in Congress, having seen the handwriting on the wall, may moderate, and that will help us. Dick Lugar, John Warner — these are old-fashioned conservatives who know that this hard-right philosophy is wrong.

Did you send a free copy of your book to the president or any members of his administration? No. I hope they'll buy it.

At Roll Call, An Uneasy Silence (WP)

By David Montgomery

The Washington Post, January 28, 2007

The desk is heavy and wooden, well-used, not ornate. Lying flat on the uncluttered glass top is a big calendar. Diagonal blue lines cross out the days as they pass. The felt-tip pen is here, ready to continue marking time's march. But the last day that has been dismissed with a blue slash is Tuesday, Dec. 12.

For Sen. Tim Johnson, the Democrat from South Dakota, time is in suspension now.

Everything in his Hart Building office is exactly how he left it last Dec. 13: The morning when words deserted him, and they rushed him, speechless, to the hospital.

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By the calendar is the Dec. 13 edition of the Hill, a Capitol Hill newspaper. Behind his chair on the thick blue carpet is his briefcase, a scuffed black leather satchel, worn gray in places.

Johnson remains in George Washington University Hospital, undergoing speech and physical therapy after surgery to repair a brain hemorrhage. The initial horror and cold calculations of those first days -- when it seemed possible he and the Democrats' one-vote majority in the Senate might not survive -- have subsided. Now the questions are about absence: How long will it last? What does it mean to the state, the nation, the institution, when one senator is missing?

Next to the computer is a pad of paper with the U.S. Senate letterhead. Johnson had scribbled some notes and figures on the pad, federal dollars he was trying to get for projects back home. He was discussing the items on this pad when the bleeding in his brain stopped him, midsentence.

His staff has left everything virtually untouched as a sign of respect, a sign of love, a sign of not knowing what else to do. It is an appeal to presence in the void of absence.

The news from the hospital has been good, so far.

"In talking to his physicians, we really feel optimistic and confident that he is going to make a full recovery," says Brendan Johnson, 31, one of the senator's three children and a lawyer in Sioux Falls, S.D. "It is something that takes time. Unfortunately we don't have any type of exact timetable. What we do know from the therapists and physicians working with him at GW is that he is making much faster progress than anyone anticipated."

Johnson speaks only a few words at a time. "He's not conversational, in terms of long conversation," Brendan Johnson says. "He's clearly registering when we discuss topics. I think he loves to hear about how his [three] grandkids are doing. I also keep him updated on what certain baseball teams are doing."

Johnson has three hours of therapy every day, working with parallel bars and practicing naming objects, according to statements by his doctors released by his office. An MRI showed that the speech center of his brain is undamaged. And an angiogram showed that the surgery successfully repaired the original problem, called an arteriovenous malformation.

An AVM is a tangle of arteries and veins usually present since birth. Most of the estimated 300,000 Americans who have it never know and live symptom-free. In Johnson's case, two weeks shy of his 60th birthday, bleeding caused by the AVM suddenly disrupted his ability to speak and made him weak on his right side.

Johnson's family and staff members say they hope he will recover enough to do some work within "several months." But in the statements released by the office, predictions of his recovery time have never been attributed to his doctors.

"Senator Johnson is showing evidence of more functional, spontaneous speech and is indicating preferences. He is answering questions and following commands appropriately," Philip Marion, medical director for GW's Department of Rehabilitation Medicine, says in the most recent statement, released Thursday.

Johnson's wife, Barbara, spends much of every day with her husband. Several times a day, she taps out updates on her BlackBerry and sends them to staff and family members.

Amusing anecdotes from the hospital, hot off the BlackBerry, are savored and laughed about around the office: Watching football playoffs, the senator groaned in mock dismay when his wife kept referring to the Chicago Bears as the Chicago Cubs. He rolled his eyes when she asked why he wasn't rooting for the Patriots over the Colts, since South Dakota native Adam Vinatieri is the place kicker. Did she not know that Vinatieri had signed with the Colts!?

Staff and family say the senator's wife, an education consultant and a two-time breast-cancer survivor, has been a powerful presence during this period of absence. (She declined to be interviewed for this story.)

"It probably shouldn't be this way, but she's been the source of strength for her kids rather than vice versa," Brendan Johnson says. Tim and Barbara Johnson have been married for 37 years.

The senator wasn't in the House chamber Tuesday evening, but he let his wife know he wanted to watch the State of the Union address. He heard President Bush say, "We pray for the recovery and speedy return of Sen. Tim Johnson."

Barbara Johnson tapped out this bulletin: "Tim was very touched by the President's recognition. It was obvious that he wanted to be there and I reminded him that next year he would be."

From such glimpses, friends and colleagues glean that the old Tim Johnson is present, albeit in a hospital bed.Senate Precedents

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When a senator is absent for an extended period, two seemingly contradictory sides of Washington come into focus.

There is an inevitable, almost ruthless, forward momentum that tarries for no senator. The people of South Dakota must be served, partisan interests must be advanced.

Yet, there is also a human side, an instinct for decency, an acknowledgement that life can't fully go on as usual.

"Every senator plays a unique role within the process; all 100 fit a specific place," says Jay Truitt, vice president of government affairs for the National Cattlemen's Beef Association. He relies on Johnson to advocate for his industry. Yet he also knows he can count on others in the meantime. "While one single senator has a great deal of power, they're not bigger than the process. . . . We are going to do an appropriations bill. . . . The work will go on."

"There isn't an event that goes on around here where Tim isn't mentioned and prayers aren't offered," says Sen. John Thune, the Republican from South Dakota.

Thune lost his first race for the Senate to Johnson in 2002 by 524 votes. When the Republican visited Barbara Johnson after her husband was stricken, she noted that her husband is a tough fighter. Thune, recalling that contentious election, said wryly, "Believe me, I know it!"

Expressing both qualities of senatorial absence, Julianne Fisher, Johnson's communications director, finds herself issuing somewhat paradoxical messages: "The office is open and we continue to work." And: "The senator is not replaceable."

Her predicament is obvious. To suggest the work has been seriously disrupted would be to imply the people aren't being served. To say everything is being accomplished too well would imply the senator is superfluous.

Of course, senators might be absent for many reasons.

Some run for president. In 1996, Majority Leader Robert Dole resigned his seat to campaign against President Clinton. This year, with at least a half-dozen Democratic and Republican senators already vying for 2008 -- and none publicly planning to give up his or her seat -- absenteeism is certain to rise. Phoning in votes from New Hampshire or Iowa is not allowed.

Sometimes senators aren't very active even when they are present. By the time he was 98, in 2001, an exceedingly frail Strom Thurmond of South Carolina rarely participated in debates, gave speeches or interviews, questioned witnesses, wielded a gavel or introduced consequential bills.

Karl Mundt, a Republican from South Dakota, suffered a stroke in 1969, but held his seat until the end of his term in January 1973, even though he could no longer report to the Senate. Johnson holds Mundt's old seat.

In 1988, Joe Biden of Delaware was out for seven months recovering from two brain aneurysms. He proves a senator can bounce back from brain surgery, get reelected and run for president.Something Was Wrong

The recording of the moment when Johnson slipped from present to absent is chilling to hear.

He was in a basement studio in the Capitol for his weekly conference call with South Dakota reporters. There was one last question about funding for four projects, including a medical school and a Boys and Girls Club.

"Ah, ah, second, uh, uh, you know," Johnson stammered. He laughed nervously. For long moments there was more stammering, silence, isolated words.

It was the awful sound of a man struggling mightily to master his thoughts.

"Well said," the senator concluded, trying to make a joke. "Anything, uh, further? Going once, twice. Okay."

On the subway back to Hart, Fisher tried to draw Johnson into conversation. When she asked about his wife -- family was a subject that always got him chattering -- and he gave a one-word reply, she knew something was wrong.

Within minutes the staff summoned a doctor, and Johnson was wheeled to an ambulance. That night he was in surgery.The Mechanics of an Absence

The 46 members of the senator's staff in Washington and South Dakota suddenly found themselves on their own.

"This experience is certainly one of the most surreal of my life," says Drey Samuelson, Johnson's chief of staff for 20 years in the House and Senate.

The first few days brought out the best and worst of Washington: Colleagues from both sides of the aisle rushed to be with his family, sent piles of food to his office. But no one could help speculating: What if Johnson died or resigned? South Dakota's Republican governor probably would pick a Republican successor. The Senate would be divided 50-50. Vice President Cheney would break ties.

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"It was hard to see Tim treated as a poker chip as opposed to a human being," Samuelson says.

When it became "clear he was going to live," the story lost its sizzle and the reporters went away, Samuelson says.

Then the quirkier aspects of absence came into play. Senate officials postponed approving reimbursements for official staff travel while Johnson was sedated, which he was until late December, because his agreement could not be verified.

The staff asked the Rules Committee for permission to send out official mail over the chief of staff's signature. For the first time in his career, Samuelson scanned his autograph into an autopen. Wielding his new authority with great deference, he has signed only a brief letter thanking constituents for their input and explaining the unusual situation.

Majority Leader Harry Reid of Nevada appointed temporary substitutes to key committees where the Democrats could not afford to lack a vote. Barbara Boxer of California would chair Ethics in Johnson's stead; Jack Reed of Rhode Island would chair the Appropriations subcommittee on military construction and veterans affairs; Frank Lautenberg of New Jersey would occupy Johnson's chair on the Budget committee.

There were inadvertent slights. Another Capitol Hill paper, Roll Call, published a supplement listing committee members in the new Congress. Johnson was mistakenly omitted from Budget and Ethics.

"One of the things that makes it easier is jumping back into the work," says Todd Stubbendieck, the legislative director. "We've tried to return to be as normal as we can be, and get back into the swing of things and the normal schedule."

"We all want to work hard so when he comes back, he's proud of the work we've done," Fisher says.

Luckily, Johnson had nearly completed a series of legislative planning meetings in the days before he was stricken. The staff is following that plan.

His key constituencies include farmers, ranchers, veterans, seniors, rural communities. Although his profile is low on Capitol Hill, in South Dakota, a state with fewer people than Prince George's County, residents address their senator as "Tim" when they see him in the coffee shop on Main Street.

"He's one who was never real imbued with the power and the glory, he just wanted to do a good job," says Jerry Oster, news director with WNAX-AM radio in Yankton, who has known Johnson since he was a baby-faced lawyer in Vermillion. "It's part of that Norwegian upbringing. Don't care who gets the credit . . . . We always kid him about being Norwegian powered by coffee."

If Johnson's recuperation lasts longer than several months, then his absence will be felt more keenly. That is when the farm bill will be moving through the Senate, and the appropriations process will be underway.

"Senator Johnson's main impact would come this summer," says Troy Larson, executive director of the Lewis & Clark Rural Water System, which is seeking $35 million for pipeline construction. "It would not be possible for senators in other states to make up that clout."

As always in the political world, some are sizing up Johnson's prospects for reelection in 2008, and whether his illness has made him vulnerable. A moderate Democrat from a very red state, Johnson has twice won tight races for the Senate.

"I think the reelection question is a key one," Samuelson says. "I talked to Barb [Johnson] about whether or not to shut our fundraising operation down. She said that she felt that when Tim recovers, he will want to run for reelection. We can't know that for sure, but that's what she thinks and that's what I think as well."A Small, Empty Desk

Johnson has another desk, as every senator does, rather small, made of mahogany, on the floor of the Senate chamber: the ultimate symbol of his position and, when not occupied, of his absence.

Johnson's is in the second row, between those of Mary Landrieu and Barbara Mikulski. Every morning, the same legislative paperwork is placed on Johnson's desk as on every other, as though he might be present. There is a sharpened pencil in the pencil slot.

Early one afternoon, the clerk calls the roll for another vote. It's on an amendment to the minimum wage bill.

" . . . Mr. Inhofe. Mr. Inouye. Mr. Isakson. Mr. Johnson. Mr. Kennedy. Mr. Kerry . . . "

The senators amble up to the clerk's desk and signal thumbs up or down.

Mr. Johnson is recorded as "not voting."

On Tuesday, the Democrats head to the Lyndon B. Johnson Room for the weekly caucus lunch.

"I think knowing Tim Johnson as I have, respecting him greatly, that I will convey the ideas as he would have them," Lautenberg says of filling Johnson's chair on Budget. "But it's an interpretation. I'll do my best."

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"He has a great deal of technical competence, so we miss him," Mikulski says of the Appropriations subcommittee that Johnson is supposed to chair. "At the same time, our good friend Sen. Jack Reed is filling that role. So we can pick up the slack."

One morning, Christopher Dodd (D-Conn.) gavels Banking to order. Dodd salutes the absent senator and wishes him a speedy return -- then gets down to business, a hearing on mass transit security.

Johnson is the second-ranking Democrat on Banking, after Dodd, and would ordinarily sit immediately to Dodd's right. But this morning Johnson's chair is not empty. It is occupied by Reed, whose lower rank in the pecking order should place him farther from the chairman.

Afterward, Reed says of Johnson: "He's one of those guys you like to emulate, because of his example as well as what he says. A lot is said around here. When you can provide the example, judgment and decency that he provides, those are very scarce commodities."

What about taking Johnson's chair this morning in Banking?

"I think it's less important where we sit than what we contribute," Reed says. "But I assure you, I'm just keeping that seat warm."

Ginsburg Feels Isolated On Court (WP/AP)

The Washington Post, January 28, 2007

BOSTON -- U.S. Supreme Court Justice Ruth Bader Ginsburg said Friday that she dislikes being "all alone on the court" nearly a year after the retirement of Sandra Day O'Connor.

Ginsburg, who spoke to an assembly at Suffolk University Law School, said she sees more women in law school, arguing before the court and sitting as federal judges.

"My consolation is that if you look at the federal courts altogether, you get a much different picture than you do if you look only at the U.S. Supreme Court," she said.

Of herself and O'Connor, the court's first female justice, Ginsburg said: "We have very different backgrounds. We divide on a lot of important questions, but we have had the experience of growing up women and we have certain sensitivities that our male colleagues lack."

Ginsburg, 73, did not elaborate or take questions afterward.

Supreme Court TV (WP)

By Dahlia Lithwick

The Washington Post, January 28, 2007

The justices of the Supreme Court have served hard time in the makeup chair in recent months. John Paul Stevens and John G. Roberts Jr. gave prime-time interviews to ABC's Jan Crawford Greenburg; Ruth Bader Ginsburg chatted with CBS's Mike Wallace in chambers; and Stephen G. Breyer has logged almost as much time on camera as Lindsay Lohan -- including a sit-down with Charlie Rose and a gig on "Fox News Sunday." And Roberts, the chief justice, is part of a documentary airing on PBS next week.

Even some of the justices who are reluctant to talk on camera have been more amenable to speaking on the record lately. Breyer and Antonin Scalia engaged in a wide-ranging public debate in December that is available on the Web. And ABC's Crawford Greenburg secured interviews with nine justices for her new book, "Supreme Conflict." Nine justices. That's a far cry from "The Brethren."

What the justices have discussed in these interviews has ranged from the personal -- the chief justice's young son likes Spiderman -- to judicial philosophy. And that has opened the door to a more robust and nuanced national conversation about constitutional law and the role of the judiciary. Whether it's Roberts extolling the virtues of unanimity and minimalism or Breyer selling his constitutional theory of "active liberty," the court has finally taken its case to the airwaves, and that is unequivocally good for a nation that -- for better or worse -- has pretty much taken up permanent residence there.

But a funny thing happened on the way to the sound stage. Some justices are refusing to talk about areas of the law in these extra-judicial discussions. And that raises interesting questions about which justices avoid which topics, and why. Does this sudden selective chill reflect fissures on the court, in the law, or both?

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We had, for example, Ginsburg talking openly with CBS's Wallace in October until he raised the subject of abortion. Out came the ice water: "Stop!" she said. "We're not going to talk about abortion." Ginsburg also refused to discuss the separation of church and state and Bush v. Gore, insisting that "questions are going to come before this court on those turbulent issues."

And as Fox's Chris Wallace asked Breyer about abortion in December, Breyer interjected, explaining: "I decide abortion cases when they come up. But I know perfectly well that anything I say on that subject is enormously volatile." Breyer also considered it improper to "talk about that subject, particularly in a public forum that isn't the court." When Wallace asked for clarification, Breyer repeated: "No, not any question to do with abortion." Breyer similarly refused to touch the subject at a public debate with Scalia in Washington in December, even though Scalia had no such qualms.

At first this looks like a variation on the old confirmation two-step. That's the dance that happens at judicial confirmation hearings wherein a prospective justice refuses to answer questions about subjects that "may come before the courts," and, yes, the court heard an abortion case this term. But that's not the calculus that the justices seem to be using these days: At that same debate in December, Breyer spoke about Brown v. Board of Education, even as the high court was hearing two cases that raised related issues that very week. He briefly discussed the presidential powers cases in his interview with Wallace. (You can bet that issue will come before the court again soon.) And in her interview with Mike Wallace, Ginsburg spoke passionately about the court's decision in a major case involving the presidential authority to create military tribunals, concluding, "In this country, we have no royalty, we have no king who has absolute authority."

Stevens recently discussed the flag-burning case. And this week Scalia told an audience at Iona College in New York that Florida's handling of the recount in Bush v. Gore was a violation of the Constitution's guarantee of equal protection under the law. "Counting somebody else's dimpled chad and not counting my dimpled chad is not giving equal protection of the law," he said, even though such cases will come before the court again in the future. Scalia let the crowd know that the case is firmly in the history books: "It's water over the deck -- get over it," he said. And given that Bush v. Gore explicitly claims to hold no precedential value in future cases, perhaps he's right.

So how do we account for the justices' sudden silences and pregnant pauses? In part, it must be personality. Roberts seems unwilling to discuss cases or doctrine off the bench; Breyer is inclined to talk about them, but mostly in the abstract; and Scalia is inclined to gab about pretty much anything.

But there's something else at work here -- something to do with what Breyer calls the "volatile" cases and Ginsburg calls the "turbulent" ones. For both justices, abortion clearly falls into that category, but in general they seem to avoid talking about the moral issues that divide the court just as they divide the country: gay rights, race-based decision-making, abortion and religion. On these issues, the courts' liberals often strive to use constitutional doctrine to protect minority rights. And where there is a sound constitutional basis for these positions, it has been tricky for them to explain them in a sound bite.

The unifying theme in most recent judicial speeches has been this: The power belongs to the people. Whether it's Breyer urging citizens to engage in government or Scalia insisting that it's the job of the people, not the court, to modify the Constitution, the universal message of the justices is not to fear the court, but to become active in the legislative process. But that's only half the story, and the justices know it. Those cases are the tough ones, and, invariably, the hardest to explain. As Scalia continues to prove, the taut lines of his theory of "originalism" tend to be an easier sell than the blurriness of a "living Constitution." Which may be why the justices sometimes talk the loudest when they say nothing at all.

Search Ends For 3 In Calif. Copter Crash (AP)

AP, January 28, 2007

The Navy called off a search Saturday for three missing crew members of a helicopter that crashed in the ocean about 50 miles off California's southern coast.

Friday's crash during a training mission left one sailor dead, and the Navy had searched for the remaining crew through the night and into Saturday afternoon.

"The cold water temperature and the time that elapsed since the crash occurred led Navy officials to conclude that aircrew survivability is extremely unlikely," said Navy Lt. Cmdr. Elizabeth Meydenbauer.

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Meydenbauer said the Navy knew the location of the sunken helicopter, but had not decided whether the wreckage would be brought up from the ocean floor.

The MH-60S Sierra helicopter, based at Naval Air Station North Island in Coronado, went down around 5:30 p.m. EST Friday. It was on a mission off the USS Bonhomme Richard.

The pilot radioed a mayday but gave no indications of mechanical malfunctions or fire, Meydenbauer said.

One sailor was pulled from the water but died while being treated on the Bonhomme Richard.

Identities of the helicopter crew members would not be released until relatives were notified, Meydenbauer said.

However, Jim Helman of New Richmond, Wis., said Navy officials informed him that his son, Cory Helman, 27, was one of the crew members and had pronounced him dead.

The Bonhomme Richard is an amphibious assault craft that took Marines to Indonesia after the 2004 tsunami.

The MH-60 Sierra is a twin-turbine craft based on the UH-60L Black Hawk and the Navy's SH-60B Seahawk, according to the manufacturer, United Technologies Corp.'s Sikorsky Aircraft. It is designed to operate off aircraft carriers, cruisers, destroyers and frigates, ranging up to 100 nautical miles from a ship.

Voting Rights Chicanery (WP)

By George F. Will

The Washington Post, January 28, 2007

"The House of Representatives shall be composed of members chosen every second year by the people of the several states . . . ."

-- Constitution of the United

States, Article I, Section 2

"What's the Constitution between friends?"

-- Rep. Timothy Campbell, a Tammany Democrat, to Democratic President Grover Cleveland after Cleveland said that a bill Campbell favored was unconstitutional.

There they go again. House Democrats should at least provide variety in their venality. On Wednesday, fresh from legislating new ethics regarding relations with lobbyists, they demonstrated that there are worse forms of corruption than those involving martinis and money.

They again voted to give the delegates to the House from Guam, American Samoa, the Virgin Islands and the District of Columbia, and the resident commissioner from Puerto Rico, the right to vote in the House when it is sitting as the Committee of the Whole, which is how it sits almost all the time. It is in that status that almost all debate about and amending of legislation occurs.

If these five votes decide the outcome of a vote in the Committee of the Whole, the matter at issue will be automatically revoted by the full House without those five participating. Still, these five faux members will have powers equal to those of real members on everything but final passage of bills, which often is more perfunctory than the process that leads to that. Almost always, all five delegates are Democrats. (Puerto Rico's current resident commissioner is the first Republican in 100 years.)

What part of the words "several states" do House Democrats not understand? Their cynical assumption is that "the people of the several states" will not notice this dilution of their representation in the House.

Members of Congress today represent, on average, 687,000 people. The population of Guam is 171,000; of American Samoa, 58,000; and of the Virgin Islands, 109,000. The 3.9 million Puerto Ricans are U.S. citizens and have the right to vote for statehood, which they have rejected in three plebiscites (1967, 1993, 1998).

The 58,000 Samoans pay no federal income taxes, but their delegate will be able to participate in raising the taxes of, say, Montanans. Samoa's delegate will have virtually the same power as Rep. Denny Rehberg, who represents all 944,000 Montanans. Obviously the Democrats' reverence for the principle "one person, one vote" is, well, situational.

January 1993 was the last time Democrats engaged in this cynical political alchemy, transmuting delegates from four island jurisdictions, and one from the seat of the federal government, into the functional equivalents of representatives selected by people of "the several states." In January 1993, two months after they lost 10 House seats, they counterfeited half that many votes -

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- even though they had an 82-seat majority. One year later, such arrogance contributed to the Democrats' loss of their House majority.

In 1970, Democrats were contemplating allowing Puerto Rico's resident commissioner to serve with powers equal to those of real members, but only on standing committees. Rep. Tom Foley, a Washington Democrat then in his third term, told his colleagues that would be fine because those committees are created by the House, not the Constitution, and they "can be extinguished at will and created at will." Furthermore, service on committees involves only "preliminary advisory votes." But, he added, "it is very clear" that "a constitutional amendment would be required" to give a resident commissioner "a vote in the Committee of the Whole of the full House." By 1992, when Foley, then in his 14th term, was speaker and full of the sense of entitlement that deranged Democrats in the last years of their 40-year hold on the House, he supported what the next Democratic speaker, Nancy Pelosi, has now done. In 1994, Foley became the first speaker since 1862 to lose his congressional seat, and the new Republican majority undid what the Democrats had done.

For Speaker Pelosi, two questions about the possible scope of your majoritarian abuse: Given your disregard of the unambiguous language and clear intent of Article I, Section 2 -- which uses the word "state" eight times to designate the only entity from which a member of the House may be chosen -- do you acknowledge any impediment to using your majority to give "Committee of the Whole" voting power to a delegate from, say, the AFL-CIO?

Or, for that matter: Do you think that Article I, Section 5 ("Each house shall be the judge of the . . . qualifications of its own members") allows your majority to give such voting powers to your hairdresser? If not, why not?

The George W. Bush Library: Scholarly Mecca Or $500 Million Oxymoron? (NYT)

By Dorothy Samuels

The New York Times, January 28, 2007

The news reports that President Bush's representatives seem to be closing in on a deal to put a half-billion-dollar presidential library and policy institute at Southern Methodist University in Dallas has inspired the predictable lame jokes and references to "The Pet Goat."

But the project raises issues that are no laughing matter, touching on the writing of history, the university's scholarly mission, governmental integrity and the rule of law.

S.M.U.'s negotiations regarding Mr. Bush's library are bound to have a large public impact, which is why I'm hoping that the university's president, R. Gerald Turner, and members of his board of trustees (presuming Laura Bush, the best-known trustee, has removed herself from the deliberations) can be persuaded to withhold a final go-ahead unless two basic conditions are met.

First, the university should insist that Mr. Bush rescind Executive Order 13233, his 2001 directive that reverses — illegally in the view of many leading historians, journalists and legal thinkers — the strong presumption of a public right of access to presidential papers embedded in the 1978 Presidential Records Act.

Under this early exertion of presidential power, both sitting presidents and former presidents (and even their heirs) can indefinitely postpone public release of sensitive material past the law's usual 12-year waiting period by simply denying a request for access. No explanation is required, and there is no provision for appealing the denial to a trained professional archivist.

Instead, the executive order requires the person requesting the material to begin a costly and time-consuming lawsuit challenging the stonewalling. It's a formula for keeping embarrassing facts secret in perpetuity and for thwarting a full and accurate accounting of a president's time in office, which, presumably, was among S.M.U.'s prime goals in seeking to be home to the new presidential edifice, along with enhancing the university's visibility, prestige and available financial resources.

Mr. Turner told concerned faculty members that the new library would house "a treasure trove of documents and artifacts that describe one of the most intense and controversial periods in our history." For a university interested in promoting historical research and open inquiry, especially one located in the president's home state, it's undoubtedly a mighty tempting prize. But that is all the more reason Mr. Turner and the trustees owe a duty to act decisively to protect the university's reputation, the public's right to know and history itself from Executive Order 13233, and Mr. Bush's ignominious penchant for excessive secrecy.

Second, there is the pesky issue of fund-raising. Following the corruptive path blazed by White House predecessors, Mr. Bush and members of his library committee apparently plan to spend the administration's remaining days trying to coax huge

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contributions to the budding library complex from friends and well-heeled special interests. Under present law, the identity of presidential library donors, and the amounts they contribute, need not be disclosed. The House speaker, Nancy Pelosi, supports legislation to change that, but its timing and fate remain unclear. Meanwhile, S.M.U. officials have an opportunity to advance government integrity, and avoid entangling the university in potentially compromising secret fund-raising, by insisting on disclosure.

Dozens of theologians and S.M.U. faculty members have objected to locating Mr. Bush's library and institute at the university, saying among other things that his awful record on civil liberties, the war in Iraq and the abuse of prisoners should preclude any university affiliation. They have it wrong. But so do those who would minimize the university's duty for making sure the highest standards of scholarship, openness and ethics govern the entire enterprise.

OTHER NEWS:

Looking For The Angry Populists In Suburbia (NYT)

By David Leonhardt

The New York Times, January 28, 2007

IN his confrontational response to President Bush's State of the Union address on Tuesday, Senator Jim Webb of Virginia said that he was going to focus on only two topics. One, as everyone knew it would be, was Iraq.

But before he turned to the war, the new senator spoke about something else: an economy that he said made it seem "as if we are living in two different countries." In one, stock prices, corporate profits and executive pay are rising. In the other, the middle class is barely scraping by.

Mr. Webb said the situation was reminiscent of the early 20th century, when robber barons were raking in wealth and "dispossessed workers at the bottom were threatening revolt."

It was the sort of speech that one might have expected during a deep economic slump. Yet it came instead as most workers have started receiving significant pay increases for the first time in years and as polls show that most Americans think the economy has grown stronger.

This contrast was arguably the most significant part of the speech. As they plan their strategy on Capitol Hill and begin the 2008 presidential campaign, the leaders of the Democratic Party are betting that the temporary swings of the economic cycle no longer have the political power they once did.

Instead, they say, the economic shocks of recent years — technological change, globalization, the decline of labor unions and business icons like Ford Motor Company — have left many swing voters feeling anxious and insecure about the future.

After years of fighting losing battles against tax cuts, Democrats argue that this economic anxiety has altered the political landscape, making swing voters open to a new role for government — a form of what Representative Rahm Emanuel of Illinois has called "suburban populism."

With issues like energy policy, immigration and health care having gone largely unaddressed in recent years, Democrats see a way to define themselves as the party that can help Americans survive the 21st-century economy.

An unanswered question, though, is whether suburban populism can still have appeal during good economic times.

"The little ups and downs of the economy are not what's bothering the average American, as much as it is the feeling that there are large forces that buffet them around," said Senator Charles Schumer of New York, whose book laying out an agenda for the party was published last week. "In the past, the attitude was, 'Get government out of the way.' And now it's, 'Gee, I may need it.' "

Amy Klobuchar, a freshman senator from Minnesota, pointed out that her state had one of the strongest economies in the country, yet she still based her winning campaign largely on people's economic worries. "They feel insecure," Ms. Klobuchar said last week. "And the point of this is, they're right."

This strategy certainly has risks. Tax cuts — with a heavy dose of optimism thrown in — have been a much better political bet than populism for decades now, and Republicans are sticking to this script. During his address last week, Mr. Bush described the economy as being "on the move," and he is scheduled to visit Peoria, Ill., this week to call attention to recent wage

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gains. Republicans are pushing for an extension of the tax cuts passed during Mr. Bush's first term that they say are a major cause of the current boom.

The economy emerged from a recession in late 2001, after the first tax cut went into effect, but wages for most workers still did not keep up with inflation for much of the next few years. Only in recent months has that changed.

In 2006, the average hourly pay of rank-and-file workers, who make up about four-fifths of the work force, rose 4.2 percent, while the consumer price index increased only 2.6 percent. The net result — an inflation-adjusted increase of 1.6 percent — was a bigger annual raise than any that workers received from the late 1970s to the mid-90s.

The direction of wages has historically been one of the best predictors, if not the best, of the public mood, and it, too, has been brightening. In a Gallup Poll conducted in mid-January, the share of respondents calling the economy excellent or good — 52 percent — reached its highest level since the Clinton administration.

But even with the recent increases, the real hourly pay of rank-and-file workers has risen only 3 percent since Mr. Bush took office, according to the Bureau of Labor Statistics. Over the same span, productivity — that is, the value of what the economy produces per hour — has risen 18 percent.

Except for a few years in the late 1990s, in fact, pay increases have been modest for most of the last three decades, which appears to be contributing to the anxiety. In exit polls on Election Day, fewer than one in three people said they expected life for the next generation of Americans to be better than life today.

But even if suburban populism has some appeal, Democrats have been less clear about how to translate it into policy. During their first weeks in control of the House, they have passed bills to raise the minimum wage, to cut the interest rate on federally subsidized loans to college students and allow government to negotiate with pharmaceutical companies over the cost of drugs sold through Medicare.

But none of the bills has yet passed the Senate, and even if they do, they are unlikely to have a big effect on most middle-class families — the target audience of the new suburban populism.

Some Democrats, in the party's center and on the left, are starting to push for broader ideas. In his new book, Mr. Schumer calls for biometric employment cards to reduce illegal immigration and a crackdown on tax evasion by the wealthy, among other measures. Tom Vilsack, the former Iowa governor who is running for president, is arguing for a push on new energy technology partly to "elevate our economy above global competition."

It is still not clear how much can be done by a party that, for at least another year, will lack a clear leader. In his speech last week, Senator Webb cited two populist role models, Andrew Jackson and Theodore Roosevelt, both of whom were presidents, not Congressional leaders.

But the coming year will give the party's leaders a chance to hone its message — and to see how long the current economic boom will last.

Clinton Begins Her Run In Earnest (WP)

By Anne E. Kornblut, Dan Balz

The Washington Post, January 28, 2007

DES MOINES, Jan. 27 -- Bursting onto the campaign trail for the first time here on Saturday, Democratic New York Sen. Hillary Rodham Clinton quickly confronted two looming questions about her presidential candidacy: whether voters are ready to elect a woman to the White House and how aggressively she would respond to Republican attacks if she were her party's nominee.

Clinton held her first major public event a week after entering the 2008 campaign. It was a glossy, town-hall-style "conversation" with Iowans at a high school here in Des Moines, and it came nearly a full year before the state's first-in-the-nation presidential caucuses, scheduled for next January.

In an auditorium packed with more than 1,000 people -- many of them women -- Clinton stood alone at center stage, her arms outstretched, as she encouraged Iowans to help her win the presidency. "I'm running for president, and I'm in it to win it," she said to a burst of applause.

But the first question put to her focused on whether she, as a woman, would have extra difficulty winning.

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Clinton conceded that there may be special obstacles for any female candidate. "I think you've got to move beyond that," she said. "I am going to be asking people to vote for me based on my entire life experience. The fact that I'm a woman, the fact that I'm a mom, is part of who I am. But I'm going to ask people to vote for the person they believe would be the best president of the United States."

Clinton got just one question about Iraq, and she deflected it without answering it, speaking instead about health care for veterans.

But at a morning session with Iowa Democratic Party officials, she was asked to address her vote for the 2002 congressional resolution authorizing President Bush to go to war. That vote, along with her reluctance until late last year to recant, has put her at odds with many antiwar activists in the party and is expected to be a factor as she begins to meet voters in a state with a strong antiwar tradition.

"I've taken responsibility for my vote," she said. "But there are no do-overs in life. I wish there were. I acted on the best judgment I had at the time." She closed by noting: "I may have a slightly different take on this than some of the people who come through here."

The questions at the town hall meeting were uniformly polite and often adulatory. But her appearance among party officials brought out concerns that have echoed for months among party insiders nationally, all related to whether she may be such a polarizing figure that she will have a difficult time getting elected.

Clinton acknowledged that the campaign ahead might become brutal, particularly if she is picked as the Democratic nominee. She noted that she had overcome doubters who had predicted that she could not win a Senate seat in New York. And in response to a question about the lessons she has learned from Massachusetts Sen. John F. Kerry's loss to President Bush in 2004, Clinton promised to respond aggressively when attacked.

"When you're attacked, you have to deck your opponents," she said, after a more tepid initial response. She added: "I want to run a positive, issue-oriented, visionary campaign. But you can count on me to stand my ground and fight back."

Clinton is the front-runner for the Democratic nomination, based on national polls of Democrats, her capacity to raise as much or more money than any of her rivals, and the extensive network of loyalists built up during the presidency of her husband, Bill Clinton. But in Iowa, she is just one of four candidates currently viewed as the strongest contenders.

The others are Illinois Sen. Barack Obama, who will formally launch his candidacy in two weeks; former North Carolina senator John Edwards, who has a strong base from his second-place finish here in 2004; and former Iowa governor Tom Vilsack. Many Democrats here see Edwards currently in the strongest position, and he drew a sizable crowd on his first trip to the state as an announced candidate last month. But the campaign appears wide open at this point.

Clinton promised to return here often. And in her town hall appearance, she wryly remarked that she hopes to "have this as a one-on-one conversation, just you and me, and about several hundred national press people." But she added that the hoopla "will fade, and we'll actually be able to pursue this conversation in a very personal way."

Her interaction with the crowd was personal at times, despite the news media crush. One woman, Terri Hoffman, 53, a teacher from Des Moines, confessed in front of the audience that she is going through menopause. Clinton nodded knowingly and smiled. At another point, a member of the audience shouted to Clinton: "You go, girl!"

"You go with me!" Clinton replied.

At the end of her hour-long appearance, as the tune "You Ain't Seen Nothing Yet" filled the gymnasium, Clinton lingered to shake hands and sign autographs -- a practice more closely associated with her husband.

The immediate reaction to Clinton's performance at East High School was enthusiastic. Still, many said that it is far too early for them to commit to her or to any of the other Democratic candidates vying for the nomination.

"She's an electrically charged presence who is articulate," said Marilyn Musser of Des Moines, who had posed the question about how Clinton intends to deal with the gender issue in the campaign.

Musser said Clinton's candidacy is the "most impressive for me," but she added: "We're a long way from the election." She made clear that the prospect of electing the first female president is a factor in her consideration. "What else do women have to prove?" she asked.

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Effie Hall of Grinnell, Iowa, was impressed with how well Clinton connected with the audience. "People say she's cold, but I thought she was quite warm," she said.

But Hall said the questions ignored some major issues facing the country. "Iraq wasn't really part of it," she said. "She talked about the VA and her support of the VA [Veterans Affairs] system, but I thought there would be more. Maybe that's an old story. Maybe people knew she supported [the war] and now has backed off."

The Clinton campaign worked to build the crowds. It ran radio ads encouraging people to attend the candidate's public events and used "robocalls" -- automated phone messages using Clinton's voice -- to let the most likely caucus attendees know she was coming. Clinton's advisers said they made no effort to screen those who came to the town hall meeting or to try to manage the questioning.

In addition to her public events, a busy private schedule filled Clinton's 24 hours in Des Moines. She met with Gov. Chet Culver (D) shortly after arriving on Friday, and later attended a private dinner with 15 to 20 Democratic elected officials. On Saturday morning, Clinton met with labor leaders over breakfast at her hotel.

At a house party in Cedar Rapids on Saturday night, Clinton raised the subject of Iraq herself, expressing strong disapproval of Bush's handling of the war and calling for Congress to cut off funding for Iraqi troops.

"The rest of the world is standing with their arms crossed, just kind of waiting to see what we do," she said. "In the Congress, we are trying to set a different message now."

She said that, through a bipartisan resolution of disapproval, the Democratic-led Congress is "trying to demonstrate to the world that at least some of us understand what has to be done."

"But it's going to be hard because we have very few tools that we can use to try to reverse course. The president has enormous power in the area," Clinton said.

In Iowa, Hillary Off And Running (WT)

By Charles Hurt

The Washington Times, January 28, 2007

DES MOINES, Iowa -- Sen. Hillary Rodham Clinton began her presidential bid in earnest yesterday with all the momentum and certainty of a candidate in the final days of a campaign.

"I want to have this as a one-on-one conversation," the New York Democrat told a crowd of more than 1,000 Iowans packed into a high school gymnasium.

Absent from that conversation was the dominant issue of the war in Iraq, which Mrs. Clinton voted to authorize in 2002. She did address her vote during a meeting earlier in the day with state Democratic Party officials.

"There are no do-overs in life," Mrs. Clinton said. "I wish there were. I acted on the best judgment I had at the time."

Two hours before the former first lady arrived for her town hall-style meeting, the folding chairs at East High School's gym were nearly filled and an overflow room had to be opened.

Tall tripods for 17 television cameras were set up. Idling outside were seven satellite trucks and four industrial generators.

But Iowa voters especially those who will participate in the nation's first caucuses just under a year from now on Jan. 18, 2008 are famously persnickety and expect to be courted with humility, preferably in their own living rooms.

So, Mrs. Clinton began like anyone would.

"Well, I'm Hillary Clinton," she said to ecstatic applause. "And I'm happy to be here in Iowa."

Unlike most early campaign events in Iowa where the voters are undecided, the vast majority of those who showed up yesterday were firmly in Mrs. Clinton's camp. Many wore "Hillary!" stickers and buttons and waved posters with messages such as, "I LOVE HRC!"

Though national polls show Mrs. Clinton far ahead of any rival, surveys of Iowa voters show her trailing former Sen. John Edwards of North Carolina, Sen. Barack Obama of Illinois and the favorite son, former Gov. Tom Vilsack of Iowa. However, such early polls are virtually meaningless, especially since Mrs. Clinton had not visited the state since 2003.

In her meeting yesterday with party officials, she made the case for why she should be given the chance to beat the next Republican nominee for president.

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"When you are attacked, you have to deck your opponent," said Mrs. Clinton, who has lived in the glare of the national press for nearly 15 years. "I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back."

Mrs. Clinton said she would have voted differently on authorizing the Iraq war if she had more accurate information at the time. She also said that as the junior senator from New York, she "lived through 9/11" and has "a slightly different take on this from some of the other people who will be coming through here."

However, Mrs. Clinton was not about to offer herself as a peace candidate.

"I do think we are engaged in a war against heartless, ruthless enemies," she said. "If they could come after us again tomorrow, they would do so."

During her forum with voters, Mrs. Clinton was not asked a single question about her vote authorizing the war.

She was asked how she planned to win election to an office that has been held by men for more than 200 years.

"Sometimes, you have to work harder," Mrs. Clinton said.

There were more women than men in the audience, but she strove to play down the issue of a woman as president.

"There will be more stories about my clothes and hair than some of the people running against me," Mrs. Clinton said.

But she did not avoid the topic of women in leadership altogether. She gave a nod to the new Democratic House speaker, Nancy Pelosi of California, and the crowd erupted.

At one point, a woman in the audience shouted, "You go, girl!"

Mrs. Clinton shot back without missing a beat: "Go with me!"

John Barry, a veteran, rose to ask a question and began by saying, somewhat nervously: "America loves you and you look very nice."

Beaming, Mrs. Clinton thanked him, and the crowd roared with approval.

Another issue she met head-on was her failed effort during her husband's White House tenure to implement socialized medicine.

"The problems we were trying to address are still with us," Mrs. Clinton said. "In fact, they've gotten worse."

She said she remains committed to "universal health care coverage" and predicted that it's a matter of "when," not "if" it will happen.

"We are finally creating a consensus in the country for this," Mrs. Clinton said.

On global warming, she said: "Of course, global climate change is real, and it is a threat."

On the disparity among states regarding the foster care of children, Mrs. Clinton said: "I do think we need a national approach to that."

Terri Hoffman, 53, an eighth-grade teacher was among those surprised not to hear more about the war. She opposes it, but said she still could support Mrs. Clinton. Her only reservation is that she also likes Mr. Edwards, who has energetically courted voters here for two years.

Miss Hoffman worries that voters might shy away from voting for a woman.

"If they become a team, I guess I would be very happy," she said. "I think she'll be a great vice president."

Natalie Coates, 17, of Goshen, Ind., attended the event with her mother. She has no reservations whatsoever.

"I think it's awesome that she's a woman," Natalie said.

By the time Election Day rolls around, she will be eligible to vote, and she said she would cast her first-ever ballot for Mrs. Clinton.

Clinton Hits Campaign Trail In Iowa (USAT)

By Jill Lawrence

USA Today, January 27, 2007

DES MOINES — New York Sen. Hillary Rodham Clinton plunged into her presidential campaign Saturday at a town hall meeting complete with professionally printed banners and placards, a live jazz band and a crowd that was anything but tough.

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"I'm running for president and I'm in it to win," Clinton told a raucous audience in a gym at East High School, before fielding a series of questions that sometimes began with statements like "I think you look very nice" and "You're one of my idols."

Clinton offered a taste of how she intended to win at an earlier meeting with state party leaders when someone asked what she had learned from Massachusetts Sen. John Kerry's losing 2004 campaign.

"When you're attacked, you have to deck your opponents," Clinton said to laughter and applause from about 50 members of the Iowa Democratic Party Central Committee. "I want to run a positive, issue-oriented, visionary campaign. But you can count on me to stand my ground and fight back."

The Iowa caucuses kick off the nomination season for both parties in less than a year. Clinton's two-day tour of Des Moines, Cedar rapids and Davenport was her first visit here in more than three years.

While she leads in all national matchups of prospective Democratic nominees, two polls of likely Iowa caucus-goers this month had Clinton in third or fourth place. She was clustered with Illinois Sen. Barack Obama and former Iowa governor Tom Vilsack, and all three were well behind former North Carolina senator John Edwards.

The gym at East High School was packed with more than 1,000 people and some 150 journalists from around the country and the world, including Japan, England, France, Germany, Italy and Switzerland.. Another 1,000 people watched the meeting from an overflow room.

The level of attention was similar to Obama's trip to New Hampshire, site of the first primary, last month. Some people were diehard Hillary fans; others were checking out the talent. Steve Tuttle, 59, a retired television news director, said he is interested in Clinton and Obama, who is black. "Let's mix it up," he said. "I'm tired of looking at old white guys because I am one."

Clinton told the town meeting that "bad decisions coming out of our government" are undermining "the promise of America" for the poor and middle class. She made clear she would not shy from the issue that was so problematic for her during her husband's administration. "I am committed to universal health care," she said to applause, adding she would offer specific ideas later in the campaign.

Several people asked Clinton how she would handle potential resistance to the notion of a female president. "I don't think I'm the only woman here who feels that sometimes you have to work even harder, right? And I'm prepared to do that," she said. "We are good at breaking barriers and going places nobody's gone before."

Without using the words "Bill" or "my husband," Clinton praised his administration for creating budget surpluses, helping schools finance new buildings and improving medical care for veterans. Talking to the Democratic committee members, she said she has favored repeal of one Clinton era policy — the don't ask, don't tell policy applying to gay people in the military.

Thousands of patriotic Americans have been discharged and "that to me does not make sense," Clinton said, adding the United States should judge military personnel as its allies do: by "actions and behavior, not status."

Clinton took two questions on Iraq from the state committee members. She said she does not support cutting off funds to troops in the field and does support working for a bipartisan resolution in the Senate. "We have to build the political will within the Congress to stop President Bush. That means getting Republicans to turn on this policy and turn against the president," she told them.

Edwards and Vilsack have urged that U.S. troops be withdrawn. Clinton said that "it's easy being on the outside saying 'Do this' or 'Do that.' But inside you've got to figure out how to get the votes to do anything, and that's what we're working on."

Sen. Clinton Woos Voters In Iowa (LAT)

By Michael Finnegan

The Los Angeles Times, January 28, 2007

DES MOINES — Sen. Hillary Rodham Clinton took on the full trappings of a presidential candidate Saturday on her first campaign swing across Iowa, where she defended her early support of the Iraq war and played up her chance to "break a historic barrier" as the first woman to win the White House.

Clinton's Iowa visit opened her yearlong courtship of Democratic voters in the state whose precinct caucuses launch the 2008 presidential nominating process. Clinton, who is leading her Democratic rivals in national polls but not in Iowa, sought above all to spur excitement over her status as the only major female candidate.

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"When people tell me, 'Well you know, I don't think a woman can be elected president,' I say, 'Well, I don't believe that, but we're going to find out,' " she told nearly 2,000 Iowans at her campaign kickoff rally in a Des Moines school gymnasium.

Greeted with repeated roars of cheering, the New York senator and former first lady said she expected "more stories about my clothes and hair than some of the people running against me."

"I just have accepted that," she said. "And there may be some other kind of funny stories about differences between us, or a little bit of the double standard, but I just reject that. You know, I think we've got to move beyond that. I'm going to be asking people to vote for me based on my entire life and experience."

Vowing tougher federal action to ensure equal pay for women and men, she told the crowd: "Women have made progress, and I'm very proud of that, but it is still not equitable."

For Clinton, who announced Jan. 20 that she was forming a presidential exploratory committee, the weekend spent in Des Moines, Cedar Rapids and Davenport marks her first foray before live voters after several online and carefully screened chats.

At the school rally, Clinton operatives supplied thousands of "Hillary for President" placards and bumper stickers.

Dangling from the gymnasium ceiling were red-white-and-blue banners declaring: "Let the conversation begin! Iowa welcomes Hillary Clinton for President."

But the commotion created by the dozens of television crews and scores of reporters covering her appearance threatened to upend the intimate bonding that Iowans had come to expect from presidential candidates.

"I want to have this as a one-on-one conversation, just you and me and about several hundred national press people," Clinton joked at the rally. "But I have to tell you that will fade, and we'll actually be able to pursue this conversation in a very personal way."

She attempted to do that Saturday evening at a Cedar Rapids gathering with roughly 150 invited guests at a private home where media access was limited.

In larger settings, like the Des Moines school rally, her reception was overwhelmingly favorable.

"Being the first lady, she must have learned a lot there," said Des Moines teacher Samra Olofson, 52, who sees Clinton as the most experienced Democrat in the race. "I've been hoping she would run for a long time."

For now, former Sen. John Edwards of North Carolina, the 2004 Democratic nominee for vice president, is leading Iowa polls, followed by Clinton, Sen. Barack Obama of Illinois, former Iowa Gov. Tom Vilsack and others. Edwards, a frequent Iowa visitor over the last two years, has made painstaking efforts to expand his political network in the state, leaving Clinton and Obama to play catch-up.

With that in mind, Clinton met Friday with Iowa Gov. Chet Culver, a Democrat who has not endorsed a presidential candidate. Clinton also dropped by a diner Friday night for a milkshake with a Des Moines Register political columnist and met Saturday with union leaders at a hotel.

In public, Clinton tried to appeal to Democrats in this largely rural state by reminding them of the upstate New York farming regions that she represents in the Senate.

"We have cows — and on our farms live happy cows," she told several dozen Democrats gathered at state party headquarters Saturday morning.

There, as elsewhere, Clinton faced questions about her 2002 vote to authorize the war.

"I've taken responsibility for my vote, but there are no do-overs in life," she said. "I wish there were. I acted on the best judgment I had at the time."

Clinton reminded the crowd of her support for a cap on the number of U.S. troops in the war and her opposition to President Bush's plan to add more than 20,000.

"We have to build the political will within the Congress to stop President Bush," she said. "That means getting Republicans to turn on this policy and turn against the president."

At the same time, she said she was against "cutting off funds to troops in the field."

Jim Hutter, a former state Democratic committee member who asked Clinton about the war, said: "I thought it was a great answer."

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As she campaigned in Des Moines, Clinton alternated between taking shots at the Bush administration and reminiscing about the Clinton White House years.

"When I was in the White House, I worked to help craft the children's health insurance program, and it has worked extremely well, but now the administration has begun to cut it back," said Clinton, who renewed her call for universal health coverage but provided no details on how to accomplish it.

Clinton praised her husband's record on veterans benefits, but also called for repealing his "don't ask, don't tell" policy, which requires gays and lesbians in the military to hide their sexual orientation. She said thousands had been discharged and "that, to me, does not make sense."

Clinton also cast herself as a strong leader. She said the United States must put tough labor and environmental standards into trade agreements and "make it clear to countries that take advantage of our markets that we're not going to be patsies any longer."

On political matters, too, Clinton struck a tough tone. Responding to a question on lessons from Sen. John F. Kerry's presidential campaign in 2004, she drew guffaws and cheers by responding: "When you're attacked, you have to deck your opponents."

Clinton Begins Journey To White House (CHIT)

By Ray Quintanilla

Chicago Tribune, January 28, 2007

DES MOINES—Sen. Hillary Clinton began her presidential journey in this bellwether state on Saturday, raising energy and health-care issues but remaining conspicuously silent on the war in Iraq.

"I want to renew the promise of America. It starts right here in Iowa. I'm in it to win," Clinton (D-N.Y.) told cheering supporters—many of them women—who packed the gym at East High School here.

"You go, girl," came a shout from the audience.

"You come with me," Clinton replied, generating much applause.

Vowing to reduce U.S. dependence on foreign oil and re-ignite a push for universal health care coverage, the former first lady spoke for an hour during what her campaign billed as a "conversation with Iowans." She also talked of a need to change the "traditional roles" of women across society.

Saturday's event was Clinton's first political speech in the state since declaring a week earlier that she would seek the Democratic Party's nomination for president.

She took questions and spoke of boosting production of ethanol, increasing education funding and revamping how health care is delivered, especially to the poor. She said 20 percent of the nation's Medicaid dollars are related to diabetes, an illness that can be prevented or controlled with proper care. Yet the health care system does little to fund wellness care for those who are at risk, she said, adding: "But our system will pay to have your foot amputated. That has to change."

Missing from the day's "conversation" was a meaningful discussion on the war in Iraq. And that fact wasn't lost on some in the audience who groaned when Clinton spoke at length about standardized tests for schoolchildren.

"How can you get up and speak for an hour, and not talk about the war?" asked Thomasine Johnson, 66, shaking her head as she left the gym. "I am very disappointed she said nothing about why we are there, or how we can get out of Iraq. She voted for the war."

Roberta Hardwick, 35, said Clinton touched on all of the hot-button issues other than the war.

"Clinton talked about the need to help our veterans, and there was a good opportunity to address the war. But it didn't happen," said Hardwick, of Des Moines. "I am kind of disappointed about that."

She did discuss Iraq in an interview with The Associated Press, conceding that "I take responsibility" for voting to give President Bush authority to wage war.

"I have said clearly and consistently for quite some time that I regret the way the president misused the authority" given him by Congress to act in Iraq, Clinton told the AP. "He misled Congress and the country on what he was seeking and what he intended to do."

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"I take responsibility for having voted to give him that authority," she said. "My focus is on what we do now. That is the proper debate."

Others who heard Clinton here Saturday praised her for entering the presidential race, and said they left the gym feeling excited about the prospect of having a woman president for the first time.

"She did a thoughtful job of answering all the questions, and I believe her views are right on target," said Dayna Chandler, a 37-year-old mother of four who lives in Des Moines. "She's very confident, and I like that about her."

Jim Hutter, political science professor at Iowa State University in Ames, said Clinton's first major public speech in the Hawkeye State probably won't have much lasting impact, considering that the presidential caucuses are a year away.

Still, he added, Clinton is among the candidates generating interest from Democratic activists, many of whom were on hand Saturday. Others getting attention, he said, are former North Carolina Sen. John Edwards and former Iowa Gov. Tom Vilsack. Illinois Sen. Barack Obama's candidacy has sparked excitement as well, Hutter said.

Clinton told the AP she wouldn't concede the black vote to Obama. "I'm going to be asking for the votes of all Americans," she said.

Hutter has been an observer of Iowa's caucuses since the late 1960s.

"Having a political organization on the ground here is important, and so far Sen. Edwards seems to have the inside track," he said. "[Clinton] has to get to work on building an organization," he explained.

Later Saturday, Clinton was to travel to Cedar Rapids for a house party with supporters, and had a similar event planned for Sunday morning in Davenport.

Clinton Explains Role In Authorizing War (AP)

By Mike Glover

AP, January 27, 2007

DES MOINES, Iowa (AP) - New York Sen. Hillary Rodham Clinton blamed President Bush on Saturday for misusing authority given him by Congress to act in Iraq, but conceded "I take responsibility" for her role in allowing that to happen.

In an interview with The Associated Press, Clinton also said she would not cede black votes to Barack Obama and that she had proven as a U.S. senator that gender is irrelevant.

Of her husband, the former president, she said he would have a role in the campaign but "I'm the one running for president."

Clinton was making her first campaign swing through this early nominating state, which twice voted for Bill Clinton for president. She met with key activists and held a raucous town hall meeting with 1,500 cheering backers and hundreds of journalists.

"I have said clearly and consistently for quite some time that I regret the way the president misused the authority," said Clinton. "He misled Congress and the country on what he was seeking and what he intended to do."

The responsibility Clinton said she accepts was helping clear the way for Bush's path in Iraq.

"I take responsibility for having voted to give him that authority," she said. "My focus is on what we do now. That is the proper debate."

In the interview:

Clinton said she expected to attract black votes even though Obama, the freshman Illinois senator, has caught fire. "I'm going to be asking for the votes of all Americans," she said.

Her husband will play a key role in her campaign, though she'll make it clear she's the candidate. "At the end of the day when voters make up their mind, I will have a great team around me, including him," she said.

Her experience in a failed health care reform effort in the White House does not dampen her effort to again deal with the issue. "I think it makes me a more effective messenger," she said. "I now what the roadblocks and obstacles are."

Clinton expressed confidence voters are ready to elect a woman president. "It's one of those issues that evolves over time," she said. "I'm very confident I can see it unfold."

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In her first campaign swing through Iowa, the New York senator told party activists that Democrats in 2008 will face "someone on the other side who will be very tough and strong, even bellicose perhaps."

That likely was a reference to Arizona Republican Sen. John McCain, who has taken a hard line in supporting more U.S. troops to Iraq, as Bush has announced.

The former first lady also said has learned the lessons of the last two presidential campaigns, both lost by Democrats who responded slowly to criticism.

"When you are attacked, you have to deck your opponent," Clinton said. "I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back."

Clinton, who announced her candidacy last weekend, said Democrats cannot concede the security issue.

"We have to nominate someone who can have the trust and confidence of the American people to make the tough decisions as commander in chief," she said. "That is the threshold issue."

Her initial foray in Iowa was far different from the traditional caucus campaigning, with a few people in a living room. More than 1,500 people jammed a high school gymnasium for a town hall-style meeting. Some 150 reporters and photographers chronicled the event.

Earlier, she met with state Democrats at the party's headquarters.

Attention focused on Iraq and her vote to authorize the use of force ahead of the U.S.-led invasion in March 2003. Presidential rivals such as former North Carolina Sen. John Edwards now say the vote in support was a mistake.

"There are no do-overs in life," Clinton said. She says Congress received bad information going into the vote and that she would have voted differently given what she knows now.

"As a senator from New York, I lived through 9/11 and I am still dealing with the aftereffects," Clinton said. "I may have a slightly different take on this from some of the other people who will be coming through here."

Clinton said her view is that the nation is engaged in a deadly fight against terrorism, a battle that she contends Bush has botched.

"I do think we are engaged in a war against heartless, ruthless enemies," she said. "If they could come after us again tomorrow they would do so."

Clinton has urged a cap to the number of U.S. troops in Iraq, but has refused to go along with suggestions that Congress use its power of the purse to bring the war to a halt.

"This will be a problem that will be left to the next president," the senator said. "We've got to figure out now, given where we are, how we go forward."

In First Iowa Foray, Clinton Vows To Be Tough (NSDY)

By Glenn Thrush

Newsday, January 28, 2007

DES MOINES, Iowa -- Newly minted Iowa voter Laura Nutt wore three Hillary Rodham Clinton buttons on her sweatshirt, but the heart underneath was torn between the former first lady and Sen. Barack Obama.

"I really like her, but I'm mostly leaning towards Obama," said the 18-year-old high school senior, one of 2,000 Iowans who jammed the gym of East Hills High School to hear Clinton Saturday. "I'm looking at the war and I'm looking at a whole bunch of issues but I'm leaning toward Obama."

Such was the challenge Clinton faced during her first foray to Iowa as a presidential contestant, a two-day statewide tour with stops in the state capital, Cedar Rapids and Davenport. She steered mostly clear of Iraq -- addressing the issue for less than a minute during her 90-minute high school forum -- instead couching a populist economic message in some pugilistic language.

Clinton said she was the best Democrat to take on "bellicose" GOP opponents, such as Arizona Sen. John McCain and Rudolph Giuliani.

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"When you are attacked, you have to deck your opponent," she told Democratic state committee members earlier in the day. "I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back."

Clinton was given a rock-star welcome at the forum, arriving to Jesus Jones' "Right Here, Right Now," an early '90s dance-floor anthem.

"I will be here over and over again," the New York Democrat promised. "You may not always agree with me and we may not always see the world exactly the same, but I will answer your questions."

Iowa's first-in-the-nation caucus next January is considered a key hurdle for Clinton, 59. She trails in early Iowa polls to Obama, former vice presidential candidate John Edwards and ex-Iowa Gov. Tom Vilsack.

"She's very formidable and now she's on the ground," said former state Democratic chairman Gordon Fischer, a Vilsack supporter. "As she meets with people, as they see how intelligent and charming she is, her poll numbers will move steadily higher. ... She's the person to beat in Iowa."

Clinton was trailed by a brigade of reporters, including at least three TV crews from Japan. On her future Iowa trips, she vowed, the press attention "will fade and we'll be able to pursue this conversation in a very personal way." She went on to predict that reporters soon would embark on a new slate of stories about "my hair and my clothes."

On Friday, Vilsack took an indirect swipe at Clinton, saying her proposal to cap the number of troops in Iraq amounted to staying the course.

Clinton dismissed stronger measures Saturrday, including a cutoff of funding for the troop surge, saying Democrats still needed to "build the will to stop President Bush" in Congress.

"The war is Bush's problem, not Hillary's," said James Jackson, 63, an accountant from Des Moines who supports her.

Clinton In DM: "No Do-overs" On Iraq (DMR)

Des Moines Register, January 28, 2007

U.S. Sen. Hillary Clinton confronted doubts today about her ability to win the 2008 presidential election and defended her position on the Iraq war during her first day in Iowa as a candidate for president.

The New York Democrat, who leads her party's presidential hopefuls in national polls, also insisted that her celebrity status will not inhibit her from waging a hands-on campaign for Iowa's lead-off caucuses.

"Many of the doubts that are being expressed now were certainly present when I made my initial listening tour in New York. There were so many doubts," Clinton said in a Des Moines Register interview.

Clinton insisted that the crush of national and international news media that greeted her at a blockbuster forum at East High School in Des Moines and shadowed her 10-car motorcade around the city would subside as her campaign progressed.

Should that occur, voters will get to know her better, Clinton said.

"People want to assess me for themselves. They don't want to take what other people say about me at face value," she added.

To that end, Clinton's campaign granted broad public access to her events, although she met early Saturday with labor leaders in private.

National media were allowed limited access to Clinton, with all of them congregating at East High.

A half-dozen satellite news trucks purred outside East High's new community center while dozens of news media from Iowa, New York, Washington, D.C., and around the world waited inside.

An especially noticeable contingent of Japanese press was on hand. Producers from some of the international networks said interest in Clinton's candidacy is huge in Japan.

Clinton also acknowledged doubts about her chances in a general election, should she win the nomination, that stem from national polls that consistently show her unfavorable rating to be around 40 percent.

"I do seem to inspire strong feelings," the 59-year-old former first lady told two dozen of Iowa's most influential Democrats at the state party's central committee meeting in Des Moines.

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In small groups, during interviews with Iowa media and in front of about 1,500 people at East High, Clinton repeatedly said voters will find her the most qualified Democrat, if they can get past the national hype.

She never mentioned her husband Bill's time in office as the most recent Democrat president. Instead, she touted her six years in the Senate, career as a lawyer in Arkansas and policy efforts while first lady.

"Let's start with what's the most important concern: Who can be the best president?" she said in the Register interview. "I think I'm that person. And if that's the question we get to, then I believe people will feel comfortable supporting me."

Clinton's heralded arrival in Iowa this weekend came a week after she declared she would form a committee to explore the 2008 Democratic presidential nomination.

The East High forum had the flavor of a fall campaign's closing days, with many in the jammed gymnasium waving "Hillary" signs. Another 1,000 people gathered in the old gym to watch on TV.

Clinton took questions about health care, being a woman presidential candidate and the war in Iraq.

"I'm less skeptical than I was two hours ago," Des Moines Democrat Elizabeth Sedrel said, as supporters and photographers flocked around Clinton at the end of the forum. "But I'm still not sure. There's a long way to go."

Clinton pivoted away from her position about the politically touchy war in Iraq during the forum, and talked more about veterans health benefits.

But during the meeting with state party leaders, she was asked directly about the potential problem her vote for the 2002 resolution authorizing President Bush's use of force in Iraq.

Clinton said, as she has since last month, that she would not have voted for the resolution had she known that the Bush administration's justifications for the war would be proven to be unfounded.

She also shot back at her rivals, who have become more openly critical of Clinton for not saying the vote was a mistake.

"I've taken responsibility for my vote. But there are no do-overs in life. I wish there were," she told the group.

"I've also been a member of the Senate and looked for ways to help try to manage this very dangerous situation," she said earlier, during the interview.

Former Sen. John Edwards, who leads in early caucus polls, and former Iowa Gov. Tom Vilsack have said Clinton has not done enough to stop Bush from sending more troops to Iraq.

"It's easy to be on the sidelines and say this and that," she said.

Clinton has called for capping troops at existing levels in Iraq, gradually redeploying them and cutting funding for Iraqi security forces.

She opposes Bush's plan to send the additional 21,500 troops to secure Baghdad and other areas in Iraq. But she also opposes blocking funding for those troops.

Instead, she said, getting Republican support for a non-binding resolution expressing opposition to the troop surge can spark a political movement to end the war.

Ames Democrat Jim Hutter, a former member of the state central committee, said Clinton's answer satisfied him.

"My concern is Iowa caucus-goers have not heard her make the statement she made today," said Hutter, who supported former Vermont Gov. Howard Dean in the 2004 caucuses but is undecided about 2008.

Clinton has trailed Edwards in Iowa and has support similar to Vilsack and Illinois Sen. Barack Obama, according to recent polls.

Clinton said Iowans have not seen her up close yet. She promised to wage an all-out campaign for the caucuses, less than a year away.

She planned to campaign tonight in Cedar Rapids and Sunday in Davenport. Her first event in Davenport, originally planned as a small-group gathering at a restaurant, is now scheduled as another town hall-style forum at the Mississippi Valley Fairgrounds.

Clinton stopped short of saying she expected to win the Iowa caucuses.

"I have no expectations," she said. "I'm starting off (with) the idea I have to earn every vote. That's what I did in New York. That's what I'm going to try to do in Iowa."

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Pool Report 1: Sen. Clinton At Iowa Democratic Party Central Committee Meeting (POL)

The Politico, January 27, 2007

Because Hillary Clinton's media entourage in Iowa is so large, her staff designated some events as "pool only." The pool reporter is responsible for telling colleagues at other news organizations what happened at pool-only events. This pool report was filed by Jackie Calmes, a political reporter for The Wall Street Journal.

In her first publicly scheduled meeting of a frigid Iowa campaign weekend, Sen. Clinton arrived this morning to a polite standing ovation from about 50 Democrats who were mostly at two long tables arranged parallel to each other and perpendicular to the podium.

"I thought I'd drop by," she started out, to some chuckles. "I was just looking around for something to do on a Saturday." Then getting right to the point, she continued, "I'm in, I'm in to win," and will campaign "exactly along the lines Iowans expect," going from living rooms to church basements to union halls. She noted her New York record of going all over the state, proving the doubters wrong –including the media that believed she'd find it too "boring"—by winning and then getting reelected.

Think NY is so different from Iowa? "We even have farms…34,000 at last count," she said, joking that "I actually took so much grief" during past debate on a farm bill from colleagues under the impression NY is an urban place. "They made so much fun of me." She boasted that her adopted state is No. 2 in apple production, No. 3 in dairy. "We have cows and on our farms I ive happy cows." Lots of laughter from the Iowans.

Then to issues.

* "We're going to get to universal health care coverage," she said, acknowledging she doesn't exactly know how. But "since I do have a little experience in this area, I know what not to do." More laughter.

* "We're going to have a new energy future in America….We should have something like a Manhattan Project. (Lots of applause here)

* Global climate change: Unlike President Bush, "We know it's real; we've got to tackle it." In doing so, jobs will be created for "a win-win."

* Education: "From preschool through higher education, we're losing ground." She recounted her record of involvement in education going back to her days as Arkansas' first lady.

* Then the war: "We've got to bring the Iraq War to the right end." (More below from Q-and-A portion)

* "Repair and rebuild our alliances"

* Support "labor and environmental standards in trade agreements."

"I think I know what I'm getting into," she continued. "I do seem to inspire strong feelings." More chuckles from the crowd, and scattered applause.

"I'm going to go out and try to earn your votes. I love this."

Then she said she'd take a few questions. A man asked what lessons she'd learned from the Kerry campaign. Clinton initially seemed to duck the point, noting "I've learned a lot of lessons" from the years of campaigns she's been involved in, her own and her husband's. She said "I believe strongly as a Democrat and a progressive" that Democrats have lay out their visions. Then she added that she also believes, "When you're attacked, you have to deck your opponents." The group liked that—laughter, clapping.

"I want to run a positive, issue-oriented, visionary campaign. But you can count on me to stand my ground and fight back."

Second question: whether she supports the military's don't-ask-don't-tell policy, this from a man who suggested he agreed with those who say the (Clinton Administration) policy is bad for the military.

"I have been in favor of repealing 'don't ask, don't tell,'" she said. (Spokesman Howard Wolfson says this isn't a new stand for her.) She said thousands of patriotic Americans have been discharged. "That to me does not make sense," she said. She noted that the US should judge military personnel –as US allies do --by "Actions and behavior, not status."

Third question: Her view on "the surge" and whether the Senate resolution has "teeth."

"I oppose the president's escalation," she said, and support a cap on troops. "I'm not for cutting off funds to troops in the field." She said she supports working toward a bipartisan resolution in the Senate, telling the Iowans that even if the president hasn't taken the anti-war message from the '06 election results, many Republicans in Congress have. "We have to build the

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political will within the Congress to stop President Bush. That means getting Republicans to turn on this policy and turn against the president."

After some further discussion of Democrats' efforts for a phased redeployment since 2005, she said, "It's easy being on the outside saying 'Do this' or 'Do that.' But inside you've got to figure out how to get the votes to do anything, and that's what we're working on."

Fourth and last: Another question on the war from a man (Jim Hutter, a former central committee member, now here as an interested –and uncommitted—party activist) who asked the senator to 'say more" about her 2002 vote on the use of force. He said some people "simply don't seem to want to get past that."

Clinton did her riff about how if we'd known then what we know now, there wouldn't have been a vote. "I've taken responsibility for my vote. But there are no do-overs in life. I wish there were. I acted on the best judgment I had at the time. I said this was not a vote for preemptive war. The president took my vote, and others' votes, and basically misused the authority we gave him." As president, she said, "I would never have diverted our attention and our focus from Afghanistan." This got some of the biggest applause of the event.

She closed, adding this: "I may have a slightly different take on this than some of the people who come through here."

She got an enthusiastic standing ovation, then spent a good 10-15 minutes signing autographs, including in copies of her books. Then she retired to a back room to meet state party officials privately. For what it's worth, Mr. Hutter said of her war vote answer, "I thought it was a great answer."

Dour McCain (NOVAK)

Robert Novak, January 27, 2007

Democratic strategists who had feared Sen. John McCain as the potentially unbeatable Republican candidate for president in 2008 were surprised and delighted by his dour appearance on NBC's "Meet the Press" last Sunday.

One Democratic leader referred to McCain's performance, in suggesting President Bush's additional 21,000 troops may be inadequate, as "comatose." A Republican adviser to McCain said it was one of the worst performances ever on "Meet the Press." The senator's defender said he could not be expected to be cheerful about a plan to send additional U.S. troops in harm's way.

A footnote: Former Massachusetts Gov. Mitt Romney is picking up support for president among House Republicans, headed by former Speaker Dennis Hastert.

Whither Rahm?

Sources close to Sen. Barack Obama are sure that Rep. Rahm Emanuel will not support his fellow Illinois Democrat for the presidential nomination but will back Sen. Hillary Rodham Clinton.

If so, Emanuel would be the only prominent Democratic officeholder in Illinois not for Obama. As a senior White House aide, Emanuel was one of President Bill Clinton's favorites. Emanuel has been close to both of the Clintons.

Emanuel refuses to talk about his 2008 presidential choice. He says he was deeply engaged in politics for two years as chairman of the Democratic Congressional Campaign Committee and in his new role, as House Democratic Caucus chairman, he is committed to legislation.

Undermining Hillary

Jerome Corsi, co-author of the 2004 campaign book "Unfit for Command" attacking Sen. John Kerry's war record, joined up Tuesday with the organization intended to similarly undermine Sen. Hillary Rodham Clinton in the 2008 campaign.

TheVanguard.org is intended to be a right-wing version of the leftist MoveOn.Org. It was founded by Silicon Valley entrepreneurs, including Gil Amelio, former CEO of Apple and National Semiconductor.

Coming on board Feb. 16 as TheVanguard's full-time editorial and creative director will be Richard Poe, who has served as editor-in-chief of FrontPage Magazine. He has been described as the conservative movement's leading expert on MoveOn.Org's strategy in bringing together disparate elements with a common viewpoint.

Bush on Abortion

President Bush extended his stay at Camp David last weekend to arrive back at the White House Monday afternoon, missing the annual anti-abortion March for Life that morning in Washington to mark the anniversary of the Roe v. Wade decision.

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Bush was at the White House on Jan. 22, 2001, for the first March of his presidency but sent a written statement rather than attend in person. For the next five years, he was out of town for the event: Charleston, W.Va. (2002), St. Louis (2003), Roswell, N.M. (2004), Camp David (2005) and Manhattan, Kan. (2006). His routine is to address the event by phone.

A footnote: Only two of the many Republican presidential hopefuls attended this year's March for Life: Rep. Duncan Hunter of California and Sen. Sam Brownback of Kansas. On Sunday, Brownback visited the Holiday Inn on Capitol Hill, mingling with marchers from Iowa (the first state in the presidential nomination process).

Dollars for Rudy

Texas Republican contributors are being solicited to spend $30,000 for dinner with former New York City Mayor Rudolph W. Giuliani at the Houstonian Hotel in Houston Feb. 1 to finance his "presidential exploratory committee." The "private" dinner will follow a 6:30 to 8 p.m. cocktail reception, costing $2,100 a person and $4,200 for couples.

The best-known host of Giuliani's Houston event is billionaire oilman T. Boone Pickens Jr., chairman of the private equity firm BP Capital Management. Also on Giuliani's Texas fund-raising team are Tom Hicks, whose company owns the Texas Rangers baseball team; oil industry executive Jim Lee; and lawyer Patrick C. Oxford.

A footnote: A Giuliani fund-raiser will be held Jan. 29 in Pacific Palisades, Calif., at the home of Bill Simon, the 2002 Republican candidate for governor of California, costing $2,300 a person and $4,600 per couple. To find out more about Robert D. Novak and read his past columns, visit the Creators Syndicate web page at www.creators.com. COPYRIGHT 2007 CREATORS SYNDICATE INC.

Robert Novak is a syndicated columnist and editor of the Evans-Novak Political Report

Hillary Pushes Personality, Ducks Iraq (POL)

By Roger Simon

The Politico, January 28, 2007

DES MOINES - - In her first face-to-face meeting with voters since announcing for president, Hillary Clinton was asked about Iraq and ducked the question.

A man, who identified himself as a Gulf War vet, asked the New York senator at a town meeting in a high school gym here Saturday if the surge of new troops to Iraq “was going to be enough?”

Instead of answering, Hillary (as she is officially called by her campaign) said, “Thanks so much for your service” and then talked about how she visits military hospitals and believes America needs to provide good medical care for its veterans.

In the one-hour town meeting, Hillary did not mention Iraq a single time. She mentioned ethanol twice.

Ethanol, a gasoline substitute that can be made from corn, is wildly popular in this state where corn grows in profusion.

Iraq is far less popular here. In an interview with Gov. Chet Culver Friday, he told me, “We have lost 50 heroes, 50 Iowans in Iraq and Afghanistan. Every day it is becoming more of an issue.”

Hillary’s refusal to apologize for her vote to authorize the Iraq war rankles some Democrats here. Bruce Stone from Grimes, Iowa, said: “My problems with Hillary is she voted for the Iraq war and, until a few months ago, she supported it. I am a Vietnam-era vet and I take war very seriously. Her husband? He walks on water.”

But it is Hillary’s turn to slog through the presidential waters now. Before her town meeting, she went to Democratic state headquarters to meet with party activists. When asked about the war there, she said: “There are no do-overs in life." According to the Associated Press, she said Congress received bad information going into the vote and that she would have voted differently given what she knows now.

It is possible Hillary did not mean to duck the Iraq question from the Gulf War vet. Perhaps she was a little rattled when the vet, who identified himself as John Barry, ended his question to her by saying, “I think you look very nice.”

Earlier in her town meeting, Hillary had said with a smile, “I suppose there will be more stories about my clothes and hair than some other people running for president.” The crowd laughed.

Except for that one moment regarding Iraq, Hillary gave a virtually flawless performance from the moment she walked into the overflowing gym with her Secret Service detail discreetly sitting in the crowd, not standing in front of the low stage.

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(Hillary gets Secret Service protection by virtue of her being a former First Lady, not because she is a presidential candidate. While security can keep you at a distance from voters, it also makes a campaign look big time - - something Hillary's campaign would probably look like anyway.)

The crowd of about 1,400 had waited outside the gym in weather 9 degrees below freezing, a balmy day for Iowa in January in other words. One man held a sign that said, "Bill Clinton: First Lady's Man," which was either negative or just literal.

Hillary told the crowd, "I want a one-on-one conversation - - you me and several hundred national press." Both Hillary and the crowd laughed. "But I have to tell you, that will fade," she said.

Probably not.

By virtue of the polls and her background, Hillary is the front runner. Although she is only just days in to her second term in the Senate, she is the candidate of experience among the top tier of Democratic candidates, which is made up of Clinton, Barack Obama and John Edwards.

Being in the Senate is hardly a guarantee of getting to the White House, however. Only two senators in history - - Warren G. Harding and John F. Kennedy - - went directly from the Senate to the presidency. (And both died in office.)

Voters seem to prefer governors. Just in the last few decades, we have had former governors Ronald Reagan, Bill Clinton and George W. Bush elected to the presidency, all of whom served two terms.

There are at least three reasons for this: First, governors have executive experience and know how to get things done and that is appealing to voters. Second, unlike Senators, governors do not have hundreds of votes they have to defend against attack at campaign time. Third, governors can exploit anti-Washington feeling to their advantage.

But that was before 9/11. Doesn't 9/11 make American voters want a candidate with national security experience like some senators have?

I asked Tom Vilsack, the former two-term governor of Iowa, who is running for president, that precise question.

"Questions like that makes me want to reach across this table and strangle you," Vilsack said. (Rarely, if ever, do presidential candidates follow up on their death threats.) "It is not about what experience you have, but how you make decisions. I don't think 9/11 changes the dynamic."

When Mike Huckabee, former Republican governor of Arkansas, was asked recently at a lunch with reporters what he brings to a presidential campaigns, he said, "I think four things are necessary for a successful campaign: Message, understanding of Media, Motivated volunteers, and Money." Experience, which doesn't start with an M, did not make his list.

When he was asked about this, he said, "I believe it's going to be more about leadership. I don't think a Washington address and being in Congress will be an asset."

He hopes.

Hillary, on the other, hand, told the crowd Saturday, "I believe I have a lifetime of experiences that qualify me to take office in January, 2009."

"Go, girl!" a woman shouted from the crowd.

"Go with me!" Hillary replied.

Clinton's Presidential Posturing (WP)

By David S. Broder

The Washington Post, January 28, 2007

When Lt. Gen. David Petraeus went before the Senate Armed Services Committee last week in open session, its members understandably had many questions for the new commander of American forces in Iraq.

They knew of his reputation as a battlefield leader, trainer of Iraqi troops and co-author of the Army manual on counterinsurgency warfare. They also recognized the difficulty and importance of his new assignment.

Many of the questions probed the rationale for the president's new strategy of injecting more U.S. troops into Baghdad neighborhoods racked by killings by rival Sunni and Shiite gangs. Others challenged the readiness of Iraqi forces and the Baghdad government to do their part in reducing sectarian violence.

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A few of the questions were naive, self-serving or tangents. But virtually all members of the committee were present, and senators of both parties recognized the value of probing this experienced and candid witness.

With one exception. Sen. Hillary Rodham Clinton of New York used her time to make a speech about Iraq policy and did not ask a single question of the man who will be leading the military campaign.

Her speech replayed some of the themes from her news conference the previous week, on her return from Iraq, when she made clear her disagreement with President Bush's decision to add 21,500 soldiers and Marines to Petraeus's force.

She began by blaming the Iraq crisis on a "Congress [that] was supine under the Republican majority, failing to conduct oversight and demanding accountability, and because the president and his team, particularly the former secretary of defense, refused to adapt to the changing circumstances on the ground."

From that partisan opening, Clinton went on to decry "the failures of the Iraqis to step up and take responsibility for their own future." She said that the escalation Bush ordered was too little and too late and instead called on Congress to "threaten to cut money for the Iraqi troops and for the security for the Iraqi leadership," as a way to break the political gridlock in Baghdad and force efforts at national reconciliation.

She wound up the speech by saying that despite her disagreement with the policy, she wanted Petraeus's assurance that "we have every possible piece of equipment and resource necessary to protect these young men and women" going into battle.

"I'll do that, Senator," Petraeus said, and after that four-word response, Clinton was finished. She had no questions to ask.

Judging by all the polls, Clinton is the leading candidate for the Democratic presidential nomination. Sen. John McCain of Arizona, a leading candidate for the Republican nomination, is also a member of the Armed Services Committee.

McCain asked Petraeus 14 questions, ranging from the political situation in Iraq to the morale of the troops to the timeline for the planned "surge." He ran out of time before he ran out of questions -- quite a contrast to Clinton.

Clinton aides said that the senator thought it was important to rebut the comments from several other committee members suggesting that congressional resolutions opposing the president's policy would "undercut the troops," so she used her time for that purpose. But I can think of three other possible explanations for her remarkable reluctance to probe the general's thinking.

First, she has been treading a careful line from her early support of military action against Saddam Hussein to an increasingly sharp criticism of the war and calls for troop reductions. Perhaps she feared that dialogue with Petraeus would lead her into dangerous, uncharted waters. Caution is commendable, but she is sometimes faulted for being too calculating.

Second, the hearing came only three days after she announced her presidential exploratory committee, and she may have decided it was a good opportunity to repeat her views on Iraq policy before TV cameras rather than share time with the general. That wouldn't say much about her priorities as she begins a second six-year term as senator, but New York voters presumably knew in November that she might have loftier goals than just minding her Senate duties.

The third, less benign possibility is that Clinton is reverting to the mode of her ill-fated 1993-94 health-care initiative, when she gave members of Congress and other interested folks the impression that she thought she had all the answers -- so please just do as I say. In that period, she and her deputy, Ira Magaziner, two of the smartest policy wonks in captivity, were also supremely self-confident -- and in some eyes, arrogant. And it cost them support, even among potential allies.

This month Clinton began her presidential campaign, as she did her first race for the Senate in New York, by saying that she wanted to do a lot of listening. She sure wasn't listening to Gen. Petraeus. She wasn't even asking.

Hillary Clinton's Mission Unaccomplished (NYT)

By Frank Rich

The New York Times, January 28, 2007

HILLARY CLINTON has an answer to those who suspect that her "I'm in to win" Webcast last weekend was forced by Barack Obama's Webcast of just four days earlier. "I wanted to do it before the president's State of the Union," she explained to Brian Williams on NBC, "because I wanted to draw the contrast between what we've seen over the last six years, and the kind of leadership and experience that I would bring to the office."

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She couldn't have set the bar any lower. President Bush's speech was less compelling than the Monty Python sketch playing out behind it: the unacknowledged race between Nancy Pelosi and Dick Cheney to be the first to stand up for each bipartisan ovation. (Winner: Pelosi.)

As we've been much reminded, the most recent presidents to face Congress in such low estate were Harry Truman in 1952 and Richard Nixon in 1974, both in the last ebbs of their administrations, both mired in unpopular wars that their successors would soon end, and both eager to change the subject just as Mr. Bush did. In his '52 State of the Union address, Truman vowed "to bring the cost of modern medical care within the reach of all the people" while Nixon, 22 years later, promised "a new system that makes high-quality health care available to every American." Not to be outdone, Mr. Bush offered a dead-on-arrival proposal that "all our citizens have affordable and available health care." The empty promise of a free intravenous lunch, it seems, is the last refuge of desperate war presidents.

Few Americans know more than Senator Clinton about health care, as it happens, and if 27 Americans hadn't been killed in Iraq last weekend, voters might be in the mood to listen to her about it. But polls continue to show Iraq dwarfing every other issue as the nation's No. 1 concern. The Democrats' pre-eminent presidential candidate can't escape the war any more than the president can. And so she was blindsided Tuesday night, just as Mr. Bush was, by an unexpected gate crasher, the rookie senator from Virginia, Jim Webb. Though he's not a candidate for national office, Mr. Webb's nine-minute Democratic response not only upstaged the president but also, in an unintended political drive-by shooting, gave Mrs. Clinton a more pointed State of the Union "contrast" than she had bargained for.

To the political consultants favored by both Mrs. Clinton and Mr. Bush, Mr. Webb is an amateur. More than a few Washington insiders initially wrote him off in last year's race to unseat a star presidential prospect, the incumbent Senator George Allen. Mr. Webb is standoffish. He doesn't care whom he offends, including in his own base. He gives the impression — as he did Tuesday night — that he just might punch out his opponent. When he had his famously testy exchange with Mr. Bush over the war at a White House reception after his victory, Beltway pooh-bahs labeled him a boor, much as they had that other interloper who refused to censor himself before the president last year, Stephen Colbert.

But this country is at a grave crossroads. It craves leadership. When Mr. Webb spoke on Tuesday, he stepped into that vacuum and, for a few minutes anyway, filled it. It's not merely his military credentials as a Vietnam veteran and a former Navy secretary for Ronald Reagan that gave him authority, or the fact that his son, also a marine, is serving in Iraq. It was the simplicity and honesty of Mr. Webb's message. Like Senator Obama, he was a talented professional writer before entering politics, so he could discard whatever risk-averse speech his party handed him and write his own. His exquisitely calibrated threat of Democratic pushback should Mr. Bush fail to change course on the war — "If he does not, we will be showing him the way" — continued to charge the air even as Mrs. Clinton made the post-speech rounds on the networks.

Mrs. Clinton cannot rewrite her own history on Iraq to match Mr. Obama's early opposition to the war, or Mr. Webb's. She was not prescient enough to see, as Mr. Webb wrote in The Washington Post back in September 2002, that "unilateral wars designed to bring about regime change and a long-term occupation should be undertaken only when a nation's existence is clearly at stake." But she's hardly alone in this failing, and the point now is not that she mimic John Edwards with a prostrate apology for her vote to authorize the war. ("You don't get do-overs in life or in politics," she has said.) What matters to the country is what happens next. What matters is the leadership that will take us out of the fiasco.

Mr. Webb made his own proposals for ending the war, some of them anticipating those of the Iraq Study Group, while running against a popular incumbent in a reddish state. Mrs. Clinton, running for re-election in a safe seat in blue New York, settled for ratcheting up her old complaints about the war's execution and for endorsing other senators' calls for vaguely defined "phased redeployments." Even now, after the Nov. 7 results confirmed that two-thirds of voters nationwide want out, she struggles to parse formulations about Iraq.

This is how she explains her vote to authorize the war: "I would never have expected any president, if we knew then what we know now, to come to ask for a vote. There would not have been a vote, and I certainly would not have voted for it." John Kerry could not have said it worse himself. No wonder last weekend's "Saturday Night Live" gave us a "Hillary" who said, "Knowing what we know now, that you could vote against the war and still be elected president, I would never have pretended to support it."

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Compounding this problem for Mrs. Clinton is that the theatrics of her fledgling campaign are already echoing the content: they are so overscripted and focus-group bland that they underline rather than combat the perennial criticism that she is a cautious triangulator too willing to trim convictions for political gain. Last week she conducted three online Web chats that she billed as opportunities for voters to see her "in an unfiltered way." Surely she was kidding. Everything was filtered, from the phony living-room set to the appearance of a "campaign blogger" who wasn't blogging to the softball questions and canned responses. Even the rare query touching on a nominally controversial topic, gay civil rights, avoided any mention of the word marriage, let alone Bill Clinton's enactment of the federal Defense of Marriage Act.

When a 14-year-old boy from Armonk, N.Y., asked Mrs. Clinton what made her "so inspirational," it was a telltale flashback to those well-rehearsed "town-hall meetings" Mr. Bush billed as unfiltered exchanges with voters during the 2004 campaign. One of those "Ask President Bush" sessions yielded the memorable question, "Mr. President, as a child, how can I help you get votes?"

After six years of "Ask President Bush," "Mission Accomplished" and stage sets plastered with "Plan for Victory," Americans hunger for a presidency with some authenticity. Patently synthetic play-acting and carefully manicured sound bites like Mrs. Clinton's look out of touch. (Mr. Obama's bare-bones Webcast and Web site shrewdly play Google to Mrs. Clinton's AOL.) Besides, the belief that an image can be tightly controlled in the viral media era is pure fantasy. Just ask the former Virginia senator, Mr. Allen, whose past prowess as a disciplined, image-conscious politician proved worthless once the Webb campaign posted on YouTube a grainy but authentic video capturing him in an embarrassing off-script public moment.

The image that Mrs. Clinton wants to sell is summed up by her frequent invocation of the word middle, as in "I grew up in a middle-class family in the middle of America." She's not left or right, you see, but exactly in the center where everyone feels safe. But as the fierce war critic Chuck Hagel, the Republican senator from Nebraska, argues in a must-read interview at gq.com, the war is "starting to redefine the political landscape" and scramble the old party labels. Like Mrs. Clinton, the middle-American Mr. Hagel voted to authorize the Iraq war, but that has not impeded his leadership in questioning it ever since.

The issue raised by the tragedy of Iraq is not who's on the left or the right, but who is in front and who is behind. Mrs. Clinton has always been a follower of public opinion on the war, not a leader. Now events are outrunning her. Support for the war both in the polls and among Republicans in Congress is plummeting faster than she can recalibrate her rhetoric; unreliable Iraqi troops are already proving no-shows in the new Iraqi-American "joint patrols" of Baghdad; the Congressional showdown over fresh appropriations for Iraq is just weeks away.

This, in other words, is a moment of crisis in our history and there will be no do-overs. Should Mrs. Clinton actually seek unfiltered exposure to voters, she will learn that they are anxiously waiting to see just who in Washington is brave enough to act.

You've Come A Long Way, Maybe (WP)

By Linda Hirshman

The Washington Post, January 28, 2007

Hillary Rodham Clinton sure got it right when she announced her candidacy for president while sitting on her living room couch. Her success may very well turn on the decisions of millions of women sitting on their living room couches.

Clinton advisers James Carville and Mark Penn have said they're counting on a women's vote (the "X factor") to catapult their client into the White House. They're obviously hoping that a female candidate will get much more support from women and are banking on the "gender gap," the idea, trumpeted by the media and women's organizations, that women believe in liberal policies and will therefore, as rational political actors, support the Democratic Party.

But I have news for Messrs. Carville and Penn: All the gender gap talk notwithstanding, there's no guarantee that Clinton would receive enough votes from women to be elected. I've studied women and women's politics for 20 years, and if there's one thing I know, it's that, except for possibly once in 1996, female voters have not by themselves put anyone in the White House.

If Clinton is going to attract the women she needs, she's probably going to have to do something more than simply have a pair of X chromosomes herself. And much as it pains a feminist like me to say it, a lot of her campaign will have to involve putting her on the couch and analyzing her character and motivation. Again.

In every election, there's a chance that women will be the decisive force that will elect someone who embraces their views. Yet they seem never to have done so, and I've never seen a satisfactory answer as to why. My own theory is that women don't

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decide elections because they're not rational political actors -- they don't make firm policy commitments and back the candidates who will move society in the direction they want it to go. Instead, they vote on impulse, and on elusive factors such as personality.

With Clinton's candidacy on the horizon, I decided to test my theory by asking a few white, married women -- the key demographic -- what they are up to this time.

If any women were going to be politically aware, I figured, it would be those in the Washington area. So I contacted half a dozen members of the Wednesday Morning Group, a D.C. area organization that provides speakers and programs mostly for stay-at-home moms. (One even told me I had caught her sitting on her living room couch.)

All the women voted in the midterm elections last year and intend to vote in 2008. But how do they decide which lever to pull? My small sampling is admittedly unscientific, but what they told me reveals a lot about why campaigning to women is so tricky.

A 49-year-old former public relations executive in suburban Maryland told me she votes the political agenda she learned from her lefty father. She reads The Washington Post, but there are no books on her bedside table. She counts on her husband to tell her what's in the Nation magazine and on the Web.

A 36-year-old former financial sales executive considers herself an independent, reads only the Style and Weekend sections of The Post and the Marketplace and Personal Journal sections of the Wall Street Journal, and also counts on her husband, a Republican, to tell her what's interesting in the rest of the paper.

A former human rights activist told me that she still reads the New York Times, skims the Economist, and gathers political information from PBS's "News Hour," a local broadcast from the BBC and from her church.

Neither the former teacher nor the retired television reporter read any newspapers at all.

There are some constants. Most of the women read People and Real Simple magazines. They all listen to news on the car radio, mostly National Public Radio. And almost all their full-time working husbands consume immeasurably more political information than they do ("He reads 10 times what I do," one told me), reading news magazines and political Web sites and bringing home political information from their jobs. The women gather little information from their almost exclusively female society of other stay-at-home moms.

They all said that after Clinton announced, they were "really excited." "She's been in politics a long time," a woman coincidentally named Hillary said. "She's tough as nails," added another gleefully. Jennifer, meanwhile, was won by Clinton's "combination of soft edges, as a mother and a nurturer and a strong person."

No one focused on any political agenda, policy or program. What seemed to matter to them all was character. Jennifer contrasted herself with her husband, who, while a Democrat, was not so sure he would support Clinton. "He doesn't look at character or personality," she said. "He's very much of an issue/policy person. I look at the whole picture."

Explaining why she did not vote for George W. Bush in 2000 even though she expressed concern over taxes, Hillary said: "I just could not get past the fact that I didn't like the man."

As inattentive as they were to Clinton's policy record, they were knowledgeable about her biography. They saw her as "smart" and determined not to be just another first lady. They were sorry that she had failed in her first foray into national policymaking with her health-care proposal. They understood her withdrawal into the East Wing and party-throwing as a necessary concession to her husband's career needs.

But they were clearly defensive about her decision to stay the course after the Monica Lewinsky scandal. "She set herself up in her life," one explained, "to get wherever she wanted to go. That's what men do all the time. . . . When a woman does it, what's wrong with that?"

I had such mixed feelings listening to these women describe their political selves. They're clearly idealistic, want to be good citizens, make an effort to get the information they need. It was hard not to like them. Their delight in seeing a woman so close to real power was palpable. Yet I couldn't escape the fact that they took in little of politics, especially compared with their husbands, that their decision-making seemed impulsive and that their response to Clinton's candidacy was driven to an amazing extent by personality.

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They unwittingly confirmed my theory about why women don't decide elections. But that theory is supported by a wealth of statistical information, too.

Women have voted more Democratic than men recently, but since the ratification of the 19th Amendment in 1920, only once has the women's vote arguably been different enough from the men's vote to determine the outcome of a presidential election. In 1980, 1984 and 1988, more women, like men, favored the winning Republican candidate over the losing Democrat. Geraldine Ferraro's presence on the Democratic ticket in 1984 apparently made little difference. In 1992, more women, like men, favored the winning Democrat over the losing Republican. The men's vote was so divided in 1996 that exit polls show Clinton one percentage point behind among men (a statistical tie), while winning the female vote. In 2004, more women, unlike men, favored the losing Democrat, but by such a small majority (51 percent) that they had no effect on the outcome of the male-driven election. Since the '96 elections was so close among men, it's fair to say that only in 2000 did women clearly part company with men, voting for Democrat Al Gore in large enough numbers to offset the male votes for Bush -- but the female majorities were not distributed among enough states to carry the electoral college.

Any campaign that needs women to win would have to break the 88-year record of women failing to produce election results that men oppose.

To this day -- as even my D.C. area correspondents seemed to confirm -- women just aren't as interested in politics as men are. The Center for Civic Education recently reported that American women are less likely than men to discuss politics, contribute to campaigns, contact public officials or join a political organization. About 42 percent of men told University of Michigan researchers last year that "they are 'very interested' in government and public affairs, compared with 34 percent of women."

Worse, women consistently score 10 to 20 percentage points lower than men on studies of political knowledge, regardless of their education or income level. Studies dating to 1997 have shown that fewer women than men can name their senator, or know one First Amendment right. They even know less about the Supreme Court's decision in Roe v. Wade than men do.

As a 2006 study by the Pew Research Center for the People and the Press put it, American adults live in "A World of His and Hers." Two million more men than women read either Time or Newsweek; more men listen to radio news and talk radio, read the paper and get news online. Only broadcast television news plays to more women than men, and a lot of that is TV news magazines and morning shows. Not only do fewer women read the newspaper, but almost half the women surveyed said they "sometimes do not follow international news because of excessive coverage of wars and violence."

So-called liberal women are the majority of swing voters -- those tantalizing independent late deciders -- in every election. While men remained committed to Republicans Ronald Reagan, George H.W. Bush and George W. Bush throughout the campaigns, women polled heavily for Democrats Walter F. Mondale, Michael S. Dukakis and John F. Kerry as late as September before settling in to vote Republican or anemically Democratic in November.

So what does all this mean for Hillary Clinton, or any woman who would be president?

First, when it comes to women who vote, the political is the personal. The Wednesday Morning women spoke passionately about Clinton's public and private travails but seemed oddly indifferent to her position on the Iraq war. If the polls continue to reflect male aversion to her beyond the baseline male Republican tilt, Clinton may have to go personal to bring the women home. Maybe she could get a couch on casters.

Unlike the married suburban women she must attract in large numbers, Clinton didn't stay home from work. Remember the "baking cookies" remark? On the other hand, she has had the soap opera story of the century with that charismatic, faithless husband. This has made her suffer, something one of the Wednesday women specifically singled out as a reason to support a candidate. Will she be willing to open that old wound to convince potential female supporters that her policies, such as universal child health care, arise out of her concern for women like them, rather than being just the usual liberal agenda? Worse, if she does play the wronged wife again, does she risk alienating the women who think she should have left her husband long ago?

The second lesson is that elections that turn on the female electorate bear an unfortunate resemblance to a popularity contest. The Republicans have succeeded with women at the polls when they've made Democrats look not just mistaken, but clownish or geeky. Reagan in blue jeans beat Jimmy Carter in a cardigan. George H.W. Bush looked like John Wayne next to

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Dukakis peering over the edge of a tank in a helmet. And who knows what would have happened if Kerry hadn't donned a wetsuit to go wind-surfing? Even the devil wears Prada. And women know it.

If Clinton is going to stand a chance in 2008, her campaign may have to discredit the Republican nominee. As political scientist Dianne Bystrom has found, it doesn't hurt female candidates when they go negative, and if women are going to make their political decisions based on impulse, then anyone needing their votes is going to have to make sure no one wants to sit with the other guy in the cafeteria. It was illuminating how often the Wednesday women spoke of Clinton's toughness.

A suffering wife and mother whose campaign mysteriously unleashes attacks on her opponents? It's not the current game plan, no doubt. But I'm drawing on the lessons of history. I'd rather promote cheery stories of the gender gap -- but those stories are just a diversion from the hard work of bringing women into the world of governance. Mark my words: Those who do not study women's history are doomed to repeat its failures.

Linda Hirshman, author of "Get to Work: A Manifesto for Women of the World" (Viking), is a retired professor of women's studies.

Giuliani Is Sounding More Like A Candidate (NYT)

By Richard Pérez-Peña

The New York Times, January 28, 2007

MANCHESTER, N. H., Jan. 27 — Rudolph W. Giuliani sounded nearer than ever to being a presidential candidate on Saturday, repeatedly talking about the prospect of running, and inviting voters to judge him by his record as mayor of New York City.

Though he has long been thought to be a presidential contender, he has fallen behind other candidates in declaring his intention, and the language he used on Saturday, while suggesting a run, also contained built-in escape hatches. Speaking to a convention of the New Hampshire Republican Party, he advised the delegates on “what you should look for in whatever decision you make in presidential primaries,” and added, “when I promise you things, if I do, when I do, as I do, I’ll promise them because I’ve done them before.”

He returned to that theme moments later, and as he has done in recent days, drew a direct analogy between fighting crime in his home city and establishing peace in Iraq.

“When I say to you that we should reduce taxes to stimulate the economy, I’ll say it to you because I did it and I saw it work,” he said. “When I say we have to bring peace and security as sort of the beginning of anything, whether it’s in Baghdad or in other parts of the world or here at home, I’ll say that to you because I saw that happen in New York, and I made it happen. I did it.”

In his first trip since last fall to the state that holds the earliest presidential primary, Mr. Giuliani stepped closer than he has before to suggesting that he will run.

“Government has got to work in order to allow people to have confidence in it,” he said. “And as I look at this, I believe there is something I can do about that.”

Whether or not he is serious about a campaign, he may need to send such a signal to keep his options open. He has raised money, traveled extensively and put together a more robust organization in recent weeks, but as other candidates enter the race, many Republicans — and some publications — have questioned whether he will go through with it.

On this trip, he met privately with several elected officials, including the mayor of Manchester, Frank Guinta — the kind of personal courting people here expect, and that other top contenders have done more than Mr. Giuliani has. “He’s going to have to spend a lot more with these people,” said Senator John E. Sununu.

When he speaks, Mr. Giuliani normally walks around the stage and does not refer to notes, joking and making matter-of-fact arguments. But Saturday’s speech, at the old Palace Theater, was unusually formal for him — he stayed behind the lectern and worked from notes — and also more overtly boastful and partisan, and more designed to rouse his audience.

Mr. Giuliani has taken the politically risky position of supporting President Bush’s unpopular decision to send more troops to Iraq, as have the other Republicans who rank highest in early polls, Senator John S. McCain and Mitt Romney, the former Massachusetts governor. But for the second time in as many days, Mr. Giuliani cautioned Saturday that the strategy might not work, and that it should not be viewed as the last word in the war.

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"We hope and we root for and we pray for a successful outcome in Iraq," he said. "But our ultimate victory is not going to be a military victory. Our ultimate victory against terrorism is going to be a victory of ideas."

But he stayed away from the divisive social issues that put him at odds with much of his party, like his support of abortion rights and gay civil unions. Some delegates here said they had hoped Mr. Giuliani would explain support his past support for gun controls in New York that would be unpopular here.

Still, Republican officials here take him very seriously as a presidential contender, based primarily on his reputation for leadership in the aftermath of the Sept. 11 attacks.

"I would say his chances are excellent," said State Representative John Reagan. "Everyone knows he has been severely tested."

Giuliani Plays It Close To The Vest (LAT)

By Mark Z. Barabak

The Los Angeles Times, January 28, 2007

MANCHESTER, N.H. — Will he or won't he?

The Rudy Giuliani Mystery Theater played the Palace on Saturday, a brief engagement at the city's landmark performing arts center and perennial campaign stop here in the first presidential primary state.

He gave away nothing about plans for a White House run.

Speaking from notes on a stage bathed by 12 small spotlights, the former New York mayor offered carefully qualified remarks to a convention of Republican activists. There were plenty of "ifs," as in: "People should vote for me or someone else, if I run … because they believe we can make this country better."

Outside, after his entourage bulled its way through the lobby crowd, Giuliani spoke with reporters just long enough to elude the presidential question with talk of examining his "heart and soul."

Giuliani finds himself in the happy position of sitting atop many opinion polls, even as he remains officially on the sidelines. While other candidates leap into the White House fray — former Arkansas Gov. Mike Huckabee is expected to join the Republican contest Monday — Giuliani remains coy.

Asked his timetable for a decision, he said Saturday that there was none. "The timetable is: when's the right time?" he said.

So far, the most noteworthy aspect of Giuliani's exploratory efforts has been the surfacing of an internal strategy document — the Giuliani camp says it was pilfered — which gave the world a look at 140 pages of campaign analysis, including the ex-mayor's perceived pitfalls. (Among them, his messy divorce and ties to disgraced former New York City Police Commissioner Bernard Kerik.) But for the last two days in New Hampshire, at least, Giuliani displayed all the trappings of a bona fide presidential contender — including some he could have done without.

On Friday, he drew several hundred people to a Chamber of Commerce dinner in Littleton, in the White Mountains. On Saturday, he received a standing ovation and repeated applause from several hundred more at the New Hampshire Republican State Committee meeting in Manchester, delivering a speech that was long on platitudes and short on specifics:

"You've got a beautiful state. A beautiful state in the winter. A beautiful state in the summer."

He put some distance between himself and President Bush — "I don't agree with him on everything," Giuliani said — and also subtly differed with his proclaimed hero, President Reagan, on the proper role of government. Where Reagan once declared government part of the problem, Giuliani took a more measured view, suggesting, "We need to make government work again, as Republicans. Because we're the more practical party."

New Hampshire may be uniquely suited to the promise and perils of a Giuliani presidential run.

His profile — permissive for a Republican on social issues, conservative on fiscal matters — is well tailored to a state where Republicans tend to be moderate and independents can vote in the GOP primary. "Anybody who's been to New York in the last few years can't help but be impressed," said Charles Arlinghaus, a longtime Republican activist and head of a free-market think tank in Concord.

But Giuliani's famously prickly style could be a problem. New Hampshire voters expect a highly personal touch, not the kind of imperious display the Giuliani camp put on Saturday. As the ex-mayor was being swept into an SUV outside the Palace

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Theatre, a man pushed his way forward and threw an arm over Giuliani's shoulder, posing for a picture. A burly security guard lifted the man's arm off, like a piece of bad meat.

"He's only been exposed to rock star audiences up here," said Andrew Smith, the state's top political pollster. "What happens when he's asked not tough questions, but annoying questions? It will be interesting to see how Giuliani deals with them."

In N.H., Activists Embrace Giuliani (WT)

By Joseph Curl

The Washington Times, January 28, 2007

MANCHESTER, N.H. -- Judging by the effusive greeting Rudolph W. Giuliani received yesterday from Republican activists in the nation's first primary state, it seemed like the former New York City mayor was already running for president.

But he isn't -- at least not yet. The man made famous by his steely resolve and decisive leadership after the 2001 terrorist attacks on his city said yesterday he has no idea when he will decide whether to run.

"Every day you get closer, but we don't have a timetable yet. The timetable is, when's the right time and when do you have the confidence and the sense that you have the whole organization," Mr. Giuliani said, standing next to his wife, Judith Nathan.

"But most of it is about Judith and I deciding that there's a really unique contribution that we can make," he said.

The former mayor, who formed a presidential exploratory committee late last year, said that if he decides to enter the race, he will stress his leadership experience to voters to distinguish himself from his rivals.

"Leadership is about vision and performance," Mr. Giuliani told about 500 party activists in a speech about himself and his beliefs. "Who has the vision, and who can perform? Because you need both. ... You can ultimately judge whatever I promise you and whatever vision that I have by the things that I've done."

Like other Republican candidates, Mr. Giuliani -- who is pro-choice and supports homosexual rights, gun control and embryonic stem-cell research -- sought to burnish his party credentials, even poking a bit of fun at his own liberal social views, which irk many staunch conservatives.

"My great hero was Ronald Reagan. I have tremendous admiration for President Bush. I don't agree with them on everything. You know, I don't agree with myself on everything," Mr. Giuliani said with a laugh, drawing a good-natured response from the hundreds of people packed into the Palace Theatre.

Mr. Giuliani yesterday juggled a day full of events, paying homage to New Hampshire Republican activists, who can ease his ascension or hamper his ambitions, then dropping in to a Manchester restaurant to shake hands with potential voters.

But questions remain about whether the fiercely independent former mayor is serious about a national race. Some analysts say he is already far behind the curve set by Sen. John McCain of Arizona and former Gov. Mitt Romney of Massachusetts, both of whom have in recent weeks snapped up top campaign veterans.

"The former mayor of New York City is quickly losing the campaign to acquire top talent," said Jordan Lieberman, publisher of Campaigns & Elections magazine.

"While Mayor Giuliani has hired former RNC Political Director Mike DuHaime, among the most gifted operatives in the country, Rudy's campaign staff lacks the essential depth and experience that McCain and Romney have acquired," he said.

But Mr. DuHaime said the rumors that Mr. Giuliani will soon drop out of the race are aimed at slowing the former mayor's momentum.

"There is an attempt to slow the campaign by saying that Mr. Giuliani is not serious," said Mr. DuHaime, speculating that the reports are coming from competing camps. "But he is very serious."

And some in the crowd yesterday said they are not troubled by Mr. Giuliani's positions.

"He's our moderate Republican," said Pamela Goodman of Exeter, N.H. "From a Christian standpoint, I wrestle with some of his policies, but I think it's a matter of looking @ who else is there. He has shown that he can get the job done, and that is the most important thing."

Giuliani Inches His Way To The White House (POL)

The Politico, January 27, 2007

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BRETTON WOODS, NH, -- Appearing in New Hampshire for the first time since creating a presidential exploratory committee, former New York Mayor Rudy Giuliani appeared to inch closer to a White House bid. Joined by his wife, Judith Nathan, and a phalanx of security guards and aides, Giuliani braved subzero temperatures to speak to about 500 members of a local chamber of commerce at the historic Mt. Washington hotel here.

One audience member got straight to the point after Giuliani gave an extemporaneous speech focusing on leadership and then asked for questions.

"Will we see you on the next presidential ballot?"

After waiting for the applause that the question drew to die down, Giuliani said, "That may be more up to you than me."

"I have to make a decision about my exploratory committee and running, but ultimately the more important decision is what you make a year from now."

After praising New Hampshire's first-in-the-nation primary, Hizzoner reiterated that his assessment "has something to do with the decision Judith and I make, but it has a lot more to do with the decision you make."

Warming the hearts of Giuliani's new campaign team on a night so cold that even the inside of the hotel had drafty spots, the questioner responded by telling the former mayor, to applause: "You have a lot more support than you realize."

Shaking hands, signing autographs and posing for pictures on his way out of the ballroom, Giuliani was again asked by a supporter when he was going to make an announcement.

"Not quite sure, we're getting there," he half-whispered.

But asked directly by this reporter what his timetable was for making a decision, Giuliani was vague.

"Don't have one. Timeline is when you've considered everything you've had to consider."

In a speech that lasted about 20 minutes, Giuliani focused on the namesake of his book and the attribute that many in the room associated with him in interviews after the program. Holding up as examples the top two presidents in the Republican pantheon, Lincoln and Reagan, Giuliani explained their leadership qualities.

"I don't imagine that they had those favorable/unfavorable things back during the Civil War," but Lincoln would not have fared well, Giuliani said.

Seeming to draw present-day comparisons, Giuliani noted that Lincoln even faced riots in New York City because people were unhappy with the war. "They wanted to quit because it was getting too tough."

There were extensive casualties, the conflict dragged on and Lincoln had to fire many of his generals, Giuliani reminded the salad-eating crowd.

Yet there came no comparison to President Bush and the war in Iraq. Instead, Giuliani lavished praised on the 40th president, recalling his days working in the Reagan Justice Department.

"He knew where he was taking the country," Giuliani said of Reagan, and did so based on principle.

"We have too many people in politics who take decisions based on polls. They tell you what they want to hear. It does not make them leaders, it makes them actors."

Giuliani also discussed his battle against prostate cancer and his response to 9/11, but Reagan kept seeming to come back up. Asked by an audience member about how he would deal with the federal budget, Giuliani said Washington needed to embrace the sort of "budget discipline" not seen since "back in the Reagan years." Answering a question about how he foresees the administration getting along with the new Democratic Congress, Hizzoner noted that he's "an optimist – I learned that from Ronald Reagan also." Then there was the easiest query of them all: What was his favorite story about the Gipper? (the most "moving" one, Giuliani replied, was his recollection of having breakfast with Reagan the day he was shot).

If Reagan's name was mentioned by the dozens, it was difficult to recall more than one passing mention of the current Republican occupant of the White House. Indeed, Gov. Jeb Bush came in for more praise than his brother as Giuliani spoke of the Floridian's emergency preparedness efforts and adroit handling of the many hurricanes that struck the state.

Until the end, though, the speech was almost entirely bereft of any mention of Giuliani's presidential ambitions. Thanking his hosts, the New Yorker said he'd be back to the resort for golf and his wife skiing.

"Maybe we'll come back and do some politics, too," he added to applause

Many of the mostly-Republican attendees liked what they heard and said they'd likely support Giuliani in a White House bid.

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"I would vote for him any day of the week," said Jean Mercier, the wife of a local fire chief. Mercier, who grew teary-eyed as Giuliani inscribed a 9/11 memorial book before the speech, said Giuliani's response to the terrorist attacks still "resonates with anybody who has been to Ground Zero" or has a connection to "first responders."

Schulyer Sweet, a transplant to the region from upstate New York seemed to pick up Giuliani's message. "I liked his analogies to President Reagan."

Ronay Bovarnick, the lady who asked Giuliani when he would launch a campaign as he worked the room, was even more helpful, despite her husband's efforts to keep her from saying anything impolitic.

Former Massachusetts Gov. Mitt Romney, she explained, "doesn't have convictions" while Arizona Sen. John McCain "waffles back and forth."

But Giuliani is just right, she said. "We need somebody strong."

If the response was glowing, the stagecraft was even better.

Giuliani arrived at the century-old hotel, best known for holding the 1944 international conference that would create the first world monetary system, to a group of girl scouts selling their cookies. The former mayor quickly offered up $80 for 20 boxes (they usually go for $3.50 each). Mostly evading the media scrum on the way out, Giuliani and his wife ran into a couple who happened to be up for a ski weekend with their adorable 3 ½ year-old and 14-month-old. More pictures taken, it was then it was back out into -11-degree air that probably didn't feel as harsh to Giuliani as it did on the way in.

Building A Serious Staff (WP)

The Washington Post, January 28, 2007

Former New York mayor Rudy Giuliani (R) is on a hiring tear of late, putting to rest speculation that he isn't serious about running for president in 2008. His latest signing is Bill Stepien, who will be his national field director. Stepien, like many of the operatives in the senior staffs of Giuliani, Sen. John McCain (R-Ariz.) and former Massachusetts governor Mitt Romney (R), has his political roots in the Bush campaigns; he served as a New Hampshire field director in the president's reelection bid. Last cycle he directed the 72-Hour Project, the Republican National Committee's much-ballyhooed turnout apparatus.

In Law School, Obama Found Political Voice (NYT)

By Jodi Kantor

The New York Times, January 28, 2007

CAMBRIDGE, Mass., Jan. 23 — The peers who elected Barack Obama as the first black president of the Harvard Law Review say he was a natural leader, an impressive student, a nice guy. But in the 1990 Revue — the graduating editors' gleeful parody of their elite publication — they said quite a bit more.

"I was born in Oslo, Norway, the son of a Volvo factory worker and part-time ice fisherman," a mock self-tribute begins. "My mother was a backup singer for Abba. They were good folks." In Chicago, "I discovered I was black, and I have remained so ever since."

After his election, the Faux-bama says, he united warring students into "a happy, cohesive folk," while "empowering all the folks out there in America who didn't know about me by giving a series of articulate and startlingly mature interviews to all the folks in the media."

In his two memoirs and the biographical video on his Web site, Senator Obama's legal education is barely a blip, one of the least known chapters of his life. But for the Illinois Democrat who is all but certainly running for the presidency, Harvard was the place where he first became a political sensation.

He arrived there as an unknown, Afro-wearing community organizer who had spent years searching for his identity; by the time he left, he had his first national news media exposure, a book contract and a shot of confidence from running the most powerful legal journal in the country.

As the ribbing in the Revue suggests, Mr. Obama was realizing the power of his own biography. He proved deft at navigating an institution scorched with ideological battles, many of which revolved around race. He developed a leadership style based more on furthering consensus than on imposing his own ideas. Surrounded by students who enjoyed the sound of their own

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voices, Mr. Obama cast himself as an eager listener, sometimes giving warring classmates the impression that he agreed with all of them at once.

Friends say he did not want anyone to assume they knew his mind — and because of that, even those close to him did not always know exactly where he stood. It is a tendency that could prove perilous on the campaign trail, as voters, rivals and the news media try to fix the positions of a senator with only two years in office.

"He then and now is very hard to pin down," said Kenneth Mack, a classmate and now a professor at the law school, referring to the senator's on-the-one-hand, on-the-other-hand style.

Charles J. Ogletree Jr., another Harvard law professor and a mentor of Mr. Obama, said, "He can enter your space and organize your thoughts without necessarily revealing his own concerns and conflicts."

Many of his former professors and classmates say they are cheering on Mr. Obama, 45, in his candidacy. But the skills he displayed in law school may not serve him as well in American presidential politics, which sometimes rewards other qualities — like delivering sound bites instead of deliberateness or fidelity to a base of supporters instead of compromise.

The law review is "fairly disconnected from the breadth and the rough and tumble of real politics," said Bruce Spiva, a former review editor who now practices civil rights law in Washington. "It's an election among a closed group. It's more like electing a pope."

Mr. Obama declined to comment about his time at Harvard. He arrived at the law school in 1988 with a well-inked passport — he had grown up in Hawaii and Indonesia, son of a black Kenyan father and a white American mother — and years of community organizing experience in Chicago, making him, at 27, an elder statesman among the students who had tested and term-papered their way straight there.

Mr. Obama spent much of his time alone, curtailing his dating life after his first summer, when he met his future wife, a Harvard Law graduate named Michelle Robinson who was working in Chicago. He often played pickup basketball, replacing his deliberative off-court style with sharp elbows and aggressive grabs for the ball.

Along with 40-odd classmates, he won a precious spot on the law review at the end of his first year through grades and a writing competition. But the next year, when other students implored him to run for the presidency, he demurred; he wanted to return to community work in Chicago, he said, and the credential would be no help. Late in the process, he finally agreed, saying he might be uniquely able to heal the review's partisan divisions.

The election was an all-day affair with the ego-crushing drama of a reality TV show. Inside Pound Hall, the editors picked apart the intellectual and social skills of the 19 contenders, eliminating them in batches. At the last moment, the conservative faction, its initial candidates defeated, threw its support to Mr. Obama. "Whatever his politics, we felt he would give us a fair shake," said Bradford Berenson, a former associate White House counsel in the Bush administration.

The two finalists were invited back into the room. But before the winner could be announced, Mr. Mack, a black student who had rejoined the editors after being eliminated, lunged toward Mr. Obama, so moved by the barrier that had just fallen that he embraced him tightly, tears streaming down both men's cheeks.

Newspapers and magazines swarmed around the first black student to win the most coveted spot at the most vaunted club at one of America's most prestigious institutions. In interviews, Mr. Obama was modest and careful. (In a rare slip, he told The Associated Press: "I'm not interested in the suburbs. The suburbs bore me.") He signed a contract to write a memoir. A prankster posted a cast list for a movie version of his life, starring Blair Underwood. When Mr. Underwood visited the school, he questioned Mr. Obama for material for "L.A. Law."

"People were always asking me, do young black attorneys really exist like that?" Mr. Underwood said in a recent interview. "I would refer to Barack."

Winning the job was simpler than doing it. The president had to reject articles by some of the school's famous professors and persuade a divided group of editors to stop arguing and start editing.

"I have worked in the Supreme Court and the White House and I never saw politics as bitter as at Harvard Law Review in the early '90s," Mr. Berenson said. "The law school was populated by a bunch of would-be Daniel Websters harnessed to extreme political ideologies." They were so ardent that they would boo and hiss one another in class.

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Even trickier, Mr. Obama was the most prominent minority student on a campus shaken by racial politics. A group agitating for greater faculty diversity occupied the dean's office and sued the school for discrimination; Derrick Bell, a black law professor, resigned over the issue.

The law review struggled to decide whether affirmative action should factor into the selection of editors, and how much voice to give to critical race theorists, who argued that the legal system was inherently biased against minorities. That drew the ridicule of conservative students.

And it left the new president with a difficult choice. If he failed to use his office to criticize Harvard, Mr. Obama would anger black and liberal students; by speaking out, he would risk dragging himself and the review into the center of shrill debates.

People had a way of hearing what they wanted in Mr. Obama's words. Earlier, after a long, tortured discussion about whether it was better to be called "black" or "African-American," Mr. Obama dismissed the question, saying semantics did not matter as much as real-life issues, recalled Cassandra Butts, still a close friend. According to Mr. Ogletree, students on each side of the debate thought he was endorsing their side. "Everyone was nodding, Oh, he agrees with me," he said.

As the president of the review, Mr. Obama once again walked a delicate line. He served on the board of the Black Law Students Association, often speaking passionately about the tempest of the week, but in a way that white classmates say made them feel reassured rather than defensive. He distanced himself from bombast; he did a mischievous impersonation of the Rev. Jesse Jackson when he came to speak on campus, recalled Franklin Amanat, now a federal prosecutor in Brooklyn. Mr. Obama's boldest moment came at a rally for faculty diversity, where he compared Professor Bell to Rosa Parks.

But mainly, Mr. Obama stayed away from the extremes of campus debate, often choosing safe topics for his speeches. At the black law students' annual conference, he exhorted students to remember the obligations that came with their privileged education. His speeches, delivered in the oratorical manner of a Baptist minister, were more memorable for style than substance, Mr. Mack said.

"It's the inspiration of the speech rather than the specific content," he said.

Just as he does now that he is a senator, Mr. Obama spoke then about his own biography — initially, Mr. Ogletree said, to correct anyone who assumed he had acquired his position with ease. His message, Mr. Ogletree said, was, "Don't look at my success and assume that I have had a silver spoon in my mouth and gold coins in my hand."

During the constant arguments about race and merit, everyone could point to Mr. Obama and find justification for their views. He had acknowledged benefiting from affirmative action in the past, so those who supported it saw him as the happy product of their beliefs.

But those who opposed it saw his presidency as the triumph of meritocracy. He was a black man who had helped one of Harvard's most celebrated professors, Laurence H. Tribe, with an article on law and physics, and would graduate magna cum laude.

Another of Mr. Obama's techniques relied on his seemingly limitless appetite for hearing the opinions of others, no matter how redundant or extreme. That could lead to endless debates — a mouse infestation at the review office provoked a long exchange about rodent rights — as well as some uncertainty about what Mr. Obama himself thought about the issue at hand.

In dozens of interviews, his friends said they could not remember his specific views from that era, beyond a general emphasis on diversity and social and economic justice.

Instead, they wonder how the style of leadership they observed on campus could translate to another kind of historic presidency.

"The things that make law school politics fractious are different from the things that make American politics fractious," said Ron Klain, who preceded Mr. Obama at the law review and later served as Vice President Al Gore's chief of staff. Mr. Klain has watched the senator's rise.

"The interesting caveat," he said, "is that is a style of leadership more effective running a law review than running a country."

At Harvard Law, A Unifying Voice (BOS)

By Michael Levenson, Jonathan Saltzman

The Boston Globe, January 28, 2007

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CAMBRIDGE -- It was just a five-on-five game between some law students at a Harvard gym, until someone jabbed a hard foul. An argument broke out, and pretty soon players were in one another's faces.

To the players who were on the court that day, it seemed punches were about to be thrown.

Then a skinny, soft-spoken forward with tight shorts and high socks named Barack Obama raced out from the sideline and put himself between two of the warring players.

"He said, 'Guys, this is not serious -- it's just a pickup game,' " recalled one of the players, Earl Martin Phalen, Harvard Law Class of 1993. Laughing, he added: "There was all this testosterone exploding, and he just kind of had perspective. . . . We ended up chilling it out."

These days, Obama is the hot new candidate for the White House, trying to end the warring in Washington with a warm message of unity and optimism. But years before taking that message to the national political stage, he was defusing battles large and small from the sharp-elbowed basketball games to the cutthroat classrooms at Harvard Law School.

Standing apart from others Right from the start, when he arrived in the fall of 1988 at the age of 27, Obama seemed different. With his leather bomber jacket, tattered jeans, and pack of cigarettes, he was older and appeared less starchy than many of his fresh-faced classmates newly arrived from the Ivy League. He was also one of the small minority of black students on the campus of about 1,500 of the nation's most ambitious future lawyers, judges, and corporate executives.

Beyond his appearance, what set him apart was his approach to argument, the lifeblood of the law school and the constant occupation of the young lawyers-in-training. While other students were determined to prove the merits of their beliefs through logic and determination, Obama preferred to listen, seek others' views, and find a middle way.

"A lot of people at the time were just talking past each other, very committed to their opinions, their point of view, and not particularly interested in what other people had to say," said Crystal Nix Hines, a classmate who is now a television writer. "Barack transcended that."

He confronted his most charged debates as president of the Harvard Law Review, the exclusive club of 80 student editors and future Supreme Court justices who publish a regular journal of legal writings. Classmates recall an especially emotional debate in the spring of 1990 over affirmative action, which conservative students wanted to abolish.

Presiding over an assembly of 60 mostly white editors in a law school classroom, Obama listened to impassioned pleas and pressed conservatives to explain their reasoning and liberals to sharpen their thinking. But he never spoke about his own point of view or mentioned that he believed he had benefited from affirmative action.

"If anybody had walked by, they would have assumed he was a professor," said Thomas J. Perrelli, a classmate and former counsel to Attorney General Janet Reno. "He was leading the discussion but he wasn't trying to impose his own perspective on it. He was much more mediating."

Obama was so evenhanded and solicitous in his interactions that fellow students would do impressions of his Socratic chin-stroking approach to everything, even seeking a consensus on popcorn preferences at the movies. "Do you want salt on your popcorn?" one classmate, Nancy L. McCullough, recalled, mimicking his sensitive bass voice. "Do you even want popcorn?"

Obama, who declined to be interviewed for this story, lived all three years in the same basement apartment on Broadway in Somerville, near Winter Hill. He kept the place spotless and decorated it with second hand furniture.

"He was a model tenant," said John K. Holmes of Arlington, his landlord. "I can remember when he told me he was leaving, I can remember being disappointed."

He skipped most parties and made his friends in class, including one good buddy, Rob Fisher, a first-year student from Maryland, whom he met on the first day of classes. Obama called Fisher, who is white, "brother," and teased him about his raggedy clothes. They watched Bulls games . Both idolized Michael Jordan.

Even in his first year, students saw Obama as a peacemaker. When his class needed someone to present an end-of-the-year gift to one stuffy contracts professor, the students chose Obama, who delivered a brief, gracious tribute.

"It was a moment of diffused tension and levity," said Kenneth W. Mack, a Harvard Law School professor who was in Obama's class. "He pulled it off."

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At the end of his first year, Obama joined the Law Review. He nearly missed the deadline to apply when his 1984 Toyota Tercel broke down, and beg ged Fisher for a ride and sweet - talk ed his way to the front of a line at the post office to have his envelope postmarked before noon.

"That's the one modest contribution I've made to his success," Fisher, now a Washington lawyer, said in a recent interview.

Obama won a slot on the review. He was growing more serious in his personal life, too. After casually dating women at the law school, he flew back to Chicago after his first year and met Michelle Robinson, a 1988 Harvard Law graduate, whom he later married.

Law review prestige In the fall of 1989, when Obama returned to campus for his second year, students were protesting the lack of minority law school faculty. They staged sit-ins in the law library, camped outside the office of Dean Robert C. Clark, and carried signs that read "Diversity Now" and "Homogeneity Feeds Hatred." The tensions continued the following spring, reaching a high when Derrick A. Bell Jr., the first tenured black professor at the school, resigned in protest. Obama was a member of the Black Law Students Association, which organized many demonstrations that spring. But he was less confrontational than some of his peers.

"Barack was a stabilizing influence in that he would absolutely support those efforts, but was also someone who could discuss and debate them with students or faculty who had different views," said Professor Charles J. Ogletree Jr., who became Harvard's seventh tenured black professor in 1993.

In February 1990, when the time came to elect a new president of the law review, Obama was initially reluctant, said Nix Hines. The presidency seemed better suited for careerist types who were aiming for positions at top-flight law firms, Obama told her at the time. The son of a black Kenyan father and a white mother from Kansas, he wanted to return to his work in Chicago as a community organizer.

"I was surprised because I knew he was very popular and well-regarded and obviously had the ability to do the job," Nix Hines said.

But at a dinner at Obama's apartment, an older black student challenged Obama and other black students to compete for the job. "And I do remember Barack saying that was the moment he finally decided, 'I'm going to do this,' " said Mack.

The law review president's election is a fussy affair, part intellectual debate, part frat house ritual. Obama was one of 19 candidates. As the 61 editors not running for the job debated the merits of the candidates behind closed doors on a Sunday morning in late February, the hopefuls cooked them breakfast, lunch, and dinner . Every few hours, the editors winnowed the list further, until just after midnight, when only Obama and a 24-year-old Harvard graduate named David Goldberg remained contenders .

At about 12:30 a.m., the editors called Obama into the room, told him he had won, and broke into applause. Mack, another black editor, pulled Obama in for a hug.

"It was a hard hug, and it lasted a while," Obama told the Harvard Law Record, the school newspaper, at the time. "At that point, I realized this was not just an individual thing. . . but something much bigger."

Obama gained instant fame, was profiled glowingly in newspapers across the country, and landed a contract for a book that would become "Dreams from My Father," his best-selling memoir.

There was buzz on campus, too. Blair Underwood, the actor who played a black lawyer on L.A. Law, one of the campus' s favorite shows, came to visit Obama at the Law Review and took him out for a Chinese food banquet. People who had helped pave the way were also moved.

"You should not underestimate the significance of him being the first black president of the Harvard Law Review because that was and remains a very elite group," said Bell, now a law professor at New York University. "These were some tough folks . . . . It's almost as impressive that he was elected president of the Harvard Law Review as him being elected senator of Illinois."

As editor for two semesters, Obama spent 50 to 60 hours a week holed up in a second-floor office of Gannett House, a 19th century building overlooking Cambridge Common. He reviewed hundreds of articles, on topics ranging from corporate law to racial bias in auto pricing, and presided over long, heated debates in the cluttered first-floor lounge.

"Even though he was clearly a liberal, he didn't appear to the conservatives in the review to be taking sides in the tribal warfare," said Bradford A. Berenson, a former Bush administration lawyer who was an editor at the review.

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"The politics of the Harvard Law Review were incredibly petty and incredibly vicious," Berenson said. "The editors of the review were constantly at each other's throats. And Barack tended to treat those disputes with a certain air of detachment and amusement. The feeling was almost, come on kids, can't we just behave here?"

A polished leader Sometimes he sounded like he was already running for public office, giving studied, measured responses in interviews with The Harvard Law Record. Asked in 1991 if he could do one thing differently in his last year at the Review, Obama said, "I don't know that it was possible to do it any other way than I did it, but I would have liked to have had the luxury of being more strategic about my tenure."

Basketball was his outlet. He played often at Hemenway, the law school gymnasium, just off Harvard Square. Hill Harper, a classmate and frequent defender, said Obama, who stands about 6 feet 1 inch tall, had a quick first step and could easily sink midrange jump shots. "If there was any knock against Barack, he pulled his socks up a little too high and his shorts were a little too small," Harper said, laughing. "We were just at the beginning of the Michael Jordan era. He more harkened back to the Julius Erving era."

Some students got their first glimpse of Obama, the orator, in the spring of 1991, when the Black Law Students Association broke with tradition and asked him, rather than a renowned judge or professor, to deliver the keynote address at the association's annual conference. Standing before hundreds , Obama gave what classmates recall as a stirring call to action.

"It was a clarion call," recalled Randall L. Kennedy, a law school professor who attended the conference. "We've gotten this education, we've gotten this great halo, this great career-enhancing benefit. Let's not just feather our nests. Let's go forward and address the many ills that confront our society."

Now that he's traveling the country as a full-fledged presidential candidate, Obama is clearly proud of his training at Harvard, and he is remembered proudly here.

From the landlord who showed him his $700 a month apartment to the learned professors who mentored him, everyone seems to recall him as an exceptionally conscientious young man.

But in some ways, he was just a typical, forgetful grad uate student. Records from Somerville show that he still owes the city $72.63 in excise taxes and $45 in late penalties on two parking violations.

The bright, young law student parked illegally in a bus stop in 1990 and illegally in a street-sweeping zone in 1991.

"I kind of kidded with the mayor and said, "If he comes to Somerville, he might get booted,' " said Walter Pero, a city alderman.

Secrets Of Obama Family Unlocked (LONT)

By Michael Sheridan, Sarah Baxter

Times of London, January 28, 2007

WHEN Barack Obama, America's newest presidential hopeful, was hit by allegations that he had attended a radical Islamic madrasah school as a boy in Indonesia, the claims spread like a virus through the media and internet.

It was a lie — the school was barely more religious than British church schools — but it was also a sign that Obama's chances of winning the presidency depend to an unusual degree on his life story and character.

The race is on to define the gifted but little-known senator for Illinois and The Sunday Times can reveal that his heritage is far more diverse and astonishing than anything American voters have heard so far.

Obama, 45, has two half- sisters, one living in Britain, and five surviving half-brothers, the eldest of whom converted to Islam, and whose stories span the globe.

Nobody was more surprised to hear that Obama had reportedly been educated in a madrasah than Julia Suryakusuma, a close friend of his mother until her death from ovarian cancer in 1995.

Suryakusuma, 53, one of Indonesia's most outspoken feminist writers, has fearlessly taken on extremist Muslim clerics in print. Last week she described Ann Dunham, Obama's mother, "as a liberal and a humanist", who learnt to speak fluent Indonesian and adored the culture.

"She was interested in religions but didn't follow one. She was a free-thinker," Suryakusuma said. "She was a pioneer and when she came to Indonesia she was ensnared and enchanted."

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On the coffee table in her cool modern house in Jakarta, full of the beautiful Indonesian fabrics and carvings which captivated her friend, lies an album of photographs which record the happy times.

There is Dunham, pale-skinned, jolly and frizzy-haired, celebrating with her friends at an art gallery opening or a drinks party, wearing the baggy, free-flowing clothes often favoured by bohemian western women in Asia. She always seemed to be laughing.

"You know Ann was really, really white," smiled Suryakusuma, looking through the album, "even though she told me she had some Cherokee blood in her. I think she just loved people of a different skin colour, brown people."

Dunham was from Wichita, Kansas, but her parents moved to Hawaii in search of a better life. According to Obama, a distant ancestor was a "full-blooded Cherokee".

Dunham's first marriage was to a Kenyan student, also called Barack Obama, but he left the family to study at Harvard and returned to Africa.

She went on to marry Lolo Soetoro, another foreign student, and moved to his native Indonesia with six-year-old Barack in 1967, after the new dictator Suharto summoned the country's citizens home.

Soetoro became a government relations consultant with a big US oil company. "He changed when he came back to Indonesia," Suryakusuma recalled. "Men can be a certain way when they are in the West and when they come back they are sucked into their own culture."

In his memoir, Dreams from My Father, first published in 1995, Obama does not conceal the estrangement between his mother and stepfather as Soetoro made compromises with Indonesia's power elite. They divorced and he died decades later of a liver complaint.

At 10, Obama returned to Hawaii, where he lived with his grandparents and attended an elite private school. His mother went back to Indonesia with Obama's half-sister Maya, now a professor at the University of Hawaii, and became an expert on the "feminine crafts", such as weaving and basket-making, practised by the women of Java.

Suryakusuma recalled that Dunham called her son "Berry" — Barry with an Indonesian lilt. "We were both mothers and we talked about how difficult it was for a mother to separate herself and send her child away, but she was really concerned about Barry's education."

She first met Obama when he came to visit his mother as a young adult. "She was so proud of him. I remember she was glowing with pride when he became the first black president of the Harvard Law Review.

"You know, having a white mother and a black father and coming to Indonesia," Suryakusuma reflected, "I could see he had the same kind of empathy with people that his mother had."

Obama's multi-hued heritage has put a distance between him and the African-American community, which has been reluctant to claim him as a "brother".

America's white community, in contrast, has embraced Obama as a hopeful affirmation that the fabled melting pot can transcend race. With his middle name Hussein (like Saddam) and surname Obama (like Osama), he is a rare and exotic figure in American politics.

"I believe the American electorate is ready to support leaders who embody the American dream despite their differences. In doing so, we affirm ourselves as a tolerant people," said William Galston, a senior fellow in public policy at the Brookings Institution in Washington.

Yet there are details in Obama's life that have yet to be subjected to full scrutiny. It may not be the information itself that matters, according to Galston, but "how Obama talks about the facts as they emerge and handles questions and controversies".

The Chicago Sun-Times columnist Lynn Sweet was the first to spot in 2004, when Obama burst on the national stage at the Democratic party convention, that his memoir, Dreams from My Father, contained "composite" characters and changed names.

"Except for public figures and his family, it is impossible to know who is real and who is not," she pointed out.

Obama admitted as much in his introduction, saying he had altered characters "for the sake of their privacy". As with the revelation that he took cocaine in his youth, he appears to have been candid about potential areas of controversy.

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Obama's African family is particularly complicated. By his own account, his father never really left Kezia, his first wife, in Kenya. She bore Obama Sr two children, Roy and Auma, who now works in social services in Berkshire.

They were separated, Obama's mother claimed, but "it was a village wedding and there was no document that could suggest a divorce".

His own father and mother's wedding in Hawaii may not have been properly documented either. "How and when the marriage occurred remains a bit murky, a bill of particulars that I have never quite had the courage to explore," Obama writes in his memoir.

After his father left Ann and two-year-old Barack to study at Harvard, he went to Africa with another American woman, Ruth, who became his third wife. She bore him two sons in Kenya, one of whom died in a motorcycle accident, but Obama Sr continued to see Kezia.

"Traditionally, she was still his wife," a relative explained. Kezia went on to bear two more sons, Abo and Bernard. Although their paternity is disputed by some relatives, Obama Sr regarded them as his own. Later in life, he fathered another son, George, by a young Kenyan woman.

After his parents split up, Obama saw his father only once before learning that he had died in a car crash in Kenya in 1982.

Obama's eldest brother Roy moved to America and went on to convert to Islam.

Obama, in contrast, became a committed Christian while he was working as a community activist in Chicago. Last week he denounced the reports that he was educated in a madrasah as a "ludicrous" smear.

Larry Sabato, professor of political science at the University of Virginia, believes Obama's richly textured African and Indonesian background will attract voters, no matter how controversial it is.

"America loves a success story — the new generation that rises from the sins and misfortunes of the older generation," Sabato said.

In Indonesia, Suryakusuma said she could still feel the "warm" presence of Obama's mother Ann. "She would be so proud if she knew about Barry, so proud to think that her little boy would be running for president of the United States."

Sticks, Stones And Mr. Obama (WP)

The Washington Post, January 28, 2007

IT'S BECOME a fad among some conservatives to refer to the junior senator from Illinois by his full name: Barack Hussein Obama. This would be merely juvenile if it weren't so contemptible. Republican lobbyist Ed Rogers, on "Hardball," was one of the early adopters of this sleazy tactic. "Count me down as somebody who underestimates Barack Hussein Obama," he said. Radio host Rush Limbaugh, demonstrating his usual maturity, got a chuckle out of the senator's allegedly oversized ears, calling him "Barack Hussein Odumbo." And Tony Perkins of the Family Research Council issued this e-mail alert: "Joining an already glutted field of hopefuls, Sen. Barack Hussein Obama (D-Ill.) announced his candidacy for the 2008 Democratic nomination yesterday."

Insight magazine managed to further degrade the public discourse with a scurrilous "report" alleging that Mr. Obama, as a child in Indonesia, attended a radical Islamic madrassa. In fact, Mr. Obama attended a public school in Jakarta that was predominantly Muslim -- no surprise given that Indonesia is a predominantly Muslim country. Insight, whose piece was eagerly touted by Fox News Network, might have learned this if it had bothered to check its story rather than cravenly attributing the false report to "Hillary Clinton's camp," citing unnamed "sources close to the background check" that the New York senator supposedly conducted into Mr. Obama.

When the madrassa story was debunked by CNN and the Associated Press, Insight didn't even have the decency to slink away. "The media uproar over our reporting reveals a media establishment choosing not to ask the tough questions about Obama's Muslim past: If he was raised in a secular household (as he claims), why does he have -- or retain -- Muslim names, Barack and Hussein?" the magazine asked in a posting on its Web site. "Were his father and stepfather as secular as he says? What is the exact nature of Obama's current religious affiliation and what are the beliefs and teachings of his current church in Chicago, the Trinity United Church of Christ?"

Mr. Obama's slimers seem to think such name-calling and Muslim-baiting can score points with the American people. On the contrary, Mr. Obama's multicultural background (his father was Kenyan, and he spent several years living in Indonesia with

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his mother and stepfather) ought to be viewed as a plus. A president with an understanding of Islam and the developing world would be welcomed by those who too often feel misunderstood and slighted by the United States.

Mr. Obama has never tried to hide his past or his family name: He has written about being educated at a predominantly Muslim school. His father, a non-practicing Muslim, was Barack Hussein Obama Sr. His grandmother is Sara Hussein Obama.

The senator, however, does not use his middle name. Those who take pains to insert it when referring to him are trying, none too subtly, to stir up scary images of menacing terrorists and evil dictators. They embarrass only themselves.

In A Sea Of Political Endorsements, Six That Could Make Waves (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, January 28, 2007

Every day the potential presidential candidates fill The Fix's inbox with press releases touting some new endorsement from a sheriff in South Carolina or a state legislator in Michigan. For the most part, these endorsements are aimed at building momentum but have zero practical effect on the hunt for votes. Not all endorsements are created equal, however. Some really do matter. Here's a look at six of the most important.Republicans

Former governor Jeb Bush (Fla.): Not only is Florida expected to move its primary all the way up to Feb. 5, 2008, it is also a treasure trove of campaign contributions if you run in the right circles. Bush knows all the political and financial road maps. He also happens to be the president's brother.

Rep. Steve King (Iowa): King represents the vast -- and overwhelmingly Republican -- 5th District in western Iowa. He's also one of the state's leading conservatives and an outspoken opponent of immigration reform.

Gov. Mark Sanford (S.C.): Most of the statewide elected officials in the Palmetto State have chosen sides, but not Sanford. Although he backed Sen. John McCain (R-Ariz.) in 2000, Sanford has made clear that he hasn't decided where to throw his support this time.Democrats

Sen. Ted Kennedy (Mass.): Sen. John Kerry's decision to step out of the 2008 race makes Kennedy one of the most sought-after free agents in the field. Kennedy has ties to several of the candidates, although Sen. Chris Dodd (D-Conn.) stands to benefit most from an endorsement by the liberal icon.

Rep. Jim Clyburn (S.C.): The highest-ranking African American in the House, Clyburn is the rare modern politician with a proven political machine at his disposal. And he sits in a state that will vote on Jan. 29, 2008.

Former governor Jeanne Shaheen (N.H.): Shaheen, a former three-term governor, maintains an active political organization in the state, overseen by her husband, Billy. She may not be able to endorse from her current perch at Harvard, but a lot can change in a year's time.A Winter Showdown in the Sunshine State?

So long ethanol, hellllllo offshore drilling and big sugar .

Pandering to Iowa farmers is part of the job description for presidential candidates, but if several big states move up their 2008 primary dates, the promises will multiply like bugs on a Florida windshield.

The Sunshine State could be a particularly interesting addition, if the legislature decides, as expected, to reschedule from its usual March date to Feb. 5, just after New Hampshire votes. Florida features a complex mix of niche issues, including relations with Cuba, Everglades restoration and energy exploration in the Gulf of Mexico.

In the Senate, Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) have taken opposite positions on both Cuba and offshore drilling. Obama twice voted to cut off funding for TV Marti, which is jammed by the Cuban government, while Clinton supported maintaining the signal. Clinton backed an expansion of oil and gas production in the Gulf of Mexico; Obama voted against it.

GOP candidates are starting to carve up the state, with former governor Mitt Romney (Mass.) making a strong early showing, with support from members of Jeb Bush's inner circle. But state GOP insiders believe that Gov. Charlie Crist (R) is a McCain man.

The Faint Hoofbeats? That's The Dark Horse (NYT)

By Jeff Zeleny

The New York Times, January 28, 2007

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HILLARY RODHAM CLINTON dashed to Iowa this weekend to hang an open-for-business sign on her new campaign operation. Barack Obama is besieged by admirers begging to join his team. And John Edwards has already dipped his toes into each of Iowa's 99 counties — and started his second lap.

So is the Democratic stable too full for a dark horse presidential candidate to emerge?

The current thinking suggests that only famous candidates, Democrat or Republican, can seize their party's nomination. But it has never been a wise bet to rule out the dark horse, a staple of American politics since James K. Polk went to the Democratic convention in 1844 and became the presidential nominee by accident after the favorite, former President Martin Van Buren, lost Southern support.

But perhaps more than any other presidential contest, 2008's could help determine whether the dark horse, a term borrowed from English racetrack lingo, is on the verge of extinction, particularly since the entry fee in the race for the White House has been raised yet again.

For the first time since 1928, neither a sitting president nor vice president will be a candidate in the race, theoretically creating a wide-open fight for both nominations and making it possible for a dark horse to pull stealthily ahead. But the contest is front-loaded as never before — California and other big states are rushing to wedge their caucuses and primaries into early February — so little-known candidates concede they have an even more difficult task.

Already, the leading contenders are making plans to reject public financing in the primary and general election campaigns for the first time since Watergate. The cost of preparing for a race, strategists believe, could swell beyond $75 million this year alone, which most dark horse candidates may struggle to meet, given the calendar.

"It makes it almost impossible for a dark horse to win," said Dayton Duncan, who worked on the 1984 and 1988 Democratic presidential races of Walter Mondale and Michael Dukakis and wrote "Grass Roots: One Year in the Life of the New Hampshire Presidential Primary." "But it might be the only chance for a dark horse candidate if they really caught lightning in a jar and were catapulted to the national stage."

The window will be narrow for a second-tier candidate. With rapid back-to-back primaries, a promising showing in Iowa or New Hampshire is critical to advancing.

But even before the rules and the calendar take shape for the 2008 race, dark horse candidates have one piece of storybook history to hold onto: Jimmy Carter, 1976.

After Mr. Carter declared his candidacy on Dec. 12, 1974, a Harris poll listed 35 prospective presidential candidates. Mr. Carter, a one-term Georgia governor, was not among them. Yet 13 months later, after spending day after day traipsing from the Missouri to the Mississippi, he won the Iowa caucuses, that all-important first test of a candidacy. The victory replenished his bank account and sustained him through the rest of the primary campaign.

But now, with the campaign's cost significantly higher and less time to raise money and attract supporters between primaries, it is hard to imagine a candidate's emerging from the shadows on persistence alone.

"Without a doubt, it's more difficult for someone to emerge today since you've got people who can raise tens of millions of dollars at the drop of a hat," said Senator Charles E. Grassley, an Iowa Republican, who as a young congressman watched the 1976 campaign with interest. "Little guys like Carter could never compete with that."

The Iowa caucuses not only created the lore of Mr. Carter, but Mr. Carter added to the lore of the Iowa caucuses. And for the last three decades, his out-of-nowhere victory has lured ambitious politicians convinced that they, too, could pull off the feat.

In 2004, the brief rise of Howard Dean again illustrated that little-known candidates could catch fire and raise money to compete with candidates blessed by the political establishment, but it also reinforced Iowa's importance. He finished third, his chances to become the nominee collapsing.

Mr. Dean tapped into the promise of the Internet like no other. And the next evolution of Internet fund-raising and activism — combined with old-fashioned discipline — might resuscitate the dark horse.

"The Internet can spontaneously combust a dark-horse candidacy that can take everyone out," said Joe Trippi, who managed Mr. Dean's campaign. "Everybody is sure it's going to be Hillary, Edwards or Obama, but my guess is that someone no one is talking about right now is going to give these three the scare of their life."

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The Internet could be the great equalizer. First, candidates who struggle to raise money through traditional means could tap into the grassroots to close the gap. Second, if a front-runner's stumble is caught on camera it is sure to be widely disseminated on YouTube and its ilk, which could clear a path for an outsider.

With the rush of candidates announcing their bids in the last few weeks, you could almost forget that the first primary votes won't be cast for another year. Mrs. Clinton and Mr. Obama are among the hopefuls whose high profile will deny them the advantage of learning on the fly, a privilege reserved for the dark horse. If, for example, former Gov. Tom Vilsack of Iowa missteps, he might be able to pick himself up without attracting as much notice as one of his more prominent rivals.

"A lot can change in a month," said Senator Tom Harkin, also of Iowa, who in 1992 sought the Democratic presidential nomination. "One of the problems of being a front-runner like Hillary and Barack, if they make a mistake, it will be magnified way beyond its own dimensions. If others stumble, it's not a big deal."

As he left the Senate floor to begin a weekend of campaigning, Sam Brownback of Kansas, one of many Republican candidates in the field, stopped for a moment to chat about his prospects. After describing himself as the "true conservative in the field," he acknowledged finding solace in the legends of Democratic dark horses.

"You have people like Jimmy Carter, who came out of nowhere. And Bill Clinton! They were not household names when they started this process," Mr. Brownback said. Asked when he was heading to Iowa, he paused for barely a beat and replied, "Next week."

Cullen Elected State GOP Chairman (NHUL)

By Garry Rayno

New Hampshire Union Leader, January 28, 2007

Manchester – Fergus Cullen was elected Republican state chairman on the first ballot at the party's annual meeting today at the Palace Theater in Manchester.

The vote for Cullen, a Wolfeboro businessman, was decisive: 247 votes, vs. 129 for Fran Wendelboe of New Hampton, who has served in the Legislature for 10 years, and 25 votes for three-term Manchester state Rep. William Infantine.

Cullen succeeds Wayne Semprini as party chairman.

Cullen calls himself "a conservative in the mainstream conservative wing of the Republican Party." He said the state party "has fallen down in many areas, including organization, candidate recruitment and fundraising. There are also basic infrastructure needs, such as updated computer and telephone systems."

Cullen said the party also needs to rebuild its get-out-the-vote program, which was absent this year, in time for the 2008 election. Cullen conferred with a lot of activists and party leaders before deciding to enter the race.

Move Up The California Primary (LAT)

The Los Angeles Times, January 28, 2007

CALIFORNIA WILL be scorned no more. That is the sentiment driving state legislators to move up the state's next presidential primary, in 2008, to early February. Even though it held its 2004 primary in March instead of June, the nation's largest state was not a factor in the parties' nomination battles because they were all but over by the time Californians went to the polls.

The state was going to return to a June primary. But the Legislature is considering having only a local primary in June and catapulting to near the front of the line with a presidential primary that would immediately follow the first contests in Iowa, Nevada, New Hampshire and South Carolina.

Sacramento is right to want to make the state a player in presidential races. At the same time, the front-loading of each party's nomination process is not a healthy development. As this month has shown, the compressed nomination schedule drives candidates to launch their presidential bids nearly two years in advance of the election. And by the time the voting begins, the fundraising primary — in which California's deep pockets do figure prominently — will have already helped determine the shape of the race.

It wasn't supposed to be this way. The primary season was intended to make party nominations more accessible to worthy but lesser-known candidates, forcing the parties to sponsor a cross-country debate on the issues. In theory, a modestly financed

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candidate could gain traction in the retail politics of New Hampshire and Iowa, then take his or her campaign to bigger states. The theory also holds that the grueling primary season helps vet, and develop, candidates.

In reality, the primary season has been getting shorter. In 2004, Iowa and New Hampshire almost served as national primaries for the Democrats, with the party keen to crown a victor early and protect him from extended intramural bashing. The days when candidates could slowly gather momentum during the primary season are long gone, and it is a shame that the parties have refused to take steps to bring them back.

The best solution here would be a series of regional, rotating primaries (so that your state might go first if it went last the previous election). Such a tournament would force candidates to campaign nationwide and would draw out the nomination battles until May or June.

Alas, the parties have not taken meaningful steps to curtail the front-loading of the nomination process. The Democrats recently failed to adopt a plan to stretch out the primary season, opting instead to simply let Nevada and South Carolina join Iowa and New Hampshire at the front of the line. The message to the rest of the country: It's a free-for-all, so suit yourselves.

So it's understandable for California to want to hold its primary on the first permissible date under party rules: Feb. 5, 2008. This would force candidates to come to the nation's most-populous state not merely to raise money for their battles elsewhere (centered on other regions' concerns) but to focus on issues important to Californians. And if a California vote in February, with its high costs, makes the primary process seem untenably front-loaded to the point that it forces party leaders to establish a more rational calendar, then the state will have provided the entire nation a worthy service.

How Dems Can Use California To Win In '08 (LAT)

By Christopher S. Lehane

The Los Angeles Times, January 28, 2007

IN RECENT WEEKS, Gov. Arnold Schwarzenegger and legislators have talked about giving California a well-deserved bigger say in the presidential campaign by moving up the state's primary. However, if Democrats really want to put the party in the strongest possible position to succeed in presidential elections, let's completely rethink the current primary system and replace it with a nominating process designed to pick the candidate best able to win.

In 2004, the primary season was frontloaded around a few early, relatively small and not especially diverse states in order to identify as quickly as possible the "most electable" candidate and to conserve money for the general election. Because these were small states that are historically won one voter and one constituency group at a time, candidates were rewarded for their retail campaign skills: one-on-one politics, constituency group building and a good biography. Unfortunately, these skills are about as relevant to a 21st century national presidential campaign as horseback riding is relevant to driving a car.

Modern presidential campaigns are tests of character; they're a hunt for candidates who have broad appeal (as opposed to a biography attractive to only a limited range of voters). They're about identifying candidates with the ability to articulate a message that speaks to all Americans, rather than those who rely on the typical 12-point plans constructed for one constituency group or another. Modern presidential races are about the ability to connect with voters over the TV in their living rooms — not about a candidate's charm when he meets with them in person in their own living rooms. And they're about the capacity to assemble and run a far-flung organization capable of raising well in excess of $100 million in just a few years.

With three reforms, the Democrats can put in place a nominating system that will produce the strongest and, yes, most electable candidate.

First, the Democratic primary schedule should open with a group of states that, when taken together, represents the mosaic that is America. Along with a Midwestern Iowa and a Northeastern New Hampshire, let's have a state from the Southwest, South and West all voting on the same day.

A multi-state campaign taking place on one day and involving a diverse set of states will begin the process of identifying the candidate who can put together the winning qualities of a national campaign.

Second, the primary season needs to be spread over a longer time period — not just in theory but in practice as well, so candidates are truly tested. Beginning in early February and going until May, Democrats should schedule a series of 10 primaries, with each involving five geographically diverse states voting every two weeks. The diverse and multi-state nature of the

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races would make it far more likely that the campaign would be competitive for a longer period. (Under the current system, the 2008 primary could effectively be over after four early states vote in a span of a few weeks, as it was in 2004. The compressed time period and winner-take-all nature of the existing system means that whoever does well in these first states, especially the first two, is in all likelihood the presumptive nominee.)

This sort of diverse process over an extended time period worked in 1992 — the only time in the last 25 years that the Democrats nominated a candidate, Bill Clinton, who went on to be sworn in as president. That year, because Iowa Sen. Tom Harkin was running in the Iowa caucuses and because New Hampshire voters chose former Sen. Paul Tsongas of neighboring Massachusetts, neither Iowa nor New Hampshire played their historically determinative roles. In fact, the 1992 election was the first time in history that a candidate became president who did not win the New Hampshire primary. Instead, Democrats had to compete vigorously over the course of several months in such places as South Dakota, and then in Georgia (where Clinton got his first win), Maryland, Colorado, South Carolina, Arizona, Super Tuesday, and then on to Connecticut, New York and eventually California, where Clinton wrapped up the nomination in early June.

If Democrats had been using the 2004 primary system in 1992, their nominee could well have been Tsongas. The longer, diversified schedule, however, allowed Clinton to prove himself to voters, exposed the candidates' relative strengths and weaknesses and allowed the Democrats to stay on the offensive and define the terms of the general election. Democrats ended up with a candidate who actually won a number of states in the South and all the states in the upper Midwest — and who had the message, the battle-hardened ability and the proven campaign operation needed to beat the Republicans.

The third reform, in order to encourage more voter participation and loosen the grip of the Washington establishment on the Democratic Party's nomination process, is a three-part proposal: Eliminate the "super delegate" system. Super delegates are a significant pool of at-large, free-agent delegates representing the Democratic apparatus (including both party and elected officials) in the nominating process. In addition, the party should establish a system that more closely resembles the system that states such as Maine and Nebraska use in the general election, in which they divide nominating delegates by congressional districts, with votes for each district and additional points for whichever candidate wins the majority of the state's total vote. Finally, as in New Hampshire, independents should be allowed to vote in Democratic primaries.

These changes would force candidates to compete for an ideologically broader range of voters throughout all regions of a state, including in urban, suburban, exurban and rural districts.

Even a cursory glance at a red-and-blue color-coded map that divides the country's counties up shows that Democrats need to compete in more than just the major cities and coastal regions. Not only will this be of enormous help to producing a candidate who can compete nationally — it will help the party's candidates lower down on the ballot, where Democrats face challenges in traditional swing communities.

The winning coalition for Democrats will in all likelihood not be the old Democratic coalition of labor, minorities, women and coastal progressives. As the 2006 midterms demonstrated, for the Democratic Party to regain a permanent majority status, our candidates must win by talking to all Americans.

Christopher S. Lehane Served As An Advisor In The Clinton White House.

How California Can Spoil The '08 Election (LAT)

By Philip J. Trounstine

The Los Angeles Times, January 28, 2007

WITH SUPPORT FROM Gov. Arnold Schwarzenegger and leaders of both parties in the Legislature, the prospects are looking good that California will move its 2008 presidential primary from June to February.

That would put the contest for the largest bloc of delegates (about 12% or so) needed to win a party nomination at the front end of the nominating process, after Iowa, New Hampshire, Nevada and South Carolina.

From the standpoint of California — which traditionally has served as little more than an ATM for campaign cash — this would be a good thing. Why should such a big and important state weigh in at the end of the nominating process, when the races are all but settled by puny, one-dimensional states that matter not a lick in November?

Think about it:

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• Iowa, which is 92% white, has a population about the size of San Diego County.

• New Hampshire — 94% white — is smaller than Sacramento County.

• Nevada's population is just a bit larger than that of San Bernardino County, and South Carolina's is considerably smaller than the San Francisco Bay Area's.

To run well in California, a presidential primary candidate can't get by with boutique issues and handshakes in living rooms and coffee shops. He or she must demonstrate broad appeal to party members, must not only be able to perform hand-to-hand politics but display a media presence and the ability to speak to myriad constituencies on a wide range of issues.

And because you don't exist in California politics if you're not on TV, a candidate must have the ability to raise and spend a lot of money effectively. But that's not enough. He or she has to have something to say, for without a clear and simple strategic message, no candidate can capture California.

A Democrat who wants to carry California must appeal to labor liberals in Los Angeles and Oakland, to gun-rack flag wavers in Fresno and Bakersfield, tree huggers in Marin and Ventura counties and high-tech pragmatists in San Jose and San Diego. He or she has to connect with Latinos, blacks and Asians without driving away white union members in Long Beach.

A Republican has to appeal to churchgoers in Riverside and Anaheim, business owners in Redlands and Huntington Beach, middle managers in Fullerton and Pasadena, farmers and ranchers in Modesto and Delano. He or she has to capture the pro-life, prayer-in-school crowd without alienating all those moderate suburban Little League parents.

In short, a candidate who can capture California, with all its diversity, can be competitive in his or her party in virtually all the big states — Texas, New York, Florida, Illinois, Pennsylvania and Ohio, for example. A statewide victor in California is a national, not just a regional, candidate. Win California and you're ready for prime time.

But it's increasingly looking like California will not get to exercise its political weight unilaterally. Indeed, Feb. 5, 2008, may become Super-Duper Tuesday with, perhaps, Alabama, Arizona, Arkansas, Delaware, Florida, Illinois, Missouri, New Jersey, New Mexico, North Carolina, North Dakota, Oklahoma and Utah voting on the same day.

If Super-Duper Tuesday does occur, California would still represent the biggest bloc in what would be, in effect, a national primary. But as the law of unintended consequences is wont to do, all this may actually increase, rather than decrease, the importance of Iowa and New Hampshire (and perhaps Nevada and South Carolina), because winners in those states would have the only momentum heading into Super-Duper Tuesday. It's the slingshot effect.

According to a variety of campaign consultants, a candidate, to be viable, would need something like $100 million in the bank and a fully functional national campaign operation to make it past Super-Duper Tuesday. For the Democrats, that likely winnows the field right off the bat to Hillary Clinton, Barack Obama and maybe a third contender. For Republicans, John McCain and Rudy Giuliani look like the only likely contenders right now.

So the nominating process itself may screen the field, even before a single vote is cast. That's not necessarily good for the country.

Those with name recognition and early money will have a huge built-in advantage. There won't be time to test, appraise and evaluate the candidates, to see them handle the slings and arrows that we expect our presidents to be able to deflect. Under a hyper-compressed primary system, Jimmy Carter would not have had a chance to beat George C. Wallace in Florida in 1976, and Pat Buchanan might have rode with his pitchfork right out of New Hampshire and into the 1996 November election.

The media would determine who is a viable candidate and who is not. They'll do that anyway, of course, but there won't be time for the voters to exercise their own, independent opinions. Even California — where contrarian Democrats opted for Sen. Edward M. Kennedy (D-Mass.) over President Carter in 1980 and Sen. Gary Hart (D-Colo.) over Vice President Walter Mondale in 1984 — might get swept up in the stampede.

So, if the governor and Legislature strike a deal — keep your eyes peeled for a package that includes a February primary, reapportionment reform and an extension of term limits for state legislators — it may mean that California voters will have an early say in the nominating process. But when California is tossed in with lots of other states, its influence still won't match its measure. And the nominating process may become a mad dash for closure that serves no one well.

Philip J. Trounstine Is Director Of The Survey And Policy Research Institute At San Jose State.

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Dems Aim To Lift State's Stature In Presidential Race (DENP)

By Karen E. Crummy

Denver Post, January 28, 2007

Colorado Democrats are considering moving up the state's caucuses to the first week of February 2008 in an effort to be politically relevant in the next presidential election.

If Colorado moves its caucuses from the third week in March to Feb. 5, however, it would join more than a dozen other states that have either already moved their caucuses or primaries up to the same date, or are thinking about it. As a result, some political observers say, Colorado probably becomes insignificant.

"The chances are you get less attention on (Feb.) 5th than if you're some other place on the calendar," said Larry Sabato, director of the University of Virginia's Center for Politics. "Independently, states are making a rational decision to move things up, but collectively they are cutting their throats."

On the other hand, with at least four states holding presidential contests in January and more states holding them on Feb. 5, a contest past that date also risks irrelevancy because the nominees will effectively be picked.

Pat Waak, head of the state Democratic Party, has discussed moving up Colorado's caucuses with national party officials so they would coincide with other states in the region. On Friday, Waak was talking to county chairs to see if it would be logistically possible to reschedule the caucuses for the first Tuesday in February of next year.

U.S. Sen. Ken Salazar said that moving up the state's caucuses made sense.

"The candidates won't ignore Colorado," he said. "If there is a possibility that Colorado could be in a position to help decide the nominee in either party, it would make sense to do it."

Tired of being flyover territory for presidential candidates on their way to hefty electoral states such as California or Florida, elected officials in the Rocky Mountain West have for years discussed having a regional primary. But it never materialized.

Next year, however, Nevada's caucus is Jan. 19, sandwiched between the Iowa caucus on Jan. 14 and the New Hampshire primary on Jan. 22. Utah and New Mexico are set for Feb. 5. Arizona and Montana, along now with Colorado, are also considering moving their contests into February.

But so is California. And Florida is thinking about moving its primary up to the end of January.

If Waak and the party decide to move ahead with their Feb. 5 plan, it must be approved by the state legislature. It would apply to Republicans as well.

Dick Wadhams, a political strategist who is running to be state GOP chair starting in March, said he didn't object to an earlier caucus but wasn't sure it was going to make much of a difference. History indicates that candidates get the most momentum and media coverage from the first few contests.

"I don't think it changes the fact that Iowa, New Hampshire and South Carolina really determine the races," Wadhams said.

The consequences of the front- loaded political calendar have created problems for candidates - and potentially voters.

Most analysts predict both major-party nominations essentially will be determined by early February. That means the candidates are pouring massive amounts of money into the process early on. Those who can't ante up will have to get out.

Several analysts already have predicted that 2008 will be the first $1 billion presidential race and that to be taken seriously a candidate probably would need $100 million.

Additionally, with early primaries and caucuses comes a nine-month general-election campaign - for better or worse.

"The parties are stuck with those nominees. There's no opportunity for buyer's remorse," Sabato said, even if the candidate comes with heavy political baggage that might alter the course of an election.

"You could have a nominee that unfortunately hasn't been seriously vetted until the general (election)," said Jennifer Duffy, managing editor of the nonpartisan Cook Political Report.

Bill Clinton In '08! (LAT)

By Jonathan Chait

The Los Angeles Times, January 28, 2007

DOJ_NMG_0123417

THERE'S something about the upcoming presidential election that already feels terribly unsatisfying, and I think I've figured out what it is: the 22nd Amendment.

The 22nd Amendment, of course, forbids presidents from running for reelection after their second term in office. Republicans enacted it in a fit of pique at Franklin Roosevelt and his supposedly dictatorial tendencies. And the prohibition on a third term is, I suppose, one way of preventing a president from making himself a dictator (unless, of course, he's dictatorial enough to suspend the 22nd Amendment). But sometimes it makes our politics incoherent, and now is one of those times.

First consider the Democrats. The Hillary Clinton campaign is a product of the fact that her husband can't run for reelection. She is certainly highly intelligent and qualified to hold the presidency, but if her husband was running, she wouldn't be. People react to her candidacy largely on the basis of how they felt about Bill Clinton. Those who yearn for a return to his policies generally support her; those who disliked his policies don't.

Indeed, Democratic presidential politics since Clinton has consisted largely of referendum-by-proxy on Clinton. In the 2000 primary, Al Gore had the support of Clinton loyalists. Bill Bradley had the support of Democrats who opposed Clinton. You had the odd spectacle of Bradley getting support from liberal Democratic dissidents (such as former Labor Secretary Robert Reich, who bemoaned Clinton's stingy social investment) and conservative Democratic dissidents (such as Bob Kerrey, who bemoaned Clinton's failure to slash social spending).

In 2004, Howard Dean's campaign was powered in large part by liberal dissidents against Clintonism. He railed against the Washington Democratic establishment. This was the Clinton establishment. This time around, John Edwards is trying to collect the support of those anti-Clinton liberals. His embrace of anti-poverty measures is an implicit rebuke to Clinton's focus on the middle class and support for welfare reform. Barack Obama, meanwhile, isn't attacking Clintonism per se, but he is talking about leaving behind the debates of the 1990s.

So the Democratic voters are being asked to make a choice about Clintonism, but they're being asked in a roundabout fashion. It's like junior high, where your friend asks a girl's friend if the girl likes you or likes you likes you. Shouldn't we be able to vote on the real thing, up or down, rather than sort-of-pretend we're voting on something else?

Meanwhile, the Republican situation is even more frustrating. George W. Bush is going to leave office deeply unpopular with the American public. But what do Republicans think? According to a recent poll, three-quarters of them still approve of Bush's performance.

Because Bush can't run again, though, Republicans won't have to confront whether they want to stick with him or move in a different direction. So you have the spectacle of, for instance, John McCain sending out wildly contradictory signals — hugging Bush one day, excoriating his execution of the war the next (though carefully blaming it on others). I'm guessing McCain's plan is to convince Republicans that he mostly wants to continue Bush's policies, get the nomination, win the presidency and then announce a U-turn. If it happens, Republicans will be annoyed, and I don't blame them.

As a confirmed Bush-hater, I'm annoyed myself. Why should I only get one chance to register my verdict on Bush's presidency, especially when the vehicle for that verdict is John Kerry? Yes, the 2006 elections were fun, but punishing his co-partisans (many of whom had already abandoned him anyway) lacks the satisfying thump of actually throwing the bum himself out of office. Now Bush is going to go down in history as a two-term president, forever tied for second place in most terms awarded by the American voter.

If we had a straight dictatorship, Bush would long ago have been dragged out of the White House either by an angry mob or by disgruntled generals. (Note to oversensitive conservatives: I'm strongly against both dictatorships and assassinating Bush or any other president.) If we could vote for whoever we want, regardless of prior service, Bush would probably be dumped unceremoniously in 2008. Only our kooky current system lets him retire undefeated.

What this country really needs is to have Bill Clinton run against George W. Bush.

On The Hill (NOTP)

By Bruce Alpert, Bill Walsh

New Orleans Times-Picayune, January 28, 2007

Fund for rebuilding rentals urged

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Congress is getting ready to address the scarcity of affordable rental housing in New Orleans. The Feb. 6 hearing by the House Financial Services Committee is expected to be a prelude to legislation to rebuild the affordable-housing stock along the Gulf Coast decimated in Hurricane Katrina. Chairman Barney Frank, D-Mass., who has called the Bush administration's commitment to housing in the Gulf Coast an "abject failure," is expected to resurrect legislation that would peel hundreds of millions of dollars from the profits of government-backed mortgage buyers Fannie Mae and Freddie Mac for a rebuilding fund. The bill, pushed last year by Rep. Richard Baker, R-Baton Rouge, passed the House but stalled in the Senate.

Pair seek to expand police hiring grant

Two leaders of the new Democratic majority in Congress promised the nation's mayors last week that they will try to restore financing for a 1994 federal program that provided grants to help cities hire more police officers. The program has seen most of its money cut in recent years. House Speaker Nancy Pelosi, D-Calif., and Sen. Joseph Biden, D-Del., a senior member of the Senate Judiciary Committee, said that growing crime problems in major cities, including New Orleans, shows that the program needs to be restored. "In 1994 we had historically high rates of violent crimes like murders, forcible rapes, and aggravated assaults," Biden said. "Because we put more cops on the streets in more neighborhoods, we were able to reduce these crimes to the lowest levels in a generation. Fewer people were murdered, fewer people became victims, and fewer children will become criminals." No word on where financing for the new Democratic proposal would come from, or whether the Bush administration will go along.

Attorney general's response praised

Sen. Mary Landrieu, D-La., who has been critical of what she has termed unacceptable delays in getting federal assistance to Katrina-ravaged Louisiana, praised U.S. Attorney General Alberto Gonzales last week for agreeing to help New Orleans address violent crime, after she had sent him a list of critical needs. "I am grateful to Attorney General Gonzales for quickly acting on my requests, and look forward to continuing to work with him, Senate Judiciary Chairman (Patrick) Leahy and local law enforcement authorities to implement the remaining elements of the plan," Landrieu said. "Additional federal resources and technical assistance is only one solution. More reform and coordination on the ground in New Orleans must continue." Sen. David Vitter, R-La., also praised the attorney general's action, which was announced at a New Orleans news conference.

Bush's energy plans get a mixed reaction

While most of the focus on President Bush's State of the Union address last week was on the defense of his decision to increase troop levels in Iraq, he did offer some new domestic initiatives on health care and energy. Louisiana's two senators, Democrat Mary Landrieu and Republican David Vitter, viewed them differently. "I liked that he spoke in bold terms about some key domestic challenges like health care and energy," Vitter said. "We all need to think and act outside the box in a bold way." But Landrieu said she was disappointed Bush's latest energy proposal, combining some new conservation and alternative energy projects with more domestic production, doesn't reflect "the great urgency" her constituents express about making the United States less dependent on foreign oil.

Lobbyist for N.O. has ties to Bush

Arnold Havens, a former acting deputy secretary and general counsel for the Treasury Department, has joined the Washington government affairs shop of New Orleans-based law firm Jones Walker. Havens, who will become a partner at the firm, said he will help the firm lobby for some of its New Orleans area clients, including the city of New Orleans and Tulane University, as they seek continued help with Katrina recovery efforts. Havens, who worked in both Bush administrations, is barred under federal rules from lobbying his former colleagues at the Treasury until August 2007, one year after he left the administration.

Bid for forgiveness of loans renewed

Louisiana is, once again, trying to persuade Congress to forgive its disaster loans. The federal government authorized hundreds of millions of dollars in loans to cities, towns, sheriffs' offices and other governmental entities struggling to recover from Hurricane Katrina. With their tax base wiped out in the storm, some of the money was used to pay city employees and put police on the streets. But the Republican-controlled Congress insisted the money should be paid back. Now with Democrats in charge, Louisiana is asking again. "We were in the minority (in the past) and it wasn't a priority," said Melanie Roussell, spokeswoman for

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Rep. William Jefferson, D-New Orleans. "We're in a different Congress now." The House delegation filed a bill last week seeking to have the loans forgiven, and a similar measure was filed in the Senate earlier this month.

Baker weighing run for U.S. Senate seat

Rep. Richard Baker, R-Baton Rouge, isn't ruling out a run against Sen. Mary Landrieu, D-La., next year. "Folks in D.C. have talked to him about it. Folks in Louisiana have talked to him about it," Michael DiResto, Baker's spokesman, said. "He's thinking about it." The veteran congressman wasn't well-known outside his district until he proposed a community redevelopment plan for post-Katrina Louisiana that won accolades from state leaders, including Landrieu and Gov. Kathleen Blanco. It died when the Bush administration opposed it, but the effort boosted Baker's profile statewide.

Melancon promises meaningful oversight

The White House is said to be hunkering down for a barrage of investigations from the Democratic-led Congress -- and for good reason. Last week, Rep. Charlie Melancon, D-Napoleonville, had a feisty tone when announcing his appointment to the Energy and Commerce Committee's panel on oversight and investigations. "The Constitution mandates that Congress conduct meaningful oversight of the federal government, yet there have been almost no oversight hearings held or subpoenas issued in the past six years," said Melancon, who will serve as vice chairman of the subcommittee headed by Rep. Bart Stupak, D-Mich. "It's time to change that." A Melancon spokeswoman said the congressman wasn't ready to name his targets yet.

Questions center on mayors' meeting

The head of the World Conference of Mayors says he's mystified why his organization would be of interest to federal investigators looking into Rep. William Jefferson's business dealings. The attorney for Allison Anadi, a Southern University criminal justice professor, said investigators in the probe had asked his client about a 2001 World Conference of Mayors meeting in Nigeria. Johnny Ford, chairman of the World Conference and mayor of Tuskegee, Ala., said that the conference was called to help officials from the Nigerian state of Akwa Ibom deal with serious pollution problems from a U.S.-operated refinery. Jefferson, D-New Orleans, attended the meeting, Ford said, but nothing out of the ordinary occurred. "We were just trying to find a way to help officials deal with some terrible pollution problems," Ford said. The FBI has asked Nigerian officials for bank records for Anadi, along with any money transfers of more than $5,000. Anadi's attorney Glen Woods said he doesn't know why the feds would be interested in his client's banking transactions. Jefferson has not been charged in the investigation, which began in March 2005, and denies wrongdoing. Two of Jefferson's former associates have pleaded guilty to bribery-related charges.

Jeb Bush Rallies Conservatives At Summit (WP)

By Zachary A. Goldfarb

The Washington Post, January 28, 2007

At a time when the conservative movement is looking bereft, humbled by midterm-election defeats and hungering for a presidential candidate to rally around, Jeb Bush delivered yesterday in Washington a resounding endorsement of conservative principles, bringing his audience repeatedly to its feet.

In his lunchtime remarks to the Conservative Summit, Bush struck every conservative chord, blaming Republicans' defeat in November on the party's abandonment of tenets including limited government and fiscal restraint.

"Don't take offense personally if I get mad at Congress," the Republican former Florida governor began. "It's important for us to realize we lost, and there are significant reasons that happened, but it isn't because conservatives were rejected. But it's because we rejected the conservative philosophy in this country."

He added, "If the promise of pork and more programs is the way Republicans think they'll regain the majority, then they've got a problem."

Bush's speech prompted three standing ovations from the audience of hundreds at the National Review Institute's conference at the JW Marriott Hotel, reflecting the widespread concern among conservatives that exorbitant government spending led to the loss of majorities in the House and Senate and concern about whether Republicans would again embrace the traditional principles.

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To Ed Gillespie, a prominent lobbyist and former chairman of the Republican National Committee, Bush's two terms in Tallahassee -- where he developed a reputation as a tax-cutter and staunch spending hawk -- exemplified conservative politics at its best, and what makes for a compelling presidential candidate.

"For those who are worried if you can put forward a vigorous conservative policy agenda in a state like Florida and still get elected and still be popular: Our keynote speaker left office with approval ratings above 60 percent," Gillespie said.

"If he were former two-term governor Jeb Smith, he might be in Des Moines today," Gillespie said, alluding to presidential hopefuls' campaigning.

Bush says he will not run for president in 2008, however, and conservatives continue to look for a candidate to excite their interest.

"So far there's definitely a lukewarm feeling about the field, but it's still early, and conservatives want to see how these guys run. And it's still possible that one or the other of the candidates will really inspire conservatives," said Rich Lowry, editor of the National Review.

Two men eyeing the GOP's conservative base as a platform for a presidential candidacy also gave speeches yesterday. In the morning, former House speaker Newt Gingrich (Ga.) addressed the conference, and former Massachusetts governor Mitt Romney was scheduled to speak last night. Former Arkansas governor Mike Huckabee, mentioned as another presidential possibility, is expected to speak this morning.

Gingrich, the architect of the 1994 "Republican revolution" that saw the GOP win control of Congress for the first time in 40 years, sharply criticized his party.

"You have a Republican Party that resents ideas," he said. "We worked for 16 years to get a majority, which was thrown away."

Gingrich, who received a warm reception, said he will not make a decision on running until much later this year.

Huckabee, meanwhile, might form an exploratory committee as soon as tomorrow. Romney, already exploring a bid, is criticized by some conservatives for the liberal social views he expressed in the 1990s.

With little disagreement at the conference about the prudence of the president's strategy for Iraq, the war appeared not to figure into the thinking of conservatives as an issue that could further cost the GOP.

At a Friday night panel on the state of conservatism, commentator Laura Ingraham argued that Republicans -- if they are to have any chance of winning in 2008 -- must wake up to the fact that Democrats are embracing politicians such as Sen. James Webb (Va.), a gruff military veteran who delivered his party's response to the State of the Union on Tuesday by attacking President Bush's Iraq plan while offering a populist economic message.

"We have to be careful with conservatives not to remain in an echo chamber," Ingraham said. "The party that comes off as the party that represents the American worker best is the party that wins in 2008."

U.S. Missiles In E. Europe Opposed By Locals, Russia (WP)

By Bruce I. Konviser

The Washington Post, January 28, 2007

PRAGUE -- A Bush administration plan to deploy a missile defense shield in Eastern Europe is drawing protests from Russia and from residents who oppose hosting foreign military bases and fear the facilities might make their countries targets for attack.

The proposed placement of about 10 interceptor missiles in Poland and a radar tracking station in the Czech Republic would pose a "clear threat" to Russia, Col. Gen. Vladimir Popovkin, chief of Russia's Space Forces, told reporters last week. He spoke after the United States announced it would open formal negotiations with the two former client states of the Soviet Union.

Russian Foreign Ministry spokesman Mikhail Kamynin underlined his government's opposition Friday, saying in an interview with the ITAR-Tass news agency that "the creation of a U.S. European anti-missile base can only be regarded as a substantial reconfiguration of the American military presence in Europe." He called the move "a mistaken step with negative consequences for international security."

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The Bush administration maintains that the missile system is limited and not meant to counter Russia, with its huge nuclear arsenal, but to protect against a "rogue state" such as Iran or North Korea attacking with a small number of intercontinental ballistic missiles. Eastern Europe lies along the flight path such rockets would follow from the Middle East to the United States.

Since the fall of communism, political leaders in Prague and Warsaw have viewed U.S. military prowess as key to their countries' security. They favor the U.S. plans for missile defense, but that may not be enough to carry the day -- there is considerable public opposition to the plans in both countries.

After nearly eight months of political paralysis, a new Czech government finally won a vote of confidence this month -- and the United States issued its request for negotiations shortly afterward. But the government is ruling without a majority in Parliament, which would have to ratify any agreement. It is far from certain that such a vote would win today, political analysts said.

Jitka Pozdenova, who works for a nongovernmental organization that promotes international exchange programs for high school students, said that she opposes the base and that people don't trust U.S. intentions.

"A lot of people are against it because it is an American thing and not a Czech or European operation," she said. "People feel America is doing it for itself."

Ales Janda, a physician, said many Czechs oppose the site being under U.S. control because of the bad memories of the Soviet Union's military presence here. "People are afraid of having a foreign army here, but it is totally different now," he said. "I think if we're a part of NATO, we can't be against it."

Opponents say they will push for a public referendum on the issue, which would intensify the debate.

Some residents here worry that the facilities would make the country a target if there was war. And the Iraq war has cooled public enthusiasm for close military cooperation with the United States, though it remains the most powerful ally of the Czech Republic and Poland.

In addition, emotional scars remain from communist days, when the Soviet Union operated a network of military bases here. Nobody is likening the United States to the country's former master, but the notion of a foreign power controlling a military base on their territory makes many people uncomfortable.

Some analysts are also concerned that bilateral agreements between NATO members will ultimately weaken the alliance. Lubomir Zaoralek, a leading member of the opposition Social Democrats, calls that his chief concern. "There would be no problem if it was a common strategy of NATO," he said.

One other issue is affecting the debate here: visas. At present, citizens of newer European Union member states, most of them from the former Soviet bloc, cannot visit the United States without visas, a fact that rankles many here.

Now, the United States is suddenly moving to change its visa-waiver law to admit people from countries considered good friends and reliable partners, Poland and the Czech Republic among them. All sides insist there is no quid pro quo for accommodation on the missile program.

But in remarks last week, Foreign Minister Karel Schwarzenberg acknowledged the obvious: "These matters, of course, are not in principle interconnected. But the atmosphere in the Congress, when deciding on whether the Czech Republic is to be admitted in the program, can be substantially improved if we show we are a faithful ally of the U.S.A."

Lost in much of the discussion here is that the anti-missile system remains unproved after tens of billions of dollars of development work.

Assuming it worked, it would still be a chicken-and-egg game as to whether the system would enhance U.S. security, said Michael Codner, director of military sciences at the Royal United Services Institute for Defense and Security Studies, a British think tank.

"One could argue that the principle reason for Iran and North Korea having nuclear systems is precisely because they then render themselves much safer from invasion," he said, "bearing in mind that Iraq was invaded and North Korea never has been."

Plan To Revive Trade Talks Is Offered In Davos (NYT)

By Carter Dougherty

DOJ_NMG_0123422

The New York Times, January 28, 2007

DAVOS, Switzerland, Jan. 27 — Leading trade ministers on Saturday embraced an unusual game plan for reviving trade talks, saying they would try to hash out details on technical issues, rather than first agreeing on the broad outlines of an accord.

During a meeting at the World Economic Forum, officials from 30 countries including the United States, the European Union and emerging markets like India and Brazil vowed to move forward in the Doha round of World Trade Organization talks, which began more than five years ago in the Persian Gulf emirate of Qatar but collapsed in July because of disagreements about farm subsidies and tariff cuts. They hope to reach a deal within a year.

To resuscitate the talks, the ministers endorsed a strategy that is highly unusual in these negotiations, but now appears to offer the only chance to conclude the trade round. Instead of creating a framework for agreement and then working out details on technical issues like tariffs and subsidies later, countries will aim to work out most specifics up front. Then, they will decide whether a final push is warranted at a meeting of all World Trade Organization members in Geneva.

Pascal Lamy, the organization's director general, said the process would have to achieve a genuine breakthrough in "months, not quarters," for a meeting of all the group's members to occur. Apart from agriculture, it would also have to address tariff cuts for industrial products and services like finance and telecommunications.

After the Geneva meeting, Mr. Lamy said countries would tackle other, less contentious issues, including simplifying customs procedures, environmental rules and antidumping rules.

The W.T.O. negotiations would dovetail with a bid by the Bush administration to extend the United States trade negotiating authority that expires on June 30. Next week, President Bush will give two major addresses on economic policy calling on Congress to take that step, American officials said.

Blair Says G-8 Should Expand, Disagrees With Merkel (BLOOM)

By John Fraher

Bloomberg, January 28, 2007

Jan. 27 - U.K. Prime Minister Tony Blair said the Group of Eight industrialized nations should eventually expand to include countries such as China and India, putting him at odds with current G-8 head Angela Merkel.

``The G-8 is already well on its way to metamorphosis into G- 8 plus five," said Blair in a speech in Davos, Switzerland. ``At G-8 plus five it can be a forum for agreement between the most powerful nations with a true modern global reach. Sooner or later, the metamorphosis should be complete."

Politicians from the G-8 are debating whether to allow some of the world's fastest growing economies into their club and grant them a top table presence on talks ranging from foreign exchange policy to development aid. While Blair argued for expansion, Merkel rejected the idea in her opening address on Jan. 24.

``These countries have very different priorities" on issues such as carbon emissions and development, she said.

Blair, who said his speech today will be his last in Davos as prime minister, is running out of time to build a foreign policy legacy beyond the war in Iraq before he steps down later this year. He repeated a call made last May to fuse the International Monetary Fund and the World Bank to strengthen the influence of emerging economies.

Merge IMF, World Bank

``There is a powerful case for merging the IMF and the World Bank and for increasing the influence of the developing countries within them," he said. ``A strong transatlantic push" to reform organizations such as the IMF and the World Bank is ``overdue."

Blair also said G-8 countries may be ``on the verge of a breakthrough" on climate change.

``The German G-8 Presidency gives us an opportunity to agree at least the principles of a new binding international agreement to come into effect when the Kyoto Protocol expires in 2001," according to Blair.

U.S. President George W. Bush's State of the Union speech on Jan. 23, in which he pledged to lower gasoline consumption by 20 percent over the next decade, shows the ``mood in the U.S. is in the process of a quantum shift," said Blair.

3 Killed As Hamas And Fatah Fight On (NYT)

By Steven Erlanger

DOJ_NMG_0123423

The New York Times, January 28, 2007

JERUSALEM, Jan. 27 — At least three more Palestinians were killed Saturday in Gaza in continuing battles between fighters loyal to Fatah and Hamas, which has been celebrating its victory a year ago over Fatah in legislative elections.

At least 14 Palestinians, including a 2-year-old boy, died Friday in daylong clashes and retaliatory attacks. The death toll has reached 20 since Thursday, with more than 65 people wounded, news agencies reported.

Those killed Saturday were identified as Mahmoud Khalil Khatib, 17, who appears to have been a student bystander, and two members of the security forces, Ibrahim al-Khalout, 25, and Mohammad Khattab, 33.

The fighting started near the Hamas Islamic University, the headquarters of the Fatah-dominated preventive security force in Gaza City and the Shifa Hospital a few blocks away.

Hamas, which leads the Palestinian Authority, said Friday that it was suspending new talks with the Fatah movement of the Palestinian Authority president, Mahmoud Abbas, on forming a national unity government because of the violence. Mr. Abbas, who was at a conference in Switzerland and then in Spain, said he expected negotiations on a government to last at least another three weeks.

If the talks fail, Mr. Abbas said he would move to make good on his Dec. 16 call for early presidential and parliamentary elections, despite Hamas's victory a year ago. Hamas has labeled the call an attempted coup, and said it would resist or obstruct any new legislative elections.

Mr. Abbas went to Damascus, Syria, last week to meet with the Hamas political director, Khaled Meshal, who lives there in exile, and the two said they had made progress. But Hamas is insisting that the current prime minister, Ismail Haniya, remain in the job and that Hamas retain effective control of major ministries, including the Interior Ministry.

The latest talks between Hamas and Fatah started Tuesday. On Saturday, Tawfiq Abu Khoussa, a Fatah spokesman in Gaza, blamed Hamas for starting the latest mayhem. "We in Fatah did not stop the dialogue," he said. "Those who stopped the dialogue are required to return."

Hamas blamed Fatah, saying in a statement that the unity talks were close to an agreement "when putschists inside Fatah rushed to blow up the situation to serve their own interests and a foreign agenda."

The point of a new government would be to try to meet international requirements that the Palestinian Authority accept the right of Israel to exist, forswear violence and accept previous Palestinian-Israeli agreements. Hamas has refused to do that, but has negotiated with Mr. Abbas for months over a political program for a government that could meet the standards and thus let Western budgetary aid resume.

The fight for power in Gaza between Fatah and Hamas has been intermittently bloody, with more than 30 people killed between mid-December and early January in urban fighting. Palestinians warned then of a possible civil war, though the factions tend to calm down after a spike in violence, in part because of growing popular disgust with the gunmen.

The United States is continuing to try to support Mr. Abbas and his loyal presidential guard with more than $80 million in what is supposed to be nonlethal aid. Washington, which will sponsor a meeting of Middle East diplomats on Feb. 2 before holding joint talks with Mr. Abbas and Prime Minister Ehud Olmert of Israel, is trying to provide a "political horizon" for a peace settlement to the Palestinians, again to try to bolster Fatah, which supports a Palestinian state next to an independent Israel.

But the last year of isolation has not overthrown Hamas, though it is less popular. More important, Hamas is more firmly entrenched, having built a parallel paramilitary force in Gaza of nearly 6,000 men known as the Executive Force, which is loyal to the Hamas interior minister, Said Siam, not to Mr. Abbas.

In addition to the deaths since Thursday, nine members of Hamas and five members of Fatah were kidnapped in tit-for-tat abductions in Gaza and the occupied West Bank on Friday, and nine Hamas members were kidnapped in the northern village of Kafr Qalil by Fatah, security sources said.

Late on Friday, Hamas attacked the Gaza headquarters of the Preventive Security Service, a force dominated by Fatah, with mortars and rocket-propelled grenades. No injuries were reported. Grenades were also fired at the home of Rashid Abu Shbak of Fatah, who is in charge of internal security for the Palestinian Authority. The Gaza home of the Hamas leader Mahmoud Zahar, the foreign minister, was also hit by grenades but no one was injured.

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Mr. Haniya said in an interview published in the London Arabic newspaper Al Hayat that the long effort to negotiate the release of an Israeli soldier captured in June in return for Palestinian prisoners was “complex and difficult” and would require more work.

7 Dead On Day 3 Of Hamas-Fatah Conflict (AP)

By Ibrahim Barzak, Associated Press Writer

AP, January 28, 2007

Gunmen from the rival Hamas and Fatah movements battled in Gaza City for a third straight day Saturday, firing mortars and grenades in clashes that killed seven people in the increasingly bloody power struggle over the Palestinian government.

The deaths brought to 25 the number of Palestinians killed since late Thursday, with at least 68 people wounded and efforts to forge a coalition government at a standstill.

The latest fighting, which started late Thursday after a Hamas activist was killed in a bombing, has been among the deadliest in nearly two months of clashes.

Palestinian Prime Minister Ismail Haniyeh, of Hamas, and a spokesman for President Mahmoud Abbas, of Fatah, both appealed for calm. But after a brief lull, fighting flared up again.

In a clear jab at the moderate Abbas, Haniyeh criticized "troublemakers who are trying to veer away from the path of our people" by receiving "dirty American funding and arms." The White House is seeking some $85 million to help bolster Abbas' forces.

The violence has been fueled by Abbas' pledge to call early elections if the talks between Hamas and Fatah fail. Abbas, who is traveling in Europe, said this week he would move forward with his election plan if the coalition talks fail to produce results within three weeks.

Hamas, which defeated Fatah in parliamentary elections last year, opposes a new vote.

Streets in the hardest-hit neighborhoods were deserted Saturday, and only bakeries and grocery stores opened for business. Gaza City's main outdoor market was closed. Al Azhar University called off exams scheduled for Saturday, and the Hamas-controlled Interior Ministry, which oversees several security forces, told its employees to go home.

Late Saturday night, a 12-year-old boy was killed and two people were wounded in the northern Gaza Strip during a shootout between Hamas and Fatah gunmen, witnesses and hospital officials said. One of the Hamas men was killed in the gunbattle, hospital officials said.

The boy's father, Baher Abu El-Karaya, a local Fatah leader, was injured in the battle. From his hospital bed, he told the Associated Press that Hamas gunmen attacked his home.

Two men were also killed in a car explosion north of Gaza City, Palestinian security officials said. The identities of the men were not immediately known.

A gun battle erupted Saturday near the Islamic University, killing one man, according to hospital officials. In a firefight elsewhere in the city, a Palestinian policeman was killed.

Before dawn Saturday, Hamas gunmen fired mortars at the Abbas-allied Preventive Security Service headquarters and at the home of the force's chief, Rashid Abu Shbak, officials said. The rocket fire started anew Saturday night.

In fighting around the compound on Friday, six Hamas gunmen were killed and a seventh died Saturday of wounds sustained in that battle, said Hamas spokesman Ayman Taha.

He accused Fatah loyalists of storming a mosque near the security headquarters and executing a senior Hamas activist inside while he was reading the Quran, the Muslim holy book. On Saturday, blood stains were still visible on the mosque's carpet and the bathroom tiles.

Fatah denied it had stormed the mosque, but said Hamas gunmen had used the mosque as a base for attacking the security headquarters.

At another Gaza City mosque, Hamas activists hung posters with photos of Hamas supporters killed or wounded in the fighting. "These are the criminal activities of the pro-Zionist, American criminals," the caption read, in reference to Fatah.

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Mediators from two small factions, meanwhile, tried to win the release of hostages taken by the two sides. Late Saturday, seven Hamas activists and four Fatah members were freed in the southern town of Khan Younis, officials said.

Kidnappings have become a common tactic during the infighting. In all cases so far, hostages have been released unharmed. As of late Saturday, roughly a dozen people on each side remained in captivity, officials said.

Tensions have been high since Hamas swept parliamentary elections in January 2006, ending four decades of Fatah rule. Those tensions have frequently erupted into violence, killing some 50 people in Gaza since early December.

In its election campaign, Hamas promised to root out corruption and improve social services. But the Hamas-led government has been paralyzed by an international boycott and accomplished little on its agenda.

Israel and Western donors have cut off hundreds of millions of dollars in funding to the Palestinian government, demanding Hamas renounce violence and recognize Israel's right to exist. Hamas has rejected the conditions, despite deepening poverty in the West Bank and Gaza caused by the sanctions.

Seeking a way out of the crisis, Abbas has called on Hamas to join Fatah in a moderate coalition government. Abbas, who was elected separately, hopes a moderate platform will get the sanctions lifted and allow him to restart peace talks with Israel.

Both Fatah and Hamas officials said late Friday that unity talks would be suspended until the fighting ends. Both sides blamed each other for the breakdown.

Death Toll Mounts In Gaza Battles (BBC)

BBC.com, January 27, 2007

Deadly battles between rival Palestinian factions Hamas and Fatah have continued in the Gaza Strip, leaving at least five more dead.

Saturday's deaths raise the toll since Thursday night to at least 22.

However, despite tension, the funerals for those killed on the previous day passed off peacefully on Saturday.

Clashes erupted in Gaza after weeks of relative calm and renewed efforts to form a national unity government. Both sides say they have suspended talks.

Those killed on Saturday included a boy of 11 or 12 who was hit during a shootout late at night between the two factions in the northern Gaza Strip.

Earlier at least one person died in a gun battle near Gaza's Islamic University, while another died in a car explosion - rumoured to be caused when explosives being carried in the vehicle exploded.

Kidnappings

Shops were shut up and the streets of Gaza City were almost empty on Saturday as people hid inside from the gangs of gunmen stalking the streets.

Members of Hamas and Fatah have fired mortars and grenades at each other and mounted tit-for-tat kidnappings.

Friday was one of the worst days of violence between Hamas and Fatah supporters since Hamas took control of the Palestinian administration a year ago, with at least 13 people reported killed.

Signs of spreading

Both sides blamed the other for the outbreak of violence, which followed a period of relative calm, in which both sides were thought to have been near joining a unity government.

"The unity government talks were on the verge of full agreement and the announcement of a unity government when putschists inside Fatah... rushed to blow up the situation to serve their own interests and a foreign agenda," said Hamas.

Funerals for those killed in the fighting were peaceful

Fatah spokesman Tawfiq Abu Khussa said: "It's clear that Hamas doesn't want the dialogue to succeed. The escalation began with Hamas."

Both sides said they were suspending talks.

The discord has been condemned by the Arab League, the Organisation of the Islamic Conference and Egypt's Muslim Brotherhood, which said: "They speak responsible words and yet the fighting continues."

There has been intensive mediation by Egyptian diplomats to try to stop the bloodshed.

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The UN's Middle East envoy Alvaro de Soto called on all the factions "to cease clashes and comply with international humanitarian law by refraining from acts which endanger civilians".

The violence also showed signs of spreading to the West Bank, where Palestinian police clashed with about 200 Hamas supporters.

Israel May Have Violated Arms Pact, U.S. Officials Say (NYT)

By David S. Cloud, Greg Myre

The New York Times, January 28, 2007

WASHINGTON, Jan 27 — The Bush administration will inform Congress on Monday that Israel may have violated agreements with the United States when it fired American-supplied cluster munitions into southern Lebanon during its fight with Hezbollah last summer, the State Department said Saturday.

The finding, though preliminary, has prompted a contentious debate within the administration over whether the United States should penalize Israel for its use of cluster munitions against towns and villages where Hezbollah had placed its rocket launchers.

Cluster munitions are anti-personnel weapons that scatter tiny but deadly bomblets over a wide area. The grenadelike munitions, tens of thousands of which have been found in southern Lebanon, have caused 30 deaths and 180 injuries among civilians since the end of the war, according to the United Nations Mine Action Service.

Midlevel officials at the Pentagon and the State Department have argued that Israel violated American prohibitions on using cluster munitions against populated areas, according to officials who described the deliberations. But other officials in both departments contend that Israel's use of the weapons was for self-defense and aimed at stopping the Hezbollah rocket attacks that killed 159 Israeli citizens and at worst was only a technical violation.

Any sanctions against Israel would be an extraordinary move by the Bush administration, a strong backer of Israel, and several officials said they expected little further action, if any, on the matter.

But sanctions against Israel for misusing the weapons would not be unprecedented. The Reagan administration imposed a six-year ban on cluster-weapon sales to Israel in 1982, after a Congressional investigation found that Israel had used the weapons in civilian areas during its 1982 invasion of Lebanon. One option under discussion is to bar additional sales of cluster munitions for some period, an official said.

The State Department is required to notify Congress even of preliminary findings of possible violations of the Arms Export Control Act, the statute governing arms sales. It began an investigation in August.

Sean McCormack, the State Department spokesman, said that the notification to Congress would occur Monday but that a final determination about whether Israel violated the agreements on use of cluster bombs was still being debated.

"It is important to remember the kind of war Hezbollah waged," he said. "They used innocent civilians as a way to shield their fighters."

Even if Israel is found to be in violation, the statute gives President Bush discretion about whether to impose sanctions, unless Congress decides to take legislative action. Israel makes its own cluster munitions, so a cutoff of American supplies would have mainly symbolic significance.

Israel gave the State Department a dozen-page report late last year in which it acknowledged firing thousands of American cluster munitions into southern Lebanon but denied violating agreements that prohibit their use in civilian areas, the officials said. The cluster munitions included artillery shells, rockets and bombs dropped from aircraft, many of which had been sold to Israel years ago, one official said.

Before firing at rocket sites in towns and villages, the Israeli report said, the Israeli military dropped leaflets warning civilians of the attacks. The report, which has not previously been disclosed, also noted that many of the villages were deserted because civilians had fled the fighting, the officials said.

David Siegel, a spokesman for the Israeli Embassy in Washington, said Israel "provided a detailed response to the administration's request for information" on its use of cluster munitions "to halt Hezbollah's unprovoked rockets attacks against our civilian populations centers."

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He added, “Israel suffered heavy casualties in these attacks and acted as any government would in exercise of its right to self-defense.”

John Hillen, who was assistant secretary of state in charge of the bureau until he resigned this month, told Bloomberg News in December that Israel had provided “great cooperation” in the investigation. “From their perspective, use of the munitions was clearly done within the agreements,” he said.

Another administration official said the investigation had caused “head-butting” involving the Bureau of Political-Military Affairs and the Bureau of Near Eastern Affairs at the State Department, as well as Pentagon arms sales officials. Some officials “are trying to find a way to not have to call this a substantial violation,” the official said.

In particular, the State Department has asked Israel for additional information on reports that commanders and troops violated orders that restricted how cluster bombs could be used, an official said. In November, Lt. Gen. Dan Halutz, the chief of staff of the Israeli military until his resignation on Jan. 17, ordered an investigation into whether restrictions on use of the weapons were ignored by some units.

That investigation is still under way, and military officials have refused to divulge any details in public.

Israel’s Channel 2 television reported in December that the military’s judge advocate general was gathering evidence for possible criminal charges against military officers who might have ordered cluster bombs fired into populated areas.

Israel has told the State Department that it originally tried targeted strikes against Hezbollah rocket sites, but those proved ineffective.

Heavy use of cluster bombs was tried instead, to kill or maim Hezbollah fighters manning the launchers. Israeli commanders employed cluster weapons because they suspected that they would flee after firing their rockets. Even those attacks failed to stop the rockets barrages.

The agreements that govern Israel’s use of American cluster munitions go back to the 1970s. But the details, which have been revised several times, are classified.

However, officials said that the agreements specified that cluster weapons could not be used in populated areas, in part because of the risk to civilians after a conflict is over if the bomblets fail to self-destruct, as they are designed to do.

The agreements said the munitions be used only against organized armies and clearly defined military targets under conditions similar to the Arab-Israeli wars of 1967 and 1973, when Israel arguably faced threats to its survival, officials said.

Since the end of last summer’s war, de-mining team have located 800 cluster-bomb strike areas, and they destroyed 95,000 bomblets, said Christopher Clark, program manager for the United Nations Mine Action Service in Lebanon.

“We found them pretty much everywhere — in villages, at road junctions, in olive groves and on banana plantations,” Mr. Clark said.

The casualty rate has come down sharply, he said. Right after the war, there were more than 40 casualties a week; now it is about 3 or 4 a week.

Donatella Rovera, a researcher with Amnesty International in London, said older American cluster weapons used by Israel during the war did not reliably self-destruct, compared with Israel’s own cluster munitions, which are newer and are said to have a much lower dud rate.

“We’ve asked them to release detailed maps on where the cluster bombs were used,” Ms. Rovera said of the Israeli military. “That is the one thing that could help speed up the cleanup process.”

U.S. State Dept. Report To Address Possible Arms Violations By Israel (LAT/AP)

The Los Angeles Times, January 28, 2007

WASHINGTON — The State Department has completed a preliminary report on whether Israel misused American-made cluster bombs in civilian areas of Lebanon.

State Department spokesman Kurtis Cooper said Saturday that the report would be forwarded to Congress on Monday but declined to disclose the findings, emphasizing that they were preliminary.

"We take our obligations under the Arms Control Act seriously," Cooper said. "Our forwarding to Congress of a preliminary assessment is an indication of that.

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"The Israeli government is also taking quite seriously their responsibility in providing information. We are not making a final judgment."

The State Department is required to notify Congress of even preliminary findings of possible violations of the arms act.

The New York Times reported online Saturday evening that the report would say Israel might have violated agreements with the United States by its use of American-supplied cluster munitions during last year's conflict.

The paper described disagreement among midlevel officials at the Defense Department and the State Department, with some in both departments arguing that Israel violated U.S. prohibitions on using cluster munitions against population areas. Others in both departments argued that the weapons were used in self-defense to stop Hezbollah rocket attacks and that, at worst, only a technical violation might have occurred.

A congressional investigation found Israel improperly used U.S.-made cluster bombs during its 1982 invasion of Lebanon. The Reagan administration then imposed a six-year ban on further sales of the weapons to Israel.

Such sanctions are largely symbolic, however, since Israel also makes its own cluster munitions.

The United Nations said unexploded cluster bombs — anti-personnel weapons that spray bomblets over a wide area — litter homes, gardens and highways in southern Lebanon.

Relief organizations and the U.N. mine office have reported finding evidence that Israel used three types of U.S.-made cluster bombs during the 34-day battle with Hezbollah militants, during which both sides fired rockets into populated areas.

Saving Lebanon (NYT)

The New York Times, January 28, 2007

It is good that international donors have pledged $7.6 billion to help rebuild Lebanon after last summer's devastating Israeli air strikes. The democratically elected government of Prime Minister Fouad Siniora needs all the help it can get. Clashes between Shiite supporters of Hezbollah and the government's mainly Sunni supporters threaten to overwhelm Mr. Siniora's fragile coalition.

If not contained, they could even reignite Lebanon's catastrophic civil war. Lebanon's fundamental problem is the archaic and unfair political system that divides the country's top offices among rival and distrustful religious communities. Lebanon's large and impoverished Shiite minority, long a major loser in this system, has been increasingly radicalized — straight into the arms of Hezbollah.

Hezbollah has a political party in Parliament, political gangsters on Beirut's streets and a heavily armed militia whose attacks on Israel provoked last summer's destruction. Hezbollah also has close links to Iran, which supplies its weapons and cash, and Syria, which provides safe passage for those weapons and more. Any plan for stabilizing Lebanon has to face up to this dynamic. That's why the Bush administration needs to drop its stubborn resistance to diplomacy with Syria — and try to coax Damascus away from both Iran and Hezbollah.

Washington must make clear that Lebanon's sovereignty is not negotiable. Nor will there be any bargaining over the United Nations investigation into the 2005 assassination of the former Lebanese prime minister Rafik Hariri — and Syria's all but certain complicity. When treated as an important regional actor, Syria has at times responded constructively. It has always responded destructively to isolation. Engaging Syria may not work. But ignoring it all but guarantees that even $7.6 billion in aid will not be enough to stabilize Lebanon.

Saudi Officials Seek To Temper The Price Of Oil (NYT)

By Jad Mouawad

The New York Times, January 28, 2007

Saudi Arabia, which benefited immensely from record oil prices last year, has sent signals in the past two weeks that it is committed to keeping oil at around $50 a barrel — down $27 a barrel from the summer peak that shook consumers across the developed world.

The indications came in typically cryptic fashion for the oil-rich kingdom. In Tokyo last week, Ali al-Naimi, the Saudi oil minister, said Saudi Arabia's policy was to maintain "moderate prices." The previous week, on a stop in New Delhi, he effectively

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put his veto on an emergency meeting of the Organization of the Petroleum Exporting Countries to prop up prices after oil briefly dropped below $50 a barrel, the lowest level in nearly two years.

The events that propelled oil prices above $77 a barrel last July, then dragged them down again, were beyond the control of any single producer. Still, Saudi Arabia, which is by far the largest oil producer within OPEC and sets the cartel's agenda, is seeking to avoid a repeat of the dramatic rise in prices while trying to put a floor beneath them.

Nowhere was last summer's spike in oil prices felt more profoundly than in the United States. As gasoline rose above $3 a gallon, consumers cut their spending elsewhere, tamping down profits in retail, travel and other industries. United States automakers were devastated as consumers fled from large vehicles to smaller ones, which have historically been the specialty of the Japanese; on Thursday, Ford said that 2006 had been the worst year in its history.

The recent slide back to $50 a barrel for oil — which translates to about $2 for a gallon of gasoline — has eased the pressure on the domestic economy, quieting talk that oil prices and the declining housing market would lead to a recession.

The Saudis appear to be rediscovering that painfully high energy prices take a profound toll on the global economy, which in turn reduces demand for their oil. But other motives seem to be at work, too, including the Saudis' desire to restrain Iran's ambitions in the region.

How much influence the United States has exerted is an open question. Vice President Dick Cheney met with King Abdullah of Saudi Arabia in Riyadh in November, but his office would not say if oil was discussed. The White House has been supportive of Saudi energy policy, and President Bush and his father are close with Prince Bandar bin Sultan, the Saudi national security minister and former ambassador to Washington.

Although Saudi officials say their oil policy is based on market considerations and not political ones, the meeting in November led to renewed speculation that the kingdom might be tempted to dry out Iran's ambitions by pushing oil prices down. Prices have already been falling because of mild weather and slowing demand.

Prices at $50 to $55 a barrel are just about right for the Saudis, according to Saudi energy officials — not too high to hurt the global economy, not too low to hurt their own economy. Last year's record highs meant that the growth in global oil demand slowed to 1 percent in 2006, compared with a 4 percent increase at its peak in 2004.

But 2006 was not the first reminder for the Saudis that too-high prices can backfire. The oil shocks of the 1970s and 1980s also set off a scramble for gas-sipping cars and a brief push to wean the West from its oil dependency. In recent months, the higher prices have rekindled America's quest for alternatives and propelled energy security to the top of the agenda in the United States and Europe.

Even President Bush, who began his presidency emphasizing the need to increase domestic oil production rather than cutting consumption, called for a reduction in gasoline use over the next decade in last week's State of the Union address.

High prices have also emboldened rivals within OPEC, among them Iran and Venezuela, which have used their oil revenue to prop up their governments and export their more radical agendas. Saudi Arabia has worked cooperatively with Iran since the late 1990s, when oil producers were panicked by the decline of prices to around $10 a barrel. More recently, Iran has favored rising prices over the moderation that Saudi Arabia seeks. Venezuela also tends to favor higher prices but wields less political influence in the cartel.

"High prices are not in the interest of Saudi Arabia," said Sadek Boussena, a former OPEC president from Algeria. "We've all seen what $70 does: it attracts alternatives, it reduces demand. On the other hand, I don't think the Saudis want oil below $50. They need the revenue."

The Bush administration has repeatedly acknowledged Saudi Arabia's efforts in trying to moderate prices. "Buyers and sellers have a common interest in maintaining reasonable prices for oil," Samuel Bodman, the energy secretary, said in October.

There is no set formula for setting oil prices. In the 1980s, the market settled on around $18 a barrel as a fair price. In the 1990s, it was ratcheted up to $22 to $25 a barrel. Recently, oil producers have realized they can charge twice that amount, although consuming nations complain that the price is too high.

Mr. Naimi, the Saudi oil minister, borrowing the manner of a careful central banker, is rarely explicit about his plans. His every word is dissected by legions of analysts for the slightest hint of an inflection in policy.

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Sometimes, the uncertainty gives rise to more conspiratorial theories. Oil traders have been buzzing in recent weeks about whether Saudi Arabia was seeking to depress oil markets in hopes of crippling Iran's economy, as a Saudi analyst — albeit not one from the government — suggested late last year in an opinion article in The Washington Post. The Saudis quickly dismissed the claim, but given the tensions in the Middle East, oil and politics remain closely linked.

"It is difficult to work out what the Saudis really want, since they never say things explicitly," said Leo Drollas, the chief economist at the Center for Global Energy Studies, a London-based research group founded by Sheik Ahmed Zaki Yamani, a former Saudi oil minister. Sometimes, he said, "you have to read between the lines."

The Saudi government does not disclose what oil price it uses when it builds its budget, but analysts at Samba Financial Group, a bank in Saudi Arabia, say they believe the price is $42 a barrel for 2007, with oil production at about 9 million barrels a day. With oil averaging $66 a barrel last year, the kingdom recorded a budget surplus of nearly $71 billion, Samba said, five times more than in 2005.

Saudi officials repeatedly point out that they do not set the price of oil on international commodity markets — they point the finger at hedge funds and other speculative traders for the heightened volatility in recent years. Nor, they say, do they run their oil industry with political considerations in mind.

Mr. Naimi has led the ascent of oil prices since 2000 and managed his various partners within OPEC toward better discipline within the cartel. Last fall, under Saudi stewardship, OPEC members twice agreed to cut their output to prevent prices from falling too steeply.

More than any specific target, the Saudis have always sought stability in oil prices. But stability may prove just as elusive this year as it did last year, given how vulnerable global oil supplies remain to the vagaries of the weather as well as political turmoil in the Middle East and Africa.

Although OPEC's 12 members decide by unanimous votes whether to increase oil production — which lowers prices by making supply more plentiful — consumer pressures ultimately hold sway, and an extremely cold winter followed by a very hot summer could override whatever price goals the Saudis have set.

Not everyone is reading the Saudis' recent public signals — scant as they are — in the same way. "The Saudi policy has not changed," said Roger Diwan, an energy analyst at PFC Energy. The Saudis, he said, have "led the way in managing the market. They showed leadership in OPEC."

But Amy Myers Jaffe, the associate director of Rice University's energy program, said she thought that Saudi policy had shifted, backing away from a defense of higher prices.

"The debate in Saudi Arabia is about what is the right strategy, where demand is headed, and what is the right amount of investments," she said. "And that's a very tough question."

Pelosi, U.S. Congressional Delegation Meets President Musharraf In Pakistan (AP)

AP, January 27, 2007

ISLAMABAD, Pakistan (AP) — House Speaker Nancy Pelosi arrived in Pakistan Saturday for talks with the country's president expected to touch on cooperation against Taliban and al-Qaeda militants and U.S. aid to the South Asian country, officials said.

Neither the U.S. delegation nor President Gen. Pervez Musharraf was scheduled to make any public comment after the meeting, which coincides with concern in Pakistan about a U.S. bill that would link American aid for Pakistan's military with its commitment to combating resurgent Taliban militants.

The bill, introduced this month after Democrats took control of Congress, would require President Bush to certify that Islamabad is doing its utmost to counter Taliban operations in Pakistan and secure its border with Afghanistan.

Failure to do that would cut off some financial aid to Pakistan's military, though the president could waive the provision in the interests of national security.

The Senate has yet to consider it, and U.S. Deputy Assistant Secretary of State John Gastright said Friday in Islamabad that the Bush administration wanted the provision removed.

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Gastright said Pelosi's decision to visit Pakistan with her first congressional delegation showed that she shared the administration's interest in close ties with Pakistan and its military president.

"We'll want to work with her (Pelosi) so that she realizes that that provision is not necessary," Gastright said.

15 Die In Blast Near Pakistani Shiite Mosque (WP/AP)

By Riaz Khan

The Washington Post, January 28, 2007

PESHAWAR, Pakistan, Jan. 27 -- A suicide attacker detonated a bomb among police on guard near a Shiite mosque in this northern Pakistani city Saturday, killing at least 15 people and wounding more than 30, police said.

The attack came as House Speaker Nancy Pelosi (D-Calif.) led a U.S. congressional delegation to Islamabad, the capital about 90 miles east, where they spoke with Pakistan's president, Gen. Pervez Musharraf, about the situation in neighboring Afghanistan, a Pakistani official said.

The meeting took place less than three weeks after the House passed legislation that would link U.S. military aid to Pakistan's commitment to combating Taliban guerrillas -- a measure some feared could strain relations between the two nations, allies in the fight against terrorism.

Musharraf condemned the "terrorist attack" in Peshawar and ordered an immediate inquiry, the state-run Associated Press of Pakistan reported.

The explosion came as Pakistan's minority Shiites started to commemorate their most important religious festival, Ashura, often an impetus for sectarian violence. Paramilitary forces in armored vehicles were deployed to patrol Peshawar after the bombing.

The blast went off in a bazaar area about 200 yards from a mosque that was the starting point for a Shiite procession.

Most of the victims were police and municipal officials who were clearing the route for the procession. The city's police chief, Malik Saab, was among the dead, the provincial police chief said.

There was no immediate assertion of responsibility, but suspicion was likely to fall on Sunni extremists.

Most Shiites and Sunnis in Pakistan coexist peacefully, but militant groups on both sides are blamed for sectarian attacks that claim scores of lives every year.

Some fear the relentless sectarian fighting in Iraq risks igniting Sunni-Shiite tensions in other Muslim countries.

Bombing Kills 14 Pakistanis (NYT)

By Ismail Khan

The New York Times, January 28, 2007

PESHAWAR, Pakistan, Jan. 27 — At least 14 people were killed, most of them policemen, and several others were wounded Saturday in what appeared to be a suicide bombing here shortly before a Shiite religious procession was to come through, the police said.

The police said the incident occurred in the old part of Peshawar, the capital of North-West Frontier Province, late in the evening, as police and city workers were clearing a narrow street near a Shiite mosque to make way for the procession. Among the dead were the city police chief, Malik Muhammad Saad, and several government representatives from the neighborhood, the police said.

The police said they believed the attack was by a lone suicide bomber who detonated his explosives after being stopped by a police cordon at the mouth of the street. The remains of a person the police thought was the bomber had been sent for forensic analysis, and the search for more evidence continued, said Ghulam Muhammad, a police official in the city.

The Edhi Foundation, a charity group that runs ambulance services, said it had taken at least 14 bodies to a local hospital, where people had thronged to give blood donations for the wounded.

The explosion also damaged the local power network, plunging the entire area into darkness as police and local volunteers searched for the dead and wounded.

Security in Peshawar was already on alert after a suicide bombing outside a Marriott hotel in Islamabad on Friday and in preparation for Ashura, one of Shiite Islam's holiest days.

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But the leader of the province's religious government, Akram Khan Durrani, told reporters that precautions would be further increased.

Still, the police said there was little any one could do to head off a determined suicide bomber.

"How do you know who is the suicide bomber among a multitude of people?" a policeman said at the scene.

Pakistan Bombing Kills 14 People (BBC)

BBC.com, January 27, 2007

A bomb blast in Pakistan's north-west city of Peshawar has killed at least 14 people - mostly policemen including two senior officers - officials say.

At least 30 others were injured by the explosion just as a Shia religious procession was about to start.

Initial indications point to a suicide bombing, officials say.

This is the second deadly blast in Pakistan in two days. On Friday, a suicide bomber blew himself up at an Islamabad hotel, also killing a guard.

Peshawar chief of police Malik Saad and the city's deputy superintendent were among the dead.

Security forces have been on high alert ahead of the annual Shia festival of Ashoura, commemorating the 7th Century martyrdom of the Prophet Muhammad's grandson.

In recent years Sunni extremists have targeted Shias during this period, says the BBC's Barbara Plett in Islamabad.

There have also been threats of retaliation following government strikes against militants in the nearby tribal areas.

'In a bad way'

Most of the victims were police and municipal officials clearing the route for a Shia procession, officer Aziz Khan - who was on duty nearby - told AP news agency.

"I was shocked by a big explosion. I thought my eardrums had burst. Then there were flames and the people were in panic.

Troops have been on high alert ahead of a Shia religious festival

"I remembered that there was a police contingent, so I went to see what had happened to my colleagues. Many were wounded in a bad way," he said.

Blood and flesh were splattered over the narrow lane where the blast took place, and there was broken glass from shop fronts underfoot as police scoured the site.

It is not clear whether the attack was aimed at the worshippers or the police.

Power was cut in the city centre shortly after the blast, complicating rescue efforts.

Hundreds of people rushed to hospitals, hoping for news of their loved ones.

President Pervez Musharraf strongly condemned the attack and expressed condolences to the victims' families.

Pakistan Mosque Bombing Kills Police Chief, Officers (LAT)

By Zulfiqar Ali, Laura King

The Los Angeles Times, January 28, 2007

PESHAWAR, PAKISTAN — An apparent suicide bombing killed at least 13 people Saturday in this volatile frontier city, a day after a suicide attack killed a bomber and a hotel security guard in the Pakistani capital.

It was not immediately clear whether the attack in Peshawar, which came at an event marking the year's most important Shiite Muslim holiday, was an act of sectarian violence or was aimed at police and paramilitary forces guarding the event. Nearly all the dead were reported to be police officers, including the city's police chief.

Scores of people were wounded in the powerful blast, which took place near one of the city's largest mosques before the start of an evening Shiite procession to commemorate the holy day of Ashura.

Adding to the chaos, a power failure apparently caused by the explosion plunged the area into darkness. Rescuers groped in the dark, guided by the cries and moans of the injured.

Several of the wounded were reported to be in critical condition.

President Pervez Musharraf issued a statement denouncing the blast as a terrorist attack. Provincial authorities convened an emergency meeting to discuss ways to prevent further violence.

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Police said they could not confirm that it had been a suicide attack, but that the dismembered condition of one of the bodies suggested that explosives had been strapped to it.

The explosion came despite extremely tight security in Peshawar's city center in connection with Ashura, which has frequently been a time of violence between Pakistan's majority Sunnis and minority Shiites. Angry Shiites poured into the streets after the attack, calling for revenge.

The attack occurred as a U.S. congressional delegation led by House Speaker Nancy Pelosi (D-San Francisco) was visiting Islamabad, the capital, about 90 miles east of Peshawar. The delegation held discussions with Musharraf centering on Pakistan's role in fighting the insurgency in neighboring Afghanistan.

On Friday, a bomber carried out a rare suicide attack in Islamabad, targeting a luxury hotel frequented by diplomats and foreigners. But the attacker was prevented from entering the Marriott by a security guard, who was killed along with the bomber.

No claim of responsibility was issued for the attack, which took part in a high-security zone of the capital that is the site of many government offices.

Ashura, which is Monday or Tuesday, is the climax of a 10-day mourning period for Shiites that begins the Islamic month of Muharram.

It is a time when devout Shiites engage in fervent and emotional displays of faith, sometimes whipping them-selves with chains or swords, to commemorate the slaying of Imam Hussein, a grandson of the prophet Muhammad.

U.S. Citizens Killed In Kenya (NYT)

The New York Times, January 28, 2007

NAIROBI, Kenya, Jan. 27 — Two Americans, including an elderly woman, were shot to death on Saturday afternoon by carjackers in Nairobi, the capital, according to American and Kenyan officials.

The two victims, relatives of an American Embassy employee, were traveling in an embassy car with three other Americans when a truck cut them off, police officials said. Four men jumped out with Kalashnikov assault rifles and ordered the occupants out of their car.

“Apparently, the driver and an elderly woman sitting in front did not move fast enough,” a police spokesman said. “So the bandits shot them.”

Nairobi has been plagued by violent crime, and American officials said they did not believe the attack was related to terrorism.

Police: Carjackers Fatally Shoot 2 Women In U.S. Embassy Car In Kenya (AP)

AP, January 27, 2007

NAIROBI, Kenya (AP) — Gunmen carjacked a U.S. Embassy vehicle on the outskirts of the Kenyan capital Saturday afternoon and killed two female relatives of an embassy employee, officials said. Police later killed two people involved in the carjacking.

The victims were the wife and mother-in-law of a U.S. Embassy employee, embassy spokesman Robert Kerr said, without providing further details.

"This a horrible event," he said. "These were people who loved Kenya."

The gunmen "ordered the two women out but they hesitated," said Isaiah Osugo, a criminal investigations officer in Nairobi. "Then they were shot."

Kenyan police later killed two people involved in the carjackings, police spokesman Gideon Kibunja said. He could not immediately provide more details.

Officials withheld the women's names.

Francis Munyambu, Nairobi's deputy provisional police officer, said the carjackers escaped with the embassy vehicle and were armed with Kalashnikov assault rifles.

Earlier in the day, the men had carjacked Michael Madine along the same road, according to police and Madine. Madine spoke to The Associated Press at the scene after being interviewed by police.

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"Four men with AK-47s carjacked me," he said in Swahili. He said one of the carjackers stayed in the car with him while the others attacked the embassy vehicle.

"I heard one of the women screaming and then I heard three gunshots," Madine said. The carjackers then fled, he said.

The shooting happened just off a highway in Kinoo, about 20 kilometers (12 miles) outside Nairobi. An Associated Press reporter at the scene saw two pools of blood on the roadside.

Shortly after Munyambu's news conference, two men who identified themselves only as officials from the U.S. Embassy ordered reporters to leave the scene and took journalists' pictures, threatening to ban them from the embassy.

Carjackings are common in and around Nairobi, but Saturday's attack was unusually brazen because it took place during the day. In September, the chief U.S. military attache was shot and seriously wounded in a carjacking in Nairobi. Russia's ambassador was stabbed in a robbery on Aug. 20. A month earlier, a Danish diplomat was attacked and robbed.

Kenya's government spokesman, Alfred Mutua, said officials believe Saturday's violence was "a random attack." He did not provide further details.

Sudan's Peace Deal, Seen As A Bush Success, Is Endangered (WP)

By Glenn Kessler

The Washington Post, January 28, 2007

A peace agreement that two years ago ended Africa's longest-running conflict -- and that the White House considers one of President Bush's signature achievements -- is in danger of unraveling because of inattention by top U.S. officials and growing tensions between Sudan's government and the former rebels who signed the deal, according to experts and congressional officials.

The two-decade civil war, which pitted the Islamic government in the north against rebels based in the mostly animist and Christian south, left 2 million people dead, primarily from famine and disease, and 4 million homeless. Christian evangelical groups -- a key part of Bush's political base -- had pressed hard for a resolution, and the administration made a peace agreement one of its top diplomatic priorities.

Last month, Secretary of State Condoleezza Rice cited the peace deal -- under which the southern part of the country would receive religious and political autonomy and a share of Sudan's oil riches -- when she was asked what Bush would be remembered for besides Iraq. "He should be known for having contributed vitally to stopping the civil war between southern and northern Sudan," Rice said.

But now experts warn that the Khartoum government's unwillingness to abide by the terms of the Comprehensive Peace Agreement (CPA) could lead to a new outbreak of war. "The CPA is eroding," said Roger Winter, a former State Department official who was involved in the negotiations. "It is not dead by any means, but it is eroding and Khartoum wants it to erode." He said he sees signs that the Sudanese government is no longer interested in the peace deal and has taken steps to prepare for another conflict.

Many experts said the administration, distracted by war in the Middle East and an unrelated conflict in Sudan's Darfur region, has failed to recognize the peril lurking in the south. (Similarly, many now believe that the administration let the Darfur conflict spiral out of control in 2003 because it was so focused on reaching a peace accord in the south.)

Rep. Frank R. Wolf (R-Va.), a leading force in Congress on Sudan, said, "The bench over at the State Department is very shallow now" -- virtually all the experts on Sudan have left in the past year -- and the administration is "preoccupied with other issues."

Bush in September appointed a special envoy to Sudan, Andrew S. Natsios, but Natsios has mainly focused on Darfur, where as many as 450,000 people have died in what the administration labels a campaign of genocide by the Sudanese government.

"They have Natsios dealing with Darfur, but they have no one dealing with the south," said Rep. Donald M. Payne (D-N.J.), chairman of the Africa subcommittee of the House Foreign Affairs Committee. He said the administration should appoint a special envoy specifically to make sure the north-south peace deal does not collapse.

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A senior administration official involved in Africa affairs, speaking on the condition of anonymity in order to speak freely, said the administration has kept its focus on both Darfur and the situation in south Sudan. But he acknowledged that there are legitimate concerns. "There has been significant movement on the CPA, and you don't want to undersell that," he said. "But we have been disappointed with the pace of progress."

The conflict between the north and the south extends back half a century, since shortly after Sudan's independence in 1956. A 1972 accord helped usher in a decade of peace, but a civil war erupted in 1983 after the Sudanese government abrogated the pact and tried to impose Islamic law, or sharia. The discovery of vast oil reserves, mainly in the south, has exacerbated the struggle.

Under the peace agreement, which was signed in a joyous celebration in a Nairobi stadium two years ago, sharia will apply to the Arab north but not to the African south. The south is to have a six-year interim period of self-rule, after which it will vote in a referendum on whether to remain part of Sudan or secede.

But negotiators hoped that the deal would keep Sudan intact, with the prospect of secession by the south intended to put pressure on the government to uphold its end of the bargain. In a carefully negotiated compromise, an autonomous government is to emerge in the south while new national institutions are created.

But the rebel leader John Garang was killed in a helicopter crash shortly after he became first vice president of Sudan in July 2005. His successor, Salva Kiir Mayardit, lashed out at the Khartoum government this month during a second-anniversary celebration of the accord, accusing it of continuing to bankroll militias in the south, refusing to share oil wealth and stalling on border agreements.

As a visibly angry President Omar Hassan al-Bashir sat on the dais, Kiir pleaded to "give peace a chance." Asking whether the leaders had worked toward making the unity of the government attractive, Kiir declared: "The answer is regrettably no! Problems, serious problems still remain to be resolved."

Bashir then fired back with his own accusations, saying that delays and problems are the fault of the rebels, not the government. The unusually public spat focused renewed attention on the sputtering accord.

Barnaba Benjamin, minister for regional development in the government of south Sudan, told a House Foreign Affairs panel last week that "the country can break up unless the CPA is implemented in spirit and in letter."

Winter said that an area known as Abyei, between the northern and southern parts of Sudan, is a particular source of tension. Under the peace agreement, Abyei, which has a huge oil field, can vote in 2011 on whether to be part of the north or the south. But Bashir has rejected the findings of a boundary commission and has refused to allow the creation of a local government, convincing the local population that war will break out again in the territory. Winter faulted the administration for failing to publicly pressure Khartoum on this critical issue.

Though Garang was long an advocate of Sudanese unity, his death and the Darfur disaster have made it increasingly likely that the south Sudanese will vote overwhelmingly for independence, according to focus group surveys conducted by the National Democratic Institute.

Winter said Khartoum appears ready to break the peace deal before the election takes place, so the administration needs to help the south prepare for independence.

The administration official acknowledged that south Sudan is moving toward independence. "We have to plan for that," he said. "The idea behind the CPA was that there would be a transformation of Sudan, that it would become a responsible player in the international community. Many south Sudanese would say they have not seen that."

A Choice For Darfur (NYT)

By Nicholas D. Kristof

The New York Times, January 28, 2007

DAVOS, Switzerland

Over the next two days, African leaders will convene in Ethiopia and choose a new head of the African Union. Incredibly, that job may go to Sudan's blood-drenched president, Omar al-Bashir, architect of the genocide in Darfur.

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The outcome is still uncertain, with Sudan campaigning furiously for the job, but it's mind-boggling that African countries would even consider selecting as their leader a man who has systematically dispatched militias that pick out babies on the basis of tribe and skin color and throw them into bonfires.

At a time when Africa is enjoying solid economic growth and improved leadership, this self-inflicted wound would sully Africa's image and make it far more difficult for African Union peacekeepers to save lives in Darfur.

Mr. Bashir hasn't confined himself to killing his own people, but has also sent his janjaweed militias to invade Chad and the Central African Republic. The janjaweed have beaten mothers with their own babies, until the infants are dead, and lately they have diversified into gouging out people's eyes with bayonets. For anyone who wants the best for Africa, it is repulsive to think of President Bashir as the duly elected spokesman for the continent.

One reason Mr. Bashir has continued to engage in such behavior is that the world doesn't seriously object. Almost all North African countries are backing his bid to chair the African Union. China, which supplies nearly all the AK-47s that are used to kill children in Darfur, has underwritten the genocide. Lately, it has encouraged Sudan to be more responsible, but President Hu Jintao is visiting Sudan shortly — let's see whether he publicly expresses concern about Chinese-supported atrocities in Africa that far exceed the Rape of Nanjing.

Sudan promised a cease-fire, but instead it has been attacking aid workers. As Newsweek reported, at least four female aid workers have been beaten and sexually abused recently — raped in the case of two French women.

In addition, an aid worker in Sudan tells me that on Jan. 22 the police raided a party in the city of Nyala and arrested 22 employees of aid groups. Several were beaten and one woman was sexually abused but managed to fend off an attempted rape.

Broader security is also collapsing. On a road near Bulbul that used to be safe, gunmen stopped a public bus in the middle of the day and brutally beat the men and gang-raped the women for hours. In the face of all this, aid workers are jittery and some are pulling out.

Yet Europe is oblivious (the Davos conference here has great sessions on Africa but nothing on Darfur). President Bush has been better than most world leaders, but still pathetic: he mustered half a sentence in his State of the Union address. Perhaps this is because Mr. Bush regards the situation as tragic but hopeless, but in fact there is plenty he could do.

He could speak out forcefully about Darfur. He could bring victims to the White House for a photo op. He could help the U.N. send a force to protect Chad and the Central African Republic — while continuing to push for U.N. peacekeepers in Darfur itself. He could visit Darfur or Chad and invite European or Chinese officials to join him. He could invite African leaders to Washington for a summit meeting that would include discussion of Darfur. He could impose a no-fly zone. He could develop targeted sanctions against Sudanese leaders. He could begin forensic accounting to find assets of those leaders in Western countries. He could call on NATO and the Pentagon to prepare contingency plans in case the janjaweed start massacring the hundreds of thousands of Darfuris in camps.

And this weekend he could telephone a few African presidents to tell them what a catastrophe it would be if Africa chose Mr. Bashir as its leader.

Serious negotiations between the government and Darfur's rebels are crucial for a lasting peace deal in Darfur, and new discussions are expected soon (that may be why President Hu dares visit Khartoum). But Mudawi Ibrahim Adam, a Sudanese human rights leader, says the new talks will fail unless the Darfur rebels have a chance to consult first. And when they try to meet, the Sudanese government bombs them.

A Useful Rebuke On Rights (WP)

By Jim Hoagland

The Washington Post, January 28, 2007

When Desmond Tutu speaks out about morality in politics and foreign policy, his nation and the rest of the world should listen. By criticizing the government he helped bring into being, the South African Nobel laureate raises in his own distinctive fashion some of the key issues of our time.

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Tutu, along with Nelson Mandela, has been instrumental in guiding South Africa's peaceful and democratic transition from the tyranny of a white minority to black majority rule. Over four decades, Tutu has established a reputation for integrity, wisdom and fairness that has few equals on the world stage.

The retired archbishop of Cape Town also speaks his mind. He did so after his government offered diplomatic comfort to Burma's oppressive military regime on Jan. 12. That was when South Africa cast its first vote as a nonpermanent member of the U.N. Security Council to block a resolution condemning Burma for flagrant human rights abuses. The resolution also drew vetoes from Russia and China, which are determined to avoid scrutiny of their own actions to crush dissent.

"I am deeply disappointed by our vote. It is a betrayal of our own noble past," Tutu said in an e-mail to the Associated Press. "If others had used the arguments we are using today when we asked them for their support against apartheid, we might still have been unfree."

The government claims that it voted on "technical" grounds to give a pass to Burma (also known as Myanmar) because that country does not qualify as "a threat to international peace." In other words: Not our problem, man.

But Tutu rightly suggests that because of its history, post-apartheid South Africa has a special responsibility to pursue a foreign policy that supports international action to help oppressed populations.

South Africa is a rare example where international economic pressure and censure helped to halt gross racial discrimination and human rights violations and to bring positive change. Sanctions and international ostracism of the apartheid government worked in ways they did not on the oil-producing police state of Saddam Hussein's Iraq and in other places. While South Africans deserve primary credit for deciding collectively to transform their country, Tutu is characteristically forthright in pointing to the help they received -- and should now be prepared to extend to others in distant lands.

His plea also underlines the stunning failure of President Thabo Mbeki's government to slow the slide of neighboring Zimbabwe into misery and tyranny under the paranoid rule of Robert Mugabe, or to show compassion to its own citizens suffering with AIDS. Mbeki's African National Congress risks being judged by history as having given back little once in power.

Tutu swings a needed spotlight on the evolving role of moral causes in foreign policy, a subject Americans have been debating episodically since Jimmy Carter ordered his State Department to make human rights a priority, with mixed results. The U.S. debate has taken on new urgency as fresh approaches to Iraq are sought by both President Bush and his critics.

Tutu is obviously not part of that discussion. But his broader point is: Our debate cannot be conducted honestly without reference to the moral responsibility toward Iraqis that past U.S. actions have created for us as a nation. Just as South Africans should be guided by the recent past, Americans must recall their government's history with Iraq.

It is a history of fomenting and then betraying successive uprisings by Kurds and Shiites against the genocidal regime in Baghdad and of offering aid and succor to that regime in its war against Iran. It is a history of more than a decade of limited warfare and economic sanctions that helped grind Iraqi society to dust even before the invasion of 2003.

For better and for worse, President Bush has pursued a values-based foreign policy that is being widely criticized for ignoring U.S. national interests. The disasters of Iraq are driving the pendulum of American opinion back to an interests-based or "realistic" foreign policy that would blank out the heavy responsibilities of history.

But the pursuit of interests to the exclusion of values is no more sustainable in a democratic society than is the pursuit of values to the exclusion of interests. Democratic governments must establish a judicious balance.

Bush has failed to underpin his narrowly American approach to values with a persuasive appeal to international moral standards and conscience. Desmond Tutu's reproach to his own government is a cogent reminder of the perils and ignominy that such failure brings.

Despite Crackdown, Migrants Stream Into South Mexico (NYT)

By James C. McKinley

The New York Times, January 28, 2007

TAPACHULA, Mexico — Four Salvadoran men in jeans and T-shirts trudged along the railroad tracks under a hot sun, their steps carrying them steadily toward a fuzzy but seductive dream.

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They had been in Mexico for only a few hours and already federal police officers had forced them to strip and had taken almost all their cash, they said. They had some 1,500 miles to go to reach the United States border, with no food or water and $9 each.

They intended to walk along the Chiapas coast for the first 250 miles through a dozen towns where migrants are regularly robbed or raped. Then they planned to clamber aboard a freight train with hundreds of other immigrants for the trip north, a dangerous journey that has left hundreds before them maimed after they fell under the wheels.

"It's dangerous, yes, one risks one's life," said one of the men, Noé Hernández. "One risks it if you have a family member in the States to help you. It's not just for fun we go through Mexico."

A month ago, Mexico's new president, Felipe Calderón, announced measures to slow the flow of illegal immigrants across Mexico's southern border and reduce crime in this lush but impoverished region. He stepped up the presence of soldiers and federal police here, told of plans for a guest worker program and promised joint state and federal operations to catch illegal immigrants.

But much remains to be done to stop or deter the migrants, and for now the measures have had little effect. Social workers and volunteers who aid the migrants say they keep coming.

Every three days, 300 to 500 Central Americans swarm the freight train in Arriaga, strapping themselves with ropes or belts to the tops of cars or riding between the wagons, they say.

The migrants still wade across the Suchiate River between Guatemala and Mexico with little hindrance. Corruption is rampant. Soldiers and police officers on the Mexican side extort money from the migrants but seldom turn them around, aid workers and migrants said.

"It's an open border," said Francisco Aceves Verdugo, a supervisor in the government agency, Grupos Beta, that gives food, water and medicine to illegal migrants. "We are confronting a monster so big in the form of corruption that we aren't doing anything."

The federal authorities do catch and deport illegal immigrants from Central America on their trek north — about 170,000 last year, according to Leticia Rodríguez, a spokeswoman for the National Migration Institute.

On the evening of Jan. 19, as part of Mr. Calderón's new get-tough policy, about 400 federal police officers stopped the freight train just after it left Arriaga and arrested more than 100 immigrants who had climbed aboard.

Still, aid workers say a majority gets through. The biggest deterrent, migrants say, is not federal authorities but armed thugs who waylay them along the railroad tracks or on paths through the countryside used to avoid the immigration posts along the main highway.

This month, Misael Mejía, 27, from Comayagua, Honduras, was awaiting the train in Arriaga with nine other young men from his town. They had walked for 11 days after wading across the Suchiate to get to the railhead in Arriaga.

None of them had a dime after being ambushed a week before by three men in ski masks in daylight near Huehuetán. Two of the men carried machetes, the third a machine gun.

"They told us to lay down and take off our clothes," Mr. Mejía said. "I lost my watch, about 500 Honduran lempiras, and 40 Mexican pesos," about $31.

Mr. Mejía said he would press on. He has a brother in Arizona who has promised to pick him up if he can run the gantlet through the United States border patrol. He left a $200-a-month job as a driver behind, along with his wife. His brother makes $700 a week as a carpenter.

"I felt hopeless in Honduras," he said. "Because I could never afford a house, not even a car. There is nothing I could have."

Down the street from the tracks, at the Hearth of Mercy shelter, where illegal immigrants can get a free hot meal and medicine, Juan Antonio Cruz, 16, hunched over a bowl of rice and told how he had left El Salvador after members of the Mara Salvatrucha street gang had threatened to kill him. "They wanted me to join them," he said.

It was his second attempt to reach Arizona, he said. The first time he had endured eight freezing nights and sweltering days aboard the train by strapping his belt to bar atop a tanker car. The border patrol caught him as he crossed into Nogales, Ariz., and sent him back home to Usulután, where the gang members threatened him again.

"When I think about the train, I feel fear and panic, for the thieves who attack you, and also for falling off," he said softly.

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For some, that is how the dream ends, with a fall under the train's heavy, whirring wheels.

At the Shelter of Jesus the Good Pastor in Tapachula, Donar Antonio Ramírez Espinas rubbed the bandaged stumps of his legs, sheared off above the knee, as he recalled the night of March 26, 2004, when he dozed off while riding between cars, lost his grip and fell onto the tracks.

"I fell face down, and at first I didn't think anything had happened," he said. "When I turned over, I saw, I realized, that my feet didn't really exist."

Back in Honduras, he had been working menial jobs in a parking lot and at a medical warehouse, making about $120 a month. Then he and a few buddies decided to try their luck in the States.

"You make the decision to look for a better life, not to continue with the life your father led, and for this you risk your life, without knowing that you could end up like this," he said. "An amputee."

After the accident, he spent two years at the shelter in Tapachula, wrestling with depression and thoughts of suicide. When those black days finally passed, he returned home for five months, only to find his parents, his former wife and even his three children had trouble accepting his disability. "My 9-year-old said, 'Papa, why did you come back like this?' " he remembered. "I didn't dare answer him."

Mr. Ramírez has returned to the shelter here, where he hopes to learn a trade — fashioning prosthetic legs and arms for other victims of the train. Others at the shelter told similar stories. Some doubted they would be able to make a living in their home countries, where even getting a wheelchair is hard.

But some of those with lesser injuries insisted their accident was just a temporary setback. Minor Estuardo Cortez, 33, from Guatemala, lost his left foot under a train wheel while climbing aboard in Oaxaca State. At the shelter, he has healed and learned to walk with a prosthetic foot. He intends to continue his journey. If he reaches Houston, he says, he has relatives who can get him a construction job.

"If something happens to me, I don't scare easy," he said. "I'll do it again to see who wins, the train or me. Only thing is I can't run, so I'll have to wait until it's stopped to get on."

Uzbek Leader Shows No Signs Of Vacating (AP)

By Bagila Bukharbayeva, Associated Press Writer

AP, January 28, 2007

Nearly a week after his term elapsed, the former Communist strongman who has kept a tight grip on Uzbekistan for more than 15 years shows no sign of vacating the presidential office.

The clock ran out on Islam Karimov's second term on Sunday, but there has been no official recognition of the fact — a sign his hold on power remains strong and that he has no intention of leaving, analysts say.

They say Karimov, who has eradicated opposition and silenced dissent in the Central Asian nation, appears to be exploiting a legal ambiguity.

While the Uzbek constitution limits terms to seven years, the country also has a law that says a presidential election must be held in December of the year in which the term expires — in this case December 2007.

"There is no sign that Karimov is preparing to leave and he is apparently going to stand for and get another term in December," said Michael Hall, Central Asia project director of the International Crisis Group think-tank.

Karimov, who will turn 69 on Tuesday, became the top Communist boss in this former Soviet republic in 1989. He has won two presidential elections since the Soviet collapse — in 1991 and 1999 — and had his term extended twice, once through parliament and another time in a referendum.

Both election victories were landslides with more than 90 percent of the votes, but neither was recognized by international observers as free or fair.

Many observers fear that the Karimov government's oppressive control of the country could radicalize Islamic fundamentalists and lead to an explosion of violence in an already troubled part of the world.

Uzbekistan borders Afghanistan and hosted a U.S. air base supporting the Afghan military campaign. But Uzbekistan closed the base in the wake of Western criticism over the government suppression of an uprising in the eastern city of Andijan in 2005.

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Human rights activists say some 700 people were killed, including unarmed civilians, but the government says fewer than 200 people died. Karimov rejected criticism and calls for an independent investigation from the United States, the European Union and others.

Experts had predicted that the country — Central Asia's most populous with 27 million people — would become an engine for regional development because of comparatively well-developed industries and energy self-sufficiency.

But Karimov, seeing the economic chaos that swept other ex-Soviet republics when they started market reforms, maintained a centralized economy and imposed restrictive trade rules.

In recent years, after pro-democracy uprisings in Georgia, Ukraine and neighboring Kyrgyzstan, Karimov has shown increasing suspicion of the West. Along with evicting the U.S. base, he has evicted most Western media, aid agencies and non-governmental organizations.

"The atmosphere is stifling. There are no international organizations, no journalists to turn to," said Elena Urlayeva, one of a small number of rights activists who remain in the country despite harassment.

"Karimov is going to stay for an extra year, but he is a former president now. It's totally illegal, it's usurpation of power," Urlayeva said by telephone from Tashkent.

"But there is nothing we can do," she said. "To stage public protests would be the same as facing a firing squad."

U.S. A "Pariah" From Bush Policies, Kerry Says (WT/AP)

The Washington Times, January 28, 2007

DAVOS, Switzerland (AP) - Sen. John Kerry, Massachusetts Democrat, slammed the foreign policy of the Bush administration yesterday, saying it has caused the United States to become "a sort of international pariah."

Mr. Kerry, the 2004 Democratic presidential nominee, made the comment as he responded to a question about whether the U.S. government had failed to adequately engage Iran's government before the election of hard-liner Mahmoud Ahmadinejad in 2005. He said the Bush administration has failed to adequately address a number of foreign-policy issues.

"When we walk away from global warming, Kyoto, when we are irresponsibly slow in moving toward AIDS in Africa, when we don't advance and live up to our own rhetoric and standards, we set a terrible message of duplicity and hypocrisy," he said.

"So we have a crisis of confidence in the Middle East -- in the world, really. I've never seen our country as isolated, as much as a sort of international pariah for a number of reasons, as it is today."

Mr. Kerry said the government needs to use diplomacy to improve national security.

"We need to do a better job of protecting our interests because, after all, that's what diplomacy is about," he said. "But you have to do it in a context of the reality; not your lens, but the reality of those other cultures and histories."

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TERRORISM NEWS:

Was 9/11 Really That Bad? (LAT)

By David A. Bell

The Los Angeles Times, January 28, 2007

IMAGINE THAT on 9/11, six hours after the assault on the twin towers and the Pentagon, terrorists had carried out a second wave of attacks on the United States, taking an additional 3,000 lives. Imagine that six hours after that, there had been yet another wave. Now imagine that the attacks had continued, every six hours, for another four years, until nearly 20 million Americans were dead. This is roughly what the Soviet Union suffered during World War II, and contemplating these numbers may help put in perspective what the United States has so far experienced during the war against terrorism.

It also raises several questions. Has the American reaction to the attacks in fact been a massive overreaction? Is the widespread belief that 9/11 plunged us into one of the deadliest struggles of our time simply wrong? If we did overreact, why did we do so? Does history provide any insight?

Certainly, if we look at nothing but our enemies' objectives, it is hard to see any indication of an overreaction. The people who attacked us in 2001 are indeed hate-filled fanatics who would like nothing better than to destroy this country. But desire is not the same thing as capacity, and although Islamist extremists can certainly do huge amounts of harm around the world, it is quite different to suggest that they can threaten the existence of the United States.

Yet a great many Americans, particularly on the right, have failed to make this distinction. For them, the "Islamo-fascist" enemy has inherited not just Adolf Hitler's implacable hatreds but his capacity to destroy. The conservative author Norman Podhoretz has gone so far as to say that we are fighting World War IV (No. III being the Cold War).

But it is no disrespect to the victims of 9/11, or to the men and women of our armed forces, to say that, by the standards of past wars, the war against terrorism has so far inflicted a very small human cost on the United States. As an instance of mass murder, the attacks were unspeakable, but they still pale in comparison with any number of military assaults on civilian targets of the recent past, from Hiroshima on down.

Even if one counts our dead in Iraq and Afghanistan as casualties of the war against terrorism, which brings us to about 6,500, we should remember that roughly the same number of Americans die every two months in automobile accidents.

Of course, the 9/11 attacks also conjured up the possibility of far deadlier attacks to come. But then, we were hardly ignorant of these threats before, as a glance at just about any thriller from the 1990s will testify. And despite the even more nightmarish fantasies of the post-9/11 era (e.g. the TV show "24's" nuclear attack on Los Angeles), Islamist terrorists have not come close to deploying weapons other than knives, guns and conventional explosives. A war it may be, but does it really deserve comparison to World War II and its 50 million dead? Not every adversary is an apocalyptic threat.

So why has there been such an overreaction? Unfortunately, the commentators who detect one have generally explained it in a tired, predictably ideological way: calling the United States a uniquely paranoid aggressor that always overreacts to provocation.

In a recent book, for instance, political scientist John Mueller evaluated the threat that terrorists pose to the United States and convincingly concluded that it has been, to quote his title, "Overblown." But he undercut his own argument by adding that the United States has overreacted to every threat in its recent history, including even Pearl Harbor (rather than trying to defeat Japan, he argued, we should have tried containment!).

Seeing international conflict in apocalyptic terms — viewing every threat as existential — is hardly a uniquely American habit. To a certain degree, it is a universal human one. But it is also, more specifically, a Western one, which paradoxically has its origins in one of the most optimistic periods of human history: the 18th century Enlightenment.

Until this period, most people in the West took warfare for granted as an utterly unavoidable part of the social order. Western states fought constantly and devoted most of their disposable resources to this purpose; during the 1700s, no more than six or seven years passed without at least one major European power at war.

The Enlightenment, however, popularized the notion that war was a barbaric relic of mankind's infancy, an anachronism that should soon vanish from the Earth. Human societies, wrote the influential thinkers of the time, followed a common path of historical evolution from savage beginnings toward ever-greater levels of peaceful civilization, politeness and commercial exchange.

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The unexpected consequence of this change was that those who considered themselves "enlightened," but who still thought they needed to go to war, found it hard to justify war as anything other than an apocalyptic struggle for survival against an irredeemably evil enemy. In such struggles, of course, there could be no reason to practice restraint or to treat the enemy as an honorable opponent.

Ever since, the enlightened dream of perpetual peace and the nightmare of modern total war have been bound closely to each other in the West. Precisely when the Enlightenment hopes glowed most brightly, wars often took on an especially hideous character.

The Enlightenment was followed by the French Revolution and the Napoleonic wars, which touched every European state, sparked vicious guerrilla conflicts across the Continent and killed millions (including, probably, a higher proportion of young Frenchmen than died from 1914 to 1918).

During the hopeful early years of the 20th century, journalist Norman Angell's huge bestseller, "The Great Illusion," argued that wars had become too expensive to fight. Then came the unspeakable horrors of World War I. And the end of the Cold War, which seemed to promise the worldwide triumph of peace and democracy in a more stable unipolar world, has been followed by the wars in the Balkans, the Persian Gulf War and the present global upheaval. In each of these conflicts, the United States has justified the use of force by labeling its foe a new Hitler, not only in evil intentions but in potential capacity.

Yet as the comparison with the Soviet experience should remind us, the war against terrorism has not yet been much of a war at all, let alone a war to end all wars. It is a messy, difficult, long-term struggle against exceptionally dangerous criminals who actually like nothing better than being put on the same level of historical importance as Hitler — can you imagine a better recruiting tool? To fight them effectively, we need coolness, resolve and stamina. But we also need to overcome long habit and remind ourselves that not every enemy is in fact a threat to our existence.

David A. Bell Is A Professor Of History At Johns Hopkins University

Editorial: Bush's Mysterious Surveillance Moves (SAEN)

San Antonio Express-News, January 28, 2007

Attorney General Alberto Gonzales says the nation will be "no less safe" now that the Bush administration has agreed to bring its warrantless surveillance program into line with provisions of the Foreign Intelligence Surveillance Act.

The effort to monitor international calls to or from terrorist suspects will now come under some sort of scrutiny from the secretive FISA court, specially created to review intelligence matters.

It is a curious reversal for the administration that raises an important question: If judicial review of the program doesn't impair national security, why didn't the White House adhere to this legal process from the beginning?

President Bush had maintained that as commander in chief, he is empowered in time of war to carry out such surveillance beyond the purview of the FISA court. Since the surveillance effort became known publicly in late 2005, he has strenuously argued that any changes to the program would imperil national security.

The new White House position still asserts this executive power — what Gonzales calls "inherent authority." But it accepts some sort of formal review process under FISA rules.

Other than a new majority in Congress, what has changed? No one really knows, because Gonzales' description of the process is as nebulous as the surveillance program itself.

Unfortunately, we don't know whether the program has changed or if the administration's interpretation of the law has changed. Bush's penchant for executive signing statements — Oval Office appendages to new laws that carve out exemptions for executive power — doesn't inspire confidence in the former.

Bush added one of those statements to a postal reform bill on Dec. 20. Civil liberties watchdogs contend the signing would allow officials to circumvent FISA warrants to open mail in emergency and foreign intelligence cases. The White House says the statement is, legally speaking, nothing new.

When the FISA controversy broke one year ago, this editorial page argued that if FISA requirements placed unreasonable restraints on efforts to defend the nation against terrorist attack, the Bush administration should work with Congress to amend the law, not ignore the law. That's still the case today.

HOMELAND RESPONSE:

Bin Laden, The Left And Me (WP)

By Dinesh D'Souza

The Washington Post, January 28, 2007

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As a conservative author, I'm used to a little controversy. Even so, the reaction to my new book, "The Enemy at Home," has felt, well, a little hysterical.

"Ratfink writes new book," James Wolcott, cultural critic for Vanity Fair, declares in his blog. He goes on to call my book a "sleazy, shameless, ignorant, ahistorical, tendentious, meretricious lie."

In the pages of Esquire, Mark Warren charges that I "hate America" and have "taken to heart" Osama bin Laden's view of the United States. (Warren also challenged me to a fight and threatened to put me in the hospital.) In his New York Times review of my book last week, Alan Wolfe calls my work "a national disgrace . . . either self-delusional or dishonest." I am "a childish thinker" with "no sense of shame," he argues. "D'Souza writes like a lover spurned; despite all his efforts to reach out to Bin Laden, the man insists on joining forces with the Satanists."

It goes on. The Washington Post's Warren Bass writes that I think Jerry Falwell was "on to something" when he blamed the attacks of Sept. 11, 2001, on pagans, gays and the ACLU. Slate's Timothy Noah diagnoses "Mullah envy," while the Nation's Katha Pollitt calls me a "surrender monkey" and the headline to her article brands me "Ayatollah D'Souza." And in my recent appearance on Comedy Central's "The Colbert Report," I had to fend off the insistent host. "But you agree with the Islamic radicals, don't you?" Stephen Colbert asked again and again.

Why the onslaught? Just this: In my book, published this month, I argue that the American left bears a measure of responsibility for the volcano of anger from the Muslim world that produced the 9/11 attacks. President Jimmy Carter's withdrawal of support for the shah of Iran, for example, helped Ayatollah Khomeini's regime come to power in Iran, thus giving radical Islamists control of a major state; and President Bill Clinton's failure to respond to Islamic attacks confirmed bin Laden's perceptions of U.S. weakness and emboldened him to strike on 9/11. I also argue that the policies that U.S. "progressives" promote around the world -- including abortion rights, contraception for teenagers and gay rights -- are viewed as an assault on traditional values by many cultures, and have contributed to the blowback of Islamic rage.

The reaction I'm eliciting is not entirely new to me. As a college student in the early 1980s, I edited the politically incorrect Dartmouth Review and was frequently accosted by left-wing students and faculty. They called me names back then, too. And at the time I didn't care. I often informed them that taking on our iconoclastic paper was like wrestling a pig: Not only does it get everyone dirty but the pig likes it.

One of my earlier books, "The End of Racism," explored why nonwhite immigrants to the United States (like me) tend to succeed academically and economically compared with African Americans who are born here. I received lots of abuse for playing down racism -- as a "person of color," no less -- and taking sides with the white man. Some of my fellow immigrants from India advised me to "decolonize" my mind.

But the personal attacks have reached new heights with "The Enemy at Home." So much so, in fact, that I feel compelled to explain why I wrote this book, what it does and doesn't say and why I think it prompts people to threaten me with hospitalization.

First, and I feel silly having to say it: I don't hate America. My last book was called "What's So Great About America," and there is no question mark in the title. If I hated this country, why would I have left my family and friends in India and moved to the United States, married an American and become a U.S. citizen? I came here because the United States gives me the freedom to make the life that I could not have made in India. And just last week a Midwestern chapter of the Daughters of the American Revolution offered to award me its annual "Patriot of the Year" prize -- an honor that I presume is not typically bestowed upon people who hate America.

If I am a patriot, however, I am a rational patriot. I don't believe in "my country right or wrong." Mine is not the patriotism of David Warren, who says he tasted the dust of 9/11 and places my criticism of the American left in the same category as those who say "Death to America." Rather, I uphold Edmund Burke's view: "To make us love our country, our country ought to be lovely."

Immediately following 9/11, there was a wondrous moment of national unity in which the American tribe came together. "Why do they hate us?" some wondered, but no one wanted to comprehend the enemy -- only to annihilate him. And I shared this view.

But five years later, that unity has dissolved amid a furious national debate over the war in Iraq and the war on terrorism. I thought it was time to go back and reconsider 9/11; in so doing, I concluded that the prevailing conservative and liberal theories explaining Muslim rage were wrong.

Contrary to the common liberal view, I don't believe that the 9/11 attacks were payback for U.S. foreign policy. Bin Laden isn't upset because there are U.S. troops in Mecca, as liberals are fond of saying. (There are no U.S. troops in Mecca.) He isn't upset because Washington is allied with despotic regimes in the region. Israel aside, what other regimes are there in the Middle East? It isn't all about Israel. (Why hasn't al-Qaeda launched a single attack against Israel?) The thrust of the radical Muslim

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critique of America is that Islam is under attack from the global forces of atheism and immorality -- and that the United States is leading that attack.

Contrary to President Bush's view, they don't hate us for our freedom, either. Rather, they hate us for how we use our freedom. When Planned Parenthood International opens clinics in non-Western countries and dispenses contraceptives to unmarried girls, many see it as an assault on prevailing religious and traditional values. When human rights groups use their interpretation of international law to pressure non-Western countries to overturn laws against abortion or to liberalize laws regarding homosexuality, the traditional sensibilities of many of the world's people are violated.

This argument has nothing to do with Falwell's suggestion that 9/11 was God's judgment on the ACLU and the feminists for their sins. I pose a simple question: Why did the terrorists do it? In a 2003 statement, bin Laden said that to him, the World Trade Center resembled the idols that the prophet Muhammad removed from Mecca. In other words, bin Laden believes that the United States represents the pagan depravity that Muslims have a duty to resist. The literature of radical Islam, such as the works of Egyptian writer Sayyid Qutb, resonates with these themes. One radical sheik even told a European television station a few years ago that although Europe is more decadent than America, the United States is the more vital target because it is U.S. culture -- not Swedish culture or French culture -- that is spreading throughout the world.

What would motivate Muslims in faraway countries to volunteer for martyrdom? The fact that Palestinians don't have a state? I don't think so. It's more likely that they would do it if they feared their values and way of life were threatened. Even as the cultural left accuses Bush of imperialism in invading Iraq, it deflects attention from its own cultural imperialism aimed at secularizing Muslim society and undermining its patriarchal and traditional values. The liberal "solution" to Islamic fundamentalism is itself a source of Islamic hostility to America.

Contrary to the accusations of Alan Wolfe and others, I have no sympathy for bin Laden or the Islamic radicals. But I do respect the concerns of traditional Muslims, the majority in the Muslim world. In fact, the United States cannot defeat terrorism without driving a wedge between radical Islam and traditional Islam, because the latter has been the main recruiting pool for the former.

All my arguments can be disputed, but they are neither extreme nor absurd. So why has "The Enemy at Home" been so intemperately excoriated? I can imagine only two reasons. The first is given by James Wolcott himself. I am not, as he says, an unqualified right-wing hack. Rather, I am a scholar at the Hoover Institution at Stanford University, so Wolcott fears that I will be taken seriously.

The second reason can be gleaned from the common theme in the reviews: that mine is a dangerous book. But if a book says things that are obviously untrue and can be disproved, then it is not dangerous -- it is merely fiction and should be ignored. A book is dangerous only if it exposes something in the culture that some people are eager to keep hidden.

And what is that? It is that the far left seems to hate Bush nearly as much as it hates bin Laden. Bin Laden may want sharia, or Islamic law, in Baghdad, they reason, but Bush wants sharia in Boston. Indeed, leftists routinely portray Bush's war on terrorism as a battle of competing fundamentalisms, Islamic vs. Christian. It is Bush, more than bin Laden, they say, who threatens abortion rights and same-sex marriage and the entire social liberal agenda in the United States. So leftist activists such as Michael Moore and Howard Zinn and Cindy Sheehan seem willing to let the enemy win in Iraq so they can use that defeat in 2008 to rout Bush -- their enemy at home.

When I began writing my new book, this concern was largely theoretical, because the left was outside the corridors of power. Now I fear that the extreme cultural left is whispering into the ears of the Democratic Congress. Cut off the funding. Block the increase in troops. Shut down Guantanamo Bay. Lose the war on terrorism -- and blame Bush.

Pointing this out is what makes me dangerous.

Dinesh D'Souza, a fellow at the Hoover Institution, is author of "The Enemy at Home" (Doubleday).

As Aid Lags, Volunteers Shoulder Rebuilding On Gulf Coast (WP)

By Peter Whoriskey

The Washington Post, January 28, 2007

PEARLINGTON, Miss. -- The two-by-fours inside the walls of George and Margaret Ladner's new home are inscribed with biblical verses, each written by one of the Alabama schoolchildren who raised money to buy the lumber.

The framing work on the house was done by a Christian from Pennsylvania, the exterior planking was put up by people from Texarkana, Tex., and a group from Destin, Fla., worked on other details.

"This home was built by the hands of God," Margaret Ladner, 75, said from the couch of her new living room last week.

In this small rural community, as in much of the hurricane-ravaged Mississippi Gulf Coast, this kind of motley charity effort accounts for the vast bulk of what halting progress has been made in the immense task of rebuilding.

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While the national debate over the recovery has focused on the billions expected in federal aid and insurance, those sources have so far provided little for places such as Pearlington, and charity efforts have constituted more than 80 percent of the home rebuilding completed so far, local and charity officials said.

Fewer than one in five families here are back in their homes, but nearly all of them have relied to some extent on charity groups. The waves of volunteers typically come down for a week or two, work during the day and at night sleep on cots and bunks set up in places such as the old school library and huts on the community's football field.

"Without the volunteers and the donations, we'd still be in the mud," said Rocky Pullman, a tugboat captain who represents the Pearlington area on the Hancock County Commission.

In a county where nearly 11,000 homes were destroyed by the storm, the largest single home rebuilder is the local Habitat for Humanity project, which is undertaking the construction of 19 homes in the area, according to an official with the governor's commission on recovery. Other groups are aiming at similar numbers.

The reason for the charity's dominant role in the rebuilding is that little, if any, of the $3.2 billion in federal aid for Mississippi homeowners has reached anyone here -- it is tied up for now at the state level. As for insurance, most residents of this rural community lacked any form of flood policy. People say there just hadn't been a flood in recent memory, and of those who did have coverage, most had too little.

"If it wasn't for the good American citizens coming here, we'd be in a world of hurt," said Chuck Benvenutti, Hancock County representative on the Governor's Commission on Recovery, Rebuilding, Renewal.

The fact that now, 17 months after Hurricane Katrina, only a small fraction of the home rebuilding has been completed and that most of it has been done by charity groups is viewed here as both wonderful and disappointing -- wonderful that so many strangers have arrived to help, but disappointing that the federal aid and insurance payouts have proved, for now, so unavailable.

The charitable groups and residents also say they sometimes worry that as the rest of the country forgets about their plight, the flow of volunteers that they have relied upon could shrink.

Several expressed outrage that there was no mention of the hurricane recovery in President Bush's State of the Union address on Tuesday.

"We still look like a bomb hit us, and then the president in his national address doesn't even mention us?" said Larry Randall, a retired boat captain and a coordinator of relief efforts at the Pearlington Recovery Center. "That really hurt."

Katrina made a nearly direct hit on this modest community, which once had about 1,700 people, about 77 percent of them white, about 20 percent black, census figures show. Most maintained houses -- a typical one sold for about $50,000 before the storm -- and the rest had mobile homes.

Katrina pushed ashore a surge of water that simply washed many homes away and filled others with as much as 10 feet of water, according to recovery officials. Eight local people died. Several rode out the storm by climbing tall trees and resting in their branches; others jumped from rooftops into boats.

Now the vast majority of the residents who have returned live in FEMA trailers, the skinny, 27-foot-long homes on wheels provided by the Federal Emergency Management Agency that house families in cramped quarters. Along the woodsy roadsides, hand-painted plywood signs offer community encouragement -- "Keep Hope Alive" and "Katrina Was Big, God Was Bigger." Stray dogs roam.

Every week, scores of volunteers descend on this community to fill the cots at the school library or the parsonage at the local Baptist Church or a camp run by Presbyterians. Last week there were more than 80 here, but at other times there have been as many as 200.

By day, they go out in work crews, framing houses, putting up drywall, installing doors. At night, some have prayer meetings.

This past week, at various sites one could run into Amish from Pennsylvania, Catholics from Massachusetts, Methodists from Illinois, Baptists from Mississippi and a Florida church group. The Amish crews, clad in their distinctive suspenders and wide-brimmed hats, have a non-Amish driver who takes them to work sites.

"Many of us were born with a hammer in our hands," said Sam Stoltzfus, 41, part of an Amish crew from the Williamsport, Pa., area. "This is fun. Yes, we're supposed to help people, but it's not like a chain around our necks."

Russell Geeraerts, 38, a general contractor from Helena, Mont., said he came down after the hurricane "for all the wrong reasons." He was going to volunteer for a couple of weeks and then come back with his own work crew to make some money.

"But then I asked myself, 'How could you?' " he said last week after lunch at a local kitchen, which like the various camps was set up to serve volunteers. "Just look at this place."

The $3.2 billion in federal aid disbursed by the Mississippi program has largely been untouchable by people in Pearlington.

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The program's first phase doles out money to people who were flooded but did not live in the federally designated flood zone.

Most people in Pearlington live in the flood zone and must wait for the second phase to begin. Under its guidelines, families of low and moderate income will be eligible for as much as $100,000, less any insurance and FEMA rebuilding payments they have received.

In the meantime, not knowing whether they will receive aid, many families here say they have accepted, sometimes reluctantly, the help of the charity groups in the rebuilding.

Many put what they have into building a foundation, getting the home started. Then the charitable groups, which provide materials and work crews, do the rest.

Even so, many feel uncomfortable about receiving the help.

Frank Bello and his wife, for example, are raising five children. He worked in maintenance at the local elementary school. She is a nurse.

Last week, an Amish crew was putting together the frame on a new house for the family.

Just before Christmas, when Bello was hauling three loads of dirt to his home site, it began to rain. He told the volunteer work crew that he was sorry that they had to work in such conditions.

"They said, 'Don't worry, we're glad to do it,' and that made me feel better," Bello said. "But I still feel bad about it. Personally, myself, I like to be doing that sort of thing for other people, not having them do it for me. But now that's the way it is."

WAR NEWS:

Fonda Reprises A Famous Role At Peace Rally (WP)

By Linton Weeks

The Washington Post, January 28, 2007

For her next act, Jane Fonda has entered the war against the Iraq war. At the tail-end of yesterday's on-the-Mall rally, organized by United for Peace and Justice, Fonda stood onstage with the Capitol behind her and addressed the sun-drenched thousands. "I haven't spoken at an antiwar rally in 34 years," she said. But, "Silence is no longer an option."

The first time Fonda, 69, spoke out for peace, the country was soul-deep in the Vietnam War. In the ensuing decades, as the nation has gone through a slew of changes, so has Fonda.

As a young woman, the daughter of actor Henry Fonda was an actress, a feminist and anti-Vietnam War activist. She morphed into a workout maven, post-feminist arm candy for billionaire media magnate Ted Turner, a vocal Christian and an autobiographer. With 2005's "Monster-in-Law," she defibrillated her movie career.

Yesterday, with her daughter, Vanessa Vadim, and two grandchildren nearby, she was again front and center as actress, feminist and opponent of war.

Her life has come full circle.

She thanked the tens of thousands of protesters for standing up to a "mean-spirited, vengeful administration" and she said she was glad to discover that the soul of America "is alive and well." One huge difference between protests then and now, she told the crowd, is military families and active service people in the present-day movement.

Children in tie-dyed shirts, grandmothers in flowered hats, kids with frizzy hair and muddy jeans danced and hoisted signs and chanted against the war and for impeachment. Despite her showbiz elegance -- blond hair, sunglasses, camel's hair coat and dark over-the-knee boots -- Fonda seemed to fit right in.

She was first known for campy movies such as "Barbarella," which was directed by first husband Roger Vadim, then for higher-shelf films such as "Klute" and "Coming Home," for which she won Best Actress Oscars. She became involved in the political world in the late 1960s, an involvement that continued with her second husband, activist Tom Hayden.

As a vocal opponent of the Vietnam War, she cut a controversial figure. She spoke at protest rallies and, in 1972, posed for a photograph with a North Vietnamese antiaircraft gun. The act was viewed by many as unpatriotic, even treasonous, and some called her "Hanoi Jane."

She has since apologized.

"Those people who would try to undermine her credibility will fail. We welcome her back to the peace community," said Rep. Maxine Waters (D-Calif.), chairman of the Out of Iraq congressional caucus.

"She's a high-profile, outspoken American," said actor Sean Penn, while smoking a cigarette before the rally. What she means to the antiwar movement "is the same thing any of the rest of us mean to it. She's one more voting American with a conscience who is against this war."

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Getting her to speak at the massive rally was a breeze, organizers said. Leslie Cagan, who works for United for Peace and Justice and is a longtime friend, e-mailed an invitation. Fonda said yes. Fonda has spoken out against the Iraq war at smaller events such as a Canadian lecture series, book signings and the recent National Conference for Media Reform in Memphis. United for Peace spokesman Hany Khalil said yesterday's rally was "one of the first times she has appeared on the national stage."

Kathy Engel, another United for Peace and Justice spokeswoman, said Fonda is important to the cause because through the years, she has been on the wave-crest of women's rights "and a myriad of issues concerning the health of our country. She's a long-distance runner."

Before the march, Fonda spoke briefly to a few hundred people at the Navy Memorial. The event was sponsored by Code Pink, an antiwar group started by women. On the other side of Pennsylvania Avenue, three dozen protesters organized by the conservative Web site Free Republic held up signs calling protesters traitors and terrorist sympathizers.

"Jaaaaannnneeeee Fonda has blood on her hands!" chanted one man with a megaphone.

"Thank you so much for being here," Fonda told the Code Pink folks over the noise. "We're going to get it done." Afterward, she hugged civil-rights activist Dick Gregory.

Asked whether she believed her presence might cause more harm than good to this antiwar movement, she snapped, "No." Then laughed. And was spirited away by handlers to the rally on the Mall.

She was one of the last people to speak at the midday rally. As she waited for her cue, she chatted with Rep. Dennis Kucinich (D-Ohio). She shook hands with the Raging Grannies, a group of senior citizens who sang onstage, while the Rev. Jesse Jackson, Sean Penn and actor-couple Susan Sarandon and Tim Robbins milled about nearby.

Vietnam War veteran Orin "Spike" Tyson, 56, motored through the crowd on a Golden Companion Scooter with a U.S. flag flapping on the back. Tyson, a Lansing, Mich., resident who was wounded by shrapnel and a land mine, said he hasn't always agreed with Fonda, "but she has the right to say whatever she wants to say."

It's that freedom, he said, that he fought for.

Thousands Protest Bush Policy (WP)

By Michael Ruane, Fredrick Kunkle

The Washington Post, January 28, 2007

A raucous and colorful multitude of protesters, led by some of the aging activists of the past, staged a series of rallies and a march on the Capitol yesterday to demand that the United States end its war in Iraq.

Under a blue sky with a pale midday moon, tens of thousands of people angry about the war and other policies of the Bush administration danced, sang, shouted and chanted their opposition.

They came from across the country and across the activist spectrum, with a wide array of grievances. Many seemed to be under 30, but there were others who said they had been at the famed war protests of the 1960s and '70s.

They came to Washington at what they said was a moment of opportunity to push the new Congress to take action against the war, even as the Bush administration is accelerating plans to send an additional 21,500 troops to Iraq. This week, the Senate will begin debating a resolution of disapproval of the president's Iraq policy, setting up a dramatic confrontation with the White House.

Some protesters plan to stay and lobby their representatives in Congress. Other antiwar activists intend to barnstorm states this week urging senators to oppose the troop escalation.

Yesterday's crowd was large and vociferous, but its size was unclear because there was no official crowd estimate. It was filled with longtime opponents of the conflict and of the administration.

"Its primary value is that it keeps up the pressure," said former Senate Democratic leader Tom Daschle of South Dakota. "There is a sense that by summer, a march like this will be two or three times as large."

The demonstrators were garbed in many colors and T-shirts and buttons of many sentiments. "Think," read one shirt. "It's not illegal yet." A button read: "Kill your lawn." Read another: "Trees Hate You."

But the overriding complaint was the U.S. prosecution of the war in Iraq.

"Peace is controversial," civil rights and community activist Jesse Jackson, 65, said in a rousing address to the crowd gathered at the east end of the Mall. "But so is war. The fruit of peace is so much sweeter."

Some came for relatives in the service. A New York woman came on behalf of her younger brother, who she said was about to be deployed to Iraq. She had a framed picture of him in a knapsack. An Akron, Ohio, woman came with her infant son, saying his father, in the Navy in Kuwait, had yet to see him.

Oriana Futrell, 21, of Spokane, Wash., came with a sign that said: "Bring my husband home now." She said her husband, Dan, an Army lieutenant, was in Baghdad. They were married in April. She said she was weary of attending military funerals.

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Among the celebrities who appeared was Jane Fonda, the 69-year-old actress and activist who was criticized for sympathizing with the North Vietnamese during the Vietnam War. She told the crowd that this was the first time she had spoken at an antiwar rally in 34 years.

"I've been afraid that because of the lies that have been and continue to be spread about me and that war, that they would be used to hurt this new antiwar movement," she told the crowd. "But silence is no longer an option."

Fonda said she was attending with her daughter and two grandchildren. "I'm very proud that they're here, but I'm so sad that we still have to do this, that we did not learn the lessons from the Vietnam War," she said.

She concluded by saying, "God bless." And someone in the crowd yelled: "All right, Janey!"

But Fonda's presence drew counter protesters. Members of the Free Republic group picketed an antiwar rally at the Navy Memorial where Fonda spoke earlier in the day. "Hanoi Jane," one of the conservative group's signs read. "Wrong then, wrong now."

The day's events unfolded peacefully. And after a cold morning with temperatures in the mid-20s, the day quickly warmed, and protesters were unzipping jackets as the mercury topped 50 degrees.

The crowd, while exuberant, seemed significantly smaller than the half-million people organizers said were present and may not have matched similar protests in September 2005 and January 2003. The throng filled much of the Mall between Third and Fourth streets NW but thinned toward Seventh Street.

It was big enough, though, that the march that followed the rallies stretched the length of the route from the Mall, up Constitution Avenue to the east front of the Capitol and back to the Mall.

The day's events were organized chiefly by United for Peace and Justice, which describes itself as a coalition of 1,400 local and national organizations. Among them are the National Organization for Women, United Church of Christ, the American Friends Service Committee, True Majority, Military Families Speak Out, Iraq Veterans Against the War, Farms Not Arms, CODEPINK, MoveOn.org and September 11th Families for Peaceful Tomorrows.

The day began with a 10 a.m. rally at the Navy Memorial sponsored by the peace group CODEPINK. There, several thousand activists heard speeches by actor Sean Penn, presidential candidate and U.S. Rep. Dennis J. Kucinich (D-Ohio), and Reps. Maxine Waters (D-Calif.) and Lynne Woolsey (D-Calif.), and a brief greeting from Fonda.

But the most moving words were Futrell's.

"My husband deployed last June to Iraq," she said. "He is an Army infantry officer currently patrolling the streets of Baghdad. And I just have to say I'm sick of attending the funerals of my friends. I have seen the weeping majors. I have seen the weeping colonels. I am sick of the death."

"I don't know what else to say, other than: 'Bring them home,' " she said. "It is time. We need to bring them home where they can be safe."

The main rally began at 11 a.m. on the Mall and featured more speeches and a crowd that seemed to grow as the weather warmed.

In addition to Fonda and Jackson, actors Susan Sarandon and Tim Robbins addressed the protesters.

Robbins mocked President Bush, urging Congress to impeach him.

"Let's get him out of office before he's ruling from a bunker," Robbins said.

"Impeach Bush!" the crowd began to chant, interspersed with a few shouts of "And Cheney!"

"Richard Nixon talked to the walls," Robbins continued. "But George Bush is talking to God. But it is not a God I recognize. This God seems to be giving Bush a pass" on some commandments.

Colin Fallon, who works at the Government Accountability Office, and his wife, Melinda, a history professor at George Mason University, came to the demonstration from Fairfax with their three children.

Melinda Fallon guided her son through the crowd, talking about Americans. "They can say when they don't agree with what's going on," she told him.

"We're looking at more or less a 30-years-war here," Colin Fallon said. "All the indications are bad. I think about these kids. If they were asked to fight, would I think they would be able to help the situation as soldiers? I don't think so. I think it has become something of a war of attrition."

Laura Sinderbrand, 79, and her husband, Alvin, 84, of New York, said they attended dozens of Washington protests against the Vietnam War during the 1960s and early '70s.

"The biggest difference back then, of course, was the draft," said Alvin Sinderbrand, a retired patent lawyer. "That made everything much more emotional. There was a sense that everybody was vulnerable."

The Sinderbrands were opposed to involvement in Iraq from the beginning, they said, and attended a 2003 protest here. Yesterday, the couple rode down on the train and planned to return home in the evening.

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"We're doing it with the hope that it's going to be the last time we need to protest this," said Laura Sinderbrand, a retired museum director.

Kim Brenegar, 46, of the Capitol Hill neighborhood attended with her son Julian, 12.

"Of late, I've become very numb to the front-page reporting of deaths," she said. "And that's kind of problem for me. We've all become so used to it, it's the norm. I hope today's event will wake up a lot of people and demonstrate that this doesn't have to go on, we can stop this."

Julian added: "I don't like the war. I just think it's so stupid that we're there and it's pointless."

As the events went on, Johnny "Satchmo" T., of Northeast Washington, sat on a plastic bucket at Seventh Street and Constitution Avenue -- his regular spot -- and played a haunting version of "When Johnny Comes Marching Home" on his bent trumpet.

"They're lucky that they can do stuff" like that, he said of the protesters. "Some countries don't even let people do stuff like that."

Iraq War Foes Mass On Mall (WT)

By Tarron Lively

The Washington Times, January 28, 2007

Tens of thousands of anti-war protesters led by several Hollywood celebrities converged on Capitol Hill yesterday and railed against President Bush and his plan to send thousands of additional troops to Iraq.

The demonstrators descended on the Mall for one of the largest demonstrations since the Iraq war began in March 2003.

Organizers said they exceeded their goal of 100,000 attendees. Police do not give official crowd estimates, but some officers said privately that the crowd appeared smaller.

Dozens of politicians, civil rights leaders, military family members and celebrities spoke in opposition to the Bush administration's policy in Iraq and the president's recent decision to deploy 21,500 additional troops to Iraq.

Among the speakers was Jane Fonda, the actress and Vietnam-era protester, who participated in her first anti-war demonstration in 34 years.

"Thank you so much for the courage to stand up against this mean-spirited, vengeful administration," Miss Fonda said. "Your ongoing commitment to ending this war allows people in other parts of the world to remain hopeful that America has the stuff to become again a country that they can love and respect."

In addition to Miss Fonda, Hollywood liberals at the forefront of the event included Sean Penn, Tim Robbins, Susan Sarandon and Rhea Perlman.

"I'm so sad that we still have to do this, that we did not learn the lessons from the Vietnam War," said Miss Fonda, whose public protest of the Vietnam War included a trip to Hanoi in 1972, during which she was photographed seated on an anti-aircraft battery.

Miss Fonda, 69, said she had been silent on the subject of the Iraq war because she thought she would be a distraction to the anti-war cause.

"Silence is no longer an option," she said to cheers.

Her presence at an earlier demonstration at Seventh Street and Pennsylvania Avenue NW prompted jeers from a few dozen counterdemonstrators, some of whom held signs that expressed support for the troops in Iraq and disparaged Miss Fonda personally. Some objected to her presence at the site of the Navy Memorial. The sides exchanged hostile and obscenity-laced taunts, but police kept the groups separate.

Among the participants were soldiers being treated at Walter Reed Army Medical Center.

Army Cpl. Joshua Sparling, who lost a leg to a roadside bomb in November 2005 in Ramadi, Iraq, said the anti-war protesters, especially those who are veterans or who are currently on active duty, "need to remember the sacrifice we have made and what our fallen comrades would say if they were alive."

Cpl. Sparling, 25, is based at Fort Bragg, N.C.

Meanwhile at the White House, spokesman Gordon Johndroe gave Mr. Bush's reaction to the protest: "The president ... understands that Americans want to see a conclusion to the war in Iraq and the new strategy is designed to do just that."

Yesterday's protest preceded an upcoming vote in the Senate on a nonbinding resolution condemning the new Iraq strategy.

The main rally, sponsored by the umbrella group United for Peace and Justice, began at 11 a.m. with a rally on the Mall. Protesters chanted and banged drums as they peacefully marched halfway around the Capitol and back.

Police said they recorded no arrests during the demonstration.

"Everything went fine. We had a large turnout, but no problems," said U.S. Park Police spokesman Lt. Scott Fear.

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About 300 protesters attempted to rush the front steps of the Capitol, but they were rebuffed by police without injury or arrest.

U.S. Capitol Police spokeswoman Sgt. Kimberly Schneider also said the event was incident-free.

"I think everything went pretty peacefully," she said.

Rep. John Conyers Jr., Michigan Democrat, was one of several legislators who spoke at the rally.

"George Bush has a habit of firing military leaders who tell him the Iraq war is failing," Mr. Conyers said. "He can't fire you. He can't fire us. But we can fire him."

Rep. Lynn Woolsey, California Democrat, said Mr. Bush's request for additional troops is a waste of taxpayers' money for his own personal cause.

"We all know it's not about winning or losing," she said. "It's about doing the right thing. Everybody knows this except the president .... They say the definition of insanity is doing the same thing and expecting different results."

Dennis Rosser, 50, a speechwriter from the District, called Mr. Bush a "despot who won't follow the desires of the American people."

"He's doomed for failure," Mr. Rosser said. "[White House spokesman] Tony Snow said the other day, 'The president doesn't always listen to the people.' Now as president, would you have said that?"

Mike Sherkin, 29, software engineer from the District, said that yesterday was his birthday, but he decided to come out in support of the rally.

"This war has been going on too long. It needs to end," Mr. Sherkin said. "Innocent people are dying."

Ilonka Wloch, 36, an editor from Ithaca, N.Y., said it was "very profound" to see so many protesters.

"I wholeheartedly believe in change, and I believe that at heart we as humans all want the same things -- safety, love and cooperation," she said.

Crowds On Both Coasts Protest Iraq War (AP)

By Calvin Woodward And Larry Margasak,

AP, January 28, 2007

Convinced this is their moment, tens of thousands marched Saturday in an anti-war demonstration linking military families, ordinary people and an icon of the Vietnam protest movement in a spirited call to get out of Iraq.

Celebrities, a half-dozen lawmakers and protesters from distant states rallied in the capital under a sunny sky, seizing an opportunity to press their cause with a Congress restive on the war and a country that has turned against the conflict.

Marching with them was Jane Fonda, in what she said was her first anti-war demonstration in 34 years.

"Silence is no longer an option," Fonda said to cheers from the stage on the National Mall. The actress once derided as "Hanoi Jane" by conservatives for her stance on Vietnam said she had held back from activism so as not to be a distraction for the Iraq anti-war movement, but needed to speak out now.

The rally on the Mall unfolded peacefully, although about 300 protesters tried to rush the Capitol, running up the grassy lawn to the front of the building. Police on motorcycles tried to stop them, scuffling with some and barricading entrances.

Protesters chanted "Our Congress" as their numbers grew and police faced off against them. Demonstrators later joined the masses marching from the Mall, around Capitol Hill and back.

About 50 demonstrators blocked a street near the Capitol for about 30 minutes, but they were dispersed without arrests.

United for Peace and Justice, a coalition group sponsoring the protest, had hoped 100,000 would come. They claimed even more afterward, but police, who no longer give official estimates, said privately the crowd was smaller than 100,000.

In California, smaller rallies were held in San Francisco, Los Angeles and Sacramento.

At the rally, 12-year-old Moriah Arnold stood on her toes to reach the microphone and tell the crowd: "Now we know our leaders either lied to us or hid the truth. Because of our actions, the rest of the world sees us as a bully and a liar."

The sixth-grader from Harvard, Mass., organized a petition drive at her school against the war that has killed more than 3,000 U.S. service-members, including seven whose deaths were reported Saturday.

More Hollywood celebrities showed up at the demonstration than buttoned-down Washington typically sees in a month.

Actor Sean Penn said lawmakers will pay a price in the 2008 elections if they do not take firmer action than to pass a nonbinding resolution against the war, the course Congress is now taking.

"If they don't stand up and make a resolution as binding as the death toll, we're not going to be behind those politicians," he said. Actors Susan Sarandon and Tim Robbins also spoke.

Fonda was a lightning rod in the Vietnam era for her outspoken opposition to that war and her advocacy from Hanoi at the height of that conflict. Sensitive to the old wounds, she made it a point to thank the active-duty service-members, veterans and Gold Star mothers who attended the rally.

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She drew parallels to the Vietnam War, citing "blindness to realities on the ground, hubris ... thoughtlessness in our approach to rebuilding a country we've destroyed." But she noted that this time, veterans, soldiers and their families increasingly and vocally are against the Iraq war.

The House Judiciary Committee chairman, Rep. John Conyers, threatened to use congressional spending power to try to stop the war. "George Bush has a habit of firing military leaders who tell him the Iraq war is failing," he said, looking out at the masses. "He can't fire you." Referring to Congress, the Michigan Democrat added: "He can't fire us.

"The founders of our country gave our Congress the power of the purse because they envisioned a scenario exactly like we find ourselves in today. Not only is it in our power, it is our obligation to stop Bush."

White House spokesman Trey Bohn responded that Conyers "needs to learn the difference between fact and fable, between a soundbite and a slur." He said Conyers' "assertion that the president fires generals with whom he disagrees is flat wrong."

On the stage rested a coffin covered with a U.S. flag and a pair of military boots, symbolizing American war dead. On the Mall stood a large bin filled with tags bearing the names of Iraqis who have died.

A small contingent of active-duty service members attended the rally, wearing civilian clothes because military rules forbid them from protesting in uniform.

Air Force Staff Sgt. Tassi McKee, 26, an intelligence specialist at Fort Meade, Md., said she joined the Air Force because of patriotism, travel and money for college. "After we went to Iraq, I began to see through the lies," she said.

In the crowd, signs recalled the November elections that defeated the Republican congressional majority in part because of President Bush's Iraq policy. "I voted for peace," one said.

"I've just gotten tired of seeing widows, tired of seeing dead Marines," said Vincent DiMezza, 32, wearing a dress Marine uniform from his years as a sergeant. A Marine aircraft mechanic from 1997 to 2002, he did not serve in Iraq or Afghanistan.

About 40 people staged a counter-protest, including Army Cpl. Joshua Sparling, 25, who lost his leg to a bomb in Iraq.

He said the anti-war protesters, especially those who are veterans or who are on active duty, "need to remember the sacrifice we have made and what our fallen comrades would say if they were alive."

Bush reaffirmed his commitment to his planned troop increase in a phone conversation Saturday with Iraqi Prime Minister Nouri al-Maliki. The president was in Washington for the weekend. He is often is out of town during big protest days.

"He understands that Americans want to see a conclusion to the war in Iraq and the new strategy is designed to do just that," said Gordon Johndroe, a spokesman for the National Security Council.

Protest organizers said the crowd included people who came on 300 buses from 40 states.

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Associated Press writers Stephen Manning and Kasie Hunt contributed to this report.

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On the Net:

United for Peace and Justice: http://www.unitedforpeace.org/

Protest Focuses On Iraq Troop Increase (NYT)

By Ian Urbina

The New York Times, January 28, 2007

WASHINGTON, Jan. 27 — Tens of thousands of protesters converged on the National Mall on Saturday to oppose President Bush's plan for a troop increase in Iraq in what organizers hoped would be one of the largest shows of antiwar sentiment in the nation's capital since the war began.

The event drew demonstrators from across the country, and many said that in addition to taking their discontent to the streets they planned to press members of Congress to oppose the war.

"When we voted it was a directive to bring our troops home now," said the Rev. Graylan S. Hagler of Plymouth Congregational United Church of Christ in Washington, referring to the November elections when Democrats won control of Congress.

Demonstrators listened to speeches from a roster of politicians and entertainment figures including the Rev. Jesse Jackson; Representative Dennis J. Kucinich, Democrat of Ohio and a candidate for the presidency in 2008; and Representative Maxine Waters, Democrat of California. The actors Jane Fonda, Susan Sarandon and Tim Robbins also addressed the crowd.

"We need to be talking not just about defunding the war but also about funding the vets," Ms. Sarandon said, adding that more than 50,000 had sought treatment through the Department of Veterans Affairs while benefits for them continue to be cut.

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With Mr. Bush facing low approval ratings and Congress continuing to debate the terms of a nonbinding resolution opposing the troop increase, elderly people in wheelchairs, housewives pushing strollers, seasoned dissenters in tie-dye and veterans in uniform turned out to protest.

"I grew up during the Vietnam War, but I never protested it and never had my lottery number called to go fight," said David Quinly, a 54-year-old carpenter from Prairie Village, Kan., who arrived here Friday night with about 50 others after a 23-hour bus ride.

"In my view, this one is a war of choice and a war for profit against a culture and people we don't understand," Mr. Quinly said. "I knew I had to speak up this time."

Along the north side of the Mall, teenagers in T-shirts featuring sinister depictions of Mr. Bush chanted, "End the lunacy; end it now." A man wearing prison stripes carried a sign with the likeness of Vice President Dick Cheney. A man on 30-inch stilts, dressed as Abraham Lincoln, carried a sign quoting him: "But you can't fool all of the people all of the time." A tall, clear plastic column stood overflowing with thousands of shoes symbolizing the civilians killed in the war.

"I've got a son who just got out of the military and another still in," said Jackie Smith, 65, from Sunapee, N.H., whose sign read "Bush Bin Lyin." "And I'm here because this is all I can do to try to help them."

Tassi McKee, from Bastrop, La., who said she was a staff sergeant in the Air Force, was among a small contingent of about 20 active-duty service members who turned out. "I believe this has become a civil war, and we are being hurt and making matters worse by staying in the middle of it," Sergeant McKee said.

She said that it was not illegal for active-duty members to attend protests but that it was strongly discouraged.

Veterans were more numerous among the crowd.

Dressed in the olive green, military-issued flight jacket that he said he wore during the invasion of Iraq while serving as a Marine sergeant, Jack Teller, 26, said he joined a caravan from Greenville, N.C., because he felt that it was his duty.

"I don't like wearing the jacket because it reminds me that I participated in an immoral and illegal war," said Mr. Teller, who had "Iraq Veterans Against the War" stenciled on the back of his jacket. "But it's important to make a political statement."

Fernando Braga, a 24-year-old Bronx native who is a member of the Army National Guard, said that he was skeptical of the war before it started. Mr. Braga said his views hardened into opposition while he served in Iraq from March 2004 through January 2005.

"My own commander told us when we arrived that if we thought we were there for any reason other than oil then we had another think coming," he said. "I realized even commanding officers were against it but following orders."

Michael McPhearson, executive director of Veterans for Peace, said more than 100 veterans from the Iraq war participated in the march, and several hundred veterans from previous wars attended as well.

Robert Watada, 67, of Honolulu, a retired executive with the State of Hawaii who said his son, First Lt. Ehren K. Watada, was to be court-martialed next month for refusing to deploy to Iraq, said: "So many thousands of our own have died and hundreds of thousands of Iraqis and for what? And still we are having to push Congress to block the president."

At least 3,065 American military personnel have been killed and at least 22,834 have been wounded since the start of the war in March 2003, according to Iraq Coalition Casualty Count, a Web site that tracks Department of Defense numbers. The United Nations has estimated that at least 35,000 Iraqis have been killed each year since the war started.

President Bush, who often spends weekends at Camp David, was in Washington on Saturday but had no public events scheduled. He spent part of the morning on his weekly bicycle ride at a Secret Service training facility in Beltsville, Md.

The White House issued a statement in response to the demonstration. "The president believes that the right to free speech is one of the greatest freedoms in our country," said Gordon D. Johndroe, a White House spokesman. "He understands that Americans want to see a conclusion to the war in Iraq, and the new strategy is designed to do just that," referring to Mr. Bush's plan to increase troop levels in Iraq.

The protest was largely organized by the group United for Peace and Justice, a coalition of 1,400 local and national organizations.

"This war has been going on longer than she has been alive, and Cheney says it will be a 50-year war," said Annie Yanowitz, a housewife from Amherst, Mass., pointing to her 2-year-old daughter, Amira.

"I find that totally inappropriate that our children may grow up with this war continuing," Ms. Yanowitz said.

Police officials declined to provide crowd estimates, but Hany Khalil, a spokesman for United for Peace and Justice, said the protesters numbered about 400,000. Smaller antiwar protests took place on Saturday in other cities, including San Francisco, Los Angeles and Sacramento.

In Washington, counterprotesters also converged on the mall in smaller numbers, but the antiwar demonstration was largely peaceful.

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There were a few tense moments, however, including an encounter involving Joshua Sparling, 25, who was on crutches and who said he was a corporal with the 82nd Airborne Division and lost his right leg below the knee in Ramadi, Iraq. Mr. Sparling spoke at a smaller rally held earlier in the day at the United States Navy Memorial, and voiced his support for the administration's policies in Iraq.

Later, as antiwar protesters passed where he and his group were standing, words were exchanged and one of the antiwar protestors spit at the ground near Mr. Sparling; he spit back.

Capitol police made the antiwar protestors walk farther away from the counterprotesters.

"These are not Americans as far as I'm concerned," Mr. Sparling said.

Another counterprotester, Larry Stark, 71, a retired Navy officer who fought in Vietnam for five years and was a prisoner of war, said, "We never lost a battle in Vietnam but we lost the war, and the same is going to be true in Iraq if these protesters have their way."

The protesters on Saturday were undermining troop morale, Mr. Stark said, and increasing the likelihood of a premature withdrawal.

"It's like we never learn from the past," he said.

Celebrities Pack D.C. War Protest (AP)

AP, January 28, 2007

More Hollywood celebrities sparkled the dais than button-down Washington typically sees in a month.

Oscar-award winner Sean Penn had a warning for politicians on the ballot in 2008. "If they don't stand up and make a resolution as binding as the death toll, we are not going to be behind those politicians," he said.

With a reporter's credential, Penn visited Iraq in November 2003 and recently traveled to Iran.

The husband and wife anti-war duo, Susan Sarandon and Tim Robbins, also spoke.

"This past November the American people sent a resounding signal to Washington, D.C., and the world. We want change. We want this war to end. And how did Bush respond? Twenty-one thousand, five hundred more will risk their lives for his misguided war. Is impeachment still off the table? Let's get him out of office," Robbins said.

The crowd responded, "Impeach Bush, impeach Bush, impeach Bush!"

Jane Fonda, who recently wrapped a film with Lindsay Lohan, brought along her daughter and grandchildren. Fonda said she used to take her daughter to anti-war protests in the 1970s. "I'm proud they're here but I'm so sad we still have to do this," she said. Fonda was married to anti-war activist Tom Hayden during the Vietnam war.

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There were a few tense moments outside the Capitol when several hundred protesters tried to rush the building. Police scuffled and wrestled with some and eventually set up barricades and a police line to keep them at bay. The protesters shouted "Our Congress!" and some carried riot shields with the slogan "U.S. out of everywhere."

Many of the protesters belonged to Students for a Democratic Society, an activist group founded in the 1960s by Tom Hayden (once married to Fonda) and others.

John Cronan, 23, from the Pace University chapter, said they were trying to send a different message than the main march. "These peace rallies really don't get anything done. With Congress historically, you have to force them to do something," he said.

The crowd eventually drifted away and many joined the larger march.

_By Steve Manning

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Dressed in civilian clothing, a few active-duty members of the military quietly lodged their opposition against a war that has cost the lives of more than 3,000 of their comrades.

Jeffrey Fitting, 24, a senior airman from Camp Hill, Pa., is a chaplain's assistant at Dover Air Force Base in Delaware, where he helps families waiting to receive the bodies of their loved ones. The bodies of dead soldiers are prepared at a mortuary on the base before they are returned to the families.

"When we have military members, their families and civilians for the same cause, we're united" against the war in Iraq, Fitting said. He asked his commander if he could attend the rally and was told he had the right to do so.

Marc Train, 19, an Army private stationed at Fort Stewart, Ga., asked not to be sent with his 3rd Infantry Division unit to Iraq. He said the Army has initiated proceedings to have him discharged.

Train said his specialty is intelligence analysis and believes that was a factor in the Army's decision to seek his discharge.

"When I joined, I was indifferent. I talked to people in my unit who have been there three or four times. They didn't feel like they were accomplishing anything," Train said.

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Air Force Staff Sgt. Tassi McKee, stationed at Fort Meade and a specialist in intelligence, said, "I don't believe the war is being managed correctly."

McKee, 26, originally from Bastrop, La., said she joined the Air Force because of patriotism, travel and to save money for college.

_By Larry Margasak

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About 40 counterprotesters lofted "Support our troops" signs in front of the Navy Memorial, a few blocks from the main demonstration. Among the participants were soldiers being treated at Walter Reed Army Medical Center.

Army Cpl. Joshua Sparling, who lost his leg to a roadside bomb in November 2005 in Ramadi, said the anti-war protesters, especially those who are veterans or who are currently on active duty, "need to remember the sacrifice we have made and what our fallen comrades would say if they are alive." Sparling, 25, is based at Fort Bragg, N.C.

The counterdemonstration vilified Fonda's appearance at the rally. They set up a fake Fonda doll hanging from a noose and taped a sign to it that read "Jane Fonda American Traitor."

_By Kasie Hunt.

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Mothers of soldiers made a poignant presence at the march. One woman held a sign with a picture of her son as a young boy, reading "Cpl. Nicholas Ziolkowski, born April 21, 1982, Baltimore, KIA Nov. 14, 2004, Falluja." Ziolkowski, a Marine, was killed by a sniper's bullet.

Peggy Gray, 51, of West Hartford, Conn., said her son Shane recently returned from Iraq after an 18-month tour. Gray, a grandmother and state employee for the Connecticut comptroller's office, said she has protested wars since Vietnam. The difference between then and now is that people support the troops even if they oppose the war, she said.

"In Vietnam, we blamed the troops. Now, we see a lot of support for the troops from those opposed to the Iraq war," she said. She held one end of a banner that said, "Military Families Speak Out," a Boston-based organization of people opposed to the war.

_By Larry Margasak.

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WASHINGTON (AP) — He stood out in the crowd because of his Air Force flight jacket.

Holding a sign that said, "Mad cowboy disease," Theodore Seman said he was a former Air Force captain and retired FBI agent.

"I was 100 percent behind our government up until we invaded Iraq. I never thought as a former military officer in command of nuclear weapons that I would see the United States of American make a pre-emptive strike on another nation."

Seman said he was not only protesting the war, but also President Bush's warrantless surveillance policies. Seman said he swore out many warrants as an FBI agent and finds it hard to believe the government would conduct surveillance without first going to a court.

"If voices are not heard, nothing will be done," he said.

Seman said he was a radar control officer in an interceptor that had nuclear weapons and was an FBI agent in Tampa, Fla.

_By Larry Margasak.

Mass US Protest Against Iraq War (BBC)

BBC.com, January 27, 2007

Tens of thousands of protesters have demonstrated in Washington to demand the withdrawal of US troops from Iraq.

The rally comes days before Congress is to discuss President George W Bush's new strategy for Iraq - including the despatch of 21,500 additional troops.

The protesters, chanting "Bring the troops home", were joined by Vietnam War-era protester, actress Jane Fonda.

Violence continued in Iraq on Saturday, with at least 15 killed in a suicide bomb attack in a Baghdad market.

The BBC's James Coomarasamy in Washington says this anti-war rally at the foot of the US Capitol was a marked shift away from the White House and on to Congress.

The protesters want Congress, now run by the Democrats, to block funding for the president's new strategy, our correspondent says.

Resolution

Jane Fonda, the Hollywood actress who angered many Americans by visiting Hanoi in 1972 during the Vietnam War, told the crowd: "I haven't spoken at an anti-war rally for 34 years. But silence is no longer an option."

She added: "I'm so sad that we still have to do this, that we did not learn the lessons from the Vietnam War."

Fonda was joined by fellow actors Sean Penn and Tim Robbins.

Robbins said: "What we need is courage, courage and conviction and we need people to represent the voice of the American people, a very clear voice last November, a voice that said: 'We're done with this war'."

The Democrats took control of both Houses in November's mid-term election, sparking Mr Bush's decision to form a new strategy for Iraq.

But our correspondent says Congress has so far balked at using the power of funding and only a handful of staunch anti-war Congressmen were present at the rally.

A man brings a child to hospital after Saturday's Baghdad bombing

Although nearly all Democrats and a growing numbers of Republicans oppose the president's plans, he says, senators have not been able to agree yet on a single non-binding resolution expressing their concerns.

At the rally a coffin covered with a US flag and a pair of military boots was put on display.

Organisers also filled a large bin with tags bearing the names of Iraqis who have died.

More than a dozen veterans, anti-war activists, religious heads and actors addressed the crowd.

A small counter-protest held up a Fonda doll with the sign "Jane Fonda American Traitor".

Mr Bush reportedly reaffirmed his commitment to the troop increase in a phone call with Iraqi PM Nouri Maliki on Saturday.

White House national security adviser spokesman Gordon Johndroe said: "Americans want to see a conclusion to the war in Iraq and the new strategy is designed to do just that."

Student Protesters, Fighting Image Of Apathy, Call For A Cohesive Movement (WP)

By Megan Greenwell

The Washington Post, January 28, 2007

As the bulk of war protesters chanted "this is what democracy looks like" on the Mall yesterday, a few hundred gathered separately on the south edge of the Mall.

Members of the College Democrats of America mingled with the more radical Students for a Democratic Society and the Communist Youth Movement. Many held signs proclaiming themselves "another future leader against the war." Some danced. Some clapped. Others passed around a joint. Disparate in their affiliations, they were united in their chants: "College, not combat."

Since the war began nearly four years ago, many Vietnam-era antiwar activists have publicly lamented what they see as apathy among today's college students. They wonder whether the absence of a draft and a culture of pop music and reality television have distracted young people from civic responsibilities.

But among the hundreds of students on the Mall yesterday, dozens of whom drove all night to get to Washington for the protest, the prevailing sentiment was that their generation had been unfairly maligned and that the antiwar movement is growing stronger every day.

"I do think we're misrepresented as being lazy, ignorant and unaware of current events," said Sarah Searle, 19, a sophomore at the University of Virginia. "There's no huge movement going on like during Vietnam, but that doesn't mean we're apathetic."

The students at yesterday's protest noted that their efforts have not had the iconic touchstones of the late 1960s and early 1970s, when shootings at Kent State and the student takeover at Columbia University stirred U.S. consciousness. Still, there are signs, they said, of a building resistance to the war in Iraq and other U.S. foreign policy initiatives.

"Whenever you have inequality dragging on the way it is now, that's always resulted at some point in a rise in mass resistance," said David Judd, a Columbia junior who celebrated his 21st birthday yesterday by traveling with 150 classmates to Washington for the protest. "Obviously, that's not going to happen tomorrow, but there's good reason to believe that at some point it will, and the work that we do beforehand in preparing for that and getting people involved in activism is important."

Many students mentioned the case of Ehren Watada -- the U.S. Army lieutenant facing a court martial for refusing to deploy to Iraq -- as an important step in building a cohesive antiwar movement. Watada's father spoke from the main stage at the protest while student speakers at a side rally organized by the Campus Antiwar Network hailed the young man as a hero and said the war will not end until other soldiers make the same decision.

Mark Rudd, the 1960s radical who gained notoriety as the leader of the Columbia protests and as a member of the revolutionary group the Weathermen, said he has noticed increased antiwar activity among college students over the past year, which he attributed in part to Watada's public refusal to deploy in June. Students for a Democratic Society, the largest student activist group during Vietnam, has reemerged, holding its first convention since 1969 last year and gaining a presence on a growing number of college campuses.

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"There's been a 35-year break where there hasn't been a mass movement, so students haven't had a natural model for how to do it," Rudd said, laying some of the blame on the Weathermen for breaking apart the larger student movement in the push to be more radical. "I hope they'll learn from our shameful history and learn how not to screw things up like we did."

Students agreed that ending the war will require building a coalition across political lines. University of Maryland senior Alan Wright, 21, said political moderates have been alienated from the antiwar movement by radicals.

"We might all be against the war, but there's no consensus about what we should do now," Wright said. "If we can all come together, we will be able to have more of an impact."

Grand Delusion (WP)

By Robert Kagan

The Washington Post, January 28, 2007

It's quite a juxtaposition. In Iraq, American soldiers are finally beginning the hard job of establishing a measure of peace, security and order in critical sections of Baghdad -- the essential prerequisite for the lasting political solution everyone claims to want. They've launched attacks on Sunni insurgent strongholds and begun reining in Moqtada al-Sadr's militia. And they've embarked on these operations with the expectation that reinforcements will soon be on the way: the more than 20,000 troops President Bush has ordered to Iraq and the new commander he has appointed to fight the insurgency as it has not been fought since the war began.

Back in Washington, however, Democratic and Republican members of Congress are looking for a different kind of political solution: the solution to their problems in presidential primaries and elections almost two years off. Resolutions disapproving the troop increase have proliferated on both sides of the aisle. Many of their proponents frankly, even proudly, admit they are responding to the current public mood, as if that is what they were put in office to do. Those who think they were elected sometimes to lead rather than follow seem to be in a minority.

The most popular resolutions simply oppose the troop increase without offering much useful guidance on what to do instead, other than perhaps go back to the Baker-Hamilton commission's vague plan for a gradual withdrawal. Sen. Hillary Clinton wants to cap the number of troops in Iraq at 137,500. No one explains why this is the right number, why it shouldn't be 20,000 troops lower or higher. But that's not really the point, is it?

Other critics claim that these are political cop-outs, which they are. These supposedly braver critics demand a cutoff of funds for the war and the start of a withdrawal within months. But they're not honest either, since they refuse to answer the most obvious and necessary questions: What do they propose the United States do when, as a result of withdrawal, Iraq explodes and ethnic cleansing on a truly horrific scale begins? What do they propose our response should be when the entire region becomes a war zone, when al-Qaeda and other terrorist organizations establish bases in Iraq from which to attack neighboring states as well as the United States? Even the Iraq Study Group acknowledged that these are likely consequences of precipitate withdrawal.

Those who call for an "end to the war" don't want to talk about the fact that the war in Iraq and in the region will not end but will only grow more dangerous. Do they recommend that we then do nothing, regardless of the consequences? Or are they willing to say publicly, right now, that they would favor sending U.S. troops back into Iraq to confront those new dangers? Answering those questions really would be honest and brave.

Of course, most of the discussion of Iraq isn't about Iraq at all. The war has become a political abstraction, a means of positioning oneself at home.

To the extent that people think about Iraq, many seem to believe it is a problem that can be made to go away. Once American forces depart, Iraq will no longer be our problem. Joseph Biden, one of the smartest foreign policy hands in the Senate, recently accused President Bush of sending more troops so that he could pass the Iraq war on to his successor. Biden must assume that if the president took his advice and canceled the troop increase, then somehow Iraq would no longer be a serious crisis when President Biden entered the White House in 2009.

This is a delusion, but it is by no means only a Democratic delusion. Many conservatives and Republicans, including erstwhile supporters of the war, have thrown up their hands in anger at the Iraqi people or the Iraqi government. They, too, seem to believe that if American troops leave, because Iraqis don't "deserve" our help, then somehow the whole mess will solve itself or simply fade away. Talk about a fantasy. The fact is, the United States cannot escape the Iraq crisis, or the Middle East crisis of which it is a part, and will not be able to escape it for years. And if Iraq does collapse, it will not be the end of our problems but the beginning of a new and much bigger set of problems.

I would think that anyone wanting to be president in January 2009 would be hoping and praying that the troop increase works. The United States will be dealing with Iraq one way or another in 2009, no matter what anyone says or does today. The

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only question is whether it is an Iraq that is salvageable or an Iraq sinking further into chaos and destruction and dragging America along with it.

A big part of the answer will come soon in the battle for Baghdad. Politicians in both parties should realize that success in this mission is in their interest, as well as the nation's. Here's a wild idea: Forget the political posturing, be responsible, and provide the moral and material support our forces need and expect. The next president will thank you.

Robert Kagan, a senior associate at the Carnegie Endowment for International Peace and transatlantic fellow at the German Marshall Fund, writes a monthly column for The Post. His latest book is "Dangerous Nation," a history of American foreign policy.

It Has Unraveled So Quickly (NYT)

By Sabrina Tavernise

The New York Times, January 28, 2007

A PAINFUL measure of just how much Iraq has changed in the four years since I started coming here is contained in my cellphone. Many numbers in the address book are for Iraqis who have either fled the country or been killed. One of the first Sunni politicians: gunned down. A Shiite baker: missing. A Sunni family: moved to Syria.

I first came to Iraq in April 2003, at the end of the looting several weeks after the American invasion. In all, I have spent 22 months here, time enough for the place, its people and their ever-evolving tragedy to fix itself firmly in my heart.

Now, as I am leaving Iraq, a new American plan is unfolding in the capital. It feels as if we have come back to the beginning. Boots are on the ground again. Boxy Humvees move in the streets. Baghdad fell in 2003 and we are still trying to pick it back up. But Iraq is a different country now.

The moderates are mostly gone. My phone includes at least a dozen entries for middle-class families who have given up and moved away. They were supposed to build democracy here. Instead they work odd jobs in Syria and Jordan. Even the moderate political leaders have left. I have three numbers for Adnan Pachachi, the distinguished Iraqi statesman; none have Iraqi country codes.

Neighborhoods I used to visit a year ago with my armed guards and my black abaya are off limits. Most were Sunni and had been merely dangerous. Now they are dead. A neighborhood that used to be Baghdad's Upper East Side has the dilapidated, broken feel of a city just hit by a hurricane.

The Iraqi government and the political process, which seemed to have great promise a year ago, have soured. Deeply damaged from years of abuse under Saddam Hussein, the Shiites who run the government have themselves turned into abusers.

Never having covered a civil war before, I learned about it together with my Iraqi friends. It is a bit like watching a slow-motion train wreck. Broken bodies fly past. Faces freeze in one's memory in the moments before impact. Passengers grab handles and doorframes that simply tear off or uselessly collapse.

I learned how much violence changes people, and how trust is chipped away, leaving society a thin layer of moth-eaten fabric that tears easily. It has unraveled so quickly. A year ago, my interviews were peppered with phrases like "Iraqis are all brothers." The subjects would get angry when you asked their sect. Now some of them introduce themselves that way.

I met Raad Jassim, a 38-year-old Shiite refugee, in a largely empty house, recently owned by Sunnis, where he now lives in western Baghdad. He moved there in the fall, after Sunni militants killed his brother and his nephew and confiscated his large chicken farm north of Baghdad. He had lived with Sunnis his whole life, but after what happened, a hatred spread through him like a disease.

"The word Sunni, it hurts me," he said, sitting on the floor in a bare room, his 7-year-old boy on his lap. "All that I have lost came from this word. I try to avoid mixing with them."

"A volcano of revenge" has built up inside him, he said. "I want to rip them up with my teeth."

In another measure of just how much things have changed, Mr. Jassim's Shiite neighborhood is relatively safe. The area is now largely free of Sunnis, after Shiite militias swept it last year, and it runs smoothly on a complex network of relationships among the local militias, the police and a powerful local council. His street is dotted with fruit stands. Boys in uniforms roughhouse. Men sit in teahouses sipping from tiny glass cups.

Just to the south, the Sunni neighborhood of Dawoodi is ghostly at almost any time of day. Wide boulevards trimmed with palm trees used to connect luxury homes. Now giant piles of trash go uncollected in the median.

A serious problem is dead bodies. They began to appear several times a week last summer on the railroad tracks that run through the neighborhood. But when residents call the police to pick up the bodies, they do not come. The police are Shiite and afraid of the area.

"Entering a Sunni area for them is a risk," said Yasir, a 40-year-old Sunni whose house is close to the dumping ground.

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A few weeks ago, a woman's body appeared. It was raining. Yasir said he covered her with blankets and called the police. A day later the police arrived. They peeked under the waterlogged blanket and drove away. It was another day before they collected the body. They took it at night, turning off their headlights and inching toward the area like thieves.

For those eager to write off Iraq as lost, one fact bears remembering. A great many Shiites and Kurds, who together make up 80 percent of the population, will tell you that in spite of all the mistakes the Americans have made here, the single act of removing Saddam Hussein was worth it. And the new American plan, despite all the obstacles, may have a chance to work. With an Iraqi colleague, I have been studying a neighborhood in northern Baghdad that has become a dumping ground for bodies. There, after American troops conducted sweeps, the number of corpses dropped by a third in September. The new plan is built around that kind of tactic. But the odds are stacked against the corps of bright young officers charged with making the plan work, particularly because their Iraqi partner — the government of Prime Minister Nuri Kamal al-Maliki — seems to be on an entirely different page. When American officials were debating whether to send more troops in December, I went to see an Iraqi government official. The prospect of more troops infuriated him. More Americans would simply prolong the war, he said.

"If you don't allow the minority to lose, you will carry on forever," he said.

The remarks struck me as a powerful insight into the Shiites' thinking. Abused under Mr. Hussein, they still act like an oppressed class. That means Iraqis are looking into a future of war, at least in the near term. As one young Shiite in Sadr City said to me: "This just has to burn itself out."

Hazim al-Aaraji, a disciple of the renegade Shiite cleric Moktada al-Sadr, understands this. A cleric himself, he is looking for foot soldiers for the war. On a warm October afternoon, as he bustled around his mosque in western Baghdad, he said the ideal disciples would have "an empty mind," and a weapon. Surprised by the word choice, an Iraqi friend I was with stopped him, to clarify his intent. Once again, he used the word "empty."

The frank remark spoke of a new power balance, in which radicals rule and moderates have no voice. For many families I have become attached to here, the country is no longer recognizable.

I met Haifa and her husband, Hassan, both teachers, in a driveway in western Baghdad. They had just found the body of their 12-year-old son, who had been kidnapped and brutally killed, and were frantic with grief. They finally decided to leave Iraq, but its violence tormented them to the end. They paid a man to drive them to Jordan, but he was working with Sunni militants in western Iraq, and pointed out Hassan, a Shiite, to a Sunni gang that stopped the car. Over the next several hours, Haifa waved a tiny Koran at men in masks, pleading for her husband's release, her two remaining children in tow.

Hassan, meanwhile, knelt in a small room, his hands behind his back. His captors shot a man next to him in the neck. Haifa, a Sunni, eventually prevailed on them to let him go. The family returned to Baghdad, then borrowed money to fly to Jordan.

Now they live there, in a tiny basement apartment without windows in a white stone housing project on the side of a hill. Like many Iraqis there, they live in hiding. Residency permits cost $100,000, far beyond their means. Hassan cannot work, nor even risk leaving the house during the day for fear the Jordanian police will deport him.

He tries not to talk to people, afraid someone will recognize his Iraqi accent. He doesn't bargain in the vegetable market. He accepts mean remarks by Jordanian cabdrivers wordlessly.

Most of all, he wants to go home. "But death is waiting for us there," he tells me. "We are homeless. Please help us."

Parting Ways In Iraq (NYT)

By David Brooks

The New York Times, January 28, 2007

During the summer of 1995, Edward Joseph was serving as a U.N. peacekeeper in Bosnia. He was asked to help Muslim women and children flee from an area near Srebrenica, where 7,000 Muslims had already been slaughtered by Serb forces.

It was a controversial mission. The U.N. High Commissioner for Refugees refused to participate, believing the evacuation would just complete the ethnic cleansing. But the high commissioner didn't see the crowds of Muslim women shrieking in terror as Serb jeeps rolled by. Joseph did. It might seem high-minded to preach ethnic reconciliation from afar, Joseph now says, but in a civil war, when you can't protect people, it's immoral to leave them to be killed.

Gradually, leaders on all sides of the Bosnian fight came to see it was in their interest to separate their peoples. And once the ethnic groups were given sanctuary, it became possible to negotiate a peace that was imperfect, but which was better than the reverberating splashes of blood.

Today, many of the people active in Bosnia believe they have a model that could help stabilize Iraq. They acknowledge the many differences between the two places, but Iraq, they note, is a disintegrating nation. Ethnic cleansing is dividing Baghdad, millions are moving, thousands are dying and the future looks horrific.

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The best answer, then, is soft partition: create a central government with a few key powers; reinforce strong regional governments; separate the sectarian groups as much as possible.

In practice, that means, first, modifying the Iraqi Constitution.

As Joe Biden points out, the Constitution already goes a long way toward decentralizing power. It gives the provinces the power to have their own security services, to send ambassadors to foreign countries, to join together to form regions. Decentralization is not an American imposition, it's an Iraqi idea.

But, he adds, so far the Constitution doesn't yet have legislation that would do things like equitably share oil and gas revenue. The Sunnis will never be content with a strip of sand unless they're constitutionally guaranteed 20 percent of the nation's wealth.

The second step is getting implicit consent from all sects that separation and federalism are in their interest. The Shiites would have to accept that there never will be a stable Iraq if the Sunnis are reduced to helot status. The Kurds would have to accept that peace and stability are worth territorial compromise in Kirkuk. The Sunnis would have to accept that they're never going to run Iraq again, and having a strong Sunni region is better than living under a Shiite jackboot.

As Les Gelb says, unless the thirst for vengeance has driven the leaders in Iraq beyond the realm of reason, it should be possible to persuade them to see where their best interests lie.

The third step in a soft partition would be the relocation of peoples. This would mean using U.S. or Iraqi troops to shepherd people who want to flee toward areas where they feel safe. It would mean providing humanitarian assistance so they can get back on their feet.

As Edward Joseph and Michael O'Hanlon note, in this kind of operation, timing is everything. Move people in a certain neighborhood too early, and militias could perceive a vacuum and accelerate the violence. Move too late and you could be moving corpses.

The fourth step is getting Iraq's neighbors to buy into the arrangement. Presumably neither Iran nor Saudi Arabia really relishes complete chaos in Iraq and a proxy war with each other after the U.S. withdraws. The Turks would have to be reassured that this plan means no independent Kurdistan will ever come into being.

The most serious objection to soft partition is that the Sunni and Shiite populations are too intermingled in Baghdad and elsewhere to really separate. This objection, sadly, becomes less of a problem every day. But it would still be necessary to maintain peacekeepers in the mixed neighborhoods, be open to creative sovereignty structures, and hope that the detoxification of the situation nationally might reduce violence where diverse groups touch.

In short, logic, circumstances and politics are leading inexorably toward soft partition. The Bush administration has been slow to recognize its virtues because it is too dependent on the Green Zone Iraqis. The Iraqis talk about national unity but their behavior suggests they want decentralization. Sooner or later, everybody will settle on this sensible policy, having exhausted all the alternatives.

On Iran, Bush Faces Haunting Echoes Of Iraq (NYT)

By David E. Sanger

The New York Times, January 28, 2007

WASHINGTON, Jan. 27 — As President Bush and his aides calibrate how directly to confront Iran, they are discovering that both their words and their strategy are haunted by the echoes of four years ago — when their warnings of terrorist activity and nuclear ambitions were clearly a prelude to war.

This time, they insist, it is different.

"We're not looking for a fight with Iran," R. Nicholas Burns, the under secretary of state for policy and the chief negotiator on Iranian issues, said in an interview on Friday evening, just a few hours after Mr. Bush had repeated his warnings to Iran to halt "killing our soldiers" and to stop its drive for nuclear fuel.

Mr. Burns, citing the president's words, insisted that Washington was committed to "a diplomatic path" — even as it executed a far more aggressive strategy, seizing Iranians in Iraq and attempting to starve Iran of the money it needs to revitalize a precious asset, its oil industry.

Mr. Burns argues that those are defensive steps that are not intended to provoke Iran, though there has been a vigorous behind-the-scenes debate in the administration over whether the more aggressive policy could provoke Iran to strike back. The State Department has tended to counsel caution, while some more hawkish aides in the Pentagon and the White House say the increase in American forces in Iraq could be neutered unless the American military forcefully pushes back against the Iranian aid to the militias.

To many in Washington, especially Mr. Bush's Democratic critics, the new approach to Iran has all the hallmarks of an administration once again spoiling for a fight.

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Some see an attempt to create a diversion, focusing the country's attention away from a war gone bad in Iraq, and toward a country that has exploited America's troubles to expand its influence. Others suspect an effort to shift the blame for the spiraling chaos in Iraq, as a steady flow of officials, from the C.I.A. director to the new secretary of defense, cite intelligence that Iranians are smuggling into Iraq sophisticated explosive devices and detailed plans to wipe out Sunni neighborhoods. So far, they have disclosed no evidence. Next week, American military officials are expected to make their most comprehensive case — based on materials seized in recent raids — that Iran's elite Quds force is behind many of the most lethal attacks.

But as they present their evidence, some Bush administration officials concede they are confronting the bitter legacy of their prewar distortions of the intelligence in Iraq. When speaking under the condition of anonymity, they say the administration's credibility has been deeply damaged, which would cast doubt on any attempt by Mr. Bush, for example, to back up his claim that Iran's uranium enrichment program is intended for bomb production.

"It's never stated explicitly, but clearly we can't make the case about Iran's intentions," said a senior strategist for the Bush administration who joined it long after evidence surfaced that Iraq had none of the illicit weapons that the administration cited as a reason to go to war.

It has not helped that even as the administration is making its case against Iran, the perjury trial of I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff, was opening just a few blocks away.

The early testimony in that trial has laid bare again how Mr. Cheney, among others, carefully selected intelligence for use in a political campaign to make the case against Iraq. Now, several years later, the administration is paying the price in dealing with a country whose ability to project power and to build a sophisticated nuclear program is far greater than Saddam Hussein's was in 2003.

The administration does not have definitive evidence that Iran is moving toward producing a nuclear bomb, but next week it will unveil what officials say is evidence of Iran's meddling in Iraq.

In interviews over the past several weeks, officials from the Pentagon to the State Department to the White House insist that Mr. Bush's goal in Iran is not to depose a government, Iraq-style, but rather to throw a series of brushback pitches.

Officials familiar with the intelligence prepared for Mr. Bush say American assessments conclude that Iran sees itself at the head of an alliance to drive the United States out of Iraq, and ultimately out of the Middle East. Other briefings have included assessments that Russia and China will never join meaningful economic sanctions against a country that they do business with, so if Mr. Bush wants to apply military and economic pressure, he must do so outside the United Nations.

One result was a strategy that Mr. Bush approved in the fall to push back on all fronts and to force Iran to recalculate what administration officials call its cost-benefit analysis for challenging the United States. The effort to stop European and Japanese banks from lending money to Iran's oil sector is part of the equation. So is pushing down the price of oil, though administration officials grow silent when asked whether Mr. Cheney or others have discussed with Saudi Arabia the benefits of pumping enough oil to push the price down and deprive Iran of revenues.

But it is the military component of the strategy that carries the biggest risks. Two aircraft carriers and their accompanying battle groups were sent into the Persian Gulf, a senior military official said, "to remind the Iranians that we can focus on them, too." American military forces in Iraq were authorized to move against Iranian operatives, though it is unclear what kind of evidence is needed, if any, that they are conspiring against American forces before military action is authorized.

American officials describe those measures as purely defensive. "We are definitely looking to protect our interests in the gulf, in Iraq itself, and to protect the lives of our soldiers," said Mr. Burns, who insisted that there was no effort to stop Iran from ordinary exchanges with Iraq.

Yet administration officials clearly worry that the Iranians may not back down, and that a confrontation could build up — especially if a midlevel American commander or a member of Iran's military or paramilitary forces in Iraq miscalculated. Both Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates have warned against that risk, officials say.

Administration officials say that while all of Mr. Bush's advisers have signed on to the strategy of more forceful confrontation with Tehran, there is considerable debate about how far to push it. Some Iran experts at the State Department have warned that encounters between Americans and Iranians inside Iraq could strengthen the hand of President Mahmoud Ahmadinejad by allowing him to change the subject from his failure to produce jobs and the rising cost of nuclear defiance.

Over the longer run, there is a continuing debate about whether military action may some day be necessary to set back Iran's nuclear activities. For now American officials say they do not believe they have a good set of targets or the ability to contain Iran's reaction. "It's not a question of ideology," one senior military official said, refusing to talk on the record about military planning. "We simply don't have the forces to deal with the reaction. They're busy."

At the Pentagon, military officials say there are still arguments over the rules for confronting Iranian operatives. Are they legitimate targets simply because they are identified as part of Iran's military? Or do American forces need evidence that they are

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importing weapons or sowing chaos? Publicly, officials say the answers to those questions are classified. Privately, a senior official said, "It's all still a matter of debate."

In coming weeks, administration officials say, more escalation is likely. The Iranians have told the International Atomic Energy Agency that they will announce in February that they are beginning industrial-scale efforts to produce uranium. It will probably be years before they can produce enough fuel for a bomb.

But the debate over whether the United States should stick to diplomacy or take more forceful action is bound to begin right away, and will sound familiar. Democrats, even while accusing the administration of failing to engage with Iran, are positioning themselves to sound tough.

"To ensure that Iran never gets nuclear weapons, we need to keep all options on the table," former Senator John Edwards recently told an Israeli security conference. "Let me reiterate — all options."

For Mr. Bush, this is not only about options but about legacy. Already bloodied in Iraq, he will come under increasing pressure to show that he has not left the United States weakened in the Middle East. He does not want to be remembered for leaving Iran more powerful than he found it when he came to office.

Iran Condemns U.S. Raids Against Its Operatives (AP)

AP, January 27, 2007

TEHRAN, Iran - A top Iranian lawmaker denounced the United States on Saturday for allowing its troops to kill or capture Iranians in Iraq whom U.S. forces believe pose a threat.

"This is support for terrorism. It is against all recognized international treaties to order the death of nationals of another country in a foreign land," Alaeddin Boroujerdi, the head of Parliament's Foreign Policy and National Security Committee, said on state television.

On Friday, Defense Secretary Robert Gates said U.S. forces "are authorized to go after those who are trying to kill them."

The more aggressive policy — evolving over a period of months — was described as the result of mounting evidence that Iran is supporting terrorists inside Iraq and is a major supplier of bombs and other weapons used to target U.S. forces.

Foreign Minister Manouchehr Mottaki told journalists Saturday that "bullying and threatening" were part of the U.S. strategy in Iraq and said Iran was a "part of resolving Iraq's problems, not a part of the problem itself."

At least eight Iranians have been detained in Iraq recently, including two diplomats in a Dec. 21 roundup. They were interrogated and released to Iranian officials eight days later.

The six others were captured Jan. 11 at an Iranian liaison office in the northern city of Irbil. One was released and five are still believed in U.S. custody.

The U.S. ambassador to Iraq said last week that one of the detained Iranians was the director of operations for Iran's Revolutionary Guard Quds faction, the organization responsible for funding and arming Iraqi militants.

Whose Iran? (NYT)

By Laura Secor

The New York Times Magazine, January 28, 2007

The Mahestan mall in South Tehran is sometimes called "the honeycomb" of the Basij, the Iranian youth militia, because it is here that Basijis, as the militia members are known, buy and sell banners for the Shiite festival of Ashura, as well as religious books and posters. Somber, bearded young men in collarless shirts linger over tea behind stands selling tapes of religious singers — cult celebrities who belt out tear-jerking laments for the martyrdom of Hussein and make a small fortune performing at memorial services. Omid Malekian, a 28-year-old employee of a Tehran petrochemical refinery and the son of a carpenter, was shopping at Mahestan on Dec. 16, the day after Iran's elections for city councils and for the Assembly of Experts, the 86-member clerical board that will select the next supreme leader should anything happen to the current leader, Ayatollah Ali Khamenei. In the 2005 presidential election, Malekian voted for the winner, Mahmoud Ahmadinejad, and when I asked if he was happy with the president, he answered frankly.

"Sometimes I am analyzing myself and thinking, Oh, we have done wrong," he mused. "He is very popular and friendly with the people, but sometimes when he is expressing his ideas, he doesn't think about the future or the consequences. He is a simple man."

In particular, Malekian suggested that Ahmadinejad had been incautious in his promises to improve the economy — promises he has yet to keep. There was another area, too, in which Ahmadinejad had faltered: "About the Holocaust," he said. "I don't know much about it, but from the reaction of the world, it seems he should have said something different."

Still, Malekian said that he voted for the most severe fundamentalist among the candidates running for the clerical Assembly of Experts. The campaign turned on the competition between two incumbents, Ayatollah Taqi Mesbah-Yazdi — widely

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reputed to be Ahmadinejad's spiritual leader — and Ayatollah Ali Akbar Hashemi Rafsanjani, the pragmatic former president who lost the presidential race to Ahmadinejad in 2005. Each hoped to increase his share of the vote and thus his power on the assembly.

South Tehran is Ahmadinejad's heartland. It is here, in the less affluent neighborhoods of the city of 14 million where he was once mayor, that he rose from the obscure end of the seven-candidate roster in 2005, only to become one of the most popular figures in the Muslim world. Because liberal-minded Iranians boycotted the 2005 presidential election, and because Ahmadinejad so adeptly played the populist card, the militants, the unemployed and the cultural conservatives of neighborhoods like this one were in the driver's seat, steering the politics of this crucial nation while their opponents warned of their presumed doctrinaire views and political naïveté.

Early on, Ahmadinejad's faction was expected to win last month's elections handily. But the results contradicted the conventional wisdom about the Iranian electorate. The president put forward his own slate of candidates for the city councils. It was trounced. By some reckonings, reformists won two-fifths of the council seats and even dominated in some cities, including Kerman and Arak. Some conservative city-council candidates did well, particularly in Tehran, but they were not the conservatives associated with Ahmadinejad: rather, they belonged to the rival conservative faction of the current Tehran mayor, Mohammad Baqer Qalibaf. And most significant, the vote for Rafsanjani for the Assembly of Experts dwarfed that of Mesbah-Yazdi by nearly two to one. By mid-January, Ahmadinejad's isolation even within his own faction was complete: 150 of 290 members of parliament, including many of Ahmadinejad's onetime allies, signed a letter criticizing the president's economic policies for failing to stanch unemployment and inflation. A smaller group also blamed Ahmadinejad's inflammatory foreign-policy rhetoric for the United Nations Security Council resolution imposing sanctions on Iran. As if that were not enough, an editorial in Jomhouri Eslami, a newspaper that reflects the views of the supreme leader, accused the president of using the nuclear issue to distract the public from his failed policies. Ahmadinejad's behavior was diminishing popular support for the nuclear program, the editorial warned. The Iranian political system seems to be restoring its equilibrium by showing an extremist president the limits of his power. But is it an equilibrium that can hold?

In part, last month's election results reflected the complexity of Ahmadinejad's skeptical, conditional and diverse constituency. They also demonstrated his isolation within the powerful conservative establishment, whose politics, however opaque, are determinative. At its center, Khamenei commands a faction known as the traditional conservatives. No elected leader can serve, let alone execute a policy agenda, without the acquiescence of the supreme leader and his associates. But was Ahmadinejad one of the leader's associates? Or was he, like his predecessor, Khatami, something of a political rival? The answer to this question should determine the extent to which Ahmadinejad's foreign-policy extremism and authoritarian tendencies are taken seriously as a political program. But it is a puzzle that has vexed political analysts since the president took office in August 2005, bringing with him a faction that was largely new to the post-revolutionary political scene. Composed partly of military and paramilitary elements, partly of extremist clerics like Mesbah-Yazdi and partly of inexperienced new conservative politicians, those in Ahmadinejad's faction are often called "neoconservatives." But to the extent that they have an ideology, it is less new than old, harking back to the early days of the Islamic republic. Since that time, the same elite has largely run Iranian politics, though it has divided itself into competing factions, and the act of wielding power has mellowed many hard-liners into pragmatists. Ahmadinejad's faction, on the other hand, came into power speaking the language of the past but with the zeal of the untried.

In 2005, many analysts believed that Ahmadinejad's elevation to the presidency must have been sanctioned by the supreme leader — indeed, that it reflected a hardening agenda among the traditional conservatives. He would be the "secretary" of Khamenei, a number of reformists said to me that summer in Tehran. But the way Ahmadinejad governed was nothing if not divisive. He undertook the most far-reaching governmental housecleaning since the revolution itself, reportedly replacing as many as 20,000 bureaucrats. And when it came time for the elections last month, he offered his own slates of candidates, disdaining to ally himself with the traditional conservatives or with anyone else. For the Assembly of Experts, Ahmadinejad endorsed a ticket of scholars from what is known as the Haqqani circle, a group of clerics who cleave strongly to the notion of the divine state and disdain popular sovereignty and democracy.

The senior figure in this circle, Mesbah-Yazdi, already belonged to the assembly. But in the fall of 2006, buoyed by association with the populist president, his group put forward a wave of candidates in a bid to transform the assembly. Even after the Guardian Council — an appointed body that answers to the supreme leader and that vets candidates and legislation — had disqualified almost half the proposed candidates, including most of the reformists and a large number of Mesbah-Yazdi's students, clerics associated with Mesbah-Yazdi still stood a reasonable chance of winning dozens of the 86 seats. It was here that the ideological contest of the Ahmadinejad presidency was starkest. Were the public and the leadership ready to accept Mesbah-Yazdi's brand of extremism along with the populism Ahmadinejad had served up? And what did it mean if they were not?

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The 97-mile stretch of highway from Tehran southwest to Qom passes through a cratered landscape of magnificent desolation to the basin between a salt marsh and a desert at the foot of the Zagros Mountains. Middle-class, educated Tehranis often scorn and even fear Qom as the center of religious Puritanism and political repression. But for pious Shiites in Iran and elsewhere, the city is a pilgrimage destination, home to one of the holiest Shiite shrines, most of the living Shiite marjas (senior religious figures, literally "sources of imitation") and more than 50 seminaries, institutions that long pre-existed universities in Iran and where the works of the Greek philosophers have for centuries been studied alongside religious texts. Students, who number some 40,000, enter Qom at an average age of 17. Some of them continue their studies for decades, as Shiite religious learning has no set end point. Since the Islamic revolution, the seminary city has thrived as the government has spent lavishly on mosques and dormitories, nearly all with the same pale brick and blue tile facades. In recent years, Qom has absorbed waves of Shiite immigrants from Afghanistan and Iraq. There is an Iraqi bazaar not far from the holy shrine, and the sight of men in Arab dishdashas is commonplace.

Mesbah-Yazdi has a major presence here in the form of the Imam Khomeini Institute, the enormous seminary of which Mesbah-Yazdi is the head scholar. It holds Iran's most extensive library of scholarly books in English, totaling 11,200 volumes. It is the envy of the universities in Tehran. Mesbah-Yazdi, a fellow cleric told me, believed that it was important to understand Western ideas to better resist and refute them.

Born in 1934, Mesbah-Yazdi is an éminence grise among the ayatollahs of Qom, but age has not mellowed him. In the last decade he has become famous less for his learned philosophical exegeses (he posts his entry in the Routledge Encyclopedia of Philosophy on his Web site) than for his jeremiads at Friday prayers against popular sovereignty, free speech, women's rights and Islamic reform. Public execution and flogging are "a basic principle of Islam," Mesbah-Yazdi has said, and the government should regulate the content of speech "just as it checks the distribution of adulterated or contaminated foodstuffs." Because "Mesbah" sounds like the Farsi word for crocodile, he is known by his critics as Ayatollah Crocodile. (A cartoonist was once imprisoned for depicting him as a reptile, shedding crocodile tears as he strangled a dissident writer with his tail.)

At Ahmadinejad's invitation, members of Mesbah-Yazdi's Haqqani circle occupy several key government posts. But before Ahmadinejad came to power, they had been pushed mostly to the margins of Iranian politics, where they complained bitterly about the efforts of the reformist Khatami and his colleagues to advance their agenda through the elected branches of government. To the Haqqani scholars, it seemed that the reformists were challenging the doctrine of velayat-i-faqih, which is based on the sovereign power of the chief jurist, the supreme leader. "We shall wait to see what place these foxes who claim to be the supporters of reform will occupy in hell," Mesbah-Yazdi proclaimed. If Iranians believed in their supreme leader as the agent of God, second-guessing his judgment through elections was tantamount to holding a referendum on whether or not Damavand was the highest peak in Iran. What if 51 percent of the public said that it was not? "It doesn't matter what the people think," Mesbah-Yazdi was quoted as saying. "The people are ignorant sheep." He has also said, "Islam was the government of God, not the government of the people."

Mesbah-Yazdi's most open and media-friendly acolyte, Ayatollah Mohsen Gharavian, did not put the matter quite so strongly when, draped in the encompassing Iranian chador, I met with him in an unadorned office at a small seminary on one of Qom's dusty side streets.

"In the name of God, the beneficent and merciful," Gharavian intoned, "before coming to the main question and answer, I want to know where you got this chador. Is it from the United States or Iran?"

From Iran, I told him.

"Congratulations on seeing you in a very Islamic manner," Gharavian replied.

For a cleric who had been quoted as saying that despotism was not all bad and that public opinion was meaningless, Gharavian, who teaches philosophy at the Imam Khomeini Institute, did not have a severe presence. Rather, he was a big, courteous man of 54 with a reddish beard. The election to the Assembly of Experts was just a day away, and Gharavian was the hard-line candidate for the hard-line city of Qom. Still, he expected to lose, and he did lose. Amiably, he remarked that he had run and lost before, and that to win would have required a financial outlay of which he disapproved.

When it came to politics, he spoke mostly in evasions and platitudes. Democracy, he explained, was acceptable within the boundaries of Islam, and human rights were contained within Islam, but such rights should not include freedom of worship or freedom to believe things that are untrue or unwise. (His examples were the misguided beliefs of Nietzsche and Machiavelli.) The Islamic penal code required no modification in the modern era; its harshest punishments, he asserted, were no more violent than some American and European spectator sports. He appeared shocked by the suggestion that Iran held political prisoners and demanded an example. I offered the journalist Akbar Ganji, imprisoned for six years on account of his critical writings. Gharavian replied: "Did you read Mr. Ganji's manifesto? He questioned the whole establishment." Freedom of expression, he explained, did not include the freedom to "breach the peace of the society." He demanded, "Don't you have prisoners in your country?"

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Mesbah-Yazdi's statements on most of these matters were a matter of public record, and they were even blunter. "If someone tells you he has a new interpretation of Islam, hit him in the mouth," he said in 2000. Two years later, he said, "The prophets of God did not believe in pluralism. They believed that only one idea was right." On Sept. 4, 1999, he said: "Killing hypocrites does not require a court order, as it is a duty imposed by the Shariah on all genuine Muslims. The order of Islam is to throw them down from a high mountain and kill them outright." He spoke the following month of the need to break the unnecessary taboo on violence.

If such a taboo existed in the Islamic republic, it had been broken. That year, a string of dissidents were murdered under suspicious circumstances. In the writings that led to his prison sentence, Ganji accused Mesbah-Yazdi of sanctifying such actions with whispered fatwas and members of the Haqqani circle of direct involvement in the murders. A member of the shadowy vigilante group Ansar-e Hezbollah, which had violently attacked student demonstrators in July 1999, lent credence to Ganji's claims with videotaped testimony in which he said that Mesbah-Yazdi had encouraged the group to assassinate a reformist politician. "Now, on the issue of whether I authorized the assassination of individuals," Mesbah-Yazdi declared unapologetically in March 2001, "I must say that Imam Khomeini, may God be satisfied with him, issued a decree saying that shedding Salman Rushdie's blood was a religious obligation and, therefore, he advocated resorting to violence as well."

Why Ahmadinejad would ally himself with these clerics remains something of a mystery. Contrary to popular belief, says Nasser Hadian, a political scientist at Tehran University and a childhood friend of the president, Ahmadinejad never expounded a particularly conservative moral or social agenda. Rather, says Hadian, Ahmadinejad was and continues to be inspired above all by Ali Shariati, the mid-20th-century theorist of radical Islamic egalitarianism. The president's agenda is redistributionist and anti-imperialist, Hadian says. That doesn't make him a democrat. Nonetheless, "he is basically using Mesbah," Hadian says. It is an alliance of political convenience.

Alireza Haghighi, a political scientist who teaches at the University of Toronto at Mississauga, agrees that the association between Ahmadinejad and Mesbah-Yazdi has been overstated. But in an article he wrote with his colleague Victoria Tahmasebi in International Journal, Haghighi documented yet another Ahmadinejad genesis story. Young Ahmadinejad led a politically and religiously conservative Islamist student group during the Islamic Revolution, the writers claim. When the leftist Islamist students proposed seizing the American Embassy in 1979, Ahmadinejad opposed the action as imprudent, but he suggested that if they went ahead with it, they should seize the Soviet Embassy as well. His plan rejected, Ahmadinejad found himself excluded from historic events and spurned by the Islamic left, which was at that time a powerful faction within the regime. His opposition to that faction ossified into a vendetta.

Soon after Khomeini's death, the Islamic left lost the factional battle for dominance. Its members wandered eight years in the political wilderness before returning as the reform movement. That, too, Ahmadinejad was anxious to crush. In that aspiration he would have found ample common ground with the Haqqani circle.

As president, Ahmadinejad looked to the extreme right rather than seeking allies among the traditional conservatives, and in so doing, he exposed himself politically. "They were very arrogant," Hadian said of Ahmadinejad and his camp. "They didn't want to make any compromises. He has stood against the entire political structure in Iran, not inviting any of them, even the conservatives, to be partners. You don't see them in the cabinet; you don't see them in political positions."

And for that there was a price to be paid. This fall, Rafsanjani, who had suffered a humiliating defeat at Ahmadinejad's hands in the presidential election of 2005, was reportedly persuaded to run again for the Assembly of Experts by the supreme leader or people close to him. Rafsanjani is a divisive figure in Iranian politics. He is widely perceived as a kingmaker, the power behind the rise of Khamenei to the position of supreme leader and that of Khatami to the presidency. But though he remains highly respected among clerics, Rafsanjani is not a beloved figure in Iranian public life. During his presidency, he adopted an economic liberalization program that involved extremely unpopular austerity measures; meanwhile, through pistachio exports, he had himself become one of the richest men in Iran. Political and social repression did not ease until Khatami, his successor, came into office.

Nonetheless, in the Assembly of Experts elections in December, Rafsanjani emerged as the compromise candidate of the reformists and traditional conservatives. One reformist activist described him to me as the very last line of defense against the extreme right. And Rafsanjani delivered a staggering blow, winning nearly twice as many votes as Mesbah-Yazdi. The neoconservatives, it seemed, had been slapped down much the same way the reformists had: the traditional conservatives had decided that the threat they posed was intolerable, and the voters had decided that the president associated with them could not deliver on his promises.

On the morning of Election Day, Dec. 15, there were long lines outside the polling places in central and east Tehran. A crowd milled about the front courtyard of Masjed al Nabi, a large mosque in the east. There were children, a television camera and a seller of balloons in the shape of rabbit ears. A middle-aged couple stood by the sinks normally used for ablutions; the woman wore a long, tailored raincoat and a conservative black scarf. Her husband explained that the election was very important

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to them. “We are choosing our future,” he said through an interpreter. He was too sick, really, to move, but he had told his doctor that he could not forgo his civic duty to participate in the election.

Then I asked him if he saw big differences among the candidates for Assembly of Experts. “No,” he said, “they are all the same.”

What about the ones for city council?

“No,” he replied. “They are all the same, too.”

It is nearly impossible to have a political discussion with only one person on an Iranian street. Outside Masjed al Nabi, the first interloper was a clean-cut 35-year-old man in a plaid shirt who gave his name as Ali. “How can you say they are all the same?” he nearly shouted at the man who had been speaking. “We have candidates who are like the Taliban and others who are practically liberals. We have candidates who think women should be free and others who do not think so at all.”

“I never heard of a thing like that,” the first man said calmly. “The country has laws to decide these matters.”

To my right, a woman in a chador heatedly exclaimed: “He’s right! How can you say they are all the same? That’s why we’re here to vote, because they are all different. Our new president, Ahmadinejad, before the election he said women were free and equal. Now he says we should just make babies. Because he wanted our votes, he said good things.”

The original couple took advantage of the hubbub to slip away. Mohammad, a 37-year-old in a running jacket, pushed his way into our circle. “I am not voting,” he told me. “I want to choose my freedom. I don’t want to vote for them. I’m sure that whether I vote or not, it makes no difference. I don’t accept the Constitution of this country, and I hope I can change it without voting.”

Ali was listening intently. “The people who are good in this thing accept the vote of the people not just for show and not just on Election Day,” he told Mohammad. “Even in America it is the same; everywhere in the world it is. Everywhere in the world there are some people who are pro-democracy and others who are against it. Now people are more educated. One day, our democracy will be better than democracy in the United States, if we believe in it. We like our religion, our imams, God and Islam. We want democracy next to this. We don’t believe in democracy and freedom the way it exists in other parts of the world. We want something of our own.”

It was 5 o’clock when I left the crowded mosques of middle-class central and east Tehran for the deserted polling places of the affluent northern hills. In Tajrish, an election official told me that he had seen just 200 voters — far fewer than in the presidential election less than two years ago. “All the mullahs are the same,” he confided. “Everything always gets worse. Ahmadinejad is like a catalyst, speeding it up. The philosophical foundation of the state is not good.”

The debates among ordinary voters go to the heart of a structural weakness in the Iranian state. Founded on two conflicting ideas — the sovereignty of the people and divinely inspired clerical rule — the Islamic Republic of Iran has suffered from a decadelong crisis of legitimacy. Nothing forced that crisis quite the way the reform movement did, despite, or perhaps even because of, its cautious temperament and legalistic methods. Over the course of Khatami’s presidency, Iranians were faced with an inevitable question: What use was a supreme leader in a democracy, and what use were elections in a theocracy? The rise of Ahmadinejad, then his comeuppance, have forced those questions from the other direction. How far could the conservatives go in the authoritarian direction, and if not all the way, why not?

“In a sense, many people, including myself, we believe that Mesbah is right,” Sadegh Zibakalam, a reformist Tehran University professor, reflected when I visited him at his mother’s home in north Tehran in December. “Trying to make an amalgam of Western, liberal, democratic ideas and Shiite theology is nonsense. It doesn’t work.”

Later, he added: “Either Khamenei is infallible, or he’s not. If he’s not, then he is an ordinary person like Bush or Blair, answerable to the Parliament and the people. If he is, then we should throw away all this nonsense about Western values and liberal democracy. Either we have Western liberal philosophy, republican government and checks and balances, or we should stick to Mesbah. But to combine them? Imam Khomeini was so popular and charismatic. People rallied behind him and believed he was infallible. We never thought, What if the supreme leader is not supported by the people? The answer to this was brilliantly made by Mesbah: to hell with them.”

Zibakalam described Mesbah-Yazdi’s reading of velayat-i-faqih as a radical version of the one first proposed by Ayatollah Ruhollah Khomeini. But when I looked back through the lectures in which Khomeini first delineated the theory in Najaf in 1970, I found a vision strikingly similar to Mesbah-Yazdi’s. At that time, Khomeini had little truck with popular sovereignty. He quoted the Koran and sayings attributed to Muhammad: “The prophet has higher claims on the believers than their own selves” and “The scholars are the heirs of the prophet.” The only legitimate legislation was that which had already been made by God, and this would be administered by the learned jurist, who would rule over the people like a guardian over a child.

Nine years later, from his Paris exile during the revolution, Khomeini would approve a constitution drafted by more liberal associates. It was the blueprint for a parliamentary democracy, in which a council of clergymen would play an advisory role. This draft became the basis for the debate that occupied the first Assembly of Experts, convened to revise and approve a final

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constitution. After much discussion of the contradictions it engendered, the experts, many of them clerics, nonetheless yoked velayat-i-faqih to the republican structure they had been handed.

To this day, the structure of the Iranian state remains too liberal for the authoritarians and too authoritarian for the liberals, but the traditional conservatives at the center of power cannot resolve this obvious paradox at the republic's heart without relinquishing their own position. The best they could do was to revise the Constitution after Khomeini's death, greatly expanding the powers of the clerical councils and of the supreme leader at the expense of the elected offices.

Clerics I spoke to from the traditional conservative camp associated with Khamenei were paternalistic in their view of the state rather than outright authoritarian. They seemed to genuinely believe in a limited form of popular sovereignty — guided, of course, by Islamic scholars so that the people would not fall into error but nonetheless necessary for the legitimacy of the state.

It was this traditional conservative establishment that the reformists, many of them clerics, hoped to transform by introducing new policies through the legal channels of the state and by persuading jurists to assimilate new ideas about rights and freedoms into their interpretations of the sacred texts. One of the leading reformist theorists, Mohammad Mojtahed Shabestari, explained to me: "Many nations have influenced our jurisprudence. We could set aside some of the decrees of Islam today and bring some Western laws to replace them. This doesn't make us infidels."

After eight years in power, the reform movement found itself blocked by the conservative establishment, hamstrung by its own mistakes and unwilling or unable to shore up the failing economy. Ahmadinejad rose in its wake, campaigning not on ideological extremism but on populist blandishments. He would ease the financial pain of his countrymen, he promised, by bringing Iran's oil wealth to the people's tables.

As Omid Malekian had intimated to me at the Mahestan shopping mall, however, this was not a promise to make lightly. The Iranian economy has been mismanaged at least since the revolution, and to fix it would require measures no populist would be willing to take. Under Ahmadinejad, inflation has risen; foreign investors have scorned Iranian markets, fearing political upheaval or foreign invasion; the Iranian stock market has plummeted; Iranian capital has fled to Dubai. Voters I talked to pointed to the prices of ordinary foodstuffs when they wanted to explain their negative feelings about the government. According to Iranian news sources, from January to late August 2006 the prices of fruits and vegetables in urban areas rose by 20 percent. A month later, during Ramadan, the price of fruit reportedly doubled while that of chicken rose 10 percent in mere days. Housing prices in Tehran have reached a record high. Unemployment is still widespread. And Ahmadinejad's approval rating, as calculated by the official state television station, had dipped to 35 percent in October.

Iran is not a poor country. It is highly urbanized and modern, with a sizable middle class. Oil revenues, which Iran has in abundance, should be channeling plenty of hard currency into the state's coffers, and in fact the economy's overall rate of growth is healthy and rising. But as Parvin Alizadeh, an economist at London Metropolitan University, explained to me, what ultimately matters is how the state spends its influx of wealth. The Iranian government has tried to create jobs swiftly and pacify the people by spending the oil money on new government-run projects. But these projects are not only overmanned and inefficient, like much of the country's bloated and technologically backward public sector; they also increase the demand for consumer goods and services, driving up inflation.

Ahmadinejad has continued this trend. He has generated considerable personal good will in poorer communities, but hardly anyone I asked could honestly say that their lives had gotten better during his presidency. He fought to lower interest rates, which drove up lending, leading to inflation and capital flight. The government cannot risk infuriating the public with the austerity measures that would be required in order to solve its deep-rooted economic problems. But as long as its short-term fixes continue to fail, the government will go on being unpopular. The last two presidents have lost their constituencies over this issue. And so officials seek to distract people from their economic woes with ideological posturing and anti-Western rhetoric. Not only has this lost its cachet with much of the Iranian public, it also serves to compound Iran's economic problems by blackening its image abroad. "Iran has not sorted out its basic problem, which is to be accepted in the international community as a respectable government," Alizadeh said. "Investors do not take it seriously. This is a political crisis, not an economic crisis."

For a Western traveler in Iran these days, it is hard to avoid a feeling of cognitive dissonance. From a distance, the Islamic republic appears to be at its zenith. But from the street level, Iran's grand revolutionary experiment is beset with fragility. The state is in a sense defined by its contradictions, both constitutional and economic. It cannot be truly stable until it resolves them, and yet if it tries to do so, it may not survive.

Report: Iran Denies Centrifuge Work (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, January 28, 2007

An Iranian nuclear agency official has denied claims made by a top lawmaker that the Islamic Republic had begun installing 3,000 centrifuges at an uranium enrichment plant, Iran's state-run news agency reported late Saturday.

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Hossein Simorgh, head of Iran's Atomic Energy Organization public relations department, said "no new centrifuges have been installed in Natanz," referring to the nuclear facility in central Iran, the official Islamic Republic News Agency reported.

Earlier Saturday, lawmaker Alaeddin Boroujerdi said Iran was currently installing the 3,000 centrifuges, underlining that the country would continue to develop its disputed nuclear program despite U.N. sanctions.

Iran faces the prospect of additional United Nations sanctions unless it stops uranium enrichment by the end of a 60-day period that ends next month.

The U.N. Security Council voted unanimously in favor of economic sanctions Dec. 23 after Iran ignored an earlier deadline to halt enrichment.

Large scale use of centrifuges makes it possible to produce more enriched uranium in a shorter period.

Enriched uranium is used to fuel nuclear reactors and to make nuclear weapons. Many countries, including the United States, believe that Iran is using its nuclear program as a cover to produce an atomic weapon. Iran says its program is only for generating electricity.

Cracks In Iran (WP)

The Washington Post, January 28, 2007

THE BUSH administration's recent steps against Iran, which have included the dispatch of a second aircraft carrier to the Persian Gulf and the arrest of Iranian agents in Iraq, have worried a lot of people in Washington, who fear that the White House may be gearing up for another war. Fortunately, some influential people in Tehran appear to be getting nervous, as well. The stock market is dropping, and capital flight is accelerating. Some influential voices have begun publicly suggesting that flexibility as well as toughness is needed in dealing with the West. Pressure is growing on radical President Mahmoud Ahmadinejad, who has been rebuked by voters in recent elections, by parliamentary resolutions and by editorials in newspapers that reflect the views of the country's supreme leader, Ayatollah Ali Khamenei.

All this suggests that the U.S. measures, compounded by a U.N. sanctions resolution, may be having an effect on the mullahs. If so, the impact is sorely needed. During the past year Iran and its ally Syria have behaved as if they can defy the United States and United Nations with impunity. They have pressed a broad and violent offensive against Western interests across the region, from Baghdad to Beirut to the Gaza Strip, even as Iran has rejected Security Council orders to freeze its nuclear program.

It's too early to tell whether Iran will back off from that belligerent agenda: Last week its ally Hezbollah renewed its attempt to stage a coup against Lebanon's pro-Western government. But it's not too soon for the Bush administration to begin working on the next stage of its strategy. That's because the pushback tactics, while necessary to change the atmosphere of hubris in Tehran, aren't likely by themselves to achieve the administration's goals. The pressure needs to be carefully measured, since Iran, too, has the capacity to escalate, both in Iraq and elsewhere. While the threat of military action is useful, this president should not have to resort to that option.

What's needed is a mix of pressure with avenues for moderation by Tehran. Secretary of State Condoleezza Rice has offered to meet with Iranian officials and discuss a broad agenda of issues but only after the nuclear program is suspended -- a retreat Iran appears unlikely to undertake anytime soon. The administration doesn't help its cause by describing the Islamic regime as a Soviet-like monolith and publicly dividing the Middle East between pro- and anti-Iranian blocs. That ignores the very differences between extremists and moderates that can now be glimpsed in Tehran, and it invites Mr. Ahmadinejad to rally the country on a nationalist platform.

The most promising way of refining the current policy would be to return to a strategy that worked when the Bush administration tried it in 2001, which is engaging Iran in a regional forum. Five years ago the United States and Iran quietly cooperated within a larger group of nations to fashion a new regime in Afghanistan; now they have the possibility to work with Iraq's other neighbors to head off the escalation of sectarian war in Baghdad. To pursue such an initiative while simultaneously stepping up military and economic pressure on Iran, the Bush administration would have to forswear the Manichaeism it is so prone to in foreign affairs. But it might get better results.

20 Killed In Baghdad On Eve Of Holiday (NYT)

By Marc Santora, Damien Cave

The New York Times, January 28, 2007

BAGHDAD, Jan. 27 — Shiite neighborhoods in Baghdad came under fierce assault once again on Saturday, following two weeks of violence that left at least 300 dead and many hundreds more wounded.

Many of the recent attacks, nearly all of them in heavily Shiite areas, have occurred during the period of commemoration that leads to one of the holiest days for Shiites, an intense day of mourning known as Ashura that falls this year on Monday.

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Three American soldiers died when a roadside bomb exploded near their vehicle on Saturday north of Baghdad, [a news agency] reported. The news service said that the military confirmed the deaths of two other soldiers who were killed Thursday when their patrol was attacked in eastern Baghdad, and said that two additional soldiers died in separate episodes on Friday in Diyala Province.

Sunni militants have previously staged attacks on Shiites on Ashura, and fears are especially pronounced this year because it will be the first observance of the holy day since the sharp rise in sectarian killings after the bombing of a revered shrine in Samarra last February.

Basim Shareef, a member of Parliament and part of the Shiite coalition that controls the government, said the attacks might be timed to coincide with the Shiite holy days. But he thought it was more likely that militants were taking advantage of the relative lull in activity by Shiite militia leaders, who might be worried about becoming the targets of the new Baghdad security plan.

"I think the parties that might retaliate believe that they are targeted in the new security plan, and that is why they have not taken any retribution," he said.

In Saturday's deadliest attack, at least 15 people were killed and 55 wounded when twin car bombs exploded near a busy market and movie theater in eastern Baghdad, according to an Interior Ministry official.

The first car exploded after barreling into a crowded intersection, where many Shiites had gathered to perform rituals common in the period leading to Ashura, including self-flagellation.

A second bomb, in a vehicle parked nearby, exploded moments later. It was timed to inflict maximum damage just as a crowd gathered to help the victims of the first blast, according to an Iraqi security official.

Women in black chadors helped victims covered in blood reach rescue workers as militia members flooded the area.

At the time of the attack, the neighborhood, known as Jadida, was being guarded by Shiite militiamen as well as the Iraqi Army and the police, residents said.

Although it is unclear who was behind the attack, coordinated car bombings are considered to be a hallmark of Al Qaeda in Mesopotamia, which includes foreign fighters.

The spate of recent attacks appear to have been intended not just to inflict the maximum amount of civilian suffering, but also to grind all aspects of daily life closer to a halt. In a little over a week, schools, busy markets and even an animal market have been targets.

Saturday's violence came on a day when President Bush discussed the new security plan by telephone with Prime Minister Nuri Kamal al-Maliki. According to a statement released by Mr. Maliki's office, Mr. Bush "renewed his commitment to the Iraqi government."

Despite the violence and the threat of even worse attacks, Iraqi officials said they did not expect ceremonies associated with Ashura to be altered.

Ashura marks the seventh-century death of the Prophet Muhammad's grandson, Hussein, in the battle of Karbala, where the biggest gatherings will be held Monday. Last year's holy day was marked by scattered violence in which fewer than a dozen people were killed, but the two years before that were deadlier.

Two years ago, on the eve and the day of Ashura, 11 suicide bombers killed at least 74 people. In 2004, more than 180 people were killed during Iraq's Ashura commemorations.

In other violence in Baghdad on Saturday, gunmen killed five people from the same Shiite family and wounded three more after storming a home in the Amil neighborhood, the Iraqi authorities said.

Forty bodies were found around the city, most tortured and executed.

And in the Shiite area of Karada, gunmen stormed the office of a computer store and kidnapped at least eight people.

The attack began when four camouflaged S.U.V.'s swept into the crowded street of computer shops just outside the capital's Technology University shortly after noon, witnesses said. Men in camouflage commando uniforms poured out, witnesses said, fired into the air, shouted for people to get into their homes and stormed the Al Basra computer company, situated on the second floor of a nondescript concrete house on the main thoroughfare. They seized the workers and fled.

It was unclear whether the abductors were the police or Iraqi soldiers, or impostors.

Elsewhere, American forces continued to clash with militants, killing 14 insurgents in an airstrike early on Saturday in Diyala Province.

The attack was directed against "a known foreign-fighter safe house" as the men inside tried to flee, a military statement said.

There was also an explosion in the early evening Saturday in the Green Zone that set off alarms, activating a mechanized voice warning people to duck and cover. It shook houses blocks away and followed an attack on Friday, when two rockets left six non-American workers wounded, according to an American official.

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U.S. Troop Deaths Cap Iraq's Bloody Week (AP)

AP, January 27, 2007

BAGHDAD (AP) — The U.S. military reported the deaths of seven more soldiers Saturday, while Sunni insurgent bombers struck yet another market in a predominantly Shiite district, killing at least 13 people in their bid to terrorize Baghdad days before a U.S.-Iraqi military crackdown.

The latest market attack capped a week in which more than 150 people, mostly Shiites, were slain in bomb attacks.

Death squads, believed to be primarily Shiite militiamen, continued their butchery on the other side of Iraq's deepening sectarian divide, with police reporting the discovery of 40 bodies dumped in Baghdad alone. Two of the victims were women and most of the bodies showed signs of torture, police said.

In all, at least 61 victims of Iraq's sectarian warfare were killed or found dead across the country.

Of the seven service members reported dead on Saturday, two died in Diyala province northeast of the capital on Friday, three in an unspecified location north of Baghad on Saturday and two in east Baghdad on Thursday.

The latest reported deaths raised to at least 3,079 the number of U.S. service members who have died since the beginning of the Iraq war in March 2003, according to an Associated Press count. The figure includes seven military civilians. At least 2,471 died as a result of hostile action, according to the military.

U.S. airstrikes killed 14 insurgents and destroyed a safe house for foreign fighters during a raid south of Baqouba, 35 miles northeast of Baghdad. Two suspects were captured, the military said.

The Americans said the raid had targeted a foreigner they believed responsible for a series of attacks on U.S. and Iraqi forces in the extremely violent Baqouba region. The military there has been caught in the midst of some of the bloodiest sectarian fighting of the war.

Saturday's bombings employed what has become a classic insurgent tactic. First a suicide car bomber drove into the crowded market stalls in the busy New Baghdad commercial area shortly after noon, then detonated his explosives among the stores and kiosks selling food, clothes, household appliances and birds.

As people rushed to help the victims, a parked car bomb exploded. The 13 killed included two policemen; four officers were among the 42 wounded, police said.

Burned-out hulks of cars and vans littered the market. A bag of fruit lay in the twisted metal on the bloody pavement.

Farooq Haitham, the 33-year-old owner of a watch repair shop, said the area had been targeted by bombers before but shopkeepers had no choice but to keep opening their doors.

"What can we do? We want to live. We need the money so we come to work," Haitham said.

It was the latest in a series of attacks against commercial targets, in which more than 150 people have died since last Sunday. The attack signals a tough battle ahead as U.S. and Iraqi forces prepare for the security operation, a third bid to pacify the capital since Prime Minister Nouri al-Maliki took power on May 25.

The week's deadliest attack killed 88 people Monday when a suicide car bomber crashed into a market in the central neighborhood of Bab al-Sharqi.

Shortly before sunset Saturday, a rocket slammed into the Green Zone, wounding two people slightly. It was the second time in three days that rockets hit the area, home to the U.S. Embassy, the Iraqi government and thousands of American troops.

In central Baghdad, police said armed men in police commando uniforms and driving cars with license plates commonly used by the Interior Ministry raided a computer shop in a Christian section of the Sina'a neighborhood. They took away four employees and three customers.

"The group pointed their guns at the victims and the passersby, then they forced the victims into the cars and they sped away," Younis Kadhim, 36, who owns a small restaurant nearby.

Two mortar shells also slammed into a residential district in the western Baghdad neighborhood of Hurriyah, police said, killing two people and wounding seven others.

A taxi driver was shot to death after he was caught in the crossfire during clashes in Mosul. A parked car bomb targeting an Iraqi army patrol later exploded in the northern city, killing one civilian and wounding another.

Seven U.S. Troops Killed In Iraq (WT/AP)

By Bassem Mroue

The Washington Times, January 28, 2007

BAGHDAD -- The U.S. military reported the deaths of seven American soldiers yesterday, while Sunni insurgent bombers struck yet another market in a predominantly Shi'ite district, killing at least 13 persons in their bid to terrorize Baghdad days before a U.S.-Iraqi military crackdown.

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The latest market attack capped a week in which more than 150 people, mostly Shi'ites, were slain in bomb attacks.

Death squads, thought to be primarily Shi'ite militiamen, continued their butchery on the other side of Iraq's deepening sectarian divide, with police reporting the discovery of 40 bodies dumped in Baghdad alone. Two of the victims were women, and most of the bodies showed signs of torture, police said.

In all, at least 61 victims of Iraq's sectarian warfare were killed or found dead across the country.

Of the seven U.S. service members reported dead yesterday, two died in Diyala province northeast of the capital on Friday, three in an unspecified location north of Baghdad yesterday and two in east Baghdad on Thursday.

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The Americans said the raid had targeted a foreigner they thought to be responsible for a series of attacks on U.S. and Iraqi forces in the extremely violent Baqouba region. The military there has been caught in the midst of some of the bloodiest sectarian fighting of the war.

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Farooq Haitham, the 33-year-old owner of a watch-repair shop, said the area had been targeted by bombers before, but shopkeepers had no choice but to keep opening their doors.

"What can we do? We want to live. We need the money, so we come to work," Mr. Haitham said.

It was the latest in a series of attacks against commercial targets, in which more than 150 people have died since last Sunday. The attack signals a tough battle ahead as U.S. and Iraqi forces prepare for the security operation, a third bid to pacify the capital since Prime Minister Nouri al-Maliki took power on May 25.

The week's deadliest attack killed 88 persons Monday when a suicide car bomber crashed into a market in the central neighborhood of Bab al-Sharqi.

Seven U.S. Soldiers Killed In Iraq Over Three Days (WP)

By Ernesto Londono

The Washington Post, January 28, 2007

BAGHDAD, Jan. 27 -- Seven U.S. soldiers were killed in Iraq over the past three days, the military said Saturday, as violence in the capital and elsewhere continued to surge.

Three of the soldiers were killed Saturday north of Baghdad when an improvised explosive device detonated near their vehicle, the military said in a statement.

A Task Force Lightning soldier assigned to the 3rd Brigade Combat Team, 1st Cavalry Division was killed Friday in Diyala province in eastern Iraq when an improvised explosive device struck his vehicle, according to a military statement. Another soldier was killed Friday in Diyala when his unit came under attack, the military said.

The military also announced that two soldiers were killed Thursday in eastern Baghdad when their vehicle struck an improvised explosive device.

The soldiers' names were withheld pending notification of their relatives, officials said.

Iraqi civilians also were targeted in the violence.

Two suicide bombers drove into a market in the New Baghdad neighborhood of the capital and simultaneously detonated explosives in their vehicles, said Maj. Kassim Abdul Karim of the Iraqi Ministry of Interior. At least 13 people were killed in the attack, the latest in a string of bombings this week in areas where Shiite Muslims congregate.

More than 45 bodies with shotgun wounds were found in Baghdad during the past 48 hours, said Brig. Salim Muhsin, another Interior Ministry spokesman.

Also Saturday, armed men wearing what appeared to be Iraqi police uniforms and driving vehicles that looked like police cars raided a computer store in the Sinaa sector of the capital. The gunmen kidnapped eight employees and stole several computers, the ministry spokesman said.

Zaid Sadiq, a merchant who works near the raided store in eastern Baghdad, said the gunmen abducted only men but stole cellphones from women.

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"How can we work or live like this?" Sadiq asked. "They looked exactly like police -- how can we resist them? They were in police uniforms, and who's to say that they are not police?"

Meanwhile, a prominent politician in the western city of Ramadi was kidnapped and killed, according to a physician at Ramadi Hospital. Saied Hussein al-Alwani, a council member, was abducted by suspected members of the insurgent group al-Qaeda in Iraq; his body was discarded on a road an hour later with four shotgun wounds, according to Mahmood al-Ani, the physician.

Ani said the politician was killed because he had been "accused of helping the American forces." Al-Qaeda in Iraq posted a statement at a mosque asserting responsibility for the killing, Ani said.

In Baghdad, two rockets fired into the fortified Green Zone at 4 p.m. slightly injured two people, a U.S. Embassy spokesman said. "We are currently investigating the incident," spokesman Lou Fintor said.

It was the second rocket attack this week on the compound that houses the U.S. Embassy and the Iraqi parliament.

Iraqi officials said the U.S. Consulate in Hilla, the capital of Babil province, was attacked with mortars. Fintor said he did not have information about the reported attack.

60 Civilians, 7 U.S. Troops Killed In Iraq (LAT)

By Borzou Daragahi,

The Los Angeles Times, January 28, 2007

15 of the dead are victims of a double suicide car bombing at an outdoor market in Baghdad.

BAGHDAD — At least seven U.S. soldiers were killed in separate combat incidents, the U.S. military said Saturday, amid a steady swirl of violence against American troops and Iraqi civilians.

Nationwide, at least 60 Iraqis were killed or found dead Saturday as U.S. and Iraqi officials struggled to find a formula to calm sectarian passions and reduce the American troop presence.

Three U.S. soldiers were killed Saturday north of Baghdad when a roadside bomb exploded near an Army vehicle conducting a security escort mission. One soldier was wounded.

The U.S. military disclosed no further details about the attack, but a farmer in the Tarmiya region north of Baghdad described an incident in which a roadside bomb destroyed a U.S. Humvee near his home. A U.S. helicopter arrived to evacuate the casualties, he said.

Two soldiers were killed Friday in separate bomb attacks northeast of the capital in Diyala province. One was assigned to the 1st Cavalry Division. The other was killed in an attack that left three soldiers wounded, the military said.

Two troops were killed Thursday in east Baghdad in a bomb attack on a combat patrol that also left two soldiers wounded.

The deaths brought the number of U.S. military personnel killed in Iraq since the U.S.-led invasion in 2003 to 3,075, according to icasualties.org.

In east Baghdad, two suicide car bombers struck a crowded outdoor market in a poor district, killing at least 15 Iraqis and injuring dozens. The bombing in Jadida was one of many recent attacks on civilians in the capital's Shiite-dominated outdoor shopping venues.

Police and witnesses said two suicide bombers driving cars plowed into the crowds within seconds of each other just after the noontime call to prayer.

"The first explosion was very powerful, then the second explosion took place," said Haidar Abdul-Mohsen, 37, a minivan driver who witnessed the attacks. "I saw some bodies of people. Two were completely charred."

Authorities suspect that many such bombers are young Sunni Arab men from other countries heeding religious calls to fight against the U.S. military and Iraq's Shiite government. Iraqi soldiers at a checkpoint in south Baghdad on Saturday detained four foreign Arabs in a car containing suicide belts. Authorities declined to disclose their nationalities.

Elsewhere in Baghdad, gunmen attacked the house of a Shiite family in a western neighborhood, killing four and leaving a 10-year-old boy for dead.

Gunmen wearing police uniforms raided a shop in the city's main computer bazaar, kidnapping the store manager and seven others, police said.

Mortar rounds struck a mostly Shiite neighborhood in north Baghdad, killing one and injuring 10. Another family on a nearby side street was sprayed with gunfire in an attack that killed one and injured three.

South of the capital, a man was killed in a drive-by shooting in Iskandariya, and police in Hillah banned vehicles in an effort to protect pilgrims walking to Karbala for an annual Shiite religious festival. Two Iraqi soldiers were shot and killed in the area.

In southern Iraq, authorities in the port city of Basra discovered the bodies of four men who had been kidnapped a day earlier. And in Suwayrah, authorities discovered the corpses of five teenagers in pajamas floating in the Tigris River. All had been handcuffed, blindfolded and shot.

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In the northern city of Kirkuk, a car bomb killed two people who later were identified as would-be suicide bombers.

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Special correspondents in Baghdad, Basra, Hillah and Kirkuk contributed to this report.

Bombs At Baghdad Market Kill 15; 7 U.S. Troops Die (CNN)

CNN.com, January 27, 2007

BAGHDAD, Iraq (CNN) -- Twin car bombs exploded in a busy Baghdad market Saturday morning, killing 15 people, Baghdad police officials said.

Separately, seven U.S. troops were killed in three incidents Saturday.

Two Iraqi police officers were among the people killed in the Baghdad blasts, and five other officers were wounded.

It was the second Baghdad market bombing in two days. On Friday, 15 people died when the popular Ghazel pet market, where people buy and sell monkeys, cats and dogs, was attacked.

In addition to the 15 killed in Saturday's bombings in southeastern Baghdad, 55 people were injured. The first of the two car explosions was a suicide attack, police said.

Another person was killed and 16 more were injured in northwest Baghdad's Hurriya neighborhood after two mortar rounds landed in a residential area Saturday, a Baghdad police official said.

About 38 miles (60 kilometers) south of Baghdad, in al-Iskandariya, two Iraqi soldiers were killed and two others were wounded when gunmen opened fire on a civilian car, a Hilla police official said.

The soldiers were in civilian clothes and were headed back to their military base in Baghdad after a vacation, the official said.

In other violence, 40 bodies were found strewn across various Baghdad neighborhoods, according to Baghdad emergency police.

Also Saturday in Baghdad, gunmen dressed as Iraqi national police officers stormed a computer store, abducted seven people and sped off in three vehicles, Baghdad police said.

It is not the first report of gunmen disguising themselves. Attackers have been reported wearing Iraqi Army, national police and commando uniforms, as well as uniforms that resemble U.S. military attire.

In October, U.S. Maj. Gen. William Caldwell said Iraqi police brigades were forced to buy new uniforms after gunmen committed "criminal acts and sectarian violence" while dressed as police officers.Seven U.S. troop deaths reported

Three U.S. soldiers conducting a security escort mission were killed and one wounded Saturday in a bombing north of Baghdad, the U.S. military said.

They were from Multi-National Division-Baghdad.

Earlier Saturday, the military reported four other U.S. troop deaths -- two in Diyala province on Friday and two in eastern Baghdad on Thursday.

The number of U.S. military deaths in the Iraq war now stands at 3,067. Seven civilian contractors for the military also have been killed.

About 35 miles north of Baghdad -- near the city of Baquba -- coalition forces killed 14 suspected terrorists in an airstrike Saturday. Two more suspected terrorists were arrested during morning raids targeting safe houses for foreign fighters, the U.S. military said.

Two more insurgents were killed in southern Kirkuk when their car, rigged with explosives, detonated outside a Shiite mosque, a Kirkuk police official said. Iran fires back

Saturday's violence comes a day after a national security official confirmed that President Bush had authorized the U.S. military to capture or kill Iranian agents in Iraq who are plotting attacks against U.S.-led coalition forces.

Although the Iranian mission to the U.N. had no official comment on the policy, an article by the Islamic republic's semi-official FARS news agency quoted a top Iranian official as saying that the U.S. policy constituted "terrorist measures"

"Such a measure illustrates the failure of the United States' new strategy in Iraq because it has had no effect in quelling unrests and restoring calm and order and has instead roused intensified reactions in Iraq," said Alaoddin Boroujerdi, chairman of the Iranian Parliament's national policy commission, according to FARS.

"Such moves are deemed as terrorist measures and are in blatant contradiction to the international rules and regulations," Boroujerdi is quoted as saying.

The Iraqi government will have to share responsibility for the "illogical and incredible" policy if the reports are true, Boroujerdi said, according to FARS.

An Iranian official at the United Nations, who did not wish to be identified, said the policy will help neither Americans nor Iraqis. The Iranians, he said, are in Iraq to help.

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This month, U.S. forces detained five Iranians in the northern Iraqi city of Irbil, a U.S. military officer said.

A preliminary investigation found links between the detainees and the Iranian Revolutionary Guard, which has provided funds, weapons, bomb technology and training to extremist groups in Iraq, the coalition said.Bush defends policy, asserts it's confined to Iraq

Bush reportedly approved the plan in the last couple months in an effort to be tougher with the Islamic republic.

"Some are trying to say that because we're helping ourselves in Iraq by stopping outside influence from killing our soldiers or hurting Iraqi people that we want to expand this beyond the borders," Bush said.

"That's a presumption that's simply not accurate. We believe that we can solve our problems with Iran diplomatically. And we're working to do that. As a matter of fact, we're making pretty good progress on that front," he said.

The White House has rejected calls by the Iraq Study Group to diplomatically engage Iraq's neighbors, including Iran and Syria. The Bush administration says it will not meet with Iranian officials until the nation moves to end its alleged nuclear weapons program.

Iran has repeatedly denied interfering within Iraq's borders, but Defense Secretary Robert Gates backed the president in Friday remarks, saying the policy is aimed at outside forces who mean harm to U.S. and coalition forces.

"Our forces are authorized to go after those who are trying to kill them," Gates said. "If you're in Iraq and trying to kill our troops, you should consider yourself a target."

Asked whether the measure is part of an "anti-Iran strategy," Gates said he does not think so, but "we're not simply going to stand by and let people bring sophisticated IEDs [handmade bombs, or "improvised explosive devices"] into the country that can disable an Abrams tank and give them a free pass. But as we've said before, we think we can handle this inside the borders of Iraq and the operations are limited to inside the borders of Iraq."

Leaders of Iraq's Shiite Muslim community have strong ties to Iran, including powerful Iraqi cleric Abdel-Aziz al-Hakim.

Al-Hakim leads the Supreme Council for Islamic Revolution in Iraq (SCIRI), the Iraqi party most closely associated with Iran.

As violence between Shiites and Sunnis rises, along with insurgent attacks on U.S. and Iraq forces, Bush has ordered that 21,500 more U.S. troops go to Iraq.

Contractor Deaths In Iraq Nearing 800 (HC)

By David Ivanovich, Brett Clanton

Houston Chronicle, January 28, 2007

Laboring in a war with no discernible front line, more than 770 civilian contractors have died in Iraq since the U.S.-led invasion began in March 2003.

Statistics kept by the Labor Department indicate fatalities among civilian contractors working for American firms escalated rapidly late last year, with at least 301 dying in Iraq in 2006 — including 124 in the final three months.

U.S. military deaths totaled 818 during the year, the Defense Department has reported.

Despite the danger, job seekers continue to flood contractors' offices with résumés.

Some 165,000 prospective employees contacted Houston-based Halliburton Co.'s KBR last year about job opportunities in Iraq, Kuwait and Afghanistan, company officials said. KBR now has half a million résumés on file.

And the recent troop "surge" announced by President Bush has prompted KBR to increase its hiring, company Chief Executive Officer Bill Utt said Friday.

Among the job seekers crowding into a recent KBR orientation program at Greenspoint Mall, many of the job seekers crowding into a recent KBR orientation program at Greenspoint Mall were fatalistic about the risks.

"When it comes your time, it comes your time," said Robert Hulion, 59, of Crestview, Fla., before being deployed to Iraq to work as a fumigation specialist.

"I've been through Vietnam, and I've been to New York City. But what I call dangerous is Mardi Gras in New Orleans," Hulion joked.

Hulion has joined what the Pentagon estimates to be 100,000 civilians working for U.S.-based contractors in Iraq.

Supplementing the 130,000 American troops serving in the country, these civilians provide a wide variety of functions, including serving up chow and interrogating prisoners.

The 100,000 figure is an estimate because, nearly four years into the war, the Pentagon is just now conducting its first survey to determine how many civilian contractors are working in Iraq.

And Pentagon officials, citing military regulations, don't track contractor deaths.

Contract worth billionsHalliburton's KBR is the largest military contractor operating in Iraq, with more than 50,000 employees and subcontractors working there, as well as in Kuwait and Afghanistan.

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Working under a multibillion-dollar contract with the Army, KBR crews drive trucks, wash clothes, deliver mail and provide a host of other support services for U.S. troops.

KBR's workers are a critical component of the Pentagon's privatization strategy, enabling the military to reduce the number of troops needed in the country by turning over noncombat functions to civilians.

The idea behind the privatization plan was to keep these noncombatants away from the fighting. But that has proved impossible in violence-riddled Iraq.

"The whole place is a front line," said Peter Singer, a senior fellow at the Washington-based Brookings Institution and author of Corporate Warriors: The Rise of the Privatized Military Industry.

The contractor death toll rose last week when five Americans working for Blackwater USA were killed in Baghdad after their helicopter was shot down by insurgents. The contractors were rushing to help a U.S. Embassy convoy that had come under attack.

Civilian contractors killed in Iraq are often eligible — and many have received — the defense secretary's Medal for the Defense of Freedom, the so-called Purple Heart for civilians working on behalf of the military.

But their names are left off the Pentagon's Iraq casualty rolls.

If they were counted, the U.S. military's official casualty figures — 3,063 as of Friday — would be 25 percent higher.

"Since Day 1, the administration has been very, very comfortable artificially deflating the human cost of our effort in Iraq," said Steven Schooner, co-director of the government-procurement law program at George Washington University Law School.

The Pentagon's failure to report contractor deaths angers some family members whose loved ones died working in Iraq.

"There are so many of them who have been killed, and they're not acknowledged," noted Hollie Hulett, whose husband, Stephen, a truck driver, was killed when his convoy was ambushed in April 2004. "They're swept under the rug."

Tracking casualtiesThe 770 tally — representing fatalities (including deaths by natural causes) between March 2003 and Dec. 31, 2006 — was tabulated by the Labor Department's Division of Longshore and Harbor Workers' Compensation.

Last year's contractor fatalities represent 39 percent of the deaths reported by the Labor Department.

Besides those killed, another 7,761 civilian contractors had been injured in Iraq as of Dec. 31, the Labor Department said.

The Labor Department has these numbers because it tracks workers' compensation claims by injured workers or families of slain contractors under the federal Defense Base Act.

"Using employee time lost is a kind of a weird way to track casualties," Singer noted. "But it's part of the bizarre nature of this industry and the way it's been used in Iraq."

Still, the Labor Department figures don't tell the full story.

KBR, for instance, says 95 of its employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan. Company officials declined to say exactly how many have died in Iraq alone.

The Labor Department provided the Houston Chronicle a breakdown of fatalities and injuries by contractor, through the end of December, but this list does not identify any deaths as KBR fatalities.

The database has many — often intentional — holes. The Labor Department, for instance, won't specify an employer if that contractor has fewer than seven cases in a particular category, a department spokesman said via e-mail.

Contractor injuriesAside from the deaths, KBR officials say 430 workers and subcontractors had been injured because of hostile action in Iraq, Kuwait and Afghanistan.

In terms of fatalities, however, KBR reported a decline in 2006. The company and its subcontractors suffered 17 fatalities last year, compared with 41 in 2004.

KBR officials would not discuss why their fatalities dropped last year.

"To avoid jeopardizing the safety and security of our employees and subcontractors, we will not detail the specific measures that are currently in place," company spokeswoman Melissa Norcross said.

The Labor Department records indicate L-3 Services Group, which provides translators and interpreters for the Army, had suffered the worst casualties in Iraq: 241 workers killed by the end of 2006, including 32 in the last three months of the year.

The actual number of L-3 Services Group fatalities in Iraq, noted Rick Kiernan, the company's vice president for strategic communications, was 255 as of Dec. 31 and 261 as of Friday.

Many of those victims were Iraqis, known to be working with Americans and then assassinated while off duty, Kiernan said.

The spate of contractor deaths suffered by L-3 Services during the fourth quarter, Kiernan said, could reflect the timing of the Muslim holy month of Ramadan, when many of the workers returned home for the holiday.

The U.S. arm of Britain's ArmorGroup International, a private security firm, has seen 22 workers die in Iraq, the Labor records show.

Company spokesman Patrick Toyne Sewell declined to confirm those figures, noting: "'If you focus on the numbers, you start to consider people as numbers, rather than as much-missed friends or colleagues."

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"We aim to prevent any (casualties) at all," Toyne Sewell said.

In their discussions about Iraq, military experts had been assuming contractor casualties would account for, perhaps, 10 percent of the total U.S.-related fatalities.

If the Labor Department figures are correct, contractors accounted for 27 percent of all U.S.-related fatalities last year.

"The question is: Is this better data, or is the rate going up at a frightening pace?" Schooner said.

Of the 770 victims, only 144 have been certified as having died as a direct result of enemy action, a Labor Department spokesman said.

Why that figure would be so low — fewer than one in five fatalities — is not completely clear. But L-3 Services' Kiernan noted that the assassinations of off-duty workers, for example, would not be counted as combat deaths.

How many of these civilian-contractor casualties were American citizens is unknown. Labor officials say they cannot provide a breakdown by nationality.

Splitting the contractDespite the new hiring, KBR's activity in Iraq has declined since a peak set back in 2004, although the company still performed $4.8 billion worth of work last year, including $1.2 billion in the fourth quarter, the company's figures show.

The Army has decided to split up KBR's huge logistics contract among three companies. But KBR still has plenty of work to do.

In fact, KBR has 1,000 positions to fill in Iraq and Afghanistan.

The applicants funnel through an old Montgomery Ward store at Greenspoint. KBR processes as many as 900 job applicants a week.

In 22 training sessions, instructors cover everything from the dangerous spiders workers might encounter in the Middle East to how to behave if kidnapped.

For Trish Anderson of West Palm Beach, Fla., a one-year tour with KBR represents a way to receive some financial freedom.

"I want to buy a few more pieces of property, and I have a daughter who's ... going to college," Anderson said.

Like many applicants, Anderson also sees a bigger mission — "to be able to give the gift of freedom."

This 38-year-old former Marine Corps staffer and a veteran of both the Persian Gulf War and the Iraq war says she is not going into this blindly.

"I know what the dangers and the stress and the risks are," she said. "Honestly, I don't think it's getting worse. I think it's getting better."

Still, all the uncertainty about the actual level of danger and fatalities appalls critics.

"Should we have to estimate this matter, or should we know it as fact?" asked T. Scott Allen, a Houston attorney representing the Hulett family as well as other families of slain KBR workers and injured employees in a lawsuit against the company.

Rep. Jan Schakowsky, D-Ill., has introduced legislation that would force the administration to report to Congress about civilian casualties.

"I think people have lost patience with this war without calculating in the other 770 people who have died.

"Imagine," Schakowsky said, what the public reaction would be if the reported casualty figures "were now closer to 4,000 people who have died?"

A Conversation Wtih Adel Abdul Mahdi (WP)

By Lally Weymouth

The Washington Post, January 28, 2007

As the Bush administration moved ahead last week with plans to send 21,500 additional troops to Iraq, Washington Post-Newsweek's Lally Weymouth sat down with Iraq's Shiite vice president, Adel Abdul Mahdi, at the World Economic Forum in Davos, Switzerland

Many in the United States wonder if the situation in Iraq can be brought under control. Your own prime minister was not supportive in the past of President Bush's sending more troops.

What do you think of the president's plan to send additional troops? What are the chances this will work and what will your government do to help?

We both think, Americans and Iraqis, that Baghdad is a key issue. We have to succeed on that.

But will Bush's "surge" make a difference?

As Iraqis, we think we need more troops in Baghdad. It's up to the multinational forces to decide whether they need more troops.

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You talk about multinational forces. But the U.S. administration is sending additional American troops. No one else is volunteering for the job. Are you for that or against it?

I am saying we need more troops in Iraq. Multinational forces are part [of that].

But you have to be for or against the United States sending an additional 20,000 men.

I am not a military man. I can't say if they need to deploy more troops in Baghdad.

You're saying if "they" want to. You mean if the United States wants to send more? That sounds like you don't really care.

I care, but it's a technical question. It's a military question.

But it's not a military question. Americans are going to die. Is it worth the sacrifice?

I can [only] measure things seeing them as Iraqis [see them].

[The Americans] are there to succeed, not because they wish to be there. They came with plans, agendas and policies. If they want to succeed, we need more troops.

What are the chances of success with additional troops?

We are optimistic about succeeding. To give you some of the features of the new plan: Baghdad will be isolated and the entrances and exits will be controlled. There will be only 28 checkpoints. Baghdad will be encircled either by barriers or the river. Iraqis now will take the lead while Americans will support us.

Doesn't success depend on your government standing up to the Shiite militias that support it?

We are not facing only militias. We are also facing al-Qaeda and insurgents.

Do you believe the government is capable of stopping the Shiite atrocities?

I think they can do the job if Prime Minister [Nouri al-]Maliki takes the practical measures he is announcing.

It's rumored that you're the favorite of the U.S. government [to replace Maliki].

I think al-Maliki can still do it and he should have his chance.

[Shiite cleric Moqtada] al-Sadr, of course, supports the Iraqi government. What happens if U.S. forces go after him?

We are going to impose laws. If you are going to break the law, this will not be acceptable.

If the United States doesn't have the right to use our military the way we want to and we're operating under the sovereignty of your government, what good are additional U.S. troops?

This is one of the good understandings between us and the Americans. We are very fair on the security issue whether it concerns militias or insurgents. But we are very open in the political process. We want to bring more Shiites on board, more Sunnis on board. I have been asked to be responsible for the political issues within this security plan.

Do you think restoring security in Iraq is doable?

I was in the United States in 2003 and 2004. People were so optimistic at that time, whether Iraqis or Americans. We couldn't tell them that there was a mess in Iraq. We were telling them to be more practical.

Now people are so pessimistic and you can't tell them that this country has a chance.

All Americans see on TV screens are Sunnis slaughtering Shiites and ethnic cleansing in the streets.

Unfortunately this is true. But this is only one part of the picture. Only 12 months ago, we had elections and 12 million people voted, Sunnis and Shiites.

What can you show in the next couple of months that will inspire confidence?

If we can succeed in Baghdad, then we can give hope, not only to Americans but also to Iraqis. If we can improve services in Baghdad, then journalists will see that, and we'll have a new image.

Do you believe you can really work with the Sunnis?

Of course, yes. Now in the parliament, you can see Sunnis and Shiites. You never saw that before in a country like Iraq.

But there is ethnic cleansing going on in Baghdad.

Absolutely.

How long do you think it would take to restore order in Baghdad?

It depends on many factors. I'm not a magician. I think we need time. Violence will continue in Iraq.

For how long?

I can't tell, to be honest with you. It depends on many things. What we are saying is that to feel successful in Iraq we have to see some shift in the behavior of people. People have to start to depend for their safety on governmental forces, not on militias or other groups.

Is it the government's policy that it will help the people who have been cleansed from their neighborhoods to return to those neighborhoods?

Yes, of course. And this time, when clearing a neighborhood of any kind of violence, then there will be a [police or military] unit stationed there to help people return and to maintain the security situation.

You have a law in Iraq that no one will carry a weapon?

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That's right.

Are you going to use that law to have door-to-door searches to disarm the militias?

Of course, we are doing that and there are some achievements.

[Former national security adviser] Brent Scowcroft, who originally opposed the war, said recently that the United States cannot leave, but we cannot remain in the middle of a civil war. What role do you think America should play?

First, I don't think we are in a civil war. We are in a war on civilians. That's what [Abu Musab] al-Zarqawi was trying to do, that's what the insurgents are trying to do. Otherwise, what is the meaning of a car bomb in a university or a market? You are against a society, against civilians. Or, when Sunni militias attack, some Shiite militias attack [in retaliation]. They are not attacking as one [army] against the other, but are attacking civilians from the other community. That's why I say that we are in a war against civilians, not a civil war.

Secondly, the government is still powerful, still feared by the population. Whenever it issues a curfew, it is respected all over Iraq. No country in a civil war respects the decision of a government. We have to go and decrease the sectarian violence, we have to go and protect people from car bombs and from insurgent acts that target civilians and institutions.

Do you believe that President Bush will stay in Iraq or that U.S. troops will leave?

We have to gain the confidence of the American people and the administration.

Do you worry that the United States will withdraw?

Of course we worry. We will be worried whether you stay or leave.

What do you prefer?

We are not going to decide for America. They will decide for themselves. Others bear the responsibility of where we are. We were not consulted about the war decision, we were not consulted about the invasion of Kuwait, we were not consulted about the war between Iran and Iraq, but we have to bear the consequences of all this.

I think America has only two alternatives: to stay or to leave. If they stay, they should stay in a helpful way. I don't think they will take orders from us but we have always advocated the idea of demarcation between our authorities and those of the United States.

Pentagon Seeks New Ways To Recruit (MCT)

By Drew Brown

McClatchy, January 28, 2007

WASHINGTON — The war in Iraq marks the first time in modern history that the United States has fought an extended conflict with an all-volunteer military.

The strain of fighting nearly four years in a two-front war has put unprecedented stress on the Army and the Marine Corps — which have borne the brunt of the fighting — and has raised serious questions about whether an all-volunteer force can be maintained over the long term.

Even if U.S. troops were to pull out of Iraq tomorrow, the United States faces a war of unknown duration against al-Qaida in Afghanistan and elsewhere. Other threats include Iran and North Korea.

The Iraq Study Group warned in its report last month that the war in Iraq has put the country in a bind.

"An extraordinary amount of sacrifice has been asked of our men and women in uniform, and of their families," the group wrote. "The American military has little reserve force to call on if it needs ground forces to respond to other crises around the world."

"I think America is on a collision course with itself because America has worldwide obligations," said Frank Schaeffer, co-author of "AWOL: The Unexcused Absence of America's Upper Classes From Military Service — and How It Hurts Our Country."

"All it's going to take is one more conflict or one more world crisis," Schaeffer said, "and we would be very soon facing the fact that no matter what our position on these issues is, we're going to be facing a simple choice of act or don't act. And if we do, then we're going to have to have alternatives."

At least one lawmaker has proposed a radical alternative. Rep. Charles Rangel, D-N.Y., wants to reinstate the draft.

His proposal would require all U.S. residents ages 18 to 42 to perform two years of national service, either in the military or as civilians working in ports, hospitals or some other public-service role. The only people exempted would be high school students up to age 20, conscientious objectors and those who are too unhealthy to serve.

Rangel, an Army veteran who won a Bronze Star in the Korean War, opposes the Iraq war and has put forth a draft bill every year since 2002. Critics accuse him of political grandstanding.

Some fellow lawmakers find his basic argument compelling. If the war in Iraq is the national security threat that the Bush administration says it is, shouldn't all Americans be asked to shoulder their part of the burden to defend the country? "The answer to that question will be as varied as the people you ask," said Rep. Sanford D. Bishop Jr., D-Ga. "I think it's a legitimate

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question to ask. I don't personally believe the country is ready for a draft. But I believe that if they felt a serious enough threat, all able-bodied Americans would probably want to support our national security in whatever ways they could."

President Bush and Vice President Dick Cheney define the war in Iraq as the central battleground in the global war on terrorism.

"This is an existential conflict," Cheney said Jan. 14 in an interview on the Fox News Channel. "It's the kind of conflict that's going to drive our policy and our government for the next 20 or 30 or 40 years."

Bush often lauds the military for its service, but critics point out that he's never called on anyone to serve.

Asked recently why he's never asked Americans to make sacrifices for the war, the president said people sacrificed in other ways.

"I think a lot of people are in this fight," Bush said in an interview Jan. 16 with PBS news anchor Jim Lehrer. "I mean, they sacrifice peace of mind when they see the terrible images of violence on TV every night."

President Bush said he'd considered a draft but rejected it. "I think the volunteer Army is working, and we've got to keep it strong," he said.

Charles Moskos, a military sociologist at Northwestern University and a longtime advocate of the draft, said statements such as these exemplified what he called "patriotism-lite."

"It reflects badly not only on the national leadership, it also reflects badly on the American people," said Moskos, himself a former draftee. "They're not calling for the draft, either — you know, put my son in — but that's where it's got to start."

The United States hasn't had a military draft since 1973, when Congress eliminated conscription as the Vietnam War drew to a close. Five years earlier, Nobel Prize-winning economist Milton Friedman, a champion of free markets, had labeled the draft "inconsistent with a free society."

For most of its history, the United States has been without a draft. The North and the South conscripted forces during the Civil War. There was a draft during World War I and again in World War II. The last draft lasted from 1948 to 1973.

Many military officers, lawmakers and analysts oppose bringing back conscription, saying it would ruin the professionalism and quality that the all-volunteer force has built up over the last 34 years.

"The nature of decentralized tactics today demands a level of professional experience and competence far above what it was 30 and 40 years ago," said Rep. Geoff Davis, R-Ky., a former Army officer and West Point graduate who serves on the House Armed Services Committee.

Davis, who wrote an opinion piece last month that ripped Rangel's proposal to revive the draft, said a return to mandatory service would add unnecessary costs to national defense and would "reduce the productivity of military organizations in general."

"Think about the burden on the unit of somebody who's not motivated or highly disciplined or isn't concerned about the motivation of their peer group; they're going to be a less effective individual," he said.

Davis said he thought that the Army could easily recruit to the level that the Bush administration wanted "with the right kind of expansion plan."

"It's very doable, because we're not talking about an increase of the size of the Reagan-era military," he said.

The Army had 732,000 active-duty soldiers during the 1991 Persian Gulf War, which occurred three years after President Reagan left office. The Army now has about 512,000 active-duty soldiers.

Rep. Jim Marshall, D-Ga., who also serves on the Armed Services Committee, said he generally liked the idea "of a year or two of service for all young Americans. But I don't think we need a draft right now."

"I do think that an all-volunteer service is preferable, and military commanders think the same thing," said Marshall, who served as an Army Ranger in Vietnam.

"The question is if the country is willing to pay for it," he said. "If the country is willing to pay for it, then we can enlist more soldiers."

The Bush administration recognizes that there's a problem and has promised to add 92,000 service members to the Army and the Marine Corps over the next five years.

But that means Army recruiters will have to sign up another 7,000 men and women every year, when they're already struggling and standards have been dropped to meet the current quotas.

Gen. Peter J. Schoomaker, the Army's chief of staff, has suggested that part of the answer is increasing the incentives to enlist. The Army already offers as much as $40,000 to recruits, however, and personnel costs are taking a larger chunk of the defense budget every year.

In the meantime, Defense Secretary Robert Gates has outlined plans to call up the National Guard and Reserves more frequently. But the more the military relies on its citizen-soldiers to fight the war, the less attractive the Reserves become to those who don't want full-time military careers.

There are concerns that overusing the Guard and Reserves could strain those forces as badly as the active-duty ranks.

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"This is clearly not a risk-free set of solutions," said Christine E. Wormuth, a senior fellow at the Center for Strategic and International Studies, a national-security research center, and a former Pentagon official who's written extensively about the National Guard and Reserves.

The Pentagon estimates that it would cost about $4 billion more a year to reinstate the draft. New facilities would have to be built to train and house the large numbers of inductees who'd be brought into uniform each year.

The Census Bureau estimates that there are 30 million people ages 18 to 25 in the United States.

About 4 million men and women reach military age each year, but the military needs only a small fraction of that number. That's a fact that those who argue for a return to the draft tend to overlook, said Bernard D. Rostker, the author of "I Want You: The Evolution of the All-Volunteer Force."

"The fundamental question — which dogged us in the '60s and would dog us again if we return to conscription — is who serves when not all serve?" said Rostker, who's studied military personnel issues for more than three decades and served as a top Pentagon official in the Clinton administration.

Draft proponents say that those whom the military doesn't need could work in homeland security guarding airports, seaports and borders or could work in understaffed hospitals or schools.

The Gates Commission, which President Nixon created in 1969 to look at ways of ending compulsory service, considered a "standby draft" to be an integral part of an all-volunteer force, Rostker said.

At least one commissioner was convinced that while an all-volunteer military might be possible to maintain during peacetime, the draft would have to be reinstated during a major conflict, Rostker said.

So far, the war in Iraq has defied those expectations.

"We're three years into a war right now, and the all-volunteer force is doing remarkably well," Rostker said.

But whether that's sustainable over the long term in the war on terrorism is an open question.

Gates Aims To Lessen Forced Extensions (BSH/AP)

By Pauline Jelinek

Biloxi Sun Herald/AP, January 28, 2007

WASHINGTON - In an action branded a backdoor draft by some critics, the military over the past several years has held tens of thousand of soldiers, sailors, airmen and Marines on the job and in war zones beyond their retirement dates or enlistment length. It is a widely disliked practice that the Pentagon, under new Defense Secretary Robert Gates, is trying to figure out how to cut back on.

Gates has ordered that the practice - known as "stop loss" - must "be minimized." At the same time, he is looking for ways to decrease the hardship for troops and their families, recruit more people for a larger military and reassess how the active duty and reserves are used.

"It's long overdue," said Jules Lobel, vice president of the Center for Constitutional Rights and lawyer for some in the military who have challenged the policy in court. "It has created terrible problems of morale."

Gates has asked the chief of each service branch for a plan by the end of February on how they would rely less on stop loss.

The authority has been used off and on for years and was revived by all services to some extent after the attacks of Sept. 11, 2001.

As an example, the Army revived it in early 2002 to keep people with some skills or specialties deemed critical to the fight against terrorism and later used it to retain whole units, according to an Army chronology of the policy.

Pentagon officials provided no figures on how many people the policy has affected. Yet just in the Army, it is in the tens of thousands.

The Navy stopped a few hundred sailors from leaving in the year after the terrorist attacks and used the policy again after the U.S.-led invasion of Iraq in 2003.

The Marine Corps used it from January through August of 2003 and at the high point had some 3,400 active duty troops and 440 reservists held in service under the authority, said 1st Lt. Blanca E. Binstock, a spokeswoman.

The Air Force did not have statistics immediately available.

The Defense Department says the main reason for the policy is to keep units whole for deployments.

Iraqi Soldiers Still Rely Heavily On U.S. (LAT)

By Alexandra Zavis

The Los Angeles Times, January 28, 2007

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TURKI, IRAQ — As dawn broke, a thick mist enveloped the lines of military trucks poised to sweep through a tract of rich farmland where Sunni Arab insurgents had turned miles of irrigation canals into trenches with holes to stash weapons, food and blankets.

A chilly downpour turned narrow dirt roads into sheets of slippery mud that sent vehicles skidding into ditches.

For the U.S. Army, the weather was a temporary setback. Officers said it actually worked to their advantage because it left the enemy surrounded and exposed to the wet, wind and cold.

But for their Iraqi allies in an ambitious effort to reclaim an insurgent haven in eastern Diyala province, the weather could have spelled the end of the offensive. When U.S. Humvees, Bradley fighting vehicles and tanks pushed ahead two days later, they had to tow the Iraqis to the fight. Their flimsy pickup trucks and minivans had become hopelessly stuck.

As the campaign continued into a second week, U.S. forces flew in everything the Iraqis needed to keep going: ammunition, rice, T-shirts, dry socks and cigarettes.

A long way to go

As pressure mounts here and at home for U.S. troops to start leaving, the assault in Diyala province this month showed how far the Iraqis must go before they can stand on their own.

U.S. troops with the 3rd Brigade Combat Team, 1st Cavalry Division, said the Iraqis had made great strides since they were deployed to the province four months ago. But asked whether the operation would have been possible without the United States, Iraqi Capt. Kader Abdul Kareem Majid shook his head.

"The coalition forces have airplanes, tanks, all the equipment they need. But the Iraqi army does not have that," said Majid, a 10-year veteran of a Kurdish militia that fought Saddam Hussein's army. "We need U.S. support."

The offensive began Jan. 4 with a combined ground and air assault on a remote rural area the size of Baghdad. About 600 U.S. troops joined forces with about 400 soldiers with Iraq's 1st Brigade, 5th Army Division.

Insurgents in the targeted area are thought to be providing support for attacks in Baghdad, Baqubah and other strife-torn cities. Al Qaeda in Iraq last year declared an Islamic caliphate in Diyala, and its leader, Abu Musab Zarqawi, was killed in a U.S. airstrike here in June.

Back then, Iraqi soldiers refused to venture into the region around Turki, stronghold of a tribe that had supplied top officers to Hussein and later forged ties with Al Qaeda and other militant groups. Iraqi soldiers referred to a checkpoint on the northern edge of the region, which drew regular mortar fire, as the "posting of death."

"They are all dangerous here," said recruit Ali Mohammed, a Shiite teenager from western Diyala. "Only the men wearing the same uniform as me are my brothers in this land."

But with the might of the U.S. Army behind them, morale was much higher during this month's offensive. Iraqi soldiers clapped their hands and sang as they rolled out of their base.

The U.S. soldiers said they had to hold the Iraqis back as they conducted a slow and meticulous search of every home, seeking to collect evidence on insurgent activities.

"These guys are not organized, but they are aggressive as hell," said Capt. Andy Hercik, as he prepared a dozen Iraqi soldiers to search a wind-swept village eerily devoid of men. "When we went into the village yesterday, they swarmed the place."

"Like Normandy?" said a laughing Capt. Stephen Dobbins, his troop commander in the 5th Squadron, 73rd Cavalry Regiment, 82nd Airborne Division.

"More like cockroaches when you turn the light on," Hercik replied ruefully.

As the two sides searched mud huts and pillared homesteads, the Iraqis proved adept at spotting an out-of-place carpet concealing a hoard of guns or a bomb tucked among the reeds.

It was also Iraqis who recognized three brothers identified as key members of a group known as the Council, which oversaw insurgent activities in the region, just as U.S. forces were about to walk away from their mechanical repair shop in Turki.

Dobbins was delighted when he saw Iraqi soldiers squatting in a waterlogged field outside another village to provide cover as others pushed in.

"This is awesome. They are moving tactically, pulling security," he said. "This is a great step forward for these guys."

Details kept secret

But there also was friction. Fearful that information would leak to the insurgents, U.S. commanders kept details of the operation from all but the most senior Iraqi officers until hours before it began. Even so, one detainee later said he had been tipped off by an Iraqi officer.

Iraqi commanders said the tight security prevented them from preparing properly.

"I didn't have time to organize supplies, vehicles or ammunition for the soldiers," said Majid, a company commander.

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Although Iraqi officers emphasized their support for the U.S. forces' methodical approach to clearing villages, many of their men grew impatient. They repeatedly asked in broken English, "When we kill Wahhabis?," a reference to adherents of the fundamentalist form of Sunni Islam practiced by many Al Qaeda members.

U.S. soldiers assured them they would get their chance. But because of the yawning technological gap between them, it was the Americans who did most of the killing.

U.S. troops used advanced optics and aerial surveillance to spot small groups of gunmen and then called in thundering artillery and airstrikes. More than 100 were believed killed, in most cases before they had fired a shot.

"Look at our equipment. It is not like the Americans'," said Mohammed Habeeb, a Shiite soldier from the southern city of Basra, holding a battered machine gun with no sight. "Most of the insurgents would rather go after the Americans, but they are scared of them. So who do they go after? The ordinary Iraqi soldier."

Majid said he was forced to rely on U.S. aircraft to ferry in supplies and evacuate the wounded. Most of his vehicles had no armor plating or covers to shield his men from the elements. And his radios did not have the range to communicate with his headquarters.

After a rain-soaked night spent huddled beneath their vehicles, many of the Iraqi soldiers clamored to return to the rear for a hot meal — with bloody consequences.

An antitank mine ripped through the Iraqi convoy, killing a soldier and injuring three. They were among at least eight Iraqis killed and 29 injured during the operation. Antitank mines also injured more than a dozen U.S. soldiers, but because their vehicles were better protected, most of their injuries were less serious.

The United States has supplied the Iraqi 5th Army Division with 181 of a promised 211 armor-plated Humvees, U.S. officials said. But many were deployed elsewhere, and at least 45 already had been destroyed by roadside bombs or were awaiting repairs, they said.

U.S. officials are reluctant to provide more sophisticated equipment until they are confident the Iraqis can maintain and keep track of it.

Much of the training in coming months will focus on building logistics systems, they said.

"A lot of the Iraqi soldiers have the will and want to fight," said Lt. Col. Michael Beaudette, executive officer for five teams of U.S. trainers embedded with the 5th Division. "But in order for them to succeed, they need to be supplied and maintained."

Corruption is also a problem, he said. Some commanders inflate the numbers in their units so they can pick up the extra salaries, then wonder why they get asked to do missions they can't handle, he said. It also can take months for a promotion to be reflected in a soldier's pay.

"If you don't take care of your soldiers, they are going to walk," he said. "Because in Iraq, the soldiers are not held under any law to stay."

Suspicious Sunnis

The region's residents, most of them Sunnis, were suspicious of the mostly Shiite Arab and Kurdish soldiers, accusing them of shakedowns and arbitrary arrests when not accompanied by U.S. forces.

"We hear that sometimes they take the men, and they don't come back," said a worried Hanna Gatan. A gaunt woman wrapped in a green veil, she sat on a mat with her husband's second wife and their six squirming children while the soldiers searched their home. She said their husband was away herding sheep.

"What if they take him?" she asked. "He is the only man we have. Can you imagine a family without a man? Who will be responsible?"

U.S. and Iraqi soldiers detained about 50 suspects and seized dozens of weapons caches in the area, then set up a new base to maintain a presence. There are plans to improve water and electricity distribution, fix roads and open schools to undercut support for the insurgency.

It remains to be seen whether the Iraqis can hold the area after the Americans leave. But they said they already had achieved one important victory.

"The government did not control this place before," Majid said. "Now, the people understand that the government can go anyplace it wants."

Iraq Cultivates Ties To Democrats (LAT)

By Borzou Daragahi

The Los Angeles Times, January 28, 2007

BAGHDAD — Representatives of Iraq's government are hedging their bets on America's political future, hoping to keep U.S. support for their country strong by building ties with a Democratic Party that now controls Congress and is closely scrutinizing President Bush's Iraq policy.

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"There's a decision to be in contact, find out what they want, what their concerns are and to tell them of our concerns as well," said Ali Adeeb, a Shiite lawmaker and close associate of Prime Minister Nouri Maliki.

Republicans have dominated Iraq policy since the U.S.-led invasion in 2003. Many of the first U.S. officials in Iraq were handpicked party activists.

In one sense, the Nov. 7 election that handed Democrats control of Congress changed little, even though it was largely viewed as a repudiation of the White House's Iraq policy. The State and Defense departments are still the primary instruments of policy in Iraq.

A top government official close to House Speaker Nancy Pelosi (D-San Francisco), who ended a brief visit to Iraq on Saturday, said the Bush administration remains the final arbiter of decisions on how much continued U.S. military and financial support the Iraqis receive.

But the election that changed the political dynamic in Washington also altered the rules of the game here. Iraqi leaders studied and discussed the possibility of a Democratic takeover for months before the vote. They concluded early that even the most staunchly antiwar Democrats would not abandon Iraq. In heated discussions, lawmakers reminded one another that it was Democratic President Clinton who signed the 1998 Iraq Liberation Act, which funded the opposition movements now in power.

The Shiite Muslim leadership has informally recommended to ministerial and parliamentary delegations heading to Washington that they cultivate closer relationships with Democrats as well as Republicans.

"They have to see people from both sides, because they are both taking part in the administration of the country," Adeeb said. "Whoever is a decision-maker in America, we have to have relations with."

Many pointed out advantages to the Democrats' increased sway over Iraq policy. Government officials said they had generally found the Democratic position on handing over security to Iraqi forces sooner rather than later closer to theirs. Almost all agree on Democratic Party initiatives, squashed when Republicans controlled Congress, to prevent the building of permanent U.S. bases here. They note news reports of Democrats acknowledging the suffering of the Iraqi population.

"I see that the Democratic ideas are more related to reality," said Ammar Tuma, a lawmaker who serves in Maliki's ruling Shiite coalition. "They talk about the real problems that the Iraqis are facing every day."

To date, government officials said, they've also found Democratic visitors such as Pelosi, Sen. Hillary Rodham Clinton of New York and Sen. Barack Obama of Illinois less parochial, more culturally sensitive and more willing to listen to Iraqi concerns than Republicans.

"Before, Bush used to order Iraqi officials to do this and that," said one member of Maliki's Islamic Dawa Party, who spoke on condition of anonymity. "The Republicans were dictating the political process in Iraq. With the Democrats in control of Congress, the Republicans are now less influential than before. It helps us in a sense to breathe a bit more and to have more freedom."

Many of the Shiites around Maliki still harbor bitterness about the Bush administration's push to remove then-interim Prime Minister Ibrahim Jafari from his post last year. They considered the pressure inappropriate interference in Iraq's domestic affairs. They were also angered by recent remarks by Bush and Secretary of State Condoleezza Rice questioning whether Maliki was up to the job of leading Iraq.

The Republican Party's election drubbing not only elevated Democrats, but also emboldened Maliki, who has begun criticizing the American president almost as much as Bush's deputies criticized him.

"I understand and realize that inside the American administration there is some kind of a crisis situation, especially after the results of the last election," he told reporters this month.

"It's more balanced now," said the Dawa Party member who asked not to be named. "What we're seeing is Mr. Maliki criticizing Bush. You didn't have that before."

After weeks of icy relations and criticism, including a televised interview in which Bush faulted Maliki for the way the execution of ousted dictator Saddam Hussein was handled, the two men spoke Saturday by phone. It was the first time they had talked since Bush outlined his new Iraq policy. It was also the day Pelosi and a delegation of lawmakers wrapped up meetings with Iraqi officials.

"Now it's different because [the Democrats] have some decision-making power," said Farooq Abdullah, a Maliki advisor. "Before, we were meeting mostly with the Republicans because they were the ones in power. Now we're meeting with both of them."

Army Probes War Contractor Fraud (AP)

AP, January 27, 2007

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WASHINGTON (AP) — From high-dollar fraud to conspiracy to bribery and bid rigging, Army investigators have opened up to 50 criminal probes involving battlefield contractors in the war in Iraq and the U.S. fight against terrorism, the Associated Press has learned.

Senior contracting officials, government employees, residents of other countries and, in some cases, U.S. military personnel have been implicated in millions of dollars of fraud allegations.

"All of these involve operations in Iraq, Afghanistan and Kuwait," Chris Grey, a spokesman for the U.S. Army Criminal Investigation Command, confirmed Saturday to the AP.

"CID agents will pursue leads and the truth wherever it may take us," Grey said. "We take this very seriously."

Battlefield contractors have been implicated in allegations of fraud and abuse since the war in Iraq began in spring 2003. A special inspector general office that focused solely on reconstruction spending in Iraq developed cases that led to four criminal convictions.

The problems stem in part from the Pentagon's struggle to get a handle on the unprecedented number of contractors now helping run the nation's wars. Contractors are used in battle zones to do nearly everything but fight. They run cafeterias and laundries for troops, move supplies, run communication systems and repair weapons systems.

Special agents from the Army's major procurement fraud unit recently were dispatched to Iraq, Afghanistan and Kuwait, where they are "working closely and sharing information with other law enforcement agencies in the region," Grey said.

"Given the billions of dollars in contract dollars that have been and are being spent, it is our experience that our agents will detect millions of dollars in fraud before we are done," Grey said. "And just as likely, we will be instrumental in bringing back to the U.S. government millions of dollars in recoveries."

One case involves an Army chief warrant officer accused of taking a $50,000 bribe to steer a contract for paper products and plastic flatware away from a government contractor and to a Kuwaiti company, according to an indictment unsealed Thursday in federal court at Rock Island, Ill.

Prosecutors say the officer took the bribe while at Camp Arifjan in Kuwait, while he was the Army's food service adviser for Iraq, Afghanistan and Kuwait, according to the indictment. The officer is also accused of trying to smuggle $40,000 in undeclared cash into the United States on a December 2005 flight from Kuwait to Dover, Del.

Other cases involve a government officer manipulating a contract in exchange for large bribes, a contractor making false claims against the government and an official accepting gratuities. The cases range in type, seriousness and complexity and involve contractors both inside and outside the United States.

The Pentagon has viewed outsourcing a wide variety of military tasks as much more efficient, leaving troops trained in combat to the business of war.

But the Government Accountability Office reported in December that the military has been losing millions of dollars because it cannot monitor industry workers in far-flung locations.

The Defense Department's inability to manage contractors effectively has hurt military operations and unit morale and cost the Pentagon money, the GAO said.

Some 60,000 contractors have been supporting the Army in Southwest Asia, which includes Iraq. That compares with 9,200 contractors in the 1991 Persian Gulf War.

Commanders are often unsure how many contractors use their bases and require food, housing and protection, according to the report. One Army official said the service estimates losing about $43 million each year on free meals provided to contractors who also get a food allowance.

The new Democratic Congress plans to ramp up oversight of the billions of dollars being spent in Iraq, including dollars awarded to contractors. Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, has said he plans to target contractor abuse.

Vietnam Shades Warner's Iraq Stand (WP)

By Michael D. Shear

The Washington Post, January 28, 2007

Virginia Sen. John W. Warner's words betray the guilt he still carries about the Vietnam War and help explain why this pillar of the Republican establishment is leading a bipartisan revolt against the war plans of a president in his own party.

"I regret that I was not more outspoken" during the Vietnam War, the former Navy secretary said in an interview in his Capitol Hill office. "The Army generals would come in, 'Just send in another five or ten thousand.' You know, month after month. Another ten or fifteen thousand. They thought they could win it. We kept surging in those years. It didn't work."

Is that a lesson for what's going on in Iraq?

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"Well, you don't forget something like that," he answers. There is a long pause, he closes his eyes and his voice gets softer. "No. You don't forget those things."

More than 30 years after Vietnam, Warner is once again watching as generals propose additional troops. But this time, he's not staying silent. In a rebuke to President Bush, Warner is leading an effort to have the U.S. Senate declare a lack of confidence in the administration's plans to send 21,500 additional soldiers into the Iraqi war zone.

White House officials were taken aback by the move, which is striking because of Warner's stature, both in the Republican Party and as one of the country's most ardent supporters of the military. But Warner, who once was married to Elizabeth Taylor, has an almost mythic popularity, which has made it impossible for Bush allies to demonize him on the issue.

The Senate will vote on his resolution as early as this week, along with a competing one drafted by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.). There is little doubt that a majority of senators will vote their disapproval of Bush's latest plans for Iraq, further isolating the president from the people who once supported the war -- people such as Warner.

Throughout a career that might be winding down -- the 80-year-old senator won't say whether he will run for a sixth term next year -- Warner has been a Republican icon and a fierce defender of the military. He voted to go to war in 2003, and from his perch as chairman of the Armed Services Committee until this year, he was a frequent defender of the president.

But to GOP loyalists, Warner is also a more-than-occasional irritant who seems willing to buck the party line with little regard for the political consequences to his Republican colleagues.

In 1994, he campaigned against his party's nominee to become the junior senator from Virginia, Oliver North. That prompted a primary challenge when he sought reelection two years later. In 2004, he endorsed higher taxes in Virginia and later held hearings on the abuses in the Abu Ghraib prison. In 2005, he battled Bush over Supreme Court justices and the use of torture in U.S. terrorist prison camps.

Now he's at it again, delivering a new affront to Bush and offering nothing but a shrug when asked if he worries about that.

"I gotta tell you, I've gotten to that wonderful age in life -- I don't worry," he said. "If you do what in your heart you feel is right, go to sleep. Don't worry. I go to sleep and I don't worry."His Biggest Sin

The thing that makes John Warner different from most mavericks is that it's never clear when the next affront will come.

He can go for weeks or months or even years as a revered member of the Republican family. A former Marine who led the Navy before his election to the Senate 28 years ago, Warner even looks the part of the courtly, white-haired GOP lawmaker from the South.

But every now and then, it seems, the urge strikes him.

"Obviously, when you're in the position of the White House or the party chairman, your job is much easier if everybody is just saying yes all the time," said Ed Gillespie, who as chairman of the National Republican Committee battled Warner on nominations to the Supreme Court.

It was Gillespie's job to shepherd the court nominees through Congress, a task made more difficult by Warner's alliance with 13 other moderate GOP senators. But Gillespie is a fan of Warner's nonetheless.

"John Warner understands full well that he is elected to the U.S. Senate, which is a separate and equal branch of government," said Gillespie, who has since become chairman of the Republican Party of Virginia.

Warner's biggest sin, in the eyes of conservative Republicans, was his opposition to North, who was seen as an unadulterated champion for the party's right wing. Warner called North "unfit" for office because of his role in the Iran-contra arms scandal.

Warner not only opposed North's candidacy, he recruited an independent challenger -- former Republican attorney general J. Marshall Coleman -- who helped give the race to then-incumbent Sen. Charles S. Robb (D). Infuriated, Virginia conservatives persuaded former president Ronald Reagan's budget director to challenge Warner in the 1996 Republican primary.

Warner won easily and in the process cemented what had been an evolving reputation as a moderate, independent politician.

"[We] live in a great state of people of common sense, of wisdom, and they are fair-minded," Warner said after defeating James C. Miller III in the primary.A Profound Impact

To anyone paying attention, it has been clear for months that Warner's support for the Iraq war has been wavering.

In October, just before the midterm elections, he returned home from a trip to Iraq and warned that the war effort was "drifting sideways." The comment was perfectly crafted for Warner: not too impertinent on its face but striking nonetheless.

Now he's gone further, sketching out his latest challenge to Bush during a late-night meeting last week with two colleagues in an ornate office at the back of the U.S. Senate chamber.

It is, he said, an attempt to send the same message offered by Hagel and Biden but without what he calls an overly harsh tone. Although it begins by respecting "the Constitutional authorities given a President," its bottom line is just as direct:

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"The Senate disagrees with the plan to augment our forces by 21,500, and urges the President instead to consider all options and alternatives," the Warner resolution reads. He unveiled his draft a day before Bush's State of the Union speech.

"His support for a redeployment resolution -- and his opposition to the surge policy -- is very important," said U.S. Rep. James P. Moran Jr. (D-Va.), a longtime friend. "It's going to have a very profound impact on the debate."

Warner's resolution gives some of his Republican colleagues a politically safe position to take on a war that is increasingly unpopular with the American public. "When John Warner decides that these issues have seriousness . . . there are a number of people who come with him," said Warner's new Virginia colleague, Sen. James Webb (D).

But to conservatives, the effort is nothing but folly.

William Kristol, founder of the Weekly Standard, calls both resolutions "wrong, foolish and irresponsible."

Kristol is careful to say of Warner that "I think he's sincere." But he said the effect of the resolution passing will be to weaken Army Lt. Gen. David H. Petraeus, who was confirmed Friday as the top U.S. commander in Iraq and will implement Bush's surge.

"John Warner can be a patriot and still do something foolish that hurts our foreign policy," Kristol said.Support for Soldiers

Few criticisms aimed at Warner seem to have much effect on him these days.

But one has.

At an Armed Services hearing last week, Sen. Joseph I. Lieberman (I-Conn.) prompted Petraeus to express concern about the passage of a Senate resolution.

"A resolution -- a Senate-passed resolution of disapproval for this new strategy in Iraq -- would give the enemy some encouragement, some feeling that, well, some clear expression that the American people are divided?" Lieberman asked.

"That's correct, sir," Petraeus replied.

When it was Warner's turn to speak, he was clearly upset. He called the exchange "personal" for him and said forcefully that support for the resolution should never be taken as a lack of support for soldiers in the field.

"We're not a division here of patriots who support the troops and those who are making statements and working on resolutions that could be translated as aiding and abetting the enemy," Warner told Petraeus and his colleagues. "I hope that this colloquy has not trapped you into some responses that you might later regret."

A few days later, in his office, Warner made it clear that he's unwilling to give in.

"Those who say we're not doing the right thing, tell me, what is the obligation of the Senate?" he asked. "Do nothing?"

How Iraq Affects D.C. Reputations (LAT)

The Los Angeles Times, January 28, 2007

SEN. RICHARD G. LUGAR (R-Ind.) was once considered one of the Senate's foremost foreign policy experts, while Sen. John W. Warner (R-Va.) was, well, not. Now, if you believe the Beltway buzz, their reputations have been reversed. Even if that reversal were justified — and it isn't — it shows that the president isn't the only politician in Washington whose career has been hobbled by Iraq.

Until the Iraq war, Lugar was seen as an elder statesman whose sound foreign policy counsel changed presidential minds for the better. His greatest hits included persuading Ronald Reagan to dump corrupt Philippine President Ferdinand Marcos and outmaneuvering GOP cold warriors to pass the landmark Nunn-Lugar law, which paid the collapsing Soviet Union to safeguard its nuclear arsenal.

But like his friend, Colin L. Powell, Lugar found himself frozen out by the Bush administration even as he continued showing loyalty to his president — to the dismay of his liberal admirers. Lugar's erstwhile fans could not understand why the powerful Senate Foreign Relations Committee chairman allowed himself to be rolled over by the Bush administration. Even after losing his chairmanship to Sen. Joseph R. Biden Jr. (D-Del.), Lugar hasn't challenged the White House on Iraq, offering only some mildly expressed concern about the surge strategy.

Although Lugar had previously enjoyed a reputation as one of the Senate's brightest, the courtly Warner has not radiated the same glow. As chairman of the powerful Senate Armed Services Committee, Warner was seen as the military's chief champion on Capitol Hill, stern in his defense of both military budgets and martial honor.

Because of Warner's long-reliable pro-military vote and support for Bush's foreign policy, it came as a shock to the body politic when the former Navy secretary returned from a trip to Iraq last October and declared bluntly that Congress would have to make "bold decisions" if the Iraqi government didn't shape up within three months. Warner's reversal made it kosher for Republicans to distance themselves from the president's war during the midterm elections. Three months later, the senator has introduced a resolution opposing Bush's troop escalation.

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Warner may not win any lifetime achievement awards from foreign policy observers, but his defiance may go down as a tipping point in the war. Lugar's stellar reputation, on the other hand, only makes the fallout from his Hamlet-like indecision about Iraq worse. Fair? No. But that's war.

After The Fall (WP)

By Kirk W. Johnson

The Washington Post Magazine, January 28, 2007

ALL AMERICANS WORKING IN IRAQ, ARMED AND UNARMED, MILITARY AND CIVILIAN, DREAM ABOUT THEIR HOMECOMING -- about who will meet them at the airport, what they'll eat first, whether things will have changed much while they were gone. During my year with the U.S. Agency for International Development in Iraq -- first in Baghdad and later in Fallujah -- the send-offs to those finishing their Green Zone tours were a weekly ritual. Deep within our perimeter of blast walls, there would be a lot of backslapping and comparing of "Baghdad Donuts," the round computer graphics that ticked how many months, days, hours, seconds and milliseconds you had been in Iraq and how many you had left to go.

I had a plan for whenever I got back to the States: a month-long road trip with friends, from the Deep South to the Pacific Northwest. But when the time came, there was no send-off and no celebration at my return.

Instead, I was wheeled onto U.S. soil, pushed like luggage by a disgruntled employee through the bowels of New York's John F. Kennedy Airport. My face was awkwardly concealed with yellowed gauze and strips of medical tape. Adults stole quick glances and admonished their staring children.

I wasn't supposed to be going home. And I wasn't ready to go.

From my wheelchair, I watched a set of golf clubs circuit the baggage carousel -- anything to distract my mind from the gnawing confusion. I had left Iraq, on R&R, to join a family reunion in the Caribbean. But while I had made it to the beach, now I was here, in America, and I couldn't remember the few decisive events that had led to this. Nobody knew. Every few hours, my dad, who was escorting me back to the family home in West Chicago, Ill., asked the same question: Anything yet? He was the one who had answered the frail tapping of my ring on his hotel room window, who drew open the blinds to see my mangled face. He later told my mother, who had slept through the worst of it, that I looked as if I'd been shot at close range, that he had never seen anything worse than my face that dawn. Without any answers, he clung to his theories. You don't remember being attacked, like with a crowbar?

It was useless. Despite my restless efforts to retrieve the memory, a few critical hours of my life were inaccessible. And what I'd been able to surmise, deduced from the recollections of witnesses and the physical facts of my injuries, made little sense: On the second night of my vacation, Fallujah had uncoiled itself in my mind, commanded my sleeping body upright and piloted me toward the window of my second-story hotel room. My sleeping hands pried open its latch. I went over the rail, sending myself tumbling 15 feet to the cold pavement below.

A WEEK BEFORE IT ALL, IN THE FINAL DAYS OF 2005, my brother Soren had called me as I stood at the landing zone in Camp Fallujah, to thank me for the gift I had recently mailed him: an AK-47 slug, spent in celebratory, retaliatory or predatory fire over Baghdad one August night. It had deep coppery scratches from its scuttle along the pavement beside my hooch and looked exactly as you might imagine a fired round would look. He told me he had placed it on his desk in the public relations office of the Catholic Diocese of Arlington. "It's a good conversation piece," he said. I thought about priests picking up the bullet.

"I'll see you soon, bro!" I shouted over the thump-thump of a pair of approaching midnight helicopters. I was leaving for my R&R, five days off to meet my family at a resort in the Dominican Republic. I sat with my gear on the edge of the concrete field watching the wobbling and shivering descent of the choppers. When they touched down, I made my way toward the beckoning aerial gunner under the rotor span, who read the letters I'd inked on my hand to confirm my destination. It would take only about 20 minutes to skirt over the deserted fields of the Euphrates River valley and past the glaring perimeter lights of Abu Ghraib prison before Baghdad's knotted skein of dimly lit neighborhoods unfurled below us. The helo nosed onward, and Marine aerial gunners hunched over their 50-cals, squinting through night-vision goggles. The baby Chinook was an aging bird with paneless windows that channeled in the wind, forcing my eyes shut.

The last time I had seen Soren was in the freighted days before I left for Baghdad, in December 2004. West Chicago had been blustery but bearable. My brothers had both come home for the holidays, and we strung lights around our frozen pond in the back yard, which we shoveled off with mounting excitement. Their wives took pictures and helped my baby niece explore the ice. We played hockey without skates; Mom brought us popcorn and hot chocolate, and we stopped between goals, steam wending its way from our lungs. Dad appeared at the pond's edge for a few moments with his pipe, surveying the game and his family quietly. We stayed away from the deep end, where Derek had once fallen through the ice 20 years earlier.

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The night before I left for Iraq, as my brothers and I sat in my room clanking our beer bottles, I taught them the geographic cues that the U.S. government had trained me to use if I was taken hostage and appeared on al-Jazeera, kneeling in front of masked insurgents. My forehead, north. South, my chin. My nose was Baghdad.

I'd tried for nearly two years to get myself to the war zone. During the invasion, I was living in Cairo as a Fulbright scholar, studying the intersection of politics and Islamism. It was a path I'd started down at age 15, after a trip to Egypt with my grandmother sparked a fascination with the culture. I had begun studying Arabic almost immediately. By the time Baghdad fell, I had six years of Arabic under my belt, a degree in Middle Eastern history and had lived throughout the region. I nurtured profound opposition to the war, but I thought I could contribute my skills in the attempt to rebuild Iraq.

Now it had been nearly a year since I arrived in Iraq. And, frankly, it felt wrong to leave for even a week. There was still so much to be done in Fallujah, so much to figure out. I didn't want to take that responsibility lightly, like so many U.S. officials who had come for a few hours to get their picture taken and to say they'd been. But my family rarely had reunions, and I was due for a break. Plus, just days before I left, the 1st Marine Expeditionary Force, soon to deploy to Fallujah from Camp Pendleton in California, had requested a briefing on USAID's work in Anbar province. I would be able to fit in that trip after my R&R and was pleased at the chance to get at least some work done while I was out of Iraq.

In the helicopter, I bowed my head in a feeble effort to catch a few minutes' sleep before Baghdad. The air outside warmed as we dipped beneath the convection layer. I cracked open an eyelid and saw the drowsy Tigris ribboning through the center of the capital. We were almost to the Green Zone. I wondered from which street or rooftop an Iraqi had fired his Kalashnikov, arcing a volley of conversation pieces for my brother back home.

I checked my watch. In about 60 hours I'd be on the beach -- away from the dusty sea of armor and Humvees, rubble and barbed wire, helmets and the weary faces beneath them.

FOUR FLIGHTS LATER, MY FAMILY LAID SHOCKED AIRPORT EYES ON ME -- I'd lost a few dozen pounds in Iraq -- and smothered me with attention. They said, You don't have to talk about the war if you don't want to, but it was as though I'd never known anything else worth talking about.

USAID, a government agency, was charged with helping to rebuild the country and with providing humanitarian assistance. My first assignment when I'd arrived in Iraq at the beginning of 2005, at age 24, was as the agency's information officer in Baghdad's Green Zone. The perpetually devolving situation beyond our blast walls had turned the place into a sort of prison, and colleagues who had forged successful careers in the trenches were stuck in a bizarre arena of paperwork and booze, punctuated occasionally by the sounds of the war outside.

I grew steadily more frustrated by the surreal isolation of palaces and swimming pools bobbing with drunken contractors and began to agitate for a job outside of the Emerald City. So, that fall, I was dispatched to coordinate the agency's efforts in Fallujah, the restive (as our government labels it) city about 30 miles west of the capital on a southerly bend in the Euphrates. Despite its strategic importance, USAID had spent less than .05 percent of its Iraq budget on projects in Fallujah. I was charged with intensifying our work there before time, money or U.S. patience ran out.

My work was exhausting, infrequently rewarding and drenched with a sense of urgency and importance. What little work we had finished, I discovered, was either ill-conceived or poorly executed. We had paid more than $100,000 to erect a few billboards to encourage war-weary and unemployed Fallujans to keep a tidy city. At the government-run veterinary clinic we had funded, I walked in to find that the vet had moved all of our donated equipment to his private clinic, where he was charging the area's impoverished farmers seven times the government rate for his services -- and simultaneously asking us for more supplies. Out west in Ramadi, both the Marines and the Iraqis wanted to rehabilitate the city's dilapidated glassmaking factory -- once Anbar's largest employer -- but our advisers in Baghdad were pushing free-market policies that precluded restarting a failing state-owned enterprise. The glacial pace of our government bureaucracies meant that new projects, such as hiring droves of Fallujans to clear out the choked irrigation canals stemming from the Euphrates, would take time. So, for the moment, Anbar's steadiest employer was the insurgency, which paid for planting explosives, for sowing disorder.

Over the months, I settled into the grind, pushing myself through 80- or 90-hour weeks as though I were on Wall Street. I was sleeping less and less, exercising more and more. I felt as if the only way to obtain reliable information was with my own eyes and ears, so I took every opportunity to get out of the camp into the city's streets. Several mornings a week, I'd armor up, Velcroing on my flak jacket, and prepare for meetings downtown with city leaders. By 7:30 a.m., I'd be shivering in the Fallujah dawn, sitting on my helmet as Marines pinched out their cigs and loaded their gear into our cluster of Humvees. We would listen to the same convoy briefing: order of march, execution, rally points, enemy tactics, routes, rules of engagement, escalation of force, medical aid. It never changed. I would ride in the open-air tub of a Humvee, which resembles the bed of a pickup truck with shoulder-height armor plating. That fall, several children had run up and tossed grenades into the tubs. I would have one chance, the Marines grinned, to swat these ringers away from the Humvee before they exploded. If I missed, I'd have to warn the others,

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who, unlike me, carried weapons and were busy peering through the scopes of their M-16s. As the convoy lurched its way through camp, I'd sheepishly practice swats, doubting my coordination, feeling absurd.

On the hardball road that led into the guts of the city, I would join the others in sizing up everything that lay in front of us. It was all lethal. Black bags of trash became the hoods of grim reapers. Parked and idling cars, massive and rusty weapons, bits of string, detonation wire. Left to right, right to left, my eyes scanned pavement, bodies, vehicles, signs, medians, hands, light posts, tree limbs, eyes, gas stations, bushes, abandoned shacks, auto body repair shops, pierced and rusting petroleum tanks, overpasses, children on bicycles, children on foot, children.

Convoy movement is forced amnesia, visceral and bitter. On the road, it didn't matter that I spoke the language, knew the music, read the authors, studied the religion. What mattered was that they stayed away from my vehicle. That they not make any quick movements when I passed by. They needed to freeze. They needed to smile.

Hypervigilance, an expert in post-traumatic stress disorder later explained to me.

THOUGH I SHOULD HAVE BEEN EXHAUSTED FROM THE DAYS OF TRAVEL from Fallujah to the Dominican Republic, my mind was surging. I stayed up late the first night, talking more to myself than to my relatives. When I finally made it to bed, I lay there, staring at the ceiling and waiting for sleep.

A few hours later, I drowsily walked past the window in my room. Spotting a half-built dun-colored apartment complex outside, I dropped to the floor and shouted an expletive, thinking it was reckless for me to be walking without my body armor. A Fallujan sniper had put us all on edge after shooting several Marines in the weeks before, and here I was walking past a window without battle rattle. It was then, on the floor of my hotel room, that I realized where I was, safe. I was embarrassed and felt a sapping dissonance. I didn't remember getting out of bed minutes earlier, but I could replay with precision the thoughts that flared when I saw that building. I got back under the covers and waited for the sun to rise. I tried to forget about the confusing event and chalked it up to fatigue.

Later that day, after my family awoke, I tried to unwind but couldn't. Though tourists were relaxing by the ocean, I found it jarring to walk among civilians without a covey of well-armed Marines, past piles of litter while sightseeing helicopters flitted overhead. Again, I talked with my family for hours too long about Iraq. Even while I threw a football with my brothers and dad in the crashing surf, I thought about the briefing I'd give the Camp Pendleton Marines after my R&R, and I felt I was doing important things with my life.

That night, I folded my jeans, placed my watch on the nightstand and crawled under the sheets. This is my last memory of that night, which I now replay as one does the moments in which a car accident might have been avoided.

Primitivo, the Haitian night guard at the hotel, later told my family what he saw. At 4:30 in the morning, he noticed me perched on the windowsill, staring off in the direction of the unfinished apartment complex. "Â¡Peligroso!" he warned, pointing a flashlight at me. Dangerous ! I yelled back something he didn't understand. Rebuffed, he continued along his night watch until he heard a crashing thud. "Â¡Se cayo!" he shouted. He fell! He raced back to find me kneeling in a pool of my blood.

A ravine of torn flesh ran between my brows. My chin flapped below my jaw. I held my mouth with two broken wrists and groaned about my teeth, jarred loose from my fractured upper jaw. Blood spigoted from my forehead, from the nostrils of my broken nose, over shreds of lip.

I WAS FACING MONTHS OF REHABILITATION. But upon arriving in West Chicago with my father, I fought against my injuries, sparring with doctors, tugging at stitches, mentally truncating every estimate about how much time I'd need to heal. I had spent months climbing out of Humvees and Chinooks to develop relationships with city leaders, identify needs and draw lessons from the mistakes of the reconstruction. Now, my mother was buttoning my shirt for me.

I lay in my childhood bed, willing the cracks in my bones to seal and the stress in my mind to settle, and stubbornly considered this a mere interruption to my job. In the first days, I forced my fiberglass-encased hands to work the phone and pound a keyboard so I could leave messages with my bosses in Baghdad and e-mail them pictures of me in the hospital bed, along with the list of required medical procedures.

I knew that to return, I'd have to get a new health clearance from the government, a requisite for civilians working in Iraq. So, as though setting out to repair an engine, I made a list of everything wrong with my body. It would take at least two months for the casts to be cut from my broken wrists. The wires lashed around my jaw would be removed in two weeks, at which point I could schedule the several root canals required for my front teeth. Afterward, I could visit my high school orthodontist for another round of braces to hoist my fractured teeth back into line. All in all, I'd need eight weeks, I told my office, before I'd be good to go. I asked if there was anything I could do in the meantime, offering to work with the agency in Washington until my return or to write a report with recommendations for projects in the city. Aside from early well-wishes, I heard nothing back. The friends over there who took my calls told me not to feel offended: I was merely out of sight and out of mind.

I wondered how the Fallujans would interpret my absence at our next meeting. Too many U.S. advisers and politicians had swooped in and out of Fallujah, making promises soon forgotten or ignored. I had sworn to myself I wouldn't make grand

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promises, wouldn't disappear. Now a series of ruptures snaking across my face and through my bones was making me break my word. I started to type an explanatory message in Arabic to Khaled, a city council member who was working on proposals for agricultural initiatives in the outskirts of the city, but I felt foolish. What could I tell him?

I realized I had come to know more about Fallujah than about my own home town. Stuck in a wartime framework, I made a Fallujah of West Chicago. I studied satellite maps on my computer, marveling at elements of our infrastructure that I'd never noticed, at how insecure we were. I plotted a takeover of the town in case the West Chicagoans sparked an insurgency. How many troops would we need, and how would we divide the city for administration? Where would we set up entry and exit control points? Where would rally points be set in case of IEDs or small-arms fire? Just as Fallujans had had to convert their soccer pitch, my town would have to use our high school's football field for trench graves. As a show of force, I'd position an M1A1 Abrams tank in the parking lot between Ace Hardware and Taco Bell. I'd coil concertina wire into the street to snarl traffic into a slow, observable mass. While my parents drove me through town on the way to doctor's appointments, I imagined mile-long vehicle queues snaking round the gas station and muzzles of counter-sniper rifles poking from the rooftops.

After I had pacified West Chicago, I succumbed to my anger. A month into my recovery, and I still hadn't heard anything from the mission in Baghdad. With each procedure, new complications appeared, and my estimated return date was slipping further from my reach. In trying to fix one wrist, a doctor accidentally expanded the crack in the bone, adding weeks to rehabilitation. When my oral surgeon failed to remove one of the wires holding my loosened teeth in place, I drove to the hardware store and bought a pair of pliers. I wrenched the wire from the gum tissue myself, wiped the blood from my chin and crossed that procedure off my list.

I still couldn't explain why the accident had happened, or even how. My dad, a Vietnam vet, still insisted that I had been attacked or robbed, unwilling, I think, to accept the idea of any sort of mental failure. Friends overseas told me that Marines and diplomats I barely knew were gossiping about me -- a two-star general was overheard declaring that I had been drunk, that I was trying to get out of coming back. When people suggested, gingerly, that I might have been suffering from PTSD, I rejected it out of hand. I hadn't worn a uniform and didn't believe I had the right to group my injury with those who did. So many had it worse: Marines, soldiers, Iraqis -- so many Iraqis. I called a psychiatrist friend, who said that I probably had experienced a stress-prompted fugue state, which is characterized by dissociative amnesia and autopilot behavior. I didn't see a shrink because I didn't think I'd have the time, especially since I was still hoping to return to Fallujah.

I decided to accept that explanation as the most likely, despite its obvious frustrations: The most important decision I'd ever made in my life happened that night on the windowsill, and I wasn't around to make it. I declared a family moratorium on discussing other possibilities. I wasn't likely to retrieve the lost memory, and the conjecture was draining us all.

As to the larger question of why it happened, visitors would offer unsolicited explanations. A minister friend of the family informed me that I was breathing because I'd been saved, because God had plans for me. "It's a Wonderful Life" looped on television for the holidays, telling me I should be feeling reborn. Each day is a gift!

I didn't feel that way; I felt ridiculous. After all, I'd spent the 12 months before the fall in a landscape scarred by a hail of bombs, mortars, rockets and bullets. I had seen death and the on-the-brink moments that make you think you're headed there: On a cold morning in Fallujah weeks before I left the city, my convoy had missed the wrath of a suicide car bomb by a few minutes. The vigilant Marines in the lead Humvee had even spotted the vehicle lurking along Route Fran, but for whatever reason, its explosives were meant for someone else. The next morning, we drove past the black char blossom left by the blast on the pock-marked pavement. Yet it was sleepwalking at some beach resort that nearly did me in.

I wondered if it would be any different if I had sleepwalked over there, instead. Would it be easier to understand? The ifs were exhausting, unrelenting.

I came to loathe the night. I'd crawl into bed warily. After a few hours, I'd snap awake, the kind of awake that is complete and leaves you with no doubts as to its certainty. My doctors blamed it on the Vicodin and general anesthesia, but I'd never told them about the nightmares since my return. In each, I was back in Iraq, abandoned, in danger or helpless to save others. In a sweat, I'd roll over and turn on the television, which lit the room with infomercials hawking bagel slicers and girls gone wild. In the hours until the sun came up, I wondered what was happening in Fallujah.

For a while, people called from Iraq to tell me the news. The canal-clearing initiative foundered in my absence. I learned that our colleague Sheikh Kamal, head of the city council, was assassinated while walking out of his house.

January lapsed into February, and I still had no final word from Baghdad about my future in Fallujah. My bosses hadn't yet discussed with me the likelihood of resuming my work. A friend in Baghdad forwarded an e-mail from a newly arrived diplomat who asked, "Who was Kirk Johnson, where did he work, and when did he leave?"

Moments before getting the roots of my three dead front teeth bored, I thumbed through magazines in the endo-dontist's waiting room and came across a quote of mine in Time magazine, made weeks earlier on Election Day in Fallujah, at a time that now seemed so much more important, more loaded, than anything at home. Humming drill in hand, the doctor asked, What was

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it like over there? I wasn't ready to accept that past tense. I hadn't finished over there. Hell, my socks and razor were still over there.

But I wasn't going back. My cellphone rang a few weeks later, on the drive back from getting my casts sawed off. It was Baghdad. Mom turned down the radio. My contract had expired during my recuperation, my superiors said, and they weren't going to field a replacement for me. Congress was slashing reconstruction funds, and what remained wasn't likely to be spent in Fallujah. As I listened to the news, I stared out the window at the freshly plowed, salt-streaked parking lots that pooled around the strip malls and fast-food joints. The neon in their signs cut against the encroaching dusk: Fantastic Sams, L.A. Tan, Hollywood Video, Dollar Heaven. I was home, after all.

Kirk W. Johnson, a writer and Arabist, has lived throughout the Middle East and is working on a collection of essays from his experiences in the war.

Taliban Vows Summer Wave Of Suicide Bombers (WT)

The Washington Times, January 28, 2007

KABUL -- The Taliban is gearing up for a massive summer offensive, with more than 2,000 suicide bombers ready for action and even more preparing, a senior Taliban commander said yesterday.

The commander, Mullah Hayat Khan, issued his threat a day after a top U.S. diplomat warned that Afghanistan was in for a bloody and dangerous spring after the bloodiest year since the hard-line Islamist Taliban was ousted by U.S.-led forces in 2001.

"The Taliban will intensify their guerrilla and suicide strikes this summer," the mullah said. "This will be a bloodiest year for foreign troops."

He said 2,000 suicide bombers were ready -- about 40 percent of the total suicide force -- adding that numbers were so high that it was sometimes hard to find enough explosives and targets.

"Our war preparations have been completed to a large extent, and we're waiting for summer to set in," Mullah Khan said.

More than 4,000 people died last year, a quarter of them civilians, as the resurgent Taliban fought back with what NATO generals said was surprising ferocity.

Calling the guerrillas virulent and tough, Richard Boucher, U.S. assistant secretary of state for South Asia, warned on Friday the spring would be bloody and dangerous after the traditional winter lull in fighting.

"I think we will face a strong offensive and will have a difficult and dangerous and bloody spring," he told BBC radio as NATO foreign ministers discussed Afghanistan's future at a summit in Brussels, "but we are also better set up to deal with it."

The threat coincides with an upsurge in attacks by Muslim terrorists on both sides of the Pakistan-Afghanistan border.

Pakistani investigators probing a suicide blast at a top hotel in Islamabad said yesterday they were looking at possible links to pro-Taliban extremists near the border. Police said they were examining the head, a leg and an arm of the bomber who detonated explosives strapped to his body when he was prevented from entering the Marriott Hotel in Islamabad on Friday, killing a security guard.

"Experts are examining the few remains of the bomber's body in a bid to identify him," said Brig. Javed Cheema, the Interior Ministry crisis-management chief.

Officials said a sketch of the bomber could not be prepared because no witnesses so far had come forward, nor had hotel security cameras filmed the attacker.

Interior Ministry officials said no group had yet claimed responsibility for the attack.

"We suspect [the attack] could be by militants opposed to the government's drive against Taliban elements in the tribal regions," a senior security official said on the condition of anonymity.

Pakistan is under pressure to curb Taliban activity in its lawless tribal zone bordering Afghanistan.

Afghanistan and U.S. officials said the Taliban uses the area to recruit and train fighters for cross-border attacks on Afghan, NATO-led and U.S. forces.

Kabul also has accused the Pakistani government and intelligence services of backing the insurgency, which claimed about 4,000 lives in 2006, the deadliest year since U.S.-led forces ousted the Taliban in 2001. Pakistan denies the charges.

House Speaker Nancy Pelosi and a delegation of U.S. lawmakers met with Pakistani President Pervez Musharraf yesterday in a mood of concern over a provision in a U.S. bill proposing restrictions on military aid to Islamabad. Neither side was scheduled to make any public comments.

The bill, passed by the House and awaiting action in the Senate, calls for ending U.S. military assistance to Pakistan if the country fails to stop the Taliban from operating on its territory, according to Pakistani news reports.

Under the provision, President Bush has to certify to Congress that Pakistan was doing its level best to combat insurgents before releasing any new military assistance. The Bush administration thinks that such restrictions on aid to Pakistan would

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undermine cooperation in the war on terrorism and is trying to persuade the Congress to drop the provision before it becomes law.

"Such conditionality [would] be counterproductive to the important goal ... of fostering a closer relationship with Pakistan," said a statement on administration policy from Mr. Bush's office.

CORPORATE SCANDALS:

Qwest May Face Fight For Money (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, January 28, 2007

If its ex-CEO is convicted, the firm can seek reimbursement for paying to defend him.

CA Inc. is trying to recover the $14.9 million that the software company spent to defend former chief executive Sanjay Kumar against accounting-fraud charges.

A lawsuit by the Islandia, N.Y.-based company, formerly known as Computer Associates, has targeted Kumar's cars, home, yacht and bank accounts after he pleaded guilty to masterminding a multibillion-dollar fraud.

A similar court battle could be in line for Denver-based Qwest if former chief executive Joe Nacchio is convicted of criminal insider trading.

Qwest is footing Nacchio's legal bill, which could cost up to $75 million for both civil and criminal cases, according to experts. Nacchio has pleaded not guilty to 42 counts of illegal insider trading. His criminal trial is set to begin March 19.

Bob Toevs, a Qwest spokesman, wouldn't say whether the company would seek reimbursement if Nacchio is convicted, but he said it has the right to.

Qwest and CA are just two of a large number of companies that pay legal fees for their current and former executives, experts say.

"It's very, very common for almost any corporation, and certainly for large publicly traded companies, to have provisions and agreements that will actually require the corporation to advance defense costs up front," said Lawrence Hamermesh, a corporate and business law professor at Widener University School of Law in Wilmington, Del.

Hamermesh said companies are not required to do so under state law in Delaware, which is where Qwest and many firms are incorporated.

Instead, experts say, most companies offer indemnification from legal proceedings and pay attorney fees in advance in order to attract officers and directors to their company.

"If I'm wrongfully charged, why should I have to fork out $25 million to $50 million or $60 million to defend myself?" said John Marquess, president of Legal Cost Control, a legal-fees consulting firm in New Jersey.

Current and former officers and directors at Qwest don't have to.

Qwest can attempt to recover

Qwest says its bylaws require it to advance legal fees for officers and directors who may be involved in a civil or criminal proceeding because of their work with the company. The company also says that if a conviction is handed down, it can attempt to recover its money.

The Justice Department charges allege that Nacchio sold $101 million in Qwest stock in early 2001 while he knew the company's finances were faltering.

Nacchio's attorneys have argued that Nacchio had a rosy outlook for Qwest in early 2001 because he knew the company was in line to receive large government contracts.

Separately, the Securities and Exchange Commission has sued Nacchio and several other former Qwest executives, charging that they fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Nacchio has also been named in several shareholder lawsuits.

Toevs wouldn't disclose how much the company's insurance may be covering in legal expenses for Nacchio.

Amount of coverage varies

Insurance broker Bruce R. Swicker said companies can carry two types of so-called directors and officers insurance to help defend the company and its key officials against lawsuits - one to cover the company and the other to cover the individual officer or director. The coverage is also used to pay settlements.

Toevs said Qwest has D&O coverage. Nacchio's severance agreement indicates that the company has separate coverage for him.

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A provision in the agreement says that "the company shall continue to make the indemnification/insurance payments" as defined in his initial employment contract.

Nacchio joined Qwest in early 1997 and left in mid-2002.

How much Qwest ends up paying for legal fees depends on the insurance coverage limits they purchased, Swicker said. The insurance coverage is rescinded, however, if an officer or director is found guilty of a crime that harms the company.

Enron reportedly only carried limits of up to $365 million for the entire corporation.

Qwest paid $250 million in 2004 to settle an SEC suit alleging accounting fraud. It later paid $400 million to settle a shareholder class-action suit.

D&O insurance may have covered portions of those settlements, but Qwest won't say.

Swicker said the wave of corporate scandals in the late 1990s and early 2000 forced some insurance companies to stop offering D&O coverage.

"When all this first broke, there was a definite hardening of the market, as carriers either withdrew or they lowered the limits they were willing to offer," Swicker said.

He said new corporate governance laws such as Sarbanes-Oxley have helped the market recover.

Staff writer Andy Vuong can be reached at 303-954-1209 or avuong@denverpost.com.

Is The Fix Worse Than The Problem? (NYT)

By Gretchen Morgenson

The New York Times, January 28, 2007

CONGRESS has a new idea about how to rein in executive pay. Trouble is, the plan will squeeze midlevel workers, even as they need to save more money for retirement. And it won't even dent top executives' takes.

Tucked into the proposed Small Business and Work Opportunity Act of 2007 are two provisions that would limit employees' use of deferred compensation plans to save for retirement.

The provisions are advertised as aiming at fat-cat deferred compensation plans — like those that contributed to the recent $200 million payouts to Hank A. McKinnell of Pfizer and Robert L. Nardelli of Home Depot. But tax and compensation experts say the law could hurt those making less than $100,000 a year. Potential victims also include workers at start-ups or companies undergoing a turnaround, or even people who have recently changed jobs.

"This doesn't just deal with the Nardellis and McKinnells of the world," said Brian Foley, an independent compensation consultant in White Plains. "It deals with all sorts of people who are middle management who will never make the big money and for whom deferred compensation is critical for saving for retirement."

The act is meant to give tax breaks to small businesses that may be hurt by an increase in the minimum wage. To offset lost revenue arising from those breaks, the bill proposes to limit the amount that any employee can amass in so-called nonqualified, tax-deferred compensation plans. The limit would kick in when earnings in a plan exceed the five-year average of an employee's annual taxable pay, or $1 million, whichever is less. If earnings in such plans exceed that limit, all of the employee's deferred compensation will be immediately taxable and subject to an additional 20 percent penalty and interest.

If the bill passes, the limit will take effect in 2007 and will not apply to earnings in qualified plans, like 401(k)s.

Know this: If a chief executive were to owe taxes or penalties because of the new limit, his company would surely cough them up. This practice, de rigueur in corporate America, is so venerable that we might as well call it "ye olde tax gross-up." Better yet, company accountants and tax specialists would figure out a way around the limit altogether for the top guys. Both outcomes would probably end up costing shareholders more.

Down the ladder, the story will be very different, however. "The definition of deferred comp, the types of arrangements and who it applies to is so broad," said Brigen L. Winters, principal at the Groom Law Group in Washington. "The vast majority of people affected by this will be in the $100,000 range." And it is unlikely that their companies will cover taxes generated by exceeding the limit.

Let's say an employee made $100,000 a year, on average over the past five years — that would be his annual limit for amounts earned in deferred compensation plans each year. While $100,000 may sound like a lot to generate in one year, it could be reached fairly easily. If a worker had $1 million saved in his deferred compensation account, for example, his savings would have to earn just over 10 percent in a year to put him over the limit. Then, his whole account would be subject to the tax and penalty.

Those who have worked the longest and set aside the most money for retirement would be prime candidates to exceed the limit — around the same time they would need to tap into their accounts.

Others who could be hurt by the deferred compensation cap are employees at start-up companies that pay little in salary but provide big equity stakes in deferred compensation programs to lure and keep talented employees. (Some stock options are

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exempt from the cap.) New hires, whose five-year average pay at their employers is minimal, could also be snared by the limit. And because certain severance payments are included in what the bill considers deferred compensation, workers who took early-retirement packages might also find themselves owing taxes and penalties. Older employees who wanted to cut back on their work life but not retire altogether — known as phased retirement — could also be hurt by the limit.

In addition, the law would discourage executives who receive restricted share units of their companies' stock from holding onto the stakes, eliminating an incentive for managers to align their interests with those of shareholders.

"Pensions are being eliminated left and right and a souped-up 401(k) can only do so much," Mr. Foley said. "If the nonqualified stuff is going to be capped and if the cap is going to apply across the board, it seems to me it puts the squeeze on the guys in the middle."

Good point. Limits on deferred compensation might not be bad if workers had been allowed to increase contributions to 401(k) plans beyond relatively low limits — $15,500 in 2007 — or if corporate pension plans were flush and growing in number rather than being terminated.

But amid fears that many employees have not saved enough for retirement and will face runaway health care costs as they grow older, limiting deferred compensation for middle-level managers seems goofy. The small-business bill's limits on deferred compensation were made without any hearings on their consequences.

The idea behind this cap seems to be an Enron byproduct. The 2002 investigation by the Joint Committee on Taxation into Enron's failure, requested by Senators Max Baucus, Democrat of Montana, and Charles E. Grassley, Republican of Iowa, highlighted generous deferred compensation plans given to the company's executives. Senator Baucus, chairman of the Finance Committee, is a proponent of the limit.

"Enron allowed its executives to defer significant amounts of compensation even though Enron had to forgo a current deduction with respect to such amounts," the Joint Committee's report stated when it came out in 2003. "The fact that Enron was apparently indifferent to the deferral of its deduction provides further support for the need for changes to the tax treatment of nonqualified deferred compensation."

Carol Guthrie, a spokeswoman for the Senate Finance Committee, said: "There are a lot of hypotheticals out there about this provision affecting those other than whom it's meant to affect, but its application will not bear those out. This provision still allows far, far higher deferral benefits to the people it affects than those received by the average worker. It's hard to argue that 100 percent of your pay is too stingy an allowance for deferral."

But Mark J. Ugoretz, president of the Erisa Industry Committee, a lobbying organization that represents major employer health, retirement and compensation plans, said: "Historically, you do not get taxed on money that you have not received, do not have control over, or do not have the use of. That's a reasonable policy since, when the employee receives this money, the government will get their fair share."

Given the explosion in executive pay, it was thoroughly predictable that Congress would jump into the fray. But legislators' past attempts to curtail executive pay have wound up fattening already rich packages. The 1993 law that limited the deductibility of executive pay to $1 million, for example, pushed executives into enormous stock options packages.

The tax code should not be used to legislate corporate governance. This is why it is so crucial now to bring shareholders and company directors together to discuss executive pay. And why it is foolish for companies to resist those dialogues.

CRIMINAL LAW:

Libby Trial Shows Unsealed Lips In CIA (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, January 28, 2007

Though the agency has sought to protect covert identities, the leak case reveals that the secrecy rules are sometimes ignored.

WASHINGTON — From their earliest days, U.S. intelligence agencies have made it an article of faith to protect the identity of their secret agents. And in 1982, following a rash of malicious exposures, the CIA prevailed on Congress to make it a crime to knowingly disclose the identity of such operatives.

So in 2003, when the name of a CIA arms proliferation specialist, Valerie Plame, surfaced in a newspaper column, the agency immediately demanded a Justice Department investigation.

But last week, as former White House aide I. Lewis "Scooter" Libby went on trial in connection with the leak, it appeared that neither the CIA nor some other intelligence community insiders were all that tight-lipped about such supposedly sensitive matters.

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When it came to talking to outsiders, the agent's identity was often treated as not much more than water-cooler dishing or cocktail party chatter.

A high-level CIA official dropped Plame's agency connection into a conversation with a White House aide who did not know Plame existed. Another CIA official confessed that it was only after he had mentioned the agent's name to an official outside the agency that he felt a twinge of regret — a kind of belated "oops" — over what he had done.

And former Deputy Secretary of State Richard L. Armitage, a possible witness in the Libby trial, has acknowledged discussing Plame with a reporter. Armitage, an old hand at dealing with sensitive intelligence matters, later told a friend that gabbing about Plame was "the dumbest thing he'd ever done in his life."

The agent's identity wound up being a subject of discussion inside Washington's sprawling national security community after it was unveiled in a syndicated newspaper column. Libby is accused of lying to federal investigators looking into who leaked Plame's name to the columnist.

Plame is the wife of former envoy Joseph C. Wilson IV, who publicly raised questions about the intelligence used to justify the invasion of Iraq.

The revelations thus far in Libby's trial suggest that, though U.S. officials — especially within the Bush administration — have publicly insisted that secrecy is crucial in national security matters, there is a backstage world inside the government where even the most basic rules for protecting sensitive information may be ignored.

In theory, sensitive intelligence is highly compartmentalized and shared only on a need-to-know basis with people who have been cleared to receive it.

That was hardly the case with Plame.

In one instance described last week, the CIA's then-chief public affairs officer, William Harlow, apparently brought her name up almost in passing during a 2003 telephone conversation with his counterpart in Vice President Dick Cheney's office.

The White House official, Catherine J. Martin, then Cheney's director of communications, said, "It was a pleasant conversation. I had never spoken with him before."

Martin was calling about a report in the Washington Post that an unnamed diplomat had turned up evidence contradicting Bush administration claims about Iraq trying to get nuclear material from Niger. The story, and others that followed, said the diplomat had been sent to the African nation because of Cheney.

The vice president was upset over being linked to the venture, which undercut White House arguments about the Iraq threat.

Martin testified that Libby suggested she call Harlow.

"I remember talking about press reports about a former ambassador sent to Niger, and the press reports saying it was because of an inquiry by the vice president," she said.

"So I was saying, 'Who sent him? Who is this guy? And what are you saying to the press? It keeps getting reported that we sent him,' " Martin testified.

"Ultimately, I remember Bill Harlow saying his name was Joe Wilson, he was a charge in Baghdad and his wife works over here."

Harlow, responding to an e-mail request, declined to comment, citing the pending trial.

Libby allegedly learned that Wilson's wife worked at the CIA from the agency's top expert on Iraq, who testified Wednesday that he regretted passing along the tip.

Former CIA official Robert Grenier said he gave Libby the information. He said he had not remembered doing so when he initially spoke with investigators but recalled it later because he had a lingering feeling that he had done something he regretted.

"I recall feeling briefly guilty about it, that I had said too much," Grenier said. "By saying that Joe Wilson's wife was working in CIA, in effect I was revealing the identity of a CIA officer."

The law does not forbid all disclosures. It targets only leaks of identities of covert operatives and incidents where the recipient does not have a security clearance to receive the information. Libby, as Cheney's national security advisor and chief of staff, presumably had high-level security clearances.

But Grenier said he still had qualms about his actions "because it was not absolutely necessary for me to have said that…. Our habit is, if you don't need to say something, you don't."

CIA officials weren't the only ones trafficking in information about Plame. Former White House Press Secretary Ari Fleischer, scheduled to testify Monday, apparently disclosed her identity to several reporters.

Afterward, he was so concerned that he might have broken the law that he refused to cooperate with investigators until he was granted immunity from prosecution.

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Plame had worked overseas, posing as a private energy consultant while working for a CIA department tracking weapons proliferation. Although she had been working at CIA headquarters at the time of the leak, the disclosure ended her clandestine career and could have endangered people who had helped her abroad.

In part, the readiness of intelligence officials to bring Plame into conversations with White House officials reflected an unspoken reality of politics and power in Washington: The CIA is an independent agency, but it serves the president and other high officials — who not only use the intelligence it provides but pass judgment on its performance.

"The CIA works both sides of the street, satisfying the political bosses while protecting turf and tradition," said Williams Banks, a professor at Syracuse University law school and a national security expert. "Ironic for sure, but part of the Washington fabric."

The political pressures were especially intense when the Plame case broke in 2003. The CIA was under White House scrutiny because of intelligence failures preceding the Sept. 11 attacks and the Iraq war.

The pressure was clear in Grenier's testimony:

The former CIA official recalled taking a call from Libby, who, with what Grenier described as a "slightly accusatory tone in his voice," wanted to know whether the CIA was involved in sending Wilson to Africa and whether it had done so because of interest expressed by Cheney's office.

"It was pretty clear from the context that he wanted answers as quick as I could get them. It was unusual for him to be calling me in the first place."

Grenier said he called an individual who worked in the CIA counter-proliferation division who informed him about the trip and that Wilson's wife was working in the unit that had sent Wilson there.

Before Grenier could report back to Libby, he said, Libby's office had him called out of a meeting with the CIA director. "I don't think I had ever been called out of a meeting with the director before or since," Grenier said.

"I told him, in fact, it was true that the CIA had sent Ambassador Wilson to Niger. And how much else I said about it I really don't recall. I may have mentioned he was debriefed and a report was written."

Question: "In your conversation with Mr. Libby, did you also talk about information you had learned about Ambassador Wilson's wife?"

Answer: "I believe I did."

Question: "Can you tell us about that?"

Answer: "I mentioned that, only in passing, I said something to the effect, in fact, Ambassador Wilson's wife works here."

Question: "You felt that was a piece of information that was or should be passed on to Mr. Libby?"

Answer: "I'm not sure it should have been passed on to Mr. Libby. The reason why I said it, I wanted to be as forthcoming as I possibly could."

Assessing Grenier's testimony, Larry Johnson, a retired CIA and State Department counter-terrorism expert, said, "They wanted to avoid any unpleasantness with the vice president."

Besides, Johnson said, "If you can't give the vice president and president information with any degree of confidence that it is going to be protected, then you know, the entire game is up."

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For Hevesi Prosecutor, 'One Standard Of Justice' (NYT)

By Danny Hakim

The New York Times, January 29, 2007

ALBANY, Jan. 27 — P. David Soares, the Democratic district attorney here, has clashed at various points in his two years in office with the mayor, the police chief, the sheriff and the County Legislature. He has assailed the war on drugs as a failure that "provides law enforcement officials with lucrative jobs" and called prison building an American "economic development strategy."

Now Mr. Soares, 37, is taking on one of the most durable political machines in America: the elected officials of Albany, where built-in incumbency and a "pay-to-play" system have created a culture in which at least 10 state lawmakers have been investigated, indicted or convicted in recent years.

While Gov. Eliot Spitzer has been the most prominent voice calling for change, it was Mr. Soares who sent tremors through Albany by pressuring former State Comptroller Alan G. Hevesi, a fellow Democrat, to plead guilty to a single felony charge and to resign last month. Since then, Mr. Soares said his office has received numerous tips about wrongdoing in state government.

Perhaps most worrisome for the capital: his efforts to look into corruption are now being aided by a partnership with Attorney General Andrew M. Cuomo, creating what could be a potent check on legislative abuses in a newly reform-minded Albany.

"This historically has been an office that was very much a part of the local political establishment," Mr. Soares said recently about the Albany prosecutor's office, which has jurisdiction over crimes in the capital. "I come to this job with a certain independence and therefore I feel much more comfortable in looking at these cases."

Much of the groundwork for the Hevesi case was laid out by the State Ethics Commission and the attorney general's office, but it was Mr. Soares (pronounced soars) who decided to pursue it as a felony investigation. Mr. Soares's predecessor, Paul A. Clyne, prosecuted high-profile cases, but the more notable, including cases against former Assemblyman Roger L. Green and J. Michael Boxley, a former top Assembly aide, ended with misdemeanor pleas.

The Hevesi case reinforced Mr. Soares's pledge to bring "one standard of justice" to the office. Although a Democrat in a Democratic-run county, he is also an outsider in a city led by older white men, a native Portuguese speaker from Cape Verde, off the western coast of Africa, who moved to Pawtucket, R.I., at age 6. He graduated from Cornell and then Albany Law School.

"Politically, my environment's a toxic environment, O.K.?" Mr. Soares said in an interview. "These are people that do not forget and have not forgotten."

From a seafaring culture, he has decorated his office with images of sailboats. He has a fullback's build and dresses in conservative suits, but also wears a wristband with the word "one" on it, part of an antipoverty campaign popular with celebrities — "I'm a big U2, Coldplay fan," he explained.

Before his 2004 election, he was an obscure junior prosecutor frustrated with his former boss, Mr. Clyne. Then he decided to do the unthinkable: run against his supervisor, and the local Democratic machine.

He told Mr. Clyne he was going to run against him, which led to a seven-minute conversation, Mr. Soares said. "First five, he laughed and didn't think to take me seriously, and the next two were firing me."

Mr. Clyne, who now assists district attorneys in the state, declined to comment.

A bitter and expensive campaign followed. Wealthy backers of drug law reform, including a group linked to the billionaire financier George Soros, rallied support for Mr. Soares. That angered local politicians, including the longtime Albany mayor, Gerald D. Jennings, who complained that interests from New York City were interfering in the election.

In a recent interview, Mr. Jennings said: "I don't have a lot of contact with David. I expect him to do the job he was elected to do."

His iconoclastic behavior as district attorney has certainly led some to see him as a hero ready to take on state government, while others see a zealous young prosecutor intent on making a name for himself.

Relations with law enforcement officials frayed last year when Mr. Soares delivered a speech in Canada highly critical of American drug policy, saying the war on drugs "provides law enforcement officials with lucrative jobs" — a comment that he later apologized for making, while not backing off from the essence of his criticisms.

"I took great offense at that," said James L. Campbell, the Albany county sheriff. "I'm in my 41st year of law enforcement, 16 as sheriff, 24 with the state police, and I have had people I work side by side with killed in this war on drugs, so I really was offended by it, but he did apologize for it."

His ability to take on corruption in state government was limited until recently. Last year, he created a public integrity unit to pursue such cases, but he had only two lawyers and one investigator working both local and state matters. Adding to his problems has been a feud with the County Legislature, which recently tried to strip him of his investigator.

Along came Mr. Cuomo, the new attorney general, who pledged to bolster the district attorney's efforts with lawyers and investigators from his much larger office. The deal has benefits for Mr. Cuomo as well — giving his own office more teeth on such cases and access to criminal grand jury proceedings — and a prosecutor with jurisdiction.

"In opening the newspapers for the past several weeks, you see scandal after scandal involving state government," Mr. Cuomo said recently, adding that corruption cases were "a higher priority than probably ever before."

Mr. Soares said he was cautious about the Hevesi case at first, because the initial complaint was delivered to his office by Mr. Hevesi's political opponent, J. Christopher Callaghan, with cameras in tow. But Mr. Hevesi's admissions that he had used state workers to chauffeur his wife, and scathing reports from the State Ethics Commission and the attorney general's office, provided a road map for conviction, and Mr. Soares insisted on a felony plea.

"You had to ask yourself, if this was a guy who worked at Dunkin' Donuts, and this happened to a guy that worked at Dunkin' Donuts, what would we be doing?" he said. "And if the answer is he's got to plea to this charge, he's got to pay restitution, he's got to leave his job, then what's good for the guy at Dunkin' Donuts is also good for the state comptroller."

In fact, Mr. Soares's entry into the political world similarly reflected more pedestrian concerns. The central issue in the 2004 race for district attorney was the Rockefeller-era drug laws, which sent many drug offenders away to prison for decades.

Mr. Clyne was a vocal supporter of such laws, while Mr. Soares became an outspoken advocate of easing them and felt the district attorney's office eschewed alternatives to locking people up. He was assigned to be the community prosecutor — essentially presenting a public face for the office — but felt his efforts to reach out were undermined.

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The roots of Mr. Soares's feelings on drug policy go back to his youth.

In Pawtucket, his father worked as an electrician and carpenter. Though he and his three sisters have done well, his older brother has struggled with drugs and crime.

"He had brushes with the law as early as the age of 14, in and out of reform school, in and out of state prison," Mr. Soares said, adding, "my mother had to be the lady in the audience watching her son be arraigned."

Eventually, his brother was deported.

"I think what was frustrating for his family, and for David," said Joao Goncalves, a close friend of Mr. Soares's who also grew up in Pawtucket, "all the other siblings turned out just fine, but his brother was the bully in the neighborhood, he went down a different path."

Mr. Soares, he said, "sees the reality of people, and sees that there are some good people that make some really bad decisions and there are bad people that make some really bad decisions as well."

Perhaps the same can sometimes be said of politics. Mr. Soares seems intent on making his mark.

"In the wake of our most recent state prosecution, I think more people are beginning to take note," he said. "We do have tremendous jurisdiction and ability to help this governor with his reform agenda."

In The Penalty Phase, All One's Secrets Revealed (NYT)

By Michael Brick

The New York Times, January 28, 2007

In the federal court system of the United States of America, duly recorded and transcribed by professional stenographers, there exists testimony documenting the fact that one Ronell Wilson, 24, of Staten Island, wet the bed into his teenage years.

Kids might call that T.M.I., "too much information." The law calls it evidence of a "mitigating factor" that could spare a defendant's life.

Mr. Wilson may or may not get the death penalty for killing two undercover detectives; jurors in Brooklyn will be asked to decide this week. But in two weeks of testimony to determine his sentence, he has already endured an unenviable ordeal.

The degree of scrutiny afforded a capital defendant is enough to mortify anyone who has ever been a child, dated a girl, gotten a haircut or tried to dress fashionably. This is the full probe. All your secrets revealed. Some defendants consider it either more agonizing than death, a sentence no federal jury in New York has prescribed for a half-century, or at least worth a big gamble to avoid.

In 2003, in the same court, a defendant named Emile Dixon took his chances, forbidding defense lawyers to call his relatives or dissect the circumstances of his upbringing. The strategy worked well for him, or as well as possible under the circumstances. Six jurors wrote on a verdict sheet that Mr. Dixon had impressively "exhibited concern for the privacy and dignity of his family."

He is serving a life term for dealing drugs and murdering two people, including another dealer who had become a government witness.

A Killer, and Bad in Math

In theory, this adversarial process known as the penalty phase, coda to a capital murder trial, informs jurors of the broader circumstances of the case. Prosecutors argue that the convicted man is more rotten than other killers; defense lawyers suggest causes for mercy. In practice, it can produce some bizarre tableaus. After all, once it has been established that you murdered somebody, other biographical details can seem surreally picayune.

Because of the youth of Mr. Wilson and his co-defendants, some of whom were teenagers at the time of the killings in 2003, the jury has already seen some jarringly boyish displays. In the first phase of the trial, one witness told of a clash after a school talent show. One enlarged evidence photograph showed Mr. Wilson making a gang hand sign for the camera, but the image was stamped with the logo of the Six Flags Great Adventure theme park.

On Wednesday, a gallery of TV reporters, sketch artists and figures from throughout Mr. Wilson's life learned that his I.Q. had once been measured at around 78. Asked long ago how to respond if a younger, smaller child started a fight, he had answered, "Pick him up and throw him in the garbage."

At P.S. 14 on Staten Island, he had done well in physical education, less so in math. Those grades were projected on a giant screen in the courtroom. His lawyer, Mitchell Dinnerstein, said: "We're talking about a kindergarten kid, right?"

"Everybody makes mistakes," cried Constance Wilson, Aunt Connie to the defendant, as she pleaded for his life from the witness stand. Her choice of words sounded belittlingly off-key in the courtroom, as the mistake in question was the murder of two men with young families, but the jury also heard about other transgressions to better fit that bill.

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Prosecutors called a computer technician named Jack Marczewski to describe an encounter from June 1996, when he was 13 and Mr. Wilson was 14. With another boy, Mr. Wilson had demanded bus passes, rifled through young Jack's book bag, stolen his calculator and punched him in the face.

Cross-examination was brief. A defense lawyer asked Mr. Marczewski how he was doing these days.

"Ah, doing well," he said.

Indignities Left and Right

Seeking to portray Mr. Wilson as a sweet-hearted, wayward, neglected and possibly brain-damaged child, his own lawyers have subjected him to a catalog of humiliations.

They displayed a photograph of Mr. Wilson at age 12, thumb firmly in cheek.

They put his father, Robert Earl Barnes, on the witness stand, then made a spectacle of his resplendent incoherence. They revealed that Mr. Wilson was originally called Earl, presumably after this heavily sedated man who could not identify the year of his son's birth.

A former teacher at a juvenile detention center testified that Mr. Wilson had arrived at age 15, reading at a second-grade level. A counselor from the center, Michael J. Hall, who testified for the record that he liked Mr. Wilson, described him as "immature," "slow academically" and "a thumb sucker."

A defense lawyer asked: "Did he also wet the bed?"

Mr. Hall said: "Oh, yes."

Then he recounted a time when Mr. Wilson had claimed to be a member of the Bloods street gang. Mr. Wilson, he said, rescinded his claim when confronted by older boys who were known gang members.

The next witness, Milton Munroe, described Mr. Wilson's efforts to fill out a supermarket job application.

"I realized pretty much that he only had his first and last name on the application," Mr. Munroe said, "after 15 minutes of trying to fill it out."

It remains to be seen what value the jurors will place on any of this. From the defense table, Mr. Wilson has watched the parade of counselors and teachers and parents and other relatives go by. He has registered no humiliation, no particular response at all. There is some indication he just appreciates the concern.

"It's nice to know somebody still got love for me," he wrote in a jailhouse letter to a friend (who later betrayed him on the witness stand). "I feel much better to know that."

It Only Looks Like The Girls Have Gone Wild (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 28, 2007

Study finds no increase in 'violent femmes'

COLUMBIA, S.C. -- Six Eau Claire High School students, all girls, are arrested for fighting as students board buses after school.

WOONSOCKET, R.I. -- Two mothers and their daughters, both 13, are arrested after one woman drives her already suspended daughter to Woonsocket Middle School to fight a teenage rival.

PITTSBURGH -- As police try to calm two groups of teens yelling at each other, a brawl breaks out involving 20 females. One girl is bashed in the head with a brick, and her mother is bitten on the ear.

Incidents like these are showing up in news media reports across the country, often to illustrate a common theme: American girls are becoming more violent.

But have girls really gone so wild?

A U.S. Justice Department report, under internal review and due out in about a month, will largely conclude that they haven't -- or at least that there's no data to support that they have.

"We don't have good evidence that it is increasing. We think it's not getting worse," said Margaret Zahn, lead investigator for the Girls Study Group, a panel of experts assembled by the Office of Juvenile Justice and Delinquency Prevention. "The media [approach] is always, 'If it bleeds, it leads.' I do wish the media would be more careful about how these things are reported."

But the drumbeat continues. Just last week, "CBS Evening News" reported on a group of Long Island girls who videotaped vicious assaults and put them on the Internet. That story also featured commentary by James Garbarino, the author of an influential 2006 book, "See Jane Hit: Why Girls Are Growing More Violent and What We Can Do About It."

Yet the consensus of most criminologists is that the "crisis" of girl violence is probably overblown, inflated by statistics gathered from reporting standards that didn't exist years ago -- such as zero tolerance policies in schools and increased reporting of domestic violence.

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"The empirical evidence shows it is a myth," says Penn State criminologist Darrell Steffensmeier, who is part of the Girls Study Group. "There are a lot of unanswered questions. But if you take the best evidence we have, the rates aren't any higher."

Pittsburgh police and city school police agree.

"I don't think it's anything new," says Lt. Philip Dacey, who until recently commanded the East Liberty station, the busiest in the city. "And if it's shooting up, it's not happening in my area here."

Some research, however, points the other way.

Cindy Ness, program director at the John Jay Center on Terrorism and Public Safety, has studied African-American girls in Philadelphia. Her conclusion is that street fights are a way of life for girls there but that most of the battles are never reported to police.

In her 2004 report, "Why Girls Fight: Female Youth Violence in the Inner City," she found that the girls she interviewed "actively pursue and enjoy physically dominating others and take pleasure in inflicting pain and in emerging victorious."

One girl, Aiesha, summed up the attitude this way: "You kidding me, girls be fighting more than boys do. They so emotional they'll fight over anything. Boys won't get into it over no he-said, she-said. They only gonna fight over something serious like money or drugs."

Ms. Ness also insists that street-fighting among girls in low-income areas is "significantly underestimated."

"I think it's largely an inner-city phenomenon," she says. "I think it's ratcheted up. But it's not to say it's crazy out of control. It's not this sense of Girls Gone Wild! It's more subtle than that."

More arrests, but why?

The root of this debate is numbers.

Girls are definitely getting arrested for assault and aggravated assault more often than they used to, according to figures from the FBI's Uniform Crime Reports.

Although juvenile arrests for violent crime are down overall, girls represent a larger percentage of those arrests.

While the rate for boys declined 26 percent between 1980 and 2003, the female rate jumped 47 percent. Between those years, female assault arrests rose from about 200 for every 100,000 girls to 750.

Some analysts and media reports cite that fact in saying the "gender gap" between boys and girls is closing. Authors such as Mr. Garbarino have seized on it to bolster their contention that girls are becoming more violent.

He lists plenty of reasons why this is happening: the breakdown of the family, the decline of the church and the natural evolution of the women's liberation movement, which began in the 1960s and now encourages girls to be as aggressive as boys.

He and others are also big on blaming the entertainment industry for featuring "violent femmes" in action roles, such as gun-toting Lara Croft and sword-wielding Uma Thurman in "Kill Bill."

Even the highbrow heroine of the Harry Potter books, Hermione Granger, punches a boy and says, "Boy, that felt good."

"Girls in general are evidencing a new assertiveness and physicality that goes far beyond criminal assault," Mr. Garbarino writes. "It is evident in their participation in sports, in their open sensuality, in their enjoyment of 'normal' aggression that boys have long enjoyed in rough-and-tumble play, and in the feeling of confidence that comes with physical prowess and power."

But criminologists largely dismiss Mr. Garbarino's book, and others like it, as simplistic and alarmist.

The 15 members of the Girls Study Group, including such prominent researchers as Meda Chesney-Lind of the University of Hawaii at Manoa and Jody Miller of the University of Missouri-St. Louis, suggest more complex factors are at work.

For one thing, several studies that rely on self-reporting by girls, such as the National Crime Victimization Survey, show very little change in violence over the last two decades.

The National Youth Risk Behavior Survey, put out by the Centers for Disease Control and Prevention, actually shows a 10 percent decrease in fighting reported by girls in grades 9-12 between 1991 and 2003.

Some surveys could be skewed because they're often given in school, and many of the girls who fight might not be in school.

Still, says Ms. Zahn, "all the self-reporting data indicates no change. They're not reporting more violence."

Shifting definitions

The Girls Study Group says the reason arrests are up is probably that more people in authority are paying attention.

Police today are more likely to arrest girls than before in part because of laws requiring them to take action in domestic violence incidents. And since those are more likely to involve girls than boys -- often in fights with their mothers -- more girls are being charged than in years past.

In schools, fights among girls are more likely to end up with someone arrested than in the past.

Ms. Zahn, 60, said that when she was a 16-year-old student in Lorain, Ohio, a friend got into a "knock-down, drag-out fight" with another girl.

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"I saw it," she says. "But that was never reported to anyone. I don't even know if the principal knew about it. Now we have zero tolerance in the schools."

Another factor, the study group says, is what constitutes an assault.

Mr. Steffensmeier says police are using broader definitions that include more minor incidents that girls are more likely to commit. His research shows that disorderly conduct, harassment and resisting arrest are now often categorized as simple assault -- and reported as such to the FBI.

"You can get busted much more easily now," he says. "If you start busting people for scratching or kicking or throwing minor objects, you're going to arrest more girls [than boys]."

And in some jurisdictions, the study group says, behaviors traditionally categorized as "status offenses" such as incorrigibility or truancy are now considered grounds for detention in a juvenile facility.

Mr. Steffensmeier says fear of lawsuits might also be pushing social workers, school officials and police to seek arrest instead of handling cases informally.

The bottom line, the study group says, is that violence among girls does not seem to be as widespread as it has been portrayed.

But Cindy Ness isn't convinced.

In Philadelphia, girls said they fought all the time to protect themselves or their reputations. What's more, many took pride in their viciousness and in "not fighting like a girl."

One told her, "I punched her in the face and then I banged her head against the ground. I only stopped 'cause someone pulled me off her."

Others said a girl with a knife will always go for the other girl's face to disfigure her, whereas boys will stab to kill.

"This way she gonna see herself in the mirror every day and remember what I did to her," said one of the girls, named Lakeesha.

The fights often came home and ended up involving mothers, aunts and sisters, as in the brawl on Crucible Street in Pittsburgh on Jan. 8.

On one ride-along with police, Ms. Ness saw 30 women and girls in a fight that police had to break up three times before they finally made arrests.

But was that kind of behavior happening in 30 years ago?

"No one can say for sure," she says. "But it's been going on for a long time in the African-American community."

EDITORIAL: The Cavalry Is Coming (NOTP)

New Orleans Times-Picayune, January 28, 2007

With a rash of murders to begin the year and only one arrest in 14 cases, New Orleans police clearly needed help. They are getting it.

In the broadest law enforcement commitment yet from the federal government, FBI, U.S. Marshal, Drug Enforcement Administration and Alcohol, Tobacco, Firearms and Explosives agents will work the streets with police to make arrests, develop cases and reach out to residents in the city's most violent neighborhoods.

"The goal is to detain, imprison, prosecute, convict and incarcerate these violent criminals, to take the pressure off the local criminal justice system," said U.S. Attorney Jim Letten, who delivered Thursday's announcement for U.S. Attorney General Alberto Gonzales. Wherever possible, Mr. Letten said, cases will be handled in federal court.

Hallelujah.

The federal system is functioning at a much higher level than the New Orleans Police Department and Orleans Parish district attorney's office. As for the city's criminal court judges, there are so many problems with evidence gathering and prosecution of cases that it's difficult to figure out how well the judges are handling their duties. There have been judges who went out of their way to set low bonds for violent offenders. But with Judge Charles Elloie off the bench that doesn't seem to be the problem that it was a year ago.

The federal initiative will double the number of agents assigned to New Orleans and will expand their involvement. FBI agents will go on patrol with police officers and will knock on doors to try to create relationships with residents. DEA agents won't be limited to drug arrests but are being given the power to work all kinds of crimes.

The city will get six additional ATF agents, nine additional FBI agents and three extra deputies and an investigator in the U.S. Marshal's Service -- all at the expense of the federal government. The DEA also will replace ruined ballistics equipment for the Police Department.

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This effort seems more about expertise than sheer numbers, though. The Police Department has struggled to put together solid cases and follow through with all the necessary documentation. Many witnesses are afraid of neighborhood thugs and distrustful of police, which is a combination that practically assures failure.

If FBI agents can turn that situation around, they will be heroes.

Two FBI agents also will work with the Police Department's cold case homicide squad, which has done some solid work in the past clearing old homicide cases. Solving old murder cases is vital, not only to bring closure to individual cases but to stem the cycle of violence. Some suspects have been linked to multiple murders but never convicted. Getting repeat violent offenders off the streets is crucial to building a safer city.

The effort to curb drug dealing is vital, too. The beefed up Drug Enforcement Administration unit will do undercover sweeps of crime-ridden neighborhoods, which is a good strategy. The effort ought to yield better intelligence about scattered drug operations and help build evidence against the violent dealers who terrorize some neighborhoods.

Federal authorities aren't new to the crime fight in New Orleans.

ATF agents were instrumental in building a case against the 7th Ward Soldiers drug gang in the late 1990s. Federal investigators traced bullet casings fired by gang members "back into their hands," then-Police Superintendent Richard Pennington said when 16 people were indicted on gang-related charges that included murder and attempted murder.

When he arrived to take over the New Orleans FBI office in May 2005, special agent in charge Jim Bernazzani started talking about creating an intelligence-sharing group across law enforcement lines to fight street crime.

Post-Katrina, with the city's justice system in shambles for months, Mr. Letten and other federal authorities have looked for ways to work with police and to take on the prosecution of criminal cases that might have gone to state court in the past.

In November, nine people were indicted on federal drug and gun charges in Central City through the teamwork of the Police Department and agents from the FBI and Alcohol, Tobacco, Firearms and Explosives.

A few weeks before those arrests, ATF had brought back its 24-hour gun hotline. Since October, 117 investigations have sprung from calls made to the hotline, agency officials said Thursday. In one of those investigations, drug dealers were rooted out of a house they had commandeered from a woman, and her home was given back to her.

Federal intervention can only go so far. The cases Mr. Letten can prosecute are limited by law. Police, prosecutors and Criminal District Court must be equipped to handle their share of cases, and those are plentiful.

But New Orleanians weary of crime are surely thankful that the cavalry is on the way.

CIVIL RIGHTS:

Noxubee Clerk: No Inquiry Into Invalid Ballots (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 28, 2007

Noxubee County Circuit Clerk Carl Miggins testified Friday his office took no action to find out why signatures on some absentee ballots in a 2003 election were different than the signatures on the applications for the ballots.

A court ruled that 33 absentee ballots cast in a race between a black candidate and a white candidate in the race for sheriff were invalid. But the judge ruled the election results in which a black candidate was declared the winner would stand because the absentee ballots didn't affect the election's outcome.

In the first lawsuit of its kind in the United States, the Department of Justice is accusing black political leaders in majority-black Noxubee County of discriminating against white voters.

Miggins, the last official witness called by the Justice Department, began his testimony late Friday.

He will complete his testimony Monday, when the trial in U.S. District Court in Jackson enters its third week. District Judge Tom S. Lee is presiding.

Defendants in the lawsuit are the Noxubee County Democratic Executive Committee and its chairman, Ike Brown, and the county Election Commission.

Miggins, who is black, and Noxubee County had been defendants but were removed after the county signed a federal consent decree to prevent any discrimination against voters.

Questioned Friday by Justice Department attorney Christopher Coates about the signatures being different, Miggins explained he took no action to find out why "Because the judge and the Election Commission ruled on it. ... If a judge ruled on it, I feel it is behind us."

Miggins said he personally doesn't make any determination on ballots cast the day of an election. He said it's up to poll workers to decide who can cast a ballot legally at the polls.

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But Coates told Miggins that in his capacity as circuit clerk he is the administrator of absentee ballots and the registrar of voters.

Wil Colom, attorney for Brown and the Democratic Executive Committee, objected to Coates' questions about the signatures on the absentee ballots.

Colom said the difference in the signatures was not the only reason the 33 ballots were thrown out.

"There were probably 12 different reasons," Colom said.

The defense will begin putting on its case after the government completes its case. The defense expects to take four to five days, Colom said.

Rental Housing Under Scrutiny (BRCN)

By KARA L. RICHARDSON, Staff Writer

Bridgewater (NJ) Courier-News, January 28, 2007

Central Jersey towns consider tougher rules for overcrowding

In the battle against illegal overcrowding in rental properties -- often called "stacking" -- some Central Jersey communities are considering tougher laws, some of which require the registration of individual tenants and their landlords.

That's the case in Raritan Borough, for instance, where officials might require landlords to certify the number of tenants in each rental unit, Mayor Jo-Ann Liptak said.

"We're going after the landlord who thinks he can exploit these people," Liptak said of tenants who are stacked.

Flemington, North Plainfield and Bernards also are considering stronger laws, although not everyone thinks they are necessary.

"I think there are enough regulations that adequately regulate the situation already," said William Johnson, municipal prosecutor in Somer-ville, where last week a landlord was fined for allowing a tenant to sleep in a basement.

Tougher laws might also stir the debate over whether overcrowding laws inordinately penalize Hispanics.

"Most of these ordinances go substantially beyond traditional health codes," said Stuart Deutsch, dean of Rutgers School of Law in Newark. "They are less about housing and more about who is being housed."

The ordinances, he said, come during this "very hot debate right now about immigration, especially related to Hispanics."

Her desire for a stiffer law, Liptak said, is not anti-immigrant. "It's anti-greedy landlord."

What inspections uncover

When housing inspectors uncover an overcrowded rental property, they often find other illegal -- and potentially deadly -- conditions such as:

Full-sized refrigerators and hot plates in bedrooms

Electrical cords strung like spiderwebs

Locks bolting every door

Mattresses in the kitchen and sleeping quarters in a basement or attic with only one way out in case of a fire.

Barry Van Horn, Somerville's fire marshal, has seen children sleeping in closets or in the bottom drawer of a dresser. Once, a woman without heat used coals under her mattress.

"You can't appreciate what this is all about until you see the desperation in their faces," Van Horn said.

Because of the widespread nature of the issue, the New Jersey League of Municipalities is collecting ordinances that deal with residential overcrowding, said Bill Dressel, the league's executive director.

Last week, Dressel said, the league started a immigration committee, and overcrowding will be one of the issues studied.

"There are quality-of-life issues both for the immigrant population and concerns for the residents who are there," Dressel said.

In North Plainfield -- with 5,000 rental units -- Council President Skip Stabile said a discussion about overcrowding laws, begun in 2006, might be resumed this year.

"You're really looking for the number of occupants," Stabile said.

The suggestion to study codes came from from North Plainfield Housing Director Jim Rodino, who wants to inspect an apartment when rented to a new tenant.

Now, municipal officials may inspect a property only when it is sold.

Support from a landlord

Jeffrey Allegar, a Raritan Borough landlord who owns a two-family property, supports overcrowding ordinances. He is required to register as a landlord, and his property is inspected annually.

"That's a good thing," Allegar said. "You're in there, you see are what doing. It's good for everybody. It saves a lot of hassles."

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"The burden should be on the town," he said. "If they make you register, they should check up, too," he said.

Not every community dealing with overcrowding laws is making them tougher.

When Bernardsville wanted to make sure its inspection practices were not discriminatory, it looked to Bound Brook, said Elaine Broyles, Bernardsville's Zoning Code Enforcement official, and adopted Bound Brook's revised guidelines.

In 2004, Bound Brook agreed to reform its inspection practices -- which the U.S. Justice Department said were designed to drive out Hispanics -- in order to end a federal lawsuit.

Among other reforms, Bound Brook translated its property maintenance code into Spanish, gave residents 24 hours notice to correct an illegal living situation and hired a bilingual coordinator to give residents information about housing, property maintenance and redevelopment.

On May 3, 2006, the Plainfield City Council repealed a 2004 overcrowding ordinance after determining that existing ordinances accomplished the same purpose.

When initially adopted, some residents felt it unfairly targeted the city's Hispanic population. The law had required the name and address of the building's owner, managing agent and superintendent; the number of sleeping rooms in each unit and a floor plan; and the number of people living in each unit, including children older than 2.

Kara L. Richardson can be reached at (908)707-3186 or krichard@c-n.com. Staff writers Brad Wadlow, Christa Segalini and Chad Hemenway contributed to this report.

Matching The Police To The Populace (NYT)

By Allan Richter

The New York Times, January 28, 2007

AS part of an initial push to recruit minority officers to the Long Beach, N.Y., Police Department in 2004, the civil service exam was opened to nonresidents for the first time. That move, police officials said, led to the hiring of a Hispanic woman and an Asian-American man, both New York City police officers.

But the department was unable to hire a police officer who was black in that recruitment drive. “We diversified but were still missing a part of the target population,” said Lt. Bruce Meyer, who heads the recruitment efforts for a department that had no black officers for almost four decades. “At that point I said we have to do more.”

Police departments in suburbs and towns across the region have been putting a new emphasis in recent years on bringing more black and Hispanic officers into their ranks as, census figures show, the white population in the suburbs has declined by 2.1 percent and minority populations have grown in the last five years.

The departments are using different tactics, with mixed success, including tweaking residency requirements and recruiting candidates who live beyond their borders. They are holding civil service tests more frequently, initiating new advertising campaigns and turning to the military for possible candidates.

In Long Beach, where the black population is 6.2 percent, according to the 2000 census, the decision was made to try again with a more ambitious recruiting effort. Lieutenant Meyer said the Police Department persuaded the civil service commission to hold another test a year later, rather than wait the usual four years. This time, posters announcing the test went up in churches, and a recruiting unit was assembled from the department’s few minority officers.

The effort yielded results: Some 750 candidates applied for the new test, up from 341 in the previous round, including more than five times the number of black candidates and three times the number of Hispanics. Two black officers were sworn in to the now 78-member police department last fall. It was the first time in 38 years that Long Beach had hired a black police officer.

Officer Judy Arroyo, who joined the Long Beach department in July 2005, said she had become a de facto point person for Spanish-speaking women enduring domestic abuse. “I’ve seen that people call and request me,” she said. “They see they can connect with me.”

In Bergen County, N.J., Sheriff Leo P. McGuire said his department has also been making a big push to diversify its ranks by changing its recruitment tactics. Instead of limiting job candidates to the county, positions for rank-and-file officers were made available to people statewide for the first time. Last month, the 466-member department swore in eight black officers, seven of them women.

“Now the public is saying this administration means business,” Sheriff McGuire said.

In Paterson, N.J., where Hispanics make up 57 percent of the city’s population and blacks make up 30 percent, the Police Department took the opposite approach by focusing its recruiting efforts within the city’s borders.

In addition, the city’s police force recently agreed to hire “police assistants,” a position created by the New Jersey Department of Personnel five years ago to help municipalities broaden their candidate lists with a more accessible entry-level post.

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"We put ads in the local newspapers," said Michael Walker, the department's civilian police director. "We addressed every criminal justice class at Passaic County Community College in Paterson, across the street from our headquarters. We went to the religious community."

As a result, the Paterson police force expects to hire 18 police assistants — most of whom are Hispanic men and women — by the spring, Mr. Walker said.

Maki Haberfeld, chairwoman of the department of law, police science and criminal justice administration at John Jay College of Criminal Justice, said the public feels more comfortable when they know that "people of the same background are represented on the force."

Dr. Haberfeld added, however, "I do not think effective policing in any shape or form is related to someone's race or background."

Some police departments that have failed to increase the number of minority officers have come under scrutiny by the United States Justice Department, which has entered into consent decrees to help oversee the recruiting efforts of a number of departments, including those of both Nassau and Suffolk Counties.

Under such decrees, the Justice Department typically helps shape the content of civil service exams. But Steve Levy, the Suffolk County executive, said the department's input had done little to raise the number of minority officers.

"The test was ridiculous in that it was basing questions on biographical information and very subjective things such as your favorite color — things that had no correlation to one's ability to be a good police officer," he said.

In addition, Mr. Levy said the Justice Department vetoed his idea in 2005 to recruit police officers from Suffolk communities where crime was high. "Unfortunately we have a Justice Department that tells us what we can't do," he said, "but doesn't tell us what we can do."

Cynthia Magnuson, a spokeswoman for the Justice Department, said the consent decree with Suffolk County, agreed to in 1986, has resulted in a "significant improvement" in police minority hiring. In 1983, when the Justice Department first lodged complaints of discrimination against the county, only 25 women, or less than 1 percent of the force, and only 59 blacks and Hispanics, or 2.3 percent, were on the county police force.

In 2005, there were 320 women, or 12.1 percent, and 262 blacks and Hispanics, or 9.9 percent.

"Our contact with the county is through the county attorney, who has not conveyed to us any criticism regarding this department's input into the county's civil service examinations, or this department's monitoring of the consent decree we have with the county," Ms. Magnuson said.

The proposal from Mr. Levy that the Justice Department struck down, she added, would have violated nondiscrimination provisions of the consent decree and the Civil Rights Act of 1964 by instituting a racial quota. Mr. Levy's plan sought "an absolute preference" to fill 20 percent of entry-level police officer slots from minority communities, she said.

Ambitious and focused efforts do not always get results. Five years ago, the Hartford police began administering the department's civil service test more frequently and enlisted community leaders to help recruit candidates.

But Lester McCoy, the assistant police chief, conceded that those efforts had apparently not worked. The 420-member force is about 60 percent white, 20 percent Hispanic and 18 percent black, just as it was five years ago.

"We're not doing any worse, but were not doing any better," he said, adding that the force has not had the budget to dispatch its own recruiting teams to minority colleges and other potential sources.

Church-state "Wall" Coming Back Down? (WT)

By Joyce Howard Price

The Washington Times, January 28, 2007

"Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof ..."

the First Amendment of the Bill of Rights to the U.S. Constitution, which took effect Dec. 15, 1791

U.S. courts rule about two times each week on cases involving whether prayers can be included in a high school graduation ceremony, an image of Jesus Christ can be displayed in a public school or a Ten Commandments monument can remain in a government building or public park.

The American Civil Liberties Union (ACLU) says such prayers and displays violate the principle of separation of church and state.

The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, estimates the frequency of such rulings between 104 and 156 annually.

Mr. Lynn, whose group often gets involved in the cases, says they represent only a small fraction of incidents that arise.

"Most of these cases never even make it to court," he says.

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The ACLU, which routinely takes on such cases in federal court, has scored some important victories in the church-state area.

Those victories include the 1992 U.S. Supreme Court ruling in Lee v. Weisman, which struck down school-sponsored prayers at public-school graduation ceremonies.

Another was the court's 2000 decision in Santa Fe Independent School District v. Doe, which struck down a Texas school district's policy of permitting students to vote on selecting a classmate to lead prayers before football games.

The tide started to turn in June 2005, when the Supreme Court ruled that a granite monolith on the grounds of the Texas state Capitol in Austin featuring the Ten Commandments -- along with Jewish and patriotic symbols -- did not violate the First Amendment's ban on an establishment of religion.

Francis Manion, senior counsel for the American Center for Law and Justice (ACLJ), says that with its 5-4 opinion in Van Orden v. Perry, the high court "did away with the idea that there is something constitutionally radioactive about the Ten Commandments."

In a December 2005 ruling about a Kentucky courthouse's display of the Ten Commandments, the 6th U.S. Circuit Court of Appeals held that the phrase "separation of church and state" is an "extra-constitutional construct ... [that] has grown tiresome." The court ruled that the display was allowed because it was "part of an otherwise secular exhibit."

Since then, the ACLJ, a public-interest law firm that specializes in religious-liberty cases, has won "most of the Ten Commandments court cases" in which it has participated, Mr. Manion says.

History of the 'wall'

Many Americans wrongly assume the words "separation of church and state" are included in the U.S. Constitution.

In fact, the phrase "wall of separation between church and state" was first used by Thomas Jefferson in a letter he wrote to the Danbury Baptist Association in Danbury, Conn., on Jan. 1, 1802, 10 months after his presidential inauguration.

An analysis of that letter -- now housed at the Library of Congress -- as well as other documents from this nation's earliest years and nearly 150 years of legal decisions strongly suggest that Jefferson and his contemporaries would be at odds with the courts today regarding church-state issues, according to the Rev. Bryan Fischer, a minister and executive director of the Idaho Values Alliance in Boise.

Mr. Fischer says Jefferson coined the phrase that some judges are calling overused to "reassure" the Connecticut Baptists that they had "no need to fear oppression from the federal government or its intrusion into the free exercise of religion because the Constitution had erected a 'wall of separation between church and state.' "

"In other words, Jefferson's wall was designed to protect the church from the state, not the other way around," and it "was never intended to insulate the state from the influence of the church," Mr. Fischer wrote in a 2005 opinion piece published in the Idaho Statesman.

Mr. Lynn disagrees and calls opponents "historical revisionists."

"Thomas Jefferson was a longtime champion of not having the state involved in religion," says Mr. Lynn, an ordained minister with the United Church of Christ. "He and James Madison erected a framework for separation of church and state. ... It's clear the majority of the framers of the Constitution had no interest in having government accommodate religion."

Mr. Manion says the two sides in the church-state debate agree that the Founding Fathers opposed allowing government "to make any religion obligatory" or giving one religion preferential treatment over another.

"But we know the framers of the Constitution permitted acknowledgement of religion in the public square. Given the things Jefferson said and did, he would be sued by the ACLU if he were president today," he says.

The 'wall' in court

Jefferson's letter to the Baptists was cited by Supreme Court justices for the first time in the 1879 case of Reynolds v. United States.

George Reynolds, a Mormon polygamist, had been convicted of bigamy in the Utah Territory. He said his conviction should be overturned because it was his religious duty as a Mormon to have multiple wives.

Eight justices held that religious duty was not a suitable defense to a criminal indictment. The majority opinion alluded to Jefferson's letter, in which he said there was a distinction between religious belief and action that flowed from religious belief.

The court said it recognized that under the First Amendment, Congress cannot pass a law prohibiting the free exercise of religion. But it noted that a law limiting marriage to one spouse at a time had been in effect since the times of King James I of England, who ruled from 1603 to 1625.

Nonetheless, the Supreme Court case cited by many legal analysts as having the greatest influence on the church-state debate today is Everson v. Board of Education of Ewing Township, N.J., in 1947.

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"That's when the Supreme Court yanked the phrase out of an obscure letter Jefferson had written and inserted it in a legal ruling," Mr. Fischer says. "Overnight, it went from being an obscure phrase Jefferson had written" to being used in a way its author had not intended, he said.

In his lawsuit, Arch R. Everson charged that a New Jersey law authorizing local school boards to pay the costs of transportation to and from private and parochial schools violated the First Amendment of the U.S. Constitution and the state constitution because it allowed indirect aid to religion.

In its ruling, the Supreme Court applied the Establishment Clause to the states through the Due Process Clause of the 14th Amendment. The latter says: "No state shall make or enforce any law ... nor shall any state deprive any person of life, liberty, or property without due process of law."

However, the court was divided 5-4 in its decision that the New Jersey law allowing reimbursement to parochial-school students was constitutional.

Supreme Court Justice William O. Douglas, one of the five who signed the majority opinion in the Everson case, acknowledged in a 1970 ruling that the Everson case turned the entire issue of religious liberty on its head.

By incorporating the 14th Amendment into the Establishment Clause, Justice Douglas wrote, the high court "reversed the historic position that the foundation of those liberties rested largely in state law," not federal legislation.

Rob Boston, spokesman for Americans United, commemorated next month's 60th anniversary of the Everson ruling in the January issue of Church & State, his group's newsletter.

His article describes Everson as the "most important church-state decision you never heard of," which "kicked off the culture wars that still exist today."

"The importance of Everson can hardly be overstated," Mr. Boston wrote. "Virtually every case that deals with the 'establishment of religion' cites Everson. Federal judges use it as a touchstone when seeking guidance in contentious clashes over the proper role of religion in government. Its language appears in countless lower court rulings and legal briefs."

Debating Everson

However, there is disagreement about the importance of the Everson ruling among legal scholars.

Bruce Fein, a lawyer who specializes in constitutional law, is a sharp critic of the Everson ruling and has made his opinions known in columns published in The Washington Times and other newspapers.

"It sows more doubts than it dispels," he says. "If there really was a wall separating church and state, a city fire department couldn't even put out a fire at a church."

Besides, Mr, Fein says, "Thomas Jefferson never insinuated the wall was at the state level."

But Jonathan Turley, professor of law at George Washington University, contends that "it makes a lot of sense to have a system where we all have basic [religious] rights, no matter what state we are in."

Mr. Manion says it's "hard to believe that in a country where 80 [percent] to 90 percent of the people believe in God" that the government forbids the acknowledgement "of the widespread nature of this belief."

John Whitehead, president of the Rutherford Institute, a public-interest law firm that takes on cases it sees as limiting religious freedom, says he sees several "ominous trends" in the church-state area.

"In the past few years, we've seen judges put more emphasis on something they call the government's speech doctrine, which limits free speech on government property," including prayer, Mr. Whitehead says.

He cites two cases the Rutherford Institute is working on, in which people were denied the right to pray in public ceremonies or meetings.

One case involves a City Council member in Fredericksburg, Va., who was told he could not say "in Jesus' name" in a prayer at a council meeting.

"So Christians can't pray now in public. It's dangerous," Mr. Whitehead says..

ANTITRUST:

Microsoft Faces New Antitrust Clash With Vista (AFP)

AFP, January 28, 2007

BRUSSELS (AFP) - Microsoft risks a new showdown with EU regulators with the roll-out of its Vista operating system nearly three years after a landmark antitrust ruling against the US software giant, officials have said.

After numerous delays, Microsoft's next-generation Windows Vista operating system is to make its debut with home computer users on January 30 after it was shipped to business clients in November.

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While Microsoft readies to roll out its first revamped operating system in five years, rivals are preparing to do battle again with the IT colossus after already winning one victory in March 2004 with an EU antitrust ruling against the company.

"With Vista, Microsoft has clearly chosen to ignore the fundamental principles of the commission's March 2004 decision," said Simon Awde, the chairman of the ECIS trade association that opposes Microsoft in its antitrust troubles.

ECIS, which includes such tech giants as Oracle, IBM and Nokia, filed a complaint with EU regulators in February 2006 targeting Vista and Office and updated their action with details on Vista last month.

"We are in the process of examining this complaint," said European Commission spokesman for competition issues Jonathan Todd.

Microsoft did not respond to requests for comment on the complaint when contacted on Friday.

The US company has long clashed with the commission over the crushing market power of its existing Windows operating system and was fined a record 497 million euros (642 million dollars) in a landmark March 2004 antitrust ruling.

In addition to fining Microsoft, the EU ordered the company to sell a version of its Windows operating system without Media Player software and to divulge the software protocols underpinning Windows for makers of rival products.

Microsoft challenged the 2004 ruling in the EU's second-highest court in April and the judges are expected to hand down a decision in the first half of the year.

Frustrated with Microsoft's defiance of some of its demands, the commission in July slapped daily fines adding up to 280.5 million euros over the six-month period of the penalty for failing to fully respect the 2004 antitrust ruling.

Microsoft is appealing against the charges.

Meanwhile, the threat of further fines remains as the commission has not yet decided whether Microsoft is meeting its demands.

The company's rivals warn that, as with earlier Windows versions, Vista is designed in a way that makes it difficult for them to build software that is interoperable with it, hampering competition in effect.

"Vista is the first step in Microsoft's strategy to extend its market dominance to the Internet," ECIS' Awde said.

ECIS claims that a computer language Microsoft has written to replace the current standard for publishing pages on the Internet, HTML, was designed to be dependent on Windows, making operations with other platforms difficult.

The association says that Microsoft is also to release a document file format that only operates seamlessly on Microsoft's Office platform unlike the existing format, Open Document Format.

The European Commission is unlikely to open a new antitrust front against Microsoft over Vista before the EU court gives its decision on the regulators' 2004 ruling.

ENVIRONMENT/INDIAN AFFAIRS:

Dearborn Waste Treatment Company Execs Face Myriad Of Dumping Charges (DEARPG)

By Cristen Kis, Press & Guide Newspapers

Dearborn (MI) Press & Guide, January 28, 2007

DEARBORN - A Dearborn waste treatment company and three former executives were indicted Wednesday and face charges of dumping untreated industrial waste into the Detroit sewer system.

CESI, Comprehensive Environmental Solutions, Inc., a liquid industrial waste treatment and disposal facility at Ford and Wyoming, is accused of violating the Clean Water Act from March 2002 until the present.

A federal grand jury returned a 12-count indictment alleging the company bypassed treatment processes and discharged untreated wastes directly into sewers, in violation of the Clean Water Act and Detroit City Ordinance requirements.

To conceal the misconduct, the indictment charges that employees made false statements and engaged in other surreptitious activities to cover up the violations.

"The federal regime of environmental laws is in place to protect the public and prevent unlawful discharges into our water system," said United States Attorney Stephen J. Murphy. "(Wednesday's) charges demonstrate the commitment of my office, U.S. EPA and the FBI to pursue possible violations of the environmental laws as well as attempts to conceal such violations."

In addition to CESI, three company officials were also indicted. Former president and CEO Bryan S. J. Mallindine, 50, of Carlsbad, Calif.; former president, general manager and sales manager Michael G. Panyard, 44, of Pleasant Ridge, Mich.; and former plant and operations manager Charles D. Long, 41, of Brownstown Township are charged with conspiracy and Clean Water Act violations.

Mallindine is also charged with obstruction of justice and Panyard is facing seven false statement charges.

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A fourth employee, former plant manager Donald A. Kaniowski, 37, of Dearborn, pleaded guilty to unlawfully bypassing treatment equipment and discharging untreated liquid wastes into the sewer system, in violation of the Clean Water Act.

If convicted, the employees could face up to five years in prison for each violation of conspiracy or making false statements; up to three years in prison for Clean Water Act violations for unlawfully bypassing treatment equipment or otherwise violating local pretreatment requirements; up to two years in prison for the Clean Water Act violation of tampering with or rendering inaccurate monitoring equipment.

Mallindine also faces up to 10 years in prison for the obstruction of justice charge.

According to the indictment, CESI took over ownership and operations at the Wyoming Street facility in 2002. The facility had a permit to treat liquid waste brought to the facility through a variety of processes and then discharge it to the Detroit sewer system.

The ink, oil and other pollutants discharged are considered harmful, but are not classified as hazardous waste.

"The indictment in this case alleges that the defendants were paid to accept millions of gallons of waste at a time when their storage tanks were already filled to capacity," said David M. Uhlmann, Chief of the Justice Department's Environmental Crimes Section. "The defendants then allegedly discharged the waste into the Detroit sewer system without adequate treatment, which is precisely the type of conduct that the Clean Water Act was enacted to prevent."

The facility contained 12 large, above ground tanks capable of storing more than 10 million gallons of liquid industrial wastes. According to court records, although the facility's storage tanks were at or near capacity, the company continued to accept millions of gallons of liquid wastes it could not adequately treat or store.

The indictment alleges that, in order to reduce costs and maintain storage space at the facility for additional wastes, the defendants often bypassed treatment processes and discharged untreated wastes directly to the sewer.

Untreated and insufficiently-treated industrial wastes discharged into a sanitary sewer can interfere with the operation of a sewage treatment plant, causing a discharge of untreated sewage and other wastes into a lake or river.

If a major storm event causes a sanitary sewer to exceed its capacity, then untreated and insufficiently-treated industrial wastes in that sanitary sewer may discharge directly to lakes and rivers.

CESI also came under scrutiny in April 2002 after a major oil spill dumped about 85,000 gallons of oil into the Rouge River and cost more than $7 million to clean up. That spill — and a 5,000-gallon oil spill in 2004 — were never linked to a source.

Robert Moll, CESI spokesman, told a local television station that the company "fully cooperated with the investigation" of the 2002 spill and continues to believe it was not involved.

Moll also said the company "added a new management team, including two full-time onsite chemists, and voluntarily installed millions of dollars to complete an aggressive campaign to improve operations and engage in more environmentally friendly practices."

The Long Road To Energy Independence (NYT)

By Matthew L. Wald

The New York Times, January 28, 2007

President Bush never used the phrase “energy independence” in his State of the Union address last week, and it is just as well. His program for cutting gasoline demand is ambitious in scope, but modest in effect, according to experts.

The reason is that the United States has fallen down a very deep well, and it’s hard to get out. Last year, the United States imported 60 percent of the oil it consumed. If, as Mr. Bush proposes, we cut gasoline consumption 20 percent by 2017 — about 2.1 million barrels a day — then the share of oil imported will fall only by 4 or 5 percentage points.

In fact, the government expects the share of imported oil to fall anyway, to less than 56 percent, because of a rise in domestic production, mostly from the Gulf Coast.

Domestic production has fallen sharply since the mid-1970s, but the Energy Information Administration, which is part of the Energy Department, expects production to rise to almost six million barrels a day by 2017, up from a little over five million barrels a day now.

Mr. Bush is also proposing an increase in fuel-economy standards and an increase in the production of ethanol and other gasoline substitutes, hoping to keep oil consumption relatively steady. Without such intervention, oil consumption is forecast to rise to just over 23 million barrels a day in 2017, from nearly 21 million barrels a day today.

“It’s an enormous challenge,” said John Felmy, the chief economist of the American Petroleum Institute, the industry’s main trade association.

Production of ethanol from corn has already put pressure on food prices, according to some agriculture experts, but Mr. Bush’s plan involves tripling the production of corn ethanol, and making huge amounts of ethanol from cellulose, which is not now done commercially.

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Integrating that much ethanol into the fuel supply will involve many more rail-tanker cars or trucks, because ethanol cannot be shipped in conventional pipelines. In addition, the gasoline formula with which it is mixed has to be changed, or the mixture evaporates too easily, causing air pollution.

The actual amount of ethanol produced will depend on what is technically feasible and on the price of oil. But at the rate of change suggested by the Bush plan, energy independence is about a century away.

Top Democrats Still Divided? (POL)

By Josephine Hearn

The Politico, January 27, 2007

Many of the models displayed at the Washington Auto Show have brought couples together over the years. Did it work for House Speaker Nancy Pelosi, D-Calif., and Energy and Commerce Chairman John Dingell, D-Mich.?

The Politico heard differing accounts of the success of the auto date and a subsequent meeting at Pelosi's office in diffusing an escalating battle over the select committee on climate change. (Pelosi wants to create it. Dingell opposes it on the grounds that it would impinge on his committee's jurisdiction.)

A Democratic aide close to Pelosi suggested that the meeting, which also included Rep. Henry Waxman, D-Calif., had been a turning point: "We no longer anticipate a floor battle," the aide said.

But Dingell wasn't so sure. In a memo to his committee members this afternoon, he noted progress in diffusing the dispute:"I am pleased to report that the Speaker agreed to work closely with us when drafting the resolution to create the Select Committee …we will continue working in good faith to find a solution that will satisfy the concerns of our Members while preserving the overall objectives of the Speaker. I am confident this is possible."

But, he added, he's still keeping his firepower at the ready: "If we are unable to satisfy the concerns of this Committee, however, I reserve all options available under the Rules of the House and will request a caucus of the Democratic Members of the Committee to weigh those carefully." Translation: Nancy, I reserve the right to make this ugly for you.

Still, it's unclear whether Dingell has the muscle to win this one on the floor. He'll have some help from Republicans eager to deliver a loss to Pelosi, but a Republican leadership aide conceded that "25 to 35" moderate Republicans likely would break ranks and side with her. So Dingell can only count on around 170 Republican votes, which is a long way from 218 even if every one of the 31 Democratic members of the Energy and Commerce Committee vote with him, which they won't. (Committee member Anna Eshoo, D-Calif., a Pelosi confidante, declared in a closed-door meeting last week that she "doesn't worship at the altar of jurisdiction," according to a Democratic aide.)

Worry Over Expiration Of U.S. Law That Helped Rural Areas (NYT/AP)

The New York Times, January 28, 2007

MARLINTON, W.Va., Jan. 27 (AP) — The expiration of a federal law that provided $385 million for schools and roads last year in some of the nation's most scenic and rural areas has administrators in 41 states concerned.

In 1908, President Theodore Roosevelt struck a bargain with rural America: In exchange for allowing the creation of national forests, counties would receive 25 percent of the receipts from logging and other resource sales.

In return, the land would be off limits for development and could not be taxed by state and local governments.

For years, financing fluctuated with the price of timber. Recognizing the stress these market fluctuations put on schools, Congress offered a short-term solution, the Secure Rural Schools and Community Self-Determination Act, a six-year financing plan that expired in December.

West Coast states would feel the pain on the largest scale. Last year the program paid Washington $42 million and California $66 million. Oregon took the most, $149 million.

School administrators who have depended on the revenue for the last six years say they may be forced to cut staffs and programs. Without a solution, the counties will revert to the old 25 percent-share formula. But 25 percent of what, the school districts wonder.

"It's un-American for the federal government to walk away from rural communities of America, and we're here to remind them of that commitment," said Bob Douglas, president of the National Forests Counties and Schools Coalition, which estimates that nine million children could be affected.

But with the budget deficit, and spending on the wars in Iraq and Afghanistan, it is difficult to gain support for a solution, said Mark Ray, under secretary of natural resources for the Department of Agriculture.

The law will cost West Virginia $2 million if Congress does not agree to reauthorize the program by March.

"It will be very devastating," said James Law, superintendent of schools for Pocahontas County, where more than half of the county cannot be taxed or developed because it lies within Monongahela National Forest.

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"We don't have income from homes or businesses because we don't have the population and we don't have the benefit of use of that land for development," Mr. Law said.

West Virginia's state financing for schools is based on the number of students, so low population density hurts the bottom line in rural regions. Rural schools are also spread out over often difficult terrain, meaning districts must pay for long and expensive bus rides.

One Forest Service proposal that remains a possible source of revenue is the sale of 170,000 isolated tracts of national forest lands, Mr. Ray said. So far, though, Congress has been unable to agree how the program should be financed.

Representative Peter A. DeFazio, Democrat of Oregon, has introduced a bill calling for reauthorization of the Community Self-Determination Act through the 2013 fiscal year.

Senator Ron Wyden, Democrat of Oregon, introduced a bill in the Senate to continue the program.

The House legislation has been referred to the committees on agriculture and natural resources.

"It is not just the Pacific Northwest at risk," Mr. DeFazio said last week in a speech on the House floor. "It is hundreds of counties and school districts, from Florida to Maine, all across America, who are at risk."

Mr. Douglas, who is also superintendent of Tehama County schools in California, said administrators in nearby Trinity County — home to Shasta-Trinity National Forest — might have to lay off staff and school nurses and eliminate library services, arts and music programs and counseling.

"If this money goes away," he said, "there are going to be catastrophic changes."

2 Wolf Groups To Lose Endangered Status (NYT/AP)

The New York Times, January 28, 2007

BILLINGS, Mont., Jan. 27 (AP) — Wolves in the Northern Rockies will be removed from the endangered species list within the next year, the Fish and Wildlife Service said Friday.

The agency also will remove from the list wolves in the Western Great Lakes region. Announcements on the two proposals are planned for Monday, said Sharon Rose, an agency spokeswoman.

If the Northern Rockies' proposal skirts expected legal challenges, it would open wolves in the region to trophy hunting for the first time since an intensive wolf restoration effort began in the late 1980s.

The Great Lakes wolves would be protected from public hunting for at least five years.

The action caps a sharp turnaround for the wolf. By the 1930s, following a prolonged government-sponsored eradication effort, gray wolves were virtually eliminated across the West. The animal was declared endangered in 1974, shortly after passage of the Endangered Species Act.

Federal and state biologists previously have said that each of the states in the Northern Rockies, Montana, Idaho and Wyoming, will be required to maintain a minimum of 100 wolves, including 10 breeding pairs, or the animal would again come under federal protection.

Tribes In Texas, Elsewhere, Oppose Bid To Change Gaming (AP)

By Garry Mitchell, Associated Press Writer

AP, January 28, 2007

ATMORE, Ala. — The melodic bing-bing-bing on the electronic bingo machines at the always-open Poarch Creek entertainment center in south Alabama has kept players busy and the parking lot crowded.

Would they keep playing if the game took a little longer and required more players? Or would they head to gaming centers elsewhere, off tribal land?

These questions have poured into the National Indian Gaming Commission in response to its proposal to change such electronic games, a move that Indian tribal leaders in at least 10 states, including Texas and Alabama, fear could cause hundreds of millions of losses in annual revenues and hundreds of jobs.

"These proposed rules are unnecessary and should be significantly revised to reduce new layers of federal bureaucracy," Chadwick Smith, principal chief of the Cherokee Nation in Oklahoma, has told the NIGC.

With advances in technology, the NIGC says the line between Class II games, such as bingo, and Class III games, such as Vegas-style slot machines, has blurred. The commission, joined by the Justice Department, has proposed new uniform standards for Class II games that are widely used in Indian gaming centers.

Tribal leaders contend the change would cause bingo games to be less entertaining, played at half the current pace by requiring a two-second delay between each ball draw and, in one example, requiring a customer to wait for five additional players instead of the current one additional player.

An additional wait doesn't sit well with some players.

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"To me, it would reduce your chances of winning," said James Stromer, 73, of Pensacola, Fla. He lives about an hour's drive from Atmore, and about two hours from the slots at Mississippi Gulf Coast casinos.

"Class III machines are best for me, like they have in Biloxi," he said on a recent January afternoon.

Bryan Couch, 35, who lives on the Creek reservation in south Alabama, said he's opposed to adding minutes to the playing time because he's usually in a hurry.

"Sometimes I don't have a whole lot of time. I try my luck and get on out," he said.

NIGC spokesman Shawn Pensoneau said he did not have a date for a final ruling on the proposed change.

"This being an extremely important issue to the Indian gaming industry, the commission is carefully reviewing all of the comments, recommendations and concerns before publishing a final rule," he said.

Pensoneau said some tribes may agree that a distinction between Class II and Class III games would be beneficial to the industry. "Exactly how the distinction is determined is where the differences arise," he said.

Nationwide, the new-rule scenario could reduce gaming revenue by $142.7 million, with an additional loss of $9.6 million in non-gaming revenue, according to an independent analysis of the proposal for the NGIC by Alan Meister of the Los Angeles-based Analysis Group, Inc. The analysis also says about 458 tribal member jobs would be lost.

In Alabama and other states without tribal-state compacts, Class III games are not allowed. Tribal leaders say the changes to Class II games will drive away players, leaving tribes with little recourse but to consider whether to continue operations.

Poarch Creek Chairman Buford L. Rolin of Atmore has asked the commission to withdraw the proposed rule changes and would like to avoid any litigation over the issue.

Rolin estimates the Poarch Creeks, Alabama's only federally recognized tribe, would have lost more than $65 million last year in net income out of its $108.3 million in revenue if the rule change had been in place.

Because of the regulatory uncertainty, he said, the tribe also may be forced to shelve its $500 million expansion plans for two of its existing gaming centers in Alabama. The tribe has 2,100 machines at three locations.

"These numbers may appear dramatic, but when the proximity of competition is considered they may be conservative," Rolin said in a letter last year to NIGC Chairman Philip N. Hogen in Washington, D.C. "In short, the viability of our gaming enterprises is at stake."

The NIGC has been trying to determine which games fall under tribal-state compacts and which do not. Rolin says if the Creeks' machines fall into the Class III category under the proposed standards, the tribe will seek to continue using them for three years under an exception to the NIGC rule.

In 2004, the NIGC identified certain Poarch Creek games as "questionable." Rolin said the tribe removed 76 games and modified about 600 others to satisfy the NIGC's concerns. That action resulted in a 34 percent decrease in revenue and a 56 percent decrease in net income, Rolin said.

"There is no game in existence in the Class II gaming industry that would be able to stand up to the proposed standards," said Smith, the Cherokee chief in Oklahoma, in a letter last November to the NIGC.

Under the proposed changes, he said his tribe would be forced to shut down all of its 2,165 Class II games.

Dexter W. Lehtinen of Miami, an attorney for the Miccosukee Tribe in Florida, said the proposed regulations will prohibit the growth of Class II gaming and "micromanages tribal business judgment and regulatory responsibilities." He said the proposals also would eliminate virtually all games that Congress intended to allow as "similar to bingo."

Kickapoo Chairman Juan Garza of Eagle Pass, Texas, said Congress passed the Indian Gaming Regulatory Act, in part, to boost tribal economic development.

"Class II gaming has done just that," Garza said in his written comments on the proposed changes. Like Alabama, Texas has no gaming compact with the tribe, which rules out Vegas-style casinos. Because of that, he said, the tribe is wary of any proposals that may undermine the games it operates.

The analysis by Alan Meister's group found that tribes with a viable alternative to Class II machines, such as Vegas-style slot, would not be likely to suffer losses in gaming revenue. These tribes include all of those with Class II machines in Arizona, Florida, Oklahoma, Oregon, and Wyoming, and most tribes with Class II machines in California.

Tribes without a viable alternative to Class II machines would have to adopt lower revenue-generating machines that comply with the proposed changes. These tribes include all of those with Class II machines in Alabama, Alaska, Minnesota, Montana, Nebraska, New York, Texas, South Dakota, Washington and Wisconsin, and the one tribe with Class II-only facility in California.

Veteran players interviewed at the Creeks' Atmore gaming center on Jan. 19 were unaware of the NIGC debate and couldn't quite grasp how it may affect their bingo.

"I just make sure how much money I'm playing," said O. H. Rivers, of Pace, Fla. "Longer you stay on the machine, the happier you are."

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On the Net:
http://www.nigc.gov

FBI/DEA/ATF/USMS:

Drug War Victories (SDUT)

By Robert J. Caldwell
The San Diego Union-Tribune, January 28, 2007
The battered Tijuana cartel is on the ropes

Mexico and the United States, working together, are steadily dismantling the murderous Tijuana drug cartel, the infamous Arellano Félix Organization. Once among the most powerful and feared criminal syndicates in Mexico, the AFO is now a shambles. Its top leaders are dead or in custody. Most if not all of the AFO leaders now behind bars face trial in the United States, where bribery cannot buy the criminal justice system and intimidation doesn't work.

Mexico's extradition of 11 accused narco-traffickers to the United States a week ago wielded the weapon the cartel leaders fear most. If convicted, they will spend the rest of their lives locked away in maximum security federal prisons. The favors and preferential treatment, the illicit opportunities to continue running their drug empires, even the possibility of escape or early release that their money might buy in Mexico won't be available in the U.S. prison system.

Here, the capos of Mexico's drug mafias will have 50 years or more to sit in their cells reflecting on the untold numbers of murders they ordered, the horrendous torture they routinely sanctioned and the millions of lives blighted or destroyed by their drugs. Under the terms of these extraditions, U.S. authorities must respect Mexico's prohibition on extradition of criminal suspects who would face sentences of death or explicitly stated life terms. Prison sentences of 50 or 60 years would substitute nicely for the latter.

Mexico's extraditions – which included eight drug kingpins, among them two top AFO lieutenants and an AFO assassin, plus the former head of the Gulf cartel – sent the cartels another jarring signal. Mexico's new president, Felipe Calderón, is more determined than any past Mexican president to break the drug mafias that threaten to turn Mexico into a narco state. After just seven weeks in office, Calderón did what no other Mexican president has done – delivered Mexican drug traffickers en masse to the United States for trial.

The pending defeat of the AFO, implicit in these extraditions and the recent capture by U.S. authorities of AFO leader Javier Arellano Félix, sends a message of hope that Mexico desperately needs. To wit, that the rule of law can yet prevail over the narco-trafficking syndicates that have made Mexico synonymous with drug-war killings (more than 2,000 last year) and massive, systemic corruption of Mexico's police and government at the local, state and federal levels.

For the United States, law enforcement's cumulative defeat of the AFO sends a signal hardly less welcome.

Mexico has long been the source or transit country for most of the illicit narcotics on America's streets: cocaine, marijuana, methamphetamine and heroin. While the plague of smuggled narcotics won't end so long as a lucrative market exists in the United States, defeating Mexico's cartels is nonetheless vital for both countries.

The drug cartels have turned border cities such as Tijuana and Cuidad Juarez into lawless killing grounds. The resulting epidemic of deadly mayhem is a threat on both sides of the border. Over time, the cartels also became stunningly efficient at the mass export of drugs to the United States – quantities of narcotics measured not by the kilo or the ton but by hundreds of tons. In turn, the billions of dollars in illicit drug-trade profits made corruption a veritable underground industry in Mexico.

For reasons of economics, geopolitics, national security and immigration, it is a paramount American interest that Mexico's historic democratization and economic modernization succeed. The drug cartels pose a massive threat to the rule of law that must underpin these reforms.

So, the extradition of AFO figures Ismael Higuera Guerrero, his younger brother Gilberto Higuera Guerrero, and Jose Alberto MÁrquez Esqueda and their delivery to San Diego to face federal charges represent much more than merely a criminal justice matter.

Ismael Higuera, aka “El Mayel,” was the AFO's top lieutenant and director of operations, according to federal indictments, until his capture in Ensenada in 2000 by an elite force of Mexican para-military police. Younger brother Gilberto faces federal charges of running the AFO's Mexicali operations and using kidnapping, torture and murder to protect his drug smuggling. José Alberto MÁrquez, aka “Bat,” is an accused drug trafficker and AFO enforcer.

The Higuera brothers and MÁrquez will join Javier Arellano Félix, the most recent AFO head until his capture in international waters off Baja California last August by the U.S. Coast Guard, in line for trial in federal court here. Francisco

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Arellano Félix, the oldest of the Arellano brothers but only a peripheral figure in the cartel, also faces trial on a 1980 drug charge. Francisco was extradited by Mexico in 2006 after serving a dozen years in prison in Mexico.

The U.S. Justice Department is formally requesting the extradition of eight other AFO leaders in custody in Mexico, including the cartel's longtime leader Benjamin Arellano Félix, who was captured in Mexico in 2002.

If, as is now expected, the Calderón government extradites the rest of the AFO leaders to the United States, the cartel's top leadership would stand trial in federal court in San Diego. The evidence against them, painstakingly accumulated over a decade and a half by the U.S. Drug Enforcement Administration and other federal law enforcement agencies, is overwhelming.

That leaves the battered Arellano Félix Organization apparently under the uncertain leadership of the sole Arellano brother still at large, the reclusive Eduardo.

Thanks to years of dedicated and often dangerous work by law enforcement in Mexico and the United States, the AFO's two-decade reign at or near the top of Mexico's drug cartels is ending.

Meanwhile, President Calderón has sent the Mexican army and thousands of federal agents into Tijuana, Cuidad Juarez, the states of Sinaloa and Michoacan and other regions long infested with narco-traffickers. The United States must wish Calderón well, provide maximum cooperation, and continue to press for extradition of all drug traffickers under indictment in the United States.

A counter-narcotics war popularly disparaged as a chronic loser, yet vital to the national interests of both Mexico and the United States, is producing its biggest victories ever.

Caldwell is editor of the Insight section and can be reached via e-mail at robert.caldwell@uniontrib.com.

Gun-safety Center Targets 'corrupt Dealers' (WILNJ)

By Robin Brown, The News Journal

Wilmington (DE) News Journal, January 28, 2007

Mayors group places crime as high priority for meeting

A national group fighting gun violence tied into a mayors conference to push for reform and more federal resources to cut illegal gun sales by "corrupt dealers."

The Brady Center to Prevent Gun Violence unveiled its study called "Shady Dealings: Illegal Gun Trafficking From Licensed Gun Dealers" last week in Philadelphia -- a city struggling with gun violence -- joined by the city's Police Commissioner Sylvester Johnson and others.

The release of the study, which does not directly address Delaware, was timed to precede the start of the 75th winter meeting of the United States Conference of Mayors, running Wednesday through Friday in Washington.

The Brady center cited gun violence as a top issue for mayors across the country.

The mayors group did not make a formal response to the Brady center study.

But crime already had surfaced as No. 2 in the mayors' 10-point legislative agenda on issues impacting cities and families. That agenda first was presented to House Speaker Nancy Pelosi, then brought to the full mayors meeting headed by Conference President and Trenton Mayor Douglas H. Palmer.

The mayors are calling for a federal-local partnership to fight crime, including the creation of a federal trust fund that could fund law enforcement deployment, support of local innovations, fight domestic violence and pay for crime-fighting technology. They also back restoration of past federal block grants and policing funding.

The Brady study pointed more directly to the U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives. The study concluded the bureau lacks enough resources to inspect licensed gun dealers and that laws should be changed to ease prosecution and increase penalties for gun-sale violations.

The ATF had no immediate response to the study.

ATF Resident Agent in Charge Richard Young, based in Wilmington, said he knows of no agency reports ranking or detailing how Delaware is faring in illegal gun sales or legal sales of guns that later surface with criminals.

He referred questions to the Baltimore regional office, which referred questions to the ATF's Public and Government Affairs Office in Washington, which didn't comment.

Pennsylvania figured centrally in the Brady center study as the state was the site of 11 of 28 case studies it detailed.

The study did not include any Delaware cases among those cited as proof or examples of problems from repeat gun-buying customers and multiple copy gun sales to in-store "straw purchases" of guns for other people, and dealers selling to traffickers at gun shows.

Pennsylvania cases, however, were as close to Delaware as Philadelphia and Willow Grove.

Ohio had five cited cases, while Oklahoma had three, Arizona and Georgia had two each and one was cited in Maine, Virginia, Indiana, Alabama and Florida. Like Delaware, Maryland had none.

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Staffing an issue

The study concluded that the understaffed ATF also faces hurdles pursuing what it called "corrupt dealers."

The agency faces a high threshold of proof for prosecution, but serious record-keeping offenses -- tied to guns ending up in criminals' hands -- are only misdemeanors, the study said.

Separate from the study, the center's legislative and grass-roots affiliate called The Brady Campaign to Prevent Gun Violence recently launched a nationwide effort, the "Campaign Against Illegal Guns." Campaign officials described that as "a landmark multiyear effort to stem the trafficking of guns from licensed gun dealers into the hands of criminals, kids and other prohibited purchasers."

Two years ago, the center's activism arm graded Delaware on state laws to keep firearm violence out of families.

Delaware's report card had a final grade of C. Subject grades ranged from A -- for the state's minimum age of 21 for sale or transfer of handguns and 18 for other firearms -- to a pair of F's.

The F's were for what the Brady group called the state's lack of gun-safety lock and design standards and lack of background checks for secondary private gun sales.

The Brady center and campaign are named for Jim Brady, an aide to former President Ronald Reagan who was shot and seriously injured in a presidential assassination attempt. Later, Brady and his wife became gun-safety advocates and lead the center.

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IMMIGRATION:

A Family Apart, A Child In Pain. For What? (STPPP)

By Rubén Rosario

The St. Paul Pioneer-Press, January 28, 2007

The federal judge predicted this would happen. So did the doctor and nurse who have treated the little boy since birth.

But their warnings meant nothing. A legal system that proved stubbornly deaf to common sense brushed aside their concerns. All this could have been avoided.

Instead, 16 months after the federal government deported his mother, 3-year-old Cece Lamah finds himself facing months of difficult medical care — mostly on our dime.

Cece, hospitalized in Minneapolis, endures daily pain. One recent afternoon, he asked his dad to remove a needle and tube from his arm because they hurt so much.

Two years ago, U.S. District Judge Donovan Frank, Dr. Stephen Nelson and nurse Jane Hennessy of Children's Hospital in Minneapolis warned in court filings that deporting the boy's mother, Cynthia Lamah, would have a devastating domino effect.

Cece, a U.S. citizen, has sickle cell anemia, a condition that requires constant care and monitoring. His mother was his primary caretaker.

At the time, the boy's father, Daniel Lamah, a native of the Congo granted political asylum in the United States in 1999, worked as a tile setter and had health insurance benefits.

But Cynthia Lamah came here illegally from Germany with a falsified passport. She did so after her requests for a visiting visa and political asylum were denied. Federal officials ordered her deported.

"This could put Daniel's work and the family's financial situation in jeopardy," Nelson and Hennessy wrote in a July 6, 2005, letter filed in court and sent to officials at the Homeland Security Department and Immigration and Customs Enforcement. "Sending Cece, a United States citizen, to Cameroon, with his mother would also put him at high risk."

Frank, who reviewed a last-minute request for a reprieve, concluded he had no legal standing to block a Justice Department immigration judge's deportation order. He nevertheless criticized the move on practical and moral grounds.

"This is a sad day for those who believe that when a judge adheres even-handedly to his or her oath of office, justice will prevail and the public interest will be served," Frank wrote. "To the extent that a civilized and democratic society is judged by the way in which it treats and protects its most vulnerable members, it has failed today."

Here's what has transpired since my 2005 column on the family's plight.

Cynthia, who suffered a miscarriage while detained at the Ramsey County jail in July 2005, was deported two months later to Cameroon. She now lives with one of her husband's sisters in nearby Guinea.

In December 2005, Daniel Lamah was laid off by his longtime employer, a Twin Cities construction company.

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"They told me it was because of a work slowdown," Daniel Lamah, 41, said last week inside the hospital room that has turned into his makeshift home for the past two weeks. "I suspected, because some friends still work there, that it might have had to do because I had to take time out three times to find day care or take my child to the hospital."

Unemployed, with no family here and unable to find an adequate sitter to tend to his son's needs, Lamah made a choice in February 2006 that he dreaded: taking his son to Africa to stay with his mom.

"It was a risk, because I knew that the doctors there had little knowledge about (sickle cell anemia)," he said. "We took extra medication, antibiotics, and I felt I could come back and find a job and bring him back."

He returned to the Twin Cities in May. He has not found work. Meanwhile, his son underwent what Nelson describes as questionable and damaging surgeries to alleviate bone swelling in his body.

"Had that happened here, it would be malpractice, and I would lose my license," Nelson said, adding that the life expectancy of a child with sickle cell anemia in West Africa is less than five years, as opposed to 50 in the United States.

The surgeries apparently led to bacterial infections that have significantly attacked the boy's bone structure, particularly his upper arm and left leg.

Daniel Lamah flew to Guinea on Dec. 23 to bring his son back here. A family physician took one look at the kid and ordered him sent to Children's.

"I was horrified when I saw him," Nelson said, his anger palpable. "His left femur is essentially destroyed. He hasn't walked in about a year. He will need months of IV antibiotics and a blood transfusion every three to four weeks.

"Compared to just taking care of a child with sickle cell anemia, the medical expenses now for him, that the taxpayers are going to pay, is just astronomical. And this boy has suffered both physical and emotional trauma."

But hey, we followed the law, didn't we? We got rid of another illegal alien.

Though disappointed at how his life is going, Daniel Lamah still clings to the concept of the American dream.

"I'm still dreaming," he says. "I still love and am grateful for this country."

The dream is what he had before this entire nightmare — a steady income, a home in Brooklyn Center bought before thoughts of bearing or raising children or having his wife come here from Germany. Now he's in danger of losing the home as well.

Unlike his countryman Dikembe Mutombo, the Houston Rockets center deservedly singled out for praise last week by President Bush during his State of the Union speech, Daniel Lamah is not 7-foot-2 and can't dunk a basketball.

If he could, the government would have found some way to stretch or break the rules and keep Cynthia Lamah here, raising her kid. You can bank on that.

Instead, Daniel Lamah is still waiting for the green card he applied for more than six years ago. He has no money to hire a lawyer to even inquire about it.

Michele Garnett McKenzie, director of Minnesota Advocates for Human Rights' refugee and immigrant program, is looking into the Lamahs' situation. She said Daniel Lamah cannot apply to get his wife back here until he receives his green card and becomes a naturalized U.S. citizen.

Even so, she said, the fact that Cynthia Lamah was deported means she must wait at least 10 years before she can be allowed to reunite here with her husband.

"He has been through a lot," said McKenzie, who knows of Daniel Lamah's experiences in his native land. "He was a (Congolese) government worker who was jailed, placed in solitary confinement and forced to drink his own urine because he refused to shoot at innocent civilians."

Daniel Lamah doesn't want handouts. He wants a job in order to take care of himself and his son. On this morning, however, his focus rests squarely on Cece, crying from hunger because he is scheduled for surgery to have an IV tube placed in his chest.

A nurse walks into the room and asks Daniel Lamah whether he would prefer to have his son wheeled out on a cart.

"No," he responds as he gently drapes Cece over his right shoulder.

"I'll carry him there. It's no problem."

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Minnesota's Guard: Eyes On The Border (MINNST)

By Jean Hopfensperger

Minneapolis Star Tribune, January 28, 2007

SANTA TERESA, N.M. -- As dusk fell over the desert, silhouetting distant mountains in red, Specialist Thomas Bolinger pointed binoculars toward the border and watched for anything suspicious.

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Soon the Minnesota National Guardsman saw something: car headlights nearing a Mexican ranch a mile away. Then the headlights clicked off. More illegal migrants about to sneak into the United States? Bolinger grabbed his hand-held radio and alerted the U.S. Border Patrol.

It's a routine task in his unusual new mission.

Across the nation's 1,300-mile border with Mexico, in a no-man's land of cactus and tumbleweed, thousands of National Guard soldiers are now playing a front-line role in the divisive fight over illegal immigration. Bolinger is among the first wave of Minnesota Guard members trying to stop the more than 1 million migrants who attempt or make illegal crossings each year -- a tide that's flowing up to Minnesota and bringing both benefits and burdens.

"You can see how they just want to make a better life for themselves," Sgt. Ryan Clark, of Byron, Minn., said from his outpost in Deming, N.M. "But there's a [legal] way to do that."

The National Guard's assignment, dubbed "Operation Jump Start," is part of a broad crackdown along the southwestern border that President Bush initiated last year.

Another controversial step in that plan began last week: construction of a massive fence and other border barriers. Meanwhile, in his State of the Union address last week, Bush also revived his push for a guest-worker program and said that immigration reform is one of his priorities this year.

Federal officials say the National Guard's deployment, which began months ago for some state units, reduced border arrests in the last three months of 2006 by 26 percent from California to Texas -- to about 153,000.

"It's gone extremely well," said Craig Duehring, a Mankato native who is the Pentagon's principal deputy assistant secretary overseeing reserve affairs. "In each border patrol region, the number of arrests has gone down."

But some immigration experts say the military build-up is forcing illegal immigrants either to find more remote crossing points or to rely more on smuggling networks that abuse and exploit them. Others say it does nothing to address the root causes of illegal immigration.

"When you resort to putting the military on the border, you're admitting to the failure of the system you've set up," said Kathleen Walker, an immigration attorney from El Paso and president-elect of the American Immigration Lawyers Association.

Long, watchful days and nights

About 80 Minnesota Guard soldiers took up positions on the border here in New Mexico three weeks ago. Another 120 were deployed this weekend.

Minnesota is one of 47 states and territories answering the president's call. Last summer, Gov. Tim Pawlenty said he would deploy the state's Guard to the border because illegal immigration was "nearly out of control" and the level of border enforcement was "embarrassing."

National Guard troops from other states are erecting fences, repairing Border Patrol vehicles and building border barriers against cars. Minnesota troops are strictly doing surveillance.

They spend long days and nights perched in mobile watchtowers high above the desert or stand next to their Humvees armed with binoculars and radios.

The soldiers are from the Albert Lea-based D Company, 2nd Battalion, 135th infantry. Many of them have served in Afghanistan, Kosovo or Iraq. Border duty, they say, is an unusual change of pace.

"It's a heck of a lot easier here," said company commander Capt. Eric DiNatale, 35, of Lake City.

Last week, DiNatale's soldiers were divided between Santa Teresa, an area about 15 miles west of El Paso, and Deming, about 70 miles northwest. Wearing camouflage fatigues, the Guard members in Santa Teresa could be spotted along Hwy. 9, which runs parallel to the Mexican border. Their olive green tents and turquoise portable toilets offered a hint of color in the otherwise drab desert.

Across the vast desert, it's nearly impossible to distinguish where Mexico ends and the United States begins. No fence. No Rio Grande. Just endless miles of rocky, rolling terrain of sand and shrubs.

The Guard members around Deming were further inland, watching for illegal immigrants who had already slipped into New Mexico and were on their way north. Relaxing at their new base, most of the Guard members said they had yet to spot anyone illegally crossing the border.

But Sgt. Clark said he had witnessed a crossing a day earlier. He was checking on soldiers at their surveillance posts, wind-swept from unexpected cold hitting the region, when they noticed a figure on a hilltop about 50 meters away.

It was an elderly man wearing a backpack and worn-out jacket and boots, Clark said.

Realizing he had been spotted, the man walked toward the soldiers to turn himself in. He stopped, took off his hat and fanned his face, Clark said.

The Minnesota Guard notified nearby Border Patrol agents, whose white and green vehicles whizzed to the scene. Within a half hour, Clark said, 10 people were arrested.

In that instance and all others, the Guard's rules of engagement were simple -- identify suspicious activity and report it to the Border Patrol. Guard members' weapons can only be used for self-defense.

What Clark witnessed was a typical border crossing, but others are more elaborate, said Doug Mosier, a spokesman for the U.S. Customs & Border Protection Agency.

Illegal immigrants have strapped wood to the bottom of their shoes, with animal hoofs attached to the bottom of the wood, to prevent Border Patrol agents from spotting their tracks. Some migrants also sweep up their tracks in the sand with a branch after each step. And some walk backwards toward the border, Mosier said.

Others have come through legitimate border crossings disguised as priests, military officers and even clowns. One group dressed in Lycra and tried to pass themselves off as a bicycle team, he said.

"You have to respect the ingenuity," Mosier said.

The Border Patrol has its own tricks. It places portable sensors, triggered by movement or contact, in areas with frequent illegal crossings. It uses cameras, infrared spotlights and helicopters. Border Patrol vehicles also continually drag tires over the sandy trails that criss-cross the desert so fresh footprints can easily be seen.

Permanent barriers

The National Guard's new presence on the border is making a big difference, said Larry Jones, the Border Patrol liaison with Operation Jump Start in the El Paso/New Mexico area.

In New Mexico and western Texas, border arrests dropped 38 percent in the last months of 2006, as compared to the previous year, Jones said. Soldiers also have built more than three miles of permanent vehicle barriers on the border just west of Columbus, N.M., he said.

Across the border from there, the town of Palomas, Mexico, now has many empty hotel rooms and restaurants because far fewer illegal immigrants are passing through, said Eduardo Correo, owner of the San Carlos Hotel there.

"People don't know much about the National Guard," said Correo, whose business is down about 60 percent. "They just think of them as the military. And that makes people scared."

Immigrant advocacy groups along the border say the presence of soldiers disturbs them because it implies that illegal immigrants are a dangerous enemy. The U.S. border is not a battlefield, they say, and the people crossing are overwhelmingly just ordinary people seeking a better life.

For more than 30 years, Ruben Garcia has run a shelter for illegal immigrants in El Paso. The newly tightened border security, he said, is merely rerouting border-crossers or causing them to wait to "see how this plays out."

Among those watching and waiting is Victor Hernandez, 40, who was in Juárez, Mexico, one recent day selling newspapers next to the wide bridge that connects his city to Texas. Downtown El Paso is so close he can read the signs on the stores and see what sidewalk mannequins are wearing.

Like many Mexicans, Hernandez has slipped into Texas for years, worked in agriculture or as a day laborer, and saved some money before heading back home to his family in Mexico. He has seen the new fences, the helicopters and the troops. He said he thinks the solution is for people like him to be able to cross legally and work -- not sending more soldiers.

"It's getting harder to cross," Hernandez said. "But people will keep trying anyway."

Study Of Immigrants Links Lighter Skin And Higher Income (NYT/AP)

The New York Times, January 28, 2007

NASHVILLE, Jan. 27 (AP) — Light-skinned immigrants in the United States make more money on average than those with darker complexions, and the chief reason appears to be discrimination, a researcher says.

The scholar, Joni Hersch, a professor of law and economics at Vanderbilt University, looked at a government survey of 2,084 legal immigrants to the United States from around the world and found that those with the lightest skin earned an average of 8 percent to 15 percent more than similar immigrants with much darker skin.

“On average,” Dr. Hersch said, “being one shade lighter has about the same effect as having an additional year of education.”

The study also found that taller immigrants earned more than shorter ones, with an extra inch of height associated with a 1 percent increase in income.

Other researchers said the findings were consistent with other studies on color and pointed to a skin-tone prejudice that went beyond race.

Dr. Hersch took into consideration other factors that could affect wages, like English-language proficiency, education, occupation, race or country of origin, and found that skin tone still seemed to make a difference in earnings. That meant that if two similar immigrants from Bangladesh, for example, came to the United States at the same time, with the same occupation and ability to speak English, the lighter-skinned one would make more money on average.

"I thought that once we controlled for race and nationality, I expected the difference to go away," Dr. Hersch said, "but even with people from the same country, the same race, skin color really matters."

Although many cultures show a bias toward lighter skin, she said her analysis showed that the skin-color advantage was not based on preferential treatment for light-skinned people in their country of origin. The bias, she said, occurs in the United States.

TAX:

Communities Quiet On Bond Probes (BLOOM)

Bloomberg, January 28, 2007

NEW YORK -- Cities and towns across the United States are being investigated by the Internal Revenue Service and keeping the investigations secret from taxpayers.

The IRS sent more than 100 letters last year to local governments from California to Pennsylvania, saying bonds they sold may be subject to federal taxes, said Charles Anderson, who led the field operations for the IRS's tax-exempt bond division until this month. Fewer than a quarter of the municipalities disclosed the probes.

"The entire market is hampered by that lack of information," said Martha Haines, chief of the Securities and Exchange Commission's Office of Municipal Securities. With municipal bond sales averaging $30 million each, 100 letters indicates as much as $3 billion is under scrutiny.

Bond audits cost taxpayer-funded agencies more than $100 million from 2001 to 2005, according to IRS data. Abuses first spotted by the agency led the Justice Department to issue more than a dozen subpoenas last year in the broadest probe to date of the municipal bond market.

The IRS has focused on whether municipalities paid banks inflated fees to invest proceeds from bond sales before the money was used for roads, schools, sewers, and other projects. Local governments are required to return most profits from investments as taxes, so higher payments to banks erode IRS revenue. US prosecutors are checking whether banks violated antitrust rules by fixing prices of the investment products.

State and local governments raise $400 billion a year in the municipal bond market, borrowing at lower rates than corporations or the federal government because debt payments are exempt from taxes.

Bonds that lose tax-exempt status usually fall in value and increase a municipality's financing costs, so local governments agree to pay IRS fines 95 percent of the time rather than risk a challenge, according to Anderson.

"We need to have more information," said Richard Ciccarone, chief research officer at McDonnell Investment Management in Oak Brook, Ill. , which oversees $11 billion.

"We need to know which deals are being targeted and why. We as investors have to know if there's a pattern" to the types of deals that draw IRS scrutiny, he said.

The Budget Illusion (NYT)

The New York Times, January 28, 2007

In the State of the Union speech, President Bush said that the budget deficit had been cut in half from 2004 to 2006. Not quite. The deficit declined, but not by half, from $412 billion to $248 billion. If you measure it as a percentage of the economy, Mr. Bush was off by an amount equal to about $15 billion.

Then, Mr. Bush greatly compounded his otherwise modest exaggeration by taking credit for the reduction, when the deficit really fell despite his policies, not because of them. The distinction is crucial, to understand both the current mess — in which debt is mounting just as huge obligations are coming due for Medicare and Social Security — and how best to get out of it.

The drop in the deficit over the past few years was due largely to the cyclical recovery from the earlier recession, and to a boost in revenue when temporary business tax cuts expired after 2004.

Mr. Bush, meanwhile, has pursued a single-minded strategy of spending more while slashing taxes. That is the opposite of deficit reduction; it has made the budget hole deeper than it would have been. Still, Mr. Bush wants you to believe that tax cuts caused the economic recovery, and thus the budget improvement. If you follow that logic, the key to continued improvement would be continued tax cuts, and that is just what Mr. Bush called for last week. He conjured a bright future in which the deficit disappears after he leaves office, without anyone ever having to raise taxes.

That was the speech, and then there is reality, which came knocking within days when the nonpartisan Congressional Budget Office released its annual 10-year budget outlook. The outlook is for a cumulative deficit of $2.9 trillion to $3.4 trillion — about $300 billion a year — if, as Mr. Bush wishes, the tax cuts are extended beyond their scheduled expiration in 2010 and tax

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relief continues for Americans wrongly afflicted by the alternative minimum tax. In arriving at its estimate, the budget agency also assumed that costs for the war in Iraq would start going down next year, an assumption that, if proved wrong, would result in even higher deficits.

In the absence of overt tax increases, that leaves Mr. Bush only three ways to erase the deficit. He would have to make pie-in-the-sky assumptions of revenue growth, which would be dicey in any event, but folly at a time when the economy is slowing. He would have to renege on his pledge to protect taxpayers from the alternative minimum tax, a huge backdoor tax increase. Or he would have to persuade lawmakers to make cuts in spending even more draconian than those already dodged by the previous Republican-controlled Congress.

Fortunately, such cuts are necessary only if one accepts Mr. Bush's premise that taxes must never rise under any circumstances. That is clearly a false premise. Mr. Bush's tax cuts should largely be allowed to expire. Facing that truth is not a fiscal challenge, it's a political one.

Mr. Bush will not meet it. But a future president and Congress will have to.

CONGRESS-ADMINISTRATION:

Lawyer Suited For Tough Inquiries To Replace Harriet Miers (AAS)

By Ken Herman, WASHINGTON BUREAU

Austin American-Statesman, January 28, 2007

Democrats' rise created need to replace White House counsel, officials say.

WASHINGTON — White House Counsel Harriet Miers, President Bush's longtime go-to lawyer, is being replaced by a longtime Washington lawyer viewed as more suited for the rough-and-tumble of congressional investigations to come.

For 13 years, Bush had turned to Miers when he needed a personal lawyer, a Texas Lottery Commission leader, a key White House aide and a Supreme Court nominee.

She retains the president's respect and friendship, but three cabinet members, all longtime friends of Miers', said the Democrats' rise contributed to Miers' demise.

The nation's top diplomat put it diplomatically. "Changed circumstances require changed talents," Secretary of State Condoleezza Rice said.

The changed circumstances include anticipated Democrat- led congressional investigations of the Bush White House.

When Miers leaves this week, Fred Fielding will become White House counsel, an office in which he worked during the Reagan and Nixon administrations, making him a veteran of the Watergate and Iran-Contra investigations.

Just what the president needs, some say.

Josh Bolten, Bush's chief of staff, acknowledged last week in a National Public Radio interview that the White House is gearing up for "some tough oversight hearings and so on."

In an interview Friday, Miers shed no light on why she is leaving. "I had a series of discussions with (Bolten), and we both concluded that it was time to make a change in the counsel's office," she said.

Asked about Rice's comment, Miers said, "I think the role of the counsel's office is always to guide the presidency in the areas where legal issues are implicated, and to that extent the role will remain the same.

"But every day was different when I was here, and I'm sure every day will be different when I'm not," said Miers, a former Dallas lawyer who has not decided what she will do when she leaves the White House.

Attorney General Alberto Gonzales and Education Secretary Margaret Spellings, both longtime friends of Miers' dating back to their work for Bush in Texas, agreed that the new Washington reality contributed to the need for a new top White House lawyer.

Gonzales, who preceded Miers as White House counsel, said, "There are others who have dealt with these kinds of issues before, people that have more experience with them than even I do."

Bringing Fielding on board is part of making sure "we have the best assets, the best tools, to deal with those challenges," Gonzales said.

Spellings agreed that change was needed.

"The nature of a job changes as times change," she said, praising Miers as among the most tireless workers in the administration.

Outside experts concur with the insiders' views of why it was time for one of Bush's closest aides to leave the West Wing.

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"I just presumed the White House was going to want to change the counsel to someone who had Washington-based experience and who is a Washington insider who had connections to Capitol Hill," said Nancy Kassop, a State University of New York-New Paltz political scientist who has studied the White House counsel office.

William Marshall, a University of North Carolina law professor who worked in the White House counsel office in the Clinton years, said Miers' departure was predictable.

"It's not a slight on her abilities," he said. "It just recognizes that when you are playing defense in the way the White House will have to that somebody who is experienced in responding to subpoenas and other kinds of things is appropriate."

In October 2005, Bush nominated Miers to succeed Supreme Court Justice Sandra Day O'Connor. The selection went down in flames under questions about Miers' qualifications, her conservative credentials and the administration's unwillingness to let senators see sensitive documents Miers had worked on at the White House.

On Friday, Miers had nothing but nice words about her three weeks as a Supreme Court nominee.

"The experience was very, very enjoyable in many, many ways and, of course, it goes without saying, for a lawyer to be nominated to the Supreme Court by the president of the United States — and for me particularly this president — is an incredible honor," Miers said.

She was, however, critical of the judicial confirmation process.

"It's very unfortunate that people view the process as so troublesome that it discourages people from coming forward and offering themselves to serve," said Miers, a top Bush hand in selecting judicial nominees.

Bush, though benefiting from Fielding's experience, could miss the long, close ties he shares with Miers, according to Gonzales.

"I think not having that background is something Fred will have to overcome," he said. "There will be a learning curve for Fred. He doesn't know the president as well as Harriet does."

Experts See Peril In Bush Health Proposal (NYT)

By Robert Pear

The New York Times, January 28, 2007

WASHINGTON, Jan. 27 — With his proposal to uproot a tax break that has been in place for more than 60 years, President Bush has touched off an impassioned debate over the future of the employer-based system that provides health insurance to more than half of all Americans.

“Changing the tax code is a vital and necessary step to making health care affordable for more Americans,” Mr. Bush said in his State of the Union address this week.

Mr. Bush said his proposal would eliminate a bias in the tax code that strongly favored insurance provided by employers over coverage bought by individuals and families outside the workplace.

Paul Fronstin, director of health research at the Employee Benefit Research Institute, a nonpartisan organization, said: “The president’s proposal would mean the end of employer-based benefits as we know them. It gives employers a way out of providing the benefits because their employees could get the same tax break on their own.”

Tony Fratto, a White House spokesman, denied that the president wanted to move people away from the employer-based system and toward the individual insurance market. “We are seriously agnostic on that,” he said.

It might take years for changes to occur. “Large corporate employers could not immediately terminate their health benefits because there is, at present, no reliable place where employees can get coverage they can afford outside the workplace,” said Frank B. McArdle, a health policy expert at Hewitt Associates, a benefits consulting firm.

The economic rationale for Mr. Bush’s proposal is that too many people have “gold-plated, deluxe” health insurance, which encourages them to use excessive amounts of health care, driving up costs for everyone.

Many economists agree. But they doubt that Mr. Bush’s proposal would do much to hold down costs or cover more people.

“The president’s proposal addresses inequities in the tax code that provide an open-ended subsidy for premiums paid by employers,” said Robert D. Reischauer, a former director of the Congressional Budget Office. “If your employer does not provide health insurance and you have to buy it on your own, you get no tax benefit at all. The president’s plan would eliminate that distinction.”

But Mr. Reischauer said, “A glaring problem with the president’s plan is that he did not call for any stronger regulation of the individual insurance market.” In that market as it now exists in most states, insurers can deny coverage or charge higher rates to sick people.

In their desire to achieve universal coverage, some Democrats have also begun to raise questions about the employer-based system. “We have to ask ourselves if the employer-based system of health care is still the best way for providing insurance to all Americans,” said Senator Barack Obama, Democrat of Illinois, noting that workers frequently changed jobs.

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The Service Employees International Union negotiates with employers to secure health benefits for its members, but the president of the union, Andrew L. Stern, said, "The current employer-based health care system is not the foundation for 21st-century health care reform."

Mr. Bush's proposal differs radically from President Bill Clinton's plan for universal coverage, but experts on health benefits said they were similar in one respect: In an effort to help the uninsured — about one-sixth of the population — they would upend the system that covers most Americans.

The Clinton plan would have provided comprehensive health benefits to 39 million uninsured Americans, with more than $400 billion in new federal spending over 10 years. The White House says the tax changes proposed by Mr. Bush would provide coverage for 3 million to 5 million people at no cost to the government over 10 years.

Since Mr. Bush took office in 2001, the number of people without insurance has increased by more than 5 million, to 46.6 million, according to the Census Bureau. Administration officials said they hoped to reverse that trend by helping states that offered basic private insurance policies to their residents. To pay for such help, the administration would take federal money from hospitals that serve large numbers of poor people.

Under Mr. Bush's proposal, employee health benefits would, for the first time, be treated as income and would be subject to income and payroll taxes, just like wages. At the same time, Mr. Bush would create a tax deduction for health insurance of $15,000 for families and $7,500 for individuals. The same deduction would be available to everyone with coverage, regardless of the source or value of the policy.

A family with coverage worth $18,000 would have to pay taxes on the amount exceeding the $15,000 standard deduction — $3,000, in this example.

Katherine Baicker, a member of the president's Council of Economic Advisers, said the proposal would increase taxes for 30 million people with the most generous employer-provided health benefits, unless they "change their behavior" and choose less costly coverage. Ms. Baicker said the proposal would cut taxes for more than 100 million people who bought insurance on their own or had employee health benefits worth less than the standard deduction.

Treasury officials said that under the Bush proposal, an uninsured family of four with an annual income of $60,000 would save $4,545 if it bought coverage in the individual market. By contrast, they said, a family that earns $80,000 and has employer-provided coverage worth $20,000 could see a tax increase of about $1,500.

Joel D. Kaplan, deputy chief of staff at the White House, acknowledged that the proposal could accelerate the trend of employers' dropping health benefits for employees. But he said more people "would be able to buy insurance in the individual market," so there would be "a net increase in the number of insured."

Politicians and health care providers are skeptical.

Representative John D. Dingell, the Michigan Democrat who is the chairman of the Committee on Energy and Commerce, said, "The president's proposal would do little to help the uninsured, but would undermine the employer-based system through which 160 million people get coverage."

Richard J. Umbdenstock, president of the American Hospital Association, agreed. "The tax proposal would have the effect of driving people to the small-group insurance market — a market that has proved unstable," Mr. Umbdenstock said. "For many people, even with a tax break, coverage would remain unaffordable."

Historically, employers have used benefits as a tool to recruit workers and keep them healthy and productive.

R. Bruce Josten, executive vice president of the United States Chamber of Commerce, praised the general direction of the president's proposal but said his members had serious concerns.

First, Mr. Josten said, the $15,000 cap on tax-free insurance takes no account of wide geographic variation in the cost of health care and insurance. The same package of benefits typically costs more in Boston than in Minneapolis, for example.

Moreover, Mr. Josten said, a health plan may be expensive because it covers older workers with major medical problems, not because it is "gold-plated." A single mother, working as a low-paid secretary at a law firm, could be pushed into a higher tax bracket because she participates in an $18,000 health plan covering older men who have had heart attacks and expensive surgery, Mr. Josten said.

Treasury officials acknowledged that some people with costly, comprehensive benefits had modest incomes.

But deluxe health plans are vanishing fast. In recent years, many workers have found themselves paying more for less comprehensive benefits. From 2000 to 2006, premiums for employer-sponsored coverage rose 87 percent, about four times as fast as workers' earnings, according to the Kaiser Family Foundation.

Rangel And Others Condemn Bush Medicaid Plan (NYT)

By Ray Rivera

The New York Times, January 28, 2007

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Representative Charles B. Rangel and a number of city officials urged President Bush yesterday to reconsider a proposed change to Medicaid that could cost the city's public hospital network millions of dollars in annual financing.

"We want to make sure the president knows how damaging his health care proposal will be to our Health and Hospitals Corporation," the City Council speaker, Christine C. Quinn, said, referring to the agency that runs the city's 11 public hospitals and dozens of diagnostic centers and health clinics.

Agency officials estimate the president's plan would cost the corporation about $350 million a year, about 7 percent of its annual budget.

Ms. Quinn joined Mr. Rangel and more than a dozen other elected officials and health care representatives at City Hall yesterday to protest the president's proposal.

"Isn't it embarrassing we have to do this," said Mr. Rangel, who promised to join other Democrats and use his post as chairman of the powerful Ways and Means Committee to cut off funds to the president's health care plans.

"How can a great nation like ours explain that we can't take care of our own," he said, adding that the president's proposals come as "millions are being spent on a war that nobody wants."

Mr. Bush's proposal would end a longstanding regulation that allowed public hospitals to receive more money from Medicaid, the health plan for the poor, than private hospitals receive for the same services.

Federal officials have said that the resulting savings could be sent to the states in the form of "affordable choice grants" and used to provide the uninsured with private health insurance.

Alan D. Aviles, president of the Health and Hospitals Corporation, said that the rule was in place to help public hospitals that provide treatment to the indigent, and that losing it would "shred the safety net of the safety net providers."

The City Council plans to send a letter to the president this week opposing the proposal.

A Deal In The Desert For Sen. Reid? (LAT)

By Chuck Neubauer, Tom Hamburger

The Los Angeles Times, January 28, 2007

BULLHEAD CITY, ARIZ. — It's hard to buy undeveloped land in booming northern Arizona for $166 an acre. But now-Senate Majority Leader Harry Reid effectively did just that when a longtime friend decided to sell property owned by the employee pension fund that he controlled.

In 2002, Reid (D-Nev.) paid $10,000 to a pension fund controlled by Clair Haycock, a Las Vegas lubricants distributor and his friend for 50 years. The payment gave the senator full control of a 160-acre parcel in Bullhead City that Reid and the pension fund had jointly owned. Reid's price for the equivalent of 60 acres of undeveloped desert was less than one-tenth of the value the assessor placed on it at the time.

Six months after the deal closed, Reid introduced legislation to address the plight of lubricants dealers who had their supplies disrupted by the decisions of big oil companies. It was an issue the Haycock family had brought to Reid's attention in 1994, according to a source familiar with the events.

If Reid were to sell the property for any of the various estimates of its value, his gain on the $10,000 investment could range from $50,000 to $290,000.

It is a potential violation of congressional ethics standards for a member to accept anything of value — including a real estate discount — from a person with interests before Congress.

In a statement, Reid's spokesman Jon Summers said that the transaction was not a gift and that the price was due to the property's history and the fact that only a partial interest was sold. Reid's action on the lubricants issue was unrelated to the sale and reflected the senator's interest in fairness for small businesses, Summers said.

Reid "has never taken any official action to provide personal financial benefit to me, and I would never have asked him to," Clair Haycock has told The Times. Haycock's son, John, who runs the petroleum-products distribution company with him, said in a recent e-mail that it was "absolutely wrong" to connect the land sale and Reid's lubricants legislation, which did not pass.

Legislative efforts

Records and interviews show that beginning in the mid-1990s, Reid tried several times to push legislation that would have protected lubricants distributors from abrupt cancellations by their suppliers. Though unsuccessful, the legislation sent a clear message to the oil firms that there was congressional interest in the matter, according to Sarah Dodge, then-legislative director for an industry group that worked on the bill.

By the time of the land sale, the Haycocks say, they had lost interest in the issue and were not aware that the legislation had been introduced.

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Because an employee pension fund had owned the land Reid purchased, labor law experts contacted by The Times said, a below-market sale would raise additional questions. Pension fund trustees like Clair Haycock have a duty in most cases to sell assets for their market value, the experts said.

"I think this would have been considered a potentially serious issue" at the time, said Ian D. Lanoff, who led the Labor Department's pension division during the Carter administration and was provided basic details of the case — though not the identity of the lawmaker — by The Times.

"Theoretically it's a serious issue for the trustee who sold the property, though practically it may not be" because the pension plan is now closed and its obligations were met, Lanoff said.

John Haycock said his workers received all promised benefits from the Haycock Distributing Co. pension plan and were therefore unaffected by the land transaction. Federal records confirm this.

Reid's interest in the barren parcel dates back to the period of 1979 through 1982, when he and Clair Haycock bought the 160 acres. Haycock bought a three-eighths interest, equivalent to 60 acres, for $90,000 — $1,500 an acre. Reid, then a Nevada lawyer and political figure, bought the other five-eighths, the equivalent of 100 acres. They did not divide the parcel.

The property has sweeping mountain and mesa views and now abuts a housing development, which could make it attractive to developers. But there are some limitations. The land has a steep wash, or desert streambed, and the adjacent land has a gravel pit.

In early 1987, Haycock turned over his interest in the land to the pension fund, for which he acts as trustee. The fund provided retirement benefits for about 80 employees, and under law, employers must contribute to such funds each year.

In the early 1990s, California investors bought the entire 160 acres from Reid and Haycock for a little over $1.34 million — around $8,400 an acre. The new owners obtained approval to develop a mobile home and recreational vehicle park. But a few years later they defaulted, and Reid and the pension fund were once again the land's joint owners.

Development slowed in the late 1990s, and Reid and the Haycocks say the property became a cash drain. In 1999, according to Reid's office, the senator began working without success with developer Craig Johnson on a plan for the property. At some point, Reid's office said, he offered to give the land to Johnson, who declined. Johnson has confirmed that offer. In a statement Reid's office provided, Johnson described the listless market and the property's challenges.

In 2001, Haycock Distributing Co. decided to convert its existing pension fund into a 401(k) retirement program. In liquidating its assets, the firm decided that the plan must quickly sell its share of the property.

Lawyers advised the Haycocks that the family could not buy it from the pension fund, so Clair Haycock approached Reid. At first, Reid said "he and his wife were not interested due to the property's past history," Haycock wrote in a letter to The Times.

"Eventually, he gave me $10,000 for my share," Clair Haycock wrote. "I was just happy to have been able to liquidate the property from my pension plan." Reid's office said the senator and his wife purchased it reluctantly. "Because it had minimal value to them, they were willing to pay only a minimal price," a Reid staffer wrote in response to questions.

How good a deal?

How good a deal did Reid get? Paying $166 an acre for Mohave County land is "a super deal," said the county assessor, Ron Nicholson. But the precise answer in this case, Nicholson said, is complicated by the fact that only a minority portion of a partnership was for sale; minority shares can be difficult to sell. Other experts who reviewed the transaction for The Times acknowledged the complexity of the deal but said the senator appeared to have acquired valuable property for a fraction of its value.

"The price strikes me as low," said professor Crocker H. Liu, McCord chair of real estate at Arizona State University's W.P. Carey School of Business. "But I don't know what other considerations — valuable or otherwise — were part of this transaction. Usually when a purchase price is that low, there is other juice in the deal."

Calculating the precise amount of Reid's discount is difficult because of varying values assigned to the property around that time, including some by the senator himself. In his 2001 Senate financial disclosure, Reid valued his Bullhead City acreage at $5,000 to $10,000 an acre. When questioned about the filing several months ago, Reid's office said he might have overstated the value. A Reid spokesman said the senator was in the process of amending his ethics statements to more accurately describe the terms of the deal.

At least twice, Reid appealed to the Mohave County assessor to lower the land valuation and decrease his taxes, in 2002 presenting a 2001 appraisal that valued the land at $1,000 an acre. The assessor's office made a downward adjustment for 2003 but still places the value at about $1,748 an acre.

On a recent property tour, the assessor acknowledged that Reid's land had problems.

"There are topographical issues on this property," Nicholson said as he drove a county-owned four-wheel-drive vehicle through the tract. He pointed out the property's steep wash and another streambed.

An adjacent parcel with similar topography sold in April 2004 for $4,260 an acre.

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Reid's spokesman said the senator had paid a fair price for the pension fund's minority interest.

"When a willing buyer pays a willing seller to buy an asset, that is a sale, not a gift," Summers said.

Real estate experts say that minority interests in partnerships are often sold at a discount, sometimes of 20% or more. But they say that such discounts do not necessarily apply in a case like Reid's where he is the majority owner and gains 100% control by the purchase.

"We were happy to get out of the deal as we did," John Haycock said, adding: "Would we have liked to make more money on the Bullhead City land? Of course."

Reid's office produced statements from three Haycock retirees who attested that they believed they had been well-served by the pension plan.

Since taking full control of the parcel in 2002, Reid has pushed for federal funding for a new bridge over the Colorado River a few miles from his property, a spending request The Times disclosed last November.

Reid said he secured funding for the bridge, which would connect fast-growing Bullhead City with the gambling town of Laughlin, Nev., because local residents wanted it. He said the bridge would not affect his property's value.

Losing business

Reid has long been known as a champion of Nevada interests, particularly gambling and mining. But he seemed an unlikely choice to advocate for the beleaguered lubricants industry when he took up the issue in 1994. He did not sit on the Energy Committee.

At that time, the Haycocks went to Reid for help, according to a former employee of the lubricants industry trade group, Petroleum Marketers Assn. of America, who was involved in the events. The employee asked that his name be withheld because his current job involves congressional contacts.

The Haycocks had lost business in 1994 when Mobil Oil Co. canceled the family's distributorship, costing the firm a lucrative contract with the Las Vegas-area General Motors dealers, which had to use Mobil products.

The family was "incensed that this had happened and there was nothing they could do about it," said the former trade group employee.

Reid mentions constituent

The Haycocks — who were considered industry leaders — say they do not recall discussing the matter with Reid. But the former trade group employee said the Haycocks convinced Reid to take action.

Reid "did it because John or Clair asked him to do it," said the former employee.

With the legislative session coming to a close, Reid brought the issue to the Senate floor on Oct. 5, 1994. He described a Nevada constituent whose "franchise agreement to sell lubricating oils to car dealers in Las Vegas was arbitrarily canceled with 30 days' notice," adding: "This seems grossly unfair."

A Washington lawyer who represented the Haycocks in their dispute with Mobil recalls that dealers turned to Reid after other avenues of redress had been exhausted.

"The Haycocks provided access to Sen. Reid," said Al Alfano, the attorney, who still represents distributor interests. However, Alfano said, Reid's efforts brought no relief to the Haycocks. Although the issue remains a concern for many distributors, he said, the Haycocks lost interest after the mid-1990s.

Nonetheless, Reid cited the same constituent example almost word-for-word in 2002, soon after the land sale, and again in 2003 when he introduced legislation, cosponsored by Sen. John Ensign (R-Nev.), to protect lubricants distributors.

John Haycock said Reid's actions provided no benefit to his company. "I am not aware of any action taken by the senator, relative to lubricants, that has had a financial benefit to our company," Haycock wrote. "At one point I believe Sen. Reid pushed for legislation … but that legislation was never passed and therefore could not have had any impact….

"To my best recollection, I didn't even know Sen. Reid had introduced the legislation," John Haycock said, referring to the legislation in 2002 and 2003.

Reid's spokesman said: "In any event, the Haycocks are Sen. Reid's constituents, and there is absolutely nothing improper about Sen. Reid working to advance good policy on matters of concern to Nevadans and businesses in Nevada."

You Listening To Me? (NYT)

By Deborah Solomon

The New York Times Magazine, January 28, 2007

You have just written your first book, “Positively American: Winning Back the Middle-Class Majority One Family at a Time,” in which you try to produce a functional platform for the famously unfocused Democratic Party. What do Democrats stand for? No one has a good answer. I felt anguish about that. I felt a burning need to have us thinking beyond the immediate.

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What about your fellow senator Barack Obama? Did you read his book, "The Audacity of Hope," which similarly insists that politicians need to reclaim the American dream for the middle class? I just read little pieces of it.

You couldn't finish it? I skimmed the parts that were interesting.

He prescribes policy on the same issues you do, from education to health care to the war in Iraq. And he similarly wants to increase support for education. But his is not a platform. The two books, in terms of their outlook, are not dissimilar. In terms of specificity, I think I go a lot further. I hope the presidential candidates will rip off my ideas and use them.

Will you be supporting Obama for president? I'm supporting Hillary. I've worked closer with Hillary and, on experience, I would have to give her the edge. I think she's terrific. When you see her work up close, she is really smart, she asks the right questions and has a good sense of how to balance things.

In your book, you express the travails of the middle class through the example of a couple you invented: Joe Bailey, an optimistic insurance agent, and his devoted wife, Eileen, who "is able to splurge now and then at the mall," as you write. Did you like the description of them?

Not that much. They're fictional characters who lack the artistry of fiction. Oh, please! It's the Baileys! They're everything. I didn't create the Baileys for the book. I have been living with the Baileys for decades. I talk to them. I know them. They're real to me. The Baileys are average people. They could be anyone.

Why did you, a Brooklyn native, make the Baileys suburbanites who own a house in Massapequa, Long Island, and seldom drive into New York City? Massapequa could be any suburb in America. I have always felt connected to average voters. Jerry Seinfeld, you know what he said Massapequa meant? I had no idea. He said it meant in Native American, "It's near the mall."

Regardless of how your book is received, you made history in November as the chief strategist of the Democrats' campaign to regain the Senate, and you subsequently became the third-highest-ranking senator in the new majority. Have you spoken to President Bush since? He called me to congratulate me on taking back the Senate. Look, to his credit, he was gracious. He said: "I never expected you to do this, but congratulations. You did an amazing job."

Does Vice President Cheney talk to you? No. He used to. On energy issues, I talked to him, and then when I didn't agree with him, he stopped talking to me.

Do you think he will remain as large an influence inside the White House in the wake of the Republican drubbing? Unfortunately, yes, maybe more so, because in an odd way, the counter to Cheney was Karl Rove, and he has lost some credibility.

Do you expect the president to respond at all to the ideas of the new majority? I don't have much hope that Bush will moderate, but many of the Republicans in Congress, having seen the handwriting on the wall, may moderate, and that will help us. Dick Lugar, John Warner — these are old-fashioned conservatives who know that this hard-right philosophy is wrong.

Did you send a free copy of your book to the president or any members of his administration? No. I hope they'll buy it.

At Roll Call, An Uneasy Silence (WP)

By David Montgomery

The Washington Post, January 28, 2007

The desk is heavy and wooden, well-used, not ornate. Lying flat on the uncluttered glass top is a big calendar. Diagonal blue lines cross out the days as they pass. The felt-tip pen is here, ready to continue marking time's march. But the last day that has been dismissed with a blue slash is Tuesday, Dec. 12.

For Sen. Tim Johnson, the Democrat from South Dakota, time is in suspension now.

Everything in his Hart Building office is exactly how he left it last Dec. 13: The morning when words deserted him, and they rushed him, speechless, to the hospital.

By the calendar is the Dec. 13 edition of the Hill, a Capitol Hill newspaper. Behind his chair on the thick blue carpet is his briefcase, a scuffed black leather satchel, worn gray in places.

Johnson remains in George Washington University Hospital, undergoing speech and physical therapy after surgery to repair a brain hemorrhage. The initial horror and cold calculations of those first days -- when it seemed possible he and the Democrats' one-vote majority in the Senate might not survive -- have subsided. Now the questions are about absence: How long will it last? What does it mean to the state, the nation, the institution, when one senator is missing?

Next to the computer is a pad of paper with the U.S. Senate letterhead. Johnson had scribbled some notes and figures on the pad, federal dollars he was trying to get for projects back home. He was discussing the items on this pad when the bleeding in his brain stopped him, midsentence.

His staff has left everything virtually untouched as a sign of respect, a sign of love, a sign of not knowing what else to do. It is an appeal to presence in the void of absence.

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The news from the hospital has been good, so far.

"In talking to his physicians, we really feel optimistic and confident that he is going to make a full recovery," says Brendan Johnson, 31, one of the senator's three children and a lawyer in Sioux Falls, S.D. "It is something that takes time. Unfortunately we don't have any type of exact timetable. What we do know from the therapists and physicians working with him at GW is that he is making much faster progress than anyone anticipated."

Johnson speaks only a few words at a time. "He's not conversational, in terms of long conversation," Brendan Johnson says. "He's clearly registering when we discuss topics. I think he loves to hear about how his [three] grandkids are doing. I also keep him updated on what certain baseball teams are doing."

Johnson has three hours of therapy every day, working with parallel bars and practicing naming objects, according to statements by his doctors released by his office. An MRI showed that the speech center of his brain is undamaged. And an angiogram showed that the surgery successfully repaired the original problem, called an arteriovenous malformation.

An AVM is a tangle of arteries and veins usually present since birth. Most of the estimated 300,000 Americans who have it never know and live symptom-free. In Johnson's case, two weeks shy of his 60th birthday, bleeding caused by the AVM suddenly disrupted his ability to speak and made him weak on his right side.

Johnson's family and staff members say they hope he will recover enough to do some work within "several months." But in the statements released by the office, predictions of his recovery time have never been attributed to his doctors.

"Senator Johnson is showing evidence of more functional, spontaneous speech and is indicating preferences. He is answering questions and following commands appropriately," Philip Marion, medical director for GW's Department of Rehabilitation Medicine, says in the most recent statement, released Thursday.

Johnson's wife, Barbara, spends much of every day with her husband. Several times a day, she taps out updates on her BlackBerry and sends them to staff and family members.

Amusing anecdotes from the hospital, hot off the BlackBerry, are savored and laughed about around the office: Watching football playoffs, the senator groaned in mock dismay when his wife kept referring to the Chicago Bears as the Chicago Cubs. He rolled his eyes when she asked why he wasn't rooting for the Patriots over the Colts, since South Dakota native Adam Vinatieri is the place kicker. Did she not know that Vinatieri had signed with the Colts!?

Staff and family say the senator's wife, an education consultant and a two-time breast-cancer survivor, has been a powerful presence during this period of absence. (She declined to be interviewed for this story.)

"It probably shouldn't be this way, but she's been the source of strength for her kids rather than vice versa," Brendan Johnson says. Tim and Barbara Johnson have been married for 37 years.

The senator wasn't in the House chamber Tuesday evening, but he let his wife know he wanted to watch the State of the Union address. He heard President Bush say, "We pray for the recovery and speedy return of Sen. Tim Johnson."

Barbara Johnson tapped out this bulletin: "Tim was very touched by the President's recognition. It was obvious that he wanted to be there and I reminded him that next year he would be."

From such glimpses, friends and colleagues glean that the old Tim Johnson is present, albeit in a hospital bed.Senate Precedents

When a senator is absent for an extended period, two seemingly contradictory sides of Washington come into focus.

There is an inevitable, almost ruthless, forward momentum that tarries for no senator. The people of South Dakota must be served, partisan interests must be advanced.

Yet, there is also a human side, an instinct for decency, an acknowledgement that life can't fully go on as usual.

"Every senator plays a unique role within the process; all 100 fit a specific place," says Jay Truitt, vice president of government affairs for the National Cattlemen's Beef Association. He relies on Johnson to advocate for his industry. Yet he also knows he can count on others in the meantime. "While one single senator has a great deal of power, they're not bigger than the process. . . . We are going to do an appropriations bill. . . . The work will go on."

"There isn't an event that goes on around here where Tim isn't mentioned and prayers aren't offered," says Sen. John Thune, the Republican from South Dakota.

Thune lost his first race for the Senate to Johnson in 2002 by 524 votes. When the Republican visited Barbara Johnson after her husband was stricken, she noted that her husband is a tough fighter. Thune, recalling that contentious election, said wryly, "Believe me, I know it!"

Expressing both qualities of senatorial absence, Julianne Fisher, Johnson's communications director, finds herself issuing somewhat paradoxical messages: "The office is open and we continue to work." And: "The senator is not replaceable."

Her predicament is obvious. To suggest the work has been seriously disrupted would be to imply the people aren't being served. To say everything is being accomplished too well would imply the senator is superfluous.

Of course, senators might be absent for many reasons.

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Some run for president. In 1996, Majority Leader Robert Dole resigned his seat to campaign against President Clinton. This year, with at least a half-dozen Democratic and Republican senators already vying for 2008 -- and none publicly planning to give up his or her seat -- absenteeism is certain to rise. Phoning in votes from New Hampshire or Iowa is not allowed.

Sometimes senators aren't very active even when they are present. By the time he was 98, in 2001, an exceedingly frail Strom Thurmond of South Carolina rarely participated in debates, gave speeches or interviews, questioned witnesses, wielded a gavel or introduced consequential bills.

Karl Mundt, a Republican from South Dakota, suffered a stroke in 1969, but held his seat until the end of his term in January 1973, even though he could no longer report to the Senate. Johnson holds Mundt's old seat.

In 1988, Joe Biden of Delaware was out for seven months recovering from two brain aneurysms. He proves a senator can bounce back from brain surgery, get reelected and run for president.Something Was Wrong

The recording of the moment when Johnson slipped from present to absent is chilling to hear.

He was in a basement studio in the Capitol for his weekly conference call with South Dakota reporters. There was one last question about funding for four projects, including a medical school and a Boys and Girls Club.

"Ah, ah, second, uh, uh, you know," Johnson stammered. He laughed nervously. For long moments there was more stammering, silence, isolated words.

It was the awful sound of a man struggling mightily to master his thoughts.

"Well said," the senator concluded, trying to make a joke. "Anything, uh, further? Going once, twice. Okay."

On the subway back to Hart, Fisher tried to draw Johnson into conversation. When she asked about his wife -- family was a subject that always got him chattering -- and he gave a one-word reply, she knew something was wrong.

Within minutes the staff summoned a doctor, and Johnson was wheeled to an ambulance. That night he was in surgery.The Mechanics of an Absence

The 46 members of the senator's staff in Washington and South Dakota suddenly found themselves on their own.

"This experience is certainly one of the most surreal of my life," says Drey Samuelson, Johnson's chief of staff for 20 years in the House and Senate.

The first few days brought out the best and worst of Washington: Colleagues from both sides of the aisle rushed to be with his family, sent piles of food to his office. But no one could help speculating: What if Johnson died or resigned? South Dakota's Republican governor probably would pick a Republican successor. The Senate would be divided 50-50. Vice President Cheney would break ties.

"It was hard to see Tim treated as a poker chip as opposed to a human being," Samuelson says.

When it became "clear he was going to live," the story lost its sizzle and the reporters went away, Samuelson says.

Then the quirkier aspects of absence came into play. Senate officials postponed approving reimbursements for official staff travel while Johnson was sedated, which he was until late December, because his agreement could not be verified.

The staff asked the Rules Committee for permission to send out official mail over the chief of staff's signature. For the first time in his career, Samuelson scanned his autograph into an autopen. Wielding his new authority with great deference, he has signed only a brief letter thanking constituents for their input and explaining the unusual situation.

Majority Leader Harry Reid of Nevada appointed temporary substitutes to key committees where the Democrats could not afford to lack a vote. Barbara Boxer of California would chair Ethics in Johnson's stead; Jack Reed of Rhode Island would chair the Appropriations subcommittee on military construction and veterans affairs; Frank Lautenberg of New Jersey would occupy Johnson's chair on the Budget committee.

There were inadvertent slights. Another Capitol Hill paper, Roll Call, published a supplement listing committee members in the new Congress. Johnson was mistakenly omitted from Budget and Ethics.

"One of the things that makes it easier is jumping back into the work," says Todd Stubbendieck, the legislative director. "We've tried to return to be as normal as we can be, and get back into the swing of things and the normal schedule."

"We all want to work hard so when he comes back, he's proud of the work we've done," Fisher says.

Luckily, Johnson had nearly completed a series of legislative planning meetings in the days before he was stricken. The staff is following that plan.

His key constituencies include farmers, ranchers, veterans, seniors, rural communities. Although his profile is low on Capitol Hill, in South Dakota, a state with fewer people than Prince George's County, residents address their senator as "Tim" when they see him in the coffee shop on Main Street.

"He's one who was never real imbued with the power and the glory, he just wanted to do a good job," says Jerry Oster, news director with WNAX-AM radio in Yankton, who has known Johnson since he was a baby-faced lawyer in Vermillion. "It's part of that Norwegian upbringing. Don't care who gets the credit . . . . We always kid him about being Norwegian powered by coffee."

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If Johnson's recuperation lasts longer than several months, then his absence will be felt more keenly. That is when the farm bill will be moving through the Senate, and the appropriations process will be underway.

"Senator Johnson's main impact would come this summer," says Troy Larson, executive director of the Lewis & Clark Rural Water System, which is seeking $35 million for pipeline construction. "It would not be possible for senators in other states to make up that clout."

As always in the political world, some are sizing up Johnson's prospects for reelection in 2008, and whether his illness has made him vulnerable. A moderate Democrat from a very red state, Johnson has twice won tight races for the Senate.

"I think the reelection question is a key one," Samuelson says. "I talked to Barb [Johnson] about whether or not to shut our fundraising operation down. She said that she felt that when Tim recovers, he will want to run for reelection. We can't know that for sure, but that's what she thinks and that's what I think as well."A Small, Empty Desk

Johnson has another desk, as every senator does, rather small, made of mahogany, on the floor of the Senate chamber: the ultimate symbol of his position and, when not occupied, of his absence.

Johnson's is in the second row, between those of Mary Landrieu and Barbara Mikulski. Every morning, the same legislative paperwork is placed on Johnson's desk as on every other, as though he might be present. There is a sharpened pencil in the pencil slot.

Early one afternoon, the clerk calls the roll for another vote. It's on an amendment to the minimum wage bill.

" . . . Mr. Inhofe. Mr. Inouye. Mr. Isakson. Mr. Johnson. Mr. Kennedy. Mr. Kerry . . . "

The senators amble up to the clerk's desk and signal thumbs up or down.

Mr. Johnson is recorded as "not voting."

On Tuesday, the Democrats head to the Lyndon B. Johnson Room for the weekly caucus lunch.

"I think knowing Tim Johnson as I have, respecting him greatly, that I will convey the ideas as he would have them," Lautenberg says of filling Johnson's chair on Budget. "But it's an interpretation. I'll do my best."

"He has a great deal of technical competence, so we miss him," Mikulski says of the Appropriations subcommittee that Johnson is supposed to chair. "At the same time, our good friend Sen. Jack Reed is filling that role. So we can pick up the slack."

One morning, Christopher Dodd (D-Conn.) gavels Banking to order. Dodd salutes the absent senator and wishes him a speedy return -- then gets down to business, a hearing on mass transit security.

Johnson is the second-ranking Democrat on Banking, after Dodd, and would ordinarily sit immediately to Dodd's right. But this morning Johnson's chair is not empty. It is occupied by Reed, whose lower rank in the pecking order should place him farther from the chairman.

Afterward, Reed says of Johnson: "He's one of those guys you like to emulate, because of his example as well as what he says. A lot is said around here. When you can provide the example, judgment and decency that he provides, those are very scarce commodities."

What about taking Johnson's chair this morning in Banking?

"I think it's less important where we sit than what we contribute," Reed says. "But I assure you, I'm just keeping that seat warm."

Ginsburg Feels Isolated On Court (WP/AP)

The Washington Post, January 28, 2007

BOSTON -- U.S. Supreme Court Justice Ruth Bader Ginsburg said Friday that she dislikes being "all alone on the court" nearly a year after the retirement of Sandra Day O'Connor.

Ginsburg, who spoke to an assembly at Suffolk University Law School, said she sees more women in law school, arguing before the court and sitting as federal judges.

"My consolation is that if you look at the federal courts altogether, you get a much different picture than you do if you look only at the U.S. Supreme Court," she said.

Of herself and O'Connor, the court's first female justice, Ginsburg said: "We have very different backgrounds. We divide on a lot of important questions, but we have had the experience of growing up women and we have certain sensitivities that our male colleagues lack."

Ginsburg, 73, did not elaborate or take questions afterward.

Supreme Court TV (WP)

By Dahlia Lithwick

The Washington Post, January 28, 2007

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The justices of the Supreme Court have served hard time in the makeup chair in recent months. John Paul Stevens and John G. Roberts Jr. gave prime-time interviews to ABC's Jan Crawford Greenburg; Ruth Bader Ginsburg chatted with CBS's Mike Wallace in chambers; and Stephen G. Breyer has logged almost as much time on camera as Lindsay Lohan -- including a sit-down with Charlie Rose and a gig on "Fox News Sunday." And Roberts, the chief justice, is part of a documentary airing on PBS next week.

Even some of the justices who are reluctant to talk on camera have been more amenable to speaking on the record lately. Breyer and Antonin Scalia engaged in a wide-ranging public debate in December that is available on the Web. And ABC's Crawford Greenburg secured interviews with nine justices for her new book, "Supreme Conflict." Nine justices. That's a far cry from "The Brethren."

What the justices have discussed in these interviews has ranged from the personal -- the chief justice's young son likes Spiderman -- to judicial philosophy. And that has opened the door to a more robust and nuanced national conversation about constitutional law and the role of the judiciary. Whether it's Roberts extolling the virtues of unanimity and minimalism or Breyer selling his constitutional theory of "active liberty," the court has finally taken its case to the airwaves, and that is unequivocally good for a nation that -- for better or worse -- has pretty much taken up permanent residence there.

But a funny thing happened on the way to the sound stage. Some justices are refusing to talk about areas of the law in these extra-judicial discussions. And that raises interesting questions about which justices avoid which topics, and why. Does this sudden selective chill reflect fissures on the court, in the law, or both?

We had, for example, Ginsburg talking openly with CBS's Wallace in October until he raised the subject of abortion. Out came the ice water: "Stop!" she said. "We're not going to talk about abortion." Ginsburg also refused to discuss the separation of church and state and Bush v. Gore, insisting that "questions are going to come before this court on those turbulent issues."

And as Fox's Chris Wallace asked Breyer about abortion in December, Breyer interjected, explaining: "I decide abortion cases when they come up. But I know perfectly well that anything I say on that subject is enormously volatile." Breyer also considered it improper to "talk about that subject, particularly in a public forum that isn't the court." When Wallace asked for clarification, Breyer repeated: "No, not any question to do with abortion." Breyer similarly refused to touch the subject at a public debate with Scalia in Washington in December, even though Scalia had no such qualms.

At first this looks like a variation on the old confirmation two-step. That's the dance that happens at judicial confirmation hearings wherein a prospective justice refuses to answer questions about subjects that "may come before the courts," and, yes, the court heard an abortion case this term. But that's not the calculus that the justices seem to be using these days: At that same debate in December, Breyer spoke about Brown v. Board of Education, even as the high court was hearing two cases that raised related issues that very week. He briefly discussed the presidential powers cases in his interview with Wallace. (You can bet that issue will come before the court again soon.) And in her interview with Mike Wallace, Ginsburg spoke passionately about the court's decision in a major case involving the presidential authority to create military tribunals, concluding, "In this country, we have no royalty, we have no king who has absolute authority."

Stevens recently discussed the flag-burning case. And this week Scalia told an audience at Iona College in New York that Florida's handling of the recount in Bush v. Gore was a violation of the Constitution's guarantee of equal protection under the law. "Counting somebody else's dimpled chad and not counting my dimpled chad is not giving equal protection of the law," he said, even though such cases will come before the court again in the future. Scalia let the crowd know that the case is firmly in the history books: "It's water over the deck -- get over it," he said. And given that Bush v. Gore explicitly claims to hold no precedential value in future cases, perhaps he's right.

So how do we account for the justices' sudden silences and pregnant pauses? In part, it must be personality. Roberts seems unwilling to discuss cases or doctrine off the bench; Breyer is inclined to talk about them, but mostly in the abstract; and Scalia is inclined to gab about pretty much anything.

But there's something else at work here -- something to do with what Breyer calls the "volatile" cases and Ginsburg calls the "turbulent" ones. For both justices, abortion clearly falls into that category, but in general they seem to avoid talking about the moral issues that divide the court just as they divide the country: gay rights, race-based decision-making, abortion and religion. On these issues, the courts' liberals often strive to use constitutional doctrine to protect minority rights. And where there is a sound constitutional basis for these positions, it has been tricky for them to explain them in a sound bite.

The unifying theme in most recent judicial speeches has been this: The power belongs to the people. Whether it's Breyer urging citizens to engage in government or Scalia insisting that it's the job of the people, not the court, to modify the Constitution, the universal message of the justices is not to fear the court, but to become active in the legislative process. But that's only half the story, and the justices know it. Those cases are the tough ones, and, invariably, the hardest to explain. As Scalia continues to prove, the taut lines of his theory of "originalism" tend to be an easier sell than the blurriness of a "living Constitution." Which may be why the justices sometimes talk the loudest when they say nothing at all.

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Search Ends For 3 In Calif. Copter Crash (AP)

AP, January 28, 2007

The Navy called off a search Saturday for three missing crew members of a helicopter that crashed in the ocean about 50 miles off California's southern coast.

Friday's crash during a training mission left one sailor dead, and the Navy had searched for the remaining crew through the night and into Saturday afternoon.

"The cold water temperature and the time that elapsed since the crash occurred led Navy officials to conclude that aircrew survivability is extremely unlikely," said Navy Lt. Cmdr. Elizabeth Meydenbauer.

Meydenbauer said the Navy knew the location of the sunken helicopter, but had not decided whether the wreckage would be brought up from the ocean floor.

The MH-60S Sierra helicopter, based at Naval Air Station North Island in Coronado, went down around 5:30 p.m. EST Friday. It was on a mission off the USS Bonhomme Richard.

The pilot radioed a mayday but gave no indications of mechanical malfunctions or fire, Meydenbauer said.

One sailor was pulled from the water but died while being treated on the Bonhomme Richard.

Identities of the helicopter crew members would not be released until relatives were notified, Meydenbauer said.

However, Jim Helman of New Richmond, Wis., said Navy officials informed him that his son, Cory Helman, 27, was one of the crew members and had pronounced him dead.

The Bonhomme Richard is an amphibious assault craft that took Marines to Indonesia after the 2004 tsunami.

The MH-60 Sierra is a twin-turbine craft based on the UH-60L Black Hawk and the Navy's SH-60B Seahawk, according to the manufacturer, United Technologies Corp.'s Sikorsky Aircraft. It is designed to operate off aircraft carriers, cruisers, destroyers and frigates, ranging up to 100 nautical miles from a ship.

Voting Rights Chicanery (WP)

By George F. Will

The Washington Post, January 28, 2007

"The House of Representatives shall be composed of members chosen every second year by the people of the several states . . . ."

-- Constitution of the United

States, Article I, Section 2

"What's the Constitution between friends?"

-- Rep. Timothy Campbell, a Tammany Democrat, to Democratic President Grover Cleveland after Cleveland said that a bill Campbell favored was unconstitutional.

There they go again. House Democrats should at least provide variety in their venality. On Wednesday, fresh from legislating new ethics regarding relations with lobbyists, they demonstrated that there are worse forms of corruption than those involving martinis and money.

They again voted to give the delegates to the House from Guam, American Samoa, the Virgin Islands and the District of Columbia, and the resident commissioner from Puerto Rico, the right to vote in the House when it is sitting as the Committee of the Whole, which is how it sits almost all the time. It is in that status that almost all debate about and amending of legislation occurs.

If these five votes decide the outcome of a vote in the Committee of the Whole, the matter at issue will be automatically revoted by the full House without those five participating. Still, these five faux members will have powers equal to those of real members on everything but final passage of bills, which often is more perfunctory than the process that leads to that. Almost always, all five delegates are Democrats. (Puerto Rico's current resident commissioner is the first Republican in 100 years.)

What part of the words "several states" do House Democrats not understand? Their cynical assumption is that "the people of the several states" will not notice this dilution of their representation in the House.

Members of Congress today represent, on average, 687,000 people. The population of Guam is 171,000; of American Samoa, 58,000; and of the Virgin Islands, 109,000. The 3.9 million Puerto Ricans are U.S. citizens and have the right to vote for statehood, which they have rejected in three plebiscites (1967, 1993, 1998).

The 58,000 Samoans pay no federal income taxes, but their delegate will be able to participate in raising the taxes of, say, Montanans. Samoa's delegate will have virtually the same power as Rep. Denny Rehberg, who represents all 944,000 Montanans. Obviously the Democrats' reverence for the principle "one person, one vote" is, well, situational.

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January 1993 was the last time Democrats engaged in this cynical political alchemy, transmuting delegates from four island jurisdictions, and one from the seat of the federal government, into the functional equivalents of representatives selected by people of "the several states." In January 1993, two months after they lost 10 House seats, they counterfeited half that many votes -- even though they had an 82-seat majority. One year later, such arrogance contributed to the Democrats' loss of their House majority.

In 1970, Democrats were contemplating allowing Puerto Rico's resident commissioner to serve with powers equal to those of real members, but only on standing committees. Rep. Tom Foley, a Washington Democrat then in his third term, told his colleagues that would be fine because those committees are created by the House, not the Constitution, and they "can be extinguished at will and created at will." Furthermore, service on committees involves only "preliminary advisory votes." But, he added, "it is very clear" that "a constitutional amendment would be required" to give a resident commissioner "a vote in the Committee of the Whole of the full House." By 1992, when Foley, then in his 14th term, was speaker and full of the sense of entitlement that deranged Democrats in the last years of their 40-year hold on the House, he supported what the next Democratic speaker, Nancy Pelosi, has now done. In 1994, Foley became the first speaker since 1862 to lose his congressional seat, and the new Republican majority undid what the Democrats had done.

For Speaker Pelosi, two questions about the possible scope of your majoritarian abuse: Given your disregard of the unambiguous language and clear intent of Article I, Section 2 -- which uses the word "state" eight times to designate the only entity from which a member of the House may be chosen -- do you acknowledge any impediment to using your majority to give "Committee of the Whole" voting power to a delegate from, say, the AFL-CIO?

Or, for that matter: Do you think that Article I, Section 5 ("Each house shall be the judge of the . . . qualifications of its own members") allows your majority to give such voting powers to your hairdresser? If not, why not?

The George W. Bush Library: Scholarly Mecca Or $500 Million Oxymoron? (NYT)

By Dorothy Samuels

The New York Times, January 28, 2007

The news reports that President Bush's representatives seem to be closing in on a deal to put a half-billion-dollar presidential library and policy institute at Southern Methodist University in Dallas has inspired the predictable lame jokes and references to "The Pet Goat."

But the project raises issues that are no laughing matter, touching on the writing of history, the university's scholarly mission, governmental integrity and the rule of law.

S.M.U.'s negotiations regarding Mr. Bush's library are bound to have a large public impact, which is why I'm hoping that the university's president, R. Gerald Turner, and members of his board of trustees (presuming Laura Bush, the best-known trustee, has removed herself from the deliberations) can be persuaded to withhold a final go-ahead unless two basic conditions are met.

First, the university should insist that Mr. Bush rescind Executive Order 13233, his 2001 directive that reverses — illegally in the view of many leading historians, journalists and legal thinkers — the strong presumption of a public right of access to presidential papers embedded in the 1978 Presidential Records Act.

Under this early exertion of presidential power, both sitting presidents and former presidents (and even their heirs) can indefinitely postpone public release of sensitive material past the law's usual 12-year waiting period by simply denying a request for access. No explanation is required, and there is no provision for appealing the denial to a trained professional archivist.

Instead, the executive order requires the person requesting the material to begin a costly and time-consuming lawsuit challenging the stonewalling. It's a formula for keeping embarrassing facts secret in perpetuity and for thwarting a full and accurate accounting of a president's time in office, which, presumably, was among S.M.U.'s prime goals in seeking to be home to the new presidential edifice, along with enhancing the university's visibility, prestige and available financial resources.

Mr. Turner told concerned faculty members that the new library would house "a treasure trove of documents and artifacts that describe one of the most intense and controversial periods in our history." For a university interested in promoting historical research and open inquiry, especially one located in the president's home state, it's undoubtedly a mighty tempting prize. But that is all the more reason Mr. Turner and the trustees owe a duty to act decisively to protect the university's reputation, the public's right to know and history itself from Executive Order 13233, and Mr. Bush's ignominious penchant for excessive secrecy.

Second, there is the pesky issue of fund-raising. Following the corruptive path blazed by White House predecessors, Mr. Bush and members of his library committee apparently plan to spend the administration's remaining days trying to coax huge contributions to the budding library complex from friends and well-heeled special interests. Under present law, the identity of presidential library donors, and the amounts they contribute, need not be disclosed. The House speaker, Nancy Pelosi, supports legislation to change that, but its timing and fate remain unclear. Meanwhile, S.M.U. officials have an opportunity to advance

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government integrity, and avoid entangling the university in potentially compromising secret fund-raising, by insisting on disclosure.

Dozens of theologians and S.M.U. faculty members have objected to locating Mr. Bush's library and institute at the university, saying among other things that his awful record on civil liberties, the war in Iraq and the abuse of prisoners should preclude any university affiliation. They have it wrong. But so do those who would minimize the university's duty for making sure the highest standards of scholarship, openness and ethics govern the entire enterprise.

OTHER NEWS:

Looking For The Angry Populists In Suburbia (NYT)

By David Leonhardt

The New York Times, January 28, 2007

IN his confrontational response to President Bush's State of the Union address on Tuesday, Senator Jim Webb of Virginia said that he was going to focus on only two topics. One, as everyone knew it would be, was Iraq.

But before he turned to the war, the new senator spoke about something else: an economy that he said made it seem "as if we are living in two different countries." In one, stock prices, corporate profits and executive pay are rising. In the other, the middle class is barely scraping by.

Mr. Webb said the situation was reminiscent of the early 20th century, when robber barons were raking in wealth and "dispossessed workers at the bottom were threatening revolt."

It was the sort of speech that one might have expected during a deep economic slump. Yet it came instead as most workers have started receiving significant pay increases for the first time in years and as polls show that most Americans think the economy has grown stronger.

This contrast was arguably the most significant part of the speech. As they plan their strategy on Capitol Hill and begin the 2008 presidential campaign, the leaders of the Democratic Party are betting that the temporary swings of the economic cycle no longer have the political power they once did.

Instead, they say, the economic shocks of recent years — technological change, globalization, the decline of labor unions and business icons like Ford Motor Company — have left many swing voters feeling anxious and insecure about the future.

After years of fighting losing battles against tax cuts, Democrats argue that this economic anxiety has altered the political landscape, making swing voters open to a new role for government — a form of what Representative Rahm Emanuel of Illinois has called "suburban populism."

With issues like energy policy, immigration and health care having gone largely unaddressed in recent years, Democrats see a way to define themselves as the party that can help Americans survive the 21st-century economy.

An unanswered question, though, is whether suburban populism can still have appeal during good economic times.

"The little ups and downs of the economy are not what's bothering the average American, as much as it is the feeling that there are large forces that buffet them around," said Senator Charles Schumer of New York, whose book laying out an agenda for the party was published last week. "In the past, the attitude was, 'Get government out of the way.' And now it's, 'Gee, I may need it.' "

Amy Klobuchar, a freshman senator from Minnesota, pointed out that her state had one of the strongest economies in the country, yet she still based her winning campaign largely on people's economic worries. "They feel insecure," Ms. Klobuchar said last week. "And the point of this is, they're right."

This strategy certainly has risks. Tax cuts — with a heavy dose of optimism thrown in — have been a much better political bet than populism for decades now, and Republicans are sticking to this script. During his address last week, Mr. Bush described the economy as being "on the move," and he is scheduled to visit Peoria, Ill., this week to call attention to recent wage gains. Republicans are pushing for an extension of the tax cuts passed during Mr. Bush's first term that they say are a major cause of the current boom.

The economy emerged from a recession in late 2001, after the first tax cut went into effect, but wages for most workers still did not keep up with inflation for much of the next few years. Only in recent months has that changed.

In 2006, the average hourly pay of rank-and-file workers, who make up about four-fifths of the work force, rose 4.2 percent, while the consumer price index increased only 2.6 percent. The net result — an inflation-adjusted increase of 1.6 percent — was a bigger annual raise than any that workers received from the late 1970s to the mid-90s.

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The direction of wages has historically been one of the best predictors, if not the best, of the public mood, and it, too, has been brightening. In a Gallup Poll conducted in mid-January, the share of respondents calling the economy excellent or good — 52 percent — reached its highest level since the Clinton administration.

But even with the recent increases, the real hourly pay of rank-and-file workers has risen only 3 percent since Mr. Bush took office, according to the Bureau of Labor Statistics. Over the same span, productivity — that is, the value of what the economy produces per hour — has risen 18 percent.

Except for a few years in the late 1990s, in fact, pay increases have been modest for most of the last three decades, which appears to be contributing to the anxiety. In exit polls on Election Day, fewer than one in three people said they expected life for the next generation of Americans to be better than life today.

But even if suburban populism has some appeal, Democrats have been less clear about how to translate it into policy. During their first weeks in control of the House, they have passed bills to raise the minimum wage, to cut the interest rate on federally subsidized loans to college students and allow government to negotiate with pharmaceutical companies over the cost of drugs sold through Medicare.

But none of the bills has yet passed the Senate, and even if they do, they are unlikely to have a big effect on most middle-class families — the target audience of the new suburban populism.

Some Democrats, in the party's center and on the left, are starting to push for broader ideas. In his new book, Mr. Schumer calls for biometric employment cards to reduce illegal immigration and a crackdown on tax evasion by the wealthy, among other measures. Tom Vilsack, the former Iowa governor who is running for president, is arguing for a push on new energy technology partly to "elevate our economy above global competition."

It is still not clear how much can be done by a party that, for at least another year, will lack a clear leader. In his speech last week, Senator Webb cited two populist role models, Andrew Jackson and Theodore Roosevelt, both of whom were presidents, not Congressional leaders.

But the coming year will give the party's leaders a chance to hone its message — and to see how long the current economic boom will last.

Clinton Begins Her Run In Earnest (WP)

By Anne E. Kornblut, Dan Balz

The Washington Post, January 28, 2007

DES MOINES, Jan. 27 -- Bursting onto the campaign trail for the first time here on Saturday, Democratic New York Sen. Hillary Rodham Clinton quickly confronted two looming questions about her presidential candidacy: whether voters are ready to elect a woman to the White House and how aggressively she would respond to Republican attacks if she were her party's nominee.

Clinton held her first major public event a week after entering the 2008 campaign. It was a glossy, town-hall-style "conversation" with Iowans at a high school here in Des Moines, and it came nearly a full year before the state's first-in-the-nation presidential caucuses, scheduled for next January.

In an auditorium packed with more than 1,000 people -- many of them women -- Clinton stood alone at center stage, her arms outstretched, as she encouraged Iowans to help her win the presidency. "I'm running for president, and I'm in it to win it," she said to a burst of applause.

But the first question put to her focused on whether she, as a woman, would have extra difficulty winning.

Clinton conceded that there may be special obstacles for any female candidate. "I think you've got to move beyond that," she said. "I am going to be asking people to vote for me based on my entire life experience. The fact that I'm a woman, the fact that I'm a mom, is part of who I am. But I'm going to ask people to vote for the person they believe would be the best president of the United States."

Clinton got just one question about Iraq, and she deflected it without answering it, speaking instead about health care for veterans.

But at a morning session with Iowa Democratic Party officials, she was asked to address her vote for the 2002 congressional resolution authorizing President Bush to go to war. That vote, along with her reluctance until late last year to recant, has put her at odds with many antiwar activists in the party and is expected to be a factor as she begins to meet voters in a state with a strong antiwar tradition.

"I've taken responsibility for my vote," she said. "But there are no do-overs in life. I wish there were. I acted on the best judgment I had at the time." She closed by noting: "I may have a slightly different take on this than some of the people who come through here."

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The questions at the town hall meeting were uniformly polite and often adulatory. But her appearance among party officials brought out concerns that have echoed for months among party insiders nationally, all related to whether she may be such a polarizing figure that she will have a difficult time getting elected.

Clinton acknowledged that the campaign ahead might become brutal, particularly if she is picked as the Democratic nominee. She noted that she had overcome doubters who had predicted that she could not win a Senate seat in New York. And in response to a question about the lessons she has learned from Massachusetts Sen. John F. Kerry's loss to President Bush in 2004, Clinton promised to respond aggressively when attacked.

"When you're attacked, you have to deck your opponents," she said, after a more tepid initial response. She added: "I want to run a positive, issue-oriented, visionary campaign. But you can count on me to stand my ground and fight back."

Clinton is the front-runner for the Democratic nomination, based on national polls of Democrats, her capacity to raise as much or more money than any of her rivals, and the extensive network of loyalists built up during the presidency of her husband, Bill Clinton. But in Iowa, she is just one of four candidates currently viewed as the strongest contenders.

The others are Illinois Sen. Barack Obama, who will formally launch his candidacy in two weeks; former North Carolina senator John Edwards, who has a strong base from his second-place finish here in 2004; and former Iowa governor Tom Vilsack. Many Democrats here see Edwards currently in the strongest position, and he drew a sizable crowd on his first trip to the state as an announced candidate last month. But the campaign appears wide open at this point.

Clinton promised to return here often. And in her town hall appearance, she wryly remarked that she hopes to "have this as a one-on-one conversation, just you and me, and about several hundred national press people." But she added that the hoopla "will fade, and we'll actually be able to pursue this conversation in a very personal way."

Her interaction with the crowd was personal at times, despite the news media crush. One woman, Terri Hoffman, 53, a teacher from Des Moines, confessed in front of the audience that she is going through menopause. Clinton nodded knowingly and smiled. At another point, a member of the audience shouted to Clinton: "You go, girl!"

"You go with me!" Clinton replied.

At the end of her hour-long appearance, as the tune "You Ain't Seen Nothing Yet" filled the gymnasium, Clinton lingered to shake hands and sign autographs -- a practice more closely associated with her husband.

The immediate reaction to Clinton's performance at East High School was enthusiastic. Still, many said that it is far too early for them to commit to her or to any of the other Democratic candidates vying for the nomination.

"She's an electrically charged presence who is articulate," said Marilyn Musser of Des Moines, who had posed the question about how Clinton intends to deal with the gender issue in the campaign.

Musser said Clinton's candidacy is the "most impressive for me," but she added: "We're a long way from the election." She made clear that the prospect of electing the first female president is a factor in her consideration. "What else do women have to prove?" she asked.

Effie Hall of Grinnell, Iowa, was impressed with how well Clinton connected with the audience. "People say she's cold, but I thought she was quite warm," she said.

But Hall said the questions ignored some major issues facing the country. "Iraq wasn't really part of it," she said. "She talked about the VA and her support of the VA [Veterans Affairs] system, but I thought there would be more. Maybe that's an old story. Maybe people knew she supported [the war] and now has backed off."

The Clinton campaign worked to build the crowds. It ran radio ads encouraging people to attend the candidate's public events and used "robocalls" -- automated phone messages using Clinton's voice -- to let the most likely caucus attendees know she was coming. Clinton's advisers said they made no effort to screen those who came to the town hall meeting or to try to manage the questioning.

In addition to her public events, a busy private schedule filled Clinton's 24 hours in Des Moines. She met with Gov. Chet Culver (D) shortly after arriving on Friday, and later attended a private dinner with 15 to 20 Democratic elected officials. On Saturday morning, Clinton met with labor leaders over breakfast at her hotel.

At a house party in Cedar Rapids on Saturday night, Clinton raised the subject of Iraq herself, expressing strong disapproval of Bush's handling of the war and calling for Congress to cut off funding for Iraqi troops.

"The rest of the world is standing with their arms crossed, just kind of waiting to see what we do," she said. "In the Congress, we are trying to set a different message now."

She said that, through a bipartisan resolution of disapproval, the Democratic-led Congress is "trying to demonstrate to the world that at least some of us understand what has to be done."

"But it's going to be hard because we have very few tools that we can use to try to reverse course. The president has enormous power in the area," Clinton said.

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In Iowa, Hillary Off And Running (WT)

By Charles Hurt

The Washington Times, January 28, 2007

DES MOINES, Iowa -- Sen. Hillary Rodham Clinton began her presidential bid in earnest yesterday with all the momentum and certainty of a candidate in the final days of a campaign.

"I want to have this as a one-on-one conversation," the New York Democrat told a crowd of more than 1,000 Iowans packed into a high school gymnasium.

Absent from that conversation was the dominant issue of the war in Iraq, which Mrs. Clinton voted to authorize in 2002. She did address her vote during a meeting earlier in the day with state Democratic Party officials.

"There are no do-overs in life," Mrs. Clinton said. "I wish there were. I acted on the best judgment I had at the time."

Two hours before the former first lady arrived for her town hall-style meeting, the folding chairs at East High School's gym were nearly filled and an overflow room had to be opened.

Tall tripods for 17 television cameras were set up. Idling outside were seven satellite trucks and four industrial generators.

But Iowa voters especially those who will participate in the nation's first caucuses just under a year from now on Jan. 18, 2008 are famously persnickety and expect to be courted with humility, preferably in their own living rooms.

So, Mrs. Clinton began like anyone would.

"Well, I'm Hillary Clinton," she said to ecstatic applause. "And I'm happy to be here in Iowa."

Unlike most early campaign events in Iowa where the voters are undecided, the vast majority of those who showed up yesterday were firmly in Mrs. Clinton's camp. Many wore "Hillary!" stickers and buttons and waved posters with messages such as, "I LOVE HRC!"

Though national polls show Mrs. Clinton far ahead of any rival, surveys of Iowa voters show her trailing former Sen. John Edwards of North Carolina, Sen. Barack Obama of Illinois and the favorite son, former Gov. Tom Vilsack of Iowa. However, such early polls are virtually meaningless, especially since Mrs. Clinton had not visited the state since 2003.

In her meeting yesterday with party officials, she made the case for why she should be given the chance to beat the next Republican nominee for president.

"When you are attacked, you have to deck your opponent," said Mrs. Clinton, who has lived in the glare of the national press for nearly 15 years. "I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back."

Mrs. Clinton said she would have voted differently on authorizing the Iraq war if she had more accurate information at the time. She also said that as the junior senator from New York, she "lived through 9/11" and has "a slightly different take on this from some of the other people who will be coming through here."

However, Mrs. Clinton was not about to offer herself as a peace candidate.

"I do think we are engaged in a war against heartless, ruthless enemies," she said. "If they could come after us again tomorrow, they would do so."

During her forum with voters, Mrs. Clinton was not asked a single question about her vote authorizing the war.

She was asked how she planned to win election to an office that has been held by men for more than 200 years.

"Sometimes, you have to work harder," Mrs. Clinton said.

There were more women than men in the audience, but she strove to play down the issue of a woman as president.

"There will be more stories about my clothes and hair than some of the people running against me," Mrs. Clinton said.

But she did not avoid the topic of women in leadership altogether. She gave a nod to the new Democratic House speaker, Nancy Pelosi of California, and the crowd erupted.

At one point, a woman in the audience shouted, "You go, girl!"

Mrs. Clinton shot back without missing a beat: "Go with me!"

John Barry, a veteran, rose to ask a question and began by saying, somewhat nervously: "America loves you and you look very nice."

Beaming, Mrs. Clinton thanked him, and the crowd roared with approval.

Another issue she met head-on was her failed effort during her husband's White House tenure to implement socialized medicine.

"The problems we were trying to address are still with us," Mrs. Clinton said. "In fact, they've gotten worse."

She said she remains committed to "universal health care coverage" and predicted that it's a matter of "when," not "if" it will happen.

"We are finally creating a consensus in the country for this," Mrs. Clinton said.

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On global warming, she said: "Of course, global climate change is real, and it is a threat."

On the disparity among states regarding the foster care of children, Mrs. Clinton said: "I do think we need a national approach to that."

Terri Hoffman, 53, an eighth-grade teacher was among those surprised not to hear more about the war. She opposes it, but said she still could support Mrs. Clinton. Her only reservation is that she also likes Mr. Edwards, who has energetically courted voters here for two years.

Miss Hoffman worries that voters might shy away from voting for a woman.

"If they become a team, I guess I would be very happy," she said. "I think she'll be a great vice president."

Natalie Coates, 17, of Goshen, Ind., attended the event with her mother. She has no reservations whatsoever.

"I think it's awesome that she's a woman," Natalie said.

By the time Election Day rolls around, she will be eligible to vote, and she said she would cast her first-ever ballot for Mrs. Clinton.

Clinton Hits Campaign Trail In Iowa (USAT)

By Jill Lawrence

USA Today, January 27, 2007

DES MOINES — New York Sen. Hillary Rodham Clinton plunged into her presidential campaign Saturday at a town hall meeting complete with professionally printed banners and placards, a live jazz band and a crowd that was anything but tough.

"I'm running for president and I'm in it to win," Clinton told a raucous audience in a gym at East High School, before fielding a series of questions that sometimes began with statements like "I think you look very nice" and "You're one of my idols."

Clinton offered a taste of how she intended to win at an earlier meeting with state party leaders when someone asked what she had learned from Massachusetts Sen. John Kerry's losing 2004 campaign.

"When you're attacked, you have to deck your opponents," Clinton said to laughter and applause from about 50 members of the Iowa Democratic Party Central Committee. "I want to run a positive, issue-oriented, visionary campaign. But you can count on me to stand my ground and fight back."

The Iowa caucuses kick off the nomination season for both parties in less than a year. Clinton's two-day tour of Des Moines, Cedar rapids and Davenport was her first visit here in more than three years.

While she leads in all national matchups of prospective Democratic nominees, two polls of likely Iowa caucus-goers this month had Clinton in third or fourth place. She was clustered with Illinois Sen. Barack Obama and former Iowa governor Tom Vilsack, and all three were well behind former North Carolina senator John Edwards.

The gym at East High School was packed with more than 1,000 people and some 150 journalists from around the country and the world, including Japan, England, France, Germany, Italy and Switzerland.. Another 1,000 people watched the meeting from an overflow room.

The level of attention was similar to Obama's trip to New Hampshire, site of the first primary, last month. Some people were diehard Hillary fans; others were checking out the talent. Steve Tuttle, 59, a retired television news director, said he is interested in Clinton and Obama, who is black. "Let's mix it up," he said. "I'm tired of looking at old white guys because I am one."

Clinton told the town meeting that "bad decisions coming out of our government" are undermining "the promise of America" for the poor and middle class. She made clear she would not shy from the issue that was so problematic for her during her husband's administration. "I am committed to universal health care," she said to applause, adding she would offer specific ideas later in the campaign.

Several people asked Clinton how she would handle potential resistance to the notion of a female president. "I don't think I'm the only woman here who feels that sometimes you have to work even harder, right? And I'm prepared to do that," she said. "We are good at breaking barriers and going places nobody's gone before."

Without using the words "Bill" or "my husband," Clinton praised his administration for creating budget surpluses, helping schools finance new buildings and improving medical care for veterans. Talking to the Democratic committee members, she said she has favored repeal of one Clinton era policy — the don't ask, don't tell policy applying to gay people in the military.

Thousands of patriotic Americans have been discharged and "that to me does not make sense," Clinton said, adding the United States should judge military personnel as its allies do: by "actions and behavior, not status."

Clinton took two questions on Iraq from the state committee members. She said she does not support cutting off funds to troops in the field and does support working for a bipartisan resolution in the Senate. "We have to build the political will within the Congress to stop President Bush. That means getting Republicans to turn on this policy and turn against the president," she told them.

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Edwards and Vilsack have urged that U.S. troops be withdrawn. Clinton said that "it's easy being on the outside saying 'Do this' or 'Do that.' But inside you've got to figure out how to get the votes to do anything, and that's what we're working on."

Sen. Clinton Woos Voters In Iowa (LAT)

By Michael Finnegan

The Los Angeles Times, January 28, 2007

DES MOINES — Sen. Hillary Rodham Clinton took on the full trappings of a presidential candidate Saturday on her first campaign swing across Iowa, where she defended her early support of the Iraq war and played up her chance to "break a historic barrier" as the first woman to win the White House.

Clinton's Iowa visit opened her yearlong courtship of Democratic voters in the state whose precinct caucuses launch the 2008 presidential nominating process. Clinton, who is leading her Democratic rivals in national polls but not in Iowa, sought above all to spur excitement over her status as the only major female candidate.

"When people tell me, 'Well you know, I don't think a woman can be elected president,' I say, 'Well, I don't believe that, but we're going to find out,' " she told nearly 2,000 Iowans at her campaign kickoff rally in a Des Moines school gymnasium.

Greeted with repeated roars of cheering, the New York senator and former first lady said she expected "more stories about my clothes and hair than some of the people running against me."

"I just have accepted that," she said. "And there may be some other kind of funny stories about differences between us, or a little bit of the double standard, but I just reject that. You know, I think we've got to move beyond that. I'm going to be asking people to vote for me based on my entire life and experience."

Vowing tougher federal action to ensure equal pay for women and men, she told the crowd: "Women have made progress, and I'm very proud of that, but it is still not equitable."

For Clinton, who announced Jan. 20 that she was forming a presidential exploratory committee, the weekend spent in Des Moines, Cedar Rapids and Davenport marks her first foray before live voters after several online and carefully screened chats.

At the school rally, Clinton operatives supplied thousands of "Hillary for President" placards and bumper stickers.

Dangling from the gymnasium ceiling were red-white-and-blue banners declaring: "Let the conversation begin! Iowa welcomes Hillary Clinton for President."

But the commotion created by the dozens of television crews and scores of reporters covering her appearance threatened to upend the intimate bonding that Iowans had come to expect from presidential candidates.

"I want to have this as a one-on-one conversation, just you and me and about several hundred national press people," Clinton joked at the rally. "But I have to tell you that will fade, and we'll actually be able to pursue this conversation in a very personal way."

She attempted to do that Saturday evening at a Cedar Rapids gathering with roughly 150 invited guests at a private home where media access was limited.

In larger settings, like the Des Moines school rally, her reception was overwhelmingly favorable.

"Being the first lady, she must have learned a lot there," said Des Moines teacher Samra Olofson, 52, who sees Clinton as the most experienced Democrat in the race. "I've been hoping she would run for a long time."

For now, former Sen. John Edwards of North Carolina, the 2004 Democratic nominee for vice president, is leading Iowa polls, followed by Clinton, Sen. Barack Obama of Illinois, former Iowa Gov. Tom Vilsack and others. Edwards, a frequent Iowa visitor over the last two years, has made painstaking efforts to expand his political network in the state, leaving Clinton and Obama to play catch-up.

With that in mind, Clinton met Friday with Iowa Gov. Chet Culver, a Democrat who has not endorsed a presidential candidate. Clinton also dropped by a diner Friday night for a milkshake with a Des Moines Register political columnist and met Saturday with union leaders at a hotel.

In public, Clinton tried to appeal to Democrats in this largely rural state by reminding them of the upstate New York farming regions that she represents in the Senate.

"We have cows — and on our farms live happy cows," she told several dozen Democrats gathered at state party headquarters Saturday morning.

There, as elsewhere, Clinton faced questions about her 2002 vote to authorize the war.

"I've taken responsibility for my vote, but there are no do-overs in life," she said. "I wish there were. I acted on the best judgment I had at the time."

Clinton reminded the crowd of her support for a cap on the number of U.S. troops in the war and her opposition to President Bush's plan to add more than 20,000.

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"We have to build the political will within the Congress to stop President Bush," she said. "That means getting Republicans to turn on this policy and turn against the president."

At the same time, she said she was against "cutting off funds to troops in the field."

Jim Hutter, a former state Democratic committee member who asked Clinton about the war, said: "I thought it was a great answer."

As she campaigned in Des Moines, Clinton alternated between taking shots at the Bush administration and reminiscing about the Clinton White House years.

"When I was in the White House, I worked to help craft the children's health insurance program, and it has worked extremely well, but now the administration has begun to cut it back," said Clinton, who renewed her call for universal health coverage but provided no details on how to accomplish it.

Clinton praised her husband's record on veterans benefits, but also called for repealing his "don't ask, don't tell" policy, which requires gays and lesbians in the military to hide their sexual orientation. She said thousands had been discharged and "that, to me, does not make sense."

Clinton also cast herself as a strong leader. She said the United States must put tough labor and environmental standards into trade agreements and "make it clear to countries that take advantage of our markets that we're not going to be patsies any longer."

On political matters, too, Clinton struck a tough tone. Responding to a question on lessons from Sen. John F. Kerry's presidential campaign in 2004, she drew guffaws and cheers by responding: "When you're attacked, you have to deck your opponents."

Clinton Begins Journey To White House (CHIT)

By Ray Quintanilla

Chicago Tribune, January 28, 2007

DES MOINES—Sen. Hillary Clinton began her presidential journey in this bellwether state on Saturday, raising energy and health-care issues but remaining conspicuously silent on the war in Iraq.

"I want to renew the promise of America. It starts right here in Iowa. I'm in it to win," Clinton (D-N.Y.) told cheering supporters—many of them women—who packed the gym at East High School here.

"You go, girl," came a shout from the audience.

"You come with me," Clinton replied, generating much applause.

Vowing to reduce U.S. dependence on foreign oil and re-ignite a push for universal health care coverage, the former first lady spoke for an hour during what her campaign billed as a "conversation with Iowans." She also talked of a need to change the "traditional roles" of women across society.

Saturday's event was Clinton's first political speech in the state since declaring a week earlier that she would seek the Democratic Party's nomination for president.

She took questions and spoke of boosting production of ethanol, increasing education funding and revamping how health care is delivered, especially to the poor. She said 20 percent of the nation's Medicaid dollars are related to diabetes, an illness that can be prevented or controlled with proper care. Yet the health care system does little to fund wellness care for those who are at risk, she said, adding: "But our system will pay to have your foot amputated. That has to change."

Missing from the day's "conversation" was a meaningful discussion on the war in Iraq. And that fact wasn't lost on some in the audience who groaned when Clinton spoke at length about standardized tests for schoolchildren.

"How can you get up and speak for an hour, and not talk about the war?" asked Thomasine Johnson, 66, shaking her head as she left the gym. "I am very disappointed she said nothing about why we are there, or how we can get out of Iraq. She voted for the war."

Roberta Hardwick, 35, said Clinton touched on all of the hot-button issues other than the war.

"Clinton talked about the need to help our veterans, and there was a good opportunity to address the war. But it didn't happen," said Hardwick, of Des Moines. "I am kind of disappointed about that."

She did discuss Iraq in an interview with The Associated Press, conceding that "I take responsibility" for voting to give President Bush authority to wage war.

"I have said clearly and consistently for quite some time that I regret the way the president misused the authority" given him by Congress to act in Iraq, Clinton told the AP. "He misled Congress and the country on what he was seeking and what he intended to do."

"I take responsibility for having voted to give him that authority," she said. "My focus is on what we do now. That is the proper debate."

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Others who heard Clinton here Saturday praised her for entering the presidential race, and said they left the gym feeling excited about the prospect of having a woman president for the first time.

"She did a thoughtful job of answering all the questions, and I believe her views are right on target," said Dayna Chandler, a 37-year-old mother of four who lives in Des Moines. "She's very confident, and I like that about her."

Jim Hutter, political science professor at Iowa State University in Ames, said Clinton's first major public speech in the Hawkeye State probably won't have much lasting impact, considering that the presidential caucuses are a year away.

Still, he added, Clinton is among the candidates generating interest from Democratic activists, many of whom were on hand Saturday. Others getting attention, he said, are former North Carolina Sen. John Edwards and former Iowa Gov. Tom Vilsack. Illinois Sen. Barack Obama's candidacy has sparked excitement as well, Hutter said.

Clinton told the AP she wouldn't concede the black vote to Obama. "I'm going to be asking for the votes of all Americans," she said.

Hutter has been an observer of Iowa's caucuses since the late 1960s.

"Having a political organization on the ground here is important, and so far Sen. Edwards seems to have the inside track," he said. "[Clinton] has to get to work on building an organization," he explained.

Later Saturday, Clinton was to travel to Cedar Rapids for a house party with supporters, and had a similar event planned for Sunday morning in Davenport.

Clinton Explains Role In Authorizing War (AP)

By Mike Glover

AP, January 27, 2007

DES MOINES, Iowa (AP) - New York Sen. Hillary Rodham Clinton blamed President Bush on Saturday for misusing authority given him by Congress to act in Iraq, but conceded "I take responsibility" for her role in allowing that to happen.

In an interview with The Associated Press, Clinton also said she would not cede black votes to Barack Obama and that she had proven as a U.S. senator that gender is irrelevant.

Of her husband, the former president, she said he would have a role in the campaign but "I'm the one running for president."

Clinton was making her first campaign swing through this early nominating state, which twice voted for Bill Clinton for president. She met with key activists and held a raucous town hall meeting with 1,500 cheering backers and hundreds of journalists.

"I have said clearly and consistently for quite some time that I regret the way the president misused the authority," said Clinton. "He misled Congress and the country on what he was seeking and what he intended to do."

The responsibility Clinton said she accepts was helping clear the way for Bush's path in Iraq.

"I take responsibility for having voted to give him that authority," she said. "My focus is on what we do now. That is the proper debate."

In the interview:

Clinton said she expected to attract black votes even though Obama, the freshman Illinois senator, has caught fire. "I'm going to be asking for the votes of all Americans," she said.

Her husband will play a key role in her campaign, though she'll make it clear she's the candidate. "At the end of the day when voters make up their mind, I will have a great team around me, including him," she said.

Her experience in a failed health care reform effort in the White House does not dampen her effort to again deal with the issue. "I think it makes me a more effective messenger," she said. "I now what the roadblocks and obstacles are."

Clinton expressed confidence voters are ready to elect a woman president. "It's one of those issues that evolves over time," she said. "I'm very confident I can see it unfold."

In her first campaign swing through Iowa, the New York senator told party activists that Democrats in 2008 will face "someone on the other side who will be very tough and strong, even bellicose perhaps."

That likely was a reference to Arizona Republican Sen. John McCain, who has taken a hard line in supporting more U.S. troops to Iraq, as Bush has announced.

The former first lady also said has learned the lessons of the last two presidential campaigns, both lost by Democrats who responded slowly to criticism.

"When you are attacked, you have to deck your opponent," Clinton said. "I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back."

Clinton, who announced her candidacy last weekend, said Democrats cannot concede the security issue.

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"We have to nominate someone who can have the trust and confidence of the American people to make the tough decisions as commander in chief," she said. "That is the threshold issue."

Her initial foray in Iowa was far different from the traditional caucus campaigning, with a few people in a living room. More than 1,500 people jammed a high school gymnasium for a town hall-style meeting. Some 150 reporters and photographers chronicled the event.

Earlier, she met with state Democrats at the party's headquarters.

Attention focused on Iraq and her vote to authorize the use of force ahead of the U.S.-led invasion in March 2003. Presidential rivals such as former North Carolina Sen. John Edwards now say the vote in support was a mistake.

"There are no do-overs in life," Clinton said. She says Congress received bad information going into the vote and that she would have voted differently given what she knows now.

"As a senator from New York, I lived through 9/11 and I am still dealing with the aftereffects," Clinton said. "I may have a slightly different take on this from some of the other people who will be coming through here."

Clinton said her view is that the nation is engaged in a deadly fight against terrorism, a battle that she contends Bush has botched.

"I do think we are engaged in a war against heartless, ruthless enemies," she said. "If they could come after us again tomorrow they would do so."

Clinton has urged a cap to the number of U.S. troops in Iraq, but has refused to go along with suggestions that Congress use its power of the purse to bring the war to a halt.

"This will be a problem that will be left to the next president," the senator said. "We've got to figure out now, given where we are, how we go forward."

In First Iowa Foray, Clinton Vows To Be Tough (NSDY)

By Glenn Thrush

Newsday, January 28, 2007

DES MOINES, Iowa -- Newly minted Iowa voter Laura Nutt wore three Hillary Rodham Clinton buttons on her sweatshirt, but the heart underneath was torn between the former first lady and Sen. Barack Obama.

"I really like her, but I'm mostly leaning towards Obama," said the 18-year-old high school senior, one of 2,000 Iowans who jammed the gym of East Hills High School to hear Clinton Saturday. "I'm looking at the war and I'm looking at a whole bunch of issues but I'm leaning toward Obama."

Such was the challenge Clinton faced during her first foray to Iowa as a presidential contestant, a two-day statewide tour with stops in the state capital, Cedar Rapids and Davenport. She steered mostly clear of Iraq -- addressing the issue for less than a minute during her 90-minute high school forum -- instead couching a populist economic message in some pugilistic language.

Clinton said she was the best Democrat to take on "bellicose" GOP opponents, such as Arizona Sen. John McCain and Rudolph Giuliani.

"When you are attacked, you have to deck your opponent," she told Democratic state committee members earlier in the day. "I have been through the political wars longer than some of you have been alive. We've got to be prepared to hold our ground and fight back."

Clinton was given a rock-star welcome at the forum, arriving to Jesus Jones' "Right Here, Right Now," an early '90s dance-floor anthem.

"I will be here over and over again," the New York Democrat promised. "You may not always agree with me and we may not always see the world exactly the same, but I will answer your questions."

Iowa's first-in-the-nation caucus next January is considered a key hurdle for Clinton, 59. She trails in early Iowa polls to Obama, former vice presidential candidate John Edwards and ex-Iowa Gov. Tom Vilsack.

"She's very formidable and now she's on the ground," said former state Democratic chairman Gordon Fischer, a Vilsack supporter. "As she meets with people, as they see how intelligent and charming she is, her poll numbers will move steadily higher. ... She's the person to beat in Iowa."

Clinton was trailed by a brigade of reporters, including at least three TV crews from Japan. On her future Iowa trips, she vowed, the press attention "will fade and we'll be able to pursue this conversation in a very personal way." She went on to predict that reporters soon would embark on a new slate of stories about "my hair and my clothes."

On Friday, Vilsack took an indirect swipe at Clinton, saying her proposal to cap the number of troops in Iraq amounted to staying the course.

Clinton dismissed stronger measures Saturrday, including a cutoff of funding for the troop surge, saying Democrats still needed to "build the will to stop President Bush" in Congress.

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"The war is Bush's problem, not Hillary's," said James Jackson, 63, an accountant from Des Moines who supports her.

Clinton In DM: "No Do-overs" On Iraq (DMR)

Des Moines Register, January 28, 2007

U.S. Sen. Hillary Clinton confronted doubts today about her ability to win the 2008 presidential election and defended her position on the Iraq war during her first day in Iowa as a candidate for president.

The New York Democrat, who leads her party's presidential hopefuls in national polls, also insisted that her celebrity status will not inhibit her from waging a hands-on campaign for Iowa's lead-off caucuses.

"Many of the doubts that are being expressed now were certainly present when I made my initial listening tour in New York. There were so many doubts," Clinton said in a Des Moines Register interview.

Clinton insisted that the crush of national and international news media that greeted her at a blockbuster forum at East High School in Des Moines and shadowed her 10-car motorcade around the city would subside as her campaign progressed.

Should that occur, voters will get to know her better, Clinton said.

"People want to assess me for themselves. They don't want to take what other people say about me at face value," she added.

To that end, Clinton's campaign granted broad public access to her events, although she met early Saturday with labor leaders in private.

National media were allowed limited access to Clinton, with all of them congregating at East High.

A half-dozen satellite news trucks purred outside East High's new community center while dozens of news media from Iowa, New York, Washington, D.C., and around the world waited inside.

An especially noticeable contingent of Japanese press was on hand. Producers from some of the international networks said interest in Clinton's candidacy is huge in Japan.

Clinton also acknowledged doubts about her chances in a general election, should she win the nomination, that stem from national polls that consistently show her unfavorable rating to be around 40 percent.

"I do seem to inspire strong feelings," the 59-year-old former first lady told two dozen of Iowa's most influential Democrats at the state party's central committee meeting in Des Moines.

In small groups, during interviews with Iowa media and in front of about 1,500 people at East High, Clinton repeatedly said voters will find her the most qualified Democrat, if they can get past the national hype.

She never mentioned her husband Bill's time in office as the most recent Democrat president. Instead, she touted her six years in the Senate, career as a lawyer in Arkansas and policy efforts while first lady.

"Let's start with what's the most important concern: Who can be the best president?" she said in the Register interview. "I think I'm that person. And if that's the question we get to, then I believe people will feel comfortable supporting me."

Clinton's heralded arrival in Iowa this weekend came a week after she declared she would form a committee to explore the 2008 Democratic presidential nomination.

The East High forum had the flavor of a fall campaign's closing days, with many in the jammed gymnasium waving "Hillary" signs. Another 1,000 people gathered in the old gym to watch on TV.

Clinton took questions about health care, being a woman presidential candidate and the war in Iraq.

"I'm less skeptical than I was two hours ago," Des Moines Democrat Elizabeth Sedrel said, as supporters and photographers flocked around Clinton at the end of the forum. "But I'm still not sure. There's a long way to go."

Clinton pivoted away from her position about the politically touchy war in Iraq during the forum, and talked more about veterans health benefits.

But during the meeting with state party leaders, she was asked directly about the potential problem her vote for the 2002 resolution authorizing President Bush's use of force in Iraq.

Clinton said, as she has since last month, that she would not have voted for the resolution had she known that the Bush administration's justifications for the war would be proven to be unfounded.

She also shot back at her rivals, who have become more openly critical of Clinton for not saying the vote was a mistake.

"I've taken responsibility for my vote. But there are no do-overs in life. I wish there were," she told the group.

"I've also been a member of the Senate and looked for ways to help try to manage this very dangerous situation," she said earlier, during the interview.

Former Sen. John Edwards, who leads in early caucus polls, and former Iowa Gov. Tom Vilsack have said Clinton has not done enough to stop Bush from sending more troops to Iraq.

"It's easy to be on the sidelines and say this and that," she said.

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Clinton has called for capping troops at existing levels in Iraq, gradually redeploying them and cutting funding for Iraqi security forces.

She opposes Bush's plan to send the additional 21,500 troops to secure Baghdad and other areas in Iraq. But she also opposes blocking funding for those troops.

Instead, she said, getting Republican support for a non-binding resolution expressing opposition to the troop surge can spark a political movement to end the war.

Ames Democrat Jim Hutter, a former member of the state central committee, said Clinton's answer satisfied him.

"My concern is Iowa caucus-goers have not heard her make the statement she made today," said Hutter, who supported former Vermont Gov. Howard Dean in the 2004 caucuses but is undecided about 2008.

Clinton has trailed Edwards in Iowa and has support similar to Vilsack and Illinois Sen. Barack Obama, according to recent polls.

Clinton said Iowans have not seen her up close yet. She promised to wage an all-out campaign for the caucuses, less than a year away.

She planned to campaign tonight in Cedar Rapids and Sunday in Davenport. Her first event in Davenport, originally planned as a small-group gathering at a restaurant, is now scheduled as another town hall-style forum at the Mississippi Valley Fairgrounds.

Clinton stopped short of saying she expected to win the Iowa caucuses.

"I have no expectations," she said. "I'm starting off (with) the idea I have to earn every vote. That's what I did in New York. That's what I'm going to try to do in Iowa."

Pool Report 1: Sen. Clinton At Iowa Democratic Party Central Committee Meeting (POL)

The Politico, January 27, 2007

Because Hillary Clinton's media entourage in Iowa is so large, her staff designated some events as "pool only." The pool reporter is responsible for telling colleagues at other news organizations what happened at pool-only events. This pool report was filed by Jackie Calmes, a political reporter for The Wall Street Journal.

In her first publicly scheduled meeting of a frigid Iowa campaign weekend, Sen. Clinton arrived this morning to a polite standing ovation from about 50 Democrats who were mostly at two long tables arranged parallel to each other and perpendicular to the podium.

"I thought I'd drop by," she started out, to some chuckles. "I was just looking around for something to do on a Saturday." Then getting right to the point, she continued, "I'm in, I'm in to win," and will campaign "exactly along the lines Iowans expect," going from living rooms to church basements to union halls. She noted her New York record of going all over the state, proving the doubters wrong –including the media that believed she'd find it too "boring"—by winning and then getting reelected.

Think NY is so different from Iowa? "We even have farms…34,000 at last count," she said, joking that "I actually took so much grief" during past debate on a farm bill from colleagues under the impression NY is an urban place. "They made so much fun of me." She boasted that her adopted state is No. 2 in apple production, No. 3 in dairy. "We have cows and on our farms live happy cows." Lots of laughter from the Iowans.

Then to issues.

* "We're going to get to universal health care coverage," she said, acknowledging she doesn't exactly know how. But "since I do have a little experience in this area, I know what not to do." More laughter.

* "We're going to have a new energy future in America….We should have something like a Manhattan Project. (Lots of applause here)

* Global climate change: Unlike President Bush, "We know it's real; we've got to tackle it." In doing so, jobs will be created for "a win-win."

* Education: "From preschool through higher education, we're losing ground." She recounted her record of involvement in education going back to her days as Arkansas' first lady.

* Then the war: "We've got to bring the Iraq War to the right end." (More below from Q-and-A portion)

* "Repair and rebuild our alliances"

* Support "labor and environmental standards in trade agreements."

"I think I know what I'm getting into," she continued. "I do seem to inspire strong feelings." More chuckles from the crowd, and scattered applause.

"I'm going to go out and try to earn your votes. I love this."

Then she said she'd take a few questions. A man asked what lessons she'd learned from the Kerry campaign. Clinton initially seemed to duck the point, noting "I've learned a lot of lessons" from the years of campaigns she's been involved in, her

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own and her husband's. She said "I believe strongly as a Democrat and a progressive" that Democrats have lay out their visions. Then she added that she also believes, "When you're attacked, you have to deck your opponents." The group liked that—laughter, clapping.

"I want to run a positive, issue-oriented, visionary campaign. But you can count on me to stand my ground and fight back."

Second question: whether she supports the military's don't-ask-don't-tell policy, this from a man who suggested he agreed with those who say the (Clinton Administration) policy is bad for the military.

"I have been in favor of repealing 'don't ask, don't tell,'" she said. (Spokesman Howard Wolfson says this isn't a new stand for her.) She said thousands of patriotic Americans have been discharged. "That to me does not make sense," she said. She noted that the US should judge military personnel –as US allies do --by "Actions and behavior, not status."

Third question: Her view on "the surge" and whether the Senate resolution has "teeth."

"I oppose the president's escalation," she said, and support a cap on troops. "I'm not for cutting off funds to troops in the field." She said she supports working toward a bipartisan resolution in the Senate, telling the Iowans that even if the president hasn't taken the anti-war message from the '06 election results, many Republicans in Congress have. "We have to build the political will within the Congress to stop President Bush. That means getting Republicans to turn on this policy and turn against the president."

After some further discussion of Democrats' efforts for a phased redeployment since 2005, she said, "It's easy being on the outside saying 'Do this' or 'Do that.' But inside you've got to figure out how to get the votes to do anything, and that's what we're working on."

Fourth and last: Another question on the war from a man (Jim Hutter, a former central committee member, now here as an interested –and uncommitted—party activist) who asked the senator to 'say more" about her 2002 vote on the use of force. He said some people "simply don't seem to want to get past that."

Clinton did her riff about how if we'd known then what we know now, there wouldn't have been a vote. "I've taken responsibility for my vote. But there are no do-overs in life. I wish there were. I acted on the best judgment I had at the time. I said this was not a vote for preemptive war. The president took my vote, and others' votes, and basically misused the authority we gave him." As president, she said, "I would never have diverted our attention and our focus from Afghanistan." This got some of the biggest applause of the event.

She closed, adding this: "I may have a slightly different take on this than some of the people who come through here."

She got an enthusiastic standing ovation, then spent a good 10-15 minutes signing autographs, including in copies of her books. Then she retired to a back room to meet state party officials privately. For what it's worth, Mr. Hutter said of her war vote answer, "I thought it was a great answer."

Dour McCain (NOVAK)

Robert Novak, January 27, 2007

Democratic strategists who had feared Sen. John McCain as the potentially unbeatable Republican candidate for president in 2008 were surprised and delighted by his dour appearance on NBC's "Meet the Press" last Sunday.

One Democratic leader referred to McCain's performance, in suggesting President Bush's additional 21,000 troops may be inadequate, as "comatose." A Republican adviser to McCain said it was one of the worst performances ever on "Meet the Press." The senator's defender said he could not be expected to be cheerful about a plan to send additional U.S. troops in harm's way.

A footnote: Former Massachusetts Gov. Mitt Romney is picking up support for president among House Republicans, headed by former Speaker Dennis Hastert.

Whither Rahm?

Sources close to Sen. Barack Obama are sure that Rep. Rahm Emanuel will not support his fellow Illinois Democrat for the presidential nomination but will back Sen. Hillary Rodham Clinton.

If so, Emanuel would be the only prominent Democratic officeholder in Illinois not for Obama. As a senior White House aide, Emanuel was one of President Bill Clinton's favorites. Emanuel has been close to both of the Clintons.

Emanuel refuses to talk about his 2008 presidential choice. He says he was deeply engaged in politics for two years as chairman of the Democratic Congressional Campaign Committee and in his new role, as House Democratic Caucus chairman, he is committed to legislation.

Undermining Hillary

Jerome Corsi, co-author of the 2004 campaign book "Unfit for Command" attacking Sen. John Kerry's war record, joined up Tuesday with the organization intended to similarly undermine Sen. Hillary Rodham Clinton in the 2008 campaign.

TheVanguard.org is intended to be a right-wing version of the leftist MoveOn.Org. It was founded by Silicon Valley entrepreneurs, including Gil Amelio, former CEO of Apple and National Semiconductor.

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Coming on board Feb. 16 as TheVanguard's full-time editorial and creative director will be Richard Poe, who has served as editor-in-chief of FrontPage Magazine. He has been described as the conservative movement's leading expert on MoveOn.Org's strategy in bringing together disparate elements with a common viewpoint.

Bush on Abortion

President Bush extended his stay at Camp David last weekend to arrive back at the White House Monday afternoon, missing the annual anti-abortion March for Life that morning in Washington to mark the anniversary of the Roe v. Wade decision.

Bush was at the White House on Jan. 22, 2001, for the first March of his presidency but sent a written statement rather than attend in person. For the next five years, he was out of town for the event: Charleston, W.Va. (2002), St. Louis (2003), Roswell, N.M. (2004), Camp David (2005) and Manhattan, Kan. (2006). His routine is to address the event by phone.

A footnote: Only two of the many Republican presidential hopefuls attended this year's March for Life: Rep. Duncan Hunter of California and Sen. Sam Brownback of Kansas. On Sunday, Brownback visited the Holiday Inn on Capitol Hill, mingling with marchers from Iowa (the first state in the presidential nomination process).

Dollars for Rudy

Texas Republican contributors are being solicited to spend $30,000 for dinner with former New York City Mayor Rudolph W. Giuliani at the Houstonian Hotel in Houston Feb. 1 to finance his "presidential exploratory committee." The "private" dinner will follow a 6:30 to 8 p.m. cocktail reception, costing $2,100 a person and $4,200 for couples.

The best-known host of Giuliani's Houston event is billionaire oilman T. Boone Pickens Jr., chairman of the private equity firm BP Capital Management. Also on Giuliani's Texas fund-raising team are Tom Hicks, whose company owns the Texas Rangers baseball team; oil industry executive Jim Lee; and lawyer Patrick C. Oxford.

A footnote: A Giuliani fund-raiser will be held Jan. 29 in Pacific Palisades, Calif., at the home of Bill Simon, the 2002 Republican candidate for governor of California, costing $2,300 a person and $4,600 per couple. To find out more about Robert D. Novak and read his past columns, visit the Creators Syndicate web page at www.creators.com. COPYRIGHT 2007 CREATORS SYNDICATE INC.

Robert Novak is a syndicated columnist and editor of the Evans-Novak Political Report

Hillary Pushes Personality, Ducks Iraq (POL)

By Roger Simon

The Politico, January 28, 2007

DES MOINES - - In her first face-to-face meeting with voters since announcing for president, Hillary Clinton was asked about Iraq and ducked the question.

A man, who identified himself as a Gulf War vet, asked the New York senator at a town meeting in a high school gym here Saturday if the surge of new troops to Iraq “was going to be enough?”

Instead of answering, Hillary (as she is officially called by her campaign) said, “Thanks so much for your service” and then talked about how she visits military hospitals and believes America needs to provide good medical care for its veterans.

In the one-hour town meeting, Hillary did not mention Iraq a single time. She mentioned ethanol twice.

Ethanol, a gasoline substitute that can be made from corn, is wildly popular in this state where corn grows in profusion.

Iraq is far less popular here. In an interview with Gov. Chet Culver Friday, he told me, “We have lost 50 heroes, 50 Iowans in Iraq and Afghanistan. Every day it is becoming more of an issue.”

Hillary’s refusal to apologize for her vote to authorize the Iraq war rankles some Democrats here. Bruce Stone from Grimes, Iowa, said: “My problems with Hillary is she voted for the Iraq war and, until a few months ago, she supported it. I am a Vietnam-era vet and I take war very seriously. Her husband? He walks on water.”

But it is Hillary’s turn to slog through the presidential waters now. Before her town meeting, she went to Democratic state headquarters to meet with party activists. When asked about the war there, she said: “There are no do-overs in life." According to the Associated Press, she said Congress received bad information going into the vote and that she would have voted differently given what she knows now.

It is possible Hillary did not mean to duck the Iraq question from the Gulf War vet. Perhaps she was a little rattled when the vet, who identified himself as John Barry, ended his question to her by saying, “I think you look very nice.”

Earlier in her town meeting, Hillary had said with a smile, “I suppose there will be more stories about my clothes and hair than some other people running for president.” The crowd laughed.

Except for that one moment regarding Iraq, Hillary gave a virtually flawless performance from the moment she walked into the overflowing gym with her Secret Service detail discreetly sitting in the crowd, not standing in front of the low stage.

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(Hillary gets Secret Service protection by virtue of her being a former First Lady, not because she is a presidential candidate. While security can keep you at a distance from voters, it also makes a campaign look big time - - something Hillary's campaign would probably look like anyway.)

The crowd of about 1,400 had waited outside the gym in weather 9 degrees below freezing, a balmy day for Iowa in January in other words. One man held a sign that said, "Bill Clinton: First Lady's Man," which was either negative or just literal.

Hillary told the crowd, "I want a one-on-one conversation - - you me and several hundred national press." Both Hillary and the crowd laughed. "But I have to tell you, that will fade," she said.

Probably not.

By virtue of the polls and her background, Hillary is the front runner. Although she is only just days into her second term in the Senate, she is the candidate of experience among the top tier of Democratic candidates, which is made up of Clinton, Barack Obama and John Edwards.

Being in the Senate is hardly a guarantee of getting to the White House, however. Only two senators in history - - Warren G. Harding and John F. Kennedy - - went directly from the Senate to the presidency. (And both died in office.)

Voters seem to prefer governors. Just in the last few decades, we have had former governors Ronald Reagan, Bill Clinton and George W. Bush elected to the presidency, all of whom served two terms.

There are at least three reasons for this: First, governors have executive experience and know how to get things done and that is appealing to voters. Second, unlike Senators, governors do not have hundreds of votes they have to defend against attack at campaign time. Third, governors can exploit anti-Washington feeling to their advantage.

But that was before 9/11. Doesn't 9/11 make American voters want a candidate with national security experience like some senators have?

I asked Tom Vilsack, the former two-term governor of Iowa, who is running for president, that precise question.

"Questions like that makes me want to reach across this table and strangle you," Vilsack said. (Rarely, if ever, do presidential candidates follow up on their death threats.) "It is not about what experience you have, but how you make decisions. I don't think 9/11 changes the dynamic."

When Mike Huckabee, former Republican governor of Arkansas, was asked recently at a lunch with reporters what he brings to a presidential campaigns, he said, "I think four things are necessary for a successful campaign: Message, understanding of Media, Motivated volunteers, and Money." Experience, which doesn't start with an M, did not make his list.

When he was asked about this, he said, "I believe it's going to be more about leadership. I don't think a Washington address and being in Congress will be an asset."

He hopes.

Hillary, on the other, hand, told the crowd Saturday, "I believe I have a lifetime of experiences that qualify me to take office in January, 2009."

"Go, girl!" a woman shouted from the crowd.

"Go with me!" Hillary replied.

Clinton's Presidential Posturing (WP)

By David S. Broder

The Washington Post, January 28, 2007

When Lt. Gen. David Petraeus went before the Senate Armed Services Committee last week in open session, its members understandably had many questions for the new commander of American forces in Iraq.

They knew of his reputation as a battlefield leader, trainer of Iraqi troops and co-author of the Army manual on counterinsurgency warfare. They also recognized the difficulty and importance of his new assignment.

Many of the questions probed the rationale for the president's new strategy of injecting more U.S. troops into Baghdad neighborhoods racked by killings by rival Sunni and Shiite gangs. Others challenged the readiness of Iraqi forces and the Baghdad government to do their part in reducing sectarian violence.

A few of the questions were naive, self-serving or tangents. But virtually all members of the committee were present, and senators of both parties recognized the value of probing this experienced and candid witness.

With one exception. Sen. Hillary Rodham Clinton of New York used her time to make a speech about Iraq policy and did not ask a single question of the man who will be leading the military campaign.

Her speech replayed some of the themes from her news conference the previous week, on her return from Iraq, when she made clear her disagreement with President Bush's decision to add 21,500 soldiers and Marines to Petraeus's force.

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She began by blaming the Iraq crisis on a "Congress [that] was supine under the Republican majority, failing to conduct oversight and demanding accountability, and because the president and his team, particularly the former secretary of defense, refused to adapt to the changing circumstances on the ground."

From that partisan opening, Clinton went on to decry "the failures of the Iraqis to step up and take responsibility for their own future." She said that the escalation Bush ordered was too little and too late and instead called on Congress to "threaten to cut money for the Iraqi troops and for the security for the Iraqi leadership," as a way to break the political gridlock in Baghdad and force efforts at national reconciliation.

She wound up the speech by saying that despite her disagreement with the policy, she wanted Petraeus's assurance that "we have every possible piece of equipment and resource necessary to protect these young men and women" going into battle.

"I'll do that, Senator," Petraeus said, and after that four-word response, Clinton was finished. She had no questions to ask.

Judging by all the polls, Clinton is the leading candidate for the Democratic presidential nomination. Sen. John McCain of Arizona, a leading candidate for the Republican nomination, is also a member of the Armed Services Committee.

McCain asked Petraeus 14 questions, ranging from the political situation in Iraq to the morale of the troops to the timeline for the planned "surge." He ran out of time before he ran out of questions -- quite a contrast to Clinton.

Clinton aides said that the senator thought it was important to rebut the comments from several other committee members suggesting that congressional resolutions opposing the president's policy would "undercut the troops," so she used her time for that purpose. But I can think of three other possible explanations for her remarkable reluctance to probe the general's thinking.

First, she has been treading a careful line from her early support of military action against Saddam Hussein to an increasingly sharp criticism of the war and calls for troop reductions. Perhaps she feared that dialogue with Petraeus would lead her into dangerous, uncharted waters. Caution is commendable, but she is sometimes faulted for being too calculating.

Second, the hearing came only three days after she announced her presidential exploratory committee, and she may have decided it was a good opportunity to repeat her views on Iraq policy before TV cameras rather than share time with the general. That wouldn't say much about her priorities as she begins a second six-year term as senator, but New York voters presumably knew in November that she might have loftier goals than just minding her Senate duties.

The third, less benign possibility is that Clinton is reverting to the mode of her ill-fated 1993-94 health-care initiative, when she gave members of Congress and other interested folks the impression that she thought she had all the answers -- so please just do as I say. In that period, she and her deputy, Ira Magaziner, two of the smartest policy wonks in captivity, were also supremely self-confident -- and in some eyes, arrogant. And it cost them support, even among potential allies.

This month Clinton began her presidential campaign, as she did her first race for the Senate in New York, by saying that she wanted to do a lot of listening. She sure wasn't listening to Gen. Petraeus. She wasn't even asking.

Hillary Clinton's Mission Unaccomplished (NYT)

By Frank Rich

The New York Times, January 28, 2007

HILLARY CLINTON has an answer to those who suspect that her "I'm in to win" Webcast last weekend was forced by Barack Obama's Webcast of just four days earlier. "I wanted to do it before the president's State of the Union," she explained to Brian Williams on NBC, "because I wanted to draw the contrast between what we've seen over the last six years, and the kind of leadership and experience that I would bring to the office."

She couldn't have set the bar any lower. President Bush's speech was less compelling than the Monty Python sketch playing out behind it: the unacknowledged race between Nancy Pelosi and Dick Cheney to be the first to stand up for each bipartisan ovation. (Winner: Pelosi.)

As we've been much reminded, the most recent presidents to face Congress in such low estate were Harry Truman in 1952 and Richard Nixon in 1974, both in the last ebbs of their administrations, both mired in unpopular wars that their successors would soon end, and both eager to change the subject just as Mr. Bush did. In his '52 State of the Union address, Truman vowed "to bring the cost of modern medical care within the reach of all the people" while Nixon, 22 years later, promised "a new system that makes high-quality health care available to every American." Not to be outdone, Mr. Bush offered a dead-on-arrival proposal that "all our citizens have affordable and available health care." The empty promise of a free intravenous lunch, it seems, is the last refuge of desperate war presidents.

Few Americans know more than Senator Clinton about health care, as it happens, and if 27 Americans hadn't been killed in Iraq last weekend, voters might be in the mood to listen to her about it. But polls continue to show Iraq dwarfing every other issue as the nation's No. 1 concern. The Democrats' pre-eminent presidential candidate can't escape the war any more than the president can. And so she was blindsided Tuesday night, just as Mr. Bush was, by an unexpected gate crasher, the rookie senator from Virginia, Jim Webb. Though he's not a candidate for national office, Mr. Webb's nine-minute Democratic response

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not only upstaged the president but also, in an unintended political drive-by shooting, gave Mrs. Clinton a more pointed State of the Union "contrast" than she had bargained for.

To the political consultants favored by both Mrs. Clinton and Mr. Bush, Mr. Webb is an amateur. More than a few Washington insiders initially wrote him off in last year's race to unseat a star presidential prospect, the incumbent Senator George Allen. Mr. Webb is standoffish. He doesn't care whom he offends, including in his own base. He gives the impression — as he did Tuesday night — that he just might punch out his opponent. When he had his famously testy exchange with Mr. Bush over the war at a White House reception after his victory, Beltway pooh-bahs labeled him a boor, much as they had that other interloper who refused to censor himself before the president last year, Stephen Colbert.

But this country is at a grave crossroads. It craves leadership. When Mr. Webb spoke on Tuesday, he stepped into that vacuum and, for a few minutes anyway, filled it. It's not merely his military credentials as a Vietnam veteran and a former Navy secretary for Ronald Reagan that gave him authority, or the fact that his son, also a marine, is serving in Iraq. It was the simplicity and honesty of Mr. Webb's message. Like Senator Obama, he was a talented professional writer before entering politics, so he could discard whatever risk-averse speech his party handed him and write his own. His exquisitely calibrated threat of Democratic pushback should Mr. Bush fail to change course on the war — "If he does not, we will be showing him the way" — continued to charge the air even as Mrs. Clinton made the post-speech rounds on the networks.

Mrs. Clinton cannot rewrite her own history on Iraq to match Mr. Obama's early opposition to the war, or Mr. Webb's. She was not prescient enough to see, as Mr. Webb wrote in The Washington Post back in September 2002, that "unilateral wars designed to bring about regime change and a long-term occupation should be undertaken only when a nation's existence is clearly at stake." But she's hardly alone in this failing, and the point now is not that she mimic John Edwards with a prostrate apology for her vote to authorize the war. ("You don't get do-overs in life or in politics," she has said.) What matters to the country is what happens next. What matters is the leadership that will take us out of the fiasco.

Mr. Webb made his own proposals for ending the war, some of them anticipating those of the Iraq Study Group, while running against a popular incumbent in a reddish state. Mrs. Clinton, running for re-election in a safe seat in blue New York, settled for ratcheting up her old complaints about the war's execution and for endorsing other senators' calls for vaguely defined "phased redeployments." Even now, after the Nov. 7 results confirmed that two-thirds of voters nationwide want out, she struggles to parse formulations about Iraq.

This is how she explains her vote to authorize the war: "I would never have expected any president, if we knew then what we know now, to come to ask for a vote. There would not have been a vote, and I certainly would not have voted for it." John Kerry could not have said it worse himself. No wonder last weekend's "Saturday Night Live" gave us a "Hillary" who said, "Knowing what we know now, that you could vote against the war and still be elected president, I would never have pretended to support it."

Compounding this problem for Mrs. Clinton is that the theatrics of her fledgling campaign are already echoing the content: they are so overscripted and focus-group bland that they underline rather than combat the perennial criticism that she is a cautious triangulator too willing to trim convictions for political gain. Last week she conducted three online Web chats that she billed as opportunities for voters to see her "in an unfiltered way." Surely she was kidding. Everything was filtered, from the phony living-room set to the appearance of a "campaign blogger" who wasn't blogging to the softball questions and canned responses. Even the rare query touching on a nominally controversial topic, gay civil rights, avoided any mention of the word marriage, let alone Bill Clinton's enactment of the federal Defense of Marriage Act.

When a 14-year-old boy from Armonk, N.Y., asked Mrs. Clinton what made her "so inspirational," it was a telltale flashback to those well-rehearsed "town-hall meetings" Mr. Bush billed as unfiltered exchanges with voters during the 2004 campaign. One of those "Ask President Bush" sessions yielded the memorable question, "Mr. President, as a child, how can I help you get votes?"

After six years of "Ask President Bush," "Mission Accomplished" and stage sets plastered with "Plan for Victory," Americans hunger for a presidency with some authenticity. Patently synthetic play-acting and carefully manicured sound bites like Mrs. Clinton's look out of touch. (Mr. Obama's bare-bones Webcast and Web site shrewdly play Google to Mrs. Clinton's AOL.) Besides, the belief that an image can be tightly controlled in the viral media era is pure fantasy. Just ask the former Virginia senator, Mr. Allen, whose past prowess as a disciplined, image-conscious politician proved worthless once the Webb campaign posted on YouTube a grainy but authentic video capturing him in an embarrassing off-script public moment.

The image that Mrs. Clinton wants to sell is summed up by her frequent invocation of the word middle, as in "I grew up in a middle-class family in the middle of America." She's not left or right, you see, but exactly in the center where everyone feels safe. But as the fierce war critic Chuck Hagel, the Republican senator from Nebraska, argues in a must-read interview at gq.com, the war is "starting to redefine the political landscape" and scramble the old party labels. Like Mrs. Clinton, the middle-American Mr. Hagel voted to authorize the Iraq war, but that has not impeded his leadership in questioning it ever since.

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The issue raised by the tragedy of Iraq is not who's on the left or the right, but who is in front and who is behind. Mrs. Clinton has always been a follower of public opinion on the war, not a leader. Now events are outrunning her. Support for the war both in the polls and among Republicans in Congress is plummeting faster than she can recalibrate her rhetoric; unreliable Iraqi troops are already proving no-shows in the new Iraqi-American "joint patrols" of Baghdad; the Congressional showdown over fresh appropriations for Iraq is just weeks away.

This, in other words, is a moment of crisis in our history and there will be no do-overs. Should Mrs. Clinton actually seek unfiltered exposure to voters, she will learn that they are anxiously waiting to see just who in Washington is brave enough to act.

You've Come A Long Way, Maybe (WP)

By Linda Hirshman

The Washington Post, January 28, 2007

Hillary Rodham Clinton sure got it right when she announced her candidacy for president while sitting on her living room couch. Her success may very well turn on the decisions of millions of women sitting on their living room couches.

Clinton advisers James Carville and Mark Penn have said they're counting on a women's vote (the "X factor") to catapult their client into the White House. They're obviously hoping that a female candidate will get much more support from women and are banking on the "gender gap," the idea, trumpeted by the media and women's organizations, that women believe in liberal policies and will therefore, as rational political actors, support the Democratic Party.

But I have news for Messrs. Carville and Penn: All the gender gap talk notwithstanding, there's no guarantee that Clinton would receive enough votes from women to be elected. I've studied women and women's politics for 20 years, and if there's one thing I know, it's that, except for possibly once in 1996, female voters have not by themselves put anyone in the White House.

If Clinton is going to attract the women she needs, she's probably going to have to do something more than simply have a pair of X chromosomes herself. And much as it pains a feminist like me to say it, a lot of her campaign will have to involve putting her on the couch and analyzing her character and motivation. Again.

In every election, there's a chance that women will be the decisive force that will elect someone who embraces their views. Yet they seem never to have done so, and I've never seen a satisfactory answer as to why. My own theory is that women don't decide elections because they're not rational political actors -- they don't make firm policy commitments and back the candidates who will move society in the direction they want it to go. Instead, they vote on impulse, and on elusive factors such as personality.

With Clinton's candidacy on the horizon, I decided to test my theory by asking a few white, married women -- the key demographic -- what they are up to this time.

If any women were going to be politically aware, I figured, it would be those in the Washington area. So I contacted half a dozen members of the Wednesday Morning Group, a D.C. area organization that provides speakers and programs mostly for stay-at-home moms. (One even told me I had caught her sitting on her living room couch.)

All the women voted in the midterm elections last year and intend to vote in 2008. But how do they decide which lever to pull? My small sampling is admittedly unscientific, but what they told me reveals a lot about why campaigning to women is so tricky.

A 49-year-old former public relations executive in suburban Maryland told me she votes the political agenda she learned from her lefty father. She reads The Washington Post, but there are no books on her bedside table. She counts on her husband to tell her what's in the Nation magazine and on the Web.

A 36-year-old former financial sales executive considers herself an independent, reads only the Style and Weekend sections of The Post and the Marketplace and Personal Journal sections of the Wall Street Journal, and also counts on her husband, a Republican, to tell her what's interesting in the rest of the paper.

A former human rights activist told me that she still reads the New York Times, skims the Economist, and gathers political information from PBS's "News Hour," a local broadcast from the BBC and from her church.

Neither the former teacher nor the retired television reporter read any newspapers at all.

There are some constants. Most of the women read People and Real Simple magazines. They all listen to news on the car radio, mostly National Public Radio. And almost all their full-time working husbands consume immeasurably more political information than they do ("He reads 10 times what I do," one told me), reading news magazines and political Web sites and bringing home political information from their jobs. The women gather little information from their almost exclusively female society of other stay-at-home moms.

They all said that after Clinton announced, they were "really excited." "She's been in politics a long time," a woman coincidentally named Hillary said. "She's tough as nails," added another gleefully. Jennifer, meanwhile, was won by Clinton's "combination of soft edges, as a mother and a nurturer and a strong person."

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No one focused on any political agenda, policy or program. What seemed to matter to them all was character. Jennifer contrasted herself with her husband, who, while a Democrat, was not so sure he would support Clinton. "He doesn't look at character or personality," she said. "He's very much of an issue/policy person. I look at the whole picture."

Explaining why she did not vote for George W. Bush in 2000 even though she expressed concern over taxes, Hillary said: "I just could not get past the fact that I didn't like the man."

As inattentive as they were to Clinton's policy record, they were knowledgeable about her biography. They saw her as "smart" and determined not to be just another first lady. They were sorry that she had failed in her first foray into national policymaking with her health-care proposal. They understood her withdrawal into the East Wing and party-throwing as a necessary concession to her husband's career needs.

But they were clearly defensive about her decision to stay the course after the Monica Lewinsky scandal. "She set herself up in her life," one explained, "to get wherever she wanted to go. That's what men do all the time. . . . When a woman does it, what's wrong with that?"

I had such mixed feelings listening to these women describe their political selves. They're clearly idealistic, want to be good citizens, make an effort to get the information they need. It was hard not to like them. Their delight in seeing a woman so close to real power was palpable. Yet I couldn't escape the fact that they took in little of politics, especially compared with their husbands, that their decision-making seemed impulsive and that their response to Clinton's candidacy was driven to an amazing extent by personality.

They unwittingly confirmed my theory about why women don't decide elections. But that theory is supported by a wealth of statistical information, too.

Women have voted more Democratic than men recently, but since the ratification of the 19th Amendment in 1920, only once has the women's vote arguably been different enough from the men's vote to determine the outcome of a presidential election. In 1980, 1984 and 1988, more women, like men, favored the winning Republican candidate over the losing Democrat. Geraldine Ferraro's presence on the Democratic ticket in 1984 apparently made little difference. In 1992, more women, like men, favored the winning Democrat over the losing Republican. The men's vote was so divided in 1996 that exit polls show Clinton one percentage point behind among men (a statistical tie), while winning the female vote. In 2004, more women, unlike men, favored the losing Democrat, but by such a small majority (51 percent) that they had no effect on the outcome of the male-driven election. Since the '96 elections was so close among men, it's fair to say that only in 2000 did women clearly part company with men, voting for Democrat Al Gore in large enough numbers to offset the male votes for Bush -- but the female majorities were not distributed among enough states to carry the electoral college.

Any campaign that needs women to win would have to break the 88-year record of women failing to produce election results that men oppose.

To this day -- as even my D.C. area correspondents seemed to confirm -- women just aren't as interested in politics as men are. The Center for Civic Education recently reported that American women are less likely than men to discuss politics, contribute to campaigns, contact public officials or join a political organization. About 42 percent of men told University of Michigan researchers last year that "they are 'very interested' in government and public affairs, compared with 34 percent of women."

Worse, women consistently score 10 to 20 percentage points lower than men on studies of political knowledge, regardless of their education or income level. Studies dating to 1997 have shown that fewer women than men can name their senator, or know one First Amendment right. They even know less about the Supreme Court's decision in Roe v. Wade than men do.

As a 2006 study by the Pew Research Center for the People and the Press put it, American adults live in "A World of His and Hers." Two million more men than women read either Time or Newsweek; more men listen to radio news and talk radio, read the paper and get news online. Only broadcast television news plays to more women than men, and a lot of that is TV news magazines and morning shows. Not only do fewer women read the newspaper, but almost half the women surveyed said they "sometimes do not follow international news because of excessive coverage of wars and violence."

So-called liberal women are the majority of swing voters -- those tantalizing independent late deciders -- in every election. While men remained committed to Republicans Ronald Reagan, George H.W. Bush and George W. Bush throughout the campaigns, women polled heavily for Democrats Walter F. Mondale, Michael S. Dukakis and John F. Kerry as late as September before settling in to vote Republican or anemically Democratic in November.

So what does all this mean for Hillary Clinton, or any woman who would be president?

First, when it comes to women who vote, the political is the personal. The Wednesday Morning women spoke passionately about Clinton's public and private travails but seemed oddly indifferent to her position on the Iraq war. If the polls continue to reflect male aversion to her beyond the baseline male Republican tilt, Clinton may have to go personal to bring the women home. Maybe she could get a couch on casters.

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Unlike the married suburban women she must attract in large numbers, Clinton didn't stay home from work. Remember the "baking cookies" remark? On the other hand, she has had the soap opera story of the century with that charismatic, faithless husband. This has made her suffer, something one of the Wednesday women specifically singled out as a reason to support a candidate. Will she be willing to open that old wound to convince potential female supporters that her policies, such as universal child health care, arise out of her concern for women like them, rather than being just the usual liberal agenda? Worse, if she does play the wronged wife again, does she risk alienating the women who think she should have left her husband long ago?

The second lesson is that elections that turn on the female electorate bear an unfortunate resemblance to a popularity contest. The Republicans have succeeded with women at the polls when they've made Democrats look not just mistaken, but clownish or geeky. Reagan in blue jeans beat Jimmy Carter in a cardigan. George H.W. Bush looked like John Wayne next to Dukakis peering over the edge of a tank in a helmet. And who knows what would have happened if Kerry hadn't donned a wetsuit to go wind-surfing? Even the devil wears Prada. And women know it.

If Clinton is going to stand a chance in 2008, her campaign may have to discredit the Republican nominee. As political scientist Dianne Bystrom has found, it doesn't hurt female candidates when they go negative, and if women are going to make their political decisions based on impulse, then anyone needing their votes is going to have to make sure no one wants to sit with the other guy in the cafeteria. It was illuminating how often the Wednesday women spoke of Clinton's toughness.

A suffering wife and mother whose campaign mysteriously unleashes attacks on her opponents? It's not the current game plan, no doubt. But I'm drawing on the lessons of history. I'd rather promote cheery stories of the gender gap -- but those stories are just a diversion from the hard work of bringing women into the world of governance. Mark my words: Those who do not study women's history are doomed to repeat its failures.

Linda Hirshman, author of "Get to Work: A Manifesto for Women of the World" (Viking), is a retired professor of women's studies.

Giuliani Is Sounding More Like A Candidate (NYT)

By Richard Pérez-Peña

The New York Times, January 28, 2007

MANCHESTER, N. H., Jan. 27 — Rudolph W. Giuliani sounded nearer than ever to being a presidential candidate on Saturday, repeatedly talking about the prospect of running, and inviting voters to judge him by his record as mayor of New York City.

Though he has long been thought to be a presidential contender, he has fallen behind other candidates in declaring his intention, and the language he used on Saturday, while suggesting a run, also contained built-in escape hatches. Speaking to a convention of the New Hampshire Republican Party, he advised the delegates on “what you should look for in whatever decision you make in presidential primaries,” and added, “when I promise you things, if I do, when I do, as I do, I’ll promise them because I’ve done them before.”

He returned to that theme moments later, and as he has done in recent days, drew a direct analogy between fighting crime in his home city and establishing peace in Iraq.

“When I say to you that we should reduce taxes to stimulate the economy, I’ll say it to you because I did it and I saw it work,” he said. “When I say we have to bring peace and security as sort of the beginning of anything, whether it’s in Baghdad or in other parts of the world or here at home, I’ll say that to you because I saw that happen in New York, and I made it happen. I did it.”

In his first trip since last fall to the state that holds the earliest presidential primary, Mr. Giuliani stepped closer than he has before to suggesting that he will run.

“Government has got to work in order to allow people to have confidence in it,” he said. “And as I look at this, I believe there is something I can do about that.”

Whether or not he is serious about a campaign, he may need to send such a signal to keep his options open. He has raised money, traveled extensively and put together a more robust organization in recent weeks, but as other candidates enter the race, many Republicans — and some publications — have questioned whether he will go through with it.

On this trip, he met privately with several elected officials, including the mayor of Manchester, Frank Guinta — the kind of personal courting people here expect, and that other top contenders have done more than Mr. Giuliani has. “He’s going to have to spend a lot more with these people,” said Senator John E. Sununu.

When he speaks, Mr. Giuliani normally walks around the stage and does not refer to notes, joking and making matter-of-fact arguments. But Saturday’s speech, at the old Palace Theater, was unusually formal for him — he stayed behind the lectern and worked from notes — and also more overtly boastful and partisan, and more designed to rouse his audience.

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Mr. Giuliani has taken the politically risky position of supporting President Bush's unpopular decision to send more troops to Iraq, as have the other Republicans who rank highest in early polls, Senator John S. McCain and Mitt Romney, the former Massachusetts governor. But for the second time in as many days, Mr. Giuliani cautioned Saturday that the strategy might not work, and that it should not be viewed as the last word in the war.

"We hope and we root for and we pray for a successful outcome in Iraq," he said. "But our ultimate victory is not going to be a military victory. Our ultimate victory against terrorism is going to be a victory of ideas."

But he stayed away from the divisive social issues that put him at odds with much of his party, like his support of abortion rights and gay civil unions. Some delegates here said they had hoped Mr. Giuliani would explain support his past support for gun controls in New York that would be unpopular here.

Still, Republican officials here take him very seriously as a presidential contender, based primarily on his reputation for leadership in the aftermath of the Sept. 11 attacks.

"I would say his chances are excellent," said State Representative John Reagan. "Everyone knows he has been severely tested."

Giuliani Plays It Close To The Vest (LAT)

By Mark Z. Barabak

The Los Angeles Times, January 28, 2007

MANCHESTER, N.H. — Will he or won't he?

The Rudy Giuliani Mystery Theater played the Palace on Saturday, a brief engagement at the city's landmark performing arts center and perennial campaign stop here in the first presidential primary state.

He gave away nothing about plans for a White House run.

Speaking from notes on a stage bathed by 12 small spotlights, the former New York mayor offered carefully qualified remarks to a convention of Republican activists. There were plenty of "ifs," as in: "People should vote for me or someone else, if I run … because they believe we can make this country better."

Outside, after his entourage bulled its way through the lobby crowd, Giuliani spoke with reporters just long enough to elude the presidential question with talk of examining his "heart and soul."

Giuliani finds himself in the happy position of sitting atop many opinion polls, even as he remains officially on the sidelines. While other candidates leap into the White House fray — former Arkansas Gov. Mike Huckabee is expected to join the Republican contest Monday — Giuliani remains coy.

Asked his timetable for a decision, he said Saturday that there was none. "The timetable is: when's the right time?" he said.

So far, the most noteworthy aspect of Giuliani's exploratory efforts has been the surfacing of an internal strategy document — the Giuliani camp says it was pilfered — which gave the world a look at 140 pages of campaign analysis, including the ex-mayor's perceived pitfalls. (Among them, his messy divorce and ties to disgraced former New York City Police Commissioner Bernard Kerik.) But for the last two days in New Hampshire, at least, Giuliani displayed all the trappings of a bona fide presidential contender — including some he could have done without.

On Friday, he drew several hundred people to a Chamber of Commerce dinner in Littleton, in the White Mountains. On Saturday, he received a standing ovation and repeated applause from several hundred more at the New Hampshire Republican State Committee meeting in Manchester, delivering a speech that was long on platitudes and short on specifics:

"You've got a beautiful state. A beautiful state in the winter. A beautiful state in the summer."

He put some distance between himself and President Bush — "I don't agree with him on everything," Giuliani said — and also subtly differed with his proclaimed hero, President Reagan, on the proper role of government. Where Reagan once declared government part of the problem, Giuliani took a more measured view, suggesting, "We need to make government work again, as Republicans. Because we're the more practical party."

New Hampshire may be uniquely suited to the promise and perils of a Giuliani presidential run.

His profile — permissive for a Republican on social issues, conservative on fiscal matters — is well tailored to a state where Republicans tend to be moderate and independents can vote in the GOP primary. "Anybody who's been to New York in the last few years can't help but be impressed," said Charles Arlinghaus, a longtime Republican activist and head of a free-market think tank in Concord.

But Giuliani's famously prickly style could be a problem. New Hampshire voters expect a highly personal touch, not the kind of imperious display the Giuliani camp put on Saturday. As the ex-mayor was being swept into an SUV outside the Palace Theatre, a man pushed his way forward and threw an arm over Giuliani's shoulder, posing for a picture. A burly security guard lifted the man's arm off, like a piece of bad meat.

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"He's only been exposed to rock star audiences up here," said Andrew Smith, the state's top political pollster. "What happens when he's asked not tough questions, but annoying questions? It will be interesting to see how Giuliani deals with them."

In N.H., Activists Embrace Giuliani (WT)

By Joseph Curl

The Washington Times, January 28, 2007

MANCHESTER, N.H. -- Judging by the effusive greeting Rudolph W. Giuliani received yesterday from Republican activists in the nation's first primary state, it seemed like the former New York City mayor was already running for president.

But he isn't -- at least not yet. The man made famous by his steely resolve and decisive leadership after the 2001 terrorist attacks on his city said yesterday he has no idea when he will decide whether to run.

"Every day you get closer, but we don't have a timetable yet. The timetable is, when's the right time and when do you have the confidence and the sense that you have the whole organization," Mr. Giuliani said, standing next to his wife, Judith Nathan.

"But most of it is about Judith and I deciding that there's a really unique contribution that we can make," he said.

The former mayor, who formed a presidential exploratory committee late last year, said that if he decides to enter the race, he will stress his leadership experience to voters to distinguish himself from his rivals.

"Leadership is about vision and performance," Mr. Giuliani told about 500 party activists in a speech about himself and his beliefs. "Who has the vision, and who can perform? Because you need both. ... You can ultimately judge whatever I promise you and whatever vision that I have by the things that I've done."

Like other Republican candidates, Mr. Giuliani -- who is pro-choice and supports homosexual rights, gun control and embryonic stem-cell research -- sought to burnish his party credentials, even poking a bit of fun at his own liberal social views, which irk many staunch conservatives.

"My great hero was Ronald Reagan. I have tremendous admiration for President Bush. I don't agree with them on everything. You know, I don't agree with myself on everything," Mr. Giuliani said with a laugh, drawing a good-natured response from the hundreds of people packed into the Palace Theatre.

Mr. Giuliani yesterday juggled a day full of events, paying homage to New Hampshire Republican activists, who can ease his ascension or hamper his ambitions, then dropping in to a Manchester restaurant to shake hands with potential voters.

But questions remain about whether the fiercely independent former mayor is serious about a national race. Some analysts say he is already far behind the curve set by Sen. John McCain of Arizona and former Gov. Mitt Romney of Massachusetts, both of whom have in recent weeks snapped up top campaign veterans.

"The former mayor of New York City is quickly losing the campaign to acquire top talent," said Jordan Lieberman, publisher of Campaigns & Elections magazine.

"While Mayor Giuliani has hired former RNC Political Director Mike DuHaime, among the most gifted operatives in the country, Rudy's campaign staff lacks the essential depth and experience that McCain and Romney have acquired," he said.

But Mr. DuHaime said the rumors that Mr. Giuliani will soon drop out of the race are aimed at slowing the former mayor's momentum.

"There is an attempt to slow the campaign by saying that Mr. Giuliani is not serious," said Mr. DuHaime, speculating that the reports are coming from competing camps. "But he is very serious."

And some in the crowd yesterday said they are not troubled by Mr. Giuliani's positions.

"He's our moderate Republican," said Pamela Goodman of Exeter, N.H. "From a Christian standpoint, I wrestle with some of his policies, but I think it's a matter of looking @ who else is there. He has shown that he can get the job done, and that is the most important thing."

Giuliani Inches His Way To The White House (POL)

The Politico, January 27, 2007

BRETTON WOODS, NH, -- Appearing in New Hampshire for the first time since creating a presidential exploratory committee, former New York Mayor Rudy Giuliani appeared to inch closer to a White House bid. Joined by his wife, Judith Nathan, and a phalanx of security guards and aides, Giuliani braved subzero temperatures to speak to about 500 members of a local chamber of commerce at the historic Mt. Washington hotel here.

One audience member got straight to the point after Giuliani gave an extemporaneous speech focusing on leadership and then asked for questions.

“Will we see you on the next presidential ballot?”

After waiting for the applause that the question drew to die down, Giuliani said, “That may be more up to you than me.”

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"I have to make a decision about my exploratory committee and running, but ultimately the more important decision is what you make a year from now."

After praising New Hampshire's first-in-the-nation primary, Hizzoner reiterated that his assessment "has something to do with the decision Judith and I make, but it has a lot more to do with the decision you make."

Warming the hearts of Giuliani's new campaign team on a night so cold that even the inside of the hotel had drafty spots, the questioner responded by telling the former mayor, to applause: "You have a lot more support than you realize."

Shaking hands, signing autographs and posing for pictures on his way out of the ballroom, Giuliani was again asked by a supporter when he was going to make an announcement.

"Not quite sure, we're getting there," he half-whispered.

But asked directly by this reporter what his timetable was for making a decision, Giuliani was vague.

"Don't have one. Timeline is when you've considered everything you've had to consider."

In a speech that lasted about 20 minutes, Giuliani focused on the namesake of his book and the attribute that many in the room associated with him in interviews after the program. Holding up as examples the top two presidents in the Republican pantheon, Lincoln and Reagan, Giuliani explained their leadership qualities.

"I don't imagine that they had those favorable/unfavorable things back during the Civil War," but Lincoln would not have fared well, Giuliani said.

Seeming to draw present-day comparisons, Giuliani noted that Lincoln even faced riots in New York City because people were unhappy with the war. "They wanted to quit because it was getting too tough."

There were extensive casualties, the conflict dragged on and Lincoln had to fire many of his generals, Giuliani reminded the salad-eating crowd.

Yet there came no comparison to President Bush and the war in Iraq. Instead, Giuliani lavished praised on the 40th president, recalling his days working in the Reagan Justice Department.

"He knew where he was taking the country," Giuliani said of Reagan, and did so based on principle.

"We have too many people in politics who take decisions based on polls. They tell you what they want to hear. It does not make them leaders, it makes them actors."

Giuliani also discussed his battle against prostate cancer and his response to 9/11, but Reagan kept seeming to come back up. Asked by an audience member about how he would deal with the federal budget, Giuliani said Washington needed to embrace the sort of "budget discipline" not seen since "back in the Reagan years." Answering a question about how he foresees the administration getting along with the new Democratic Congress, Hizzoner noted that he's "an optimist – I learned that from Ronald Reagan also." Then there was the easiest query of them all: What was his favorite story about the Gipper? (the most "moving" one, Giuliani replied, was his recollection of having breakfast with Reagan the day he was shot).

If Reagan's name was mentioned by the dozens, it was difficult to recall more than one passing mention of the current Republican occupant of the White House. Indeed, Gov. Jeb Bush came in for more praise than his brother as Giuliani spoke of the Floridian's emergency preparedness efforts and adroit handling of the many hurricanes that struck the state.

Until the end, though, the speech was almost entirely bereft of any mention of Giuliani's presidential ambitions. Thanking his hosts, the New Yorker said he'd be back to the resort for golf and his wife skiing.

"Maybe we'll come back and do some politics, too," he added to applause

Many of the mostly-Republican attendees liked what they heard and said they'd likely support Giuliani in a White House bid.

"I would vote for him any day of the week," said Jean Mercier, the wife of a local fire chief. Mercier, who grew teary-eyed as Giuliani inscribed a 9/11 memorial book before the speech, said Giuliani's response to the terrorist attacks still "resonates with anybody who has been to Ground Zero" or has a connection to "first responders."

Schulyer Sweet, a transplant to the region from upstate New York seemed to pick up Giuliani's message. "I liked his analogies to President Reagan."

Ronay Bovarnick, the lady who asked Giuliani when he would launch a campaign as he worked the room, was even more helpful, despite her husband's efforts to keep her from saying anything impolitic.

Former Massachusetts Gov. Mitt Romney, she explained, "doesn't have convictions" while Arizona Sen. John McCain "waffles back and forth."

But Giuliani is just right, she said. "We need somebody strong."

If the response was glowing, the stagecraft was even better.

Giuliani arrived at the century-old hotel, best known for holding the 1944 international conference that would create the first world monetary system, to a group of girl scouts selling their cookies. The former mayor quickly offered up $80 for 20 boxes (they usually go for $3.50 each). Mostly evading the media scrum on the way out, Giuliani and his wife ran into a couple who

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happened to be up for a ski weekend with their adorable 3 ½ year-old and 14-month-old. More pictures taken, it was then it was back out into -11-degree air that probably didn't feel as harsh to Giuliani as it did on the way in.

Building A Serious Staff (WP)

The Washington Post, January 28, 2007

Former New York mayor Rudy Giuliani (R) is on a hiring tear of late, putting to rest speculation that he isn't serious about running for president in 2008. His latest signing is Bill Stepien, who will be his national field director. Stepien, like many of the operatives in the senior staffs of Giuliani, Sen. John McCain (R-Ariz.) and former Massachusetts governor Mitt Romney (R), has his political roots in the Bush campaigns; he served as a New Hampshire field director in the president's reelection bid. Last cycle he directed the 72-Hour Project, the Republican National Committee's much-ballyhooed turnout apparatus.

In Law School, Obama Found Political Voice (NYT)

By Jodi Kantor

The New York Times, January 28, 2007

CAMBRIDGE, Mass., Jan. 23 — The peers who elected Barack Obama as the first black president of the Harvard Law Review say he was a natural leader, an impressive student, a nice guy. But in the 1990 Revue — the graduating editors' gleeful parody of their elite publication — they said quite a bit more.

"I was born in Oslo, Norway, the son of a Volvo factory worker and part-time ice fisherman," a mock self-tribute begins. "My mother was a backup singer for Abba. They were good folks." In Chicago, "I discovered I was black, and I have remained so ever since."

After his election, the Faux-bama says, he united warring students into "a happy, cohesive folk," while "empowering all the folks out there in America who didn't know about me by giving a series of articulate and startlingly mature interviews to all the folks in the media."

In his two memoirs and the biographical video on his Web site, Senator Obama's legal education is barely a blip, one of the least known chapters of his life. But for the Illinois Democrat who is all but certainly running for the presidency, Harvard was the place where he first became a political sensation.

He arrived there as an unknown, Afro-wearing community organizer who had spent years searching for his identity; by the time he left, he had his first national news media exposure, a book contract and a shot of confidence from running the most powerful legal journal in the country.

As the ribbing in the Revue suggests, Mr. Obama was realizing the power of his own biography. He proved deft at navigating an institution scorched with ideological battles, many of which revolved around race. He developed a leadership style based more on furthering consensus than on imposing his own ideas. Surrounded by students who enjoyed the sound of their own voices, Mr. Obama cast himself as an eager listener, sometimes giving warring classmates the impression that he agreed with all of them at once.

Friends say he did not want anyone to assume they knew his mind — and because of that, even those close to him did not always know exactly where he stood. It is a tendency that could prove perilous on the campaign trail, as voters, rivals and the news media try to fix the positions of a senator with only two years in office.

"He then and now is very hard to pin down," said Kenneth Mack, a classmate and now a professor at the law school, referring to the senator's on-the-one-hand, on-the-other-hand style.

Charles J. Ogletree Jr., another Harvard law professor and a mentor of Mr. Obama, said, "He can enter your space and organize your thoughts without necessarily revealing his own concerns and conflicts."

Many of his former professors and classmates say they are cheering on Mr. Obama, 45, in his candidacy. But the skills he displayed in law school may not serve him as well in American presidential politics, which sometimes rewards other qualities — like delivering sound bites instead of deliberateness or fidelity to a base of supporters instead of compromise.

The law review is "fairly disconnected from the breadth and the rough and tumble of real politics," said Bruce Spiva, a former review editor who now practices civil rights law in Washington. "It's an election among a closed group. It's more like electing a pope."

Mr. Obama declined to comment about his time at Harvard. He arrived at the law school in 1988 with a well-inked passport — he had grown up in Hawaii and Indonesia, son of a black Kenyan father and a white American mother — and years of community organizing experience in Chicago, making him, at 27, an elder statesman among the students who had tested and term-papered their way straight there.

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Mr. Obama spent much of his time alone, curtailing his dating life after his first summer, when he met his future wife, a Harvard Law graduate named Michelle Robinson who was working in Chicago. He often played pickup basketball, replacing his deliberative off-court style with sharp elbows and aggressive grabs for the ball.

Along with 40-odd classmates, he won a precious spot on the law review at the end of his first year through grades and a writing competition. But the next year, when other students implored him to run for the presidency, he demurred; he wanted to return to community work in Chicago, he said, and the credential would be no help. Late in the process, he finally agreed, saying he might be uniquely able to heal the review's partisan divisions.

The election was an all-day affair with the ego-crushing drama of a reality TV show. Inside Pound Hall, the editors picked apart the intellectual and social skills of the 19 contenders, eliminating them in batches. At the last moment, the conservative faction, its initial candidates defeated, threw its support to Mr. Obama. "Whatever his politics, we felt he would give us a fair shake," said Bradford Berenson, a former associate White House counsel in the Bush administration.

The two finalists were invited back into the room. But before the winner could be announced, Mr. Mack, a black student who had rejoined the editors after being eliminated, lunged toward Mr. Obama, so moved by the barrier that had just fallen that he embraced him tightly, tears streaming down both men's cheeks.

Newspapers and magazines swarmed around the first black student to win the most coveted spot at the most vaunted club at one of America's most prestigious institutions. In interviews, Mr. Obama was modest and careful. (In a rare slip, he told The Associated Press: "I'm not interested in the suburbs. The suburbs bore me.") He signed a contract to write a memoir. A prankster posted a cast list for a movie version of his life, starring Blair Underwood. When Mr. Underwood visited the school, he questioned Mr. Obama for material for "L.A. Law."

"People were always asking me, do young black attorneys really exist like that?" Mr. Underwood said in a recent interview. "I would refer to Barack."

Winning the job was simpler than doing it. The president had to reject articles by some of the school's famous professors and persuade a divided group of editors to stop arguing and start editing.

"I have worked in the Supreme Court and the White House and I never saw politics as bitter as at Harvard Law Review in the early '90s," Mr. Berenson said. "The law school was populated by a bunch of would-be Daniel Websters harnessed to extreme political ideologies." They were so ardent that they would boo and hiss one another in class.

Even trickier, Mr. Obama was the most prominent minority student on a campus shaken by racial politics. A group agitating for greater faculty diversity occupied the dean's office and sued the school for discrimination; Derrick Bell, a black law professor, resigned over the issue.

The law review struggled to decide whether affirmative action should factor into the selection of editors, and how much voice to give to critical race theorists, who argued that the legal system was inherently biased against minorities. That drew the ridicule of conservative students.

And it left the new president with a difficult choice. If he failed to use his office to criticize Harvard, Mr. Obama would anger black and liberal students; by speaking out, he would risk dragging himself and the review into the center of shrill debates.

People had a way of hearing what they wanted in Mr. Obama's words. Earlier, after a long, tortured discussion about whether it was better to be called "black" or "African-American," Mr. Obama dismissed the question, saying semantics did not matter as much as real-life issues, recalled Cassandra Butts, still a close friend. According to Mr. Ogletree, students on each side of the debate thought he was endorsing their side. "Everyone was nodding, Oh, he agrees with me," he said.

As the president of the review, Mr. Obama once again walked a delicate line. He served on the board of the Black Law Students Association, often speaking passionately about the tempest of the week, but in a way that white classmates say made them feel reassured rather than defensive. He distanced himself from bombast; he did a mischievous impersonation of the Rev. Jesse Jackson when he came to speak on campus, recalled Franklin Amanat, now a federal prosecutor in Brooklyn. Mr. Obama's boldest moment came at a rally for faculty diversity, where he compared Professor Bell to Rosa Parks.

But mainly, Mr. Obama stayed away from the extremes of campus debate, often choosing safe topics for his speeches. At the black law students' annual conference, he exhorted students to remember the obligations that came with their privileged education. His speeches, delivered in the oratorical manner of a Baptist minister, were more memorable for style than substance, Mr. Mack said.

"It's the inspiration of the speech rather than the specific content," he said.

Just as he does now that he is a senator, Mr. Obama spoke then about his own biography — initially, Mr. Ogletree said, to correct anyone who assumed he had acquired his position with ease. His message, Mr. Ogletree said, was, "Don't look at my success and assume that I have had a silver spoon in my mouth and gold coins in my hand."

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During the constant arguments about race and merit, everyone could point to Mr. Obama and find justification for their views. He had acknowledged benefiting from affirmative action in the past, so those who supported it saw him as the happy product of their beliefs.

But those who opposed it saw his presidency as the triumph of meritocracy. He was a black man who had helped one of Harvard's most celebrated professors, Laurence H. Tribe, with an article on law and physics, and would graduate magna cum laude.

Another of Mr. Obama's techniques relied on his seemingly limitless appetite for hearing the opinions of others, no matter how redundant or extreme. That could lead to endless debates — a mouse infestation at the review office provoked a long exchange about rodent rights — as well as some uncertainty about what Mr. Obama himself thought about the issue at hand.

In dozens of interviews, his friends said they could not remember his specific views from that era, beyond a general emphasis on diversity and social and economic justice.

Instead, they wonder how the style of leadership they observed on campus could translate to another kind of historic presidency.

"The things that make law school politics fractious are different from the things that make American politics fractious," said Ron Klain, who preceded Mr. Obama at the law review and later served as Vice President Al Gore's chief of staff. Mr. Klain has watched the senator's rise.

"The interesting caveat," he said, "is that is a style of leadership more effective running a law review than running a country."

At Harvard Law, A Unifying Voice (BOS)

By Michael Levenson, Jonathan Saltzman

The Boston Globe, January 28, 2007

CAMBRIDGE -- It was just a five-on-five game between some law students at a Harvard gym, until someone jabbed a hard foul. An argument broke out, and pretty soon players were in one another's faces.

To the players who were on the court that day, it seemed punches were about to be thrown.

Then a skinny, soft-spoken forward with tight shorts and high socks named Barack Obama raced out from the sideline and put himself between two of the warring players.

"He said, 'Guys, this is not serious -- it's just a pickup game,' " recalled one of the players, Earl Martin Phalen, Harvard Law Class of 1993. Laughing, he added: "There was all this testosterone exploding, and he just kind of had perspective. . . . We ended up chilling it out."

These days, Obama is the hot new candidate for the White House, trying to end the warring in Washington with a warm message of unity and optimism. But years before taking that message to the national political stage, he was defusing battles large and small from the sharp-elbowed basketball games to the cutthroat classrooms at Harvard Law School.

Standing apart from others Right from the start, when he arrived in the fall of 1988 at the age of 27, Obama seemed different. With his leather bomber jacket, tattered jeans, and pack of cigarettes, he was older and appeared less starchy than many of his fresh-faced classmates newly arrived from the Ivy League. He was also one of the small minority of black students on the campus of about 1,500 of the nation's most ambitious future lawyers, judges, and corporate executives.

Beyond his appearance, what set him apart was his approach to argument, the lifeblood of the law school and the constant occupation of the young lawyers-in-training. While other students were determined to prove the merits of their beliefs through logic and determination, Obama preferred to listen, seek others' views, and find a middle way.

"A lot of people at the time were just talking past each other, very committed to their opinions, their point of view, and not particularly interested in what other people had to say," said Crystal Nix Hines, a classmate who is now a television writer. "Barack transcended that."

He confronted his most charged debates as president of the Harvard Law Review, the exclusive club of 80 student editors and future Supreme Court justices who publish a regular journal of legal writings. Classmates recall an especially emotional debate in the spring of 1990 over affirmative action, which conservative students wanted to abolish.

Presiding over an assembly of 60 mostly white editors in a law school classroom, Obama listened to impassioned pleas and pressed conservatives to explain their reasoning and liberals to sharpen their thinking. But he never spoke about his own point of view or mentioned that he believed he had benefit ed from affirmative action.

"If anybody had walked by, they would have assumed he was a professor," said Thomas J. Perrelli, a classmate and former counsel to Attorney General Janet Reno. "He was leading the discussion but he wasn't trying to impose his own perspective on it. He was much more mediating."

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Obama was so evenhanded and solicitous in his interactions that fellow students would do impressions of his Socratic chin-stroking approach to everything, even seeking a consensus on popcorn preferences at the movies. "Do you want salt on your popcorn?" one classmate, Nancy L. McCullough, recalled, mimicking his sensitive bass voice. "Do you even want popcorn?"

Obama, who declined to be interviewed for this story, lived all three years in the same basement apartment on Broadway in Somerville, near Winter Hill. He kept the place spotless and decorated it with second hand furniture.

"He was a model tenant," said John K. Holmes of Arlington, his landlord. "I can remember when he told me he was leaving, I can remember being disappointed."

He skipped most parties and made his friends in class, including one good buddy, Rob Fisher, a first-year student from Maryland, whom he met on the first day of classes. Obama called Fisher, who is white, "brother," and teased him about his raggedy clothes. They watched Bulls games . Both idolized Michael Jordan.

Even in his first year, students saw Obama as a peacemaker. When his class needed someone to present an end-of-the-year gift to one stuffy contracts professor, the students chose Obama, who delivered a brief, gracious tribute.

"It was a moment of diffused tension and levity," said Kenneth W. Mack, a Harvard Law School professor who was in Obama's class. "He pulled it off."

At the end of his first year, Obama joined the Law Review. He nearly missed the deadline to apply when his 1984 Toyota Tercel broke down, and beg ged Fisher for a ride and sweet - talk ed his way to the front of a line at the post office to have his envelope postmarked before noon.

"That's the one modest contribution I've made to his success," Fisher, now a Washington lawyer, said in a recent interview.

Obama won a slot on the review. He was growing more serious in his personal life, too. After casually dating women at the law school, he flew back to Chicago after his first year and met Michelle Robinson, a 1988 Harvard Law graduate, whom he later married.

Law review prestige In the fall of 1989, when Obama returned to campus for his second year, students were protesting the lack of minority law school faculty. They staged sit-ins in the law library, camped outside the office of Dean Robert C. Clark, and carried signs that read "Diversity Now" and "Homogeneity Feeds Hatred." The tensions continued the following spring, reaching a high when Derrick A. Bell Jr., the first tenured black professor at the school, resigned in protest. Obama was a member of the Black Law Students Association, which organized many demonstrations that spring. But he was less confrontational than some of his peers.

"Barack was a stabilizing influence in that he would absolutely support those efforts, but was also someone who could discuss and debate them with students or faculty who had different views," said Professor Charles J. Ogletree Jr., who became Harvard's seventh tenured black professor in 1993.

In February 1990, when the time came to elect a new president of the law review, Obama was initially reluctant, said Nix Hines. The presidency seemed better suited for careerist types who were aiming for positions at top-flight law firms, Obama told her at the time. The son of a black Kenyan father and a white mother from Kansas, he wanted to return to his work in Chicago as a community organizer.

"I was surprised because I knew he was very popular and well-regarded and obviously had the ability to do the job," Nix Hines said.

But at a dinner at Obama's apartment, an older black student challenged Obama and other black students to compete for the job. "And I do remember Barack saying that was the moment he finally decided, 'I'm going to do this,' " said Mack.

The law review president's election is a fussy affair, part intellectual debate, part frat house ritual. Obama was one of 19 candidates. As the 61 editors not running for the job debated the merits of the candidates behind closed doors on a Sunday morning in late February, the hopefuls cooked them breakfast, lunch, and dinner . Every few hours, the editors winnowed the list further, until just after midnight, when only Obama and a 24-year-old Harvard graduate named David Goldberg remained contenders .

At about 12:30 a.m., the editors called Obama into the room, told him he had won, and broke into applause. Mack, another black editor, pulled Obama in for a hug.

"It was a hard hug, and it lasted a while," Obama told the Harvard Law Record, the school newspaper, at the time. "At that point, I realized this was not just an individual thing. . . but something much bigger."

Obama gained instant fame, was profiled glowingly in newspapers across the country, and landed a contract for a book that would become "Dreams from My Father," his best-selling memoir.

There was buzz on campus, too. Blair Underwood, the actor who played a black lawyer on L.A. Law, one of the campus' s favorite shows, came to visit Obama at the Law Review and took him out for a Chinese food banquet. People who had helped pave the way were also moved.

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"You should not underestimate the significance of him being the first black president of the Harvard Law Review because that was and remains a very elite group," said Bell, now a law professor at New York University. "These were some tough folks. . . . It's almost as impressive that he was elected president of the Harvard Law Review as him being elected senator of Illinois."

As editor for two semesters, Obama spent 50 to 60 hours a week holed up in a second-floor office of Gannett House, a 19th century building overlooking Cambridge Common. He reviewed hundreds of articles, on topics ranging from corporate law to racial bias in auto pricing, and presided over long, heated debates in the cluttered first-floor lounge.

"Even though he was clearly a liberal, he didn't appear to the conservatives in the review to be taking sides in the tribal warfare," said Bradford A. Berenson, a former Bush administration lawyer who was an editor at the review.

"The politics of the Harvard Law Review were incredibly petty and incredibly vicious," Berenson said. "The editors of the review were constantly at each other's throats. And Barack tended to treat those disputes with a certain air of detachment and amusement. The feeling was almost, come on kids, can't we just behave here?"

A polished leader Sometimes he sounded like he was already running for public office, giving studied, measured responses in interviews with The Harvard Law Record. Asked in 1991 if he could do one thing differently in his last year at the Review, Obama said, "I don't know that it was possible to do it any other way than I did it, but I would have liked to have had the luxury of being more strategic about my tenure."

Basketball was his outlet. He played often at Hemenway, the law school gymnasium, just off Harvard Square. Hill Harper, a classmate and frequent defender, said Obama, who stands about 6 feet 1 inch tall, had a quick first step and could easily sink midrange jump shots. "If there was any knock against Barack, he pulled his socks up a little too high and his shorts were a little too small," Harper said, laughing. "We were just at the beginning of the Michael Jordan era. He more harkened back to the Julius Erving era."

Some students got their first glimpse of Obama, the orator, in the spring of 1991, when the Black Law Students Association broke with tradition and asked him, rather than a renowned judge or professor, to deliver the keynote address at the association's annual conference. Standing before hundreds , Obama gave what classmates recall as a stirring call to action.

"It was a clarion call," recalled Randall L. Kennedy, a law school professor who attended the conference. "We've gotten this education, we've gotten this great halo, this great career-enhancing benefit. Let's not just feather our nests. Let's go forward and address the many ills that confront our society."

Now that he's traveling the country as a full-fledged presidential candidate, Obama is clearly proud of his training at Harvard, and he is remembered proudly here.

From the landlord who showed him his $700 a month apartment to the learned professors who mentored him, everyone seems to recall him as an exceptionally conscientious young man.

But in some ways, he was just a typical, forgetful grad uate student. Records from Somerville show that he still owes the city $72.63 in excise taxes and $45 in late penalties on two parking violations.

The bright, young law student parked illegally in a bus stop in 1990 and illegally in a street-sweeping zone in 1991.

"I kind of kidded with the mayor and said, "If he comes to Somerville, he might get booted,' " said Walter Pero, a city alderman.

Secrets Of Obama Family Unlocked (LONT)

By Michael Sheridan, Sarah Baxter

Times of London, January 28, 2007

WHEN Barack Obama, America's newest presidential hopeful, was hit by allegations that he had attended a radical Islamic madrasah school as a boy in Indonesia, the claims spread like a virus through the media and internet.

It was a lie — the school was barely more religious than British church schools — but it was also a sign that Obama's chances of winning the presidency depend to an unusual degree on his life story and character.

The race is on to define the gifted but little-known senator for Illinois and The Sunday Times can reveal that his heritage is far more diverse and astonishing than anything American voters have heard so far.

Obama, 45, has two half- sisters, one living in Britain, and five surviving half-brothers, the eldest of whom converted to Islam, and whose stories span the globe.

Nobody was more surprised to hear that Obama had reportedly been educated in a madrasah than Julia Suryakusuma, a close friend of his mother until her death from ovarian cancer in 1995.

Suryakusuma, 53, one of Indonesia's most outspoken feminist writers, has fearlessly taken on extremist Muslim clerics in print. Last week she described Ann Dunham, Obama's mother, "as a liberal and a humanist", who learnt to speak fluent Indonesian and adored the culture.

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“She was interested in religions but didn’t follow one. She was a free-thinker,” Suryakusuma said. “She was a pioneer and when she came to Indonesia she was ensnared and enchanted.”

On the coffee table in her cool modern house in Jakarta, full of the beautiful Indonesian fabrics and carvings which captivated her friend, lies an album of photographs which record the happy times.

There is Dunham, pale-skinned, jolly and frizzy-haired, celebrating with her friends at an art gallery opening or a drinks party, wearing the baggy, free-flowing clothes often favoured by bohemian western women in Asia. She always seemed to be laughing.

“You know Ann was really, really white,” smiled Suryakusuma, looking through the album, “even though she told me she had some Cherokee blood in her. I think she just loved people of a different skin colour, brown people.”

Dunham was from Wichita, Kansas, but her parents moved to Hawaii in search of a better life. According to Obama, a distant ancestor was a “full-blooded Cherokee”.

Dunham’s first marriage was to a Kenyan student, also called Barack Obama, but he left the family to study at Harvard and returned to Africa.

She went on to marry Lolo Soetoro, another foreign student, and moved to his native Indonesia with six-year-old Barack in 1967, after the new dictator Suharto summoned the country’s citizens home.

Soetoro became a government relations consultant with a big US oil company. “He changed when he came back to Indonesia,” Suryakusuma recalled. “Men can be a certain way when they are in the West and when they come back they are sucked into their own culture.”

In his memoir, Dreams from My Father, first published in 1995, Obama does not conceal the estrangement between his mother and stepfather as Soetoro made compromises with Indonesia’s power elite. They divorced and he died decades later of a liver complaint.

At 10, Obama returned to Hawaii, where he lived with his grandparents and attended an elite private school. His mother went back to Indonesia with Obama’s half-sister Maya, now a professor at the University of Hawaii, and became an expert on the “feminine crafts”, such as weaving and basket-making, practised by the women of Java.

Suryakusuma recalled that Dunham called her son “Berry” — Barry with an Indonesian lilt. “We were both mothers and we talked about how difficult it was for a mother to separate herself and send her child away, but she was really concerned about Barry’s education.”

She first met Obama when he came to visit his mother as a young adult. “She was so proud of him. I remember she was glowing with pride when he became the first black president of the Harvard Law Review.

“You know, having a white mother and a black father and coming to Indonesia,” Suryakusuma reflected, “I could see he had the same kind of empathy with people that his mother had.”

Obama’s multi-hued heritage has put a distance between him and the African-American community, which has been reluctant to claim him as a “brother”.

America’s white community, in contrast, has embraced Obama as a hopeful affirmation that the fabled melting pot can transcend race. With his middle name Hussein (like Saddam) and surname Obama (like Osama), he is a rare and exotic figure in American politics.

“I believe the American electorate is ready to support leaders who embody the American dream despite their differences. In doing so, we affirm ourselves as a tolerant people,” said William Galston, a senior fellow in public policy at the Brookings Institution in Washington.

Yet there are details in Obama’s life that have yet to be subjected to full scrutiny. It may not be the information itself that matters, according to Galston, but “how Obama talks about the facts as they emerge and handles questions and controversies”.

The Chicago Sun-Times columnist Lynn Sweet was the first to spot in 2004, when Obama burst on the national stage at the Democratic party convention, that his memoir, Dreams from My Father, contained “composite” characters and changed names.

“Except for public figures and his family, it is impossible to know who is real and who is not,” she pointed out.

Obama admitted as much in his introduction, saying he had altered characters “for the sake of their privacy”. As with the revelation that he took cocaine in his youth, he appears to have been candid about potential areas of controversy.

Obama’s African family is particularly complicated. By his own account, his father never really left Kezia, his first wife, in Kenya. She bore Obama Sr two children, Roy and Auma, who now works in social services in Berkshire.

They were separated, Obama’s mother claimed, but “it was a village wedding and there was no document that could suggest a divorce”.

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His own father and mother's wedding in Hawaii may not have been properly documented either. "How and when the marriage occurred remains a bit murky, a bill of particulars that I have never quite had the courage to explore," Obama writes in his memoir.

After his father left Ann and two-year-old Barack to study at Harvard, he went to Africa with another American woman, Ruth, who became his third wife. She bore him two sons in Kenya, one of whom died in a motorcycle accident, but Obama Sr continued to see Kezia.

"Traditionally, she was still his wife," a relative explained. Kezia went on to bear two more sons, Abo and Bernard. Although their paternity is disputed by some relatives, Obama Sr regarded them as his own. Later in life, he fathered another son, George, by a young Kenyan woman.

After his parents split up, Obama saw his father only once before learning that he had died in a car crash in Kenya in 1982.

Obama's eldest brother Roy moved to America and went on to convert to Islam.

Obama, in contrast, became a committed Christian while he was working as a community activist in Chicago. Last week he denounced the reports that he was educated in a madrasah as a "ludicrous" smear.

Larry Sabato, professor of political science at the University of Virginia, believes Obama's richly textured African and Indonesian background will attract voters, no matter how controversial it is.

"America loves a success story — the new generation that rises from the sins and misfortunes of the older generation," Sabato said.

In Indonesia, Suryakusuma said she could still feel the "warm" presence of Obama's mother Ann. "She would be so proud if she knew about Barry, so proud to think that her little boy would be running for president of the United States."

Sticks, Stones And Mr. Obama (WP)

The Washington Post, January 28, 2007

IT'S BECOME a fad among some conservatives to refer to the junior senator from Illinois by his full name: Barack Hussein Obama. This would be merely juvenile if it weren't so contemptible. Republican lobbyist Ed Rogers, on "Hardball," was one of the early adopters of this sleazy tactic. "Count me down as somebody who underestimates Barack Hussein Obama," he said. Radio host Rush Limbaugh, demonstrating his usual maturity, got a chuckle out of the senator's allegedly oversized ears, calling him "Barack Hussein Odumbo." And Tony Perkins of the Family Research Council issued this e-mail alert: "Joining an already glutted field of hopefuls, Sen. Barack Hussein Obama (D-Ill.) announced his candidacy for the 2008 Democratic nomination yesterday."

Insight magazine managed to further degrade the public discourse with a scurrilous "report" alleging that Mr. Obama, as a child in Indonesia, attended a radical Islamic madrassa. In fact, Mr. Obama attended a public school in Jakarta that was predominantly Muslim -- no surprise given that Indonesia is a predominantly Muslim country. Insight, whose piece was eagerly touted by Fox News Network, might have learned this if it had bothered to check its story rather than cravenly attributing the false report to "Hillary Clinton's camp," citing unnamed "sources close to the background check" that the New York senator supposedly conducted into Mr. Obama.

When the madrassa story was debunked by CNN and the Associated Press, Insight didn't even have the decency to slink away. "The media uproar over our reporting reveals a media establishment choosing not to ask the tough questions about Obama's Muslim past: If he was raised in a secular household (as he claims), why does he have -- or retain -- Muslim names, Barack and Hussein?" the magazine asked in a posting on its Web site. "Were his father and stepfather as secular as he says? What is the exact nature of Obama's current religious affiliation and what are the beliefs and teachings of his current church in Chicago, the Trinity United Church of Christ?"

Mr. Obama's slimers seem to think such name-calling and Muslim-baiting can score points with the American people. On the contrary, Mr. Obama's multicultural background (his father was Kenyan, and he spent several years living in Indonesia with his mother and stepfather) ought to be viewed as a plus. A president with an understanding of Islam and the developing world would be welcomed by those who too often feel misunderstood and slighted by the United States.

Mr. Obama has never tried to hide his past or his family name: He has written about being educated at a predominantly Muslim school. His father, a non-practicing Muslim, was Barack Hussein Obama Sr. His grandmother is Sara Hussein Obama.

The senator, however, does not use his middle name. Those who take pains to insert it when referring to him are trying, none too subtly, to stir up scary images of menacing terrorists and evil dictators. They embarrass only themselves.

In A Sea Of Political Endorsements, Six That Could Make Waves (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, January 28, 2007

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Every day the potential presidential candidates fill The Fix's inbox with press releases touting some new endorsement from a sheriff in South Carolina or a state legislator in Michigan. For the most part, these endorsements are aimed at building momentum but have zero practical effect on the hunt for votes. Not all endorsements are created equal, however. Some really do matter. Here's a look at six of the most important.Republicans

Former governor Jeb Bush (Fla.): Not only is Florida expected to move its primary all the way up to Feb. 5, 2008, it is also a treasure trove of campaign contributions if you run in the right circles. Bush knows all the political and financial road maps. He also happens to be the president's brother.

Rep. Steve King (Iowa): King represents the vast -- and overwhelmingly Republican -- 5th District in western Iowa. He's also one of the state's leading conservatives and an outspoken opponent of immigration reform.

Gov. Mark Sanford (S.C.): Most of the statewide elected officials in the Palmetto State have chosen sides, but not Sanford. Although he backed Sen. John McCain (R-Ariz.) in 2000, Sanford has made clear that he hasn't decided where to throw his support this time.Democrats

Sen. Ted Kennedy (Mass.): Sen. John Kerry's decision to step out of the 2008 race makes Kennedy one of the most sought-after free agents in the field. Kennedy has ties to several of the candidates, although Sen. Chris Dodd (D-Conn.) stands to benefit most from an endorsement by the liberal icon.

Rep. Jim Clyburn (S.C.): The highest-ranking African American in the House, Clyburn is the rare modern politician with a proven political machine at his disposal. And he sits in a state that will vote on Jan. 29, 2008.

Former governor Jeanne Shaheen (N.H.): Shaheen, a former three-term governor, maintains an active political organization in the state, overseen by her husband, Billy. She may not be able to endorse from her current perch at Harvard, but a lot can change in a year's time.A Winter Showdown in the Sunshine State?

So long ethanol, hellllo offshore drilling and big sugar .

Pandering to Iowa farmers is part of the job description for presidential candidates, but if several big states move up their 2008 primary dates, the promises will multiply like bugs on a Florida windshield.

The Sunshine State could be a particularly interesting addition, if the legislature decides, as expected, to reschedule from its usual March date to Feb. 5, just after New Hampshire votes. Florida features a complex mix of niche issues, including relations with Cuba, Everglades restoration and energy exploration in the Gulf of Mexico.

In the Senate, Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) have taken opposite positions on both Cuba and offshore drilling. Obama twice voted to cut off funding for TV Marti, which is jammed by the Cuban government, while Clinton supported maintaining the signal. Clinton backed an expansion of oil and gas production in the Gulf of Mexico; Obama voted against it.

GOP candidates are starting to carve up the state, with former governor Mitt Romney (Mass.) making a strong early showing, with support from members of Jeb Bush's inner circle. But state GOP insiders believe that Gov. Charlie Crist (R) is a McCain man.

The Faint Hoofbeats? That's The Dark Horse (NYT)

By Jeff Zeleny

The New York Times, January 28, 2007

HILLARY RODHAM CLINTON dashed to Iowa this weekend to hang an open-for-business sign on her new campaign operation. Barack Obama is besieged by admirers begging to join his team. And John Edwards has already dipped his toes into each of Iowa's 99 counties — and started his second lap.

So is the Democratic stable too full for a dark horse presidential candidate to emerge?

The current thinking suggests that only famous candidates, Democrat or Republican, can seize their party's nomination. But it has never been a wise bet to rule out the dark horse, a staple of American politics since James K. Polk went to the Democratic convention in 1844 and became the presidential nominee by accident after the favorite, former President Martin Van Buren, lost Southern support.

But perhaps more than any other presidential contest, 2008's could help determine whether the dark horse, a term borrowed from English racetrack lingo, is on the verge of extinction, particularly since the entry fee in the race for the White House has been raised yet again.

For the first time since 1928, neither a sitting president nor vice president will be a candidate in the race, theoretically creating a wide-open fight for both nominations and making it possible for a dark horse to pull stealthily ahead. But the contest is front-loaded as never before — California and other big states are rushing to wedge their caucuses and primaries into early February — so little-known candidates concede they have an even more difficult task.

Already, the leading contenders are making plans to reject public financing in the primary and general election campaigns for the first time since Watergate. The cost of preparing for a race, strategists believe, could swell beyond $75 million this year alone, which most dark horse candidates may struggle to meet, given the calendar.

"It makes it almost impossible for a dark horse to win," said Dayton Duncan, who worked on the 1984 and 1988 Democratic presidential races of Walter Mondale and Michael Dukakis and wrote "Grass Roots: One Year in the Life of the New Hampshire Presidential Primary." "But it might be the only chance for a dark horse candidate if they really caught lightning in a jar and were catapulted to the national stage."

The window will be narrow for a second-tier candidate. With rapid back-to-back primaries, a promising showing in Iowa or New Hampshire is critical to advancing.

But even before the rules and the calendar take shape for the 2008 race, dark horse candidates have one piece of storybook history to hold onto: Jimmy Carter, 1976.

After Mr. Carter declared his candidacy on Dec. 12, 1974, a Harris poll listed 35 prospective presidential candidates. Mr. Carter, a one-term Georgia governor, was not among them. Yet 13 months later, after spending day after day traipsing from the Missouri to the Mississippi, he won the Iowa caucuses, that all-important first test of a candidacy. The victory replenished his bank account and sustained him through the rest of the primary campaign.

But now, with the campaign's cost significantly higher and less time to raise money and attract supporters between primaries, it is hard to imagine a candidate's emerging from the shadows on persistence alone.

"Without a doubt, it's more difficult for someone to emerge today since you've got people who can raise tens of millions of dollars at the drop of a hat," said Senator Charles E. Grassley, an Iowa Republican, who as a young congressman watched the 1976 campaign with interest. "Little guys like Carter could never compete with that."

The Iowa caucuses not only created the lore of Mr. Carter, but Mr. Carter added to the lore of the Iowa caucuses. And for the last three decades, his out-of-nowhere victory has lured ambitious politicians convinced that they, too, could pull off the feat.

In 2004, the brief rise of Howard Dean again illustrated that little-known candidates could catch fire and raise money to compete with candidates blessed by the political establishment, but it also reinforced Iowa's importance. He finished third, his chances to become the nominee collapsing.

Mr. Dean tapped into the promise of the Internet like no other. And the next evolution of Internet fund-raising and activism — combined with old-fashioned discipline — might resuscitate the dark horse.

"The Internet can spontaneously combust a dark-horse candidacy that can take everyone out," said Joe Trippi, who managed Mr. Dean's campaign. "Everybody is sure it's going to be Hillary, Edwards or Obama, but my guess is that someone no one is talking about right now is going to give these three the scare of their life."

The Internet could be the great equalizer. First, candidates who struggle to raise money through traditional means could tap into the grassroots to close the gap. Second, if a front-runner's stumble is caught on camera it is sure to be widely disseminated on YouTube and its ilk, which could clear a path for an outsider.

With the rush of candidates announcing their bids in the last few weeks, you could almost forget that the first primary votes won't be cast for another year. Mrs. Clinton and Mr. Obama are among the hopefuls whose high profile will deny them the advantage of learning on the fly, a privilege reserved for the dark horse. If, for example, former Gov. Tom Vilsack of Iowa missteps, he might be able to pick himself up without attracting as much notice as one of his more prominent rivals.

"A lot can change in a month," said Senator Tom Harkin, also of Iowa, who in 1992 sought the Democratic presidential nomination. "One of the problems of being a front-runner like Hillary and Barack, if they make a mistake, it will be magnified way beyond its own dimensions. If others stumble, it's not a big deal."

As he left the Senate floor to begin a weekend of campaigning, Sam Brownback of Kansas, one of many Republican candidates in the field, stopped for a moment to chat about his prospects. After describing himself as the "true conservative in the field," he acknowledged finding solace in the legends of Democratic dark horses.

"You have people like Jimmy Carter, who came out of nowhere. And Bill Clinton! They were not household names when they started this process," Mr. Brownback said. Asked when he was heading to Iowa, he paused for barely a beat and replied, "Next week."

Cullen Elected State GOP Chairman (NHUL)

By Garry Rayno

New Hampshire Union Leader, January 28, 2007

Manchester – Fergus Cullen was elected Republican state chairman on the first ballot at the party's annual meeting today at the Palace Theater in Manchester.

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The vote for Cullen, a Wolfeboro businessman, was decisive: 247 votes, vs. 129 for Fran Wendelboe of New Hampton, who has served in the Legislature for 10 years, and 25 votes for three-term Manchester state Rep. William Infantine.

Cullen succeeds Wayne Semprini as party chairman.

Cullen calls himself "a conservative in the mainstream conservative wing of the Republican Party." He said the state party "has fallen down in many areas, including organization, candidate recruitment and fundraising. There are also basic infrastructure needs, such as updated computer and telephone systems."

Cullen said the party also needs to rebuild its get-out-the-vote program, which was absent this year, in time for the 2008 election. Cullen conferred with a lot of activists and party leaders before deciding to enter the race.

Move Up The California Primary (LAT)

The Los Angeles Times, January 28, 2007

CALIFORNIA WILL be scorned no more. That is the sentiment driving state legislators to move up the state's next presidential primary, in 2008, to early February. Even though it held its 2004 primary in March instead of June, the nation's largest state was not a factor in the parties' nomination battles because they were all but over by the time Californians went to the polls.

The state was going to return to a June primary. But the Legislature is considering having only a local primary in June and catapulting to near the front of the line with a presidential primary that would immediately follow the first contests in Iowa, Nevada, New Hampshire and South Carolina.

Sacramento is right to want to make the state a player in presidential races. At the same time, the front-loading of each party's nomination process is not a healthy development. As this month has shown, the compressed nomination schedule drives candidates to launch their presidential bids nearly two years in advance of the election. And by the time the voting begins, the fundraising primary — in which California's deep pockets do figure prominently — will have already helped determine the shape of the race.

It wasn't supposed to be this way. The primary season was intended to make party nominations more accessible to worthy but lesser-known candidates, forcing the parties to sponsor a cross-country debate on the issues. In theory, a modestly financed candidate could gain traction in the retail politics of New Hampshire and Iowa, then take his or her campaign to bigger states. The theory also holds that the grueling primary season helps vet, and develop, candidates.

In reality, the primary season has been getting shorter. In 2004, Iowa and New Hampshire almost served as national primaries for the Democrats, with the party keen to crown a victor early and protect him from extended intramural bashing. The days when candidates could slowly gather momentum during the primary season are long gone, and it is a shame that the parties have refused to take steps to bring them back.

The best solution here would be a series of regional, rotating primaries (so that your state might go first if it went last the previous election). Such a tournament would force candidates to campaign nationwide and would draw out the nomination battles until May or June.

Alas, the parties have not taken meaningful steps to curtail the front-loading of the nomination process. The Democrats recently failed to adopt a plan to stretch out the primary season, opting instead to simply let Nevada and South Carolina join Iowa and New Hampshire at the front of the line. The message to the rest of the country: It's a free-for-all, so suit yourselves.

So it's understandable for California to want to hold its primary on the first permissible date under party rules: Feb. 5, 2008. This would force candidates to come to the nation's most-populous state not merely to raise money for their battles elsewhere (centered on other regions' concerns) but to focus on issues important to Californians. And if a California vote in February, with its high costs, makes the primary process seem untenably front-loaded to the point that it forces party leaders to establish a more rational calendar, then the state will have provided the entire nation a worthy service.

How Dems Can Use California To Win In '08 (LAT)

By Christopher S. Lehane

The Los Angeles Times, January 28, 2007

IN RECENT WEEKS, Gov. Arnold Schwarzenegger and legislators have talked about giving California a well-deserved bigger say in the presidential campaign by moving up the state's primary. However, if Democrats really want to put the party in the strongest possible position to succeed in presidential elections, let's completely rethink the current primary system and replace it with a nominating process designed to pick the candidate best able to win.

In 2004, the primary season was frontloaded around a few early, relatively small and not especially diverse states in order to identify as quickly as possible the "most electable" candidate and to conserve money for the general election. Because these were small states that are historically won one voter and one constituency group at a time, candidates were rewarded for their

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retail campaign skills: one-on-one politics, constituency group building and a good biography. Unfortunately, these skills are about as relevant to a 21st century national presidential campaign as horseback riding is relevant to driving a car.

Modern presidential campaigns are tests of character; they're a hunt for candidates who have broad appeal (as opposed to a biography attractive to only a limited range of voters). They're about identifying candidates with the ability to articulate a message that speaks to all Americans, rather than those who rely on the typical 12-point plans constructed for one constituency group or another. Modern presidential races are about the ability to connect with voters over the TV in their living rooms — not about a candidate's charm when he meets with them in person in their own living rooms. And they're about the capacity to assemble and run a far-flung organization capable of raising well in excess of $100 million in just a few years.

With three reforms, the Democrats can put in place a nominating system that will produce the strongest and, yes, most electable candidate.

First, the Democratic primary schedule should open with a group of states that, when taken together, represents the mosaic that is America. Along with a Midwestern Iowa and a Northeastern New Hampshire, let's have a state from the Southwest, South and West all voting on the same day.

A multi-state campaign taking place on one day and involving a diverse set of states will begin the process of identifying the candidate who can put together the winning qualities of a national campaign.

Second, the primary season needs to be spread over a longer time period — not just in theory but in practice as well, so candidates are truly tested. Beginning in early February and going until May, Democrats should schedule a series of 10 primaries, with each involving five geographically diverse states voting every two weeks. The diverse and multi-state nature of the races would make it far more likely that the campaign would be competitive for a longer period. (Under the current system, the 2008 primary could effectively be over after four early states vote in a span of a few weeks, as it was in 2004. The compressed time period and winner-take-all nature of the existing system means that whoever does well in these first states, especially the first two, is in all likelihood the presumptive nominee.)

This sort of diverse process over an extended time period worked in 1992 — the only time in the last 25 years that the Democrats nominated a candidate, Bill Clinton, who went on to be sworn in as president. That year, because Iowa Sen. Tom Harkin was running in the Iowa caucuses and because New Hampshire voters chose former Sen. Paul Tsongas of neighboring Massachusetts, neither Iowa nor New Hampshire played their historically determinative roles. In fact, the 1992 election was the first time in history that a candidate became president who did not win the New Hampshire primary. Instead, Democrats had to compete vigorously over the course of several months in such places as South Dakota, and then in Georgia (where Clinton got his first win), Maryland, Colorado, South Carolina, Arizona, Super Tuesday, and then on to Connecticut, New York and eventually California, where Clinton wrapped up the nomination in early June.

If Democrats had been using the 2004 primary system in 1992, their nominee could well have been Tsongas. The longer, diversified schedule, however, allowed Clinton to prove himself to voters, exposed the candidates' relative strengths and weaknesses and allowed the Democrats to stay on the offensive and define the terms of the general election. Democrats ended up with a candidate who actually won a number of states in the South and all the states in the upper Midwest — and who had the message, the battle-hardened ability and the proven campaign operation needed to beat the Republicans.

The third reform, in order to encourage more voter participation and loosen the grip of the Washington establishment on the Democratic Party's nomination process, is a three-part proposal: Eliminate the "super delegate" system. Super delegates are a significant pool of at-large, free-agent delegates representing the Democratic apparatus (including both party and elected officials) in the nominating process. In addition, the party should establish a system that more closely resembles the system that states such as Maine and Nebraska use in the general election, in which they divide nominating delegates by congressional districts, with votes for each district and additional points for whichever candidate wins the majority of the state's total vote. Finally, as in New Hampshire, independents should be allowed to vote in Democratic primaries.

These changes would force candidates to compete for an ideologically broader range of voters throughout all regions of a state, including in urban, suburban, exurban and rural districts.

Even a cursory glance at a red-and-blue color-coded map that divides the country's counties up shows that Democrats need to compete in more than just the major cities and coastal regions. Not only will this be of enormous help to producing a candidate who can compete nationally — it will help the party's candidates lower down on the ballot, where Democrats face challenges in traditional swing communities.

The winning coalition for Democrats will in all likelihood not be the old Democratic coalition of labor, minorities, women and coastal progressives. As the 2006 midterms demonstrated, for the Democratic Party to regain a permanent majority status, our candidates must win by talking to all Americans.

Christopher S. Lehane Served As An Advisor In The Clinton White House.

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How California Can Spoil The '08 Election (LAT)

By Philip J. Trounstine

The Los Angeles Times, January 28, 2007

WITH SUPPORT FROM Gov. Arnold Schwarzenegger and leaders of both parties in the Legislature, the prospects are looking good that California will move its 2008 presidential primary from June to February.

That would put the contest for the largest bloc of delegates (about 12% or so) needed to win a party nomination at the front end of the nominating process, after Iowa, New Hampshire, Nevada and South Carolina.

From the standpoint of California — which traditionally has served as little more than an ATM for campaign cash — this would be a good thing. Why should such a big and important state weigh in at the end of the nominating process, when the races are all but settled by puny, one-dimensional states that matter not a lick in November?

Think about it:

· Iowa, which is 92% white, has a population about the size of San Diego County.

· New Hampshire — 94% white — is smaller than Sacramento County.

· Nevada's population is just a bit larger than that of San Bernardino County, and South Carolina's is considerably smaller than the San Francisco Bay Area's.

To run well in California, a presidential primary candidate can't get by with boutique issues and handshakes in living rooms and coffee shops. He or she must demonstrate broad appeal to party members, must not only be able to perform hand-to-hand politics but display a media presence and the ability to speak to myriad constituencies on a wide range of issues.

And because you don't exist in California politics if you're not on TV, a candidate must have the ability to raise and spend a lot of money effectively. But that's not enough. He or she has to have something to say, for without a clear and simple strategic message, no candidate can capture California.

A Democrat who wants to carry California must appeal to labor liberals in Los Angeles and Oakland, to gun-rack flag wavers in Fresno and Bakersfield, tree huggers in Marin and Ventura counties and high-tech pragmatists in San Jose and San Diego. He or she has to connect with Latinos, blacks and Asians without driving away white union members in Long Beach.

A Republican has to appeal to churchgoers in Riverside and Anaheim, business owners in Redlands and Huntington Beach, middle managers in Fullerton and Pasadena, farmers and ranchers in Modesto and Delano. He or she has to capture the pro-life, prayer-in-school crowd without alienating all those moderate suburban Little League parents.

In short, a candidate who can capture California, with all its diversity, can be competitive in his or her party in virtually all the big states — Texas, New York, Florida, Illinois, Pennsylvania and Ohio, for example. A statewide victor in California is a national, not just a regional, candidate. Win California and you're ready for prime time.

But it's increasingly looking like California will not get to exercise its political weight unilaterally. Indeed, Feb. 5, 2008, may become Super-Duper Tuesday with, perhaps, Alabama, Arizona, Arkansas, Delaware, Florida, Illinois, Missouri, New Jersey, New Mexico, North Carolina, North Dakota, Oklahoma and Utah voting on the same day.

If Super-Duper Tuesday does occur, California would still represent the biggest bloc in what would be, in effect, a national primary. But as the law of unintended consequences is wont to do, all this may actually increase, rather than decrease, the importance of Iowa and New Hampshire (and perhaps Nevada and South Carolina), because winners in those states would have the only momentum heading into Super-Duper Tuesday. It's the slingshot effect.

According to a variety of campaign consultants, a candidate, to be viable, would need something like $100 million in the bank and a fully functional national campaign operation to make it past Super-Duper Tuesday. For the Democrats, that likely winnows the field right off the bat to Hillary Clinton, Barack Obama and maybe a third contender. For Republicans, John McCain and Rudy Giuliani look like the only likely contenders right now.

So the nominating process itself may screen the field, even before a single vote is cast. That's not necessarily good for the country.

Those with name recognition and early money will have a huge built-in advantage. There won't be time to test, appraise and evaluate the candidates, to see them handle the slings and arrows that we expect our presidents to be able to deflect. Under a hyper-compressed primary system, Jimmy Carter would not have had a chance to beat George C. Wallace in Florida in 1976, and Pat Buchanan might have rode with his pitchfork right out of New Hampshire and into the 1996 November election.

The media would determine who is a viable candidate and who is not. They'll do that anyway, of course, but there won't be time for the voters to exercise their own, independent opinions. Even California — where contrarian Democrats opted for Sen. Edward M. Kennedy (D-Mass.) over President Carter in 1980 and Sen. Gary Hart (D-Colo.) over Vice President Walter Mondale in 1984 — might get swept up in the stampede.

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So, if the governor and Legislature strike a deal — keep your eyes peeled for a package that includes a February primary, reapportionment reform and an extension of term limits for state legislators — it may mean that California voters will have an early say in the nominating process. But when California is tossed in with lots of other states, its influence still won't match its measure. And the nominating process may become a mad dash for closure that serves no one well.

Philip J. Trounstine Is Director Of The Survey And Policy Research Institute At San Jose State.

Dems Aim To Lift State's Stature In Presidential Race (DENP)

By Karen E. Crummy

Denver Post, January 28, 2007

Colorado Democrats are considering moving up the state's caucuses to the first week of February 2008 in an effort to be politically relevant in the next presidential election.

If Colorado moves its caucuses from the third week in March to Feb. 5, however, it would join more than a dozen other states that have either already moved their caucuses or primaries up to the same date, or are thinking about it. As a result, some political observers say, Colorado probably becomes insignificant.

"The chances are you get less attention on (Feb.) 5th than if you're some other place on the calendar," said Larry Sabato, director of the University of Virginia's Center for Politics. "Independently, states are making a rational decision to move things up, but collectively they are cutting their throats."

On the other hand, with at least four states holding presidential contests in January and more states holding them on Feb. 5, a contest past that date also risks irrelevancy because the nominees will effectively be picked.

Pat Waak, head of the state Democratic Party, has discussed moving up Colorado's caucuses with national party officials so they would coincide with other states in the region. On Friday, Waak was talking to county chairs to see if it would be logistically possible to reschedule the caucuses for the first Tuesday in February of next year.

U.S. Sen. Ken Salazar said that moving up the state's caucuses made sense.

"The candidates won't ignore Colorado," he said. "If there is a possibility that Colorado could be in a position to help decide the nominee in either party, it would make sense to do it."

Tired of being flyover territory for presidential candidates on their way to hefty electoral states such as California or Florida, elected officials in the Rocky Mountain West have for years discussed having a regional primary. But it never materialized.

Next year, however, Nevada's caucus is Jan. 19, sandwiched between the Iowa caucus on Jan. 14 and the New Hampshire primary on Jan. 22. Utah and New Mexico are set for Feb. 5. Arizona and Montana, along now with Colorado, are also considering moving their contests into February.

But so is California. And Florida is thinking about moving its primary up to the end of January.

If Waak and the party decide to move ahead with their Feb. 5 plan, it must be approved by the state legislature. It would apply to Republicans as well.

Dick Wadhams, a political strategist who is running to be state GOP chair starting in March, said he didn't object to an earlier caucus but wasn't sure it was going to make much of a difference. History indicates that candidates get the most momentum and media coverage from the first few contests.

"I don't think it changes the fact that Iowa, New Hampshire and South Carolina really determine the races," Wadhams said.

The consequences of the front- loaded political calendar have created problems for candidates - and potentially voters.

Most analysts predict both major-party nominations essentially will be determined by early February. That means the candidates are pouring massive amounts of money into the process early on. Those who can't ante up will have to get out.

Several analysts already have predicted that 2008 will be the first $1 billion presidential race and that to be taken seriously a candidate probably would need $100 million.

Additionally, with early primaries and caucuses comes a nine-month general-election campaign - for better or worse.

"The parties are stuck with those nominees. There's no opportunity for buyer's remorse," Sabato said, even if the candidate comes with heavy political baggage that might alter the course of an election.

"You could have a nominee that unfortunately hasn't been seriously vetted until the general (election)," said Jennifer Duffy, managing editor of the nonpartisan Cook Political Report.

Bill Clinton In '08! (LAT)

By Jonathan Chait

The Los Angeles Times, January 28, 2007

THERE'S something about the upcoming presidential election that already feels terribly unsatisfying, and I think I've figured out what it is: the 22nd Amendment.

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The 22nd Amendment, of course, forbids presidents from running for reelection after their second term in office. Republicans enacted it in a fit of pique at Franklin Roosevelt and his supposedly dictatorial tendencies. And the prohibition on a third term is, I suppose, one way of preventing a president from making himself a dictator (unless, of course, he's dictatorial enough to suspend the 22nd Amendment). But sometimes it makes our politics incoherent, and now is one of those times.

First consider the Democrats. The Hillary Clinton campaign is a product of the fact that her husband can't run for reelection. She is certainly highly intelligent and qualified to hold the presidency, but if her husband was running, she wouldn't be. People react to her candidacy largely on the basis of how they felt about Bill Clinton. Those who yearn for a return to his policies generally support her; those who disliked his policies don't.

Indeed, Democratic presidential politics since Clinton has consisted largely of referendum-by-proxy on Clinton. In the 2000 primary, Al Gore had the support of Clinton loyalists. Bill Bradley had the support of Democrats who opposed Clinton. You had the odd spectacle of Bradley getting support from liberal Democratic dissidents (such as former Labor Secretary Robert Reich, who bemoaned Clinton's stingy social investment) and conservative Democratic dissidents (such as Bob Kerrey, who bemoaned Clinton's failure to slash social spending).

In 2004, Howard Dean's campaign was powered in large part by liberal dissidents against Clintonism. He railed against the Washington Democratic establishment. This was the Clinton establishment. This time around, John Edwards is trying to collect the support of those anti-Clinton liberals. His embrace of anti-poverty measures is an implicit rebuke to Clinton's focus on the middle class and support for welfare reform. Barack Obama, meanwhile, isn't attacking Clintonism per se, but he is talking about leaving behind the debates of the 1990s.

So the Democratic voters are being asked to make a choice about Clintonism, but they're being asked in a roundabout fashion. It's like junior high, where your friend asks a girl's friend if the girl likes you or likes you likes you. Shouldn't we be able to vote on the real thing, up or down, rather than sort-of-pretend we're voting on something else?

Meanwhile, the Republican situation is even more frustrating. George W. Bush is going to leave office deeply unpopular with the American public. But what do Republicans think? According to a recent poll, three-quarters of them still approve of Bush's performance.

Because Bush can't run again, though, Republicans won't have to confront whether they want to stick with him or move in a different direction. So you have the spectacle of, for instance, John McCain sending out wildly contradictory signals — hugging Bush one day, excoriating his execution of the war the next (though carefully blaming it on others). I'm guessing McCain's plan is to convince Republicans that he mostly wants to continue Bush's policies, get the nomination, win the presidency and then announce a U-turn. If it happens, Republicans will be annoyed, and I don't blame them.

As a confirmed Bush-hater, I'm annoyed myself. Why should I only get one chance to register my verdict on Bush's presidency, especially when the vehicle for that verdict is John Kerry? Yes, the 2006 elections were fun, but punishing his co-partisans (many of whom had already abandoned him anyway) lacks the satisfying thump of actually throwing the bum himself out of office. Now Bush is going to go down in history as a two-term president, forever tied for second place in most terms awarded by the American voter.

If we had a straight dictatorship, Bush would long ago have been dragged out of the White House either by an angry mob or by disgruntled generals. (Note to oversensitive conservatives: I'm strongly against both dictatorships and assassinating Bush or any other president.) If we could vote for whoever we want, regardless of prior service, Bush would probably be dumped unceremoniously in 2008. Only our kooky current system lets him retire undefeated.

What this country really needs is to have Bill Clinton run against George W. Bush.

On The Hill (NOTP)

By Bruce Alpert, Bill Walsh

New Orleans Times-Picayune, January 28, 2007

Fund for rebuilding rentals urged

Congress is getting ready to address the scarcity of affordable rental housing in New Orleans. The Feb. 6 hearing by the House Financial Services Committee is expected to be a prelude to legislation to rebuild the affordable-housing stock along the Gulf Coast decimated in Hurricane Katrina. Chairman Barney Frank, D-Mass., who has called the Bush administration's commitment to housing in the Gulf Coast an "abject failure," is expected to resurrect legislation that would peel hundreds of millions of dollars from the profits of government-backed mortgage buyers Fannie Mae and Freddie Mac for a rebuilding fund. The bill, pushed last year by Rep. Richard Baker, R-Baton Rouge, passed the House but stalled in the Senate.

Pair seek to expand police hiring grant

Two leaders of the new Democratic majority in Congress promised the nation's mayors last week that they will try to restore financing for a 1994 federal program that provided grants to help cities hire more police officers. The program has seen most of

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its money cut in recent years. House Speaker Nancy Pelosi, D-Calif., and Sen. Joseph Biden, D-Del., a senior member of the Senate Judiciary Committee, said that growing crime problems in major cities, including New Orleans, shows that the program needs to be restored. "In 1994 we had historically high rates of violent crimes like murders, forcible rapes, and aggravated assaults," Biden said. "Because we put more cops on the streets in more neighborhoods, we were able to reduce these crimes to the lowest levels in a generation. Fewer people were murdered, fewer people became victims, and fewer children will become criminals." No word on where financing for the new Democratic proposal would come from, or whether the Bush administration will go along.

Attorney general's response praised

Sen. Mary Landrieu, D-La., who has been critical of what she has termed unacceptable delays in getting federal assistance to Katrina-ravaged Louisiana, praised U.S. Attorney General Alberto Gonzales last week for agreeing to help New Orleans address violent crime, after she had sent him a list of critical needs. "I am grateful to Attorney General Gonzales for quickly acting on my requests, and look forward to continuing to work with him, Senate Judiciary Chairman (Patrick) Leahy and local law enforcement authorities to implement the remaining elements of the plan," Landrieu said. "Additional federal resources and technical assistance is only one solution. More reform and coordination on the ground in New Orleans must continue." Sen. David Vitter, R-La., also praised the attorney general's action, which was announced at a New Orleans news conference.

Bush's energy plans get a mixed reaction

While most of the focus on President Bush's State of the Union address last week was on the defense of his decision to increase troop levels in Iraq, he did offer some new domestic initiatives on health care and energy. Louisiana's two senators, Democrat Mary Landrieu and Republican David Vitter, viewed them differently. "I liked that he spoke in bold terms about some key domestic challenges like health care and energy," Vitter said. "We all need to think and act outside the box in a bold way." But Landrieu said she was disappointed Bush's latest energy proposal, combining some new conservation and alternative energy projects with more domestic production, doesn't reflect "the great urgency" her constituents express about making the United States less dependent on foreign oil.

Lobbyist for N.O. has ties to Bush

Arnold Havens, a former acting deputy secretary and general counsel for the Treasury Department, has joined the Washington government affairs shop of New Orleans-based law firm Jones Walker. Havens, who will become a partner at the firm, said he will help the firm lobby for some of its New Orleans area clients, including the city of New Orleans and Tulane University, as they seek continued help with Katrina recovery efforts. Havens, who worked in both Bush administrations, is barred under federal rules from lobbying his former colleagues at the Treasury until August 2007, one year after he left the administration.

Bid for forgiveness of loans renewed

Louisiana is, once again, trying to persuade Congress to forgive its disaster loans. The federal government authorized hundreds of millions of dollars in loans to cities, towns, sheriffs' offices and other governmental entities struggling to recover from Hurricane Katrina. With their tax base wiped out in the storm, some of the money was used to pay city employees and put police on the streets. But the Republican-controlled Congress insisted the money should be paid back. Now with Democrats in charge, Louisiana is asking again. "We were in the minority (in the past) and it wasn't a priority," said Melanie Roussell, spokeswoman for Rep. William Jefferson, D-New Orleans. "We're in a different Congress now." The House delegation filed a bill last week seeking to have the loans forgiven, and a similar measure was filed in the Senate earlier this month.

Baker weighing run for U.S. Senate seat

Rep. Richard Baker, R-Baton Rouge, isn't ruling out a run against Sen. Mary Landrieu, D-La., next year. "Folks in D.C. have talked to him about it. Folks in Louisiana have talked to him about it," Michael DiResto, Baker's spokesman, said. "He's thinking about it." The veteran congressman wasn't well-known outside his district until he proposed a community redevelopment plan for post-Katrina Louisiana that won accolades from state leaders, including Landrieu and Gov. Kathleen Blanco. It died when the Bush administration opposed it, but the effort boosted Baker's profile statewide.

Melancon promises meaningful oversight

The White House is said to be hunkering down for a barrage of investigations from the Democratic-led Congress -- and for good reason. Last week, Rep. Charlie Melancon, D-Napoleonville, had a feisty tone when announcing his appointment to the Energy and Commerce Committee's panel on oversight and investigations. "The Constitution mandates that Congress conduct meaningful oversight of the federal government, yet there have been almost no oversight hearings held or subpoenas issued in the past six years," said Melancon, who will serve as vice chairman of the subcommittee headed by Rep. Bart Stupak, D-Mich. "It's time to change that." A Melancon spokeswoman said the congressman wasn't ready to name his targets yet.

Questions center on mayors' meeting

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The head of the World Conference of Mayors says he's mystified why his organization would be of interest to federal investigators looking into Rep. William Jefferson's business dealings. The attorney for Allison Anadi, a Southern University criminal justice professor, said investigators in the probe had asked his client about a 2001 World Conference of Mayors meeting in Nigeria. Johnny Ford, chairman of the World Conference and mayor of Tuskegee, Ala., said that the conference was called to help officials from the Nigerian state of Akwa Ibom deal with serious pollution problems from a U.S.-operated refinery. Jefferson, D-New Orleans, attended the meeting, Ford said, but nothing out of the ordinary occurred. "We were just trying to find a way to help officials deal with some terrible pollution problems," Ford said. The FBI has asked Nigerian officials for bank records for Anadi, along with any money transfers of more than $5,000. Anadi's attorney Glen Woods said he doesn't know why the feds would be interested in his client's banking transactions. Jefferson has not been charged in the investigation, which began in March 2005, and denies wrongdoing. Two of Jefferson's former associates have pleaded guilty to bribery-related charges.

Jeb Bush Rallies Conservatives At Summit (WP)

By Zachary A. Goldfarb

The Washington Post, January 28, 2007

At a time when the conservative movement is looking bereft, humbled by midterm-election defeats and hungering for a presidential candidate to rally around, Jeb Bush delivered yesterday in Washington a resounding endorsement of conservative principles, bringing his audience repeatedly to its feet.

In his lunchtime remarks to the Conservative Summit, Bush struck every conservative chord, blaming Republicans' defeat in November on the party's abandonment of tenets including limited government and fiscal restraint.

"Don't take offense personally if I get mad at Congress," the Republican former Florida governor began. "It's important for us to realize we lost, and there are significant reasons that happened, but it isn't because conservatives were rejected. But it's because we rejected the conservative philosophy in this country."

He added, "If the promise of pork and more programs is the way Republicans think they'll regain the majority, then they've got a problem."

Bush's speech prompted three standing ovations from the audience of hundreds at the National Review Institute's conference at the JW Marriott Hotel, reflecting the widespread concern among conservatives that exorbitant government spending led to the loss of majorities in the House and Senate and concern about whether Republicans would again embrace the traditional principles.

To Ed Gillespie, a prominent lobbyist and former chairman of the Republican National Committee, Bush's two terms in Tallahassee -- where he developed a reputation as a tax-cutter and staunch spending hawk -- exemplified conservative politics at its best, and what makes for a compelling presidential candidate.

"For those who are worried if you can put forward a vigorous conservative policy agenda in a state like Florida and still get elected and still be popular: Our keynote speaker left office with approval ratings above 60 percent," Gillespie said.

"If he were former two-term governor Jeb Smith, he might be in Des Moines today," Gillespie said, alluding to presidential hopefuls' campaigning.

Bush says he will not run for president in 2008, however, and conservatives continue to look for a candidate to excite their interest.

"So far there's definitely a lukewarm feeling about the field, but it's still early, and conservatives want to see how these guys run. And it's still possible that one or the other of the candidates will really inspire conservatives," said Rich Lowry, editor of the National Review.

Two men eyeing the GOP's conservative base as a platform for a presidential candidacy also gave speeches yesterday. In the morning, former House speaker Newt Gingrich (Ga.) addressed the conference, and former Massachusetts governor Mitt Romney was scheduled to speak last night. Former Arkansas governor Mike Huckabee, mentioned as another presidential possibility, is expected to speak this morning.

Gingrich, the architect of the 1994 "Republican revolution" that saw the GOP win control of Congress for the first time in 40 years, sharply criticized his party.

"You have a Republican Party that resents ideas," he said. "We worked for 16 years to get a majority, which was thrown away."

Gingrich, who received a warm reception, said he will not make a decision on running until much later this year.

Huckabee, meanwhile, might form an exploratory committee as soon as tomorrow. Romney, already exploring a bid, is criticized by some conservatives for the liberal social views he expressed in the 1990s.

With little disagreement at the conference about the prudence of the president's strategy for Iraq, the war appeared not to figure into the thinking of conservatives as an issue that could further cost the GOP.

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At a Friday night panel on the state of conservatism, commentator Laura Ingraham argued that Republicans -- if they are to have any chance of winning in 2008 -- must wake up to the fact that Democrats are embracing politicians such as Sen. James Webb (Va.), a gruff military veteran who delivered his party's response to the State of the Union on Tuesday by attacking President Bush's Iraq plan while offering a populist economic message.

"We have to be careful with conservatives not to remain in an echo chamber," Ingraham said. "The party that comes off as the party that represents the American worker best is the party that wins in 2008."

U.S. Missiles In E. Europe Opposed By Locals, Russia (WP)

By Bruce I. Konviser

The Washington Post, January 28, 2007

PRAGUE -- A Bush administration plan to deploy a missile defense shield in Eastern Europe is drawing protests from Russia and from residents who oppose hosting foreign military bases and fear the facilities might make their countries targets for attack.

The proposed placement of about 10 interceptor missiles in Poland and a radar tracking station in the Czech Republic would pose a "clear threat" to Russia, Col. Gen. Vladimir Popovkin, chief of Russia's Space Forces, told reporters last week. He spoke after the United States announced it would open formal negotiations with the two former client states of the Soviet Union.

Russian Foreign Ministry spokesman Mikhail Kamynin underlined his government's opposition Friday, saying in an interview with the ITAR-Tass news agency that "the creation of a U.S. European anti-missile base can only be regarded as a substantial reconfiguration of the American military presence in Europe." He called the move "a mistaken step with negative consequences for international security."

The Bush administration maintains that the missile system is limited and not meant to counter Russia, with its huge nuclear arsenal, but to protect against a "rogue state" such as Iran or North Korea attacking with a small number of intercontinental ballistic missiles. Eastern Europe lies along the flight path such rockets would follow from the Middle East to the United States.

Since the fall of communism, political leaders in Prague and Warsaw have viewed U.S. military prowess as key to their countries' security. They favor the U.S. plans for missile defense, but that may not be enough to carry the day -- there is considerable public opposition to the plans in both countries.

After nearly eight months of political paralysis, a new Czech government finally won a vote of confidence this month -- and the United States issued its request for negotiations shortly afterward. But the government is ruling without a majority in Parliament, which would have to ratify any agreement. It is far from certain that such a vote would win today, political analysts said.

Jitka Pozdenova, who works for a nongovernmental organization that promotes international exchange programs for high school students, said that she opposes the base and that people don't trust U.S. intentions.

"A lot of people are against it because it is an American thing and not a Czech or European operation," she said. "People feel America is doing it for itself."

Ales Janda, a physician, said many Czechs oppose the site being under U.S. control because of the bad memories of the Soviet Union's military presence here. "People are afraid of having a foreign army here, but it is totally different now," he said. "I think if we're a part of NATO, we can't be against it."

Opponents say they will push for a public referendum on the issue, which would intensify the debate.

Some residents here worry that the facilities would make the country a target if there was war. And the Iraq war has cooled public enthusiasm for close military cooperation with the United States, though it remains the most powerful ally of the Czech Republic and Poland.

In addition, emotional scars remain from communist days, when the Soviet Union operated a network of military bases here. Nobody is likening the United States to the country's former master, but the notion of a foreign power controlling a military base on their territory makes many people uncomfortable.

Some analysts are also concerned that bilateral agreements between NATO members will ultimately weaken the alliance. Lubomir Zaoralek, a leading member of the opposition Social Democrats, calls that his chief concern. "There would be no problem if it was a common strategy of NATO," he said.

One other issue is affecting the debate here: visas. At present, citizens of newer European Union member states, most of them from the former Soviet bloc, cannot visit the United States without visas, a fact that rankles many here.

Now, the United States is suddenly moving to change its visa-waiver law to admit people from countries considered good friends and reliable partners, Poland and the Czech Republic among them. All sides insist there is no quid pro quo for accommodation on the missile program.

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But in remarks last week, Foreign Minister Karel Schwarzenberg acknowledged the obvious: "These matters, of course, are not in principle interconnected. But the atmosphere in the Congress, when deciding on whether the Czech Republic is to be admitted in the program, can be substantially improved if we show we are a faithful ally of the U.S.A."

Lost in much of the discussion here is that the anti-missile system remains unproved after tens of billions of dollars of development work.

Assuming it worked, it would still be a chicken-and-egg game as to whether the system would enhance U.S. security, said Michael Codner, director of military sciences at the Royal United Services Institute for Defense and Security Studies, a British think tank.

"One could argue that the principle reason for Iran and North Korea having nuclear systems is precisely because they then render themselves much safer from invasion," he said, "bearing in mind that Iraq was invaded and North Korea never has been."

Plan To Revive Trade Talks Is Offered In Davos (NYT)

By Carter Dougherty

The New York Times, January 28, 2007

DAVOS, Switzerland, Jan. 27 — Leading trade ministers on Saturday embraced an unusual game plan for reviving trade talks, saying they would try to hash out details on technical issues, rather than first agreeing on the broad outlines of an accord.

During a meeting at the World Economic Forum, officials from 30 countries including the United States, the European Union and emerging markets like India and Brazil vowed to move forward in the Doha round of World Trade Organization talks, which began more than five years ago in the Persian Gulf emirate of Qatar but collapsed in July because of disagreements about farm subsidies and tariff cuts. They hope to reach a deal within a year.

To resuscitate the talks, the ministers endorsed a strategy that is highly unusual in these negotiations, but now appears to offer the only chance to conclude the trade round. Instead of creating a framework for agreement and then working out details on technical issues like tariffs and subsidies later, countries will aim to work out most specifics up front. Then, they will decide whether a final push is warranted at a meeting of all World Trade Organization members in Geneva.

Pascal Lamy, the organization's director general, said the process would have to achieve a genuine breakthrough in "months, not quarters," for a meeting of all the group's members to occur. Apart from agriculture, it would also have to address tariff cuts for industrial products and services like finance and telecommunications.

After the Geneva meeting, Mr. Lamy said countries would tackle other, less contentious issues, including simplifying customs procedures, environmental rules and antidumping rules.

The W.T.O. negotiations would dovetail with a bid by the Bush administration to extend the United States trade negotiating authority that expires on June 30. Next week, President Bush will give two major addresses on economic policy calling on Congress to take that step, American officials said.

Blair Says G-8 Should Expand, Disagrees With Merkel (BLOOM)

By John Fraher

Bloomberg, January 28, 2007

Jan. 27 - U.K. Prime Minister Tony Blair said the Group of Eight industrialized nations should eventually expand to include countries such as China and India, putting him at odds with current G-8 head Angela Merkel.

``The G-8 is already well on its way to metamorphosis into G- 8 plus five," said Blair in a speech in Davos, Switzerland. ``At G-8 plus five it can be a forum for agreement between the most powerful nations with a true modern global reach. Sooner or later, the metamorphosis should be complete."

Politicians from the G-8 are debating whether to allow some of the world's fastest growing economies into their club and grant them a top table presence on talks ranging from foreign exchange policy to development aid. While Blair argued for expansion, Merkel rejected the idea in her opening address on Jan. 24.

``These countries have very different priorities" on issues such as carbon emissions and development, she said.

Blair, who said his speech today will be his last in Davos as prime minister, is running out of time to build a foreign policy legacy beyond the war in Iraq before he steps down later this year. He repeated a call made last May to fuse the International Monetary Fund and the World Bank to strengthen the influence of emerging economies.

Merge IMF, World Bank

``There is a powerful case for merging the IMF and the World Bank and for increasing the influence of the developing countries within them," he said. ``A strong transatlantic push" to reform organizations such as the IMF and the World Bank is ``overdue."

Blair also said G-8 countries may be ``on the verge of a breakthrough" on climate change.

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``The German G-8 Presidency gives us an opportunity to agree at least the principles of a new binding international agreement to come into effect when the Kyoto Protocol expires in 2001," according to Blair.

U.S. President George W. Bush's State of the Union speech on Jan. 23, in which he pledged to lower gasoline consumption by 20 percent over the next decade, shows the ``mood in the U.S. is in the process of a quantum shift," said Blair.

3 Killed As Hamas And Fatah Fight On (NYT)

By Steven Erlanger

The New York Times, January 28, 2007

JERUSALEM, Jan. 27 — At least three more Palestinians were killed Saturday in Gaza in continuing battles between fighters loyal to Fatah and Hamas, which has been celebrating its victory a year ago over Fatah in legislative elections.

At least 14 Palestinians, including a 2-year-old boy, died Friday in daylong clashes and retaliatory attacks. The death toll has reached 20 since Thursday, with more than 65 people wounded, news agencies reported.

Those killed Saturday were identified as Mahmoud Khalil Khatib, 17, who appears to have been a student bystander, and two members of the security forces, Ibrahim al-Khalout, 25, and Mohammad Khattab, 33.

The fighting started near the Hamas Islamic University, the headquarters of the Fatah-dominated preventive security force in Gaza City and the Shifa Hospital a few blocks away.

Hamas, which leads the Palestinian Authority, said Friday that it was suspending new talks with the Fatah movement of the Palestinian Authority president, Mahmoud Abbas, on forming a national unity government because of the violence. Mr. Abbas, who was at a conference in Switzerland and then in Spain, said he expected negotiations on a government to last at least another three weeks.

If the talks fail, Mr. Abbas said he would move to make good on his Dec. 16 call for early presidential and parliamentary elections, despite Hamas's victory a year ago. Hamas has labeled the call an attempted coup, and said it would resist or obstruct any new legislative elections.

Mr. Abbas went to Damascus, Syria, last week to meet with the Hamas political director, Khaled Meshal, who lives there in exile, and the two said they had made progress. But Hamas is insisting that the current prime minister, Ismail Haniya, remain in the job and that Hamas retain effective control of major ministries, including the Interior Ministry.

The latest talks between Hamas and Fatah started Tuesday. On Saturday, Tawfiq Abu Khoussa, a Fatah spokesman in Gaza, blamed Hamas for starting the latest mayhem. "We in Fatah did not stop the dialogue," he said. "Those who stopped the dialogue are required to return."

Hamas blamed Fatah, saying in a statement that the unity talks were close to an agreement "when putschists inside Fatah rushed to blow up the situation to serve their own interests and a foreign agenda."

The point of a new government would be to try to meet international requirements that the Palestinian Authority accept the right of Israel to exist, forswear violence and accept previous Palestinian-Israeli agreements. Hamas has refused to do that, but has negotiated with Mr. Abbas for months over a political program for a government that could meet the standards and thus let Western budgetary aid resume.

The fight for power in Gaza between Fatah and Hamas has been intermittently bloody, with more than 30 people killed between mid-December and early January in urban fighting. Palestinians warned then of a possible civil war, though the factions tend to calm down after a spike in violence, in part because of growing popular disgust with the gunmen.

The United States is continuing to try to support Mr. Abbas and his loyal presidential guard with more than $80 million in what is supposed to be nonlethal aid. Washington, which will sponsor a meeting of Middle East diplomats on Feb. 2 before holding joint talks with Mr. Abbas and Prime Minister Ehud Olmert of Israel, is trying to provide a "political horizon" for a peace settlement to the Palestinians, again to try to bolster Fatah, which supports a Palestinian state next to an independent Israel.

But the last year of isolation has not overthrown Hamas, though it is less popular. More important, Hamas is more firmly entrenched, having built a parallel paramilitary force in Gaza of nearly 6,000 men known as the Executive Force, which is loyal to the Hamas interior minister, Said Siam, not to Mr. Abbas.

In addition to the deaths since Thursday, nine members of Hamas and five members of Fatah were kidnapped in tit-for-tat abductions in Gaza and the occupied West Bank on Friday, and nine Hamas members were kidnapped in the northern village of Kafr Qalil by Fatah, security sources said.

Late on Friday, Hamas attacked the Gaza headquarters of the Preventive Security Service, a force dominated by Fatah, with mortars and rocket-propelled grenades. No injuries were reported. Grenades were also fired at the home of Rashid Abu Shbak of Fatah, who is in charge of internal security for the Palestinian Authority. The Gaza home of the Hamas leader Mahmoud Zahar, the foreign minister, was also hit by grenades but no one was injured.

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Mr. Haniya said in an interview published in the London Arabic newspaper Al Hayat that the long effort to negotiate the release of an Israeli soldier captured in June in return for Palestinian prisoners was “complex and difficult” and would require more work.

7 Dead On Day 3 Of Hamas-Fatah Conflict (AP)

By Ibrahim Barzak, Associated Press Writer

AP, January 28, 2007

Gunmen from the rival Hamas and Fatah movements battled in Gaza City for a third straight day Saturday, firing mortars and grenades in clashes that killed seven people in the increasingly bloody power struggle over the Palestinian government.

The deaths brought to 25 the number of Palestinians killed since late Thursday, with at least 68 people wounded and efforts to forge a coalition government at a standstill.

The latest fighting, which started late Thursday after a Hamas activist was killed in a bombing, has been among the deadliest in nearly two months of clashes.

Palestinian Prime Minister Ismail Haniyeh, of Hamas, and a spokesman for President Mahmoud Abbas, of Fatah, both appealed for calm. But after a brief lull, fighting flared up again.

In a clear jab at the moderate Abbas, Haniyeh criticized "troublemakers who are trying to veer away from the path of our people" by receiving "dirty American funding and arms." The White House is seeking some $85 million to help bolster Abbas' forces.

The violence has been fueled by Abbas' pledge to call early elections if the talks between Hamas and Fatah fail. Abbas, who is traveling in Europe, said this week he would move forward with his election plan if the coalition talks fail to produce results within three weeks.

Hamas, which defeated Fatah in parliamentary elections last year, opposes a new vote.

Streets in the hardest-hit neighborhoods were deserted Saturday, and only bakeries and grocery stores opened for business. Gaza City's main outdoor market was closed. Al Azhar University called off exams scheduled for Saturday, and the Hamas-controlled Interior Ministry, which oversees several security forces, told its employees to go home.

Late Saturday night, a 12-year-old boy was killed and two people were wounded in the northern Gaza Strip during a shootout between Hamas and Fatah gunmen, witnesses and hospital officials said. One of the Hamas men was killed in the gunbattle, hospital officials said.

The boy's father, Baher Abu El-Karaya, a local Fatah leader, was injured in the battle. From his hospital bed, he told the Associated Press that Hamas gunmen attacked his home.

Two men were also killed in a car explosion north of Gaza City, Palestinian security officials said. The identities of the men were not immediately known.

A gun battle erupted Saturday near the Islamic University, killing one man, according to hospital officials. In a firefight elsewhere in the city, a Palestinian policeman was killed.

Before dawn Saturday, Hamas gunmen fired mortars at the Abbas-allied Preventive Security Service headquarters and at the home of the force's chief, Rashid Abu Shbak, officials said. The rocket fire started anew Saturday night.

In fighting around the compound on Friday, six Hamas gunmen were killed and a seventh died Saturday of wounds sustained in that battle, said Hamas spokesman Ayman Taha.

He accused Fatah loyalists of storming a mosque near the security headquarters and executing a senior Hamas activist inside while he was reading the Quran, the Muslim holy book. On Saturday, blood stains were still visible on the mosque's carpet and the bathroom tiles.

Fatah denied it had stormed the mosque, but said Hamas gunmen had used the mosque as a base for attacking the security headquarters.

At another Gaza City mosque, Hamas activists hung posters with photos of Hamas supporters killed or wounded in the fighting. "These are the criminal activities of the pro-Zionist, American criminals," the caption read, in reference to Fatah.

Mediators from two small factions, meanwhile, tried to win the release of hostages taken by the two sides. Late Saturday, seven Hamas activists and four Fatah members were freed in the southern town of Khan Younis, officials said.

Kidnappings have become a common tactic during the infighting. In all cases so far, hostages have been released unharmed. As of late Saturday, roughly a dozen people on each side remained in captivity, officials said.

Tensions have been high since Hamas swept parliamentary elections in January 2006, ending four decades of Fatah rule. Those tensions have frequently erupted into violence, killing some 50 people in Gaza since early December.

In its election campaign, Hamas promised to root out corruption and improve social services. But the Hamas-led government has been paralyzed by an international boycott and accomplished little on its agenda.

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Israel and Western donors have cut off hundreds of millions of dollars in funding to the Palestinian government, demanding Hamas renounce violence and recognize Israel's right to exist. Hamas has rejected the conditions, despite deepening poverty in the West Bank and Gaza caused by the sanctions.

Seeking a way out of the crisis, Abbas has called on Hamas to join Fatah in a moderate coalition government. Abbas, who was elected separately, hopes a moderate platform will get the sanctions lifted and allow him to restart peace talks with Israel.

Both Fatah and Hamas officials said late Friday that unity talks would be suspended until the fighting ends. Both sides blamed each other for the breakdown.

Death Toll Mounts In Gaza Battles (BBC)

BBC.com, January 27, 2007

Deadly battles between rival Palestinian factions Hamas and Fatah have continued in the Gaza Strip, leaving at least five more dead.

Saturday's deaths raise the toll since Thursday night to at least 22.

However, despite tension, the funerals for those killed on the previous day passed off peacefully on Saturday.

Clashes erupted in Gaza after weeks of relative calm and renewed efforts to form a national unity government. Both sides say they have suspended talks.

Those killed on Saturday included a boy of 11 or 12 who was hit during a shootout late at night between the two factions in the northern Gaza Strip.

Earlier at least one person died in a gun battle near Gaza's Islamic University, while another died in a car explosion - rumoured to be caused when explosives being carried in the vehicle exploded.

Kidnappings

Shops were shut up and the streets of Gaza City were almost empty on Saturday as people hid inside from the gangs of gunmen stalking the streets.

Members of Hamas and Fatah have fired mortars and grenades at each other and mounted tit-for-tat kidnappings.

Friday was one of the worst days of violence between Hamas and Fatah supporters since Hamas took control of the Palestinian administration a year ago, with at least 13 people reported killed.

Signs of spreading

Both sides blamed the other for the outbreak of violence, which followed a period of relative calm, in which both sides were thought to have been near joining a unity government.

"The unity government talks were on the verge of full agreement and the announcement of a unity government when putschists inside Fatah... rushed to blow up the situation to serve their own interests and a foreign agenda," said Hamas.

Funerals for those killed in the fighting were peaceful

Fatah spokesman Tawfiq Abu Khussa said: "It's clear that Hamas doesn't want the dialogue to succeed. The escalation began with Hamas."

Both sides said they were suspending talks.

The discord has been condemned by the Arab League, the Organisation of the Islamic Conference and Egypt's Muslim Brotherhood, which said: "They speak responsible words and yet the fighting continues."

There has been intensive mediation by Egyptian diplomats to try to stop the bloodshed.

The UN's Middle East envoy Alvaro de Soto called on all the factions "to cease clashes and comply with international humanitarian law by refraining from acts which endanger civilians".

The violence also showed signs of spreading to the West Bank, where Palestinian police clashed with about 200 Hamas supporters.

Israel May Have Violated Arms Pact, U.S. Officials Say (NYT)

By David S. Cloud, Greg Myre

The New York Times, January 28, 2007

WASHINGTON, Jan 27 — The Bush administration will inform Congress on Monday that Israel may have violated agreements with the United States when it fired American-supplied cluster munitions into southern Lebanon during its fight with Hezbollah last summer, the State Department said Saturday.

The finding, though preliminary, has prompted a contentious debate within the administration over whether the United States should penalize Israel for its use of cluster munitions against towns and villages where Hezbollah had placed its rocket launchers.

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Cluster munitions are anti-personnel weapons that scatter tiny but deadly bomblets over a wide area. The grenadelike munitions, tens of thousands of which have been found in southern Lebanon, have caused 30 deaths and 180 injuries among civilians since the end of the war, according to the United Nations Mine Action Service.

Midlevel officials at the Pentagon and the State Department have argued that Israel violated American prohibitions on using cluster munitions against populated areas, according to officials who described the deliberations. But other officials in both departments contend that Israel's use of the weapons was for self-defense and aimed at stopping the Hezbollah rocket attacks that killed 159 Israeli citizens and at worst was only a technical violation.

Any sanctions against Israel would be an extraordinary move by the Bush administration, a strong backer of Israel, and several officials said they expected little further action, if any, on the matter.

But sanctions against Israel for misusing the weapons would not be unprecedented. The Reagan administration imposed a six-year ban on cluster-weapon sales to Israel in 1982, after a Congressional investigation found that Israel had used the weapons in civilian areas during its 1982 invasion of Lebanon. One option under discussion is to bar additional sales of cluster munitions for some period, an official said.

The State Department is required to notify Congress even of preliminary findings of possible violations of the Arms Export Control Act, the statute governing arms sales. It began an investigation in August.

Sean McCormack, the State Department spokesman, said that the notification to Congress would occur Monday but that a final determination about whether Israel violated the agreements on use of cluster bombs was still being debated.

"It is important to remember the kind of war Hezbollah waged," he said. "They used innocent civilians as a way to shield their fighters."

Even if Israel is found to be in violation, the statute gives President Bush discretion about whether to impose sanctions, unless Congress decides to take legislative action. Israel makes its own cluster munitions, so a cutoff of American supplies would have mainly symbolic significance.

Israel gave the State Department a dozen-page report late last year in which it acknowledged firing thousands of American cluster munitions into southern Lebanon but denied violating agreements that prohibit their use in civilian areas, the officials said. The cluster munitions included artillery shells, rockets and bombs dropped from aircraft, many of which had been sold to Israel years ago, one official said.

Before firing at rocket sites in towns and villages, the Israeli report said, the Israeli military dropped leaflets warning civilians of the attacks. The report, which has not previously been disclosed, also noted that many of the villages were deserted because civilians had fled the fighting, the officials said.

David Siegel, a spokesman for the Israeli Embassy in Washington, said Israel "provided a detailed response to the administration's request for information" on its use of cluster munitions "to halt Hezbollah's unprovoked rockets attacks against our civilian populations centers."

He added, "Israel suffered heavy casualties in these attacks and acted as any government would in exercise of its right to self-defense."

John Hillen, who was assistant secretary of state in charge of the bureau until he resigned this month, told Bloomberg News in December that Israel had provided "great cooperation" in the investigation. "From their perspective, use of the munitions was clearly done within the agreements," he said.

Another administration official said the investigation had caused "head-butting" involving the Bureau of Political-Military Affairs and the Bureau of Near Eastern Affairs at the State Department, as well as Pentagon arms sales officials. Some officials "are trying to find a way to not have to call this a substantial violation," the official said.

In particular, the State Department has asked Israel for additional information on reports that commanders and troops violated orders that restricted how cluster bombs could be used, an official said. In November, Lt. Gen. Dan Halutz, the chief of staff of the Israeli military until his resignation on Jan. 17, ordered an investigation into whether restrictions on use of the weapons were ignored by some units.

That investigation is still under way, and military officials have refused to divulge any details in public.

Israel's Channel 2 television reported in December that the military's judge advocate general was gathering evidence for possible criminal charges against military officers who might have ordered cluster bombs fired into populated areas.

Israel has told the State Department that it originally tried targeted strikes against Hezbollah rocket sites, but those proved ineffective.

Heavy use of cluster bombs was tried instead, to kill or maim Hezbollah fighters manning the launchers. Israeli commanders employed cluster weapons because they suspected that they would flee after firing their rockets. Even those attacks failed to stop the rockets barrages.

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The agreements that govern Israel's use of American cluster munitions go back to the 1970s. But the details, which have been revised several times, are classified.

However, officials said that the agreements specified that cluster weapons could not be used in populated areas, in part because of the risk to civilians after a conflict is over if the bomblets fail to self-destruct, as they are designed to do.

The agreements said the munitions be used only against organized armies and clearly defined military targets under conditions similar to the Arab-Israeli wars of 1967 and 1973, when Israel arguably faced threats to its survival, officials said.

Since the end of last summer's war, de-mining team have located 800 cluster-bomb strike areas, and they destroyed 95,000 bomblets, said Christopher Clark, program manager for the United Nations Mine Action Service in Lebanon.

"We found them pretty much everywhere — in villages, at road junctions, in olive groves and on banana plantations," Mr. Clark said.

The casualty rate has come down sharply, he said. Right after the war, there were more than 40 casualties a week; now it is about 3 or 4 a week.

Donatella Rovera, a researcher with Amnesty International in London, said older American cluster weapons used by Israel during the war did not reliably self-destruct, compared with Israel's own cluster munitions, which are newer and are said to have a much lower dud rate.

"We've asked them to release detailed maps on where the cluster bombs were used," Ms. Rovera said of the Israeli military. "That is the one thing that could help speed up the cleanup process."

U.S. State Dept. Report To Address Possible Arms Violations By Israel (LAT/AP)

The Los Angeles Times, January 28, 2007

WASHINGTON — The State Department has completed a preliminary report on whether Israel misused American-made cluster bombs in civilian areas of Lebanon.

State Department spokesman Kurtis Cooper said Saturday that the report would be forwarded to Congress on Monday but declined to disclose the findings, emphasizing that they were preliminary.

"We take our obligations under the Arms Control Act seriously," Cooper said. "Our forwarding to Congress of a preliminary assessment is an indication of that.

"The Israeli government is also taking quite seriously their responsibility in providing information. We are not making a final judgment."

The State Department is required to notify Congress of even preliminary findings of possible violations of the arms act.

The New York Times reported online Saturday evening that the report would say Israel might have violated agreements with the United States by its use of American-supplied cluster munitions during last year's conflict.

The paper described disagreement among midlevel officials at the Defense Department and the State Department, with some in both departments arguing that Israel violated U.S. prohibitions on using cluster munitions against population areas. Others in both departments argued that the weapons were used in self-defense to stop Hezbollah rocket attacks and that, at worst, only a technical violation might have occurred.

A congressional investigation found Israel improperly used U.S.-made cluster bombs during its 1982 invasion of Lebanon. The Reagan administration then imposed a six-year ban on further sales of the weapons to Israel.

Such sanctions are largely symbolic, however, since Israel also makes its own cluster munitions.

The United Nations said unexploded cluster bombs — anti-personnel weapons that spray bomblets over a wide area — litter homes, gardens and highways in southern Lebanon.

Relief organizations and the U.N. mine office have reported finding evidence that Israel used three types of U.S.-made cluster bombs during the 34-day battle with Hezbollah militants, during which both sides fired rockets into populated areas.

Saving Lebanon (NYT)

The New York Times, January 28, 2007

It is good that international donors have pledged $7.6 billion to help rebuild Lebanon after last summer's devastating Israeli air strikes. The democratically elected government of Prime Minister Fouad Siniora needs all the help it can get. Clashes between Shiite supporters of Hezbollah and the government's mainly Sunni supporters threaten to overwhelm Mr. Siniora's fragile coalition.

If not contained, they could even reignite Lebanon's catastrophic civil war. Lebanon's fundamental problem is the archaic and unfair political system that divides the country's top offices among rival and distrustful religious communities. Lebanon's large and impoverished Shiite minority, long a major loser in this system, has been increasingly radicalized — straight into the arms of Hezbollah.

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Hezbollah has a political party in Parliament, political gangsters on Beirut's streets and a heavily armed militia whose attacks on Israel provoked last summer's destruction. Hezbollah also has close links to Iran, which supplies its weapons and cash, and Syria, which provides safe passage for those weapons and more. Any plan for stabilizing Lebanon has to face up to this dynamic. That's why the Bush administration needs to drop its stubborn resistance to diplomacy with Syria — and try to coax Damascus away from both Iran and Hezbollah.

Washington must make clear that Lebanon's sovereignty is not negotiable. Nor will there be any bargaining over the United Nations investigation into the 2005 assassination of the former Lebanese prime minister Rafik Hariri — and Syria's all but certain complicity. When treated as an important regional actor, Syria has at times responded constructively. It has always responded destructively to isolation. Engaging Syria may not work. But ignoring it all but guarantees that even $7.6 billion in aid will not be enough to stabilize Lebanon.

Saudi Officials Seek To Temper The Price Of Oil (NYT)

By Jad Mouawad

The New York Times, January 28, 2007

Saudi Arabia, which benefited immensely from record oil prices last year, has sent signals in the past two weeks that it is committed to keeping oil at around $50 a barrel — down $27 a barrel from the summer peak that shook consumers across the developed world.

The indications came in typically cryptic fashion for the oil-rich kingdom. In Tokyo last week, Ali al-Naimi, the Saudi oil minister, said Saudi Arabia's policy was to maintain "moderate prices." The previous week, on a stop in New Delhi, he effectively put his veto on an emergency meeting of the Organization of the Petroleum Exporting Countries to prop up prices after oil briefly dropped below $50 a barrel, the lowest level in nearly two years.

The events that propelled oil prices above $77 a barrel last July, then dragged them down again, were beyond the control of any single producer. Still, Saudi Arabia, which is by far the largest oil producer within OPEC and sets the cartel's agenda, is seeking to avoid a repeat of the dramatic rise in prices while trying to put a floor beneath them.

Nowhere was last summer's spike in oil prices felt more profoundly than in the United States. As gasoline rose above $3 a gallon, consumers cut their spending elsewhere, tamping down profits in retail, travel and other industries. United States automakers were devastated as consumers fled from large vehicles to smaller ones, which have historically been the specialty of the Japanese; on Thursday, Ford said that 2006 had been the worst year in its history.

The recent slide back to $50 a barrel for oil — which translates to about $2 for a gallon of gasoline — has eased the pressure on the domestic economy, quieting talk that oil prices and the declining housing market would lead to a recession.

The Saudis appear to be rediscovering that painfully high energy prices take a profound toll on the global economy, which in turn reduces demand for their oil. But other motives seem to be at work, too, including the Saudis' desire to restrain Iran's ambitions in the region.

How much influence the United States has exerted is an open question. Vice President Dick Cheney met with King Abdullah of Saudi Arabia in Riyadh in November, but his office would not say if oil was discussed. The White House has been supportive of Saudi energy policy, and President Bush and his father are close with Prince Bandar bin Sultan, the Saudi national security minister and former ambassador to Washington.

Although Saudi officials say their oil policy is based on market considerations and not political ones, the meeting in November led to renewed speculation that the kingdom might be tempted to dry out Iran's ambitions by pushing oil prices down. Prices have already been falling because of mild weather and slowing demand.

Prices at $50 to $55 a barrel are just about right for the Saudis, according to Saudi energy officials — not too high to hurt the global economy, not too low to hurt their own economy. Last year's record highs meant that the growth in global oil demand slowed to 1 percent in 2006, compared with a 4 percent increase at its peak in 2004.

But 2006 was not the first reminder for the Saudis that too-high prices can backfire. The oil shocks of the 1970s and 1980s also set off a scramble for gas-sipping cars and a brief push to wean the West from its oil dependency. In recent months, the higher prices have rekindled America's quest for alternatives and propelled energy security to the top of the agenda in the United States and Europe.

Even President Bush, who began his presidency emphasizing the need to increase domestic oil production rather than cutting consumption, called for a reduction in gasoline use over the next decade in last week's State of the Union address.

High prices have also emboldened rivals within OPEC, among them Iran and Venezuela, which have used their oil revenue to prop up their governments and export their more radical agendas. Saudi Arabia has worked cooperatively with Iran since the late 1990s, when oil producers were panicked by the decline of prices to around $10 a barrel. More recently, Iran has favored

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rising prices over the moderation that Saudi Arabia seeks. Venezuela also tends to favor higher prices but wields less political influence in the cartel.

"High prices are not in the interest of Saudi Arabia," said Sadek Boussena, a former OPEC president from Algeria. "We've all seen what $70 does: it attracts alternatives, it reduces demand. On the other hand, I don't think the Saudis want oil below $50. They need the revenue."

The Bush administration has repeatedly acknowledged Saudi Arabia's efforts in trying to moderate prices. "Buyers and sellers have a common interest in maintaining reasonable prices for oil," Samuel Bodman, the energy secretary, said in October.

There is no set formula for setting oil prices. In the 1980s, the market settled on around $18 a barrel as a fair price. In the 1990s, it was ratcheted up to $22 to $25 a barrel. Recently, oil producers have realized they can charge twice that amount, although consuming nations complain that the price is too high.

Mr. Naimi, the Saudi oil minister, borrowing the manner of a careful central banker, is rarely explicit about his plans. His every word is dissected by legions of analysts for the slightest hint of an inflection in policy.

Sometimes, the uncertainty gives rise to more conspiratorial theories. Oil traders have been buzzing in recent weeks about whether Saudi Arabia was seeking to depress oil markets in hopes of crippling Iran's economy, as a Saudi analyst — albeit not one from the government — suggested late last year in an opinion article in The Washington Post. The Saudis quickly dismissed the claim, but given the tensions in the Middle East, oil and politics remain closely linked.

"It is difficult to work out what the Saudis really want, since they never say things explicitly," said Leo Drollas, the chief economist at the Center for Global Energy Studies, a London-based research group founded by Sheik Ahmed Zaki Yamani, a former Saudi oil minister. Sometimes, he said, "you have to read between the lines."

The Saudi government does not disclose what oil price it uses when it builds its budget, but analysts at Samba Financial Group, a bank in Saudi Arabia, say they believe the price is $42 a barrel for 2007, with oil production at about 9 million barrels a day. With oil averaging $66 a barrel last year, the kingdom recorded a budget surplus of nearly $71 billion, Samba said, five times more than in 2005.

Saudi officials repeatedly point out that they do not set the price of oil on international commodity markets — they point the finger at hedge funds and other speculative traders for the heightened volatility in recent years. Nor, they say, do they run their oil industry with political considerations in mind.

Mr. Naimi has led the ascent of oil prices since 2000 and managed his various partners within OPEC toward better discipline within the cartel. Last fall, under Saudi stewardship, OPEC members twice agreed to cut their output to prevent prices from falling too steeply.

More than any specific target, the Saudis have always sought stability in oil prices. But stability may prove just as elusive this year as it did last year, given how vulnerable global oil supplies remain to the vagaries of the weather as well as political turmoil in the Middle East and Africa.

Although OPEC's 12 members decide by unanimous votes whether to increase oil production — which lowers prices by making supply more plentiful — consumer pressures ultimately hold sway, and an extremely cold winter followed by a very hot summer could override whatever price goals the Saudis have set.

Not everyone is reading the Saudis' recent public signals — scant as they are — in the same way. "The Saudi policy has not changed," said Roger Diwan, an energy analyst at PFC Energy. The Saudis, he said, have "led the way in managing the market. They showed leadership in OPEC."

But Amy Myers Jaffe, the associate director of Rice University's energy program, said she thought that Saudi policy had shifted, backing away from a defense of higher prices.

"The debate in Saudi Arabia is about what is the right strategy, where demand is headed, and what is the right amount of investments," she said. "And that's a very tough question."

Pelosi, U.S. Congressional Delegation Meets President Musharraf In Pakistan (AP)

AP, January 27, 2007

ISLAMABAD, Pakistan (AP) — House Speaker Nancy Pelosi arrived in Pakistan Saturday for talks with the country's president expected to touch on cooperation against Taliban and al-Qaeda militants and U.S. aid to the South Asian country, officials said.

Neither the U.S. delegation nor President Gen. Pervez Musharraf was scheduled to make any public comment after the meeting, which coincides with concern in Pakistan about a U.S. bill that would link American aid for Pakistan's military with its commitment to combating resurgent Taliban militants.

The bill, introduced this month after Democrats took control of Congress, would require President Bush to certify that Islamabad is doing its utmost to counter Taliban operations in Pakistan and secure its border with Afghanistan.

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Failure to do that would cut off some financial aid to Pakistan's military, though the president could waive the provision in the interests of national security.

The Senate has yet to consider it, and U.S. Deputy Assistant Secretary of State John Gastright said Friday in Islamabad that the Bush administration wanted the provision removed.

Gastright said Pelosi's decision to visit Pakistan with her first congressional delegation showed that she shared the administration's interest in close ties with Pakistan and its military president.

"We'll want to work with her (Pelosi) so that she realizes that that provision is not necessary," Gastright said.

15 Die In Blast Near Pakistani Shiite Mosque (WP/AP)

By Riaz Khan

The Washington Post, January 28, 2007

PESHAWAR, Pakistan, Jan. 27 -- A suicide attacker detonated a bomb among police on guard near a Shiite mosque in this northern Pakistani city Saturday, killing at least 15 people and wounding more than 30, police said.

The attack came as House Speaker Nancy Pelosi (D-Calif.) led a U.S. congressional delegation to Islamabad, the capital about 90 miles east, where they spoke with Pakistan's president, Gen. Pervez Musharraf, about the situation in neighboring Afghanistan, a Pakistani official said.

The meeting took place less than three weeks after the House passed legislation that would link U.S. military aid to Pakistan's commitment to combating Taliban guerrillas -- a measure some feared could strain relations between the two nations, allies in the fight against terrorism.

Musharraf condemned the "terrorist attack" in Peshawar and ordered an immediate inquiry, the state-run Associated Press of Pakistan reported.

The explosion came as Pakistan's minority Shiites started to commemorate their most important religious festival, Ashura, often an impetus for sectarian violence. Paramilitary forces in armored vehicles were deployed to patrol Peshawar after the bombing.

The blast went off in a bazaar area about 200 yards from a mosque that was the starting point for a Shiite procession.

Most of the victims were police and municipal officials who were clearing the route for the procession. The city's police chief, Malik Saab, was among the dead, the provincial police chief said.

There was no immediate assertion of responsibility, but suspicion was likely to fall on Sunni extremists.

Most Shiites and Sunnis in Pakistan coexist peacefully, but militant groups on both sides are blamed for sectarian attacks that claim scores of lives every year.

Some fear the relentless sectarian fighting in Iraq risks igniting Sunni-Shiite tensions in other Muslim countries.

Bombing Kills 14 Pakistanis (NYT)

By Ismail Khan

The New York Times, January 28, 2007

PESHAWAR, Pakistan, Jan. 27 — At least 14 people were killed, most of them policemen, and several others were wounded Saturday in what appeared to be a suicide bombing here shortly before a Shiite religious procession was to come through, the police said.

The police said the incident occurred in the old part of Peshawar, the capital of North-West Frontier Province, late in the evening, as police and city workers were clearing a narrow street near a Shiite mosque to make way for the procession. Among the dead were the city police chief, Malik Muhammad Saad, and several government representatives from the neighborhood, the police said.

The police said they believed the attack was by a lone suicide bomber who detonated his explosives after being stopped by a police cordon at the mouth of the street. The remains of a person the police thought was the bomber had been sent for forensic analysis, and the search for more evidence continued, said Ghulam Muhammad, a police official in the city.

The Edhi Foundation, a charity group that runs ambulance services, said it had taken at least 14 bodies to a local hospital, where people had thronged to give blood donations for the wounded.

The explosion also damaged the local power network, plunging the entire area into darkness as police and local volunteers searched for the dead and wounded.

Security in Peshawar was already on alert after a suicide bombing outside a Marriott hotel in Islamabad on Friday and in preparation for Ashura, one of Shiite Islam's holiest days.

But the leader of the province's religious government, Akram Khan Durrani, told reporters that precautions would be further increased.

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Still, the police said there was little any one could do to head off a determined suicide bomber.

“How do you know who is the suicide bomber among a multitude of people?” a policeman said at the scene.

Pakistan Bombing Kills 14 People (BBC)

BBC.com, January 27, 2007

A bomb blast in Pakistan's north-west city of Peshawar has killed at least 14 people - mostly policemen including two senior officers - officials say.

At least 30 others were injured by the explosion just as a Shia religious procession was about to start.

Initial indications point to a suicide bombing, officials say.

This is the second deadly blast in Pakistan in two days. On Friday, a suicide bomber blew himself up at an Islamabad hotel, also killing a guard.

Peshawar chief of police Malik Saad and the city's deputy superintendent were among the dead.

Security forces have been on high alert ahead of the annual Shia festival of Ashoura, commemorating the 7th Century martyrdom of the Prophet Muhammad's grandson.

In recent years Sunni extremists have targeted Shias during this period, says the BBC's Barbara Plett in Islamabad.

There have also been threats of retaliation following government strikes against militants in the nearby tribal areas.

'In a bad way'

Most of the victims were police and municipal officials clearing the route for a Shia procession, officer Aziz Khan - who was on duty nearby - told AP news agency.

"I was shocked by a big explosion. I thought my eardrums had burst. Then there were flames and the people were in panic.

Troops have been on high alert ahead of a Shia religious festival

"I remembered that there was a police contingent, so I went to see what had happened to my colleagues. Many were wounded in a bad way," he said.

Blood and flesh were splattered over the narrow lane where the blast took place, and there was broken glass from shop fronts underfoot as police scoured the site.

It is not clear whether the attack was aimed at the worshippers or the police.

Power was cut in the city centre shortly after the blast, complicating rescue efforts.

Hundreds of people rushed to hospitals, hoping for news of their loved ones.

President Pervez Musharraf strongly condemned the attack and expressed condolences to the victims' families.

Pakistan Mosque Bombing Kills Police Chief, Officers (LAT)

By Zulfiqar Ali, Laura King

The Los Angeles Times, January 28, 2007

PESHAWAR, PAKISTAN — An apparent suicide bombing killed at least 13 people Saturday in this volatile frontier city, a day after a suicide attack killed a bomber and a hotel security guard in the Pakistani capital.

It was not immediately clear whether the attack in Peshawar, which came at an event marking the year's most important Shiite Muslim holiday, was an act of sectarian violence or was aimed at police and paramilitary forces guarding the event. Nearly all the dead were reported to be police officers, including the city's police chief.

Scores of people were wounded in the powerful blast, which took place near one of the city's largest mosques before the start of an evening Shiite procession to commemorate the holy day of Ashura.

Adding to the chaos, a power failure apparently caused by the explosion plunged the area into darkness. Rescuers groped in the dark, guided by the cries and moans of the injured.

Several of the wounded were reported to be in critical condition.

President Pervez Musharraf issued a statement denouncing the blast as a terrorist attack. Provincial authorities convened an emergency meeting to discuss ways to prevent further violence.

Police said they could not confirm that it had been a suicide attack, but that the dismembered condition of one of the bodies suggested that explosives had been strapped to it.

The explosion came despite extremely tight security in Peshawar's city center in connection with Ashura, which has frequently been a time of violence between Pakistan's majority Sunnis and minority Shiites. Angry Shiites poured into the streets after the attack, calling for revenge.

The attack occurred as a U.S. congressional delegation led by House Speaker Nancy Pelosi (D-San Francisco) was visiting Islamabad, the capital, about 90 miles east of Peshawar. The delegation held discussions with Musharraf centering on Pakistan's role in fighting the insurgency in neighboring Afghanistan.

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On Friday, a bomber carried out a rare suicide attack in Islamabad, targeting a luxury hotel frequented by diplomats and foreigners. But the attacker was prevented from entering the Marriott by a security guard, who was killed along with the bomber.

No claim of responsibility was issued for the attack, which took part in a high-security zone of the capital that is the site of many government offices.

Ashura, which is Monday or Tuesday, is the climax of a 10-day mourning period for Shiites that begins the Islamic month of Muharram.

It is a time when devout Shiites engage in fervent and emotional displays of faith, sometimes whipping them- selves with chains or swords, to commemorate the slaying of Imam Hussein, a grandson of the prophet Muhammad.

U.S. Citizens Killed In Kenya (NYT)

The New York Times, January 28, 2007

NAIROBI, Kenya, Jan. 27 — Two Americans, including an elderly woman, were shot to death on Saturday afternoon by carjackers in Nairobi, the capital, according to American and Kenyan officials.

The two victims, relatives of an American Embassy employee, were traveling in an embassy car with three other Americans when a truck cut them off, police officials said. Four men jumped out with Kalashnikov assault rifles and ordered the occupants out of their car.

“Apparently, the driver and an elderly woman sitting in front did not move fast enough,” a police spokesman said. “So the bandits shot them.”

Nairobi has been plagued by violent crime, and American officials said they did not believe the attack was related to terrorism.

Police: Carjackers Fatally Shoot 2 Women In U.S. Embassy Car In Kenya (AP)

AP, January 27, 2007

NAIROBI, Kenya (AP) — Gunmen carjacked a U.S. Embassy vehicle on the outskirts of the Kenyan capital Saturday afternoon and killed two female relatives of an embassy employee, officials said. Police later killed two people involved in the carjacking.

The victims were the wife and mother-in-law of a U.S. Embassy employee, embassy spokesman Robert Kerr said, without providing further details.

"This a horrible event," he said. "These were people who loved Kenya."

The gunmen "ordered the two women out but they hesitated," said Isaiah Osugo, a criminal investigations officer in Nairobi. "Then they were shot."

Kenyan police later killed two people involved in the carjackings, police spokesman Gideon Kibunja said. He could not immediately provide more details.

Officials withheld the women's names.

Francis Munyambu, Nairobi's deputy provisional police officer, said the carjackers escaped with the embassy vehicle and were armed with Kalashnikov assault rifles.

Earlier in the day, the men had carjacked Michael Madine along the same road, according to police and Madine. Madine spoke to The Associated Press at the scene after being interviewed by police.

"Four men with AK-47s carjacked me," he said in Swahili. He said one of the carjackers stayed in the car with him while the others attacked the embassy vehicle.

"I heard one of the women screaming and then I heard three gunshots," Madine said. The carjackers then fled, he said.

The shooting happened just off a highway in Kinoo, about 20 kilometers (12 miles) outside Nairobi. An Associated Press reporter at the scene saw two pools of blood on the roadside.

Shortly after Munyambu's news conference, two men who identified themselves only as officials from the U.S. Embassy ordered reporters to leave the scene and took journalists' pictures, threatening to ban them from the embassy.

Carjackings are common in and around Nairobi, but Saturday's attack was unusually brazen because it took place during the day. In September, the chief U.S. military attache was shot and seriously wounded in a carjacking in Nairobi. Russia's ambassador was stabbed in a robbery on Aug. 20. A month earlier, a Danish diplomat was attacked and robbed.

Kenya's government spokesman, Alfred Mutua, said officials believe Saturday's violence was "a random attack." He did not provide further details.

Sudan's Peace Deal, Seen As A Bush Success, Is Endangered (WP)

By Glenn Kessler

DOJ_NMG_0123584

The Washington Post, January 28, 2007

A peace agreement that two years ago ended Africa's longest-running conflict -- and that the White House considers one of President Bush's signature achievements -- is in danger of unraveling because of inattention by top U.S. officials and growing tensions between Sudan's government and the former rebels who signed the deal, according to experts and congressional officials.

The two-decade civil war, which pitted the Islamic government in the north against rebels based in the mostly animist and Christian south, left 2 million people dead, primarily from famine and disease, and 4 million homeless. Christian evangelical groups -- a key part of Bush's political base -- had pressed hard for a resolution, and the administration made a peace agreement one of its top diplomatic priorities.

Last month, Secretary of State Condoleezza Rice cited the peace deal -- under which the southern part of the country would receive religious and political autonomy and a share of Sudan's oil riches -- when she was asked what Bush would be remembered for besides Iraq. "He should be known for having contributed vitally to stopping the civil war between southern and northern Sudan," Rice said.

But now experts warn that the Khartoum government's unwillingness to abide by the terms of the Comprehensive Peace Agreement (CPA) could lead to a new outbreak of war. "The CPA is eroding," said Roger Winter, a former State Department official who was involved in the negotiations. "It is not dead by any means, but it is eroding and Khartoum wants it to erode." He said he sees signs that the Sudanese government is no longer interested in the peace deal and has taken steps to prepare for another conflict.

Many experts said the administration, distracted by war in the Middle East and an unrelated conflict in Sudan's Darfur region, has failed to recognize the peril lurking in the south. (Similarly, many now believe that the administration let the Darfur conflict spiral out of control in 2003 because it was so focused on reaching a peace accord in the south.)

Rep. Frank R. Wolf (R-Va.), a leading force in Congress on Sudan, said, "The bench over at the State Department is very shallow now" -- virtually all the experts on Sudan have left in the past year -- and the administration is "preoccupied with other issues."

Bush in September appointed a special envoy to Sudan, Andrew S. Natsios, but Natsios has mainly focused on Darfur, where as many as 450,000 people have died in what the administration labels a campaign of genocide by the Sudanese government.

"They have Natsios dealing with Darfur, but they have no one dealing with the south," said Rep. Donald M. Payne (D-N.J.), chairman of the Africa subcommittee of the House Foreign Affairs Committee. He said the administration should appoint a special envoy specifically to make sure the north-south peace deal does not collapse.

A senior administration official involved in Africa affairs, speaking on the condition of anonymity in order to speak freely, said the administration has kept its focus on both Darfur and the situation in south Sudan. But he acknowledged that there are legitimate concerns. "There has been significant movement on the CPA, and you don't want to undersell that," he said. "But we have been disappointed with the pace of progress."

The conflict between the north and the south extends back half a century, since shortly after Sudan's independence in 1956. A 1972 accord helped usher in a decade of peace, but a civil war erupted in 1983 after the Sudanese government abrogated the pact and tried to impose Islamic law, or sharia. The discovery of vast oil reserves, mainly in the south, has exacerbated the struggle.

Under the peace agreement, which was signed in a joyous celebration in a Nairobi stadium two years ago, sharia will apply to the Arab north but not to the African south. The south is to have a six-year interim period of self-rule, after which it will vote in a referendum on whether to remain part of Sudan or secede.

But negotiators hoped that the deal would keep Sudan intact, with the prospect of secession by the south intended to put pressure on the government to uphold its end of the bargain. In a carefully negotiated compromise, an autonomous government is to emerge in the south while new national institutions are created.

But the rebel leader John Garang was killed in a helicopter crash shortly after he became first vice president of Sudan in July 2005. His successor, Salva Kiir Mayardit, lashed out at the Khartoum government this month during a second-anniversary celebration of the accord, accusing it of continuing to bankroll militias in the south, refusing to share oil wealth and stalling on border agreements.

As a visibly angry President Omar Hassan al-Bashir sat on the dais, Kiir pleaded to "give peace a chance." Asking whether the leaders had worked toward making the unity of the government attractive, Kiir declared: "The answer is regrettably no! Problems, serious problems still remain to be resolved."

Bashir then fired back with his own accusations, saying that delays and problems are the fault of the rebels, not the government. The unusually public spat focused renewed attention on the sputtering accord.

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Barnaba Benjamin, minister for regional development in the government of south Sudan, told a House Foreign Affairs panel last week that "the country can break up unless the CPA is implemented in spirit and in letter."

Winter said that an area known as Abyei, between the northern and southern parts of Sudan, is a particular source of tension. Under the peace agreement, Abyei, which has a huge oil field, can vote in 2011 on whether to be part of the north or the south. But Bashir has rejected the findings of a boundary commission and has refused to allow the creation of a local government, convincing the local population that war will break out again in the territory. Winter faulted the administration for failing to publicly pressure Khartoum on this critical issue.

Though Garang was long an advocate of Sudanese unity, his death and the Darfur disaster have made it increasingly likely that the south Sudanese will vote overwhelmingly for independence, according to focus group surveys conducted by the National Democratic Institute.

Winter said Khartoum appears ready to break the peace deal before the election takes place, so the administration needs to help the south prepare for independence.

The administration official acknowledged that south Sudan is moving toward independence. "We have to plan for that," he said. "The idea behind the CPA was that there would be a transformation of Sudan, that it would become a responsible player in the international community. Many south Sudanese would say they have not seen that."

A Choice For Darfur (NYT)

By Nicholas D. Kristof

The New York Times, January 28, 2007

DAVOS, Switzerland

Over the next two days, African leaders will convene in Ethiopia and choose a new head of the African Union. Incredibly, that job may go to Sudan's blood-drenched president, Omar al-Bashir, architect of the genocide in Darfur.

The outcome is still uncertain, with Sudan campaigning furiously for the job, but it's mind-boggling that African countries would even consider selecting as their leader a man who has systematically dispatched militias that pick out babies on the basis of tribe and skin color and throw them into bonfires.

At a time when Africa is enjoying solid economic growth and improved leadership, this self-inflicted wound would sully Africa's image and make it far more difficult for African Union peacekeepers to save lives in Darfur.

Mr. Bashir hasn't confined himself to killing his own people, but has also sent his janjaweed militias to invade Chad and the Central African Republic. The janjaweed have beaten mothers with their own babies, until the infants are dead, and lately they have diversified into gouging out people's eyes with bayonets. For anyone who wants the best for Africa, it is repulsive to think of President Bashir as the duly elected spokesman for the continent.

One reason Mr. Bashir has continued to engage in such behavior is that the world doesn't seriously object. Almost all North African countries are backing his bid to chair the African Union. China, which supplies nearly all the AK-47s that are used to kill children in Darfur, has underwritten the genocide. Lately, it has encouraged Sudan to be more responsible, but President Hu Jintao is visiting Sudan shortly — let's see whether he publicly expresses concern about Chinese-supported atrocities in Africa that far exceed the Rape of Nanjing.

Sudan promised a cease-fire, but instead it has been attacking aid workers. As Newsweek reported, at least four female aid workers have been beaten and sexually abused recently — raped in the case of two French women.

In addition, an aid worker in Sudan tells me that on Jan. 22 the police raided a party in the city of Nyala and arrested 22 employees of aid groups. Several were beaten and one woman was sexually abused but managed to fend off an attempted rape.

Broader security is also collapsing. On a road near Bulbul that used to be safe, gunmen stopped a public bus in the middle of the day and brutally beat the men and gang-raped the women for hours. In the face of all this, aid workers are jittery and some are pulling out.

Yet Europe is oblivious (the Davos conference here has great sessions on Africa but nothing on Darfur). President Bush has been better than most world leaders, but still pathetic: he mustered half a sentence in his State of the Union address. Perhaps this is because Mr. Bush regards the situation as tragic but hopeless, but in fact there is plenty he could do.

He could speak out forcefully about Darfur. He could bring victims to the White House for a photo op. He could help the U.N. send a force to protect Chad and the Central African Republic — while continuing to push for U.N. peacekeepers in Darfur itself. He could visit Darfur or Chad and invite European or Chinese officials to join him. He could invite African leaders to Washington for a summit meeting that would include discussion of Darfur. He could impose a no-fly zone. He could develop targeted sanctions against Sudanese leaders. He could begin forensic accounting to find assets of those leaders in Western

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countries. He could call on NATO and the Pentagon to prepare contingency plans in case the janjaweed start massacring the hundreds of thousands of Darfuris in camps.

And this weekend he could telephone a few African presidents to tell them what a catastrophe it would be if Africa chose Mr. Bashir as its leader.

Serious negotiations between the government and Darfur's rebels are crucial for a lasting peace deal in Darfur, and new discussions are expected soon (that may be why President Hu dares visit Khartoum). But Mudawi Ibrahim Adam, a Sudanese human rights leader, says the new talks will fail unless the Darfur rebels have a chance to consult first. And when they try to meet, the Sudanese government bombs them.

A Useful Rebuke On Rights (WP)

By Jim Hoagland

The Washington Post, January 28, 2007

When Desmond Tutu speaks out about morality in politics and foreign policy, his nation and the rest of the world should listen. By criticizing the government he helped bring into being, the South African Nobel laureate raises in his own distinctive fashion some of the key issues of our time.

Tutu, along with Nelson Mandela, has been instrumental in guiding South Africa's peaceful and democratic transition from the tyranny of a white minority to black majority rule. Over four decades, Tutu has established a reputation for integrity, wisdom and fairness that has few equals on the world stage.

The retired archbishop of Cape Town also speaks his mind. He did so after his government offered diplomatic comfort to Burma's oppressive military regime on Jan. 12. That was when South Africa cast its first vote as a nonpermanent member of the U.N. Security Council to block a resolution condemning Burma for flagrant human rights abuses. The resolution also drew vetoes from Russia and China, which are determined to avoid scrutiny of their own actions to crush dissent.

"I am deeply disappointed by our vote. It is a betrayal of our own noble past," Tutu said in an e-mail to the Associated Press. "If others had used the arguments we are using today when we asked them for their support against apartheid, we might still have been unfree."

The government claims that it voted on "technical" grounds to give a pass to Burma (also known as Myanmar) because that country does not qualify as "a threat to international peace." In other words: Not our problem, man.

But Tutu rightly suggests that because of its history, post-apartheid South Africa has a special responsibility to pursue a foreign policy that supports international action to help oppressed populations.

South Africa is a rare example where international economic pressure and censure helped to halt gross racial discrimination and human rights violations and to bring positive change. Sanctions and international ostracism of the apartheid government worked in ways they did not on the oil-producing police state of Saddam Hussein's Iraq and in other places. While South Africans deserve primary credit for deciding collectively to transform their country, Tutu is characteristically forthright in pointing to the help they received -- and should now be prepared to extend to others in distant lands.

His plea also underlines the stunning failure of President Thabo Mbeki's government to slow the slide of neighboring Zimbabwe into misery and tyranny under the paranoid rule of Robert Mugabe, or to show compassion to its own citizens suffering with AIDS. Mbeki's African National Congress risks being judged by history as having given back little once in power.

Tutu swings a needed spotlight on the evolving role of moral causes in foreign policy, a subject Americans have been debating episodically since Jimmy Carter ordered his State Department to make human rights a priority, with mixed results. The U.S. debate has taken on new urgency as fresh approaches to Iraq are sought by both President Bush and his critics.

Tutu is obviously not part of that discussion. But his broader point is: Our debate cannot be conducted honestly without reference to the moral responsibility toward Iraqis that past U.S. actions have created for us as a nation. Just as South Africans should be guided by the recent past, Americans must recall their government's history with Iraq.

It is a history of fomenting and then betraying successive uprisings by Kurds and Shiites against the genocidal regime in Baghdad and of offering aid and succor to that regime in its war against Iran. It is a history of more than a decade of limited warfare and economic sanctions that helped grind Iraqi society to dust even before the invasion of 2003.

For better and for worse, President Bush has pursued a values-based foreign policy that is being widely criticized for ignoring U.S. national interests. The disasters of Iraq are driving the pendulum of American opinion back to an interests-based or "realistic" foreign policy that would blank out the heavy responsibilities of history.

But the pursuit of interests to the exclusion of values is no more sustainable in a democratic society than is the pursuit of values to the exclusion of interests. Democratic governments must establish a judicious balance.

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Bush has failed to underpin his narrowly American approach to values with a persuasive appeal to international moral standards and conscience. Desmond Tutu's reproach to his own government is a cogent reminder of the perils and ignominy that such failure brings.

Despite Crackdown, Migrants Stream Into South Mexico (NYT)

By James C. McKinley

The New York Times, January 28, 2007

TAPACHULA, Mexico — Four Salvadoran men in jeans and T-shirts trudged along the railroad tracks under a hot sun, their steps carrying them steadily toward a fuzzy but seductive dream.

They had been in Mexico for only a few hours and already federal police officers had forced them to strip and had taken almost all their cash, they said. They had some 1,500 miles to go to reach the United States border, with no food or water and $9 each.

They intended to walk along the Chiapas coast for the first 250 miles through a dozen towns where migrants are regularly robbed or raped. Then they planned to clamber aboard a freight train with hundreds of other immigrants for the trip north, a dangerous journey that has left hundreds before them maimed after they fell under the wheels.

"It's dangerous, yes, one risks one's life," said one of the men, Noé Hernández. "One risks it if you have a family member in the States to help you. It's not just for fun we go through Mexico."

A month ago, Mexico's new president, Felipe Calderón, announced measures to slow the flow of illegal immigrants across Mexico's southern border and reduce crime in this lush but impoverished region. He stepped up the presence of soldiers and federal police here, told of plans for a guest worker program and promised joint state and federal operations to catch illegal immigrants.

But much remains to be done to stop or deter the migrants, and for now the measures have had little effect. Social workers and volunteers who aid the migrants say they keep coming.

Every three days, 300 to 500 Central Americans swarm the freight train in Arriaga, strapping themselves with ropes or belts to the tops of cars or riding between the wagons, they say.

The migrants still wade across the Suchiate River between Guatemala and Mexico with little hindrance. Corruption is rampant. Soldiers and police officers on the Mexican side extort money from the migrants but seldom turn them around, aid workers and migrants said.

"It's an open border," said Francisco Aceves Verdugo, a supervisor in the government agency, Grupos Beta, that gives food, water and medicine to illegal migrants. "We are confronting a monster so big in the form of corruption that we aren't doing anything."

The federal authorities do catch and deport illegal immigrants from Central America on their trek north — about 170,000 last year, according to Leticia Rodríguez, a spokeswoman for the National Migration Institute.

On the evening of Jan. 19, as part of Mr. Calderón's new get-tough policy, about 400 federal police officers stopped the freight train just after it left Arriaga and arrested more than 100 immigrants who had climbed aboard.

Still, aid workers say a majority gets through. The biggest deterrent, migrants say, is not federal authorities but armed thugs who waylay them along the railroad tracks or on paths through the countryside used to avoid the immigration posts along the main highway.

This month, Misael Mejía, 27, from Comayagua, Honduras, was awaiting the train in Arriaga with nine other young men from his town. They had walked for 11 days after wading across the Suchiate to get to the railhead in Arriaga.

None of them had a dime after being ambushed a week before by three men in ski masks in daylight near Huehuetán. Two of the men carried machetes, the third a machine gun.

"They told us to lay down and take off our clothes," Mr. Mejía said. "I lost my watch, about 500 Honduran lempiras, and 40 Mexican pesos," about $31.

Mr. Mejía said he would press on. He has a brother in Arizona who has promised to pick him up if he can run the gantlet through the United States border patrol. He left a $200-a-month job as a driver behind, along with his wife. His brother makes $700 a week as a carpenter.

"I felt hopeless in Honduras," he said. "Because I could never afford a house, not even a car. There is nothing I could have."

Down the street from the tracks, at the Hearth of Mercy shelter, where illegal immigrants can get a free hot meal and medicine, Juan Antonio Cruz, 16, hunched over a bowl of rice and told how he had left El Salvador after members of the Mara Salvatrucha street gang had threatened to kill him. "They wanted me to join them," he said.

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It was his second attempt to reach Arizona, he said. The first time he had endured eight freezing nights and sweltering days aboard the train by strapping his belt to bar atop a tanker car. The border patrol caught him as he crossed into Nogales, Ariz., and sent him back home to Usulután, where the gang members threatened him again.

"When I think about the train, I feel fear and panic, for the thieves who attack you, and also for falling off," he said softly.

For some, that is how the dream ends, with a fall under the train's heavy, whirring wheels.

At the Shelter of Jesus the Good Pastor in Tapachula, Donar Antonio Ramírez Espinas rubbed the bandaged stumps of his legs, sheared off above the knee, as he recalled the night of March 26, 2004, when he dozed off while riding between cars, lost his grip and fell onto the tracks.

"I fell face down, and at first I didn't think anything had happened," he said. "When I turned over, I saw, I realized, that my feet didn't really exist."

Back in Honduras, he had been working menial jobs in a parking lot and at a medical warehouse, making about $120 a month. Then he and a few buddies decided to try their luck in the States.

"You make the decision to look for a better life, not to continue with the life your father led, and for this you risk your life, without knowing that you could end up like this," he said. "An amputee."

After the accident, he spent two years at the shelter in Tapachula, wrestling with depression and thoughts of suicide. When those black days finally passed, he returned home for five months, only to find his parents, his former wife and even his three children had trouble accepting his disability. "My 9-year-old said, 'Papa, why did you come back like this?' " he remembered. "I didn't dare answer him."

Mr. Ramírez has returned to the shelter here, where he hopes to learn a trade — fashioning prosthetic legs and arms for other victims of the train. Others at the shelter told similar stories. Some doubted they would be able to make a living in their home countries, where even getting a wheelchair is hard.

But some of those with lesser injuries insisted their accident was just a temporary setback. Minor Estuardo Cortez, 33, from Guatemala, lost his left foot under a train wheel while climbing aboard in Oaxaca State. At the shelter, he has healed and learned to walk with a prosthetic foot. He intends to continue his journey. If he reaches Houston, he says, he has relatives who can get him a construction job.

"If something happens to me, I don't scare easy," he said. "I'll do it again to see who wins, the train or me. Only thing is I can't run, so I'll have to wait until it's stopped to get on."

Uzbek Leader Shows No Signs Of Vacating (AP)

By Bagila Bukharbayeva, Associated Press Writer

AP, January 28, 2007

Nearly a week after his term elapsed, the former Communist strongman who has kept a tight grip on Uzbekistan for more than 15 years shows no sign of vacating the presidential office.

The clock ran out on Islam Karimov's second term on Sunday, but there has been no official recognition of the fact — a sign his hold on power remains strong and that he has no intention of leaving, analysts say.

They say Karimov, who has eradicated opposition and silenced dissent in the Central Asian nation, appears to be exploiting a legal ambiguity.

While the Uzbek constitution limits terms to seven years, the country also has a law that says a presidential election must be held in December of the year in which the term expires — in this case December 2007.

"There is no sign that Karimov is preparing to leave and he is apparently going to stand for and get another term in December," said Michael Hall, Central Asia project director of the International Crisis Group think-tank.

Karimov, who will turn 69 on Tuesday, became the top Communist boss in this former Soviet republic in 1989. He has won two presidential elections since the Soviet collapse — in 1991 and 1999 — and had his term extended twice, once through parliament and another time in a referendum.

Both election victories were landslides with more than 90 percent of the votes, but neither was recognized by international observers as free or fair.

Many observers fear that the Karimov government's oppressive control of the country could radicalize Islamic fundamentalists and lead to an explosion of violence in an already troubled part of the world.

Uzbekistan borders Afghanistan and hosted a U.S. air base supporting the Afghan military campaign. But Uzbekistan closed the base in the wake of Western criticism over the government suppression of an uprising in the eastern city of Andijan in 2005.

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Human rights activists say some 700 people were killed, including unarmed civilians, but the government says fewer than 200 people died. Karimov rejected criticism and calls for an independent investigation from the United States, the European Union and others.

Experts had predicted that the country — Central Asia's most populous with 27 million people — would become an engine for regional development because of comparatively well-developed industries and energy self-sufficiency.

But Karimov, seeing the economic chaos that swept other ex-Soviet republics when they started market reforms, maintained a centralized economy and imposed restrictive trade rules.

In recent years, after pro-democracy uprisings in Georgia, Ukraine and neighboring Kyrgyzstan, Karimov has shown increasing suspicion of the West. Along with evicting the U.S. base, he has evicted most Western media, aid agencies and non-governmental organizations.

"The atmosphere is stifling. There are no international organizations, no journalists to turn to," said Elena Urlayeva, one of a small number of rights activists who remain in the country despite harassment.

"Karimov is going to stay for an extra year, but he is a former president now. It's totally illegal, it's usurpation of power," Urlayeva said by telephone from Tashkent.

"But there is nothing we can do," she said. "To stage public protests would be the same as facing a firing squad."

U.S. A "Pariah" From Bush Policies, Kerry Says (WT/AP)

The Washington Times, January 28, 2007

DAVOS, Switzerland (AP) - Sen. John Kerry, Massachusetts Democrat, slammed the foreign policy of the Bush administration yesterday, saying it has caused the United States to become "a sort of international pariah."

Mr. Kerry, the 2004 Democratic presidential nominee, made the comment as he responded to a question about whether the U.S. government had failed to adequately engage Iran's government before the election of hard-liner Mahmoud Ahmadinejad in 2005. He said the Bush administration has failed to adequately address a number of foreign-policy issues.

"When we walk away from global warming, Kyoto, when we are irresponsibly slow in moving toward AIDS in Africa, when we don't advance and live up to our own rhetoric and standards, we set a terrible message of duplicity and hypocrisy," he said.

"So we have a crisis of confidence in the Middle East -- in the world, really. I've never seen our country as isolated, as much as a sort of international pariah for a number of reasons, as it is today."

Mr. Kerry said the government needs to use diplomacy to improve national security.

"We need to do a better job of protecting our interests because, after all, that's what diplomacy is about," he said. "But you have to do it in a context of the reality; not your lens, but the reality of those other cultures and histories."

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From:	USDOJ- Office of Public Affairs
Sent:	Monday, January 29, 2007 8:17 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Saturday, January 27, 2007
Attachments:	agnb070127.pdf; agnb070127.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, JANUARY 27, 2007 7:45 AM EST

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TERRORISM NEWS:

Specter Seeks Monday Meeting With Gonzales Over Surveillance Suits. On its Web site, The Hill (1/26, Schor) reports, "Sen. Arlen Specter (Pa.), the Judiciary Committee's ranking Republican, initiated a fast-paced oversight inquiry late Friday, asking Attorney General Alberto Gonzales for a Monday meeting to explain reports of controversial legal maneuvers employed by the Justice Department in civil lawsuits against the Bush administration's warrantless surveillance program." Specter "voiced 'deep concern' about what he deemed 'extraordinary procedures' allegedly utilized by Justice."

Rockefeller May Subpoena Documents On Domestic Surveillance. Bloomberg (1/26, Bliss) reports, "Senate Intelligence Committee Chairman Jay Rockefeller said he may subpoena Bush administration documents on its controversial domestic surveillance program." Rockefeller "vowed he'll get details on a secret court's approvals of the program that targets suspected al-Qaeda members in the U.S." The Justice Department "indicated Jan. 24 that it was reluctant to share the rulings." Rockefeller "saved some of his harshest criticism for Cheney, who he said tried to block the committee's efforts to get information on intelligence operations."

ACLU Asks Court To Unseal Surveillance Program Documents. The Los Angeles Times (1/27, Weinstein) reports, "The American Civil Liberties Union asked a federal court Friday to unseal secret documents filed by the Bush administration in support of its warrantless domestic surveillance program." A hearing "is scheduled for Wednesday at the U.S. 6th Circuit Court of Appeals in Cincinnati." The Justice Department has requested that the case be dropped.

The AP (1/27) reports, "U.S. Attorney General Alberto Gonzales said the secret panel of judges who oversee the Foreign Intelligence Surveillance Act is reviewing and approving applications to spy on people believed to be linked to al-Qaida. … 'There is, therefore, no longer any live genuine controversy to adjudicate,' the Justice Department wrote in its brief filed Thursday. … But the ACLU said that without more information about what the secret court has authorized, it can't determine if current activities are lawful. It said the Bush administration might return to surveillance outside the secret panel without a court order against it." The AP adds, "The ACLU also asked the court Friday to make public or give ACLU lawyers access to secret materials in the case filed by the government as classified. … The National Security Agency program, secretly launched in 2001, monitors international phone calls and e-mails to or from the United States when one party is believed to have terrorist links. It became public in December 2005. … The administration says the program has been an important tool in the fight against terrorism and has helped prevent attacks."

NYTimes Criticizes Administration's "Obsession With Secrecy" And "Assault On The Rule Of Law." The New York Times (1/27, A16) writes in an editorial, "We often wonder whether there is a limit to the Bush administration's obsession with secrecy, its assault on the rule of law, its disdain for the powers of Congress, its willingness to con the public and its refusal to heed expert advice or recognize facts on the ground. Events of the past week suggest the answer is no." Cheney is criticized for his appearance on CNN in which he "spoke of 'enormous successes'" in Iraq "and refused to pay even curled-lip service to consulting Congress." Then "in Friday's Times, Adam Liptak gave an account of the way the administration -- after grandly announcing that it was finally going to obey the law on wiretapping -- is trying to quash lawsuits over Mr. Bush's outlaw eavesdropping operations by imposing outrageous secrecy and control over the courts." The Times calls such efforts "Orwellian" and adds, "Attorney General Alberto Gonzales routinely stonewalls legitimate Congressional requests for documents and information on a wide range of issues." In conclusion, "Mr. Bush and Mr. Cheney claim that they are protecting the powers of the presidency" but "by abusing the government's legitimate right to claim secrecy in court hearings, they will make it harder for other presidents to do that when it is actually justified. And with that switch, they have done grievous harm to the credibility of the Oval Office and the country."

More Commnetary. In an op-ed for the Washington Times (1/27), syndicated columnist Jacob Sullum writes, "The skeptics who doubt that 21,000 more troops will be the difference between war and peace in Iraq may be underestimating the Bush administration, which recently demonstrated it can do the impossible. This month, after violating the Foreign Intelligence Surveillance Act (FISA) by

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eavesdropping on Americans without warrants for five years because obtaining judicial approval would have endangered national security, the administration somehow found a way to obey the law without sacrificing our safety." Sullum continues, "By exposing the hollowness of President Bush's national security justification, his tardy compliance with FISA demonstrates more contempt for the rule of law than continued defiance would have. Since the National Security Agency's warrantless surveillance program was publicly revealed in December 2005, the administration has maintained 'it was absolutely necessary to protect the security of our country,' as Attorney General Alberto Gonzales told the Senate Judiciary Committee on Jan. 18. Now we know that's not true." Sullum adds, "From now on, Mr. Gonzales said, NSA surveillance of international e-mail and phone calls involving people on U.S. soil 'where there is probable cause to believe that one of the communicants is a member or agent of al Qaeda or an associated terrorist organization' will be 'subject to the approval of the FISA court.' Although the Bush administration publicly insisted for a year that such a concession would compromise national security, Mr. Gonzales promised 'the country will not be any less safe' now that the president has deigned to follow the law. … According to Mr. Gonzales, the Justice Department managed to square this circle by coming up with a 'complicated' and 'innovative' approach that complies with FISA yet allows the 'speed and agility the government needs to protect our nation from the terrorist threat.' Since the statute explicitly permits retroactive approval of surveillance in emergencies up to 72 hours after the fact, it's not clear what additional leeway the government thought it needed. … Whether you buy that or not, the reason for the delay in complying with FISA is clear: When it comes to fighting terrorism, the president considers obeying the law optional. As Mr. Gonzales emphasized, the administration still maintains the president is not obligated to follow FISA; he is doing so only because he has decided that 'involving all branches of government on such an important program is best for the country.' Given the president's view of his 'inherent' powers, he could go back to evading the courts and flouting the will of Congress any day."

The Honolulu Advertiser (1/27) editorializes, "Americans who are worried about the Bush administration's tight grip on the reins of power can't be happy with the news from Capitol Hill. … First, the president signals that he's now ready to end the practice of conducting warrantless wiretapping, announcing that any such operations will now meet requirements for court orders under the Foreign Intelligence Surveillance Act. This administration's turnabout resulted from negotiations with the FISA court." The Advertiser continues, "But just when some critics felt ready to turn handsprings, others — including several U.S. senators — fired off pointed questions. … New York's Democratic Sen. Charles Schumer asked whether these warrants were blanket approvals or broad brushstrokes enabling generic roundups. … Attorney General Alberto Gonzales owes us an answer." The Advertiser adds, "In later grillings about federal prosecution of terrorists, Gonzales' message to the Senate was clearer — but even more disturbing. Habeas corpus — the right to go to federal court and challenge one's imprisonment — is not protected by the Constitution. … Even veteran Pennsylvania Republican Sen. Arlen Specter was incredulous, quoting a section in the Constitution barring suspension of habeas. How, he argued, can you ban the suspension of a right that doesn't exist? … Good question. … If the voters tried to communicate a need for some limits to executive power, the president wasn't hearing it."

The Sacramento Bee (1/27, B6) reports, "Yes, the right of habeas corpus does exist. It's been part of the Anglo-American legal tradition since the Magna Carta in 1215. And the U.S. Constitution explicitly says that it cannot be suspended, except in the case of rebellion or invasion. Yet Attorney General Alberto Gonzales told the Senate Judiciary Committee this week that he believes people in the United States have no constitutional right to habeas corpus." The Bee continues, "The writ of habeas corpus -- literally, 'produce the body' -- has been a bulwark of personal liberty for more than 800 years. It requires that any time a person is detained, the government must produce the prisoner in person and state why he or she is being detained. A person taken into custody must either be charged or released. … But there was Gonzales, testifying before the Judiciary Committee that 'there is no express grant of habeas in the Constitution; there is a prohibition against taking it away.' … Sen. Arlen Specter, R-Pa., was flabbergasted: 'Now, wait a minute. Wait a minute. The Constitution says you can't take it away, except in the case of rebellion or invasion. Doesn't that mean you have a right of habeas corpus, unless there is an invasion or rebellion?' … Gonzales dug in: 'I meant by that comment, the Constitution doesn't say, "Every individual in the United States or every citizen is hereby granted or assured the right to habeas." It doesn't say that.' … Unfortunately, this was not merely a theoretical exchange. The Bush administration

already has been detaining people without charge. … The Bush administration forces us to learn anew the hallowed principles of our legal tradition -- and to defend them. Habeas corpus continues to be a basic human right worth fighting for -- to prevent a king or any government from arbitrarily throwing people into prison without charges."

Canada Announces $9.75 Million Compensation For Arar. The New York Times (1/27, A5, Austen) reports, "Maher Arar, the Canadian software engineer who was detained by American officials in 2002 and deported to Syria, where he was jailed and regularly tortured, will receive 11.5 million Canadian dollars ($9.75 million) in compensation from the Canadian government, under a settlement announced Friday." Prime Minister Stephen Harper "offered a formal apology to Mr. Arar and his family for their 'terrible ordeal.'" The Washington Post (1/27, A14, Struck) reports, "Harper and Arar both criticized the United States for its refusal to accept the exhaustive Canadian inquiry that found Arar was an innocent man."

The AP (1/26) reports Harper "again called on the U.S. government to remove the Ottawa telecoms engineer from any of its no-fly or terrorist watchlists and reiterated that Ottawa would keep pressing Washington to clear Arar's name." Arar "thanked the Canadian government at a news conference Friday." The Los Angeles Times (1/27, Farley) reports Arar had been deported to Syria "based on incorrect information" and "was imprisoned and tortured for a year." Harper said that "he had asked President Bush to clear him." Arar "tried to sue American officials and agencies over his detention and deportation, but the U.S. District Court of Appeals dismissed his suit last February, ruling that the action was protected on national security grounds. Arar is appealing the decision."

HOMELAND RESPONSE:

9/11 Calls To Emergency Operators Show Lack Of Coordination. The New York Times (1/27, B2, Dwyer) reports, "The city yesterday released 19 recordings of telephone calls made to 911 operators from the World Trade Center on the morning of Sept. 11, 2001. While the calls included a rich example of the valor of the day, they also showed that the emergency response agencies worked as separate fiefdoms, with callers having to tell their stories multiple times as they were transferred from police operators to fire dispatchers or to Emergency Medical Service. And no one in the 911 system passed along what could have been a life-saving order that had been issued by fire chiefs on the scene: to evacuate the buildings."

The AP (1/26) reports, "Seven minutes before the World Trade Center's south tower collapsed, Larry Boisseau called a 911 operator from the lobby, asking for help for injured people. He stayed on the line while the phone to paramedics rang about a dozen times." Boisseau, "fire safety director for OCS Security, was one of two victims identified on the calls because he was on the job. The other victim was Melissa Doi, whose call was made public because it was played at the trial of Sept. 11 conspirator Zacarias Moussaoui. The rest of the calls released Friday only played the operator's side of the conversation, and recalled eerie tableaus presented in earlier released tapes: operators trying to calm down callers trapped on the 84th floor, the 89th floor, the 93rd floor, the 105th floor. Some operators became exasperated, and others weren't sure how to advise trapped callers."

Anti-Fraud Regulations Blamed For Slow Rebuilding Efforts Following Katrina. The Wall Street Journal (1/27, A1, Cooper) reports in a front-page story on rebuilding efforts 17 months after Hurricane Katrina that throughout the region, "rebuilding is in a deep stall." The article blames "the size of the disaster…; the crush of competing bureaucracies…; and weak local leadership." It details the lack of spending by responsible agencies and lays chief blame on regulations which are intended to combat fraud and waste. As an example, a Louisiana program, "Road Home…has drawn nearly 100,000 applicants. As of this week, it had disbursed only 258 grants for a total of $14.4 million. Mississippi, which operates a similar but far less restrictive grant program, has distributed $665 million to 11,827 homeowners." "At the federal level, Bush administration officials defend their rules." Louisiana Sen. Mary Landrieu (D) "has promised to try rejiggering Stafford Act rules to make them more flexible."

Judge Delays State Farm Settlement In Katrina Case. The New York Times (1/27, C1, Treaster) reports Judge L. T. Senter Jr. of Federal District Court in Gulfport, Mississippi "has rejected -- at least temporarily -- a settlement by State Farm Insurance that was expected to provide several hundred million dollars to help policyholders rebuild homes destroyed by Hurricane Katrina 17 months ago." State Farm said that "it now looked forward to addressing the judge's

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concerns." Lead attorney Richard F. Scruggs, and Mississippi Attorney General Jim Hood "said they were optimistic that the agreement would be revived." The settlement "was expected to be a model for other insurers to use in seeking settlements, which would help jump-start the lagging recovery of Mississippi's coast." Judge Senter "raised concerns about a lack of detail on how much money policyholders might receive." He also said that the agreement "failed to provide information on what the lawyers had done to justify an agreed-upon payment of up to $20 million in relation to reopening the 35,000 damage claims."

The Wall Street Journal (1/27, A4, Pleven) reports, "The judge's ruling threw into uncertainty a plan that would have required State Farm Fire & Casualty Co., the nation's largest home insurer, to pay a total of at least $50 million to homeowners who suffered damage in the 2005 storm." Senter "raised a number of objections in his ruling about the procedure and other issues related to the case." CNN.com (1/26) reported Senter "said the bargain between State Farm Fire & Casualty Co. and the Mississippi attorney general did not establish 'a procedure that is fair, just, balanced or reasonable.'"

WAR NEWS:

Bush Says "I'm The Decision Maker" On Iraq. The Washington Post (1/27, Abramowitz, Weisman, 690K) reports on its front page that, "declaring 'I'm the decision maker,'" President Bush "challenged congressional efforts to formally condemn his Iraq plan." It was "part of a White House campaign to try to keep Republican lawmakers from signing on to any resolution that criticizes the president's new strategy in Iraq. By keeping down the number of Republican defections, the administration hopes to make any vote appear highly partisan and to buy Bush's new plan more time." BBC.com (1/26) reports Bush "has made it clear he will ignore any attempt by the US Congress to question his sending 20,000 extra troops to Iraq."

The CBS Evening News (1/26, lead story, 2:40, Couric) led by reporting that while "he has faced day after day of criticism of his new Iraq strategy, and on this day President Bush said, in effect, it doesn't matter. He's in charge, he's calling the shots. The President said congressional opponents are condemning his troop buildup before it even has a chance to work, and his new defense secretary went even further, accusing them of giving America's enemies a boost." NBC Nightly News (1/26, lead story, 3:05, Williams) led by saying Bush "felt the need to remind some of those in Washington and beyond that he makes the decisions. He was talking about one in particular, however: sending almost 22,000 fresh US troops into Iraq. The President knows congress is probably going to pass resolutions against his policy. He further knows several Republicans have turned against him publicly. He also knows it won't have the force of law and today's pronouncement sounded like that, however unpopular the policy, there can only be one commander and chief at a time."

Gates Says Resolutions Embolden Enemy. The Washington Times (1/27, A1, Dinan, 88K) reports Defense Secretary Robert Gates "said yesterday that Congress' push to oppose President Bush's troop increase in Iraq 'emboldens the enemy' and undercuts the commanders in the field. ... Sen. Edward M. Kennedy, Massachusetts Democrat, called Mr. Gates' statement 'a desperate attempt' to bolster the president's policy." The Times adds, "Members of Congress are increasingly talking about a vision of victory that is different from Mr. Bush's picture of an Iraq that can 'govern, sustain and defend itself.'" The Washington Post (1/27, A1, Abramowitz, Weisman, 690K) also reports Gates's concern about the effect of Congressional resolutions. But on its Web site, The Hill (1/26, Marre) says if Republicans "stand in the way of an up-or-down vote on such a resolution, the resulting cloture vote would, in effect, be a referendum on the war. 'We're going to get a vote one way or the other,' Kennedy said in the Capitol."

Pelosi Meets With Maliki In Baghdad. The CBS Evening News (1/26, story 2, :10, Couric) reported, "One fierce critic of the President's Iraq policy, House Speaker Nancy Pelosi, was in Baghdad today. She met with Prime Minister Maliki and wished his government success." The Washington Post (1/27, A10, Londono, 690K) reports Maliki told Pelosi he would "like to see 50,000 U.S. troops leave by the end of the year, Iraqi officials said." Her "primary concern in meeting Maliki appeared to be to determine how soon he thought the United States could withdraw its soldiers from Iraq, said Ali Dabbagh, the prime minister's spokesman." The Speaker "told the prime minister that she and fellow Democrats are eager to see a prompt transition of authority, Maliki's office said in a statement."

The Los Angeles Times (1/27, Daragahi) reports Pelosi "reportedly voiced support for Iraq's 'democratic experiment' and vowed to push for the speedy transfer of security duties

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from U.S. to Iraqi forces long demanded by the Shiite-dominated government." The AP (1/26) reports that she was accompanied on her trip by Rep. John Murtha, "a longtime critic of the war."

Meanwhile, the New York Times (1/27, A8, Zernike, 1.16M) reports House Majority Leader Steny Hoyer "set out a road map for the House to exercise more control over Iraq strategy, as he and other Democratic leaders continued on Friday to exert pressure against the president's plan to send in an additional 21,500 troops."

On Fox News' The Big Story (1/26, Gibson), Newt Gingrich said of Pelosi's trip, "It's a very good thing for her to go. It's a very good thing for her to ask questions. It will be a very bad thing if she communicates to the Iraqi government anything other than the official policy of the United States. … I hope that Speaker Pelosi will be very cautious and the people with her will be very cautious about what they say when they're in those meetings."

Brownback, Pataki Oppose Surge. An announced and a potential Republican presidential candidate are both speaking out against the surge. The Los Angeles Times (1/27, Levey) reports Sen. Sam Brownback "said Friday that he would back the symbolic push to oppose President Bush's plans to increase troop levels in Iraq, further evidence of the growing division within the GOP over the unpopular plan." And the New York Times (1/27, A12, Hernandez, 1.16M) reports ex-Gov. George Pataki, "a Republican who has steadfastly supported President Bush's Iraq policies, said on Friday that he would oppose Mr. Bush's plan for sending more troops to Baghdad unless Iraqi leaders took clearer steps to build a nonsectarian government."

Pataki said on Fox News (1/26, Browne), "Before we commit more American troops to the middle of sectarian violence between the Shia and Sunni, we should demand that the Maliki government take action; that they stop just talking about what they hope to do and actually start implementing tasks that will allow them to take the lead in protecting and making their democracy work."

Gates Works To Accelerate Deployment In Iraq. The Washington Post (1/27, A14, Tyson, 690K) reports Gates said he "was working to accelerate the deployment of 21,500 additional U.S. troops to Iraq, suggesting that the influx of American troops is no longer contingent upon the Iraqi government fulfilling its commitments for Baghdad security operations. ... In congressional testimony and statements earlier this month, Gates had suggested that the flow of additional U.S. troops to Iraq would be dependent upon the Iraqi government meeting specific pledges -- such as sending three more Iraqi army brigades to Baghdad and lifting restrictions on U.S. military operations targeting certain Baghdad districts or individuals." The Post adds, "Yesterday's statements made it clear that any decision on withholding troops would be left to Petraeus, who has said he favors moving the troops to Iraq as quickly as possible."

Gates Displays New Style At First Pentagon News Conference. Coverage of Gates' first Pentagon newsconference was focused his stylistic differences with predecessor Donald Rumsfeld. The New York Times (1/27, A12, Cloud, 1.16M) said the session was "nothing like those of his predecessor," who "invariably stood behind the lectern in the Pentagon briefing room, often on live television, gleefully sparring with reporters, challenging the premises of their questions, and usually frustrating all efforts to elicit hard information. Mr. Gates seemed to go out of his way to do things differently. ... his answers were generally more concise and free of scoffing, teasing or smirking."

The Los Angeles Times (1/27, Barnes, 850K) also says Gates' "manner and method could not have been more different from those of his controversial predecessor." Gates "met the media in his private dining room, seating reporters and himself around a large conference table. And the answers he offered could not have been more dissimilar to Rumsfeld's. Stylistically, Gates refrained from scoffing at reporters, from restating their questions on more favorable terms and from challenging the premises of inquiries." In addition, "Gates came close to blaming Rumsfeld for many of the problems in Iraq."

Bush, Gates Defend Anti-Iran Effort Within Iraq. ABC World News (1/26, lead story, 2:30, Gibson) reported, "As if US forces don't have enough to worry about in Iraq, officials in Washington, today, were talking about forces from Iran, who are coming into Iraq. Recently, Iranian agents were detained on suspicion they were aiding the insurgency. And today, the President made it clear, American forces can respond with deadly force, if agents from Iran threaten their lives. We turn to our chief White House correspondent, Martha Raddatz. Martha?" ABC (Raddatz): "Charlie, the focus has been on Iraq. But today, it definitely switched to Iran. From the President to the Secretary of Defense and to the battlefields of Iraq -- today it was clear that pressure is being ratcheted up against Iran." The Bush Administration "is now aggressively pursuing a 'capture or kill' policy towards

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Iranians aiding the Iraqi insurgency." President Bush: "It makes sense that if somebody is trying to harm our troops or stop us from achieving our goal or killing innocent citizens in Iraq that we will stop them." Raddatz: "US officials say that the Pentagon will soon present evidence that Iran is providing deadly weapons to the insurgents, such as the explosively formed Penetrators that can cut through the strongest armor."

The Washington Post (1/27, A12, Linzer, Tyson, 690K) reports Bush "yesterday defended a Pentagon program to kill or capture Iranian operatives inside Iraq, saying that U.S. troops would use all necessary measures to protect themselves and Iraqi civilians from harm." However, Bush and Gates "said U.S. troops would not cross Iraq's border with Iran under the program, and the president said he is still committed to resolving the dispute over Iran's nuclear program diplomatically." Gates "id not discuss the program's rules of engagement but said that U.S. military targeting of Iranians or any foreign fighters is limited to those who pose a threat to U.S. troops, adding that such practice is not new." Bush "said his administration is already making good progress on the diplomatic front, citing a U.N. Security Council resolution that calls on Iran to halt much of its nuclear program and return to negotiations. Iran has rejected that."

The New York Times (1/27, Mazzetti, Cloud, 1.16M) says Bush "and his senior aides on Friday justified American actions against Iranian operatives inside Iraq as necessary to protect American troops and Iraqis, and said they would continue as long as Tehran kept up what they called its support for Shiites involved in sectarian attacks." Bush "decided several months ago to allow American troops to make targets of select Iranian operatives inside Iraq whom military officials have accused of helping militants build sophisticated and powerful roadside bombs." Leaders including Gates "said that President Bush had given the military no new authorities to carry out the offensive, and that the Pentagon had long had permission to capture or kill foreign operatives thought to be aiding attacks against American troops."

The Los Angeles Times (1/27, A1, Richter) reports, "President Bush staunchly defended a tough new administration policy on Iran that is drawing criticism at home and causing anxiety abroad, arguing Friday that it was only sensible for U.S. troops to move aggressively against Iranians who endangered them in Iraq. ... The new push has been welcomed by some Sunni Arab countries that are worried about the rising influence of predominantly Shiite Iran, as well as by members of U.S. Congress from both parties who are nervous about the prospect that Tehran may acquire a nuclear weapon and possibly use it to threaten Israel. But the aggressive approach has been unsettling to Shiite Arabs and Kurdish leaders in Iraq, as well as to others in the United States and Europe."

Bush Downplays Plan For Offensive Strike Against Iran. Under the headline "Bush Denies Preparing Attack Against Iran," the Financial Times (1/27, Luce) notes President Bush yesterday "sought to deny widespread rumours his administration was preparing some kind of military action against Iran. Mr Bush confirmed a report in Friday's Washington Post that he had authorised US troops to shoot and kill Iranian operatives in Iraq, but denied this was a prelude to stronger action." However, his "relatively emollient comments are unlikely to quell speculation about the reasons behind the recent escalation of White House rhetoric towards Iran." The Times says Secretaries Rice and Gates "are thought to be pushing the White House to open talks with Iranian," while "others in the Bush administration, notably Dick Cheney, who last year warned Iran that it would face 'meaningful consequences' if it continued to foment violence in Iraq, are thought to be arguing for the military option."

Domenici Would Oppose Strike On Iran "At This Point." Sen. Pete Domenici was asked on the Imus In The Morning (1/26) radio program, simulcast on MSNBC, "If the President wanted to bomb Iran, would you support that?" Domenici replied, "At this point, I would not. I think we're back in the same muddle that we're in in this one if we do that. … They don't have a nuclear bomb yet. … We have some time. They're making it harder to find it, because they're moving it all over the place in very prolonged tunnels. But we have to decide later on what we do about that. Right now, we have better stay focused" on Iraq.

Dowd Denounces Cheney For Defense Of Iraq Policy. Maureen Dowd writes in her column for the New York Times (1/27, A17), "Dick Durbin went to the floor of the Senate on Thursday night to denounce the vice president as 'delusional.'" But "delusional is far too mild a word to describe Dick Cheney." She adds, "W. and Vice…learned no lessons from Vietnam, probably because they worked so hard to avoid going. They rush into a war halfway around the world for no reason and with no foresight about the culture or the inevitable insurgency, and then assert that any criticism of their fumbling management of Iraq and Afghanistan is

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tantamount to criticizing the troops." Cheney "has turned his perversity into foreign policy. He assumes that the more people think he's crazy, the saner he must be."

Senate Confirms Petraeus 81-0. ABC World News (1/26, story 3, :10, Gibson) reported the Senate "confirmed the President's choice to command US troops in Iraq, Lt. Gen. David Petraeus. The Senate confirmed Petraeus unanimously." The Washington Times/AP (1/27) says the "81-0 approval was in contrast to the widespread public and congressional opposition to Mr. Bush's plan to send 21,500 more troops to Iraq."

Domenici Says "We Don't Produce Smarter Men Than Him Anywhere." Sen. Pete Domenici appeared on the Imus In The Morning (1/26) radio program, simulcast on MSNBC, where he said of Petraeus, "We don't produce smarter men than him anywhere, and we're just lucky that, as smart as he is and as intelligent, well-versed, he happens to be in the military and he's going to take this job on. So we're very lucky as Americans to find these kind of people every now and then."

Petraeus Might Use Iraqi Facilities Protection Service. The Washington Post (1/27, A12, Pincus, 690K) reports Petraeus "told Congress that he might supplement efforts to secure Baghdad using the Iraqi Facilities Protection Service, a 150,000-man force that guards Iraqi government agencies. But that service is widely considered unreliable, and elements were described in July by Prime Minister Nouri al-Maliki as 'more dangerous than the militias,' according to Sen. Jack Reed."

Military Confirms Abduction Of Troops In Karbala Slayings. Coverage of the raid against Americans in Karbala pointedly noted the military's earlier denials that an abduction had occurred. ABC World News (1/26, story 2, 2:10, Gibson) reported, "The military, at first, said five US soldiers had died repelling that attack. However, today the story is quite different. And it turns out the attack represents almost a total breakdown in security." ABC (Marquez): "In the immediate aftermath, it looked like the scene of so many deadly attacks on US forces. But this assault was far more brazen and brutal. US officials say the attack began when a convoy of GMC sport utility vehicles, the kind used by US government officials, entered the governor's compound in Karbala."

The CBS Evening News (1/26, story 3, 1:45, Couric) reported, "Meanwhile, the Pentagon has changed its account of what happened when US troops were ambushed in Karbala last week." CBS (Orr): "The US military now concedes the assault on this compound in Karbala was a sophisticated and brazen attack." Defense Secretary Robert Gates "was pressed today about the new details of the Karbala attack." Gates: "I've just been made aware of the discrepancy in the account and I've asked for the specifics about it." NBC Nightly News (1/26, story 2, 3:20, Miklaszewski) reported, "The level of security provided by the Iraqis is dismally low. The Iraqi guards are not properly trained and certainly not reliable. ... The tragic incident raises questions about the new US strategy for Baghdad and the increased risk to American troops."

The AP (1/26) reports, "Four American soldiers were abducted during a sophisticated sneak attack last week in the Shiite holy city of Karbala, the U.S. military confirmed Friday. It said three were shot to death and a fourth was mortally wounded with a gunshot to the head when they were found in a neighboring province, far from the compound where they were captured. ... The brazen assault, 50 miles south of Baghdad, was conducted by nine to 12 militants posing as an American security team, according to two senior U.S. military officials as well as Iraqi officials." The AP adds, "The confirmation has emerged after nearly a week of inquiries. The U.S. military in Baghdad initially did not respond to repeated requests for comment on reports that began emerging from Iraqi government and military officials on the abduction and a major breakdown in security at Karbala site."

The Washington Post (1/27, A10, Londono, 690K) reports, "The U.S. military, reversing earlier statements, acknowledged Friday that four of five soldiers killed last Saturday had been abducted before being executed." The Los Angeles Times (1/27, Daragahi, 850K) reports, "The account of the attack provided by the military suggests both a breakdown of security in the relatively safe southern province as well as increased skill on the part of armed groups."

Suicide Bombing Kills At Least 15 At Baghdad Pet Market. The CBS Evening News (1/26, story 4, 2:00, Couric) reported, "Today in Baghdad, a busy pet market was attacked. A bomb hidden in a crate of pigeons exploded. At least 15 people were killed as were dozens of animals. Sunni insurgents are suspected." NBC Nightly News (1/26, story 2, 3:20, Williams) reported, "Yet another

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bombing at a Baghdad market, this time at a popular fair where animals are bought and sold routinely."

The New York Times (1/27, A8, Santora, 1.16M) reports, "There used to be two great joys on Fridays for Iraqis in Baghdad: browsing the ancient bookshops, and exploring the Ghazil animal market, home to an extraordinary array of creatures. ... The animal market, too, has suffered, having been reduced to a shell of its lively former self. When a bomb exploded there on Friday, killing 15 people and wounding 50, it was the third such attack since June." The Washington Times/AP (1/27, Gamel) reports, "Suspicion fell on Sunni insurgents because the market sits near a predominantly Shi'ite neighborhood on the east bank of the Tigris River that divides Baghdad. It was the latest in a series of attacks on busy commercial targets in the capital as insurgents apparently sought to maximize bloodshed ahead of a U.S.-Iraqi security crackdown." The Los Angeles Times (1/27, Daragahi, Kareem, 850K) reports, "As usual, the attack carried sectarian overtones."

Soldiers Caught In Baghdad Crossfire. The CBS Evening News (1/26, story 4, 2:00, Couric) reported, "Chief foreign correspondent Lara Logan is on patrol with US forces in Baghdad's Dura district. Today they found themselves caught in the crossfire." CBS (Logan): "Crazyhorse troops are right in the middle of Iraq's sectarian war. Here, rushing to the scene of a shooting; only the gunmen are gone, leaving US troops to deal with the anger that follows."

Soldiers Serving In Iraq Are Profiled. NBC Nightly News (1/26, story 3, 2:20, Williams) reported, "Tonight we get to see American soldiers on the job in Iraq and more important really we get to hear from them about all of the talk about the war here at home." NBC (Engel): "When the Stryker Brigade Apache company headed out this morning, they had one mission, to find bases for the new US troops coming in. There aren't a lot of safe options in this city."

Western Iraq Sees More Cooperation With US Forces. The Washington Post (1/27, A13, Partlow, 690K) reports, "Before tribal sheiks aligned themselves with U.S. forces in the violent deserts of western Iraq, the number of people willing to become police officers in the city of Ramadi -- the epicenter of the fight against the insurgent group known as al-Qaeda in Iraq -- might not have filled a single police pickup. ... With the help of a confederation of about 50 Sunni Muslim tribal sheiks, the U.S. military recruited more than 800 police officers in December and is on track to do the same this month. Officers credit the sheiks' cooperation for the diminishing violence in Ramadi, the capital of Anbar province." However, "some Iraqi politicians and Anbar residents who oppose the U.S. presence describe the confederation, known as the Awakening, as a divisive group that pits tribes against each other, uses police officers as armed guards to protect tribal territory, and harnesses American support to consolidate its power."

Officer Faces Court Martial For Abu Ghraib Role. The Washington Post/AP (1/27, A3) reports Lt. Col. Steven Jordan, the "only U.S. military officer charged with a crime in the Abu Ghraib scandal," will be "court-martialed on eight charges, including cruelty and maltreatment of prisoners, the Army said Friday." Jordan, "a 50-year-old reservist from Virginia who ran the interrogation center at the Iraqi prison, was accused of failing to exert his authority as the place descended into chaos, with prisoners stripped naked, photographed in humiliating poses and intimidated by snarling dogs."

Antiwar Demonstrators To March In Washington Today. The Washington Post (1/27, B1, Ruane, 690K) reports, "Tens of thousands of demonstrators from across the country are expected to converge in Washington today to urge the withdrawal of U.S. forces from Iraq as President Bush is proposing to send more troops in an effort to stabilize the country." The event "is expected to draw groups of many stripes. The chart for the assembly site shows sections reserved for veterans and labor, gay and peace organizations, in addition to others dedicated to opposing global warming, nuclear arms and torture and a group called End Israeli Occupation of Palestine. In addition, at least one group is protesting the protest." The AP (1/26, Margasak) says a "small number of active military troops will take part in today's rally in Washington against the Iraq war." The Washington Times (1/27, Cella, Taylor, 88K) also reports on the planned march.

Coleman Among Activists' Targets. The Minneapolis Star Tribune (1/27, Hotakainen, 395K) says "groups opposed to the war in Iraq announced that they're targeting Sen. Norm Coleman, R-Minn., as part of a national campaign to stop the troop increase proposed by President Bush. ... Coleman has been in the national spotlight since

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Jan. 10, when he announced his opposition to Bush's request. But Coleman has made a distinction between sending more troops to Baghdad and sending them to Anbar Province."

Older Generation Is Majority In Iraq War Protests. The Philadelphia Inquirer (1/27, Gammage) reports that many have found that "at protests, the people carrying signs are often middle-age or retired" an "inverse of the 1960s, when U.S. campuses erupted in protest, sometimes in flames, over the war in Southeast Asia. … To the iPod generation, standing on street corners and holding banners can seem anachronistic" because "its members are more likely to voice political objections on blogs and other Internet venues."

Fonda Faces Heat Again In Antiwar Protest. The Boston Globe (1/27, Bender) reports that "actress and long time peace activist Jane Fonda…will rejoin the ranks of the antiwar movement today at a major rally in Washington." Her "return to the spotlight…was seen by some activists and chroniclers of the antiwar movement as politically risky. They said her presence could be distracting in a rally that organizers hope can capitalize on congressional opposition" to President Bush's surge plan.

Tree Memorial To Fallen Soldiers Grows Larger. The AP (1/26) reports from Fort Stewart, Georgia, on the "318th soldier memorialized at Warriors Walk, a grove of eastern redbuds started with 34 trees in April 2003. Fort Stewart has planted a tree here for every member of the 3rd Infantry Division to die in the war, as well as for soldiers from other Army posts killed while serving with the division. Jeff Fornshell, the post's ceremonies coordinator, said he wonders how many trees he'll have to plant this year. Expanded twice since its inception, Warriors Walk has room for only 72 more trees." The monument "exhibits the war's cost in a way that's staggering in scale yet also intensely personal."

Rice's Appeal For Bolstered Afghanistan Mission Said To Meet Skepticism. Under the headline, "Rice Presses Allies To Boost Afghan Aid," the Washington Post (1/27, A16, Moore, 690K) notes Secretary of State Condoleezza Rice, "citing the $10.6 billion in new aid that the Bush administration proposes to give Afghanistan, pressed NATO and European allies Friday to increase their contributions of money and manpower." Her "push came as concern grows over the resurgence of the Taliban in southern Afghanistan, massive increases in opium production and rising tension between Afghanistan and neighboring Pakistan, where Taliban leaders and fighters have been allowed refuge." Rice "defended U.S. and NATO operations in Afghanistan, saying, 'The violence we are seeing is not evidence that our strategy has failed, nor that the situation will improve in our absence.' She added, 'It is evidence of how much we are needed.'"

The AP (1/27, Gearan) adds Rice "asked allies Friday to intensify their efforts to keep the Taliban from retaking parts of Afghanistan, and asserted a resurgence in Taliban attacks does not mean the U.S. war strategy has failed." The Administration "wants NATO allies to increase money, troops and other support for the unsteady democracy in Afghanistan. It is also working to dispel European suspicion that the United States is too busy in Iraq to pay attention to the older Afghan fight."

The New York Times (1/27, Cooper, 1.16M) titles its coverage, "NATO Allies Wary Of Sending More Troops To Afghanistan." European powers "remained noncommittal about sending additional troops to Afghanistan, even as the Bush administration sought to inject new energy into the NATO mission against the Taliban by offering more American soldiers and money." The Times reports, "Officially, the language at a NATO meeting here on Friday reflected resolve and commitment toward Afghanistan. … But beyond the sound bites, the realities that have troubled the NATO mission in Afghanistan since the 26-member trans-Atlantic alliance took command last year remained on display."

Army Reprimands Special Forces Soldiers For Beating Detainees. The Los Angeles Times (1/27, Sack) reports, "The Army announced Friday night that it had given administrative reprimands to two Special Forces soldiers for assaulting detainees held at a base in eastern Afghanistan in 2003 and for failing to report the death of one detainee. However, the U.S. Army Special Forces Command absolved the soldiers of any wrongdoing in the deaths of two [other] detainees." The Special Forces' statement "did not name the soldiers who had been disciplined, nor did it provide details about which death led to the disciplinary action for failure to report."

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Ex-Taliban Governor Gunned Down In Afghanistan. The Los Angeles Times/AP (1/27) reports, "An Afghan lawmaker who oversaw the destruction of two massive 1,500-year-old Buddha statues in March 2001 was gunned down here on his way to Friday prayers, police said." Mawlawi Mohammed Islam Mohammedi "was the former Taliban regime's governor of Bamian province when the 5th century Buddha statues carved from the living rock were blasted with dynamite and artillery." The gunman's motive was unknown.

Halliburton, KBR Report Income Declines. The AP (1/26, Porretto) reports Halliburton "was upbeat Friday despite a 40 percent decline in fourth-quarter profit, citing heavy demand for its oilfield equipment and personnel and predicting more of the same for 2007." The Wall Street Journal (1/27, B14, Vuocolo) reports KBR, "which was partially spun off from Halliburton in November, saw net income decline 23%."

War College Scholar Argues More NATO-Like Alliances Needed. In an op-ed for the New York Times (1/27, A17, 1.16M), Joseph R. Núñez, an Army colonel and the chairman of the art of war department at the Strategic Studies Institute, United States Army War College, argues, "Like the one strong horse that carries load after load, NATO is getting tired of having to serve as the proxy both for the United Nations and feeble regional organizations. ... What we need are more permanent regional security and defense organizations, supported by major powers." The US and its allies "should work to create a minimum of six additional security and defense organizations patterned on NATO -- one each for North America, South America, Africa, the Asia-Pacific region, South Asia and the Middle East. Headquarters for these organizations might be, respectively, in Colorado Springs, Brasília, Johannesburg, Beijing, New Delhi and Amman, Jordan."

Wills Complains Of Creeping Militarization Of Presidency. In an op-ed for the New York Times (1/27, A17, 1.16M), author Garry Wills writes, "The president is not the commander in chief of civilians. He is not even commander in chief of National Guard troops unless and until they are federalized. … We have not seen normal life in 66 years. The wartime discipline imposed in 1941 has never been lifted." In addition, "There has never been an executive branch more fetishistic about secrecy than the Bush-Cheney one. ... We used to take pride in civilian leadership of the military under the Constitution, a principle that George Washington embraced when he avoided military symbols at Mount Vernon. We are not led -- or were not in the past -- by caudillos."

President Satirized As Weapons Visionary. In a satirical op-ed for the Los Angeles Times (1/27), author Larry Doyle and his son Ben present an imaginary memo from the White House in which President Bush muses about useful high-tech weapons: "POTUS was curious about where we are on the invisibility cloak. ... We have smart bombs; why not smart bullets? They could be trained to tell the difference between Shiites or Sunnis and only shoot the right one, depending on the day. ... We need a time machine, either based on the POTUS La-Z-Boy design or something more scientific, as long as it's done by Friday."

DOJ:

DOJ's IG Says Department Is Not Prepared For Emergencies. The Washington Times (1/27, Seper) reports, "The Justice Department, hampered by budget shortfalls and high staff turnover, is not prepared to respond quickly to terrorist attacks, hostage incidents, hurricanes and other natural disasters, said a report yesterday by" Inspector General Glenn A. Fine. He "also said that while U.S. attorneys nationwide stepped up training in response to the September 11 attacks, their efforts have fallen off, noting that fewer than half complied with requirements to conduct annual training exercises in 2005 and 2006."

Bloomberg (1/27, Roland) reports, "The U. S. attorneys are responsible for making on-site legal decisions and coordinating for the department with other federal, state and local officials. Justice Department officials have been lax in supervising the preparations, and some plans have been deficient for years, the 70-page report said. … The Justice Department's efforts 'have regressed since June 2005,' said the audit, posted Friday on the department's Web site. Agency officials 'have not provided the direction and support needed to ensure' proper preparations, it said." Bloomberg adds, "The Justice Department, which oversees the FBI as well as the U. S. attorneys' office, has been criticized by Congress for its responses to the 1993 Branch Davidian standoff in Texas, the 1995 Oklahoma City bombing and various hurricanes.

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Department officials made "serious mistakes" in the use of deadly force, coordinating between negotiators and attack planners and in collecting evidence, the report said. … Department officials plan 'to resolve and implement solutions to the' audit findings, said Michael Battle, head of the office that oversees the U. S. attorneys, in a Jan. 8 letter appended to the inspector general's report."

Recent US Attorney Appointments Are Called Political. McClatchy Newspapers (1/27, Taylor, Gordon) reports, "Attorney General Alberto Gonzales is transforming the ranks of the nation's top federal prosecutors by firing some and appointing conservative loyalists from the Bush administration's inner circle who critics say are unlikely to buck Washington." McClatchy continues, "The newly appointed U.S. attorneys all have impressive legal credentials, but most have few, if any, ties to the communities they've been appointed to serve, and some have had little experience as prosecutors. … The nine recent appointees identified by McClatchy Newspapers held high-level White House or Justice Department jobs, and most were handpicked by Gonzales under a little-noticed provision of the Patriot Act that became law in March." McClatchy adds, "With Congress now controlled by the Democrats, critics fear that in some cases Gonzales is trying to skirt the need for Senate confirmation by giving new U.S. attorneys interim appointments for indefinite terms. … Some legal scholars contend that the administration pushed for the change in the Patriot Act as part of an ongoing attempt to expand the power of the executive branch, a charge administration officials deny. … Being named a U.S. attorney 'has become a prize for doing the bidding of the White House or administration,' said Laurie Levenson, a former federal prosecutor. … A Justice Department spokesman called such assessments 'reckless.' … The selection of U.S. attorneys has always been a political process. … Traditionally, the top assistant U.S. attorney in each local office temporarily fills any vacancy while home-state senators search for preferred candidates to present to the White House for consideration. … Gonzales gained the authority to appoint interim U.S. attorneys for indefinite terms as a result of a change to the Patriot Act that stripped federal judges of their appointment power. … A Justice Department spokesman denied that Gonzales has sought to compromise the independence of U.S. attorneys' offices by appointing political loyalists. In some recent cases Gonzales has followed the traditional process. … 'Allegations that politics inappropriately interfere with personnel decisions made about U.S. attorneys are reckless and plainly wrong,' said department spokesman Brian Roehrkasse."

CORPORATE SCANDALS:

Former CA Official Sentenced For Fraud. The New York Times/AP (1/27) reports, "A former executive with Computer Associates who pleaded guilty to securities fraud and who prosecutors said was instrumental in the prosecution of the company's former chief executive, Sanjay Kumar, was sentenced to seven months in prison and seven months of home detention." The AP continues, "The executive, Ira Zar, the former chief financial officer, pleaded guilty in 2004 and has cooperated with authorities in the prosecution of Mr. Kumar and the company's former sales chief, Stephen Richards. … Mr. Zar, 45, also pleaded guilty to two counts of conspiracy and was sentenced by Judge I. Leo Glasser of United States District Court in Brooklyn. He was also ordered to serve two years of supervised release after the completion of his sentence. No fine was imposed and restitution will be determined at a later date."

SEC Launches Options Probe Of KB Home. The Financial Times (1/27, Cameron) reports, "KB Home, the fourth-largest US housebuilder, on Friday revealed that US regulators had opend a formal investigation into the stock-options backdating practices that led to the departure of its chief executive last November." The Times continues, "The Los Angeles-based group is one of the largest companies to be ensnared in the unfolding options scandal, and the launch of a formal probe by the Securities and Exchange Commission comes as management wrestles with the impact of the slowing housing market." The Times adds, "The SEC launched an informal investigation into KB Home last August, and intensified the probe on January 19, according to the company, which said it was co-operating with regulators. .. An internal probe by the company revealed KB Home used "incorrect measurement dates for financial reporting purposes for annual stock option grants during the period 1998-2005". The report led to the departure of Bruce Karatz, who had led the company since its initial public offering, and the dismissal of its chief legal officer, who had helped to set dates for the stock options."

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Hewlett-Packard In Legal Dispute With Former Official Over Spying Allegations. The San Jose Mercury News (1/27, Wong) reports, "A run-of-the-mill divorce proceeding has led to allegations of corporate espionage involving Hewlett-Packard, the computer and printer giant whose reputation was recently tarnished by a board-spying scandal." The News continues, "The Palo Alto computer giant is in an ugly fight against a former executive, Karl Kamb Jr., who has accused HP of having him spy on rival Dell. HP has accused Kamb of stealing HP's trade secrets. The story is complete with allegations of a hired informant, bribery and adultery. Key documents in the case, in federal court in Tyler, Texas, have been sealed and the parties were ordered Thursday by a judge not to speak to the media. … But the saga can be pieced together from documents obtained before Kamb's lawsuit was sealed." The News adds, "In August 2005, Kamb's wife, as part of divorce proceedings, subpoenaed HP for information about a business Kamb had established on the side while he was employed by the Palo Alto company in Tokyo, HP said in court filings. After investigating, HP sued Kamb in November 2005 for allegedly stealing its trade secrets to start a multimillion-dollar flat-panel television business while he helped launch HP's TV line. … Last week, Kamb countersued HP for allegedly spying on him, alleging that HP had impersonated him to retrieve his personal phone records. He claimed that HP instructed him to obtain trade secrets on rival Dell's entry into the printer market."

Judge Scolds Nacchio Prosecutors Over Evidence Exchange. The AP (1/27, Shore) reports, "With a stern reminder that Joe Nacchio's trial is just weeks away, a federal judge ordered prosecutors Friday to step up efforts to provide some key evidence to the former Qwest chief executive's attorneys." The AP continues, "U.S. District Judge Edward Nottingham set deadlines for evidence to be turned over and told attorneys to file status reports by Feb. 6. … 'This case is going to be tried on March 19, folks,' Nottingham said." The AP adds, "Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge Qwest Communications International Inc. would be unable to meet revenue targets. … Nacchio is charged with 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine, and has pleaded not guilty." The AP notes, "At issue in Friday's hearing was evidence that could be deemed favorable to Nacchio, which prosecutors are required by law to provide the defense. … Nacchio's attorneys have contended government attorneys have been slow to deliver some evidence, citing a report on a witness delivered two months after the interview was conducted. … Prosecutor Cliff Stricklin said government attorneys are still interviewing witnesses. 'We're doing the best we can,' he said. … Another problem stems from classified documents that defense attorneys say they need. Prosecutors said the evidence-exchange process had been slowed because some of the documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government documents. … Prosecutors said they must coordinate the documents with federal agencies that are involved. … Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts that gave him hope for the company's financial future."

CRIMINAL LAW:

Libby Trial Testimony Said To Cause Anxiety At White House. Newsweek (1/26, Isikoff) reports on its Web site, "White House anxiety is mounting over the prospect that top officials -- including deputy chief of staff Karl Rove and counselor Dan Bartlett-may be forced to provide potentially awkward testimony in the perjury and obstruction trial of Lewis (Scooter) Libby." And "the possibility that Rove could be called to testify would bring his own role into sharper focus." An account of reported testimony by former White House press secretary Ari Fleischer "potentially puts Bartlett…on the hot seat." And "it's not a scenario that anybody at the White House can be looking forward to."

CNN.com (1/27) reports, "Two of President Bush's top advisers have been subpoenaed as possible witnesses in the trial of former White House aide Lewis 'Scooter' Libby, a legal source familiar with the case told CNN on Friday. It remains unclear whether either of the aides -- Karl Rove and Dan Bartlett -- will actually be called to the stand."

Martin Testifies She Told Cheney, Libby That Wilson's Wife Worked For CIA. AFP (1/27) reports Deputy White House communications director Cathie Martin "testified in court Thursday that Vice President Dick Cheney personally led the 2003 effort to discredit Iraq war critic Joseph Wilson." Martin "testified that the vice president ordered her to monitor all print and television news reports on Wilson after the former ambassador went public with his

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criticism." Martin "also testified that she clearly remembered telling both Cheney and Libby that Wilson's wife worked for the CIA days before Libby said he first learned of it."

Libby Lawyers Skeptical Of Fleischer Deal. The Washington Times/AP (1/27, Press) reports, "Attorneys for former vice presidential aide I. Lewis 'Scooter' Libby Jr. want more information about an unusual immunity-from-prosecution deal that government lawyers gave former White House spokesman Ari Fleischer in the CIA leak case. Special prosecutor Patrick J. Fitzgerald says that in early 2004, as his investigation was heating up into who revealed CIA operative Valerie Plame's name to reporters, Mr. Fleischer stepped forward with an offer to prosecutors: Promise no prosecution and he would help their case." Attorneys for Libby "want details about Mr. Fleischer's agreement to cast the defendant as someone who's pointing fingers to protect himself."

New Prosecutors In Duke Lacrosse Case Under Pressure. The Washington Post (1/27, A3, Adcock) reports from Raleigh, NC, "Six boxes and two file folders were transferred to the state attorney general's office near Capital Square here last week, and with them comes a shift in a case that has transfixed the nation. … The boxes and files contain the sum total of evidence against three former Duke University lacrosse players charged with sexually assaulting an escort service dancer at an off-campus team party last spring. In the recent months, the actions of the previous prosecutor, Durham District Attorney Michael B. Nifong, have taken center stage. But now that Nifong has asked to be relieved while he faced charges from the North Carolina Bar Association, including withholding evidence from defense lawyers, the focus of the case shifts to state Attorney General Roy Cooper and the two prosecutors he has chosen to evaluate the evidence." The Post continues, "Pressure on them will be enormous. An intense publicity campaign this month painted a sympathetic picture of the players, in Newsweek and on '60 Minutes.' And the NAACP held a news conference here last week to call on prosecutors to take into account the accuser's version of events, saying it was aware of 'the impact that this case can have on chilling the rights of women, particularly African Americans, to file criminal complaints of sexual violence and exploitation.' The three players are white and the accuser is black, and witnesses have reportedly said they heard racist comments when the woman was leaving the house last March 13."

Judge Proposes Keeping Columbine Depositions Secret. The AP (1/27) reports from Denver, "A federal judge has proposed keeping secret for 25 years the sworn statements made by the parents of the Columbine High School gunmen for a civil lawsuit settled more than three years ago." The AP continues, "The judge, Lewis T. Babcock of Federal District Court, suggested the plan on Friday to settle a dispute over whether the depositions should be destroyed. Chief Judge Babcock's proposal calls for them to be turned over to the National Archives and Records Administration. It was not immediately clear what would happen to them after 25 years. … The judge asked the parties in the dispute to respond to his proposal within two weeks." The AP adds, "The parents of the Columbine gunmen, Eric Harris and Dylan Klebold, gave the statements in 2003 for a civil lawsuit filed by families of victims of the April 1999 shooting near Littleton. Mr. Harris, 18, and Mr. Klebold, 17, killed 12 fellow students and a teacher before taking their own lives. … After the suit was settled, a magistrate ordered the depositions destroyed, but victims' families and others argued that the material had historical value and could contain lessons to prevent school shootings. … Brian Rohrbough, whose son, Daniel, 15, was among those killed, objected to the judge's plan. Mr. Rohrbough said that the public had a right to know, but that the government seemed to think the release of such information was 'somehow going to unravel American society.'"

The Denver Post (1/27, Pankratz) reports, "Babcock said he wouldn't make a final decision until all sides had an opportunity to file written responses with him. He gave the parties a two-week deadline to file motions. … The Colorado attorney General's Office has suggested that the depositions be sent to the Colorado State Archives where a youth-violence expert could review them and issue a public report."

New York Official Claims DOJ Derailed FBI Probe Of Endorsement Sales. The Buffalo News (1/27, McCarthy) reports, "The secretary of the Erie County Independence Party says he wore a wire and allowed his telephone to be tapped last year during an FBI investigation into the alleged sale of political endorsements by party Chairman Anthony L. Orsini. … But Louis P. Corrigan said the probe ended after Justice Department officials in Washington declared that the federal government lacks jurisdiction to prosecute a practice they call 'slating.'" The News continues, "Neither the FBI nor federal prosecutors would address

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Corrigan's claim about an investigation. But U.S. Attorney Terrance P. Flynn said his staff reached out to the Office of Public Integrity in Washington to determine if a party official - as opposed to a public official - could be criminally charged for taking money in exchange for an endorsement. … 'We were told that, since the 1970s, it's been Department of Justice policy that we do not prosecute cases where a candidate pays money to be put on a slate,' Flynn said." The News adds, "Corrigan, however, said he played undercover agent for much of 2006, cooperating in a probe he hoped would weed out corruption from at least a part of local politics. … 'I carried a wire for the FBI all last year,' Corrigan said, adding that federal agents also tapped his phone to determine whom they would target in a probe they expected to be wide-ranging. … He said federal investigators became especially interested after he talked to two potential candidates while wearing a small transmitter in his shirt pocket. … Corrigan would not reveal the names of either of the people he recorded. But after The Buffalo News independently determined that one of them was Jeffrey A. Bono, a longtime Democratic operative who unsuccessfully ran for the Assembly last May, Corrigan acknowledged that he taped Bono's conversation in the Olympic Restaurant near Buffalo Niagara International Airport last April."

Prosecutors In Utah, North Carolina Find No Crimes In "Hounddog." The AP (1/27, Robertson) reports, "Prosecutors in two states said Friday they found nothing illegal about a movie shot in North Carolina and screened this week at Utah's Sundance Film Festival that depicts a child rape, and instead said 'Hounddog' offered viewers a 'good message' about child sexual abuse." The AP continues, "The movie has troubled some Christians, who have called for a federal investigation into whether the movie breaks federal anti-pornography laws. A state lawmaker in North Carolina also said he is drafting legislation that would require the state approve the script of any television or movie production seeking a state tax break. … But Utah Attorney General Mark Shurtleff, who watched the movie this week with his state's child sexual exploitation law in hand, said his concerns didn't materialize on the screen. … 'None of the things on the Internet that people were saying about it were true,' Shurtleff said. 'Not only does it not violate the statute, I think it's a good message for people on the subject.'" The AP adds, "The opinion is shared by the district attorneys in the two North Carolina counties where 'Hounddog' was filmed last summer. … Rex Gore, the Brunswick County district attorney, said prosecutors reviewed the movie in November and interviewed crew members, producers and star Dakota Fanning. The movie includes a scene depicting the rape of a 9-year-old child played the 12-year-old actress. … The Christian Film and Television Commission and its chairman, movieguide.org publisher Ted Baehr, had claimed "Hounddog" breaks federal child-pornography law because it 'appears' to show minors engaging in sexually explicit conduct. The Catholic League for Religious and Civil Rights also asked the U.S. Justice Department to investigate."

New Orleans Officials Say City Is Making Progress Against Violent Crime. The AP (1/26, Foster) reports, "Two weeks after thousands marched on City Hall to protest violent crime, city officials gathered there again Friday to provide an update on their latest crime fighting efforts, including increased use of remote cameras, beefed up patrols and traffic checkpoints." The AP continues, "The city has identified 20 crime 'hot spots' were cameras will be placed, adding to 50 already operating, Mayor Ray Nagin said. There will also be cameras providing coverage along St. Charles Avenue for next month's Mardi Gras parades, Nagin said. … The cameras are not monitored, they can, however, provide evidence for investigations since the images they record are kept in a computer." The AP adds, "Police have begun regular patrols in three districts, superintendent Warren Riley said. And at least one officer is walking for 1 1/2 hours a day in every district, he said. … The police have put another 60 officers on the streets three days a week, Riley said, by pulling them from administrative jobs. He's going to use federal grants to pay overtime for another 40 to 50 patrol officers. Riley is also using undercover officers to converge on scenes of violent crime. … The city's initiatives are in addition to plans announced Thursday by the U.S. Justice Department. Attorney General Alberto Gonzales and U.S. Attorney Jim Letten announced additional federal manpower and equipment being sent to the city to help police fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005."

Alabama Woman, Daughter Sentenced For FEMA Fraud. The Mobile Press-Register (AL) (1/27) reports, "A Jackson woman who admitted submitting 28 phony applications for assistance following Hurricane Katrina will spend more than six years in prison, while her mother will

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serve probation for similar offenses, a federal judge in Mobile decided this week." The Press-Register continues, "U.S. District Judge Kristi DuBose on Wednesday sentenced Lawanda Williams to six years and three months in prison and ordered her to pay back the $267,377 she received in fraudulent aid from the Federal Emergency Management Agency. The judge also ordered her to surrender four automobiles, real estate, televisions, electronics equipment and other items she purchased with the money. .. .At a separate hearing Friday, DuBose sentenced the woman's mother, Hannah Williams, to three months probation." The Press-Register adds, "The pair are among more than a dozen people who have pleaded guilty to FEMA fraud associated with Katrina, but the younger Williams is responsible for more money than any of the others, according to authorities. … 'Ms. Williams used Hurricane Katrina and the relief efforts as an opportunity to make hundreds of thousands of dollars by lying and by stealing other people's identities,' U.S. Attorney Deborah Rhodes said in a prepared statement. 'The Hurricane Katrina Fraud Task Force is actively working to bring to justice those who took advantage of the recovery efforts to enrich themselves.' … U.S. Attorney General Alberto Gonzales created the national task force in September 2005, weeks after Katrina devastated the Gulf Coast. Chaired by the assistant attorney general for the criminal division, the task force includes representatives from the FBI, the Federal Trade Commission, the Department of Labor's Office of the Inspector General and other agencies."

Judge Dismisses Two Jurors From New York Death Penalty Case. The New York Post (1/27, Cohen) reports, "An irreverent Brooklyn federal judge had to dismiss two jurors from a capital murder case yesterday after his mocking statements about the defendant's possible death sentence wound up splashed across city newspapers." The Post continues, "Judge Frederic Block told lawyers earlier this week that the feds' bid to have drug lord Kenneth 'Supreme' McGriff - who is charged in two murder-for-hire schemes - put to death was 'absurd.' … The jury and the press were not in the courtroom when the judge made the unusual comments, but a copy of the public court transcript wound up in reporters' hands - and then became fodder for the following day's news cycle." The Post adds, "Morning talk-radio shows then picked up the story. And Assistant U.S. Attorney Caroline Pokorny complained to Block yesterday morning, as he launched a bid to discover whether the jury has been tainted. … McGriff, a legendary Queens drug kingpin, is on trial for plotting the deaths of two rivals in 2001. The judge said that, based on the jury's demeanor and the evidence presented during the initial phase of the trial, which ended yesterday, 'there's no chance in the world there would be a death-penalty verdict in this case . . . This is an absurd prosecution, based upon what I have heard.' … He asked Pokorny to send a letter to U.S. Attorney General Alberto Gonzales, telling him that he didn't support proceeding with the penalty phase of the trial. Federal death-penalty cases require two trials - one in which jurors decide the defendant's guilt and, if there's a conviction, a separate trial in which they say whether he should face life in prison or death. … It's unclear what impact the judge's suggestion will have on the case. … Yesterday, he admitted he'd made a mistake by allowing the comments to become public - but didn't seem to regret making them."

Virginia Legislature Approves Expansion Of Death Penalty To Accomplices. The Washington Post (1/27, B1, Craig) reports the Virginia House of Delegates "voted Friday to expand the use of the death penalty" by "making accomplices and judge killers eligible for execution." The Senate "passed nearly identical versions of the bills earlier in the week." Gov. Timothy M. Kaine (D) "personally opposes capital punishment" but a spokesman said that he "has not taken a position on the bill" which "allows for the death penalty to be imposed if the accomplice has the same intent as the killer."

CIVIL RIGHTS:

Seale Seeks Dismissal Of Charges In 1964 Civil Rights Slayings. The AP (1/27, Elliott) reports from Jackson, MS, "A reputed Ku Klux Klansman accused in the 1964 slayings of two black men has asked a federal judge to dismiss the charges, saying the statute of limitations has expired." The AP continues, "Assistant Federal Defender Kathy Nester filed the motion Friday in U.S. District Court on behalf of James Ford Seale, who pleaded not guilty Thursday to two counts of kidnapping and one count of conspiracy. … U.S. Attorney Dunn Lampton said yesterday he had not seen the motion and could not comment." The AP adds, "Seale, 71, could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee. … Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

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… A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities. … Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that summer — turned the case over to local authorities, who promptly threw out all charges. … The Justice Department reopened the case in 2000."

Two Men Shot By Maryland Official Released From Custody. The Washington Post (1/27, B1, Castaneda, Rich) reports, "Two critically wounded men who were shot by the No. 2 homeland security official in Prince George's County were released from police custody yesterday as the department backed off earlier statements that the men would probably face assault charges." The Post continues, "Prince George's State's Attorney Glenn F. Ivey determined yesterday that Robert White, 36, and Brandon D. Clark, 22, should no longer be in custody. 'The state's attorney's office did not want to rush to judgment. We believe that further inspection of the evidence and further interviews with all concerned parties is necessary before any charges are brought forward,' said Ramon Korionoff, Ivey's spokesman." The Post adds, "Michael J. Winkelman, an attorney for the men's families, said the decision means that their relatives will have free access to them in the hospital. … On Thursday, county police said assault charges were pending against the men, both furniture movers, for allegedly assaulting Cpl. Keith Washington, who is also a county police officer, in his Accokeek home Wednesday. They said then that Washington apparently acted in self-defense, based on statements from Washington and a family member whom they did not identify. The movers were unarmed, police said. … Yesterday, Sharon Taylor, the police department's top spokeswoman, said the statement that assault charges were pending 'was obviously based on preliminary information.'"

More Commentary. The Washington Post (1/27, A18) editorializes, "We don't presume to know what happened Wednesday night when Cpl. Keith Washington shot the two men making a delivery for Marlo Furniture at his home in Accokeek. We don't assume that the two men he shot, Brandon D. Clark and Robert White, were angels; Mr. White evidently has an arrest record, and Mr. Clark also has had a brush or two with the law. … But we do know that Cpl. Washington has been the subject of repeated complaints about his on- and off-duty behavior. The common thread is that he turns routine encounters into highly charged, violent incidents. In separate meetings of a homeowners association on whose board he served three years ago, Cpl. Washington assaulted a property manager, shoved the association's treasurer and berated the association's president, it was alleged. Earlier, Cpl. Washington was sued for wrongfully arresting and abusing a man who protested Cpl. Washington's allegedly rough treatment of a motorist involved in a fender bender; an initial $260,000 judgment against him was overturned on appeal." The Post concludes, "Cpl. Washington is a friend and political ally of County Executive Jack B. Johnson. In 2004, Mr. Johnson named Cpl. Washington to the newly created job of deputy director of homeland security for the county. At the time, we were among those questioning Mr. Johnson's judgment in appointing someone of Cpl. Washington's evidently deficient interpersonal skills. … Cpl. Washington, Mr. Clark and Mr. White all deserve a thorough, evenhanded investigation. What's on the line here is not only the reputation of a county police officer and the lives of two working men but the impartiality and judgment of police and prosecutors in Prince George's County."

Judge Orders Court Monitoring Of Philadelphia Jails. The AP (1/27) reports from Philadelphia, "A federal judge ordered city jails to go back under court monitoring, describing conditions there as overcrowded and squalid and saying that inmates lacked access to clean cells and adequate medical attention." The AP continues, "The judge, R. Barclay Surrick of Federal District Court, issued a scathing ruling on Thursday, saying that holding facilities were overflowing and that lockups at police stations were firetraps that violated detainees' constitutional rights. … The ruling came in a lawsuit filed last year on behalf of 11 inmates with the help of David Rudovsky, a University of Pennsylvania law professor who filed a similar suit 35 years ago. That case led to court oversight of the jails from 1971 to 2001." The AP adds, "Judge Surrick had toured the system, which holds roughly 8,800 inmates. … While waiting to be assigned to regular cells, detainees at one jail 'were forced to sleep overlapping one another and on every inch of concrete floor,' Judge Surrick wrote. 'Prisoners slept with their heads next to the toilet.' … Inmates would spend days 'without bedding provisions, sleeping, if they could, on

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metal benches or directly on the concrete floor,' he wrote. … The city solicitor, Romulo L. Diaz Jr., said Friday that officials were evaluating the decision. Mr. Diaz said the city remained committed to improving conditions and to developing a fire safety plan that would satisfy the court."

Professor Claims Baptist Seminary Dismissed Her Over Gender. The AP (1/27) reports from Fort Worth, TX, "A former theology professor at a prominent Southern Baptist seminary here said officials had told her to leave because women are biblically forbidden to teach men." The AP continues, "The professor, Sheri Klouda, said she was hired in 2002 to a tenure-track position as an assistant professor at Southwestern Baptist Theological Seminary, where she taught Hebrew and had earned her doctorate. But in 2004, Dr. Klouda said, an administrator, whom she would not name, told her that the seminary's president, Paige Patterson, would not be recommending her for tenure because she was a woman, and that she should plan to move on." The AP adds, "Dr. Klouda said she continued teaching for two more years, receiving good evaluations and usually filling her classrooms. In January 2006, the same administrator told her she would no longer be able to teach but would be paid through the 2006-7 academic year. A couple of weeks later, she said, she was told she would be terminated at the end of 2006 instead. She appealed to Dr. Patterson in April, she said, to no avail."

New York Voting Machine Delays Continue. The AP (1/26, Humbert) reports, "It is highly unlikely new voting machines will be in place for this year's fall elections in New York and fully implementing them may have to wait until 2009, state election officials said Friday. … That could leave New Yorkers using the state's aging lever-action voting machines for yet another presidential election." The AP continues, "The prediction, from state Board of Election officials, came after state and county officials participated in two days of meetings about the situation this week with officials of the U.S. Justice Department. … 'Clearly, 2007 is going to be very difficult for us and they understand that,' said Peter Kosinski, the board's co-executive director. 'We are in discussions about what is doable.'" The AP adds, "Federal officials sued New York last year over its slowest-in-the-nation moves to comply with provisions of the federal Help America Vote Act, which was adopted after the disputed 2000 presidential election. HAVA was designed to get states to replace their aging voting systems with modern machinery. The plan was to have everything in place for the 2006 elections at the latest. … Under a court-approved settlement of the lawsuit, New York agreed to have new machinery in place that could be used by handicapped voters for the 2006 elections. Other voters continued to use lever-action machinery. … While the state Legislature and former Gov. George Pataki had adopted legislation last year that required new voting machines for all voters to be in place for the 2007 elections, testing of possible new machines for certification by the state has been repeatedly delayed. The deadline for certification was originally set for late last year, then moved to this March and further pushed back to May by the state board earlier this month."

Ohio Secretary Of State Proposes Conscripting Election Workers. The New York Times (1/27, A11, Driehaus) reports Ohio Secretary of State Jennifer L. Brunner (D) said that "the chronic shortage of election workers in Ohio could be solved by requiring residents to work at the polls the way they fulfill jury duty." She is "asking lawmakers to require conscripted workers to have two days of training and then work eight-hours on Election Day."

New York Delays Replacing Voting Systems. The New York Times (1/27, B2, Drew) reports, "New York officials have given up on replacing the state's aging voting machines by the fall elections, and some would like to put off buying new electronic voting systems until after the 2008 presidential election, state officials said yesterday. New York is the last state to update its machines, and the latest delay comes amid growing questions about the work of a laboratory that was hired to help test the machines being offered by five bidders." It "might be possible to have the new system ready for the presidential primary in March 2008."

ANTITRUST:

Indiana Businessman Sentenced In Concrete Price-Fixing Scheme. The Indianapolis Star (1/27, Corcoran) reports, "The second of two ringleaders in a conspiracy to fix ready-mix concrete prices in the Indianapolis area was sentenced Friday to 14 months in federal prison." The Star continues, "Chief U.S. District Judge Larry J. McKinney gave Gus 'Butch' Nuckols III, 46, Fishers, a sentence seven months shorter than the one the government

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had recommended. … Nuckols' sentence matched that of price-fixing conspirator Scott D. Hughey, 52, president of Hughey Inc., a company doing business as Carmel Concrete Products. Hughey was sentenced Dec. 14." The Star adds, "Nuckols held two secret meetings to fix prices from July 2000 through May 2004 at a horse barn on his property. … Antitrust officials estimate $37.5 million to $100 million in concrete sales by Nuckols' firm, Builder's Materials & Supply Co., were affected by the conspiracy to increase prices and limit discounts to major purchasers. In June, McKinney fined Nuckols' company $4 million. The company also had pleaded guilty to an antitrust violation. … During sentencing, McKinney said he was concerned about an interview Nuckols gave WISH (Channel 8) in December. In the interview, the president and owner of the Fishers-based company said market 'prices were eroding, and we probably did what any businessman would do.' Nuckols also referred to fallout from the FBI and Justice Department investigation as 'a hassle.' … 'Tell me why I shouldn't be concerned about that,' McKinney said to Nuckols in U.S. District Court in Indianapolis. 'I want to be sure you really understand what you did was against the law.' … Nuckols was contrite during his sentencing, saying he had brought shame upon himself, his family and his company and employees through his leadership of the conspiracy, which potentially affected hundreds of millions of dollars in spending on public and private projects. … Jonathan A. Epstein, an attorney for the Justice Department's Antitrust Division, asserted Nuckols was 'saying all the right things' at his sentencing but had minimized his role in the conspiracy during trial testimony in December and in the TV interview."

Delta Creditors May Seek To Extend US Airways Bid Deadline. Bloomberg (1/27, Schlangenstein, Onge) reports, "Delta Air Lines Inc.'s creditors may ask US Airways Group Inc. to extend the Feb. 1 deadline on its hostile takeover bid as they study competing plans for the bankrupt carrier's future, people familiar with the matter said." Bloomberg continues, "The nine-member committee of unsecured creditors is split between those favoring a quicker payback of their claims through a US Airways merger and those who would benefit under a Delta plan to emerge from court protection as an independent company, said the people, who didn't want to be identified because the discussions are private." Bloomberg adds, "US Airways wants the panel to urge Atlanta-based Delta, which operates a hub at Salt Lake City International Airport, to open its financial records and trigger a U.S. antitrust review. If the committee doesn't act by Feb. 1, the $9.67 billion offer expires, Chief Executive Officer Doug Parker has said. … US Airways probably would extend its deadline if the creditors 'said one single positive thing about the deal,' said Jim Corridore, a New York-based analyst for Standard & Poor's. 'All they need to do is allow the process to continue. This is not a selection of one plan over the other.' … An extension would give the creditors' panel more time to debate US Airways' merger plan and Delta's bid to leave bankruptcy as a stand-alone airline by mid-2007, the people said."

Hynbix Denied Bid For New Antitrust Trial In Rambus Dispute. Bloomberg (1/27, News) reports, "Hynix Semiconductor Inc. lost a bid to revisit a $133.4 million damage award to Rambus Inc. in a patent lawsuit over computer memory-chip technology, as a federal judge said he may decide next month whether to allow the case to move into its final phase." Bloomberg continues, "Rambus shares surged as much as 11 percent. U.S. District Judge Ronald Whyte in San Jose, Calif., said a new trial on damages can't happen until the final phase of the lawsuit, which will address antitrust, unfair competition and fraud claims." Bloomberg adds, "The judge Friday set a hearing for Feb. 16 to decide whether he should delay that phase until the U.S. Federal Trade Commission issues its penalty in an antitrust suit against Rambus, a designer of computer memory chip interfaces. … A federal jury in April awarded Rambus $307 million in its dispute with Ichon, South Korea-based Hynix, the world's second- largest memory chipmaker."

Rivals Renew Complaints About Microsoft's Vista. The AP (1/27) reports, "Rivals of Microsoft renewed their call Friday for European regulators to act against what they say are 'illegal practices,' charging that the new Vista operating system is the company's effort to extend its monopoly to the Internet." The AP continues, "They asked the European Commission to make a decision 'as fast as possible' on a complaint they filed last February. It had accused Microsoft of working to keep its existing monopolies and trying to extend its market dominance into other areas, including Web-based computing." The AP adds, 'Microsoft had no immediate comment beyond saying that the rivals — represented by the European Committee for Interoperable Systems — were not saying anything new. The company has described the group as a front for I.B.M. and other

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competitors that have tried to use regulatory complaints to their business advantage. .. .The group said Microsoft's XAML markup language — which it said was positioned to replace the current Web page language HTML — was designed 'from the ground up to be dependent on Windows.' … 'The very same practices the European Commission found to be illegal almost three years ago have now been implemented in Vista,' the group of rivals said. .. A spokesman for the group, Thomas Vinje, said Microsoft was seeking to impose its own Windows-dependent standards and displace existing ones."

Jury Clears Broadcom Of Patent Infringement Allegations. The AP (1/27, Spagat) reports, "A federal jury ruled Friday that Broadcom Corp. did not infringe on two of rival semiconductor maker Qualcomm Inc.'s patents for video compression technology, Broadcom said." The AP continues, "The nine-day trial, the latest turn in a long-running legal battle between the two companies included testimony from both chairmen, Broadcom's Henry Samueli and Qualcomm's Irwin Jacobs." The AP adds, "Lou Lipin, Qualcomm's general counsel, told the San Diego Union-Tribune the company was disappointed with the verdict and had not decided whether to appeal. The verdict comes amid a fierce attack against Qualcomm's business model by Broadcom, Nokia Corp. and other wireless equipment makers who say Qualcomm charges excessive royalties for rights to its patented inventions." The AP notes, "Qualcomm accused Broadcom of violating two patents for the compressing of video signals - technology that is used in DVD players, digital televisions and iPod music players. … Qualcomm has filed numerous lawsuits that accuse Broadcom of infringing on a combined 10 patents and misappropriating trade secrets. Broadcom has filed lawsuits that accuse Qualcomm of violating a total of 18 patents, and is one of six companies that has asked the European Commission to investigate Qualcomm's business practices."

Bank Of America In Alliance Talks With Countrywide. The Financial Times (1/27, Ben White, Politi) reports, "Bank of America and Countrywide Financial have held discussions about an alliance that would create the biggest mortgage lending group in the US, people close to the matter said." The Times continues, The talks are said to be at an early stage and may not lead to a deal. But if they proceed, the negotiations could lead to a joint venture between the two companies, under which BofA would use its big branch network to help sell home mortgages originated by Countrywide. Countrywide would have the support of BofA's far bigger balance sheet to fund its lending." The Times adds, "The talks could also lead to an acquisition of Countrywide by BofA, which is eager to expand its mortgage lending business to match its breadth in credit cards. Such an acquisition would probably cost BofA, the second-biggest US bank, about $30bn, analysts said. … The talks indicate that BofA continues to focus on expansion in the US in spite of recent reports that it might be interested in buying UK bank Barclays. Ken Lewis, chief executive, has said a major foreign acquisition would be difficult for BofA to execute."

Nasdaq Declines To Boost Bid For London Stock Exchange. The New York Times (1/27, Timmons) reports, "Nasdaq said on Friday that it did not plan to raise its offer for the London Stock Exchange, just before a deadline to do so, damping investors' expectations. Investors have until Feb. 10 to tender their shares for a deal, but any changes in the bid would have to happen this weekend unless a rival bidder emerges. … That is generally seen as unlikely, though any such deal would not happen quickly, because the N.Y.S.E. is just starting to absorb pan-European exchange Euronext." The Times continues, "The exchange's shares have fallen over the last week as investors who were hoping for a higher price than Nasdaq's initial $5.3 billion bid head for the door. … If the deal does not go through, Nasdaq has to walk away for a year, possibly leaving the door open to other bidders. Shares of the London Stock Exchange rose 12 pence on Friday, to £12.95, above Nasdaq's 1,243 pence-a-share offer." The Times adds, "Nasdaq already owns 28.8 percent of the London exchange and needs an additional 21 percent to take control. Nasdaq has hinted that it could reduce its position, but many other investors think that is a bluff designed to persuade them to tender their shares of stock for the hostile offer."

The Wall Street Journal (1/27, B3, Macdonald, Teitelbaum) reports, "Nasdaq could have raised its offer until a deadline at midnight Saturday if the LSE's board had agreed to a new bid. Under United Kingdom takeover rules, Nasdaq will no longer be able to increase its offer for the LSE unless a rival bidder appears, which most analysts see as being unlikely. … If Nasdaq aimed to spook the LSE's investors into selling -- something the London exchange has accused it of trying to do in the past -- the ploy has failed for

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the moment. The LSE's shares closed 4.2% higher than Nasdaq's offer at £12.95 Friday, on heavy volume."

ENVIRONMENT:

Bush Seen As Shifting Views On Climate Change, Emission Caps. The Washington Post (1/27, A1, Baker, Mufson) reports in a front-page story, "President Bush's commitment to fight global warming in his State of the Union address this week has echoed around the world and provoked debate about whether he is shifting his view of climate change." While, "leaders in Europe and Asia took notice…, hailing what they saw as a turning point while renewing pressure on Bush to accompany words with more meaningful action," environmentalists "were skeptical but said Bush may be starting to respond to the growing political momentum for grappling with climate change." The plan is credited to the president's concern with "energy security" and to efforts by Treasury Secretary Henry M. Paulson Jr., Energy Secretary Samuel W. Bodman and FedEx Chairman Frederick W. Smith. Former EPA administrator Christine Todd Whitman called it "a step forward" and said that "Bush may be willing to sign carbon emission caps into law."

Alternative Fuels Plan Examined. The Wall Street Journal (1/27, A7, Timiraos) reports that under the president's plan, "ethanol demand could pressure the corn supply" and "almost half of the country's corn harvest could go toward the fuel." In addition, "ethanol costs between $1.45 and $1.65 a gallon to produce and is less efficient than gasoline." The plan is also said to have "an apparent contradiction" because "ethanol gets less gas mileage than gasoline" and so "could undermine efforts to achieve increased fuel economy."

WSJournal Criticizes Alternative Fuels Plan. The Wall Street Journal (1/27, A8) writes in an editorial criticizing the President's "big push for alternative fuels" calling it "a classic political stampede rooted more in hope and self-interest than science or logic." The plans "would, at present corn yields, require the entire U.S. corn harvest" and that "isn't such good news." Ethanol "increases the level of nitrous oxides in the atmosphere and thus causes smog." It is "less efficient than ordinary gasoline" and it "cannot be shipped using existing pipelines." It also "barely makes a dent" in reducing "greenhouse gas emissions by no more than 5%." So "here comes Big Corn. Make that Very, Very Big Corn. Sooner or later, our experience with this huge public gamble may make us yearn for the efficiency, capacity, lower cost and -- yes -- superior environmental record of 'Big Oil.'"

NYTimes Questions Cost Of Expanding Strategic Petroleum Reserve. The New York Times (1/27, A16) writes in an editorial, "One of the stranger and so far unexplained items in President Bush's energy program is his proposal to double the capacity of the Strategic Petroleum Reserve." While, "a larger reserve would seem to make sense in the post-9/11 world … is there nothing better to do with the money? Might it not be more usefully deployed developing alternative fuels or more efficient vehicles."

Bush Proposes Increase In Coastal, Marine Conservation Programs. The AP (1/26) reports, "President Bush on Friday proposed an 8% increase in the $1.75 billion federal budget for coastal and marine conservation programs." Under the proposal, the National Oceanic and Atmospheric Administration "would receive $123 million" for "research and…ocean protections" while "Another $20 million would go to the National Science Foundation and the U.S. Geological Survey, helping increase research, sea floor mapping, forecast models, and water quality monitoring in the Gulf of Mexico, Chesapeake Bay and other coastal areas."

FBI/DEA/ATF/USMS:

Colombian Coca Heritage Under Siege. The AP (1/27, Goodman) reports from Bogata, Colombia, "You're unlikely to see Milena Bonilla's artwork on display in a New York gallery. Just mounting one of her installations inside the United States could land the 30-year-old artist in jail. … That's because, instead of oil on canvas, Bonilla's preferred medium is coca leaf, the base ingredient for cocaine. Classified as a dangerous substance, importing the plant is a felony without U.S. Justice Department permission." The AP continues, "The stalky shrub, which Bonilla planted in 12 two-liter plastic Coca-Cola bottles sheared off at the spout, is getting a makeover by a cadre of artists who want to wrest coca's millennial heritage and aesthetic appeal from the teeth of the war on drugs. … But the main target of so-called coca art may be Colombia President Alvaro Uribe, who has become the plant's chief eradicator as caretaker of the United States' $4 billion war on drugs." The AP adds, "Amid an upsurge in anti-American sentiment, several leftist leaders in the Andes have embraced the virtues of the much-maligned leaf even as the

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conservative Uribe - Washington's staunchest regional ally - has committed himself to its annihilation. … When Secretary of State Condoleezza Rice first met with President Evo Morales of Bolivia in Chile, the former coca grower presented her with a charango - a Bolivian ukulele - decorated with lacquered coca leaves. To avoid a run-in with U.S. customs authorities, the diplomat left the present behind. President Alan Garcia of Peru, who is a relative moderate in the region, suggested to foreign journalists that the calcium-rich leaf tastes great in a salad. … Bonilla's installation, 'Legal Consumption,' was one of a handful invited last year to partake in the 40th National Salon of Artists, a showcase of Colombia's most innovative artists. She calls it a meditation on the hypocrisies of a marketplace that commercially exploits a plant most countries ban in its natural form. … But under Uribe, the plant's namesake habitat has been under constant assault by U.S.-supplied crop duster planes that chemically eradicated a record 445,000 acres of the plant last year - 31 percent more than in 2005, also a record year."

FBI To Join LAPD In Targeting Cross-Border Gangs. The Los Angeles Times (1/27, Helfand, McGreevy) reports, "Seeking to combat the spread of street gangs across international borders, the FBI will join forces with Los Angeles police and prosecutors next month to teach authorities from Mexico, El Salvador and other Latin American countries how to better track and investigate gang crime." The Times continues, "The three-day training in Los Angeles comes amid an alarming increase in 'transnational' gangs that move between countries despite repeated efforts to dismantle their organizations and finances, authorities said. … The U.S. law enforcement officials will focus much of their attention on how they have dealt with local gangs that have gained footholds in Mexico and Central America." The Times adds, "Special attention will be given, for example, to the MS13 and 18th Street gangs, both of which began in Los Angeles but have branched out to Central America, federal officials said. About 12 of 17 members of the 18th Street gang arrested in Los Angeles in September were foreign nationals, the officials said. .. .The training will include discussions about which laws countries use — or do not use — to attack gang problems. El Salvador, for example, does not allow wiretapping, a strategy employed by U.S. authorities to monitor gang activity. … The interagency training Feb. 7-9 will occur as Mayor Antonio Villaraigosa and Police Chief William J. Bratton unveil their strategies for dealing with the city's own 39,000 gang members. They are expected to call for a multi-agency effort using court orders, injunctions and stepped-up enforcement to target Los Angeles' most dangerous gangs. Among those expected to attend the FBI summit are Bratton, Los Angeles County Sheriff Lee Baca and representatives of the city attorney and district attorney."

Suspected Drug Cartel Boss Hires Texas Attorney. The McAllen (TX) Monitor (1/27, Martinez) reports, "Suspected Gulf Cartel leader Osiel Cardenas-Guillen has hired prominent McAllen lawyer Roberto Yzaguirre as part of his defense team in a federal drug case that prompted Cardenas' extradition from Mexico a week ago." The Monitor continues, "Cardenas-Guillen, who faces a 17-count indictment out of Brownsville, was flown to the United States on Jan. 19 with 14 other fugitives. … He appeared in court once this week, but the judge closed the proceedings to the public. His arraignment is set for Feb. 1 in Houston. It's unclear whether the trial will be in Brownsville or Houston." The Monitor adds, "Yzaguirre defended the Matamoros-based Gulf Cartel's former head, Juan Garcia Abrego, in another federal drug case in 1996. Unlike Cardenas, who was first tried in Mexico before being extradited, Mexican authorities whisked Garcia out of the country without a trial the day after he was arrested. .. .U.S. Justice Department officials told reporters Monday that Cardenas-Guillen was responsible for smuggling 4 to 6 tons of cocaine a month into the United States from 1999 to 2003. They also claimed he is responsible for a majority of the violence associated with drug cartels during the last few years, including the attempted murder of FBI and Drug Enforcement Administration agents in Matamoros. .. Cardenas-Guillen had been running the cartel from his prison cell in Mexico since 2003, according to Mexican authorities. … Yzaguirre was also the lawyer for Guillermo Gonzalez Calderoni, Mexico's former drug czar. Calderoni led Mexico's effort against drug cartels in the early 1990s, but later fled the country after rumors spread that he protected some cartels."

Video Of Marshals Shooting In DC Recovered. WUSA-TV, CBS 9, Washington, DC (1/27, Statter) reports, "The shooting of a 16 year old by US Marshals is caught on camera. An attorney for the teen wounded on January 3 on 4th Street Southeast, says he recovered video from 4 different cameras. … David Shurtz says the images paint a different picture than the story given

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by a US Marshals Service spokesman." WUSA-TV continues, "On the day of the shooting the spokesman said deputy marshals working an eviction fired on a teenager who tried to run them over with a car. Shurtz says the video doesn't show any deputy marshal in danger of being hit by the vehicle. Shurtz and the teen's mother believe their is a cover-up by the Marshals Service." WUSA notes, "Spokesman Dave Turner denies there is a cover up. Here is Turner's complete statement sent by email Thursday to 9NEWS NOW: … 'The U.S. Marshals Service takes this shooting incident very seriously. We are processing the case according to our standard procedures, which call for the initial investigation to be conducted by the Metropolitan Police Department. That's underway right now, and we're cooperating with them to the fullest extent. There isn't 'a cover up' because we're responding appropriately to the investigation. After the completion of MPD's independent investigation, this agency will receive the matter for internal review to see if there were any violations of our own policies, or Justice Department's.'"

Former ATF Agent Cross-Examined In Chicago Suit. The Chicago Tribune (1/27) reports, "Lawyers for the city of Chicago and former Police Officer Joseph Miedzianowski on Friday cross-examined a one-time ATF agent who contends she lost her job after confronting the officer about corruption." The Tribune continues, "Diane Klipfel and her husband are suing the city, alleging that Miedzianowski was protected and turned internal investigations against them after they tried to bring his activities to light in 1992. … Miedzianowski was arrested six years later and was convicted of running a Chicago-to-Miami drug ring." The Tribune adds, "The attorneys attempted to show that Klipfel had significant issues with her ATF employers that had nothing to do with a detail she worked with Miedzianowski. They went through Klipfel's history of filing complaints against her bosses and asked about some of the reasons she may have been dismissed from ATF."

Judge Declares Mistrial In Alabama Bomb Trial. The Mobile (AL) Press-Register (1/26, Kirby) reports, "Jurors weighing criminal charges against accused bomb maker Gregory Wendell Nichols reported Thursday that they were hopelessly deadlocked, prompting the judge to declare a mistrial." The Press-Register continues, "The charges remain pending, unless federal prosecutors in Mobile move to dismiss them. They said they will confer among themselves before deciding whether to try the case again." The Press-Register adds, "Assistant U.S. Attorney Michael Anderson asked Senior U.S. Circuit Judge Emmett "Rip" Cox to set the case for March, which would give prosecutors an extra month to decide if they want to proceed. He stated in a written motion that a February setting would not give enough time to either side to coordinate with their expert witnesses from out of town. He also indicated that both sides would like to explore the possibility of a plea bargain. … Assistant Federal Defender Peter Madden said he does not know whether the U.S. attorney's office ultimately plans to take another shot at the 46-year-old car salesman from Flomaton. … Acting on a tip, agents from the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5. Getting permission to search his pickup truck, they found five explosive devices and charged him with violations of federal firearms laws."

IMMIGRATION:

Unions Divided Over Immigration Reform. The Washington Post (1/27, D1, Williams) reports, "Union leaders are fundamentally divided over how to best tackle immigration reform." The Service Employees International Union "backs the guest-worker idea" while the AFL-CIO, "calls guest-worker programs exploitative and wants immigrants who enter the country to do so as permanent residents, not temporary workers." The SEIU "advocates a guest-worker program with visas that would let workers change jobs, join unions and petition for permanent residency." That "reflects a desire to create politically tenable immigration reform." But, it is "nothing like the president's plan" or "the guest-worker provisions floated in Congress." So "finding middle ground could be tough."

CONGRESS-ADMINISTRATION:

Iraq Policy Is Focus Of Bush Meeting With House Republicans. RollCall.com (1/26, Davis) reports, "President Bush spent nearly two hours at the House Republican retreat today in further efforts to build support for his Iraq War strategy and to allay concerns that Congressional Republicans could be sidelined in the legislative process under Democratic control." House Chief Deputy Minority Whip Eric Cantor of Virginia said that "recent Whip meetings

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have shown encouraging signs that the GOP may be more unified than Democrats anticipate" on Iraq. House Republican Conference Chairman Adam Putnam of Florida described the meeting as "a full discussion."

The New York Times (1/27, A12, Hulse) describes House Republicans as "hunkered down on the Eastern Shore" as they "struggled to come to grips with their new minority status and the challenge of the continuing war in Iraq." Bush "exhorted" them "to work with him on education, health care, immigration and retirement issues and to give his troop buildup in Iraq a chance to work." The president also "took more than a dozen questions from lawmakers in a closed session." Republican leaders said that the appearance "bolstered the Republican rank and file, which will face a fight over a Democratic resolution opposing the president's new strategy." Still, "there is deep skepticism among even these loyalists about whether his new Iraq plan will work." The meeting was also addressed by former speaker Newt Gingrich "who urged them to think big" and former Notre Dame football coach Lou Holtz, who "delivered what was described as a rousing motivational speech."

The Washington Times (1/27, Bellantoni) reports, "President Bush yesterday rallied House Republicans" telling them "the party can unite around his domestic agenda" and "explained the importance of success in Iraq without explicitly asking them to support his plan." A "private session" was described as "a 'frank,' 'unabashed,' 'good family discussion.'" Minority Leader John A. Boehner of Ohio said that "most members support a Republican resolution calling for the creation of a bipartisan panel to oversee the implementation of the troop surge and setting benchmarks for the plan's progress."

Upcoming Bush Meeting With House Democrats Seen As Helpful On Energy, Immigration. The Wall Street Journal's Gerald Seib (1/27, A2) writes, "President Bush travels to Williamsburg, Va., next Saturday to meet with the entire House Democratic delegation" in "a real 'Kumbaya' moment for the nation's leaders … While it lasts." The meeting "was the brainchild of Rep. Rahm Emanuel" and "a senior White House aide characterizes" it "as a way to open some lines of communication, which in turn might help build some trust." Seib argues that while "it's increasingly obvious there simply won't be any bipartisan understanding on the biggest issue of the year, Iraq," there is "limited time, and a limited set of issues, energy and immigration the most interesting among them, for which something bipartisan can actually happen." Seib concludes that, in Texas "Bush developed a reputation for working the Democratic side pretty well, and he got meaningful results to show for it."

Bush Health Care Proposal Said To Favor Policies That Benefit Wealthy. The Washington Post (1/27, A8, Lee) reports, "President Bush likes to say that his health-care proposal would 'level the playing field' between people who get health coverage through their job and those who buy it on their own. But experts said yesterday that it would tilt that field toward…a high-deductible plan paired with a special tax-exempt health savings account." That is said to "benefit the wealthy and undercut Bush's goal of bringing fairness to the private health insurance system." The president's plan also "faces opposition from Democrats in Congress." Experts are said to expect that "more people would sign up for" high-deductible policies and HSAs if the plan were adopted, "because they tend to have lower premiums and to allow consumers to accumulate money tax-free."

No Child Left Behind Act Reauthorization Expected To Include High School Reform. The Washington Times (1/27, Fagan) reports in a front-page story, "Educators, lawmakers and the White House are indicating that high school reform should be included in this year's renewal of the No Child Left Behind law, and the discussion about what it will include is already under way." The administration "included several new high school requirements in its NCLB proposal" and U.S. Secretary of Education Margaret Spellings has said, "I think something can and will happen this year on high school reform." Bob Wise, president of the Alliance for Excellent Education (AEE), speaking at a Capitol Hill conference yesterday said, "If we're going to do significant high school reform, this is the vehicle, this is the year." Democratic leaders of the House and Senate education committees "already have indicated an openness to tackling high school reform."

Bush Approval Up To 32% In Zogby Poll. A Zogby poll of 1,000 likely voters taken January 24-26 (+/- 3.2%) finds a slight increase in President Bush's approval rating, up to 32% from 30% in a December Zogby survey. Fifty percent of those who saw Bush's State of the Union address approved of it, while 42% disapproved. And while just 10% of Democrats approve of Bush's job performance, 26% of Democrats approved of the State of the Union speech.

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Among independents, 22% approve of Bush's job performance, and 37% approved of the speech. Among Republicans, 63% approve of Bush's job performance, and 84% approved of the speech. On Iraq, 24% of all respondents approve of Bush's performance, while 75% disapprove. However, the poll found that 37% think the war has been worth the loss of US lives, up from 34% in December.

Newest Coast Guard Cutter Significantly Flawed. The Washington Post (1/27, Merle, Hsu, 690K) reports in a highly critical front-page article, "The Coast Guard's newest cutter, the flagship of a $24 billion plan to modernize the nation's coastal fleet, suffers from significant design flaws, and the service has failed to properly supervise the contractors doing the work, government inspectors have found." According to a study "scheduled to be released Monday," the ship "would be limited in its ability to venture far from U.S. shores in search of drug smugglers and terrorists." The Coast Guard and its contractors Lockheed and Northrop Grumman "hindered the audit of the program, known as Deepwater, after ignoring years of warnings from technical experts about the ships' designs, the report says."

Navy Seeks Helicopter Crash Victims. The AP (1/27, Hoffman) reports, "Navy vessels about 50 miles off the California coast searched Saturday for three crew members of a Navy helicopter that crashed during a training operation. The Friday crash killed one crew member and left the remaining three missing as darkness fell over the Pacific. ... The helicopter, based at Naval Air Station North Island in Coronado, was on a training mission when it crashed at about 5:30 p.m. EST."

WSJournal Says Senate Democrats Voted Against Restraint On Earmarks. The Wall Street Journal (1/27, A8) writes in an editorial, "The next time Senate Democrats preach spending restraint, readers may want to recall this week's vote on the line-item veto. The new majority had a perfect opportunity to add a new check on spending earmarks but quickly passed it by." The Journal notes that Sens. Evan Bayh (IN) and Joseph Lieberman (CT) were the only Democrats supporting "the spending restraint they've preached" while Sen. Richard Shelby (AL) was the lone Republican who "voted for his beloved pork-barrel power."

NYTimes Urges Congress To Attend To Need For Accurate Census. The New York Times (1/27, A16) writes in an editorial on the need for an accurate census, arguing "planning for the 2010 count is already imperiled. The dangers fall into two categories: money (too little) and politics (too much)." Congress "must begin by reinstating the roughly $50 million that was cut from the current census budget by the previous Congress." Congress "should also hold hearings to air the reasons behind the abrupt resignation last November of the director of the Census Bureau and the equally sudden departure of his deputy director." It "should send a clear message that the White House must choose new census directors whose professional qualifications and impartiality are above reproach."

Pelosi Criticized For Exempting American Samoa From Minimum Wage Bill. Malia Zimmerman of the Hawaii Reporter writes in the Wall Street Journal (1/27, A8), "Nancy Pelosi led the effort in the U.S. House during her first week as speaker to increase the minimum wage to $7.25 per hour from $5.15. In the process she ensured that American Samoa, a U.S. territory, is exempt from the wage hike, but did not exempt the Marianas Islands." StarKist and Del Monte have "packing plants in American Samoa" and are "headquartered in California." American Samoa Delegate Eni Faleomavaega "argued that raising the minimum wage 'would devastate the local tuna industry.'" American Samoa "has historically treated its workers poorly, with many instances of human rights abuses, and paid them pittances, besides." Zimmerman questions Pelosi's support for "honest government" and "blue-collar workers" and concludes, "in addition to House speaker, Ms. Pelosi can add 'ethically challenged' to her resume."

OTHER NEWS:

Durable Goods, Housing Sectors Strong In December. The Wall Street Journal (1/27, A3, Corkery, Whitehouse) reports, "The manufacturing and housing sectors exhibited some unexpected strength in December, although economists were cautious about both reports. The Commerce Department reported that new orders for durable goods…rose 3.1% in December from a month earlier. A surge in aircraft orders accounted for a large part of the gain,

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but orders for 'core' capital goods excluding defense and aircraft were also up at a good clip. That category, which counts everything from telephones to machine tools and is viewed as a measure of business investment, rose 2.4% in December." In a separate report, the Commerce Department said "new-home sales recovered in December, rising 4.8% from the previous month to a seasonally adjusted annual rate of 1.12 million units. But many economists cautioned that the monthly number may have been exaggerated. For one, unusually warm weather in December may have confounded seasonal adjustments meant to compensate for lower activity in winter." The Financial Times (1/27, Callan) says the economy "showed signs of renewed strength on Friday as data revealed unexpected growth in the housing sector and orders for big-ticket manufactured goods rose." The news "make it less likely that the Federal Reserve will consider cutting interest rates in the coming months." The Washington Post (1/27, D6, Deane) and the New York Times/AP (1/27, C3) also report the housing numbers.

ABC World News (1/26, story 6, 1:25, Gibson) reported, "The sales of new and existing homes dropped 10% last year. That translates to about 800,000 fewer homes sold. So, the obvious question -- is the market going to turn back up?" ABC (Stark): "It would be more accurate to say right now it's stabilizing and finding a bottom after a deep slide. There are signs that buyers are out there and looking again, in part because there was warm weather. And the mortgage rate is down half a point since July. It's an awful lot of unsold homes out there. But realtors say they're seeing more activity, more looking than they've seen in a couple of years. As we head into spring, that's good news."

Stocks End "Volatile Week" Mixed. The Wall Street Journal (1/27, B1, Browning) reports, "The pundits weren't kidding when they said the stock market could be more volatile this year. The Dow Jones Industrial Average surged to its 26th record finish in four months on Wednesday, and then promptly plunged 119 points on Thursday, its largest point or percentage decline in two months. It fell an additional 15.54 points, or 0.12%, on Friday, to 12487.02 and now is little changed since the year began, up just 0.2%. For the week, the blue-chip average was down 0.6%." The New York Times/AP (1/27, C6) also says it was a "volatile week" on Wall Street. The S&P 500 "was down 1.72 points, or 0.12 percent, at 1,422.18," while the Nasdaq "rose 1.25 points, or 0.05 percent, to 2,435.49."

Dollar "Seesawed Indecisively" Friday. The Wall Street Journal (1/27, B4, Lindenmayer) says the dollar "seesawed indecisively Friday, making few intra-session gains as the market awaits additional U.S. data" and the upcoming Fed meeting. Late Friday, "the euro stood at $1.2913 from $1.2935 late Thursday. The dollar stood at 121.595 yen from 121.14 yen late Thursday, while the euro stood at 157.00 yen from 156.72 yen late Thursday."

Crude Oil Futures Top $55. The Wall Street Journal (1/27, B4, Farivar) reports crude oil futures "jumped above $55 a barrel Friday to their highest level in more than two weeks as freezing temperatures around the East Coast raised the prospect of increased consumption of heating fuel." The March crude contract "rose $1.19, or 2.2%, Friday to $55.42 a barrel" in New York.

Clinton Makes First Campaign Trip To Iowa.

The Washington Post (1/27, A2, Kornblut, Balz) reports that when Sen. Hillary Clinton hits Iowa this weekend, "she will encounter unfamiliar terrain -- a landscape where she is not the perceived front-runner for the Democratic nomination" for president. While Clinton "appears formidable at the national level, she has not built up a lead in Iowa," where John Edwards leads most polls at present. Gov. Chet Culver "met with Clinton shortly after she arrived Friday afternoon" but "is remaining neutral." Culver said, "This is anyone's race to win. … That's the wonderful thing about the caucus process. The winner will have to earn it." The Post says that "puts Clinton in the unusual position of having to prove herself against other Democrats, and having to build up a political infrastructure in Iowa at a time when many rivals already have a head start." Newsday (1/27, Thrush) says that after her "two-day political tour of Iowa," Clinton will head off on "rapid-fire excursions to New Hampshire, South Carolina and California."

Newsday notes Clinton has not been in Iowa since 2003, which Roger Simon also notes in The Politico (1/27). Simon writes that that visit "was considered her first real signal that she might run for president some day. Now that day has arrived and Hillary is back. … 'Candidates need to spend a lot of time here,' Culver said. And spend lots of money. Iowa loves the money that the campaigns and media spend, but they love the attention much more."

Purdy Signs On For Clinton New Hampshire Campaign. The Politico (1/27, Distaso) reports "highly-regarded Democratic strategist Liz Purdy of Concord has

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signed on in a senior staff role" for Clinton's New Hampshire campaign. She "was the fund-raising director for former Gov. Jeanne Shaheen's successful 2000 campaign for a third term as governor," and was also "deputy campaign manager for Shaheen's unsuccessful bid for the U.S. Senate in 2002."

Huckabee To Create Presidential Exploratory Committee Monday. The AP (1/26, Demillo) reports ex-Gov. Mike Huckabee of Arkansas will create a presidential exploratory committee Monday. Huckabee, a fierce foe of abortion rights and gay marriage, isn't the only conservative in the field and he faces a tough fight for the support of the GOP's right flank" from Sen. Sam Brownback and Reps. Duncan Hunter and Tom Tancredo.

Biden Will Make Campaign Official On Wednesday. The AP (1/26) reports Sen. Joseph Biden, "who has made no secret of his plans to run for president in 2008, says he will make it official next Wednesday." Biden is "one of his party's leading spokesmen on foreign affairs and plans to stress that expertise on the campaign trail." However, he is "generally regarded as a longshot."

Hunter First To Buy Ad Time In New Hampshire. On its Web site, the Boston Globe (1/26, Pindell) reports Rep. Duncan Hunter "is the first candidate to pay for television advertising time on New Hampshire airwaves for the 2008 presidential election. The ad, which began airing on WMUR-TV in Manchester today, shows Hunter in front of a fence on the border with Mexico." The advertisement is also airing in Iowa.

Giuliani's Indecision On Presidential Run Concerns Some Supporters. The New York Times (1/27, Roberts) reports on its front page that Rudy Giuliani, "who developed a national reputation for decisive and reassuring leadership after 9/11, now faces the odd challenge of having to reassure some supporters that he can be decisive about a very different issue: running for president." While he has created an exploratory committee, recruited a campaign team, and is visiting New Hampshire, "he has studiously avoided making a public commitment to run." In that state Friday, he said he "would not be rushed by contenders who are already entering the race. 'You should do it when you feel it's the right time,' he said. Despite the delay, his aides argue that the accelerated pace of early primaries next year actually benefits a well-established figure like Mr. Giuliani," especially with large, metropolitan states like California, Florida, Illinois, and New Jersey poised to jump to the front of the queue. But still, "doubts have been raised about the proverbial fire in his belly. Some New Yorkers in particular recall his decision" to quit his 2000 Senate campaign "after running for months and raising millions of dollars but never formally declaring his candidacy."

McCain's Campaign Finance Reform Support Could Conflict With Ambitions. The Politico (1/27) reports Sen. John McCain "will sponsor a bill to strengthen campaign finance laws in this session of Congress despite vehement opposition to campaign finance reform from conservative Republican activists whose support he needs to win the party's nomination for president in 2008." He "recently had appeared to be backing away from his support of campaign finance reform" and he "has declined to support two other campaign finance measures that reformers consider priorities: one would expand the public financing system for presidential elections, and another would require grassroots organizations to disclose their funding and expenditures." That "worried campaign finance reformers" but "McCain's campaign officials deny that he's backed away from supporting campaign finance reform."

Obama Gained Reputation As Coalition-Builder On Harvard Law Review. In a front-page profile, the Los Angeles Times (1/27, Serrano, Savage) looks at Sen. Barack Obama's early career, when "a deeply divided editorial staff chose him as the first African American to lead the prestigious" Harvard Law Review. It was "no small accomplishment. Obama, who at nearly 30 was older and more world-wise than most of his classmates, had to navigate among sharply drawn factions of conservatives and liberals to beat 18 other candidates for the job. Today, Obama's weighing of a bid for the White House has provoked questions about whether he has the experience to build a winning coalition of voters. But at Harvard Law Review he showed that -- on a much smaller scale -- he had the savvy to maneuver through turbulent political waters. … Interviews with more than a dozen people associated with the law review, both liberals and conservatives, found no one who did not profess respect for Obama."

Front-Loaded Primary Calendar Could Boost Current Frontrunners. NBC Nightly News (1/26, story

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4, 2:00, Williams) reported, "If you think the process of picking a president in this country starts early now, there may be a game changer on the way if some proposed changes to the presidential primary system become a reality." NBC (Mitchell): "Small states where candidates campaign in people's living rooms will be joined in the opening weeks much next year's campaign not only by Nevada and South Carolina, but by delegate rich mega-states, California, Florida, Illinois and New Jersey when expensive television advertising is king. That means a number of delegates, and perhaps the nominee, could be decided almost immediately. … The move, engineered by Hillary Clinton supporters, would help her survive to the next round. It could help other well funded candidates like Republican front runner John McCain. … The calendar could make it harder for dark horse candidates to break out."

Gibbons Says Candidates Will Walk "Political Tightrope" In Nevada. Nevada Gov. Jim Gibbons discussed his state's early caucuses on MSNBC's Hardball (1/26, Matthews), saying, "Nevada is going to make all of these candidates walk a political tightrope. Because if you're on the evangelical or conservative on the Republican side, you're going to have to come out and support gaming, the industries that are important to Nevada. You are going to have look at where is your stand on Yucca Mountain, a very, very contentious issue." Asked if Hillary Clinton can win the Democratic caucuses, Gibbons said, "There have been a lot of glass ceilings broken by women in Nevada."

Change Of Control In Tennessee Senate Another Sign Of South's GOP Trend. The New York Times (1/27, A11, Emery) reports on the replacement of the Tennessee Senate speaker, "John S. Wilder, an 85-year-old Democrat who had been speaker since 1971," who has been replaced by "Ronald L. Ramsey, the first Republican to lead the body since Reconstruction." Wilder "comes from a wealthy West Tennessee cotton family" and was "the nation's longest serving state legislative leader." The change is said to show "a reality in the South: rising Republican strength in state politics." While, "as recently as the early 1990s, Democrats controlled every Southern legislature" today, "Republicans control both houses in Florida, Georgia, South Carolina, Texas and Virginia, while Democrats control those in Alabama, Arkansas, Louisiana and North Carolina. In Mississippi and Tennessee, Democrats control the House and Republicans the Senate."

LATimes Urges Lobbyists To Report Efforts To Stimulate Grass-Roots Lobbying. The Los Angeles Times (1/27) writes in an editorial favoring a provision that was removed from "the recently enacted ethics bill in the Senate" to "require any organization that spends at least $25,000 to stimulate grass-roots lobbying to file detailed reports with Congress." Now "more modest proposals being discussed would be limited to organizations that already are registered as lobbyists." And "members of Congress have a right to know whether a campaign is the result not of a spontaneous sea change in public opinion but a professional operation."

El-Baradei Says Iran Plans Full-Scale Uranium Enrichment. The New York Times (1/27, Landler, Sanger, 1.16M) notes IAEA head Mohamed El-Baradei "said Friday that Iranian officials had told him that they planned to begin installing equipment next month in an industrial-scale plant to enrich uranium. Such a move would intensify Iran's confrontation with the Security Council, which has demanded a full suspension of the production of nuclear material, and has authorized mild sanctions." El-Baradei's statement "was coupled with a plea to both Tehran and Western nations for all sides to take a 'timeout' to head off a larger confrontation." He "proposed a suspension of the sanctions against Iran, while the Iranians simultaneously suspend enrichment of uranium." While "nuclear experts and American officials say Iran's announcement may be a bluff," El-Baradei "seemed clearly concerned that once enrichment began, it would be difficult to halt, and that Iranian officials would be loath to dismantle any plant once construction had begun. He is also concerned that such a plant could become a military target for the United States or Israel." Washington "said it would stick to its insistence that Iran stop enrichment before negotiations begin. The State Department spokesman, Sean McCormack, said the reports that Iran planned to install 3,000 centrifuges showed its continued defiance."

The AP (1/26, Jahn) cites UN statements that Tehran "plans to begin work next month on an underground uranium enrichment facility, as part of a plan to create a network of tens of thousands of machines turning out material that could be used to make nuclear arms." Those "comments were the first concrete confirmation that work on the facility would begin in February." Undersecretary Burns "warned the move would be a 'major miscalculation' by Iran. 'If Iran takes this

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step, it is going to confront universal international opposition. If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken.'"

Beirut Curfew Ends But Further Sectarian Strife Feared. The New York Times (1/27, A6, Bakri) reports, "Lebanese Army soldiers reinforced checkpoints and maintained a heavy presence in tense neighborhoods in Beirut on Friday, lifting a rare nighttime curfew that had been imposed to stop the worsening violence between pro- and antigovernment crowds." The Times adds from the capital, "If there was any optimism in this beleaguered city, it was framed around the hopeful notion that all sides had become so frightened by the violence that perhaps they would be willing to find a compromise to end the nation's internal political standoff." There remains in Beirut "a veneer of calm yet deep uncertainty as the Shiite Muslim group Hezbollah and its allies held funerals for two of their activists who had been shot near the university campus. Leaders on all sides, as they have from the beginning, called for unity to prevent Lebanon from sliding toward civil war."

An analysis piece in the Wall Street Journal (1/27, A4, Fam) is titled, "Lebanon Stands At Shiite-Sunni Brink." The recent violence "has again raised the specter of a civil war with a sectarian slant that echoes the growing regional Sunni-Shiite tensions. It also has underscored how combustible the stalemate has become between the Lebanese government and the opposition." Noting Beirut's history of "mass protests that were largely disciplined and peaceful," the Journal says Lebanese have "more recently seen a frightening escalation of unrest that troubles many Lebanese still recovering from the 15-year-old civil war that ended in 1990." Today's "political differences…have sectarian undertones, among other things. Lebanese Sunnis largely back the government, while the Shiite Hezbollah and other Shiite groups stand in the opposition. Christians are divided between the two camps." Also, "increasing polarization in the Middle East further aggravates this issue."

A 1,000-word analysis in the Washington Post (1/27, A10, Shadid) describes the emergence of Beirut's Old Airport Road as the separation line between Shiite and Sunni factions. "The emerging border evokes the old and the new of Lebanon's two-month-old crisis: civil war memories and the sectarian schism transforming Lebanon and the region around it." Describing yesterday's events, the Post says "calm returned Friday after the army imposed an overnight curfew and politicians urged their followers to retreat from the streets. … But the telltale specter of civil war lingered." The Post adds, "In the claustrophobia inspired by Lebanon's shoe-horned diversity, many Sunnis were upset that Shiites had dared to encroach upon what Sunnis consider their turf, and they set up their own checkpoints in the Bekaa Valley and on the coast south of Beirut. Along the Old Airport Road, residents wrestled with the knowledge that civil wars often start through accumulated accidents, not by design."

Spate Of Gaza Violence Derails Palestinian Talks. The Washington Post/AP (1/27, A13) reports, "Hamas gunmen stormed the home of a fighter from the rival Fatah movement Friday, witnesses said, sparking a deadly gun battle. The clash capped a day of factional violence across the Gaza Strip that killed at least 13 people, including a 2-year-old boy." The AP notes the one-year anniversary yesterday of Hamas' parliamentary election victory and calls the violence "among the deadliest in nearly two months." Under the headline, "Deadly Battles Shatter Gaza Calm," BBC.com (1/27) adds, "At least 13 people have died in some of the deadliest fighting between rival Palestinian factions Hamas and Fatah in Gaza for months." Both sides "said they were suspending talks after the violence, which continued into the night. Both factions also kidnapped members of the opposing side during the day."

ABC World News (1/26, story 5, :10, Gibson) reported, "Still overseas, it's been a tumultuous day in the Palestinian territories. In Gaza, a sea of Hamas supporters to mark the victory in the Palestinian elections a year ago. But elsewhere, at least 13 people were killed, including a 2-year-old boy. One of the deadliest days in fighting between Palestinian factions." The Los Angeles Times (1/27, Boudreaux, Alouf) adds, "Fourteen Palestinians died Friday in a resurgence of factional violence that marred the one-year anniversary of Hamas' victory in parliamentary elections. The daily death toll was one of the highest in the sporadic street fighting that has sunk the Palestinians deeper into chaos and poverty over the last year and complicated efforts to end the Israeli-Palestinian conflict."

Suicide Bomber Targets Islamabad Marriott Hotel. The New York Times (1/27, A7, Masood) reports, "A suicide bomber blew himself up outside a Marriott hotel [in Islamabad] on Friday afternoon, killing himself and a security

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guard, the police and security officials said. At least five other people were wounded. No one immediately claimed responsibility." The Times calls the attack site "an upscale neighborhood of the Pakistani capital considered to be a high-security zone. Many foreign visitors stay at the Marriott, and important government and private functions are often held there. The prime minister and many of his cabinet ministers, members of Parliament and diplomats live nearby." The US Embassy "issued an advisory to American citizens in the country. 'The embassy strongly advises all Americans to avoid the area, exercise caution, and limit unnecessary travel,' the statement read."

Chinese Officer Says Space Will Be Weaponized. The Washington Times (1/27, A1, Lederer) reports Chinese Senior Colonel Yao Yunzhu "predicts that weapons will be deployed in outer space despite her government's long-standing desire to prevent an arms race there." Her "remarks were the first time a member of the Chinese military has commented on" Beijing's recent anti-satellite missile test. "The only other official comment, from the Foreign Ministry, offered the barest confirmation and repeated stock positions about China's wish to keep space free of weapons." The Times adds, "Without naming any country, but in an apparent reference to the United States, Col. Yao said if there's going to be 'a space superpower, it's not going to be alone, and China is not going to be the only one.'"

Russia Denounces Georgia's Detention Of Uranium Smuggler. The New York Times/AP (1/27, A4) notes Russian Foreign Minister Sergei Lavrov "denounced on Friday the detention of a Russian man accused of trying to sell highly enriched uranium to Georgian agents, calling it a 'provocation.'" The AP calls Lavrov's statement "the first public comment by a named Russian official to claims by Georgia that it arrested and jailed a Russian man last year for trying to sell weapons-grade uranium to an agent posing as a rich foreign buyer." A likely confirmation that the uranium in question was weapons-grade "renewed concern about security at Russia's array of nuclear facilities. [It] also aggravated already high tensions between Russia and Georgia." The Los Angeles Times (1/27, Holley) reports, "Russian authorities on Friday rejected as an overblown propaganda ploy the announcement this week that one of their citizens was arrested last year in Georgia while allegedly trying to sell a small amount of weapons-grade uranium."

Kasparov Works To Hold Together Anti-Putin Coalition. The Wall Street Journal (1/27, A9, Kirkpatrick) profiles former world chess champion and Russian political activist Garry Kasparov. "His latest game is politics, and his style is equally aggressive." His "Putin antipathy is well known to readers of this newspaper, of which he is a contributing editor." Having "sounded an early warning about" Putin in 2001, his "new occupation is not without its perils." The Journal describes Kasparov's anti-Putin political coalition: "The next step for the Other Russia, Mr. Kasparov says, is to come up with a platform and work out the rules for selecting a presidential candidate, tasks that are on the agenda for a conference planned for April."

UK Investigators See Moscow Behind Litvinenko Killing. ABC World News (1/26, story 4, 2:50, Gibson) reported, "In Britain, officials there think they have solved the mystery of who killed the former Russian spy, Alexander Litvinenko. … Investigators believe that Litvinenko's killing was a state-sponsored hit." ABC (Ross): "British officials say they reached that conclusion based on forensic evidence and intelligence reports from inside the Russian intelligence services. Now, criminal charges could be filed as soon as next week. … Two months after his death, British authorities feel they have finally cracked the case, pointing to Moscow and the Russian secret service, the FSB, headquartered here." The CBS Evening News (1/26, story 5, :10, Couric) says the British believe the culprit was "another ex-spy who currently is in Moscow."

Kosovo Independence Drive Could Strain Russian Relations. The Financial Times (1/27, Dombey, MacDonald) reports Kosovo "is to declare independence in the next few months, with the tacit support of the EU and NATO, in an effort to resolve the eight-year impasse on the status of the province at the heart of the 1999 war between NATO and Belgrade." The Times cites source that believe Kosovo "will make its move and be recognised as independent by European Union and NATO countries once a United Nations resolution about its future – expected to stop short of granting independence – is agreed." Some "Western diplomats believe bilateral recognition of Kosovo's independence is the only way out of the dispute about the future of the province, but acknowledge they will have to work

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hard to prevent Serbia's objections destabilising the region as a whole." The Times adds that Brussels and Washington "see Kosovo as the biggest remaining source of instability in the Balkans. They intend to avoid either more rioting among Kosovo's ethnic Albanian majority like that in March 2004 or an attempt by Belgrade to partition the province, over which it claims sovereignty."

The New York Times (1/27, A3, Smith) adds UN mediator Martti Ahtisaari "presented his proposals for the final status of Kosovo on Friday, most likely setting the tiny war-torn territory on its way toward independence." The Times calls Ahtisaari's presentation "an important and long-delayed step in resolving the still potentially explosive tensions that led to war in Europe eight years ago." The deal "would leave the former Yugoslav province free to declare independence from Serbia, according to Western diplomats who have seen the plan. But they say it would also impose international supervision, much like what exists in Bosnia, to provide protection for Kosovo's ethnic Serbs." The Times notes, "Even with the promise of international involvement, the diplomats say, Russia, a Serbian ally whose support is a crucial element, remains cool to the plan."

Under the headline, "Rift Widens Among Nations Over Kosovo," the AP (1/26, Kole) notes Moscow "is pressing for more time to examine a U.N. proposal for the future of Kosovo, Western and Russian officials said Friday, underscoring a widening rift between Moscow – a key ally of Serbia – and the United States and its European allies." The AP adds Moscow "is a traditional ally of Serbia, which considers Kosovo the heart of its ancient homeland and insists that it remain part of Serbian territory. Kosovo's ethnic Albanian majority has been pushing for outright independence."

Japanese Decentralization Said To Leave Rural Areas Without Economic Support. A front-page New York Times (1/27, Onishi) piece highlights the Japanese city of Yubari as an example of Tokyo's attempts to "hew to its new policy of weaning rural Japan from the central government." Noting Yubari's bankruptcy because of "poorly thought-out" tourist attractions, the Times says the "imminent drop in the quality of life has led to recriminations and finger-pointing: at local politicians for lack of foresight, at Tokyo for feeding the rural addiction to public works." The national government's "attitude has led to anger that the central government is singling out Yubari as a warning to the countless other Yubaris across Japan. If the Yubaris can no longer count on the government to rescue them, the reasoning goes, they will start cutting costs on their own."

US Ambassador To Venezuela Tries To Cool Rhetoric But Says "Bags Are Packed." A brief item in the New York Times (1/27, A10, Romero) reports, "Diplomatic relations with the United States appeared to become more fragile as" Ambassador to Venezuela William Brownfield "responded to a threat of expulsion from President Hugo Chávez by saying, 'My bags are always packed and ready.'" Brownfield "also emphasized that he hoped to avoid further confrontation and to focus instead on issues of political and economic importance to both Caracas and Washington."

Eagleburger Discusses Chavez "Threat." Asked on Fox News (1/26, Asman) how big a "threat" Chavez poses to the US, ex-Secretary of State Lawrence Eagleburger said, "Depends on what you mean by a threat. There's no question that he could make life difficult for us in that part of the world and he could make life difficult for us with some of the nonaligned, for example. … His ability to appeal to the Venezuelan people is a classic case of Latin American sort of a leader of this kind, this crazy kind if you will, and it only works so long as the populace of Venezuela sees some ability for a better standard of living. If at some point the economy really gets very bad, Chavez's popularity within the country will certainly decrease. And it's the one weapon we have against him to begin with…namely the economic tools of trying to make the economy even worse so that his appeal in the country and in the region goes down."

WPost Says Chavez's Attempt To Broaden Influence May Be Harmful. In an editorial today, the Washington Post (1/27, A18) touts "a remarkable year of democracy in Latin America" but says 2007 "has begun with attention focused on a handful of countries where democracy is dead, dying or in danger." Chavez "began his term this month with a flurry of authoritarianism," and "then rushed to attend the inaugurations of Nicaragua's Daniel Ortega and Ecuador's Rafael Correa, whom he hopes to convert into satellite leaders in a Venezuelan-led 'socialist' bloc. Bolivia's Evo Morales and an ailing Fidel Castro are already in Mr. Chavez's orbit; thanks to Venezuela's petrodollars, Cuba's totalitarian system may survive Mr. Castro's demise." Noting these leaders' recent actions, the Post concludes, "Ortega may understand something that [Chavez] and his would-be

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followers have yet to learn: Socialist economics are a recipe for impoverishment, while political power grabs tend to boomerang. The mini-bloc of Latin outliers poses little threat to the United States or the region's overall stability. But even as their neighbors consolidate democratic institutions and unprecedented prosperity, the people of Venezuela, Bolivia, Ecuador and Cuba may be headed for a miserable year."

"Turmoil" In Bolivian Politics Said To Endanger Morales. An extensive Los Angeles Times (1/27, McDonnell) piece previews the second year of Evo Morales' "embattled" presidency in Bolivia. Some "recent turmoil in" former Morales strongholds "has raised new questions about his leftist government's ability to serve out its five-year mandate." Although "a sense of normalcy has returned to Cochabamba" and other areas, "the paroxysm of rage has reverberated in national politics at a time when Morales' 'democratic revolution' was already facing fierce resistance." The Times adds, "Bolivia has a long history of forced ousting of governments, including many military coups. Morales won the presidency after protests chased out two previous presidents," and "even some of his longtime supporters have assailed the president for failing to quell the festering crisis in Cochabamba and instead opting to heap the blame elsewhere — mostly on his chief political rival here, Gov. Manfred Reyes Villa, a once-defeated presidential candidate now seemingly positioned for a future run."

Ghanaians Said To "Pressure" Annan To Seek Presidency. Under the headline, "Ghana Looks To Annan To Lead," the Washington Times (1/27, Palmer) reports, "If Kofi Annan's compatriots have their way, his retirement from the United Nations will have less to do with golf and grandchildren and more to do with presidential politics." Annan "sounded every bit like a candidate this week as he gave his first public address since stepping down as U.N. secretary-general last month." He "spoke of the promise of Africa, the spirit of change and prosperity enveloping the continent and the continued challenges that hamper its development. … The only thing he didn't say would be the words many Ghanaians long to hear -- that he will run in next year's presidential elections." Annan "has explicitly and repeatedly denied having any interest in turning to politics. He has said previously that he will split his time between his West African homeland and Sweden, the birthplace of his wife, Nane Maria." However, the Times adds, "With a hero's welcome and a reception far warmer than any visiting head of state, Mr. Annan has been getting not-so-subtle pressure from all quarters of his birth country."

UN General Assembly Backs Rejection Of Holocaust Denials. The Washington Post (1/27, Brubaker, 690K) reports the UN General Assembly ratified "a resolution, drafted by the United States and co-sponsored by 103 countries, that condemns denials of the Holocaust. The resolution came six weeks after a conference in Tehran, organized by Iranian President Mahmoud Ahmadinejad, questioned whether six million Jews were exterminated during World War II." For its part, Tehran "disassociated itself from [the] resolution, calling it a political exercise to deflect attention from Israel's 'atrocious' crimes." Acting Ambassador Alejandro Wolff "told reporters he was disappointed that more of the 192 U.N. delegates did not attend today's General Assembly session. 'Those who would deny the Holocaust -- and, sadly, there are some who do -- reveal not only their ignorance but their moral failure as well,' Wolff said in a statement."

Vaccine Alliance Pledges To Boost Retention Of Local Healthcare Professionals. The Los Angeles Times (1/27, Piller) notes the GAVI Alliance said yesterday "that it would commit $500 million over three years to strengthen healthcare systems and train health workers in developing nations, addressing a key problem for implementing its vaccination programs." The GAVI Alliance "is moving to counter a massive outflow of health workers in developing nations where its training and immunization programs have proved most effective. Doctors and nurses, particularly from Africa, often seek higher wages in developed nations that also face shortages of health professionals." The Times adds that GAVI "is a partnership that includes national governments, the United Nations, World Bank, the vaccine industry and the Bill & Melinda Gates Foundation," and says GAVI "has prevented 2.3 million deaths from diseases for which vaccines are available, including 600,000 lives saved last year, according to World Health Organization data released today."

Experts Believe Pyongyang Seeks Strong Ties With Washington. In an op-ed in today's Washington Post (1/27, A19), former State Department analyst Robert Carlin and Stanford University professor John Lewis

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write, "Those who think that dealing with North Korea is impossible are wrong. Unfortunately, those who think that it is, in fact, possible to deal with North Korea often are not much closer to the truth. The basic problem is that people of both views simply haven't figured out what it is that the North really wants." Discounting the economic "carrots" and "political steps" frequently offered to Pyongyang, Carlin and Lewis say of the Kim regime, "Above all, it wants, and has pursued steadily since 1991, a long-term, strategic relationship with the United States. This has nothing to do with ideology or political philosophy. It is a cold, hard calculation based on history and the realities of geopolitics as perceived in Pyongyang. The North Koreans believe in their gut that they must buffer the heavy influence their neighbors already have, or could soon gain, over their small, weak country." Seeking strong ties with Washington "is hard for Americans to understand," but Pyongyang dislikes the six-party process because those talks "are a microcosm of the strategic world it most fears. Three strategic foes -- China, Japan and Russia -- sit in judgment, apply pressure and (to Pyongyang's mind) insist on the North's permanent weakness."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Football Star's Alleged Tie To Agency May Hurt USC."
"Bush Defends New Policy On Iranians."
"Obama's Entry Into Politics Recalled."
"Inmates Resist Out-Of-State Transfers."

New York Times:

"Intel Says Chips Will Run Faster, Using Less Power."
"For Former Foster Care Youths, Help To Make It On Own."
"Preparations Set, Giuliani Now Faces A Big Choice."
"A Contrarian View: Save Less, Retire With Enough."
"Tokyo Cuts Aid, And Hinterland Withers In Japan."
"Illegal Sublets Put Private Eyes On The Case."

Washington Post:

"Woe Unto Tysons Commuters."
"Bush Defies Lawmakers To Solve Iraq."
"Coast Guard Cited In Report On Flawed Ship."
"Bush's Climate Remarks Weighed For Policy Shift."
"A Culinary And Cultural Staple In Crisis."
"Pollin Asks D.C. To Pay For Verizon Center Renovations."

Washington Times:

"Gates Warns Congress On Iraq Opposition."
"Chinese Colonel Sees Arms In Space."
"Chavez Threatens To Expel 'Meddling' U.S. Ambassador."
"High Schools Eyed In No Child Left Behind Renewal."
"Ghana Looks To Annan To Lead."
"Fairfax Leads In Good Jobs."

Detroit Free Press:

"Living Without The Lodge."
"Parents Fight To Keep Schools Open."
"Can GM Make Hip Happen?"
"Wiz Kids Work Winning Magic."

Atlanta Journal-Constitution:

"Proposed Laws Target Teenagers."
"Zoo May Move To Lakewood."
"Boys Plead Guilty In Puppy Case."
"Daughter Held Hostage."
"Cobb To End Pre-K Program."
"Missing Boy Safe."

Dallas Morning News:

"Toll Plaza May Stop Taking Cash."
"Family's Mercy Draws Apology From Killer."
"Phillips Touts Winning Record."
"Celina Couple Beaten; Grandson Sought."
"Toddler May Be Among 2 Victims Of Fire."
"Dallas Officer Charged With Assault After Fight With Wife."
"Black Tarleton Grad Says He Started MLK Party."

Houston Chronicle:

"Death Row Retardation Appeals Remain In Limbo."
"Learn How To Become A YouTube Viral Video Star."
"McGrady Paces Easy Win For Rockets Over Blazers."
"Drugs Mar Sunnyside Revitalization, Residents Say."
"1st Of 4 Mission Spacewalks Set For Wednesday."
"Serial Rapist Targets Southwest Houston Women."
"Humble Man Shot, Accused Of Ramming Police."
"Williams Powers Past Sharapova For 8th Major."
"Lopez: Sweat And Toil Make Biggio An Icon."
"Craddick's Committee List Called 'Retaliation.'"

Story Lineup From Last Night's Network News:

ABC: Iranians Aiding Iraqi Insurgents; Insurgents Attacks Troops In Karbala; Senate Confirms Petraeus; Litvinenko Death Investigation; Trouble In Gaza; Housing Market Slump; Homelessness; Mammograms; "Dreamgirls" Actress.

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CBS: Bush Defends Iraq Plan; Pelosi Meets Maliki; Insurgents Attacks Troops In Karbala; Violence In Iraq; Litvinenko Death Investigation; Smoking Addiction; Heating Fuel Market; Cervical Cancer Vaccine; Houston Teachers Divided About Bonus; Doctor Profile.

NBC: Bush Defends Iraq Plan; Violence In Iraq; A Look At Soldiers In Iraq; American Politics; Mixed Economic Forecast; Pilots With Guns; Homelessness; Community Grocery Store.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — 7:15 p.m. Attends the Alfalfa Club Dinner. Capital Hilton. Closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: ANTIWAR MARCH _ United for Peace & Justice, MoveOn.org, the National Organization for Women, labor unions, others, participate in an anti-war rally and march. Location: Rally on National Mall at 3rd Street. Organizers have applied for a permit for a march route that proceeds east on Constitution Avenue, south on First Street, west on Independence Avenue and returning to the Mall at conclusion. Contacts: Hany Khalil, 212-868-5545 Notes: Rally begins at 11 a.m. March begins at 1 p.m.

CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Location: JW Marriott, 1331 Pennsylvania Ave. NW. Contacts: Kristina Graboski, 703-683-5004 ext 132.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW. Contacts: Dave Lemmon, 202-628-3030.

AUTO SHOW _ 2007 Washington Auto Show. Location: Washington Convention Center. Contacts: Barbara Pomerance, 404-557-7200.

INSIDER TRADING _ The George Mason University School of Law hosts a Journal of Law and Economic Policy symposium titled, "Perspectives on Insider Trading." The event will gather expert practitioners, academics and policymakers to discussions a variety of viewpoints on insider trading. Location: George Mason University School of Law, 3301 Fairfax Drive, Arlington, Va. Contacts: Ginny Smith, 703-993-8007.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Specter Seeks Monday Meeting With Gonzales Over Surveillance Suits. On its Web site, The Hill (1/26, Schor) reports, "Sen. Arlen Specter (Pa.), the Judiciary Committee's ranking Republican, initiated a fast-paced oversight inquiry late Friday, asking Attorney General Alberto Gonzales for a Monday meeting to explain reports of controversial legal maneuvers employed by the Justice Department in civil lawsuits against the Bush administration's warrantless surveillance program." Specter "voiced 'deep concern' about what he deemed 'extraordinary procedures' allegedly utilized by Justice."

Rockefeller May Subpoena Documents On Domestic Surveillance. Bloomberg (1/26, Bliss) reports, "Senate Intelligence Committee Chairman Jay Rockefeller said he may subpoena Bush administration documents on its controversial domestic surveillance program." Rockefeller "vowed he'll get details on a secret court's approvals of the program that targets suspected al-Qaeda members in the U.S." The Justice Department "indicated Jan. 24 that it was reluctant to share the rulings." Rockefeller "saved some of his harshest criticism for Cheney, who he said tried to block the committee's efforts to get information on intelligence operations."

ACLU Asks Court To Unseal Surveillance Program Documents. The Los Angeles Times (1/27, Weinstein) reports, "The American Civil Liberties Union asked a federal court Friday to unseal secret documents filed by the Bush administration in support of its warrantless domestic surveillance program." A hearing "is scheduled for Wednesday at the U.S. 6th Circuit Court of Appeals in Cincinnati." The Justice Department has requested that the case be dropped.

The AP (1/27) reports, "U.S. Attorney General Alberto Gonzales said the secret panel of judges who oversee the Foreign Intelligence Surveillance Act is reviewing and approving applications to spy on people believed to be linked to al-Qaida. … 'There is, therefore, no longer any live genuine controversy to adjudicate,' the Justice Department wrote in its brief filed Thursday. … But the ACLU said that without more information about what the secret court has authorized, it can't determine if current activities are lawful. It said the Bush administration might return to surveillance outside the secret panel without a court order against it." The AP adds, "The ACLU also asked the court Friday to make public or give ACLU lawyers access to secret materials in the case filed by the government as classified. … The National Security Agency program, secretly launched in 2001, monitors international phone calls and e-mails to or from the United States when one party is believed to have terrorist links. It became public in December 2005. … The administration says the program has been an important tool in the fight against terrorism and has helped prevent attacks."

NYTimes Criticizes Administration's "Obsession With Secrecy" And "Assault On The Rule Of Law." The New York Times (1/27, A16) writes in an editorial, "We often wonder whether there is a limit to the Bush administration's obsession with secrecy, its assault on the rule of law, its disdain for the powers of Congress, its willingness to con the public and its refusal to heed expert advice or recognize facts on the ground. Events of the past week suggest the answer is no." Cheney is criticized for his appearance on CNN in which he "spoke of 'enormous successes'" in Iraq "and refused to pay even curled-lip service to consulting Congress." Then "in Friday's Times, Adam Liptak gave an account of the way the administration -- after grandly announcing that it was finally going to obey the law on wiretapping -- is trying to quash lawsuits over Mr. Bush's outlaw eavesdropping operations by imposing outrageous secrecy and control over the courts." The Times calls such efforts "Orwellian" and adds, "Attorney General Alberto Gonzales routinely stonewalls legitimate Congressional requests for documents and information on a wide range of issues." In conclusion, "Mr. Bush and Mr. Cheney claim that they are protecting the powers of the presidency" but "by abusing the government's legitimate right to claim secrecy in court hearings, they will make it harder for other presidents to do that when it is actually justified. And with that switch, they have done grievous harm to the credibility of the Oval Office and the country."

More Commnetary. In an op-ed for the Washington Times (1/27), syndicated columnist Jacob Sullum writes, "The skeptics who doubt that 21,000 more troops will be the difference between war and peace in Iraq may be underestimating the Bush administration, which recently demonstrated it can do the impossible. This month, after violating the Foreign Intelligence Surveillance Act (FISA) by eavesdropping on Americans without warrants for five years because obtaining judicial approval would have endangered national security, the administration somehow found a way to obey the law without sacrificing our safety." Sullum continues, "By exposing the hollowness of President Bush's national security justification, his tardy compliance with FISA demonstrates more contempt for the rule of law than continued defiance would have. Since the National Security Agency's warrantless surveillance program was publicly revealed in December 2005, the administration has maintained 'it was absolutely necessary to protect the security of our country,' as Attorney General Alberto

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Gonzales told the Senate Judiciary Committee on Jan. 18. Now we know that's not true." Sullum adds, "From now on, Mr. Gonzales said, NSA surveillance of international e-mail and phone calls involving people on U.S. soil 'where there is probable cause to believe that one of the communicants is a member or agent of al Qaeda or an associated terrorist organization' will be 'subject to the approval of the FISA court.' Although the Bush administration publicly insisted for a year that such a concession would compromise national security, Mr. Gonzales promised 'the country will not be any less safe' now that the president has deigned to follow the law. … According to Mr. Gonzales, the Justice Department managed to square this circle by coming up with a 'complicated' and 'innovative' approach that complies with FISA yet allows the 'speed and agility the government needs to protect our nation from the terrorist threat.' Since the statute explicitly permits retroactive approval of surveillance in emergencies up to 72 hours after the fact, it's not clear what additional leeway the government thought it needed. … Whether you buy that or not, the reason for the delay in complying with FISA is clear: When it comes to fighting terrorism, the president considers obeying the law optional. As Mr. Gonzales emphasized, the administration still maintains the president is not obligated to follow FISA; he is doing so only because he has decided that 'involving all branches of government on such an important program is best for the country.' Given the president's view of his 'inherent' powers, he could go back to evading the courts and flouting the will of Congress any day."

The Honolulu Advertiser (1/27) editorializes, "Americans who are worried about the Bush administration's tight grip on the reins of power can't be happy with the news from Capitol Hill. … First, the president signals that he's now ready to end the practice of conducting warrantless wiretapping, announcing that any such operations will now meet requirements for court orders under the Foreign Intelligence Surveillance Act. This administration's turnabout resulted from negotiations with the FISA court." The Advertiser continues, "But just when some critics felt ready to turn handsprings, others — including several U.S. senators — fired off pointed questions. … New York's Democratic Sen. Charles Schumer asked whether these warrants were blanket approvals or broad brushstrokes enabling generic roundups. … Attorney General Alberto Gonzales owes us an answer." The Advertiser adds, "In later grillings about federal prosecution of terrorists, Gonzales' message to the Senate was clearer — but even more disturbing. Habeas corpus — the right to go to federal court and challenge one's imprisonment — is not protected by the Constitution. … Even veteran Pennsylvania Republican Sen. Arlen Specter was incredulous, quoting a section in the Constitution barring suspension of habeas. How, he argued, can you ban the suspension of a right that doesn't exist? … Good question. … If the voters tried to communicate a need for some limits to executive power, the president wasn't hearing it."

The Sacramento Bee (1/27, B6) reports, "Yes, the right of habeas corpus does exist. It's been part of the Anglo-American legal tradition since the Magna Carta in 1215. And the U.S. Constitution explicitly says that it cannot be suspended, except in the case of rebellion or invasion. Yet Attorney General Alberto Gonzales told the Senate Judiciary Committee this week that he believes people in the United States have no constitutional right to habeas corpus." The Bee continues, "The writ of habeas corpus -- literally, 'produce the body' -- has been a bulwark of personal liberty for more than 800 years. It requires that any time a person is detained, the government must produce the prisoner in person and state why he or she is being detained. A person taken into custody must either be charged or released. … But there was Gonzales, testifying before the Judiciary Committee that 'there is no express grant of habeas in the Constitution; there is a prohibition against taking it away.' … Sen. Arlen Specter, R-Pa., was flabbergasted: 'Now, wait a minute. Wait a minute. The Constitution says you can't take it away, except in the case of rebellion or invasion. Doesn't that mean you have a right of habeas corpus, unless there is an invasion or rebellion?' … Gonzales dug in: 'I meant by that comment, the Constitution doesn't say, "Every individual in the United States or every citizen is hereby granted or assured the right to habeas." It doesn't say that.' … Unfortunately, this was not merely a theoretical exchange. The Bush administration already has been detaining people without charge. … The Bush administration forces us to learn anew the hallowed principles of our legal tradition -- and to defend them. Habeas corpus continues to be a basic human right worth fighting for -- to prevent a king or any government from arbitrarily throwing people into prison without charges."

Canada Announces $9.75 Million Compensation For Arar. The New York Times (1/27, A5, Austen) reports, "Maher Arar, the Canadian software engineer who was detained by American officials in 2002 and deported to Syria, where he was jailed and regularly tortured, will receive 11.5 million Canadian dollars ($9.75 million) in compensation from the Canadian government, under a settlement announced Friday." Prime Minister Stephen Harper "offered a formal apology to Mr. Arar and his family for their 'terrible ordeal.'" The Washington Post (1/27, A14, Struck) reports, "Harper and Arar both criticized the United States for its refusal to accept the exhaustive Canadian inquiry that found Arar was an innocent man."

The AP (1/26) reports Harper "again called on the U.S. government to remove the Ottawa telecoms engineer from any of its no-fly or terrorist watchlists and reiterated that Ottawa would keep pressing Washington to clear Arar's

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name." Arar "thanked the Canadian government at a news conference Friday." The Los Angeles Times (1/27, Farley) reports Arar had been deported to Syria "based on incorrect information" and "was imprisoned and tortured for a year." Harper said that "he had asked President Bush to clear him." Arar "tried to sue American officials and agencies over his detention and deportation, but the U.S. District Court of Appeals dismissed his suit last February, ruling that the action was protected on national security grounds. Arar is appealing the decision."

HOMELAND RESPONSE:

9/11 Calls To Emergency Operators Show Lack Of Coordination. The New York Times (1/27, B2, Dwyer) reports, "The city yesterday released 19 recordings of telephone calls made to 911 operators from the World Trade Center on the morning of Sept. 11, 2001. While the calls included a rich example of the valor of the day, they also showed that the emergency response agencies worked as separate fiefdoms, with callers having to tell their stories multiple times as they were transferred from police operators to fire dispatchers or to Emergency Medical Service. And no one in the 911 system passed along what could have been a life-saving order that had been issued by fire chiefs on the scene: to evacuate the buildings."

The AP (1/26) reports, "Seven minutes before the World Trade Center's south tower collapsed, Larry Boisseau called a 911 operator from the lobby, asking for help for injured people. He stayed on the line while the phone to paramedics rang about a dozen times." Boisseau, "fire safety director for OCS Security, was one of two victims identified on the calls because he was on the job. The other victim was Melissa Doi, whose call was made public because it was played at the trial of Sept. 11 conspirator Zacarias Moussaoui. The rest of the calls released Friday only played the operator's side of the conversation, and recalled eerie tableaus presented in earlier released tapes: operators trying to calm down callers trapped on the 84th floor, the 89th floor, the 93rd floor, the 105th floor. Some operators became exasperated, and others weren't sure how to advise trapped callers."

Anti-Fraud Regulations Blamed For Slow Rebuilding Efforts Following Katrina. The Wall Street Journal (1/27, A1, Cooper) reports in a front-page story on rebuilding efforts 17 months after Hurricane Katrina that throughout the region, "rebuilding is in a deep stall." The article blames "the size of the disaster…; the crush of competing bureaucracies…; and weak local leadership." It details the lack of spending by responsible agencies and lays chief blame on regulations which are intended to combat fraud and waste. As an example, a Louisiana program, "Road Home…has drawn nearly 100,000 applicants. As of this week, it had disbursed only 258 grants for a total of $14.4 million. Mississippi, which operates a similar but far less restrictive grant program, has distributed $665 million to 11,827 homeowners." "At the federal level, Bush administration officials defend their rules." Louisiana Sen. Mary Landrieu (D) "has promised to try rejiggering Stafford Act rules to make them more flexible."

Judge Delays State Farm Settlement In Katrina Case. The New York Times (1/27, C1, Treaster) reports Judge L. T. Senter Jr. of Federal District Court in Gulfport, Mississippi "has rejected -- at least temporarily -- a settlement by State Farm Insurance that was expected to provide several hundred million dollars to help policyholders rebuild homes destroyed by Hurricane Katrina 17 months ago." State Farm said that "it now looked forward to addressing the judge's concerns." Lead attorney Richard F. Scruggs, and Mississippi Attorney General Jim Hood "said they were optimistic that the agreement would be revived." The settlement "was expected to be a model for other insurers to use in seeking settlements, which would help jump-start the lagging recovery of Mississippi's coast." Judge Senter "raised concerns about a lack of detail on how much money policyholders might receive." He also said that the agreement "failed to provide information on what the lawyers had done to justify an agreed-upon payment of up to $20 million in relation to reopening the 35,000 damage claims."

The Wall Street Journal (1/27, A4, Pleven) reports, "The judge's ruling threw into uncertainty a plan that would have required State Farm Fire & Casualty Co., the nation's largest home insurer, to pay a total of at least $50 million to homeowners who suffered damage in the 2005 storm." Senter "raised a number of objections in his ruling about the procedure and other issues related to the case." CNN.com (1/26) reported Senter "said the bargain between State Farm Fire & Casualty Co. and the Mississippi attorney general did not establish 'a procedure that is fair, just, balanced or reasonable.'"

WAR NEWS:

Bush Says "I'm The Decision Maker" On Iraq. The Washington Post (1/27, Abramowitz, Weisman, 690K) reports on its front page that, "declaring 'I'm the decision maker,'" President Bush "challenged congressional efforts to formally condemn his Iraq plan." It was "part of a White House campaign to try to keep Republican lawmakers from signing on to any resolution that criticizes the president's new strategy in Iraq. By keeping down the number of Republican defections, the administration hopes to make any vote appear highly partisan and to buy Bush's new plan more time."

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BBC.com (1/26) reports Bush "has made it clear he will ignore any attempt by the US Congress to question his sending 20,000 extra troops to Iraq."

The CBS Evening News (1/26, lead story, 2:40, Couric) led by reporting that while "he has faced day after day of criticism of his new Iraq strategy, and on this day President Bush said, in effect, it doesn't matter. He's in charge, he's calling the shots. The President said congressional opponents are condemning his troop buildup before it even has a chance to work, and his new defense secretary went even further, accusing them of giving America's enemies a boost." NBC Nightly News (1/26, lead story, 3:05, Williams) led by saying Bush "felt the need to remind some of those in Washington and beyond that he makes the decisions. He was talking about one in particular, however: sending almost 22,000 fresh US troops into Iraq. The President knows congress is probably going to pass resolutions against his policy. He further knows several Republicans have turned against him publicly. He also knows it won't have the force of law and today's pronouncement sounded like that, however unpopular the policy, there can only be one commander and chief at a time."

Gates Says Resolutions Embolden Enemy. The Washington Times (1/27, A1, Dinan, 88K) reports Defense Secretary Robert Gates "said yesterday that Congress' push to oppose President Bush's troop increase in Iraq 'emboldens the enemy' and undercuts the commanders in the field. ... Sen. Edward M. Kennedy, Massachusetts Democrat, called Mr. Gates' statement 'a desperate attempt' to bolster the president's policy." The Times adds, "Members of Congress are increasingly talking about a vision of victory that is different from Mr. Bush's picture of an Iraq that can 'govern, sustain and defend itself.'" The Washington Post (1/27, A1, Abramowitz, Weisman, 690K) also reports Gates's concern about the effect of Congressional resolutions. But on its Web site, The Hill (1/26, Marre) says if Republicans "stand in the way of an up-or-down vote on such a resolution, the resulting cloture vote would, in effect, be a referendum on the war. 'We're going to get a vote one way or the other,' Kennedy said in the Capitol."

Pelosi Meets With Maliki In Baghdad. The CBS Evening News (1/26, story 2, :10, Couric) reported, "One fierce critic of the President's Iraq policy, House Speaker Nancy Pelosi, was in Baghdad today. She met with Prime Minister Maliki and wished his government success." The Washington Post (1/27, A10, Londono, 690K) reports Maliki told Pelosi he would "like to see 50,000 U.S. troops leave by the end of the year, Iraqi officials said." Her "primary concern in meeting Maliki appeared to be to determine how soon he thought the United States could withdraw its soldiers from Iraq, said Ali Dabbagh, the prime minister's spokesman." The Speaker "told the prime minister that she and fellow Democrats are eager to see a prompt transition of authority, Maliki's office said in a statement."

The Los Angeles Times (1/27, Daragahi) reports Pelosi "reportedly voiced support for Iraq's 'democratic experiment' and vowed to push for the speedy transfer of security duties from U.S. to Iraqi forces long demanded by the Shiite-dominated government." The AP (1/26) reports that she was accompanied on her trip by Rep. John Murtha, "a longtime critic of the war."

Meanwhile, the New York Times (1/27, A8, Zernike, 1.16M) reports House Majority Leader Steny Hoyer "set out a road map for the House to exercise more control over Iraq strategy, as he and other Democratic leaders continued on Friday to exert pressure against the president's plan to send in an additional 21,500 troops."

On Fox News' The Big Story (1/26, Gibson), Newt Gingrich said of Pelosi's trip, "It's a very good thing for her to go. It's a very good thing for her to ask questions. It will be a very bad thing if she communicates to the Iraqi government anything other than the official policy of the United States. … I hope that Speaker Pelosi will be very cautious and the people with her will be very cautious about what they say when they're in those meetings."

Brownback, Pataki Oppose Surge. An announced and a potential Republican presidential candidate are both speaking out against the surge. The Los Angeles Times (1/27, Levey) reports Sen. Sam Brownback "said Friday that he would back the symbolic push to oppose President Bush's plans to increase troop levels in Iraq, further evidence of the growing division within the GOP over the unpopular plan." And the New York Times (1/27, A12, Hernandez, 1.16M) reports ex-Gov. George Pataki, "a Republican who has steadfastly supported President Bush's Iraq policies, said on Friday that he would oppose Mr. Bush's plan for sending more troops to Baghdad unless Iraqi leaders took clearer steps to build a nonsectarian government."

Pataki said on Fox News (1/26, Browne), "Before we commit more American troops to the middle of sectarian violence between the Shia and Sunni, we should demand that the Maliki government take action; that they stop just talking about what they hope to do and actually start implementing tasks that will allow them to take the lead in protecting and making their democracy work."

Gates Works To Accelerate Deployment In Iraq. The Washington Post (1/27, A14, Tyson, 690K) reports Gates said he "was working to accelerate the deployment of 21,500 additional U.S. troops to Iraq, suggesting that the influx of American troops is no longer contingent upon the Iraqi government fulfilling its commitments for Baghdad security operations. ... In congressional testimony and statements earlier this month, Gates had suggested that the flow of additional U.S. troops to Iraq would be dependent upon the Iraqi government meeting specific pledges -- such as sending

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three more Iraqi army brigades to Baghdad and lifting restrictions on U.S. military operations targeting certain Baghdad districts or individuals." The Post adds, "Yesterday's statements made it clear that any decision on withholding troops would be left to Petraeus, who has said he favors moving the troops to Iraq as quickly as possible."

Gates Displays New Style At First Pentagon News Conference. Coverage of Gates' first Pentagon newsconference was focused his stylistic differences with predecessor Donald Rumsfeld. The New York Times (1/27, A12, Cloud, 1.16M) said the session was "nothing like those of his predecessor," who "invariably stood behind the lectern in the Pentagon briefing room, often on live television, gleefully sparring with reporters, challenging the premises of their questions, and usually frustrating all efforts to elicit hard information. Mr. Gates seemed to go out of his way to do things differently. ... his answers were generally more concise and free of scoffing, teasing or smirking."

The Los Angeles Times (1/27, Barnes, 850K) also says Gates' "manner and method could not have been more different from those of his controversial predecessor." Gates "met the media in his private dining room, seating reporters and himself around a large conference table. And the answers he offered could not have been more dissimilar to Rumsfeld's. Stylistically, Gates refrained from scoffing at reporters, from restating their questions on more favorable terms and from challenging the premises of inquiries." In addition, "Gates came close to blaming Rumsfeld for many of the problems in Iraq."

Bush, Gates Defend Anti-Iran Effort Within Iraq. ABC World News (1/26, lead story, 2:30, Gibson) reported, "As if US forces don't have enough to worry about in Iraq, officials in Washington, today, were talking about forces from Iran, who are coming into Iraq. Recently, Iranian agents were detained on suspicion they were aiding the insurgency. And today, the President made it clear, American forces can respond with deadly force, if agents from Iran threaten their lives. We turn to our chief White House correspondent, Martha Raddatz. Martha?" ABC (Raddatz): "Charlie, the focus has been on Iraq. But today, it definitely switched to Iran. From the President to the Secretary of Defense and to the battlefields of Iraq -- today it was clear that pressure is being ratcheted up against Iran." The Bush Administration "is now aggressively pursuing a 'capture or kill' policy towards Iranians aiding the Iraqi insurgency." President Bush: "It makes sense that if somebody is trying to harm our troops or stop us from achieving our goal or killing innocent citizens in Iraq that we will stop them." Raddatz: "US officials say that the Pentagon will soon present evidence that Iran is providing deadly weapons to the insurgents, such as the explosively formed Penetrators that can cut through the strongest armor."

The Washington Post (1/27, A12, Linzer, Tyson, 690K) reports Bush "yesterday defended a Pentagon program to kill or capture Iranian operatives inside Iraq, saying that U.S. troops would use all necessary measures to protect themselves and Iraqi civilians from harm." However, Bush and Gates "said U.S. troops would not cross Iraq's border with Iran under the program, and the president said he is still committed to resolving the dispute over Iran's nuclear program diplomatically." Gates "id not discuss the program's rules of engagement but said that U.S. military targeting of Iranians or any foreign fighters is limited to those who pose a threat to U.S. troops, adding that such practice is not new." Bush "said his administration is already making good progress on the diplomatic front, citing a U.N. Security Council resolution that calls on Iran to halt much of its nuclear program and return to negotiations. Iran has rejected that."

The New York Times (1/27, Mazzetti, Cloud, 1.16M) says Bush "and his senior aides on Friday justified American actions against Iranian operatives inside Iraq as necessary to protect American troops and Iraqis, and said they would continue as long as Tehran kept up what they called its support for Shiites involved in sectarian attacks." Bush "decided several months ago to allow American troops to make targets of select Iranian operatives inside Iraq whom military officials have accused of helping militants build sophisticated and powerful roadside bombs." Leaders including Gates "said that President Bush had given the military no new authorities to carry out the offensive, and that the Pentagon had long had permission to capture or kill foreign operatives thought to be aiding attacks against American troops."

The Los Angeles Times (1/27, A1, Richter) reports, "President Bush staunchly defended a tough new administration policy on Iran that is drawing criticism at home and causing anxiety abroad, arguing Friday that it was only sensible for U.S. troops to move aggressively against Iranians who endangered them in Iraq. ... The new push has been welcomed by some Sunni Arab countries that are worried about the rising influence of predominantly Shiite Iran, as well as by members of U.S. Congress from both parties who are nervous about the prospect that Tehran may acquire a nuclear weapon and possibly use it to threaten Israel. But the aggressive approach has been unsettling to Shiite Arabs and Kurdish leaders in Iraq, as well as to others in the United States and Europe."

Bush Downplays Plan For Offensive Strike Against Iran. Under the headline "Bush Denies Preparing Attack Against Iran," the Financial Times (1/27, Luce) notes President Bush yesterday "sought to deny widespread rumours his administration was preparing some kind of military action against Iran. Mr Bush confirmed a report in Friday's Washington Post that he had authorised US troops to shoot and kill Iranian operatives in Iraq, but denied this was a prelude to stronger action." However, his "relatively emollient comments are unlikely to quell speculation about

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the reasons behind the recent escalation of White House rhetoric towards Iran." The Times says Secretaries Rice and Gates "are thought to be pushing the White House to open talks with Iranian," while "others in the Bush administration, notably Dick Cheney, who last year warned Iran that it would face 'meaningful consequences' if it continued to foment violence in Iraq, are thought to be arguing for the military option."

Domenici Would Oppose Strike On Iran "At This Point." Sen. Pete Domenici was asked on the Imus In The Morning (1/26) radio program, simulcast on MSNBC, "If the President wanted to bomb Iran, would you support that?" Domenici replied, "At this point, I would not. I think we're back in the same muddle that we're in in this one if we do that. … They don't have a nuclear bomb yet. … We have some time. They're making it harder to find it, because they're moving it all over the place in very prolonged tunnels. But we have to decide later on what we do about that. Right now, we have better stay focused" on Iraq.

Dowd Denounces Cheney For Defense Of Iraq Policy. Maureen Dowd writes in her column for the New York Times (1/27, A17), "Dick Durbin went to the floor of the Senate on Thursday night to denounce the vice president as 'delusional.'" But "delusional is far too mild a word to describe Dick Cheney." She adds, "W. and Vice…learned no lessons from Vietnam, probably because they worked so hard to avoid going. They rush into a war halfway around the world for no reason and with no foresight about the culture or the inevitable insurgency, and then assert that any criticism of their fumbling management of Iraq and Afghanistan is tantamount to criticizing the troops." Cheney "has turned his perversity into foreign policy. He assumes that the more people think he's crazy, the saner he must be."

Senate Confirms Petraeus 81-0. ABC World News (1/26, story 3, :10, Gibson) reported the Senate "confirmed the President's choice to command US troops in Iraq, Lt. Gen. David Petraeus. The Senate confirmed Petraeus unanimously." The Washington Times/AP (1/27) says the "81-0 approval was in contrast to the widespread public and congressional opposition to Mr. Bush's plan to send 21,500 more troops to Iraq."

Domenici Says "We Don't Produce Smarter Men Than Him Anywhere." Sen. Pete Domenici appeared on the Imus In The Morning (1/26) radio program, simulcast on MSNBC, where he said of Petraeus, "We don't produce smarter men than him anywhere, and we're just lucky that, as smart as he is and as intelligent, well-versed, he happens to be in the military and he's going to take this job on. So we're very lucky as Americans to find these kind of people every now and then."

Petraeus Might Use Iraqi Facilities Protection Service. The Washington Post (1/27, A12, Pincus, 690K) reports Petraeus "told Congress that he might supplement efforts to secure Baghdad using the Iraqi Facilities Protection Service, a 150,000-man force that guards Iraqi government agencies. But that service is widely considered unreliable, and elements were described in July by Prime Minister Nouri al-Maliki as 'more dangerous than the militias,' according to Sen. Jack Reed."

Military Confirms Abduction Of Troops In Karbala Slayings. Coverage of the raid against Americans in Karbala pointedly noted the military's earlier denials that an abduction had occurred. ABC World News (1/26, story 2, 2:10, Gibson) reported, "The military, at first, said five US soldiers had died repelling that attack. However, today the story is quite different. And it turns out the attack represents almost a total breakdown in security." ABC (Marquez): "In the immediate aftermath, it looked like the scene of so many deadly attacks on US forces. But this assault was far more brazen and brutal. US officials say the attack began when a convoy of GMC sport utility vehicles, the kind used by US government officials, entered the governor's compound in Karbala."

The CBS Evening News (1/26, story 3, 1:45, Couric) reported, "Meanwhile, the Pentagon has changed its account of what happened when US troops were ambushed in Karbala last week." CBS (Orr): "The US military now concedes the assault on this compound in Karbala was a sophisticated and brazen attack." Defense Secretary Robert Gates "was pressed today about the new details of the Karbala attack." Gates: "I've just been made aware of the discrepancy in the account and I've asked for the specifics about it." NBC Nightly News (1/26, story 2, 3:20, Miklaszewski) reported, "The level of security provided by the Iraqis is dismally low. The Iraqi guards are not properly trained and certainly not reliable. ... The tragic incident raises questions about the new US strategy for Baghdad and the increased risk to American troops."

The AP (1/26) reports, "Four American soldiers were abducted during a sophisticated sneak attack last week in the Shiite holy city of Karbala, the U.S. military confirmed Friday. It said three were shot to death and a fourth was mortally wounded with a gunshot to the head when they were found in a neighboring province, far from the compound where they were captured. ... The brazen assault, 50 miles south of Baghdad, was conducted by nine to 12 militants posing as an American security team, according to two senior U.S. military officials as well as Iraqi officials." The AP adds, "The confirmation has emerged after nearly a week of inquiries. The U.S. military in Baghdad initially did not respond to repeated requests for comment on reports that began emerging from Iraqi government and military officials on the abduction and a major breakdown in security at Karbala site."

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The Washington Post (1/27, A10, Londono, 690K) reports, "The U.S. military, reversing earlier statements, acknowledged Friday that four of five soldiers killed last Saturday had been abducted before being executed." The Los Angeles Times (1/27, Daragahi, 850K) reports, "The account of the attack provided by the military suggests both a breakdown of security in the relatively safe southern province as well as increased skill on the part of armed groups."

Suicide Bombing Kills At Least 15 At Baghdad Pet Market. The CBS Evening News (1/26, story 4, 2:00, Couric) reported, "Today in Baghdad, a busy pet market was attacked. A bomb hidden in a crate of pigeons exploded. At least 15 people were killed as were dozens of animals. Sunni insurgents are suspected." NBC Nightly News (1/26, story 2, 3:20, Williams) reported, "Yet another bombing at a Baghdad market, this time at a popular fair where animals are bought and sold routinely."

The New York Times (1/27, A8, Santora, 1.16M) reports, "There used to be two great joys on Fridays for Iraqis in Baghdad: browsing the ancient bookshops, and exploring the Ghazil animal market, home to an extraordinary array of creatures. ... The animal market, too, has suffered, having been reduced to a shell of its lively former self. When a bomb exploded there on Friday, killing 15 people and wounding 50, it was the third such attack since June." The Washington Times/AP (1/27, Gamel) reports, "Suspicion fell on Sunni insurgents because the market sits near a predominantly Shi'ite neighborhood on the east bank of the Tigris River that divides Baghdad. It was the latest in a series of attacks on busy commercial targets in the capital as insurgents apparently sought to maximize bloodshed ahead of a U.S.-Iraqi security crackdown." The Los Angeles Times (1/27, Daragahi, Kareem, 850K) reports, "As usual, the attack carried sectarian overtones."

Soldiers Caught In Baghdad Crossfire. The CBS Evening News (1/26, story 4, 2:00, Couric) reported, "Chief foreign correspondent Lara Logan is on patrol with US forces in Baghdad's Dura district. Today they found themselves caught in the crossfire." CBS (Logan): "Crazyhorse troops are right in the middle of Iraq's sectarian war. Here, rushing to the scene of a shooting; only the gunmen are gone, leaving US troops to deal with the anger that follows."

Soldiers Serving In Iraq Are Profiled. NBC Nightly News (1/26, story 3, 2:20, Williams) reported, "Tonight we get to see American soldiers on the job in Iraq and more important really we get to hear from them about all of the talk about the war here at home." NBC (Engel): "When the Stryker Brigade Apache company headed out this morning, they had one mission, to find bases for the new US troops coming in. There aren't a lot of safe options in this city."

Western Iraq Sees More Cooperation With US Forces. The Washington Post (1/27, A13, Partlow, 690K) reports, "Before tribal sheiks aligned themselves with U.S. forces in the violent deserts of western Iraq, the number of people willing to become police officers in the city of Ramadi -- the epicenter of the fight against the insurgent group known as al-Qaeda in Iraq -- might not have filled a single police pickup. ... With the help of a confederation of about 50 Sunni Muslim tribal sheiks, the U.S. military recruited more than 800 police officers in December and is on track to do the same this month. Officers credit the sheiks' cooperation for the diminishing violence in Ramadi, the capital of Anbar province." However, "some Iraqi politicians and Anbar residents who oppose the U.S. presence describe the confederation, known as the Awakening, as a divisive group that pits tribes against each other, uses police officers as armed guards to protect tribal territory, and harnesses American support to consolidate its power."

Officer Faces Court Martial For Abu Ghraib Role. The Washington Post/AP (1/27, A3) reports Lt. Col. Steven Jordan, the "only U.S. military officer charged with a crime in the Abu Ghraib scandal," will be "court-martialed on eight charges, including cruelty and maltreatment of prisoners, the Army said Friday." Jordan, "a 50-year-old reservist from Virginia who ran the interrogation center at the Iraqi prison, was accused of failing to exert his authority as the place descended into chaos, with prisoners stripped naked, photographed in humiliating poses and intimidated by snarling dogs."

Antiwar Demonstrators To March In Washington Today. The Washington Post (1/27, B1, Ruane, 690K) reports, "Tens of thousands of demonstrators from across the country are expected to converge in Washington today to urge the withdrawal of U.S. forces from Iraq as President Bush is proposing to send more troops in an effort to stabilize the country." The event "is expected to draw groups of many stripes. The chart for the assembly site shows sections reserved for veterans and labor, gay and peace organizations, in addition to others dedicated to opposing global warming, nuclear arms and torture and a group called End Israeli Occupation of Palestine. In addition, at least one group is protesting the protest." The AP (1/26, Margasak) says a "small number of active military troops will take part in today's rally in Washington against the Iraq war." The Washington Times (1/27, Cella, Taylor, 88K) also reports on the planned march.

Coleman Among Activists' Targets. The Minneapolis Star Tribune (1/27, Hotakainen, 395K) says "groups opposed to the war in Iraq announced that they're targeting Sen. Norm Coleman, R-Minn., as part of a national campaign to stop the

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troop increase proposed by President Bush. ... Coleman has been in the national spotlight since Jan. 10, when he announced his opposition to Bush's request. But Coleman has made a distinction between sending more troops to Baghdad and sending them to Anbar Province."

Older Generation Is Majority In Iraq War Protests. The Philadelphia Inquirer (1/27, Gammage) reports that many have found that "at protests, the people carrying signs are often middle-age or retired" an "inverse of the 1960s, when U.S. campuses erupted in protest, sometimes in flames, over the war in Southeast Asia. … To the iPod generation, standing on street corners and holding banners can seem anachronistic" because "its members are more likely to voice political objections on blogs and other Internet venues."

Fonda Faces Heat Again In Antiwar Protest. The Boston Globe (1/27, Bender) reports that "actress and long time peace activist Jane Fonda…will rejoin the ranks of the antiwar movement today at a major rally in Washington." Her "return to the spotlight…was seen by some activists and chroniclers of the antiwar movement as politically risky. They said her presence could be distracting in a rally that organizers hope can capitalize on congressional opposition" to President Bush's surge plan.

Tree Memorial To Fallen Soldiers Grows Larger. The AP (1/26) reports from Fort Stewart, Georgia, on the "318th soldier memorialized at Warriors Walk, a grove of eastern redbuds started with 34 trees in April 2003. Fort Stewart has planted a tree here for every member of the 3rd Infantry Division to die in the war, as well as for soldiers from other Army posts killed while serving with the division. Jeff Fornshell, the post's ceremonies coordinator, said he wonders how many trees he'll have to plant this year. Expanded twice since its inception, Warriors Walk has room for only 72 more trees." The monument "exhibits the war's cost in a way that's staggering in scale yet also intensely personal."

Rice's Appeal For Bolstered Afghanistan Mission Said To Meet Skepticism. Under the headline, "Rice Presses Allies To Boost Afghan Aid," the Washington Post (1/27, A16, Moore, 690K) notes Secretary of State Condoleezza Rice, "citing the $10.6 billion in new aid that the Bush administration proposes to give Afghanistan, pressed NATO and European allies Friday to increase their contributions of money and manpower." Her "push came as concern grows over the resurgence of the Taliban in southern Afghanistan, massive increases in opium production and rising tension between Afghanistan and neighboring Pakistan, where Taliban leaders and fighters have been allowed refuge." Rice "defended U.S. and NATO operations in Afghanistan, saying, 'The violence we are seeing is not evidence that our strategy has failed, nor that the situation will improve in our absence.' She added, 'It is evidence of how much we are needed.'"

The AP (1/27, Gearan) adds Rice "asked allies Friday to intensify their efforts to keep the Taliban from retaking parts of Afghanistan, and asserted a resurgence in Taliban attacks does not mean the U.S. war strategy has failed." The Administration "wants NATO allies to increase money, troops and other support for the unsteady democracy in Afghanistan. It is also working to dispel European suspicion that the United States is too busy in Iraq to pay attention to the older Afghan fight."

The New York Times (1/27, Cooper, 1.16M) titles its coverage, "NATO Allies Wary Of Sending More Troops To Afghanistan." European powers "remained noncommittal about sending additional troops to Afghanistan, even as the Bush administration sought to inject new energy into the NATO mission against the Taliban by offering more American soldiers and money." The Times reports, "Officially, the language at a NATO meeting here on Friday reflected resolve and commitment toward Afghanistan. … But beyond the sound bites, the realities that have troubled the NATO mission in Afghanistan since the 26-member trans-Atlantic alliance took command last year remained on display."

Army Reprimands Special Forces Soldiers For Beating Detainees. The Los Angeles Times (1/27, Sack) reports, "The Army announced Friday night that it had given administrative reprimands to two Special Forces soldiers for assaulting detainees held at a base in eastern Afghanistan in 2003 and for failing to report the death of one detainee. However, the U.S. Army Special Forces Command absolved the soldiers of any wrongdoing in the deaths of two [other] detainees." The Special Forces' statement "did not name the soldiers who had been disciplined, nor did it provide details about which death led to the disciplinary action for failure to report."

Ex-Taliban Governor Gunned Down In Afghanistan. The Los Angeles Times/AP (1/27) reports, "An Afghan lawmaker who oversaw the destruction of two massive 1,500-year-old Buddha statues in March 2001 was gunned down here on his way to Friday prayers, police said." Mawlawi Mohammed Islam Mohammedi "was the former Taliban regime's governor of Bamian province when the 5th century Buddha statues carved from the living rock were blasted with dynamite and artillery." The gunman's motive was unknown.

Halliburton, KBR Report Income Declines. The AP (1/26, Porretto) reports Halliburton "was upbeat Friday despite a 40 percent decline in fourth-quarter profit, citing heavy demand for its oilfield equipment and personnel and

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predicting more of the same for 2007." The Wall Street Journal (1/27, B14, Vuocolo) reports KBR, "which was partially spun off from Halliburton in November, saw net income decline 23%."

War College Scholar Argues More NATO-Like Alliances Needed. In an op-ed for the New York Times (1/27, A17, 1.16M), Joseph R. Núñez, an Army colonel and the chairman of the art of war department at the Strategic Studies Institute, United States Army War College, argues, "Like the one strong horse that carries load after load, NATO is getting tired of having to serve as the proxy both for the United Nations and feeble regional organizations. ... What we need are more permanent regional security and defense organizations, supported by major powers." The US and its allies "should work to create a minimum of six additional security and defense organizations patterned on NATO -- one each for North America, South America, Africa, the Asia-Pacific region, South Asia and the Middle East. Headquarters for these organizations might be, respectively, in Colorado Springs, Brasília, Johannesburg, Beijing, New Delhi and Amman, Jordan."

Wills Complains Of Creeping Militarization Of Presidency. In an op-ed for the New York Times (1/27, A17, 1.16M), author Garry Wills writes, "The president is not the commander in chief of civilians. He is not even commander in chief of National Guard troops unless and until they are federalized. … We have not seen normal life in 66 years. The wartime discipline imposed in 1941 has never been lifted." In addition, "There has never been an executive branch more fetishistic about secrecy than the Bush-Cheney one. ... We used to take pride in civilian leadership of the military under the Constitution, a principle that George Washington embraced when he avoided military symbols at Mount Vernon. We are not led -- or were not in the past -- by caudillos."

President Satirized As Weapons Visionary. In a satirical op-ed for the Los Angeles Times (1/27), author Larry Doyle and his son Ben present an imaginary memo from the White House in which President Bush muses about useful high-tech weapons: "POTUS was curious about where we are on the invisibility cloak. ... We have smart bombs; why not smart bullets? They could be trained to tell the difference between Shiites or Sunnis and only shoot the right one, depending on the day. ... We need a time machine, either based on the POTUS La-Z-Boy design or something more scientific, as long as it's done by Friday."

DOJ:

DOJ's IG Says Department Is Not Prepared For Emergencies. The Washington Times (1/27, Seper) reports, "The Justice Department, hampered by budget shortfalls and high staff turnover, is not prepared to respond quickly to terrorist attacks, hostage incidents, hurricanes and other natural disasters, said a report yesterday by" Inspector General Glenn A. Fine. He "also said that while U.S. attorneys nationwide stepped up training in response to the September 11 attacks, their efforts have fallen off, noting that fewer than half complied with requirements to conduct annual training exercises in 2005 and 2006."

Bloomberg (1/27, Roland) reports, "The U. S. attorneys are responsible for making on-site legal decisions and coordinating for the department with other federal, state and local officials. Justice Department officials have been lax in supervising the preparations, and some plans have been deficient for years, the 70-page report said. … The Justice Department's efforts 'have regressed since June 2005,' said the audit, posted Friday on the department's Web site. Agency officials 'have not provided the direction and support needed to ensure' proper preparations, it said." Bloomberg adds, "The Justice Department, which oversees the FBI as well as the U. S. attorneys' office, has been criticized by Congress for its responses to the 1993 Branch Davidian standoff in Texas, the 1995 Oklahoma City bombing and various hurricanes. Department officials made "serious mistakes" in the use of deadly force, coordinating between negotiators and attack planners and in collecting evidence, the report said. … Department officials plan 'to resolve and implement solutions to the' audit findings, said Michael Battle, head of the office that oversees the U. S. attorneys, in a Jan. 8 letter appended to the inspector general's report."

Recent US Attorney Appointments Are Called Political. McClatchy Newspapers (1/27, Taylor, Gordon) reports, "Attorney General Alberto Gonzales is transforming the ranks of the nation's top federal prosecutors by firing some and appointing conservative loyalists from the Bush administration's inner circle who critics say are unlikely to buck Washington." McClatchy continues, "The newly appointed U.S. attorneys all have impressive legal credentials, but most have few, if any, ties to the communities they've been appointed to serve, and some have had little experience as prosecutors. … The nine recent appointees identified by McClatchy Newspapers held high-level White House or Justice Department jobs, and most were handpicked by Gonzales under a little-noticed provision of the Patriot Act that became law in March." McClatchy adds, "With Congress now controlled by the Democrats, critics fear that in

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some cases Gonzales is trying to skirt the need for Senate confirmation by giving new U.S. attorneys interim appointments for indefinite terms. … Some legal scholars contend that the administration pushed for the change in the Patriot Act as part of an ongoing attempt to expand the power of the executive branch, a charge administration officials deny. … Being named a U.S. attorney 'has become a prize for doing the bidding of the White House or administration,' said Laurie Levenson, a former federal prosecutor. … A Justice Department spokesman called such assessments 'reckless.' … The selection of U.S. attorneys has always been a political process. … Traditionally, the top assistant U.S. attorney in each local office temporarily fills any vacancy while home-state senators search for preferred candidates to present to the White House for consideration. … Gonzales gained the authority to appoint interim U.S. attorneys for indefinite terms as a result of a change to the Patriot Act that stripped federal judges of their appointment power. … A Justice Department spokesman denied that Gonzales has sought to compromise the independence of U.S. attorneys' offices by appointing political loyalists. In some recent cases Gonzales has followed the traditional process. … 'Allegations that politics inappropriately interfere with personnel decisions made about U.S. attorneys are reckless and plainly wrong,' said department spokesman Brian Roehrkasse."

CORPORATE SCANDALS:

Former CA Official Sentenced For Fraud. The New York Times/AP (1/27) reports, "A former executive with Computer Associates who pleaded guilty to securities fraud and who prosecutors said was instrumental in the prosecution of the company's former chief executive, Sanjay Kumar, was sentenced to seven months in prison and seven months of home detention." The AP continues, "The executive, Ira Zar, the former chief financial officer, pleaded guilty in 2004 and has cooperated with authorities in the prosecution of Mr. Kumar and the company's former sales chief, Stephen Richards. … Mr. Zar, 45, also pleaded guilty to two counts of conspiracy and was sentenced by Judge I. Leo Glasser of United States District Court in Brooklyn. He was also ordered to serve two years of supervised release after the completion of his sentence. No fine was imposed and restitution will be determined at a later date."

SEC Launches Options Probe Of KB Home. The Financial Times (1/27, Cameron) reports, "KB Home, the fourth-largest US housebuilder, on Friday revealed that US regulators had opend a formal investigation into the stock-options backdating practices that led to the departure of its chief executive last November." The Times continues, "The Los Angeles-based group is one of the largest companies to be ensnared in the unfolding options scandal, and the launch of a formal probe by the Securities and Exchange Commission comes as management wrestles with the impact of the slowing housing market." The Times adds, "The SEC launched an informal investigation into KB Home last August, and intensified the probe on January 19, according to the company, which said it was co-operating with regulators. .. An internal probe by the company revealed KB Home used "incorrect measurement dates for financial reporting purposes for annual stock option grants during the period 1998-2005". The report led to the departure of Bruce Karatz, who had led the company since its initial public offering, and the dismissal of its chief legal officer, who had helped to set dates for the stock options."

Hewlett-Packard In Legal Dispute With Former Official Over Spying Allegations. The San Jose Mercury News (1/27, Wong) reports, "A run-of-the-mill divorce proceeding has led to allegations of corporate espionage involving Hewlett-Packard, the computer and printer giant whose reputation was recently tarnished by a board-spying scandal." The News continues, "The Palo Alto computer giant is in an ugly fight against a former executive, Karl Kamb Jr., who has accused HP of having him spy on rival Dell. HP has accused Kamb of stealing HP's trade secrets. The story is complete with allegations of a hired informant, bribery and adultery. Key documents in the case, in federal court in Tyler, Texas, have been sealed and the parties were ordered Thursday by a judge not to speak to the media. … But the saga can be pieced together from documents obtained before Kamb's lawsuit was sealed." The News adds, "In August 2005, Kamb's wife, as part of divorce proceedings, subpoenaed HP for information about a business Kamb had established on the side while he was employed by the Palo Alto company in Tokyo, HP said in court filings. After investigating, HP sued Kamb in November 2005 for allegedly stealing its trade secrets to start a multimillion-dollar flat-panel television business while he helped launch HP's TV line. … Last week, Kamb countersued HP for allegedly spying on him, alleging that HP had impersonated him to retrieve his personal phone records. He claimed that HP instructed him to obtain trade secrets on rival Dell's entry into the printer market."

Judge Scolds Nacchio Prosecutors Over Evidence Exchange. The AP (1/27, Shore) reports, "With a stern reminder that Joe Nacchio's trial is just weeks away, a federal judge ordered prosecutors Friday to step up efforts to provide some key evidence to the former Qwest chief executive's attorneys." The AP continues, "U.S. District Judge Edward Nottingham set deadlines for evidence to be turned over and told attorneys to file status reports by Feb. 6.

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… 'This case is going to be tried on March 19, folks,' Nottingham said." The AP adds, "Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge Qwest Communications International Inc. would be unable to meet revenue targets. … Nacchio is charged with 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine, and has pleaded not guilty." The AP notes, "At issue in Friday's hearing was evidence that could be deemed favorable to Nacchio, which prosecutors are required by law to provide the defense. … Nacchio's attorneys have contended government attorneys have been slow to deliver some evidence, citing a report on a witness delivered two months after the interview was conducted. … Prosecutor Cliff Stricklin said government attorneys are still interviewing witnesses. 'We're doing the best we can,' he said. … Another problem stems from classified documents that defense attorneys say they need. Prosecutors said the evidence-exchange process had been slowed because some of the documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government documents. … Prosecutors said they must coordinate the documents with federal agencies that are involved. … Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts that gave him hope for the company's financial future."

CRIMINAL LAW:

Libby Trial Testimony Said To Cause Anxiety At White House. Newsweek (1/26, Isikoff) reports on its Web site, "White House anxiety is mounting over the prospect that top officials -- including deputy chief of staff Karl Rove and counselor Dan Bartlett-may be forced to provide potentially awkward testimony in the perjury and obstruction trial of Lewis (Scooter) Libby." And "the possibility that Rove could be called to testify would bring his own role into sharper focus." An account of reported testimony by former White House press secretary Ari Fleischer "potentially puts Bartlett…on the hot seat." And "it's not a scenario that anybody at the White House can be looking forward to."

CNN.com (1/27) reports, "Two of President Bush's top advisers have been subpoenaed as possible witnesses in the trial of former White House aide Lewis 'Scooter' Libby, a legal source familiar with the case told CNN on Friday. It remains unclear whether either of the aides -- Karl Rove and Dan Bartlett -- will actually be called to the stand."

Martin Testifies She Told Cheney, Libby That Wilson's Wife Worked For CIA. AFP (1/27) reports Deputy White House communications director Cathie Martin "testified in court Thursday that Vice President Dick Cheney personally led the 2003 effort to discredit Iraq war critic Joseph Wilson." Martin "testified that the vice president ordered her to monitor all print and television news reports on Wilson after the former ambassador went public with his criticism." Martin "also testified that she clearly remembered telling both Cheney and Libby that Wilson's wife worked for the CIA days before Libby said he first learned of it."

Libby Lawyers Skeptical Of Fleischer Deal. The Washington Times/AP (1/27, Press) reports, "Attorneys for former vice presidential aide I. Lewis 'Scooter' Libby Jr. want more information about an unusual immunity-from-prosecution deal that government lawyers gave former White House spokesman Ari Fleischer in the CIA leak case. Special prosecutor Patrick J. Fitzgerald says that in early 2004, as his investigation was heating up into who revealed CIA operative Valerie Plame's name to reporters, Mr. Fleischer stepped forward with an offer to prosecutors: Promise no prosecution and he would help their case." Attorneys for Libby "want details about Mr. Fleischer's agreement to cast the defendant as someone who's pointing fingers to protect himself."

New Prosecutors In Duke Lacrosse Case Under Pressure. The Washington Post (1/27, A3, Adcock) reports from Raleigh, NC, "Six boxes and two file folders were transferred to the state attorney general's office near Capital Square here last week, and with them comes a shift in a case that has transfixed the nation. … The boxes and files contain the sum total of evidence against three former Duke University lacrosse players charged with sexually assaulting an escort service dancer at an off-campus team party last spring. In the recent months, the actions of the previous prosecutor, Durham District Attorney Michael B. Nifong, have taken center stage. But now that Nifong has asked to be relieved while he faced charges from the North Carolina Bar Association, including withholding evidence from defense lawyers, the focus of the case shifts to state Attorney General Roy Cooper and the two prosecutors he has chosen to evaluate the evidence." The Post continues, "Pressure on them will be enormous. An intense publicity campaign this month painted a sympathetic picture of the players, in Newsweek and on '60 Minutes.' And the NAACP held a news conference here last week to call on prosecutors to take into account the accuser's version of events, saying it was aware of 'the impact that this case can have on chilling the rights of women, particularly African Americans, to file criminal complaints of sexual violence and exploitation.' The three players are white and the accuser is black, and witnesses have reportedly said they heard racist comments when the woman was leaving the house last March 13."

Judge Proposes Keeping Columbine Depositions Secret. The AP (1/27) reports from

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Denver, "A federal judge has proposed keeping secret for 25 years the sworn statements made by the parents of the Columbine High School gunmen for a civil lawsuit settled more than three years ago." The AP continues, "The judge, Lewis T. Babcock of Federal District Court, suggested the plan on Friday to settle a dispute over whether the depositions should be destroyed. Chief Judge Babcock's proposal calls for them to be turned over to the National Archives and Records Administration. It was not immediately clear what would happen to them after 25 years. … The judge asked the parties in the dispute to respond to his proposal within two weeks." The AP adds, "The parents of the Columbine gunmen, Eric Harris and Dylan Klebold, gave the statements in 2003 for a civil lawsuit filed by families of victims of the April 1999 shooting near Littleton. Mr. Harris, 18, and Mr. Klebold, 17, killed 12 fellow students and a teacher before taking their own lives. … After the suit was settled, a magistrate ordered the depositions destroyed, but victims' families and others argued that the material had historical value and could contain lessons to prevent school shootings. … Brian Rohrbough, whose son, Daniel, 15, was among those killed, objected to the judge's plan. Mr. Rohrbough said that the public had a right to know, but that the government seemed to think the release of such information was 'somehow going to unravel American society.'"

The Denver Post (1/27, Pankratz) reports, "Babcock said he wouldn't make a final decision until all sides had an opportunity to file written responses with him. He gave the parties a two-week deadline to file motions. … The Colorado attorney General's Office has suggested that the depositions be sent to the Colorado State Archives where a youth-violence expert could review them and issue a public report."

New York Official Claims DOJ Derailed FBI Probe Of Endorsement Sales. The Buffalo News (1/27, McCarthy) reports, "The secretary of the Erie County Independence Party says he wore a wire and allowed his telephone to be tapped last year during an FBI investigation into the alleged sale of political endorsements by party Chairman Anthony L. Orsini. … But Louis P. Corrigan said the probe ended after Justice Department officials in Washington declared that the federal government lacks jurisdiction to prosecute a practice they call 'slating.'" The News continues, "Neither the FBI nor federal prosecutors would address Corrigan's claim about an investigation. But U.S. Attorney Terrance P. Flynn said his staff reached out to the Office of Public Integrity in Washington to determine if a party official - as opposed to a public official - could be criminally charged for taking money in exchange for an endorsement. … 'We were told that, since the 1970s, it's been Department of Justice policy that we do not prosecute cases where a candidate pays money to be put on a slate,' Flynn said." The News adds, "Corrigan, however, said he played undercover agent for much of 2006, cooperating in a probe he hoped would weed out corruption from at least a part of local politics. … 'I carried a wire for the FBI all last year,' Corrigan said, adding that federal agents also tapped his phone to determine whom they would target in a probe they expected to be wide-ranging. … He said federal investigators became especially interested after he talked to two potential candidates while wearing a small transmitter in his shirt pocket. … Corrigan would not reveal the names of either of the people he recorded. But after The Buffalo News independently determined that one of them was Jeffrey A. Bono, a longtime Democratic operative who unsuccessfully ran for the Assembly last May, Corrigan acknowledged that he taped Bono's conversation in the Olympic Restaurant near Buffalo Niagara International Airport last April."

Prosecutors In Utah, North Carolina Find No Crimes In "Hounddog." The AP (1/27, Robertson) reports, "Prosecutors in two states said Friday they found nothing illegal about a movie shot in North Carolina and screened this week at Utah's Sundance Film Festival that depicts a child rape, and instead said 'Hounddog' offered viewers a 'good message' about child sexual abuse." The AP continues, "The movie has troubled some Christians, who have called for a federal investigation into whether the movie breaks federal anti-pornography laws. A state lawmaker in North Carolina also said he is drafting legislation that would require the state approve the script of any television or movie production seeking a state tax break. … But Utah Attorney General Mark Shurtleff, who watched the movie this week with his state's child sexual exploitation law in hand, said his concerns didn't materialize on the screen. … 'None of the things on the Internet that people were saying about it were true,' Shurtleff said. 'Not only does it not violate the statute, I think it's a good message for people on the subject.'" The AP adds, "The opinion is shared by the district attorneys in the two North Carolina counties where 'Hounddog' was filmed last summer. … Rex Gore, the Brunswick County district attorney, said prosecutors reviewed the movie in November and interviewed crew members, producers and star Dakota Fanning. The movie includes a scene depicting the rape of a 9-year-old child played the 12-year-old actress. … The Christian Film and Television Commission and its chairman, movieguide.org publisher Ted Baehr, had claimed "Hounddog" breaks federal child-pornography law because it 'appears' to show minors engaging in sexually explicit conduct. The Catholic League for Religious and Civil Rights also asked the U.S. Justice Department to investigate."

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New Orleans Officials Say City Is Making Progress Against Violent Crime. The AP (1/26, Foster) reports, "Two weeks after thousands marched on City Hall to protest violent crime, city officials gathered there again Friday to provide an update on their latest crime fighting efforts, including increased use of remote cameras, beefed up patrols and traffic checkpoints." The AP continues, "The city has identified 20 crime 'hot spots' were cameras will be placed, adding to 50 already operating, Mayor Ray Nagin said. There will also be cameras providing coverage along St. Charles Avenue for next month's Mardi Gras parades, Nagin said. … The cameras are not monitored, they can, however, provide evidence for investigations since the images they record are kept in a computer." The AP adds, "Police have begun regular patrols in three districts, superintendent Warren Riley said. And at least one officer is walking for 1 1/2 hours a day in every district, he said. … The police have put another 60 officers on the streets three days a week, Riley said, by pulling them from administrative jobs. He's going to use federal grants to pay overtime for another 40 to 50 patrol officers. Riley is also using undercover officers to converge on scenes of violent crime. … The city's initiatives are in addition to plans announced Thursday by the U.S. Justice Department. Attorney General Alberto Gonzales and U.S. Attorney Jim Letten announced additional federal manpower and equipment being sent to the city to help police fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005."

Alabama Woman, Daughter Sentenced For FEMA Fraud. The Mobile Press-Register (AL) (1/27) reports, "A Jackson woman who admitted submitting 28 phony applications for assistance following Hurricane Katrina will spend more than six years in prison, while her mother will serve probation for similar offenses, a federal judge in Mobile decided this week." The Press-Register continues, "U.S. District Judge Kristi DuBose on Wednesday sentenced Lawanda Williams to six years and three months in prison and ordered her to pay back the $267,377 she received in fraudulent aid from the Federal Emergency Management Agency. The judge also ordered her to surrender four automobiles, real estate, televisions, electronics equipment and other items she purchased with the money. .. .At a separate hearing Friday, DuBose sentenced the woman's mother, Hannah Williams, to three months probation." The Press-Register adds, "The pair are among more than a dozen people who have pleaded guilty to FEMA fraud associated with Katrina, but the younger Williams is responsible for more money than any of the others, according to authorities. … 'Ms. Williams used Hurricane Katrina and the relief efforts as an opportunity to make hundreds of thousands of dollars by lying and by stealing other people's identities,' U.S. Attorney Deborah Rhodes said in a prepared statement. 'The Hurricane Katrina Fraud Task Force is actively working to bring to justice those who took advantage of the recovery efforts to enrich themselves.' … U.S. Attorney General Alberto Gonzales created the national task force in September 2005, weeks after Katrina devastated the Gulf Coast. Chaired by the assistant attorney general for the criminal division, the task force includes representatives from the FBI, the Federal Trade Commission, the Department of Labor's Office of the Inspector General and other agencies."

Judge Dismisses Two Jurors From New York Death Penalty Case. The New York Post (1/27, Cohen) reports, "An irreverent Brooklyn federal judge had to dismiss two jurors from a capital murder case yesterday after his mocking statements about the defendant's possible death sentence wound up splashed across city newspapers." The Post continues, "Judge Frederic Block told lawyers earlier this week that the feds' bid to have drug lord Kenneth 'Supreme' McGriff - who is charged in two murder-for-hire schemes - put to death was 'absurd.' … The jury and the press were not in the courtroom when the judge made the unusual comments, but a copy of the public court transcript wound up in reporters' hands - and then became fodder for the following day's news cycle." The Post adds, "Morning talk-radio shows then picked up the story. And Assistant U.S. Attorney Caroline Pokorny complained to Block yesterday morning, as he launched a bid to discover whether the jury has been tainted. … McGriff, a legendary Queens drug kingpin, is on trial for plotting the deaths of two rivals in 2001. The judge said that, based on the jury's demeanor and the evidence presented during the initial phase of the trial, which ended yesterday, 'there's no chance in the world there would be a death-penalty verdict in this case . . . This is an absurd prosecution, based upon what I have heard.' … He asked Pokorny to send a letter to U.S. Attorney General Alberto Gonzales, telling him that he didn't support proceeding with the penalty phase of the trial. Federal death-penalty cases require two trials - one in which jurors decide the defendant's guilt and, if there's a conviction, a separate trial in which they say whether he should face life in prison or death. … It's unclear what impact the judge's suggestion will have on the case. … Yesterday, he admitted he'd made a mistake by allowing the comments to become public - but didn't seem to regret making them."

Virginia Legislature Approves Expansion Of Death Penalty To Accomplices. The Washington Post (1/27, B1, Craig) reports the Virginia House of Delegates "voted Friday to expand the use of the death penalty" by "making accomplices and judge killers eligible for execution." The Senate "passed nearly identical versions of the bills earlier in the week." Gov. Timothy M. Kaine (D) "personally

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opposes capital punishment" but a spokesman said that he "has not taken a position on the bill" which "allows for the death penalty to be imposed if the accomplice has the same intent as the killer."

CIVIL RIGHTS:

Seale Seeks Dismissal Of Charges In 1964 Civil Rights Slayings. The AP (1/27, Elliott) reports from Jackson, MS, "A reputed Ku Klux Klansman accused in the 1964 slayings of two black men has asked a federal judge to dismiss the charges, saying the statute of limitations has expired." The AP continues, "Assistant Federal Defender Kathy Nester filed the motion Friday in U.S. District Court on behalf of James Ford Seale, who pleaded not guilty Thursday to two counts of kidnapping and one count of conspiracy. … U.S. Attorney Dunn Lampton said yesterday he had not seen the motion and could not comment." The AP adds, "Seale, 71, could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee. … Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown. … A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities. … Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that summer — turned the case over to local authorities, who promptly threw out all charges. … The Justice Department reopened the case in 2000."

Two Men Shot By Maryland Official Released From Custody. The Washington Post (1/27, B1, Castaneda, Rich) reports, "Two critically wounded men who were shot by the No. 2 homeland security official in Prince George's County were released from police custody yesterday as the department backed off earlier statements that the men would probably face assault charges." The Post continues, "Prince George's State's Attorney Glenn F. Ivey determined yesterday that Robert White, 36, and Brandon D. Clark, 22, should no longer be in custody. 'The state's attorney's office did not want to rush to judgment. We believe that further inspection of the evidence and further interviews with all concerned parties is necessary before any charges are brought forward,' said Ramon Korionoff, Ivey's spokesman." The Post adds, "Michael J. Winkelman, an attorney for the men's families, said the decision means that their relatives will have free access to them in the hospital. … On Thursday, county police said assault charges were pending against the men, both furniture movers, for allegedly assaulting Cpl. Keith Washington, who is also a county police officer, in his Accokeek home Wednesday. They said then that Washington apparently acted in self-defense, based on statements from Washington and a family member whom they did not identify. The movers were unarmed, police said. … Yesterday, Sharon Taylor, the police department's top spokeswoman, said the statement that assault charges were pending 'was obviously based on preliminary information.'"

More Commentary. The Washington Post (1/27, A18) editorializes, "We don't presume to know what happened Wednesday night when Cpl. Keith Washington shot the two men making a delivery for Marlo Furniture at his home in Accokeek. We don't assume that the two men he shot, Brandon D. Clark and Robert White, were angels; Mr. White evidently has an arrest record, and Mr. Clark also has had a brush or two with the law. … But we do know that Cpl. Washington has been the subject of repeated complaints about his on- and off-duty behavior. The common thread is that he turns routine encounters into highly charged, violent incidents. In separate meetings of a homeowners association on whose board he served three years ago, Cpl. Washington assaulted a property manager, shoved the association's treasurer and berated the association's president, it was alleged. Earlier, Cpl. Washington was sued for wrongfully arresting and abusing a man who protested Cpl. Washington's allegedly rough treatment of a motorist involved in a fender bender; an initial $260,000 judgment against him was overturned on appeal." The Post concludes, "Cpl. Washington is a friend and political ally of County Executive Jack B. Johnson. In 2004, Mr. Johnson named Cpl. Washington to the newly created job of deputy director of homeland security for the county. At the time, we were among those questioning Mr. Johnson's judgment in appointing someone of Cpl. Washington's evidently deficient interpersonal skills. … Cpl. Washington, Mr. Clark and Mr. White all deserve a thorough, evenhanded investigation. What's on the line here is not only the reputation of a county police officer and the lives of two working men but the impartiality and judgment of police and prosecutors in Prince George's County."

Judge Orders Court Monitoring Of Philadelphia Jails. The AP (1/27) reports from Philadelphia, "A federal judge ordered city jails to go back under court monitoring, describing conditions there as overcrowded and squalid and saying that inmates lacked access to clean cells and adequate medical attention." The AP continues, "The judge, R. Barclay Surrick of Federal District Court, issued a scathing ruling on Thursday, saying that holding facilities were overflowing and that lockups at police stations were firetraps that violated detainees' constitutional rights. … The ruling came in a lawsuit filed last year on behalf of 11 inmates with

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the help of David Rudovsky, a University of Pennsylvania law professor who filed a similar suit 35 years ago. That case led to court oversight of the jails from 1971 to 2001." The AP adds, "Judge Surrick had toured the system, which holds roughly 8,800 inmates. … While waiting to be assigned to regular cells, detainees at one jail 'were forced to sleep overlapping one another and on every inch of concrete floor,' Judge Surrick wrote. 'Prisoners slept with their heads next to the toilet.' … Inmates would spend days 'without bedding provisions, sleeping, if they could, on metal benches or directly on the concrete floor,' he wrote. … The city solicitor, Romulo L. Diaz Jr., said Friday that officials were evaluating the decision. Mr. Diaz said the city remained committed to improving conditions and to developing a fire safety plan that would satisfy the court."

Professor Claims Baptist Seminary Dismissed Her Over Gender. The AP (1/27) reports from Fort Worth, TX, "A former theology professor at a prominent Southern Baptist seminary here said officials had told her to leave because women are biblically forbidden to teach men." The AP continues, "The professor, Sheri Klouda, said she was hired in 2002 to a tenure-track position as an assistant professor at Southwestern Baptist Theological Seminary, where she taught Hebrew and had earned her doctorate. But in 2004, Dr. Klouda said, an administrator, whom she would not name, told her that the seminary's president, Paige Patterson, would not be recommending her for tenure because she was a woman, and that she should plan to move on." The AP adds, "Dr. Klouda said she continued teaching for two more years, receiving good evaluations and usually filling her classrooms. In January 2006, the same administrator told her she would no longer be able to teach but would be paid through the 2006-7 academic year. A couple of weeks later, she said, she was told she would be terminated at the end of 2006 instead. She appealed to Dr. Patterson in April, she said, to no avail."

New York Voting Machine Delays Continue. The AP (1/26, Humbert) reports, "It is highly unlikely new voting machines will be in place for this year's fall elections in New York and fully implementing them may have to wait until 2009, state election officials said Friday. … That could leave New Yorkers using the state's aging lever-action voting machines for yet another presidential election." The AP continues, "The prediction, from state Board of Election officials, came after state and county officials participated in two days of meetings about the situation this week with officials of the U.S. Justice Department. … 'Clearly, 2007 is going to be very difficult for us and they understand that,' said Peter Kosinski, the board's co-executive director. 'We are in discussions about what is doable.'" The AP adds, "Federal officials sued New York last year over its slowest-in-the-nation moves to comply with provisions of the federal Help America Vote Act, which was adopted after the disputed 2000 presidential election. HAVA was designed to get states to replace their aging voting systems with modern machinery. The plan was to have everything in place for the 2006 elections at the latest. … Under a court-approved settlement of the lawsuit, New York agreed to have new machinery in place that could be used by handicapped voters for the 2006 elections. Other voters continued to use lever-action machinery. … While the state Legislature and former Gov. George Pataki had adopted legislation last year that required new voting machines for all voters to be in place for the 2007 elections, testing of possible new machines for certification by the state has been repeatedly delayed. The deadline for certification was originally set for late last year, then moved to this March and further pushed back to May by the state board earlier this month."

Ohio Secretary Of State Proposes Conscripting Election Workers. The New York Times (1/27, A11, Driehaus) reports Ohio Secretary of State Jennifer L. Brunner (D) said that "the chronic shortage of election workers in Ohio could be solved by requiring residents to work at the polls the way they fulfill jury duty." She is "asking lawmakers to require conscripted workers to have two days of training and then work eight-hours on Election Day."

New York Delays Replacing Voting Systems. The New York Times (1/27, B2, Drew) reports, "New York officials have given up on replacing the state's aging voting machines by the fall elections, and some would like to put off buying new electronic voting systems until after the 2008 presidential election, state officials said yesterday. New York is the last state to update its machines, and the latest delay comes amid growing questions about the work of a laboratory that was hired to help test the machines being offered by five bidders." It "might be possible to have the new system ready for the presidential primary in March 2008."

ANTITRUST:

Indiana Businessman Sentenced In Concrete Price-Fixing Scheme. The Indianapolis Star (1/27, Corcoran) reports, "The second of two ringleaders in a conspiracy to fix ready-mix concrete prices in the Indianapolis area was sentenced Friday to 14 months in federal prison." The Star continues, "Chief U.S. District Judge Larry J. McKinney gave Gus 'Butch' Nuckols III, 46, Fishers, a sentence seven months shorter than the one the government had recommended. … Nuckols' sentence matched that of price-fixing conspirator Scott D. Hughey, 52, president of Hughey Inc., a company doing business as Carmel Concrete Products. Hughey was sentenced Dec. 14." The Star adds,

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"Nuckols held two secret meetings to fix prices from July 2000 through May 2004 at a horse barn on his property. … Antitrust officials estimate $37.5 million to $100 million in concrete sales by Nuckols' firm, Builder's Materials & Supply Co., were affected by the conspiracy to increase prices and limit discounts to major purchasers. In June, McKinney fined Nuckols' company $4 million. The company also had pleaded guilty to an antitrust violation. … During sentencing, McKinney said he was concerned about an interview Nuckols gave WISH (Channel 8) in December. In the interview, the president and owner of the Fishers-based company said market 'prices were eroding, and we probably did what any businessman would do.' Nuckols also referred to fallout from the FBI and Justice Department investigation as 'a hassle.' … 'Tell me why I shouldn't be concerned about that,' McKinney said to Nuckols in U.S. District Court in Indianapolis. 'I want to be sure you really understand what you did was against the law.' … Nuckols was contrite during his sentencing, saying he had brought shame upon himself, his family and his company and employees through his leadership of the conspiracy, which potentially affected hundreds of millions of dollars in spending on public and private projects. … Jonathan A. Epstein, an attorney for the Justice Department's Antitrust Division, asserted Nuckols was 'saying all the right things' at his sentencing but had minimized his role in the conspiracy during trial testimony in December and in the TV interview."

Delta Creditors May Seek To Extend US Airways Bid Deadline. Bloomberg (1/27, Schlangenstein, Onge) reports, "Delta Air Lines Inc.'s creditors may ask US Airways Group Inc. to extend the Feb. 1 deadline on its hostile takeover bid as they study competing plans for the bankrupt carrier's future, people familiar with the matter said." Bloomberg continues, "The nine-member committee of unsecured creditors is split between those favoring a quicker payback of their claims through a US Airways merger and those who would benefit under a Delta plan to emerge from court protection as an independent company, said the people, who didn't want to be identified because the discussions are private." Bloomberg adds, "US Airways wants the panel to urge Atlanta-based Delta, which operates a hub at Salt Lake City International Airport, to open its financial records and trigger a U.S. antitrust review. If the committee doesn't act by Feb. 1, the $9.67 billion offer expires, Chief Executive Officer Doug Parker has said. … US Airways probably would extend its deadline if the creditors 'said one single positive thing about the deal,' said Jim Corridore, a New York-based analyst for Standard & Poor's. 'All they need to do is allow the process to continue. This is not a selection of one plan over the other.' … An extension would give the creditors' panel more time to debate US Airways' merger plan and Delta's bid to leave bankruptcy as a stand-alone airline by mid-2007, the people said."

Hynbix Denied Bid For New Antitrust Trial In Rambus Dispute. Bloomberg (1/27, News) reports, "Hynix Semiconductor Inc. lost a bid to revisit a $133.4 million damage award to Rambus Inc. in a patent lawsuit over computer memory-chip technology, as a federal judge said he may decide next month whether to allow the case to move into its final phase." Bloomberg continues, "Rambus shares surged as much as 11 percent. U.S. District Judge Ronald Whyte in San Jose, Calif., said a new trial on damages can't happen until the final phase of the lawsuit, which will address antitrust, unfair competition and fraud claims." Bloomberg adds, "The judge Friday set a hearing for Feb. 16 to decide whether he should delay that phase until the U.S. Federal Trade Commission issues its penalty in an antitrust suit against Rambus, a designer of computer memory chip interfaces. … A federal jury in April awarded Rambus $307 million in its dispute with Ichon, South Korea-based Hynix, the world's second- largest memory chipmaker."

Rivals Renew Complaints About Microsoft's Vista. The AP (1/27) reports, "Rivals of Microsoft renewed their call Friday for European regulators to act against what they say are 'illegal practices,' charging that the new Vista operating system is the company's effort to extend its monopoly to the Internet." The AP continues, "They asked the European Commission to make a decision 'as fast as possible' on a complaint they filed last February. It had accused Microsoft of working to keep its existing monopolies and trying to extend its market dominance into other areas, including Web-based computing." The AP adds, 'Microsoft had no immediate comment beyond saying that the rivals — represented by the European Committee for Interoperable Systems — were not saying anything new. The company has described the group as a front for I.B.M. and other competitors that have tried to use regulatory complaints to their business advantage. .. .The group said Microsoft's XAML markup language — which it said was positioned to replace the current Web page language HTML — was designed 'from the ground up to be dependent on Windows.' … 'The very same practices the European Commission found to be illegal almost three years ago have now been implemented in Vista,' the group of rivals said. .. A spokesman for the group, Thomas Vinje, said Microsoft was seeking to impose its own Windows-dependent standards and displace existing ones."

Jury Clears Broadcom Of Patent Infringement Allegations. The AP (1/27, Spagat) reports, "A federal jury ruled Friday that Broadcom Corp. did not infringe on two

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of rival semiconductor maker Qualcomm Inc.'s patents for video compression technology, Broadcom said." The AP continues, "The nine-day trial, the latest turn in a long-running legal battle between the two companies included testimony from both chairmen, Broadcom's Henry Samueli and Qualcomm's Irwin Jacobs." The AP adds, "Lou Lipin, Qualcomm's general counsel, told the San Diego Union-Tribune the company was disappointed with the verdict and had not decided whether to appeal. The verdict comes amid a fierce attack against Qualcomm's business model by Broadcom, Nokia Corp. and other wireless equipment makers who say Qualcomm charges excessive royalties for rights to its patented inventions." The AP notes, "Qualcomm accused Broadcom of violating two patents for the compressing of video signals - technology that is used in DVD players, digital televisions and iPod music players. … Qualcomm has filed numerous lawsuits that accuse Broadcom of infringing on a combined 10 patents and misappropriating trade secrets. Broadcom has filed lawsuits that accuse Qualcomm of violating a total of 18 patents, and is one of six companies that has asked the European Commission to investigate Qualcomm's business practices."

Bank Of America In Alliance Talks With Countrywide. The Financial Times (1/27, Ben White, Politi) reports, "Bank of America and Countrywide Financial have held discussions about an alliance that would create the biggest mortgage lending group in the US, people close to the matter said." The Times continues, The talks are said to be at an early stage and may not lead to a deal. But if they proceed, the negotiations could lead to a joint venture between the two companies, under which BofA would use its big branch network to help sell home mortgages originated by Countrywide. Countrywide would have the support of BofA's far bigger balance sheet to fund its lending." The Times adds, "The talks could also lead to an acquisition of Countrywide by BofA, which is eager to expand its mortgage lending business to match its breadth in credit cards. Such an acquisition would probably cost BofA, the second-biggest US bank, about $30bn, analysts said. … The talks indicate that BofA continues to focus on expansion in the US in spite of recent reports that it might be interested in buying UK bank Barclays. Ken Lewis, chief executive, has said a major foreign acquisition would be difficult for BofA to execute."

Nasdaq Declines To Boost Bid For London Stock Exchange. The New York Times (1/27, Timmons) reports, "Nasdaq said on Friday that it did not plan to raise its offer for the London Stock Exchange, just before a deadline to do so, damping investors' expectations. Investors have until Feb. 10 to tender their shares for a deal, but any changes in the bid would have to happen this weekend unless a rival bidder emerges. … That is generally seen as unlikely, though any such deal would not happen quickly, because the N.Y.S.E. is just starting to absorb pan-European exchange Euronext." The Times continues, "The exchange's shares have fallen over the last week as investors who were hoping for a higher price than Nasdaq's initial $5.3 billion bid head for the door. … If the deal does not go through, Nasdaq has to walk away for a year, possibly leaving the door open to other bidders. Shares of the London Stock Exchange rose 12 pence on Friday, to £12.95, above Nasdaq's 1,243 pence-a-share offer." The Times adds, "Nasdaq already owns 28.8 percent of the London exchange and needs an additional 21 percent to take control. Nasdaq has hinted that it could reduce its position, but many other investors think that is a bluff designed to persuade them to tender their shares of stock for the hostile offer."

The Wall Street Journal (1/27, B3, Macdonald, Teitelbaum) reports, "Nasdaq could have raised its offer until a deadline at midnight Saturday if the LSE's board had agreed to a new bid. Under United Kingdom takeover rules, Nasdaq will no longer be able to increase its offer for the LSE unless a rival bidder appears, which most analysts see as being unlikely. … If Nasdaq aimed to spook the LSE's investors into selling -- something the London exchange has accused it of trying to do in the past -- the ploy has failed for the moment. The LSE's shares closed 4.2% higher than Nasdaq's offer at £12.95 Friday, on heavy volume."

ENVIRONMENT:

Bush Seen As Shifting Views On Climate Change, Emission Caps. The Washington Post (1/27, A1, Baker, Mufson) reports in a front-page story, "President Bush's commitment to fight global warming in his State of the Union address this week has echoed around the world and provoked debate about whether he is shifting his view of climate change." While, "leaders in Europe and Asia took notice…, hailing what they saw as a turning point while renewing pressure on Bush to accompany words with more meaningful action," environmentalists "were skeptical but said Bush may be starting to respond to the growing political momentum for grappling with climate change." The plan is credited to the president's concern with "energy security" and to efforts by Treasury Secretary Henry M. Paulson Jr., Energy Secretary Samuel W. Bodman and FedEx Chairman Frederick W. Smith. Former EPA administrator Christine Todd Whitman called it "a step forward" and said that "Bush may be willing to sign carbon emission caps into law."

Alternative Fuels Plan Examined. The Wall Street Journal (1/27, A7, Timiraos) reports that under the president's plan, "ethanol demand could pressure the corn supply" and "almost half of the country's corn harvest could go toward the

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fuel." In addition, "ethanol costs between $1.45 and $1.65 a gallon to produce and is less efficient than gasoline." The plan is also said to have "an apparent contradiction" because "ethanol gets less gas mileage than gasoline" and so "could undermine efforts to achieve increased fuel economy."

WSJournal Criticizes Alternative Fuels Plan. The Wall Street Journal (1/27, A8) writes in an editorial criticizing the President's "big push for alternative fuels" calling it "a classic political stampede rooted more in hope and self-interest than science or logic." The plans "would, at present corn yields, require the entire U.S. corn harvest" and that "isn't such good news." Ethanol "increases the level of nitrous oxides in the atmosphere and thus causes smog." It is "less efficient than ordinary gasoline" and it "cannot be shipped using existing pipelines." It also "barely makes a dent" in reducing "greenhouse gas emissions by no more than 5%." So "here comes Big Corn. Make that Very, Very Big Corn. Sooner or later, our experience with this huge public gamble may make us yearn for the efficiency, capacity, lower cost and -- yes -- superior environmental record of 'Big Oil.'"

NYTimes Questions Cost Of Expanding Strategic Petroleum Reserve. The New York Times (1/27, A16) writes in an editorial, "One of the stranger and so far unexplained items in President Bush's energy program is his proposal to double the capacity of the Strategic Petroleum Reserve." While, "a larger reserve would seem to make sense in the post-9/11 world … is there nothing better to do with the money? Might it not be more usefully deployed developing alternative fuels or more efficient vehicles."

Bush Proposes Increase In Coastal, Marine Conservation Programs. The AP (1/26) reports, "President Bush on Friday proposed an 8% increase in the $1.75 billion federal budget for coastal and marine conservation programs." Under the proposal, the National Oceanic and Atmospheric Administration "would receive $123 million" for "research and…ocean protections" while "Another $20 million would go to the National Science Foundation and the U.S. Geological Survey, helping increase research, sea floor mapping, forecast models, and water quality monitoring in the Gulf of Mexico, Chesapeake Bay and other coastal areas."

FBI/DEA/ATF/USMS:

Colombian Coca Heritage Under Siege. The AP (1/27, Goodman) reports from Bogata, Colombia, "You're unlikely to see Milena Bonilla's artwork on display in a New York gallery. Just mounting one of her installations inside the United States could land the 30-year-old artist in jail. … That's because, instead of oil on canvas, Bonilla's preferred medium is coca leaf, the base ingredient for cocaine. Classified as a dangerous substance, importing the plant is a felony without U.S. Justice Department permission." The AP continues, "The stalky shrub, which Bonilla planted in 12 two-liter plastic Coca-Cola bottles sheared off at the spout, is getting a makeover by a cadre of artists who want to wrest coca's millennial heritage and aesthetic appeal from the teeth of the war on drugs. … But the main target of so-called coca art may be Colombia President Alvaro Uribe, who has become the plant's chief eradicator as caretaker of the United States' $4 billion war on drugs." The AP adds, "Amid an upsurge in anti-American sentiment, several leftist leaders in the Andes have embraced the virtues of the much-maligned leaf even as the conservative Uribe - Washington's staunchest regional ally - has committed himself to its annihilation. … When Secretary of State Condoleezza Rice first met with President Evo Morales of Bolivia in Chile, the former coca grower presented her with a charango - a Bolivian ukulele - decorated with lacquered coca leaves. To avoid a run-in with U.S. customs authorities, the diplomat left the present behind. President Alan Garcia of Peru, who is a relative moderate in the region, suggested to foreign journalists that the calcium-rich leaf tastes great in a salad. … Bonilla's installation, 'Legal Consumption,' was one of a handful invited last year to partake in the 40th National Salon of Artists, a showcase of Colombia's most innovative artists. She calls it a meditation on the hypocrisies of a marketplace that commercially exploits a plant most countries ban in its natural form. … But under Uribe, the plant's namesake habitat has been under constant assault by U.S.-supplied crop duster planes that chemically eradicated a record 445,000 acres of the plant last year - 31 percent more than in 2005, also a record year."

FBI To Join LAPD In Targeting Cross-Border Gangs. The Los Angeles Times (1/27, Helfand, McGreevy) reports, "Seeking to combat the spread of street gangs across international borders, the FBI will join forces with Los Angeles police and prosecutors next month to teach authorities from Mexico, El Salvador and other Latin American countries how to better track and investigate gang crime." The Times continues, "The three-day training in Los Angeles comes amid an alarming increase in 'transnational' gangs that move between countries despite repeated efforts to dismantle their organizations and finances, authorities said. … The U.S. law enforcement officials will focus much of their attention on how they have dealt with local gangs that have gained footholds in Mexico and Central America." The Times adds, "Special attention will be given, for example, to the MS13 and 18th Street gangs, both of which began in Los Angeles but have branched out to Central America, federal officials said. About 12 of 17 members of the 18th Street gang arrested in Los Angeles in September were foreign

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nationals, the officials said. .. .The training will include discussions about which laws countries use — or do not use — to attack gang problems. El Salvador, for example, does not allow wiretapping, a strategy employed by U.S. authorities to monitor gang activity. … The interagency training Feb. 7-9 will occur as Mayor Antonio Villaraigosa and Police Chief William J. Bratton unveil their strategies for dealing with the city's own 39,000 gang members. They are expected to call for a multi-agency effort using court orders, injunctions and stepped-up enforcement to target Los Angeles' most dangerous gangs. Among those expected to attend the FBI summit are Bratton, Los Angeles County Sheriff Lee Baca and representatives of the city attorney and district attorney."

Suspected Drug Cartel Boss Hires Texas Attorney. The McAllen (TX) Monitor (1/27, Martinez) reports, "Suspected Gulf Cartel leader Osiel Cardenas-Guillen has hired prominent McAllen lawyer Roberto Yzaguirre as part of his defense team in a federal drug case that prompted Cardenas' extradition from Mexico a week ago." The Monitor continues, "Cardenas-Guillen, who faces a 17-count indictment out of Brownsville, was flown to the United States on Jan. 19 with 14 other fugitives. … He appeared in court once this week, but the judge closed the proceedings to the public. His arraignment is set for Feb. 1 in Houston. It's unclear whether the trial will be in Brownsville or Houston." The Monitor adds, "Yzaguirre defended the Matamoros-based Gulf Cartel's former head, Juan Garcia Abrego, in another federal drug case in 1996. Unlike Cardenas, who was first tried in Mexico before being extradited, Mexican authorities whisked Garcia out of the country without a trial the day after he was arrested. .. .U.S. Justice Department officials told reporters Monday that Cardenas-Guillen was responsible for smuggling 4 to 6 tons of cocaine a month into the United States from 1999 to 2003. They also claimed he is responsible for a majority of the violence associated with drug cartels during the last few years, including the attempted murder of FBI and Drug Enforcement Administration agents in Matamoros. .. Cardenas-Guillen had been running the cartel from his prison cell in Mexico since 2003, according to Mexican authorities. … Yzaguirre was also the lawyer for Guillermo Gonzalez Calderoni, Mexico's former drug czar. Calderoni led Mexico's effort against drug cartels in the early 1990s, but later fled the country after rumors spread that he protected some cartels."

Video Of Marshals Shooting In DC Recovered. WUSA-TV, CBS 9, Washington, DC (1/27, Statter) reports, "The shooting of a 16 year old by US Marshals is caught on camera. An attorney for the teen wounded on January 3 on 4th Street Southeast, says he recovered video from 4 different cameras. … David Shurtz says the images paint a different picture than the story given by a US Marshals Service spokesman." WUSA-TV continues, "On the day of the shooting the spokesman said deputy marshals working an eviction fired on a teenager who tried to run them over with a car. Shurtz says the video doesn't show any deputy marshal in danger of being hit by the vehicle. Shurtz and the teen's mother believe their is a cover-up by the Marshals Service." WUSA notes, "Spokesman Dave Turner denies there is a cover up. Here is Turner's complete statement sent by email Thursday to 9NEWS NOW: … 'The U.S. Marshals Service takes this shooting incident very seriously. We are processing the case according to our standard procedures, which call for the initial investigation to be conducted by the Metropolitan Police Department. That's underway right now, and we're cooperating with them to the fullest extent. There isn't 'a cover up' because we're responding appropriately to the investigation. After the completion of MPD's independent investigation, this agency will receive the matter for internal review to see if there were any violations of our own policies, or Justice Department's.'"

Former ATF Agent Cross-Examined In Chicago Suit. The Chicago Tribune (1/27) reports, "Lawyers for the city of Chicago and former Police Officer Joseph Miedzianowski on Friday cross-examined a one-time ATF agent who contends she lost her job after confronting the officer about corruption." The Tribune continues, "Diane Klipfel and her husband are suing the city, alleging that Miedzianowski was protected and turned internal investigations against them after they tried to bring his activities to light in 1992. … Miedzianowski was arrested six years later and was convicted of running a Chicago-to-Miami drug ring." The Tribune adds, "The attorneys attempted to show that Klipfel had significant issues with her ATF employers that had nothing to do with a detail she worked with Miedzianowski. They went through Klipfel's history of filing complaints against her bosses and asked about some of the reasons she may have been dismissed from ATF."

Judge Declares Mistrial In Alabama Bomb Trial. The Mobile (AL) Press-Register (1/26, Kirby) reports, "Jurors weighing criminal charges against accused bomb maker Gregory Wendell Nichols reported Thursday that they were hopelessly deadlocked, prompting the judge to declare a mistrial." The Press-Register continues, "The charges remain pending, unless federal prosecutors in Mobile move to dismiss them. They said they will confer among themselves before deciding whether to try the case again." The Press-Register adds, "Assistant U.S. Attorney Michael Anderson asked Senior U.S. Circuit Judge Emmett "Rip" Cox to set the case for March, which would give prosecutors an extra month to decide if they want to proceed. He stated in a written motion that a February setting would not give enough time to either side to coordinate with their expert witnesses from out

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of town. He also indicated that both sides would like to explore the possibility of a plea bargain. … Assistant Federal Defender Peter Madden said he does not know whether the U.S. attorney's office ultimately plans to take another shot at the 46-year-old car salesman from Flomaton. … Acting on a tip, agents from the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5. Getting permission to search his pickup truck, they found five explosive devices and charged him with violations of federal firearms laws."

IMMIGRATION:

Unions Divided Over Immigration Reform. The Washington Post (1/27, D1, Williams) reports, "Union leaders are fundamentally divided over how to best tackle immigration reform." The Service Employees International Union "backs the guest-worker idea" while the AFL-CIO, "calls guest-worker programs exploitative and wants immigrants who enter the country to do so as permanent residents, not temporary workers." The SEIU "advocates a guest-worker program with visas that would let workers change jobs, join unions and petition for permanent residency." That "reflects a desire to create politically tenable immigration reform." But, it is "nothing like the president's plan" or "the guest-worker provisions floated in Congress." So "finding middle ground could be tough."

CONGRESS-ADMINISTRATION:

Iraq Policy Is Focus Of Bush Meeting With House Republicans. RollCall.com (1/26, Davis) reports, "President Bush spent nearly two hours at the House Republican retreat today in further efforts to build support for his Iraq War strategy and to allay concerns that Congressional Republicans could be sidelined in the legislative process under Democratic control." House Chief Deputy Minority Whip Eric Cantor of Virginia said that "recent Whip meetings have shown encouraging signs that the GOP may be more unified than Democrats anticipate" on Iraq. House Republican Conference Chairman Adam Putnam of Florida described the meeting as "a full discussion."

The New York Times (1/27, A12, Hulse) describes House Republicans as "hunkered down on the Eastern Shore" as they "struggled to come to grips with their new minority status and the challenge of the continuing war in Iraq." Bush "exhorted" them "to work with him on education, health care, immigration and retirement issues and to give his troop buildup in Iraq a chance to work." The president also "took more than a dozen questions from lawmakers in a closed session." Republican leaders said that the appearance "bolstered the Republican rank and file, which will face a fight over a Democratic resolution opposing the president's new strategy." Still, "there is deep skepticism among even these loyalists about whether his new Iraq plan will work." The meeting was also addressed by former speaker Newt Gingrich "who urged them to think big" and former Notre Dame football coach Lou Holtz, who "delivered what was described as a rousing motivational speech."

The Washington Times (1/27, Bellantoni) reports, "President Bush yesterday rallied House Republicans" telling them "the party can unite around his domestic agenda" and "explained the importance of success in Iraq without explicitly asking them to support his plan." A "private session" was described as "a 'frank,' 'unabashed,' 'good family discussion.'" Minority Leader John A. Boehner of Ohio said that "most members support a Republican resolution calling for the creation of a bipartisan panel to oversee the implementation of the troop surge and setting benchmarks for the plan's progress."

Upcoming Bush Meeting With House Democrats Seen As Helpful On Energy, Immigration. The Wall Street Journal's Gerald Seib (1/27, A2) writes, "President Bush travels to Williamsburg, Va., next Saturday to meet with the entire House Democratic delegation" in "a real 'Kumbaya' moment for the nation's leaders … While it lasts." The meeting "was the brainchild of Rep. Rahm Emanuel" and "a senior White House aide characterizes" it "as a way to open some lines of communication, which in turn might help build some trust." Seib argues that while "it's increasingly obvious there simply won't be any bipartisan understanding on the biggest issue of the year, Iraq," there is "limited time, and a limited set of issues, energy and immigration the most interesting among them, for which something bipartisan can actually happen." Seib concludes that, in Texas "Bush developed a reputation for working the Democratic side pretty well, and he got meaningful results to show for it."

Bush Health Care Proposal Said To Favor Policies That Benefit Wealthy. The Washington Post (1/27, A8, Lee) reports, "President Bush likes to say that his health-care proposal would 'level the playing field' between people who get health coverage through their job and those who buy it on their own. But experts said yesterday that it would tilt that field toward…a high-deductible plan paired with a special tax-exempt health savings account." That is said to "benefit the wealthy and undercut Bush's goal of bringing fairness to the private health insurance system." The president's plan also "faces opposition from Democrats in Congress." Experts are said to expect that "more people would sign up for" high-deductible policies and HSAs if the plan were adopted, "because they tend to have lower

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premiums and to allow consumers to accumulate money tax-free."

No Child Left Behind Act Reauthorization Expected To Include High School Reform. The Washington Times (1/27, Fagan) reports in a front-page story, "Educators, lawmakers and the White House are indicating that high school reform should be included in this year's renewal of the No Child Left Behind law, and the discussion about what it will include is already under way." The administration "included several new high school requirements in its NCLB proposal" and U.S. Secretary of Education Margaret Spellings has said, "I think something can and will happen this year on high school reform." Bob Wise, president of the Alliance for Excellent Education (AEE), speaking at a Capitol Hill conference yesterday said, "If we're going to do significant high school reform, this is the vehicle, this is the year." Democratic leaders of the House and Senate education committees "already have indicated an openness to tackling high school reform."

Bush Approval Up To 32% In Zogby Poll. A Zogby poll of 1,000 likely voters taken January 24-26 (+/- 3.2%) finds a slight increase in President Bush's approval rating, up to 32% from 30% in a December Zogby survey. Fifty percent of those who saw Bush's State of the Union address approved of it, while 42% disapproved. And while just 10% of Democrats approve of Bush's job performance, 26% of Democrats approved of the State of the Union speech. Among independents, 22% approve of Bush's job performance, and 37% approved of the speech. Among Republicans, 63% approve of Bush's job performance, and 84% approved of the speech. On Iraq, 24% of all respondents approve of Bush's performance, while 75% disapprove. However, the poll found that 37% think the war has been worth the loss of US lives, up from 34% in December.

Newest Coast Guard Cutter Significantly Flawed. The Washington Post (1/27, Merle, Hsu, 690K) reports in a highly critical front-page article, "The Coast Guard's newest cutter, the flagship of a $24 billion plan to modernize the nation's coastal fleet, suffers from significant design flaws, and the service has failed to properly supervise the contractors doing the work, government inspectors have found." According to a study "scheduled to be released Monday," the ship "would be limited in its ability to venture far from U.S. shores in search of drug smugglers and terrorists." The Coast Guard and its contractors Lockheed and Northrop Grumman "hindered the audit of the program, known as Deepwater, after ignoring years of warnings from technical experts about the ships' designs, the report says."

Navy Seeks Helicopter Crash Victims. The AP (1/27, Hoffman) reports, "Navy vessels about 50 miles off the California coast searched Saturday for three crew members of a Navy helicopter that crashed during a training operation. The Friday crash killed one crew member and left the remaining three missing as darkness fell over the Pacific. ... The helicopter, based at Naval Air Station North Island in Coronado, was on a training mission when it crashed at about 5:30 p.m. EST."

WSJournal Says Senate Democrats Voted Against Restraint On Earmarks. The Wall Street Journal (1/27, A8) writes in an editorial, "The next time Senate Democrats preach spending restraint, readers may want to recall this week's vote on the line-item veto. The new majority had a perfect opportunity to add a new check on spending earmarks but quickly passed it by." The Journal notes that Sens. Evan Bayh (IN) and Joseph Lieberman (CT) were the only Democrats supporting "the spending restraint they've preached" while Sen. Richard Shelby (AL) was the lone Republican who "voted for his beloved pork-barrel power."

NYTimes Urges Congress To Attend To Need For Accurate Census. The New York Times (1/27, A16) writes in an editorial on the need for an accurate census, arguing "planning for the 2010 count is already imperiled. The dangers fall into two categories: money (too little) and politics (too much)." Congress "must begin by reinstating the roughly $50 million that was cut from the current census budget by the previous Congress." Congress "should also hold hearings to air the reasons behind the abrupt resignation last November of the director of the Census Bureau and the equally sudden departure of his deputy director." It "should send a clear message that the White House must choose new census directors whose professional qualifications and impartiality are above reproach."

Pelosi Criticized For Exempting American Samoa From Minimum Wage Bill. Malia Zimmerman of the Hawaii Reporter writes in the Wall Street Journal (1/27, A8), "Nancy Pelosi led the effort in the U.S. House during her first week as speaker to increase the minimum wage to $7.25 per hour from $5.15. In the process she ensured that American Samoa, a U.S. territory, is exempt from the wage hike, but did not exempt the Marianas Islands." StarKist and Del Monte have "packing plants in American Samoa" and are "headquartered in California." American Samoa Delegate Eni Faleomavaega "argued that raising the minimum wage 'would devastate the local tuna industry.'" American Samoa "has historically treated its

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workers poorly, with many instances of human rights abuses, and paid them pittances, besides." Zimmerman questions Pelosi's support for "honest government" and "blue-collar workers" and concludes, "in addition to House speaker, Ms. Pelosi can add 'ethically challenged' to her resume."

OTHER NEWS:

Durable Goods, Housing Sectors Strong In December. The Wall Street Journal (1/27, A3, Corkery, Whitehouse) reports, "The manufacturing and housing sectors exhibited some unexpected strength in December, although economists were cautious about both reports. The Commerce Department reported that new orders for durable goods…rose 3.1% in December from a month earlier. A surge in aircraft orders accounted for a large part of the gain, but orders for 'core' capital goods excluding defense and aircraft were also up at a good clip. That category, which counts everything from telephones to machine tools and is viewed as a measure of business investment, rose 2.4% in December." In a separate report, the Commerce Department said "new-home sales recovered in December, rising 4.8% from the previous month to a seasonally adjusted annual rate of 1.12 million units. But many economists cautioned that the monthly number may have been exaggerated. For one, unusually warm weather in December may have confounded seasonal adjustments meant to compensate for lower activity in winter." The Financial Times (1/27, Callan) says the economy "showed signs of renewed strength on Friday as data revealed unexpected growth in the housing sector and orders for big-ticket manufactured goods rose." The news "make it less likely that the Federal Reserve will consider cutting interest rates in the coming months." The Washington Post (1/27, D6, Deane) and the New York Times/AP (1/27, C3) also report the housing numbers.

ABC World News (1/26, story 6, 1:25, Gibson) reported, "The sales of new and existing homes dropped 10% last year. That translates to about 800,000 fewer homes sold. So, the obvious question -- is the market going to turn back up?" ABC (Stark): "It would be more accurate to say right now it's stabilizing and finding a bottom after a deep slide. There are signs that buyers are out there and looking again, in part because there was warm weather. And the mortgage rate is down half a point since July. It's an awful lot of unsold homes out there. But realtors say they're seeing more activity, more looking than they've seen in a couple of years. As we head into spring, that's good news."

Stocks End "Volatile Week" Mixed. The Wall Street Journal (1/27, B1, Browning) reports, "The pundits weren't kidding when they said the stock market could be more volatile this year. The Dow Jones Industrial Average surged to its 26th record finish in four months on Wednesday, and then promptly plunged 119 points on Thursday, its largest point or percentage decline in two months. It fell an additional 15.54 points, or 0.12%, on Friday, to 12487.02 and now is little changed since the year began, up just 0.2%. For the week, the blue-chip average was down 0.6%." The New York Times/AP (1/27, C6) also says it was a "volatile week" on Wall Street. The S&P 500 "was down 1.72 points, or 0.12 percent, at 1,422.18," while the Nasdaq "rose 1.25 points, or 0.05 percent, to 2,435.49."

Dollar "Seesawed Indecisively" Friday. The Wall Street Journal (1/27, B4, Lindenmayer) says the dollar "seesawed indecisively Friday, making few intra-session gains as the market awaits additional U.S. data" and the upcoming Fed meeting. Late Friday, "the euro stood at $1.2913 from $1.2935 late Thursday. The dollar stood at 121.595 yen from 121.14 yen late Thursday, while the euro stood at 157.00 yen from 156.72 yen late Thursday."

Crude Oil Futures Top $55. The Wall Street Journal (1/27, B4, Farivar) reports crude oil futures "jumped above $55 a barrel Friday to their highest level in more than two weeks as freezing temperatures around the East Coast raised the prospect of increased consumption of heating fuel." The March crude contract "rose $1.19, or 2.2%, Friday to $55.42 a barrel" in New York.

Clinton Makes First Campaign Trip To Iowa. The Washington Post (1/27, A2, Kornblut, Balz) reports that when Sen. Hillary Clinton hits Iowa this weekend, "she will encounter unfamiliar terrain -- a landscape where she is not the perceived front-runner for the Democratic nomination" for president. While Clinton "appears formidable at the national level, she has not built up a lead in Iowa," where John Edwards leads most polls at present. Gov. Chet Culver "met with Clinton shortly after she arrived Friday afternoon" but "is remaining neutral." Culver said, "This is anyone's race to win. … That's the wonderful thing about the caucus process. The winner will have to earn it." The Post says that "puts Clinton in the unusual position of having to prove herself against other Democrats, and having to build up a political infrastructure in Iowa at a time when many rivals already have a head start." Newsday (1/27, Thrush) says that after her "two-day political tour of Iowa," Clinton will head off on "rapid-fire excursions to New Hampshire, South Carolina and California."

Newsday notes Clinton has not been in Iowa since 2003, which Roger Simon also notes in The Politico (1/27). Simon writes that that visit "was considered her first real signal that she might run for president some day. Now that day has arrived and Hillary is back. … 'Candidates need to spend a lot of time here,' Culver said. And spend lots of money. Iowa loves the money that the campaigns and media spend, but they love the attention much more."

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Purdy Signs On For Clinton New Hampshire Campaign. The Politico (1/27, Distaso) reports "highly-regarded Democratic strategist Liz Purdy of Concord has signed on in a senior staff role" for Clinton's New Hampshire campaign. She "was the fund-raising director for former Gov. Jeanne Shaheen's successful 2000 campaign for a third term as governor," and was also "deputy campaign manager for Shaheen's unsuccessful bid for the U.S. Senate in 2002."

Huckabee To Create Presidential Exploratory Committee Monday. The AP (1/26, Demillo) reports ex-Gov. Mike Huckabee of Arkansas will create a presidential exploratory committee Monday. Huckabee, a fierce foe of abortion rights and gay marriage, isn't the only conservative in the field and he faces a tough fight for the support of the GOP's right flank" from Sen. Sam Brownback and Reps. Duncan Hunter and Tom Tancredo.

Biden Will Make Campaign Official On Wednesday. The AP (1/26) reports Sen. Joseph Biden, "who has made no secret of his plans to run for president in 2008, says he will make it official next Wednesday." Biden is "one of his party's leading spokesmen on foreign affairs and plans to stress that expertise on the campaign trail." However, he is "generally regarded as a longshot."

Hunter First To Buy Ad Time In New Hampshire. On its Web site, the Boston Globe (1/26, Pindell) reports Rep. Duncan Hunter "is the first candidate to pay for television advertising time on New Hampshire airwaves for the 2008 presidential election. The ad, which began airing on WMUR-TV in Manchester today, shows Hunter in front of a fence on the border with Mexico." The advertisement is also airing in Iowa.

Giuliani's Indecision On Presidential Run Concerns Some Supporters. The New York Times (1/27, Roberts) reports on its front page that Rudy Giuliani, "who developed a national reputation for decisive and reassuring leadership after 9/11, now faces the odd challenge of having to reassure some supporters that he can be decisive about a very different issue: running for president." While he has created an exploratory committee, recruited a campaign team, and is visiting New Hampshire, "he has studiously avoided making a public commitment to run." In that state Friday, he said he "would not be rushed by contenders who are already entering the race. 'You should do it when you feel it's the right time,' he said. Despite the delay, his aides argue that the accelerated pace of early primaries next year actually benefits a well-established figure like Mr. Giuliani," especially with large, metropolitan states like California, Florida, Illinois, and New Jersey poised to jump to the front of the queue. But still, "doubts have been raised about the proverbial fire in his belly. Some New Yorkers in particular recall his decision" to quit his 2000 Senate campaign "after running for months and raising millions of dollars but never formally declaring his candidacy."

McCain's Campaign Finance Reform Support Could Conflict With Ambitions. The Politico (1/27) reports Sen. John McCain "will sponsor a bill to strengthen campaign finance laws in this session of Congress despite vehement opposition to campaign finance reform from conservative Republican activists whose support he needs to win the party's nomination for president in 2008." He "recently had appeared to be backing away from his support of campaign finance reform" and he "has declined to support two other campaign finance measures that reformers consider priorities: one would expand the public financing system for presidential elections, and another would require grassroots organizations to disclose their funding and expenditures." That "worried campaign finance reformers" but "McCain's campaign officials deny that he's backed away from supporting campaign finance reform."

Obama Gained Reputation As Coalition-Builder On Harvard Law Review. In a front-page profile, the Los Angeles Times (1/27, Serrano, Savage) looks at Sen. Barack Obama's early career, when "a deeply divided editorial staff chose him as the first African American to lead the prestigious" Harvard Law Review. It was "no small accomplishment. Obama, who at nearly 30 was older and more world-wise than most of his classmates, had to navigate among sharply drawn factions of conservatives and liberals to beat 18 other candidates for the job. Today, Obama's weighing of a bid for the White House has provoked questions about whether he has the experience to build a winning coalition of voters. But at Harvard Law Review he showed that -- on a much smaller scale -- he had the savvy to maneuver through turbulent political waters. … Interviews with more than a dozen people associated with the law review, both liberals and conservatives, found no one who did not profess respect for Obama."

Front-Loaded Primary Calendar Could Boost Current Frontrunners. NBC Nightly News (1/26, story 4, 2:00, Williams) reported, "If you think the process of picking a president in this country starts early now, there may be a game changer on the way if some proposed changes to the presidential primary system become a reality." NBC (Mitchell): "Small states where candidates campaign in people's living rooms will be joined in the opening weeks much next year's campaign not only by Nevada and South Carolina, but by delegate rich mega-states, California,

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Florida, Illinois and New Jersey when expensive television advertising is king. That means a number of delegates, and perhaps the nominee, could be decided almost immediately. … The move, engineered by Hillary Clinton supporters, would help her survive to the next round. It could help other well funded candidates like Republican front runner John McCain. … The calendar could make it harder for dark horse candidates to break out."

Gibbons Says Candidates Will Walk "Political Tightrope" In Nevada. Nevada Gov. Jim Gibbons discussed his state's early caucuses on MSNBC's Hardball (1/26, Matthews), saying, "Nevada is going to make all of these candidates walk a political tightrope. Because if you're on the evangelical or conservative on the Republican side, you're going to have to come out and support gaming, the industries that are important to Nevada. You are going to have look at where is your stand on Yucca Mountain, a very, very contentious issue." Asked if Hillary Clinton can win the Democratic caucuses, Gibbons said, "There have been a lot of glass ceilings broken by women in Nevada."

Change Of Control In Tennessee Senate Another Sign Of South's GOP Trend. The New York Times (1/27, A11, Emery) reports on the replacement of the Tennessee Senate speaker, "John S. Wilder, an 85-year-old Democrat who had been speaker since 1971," who has been replaced by "Ronald L. Ramsey, the first Republican to lead the body since Reconstruction." Wilder "comes from a wealthy West Tennessee cotton family" and was "the nation's longest serving state legislative leader." The change is said to show "a reality in the South: rising Republican strength in state politics." While, "as recently as the early 1990s, Democrats controlled every Southern legislature" today, "Republicans control both houses in Florida, Georgia, South Carolina, Texas and Virginia, while Democrats control those in Alabama, Arkansas, Louisiana and North Carolina. In Mississippi and Tennessee, Democrats control the House and Republicans the Senate."

LATimes Urges Lobbyists To Report Efforts To Stimulate Grass-Roots Lobbying. The Los Angeles Times (1/27) writes in an editorial favoring a provision that was removed from "the recently enacted ethics bill in the Senate" to "require any organization that spends at least $25,000 to stimulate grass-roots lobbying to file detailed reports with Congress." Now "more modest proposals being discussed would be limited to organizations that already are registered as lobbyists." And "members of Congress have a right to know whether a campaign is the result not of a spontaneous sea change in public opinion but a professional operation."

El-Baradei Says Iran Plans Full-Scale Uranium Enrichment. The New York Times (1/27, Landler, Sanger, 1.16M) notes IAEA head Mohamed El-Baradei "said Friday that Iranian officials had told him that they planned to begin installing equipment next month in an industrial-scale plant to enrich uranium. Such a move would intensify Iran's confrontation with the Security Council, which has demanded a full suspension of the production of nuclear material, and has authorized mild sanctions." El-Baradei's statement "was coupled with a plea to both Tehran and Western nations for all sides to take a 'timeout' to head off a larger confrontation." He "proposed a suspension of the sanctions against Iran, while the Iranians simultaneously suspend enrichment of uranium." While "nuclear experts and American officials say Iran's announcement may be a bluff," El-Baradei "seemed clearly concerned that once enrichment began, it would be difficult to halt, and that Iranian officials would be loath to dismantle any plant once construction had begun. He is also concerned that such a plant could become a military target for the United States or Israel." Washington "said it would stick to its insistence that Iran stop enrichment before negotiations begin. The State Department spokesman, Sean McCormack, said the reports that Iran planned to install 3,000 centrifuges showed its continued defiance."

The AP (1/26, Jahn) cites UN statements that Tehran "plans to begin work next month on an underground uranium enrichment facility, as part of a plan to create a network of tens of thousands of machines turning out material that could be used to make nuclear arms." Those "comments were the first concrete confirmation that work on the facility would begin in February." Undersecretary Burns "warned the move would be a 'major miscalculation' by Iran. 'If Iran takes this step, it is going to confront universal international opposition. If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken.'"

Beirut Curfew Ends But Further Sectarian Strife Feared. The New York Times (1/27, A6, Bakri) reports, "Lebanese Army soldiers reinforced checkpoints and maintained a heavy presence in tense neighborhoods in Beirut on Friday, lifting a rare nighttime curfew that had been imposed to stop the worsening violence between pro- and antigovernment crowds." The Times adds from the capital, "If there was any optimism in this beleaguered city, it was framed around the hopeful notion that all sides had become so frightened by the violence that perhaps they would be willing to find a compromise to end the nation's internal political standoff." There remains in Beirut "a veneer of calm yet deep uncertainty as the Shiite Muslim group Hezbollah and its allies held funerals for two of their activists who had been shot near the university campus. Leaders on all sides,

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as they have from the beginning, called for unity to prevent Lebanon from sliding toward civil war."

An analysis piece in the Wall Street Journal (1/27, A4, Fam) is titled, "Lebanon Stands At Shiite-Sunni Brink." The recent violence "has again raised the specter of a civil war with a sectarian slant that echoes the growing regional Sunni-Shiite tensions. It also has underscored how combustible the stalemate has become between the Lebanese government and the opposition." Noting Beirut's history of "mass protests that were largely disciplined and peaceful," the Journal says Lebanese have "more recently seen a frightening escalation of unrest that troubles many Lebanese still recovering from the 15-year-old civil war that ended in 1990." Today's "political differences…have sectarian undertones, among other things. Lebanese Sunnis largely back the government, while the Shiite Hezbollah and other Shiite groups stand in the opposition. Christians are divided between the two camps." Also, "increasing polarization in the Middle East further aggravates this issue."

A 1,000-word analysis in the Washington Post (1/27, A10, Shadid) describes the emergence of Beirut's Old Airport Road as the separation line between Shiite and Sunni factions. "The emerging border evokes the old and the new of Lebanon's two-month-old crisis: civil war memories and the sectarian schism transforming Lebanon and the region around it." Describing yesterday's events, the Post says "calm returned Friday after the army imposed an overnight curfew and politicians urged their followers to retreat from the streets. … But the telltale specter of civil war lingered." The Post adds, "In the claustrophobia inspired by Lebanon's shoe-horned diversity, many Sunnis were upset that Shiites had dared to encroach upon what Sunnis consider their turf, and they set up their own checkpoints in the Bekaa Valley and on the coast south of Beirut. Along the Old Airport Road, residents wrestled with the knowledge that civil wars often start through accumulated accidents, not by design."

Spate Of Gaza Violence Derails Palestinian Talks. The Washington Post/AP (1/27, A13) reports, "Hamas gunmen stormed the home of a fighter from the rival Fatah movement Friday, witnesses said, sparking a deadly gun battle. The clash capped a day of factional violence across the Gaza Strip that killed at least 13 people, including a 2-year-old boy." The AP notes the one-year anniversary yesterday of Hamas' parliamentary election victory and calls the violence "among the deadliest in nearly two months." Under the headline, "Deadly Battles Shatter Gaza Calm," BBC.com (1/27) adds, "At least 13 people have died in some of the deadliest fighting between rival Palestinian factions Hamas and Fatah in Gaza for months." Both sides "said they were suspending talks after the violence, which continued into the night. Both factions also kidnapped members of the opposing side during the day."

ABC World News (1/26, story 5, :10, Gibson) reported, "Still overseas, it's been a tumultuous day in the Palestinian territories. In Gaza, a sea of Hamas supporters to mark the victory in the Palestinian elections a year ago. But elsewhere, at least 13 people were killed, including a 2-year-old boy. One of the deadliest days in fighting between Palestinian factions." The Los Angeles Times (1/27, Boudreaux, Alouf) adds, "Fourteen Palestinians died Friday in a resurgence of factional violence that marred the one-year anniversary of Hamas' victory in parliamentary elections. The daily death toll was one of the highest in the sporadic street fighting that has sunk the Palestinians deeper into chaos and poverty over the last year and complicated efforts to end the Israeli-Palestinian conflict."

Suicide Bomber Targets Islamabad Marriott Hotel. The New York Times (1/27, A7, Masood) reports, "A suicide bomber blew himself up outside a Marriott hotel [in Islamabad] on Friday afternoon, killing himself and a security guard, the police and security officials said. At least five other people were wounded. No one immediately claimed responsibility." The Times calls the attack site "an upscale neighborhood of the Pakistani capital considered to be a high-security zone. Many foreign visitors stay at the Marriott, and important government and private functions are often held there. The prime minister and many of his cabinet ministers, members of Parliament and diplomats live nearby." The US Embassy "issued an advisory to American citizens in the country. 'The embassy strongly advises all Americans to avoid the area, exercise caution, and limit unnecessary travel,' the statement read."

Chinese Officer Says Space Will Be Weaponized. The Washington Times (1/27, A1, Lederer) reports Chinese Senior Colonel Yao Yunzhu "predicts that weapons will be deployed in outer space despite her government's long-standing desire to prevent an arms race there." Her "remarks were the first time a member of the Chinese military has commented on" Beijing's recent anti-satellite missile test. "The only other official comment, from the Foreign Ministry, offered the barest confirmation and repeated stock positions about China's wish to keep space free of weapons." The Times adds, "Without naming any country, but in an apparent reference to the United States, Col. Yao said if there's going to be 'a space superpower, it's not going to be alone, and China is not going to be the only one.'"

Russia Denounces Georgia's Detention Of Uranium Smuggler. The New York Times/AP (1/27, A4)

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notes Russian Foreign Minister Sergei Lavrov "denounced on Friday the detention of a Russian man accused of trying to sell highly enriched uranium to Georgian agents, calling it a 'provocation.'" The AP calls Lavrov's statement "the first public comment by a named Russian official to claims by Georgia that it arrested and jailed a Russian man last year for trying to sell weapons-grade uranium to an agent posing as a rich foreign buyer." A likely confirmation that the uranium in question was weapons-grade "renewed concern about security at Russia's array of nuclear facilities. [It] also aggravated already high tensions between Russia and Georgia." The Los Angeles Times (1/27, Holley) reports, "Russian authorities on Friday rejected as an overblown propaganda ploy the announcement this week that one of their citizens was arrested last year in Georgia while allegedly trying to sell a small amount of weapons-grade uranium."

Kasparov Works To Hold Together Anti-Putin Coalition. The Wall Street Journal (1/27, A9, Kirkpatrick) profiles former world chess champion and Russian political activist Garry Kasparov. "His latest game is politics, and his style is equally aggressive." His "Putin antipathy is well known to readers of this newspaper, of which he is a contributing editor." Having "sounded an early warning about" Putin in 2001, his "new occupation is not without its perils." The Journal describes Kasparov's anti-Putin political coalition: "The next step for the Other Russia, Mr. Kasparov says, is to come up with a platform and work out the rules for selecting a presidential candidate, tasks that are on the agenda for a conference planned for April."

UK Investigators See Moscow Behind Litvinenko Killing. ABC World News (1/26, story 4, 2:50, Gibson) reported, "In Britain, officials there think they have solved the mystery of who killed the former Russian spy, Alexander Litvinenko. … Investigators believe that Litvinenko's killing was a state-sponsored hit." ABC (Ross): "British officials say they reached that conclusion based on forensic evidence and intelligence reports from inside the Russian intelligence services. Now, criminal charges could be filed as soon as next week. … Two months after his death, British authorities feel they have finally cracked the case, pointing to Moscow and the Russian secret service, the FSB, headquartered here." The CBS Evening News (1/26, story 5, :10, Couric) says the British believe the culprit was "another ex-spy who currently is in Moscow."

Kosovo Independence Drive Could Strain Russian Relations. The Financial Times (1/27, Dombey, MacDonald) reports Kosovo "is to declare independence in the next few months, with the tacit support of the EU and NATO, in an effort to resolve the eight-year impasse on the status of the province at the heart of the 1999 war between NATO and Belgrade." The Times cites source that believe Kosovo "will make its move and be recognised as independent by European Union and NATO countries once a United Nations resolution about its future – expected to stop short of granting independence – is agreed." Some "Western diplomats believe bilateral recognition of Kosovo's independence is the only way out of the dispute about the future of the province, but acknowledge they will have to work hard to prevent Serbia's objections destabilising the region as a whole." The Times adds that Brussels and Washington "see Kosovo as the biggest remaining source of instability in the Balkans. They intend to avoid either more rioting among Kosovo's ethnic Albanian majority like that in March 2004 or an attempt by Belgrade to partition the province, over which it claims sovereignty."

The New York Times (1/27, A3, Smith) adds UN mediator Martti Ahtisaari "presented his proposals for the final status of Kosovo on Friday, most likely setting the tiny war-torn territory on its way toward independence." The Times calls Ahtisaari's presentation "an important and long-delayed step in resolving the still potentially explosive tensions that led to war in Europe eight years ago." The deal "would leave the former Yugoslav province free to declare independence from Serbia, according to Western diplomats who have seen the plan. But they say it would also impose international supervision, much like what exists in Bosnia, to provide protection for Kosovo's ethnic Serbs." The Times notes, "Even with the promise of international involvement, the diplomats say, Russia, a Serbian ally whose support is a crucial element, remains cool to the plan."

Under the headline, "Rift Widens Among Nations Over Kosovo," the AP (1/26, Kole) notes Moscow "is pressing for more time to examine a U.N. proposal for the future of Kosovo, Western and Russian officials said Friday, underscoring a widening rift between Moscow – a key ally of Serbia – and the United States and its European allies." The AP adds Moscow "is a traditional ally of Serbia, which considers Kosovo the heart of its ancient homeland and insists that it remain part of Serbian territory. Kosovo's ethnic Albanian majority has been pushing for outright independence."

Japanese Decentralization Said To Leave Rural Areas Without Economic Support. A front-page New York Times (1/27, Onishi) piece highlights the Japanese city of Yubari as an example of Tokyo's attempts to "hew to its new policy of weaning rural Japan from the central government." Noting Yubari's bankruptcy because of "poorly thought-out" tourist attractions, the Times says the "imminent drop in the quality of life has led to recriminations and finger-pointing: at local politicians for lack of foresight, at Tokyo for feeding the rural addiction to public works." The national

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government's "attitude has led to anger that the central government is singling out Yubari as a warning to the countless other Yubaris across Japan. If the Yubaris can no longer count on the government to rescue them, the reasoning goes, they will start cutting costs on their own."

US Ambassador To Venezuela Tries To Cool Rhetoric But Says "Bags Are Packed." A brief item in the New York Times (1/27, A10, Romero) reports, "Diplomatic relations with the United States appeared to become more fragile as" Ambassador to Venezuela William Brownfield "responded to a threat of expulsion from President Hugo Chávez by saying, 'My bags are always packed and ready.'" Brownfield "also emphasized that he hoped to avoid further confrontation and to focus instead on issues of political and economic importance to both Caracas and Washington."

Eagleburger Discusses Chavez "Threat." Asked on Fox News (1/26, Asman) how big a "threat" Chavez poses to the US, ex-Secretary of State Lawrence Eagleburger said, "Depends on what you mean by a threat. There's no question that he could make life difficult for us in that part of the world and he could make life difficult for us with some of the nonaligned, for example. … His ability to appeal to the Venezuelan people is a classic case of Latin American sort of a leader of this kind, this crazy kind if you will, and it only works so long as the populace of Venezuela sees some ability for a better standard of living. If at some point the economy really gets very bad, Chavez's popularity within the country will certainly decrease. And it's the one weapon we have against him to begin with…namely the economic tools of trying to make the economy even worse so that his appeal in the country and in the region goes down."

WPost Says Chavez's Attempt To Broaden Influence May Be Harmful. In an editorial today, the Washington Post (1/27, A18) touts "a remarkable year of democracy in Latin America" but says 2007 "has begun with attention focused on a handful of countries where democracy is dead, dying or in danger." Chavez "began his term this month with a flurry of authoritarianism," and "then rushed to attend the inaugurations of Nicaragua's Daniel Ortega and Ecuador's Rafael Correa, whom he hopes to convert into satellite leaders in a Venezuelan-led 'socialist' bloc. Bolivia's Evo Morales and an ailing Fidel Castro are already in Mr. Chavez's orbit; thanks to Venezuela's petrodollars, Cuba's totalitarian system may survive Mr. Castro's demise." Noting these leaders' recent actions, the Post concludes, "Ortega may understand something that [Chavez] and his would-be followers have yet to learn: Socialist economics are a recipe for impoverishment, while political power grabs tend to boomerang. The mini-bloc of Latin outliers poses little threat to the United States or the region's overall stability. But even as their neighbors consolidate democratic institutions and unprecedented prosperity, the people of Venezuela, Bolivia, Ecuador and Cuba may be headed for a miserable year."

"Turmoil" In Bolivian Politics Said To Endanger Morales. An extensive Los Angeles Times (1/27, McDonnell) piece previews the second year of Evo Morales' "embattled" presidency in Bolivia. Some "recent turmoil in" former Morales strongholds "has raised new questions about his leftist government's ability to serve out its five-year mandate." Although "a sense of normalcy has returned to Cochabamba" and other areas, "the paroxysm of rage has reverberated in national politics at a time when Morales' 'democratic revolution' was already facing fierce resistance." The Times adds, "Bolivia has a long history of forced ousting of governments, including many military coups. Morales won the presidency after protests chased out two previous presidents," and "even some of his longtime supporters have assailed the president for failing to quell the festering crisis in Cochabamba and instead opting to heap the blame elsewhere — mostly on his chief political rival here, Gov. Manfred Reyes Villa, a once-defeated presidential candidate now seemingly positioned for a future run."

Ghanaians Said To "Pressure" Annan To Seek Presidency. Under the headline, "Ghana Looks To Annan To Lead," the Washington Times (1/27, Palmer) reports, "If Kofi Annan's compatriots have their way, his retirement from the United Nations will have less to do with golf and grandchildren and more to do with presidential politics." Annan "sounded every bit like a candidate this week as he gave his first public address since stepping down as U.N. secretary-general last month." He "spoke of the promise of Africa, the spirit of change and prosperity enveloping the continent and the continued challenges that hamper its development. … The only thing he didn't say would be the words many Ghanaians long to hear -- that he will run in next year's presidential elections." Annan "has explicitly and repeatedly denied having any interest in turning to politics. He has said previously that he will split his time between his West African homeland and Sweden, the birthplace of his wife, Nane Maria." However, the Times adds, "With a hero's welcome and a reception far warmer than any visiting head of state, Mr. Annan has been getting not-so-subtle pressure from all quarters of his birth country."

UN General Assembly Backs Rejection Of Holocaust Denials. The Washington Post (1/27, Brubaker, 690K) reports the UN General Assembly ratified "a resolution, drafted by the United States and co-sponsored by 103 countries, that condemns denials of the Holocaust. The resolution came six weeks after a conference in Tehran,

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organized by Iranian President Mahmoud Ahmadinejad, questioned whether six million Jews were exterminated during World War II." For its part, Tehran "disassociated itself from [the] resolution, calling it a political exercise to deflect attention from Israel's 'atrocious' crimes." Acting Ambassador Alejandro Wolff "told reporters he was disappointed that more of the 192 U.N. delegates did not attend today's General Assembly session. 'Those who would deny the Holocaust -- and, sadly, there are some who do -- reveal not only their ignorance but their moral failure as well,' Wolff said in a statement."

Vaccine Alliance Pledges To Boost Retention Of Local Healthcare Professionals. The Los Angeles Times (1/27, Piller) notes the GAVI Alliance said yesterday "that it would commit $500 million over three years to strengthen healthcare systems and train health workers in developing nations, addressing a key problem for implementing its vaccination programs." The GAVI Alliance "is moving to counter a massive outflow of health workers in developing nations where its training and immunization programs have proved most effective. Doctors and nurses, particularly from Africa, often seek higher wages in developed nations that also face shortages of health professionals." The Times adds that GAVI "is a partnership that includes national governments, the United Nations, World Bank, the vaccine industry and the Bill & Melinda Gates Foundation," and says GAVI "has prevented 2.3 million deaths from diseases for which vaccines are available, including 600,000 lives saved last year, according to World Health Organization data released today."

Experts Believe Pyongyang Seeks Strong Ties With Washington. In an op-ed in today's Washington Post (1/27, A19), former State Department analyst Robert Carlin and Stanford University professor John Lewis write, "Those who think that dealing with North Korea is impossible are wrong. Unfortunately, those who think that it is, in fact, possible to deal with North Korea often are not much closer to the truth. The basic problem is that people of both views simply haven't figured out what it is that the North really wants." Discounting the economic "carrots" and "political steps" frequently offered to Pyongyang, Carlin and Lewis say of the Kim regime, "Above all, it wants, and has pursued steadily since 1991, a long-term, strategic relationship with the United States. This has nothing to do with ideology or political philosophy. It is a cold, hard calculation based on history and the realities of geopolitics as perceived in Pyongyang. The North Koreans believe in their gut that they must buffer the heavy influence their neighbors already have, or could soon gain, over their small, weak country." Seeking strong ties with Washington "is hard for Americans to understand," but Pyongyang dislikes the six-party process because those talks "are a microcosm of the strategic world it most fears. Three strategic foes -- China, Japan and Russia -- sit in judgment, apply pressure and (to Pyongyang's mind) insist on the North's permanent weakness."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Football Star's Alleged Tie To Agency May Hurt USC."
"Bush Defends New Policy On Iranians."
"Obama's Entry Into Politics Recalled."
"Inmates Resist Out-Of-State Transfers."

New York Times:
"Intel Says Chips Will Run Faster, Using Less Power."
"For Former Foster Care Youths, Help To Make It On Own."
"Preparations Set, Giuliani Now Faces A Big Choice."
"A Contrarian View: Save Less, Retire With Enough."
"Tokyo Cuts Aid, And Hinterland Withers In Japan."
"Illegal Sublets Put Private Eyes On The Case."

Washington Post:
"Woe Unto Tysons Commuters."
"Bush Defies Lawmakers To Solve Iraq."
"Coast Guard Cited In Report On Flawed Ship."
"Bush's Climate Remarks Weighed For Policy Shift."
"A Culinary And Cultural Staple In Crisis."
"Pollin Asks D.C. To Pay For Verizon Center Renovations."

Washington Times:
"Gates Warns Congress On Iraq Opposition."
"Chinese Colonel Sees Arms In Space."
"Chavez Threatens To Expel 'Meddling' U.S. Ambassador."
"High Schools Eyed In No Child Left Behind Renewal."
"Ghana Looks To Annan To Lead."
"Fairfax Leads In Good Jobs."

Detroit Free Press:
"Living Without The Lodge."
"Parents Fight To Keep Schools Open."
"Can GM Make Hip Happen?"
"Wiz Kids Work Winning Magic."

Atlanta Journal-Constitution:
"Proposed Laws Target Teenagers."
"Zoo May Move To Lakewood."
"Boys Plead Guilty In Puppy Case."
"Daughter Held Hostage."
"Cobb To End Pre-K Program."
"Missing Boy Safe."

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Dallas Morning News:
"Toll Plaza May Stop Taking Cash."
"Family's Mercy Draws Apology From Killer."
"Phillips Touts Winning Record."
"Celina Couple Beaten; Grandson Sought."
"Toddler May Be Among 2 Victims Of Fire."
"Dallas Officer Charged With Assault After Fight With Wife."
"Black Tarleton Grad Says He Started MLK Party."

Houston Chronicle:
"Death Row Retardation Appeals Remain In Limbo."
"Learn How To Become A YouTube Viral Video Star."
"McGrady Paces Easy Win For Rockets Over Blazers."
"Drugs Mar Sunnyside Revitalization, Residents Say."
"1st Of 4 Mission Spacewalks Set For Wednesday."
"Serial Rapist Targets Southwest Houston Women."
"Humble Man Shot, Accused Of Ramming Police."
"Williams Powers Past Sharapova For 8th Major."
"Lopez: Sweat And Toil Make Biggio An Icon."
"Craddick's Committee List Called 'Retaliation.'"

Story Lineup From Last Night's Network News:
ABC: Iranians Aiding Iraqi Insurgents; Insurgents Attacks Troops In Karbala; Senate Confirms Petraeus; Litvinenko Death Investigation; Trouble In Gaza; Housing Market Slump; Homelessness; Mammograms; "Dreamgirls" Actress.
CBS: Bush Defends Iraq Plan; Pelosi Meets Maliki; Insurgents Attacks Troops In Karbala; Violence In Iraq; Litvinenko Death Investigation; Smoking Addiction; Heating Fuel Market; Cervical Cancer Vaccine; Houston Teachers Divided About Bonus; Doctor Profile.
NBC: Bush Defends Iraq Plan; Violence In Iraq; A Look At Soldiers In Iraq; American Politics; Mixed Economic Forecast; Pilots With Guns; Homelessness; Community Grocery Store.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — 7:15 p.m. Attends the Alfalfa Club Dinner. Capital Hilton. Closed press.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: ANTIWAR MARCH _ United for Peace & Justice, MoveOn.org, the National Organization for Women, labor unions, others, participate in an anti-war rally and march. Location: Rally on National Mall at 3rd Street. Organizers have applied for a permit for a march route that proceeds east on Constitution Avenue, south on First Street, west on Independence Avenue and returning to the Mall at conclusion. Contacts: Hany Khalil, 212-868-5545 Notes: Rally begins at 11 a.m. March begins at 1 p.m.

CONSERVATIVE SUMMIT _ The National Review Institute hosts its Conservative Summit. Topics include: Debates on the war in Iraq, the role of the Religious Right, immigration, and energy policy; panels on foreign policy, social issues, domestic policy, small government, and quotas, blacks, and the GOP. Location: JW Marriott, 1331 Pennsylvania Ave. NW. Contacts: Kristina Graboski, 703-683-5004 ext 132.

HEALTH CARE _ Families USA holds its annual Health Action Conference. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW. Contacts: Dave Lemmon, 202-628-3030.

AUTO SHOW _ 2007 Washington Auto Show. Location: Washington Convention Center. Contacts: Barbara Pomerance, 404-557-7200.

INSIDER TRADING _ The George Mason University School of Law hosts a Journal of Law and Economic Policy symposium titled, "Perspectives on Insider Trading." The event will gather expert practitioners, academics and policymakers to discussions a variety of viewpoints on insider trading. Location: George Mason University School of Law, 3301 Fairfax Drive, Arlington, Va. Contacts: Ginny Smith, 703-993-8007.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, January 29, 2007 8:18 AM
To:	USDOJ- Office of Public Affairs
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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Sen. Specter Presses Gonzales On Surveillance Program (HILL)

By Elana Schor

The Hill, January 26, 2007

Sen. Arlen Specter (Pa.), the Judiciary Committee's ranking Republican, initiated a fast-paced oversight inquiry late Friday, asking Attorney General Alberto Gonzales for a Monday meeting to explain reports of controversial legal maneuvers employed by the Justice Department in civil lawsuits against the Bush administration's warrantless surveillance program.

Justice officials have blocked access to court filings in several suits against the warrantless surveillance conducted by the National Security Agency, on the grounds that the information to be filed is classified, according to report in Friday's New York Times.

Although the administration is seeking dismissal of one court challenge to the surveillance, citing a White House announcement last week that future wiretapping efforts will be conducted only with a judge's consent, senators from both parties are skeptical that the move eliminates the need for future oversight.

In a Friday letter to Gonzales, Specter voiced "deep concern" about what he deemed "extraordinary procedures" allegedly utilized by Justice.

"If the Times story is correct, the Department of Justice may have a conflict of interest in limiting access to key evidence on national security grounds as a means of controlling the outcome in these cases and obstructing the federal courts in their adjudications," Specter wrote, adding that he had attempted to reach Gonzales by phone before drafting the letter.

Specter made the request of Gonzales without the signature of Judiciary Chairman Patrick Leahy (D-Vt.), who is out of the country, according to the letter. "…I believe he would authorize" a request for Gonzales' presence on the Hill during the Senate's next business day, Specter wrote.

Rockefeller Says He May Subpoena Documents On Spying (BLOOM)

By Jeff Bliss

Bloomberg, January 26, 2007

Jan. 26 (Bloomberg) -- Senate Intelligence Committee Chairman Jay Rockefeller said he may subpoena Bush administration documents on its controversial domestic surveillance program.

Rockefeller, a West Virginia Democrat, vowed he'll get details on a secret court's approvals of the program that targets suspected al-Qaeda members in the U.S.

``I don't trust what they're doing," Rockefeller said in an interview on ``Political Capital With Al Hunt" airing this weekend on Bloomberg TV. ``If I can't get the information," he said, ``I will not shy away from subpoenaing" it.

The Justice Department on Jan. 17 publicly reversed its opposition to letting the Foreign Intelligence Surveillance Court supervise the eavesdropping yet has declined to say how that oversight works.

Rockefeller said it's ``not acceptable" if the court doesn't review each instance of the electronic surveillance carried out by the National Security Agency.

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``In the end, every single wiretap has to have a warrant," he said. ``I can't trust" what the administration says.

The Justice Department indicated Jan. 24 that it was reluctant to share the rulings.

``The executive branch does not publicly release classified information concerning methods, means and operational details of ongoing, clandestine surveillance activities," department lawyers wrote in court papers filed with the 6th U.S. Circuit Court of Appeals in Cincinnati. ``More to the point, the longstanding practice is that FISA Court orders remain classified and not subject to public dissemination," they wrote.

Revelations about the program in December 2005 caused a public furor over privacy rights and led to calls that the program be disbanded.

Provoking Iran

Rockefeller also said he suspects that Vice President Dick Cheney and other administration officials are trying to provoke a military conflict with Iran.

``I don't know that, but I assume that," he said.

The senator said he's skeptical that President George W. Bush's program to kill Iranian operatives in Iraq has uniform support within the administration.

``The president has given the order," Rockefeller said. ``I'm not sure that it's even clear within the administration that it's a justified policy."

`We Will Stop Them'

Bush said today he's given the go-ahead for the military to stop suspected Iranian agents in Iraq from attacking civilians or American troops.

``If somebody is trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, we will stop them," Bush told reporters after meeting with his top military commanders at the White House.

Bush backed the killings as a way of putting pressure on Iran to stop aiding Iraqi Shiite militias who are taking part in the country's sectarian fighting, according to a story in today's Washington Post. Some administration officials are concerned the program will prompt Iran to retaliate with similar actions against U.S. forces, the paper said.

Rockefeller saved some of his harshest criticism for Cheney, who he said tried to block the committee's efforts to get information on intelligence operations.

``He's doing everything possible to stop that," he said.

A spokeswoman for Cheney couldn't be reached immediately for comment.

Rockefeller said he hopes the next administration will be headed by someone who ``can do as good or better a job."

While declining to make an endorsement, he said he wouldn't discount first-term Democratic Senator Barack Obama of Illinois, who said Jan. 16 that he's exploring a presidential bid.

``Experience is incredibly important," Rockefeller said. ``It also can be overrated."

What's more important is a president ``who is very bright, somebody who in this town can so easily surround himself with incredibly thoughtful people who are wise," he said.

ACLU Wants Access To Sealed Wiretap Filings (LAT)

By Henry Weinstein

The Los Angeles Times, January 27, 2007

The American Civil Liberties Union asked a federal court Friday to unseal secret documents filed by the Bush administration in support of its warrantless domestic surveillance program.

The administration announced last week that it was suspending the electronic surveillance program and says the ACLU case challenging its constitutionality should therefore be dismissed. It has filed some of its arguments under seal, preventing the ACLU from seeing them.

A hearing on the case is scheduled for Wednesday at the U.S. 6th Circuit Court of Appeals in Cincinnati.

In August, U.S. District Judge Anna Diggs Taylor in Detroit held that the wiretapping program violated the 1st and 4th Amendments, which respectively protect free speech and prohibit unlawful searches.

The government appealed and Taylor's ruling was stayed pending the appeal, which is to be heard by a three-judge panel.

Last week, Atty. Gen. Alberto R. Gonzales announced that the administration had suspended the program. He also announced that the court set up by the Foreign Intelligence Surveillance Act had issued secret orders Jan. 10 approving the surveillance.

Justice Department officials have declined to say whether the FISA court approved a specific warrant or approved the surveillance program in broad terms.

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U.S. officials have said that under the secret program, the National Security Agency electronically monitored telephone calls and e-mails between people in the U.S. and those in foreign countries suspected of having ties to terrorist organizations.

On Thursday, Justice Department attorneys filed a motion at the 6th Circuit, asking the court to drop further consideration of the case.

The lawsuit "no longer has any live significance," said a brief filed by six department attorneys led by Solicitor General Paul D. Clement.

"The surveillance activity they challenge … does not exist. And the specific relief they sought and were awarded … cannot redress any claimed injury because no electronic surveillance is being conducted under the [Terrorist Surveillance Program]."

The Justice Department also said that the secret intelligence court was reviewing the program and that it would oppose release of the Jan. 10 authorization order. "The long-standing practice is that FISA court orders remain classified and not subject to public dissemination," the Justice Department said in its brief.

ACLU attorneys, led by Associate Legal Director Ann Beeson, emphasized in their filing Friday that President Bush still claimed he retained the "inherent authority" to engage in wiretapping without FISA court oversight.

"Presumably to protect that supposed power, the government has declined to stipulate that it will comply with the district court's injunction in this case, which merely requires the government to comply with FISA," Beeson wrote. "Moreover, while a judge on the Foreign Intelligence Surveillance Court has apparently approved some form of the government's spying program, the government has refused to disclose the [FISA] judge's orders. Whatever those orders do, they do nothing to resolve the ultimate issue in this case: whether the president may lawfully conduct electronic surveillance outside of FISA.

"The government cannot have it both ways," Beeson wrote. "It cannot argue that the case is moot because the government is currently in compliance with FISA, and at the same time expressly retain the authority to violate FISA tomorrow. Because nothing prevents the government from ignoring FISA's requirements after the threat of this litigation has passed, the government has failed to satisfy its heavy burden of showing that this case is moot," Beeson added.

In addition, Beeson wrote that without more information about what the FISA court had authorized, there was no means of determining whether the National Security Agency's current activities were lawful.

Twice in the last week, the government informed the ACLU that it had filed secret material in the case, disclosing only that it bore on the case. On Friday, Beeson asserted that those materials were improperly classified and should be made available to the ACLU in order to give the organization an adequate opportunity to respond.

"Recognition of the 1st Amendment right of access is of particular importance" in this case "because of the extraordinary public interest, and significance of, the issues presented in this appeal," Beeson wrote. "The secrecy surrounding the FISA judge's Jan. 10 orders, and the government's continued assertion of authority to disregard FISA and the Constitution, have only deepened public interest and concern."

Along the same line, the ranking Republican on the Senate Judiciary Committee, Arlen Specter of Pennsylvania, sent a letter Friday to Gonzales asking for a meeting on the issue and expressing "deep concern … about extraordinary procedures taken by the Department of Justice in the 6th Circuit" and in another case involving the Terrorist Surveillance Program pending in U.S. District Court in Portland.

"The Department of Justice may have a conflict of interest in limiting access to key evidence on national security grounds as a means of controlling the outcome of these cases and obstructing the federal courts in their adjudications," Specter said in the letter.

ACLU Keeping Spy Case Alive (AP)

AP, January 27, 2007

U.S. argues challenge to domestic surveillance moot, court now monitors it

CINCINNATI - The American Civil Liberties Union on Friday urged a federal appellate court to keep alive its challenge to the Bush administration's domestic spying program, saying the president still asserts the authority for the warrantless surveillance.

The Bush administration said Thursday the case is moot and should be dismissed because a secret court now monitors the surveillance.

``The government continues to insist, however, that the president had and continues to have the authority to conduct the program outside'' the secret court, said an ACLU brief filed with the 6th U.S. Circuit Court of Appeals in Cincinnati.

The government appealed to the court after a federal district judge ruled that the program was unconstitutional. Oral arguments are set for Wednesday.

U.S. Attorney General Alberto Gonzales said the secret panel of judges who oversee the Foreign Intelligence Surveillance Act is reviewing and approving applications to spy on people believed to be linked to al-Qaida.

``There is, therefore, no longer any live genuine controversy to adjudicate," the Justice Department wrote in its brief filed Thursday.

But the ACLU said that without more information about what the secret court has authorized, it can't determine if current activities are lawful. It said the Bush administration might return to surveillance outside the secret panel without a court order against it.

The ACLU also asked the court Friday to make public or give ACLU lawyers access to secret materials in the case filed by the government as classified.

The National Security Agency program, secretly launched in 2001, monitors international phone calls and e-mails to or from the United States when one party is believed to have terrorist links. It became public in December 2005.

The administration says the program has been an important tool in the fight against terrorism and has helped prevent attacks.

The ACLU sued last year, and a federal judge in Detroit ruled in August that the program was unconstitutional, violating free speech and privacy rights and the separation of powers. A 6th Circuit panel in October ruled that the administration could keep the program in place while it appealed.

The Bait-and-Switch White House (NYT)

The New York Times, January 27, 2007

We often wonder whether there is a limit to the Bush administration's obsession with secrecy, its assault on the rule of law, its disdain for the powers of Congress, its willingness to con the public and its refusal to heed expert advice or recognize facts on the ground. Events of the past week suggest the answer is no.

In his State of the Union speech, Mr. Bush stuck to his ill-conceived plans for Iraq, but at least admitted the situation was dire. He said he wanted to work with Congress and announced a bipartisan council on national security.

That lasted a day. By Wednesday evening, Vice President Dick Cheney was on CNN contradicting most of what Mr. Bush had said. We were left asking, once again, Who exactly is running this White House?

While Mr. Bush has been a bit more forthright lately about how badly things have gone in Iraq, Mr. Cheney spoke of "enormous successes" there and refused to pay even curled-lip service to consulting Congress. Whatever votes Congress takes on Iraq, Mr. Cheney said, "it won't stop us."

Whenever the vice president does this sort of thing, and it's pretty often, Americans are faced with an unpleasant choice: Are Mr. Bush and Mr. Cheney running a bait-and-switch operation, or does the vice president simply feel free to cut the ground out from under Mr. Bush?

All of that was distressing enough. But in Friday's Times, Adam Liptak gave an account of the way the administration — after grandly announcing that it was finally going to obey the law on wiretapping — is trying to quash lawsuits over Mr. Bush's outlaw eavesdropping operations by imposing outrageous secrecy and control over the courts.

Justice Department lawyers are withholding evidence from plaintiffs and even restricting the access of judges to documents in cases involving Mr. Bush's decision to authorize the warrantless interception of e-mail and phone calls. In one suit, Justice Department lawyers tried to seize computers from the plaintiffs' lawyers to remove a document central to their case against the government.

In response to these and other serious concerns, the Justice Department offered only the most twisted excuses, which a federal judge rightly compared to "Alice in Wonderland."

When government lawyers tried to take back a document that has circulated around the world, the judge asked a Justice Department lawyer, "Who is it secret from?" The answer: "Anyone who has not seen it."

These are not isolated events. The government has made the same Orwellian claims of secrecy in a lawsuit over the president's decision to create secret C.I.A. prisons for terrorism suspects. Attorney General Alberto Gonzales routinely stonewalls legitimate Congressional requests for documents and information on a wide range of issues. He negotiated a secret agreement to give supposed judicial oversight to Mr. Bush's wiretapping program, with a court that does not permit anyone into its hearings to argue against the government.

Mr. Bush and Mr. Cheney claim that they are protecting the powers of the presidency. At least that's the bait they use to explain their trampling on civil liberties and the constitutional balance of power. But by abusing the government's legitimate right to claim secrecy in court hearings, they will make it harder for other presidents to do that when it is actually justified. And with that switch, they have done grievous harm to the credibility of the Oval Office and the country.

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Tardy Compliance (WT)

By Jacob Sullum

The Washington Times, January 27, 2007

The skeptics who doubt that 21,000 more troops will be the difference between war and peace in Iraq may be underestimating the Bush administration, which recently demonstrated it can do the impossible. This month, after violating the Foreign Intelligence Surveillance Act (FISA) by eavesdropping on Americans without warrants for five years because obtaining judicial approval would have endangered national security, the administration somehow found a way to obey the law without sacrificing our safety.

By exposing the hollowness of President Bush's national security justification, his tardy compliance with FISA demonstrates more contempt for the rule of law than continued defiance would have. Since the National Security Agency's warrantless surveillance program was publicly revealed in December 2005, the administration has maintained "it was absolutely necessary to protect the security of our country," as Attorney General Alberto Gonzales told the Senate Judiciary Committee on Jan. 18. Now we know that's not true.

From now on, Mr. Gonzales said, NSA surveillance of international e-mail and phone calls involving people on U.S. soil "where there is probable cause to believe that one of the communicants is a member or agent of al Qaeda or an associated terrorist organization" will be "subject to the approval of the FISA court." Although the Bush administration publicly insisted for a year that such a concession would compromise national security, Mr. Gonzales promised "the country will not be any less safe" now that the president has deigned to follow the law.

According to Mr. Gonzales, the Justice Department managed to square this circle by coming up with a "complicated" and "innovative" approach that complies with FISA yet allows the "speed and agility the government needs to protect our nation from the terrorist threat." Since the statute explicitly permits retroactive approval of surveillance in emergencies up to 72 hours after the fact, it's not clear what additional leeway the government thought it needed.

Nor is it clear how the government was able to get that extra flexibility without asking Congress to change the law (something Congress has been happy to do in the past). Mr. Gonzales refused to clarify whether the FISA court orders cover particular individuals (as the Justice Department has implied), groups of suspects or the program as a whole, although it's hard to see how answering that question would jeopardize national security.

Mr. Gonzales also failed to explain why complying with FISA was not possible until now. Although Bush administration officials discussed it "from time to time" over the years, he said, negotiations with the FISA court did not begin until 2005, in response to "the concerns raised" by members of Congress who knew about the program before the New York Times publicly disclosed its existence. He insisted the administration's reversal had nothing to do with the Times story, the ensuing criticism, or the lawsuits challenging the program's legality.

Whether you buy that or not, the reason for the delay in complying with FISA is clear: When it comes to fighting terrorism, the president considers obeying the law optional. As Mr. Gonzales emphasized, the administration still maintains the president is not obligated to follow FISA; he is doing so only because he has decided that "involving all branches of government on such an important program is best for the country." Given the president's view of his "inherent" powers, he could go back to evading the courts and flouting the will of Congress any day.

Mr. Bush is vague about the limits of the powers he claims -- whether, for instance, they include the authority unilaterally to order the opening of mail or the surveillance of purely domestic phone calls. Worse, he asks us to accept blindly his word that in any given case the terrorist nexus that supposedly justifies these extraordinary measures is in fact present. The danger of such unchecked power is the reason that, under our Constitution, "involving all branches of government" is not just a good idea; it's the law.

Jacob Sullum is a nationally syndicated columnist.

Limits On Power? Bush Won't Hear Of It (HONADV)

Honolulu Advertiser, January 27, 2007

Americans who are worried about the Bush administration's tight grip on the reins of power can't be happy with the news from Capitol Hill.

First, the president signals that he's now ready to end the practice of conducting warrantless wiretapping, announcing that any such operations will now meet requirements for court orders under the Foreign Intelligence Surveillance Act. This administration's turnabout resulted from negotiations with the FISA court.

But just when some critics felt ready to turn handsprings, others — including several U.S. senators — fired off pointed questions.

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New York's Democratic Sen. Charles Schumer asked whether these warrants were blanket approvals or broad brushstrokes enabling generic roundups.

Attorney General Alberto Gonzales owes us an answer.

In later grillings about federal prosecution of terrorists, Gonzales' message to the Senate was clearer — but even more disturbing. Habeas corpus — the right to go to federal court and challenge one's imprisonment — is not protected by the Constitution.

Even veteran Pennsylvania Republican Sen. Arlen Specter was incredulous, quoting a section in the Constitution barring suspension of habeas. How, he argued, can you ban the suspension of a right that doesn't exist?

Good question.

If the voters tried to communicate a need for some limits to executive power, the president wasn't hearing it.

Editorial: A Stunning Assertion (SACBEE)

The Sacramento Bee, January 27, 2007

Yes, the right of habeas corpus does exist

It's been part of the Anglo-American legal tradition since the Magna Carta in 1215. And the U.S. Constitution explicitly says that it cannot be suspended, except in the case of rebellion or invasion. Yet Attorney General Alberto Gonzales told the Senate Judiciary Committee this week that he believes people in the United States have no constitutional right to habeas corpus.

The writ of habeas corpus -- literally, "produce the body" -- has been a bulwark of personal liberty for more than 800 years. It requires that any time a person is detained, the government must produce the prisoner in person and state why he or she is being detained. A person taken into custody must either be charged or released.

But there was Gonzales, testifying before the Judiciary Committee that "there is no express grant of habeas in the Constitution; there is a prohibition against taking it away."

Sen. Arlen Specter, R-Pa., was flabbergasted: "Now, wait a minute. Wait a minute. The Constitution says you can't take it away, except in the case of rebellion or invasion. Doesn't that mean you have a right of habeas corpus, unless there is an invasion or rebellion?"

Gonzales dug in: "I meant by that comment, the Constitution doesn't say, 'Every individual in the United States or every citizen is hereby granted or assured the right to habeas.' It doesn't say that."

Specter was justifiably appalled: "You may be treading on your interdiction and violating common sense, Mr. Attorney General."

Unfortunately, this was not merely a theoretical exchange. The Bush administration already has been detaining people without charge. For example, Jose Padilla, a U.S. citizen, was detained in 2002 at a Chicago airport and then held for 3½ years without charges at a U.S. Navy brig in South Carolina.

The Bush administration forces us to learn anew the hallowed principles of our legal tradition -- and to defend them. Habeas corpus continues to be a basic human right worth fighting for -- to prevent a king or any government from arbitrarily throwing people into prison without charges.

Canada To Pay $9.75 Million To Man Tortured In Syria (NYT)

By Ian Austen

The New York Times, January 27, 2007

OTTAWA, Jan. 26 — Maher Arar, the Canadian software engineer who was detained by American officials in 2002 and deported to Syria, where he was jailed and regularly tortured, will receive 11.5 million Canadian dollars ($9.75 million) in compensation from the Canadian government, under a settlement announced Friday.

The compensation ends a lawsuit brought by Mr. Arar and follows a recommendation from a judicial inquiry into his case. That inquiry said the expulsion to Syria was caused by false assertions made by the Canadian police to United States officials, saying that Mr. Arar was an Islamic extremist linked to Al Qaeda.

Mr. Arar, traveling on a Canadian passport, was pulled aside by immigration agents in New York as he changed planes on his way home to Ottawa from Tunisia. He was instead flown to Syria, his birthplace.

The Canadian judicial inquiry cleared Mr. Arar of any terrorism connections in September 2006, and concluded that anonymous Canadian officials had orchestrated a defamation campaign against him after his return from Syria in October 2003.

As he announced the settlement on Friday, Prime Minister Stephen Harper offered a formal apology to Mr. Arar and his family for their “terrible ordeal.”

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Mr. Arar, whose career was destroyed by the episode and who has suffered emotional problems since returning to Canada, said the government's apology was more important for him than the financial settlement.

"The government of Canada and the prime minister have acknowledged my innocence," Mr. Arar told a news conference. "This means the world to me."

After apologizing, Mr. Harper renewed calls for the United States to remove Mr. Arar from its terrorist watch list. "Canada fully understands and appreciates and shares the United States' concerns with regard to security," he said. "However, the Canadian government has every right to go to bat when it believes one of its citizens has been treated unfairly by another government."

The case has strained the otherwise cordial relationship between Mr. Harper's Conservative government and the Bush administration.

Attorney General Alberto R. Gonzales and Michael Chertoff, the homeland security secretary, have told Canadian officials that Mr. Arar is still on the watch list because of independent information about him obtained independently by law enforcement agencies in the United States.

After reviewing a confidential file concerning Mr. Arar, however, Stockwell Day, Canada's public safety minister, said that it contained "nothing new" that justified blocking Mr. Arar from entering the United States.

This week, David H. Wilkins, the United States ambassador to Canada, publicly rebuked Mr. Day. "It's a little presumptuous for him to say who the United States can and cannot allow into our country," Mr. Wilkins said at a news conference in Edmonton, Alberta.

Mr. Arar has been unemployed since his ordeal in Syria, where he had been held for 10 months in a 3-by-6-foot cell and beaten repeatedly, often with a frayed electrical cable.

According to Mr. Harper, the settlement amount was based on an estimate of what a court would award Mr. Arar, and includes about $850,000 for legal costs.

Mr. Arar said: "I wish money could buy my life back. That's my biggest wish."

He has also sued American officials and agencies. A United States District Court judge in Brooklyn dismissed the suit last February, largely on jurisdictional grounds, but the decision is being appealed.

Tortured Man Gets Apology From Canada (WP)

By Doug Struck

The Washington Post, January 27, 2007

MONTREAL, Jan. 26 -- The prime minister of Canada apologized Friday to Maher Arar and agreed to give $9 million in compensation to the Canadian Arab, who was spirited by U.S. agents to Syria and tortured there after being falsely named as a terrorism suspect.

Arar, 36, a former computer engineer who was detained while changing planes at a New York airport in 2002 and imprisoned in a Syrian dungeon for 10 months, said after the announcement that he "feels proud as a Canadian."

"We cannot go back and fix the injustice that occurred to Mr. Arar," Prime Minister Stephen Harper said in issuing the formal apology in Ottawa. "However, we can make changes to lessen the likelihood that something like this will ever happen again." The head of the Royal Canadian Mounted Police resigned over the affair, and the government has pledged to increase oversight of its intelligence agencies.

Harper and Arar both criticized the United States for its refusal to accept the exhaustive Canadian inquiry that found Arar was an innocent man. Public resentment in Canada has swelled this week over U.S. officials' insistence that Arar should remain on its "watch list" of potential suspects, as well as the testy comments of U.S. Ambassador David Wilkins, who said Canada had no business questioning who was on the list.

The United States has never acknowledged it made a mistake in the Arar case, which has become one of the most public embarrassments in the U.S. practice of "extraordinary rendition" of suspects to other countries for interrogation and imprisonment. Last week, Sen. Patrick J. Leahy (D-Vt.) demanded an explanation for the administration's stance. He complained that American officials "knew damn well, if he went to Syria, he'd be tortured. It's beneath the dignity of this country to send somebody to another country to be tortured."

The financial compensation settles a claim Arar made against the government for having provided exaggerated and false information to the United States that identified him as a terrorist suspect. Harper said the amount "is within this government's realistic assessment of what Mr. Arar would have won in a lawsuit." His attorneys also were awarded about $870,000 in legal fees.

"The evidence is clear that Mr. Arar has been treated unjustly. He should not be on a watch list," Harper said.

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Reacting at a separate news conference in Ottawa, Arar thanked Canadians for siding with him in the campaign, which he began with a news conference when he was finally returned from Syria uncharged.

"I cannot begin to tell you how important it is today that Prime Minister Harper and his government have followed through" on the recommendations of the inquiry commission, he said. "In doing so, the government of Canada and the prime minister have acknowledged my innocence. This means the world to me."

"The struggle to clear my name has been long and hard," he said. "My kids have suffered silently, and I think I owe them a lot. I feel now I can devote more time to them, more time for being a good father and to rebuild my life."

Canada Compensates Man U.S. Deported To Syria (AP)

AP, January 26, 2007

OTTAWA, Canada (AP) -- Canada's prime minister apologized to Maher Arar on Friday and announced the government would compensate him C$10.5 million (US$8.9 million) for its role in his deportation from the U.S. to Syria, where he was tortured while held in prison for nearly a year.

Prime Minister Stephen Harper again called on the U.S. government to remove the Ottawa telecoms engineer from any of its no-fly or terrorist watchlists and reiterated that Ottawa would keep pressing Washington to clear Arar's name.

"We think the evidence is absolutely clear and that the United States should in good faith remove Mr. Arar from the list," Harper told a news conference in Ottawa. "We don't intend to either change or drop our position."

The U.S. government has repeatedly insisted it has reasons to leave the 37-year-old on its watchlists. The issue has grown into an unpleasant diplomatic row between the world's largest trading partners and closest allies.

The Syrian-born Arar, who moved to Canada with his family when he was 17, is the best-known case of rendition, a practice in which the U.S. government sends foreign terror suspects to third countries for interrogation.

Arar thanked the Canadian government at a news conference Friday.

"The struggle to clear my name has been long and hard; my kids have suffered silently and I feel that I owe them a lot," said Arar, who also thanked Canadians for standing by him.

"Without the support of the Canadian people, I may never have come home and I would not have been able to stay strong and push for the truth," he said.A 'terrible ordeal'

Arar was detained at New York's John F. Kennedy Airport in 2002 during a stopover on his way home to Canada from a vacation with his family in Tunisia.

He said he was chained and shackled by U.S. authorities for 11 days during interrogation and then flown to Syria, where he was tortured and forced to make false confessions.

He was released 10 months later, with Syrian officials saying they had no reason to hold him further.

"On behalf of the government of Canada, I want to extend a full apology to you and Monia as well as your family for the role played by Canadian officials in the terrible ordeal that you experienced in 2002 and 2003," Harper said. Arar and his wife, Monia Mazigh, and their young son and daughter now live in Kamloops, British Columbia.

"I sincerely hope that these words and actions will assist you and your family in your efforts to begin a new and hopeful chapter in your lives," Harper said, adding the compensation package would also pay for his estimated $1 million in legal fees.

Arar was exonerated last September after a two-year public inquiry led by Associate Chief Justice of Ontario Dennis O'Connor.

It found that the Royal Canadian Mounted Police wrongly labeled Arar as an Islamic fundamentalist and passed misleading and inaccurate information to U.S. authorities, which very likely led to Arar's arrest and deportation.

The report pointed out that Arar's inability to find work since his return from Syria has had a devastating economic and psychological impact on him and his family.

O'Connor urged the RCMP to usher in a raft of policy changes on information sharing, training and monitoring of security probes. In the aftermath, RCMP Commissioner Giuliano Zaccardelli resigned over his handling of the file.Cross-border tensions

The U.S. District Court of Appeals last February dismissed Arar's lawsuit against U.S. government officials, ruling the deportation of the dual Syrian-Canadian citizen was protected on national security grounds. His attorneys with the New York-based Center for Constitutional Rights filed an appeal in December.

"We are grateful that the Canadian government has had the humanity to try to right the terrible wrong that was done to Maher," CCR Attorney Maria LaHood said in a statement Friday. "We still hope the U.S. government will follow Canada's lead."

The new Democratic chairman of the Senate Judiciary Committee, Sen. Patrick Leahy, earlier this month publicly scolded U.S. Attorney General Alberto Gonzales for refusing to explain why the United States had sent a Canadian citizen to Syria.

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"The Canadian government now has taken several steps to accept responsibility for its role in sending Mr. Arar to Syria, where he was tortured," Leahy said in a statement Friday. "The question remains why, even if there were reasons to consider him suspicious, the U.S. government shipped him to Syria where he was tortured, instead of to Canada for investigation or prosecution."

He said the U.S. Justice Department intended to respond to his demands next week.

U.S. Ambassador to Canada, David Wilkins, on Wednesday chastised Canadian Public Safety Minister Stockwell Day for continuing to press Washington on the Arar matter.

"It's a little presumptuous of him to say who the United States can and cannot allow into our country," Wilkins said.

In a recent letter to Day, U.S. Homeland Security chief Michael Chertoff and Gonzales said U.S. files on Arar indicate the decision to keep Arar on watchlists is "appropriate."

"Our conclusion in this regard is supported by information developed by U.S. law enforcement agencies that is independent of that provided to us by Canada with regard to Mr. Arar," the letter said, adding that they wished to thank Canada for its cooperation in fighting terrorism.

Arar said his case has forced some Canadians to question their relationship to the United States, noting U.S. authorities declined to participate in Canada's federal inquiry.

"It's a question that touches all Canadians," Arar said. "Can we really trust the Americans to be our partners in the fight against terrorism?"

Canada To Compensate Torture Victim (LAT)

By Maggie Farley

The Los Angeles Times, January 27, 2007

NEW YORK — Canada's prime minister apologized and offered $8.9 million in compensation Friday to Maher Arar, a Canadian software engineer who, based on incorrect information, was deported by U.S. officials to Syria in 2002, where he was imprisoned and tortured for a year.

After being identified by Canadian police as an Islamic extremist in faulty intelligence shared with U.S. authorities, Arar was detained by American agents during a stopover at New York's John F. Kennedy Airport. They interrogated him for 11 days, then sent him to his native Syria, where he was tortured into making false confessions that he was involved with the Al Qaeda terrorist network.

The compensation, valued at $10.5 million in Canadian dollars, was announced by Prime Minister Stephen Harper in a televised news conference. It was recommended last fall by a Canadian judicial inquiry, which cleared Arar of terrorism links and determined that the Canadian government had passed along faulty intelligence and did not make adequate efforts to correct it.

The United States has refused to remove Arar from a terrorism watch list, however, and Harper said he had asked President Bush to clear him.

"We were clear, we don't believe Mr. Arar should be on the watch list," he said. "We will not drop this matter just because there is a disagreement and they don't like our position."

Harper also formally apologized to Arar, his wife and two children.

"On behalf of the government of Canada, I wish to apologize to you, Monia Mazigh and your family for any role Canadian officials may have played in the terrible ordeal that all of you experienced in 2002 and 2003," Harper said.

The settlement includes an additional $1.1 million to cover Arar's legal fees.

"We cannot go back and fix the injustice that occurred to Mr. Arar. However, we can make changes to lessen the likelihood that something like this will ever happen again," the prime minister said.

Arar accepted the apology at a separate, emotional news conference, saying the official acknowledgment of his innocence "means the world to me."

"The struggle to clear my name has been long and hard," he said, with 10 Canadian flags behind him and his lawyers at his side. He said he would like to use the compensation money somehow to help ensure that others don't end up in the same situation.

"This struggle has taught me how important it is to stand up for human rights," he said. "I feel proud as a Canadian, and I feel proud of what we've been able to achieve."

Arar's case has become one of the best-known examples of what is known as extraordinary rendition, a covert U.S. practice of sending terrorism suspects to other countries for detention and interrogation. Often those countries have more relaxed rules regarding the use of torture than the United States.

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U.S. Atty. Gen. Alberto R. Gonzales and Homeland Security Secretary Michael Chertoff have told Canadian officials that Arar will remain on the U.S. watch list because of information about him obtained independently by American authorities. Arar's wife and children are also on the list, and all are banned from flying into or over U.S. territories.

Canada's minister of public safety, Stockwell Day, reviewed the confidential U.S. file and said that it contained "nothing new" that would justify continuing to treat Arar as a terrorism suspect.

Arar tried to sue American officials and agencies over his detention and deportation, but the U.S. District Court of Appeals dismissed his suit last February, ruling that the action was protected on national security grounds. Arar is appealing the decision.

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HOMELAND RESPONSE:

In New Batch Of 9/11 Calls, Confusion And Courage (NYT)

By Jim Dwyer

The New York Times, January 27, 2007

The city yesterday released 19 recordings of telephone calls made to 911 operators from the World Trade Center on the morning of Sept. 11, 2001.

While the calls included a rich example of the valor of the day, they also showed that the emergency response agencies worked as separate fiefdoms, with callers having to tell their stories multiple times as they were transferred from police operators to fire dispatchers or to Emergency Medical Service.

And no one in the 911 system passed along what could have been a life-saving order that had been issued by fire chiefs on the scene: to evacuate the buildings.

Among the recordings was a phone call from the lobby of the south tower by a building employee, trying to get medical help for people who had been injured. The employee, Larry Boisseau, called 911 about six minutes before the building collapsed. In a calm voice, he gave explicit instructions to the operator.

“Yes, 2 World Trade Center, we have injured people in the lobby of the building, they need medical attention,” Mr. Boisseau said. “They’re on the south side of the building. However, they’re not going to be able to come in that way. They’ll have to figure another way in here. Because we’ve got debris all over the outside of the building.”

Mr. Boisseau worked as a fire safety director for O.C.S. Security. As with just about everyone dialing 911 for help, after he explained the situation once, the first operator, a police department employee, tried to transfer his call to a dispatcher with the emergency medical service, a fire department employee.

While all calls come into the Police Department, the city has separate dispatchers for police, fire and medical response. Each agency has its own computer system, and they are not integrated.

As Mr. Boisseau waited on the line, the emergency medical phone rang and rang. Finally, the police operator stated the obvious: “E.M.S. is not picking up.”

Mr. Boisseau replied, “O.K., well, maybe you can keep trying. I gave you my information. I kind of got to get going. This is my job, fire safety.”

The operator signed off, wishing him luck. Mr. Boisseau, 36, died in the collapse of the tower.

The 19 recordings — said by city officials to be the last that will be made public — were released in response to requests made five years ago by The New York Times under the Freedom of Information Act. Both the Police and Fire Departments denied the requests, and The Times sued the city. In 2005, the state’s highest court ordered that the tapes be made public, with the voices of civilian callers edited out. Last March, the Fire Department released its tapes. City officials initially maintained that the Police Department’s portions of the tapes were not covered by the court order.

Most of the tapes released yesterday were electronically edited to block the callers’ voices. The full content of Mr. Boisseau’s call was released because he was working as a fire safety officer, city officials said.

City Releases New 9/11 Emergency Calls... "EMS Is Not Picking Up" (AP)

AP, January 26, 2007

Seven minutes before the World Trade Center’s south tower collapsed, Larry Boisseau called a 911 operator from the lobby, asking for help for injured people. He stayed on the line while the phone to paramedics rang about a dozen times.

“EMS is not picking up,” the operator told Boisseau, 36, of Freehold, N.J., according to a tape of new 911 calls from Sept. 11 that were released by the city Friday.

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"OK," Boisseau said, exasperated. "Maybe you can keep trying. ... I kind of gotta get going. This is my job. Fire safety." The call, less than three minutes long, was one of 19 the city released Friday following a lawsuit filed by The New York Times and some victims' families.

Boisseau, fire safety director for OCS Security, was one of two victims identified on the calls because he was on the job. The other victim was Melissa Doi, whose call was made public because it was played at the trial of Sept. 11 conspirator Zacarias Moussaoui.

The rest of the calls released Friday only played the operator's side of the conversation, and recalled eerie tableaus presented in earlier released tapes: operators trying to calm down callers trapped on the 84th floor, the 89th floor, the 93rd floor, the 105th floor. Some operators became exasperated, and others weren't sure how to advise trapped callers.

"He wants to know what to do," one police operator asked a colleague after taking the call of someone on the 105th floor of the south tower. "Should he break the windows?" Boisseau called a police operator at 9:52 a.m.

"Two World Trade Center. We have injured people in the lobby of the building. They need medical attention," he said calmly.

"They're not going to be able to come in that way," he added. "We've got debris all over the outside of the building.

"Hold on, sir, OK?" the operator asks. "OK," he said.

In the background, another voice can be heard. "The Pentagon's on fire, too. I don't know if that's true." Boisseau says, "Wow," while the phone for paramedics continues to ring.

The director later describes the exact location of the burning south tower — "It's between Liberty Street and Church Street" — before eventually signing off. The operator wishes him "good luck" three minutes before the building collapses.

In recent years, the city has released hours of emergency calls that were made amid the chaos of Sept. 11. In March, the city released transcripts of 130 calls from people trapped in the towers, including only the voices of operators and other public employees.

In August, more than 1,600 previously undisclosed calls were released. And a year earlier, thousands of pages of emergency workers' oral histories and radio transmissions were made public.

The New York Times and families of Sept. 11 victims sued the city for access to the emergency calls and firefighters' oral histories. Attorneys said they wanted to find out what happened in the towers after two hijacked jetliners crashed into them and what dispatchers told workers and rescuers in and around the buildings.

The latest calls were made first to police operators; 15 of them were later transferred to the Fire Department.

Boisseau, Doi and five other trade center victims could eventually be identified on the calls, city officials said. The complete recordings of the five victims who weren't identified were sent to their families, who could later decide to make the other side of the calls public.

In Katrina's Wake: Where Is The Money? (WSJ)

By Christopher Cooper

The Wall Street Journal, January 27, 2007

In August, 2005, Hurricane Katrina flattened two bridges, one for cars, one for trains, that span the two miles of water separating this city of 8,000 from the town of Pass Christian. Sixteen months later, the automobile bridge remains little more than pilings. The railroad bridge is busy with trains.

The difference: The still-wrecked bridge is owned by the U.S. government. The other is owned by railroad giant CSX Corp. of Jacksonville, Fla. Within weeks of Katrina's landfall, CSX dispatched construction crews to fix the freight line; six months later, the bridge reopened. Even a partial reopening of the road bridge, part of U.S. Highway 90, is at least five months away.

"It shows the difference between the private sector and the public sector," says Harold "Buz" Olsen, chief administrative officer of Bay St. Louis, who displays a photograph of the train bridge in the city council chambers as a reminder. "By the time CSX was done with their bridge, we were just getting around to letting the contract on ours."

It's been almost 17 months since Hurricane Katrina pounded coastal Mississippi and southeast Louisiana, and about a year since Congress authorized the bulk of its rebuilding aid for the region. More than four months have passed since President Bush visited New Orleans on the anniversary of the storm and extolled the "amazing" reconstruction effort.

But a review of the devastated region shows that rebuilding is in a deep stall. Tens of thousands of residents remain displaced as authorities dither over how to disburse housing assistance. Many crucial infrastructure projects have yet to start. Of the tens of billions appropriated by Congress, half remains unspent.

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There are many culprits. Among them: the size of the disaster, which continues to overwhelm agencies charged with rebuilding; the crush of competing bureaucracies, which has delayed many projects including the Bay St. Louis bridge; and weak local leadership.

In addition, many reconstruction efforts are ensnarled in spools of red tape spawned by a bevy of old and new government procedures. A prime example: an obscure set of 30-year-old Congressional rules designed to combat corruption known as the Stafford Act.

According to the White House, the federal government has provided $110 billion for the Gulf Coast region. But nowhere near that amount of actual cash has been made available. The total is spread over five states and covers damage done by three separate storms. Some of it consists of loans. A chunk comes from government insurance payouts that ultimately derived from premiums paid by homeowners themselves.

Of $42 billion given to the Federal Emergency Management Agency, the agency has spent only $25 billion, federal records show. Most of that went to temporary housing, debris removal and emergency operations in the early days of the disaster. It has spent more than $4 billion on administrative costs.

Louisiana says the Army Corps of Engineers has spent only about $1.3 billion of the $5.8 billion it received to repair the levees in and around New Orleans. Only about $1.7 billion of the $17 billion received by the Department of Housing and Urban Development has made its way to the streets, the agency says.

In New Orleans, officials say they have received only about 14% of the estimated $900 million in reconstruction money they estimate is needed to fix the ruined city. "We have lots of meetings," says Cynthia Sylvain-Lear, the city's liaison with FEMA.

The state and federal anti-corruption regulations offer a glimpse as to why reconstruction efforts are going so slowly.

The White House has kept in force a set of rules known as the Stafford Act. Under its guidance, rebuilding funds must be accompanied by a 10% match from local governments, on the theory that localities won't misspend if their money is also on the line. Similarly, FEMA will cover only 75% of a project's cost until the job is complete.

The requirement has delayed projects while cash-strapped towns in two of the U.S.'s poorest states try to rustle up financing.

Meanwhile, both Louisiana and Mississippi have been so keen to burnish their images that they created their own set of lumbering regulatory bureaus and antifraud audit shops. The Stafford Act has been waived in the past -- it didn't apply to Manhattan in September 2001 or South Florida following Hurricane Andrew in 1992 -- but it remains in place along the Gulf. President Bush dropped the Act for a time for certain projects, such as emergency repairs and debris removal, only to reinstate it later.

The region's reputation for corruption is one reason why. Influence peddling on the coast has a long history, from 1930s Louisiana Gov. Huey Long to Edwin Edwards, a three-term governor currently serving a 10-year prison sentence. Recently, Mississippi was named the most corrupt state in the nation by Corporate Crime Reporter, a Washington, D.C., publication.

"The question is not whether Congress should provide for those in need, but whether state and local officials who have been derelict in their duty should be trusted with that money," Rep. Tom Tancredo, a Colorado Republican, wrote in a 2005 letter to then-House Speaker Dennis Hastert. "Their record during Hurricane Katrina and the long history of public corruption in Louisiana convinces me that that they should not."

The result of this vigorous policing: In Louisiana, projects to rebuild a hospital along the western coast, a school-board building in suburban New Orleans and a prison south of the city remain suspended, the state says, as locals hunt for matching cash.

Meanwhile, a $7.5 billion pot intended for washed-out homeowners sits virtually untouched as applicants are forced to run a gauntlet of requirements, this time imposed by Louisiana. To prevent false claims, applicants must attend two personal meetings with state bureaucrats, provide fingerprint verification and mug shots, as well as supporting documentation, including letters from insurance companies and banks.

To date, Road Home, as the program is called, has drawn nearly 100,000 applicants. As of this week, it had disbursed only 258 grants for a total of $14.4 million. Mississippi, which operates a similar but far less restrictive grant program, has distributed $665 million to 11,827 homeowners.

In January 2006, Alan Rubin, a retired businessman, applied to Road Home on behalf of his elderlyparents, whose $200,000 house in New Orleans's fashionable Lakeview neighborhood took on 12 feet of water. They didn't have flood insurance.

After completing a 40-question questionnaire, Mr. Rubin had a four-hour interview with a screener in September, he recalls. Ten weeks later, a state-contracted appraiser visited the property. Eleven months after the initial application, the state came back with a compensation figure: $550.

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Mr. Rubin complained to his local newspaper, the Time-Picayune, which chronicled his experience in late December. The day the story was published, Mr. Rubin received a call from an employee with ICF International Inc., the Arlington, Va., company that manages Road Home under a $750 million contract. He says the employee blamed a computer error -- his parents were in fact entitled to $150,000.

Carol Hector-Harris, a spokeswoman for ICF, declines to discuss Mr. Rubin's case other than to say the family "is very satisfied at this point." Mr. Rubin qualifies that: He's still waiting for the check. "I'm told that it's somewhere in the process."

Andy Kopplin, executive director of the Louisiana Recovery Authority, which promulgated rules governing the Road Home grants and other federal money pots, defends his state's antifraud procedures. "The subtext in Washington was, 'We couldn't trust folks in Louisiana to spend the rebuilding money wisely,'" Mr. Kopplin says. "One man's red tape is another man's accountability."

At the federal level, Bush administration officials defend their rules. "Some people see the Stafford Act as overly cumbersome, but the provisions of the act are there for a reason, and that reason is to ensure that taxpayer money is spent properly," says Taylor Beery, director of policy for Donald Powell, the administration's rebuilding czar, in a written statement.

Running against the tide is Louisiana Sen. Mary Landrieu, a Democrat, who has promised to try rejiggering Stafford Act rules to make them more flexible. She's now chairman of a Senate committee overseeing reconstruction. "I'm not saying we don't need oversight -- I'm saying we need common-sense oversight," Ms. Landrieu says.

There have been many complaints about misspending in Katrina's aftermath, but most finger the federal government, not state and local agencies. In October, Louisiana sued FEMA, contending that the federal agency had tried dunning Baton Rouge for $61 million in improper or undocumented expenses. Last month, the Government Accountability Office said FEMA had misspent nearly $1 billion in recovery money since Katrina struck. Local examples of fraud have been on a much smaller scale.

Aaron Walker, a FEMA spokesman, declines to comment on the lawsuit, but says in general, "we acknowledge there are business practices we can improve on." Mr. Walker also says the agency disputes the GAO's accounting.

It is in the small towns along the Mississippi Gulf Coast where the constipated spending system is most apparent. Bay St. Louis, a town once dotted with ancient oaks and antebellum homes, remains a museum of disaster. The city lost virtually its entire underground sewer system and much of its gas grid. It needs $100,000 in street signs and nearly $4 million in secondary road repairs.

Antifraud rules have slowed tasks as basic as ditch digging. Hurricane Katrina silted in most of Bay St. Louis's ditches, which once drained the town's streets. They were later filled with debris by cleanup crews.

In late 2005, the city hired an engineering firm to survey the ditch network and work up a cost estimate in the form of a "project worksheet," a FEMA requirement. The estimated cost to clean and regrade the ditches: $3.2 million. Bay St. Louis scrounged $320,000 as part of its obligations under the Stafford Act. After three months, FEMA blessed the project.

But before work could start, the city had to send the engineering report to the Mississippi Emergency Management Agency, which reviewed the job. State approval took a month. It took three more months to solicit bids and award the contract. Work started in mid-August 2006.

After the first crew started, the state began a full audit of the project. "They call it testing," says Les Fillingame, recovery director for Bay St. Louis. The oversight called for scrutinizing each individual invoice associated with the work. In the case of the ditch mucking, that included hundreds of bills known as "load tickets," paperwork that tallied each truck load of debris. Each load ticket passed through four levels of state bureaucracy before being approved for payment.

Sitting in his office, Mr. Fillingame pulled down a ditch-mucking file, four inches thick, from his bookshelf, and let it land on his desk with a thump. "That's every load ticket," he says.

Interspersed with the paperwork scrutiny were surprise inspections. Mr. Fillingame says the state and FEMA dropped in on ditch crews to ensure there was no featherbedding.

Start to finish, it took just over a year to complete a job that involved only about a month of actual shovel work. It's a process that will be repeated at least 56 more times; Bay St. Louis has that many projects on the drawing board, most of them more complex than ditch clearing.

Michael Womack, executive director of the Mississippi Emergency Management Agency, says the process is necessary. "The governor -- he knows what the perception is outside the state of Mississippi," Mr. Womack says. "It's a perception that there's a huge amount of corruption in local government."

Mr. Womack estimates that the state's freshly minted antifraud regime could soak up $100 million in reconstruction aid. "There are lots of contractors that are trying to rip the government off. Are we preventing $100 million in fraud? Unfortunately, I think that's the case."

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Adding to the burdens of dealing with antifraud regulations, Bay St. Louis must also deal with an army of sometimes impenetrable federal agencies. The $50 million reconstruction of Beach Drive, the city's long-admired main drag, has yet to start, even though it has the attention of the state highway department, the state attorney general's office, the federal highway commission, FEMA and the Army Corps.

The street can't be rebuilt until an associated seawall and the adjacent pier are reconstructed. FEMA calculates the pier alone will cost exactly $1,370,256.22.

To the surprise of locals, the Corps didn't request a congressional appropriation until November, more than a year after the storm. Spokesman Patrick Robbins says the project was submitted to Congress as part of a package of other jobs, following agency policy.

"So here we are: The whole rebuilding of downtown Bay St. Louis is contingent on this seawall, and we don't even know if it'll be funded," says Mr. Fillingame. As for the nearby unfinished auto bridge, rebuilding was slowed by labor shortages, the need for public hearings and some local squabbles.

As he piloted his mud-spattered truck down what remains of Beach Road, Bay St. Louis Mayor Eddie Favre pointed out local landmarks. There's the once-gracious home of local Congressman Gene Taylor, now a slab of buckled concrete. Bouncing over the rutted berm, recently graveled by the state, more than a year after the storm, Mr. Favre passed his own homesite, also little more than slab. He now lives in a trailer near City Hall.

In the aftermath of Katrina, Mr. Favre promised constituents that until the city was rebuilt, he would forgo long pants and instead wear shorts, just as he had the day Katrina hit. Now on his fifth pair, and facing his second chilly winter, the mayor concedes he may have spoken rashly.

"At this rate, it looks like I'll be buried in my shorts," Mr. Favre says.

Judge Puts Settlement On Katrina In Question (NYT)

By Joseph B. Treaster

The New York Times, January 27, 2007

A federal judge in Mississippi, citing the need for more information, has rejected — at least temporarily — a settlement by State Farm Insurance that was expected to provide several hundred million dollars to help policyholders rebuild homes destroyed by Hurricane Katrina 17 months ago.

In an eight-page order, Judge L. T. Senter Jr. of Federal District Court in Gulfport, Miss., said he was rejecting the agreement because it did not provide enough information for him to conclude that it was “fair, just, balanced and reasonable.”

State Farm said last night that it had expected the agreement to be approved and that it now looked forward to addressing the judge’s concerns.

The lead trial lawyer in the case, Richard F. Scruggs, and Mississippi officials also expected court approval.

Last night, Mr. Scruggs and Jim Hood, the attorney general of Mississippi, said they were optimistic that the agreement would be revived. Mr. Hood said he was confident that State Farm would “fix the things that need to be fixed.”

In the agreement, State Farm said it would pay at least $130 million to policyholders and participants in the negotiations and said costs to the insurer could increase by another $600 million. The State Farm settlement was expected to be a model for other insurers to use in seeking settlements, which would help jump-start the lagging recovery of Mississippi’s coast.

The dispute with State Farm and other insurance companies centered on the insurers’ refusal, as stated in their policies, to pay for damage from the heavy flooding — driven by the high winds of Hurricane Katrina — that swept over the Mississippi coast on Aug. 29, 2005. Some insurers refused not only to pay for flood damage, but declined to pay for harm to houses that had been battered by wind and waters.

Even so, the insurers paid $5.3 billion for wind damage to more than 330,000 homes in Mississippi and $10.3 billion for nearly a million homes in Louisiana. The rejected settlement did not include homeowners in Louisiana.

The settlement, which was announced on Tuesday, was twofold. One part settled 640 lawsuits arising from the hurricane for $80 million; the other required State Farm to reopen up to 35,000 damage claims that state officials and trial lawyers said had been underpaid. In that part, State Farm had agreed to pay at least $50 million.

Judge Senter’s order dealt exclusively with the second part, the reopening of the damage claims. It was not clear whether the settlement of the 640 lawsuits would proceed. But during the negotiations, participants said that State Farm had refused to settle unless both the lawsuits and the 35,000 damage claims were parts of one agreement.

A spokesman for State Farm, Phil Supple, said yesterday that the two elements were separate. But he would not respond to questions seeking to clarify the linkage and whether the entire agreement might be scuttled if the judge’s concerns about the

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35,000 damage claims could not be resolved. In an interview, Mr. Scruggs said he expected the settlement of the 640 lawsuits to stand, partly because State Farm has already paid the first installment.

"We're going to start dispersing those settlement funds next week," Mr. Scruggs said.

As part of the overall settlement, Mr. Hood, the Mississippi attorney general, agreed to drop a criminal investigation into State Farm's handling of hurricane damage claims and to remove the company from a civil lawsuit accusing it and other insurers of treating policyholders unfairly.

Mr. Hood said he was continuing the lawsuit against other insurers. On Thursday he urged other insurance companies to follow State Farm's lead, to settle hundreds of other lawsuits and to reopen thousands of storm damage claims.

In rejecting the agreement, Judge Senter raised concerns about a lack of detail on how much money policyholders might receive. He noted that State Farm had agreed to pay at least $50 million for reopened claims. But, he said, "there is no way I can ascertain how this sum compares to the total claims" of the approximately 35,000 homeowners, nor "how thinly this large sum may be spread."

He said he was also troubled about the potential unfairness of an arbitration process intended by the negotiators to provide an appeals process for homeowners who requested that their claims be re-evaluated. He said that under the agreement, arbitration hearings were to be limited to two hours and that there was no apparent provision for legal representation for homeowners.

Judge Senter said the agreement also failed to provide information on what the lawyers had done to justify an agreed-upon payment of up to $20 million in relation to reopening the 35,000 damage claims. The lawyers are to receive another $26 million for settling the 640 lawsuits.

Carl Tobias, a professor at the University of Richmond School of Law, said he thought Judge Senter was being "extraordinarily careful to attempt to protect the interests of all the homeowners."

Professor Tobias said he did not think the settlement "was all over," but, he added: "A lot of work has to be done to satisfy this judge."

Court Rejects Deal From State Farm On Katrina Claims (WSJ)

By Liam Pleven

The Wall Street Journal, January 27, 2007

A federal judge in Mississippi Friday rejected a proposed settlement aimed at helping to speed the Gulf Coast recovery after Hurricane Katrina.

The judge's ruling threw into uncertainty a plan that would have required State Farm Fire & Casualty Co., the nation's largest home insurer, to pay a total of at least $50 million to homeowners who suffered damage in the 2005 storm.

In the proposed settlement, the court was asked to create a class of 35,000 State Farm customers in coastal Mississippi counties who could ask the Bloomington, Ill., company to review their Katrina claims. State Farm would then decide whether to offer more money for the claims, while customers could accept State Farm's offer or take their cases to arbitration. The class wouldn't have included people who had filed suit against State Farm, though they could have opted in.

But U.S. District Court Judge L.T. Senter raised a number of objections in his ruling about the procedure and other issues related to the case. "In the absence of substantially more information than I now have before me, I am unable to say, even preliminarily, that the proposed settlement establishes a procedure that is fair, just, balanced, or reasonable," the judge found.

Judge Senter did, however, note that the motion to create the class could be renewed if the plaintiffs could address his concerns and show that it would be in the best interests of those who would be in the class.

A State Farm spokesman said, "We are looking forward to addressing Judge Senter's concerns. We believe given the opportunity, he will come to view the proposed settlement as fair, just, balanced and reasonable."

The Scruggs Katrina Group, a group of attorneys who would have represented the class, said: "Our efforts and attentions will be placed on satisfying his questions and requirements."

Mississippi Attorney General Jim Hood said, "I am confident that Judge Senter will make the plaintiffs and State Farm fix the problems."

State Farm had separately agreed to pay about $80 million to 640 Mississippi homeowners who also suffered damage in Katrina. Judge Senter's ruling didn't concern that agreement.

Judge Rebuffs Katrina Insurance Settlement (CNN)

CNN.com, January 26, 2007

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GULFPORT, Mississippi (CNN) -- A federal judge Friday rejected a proposed settlement agreement involving nearly 35,000 homeowners affected by Hurricane Katrina.

U.S. District Judge L. T. Senter Jr. said the bargain between State Farm Fire & Casualty Co. and the Mississippi attorney general did not establish "a procedure that is fair, just, balanced or reasonable."

But Senter left the door open for a new settlement agreement, rejecting the proposal "without prejudice."

Mississippi Attorney General Jim Hood said Tuesday, when the proposed class-action settlement was announced, that it could mean up to $500 million in payments to property owners in coastal Mississippi who were dissatisfied with their insurance payouts after Katrina.

The settlement, Hood said, resolved the civil lawsuit he filed against State Farm on behalf of the company's Mississippi clients and ended a criminal investigation of State Farm's claim-handling practices.

But, Senter wrote in his opinion, "In the absence of substantially more information than I now have before me, I am unable to say, even preliminarily, that the proposed settlement establishes a procedure that is fair, just, balanced or reasonable."

In response to Senter's ruling, State Farm issued a statement saying, "We look forward to addressing Judge Senter's concerns." It added that it believed Senter might be persuaded to change his mind.

The Scruggs Katrina Group, which represents hundreds of State Farm policyholders and is participating in the settlement, pointed out in a statement on its Web site that while Senter refused to grant preliminary approval, "he made clear that the plaintiff's lawyers are 'in a position to address the concerns expressed in (his) opinion.'"

Hood issued a statement saying that while his office did not negotiate the terms of the proposal, he did have "reservations about some of the terms."

"Nevertheless, I knew that Judge Senter would make sure that the class was a fair procedure for all," he said. "I am confident that Judge Senter will make the plaintiffs and State Farm fix the problems he has raised in his order."Judge spells out his objections

As part of the proposal, State Farm had agreed to change its claim-handling practices. It also agreed to re-evaluate Katrina claims using different adjusters and engineers for clients who filed claims but did not sue the company. The company agreed to make new offers; in case of disputes, binding arbitration would be used.

Senter detailed numerous items of concern in the proposed settlement, including the fact that neither Hood nor State Farm has provided any information for him to determine how many policyholders were within the proposed class, or how many fall within the five payment ranges based on the damage they sustained from Katrina.

And while State Farm has agreed to pay at least $50 million, "there is no way I can ascertain how this sum compares to the total claims of the members of the total class," the judge wrote.

Homeowners are allowed to opt out of the class action, but Senter said the settlement does not make opting out easy.

"It appears to me that a lay person confronted with this claims procedure will likely be unable to participate effectively without the assistance of counsel," he wrote.

Although State Farm pledged to re-evaluate Katrina claims, the settlement agreement provides for no oversight of that process and allows State Farm "a substantial measure of control."

"There is no evidence that State Farm will evaluate the class members' claims in any way different from the way these claims have already been evaluated," Senter wrote.Company previously denied 'slab case' claims

In the so-called "slab cases" -- where homeowners were left with only a slab -- State Farm was required to offer the owners at least 50 percent of their policy limits, Hood said.

The company previously had denied those claims, maintaining the destruction came from water and that it was unable to find any separate wind damage, which was covered under its policies, the Biloxi Sun-Herald has reported.

Senter said he was "struck," however, that under the agreement, even policyholders left with only a slab or pilings are not guaranteed any payment, noting State Farm's offer could be offset by policy limits of other insurance.

"Under the proposed agreement, the insured owner of a property worth $100,000 who insured the property against $50,000 in wind damage and $50,000 in flood damage, and who has collected his flood insurance benefits, would not be entitled to any recovery even if only a slab remained," the judge wrote.

Senter also disagreed with the binding arbitration portion of the settlement. Under the agreement, the arbitrator's decision would be final -- even if it is lower than State Farm's offer -- with no appeal process.

The judge pointed out that under binding arbitration, property owners would give up a variety of rights, including that of due process, and potential legal action.

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WAR NEWS:

Bush Defies Lawmakers To Solve Iraq (WP)

By Michael Abramowitz, Jonathan Weisman

The Washington Post, January 27, 2007

Declaring "I'm the decision maker," President Bush yesterday challenged congressional efforts to formally condemn his Iraq plan, while Defense Secretary Robert M. Gates warned that a proposed Senate resolution criticizing the deployment of additional troops would embolden the enemy.

"Any indication of flagging will in the United States gives encouragement to those folks," Gates told reporters at the Pentagon. "I'm sure that that's not the intent behind the resolutions, but I think it may be the effect."

Bush consulted with Gates and Lt. Gen. David H. Petraeus, who will head U.S. forces in Iraq, at an early-morning meeting at the White House. Speaking with reporters afterward, the president complained that lawmakers "are condemning a plan before it's even had a chance to work. And they have an obligation and a serious responsibility, therefore, to put up their own plan as to what would work."

Bush later met with House Republicans at a retreat on Maryland's Eastern Shore and, according to two Republicans present, mocked the Senate by telling the House members that he found it "ironic" that senators would oppose his plan to dispatch 21,500 more troops to Iraq but praise and unanimously confirm Petraeus, who helped design it.

Democrats responded angrily to Gates's comments, which were similar to what Petraeus said at his Tuesday hearing before his confirmation yesterday. "The American people will rightly dismiss these accusations as a desperate attempt by the administration to support a failed policy that is not worthy of the sacrifice of our men and women in uniform," said Sen. Edward M. Kennedy (D-Mass.).

House Majority Leader Steny H. Hoyer (D-Md.) disputed Bush's suggestion that the Democrats have not come up with a plan. Speaking at the Brookings Institution, he said his party was united around the proposition that the United States should shift more responsibility to the Iraqis, begin a "phased redeployment" of troops and initiate more aggressive regional diplomacy to stabilize Iraq.

Yesterday's administration comments were part of a White House campaign to try to keep Republican lawmakers from signing on to any resolution that criticizes the president's new strategy in Iraq. By keeping down the number of Republican defections, the administration hopes to make any vote appear highly partisan and to buy Bush's new plan more time.

With Bush's leverage on Capitol Hill at a low, the White House appears to be relying heavily on GOP leaders to orchestrate the opposition to two resolutions condemning the troop buildup, according to lawmakers, lobbyists and administration officials. White House lobbyists and senior officials at the National Security Council are continuing to meet with lawmakers, but a number of senators said they did not perceive the lobbying as particularly aggressive. The strategy, as they described it, is to muddy the waters with a number of competing resolutions that could siphon support from a strong message of disapproval for the president's plan.

The Senate Foreign Relations Committee on Wednesday approved a resolution opposing the introduction of the additional troops, calling for more diplomacy and a regional peace effort, and demanding that U.S. troops be deployed away from urban sectarian hotbeds to guard Iraq's borders, hunt down terrorists and train Iraqi security forces. Bush defied Congress yesterday to come up with an alternative to his Iraq strategy, but advocates say the committee's resolution amounts to one.

Sen. John W. Warner (R-Va.) has offered a similar resolution, while also calling for measurable benchmarks in Iraq. Warner's resolution includes language accepting Bush's constitutional powers as commander in chief, leaves rhetorical room for some additional troop deployments and treats the fight with Sunni extremists in Anbar province as a matter separate from the sectarian violence in Baghdad.

GOP leaders, meanwhile, are coalescing around a resolution drafted by Sen. John McCain (R-Ariz.) that would establish strict benchmarks for the Iraqi government and the Bush administration to meet, without criticizing the president's plan. The leaders may also offer a simple resolution of support for Bush, saying the president's plan should be given a chance.

Senate Minority Whip Trent Lott (R-Miss.) said that the administration would still like GOP leaders to block any vote but that at this point even some of the most ardent Republican conservatives need some way to voice their skepticism on the record. The best the White House can hope for is what Senate Minority Leader Mitch McConnell (R-Ky.) called a "smorgasbord" of resolutions that splits both parties and pulls senators in multiple directions.

Like other GOP lawmakers, McConnell said time is running out for the president. "I think everybody knows what the consequences are. The president doesn't have a stronger supporter in the Senate than the person you're looking at, but I repeat,

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this is the last chance for the Iraqis to step up and demonstrate this government can function," he said. "The message to the Iraqi government could not be more clear."

Administration officials say they realize their position on the Hill is precarious. Many Republicans blame the war in Iraq for their electoral debacle last November, and if the situation does not improve soon, the administration will be faced with massive defections within the GOP -- not only on nonbinding resolutions but perhaps also on bills that limit the president's ability to prosecute the war.

But several administration officials said they felt they had a good week, with Petraeus making an effective case for more time at his confirmation hearing Tuesday and only one Republican, Sen. Chuck Hagel (Neb.), defecting when the Foreign Relations Committee approved the resolution against additional troops on Wednesday.

"No one is under any illusion that we are going to win over many Democrats or turn around the country. What we need to do is stabilize Republicans," said one senior White House official who was not authorized to speak on the record. While many Republicans are very anxious to vent their displeasure with the situation in Iraq, Republican stalwarts still seem reluctant to part with the president.

"I think he made the case in the State of the Union message . . . that this is the best that he and his military commanders can come up, so give us a chance," said Sen. Robert F. Bennett (R-Utah). "If you are going to say no, you better have an alternative."

Bush Assertive On Iraq Strategy (BBC)

BBC.com, January 26, 2007

US President George W Bush has made it clear he will ignore any attempt by the US Congress to question his sending 20,000 extra troops to Iraq.

Mr Bush - who faces tough opposition in Washington to his new Iraq strategy - said he was the decision-maker and would not rethink his plans.

He spoke after the Senate unanimously backed Lt Gen David Petraeus as the new US commander in Iraq.

Meanwhile House Speaker Nancy Pelosi arrived in Iraq on a surprise visit.

Ms Pelosi, a Democrat and vocal critic of Mr Bush's plan to send more troops, held talks with Iraqi Prime Minister Nouri Maliki.

Mr Maliki assured Ms Pelosi that Iraq intended "to assume security missions currently handled by US-led forces in Iraq", a statement from the prime minister's office said.

Ms Pelosi told journalists the meeting with Mr Maliki gave her "a greater understanding of the others' point of view".

US Defence Secretary Robert Gates meanwhile has suggested Congressional resolutions opposing Mr Bush's troops plan "embolden[s] the enemy".

The Senate is due to debate a number of non-binding resolutions next week, some of them sharply critical of the surge.

'Decision-maker'

In a news conference after Gen Petraeus' confirmation, Mr Bush accused opponents of his strategy of "condemning a plan before it's even had a chance to work".

"I'm the decision-maker," he told senior military advisers during a meeting at the White House, the Associated Press news agency reported.

Mr Bush said that he had authorised US forces in Iraq to target Iranian agents there.

"If somebody's trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, we will stop them," he said.

Gen Petraeus, who has spent two of the last four years in Iraq, replaces Gen George Casey.

A career soldier, he graduated from the West Point military academy in 1974 and was commissioned in the infantry.

He has served in Europe and the Middle East and was commander of the 101st Airborne Division during the invasion of Iraq.

Speaking to the Senate armed forces committee on Tuesday, Gen Petraeus backed Mr Bush's plan to deploy additional troops, but warned that the task in Iraq was a tough one.

"The situation in Iraq is dire. The stakes are high. There are no easy choices. The way ahead will be very hard," he said.

"But hard is not hopeless."

Mr Bush wants to commit more than 21,500 additional troops, mainly to violence-hit Baghdad, in an effort to improve security and end sectarian clashes.

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But his plan continues to face considerable opposition both from Democrats and members of his own Republican party, who want an earlier transfer of security to Iraqi leaders.

Gates Warns Congress On Iraq Opposition (WT)

By Stephen Dinan

The Washington Times, January 27, 2007

Defense Secretary Robert M. Gates said yesterday that Congress' push to oppose President Bush's troop increase in Iraq "emboldens the enemy" and undercuts the commanders in the field.

Facing the prospect of a no-confidence vote in the Senate next week, Mr. Bush called for Congress to give his plan "a chance to work" before ruling it out. But opposition continues to build, with high-profile Republicans and Democrats who previously supported his stance announcing their opposition yesterday, saying the goal of a stable Iraq may be out of reach now.

Meanwhile, House Speaker Nancy Pelosi and Rep. John P. Murtha, the prominent anti-war Pennsylvania Democrat, made a surprise trip to Baghdad yesterday, boosting Congress' profile as an equal branch in the decision-making process as the debate continues in Washington.

Mr. Bush and administration officials are trying to earn enough time to prove that his plan to increase troops by 4,000 Marines in the Anbar province and more than 17,000 soldiers in Baghdad can work. Mr. Gates said Democrats' plan to vote on a nonbinding resolution opposing Mr. Bush's plan would send the wrong signal.

"A resolution that, in effect, says that the general going out to take command of the arena shouldn't have the resources he thinks he needs to be successful certainly emboldens the enemy and our adversaries," he said in his first press conference.

"Any indication of flagging will in the United States gives encouragement to those folks. And I'm sure that that's not the intent behind the resolutions, but I think it may be the effect," Mr. Gates said.

Sen. Edward M. Kennedy, Massachusetts Democrat, called Mr. Gates' statement "a desperate attempt" to bolster the president's policy.

Mr. Bush and other administration officials have counted on the fact that all sides in the debate agree that victory is necessary. The president referred to that in his State of the Union address this week and again yesterday after a meeting with Mr. Gates and Army Lt. Gen. David Petraeus, who was confirmed by the Senate yesterday to be the top commander in Iraq.

But members of Congress are increasingly talking about a vision of victory that is different from Mr. Bush's picture of an Iraq that can "govern, sustain and defend itself."

House Majority Leader Steny H. Hoyer yesterday endorsed a phased withdrawal within six months. He deemed it an "alternative path" that, he said, "will not necessarily lead to the Iraq we would have liked to see at the onset of this war."

The Maryland Democrat, who had been among the highest-ranking Democratic supporters when Mr. Bush went to war, said yesterday he would not have voted for the war knowing what he does now.

He said Mr. Bush botched decisions throughout the war and there is no indication that Iraqi Prime Minister Nouri al-Maliki can follow through on the benchmarks Mr. Bush and Congress all agree he must meet.

Mr. Hoyer said that in addition to the no-confidence resolutions that will come up for a vote in the Senate next week and in the House later, the House may consider a "revised authorization for the use of military force in Iraq that more accurately reflects the mission of our troops on the ground." That would allow lawmakers to pare down the full grant of authority they issued in the 2002 vote that allowed Mr. Bush to go to war.

Also yesterday, former New York Gov. George E. Pataki, a potential Republican presidential candidate, announced his opposition to the troop surge, saying that Iraqi leaders have not proved they are ready to shoulder responsibility for democracy and that U.S. troops should instead focus on fighting al Qaeda.

"Let's continue to hope, but let's not put our troops in harm's way simply on the basis of that hope," he said.

Most prominent potential candidates have supported Mr. Bush's call for more troops; but in a speech at Georgetown University, the three-term governor raised the possibility of a victory that falls short of the president's vision.

"A functioning democracy throughout Iraq is not essential to our achieving a military victory over al Qaeda in Iraq," Mr. Pataki said. "And I share the doubt of many that 20,000 additional troops alone will assure a successful democracy."

Kennedy Vows To Get A Vote On Iraq "One Way Or The Other" (HILL)

By Klaus Marre

The Hill, January 26, 2007

When the Senate takes up a resolution rejecting President Bush's plan to add more troops to Iraq, there will be more at stake than a non- binding measure, leading Democrats said Friday.

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Sen. Edward Kennedy (D-Mass.) said if Republicans stand in the way of an up-or-down vote on such a resolution, the resulting cloture vote would, in effect, be a referendum on the war.

"We're going to get a vote one way or the other," Kennedy said in the Capitol.

The Senate Foreign Relations Committee on Wednesday passed, largely along party lines, a resolution opposing Bush's surge plan. It was sponsored by committee chairman Joseph Biden (D-Del.) and Sen. Chuck Hagel (R-Neb.). However, Senate Majority Leader Harry Reid (D-Nev.) said this might not be the measure that the full Senate will eventually vote on.

He indicated that a compromise could be forged between the language of the so-called "Biden resolution," which many Democrats favor, and a proposal spearheaded by Sens. John Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine).

"We're working on having a resolution that we can vote on, and of course it'll be a mixture of what Warner has and what we have," Reid told reporters. "And so I don't think there will be two competing resolutions."

At the end of the debate, Reid said, the American people will see that "a majority of the United States Senate opposes the president's escalation in Iraq, without any question."

Reid also suggested that a vote against such a resolution could have political consequences for Republicans.

"I don't know if we'll get 60 votes [necessary to overcome a filibuster]," Reid said. "But I'll tell you one thing: There are 21 Republicans up for reelection this time. If they think this is going to be a soft vote for them, they've got another thing coming."

In their joint press conference, Reid and Kennedy also blasted Republicans for standing in the way of an amendment-free minimum wage bill.

"What is it, Mr. Republican, that you cannot stand about hardworking Americans at the lower end of the economic ladder?" Kennedy asked.

Reid added that, since the last minimum wage increase 10 years ago, members of Congress raised their own pay $30,000.

"I don't know how to describe this other than disgraceful," Reid said.

Pelosi, Maliki Discuss Timing Of Drawdown (WP)

By Ernesto Londono

The Washington Post, January 27, 2007

BAGHDAD, Jan. 26 -- Iraqi Prime Minister Nouri al-Maliki told Rep. Nancy Pelosi (D-Calif.), visiting Baghdad on Friday in her new capacity as House speaker, that he would like to see 50,000 U.S. troops leave by the end of the year, Iraqi officials said.

Pelosi's primary concern in meeting Maliki appeared to be to determine how soon he thought the United States could withdraw its soldiers from Iraq, said Ali Dabbagh, the prime minister's spokesman.

The U.S. military, reversing earlier statements, acknowledged Friday that four of five soldiers killed last Saturday had been abducted before being executed. The abductions followed a brazen attack on a government building in the southern city of Karbala.

Military officials earlier this week had dissuaded The Washington Post from reporting an account of the abductions, saying it was inaccurate. The account had been provided by Iraqi officials and witnesses.

Pelosi, a critic of the Bush administration's policy in Iraq, told the prime minister that she and fellow Democrats are eager to see a prompt transition of authority, Maliki's office said in a statement.

"The prime minister assured them that they could speed up the withdrawal of the troops if the equipment and training of the national forces could be speeded up," Dabbagh said Friday night in an interview.

Pelosi's visit occurs as the Bush administration is sending an additional 21,500 troops to Iraq, where sectarian violence continues, impunity is widespread and the government struggles to provide basic services.

"The purpose of our trip was fact-finding, and we're in the process of doing that," Pelosi told Iraqi television reporters.

The military's statement Friday, issued following the release of an Associated Press report on the Karbala attack, provides this account of the killings:

The assailants traveled in at least five sport-utility vehicles and wore what looked like U.S. military uniforms, which allowed them to approach the building without raising suspicion. The fighters, armed with U.S.-type weapons, attacked a group of American soldiers inside with grenades and rifles. One U.S. soldier was killed.

The assailants captured four others. Several miles away at a checkpoint, the convoy drew the suspicion of Iraqi police, who followed the vehicles. The pursuit prompted the attackers to abandon five SUVs before they escaped.

Iraqi police found the bodies of two American soldiers handcuffed together in the back of one of the vehicles; both had been shot in the head. Another soldier, also shot, was found dead on the ground. A fourth soldier, who also had been shot in the head, died en route to a hospital.

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"The precision of the attack, the equipment used and the possible use of explosives to destroy the military vehicles in the compound suggests that the attack was well rehearsed prior to execution," said Lt. Col. Scott Bleichwehl, a military spokesman.

Also Friday, the military said a Marine died fighting in Anbar province, in western Iraq, one of the most dangerous parts of the country.

Friday morning, a bomb left in a plastic bag detonated in the Souq al-Ghazil pet market, in a heavily Shiite area of central Baghdad, killing at least 16 people and injuring more than 35, Iraqi officials said.

Pelosi Meets Maliki In Baghdad Visit (LAT)

By Borzou Daragahi

The Los Angeles Times, January 27, 2007

BAGHDAD — House Speaker Nancy Pelosi led a group of U.S. lawmakers on a visit here Friday to discuss President Bush's troop buildup plan and other efforts to reduce sectarian violence with U.S. and Iraqi officials.

During a meeting with Pelosi, Prime Minister Nouri Maliki said his government was determined to fight armed militants with "full power," according to a statement from the Iraqi government.

The prime minister also described details of the plan to secure Baghdad, which will include operations that will target anyone breaking the law regardless of sectarian affiliation, the statement said. Maliki told Pelosi that Iraqi security forces were ready to take over crucial security missions from U.S. forces, the statement said.

Pelosi (D-San Francisco) reportedly voiced support for Iraq's "democratic experiment" and vowed to push for the speedy transfer of security duties from U.S. to Iraqi forces long demanded by the Shiite-dominated government.

On Iraqi TV, Pelosi said she and Maliki "came out of the meeting with a greater understanding, I think, of each other's point of view."

She said the congressional delegation is "fact finding and we are in the course of doing that."

"We came here also to convey to our troops the appreciation of the American people for what they're doing."

Meanwhile, violence continued to take a toll on Iraqi civilians and U.S. troops.

Bomb blasts and shootings in the capital killed at least 38 and injured 72 during the Muslim day of worship. A U.S. Marine assigned to Regimental Combat Team 6 died Friday of combat wounds while operating in Al Anbar province, the military said.

Since the 2003 invasion, 3,067 U.S. troops have been killed, according to icasualties.org.

Police in Baghdad found the bodies of at least 17 men, including the corpse of a Sadr City man later identified as a taxi driver. His family, worried about his disappearance had come to the Yarmouk Hospital several times over the last week. His body was discovered this week in west Baghdad, headless and mangled by wild dogs. His parents identified the body from the clothes, hospital officials said.

Gunmen attacking a ranking police official south of the capital killed a woman in a passing vehicle.

Police discovered the bodies of three men, wearing military uniforms, floating in the Tigris River near the southern Iraq town of Suwayrah. The men had been blindfolded, handcuffed and shot several times in the head and chest.

Tribal clashes with sectarian overtones erupted in a village north of Kut. The fighting between rival Shiite and Sunni clans left four dead, police said.

In the north, a suicide bomber struck a Shiite mosque near the city of Mosul, killing one and injuring three worshipers emerging from Friday prayers.

Police in the Kirkuk area found two unidentified bodies of men who had died of gunshot wounds.

House Speaker Pelosi Visits Iraq (AP)

AP, January 26, 2007

BAGHDAD, Iraq (AP) - House Speaker Nancy Pelosi and Rep. John Murtha, both vocal war critics, were in the Iraqi capital Friday at the head of a delegation of House members on a fact-finding mission as the White House and Congress dueled over the expansion of U.S. forces in Iraq.

The Pelosi delegation visited the heavily fortified Green Zone, site of the American Embassy, and met with Iraqi Prime Minister Nouri al-Maliki.

"We come out of the meeting with a greater understanding of the others' point of view," Pelosi, D-Calif., said, in brief remarks after the meeting.

She said the delegation also came "to convey to our troops the appreciation of the American people for what they're doing, to applaud their patriotism."

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Pelosi has been a sharp critic of the Bush administration's conduct of the war and has led a drive in Congress against sending 21,500 more troops as part of a new security crackdown in Baghdad.

In Washington on Friday, President Bush challenged skeptical lawmakers not to prematurely condemn his buildup, saying "I'm the decision-maker."

Murtha, a Pennsylvania Democrat and Vietnam veteran, has been a longtime critic of the war.

In Islamabad on Friday, visiting U.S. Deputy Assistant Secretary of State John Gastright confirmed that a congressional delegation led by Pelosi would visit Pakistan and meet with President Pervez Musharraf. The dates of the trip have not been made public.

Democrats Try To Increase Leverage Over Iraq Policy (NYT)

By Kate Zernike

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 — Representative Steny H. Hoyer, the House majority leader, said Friday that Congress might consider legislation revising the authorization it gave President Bush in 2002 to use military force in Iraq.

Mr. Hoyer set out a road map for the House to exercise more control over Iraq strategy, as he and other Democratic leaders continued on Friday to exert pressure against the president's plan to send in an additional 21,500 troops.

Senator Harry Reid, the majority leader, moved on Friday to force a debate on a resolution opposing the troop increase that had been offered by Senators Joseph R. Biden Jr., Democrat of Delaware, and Chuck Hagel, Republican of Nebraska.

But Mr. Reid said that he also expected debate on other similar resolutions. Ultimately, he said, he expects the Senate to come together behind one resolution when the debate begins the week after next, with broad bipartisan opposition to the president's plan.

Public opinion, he predicted, will compel many Republicans to support a resolution opposing the troop increase.

"Twenty-one Republicans are up for re-election this time," Mr. Reid said. "If they think this is going to be a soft vote for them, they've got another think coming."

At the Pentagon, Defense Secretary Robert M. Gates warned Congress against passing any such resolution, saying it "emboldens the enemy and our adversaries."

"I'm sure that's not the intent behind the resolutions," he said, "but I think it may be the effect."

President Bush told reporters on Friday that he had proposed the increase "in that I'm the decision maker, and I had to come up with a way forward that precluded disaster."

"I've listened a lot to members of Congress," he added, speaking at a meeting at the White House with Lt. Gen. David H. Petraeus, whom the Senate confirmed Friday as the new commander in Iraq. "I've listened carefully to their suggestions. I have picked the plan that I think is most likely to succeed, because I understand, like many in Congress understand, success is very important for the security of the country."

In a speech to the Brookings Institution, Mr. Hoyer predicted that the House would follow the Senate's lead in backing a resolution against the troop increase, with broad support from Republicans.

Several committees in the House would then convene hearings on the war, he said. To follow that, the House might try to exercise more control over Iraq strategy in legislation regarding spending for the Defense or State Department. Another option, he said, would be a revised authorization for the use of military force in Iraq "that more accurately reflects the mission of our troops on the ground."

Some Republicans as well as Democrats have said that the resolution authorizing the use of force in Iraq, passed in October 2002, was not intended to allow American troops to police a civil war, as some lawmakers now say is the case.

Mr. Hoyer said in his speech that he would not have supported the resolution allowing the president to go to war "had I known then what I know now: that the United States of America could and would prosecute a war and manage a nation-building effort in such an incompetent, arrogant, unplanned and unsuccessful manner."

Mr. Hoyer also called for requiring the president to certify to Congress that the government of the Iraqi prime minister, Nuri Kamal al-Maliki, was meeting the benchmarks Mr. Bush said he had set. He also called for greater international involvement in securing Iraq, and peace talks like the ones held in Dayton, Ohio, in 1995 that ended the Bosnian war.

"The president's so-called new strategy is really little more than stay the course," Mr. Hoyer said, adding that it "places far more confidence in the leadership of Prime Minister Maliki than his record of competence and cooperation merits."

House Speaker Nancy Pelosi made a surprise visit to Baghdad on Friday with other members of Congress, including the chairmen of the armed services, foreign affairs, and intelligence committees, as well as Representative John P. Murtha of Pennsylvania, a leading Democratic critic of the war.

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In a statement after her visit, Ms. Pelosi said that she had traveled to Iraq to thank the troops and to express support for them, “as well as our hope that they will come home safely and soon.”

In meetings with the prime minister and other senior American and Iraqi officials, the statement said, “we stressed our belief that it is well past time for the Iraqis to take primary responsibility for the security of their nation.” American forces, Ms. Pelosi said, “should quickly begin to transition from a combat role to one focused on training, counterterrorism, force protection and controlling Iraq’s borders.”

Mr. Maliki’s office released a statement after the meeting saying that the prime minister had “confirmed the resolution of the Iraqi government to challenge the terrorist groups with the full power” of its military force and the political system.

The prime minister also emphasized that Iraqi forces “are ready” to assume responsibility for the country’s security.

Rebuke Of Bush's War Plan Gathers More Steam (LAT)

By Noam N. Levey

The Los Angeles Times, January 27, 2007

WASHINGTON — Another Republican senator said Friday that he would back the symbolic push to oppose President Bush's plans to increase troop levels in Iraq, further evidence of the growing division within the GOP over the unpopular plan.

Kansas Sen. Sam Brownback, a recently announced presidential candidate who once staunchly supported Bush's foreign policy, became the seventh Republican senator to line up behind a nonbinding rebuke of the troop proposal.

Brownback said he favored a measure sponsored by Sen. John W. Warner (R-Va.) that expresses disagreement with the president's plan and advocates a less central role for the U.S. military in stopping sectarian violence in Iraq.

Along with Warner and Brownback, three other Republicans and several Democrats have said they favor the resolution.

A more strongly worded resolution opposing the troop plan says, "It is not in the national interest of the United States to deepen its military involvement in Iraq."

It is sponsored by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.). Also backing it is Sen. Olympia J. Snowe (R-Maine).

Administration officials have dismissed the notion that either resolution would affect decisions on Iraq, and Bush on Friday reiterated his commitment to proceed with his plan.

"I'm the decision-maker," Bush said after meeting with Army Lt. Gen. David H. Petraeus in the Oval Office shortly after the Senate unanimously confirmed him to take command of U.S. forces in Iraq.

Defense Secretary Robert M. Gates also criticized the congressional efforts to oppose the Bush plan.

"It's pretty clear that a resolution that, in effect, says that the general going out to take command of the arena shouldn't have the resources he thinks he needs to be successful, certainly emboldens the enemy," Gates told reporters. "It seems pretty straightforward that any indication of flagging will in the United States gives encouragement to those folks."

As the haggling intensified in Washington over the Senate's intentions, two of Capitol Hill's most vocal critics of the administration's policies in Iraq — House Speaker Nancy Pelosi (D-San Francisco) and Rep. John P. Murtha (D-Pa.) — met in Baghdad with Iraqi Prime Minister Nouri Maliki.

"We stressed our belief that it is well past time for the Iraqis to take primary responsibility for the security of their nation," Pelosi said in a statement issued by her Washington office. "The delegation's view is that American forces should quickly begin to transition from a combat role to one focused on training, counter-terrorism, force protection and controlling Iraq's borders."

Brownback's decision to support Warner's resolution came as Democratic and Republican Senate leaders continued to negotiate over the timing of a much-anticipated debate on the plan unveiled by the president in a nationally televised speech this month.

Senate Majority Leader Harry Reid (D-Nev.) said he anticipates a compromise between the two measures.

But Senate Minority Leader Mitch McConnell (R-Ky.) said Friday that he was working on less confrontational alternatives that he hopes to be able to offer when the debate begins on the pending resolutions, perhaps as soon as next week.

Several other GOP senators — including John McCain of Arizona, a leading champion of Bush's plan and a presidential contender — have expressed interest in resolutions that would call for specific benchmarks to measure the cooperation of the Iraqi government.

McConnell said he believed that he could build support for "something that makes it abundantly clear to the Iraqis that this is it," and that the U.S. expected them to assume a significantly larger role in cracking down on sectarian violence.

"If we're going to do a resolution at all, I think that's the one part that could conceivably be helpful," McConnell said.

Pataki Opposes More Troops Unless Iraqis Do Their Part (NYT)

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By Raymond Hernandez

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 —Former Gov. George E. Pataki of New York, a Republican who has steadfastly supported President Bush's Iraq policies, said on Friday that he would oppose Mr. Bush's plan for sending more troops to Baghdad unless Iraqi leaders took clearer steps to build a nonsectarian government.

In a speech at Georgetown University, Mr. Pataki, who is considering a run for president, said the Shiite-led government of Prime Minister Nuri Kamal al-Maliki has failed to provide security to all its citizens and left the impression that it favors Shiites in their escalating sectarian conflict with Sunnis.

"Before the United States government puts more troops in harm's way in Baghdad, we must have confidence that the Maliki government will be an active partner" in building a unity government, Mr. Pataki said.

"If they want Americans to continue to die in defense of their government, if they want Americans to continue to pour tens of billions of dollars into their people's schools, services and security, we must first demand action on their part," he said, referring to Iraqi leaders.

"Prime Minister Maliki must show that his government will be part of the solution and not, as many have feared, part of the problem."

With his remarks, Mr. Pataki appeared to distance himself not only from the president, but also from the three men often named as the leading Republican candidates to replace him: John McCain of Arizona, one of the Senate's most vocal supporters of the troop increase, as well as former Mayor Rudolph W. Giuliani of New York, and former Gov. Mitt Romney of Massachusetts, who both have gone on record supporting it.

But Senators Sam Brownback of Kansas, who has announced a presidential run, and Chuck Hagel of Nebraska, who is considering a run, have denounced the planned troop increase.

Mr. Pataki presented his views as a "bridge" between "factions pointing fingers," a reference, his aides said, to lawmakers in Washington who support the president's Iraq strategy and those who support withdrawal.

Mr. Pataki's son Teddy is an officer in the Marines, but he has not been sent to Iraq.

The speech, Mr. Pataki's second since leaving office last month after 12 years in Albany and his first on foreign policy, comes as he considers whether to enter what is fast becoming a crowded field of contenders for the Republican presidential nomination for 2008.

The speech reflected the political challenges that he and other potential Republican presidential candidates face in responding to President Bush's call for more troops in a war that many polls show to be increasingly unpopular.

Mr. Pataki has previously defended the president's Iraq policies, asserting that Iraq was a central front in the war on terrorism.

At a news conference in October 2003, Mr. Pataki said, "It's far better to be fighting that war against Al Qaeda terrorists with our soldiers and sailors and marines and Air Force on the streets of Baghdad than with our firefighters and police officers on the streets of Brooklyn."

On Friday, Mr. Pataki argued that it was possible for the United States to withdraw troops from Baghdad and still achieve what he described as America's top priority in Iraq: to deny Al Qaeda and other Islamic extremists the kind of safe haven they had in Afghanistan.

He said that if the Maliki government fails to undertake efforts to form a nonsectarian government, then America should "withdraw our troops from all areas where the war is essentially a civil one between Sunni and Shia or between Shia factions."

"We should withdraw to bases in Iraq, Kuwait and other parts of the Middle East that allow us to win our global strategic objective of defeating violent insurgents and denying them victory, safe havens or training and recruitment bases," he said. "No victory for Al Qaeda. No new bases from which to organize or plan new attacks against America or the West. No safe havens in Iraq or elsewhere. And no U.S. troops deployed in the middle of sectarian Shia/Sunni strife."

He also said the Maliki government should demonstrate a willingness to disarm Shiite militia groups, including the Mahdi Army. In the past, Mr. Maliki has been accused of being too reluctant to crack down on the Mahdi Army, whose leader, Moktada al-Sadr, has been an important part of his political coalition.

"If Maliki will not fight for Iraq, then we must limit our fight to the goal of defeating the global insurgents in Iraq, leaving the Iraqi government to deal with the sectarian violence of Baghdad," Mr. Pataki said.

Gates Working To Accelerate Deployment (WP)

By Ann Scott Tyson

The Washington Post, January 27, 2007

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Defense Secretary Robert M. Gates said yesterday that he was working to accelerate the deployment of 21,500 additional U.S. troops to Iraq, suggesting that the influx of American troops is no longer contingent upon the Iraqi government fulfilling its commitments for Baghdad security operations.

Lt. Gen. David H. Petraeus, confirmed yesterday by the Senate as the senior U.S. commander in Iraq, testified this week that he needs all of the troops -- and possibly more -- for the mission to quell sectarian violence in Baghdad. "As long as he feels he needs them, they're all going to flow," Gates told reporters at his first Pentagon news conference.

"We are going to see if the timetable for the dispatch of the brigades can be accelerated," Gates said, although he added that logistical hurdles may prevent speeding up the movement for all or some of the troops.

The U.S. troop increases now underway in both Iraq and Afghanistan reflect a deliberate effort to "create an environment in which the commanders feel open to requesting what they think they need," Gates said, suggesting that in the past U.S. commanders have not felt comfortable asking for reinforcements. Still, he said, "there is no blank check," and requests for more troops will be vetted by the Joint Chiefs of Staff before being presented to him and President Bush for a decision.

In congressional testimony and statements earlier this month, Gates had suggested that the flow of additional U.S. troops to Iraq would be dependent upon the Iraqi government meeting specific pledges -- such as sending three more Iraqi army brigades to Baghdad and lifting restrictions on U.S. military operations targeting certain Baghdad districts or individuals.

"The timetable for the introduction of additional U.S. forces will provide ample opportunity early on and before many of the additional U.S. troops actually arrive in Iraq to evaluate the progress of this endeavor and whether the Iraqis are fulfilling their commitments to us," he said at a White House news conference earlier this month.

Yesterday's statements made it clear that any decision on withholding troops would be left to Petraeus, who has said he favors moving the troops to Iraq as quickly as possible.

Gates defended the man Petraeus will replace, outgoing U.S. commander Gen. George W. Casey Jr., who is under fire from some in Congress for failures of strategy in Iraq. Gates nominated Casey to become the Army's next chief of staff, with a confirmation hearing scheduled for Feb. 1. But Casey has since faced harsh criticism from some senators, including John McCain (R-Ariz.), who says he plans to vote against Casey.

"If it's clear that generals have made serious mistakes, specific mistakes . . . they should be held accountable," Gates said. "I'm not convinced that has happened in this case."

He said Casey "has responded to the changing circumstances" by reversing a plan for a substantial troop drawdown in Iraq in 2006 after the bombing of a Shiite shrine in the city of Samarra unleashed widespread sectarian violence.

Moreover, he said the performance of Casey and other officers must be viewed "in the context of the decisions made by the civilian superiors of officers and how the battlefield they faced was shaped by those decisions. . . . I think he deserves this position."

On upcoming U.S. and Iraqi military operations to secure Baghdad, Gates said that while they could lead to increased U.S. troop casualties, another possibility is that many of the Shiite militia and other fighters "will go to ground in the hope that they can just outwait us and filter back once we're gone." To address that concern, he said the goal was for U.S. forces to help drive the violence in Baghdad down to the point where it "would be entirely manageable by the Iraqi army that would be there for a protracted period of time."

Gates declined to comment on the results of recent U.S. airstrikes to target terrorists in Somalia, saying only that U.S. forces would seek to kill or capture members of al-Qaeda and other groups that attack the United States.

Reserved Seats, And Tone, As A New Defense Chief Meets The Press (NYT)

By David S. Cloud

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 — Defense Secretary Robert M. Gates held his first Pentagon press conference on Friday, and it was nothing like those of his predecessor, Donald H. Rumsfeld.

Over his six years in office, Mr. Rumsfeld's briefings became something like a long-running Broadway variety show, as entertaining as they were familiar.

Mr. Rumsfeld invariably stood behind the lectern in the Pentagon briefing room, often on live television, gleefully sparring with reporters, challenging the premises of their questions, and usually frustrating all efforts to elicit hard information.

Mr. Gates seemed to go out of his way to do things differently. Reporters were escorted to his personal conference room on the Pentagon's third floor, which prevented the proceedings from being televised live, though television cameras still recorded it for later broadcast. Seats around the table were reserved for some news organizations, while the rest of the roughly 30 reporters and cameramen who attended were told by press aides to stand in the corner.

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Mr. Gates opened the session by explaining why he was shunning the Pentagon briefing room. “I would prefer a more informal setting than the dais and the big sign behind me and so on,” he said.

The crowded conference room was an arrangement that, he acknowledged, “probably cramps some of you.”

For the next half-hour, Mr. Gates answered questions. Very often the substance of his replies was not unlike what Mr. Rumsfeld might have said. Like his predecessor, he even challenged the premise of a question or two. But his answers were generally more concise and free of scoffing, teasing or smirking.

“I have no idea,” Mr. Gates said in response to a question about the number of Iranian operatives in Iraq. If posed to Mr. Rumsfeld, such a question might have prompted a long discourse about “known knowns” and “known unknowns” and “unknown unknowns,” the subtext of which was that the press was slightly ridiculous for even asking.

Nor were there any quotes as memorable as Mr. Rumsfeld’s riposte that “stuff happens,” when asked at a 2003 briefing about looting in Baghdad.

But, by the end, Mr. Gates seemed happy with how his first formal meeting with the Pentagon press corps had gone, even while some reporters grumbled about not being able to sit down. “Maybe do this where there’s more room next time,” he said, standing up to leave.

Defense Chief Shows He's No Rumsfeld (LAT)

By Julian E. Barnes

The Los Angeles Times, January 27, 2007

WASHINGTON — If there was any question that Defense Secretary Robert M. Gates would go to almost any length to demonstrate he was the anti-Rumsfeld, he dispelled it Friday.

In his first-ever Pentagon news conference, Gates' manner and method could not have been more different than those of his controversial predecessor — starting with the room.

Donald H. Rumsfeld made the Pentagon briefing room so much his own, Gates has evidently decided he has no intention of using it. Instead, Gates met the media in his private dining room, seating reporters and himself around a large conference table.

And the answers he offered could not have been more dissimilar to Rumsfeld's.

Stylistically, Gates refrained from scoffing at reporters, from restating their questions on more favorable terms and from challenging the premises of inquiries. He avoided any metaphysical lectures or expositions on the electricity supply of North Korea. Instead, he took the questions as they came, working his way through 32 of them, quickly and concisely.

Substantively, there were some sharp differences. Indeed, Gates came close to blaming Rumsfeld for many of the problems in Iraq.

The new Defense chief offered strong words of support for the nomination of Gen. George W. Casey Jr. to become the next Army chief of staff and said Casey was not to blame for the problems of Iraq. Sen. John McCain (R-Ariz.) has criticized Casey's leadership of the war and said he would vote against the general's nomination. Asked if commanders should be held accountable for Iraq, Gates seemed — almost — to throw Rumsfeld under the bus.

"I think that one has to look at this in the context of the decisions made by the civilian superiors of officers and how the battlefield they face was shaped by those decisions," Gates said.

Rumsfeld always insisted in his news conferences that his commanders were free to ask for more forces. But military planners had said privately that Rumsfeld created an atmosphere where such requests were unwelcome. On Friday, Gates took pains to demonstrate that he was listening to his military commanders. Although he would not say whether he might send more than 21,500 additional troops to Iraq, he said military commanders could ask for more.

"What we have done, I hope, is create an environment in which the commanders feel open to requesting what they think they need," Gates said.

During a Senate hearing this week, a slight strategy difference seemed to emerge between Gates and the man he recommended to become the top commander in Iraq, Gen. David H. Petraeus. Gates said on Jan. 12 that some of the additional forces on their way to Baghdad might end up not being needed. But Petraeus said Tuesday that he would not know if the strategy was working until all the forces were in place.

Gates did not completely back off Friday but stated emphatically that Petraeus would get the troops he wanted, and said the department was looking to get them to Baghdad sooner than spring. "As long as he feels he needs them," Gates said, "they're all going to flow."

Members of Congress often accused Rumsfeld of painting an overly rosy picture of the situation in Iraq. Here again, Gates pledged to be a different kind of defense secretary.

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"My hope is to establish a record with the Hill going forward, regardless of what may have been the case in the past, where we have a reputation for candor and for saying — calling things exactly as they are, for good or for bad," Gates said.

But like Rumsfeld, Gates could not avoid some trouble at his news conference. Gates took a swipe at the pending congressional resolutions opposing the troop increase, saying the movement "certainly emboldens the enemy and our adversaries."

That provoked Sen. Edward M. Kennedy (D-Mass.), who frequently issued statements after Rumsfeld news conferences, to say that Gates' comment was "a desperate attempt by the administration to support a failed policy."

Just like old times.

Lethal-Force Order Justified, Bush Says (WP)

By Dafna Linzer, Ann Scott Tyson

The Washington Post, January 27, 2007

President Bush yesterday defended a Pentagon program to kill or capture Iranian operatives inside Iraq, saying that U.S. troops would use all necessary measures to protect themselves and Iraqi civilians from harm.

"It makes sense that if somebody's trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, that we will stop them," Bush said in response to a question about the program, the details of which were first reported in yesterday's Washington Post.

But Bush and Defense Secretary Robert M. Gates said U.S. troops would not cross Iraq's border with Iran under the program, and the president said he is still committed to resolving the dispute over Iran's nuclear program diplomatically.

Senate Majority Leader Harry M. Reid (D-Nev.) said that U.S. troops must defend themselves in Iraq but that the president needs congressional approval for any program that could "escalate this conflict" with Iran. Reid said Bush should be engaged in direct diplomacy with Iran and other countries in the region to avoid a widening conflict, rather than "sending battle carrier groups" to sit off the Iranian coast.

Last fall, Bush gave the military secret authorization to kill or capture members of Iran's Revolutionary Guard, including members of a Guard unit known as the Quds Force, and any Iranian intelligence operatives suspected of arming or supporting Shiite militias in Iraq.

The policy is based on the theory that Tehran will back down from its nuclear ambitions if the United States hits it hard in Iraq and elsewhere, creating a sense of vulnerability among Iranian leaders. But the policy has attracted some influential skeptics inside the Bush administration and the intelligence community who are concerned that Iran could respond with escalation. The director of the CIA, Gen. Michael V. Hayden, counseled the president to consider that Iran could undertake its own program to kill or kidnap U.S. personnel in Iraq or neighboring Afghanistan.

Bush said it is "not accurate" he wants to widen a confrontation with Iran. "We're going to continue to protect ourselves in Iraq and at the same time work to solve their problems with Iran diplomatically, and I believe we can succeed. The choice is the Iranian government's choice," he said at a news conference.

The president said his administration is already making good progress on the diplomatic front, citing a U.N. Security Council resolution that calls on Iran to halt much of its nuclear program and return to negotiations. Iran has rejected that.

Yesterday, the director of the U.N. inspection agency that is monitoring Iran's nuclear program said Tehran plans to significantly expand its nuclear program in the coming months to begin producing large quantities of uranium. Iranian officials say they intend to produce only low-enriched uranium suitable for fueling a nuclear energy program. But the same technology can also produce bomb-grade uranium. Bush said yesterday that the Iranian government plans to build nuclear weapons, though his administration has never offered proof.

In Tehran, the chairman of the parliament's National Security and Foreign Policy Commission, Alaeddin Boroujerdi, said Bush's policy amounts to "terrorist" action that violates international law.

"Such a measure illustrates the failure of the U.S.'s new strategy in Iraq, because it has had no effect in quelling unrests and restoring calm and order and has instead roused intensified reactions in Iraq," Boroujerdi told the Iranian Fars News Agency.

At a Pentagon news conference yesterday, Gates told reporters that U.S. troops were not "simply going to stand by and let people bring sophisticated IEDs into the country that can disable an Abrams tank and give them a free pass." Gates was referring to roadside bombs, or "improvised explosive devices," that U.S. officials have said are built with components brought into Iraq from Iran.

"But as we've said before, we think we can handle this inside the borders of Iraq, he said.

Gates did not discuss the program's rules of engagement but said that U.S. military targeting of Iranians or any foreign fighters is limited to those who pose a threat to U.S. troops, adding that such practice is not new. "Our forces are authorized to go

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after those who are trying to kill them," he said. "We are trying to uproot these networks that are planting IEDs that are causing 70 percent of our casualties," he said, adding that "if you are in Iraq and are trying to kill our troops, then you should consider yourself a target."

Gates said he thought yesterday's article in The Post contained "a number of inaccuracies," but he declined to offer examples.

Lt. Gen. Raymond T. Odierno, the No. 2 U.S. commander in Iraq, said yesterday on ABC's "Good Morning America" that U.S. troops had "found some members of the Quds Force operating within Iraq," and, "We have found weapons within Iraq. . . . We found mortars. We have found detonation wire. So, it's clear . . . either through training or providing weapons systems, they are involved here in Iraq."

Two weeks ago, U.S. forces detained five Iranians during a raid on an Iranian government office in Kurdish northern Iraq. Officials said the office was linked to the Revolutionary Guard.

But Iraqi Foreign Minister Hoshyar Zebari, a Kurd, contended that the Iranians were working in an Iraq-government-approved liaison office and that the office was set up to become a diplomatic consulate. U.S. officials said they planned to release a report in the coming days detailing the activities of the detained Iranians and their ties to the violence in Iraq.

Bush said yesterday that the United States had no quarrel with the Iranian people, just with the leaders who "end up isolating their people and ends up denying the Iranian people their true place in the world."

In New York yesterday, the U.N. General Assembly adopted a resolution condemning the Iranian government's official denial of the Holocaust and condemning a conference in Tehran last month that questioned whether Nazis murdered millions of Jews. The resolution was drafted by the Bush administration and co-sponsored by more than 100 U.N. members.

Bush Defends Moving Against Iranians Who Help Shiites Attack U.S.-Led Forces In Iraq (NYT)

By Mark Mazzetti, David S. Cloud

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 — President Bush and his senior aides on Friday justified American actions against Iranian operatives inside Iraq as necessary to protect American troops and Iraqis, and said they would continue as long as Tehran kept up what they called its support for Shiites involved in sectarian attacks.

“If somebody is trying to harm our troops and stop them from achieving our goal, or killing innocent citizens in Iraq, we will stop them,” President Bush told reporters at the White House.

President Bush decided several months ago to allow American troops to make targets of select Iranian operatives inside Iraq whom military officials have accused of helping militants build sophisticated and powerful roadside bombs. He and other officials faced repeated questioning about the policy, which was disclosed in recent weeks, after The Washington Post published articles on Friday exploring Iran’s regional influence and the administration’s approaches to containing it.

Several administration officials, including Defense Secretary Robert M. Gates, said that President Bush had given the military no new authorities to carry out the offensive, and that the Pentagon had long had permission to capture or kill foreign operatives thought to be aiding attacks against American troops.

Officials said there was no blanket authority to take action against Iranian agents, only Iranian agents thought to be directly involved in planning or carrying out attacks against American and allied forces. That is a different standard than applied to foreign fighters of Al Qaeda in Iraq, they said.

“If you are on the wire diagram as an Al Qaeda operative, you can be targeted just for reading the newspaper in your living room. These guys are not in that position,” said one senior Defense official, speaking on condition of anonymity.

The official said there was debate within the administration about whether to become even more aggressive toward Iranians in Iraq. Already, the arrests of Iranians have caused tensions between American and Iraqi officials, as well as heightening the strains between Tehran and Washington. Meanwhile, some lawmakers have expressed concerns that the administration might even strike militarily into Iranian territory just as Congress considers resolutions denouncing Mr. Bush’s war strategy for Iraq.

“You have to balance it,” this official said. “While you want to take care of the situation, you don’t want to cause an international incident where you provoke Iran.”

The White House has not issued a presidential finding authorizing covert action against Iranians inside of Iraq or authorized any military actions inside Iran, officials said.

President Bush kicked off a campaign of escalated rhetoric against Iran during a televised address to the nation on Jan. 10. For months, officials from across the Bush administration have accused Iran of supplying Shiite militias with high-tech explosives and training them to carry out attacks with roadside bombs.

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Administration officials have thus far provided little detailed public evidence to support these claims. Officials said that Zalmay Khalilzad, the American ambassador in Baghdad, is planning a news conference for Wednesday during which he will present a dossier of Iran's efforts to fuel sectarian violence in Iraq.

Part of Mr. Khalilzad's presentation, officials said, will be to show evidence found during a December raid on a compound of the Iranian-backed Supreme Council for the Islamic Revolution in Iraq, or Sciri.

The officials said that among the evidence that would be presented were photographs, documents and a color-coded wall map that were seized in the raid detailing which Sunni neighborhoods in Baghdad would be targets for attack.

Some leading Democrats, including the chairman of the Senate Foreign Relations Committee, Joseph R. Biden Jr., and the chairman of the Senate Intelligence Committee, John D. Rockefeller IV, have criticized the Bush administration for building a case against Iran when American intelligence agencies still have a murky understanding of Iran's intentions in the Middle East.

Last week, Mr. Rockefeller said that the White House campaign was unnervingly similar to Bush administration rhetoric in the months before the Iraq war.

Some Middle East specialists point out that an effort to move against Iranian agents could backfire and prompt Iran to strike back against America troops.

"It's going to be a bumpy road inside Iraq because it puts U.S. forces at risk and because Ahmadinejad will be more confrontational," said Patrick Clawson, an Iran expert at the Washington Institute for Near East policy, referring to Iran's president, Mahmoud Ahmadinejad.

Military commanders in Baghdad say they have documented a rise in the number of sophisticated roadside bombs using "shaped charges" — a type of weapon that officials believe are imported from Iran. Military statistics show that the number of coalition troops killed by these weapons jumped dramatically during the last four months of 2006.

It was late last year, officials in Washington said, that Mr. Bush signed off on a more aggressive military offensive inside Iraq to counter Iranian influence. Secretary of State Condoleezza Rice confirmed the policy change in an interview on Jan. 12. An article in The Washington Post on Friday reported new details about how the policy was being carried out, including some that the administration said were inaccurate, without elaborating.

One person briefed on the Bush administration strategy said officials in Washington believed that by giving assistance to radical Shiite militants in organizations like the Mahdi Army, Iran was hoping to split off hard-line elements within these organizations and make them more beholden to Tehran.

By moving against Iranians inside Iraq, the Bush administration hopes it can persuade them to stop their efforts to create rifts among Shiites and to provide aid in attacks against American troops, the person said, requesting anonymity because the briefing he had received was not intended to be made public.

"The Iranian government needs to know that whether it's the Quds Force or any other kind of Iranian organization, we are not going to tolerate American soldiers being targeted in that fashion," said R. Nicholas Burns, a top State Department official. He was referring to a section of the Iranian Revolutionary Guards Corps.

Bush Defends New Policy On Iranians In Iraq (LAT)

By Paul Richter

The Los Angeles Times, January 27, 2007

WASHINGTON — President Bush staunchly defended a tough new administration policy on Iran that is drawing criticism at home and causing anxiety abroad, arguing Friday that it was only sensible for U.S. troops to move aggressively against Iranians who endangered them in Iraq.

Bush, appearing with military advisors at the White House, said the policy was not meant to spread U.S. wars in Iraq and Afghanistan into Iran, but asserted that U.S. troops had the right to seek out agents from Tehran, which he has accused of supporting Iraqi militants.

"It just make sense that if somebody is trying to harm our troops or stop us from achieving our goal, or killing innocent civilians in Iraq, that we will stop them," Bush said.

The administration announced two weeks ago, as part of its new strategy on Iraq, that it would move more forcefully against Iranian and Syrian agents in Iraq. The White House also then moved Navy warships and fighter jets into the Persian Gulf in a display of determination to maintain its influence in the region.

The new push has been welcomed by some Sunni Arab countries that are worried about the rising influence of predominantly Shiite Iran, as well as by members of U.S. Congress from both parties who are nervous about the prospect that Tehran may acquire a nuclear weapon and possibly use it to threaten Israel.

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But the aggressive approach has been unsettling to Shiite Arabs and Kurdish leaders in Iraq, as well as to others in the United States and Europe, who fear that the confrontational words and moves could escalate into military confrontation at a time when the Middle East is already torn by sectarian strife.

The administration's tougher stance has raised questions on how far the United States plans to go to confront or control the estimated thousands of Iranians in Iraq, who include not only military and intelligence agents but also humanitarian workers, pilgrims and businesspeople.

Bush said suggestions that the administration wanted to widen its military campaign into Iran were "just not accurate." He added that he would work to settle differences with Iran diplomatically. "And I believe we can succeed," he said.

The president was joined in his warning to Tehran by Defense Secretary Robert M. Gates and other administration officials, who were asked about a report that U.S. forces were given special orders to kill or capture Iranians found in Iraq. Administration officials said that U.S. forces had authority to do whatever was necessary to defend themselves in Iraq, but did not confirm the Washington Post report about special orders.

Gates said it was his "impression" that U.S. troops always had the authority to go after Iranian agents who were helping construct bombs in Iraq. He said U.S. forces would go after anyone trying to kill them by any means, including distributing parts to build the roadside bombs known as improvised explosive devices.

"We are trying to uproot these networks that are planting IEDs that are causing 70% of our casualties," he said. "And if you're in Iraq and trying to kill our troops, then you should consider yourself a target."

Gates reiterated that he believed Iranian military involvement could be countered in Iraq, without crossing the border. He agreed that Iran could be dealt with diplomatically, but said Americans were making clear that they would take the necessary steps to preserve "stability" in the Persian Gulf.

Gordon Johndroe, a spokesman for the White House National Security Council, also discussed the administration stance on Iran.

"If our troops get actionable intelligence that agents are going to cause our troops or Iraqi citizens harm, they're going to take whatever force protections that are necessary," he said.

Bush first outlined his harsher stance toward Iran on Jan. 10 as he unveiled a new strategy to address the deteriorating situation in Iraq. The latest administration policy has caused anxiety among Iraqi Kurdish and Shiite Arab leaders, who want to form closer ties with their larger and more industrialized neighbor, and fear they would be the losers in any conflict between the United States and Iran.

Iraqi political leaders say that the U.S. policy on Iran has strengthened the United States' ties to Sunni Arab countries — including Jordan, Egypt, Saudi Arabia and the smaller Gulf states — but has caused strains between those countries and Iraq.

Many of its Sunni Muslim neighbors consider Iraq a country controlled by the Shiite Muslim sect and have formed only limited diplomatic relations with Baghdad nearly four years after the U.S.-led invasion, Iraqi officials have complained.

The new Bush administration policy also has drawn criticism from U.S. lawmakers, including Democratic Sens. Joseph R. Biden Jr. of Delaware, chairman of the Senate Foreign Relations Committee, and John D. Rockefeller IV (W.Va.), chairman of the Senate Intelligence Committee.

A former top aide for Middle East policy in the Clinton White House has told Congress that the policy on Iran stands to fail, as has Bush's approach toward Iraq, and ignite wider conflict in the region.

Robert Malley, director for the Middle East program at the Brussels-based International Crisis Group, said that while the administration has refused direct talks with Iran and Syria, it has combined military threats toward Tehran with an attempt to build an anti-Iranian coalition of Sunni Arab governments.

"This approach runs the risk of promoting internecine conflict and, possibly, all-out and unwinnable civil wars in Lebanon and Palestine — yet another series of catastrophes in the making," Malley told the Senate Foreign Relations Committee on Tuesday.

Some observers said the new policy reflected not only a U.S. desire to reassert itself at a moment of growing Iranian influence in the region, but also represented an attempt to solicit support at home for the administration's approach at a time when the White House is trying to shore up its sagging popularity.

Toby Dodge of the London-based International Institute for Strategic Studies said the confrontational U.S. tone toward Iran was likely to appeal to many in Congress.

"This is a way to explain to the U.S. public that Iran is partly to blame for Iraq's problems," he said. "It's a way to rally public opinion and forge some kind of consensus."

But Sean McCormack, the chief State Department spokesman, said that those who see a political motive in the new policy "just don't know what they're talking about."

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Bush Denies Preparing Attack Against Iran (FT)

By Edward Luce

Financial Times, January 27, 2007

George W. Bush on Friday sought to deny widespread rumours his administration was preparing some kind of military action against Iran. Mr Bush confirmed a report in Friday's Washington Post that he had authorised US troops to shoot and kill Iranian operatives in Iraq, but denied this was a prelude to stronger action.

"We believe we can solve our problems with Iran diplomatically," said the US president. "It makes sense that if somebody is trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, that we will stop them."

But the US president's relatively emollient comments are unlikely to quell speculation about the reasons behind the recent escalation of White House rhetoric towards Iran. In his prime time address on the "new way forward in Iraq" two weeks ago, Mr Bush pledged to "interrupt the flow of support [for extremists in Iraq] from Iran and Syria...We will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

In his State of the Union address to the joint houses of Congress on Tuesday, he lumped Iran with al-Qaeda. "It has also become clear that we face an escalating danger from Shia extremists who...take direction from the regime in Iran. The Shia and Sunni extremists are different faces of the same totalitarian threat."

Last week, Mr Bush ordered a second US aircraft carrier to the Gulf and the deployment of more Patriot missiles in US military bases there. Richard Haass, former head of policy planning at the State Department in the first Bush administration, said the US president was leaving both the diplomatic and military option open.

"You could interpret Bush's recent actions towards Iran in two ways – either he is increasing pressure on the regime in order to soften it up for talks over its uranium enrichment plans, or this is classic gunboat diplomacy in which the US is preparing for some kind of punitive action," said Mr Haass. "My guess is that Mr Bush's actions leave room for either scenario and the Bush administration remains divided over which to pursue."

Both Condoleezza Rice, the secretary of state, and Bob Gates, secretary of defence, are thought to be pushing the White House to open talks with Iranian, having softened it up with the recent application of United Nations-approved economic sanctions on Iran and the beefing up of US naval forces off the Iranian coast.

"The Bush administration believes that Iran sees the US as a kind of paper tiger, and this is Washington's answer to that," said Afshin Molavi, at the New America Foundation in Washington. "The danger to this strategy is that it carries the risk of accidentally leading into some kind of military confrontation."

However, others in the Bush administration, notably Dick Cheney, who last year warned Iran that it would face "meaningful consequences" if it continued to foment violence in Iraq, are thought to be arguing for the military option.

This interpretation is put forward by leading Democratic lawmakers on Capitol Hill, who have sought – but not received – assurances that the Bush administration has no plans to extend its military operations in Iraq across the border to Iran.

Meanwhile, in a short statement to commemorate International Holocaust Day on Friday, Iran was the only country Mr Bush cited by name: "Remembering the victims, heroes, and lessons of the Holocaust is particularly important today as Holocaust denial continues, urged on by the Iranian regime, which perversely seeks to call into question the historical fact of the Nazis' campaign of mass murder," he said.

Daffy Does Doom (NYT)

By Maureen Dowd

The New York Times, January 27, 2007

Dick Durbin went to the floor of the Senate on Thursday night to denounce the vice president as "delusional."

It was shocking, and Senator Durbin should be ashamed of himself.

Delusional is far too mild a word to describe Dick Cheney. Delusional doesn't begin to capture the profound, transcendental one-flew-over daftness of the man.

Has anyone in the history of the United States ever been so singularly wrong and misguided about such phenomenally important events and continued to insist he's right in the face of overwhelming evidence to the contrary?

It requires an exquisite kind of lunacy to spend hundreds of billions destroying America's reputation in the world, exhausting the U.S. military, failing to catch Osama, enhancing Iran's power in the Middle East and sending American kids to train and arm Iraqi forces so they can work against American interests.

Only someone with an inspired alienation from reality could, under the guise of exorcising the trauma of Vietnam, replicate the trauma of Vietnam.

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You must have a real talent for derangement to stay wrong every step of the way, to remain in complete denial about Iraq's civil war, to have a total misunderstanding of Arab culture, to be completely oblivious to the American mood and to be absolutely blind to how democracy works.

In a democracy, when you run a campaign that panders to homophobia by attacking gay marriage and then your lesbian daughter writes a book about politics and decides to have a baby with her partner, you cannot tell Wolf Blitzer he's "out of line" when he gingerly raises the hypocrisy of your position.

Mr. Cheney acts more like a member of the James gang than the Jefferson gang. Asked by Wolf what would happen if the Senate passed a resolution critical of The Surge, Scary Cheney rumbled, "It won't stop us."

Such an exercise in democracy, he noted, would be "detrimental from the standpoint of the troops."

Americans learned an important lesson from Vietnam about supporting the troops even when they did not support the war. From media organizations to Hollywood celebrities and lawmakers on both sides, everyone backs our troops.

It is W. and Vice who learned no lessons from Vietnam, probably because they worked so hard to avoid going. They rush into a war halfway around the world for no reason and with no foresight about the culture or the inevitable insurgency, and then assert that any criticism of their fumbling management of Iraq and Afghanistan is tantamount to criticizing the troops. Quel demagoguery.

"Bottom line," Vice told Wolf, "is that we've had enormous successes, and we will continue to have enormous successes." The biggest threat, he said, is that Americans may not "have the stomach for the fight."

He should stop casting aspersions on the American stomach. We've had the stomach for more than 3,000 American deaths in a war sold as a cakewalk.

If W. were not so obsessed with being seen as tough, Mr. Cheney could not influence him with such tripe.

They are perpetually guided by the wrong part of the body. They are consumed by the fear of looking as if they don't have guts, when they should be compelled by the desire to look as if they have brains.

After offering Congress an olive branch in the State of the Union, the president resumed mindless swaggering. Asked yesterday why he was ratcheting up despite the resolutions, W. replied, "In that I'm the decision maker, I had to come up with a way forward that precluded disaster." (Or preordained it.)

The reality of Iraq, as The Times's brilliant John Burns described it to Charlie Rose this week, is that a messy endgame could be far worse than Vietnam, leading to "a civil war on a scale with bloodshed that will absolutely dwarf what we're seeing now," and a "wider conflagration, with all kinds of implications for the world's flow of oil, for the state of Israel. What happens to King Abdullah in Jordan if there's complete chaos in the region?"

Mr. Cheney has turned his perversity into foreign policy.

He assumes that the more people think he's crazy, the saner he must be. In Dr. No's nutty world-view, anti-Americanism is a compliment. The proof that America is right is that everyone thinks it isn't.

He sees himself as a prophet in the wilderness because he thinks anyone in the wilderness must be a prophet.

To borrow one of his many dismissive words, it's hogwash.

Senate OKs Petraeus To Lead Troops In Iraq (WT/AP)

By Associated Press

The Washington Times, January 27, 2007

The Senate yesterday voted unanimously to confirm the nomination of Army Lt. Gen. David Petraeus to command U.S. troops in Iraq at a time when President Bush is building up American forces there.

Gen. Petraeus' 81-0 approval was in contrast to the widespread public and congressional opposition to Mr. Bush's plan to send 21,500 more troops to Iraq. Congress is moving toward votes in coming weeks on nonbinding resolutions opposing the troop buildup.

In testimony to Congress this week, Gen. Petraeus said the situation in Iraq is "dire" but said he believed Mr. Bush's strategy would work -- assuming the Iraqi government provided additional troops and helped crack down on militias.

Gen. Petraeus, who will replace Army Gen. George W. Casey. is just one of the new faces Mr. Bush is bringing to his team of top military and diplomatic officials in Iraq and the Middle East. He has already replaced Donald H. Rumsfeld with Robert M. Gates as defense secretary, and is changing the top military commander in the Middle East and the U.S. ambassador to Iraq.

Gen. Petraeus, 54, has served two previous yearlong tours in Iraq as commander of the 101st Airborne Division during the invasion in March 2003 and as commander of the training program for the Iraqi army in 2004-05.

Following the Nov. 7 elections, Mr. Bush announced he would change his strategy in Iraq, including deployments of the additional troops.

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"We'll now have our very best general in charge of the operations in Iraq," said Senate Minority Leader Mitch McConnell, Kentucky Republican. "If it can't be done under Gen. Petraeus, then it cannot be done at all. We ought to give him a chance to succeed."

Tuesday, the Senate Armed Services Committee plans to hear from Navy Adm. William Fallon, Mr. Bush's pick to replace Gen. John Abizaid as the top commander in the Middle East. Gen. Casey, nominated to be the next Army chief of staff, is expected to testify on Feb. 1.

U.S. Plan For Iraqi Force Surprises Senator (WP)

By Walter Pincus

The Washington Post, January 27, 2007

Army Lt. Gen. David H. Petraeus, the new top U.S. commander in Iraq, told Congress that he might supplement efforts to secure Baghdad using the Iraqi Facilities Protection Service, a 150,000-man force that guards Iraqi government agencies. But that service is widely considered unreliable, and elements were described in July by Prime Minister Nouri al-Maliki as "more dangerous than the militias," according to Sen. Jack Reed (D-R.I.).

"The prime minister said he wanted to get rid of the FPS as fast as possible," Reed said this week, recalling his meeting with Maliki in Baghdad last summer. There are "bad elements" in FPS units that "are carrying out murders and kidnappings . . . [and] attacking the infrastructure that they are supposedly protecting," Reed said in his trip report about what Maliki had told him. "Because of the FPS," Reed wrote, Maliki said that "some governmental ministries' guards are more dangerous than the militias."

The FPS was formed in 2003 by order of L. Paul Bremer, then administrator of the Coalition Provisional Authority, to protect the 27 Iraqi ministries and their facilities throughout Iraq. Each minister, who generally represents one of Iraq's political parties, has his or her own FPS unit, whose armed members wear military uniforms.

The Iraq Study Group described FPS members as having "questionable loyalties and capabilities." It quoted an unnamed senior U.S. official as saying that they are "incompetent, dysfunctional and subversive," with some serving the manpower needs of sectarian party militias and death squads.

Reed said in an interview that, with security being the main concern of President Bush in pressing for additional U.S. troops in Baghdad, he was "surprised" that Petraeus would describe FPS units, also known as ministerial security forces, as assisting in the protection of the city. The Senate confirmed Petraeus yesterday as the new top U.S. commander in Iraq.

"There are tens of thousands of contract security forces and ministerial security forces that do, in fact, guard facilities and secure institutions, and so forth," Petraeus said in testimony earlier this week, "that our forces -- coalition or Iraqi forces -- would otherwise have to guard and secure."

When Reed responded that he was "shocked" that the FPS was mentioned in those terms -- because Maliki had told him "that some of these ministerial forces are worse than the insurgents" -- Petraeus replied: "Some, indeed." Later, in answer to a question, the Army general acknowledged that "some of those ministerial forces are part of the problem instead of part of the solution."

Maliki was not the only official who spoke to Reed in July regarding concerns about the FPS. Army Lt. Gen. Martin E. Dempsey, commander of the Multi-National Security Transition Command-Iraq, described the FPS members, along with about 8,700 personal security guards provided to Iraqi political figures, as among "the proliferation of armed groups . . . [presenting] a serious challenge to stability." Dempsey said the Iraqi Defense Ministry paid the salaries of the personal security details "but has no control over them." Each of the 275 members of Iraq's Council of Representatives, as its national assembly is called, is entitled to 20 guards, many of whom are chosen from within their families.

Dempsey was particularly critical of the FPS, saying: "They have a reputation for gross misconduct." He specified as "particularly notorious" the FPS units associated with the ministries of transportation and health, both under the control of associates of Shiite cleric Moqtada al-Sadr. The FPS units employed by those ministries are "a source of funding and jobs for the Mahdi Army," Sadr's militia, according to the Iraq Study Group report.

Dempsey told Reed last summer that the FPS and the personal security details "should be reformed" and "outfitted with different uniforms to distinguish them from the police and clearly identify them." More recently, Dempsey told reporters that the FPS should be brought under the control of Iraq's Interior Ministry this year.

In Basra, Reed was told by Maj. Gen. John Cooper, commander of the British troops in that area, that the FPS was "a major problem." In Fallujah, members of the Marine Expeditionary Force said that when they retook the hospital in Ramadi, local leaders insisted "that the FPS be barred from returning because of their corruption and unreliability."

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Sen. Hillary Rodham Clinton (D-N.Y.), upon returning from a brief trip to Iraq this month, announced that she will introduce legislation that would require -- as a condition of continued funding -- certification that the FPS and the private security contractors for the Iraqis are free of sectarian and militia influence.

"Instead of cutting funding to American troops, cut the funding to the Iraqi forces and to the security forces . . . that we pay for to protect the members of this government," Clinton said last week on the PBS's "NewsHour with Jim Lehrer." "We have to do something to get their attention in order to force them to deal with the political and the economic and the diplomatic pieces of the puzzle that confront us," she added.

Military Confirms 4 Soldiers Were Abducted During Attack In Karbala (AP)

AP, January 26, 2007

BAGHDAD (AP) — Four American soldiers were abducted during a sophisticated sneak attack last week in the Shiite holy city of Karbala, the U.S. military confirmed Friday. It said three were shot to death and a fourth was mortally wounded with a gunshot to the head when they were found in a neighboring province, far from the compound where they were captured.

Two of the four were handcuffed together in the back seat of an SUV near the southern Iraqi town of Mahawil. A third dead soldier was on the ground nearby. The fourth soldier died on the way to the hospital, the military said in a statement issued late Friday that confirmed details reported by The Associated Press earlier.

On Jan. 20, the day of the raid on a security meeting in Karbala, the military said five soldiers were killed repelling the attack.

The brazen assault, 50 miles south of Baghdad, was conducted by nine to 12 militants posing as an American security team, according to two senior U.S. military officials as well as Iraqi officials. They traveled in black GMC Suburban vehicles — the type used by U.S. government convoys — had American weapons, wore new U.S. military combat fatigues, and spoke English, according to Iraqi and U.S. military officials.

None of the American or Iraqi officials would allow use of their names because of the sensitive nature of the information.

The confirmation has emerged after nearly a week of inquiries. The U.S. military in Baghdad initially did not respond to repeated requests for comment on reports that began emerging from Iraqi government and military officials on the abduction and a major breakdown in security at Karbala site.

Within hours of the AP report that four of the five dead soldiers had been abducted and found dead or dying about 25 miles to the east of Karbala, the military issued a long account of what took place.

It said, "Two soldiers were found handcuffed together in the back of one of the SUVs. Both had suffered gunshot wounds and were dead. A third soldier was found shot and dead on the ground. Nearby, the fourth soldier was still alive, despite a gunshot wound to the head."

The mortally wounded soldier was rushed to the hospital by Iraqi police but died on the way, the military said.

The military also said Iraqi police had found "five SUVs, U.S. Army-type combat uniforms, boots, radios and a non-U.S. made rifle" near Mahawil, in neighboring Babil province.

"The precision of the attack, the equipment used and the possible use of explosives to destroy the military vehicles in the compound suggests that the attack was well rehearsed prior to execution," said Lt. Col. Scott Bleichwehl, spokesman for Multi-National Division-Baghdad.

"The attackers went straight to where Americans were located in the provincial government facility, bypassing the Iraqi police in the compound," said Bleichwehl. "We are looking at all the evidence to determine who or what was responsible for the breakdown in security at the compound and the perpetration of the assault."

The Karbala raid, as explained by the Iraqi and American officials, began after nightfall at about 6 p.m. on Jan. 20, while American military officers were meeting with their Iraqi counterparts on the main floor of the Provisional Joint Coordination Center in Karbala.

Iraqi officials said the approaching convoy of black GMC Suburbans was waved through an Iraqi checkpoint at the edge of Karbala. The Iraqi soldiers believed it to be American because of the type of vehicles, the distinctive camouflage American uniforms and the fact that they spoke English. One Iraqi official said the leader of the assault team was blond, but no other official confirmed that.

A top Iraqi security official for Karbala province told the AP that the Iraqi guards at the checkpoint radioed ahead to the compound to alert their compatriots that the convoy was on its way.

Iraqi officials said the attackers' convoy divided upon arrival, with some vehicles parking at the back of the main building where the meeting was taking place, others parked in front.

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The attackers threw a grenade and opened fire with automatic rifles as they grabbed two soldiers inside the compound. Then the guerrilla assault team jumped on top of an armored U.S. Humvee and captured two more soldiers, the U.S. military officials said.

One U.S. soldier was killed in the melee at the compound, and three were wounded.

The attackers captured four soldiers and fled with them and the computer east toward Mahawil, the U.S. military officials said.

The Iraqi officials said the four were captured alive and shot just before the vehicles were abandoned.

Police who became suspicious when the convoy of attackers and their American captives did not stop at a roadblock chased the vehicles and found the bodies, the gear and the abandoned SUVs.

Three days afterward, the U.S. military in Baghdad announced the arrest of four suspects in the attack and said they had been detained on a tip from a Karbala resident. No further information was released about the suspects.

The Defense Department has released the names of troops killed last Saturday but clearly identified only one as being killed because of the sneak attack.

Capt. Brian S. Freeman, 31, of Temecula, Calif., "died of wounds suffered when his meeting area came under attack by mortar and small arms fire." Freeman was assigned to the 412th Civil Affairs Battalion, Whitehall, Ohio.

The only other troops killed that day in that region of Iraq were four Army soldiers said to have been "ambushed while conducting dismounted operations" in Karbala.

The four were identified as 1st Lt. Jacob N. Fritz, 25, of Verdon, Neb.; Spc. Johnathan B. Chism, 22, of Gonzales, La.; Pfc. Shawn P. Falter, 25, of Cortland, N.Y., and Pvt. Johnathon M. Millican, 20, of Trafford, Ala. All were with the 2nd Battalion, 377th Parachute Field Artillery Regiment, 4th Brigade Combat Team, 25th Infantry Division, of Fort Richardson, Alaska.

Military Provides Details Of Slain Soldiers' Abduction (LAT)

By Borzou Daragahi

The Los Angeles Times, January 27, 2007

BAGHDAD — Four of the five U.S. soldiers killed in a sophisticated attack in southern Iraq last week were shot after they were captured, handcuffed and driven miles away by gunmen who appeared to have detailed information about their target, U.S. and Iraqi officials said Friday.

"The attackers went straight to where the Americans were located in the provincial government facility, bypassing the Iraqi police in the compound," Lt. Col. Scott Bleichwehl, a spokesman for U.S. forces in Baghdad, said in a statement. "We are looking at all the evidence to determine who or what was responsible for the breakdown in security at the compound and the perpetration of the assault."

The U.S. military said last week that five soldiers in Karbala died fending off the Jan. 20 attack on a provincial security building, but details of what happened were not released.

However, hours after an Associated Press report cited unnamed U.S. and Iraqi sources in recounting the attack and killings, the military Friday issued a detailed statement on the incident that said the four soldiers were found dead or dying in a neighboring province south of Baghdad.

The account of the attack provided by the military suggests both a breakdown of security in the relatively safe southern province as well as increased skill on the part of armed groups.

"The precision of the attack, the equipment used and the possible use of explosives to destroy the military vehicles in the compound suggests that the attack was well rehearsed prior to execution," Bleichwehl said.

U.S. and Iraqi soldiers were at a provincial security headquarters discussing safety for pilgrims participating in an annual religious ceremony when the gunmen — dressed in U.S. Army-style combat uniforms and driving at least five sport utility vehicles — made their way past checkpoints and stormed the building about 5 p.m.

"The armed militants wore American-looking uniforms and carried U.S.-type weapons convincing Iraqi checkpoints to allow their passage," the statement said.

Once they were inside the compound, fighting broke out between the gunmen, estimated at no more than a dozen, and U.S. soldiers. Small-arms fire erupted and grenades exploded. One soldier was killed and three were wounded by a hand grenade thrown into the main office, which includes the headquarters of the provincial police chief.

"The Iraqis in the meeting were not harmed or even touched," an Iraqi military official said.

Explosions damaged several U.S. Humvees, disabling the vehicles and forcing the soldiers to take cover. The attackers pulled back, the statement said, taking four U.S. soldiers with them.

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According to U.S. and Iraqi officials, not only did the gunmen manage to enter the building, they took the captured soldiers from Karbala dozens of miles to Babil province, confidently driving past at least one checkpoint.

"The vehicles did not stop at checkpoints, they drove right through them," said an Iraqi military officer, speaking on condition of anonymity.

The military said suspicious Iraqi police officers pursued them. Iraqi security officials said American and local forces surrounded the area and established a curfew.

Residents heard gunfire and saw flares light up the sky as Iraqi forces, including members of Hillah's Scorpion Brigades, searched the area.

The Iraqi police eventually found the captured U.S. soldiers, dead or dying, as well as five abandoned SUVs, U.S. Army uniforms, boots, radios and sophisticated machine guns near the Sunni towns of Mahawil and Albu Alwan in northern Babil province.

"Two soldiers were found handcuffed together in the back of one of the SUVs," the U.S. military statement said. "Both had suffered gunshot wounds and were dead. A third soldier was found shot and dead on the ground. Nearby, the fourth soldier was still alive, despite a gunshot wound to the head."

The soldier died as Iraqi police took him to a nearby hospital.

Karbala Gov. Aqil Khazali, saying he had been briefed by a U.S. official, said the intense search may have pressed the insurgents to execute the captured soldiers.

"They were killed by the criminals near Hillah in Babil province after being encircled and surrounded by the American and Iraqi forces," Khazali said.

Suicide Bomb Erases A Fading Vestige Of Joy In Baghdad (NYT)

By Marc Santora

The New York Times, January 27, 2007

BAGHDAD, Jan. 26 — There used to be two great joys on Fridays for Iraqis in Baghdad: browsing the ancient bookshops, and exploring the Ghazil animal market, home to an extraordinary array of creatures.

One by one, though, the storied booksellers on Mutanabi Street have seen business fade away, the customers fearful of crowded places.

The animal market, too, has suffered, having been reduced to a shell of its lively former self. When a bomb exploded there on Friday, killing 15 people and wounding 50, it was the third such attack since June.

In the chaos after the blast, snakes slithered through bloody streets where animal carcasses were jumbled with human remains. Exotic birds flew off as rescue workers tried to aid the wounded.

“We were standing in the middle of the market, looking at the birds, and suddenly there was a massive explosion,” said a man who gave his name as Qusay, and who liked to scout for rare pigeons to breed. Both his legs were broken by the explosion. He said he was taken to the hospital, where he found doctors with no supplies trying to treat ghastly wounds.

His family took him home, he said in a telephone interview, because they thought they could treat him better themselves.

The attack was about more than taking lives, residents said. It was about taking life from the living.

Remarkably, the market was still frequented by Sunnis and Shiites, even after months of sectarian clashes. But fewer and fewer people have been showing up since the June bombing. Before that first attack, merchants and regular customers said, the market had carried on mostly as it had for centuries, despite the war, poverty and the general lawlessness on the streets.

The animal dealers would arrive early in the day and set up stalls along Jamhuriya Street.

The Bedouin would come in from the desert with scorpions and snakes and spiders, selling the venom for medicines. Merchants would bring in exotic animals, monkeys, foxes and even wolves, simply to attract a crowd so they could sell their more mundane animals, like chicken, sheep, dogs and goldfish.

The sellers would do just about anything to get attention.

Small birds were often painted bright colors to attract children, and fish were put in ornate glass jars to show off their brilliant colors. Men gathered in alleys to watch dog and cock fights. Tea and snacks were sold by wandering merchants.

Birds were a big draw, with rare pigeons being particularly popular.

One vendor, an Egyptian, according to witnesses, once put a chicken on a metal box and began rhythmically clapping. The chicken hopped from one foot to another, and the Egyptian claimed it was the world’s only dancing chicken.

But the crowd discovered a hot stone under the metal. Iraq has long been a rough place and the customers, who did not appreciate the trick, beat the man badly.

On Fridays, the day of rest, large crowds went to look at the animals before going to the mosque.

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Nearly everyone here can remember a morning spent in this way.

"I used to breed birds, it's a hobby of mine and I used to buy and sell pigeons," Dorid Abu Assad said in a telephone interview. "Every Friday we would go to the market to try and find some rare kinds of pigeons. It was fun to go there and be with all the people."

But he stopped going just before the attack in June, fearing a bombing. In that attack, 4 people were killed and 50 wounded in twin bombings. Then last month, militants launched a mortar into the market, killing 3 and wounding 28.

The animal sellers tried to go on, but by this Friday, residents said, the market was badly diminished. Most of the more exotic animals could no longer be found, and the sellers who came were mainly just trying to scrape by marketing chickens, sheep and small birds.

The bomber disguised himself as just another bird merchant, selling pigeons, witnesses said. As the crowd leaned in for a better look at his pigeon box, he walked away and set off the bomb.

Although it is impossible to know who exactly was responsible, the bombing fits a pattern of attacks by Sunni extremists that have picked up in intensity as Shiites prepare to celebrate Ashura, one of their holiest days.

The violence on Friday was not confined to the animal market. The area around Haifa Street, an important commercial strip, was again racked despite an effort by American and Iraqi soldiers to rid the area of militants. A suicide bomber attacked an Iraqi Army checkpoint in the neighborhood, killing two people and wounding 14, according to an Iraqi official, who said it was unclear how many casualties were soldiers.

There were 27 bodies recovered on the streets of the city, most showing signs of torture. The American military announced the death of a marine in fighting in the Sunni Arab Anbar Province.

The animal market was empty and sad. The police had sealed off the area, and the fire department had washed the blood from the streets.

The sidewalk was charred black and the splintered cages in the shops down the narrow alleyways sat empty. For this day, at least, the tumult of the bazaar had been quieted, its life drained away.

Pet Market Bomb Kills 15 Persons (WT/AP)

By Kim Gamel

The Washington Times, January 27, 2007

BAGHDAD -- A bomb hidden in a box of pigeons exploded yesterday as shoppers gathered around, tearing through a busy pet and livestock market and littering the blood-soaked pavement with human remains and animal carcasses.

Nationwide, at least 62 persons, including a U.S. Marine, were killed or found dead.

The attack occurred while House Speaker Nancy Pelosi and Rep. John P. Murtha, Pennsylvania Democrat, both vocal war critics, were in Iraq on a surprise visit.

After meeting Prime Minister Nouri al Maliki, Mrs. Pelosi, California Democrat, said they hoped their trip would "convey to our troops the appreciation of the American people for what they're doing, to applaud their patriotism."

The attack at the animal market shattered the calm as Baghdad residents strolled past stalls where sellers were peddling birds, dogs, cats, sheep, goats and exotic animals such as snakes and monkeys.

No one claimed responsibility for the bombing, which police and hospital officials said killed 15 persons and wounded 66. Suspicion fell on Sunni insurgents because the market sits near a predominantly Shi'ite neighborhood on the east bank of the Tigris River that divides Baghdad.

It was the latest in a series of attacks on busy commercial targets in the capital as insurgents apparently sought to maximize bloodshed ahead of a U.S.-Iraqi security crackdown.

The explosion struck the Souq al-Ghazl at about 10 a.m., one of the busiest times for the animal vendors and an hour before the start of a four-hour vehicle ban that is imposed every Friday to prevent car bombs from striking mosques during weekly Islamic prayers.

The bomb detonated in the part of the market that specializes in birds; other areas are reserved for fish, dogs or other animals.

The bomber arrived with an egg carton containing pigeons for sale, but it exploded after he walked away to get a drink, striking potential buyers gathered around the box, according to police and witnesses.

Attacks elsewhere left at least 46 persons dead, including 38 bullet-riddled bodies found mostly in Baghdad. The body of a Shi'ite boxer who had been kidnapped days ago also was found in central Baghdad, with wounds on his neck indicating he had been hanged, police said.

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A Marine was killed in fighting in the Sunni insurgent stronghold of Anbar province, west of Baghdad, the military said, raising the number of U.S. service members who have died since the war began to at least 3,070, according to an Associated Press count.

Happy Scene In Baghdad Turns Grim As Blast Upends Animal Market (LAT)

By Borzou Daragahi, Zeena Kareem

The Los Angeles Times, January 27, 2007

BAGHDAD — The police officer warned them to spread out. Now was not the time to cluster around one another so closely. But he didn't press too hard before he moved along. In this time of war and misery, police officer Sabah Shayal admitted, it heartened him to see so many people gathering on a gleaming Friday morning for one of the capital's most celebrated treats, the Ghazel pet and livestock flea market.

Winter's cool glazed the sunshine. In bags, boxes and carts, poor young men brought the pigeons, parakeets, dogs, cats, tropical fish, scorpions, monkeys and snakes to sell to families shopping for pets. In pickup trucks, they brought top-grade roosters, goats and sheep they raised in the yards of their homes in the Sadr City district to sell to farmers. Parents brought their children to delight in the festival of creatures.

"I told them groups and large gatherings are targeted," Shayal said. "They told me, 'Don't worry. We're selling pets. No one will target us.' "

Two hours later, after a bomb or two hidden in a box ripped through the market, killing 15 people and wounding 51, Shayal returned to survey the grotesque scene. The bodies were piled on the carcasses of dead animals.

"The birds were roasted," he said. "There were piles of flesh."

Shayal and other officers tried to keep the bystanders away from the victims until ambulances arrived. Bomb victims often suffer internal injuries, and people trying to help by dragging them into taxicabs to speed them to the hospital often wind up killing them, he said. "I tried to keep them away," he said.

"They kept coming closer."

An official at Baghdad's Kindi Hospital said most of those killed were younger than 25. Ball bearings packed into the explosive device magnified the carnage and damage. One of the dead was a boy of 10.

Many of those injured lost years of hard work raising the animals.

"We sell special pigeons that we raise ourselves," said Fuad Ahmed, a 16-year-old who suffered shrapnel wounds to his head and shoulder. "We sell a pair for about $50. They all flew away in the explosion."

As usual, the attack carried sectarian overtones. Most of Ghazel's vendors are poor young Shiite Muslim men from eastern Baghdad.

Witnesses described members of Shiite cleric Muqtada Sadr's militia helping secure the bomb scene. "They kept the way clear for the ambulances," said Falah Mehdi, a 35-year-old animal lover who visits the market every other week. "They pushed the people away fearing that another explosion would take place."

Police cleared the scene of debris and bloody remains.

Shayal had begun to leave when he saw something that astounded him.

"The funny thing is, that after some minutes, things went back to normal," he said. "The kids of 13 or 14 years old started to bring their boxes and begin setting up their stalls and selling their animals."

Sheiks Help Curb Violence In Iraq's West, U.S. Says (WP)

By Joshua Partlow

The Washington Post, January 27, 2007

RAMADI, Iraq -- Before tribal sheiks aligned themselves with U.S. forces in the violent deserts of western Iraq, the number of people willing to become police officers in the city of Ramadi -- the epicenter of the fight against the insurgent group known as al-Qaeda in Iraq -- might not have filled a single police pickup.

"Last March was zero," said Maj. Gen. Richard C. Zilmer, the Marine commander in western Iraq, referring to the number of men recruited that month.

With the help of a confederation of about 50 Sunni Muslim tribal sheiks, the U.S. military recruited more than 800 police officers in December and is on track to do the same this month. Officers credit the sheiks' cooperation for the diminishing violence in Ramadi, the capital of Anbar province.

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"I don't want to paint too rosy a picture, but if you compare this to what it was seven or eight months ago, there is not a place in this city that al-Qaeda controls," said Lt. Col. James Lechner, deputy commander of the 1st Brigade, 1st Armored Division, in Ramadi.

But some Iraqi politicians and Anbar residents who oppose the U.S. presence describe the confederation, known as the Awakening, as a divisive group that pits tribes against each other, uses police officers as armed guards to protect tribal territory, and harnesses American support to consolidate its power.

Fasal al-Gaood, a tribal sheik and former Anbar governor who was seen as an ally of the Americans during his term in office, said the group has been given more authority than it deserves. Gaood, who has survived several assassination attempts, said he was worried that insurgent infiltrators might lurk inside the rapidly growing police force.

"Many of those sheiks are actually following two tracks," he said, speaking from his current home in Jordan. "On the one hand, they say, 'We support the council.' But they're not playing a direct role in it, because at the same time they also have connections with other organizations that are outside the law."

Lechner conceded that "insurgent infiltration is undoubtedly an issue" but said in an e-mail that the U.S. military relies on a computer database to check whether recruits have a history of known insurgent activity. They are also "vetted and vouched for by family members and tribal leaders," he said.

Saleh al-Mutlak, parliamentary leader of the secular Sunni party known as the Iraqi National Dialogue Front, described the confederation of Sunni sheiks as a "very dangerous movement" that is assuming official powers in the absence of a functioning government. "They wanted political cover from our front, but we said no," he said. "We don't mind that they fight al-Qaeda, but any movement should be official, and not tribal, because it will only divide the tribes."

To some degree, the U.S. cooperation with the tribal sheiks is a relationship of last resort. The fighting in Anbar has been among the fiercest in the country since the U.S.-led invasion in 2003. Of the more than 3,000 U.S. service members killed in Iraq, 875 died in the province, roughly the size of North Carolina. Dozens of schools and hospitals are closed, and basic services such as electricity and telephones are woefully inadequate. The Americans live at Camp Ramadi amid a desolate expanse of mud: Smoke rises from the burn pit, and crows perch on trash and twisted metal along dirt roads.

This month, the confederation and U.S. officials held what they called the first Ramadi reconstruction conference in the compound of the leader of the Awakening, Abdul Sattar Buzaigh al-Rishawi. The American soldiers parked their Humvees in a gravel lot near some camels and a flock of sheep and left their combat boots on the porch as a sign of respect for the sheiks.

Inside a marble-clad conference hall, Zilmer, the Marine commander, surveyed a carpeted room filled with dozens of men in black-and-gold robes, checkered headdresses and pinstriped suits and pronounced them a "very, very impressive collection of the leadership of Ramadi and al-Anbar province." As if to underscore the local antagonism toward the sheiks, a missile crashed outside the wall of the compound, briefly interrupting Sattar's speech.

The military says it has found a welcome ally in the tribal sheiks. U.S. commanders trace the formation of the Awakening to Aug. 21 last year, when Abu Ali Jassim, a sheik who had encouraged his kinsmen to join the provincial security forces, was killed by members of al-Qaeda in Iraq. Instead of turning over the body to be buried, al-Qaeda hid it in a field, violating Islamic tenets calling for a swift burial, said Maj. Thomas A. Shoffner, operations officer for the 1st Brigade, 1st Armored Division.

"As soon as they did that, the local tribesmen absolutely turned on al-Qaeda," he said.

Military commanders say the newly determined sheiks encouraged kinsmen to join the police force in part because of a U.S. decision to allow the recruits to patrol their home territories.

Between July and December, the number of roadside bombings and incidents involving indirect fire, such as mortar attacks, dropped by about 50 percent in Ramadi, according to the U.S. military. Many al-Qaeda fighters lived in the suburbs of Ramadi and attacked in the city. But "the sheiks have sent their men out there and secured that," Lechner said.

In some ways, the confederation is also a last resort for the sheiks, some of whom say they have not received adequate protection or services from the Shiite Muslim-led government of Prime Minister Nouri al-Maliki in Baghdad.

"Since the occupation in 2003 and up until now, we have received no help from the government to save Ramadi from the insurgents," said Mahmood al-Jarbou, whose tribe is part of the confederation. "Many of our tribesmen were killed, especially those who were willing to volunteer for army or police service. Because of that, we found it was necessary to form this council."

Maliki's aides say he supports the tribal organization, meets with its leaders and supports efforts to form a similar organization in Diyala province, another insurgent stronghold. An official in Maliki's government played down concerns about the confederation. "Obviously some people see this as a threat, but when compared to other threats, this is a rather benign one," the official said, speaking on condition of anonymity because of government protocol.

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Mahmood Farhan, sheik of Ramadi's large Albu Chlaib tribe, opposes the confederation. Its members "are creating their own militias to control the province," he said, adding: "Up until now, they have not created anything good for the city. They are only protecting their own areas and protecting the occupiers." Farhan supports attacks against American troops.

More than one observer questioned the motives of the Awakening's leader, Sattar of the Albu Risha tribe, a man reputed to have amassed a fortune as part of a criminal network that robbed travelers on the desert highways of Anbar. The Awakening's members "are a group of gangsters," said Hussein al-Maadhidi, a journalist who lives in Haditha.

An adviser to Sattar, Hikmet Sulaiman, denied that Sattar had been a highway bandit, saying, "He comes from a rich family, and he made himself . . . a quite good business in Iraq, Jordan and Dubai." Sulaiman did not answer an e-mail asking what the business was, but he said that Sattar has paid about $600,000 of his own money into the Awakening and that "thousands are now following him with their lives" because of his strong reputation.

The U.S. military's reliance on the tribal sheiks recalls the British occupation of Iraq in the early 20th century. The British courted the sheiks with funding and made them responsible for ensuring order and collecting revenue, historian Phebe Marr wrote in "The Modern History of Iraq."

"The policy was efficient and economical, reducing the need for highly paid British staff in the countryside, but ultimately it strengthened the hold of the sheiks over their tribesmen and their land," Marr wrote. The policy came to be regarded as "certainly one of the most lasting and problematic legacies" of British rule.

Gaood, once involved with the Awakening, said the movement is not the solution to Ramadi's problems. "If we try to rely on strictly tribal forces and tribal figures, this would be like taking Iraq back to the days of the Middle Ages," he said.

One Iraqi political scientist in Baghdad, who spoke on condition of anonymity, said he saw the confederation as an example of the widespread push in Iraq for greater regional control in areas such as the Shiite south and the Kurdish north, catalyzed by a weakened central government.

But aligning with the Americans can be dangerous in the heartland of the Sunni insurgency. As Lechner put it: "They've come out of the closet, so to speak. There's no going back now."

Abu Ghraib Officer Faces Court-Martial (WP/AP)

By Associated Press

The Washington Post, January 27, 2007

HAGERSTOWN, Md., Jan. 26 -- The only U.S. military officer charged with a crime in the Abu Ghraib scandal will be court-martialed on eight charges, including cruelty and maltreatment of prisoners, the Army said Friday.

Lt. Col. Steven L. Jordan, a 50-year-old reservist from Virginia who ran the interrogation center at the Iraqi prison, was accused of failing to exert his authority as the place descended into chaos, with prisoners stripped naked, photographed in humiliating poses and intimidated by snarling dogs. He was also charged with lying to investigators.

Jordan has not been accused of personally torturing or humiliating prisoners and was not pictured in any of the photos that embarrassed the Pentagon and shocked the world.

Maj. Gen. Guy C. Swann, commander of the Military District of Washington, decided that Jordan must stand trial, said Col. Jim Yonts, an Army spokesman.

Jordan was charged in April with 12 offenses. Swann dismissed four charges after Jordan was given an Article 32 hearing, the military equivalent of a civilian preliminary hearing, in October.

Besides cruelty and maltreatment, the charges include disobeying a superior officer, willful dereliction of duty and making false statements. The charges carry a total maximum prison term of 22 years.

Jordan's military lawyers did not immediately return phone calls.

At his October hearing, Jordan said he had no operational control over interrogations and spent much of his time trying to improve the deplorable living conditions of soldiers.

The government alleges that Jordan's actions or inaction subjected detainees to forced nudity and intimidation by dogs. He also is accused of lying to investigators in denying that he saw any abuse.

Eleven other U.S. soldiers -- all from the enlisted ranks -- have been convicted in the Abu Ghraib scandal, with former Cpl. Charles A. Graner Jr. receiving the harshest sentence, a 10-year prison term. A general and other officers have received reprimands or demotions that ended or blighted their careers.

Since he was charged in April, Jordan has been on active duty with the Intelligence and Security Command at Fort Belvoir, Va.

Diverse Voices To Denounce Iraq Troop Plan (WP)

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By Michael E. Ruane

The Washington Post, January 27, 2007

Tens of thousands of demonstrators from across the country are expected to converge in Washington today to urge the withdrawal of U.S. forces from Iraq as President Bush is proposing to send more troops in an effort to stabilize the country.

They plan to rally on the Mall, march around the north side of the Capitol and send a strong message to the government.

The event, which authorities said could draw 100,000 people, starts with a rally at 11 a.m. Among those expected to address the crowd are Jane Fonda, Danny Glover, Susan Sarandon and Jesse Jackson.

The march, organized by the group United for Peace and Justice, is scheduled to start at 1 p.m.

It will proceed eastward toward the Capitol along Constitution Avenue, head south on First Street NE, then make a U-turn and retrace the route before passing the western front of the Capitol and returning to the Mall along Fourth Street SW.

Police and protesters said there will probably be "feeder" marches to the Mall before the rally, from Dupont Circle and McPherson Square. Metro said that its normal Saturday schedule will be in place but that eight-car trains would be put in service if necessary.

U.S. Capitol Police officers said that road closures will go into effect around the Capitol during the march.

The event is expected to draw groups of many stripes. The chart for the assembly site shows sections reserved for veterans and labor, gay and peace organizations, in addition to others dedicated to opposing global warming, nuclear arms and torture and a group called End Israeli Occupation of Palestine. In addition, at least one group is protesting the protest.

Some of the demonstrators began gearing up yesterday.

Amid frigid temperatures and a biting wind, the women-run peace organization CodePink and the group Iraqi Voices for Peace held a rally at noon on the Mall in front of the Capitol.

With songs and speeches, the groups unveiled an installation of several thousand shoes in and around a clear plastic bin, which they said symbolize Iraqi civilians who have died since the war began. The shoes bear tags with names that the protesters said are those of Iraqis killed in the war, along with a few details of their deaths.

"We don't talk enough about the suffering and the pain that the Iraqis are experiencing," Jodie Evans, co-founder of CodePink, said on the Mall yesterday. "We do a lot of talking. But when you visually see a pair of shoes with a tag on it that says, 'So and so, aged 3, died in a bombing in Fallujah,' it becomes very real for you, the cost of this war."

Evans said the shoe installation, which she said the group used during last year's election campaign, was inspired by the display of concentration camp victims' shoes at the U.S. Holocaust Memorial Museum. "I remembered how powerfully it affected me," she said.

In Arab culture, shoes can be a sensitive issue, said Aseel Albanna, a District architect, Baghdad native and co-founder of Iraqi Voices for Peace. The improper display of the bottoms of shoes can be impolite, and shoes are traditionally left at the threshold of a house upon entering.

But in this case, she said on the Mall yesterday, symbolism is more important than tradition.

The groups cited a study by Johns Hopkins University last year that estimated that almost 655,000 civilian deaths in Iraq have occurred as a result of the war. President Bush had placed that number at 30,000, and a British-based group research group at about 50,000.

"We were surprised" at the study's findings, said Shannon C. Doocy, a Hopkins research associate who co-authored the study. "I don't think anyone intended the war to have this large of a consequence."

Fifty to 100 members of the Washington chapter of the conservative organization FreeRepublic.com plan to rally near the U.S. Navy Memorial to oppose the march and the participation of Jane Fonda, the chapter said. The actress has long been the object of conservative ire for her support of North Vietnam during the Vietnam War.

"These groups are the ones that are acting as the political arm of the terrorists overseas to help bring about America's defeat in the war on terror," said Kristinn Taylor of FreeRepublic.com.

Active Troops To Protest Iraq War (AJC/AP)

By Larry Margasak, Associated Press

The Atlanta Journal-Constitution, January 27, 2007

A small number of active military troops will take part in today's rally in Washington against the Iraq war, co-founders of an active-duty protest group say.

One of the founders of Appeal for Redress, Navy Petty Officer Jonathan Hutto, said he plans to speak at the protest on the National Mall. Hutto, 29, who is originally from Atlanta, is a sailor aboard the aircraft carrier USS Theodore Roosevelt, currently at Norfolk, Va.

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United For Peace and Justice, an anti-war coalition of 1,400 organizations, said the protest could draw tens of thousands of demonstrators in all.

Hutto and Liam Madden, a Marine sergeant who received his discharge Jan. 20, founded Appeal for Redress, an organization of 1,200 active-duty personnel and veterans who favor a U.S. withdrawal from Iraq.

Hutto said 60 percent of the members have taken part in Iraq operations. He said he was aboard the Roosevelt off Iraq from September 2005 through March 2006. Madden said he was in Iraq's Anbar province from September 2004 to February 2005.

Hutto estimated that more than a dozen individuals on active duty would attend today.

Cynthia O. Smith, a Defense Department spokeswoman, said members of the armed forces can speak out, subject to several restrictions.

They must "not do so in uniform, and must make clear that they do not speak on behalf of their military unit, service or the Department of Defense, unless they are authorized to do so," she said.

Madden, whose specialty was setting up communications systems, and Hutto, who was in the carrier's public information office, said they have not been threatened or harassed by their commanders.

Hutto, said active-duty personnel he speaks with "see a separation between the global war on terrorism and the war in Iraq. They don't see the connection."

"When we're sitting having chow, and CNN is saying so many more were killed, the look on people's faces is, 'How much longer?' "

Hutto said more than 200 officers have signed on to his organization.

Police Brace For Anti-war Activists On Capitol Hill (WT)

By Matthew Cella, Daniel Taylor

The Washington Times, January 27, 2007

Police are expecting thousands of demonstrators to converge at the U.S. Capitol today for a rally and march protesting the war in Iraq.

Lt. Scott Fear, a U.S. Park Police spokesman, said police will institute rolling road closures as demonstrators march in the area around the Capitol beginning at 1 p.m.

He said a full contingent of officers will be deployed in cruisers, on foot, on horseback and on motorcycles for what is expected to be one of the largest protests since the war began in March 2003.

"We don't expect any problems," Lt. Fear said. "We did meet with the organizers. They all say it's going to be a peaceful event."

National Park Service officials said the umbrella protest group United for Peace and Justice has a permit to set up a stage on the Mall at Third Street Northwest for an 11 a.m. rally. The group claims to represent a coalition of more than 1,300 local and national activist groups.

According to the group's Web site, www.unitedforpeace.org, confirmed speakers include celebrities Susan Sarandon, Tim Robbins, Danny Glover, Jane Fonda and the Rev. Jesse Jackson.

Park service officials issued a permit for a 1 p.m. march from the rally site that will move north along Third Street to Constitution Avenue and proceed halfway around the Capitol. Marchers will turn east on Constitution Avenue past the Capitol to First Street Northeast and turn south past the Supreme Court to East Capitol Street.

Marchers will then turn around and head north on First Street Northeaston the west side of the street, then march west on Constitution Avenue and south on First Street Northwest to the west lawn of the Capitol.

Rally organizers say they hope for a crowd upward of 300,000 people and that weather could be a critical factor in how many people show up. The National Weather Service forecasts a mostly sunny day with temperatures near 50 degrees.

Lt. Fear said officials expect a number of smaller, feeder marches to join the main group on the Mall.

The group Code Pink is expected to hold a rally at the Navy Memorial, at Seventh Street and Pennsylvania Avenue Northwest at 10 a.m. before meeting up with the main protest group on the Mall. Activists supporting the war have a demonstration planned at the same location later in the day.

Lt. Fear said a group of anarchists is also expected to meet the main rally from Dupont Circle.

Metropolitan Police say they will be supporting Park Police efforts but have not planned any additional road closures or restrictions. Police spokesman Quentin Peterson said there were no plans to activate the department's Joint Operations Command Center or the city's network of downtown surveillance cameras used to monitor big events.

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War Opponents Take Aim At Coleman (MINNST)

By Rob Hotakainen

Minneapolis Star Tribune, January 27, 2007

WASHINGTON - As demonstrators prepared for an anti-war rally today in Washington, groups opposed to the war in Iraq announced that they're targeting Sen. Norm Coleman, R-Minn., as part of a national campaign to stop the troop increase proposed by President Bush.

Monday, a group of Iraq veterans is scheduled to appear at a St. Paul press conference to pressure Coleman to vote for a resolution that would oppose sending 21,500 more troops to Iraq.

Coleman, a member of the Senate Foreign Relations Committee, voted against the resolution on Wednesday. But it passed, and Coleman will vote on it again when it hits the Senate floor.

"This vote makes it painfully clear that Senator Coleman is joining President Bush in ignoring the safety of our troops and the opinions of top military leaders, the Iraq Study Group and the American people," said Moira Mack of Americans Against Escalation in Iraq.

Anti-war groups plan to target Coleman and eight other Senate Republicans: Richard Lugar of Indiana, George Voinovich of Ohio, Olympia Snowe and Susan Collins of Maine, Judd Gregg and John Sununu of New Hampshire, Arlen Specter of Pennsylvania and John Warner of Virginia.

Starting in St. Paul, the veterans are planning a two-day, seven-state tour to make the case for the resolution sponsored by Sens. Joe Biden, D-Del., and Chuck Hagel, R-Neb. The veterans are associated with VoteVets.org, a founding partner of Americans Against Escalation in Iraq.

Coleman has been in the national spotlight since Jan. 10, when he announced his opposition to Bush's request. But Coleman has made a distinction between sending more troops to Baghdad and sending them to Anbar Province.

Friday, Coleman spokesman Tom Steward said that Coleman "continues to oppose the troop surge in Baghdad" but that the Biden-Hagel resolution "is overreaching and also expresses opposition to reinforcing troops in the Anbar Province where our troops are winning against a terrorist insurgency."

A New War, And A New Kind Of Generation Gap (PHI)

By Jeff Gammage

The Philadelphia Inquirer, January 27, 2007

When David Kalkstein protests the Iraq war at demonstrations in South Jersey, he notices that most of the people around him share his hair color: gray.

Few young people show up.

"We're lucky if we get one or two," he said. "And sometimes we get zero."

As thousands of antiwar activists descend on the National Mall in Washington today, leaders of local peace groups are asking an updated version of a Vietnam War-era question: Where have all the young men gone? And the young women, too?

It's not that they support the war - a national Election Day poll found 62 percent of them opposed. And teenagers and young adults are selfless in community service. Yet at protests, the people carrying signs are often middle-age or retired.

It's the inverse of the 1960s, when U.S. campuses erupted in protest, sometimes in flames, over the war in Southeast Asia.

Kalkstein, 67, an organizer with the South Jersey Campaign for Peace and Justice, has five buses headed to the capital today - and he's thrilled that 25 percent of the travelers will be college-age.

"From my experience," he said, "that's incredible."

Protest leaders say it's impossible to overstate the impact of the draft in mobilizing the earlier antiwar movement.

"We didn't choose to think about Vietnam, it was thrust upon us," said Robert Smith, 56, staff coordinator of the Brandywine Peace Community. "You had to decide. The Vietnam War made a claim on this society and every young man between 18 and 26... . The Iraq war hasn't made the same claim."

Smith went to jail for refusing to be inducted into the Army, a decision taken when he heard the Rev. Dr. Martin Luther King Jr. speak in 1967, he said. Friends faced similar crossroads, their choices altering their lives.

Today's young adults, Smith said, have a different idea of "sacrifice, commitment, and even the value of activism."

It's not that no young people take part in the movement. Students at the University of Pennsylvania, among other local schools, have organized transportation to today's march. Younger activists at the American Friends Service Committee in Philadelphia are going, too.

Aimee George, 20, a globalization-studies major at Gettysburg College, will march with her campus Peace Club.

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It's a challenge to raise student awareness because "not everyone has been directly affected," she said. "Some of my friends have friends who have been deployed, so they feel it more.

"On campus, you're going to get both sides," George said. "Some people say we have to be there, and some people say we have to get out."

Historians point out that America has grown more conservative in the last 40 years, a trend reflected in its youth. In 1970, the census showed, 79 percent of college freshmen cited "developing a meaningful philosophy of life" as a top objective. In 2005, 75 percent said "being very well off financially" was important.

Peter Bredlau, chaplain at Muhlenberg College, said that after the U.S. invasion of Iraq, he helped a student form a campus antiwar group, the Alliance for Progressive Action. But the group fizzled, never able to attract more than six students.

"Being an antiwar protester, or an 'anti-' protester of any kind, just isn't a credential. You can put 'fed the homeless' on your resume," Bredlau said.

Besides, he added, "they might look back on their parents' generation and say, 'What did those protests achieve? We're still having wars.' "

To the iPod generation, standing on street corners and holding banners can seem anachronistic. Its members are more likely to voice political objections on blogs and other Internet venues. On YouTube, where anyone can post a video, there are hundreds of clips that feature antiwar themes or music.

Lovella Calica, a 25-year-old program coodinator with Iraq Veterans Against the War in Philadelphia, said some established peace groups do not resonate with younger people because they insist on "doing the same things they've always been doing."

"Young people aren't into vigils as much. I'm not. I see why people do it, and I think it's very serious and solemn," said Calica, who is going to Washington. "We have a lot of energy. We want to do things differently sometimes."

Some of her peers organize Internet "sit-ins," where a gang of friends simultaneously logs onto a conservative chatroom. "You can take that room over," Calica said. "You can use it as a soapbox."

Today's high school and college students are concerned about poverty, AIDS, global warming and famine in Darfur. Some trade vacations for volunteer missions overseas.

"Even if they're not out protesting the war, they're doing something," said Karen Porter, 59, founder of the Chester County Peace Movement.

Her group is mostly older people, some of the hardest workers being retired doctors and professors. Antiwar activity can be controversial, she noted, and young people are savvy enough to understand the implications.

"You've got to pick and choose which university, and later which employer, you want to tell," she said.

Porter, who recently joined the Gray Panthers, recalls being tear-gassed while demonstrating against the 1970 invasion of Cambodia. But college freshmen born in 1988 are too young to remember Ronald Reagan, let alone the '60s. In fact, a few years ago, several West Chester University students came seeking her advice.

"They literally said, 'We want to have a demonstration on campus. How do we do it?' " Porter said. "It was very sweet."

Smith, of the Brandywine group, has had similar experiences. The 30-year veteran of peace work was frustrated, after the Iraq war began, to be approached by young people who asked, "Are there peace groups around here?"

There are, he answered. And he encouraged them to join.

"A movement can only continue as far as there are young people," he said. "It's their future. They're going to have to make some choices."

Fonda Role Again Draws Heat (BOS)

By Bryan Bender

The Boston Globe, January 27, 2007

WASHINGTON -- Actress and long time peace activist Jane Fonda, a favorite target of right-wing attacks since the 1970s for her high-profile opposition to the Vietnam War, will rejoin the ranks of the antiwar movement today at a major rally in Washington .

The return to the spotlight for the Hollywood star derisively known as "Hanoi Jane" for going to North Vietnam at the height of the war, was seen by some activists and chroniclers of the antiwar movement as politically risky. They said her presence could be distracting in a rally that organizers hope can capitalize on congressional opposition to President Bush's plan to send more troops to Iraq.

"I wonder if the appearance of someone like Jane Fonda is going to pull attention away from other messages," said Rhys Williams, a University of Cincinnati sociologist who has chronicled American anti war movements. "If I were an organizer, I would worry how much her presence is going to be dominating the news cycle."

DOJ_NMG_0123704

Though it's been decades since she posed atop a North Vietnamese anti aircraft gun, many Vietnam veterans are still angry . Fonda later apologized -- but didn't say she was sorry for fervently opposing the Vietnam War.

Her acting career survived, and Fonda left Hollywood nearly two decades ago. Though she's on record against the Iraq war, she's stayed on the sidelines of the anti war movement -- perhaps because of lingering public resentment over her highly charged propaganda visit to Hanoi.

That two-week trip in 1972 included a government-staged news conference with American POWs and a radio broadcast in which she declared the United States "will never be able to break the spirit of these people." Outraged, many Americans accused her of treason, and some fellow anti war activists said Fonda went too far.

In 1988, she apologized to veterans and their families. "I was trying to help end the killing and the war," she said on ABC's "20/20" news show , "but there were times when I was thoughtless and careless about it and I'm . . . very sorry that I hurt them."

Fonda will join a speaker's roster today that includes fellow Vietnam War-era protesters, grass-roots activists, and movie stars such as Danny Glover, Susan Sarandon, and Tim Robbins.

Fonda declined to be interviewed for this story.

At a lecture in Vancouver just weeks after the March 2003 invasion of Iraq, Fonda expressed concern that the war would damage America's "stability as a nation" and could tarnish the country's prestige. "I think the entire world is going to be united against us," she said.

But she hasn't spoken out much since then and decided not to join a cross-country bus trip with Iraq veterans protesting the war in 2005. In an interview last April on ABC's "Good Morning America," Fonda acknowledged, "I carry too much baggage."

Indeed, as news spread that she'd join this weekend's protest , conservative blogs exploded with vitriol.

"The enemies of this nation are feeling so emboldened that they are confident enough to bring Jane Fonda to a MEMORIAL for the United States Navy," the conservative website Freerepublic.com decried in an "urgent" post. Fonda "posed with our enemy [in North Vietnam] on an anti aircraft battery used to shoot down our Navy pilots."

The resentment isn't limited to political bloggers. A man who said he was a Vietnam veteran wrote an angry letter to the South Florida Sun-Sentinel after Fonda appeared at a local abortion-rights rally earlier this month. "Healing will only begin when Ms. Fonda tells the American people that she was wrong to go to Hanoi, that she was wrong to openly accuse American soldiers of murdering [Vietnamese] babies, and that she was wrong to betray the trust of those [American] POWs," Bart Arcoleo wrote.

For the architects of today's demonstration, which organizers predict could draw more than 100,000 people, the star power of Fonda and other celebrities is a way to draw national attention and hone the anti war message.

Fonda "is a natural bridge" between generations, Judith LeBlanc , co chairwoman of United for Peace and Justice, an umbrella organization of anti war, community, and religious groups . "US foreign policy is on a continuum. We need the support of those who are in Hollywood to speak their minds on the issues of the day. They play a big part in our country."

"She is perfectly entitled to speak, and it won't make a difference one way or another for public opinion," said Tom Hayden , Fonda's former husband, a onetime California state senator, and a co founder of Students for a Democratic Society. Hayden, who will also attend the rally, bristled at the suggestion that Fonda's presence would undercut the protesters' message.

"There is no Jane Fonda factor," said the Rev. Jesse Jackson , a civil rights leader who is also on the list of scheduled speakers today. "That's insulting. This is about soldiers doing three and four tours and thousands killed and wounded."

Still, participants like Keshini Ladduwahetty of the antiwar group DC for Democracy questioned whether giving Fonda a central role will do more harm than good. Ladduwahetty wrote in an e-mail that Fonda doesn't offend her, but "some people do find her a turnoff."

Meanwhile, Liam Madden of Boston, a Marine who served in Iraq in 2004 and is a co founder of the antiwar group Appeal for Redress, said Fonda's public support is a mixed blessing: She "brings attention, but in some people's eyes it lessens credibility."

Yet the political conditions surrounding the Iraq war are far different than during the Vietnam War, when it took much longer for public opinion to turn against the war , according to David Walls , an author and retired sociology professor at Sonoma State University .

"The climate has changed a lot in the last year with the congressional elections," Walls said. "Compared to the others from the far wings of left-wing politics, Fonda is a much more recognizable person and frankly a lot closer to the mainstream."

Tree Memorial To Dead Troops Becoming Forest (AP)

AP, January 26, 2007

DOJ_NMG_0123705

FORT STEWART, Georgia (AP) -- The sergeant major calls the name, Staff Sgt. John L. Hartman Jr., as it's unveiled on a granite marker at the root of a new eastern redbud tree on Warriors Walk -- where hundreds of these living memorials have been planted to honor the wartime dead.

Hartman volunteered for a third tour in Iraq last year so an Army buddy could stay home with his newborn son. He was killed November 30 when a bomb blast tore into his Humvee.

Last week, Hartman became the 318th soldier memorialized at Warriors Walk, a grove of eastern redbuds started with 34 trees in April 2003.

Fort Stewart has planted a tree here for every member of the 3rd Infantry Division to die in the war, as well as for soldiers from other Army posts killed while serving with the division.

Jeff Fornshell, the post's ceremonies coordinator, said he wonders how many trees he'll have to plant this year. Expanded twice since its inception, Warriors Walk has room for only 72 more trees.

"Is 72 going to be enough? I hope it is," Fornshell said. "I hope we don't put any more out here. You're all the time thinking you don't want to have a new tree dedication."

Earlier this month, the 3rd Infantry began deploying its 19,000 troops for a third tour in Iraq. Hartman went separately from the division last year as an instructor training Iraqi security forces.

At least 3,058 troops have died in Iraq. Seven civilian contractors of the Defense Department also have been killed in the war. More than 10 percent are represented at Warriors Walk, which exhibits the war's cost in a way that's staggering in scale yet also intensely personal.

The trees already line both sides of two paved walkways flanking Fort Stewart's parade grounds, stretching nearly the length of three football fields. A third walkway had to be poured last year to start a new row.

Fornshell said he never expected Warriors Walk would grow so much when the first tree was planted. The 3rd Infantry lost 42 soldiers during the invasion to topple Saddam Hussein's regime. Trees honoring those soldiers were planted in single-file rows, about 13 feet apart.

But the division's second tour in 2005, when its troops faced shadowy insurgents rather than a stand-up army, proved more costly. The 3rd Infantry suffered 105 deaths, not counting those among supporting units. A second walkway of memorial redbuds had to be started.

The expansion encroached slightly on the Army post's golf course. The tree for Staff Sgt. Jens E. Schelbert was planted less than a foot from the greener grass of the teeing area for the No. 5 hole.

Birgit Smith of Holiday, Florida, has watched Warriors Walk grow during visits four times a year since her husband, Sgt. 1st Class Paul R. Smith, was killed April 4, 2003. Credited with saving dozens of American lives by holding off Iraqi forces with a machine gun before he was killed at the Baghdad airport, Smith was awarded the Medal of Honor in 2005.

"When I first returned to Fort Stewart to visit the tree, the walk seemed so far to get to Paul's tree," Smith said. "And now it seems so short because there are so many more trees."

Smith said she likes to leave a single red rose when visiting her husband's tree. At the foot of the other living memorials lie dozens of mementos -- toy soldiers, angel figurines, wind chimes, whiskey bottles, garden gnomes and laminated photos that personalize each.

Two unopened bottles of Corona Extra beer stand next to the tree dedicated to Spc. Joseph A. Lucas. Nearby, someone placed five golf balls at the tree for Staff Sgt. Chad M. Mercer. A Hawaiian lei circles the granite tree marker for Spc. Derence W. Jack.

As curator of the Fort Stewart Museum, Walter Meeks III has collected more than 400 such mementos from Warriors Walk since the war began. Some are displayed at the museum, while most are in storage.

"It's a sobering duty," Meeks said. "It's a beautiful monument, but it represents a great deal of grief and loss for the community. It's definitely not a walk in the park."

Maj. Gen. Rick Lynch, commander of the 3rd Infantry, knelt and touched his fingers to Hartman's granite stone after its unveiling ceremony, where Lynch praised the 39-year-old for his service.

"We routinely come to this hallowed place to remember our fallen comrades," Lynch said. "And it strengthens our resolve to continue as a nation, in their memory, to fight this global war on terrorism."

Rice Presses Allies To Boost Afghan Aid (WP)

By Molly Moore

The Washington Post, January 27, 2007

DOJ_NMG_0123706

BRUSSELS, Jan. 26 -- Secretary of State Condoleezza Rice, citing the $10.6 billion in new aid that the Bush administration proposes to give Afghanistan, pressed NATO and European allies Friday to increase their contributions of money and manpower.

Rice's push came as concern grows over the resurgence of the Taliban in southern Afghanistan, massive increases in opium production and rising tension between Afghanistan and neighboring Pakistan, where Taliban leaders and fighters have been allowed refuge.

"Nations that have made pledges of support should follow through and deliver," Rice told a meeting of NATO foreign ministers here. They had assembled at her request to address what the United States calls an urgent need to bolster the Afghan government's security and development efforts before the Taliban begins even more intensive attacks in the spring, when snows melt and mountainous border areas become more passable.

Her appeals elicited nearly universal agreement on the need for more aid, but no country made a large new offer.

NATO officials cast the meeting's outcome as positive. "We have more nations stepping up to the plate," NATO Secretary General Jaap de Hoop Scheffer said after the ministers' meeting, which also drew officials from the European Union and World Bank. He gave no specific examples.

A NATO official said that Denmark and Lithuania have offered a small number of additional personnel and that the alliance hopes to receive more commitments in two weeks, when its defense ministers meet in Seville, Spain.

NATO authorities said the 33,250 NATO troops in Afghanistan represent about 85 percent of what military commanders say they need. The United States has contributed 12,000 troops to the NATO mission and has another 12,000 personnel operating in the country under independent U.S. command. The United States has said it will keep 3,200 of its troops in Afghanistan for an extra four months to provide reinforcements through the spring.

Some European ministers grumbled to reporters afterward that their countries are already making significant contributions and are overstretched by military commitments around the world. Those ministers said additional money and troops should come from countries now making few or no contributions.

Although 37 nations are providing troops, only seven provide more than 1,000, and some of those prohibit their forces from serving in the most dangerous southern provinces, where the most assistance is needed to fend off the Taliban.

France and Spain, two other major contributors, said they have no more reinforcements to offer. The German Parliament is currently engaged in a heated debate over whether to deploy six Tornado reconnaissance planes to the southern areas.

Rice defended U.S. and NATO operations in Afghanistan, saying, "The violence we are seeing is not evidence that our strategy has failed, nor that the situation will improve in our absence." She added, "It is evidence of how much we are needed."

The appeal for more assistance for the struggling government of Afghan President Hamid Karzai comes as the Bush administration is pressuring Congress for more troops and money for the war in Iraq and foreign governments are trying to raise funds to help rebuild Lebanon after the war between Hezbollah and Israel last summer.

Rice said the Bush administration will ask Congress for $8.6 billion in new funding to equip and train Afghan police and army units and an additional $2 billion for reconstruction, with the money to be parceled out over two years. If approved, the aid would represent a significant increase in U.S. funding to Afghanistan. In the five years since U.S.-led forces ousted the Taliban government, the United States has provided $14.2 billion to Afghanistan in security and development aid.

In addition to pressing allies to offer more money and troops for Afghanistan, a senior U.S. official said, Washington views its new proposal as "a chance to show we're not leaving, and Iraq is not sucking up all the resources and the oxygen."

Rice Asks Allies To Increase Afghan Aid (AP)

By Anne Gearan

AP, January 27, 2007

Secretary of State Condoleezza Rice asked allies Friday to intensify their efforts to keep the Taliban from retaking parts of Afghanistan, and asserted a resurgence in Taliban attacks does not mean the U.S. war strategy has failed.

Rice made her appeal a day after the Bush administration said it would ask Congress for $10.6 billion to help the embattled Afghan government. The U.S. hopes its hefty increase will serve as an incentive for other countries to boost their contributions.

Taliban forces, emboldened and rearmed, launched fierce attacks across the country beginning last spring, leading to Afghanistan's bloodiest year since the 2001 U.S.-led invasion. Crop production for illegal drugs also hit a new high in 2006, and relations worsened between Afghanistan and Pakistan, a key U.S. ally in the fight against global terrorism.

"The violence we are seeing is not evidence that our strategy has failed, nor that the situation will improve in our absence," Rice said in a written statement to NATO foreign ministers who gathered to plan for an expected Taliban military offensive in the spring. "It is evidence of how much we are needed."

DOJ_NMG_0123707

Separately, the top U.S. general in Afghanistan told a Pentagon news conference that the spike in violence in Afghanistan has occurred largely because an international force has taken the offensive, not because of any Taliban initiative.

The Bush administration wants NATO allies to increase money, troops and other support for the unsteady democracy in Afghanistan. It is also working to dispel European suspicion that the United States is too busy in Iraq to pay attention to the older Afghan fight.

"Every one of us must take a hard look at what more we can do to help the Afghan people, and to support one another," Rice said.

Casualties in Afghanistan have risen sharply in recent months as the Taliban have widened military operations and suicide attacks. Some 4,000 people died in insurgency-related violence in Afghanistan last year, according to numbers from Afghan, U.S. and NATO officials.

Many allies have urged the Bush administration to keep focused on Afghanistan, and some have worried that President Bush's plan for a 21,500-troop increase in Iraq will starve the Afghan mission.

Critics in Europe and elsewhere suggested that last year's show of Taliban strength was proof that the U.S. focus wavered. The offensive caught U.S. and other commanders off guard, but the Taliban have not been able to extend their military success to renewed political power.

Speaking to Pentagon reporters from Bagram, Maj. Gen. Benjamin Freakley, the senior U.S. military commander in Afghanistan, said U.S. and NATO-controlled forces are meeting more resistance partly because they're expanding operations farther into remote areas of the country to rout out insurgents.

Freakley also took issue with reports that a resurgent Taliban is on the offensive.

"It is the U.S. forces and the International Security Assistance Forces that have been on the offensive ... finding the enemy, separating enemy leaders from the population and giving reconstruction opportunities, job opportunities and extending the government of Afghanistan," he said by videoconference

"The Taliban have not achieved any of their objectives in the last year," he said, adding they failed in their attempts to retake their former stronghold, the southern city of Kandahar, and failed in their goal to topple the government of President Hamid Karzai.

Rice convened Friday's session to plan for another expected Taliban military offensive in the spring.

"If there is to be a 'spring offensive,' it must be our offensive," Rice told the group. NATO's top commander pledged on Friday to launch such an offensive against resurgent Taliban forces in the south and east of Afghanistan.

"Springtime in Afghanistan: Historically we've seen increased activity" from Taliban fighters, Gen. John Craddock told reporters at a news conference discussing NATO's International Security Assistance Force, or ISAF, in Afghanistan.

Among other issues Rice raised were the divisions within the alliance on sharing the burden in Afghanistan. Troop commitments have lagged behind U.S. expectations, partly due to doubts in some European capitals about the depth of U.S. commitment, diplomats said.

The NATO-led force is about 20 percent short of the troops levels pledged by its contributing nations.

There are about 24,000 U.S. troops in Afghanistan, the highest number since the war began in October 2001. About half are under the control of NATO, which is gradually gaining more control over operations there.

The United States is by far the largest contributor to the 34,460-member NATO force in Afghanistan, with 11,800 troops. Britain is next with 5,200.

In an interview, Afghanistan's foreign minister said NATO and Afghan government forces could halt Taliban attacks if they received "constructive participation" from Pakistan. The two neighbors have been at odds for months over their efforts to crack down on terrorists crossing the border into Afghanistan.

"My appeal to our brothers in Pakistan is to stop interfering ... to stop these powerful sectors which use terrorism as an instrument of foreign policy," said Afghan Foreign Minister Rangeen Dadfar Spanta.

He praised the U.S. aid proposal and said he was not disappointed that European offers were lower, adding, "The contribution of the Europeans is increasing."

Associated Press writer Pauline Jelinek contributed to this report from Washington.

NATO Allies Wary Of Sending More Troops To Afghanistan (NYT)

By Helene Cooper

The New York Times, January 27, 2007

DOJ_NMG_0123708

BRUSSELS, Jan. 26 — America's European allies on Friday remained noncommittal about sending additional troops to Afghanistan, even as the Bush administration sought to inject new energy into the NATO mission against the Taliban by offering more American soldiers and money.

Officially, the language at a NATO meeting here on Friday reflected resolve and commitment toward Afghanistan. NATO "is stepping up its game in Afghanistan on all fronts," said Jaap de Hoop Scheffer, the alliance's secretary general. "The fact that you saw so many people from the international community sitting around the table is a strong message itself."

But beyond the sound bites, the realities that have troubled the NATO mission in Afghanistan since the 26-member trans-Atlantic alliance took command last year remained on display. France and Germany continued to limit their combat role; both countries have refused to deploy troops in the south of the country, where Taliban forces are strongest. Germany's Parliament has yet to approve a proposal to send six Tornado reconnaissance jets to the south.

Meanwhile, Prime Minister Romano Prodi of Italy is battling allies in his own government who oppose the Afghan mission and want the government to set a deadline for withdrawing the country's 1,800 troops. While Mr. Prodi's government passed a measure on Friday to renew financing for Italy's troops in Afghanistan, it did so without the support of all of Mr. Prodi's coalition partners, and Italian officials said it was unlikely that Mr. Prodi could rally support for any increase in troops.

The United States sought to lead by example, as Secretary of State Condoleezza Rice, who called for the Brussels meeting in the hope of spurring more action from the Europeans, told the assembled ministers that President Bush would ask Congress for $10.6 billion in additional financial assistance for Afghanistan.

Bush administration officials said on Thursday that the Pentagon would extend the Afghan tours of 3,200 American soldiers. Ms. Rice added that beyond the extension of the tours, Defense Secretary Robert M. Gates would further expand the number of American troops, "partly through extra forces."

"Every one of us must take a hard look at what more we can do to help the Afghan people," Ms. Rice said, according to a State Department statement. "We need additional forces on the ground — ready to fight. And we need to provide greater support for the development of Afghan institutions, especially its security forces."

American officials say that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and that they are preparing to resume attacks in the spring, as they have done every year since the American invasion deposed the Taliban in 2001.

"If there is to be a 'spring offensive,' it must be our offensive," she said. "It must be a political campaign, an economic campaign, a diplomatic campaign, and, yes, a military campaign."

But that military campaign remains about 15 percent short of what American and NATO commanders say they need on the ground to fight the Taliban.

The 3,200 American troops whose departure has been delayed would bring the American force level in Afghanistan to around 24,000. About half of those are part of the NATO mission in Afghanistan, while the other half are engaged in American-led counterterrorism operations. About 20,000 soldiers from other NATO countries are also deployed in Afghanistan.

Britain has the second-largest contingent of soldiers in Afghanistan, with 6,000 troops.

NATO said Friday that an alliance airstrike destroyed a Taliban command post in southern Afghanistan, killing a man suspected of being a senior militant leader. Also on Friday, a suicide bomber blew himself up outside the offices of an aid group in Helmand Province, wounding a policeman and two others.

American and NATO officials are now pinning their hopes for troop increases on a meeting of NATO defense ministers in Seville, Spain, next month. Mr. de Hoop Scheffer, the NATO secretary general, said he was "relatively optimistic" that more troops would be forthcoming.

"Everybody understands that it's vital that we achieve our goals this year," said Richard A. Boucher, the assistant secretary of state for South and Central Asian affairs.

Afghan Lawmaker Is Killed

KABUL, Afghanistan, Jan. 26 — An Afghan lawmaker was shot to death on Friday while he was walking from his home to a mosque for Friday Prayer, officials said.

The lawmaker, Maulvi Mohammad Islam Mohammadi, 67, was from the northern province of Samangan. The reason for the killing was unclear, and no one immediately claimed responsibility, but there were fears among legislators that the attack might have been politically motivated.

According to election law, when a member of Parliament dies the candidate who had the next-highest vote tally becomes the successor.

"It is a danger signal for the Afghan members of Parliament if the political competition causes the terror" for lawmakers, said Fawzia Kofi, the deputy speaker of Parliament.

DOJ_NMG_0123709

2 Soldiers Reprimanded For Assaults (LAT)

By Kevin Sack

The Los Angeles Times, January 27, 2007

The Army announced Friday night that it had given administrative reprimands to two Special Forces soldiers for assaulting detainees held at a base in eastern Afghanistan in 2003 and for failing to report the death of one detainee.

However, the U.S. Army Special Forces Command absolved the soldiers of any wrongdoing in the deaths of two detainees: an 18-year-old Afghan army recruit named Jamal Naseer who died after interrogation at the base in Gardez, and Wakil Mohammed, a woodcutter from the village of Wazi who was shot in the face during a search operation.

The command said in a statement that Army investigators had determined that a Special Forces soldier shot and killed Mohammed in self-defense.

Afghan witnesses dispute that Mohammed posed any threat to the soldier; they said he was pleading, without the help of a translator, not to be shot.

Both deaths were concealed from superiors until they were revealed by The Times beginning in 2004.

The statement from Special Forces Command in Ft. Bragg, N.C., did not name the soldiers who had been disciplined, nor did it provide details about which death led to the disciplinary action for failure to report.

Both detainees died in March 2003 while in the custody of a team of soldiers from the 20th Special Forces Group of the Alabama National Guard.

The team was led by Chief Warrant Officer Kenneth C. Waller, who continues to work full time for the 20th Group headquarters and is currently serving in East Africa.

Numerous Afghans who saw Naseer's body just before and after he died at the Gardez firebase described it as horribly bruised and swollen, showing signs of severe beatings and blunt trauma. But the Special Forces statement said that "all other allegations, to include voluntary manslaughter and aggravated assault of detainee Jamal Naseer, were found to be unsubstantiated."

A number of other Afghans taken prisoner by the same Special Forces unit reported that they were kicked, punched and forced to maintain stress positions. Some of those allegations were supported by doctors who examined the detainees after they were moved from the Special Forces compound.

A lengthy investigation by the Army's Criminal Investigation Command, which concluded two weeks ago, found probable cause to believe that the two soldiers had committed assault. The statement released Friday characterized the offense as "slapping detainees."

The two soldiers each received a "General Officer Memorandum of Reprimand" — an administrative punishment delivered without a criminal hearing. One Special Forces officer, speaking on condition of anonymity because he was not authorized to discuss internal military matters, described that penalty as "a high-level slap on the wrist" that typically prevents an officer from advancing up the ranks.

"It's an indication that they didn't think it warranted a court-martial or even nonjudicial punishment," said Hy Rothstein, a professor at the Naval Post Graduate School.

Maj. James O. Gregory, a spokesman for Special Forces Command, said the command "takes all allegations of abuse seriously, ensuring that they are thoroughly investigated and appropriate action is taken."

Afghan Lawmaker Is Gunned Down In Kabul (LAT/AP)

By Associated Press

The Los Angeles Times, January 27, 2007

KABUL, AFGHANISTAN — An Afghan lawmaker who oversaw the destruction of two massive 1,500-year-old Buddha statues in March 2001 was gunned down here on his way to Friday prayers, police said.

Mawlawi Mohammed Islam Mohammedi was the former Taliban regime's governor of Bamian province when the 5th century Buddha statues carved from the living rock were blasted with dynamite and artillery.

A gunman dressed as a construction worker shot and killed Mohammedi and wounded one of his two bodyguards with an AK-47 assault rifle before fleeing, said Zulmai Khan, Kabul's deputy police chief. The attacker's motive was unknown.

Mohammedi was elected in 2005 to represent the northern province of Samangan in Afghanistan's parliament. He had said he could not be held responsible for the destruction of the world-famous landmarks, which the Taliban said it considered idolatrous and anti-Muslim.

The slaying came a day after a NATO airstrike destroyed a Taliban command post in southern Helmand province. The alliance said a senior militant leader was killed but did not identify him.

DOJ_NMG_0123710

NATO's commander in Afghanistan said Friday that a battalion of U.S. troops would be sent to the insurgency-plagued south. Gen. David Richards said a battalion with the 10th Mountain Division would be dispatched to Kandahar to serve as a reserve force. A battalion can include as many as 1,200 troops.

Also on Friday, Secretary of State Condoleezza Rice asked allies to intensify their efforts to keep the Taliban from retaking parts of Afghanistan.

Rice, in Brussels, made her appeal a day after the Bush administration said it would ask Congress for $10.6 billion to help the Afghan government.

The administration wants North Atlantic Treaty Organization allies to increase contributions of money, troops and other support for the unsteady democracy in Afghanistan. It also is working to dispel European suspicion that the United States is too busy in Iraq to pay attention to the Afghan fight.

Halliburton 4Q Profit Declines 40 Pct (AP)

By John Porretto

AP, January 26, 2007

Oil industry services provider Halliburton Co. was upbeat Friday despite a 40 percent decline in fourth-quarter profit, citing heavy demand for its oilfield equipment and personnel and predicting more of the same for 2007.

Earnings fell to $658 million, or 64 cents per share, compared with $1.1 billion, or $1.04 per share, during the same period a year ago. But the prior-year results included $540 million of income, or 51 cents per share, that came from a tax benefit.

Analysts surveyed by Thomson Financial were looking for earnings of 61 cents per share.

In a conference call with analysts, Halliburton Chairman and Chief Executive Dave Lesar offered a positive outlook for this year, saying customers have indicated strong demand for oil-field services despite sliding natural gas prices.

Some industry analysts were concerned by the potential for a slowdown in North American natural gas drilling in the first part of 2007. A relatively mild winter so far has weakened demand for natural gas as a heating source, which analysts say could lead to bloated inventories.

"If U.S. gas producers begin to cut back on their drilling budgets, the service companies will feel the impact almost immediately," Bear Stearns analyst Robin Shoemaker said in a research note this week.

Halliburton's energy services group, its largest division, provides a variety of services to oil and gas companies, including drilling the wells and managing the reservoirs once they're tapped. The energy services group posted record revenue of $3.5 billion in the fourth quarter due to heavy exploration and production.

"We believe any weather-related impact on the price of natural gas will be short-lived and, if the situation occurs, will be self-correcting as activities would slow temporarily, allowing gas inventories to normalize," Lesar said.

A Halliburton competitor, Schlumberger Ltd., also provided an upbeat outlook when it reported 2006 financial results last week, forecasting "high growth" through the end of this decade and into the next. Schlumberger's fourth-quarter profit soared 71 percent to $1.13 billion on revenue of $5.35 billion, the company said.

Halliburton's quarterly revenue rose 8 percent to $6.02 billion from $5.57 billion in the previous year, topping analysts' estimates of $5.9 billion. Gains at the energy services group were partially offset by lower revenue at Halliburton's engineering, construction and government-services arms, known as KBR Inc.

KBR, which Halliburton is spinning off, is the Army's contractor for providing food and shelter to the military in Iraq and Afghanistan _ a distinction that's kept it and Halliburton under Congress' microscope in recent years. Democrats have been critical of the dealings, claiming KBR benefited from ties with Vice President Dick Cheney, who once led Halliburton.

In November, KBR agreed to pay $8 million to settle six-year old claims it overcharged the Army for construction and other support services in the Balkans.

KBR reported revenue of $2.5 billion for the most-recent quarter, down from $2.7 million in the year-ago period _ a decline the company attributed in part to decreased activity on government projects for the U.S. military.

KBR had its initial public offering in November, raising $508 million, the company said. Lesar said he expects the separation of the two companies to be completed in the next three months. Halliburton still owns an 81 percent stake in KBR.

For the year, Halliburton said its net income was $2.3 billion, or $2.23 per share, down from $2.4 billion, or $2.27 a share, in 2005. Still, the 2006 result handily beat the consensus Wall Street estimate of $2.14 a share.

Full-year revenue rose to $22.6 billion from $20.2 billion in 2005.

Lesar said the company's balance sheet had never been stronger, ending 2006 with $4.4 billion in cash, an increase of nearly $2 billion from the start of last year. As such, he said, the company has increased its capital-expenditures budget by 40

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percent for 2007. The company will focus that growth in foreign markets such as the Middle East, Africa and Asia, the company said.

Shares of Halliburton fell 59 cents, or 1.98 percent, to close at $29.15 on the New York Stock Exchange. KBR shares rose 20 cents to finish at $23.45.

Halliburton shares have traded in a 52-week range of $26.33 to $41.99; KBR's comparable trading range is $20.50 to $27.63.

Halliburton's Net Falls 40% On Income-Tax Provision (WSJ)

By Jonathan Vuocolo

The Wall Street Journal, January 27, 2007

Halliburton Co.'s fourth-quarter net fell 40%, hurt by a provision for income taxes. KBR Inc., which was partially spun off from Halliburton in November, saw net income decline 23%.

Halliburton, the Houston provider of products and services to the petroleum and energy industries, saw net income fall to $658 million, or 64 cents a share, from $1.1 billion, or $1.04 a share, a year earlier. Provision for income taxes was $343 million, while the company realized a $381 million benefit for income taxes a year earlier. Operating income for the quarter rose 36% to $1.04 billion from $766 million.

Revenue rose 8% to $6.02 billion from $5.57 billion, helped by Halliburton's energy-services group but partially offset by lower revenue at KBR, mostly due to decreased activity on government services projects for the U.S. military.

Halliburton, which owns 81% of KBR, expects to complete the separation of KBR from Halliburton within the next three months. KBR was partially spun off in a $17-a-share initial public offering that raised $508 million.

In a Halliburton-KBR joint conference call with analysts, Halliburton Chief Executive David Lesar said a "splitoff" transaction, where investors can trade their Halliburton shares for KBR shares, "has advantages," given the current strength of KBR's stock price. The splitoff would allow Halliburton to buy back stock, an ongoing goal for the company, he said. But he added that "no decision has been made," and that a straight spinoff, in the form of a dividend to shareholders, has its own merits.

Separately, KBR said net income fell to $43 million, or 28 cents a share, from $56 million, or 41 cents a share, a year earlier, hurt by weaker performance in its government and infrastructure business.

Houston-based KBR, an engineering, construction-management and facilities operations company and majority owner of the Devonport Royal Dockyard, said revenue fell 8% to $2.51 billion from $2.72 billion a year earlier. Government and infrastructure revenue fell 14% to $1.82 billion, while energy and chemicals revenue rose 16% to $687 million.

KBR CEO Bill Utt said in the conference call that the company is evaluating "inquiries" to purchase its 51% share in the dockyard. Media reports earlier this month said British defense contractor BAE Systems PLC and U.S. private equity firm Carlyle Group LP may be teaming up to make an offer. Mr. Utt said the company's revenue from operations in Iraq will get a "modest" boost from an increase in U.S. troops, partially reversing several years of decline. But the U.S. Defense Department is changing the way it buys services in a new effort to save money and avoid the type of controversy that has plagued a series of Halliburton troop-support contracts.

The Pentagon is reviewing all of its services contracts worth more than $1 billion. The department also has added new training for its contracting professionals, and it is preparing a series of reports on service purchasing practices across the military services. A new contract should be announced by the end of the first quarter, Mr. Utt said, with three contractors splitting the work.

Among other changes, the Defense Department wants to move away from its past habit of holding a single competition for years of subsequent work. This practice led to serious criticism of battlefield logistics contracts awarded to KBR for troop support in the Balkans and the Middle East.

In November, KBR agreed to pay an $8 million fine to settle allegations it overcharged and double-billed the Army in 1999 and 2000 for work performed in the Balkans.

One NATO Is Not Enough (NYT)

By Joseph Núñez

The New York Times, January 27, 2007

IN international relations, leadership often involves getting allies and friends to do things they have not done but need to do. For example, one challenge facing America is to get more European countries to do heavy lifting in Afghanistan, where British, Canadian, Dutch and American troops are bearing the brunt of battles with Taliban forces. This needs to happen if NATO is to make good on its commitments in Afghanistan, which rightly have wide international support and legitimacy.

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But the larger issue stemming from that overstrained mission is that NATO is not enough. Like the one strong horse that carries load after load, NATO is getting tired of having to serve as the proxy both for the United Nations and feeble regional organizations. While I am not, of course, authorized to speak in an official capacity, I have some thoughts, based on personal experience, on how to ease NATO's burden.

The sad truth is that there will be ever more failed states requiring long-term multinational intervention. NATO should not be expected to be everywhere. While it has evolved to handle new missions beyond Europe in the 21st century, it is not a bottomless well of troops.

NATO leaders should be asking this question: What are the other regions of the world prepared to do to handle the next likely conflagrations, be they in Sudan, Fiji, Congo, Somalia, Bolivia, North Korea or Nepal? We must get much more creative about preserving stability at such fault lines. Too many interventions, like the African Union's in Darfur, are done in an ad hoc and episodic manner; little wonder they usually fail.

What we need are more permanent regional security and defense organizations, supported by major powers. It is in the basic national interest of both the local states and the big nations, never mind any high-minded values. While states may have legitimate concerns about things like sovereignty, the alternative to constructive cooperation is the wildfire of anarchy, which spreads beyond borders and burns far too many.

The efforts of powerful Western countries to aid regional organizations' efforts in humanitarian assistance, peacekeeping and nation-building — which increased after the United Nations proved, in situations like Somalia during the early 1990s, to be incapable — have been inconsistent. Many arrogant policymakers continue to argue, in effect, that "superpowers don't do windows." Many major powers continue to focus their military programs on conventional warfare. The problem is that conventional wars these days are few, while failed states are many.

Rather than rely on regional groups to coalesce on their own, the United States and its allies should work to create a minimum of six additional security and defense organizations patterned on NATO — one each for North America, South America, Africa, the Asia-Pacific region, South Asia and the Middle East. Headquarters for these organizations might be, respectively, in Colorado Springs, Brasília, Johannesburg, Beijing, New Delhi and Amman, Jordan. But troops would be trained in all states that joined.

Each of these new alliances would have to be prepared to rapidly deploy at least a brigade-level force — about 6,000 troops with ground, sea and air capacities — anywhere in its sphere of influence. They would also have to have diplomatic and economic teams to move in after the fighting and get the government and markets of the affected country restarted.

Considering the vast scope of each of these six regions, the individual contributions required from the members would be fairly meager, and the richer and more populous states could be expected to supplement the offerings of their less advantaged neighbors.

Each of these new organizations would need at least one big power as a member; this economic and military linchpin would be expected to provide the trained personnel, equipment and money to begin the enterprise. Obviously, the United States would play that role in the North American group; but it and the European and Asian powers might have to take leading roles in some alliances that were geographically distant. This shouldn't be a stumbling block: after all, NATO spans the Atlantic.

Of course, all of these new alliances would need the blessing of the United Nations secretary general, Ban Ki-moon, and their efforts would be coordinated through the organization's Department of Peacekeeping Operations. The secretary general should be expected to welcome the arrangement: it would relieve his organization of its role in centrally planning operations and creating interim forces after conventional combat stops, at which it has floundered repeatedly.

Yes, creating these new alliances will mean that many states will have to change their approach to internal security and defense. But in this age of globalization, countries will have to be as flexible and cooperative on security matters as they have been on trade pacts.

In the end, two facts will drive many states to sign up for regional security organizations: the current system is largely dysfunctional, and joining would give each member greater international standing. For now and for the future, NATO is not enough.

At Ease, Mr. President (NYT)

By Garry Wills

The New York Times, January 27, 2007

WE hear constantly now about "our commander in chief." The word has become a synonym for "president." It is said that we "elect a commander in chief." It is asked whether this or that candidate is "worthy to be our commander in chief."

But the president is not our commander in chief. He certainly is not mine. I am not in the Army.

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I first cringed at the misuse in 1973, during the "Saturday Night Massacre" (as it was called). President Richard Nixon, angered at the Watergate inquiry being conducted by the special prosecutor Archibald Cox, dispatched his chief of staff, Al Haig, to arrange for Mr. Cox's firing. Mr. Haig told the attorney general, Elliot Richardson, to dismiss Mr. Cox. Mr. Richardson refused, and resigned. Then Mr. Haig told the second in line at the Justice Department, William Ruckelshaus, to fire Cox. Mr. Ruckelshaus refused, and accepted his dismissal. The third in line, Robert Bork, finally did the deed.

What struck me was what Mr. Haig told Mr. Ruckelshaus, "You know what it means when an order comes down from the commander in chief and a member of his team cannot execute it." This was as great a constitutional faux pas as Mr. Haig's later claim, when President Reagan was wounded, that "Constitutionally ... I'm in control."

President Nixon was not Mr. Ruckelshaus's commander in chief. The president is not the commander in chief of civilians. He is not even commander in chief of National Guard troops unless and until they are federalized. The Constitution is clear on this: "The president shall be commander in chief of the Army and Navy of the United States, and of the militia of the several states, when called into the actual service of the United States."

When Abraham Lincoln took actions based on military considerations, he gave himself the proper title, "commander in chief of the Army and Navy of the United States." That title is rarely — more like never — heard today. It is just "commander in chief," or even "commander in chief of the United States." This reflects the increasing militarization of our politics. The citizenry at large is now thought of as under military discipline. In wartime, it is true, people submit to the national leadership more than in peacetime. The executive branch takes actions in secret, unaccountable to the electorate, to hide its moves from the enemy and protect national secrets. Constitutional shortcuts are taken "for the duration." But those impositions are removed when normal life returns.

But we have not seen normal life in 66 years. The wartime discipline imposed in 1941 has never been lifted, and "the duration" has become the norm. World War II melded into the cold war, with greater secrecy than ever — more classified information, tougher security clearances. And now the cold war has modulated into the war on terrorism.

There has never been an executive branch more fetishistic about secrecy than the Bush-Cheney one. The secrecy has been used to throw a veil over detentions, "renditions," suspension of the Geneva Conventions and of habeas corpus, torture and warrantless wiretaps. We hear again the refrain so common in the other wars — If you knew what we know, you would see how justified all our actions are.

But we can never know what they know. We do not have sufficient clearance.

When Adm. William Crowe, the former chairman of the Joint Chiefs of Staff, criticized the gulf war under the first President Bush, Secretary of State James Baker said that the admiral was not qualified to speak on the matter since he no longer had the clearance to read classified reports. If he is not qualified, then no ordinary citizen is. We must simply trust our lords and obey the commander in chief.

The glorification of the president as a war leader is registered in numerous and substantial executive aggrandizements; but it is symbolized in other ways that, while small in themselves, dispose the citizenry to accept those aggrandizements. We are reminded, for instance, of the expanded commander in chief status every time a modern president gets off the White House helicopter and returns the salute of marines.

That is an innovation that was begun by Ronald Reagan. Dwight Eisenhower, a real general, knew that the salute is for the uniform, and as president he was not wearing one. An exchange of salutes was out of order. (George Bush came as close as he could to wearing a uniform while president when he landed on the telegenic aircraft carrier in an Air Force flight jacket).

We used to take pride in civilian leadership of the military under the Constitution, a principle that George Washington embraced when he avoided military symbols at Mount Vernon. We are not led — or were not in the past — by caudillos.

Senator Daniel Patrick Moynihan's prescient last book, "Secrecy," traced the ever-faster-growing secrecy of our government and said that it strikes at the very essence of democracy — accountability of representatives to the people. How can the people hold their representatives to account if they are denied knowledge of what they are doing? Wartime and war analogies are embraced because these justify the secrecy. The representative is accountable to citizens. Soldiers are accountable to their officer. The dynamics are different, and to blend them is to undermine the basic principles of our Constitution.

George W. Jetson's Plan For Iraq (LAT)

By Larry Doyle, Ben Doyle

The Los Angeles Times, January 27, 2007

"We're carrying out a new strategy in Iraq … our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance for success."

— President George W. Bush, State of the Union address, Jan. 23

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"The military calls its new weapon an 'active denial system,' but that's an understatement. It's a ray gun that shoots a beam that makes people feel as if they are about to catch fire…. 'This is one of the key technologies for the future,' said Marine Col. Kirk Hymes, director of the nonlethal weapons program at Quantico, Va."

— Associated Press, the next day

To: [redacted]@defenselink.mil,[redacted]@darpa.mil, [redacted]@lanl.gov, [redacted]@llnl.gov, [redacted]@[redacted].[redacted]

From: [redacted]@whitehouse.gov

Re: Executive Directive on Weapon Development

POTUS very much enjoyed the demonstration today and wanted to thank everyone for their hard work and patriotism. He had some thoughts.

While the ray gun is impressive, POTUS was disappointed that to date it only makes people feel as if they are about to catch fire, and he wants to encourage you to keep working on it until you get it right. He expressed a preference for a ray that turns the target into a glowing red silhouette before making it disintegrate. He also feels the weapon should make a scarier sound.

POTUS was curious about where we are on the invisibility cloak. He pointed out that this was the first project he put into development when he came to the White House and, had it been available earlier, he could have used it to capture SH and OBL personally, saving thousands of lives and the Republican majority. However, he is having second feelings about calling it a cloak, which comes off as evil and French, and has directed that henceforth it be referred to as an invisibility poncho. And he again emphasized that the invisibility poncho be waterproof.

POTUS is frustrated at the continued delays in jet-pack production, a cornerstone in our plan to restore stability to Baghdad. Fix this.

POTUS is also concerned going forward that we continue to consider every possible approach, think outside the envelope, etc. Toward that end, he has designed some weapons systems [see attachment blotter.jpg (1.6 MB)] he feels are pretty cool and provide our best chance for success:

• We have smart bombs; why not smart bullets? They could be trained to tell the difference between Shiites or Sunnis and only shoot the right one, depending on the day.

• Rather than launching missiles into the air, where they are vulnerable to Chinese lasers and birds, why not launch them into the Earth, where they can travel unseen under the ground to their destination? Such UGLMs could also be equipped with a robotic arm, which, upon reaching the target, extends and electrocutes the bad guys before exploding them.

• How hard would it be to mount an automatic machine gun on a gorilla?

• We need a time machine, either based on the POTUS La-Z-Boy design or something more scientific, as long as it's done by Friday. POTUS would like to go back and warn himself about something before it's too late. The machine should be set for Dec. 28, 1963. Never mind why.

LARRY DOYLE's first novel, "I Love You, Beth Cooper," will be published in May. BEN DOYLE is 7 years old.

DOJ:

Justice Found Unprepared For Crises (WT)

By Jerry Seper

The Washington Times, January 27, 2007

The Justice Department, hampered by budget shortfalls and high staff turnover, is not prepared to respond quickly to terrorist attacks, hostage incidents, hurricanes and other natural disasters, said a report yesterday by the department's Office of Inspector General.

"Rapid response to critical incidents ... is an essential function of the Department of Justice," Inspector General Glenn A. Fine said in the 70-page report. "Critical incident response is also an integral part of the department's strategy for combating terrorism."

But, Mr. Fine said, the U.S. attorney's offices in the nation's 93 districts -- all of whom are responsible for developing plans to respond to major incidents -- are not adequately prepared to do so.

To improve each office's ability to respond to critical incidents, Mr. Fine said Attorney General Janet Reno directed the department in 1996 to implement the Crisis Management Coordinator (CMC) program, directing each U.S. attorney to designate an assistant U.S. attorney to coordinate development of response plans.

"We found a significant turnover in the CMC position during the nine months from October 2005 to July 2006 -- an annualized rate of 23 percent," Mr. Fine said. "This figure is significantly greater than the 6 percent turnover rate for assistant U.S. attorneys as a whole in 2005."

Mr. Fine said the high turnover rate directly affected the ability of the U.S. attorney offices nationwide to prepare for critical incidents.

According to the report, "factors beyond the control" of the U.S. attorneys affected their ability to respond to critical incidents, including continuing budget shortages that have limited the number of assistant U.S. attorneys on staff.

Mr. Fine said budget shortages over the past four years have come at a time that workloads have continued to increase. As a result, he said, the ability of assistant U.S. attorneys to complete nonprosecutorial functions, such as CMC duties, has been restricted.

Because assistant U.S. attorneys are evaluated on the number of prosecutions and not on CMC activities, Mr. Fine said they have had "less incentive" to focus on critical incident response plans.

He also said that while U.S. attorneys nationwide stepped up training in response to the September 11 attacks, their efforts have fallen off, noting that fewer than half complied with requirements to conduct annual training exercises in 2005 and 2006.

Mr. Fine also said the U.S. attorneys have not consistently completed after-action reports following exercises or actual events, or forwarded the reports to allow for lessons learned to be shared. He said better efforts have to be made to ensure the offices "are actually conducting the requisite activities."

He noted that following the September 11 attacks, the need to respond quickly and effectively to critical incidents was highlighted in both the department's anti-terrorism plan and the Department of Homeland Security's national strategy. He said the quality of that response depends, in large part, on developing and making necessary revisions and conducting "tabletop" or field exercises.

He said that while Justice Department officials had taken "important steps to improve" their preparedness to respond to critical incidents, "several areas remain in need of improvement."

During a major incident, U.S. attorneys nationwide are responsible for having a plan in place to respond. In the event of a critical incident, they are the on-scene legal decision makers for the department, responsible for facilitating coordination with federal, state and local officials.

As part of the review, Mr. Fine made seven recommendations to help the department improve the U.S. attorneys' ability to respond quickly and appropriately to critical incidents, and the department concurred with all of them.

Michael Battle, director of the Executive Office for U.S. Attorneys at Justice, said in a Jan. 8 letter attached to the IG's report that the department plans "to resolve and implement solutions" to the audit findings.

Agency's Readiness For Crises Faulted (BLOOM)

By Neil Roland, BLOOMBERG NEWS

Bloomberg, January 27, 2007

WASHINGTON — The U. S. Justice Department isn't adequately prepared to respond quickly to terrorist attacks, hurricanes and hostage situations because of budget cuts and staff turnover, an audit by the agency's inspector general found.

While the 93 U. S. attorneys around the nation stepped up training in 2004 in response to the Sept. 11, 2001, terrorist attacks, their efforts have fallen off, the report said. Fewer than half the offices complied with requirements to conduct annual training exercises in 2005 and 2006, said the report by the office headed by Inspector General Glenn Fine.

The U. S. attorneys are responsible for making on-site legal decisions and coordinating for the department with other federal, state and local officials. Justice Department officials have been lax in supervising the preparations, and some plans have been deficient for years, the 70-page report said.

The Justice Department's efforts "have regressed since June 2005," said the audit, posted Friday on the department's Web site. Agency officials "have not provided the direction and support needed to ensure" proper preparations, it said.

The Justice Department, which oversees the FBI as well as the U. S. attorneys' office, has been criticized by Congress for its responses to the 1993 Branch Davidian standoff in Texas, the 1995 Oklahoma City bombing and various hurricanes. Department officials made "serious mistakes" in the use of deadly force, coordinating between negotiators and attack planners and in collecting evidence, the report said.

The report said 78 of the 93 U. S. attorneys' offices conducted their annual training exercise in 2004. That number fell to 39 in 2004 and rose to only 45 as of November 2006, the report said. Among seven U. S. attorneys' plans that were deficient in 2003, three haven't been corrected or even reviewed, the report said.

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Auditors traced the problem to budget cuts for U. S. attorneys since 2003 that have forced them to focus more on prosecutorial duties. Also, turnover among the lawyers responsible for each U. S. attorney's plans has been almost four times that of other lawyers in these offices, the report said.

A Justice Department spokesman didn't immediately respond to a request for comment Friday.

Department officials plan "to resolve and implement solutions to the" audit findings, said Michael Battle, head of the office that oversees the U. S. attorneys, in a Jan. 8 letter appended to the inspector general's report.

Clinton administration Attorney General Janet Reno directed in 1996 that each U. S. attorney's office designate a lawyer to develop a response plan to crises.

Attorney General Draws Fire (MCT)

By Marisa Taylor And Greg Gordon, MCCLATCHY NEWSPAPERS

McClatchy Newspapers, January 27, 2007

U.S. ATTORNEY APPOINTMENTS CALLED POLITICAL

WASHINGTON - Attorney General Alberto Gonzales is transforming the ranks of the nation's top federal prosecutors by firing some and appointing conservative loyalists from the Bush administration's inner circle who critics say are unlikely to buck Washington.

The newly appointed U.S. attorneys all have impressive legal credentials, but most have few, if any, ties to the communities they've been appointed to serve, and some have had little experience as prosecutors.

The nine recent appointees identified by McClatchy Newspapers held high-level White House or Justice Department jobs, and most were handpicked by Gonzales under a little-noticed provision of the Patriot Act that became law in March.

With Congress now controlled by the Democrats, critics fear that in some cases Gonzales is trying to skirt the need for Senate confirmation by giving new U.S. attorneys interim appointments for indefinite terms.

Some legal scholars contend that the administration pushed for the change in the Patriot Act as part of an ongoing attempt to expand the power of the executive branch, a charge administration officials deny.

Being named a U.S. attorney "has become a prize for doing the bidding of the White House or administration," said Laurie Levenson, a former federal prosecutor.

A Justice Department spokesman called such assessments "reckless."

The appointments have troubled some current and former prosecutors, who worry that the Justice Department is tightening its control over local U.S. attorneys' offices in order to curb the prosecutors' independence.

These lawyers said federal prosecutors too close to the administration might not be willing to pursue important but controversial cases that don't fit the administration's agenda.

The selection of U.S. attorneys has always been a political process.

Traditionally, the top assistant U.S. attorney in each local office temporarily fills any vacancy while home-state senators search for preferred candidates to present to the White House for consideration.

If it takes more than four months to find a permanent successor, a judge can extend the temporary appointment or name another acting U.S. attorney.

Gonzales gained the authority to appoint interim U.S. attorneys for indefinite terms as a result of a change to the Patriot Act that stripped federal judges of their appointment power.

A Justice Department spokesman denied that Gonzales has sought to compromise the independence of U.S. attorneys' offices by appointing political loyalists. In some recent cases Gonzales has followed the traditional process.

"Allegations that politics inappropriately interfere with personnel decisions made about U.S. attorneys are reckless and plainly wrong," said department spokesman Brian Roehrkasse.

Gonzales and his aides also deny that they're trying to do an end run around the Senate. In a recent letter to two Democrats on the Senate Judiciary Committee, Acting Assistant Attorney General Richard Hertling said the change was sought to avoid conflicts involving federal judges' appointing officials to posts in the executive branch.

Since last March, the administration has named at least nine U.S. attorneys with administration ties. They include:

• Tim Griffin, 37, the U.S. attorney for Arkansas, who was an aide to White House political adviser Karl Rove and a spokesman for the Republican National Committee.

• Rachel Paulose, 33, the U.S. attorney for Minnesota, who served briefly as a counselor to the deputy attorney general and who, says a former boss, has been a member of the secretive, ideologically conservative Federalist Society.

• Jeff Taylor, 42, the U.S. attorney in Washington, D.C., who was an aide to Utah Sen. Orrin Hatch and worked as a counselor to Gonzales and to former Attorney General John Ashcroft.

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CORPORATE SCANDALS:

Ex-Executive Of Computer Associates Receives Prison Sentence (NYT/AP)

By Dow Jones/ap

The New York Times, January 27, 2007

A former executive with Computer Associates who pleaded guilty to securities fraud and who prosecutors said was instrumental in the prosecution of the company's former chief executive, Sanjay Kumar, was sentenced to seven months in prison and seven months of home detention.

The executive, Ira Zar, the former chief financial officer, pleaded guilty in 2004 and has cooperated with authorities in the prosecution of Mr. Kumar and the company's former sales chief, Stephen Richards.

Mr. Zar, 45, also pleaded guilty to two counts of conspiracy and was sentenced by Judge I. Leo Glasser of United States District Court in Brooklyn. He was also ordered to serve two years of supervised release after the completion of his sentence. No fine was imposed and restitution will be determined at a later date.

The company, based in Islandia, N.Y., has since changed its name to CA Inc.

KB Home In Stock-options Investigation (FT)

By Doug Cameron In Chicago

Financial Times, January 27, 2007

KB Home, the fourth-largest US housebuilder, on Friday revealed that US regulators had opend a formal investigation into the stock-options backdating practices that led to the departure of its chief executive last November.

The Los Angeles-based group is one of the largest companies to be ensnared in the unfolding options scandal, and the launch of a formal probe by the Securities and Exchange Commission comes as management wrestles with the impact of the slowing housing market.

The SEC launched an informal investigation into KB Home last August, and intensified the probe on January 19, according to the company, which said it was co-operating with regulators.

An internal probe by the company revealed KB Home used "incorrect measurement dates for financial reporting purposes for annual stock option grants during the period 1998-2005". The report led to the departure of Bruce Karatz, who had led the company since its initial public offering, and the dismissal of its chief legal officer, who had helped to set dates for the stock options.

Mr Karatz agreed to repay $13m to the company to cover differences in the stock price, and was replaced by Jeffrey Mezger, KB Home's chief operating officer. The company expects to complete a review of executive compensation practices next month.

The case is one of the few so far that points to the prevalence of improper backdating practices after the passage of Sarbanes-Oxley compliance and audit legislation in 2002. The law was supposed to have made it harder for executives and companies to engage in improper backdating. But the KB Home case appears to show that in some cases it persisted even after the passage of Sarbox.

While backdating is itself not illegal, falsification of company documents to make option award dates appear earlier than originally decided is a breach of securities laws.

More tha 130 companies are under investigation by the Securities and Exchange Commission. The US Justice department and the Federal Bureau of Investigation are also conducting stock-options investigations.

US authorities want to know if executives, possibly with the complicity of compensation committees, auditors and company counsel, deliberately shifted the dates of options grant to dates where the company's share price was at historic lows.

Such a practice would have been designed to take advantage of a subsequent rise in the share price, immediately placing the options "in the money".

Some companies alleged to have engaged in such a practice have been sued by shareholders alleging fraud.

HP, Former VP In A Battle Over Spying Allegations (MERCN)

By Nicole C. Wong

The San Jose Mercury News, January 27, 2007

A run-of-the-mill divorce proceeding has led to allegations of corporate espionage involving Hewlett-Packard, the computer and printer giant whose reputation was recently tarnished by a board-spying scandal.

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The Palo Alto computer giant is in an ugly fight against a former executive, Karl Kamb Jr., who has accused HP of having him spy on rival Dell. HP has accused Kamb of stealing HP's trade secrets. The story is complete with allegations of a hired informant, bribery and adultery. Key documents in the case, in federal court in Tyler, Texas, have been sealed and the parties were ordered Thursday by a judge not to speak to the media.

But the saga can be pieced together from documents obtained before Kamb's lawsuit was sealed.

In August 2005, Kamb's wife, as part of divorce proceedings, subpoenaed HP for information about a business Kamb had established on the side while he was employed by the Palo Alto company in Tokyo, HP said in court filings. After investigating, HP sued Kamb in November 2005 for allegedly stealing its trade secrets to start a multimillion-dollar flat-panel television business while he helped launch HP's TV line.

Accusations of spying

Last week, Kamb countersued HP for allegedly spying on him, alleging that HP had impersonated him to retrieve his personal phone records. He claimed that HP instructed him to obtain trade secrets on rival Dell's entry into the printer market.

HP spokesman Ryan Donovan declined to comment Friday beyond what the company said Wednesday, when it called Kamb's suit ``wholly without merit."

A Dell spokesman said: ``We take seriously the allegations that Dell's confidential information might have been obtained by a competitor through improper or unlawful means. We believe in vigorous but fair competition. There is no place for industrial espionage, and if we discover that we have been the victim of that we will consider all appropriate actions in response."

Kamb, who was an HP vice president of business development and strategy until fall 2005, alleged in his lawsuit that HP was concerned about Dell's 2003 entry into the lucrative printer market. In 2002, HP asked him to recruit an informant -- Katsumi Iizuka, who was president of Dell Japan until 1995 -- who could use his connections to obtain detailed information about Dell's products, costs, manufacturers and suppliers. Kamb said he turned that information over to HP.

Kamb said HP used code names in the spying operation on Dell. He included an e-mail in the suit that shows HP picked the names of famous mountains, referring to Dell as ``Everest," Lexmark as ``Whitney" and Sanyo as ``Rushmore."

The HP and Dell e-mails, according to Kamb's suit, suggest Iizuka arranged a dinner meeting in Osaka among four Dell executives and a printer company that Iizuka apparently was representing. The group planned to meet in February 2003 to discuss the launch of Dell's printer business.

Allegation of pretexting

Around Aug. 25, 2005, shortly before Kamb says he was fired, someone working for HP but posing as a T-Mobile employee called him asking for his personal identification number for his T-Mobile account, according to Kamb's suit. He refused but later found out HP had obtained his T-Mobile and Sprint phone records by using the Social Security number and billing address listed in his personnel file, he said.

Kamb's lawyer sent a letter in August 2005 to Kevin Hunsaker, HP's then-senior counsel, asking that HP stop pretexting him.

Hunsaker, who left HP last fall after pretexting surfaced in the board-spy scandal, replied in a September 2005 letter that ``no representatives of HP were involved in any of the alleged activity described in your letter."

HP's lawsuit portrays Kamb as the bad guy.

HP said in its lawsuit that Kamb was the ``ring leader" of ``a multimillion-dollar swindle" involving several other former high-level HP employees.

HP alleged that in late 2002 or early 2003, Kamb and other high-level HP executives, who were asked to find and develop new consumer electronic products for HP to sell, ``began formulating a scheme to establish their own consumer electronics enterprise," called byd:sign. They allegedly discussed their plans using HP computers and e-mail accounts.

Trade secrets

Around August 2003, HP's suit said, Kamb implied he would leave HP, so to keep him the company gave him a raise and greater responsibilities, which also gave him greater access to HP's research and development.

HP alleged that by June 2003 Kamb and his partners had developed a prototype LCD television and finalized their plans to sell them through byd:sign, using HP trade secrets and other confidential information.

HP said Kamb's ``surreptitious looting" of corporate opportunities might have continued undetected if Kamb ``had not been as disloyal and deceptive in his personal life as he was professionally."

According to HP, Kamb's wife filed for divorce around September 2004 in part for ``discord or conflict of personalities" and ``adultery."

After HP started contacting Kamb and his HP recruits in August 2005, ``they attempted to erase all evidence of their wrongdoing by permanently and irretrievably deleting information off of their HP computers," HP's suit alleged. Through the use

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of forensic data specialists, HP said it was able to retrieve and reconstitute some e-mails, instant messages and files, which show they ``continued scheming and planning their venture through the fall of 2003 and beyond'' while many still worked for HP.

Spokesmen for the California Attorney General's Office and the U.S. Justice Department declined to comment on whether they are looking into allegations raised by these lawsuits.

Intellectual property and trade secret attorneys said if Kamb's allegations are true, HP could plunge back into troubles with ethics.

Kamb's suit suggests ``an official policy to almost engage in CIA-type espionage of trade secrets,'' said Bradford Newman, a Palo Alto law partner who specializes in trade secret misappropriation, when told about the allegations.

Karen Kimmey, a San Francisco partner who specializes in intellectual property, said these new allegations are reminiscent of the spying on board members, employees and journalists that the company admitted to last fall.

``It has a very similar feel to the spying and overall ethical questions that have been raised, at least in the public's mind,'' Kimmey said. ``It's going to sound like more of the same.''

Nacchio Prosecutors Scolded (AP)

By Sandy Shore, Associated Press

AP, January 27, 2007

Judge wants evidence turned over to defense

DENVER — With a stern reminder that Joe Nacchio's trial is just weeks away, a federal judge ordered prosecutors Friday to step up efforts to provide some key evidence to the former Qwest chief executive's attorneys.

U.S. District Judge Edward Nottingham set deadlines for evidence to be turned over and told attorneys to file status reports by Feb. 6.

"This case is going to be tried on March 19, folks," Nottingham said.

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge Qwest Communications International Inc. would be unable to meet revenue targets.

Nacchio is charged with 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine, and has pleaded not guilty.

At issue in Friday's hearing was evidence that could be deemed favorable to Nacchio, which prosecutors are required by law to provide the defense.

Nacchio's attorneys have contended government attorneys have been slow to deliver some evidence, citing a report on a witness delivered two months after the interview was conducted.

"It's the witness interviews that are of concern," Nacchio attorney John Richiliano said. "It's just a very, very serious issue now."

Prosecutor Cliff Stricklin said government attorneys are still interviewing witnesses. "We're doing the best we can," he said.

Another problem stems from classified documents that defense attorneys say they need. Prosecutors said the evidence-exchange process had been slowed because some of the documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government documents.

Prosecutors said they must coordinate the documents with federal agencies that are involved.

Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts that gave him hope for the company's financial future.

The Classified Information Procedures Act was enacted several decades ago to counter a strategy used by defendants charged with spying who would threaten to expose national secrets unless the charges were dropped.

In order to view the contracts and determine their relevance at trial, attorneys for both sides and the judge received Justice Department security clearances.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

Experts say Nacchio's legal fees in both the civil and criminal cases could hit a combined $75 million, based on other high-profile corporate executive trials, The Denver Post reported Friday. Qwest bylaws require the company to pay those expenses, company spokesman Bob Toevs told the newspaper.

CRIMINAL LAW:

Will Rove Testify? (NSWK)

By Michael Isikoff

Newsweek, January 26, 2007

White House anxiety is mounting over the prospect that top officials—including deputy chief of staff Karl Rove and counselor Dan Bartlett-may be forced to provide potentially awkward testimony in the perjury and obstruction trial of Lewis (Scooter) Libby.

Both Rove and Bartlett have already received trial subpoenas from Libby's defense lawyers, according to lawyers close to the case who asked not to be identified talking about sensitive matters. While that is no guarantee they will be called, the odds increased this week after Libby's lawyer, Ted Wells, laid out a defense resting on the idea that his client, Vice President Dick Cheney's former chief of staff, had been made a "scapegoat" to protect Rove. Cheney is expected to provide the most crucial testimony to back up Wells's assertion, one of the lawyers close to the case said. The vice president personally penned an October 2003 note in which he wrote, "Not going to protect one staffer and sacrifice the other." The note, read aloud in court by Wells, implied that Libby was the one being sacrificed in an effort to clear Rove of any role in leaking the identity of CIA operative Valerie Plame, wife of Iraq war critic Joe Wilson. "Wow, for all the talk about this being a White House that prides itself on loyalty and discipline, you're not seeing much of it," the lawyer said.

Libby is charged with lying about when and from whom he learned about Plame during the spring and early summer of 2003, a time when the White House was working to discredit Wilson. A former U.S. ambassador, Wilson was dispatched to Niger to investigate reports that Iraq was seeking to purchase uranium from Africa. Wilson said he told U.S. officials there was nothing to those reports. But the president later used the claim anyway in his 2003 State of the Union address, prompting Wilson to charge the administration had manipulated the intelligence about Iraq. The week after he went public, journalist Robert Novak first reported that Wilson's wife, Plame, worked for the CIA—a disclosure that prompted allegations that administration officials had "outed her" in retaliation for Wilson's criticism.

The possibility that Rove could be called to testify would bring his own role into sharper focus—and could prove important to Libby's lawyers for several reasons. Rove has said in secret testimony that, during a chat on July 11, 2003, Libby told him he learned about Plame's employment at the CIA from NBC Washington bureau chief Tim Russert, a legal source who asked not to be identified talking about grand jury matters told NEWSWEEK. If Rove repeats that story on the witness stand, it could back up Libby's core assertion that he honestly, if mistakenly, thought he had heard about Wilson's wife from the "Meet the Press" host—even though Russert denies he knew anything about Plame, and more than a half-dozen officials (including Cheney) have said they passed along the same information to Libby earlier than that.

But the Rove account could cut in other ways. Fitzgerald would likely argue that Libby's comment to Rove merely shows that the vice president's top aide "was even lying inside the White House," according to the legal source. Moreover, Rove is likely not eager to recount the story either. The reason? He would have to acknowledge that shortly after he had the chat with Libby, he went back to his office and had a phone conversation with Time magazine reporter Matt Cooper in which he also disclosed the fact that Wilson's wife worked for the CIA. The disclosure was potentially illegal since, at the time, Plame was employed in the Directorate of Operations, the agency's covert arm. (There is no evidence that Rove or anybody else knew Plame's status at the time—and Rove has never been charged with any crime—but the possibility that White House officials were leaking classified information in an effort to discredit Wilson is what triggered the probe in the first place.)

An equally embarrassing conflict could emerge next week when former White House press secretary Ari Fleischer takes the stand. Fleischer has been one of the most mysterious figures in the case, making virtually no public comments about it since he left the White House in July 2003. In the past he has insisted he wasn't even represented by a lawyer. But it emerged during court arguments this week that Fleischer originally invoked his Fifth Amendment privileges to avoid testifying and then only agreed to do so after he was given an immunity deal by Fitzgerald—an arrangement that normally requires extensive bargaining among attorneys. Fleischer's testimony is critical to Fitzgerald's case: as the prosecutor laid out this week in his opening statement, Fleischer has said that Libby told him over a White House lunch on July 7, 2003, that Wilson's wife worked at the CIA and made a point of describing this information as "hush and hush." Fitzgerald used that account to undercut Libby's grand-jury assertion that he was surprised and "taken aback" just three or four days later when, he claims, Russert told him about Wilson's wife. "You can't learn something startling on Thursday that you're giving out Monday and Tuesday of the same week," Fitzgerald said. Fleischer has also testified that Bartlett also later told him about Wilson's wife and, after hearing it from both Libby and Bartlett, the then-White House press secretary disclosed the information to NBC reporter David Gregory.

On its face, Fleischer's account seems to contradict the repeated public assertions of his immediate successor, Scott McClellan, in October 2003 that nobody at the White House was in any way involved in the leak of Plame's identity. It also potentially puts Bartlett, one of the president's senior and most trusted advisers, on the hot seat. If Bartlett backs up Fleischer, it

suggests he himself played a role in passing along radioactive information that triggered a criminal investigation that has plagued the White House for more than four years. If he contradicts Fleischer, it raises questions about the credibility of a man who was President Bush's chief spokesman for the first two and a half years of his presidency. His lawyer declined to comment on what Bartlett will say.

But either way, it's not a scenario that anybody at the White House can be looking forward to.

Bush Adviser Rove Subpoenaed For Libby Trial (CNN)

CNN.com, January 27, 2007

WASHINGTON (CNN) -- Two of President Bush's top advisers have been subpoenaed as possible witnesses in the trial of former White House aide Lewis "Scooter" Libby, a legal source familiar with the case told CNN on Friday.

It remains unclear whether either of the aides -- Karl Rove and Dan Bartlett -- will actually be called to the stand.

Libby is charged with lying to the FBI and a grand jury investigating who leaked a CIA employee's identity to reporters in 2003. (Read full story)

Rove, Bush's longtime political confidant, serves as deputy chief of staff at the White House; Bartlett is a counselor to the president and the former White House communications director.

Rove and Bartlett are on a list of possible defense witnesses that includes Vice President Dick Cheney, his current chief of staff, David Addington, and a number of journalists and current and former White House officials.

Libby, Cheney's former chief of staff, is fighting charges of perjury and obstruction of justice with a defense strategy that includes portraying him as someone thrown into a "meat grinder" to protect Rove.

Prosecutors are trying to portray Libby as someone who used lies and deception in his high-ranking position at the White House to try to discredit an open critic of the Bush prewar justification to invade Iraq.Inner workings of White House exposed

The first week in the trial brought a sometimes harsh light to the inner workings of the White House and other federal agencies.

On Thursday, a former top press aide to Cheney, Cathie Martin, who now is an aide to Bush, testified she was excluded from high-level talks to decide how to respond to the media during a controversy over Bush's 2003 State of the Union address.

In the speech, Bush claimed Iraq was trying to buy uranium from the African nation of Niger. Martin said Libby attended the meeting.

The uranium claim was challenged by a former ambassador, Joe Wilson, who in the months before the Iraq war, had made a fact-finding trip to Niger at the request of the CIA, where his wife worked on matters regarding weapons of mass destruction, according to court testimony. (Read full story)

Witnesses have testified Wilson's wife, Valerie Plame Wilson, apparently organized the trip, and interest in the results had been expressed by the Office of the Vice President, the State Department and the Department of Defense.

But at least initially, none of those offices apparently had much knowledge of Wilson's trip nor who arranged it, according to the testimony thus far.

Prosecution witnesses from the CIA and the State Department testified that they or their staff members tracked down details of the mission at Libby's request, and that the push to do so came at the time the former ambassador had questioned the Bush argument for going to war in Iraq.

The criminal case began with an investigation of how Valerie Wilson became widely known among journalists as being an operative of the CIA. It would be illegal to disclose the covert or classified status of such an employee.

No one has been charged with leaking her name, employment status or other classified material.

Libby is the only person to face any charges in connection with the case. He resigned his position at the White House in 2005 on the day he was indicted.

Special prosecutor Patrick Fitzgerald has said he continues to explore for wrongdoing, including whether Valerie Wilson's cover was blown in retaliation for her husband's public criticism of the president.Who told Libby is key to prosecution

Central to the Libby trial is whether he learned of Valerie Wilson's employment from reporters or from inside government. (Watch how the timeline is a key to the trial)

Libby has said that he first got the information from NBC reporter Tim Russert. His lawyers blame bad memory for any discrepancies in what he told investigators and a grand jury, and say he may have been distracted by urgent national security matters.

Martin, Cheney's former spokeswoman, testified Thursday that she had told Libby that Joseph Wilson is "married to a CIA agent" days before the date Libby claims he learned that information from Russert.

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She also described feeling blamed for how the White House handled a different query about the controversial Iraq-uranium assertion in the State of the Union address. The query, by television reporter Andrea Mitchell, had been handled by Libby.

Martin testified, "I was aggravated that Scooter was calling the reporters and I wasn't" during White House efforts to handle the story.

Martin is one of four witnesses for the prosecution who have testified in the first three days of the trial, which is expected to last more than a month. The judge and jury will not hear the case on Fridays.

After the defense and prosecution conclude with Martin on Monday, the next witness is expected to be former White House spokesman Ari Fleischer.

He appeared at the courthouse Thursday after defense attorney Ted Wells complained he needed more time to examine Martin's original handwritten notes she made during the uranium controversy.

There was some talk of instead taking the next prosecution witness and delaying Martin's testimony, and soon after, reporters spotted Fleischer's arrival.

Prosecutor Fitzgerald acknowledged that Wells had been given the Martin notes only a few hours before Martin was to take the stand, but he disputed whether the earlier copies were of poor quality.

"That's a bit of spin," Fitzgerald said of the complaint from Wells, and suggested he didn't believe the defense team's "notion of sitting on it a year with illegible copies."

Judge Reggie Walton, his voice rising, chided Fitzgerald and loudly said, "If he's lying, I'll punish him for it," referring to the Wells complaint.

Martin was called to the stand after Fitzgerald said only a handful of the notes would be introduced as evidence. Fleischer, who had been waiting with counsel in a holding room, departed. His appearance is now set for Monday.

Cheney Led Effort To Discredit Iraq Critic Wilson: Testimony (AFP)

AFP, January 27, 2007

A White House aide testified in court Thursday that Vice President Dick Cheney personally led the 2003 effort to discredit Iraq war critic Joseph Wilson.

Deputy White House communications director Cathie Martin was giving evidence in the politically sensitive perjury trial of former top White House aide Lewis "Scooter" Libby.

The prosecution has charged Libby, who was Cheney's chief of staff, with obstructing the investigation by lying about when he learned the name of Wilson's wife, Central Intelligence Agency spy Valerie Plame.

Prosecutors opened a leak probe after Plame's name appeared in the press in 2003. Revealing a CIA agent's identity can be a federal crime, although Libby is not accused of leaking Plame's name.

President George W. Bush's critics charge senior officials deliberately blew Plame's cover to punish Wilson for accusing the administration of exaggerating the threat posed by Iraq to justify an invasion.

Libby, 56, denies the charges. He could face 30 years in jail if convicted.

Martin, who in 2003 was a spokewsoman for Cheney, testified that the vice president ordered her to monitor all print and television news reports on Wilson after the former ambassador went public with his criticism.

"The vice president told me to keep track of this story," and press aides immediately "began monitoring television commentators" in addition to print reports about Wilson, she said.

Martin also testified that she clearly remembered telling both Cheney and Libby that Wilson's wife worked for the CIA days before Libby said he first learned of it.

Martin also became the fourth US official to testify that Libby knew about Plame before he talked to a prominent television reporter on July 10, 2003, as he had maintained under oath.

Some 80 possible witnesses are listed for the trial, including Cheney, Secretary of State Condoleezza Rice, former White House chief of staff Andrew Card, top national security officials and more than two dozen of the capital's leading journalists.

The trial is set to resume Monday with testimony from former White House press secretary Ari Fleischer.

Libby's lawyer argued on Tuesday that his client was being made a scapegoat to save the real mastermind -- Bush's political guru Karl Rove.

"Scooter Libby was being sacrificed; Karl Rove was to be protected," attorney Ted Wells said.

Wells called Rove "the lifeblood of the Republican Party," and said that Bush aides needed to protect him at all costs.

In his book "Plan of Attack," an account of preparations for the Iraq invasion, Washington Post journalist Bob Woodward described Libby as part of the White House inner circle that played a role in virtually every major decision.

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Libby Lawyers Target Fleischer's Immunity (WT/AP)

By Associated Press

The Washington Times, January 27, 2007

Attorneys for former vice presidential aide I. Lewis "Scooter" Libby Jr. want more information about an unusual immunity-from-prosecution deal that government lawyers gave former White House spokesman Ari Fleischer in the CIA leak case.

Special prosecutor Patrick J. Fitzgerald says that in early 2004, as his investigation was heating up into who revealed CIA operative Valerie Plame's name to reporters, Mr. Fleischer stepped forward with an offer to prosecutors: Promise no prosecution and he would help their case.

Mr. Fleischer acknowledged being one of the leakers, but he wouldn't say a word without a promise of immunity.

Prosecutors normally insist on an informal account of what a witness will say before agreeing to such a deal. It's known in legal circles as a proffer, and Mr. Fitzgerald said Thursday that he never got one from Mr. Fleischer, who was chief White House spokesman for the first 21/2 years of President Bush's first term.

"I didn't want to give him immunity. I did so reluctantly," Mr. Fitzgerald said in court Thursday. "I was buying a pig in a poke."

Defense attorneys are skeptical. Mr. Fleischer is expected to testify Monday against Mr. Libby, who is accused of lying and obstructing Mr. Fitzgerald's investigation. Defense attorneys are preparing court documents demanding to know exactly what Mr. Fleischer promised in exchange for immunity.

"I'm not sure we're getting the full story here," defense attorney William Jeffress said in court.

Once the deal was struck in February 2004, Mr. Fleischer revealed that he had discussed Mrs. Plame with reporters in July 2003, days before leaving his job at the White House. He also said he learned about Mrs. Plame from Mr. Libby, who was the chief of staff to Vice President Dick Cheney.

Mr. Fleischer's testimony is significant because he says he talked to Mr. Libby about Mrs. Plame days before Mr. Libby told the FBI he was surprised to learn it from a reporter.

Mr. Libby's attorneys want details about Mr. Fleischer's agreement to cast the defendant as someone who's pointing fingers to protect himself. Mr. Fitzgerald says he doesn't have to disclose his conversations with Mr. Fleischer because they weren't about specific testimony.

"It wasn't as if someone said, 'Here's what I can give you about Mr. Libby. Is that good enough? You know, will that give us immunity?' " Mr. Fitzgerald said. "That wasn't it."

The deal he made was unusual enough that Mr. Libby's defense lawyers questioned whether it could be true. They suggested that Mr. Fitzgerald got a secret summary of Mr. Fleischer's testimony -- a deal they want to discuss with jurors when Mr. Fleischer takes the stand.

Defense attorneys said they will ask U.S. District Judge Reggie B. Walton to force Mr. Fitzgerald to reveal what Mr. Fleischer promised him. Mr. Fitzgerald told Judge Walton that no promises were made.

"We got no specifics," he said.

New Prosecution Team Takes On Duke Case (WP)

By Sylvia Adcock, Special To The Washington Post

The Washington Post, January 27, 2007

Lawyers Examine Evidence Amid Media Glare

RALEIGH, N.C. -- Six boxes and two file folders were transferred to the state attorney general's office near Capital Square here last week, and with them comes a shift in a case that has transfixed the nation.

The boxes and files contain the sum total of evidence against three former Duke University lacrosse players charged with sexually assaulting an escort service dancer at an off-campus team party last spring. In the recent months, the actions of the previous prosecutor, Durham District Attorney Michael B. Nifong, have taken center stage. But now that Nifong has asked to be relieved while he faced charges from the North Carolina Bar Association, including withholding evidence from defense lawyers, the focus of the case shifts to state Attorney General Roy Cooper and the two prosecutors he has chosen to evaluate the evidence.

Pressure on them will be enormous. An intense publicity campaign this month painted a sympathetic picture of the players, in Newsweek and on "60 Minutes." And the NAACP held a news conference here last week to call on prosecutors to take into account the accuser's version of events, saying it was aware of "the impact that this case can have on chilling the rights of women, particularly African Americans, to file criminal complaints of sexual violence and exploitation." The three players are white and the accuser is black, and witnesses have reportedly said they heard racist comments when the woman was leaving the house last March 13.

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Cooper and the new prosecutors -- James J. Coman and Mary D. Winstead -- declined to be interviewed. But those who know them and who have watched the case closely say the new team is not one to cave under pressure.

"I think people may be surprised," said Irving Joyner, a law professor at North Carolina Central University who has been monitoring the case for the NAACP. "They are not going to bow to public sentiment."

The transfer of the case came after some of the state's evidence appeared to unravel: In December, the director of a DNA lab testified that he and Nifong had decided to omit information showing the presence of DNA from multiple males on the accuser's vaginal and rectal swabs. Nifong dropped first-degree rape charges last month after the accuser said she was no longer certain if she had been penetrated by a penis. The three still face sexual assault and kidnapping charges that carry equally stiff sentences.

The two prosecutors Cooper chose to take on the case -- Coman and Winstead -- are part of a six-lawyer special prosecutions team that handles cases in which the county prosecutor has a conflict of interest or an appearance of one. "The reputation of that office is one of high confidence," said Stephen T. Smith, a Raleigh defense attorney. "They fight hard, and they fight fair."

Spencer Barrow, a Raleigh lawyer who went to law school with Coman and is a close friend, said Coman's first job out of law school was as the police department's attorney in Greensboro, N.C., and he quickly moved on to the prosecutor's office. He later joined the attorney general's office and was the director of the State Bureau of Investigation from 1993 until 1999.

"He's very tenacious, and he has a tremendous amount of integrity," Barrow said. "He is not going to make decisions based on publicity."

In 2004 he prosecuted the second trial of Alan Gell, on death row for a 1995 murder, after it was revealed that the original prosecutors in the state attorney general's office had withheld evidence helpful to the defense. In the second trial, Gell was acquitted and set free after nine years behind bars.

"His experience with the Gell case shows that he doesn't dismiss a case unless the evidence for innocence is extremely strong," said Joe Kennedy, a law professor at the University of North Carolina at Chapel Hill.

When the original prosecutors were taken before the state bar for their actions, Coman testified on their behalf and said the evidence -- a taped conversation in which a star witness said she had to make up a story for the police -- was not wrongfully withheld. His comments touched off a furor among defense attorneys, and Coman later said his comments were incorrect. The issue involved an interpretation of case law, and "it was an issue good minds could disagree on," said James B. Maxwell, who represented the original prosecutors in the bar proceedings.

Winstead, like Coman, is a career prosecutor. She began her career in the Wake County District Attorney's Office in Raleigh, and worked for Nifong in the Durham DA's office from 1987 until 1994 before joining the attorney general's office.

"I've known her since she was a child, and I've tried many cases with her in the DA's office in Raleigh," said longtime Raleigh lawyer Earle Purser.

"She's undoubtedly one of the most honest, straightforward lawyers I have ever seen. She can be tough, but legitimately tough."

Joyner said Winstead is "aggressive and zealous on the side of the prosecution. . . . She's no-nonsense. She gets right down to the bone and doesn't lose a lot of time on the fat."

Winstead's family is well-known to local lawyers and politicians; they run a downtown restaurant called the Mecca, where the red countertops and black-and-white floor tiles have not changed in decades. Wade Smith -- who represents Duke defendant Collin Finnerty -- is a regular and once attributed his longevity to frequent servings of black-eyed peas and rice at the Mecca.

On a day-to-day basis, Winstead and Coman will be handling the sexual assault case, advising Cooper of their progress. In coming weeks they will be examining each piece of paper in the boxes and files, first making sure it has been turned over to the defense attorneys. They also plan to hold meetings with the defense teams -- separate meetings for each of the three former lacrosse players.

"They have an obligation to look at all the evidence -- including the accuser's version of events," said one Raleigh lawyer who asked not to be identified.

Said Kennedy, "The very first action they take will be so closely scrutinized, I would expect them to take their time examining the facts."

Judge Proposes Secrecy For Columbine Depositions (AP)

By The Associated Press

AP, January 27, 2007

DOJ_NMG_0123725

DENVER, Jan. 26 (AP) — A federal judge has proposed keeping secret for 25 years the sworn statements made by the parents of the Columbine High School gunmen for a civil lawsuit settled more than three years ago.

The judge, Lewis T. Babcock of Federal District Court, suggested the plan on Friday to settle a dispute over whether the depositions should be destroyed. Chief Judge Babcock's proposal calls for them to be turned over to the National Archives and Records Administration. It was not immediately clear what would happen to them after 25 years.

The judge asked the parties in the dispute to respond to his proposal within two weeks.

The parents of the Columbine gunmen, Eric Harris and Dylan Klebold, gave the statements in 2003 for a civil lawsuit filed by families of victims of the April 1999 shooting near Littleton. Mr. Harris, 18, and Mr. Klebold, 17, killed 12 fellow students and a teacher before taking their own lives.

After the suit was settled, a magistrate ordered the depositions destroyed, but victims' families and others argued that the material had historical value and could contain lessons to prevent school shootings.

Brian Rohrbough, whose son, Daniel, 15, was among those killed, objected to the judge's plan. Mr. Rohrbough said that the public had a right to know, but that the government seemed to think the release of such information was "somehow going to unravel American society."

Frank Patterson, a lawyer for the Klebolds, said the depositions contained no new material.

Judge Babcock also issued an order to destroy digital copies of audiotapes and videotapes in which the gunmen discussed their attack plan. The original tapes are in the Jefferson County sheriff's custody.

Judge: Seal Columbine Papers For 25 Years (DENP)

By Howard Pankratz, Denver Post Staff Writer

Denver Post, January 27, 2007

The depositions that the parents of Columbine killers gave in connection with the myriad of lawsuits surrounding the April 20, 1999 massacre should be sent to the National Archives where they'd be kept under seal for at least two decades, a U.S. District Court judge suggested in Denver today.

"There would be no access to these records for 25 years by anyone," chief judge Lewis Babcock told parties who are fighting to unseal the depositions or have them reviewed by experts in hopes their contents can prevent similar school shootings.

In 2002, the parents of Columbine killer Eric Harris gave more than 16 hours of depositions in connection with a lawsuit by Columbine survivor Mark Taylor against Solvay Pharmaceuticals, maker of Luvox.

Taylor claimed that Luvox, an anti-depressant, made Harris homicidal and suicidal. However, Taylor dropped the lawsuit in February 2003 after Solvay agreed to contribute $10,000 to the American Cancer Society.

The other depositions of Harris' parents and the parents of Dylan Klebold took place over a four-day period in August 2003 in connection with a lawsuit filed by the families of five slain Columbine students. But, like the Solvay lawsuit depositions, the depositions were sealed when those families reached a settlement with the Harris and Klebold families.

The depositions have since been sitting in a highly secured evidence room at the federal courthouse awaiting a decision by Babcock about what should be done with them.

Although the families of the five slain students agreed that the depositions be kept confidential as a condition of the settlement, they believe society would be served if the settlements were made public.

Bruce Jones, the lawyer representing Mark Taylor, said that Taylor doesn't want the depositions destroyed or sealed in such a way that they'd be inaccessible to experts.

After 25 years, the National Archives would decide if the depositions are of significant social value and could release them to the public. Otherwise, they'd be destroyed, according to evidence presented at today's hearing.

Babcock said he wouldn't make a final decision until all sides had an opportunity to file written responses with him. He gave the parties a two-week deadline to file motions.

The Colorado attorney General's Office has suggested that the depositions be sent to the Colorado State Archives where a youth-violence expert could review them and issue a public report.

Staff writer Howard Pankratz can be reached at 303-954-1939 or hpankratz@denverpost.com.

Endorsements-for-sale Probe Derailed (BUFFNEWS)

By ROBERT J. McCARTHY, News Political Reporter

Buffalo News, January 27, 2007

FBI investigation targeted Independence Party chief

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The secretary of the Erie County Independence Party says he wore a wire and allowed his telephone to be tapped last year during an FBI investigation into the alleged sale of political endorsements by party Chairman Anthony L. Orsini.

But Louis P. Corrigan said the probe ended after Justice Department officials in Washington declared that the federal government lacks jurisdiction to prosecute a practice they call "slating."

Neither the FBI nor federal prosecutors would address Corrigan's claim about an investigation. But U.S. Attorney Terrance P. Flynn said his staff reached out to the Office of Public Integrity in Washington to determine if a party official - as opposed to a public official - could be criminally charged for taking money in exchange for an endorsement.

"We were told that, since the 1970s, it's been Department of Justice policy that we do not prosecute cases where a candidate pays money to be put on a slate," Flynn said.

Corrigan, however, said he played undercover agent for much of 2006, cooperating in a probe he hoped would weed out corruption from at least a part of local politics.

"I carried a wire for the FBI all last year," Corrigan said, adding that federal agents also tapped his phone to determine whom they would target in a probe they expected to be wide-ranging.

He said federal investigators became especially interested after he talked to two potential candidates while wearing a small transmitter in his shirt pocket.

Corrigan would not reveal the names of either of the people he recorded. But after The Buffalo News independently determined that one of them was Jeffrey A. Bono, a longtime Democratic operative who unsuccessfully ran for the Assembly last May, Corrigan acknowledged that he taped Bono's conversation in the Olympic Restaurant near Buffalo Niagara International Airport last April.

He taped one other person whom he would not name, but said that person refused to give Orsini any money.

Corrigan said Bono told him he paid Orsini $2,000 in cash for the Independence endorsement. He also asked Bono to sign a document detailing the conversation that was secretly taped, which Bono acknowledged he did in an attempt to reverse the endorsement that went to Republican Michael Cole.

"I felt double-crossed by Tony and was in the heat of campaign anger," Bono said. "He had promised me the endorsement over and over again. But when the time came, he told me, "I have to go with a winner.' "

But Bono disputes the way Corrigan reads all of the document he signed.

"I didn't really like the way the thing was worded," Bono said. "But then I figured, yes, I did give him $2,000. But it was never $2,000 [in one payment]. Whenever there was a fundraiser, I bought a large ticket."

Bono, who did not know he was recorded by FBI microphones until informed by The News, said Corrigan was "pushy" about him signing the document that he said vaguely summarized the conversation.

"If the FBI was pushing him that way, I understand it now," he said. "It was a real dumb mistake."

Asked why his campaign finance reports filed with the State Board of Elections show no payments to either Orsini or the Independence Party, Bono said he filed several as reimbursements from petty cash.

But none of Bono's petty cash reimbursements list payments to either Orsini's personal committee or to the party.

Orsini, meanwhile, said the only money he ever received from Bono was through checks submitted by Democratic congressional candidate Jack Davis, for whom Bono was working at the time.

"Jeff Bono never gave me a dime," he said.

Orsini filed no campaign finance reports with the Board of Elections for the second half of 2006, a violation of election law.

Corrigan said the FBI was excited about the information it expected to glean from wired conversations and tapped telephones. But before the investigation kicked into high gear, Washington officials nixed it in late 2006 because they found nothing in federal law that made the practice illegal.

"The FBI didn't want to give up, but they were ordered off," Corrigan said. "They were very disappointed. The agent was in Washington for a week arguing with the attorney general's staff. It wasn't the FBI that wanted to quit."

Flynn said the public often fails to understand the limits of federal jurisdiction in corruption cases and that most are prosecuted in state and local courts. He said federal prosecutors cannot present a case to a grand jury without solid footing.

A Republican, Flynn acknowledged that he and Orsini discussed him serving as election lawyer for the Independence Party in 2004, before he became U.S. attorney. He said the conversation was between a private attorney seeking business and a potential client, but neither Orsini nor the party ever became his client.

"I was never paid to do legal work or give legal advice," he said. "Like any private lawyer, you seek business."

He emphasized that the decision to drop the Orsini probe in 2006 stemmed not from the 2004 conversation, but from Justice Department concern over a lack of jurisdiction.

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Orsini, who as Independence chairman can wield significant political power in Erie County, said he had no idea he was under FBI scrutiny. But he said the fact that the agency refused to advance the investigation proves there should be no question about his activities.

"The bottom line is there was nothing illegal," he said, blaming the entire episode on dissident Independence members who have unsuccessfully attempted to challenge him.

Corrigan, meanwhile, explained the FBI approached him and he cooperated after failing to elicit interest in Orsini from either the Erie County district attorney or the state attorney general. He said he believes others also cooperated with the FBI investigation.

Corrigan said the FBI remains interested in the Independence Party and maintains communication with him. Its interest follows an extensive probe in which agents assigned him a code name and tapped the phone in his bedroom to monitor certain calls, he said.

He was in the midst of arranging a meeting to be recorded, he said, when the FBI pulled out of the probe.

In addition, Corrigan said the FBI secretly photographed dozens of politicians attending a 2006 fundraiser for Orsini's personal committee. "Tony held a big fundraiser, and they were outside - hidden or whatever - taking pictures of everyone they didn't know," Corrigan said. "They brought the pictures to me to identify some of the people and to ask what their connection was."

Corrigan, 71, is a retired engineer and Mensa member who has been active in minor parties for decades. For the past year, he has waged a vicious battle with Orsini over his tactics as chairman of the party, which occupies the third line on the general election ballot and often proves crucial in determining close elections.

The Independence Party has forged a close alliance with the Erie County Democratic Party in recent years that when combined with the Democrats' enrollment advantage of 144,000 over Republicans, has helped notch a string of Democratic successes at the polls.

Orsini and Corrigan have been at odds for some time, including some court battles over disputed Independence Party votes.

Against the backdrop of that public feud, Corrigan said federal agents wanted to determine if the party endorsement could be bought and how Orsini might be involved.

Utah, N.C. Prosecutors Find No Crimes Committed With "Hounddog" (AP)

By GARY D. ROBERTSON, Associated Press Writer

AP, January 27, 2007

Prosecutors in two states said Friday they found nothing illegal about a movie shot in North Carolina and screened this week at Utah's Sundance Film Festival that depicts a child rape, and instead said "Hounddog" offered viewers a "good message" about child sexual abuse.

The movie has troubled some Christians, who have called for a federal investigation into whether the movie breaks federal anti-pornography laws. A state lawmaker in North Carolina also said he is drafting legislation that would require the state approve the script of any television or movie production seeking a state tax break.

But Utah Attorney General Mark Shurtleff, who watched the movie this week with his state's child sexual exploitation law in hand, said his concerns didn't materialize on the screen.

"None of the things on the Internet that people were saying about it were true," Shurtleff said. "Not only does it not violate the statute, I think it's a good message for people on the subject."

The opinion is shared by the district attorneys in the two North Carolina counties where "Hounddog" was filmed last summer.

Rex Gore, the Brunswick County district attorney, said prosecutors reviewed the movie in November and interviewed crew members, producers and star Dakota Fanning. The movie includes a scene depicting the rape of a 9-year-old child played the 12-year-old actress.

"I am aware that there is an outcry from some who find the content of the film disturbing and distasteful," Gore said in a statement. "However, public opinion is not the test we must apply as prosecutors; we must apply the law."

Gore said there no evidence that the scene constituted "sexual activity" under North Carolina law, so child exploitation didn't occur. Even if there was simulated sexual activity, Gore said it doesn't cross the line into obscenity so long as the film has serious artistic value or is protected speech.

The rape scene lasts a few minutes, but is not graphic. There is no nudity, the scene is very darkly lit and only Fanning's face and hand are shown.

"Hounddog" is the story of Lewellen, a free-spirit obsessed with Elvis Presley in the 1960s South who is raped by a teenager. Fanning said this week at Sundance that the rape scene isn't the focus of the movie. "It's not really happening," Fanning said. "It's a movie, and it's called acting. I'm not going through anything."

The Christian Film and Television Commission and its chairman, movieguide.org publisher Ted Baehr, had claimed "Hounddog" breaks federal child-pornography law because it "appears" to show minors engaging in sexually explicit conduct. The Catholic League for Religious and Civil Rights also asked the U.S. Justice Department to investigate.

That outcry led state Sen. Phil Berger, R-Rockingham, to begin work on legislation that would require any film seeking North Carolina's 15 percent tax credit for television and movies to receive script approval from the state. Berger said the state should ensure its citizens aren't subsidizing what many may consider inappropriate.

It's an idea flatly rejected by those in the industry.

"Government review of any kind of speech is anathema to the fundamental tenets of American democracy and must be rejected," said Jody Frisch, spokeswoman for the Writers Guild of America.

The department that oversees the North Carolina Film Office said this week it had no information on whether the producers of "Hounddog" had received or would seek the credits.

The South Carolina Film Commission asks for a script as a part of its tax break application, along with the film's budget and production schedule. But Commissioner Jeff Monks said the office looks at the script largely to determine whether the application makes good business sense, not to check for offensive content.

For the past two decades, North Carolina has ranked as the third busiest state for filmmaking, behind California and New York. But state officials have worried recently about tax incentives offered elsewhere. And Monks suggested tinkering with its film incentives could hurt North Carolina's ability to bring projects to the state.

"There are 300 film commissions worldwide all competing for about 500 films a year," he said. "The competition has never been greater for the industry."

Associated Press Writer Debbie Hummel contributed to this report from Salt Lake City.

Mayor Says City Is Making Progress Against Violent Crime (AP)

By Mary Foster, The Associated Press

AP, January 26, 2007

NEW ORLEANS (AP) — Two weeks after thousands marched on City Hall to protest violent crime, city officials gathered there again Friday to provide an update on their latest crime fighting efforts, including increased use of remote cameras, beefed up patrols and traffic checkpoints.

The city has identified 20 crime "hot spots" were cameras will be placed, adding to 50 already operating, Mayor Ray Nagin said. There will also be cameras providing coverage along St. Charles Avenue for next month's Mardi Gras parades, Nagin said.

The cameras are not monitored, they can, however, provide evidence for investigations since the images they record are kept in a computer.

Police have begun regular patrols in three districts, superintendent Warren Riley said. And at least one officer is walking for 1 1/2 hours a day in every district, he said.

The police have put another 60 officers on the streets three days a week, Riley said, by pulling them from administrative jobs. He's going to use federal grants to pay overtime for another 40 to 50 patrol officers. Riley is also using undercover officers to converge on scenes of violent crime.

"They'll gather information and look for suspects," Riley said. "Because they don't always flee the scene immediately."

Criminal Sheriff Marlon Gusman is providing 14 deputies to patrol the Fauborg Marigny neighborhood adjacent to the French Quarter.

The city's initiatives are in addition to plans announced Thursday by the U.S. Justice Department. Attorney General Alberto Gonzales and U.S. Attorney Jim Letten announced additional federal manpower and equipment being sent to the city to help police fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005.

Police are also conducting traffic stops every night, Riley said. They have resulted in over 1,600 citations, including 24 narcotics arrests, 35 people with outstanding warrants were apprehended and one person was caught with an illegal weapon.

"We do find that when we put them in areas of violent crime, things quiet down," Riley said.

A meeting with the New Orleans criminal court judges was very positive, Nagin said.

"If we bring good cases to them that are well documented they will push for maximum sentences," Nagin said.

Mother, Daughter Receive Sentences For FEMA Fraud (MR)

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Staff Report

Mobile Press-Register (AL), January 27, 2007

A Jackson woman who admitted submitting 28 phony applications for assistance following Hurricane Katrina will spend more than six years in prison, while her mother will serve probation for similar offenses, a federal judge in Mobile decided this week.

U.S. District Judge Kristi DuBose on Wednesday sentenced Lawanda Williams to six years and three months in prison and ordered her to pay back the $267,377 she received in fraudulent aid from the Federal Emergency Management Agency. The judge also ordered her to surrender four automobiles, real estate, televisions, electronics equipment and other items she purchased with the money.

At a separate hearing Friday, DuBose sentenced the woman's mother, Hannah Williams, to three months probation.

The pair are among more than a dozen people who have pleaded guilty to FEMA fraud associated with Katrina, but the younger Williams is responsible for more money than any of the others, according to authorities.

"Ms. Williams used Hurricane Katrina and the relief efforts as an opportunity to make hundreds of thousands of dollars by lying and by stealing other people's identities," U.S. Attorney Deborah Rhodes said in a prepared statement. "The Hurricane Katrina Fraud Task Force is actively working to bring to justice those who took advantage of the recovery efforts to enrich themselves."

U.S. Attorney General Alberto Gonzales created the national task force in September 2005, weeks after Katrina devastated the Gulf Coast. Chaired by the assistant attorney general for the criminal division, the task force includes representatives from the FBI, the Federal Trade Commission, the Department of Labor's Office of the Inspector General and other agencies.

Hannah Williams pleaded guilty in October to making a false claim against the government. She admitted that she submitted a false disaster assistance application for an address in Grove Hill where she had not lived for more than 18 months. She received $22,904.31, according to court records.

Judge sentences couple for Ecstasy dealing

A federal judge in Mobile this week sent a man and his onetime girlfriend to prison for their participation in a giant conspiracy to manufacture methamphetamine.

Senior U.S. District Judge Charles Butler Jr. on Tuesday sentenced Daniel Issac

LaPorte, 28, to 14 years in prison. He gave Leigh Ann Sciandra, 22, a 10-year sentence.

LaPorte and Sciandra were indicted in October 2005 on one count each of conspiracy to possess with intent to distribute the club drug Ecstasy as well as conspiracy to manufacture methamphetamine. They were among 20 area defendants ensnared in an international Ecstasy investigation known as Operation Candybox.

Investigators with the Drug Enforcement Administration said they questioned Sciandra and LaPorte in April 2005 and that both admitted to selling Ecstasy, a drug popular at all-night rave parties. That charge against both defendants was dropped as part of their plea bargains.

Bank robbery brings more than nine years in prison

Citing the defendant's lengthy criminal record, a federal judge in Mobile on Friday sentenced a Prichard man to more than nine years in prison for robbing a Regions Bank in Spanish Fort in 2005.

In handing down the prison term of nine years and two months, U.S. District Judge Kristi DuBose noted that Kendrick Lamar Perkins, 27, has been arrested 10 to 12 times.

"He has a very extensive criminal history," she said.

Perkins pleaded guilty in October, admitting that he went inside the bank on the morning of Nov. 30, 2005, displayed a gun and made off with $11,835.

DuBose ordered Perkins to pay that money back, but she agreed to let him serve his sentence simultaneously with any sentence he gets from a Mobile County circuit judge on a probation revocation.

Assistant Federal Defender Chris Knight asked DuBose for leniency, noting that his client had been diagnosed with a major depressive disorder, stemming from the death of his brother in 2003.

Assistant U.S. Attorney Vicki Davis said that should not be a factor in sentencing.

"The death of his brother preceded this incident by several years," she said.

(Information compiled by Staff Reporter Brendan Kirby)

'ABSURD' JUDGE OUSTS 2 (NYPOST)

By Stefanie Cohen

The New York Post, January 27, 2007

DOJ_NMG_0123730

An irreverent Brooklyn federal judge had to dismiss two jurors from a capital murder case yesterday after his mocking statements about the defendant's possible death sentence wound up splashed across city newspapers.

Judge Frederic Block told lawyers earlier this week that the feds' bid to have drug lord Kenneth "Supreme" McGriff - who is charged in two murder-for-hire schemes - put to death was "absurd."

The jury and the press were not in the courtroom when the judge made the unusual comments, but a copy of the public court transcript wound up in reporters' hands - and then became fodder for the following day's news cycle.

Morning talk-radio shows then picked up the story. And Assistant U.S. Attorney Caroline Pokorny complained to Block yesterday morning, as he launched a bid to discover whether the jury has been tainted.

McGriff, a legendary Queens drug kingpin, is on trial for plotting the deaths of two rivals in 2001. The judge said that, based on the jury's demeanor and the evidence presented during the initial phase of the trial, which ended yesterday, "there's no chance in the world there would be a death-penalty verdict in this case . . . This is an absurd prosecution, based upon what I have heard."

He asked Pokorny to send a letter to U.S. Attorney General Alberto Gonzales, telling him that he didn't support proceeding with the penalty phase of the trial. Federal death-penalty cases require two trials - one in which jurors decide the defendant's guilt and, if there's a conviction, a separate trial in which they say whether he should face life in prison or death.

It's unclear what impact the judge's suggestion will have on the case.

Yesterday, he admitted he'd made a mistake by allowing the comments to become public - but didn't seem to regret making them.

"Everything I said I stand by, but, unfortunately, I didn't get around to sealing [the transcript]," he said.

The judge then called the jury into the courtroom and asked whether any of the 12-member panel had seen or heard any news regarding the case.

One juror raised his hand and was dismissed.

Coincidentally, a second juror also had to be let go after recognizing someone in the gallery of the courtroom. The panel is supposed to be anonymous for its own protection.

Before letting them go for the day, Block reminded jurors to "really, really, really not read the newspapers. Stack them up, and you can read them afterward."

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Va. Death Penalty Expansion Approved (WP)

By Tim Craig

The Washington Post, January 27, 2007

RICHMOND, Jan. 26 -- The House of Delegates voted Friday to expand the use of the death penalty in Virginia by making accomplices and judge killers eligible for execution, virtually assuring that the measures will go to Gov. Timothy M. Kaine (D), who personally opposes capital punishment.

The legislation to increase the use of capital punishment, which comes at a time when other states are considering repealing the death penalty, would make accomplices to a murder and anyone who kills a judge or a court witness eligible for the death penalty. The Senate passed nearly identical versions of the bills earlier in the week.

Kaine, a Catholic, will now face his first decision on whether to expand capital punishment. He has said he will uphold the death penalty despite his personal opposition. Since taking office, he has signed four death warrants but twice delayed the execution of a murderer suspected of being mentally ill. A spokesman said Friday that Kaine has not taken a position on the bills.

Under the state's triggerman rule, enacted three decades ago, only the person who carries out a killing can be executed. Exceptions have been made over time -- such as for crimes of terrorism, murder for hire or drug conspiracy -- but the rule complicated the state's efforts to try Washington area sniper John Allen Muhammad.

Because there was disagreement about whether Muhammad or Lee Boyd Malvo fired the rifle during the 2002 spree that killed 10 people in the Washington area, prosecutors could try Muhammad on a capital offense only after they built a case using the terrorism exception. Muhammad was convicted and sentenced to death in 2003.

The revision of the triggerman law, approved 83 to 11, allows for the death penalty to be imposed if the accomplice has the same intent as the killer.

"I think it is an important step to make sure that people who participate in a capital crime will understand they will all share the ultimate punishment," said Del. C. Todd Gilbert (R-Shenandoah), sponsor of the bill.

All three death penalty bills were endorsed by the Virginia Crime Commission, a panel that advises the legislature on crime issues. Opponents of capital punishment argue that Virginia should not be expanding its death penalty when courts and

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lawmakers in some states, including Maryland, are considering moratoriums out of concern that it is unfairly applied. Maryland Gov. Martin O'Malley (D) said Thursday that he would work to repeal the death penalty.

"In Virginia, we seem to have an insatiable desire to expand the death penalty," said Del. Kenneth R. Plum (D-Fairfax), who voted against the bills. "It's too bad we have not caught on to what other states recognize and consider a moratorium."

Gilbert countered that the changes would bring Virginia in line with most other states that allow capital punishment, the majority of which permit execution of accomplices.

Virginia is second in the nation to Texas in executions, according to the Death Penalty Information Center. Since 1976, when the Supreme Court reinstated capital punishment, Virginia has put 98 convicts to death.

Besides the death penalty, delegates also tackled the issue of abortion Friday.

By a vote of 71 to 27, the House voted to make it a misdemeanor for someone to force, coerce or intimidate a woman into having an abortion. The crime is elevated to a felony if the woman is younger than 18. The bill now goes to the Senate, which historically has resisted abortion legislation.

After the abortion vote, House Republicans blocked a bill by Del. C. Charles Caputo (D-Fairfax) to prohibit teenagers from talking on a cellphone while driving.

The bill passed the Science and Technology Committee this week with the support of 11 Republicans, including Dels. Timothy D. Hugo (Fairfax) and Jackson H. Miller (Manassas).

But on the House floor Friday, the 11 delegates joined the rest of their GOP colleagues in voting to table the bill after House Majority Leader H. Morgan Griffith (R-Salem) said it needed closer scrutiny.

Caputo said the Republican caucus decided to kill his bill because it was sponsored by a Democrat -- a charge Griffith denied.

"They are playing politics with our children," Caputo said.

CIVIL RIGHTS:

Reputed Klansman Asks Judge To Throw Out ’64 Kidnap Case (AP)

By Jack Elliott Jr.

AP, January 27, 2007

JACKSON, Miss.— A reputed Ku Klux Klansman accused in the 1964 slayings of two black men has asked a federal judge to dismiss the charges, saying the statute of limitations has expired.

Assistant Federal Defender Kathy Nester filed the motion Friday in U.S. District Court on behalf of James Ford Seale, who pleaded not guilty Thursday to two counts of kidnapping and one count of conspiracy.

U.S. Attorney Dunn Lampton said yesterday he had not seen the motion and could not comment.

Seale, 71, could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee.

Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that summer — turned the case over to local authorities, who promptly threw out all charges.

The Justice Department reopened the case in 2000.

Seale remained jailed pending a bail hearing set for tomorrow. His court-appointed lawyers said he is suffering from cancer. His trial is scheduled for April 2, though that is expected to be delayed.

Seale’s arrest Wednesday marked the latest attempt by prosecutors in the South to close the books on crimes from the civil rights era that went unpunished. In recent years, authorities in Mississippi and Alabama won convictions in the 1963 assassination of NAACP activist Medgar Evers; the 1963 Birmingham, Ala., church bombing that killed four black girls; and the 1964 Philadelphia, Miss., slayings of the three civil rights workers — the case that led to the discovery of Moore’s and Dee’s bodies.

In the dismissal motion, Nester said prosecutors needed to have charged Seale under the law in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued.

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While the other cases dealt with murder charges, Seale's is the first case in Mississippi to involve federal kidnapping charges.

Earnest Avants, convicted in 2003 on federal charges of aiding and abetting in the killing of a black handyman in the Homochitto National Forest in Mississippi in 1966, was among the defendants in recent civil rights- era crimes who argued the statute of limitations had run out.

A federal judge, later upheld by the 5th U.S. Circuit Court of Appeals, ruled that there was not an unreasonable delay in indicting Avants, because the federal government did not become aware it had jurisdiction until 1999, when it was discovered that the slaying occurred in a national forest.

Men Shot By Md. Official Are Freed From Custody (WP)

By Ruben Castaneda And Eric Rich, Washington Post Staff Writers

The Washington Post, January 27, 2007

Two critically wounded men who were shot by the No. 2 homeland security official in Prince George's County were released from police custody yesterday as the department backed off earlier statements that the men would probably face assault charges.

Prince George's State's Attorney Glenn F. Ivey determined yesterday that Robert White, 36, and Brandon D. Clark, 22, should no longer be in custody. "The state's attorney's office did not want to rush to judgment. We believe that further inspection of the evidence and further interviews with all concerned parties is necessary before any charges are brought forward," said Ramon Korionoff, Ivey's spokesman.

Michael J. Winkelman, an attorney for the men's families, said the decision means that their relatives will have free access to them in the hospital.

On Thursday, county police said assault charges were pending against the men, both furniture movers, for allegedly assaulting Cpl. Keith Washington, who is also a county police officer, in his Accokeek home Wednesday. They said then that Washington apparently acted in self-defense, based on statements from Washington and a family member whom they did not identify. The movers were unarmed, police said.

Yesterday, Sharon Taylor, the police department's top spokeswoman, said the statement that assault charges were pending "was obviously based on preliminary information."

"No charges have been made yet. Nothing can be decided until a fair and thorough investigation has been done, which this department is going to do," Taylor said. "There are two sides to the story, and so far we don't have both sides."

Washington could not be reached. Steven E. Sunday, a police union lawyer who met with Washington, did not respond yesterday to a phone message seeking comment.

White, of the District, and Clark, of Oxon Hill, remained at Prince George's Hospital Center yesterday. Both were breathing with the assistance of tubes and were unable to talk, Winkelman said. Police investigators have been unable to interview White and Clark because of their condition, Taylor said.

According to Winkelman and Leelee Best, Clark's girlfriend, Clark and White were working as subcontractors, moving pieces for Marlo Furniture, when they arrived at Washington's house to exchange a bedroom set.

Winkelman said the delivery contractor for whom Clark and White worked said the two men called him from Washington's house before the shooting to report that Washington was "very upset."

Speaking outside the hospital, Clark's mother, Marilynn Clark, said she was allowed to see her son and his co-worker yesterday for the first time since the shooting.

"I got a lot of eye contact with them," Clark said, adding that she told each man that relatives who loved them were nearby. "Both of them had tears coming out of their eyes. They understood what I was saying."

She said of her son, "I reminded him that he's strong and that he'll be okay."

White's mother and two siblings also arrived in Prince George's yesterday, having driven through the night from South Carolina. Late yesterday afternoon, they were waiting to see White.

"I just want to see my son," Carrie White Williams said. "If he just looks in my face, I know he'll be doing better."

White recently moved to the District from South Carolina. According to court records, White was convicted in the early 1990s in South Carolina on charges of assault, receiving stolen property and burglary.

Winkelman said that "any alleged prior criminal history has no bearing on this incident."

Washington was appointed the county's deputy director of homeland security in 2004 by County Executive Jack B. Johnson. He is a longtime Johnson supporter who worked at one time as his driver.

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Yesterday, Johnson, a former state's attorney, said of the probe into the shooting: "My position is the same position I had as a prosecutor. Every investigation must be aboveboard, beyond reproach. No stones must be left unturned."

Staff writer Rosalind S. Helderman and staff researcher Meg Smith contributed to this report.

No Rush To Judgment (WP)

The Washington Post, January 27, 2007

In Prince George's, a police officer, a shooting and two men down

APRINCE GEORGE'S County police officer with an unsettling record of anger management problems gets into a verbal dispute with two men making a routine furniture delivery to his home. The dispute escalates. The officer, who has friends in high places despite his checkered history, ends up shooting both men with his 9mm Beretta. The deliverymen are critically injured, hospitalized and unable to give their accounts to investigators. Yet the very next day, a police spokesman says that the police officer acted in self-defense and the deliverymen will probably be charged with assault.

Talk about a rush to judgment.

Yesterday Prince George's Police Chief Melvin C. High acted to restore his department's credibility. "Right now the investigation is far from concluded," the chief said, rightly. "I want to see what the full facts disclose. We're not charging anyone right now."

We don't presume to know what happened Wednesday night when Cpl. Keith Washington shot the two men making a delivery for Marlo Furniture at his home in Accokeek. We don't assume that the two men he shot, Brandon D. Clark and Robert White, were angels; Mr. White evidently has an arrest record, and Mr. Clark also has had a brush or two with the law.

But we do know that Cpl. Washington has been the subject of repeated complaints about his on- and off-duty behavior. The common thread is that he turns routine encounters into highly charged, violent incidents. In separate meetings of a homeowners association on whose board he served three years ago, Cpl. Washington assaulted a property manager, shoved the association's treasurer and berated the association's president, it was alleged. Earlier, Cpl. Washington was sued for wrongfully arresting and abusing a man who protested Cpl. Washington's allegedly rough treatment of a motorist involved in a fender bender; an initial $260,000 judgment against him was overturned on appeal.

Cpl. Washington is a friend and political ally of County Executive Jack B. Johnson. In 2004, Mr. Johnson named Cpl. Washington to the newly created job of deputy director of homeland security for the county. At the time, we were among those questioning Mr. Johnson's judgment in appointing someone of Cpl. Washington's evidently deficient interpersonal skills.

Cpl. Washington, Mr. Clark and Mr. White all deserve a thorough, evenhanded investigation. What's on the line here is not only the reputation of a county police officer and the lives of two working men but the impartiality and judgment of police and prosecutors in Prince George's County.

Philadelphia Jails To Return To Court Oversight (AP)

By The Associated Press

AP, January 27, 2007

PHILADELPHIA, Jan. 26 (AP) — A federal judge ordered city jails to go back under court monitoring, describing conditions there as overcrowded and squalid and saying that inmates lacked access to clean cells and adequate medical attention.

The judge, R. Barclay Surrick of Federal District Court, issued a scathing ruling on Thursday, saying that holding facilities were overflowing and that lockups at police stations were firetraps that violated detainees' constitutional rights.

The ruling came in a lawsuit filed last year on behalf of 11 inmates with the help of David Rudovsky, a University of Pennsylvania law professor who filed a similar suit 35 years ago. That case led to court oversight of the jails from 1971 to 2001.

Judge Surrick had toured the system, which holds roughly 8,800 inmates.

While waiting to be assigned to regular cells, detainees at one jail "were forced to sleep overlapping one another and on every inch of concrete floor," Judge Surrick wrote. "Prisoners slept with their heads next to the toilet."

Inmates would spend days "without bedding provisions, sleeping, if they could, on metal benches or directly on the concrete floor," he wrote.

The city solicitor, Romulo L. Diaz Jr., said Friday that officials were evaluating the decision. Mr. Diaz said the city remained committed to improving conditions and to developing a fire safety plan that would satisfy the court.

Mr. Diaz has said the city needs more money to hire staff members and buy equipment, and to seek other solutions like home-monitoring devices for low-level offenders.

The city spends $262 million a year on its jail system, up from $93 million in 1987 and $195 million in 2001.

Professor Says Seminary Dismissed Her Over Gender (AP)

By The Associated Press

AP, January 27, 2007

FORT WORTH, Jan. 26 (AP) — A former theology professor at a prominent Southern Baptist seminary here said officials had told her to leave because women are biblically forbidden to teach men.

The professor, Sheri Klouda, said she was hired in 2002 to a tenure-track position as an assistant professor at Southwestern Baptist Theological Seminary, where she taught Hebrew and had earned her doctorate. But in 2004, Dr. Klouda said, an administrator, whom she would not name, told her that the seminary's president, Paige Patterson, would not be recommending her for tenure because she was a woman, and that she should plan to move on.

Dr. Klouda said she continued teaching for two more years, receiving good evaluations and usually filling her classrooms. In January 2006, the same administrator told her she would no longer be able to teach but would be paid through the 2006-7 academic year. A couple of weeks later, she said, she was told she would be terminated at the end of 2006 instead. She appealed to Dr. Patterson in April, she said, to no avail.

Dr. Patterson did not respond to requests for comment, and Van McClain, president of the board of trustees, said he could not discuss the matter but e-mailed several previously written statements.

Mr. McClain said Dr. Klouda had not been dismissed, but he did say that she had not been granted tenure. He also said it had been rare for women to teach theology at Southern Baptist seminaries.

"With regard to the tightening of the policy of women teaching in the School of Theology, there has been no change in policy, but rather a return to the way it has always been," Mr. McClain said.

"There was a momentary lax of the parameters," he said, adding that the seminary had "now returned to its traditional, confessional and biblical position."

Southern Baptist leaders agree that the role of pastor is reserved for men, based on a verse in I Timothy in which the Apostle Paul says, "I permit no woman to teach or to have authority over a man." The 2000 Baptist Faith and Message prohibits women from serving as pastors.

But critics say the interpretation should not be applied to the seminary because it is not a church.

Wade Burleson, a Baptist pastor and blogger in Enid, Okla., has denounced the seminary's treatment of Dr. Klouda. Mr. Burleson said leaders of the Southern Baptist Convention were trying to expand the church's statement of faith.

"The extraordinary belief that women should be forbidden from teaching men the Bible, or 'doctrine,' is held by only a handful of Southern Baptist leaders, including at least one agency head and a few strategically placed trustees in various agencies," Mr. Burleson wrote on his blog. "Unfortunately, the majority of Southern Baptists let them dictate policy for the entire convention."

In June, Dr. Klouda took a position with Taylor University, a nondenominational evangelical college in Indiana. "I gave up four years toward tenure," she said. "I had to begin all over again."

She said she did not know if she would take any action against Southwestern.

New Voting Machine Delays Continue (AP)

By Marc Humbert, The Associated Press

AP, January 26, 2007

ALBANY, N.Y. (AP) — It is highly unlikely new voting machines will be in place for this year's fall elections in New York and fully implementing them may have to wait until 2009, state election officials said Friday.

That could leave New Yorkers using the state's aging lever-action voting machines for yet another presidential election.

The prediction, from state Board of Election officials, came after state and county officials participated in two days of meetings about the situation this week with officials of the U.S. Justice Department.

"Clearly, 2007 is going to be very difficult for us and they understand that," said Peter Kosinski, the board's co-executive director. "We are in discussions about what is doable."

Federal officials sued New York last year over its slowest-in-the-nation moves to comply with provisions of the federal Help America Vote Act, which was adopted after the disputed 2000 presidential election. HAVA was designed to get states to replace their aging voting systems with modern machinery. The plan was to have everything in place for the 2006 elections at the latest.

Under a court-approved settlement of the lawsuit, New York agreed to have new machinery in place that could be used by handicapped voters for the 2006 elections. Other voters continued to use lever-action machinery.

While the state Legislature and former Gov. George Pataki had adopted legislation last year that required new voting machines for all voters to be in place for the 2007 elections, testing of possible new machines for certification by the state has

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been repeatedly delayed. The deadline for certification was originally set for late last year, then moved to this March and further pushed back to May by the state board earlier this month.

"It looks like it won't happen in 2007," state board spokesman Lee Daghlian said Friday. "I suppose it could happen in 2008, but there are some who feel they don't want to have new machines out there in a presidential year, so the next obvious move would be '09."

Daghlian noted that any such delay would require a change in state law and approval by the federal courts.

"That's all up in the air at the moment," he said.

"It's pretty clear, they are definitely interested in trying to get them in place for 2008," said Kosinski when asked about how federal officials were reacting.

Nonetheless, Kosinski said, "We don't want to have to set out some artificial deadline."

Counties across the state can't purchase new machines until the state board certifies which ones meet the state's standards. It was recently revealed that the private company in charge of testing for the state, Ciber Inc., was having problems with its federal certification as an approved testing company. New York officials have suspended testing while they investigate that situation.

Given the questions that have surfaced nationally over the security of some new voting systems and problems other states have faced with new machines, even one-time critics of New York's slowness to comply with HAVA now support a further delay.

"Obviously, 2008 is not the appropriate time to introduce a new technology," said Barbara Bartoletti, a spokeswoman for New York's League of Women Voters which is advocating a delay until 2009.

Bartoletti said the additional time was needed to make sure new voting systems were adequately tested and that poll workers and voters were properly trained and educated.

"We feel New York should go slowly and do it right," said Bartoletti.

Kosinski said that given the problems many other states have encountered, "our delay has worked to our benefit."

Nonetheless, Kosinski acknowledged the delay in complying with HAVA has led to the possibility New York might have to return at least $50 million in federal aid meant to help pay for new voting machines. The state has also received more than $200 million in additional HAVA-related aid. Kosinski said state officials are working with New York's congressional delegation to protect the funding.

"We have not given back any money as of today," he said.

The lever-action voting machine was first demonstrated in Lockport, N.Y., in 1892 and soon became the dominant system all across New York and much of the nation. It is still the primary voting system used in New York.

Official Proposes "Drafting" Poll Workers To Ease Problems (NYT)

By Bob Driehaus

The New York Times, January 27, 2007

CINCINNATI, Jan. 26 — The chronic shortage of election workers in Ohio could be solved by requiring residents to work at the polls the way they fulfill jury duty, the newly elected secretary of state says.

The official, Jennifer L. Brunner, a Democrat who won the office vacated by J. Kenneth Blackwell, a Republican, is asking lawmakers to require conscripted workers to have two days of training and then work eight-hours on Election Day.

If the Legislature approves the plan, Ohio would be the first state to force people to be election workers.

The system has been troubled by too few workers struggling with electronic machines and changes like the new requirement for voter IDs.

“Under Ohio law, we’re supposed to have equal numbers of poll workers from both parties at each polling place, but we don’t always,” Ms. Brunner said.

The workers’ average age is 72, and states and advocates around the country are grappling with a shortage of workers, according to research by VoteTrustUSA, a nonpartisan group.

“We are now facing a small crisis,” said Curtis Gans, director of the Center for the Study of the American Electorate at American University in Washington. “Most of the poll workers are older people, and they’re dying off.”

The problems here have been compounded since 2000 by accusations of mismanagement. This week, two Cuyahoga County election workers were convicted of misconduct for rigging a recount of the 2004 presidential election.

The communications director at VoteTrustUSA, Susan Greenhalgh, welcomed the effort to compel workers but stopped short of endorsing it.

“We need to see where the opt-out provisions are,” Ms. Greenhalgh said. “The last thing you want is somebody who really, really doesn’t want to be there working the polls.”

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Ms. Brunner, a former judge in Franklin County, said poll workers would fall under the same rules as jurors and would be drawn from registered voters. Conscripted workers, who would receive a stipend, would supplement the 48,000 poll workers in the state. They are paid $95 a day.

Officials could replace defiant workers who refuse to work.

Ms. Brunner said she hoped to have the system in place for the 2008 election but would not rush it. She said that she had not estimated the cost, but that it was likely to be more than the current system.

Candice Hoke, a professor of election law and the director of the Cleveland State Center for Election Integrity, praised the plan for allowing people who want to work at the polls to serve without fear of losing their jobs as a result of missing work.

"The downside is it takes a good deal of training, particularly with the complexity of the systems we have today," Ms. Hoke said.

Advocates of an election overhaul prefer maintaining a pool of workers who voluntarily return, to limit training.

"It's almost become a specialized job," said Dan Seligson, editor of Electionline.org, which monitors reform efforts. "In a perfect world, you would have the same group of young people come in, do it for five years and then bring in their friends to do it for five years."

R. Doug Lewis, executive director of the Election Center in Houston, would prefer the Ohio initiative on a smaller scale along the lines of tests in small, medium and large counties.

"I think we need to keep an open mind but realize that some of these ideas may not be as convenient as they appear at first blush," Mr. Lewis said.

Douglas County, Neb., is one of the few counties with such a conscript system. Its election commissioner, Dave Phipps, said the system had worked brilliantly for 20 years.

Half the county's 2,000 poll workers are "draftees," required to work in four elections, resulting in fully staffed polls for the 300,000 registered voters.

A drawback is higher absenteeism, Mr. Phipps said, a hurdle overcome by recruiting slightly more workers than needed. Technology-savvy younger people have lowered the average age of poll workers to 52.

The leaders of the Democratic minority in the Ohio legislature, Senator Teresa Fedor and Representative Joyce Beatty, will consider the proposal and other changes, including mail-in ballots for elections that involve just issues.

"We need to put more attention into our elections system than we have in the past," Ms. Fedor said. "It's time to update it."

The Senate president, Bill Harris, a Republican, declined to comment before receiving a detailed proposal.

Representative Jim Hughes, a Republican who is seeking reappointment as chairman of the Election and Ethics Committee, said: "Elections are a symbol of freedom in this country. Off the cuff, it kind of seems a little bit oppressive making service mandatory."

New York Won't Replace Voting Machines By The Fall (NYT)

By Christopher Drew

The New York Times, January 27, 2007

New York officials have given up on replacing the state's aging voting machines by the fall elections, and some would like to put off buying new electronic voting systems until after the 2008 presidential election, state officials said yesterday.

New York is the last state to update its machines, and the latest delay comes amid growing questions about the work of a laboratory that was hired to help test the machines being offered by five bidders.

Based in part on the problems with the testing lab, the New York State Board of Elections has pushed back its deadline for certifying which machines would be acceptable until at least May.

Given the months it would take for counties to acquire the machines and train poll workers, "that would make it impossible to replace anything more than a few isolated machines for the 2007 elections," said Douglas A. Kellner, a board co-chairman.

Mr. Kellner said it might be possible to have the new system ready for the presidential primary in March 2008. An association of county election officials passed a resolution last week urging the state to wait until 2009, and Mr. Kellner said most board members agreed that it would be better if the state did not have to make such sweeping changes amid the high turnout of a presidential election.

But because the electronic systems are easier for the disabled to use than the old lever machines, the state was required by Congress and a federal court order to make the changes more quickly. Mr. Kellner said those orders would need to be amended to allow for further delays and to let New York hold on to at least $50 million in federal funds to help pay for the machines.

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Mr. Kellner said the elections board was also considering whether to terminate its contract with the testing lab, Ciber Inc., which has also run into trouble with federal officials.

The board suspended Ciber's work earlier this month after The New York Times reported that federal officials had found deficiencies in its practices and had held up its application for temporary accreditation under a new oversight program.

State election officials then asked Ciber, based in Greenwood Village, Colo., and the federal Election Assistance Commission for the reports about the deficiencies. The company turned them over on Thursday, after state officials threatened to subpoena the documents. The federal commission posted them on its Web site yesterday, along with a letter warning Ciber that it had only four to five more weeks to fix the problems.

According to the documents, a federal auditor found last July that Ciber, the nation's largest tester of voting machine software, did not follow its own quality-control procedures or conduct all the proper tests.

The documents indicate that in many cases, the lab simply used tests suggested by the voting machine manufacturers, rather than running standardized checks of its own. The auditor also criticized the lab for "acceding too quickly" to requests by the voting machine companies to modify the tests.

Voting machine experts have long been concerned about possible conflicts of interest in the testing, and some say the problems with Ciber have raised questions about the security and reliability of some of the machines now in use.

In a written response to the audit, company officials also acknowledged "relatively loose handling" of meetings during the testing. "Since we are a small group, we often just call each other down the hall for a meeting, especially if something is critical," the response said.

Ciber's spokeswoman, Diane C. Stoner, said in a statement yesterday that the company had fixed most of the problems and expected to receive the federal certification.

ANTITRUST:

Ringleader Sentenced In Concrete Scheme (INDYSTAR)

By Kevin Corcoran

The Indianapolis Star, January 27, 2007

Fishers businessman gets 14-month prison term for his role in organizing cartel that fixed prices

The second of two ringleaders in a conspiracy to fix ready-mix concrete prices in the Indianapolis area was sentenced Friday to 14 months in federal prison.

Chief U.S. District Judge Larry J. McKinney gave Gus "Butch" Nuckols III, 46, Fishers, a sentence seven months shorter than the one the government had recommended.

Nuckols' sentence matched that of price-fixing conspirator Scott D. Hughey, 52, president of Hughey Inc., a company doing business as Carmel Concrete Products. Hughey was sentenced Dec. 14.

Nuckols held two secret meetings to fix prices from July 2000 through May 2004 at a horse barn on his property.

Antitrust officials estimate $37.5 million to $100 million in concrete sales by Nuckols' firm, Builder's Materials & Supply Co., were affected by the conspiracy to increase prices and limit discounts to major purchasers. In June, McKinney fined Nuckols' company $4 million. The company also had pleaded guilty to an antitrust violation.

During sentencing, McKinney said he was concerned about an interview Nuckols gave WISH (Channel 8) in December. In the interview, the president and owner of the Fishers-based company said market "prices were eroding, and we probably did what any businessman would do." Nuckols also referred to fallout from the FBI and Justice Department investigation as "a hassle."

"Tell me why I shouldn't be concerned about that," McKinney said to Nuckols in U.S. District Court in Indianapolis. "I want to be sure you really understand what you did was against the law."

Nuckols was contrite during his sentencing, saying he had brought shame upon himself, his family and his company and employees through his leadership of the conspiracy, which potentially affected hundreds of millions of dollars in spending on public and private projects.

"I don't have a word in my vocabulary to tell you how sorry I am for my conduct," Nuckols said. "What I did was wrong, selfish. I'll spend the rest of my life trying to make up for what I did."

Jonathan A. Epstein, an attorney for the Justice Department's Antitrust Division, asserted Nuckols was "saying all the right things" at his sentencing but had minimized his role in the conspiracy during trial testimony in December and in the TV interview.

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"This isn't 'a hassle'; it's a crime," Epstein said. "We don't think those are the words of a man who fully appreciates he broke the law."

Nuckols' attorney, C. Joseph Russell, accompanied Nuckols to the TV interview at his horse barn and said he had told Nuckols not to admit responsibility during the interview, even though he had pleaded guilty to the conspiracy.

Ultimately, McKinney accepted that Nuckols regrets his conduct. In addition to his prison sentence, Nuckols must pay a $50,000 fine and spend a year on supervised release after serving his prison term.

Call Star reporter Kevin Corcoran at (317) 444-2750.

Delta Creditors May Seek Extension From US Airways (BLOOM)

By Mary Schlangenstein And Jeff St. Onge, Bloomberg News

Bloomberg, January 27, 2007

Delta Air Lines Inc.'s creditors may ask US Airways Group Inc. to extend the Feb. 1 deadline on its hostile takeover bid as they study competing plans for the bankrupt carrier's future, people familiar with the matter said.

The nine-member committee of unsecured creditors is split between those favoring a quicker payback of their claims through a US Airways merger and those who would benefit under a Delta plan to emerge from court protection as an independent company, said the people, who didn't want to be identified because the discussions are private.

US Airways wants the panel to urge Atlanta-based Delta, which operates a hub at Salt Lake City International Airport, to open its financial records and trigger a U.S. antitrust review. If the committee doesn't act by Feb. 1, the $9.67 billion offer expires, Chief Executive Officer Doug Parker has said.

US Airways probably would extend its deadline if the creditors "said one single positive thing about the deal," said Jim Corridore, a New York-based analyst for Standard & Poor's. "All they need to do is allow the process to continue. This is not a selection of one plan over the other."

An extension would give the creditors' panel more time to debate US Airways' merger plan and Delta's bid to leave bankruptcy as a stand-alone airline by mid-2007, the people said.

The committee has "not asked us for an extension of the deadline," said Kelly Sullivan, a spokeswoman for US Airways, based in Tempe, Ariz.

"We continue to work constructively and collaboratively with the creditors committee and others involved in our Chapter 11 proceedings," said Betsy Talton, a Delta spokeswoman. She declined to comment on the possible extension request.

Parker has offered $5 billion in cash and 89.5 million US Airways shares for Delta, whose creditors would own 49 percent of what would become the world's largest airline. Delta's plan to remain independent values the airline at as much as $12 billion. Delta is the third-biggest U.S. carrier by traffic; US Airways is seventh.

US Airways and Delta are both courting the creditors committee, which will help set terms for any bankruptcy exit. The panel is led by Boeing Co. and includes Coca-Cola Co.; United Technologies Corp.'s Pratt & Whitney, which makes aircraft engines; and Delta's pilots union.

The committee and its members face a Jan. 31 deadline to file objections to Delta's disclosure statement, which explains the airline's reorganization plan. A hearing on the document is set for Feb. 7.

"There are several large creditors that have conflicts of interest in terms of their willingness or desire to work with Delta in the future," S&P's Corridore said in an interview. "Their best interests may not line up with the best interests of the creditors not on the committee."

A reorganization plan generally doesn't go to all of the airline's creditors for approval until it has the backing of the creditors committee. A judge can confirm a plan over creditor objections as long as it is fair and reasonable.

A separate committee representing 20 institutions that own $2.25 billion of Delta's debt urged the panel on Jan. 24 to begin talks with US Airways.

The bondholders "are interested in maximizing the immediate return on their investment," said Eric Schaffer, a Pittsburgh-based bankruptcy attorney with Reed Smith LLP. Members of the creditors panel "are looking at it from what is arguably a longer-term perspective."

Delta estimates that unsecured claims against it would total $14.2 billion. The airline's September 2005 bankruptcy filing listed debt of $28.3 billion and assets of $21.8 billion.

Hynix Loses Bid For New Trial (BLOOM)

By Bloomberg News

Bloomberg, January 27, 2007

DOJ_NMG_0123739

Hynix Semiconductor Inc. lost a bid to revisit a $133.4 million damage award to Rambus Inc. in a patent lawsuit over computer memory-chip technology, as a federal judge said he may decide next month whether to allow the case to move into its final phase.

Rambus shares surged as much as 11 percent. U.S. District Judge Ronald Whyte in San Jose, Calif., said a new trial on damages can't happen until the final phase of the lawsuit, which will address antitrust, unfair competition and fraud claims.

advertisement

The judge Friday set a hearing for Feb. 16 to decide whether he should delay that phase until the U.S. Federal Trade Commission issues its penalty in an antitrust suit against Rambus, a designer of computer memory chip interfaces.

A federal jury in April awarded Rambus $307 million in its dispute with Ichon, South Korea-based Hynix, the world's second- largest memory chipmaker.

Jurors agreed with Rambus' claim that Hynix infringed patents covering fundamental aspects of dynamic random access memory, or DRAM, the main type of memory used in computers. Whyte later reduced the award to $133.4 million.

Rivals Voice Complaints About Microsoft's New System (AP)

AP, January 27, 2007

BRUSSELS, Jan. 26 (AP) — Rivals of Microsoft renewed their call Friday for European regulators to act against what they say are "illegal practices," charging that the new Vista operating system is the company's effort to extend its monopoly to the Internet.

They asked the European Commission to make a decision "as fast as possible" on a complaint they filed last February. It had accused Microsoft of working to keep its existing monopolies and trying to extend its market dominance into other areas, including Web-based computing.

Microsoft had no immediate comment beyond saying that the rivals — represented by the European Committee for Interoperable Systems — were not saying anything new. The company has described the group as a front for I.B.M. and other competitors that have tried to use regulatory complaints to their business advantage.

The group said Microsoft's XAML markup language — which it said was positioned to replace the current Web page language HTML — was designed "from the ground up to be dependent on Windows."

"The very same practices the European Commission found to be illegal almost three years ago have now been implemented in Vista," the group of rivals said.

A spokesman for the group, Thomas Vinje, said Microsoft was seeking to impose its own Windows-dependent standards and displace existing ones.

"The end result will be the continued absence of any real consumer choice, years of waiting for Microsoft to improve — or even debug — its monopoly products, and, of course, high prices," Mr. Vinje said.

The rival group represents I.B.M., Nokia, Sun Microsystems, RealNetworks and Oracle along with smaller software companies like the Web browser maker Opera Software and two Linux operating system businesses: Red Hat and Linspire.

The complaint that the group filed in February 2006 accused Microsoff of monopoly abuse in sectors not covered by Europe's 2004 antitrust ruling. That decision found Microsoft had abused its position by bundling media software into its Windows software and squeezing out rival media players.

As a remedy, the European Union ordered Microsoft to share communications code with rivals to make their software work smoothly with Windows. It fined the company last July for dragging its feet over supplying the "complete and accurate" data required.

Microsoft challenged the regulators' conclusions and is awaiting a ruling from the Court of First Instance.

Jury: Broadcom Didn't Violate Patents (AP)

By Elliot Spagat, AP Business Writer

AP, January 27, 2007

A federal jury ruled Friday that Broadcom Corp. did not infringe on two of rival semiconductor maker Qualcomm Inc.'s patents for video compression technology, Broadcom said.

The nine-day trial, the latest turn in a long-running legal battle between the two companies included testimony from both chairmen, Broadcom's Henry Samueli and Qualcomm's Irwin Jacobs.

Lou Lipin, Qualcomm's general counsel, told the San Diego Union-Tribune the company was disappointed with the verdict and had not decided whether to appeal. Qualcomm representatives did not immediately return phone messages from The Associated Press.

The verdict comes amid a fierce attack against Qualcomm's business model by Broadcom, Nokia Corp. and other wireless equipment makers who say Qualcomm charges excessive royalties for rights to its patented inventions.

Qualcomm accused Broadcom of violating two patents for the compressing of video signals - technology that is used in DVD players, digital televisions and iPod music players.

"We are obviously very pleased and very grateful for this jury's diligence in working to arrive at the truth, even when presented with some very complex and intricate engineering testimony," said David Dull, Broadcom's general counsel.

Qualcomm has filed numerous lawsuits that accuse Broadcom of infringing on a combined 10 patents and misappropriating trade secrets. Broadcom has filed lawsuits that accuse Qualcomm of violating a total of 18 patents, and is one of six companies that has asked the European Commission to investigate Qualcomm's business practices.

A federal judge in New Jersey recently dismissed Broadcom's antitrust lawsuit against Qualcomm, a ruling Broadcom is appealing.

Qualcomm, based in San Diego, is best known as a pioneer of a wireless standard known as code-division multiple access, or CDMA, which runs about 20 percent of the world's cell phones. Broadcom, based in Irvine, is a relative newcomer to the cell phone business.

BofA And Countrywide In Alliance Talks (FT)

By Ben White And James Politi In New York

Financial Times, January 27, 2007

Bank of America and Countrywide Financial have held discussions about an alliance that would create the biggest mortgage lending group in the US, people close to the matter said.

The talks are said to be at an early stage and may not lead to a deal. But if they proceed, the negotiations could lead to a joint venture between the two companies, under which BofA would use its big branch network to help sell home mortgages originated by Countrywide. Countrywide would have the support of BofA's far bigger balance sheet to fund its lending.

The talks could also lead to an acquisition of Countrywide by BofA, which is eager to expand its mortgage lending business to match its breadth in credit cards. Such an acquisition would probably cost BofA, the second-biggest US bank, about $30bn, analysts said.

The talks indicate that BofA continues to focus on expansion in the US in spite of recent reports that it might be interested in buying UK bank Barclays. Ken Lewis, chief executive, has said a major foreign acquisition would be difficult for BofA to execute.

BofA said it did not comment on market rumour. Countrywide did not respond to a request for comment.

Countrywide shares soared 11 per cent after FT.com disclosed a possible alliance. They closed up 4.2 per cent at $42.00. BofA shares fell slightly to $52.04.

Banking analysts said a deal could make sense for both sides. BofA would dramatically expand its ability to serve consumers, while Countrywide would get the financial muscle to withstand the current slowdown in the mortgage business.

"This would cement Bank of America's lead as the dominant retail bank in the US," said Gerard Cassidy, banking analyst at RBC Capital Markets. He added that even if BofA were to buy Countrywide outright it could avoid violating the US law forbidding banks from having more than 10 per cent of consumer deposits following an acquisition.

Countrywide has a consumer bank and about $56bn in deposits, according to Mr Cassidy. BofA has about 9 per cent of US consumer deposits and could acquire $35bn-$40bn more without violating the cap.

BofA could divest some or all of Countrywide's consumer deposits to comply with the cap while keeping the mortgage origination business.

Countrywide is expected to report fourth-quarter results next week. In the first nine months of 2006 revenues rose 17 per cent to $8.7bn, while net earnings were 9 per cent higher at $2.1bn.

According to Mortgage Daily, Countrywide was the top provider of US home loans in the fourth quarter of 2006, ahead of Wells Fargo, JPMorgan Chase and Washington Mutual.

Nasdaq Holds Firm On A Bid For London Stock Exchange (NYT)

By Heather Timmons

The New York Times, January 27, 2007

LONDON, Jan. 26 — Nasdaq said on Friday that it did not plan to raise its offer for the London Stock Exchange, just before a deadline to do so, damping investors' expectations. Investors have until Feb. 10 to tender their shares for a deal, but any changes in the bid would have to happen this weekend unless a rival bidder emerges.

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That is generally seen as unlikely, though any such deal would not happen quickly, because the N.Y.S.E. is just starting to absorb pan-European exchange Euronext.

The exchange's shares have fallen over the last week as investors who were hoping for a higher price than Nasdaq's initial $5.3 billion bid head for the door.

If the deal does not go through, Nasdaq has to walk away for a year, possibly leaving the door open to other bidders. Shares of the London Stock Exchange rose 12 pence on Friday, to £12.95, above Nasdaq's 1,243 pence-a-share offer.

What could happen until Feb. 10 is still unclear. About 25 percent of the exchange's investors are short-term holders like hedge funds.

Many bought into the stock at a price higher than Nasdaq's bid, and some invested in the stock through time-sensitive options, which expire early this year.

Nasdaq already owns 28.8 percent of the London exchange and needs an additional 21 percent to take control. Nasdaq has hinted that it could reduce its position, but many other investors think that is a bluff designed to persuade them to tender their shares of stock for the hostile offer.

If enough investors sell and force the price below Nasdaq's offer price, then the remaining investors could race to Nasdaq to tender their shares, giving it the majority that it needs.

London exchange executives contend that the bid is not even equal to the standalone value of their company and have repeatedly refused to meet with their Nasdaq counterparts. The situation between the two exchanges degenerated in recent days to an exchange of hostile, taunting news releases.

The chief executive of Nasdaq, Robert Greifeld, and the chief of the London Stock Exchange, Clara Furse, have never talked about the deal face to face, and securing an agreed deal at any point in the future is probably unlikely, analysts say, because of the bad blood this bid has raised between them.

Nasdaq Declines To Raise Its Bid For LSE (WSJ)

By Alistair Macdonald And Henry Teitelbaum

The Wall Street Journal, January 27, 2007

Deal Dims as U.K. Market's Stock Climbs

The Nasdaq Stock Market said it won't raise its offer of £12.43 ($24.42) a share for London Stock Exchange PLC, but the LSE's share price rose, making Nasdaq's chances of buying the exchange it has pursued for almost a year look less likely.

Nasdaq could have raised its offer until a deadline at midnight Saturday if the LSE's board had agreed to a new bid. Under United Kingdom takeover rules, Nasdaq will no longer be able to increase its offer for the LSE unless a rival bidder appears, which most analysts see as being unlikely.

If Nasdaq aimed to spook the LSE's investors into selling -- something the London exchange has accused it of trying to do in the past -- the ploy has failed for the moment. The LSE's shares closed 4.2% higher than Nasdaq's offer at £12.95 Friday, on heavy volume.

Nasdaq also announced Friday that it was extending the closing date for LSE investors to tender their shares to Feb. 10. Nasdaq said that 0.62% of LSE investors have tendered their shares since Nasdaq extended its last deadline, leaving Nasdaq with 29.37% of the LSE's stock.

Defenders of the LSE say the shareholder register is going through a shift in which short-term hedge funds that might have taken Nasdaq's offer are trading places with investors who have a longer-term interest in the LSE. U.S. businessman Samuel Heyman continues to build his stake and is the LSE's second-largest investor, with a 10.44% stake through derivatives. A person familiar with Mr. Heyman's thinking said he "has a lot of faith in the credibility and judgment of LSE's management" to act in the interests of shareholders.

Even if this bid lapses under U.K. takeover rules, Nasdaq can come back in a year and have another shot at buying the LSE. Its near-29% stake in Europe's largest stock exchange could put off a rival bid, something the London exchange's management says is a possibility.

In a statement, Nasdaq said that, in its view, "there is now insufficient time to effect any revision of the final offers via constructive dialogue with LSE and an LSE Board recommendation by the deadline." The LSE declined to comment.

--Margot Patrick contributed to this article.

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ENVIRONMENT:

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Bush's Climate Remarks Weighed For Policy Shift (WP)

By Peter Baker, Steven Mufson

The Washington Post, January 27, 2007

It was just a couple of dozen words out of more than 5,000, uttered so fast that many in the audience missed them at first. But President Bush's commitment to fight global warming in his State of the Union address this week has echoed around the world and provoked debate about whether he is shifting his view of climate change.

The words themselves were not radically different from what he has said in the past in other settings. As he addressed Congress and a national television audience, Bush forecast energy breakthroughs that will reduce U.S. dependence on oil. "These technologies," he said, "will help us become better stewards of the environment, and they will help us to confront the serious challenge of global climate change."

But it was the first time in Bush's six years in office that he mentioned the issue in a State of the Union. And he did it while presenting a high-profile plan to cut gasoline consumption -- and with it, greenhouse gases. "Every word is crafted in that speech and every word has meaning behind it," said Christine Todd Whitman, Bush's former Environmental Protection Agency administrator. "So the fact that he mentioned climate change in that context, that was a step forward, that was a change."

Leaders in Europe and Asia took notice as well, hailing what they saw as a turning point while renewing pressure on Bush to accompany words with more meaningful action. Environmentalists were skeptical but said Bush may be starting to respond to the growing political momentum for grappling with climate change.

"They may see some handwriting on the wall," said David Doniger, climate center policy director for the Natural Resources Defense Council. "They don't want to look like deniers right now. They've got enough problems." But he said Bush's proposal could be "a Trojan horse" that looks more important than it really is and, in its details, actually could undermine its own environmental benefits.

Bush's plan calls for reducing projected gasoline consumption in the United States by 20 percent over the next 10 years by mandating a dramatic expansion in the use of alternative fuels such as ethanol and raising fuel efficiency standards for automobiles. According to the White House, that would cut annual emissions from cars and light trucks by 10 percent, or 175 million metric tons, equal to taking 26 million cars off the road.

Environmentalists noted that the 20-percent reduction target applies to how much gas is forecast to be used in 2017, not how much is used today. Because of an expected increase in consumption over the next decade, such a cut then actually might only slow the growth of gas use. Moreover, alternative fuels would include liquid made from coal, which emits its own toxic gases. And Bush's plan does not address the source of two-thirds of greenhouse gases, such as power plants and manufacturers.

The Bush plan fell far short of the mandatory reductions in greenhouse gas emissions envisioned by the 1997 Kyoto accord, which Bush renounced in 2001. Days before the State of the Union, there was speculation he might embrace emission caps after James L. Connaughton, head of the White House's Council on Environmental Quality, agreed with such an idea "in concept." But White House spokesman Tony Snow slapped down the idea, and the speech made no mention of it.

"To be perfectly frank, I thought it was an appalling disappointment for everyone, whether you're on the right or the left," said Samuel Thernstrom, a former Bush environmental aide now at the American Enterprise Institute. "We had all been led to expect . . . that we would hear a very substantial initiative from the president." Instead, he said, Bush's plan is "essentially trivial, it's marginal."

Global warming has long been a political sore spot for Bush. During the 2000 campaign, he seemed to doubt that it was a major problem or that human activity contributed to it. "There's differing opinions," he said. "And before we react, I think it's best to have . . . full understanding of what's taking place."

After taking office, he withdrew the United States from Kyoto and, amid energy shortages in California, broke a campaign promise to impose mandatory reductions in power plant carbon dioxide emissions. The Kyoto move did not represent a major policy shift because the Senate had already made clear it would not ratify the pact because of possible economic consequences. But the administration had not prepared allies, and the move became an enduring symbol of Bush defying the world.

In 2002, Bush unveiled a plan to reduce the intensity of greenhouse gases 18 percent by 2012, but environmentalists dismissed his ideas as inadequate. In 2005, however, Europeans sensed a shift when Bush was asked about the issue in Denmark. "Listen," he said, "I recognize that the surface of the Earth is warmer and that an increase in greenhouse gases caused by humans is contributing to the problem."

Climate change began inching up the Bush priority list because of energy security. With oil prices spiking, disruptions to domestic production by Hurricane Katrina in August 2005 convinced Bush that more needed to be done to diversify U.S. supplies, aides said. He declared in last year's State of the Union that "America is addicted to oil." And he chose as Treasury secretary Goldman Sachs Chairman Henry M. Paulson Jr., an advocate for aggressive action on global warming.

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Meanwhile, states led by California launched their own efforts to rein in greenhouse gases. Corporate executives began agitating for a consistent national policy.

As the White House began developing a new energy policy in the fall, Paulson pushed for bold action. Instead of a laundry list of small-bore initiatives, officials recalled Paulson saying, they should set an ambitious goal, then determine how to get there, leading to the idea of a major cut in gasoline consumption. By November, prodded by Paulson and Energy Secretary Samuel W. Bodman, officials decided to make curbing greenhouse gases another goal of the policy.

"Since Secretary Bodman was committed to doing something about the climate change issue, he saw [fuel efficiency] as a win-win. It reduces our dependence on foreign oil, the vulnerability of the economy to oil price shocks and helps cut our greenhouse gas emissions," said David W. Conover, former head of the department's climate change technology program.

Outside the administration, another person who may have helped shape the president's thinking was FedEx Chairman Frederick W. Smith, a Bush fundraiser and friend whose business is sensitive to energy costs. During a campaign swing through Memphis last year, Bush attended a private dinner that included Smith. The conversation dwelled on national security but also touched on energy, Smith said later. Smith chaired the Energy Security Leadership Council with former Marine commandant P.X. Kelley and through the fall made the case that a disruption in global supplies could be devastating.

"The dependence of the United States on foreign imported petroleum, after nuclear proliferation, is the country's largest economic and national security issue," Smith said in an interview. "And if the country doesn't do something to reduce the amount of imported petroleum, we're going to have a very unpleasant economic correction or national security challenge."

Smith, Kelley and Goldman Sachs vice chairman Robert Hormats met Dec. 13 with White House economists Al Hubbard and Ed Lazear to present ideas, many resembling those built into the State of the Union. "They were very receptive," Hormats said. "You can tell the difference between a meeting where they're going through the motions and where they're genuinely searching for new ideas. They weren't in defensive mode. They recognized that more needed to be done."

The issue gained momentum on Capitol Hill, too, with Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (I-Conn.) toughening a climate change bill and Sens. Barack Obama (D-Ill.) and Richard G. Lugar (R-Ind.) developing a plan closer to the president's. Amid an unusually warm winter in Washington, newly elected House Speaker Nancy Pelosi (D-Calif.) created a committee to examine the topic. And the same day Bush outlined his plan, former vice president Al Gore won two Oscar nominations for his global warming documentary.

Bush still opposes Kyoto and argues that greater technology will solve the problem. The White House said he has devoted $29 billion to climate science, aid and incentives, and this week he ordered government agencies to buy more hybrid-fuel cars and otherwise curb the intensity of greenhouse gas emissions by 30 percent by 2015. "We can get beyond . . . the pre-Kyoto era with a post-Kyoto strategy, the center of which is new technologies," he said on a visit to a DuPont facility in Delaware the day after the State of the Union.

Former EPA chief Whitman said that for the first time Bush may be willing to sign carbon emission caps into law. "He's kind of setting up for a carbon-constrained economy," she said. "I don't know whether there will ever be an administration bill, but it may be that he's setting himself up not to veto [someone else's] bill."

Inside Bush's Energy Proposals (WSJ)

By Nick Timiraos

The Wall Street Journal, January 27, 2007

Alternative energy: Fuel suppliers would have to include 35 billion gallons of alternative fuels such as ethanol in the nation's vehicle fuel supply by 2017, up from five billion gallons produced last year. Production of corn-based ethanol could reach about 15 billion gallons. The rest could come from cellulosic ethanol, which uses fibers from switch grass and other natural products, or liquefied coal.

Some economists caution that ethanol demand could pressure the corn supply, driving up corn prices because of food-fuel competition. Ethanol demand has already increased chicken prices by six cents a pound, according to the National Chicken Council. The price of corn, 75% of the cost of ethanol production, has doubled to nearly $4 a bushel over the past six months. Almost half of the country's corn harvest could go toward the fuel with the addition of 79 planned ethanol plants in 2008, according to the Earth Policy Institute.

Ethanol costs between $1.45 and $1.65 a gallon to produce and is less efficient than gasoline. A car running on E85 fuel -- reformulated gasoline that is about 85% ethanol -- gets a third less gas mileage than one running on gasoline. The federal government supports ethanol with tax subsidies worth about 51 cents a gallon. Only about 2.5% of cars are considered "flex-fuel," or capable of running on gasoline or ethanol, and even fewer do because less than 1% of the nation's gas stations offer E85.

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Environmentalists are cool to corn-based ethanol because it requires so much water, energy and land and produces only slightly more energy than it consumes. A study by the Argonne National Laboratory last year found that a car that runs on E85 produces 20% less greenhouse-gas emissions, which are thought to cause global warming, than one using gasoline. Cellulosic ethanol, on the other hand, offers 80% net energy and could reduce emissions 80%. But the technology to produce cellulosic ethanol economically hasn't been developed. Liquefied coal would increase greenhouse-gas emissions.

Fuel efficiency: The president's plan proposes reducing consumption by 8.5 billion gallons over the next 10 years with stricter gas-mileage standards. Reaching that would require a 4% annual increase in fuel efficiency beginning in 2010 for cars, which would be equivalent to a fuel economy standard of 34 miles a gallon, according to the Union of Concerned Scientists. Currently, auto makers' fleets must meet an average standard of 27.5 mpg for cars and 21.6 mpg for light trucks. The light-truck standard is already set to increase to 24 mpg by 2011. The president's plan would do away with fleet-wide averages and instead assign fuel-economy targets to car models based on their size.

The two proposals present an apparent contradiction. Because ethanol gets less gas mileage than gasoline, mandates for greater use of alternative fuels could undermine efforts to achieve increased fuel economy.

Strategic reserves: The U.S. would more than double its strategic oil reserves to 1.5 billion barrels over the next 20 years to protect against oil-supply disruptions caused by such things as a terrorist attack or natural disaster. At full capacity, the reserves would represent 97 days of net oil imports, up from 690 million barrels today, or 55 days. The Energy Department estimates the expansion would cost $65 billion, with $55 billion for purchasing oil and $10 billion to build new storage facilities, which would join the hollowed-out salt domes along the Gulf Coast.

Very, Very Big Corn (WSJ)

The Wall Street Journal, January 27, 2007

President Bush made a big push for alternative fuels in his State of the Union speech Tuesday night, calling on Americans to reduce gasoline consumption by 20% over 10 years. And as soon as the sun rose on Wednesday, he set out to tour a DuPont facility in Delaware to tout the virtues of "cellulosic ethanol" and propose $2 billion in loans to promote the stuff. For a man who famously hasn't taken a drink for 20 years, that's a considerable intake of alcohol.

A bit of sobriety would go a long way in discussing this moonshine of the energy world, however. Cellulosic ethanol -- which is derived from plants like switchgrass -- will require a big technological breakthrough to have any impact on the fuel supply. That leaves corn- and sugar-based ethanol, which have been around long enough to understand their significant limitations. What we have here is a classic political stampede rooted more in hope and self-interest than science or logic. * * *

Ostensibly, the great virtue of ethanol is that it represents a "sustainable," environmentally friendly source of energy -- a source that is literally homegrown rather than imported from such unstable places as Nigeria or Iran.

That's one reason why, as Jerry Taylor and Peter Van Doren note in the Milken Institute Review, federal and state subsidies for ethanol ran to about $6 billion last year, equivalent to roughly half its wholesale market price. Ethanol gets a 51-cent a gallon domestic subsidy, and there's another 54-cent a gallon tariff applied at the border against imported ethanol. Without those subsidies, hardly anyone would make the stuff, much less buy it -- despite recent high oil prices.

That's also why the percentage of the U.S. corn crop devoted to ethanol has risen to 20% from 3% in just five years, or about 8.6 million acres of farmland. Reaching the President's target of 35 billion gallons of renewable and alternative fuels by 2017 would, at present corn yields, require the entire U.S. corn harvest.

No wonder, then, that the price of corn rose nearly 80% in 2006 alone. (See the chart nearby.) Corn growers and their Congressmen love this, and naturally they are planting as much as they can. Look for a cornfield in your neighborhood soon. Yet for those of us who like our corn flakes in the morning, the higher price isn't such good news. It's even worse for cattle, poultry and hog farmers trying to adjust to suddenly exorbitant prices for feed corn -- to pick just one industry example. The price of corn is making America's meat-packing industries, which are major exporters, less competitive.

In Mexico, the price of corn tortillas -- the dietary staple of the country's poorest -- has risen by about 30% in recent months, leading to widespread protests and price controls. In China, the government has put a halt to ethanol-plant construction for the threat it poses to the country's food security. Thus is a Beltway fad translated into Third World woes.

As for the environmental impact, well, where do we begin? As an oxygenate, ethanol increases the level of nitrous oxides in the atmosphere and thus causes smog. The scientific literature is also divided about whether the energy inputs required to produce ethanol actually exceed its energy output. It takes fertilizer to grow the corn, and fuel to ship and process it, and so forth. Even the most optimistic estimate says ethanol's net energy output is a marginal improvement of only 1.3 to one. For purposes of comparison, energy outputs from gasoline exceed inputs by an estimated 10 to one.

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And because corn-based ethanol is less efficient than ordinary gasoline, using it to fuel cars means you need more gas to drive the same number of miles. This is not exactly a route to "independence" from Mideast, Venezuelan or any other tainted source of oil. Ethanol also cannot be shipped using existing pipelines (being alcohol, it eats the seals), so it must be trucked or sent by barge or train to its thousand-and-one destinations, at least until separate pipelines are built.

Even some environmentalists cry foul. Steve Sanderson, president of the Wildlife Conservation Society, tells us that intensive, subsidized sugar farming in Brazil -- where the use of ethanol is most widespread -- has displaced small tenant farmers, many of whom have taken to cutting down and farming land in the Amazon rain forest.

In the U.S., there is now talk of taking the roughly 40 million acres currently tied up in the Agriculture Department's conservation reserve and security programs and putting them into production for ethanol-related plants. "The land at risk under this ethanol program is land that's shown by the USDA to have had great results for the restoration of wildlife," Mr. Sanderson says, pointing especially to the grasslands of eastern Montana and the Dakotas. Hello ethanol, goodbye bison.

But what about global warming, where ethanol, as a non-fossil fuel, is supposed to make a positive contribution? Actually, it barely makes a dent. Australian researcher Robert Niven finds that the use of ethanol in gasoline -- the standard way in which ethanol is currently used -- reduces greenhouse gas emissions by no more than 5%. As Messrs. Taylor and Van Doren observe, "employing ethanol to reduce greenhouse gases is fantastically inefficient," costing as much as 16 times the optimal abatement cost for removing a ton of carbon from the atmosphere. * * *

It's true that scientific advances will probably improve and perhaps even transform the utility of ethanol. Genetic modification will likely improve corn yields. And the President insists we are on the verge of breakthroughs in cellulosic technology, though experts tell us the technical hurdles are still huge. We'd be as happy as anyone if DuPont researchers finally discover the enzyme that can efficiently break down plants into starch, but betting billions of tax dollars and millions of acres of farmland on this hope strikes us as bad policy. If cellulose is going to be an energy miracle -- an agricultural cold fusion -- far better to let the market figure that out.

Not that any of these facts are likely to make much difference in the current Washington debate. The corn and sugar lobbies have their roots deep in both parties, and now they have the mantra of "energy independence" to invoke, however illusory it is. If anything, Congress may add to Mr. Bush's ethanol mandate requests.

So here comes Big Corn. Make that Very, Very Big Corn. Sooner or later, our experience with this huge public gamble may make us yearn for the efficiency, capacity, lower cost and -- yes -- superior environmental record of "Big Oil."

Mr. Bush's Oil Security Blanket (NYT)

The New York Times, January 27, 2007

One of the stranger and so far unexplained items in President Bush's energy program is his proposal to double the capacity of the Strategic Petroleum Reserve, to 1.5 billion barrels, over the next 20 years. The proposal carries a $65 billion price tag — one of several reasons Congress should question Energy Secretary Samuel Bodman closely when he comes looking for the money.

The reserve's purpose is to provide an emergency supply of oil in the event of, say, a terrorist attack somewhere along the global oil supply chain or a natural disaster that sharply limits imports for a short time. The United States is highly vulnerable to such interruptions. It has only 3 percent of global oil reserves but accounts for 25 percent of consumption — more than 20 million barrels a day, about 60 percent of it imported. The reserve now holds 55 days worth of net oil imports. After the increase, there would be an estimated 97 days of protection.

A larger reserve would seem to make sense in the post-9/11 world, and last year's energy bill did in fact authorize an expansion to one billion barrels. But is there nothing better to do with the money? Might it not be more usefully deployed developing alternative fuels or more efficient vehicles, thus reducing the nation's dependence on oil and its vulnerability to future shocks?

The $2.7 billion the administration proposes to spend on this project each year for the next 20 years is three times the amount that Congress authorized last year for the Energy Department's entire research and development program for alternative energy sources. It may be necessary to increase backup supplies. But the administration would be a lot more persuasive if it displayed a deeper commitment to programs that would provide lasting security by reducing Americans' consumption of oil, rather than just squirreling it away.

Bush Proposes Budget Increase For Ocean Programs (AP)

AP, January 26, 2007

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WASHINGTON (AP) — President Bush on Friday proposed an 8% increase in the $1.75 billion federal budget for coastal and marine conservation programs.

The president hopes "to clean up our oceans and coastlines," said Commerce Secretary Carlos M. Gutierrez, whose agency includes the National Oceanic and Atmospheric Administration, which would get most of the additional $143 million budget request.

NOAA would receive $123 million, allowing it to do more research and improve ocean protections, said Arden Bement, director of the National Science Foundation.

Another $20 million would go to the National Science Foundation and the U.S. Geological Survey, helping increase research, sea floor mapping, forecast models, and water quality monitoring in the Gulf of Mexico, Chesapeake Bay and other coastal areas.

Interior Secretary Dirk Kempthorne said the budget request reflects the awareness that oceans no longer can be considered inexhaustible or indestructible.

"Only in recent decades have we come to realize we must take care of them as we would take care of any precious natural resource," he said.

This month, Bush signed into law a measure that overhauls management of marine fisheries and strengthens protections against further depletion of dwindling stocks. It reauthorizes through 2013 the Magnuson-Stevens Fishery Conservation and Management Act, a 30-year-old law that guides fishery management in waters between three miles and 200 miles offshore. It also aims to end overfishing in America by 2011.

Last year, Bush created a vast new marine sanctuary, extending stronger federal protections to the Northwestern Hawaiian Islands and surrounding waters in the Pacific Ocean that are home to endangered monk seals, nesting green sea turtles and other rare species.

He also sought to have the United Nations impose a full-fledged ban against unregulated and destructive bottom trawling on the high seas, but he was opposed by fishing nations that sponsor the boats that drag the giant nets along the sea floor.

FBI/DEA/ATF/USMS:

Colombian Artists Rescue Coca Heritage (AP)

By Joshua Goodman, Associated Press

AP, January 27, 2007

BOGOTA, Colombia - You're unlikely to see Milena Bonilla's artwork on display in a New York gallery. Just mounting one of her installations inside the United States could land the 30-year-old artist in jail.

That's because, instead of oil on canvas, Bonilla's preferred medium is coca leaf, the base ingredient for cocaine. Classified as a dangerous substance, importing the plant is a felony without U.S. Justice Department permission.

The stalky shrub, which Bonilla planted in 12 two-liter plastic Coca-Cola bottles sheared off at the spout, is getting a makeover by a cadre of artists who want to wrest coca's millennial heritage and aesthetic appeal from the teeth of the war on drugs.

But the main target of so-called coca art may be Colombia President Alvaro Uribe, who has become the plant's chief eradicator as caretaker of the United States' $4 billion war on drugs.

Amid an upsurge in anti-American sentiment, several leftist leaders in the Andes have embraced the virtues of the much-maligned leaf even as the conservative Uribe - Washington's staunchest regional ally - has committed himself to its annihilation.

When Secretary of State Condoleezza Rice first met with President Evo Morales of Bolivia in Chile, the former coca grower presented her with a charango - a Bolivian ukulele - decorated with lacquered coca leaves. To avoid a run-in with U.S. customs authorities, the diplomat left the present behind. President Alan Garcia of Peru, who is a relative moderate in the region, suggested to foreign journalists that the calcium-rich leaf tastes great in a salad.

Bonilla's installation, "Legal Consumption," was one of a handful invited last year to partake in the 40th National Salon of Artists, a showcase of Colombia's most innovative artists. She calls it a meditation on the hypocrisies of a marketplace that commercially exploits a plant most countries ban in its natural form.

"The worst part is that in its artificial form, used in a sugary soft-drink, coca carries a lot of health risks and none of the medicinal benefits traditionally associated with the plant," complained Bonilla.

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Coca's scientific name, erythoxylon novograntense, refers to the Spanish viceroyalty of Nueva Granada, which spanned Colombia, Ecuador and Venezuela. Across the Andes, the plant has been chewed as a hunger suppressant and stimulant for millennia, and the legal cultivation of small quantities is still permitted in Colombia for medicinal and ceremonial purposes.

But under Uribe, the plant's namesake habitat has been under constant assault by U.S.-supplied crop duster planes that chemically eradicated a record 445,000 acres of the plant last year - 31 percent more than in 2005, also a record year.

In a parody of this aggressive pursuit, Wilson Diaz exhibited "Uribe: The Eradicator," his drawing of the hunched-over president uprooting a coca plant with his hands, as part of a photo exhibit documenting the many places where the coca shrub can still be found in Diaz's native city of Cali, from ornamental hedges in upscale gardens to wild growths just outside an army barrack.

The aim, Diaz says, is to "deconstruct our understanding of the thin line between what's legal and illegal."

Diaz, 43, personally opposes the legalization of drugs - a result of his upbringing in the southern city of 2 million, which suffered more than most the cartel-driven violence of the late 1980s and early 1990s. But for its shock value, he says coca is unrivaled for its deviant symbolism.

Since 1996, Diaz has tried everything from handing out free coca seeds to unsuspecting horticulturists in Liverpool, England, to a videotaped performance in which he replicated the journey of a drug "mule" by swallowing 30 coca seeds, boarding a plane and voiding the seeds on foreign soil.

In 2004, New York-based e-flux, an online art forum, published Diaz' answer to "The Anarchist's Cookbook," the once underground bomb-making manual that was required reading for the anti-war movement in the 1970s. Called "How to obtain one kilogram of high quality cocaine in twenty steps," it is a precise and ultimately impractical instruction manual for making the narcotic at home from 1,500 pounds of coca leaves.

"To date, I don't know anyone who's tried it," said Diaz.

Unlike Diaz and Bonilla, Miguel Angel Rojas' coca artwork is based less on art theory and more on personal experience - or survival. The 61-year old artist, whose mixed medium work is well-known abroad, narrowly escaped from a drug addiction that claimed the lives of many of his friends in the reckless, sex-crazed Colombian art world of the 1980s.

In 1999, he used hole-punched pieces of coca to re-create the title of Richard Hamilton's iconic 1956 pop-art work "What makes today's homes so different, so attractive?"

The shared responsibility between producer and consumer for Colombia's drug-fueled violence is the subject of his latest work, a diptych featuring the words New York and Medellin - the former comprised entirely of confetti dots of dollar bills and the latter of coca leaves.

"It's like throwing salt on an open wound. I want to force the coke consumer to fess up to their share of the blame," said Rojas.

The odyssey Rojas underwent trying to exhibit his work in May at Houston's Sicardi Gallery, where it sold for $4,000, is a parable of the drug-stained stigma any Colombian must face when traveling abroad. Held for days by U.S. customs officials, four of his canvases were returned, hours before his show's opening, full of tiny holes from probing.

Ironically, although officials routinely search artwork for false bottoms and coca-impregnated canvases, they failed to notice the illegal substance when it was in plain view.

"This is the reason why I work with coca - there's nothing romantic about it," said Rojas. "I want to show the world the violence we Colombians must face daily as a result of their drug habit."

Targeting Cross-border Gangs (LAT)

By Duke Helfand And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, January 27, 2007

The FBI will join L.A. police officials to train Latin American authorities in how to track 'transnational' street criminals.

Seeking to combat the spread of street gangs across international borders, the FBI will join forces with Los Angeles police and prosecutors next month to teach authorities from Mexico, El Salvador and other Latin American countries how to better track and investigate gang crime.

The three-day training in Los Angeles comes amid an alarming increase in "transnational" gangs that move between countries despite repeated efforts to dismantle their organizations and finances, authorities said.

The U.S. law enforcement officials will focus much of their attention on how they have dealt with local gangs that have gained footholds in Mexico and Central America.

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Special attention will be given, for example, to the MS13 and 18th Street gangs, both of which began in Los Angeles but have branched out to Central America, federal officials said. About 12 of 17 members of the 18th Street gang arrested in Los Angeles in September were foreign nationals, the officials said.

The training will include discussions about which laws countries use — or do not use — to attack gang problems. El Salvador, for example, does not allow wiretapping, a strategy employed by U.S. authorities to monitor gang activity.

"Many of these countries are seeing an influence of street gangs that evolved in Los Angeles but are moving [there] because of deportation," said Lt. Paul Vernon, a spokesman for the Los Angeles Police Department. "Many of these are hardened criminals."

The interagency training Feb. 7-9 will occur as Mayor Antonio Villaraigosa and Police Chief William J. Bratton unveil their strategies for dealing with the city's own 39,000 gang members. They are expected to call for a multi-agency effort using court orders, injunctions and stepped-up enforcement to target Los Angeles' most dangerous gangs. Among those expected to attend the FBI summit are Bratton, Los Angeles County Sheriff Lee Baca and representatives of the city attorney and district attorney.

They will be joined by agents from the federal Drug Enforcement Administration, the Department of Homeland Security, the State Department and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, as well as the Justice Department's new assistant attorney general for gangs and violence.

Police officials from other cities in California, Virginia and Maryland are also scheduled to attend.

The foreign police presence also will be formidable. It will include the directors of the national police forces of El Salvador, Honduras, Belize and Guatemala, as well as police chiefs from major cities in Mexico, according to Robert Loosle, special agent in charge of the criminal division for the FBI's Los Angeles office.

"Essentially it is to get everybody together to build partnerships and provide for better communications and information sharing," said Loosle, who added that the exchange would continue at an April conference in El Salvador.

Villaraigosa did not mention the gang training during a news conference Friday at which he discussed his trip this week to Washington, D.C. But the mayor insisted that the responsibility for enforcing immigration laws rested with the federal government.

"Los Angeles is not in the position to crack down on illegal immigration," he said.

Still, Matt Szabo, a spokesman for the mayor, said the city was an enthusiastic partner in the FBI training. "It's absolutely necessary," Szabo said. "It's a big deal."

In El Salvador, law enforcement officials noted a 300% increase in extortions last year over the year before, including kidnappings in which families were told to wire money to people in Los Angeles, Loosle said. With a population of nearly 7 million, El Salvador has been experiencing about 10 homicides a day, with 60% to 70% of them gang-related, he said.

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Suspected Cartel Boss Hires McAllen Lawyer For Defense Team (MCAMON)

By Andres R. Martinez, Monitor Staff Writer

McAllen (TX) Monitor, January 27, 2007

McALLEN — Suspected Gulf Cartel leader Osiel Cardenas-Guillen has hired prominent McAllen lawyer Roberto Yzaguirre as part of his defense team in a federal drug case that prompted Cardenas' extradition from Mexico a week ago.

Cardenas-Guillen, who faces a 17-count indictment out of Brownsville, was flown to the United States on Jan. 19 with 14 other fugitives.

He appeared in court once this week, but the judge closed the proceedings to the public. His arraignment is set for Feb. 1 in Houston. It's unclear whether the trial will be in Brownsville or Houston.

Yzaguirre defended the Matamoros-based Gulf Cartel's former head, Juan Garcia Abrego, in another federal drug case in 1996. Unlike Cardenas, who was first tried in Mexico before being extradited, Mexican authorities whisked Garcia out of the country without a trial the day after he was arrested.

U.S. Justice Department officials told reporters Monday that Cardenas-Guillen was responsible for smuggling 4 to 6 tons of cocaine a month into the United States from 1999 to 2003. They also claimed he is responsible for a majority of the violence associated with drug cartels during the last few years, including the attempted murder of FBI and Drug Enforcement Administration agents in Matamoros.

Cardenas-Guillen had been running the cartel from his prison cell in Mexico since 2003, according to Mexican authorities.

Yzaguirre was also the lawyer for Guillermo Gonzalez Calderoni, Mexico's former drug czar. Calderoni led Mexico's effort against drug cartels in the early 1990s, but later fled the country after rumors spread that he protected some cartels.

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Calderoni lived in McAllen for about a decade. Yzaguirre successfully represented him when Mexico twice tried to have him brought back to Mexico to face charges. The former Mexican official was gunned down leaving Yzaguirre's office Feb. 5, 2003.

Yzaguirre referred all questions about Cardenas-Guillen to the U.S. Attorney's Office in Houston.

Andres R. Martinez covers courts and general assignments for The Monitor. He can be reached at (956) 683-4434.

Video Recovered In US Marshals Shooting (WUSA)

By Dave Statter

WUSA-TV, CBS 9, Washington, DC, January 27, 2007

The shooting of a 16 year old by US Marshals is caught on camera. An attorney for the teen wounded on January 3 on 4th Street Southeast, says he recovered video from 4 different cameras.

David Shurtz says the images paint a different picture than the story given by a US Marshals Service spokesman.

On the day of the shooting the spokesman said deputy marshals working an eviction fired on a teenager who tried to run them over with a car. Shurtz says the video doesn't show any deputy marshal in danger of being hit by the vehicle. Shurtz and the teen's mother believe their is a cover-up by the Marshals Service.

Spokesman Dave Turner denies there is a cover up. Here is Turner's complete statement sent by email Thursday to 9NEWS NOW:

"The U.S. Marshals Service takes this shooting incident very seriously. We are processing the case according to our standard procedures, which call for the initial investigation to be conducted by the Metropolitan Police Department. That's underway right now, and we're cooperating with them to the fullest extent. There isn't 'a cover up' because we're responding appropriately to the investigation. After the completion of MPD's independent investigation, this agency will receive the matter for internal review to see if there were any violations of our own policies, or Justice Department's."

Ex-ATF Agent Cross-examined In City Suit (CHIT)

Chicago Tribune, January 27, 2007

CHICAGO -- Lawyers for the city of Chicago and former Police Officer Joseph Miedzianowski on Friday cross-examined a one-time ATF agent who contends she lost her job after confronting the officer about corruption.

Diane Klipfel and her husband are suing the city, alleging that Miedzianowski was protected and turned internal investigations against them after they tried to bring his activities to light in 1992.

Miedzianowski was arrested six years later and was convicted of running a Chicago-to-Miami drug ring.

The attorneys attempted to show that Klipfel had significant issues with her ATF employers that had nothing to do with a detail she worked with Miedzianowski. They went through Klipfel's history of filing complaints against her bosses and asked about some of the reasons she may have been dismissed from ATF.

A lawyer for the city, Sara Ellis, asked whether Klipfel took any of her complaints about Miedzianowski directly to Chicago police internal affairs. She said that she did not.

Ellis also asked whether any harm had come to her or her children; Klipfel testified this week that she was threatened.

"You're still alive, right?" Ellis asked.

"So far," Klipfel said.

Trial Of Accused Bomb Maker Ends In Hung Jury (MOBPR)

By Brendan Kirby, Staff Reporter

Mobile (AL) Press-Register, January 26, 2007

Jurors weighing criminal charges against accused bomb maker Gregory Wendell Nichols reported Thursday that they were hopelessly deadlocked, prompting the judge to declare a mistrial.

The charges remain pending, unless federal prosecutors in Mobile move to dismiss them. They said they will confer among themselves before deciding whether to try the case again.

Assistant U.S. Attorney Michael Anderson asked Senior U.S. Circuit Judge Emmett "Rip" Cox to set the case for March, which would give prosecutors an extra month to decide if they want to proceed. He stated in a written motion that a February setting would not give enough time to either side to coordinate with their expert witnesses from out of town. He also indicated that both sides would like to explore the possibility of a plea bargain.

Assistant Federal Defender Peter Madden said he does not know whether the U.S. attorney's office ultimately plans to take another shot at the 46-year-old car salesman from Flomaton.

"That's up to them. If they do, we expect Mr. Nichols will be acquitted," he said.

Acting on a tip, agents from the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5. Getting permission to search his pickup truck, they found five explosive devices and charged him with violations of federal firearms laws.

Nichols admitted that he made the devices from spent carbon dioxide cartridges from BB guns. He said he packed the cylindrical canisters, a couple of inches long, with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape, and attached a firecracker fuse.

Nichols told jurors that he made the devices -- which he referred to as firecrackers -- to drop into a river to watch the explosions. He said he and his fiancée did this with a batch of devices he had made in June and planned to do it again before ATF agents arrested him.

Aglice Messer, Nichols' mother, said she hopes prosecutors decide to drop the case. "I just feel like they're picking on the wrong person," she said. "He's ready to get it over with."

The trial featured dueling testimony from experts. James Jason Harrell, an explosive enforcement officer with the ATF in Atlanta, compared the modified carbon dioxide cartridges to hand grenades. He testified that in tests he conducted, the cartridges blasted apart, sending metal fragments in different directions.

The testimony was designed to help prosecutors meet their burden of proving that the device was a weapon with no other "legitimate social or commercial purpose."

Madden attacked Harrell's credibility, noting that he falsely claimed on a résumé to have a college degree. Harrell explained that he was set to graduate in December but had to push back the date until this coming March because his wife suffered a health problem.

John Nixon, a firearms, ballistics and explosives consultant who testified for the defense, told jurors the devices were "puny" compared with weapons used by the military. He acknowledged under cross-examination, however, that the device could cause injury and that fragments sprung from the explosion could travel at speeds comparable to a bullet from a .45-caliber gun.

Under cross-examination, Nichols denied assertions by the prosecution that he had threatened his fiancée and her family with the bombs. Assistant U.S. Attorney George May suggested that the woman had not been seen from since the day ATF agents arrested Nichols.

But prosecutors never offered any evidence to back up those suggestions, and Madden said in an interview Thursday that they were baseless. He said prosecutors did not subpoena the woman.

"As far as I know, she's still living in Flomaton," he said.

IMMIGRATION:

Unions Split On Immigrant Workers (WP)

By Krissah Williams

The Washington Post, January 27, 2007

Union leaders are fundamentally divided over how to best tackle immigration reform as they wrestle with how to convert illegal immigrants from job threats to dues-paying members. The split reflects long-standing questions over the place of undocumented immigrants in the labor movement.

One side supports a guest-worker program, which could permit hundreds of thousands of immigrants to enter the country annually depending on the needs of U.S. businesses. The other side says such programs encourage employers to pay less, exploit immigrant workers and drive down working conditions for everyone.

The Service Employees International Union, with many immigrants among its 1.8 million members, backs the guest-worker idea, leading it to an unusual labor-business alliance with the U.S. Chamber of Commerce.

The AFL-CIO, a federation of 54 unions, calls guest-worker programs exploitative and wants immigrants who enter the country to do so as permanent residents, not temporary workers.

Eliseo Medina, executive vice president of SEIU, which broke from the AFL-CIO in 2005 over strategic differences, said his union recognizes "the reality of the marketplace and the economy." A guest-worker program could give immigrant workers the right to unionize and eventually petition for citizenship, he said.

Immigration reform, which congressional leaders and President Bush have called a priority, has wide implications throughout the U.S. labor movement. Last year, the Senate proposed a guest-worker program that would have made immigrants temporary residents and employers responsible for requesting their green cards.

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Unions universally opposed that proposal and are trying to shape a plan to their liking, but their divided voices could dilute their message.

Immigrants are the fastest-growing sector of the U.S. workforce and organizing them has been a priority for unions as they shift from a message of "protect American jobs."

"It's a sea change from the early 1990s when immigrant labor was viewed by many as the enemy of organized labor," said Harley Shaiken, director of the Center for Latin American Studies at the University of California at Berkeley. "Now labor recognizes the reality of 12 million undocumented people in this country and the complexity of how to regularize that."

When thousands of immigrants marched on the National Mall last year, many of the organizers were union leaders. The spokesman for the Washington region's immigrant coalition was also the leader of a SEIU local. AFL-CIO leaders also stood with immigrant activists at marches, and last year they formed an alliance with a national group of day-laborer centers.

For some, guest-worker programs awaken memories of the government-sanctioned -- and flawed -- Bracero Program that operated from 1942 to 1964. It locked immigrants, mostly Mexican men, into English-language contracts that they could not understand and made them beholden to farm bosses. At the end of their contracts, under which they picked sugar beets, cotton and other crops for long hours and low pay, the immigrants were deported.

Ana AvendaÃ±o, the AFL-CIO's associate general counsel, called today's guest-worker programs, which tie immigrant workers' visas to their U.S. employers, "modern-day Bracero Programs."

"The bells and whistles they are currently adding to the temporary workers programs are bound to fail, they have been proven to fail," she said.

Medina said the SEIU advocates a guest-worker program with visas that would let workers change jobs, join unions and petition for permanent residency.

"Workers that come here would have full protections of our labor rights, including the right to organize, and they would have an independent method of enforcing those rights," Medina said.

SEIU's support of a revamped guest-worker program reflects a desire to create politically tenable immigration reform. Bush has said that his support of immigration reform hangs on the inclusion of a temporary-worker provision.

"Immigrants really want something. There's such desperation for some resolution of this mess," said Ruth Milkman, a professor of industrial sociology at the University of California at Los Angeles.

But SEIU's temporary-worker proposal is nothing like the president's plan to connect "willing employers with willing workers" or the guest-worker provisions floated in Congress, which would not give workers the right to independently petition for permanent residency.

Finding middle ground could be tough. Broad support is needed to change immigration laws, said proponents of increased immigration, who have been pushing to rewrite the laws for years.

"As the process goes along, I think there's a framework for the labor movement to come together," Medina said. "It won't be an easy process, but it can happen."

CONGRESS-ADMINISTRATION:

Bush Focuses On Iraq At GOP Retreat (RC)

By Susan Davis

RollCall.com, January 26, 2007

President Bush spent nearly two hours at the House Republican retreat today in further efforts to build support for his Iraq War strategy and to allay concerns that Congressional Republicans could be sidelined in the legislative process under Democratic control.

“I appreciate your understanding that we’re still a nation at war,” Bush told the nearly 160 Members in attendance. “You know, when I talked to the country the other night, I wish I could have reported differently, but it’s not the truth and it’s not the reality. There’s an enemy out there that would still like to strike us. And as I said, and I know most of you believe, the best way to defend this country is to stay on the offense and bring the enemy to justice before they hurt us again.”

While Bush’s opening remarks received lukewarm applause — they largely mirrored his State of the Union address on Tuesday — House Chief Deputy Minority Whip Eric Cantor (R-Va.) said Bush received “several” standing ovations in the closed-door question-and-answer session afterward.

“It did a lot of good to have the president here, and to have Members hear him, and be able to confront him if they had a question about policy, and to hear him and his conviction to continue to win and do all we can to succeed in Iraq,” Cantor said.

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The House and Senate are on track to vote on a resolution soon that is expected to be a referendum on Bush's war plan. Democratic leaders have said they expect significant bipartisan support opposing the president's strategy.

However, Cantor said recent Whip meetings have shown encouraging signs that the GOP may be more unified than Democrats anticipate.

"I've gotten a lot of positive reception," Cantor said. "I think, again, this was an opportunity for Members to get together and to understand that we are a party of principle and to stand up and do all we can to back the commander in chief and succeed and win in Iraq."

Approximately 15 Members questioned the president on Iraq and a range of policy matters, including health care and immigration.

"This was a full discussion," said House Republican Conference Chairman Adam Putnam (Fla.), who said the president helped assure Republicans they will not be cut out of the process in the 110th Congress.

"He's no triangulator," Putnam said.

Putnam added that while Bush strongly advocated his policy in Iraq, he did not expressly ask House Members for anything in return. "He didn't say 'Please support me.' He said, 'Here's what happens if this doesn't work,'" Putnam said.

Sources in the room said one of the standing ovations was prompted by Rep. Mike Ferguson (R-N.J.), who told Bush that House Members were equally committed to success in Iraq.

As for the Iraq resolution, House Minority Leader John Boehner (R-Ohio) reiterated Thursday that the leadership would not put pressure on its Members as to how to vote on the floor. "This is a war," Boehner said. "As a leadership team you can't make this a party unity vote."

At Lawmakers' Retreat, Pep Talks Address Concerns Of The New G.O.P. Minority (NYT)

By Carl Hulse

The New York Times, January 27, 2007

CAMBRIDGE, Md., Jan. 26 — President Bush tried to rally House Republicans on Friday as the lawmakers hunkered down on the Eastern Shore and struggled to come to grips with their new minority status and the challenge of the continuing war in Iraq.

Gathered to plot how to make their stay in the minority as brief as possible, 160 House Republicans were exhorted by Mr. Bush to work with him on education, health care, immigration and retirement issues and to give his troop buildup in Iraq a chance to work.

"I fully understand there are differences of opinion, but one of the things I have discovered is in Washington, D.C., most people understand the consequences of failure," Mr. Bush said. "And if failure is not an option, then it's up to the president to come up with a plan that is more likely to succeed."

After his public comments, Mr. Bush took more than a dozen questions from lawmakers in a closed session. Republican leaders said Mr. Bush offered a detailed explanation of his Iraq strategy and made it clear that he understood the political pressure the war was putting on lawmakers back home. They said the president's determination bolstered the Republican rank and file, which will face a fight over a Democratic resolution opposing the president's new strategy.

Representative Adam Putnam of Florida, chairman of the House Republican Conference, said Mr. Bush told lawmakers that "because I sleep in the White House, don't think I don't know what is going on out there." Mr. Putnam said that that "reminds people that he really does get it and understands what ordinary members are going through."

"And he said: 'Know this,' " Mr. Putnam said. " 'There is a commander in chief and I ran for this office and that is the expectation of this office and the responsibility of this office.' " The comments came on a day the administration stepped up its campaign against Congressional opposition to the troop increase.

Though House Republicans have been among the president's most reliable supporters, there is deep skepticism among even these loyalists about whether his new Iraq plan will work. The skepticism is coupled with political unease about what may happen if the plan does not — particularly after election losses influenced by public frustration with the war.

Mr. Bush sought to allay those concerns and made a veiled reference to calls by some Democrats to block spending on the added troops, noting that he had met earlier in the day with Lt. Gen. David H. Petraeus after the Senate confirmed the general as the new commander in Iraq.

"It reminded me as the president I must make sure he has everything he needs, that he thinks he needs to succeed in the mission that we have sent him on," Mr. Bush said. "And I look forward to working with you to make sure that our generals and our troops that we put into harm's way have the support of the United States Congress."

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In his public comments, Mr. Bush made no mention of the recent election's outcome for his party, though he seemed pleased to see no sign of the Democrats.

"I'm glad to be among friends," said Mr. Bush, who is scheduled to visit a Democratic retreat next week.

The majority of House Republicans attending the two-day retreat at a resort in this historic waterfront community have never served in the minority, having joined the House after the Republican takeover in 1994.

Trying to inspire the House members, the party leadership brought in Newt Gingrich, the former speaker and the architect of the 1994 victory, who urged them to think big. They examined where they lost direction in the months leading up to the midterm elections and what they could do to recover. Lou Holtz, the former football coach who led Notre Dame to a national championship in 1988, delivered what was described as a rousing motivational speech.

Many House Republican lawmakers and senior aides acknowledged that the sudden loss of the majority had been a shock and that they were having difficulty adjusting. People who once ruled the House find themselves with much less to do and much less power with which to do it. The Republicans also believe they have been badly mistreated by the new Democratic majority in the opening days of the 110th Congress, as Democrats who promised a more inclusive House rammed through their priority legislation with little consideration for Republican views.

But the new minority has won little sympathy, given that the Democrats complained bitterly that Republicans ran roughshod over them in the 12-year Republican reign, subjecting Democrats to some of the same treatment.

Republican officials said the question-and-answer session with the president covered a variety of issues and touched on one lawmaker's flood control project. The president was applauded for his new health care push, and lawmakers said he gave no ground on immigration — a subject on which he and House Republicans have diverged. Republicans compared the session to a frank family discussion.

"I felt it did a lot of good to have the president here," said Representative Eric Cantor of Virginia, the chief deputy whip.

Bush Rallies GOP On Iraq Plan (WT)

By Christina Bellantoni

The Washington Times, January 27, 2007

CAMBRIDGE, Md. -- President Bush yesterday rallied House Republicans gathered for their annual retreat, saying the party can unite around his domestic agenda but acknowledging his ideas are overshadowed by fractured positions on the Iraq war.

Republican leaders said Mr. Bush explained the importance of success in Iraq without explicitly asking them to support his plan to send 21,500 more troops there.

"It did a lot of good to have the president here [and] have our members ... be able to confront him if they had a question about the policy and to hear him and his conviction to continue to win and do all we can to succeed in Iraq," said Rep. Eric Cantor of Virginia, the deputy Republican whip.

"The president said these are tough times, war is never easy," Mr. Cantor said. "Unlike what the other side is going to present on the floor, we're going to do what's right. We're going to stand by our troops."

Democrats who control Congress are planning a vote next week on a nonbinding resolution opposing the president's plan.

Mr. Bush's public remarks on Iraq yesterday were largely repeated from his State of the Union address on Tuesday, but he stayed for a private session with the 160 members attending the retreat. Leaders later described the one-hour talk as a "frank," "unabashed," "good family discussion."

Republican Conference Chairman Rep. Adam H. Putnam of Florida said Mr. Bush's talk was filled with his trademark decisiveness: "He's no triangulator."

Mr. Bush took questions from more than a dozen members about domestic issues and his Iraq plan, which several Republican senators have openly criticized.

"He didn't say, 'Please support me.' He said here's what happens if this doesn't work,' " Mr. Putnam said.

Minority Leader John A. Boehner of Ohio on Thursday identified Iraq as "first and foremost" why Republicans lost their congressional majority in November's midterm elections.

Mr. Bush told members he understands the war poses a political difficulty for them.

"That reminds people he really does get it," Mr. Putnam said.

According to a source in the room during the private discussions, Rep. Mike Ferguson of New Jersey told Mr. Bush: "We want you to succeed in Iraq," prompting members to applaud wildly.

During his public remarks, Mr. Bush said he thinks the war in Iraq is key to the war on terrorism.

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"I fully understand there are differences of opinion, but one of the things I have discovered is in Washington, D.C., most people understand the consequences of failure," Mr. Bush said. "The plan I outlined to the American people is one that I believe can succeed."

Mr. Boehner said most members support a Republican resolution calling for the creation of a bipartisan panel to oversee the implementation of the troop surge and setting benchmarks for the plan's progress.

Speaker Nancy Pelosi, California Democrat, has dismissed the idea. Republican leaders said they will not try to force a party-line vote on the Democratic war resolution because "this is war [and] you can't try to make this some party loyalty vote."

But Mr. Cantor said yesterday he asked members at the retreat: "Does anybody feel the need to or are compelled to have to vote for Mrs. Pelosi's resolution or can you stand up and support our troops?"

Washington Bush Going Into The Lion's Den In Test Of Brittle Bipartisanship (WSJ)

By Gerald F. Seib

The Wall Street Journal, January 27, 2007

President Bush travels to Williamsburg, Va., next Saturday to meet with the entire House Democratic delegation. It will be a real "Kumbaya" moment for the nation's leaders, a sign of a new spirit of bipartisanship in Washington.

Well, maybe. To some extent. While it lasts.

Those caveats reflect the uncertain nature of bipartisan cooperation in Washington right now, almost four weeks into power-sharing between a Republican president and a Democratic Congress. The rhetoric of bipartisanship, at least, remains alive, and in that spirit Mr. Bush accepted an offer to meet behind closed doors with the House's Democrats, who will be on their own previously scheduled retreat.

The president's appearance was the brainchild of Rep. Rahm Emanuel, the chairman of the Democratic Caucus. He describes it as "a chance for him to speak to Democrats directly, confidentially, in a personal way." Similarly, a senior White House aide characterizes the appearance as a way to open some lines of communication, which in turn might help build some trust.

As a former senior adviser in the Clinton White House, Rep. Emanuel knew that the idea made sense for both sides -- and that the president could hardly say no. For Democrats, the invitation is an important way to make good, at least in a symbolic way, on pledges they made to voters to try to work across the aisle. For Mr. Bush, refusing to walk into the Democratic lion's den would make him appear to be the one standing in the way of cooperation.

Moreover, a meaningful private conversation might be a way to help both sides figure out how much common ground there really is. Right now it's hard to tell. Democrats in the 435-seat House, for example, have been getting some Republican votes for their legislative initiatives, but not overwhelming numbers: 82 to raise the minimum wage and 37 to expand embryonic stem cell research, but only eight to set up a panel to oversee intelligence spending.

Other, quieter steps are happening. Rep. Emanuel, for instance recently hosted a dinner with 10 moderate Republicans, and may have other such small sessions.

But it's increasingly obvious there simply won't be any bipartisan understanding on the biggest issue of the year, Iraq. And, whatever its extent, the bipartisan impulse has a life span that runs, at best, until this summer's August recess. After that, nearly everything will be tinged by the 2008 presidential campaign. That leaves limited time, and a limited set of issues, energy and immigration the most interesting among them, for which something bipartisan can actually happen.

It's worth remembering that Mr. Bush has been here before. When he became governor of Texas, Democrats controlled both houses of the state legislature. Mr. Bush developed a reputation for working the Democratic side pretty well, and he got meaningful results to show for it. That's why talking directly to Democrats, while at least a few people are still humming "Kumbaya," makes sense for both sides.

Health Plan's Impact Debated (WP)

By Christopher Lee

The Washington Post, January 27, 2007

President Bush likes to say that his health-care proposal would "level the playing field" between people who get health coverage through their job and those who buy it on their own.

But experts said yesterday that it would tilt that field toward a kind of health insurance that Bush has long favored -- a high-deductible plan paired with a special tax-exempt health savings account, or HSA.

"I think it would be a big push for HSAs," said Mark B. McClellan, a health economist and former top health-policy adviser to Bush.

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While McClellan thinks that would be a good thing, other experts said it would benefit the wealthy and undercut Bush's goal of bringing fairness to the private health insurance system.

In contrast with traditional health plans that typically charge $20 co-payments for visits to the doctor, high-deductible plans require consumers to pay hundreds or thousands of dollars out of pocket for medications, physicians' services and hospital care before most insurance coverage kicks in. The deductibles are steep, at least $2,200 for family coverage, compared with about $220 in a traditional plan. But the special savings accounts enable people to accumulate a tax-free pool of their own money to pay the deductibles and other uncovered health bills, rolling over any unused funds to the following year. And premiums for high-deductible plans tend to be lower.

The theory is that the plans, by making consumers feel the costs of their health care, give them an incentive to shop for the best prices for health services and to forgo procedures that they do not need. That is also one of the goals behind the proposal the president rolled out this week.

Bush's proposal seeks to eliminate the long-standing tax break for job-based medical insurance, requiring that a worker's taxable income include any money his employer contributes to help pay the premiums. A new tax deduction -- $15,000 a year for families and $7,500 for individuals -- would help people pay the premiums, either through their job or on their own. The plan faces opposition from Democrats in Congress.

The president contends that the current tax code favors employer-sponsored insurance and encourages covered workers to get more expensive plans, while his proposal would put all insurance buyers on an even tax footing and encourage them to shop for plans that cost less than $15,000.

Average annual premiums for employer-sponsored health insurance were $11,480 for family coverage and $4,242 for individual coverage in 2006, according to the nonprofit Henry J. Kaiser Family Foundation.

Congress cleared a legal path for high-deductible plans to be paired with HSAs in 2003, and so far the new plans account for about 3 percent of the insurance market, according to a study by economists at the Rand Corp. But because they tend to have lower premiums and to allow consumers to accumulate money tax-free, more people would sign up for them as a cost-containment strategy if Bush's proposal were enacted, experts said. The plans would also benefit from shifts from employer-sponsored insurance to the private market, where high-deductible plans are more common.

"It would reinforce HSAs," said McClellan, formerly chief of Medicare. "That's what a lot of people who don't get insurance through their jobs are buying now."

The White House says the proposal would motivate people to seek only the amount of insurance that they really need, helping to control spiraling health-care costs.

"HSAs are a great step in this direction, and this is an even bigger step towards leveling the playing field and removing some of the weird disincentives to getting basic insurance and paying for routine care out of pocket," said Katherine Baicker, a member of the president's Council of Economic Advisers.

Len Burman, director of the nonpartisan Tax Policy Center, said that, in leveling the field, the White House should also seek to scrap the HSA tax break, whose purpose is to counter the tax code's current bias toward comprehensive and expensive employer-provided coverage. Under Bush's plan, it would be the only extra tax break for health insurance -- one that would most benefit wealthy people, who can best afford the financial risk of a high-deductible plan and to sock away a lot of money in an HSA.

"It's a really generous tax break," said Burman, whose center is a joint project of the Urban Institute and the Brookings Institution. "If the goal is to try to get people to spend less on health care, why subsidize high-deductible health plans over aggressively managed care? People who believe that the market is the solution ought not to be prescribing one particular approach. Just create the right incentives for people to economize . . . and let them pick the option that works best."

Burman said eliminating the HSA tax break would bring in billions of dollars that Bush could put toward the other initiative he proposed this week -- giving states special grants to fund innovative ways of covering the nation's 47 million uninsured.

"This is not just free money just sitting there," he said. "There really is a big opportunity cost."

High Schools Eyed In No Child Left Behind Renewal (WT)

By Amy Fagan

The Washington Times, January 27, 2007

Educators, lawmakers and the White House are indicating that high school reform should be included in this year's renewal of the No Child Left Behind law, and the discussion about what it will include is already under way.

"If we're going to do significant high school reform, this is the vehicle, this is the year," Bob Wise, president of the Alliance for Excellent Education (AEE), told educators gathered on Capitol Hill yesterday.

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The administration -- to the chagrin of some conservatives worried about ballooning the law -- included several new high school requirements in its NCLB proposal, such as mandatory dropout-data collection, additional testing standards and more funding for low-income schools.

"I think something can and will happen this year on high school reform," Education Secretary Margaret Spellings said recently.

Yesterday's conference, hosted by AEE, brought together research analysts to discuss how the government can best help improve the nation's high schools and better prepare students for college and the work force.

James Kemple, director of K-12 education policy at MDRC, a nonpartisan social policy research group, said there are common themes in successful high school reform models, including small classes or schools, double doses of basic literacy and math classes, well-designed curriculums and teacher coaching, and a focus on career mentorships and "real-world" interaction.

"Most high schools have limited connection to the adult world," he said, arguing that work-based learning and employers in the classroom improve student learning.

The administration's proposal would require states to develop college-prep English and math standards for high schools and administer tests based on those standards by 2012-2013. Its goal is to coordinate between high school and college courses to build common expectations for students and better prepare them for college and the workplace.

Democrats who control the education committees already have indicated an openness to tackling high school reform. Whether they will remains to be seen, and details will emerge as lawmakers from both sides of the aisle -- including Senate education panel Chairman Edward M. Kennedy of Massachusetts -- outline their suggestions for renewing the NCLB law at the National School Boards Association's annual conference Monday.

The five-year-old law requires states to test third- to eighth-graders annually and once in grades 10 to 12, with the goal of ensuring that all students can read and do math at grade level by 2014. States had to set paths to meet that goal and track the progress of their schools. Consistently failing schools must offer students public school choice and tutoring services.

Education experts say more data is needed to quantify the needs of high school students, especially dropout numbers. Mrs. Spellings said authorities have "virtually no information" about America's high schools.

According to numbers compiled by AEE, about 1.2 million students each year don't graduate from high school with their peers, and those from low-income families are six times as likely to fall into that category. If the 2006 dropouts had graduated, America would benefit from an additional $309 billion in income and purchasing power over their lifetimes, according to AEE.

"We realize that if we can't change the trend of dropouts in this country, we'll have a serious, serious problem," Sen. Richard M. Burr, North Carolina Republican, told yesterday's gathering.

Sen. Jeff Bingaman, New Mexico Democrat, agreed that there is a growing appetite for acting on high school reform this year -- a topic that "hasn't received the attention" it deserves.

Mr. Kemple said the following innovative high school models studied by the MDRC provide a starting point for reform discussions:

•First Things First greatly improved the academic outcomes of middle and high school students in Kansas City, Kan., by setting up small learning communities, pairing students with a staff member and forcing rigorous course work.

•A study of Career Academies -- small high schools set up around a common career theme -- found that over a four-year followup, young male Academy graduates, especially those who were at risk, earned over $10,000 more than counterparts who didn't attend the academies.

•The Talent Development High School model -- often used in low-performing city schools as a way to focus on college entrance and employment -- produced substantial gains in attendance, academic course credits earned and promotion to the next grade, according to a MDRC study of 20 groups of ninth-graders.

The administration's proposal for renewing NCLB also calls for extending to the high school level the federal funding stream known as Title 1, which now primarily goes to low-income elementary schools.

Coast Guard Cited In Report On Flawed Ship (WP)

By Renae Merle, Spencer Hsu

The Washington Post, January 27, 2007

The Coast Guard's newest cutter, the flagship of a $24 billion plan to modernize the nation's coastal fleet, suffers from significant design flaws, and the service has failed to properly supervise the contractors doing the work, government inspectors have found.

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The 418-foot National Security Cutter is the largest ship the Coast Guard has ever commissioned, but as designed would be limited in its ability to venture far from U.S. shores in search of drug smugglers and terrorists, according to a report scheduled to be released Monday.

Technical experts said the design of the vessel was likely to result in "fatigue cracks" that would sharply increase maintenance costs and shorten the ship's useful life. The report also said the Coast Guard appeared ill-equipped to supervise the project's contracting team, Lockheed Martin and Northrop Grumman, which had been given wide latitude in running the program.

The agency lacks the "appropriate workforce, business processes, and management controls for executing a major acquisition program" like this one, the report by the Department of Homeland Security's inspector general says. "The Coast Guard is still trying to come from behind and create the organization needed to manage the program."

The Coast Guard and its contractors hindered the audit of the program, known as Deepwater, after ignoring years of warnings from technical experts about the ships' designs, the report says.

A representative for the Coast Guard did not return a call for comment yesterday. But in a response included in the report, the service challenged the inspector general's conclusions, saying the findings do not represent the "most current, comprehensive, or technically accurate data."

"The Coast Guard opinion is that decisions regarding structures and production have been well-considered and were prudent and correct," the response says.

The inspector general's report is the latest indictment of Deepwater, which aims to modernize the Coast Guard's aging fleet of ships, planes and helicopters over the next 25 years. In December, the Coast Guard sidelined eight Miami-based 123-foot cutters produced under the program after finding that they were not seaworthy.

The report has been circulated in the Department of Homeland Security and in Congress. A source provided it on the condition of anonymity because the document is not yet authorized for release.

New House Appropriations Chairman David R. Obey (D-Wis.) has discussed exerting more control over Deepwater projects, and a Transportation and Infrastructure subcommittee chaired by Rep. Elijah E. Cummings (D-Md.) will hold an oversight hearing into Deepwater on Tuesday.

Cummings called the report "one of the most troubling reports I've read in my 11 years in Congress," adding that indications that the Coast Guard impeded auditors demanded a "thorough assessment."

House Homeland Security Committee Chairman Bennie Thompson (D-Miss.) called the report "a stunning indictment" of Coast Guard management.

"This Congress is not a ship of fools," Thompson said, promising unspecified oversight. "We will not tolerate the spending of $775 million of the taxpayer's money on a boat that will not perform its intended function, will have a shortened service life and will cost another fortune to maintain."

The inspector general's report is the latest in a series of audits that have faulted the Department of Homeland Security for its failure to manage contracts for its most complex and demanding missions. Deepwater was the largest project on a list of 32 Homeland Security contracts worth $34 billion cited in July by the House Government Reform Committee as marred by "significant overcharges, wasteful spending, or mismanagement." Other projects singled out included the hiring of airport screeners and deploying baggage inspection equipment, as well as programs involving nuclear detection equipment, border sensors and emergency housing after Hurricane Katrina.

The Coast Guard cutter report laid much of the blame on the Coast Guard's relationship with its contracting team.

The ship's "design and performance deficiencies are fundamentally the result of the Coast Guard's failure to exercise technical oversight over the design and construction of its Deepwater assets," the report said. The Coast Guard plans to build eight new cutters. The first was christened in November and will be delivered to the service in August. The second is slated for delivery in October 2008.

The combined cost of the first two ships has already increased from $517 million to about $775 million. That does not include the cost of addressing the design flaws or another $302 million for "re-pricing of all work associated with the production and deployment" of the first two ships, the report said.

Put another way, the cost of the first two ships will roughly double while their expected service life will likely be cut by 20 percent.

That's because shortly after the contract was awarded in 2002, Coast Guard technical experts began to warn about design flaws. The "fatigue service lives" of several critical elements are expected to be less than three years. In 2004, an assistant commandant wrote a memo expressing concern about the structural design, noting that "several of these problems compromise the safety and viability of the hull."

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The Coast Guard eventually decided to make upgrades to the two current ships so they could operate at least 170 to 180 days a year at sea, the report says. The original contract calls for the ships to be able to operate 230 days a year.

The Coast Guard "has chosen to reinterpret the Deepwater contract rather than hold the contractor accountable" for the higher standard, the report says. The change allows the service to "downplay" the seriousness of the deficiencies and "minimize" the scope of improvements required.

In its response, the Coast Guard said it had "not lowered performance standards." The ship's structure "does not pose an immediate concern; rather, it presents a risk that it may need some structural repairs during its service life," the response said.

The inspector general also faulted the Coast Guard and contractors for imposing restrictions on interviews with employees and "hindering" the audit. The contractors, for example, wanted lawyers present during interviews with their employees. The meetings never took place.

The Coast Guard initially required that contact with the auditors be reported, that interviewees submit documents to the service before turning them over to auditors, and that an agency official be present during any interviews. The inspector general suspended fieldwork for five weeks in 2005 because of the agency's demands.

The Coast Guard's lawyers found some of the restrictions violated employees' rights. Auditors eventually interviewed some agency officials, but continued to have problems obtaining documents, according to the inspector general. In December 2005, auditors requested a copy of a briefing detailing the results of a structural analysis. The Coast Guard submitted the document, but omitted several pages of technical information, including notations "in large red lettering" stating that the ships would not meet their 30-year service life requirement, the report said.

In a response to the report, the Coast Guard said it did not prevent employees from meeting with the audit team and that Homeland Security officials are developing department-wide guidance for working with the inspector general in the future. A spokeswoman for the Lockheed-Northrop contracting team said the team companies concurred with the Coast Guard's response.

"There are no flaws with the design," spokeswoman Margaret Mitchell-Jones said.

She said the Coast Guard is the "technical authority for the National Security Cutter" and if the report claims otherwise, "then the report is flawed."

Navy Searches For 3 From Copter Crash (AP)

By Allison Hoffman,

AP, January 27, 2007

Navy vessels about 50 miles off the California coast searched Saturday for three crew members of a Navy helicopter that crashed during a training operation.

The Friday crash killed one crew member and left the remaining three missing as darkness fell over the Pacific.

The sailor died after being pulled alive from the water, said Navy spokesman Cmdr. Jack Hanzlik.

"It's a sad time whenever we lose shipmates like this, so our hearts and prayers go out to the families," Hanzlik said.

The helicopter, based at Naval Air Station North Island in Coronado, was on a training mission when it crashed at about 5:30 p.m. EST. The MH-60S, commonly known as a Seahawk, was on a mission off the USS Bonhomme Richard, near San Clemente Island, directly west of the Camp Pendleton Marine base.

Hanzlik said the helicopter crew put out a mayday call before the crash. Navy sailors and Marines who were training with them aboard ship arrived at the crash site in inflatable boats within minutes.

The sailor pulled alive from the water died aboard the Bonhomme Richard while receiving medical attention, the Navy said.

His name was being withheld pending family notification. The names and rank of the others aboard also had not been released.

It was not clear whether mechanical malfunction or pilot error might have contributed to the crash, the Navy said. An investigation was under way.

Hanzlik said he did not know what type of maneuver the helicopter was performing when it crashed.

The USS Bonhomme Richard is an amphibious assault craft that took Marines to Indonesia after the 2004 tsunami.

The ship was training with two other Navy ships, the destroyer USS Chung-Hoon and the cruiser USS Chosin. Both of those ships were also participating in the rescue mission, Hanzlik said.

Two additional vessels, the destroyer USS Milius and the amphibious craft USS Rushmore, were deployed to assist with the search.

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The MH-60 Sierra is a twin-turbine craft based on the UH-60L Black Hawk and the Navy's SH-60B Seahawk, according to the manufacturer, United Technologies Corp.'s Sikorsky Aircraft. It is designed to operate off aircraft carriers, cruisers, destroyers and frigates, ranging up to 100 nautical miles from the ship.

Watch What They Do (WSJ)

The Wall Street Journal, January 27, 2007

The next time Senate Democrats preach spending restraint, readers may want to recall this week's vote on the line-item veto. The new majority had a perfect opportunity to add a new check on spending earmarks but quickly passed it by.

New Hampshire Republican Judd Gregg needed 60 votes to end debate on his amendment to give the President Bush "rescission" authority. That tool would have allowed Mr. Bush and his successors to single out and send back to Congress earmarks and other wasteful projects in spending bills. Congress would have then been required to vote quickly, up or down, on the spending cuts. Mr. Gregg's bill was nearly identical to 1995 legislation that was supported by 20 Democrats who are still in the Senate.

Yet Mr. Gregg won only 49 votes, and among Democrats only Indiana's Evan Bayh and Connecticut's Joseph Lieberman voted in favor of the spending restraint they've preached. Among Republicans, only Alabama's Richard Shelby voted for his beloved pork-barrel power. At Tuesday night's State of the Union address, the Members applauded for the cameras when Mr. Bush spoke of controlling earmarks. A day later the Senators showed what they really care about.

Countdown To The Census (NYT)

The New York Times, January 27, 2007

The accuracy of the census is determined in the planning stages, and planning for the 2010 count is already imperiled. The dangers fall into two categories: money (too little) and politics (too much). The new Congress will have to manage both vigilantly.

An underfinanced census would be an inaccurate census. Easy-to-count suburbanites — who tilt Republican — would almost certainly be overrepresented, while urban dwellers — who lean Democratic — would get short shrift because of the difficulty in counting mobile and diverse populations. To prevent that, lawmakers must begin by reinstating the roughly $50 million that was cut from the current census budget by the previous Congress.

The new Congress must also ensure that the next budget includes adequate funds for projects that made the 2000 census a success. Among them are strong partnerships with state and local governments, as well as with churches and businesses, to promote the census, and a multimillion-dollar down payment on the census advertising budget. Because they will not bear fruit until the census is under way, those projects may seem easy to sacrifice in favor of more immediate demands. But any budget shortfalls cannot be made up later because the necessary lead time will have been squandered.

Lawmakers should also hold hearings to air the reasons behind the abrupt resignation last November of the director of the Census Bureau and the equally sudden departure of his deputy director. Both men were highly qualified statisticians and, by all accounts, committed to an unbiased and thorough census. They have acknowledged tensions with the Bush administration, but offered no details.

Whatever it finds, the inquiry should send a clear message that the White House must choose new census directors whose professional qualifications and impartiality are above reproach.

Slave Wages (WSJ)

By Malia Zimmerman

The Wall Street Journal, January 27, 2007

HONOLULU -- Nancy Pelosi led the effort in the U.S. House during her first week as speaker to increase the minimum wage to $7.25 per hour from $5.15. In the process she ensured that American Samoa, a U.S. territory, is exempt from the wage hike, but did not exempt the Marianas Islands. The distinction is not unimportant.

StarKist and Del Monte, two big fish- and tuna-canning companies with packing plants in American Samoa, are headquartered in California, the former in Ms. Pelosi's San Francisco district. These companies pay a federal minimum wage of $3.26 per hour, or what will be $4 per hour less than what Ms. Pelosi is requiring American businesses on American soil to pay workers. But American Samoa Delegate Eni Faleomavaega argued that raising the minimum wage "would devastate the local tuna industry." Could that not also be the case elsewhere in the country?

In any event, despite strident criticism of Ms. Pelosi for the exemption and her avowal "to make sure that all of the territories have to comply with U.S. law on the minimum wage," it still carried over into the final legislation.

But the exemption for American Samoa is more curious still. Even the U.S. Department of Labor has noted the government's corruption, citing several cases of waste and fraud. Hawaii U.S. Attorney Ed Kubo says there is a push for federal

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law enforcement to take a more active role on that Pacific island. And Hawaii's FBI plans to open an office there to keep a closer watch.

What is even more ironic about Ms. Pelosi's behavior is that the region she is attempting to exempt has historically treated its workers poorly, with many instances of human rights abuses, and paid them pittances, besides.

Look no further than the story of Kil Soo Lee. In 1998, the Korean national incorporated the Daewoosa garment factory with the help of Togiola Tulafono, then lieutenant governor. (Mr. Tulafono is now governor.) Mr. Lee kept roughly 300 women from Vietnam as slaves; he was convicted in 2003 on 14 counts, including extortion, money laundering, conspiring to violate the civil rights of others and holding workers to a condition of involuntary servitude. Federal prosecutors called the Daewoosa case the biggest "modern-day slavery" case in U.S. history. Mr. Lee had devastated hundreds of young girls' lives -- and he had done so with the help of prominent Samoan government officials.

I met Mr. Lee in January 2001, flying from Hawaii to American Samoa with a Vietnamese translator to help expose him, his "garment factory" and the government who embraced him. Dozens of young women in the factory told me they paid $5,000 upfront to their government to secure a three-year contract to sew designer clothes for $408 per month. They were promised spacious living quarters with a swimming pool, nutritious meals three times daily and substantial wages. When they arrived, the accommodations crammed 36 people to a poorly ventilated, humid hallway, lined by tiny bunk beds with half-inch mattresses. Bath facilities offered no privacy and broken toilets; the swimming pool was filled with garbage and putrid green slime.

But poor living conditions wasn't all. They were fed a rice and cabbage gruel. They were slapped and pinched by guards for minor offenses such as missing a curfew or working too slowly. Female workers were subject to the whims of Mr. Lee, some of them sexual. He forced them to clip and manicure his toenails, to watch them shower, and to "lay" beside them on their bunks. The workers often weren't paid sometimes for months, despite the National Labor Committee reporting Daewoosa's sales at $8 million in 1999. They could not leave the island, as Mr. Lee had seized their passports.

Mr. Lee received special treatment from the government, including tax exemptions and a waived bond requirement -- possibly because of his connection to then-Lt. Gov. Tulafono, who was hired to incorporate Daewoosa while Mr. Tulafono's wife served for two years on the company board. The Vietnamese workers told me that when police were called to investigate a beating, they walked away with clothes, not a report or an arrest.

Ngyen Thi Nga and Dung Thi Kim Vu sought help from attorneys Virginia Sudbury and Christa Tzu-hsiu Lin, who took their case in 2001 pro bono. Weeks later, both whistleblowers allegedly drowned in rough seas off Pago Pago, although their bodies were never found. As new witnesses stepped forward, Mr. Lee became more volatile. He deported, with the cooperation of the Vietnamese and Samoan governments, nine primary witnesses and demanded the arrest of four others. Tensions were high when Samoan guards attacked the Vietnamese workers on Nov. 28, 2000. Quyen Truong, 21, was severely beaten with a club, stabbed in the eye and blinded.

Associate Justice of the High Court of American Samoa Lyle Richmond presided over the five-week civil trial in 2001, which I attended. Mr. Richmond ordered Mr. Lee to refund back wages, but he did not.

After national media exposure, Mr. Lee was arrested by federal agents, deported from American Samoa to Hawaii on March 23, 2001, and held behind bars without bond. The indictment claimed Mr. Lee willfully held people in involuntary servitude from Feb. 9, 1999, to December 2000, and forced them to work without pay under threats of serious harm and physical restraint. In February 2003, after a four-month trial, Mr. Lee was found guilty.

Mr. Lee appealed. He argued that the United States did not have jurisdiction in American Samoa. The court disagreed and on Dec. 27, 2006, Mr. Lee lost his appeal.

Ms. Pelosi campaigned heavily for office and her leadership position on a promise of honest government. Her party supposedly advocates for the blue-collar workers. But is it honest to exempt American Samoa from the minimum wage requirement, especially with the documented human-rights abuses? Is it "advocating for the workers" to ensure that their pay is kept considerably lower than their counterparts in the U.S.?

In addition to House speaker, Ms. Pelosi can add "ethically challenged" to her resume.

Ms. Zimmerman is president of Hawaii Reporter, a Honolulu-based newspaper.

OTHER NEWS:

Durable Goods, Housing Deliver Signs Of Strength (WSJ)

By Michael Corkery, Mark Whitehouse

The Wall Street Journal, January 27, 2007

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The manufacturing and housing sectors exhibited some unexpected strength in December, although economists were cautious about both reports.

The Commerce Department reported that new orders for durable goods -- things like refrigerators and airplanes that are meant to last three years or more -- rose 3.1% in December from a month earlier. A surge in aircraft orders accounted for a large part of the gain, but orders for "core" capital goods excluding defense and aircraft were also up at a good clip. That category, which counts everything from telephones to machine tools and is viewed as a measure of business investment, rose 2.4% in December.

Nevertheless, some economists warned against reading too much into one month's data. Overall, manufacturing remains in a tough patch: In the fourth quarter, orders for core capital goods fell at an annualized rate of 6.1%, the largest drop in nearly three years. Also, other survey data on new orders have suggested the current quarter could be weak, said Joshua Shapiro, chief U.S. economist at consultancy MFR Inc.

"It was a very solid report, but it's kind of inconclusive about where we're headed," he said.

In a separate report, the Commerce Department said that new-home sales recovered in December, rising 4.8% from the previous month to a seasonally adjusted annual rate of 1.12 million units. But many economists cautioned that the monthly number may have been exaggerated. For one, unusually warm weather in December may have confounded seasonal adjustments meant to compensate for lower activity in winter.

The figures also do not take into account the high number of buyers canceling contracts on homes. In addition, say economists, the 1.5% drop in the median home price in December to $235,000 from a year ago may understate the actual size of the price decline because it does not factor in the generous incentives that builders are offering buyers to sell homes. Incentives can be indicative of further weakness in the market.

"We have yet to see any meaningful evidence of a sustainable recovery in the housing market," said Ian McCarthy, chief executive of Atlanta-based Beazer Homes USA, which reported a loss in its fiscal first quarter that ended Dec. 31.

For the full year, new-home sales fell 17.3% in 2006, the largest decline since 1990. Home builders sold roughly 1.1 million new homes last year. On Thursday, the National Association of Realtors said that sales of existing, or preowned, homes fell 8.4% to 6.48 million. Taken together, sales of new and existing homes totaled 7.54 million units last year, down 9.78% from about 8.36 million units in 2005.

The uncertain outlook for housing contrasts sharply with an overall economy that has recently exceeded forecasters' expectations. Positive data on consumer spending and job growth, reinforced by the upbeat report on capital-goods orders, have increased economists' confidence that the expansion will maintain momentum this year as drags from housing and manufacturing ease.

The interplay between housing and the economy also remains a key issue for Federal Reserve policy makers. They expect the housing slump to offset strength in other areas of the economy just enough to keep inflation on the cooling trend it has exhibited in recent months. That, in turn, would allow the Fed to hold short-term interest rates at their current level of 5.25%. As of Friday, futures markets put more than nine in ten odds on the Fed holding rates steady through at least July.

US Housing Shows Unexpected Strength (FT)

By Eoin Callan

Financial Times, January 27, 2007

The US economy showed signs of renewed strength on Friday as data revealed unexpected growth in the housing sector and orders for big-ticket manufactured goods rose.

Sales of newly built family homes rose 4.8 per cent last month to 1.1m for the year amid signs that housebuilders were beginning to clear excess inventory that has weighed down the construction sector.

The figures make it less likely that the Federal Reserve will consider cutting interest rates in the coming months. US stocks weakened in early trading while bonds fell and the dollar strengthened against the euro and yen.

The backlog of new homes standing empty fell to its lowest level since the start of last year – with enough supply to meet about 6 months worth of demand, the Commerce Department said.

The drop in excess inventory was seen by some economists as a sign the market had bottomed, while figures for the full year revealed the extent of the slowdown in 2006 as sales of new homes were 17 per cent lower than the previous year.

This sharp slowdown last year acted as a drag on the economy, prompting jobs cuts and reducing demand for construction machinery.

Caterpillar, the heavy-equipment maker, said on Friday it expected demand for domestic construction equipment to remain weak in the year ahead as it turned its attention to the oil and mining market.

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Meanwhile, manufacturers welcomed a government report showing orders for durable goods rose in December by the largest amount in three months, with a gain of 3.1 per cent.

Daniel Meckstroth, an economist at the Manufacturers Alliance, said the increase was “a positive sign that the manufacturing slump is a pause, not a recession, and is starting to turn around”.

The increase was driven by orders for commercial aircraft, but there was also an unexpectedly strong rise in demand for other durable goods as non-transportation orders rose 2.3 per cent.

Peter Kretzmer, an economist at Bank of America, said: “The rise in capital goods orders appears to signal improved prospects heading into 2007, following a pronounced flattening last quarter.”

New-Home Sales Up At End Of Down Year (WP)

By Daniela Deane

The Washington Post, January 27, 2007

The number of new homes sold in December rose more than expected, suggesting that the depressed market could be turning a corner, but sales for all of 2006 still took their biggest annual slide in 16 years, according to government figures released yesterday.

December sales rose 4.8 percent, the biggest monthly gain since April, to a seasonally adjusted annual pace of 1.12 million new homes sold, the Commerce Department said. For the full year, new-home sales fell 17.3 percent, the biggest decline since 1990, as the housing market suffered a sharp contraction after five years of blazing growth.

The new-home sales numbers came one day after other figures showed that sales of previously owned homes fell 0.8 percent in December after two months of modest gains, capping the steepest annual drop in that part of the real estate market since 1989. For the year, sales of existing homes fell 8.4 percent.

"We knew the year was going to be bad," said David Seiders, chief economist of the National Association of Home Builders. "There was no big surprise there. The real story is that toward the end of the year, sales did stabilize and even move up a bit."

The November and December sales figures were boosted by unusually warm weather, after inclement weather kept October numbers down, Seiders said.

New-home sales in December rose in three of four regions of the country, compared with November. Sales were up 27.3 percent in the Northeast, 26.6 percent in the Midwest and 0.3 percent in the Southeast, which includes the Washington region. Sales fell 4.4 percent in the West.

Nationally, the median price of a new home fell 1.5 percent in December, to $235,000 from $238,600 a year earlier. For the year, the median new-home price rose 1.8 percent, to $245,300 from $240,900.

The down year has translated to lower profits for home builders. To lure back buyers, builders cut prices somewhat, but also offered sweeteners that included free upgrades and finishes, help with closing costs and lower mortgage rates through their affiliates.

Sagging sales and a slew of contract cancellations also caused builders to cut back on construction. Builders delayed starting projects; walked away from land deals, leaving deposits on the table; renegotiated lesser deals with land sellers; and converted new home projects into rentals. These steps all helped to reduce inventory.

Thomas S. Bozzuto, chief executive of the Bozzuto Group, which builds condominiums, townhouses and single-family houses in the Washington-Baltimore region, said he believed the new-home market may have touched bottom and will gradually begin to recover, though not to previous sky-high levels.

"We're not going to see an instant turnaround or a quick recovery," Bozzuto said. "But I think it has bottomed out."

Bozzuto said traffic at local developments built by his firm has picked up since the beginning of the year after what he described as a "very bad" autumn and early winter.

He said that although buyer traffic had increased, it was nowhere near the boom levels of 2004 and 2005.

Bozzuto said his company responded to the market contraction by delaying some projects, turning two condominium developments to rentals and restructuring some land deals with sellers.

Sales Of New Homes Rise For 2nd Month (NYT/AP)

By The Associated Press

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 (AP) — New-home sales increased in December for a second consecutive month, raising hopes that the worst of the housing downturn is coming to an end.

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The Commerce Department reported Friday that sales last month rose 4.8 percent after a 7.4 percent rise in November.

Those two increases, however, were not enough to salvage the full year, which had sales of 1.06 million units, down 17.3 percent from 2005. That was the biggest decline since 1990, when sales fell 17.8 percent.

The housing bust has come after a boom in which sales of both new and existing homes set records for five consecutive years. Helped by the lowest mortgage rates in four decades, the sales surge was bolstered by investors buying in hopes of reselling the properties for quick profits. Analysts attribute the declines in 2006 to a cooling of that speculation.

The median price of a new home sold in 2006 rose 1.8 percent, to $245,300, compared with a 9 percent gain in 2005.

David Seiders, chief economist at the National Association of Home Builders, said he looked for home prices to remain depressed in 2007 as builders try to reduce high levels of unsold homes.

He said his organization's January survey of builder sentiment showed continued use of incentives to clear the backlog, with 60 percent of builders surveyed offering optional items like kitchen upgrades or decks at no charge, compared with 41 percent at the beginning of 2006.

Other incentives include paying closing costs, which 52 percent of builders said they did, compared with 31 percent a year earlier, and paying buyers' financing points on loans, something 30 percent said they did.

The report on new homes came after a report on Thursday that sales of existing homes fell 8.4 percent last year, to 6.48 million units, the biggest decline since 1989.

New-home sales in December rose in all parts of the country except the West, which posted a 4.4 percent decline. Sales rose 27.3 percent in the Northeast, 26.6 percent in the Midwest and 0.3 percent in the South.

Regarding another sector of the economy, the Commerce Department said orders to factories for big-ticket manufactured goods rose in December by 3.1 percent, the largest gain in three months, giving hope that manufacturing will not be seriously affected by the slowdown in housing.

The increase was led by demand for commercial aircraft and the biggest increase in orders for cars and trucks in more than two years.

Excluding transportation, these orders increased 2.3 percent, the best showing in that category since March and better than analysts had expected.

For all of 2006, new orders rose 7 percent, compared with an 8.6 percent increase in 2005.

Blue Chips Slip; Volatility Marks Start Of '07 (WSJ)

By E.S. Browning

The Wall Street Journal, January 27, 2007

The pundits weren't kidding when they said the stock market could be more volatile this year.

The Dow Jones Industrial Average surged to its 26th record finish in four months on Wednesday, and then promptly plunged 119 points on Thursday, its largest point or percentage decline in two months.

It fell an additional 15.54 points, or 0.12%, on Friday, to 12487.02 and now is little changed since the year began, up just 0.2%. For the week, the blue-chip average was down 0.6%.

What's behind the volatility? Uncertainty about what investors consider the two most important stock-market drivers: profits and interest rates.

The issue in a nutshell: The pace of profit growth has slowed markedly from the 19% gain registered in the third quarter. Market interest rates, meanwhile, such as bond yields and mortgage rates, which pleased investors by falling late last year, have started rising again.

Neither is a disaster, which helps explain why the Dow industrials, which were down sharply for much of the day Friday, recouped most of their losses by day's end. Profit gains still are above the historical average, and interest rates still are low by historical standards. But neither is quite as good as it was, which makes investors nervous.

As for corporate profits, "I've heard the term 'mixed.' I've used the term 'dicey,'" said Benjamin Pace, chief investment officer at Deutsche Bank Private Banking in New York.

About 40% of the companies in the Standard & Poor's 500-stock index have reported fourth-quarter 2006 profits so far, and the results aren't bad at all. They just aren't eye-popping.

Profits are coming in about 10% above the year-earlier quarter, according to Thomson Financial. That is above the long-term average of 7%. It looks as if this will be the 14th quarter in a row of double-digit profit gains. About 68% of companies are surpassing analyst estimates.

But profit gains for last year's third quarter were nearly twice as good -- up about 19%. And 71% of companies beat estimates.

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While profits are above average, they are being evaluated by investors who, subconsciously at least, had gotten in the habit of buying stocks based on truly excellent results.

"Earnings have been a bit weaker, I think, than many market participants had been hoping for," said Leo Grohowski, chief investment officer at U.S. Trust in New York.

And as 2007 results roll in, profit gains are likely to be below 10%. Neither Mr. Pace nor Mr. Grohowski expects stocks to decline overall this year, but they both say the market could experience some volatility as it adjusts to slower profit increases.

It also will have to adjust to a less-positive interest-rate environment. Late last year, investors widely expected the Federal Reserve to begin cutting interest rates by the middle of this year. The yield of the benchmark 10-year Treasury note fell below 4.5% last month.

But since then, with the economy looking hotter than expected, the Fed seems much less likely to cut rates any time soon. The 10-year Treasury yield rose Friday to 4.879%.

That still is pretty low. But like profits, it isn't eye-popping any longer.

None of this is causing panic. But rising market rates make life more expensive for businesses and consumers. They also make bonds look like a more attractive investment compared with stocks.

The broad S&P 500 fell 0.6% in the week just ended, including a decline Friday of 0.12%, or 1.72 points, to 1422.18. It is up 0.27% in 2007.

The Nasdaq Composite Index also was down 0.6% for the week, and up 0.05%, or 1.25 points, on Friday to 2435.49. It is up 0.84% on the year.

Also working against stocks on Friday, crude-oil futures rose $1.19 a barrel, or 2.2%, to $55.42.

Worries On Rates Lead To Mixed Day (NYT/AP)

By The Associated Press

The New York Times, January 27, 2007

Wall Street closed out a volatile week with a mixed performance yesterday after a pair of economic reports dashed hopes for an interest rate cut anytime soon. The major indexes were down for the week.

Stocks found some late-day strength as investors sought bargains after a two-day pullback that erased most of the gains made so far this year.

Strong results from Microsoft helped lift technology stocks, while the heavy machinery maker Caterpillar lent some support to the Dow Jones industrials. However, those gains were offset by economic reports that raised concerns about interest rates.

The Dow Jones industrial average fell 15.54 points, or 0.12 percent, to 12,487.02.

Broader stock indicators were mixed. The Standard & Poor's 500-stock index was down 1.72 points, or 0.12 percent, at 1,422.18, and the Nasdaq composite index rose 1.25 points, or 0.05 percent, to 2,435.49.

The Commerce Department said new-home sales rose 4.8 percent in December, well above economists' projections and a sign that the slumping housing market might have bottomed out. The department also said orders to factories for big-ticket manufactured goods rose in December by the largest amount in three months, led by demand for commercial aircraft.

Investors had been holding on to hopes that central bankers might cut rates in the first half of the year. A steady stream of positive economic data like yesterday's is, however, making that unlikely and is instead raising the possibility the Federal Reserve might resume its campaign of rate increases that ended in August. The Fed's Open Market Committee meets next week.

"The biggest driver is concern the Fed might see more reasons to raise rates than to lower," said Arthur Hogan, chief market analyst at Jefferies & Company.

For the week, the Dow was down 0.62 percent, while the S.& P. 500 lost 0.58 percent and the Nasdaq fell 0.65 percent.

Long-term bonds were steady, with the price of the benchmark 10-year Treasury note at 982/32 and the yield at 4.87 percent, both unchanged. Shorter-term bond yields rose during the session.

The dollar was mixed against other major currencies, while gold prices fell.

Oil prices rebounded after a steep decline in the previous session because of doubts that OPEC members are making the production cuts promised last year. The price of a barrel of light crude oil rose $1.19, to $55.42, on the New York Mercantile Exchange.

Steven Goldman, chief market strategist for Weeden & Company, said the retreat in stocks should offer buying opportunities. He said that the market was not "terribly overbought, but had been listlessly moving up" and that "pulling back allows the market to clean out its excess."

The major indexes had been up more than 1 percent on Wednesday, to the highest levels this year, before the two-day retreat. For the year, the Dow is up 0.19 percent; the S.& P. is up 0.27 percent; and the Nasdaq is up 0.84 percent.

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Shares of Caterpillar, whose earnings are heavily tracked as an indication about the pace of construction, rose $1.46, or 2.5 percent, to $61.09 after it reported a 4.3 percent rise in fourth-quarter profit. The company also stood by its full-year forecast, which it thinks will show continued strength in industries like mining, oil and gas.

Honeywell International, a diversified high-tech manufacturer, reported fourth-quarter profit rose 14 percent. Lackluster 2007 projections, however, sent shares down 7 cents, to $44.13.

Countrywide Financial, a mortgage lender, rose $1.71, or 4 percent, to $42, after The Financial Times reported that the company was in talks with Bank of America that might lead to its acquisition or a joint venture.

The newspaper, quoting sources that it did not identify, said Bank of America might acquire Countrywide for as much as $30 billion or form a joint venture to sell mortgages.

Technology stocks rose after Microsoft reported second-quarter results beat Wall Street expectations and projected double-digit growth in all of its core businesses through the rest of its fiscal year, which ends June 30. Strong sales of its Xbox video game console helped offset the delayed release of its latest operating system, Vista.

Microsoft, which hit a 52-week high in the previous session, rose 15 cents, to $30.60.

Amgen, the biotechnology company, declined after it said fourth-quarter profit missed projections. Its shares fell $3.35, or 4.5 percent, to $71.50.

Dollar Seesaws As Markets Await More U.S. Data, Fed (WSJ)

By Isabelle Lindenmayer

The Wall Street Journal, January 27, 2007

The dollar seesawed indecisively Friday, making few intra-session gains as the market awaits additional U.S. data and a Federal Reserve meeting in the coming week to provide further confirmation of a recovering economy.

Despite the release of solid housing and manufacturing data early Friday, the dollar slipped across the board, then retraced its losses in afternoon trading.

Late Friday in New York, the euro stood at $1.2913 from $1.2935 late Thursday. The dollar stood at 121.595 yen from 121.14 yen late Thursday, while the euro stood at 157.00 yen from 156.72 yen late Thursday. The dollar was at 1.2536 Swiss francs from 1.2481 Swiss francs, while the pound was at $1.9593 from $1.9643 late Thursday.

"The market is unwilling to sell [the euro against the dollar] even more until there is further confirmation" that the economy is firming up, said Matthew Strauss, currency strategist at RBC Capital Market.

"That confirmation will have to come from next week's gross domestic product data, the Fed becoming more hawkish or the employment data," Mr. Strauss said, referring to January payroll data.

"That will tell the market whether [the euro] should break lower than $1.29 and continue, or if it should reverse," he said.

Crude Goes Above $55 A Barrel On Cold Weather, OPEC Cuts (WSJ)

By Masood Farivar

The Wall Street Journal, January 27, 2007

Crude-oil futures jumped above $55 a barrel Friday to their highest level in more than two weeks as freezing temperatures around the East Coast raised the prospect of increased consumption of heating fuel.

Forecasters predicted that below-normal temperatures gripping the region would continue into at least the first week of February after a respite over the weekend. Private forecaster Frontier Weather said temperatures from the Great Lakes to the Atlantic will likely average 12 to 16 degrees below normal through the first week of February, boosting heating-oil demand.

"The weather forecasts started the ball rolling," said Phil Flynn, an analyst at Alaron Trading Corp. "Even though winter is getting off to an awfully late start, these types of weather patterns are known to sometimes last into March, and all the extra supply we built up may be lost further down the road."

The March crude-oil contract on the New York Mercantile Exchange rose $1.19, or 2.2%, Friday to $55.42 a barrel, the highest settlement since Jan. 9.

A report from tanker tracker Lloyds MIU that crude-oil exports from the Organization of Petroleum Exporting Countries fell to below 23 million barrels a day in December from under 24 million barrels a day in November also underpinned the gains.

In Race For Iowa, Clinton Has To Make Up Ground (WP)

By Anne E. Kornblut, Dan Balz

The Washington Post, January 27, 2007

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DES MOINES, Jan. 26 -- When New York Sen. Hillary Rodham Clinton arrives here for her first presidential campaign events this weekend, she will encounter unfamiliar terrain -- a landscape where she is not the perceived front-runner for the Democratic nomination.

Although Clinton appears formidable at the national level, she has not built up a lead in Iowa, home of the first caucuses of the 2008 campaign next January. Most recent polls of Iowa Democrats have shown former senator John Edwards of North Carolina in the lead, with Clinton in a pack that includes Illinois Sen. Barack Obama and former Iowa governor Tom Vilsack.

"This is anyone's race to win, including obviously Governor Vilsack, who is very familiar with the landscape here," said newly elected Iowa Gov. Chet Culver (D), who met with Clinton shortly after she arrived Friday afternoon but who is remaining neutral. "That's the wonderful thing about the caucus process. The winner will have to earn it."

That puts Clinton in the unusual position of having to prove herself against other Democrats, and having to build up a political infrastructure in Iowa at a time when many rivals already have a head start. Her appearances here -- her first in more than three years -- are certain to start a media frenzy, potentially intruding on the direct access to candidates that caucus-goers have come to expect.

There are many reasons why Clinton may meet resistance in Iowa. An obvious one is her vote for the 2002 congressional resolution authorizing President Bush to go to war in Iraq. Although she has increasingly become a harsh critic of the administration, her long support for the conflict -- and her refusal to renounce her vote -- has left a sour taste among some liberal Democrats.

She also has opposed subsidies for ethanol, a politically incorrect position for any presidential candidate seeking support in an agricultural state such as Iowa.

But, more fundamentally, her challenge may be finding ways to show Iowa Democrats that she is a more personable and accessible figure.

"Her history is eight years at the White House and six years as a U.S. senator -- all of it with Secret Service -- and there's many obstacles that go along with it, many of which Vice President Gore faced in 2000," said Steve Hildebrand, a senior Obama adviser who ran the Clinton-Gore reelection effort in the 1996 race and managed Gore's victory over Bill Bradley in Iowa in 2000.

"She's going to have to figure out how to get outside of that circle, in order to have the same kinds of dialogues with Iowa voters that all the other candidates are going to have," Hildebrand said. "It's expected in these early states, and she's going to have to figure out how to get that done."

J. Ann Selzer, who conducts the Iowa Poll for the Des Moines Register, said the key for Clinton is "to figure out how to make it personal."

Clinton advisers accept the polls as generally accurate and reject suggestions that she will have trouble converting skeptics into supporters. She has, they argue, only begun the process of introducing herself to Iowans, in a dinner in Washington last month and with a handful of phone calls to key activists.

"She needs to get out there and start campaigning," one Clinton adviser said. "I think there is a fundamental stubbornness about [Iowans] that they're not going to be favorable until they see them. They want to see Senator Clinton personally."

The previous time Clinton appeared in Iowa was November 2003, when she served as emcee at a state Democratic fundraising dinner featuring the party's 2004 presidential candidates.

She did not campaign in the state last year during her reelection campaign in New York, choosing to avoid any indications that she already had her eye on the presidency.

Former president Bill Clinton was the keynote speaker at a Democratic Party dinner in October, a few weeks before the midterm elections, but though he is very popular among rank-and-file activists, neither he nor Sen. Clinton has spent much time campaigning in Iowa living rooms over the years.

Bill Clinton essentially wrote off Iowa in 1992 because Sen. Tom Harkin (D-Iowa) was a presidential candidate that year, and in 1996 because Clinton faced no primary opposition in his reelection campaign.

Sen. Clinton is just beginning to put an organization in place and to attract endorsements. She named JoDee Winterhof, a former top adviser to Harkin, as her Iowa state director on Friday. Former Iowa attorney general Bonnie Campbell is heavily involved as a non-paid adviser and supporter. Another veteran of Harkin's staff, Lorraine Voles, serves as Clinton's Senate communications director.

But other Iowa veterans are already signed up elsewhere, including David Plouffe, a former Harkin acolyte who is running the Obama campaign.

Vilsack's presence in the race complicates the efforts of all candidates to line up endorsements from top elected officials in the state, but there is a scramble underway for the backing of state legislators and county officials. "With Hillary in the race, with

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Obama in the race, Iowa politicians are pretty smart about this process," said a party official who spoke about the competition on the condition of anonymity. "I think they're going to keep their powder dry and see how it's playing out."

Obama's appearance at an annual steak fry hosted by Harkin last fall helped touch off interest in Obama's presidential bid. The Clinton campaign regards him as a candidate who has enormous potential appeal but who is untested in the rigors of national campaigns.

Edwards, who finished second in the 2004 caucuses, has been to Iowa 17 times since the beginning of 2005, maintaining his network of supporters. None of the other Democrats underestimates his strength in the state, although several strategists in Iowa say he may have trouble holding his position over the course of the year.

"John Edwards has been out there a lot, and he ran before, and since that time he's been cultivating people, meeting them in living rooms, signing up people, and that means a lot," said Harkin, who is supporting Vilsack.

"And then Barack Obama, when he came to my steak fry -- I haven't seen anything like that since Robert Kennedy ran for president."

Hillary Heads To Iowa To Kick It Off (NSDY)

By Glenn Thrush

Newsday, January 27, 2007

WASHINGTON -- Sen. Hillary Rodham Clinton's first trip as a 2008 presidential candidate starts Saturday with a two-day political tour of Iowa, to be followed by rapid-fire excursions to New Hampshire, South Carolina and California.

In recent Iowa polls, Clinton trails Illinois Sen. Barack Obama, former vice presidential candidate John Edwards and former Iowa Gov. Tom Vilsack. But Clinton's staff says she'll turn those numbers around once she hits the frigid Iowa ground and warms up skeptical Hawkeye State voters.

The Clintons don't have as much of a track record in Iowa as they do in other states: In 1992, Bill Clinton skipped the state, conceding it to Sen. Tom Harkin, a native son. He did win the state in 1992 and 1996.

Hillary Clinton last swung through in 2003.

Earlier this week, Clinton scooped up former Harkin aide JoDee Winterhof to run Clinton's state operation. Another Harkin alumna, Lorraine Voles, has been working for Clinton for about a year.

The senator, who declared her candidacy via Web video a week ago, makes her first visit to New Hampshire next weekend, with a trip to South Carolina, a state where Obama and Edwards are expected to do well, planned later in the month, according to a Democratic source. Clinton also has planned fundraisers and meetings in Los Angeles late next month and late March.

The West Coast appearances have kicked off a prediction that Obama and Clinton will battle it out to win over the party's Hollywood fat cats. DreamWorks founders David Geffen, Steven Spielberg and Jeffrey Katzenberg already have scheduled a Feb. 20 fundraiser for Obama. Clinton earned the backing of Elizabeth Taylor on Thursday.

Clinton was to arrive in Des Moines Friday night and kick off her trip with an appearance before the state Democratic Party at 11:30 a.m. local time Saturday, followed by an appearance at a community center. Then she treks to Cedar Rapids for a small house party with supporters.

On Sunday morning, she heads to Davenport, where she will schmooze diners at a local restaurant.

Simon Says: Hillary Stumps In Iowa (POL)

By Roger Simon

The Politico, January 27, 2007

DES MOINES – It is not as if Iowa had nothing going for it before Hillary Clinton got here.

John Wayne was born and Cary Grant died here. The state has produced one president (Herbert Hoover from West Branch) and one First Lady (Mamie Eisenhower from Boone). And it is the only state whose first two letters are vowels.

But what really gives this state its claim to fame is that this is where the presidential nominating process begins in the Iowa caucuses, scheduled to be held next January.

Numerous 2008 presidential candidates have been here numerous times in the last months and years with the exception of Hillary (as her campaign officially refers to her.)

Until today, she had not set foot in Iowa since Nov. 15, 2003, when she headlined a Jefferson-Jackson Day dinner for the state party. It was considered her first real signal that she might run for president some day.

Now that day has arrived and Hillary is back and many Iowans are almost as excited as if John Wayne and Cary Grant had come back with her.

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On Thursday, one local TV station had a story about school children hand-painting signs of greeting for Hillary and another had videotape of Bonnie Campbell, a Democratic activist here, getting a phone call…from Hillary HERSELF!

Iowa Gov. Chet Culver, a Democrat, said in an interview Friday, "This is anyone's race to win, but they have to earn it and that includes going to a high school gym on a Saturday morning like Hillary is and taking tough, pertinent questions."

Iowans love to ask questions of candidates and not just once. By the end of this year, this is the joke you are going to hear out of Iowa: "I haven't decided whether I am going to vote for Hillary, yet. I have only met her five times."

"Candidates need to spend a lot of time here," Culver said. And spend lots of money. Iowa loves the money that the campaigns and media spend, but they love the attention much more.

Where else can you look up from your biscuits and gravy at the breakfast buffet in the downtown Marriot here to see Brian Williams or Tim Russert or Bob Schieffer or George Stephanopoulos waiting to get a table? Where else are you going to be able to go to your local diner and see Hillary and Barack and John and Joe and Chris and all the rest?

Culver said that John Edwards drew 900 people when he was last in Iowa. And 900 is a big crowd in this state. Of the 953 communities in Iowa, 800 contain fewer than 1,000 people. Keep that in mind when you see crowd estimates from here.

Culver said the race was wide open in part because Hillary hasn't been here in such a long time. "This is her first trip," he said. "People admire and respect her, but this is her first test."

I asked Culver whether he was going to endorse anybody and he said, "In all likelihood I will not."

But doesn't Culver feel any obligation to his predecessor, Tom Vilsack, who is running for president?

"While Gov. Vilsack has been supportive and is certainly my friend, others have been supportive and are my friends," Culver said. And then Culver mentioned how Barack Obama had come out and campaigned for him last year.

Everyone would like Culver's endorsement, but in 2004, Iowa Sen. Tom Harkin and Al Gore and even Jimmy Carter all endorsed Howard Dean. Who then came in third here.

"We have learned endorsements, frankly, don't amount to a whole lot," Culver said.

So what does?

"Coming here and spending quality time," Culver said. "They all need to spend a lot of time here."

Ex-Shaheen Aide Joins Clinton Campaign (POL)

By John Distaso

The Politico, January 27, 2007

UnionLeader.com has picked up the first clear signal that Hillary Clinton's New Hampshire campaign is taking shape.

Highly-regarded Democratic strategist Liz Purdy of Concord has signed on in a senior staff role in the state, Clinton national field director Karen Hicks confirmed today.

"She's a super organizer and we are so psyched to have her," Hicks said.

"She is going to be helping us through the year organizing and staffing up as a senior person in the state."

Hicks said Purdy has no official title at the moment, but said, "She will be playing a big role for us."

Purdy, a 1996 UNH graduate, was the fund-raising director for former Gov. Jeanne Shaheen's successful 2000 campaign for a third term as governor. She also was deputy campaign manager for Shaheen's unsuccessful bid for the U.S. Senate in 2002.

She headed the college Democrats while at UNH and was speaker of the student senate. She also worked for the state Senate as a legislative aide before serving as finance offer for the state Democratic Party.

John Distaso is Senior Political Reporter for the New Hampshire Union Leader.

Huckabee To Set Up '08 Exploratory Panel (AP)

By Andrew Demillo

AP, January 26, 2007

Republican Mike Huckabee, the former Arkansas governor and a favorite of conservatives, will take the first step in a 2008 presidential bid, an official told The Associated Press on Friday.

Huckabee, 51, plans to file papers on Monday establishing an exploratory committee that will allow him to raise money and hire campaign staff, said the official, who spoke on condition of anonymity to avoid pre-empting a formal announcement.

Huckabee faces difficult odds as he enters a crowded Republican field topped by better-known, better-funded candidates such as Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani.

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All three have spent the last few months building their national campaign organizations, courting fundraisers and lining up grass-roots supporters in primary and caucus states. However, they also have records or positions on social or fiscal issues that don't sit well with conservative voters — and that could give Huckabee an opening.

"My brand of conservatism is not an angry hostile brand. It's one that says 'conservative' means we want to conserve the best of our culture, society, principles and values and pass them on," the former Southern Baptist minister said last month.

Huckabee, a fierce foe of abortion rights and gay marriage, isn't the only conservative in the field and he faces a tough fight for the support of the GOP's right flank, a crucial voting bloc in the nominating contests.

Kansas Sen. Sam Brownback, a favorite son of the religious right, is already in the race and other conservatives, such as California Rep. Duncan Hunter and Colorado Rep. Tom Tancredo, will be battling for their share of the vote.

Still, Huckabee is hoping history can repeat itself. He was born in Hope, Ark., and was chief executive for a small state for many years. It was a story line that worked for Democrat Bill Clinton in 1992.

Huckabee left office Jan. 9 after serving 10 1/2 years as governor of a Democratic-leaning state; he was ineligible to seek re-election because of term limits. During his tenure, he repeatedly had to defend against slips of the tongue and ethics controversies.

Arkansas' Ethics Commission has admonished Huckabee for violations five times in 14 years, once for taking money from an organization whose donors have never been listed. He jokingly attributed his weight loss to a "concentration camp" diet and once called his state a "banana republic."

In November, he lashed out at reporters who questioned wedding-gift registries set up to furnish Huckabee's new $525,000 home in North Little Rock. Friends had set up the accounts for Huckabee and his wife Janet, who have been married since 1974.

Nationally, Huckabee is perhaps best known for his dramatic weight loss and his emphasis on healthy lifestyles. He shed 110 pounds after being diagnosed with diabetes. He also saw his political profile rise when he headed the National Governors Association for one term.

Since he left office, Huckabee has been on a nationwide tour to tout his book, "From Hope to Higher Ground: 12 Stops to Restoring America's Greatness." With chapters on taxes and foreign policy, Huckabee's book lays out his potential talking points for a presidential campaign.

Sen. Joe Biden To Kick Off Presidential Campaign Wednesday (AP)

AP, January 26, 2007

NEW YORK (AP) — Democratic Sen. Joe Biden, who has made no secret of his plans to run for president in 2008, says he will make it official next Wednesday.

The 64-year-old Delaware lawmaker said he will file paperwork with the Federal Election Commission and launch a campaign website, www.joebiden.com.

He joins a crowded Democratic field dominated thus far by New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama. Other candidates include former North Carolina Sen. John Edwards, the 2004 vice presidential nominee; Connecticut Sen. Chris Dodd, New Mexico Gov. Bill Richardson, former Iowa Gov. Tom Vilsack, and Ohio Rep. Dennis Kucinich.

Biden traveled extensively last year to the early voting states of Iowa, New Hampshire and South Carolina and plans another swing through those states soon after launching his presidential committee, his spokesman, Larry Rasky, said.

Recently, as the new chairman of the Senate Foreign Relations Committee, Biden convened several weeks of high-profile hearings on the Iraq war.

Generally regarded as a longshot in the presidential contest, Biden is one of his party's leading spokesmen on foreign affairs and plans to stress that expertise on the campaign trail. Biden voted in 2002 to authorize military intervention in Iraq, but has since become a vociferous critic of the conflict.

Biden has also criticized President George W. Bush's plan to deploy an additional 21,500 troops to try and stabilize Iraq's capital city, Baghdad. On Wednesday, the Foreign Relations Committee approved a resolution he co-authored with Sens. Carl Levin, a Democrat, and Republican Chuck Hagel, stating that sending more troops into Iraq is "not in the national interest."

Biden has also been promoting a detailed plan for peace in Iraq that would divide the country along ethnic lines.

This is not the first time Biden has sought the presidency. He was a candidate for the 1988 Democratic presidential nomination, but withdrew from the race in 1987 amid accusations that he had plagiarized passages in his speeches.

Biden has about $3 million (euro2.31 million) in his Senate campaign account that will transfer to his presidential committee, Rasky said.

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The campaign will be run by Luis Navarro, a longtime Democratic activist with close ties to organized labor. Recently, Navarro headed the Florida Democratic Party and served a stint as political director for Massachusetts Sen. John Kerry's 2004 presidential bid.

Hunter Is First Candidate To Buy TV Ad In New Hampshire (BOS)

By James Pindell

The Boston Globe, January 26, 2007

California Congressman Duncan Hunter is the first candidate to pay for television advertising time on New Hampshire airwaves for the 2008 presidential election.

The ad, which began airing on WMUR-TV in Manchester today, shows Hunter in front of a fence on the border with Mexico.

CNN is reporting the ad also airing in Iowa.

Hunter announced in South Carolina Wednesday he is running for president. He will visit New Hampshire on Monday.

Last month, DraftObama.com paid for ads on cheaper cable networks encouraging Illinois Senator Barack Obama to run for president.

Preparations Set, Giuliani Now Faces A Big Choice (NYT)

By Sam Roberts

The New York Times, January 27, 2007

Rudolph W. Giuliani, who developed a national reputation for decisive and reassuring leadership after 9/11, now faces the odd challenge of having to reassure some supporters that he can be decisive about a very different issue: running for president.

Even as his fellow Republican John McCain and fellow New Yorker Hillary Rodham Clinton have all but formally declared their candidacies, Mr. Giuliani has proceeded more cautiously.

Since last month, he has formed an exploratory committee, more aggressively recruited a campaign staff and moved to divest himself of one of his companies. And he is now visiting New Hampshire, home to the first primary, for the second time in three months. But he has studiously avoided making a public commitment to run.

Asked recently in Delaware about his political plans, he offered an ambiguous reply: “I think the biggest question you have to ask is, ‘Can you really lead the country?’ If I believe that I can do it, then I will, and if I don’t, then I’ll support somebody else.”

He ducked the question again yesterday, telling reporters in Bretton Woods, N.H., that he would not be rushed by contenders who are already entering the race. “You should do it when you feel it’s the right time,” he said.

Despite the delay, his aides argue that the accelerated pace of early primaries next year actually benefits a well-established figure like Mr. Giuliani — much, they say, as his national stature will enable him to close whatever gaps now exist in fund-raising and organization.

Frank Luntz, a Republican consultant who is not now working for any of the presidential campaigns, described Mr. Giuliani as “the only candidate who can set his own timetable, because he is so established in the minds of the voters.”

Nonetheless, doubts have been raised about the proverbial fire in his belly. Some New Yorkers in particular recall his decision to quit the Senate race against Mrs. Clinton in 2000 after running for months and raising millions of dollars but never formally declaring his candidacy.

Mr. Giuliani, already hobbled then by a messy separation from his wife, withdrew after finding that he had prostate cancer. But he was also ambivalent about the prospect of being a legislator.

Wrestling then with which course of medical treatment to pursue, he said on the day he withdrew: “And about the decision to run: I was almost in the same position, not being able to make it, which has never really happened to me. I’ve always been able to make decisions.”

David Garth, a media consultant who helped steer the Giuliani mayoral campaigns, said that while he had no reason to doubt a candidacy this time, “it’s a question of where his head is, as it was in the Senate race.”

Michael R. Long, chairman of the New York State Conservative Party, voiced uncertainty.

“He called me before Thanksgiving just to touch base and said he’d like to talk, and I haven’t heard from him since,” Mr. Long said. “We went through this in the United States Senate race. Whether he pulls the trigger or not, I don’t know.”

Fred Siegel, a Cooper Union historian and Giuliani biographer, dismissed the analogy to 2000. “The question is there in Washington,” Mr. Siegel said, but “I think it’s mistaken.”

Mr. Giuliani’s aides maintain that he is being held to a standard different from that of other prospective candidates who have not formally declared. And anyway, they say, his ambivalence, whether real or merely perceived, may well vanish soon. Mr.

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Giuliani, who will address the Republican State Convention in New Hampshire today, is to travel to California and South Carolina next month, and supporters in New Jersey are preparing to announce endorsements next week.

California and New Jersey are two of a number of populous states that are expected to shift their 2008 primaries to February, very early in the campaign season, and South Carolina's comes even earlier, a week after New Hampshire's.

"Folks who believe he is not running do so at their own peril," said Michael DuHaime, former political director of the Republican National Committee, who is heading Mr. Giuliani's exploratory effort.

"There is a spin out there that the campaign is further behind than it is, that Rudy may not be serious, and that is being done deliberately to keep us from certain fund-raisers," said Mr. DuHaime, a native New Jerseyan who begins working for Mr. Giuliani full time next week.

Kieran Mahoney, a Republican consultant in New York who is working for another presidential prospect, former Gov. James S. Gilmore III of Virginia, said he had been unconvinced of a Giuliani run until recently, when the former mayor stepped up the pace of hiring a campaign staff and reports emerged that he had taken steps to sell the biggest division of his consulting business.

"Stop listening to what they say and look at their behavior," Mr. Mahoney said of potential candidates in general. "Giuliani is, in fact, an active participant in the marketplace in terms of scooping up talent and making business decisions that are economically injurious and politically positive. I have been a skeptic. I am now a believer."

Even Mr. Giuliani himself, though continuing to demur, did drop a hint or two in New Hampshire yesterday, saying at a Chamber of Commerce dinner that he might return later this year to play golf, or for other reasons.

Some consultants to Mr. Giuliani's rivals, and even some of his supporters, say that given the campaign's relatively late start, his inner circle may be overconfident about his ability to build a respectable war chest by March 31, the first of the deadlines for reporting campaign contributions. A poor sum then would make it all the harder to attract further donations, and, with more candidates now choosing not to participate in the federal campaign financing system, the importance of fund-raising has increased, as has competition for the millions at stake.

Already, Mr. Giuliani is being measured against a 140-page game plan drafted by a member of his campaign staff last fall. That document, which Giuliani advisers say was stolen from them, set a fund-raising goal of at least $25 million by the end of March, but some potential fund-raisers and donors whom it identified have already enlisted in support of other candidates.

Asked about the $25 million figure, Mr. DuHaime, who did not join the campaign until after the document was drafted, replied: "What is important to us is we have a strong number in that first period, and I'm not going to put the number out there publicly. We're certain we're going to have enough money to be competitive."

In New Jersey, where two fund-raisers have been scheduled and a spectrum of local politicians are expected to endorse Mr. Giuliani next week, one supporter, Steven E. Some, said that he had worked in five presidential campaigns and that "selling Rudy is the easiest sell I've ever had in my life."

"I have no doubt whatever that he's in this for the long term," said Mr. Some, a veteran political consultant. "I've never had anyone come up to me to raise any doubt about whether he's going to go the course."

Still, an underlying perception exists, and is being stoked, that Mr. Giuliani has not committed himself to a campaign, in part because he is reluctant to relinquish the lucrative consulting business that he founded after he left the mayor's office five years ago. Referring to Mr. Giuliani's exploratory activity, Harold M. Ickes, a longtime adviser to Mrs. Clinton, said, "I thought he was just advertising so he can increase his fees."

Mr. Mahoney, the Republican consultant, acknowledged that one challenge facing Mr. Giuliani would be determining how to expand his political base rightward.

"In order to become the mayor of New York City," Mr. Mahoney said, "you have to do things that are not wholly consistent with being the Republican nominee for president."

Amid Question Of Flip-flopping, McCain To Back Reform Bill (POL)

The Politico, January 27, 2007

Sen. John McCain, R-Ariz., will sponsor a bill to strengthen campaign finance laws in this session of Congress despite vehement opposition to campaign finance reform from conservative Republican activists whose support he needs to win the party's nomination for president in 2008.

McCain recently had appeared to be backing away from his support of campaign finance reform, which has been a signature issue for him. But Friday, a top aide in his Senate office said that McCain will reintroduce a bill to further clamp down on independent "527" groups.

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"Yes, it is McCain's bill and McCain will introduce it this Congress," Mark Salter, McCain's chief of staff, wrote in an e-mail. "Moreover, he wanted to introduce it earlier this month, but Senator (Russ) Feingold's staff suggested to our staff to wait a week or two."

Salter's response came after inquiries from the Politico about McCain's apparent retreat on campaign finance reform.

McCain and Feingold, a Wisconsin Democrat, together wrote the 2002 law that fundamentally over-hauled federal campaign finance regulations.

The measure earned the scorn of conservative Republicans and other political activists who argued that it stifled free speech rights by limiting political spending.

Last session, the two worked on a measure that would place tighter controls on the "527" groups that emerged to circumvent the limitations imposed by the McCain-Feingold measure.

This session, however, McCain has declined to support two other campaign finance measures that reformers consider priorities: one would expand the public financing system for presidential elections, and another would require grassroots organizations to disclose their funding and expenditures.

His lack of support for both worried campaign finance reformers who have considered him a champion of their cause.

McCain "has been supporting reform efforts for so long and has taken on the whole world when it comes to reform drives in Congress, so I'm convinced he truly believes in it," said Craig Holman, a lobbyist on campaign finance for Public Citizen.

"But it's very unfortunate that when it comes around to his presidential bid he's suddenly backing off, especially at such a critical moment. This is the year in which we're actually going to get some sweeping lobbying and ethics reform legislation, and he's not working with us on that," Holman said, adding that McCain's staff over the last few months had become unresponsive to entreaties to support campaign finance reforms.

McCain's campaign officials deny that he's backed away from supporting campaign finance reform. "He is a conservative candidate. He is going to run on reform should he decide to run," said Danny Diaz, a spokesman for McCain's exploratory campaign. "He's committed to reducing the amount of special interest money involved in politics. He has been. He will remain so."

However, in a survey recently posted on the exploratory campaign Web site, McCain officials asked supporters to comment on 25 specific proposals in four categories: taxes, government spending and regulation, the war in Iraq and the war on terror, and America's military. Campaign finance was not on the list.

Additionally, campaign officials have declined to quash speculation that he will opt out of the public financing system. And McCain voted last week to remove the grassroots lobbying disclosure provision that he previously supported. Many conservative activists, whose support McCain is courting, had opposed this measure.

McCain also has declined to sponsor a bill in the 110th Congress to expand the public financing system for presidential elections. The bill -- which will be introduced by Feingold -- is similar to one McCain sponsored in the 108th Congress, though he withheld his name on last session's measure.

By the time the bill was introduced last session, McCain was already considering a presidential run. Had he sponsored the bill, Diaz said, McCain might have faced charges of conflict of interest. It could have appeared as if he were trying to boost the public money that could be provided to campaigns, including his own.

Diaz described McCain's decision not to sponsor the bill as "a noble and pretty straightforward thing to do," and compared it to a judge recusing himself from a trial in which he or she has an interest. Public financing "is something that he still supports as a matter of policy," Diaz said, but he added that McCain "believes the public financing system is not fulfilling its original goal and must be reformed."

The leading contenders for the Democratic and Republican presidential nominations are expected to opt out of the public financing system, which provides taxpayer dollars to candidates who abide by restrictions on how much they can raise.

"A decision has not been made" about whether McCain will rely on public financing, Diaz said. As for the lobbying disclosure provision, which would have required grassroots organizations to disclose their financing, Diaz said McCain withdrew his support last year after meeting with groups across the political spectrum that argued the provision would have stymied citizen activism.

The leaders of six prominent campaign finance reform groups in Washington disagreed and urged the senators to support the provision, which the groups said would prevent abuses exposed in the Jack Abramoff lobbying scandal.

But one campaign finance reformer who has supported McCain's campaign finance efforts said his recent equivocation should be understood in the context of the campaign. The people whose support McCain needs don't count campaign finance as among their top issues, the reformer said, adding "some of the people hate McCain-Feingold and he's not going to run from it. I don't think he could, but he won't try to."

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"There's going to be ongoing tension between his interest in campaign finance reform and the political reality that some of the people he's trying to reach are not interested in that issue.

Early On, Obama Showed Talent For Bridging Divisions (LAT)

By Richard A. Serrano, David G. Savage

The Los Angeles Times, January 27, 2007

WASHINGTON — Barack Obama's entry into politics came on a winter morning at the white-columned Harvard Law Review building when, about 2 a.m., a deeply divided editorial staff chose him as the first African American to lead the prestigious publication.

It was no small accomplishment. Obama, who at nearly 30 was older and more world-wise than most of his classmates, had to navigate among sharply drawn factions of conservatives and liberals to beat 18 other candidates for the job.

Today, Obama's weighing of a bid for the White House has provoked questions about whether he has the experience to build a winning coalition of voters. But at Harvard Law Review he showed that — on a much smaller scale — he had the savvy to maneuver through turbulent political waters.

"The Harvard Law Review was a place of petty and vicious internal politics," said Brad Berenson, an editorial board member with Obama and, more recently, an associate counsel to President Bush.

"Compared to Washington and the White House and the Supreme Court, the Harvard Law Review was much more politically vicious," Berenson said. "The conservatives threw their support to Obama because he could bridge the gap between both camps and retain the trust and confidence of both."

Whether Obama can reprise his role as political bridge-builder remains to be seen. Now a Democratic U.S. senator from Illinois, he plans to announce a decision Feb. 10 about the 2008 campaign — though most observers believe that he is in the race.

The son of a racially mixed marriage, Obama did not present himself at Harvard as either a black candidate or a white candidate. He gained the respect of the law review's famously divided factions by listening to all sides.

Former staffer Michael Froman, now a corporate executive who has supported Democratic presidential candidates, agreed that when Obama led the law review in 1990 and 1991, much of the staff's right wing "felt comfortable" with Obama, even those in the conservative Federalist Society.

"It's funny," Froman said, "but it's the same thing I hear now from some conservative friends of mine — not that they agree with him on policy, but that they feel he hears them out. Unlike some of the firebrands on both the left and the right, he was just a very good listener."

Interviews with more than a dozen people associated with the law review, both liberals and conservatives, found no one who did not profess respect for Obama.

The law review was housed in a three-story Greek Revival structure that once had been a private home. The Harvard Legal Aid Bureau occupied the first floor, leaving the cluttered upper stories for the review. The top level, or attic, became the review's law library, its desks and tomes stacked under the sloping roof. The house invoked chaos.

Obama entered that disheveled world in the fall of 1988, already distinct from most of his classmates.

He did not come to Cambridge, Mass., directly from an undergraduate program; he had spent several years doing community work in Chicago. He was not among the privileged or Ivy League legacies. He had turned down a full-ride scholarship at New York University School of Law to attend Harvard. Classmate Cassandra Butts remembers first meeting Obama at the financial aid office.

Nor did Obama arrive with little life experience. He was born in Hawaii, lived in Indonesia and later attended college in Los Angeles and New York. He had also traveled to Africa in search of his father's roots in Kenya.

In his first year, he researched articles for the Harvard Civil Rights-Civil Liberties Law Review. He occasionally spoke out against apartheid in South Africa. He addressed a banquet for the Black Law Students Assn.

Professor Randall Kennedy recalled Obama's theme: Don't forget where you came from.

Classmate Tynia Richard called the speech "one of the most rousing and passionate addresses we heard."

"Harvard was one of those places that can get petty politically," said Richard, now a New York administrative law judge. "People put forth their own agendas, stretched and pressed their ideas in a variety of different ways.

"And he talked about the need to interact with different groups, to become engaged with one another."

After students' first year in law school, they compete for spots on the law review. They are selected by editors based on their writing and analytical skills. Each year, about 40 students in a class of 540 win spots on the review. Each winter the editors, second- and third-year students, gather to choose a president for the following year.

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Obama competed in a field of 19 candidates, four of whom were black.

By tradition, the candidates spend the day cooking meals for the voters. After breakfast, the kitchen table is piled high with law articles the candidates have worked on. The articles are reviewed, and votes taken. As the day wears on, eliminated candidates join editors at the kitchen table for the next meal and round of voting.

In Obama's case, the staff of about 80 conducted a marathon series of votes stretching about 17 hours. It was well past midnight when Obama finally bested David Goldberg.

"He was not a conventional politician," said Goldberg, now a civil rights lawyer in New York. "He was thoughtful, and he listens. People came to appreciate that."

Goldberg added, "I was happy to lose to him. I really wanted to be the articles editor."

Kenneth W. Mack, now a law professor at Harvard, said Obama stood out from the beginning. "He seemed more mature," Mack said. "Everyone understood he was a liberal. He didn't hide that.

"We had opinions, and we argued. But he was always able to make common ground," Mack said.

Under Obama's presidency, the review tackled several delicate racial issues, including allegations that black males, or "invisible men," were inadequately protected by civil rights laws, and the plight of black women giving birth to crack-addicted babies.

The review also panned a biography by a white writer about former slave and abolitionist Frederick Douglass, saying not enough blacks were quoted.

Obama too was criticized at the time. Christine Lee Spurell, a black classmate who is now a public defender in Abingdon, Va., was upset he did not name other blacks to the law review's masthead.

But today she believes he was trying to build the best staff. "He had to make hard decisions," she said. "And he made them correctly."

In The Tennessee Senate, A Historic Shift Of Power (NYT)

By Theo Emery

The New York Times, January 27, 2007

NASHVILLE, Jan. 26 — Over the last year, members of the Tennessee legislature have witnessed a number of updates. Plasma televisions that broadcast legislative sessions now line corridors in Legislative Plaza, where many lawmakers have their offices. Smoking has been banned from the building although the two activities it used to cloud, lobbying and political arm-twisting, remain.

But a sign of perhaps the most significant change can be found outside Room 1, the office of the Senate speaker, where the nameplate on the wall has been replaced for the first time in 36 years.

Earlier this month, senators voted out John S. Wilder, an 85-year-old Democrat who had been speaker since 1971, choosing instead Ronald L. Ramsey, the first Republican to lead the body since Reconstruction. In Tennessee, the powerful Senate speaker is also lieutenant governor, and next in line for the governorship.

Back-room politicking and shifting loyalties played a role in the ouster of Mr. Wilder, who comes from a wealthy West Tennessee cotton family and who flew his own plane to the capital. Until he was voted out, he was the nation's longest serving state legislative leader, according to the National Conference of State Legislatures.

The change reflects a reality in the South: rising Republican strength in state politics, said Prof. Merle Black of Emory University, a co-author of "The Rise of Southern Republicans."

Since Barry Goldwater's campaign for the presidency in 1964, the South has reliably voted Republican in presidential races, except for 1976 and to a lesser degree in 1992, but Democrats maintained power in state and local elections.

"It's really only been in the 1980s and accelerating in the 1990s, that white voters in the South have identified themselves more as Republicans than as Democrats," Professor Black said, adding, "Mr. Wilder represents the persistence of Democratic strength in states like Tennessee."

As recently as the early 1990s, Democrats controlled every Southern legislature. That changed in 1994, when voters in North Carolina and South Carolina elected Republican majorities in their Houses, and Florida elected a Republican majority in its Senate, according to the National Conference of State Legislatures. Today, Republicans control both houses in Florida, Georgia, South Carolina, Texas and Virginia, while Democrats control those in Alabama, Arkansas, Louisiana and North Carolina. In Mississippi and Tennessee, Democrats control the House and Republicans the Senate.

Beginning in 2005, Republicans held a one-vote majority in the Tennessee Senate, which temporarily grew to two votes when a Democrat switched parties last year and then lost his seat last fall. But the Republicans were denied the leadership two years ago when two Republicans, Micheal R. Williams and Tim Burchett, voted for Mr. Wilder. Mr. Wilder then named Mr.

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Williams to the No. 2 leadership post in the Senate. This time around, both senators voted for Mr. Ramsey, and it was a Democrat, Senator Rosalind Kurita, who played the pivotal role in Mr. Wilder's leadership defeat when she startled colleagues by voting for Senator Ramsey. Ms. Kurita said her decision was a "vote of conscience" because Republicans had been undemocratically denied the leadership in 2005. Although she said it was not a reward for her vote, this time it was Ms. Kurita who received the No. 2 position, speaker pro tem.

Mr. Wilder's exit from the speaker's chair is the end of an era of sorts, said Mark Byrnes, a political science professor at Middle Tennessee State University.

"I think it does mark a close of a chapter of Tennessee history," Professor Byrnes said, "that more of the old-style, less partisan — if not bipartisan — politics is on its way out."

Professor Black predicted that as older Democrats left the Southern political landscape, "Republicans will probably pick up more seats as we proceed through this decade."

Mr. Wilder won his first Senate race in 1959, served one term, then returned in 1967 to a political career that has continued uninterrupted. When first elected speaker, he pledged to shun "petty" partisanship, according to a newspaper account at the time. He fended off later challenges by enlisting the loyalty of Republicans, who received plum committee assignments.

In recent years he seemed not to care about his image or the fact that politics is increasingly media-driven. He referred to himself in the third person and was known for his befuddling speeches. He ruminated regularly about "the cosmos," and in 2002, famously rambled about "bed devils" during a speech.

But there has never been any doubt that he was a crafty politico who reveled in his position.

"You've got to figure that he's wily as all get out if he's survived in this position for 36 years," said John G. Geer, a Vanderbilt University political science professor. "He probably knows every nook and cranny of the State Legislature."

Mr. Ramsey praised his predecessor, but said the Republicans' time had come in Tennessee.

"John Wilder had done a good job for 36 years," he said, "but leadership needed to change, and I think both sides would agree with that."

Last week, movers carted furniture from Mr. Wilder's former offices and stacks of boxes filled his new, more modest quarters, which he shares at least temporarily with another senator.

As Mr. Wilder walked slowly down the hall after a meeting, he waved off questions about his ouster and its meaning.

"I'm a state senator," he said, one finger raised, "and I'm going to be the best state senator that I can be."

Regulate AstroTurf Lobbying (LAT)

The Los Angeles Times, January 27, 2007

A MEMBER OF Congress will sit up and pay attention when told that 1,000 — or even 100 — constituents have written or e-mailed about a particular piece of legislation. Paying attention to grass-roots opinion is part of a politician's DNA.

But what if the voice of the people is really only an echo of a sophisticated pitch by professional lobbyists? In that not-uncommon situation, "grass-roots" lobbying of Congress has been dubbed the political equivalent of AstroTurf, the artificial grass first installed in the Houston Astrodome in 1966.

The real AstroTurf has its defenders. But no one argues that baseball or football players shouldn't know if they are playing on grass or on a synthetic substitute. (The information would be impossible to keep from them anyway.) Likewise, shouldn't lawmakers know whether a "grass-roots" campaign is actually "AstroTurf"?

The sponsors of the recently enacted ethics bill in the Senate thought so, and included in an early version of that legislation a proposal to require any organization that spends at least $25,000 to stimulate grass-roots lobbying to file detailed reports with Congress. The provision was stripped out, however, after complaints that the restrictions would interfere with free speech by ensnarling activists in bureaucratic red tape.

Chastened, campaign reformers have narrowed their proposals for "AstroTurf" accountability in a way that should allay any legitimate concerns about free speech. Instead of applying to all organizations that might urge their members to contact Congress, the more modest proposals being discussed would be limited to organizations that already are registered as lobbyists.

Even this regulation would be protested by some activists, who contend that a constituent who writes to a member of Congress deserves to be heard regardless of whether the idea was suggested by an interest group with access to direct mail or the Internet. After all, don't others influence us all in the formation of our political opinions?

True enough, but members of Congress have a right to know whether a campaign is the result not of a spontaneous sea change in public opinion but a professional operation. Such truth-in-packaging doesn't mean that lawmakers will disregard the outpouring of opinion on a given subject, only that they will put it in proper perspective.

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Registered lobbyists are already subjected to disclosure requirements that don't apply to ordinary citizens. It's a minimal burden on free speech in the cause of making the legislative process transparent and accountable.

"AstroTurf" lobbying shouldn't be illegal, but neither should it be disguised as coming from the grass roots.

U.N. Atomic Chief Cites Iran Enrichment Plan (NYT)

By Mark Landler, David E. Sanger

The New York Times, January 27, 2007

DAVOS, Switzerland, Jan. 26 — The head of the United Nations nuclear inspection agency said Friday that Iranian officials had told him that they planned to begin installing equipment next month in an industrial-scale plant to enrich uranium.

Such a move would intensify Iran's confrontation with the Security Council, which has demanded a full suspension of the production of nuclear material, and has authorized mild sanctions.

The announcement by the official, Mohamed ElBaradei, director general of the International Atomic Energy Agency, was coupled with a plea to both Tehran and Western nations for all sides to take a "timeout" to head off a larger confrontation.

"Enough flexing muscles, enough calling names," Dr. ElBaradei said in a conversation with reporters here at the World Economic Forum conference. "It's time to engage."

He proposed a suspension of the sanctions against Iran, while the Iranians simultaneously suspend enrichment of uranium. That process can produce fuel for nuclear weapons, though the Iranians deny that is their goal.

Nuclear experts and American officials say Iran's announcement may be a bluff. Tehran has run into significant difficulties in assembling centrifuges to enrich uranium. A year ago it promised to have 3,000 centrifuges running by now; instead, it is just beginning to install that equipment, at Natanz.

But Dr. ElBaradei seemed clearly concerned that once enrichment began, it would be difficult to halt, and that Iranian officials would be loath to dismantle any plant once construction had begun.

He is also concerned that such a plant could become a military target for the United States or Israel. Such a strike would be "absolutely bonkers," he said, noting that it would not deprive Iran of the technological expertise to pursue any nuclear ambitions.

"It would only strengthen the hand of hard-liners," he said. "They would simply go underground."

Dr. ElBaradei said he worried that further sanctions against Iran, which the United Nations has threatened to impose next month, "is only going to lead to an escalation."

Given what inspectors know about Iran's current capabilities, Dr. ElBaradei said, the Iranians are three to eight years away from being able to manufacture a nuclear device. That is roughly in line with estimates made by American intelligence officials.

The United States said it would stick to its insistence that Iran stop enrichment before negotiations begin. The State Department spokesman, Sean McCormack, said the reports that Iran planned to install 3,000 centrifuges showed its continued defiance.

"We'll see what Dr. ElBaradei has to say," Mr. McCormack said Friday at a briefing in Washington. "More importantly, we'll see what the Iranians do; they continue in provocative behavior."

He said the preliminary sanctions, which ban the import and export of material used in uranium enrichment, reprocessing and ballistic missiles, appeared to be having some effect in Iran.

There is evidence of an internal split in Tehran. Two hard-line newspapers that reflect the views of Iran's supreme religious leader, Ayatollah Ali Khamenei, recently demanded that President Mahmoud Ahmadinejad stay away from nuclear issues because his comments were deepening Iran's isolation.

Iran's relations with the international nuclear monitoring agency have deteriorated since the sanctions were approved. Iran has demanded the agency remove the official who oversees inspections of Iranian facilities, and it has barred more than 30 inspectors, all from countries that supported sanctions.

It is not clear how much influence Dr. ElBaradei can exercise, now that the confrontation has moved to the Security Council. But he appears to believe there is support for his proposal.

A diplomat at the agency, speaking on condition of anonymity, said he had found such support in Germany and France. Those nations, along with Britain, have led the talks with Iran over its nuclear program.

Dr. ElBaradei has also consulted with Russia, which favors a more conciliatory approach. But he did not discuss the idea with American officials before making it public here, the diplomat said.

The United States has said that if Iran suspended uranium enrichment, Washington would join the Europeans in direct talks with Tehran, and Secretary of State Condoleezza Rice has indicated that she would take part.

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Dr. ElBaradei also suggested the United States show more flexibility in its standoff with North Korea, which detonated a crude nuclear device in October. The North Koreans have demanded that the United States drop financial sanctions as a condition for reviving talks over their nuclear program.

American and North Korean officials met this month in Berlin, a meeting meant to lay the groundwork for a revival of multiparty talks in Beijing. State Department officials say they are hopeful of some kind of deal, perhaps involving a temporary freeze on plutonium production in the North.

U.N. Says Iran Plans Nuclear Development (AP)

By George Jahn, Associated Press Writer

AP, January 27, 2007

Iran plans to begin work next month on an underground uranium enrichment facility, as part of a plan to create a network of tens of thousands of machines turning out material that could be used to make nuclear arms, U.N. officials said Friday.

The officials' comments were the first concrete confirmation that work on the facility would begin in February. A senior U.S. State Department official warned the move would be a "major miscalculation" by Iran.

"If Iran takes this step, it is going to confront universal international opposition," said Undersecretary of State Nicholas Burns. "If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken."

Former Iranian President Akbar Hashemi Rafsanjani, meanwhile, accused the U.S. of acting like a bully, with the ultimate aim of forcing Iran to "abandon nuclear energy." In a sermon in Tehran, he said a U.S. military buildup in the Gulf and the announcement that U.S. forces would seek to capture or kill Iranian agents in Iraq were aimed Iranian nuclear programs.

"Today our enemies have come with several issues against us while having supporters in the world communities," Rafsanjani told worshippers Friday. "This is bullying."

Also Friday, the Iranian government said it would bar all U.N. inspectors from countries that voted in favor of a U.N. Security Council resolution last month that imposed sanctions on Iran for its nuclear program. Iran said it had rejected 38 names from a list of inspectors from the U.N. International Atomic Energy Agency.

Iranian officials have said repeatedly that work would start soon on the uranium enrichment facility at its Natanz underground plant. There had been speculation the leadership might launch the project next month to celebrate the 28th anniversary of the Islamic Revolution that brought the clerical leadership to power.

But the timing of the work may in part be a gesture of defiance. The Security Council's 60-day deadline for Iran to suspend uranium enrichment runs out next month, paving the way for further sanctions.

"I understand that they are going to announce that they are going to build up their 3,000 centrifuge facility ... sometime next month," IAEA head Mohamed ElBaradei told reporters at the World Economic Forum.

U.N. officials, who demanded anonymity because the information was confidential, emphasized that Iran had not officially announced plans to embark on the assembly of what will initially be 3,000 centrifuges at Natanz. But they said senior officials have informally told the IAEA that the work would begin next month.

Iran ultimately plans to expand its program to 54,000 centrifuges, which spin uranium gas into enriched material.

Iran says it aims to produce nuclear fuel to generate electricity. But if Iran chose, it could use the massive array of centrifuges to make enough weapons-grade material for dozens of nuclear warheads a year.

Diplomats briefed on the IAEA's findings said this month that the Iranians recently finished pre-assembly work at the Natanz facility, which is underground as protection against attack.

In enrichment plants, centrifuges are linked in what are called cascades. For now, the only known assembled centrifuge cascades in Iran are above ground at Natanz, consisting of two linked chains of 164 machines each and two smaller setups.

The two larger cascades have been running only sporadically to produce small quantities of non-weapons grade enriched uranium, while the smaller assemblies have been underground "dry testing" since November, IAEA inspectors have reported.

A U.N. official cautioned against assuming that the new work at Natanz would result in thousands of centrifuges spinning anytime soon, suggesting Tehran might do nothing more than put together another 164-machine cascade underground.

A diplomat with access to much of what is known about Iran's enrichment program said Tehran may not be technologically advanced enough to put together thousands of centrifuges in series _ work that would take months even for more developed countries. Additionally, he said, Iran might be "drawing a new line in the sand" by embarking on _ and then pausing _ its underground assembly work.

Even a symbolic start of underground installations at Natanz would sharply escalate the conflict between Tehran and world powers over its nuclear program.

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In another example of Tehran's hardball tactics, diplomats in Vienna, where the IAEA is headquartered, said Iran had demanded the removal of a senior official linked to agency inspections of the Iranian nuclear program. Iran barred the official, Chris Charlier, from visiting last year.

ElBaradei suggested Thursday that one way to defuse tensions would be a "simultaneous time-out" _ with Iran suspending enrichment activities and the Security Council suspending sanctions so the matter could "go to the negotiating table."

In an indirect slap at the U.S. and Israel, ElBaradei also said anyone advocating military action against Tehran was "bonkers," because such a move would force Iran "to go underground."

Israel and the United States have both suggested a strike on Tehran's nuclear facilities was not off the table.

Curfew Is Lifted In Beirut, But Tension Lingers (NYT)

By Nada Bakri

The New York Times, January 27, 2007

BEIRUT, Lebanon, Jan. 26 — Lebanese Army soldiers reinforced checkpoints and maintained a heavy presence in tense neighborhoods in Beirut on Friday, lifting a rare nighttime curfew that had been imposed to stop the worsening violence between pro- and antigovernment crowds.

If there was any optimism in this beleaguered city, it was framed around the hopeful notion that all sides had become so frightened by the violence that perhaps they would be willing to find a compromise to end the nation's internal political standoff.

"The opposition will think about escalating maybe 10 times before doing it again," said Osama Safa, director of the Lebanese Center for Policy Studies, a research group. "I think, if anything, it proved that this can be very, very costly."

The curfew, lifted early Friday morning, was imposed after a fight at a university cafeteria grew into rioting and gunfire that left four people dead and 200 injured.

Slowly, this weary city came back to life as cleaners removed piles of debris, broken glass and bullet castings from the streets around Beirut Arab University, in Tariq Jadide, a Sunni neighborhood on the southern edge of the city.

Dozens of smashed and burned cars were towed away.

There was a veneer of calm yet deep uncertainty as the Shiite Muslim group Hezbollah and its allies held funerals for two of their activists who had been shot near the university campus.

Leaders on all sides, as they have from the beginning, called for unity to prevent Lebanon from sliding toward civil war.

"We urge all religious figures, Christian and Muslim, and all sensible people in Lebanon to shoulder their responsibility before it's too late," Sheik Mohammed Yazbik, a senior Hezbollah official, told mourners at one of the funerals.

Several thousand mourners turned out for the funerals. Gunmen fired shots in the air while others carried portraits of the deceased. The calm was fragile. "Death to Siniora, death to Jumblatt," shouted mourners in one procession, referring to Prime Minister Fouad Siniora and the pro-government Druse leader Walid Jumblatt.

At the same time, the Christian pro-government leader, Samir Geagea, said that he held the Hezbollah-led opposition responsible for the violence and warned that any moves to topple the government by force would lead to civil war.

"Some parties are trying to overthrow the government and the regime by force," said Mr. Geagea, the leader of the Lebanese Forces party. The government, he said, "will not fall under pressure, and if you continue, there will be civil war."

On Tuesday, a nationwide strike called by the Hezbollah-led opposition shut down the city and much of the nation, with roadblocks and crowds of supporters who took to the streets, burning tires and cars.

Hezbollah has demanded that Mr. Siniora step down or form a government of "national unity" that would give the opposition veto power and hold early parliamentary elections.

Mr. Siniora has refused to resign, insisting that the opposition end the protests and negotiate.

Lebanon Stands At Shiite-Sunni Brink (WSJ)

By Mariam Fam

The Wall Street Journal, January 27, 2007

The violence that Lebanon has witnessed in recent days -- culminating in clashes between Shiite opposition activists and Sunni pro-government supporters -- has again raised the specter of a civil war with a sectarian slant that echoes the growing regional Sunni-Shiite tensions. It also has underscored how combustible the stalemate has become between the Lebanese government and the opposition.

Lebanon, once viewed as a success story for democracy in the region, has previously witnessed mass protests that were largely disciplined and peaceful. But it has more recently seen a frightening escalation of unrest that troubles many Lebanese still recovering from the 15-year-old civil war that ended in 1990.

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Then, the fighting was largely between Christians and Muslims. Now, the political differences, on the rise since the end of the summer war with Israel, have sectarian undertones, among other things. Lebanese Sunnis largely back the government, while the Shiite Hezbollah and other Shiite groups stand in the opposition. Christians are divided between the two camps.

Increasing polarization in the Middle East further aggravates this issue. The rising clout of Shiite Iran and its influence in Iraq -- and beyond -- has alarmed Sunni regimes in the region. Hezbollah is backed by Iran and Syria, while the Lebanese government has the support of Washington and some key European and Sunni Arab governments. And many Lebanese feel their country, which boasts a delicate religious and sectarian mix, has become a proxy battlefield for regional and international power struggles.

"Lebanon's political terrain is rapidly shifting away from a phase marked by mild tremors and toward another era of civil-war-style earthquakes in which no government will be able to find firm footing," read an editorial on the Web site of the Lebanese The Daily Star newspaper. "Anyone who has studied the history of this fractious country knows how easily and quickly minor skirmishes can spiral out of anyone's control."

The editorial lamented Thursday's incidents involving a scuffle in a Beirut university between Sunni Muslim backers of the government and Shiite supporters of Hezbollah that disintegrated into clashes with cars set afire and fighting with stones and homemade clubs. Television footage showed gunmen taking aim from rooftops and windows. At least three people were killed, according to wire reports, and each camp blamed the other for the violence.

"What really scares the Lebanese people is that now Lebanon is once again teetering on the verge of a civil war, and that it may be starting to resemble the frightening Iraqi scenario, where sectarian sedition between the Sunnis and the Shiites flares," said Sateh Noureddine, managing editor of As-Safir newspaper, in an interview.

Thursday's violence came the same day that international donors pledged some $7.6 billion in aid, loans and other help for Lebanon and its government's economic-overhaul plans. The donors' conference in Paris was seen as a success, but the violence showed it will take more than just money for war-scarred and fractured Lebanon to heal its wounds.

"Any reform programs cannot take place without a political consensus," said Farid el-Khazen, a professor of politics at the American University of Beirut and a member of the Christian opposition allied with Hezbollah. "Not much can be done unless you have political consensus and support."

Demanding greater power, Hezbollah-led opposition supporters have staged sit-in protests for nearly two months in downtown Beirut, demanding the government step down or a new one be formed. The situation started to unravel on Tuesday when the opposition stepped up its campaign -- burning tires in the streets in a strike that paralyzed Beirut and other areas across Lebanon. Clashes between supporters of the two camps ensued.

While many Lebanese agree Tuesday was a watershed, they are divided over whom to blame. "Tuesday's strike has crossed the red line. The opposition controlled the country in a way that is not peaceful, and that did not respect the freedom of opinion," Mr. Noureddine said. Amal Saad-Ghorayeb, an expert on Hezbollah, said that, feeling threatened by the opposition's show of force on Tuesday, government supporters fueled Thursday's violence to flex their own muscles. "A lot of the violence is emanating from pro-government supporters," she said.

Aware of the lurking danger, political leaders on all sides appealed for restraint. Druse leader and senior pro-government politician Walid Jumblatt called on the Hezbollah-allied speaker of parliament to reconvene lawmakers in a bid to resume dialogue, the Associated Press reported.

The appeals for calm have raised the hopes of some that the violence may serve as a wake-up call that brings the leaders of the opposing groups closer.

But many analysts feel the recent flare-up has served only to cement the sectarian divide. Most troubling, they say, is that Thursday's street clashes signaled that if the situation further deteriorates, it may become more difficult for political leaders to control their supporters and stop some from tit-for-tat attacks. Already, many are accusing saboteurs of infiltrating crowds to instigate violence. On Friday, as calm was restored to Beirut, television stations affiliated with the opposing camps rehashed Thursday's events, trading barbed accusations.

"Unfortunately, I don't feel that the Lebanese leaders have enough awareness, wisdom and ability to assess the danger and call for coming together to find a common ground," Mr. Noureddine said.

Along Beirut's Line Of Confrontation (WP)

By Anthony Shadid

The Washington Post, January 27, 2007

DOJ_NMG_0123780

BEIRUT, Jan. 26 -- During Lebanon's 15-year civil war, the Green Line divided Beirut into predominantly Christian and Muslim halves along a road that became a symbol as telling as it was intimidating. In time, in a war in which more than 100,000 people were killed, it was less a front line and more a no man's land, named, some say, for its unkempt weeds and bushes.

Little remains of the Green Line today, save the Barakat Building near the downtown, its stately columns and arches still honeycombed by the damage of war. Like much of Lebanon itself, the other scarred buildings along the road are sheathed in a thin facade of concrete, stone and glass.

These days, the front has shifted to the Old Airport Road, a mile-long stretch of which divides its residents by Muslim sect -- Sunni or Shiite. The emerging border evokes the old and the new of Lebanon's two-month-old crisis: civil war memories and the sectarian schism transforming Lebanon and the region around it.

"This is the line of confrontation," said Ahmed Itani, sitting with friends around a corner from the airport road, in the Sunni neighborhood of Dana. "They're there, we're here, and if something's going to happen, it's going to happen in between."

For hours Thursday, Beirut witnessed scenes reminiscent of Iraq, as hundreds of Sunni residents, aligned with the government, battled Shiites loyal to Hezbollah and the allied Amal movement, opposition groups that launched a campaign in December to topple the government. At least four people were killed and about 200 wounded. Calm returned Friday after the army imposed an overnight curfew and politicians urged their followers to retreat from the streets. Workers removed dumpsters that had served as barricades, dragged incinerated cars to curbsides and scrubbed streets stained by charred tires.

But the telltale specter of civil war lingered. Residents traded stories of both now and then: Sunni snipers perched on roofs, firing on unarmed Shiites below; Shiite vigilantes stopping cars, demanding identity cards to learn the drivers' sects.

In the claustrophobia inspired by Lebanon's shoe-horned diversity, many Sunnis were upset that Shiites had dared to encroach upon what Sunnis consider their turf, and they set up their own checkpoints in the Bekaa Valley and on the coast south of Beirut. Along the Old Airport Road, residents wrestled with the knowledge that civil wars often start through accumulated accidents, not by design.

"The leaders in this country are shepherds, and the followers are sheep. Is that not right?" Itani said. "Fight, you fight. Stop, you stop. Sleep, you sleep." His friends at a garage started laughing, until the owner, Mahmoud Akawi, stepped in.

"Who wants a war?" he asked angrily. "A long time ago, the fathers of the sons living here today died. Are the sons going to have to die now? Are we going to have to go through all these deaths again? Sunnis killing Shiites?"

Itani and his friends sat in silence.

Lebanon's crisis is more than a struggle between a government and its opposition. At issue are the fundamental questions of the country's identity: the influence of the United States, Syria and Iran; the relationship with Israel; the power of the Sunni and Shiite constituencies. Given the stakes, the government and its allies -- grouping Sunni Muslims, Druze and some Christians -- and the opposition -- the Shiite movements of Hezbollah and Amal, together with an influential Christian ally -- have escalated pressure, confident they can both mobilize and restrain their supporters. But with each clash, many say, the two sides move inexorably toward a point of no return.

On the Old Airport Road, a sign outside a Sunni mosque reads, "We want one Lebanon, not two Lebanons." Across the street, another banner says: "Sunnis and Shiites are the nation of the Prophet Muhammad. They can't be divided."

Other signs are more sectarian. A banner commemorates former Iraqi president Saddam Hussein, a Sunni, who was executed by a Shiite-led government. "We will not forget you," it reads in red and black. Other posters celebrate the ongoing Shiite holiday of Ashura, "the victory of the aggrieved."

Every few hundred yards Friday, the army deployed armored personnel carriers and soldiers, some of whom were checking cars as they entered neighborhoods.

"We're against this war," said Mustafa Tahish, a 33-year-old tailor standing with his brother, Hisham, in Dana. "But armed men came to our territory. It's like a stranger coming to your house. How can we put up with this?"

"It was a provocation," his brother interrupted.

"We've been living together for years," Tahish went on. "They married us, and we married them. But you can't use force to settle a problem." He quieted. "This isn't Iraq," he said finally. "Is someone going to burn his house with his own hand?"

Traffic was light along the Old Airport Road on Friday because schools and universities were closed to let tensions subside. At one kiosk, a headline read, "Lebanon: Last chance for a solution before a disaster for everyone."

A little farther along was the Shiite neighborhood of Ghobeiri, where Wissam Berro, a grocer born to a Sunni mother and a Shiite father, worried about his wife of two months and the children they planned to have.

"How can I, if I don't know if there's going to be a war in Lebanon?" he asked.

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From Hezbollah's leaders to Shiites in the street, many speculate that the United States is encouraging the Sunni-Shiite tension as a way to blunt the growing profile of largely Shiite Iran. But there is worry, too, that whatever the design, Lebanon is too divided, too weak, too reflexive in its loyalty to its clannish leaders to withstand the repercussions of sectarian strife.

"Curse whoever awakened it!" read Friday's headline in as-Safir, one of Beirut's main daily newspapers.

Mohammed Zein al-Din shook his head as he remembered Thursday. An electrician, he was returning home from a Christian neighborhood when he was stopped in a mixed area by Amal loyalists in plain clothes, pistols tucked in their jackets. The men asked for his identity card. "They found I was a Shiite," he said, "and they told me I could go."

Din pointed at the Old Airport Road. It was the khat al-tamas, he said, the line of confrontation. "Anything can happen because everyone's armed," he added, then grimaced. "Pretty soon we're going to need three or four identity cards to get around."

Storming Of Home Caps Deadly Day In Gaza Strip (WP/AP)

By Associated Press

The Washington Post, January 27, 2007

GAZA CITY, Jan. 26 -- Hamas gunmen stormed the home of a fighter from the rival Fatah movement Friday, witnesses said, sparking a deadly gun battle. The clash capped a day of factional violence across the Gaza Strip that killed at least 13 people, including a 2-year-old boy.

The fighting, among the deadliest in nearly two months, marred the anniversary of Hamas's upset victory in Palestinian parliamentary elections. After nightfall, gunfire continued to echo through Gaza City. The heaviest shooting was concentrated around the residence of Mansour Shaleil, a Fatah leader in the Jabalya refugee camp just north of Gaza City.

Hamas gunmen surrounded the house early Friday to detain Shaleil, accusing him of involvement in a shooting in which two Hamas supporters were killed. After an hours-long standoff, dozens of gunmen stormed the house and exchanged fire with Shaleil and a supporter, according to witnesses and ambulance drivers.

The gunmen later withdrew, Palestinian news media reported, leaving Shaleil unharmed. Two men identified as Hamas fighters were killed.

"It looks like they forgot who the enemy is," said Maher Megdad, a Fatah spokesman. "They forgot the Israeli occupation."

Fatah gunmen, meanwhile, kidnapped 19 Hamas fighters and threatened to kill them if Shaleil was harmed, officials on both sides said. After the siege at Shaleil's house ended, Hamas and Fatah officials said they were working with mediators to arrange the hostages' release.

Fighting also spread to the headquarters of the pro-Fatah Preventive Security Service in Gaza City. Four Hamas gunmen were killed in a battle outside a nearby mosque.

In other incidents, fighting erupted outside the residences of Palestinian Authority President Mahmoud Abbas of Fatah and Foreign Minister Mahmoud Zahar of Hamas.

Deadly Battles Shatter Gaza Calm (BBC)

BBC.com, January 27, 2007

At least 13 people have died in some of the deadliest fighting between rival Palestinian factions Hamas and Fatah in Gaza for months.

Two civilians - one a two-year-old boy - were among those killed, Palestinian medics said.

The clashes erupted after weeks of relative calm and renewed efforts to form a national unity government.

Both Hamas and Fatah said they were suspending talks after the violence, which continued into the night.

Both factions also kidnapped members of the opposing side during the day.

More than 40 people have died as a result of a power struggle between supporters of the Hamas-led government and Palestinian Authority President Mahmoud Abbas' Fatah faction since mid-December.

Echo of gunfire

The BBC's Alan Johnston in Gaza says there has been intensive mediation by Egyptian diplomats in an effort to stop the bloodshed there.

He says late in the evening word came that Fatah and Hamas had agreed to order their supporters off the streets.

But our correspondent says both then accused the other of reneging on the deal and clashes continued.

Some of the heaviest fighting took place in the Jabaliya refugee camp, where Hamas gunmen laid siege to the home of a local Fatah leader.

The gunmen eventually stormed the building and two people were killed.

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Militants linked to Fatah said they had captured at least 19 Hamas supporters in response to the siege. Some were later freed.

As night fell the streets of Gaza continued to echo to the sound of gunfire and explosions.

Elsewhere, fighting erupted outside the residences of Mr Abbas and Hamas Foreign Minister Mahmoud Zahar.

Mr Zahar's home was damaged after being hit by a rocket-propelled grenade, security sources said.

Palestinian Factional Strife Leaves 14 Dead (LAT)

By Richard Boudreaux, Rushdi Abu Alouf

The Los Angeles Times, January 27, 2007

JABALIYA, GAZA STRIP — Fourteen Palestinians died Friday in a resurgence of factional violence that marred the one-year anniversary of Hamas' victory in parliamentary elections.

The daily death toll was one of the highest in the sporadic street fighting that has sunk the Palestinians deeper into chaos and poverty over the last year and complicated efforts to end the Israeli-Palestinian conflict. Friday's bloodshed disrupted talks between Hamas and Palestinian Authority President Mahmoud Abbas' rival Fatah movement on a proposed power-sharing arrangement.

Hamas' upset win Jan. 25 of last year gave the militant Islamic group control of the government, ending Fatah's dominance.

Because Hamas is sworn to Israel's destruction, its takeover prompted the United States, other Western countries and Israel to cut off funding to the Palestinian Authority.

Abbas, who had been elected president in 2005, has been trying for months to cut a deal with Hamas that would install a coalition Cabinet supportive of his efforts to negotiate peace with Israel and end the crippling sanctions. These talks have broken down several times amid the sporadic factional fighting, which has left more than 70 people dead since May.

Friday's violence, in which at least 34 people were wounded, broke two weeks of relative calm.

Four Hamas gunmen were killed in Gaza City after they and other worshipers leaving a mosque exchanged mortar and grenade fire with Fatah-led Preventive Security Service police at their nearby headquarters.

Most of the violence occurred in this northern Gaza town and its refugee camp.

After a 10-hour siege, dozens of police from the Hamas-led Interior Ministry stormed the home of a senior officer in the Al Aqsa Martyrs Brigade, Fatah's militia, trying to arrest him for an earlier killing. The officer, Mansour Shaleil, escaped harm, but six people died — one of his relatives, a Fatah defender, two Hamas policemen and two unarmed bystanders.

During the siege, Fatah militants elsewhere said they had seized 19 Hamas members as hostages and threatened to kill them if Shaleil was hurt. Eleven of the hostages, held in the West Bank city of Nablus, were later freed; the fate of the others was unknown.

Hamas police officials said Shaleil was implicated in a roadside bomb explosion that hit a Hamas police jeep late Thursday, killing two policemen. Five other police officers and five civilians were wounded.

Before dawn Friday, Hamas policemen surrounded the home of another Fatah militiaman suspected of involvement in the bombing and killed him. A police spokesman said the militiaman had fired at the police as they went to arrest him.

Fatah officials called his death an execution.

Also killed Friday was a Hamas activist shot by a rooftop sniper as he rode through Jabaliya in a loudspeaker van summoning people to a rally marking the election anniversary.

Hamas had scheduled the rally for Gaza City but moved it to Jabaliya as a protest against Fatah's alleged role in the latest violence.

The crowd of 6,000 people, many of them bused from elsewhere, was small for a Hamas gathering in the coastal strip, the movement's stronghold, and many times fewer than Fatah mobilized for a Gaza City rally. Hamas policemen set up roadblocks and stood sentry on rooftops to protect the gathering as militants waved the movement's green flags.

The main speaker, lawmaker Mushir Masri, said Hamas would stand firm against its foes: Israel, the United States and "leaders of the coup," a reference to Abbas and other Fatah leaders who are trying to force Hamas to give up full control of the government.

"Don't waste your time and effort, because we are staying in our positions, in the government and in the parliament, just as the mountains of Palestine are staying in their place," shouted Masri.

Despite the Western economic pressures, which have made it impossible for the government to pay full salaries to its 165,000 employees, Hamas remains relatively popular — about even with Fatah in several opinion polls.

Abbas, reluctant to force a showdown, has delayed the plan he announced last month to call parliamentary and presidential elections ahead of schedule, a move Hamas has said it would resist.

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He set a deadline Thursday, promising to fix an election date unless talks with Hamas produced agreement within three weeks on a power-sharing government that would recognize Israel's right to exist.

But Friday's violence forced a postponement of the latest scheduled power-sharing talks until at least Sunday, Hamas officials said. Fatah officials said the talks were suspended until further notice.

"How can dialogue go on when there is a bomb underneath the table?" said Fatah spokesman Tawfiq abu Khoussa.

Deadly Suicide Bomber Attack At Hotel In Pakistan's Capital (NYT)

By Salman Masood

The New York Times, January 27, 2007

ISLAMABAD, Pakistan, Jan. 26 — A suicide bomber blew himself up outside a Marriott hotel here on Friday afternoon, killing himself and a security guard, the police and security officials said. At least five other people were wounded.

No one immediately claimed responsibility.

The attack took place in an upscale neighborhood of the Pakistani capital considered to be a high-security zone.

Many foreign visitors stay at the Marriott, and important government and private functions are often held there. The prime minister and many of his cabinet ministers, members of Parliament and diplomats live nearby.

The United States Embassy issued an advisory to American citizens in the country.

"The embassy strongly advises all Americans to avoid the area, exercise caution, and limit unnecessary travel," the statement read.

Officials and witnesses said the suicide bomber had tried to enter the hotel through an entrance near the parking area.

"There is an emergency gate which is used by the employees of the hotel," Brig. Javed Iqbal Cheema, a retired officer who runs the National Crisis Management agency, said in an interview at the blast site.

He said the bomber appeared to have planned to force his way through the emergency gate.

"The guard, as a matter of fact, resisted entry into the gate and did not allow him to get inside," he said, adding that when the bomber saw that he could not enter, he detonated his bomb there. The bomber and the guard were killed.

"We don't know where he parked his car, but primarily he was on foot and trying to make forced entry into the hotel," Brigadier Cheema said.

Officials here said the bomber's remains would be examined by forensic investigators. He is believed to have been in his mid-20s, according to initial reports.

The blast shattered the glass of several vehicles parked in the nearby parking lot.

The police cordoned off the area, and security forces were put on high alert in the city. Three hotel staff members were wounded and hospitalized. No hotel guests were injured, according to a statement issued by the office of the District Magistrate in Islamabad.

Pakistani officials said it was too early to try to determine who might be behind the attack. Pakistan has experienced sporadic violence carried out by local militants and groups linked to Al Qaeda since President Pervez Musharraf allied himself with the United States in 2001 in the effort to curb terrorism.

International hotel chains like Marriott and Sheraton and branches of foreign companies like KFC and McDonald's have been targets.

"One should not speculate whether it's a reprisal or a continuation of what is going on in this country and region," Brigadier Cheema said.

The same view was echoed by Tariq Azim Khan, the minister of state for information and broadcasting. "It would be premature to judge the motives of the suicide bomber," he said.

Chinese Colonel Sees Arms In Space (WT/AP)

By Edith M. Lederer

The Washington Times, January 27, 2007

DAVOS, Switzerland -- A senior Chinese military officer predicts that weapons will be deployed in outer space despite her government's long-standing desire to prevent an arms race there.

Yao Yunzhu, a senior colonel in the People's Liberation Army, brought up China's recent successful test of an anti-satellite weapon during a World Economic Forum dinner Thursday.

"My wish is we really want to keep space as a peaceful place for human beings," she said, adding that China would like all countries to come to a consensus that space should be used only for peaceful purposes.

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"But personally, I'm pessimistic about it," said Col. Yao, 52, who directs the Asia-Pacific Office at the Academy of Military Science in Beijing. "My prediction: Outer space is going to be weaponized in our lifetime."

Col. Yao's remarks were the first time a member of the Chinese military has commented on the test. The only other official comment, from the Foreign Ministry, offered the barest confirmation and repeated stock positions about China's wish to keep space free of weapons.

"This isn't the act of a country who remains fiercely committed to peace and harmony in the world," said Adm. Timothy Keating, commander of U.S. Northern Command. "This is a cause for concern. ... In executing this test, they have created potential significant problems for international space flight."

Adm. Keating told the Associated Press in an interview this week there are ongoing worries that such tests have other consequences, "intended or otherwise," that China must realize, including potential damage to other satellites or the space station by debris.

He added that the United States does not now plan a direct response to the test, but "there are a number of things that are on the list of potential military options" if it happens again.

The Jan. 11 test sparked criticism from the United States and Japan, and created concerns over the rising militarization of space. Analysts said it also represented an indirect threat to U.S. efforts to remain predominant in space and on the ground, because it raised the possibility that the network of U.S. spy satellites could be shot down.

The U.S. military has had the capability to shoot down satellites since the 1980s. Russia has a similar capacity, and now China is the third potential military power in space.

China confirmed the test on Tuesday but did not provide details -- and neither did Col. Yao. The magazine Aviation Week, which first reported the test, said the satellite was hit by a kinetic kill vehicle launched from a ballistic missile.

China's long-standing policy has been to ban weapons in space, Col. Yao said, noting that Russia and China presented a draft outline for a treaty to prevent the deployment of weapons in space to the Conference on Disarmament in Geneva in June 2002.

The United States objected at the time, saying the 1967 Outer Space Treaty provided sufficient guarantees against the weaponization of space. The Russians countered that while the 1967 treaty banned weapons of mass destruction in space, it did not contain any legal barriers to putting other weapons in orbit around the Earth.

Without naming any country, but in an apparent reference to the United States, Col. Yao said if there's going to be "a space superpower, it's not going to be alone, and China is not going to be the only one."

"It will have company," she said.

Her rank of senior colonel is equivalent to that of a brigadier or one-star general in the U.S. military. She belongs to a small group of fluent English speakers the usually secretive People's Liberation Army uses to deal with foreigners.

Moscow Lashes Out At Georgia Over Uranium Sale (NYT/AP)

By The Associated Press

The New York Times, January 27, 2007

MOSCOW, Jan. 26 (AP) — Russia's foreign minister denounced on Friday the detention of a Russian man accused of trying to sell highly enriched uranium to Georgian agents, calling it a "provocation."

A government scientist, meanwhile, confirmed that a sample of the uranium sent to Russia was weapons-grade, but said the sample was too small to determine its origin, news agencies reported.

Igor Shkabura, deputy director of the Bochvar Inorganic Materials Institute, said the uranium sent by Georgia "could be used for military productions, including nuclear weapons," according to ITAR-Tass.

It was the first public comment by a named Russian official to claims by Georgia that it arrested and jailed a Russian man last year for trying to sell weapons-grade uranium to an agent posing as a rich foreign buyer.

The reports that emerged Wednesday, confirmed by United States officials, renewed concern about security at Russia's array of nuclear facilities. They also aggravated already high tensions between Russia and Georgia, which have been at odds for years over the status of South Ossetia and Abkhazia, two renegade regions of Georgia seeking either independence or absorption into Russia.

Georgian officials say their agent made contact with the man selling contraband uranium in South Ossetia, which is widely seen as a regional epicenter for smuggling.

Georgia's Foreign Ministry issued a statement late Thursday saying the uranium sting highlighted the need for international observer missions in both regions, a proposal that Georgia has been pushing in recent months. Russia has peacekeepers in both regions, which have been under the control of unrecognized separatist governments since fighting ended in the mid-1990s.

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The ministry statement said, “Georgia is far from politicizing these questions.”

Russia’s foreign minister, Sergey V. Lavrov, said that he could see no reason for the detention of the man accused of smuggling the uranium.

“On the basis of the facts that I have at my disposal, I can say that this was a provocation,” he said, according to Interfax and RIA-Novosti.

Russia Calls Uranium Incident A Ploy (LAT)

By David Holley, Times Staff Writer

The Los Angeles Times, January 27, 2007

Georgia's news of an arrest is propaganda meant to tarnish Moscow's image, authorities say.

MOSCOW — Russian authorities on Friday rejected as an overblown propaganda ploy the announcement this week that one of their citizens was arrested last year in Georgia while allegedly trying to sell a small amount of weapons-grade uranium.

Russian national Oleg Khintsagov was arrested Feb. 1 after he smuggled about 3.5 ounces of the uranium into Georgia from his homeland, expecting to receive $1 million for it, Shota Utiashvili, chief of the analytical department of the Georgian Interior Ministry, said Friday in a telephone interview from Tbilisi, the Georgian capital.

Khintsagov, who thought he was dealing with "an extremely wealthy customer" wanting to buy nuclear bomb-making material, claimed that he would be able to provide up to 6.6 pounds at the price of $1 million for each 3.5 ounces, Utiashvili said.

Khintsagov was convicted for the attempted sale and is serving a sentence of at least eight years in a Georgian prison.

Some experts say that as little as 4 pounds of weapons-grade uranium could be sufficient to construct a bomb, but more common estimates are that even a highly sophisticated weapon would need several times that amount. Estimates of how much enriched uranium a terrorist organization would need to make a relatively crude bomb typically range from 35 to 50 pounds.

Utiashvili charged that Russia had not cooperated in the investigation of the incident, which was first made public this week by Georgian and U.S. officials. These officials said the CIA, the FBI and the Energy Department had assisted in the case.

"We think it is extremely dangerous that such material can get into the hands of terrorists," Utiashvili said. "We think it is in everybody's interests, and especially in the interests of Russia, to get to the bottom of it and assist us in this investigation."

Georgian-Russian relations have been strained since last year, and Russian authorities have blamed any lack of cooperation in the case on the Georgian side.

An official of the Russian Federal Atomic Energy Agency, who asked for anonymity because the agency was not yet issuing a formal statement on the case, said that shortly after the man's arrest, Georgia had provided a tiny sample of the seized material for testing in Russia.

The sample was sufficient for Russian scientists to determine that it was weapons-grade uranium but was not large enough to determine the origin of the material or the method of production, he said.

The agency requested a larger sample but did not get one, he added. The official said the affair "seems to us to be very strange, to say the least."

Russian officials and analysts said Friday that Georgia was using the incident to score propaganda points.

"It appears obvious that Georgian 'hawks' were consciously trying to deal a painful blow to the prestige of Russia in the international arena," the state-run Rossiyskaya Gazeta newspaper declared in an unsigned commentary.

Georgia's actions in the case were "a planned information provocation," said Andrei Cherkasenko, board chairman of Atompromresursy, a manufacturer of nuclear power industry equipment, according to RIA Novosti, the state-run Russian news agency.

Ivan Safranchuk, director of the Moscow office of the Washington-based Center for Defense Information, expressed doubt that Khintsagov really had access to the quantity of nuclear material he claimed.

"It reminds one very much of similar FSB sting operations in the early 1990s, when FSB agents, in order to produce some successful operations, provoked various low-rank employees and guards at companies that possessed nuclear materials," he said, referring to the main successor agency to the KGB.

"They would offer sums of money for stealing it and selling it to FSB agents posing as eager customers," he explained. "I think genuine serious terrorists would rather go to Pakistan if they wanted to lay their hands on nuclear materials. They must know better than to try to fish for that stuff in the waters of the former Soviet Union, where they most likely will end up stiffed, cheated and robbed rather than get back with the real thing.

"I don't think the international community should give much credit to this story and express serious concern about the situation," Safranchuk said.

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Utiashvili said Khintsagov had previously been known to Georgian authorities as "a small-time smuggler specializing mostly in foodstuffs."

"When we received information that this man claimed to be in possession of some weapons-grade nuclear materials, we didn't really believe it was true, given the trade habits of this person," Utiashvili said. "But we decided to follow that trace anyway because we can't leave any information like this without proper investigation. So we set up an operation in which one of our men posed as an extremely wealthy customer who was interested in obtaining that material."

During the sting operation, Khintsagov was tracked from Russia through the Russian-backed Georgian separatist region of South Ossetia to the main part of Georgia controlled by the central government, Utiashvili said.

"We are completely convinced he brought the nuclear material from Russia," he said. "When the man and his three Georgian accomplices were arrested and the material was analyzed by our experts, we were shocked to hear that the material in question was indeed weapons-grade uranium-235."

Utiashvili said Georgia had requested help from the FSB, or Russian Federal Security Service, immediately after the arrests were made, but that the agency never responded.

"Unfortunately," he said, "Khintsagov never either during the investigation or during the trial testified where he got the dangerous material and who helped him get that in Russia."

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Times staff writer Sergei L. Loiko contributed to this report.

Garry Kasparov: The Other Russia (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, January 27, 2007

NEW YORK -- As the longtime world chess champion, Garry Kasparov was a famously aggressive player. His latest game is politics, and his style is equally aggressive. "Our goal is to dismantle the regime," he says, speaking of the political coalition he leads to bring down Vladimir Putin.

Mr. Kasparov's Putin antipathy is well known to readers of this newspaper, of which he is a contributing editor. "I Was Wrong About Putin," was the headline on his Jan. 9, 2001, op-ed article for this page. One year into Mr. Putin's presidency, Mr. Kasparov sounded an early warning about a man whose "KGB roots have informed a style of governance that is neither reformist nor particularly democratic." Since then, Mr. Kasparov has scarcely let up, retiring from chess in March 2005 in part to devote himself to politics.

Mr. Kasparov's new occupation is not without its perils -- a thought that occurred to me as we arranged to meet earlier this month at his newly refurbished apartment in an art deco building on a smart street in Midtown Manhattan. It's a neighborhood replete with sushi bars -- of the sort that bring to mind, ghoulishly, the late Alexander Litvinenko, who was poisoned with polonium 210.

The doorman announces me, and Mr. Kasparov greets me at the door. We are old interlocutors -- I was present at his first meeting with the editorial board in March 1990 and was his editor at the Journal for years. So we kiss -- twice, once on each cheek, not three times, as is the custom in Moscow. After his wife serves tea -- in bone-china English cups, not à la Russe, in glasses -- I ask Mr. Kasparov about the risks: "Look," he says, "there are certain moments in your life when you should forget calculations and do what you believe is your moral duty. I knew that the choice would be dangerous. That's why our baby was born here. I'm prepared to take all the risk, but if I can avoid some, I do." The Kasparovs have a three-month-old daughter.

"The Other Russia" is the name of the unlikely left-right coalition conceived by Mr. Kasparov in 2005 and founded last year. It is composed of groups that would normally be at political odds -- democrats like Mr. Kasparov, nationalists, socialists, even Bolsheviks. Mr. Kasparov predicts that the Communist Party will join up before the end of the year. "There's still a lot of distrust," he says, with more than a modicum of understatement. "It's a problem, but I don't think it's insurmountable. The big advantage of the Other Russia, and I think it's our biggest accomplishment, is that we've established the principle of compromise, which was not yet seen in Russian politics. It was always confrontation. It was a mentality of a civil war. We eliminated it."

A declaration at the time of the Other Russia's organizing conference last summer reads, "We are gathering together because we are united in our disagreement with the current political course of the Kremlin and united in our alarm for the present and future of our country." The group's sole objective is to find a candidate to run -- and win -- in the March 2008 presidential elections. Or as Mr. Kasparov puts it with characteristic bluntness: "When a liberal democracy is re-established, everybody goes his or her way."

The Russian Constitution forbids Mr. Putin from running for a third term -- though that doesn't quell widespread speculation that the president will ignore the rule of law and do so anyway. He "has the administrative resources" to do so, Mr. Kasparov

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agrees, but it would be at the price of his legitimacy -- both in the West and at home. "I don't think Putin wants to take such a chance."

Mr. Kasparov believes Mr. Putin's "mentality is just to run away -- with all the Russian billionaires. This is the richest ruling elite in the world. They are way ahead of the Saudi princes. They are mega-rich. When you're so rich, you have to make sure that your funds are safe." But "if Putin goes, then who will be in charge? That's a big problem. Then it's instability. An authoritarian regime cannot have a successor while the big name [Mr. Putin] is still alive, much less well, young and strong."

As the new year unfolds, Mr. Kasparov predicts "a political crisis" in Mr. Putin's government, along with "less stability, more uncertainty." That's the opening for the Other Russia. "We should keep our group together, close to the wall, to get into the hall when it's broken. But not too close to be buried under the debris." And then? "If the Other Russia wins, who cares? The victory of the Other Russia candidate destroys the legacy of any institution built under Putin. You have to start from scratch. You have to call new [parliamentary] elections. You have to introduce new laws. You have to undergo judicial reform. You have to destroy censorship." In short, you have to start over, back to where Russia was before Mr. Putin took over, building democracy, block by block.

The next step for the Other Russia, Mr. Kasparov says, is to come up with a platform and work out the rules for selecting a presidential candidate, tasks that are on the agenda for a conference planned for April. The candidate will likely be chosen in another conference in September or October, Mr. Kasparov explains. At the moment Mikhail Kasyanov, a former prime minister, "looks most prominent."

And what about Garry Kasparov? Is he a candidate? It's the only time in 15 years of conversations with Mr. Kasparov that I've known him to be less than confident in a reply. "So far . . .," he says -- note the "so far" -- "so far, I don't think my personal participation helps the coalition because so far" -- another one! -- "I keep the position of moderator. . . . I keep balance of different forces. If I step into the game, that might jeopardize the whole coalition."

In the course of our discussion, Mr. Kasparov refers often to the lack of a free press in Russia. So how, then, will the Other Russia get its message across? "The role of Internet is growing," he says. "Mobile telephones are not unique anymore, not even in rural villages." But -- and the master chess player may have too much confidence in the analytic abilities of ordinary Russians here -- "more important is growing malcontent. People are getting really unhappy. And if they're unhappy, they'll listen."

Mr. Kasparov is far more worried about money, which is short; but "I think in 2007 we will see a major influx of our financial support from within Russia because people can see that the ground is shaky." The Other Russia won't touch "politically exposed money," he says -- and emphatically denies that exiled oligarch Boris Berezovsky is a donor. But in the end, he says, "You know, you can't buy political support. Either you are the right man at the right place at the right time or no money helps you." More political naïveté?

Our hour nearly at an end, conversation drifts back to the early '90s and the discussions we used to have about Russia and its future. Is there something the U.S. might have done differently back then, I ask, that would have helped keep Russia on the path to democracy?

Mr. Kasparov gives a wry smile. "I think the best thing [the U.S.] could have done was to get Saddam [Hussein] 15 years earlier," he says. "By going after Saddam in 1991, I think we could have saved Yugoslavia from a civil war and could have sent a message, a very powerful message, to many dictators. . . . In 1991, the United States was much stronger and everybody else was much weaker."

The decision to let Saddam stay in power happened under the watch of President George H.W. Bush, whom Mr. Kasparov isn't shy about criticizing. But he's far more scathing about President Bill Clinton. "During the Clinton years, the United States did virtually nothing in the international arena. . . . There were a lot of activities, but when you look at the core events, I think the influence was irrelevant. . . . Leadership. There was no leadership. . . . There was a big window of opportunity to show leadership, in 1992-93. In those years the whole world was in an ambiguous state after the Cold War. It was a new world, and it required leadership. The way Winston Churchill and [Harry] Truman showed it in World War II. . . . Missing this chance and playing sporadically -- you know, boom, boom, you play one move here, one move there. The United States was asleep."

What advice does he have for George W. Bush about helping Russian democracy today? "Stay neutral," comes the swift reply. The "worst thing" that happened to the democracy movement, he says, was the inclusion of Russia in the Group of 7 democracies, now the G-8, a designation he can't bring himself to utter. Now, Washington should take that position that "there must be an election under the Russian constitution. Putin must go, and elections should be held. Period. That's enough. There's no double standard. Obey the Constitution. That's it."

In addition to his work with the Other Russia, Mr. Kasparov continues to write books about chess -- he's up to Volume Six in a series about his great predecessors -- and he has a mass-market book coming out this year called "How Life Imitates Chess," about the decision-making process in chess, business, politics and history. But at least for now, politics has taken the place of

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chess as the big game in his life: "I just don't see any other choice for me," he says. "As I used to say for 25 years, I am defending the colors of my country. I'm still doing the same, just not at the chessboard. At a much larger board."

Ms. Kirkpatrick is a deputy editorial page editor at The Wall Street Journal.

Kosovo To Declare Statehood In Months (FT)

By Daniel Dombey, Neil Macdonald

Financial Times, January 27, 2007

Kosovo is to declare independence in the next few months, with the tacit support of the EU and Nato, in an effort to resolve the eight-year impasse on the status of the province at the heart of the 1999 war between Nato and Belgrade.

Senior western diplomats say the province will make its move and be recognised as independent by European Union and Nato countries once a United Nations resolution about its future – expected to stop short of granting independence – is agreed.

"It's for a state to determine whether it's a state and for others to recognise it or not, and that's what's going to happen," said a western diplomat. He added that although the EU would recognise Kosovo as independent, Serbia would not.

Western diplomats believe bilateral recognition of Kosovo's independence is the only way out of the dispute about the future of the province, but acknowledge they will have to work hard to prevent Serbia's objections destabilising the region as a whole.

The EU and US see Kosovo as the biggest remaining source of instability in the Balkans. They intend to avoid either more rioting among Kosovo's ethnic Albanian majority like that in March 2004 or an attempt by Belgrade to partition the province, over which it claims sovereignty.

Russian opposition means the UN resolution will not declare Kosovo independent. But the EU and Nato believe the resolution is necessary to prevent the province spinning out of control.

Muhamet Hamiti, senior political adviser to Kosovo's ethnic Albanian leadership, confirmed the province was considering a unilateral declaration of independence but added it would prefer to work within the UN process: "We have been independent since 1999 but we need our sovereignty recognised by the international community. We don't expect our independence and sovereignty as a gift from anybody."

On Friday Martti Ahtisaari, UN chief mediator on Kosovo, presented proposals to the contact group of leading powers on Kosovo made up of the UK, France, Germany, Italy, the US and Russia. He plans to take his blueprint to the leaders of Serbia and Kosovo on February 2, to start negotiation before a UN Security Council resolution in March.

Moscow wants Mr Ahtisaari to take more time, arguing there is no permanent government in place in Belgrade.

U.N. Plan Expected To Pave Way For Kosovo Independence (NYT)

By Craig S. Smith

The New York Times, January 27, 2007

PARIS, Jan. 26 — The United Nations mediator Martti Ahtisaari presented his proposals for the final status of Kosovo on Friday, most likely setting the tiny war-torn territory on its way toward independence.

Although that goal is still months away and subject to a vote at the United Nations, the presentation of a plan is an important and long-delayed step in resolving the still potentially explosive tensions that led to war in Europe eight years ago.

The recommendations would leave the former Yugoslav province free to declare independence from Serbia, according to Western diplomats who have seen the plan. But they say it would also impose international supervision, much like what exists in Bosnia, to provide protection for Kosovo's ethnic Serbs.

As a result, the proposals fall short of the full independence so hoped for by the territory's majority population of ethnic Albanians, according to Western diplomats.

Even with the promise of international involvement, the diplomats say, Russia, a Serbian ally whose support is a crucial element, remains cool to the plan.

The proposals foresee a strong international presence for the indefinite future, and include "a lot of measures to guarantee and promote the rights of the minority communities," Remi Dourlot, Mr. Ahtisaari's spokesman, said in Vienna, where the plan was presented.

NATO troops, which have kept peace in the country since fighting ended in 1999, will stay put for the time being. And while the United Nations mission governing the territory will pack up and leave, it will be replaced by another international organization that will have executive powers to annul any legislation that breaches Kosovo's obligations under United Nations agreements, diplomats said.

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If the United Nations Security Council approves the plan, Kosovo is expected to quickly declare its independence and could expect swift recognition from its American and European supporters, even if Serbia rejected such a move.

But that step, diplomats caution, is probably months away.

"I foresee this process taking some time, and we might be in a wholly different situation," said one senior Western diplomat in Vienna who asked not to be identified because he was not authorized to comment on the proposal until it is made public. "No one can predict the Security Council dynamic."

Mr. Ahtisaari handed his recommendations to representatives of the so-called Contact Group — the United States, Britain, France, Germany, Italy and Russia — during a meeting at a secret location in Vienna. It will be presented next Friday to the Serbian government in Belgrade and the Kosovo government in Pristina.

Serbia and Kosovo will have the opportunity to ask questions and suggest changes to the proposals. When Mr. Ahtisaari feels he has exhausted those negotiations, he is expected to present a plan to the Security Council for approval. Kosovo and Serbia remain far apart in their positions, and experts say it is unlikely that Mr. Ahtisaari can close the gap.

Already, Russia, which supports Serbia's efforts to keep Kosovo as a province, is pushing for the Security Council vote to be delayed until Belgrade has formed a government after recent elections, diplomats in Vienna say.

Serbia's nationalist Radical Party came in first with 28 percent of the vote this month, but the democratic parties that came in second and third have the best chance to form a coalition.

But four Western diplomats interviewed said they doubted that Serbia could prevail upon Russia to veto a resolution once the Security Council is presented with one.

Mr. Ahtisaari, a former Finnish president, has not said when he expected to send the proposals to the Security Council, but diplomats involved in the negotiations say they are pressing for it to happen this spring.

According to one diplomat familiar with the plan, it would give Kosovo the right to enter into some international agreements and join world organizations as a sovereign state.

NATO would train a civil defense force that could eventually become a Kosovo Army, though it is not clear what would become of the Kosovo Protection Corps, which includes former Kosovo Liberation Army fighters and has been accused of aiding ethnic Albanian rebels in Macedonia and other misconduct.

In other ways, Kosovo would remain subject to international community oversight. The European Union is already setting up a police force of more than 1,000 officers to monitor the territory's police, judges, prosecutors and even prison guards.

The most politically delicate part of the plan concerns treatment of the estimated 114,000 Serbs in Kosovo, most of whom adamantly oppose independence from Serbia.

To reassure the minority that their rights will not be overrun, some Serbian areas would reportedly be given autonomy, and be free to receive some Serbian government help in building hospitals and schools. Mr. Ahtisaari's plan also reportedly provides for the creation of several new municipalities where the concentration of Serbs is high.

Serbian legislators in the Kosovo Parliament, meanwhile, would be able to stop at least some legislation if they believe it discriminates against the Serbian minority, diplomats said. Serbian religious institutions would also be guaranteed special protection.

Kosovo, nearly the size of Connecticut, has about two million people, 90 percent of whom are ethnic Albanian Muslims, a legacy of Ottoman rule.

It was an autonomous region within the Yugoslav federation until 1989, when Slobodan Milosevic asserted Belgrade's authority over the territory. That led to a rebellion by ethnic Albanians that was brutally suppressed until NATO intervened with a bombing campaign against Mr. Milosevic's troops in March 1999.

The war ended that June 1 when Serbian forces withdrew from Kosovo and NATO peacekeepers moved in. Kosovo became a United Nations protectorate with the promise that its final status would be decided over time. NATO has recently warned that Kosovo Albanian patience in waiting for that solution is running thin.

Rift Widens Among Nations Over Kosovo (AP)

By William J. Kole, Associated Press Writer

AP, January 27, 2007

Russia is pressing for more time to examine a U.N. proposal for the future of Kosovo, Western and Russian officials said Friday, underscoring a widening rift between Moscow _ a key ally of Serbia _ and the United States and its European allies.

"Russia wants a longer period" to consider the plan, which U.N. special envoy Martti Ahtisaari presented in Vienna to diplomats from the so-called Contact Group _ U.S., Russia, Britain, France, Germany and Italy _ a Western official told The Associated Press.

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Other members of the Contact Group insisted that "we've got to set a time limit" on the roadmap for the independence-minded province, said the official, who was not authorized to discuss details of the proposal and spoke on condition of anonymity.

Russia is a traditional ally of Serbia, which considers Kosovo the heart of its ancient homeland and insists that it remain part of Serbian territory. Kosovo's ethnic Albanian majority has been pushing for outright independence.

The U.N. Security Council will have the final say on Ahtisaari's plan, which the former Finnish president will formally present to both sides on Feb. 2.

Moscow's apparent misgivings _ and its veto power at the U.N. _ have raised the possibility of a diplomatic showdown with the United States, which backs the province's drive for statehood.

The other members of the Contact Group "agreed that the plan should go to the parties" without delay, the Western official said. But a Russian diplomat told the AP that the Kremlin "would prefer to wait" at least until Serbia, which held parliamentary elections earlier this month, forms a new government.

"We would not favor hasty moves," the Russian official said. The Russian official also was not permitted to discuss the proposal publicly and spoke on condition of anonymity.

Ahtisaari's deputy, Albert Rohan, called Friday's meeting "very good and positive," but declined to provide details. The diplomats planned to take the document to their capitals for further review, spokesman Remi Dourlot said.

In Pristina, Kosovo Prime Minister Agim Ceku reacted with impatience to the Russian request, insisting: "There are no more reasons to delay the status process."

Ceku said he realized the proposal "may contain elements that are not that favorable _ not all will be what we want."

"But it will be an acceptable package, we believe, for the people of Kosovo," he said. "I am confident that Kosovo will be independent and that when Ahtisaari goes to the Security Council he will propose independence for Kosovo."

His deputy, Lufti Haziri, said the U.N. blueprint was crafted around "two main issues, two main principles: Kosovo's right to its future and Kosovo's obligations toward minorities."

But diplomats and officials have said the proposal likely will not mention the word independence, although it is expected to give Kosovo some attributes of a sovereign state, such as access to international institutions and provisions for a security force.

Kosovo has been under U.N. control since mid-1999 _ when NATO airstrikes ended former Yugoslav President Slobodan Milosevic's crackdown on ethnic Albanian separatists _ and is currently patrolled by a 16,000-strong NATO-led peacekeeping force.

Ahtisaari has said his plan focuses on the protection of Kosovo's small Serbian minority and envisages a strong international presence backed up by the NATO peacekeepers.

International mediators have held yearlong talks between ethnic Albanian and Serbian leaders on issues such as giving self-rule to Serbs in areas where they form a majority, protecting their religious and cultural monuments and offering them constitutional guarantees so they are not overruled.

Oliver Ivanovic, a moderate Kosovo Serb leader from the ethnically divided city of Kosovska Mitrovica, said he was briefed earlier on key elements of the plan. He said Serbs "will have special rights in security, health services, education and cultural matters."

Diplomats said the plan also outlines post-status international supervision, with the European Union's top envoy in Kosovo likely to have veto power over laws and government decisions.

That would resemble the Dayton accords that ended Bosnia's 1992-95 war and established an international administrator to oversee that country's day-to-day affairs.

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Associated Press writers Aleksandar Vasovic in Vienna and Garentina Kraja in Kosovo contributed to this report.

Tokyo Cuts Aid, And Hinterland Withers In Japan (NYT)

By Norimitsu Onishi

The New York Times, January 27, 2007

YUBARI, Japan — Buried in chest-deep snow, History Village sprawled across a valley here, undisturbed by the tourists it was supposed to attract.

The place has gone bankrupt, as has its owner, this city on the northern island of Hokkaido.

No visitor could be seen the other day walking up the road, past the robot museum, the building with stuffed animals, the one dedicated to fossils, the one on life in the 1950s — “We were poor but happy in those days” — or the coal mine museum.

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During Japan's economic boom, Tokyo showered enormous subsidies on Yubari to build these huge though poorly thought-out tourist attractions, which drew few visitors, ran large deficits and saddled this city of 12,828 inhabitants with more than $500 million in debt.

At first it was a convenient arrangement: the hinterlands prospered, politically connected contractors had plenty of work and the government cemented the loyalty of rural voters. But the good times ended in the 1990s, and the government slowly closed the financial spigots, leaving Yubari and other rural cities increasingly desperate.

Yubari's plight has drawn nationwide attention, in part because it has become a precedent-setting test of wills between the city and the national government. How closely will Tokyo — which has always bailed out communities and companies — hew to its new policy of weaning rural Japan from the central government?

The evidence of growing hardship is hard to miss. Museums with little to exhibit, roads that lead nowhere and other white elephants litter the rural landscape, even as their upkeep drains local communities' shrinking resources. In fact, municipal finance experts say, other localities are in even worse financial shape than Yubari, but the day of reckoning has come here first.

As part of its plan to file for bankruptcy, place itself in the hands of Tokyo and repay its debts over 20 years, Yubari has put History Village and about 20 other tourist attractions up for sale. About half of the 300 city workers are leaving, and those who stay face salary cuts ranging from 30 percent to 70 percent.

The city's 11 schools will be consolidated into three or four; its hospital will become a clinic; its library, city hall branches and public baths will be shuttered. City bus discounts for the elderly will be reduced. Local taxes will rise. Already, snowfalls now have to total six inches, rather than four, before they are cleared.

No cost-cutting measure has been deemed too small. The toilet at the Yubari train station has been closed, forcing travelers to sneak into the adjoining hotel.

The imminent drop in the quality of life has led to recriminations and finger-pointing: at local politicians for lack of foresight, at Tokyo for feeding the rural addiction to public works. So far the government has not budged at reports that Yubari's little old ladies will not be able to afford to ride the bus any longer. It has said it shares no "responsibility" for Yubari's troubles, and the internal affairs minister, Yoshihide Suga, has pressed for even deeper cuts.

Yubari's mayor, Kenji Goto, said, "There are many local governments besides Yubari that are in dire financial straits, so I guess Tokyo has to take a hard stance against us."

Tokyo's attitude has led to anger here that the central government is singling out Yubari as a warning to the countless other Yubaris across Japan. If the Yubaris can no longer count on the government to rescue them, the reasoning goes, they will start cutting costs on their own.

"It's Tokyo that handed us all this money, without saying a word, and now they're saying it was wrong," said Kazuko Kudo, 77, a longtime resident. "No one expected that all of a sudden they'd make an example out of us."

Once a prosperous coal mining town with a population that peaked at 120,000 in the 1960s, Yubari extends for 20 miles up a single road, flanked by mountains. To advertise a local film festival, the city has put billboards of classic movies, like "Gone With the Wind," on buildings throughout the city, adding color to the city's general grayness.

Yubari began trying to transform itself into a tourism destination in the 1980s as the mines closed. It received generous subsidies from Tokyo for years; its former six-term mayor, Tetsuji Nakata, was famous for winning projects from the central government.

Some tourists came during Japan's economic heyday in the 1980s, and the city also became famous for its expensive melons. Yubari continued building tourist sites even after the collapse of Japan's economic bubble, as the nation tried to spend its way to recovery during the 1990s.

But the tourist attractions drew few repeat visitors, and the city was falling into the red — even though city officials fudged accounting figures to mask budget deficits.

"Whenever I'd pass by the tourist sites, I never felt there were that many visitors," said Mie Kosugi, 60. "So I wasn't surprised when they announced the truth, but I was shocked at the amount."

The reality was indeed dire: Yubari had $296 million in debts and $224 million in outstanding local government bonds. Its biggest employer was the municipal government, and 40 percent of the population was 65 or older. History Village, especially the robot museum, was now the object of widespread ridicule.

Mitsuo Okazaki, the city council leader now in his fourth term in office, said Yubari would have already become a ghost town had it not tried its hand at tourism.

"When we switched from coal mines to tourism, Tokyo kept coming at us with money to invest," Mr. Okazaki said. "So what we did was to accept their offer, and we kept building public works projects. But we were left with debts."

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Mr. Okazaki said the biggest reason Yubari could no longer make its debt payments was simply that subsidies from Tokyo had fallen. As part of its plans to decentralize and cut waste, the Japanese government in recent years has given greater tax collecting authority to local governments and reduced subsidies.

For Japan, the most indebted government in the developed world, decentralization means lessening a financial burden it can no longer bear. But critics say it will merely widen the gap between thriving urban centers, like Tokyo and Nagoya, and a rural Japan with an increasing number of elderly residents and an outflow of young taxpayers.

Misao Yamamoto, 32, who was shopping at a Yubari convenience store with her 2-year-old, said her neighbors had packed up and left, even though they had built a house recently. Her family is thinking of doing the same, since her husband has lost his job at History Village.

"My third-grade son watches TV and says he's fed up with how this place is about deficit this, deficit that," Mrs. Yamamoto said, adding that the older boy wanted to move to a neighboring city. "He says he's just fed up with Yubari."

Venezuela: U.S. Envoy Says Bags Are Packed (NYT)

By Simon Romero

The New York Times, January 27, 2007

Diplomatic relations with the United States appeared to become more fragile as William Brownfield, the American ambassador, responded to a threat of expulsion from President Hugo Chávez by saying, "My bags are always packed and ready." Mr. Brownfield, in a visit to Maracaibo, also emphasized that he hoped to avoid further confrontation and to focus instead on issues of political and economic importance to both Caracas and Washington. Mr. Chávez, who has threatened to expel Mr. Brownfield before, said on Thursday night that he could declare the ambassador "persona non grata" if he continued to comment on such issues as Venezuela's plan to nationalize companies controlled by foreign investors.

Venezuela's Satellites (WP)

The Washington Post, January 27, 2007

AREMARKABLE year of democracy in Latin America has left the region generally stronger. Presidential elections were held in 11 countries in the past 13 months, and political moderates won seven of them, including those in the four largest countries: Brazil, Mexico, Colombia and Peru. Throughout most of the hemisphere, the elections reinforced a consensus that continued growth must depend on free markets and free trade but that governments should concentrate on narrowing the large gap between rich and poor.

The new year nevertheless has begun with attention focused on a handful of countries where democracy is dead, dying or in danger. Venezuelan President Hugo ChÃ¡vez began his term this month with a flurry of authoritarianism, promising to cancel the license of the largest independent television station and seeking authority to rule by decree. He then rushed to attend the inaugurations of Nicaragua's Daniel Ortega and Ecuador's Rafael Correa, whom he hopes to convert into satellite leaders in a Venezuelan-led "socialist" bloc. Bolivia's Evo Morales and an ailing Fidel Castro are already in Mr. ChÃ¡vez's orbit; thanks to Venezuela's petrodollars, Cuba's totalitarian system may survive Mr. Castro's demise.

Mr. ChÃ¡vez's best chance may lie with Mr. Correa, who distanced himself from the Venezuelan and his policies to win the election, then swung back to his side on inauguration day. Mr. Correa denounced globalization and called the United States an "empire." More ominously, he adopted Mr. ChÃ¡vez's political strategy, calling for a constituent assembly to bypass Congress and rewrite the constitution -- a step Mr. ChÃ¡vez used to begin dismantling Venezuela's democracy seven years ago.

Mr. Morales's attempt to use the same tactics in Bolivia is foundering, but it is also pushing the country closer to another crisis. The Bolivian constituent assembly is deadlocked over voting rules; meanwhile, opposition governors in the relatively prosperous eastern lowlands are mobilizing masses against the president and his Venezuelan tutors. If he presses forward, Mr. Correa may encounter similar resistance.

Interestingly, Mr. Ortega is moving with considerably more caution, though he, too, has been showered with promises of Venezuelan aid and graced with an inaugural visit by Iranian President Mahmoud Ahmadinejad. Elected with just 38 percent of the vote, the former Marxist dictator has avoided anti-American rhetoric and promised not to tamper with the Central American Free Trade Agreement. His new finance minister told the Financial Times that socialism is not the government's program.

At 61, Mr. Ortega may understand something that Mr. ChÃ¡vez, 52, and his would-be followers have yet to learn: Socialist economics are a recipe for impoverishment, while political power grabs tend to boomerang. The mini-bloc of Latin outliers poses little threat to the United States or the region's overall stability. But even as their neighbors consolidate democratic institutions and unprecedented prosperity, the people of Venezuela, Bolivia, Ecuador and Cuba may be headed for a miserable year.

Ground Zero In Bolivia's Dispute (LAT)

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By Patrick J. McDonnell

The Los Angeles Times, January 27, 2007

COCHABAMBA, BOLIVIA — Embattled President Evo Morales launched his second year in office this week, mocking his political opponents and vowing that "this Indian is going to be around for a while."

But recent turmoil in this city long regarded as a bastion of support for Morales, Bolivia's first indigenous president, has raised new questions about his leftist government's ability to serve out its five-year mandate.

Days of protests culminated Jan. 11 in violent clashes between pro- and anti-Morales factions that transformed this normally bustling agricultural center 140 miles southeast of La Paz, the nation's administrative capital, into an anarchic battleground. The fighting left two dead, scores injured and the capitol building and other structures burned.

The tear gas has dissipated and a sense of normalcy has returned to Cochabamba, though riot police still stand watch near the quaint central plaza. But the paroxysm of rage has reverberated in national politics at a time when Morales' "democratic revolution" was already facing fierce resistance.

"If you'd asked me six months ago if Evo's government would survive, I'd have replied, 'Yes, absolutely,' " said Jim Shultz, a Californian who works with a nonprofit pro-democracy organization here. "I still say 'yes' today, but the possibilities of 'no' are rising."

Bolivia has a long history of forced ousting of governments, including many military coups. Morales won the presidency after protests chased out two previous presidents.

Today, even some of his longtime supporters have assailed the president for failing to quell the festering crisis in Cochabamba and instead opting to heap the blame elsewhere — mostly on his chief political rival here, Gov. Manfred Reyes Villa, a once-defeated presidential candidate now seemingly positioned for a future run.

Pro-Morales demonstrators, many of them Indian coca-leaf growers brought in from the countryside, unsuccessfully attempted to force Reyes out of office and install a "revolutionary committee" headed by an ex-guerrilla leader once known as Comandante Loro — Commander Parrot.

The hardscrabble protesters fought pitched street battles with Reyes supporters, largely middle-class, mixed-race residents fed up with what many view as the president's snubbing of their needs as he exalts Bolivia's long-ignored indigenous masses. It is a bitterness voiced well beyond Cochabamba.

"Evo has basically turned his back on the Bolivian middle class," said Gonzalo Lema, a well-known author here.

By all accounts, crossover support from the middle class helped propel Morales into the presidency in the December 2005 election with almost 54% of the national vote. Yet the president seldom acknowledges the existence of a non-indigenous Bolivia, except as a nefarious force opposing his efforts to rewrite the constitution.

"Evo has lost a chunk of his mandate because of rhetoric, and that's needless," said Shultz. "What would it cost him to get on TV on a regular basis and talk about the problems of people who aren't indigenous?"

Keen to capitalize on the dissatisfaction is Reyes, a former army captain and longtime mayor who has been catapulted into a leadership position in the nation's opposition.

"They're trying to impose a totalitarian regime," the governor said of Morales' government during an interview at a relative's penthouse suite in this city of 500,000. "Democracy has taken a blow in Cochabamba."

The president's response to the crisis here was typically pugnacious: He called for a new "people's" law to allow recall votes against elected officials such as Reyes. "If the people knew that they could remove an official with their vote, we would avoid this type of confrontation," Morales explained.

Detractors see a Morales power play to wrest control of Cochabamba and other opposition-dominated provinces — including La Paz, which also has a rival governor — at a time when the president's Movement Toward Socialism party only holds three of nine statehouses.

"Things got out of hand in Cochabamba because it is part of the larger national controversy," said Fernando Mayorga, an analyst here.

The lightning rod is the demand for autonomy emanating from the resource-rich, lowland "half moon" regions to the east, south and north of La Paz. The lowland zone is geographically, ideologically and culturally removed from Morales' base in the Andean high plains and nearby coca-growing tropics, where he got his start as a labor leader. The raging autonomy debate has become a proxy for the broader question of the country's future.

For his part, Morales equates autonomy with Bolivia's breakup and has vowed to fight it.

"No caballero will be able to split apart Bolivia," Morales said near Lake Titicaca this week, using a term identified with white colonizers, as cheering "red poncho" indigenous volunteers pledged to resist alongside their Aymara kinsman, the former llama herder who became president.

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The volatile ethnic and class issues are somewhat of a diversion, some analysts say. In Bolivia, autonomía has relatively little to do with language, culture, religion or the other core issues that have animated autonomy controversies in other lands. Here, it is mostly about money and resources — specifically, who controls Bolivia's valuable natural gas reserves, second largest in South America after Venezuela's.

From Morales' standpoint, it is an unfortunate quirk of fate that much of Bolivia's gas and petroleum wealth is concentrated far from his base of support. The president has repeatedly charged that rich landowners and businesspeople from the eastern city of Santa Cruz, an anti-Morales stronghold, were fomenting and funding the autonomy movement in a bid to grab national resources.

Now Cochabamba, a geographic and cultural bridge between the pro-autonomy lowlands and Morales' Andean base, has been thrust front and center into the autonomy fight. Seven years ago, a "water revolt" in Cochabamba against foreign distributors helped change the national political landscape.

What Reyes tried to do is ally Cochabamba with the four existing pro-autonomy provinces of the "half moon" region. That is an apparent red line for Morales, who would then be facing pro-autonomy forces in a majority of Bolivia's nine states, or departments.

Voters in Cochabamba firmly rejected autonomy last year in a nationwide referendum. But Reyes pushed for a new vote, arguing the government misled residents. "People thought autonomy meant you would need a passport to travel from one province to another," Reyes said.

The governor's pro-autonomy push ultimately was the spark that ignited this month's riots. The conflict featured Morales' alleged shock troops, coca-growers from the nearby Chapare valleys, who descended on the city to demand Reyes' ouster. Whether Morales, who still heads the coca-growers federation, personally ordered the protests remains unknown.

It is clear, however, that the president did not use his considerable influence to head off swiftly the predictable trouble that followed.

Waves of police and supporters of the governor confronted the pro-Morales masses who occupied Cochabamba's paralyzed city center. Both sides brandished sticks and rocks.

"Suddenly we were surrounded by police," recalled Ernesto Marin, 18, a pro-Morales union man from the Chapare, who is being treated by doctors to retain his eyesight, at risk after he was hit by a rubber bullet. "The union told us to come here, and we came."

The two dead included a fatality from each camp. The violence has left hard feelings on all sides, and a widespread sense that this is not the end of it.

"I could care less whether the governor stays or leaves," said Edgar Lopez, a merchant here. "But it appears the government wants to divide Bolivians. And in that it is succeeding."

Ghana Looks To Annan To Lead (WT)

By Karen Palmer

The Washington Times, January 27, 2007

ACCRA, Ghana -- If Kofi Annan's compatriots have their way, his retirement from the United Nations will have less to do with golf and grandchildren and more to do with presidential politics.

Ghana's most celebrated statesman sounded every bit like a candidate this week as he gave his first public address since stepping down as U.N. secretary-general last month.

Mr. Annan spoke of the promise of Africa, the spirit of change and prosperity enveloping the continent and the continued challenges that hamper its development.

"It is an exciting but challenging time to be African," he said. "I am joining hands with my fellow citizens to help lift Ghana to the bright future that can and must be ours."

The only thing he didn't say would be the words many Ghanaians long to hear -- that he will run in next year's presidential elections.

Mr. Annan, who led the United Nations for a decade, has explicitly and repeatedly denied having any interest in turning to politics. He has said previously that he will split his time between his West African homeland and Sweden, the birthplace of his wife, Nane Maria.

With a hero's welcome and a reception far warmer than any visiting head of state, Mr. Annan has been getting not-so-subtle pressure from all quarters of his birth country.

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"Retirement is overrated," joked Daniel Adzei-Bekoe, the chairman of the council of state, as he invited Mr. Annan to deliver a speech as part of Ghana's Golden Jubilee, a yearlong celebration marking the 50th anniversary of Ghana's independence from Britain.

An anonymous group has even started a Web site urging Mr. Annan to take up the leadership challenge. The online petition at www.draftkofiannan2008.com is meant to encourage Mr. Annan to put his U.N. experience endorsing peace, development and good governance to use as Ghana's next head of state.

The field already is crowded with candidates, as President John A. Kufuor prepares to step down next year. Many political analysts predict winning would be a shoo-in for Mr. Annan, especially with the opposition party split in two.

Mr. Annan is the kind of candidate who would send even seasoned campaign managers into a swoon. As a Nobel Peace Prize winner and two-term U.N. secretary-general, he has unprecedented name recognition. And as Ghana's most beloved son, he has enormous approval ratings.

Born as a twin in Kumasi in 1938 to a Fanti chief who became a regional politician and a mother who sold bread, Mr. Annan left Ghana in pursuit of his undergraduate degree, leaving the tropical climate of equatorial Africa for the challenging cold of a Minnesota winter.

More than 10 years ago, as Mr. Annan was working his way up the U.N. hierarchy, tribal elders approached him to take over as paramount chief, but he declined.

In a 2003 interview with the Smithsonian magazine, Mr. Annan was quoted as saying he might have stayed in Ghana if the country's economy had been stronger when he was leaving college and might have considered entering politics in his later years.

In his speech Thursday night, Mr. Annan said he is cautiously optimistic about Africa's future, noting that the number of conflicts has dropped and more countries are proving successful at paying off debt and managing inflation.

"But with the magnitude of Africa's needs, there is little room for complacency," he said.

Sounding like a political challenger, he said African leaders must "think faster and act quicker," while encouraging them to adopt three pillars -- peace, development and security.

U.N. Approves Resolution Condemning Holocaust Denying (WP)

By Bill Brubaker, Washington Post Staff Writer

The Washington Post, January 27, 2007

The United Nations General Assembly today approved a resolution, drafted by the United States and co-sponsored by 103 countries, that condemns denials of the Holocaust.

The resolution came six weeks after a conference in Tehran, organized by Iranian President Mahmoud Ahmadinejad, questioned whether six million Jews were exterminated during World War II.

Ahmadinejad and the conference were not mentioned in the resolution, which "condemns without any reservation any denial of the Holocaust" and "urges all member states unreservedly to reject any denial of the Holocaust as a historical event, either in full or in part, or any activities to this end."

The conference, which drew 67 Holocaust skeptics and deniers from 30 nations, including former Ku Klux Klan leader David Duke, was widely denounced.

"The Iranian regime perversely seeks to call the historical fact of those atrocities into question and provide a platform for hatred," the White House said in a statement last month.

Iran disassociated itself from today's resolution, calling it a political exercise to deflect attention from Israel's "atrocious" crimes. He said the resolution should have included other cases of genocide such as Hiroshima and Nagasaki, where the U.S. dropped atomic bombs, according to a U.N. news release.

The acting U.S. ambassador to the United Nations, Alejandro D. Wolff, told reporters he was disappointed that more of the 192 U.N. delegates did not attend today's General Assembly session.

"Those who would deny the Holocaust -- and, sadly, there are some who do -- reveal not only their ignorance but their moral failure as well," Wolff said in a statement.

A statement from U.N. Secretary General Ban Ki Moon's office said the resolution "reflects the prevailing view of the international community. The Secretary-General reiterates his conviction that the denial of historical facts such as the Holocaust is unacceptable."

Ahmadinejad has repeatedly cast doubt on the Holocaust, calling it a "myth."

"Those having supported the Zionist regime during their lifetime should be aware that its lifetime will be over, and their interests as well as reputation will be endangered," Ahmadinejad said last month, according to the Islamic Republic News Agency. "Just as the ground was prepared to assign such a regime, the Zionist regime will be overthrown by its supporters."

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Iran's United Nations ambassador, Mansour Sadeghi, told the assembly today "there is no justification for genocide of any kind, nor can there be any justification for the attempt made by some -- particularly by the Israeli regime -- to exploit the past crimes as a pretext to commit new genocide and crimes," according to [a] news service.

In response, Israel's U.N. Ambassador Dan Gillerman referred indirectly to Iran's program to enrich uranium, a key ingredient in a nuclear bomb.

"While the nations of the world gather here to affirm the historicity of the Holocaust with the intent of never again allowing genocide, a member of this assembly is acquiring the capabilities to carry out its own," Gillerman said, according to [a news company]. "The president of Iran is in fact saying, 'There really was no Holocaust, but just in case, we shall finish the job."

Correspondent Colum Lynch at the United Nations contributed to this report.

Partnership Announces $500M Health Initiative For Developing Nations (LAT)

By Charles Piller, Times Staff Writer

The Los Angeles Times, January 27, 2007

DAVOS, Switzerland — A multinational health group announced here today that it would commit $500 million over three years to strengthen healthcare systems and train health workers in developing nations, addressing a key problem for implementing its vaccination programs.

The GAVI Alliance, formerly called the Global Alliance for Vaccines and Immunization, is moving to counter a massive outflow of health workers in developing nations where its training and immunization programs have proved most effective. Doctors and nurses, particularly from Africa, often seek higher wages in developed nations that also face shortages of health professionals.

GAVI is a partnership that includes national governments, the United Nations, World Bank, the vaccine industry and the Bill & Melinda Gates Foundation. It was launched at the World Economic Forum in 2000 with a $750-million grant from the Gates Foundation, which gave the organization the same amount in 2005.

GAVI announced the move at this year's session of the World Economic Forum, an annual gathering of businesspeople, political leaders and others to discuss international problems and their solutions.

Since its inception, GAVI has prevented 2.3 million deaths from diseases for which vaccines are available, including 600,000 lives saved last year, according to World Health Organization data released today. The organization said GAVI had boosted vaccination rates among African children to 73% for one or more diseases.

"We know the impact of saving those lives has a lot of other benefits," improving standards of living and quality of life and reducing population growth, Bill Gates, chairman of Microsoft Corp. and a co-founder of the foundation, said at a news conference. "Vaccines are a miracle."

As new vaccines are developed for tuberculosis and HIV/AIDS, training and support provided by GAVI would help developing nations deliver them, Gates said.

But as the vaccination programs proceed, healthcare systems in Africa are crumbling, partly because of the loss of medical professionals trained by global aid programs. Malawi has lost 64% of its nurses and 85% of its doctors in recent years, many going to work for aid groups or the U.S. or British governments, which pay much higher salaries than local governments, according to a recent analysis in the journal Foreign Affairs.

Dr. Tadataka Yamada, who directs the Gates Foundation global health efforts, said in an interview that the role aid agencies and developed nations play in the outflow of medical talent from poor countries may be overstated. The larger reasons may be problems in the local economies.

"If you don't have places for physicians to work, if you don't have salaries to pay them, then there is no place for them to go," Yamada said.

The Gates Foundation is now seeking ways to improve conditions for local health workforces, he said.

"How do we create opportunities for this Diaspora to come home?" Yamada asked.

Julian Lob-Levyt, executive secretary of GAVI, called the problem in sub-Saharan Africa, where millions of children still die each year from diseases preventable with vaccines, a "capacity crisis."

He said the effort announced today was a tactical response.

"Instead of just training sophisticated doctors and nurses, we will train paramedics" to administer vaccines, Lob-Levyt said in an interview. The technicians would be more cost-effective to train and support, he said, and would more likely remain in their home nations because their skills would not be in demand in wealthier nations.

One such model may come from Ghana, said Anne M. Veneman, executive director of UNICEF, in an interview.

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"They put together a vocational program for community-based health workers" who can give immunizations and basic care, she said, adding that the program offers an incentive for advancement once the workers become ensconced in local jobs. "Later on they can get additional training and become full nurses," she said.

GAVI has raised $3.8 billion, nearly all from the Gates Foundation and national governments, and hopes to raise $1.3 billion more by 2015. The $500-million effort, which also will be spent on systems to distribute vaccines and drugs, needs new cash infusions from governments, Lob-Levyt said.

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What North Korea Really Wants (WP)

By Robert Carlin, John W. Lewis

The Washington Post, January 27, 2007

Those who think that dealing with North Korea is impossible are wrong. Unfortunately, those who think that it is, in fact, possible to deal with North Korea often are not much closer to the truth. The basic problem is that people of both views simply haven't figured out what it is that the North really wants.

We tend to confuse North Korea's short-term tactical goals with its broader strategic focus. We draw up list after list of things we think might appeal to Pyongyang on the assumption that these will constitute a "leveraged buyout," finally achieving what we want: the total, irreversible denuclearization of North Korea.

But this list of "carrots" (energy, food, the lifting of sanctions) does not include what the North thinks it must have. It can, of course, help keep the process on track and moving ahead, and it could help cement a final deal and hold it together through the inevitable political storms. But these things are not the ends that North Korea seeks.

North Korea feeds our misperceptions by bargaining so hard over details and raising its initial demands so high. For our part, we tend to be taken in by Western journalists' repetition of stock phrases about it being "one of the poorest nations," "one of the most isolated," "living on handouts." Accurate or not, these factors are irrelevant to Pyongyang's strategic calculations.

Those who realize that North Korea does not have visions of grand rewards sometimes move the focus to political steps that many see as "key" to a solution. These include replacing the armistice with a peace treaty, giving the North security guarantees, discussing plans for an exchange of diplomats. But these, like the economic carrots, are only shimmering, imperfect reflections of what Pyongyang is after.

What is it, then, that North Korea wants? Above all, it wants, and has pursued steadily since 1991, a long-term, strategic relationship with the United States. This has nothing to do with ideology or political philosophy. It is a cold, hard calculation based on history and the realities of geopolitics as perceived in Pyongyang. The North Koreans believe in their gut that they must buffer the heavy influence their neighbors already have, or could soon gain, over their small, weak country.

This is hard for Americans to understand, having read or heard nothing from North Korea except its propaganda, which for years seems to have called for weakening, not maintaining, the U.S. presence on the Korean Peninsula. But in fact an American departure is the last thing the North wants. Because of their pride and fear of appearing weak, however, explicitly requesting that the United States stay is one of the most difficult things for the North Koreans to do.

If the United States has leverage, it is not in its ability to supply fuel oil or grain or paper promises of nonhostility. The leverage rests in Washington's ability to convince Pyongyang of its commitment to coexist with the Democratic People's Republic of Korea, accept its system and leadership, and make room for the DPRK in an American vision of the future of Northeast Asia. Quite simply, the North Koreans believe they could be useful to the United States in a longer, larger balance-of-power game against China and Japan. The Chinese know this and say so in private.

The fundamental problem for North Korea is that the six-party talks in which it has been engaged -- and which may reconvene soon -- are a microcosm of the strategic world it most fears. Three strategic foes -- China, Japan and Russia -- sit in judgment, apply pressure and (to Pyongyang's mind) insist on the North's permanent weakness.

Denuclearization, if still achievable, can come only when North Korea sees its strategic problem solved, and that, in its view, can happen only when relations with the United States improve. For Pyongyang, that is the essence of the joint statement out of the six-party talks on Sept. 19, 2005, which included this sentence: "The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations subject to their respective bilateral policies."

And that is why the North so doggedly seeks bilateral talks with Washington. It desires not "drive-by" encounters, not a meeting here and there, but serious, sustained talks in which ideas can be explored and solutions, at last, patiently developed.

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Robert Carlin, a former State Department analyst, participated in most of the U.S.-North Korea negotiations between 1993 and 2000. John Lewis, professor emeritus at Stanford University, directs projects on Asia at the university's Center for International Security and Cooperation. Both have visited North Korea many times, most recently in November.

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TERRORISM NEWS:

Sen. Specter Presses Gonzales On Surveillance Program (HILL)

By Elana Schor

The Hill, January 26, 2007

Sen. Arlen Specter (Pa.), the Judiciary Committee's ranking Republican, initiated a fast-paced oversight inquiry late Friday, asking Attorney General Alberto Gonzales for a Monday meeting to explain reports of controversial legal maneuvers employed by the Justice Department in civil lawsuits against the Bush administration's warrantless surveillance program.

Justice officials have blocked access to court filings in several suits against the warrantless surveillance conducted by the National Security Agency, on the grounds that the information to be filed is classified, according to report in Friday's New York Times.

Although the administration is seeking dismissal of one court challenge to the surveillance, citing a White House announcement last week that future wiretapping efforts will be conducted only with a judge's consent, senators from both parties are skeptical that the move eliminates the need for future oversight.

In a Friday letter to Gonzales, Specter voiced "deep concern" about what he deemed "extraordinary procedures" allegedly utilized by Justice.

"If the Times story is correct, the Department of Justice may have a conflict of interest in limiting access to key evidence on national security grounds as a means of controlling the outcome in these cases and obstructing the federal courts in their adjudications," Specter wrote, adding that he had attempted to reach Gonzales by phone before drafting the letter.

Specter made the request of Gonzales without the signature of Judiciary Chairman Patrick Leahy (D-Vt.), who is out of the country, according to the letter. "…I believe he would authorize" a request for Gonzales' presence on the Hill during the Senate's next business day, Specter wrote.

Rockefeller Says He May Subpoena Documents On Spying (BLOOM)

By Jeff Bliss

Bloomberg, January 26, 2007

Jan. 26 (Bloomberg) -- Senate Intelligence Committee Chairman Jay Rockefeller said he may subpoena Bush administration documents on its controversial domestic surveillance program.

Rockefeller, a West Virginia Democrat, vowed he'll get details on a secret court's approvals of the program that targets suspected al-Qaeda members in the U.S.

``I don't trust what they're doing," Rockefeller said in an interview on ``Political Capital With Al Hunt" airing this weekend on Bloomberg TV. ``If I can't get the information," he said, ``I will not shy away from subpoenaing" it.

The Justice Department on Jan. 17 publicly reversed its opposition to letting the Foreign Intelligence Surveillance Court supervise the eavesdropping yet has declined to say how that oversight works.

Rockefeller said it's ``not acceptable" if the court doesn't review each instance of the electronic surveillance carried out by the National Security Agency.

``In the end, every single wiretap has to have a warrant," he said. ``I can't trust" what the administration says.

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The Justice Department indicated Jan. 24 that it was reluctant to share the rulings.

``The executive branch does not publicly release classified information concerning methods, means and operational details of ongoing, clandestine surveillance activities," department lawyers wrote in court papers filed with the 6th U.S. Circuit Court of Appeals in Cincinnati. ``More to the point, the longstanding practice is that FISA Court orders remain classified and not subject to public dissemination," they wrote.

Revelations about the program in December 2005 caused a public furor over privacy rights and led to calls that the program be disbanded.

Provoking Iran

Rockefeller also said he suspects that Vice President Dick Cheney and other administration officials are trying to provoke a military conflict with Iran.

``I don't know that, but I assume that," he said.

The senator said he's skeptical that President George W. Bush's program to kill Iranian operatives in Iraq has uniform support within the administration.

``The president has given the order," Rockefeller said. ``I'm not sure that it's even clear within the administration that it's a justified policy."

`We Will Stop Them'

Bush said today he's given the go-ahead for the military to stop suspected Iranian agents in Iraq from attacking civilians or American troops.

``If somebody is trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, we will stop them," Bush told reporters after meeting with his top military commanders at the White House.

Bush backed the killings as a way of putting pressure on Iran to stop aiding Iraqi Shiite militias who are taking part in the country's sectarian fighting, according to a story in today's Washington Post. Some administration officials are concerned the program will prompt Iran to retaliate with similar actions against U.S. forces, the paper said.

Rockefeller saved some of his harshest criticism for Cheney, who he said tried to block the committee's efforts to get information on intelligence operations.

``He's doing everything possible to stop that," he said.

A spokeswoman for Cheney couldn't be reached immediately for comment.

Rockefeller said he hopes the next administration will be headed by someone who ``can do as good or better a job."

While declining to make an endorsement, he said he wouldn't discount first-term Democratic Senator Barack Obama of Illinois, who said Jan. 16 that he's exploring a presidential bid.

``Experience is incredibly important," Rockefeller said. ``It also can be overrated."

What's more important is a president ``who is very bright, somebody who in this town can so easily surround himself with incredibly thoughtful people who are wise," he said.

ACLU Wants Access To Sealed Wiretap Filings (LAT)

By Henry Weinstein

The Los Angeles Times, January 27, 2007

The American Civil Liberties Union asked a federal court Friday to unseal secret documents filed by the Bush administration in support of its warrantless domestic surveillance program.

The administration announced last week that it was suspending the electronic surveillance program and says the ACLU case challenging its constitutionality should therefore be dismissed. It has filed some of its arguments under seal, preventing the ACLU from seeing them.

A hearing on the case is scheduled for Wednesday at the U.S. 6th Circuit Court of Appeals in Cincinnati.

In August, U.S. District Judge Anna Diggs Taylor in Detroit held that the wiretapping program violated the 1st and 4th Amendments, which respectively protect free speech and prohibit unlawful searches.

The government appealed and Taylor's ruling was stayed pending the appeal, which is to be heard by a three-judge panel.

Last week, Atty. Gen. Alberto R. Gonzales announced that the administration had suspended the program. He also announced that the court set up by the Foreign Intelligence Surveillance Act had issued secret orders Jan. 10 approving the surveillance.

Justice Department officials have declined to say whether the FISA court approved a specific warrant or approved the surveillance program in broad terms.

U.S. officials have said that under the secret program, the National Security Agency electronically monitored telephone calls and e-mails between people in the U.S. and those in foreign countries suspected of having ties to terrorist organizations.

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On Thursday, Justice Department attorneys filed a motion at the 6th Circuit, asking the court to drop further consideration of the case.

The lawsuit "no longer has any live significance," said a brief filed by six department attorneys led by Solicitor General Paul D. Clement.

"The surveillance activity they challenge … does not exist. And the specific relief they sought and were awarded … cannot redress any claimed injury because no electronic surveillance is being conducted under the [Terrorist Surveillance Program]."

The Justice Department also said that the secret intelligence court was reviewing the program and that it would oppose release of the Jan. 10 authorization order. "The long-standing practice is that FISA court orders remain classified and not subject to public dissemination," the Justice Department said in its brief.

ACLU attorneys, led by Associate Legal Director Ann Beeson, emphasized in their filing Friday that President Bush still claimed he retained the "inherent authority" to engage in wiretapping without FISA court oversight.

"Presumably to protect that supposed power, the government has declined to stipulate that it will comply with the district court's injunction in this case, which merely requires the government to comply with FISA," Beeson wrote. "Moreover, while a judge on the Foreign Intelligence Surveillance Court has apparently approved some form of the government's spying program, the government has refused to disclose the [FISA] judge's orders. Whatever those orders do, they do nothing to resolve the ultimate issue in this case: whether the president may lawfully conduct electronic surveillance outside of FISA.

"The government cannot have it both ways," Beeson wrote. "It cannot argue that the case is moot because the government is currently in compliance with FISA, and at the same time expressly retain the authority to violate FISA tomorrow. Because nothing prevents the government from ignoring FISA's requirements after the threat of this litigation has passed, the government has failed to satisfy its heavy burden of showing that this case is moot," Beeson added.

In addition, Beeson wrote that without more information about what the FISA court had authorized, there was no means of determining whether the National Security Agency's current activities were lawful.

Twice in the last week, the government informed the ACLU that it had filed secret material in the case, disclosing only that it bore on the case. On Friday, Beeson asserted that those materials were improperly classified and should be made available to the ACLU in order to give the organization an adequate opportunity to respond.

"Recognition of the 1st Amendment right of access is of particular importance" in this case "because of the extraordinary public interest, and significance of, the issues presented in this appeal," Beeson wrote. "The secrecy surrounding the FISA judge's Jan. 10 orders, and the government's continued assertion of authority to disregard FISA and the Constitution, have only deepened public interest and concern."

Along the same line, the ranking Republican on the Senate Judiciary Committee, Arlen Specter of Pennsylvania, sent a letter Friday to Gonzales asking for a meeting on the issue and expressing "deep concern … about extraordinary procedures taken by the Department of Justice in the 6th Circuit" and in another case involving the Terrorist Surveillance Program pending in U.S. District Court in Portland.

"The Department of Justice may have a conflict of interest in limiting access to key evidence on national security grounds as a means of controlling the outcome of these cases and obstructing the federal courts in their adjudications," Specter said in the letter.

ACLU Keeping Spy Case Alive (AP)

AP, January 27, 2007

U.S. argues challenge to domestic surveillance moot, court now monitors it

CINCINNATI - The American Civil Liberties Union on Friday urged a federal appellate court to keep alive its challenge to the Bush administration's domestic spying program, saying the president still asserts the authority for the warrantless surveillance.

The Bush administration said Thursday the case is moot and should be dismissed because a secret court now monitors the surveillance.

``The government continues to insist, however, that the president had and continues to have the authority to conduct the program outside'' the secret court, said an ACLU brief filed with the 6th U.S. Circuit Court of Appeals in Cincinnati.

The government appealed to the court after a federal district judge ruled that the program was unconstitutional. Oral arguments are set for Wednesday.

U.S. Attorney General Alberto Gonzales said the secret panel of judges who oversee the Foreign Intelligence Surveillance Act is reviewing and approving applications to spy on people believed to be linked to al-Qaida.

``There is, therefore, no longer any live genuine controversy to adjudicate,'' the Justice Department wrote in its brief filed Thursday.

But the ACLU said that without more information about what the secret court has authorized, it can't determine if current activities are lawful. It said the Bush administration might return to surveillance outside the secret panel without a court order against it.

The ACLU also asked the court Friday to make public or give ACLU lawyers access to secret materials in the case filed by the government as classified.

The National Security Agency program, secretly launched in 2001, monitors international phone calls and e-mails to or from the United States when one party is believed to have terrorist links. It became public in December 2005.

The administration says the program has been an important tool in the fight against terrorism and has helped prevent attacks.

The ACLU sued last year, and a federal judge in Detroit ruled in August that the program was unconstitutional, violating free speech and privacy rights and the separation of powers. A 6th Circuit panel in October ruled that the administration could keep the program in place while it appealed.

The Bait-and-Switch White House (NYT)

The New York Times, January 27, 2007

We often wonder whether there is a limit to the Bush administration's obsession with secrecy, its assault on the rule of law, its disdain for the powers of Congress, its willingness to con the public and its refusal to heed expert advice or recognize facts on the ground. Events of the past week suggest the answer is no.

In his State of the Union speech, Mr. Bush stuck to his ill-conceived plans for Iraq, but at least admitted the situation was dire. He said he wanted to work with Congress and announced a bipartisan council on national security.

That lasted a day. By Wednesday evening, Vice President Dick Cheney was on CNN contradicting most of what Mr. Bush had said. We were left asking, once again, Who exactly is running this White House?

While Mr. Bush has been a bit more forthright lately about how badly things have gone in Iraq, Mr. Cheney spoke of "enormous successes" there and refused to pay even curled-lip service to consulting Congress. Whatever votes Congress takes on Iraq, Mr. Cheney said, "it won't stop us."

Whenever the vice president does this sort of thing, and it's pretty often, Americans are faced with an unpleasant choice: Are Mr. Bush and Mr. Cheney running a bait-and-switch operation, or does the vice president simply feel free to cut the ground out from under Mr. Bush?

All of that was distressing enough. But in Friday's Times, Adam Liptak gave an account of the way the administration — after grandly announcing that it was finally going to obey the law on wiretapping — is trying to quash lawsuits over Mr. Bush's outlaw eavesdropping operations by imposing outrageous secrecy and control over the courts.

Justice Department lawyers are withholding evidence from plaintiffs and even restricting the access of judges to documents in cases involving Mr. Bush's decision to authorize the warrantless interception of e-mail and phone calls. In one suit, Justice Department lawyers tried to seize computers from the plaintiffs' lawyers to remove a document central to their case against the government.

In response to these and other serious concerns, the Justice Department offered only the most twisted excuses, which a federal judge rightly compared to "Alice in Wonderland."

When government lawyers tried to take back a document that has circulated around the world, the judge asked a Justice Department lawyer, "Who is it secret from?" The answer: "Anyone who has not seen it."

These are not isolated events. The government has made the same Orwellian claims of secrecy in a lawsuit over the president's decision to create secret C.I.A. prisons for terrorism suspects. Attorney General Alberto Gonzales routinely stonewalls legitimate Congressional requests for documents and information on a wide range of issues. He negotiated a secret agreement to give supposed judicial oversight to Mr. Bush's wiretapping program, with a court that does not permit anyone into its hearings to argue against the government.

Mr. Bush and Mr. Cheney claim that they are protecting the powers of the presidency. At least that's the bait they use to explain their trampling on civil liberties and the constitutional balance of power. But by abusing the government's legitimate right to claim secrecy in court hearings, they will make it harder for other presidents to do that when it is actually justified. And with that switch, they have done grievous harm to the credibility of the Oval Office and the country.

Tardy Compliance (WT)

By Jacob Sullum

The Washington Times, January 27, 2007

DOJ_NMG_0123805

The skeptics who doubt that 21,000 more troops will be the difference between war and peace in Iraq may be underestimating the Bush administration, which recently demonstrated it can do the impossible. This month, after violating the Foreign Intelligence Surveillance Act (FISA) by eavesdropping on Americans without warrants for five years because obtaining judicial approval would have endangered national security, the administration somehow found a way to obey the law without sacrificing our safety.

By exposing the hollowness of President Bush's national security justification, his tardy compliance with FISA demonstrates more contempt for the rule of law than continued defiance would have. Since the National Security Agency's warrantless surveillance program was publicly revealed in December 2005, the administration has maintained "it was absolutely necessary to protect the security of our country," as Attorney General Alberto Gonzales told the Senate Judiciary Committee on Jan. 18. Now we know that's not true.

From now on, Mr. Gonzales said, NSA surveillance of international e-mail and phone calls involving people on U.S. soil "where there is probable cause to believe that one of the communicants is a member or agent of al Qaeda or an associated terrorist organization" will be "subject to the approval of the FISA court." Although the Bush administration publicly insisted for a year that such a concession would compromise national security, Mr. Gonzales promised "the country will not be any less safe" now that the president has deigned to follow the law.

According to Mr. Gonzales, the Justice Department managed to square this circle by coming up with a "complicated" and "innovative" approach that complies with FISA yet allows the "speed and agility the government needs to protect our nation from the terrorist threat." Since the statute explicitly permits retroactive approval of surveillance in emergencies up to 72 hours after the fact, it's not clear what additional leeway the government thought it needed.

Nor is it clear how the government was able to get that extra flexibility without asking Congress to change the law (something Congress has been happy to do in the past). Mr. Gonzales refused to clarify whether the FISA court orders cover particular individuals (as the Justice Department has implied), groups of suspects or the program as a whole, although it's hard to see how answering that question would jeopardize national security.

Mr. Gonzales also failed to explain why complying with FISA was not possible until now. Although Bush administration officials discussed it "from time to time" over the years, he said, negotiations with the FISA court did not begin until 2005, in response to "the concerns raised" by members of Congress who knew about the program before the New York Times publicly disclosed its existence. He insisted the administration's reversal had nothing to do with the Times story, the ensuing criticism, or the lawsuits challenging the program's legality.

Whether you buy that or not, the reason for the delay in complying with FISA is clear: When it comes to fighting terrorism, the president considers obeying the law optional. As Mr. Gonzales emphasized, the administration still maintains the president is not obligated to follow FISA; he is doing so only because he has decided that "involving all branches of government on such an important program is best for the country." Given the president's view of his "inherent" powers, he could go back to evading the courts and flouting the will of Congress any day.

Mr. Bush is vague about the limits of the powers he claims -- whether, for instance, they include the authority unilaterally to order the opening of mail or the surveillance of purely domestic phone calls. Worse, he asks us to accept blindly his word that in any given case the terrorist nexus that supposedly justifies these extraordinary measures is in fact present. The danger of such unchecked power is the reason that, under our Constitution, "involving all branches of government" is not just a good idea; it's the law.

Jacob Sullum is a nationally syndicated columnist.

Limits On Power? Bush Won't Hear Of It (HONADV)

Honolulu Advertiser, January 27, 2007

Americans who are worried about the Bush administration's tight grip on the reins of power can't be happy with the news from Capitol Hill.

First, the president signals that he's now ready to end the practice of conducting warrantless wiretapping, announcing that any such operations will now meet requirements for court orders under the Foreign Intelligence Surveillance Act. This administration's turnabout resulted from negotiations with the FISA court.

But just when some critics felt ready to turn handsprings, others — including several U.S. senators — fired off pointed questions.

New York's Democratic Sen. Charles Schumer asked whether these warrants were blanket approvals or broad brushstrokes enabling generic roundups.

Attorney General Alberto Gonzales owes us an answer.

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In later grillings about federal prosecution of terrorists, Gonzales' message to the Senate was clearer — but even more disturbing. Habeas corpus — the right to go to federal court and challenge one's imprisonment — is not protected by the Constitution.

Even veteran Pennsylvania Republican Sen. Arlen Specter was incredulous, quoting a section in the Constitution barring suspension of habeas. How, he argued, can you ban the suspension of a right that doesn't exist?

Good question.

If the voters tried to communicate a need for some limits to executive power, the president wasn't hearing it.

Editorial: A Stunning Assertion (SACBEE)

The Sacramento Bee, January 27, 2007

Yes, the right of habeas corpus does exist

It's been part of the Anglo-American legal tradition since the Magna Carta in 1215. And the U.S. Constitution explicitly says that it cannot be suspended, except in the case of rebellion or invasion. Yet Attorney General Alberto Gonzales told the Senate Judiciary Committee this week that he believes people in the United States have no constitutional right to habeas corpus.

The writ of habeas corpus -- literally, "produce the body" -- has been a bulwark of personal liberty for more than 800 years. It requires that any time a person is detained, the government must produce the prisoner in person and state why he or she is being detained. A person taken into custody must either be charged or released.

But there was Gonzales, testifying before the Judiciary Committee that "there is no express grant of habeas in the Constitution; there is a prohibition against taking it away."

Sen. Arlen Specter, R-Pa., was flabbergasted: "Now, wait a minute. Wait a minute. The Constitution says you can't take it away, except in the case of rebellion or invasion. Doesn't that mean you have a right of habeas corpus, unless there is an invasion or rebellion?"

Gonzales dug in: "I meant by that comment, the Constitution doesn't say, 'Every individual in the United States or every citizen is hereby granted or assured the right to habeas.' It doesn't say that."

Specter was justifiably appalled: "You may be treading on your interdiction and violating common sense, Mr. Attorney General."

Unfortunately, this was not merely a theoretical exchange. The Bush administration already has been detaining people without charge. For example, Jose Padilla, a U.S. citizen, was detained in 2002 at a Chicago airport and then held for 3½ years without charges at a U.S. Navy brig in South Carolina.

The Bush administration forces us to learn anew the hallowed principles of our legal tradition -- and to defend them. Habeas corpus continues to be a basic human right worth fighting for -- to prevent a king or any government from arbitrarily throwing people into prison without charges.

Canada To Pay $9.75 Million To Man Tortured In Syria (NYT)

By Ian Austen

The New York Times, January 27, 2007

OTTAWA, Jan. 26 — Maher Arar, the Canadian software engineer who was detained by American officials in 2002 and deported to Syria, where he was jailed and regularly tortured, will receive 11.5 million Canadian dollars ($9.75 million) in compensation from the Canadian government, under a settlement announced Friday.

The compensation ends a lawsuit brought by Mr. Arar and follows a recommendation from a judicial inquiry into his case. That inquiry said the expulsion to Syria was caused by false assertions made by the Canadian police to United States officials, saying that Mr. Arar was an Islamic extremist linked to Al Qaeda.

Mr. Arar, traveling on a Canadian passport, was pulled aside by immigration agents in New York as he changed planes on his way home to Ottawa from Tunisia. He was instead flown to Syria, his birthplace.

The Canadian judicial inquiry cleared Mr. Arar of any terrorism connections in September 2006, and concluded that anonymous Canadian officials had orchestrated a defamation campaign against him after his return from Syria in October 2003.

As he announced the settlement on Friday, Prime Minister Stephen Harper offered a formal apology to Mr. Arar and his family for their “terrible ordeal.”

Mr. Arar, whose career was destroyed by the episode and who has suffered emotional problems since returning to Canada, said the government’s apology was more important for him than the financial settlement.

“The government of Canada and the prime minister have acknowledged my innocence,” Mr. Arar told a news conference. “This means the world to me.”

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After apologizing, Mr. Harper renewed calls for the United States to remove Mr. Arar from its terrorist watch list. “Canada fully understands and appreciates and shares the United States’ concerns with regard to security,” he said. “However, the Canadian government has every right to go to bat when it believes one of its citizens has been treated unfairly by another government.”

The case has strained the otherwise cordial relationship between Mr. Harper’s Conservative government and the Bush administration.

Attorney General Alberto R. Gonzales and Michael Chertoff, the homeland security secretary, have told Canadian officials that Mr. Arar is still on the watch list because of independent information about him obtained independently by law enforcement agencies in the United States.

After reviewing a confidential file concerning Mr. Arar, however, Stockwell Day, Canada’s public safety minister, said that it contained “nothing new” that justified blocking Mr. Arar from entering the United States.

This week, David H. Wilkins, the United States ambassador to Canada, publicly rebuked Mr. Day. “It’s a little presumptuous for him to say who the United States can and cannot allow into our country,” Mr. Wilkins said at a news conference in Edmonton, Alberta.

Mr. Arar has been unemployed since his ordeal in Syria, where he had been held for 10 months in a 3-by-6-foot cell and beaten repeatedly, often with a frayed electrical cable.

According to Mr. Harper, the settlement amount was based on an estimate of what a court would award Mr. Arar, and includes about $850,000 for legal costs.

Mr. Arar said: “I wish money could buy my life back. That’s my biggest wish.”

He has also sued American officials and agencies. A United States District Court judge in Brooklyn dismissed the suit last February, largely on jurisdictional grounds, but the decision is being appealed.

Tortured Man Gets Apology From Canada (WP)

By Doug Struck

The Washington Post, January 27, 2007

MONTREAL, Jan. 26 -- The prime minister of Canada apologized Friday to Maher Arar and agreed to give $9 million in compensation to the Canadian Arab, who was spirited by U.S. agents to Syria and tortured there after being falsely named as a terrorism suspect.

Arar, 36, a former computer engineer who was detained while changing planes at a New York airport in 2002 and imprisoned in a Syrian dungeon for 10 months, said after the announcement that he "feels proud as a Canadian."

"We cannot go back and fix the injustice that occurred to Mr. Arar," Prime Minister Stephen Harper said in issuing the formal apology in Ottawa. "However, we can make changes to lessen the likelihood that something like this will ever happen again." The head of the Royal Canadian Mounted Police resigned over the affair, and the government has pledged to increase oversight of its intelligence agencies.

Harper and Arar both criticized the United States for its refusal to accept the exhaustive Canadian inquiry that found Arar was an innocent man. Public resentment in Canada has swelled this week over U.S. officials' insistence that Arar should remain on its "watch list" of potential suspects, as well as the testy comments of U.S. Ambassador David Wilkins, who said Canada had no business questioning who was on the list.

The United States has never acknowledged it made a mistake in the Arar case, which has become one of the most public embarrassments in the U.S. practice of "extraordinary rendition" of suspects to other countries for interrogation and imprisonment. Last week, Sen. Patrick J. Leahy (D-Vt.) demanded an explanation for the administration's stance. He complained that American officials "knew damn well, if he went to Syria, he'd be tortured. It's beneath the dignity of this country to send somebody to another country to be tortured."

The financial compensation settles a claim Arar made against the government for having provided exaggerated and false information to the United States that identified him as a terrorist suspect. Harper said the amount "is within this government's realistic assessment of what Mr. Arar would have won in a lawsuit." His attorneys also were awarded about $870,000 in legal fees.

"The evidence is clear that Mr. Arar has been treated unjustly. He should not be on a watch list," Harper said.

Reacting at a separate news conference in Ottawa, Arar thanked Canadians for siding with him in the campaign, which he began with a news conference when he was finally returned from Syria uncharged.

"I cannot begin to tell you how important it is today that Prime Minister Harper and his government have followed through" on the recommendations of the inquiry commission, he said. "In doing so, the government of Canada and the prime minister have acknowledged my innocence. This means the world to me."

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"The struggle to clear my name has been long and hard," he said. "My kids have suffered silently, and I think I owe them a lot. I feel now I can devote more time to them, more time for being a good father and to rebuild my life."

Canada Compensates Man U.S. Deported To Syria (AP)

AP, January 26, 2007

OTTAWA, Canada (AP) -- Canada's prime minister apologized to Maher Arar on Friday and announced the government would compensate him C$10.5 million (US$8.9 million) for its role in his deportation from the U.S. to Syria, where he was tortured while held in prison for nearly a year.

Prime Minister Stephen Harper again called on the U.S. government to remove the Ottawa telecoms engineer from any of its no-fly or terrorist watchlists and reiterated that Ottawa would keep pressing Washington to clear Arar's name.

"We think the evidence is absolutely clear and that the United States should in good faith remove Mr. Arar from the list," Harper told a news conference in Ottawa. "We don't intend to either change or drop our position."

The U.S. government has repeatedly insisted it has reasons to leave the 37-year-old on its watchlists. The issue has grown into an unpleasant diplomatic row between the world's largest trading partners and closest allies.

The Syrian-born Arar, who moved to Canada with his family when he was 17, is the best-known case of rendition, a practice in which the U.S. government sends foreign terror suspects to third countries for interrogation.

Arar thanked the Canadian government at a news conference Friday.

"The struggle to clear my name has been long and hard; my kids have suffered silently and I feel that I owe them a lot," said Arar, who also thanked Canadians for standing by him.

"Without the support of the Canadian people, I may never have come home and I would not have been able to stay strong and push for the truth," he said.A 'terrible ordeal'

Arar was detained at New York's John F. Kennedy Airport in 2002 during a stopover on his way home to Canada from a vacation with his family in Tunisia.

He said he was chained and shackled by U.S. authorities for 11 days during interrogation and then flown to Syria, where he was tortured and forced to make false confessions.

He was released 10 months later, with Syrian officials saying they had no reason to hold him further.

"On behalf of the government of Canada, I want to extend a full apology to you and Monia as well as your family for the role played by Canadian officials in the terrible ordeal that you experienced in 2002 and 2003," Harper said. Arar and his wife, Monia Mazigh, and their young son and daughter now live in Kamloops, British Columbia.

"I sincerely hope that these words and actions will assist you and your family in your efforts to begin a new and hopeful chapter in your lives," Harper said, adding the compensation package would also pay for his estimated $1 million in legal fees.

Arar was exonerated last September after a two-year public inquiry led by Associate Chief Justice of Ontario Dennis O'Connor.

It found that the Royal Canadian Mounted Police wrongly labeled Arar as an Islamic fundamentalist and passed misleading and inaccurate information to U.S. authorities, which very likely led to Arar's arrest and deportation.

The report pointed out that Arar's inability to find work since his return from Syria has had a devastating economic and psychological impact on him and his family.

O'Connor urged the RCMP to usher in a raft of policy changes on information sharing, training and monitoring of security probes. In the aftermath, RCMP Commissioner Giuliano Zaccardelli resigned over his handling of the file.Cross-border tensions

The U.S. District Court of Appeals last February dismissed Arar's lawsuit against U.S. government officials, ruling the deportation of the dual Syrian-Canadian citizen was protected on national security grounds. His attorneys with the New York-based Center for Constitutional Rights filed an appeal in December.

"We are grateful that the Canadian government has had the humanity to try to right the terrible wrong that was done to Maher," CCR Attorney Maria LaHood said in a statement Friday. "We still hope the U.S. government will follow Canada's lead."

The new Democratic chairman of the Senate Judiciary Committee, Sen. Patrick Leahy, earlier this month publicly scolded U.S. Attorney General Alberto Gonzales for refusing to explain why the United States had sent a Canadian citizen to Syria.

"The Canadian government now has taken several steps to accept responsibility for its role in sending Mr. Arar to Syria, where he was tortured," Leahy said in a statement Friday. "The question remains why, even if there were reasons to consider him suspicious, the U.S. government shipped him to Syria where he was tortured, instead of to Canada for investigation or prosecution."

He said the U.S. Justice Department intended to respond to his demands next week.

U.S. Ambassador to Canada, David Wilkins, on Wednesday chastised Canadian Public Safety Minister Stockwell Day for continuing to press Washington on the Arar matter.

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"It's a little presumptuous of him to say who the United States can and cannot allow into our country," Wilkins said.

In a recent letter to Day, U.S. Homeland Security chief Michael Chertoff and Gonzales said U.S. files on Arar indicate the decision to keep Arar on watchlists is "appropriate."

"Our conclusion in this regard is supported by information developed by U.S. law enforcement agencies that is independent of that provided to us by Canada with regard to Mr. Arar," the letter said, adding that they wished to thank Canada for its cooperation in fighting terrorism.

Arar said his case has forced some Canadians to question their relationship to the United States, noting U.S. authorities declined to participate in Canada's federal inquiry.

"It's a question that touches all Canadians," Arar said. "Can we really trust the Americans to be our partners in the fight against terrorism?"

Canada To Compensate Torture Victim (LAT)

By Maggie Farley

The Los Angeles Times, January 27, 2007

NEW YORK — Canada's prime minister apologized and offered $8.9 million in compensation Friday to Maher Arar, a Canadian software engineer who, based on incorrect information, was deported by U.S. officials to Syria in 2002, where he was imprisoned and tortured for a year.

After being identified by Canadian police as an Islamic extremist in faulty intelligence shared with U.S. authorities, Arar was detained by American agents during a stopover at New York's John F. Kennedy Airport. They interrogated him for 11 days, then sent him to his native Syria, where he was tortured into making false confessions that he was involved with the Al Qaeda terrorist network.

The compensation, valued at $10.5 million in Canadian dollars, was announced by Prime Minister Stephen Harper in a televised news conference. It was recommended last fall by a Canadian judicial inquiry, which cleared Arar of terrorism links and determined that the Canadian government had passed along faulty intelligence and did not make adequate efforts to correct it.

The United States has refused to remove Arar from a terrorism watch list, however, and Harper said he had asked President Bush to clear him.

"We were clear, we don't believe Mr. Arar should be on the watch list," he said. "We will not drop this matter just because there is a disagreement and they don't like our position."

Harper also formally apologized to Arar, his wife and two children.

"On behalf of the government of Canada, I wish to apologize to you, Monia Mazigh and your family for any role Canadian officials may have played in the terrible ordeal that all of you experienced in 2002 and 2003," Harper said.

The settlement includes an additional $1.1 million to cover Arar's legal fees.

"We cannot go back and fix the injustice that occurred to Mr. Arar. However, we can make changes to lessen the likelihood that something like this will ever happen again," the prime minister said.

Arar accepted the apology at a separate, emotional news conference, saying the official acknowledgment of his innocence "means the world to me."

"The struggle to clear my name has been long and hard," he said, with 10 Canadian flags behind him and his lawyers at his side. He said he would like to use the compensation money somehow to help ensure that others don't end up in the same situation.

"This struggle has taught me how important it is to stand up for human rights," he said. "I feel proud as a Canadian, and I feel proud of what we've been able to achieve."

Arar's case has become one of the best-known examples of what is known as extraordinary rendition, a covert U.S. practice of sending terrorism suspects to other countries for detention and interrogation. Often those countries have more relaxed rules regarding the use of torture than the United States.

U.S. Atty. Gen. Alberto R. Gonzales and Homeland Security Secretary Michael Chertoff have told Canadian officials that Arar will remain on the U.S. watch list because of information about him obtained independently by American authorities. Arar's wife and children are also on the list, and all are banned from flying into or over U.S. territories.

Canada's minister of public safety, Stockwell Day, reviewed the confidential U.S. file and said that it contained "nothing new" that would justify continuing to treat Arar as a terrorism suspect.

Arar tried to sue American officials and agencies over his detention and deportation, but the U.S. District Court of Appeals dismissed his suit last February, ruling that the action was protected on national security grounds. Arar is appealing the decision.

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HOMELAND RESPONSE:

In New Batch Of 9/11 Calls, Confusion And Courage (NYT)

By Jim Dwyer

The New York Times, January 27, 2007

The city yesterday released 19 recordings of telephone calls made to 911 operators from the World Trade Center on the morning of Sept. 11, 2001.

While the calls included a rich example of the valor of the day, they also showed that the emergency response agencies worked as separate fiefdoms, with callers having to tell their stories multiple times as they were transferred from police operators to fire dispatchers or to Emergency Medical Service.

And no one in the 911 system passed along what could have been a life-saving order that had been issued by fire chiefs on the scene: to evacuate the buildings.

Among the recordings was a phone call from the lobby of the south tower by a building employee, trying to get medical help for people who had been injured. The employee, Larry Boisseau, called 911 about six minutes before the building collapsed. In a calm voice, he gave explicit instructions to the operator.

"Yes, 2 World Trade Center, we have injured people in the lobby of the building, they need medical attention," Mr. Boisseau said. "They're on the south side of the building. However, they're not going to be able to come in that way. They'll have to figure another way in here. Because we've got debris all over the outside of the building."

Mr. Boisseau worked as a fire safety director for O.C.S. Security. As with just about everyone dialing 911 for help, after he explained the situation once, the first operator, a police department employee, tried to transfer his call to a dispatcher with the emergency medical service, a fire department employee.

While all calls come into the Police Department, the city has separate dispatchers for police, fire and medical response. Each agency has its own computer system, and they are not integrated.

As Mr. Boisseau waited on the line, the emergency medical phone rang and rang. Finally, the police operator stated the obvious: "E.M.S. is not picking up."

Mr. Boisseau replied, "O.K., well, maybe you can keep trying. I gave you my information. I kind of got to get going. This is my job, fire safety."

The operator signed off, wishing him luck. Mr. Boisseau, 36, died in the collapse of the tower.

The 19 recordings — said by city officials to be the last that will be made public — were released in response to requests made five years ago by The New York Times under the Freedom of Information Act. Both the Police and Fire Departments denied the requests, and The Times sued the city. In 2005, the state's highest court ordered that the tapes be made public, with the voices of civilian callers edited out. Last March, the Fire Department released its tapes. City officials initially maintained that the Police Department's portions of the tapes were not covered by the court order.

Most of the tapes released yesterday were electronically edited to block the callers' voices. The full content of Mr. Boisseau's call was released because he was working as a fire safety officer, city officials said.

City Releases New 9/11 Emergency Calls... "EMS Is Not Picking Up" (AP)

AP, January 26, 2007

Seven minutes before the World Trade Center's south tower collapsed, Larry Boisseau called a 911 operator from the lobby, asking for help for injured people. He stayed on the line while the phone to paramedics rang about a dozen times.

"EMS is not picking up," the operator told Boisseau, 36, of Freehold, N.J., according to a tape of new 911 calls from Sept. 11 that were released by the city Friday.

"OK," Boisseau said, exasperated. "Maybe you can keep trying. ... I kind of gotta get going. This is my job. Fire safety." The call, less than three minutes long, was one of 19 the city released Friday following a lawsuit filed by The New York Times and some victims' families.

Boisseau, fire safety director for OCS Security, was one of two victims identified on the calls because he was on the job. The other victim was Melissa Doi, whose call was made public because it was played at the trial of Sept. 11 conspirator Zacarias Moussaoui.

The rest of the calls released Friday only played the operator's side of the conversation, and recalled eerie tableaus presented in earlier released tapes: operators trying to calm down callers trapped on the 84th floor, the 89th floor, the 93rd floor, the 105th floor. Some operators became exasperated, and others weren't sure how to advise trapped callers.

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“He wants to know what to do,” one police operator asked a colleague after taking the call of someone on the 105th floor of the south tower. “Should he break the windows?” Boisseau called a police operator at 9:52 a.m.

“Two World Trade Center. We have injured people in the lobby of the building. They need medical attention,” he said calmly.

“They’re not going to be able to come in that way,” he added. “We’ve got debris all over the outside of the building.

“Hold on, sir, OK?” the operator asks. “OK,” he said.

In the background, another voice can be heard. “The Pentagon’s on fire, too. I don’t know if that’s true.” Boisseau says, “Wow,” while the phone for paramedics continues to ring.

The director later describes the exact location of the burning south tower — “It’s between Liberty Street and Church Street” — before eventually signing off. The operator wishes him “good luck” three minutes before the building collapses.

In recent years, the city has released hours of emergency calls that were made amid the chaos of Sept. 11. In March, the city released transcripts of 130 calls from people trapped in the towers, including only the voices of operators and other public employees.

In August, more than 1,600 previously undisclosed calls were released. And a year earlier, thousands of pages of emergency workers’ oral histories and radio transmissions were made public.

The New York Times and families of Sept. 11 victims sued the city for access to the emergency calls and firefighters’ oral histories. Attorneys said they wanted to find out what happened in the towers after two hijacked jetliners crashed into them and what dispatchers told workers and rescuers in and around the buildings.

The latest calls were made first to police operators; 15 of them were later transferred to the Fire Department.

Boisseau, Doi and five other trade center victims could eventually be identified on the calls, city officials said. The complete recordings of the five victims who weren’t identified were sent to their families, who could later decide to make the other side of the calls public.

In Katrina's Wake: Where Is The Money? (WSJ)

By Christopher Cooper

The Wall Street Journal, January 27, 2007

In August, 2005, Hurricane Katrina flattened two bridges, one for cars, one for trains, that span the two miles of water separating this city of 8,000 from the town of Pass Christian. Sixteen months later, the automobile bridge remains little more than pilings. The railroad bridge is busy with trains.

The difference: The still-wrecked bridge is owned by the U.S. government. The other is owned by railroad giant CSX Corp. of Jacksonville, Fla. Within weeks of Katrina's landfall, CSX dispatched construction crews to fix the freight line; six months later, the bridge reopened. Even a partial reopening of the road bridge, part of U.S. Highway 90, is at least five months away.

"It shows the difference between the private sector and the public sector," says Harold "Buz" Olsen, chief administrative officer of Bay St. Louis, who displays a photograph of the train bridge in the city council chambers as a reminder. "By the time CSX was done with their bridge, we were just getting around to letting the contract on ours."

It's been almost 17 months since Hurricane Katrina pounded coastal Mississippi and southeast Louisiana, and about a year since Congress authorized the bulk of its rebuilding aid for the region. More than four months have passed since President Bush visited New Orleans on the anniversary of the storm and extolled the "amazing" reconstruction effort.

But a review of the devastated region shows that rebuilding is in a deep stall. Tens of thousands of residents remain displaced as authorities dither over how to disburse housing assistance. Many crucial infrastructure projects have yet to start. Of the tens of billions appropriated by Congress, half remains unspent.

There are many culprits. Among them: the size of the disaster, which continues to overwhelm agencies charged with rebuilding; the crush of competing bureaucracies, which has delayed many projects including the Bay St. Louis bridge; and weak local leadership.

In addition, many reconstruction efforts are ensnarled in spools of red tape spawned by a bevy of old and new government procedures. A prime example: an obscure set of 30-year-old Congressional rules designed to combat corruption known as the Stafford Act.

According to the White House, the federal government has provided $110 billion for the Gulf Coast region. But nowhere near that amount of actual cash has been made available. The total is spread over five states and covers damage done by three separate storms. Some of it consists of loans. A chunk comes from government insurance payouts that ultimately derived from premiums paid by homeowners themselves.

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Of $42 billion given to the Federal Emergency Management Agency, the agency has spent only $25 billion, federal records show. Most of that went to temporary housing, debris removal and emergency operations in the early days of the disaster. It has spent more than $4 billion on administrative costs.

Louisiana says the Army Corps of Engineers has spent only about $1.3 billion of the $5.8 billion it received to repair the levees in and around New Orleans. Only about $1.7 billion of the $17 billion received by the Department of Housing and Urban Development has made its way to the streets, the agency says.

In New Orleans, officials say they have received only about 14% of the estimated $900 million in reconstruction money they estimate is needed to fix the ruined city. "We have lots of meetings," says Cynthia Sylvain-Lear, the city's liaison with FEMA.

The state and federal anti-corruption regulations offer a glimpse as to why reconstruction efforts are going so slowly.

The White House has kept in force a set of rules known as the Stafford Act. Under its guidance, rebuilding funds must be accompanied by a 10% match from local governments, on the theory that localities won't misspend if their money is also on the line. Similarly, FEMA will cover only 75% of a project's cost until the job is complete.

The requirement has delayed projects while cash-strapped towns in two of the U.S.'s poorest states try to rustle up financing.

Meanwhile, both Louisiana and Mississippi have been so keen to burnish their images that they created their own set of lumbering regulatory bureaus and antifraud audit shops. The Stafford Act has been waived in the past -- it didn't apply to Manhattan in September 2001 or South Florida following Hurricane Andrew in 1992 -- but it remains in place along the Gulf. President Bush dropped the Act for a time for certain projects, such as emergency repairs and debris removal, only to reinstate it later.

The region's reputation for corruption is one reason why. Influence peddling on the coast has a long history, from 1930s Louisiana Gov. Huey Long to Edwin Edwards, a three-term governor currently serving a 10-year prison sentence. Recently, Mississippi was named the most corrupt state in the nation by Corporate Crime Reporter, a Washington, D.C., publication.

"The question is not whether Congress should provide for those in need, but whether state and local officials who have been derelict in their duty should be trusted with that money," Rep. Tom Tancredo, a Colorado Republican, wrote in a 2005 letter to then-House Speaker Dennis Hastert. "Their record during Hurricane Katrina and the long history of public corruption in Louisiana convinces me that that they should not."

The result of this vigorous policing: In Louisiana, projects to rebuild a hospital along the western coast, a school-board building in suburban New Orleans and a prison south of the city remain suspended, the state says, as locals hunt for matching cash.

Meanwhile, a $7.5 billion pot intended for washed-out homeowners sits virtually untouched as applicants are forced to run a gauntlet of requirements, this time imposed by Louisiana. To prevent false claims, applicants must attend two personal meetings with state bureaucrats, provide fingerprint verification and mug shots, as well as supporting documentation, including letters from insurance companies and banks.

To date, Road Home, as the program is called, has drawn nearly 100,000 applicants. As of this week, it had disbursed only 258 grants for a total of $14.4 million. Mississippi, which operates a similar but far less restrictive grant program, has distributed $665 million to 11,827 homeowners.

In January 2006, Alan Rubin, a retired businessman, applied to Road Home on behalf of his elderlyparents, whose $200,000 house in New Orleans's fashionable Lakeview neighborhood took on 12 feet of water. They didn't have flood insurance.

After completing a 40-question questionnaire, Mr. Rubin had a four-hour interview with a screener in September, he recalls. Ten weeks later, a state-contracted appraiser visited the property. Eleven months after the initial application, the state came back with a compensation figure: $550.

Mr. Rubin complained to his local newspaper, the Time-Picayune, which chronicled his experience in late December. The day the story was published, Mr. Rubin received a call from an employee with ICF International Inc., the Arlington, Va., company that manages Road Home under a $750 million contract. He says the employee blamed a computer error -- his parents were in fact entitled to $150,000.

Carol Hector-Harris, a spokeswoman for ICF, declines to discuss Mr. Rubin's case other than to say the family "is very satisfied at this point." Mr. Rubin qualifies that: He's still waiting for the check. "I'm told that it's somewhere in the process."

Andy Kopplin, executive director of the Louisiana Recovery Authority, which promulgated rules governing the Road Home grants and other federal money pots, defends his state's antifraud procedures. "The subtext in Washington was, 'We couldn't trust folks in Louisiana to spend the rebuilding money wisely,'" Mr. Kopplin says. "One man's red tape is another man's accountability."

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At the federal level, Bush administration officials defend their rules. "Some people see the Stafford Act as overly cumbersome, but the provisions of the act are there for a reason, and that reason is to ensure that taxpayer money is spent properly," says Taylor Beery, director of policy for Donald Powell, the administration's rebuilding czar, in a written statement.

Running against the tide is Louisiana Sen. Mary Landrieu, a Democrat, who has promised to try rejiggering Stafford Act rules to make them more flexible. She's now chairman of a Senate committee overseeing reconstruction. "I'm not saying we don't need oversight -- I'm saying we need common-sense oversight," Ms. Landrieu says.

There have been many complaints about misspending in Katrina's aftermath, but most finger the federal government, not state and local agencies. In October, Louisiana sued FEMA, contending that the federal agency had tried dunning Baton Rouge for $61 million in improper or undocumented expenses. Last month, the Government Accountability Office said FEMA had misspent nearly $1 billion in recovery money since Katrina struck. Local examples of fraud have been on a much smaller scale.

Aaron Walker, a FEMA spokesman, declines to comment on the lawsuit, but says in general, "we acknowledge there are business practices we can improve on." Mr. Walker also says the agency disputes the GAO's accounting.

It is in the small towns along the Mississippi Gulf Coast where the constipated spending system is most apparent. Bay St. Louis, a town once dotted with ancient oaks and antebellum homes, remains a museum of disaster. The city lost virtually its entire underground sewer system and much of its gas grid. It needs $100,000 in street signs and nearly $4 million in secondary road repairs.

Antifraud rules have slowed tasks as basic as ditch digging. Hurricane Katrina silted in most of Bay St. Louis's ditches, which once drained the town's streets. They were later filled with debris by cleanup crews.

In late 2005, the city hired an engineering firm to survey the ditch network and work up a cost estimate in the form of a "project worksheet," a FEMA requirement. The estimated cost to clean and regrade the ditches: $3.2 million. Bay St. Louis scrounged $320,000 as part of its obligations under the Stafford Act. After three months, FEMA blessed the project.

But before work could start, the city had to send the engineering report to the Mississippi Emergency Management Agency, which reviewed the job. State approval took a month. It took three more months to solicit bids and award the contract. Work started in mid-August 2006.

After the first crew started, the state began a full audit of the project. "They call it testing," says Les Fillingame, recovery director for Bay St. Louis. The oversight called for scrutinizing each individual invoice associated with the work. In the case of the ditch mucking, that included hundreds of bills known as "load tickets," paperwork that tallied each truck load of debris. Each load ticket passed through four levels of state bureaucracy before being approved for payment.

Sitting in his office, Mr. Fillingame pulled down a ditch-mucking file, four inches thick, from his bookshelf, and let it land on his desk with a thump. "That's every load ticket," he says.

Interspersed with the paperwork scrutiny were surprise inspections. Mr. Fillingame says the state and FEMA dropped in on ditch crews to ensure there was no featherbedding.

Start to finish, it took just over a year to complete a job that involved only about a month of actual shovel work. It's a process that will be repeated at least 56 more times; Bay St. Louis has that many projects on the drawing board, most of them more complex than ditch clearing.

Michael Womack, executive director of the Mississippi Emergency Management Agency, says the process is necessary. "The governor -- he knows what the perception is outside the state of Mississippi," Mr. Womack says. "It's a perception that there's a huge amount of corruption in local government."

Mr. Womack estimates that the state's freshly minted antifraud regime could soak up $100 million in reconstruction aid. "There are lots of contractors that are trying to rip the government off. Are we preventing $100 million in fraud? Unfortunately, I think that's the case."

Adding to the burdens of dealing with antifraud regulations, Bay St. Louis must also deal with an army of sometimes impenetrable federal agencies. The $50 million reconstruction of Beach Drive, the city's long-admired main drag, has yet to start, even though it has the attention of the state highway department, the state attorney general's office, the federal highway commission, FEMA and the Army Corps.

The street can't be rebuilt until an associated seawall and the adjacent pier are reconstructed. FEMA calculates the pier alone will cost exactly $1,370,256.22.

To the surprise of locals, the Corps didn't request a congressional appropriation until November, more than a year after the storm. Spokesman Patrick Robbins says the project was submitted to Congress as part of a package of other jobs, following agency policy.

"So here we are: The whole rebuilding of downtown Bay St. Louis is contingent on this seawall, and we don't even know if it'll be funded," says Mr. Fillingame. As for the nearby unfinished auto bridge, rebuilding was slowed by labor shortages, the need for public hearings and some local squabbles.

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As he piloted his mud-spattered truck down what remains of Beach Road, Bay St. Louis Mayor Eddie Favre pointed out local landmarks. There's the once-gracious home of local Congressman Gene Taylor, now a slab of buckled concrete. Bouncing over the rutted berm, recently graveled by the state, more than a year after the storm, Mr. Favre passed his own homesite, also little more than slab. He now lives in a trailer near City Hall.

In the aftermath of Katrina, Mr. Favre promised constituents that until the city was rebuilt, he would forgo long pants and instead wear shorts, just as he had the day Katrina hit. Now on his fifth pair, and facing his second chilly winter, the mayor concedes he may have spoken rashly.

"At this rate, it looks like I'll be buried in my shorts," Mr. Favre says.

Judge Puts Settlement On Katrina In Question (NYT)

By Joseph B. Treaster

The New York Times, January 27, 2007

A federal judge in Mississippi, citing the need for more information, has rejected — at least temporarily — a settlement by State Farm Insurance that was expected to provide several hundred million dollars to help policyholders rebuild homes destroyed by Hurricane Katrina 17 months ago.

In an eight-page order, Judge L. T. Senter Jr. of Federal District Court in Gulfport, Miss., said he was rejecting the agreement because it did not provide enough information for him to conclude that it was "fair, just, balanced and reasonable."

State Farm said last night that it had expected the agreement to be approved and that it now looked forward to addressing the judge's concerns.

The lead trial lawyer in the case, Richard F. Scruggs, and Mississippi officials also expected court approval.

Last night, Mr. Scruggs and Jim Hood, the attorney general of Mississippi, said they were optimistic that the agreement would be revived. Mr. Hood said he was confident that State Farm would "fix the things that need to be fixed."

In the agreement, State Farm said it would pay at least $130 million to policyholders and participants in the negotiations and said costs to the insurer could increase by another $600 million. The State Farm settlement was expected to be a model for other insurers to use in seeking settlements, which would help jump-start the lagging recovery of Mississippi's coast.

The dispute with State Farm and other insurance companies centered on the insurers' refusal, as stated in their policies, to pay for damage from the heavy flooding — driven by the high winds of Hurricane Katrina — that swept over the Mississippi coast on Aug. 29, 2005. Some insurers refused not only to pay for flood damage, but declined to pay for harm to houses that had been battered by wind and waters.

Even so, the insurers paid $5.3 billion for wind damage to more than 330,000 homes in Mississippi and $10.3 billion for nearly a million homes in Louisiana. The rejected settlement did not include homeowners in Louisiana.

The settlement, which was announced on Tuesday, was twofold. One part settled 640 lawsuits arising from the hurricane for $80 million; the other required State Farm to reopen up to 35,000 damage claims that state officials and trial lawyers said had been underpaid. In that part, State Farm had agreed to pay at least $50 million.

Judge Senter's order dealt exclusively with the second part, the reopening of the damage claims. It was not clear whether the settlement of the 640 lawsuits would proceed. But during the negotiations, participants said that State Farm had refused to settle unless both the lawsuits and the 35,000 damage claims were parts of one agreement.

A spokesman for State Farm, Phil Supple, said yesterday that the two elements were separate. But he would not respond to questions seeking to clarify the linkage and whether the entire agreement might be scuttled if the judge's concerns about the 35,000 damage claims could not be resolved. In an interview, Mr. Scruggs said he expected the settlement of the 640 lawsuits to stand, partly because State Farm has already paid the first installment.

"We're going to start dispersing those settlement funds next week," Mr. Scruggs said.

As part of the overall settlement, Mr. Hood, the Mississippi attorney general, agreed to drop a criminal investigation into State Farm's handling of hurricane damage claims and to remove the company from a civil lawsuit accusing it and other insurers of treating policyholders unfairly.

Mr. Hood said he was continuing the lawsuit against other insurers. On Thursday he urged other insurance companies to follow State Farm's lead, to settle hundreds of other lawsuits and to reopen thousands of storm damage claims.

In rejecting the agreement, Judge Senter raised concerns about a lack of detail on how much money policyholders might receive. He noted that State Farm had agreed to pay at least $50 million for reopened claims. But, he said, "there is no way I can ascertain how this sum compares to the total claims" of the approximately 35,000 homeowners, nor "how thinly this large sum may be spread."

He said he was also troubled about the potential unfairness of an arbitration process intended by the negotiators to provide an appeals process for homeowners who requested that their claims be re-evaluated. He said that under the agreement,

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arbitration hearings were to be limited to two hours and that there was no apparent provision for legal representation for homeowners.

Judge Senter said the agreement also failed to provide information on what the lawyers had done to justify an agreed-upon payment of up to $20 million in relation to reopening the 35,000 damage claims. The lawyers are to receive another $26 million for settling the 640 lawsuits.

Carl Tobias, a professor at the University of Richmond School of Law, said he thought Judge Senter was being "extraordinarily careful to attempt to protect the interests of all the homeowners."

Professor Tobias said he did not think the settlement "was all over," but, he added: "A lot of work has to be done to satisfy this judge."

Court Rejects Deal From State Farm On Katrina Claims (WSJ)

By Liam Pleven

The Wall Street Journal, January 27, 2007

A federal judge in Mississippi Friday rejected a proposed settlement aimed at helping to speed the Gulf Coast recovery after Hurricane Katrina.

The judge's ruling threw into uncertainty a plan that would have required State Farm Fire & Casualty Co., the nation's largest home insurer, to pay a total of at least $50 million to homeowners who suffered damage in the 2005 storm.

In the proposed settlement, the court was asked to create a class of 35,000 State Farm customers in coastal Mississippi counties who could ask the Bloomington, Ill., company to review their Katrina claims. State Farm would then decide whether to offer more money for the claims, while customers could accept State Farm's offer or take their cases to arbitration. The class wouldn't have included people who had filed suit against State Farm, though they could have opted in.

But U.S. District Court Judge L.T. Senter raised a number of objections in his ruling about the procedure and other issues related to the case. "In the absence of substantially more information than I now have before me, I am unable to say, even preliminarily, that the proposed settlement establishes a procedure that is fair, just, balanced, or reasonable," the judge found.

Judge Senter did, however, note that the motion to create the class could be renewed if the plaintiffs could address his concerns and show that it would be in the best interests of those who would be in the class.

A State Farm spokesman said, "We are looking forward to addressing Judge Senter's concerns. We believe given the opportunity, he will come to view the proposed settlement as fair, just, balanced and reasonable."

The Scruggs Katrina Group, a group of attorneys who would have represented the class, said: "Our efforts and attentions will be placed on satisfying his questions and requirements."

Mississippi Attorney General Jim Hood said, "I am confident that Judge Senter will make the plaintiffs and State Farm fix the problems."

State Farm had separately agreed to pay about $80 million to 640 Mississippi homeowners who also suffered damage in Katrina. Judge Senter's ruling didn't concern that agreement.

Judge Rebuffs Katrina Insurance Settlement (CNN)

CNN.com, January 26, 2007

GULFPORT, Mississippi (CNN) -- A federal judge Friday rejected a proposed settlement agreement involving nearly 35,000 homeowners affected by Hurricane Katrina.

U.S. District Judge L. T. Senter Jr. said the bargain between State Farm Fire & Casualty Co. and the Mississippi attorney general did not establish "a procedure that is fair, just, balanced or reasonable."

But Senter left the door open for a new settlement agreement, rejecting the proposal "without prejudice."

Mississippi Attorney General Jim Hood said Tuesday, when the proposed class-action settlement was announced, that it could mean up to $500 million in payments to property owners in coastal Mississippi who were dissatisfied with their insurance payouts after Katrina.

The settlement, Hood said, resolved the civil lawsuit he filed against State Farm on behalf of the company's Mississippi clients and ended a criminal investigation of State Farm's claim-handling practices.

But, Senter wrote in his opinion, "In the absence of substantially more information than I now have before me, I am unable to say, even preliminarily, that the proposed settlement establishes a procedure that is fair, just, balanced or reasonable."

In response to Senter's ruling, State Farm issued a statement saying, "We look forward to addressing Judge Senter's concerns." It added that it believed Senter might be persuaded to change his mind.

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The Scruggs Katrina Group, which represents hundreds of State Farm policyholders and is participating in the settlement, pointed out in a statement on its Web site that while Senter refused to grant preliminary approval, "he made clear that the plaintiff's lawyers are 'in a position to address the concerns expressed in (his) opinion.'"

Hood issued a statement saying that while his office did not negotiate the terms of the proposal, he did have "reservations about some of the terms."

"Nevertheless, I knew that Judge Senter would make sure that the class was a fair procedure for all," he said. "I am confident that Judge Senter will make the plaintiffs and State Farm fix the problems he has raised in his order."Judge spells out his objections

As part of the proposal, State Farm had agreed to change its claim-handling practices. It also agreed to re-evaluate Katrina claims using different adjusters and engineers for clients who filed claims but did not sue the company. The company agreed to make new offers; in case of disputes, binding arbitration would be used.

Senter detailed numerous items of concern in the proposed settlement, including the fact that neither Hood nor State Farm has provided any information for him to determine how many policyholders were within the proposed class, or how many fall within the five payment ranges based on the damage they sustained from Katrina.

And while State Farm has agreed to pay at least $50 million, "there is no way I can ascertain how this sum compares to the total claims of the members of the total class," the judge wrote.

Homeowners are allowed to opt out of the class action, but Senter said the settlement does not make opting out easy.

"It appears to me that a lay person confronted with this claims procedure will likely be unable to participate effectively without the assistance of counsel," he wrote.

Although State Farm pledged to re-evaluate Katrina claims, the settlement agreement provides for no oversight of that process and allows State Farm "a substantial measure of control."

"There is no evidence that State Farm will evaluate the class members' claims in any way different from the way these claims have already been evaluated," Senter wrote.Company previously denied 'slab case' claims

In the so-called "slab cases" -- where homeowners were left with only a slab -- State Farm was required to offer the owners at least 50 percent of their policy limits, Hood said.

The company previously had denied those claims, maintaining the destruction came from water and that it was unable to find any separate wind damage, which was covered under its policies, the Biloxi Sun-Herald has reported.

Senter said he was "struck," however, that under the agreement, even policyholders left with only a slab or pilings are not guaranteed any payment, noting State Farm's offer could be offset by policy limits of other insurance.

"Under the proposed agreement, the insured owner of a property worth $100,000 who insured the property against $50,000 in wind damage and $50,000 in flood damage, and who has collected his flood insurance benefits, would not be entitled to any recovery even if only a slab remained," the judge wrote.

Senter also disagreed with the binding arbitration portion of the settlement. Under the agreement, the arbitrator's decision would be final -- even if it is lower than State Farm's offer -- with no appeal process.

The judge pointed out that under binding arbitration, property owners would give up a variety of rights, including that of due process, and potential legal action.

WAR NEWS:

Bush Defies Lawmakers To Solve Iraq (WP)

By Michael Abramowitz, Jonathan Weisman

The Washington Post, January 27, 2007

Declaring "I'm the decision maker," President Bush yesterday challenged congressional efforts to formally condemn his Iraq plan, while Defense Secretary Robert M. Gates warned that a proposed Senate resolution criticizing the deployment of additional troops would embolden the enemy.

"Any indication of flagging will in the United States gives encouragement to those folks," Gates told reporters at the Pentagon. "I'm sure that that's not the intent behind the resolutions, but I think it may be the effect."

Bush consulted with Gates and Lt. Gen. David H. Petraeus, who will head U.S. forces in Iraq, at an early-morning meeting at the White House. Speaking with reporters afterward, the president complained that lawmakers "are condemning a plan before it's even had a chance to work. And they have an obligation and a serious responsibility, therefore, to put up their own plan as to what would work."

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Bush later met with House Republicans at a retreat on Maryland's Eastern Shore and, according to two Republicans present, mocked the Senate by telling the House members that he found it "ironic" that senators would oppose his plan to dispatch 21,500 more troops to Iraq but praise and unanimously confirm Petraeus, who helped design it.

Democrats responded angrily to Gates's comments, which were similar to what Petraeus said at his Tuesday hearing before his confirmation yesterday. "The American people will rightly dismiss these accusations as a desperate attempt by the administration to support a failed policy that is not worthy of the sacrifice of our men and women in uniform," said Sen. Edward M. Kennedy (D-Mass.).

House Majority Leader Steny H. Hoyer (D-Md.) disputed Bush's suggestion that the Democrats have not come up with a plan. Speaking at the Brookings Institution, he said his party was united around the proposition that the United States should shift more responsibility to the Iraqis, begin a "phased redeployment" of troops and initiate more aggressive regional diplomacy to stabilize Iraq.

Yesterday's administration comments were part of a White House campaign to try to keep Republican lawmakers from signing on to any resolution that criticizes the president's new strategy in Iraq. By keeping down the number of Republican defections, the administration hopes to make any vote appear highly partisan and to buy Bush's new plan more time.

With Bush's leverage on Capitol Hill at a low, the White House appears to be relying heavily on GOP leaders to orchestrate the opposition to two resolutions condemning the troop buildup, according to lawmakers, lobbyists and administration officials. White House lobbyists and senior officials at the National Security Council are continuing to meet with lawmakers, but a number of senators said they did not perceive the lobbying as particularly aggressive. The strategy, as they described it, is to muddy the waters with a number of competing resolutions that could siphon support from a strong message of disapproval for the president's plan.

The Senate Foreign Relations Committee on Wednesday approved a resolution opposing the introduction of the additional troops, calling for more diplomacy and a regional peace effort, and demanding that U.S. troops be deployed away from urban sectarian hotbeds to guard Iraq's borders, hunt down terrorists and train Iraqi security forces. Bush defied Congress yesterday to come up with an alternative to his Iraq strategy, but advocates say the committee's resolution amounts to one.

Sen. John W. Warner (R-Va.) has offered a similar resolution, while also calling for measurable benchmarks in Iraq. Warner's resolution includes language accepting Bush's constitutional powers as commander in chief, leaves rhetorical room for some additional troop deployments and treats the fight with Sunni extremists in Anbar province as a matter separate from the sectarian violence in Baghdad.

GOP leaders, meanwhile, are coalescing around a resolution drafted by Sen. John McCain (R-Ariz.) that would establish strict benchmarks for the Iraqi government and the Bush administration to meet, without criticizing the president's plan. The leaders may also offer a simple resolution of support for Bush, saying the president's plan should be given a chance.

Senate Minority Whip Trent Lott (R-Miss.) said that the administration would still like GOP leaders to block any vote but that at this point even some of the most ardent Republican conservatives need some way to voice their skepticism on the record. The best the White House can hope for is what Senate Minority Leader Mitch McConnell (R-Ky.) called a "smorgasbord" of resolutions that splits both parties and pulls senators in multiple directions.

Like other GOP lawmakers, McConnell said time is running out for the president. "I think everybody knows what the consequences are. The president doesn't have a stronger supporter in the Senate than the person you're looking at, but I repeat, this is the last chance for the Iraqis to step up and demonstrate this government can function," he said. "The message to the Iraqi government could not be more clear."

Administration officials say they realize their position on the Hill is precarious. Many Republicans blame the war in Iraq for their electoral debacle last November, and if the situation does not improve soon, the administration will be faced with massive defections within the GOP -- not only on nonbinding resolutions but perhaps also on bills that limit the president's ability to prosecute the war.

But several administration officials said they felt they had a good week, with Petraeus making an effective case for more time at his confirmation hearing Tuesday and only one Republican, Sen. Chuck Hagel (Neb.), defecting when the Foreign Relations Committee approved the resolution against additional troops on Wednesday.

"No one is under any illusion that we are going to win over many Democrats or turn around the country. What we need to do is stabilize Republicans," said one senior White House official who was not authorized to speak on the record. While many Republicans are very anxious to vent their displeasure with the situation in Iraq, Republican stalwarts still seem reluctant to part with the president.

"I think he made the case in the State of the Union message . . . that this is the best that he and his military commanders can come up, so give us a chance," said Sen. Robert F. Bennett (R-Utah). "If you are going to say no, you better have an alternative."

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Bush Assertive On Iraq Strategy (BBC)

BBC.com, January 26, 2007

US President George W Bush has made it clear he will ignore any attempt by the US Congress to question his sending 20,000 extra troops to Iraq.

Mr Bush - who faces tough opposition in Washington to his new Iraq strategy - said he was the decision-maker and would not rethink his plans.

He spoke after the Senate unanimously backed Lt Gen David Petraeus as the new US commander in Iraq.

Meanwhile House Speaker Nancy Pelosi arrived in Iraq on a surprise visit.

Ms Pelosi, a Democrat and vocal critic of Mr Bush's plan to send more troops, held talks with Iraqi Prime Minister Nouri Maliki.

Mr Maliki assured Ms Pelosi that Iraq intended "to assume security missions currently handled by US-led forces in Iraq", a statement from the prime minister's office said.

Ms Pelosi told journalists the meeting with Mr Maliki gave her "a greater understanding of the others' point of view".

US Defence Secretary Robert Gates meanwhile has suggested Congressional resolutions opposing Mr Bush's troops plan "embolden[s] the enemy".

The Senate is due to debate a number of non-binding resolutions next week, some of them sharply critical of the surge.

'Decision-maker'

In a news conference after Gen Petraeus' confirmation, Mr Bush accused opponents of his strategy of "condemning a plan before it's even had a chance to work".

"I'm the decision-maker," he told senior military advisers during a meeting at the White House, the Associated Press news agency reported.

Mr Bush said that he had authorised US forces in Iraq to target Iranian agents there.

"If somebody's trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, we will stop them," he said.

Gen Petraeus, who has spent two of the last four years in Iraq, replaces Gen George Casey.

A career soldier, he graduated from the West Point military academy in 1974 and was commissioned in the infantry.

He has served in Europe and the Middle East and was commander of the 101st Airborne Division during the invasion of Iraq.

Speaking to the Senate armed forces committee on Tuesday, Gen Petraeus backed Mr Bush's plan to deploy additional troops, but warned that the task in Iraq was a tough one.

"The situation in Iraq is dire. The stakes are high. There are no easy choices. The way ahead will be very hard," he said.

"But hard is not hopeless."

Mr Bush wants to commit more than 21,500 additional troops, mainly to violence-hit Baghdad, in an effort to improve security and end sectarian clashes.

But his plan continues to face considerable opposition both from Democrats and members of his own Republican party, who want an earlier transfer of security to Iraqi leaders.

Gates Warns Congress On Iraq Opposition (WT)

By Stephen Dinan

The Washington Times, January 27, 2007

Defense Secretary Robert M. Gates said yesterday that Congress' push to oppose President Bush's troop increase in Iraq "emboldens the enemy" and undercuts the commanders in the field.

Facing the prospect of a no-confidence vote in the Senate next week, Mr. Bush called for Congress to give his plan "a chance to work" before ruling it out. But opposition continues to build, with high-profile Republicans and Democrats who previously supported his stance announcing their opposition yesterday, saying the goal of a stable Iraq may be out of reach now.

Meanwhile, House Speaker Nancy Pelosi and Rep. John P. Murtha, the prominent anti-war Pennsylvania Democrat, made a surprise trip to Baghdad yesterday, boosting Congress' profile as an equal branch in the decision-making process as the debate continues in Washington.

Mr. Bush and administration officials are trying to earn enough time to prove that his plan to increase troops by 4,000 Marines in the Anbar province and more than 17,000 soldiers in Baghdad can work. Mr. Gates said Democrats' plan to vote on a nonbinding resolution opposing Mr. Bush's plan would send the wrong signal.

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"A resolution that, in effect, says that the general going out to take command of the arena shouldn't have the resources he thinks he needs to be successful certainly emboldens the enemy and our adversaries," he said in his first press conference.

"Any indication of flagging will in the United States gives encouragement to those folks. And I'm sure that that's not the intent behind the resolutions, but I think it may be the effect," Mr. Gates said.

Sen. Edward M. Kennedy, Massachusetts Democrat, called Mr. Gates' statement "a desperate attempt" to bolster the president's policy.

Mr. Bush and other administration officials have counted on the fact that all sides in the debate agree that victory is necessary. The president referred to that in his State of the Union address this week and again yesterday after a meeting with Mr. Gates and Army Lt. Gen. David Petraeus, who was confirmed by the Senate yesterday to be the top commander in Iraq.

But members of Congress are increasingly talking about a vision of victory that is different from Mr. Bush's picture of an Iraq that can "govern, sustain and defend itself."

House Majority Leader Steny H. Hoyer yesterday endorsed a phased withdrawal within six months. He deemed it an "alternative path" that, he said, "will not necessarily lead to the Iraq we would have liked to see at the onset of this war."

The Maryland Democrat, who had been among the highest-ranking Democratic supporters when Mr. Bush went to war, said yesterday he would not have voted for the war knowing what he does now.

He said Mr. Bush botched decisions throughout the war and there is no indication that Iraqi Prime Minister Nouri al-Maliki can follow through on the benchmarks Mr. Bush and Congress all agree he must meet.

Mr. Hoyer said that in addition to the no-confidence resolutions that will come up for a vote in the Senate next week and in the House later, the House may consider a "revised authorization for the use of military force in Iraq that more accurately reflects the mission of our troops on the ground." That would allow lawmakers to pare down the full grant of authority they issued in the 2002 vote that allowed Mr. Bush to go to war.

Also yesterday, former New York Gov. George E. Pataki, a potential Republican presidential candidate, announced his opposition to the troop surge, saying that Iraqi leaders have not proved they are ready to shoulder responsibility for democracy and that U.S. troops should instead focus on fighting al Qaeda.

"Let's continue to hope, but let's not put our troops in harm's way simply on the basis of that hope," he said.

Most prominent potential candidates have supported Mr. Bush's call for more troops; but in a speech at Georgetown University, the three-term governor raised the possibility of a victory that falls short of the president's vision.

"A functioning democracy throughout Iraq is not essential to our achieving a military victory over al Qaeda in Iraq," Mr. Pataki said. "And I share the doubt of many that 20,000 additional troops alone will assure a successful democracy."

Kennedy Vows To Get A Vote On Iraq "One Way Or The Other" (HILL)

By Klaus Marre

The Hill, January 26, 2007

When the Senate takes up a resolution rejecting President Bush's plan to add more troops to Iraq, there will be more at stake than a non- binding measure, leading Democrats said Friday.

Sen. Edward Kennedy (D-Mass.) said if Republicans stand in the way of an up-or-down vote on such a resolution, the resulting cloture vote would, in effect, be a referendum on the war.

"We're going to get a vote one way or the other," Kennedy said in the Capitol.

The Senate Foreign Relations Committee on Wednesday passed, largely along party lines, a resolution opposing Bush's surge plan. It was sponsored by committee chairman Joseph Biden (D-Del.) and Sen. Chuck Hagel (R-Neb.). However, Senate Majority Leader Harry Reid (D-Nev.) said this might not be the measure that the full Senate will eventually vote on.

He indicated that a compromise could be forged between the language of the so-called "Biden resolution," which many Democrats favor, and a proposal spearheaded by Sens. John Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine).

"We're working on having a resolution that we can vote on, and of course it'll be a mixture of what Warner has and what we have," Reid told reporters. "And so I don't think there will be two competing resolutions."

At the end of the debate, Reid said, the American people will see that "a majority of the United States Senate opposes the president's escalation in Iraq, without any question."

Reid also suggested that a vote against such a resolution could have political consequences for Republicans.

"I don't know if we'll get 60 votes [necessary to overcome a filibuster]," Reid said. "But I'll tell you one thing: There are 21 Republicans up for reelection this time. If they think this is going to be a soft vote for them, they've got another thing coming."

In their joint press conference, Reid and Kennedy also blasted Republicans for standing in the way of an amendment-free minimum wage bill.

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"What is it, Mr. Republican, that you cannot stand about hardworking Americans at the lower end of the economic ladder?" Kennedy asked.

Reid added that, since the last minimum wage increase 10 years ago, members of Congress raised their own pay $30,000.

"I don't know how to describe this other than disgraceful," Reid said.

Pelosi, Maliki Discuss Timing Of Drawdown (WP)

By Ernesto Londono

The Washington Post, January 27, 2007

BAGHDAD, Jan. 26 -- Iraqi Prime Minister Nouri al-Maliki told Rep. Nancy Pelosi (D-Calif.), visiting Baghdad on Friday in her new capacity as House speaker, that he would like to see 50,000 U.S. troops leave by the end of the year, Iraqi officials said.

Pelosi's primary concern in meeting Maliki appeared to be to determine how soon he thought the United States could withdraw its soldiers from Iraq, said Ali Dabbagh, the prime minister's spokesman.

The U.S. military, reversing earlier statements, acknowledged Friday that four of five soldiers killed last Saturday had been abducted before being executed. The abductions followed a brazen attack on a government building in the southern city of Karbala.

Military officials earlier this week had dissuaded The Washington Post from reporting an account of the abductions, saying it was inaccurate. The account had been provided by Iraqi officials and witnesses.

Pelosi, a critic of the Bush administration's policy in Iraq, told the prime minister that she and fellow Democrats are eager to see a prompt transition of authority, Maliki's office said in a statement.

"The prime minister assured them that they could speed up the withdrawal of the troops if the equipment and training of the national forces could be speeded up," Dabbagh said Friday night in an interview.

Pelosi's visit occurs as the Bush administration is sending an additional 21,500 troops to Iraq, where sectarian violence continues, impunity is widespread and the government struggles to provide basic services.

"The purpose of our trip was fact-finding, and we're in the process of doing that," Pelosi told Iraqi television reporters.

The military's statement Friday, issued following the release of an Associated Press report on the Karbala attack, provides this account of the killings:

The assailants traveled in at least five sport-utility vehicles and wore what looked like U.S. military uniforms, which allowed them to approach the building without raising suspicion. The fighters, armed with U.S.-type weapons, attacked a group of American soldiers inside with grenades and rifles. One U.S. soldier was killed.

The assailants captured four others. Several miles away at a checkpoint, the convoy drew the suspicion of Iraqi police, who followed the vehicles. The pursuit prompted the attackers to abandon five SUVs before they escaped.

Iraqi police found the bodies of two American soldiers handcuffed together in the back of one of the vehicles; both had been shot in the head. Another soldier, also shot, was found dead on the ground. A fourth soldier, who also had been shot in the head, died en route to a hospital.

"The precision of the attack, the equipment used and the possible use of explosives to destroy the military vehicles in the compound suggests that the attack was well rehearsed prior to execution," said Lt. Col. Scott Bleichwehl, a military spokesman.

Also Friday, the military said a Marine died fighting in Anbar province, in western Iraq, one of the most dangerous parts of the country.

Friday morning, a bomb left in a plastic bag detonated in the Souq al-Ghazil pet market, in a heavily Shiite area of central Baghdad, killing at least 16 people and injuring more than 35, Iraqi officials said.

Pelosi Meets Maliki In Baghdad Visit (LAT)

By Borzou Daragahi

The Los Angeles Times, January 27, 2007

BAGHDAD — House Speaker Nancy Pelosi led a group of U.S. lawmakers on a visit here Friday to discuss President Bush's troop buildup plan and other efforts to reduce sectarian violence with U.S. and Iraqi officials.

During a meeting with Pelosi, Prime Minister Nouri Maliki said his government was determined to fight armed militants with "full power," according to a statement from the Iraqi government.

The prime minister also described details of the plan to secure Baghdad, which will include operations that will target anyone breaking the law regardless of sectarian affiliation, the statement said. Maliki told Pelosi that Iraqi security forces were ready to take over crucial security missions from U.S. forces, the statement said.

Pelosi (D-San Francisco) reportedly voiced support for Iraq's "democratic experiment" and vowed to push for the speedy transfer of security duties from U.S. to Iraqi forces long demanded by the Shiite-dominated government.

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On Iraqi TV, Pelosi said she and Maliki "came out of the meeting with a greater understanding, I think, of each other's point of view."

She said the congressional delegation is "fact finding and we are in the course of doing that."

"We came here also to convey to our troops the appreciation of the American people for what they're doing."

Meanwhile, violence continued to take a toll on Iraqi civilians and U.S. troops.

Bomb blasts and shootings in the capital killed at least 38 and injured 72 during the Muslim day of worship. A U.S. Marine assigned to Regimental Combat Team 6 died Friday of combat wounds while operating in Al Anbar province, the military said.

Since the 2003 invasion, 3,067 U.S. troops have been killed, according to icasualties.org.

Police in Baghdad found the bodies of at least 17 men, including the corpse of a Sadr City man later identified as a taxi driver. His family, worried about his disappearance had come to the Yarmouk Hospital several times over the last week. His body was discovered this week in west Baghdad, headless and mangled by wild dogs. His parents identified the body from the clothes, hospital officials said.

Gunmen attacking a ranking police official south of the capital killed a woman in a passing vehicle.

Police discovered the bodies of three men, wearing military uniforms, floating in the Tigris River near the southern Iraq town of Suwayrah. The men had been blindfolded, handcuffed and shot several times in the head and chest.

Tribal clashes with sectarian overtones erupted in a village north of Kut. The fighting between rival Shiite and Sunni clans left four dead, police said.

In the north, a suicide bomber struck a Shiite mosque near the city of Mosul, killing one and injuring three worshipers emerging from Friday prayers.

Police in the Kirkuk area found two unidentified bodies of men who had died of gunshot wounds.

House Speaker Pelosi Visits Iraq (AP)

AP, January 26, 2007

BAGHDAD, Iraq (AP) - House Speaker Nancy Pelosi and Rep. John Murtha, both vocal war critics, were in the Iraqi capital Friday at the head of a delegation of House members on a fact-finding mission as the White House and Congress dueled over the expansion of U.S. forces in Iraq.

The Pelosi delegation visited the heavily fortified Green Zone, site of the American Embassy, and met with Iraqi Prime Minister Nouri al-Maliki.

"We come out of the meeting with a greater understanding of the others' point of view," Pelosi, D-Calif., said, in brief remarks after the meeting.

She said the delegation also came "to convey to our troops the appreciation of the American people for what they're doing, to applaud their patriotism."

Pelosi has been a sharp critic of the Bush administration's conduct of the war and has led a drive in Congress against sending 21,500 more troops as part of a new security crackdown in Baghdad.

In Washington on Friday, President Bush challenged skeptical lawmakers not to prematurely condemn his buildup, saying "I'm the decision-maker."

Murtha, a Pennsylvania Democrat and Vietnam veteran, has been a longtime critic of the war.

In Islamabad on Friday, visiting U.S. Deputy Assistant Secretary of State John Gastright confirmed that a congressional delegation led by Pelosi would visit Pakistan and meet with President Pervez Musharraf. The dates of the trip have not been made public.

Democrats Try To Increase Leverage Over Iraq Policy (NYT)

By Kate Zernike

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 — Representative Steny H. Hoyer, the House majority leader, said Friday that Congress might consider legislation revising the authorization it gave President Bush in 2002 to use military force in Iraq.

Mr. Hoyer set out a road map for the House to exercise more control over Iraq strategy, as he and other Democratic leaders continued on Friday to exert pressure against the president's plan to send in an additional 21,500 troops.

Senator Harry Reid, the majority leader, moved on Friday to force a debate on a resolution opposing the troop increase that had been offered by Senators Joseph R. Biden Jr., Democrat of Delaware, and Chuck Hagel, Republican of Nebraska.

But Mr. Reid said that he also expected debate on other similar resolutions. Ultimately, he said, he expects the Senate to come together behind one resolution when the debate begins the week after next, with broad bipartisan opposition to the president's plan.

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Public opinion, he predicted, will compel many Republicans to support a resolution opposing the troop increase.

"Twenty-one Republicans are up for re-election this time," Mr. Reid said. "If they think this is going to be a soft vote for them, they've got another think coming."

At the Pentagon, Defense Secretary Robert M. Gates warned Congress against passing any such resolution, saying it "emboldens the enemy and our adversaries."

"I'm sure that's not the intent behind the resolutions," he said, "but I think it may be the effect."

President Bush told reporters on Friday that he had proposed the increase "in that I'm the decision maker, and I had to come up with a way forward that precluded disaster."

"I've listened a lot to members of Congress," he added, speaking at a meeting at the White House with Lt. Gen. David H. Petraeus, whom the Senate confirmed Friday as the new commander in Iraq. "I've listened carefully to their suggestions. I have picked the plan that I think is most likely to succeed, because I understand, like many in Congress understand, success is very important for the security of the country."

In a speech to the Brookings Institution, Mr. Hoyer predicted that the House would follow the Senate's lead in backing a resolution against the troop increase, with broad support from Republicans.

Several committees in the House would then convene hearings on the war, he said. To follow that, the House might try to exercise more control over Iraq strategy in legislation regarding spending for the Defense or State Department. Another option, he said, would be a revised authorization for the use of military force in Iraq "that more accurately reflects the mission of our troops on the ground."

Some Republicans as well as Democrats have said that the resolution authorizing the use of force in Iraq, passed in October 2002, was not intended to allow American troops to police a civil war, as some lawmakers now say is the case.

Mr. Hoyer said in his speech that he would not have supported the resolution allowing the president to go to war "had I known then what I know now: that the United States of America could and would prosecute a war and manage a nation-building effort in such an incompetent, arrogant, unplanned and unsuccessful manner."

Mr. Hoyer also called for requiring the president to certify to Congress that the government of the Iraqi prime minister, Nuri Kamal al-Maliki, was meeting the benchmarks Mr. Bush said he had set. He also called for greater international involvement in securing Iraq, and peace talks like the ones held in Dayton, Ohio, in 1995 that ended the Bosnian war.

"The president's so-called new strategy is really little more than stay the course," Mr. Hoyer said, adding that it "places far more confidence in the leadership of Prime Minister Maliki than his record of competence and cooperation merits."

House Speaker Nancy Pelosi made a surprise visit to Baghdad on Friday with other members of Congress, including the chairmen of the armed services, foreign affairs, and intelligence committees, as well as Representative John P. Murtha of Pennsylvania, a leading Democratic critic of the war.

In a statement after her visit, Ms. Pelosi said that she had traveled to Iraq to thank the troops and to express support for them, "as well as our hope that they will come home safely and soon."

In meetings with the prime minister and other senior American and Iraqi officials, the statement said, "we stressed our belief that it is well past time for the Iraqis to take primary responsibility for the security of their nation." American forces, Ms. Pelosi said, "should quickly begin to transition from a combat role to one focused on training, counterterrorism, force protection and controlling Iraq's borders."

Mr. Maliki's office released a statement after the meeting saying that the prime minister had "confirmed the resolution of the Iraqi government to challenge the terrorist groups with the full power" of its military force and the political system.

The prime minister also emphasized that Iraqi forces "are ready" to assume responsibility for the country's security.

Rebuke Of Bush's War Plan Gathers More Steam (LAT)

By Noam N. Levey

The Los Angeles Times, January 27, 2007

WASHINGTON — Another Republican senator said Friday that he would back the symbolic push to oppose President Bush's plans to increase troop levels in Iraq, further evidence of the growing division within the GOP over the unpopular plan.

Kansas Sen. Sam Brownback, a recently announced presidential candidate who once staunchly supported Bush's foreign policy, became the seventh Republican senator to line up behind a nonbinding rebuke of the troop proposal.

Brownback said he favored a measure sponsored by Sen. John W. Warner (R-Va.) that expresses disagreement with the president's plan and advocates a less central role for the U.S. military in stopping sectarian violence in Iraq.

Along with Warner and Brownback, three other Republicans and several Democrats have said they favor the resolution.

A more strongly worded resolution opposing the troop plan says, "It is not in the national interest of the United States to deepen its military involvement in Iraq."

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It is sponsored by Sens. Joseph R. Biden Jr. (D-Del.), Chuck Hagel (R-Neb.) and Carl Levin (D-Mich.). Also backing it is Sen. Olympia J. Snowe (R-Maine).

Administration officials have dismissed the notion that either resolution would affect decisions on Iraq, and Bush on Friday reiterated his commitment to proceed with his plan.

"I'm the decision-maker," Bush said after meeting with Army Lt. Gen. David H. Petraeus in the Oval Office shortly after the Senate unanimously confirmed him to take command of U.S. forces in Iraq.

Defense Secretary Robert M. Gates also criticized the congressional efforts to oppose the Bush plan.

"It's pretty clear that a resolution that, in effect, says that the general going out to take command of the arena shouldn't have the resources he thinks he needs to be successful, certainly emboldens the enemy," Gates told reporters. "It seems pretty straightforward that any indication of flagging will in the United States gives encouragement to those folks."

As the haggling intensified in Washington over the Senate's intentions, two of Capitol Hill's most vocal critics of the administration's policies in Iraq — House Speaker Nancy Pelosi (D-San Francisco) and Rep. John P. Murtha (D-Pa.) — met in Baghdad with Iraqi Prime Minister Nouri Maliki.

"We stressed our belief that it is well past time for the Iraqis to take primary responsibility for the security of their nation," Pelosi said in a statement issued by her Washington office. "The delegation's view is that American forces should quickly begin to transition from a combat role to one focused on training, counter-terrorism, force protection and controlling Iraq's borders."

Brownback's decision to support Warner's resolution came as Democratic and Republican Senate leaders continued to negotiate over the timing of a much-anticipated debate on the plan unveiled by the president in a nationally televised speech this month.

Senate Majority Leader Harry Reid (D-Nev.) said he anticipates a compromise between the two measures.

But Senate Minority Leader Mitch McConnell (R-Ky.) said Friday that he was working on less confrontational alternatives that he hopes to be able to offer when the debate begins on the pending resolutions, perhaps as soon as next week.

Several other GOP senators — including John McCain of Arizona, a leading champion of Bush's plan and a presidential contender — have expressed interest in resolutions that would call for specific benchmarks to measure the cooperation of the Iraqi government.

McConnell said he believed that he could build support for "something that makes it abundantly clear to the Iraqis that this is it," and that the U.S. expected them to assume a significantly larger role in cracking down on sectarian violence.

"If we're going to do a resolution at all, I think that's the one part that could conceivably be helpful," McConnell said.

Pataki Opposes More Troops Unless Iraqis Do Their Part (NYT)

By Raymond Hernandez

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 —Former Gov. George E. Pataki of New York, a Republican who has steadfastly supported President Bush's Iraq policies, said on Friday that he would oppose Mr. Bush's plan for sending more troops to Baghdad unless Iraqi leaders took clearer steps to build a nonsectarian government.

In a speech at Georgetown University, Mr. Pataki, who is considering a run for president, said the Shiite-led government of Prime Minister Nuri Kamal al-Maliki has failed to provide security to all its citizens and left the impression that it favors Shiites in their escalating sectarian conflict with Sunnis.

"Before the United States government puts more troops in harm's way in Baghdad, we must have confidence that the Maliki government will be an active partner" in building a unity government, Mr. Pataki said.

"If they want Americans to continue to die in defense of their government, if they want Americans to continue to pour tens of billions of dollars into their people's schools, services and security, we must first demand action on their part," he said, referring to Iraqi leaders.

"Prime Minister Maliki must show that his government will be part of the solution and not, as many have feared, part of the problem."

With his remarks, Mr. Pataki appeared to distance himself not only from the president, but also from the three men often named as the leading Republican candidates to replace him: John McCain of Arizona, one of the Senate's most vocal supporters of the troop increase, as well as former Mayor Rudolph W. Giuliani of New York, and former Gov. Mitt Romney of Massachusetts, who both have gone on record supporting it.

But Senators Sam Brownback of Kansas, who has announced a presidential run, and Chuck Hagel of Nebraska, who is considering a run, have denounced the planned troop increase.

Mr. Pataki presented his views as a "bridge" between "factions pointing fingers," a reference, his aides said, to lawmakers in Washington who support the president's Iraq strategy and those who support withdrawal.

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Mr. Pataki's son Teddy is an officer in the Marines, but he has not been sent to Iraq.

The speech, Mr. Pataki's second since leaving office last month after 12 years in Albany and his first on foreign policy, comes as he considers whether to enter what is fast becoming a crowded field of contenders for the Republican presidential nomination for 2008.

The speech reflected the political challenges that he and other potential Republican presidential candidates face in responding to President Bush's call for more troops in a war that many polls show to be increasingly unpopular.

Mr. Pataki has previously defended the president's Iraq policies, asserting that Iraq was a central front in the war on terrorism.

At a news conference in October 2003, Mr. Pataki said, "It's far better to be fighting that war against Al Qaeda terrorists with our soldiers and sailors and marines and Air Force on the streets of Baghdad than with our firefighters and police officers on the streets of Brooklyn."

On Friday, Mr. Pataki argued that it was possible for the United States to withdraw troops from Baghdad and still achieve what he described as America's top priority in Iraq: to deny Al Qaeda and other Islamic extremists the kind of safe haven they had in Afghanistan.

He said that if the Maliki government fails to undertake efforts to form a nonsectarian government, then America should "withdraw our troops from all areas where the war is essentially a civil one between Sunni and Shia or between Shia factions."

"We should withdraw to bases in Iraq, Kuwait and other parts of the Middle East that allow us to win our global strategic objective of defeating violent insurgents and denying them victory, safe havens or training and recruitment bases," he said. "No victory for Al Qaeda. No new bases from which to organize or plan new attacks against America or the West. No safe havens in Iraq or elsewhere. And no U.S. troops deployed in the middle of sectarian Shia/Sunni strife."

He also said the Maliki government should demonstrate a willingness to disarm Shiite militia groups, including the Mahdi Army. In the past, Mr. Maliki has been accused of being too reluctant to crack down on the Mahdi Army, whose leader, Moktada al-Sadr, has been an important part of his political coalition.

"If Maliki will not fight for Iraq, then we must limit our fight to the goal of defeating the global insurgents in Iraq, leaving the Iraqi government to deal with the sectarian violence of Baghdad," Mr. Pataki said.

Gates Working To Accelerate Deployment (WP)

By Ann Scott Tyson

The Washington Post, January 27, 2007

Defense Secretary Robert M. Gates said yesterday that he was working to accelerate the deployment of 21,500 additional U.S. troops to Iraq, suggesting that the influx of American troops is no longer contingent upon the Iraqi government fulfilling its commitments for Baghdad security operations.

Lt. Gen. David H. Petraeus, confirmed yesterday by the Senate as the senior U.S. commander in Iraq, testified this week that he needs all of the troops -- and possibly more -- for the mission to quell sectarian violence in Baghdad. "As long as he feels he needs them, they're all going to flow," Gates told reporters at his first Pentagon news conference.

"We are going to see if the timetable for the dispatch of the brigades can be accelerated," Gates said, although he added that logistical hurdles may prevent speeding up the movement for all or some of the troops.

The U.S. troop increases now underway in both Iraq and Afghanistan reflect a deliberate effort to "create an environment in which the commanders feel open to requesting what they think they need," Gates said, suggesting that in the past U.S. commanders have not felt comfortable asking for reinforcements. Still, he said, "there is no blank check," and requests for more troops will be vetted by the Joint Chiefs of Staff before being presented to him and President Bush for a decision.

In congressional testimony and statements earlier this month, Gates had suggested that the flow of additional U.S. troops to Iraq would be dependent upon the Iraqi government meeting specific pledges -- such as sending three more Iraqi army brigades to Baghdad and lifting restrictions on U.S. military operations targeting certain Baghdad districts or individuals.

"The timetable for the introduction of additional U.S. forces will provide ample opportunity early on and before many of the additional U.S. troops actually arrive in Iraq to evaluate the progress of this endeavor and whether the Iraqis are fulfilling their commitments to us," he said at a White House news conference earlier this month.

Yesterday's statements made it clear that any decision on withholding troops would be left to Petraeus, who has said he favors moving the troops to Iraq as quickly as possible.

Gates defended the man Petraeus will replace, outgoing U.S. commander Gen. George W. Casey Jr., who is under fire from some in Congress for failures of strategy in Iraq. Gates nominated Casey to become the Army's next chief of staff, with a confirmation hearing scheduled for Feb. 1. But Casey has since faced harsh criticism from some senators, including John McCain (R-Ariz.), who says he plans to vote against Casey.

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"If it's clear that generals have made serious mistakes, specific mistakes . . . they should be held accountable," Gates said. "I'm not convinced that has happened in this case."

He said Casey "has responded to the changing circumstances" by reversing a plan for a substantial troop drawdown in Iraq in 2006 after the bombing of a Shiite shrine in the city of Samarra unleashed widespread sectarian violence.

Moreover, he said the performance of Casey and other officers must be viewed "in the context of the decisions made by the civilian superiors of officers and how the battlefield they faced was shaped by those decisions. . . . I think he deserves this position."

On upcoming U.S. and Iraqi military operations to secure Baghdad, Gates said that while they could lead to increased U.S. troop casualties, another possibility is that many of the Shiite militia and other fighters "will go to ground in the hope that they can just outwait us and filter back once we're gone." To address that concern, he said the goal was for U.S. forces to help drive the violence in Baghdad down to the point where it "would be entirely manageable by the Iraqi army that would be there for a protracted period of time."

Gates declined to comment on the results of recent U.S. airstrikes to target terrorists in Somalia, saying only that U.S. forces would seek to kill or capture members of al-Qaeda and other groups that attack the United States.

Reserved Seats, And Tone, As A New Defense Chief Meets The Press (NYT)

By David S. Cloud

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 — Defense Secretary Robert M. Gates held his first Pentagon press conference on Friday, and it was nothing like those of his predecessor, Donald H. Rumsfeld.

Over his six years in office, Mr. Rumsfeld's briefings became something like a long-running Broadway variety show, as entertaining as they were familiar.

Mr. Rumsfeld invariably stood behind the lectern in the Pentagon briefing room, often on live television, gleefully sparring with reporters, challenging the premises of their questions, and usually frustrating all efforts to elicit hard information.

Mr. Gates seemed to go out of his way to do things differently. Reporters were escorted to his personal conference room on the Pentagon's third floor, which prevented the proceedings from being televised live, though television cameras still recorded it for later broadcast. Seats around the table were reserved for some news organizations, while the rest of the roughly 30 reporters and cameramen who attended were told by press aides to stand in the corner.

Mr. Gates opened the session by explaining why he was shunning the Pentagon briefing room. "I would prefer a more informal setting than the dais and the big sign behind me and so on," he said.

The crowded conference room was an arrangement that, he acknowledged, "probably cramps some of you."

For the next half-hour, Mr. Gates answered questions. Very often the substance of his replies was not unlike what Mr. Rumsfeld might have said. Like his predecessor, he even challenged the premise of a question or two. But his answers were generally more concise and free of scoffing, teasing or smirking.

"I have no idea," Mr. Gates said in response to a question about the number of Iranian operatives in Iraq. If posed to Mr. Rumsfeld, such a question might have prompted a long discourse about "known knowns" and "known unknowns" and "unknown unknowns," the subtext of which was that the press was slightly ridiculous for even asking.

Nor were there any quotes as memorable as Mr. Rumsfeld's riposte that "stuff happens," when asked at a 2003 briefing about looting in Baghdad.

But, by the end, Mr. Gates seemed happy with how his first formal meeting with the Pentagon press corps had gone, even while some reporters grumbled about not being able to sit down. "Maybe do this where there's more room next time," he said, standing up to leave.

Defense Chief Shows He's No Rumsfeld (LAT)

By Julian E. Barnes

The Los Angeles Times, January 27, 2007

WASHINGTON — If there was any question that Defense Secretary Robert M. Gates would go to almost any length to demonstrate he was the anti-Rumsfeld, he dispelled it Friday.

In his first-ever Pentagon news conference, Gates' manner and method could not have been more different than those of his controversial predecessor — starting with the room.

Donald H. Rumsfeld made the Pentagon briefing room so much his own, Gates has evidently decided he has no intention of using it. Instead, Gates met the media in his private dining room, seating reporters and himself around a large conference table.

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And the answers he offered could not have been more dissimilar to Rumsfeld's.

Stylistically, Gates refrained from scoffing at reporters, from restating their questions on more favorable terms and from challenging the premises of inquiries. He avoided any metaphysical lectures or expositions on the electricity supply of North Korea. Instead, he took the questions as they came, working his way through 32 of them, quickly and concisely.

Substantively, there were some sharp differences. Indeed, Gates came close to blaming Rumsfeld for many of the problems in Iraq.

The new Defense chief offered strong words of support for the nomination of Gen. George W. Casey Jr. to become the next Army chief of staff and said Casey was not to blame for the problems of Iraq. Sen. John McCain (R-Ariz.) has criticized Casey's leadership of the war and said he would vote against the general's nomination. Asked if commanders should be held accountable for Iraq, Gates seemed — almost — to throw Rumsfeld under the bus.

"I think that one has to look at this in the context of the decisions made by the civilian superiors of officers and how the battlefield they face was shaped by those decisions," Gates said.

Rumsfeld always insisted in his news conferences that his commanders were free to ask for more forces. But military planners had said privately that Rumsfeld created an atmosphere where such requests were unwelcome. On Friday, Gates took pains to demonstrate that he was listening to his military commanders. Although he would not say whether he might send more than 21,500 additional troops to Iraq, he said military commanders could ask for more.

"What we have done, I hope, is create an environment in which the commanders feel open to requesting what they think they need," Gates said.

During a Senate hearing this week, a slight strategy difference seemed to emerge between Gates and the man he recommended to become the top commander in Iraq, Gen. David H. Petraeus. Gates said on Jan. 12 that some of the additional forces on their way to Baghdad might end up not being needed. But Petraeus said Tuesday that he would not know if the strategy was working until all the forces were in place.

Gates did not completely back off Friday but stated emphatically that Petraeus would get the troops he wanted, and said the department was looking to get them to Baghdad sooner than spring. "As long as he feels he needs them," Gates said, "they're all going to flow."

Members of Congress often accused Rumsfeld of painting an overly rosy picture of the situation in Iraq. Here again, Gates pledged to be a different kind of defense secretary.

"My hope is to establish a record with the Hill going forward, regardless of what may have been the case in the past, where we have a reputation for candor and for saying — calling things exactly as they are, for good or for bad," Gates said.

But like Rumsfeld, Gates could not avoid some trouble at his news conference. Gates took a swipe at the pending congressional resolutions opposing the troop increase, saying the movement "certainly emboldens the enemy and our adversaries."

That provoked Sen. Edward M. Kennedy (D-Mass.), who frequently issued statements after Rumsfeld news conferences, to say that Gates' comment was "a desperate attempt by the administration to support a failed policy."

Just like old times.

Lethal-Force Order Justified, Bush Says (WP)

By Dafna Linzer, Ann Scott Tyson

The Washington Post, January 27, 2007

President Bush yesterday defended a Pentagon program to kill or capture Iranian operatives inside Iraq, saying that U.S. troops would use all necessary measures to protect themselves and Iraqi civilians from harm.

"It makes sense that if somebody's trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, that we will stop them," Bush said in response to a question about the program, the details of which were first reported in yesterday's Washington Post.

But Bush and Defense Secretary Robert M. Gates said U.S. troops would not cross Iraq's border with Iran under the program, and the president said he is still committed to resolving the dispute over Iran's nuclear program diplomatically.

Senate Majority Leader Harry M. Reid (D-Nev.) said that U.S. troops must defend themselves in Iraq but that the president needs congressional approval for any program that could "escalate this conflict" with Iran. Reid said Bush should be engaged in direct diplomacy with Iran and other countries in the region to avoid a widening conflict, rather than "sending battle carrier groups" to sit off the Iranian coast.

Last fall, Bush gave the military secret authorization to kill or capture members of Iran's Revolutionary Guard, including members of a Guard unit known as the Quds Force, and any Iranian intelligence operatives suspected of arming or supporting Shiite militias in Iraq.

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The policy is based on the theory that Tehran will back down from its nuclear ambitions if the United States hits it hard in Iraq and elsewhere, creating a sense of vulnerability among Iranian leaders. But the policy has attracted some influential skeptics inside the Bush administration and the intelligence community who are concerned that Iran could respond with escalation. The director of the CIA, Gen. Michael V. Hayden, counseled the president to consider that Iran could undertake its own program to kill or kidnap U.S. personnel in Iraq or neighboring Afghanistan.

Bush said it is "not accurate" he wants to widen a confrontation with Iran. "We're going to continue to protect ourselves in Iraq and at the same time work to solve their problems with Iran diplomatically, and I believe we can succeed. The choice is the Iranian government's choice," he said at a news conference.

The president said his administration is already making good progress on the diplomatic front, citing a U.N. Security Council resolution that calls on Iran to halt much of its nuclear program and return to negotiations. Iran has rejected that.

Yesterday, the director of the U.N. inspection agency that is monitoring Iran's nuclear program said Tehran plans to significantly expand its nuclear program in the coming months to begin producing large quantities of uranium. Iranian officials say they intend to produce only low-enriched uranium suitable for fueling a nuclear energy program. But the same technology can also produce bomb-grade uranium. Bush said yesterday that the Iranian government plans to build nuclear weapons, though his administration has never offered proof.

In Tehran, the chairman of the parliament's National Security and Foreign Policy Commission, Alaeddin Boroujerdi, said Bush's policy amounts to "terrorist" action that violates international law.

"Such a measure illustrates the failure of the U.S.'s new strategy in Iraq, because it has had no effect in quelling unrests and restoring calm and order and has instead roused intensified reactions in Iraq," Boroujerdi told the Iranian Fars News Agency.

At a Pentagon news conference yesterday, Gates told reporters that U.S. troops were not "simply going to stand by and let people bring sophisticated IEDs into the country that can disable an Abrams tank and give them a free pass." Gates was referring to roadside bombs, or "improvised explosive devices," that U.S. officials have said are built with components brought into Iraq from Iran.

"But as we've said before, we think we can handle this inside the borders of Iraq, he said.

Gates did not discuss the program's rules of engagement but said that U.S. military targeting of Iranians or any foreign fighters is limited to those who pose a threat to U.S. troops, adding that such practice is not new. "Our forces are authorized to go after those who are trying to kill them," he said. "We are trying to uproot these networks that are planting IEDs that are causing 70 percent of our casualties," he said, adding that "if you are in Iraq and are trying to kill our troops, then you should consider yourself a target."

Gates said he thought yesterday's article in The Post contained "a number of inaccuracies," but he declined to offer examples.

Lt. Gen. Raymond T. Odierno, the No. 2 U.S. commander in Iraq, said yesterday on ABC's "Good Morning America" that U.S. troops had "found some members of the Quds Force operating within Iraq," and, "We have found weapons within Iraq. . . . We found mortars. We have found detonation wire. So, it's clear . . . either through training or providing weapons systems, they are involved here in Iraq."

Two weeks ago, U.S. forces detained five Iranians during a raid on an Iranian government office in Kurdish northern Iraq. Officials said the office was linked to the Revolutionary Guard.

But Iraqi Foreign Minister Hoshyar Zebari, a Kurd, contended that the Iranians were working in an Iraq-government-approved liaison office and that the office was set up to become a diplomatic consulate. U.S. officials said they planned to release a report in the coming days detailing the activities of the detained Iranians and their ties to the violence in Iraq.

Bush said yesterday that the United States had no quarrel with the Iranian people, just with the leaders who "end up isolating their people and ends up denying the Iranian people their true place in the world."

In New York yesterday, the U.N. General Assembly adopted a resolution condemning the Iranian government's official denial of the Holocaust and condemning a conference in Tehran last month that questioned whether Nazis murdered millions of Jews. The resolution was drafted by the Bush administration and co-sponsored by more than 100 U.N. members.

Bush Defends Moving Against Iranians Who Help Shiites Attack U.S.-Led Forces In Iraq (NYT)

By Mark Mazzetti, David S. Cloud

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 — President Bush and his senior aides on Friday justified American actions against Iranian operatives inside Iraq as necessary to protect American troops and Iraqis, and said they would continue as long as Tehran kept up what they called its support for Shiites involved in sectarian attacks.

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"If somebody is trying to harm our troops and stop them from achieving our goal, or killing innocent citizens in Iraq, we will stop them," President Bush told reporters at the White House.

President Bush decided several months ago to allow American troops to make targets of select Iranian operatives inside Iraq whom military officials have accused of helping militants build sophisticated and powerful roadside bombs. He and other officials faced repeated questioning about the policy, which was disclosed in recent weeks, after The Washington Post published articles on Friday exploring Iran's regional influence and the administration's approaches to containing it.

Several administration officials, including Defense Secretary Robert M. Gates, said that President Bush had given the military no new authorities to carry out the offensive, and that the Pentagon had long had permission to capture or kill foreign operatives thought to be aiding attacks against American troops.

Officials said there was no blanket authority to take action against Iranian agents, only Iranian agents thought to be directly involved in planning or carrying out attacks against American and allied forces. That is a different standard than applied to foreign fighters of Al Qaeda in Iraq, they said.

"If you are on the wire diagram as an Al Qaeda operative, you can be targeted just for reading the newspaper in your living room. These guys are not in that position," said one senior Defense official, speaking on condition of anonymity.

The official said there was debate within the administration about whether to become even more aggressive toward Iranians in Iraq. Already, the arrests of Iranians have caused tensions between American and Iraqi officials, as well as heightening the strains between Tehran and Washington. Meanwhile, some lawmakers have expressed concerns that the administration might even strike militarily into Iranian territory just as Congress considers resolutions denouncing Mr. Bush's war strategy for Iraq.

"You have to balance it," this official said. "While you want to take care of the situation, you don't want to cause an international incident where you provoke Iran."

The White House has not issued a presidential finding authorizing covert action against Iranians inside of Iraq or authorized any military actions inside Iran, officials said.

President Bush kicked off a campaign of escalated rhetoric against Iran during a televised address to the nation on Jan. 10. For months, officials from across the Bush administration have accused Iran of supplying Shiite militias with high-tech explosives and training them to carry out attacks with roadside bombs.

Administration officials have thus far provided little detailed public evidence to support these claims. Officials said that Zalmay Khalilzad, the American ambassador in Baghdad, is planning a news conference for Wednesday during which he will present a dossier of Iran's efforts to fuel sectarian violence in Iraq.

Part of Mr. Khalilzad's presentation, officials said, will be to show evidence found during a December raid on a compound of the Iranian-backed Supreme Council for the Islamic Revolution in Iraq, or Sciri.

The officials said that among the evidence that would be presented were photographs, documents and a color-coded wall map that were seized in the raid detailing which Sunni neighborhoods in Baghdad would be targets for attack.

Some leading Democrats, including the chairman of the Senate Foreign Relations Committee, Joseph R. Biden Jr., and the chairman of the Senate Intelligence Committee, John D. Rockefeller IV, have criticized the Bush administration for building a case against Iran when American intelligence agencies still have a murky understanding of Iran's intentions in the Middle East.

Last week, Mr. Rockefeller said that the White House campaign was unnervingly similar to Bush administration rhetoric in the months before the Iraq war.

Some Middle East specialists point out that an effort to move against Iranian agents could backfire and prompt Iran to strike back against America troops.

"It's going to be a bumpy road inside Iraq because it puts U.S. forces at risk and because Ahmadinejad will be more confrontational," said Patrick Clawson, an Iran expert at the Washington Institute for Near East policy, referring to Iran's president, Mahmoud Ahmadinejad.

Military commanders in Baghdad say they have documented a rise in the number of sophisticated roadside bombs using "shaped charges" — a type of weapon that officials believe are imported from Iran. Military statistics show that the number of coalition troops killed by these weapons jumped dramatically during the last four months of 2006.

It was late last year, officials in Washington said, that Mr. Bush signed off on a more aggressive military offensive inside Iraq to counter Iranian influence. Secretary of State Condoleezza Rice confirmed the policy change in an interview on Jan. 12. An article in The Washington Post on Friday reported new details about how the policy was being carried out, including some that the administration said were inaccurate, without elaborating.

One person briefed on the Bush administration strategy said officials in Washington believed that by giving assistance to radical Shiite militants in organizations like the Mahdi Army, Iran was hoping to split off hard-line elements within these organizations and make them more beholden to Tehran.

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By moving against Iranians inside Iraq, the Bush administration hopes it can persuade them to stop their efforts to create rifts among Shiites and to provide aid in attacks against American troops, the person said, requesting anonymity because the briefing he had received was not intended to be made public.

"The Iranian government needs to know that whether it's the Quds Force or any other kind of Iranian organization, we are not going to tolerate American soldiers being targeted in that fashion," said R. Nicholas Burns, a top State Department official. He was referring to a section of the Iranian Revolutionary Guards Corps.

Bush Defends New Policy On Iranians In Iraq (LAT)

By Paul Richter

The Los Angeles Times, January 27, 2007

WASHINGTON — President Bush staunchly defended a tough new administration policy on Iran that is drawing criticism at home and causing anxiety abroad, arguing Friday that it was only sensible for U.S. troops to move aggressively against Iranians who endangered them in Iraq.

Bush, appearing with military advisors at the White House, said the policy was not meant to spread U.S. wars in Iraq and Afghanistan into Iran, but asserted that U.S. troops had the right to seek out agents from Tehran, which he has accused of supporting Iraqi militants.

"It just make sense that if somebody is trying to harm our troops or stop us from achieving our goal, or killing innocent civilians in Iraq, that we will stop them," Bush said.

The administration announced two weeks ago, as part of its new strategy on Iraq, that it would move more forcefully against Iranian and Syrian agents in Iraq. The White House also then moved Navy warships and fighter jets into the Persian Gulf in a display of determination to maintain its influence in the region.

The new push has been welcomed by some Sunni Arab countries that are worried about the rising influence of predominantly Shiite Iran, as well as by members of U.S. Congress from both parties who are nervous about the prospect that Tehran may acquire a nuclear weapon and possibly use it to threaten Israel.

But the aggressive approach has been unsettling to Shiite Arabs and Kurdish leaders in Iraq, as well as to others in the United States and Europe, who fear that the confrontational words and moves could escalate into military confrontation at a time when the Middle East is already torn by sectarian strife.

The administration's tougher stance has raised questions on how far the United States plans to go to confront or control the estimated thousands of Iranians in Iraq, who include not only military and intelligence agents but also humanitarian workers, pilgrims and businesspeople.

Bush said suggestions that the administration wanted to widen its military campaign into Iran were "just not accurate." He added that he would work to settle differences with Iran diplomatically. "And I believe we can succeed," he said.

The president was joined in his warning to Tehran by Defense Secretary Robert M. Gates and other administration officials, who were asked about a report that U.S. forces were given special orders to kill or capture Iranians found in Iraq. Administration officials said that U.S. forces had authority to do whatever was necessary to defend themselves in Iraq, but did not confirm the Washington Post report about special orders.

Gates said it was his "impression" that U.S. troops always had the authority to go after Iranian agents who were helping construct bombs in Iraq. He said U.S. forces would go after anyone trying to kill them by any means, including distributing parts to build the roadside bombs known as improvised explosive devices.

"We are trying to uproot these networks that are planting IEDs that are causing 70% of our casualties," he said. "And if you're in Iraq and trying to kill our troops, then you should consider yourself a target."

Gates reiterated that he believed Iranian military involvement could be countered in Iraq, without crossing the border. He agreed that Iran could be dealt with diplomatically, but said Americans were making clear that they would take the necessary steps to preserve "stability" in the Persian Gulf.

Gordon Johndroe, a spokesman for the White House National Security Council, also discussed the administration stance on Iran.

"If our troops get actionable intelligence that agents are going to cause our troops or Iraqi citizens harm, they're going to take whatever force protections that are necessary," he said.

Bush first outlined his harsher stance toward Iran on Jan. 10 as he unveiled a new strategy to address the deteriorating situation in Iraq. The latest administration policy has caused anxiety among Iraqi Kurdish and Shiite Arab leaders, who want to form closer ties with their larger and more industrialized neighbor, and fear they would be the losers in any conflict between the United States and Iran.

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Iraqi political leaders say that the U.S. policy on Iran has strengthened the United States' ties to Sunni Arab countries — including Jordan, Egypt, Saudi Arabia and the smaller Gulf states — but has caused strains between those countries and Iraq.

Many of its Sunni Muslim neighbors consider Iraq a country controlled by the Shiite Muslim sect and have formed only limited diplomatic relations with Baghdad nearly four years after the U.S.-led invasion, Iraqi officials have complained.

The new Bush administration policy also has drawn criticism from U.S. lawmakers, including Democratic Sens. Joseph R. Biden Jr. of Delaware, chairman of the Senate Foreign Relations Committee, and John D. Rockefeller IV (W.Va.), chairman of the Senate Intelligence Committee.

A former top aide for Middle East policy in the Clinton White House has told Congress that the policy on Iran stands to fail, as has Bush's approach toward Iraq, and ignite wider conflict in the region.

Robert Malley, director for the Middle East program at the Brussels-based International Crisis Group, said that while the administration has refused direct talks with Iran and Syria, it has combined military threats toward Tehran with an attempt to build an anti-Iranian coalition of Sunni Arab governments.

"This approach runs the risk of promoting internecine conflict and, possibly, all-out and unwinnable civil wars in Lebanon and Palestine — yet another series of catastrophes in the making," Malley told the Senate Foreign Relations Committee on Tuesday.

Some observers said the new policy reflected not only a U.S. desire to reassert itself at a moment of growing Iranian influence in the region, but also represented an attempt to solicit support at home for the administration's approach at a time when the White House is trying to shore up its sagging popularity.

Toby Dodge of the London-based International Institute for Strategic Studies said the confrontational U.S. tone toward Iran was likely to appeal to many in Congress.

"This is a way to explain to the U.S. public that Iran is partly to blame for Iraq's problems," he said. "It's a way to rally public opinion and forge some kind of consensus."

But Sean McCormack, the chief State Department spokesman, said that those who see a political motive in the new policy "just don't know what they're talking about."

Bush Denies Preparing Attack Against Iran (FT)

By Edward Luce

Financial Times, January 27, 2007

George W. Bush on Friday sought to deny widespread rumours his administration was preparing some kind of military action against Iran. Mr Bush confirmed a report in Friday's Washington Post that he had authorised US troops to shoot and kill Iranian operatives in Iraq, but denied this was a prelude to stronger action.

"We believe we can solve our problems with Iran diplomatically," said the US president. "It makes sense that if somebody is trying to harm our troops, or stop us from achieving our goal, or killing innocent citizens in Iraq, that we will stop them."

But the US president's relatively emollient comments are unlikely to quell speculation about the reasons behind the recent escalation of White House rhetoric towards Iran. In his prime time address on the "new way forward in Iraq" two weeks ago, Mr Bush pledged to "interrupt the flow of support [for extremists in Iraq] from Iran and Syria...We will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

In his State of the Union address to the joint houses of Congress on Tuesday, he lumped Iran with al-Qaeda. "It has also become clear that we face an escalating danger from Shia extremists who...take direction from the regime in Iran. The Shia and Sunni extremists are different faces of the same totalitarian threat."

Last week, Mr Bush ordered a second US aircraft carrier to the Gulf and the deployment of more Patriot missiles in US military bases there. Richard Haass, former head of policy planning at the State Department in the first Bush administration, said the US president was leaving both the diplomatic and military option open.

"You could interpret Bush's recent actions towards Iran in two ways – either he is increasing pressure on the regime in order to soften it up for talks over its uranium enrichment plans, or this is classic gunboat diplomacy in which the US is preparing for some kind of punitive action," said Mr Haass. "My guess is that Mr Bush's actions leave room for either scenario and the Bush administration remains divided over which to pursue."

Both Condoleezza Rice, the secretary of state, and Bob Gates, secretary of defence, are thought to be pushing the White House to open talks with Iranian, having softened it up with the recent application of United Nations-approved economic sanctions on Iran and the beefing up of US naval forces off the Iranian coast.

"The Bush administration believes that Iran sees the US as a kind of paper tiger, and this is Washington's answer to that," said Afshin Molavi, at the New America Foundation in Washington. "The danger to this strategy is that it carries the risk of accidentally leading into some kind of military confrontation."

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However, others in the Bush administration, notably Dick Cheney, who last year warned Iran that it would face "meaningful consequences" if it continued to foment violence in Iraq, are thought to be arguing for the military option.

This interpretation is put forward by leading Democratic lawmakers on Capitol Hill, who have sought – but not received – assurances that the Bush administration has no plans to extend its military operations in Iraq across the border to Iran.

Meanwhile, in a short statement to commemorate International Holocaust Day on Friday, Iran was the only country Mr Bush cited by name: "Remembering the victims, heroes, and lessons of the Holocaust is particularly important today as Holocaust denial continues, urged on by the Iranian regime, which perversely seeks to call into question the historical fact of the Nazis' campaign of mass murder," he said.

Daffy Does Doom (NYT)

By Maureen Dowd

The New York Times, January 27, 2007

Dick Durbin went to the floor of the Senate on Thursday night to denounce the vice president as "delusional."

It was shocking, and Senator Durbin should be ashamed of himself.

Delusional is far too mild a word to describe Dick Cheney. Delusional doesn't begin to capture the profound, transcendental one-flew-over daftness of the man.

Has anyone in the history of the United States ever been so singularly wrong and misguided about such phenomenally important events and continued to insist he's right in the face of overwhelming evidence to the contrary?

It requires an exquisite kind of lunacy to spend hundreds of billions destroying America's reputation in the world, exhausting the U.S. military, failing to catch Osama, enhancing Iran's power in the Middle East and sending American kids to train and arm Iraqi forces so they can work against American interests.

Only someone with an inspired alienation from reality could, under the guise of exorcising the trauma of Vietnam, replicate the trauma of Vietnam.

You must have a real talent for derangement to stay wrong every step of the way, to remain in complete denial about Iraq's civil war, to have a total misunderstanding of Arab culture, to be completely oblivious to the American mood and to be absolutely blind to how democracy works.

In a democracy, when you run a campaign that panders to homophobia by attacking gay marriage and then your lesbian daughter writes a book about politics and decides to have a baby with her partner, you cannot tell Wolf Blitzer he's "out of line" when he gingerly raises the hypocrisy of your position.

Mr. Cheney acts more like a member of the James gang than the Jefferson gang. Asked by Wolf what would happen if the Senate passed a resolution critical of The Surge, Scary Cheney rumbled, "It won't stop us."

Such an exercise in democracy, he noted, would be "detrimental from the standpoint of the troops."

Americans learned an important lesson from Vietnam about supporting the troops even when they did not support the war. From media organizations to Hollywood celebrities and lawmakers on both sides, everyone backs our troops.

It is W. and Vice who learned no lessons from Vietnam, probably because they worked so hard to avoid going. They rush into a war halfway around the world for no reason and with no foresight about the culture or the inevitable insurgency, and then assert that any criticism of their fumbling management of Iraq and Afghanistan is tantamount to criticizing the troops. Quel demagoguery.

"Bottom line," Vice told Wolf, "is that we've had enormous successes, and we will continue to have enormous successes." The biggest threat, he said, is that Americans may not "have the stomach for the fight."

He should stop casting aspersions on the American stomach. We've had the stomach for more than 3,000 American deaths in a war sold as a cakewalk.

If W. were not so obsessed with being seen as tough, Mr. Cheney could not influence him with such tripe.

They are perpetually guided by the wrong part of the body. They are consumed by the fear of looking as if they don't have guts, when they should be compelled by the desire to look as if they have brains.

After offering Congress an olive branch in the State of the Union, the president resumed mindless swaggering. Asked yesterday why he was ratcheting up despite the resolutions, W. replied, "In that I'm the decision maker, I had to come up with a way forward that precluded disaster." (Or preordained it.)

The reality of Iraq, as The Times's brilliant John Burns described it to Charlie Rose this week, is that a messy endgame could be far worse than Vietnam, leading to "a civil war on a scale with bloodshed that will absolutely dwarf what we're seeing now," and a "wider conflagration, with all kinds of implications for the world's flow of oil, for the state of Israel. What happens to King Abdullah in Jordan if there's complete chaos in the region?"

Mr. Cheney has turned his perversity into foreign policy.

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He assumes that the more people think he's crazy, the saner he must be. In Dr. No's nutty world-view, anti-Americanism is a compliment. The proof that America is right is that everyone thinks it isn't.

He sees himself as a prophet in the wilderness because he thinks anyone in the wilderness must be a prophet.

To borrow one of his many dismissive words, it's hogwash.

Senate OKs Petraeus To Lead Troops In Iraq (WT/AP)

By Associated Press

The Washington Times, January 27, 2007

The Senate yesterday voted unanimously to confirm the nomination of Army Lt. Gen. David Petraeus to command U.S. troops in Iraq at a time when President Bush is building up American forces there.

Gen. Petraeus' 81-0 approval was in contrast to the widespread public and congressional opposition to Mr. Bush's plan to send 21,500 more troops to Iraq. Congress is moving toward votes in coming weeks on nonbinding resolutions opposing the troop buildup.

In testimony to Congress this week, Gen. Petraeus said the situation in Iraq is "dire" but said he believed Mr. Bush's strategy would work -- assuming the Iraqi government provided additional troops and helped crack down on militias.

Gen. Petraeus, who will replace Army Gen. George W. Casey. is just one of the new faces Mr. Bush is bringing to his team of top military and diplomatic officials in Iraq and the Middle East. He has already replaced Donald H. Rumsfeld with Robert M. Gates as defense secretary, and is changing the top military commander in the Middle East and the U.S. ambassador to Iraq.

Gen. Petraeus, 54, has served two previous yearlong tours in Iraq as commander of the 101st Airborne Division during the invasion in March 2003 and as commander of the training program for the Iraqi army in 2004-05.

Following the Nov. 7 elections, Mr. Bush announced he would change his strategy in Iraq, including deployments of the additional troops.

"We'll now have our very best general in charge of the operations in Iraq," said Senate Minority Leader Mitch McConnell, Kentucky Republican. "If it can't be done under Gen. Petraeus, then it cannot be done at all. We ought to give him a chance to succeed."

Tuesday, the Senate Armed Services Committee plans to hear from Navy Adm. William Fallon, Mr. Bush's pick to replace Gen. John Abizaid as the top commander in the Middle East. Gen. Casey, nominated to be the next Army chief of staff, is expected to testify on Feb. 1.

U.S. Plan For Iraqi Force Surprises Senator (WP)

By Walter Pincus

The Washington Post, January 27, 2007

Army Lt. Gen. David H. Petraeus, the new top U.S. commander in Iraq, told Congress that he might supplement efforts to secure Baghdad using the Iraqi Facilities Protection Service, a 150,000-man force that guards Iraqi government agencies. But that service is widely considered unreliable, and elements were described in July by Prime Minister Nouri al-Maliki as "more dangerous than the militias," according to Sen. Jack Reed (D-R.I.).

"The prime minister said he wanted to get rid of the FPS as fast as possible," Reed said this week, recalling his meeting with Maliki in Baghdad last summer. There are "bad elements" in FPS units that "are carrying out murders and kidnappings . . . [and] attacking the infrastructure that they are supposedly protecting," Reed said in his trip report about what Maliki had told him. "Because of the FPS," Reed wrote, Maliki said that "some governmental ministries' guards are more dangerous than the militias."

The FPS was formed in 2003 by order of L. Paul Bremer, then administrator of the Coalition Provisional Authority, to protect the 27 Iraqi ministries and their facilities throughout Iraq. Each minister, who generally represents one of Iraq's political parties, has his or her own FPS unit, whose armed members wear military uniforms.

The Iraq Study Group described FPS members as having "questionable loyalties and capabilities." It quoted an unnamed senior U.S. official as saying that they are "incompetent, dysfunctional and subversive," with some serving the manpower needs of sectarian party militias and death squads.

Reed said in an interview that, with security being the main concern of President Bush in pressing for additional U.S. troops in Baghdad, he was "surprised" that Petraeus would describe FPS units, also known as ministerial security forces, as assisting in the protection of the city. The Senate confirmed Petraeus yesterday as the new top U.S. commander in Iraq.

"There are tens of thousands of contract security forces and ministerial security forces that do, in fact, guard facilities and secure institutions, and so forth," Petraeus said in testimony earlier this week, "that our forces -- coalition or Iraqi forces -- would otherwise have to guard and secure."

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When Reed responded that he was "shocked" that the FPS was mentioned in those terms -- because Maliki had told him "that some of these ministerial forces are worse than the insurgents" -- Petraeus replied: "Some, indeed." Later, in answer to a question, the Army general acknowledged that "some of those ministerial forces are part of the problem instead of part of the solution."

Maliki was not the only official who spoke to Reed in July regarding concerns about the FPS. Army Lt. Gen. Martin E. Dempsey, commander of the Multi-National Security Transition Command-Iraq, described the FPS members, along with about 8,700 personal security guards provided to Iraqi political figures, as among "the proliferation of armed groups . . . [presenting] a serious challenge to stability." Dempsey said the Iraqi Defense Ministry paid the salaries of the personal security details "but has no control over them." Each of the 275 members of Iraq's Council of Representatives, as its national assembly is called, is entitled to 20 guards, many of whom are chosen from within their families.

Dempsey was particularly critical of the FPS, saying: "They have a reputation for gross misconduct." He specified as "particularly notorious" the FPS units associated with the ministries of transportation and health, both under the control of associates of Shiite cleric Moqtada al-Sadr. The FPS units employed by those ministries are "a source of funding and jobs for the Mahdi Army," Sadr's militia, according to the Iraq Study Group report.

Dempsey told Reed last summer that the FPS and the personal security details "should be reformed" and "outfitted with different uniforms to distinguish them from the police and clearly identify them." More recently, Dempsey told reporters that the FPS should be brought under the control of Iraq's Interior Ministry this year.

In Basra, Reed was told by Maj. Gen. John Cooper, commander of the British troops in that area, that the FPS was "a major problem." In Fallujah, members of the Marine Expeditionary Force said that when they retook the hospital in Ramadi, local leaders insisted "that the FPS be barred from returning because of their corruption and unreliability."

Sen. Hillary Rodham Clinton (D-N.Y.), upon returning from a brief trip to Iraq this month, announced that she will introduce legislation that would require -- as a condition of continued funding -- certification that the FPS and the private security contractors for the Iraqis are free of sectarian and militia influence.

"Instead of cutting funding to American troops, cut the funding to the Iraqi forces and to the security forces . . . that we pay for to protect the members of this government," Clinton said last week on the PBS's "NewsHour with Jim Lehrer." "We have to do something to get their attention in order to force them to deal with the political and the economic and the diplomatic pieces of the puzzle that confront us," she added.

Military Confirms 4 Soldiers Were Abducted During Attack In Karbala (AP)

AP, January 26, 2007

BAGHDAD (AP) — Four American soldiers were abducted during a sophisticated sneak attack last week in the Shiite holy city of Karbala, the U.S. military confirmed Friday. It said three were shot to death and a fourth was mortally wounded with a gunshot to the head when they were found in a neighboring province, far from the compound where they were captured.

Two of the four were handcuffed together in the back seat of an SUV near the southern Iraqi town of Mahawil. A third dead soldier was on the ground nearby. The fourth soldier died on the way to the hospital, the military said in a statement issued late Friday that confirmed details reported by The Associated Press earlier.

On Jan. 20, the day of the raid on a security meeting in Karbala, the military said five soldiers were killed repelling the attack.

The brazen assault, 50 miles south of Baghdad, was conducted by nine to 12 militants posing as an American security team, according to two senior U.S. military officials as well as Iraqi officials. They traveled in black GMC Suburban vehicles — the type used by U.S. government convoys — had American weapons, wore new U.S. military combat fatigues, and spoke English, according to Iraqi and U.S. military officials.

None of the American or Iraqi officials would allow use of their names because of the sensitive nature of the information.

The confirmation has emerged after nearly a week of inquiries. The U.S. military in Baghdad initially did not respond to repeated requests for comment on reports that began emerging from Iraqi government and military officials on the abduction and a major breakdown in security at Karbala site.

Within hours of the AP report that four of the five dead soldiers had been abducted and found dead or dying about 25 miles to the east of Karbala, the military issued a long account of what took place.

It said, "Two soldiers were found handcuffed together in the back of one of the SUVs. Both had suffered gunshot wounds and were dead. A third soldier was found shot and dead on the ground. Nearby, the fourth soldier was still alive, despite a gunshot wound to the head."

The mortally wounded soldier was rushed to the hospital by Iraqi police but died on the way, the military said.

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The military also said Iraqi police had found "five SUVs, U.S. Army-type combat uniforms, boots, radios and a non-U.S. made rifle" near Mahawil, in neighboring Babil province.

"The precision of the attack, the equipment used and the possible use of explosives to destroy the military vehicles in the compound suggests that the attack was well rehearsed prior to execution," said Lt. Col. Scott Bleichwehl, spokesman for Multi-National Division-Baghdad.

"The attackers went straight to where Americans were located in the provincial government facility, bypassing the Iraqi police in the compound," said Bleichwehl. "We are looking at all the evidence to determine who or what was responsible for the breakdown in security at the compound and the perpetration of the assault."

The Karbala raid, as explained by the Iraqi and American officials, began after nightfall at about 6 p.m. on Jan. 20, while American military officers were meeting with their Iraqi counterparts on the main floor of the Provisional Joint Coordination Center in Karbala.

Iraqi officials said the approaching convoy of black GMC Suburbans was waved through an Iraqi checkpoint at the edge of Karbala. The Iraqi soldiers believed it to be American because of the type of vehicles, the distinctive camouflage American uniforms and the fact that they spoke English. One Iraqi official said the leader of the assault team was blond, but no other official confirmed that.

A top Iraqi security official for Karbala province told the AP that the Iraqi guards at the checkpoint radioed ahead to the compound to alert their compatriots that the convoy was on its way.

Iraqi officials said the attackers' convoy divided upon arrival, with some vehicles parking at the back of the main building where the meeting was taking place, others parked in front.

The attackers threw a grenade and opened fire with automatic rifles as they grabbed two soldiers inside the compound. Then the guerrilla assault team jumped on top of an armored U.S. Humvee and captured two more soldiers, the U.S. military officials said.

One U.S. soldier was killed in the melee at the compound, and three were wounded.

The attackers captured four soldiers and fled with them and the computer east toward Mahawil, the U.S. military officials said.

The Iraqi officials said the four were captured alive and shot just before the vehicles were abandoned.

Police who became suspicious when the convoy of attackers and their American captives did not stop at a roadblock chased the vehicles and found the bodies, the gear and the abandoned SUVs.

Three days afterward, the U.S. military in Baghdad announced the arrest of four suspects in the attack and said they had been detained on a tip from a Karbala resident. No further information was released about the suspects.

The Defense Department has released the names of troops killed last Saturday but clearly identified only one as being killed because of the sneak attack.

Capt. Brian S. Freeman, 31, of Temecula, Calif., "died of wounds suffered when his meeting area came under attack by mortar and small arms fire." Freeman was assigned to the 412th Civil Affairs Battalion, Whitehall, Ohio.

The only other troops killed that day in that region of Iraq were four Army soldiers said to have been "ambushed while conducting dismounted operations" in Karbala.

The four were identified as 1st Lt. Jacob N. Fritz, 25, of Verdon, Neb.; Spc. Johnathan B. Chism, 22, of Gonzales, La.; Pfc. Shawn P. Falter, 25, of Cortland, N.Y., and Pvt. Johnathon M. Millican, 20, of Trafford, Ala. All were with the 2nd Battalion, 377th Parachute Field Artillery Regiment, 4th Brigade Combat Team, 25th Infantry Division, of Fort Richardson, Alaska.

Military Provides Details Of Slain Soldiers' Abduction (LAT)

By Borzou Daragahi

The Los Angeles Times, January 27, 2007

BAGHDAD — Four of the five U.S. soldiers killed in a sophisticated attack in southern Iraq last week were shot after they were captured, handcuffed and driven miles away by gunmen who appeared to have detailed information about their target, U.S. and Iraqi officials said Friday.

"The attackers went straight to where the Americans were located in the provincial government facility, bypassing the Iraqi police in the compound," Lt. Col. Scott Bleichwehl, a spokesman for U.S. forces in Baghdad, said in a statement. "We are looking at all the evidence to determine who or what was responsible for the breakdown in security at the compound and the perpetration of the assault."

The U.S. military said last week that five soldiers in Karbala died fending off the Jan. 20 attack on a provincial security building, but details of what happened were not released.

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However, hours after an Associated Press report cited unnamed U.S. and Iraqi sources in recounting the attack and killings, the military Friday issued a detailed statement on the incident that said the four soldiers were found dead or dying in a neighboring province south of Baghdad.

The account of the attack provided by the military suggests both a breakdown of security in the relatively safe southern province as well as increased skill on the part of armed groups.

"The precision of the attack, the equipment used and the possible use of explosives to destroy the military vehicles in the compound suggests that the attack was well rehearsed prior to execution," Bleichwehl said.

U.S. and Iraqi soldiers were at a provincial security headquarters discussing safety for pilgrims participating in an annual religious ceremony when the gunmen — dressed in U.S. Army-style combat uniforms and driving at least five sport utility vehicles — made their way past checkpoints and stormed the building about 5 p.m.

"The armed militants wore American-looking uniforms and carried U.S.-type weapons convincing Iraqi checkpoints to allow their passage," the statement said.

Once they were inside the compound, fighting broke out between the gunmen, estimated at no more than a dozen, and U.S. soldiers. Small-arms fire erupted and grenades exploded. One soldier was killed and three were wounded by a hand grenade thrown into the main office, which includes the headquarters of the provincial police chief.

"The Iraqis in the meeting were not harmed or even touched," an Iraqi military official said.

Explosions damaged several U.S. Humvees, disabling the vehicles and forcing the soldiers to take cover. The attackers pulled back, the statement said, taking four U.S. soldiers with them.

According to U.S. and Iraqi officials, not only did the gunmen manage to enter the building, they took the captured soldiers from Karbala dozens of miles to Babil province, confidently driving past at least one checkpoint.

"The vehicles did not stop at checkpoints, they drove right through them," said an Iraqi military officer, speaking on condition of anonymity.

The military said suspicious Iraqi police officers pursued them. Iraqi security officials said American and local forces surrounded the area and established a curfew.

Residents heard gunfire and saw flares light up the sky as Iraqi forces, including members of Hillah's Scorpion Brigades, searched the area.

The Iraqi police eventually found the captured U.S. soldiers, dead or dying, as well as five abandoned SUVs, U.S. Army uniforms, boots, radios and sophisticated machine guns near the Sunni towns of Mahawil and Albu Alwan in northern Babil province.

"Two soldiers were found handcuffed together in the back of one of the SUVs," the U.S. military statement said. "Both had suffered gunshot wounds and were dead. A third soldier was found shot and dead on the ground. Nearby, the fourth soldier was still alive, despite a gunshot wound to the head."

The soldier died as Iraqi police took him to a nearby hospital.

Karbala Gov. Aqil Khazali, saying he had been briefed by a U.S. official, said the intense search may have pressed the insurgents to execute the captured soldiers.

"They were killed by the criminals near Hillah in Babil province after being encircled and surrounded by the American and Iraqi forces," Khazali said.

Suicide Bomb Erases A Fading Vestige Of Joy In Baghdad (NYT)

By Marc Santora

The New York Times, January 27, 2007

BAGHDAD, Jan. 26 — There used to be two great joys on Fridays for Iraqis in Baghdad: browsing the ancient bookshops, and exploring the Ghazil animal market, home to an extraordinary array of creatures.

One by one, though, the storied booksellers on Mutanabi Street have seen business fade away, the customers fearful of crowded places.

The animal market, too, has suffered, having been reduced to a shell of its lively former self. When a bomb exploded there on Friday, killing 15 people and wounding 50, it was the third such attack since June.

In the chaos after the blast, snakes slithered through bloody streets where animal carcasses were jumbled with human remains. Exotic birds flew off as rescue workers tried to aid the wounded.

“We were standing in the middle of the market, looking at the birds, and suddenly there was a massive explosion,” said a man who gave his name as Qusay, and who liked to scout for rare pigeons to breed. Both his legs were broken by the explosion. He said he was taken to the hospital, where he found doctors with no supplies trying to treat ghastly wounds.

His family took him home, he said in a telephone interview, because they thought they could treat him better themselves.

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The attack was about more than taking lives, residents said. It was about taking life from the living.

Remarkably, the market was still frequented by Sunnis and Shiites, even after months of sectarian clashes. But fewer and fewer people have been showing up since the June bombing. Before that first attack, merchants and regular customers said, the market had carried on mostly as it had for centuries, despite the war, poverty and the general lawlessness on the streets.

The animal dealers would arrive early in the day and set up stalls along Jamhuriya Street.

The Bedouin would come in from the desert with scorpions and snakes and spiders, selling the venom for medicines. Merchants would bring in exotic animals, monkeys, foxes and even wolves, simply to attract a crowd so they could sell their more mundane animals, like chicken, sheep, dogs and goldfish.

The sellers would do just about anything to get attention.

Small birds were often painted bright colors to attract children, and fish were put in ornate glass jars to show off their brilliant colors. Men gathered in alleys to watch dog and cock fights. Tea and snacks were sold by wandering merchants.

Birds were a big draw, with rare pigeons being particularly popular.

One vendor, an Egyptian, according to witnesses, once put a chicken on a metal box and began rhythmically clapping. The chicken hopped from one foot to another, and the Egyptian claimed it was the world's only dancing chicken.

But the crowd discovered a hot stone under the metal. Iraq has long been a rough place and the customers, who did not appreciate the trick, beat the man badly.

On Fridays, the day of rest, large crowds went to look at the animals before going to the mosque.

Nearly everyone here can remember a morning spent in this way.

"I used to breed birds, it's a hobby of mine and I used to buy and sell pigeons," Dorid Abu Assad said in a telephone interview. "Every Friday we would go to the market to try and find some rare kinds of pigeons. It was fun to go there and be with all the people."

But he stopped going just before the attack in June, fearing a bombing. In that attack, 4 people were killed and 50 wounded in twin bombings. Then last month, militants launched a mortar into the market, killing 3 and wounding 28.

The animal sellers tried to go on, but by this Friday, residents said, the market was badly diminished. Most of the more exotic animals could no longer be found, and the sellers who came were mainly just trying to scrape by marketing chickens, sheep and small birds.

The bomber disguised himself as just another bird merchant, selling pigeons, witnesses said. As the crowd leaned in for a better look at his pigeon box, he walked away and set off the bomb.

Although it is impossible to know who exactly was responsible, the bombing fits a pattern of attacks by Sunni extremists that have picked up in intensity as Shiites prepare to celebrate Ashura, one of their holiest days.

The violence on Friday was not confined to the animal market. The area around Haifa Street, an important commercial strip, was again racked despite an effort by American and Iraqi soldiers to rid the area of militants. A suicide bomber attacked an Iraqi Army checkpoint in the neighborhood, killing two people and wounding 14, according to an Iraqi official, who said it was unclear how many casualties were soldiers.

There were 27 bodies recovered on the streets of the city, most showing signs of torture. The American military announced the death of a marine in fighting in the Sunni Arab Anbar Province.

The animal market was empty and sad. The police had sealed off the area, and the fire department had washed the blood from the streets.

The sidewalk was charred black and the splintered cages in the shops down the narrow alleyways sat empty. For this day, at least, the tumult of the bazaar had been quieted, its life drained away.

Pet Market Bomb Kills 15 Persons (WT/AP)

By Kim Gamel

The Washington Times, January 27, 2007

BAGHDAD -- A bomb hidden in a box of pigeons exploded yesterday as shoppers gathered around, tearing through a busy pet and livestock market and littering the blood-soaked pavement with human remains and animal carcasses.

Nationwide, at least 62 persons, including a U.S. Marine, were killed or found dead.

The attack occurred while House Speaker Nancy Pelosi and Rep. John P. Murtha, Pennsylvania Democrat, both vocal war critics, were in Iraq on a surprise visit.

After meeting Prime Minister Nouri al Maliki, Mrs. Pelosi, California Democrat, said they hoped their trip would "convey to our troops the appreciation of the American people for what they're doing, to applaud their patriotism."

The attack at the animal market shattered the calm as Baghdad residents strolled past stalls where sellers were peddling birds, dogs, cats, sheep, goats and exotic animals such as snakes and monkeys.

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No one claimed responsibility for the bombing, which police and hospital officials said killed 15 persons and wounded 66. Suspicion fell on Sunni insurgents because the market sits near a predominantly Shi'ite neighborhood on the east bank of the Tigris River that divides Baghdad.

It was the latest in a series of attacks on busy commercial targets in the capital as insurgents apparently sought to maximize bloodshed ahead of a U.S.-Iraqi security crackdown.

The explosion struck the Souq al-Ghazl at about 10 a.m., one of the busiest times for the animal vendors and an hour before the start of a four-hour vehicle ban that is imposed every Friday to prevent car bombs from striking mosques during weekly Islamic prayers.

The bomb detonated in the part of the market that specializes in birds; other areas are reserved for fish, dogs or other animals.

The bomber arrived with an egg carton containing pigeons for sale, but it exploded after he walked away to get a drink, striking potential buyers gathered around the box, according to police and witnesses.

Attacks elsewhere left at least 46 persons dead, including 38 bullet-riddled bodies found mostly in Baghdad. The body of a Shi'ite boxer who had been kidnapped days ago also was found in central Baghdad, with wounds on his neck indicating he had been hanged, police said.

A Marine was killed in fighting in the Sunni insurgent stronghold of Anbar province, west of Baghdad, the military said, raising the number of U.S. service members who have died since the war began to at least 3,070, according to an Associated Press count.

Happy Scene In Baghdad Turns Grim As Blast Upends Animal Market (LAT)

By Borzou Daragahi, Zeena Kareem

The Los Angeles Times, January 27, 2007

BAGHDAD — The police officer warned them to spread out. Now was not the time to cluster around one another so closely. But he didn't press too hard before he moved along. In this time of war and misery, police officer Sabah Shayal admitted, it heartened him to see so many people gathering on a gleaming Friday morning for one of the capital's most celebrated treats, the Ghazel pet and livestock flea market.

Winter's cool glazed the sunshine. In bags, boxes and carts, poor young men brought the pigeons, parakeets, dogs, cats, tropical fish, scorpions, monkeys and snakes to sell to families shopping for pets. In pickup trucks, they brought top-grade roosters, goats and sheep they raised in the yards of their homes in the Sadr City district to sell to farmers. Parents brought their children to delight in the festival of creatures.

"I told them groups and large gatherings are targeted," Shayal said. "They told me, 'Don't worry. We're selling pets. No one will target us.' "

Two hours later, after a bomb or two hidden in a box ripped through the market, killing 15 people and wounding 51, Shayal returned to survey the grotesque scene. The bodies were piled on the carcasses of dead animals.

"The birds were roasted," he said. "There were piles of flesh."

Shayal and other officers tried to keep the bystanders away from the victims until ambulances arrived. Bomb victims often suffer internal injuries, and people trying to help by dragging them into taxicabs to speed them to the hospital often wind up killing them, he said. "I tried to keep them away," he said.

"They kept coming closer."

An official at Baghdad's Kindi Hospital said most of those killed were younger than 25. Ball bearings packed into the explosive device magnified the carnage and damage. One of the dead was a boy of 10.

Many of those injured lost years of hard work raising the animals.

"We sell special pigeons that we raise ourselves," said Fuad Ahmed, a 16-year-old who suffered shrapnel wounds to his head and shoulder. "We sell a pair for about $50. They all flew away in the explosion."

As usual, the attack carried sectarian overtones. Most of Ghazel's vendors are poor young Shiite Muslim men from eastern Baghdad.

Witnesses described members of Shiite cleric Muqtada Sadr's militia helping secure the bomb scene. "They kept the way clear for the ambulances," said Falah Mehdi, a 35-year-old animal lover who visits the market every other week. "They pushed the people away fearing that another explosion would take place."

Police cleared the scene of debris and bloody remains.

Shayal had begun to leave when he saw something that astounded him.

"The funny thing is, that after some minutes, things went back to normal," he said. "The kids of 13 or 14 years old started to bring their boxes and begin setting up their stalls and selling their animals."

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Sheiks Help Curb Violence In Iraq's West, U.S. Says (WP)

By Joshua Partlow

The Washington Post, January 27, 2007

RAMADI, Iraq -- Before tribal sheiks aligned themselves with U.S. forces in the violent deserts of western Iraq, the number of people willing to become police officers in the city of Ramadi -- the epicenter of the fight against the insurgent group known as al-Qaeda in Iraq -- might not have filled a single police pickup.

"Last March was zero," said Maj. Gen. Richard C. Zilmer, the Marine commander in western Iraq, referring to the number of men recruited that month.

With the help of a confederation of about 50 Sunni Muslim tribal sheiks, the U.S. military recruited more than 800 police officers in December and is on track to do the same this month. Officers credit the sheiks' cooperation for the diminishing violence in Ramadi, the capital of Anbar province.

"I don't want to paint too rosy a picture, but if you compare this to what it was seven or eight months ago, there is not a place in this city that al-Qaeda controls," said Lt. Col. James Lechner, deputy commander of the 1st Brigade, 1st Armored Division, in Ramadi.

But some Iraqi politicians and Anbar residents who oppose the U.S. presence describe the confederation, known as the Awakening, as a divisive group that pits tribes against each other, uses police officers as armed guards to protect tribal territory, and harnesses American support to consolidate its power.

Fasal al-Gaood, a tribal sheik and former Anbar governor who was seen as an ally of the Americans during his term in office, said the group has been given more authority than it deserves. Gaood, who has survived several assassination attempts, said he was worried that insurgent infiltrators might lurk inside the rapidly growing police force.

"Many of those sheiks are actually following two tracks," he said, speaking from his current home in Jordan. "On the one hand, they say, 'We support the council.' But they're not playing a direct role in it, because at the same time they also have connections with other organizations that are outside the law."

Lechner conceded that "insurgent infiltration is undoubtedly an issue" but said in an e-mail that the U.S. military relies on a computer database to check whether recruits have a history of known insurgent activity. They are also "vetted and vouched for by family members and tribal leaders," he said.

Saleh al-Mutlak, parliamentary leader of the secular Sunni party known as the Iraqi National Dialogue Front, described the confederation of Sunni sheiks as a "very dangerous movement" that is assuming official powers in the absence of a functioning government. "They wanted political cover from our front, but we said no," he said. "We don't mind that they fight al-Qaeda, but any movement should be official, and not tribal, because it will only divide the tribes."

To some degree, the U.S. cooperation with the tribal sheiks is a relationship of last resort. The fighting in Anbar has been among the fiercest in the country since the U.S.-led invasion in 2003. Of the more than 3,000 U.S. service members killed in Iraq, 875 died in the province, roughly the size of North Carolina. Dozens of schools and hospitals are closed, and basic services such as electricity and telephones are woefully inadequate. The Americans live at Camp Ramadi amid a desolate expanse of mud: Smoke rises from the burn pit, and crows perch on trash and twisted metal along dirt roads.

This month, the confederation and U.S. officials held what they called the first Ramadi reconstruction conference in the compound of the leader of the Awakening, Abdul Sattar Buzaigh al-Rishawi. The American soldiers parked their Humvees in a gravel lot near some camels and a flock of sheep and left their combat boots on the porch as a sign of respect for the sheiks.

Inside a marble-clad conference hall, Zilmer, the Marine commander, surveyed a carpeted room filled with dozens of men in black-and-gold robes, checkered headdresses and pinstriped suits and pronounced them a "very, very impressive collection of the leadership of Ramadi and al-Anbar province." As if to underscore the local antagonism toward the sheiks, a missile crashed outside the wall of the compound, briefly interrupting Sattar's speech.

The military says it has found a welcome ally in the tribal sheiks. U.S. commanders trace the formation of the Awakening to Aug. 21 last year, when Abu Ali Jassim, a sheik who had encouraged his kinsmen to join the provincial security forces, was killed by members of al-Qaeda in Iraq. Instead of turning over the body to be buried, al-Qaeda hid it in a field, violating Islamic tenets calling for a swift burial, said Maj. Thomas A. Shoffner, operations officer for the 1st Brigade, 1st Armored Division.

"As soon as they did that, the local tribesmen absolutely turned on al-Qaeda," he said.

Military commanders say the newly determined sheiks encouraged kinsmen to join the police force in part because of a U.S. decision to allow the recruits to patrol their home territories.

Between July and December, the number of roadside bombings and incidents involving indirect fire, such as mortar attacks, dropped by about 50 percent in Ramadi, according to the U.S. military. Many al-Qaeda fighters lived in the suburbs of Ramadi and attacked in the city. But "the sheiks have sent their men out there and secured that," Lechner said.

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In some ways, the confederation is also a last resort for the sheiks, some of whom say they have not received adequate protection or services from the Shiite Muslim-led government of Prime Minister Nouri al-Maliki in Baghdad.

"Since the occupation in 2003 and up until now, we have received no help from the government to save Ramadi from the insurgents," said Mahmood al-Jarbou, whose tribe is part of the confederation. "Many of our tribesmen were killed, especially those who were willing to volunteer for army or police service. Because of that, we found it was necessary to form this council."

Maliki's aides say he supports the tribal organization, meets with its leaders and supports efforts to form a similar organization in Diyala province, another insurgent stronghold. An official in Maliki's government played down concerns about the confederation. "Obviously some people see this as a threat, but when compared to other threats, this is a rather benign one," the official said, speaking on condition of anonymity because of government protocol.

Mahmood Farhan, sheik of Ramadi's large Albu Chlaib tribe, opposes the confederation. Its members "are creating their own militias to control the province," he said, adding: "Up until now, they have not created anything good for the city. They are only protecting their own areas and protecting the occupiers." Farhan supports attacks against American troops.

More than one observer questioned the motives of the Awakening's leader, Sattar of the Albu Risha tribe, a man reputed to have amassed a fortune as part of a criminal network that robbed travelers on the desert highways of Anbar. The Awakening's members "are a group of gangsters," said Hussein al-Maadhidi, a journalist who lives in Haditha.

An adviser to Sattar, Hikmet Sulaiman, denied that Sattar had been a highway bandit, saying, "He comes from a rich family, and he made himself . . . a quite good business in Iraq, Jordan and Dubai." Sulaiman did not answer an e-mail asking what the business was, but he said that Sattar has paid about $600,000 of his own money into the Awakening and that "thousands are now following him with their lives" because of his strong reputation.

The U.S. military's reliance on the tribal sheiks recalls the British occupation of Iraq in the early 20th century. The British courted the sheiks with funding and made them responsible for ensuring order and collecting revenue, historian Phebe Marr wrote in "The Modern History of Iraq."

"The policy was efficient and economical, reducing the need for highly paid British staff in the countryside, but ultimately it strengthened the hold of the sheiks over their tribesmen and their land," Marr wrote. The policy came to be regarded as "certainly one of the most lasting and problematic legacies" of British rule.

Gaood, once involved with the Awakening, said the movement is not the solution to Ramadi's problems. "If we try to rely on strictly tribal forces and tribal figures, this would be like taking Iraq back to the days of the Middle Ages," he said.

One Iraqi political scientist in Baghdad, who spoke on condition of anonymity, said he saw the confederation as an example of the widespread push in Iraq for greater regional control in areas such as the Shiite south and the Kurdish north, catalyzed by a weakened central government.

But aligning with the Americans can be dangerous in the heartland of the Sunni insurgency. As Lechner put it: "They've come out of the closet, so to speak. There's no going back now."

Abu Ghraib Officer Faces Court-Martial (WP/AP)

By Associated Press

The Washington Post, January 27, 2007

HAGERSTOWN, Md., Jan. 26 -- The only U.S. military officer charged with a crime in the Abu Ghraib scandal will be court-martialed on eight charges, including cruelty and maltreatment of prisoners, the Army said Friday.

Lt. Col. Steven L. Jordan, a 50-year-old reservist from Virginia who ran the interrogation center at the Iraqi prison, was accused of failing to exert his authority as the place descended into chaos, with prisoners stripped naked, photographed in humiliating poses and intimidated by snarling dogs. He was also charged with lying to investigators.

Jordan has not been accused of personally torturing or humiliating prisoners and was not pictured in any of the photos that embarrassed the Pentagon and shocked the world.

Maj. Gen. Guy C. Swann, commander of the Military District of Washington, decided that Jordan must stand trial, said Col. Jim Yonts, an Army spokesman.

Jordan was charged in April with 12 offenses. Swann dismissed four charges after Jordan was given an Article 32 hearing, the military equivalent of a civilian preliminary hearing, in October.

Besides cruelty and maltreatment, the charges include disobeying a superior officer, willful dereliction of duty and making false statements. The charges carry a total maximum prison term of 22 years.

Jordan's military lawyers did not immediately return phone calls.

At his October hearing, Jordan said he had no operational control over interrogations and spent much of his time trying to improve the deplorable living conditions of soldiers.

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The government alleges that Jordan's actions or inaction subjected detainees to forced nudity and intimidation by dogs. He also is accused of lying to investigators in denying that he saw any abuse.

Eleven other U.S. soldiers -- all from the enlisted ranks -- have been convicted in the Abu Ghraib scandal, with former Cpl. Charles A. Graner Jr. receiving the harshest sentence, a 10-year prison term. A general and other officers have received reprimands or demotions that ended or blighted their careers.

Since he was charged in April, Jordan has been on active duty with the Intelligence and Security Command at Fort Belvoir, Va.

Diverse Voices To Denounce Iraq Troop Plan (WP)

By Michael E. Ruane

The Washington Post, January 27, 2007

Tens of thousands of demonstrators from across the country are expected to converge in Washington today to urge the withdrawal of U.S. forces from Iraq as President Bush is proposing to send more troops in an effort to stabilize the country.

They plan to rally on the Mall, march around the north side of the Capitol and send a strong message to the government.

The event, which authorities said could draw 100,000 people, starts with a rally at 11 a.m. Among those expected to address the crowd are Jane Fonda, Danny Glover, Susan Sarandon and Jesse Jackson.

The march, organized by the group United for Peace and Justice, is scheduled to start at 1 p.m.

It will proceed eastward toward the Capitol along Constitution Avenue, head south on First Street NE, then make a U-turn and retrace the route before passing the western front of the Capitol and returning to the Mall along Fourth Street SW.

Police and protesters said there will probably be "feeder" marches to the Mall before the rally, from Dupont Circle and McPherson Square. Metro said that its normal Saturday schedule will be in place but that eight-car trains would be put in service if necessary.

U.S. Capitol Police officers said that road closures will go into effect around the Capitol during the march.

The event is expected to draw groups of many stripes. The chart for the assembly site shows sections reserved for veterans and labor, gay and peace organizations, in addition to others dedicated to opposing global warming, nuclear arms and torture and a group called End Israeli Occupation of Palestine. In addition, at least one group is protesting the protest.

Some of the demonstrators began gearing up yesterday.

Amid frigid temperatures and a biting wind, the women-run peace organization CodePink and the group Iraqi Voices for Peace held a rally at noon on the Mall in front of the Capitol.

With songs and speeches, the groups unveiled an installation of several thousand shoes in and around a clear plastic bin, which they said symbolize Iraqi civilians who have died since the war began. The shoes bear tags with names that the protesters said are those of Iraqis killed in the war, along with a few details of their deaths.

"We don't talk enough about the suffering and the pain that the Iraqis are experiencing," Jodie Evans, co-founder of CodePink, said on the Mall yesterday. "We do a lot of talking. But when you visually see a pair of shoes with a tag on it that says, 'So and so, aged 3, died in a bombing in Fallujah,' it becomes very real for you, the cost of this war."

Evans said the shoe installation, which she said the group used during last year's election campaign, was inspired by the display of concentration camp victims' shoes at the U.S. Holocaust Memorial Museum. "I remembered how powerfully it affected me," she said.

In Arab culture, shoes can be a sensitive issue, said Aseel Albanna, a District architect, Baghdad native and co-founder of Iraqi Voices for Peace. The improper display of the bottoms of shoes can be impolite, and shoes are traditionally left at the threshold of a house upon entering.

But in this case, she said on the Mall yesterday, symbolism is more important than tradition.

The groups cited a study by Johns Hopkins University last year that estimated that almost 655,000 civilian deaths in Iraq have occurred as a result of the war. President Bush had placed that number at 30,000, and a British-based group research group at about 50,000.

"We were surprised" at the study's findings, said Shannon C. Doocy, a Hopkins research associate who co-authored the study. "I don't think anyone intended the war to have this large of a consequence."

Fifty to 100 members of the Washington chapter of the conservative organization FreeRepublic.com plan to rally near the U.S. Navy Memorial to oppose the march and the participation of Jane Fonda, the chapter said. The actress has long been the object of conservative ire for her support of North Vietnam during the Vietnam War.

"These groups are the ones that are acting as the political arm of the terrorists overseas to help bring about America's defeat in the war on terror," said Kristinn Taylor of FreeRepublic.com.

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Active Troops To Protest Iraq War (AJC/AP)

By Larry Margasak, Associated Press

The Atlanta Journal-Constitution, January 27, 2007

A small number of active military troops will take part in today's rally in Washington against the Iraq war, co-founders of an active-duty protest group say.

One of the founders of Appeal for Redress, Navy Petty Officer Jonathan Hutto, said he plans to speak at the protest on the National Mall. Hutto, 29, who is originally from Atlanta, is a sailor aboard the aircraft carrier USS Theodore Roosevelt, currently at Norfolk, Va.

United For Peace and Justice, an anti-war coalition of 1,400 organizations, said the protest could draw tens of thousands of demonstrators in all.

Hutto and Liam Madden, a Marine sergeant who received his discharge Jan. 20, founded Appeal for Redress, an organization of 1,200 active-duty personnel and veterans who favor a U.S. withdrawal from Iraq.

Hutto said 60 percent of the members have taken part in Iraq operations. He said he was aboard the Roosevelt off Iraq from September 2005 through March 2006. Madden said he was in Iraq's Anbar province from September 2004 to February 2005.

Hutto estimated that more than a dozen individuals on active duty would attend today.

Cynthia O. Smith, a Defense Department spokeswoman, said members of the armed forces can speak out, subject to several restrictions.

They must "not do so in uniform, and must make clear that they do not speak on behalf of their military unit, service or the Department of Defense, unless they are authorized to do so," she said.

Madden, whose specialty was setting up communications systems, and Hutto, who was in the carrier's public information office, said they have not been threatened or harassed by their commanders.

Hutto, said active-duty personnel he speaks with "see a separation between the global war on terrorism and the war in Iraq. They don't see the connection."

"When we're sitting having chow, and CNN is saying so many more were killed, the look on people's faces is, 'How much longer?' "

Hutto said more than 200 officers have signed on to his organization.

Police Brace For Anti-war Activists On Capitol Hill (WT)

By Matthew Cella, Daniel Taylor

The Washington Times, January 27, 2007

Police are expecting thousands of demonstrators to converge at the U.S. Capitol today for a rally and march protesting the war in Iraq.

Lt. Scott Fear, a U.S. Park Police spokesman, said police will institute rolling road closures as demonstrators march in the area around the Capitol beginning at 1 p.m.

He said a full contingent of officers will be deployed in cruisers, on foot, on horseback and on motorcycles for what is expected to be one of the largest protests since the war began in March 2003.

"We don't expect any problems," Lt. Fear said. "We did meet with the organizers. They all say it's going to be a peaceful event."

National Park Service officials said the umbrella protest group United for Peace and Justice has a permit to set up a stage on the Mall at Third Street Northwest for an 11 a.m. rally. The group claims to represent a coalition of more than 1,300 local and national activist groups.

According to the group's Web site, www.unitedforpeace.org, confirmed speakers include celebrities Susan Sarandon, Tim Robbins, Danny Glover, Jane Fonda and the Rev. Jesse Jackson.

Park service officials issued a permit for a 1 p.m. march from the rally site that will move north along Third Street to Constitution Avenue and proceed halfway around the Capitol. Marchers will turn east on Constitution Avenue past the Capitol to First Street Northeast and turn south past the Supreme Court to East Capitol Street.

Marchers will then turn around and head north on First Street Northeaston the west side of the street, then march west on Constitution Avenue and south on First Street Northwest to the west lawn of the Capitol.

Rally organizers say they hope for a crowd upward of 300,000 people and that weather could be a critical factor in how many people show up. The National Weather Service forecasts a mostly sunny day with temperatures near 50 degrees.

Lt. Fear said officials expect a number of smaller, feeder marches to join the main group on the Mall.

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The group Code Pink is expected to hold a rally at the Navy Memorial, at Seventh Street and Pennsylvania Avenue Northwest at 10 a.m. before meeting up with the main protest group on the Mall. Activists supporting the war have a demonstration planned at the same location later in the day.

Lt. Fear said a group of anarchists is also expected to meet the main rally from Dupont Circle.

Metropolitan Police say they will be supporting Park Police efforts but have not planned any additional road closures or restrictions. Police spokesman Quentin Peterson said there were no plans to activate the department's Joint Operations Command Center or the city's network of downtown surveillance cameras used to monitor big events.

War Opponents Take Aim At Coleman (MINNST)

By Rob Hotakainen

Minneapolis Star Tribune, January 27, 2007

WASHINGTON - As demonstrators prepared for an anti-war rally today in Washington, groups opposed to the war in Iraq announced that they're targeting Sen. Norm Coleman, R-Minn., as part of a national campaign to stop the troop increase proposed by President Bush.

Monday, a group of Iraq veterans is scheduled to appear at a St. Paul press conference to pressure Coleman to vote for a resolution that would oppose sending 21,500 more troops to Iraq.

Coleman, a member of the Senate Foreign Relations Committee, voted against the resolution on Wednesday. But it passed, and Coleman will vote on it again when it hits the Senate floor.

"This vote makes it painfully clear that Senator Coleman is joining President Bush in ignoring the safety of our troops and the opinions of top military leaders, the Iraq Study Group and the American people," said Moira Mack of Americans Against Escalation in Iraq.

Anti-war groups plan to target Coleman and eight other Senate Republicans: Richard Lugar of Indiana, George Voinovich of Ohio, Olympia Snowe and Susan Collins of Maine, Judd Gregg and John Sununu of New Hampshire, Arlen Specter of Pennsylvania and John Warner of Virginia.

Starting in St. Paul, the veterans are planning a two-day, seven-state tour to make the case for the resolution sponsored by Sens. Joe Biden, D-Del., and Chuck Hagel, R-Neb. The veterans are associated with VoteVets.org, a founding partner of Americans Against Escalation in Iraq.

Coleman has been in the national spotlight since Jan. 10, when he announced his opposition to Bush's request. But Coleman has made a distinction between sending more troops to Baghdad and sending them to Anbar Province.

Friday, Coleman spokesman Tom Steward said that Coleman "continues to oppose the troop surge in Baghdad" but that the Biden-Hagel resolution "is overreaching and also expresses opposition to reinforcing troops in the Anbar Province where our troops are winning against a terrorist insurgency."

A New War, And A New Kind Of Generation Gap (PHI)

By Jeff Gammage

The Philadelphia Inquirer, January 27, 2007

When David Kalkstein protests the Iraq war at demonstrations in South Jersey, he notices that most of the people around him share his hair color: gray.

Few young people show up.

"We're lucky if we get one or two," he said. "And sometimes we get zero."

As thousands of antiwar activists descend on the National Mall in Washington today, leaders of local peace groups are asking an updated version of a Vietnam War-era question: Where have all the young men gone? And the young women, too?

It's not that they support the war - a national Election Day poll found 62 percent of them opposed. And teenagers and young adults are selfless in community service. Yet at protests, the people carrying signs are often middle-age or retired.

It's the inverse of the 1960s, when U.S. campuses erupted in protest, sometimes in flames, over the war in Southeast Asia.

Kalkstein, 67, an organizer with the South Jersey Campaign for Peace and Justice, has five buses headed to the capital today - and he's thrilled that 25 percent of the travelers will be college-age.

"From my experience," he said, "that's incredible."

Protest leaders say it's impossible to overstate the impact of the draft in mobilizing the earlier antiwar movement.

"We didn't choose to think about Vietnam, it was thrust upon us," said Robert Smith, 56, staff coordinator of the Brandywine Peace Community. "You had to decide. The Vietnam War made a claim on this society and every young man between 18 and 26... . The Iraq war hasn't made the same claim."

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Smith went to jail for refusing to be inducted into the Army, a decision taken when he heard the Rev. Dr. Martin Luther King Jr. speak in 1967, he said. Friends faced similar crossroads, their choices altering their lives.

Today's young adults, Smith said, have a different idea of "sacrifice, commitment, and even the value of activism."

It's not that no young people take part in the movement. Students at the University of Pennsylvania, among other local schools, have organized transportation to today's march. Younger activists at the American Friends Service Committee in Philadelphia are going, too.

Aimee George, 20, a globalization-studies major at Gettysburg College, will march with her campus Peace Club.

It's a challenge to raise student awareness because "not everyone has been directly affected," she said. "Some of my friends have friends who have been deployed, so they feel it more.

"On campus, you're going to get both sides," George said. "Some people say we have to be there, and some people say we have to get out."

Historians point out that America has grown more conservative in the last 40 years, a trend reflected in its youth. In 1970, the census showed, 79 percent of college freshmen cited "developing a meaningful philosophy of life" as a top objective. In 2005, 75 percent said "being very well off financially" was important.

Peter Bredlau, chaplain at Muhlenberg College, said that after the U.S. invasion of Iraq, he helped a student form a campus antiwar group, the Alliance for Progressive Action. But the group fizzled, never able to attract more than six students.

"Being an antiwar protester, or an 'anti-' protester of any kind, just isn't a credential. You can put 'fed the homeless' on your resume," Bredlau said.

Besides, he added, "they might look back on their parents' generation and say, 'What did those protests achieve? We're still having wars.' "

To the iPod generation, standing on street corners and holding banners can seem anachronistic. Its members are more likely to voice political objections on blogs and other Internet venues. On YouTube, where anyone can post a video, there are hundreds of clips that feature antiwar themes or music.

Lovella Calica, a 25-year-old program coodinator with Iraq Veterans Against the War in Philadelphia, said some established peace groups do not resonate with younger people because they insist on "doing the same things they've always been doing."

"Young people aren't into vigils as much. I'm not. I see why people do it, and I think it's very serious and solemn," said Calica, who is going to Washington. "We have a lot of energy. We want to do things differently sometimes."

Some of her peers organize Internet "sit-ins," where a gang of friends simultaneously logs onto a conservative chatroom. "You can take that room over," Calica said. "You can use it as a soapbox."

Today's high school and college students are concerned about poverty, AIDS, global warming and famine in Darfur. Some trade vacations for volunteer missions overseas.

"Even if they're not out protesting the war, they're doing something," said Karen Porter, 59, founder of the Chester County Peace Movement.

Her group is mostly older people, some of the hardest workers being retired doctors and professors. Antiwar activity can be controversial, she noted, and young people are savvy enough to understand the implications.

"You've got to pick and choose which university, and later which employer, you want to tell," she said.

Porter, who recently joined the Gray Panthers, recalls being tear-gassed while demonstrating against the 1970 invasion of Cambodia. But college freshmen born in 1988 are too young to remember Ronald Reagan, let alone the '60s. In fact, a few years ago, several West Chester University students came seeking her advice.

"They literally said, 'We want to have a demonstration on campus. How do we do it?' " Porter said. "It was very sweet."

Smith, of the Brandywine group, has had similar experiences. The 30-year veteran of peace work was frustrated, after the Iraq war began, to be approached by young people who asked, "Are there peace groups around here?"

There are, he answered. And he encouraged them to join.

"A movement can only continue as far as there are young people," he said. "It's their future. They're going to have to make some choices."

Fonda Role Again Draws Heat (BOS)

By Bryan Bender

The Boston Globe, January 27, 2007

WASHINGTON -- Actress and long time peace activist Jane Fonda, a favorite target of right-wing attacks since the 1970s for her high-profile opposition to the Vietnam War, will rejoin the ranks of the antiwar movement today at a major rally in Washington .

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The return to the spotlight for the Hollywood star derisively known as "Hanoi Jane" for going to North Vietnam at the height of the war, was seen by some activists and chroniclers of the antiwar movement as politically risky. They said her presence could be distracting in a rally that organizers hope can capitalize on congressional opposition to President Bush's plan to send more troops to Iraq.

"I wonder if the appearance of someone like Jane Fonda is going to pull attention away from other messages," said Rhys Williams, a University of Cincinnati sociologist who has chronicled American anti war movements. "If I were an organizer, I would worry how much her presence is going to be dominating the news cycle."

Though it's been decades since she posed atop a North Vietnamese anti aircraft gun, many Vietnam veterans are still angry . Fonda later apologized -- but didn't say she was sorry for fervently opposing the Vietnam War.

Her acting career survived, and Fonda left Hollywood nearly two decades ago. Though she's on record against the Iraq war, she's stayed on the sidelines of the anti war movement -- perhaps because of lingering public resentment over her highly charged propaganda visit to Hanoi.

That two-week trip in 1972 included a government-staged news conference with American POWs and a radio broadcast in which she declared the United States "will never be able to break the spirit of these people." Outraged, many Americans accused her of treason, and some fellow anti war activists said Fonda went too far.

In 1988, she apologized to veterans and their families. "I was trying to help end the killing and the war," she said on ABC's "20/20" news show , "but there were times when I was thoughtless and careless about it and I'm . . . very sorry that I hurt them."

Fonda will join a speaker's roster today that includes fellow Vietnam War-era protesters, grass-roots activists, and movie stars such as Danny Glover, Susan Sarandon, and Tim Robbins.

Fonda declined to be interviewed for this story.

At a lecture in Vancouver just weeks after the March 2003 invasion of Iraq, Fonda expressed concern that the war would damage America's "stability as a nation" and could tarnish the country's prestige. "I think the entire world is going to be united against us," she said.

But she hasn't spoken out much since then and decided not to join a cross-country bus trip with Iraq veterans protesting the war in 2005. In an interview last April on ABC's "Good Morning America," Fonda acknowledged, "I carry too much baggage."

Indeed, as news spread that she'd join this weekend's protest , conservative blogs exploded with vitriol.

"The enemies of this nation are feeling so emboldened that they are confident enough to bring Jane Fonda to a MEMORIAL for the United States Navy," the conservative website Freerepublic.com decried in an "urgent" post. Fonda "posed with our enemy [in North Vietnam] on an anti aircraft battery used to shoot down our Navy pilots."

The resentment isn't limited to political bloggers. A man who said he was a Vietnam veteran wrote an angry letter to the South Florida Sun-Sentinel after Fonda appeared at a local abortion-rights rally earlier this month. "Healing will only begin when Ms. Fonda tells the American people that she was wrong to go to Hanoi, that she was wrong to openly accuse American soldiers of murdering [Vietnamese] babies, and that she was wrong to betray the trust of those [American] POWs," Bart Arcoleo wrote.

For the architects of today's demonstration, which organizers predict could draw more than 100,000 people, the star power of Fonda and other celebrities is a way to draw national attention and hone the anti war message.

Fonda "is a natural bridge" between generations, Judith LeBlanc , co chairwoman of United for Peace and Justice, an umbrella organization of anti war, community, and religious groups . "US foreign policy is on a continuum. We need the support of those who are in Hollywood to speak their minds on the issues of the day. They play a big part in our country."

"She is perfectly entitled to speak, and it won't make a difference one way or another for public opinion," said Tom Hayden , Fonda's former husband, a onetime California state senator, and a co founder of Students for a Democratic Society. Hayden, who will also attend the rally, bristled at the suggestion that Fonda's presence would undercut the protesters' message.

"There is no Jane Fonda factor," said the Rev. Jesse Jackson , a civil rights leader who is also on the list of scheduled speakers today. "That's insulting. This is about soldiers doing three and four tours and thousands killed and wounded."

Still, participants like Keshini Ladduwahetty of the antiwar group DC for Democracy questioned whether giving Fonda a central role will do more harm than good. Ladduwahetty wrote in an e-mail that Fonda doesn't offend her, but "some people do find her a turnoff."

Meanwhile, Liam Madden of Boston, a Marine who served in Iraq in 2004 and is a co founder of the antiwar group Appeal for Redress, said Fonda's public support is a mixed blessing: She "brings attention, but in some people's eyes it lessens credibility."

Yet the political conditions surrounding the Iraq war are far different than during the Vietnam War, when it took much longer for public opinion to turn against the war , according to David Walls , an author and retired sociology professor at Sonoma State University .

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"The climate has changed a lot in the last year with the congressional elections," Walls said. "Compared to the others from the far wings of left-wing politics, Fonda is a much more recognizable person and frankly a lot closer to the mainstream."

Tree Memorial To Dead Troops Becoming Forest (AP)

AP, January 26, 2007

FORT STEWART, Georgia (AP) -- The sergeant major calls the name, Staff Sgt. John L. Hartman Jr., as it's unveiled on a granite marker at the root of a new eastern redbud tree on Warriors Walk -- where hundreds of these living memorials have been planted to honor the wartime dead.

Hartman volunteered for a third tour in Iraq last year so an Army buddy could stay home with his newborn son. He was killed November 30 when a bomb blast tore into his Humvee.

Last week, Hartman became the 318th soldier memorialized at Warriors Walk, a grove of eastern redbuds started with 34 trees in April 2003.

Fort Stewart has planted a tree here for every member of the 3rd Infantry Division to die in the war, as well as for soldiers from other Army posts killed while serving with the division.

Jeff Fornshell, the post's ceremonies coordinator, said he wonders how many trees he'll have to plant this year. Expanded twice since its inception, Warriors Walk has room for only 72 more trees.

"Is 72 going to be enough? I hope it is," Fornshell said. "I hope we don't put any more out here. You're all the time thinking you don't want to have a new tree dedication."

Earlier this month, the 3rd Infantry began deploying its 19,000 troops for a third tour in Iraq. Hartman went separately from the division last year as an instructor training Iraqi security forces.

At least 3,058 troops have died in Iraq. Seven civilian contractors of the Defense Department also have been killed in the war. More than 10 percent are represented at Warriors Walk, which exhibits the war's cost in a way that's staggering in scale yet also intensely personal.

The trees already line both sides of two paved walkways flanking Fort Stewart's parade grounds, stretching nearly the length of three football fields. A third walkway had to be poured last year to start a new row.

Fornshell said he never expected Warriors Walk would grow so much when the first tree was planted. The 3rd Infantry lost 42 soldiers during the invasion to topple Saddam Hussein's regime. Trees honoring those soldiers were planted in single-file rows, about 13 feet apart.

But the division's second tour in 2005, when its troops faced shadowy insurgents rather than a stand-up army, proved more costly. The 3rd Infantry suffered 105 deaths, not counting those among supporting units. A second walkway of memorial redbuds had to be started.

The expansion encroached slightly on the Army post's golf course. The tree for Staff Sgt. Jens E. Schelbert was planted less than a foot from the greener grass of the teeing area for the No. 5 hole.

Birgit Smith of Holiday, Florida, has watched Warriors Walk grow during visits four times a year since her husband, Sgt. 1st Class Paul R. Smith, was killed April 4, 2003. Credited with saving dozens of American lives by holding off Iraqi forces with a machine gun before he was killed at the Baghdad airport, Smith was awarded the Medal of Honor in 2005.

"When I first returned to Fort Stewart to visit the tree, the walk seemed so far to get to Paul's tree," Smith said. "And now it seems so short because there are so many more trees."

Smith said she likes to leave a single red rose when visiting her husband's tree. At the foot of the other living memorials lie dozens of mementos -- toy soldiers, angel figurines, wind chimes, whiskey bottles, garden gnomes and laminated photos that personalize each.

Two unopened bottles of Corona Extra beer stand next to the tree dedicated to Spc. Joseph A. Lucas. Nearby, someone placed five golf balls at the tree for Staff Sgt. Chad M. Mercer. A Hawaiian lei circles the granite tree marker for Spc. Derence W. Jack.

As curator of the Fort Stewart Museum, Walter Meeks III has collected more than 400 such mementos from Warriors Walk since the war began. Some are displayed at the museum, while most are in storage.

"It's a sobering duty," Meeks said. "It's a beautiful monument, but it represents a great deal of grief and loss for the community. It's definitely not a walk in the park."

Maj. Gen. Rick Lynch, commander of the 3rd Infantry, knelt and touched his fingers to Hartman's granite stone after its unveiling ceremony, where Lynch praised the 39-year-old for his service.

"We routinely come to this hallowed place to remember our fallen comrades," Lynch said. "And it strengthens our resolve to continue as a nation, in their memory, to fight this global war on terrorism."

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Rice Presses Allies To Boost Afghan Aid (WP)

By Molly Moore

The Washington Post, January 27, 2007

BRUSSELS, Jan. 26 -- Secretary of State Condoleezza Rice, citing the $10.6 billion in new aid that the Bush administration proposes to give Afghanistan, pressed NATO and European allies Friday to increase their contributions of money and manpower.

Rice's push came as concern grows over the resurgence of the Taliban in southern Afghanistan, massive increases in opium production and rising tension between Afghanistan and neighboring Pakistan, where Taliban leaders and fighters have been allowed refuge.

"Nations that have made pledges of support should follow through and deliver," Rice told a meeting of NATO foreign ministers here. They had assembled at her request to address what the United States calls an urgent need to bolster the Afghan government's security and development efforts before the Taliban begins even more intensive attacks in the spring, when snows melt and mountainous border areas become more passable.

Her appeals elicited nearly universal agreement on the need for more aid, but no country made a large new offer.

NATO officials cast the meeting's outcome as positive. "We have more nations stepping up to the plate," NATO Secretary General Jaap de Hoop Scheffer said after the ministers' meeting, which also drew officials from the European Union and World Bank. He gave no specific examples.

A NATO official said that Denmark and Lithuania have offered a small number of additional personnel and that the alliance hopes to receive more commitments in two weeks, when its defense ministers meet in Seville, Spain.

NATO authorities said the 33,250 NATO troops in Afghanistan represent about 85 percent of what military commanders say they need. The United States has contributed 12,000 troops to the NATO mission and has another 12,000 personnel operating in the country under independent U.S. command. The United States has said it will keep 3,200 of its troops in Afghanistan for an extra four months to provide reinforcements through the spring.

Some European ministers grumbled to reporters afterward that their countries are already making significant contributions and are overstretched by military commitments around the world. Those ministers said additional money and troops should come from countries now making few or no contributions.

Although 37 nations are providing troops, only seven provide more than 1,000, and some of those prohibit their forces from serving in the most dangerous southern provinces, where the most assistance is needed to fend off the Taliban.

France and Spain, two other major contributors, said they have no more reinforcements to offer. The German Parliament is currently engaged in a heated debate over whether to deploy six Tornado reconnaissance planes to the southern areas.

Rice defended U.S. and NATO operations in Afghanistan, saying, "The violence we are seeing is not evidence that our strategy has failed, nor that the situation will improve in our absence." She added, "It is evidence of how much we are needed."

The appeal for more assistance for the struggling government of Afghan President Hamid Karzai comes as the Bush administration is pressuring Congress for more troops and money for the war in Iraq and foreign governments are trying to raise funds to help rebuild Lebanon after the war between Hezbollah and Israel last summer.

Rice said the Bush administration will ask Congress for $8.6 billion in new funding to equip and train Afghan police and army units and an additional $2 billion for reconstruction, with the money to be parceled out over two years. If approved, the aid would represent a significant increase in U.S. funding to Afghanistan. In the five years since U.S.-led forces ousted the Taliban government, the United States has provided $14.2 billion to Afghanistan in security and development aid.

In addition to pressing allies to offer more money and troops for Afghanistan, a senior U.S. official said, Washington views its new proposal as "a chance to show we're not leaving, and Iraq is not sucking up all the resources and the oxygen."

Rice Asks Allies To Increase Afghan Aid (AP)

By Anne Gearan

AP, January 27, 2007

Secretary of State Condoleezza Rice asked allies Friday to intensify their efforts to keep the Taliban from retaking parts of Afghanistan, and asserted a resurgence in Taliban attacks does not mean the U.S. war strategy has failed.

Rice made her appeal a day after the Bush administration said it would ask Congress for $10.6 billion to help the embattled Afghan government. The U.S. hopes its hefty increase will serve as an incentive for other countries to boost their contributions.

Taliban forces, emboldened and rearmed, launched fierce attacks across the country beginning last spring, leading to Afghanistan's bloodiest year since the 2001 U.S.-led invasion. Crop production for illegal drugs also hit a new high in 2006, and relations worsened between Afghanistan and Pakistan, a key U.S. ally in the fight against global terrorism.

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"The violence we are seeing is not evidence that our strategy has failed, nor that the situation will improve in our absence," Rice said in a written statement to NATO foreign ministers who gathered to plan for an expected Taliban military offensive in the spring. "It is evidence of how much we are needed."

Separately, the top U.S. general in Afghanistan told a Pentagon news conference that the spike in violence in Afghanistan has occurred largely because an international force has taken the offensive, not because of any Taliban initiative.

The Bush administration wants NATO allies to increase money, troops and other support for the unsteady democracy in Afghanistan. It is also working to dispel European suspicion that the United States is too busy in Iraq to pay attention to the older Afghan fight.

"Every one of us must take a hard look at what more we can do to help the Afghan people, and to support one another," Rice said.

Casualties in Afghanistan have risen sharply in recent months as the Taliban have widened military operations and suicide attacks. Some 4,000 people died in insurgency-related violence in Afghanistan last year, according to numbers from Afghan, U.S. and NATO officials.

Many allies have urged the Bush administration to keep focused on Afghanistan, and some have worried that President Bush's plan for a 21,500-troop increase in Iraq will starve the Afghan mission.

Critics in Europe and elsewhere suggested that last year's show of Taliban strength was proof that the U.S. focus wavered. The offensive caught U.S. and other commanders off guard, but the Taliban have not been able to extend their military success to renewed political power.

Speaking to Pentagon reporters from Bagram, Maj. Gen. Benjamin Freakley, the senior U.S. military commander in Afghanistan, said U.S. and NATO-controlled forces are meeting more resistance partly because they're expanding operations farther into remote areas of the country to rout out insurgents.

Freakley also took issue with reports that a resurgent Taliban is on the offensive.

"It is the U.S. forces and the International Security Assistance Forces that have been on the offensive ... finding the enemy, separating enemy leaders from the population and giving reconstruction opportunities, job opportunities and extending the government of Afghanistan," he said by videoconference

"The Taliban have not achieved any of their objectives in the last year," he said, adding they failed in their attempts to retake their former stronghold, the southern city of Kandahar, and failed in their goal to topple the government of President Hamid Karzai.

Rice convened Friday's session to plan for another expected Taliban military offensive in the spring.

"If there is to be a 'spring offensive,' it must be our offensive," Rice told the group. NATO's top commander pledged on Friday to launch such an offensive against resurgent Taliban forces in the south and east of Afghanistan.

"Springtime in Afghanistan: Historically we've seen increased activity" from Taliban fighters, Gen. John Craddock told reporters at a news conference discussing NATO's International Security Assistance Force, or ISAF, in Afghanistan.

Among other issues Rice raised were the divisions within the alliance on sharing the burden in Afghanistan. Troop commitments have lagged behind U.S. expectations, partly due to doubts in some European capitals about the depth of U.S. commitment, diplomats said.

The NATO-led force is about 20 percent short of the troops levels pledged by its contributing nations.

There are about 24,000 U.S. troops in Afghanistan, the highest number since the war began in October 2001. About half are under the control of NATO, which is gradually gaining more control over operations there.

The United States is by far the largest contributor to the 34,460-member NATO force in Afghanistan, with 11,800 troops. Britain is next with 5,200.

In an interview, Afghanistan's foreign minister said NATO and Afghan government forces could halt Taliban attacks if they received "constructive participation" from Pakistan. The two neighbors have been at odds for months over their efforts to crack down on terrorists crossing the border into Afghanistan.

"My appeal to our brothers in Pakistan is to stop interfering ... to stop these powerful sectors which use terrorism as an instrument of foreign policy," said Afghan Foreign Minister Rangeen Dadfar Spanta.

He praised the U.S. aid proposal and said he was not disappointed that European offers were lower, adding, "The contribution of the Europeans is increasing."

Associated Press writer Pauline Jelinek contributed to this report from Washington.

NATO Allies Wary Of Sending More Troops To Afghanistan (NYT)

By Helene Cooper

The New York Times, January 27, 2007

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BRUSSELS, Jan. 26 — America's European allies on Friday remained noncommittal about sending additional troops to Afghanistan, even as the Bush administration sought to inject new energy into the NATO mission against the Taliban by offering more American soldiers and money.

Officially, the language at a NATO meeting here on Friday reflected resolve and commitment toward Afghanistan. NATO "is stepping up its game in Afghanistan on all fronts," said Jaap de Hoop Scheffer, the alliance's secretary general. "The fact that you saw so many people from the international community sitting around the table is a strong message itself."

But beyond the sound bites, the realities that have troubled the NATO mission in Afghanistan since the 26-member trans-Atlantic alliance took command last year remained on display. France and Germany continued to limit their combat role; both countries have refused to deploy troops in the south of the country, where Taliban forces are strongest. Germany's Parliament has yet to approve a proposal to send six Tornado reconnaissance jets to the south.

Meanwhile, Prime Minister Romano Prodi of Italy is battling allies in his own government who oppose the Afghan mission and want the government to set a deadline for withdrawing the country's 1,800 troops. While Mr. Prodi's government passed a measure on Friday to renew financing for Italy's troops in Afghanistan, it did so without the support of all of Mr. Prodi's coalition partners, and Italian officials said it was unlikely that Mr. Prodi could rally support for any increase in troops.

The United States sought to lead by example, as Secretary of State Condoleezza Rice, who called for the Brussels meeting in the hope of spurring more action from the Europeans, told the assembled ministers that President Bush would ask Congress for $10.6 billion in additional financial assistance for Afghanistan.

Bush administration officials said on Thursday that the Pentagon would extend the Afghan tours of 3,200 American soldiers. Ms. Rice added that beyond the extension of the tours, Defense Secretary Robert M. Gates would further expand the number of American troops, "partly through extra forces."

"Every one of us must take a hard look at what more we can do to help the Afghan people," Ms. Rice said, according to a State Department statement. "We need additional forces on the ground — ready to fight. And we need to provide greater support for the development of Afghan institutions, especially its security forces."

American officials say that Taliban fighters are mounting increasingly brazen cross-border attacks from Pakistan and that they are preparing to resume attacks in the spring, as they have done every year since the American invasion deposed the Taliban in 2001.

"If there is to be a 'spring offensive,' it must be our offensive," she said. "It must be a political campaign, an economic campaign, a diplomatic campaign, and, yes, a military campaign."

But that military campaign remains about 15 percent short of what American and NATO commanders say they need on the ground to fight the Taliban.

The 3,200 American troops whose departure has been delayed would bring the American force level in Afghanistan to around 24,000. About half of those are part of the NATO mission in Afghanistan, while the other half are engaged in American-led counterterrorism operations. About 20,000 soldiers from other NATO countries are also deployed in Afghanistan.

Britain has the second-largest contingent of soldiers in Afghanistan, with 6,000 troops.

NATO said Friday that an alliance airstrike destroyed a Taliban command post in southern Afghanistan, killing a man suspected of being a senior militant leader. Also on Friday, a suicide bomber blew himself up outside the offices of an aid group in Helmand Province, wounding a policeman and two others.

American and NATO officials are now pinning their hopes for troop increases on a meeting of NATO defense ministers in Seville, Spain, next month. Mr. de Hoop Scheffer, the NATO secretary general, said he was "relatively optimistic" that more troops would be forthcoming.

"Everybody understands that it's vital that we achieve our goals this year," said Richard A. Boucher, the assistant secretary of state for South and Central Asian affairs.

Afghan Lawmaker Is Killed

KABUL, Afghanistan, Jan. 26 — An Afghan lawmaker was shot to death on Friday while he was walking from his home to a mosque for Friday Prayer, officials said.

The lawmaker, Maulvi Mohammad Islam Mohammadi, 67, was from the northern province of Samangan. The reason for the killing was unclear, and no one immediately claimed responsibility, but there were fears among legislators that the attack might have been politically motivated.

According to election law, when a member of Parliament dies the candidate who had the next-highest vote tally becomes the successor.

"It is a danger signal for the Afghan members of Parliament if the political competition causes the terror" for lawmakers, said Fawzia Kofi, the deputy speaker of Parliament.

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2 Soldiers Reprimanded For Assaults (LAT)

By Kevin Sack

The Los Angeles Times, January 27, 2007

The Army announced Friday night that it had given administrative reprimands to two Special Forces soldiers for assaulting detainees held at a base in eastern Afghanistan in 2003 and for failing to report the death of one detainee.

However, the U.S. Army Special Forces Command absolved the soldiers of any wrongdoing in the deaths of two detainees: an 18-year-old Afghan army recruit named Jamal Naseer who died after interrogation at the base in Gardez, and Wakil Mohammed, a woodcutter from the village of Wazi who was shot in the face during a search operation.

The command said in a statement that Army investigators had determined that a Special Forces soldier shot and killed Mohammed in self-defense.

Afghan witnesses dispute that Mohammed posed any threat to the soldier; they said he was pleading, without the help of a translator, not to be shot.

Both deaths were concealed from superiors until they were revealed by The Times beginning in 2004.

The statement from Special Forces Command in Ft. Bragg, N.C., did not name the soldiers who had been disciplined, nor did it provide details about which death led to the disciplinary action for failure to report.

Both detainees died in March 2003 while in the custody of a team of soldiers from the 20th Special Forces Group of the Alabama National Guard.

The team was led by Chief Warrant Officer Kenneth C. Waller, who continues to work full time for the 20th Group headquarters and is currently serving in East Africa.

Numerous Afghans who saw Naseer's body just before and after he died at the Gardez firebase described it as horribly bruised and swollen, showing signs of severe beatings and blunt trauma. But the Special Forces statement said that "all other allegations, to include voluntary manslaughter and aggravated assault of detainee Jamal Naseer, were found to be unsubstantiated."

A number of other Afghans taken prisoner by the same Special Forces unit reported that they were kicked, punched and forced to maintain stress positions. Some of those allegations were supported by doctors who examined the detainees after they were moved from the Special Forces compound.

A lengthy investigation by the Army's Criminal Investigation Command, which concluded two weeks ago, found probable cause to believe that the two soldiers had committed assault. The statement released Friday characterized the offense as "slapping detainees."

The two soldiers each received a "General Officer Memorandum of Reprimand" — an administrative punishment delivered without a criminal hearing. One Special Forces officer, speaking on condition of anonymity because he was not authorized to discuss internal military matters, described that penalty as "a high-level slap on the wrist" that typically prevents an officer from advancing up the ranks.

"It's an indication that they didn't think it warranted a court-martial or even nonjudicial punishment," said Hy Rothstein, a professor at the Naval Post Graduate School.

Maj. James O. Gregory, a spokesman for Special Forces Command, said the command "takes all allegations of abuse seriously, ensuring that they are thoroughly investigated and appropriate action is taken."

Afghan Lawmaker Is Gunned Down In Kabul (LAT/AP)

By Associated Press

The Los Angeles Times, January 27, 2007

KABUL, AFGHANISTAN — An Afghan lawmaker who oversaw the destruction of two massive 1,500-year-old Buddha statues in March 2001 was gunned down here on his way to Friday prayers, police said.

Mawlawi Mohammed Islam Mohammedi was the former Taliban regime's governor of Bamian province when the 5th century Buddha statues carved from the living rock were blasted with dynamite and artillery.

A gunman dressed as a construction worker shot and killed Mohammedi and wounded one of his two bodyguards with an AK-47 assault rifle before fleeing, said Zulmai Khan, Kabul's deputy police chief. The attacker's motive was unknown.

Mohammedi was elected in 2005 to represent the northern province of Samangan in Afghanistan's parliament. He had said he could not be held responsible for the destruction of the world-famous landmarks, which the Taliban said it considered idolatrous and anti-Muslim.

The slaying came a day after a NATO airstrike destroyed a Taliban command post in southern Helmand province. The alliance said a senior militant leader was killed but did not identify him.

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NATO's commander in Afghanistan said Friday that a battalion of U.S. troops would be sent to the insurgency-plagued south. Gen. David Richards said a battalion with the 10th Mountain Division would be dispatched to Kandahar to serve as a reserve force. A battalion can include as many as 1,200 troops.

Also on Friday, Secretary of State Condoleezza Rice asked allies to intensify their efforts to keep the Taliban from retaking parts of Afghanistan.

Rice, in Brussels, made her appeal a day after the Bush administration said it would ask Congress for $10.6 billion to help the Afghan government.

The administration wants North Atlantic Treaty Organization allies to increase contributions of money, troops and other support for the unsteady democracy in Afghanistan. It also is working to dispel European suspicion that the United States is too busy in Iraq to pay attention to the Afghan fight.

Halliburton 4Q Profit Declines 40 Pct (AP)

By John Porretto

AP, January 26, 2007

Oil industry services provider Halliburton Co. was upbeat Friday despite a 40 percent decline in fourth-quarter profit, citing heavy demand for its oilfield equipment and personnel and predicting more of the same for 2007.

Earnings fell to $658 million, or 64 cents per share, compared with $1.1 billion, or $1.04 per share, during the same period a year ago. But the prior-year results included $540 million of income, or 51 cents per share, that came from a tax benefit.

Analysts surveyed by Thomson Financial were looking for earnings of 61 cents per share.

In a conference call with analysts, Halliburton Chairman and Chief Executive Dave Lesar offered a positive outlook for this year, saying customers have indicated strong demand for oil-field services despite sliding natural gas prices.

Some industry analysts were concerned by the potential for a slowdown in North American natural gas drilling in the first part of 2007. A relatively mild winter so far has weakened demand for natural gas as a heating source, which analysts say could lead to bloated inventories.

"If U.S. gas producers begin to cut back on their drilling budgets, the service companies will feel the impact almost immediately," Bear Stearns analyst Robin Shoemaker said in a research note this week.

Halliburton's energy services group, its largest division, provides a variety of services to oil and gas companies, including drilling the wells and managing the reservoirs once they're tapped. The energy services group posted record revenue of $3.5 billion in the fourth quarter due to heavy exploration and production.

"We believe any weather-related impact on the price of natural gas will be short-lived and, if the situation occurs, will be self-correcting as activities would slow temporarily, allowing gas inventories to normalize," Lesar said.

A Halliburton competitor, Schlumberger Ltd., also provided an upbeat outlook when it reported 2006 financial results last week, forecasting "high growth" through the end of this decade and into the next. Schlumberger's fourth-quarter profit soared 71 percent to $1.13 billion on revenue of $5.35 billion, the company said.

Halliburton's quarterly revenue rose 8 percent to $6.02 billion from $5.57 billion in the previous year, topping analysts' estimates of $5.9 billion. Gains at the energy services group were partially offset by lower revenue at Halliburton's engineering, construction and government-services arms, known as KBR Inc.

KBR, which Halliburton is spinning off, is the Army's contractor for providing food and shelter to the military in Iraq and Afghanistan _ a distinction that's kept it and Halliburton under Congress' microscope in recent years. Democrats have been critical of the dealings, claiming KBR benefited from ties with Vice President Dick Cheney, who once led Halliburton.

In November, KBR agreed to pay $8 million to settle six-year old claims it overcharged the Army for construction and other support services in the Balkans.

KBR reported revenue of $2.5 billion for the most-recent quarter, down from $2.7 million in the year-ago period _ a decline the company attributed in part to decreased activity on government projects for the U.S. military.

KBR had its initial public offering in November, raising $508 million, the company said. Lesar said he expects the separation of the two companies to be completed in the next three months. Halliburton still owns an 81 percent stake in KBR.

For the year, Halliburton said its net income was $2.3 billion, or $2.23 per share, down from $2.4 billion, or $2.27 a share, in 2005. Still, the 2006 result handily beat the consensus Wall Street estimate of $2.14 a share.

Full-year revenue rose to $22.6 billion from $20.2 billion in 2005.

Lesar said the company's balance sheet had never been stronger, ending 2006 with $4.4 billion in cash, an increase of nearly $2 billion from the start of last year. As such, he said, the company has increased its capital-expenditures budget by 40 percent for 2007. The company will focus that growth in foreign markets such as the Middle East, Africa and Asia, the company said.

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Shares of Halliburton fell 59 cents, or 1.98 percent, to close at $29.15 on the New York Stock Exchange. KBR shares rose 20 cents to finish at $23.45.

Halliburton shares have traded in a 52-week range of $26.33 to $41.99; KBR's comparable trading range is $20.50 to $27.63.

Halliburton's Net Falls 40% On Income-Tax Provision (WSJ)

By Jonathan Vuocolo

The Wall Street Journal, January 27, 2007

Halliburton Co.'s fourth-quarter net fell 40%, hurt by a provision for income taxes. KBR Inc., which was partially spun off from Halliburton in November, saw net income decline 23%.

Halliburton, the Houston provider of products and services to the petroleum and energy industries, saw net income fall to $658 million, or 64 cents a share, from $1.1 billion, or $1.04 a share, a year earlier. Provision for income taxes was $343 million, while the company realized a $381 million benefit for income taxes a year earlier. Operating income for the quarter rose 36% to $1.04 billion from $766 million.

Revenue rose 8% to $6.02 billion from $5.57 billion, helped by Halliburton's energy-services group but partially offset by lower revenue at KBR, mostly due to decreased activity on government services projects for the U.S. military.

Halliburton, which owns 81% of KBR, expects to complete the separation of KBR from Halliburton within the next three months. KBR was partially spun off in a $17-a-share initial public offering that raised $508 million.

In a Halliburton-KBR joint conference call with analysts, Halliburton Chief Executive David Lesar said a "splitoff" transaction, where investors can trade their Halliburton shares for KBR shares, "has advantages," given the current strength of KBR's stock price. The splitoff would allow Halliburton to buy back stock, an ongoing goal for the company, he said. But he added that "no decision has been made," and that a straight spinoff, in the form of a dividend to shareholders, has its own merits.

Separately, KBR said net income fell to $43 million, or 28 cents a share, from $56 million, or 41 cents a share, a year earlier, hurt by weaker performance in its government and infrastructure business.

Houston-based KBR, an engineering, construction-management and facilities operations company and majority owner of the Devonport Royal Dockyard, said revenue fell 8% to $2.51 billion from $2.72 billion a year earlier. Government and infrastructure revenue fell 14% to $1.82 billion, while energy and chemicals revenue rose 16% to $687 million.

KBR CEO Bill Utt said in the conference call that the company is evaluating "inquiries" to purchase its 51% share in the dockyard. Media reports earlier this month said British defense contractor BAE Systems PLC and U.S. private equity firm Carlyle Group LP may be teaming up to make an offer. Mr. Utt said the company's revenue from operations in Iraq will get a "modest" boost from an increase in U.S. troops, partially reversing several years of decline. But the U.S. Defense Department is changing the way it buys services in a new effort to save money and avoid the type of controversy that has plagued a series of Halliburton troop-support contracts.

The Pentagon is reviewing all of its services contracts worth more than $1 billion. The department also has added new training for its contracting professionals, and it is preparing a series of reports on service purchasing practices across the military services. A new contract should be announced by the end of the first quarter, Mr. Utt said, with three contractors splitting the work.

Among other changes, the Defense Department wants to move away from its past habit of holding a single competition for years of subsequent work. This practice led to serious criticism of battlefield logistics contracts awarded to KBR for troop support in the Balkans and the Middle East.

In November, KBR agreed to pay an $8 million fine to settle allegations it overcharged and double-billed the Army in 1999 and 2000 for work performed in the Balkans.

One NATO Is Not Enough (NYT)

By Joseph Núñez

The New York Times, January 27, 2007

IN international relations, leadership often involves getting allies and friends to do things they have not done but need to do. For example, one challenge facing America is to get more European countries to do heavy lifting in Afghanistan, where British, Canadian, Dutch and American troops are bearing the brunt of battles with Taliban forces. This needs to happen if NATO is to make good on its commitments in Afghanistan, which rightly have wide international support and legitimacy.

But the larger issue stemming from that overstrained mission is that NATO is not enough. Like the one strong horse that carries load after load, NATO is getting tired of having to serve as the proxy both for the United Nations and feeble regional

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organizations. While I am not, of course, authorized to speak in an official capacity, I have some thoughts, based on personal experience, on how to ease NATO's burden.

The sad truth is that there will be ever more failed states requiring long-term multinational intervention. NATO should not be expected to be everywhere. While it has evolved to handle new missions beyond Europe in the 21st century, it is not a bottomless well of troops.

NATO leaders should be asking this question: What are the other regions of the world prepared to do to handle the next likely conflagrations, be they in Sudan, Fiji, Congo, Somalia, Bolivia, North Korea or Nepal? We must get much more creative about preserving stability at such fault lines. Too many interventions, like the African Union's in Darfur, are done in an ad hoc and episodic manner; little wonder they usually fail.

What we need are more permanent regional security and defense organizations, supported by major powers. It is in the basic national interest of both the local states and the big nations, never mind any high-minded values. While states may have legitimate concerns about things like sovereignty, the alternative to constructive cooperation is the wildfire of anarchy, which spreads beyond borders and burns far too many.

The efforts of powerful Western countries to aid regional organizations' efforts in humanitarian assistance, peacekeeping and nation-building — which increased after the United Nations proved, in situations like Somalia during the early 1990s, to be incapable — have been inconsistent. Many arrogant policymakers continue to argue, in effect, that "superpowers don't do windows." Many major powers continue to focus their military programs on conventional warfare. The problem is that conventional wars these days are few, while failed states are many.

Rather than rely on regional groups to coalesce on their own, the United States and its allies should work to create a minimum of six additional security and defense organizations patterned on NATO — one each for North America, South America, Africa, the Asia-Pacific region, South Asia and the Middle East. Headquarters for these organizations might be, respectively, in Colorado Springs, Brasília, Johannesburg, Beijing, New Delhi and Amman, Jordan. But troops would be trained in all states that joined.

Each of these new alliances would have to be prepared to rapidly deploy at least a brigade-level force — about 6,000 troops with ground, sea and air capacities — anywhere in its sphere of influence. They would also have to have diplomatic and economic teams to move in after the fighting and get the government and markets of the affected country restarted.

Considering the vast scope of each of these six regions, the individual contributions required from the members would be fairly meager, and the richer and more populous states could be expected to supplement the offerings of their less advantaged neighbors.

Each of these new organizations would need at least one big power as a member; this economic and military linchpin would be expected to provide the trained personnel, equipment and money to begin the enterprise. Obviously, the United States would play that role in the North American group; but it and the European and Asian powers might have to take leading roles in some alliances that were geographically distant. This shouldn't be a stumbling block: after all, NATO spans the Atlantic.

Of course, all of these new alliances would need the blessing of the United Nations secretary general, Ban Ki-moon, and their efforts would be coordinated through the organization's Department of Peacekeeping Operations. The secretary general should be expected to welcome the arrangement: it would relieve his organization of its role in centrally planning operations and creating interim forces after conventional combat stops, at which it has floundered repeatedly.

Yes, creating these new alliances will mean that many states will have to change their approach to internal security and defense. But in this age of globalization, countries will have to be as flexible and cooperative on security matters as they have been on trade pacts.

In the end, two facts will drive many states to sign up for regional security organizations: the current system is largely dysfunctional, and joining would give each member greater international standing. For now and for the future, NATO is not enough.

At Ease, Mr. President (NYT)

By Garry Wills

The New York Times, January 27, 2007

WE hear constantly now about "our commander in chief." The word has become a synonym for "president." It is said that we "elect a commander in chief." It is asked whether this or that candidate is "worthy to be our commander in chief."

But the president is not our commander in chief. He certainly is not mine. I am not in the Army.

I first cringed at the misuse in 1973, during the "Saturday Night Massacre" (as it was called). President Richard Nixon, angered at the Watergate inquiry being conducted by the special prosecutor Archibald Cox, dispatched his chief of staff, Al Haig, to arrange for Mr. Cox's firing. Mr. Haig told the attorney general, Elliot Richardson, to dismiss Mr. Cox. Mr. Richardson refused,

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and resigned. Then Mr. Haig told the second in line at the Justice Department, William Ruckelshaus, to fire Cox. Mr. Ruckelshaus refused, and accepted his dismissal. The third in line, Robert Bork, finally did the deed.

What struck me was what Mr. Haig told Mr. Ruckelshaus, "You know what it means when an order comes down from the commander in chief and a member of his team cannot execute it." This was as great a constitutional faux pas as Mr. Haig's later claim, when President Reagan was wounded, that "Constitutionally ... I'm in control."

President Nixon was not Mr. Ruckelshaus's commander in chief. The president is not the commander in chief of civilians. He is not even commander in chief of National Guard troops unless and until they are federalized. The Constitution is clear on this: "The president shall be commander in chief of the Army and Navy of the United States, and of the militia of the several states, when called into the actual service of the United States."

When Abraham Lincoln took actions based on military considerations, he gave himself the proper title, "commander in chief of the Army and Navy of the United States." That title is rarely — more like never — heard today. It is just "commander in chief," or even "commander in chief of the United States." This reflects the increasing militarization of our politics. The citizenry at large is now thought of as under military discipline. In wartime, it is true, people submit to the national leadership more than in peacetime. The executive branch takes actions in secret, unaccountable to the electorate, to hide its moves from the enemy and protect national secrets. Constitutional shortcuts are taken "for the duration." But those impositions are removed when normal life returns.

But we have not seen normal life in 66 years. The wartime discipline imposed in 1941 has never been lifted, and "the duration" has become the norm. World War II melded into the cold war, with greater secrecy than ever — more classified information, tougher security clearances. And now the cold war has modulated into the war on terrorism.

There has never been an executive branch more fetishistic about secrecy than the Bush-Cheney one. The secrecy has been used to throw a veil over detentions, "renditions," suspension of the Geneva Conventions and of habeas corpus, torture and warrantless wiretaps. We hear again the refrain so common in the other wars — If you knew what we know, you would see how justified all our actions are.

But we can never know what they know. We do not have sufficient clearance.

When Adm. William Crowe, the former chairman of the Joint Chiefs of Staff, criticized the gulf war under the first President Bush, Secretary of State James Baker said that the admiral was not qualified to speak on the matter since he no longer had the clearance to read classified reports. If he is not qualified, then no ordinary citizen is. We must simply trust our lords and obey the commander in chief.

The glorification of the president as a war leader is registered in numerous and substantial executive aggrandizements; but it is symbolized in other ways that, while small in themselves, dispose the citizenry to accept those aggrandizements. We are reminded, for instance, of the expanded commander in chief status every time a modern president gets off the White House helicopter and returns the salute of marines.

That is an innovation that was begun by Ronald Reagan. Dwight Eisenhower, a real general, knew that the salute is for the uniform, and as president he was not wearing one. An exchange of salutes was out of order. (George Bush came as close as he could to wearing a uniform while president when he landed on the telegenic aircraft carrier in an Air Force flight jacket).

We used to take pride in civilian leadership of the military under the Constitution, a principle that George Washington embraced when he avoided military symbols at Mount Vernon. We are not led — or were not in the past — by caudillos.

Senator Daniel Patrick Moynihan's prescient last book, "Secrecy," traced the ever-faster-growing secrecy of our government and said that it strikes at the very essence of democracy — accountability of representatives to the people. How can the people hold their representatives to account if they are denied knowledge of what they are doing? Wartime and war analogies are embraced because these justify the secrecy. The representative is accountable to citizens. Soldiers are accountable to their officer. The dynamics are different, and to blend them is to undermine the basic principles of our Constitution.

George W. Jetson's Plan For Iraq (LAT)

By Larry Doyle, Ben Doyle

The Los Angeles Times, January 27, 2007

"We're carrying out a new strategy in Iraq … our military commanders and I have carefully weighed the options. We discussed every possible approach. In the end, I chose this course of action because it provides the best chance for success."

— President George W. Bush, State of the Union address, Jan. 23

"The military calls its new weapon an 'active denial system,' but that's an understatement. It's a ray gun that shoots a beam that makes people feel as if they are about to catch fire…. 'This is one of the key technologies for the future,' said Marine Col. Kirk Hymes, director of the nonlethal weapons program at Quantico, Va."

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— Associated Press, the next day

To: [redacted]@defenselink.mil,[redacted]@darpa.mil, [redacted]@lanl.gov, [redacted]@llnl.gov, [redacted]@[redacted].[redacted]

From: [redacted]@whitehouse.gov

Re: Executive Directive on Weapon Development

POTUS very much enjoyed the demonstration today and wanted to thank everyone for their hard work and patriotism. He had some thoughts.

While the ray gun is impressive, POTUS was disappointed that to date it only makes people feel as if they are about to catch fire, and he wants to encourage you to keep working on it until you get it right. He expressed a preference for a ray that turns the target into a glowing red silhouette before making it disintegrate. He also feels the weapon should make a scarier sound.

POTUS was curious about where we are on the invisibility cloak. He pointed out that this was the first project he put into development when he came to the White House and, had it been available earlier, he could have used it to capture SH and OBL personally, saving thousands of lives and the Republican majority. However, he is having second feelings about calling it a cloak, which comes off as evil and French, and has directed that henceforth it be referred to as an invisibility poncho. And he again emphasized that the invisibility poncho be waterproof.

POTUS is frustrated at the continued delays in jet-pack production, a cornerstone in our plan to restore stability to Baghdad. Fix this.

POTUS is also concerned going forward that we continue to consider every possible approach, think outside the envelope, etc. Toward that end, he has designed some weapons systems [see attachment blotter.jpg (1.6 MB)] he feels are pretty cool and provide our best chance for success:

· We have smart bombs; why not smart bullets? They could be trained to tell the difference between Shiites or Sunnis and only shoot the right one, depending on the day.

· Rather than launching missiles into the air, where they are vulnerable to Chinese lasers and birds, why not launch them into the Earth, where they can travel unseen under the ground to their destination? Such UGLMs could also be equipped with a robotic arm, which, upon reaching the target, extends and electrocutes the bad guys before exploding them.

· How hard would it be to mount an automatic machine gun on a gorilla?

· We need a time machine, either based on the POTUS La-Z-Boy design or something more scientific, as long as it's done by Friday. POTUS would like to go back and warn himself about something before it's too late. The machine should be set for Dec. 28, 1963. Never mind why.

LARRY DOYLE's first novel, "I Love You, Beth Cooper," will be published in May. BEN DOYLE is 7 years old.

DOJ:

Justice Found Unprepared For Crises (WT)

By Jerry Seper

The Washington Times, January 27, 2007

The Justice Department, hampered by budget shortfalls and high staff turnover, is not prepared to respond quickly to terrorist attacks, hostage incidents, hurricanes and other natural disasters, said a report yesterday by the department's Office of Inspector General.

"Rapid response to critical incidents ... is an essential function of the Department of Justice," Inspector General Glenn A. Fine said in the 70-page report. "Critical incident response is also an integral part of the department's strategy for combating terrorism."

But, Mr. Fine said, the U.S. attorney's offices in the nation's 93 districts -- all of whom are responsible for developing plans to respond to major incidents -- are not adequately prepared to do so.

To improve each office's ability to respond to critical incidents, Mr. Fine said Attorney General Janet Reno directed the department in 1996 to implement the Crisis Management Coordinator (CMC) program, directing each U.S. attorney to designate an assistant U.S. attorney to coordinate development of response plans.

"We found a significant turnover in the CMC position during the nine months from October 2005 to July 2006 -- an annualized rate of 23 percent," Mr. Fine said. "This figure is significantly greater than the 6 percent turnover rate for assistant U.S. attorneys as a whole in 2005."

Mr. Fine said the high turnover rate directly affected the ability of the U.S. attorney offices nationwide to prepare for critical incidents.

According to the report, "factors beyond the control" of the U.S. attorneys affected their ability to respond to critical incidents, including continuing budget shortages that have limited the number of assistant U.S. attorneys on staff.

Mr. Fine said budget shortages over the past four years have come at a time that workloads have continued to increase. As a result, he said, the ability of assistant U.S. attorneys to complete nonprosecutorial functions, such as CMC duties, has been restricted.

Because assistant U.S. attorneys are evaluated on the number of prosecutions and not on CMC activities, Mr. Fine said they have had "less incentive" to focus on critical incident response plans.

He also said that while U.S. attorneys nationwide stepped up training in response to the September 11 attacks, their efforts have fallen off, noting that fewer than half complied with requirements to conduct annual training exercises in 2005 and 2006.

Mr. Fine also said the U.S. attorneys have not consistently completed after-action reports following exercises or actual events, or forwarded the reports to allow for lessons learned to be shared. He said better efforts have to be made to ensure the offices "are actually conducting the requisite activities."

He noted that following the September 11 attacks, the need to respond quickly and effectively to critical incidents was highlighted in both the department's anti-terrorism plan and the Department of Homeland Security's national strategy. He said the quality of that response depends, in large part, on developing and making necessary revisions and conducting "tabletop" or field exercises.

He said that while Justice Department officials had taken "important steps to improve" their preparedness to respond to critical incidents, "several areas remain in need of improvement."

During a major incident, U.S. attorneys nationwide are responsible for having a plan in place to respond. In the event of a critical incident, they are the on-scene legal decision makers for the department, responsible for facilitating coordination with federal, state and local officials.

As part of the review, Mr. Fine made seven recommendations to help the department improve the U.S. attorneys' ability to respond quickly and appropriately to critical incidents, and the department concurred with all of them.

Michael Battle, director of the Executive Office for U.S. Attorneys at Justice, said in a Jan. 8 letter attached to the IG's report that the department plans "to resolve and implement solutions" to the audit findings.

Agency's Readiness For Crises Faulted (BLOOM)

By Neil Roland, BLOOMBERG NEWS

Bloomberg, January 27, 2007

WASHINGTON — The U. S. Justice Department isn't adequately prepared to respond quickly to terrorist attacks, hurricanes and hostage situations because of budget cuts and staff turnover, an audit by the agency's inspector general found.

While the 93 U. S. attorneys around the nation stepped up training in 2004 in response to the Sept. 11, 2001, terrorist attacks, their efforts have fallen off, the report said. Fewer than half the offices complied with requirements to conduct annual training exercises in 2005 and 2006, said the report by the office headed by Inspector General Glenn Fine.

The U. S. attorneys are responsible for making on-site legal decisions and coordinating for the department with other federal, state and local officials. Justice Department officials have been lax in supervising the preparations, and some plans have been deficient for years, the 70-page report said.

The Justice Department's efforts "have regressed since June 2005," said the audit, posted Friday on the department's Web site. Agency officials "have not provided the direction and support needed to ensure" proper preparations, it said.

The Justice Department, which oversees the FBI as well as the U. S. attorneys' office, has been criticized by Congress for its responses to the 1993 Branch Davidian standoff in Texas, the 1995 Oklahoma City bombing and various hurricanes. Department officials made "serious mistakes" in the use of deadly force, coordinating between negotiators and attack planners and in collecting evidence, the report said.

The report said 78 of the 93 U. S. attorneys' offices conducted their annual training exercise in 2004. That number fell to 39 in 2004 and rose to only 45 as of November 2006, the report said. Among seven U. S. attorneys' plans that were deficient in 2003, three haven't been corrected or even reviewed, the report said.

Auditors traced the problem to budget cuts for U. S. attorneys since 2003 that have forced them to focus more on prosecutorial duties. Also, turnover among the lawyers responsible for each U. S. attorney's plans has been almost four times that of other lawyers in these offices, the report said.

A Justice Department spokesman didn't immediately respond to a request for comment Friday.

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Department officials plan “to resolve and implement solutions to the” audit findings, said Michael Battle, head of the office that oversees the U. S. attorneys, in a Jan. 8 letter appended to the inspector general’s report.

Clinton administration Attorney General Janet Reno directed in 1996 that each U. S. attorney’s office designate a lawyer to develop a response plan to crises.

Attorney General Draws Fire (MCT)

By Marisa Taylor And Greg Gordon, MCCLATCHY NEWSPAPERS

McClatchy Newspapers, January 27, 2007

U.S. ATTORNEY APPOINTMENTS CALLED POLITICAL

WASHINGTON - Attorney General Alberto Gonzales is transforming the ranks of the nation's top federal prosecutors by firing some and appointing conservative loyalists from the Bush administration's inner circle who critics say are unlikely to buck Washington.

The newly appointed U.S. attorneys all have impressive legal credentials, but most have few, if any, ties to the communities they've been appointed to serve, and some have had little experience as prosecutors.

The nine recent appointees identified by McClatchy Newspapers held high-level White House or Justice Department jobs, and most were handpicked by Gonzales under a little-noticed provision of the Patriot Act that became law in March.

With Congress now controlled by the Democrats, critics fear that in some cases Gonzales is trying to skirt the need for Senate confirmation by giving new U.S. attorneys interim appointments for indefinite terms.

Some legal scholars contend that the administration pushed for the change in the Patriot Act as part of an ongoing attempt to expand the power of the executive branch, a charge administration officials deny.

Being named a U.S. attorney "has become a prize for doing the bidding of the White House or administration," said Laurie Levenson, a former federal prosecutor.

A Justice Department spokesman called such assessments "reckless."

The appointments have troubled some current and former prosecutors, who worry that the Justice Department is tightening its control over local U.S. attorneys' offices in order to curb the prosecutors' independence.

These lawyers said federal prosecutors too close to the administration might not be willing to pursue important but controversial cases that don't fit the administration's agenda.

The selection of U.S. attorneys has always been a political process.

Traditionally, the top assistant U.S. attorney in each local office temporarily fills any vacancy while home-state senators search for preferred candidates to present to the White House for consideration.

If it takes more than four months to find a permanent successor, a judge can extend the temporary appointment or name another acting U.S. attorney.

Gonzales gained the authority to appoint interim U.S. attorneys for indefinite terms as a result of a change to the Patriot Act that stripped federal judges of their appointment power.

A Justice Department spokesman denied that Gonzales has sought to compromise the independence of U.S. attorneys' offices by appointing political loyalists. In some recent cases Gonzales has followed the traditional process.

"Allegations that politics inappropriately interfere with personnel decisions made about U.S. attorneys are reckless and plainly wrong," said department spokesman Brian Roehrkasse.

Gonzales and his aides also deny that they're trying to do an end run around the Senate. In a recent letter to two Democrats on the Senate Judiciary Committee, Acting Assistant Attorney General Richard Hertling said the change was sought to avoid conflicts involving federal judges' appointing officials to posts in the executive branch.

Since last March, the administration has named at least nine U.S. attorneys with administration ties. They include:

· Tim Griffin, 37, the U.S. attorney for Arkansas, who was an aide to White House political adviser Karl Rove and a spokesman for the Republican National Committee.

· Rachel Paulose, 33, the U.S. attorney for Minnesota, who served briefly as a counselor to the deputy attorney general and who, says a former boss, has been a member of the secretive, ideologically conservative Federalist Society.

· Jeff Taylor, 42, the U.S. attorney in Washington, D.C., who was an aide to Utah Sen. Orrin Hatch and worked as a counselor to Gonzales and to former Attorney General John Ashcroft.

CORPORATE SCANDALS:

Ex-Executive Of Computer Associates Receives Prison Sentence (NYT/AP)

By Dow Jones/ap

The New York Times, January 27, 2007

A former executive with Computer Associates who pleaded guilty to securities fraud and who prosecutors said was instrumental in the prosecution of the company's former chief executive, Sanjay Kumar, was sentenced to seven months in prison and seven months of home detention.

The executive, Ira Zar, the former chief financial officer, pleaded guilty in 2004 and has cooperated with authorities in the prosecution of Mr. Kumar and the company's former sales chief, Stephen Richards.

Mr. Zar, 45, also pleaded guilty to two counts of conspiracy and was sentenced by Judge I. Leo Glasser of United States District Court in Brooklyn. He was also ordered to serve two years of supervised release after the completion of his sentence. No fine was imposed and restitution will be determined at a later date.

The company, based in Islandia, N.Y., has since changed its name to CA Inc.

KB Home In Stock-options Investigation (FT)

By Doug Cameron In Chicago

Financial Times, January 27, 2007

KB Home, the fourth-largest US housebuilder, on Friday revealed that US regulators had opend a formal investigation into the stock-options backdating practices that led to the departure of its chief executive last November.

The Los Angeles-based group is one of the largest companies to be ensnared in the unfolding options scandal, and the launch of a formal probe by the Securities and Exchange Commission comes as management wrestles with the impact of the slowing housing market.

The SEC launched an informal investigation into KB Home last August, and intensified the probe on January 19, according to the company, which said it was co-operating with regulators.

An internal probe by the company revealed KB Home used "incorrect measurement dates for financial reporting purposes for annual stock option grants during the period 1998-2005". The report led to the departure of Bruce Karatz, who had led the company since its initial public offering, and the dismissal of its chief legal officer, who had helped to set dates for the stock options.

Mr Karatz agreed to repay $13m to the company to cover differences in the stock price, and was replaced by Jeffrey Mezger, KB Home's chief operating officer. The company expects to complete a review of executive compensation practices next month.

The case is one of the few so far that points to the prevalence of improper backdating practices after the passage of Sarbanes-Oxley compliance and audit legislation in 2002. The law was supposed to have made it harder for executives and companies to engage in improper backdating. But the KB Home case appears to show that in some cases it persisted even after the passage of Sarbox.

While backdating is itself not illegal, falsification of company documents to make option award dates appear earlier than originally decided is a breach of securities laws.

More tha 130 companies are under investigation by the Securities and Exchange Commission. The US Justice department and the Federal Bureau of Investigation are also conducting stock-options investigations.

US authorities want to know if executives, possibly with the complicity of compensation committees, auditors and company counsel, deliberately shifted the dates of options grant to dates where the company's share price was at historic lows.

Such a practice would have been designed to take advantage of a subsequent rise in the share price, immediately placing the options "in the money".

Some companies alleged to have engaged in such a practice have been sued by shareholders alleging fraud.

HP, Former VP In A Battle Over Spying Allegations (MERCN)

By Nicole C. Wong

The San Jose Mercury News, January 27, 2007

A run-of-the-mill divorce proceeding has led to allegations of corporate espionage involving Hewlett-Packard, the computer and printer giant whose reputation was recently tarnished by a board-spying scandal.

The Palo Alto computer giant is in an ugly fight against a former executive, Karl Kamb Jr., who has accused HP of having him spy on rival Dell. HP has accused Kamb of stealing HP's trade secrets. The story is complete with allegations of a hired informant, bribery and adultery. Key documents in the case, in federal court in Tyler, Texas, have been sealed and the parties were ordered Thursday by a judge not to speak to the media.

But the saga can be pieced together from documents obtained before Kamb's lawsuit was sealed.

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In August 2005, Kamb's wife, as part of divorce proceedings, subpoenaed HP for information about a business Kamb had established on the side while he was employed by the Palo Alto company in Tokyo, HP said in court filings. After investigating, HP sued Kamb in November 2005 for allegedly stealing its trade secrets to start a multimillion-dollar flat-panel television business while he helped launch HP's TV line.

Accusations of spying

Last week, Kamb countersued HP for allegedly spying on him, alleging that HP had impersonated him to retrieve his personal phone records. He claimed that HP instructed him to obtain trade secrets on rival Dell's entry into the printer market.

HP spokesman Ryan Donovan declined to comment Friday beyond what the company said Wednesday, when it called Kamb's suit ``wholly without merit."

A Dell spokesman said: ``We take seriously the allegations that Dell's confidential information might have been obtained by a competitor through improper or unlawful means. We believe in vigorous but fair competition. There is no place for industrial espionage, and if we discover that we have been the victim of that we will consider all appropriate actions in response."

Kamb, who was an HP vice president of business development and strategy until fall 2005, alleged in his lawsuit that HP was concerned about Dell's 2003 entry into the lucrative printer market. In 2002, HP asked him to recruit an informant -- Katsumi Iizuka, who was president of Dell Japan until 1995 -- who could use his connections to obtain detailed information about Dell's products, costs, manufacturers and suppliers. Kamb said he turned that information over to HP.

Kamb said HP used code names in the spying operation on Dell. He included an e-mail in the suit that shows HP picked the names of famous mountains, referring to Dell as ``Everest," Lexmark as ``Whitney" and Sanyo as ``Rushmore."

The HP and Dell e-mails, according to Kamb's suit, suggest Iizuka arranged a dinner meeting in Osaka among four Dell executives and a printer company that Iizuka apparently was representing. The group planned to meet in February 2003 to discuss the launch of Dell's printer business.

Allegation of pretexting

Around Aug. 25, 2005, shortly before Kamb says he was fired, someone working for HP but posing as a T-Mobile employee called him asking for his personal identification number for his T-Mobile account, according to Kamb's suit. He refused but later found out HP had obtained his T-Mobile and Sprint phone records by using the Social Security number and billing address listed in his personnel file, he said.

Kamb's lawyer sent a letter in August 2005 to Kevin Hunsaker, HP's then-senior counsel, asking that HP stop pretexting him.

Hunsaker, who left HP last fall after pretexting surfaced in the board-spy scandal, replied in a September 2005 letter that ``no representatives of HP were involved in any of the alleged activity described in your letter."

HP's lawsuit portrays Kamb as the bad guy.

HP said in its lawsuit that Kamb was the ``ring leader" of ``a multimillion-dollar swindle" involving several other former high-level HP employees.

HP alleged that in late 2002 or early 2003, Kamb and other high-level HP executives, who were asked to find and develop new consumer electronic products for HP to sell, ``began formulating a scheme to establish their own consumer electronics enterprise," called byd:sign. They allegedly discussed their plans using HP computers and e-mail accounts.

Trade secrets

Around August 2003, HP's suit said, Kamb implied he would leave HP, so to keep him the company gave him a raise and greater responsibilities, which also gave him greater access to HP's research and development.

HP alleged that by June 2003 Kamb and his partners had developed a prototype LCD television and finalized their plans to sell them through byd:sign, using HP trade secrets and other confidential information.

HP said Kamb's ``surreptitious looting" of corporate opportunities might have continued undetected if Kamb ``had not been as disloyal and deceptive in his personal life as he was professionally."

According to HP, Kamb's wife filed for divorce around September 2004 in part for ``discord or conflict of personalities" and ``adultery."

After HP started contacting Kamb and his HP recruits in August 2005, ``they attempted to erase all evidence of their wrongdoing by permanently and irretrievably deleting information off of their HP computers," HP's suit alleged. Through the use of forensic data specialists, HP said it was able to retrieve and reconstitute some e-mails, instant messages and files, which show they ``continued scheming and planning their venture through the fall of 2003 and beyond" while many still worked for HP.

Spokesmen for the California Attorney General's Office and the U.S. Justice Department declined to comment on whether they are looking into allegations raised by these lawsuits.

Intellectual property and trade secret attorneys said if Kamb's allegations are true, HP could plunge back into troubles with ethics.

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Kamb's suit suggests ``an official policy to almost engage in CIA-type espionage of trade secrets," said Bradford Newman, a Palo Alto law partner who specializes in trade secret misappropriation, when told about the allegations.

Karen Kimmey, a San Francisco partner who specializes in intellectual property, said these new allegations are reminiscent of the spying on board members, employees and journalists that the company admitted to last fall.

``It has a very similar feel to the spying and overall ethical questions that have been raised, at least in the public's mind," Kimmey said. ``It's going to sound like more of the same."

Nacchio Prosecutors Scolded (AP)

By Sandy Shore, Associated Press

AP, January 27, 2007

Judge wants evidence turned over to defense

DENVER — With a stern reminder that Joe Nacchio's trial is just weeks away, a federal judge ordered prosecutors Friday to step up efforts to provide some key evidence to the former Qwest chief executive's attorneys.

U.S. District Judge Edward Nottingham set deadlines for evidence to be turned over and told attorneys to file status reports by Feb. 6.

"This case is going to be tried on March 19, folks," Nottingham said.

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge Qwest Communications International Inc. would be unable to meet revenue targets.

Nacchio is charged with 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine, and has pleaded not guilty.

At issue in Friday's hearing was evidence that could be deemed favorable to Nacchio, which prosecutors are required by law to provide the defense.

Nacchio's attorneys have contended government attorneys have been slow to deliver some evidence, citing a report on a witness delivered two months after the interview was conducted.

"It's the witness interviews that are of concern," Nacchio attorney John Richiliano said. "It's just a very, very serious issue now."

Prosecutor Cliff Stricklin said government attorneys are still interviewing witnesses. "We're doing the best we can," he said.

Another problem stems from classified documents that defense attorneys say they need. Prosecutors said the evidence-exchange process had been slowed because some of the documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government documents.

Prosecutors said they must coordinate the documents with federal agencies that are involved.

Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts that gave him hope for the company's financial future.

The Classified Information Procedures Act was enacted several decades ago to counter a strategy used by defendants charged with spying who would threaten to expose national secrets unless the charges were dropped.

In order to view the contracts and determine their relevance at trial, attorneys for both sides and the judge received Justice Department security clearances.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

Experts say Nacchio's legal fees in both the civil and criminal cases could hit a combined $75 million, based on other high-profile corporate executive trials, The Denver Post reported Friday. Qwest bylaws require the company to pay those expenses, company spokesman Bob Toevs told the newspaper.

CRIMINAL LAW:

Will Rove Testify? (NSWK)

By Michael Isikoff

Newsweek, January 26, 2007

White House anxiety is mounting over the prospect that top officials—including deputy chief of staff Karl Rove and counselor Dan Bartlett-may be forced to provide potentially awkward testimony in the perjury and obstruction trial of Lewis (Scooter) Libby.

Both Rove and Bartlett have already received trial subpoenas from Libby's defense lawyers, according to lawyers close to the case who asked not to be identified talking about sensitive matters. While that is no guarantee they will be called, the odds increased this week after Libby's lawyer, Ted Wells, laid out a defense resting on the idea that his client, Vice President Dick Cheney's former chief of staff, had been made a "scapegoat" to protect Rove. Cheney is expected to provide the most crucial testimony to back up Wells's assertion, one of the lawyers close to the case said. The vice president personally penned an October 2003 note in which he wrote, "Not going to protect one staffer and sacrifice the other." The note, read aloud in court by Wells, implied that Libby was the one being sacrificed in an effort to clear Rove of any role in leaking the identity of CIA operative Valerie Plame, wife of Iraq war critic Joe Wilson. "Wow, for all the talk about this being a White House that prides itself on loyalty and discipline, you're not seeing much of it," the lawyer said.

Libby is charged with lying about when and from whom he learned about Plame during the spring and early summer of 2003, a time when the White House was working to discredit Wilson. A former U.S. ambassador, Wilson was dispatched to Niger to investigate reports that Iraq was seeking to purchase uranium from Africa. Wilson said he told U.S. officials there was nothing to those reports. But the president later used the claim anyway in his 2003 State of the Union address, prompting Wilson to charge the administration had manipulated the intelligence about Iraq. The week after he went public, journalist Robert Novak first reported that Wilson's wife, Plame, worked for the CIA—a disclosure that prompted allegations that administration officials had "outed her" in retaliation for Wilson's criticism.

The possibility that Rove could be called to testify would bring his own role into sharper focus—and could prove important to Libby's lawyers for several reasons. Rove has said in secret testimony that, during a chat on July 11, 2003, Libby told him he learned about Plame's employment at the CIA from NBC Washington bureau chief Tim Russert, a legal source who asked not to be identified talking about grand jury matters told NEWSWEEK. If Rove repeats that story on the witness stand, it could back up Libby's core assertion that he honestly, if mistakenly, thought he had heard about Wilson's wife from the "Meet the Press" host—even though Russert denies he knew anything about Plame, and more than a half-dozen officials (including Cheney) have said they passed along the same information to Libby earlier than that.

But the Rove account could cut in other ways. Fitzgerald would likely argue that Libby's comment to Rove merely shows that the vice president's top aide "was even lying inside the White House," according to the legal source. Moreover, Rove is likely not eager to recount the story either. The reason? He would have to acknowledge that shortly after he had the chat with Libby, he went back to his office and had a phone conversation with Time magazine reporter Matt Cooper in which he also disclosed the fact that Wilson's wife worked for the CIA. The disclosure was potentially illegal since, at the time, Plame was employed in the Directorate of Operations, the agency's covert arm. (There is no evidence that Rove or anybody else knew Plame's status at the time—and Rove has never been charged with any crime—but the possibility that White House officials were leaking classified information in an effort to discredit Wilson is what triggered the probe in the first place.)

An equally embarrassing conflict could emerge next week when former White House press secretary Ari Fleischer takes the stand. Fleischer has been one of the most mysterious figures in the case, making virtually no public comments about it since he left the White House in July 2003. In the past he has insisted he wasn't even represented by a lawyer. But it emerged during court arguments this week that Fleischer originally invoked his Fifth Amendment privileges to avoid testifying and then only agreed to do so after he was given an immunity deal by Fitzgerald—an arrangement that normally requires extensive bargaining among attorneys. Fleischer's testimony is critical to Fitzgerald's case: as the prosecutor laid out this week in his opening statement, Fleischer has said that Libby told him over a White House lunch on July 7, 2003, that Wilson's wife worked at the CIA and made a point of describing this information as "hush and hush." Fitzgerald used that account to undercut Libby's grand-jury assertion that he was surprised and "taken aback" just three or four days later when, he claims, Russert told him about Wilson's wife. "You can't learn something startling on Thursday that you're giving out Monday and Tuesday of the same week," Fitzgerald said. Fleischer has also testified that Bartlett also later told him about Wilson's wife and, after hearing it from both Libby and Bartlett, the then-White House press secretary disclosed the information to NBC reporter David Gregory.

On its face, Fleischer's account seems to contradict the repeated public assertions of his immediate successor, Scott McClellan, in October 2003 that nobody at the White House was in any way involved in the leak of Plame's identity. It also potentially puts Bartlett, one of the president's senior and most trusted advisers, on the hot seat. If Bartlett backs up Fleischer, it suggests he himself played a role in passing along radioactive information that triggered a criminal investigation that has plagued the White House for more than four years. If he contradicts Fleischer, it raises questions about the credibility of a man who was President Bush's chief spokesman for the first two and a half years of his presidency. His lawyer declined to comment on what Bartlett will say.

But either way, it's not a scenario that anybody at the White House can be looking forward to.

Bush Adviser Rove Subpoenaed For Libby Trial (CNN)

CNN.com, January 27, 2007

WASHINGTON (CNN) -- Two of President Bush's top advisers have been subpoenaed as possible witnesses in the trial of former White House aide Lewis "Scooter" Libby, a legal source familiar with the case told CNN on Friday.

It remains unclear whether either of the aides -- Karl Rove and Dan Bartlett -- will actually be called to the stand.

Libby is charged with lying to the FBI and a grand jury investigating who leaked a CIA employee's identity to reporters in 2003. (Read full story)

Rove, Bush's longtime political confidant, serves as deputy chief of staff at the White House; Bartlett is a counselor to the president and the former White House communications director.

Rove and Bartlett are on a list of possible defense witnesses that includes Vice President Dick Cheney, his current chief of staff, David Addington, and a number of journalists and current and former White House officials.

Libby, Cheney's former chief of staff, is fighting charges of perjury and obstruction of justice with a defense strategy that includes portraying him as someone thrown into a "meat grinder" to protect Rove.

Prosecutors are trying to portray Libby as someone who used lies and deception in his high-ranking position at the White House to try to discredit an open critic of the Bush prewar justification to invade Iraq.Inner workings of White House exposed

The first week in the trial brought a sometimes harsh light to the inner workings of the White House and other federal agencies.

On Thursday, a former top press aide to Cheney, Cathie Martin, who now is an aide to Bush, testified she was excluded from high-level talks to decide how to respond to the media during a controversy over Bush's 2003 State of the Union address.

In the speech, Bush claimed Iraq was trying to buy uranium from the African nation of Niger. Martin said Libby attended the meeting.

The uranium claim was challenged by a former ambassador, Joe Wilson, who in the months before the Iraq war, had made a fact-finding trip to Niger at the request of the CIA, where his wife worked on matters regarding weapons of mass destruction, according to court testimony. (Read full story)

Witnesses have testified Wilson's wife, Valerie Plame Wilson, apparently organized the trip, and interest in the results had been expressed by the Office of the Vice President, the State Department and the Department of Defense.

But at least initially, none of those offices apparently had much knowledge of Wilson's trip nor who arranged it, according to the testimony thus far.

Prosecution witnesses from the CIA and the State Department testified that they or their staff members tracked down details of the mission at Libby's request, and that the push to do so came at the time the former ambassador had questioned the Bush argument for going to war in Iraq.

The criminal case began with an investigation of how Valerie Wilson became widely known among journalists as being an operative of the CIA. It would be illegal to disclose the covert or classified status of such an employee.

No one has been charged with leaking her name, employment status or other classified material.

Libby is the only person to face any charges in connection with the case. He resigned his position at the White House in 2005 on the day he was indicted.

Special prosecutor Patrick Fitzgerald has said he continues to explore for wrongdoing, including whether Valerie Wilson's cover was blown in retaliation for her husband's public criticism of the president.Who told Libby is key to prosecution

Central to the Libby trial is whether he learned of Valerie Wilson's employment from reporters or from inside government. (Watch how the timeline is a key to the trial)

Libby has said that he first got the information from NBC reporter Tim Russert. His lawyers blame bad memory for any discrepancies in what he told investigators and a grand jury, and say he may have been distracted by urgent national security matters.

Martin, Cheney's former spokeswoman, testified Thursday that she had told Libby that Joseph Wilson is "married to a CIA agent" days before the date Libby claims he learned that information from Russert.

She also described feeling blamed for how the White House handled a different query about the controversial Iraq-uranium assertion in the State of the Union address. The query, by television reporter Andrea Mitchell, had been handled by Libby.

Martin testified, "I was aggravated that Scooter was calling the reporters and I wasn't" during White House efforts to handle the story.

Martin is one of four witnesses for the prosecution who have testified in the first three days of the trial, which is expected to last more than a month. The judge and jury will not hear the case on Fridays.

After the defense and prosecution conclude with Martin on Monday, the next witness is expected to be former White House spokesman Ari Fleischer.

He appeared at the courthouse Thursday after defense attorney Ted Wells complained he needed more time to examine Martin's original handwritten notes she made during the uranium controversy.

There was some talk of instead taking the next prosecution witness and delaying Martin's testimony, and soon after, reporters spotted Fleischer's arrival.

Prosecutor Fitzgerald acknowledged that Wells had been given the Martin notes only a few hours before Martin was to take the stand, but he disputed whether the earlier copies were of poor quality.

"That's a bit of spin," Fitzgerald said of the complaint from Wells, and suggested he didn't believe the defense team's "notion of sitting on it a year with illegible copies."

Judge Reggie Walton, his voice rising, chided Fitzgerald and loudly said, "If he's lying, I'll punish him for it," referring to the Wells complaint.

Martin was called to the stand after Fitzgerald said only a handful of the notes would be introduced as evidence. Fleischer, who had been waiting with counsel in a holding room, departed. His appearance is now set for Monday.

Cheney Led Effort To Discredit Iraq Critic Wilson: Testimony (AFP)

AFP, January 27, 2007

A White House aide testified in court Thursday that Vice President Dick Cheney personally led the 2003 effort to discredit Iraq war critic Joseph Wilson.

Deputy White House communications director Cathie Martin was giving evidence in the politically sensitive perjury trial of former top White House aide Lewis "Scooter" Libby.

The prosecution has charged Libby, who was Cheney's chief of staff, with obstructing the investigation by lying about when he learned the name of Wilson's wife, Central Intelligence Agency spy Valerie Plame.

Prosecutors opened a leak probe after Plame's name appeared in the press in 2003. Revealing a CIA agent's identity can be a federal crime, although Libby is not accused of leaking Plame's name.

President George W. Bush's critics charge senior officials deliberately blew Plame's cover to punish Wilson for accusing the administration of exaggerating the threat posed by Iraq to justify an invasion.

Libby, 56, denies the charges. He could face 30 years in jail if convicted.

Martin, who in 2003 was a spokewsoman for Cheney, testified that the vice president ordered her to monitor all print and television news reports on Wilson after the former ambassador went public with his criticism.

"The vice president told me to keep track of this story," and press aides immediately "began monitoring television commentators" in addition to print reports about Wilson, she said.

Martin also testified that she clearly remembered telling both Cheney and Libby that Wilson's wife worked for the CIA days before Libby said he first learned of it.

Martin also became the fourth US official to testify that Libby knew about Plame before he talked to a prominent television reporter on July 10, 2003, as he had maintained under oath.

Some 80 possible witnesses are listed for the trial, including Cheney, Secretary of State Condoleezza Rice, former White House chief of staff Andrew Card, top national security officials and more than two dozen of the capital's leading journalists.

The trial is set to resume Monday with testimony from former White House press secretary Ari Fleischer.

Libby's lawyer argued on Tuesday that his client was being made a scapegoat to save the real mastermind -- Bush's political guru Karl Rove.

"Scooter Libby was being sacrificed; Karl Rove was to be protected," attorney Ted Wells said.

Wells called Rove "the lifeblood of the Republican Party," and said that Bush aides needed to protect him at all costs.

In his book "Plan of Attack," an account of preparations for the Iraq invasion, Washington Post journalist Bob Woodward described Libby as part of the White House inner circle that played a role in virtually every major decision.

Libby Lawyers Target Fleischer's Immunity (WT/AP)

By Associated Press

The Washington Times, January 27, 2007

Attorneys for former vice presidential aide I. Lewis "Scooter" Libby Jr. want more information about an unusual immunity-from-prosecution deal that government lawyers gave former White House spokesman Ari Fleischer in the CIA leak case.

Special prosecutor Patrick J. Fitzgerald says that in early 2004, as his investigation was heating up into who revealed CIA operative Valerie Plame's name to reporters, Mr. Fleischer stepped forward with an offer to prosecutors: Promise no prosecution and he would help their case.

Mr. Fleischer acknowledged being one of the leakers, but he wouldn't say a word without a promise of immunity.

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Prosecutors normally insist on an informal account of what a witness will say before agreeing to such a deal. It's known in legal circles as a proffer, and Mr. Fitzgerald said Thursday that he never got one from Mr. Fleischer, who was chief White House spokesman for the first 21/2 years of President Bush's first term.

"I didn't want to give him immunity. I did so reluctantly," Mr. Fitzgerald said in court Thursday. "I was buying a pig in a poke."

Defense attorneys are skeptical. Mr. Fleischer is expected to testify Monday against Mr. Libby, who is accused of lying and obstructing Mr. Fitzgerald's investigation. Defense attorneys are preparing court documents demanding to know exactly what Mr. Fleischer promised in exchange for immunity.

"I'm not sure we're getting the full story here," defense attorney William Jeffress said in court.

Once the deal was struck in February 2004, Mr. Fleischer revealed that he had discussed Mrs. Plame with reporters in July 2003, days before leaving his job at the White House. He also said he learned about Mrs. Plame from Mr. Libby, who was the chief of staff to Vice President Dick Cheney.

Mr. Fleischer's testimony is significant because he says he talked to Mr. Libby about Mrs. Plame days before Mr. Libby told the FBI he was surprised to learn it from a reporter.

Mr. Libby's attorneys want details about Mr. Fleischer's agreement to cast the defendant as someone who's pointing fingers to protect himself. Mr. Fitzgerald says he doesn't have to disclose his conversations with Mr. Fleischer because they weren't about specific testimony.

"It wasn't as if someone said, 'Here's what I can give you about Mr. Libby. Is that good enough? You know, will that give us immunity?' " Mr. Fitzgerald said. "That wasn't it."

The deal he made was unusual enough that Mr. Libby's defense lawyers questioned whether it could be true. They suggested that Mr. Fitzgerald got a secret summary of Mr. Fleischer's testimony -- a deal they want to discuss with jurors when Mr. Fleischer takes the stand.

Defense attorneys said they will ask U.S. District Judge Reggie B. Walton to force Mr. Fitzgerald to reveal what Mr. Fleischer promised him. Mr. Fitzgerald told Judge Walton that no promises were made.

"We got no specifics," he said.

New Prosecution Team Takes On Duke Case (WP)

By Sylvia Adcock, Special To The Washington Post

The Washington Post, January 27, 2007

Lawyers Examine Evidence Amid Media Glare

RALEIGH, N.C. -- Six boxes and two file folders were transferred to the state attorney general's office near Capital Square here last week, and with them comes a shift in a case that has transfixed the nation.

The boxes and files contain the sum total of evidence against three former Duke University lacrosse players charged with sexually assaulting an escort service dancer at an off-campus team party last spring. In the recent months, the actions of the previous prosecutor, Durham District Attorney Michael B. Nifong, have taken center stage. But now that Nifong has asked to be relieved while he faced charges from the North Carolina Bar Association, including withholding evidence from defense lawyers, the focus of the case shifts to state Attorney General Roy Cooper and the two prosecutors he has chosen to evaluate the evidence.

Pressure on them will be enormous. An intense publicity campaign this month painted a sympathetic picture of the players, in Newsweek and on "60 Minutes." And the NAACP held a news conference here last week to call on prosecutors to take into account the accuser's version of events, saying it was aware of "the impact that this case can have on chilling the rights of women, particularly African Americans, to file criminal complaints of sexual violence and exploitation." The three players are white and the accuser is black, and witnesses have reportedly said they heard racist comments when the woman was leaving the house last March 13.

Cooper and the new prosecutors -- James J. Coman and Mary D. Winstead -- declined to be interviewed. But those who know them and who have watched the case closely say the new team is not one to cave under pressure.

"I think people may be surprised," said Irving Joyner, a law professor at North Carolina Central University who has been monitoring the case for the NAACP. "They are not going to bow to public sentiment."

The transfer of the case came after some of the state's evidence appeared to unravel: In December, the director of a DNA lab testified that he and Nifong had decided to omit information showing the presence of DNA from multiple males on the accuser's vaginal and rectal swabs. Nifong dropped first-degree rape charges last month after the accuser said she was no longer certain if she had been penetrated by a penis. The three still face sexual assault and kidnapping charges that carry equally stiff sentences.

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The two prosecutors Cooper chose to take on the case -- Coman and Winstead -- are part of a six-lawyer special prosecutions team that handles cases in which the county prosecutor has a conflict of interest or an appearance of one. "The reputation of that office is one of high confidence," said Stephen T. Smith, a Raleigh defense attorney. "They fight hard, and they fight fair."

Spencer Barrow, a Raleigh lawyer who went to law school with Coman and is a close friend, said Coman's first job out of law school was as the police department's attorney in Greensboro, N.C., and he quickly moved on to the prosecutor's office. He later joined the attorney general's office and was the director of the State Bureau of Investigation from 1993 until 1999.

"He's very tenacious, and he has a tremendous amount of integrity," Barrow said. "He is not going to make decisions based on publicity."

In 2004 he prosecuted the second trial of Alan Gell, on death row for a 1995 murder, after it was revealed that the original prosecutors in the state attorney general's office had withheld evidence helpful to the defense. In the second trial, Gell was acquitted and set free after nine years behind bars.

"His experience with the Gell case shows that he doesn't dismiss a case unless the evidence for innocence is extremely strong," said Joe Kennedy, a law professor at the University of North Carolina at Chapel Hill.

When the original prosecutors were taken before the state bar for their actions, Coman testified on their behalf and said the evidence -- a taped conversation in which a star witness said she had to make up a story for the police -- was not wrongfully withheld. His comments touched off a furor among defense attorneys, and Coman later said his comments were incorrect. The issue involved an interpretation of case law, and "it was an issue good minds could disagree on," said James B. Maxwell, who represented the original prosecutors in the bar proceedings.

Winstead, like Coman, is a career prosecutor. She began her career in the Wake County District Attorney's Office in Raleigh, and worked for Nifong in the Durham DA's office from 1987 until 1994 before joining the attorney general's office.

"I've known her since she was a child, and I've tried many cases with her in the DA's office in Raleigh," said longtime Raleigh lawyer Earle Purser.

"She's undoubtedly one of the most honest, straightforward lawyers I have ever seen. She can be tough, but legitimately tough."

Joyner said Winstead is "aggressive and zealous on the side of the prosecution. . . . She's no-nonsense. She gets right down to the bone and doesn't lose a lot of time on the fat."

Winstead's family is well-known to local lawyers and politicians; they run a downtown restaurant called the Mecca, where the red countertops and black-and-white floor tiles have not changed in decades. Wade Smith -- who represents Duke defendant Collin Finnerty -- is a regular and once attributed his longevity to frequent servings of black-eyed peas and rice at the Mecca.

On a day-to-day basis, Winstead and Coman will be handling the sexual assault case, advising Cooper of their progress. In coming weeks they will be examining each piece of paper in the boxes and files, first making sure it has been turned over to the defense attorneys. They also plan to hold meetings with the defense teams -- separate meetings for each of the three former lacrosse players.

"They have an obligation to look at all the evidence -- including the accuser's version of events," said one Raleigh lawyer who asked not to be identified.

Said Kennedy, "The very first action they take will be so closely scrutinized, I would expect them to take their time examining the facts."

Judge Proposes Secrecy For Columbine Depositions (AP)

By The Associated Press

AP, January 27, 2007

DENVER, Jan. 26 (AP) — A federal judge has proposed keeping secret for 25 years the sworn statements made by the parents of the Columbine High School gunmen for a civil lawsuit settled more than three years ago.

The judge, Lewis T. Babcock of Federal District Court, suggested the plan on Friday to settle a dispute over whether the depositions should be destroyed. Chief Judge Babcock's proposal calls for them to be turned over to the National Archives and Records Administration. It was not immediately clear what would happen to them after 25 years.

The judge asked the parties in the dispute to respond to his proposal within two weeks.

The parents of the Columbine gunmen, Eric Harris and Dylan Klebold, gave the statements in 2003 for a civil lawsuit filed by families of victims of the April 1999 shooting near Littleton. Mr. Harris, 18, and Mr. Klebold, 17, killed 12 fellow students and a teacher before taking their own lives.

After the suit was settled, a magistrate ordered the depositions destroyed, but victims' families and others argued that the material had historical value and could contain lessons to prevent school shootings.

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Brian Rohrbough, whose son, Daniel, 15, was among those killed, objected to the judge's plan. Mr. Rohrbough said that the public had a right to know, but that the government seemed to think the release of such information was "somehow going to unravel American society."

Frank Patterson, a lawyer for the Klebolds, said the depositions contained no new material.

Judge Babcock also issued an order to destroy digital copies of audiotapes and videotapes in which the gunmen discussed their attack plan. The original tapes are in the Jefferson County sheriff's custody.

Judge: Seal Columbine Papers For 25 Years (DENP)

By Howard Pankratz, Denver Post Staff Writer

Denver Post, January 27, 2007

The depositions that the parents of Columbine killers gave in connection with the myriad of lawsuits surrounding the April 20, 1999 massacre should be sent to the National Archives where they'd be kept under seal for at least two decades, a U.S. District Court judge suggested in Denver today.

"There would be no access to these records for 25 years by anyone," chief judge Lewis Babcock told parties who are fighting to unseal the depositions or have them reviewed by experts in hopes their contents can prevent similar school shootings.

In 2002, the parents of Columbine killer Eric Harris gave more than 16 hours of depositions in connection with a lawsuit by Columbine survivor Mark Taylor against Solvay Pharmaceuticals, maker of Luvox.

Taylor claimed that Luvox, an anti-depressant, made Harris homicidal and suicidal. However, Taylor dropped the lawsuit in February 2003 after Solvay agreed to contribute $10,000 to the American Cancer Society.

The other depositions of Harris' parents and the parents of Dylan Klebold took place over a four-day period in August 2003 in connection with a lawsuit filed by the families of five slain Columbine students. But, like the Solvay lawsuit depositions, the depositions were sealed when those families reached a settlement with the Harris and Klebold families.

The depositions have since been sitting in a highly secured evidence room at the federal courthouse awaiting a decision by Babcock about what should be done with them.

Although the families of the five slain students agreed that the depositions be kept confidential as a condition of the settlement, they believe society would be served if the settlements were made public.

Bruce Jones, the lawyer representing Mark Taylor, said that Taylor doesn't want the depositions destroyed or sealed in such a way that they'd be inaccessible to experts.

After 25 years, the National Archives would decide if the depositions are of significant social value and could release them to the public. Otherwise, they'd be destroyed, according to evidence presented at today's hearing.

Babcock said he wouldn't make a final decision until all sides had an opportunity to file written responses with him. He gave the parties a two-week deadline to file motions.

The Colorado attorney General's Office has suggested that the depositions be sent to the Colorado State Archives where a youth-violence expert could review them and issue a public report.

Staff writer Howard Pankratz can be reached at 303-954-1939 or hpankratz@denverpost.com.

Endorsements-for-sale Probe Derailed (BUFFNEWS)

By ROBERT J. McCARTHY, News Political Reporter

Buffalo News, January 27, 2007

FBI investigation targeted Independence Party chief

The secretary of the Erie County Independence Party says he wore a wire and allowed his telephone to be tapped last year during an FBI investigation into the alleged sale of political endorsements by party Chairman Anthony L. Orsini.

But Louis P. Corrigan said the probe ended after Justice Department officials in Washington declared that the federal government lacks jurisdiction to prosecute a practice they call "slating."

Neither the FBI nor federal prosecutors would address Corrigan's claim about an investigation. But U.S. Attorney Terrance P. Flynn said his staff reached out to the Office of Public Integrity in Washington to determine if a party official - as opposed to a public official - could be criminally charged for taking money in exchange for an endorsement.

"We were told that, since the 1970s, it's been Department of Justice policy that we do not prosecute cases where a candidate pays money to be put on a slate," Flynn said.

Corrigan, however, said he played undercover agent for much of 2006, cooperating in a probe he hoped would weed out corruption from at least a part of local politics.

"I carried a wire for the FBI all last year," Corrigan said, adding that federal agents also tapped his phone to determine whom they would target in a probe they expected to be wide-ranging.

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He said federal investigators became especially interested after he talked to two potential candidates while wearing a small transmitter in his shirt pocket.

Corrigan would not reveal the names of either of the people he recorded. But after The Buffalo News independently determined that one of them was Jeffrey A. Bono, a longtime Democratic operative who unsuccessfully ran for the Assembly last May, Corrigan acknowledged that he taped Bono's conversation in the Olympic Restaurant near Buffalo Niagara International Airport last April.

He taped one other person whom he would not name, but said that person refused to give Orsini any money.

Corrigan said Bono told him he paid Orsini $2,000 in cash for the Independence endorsement. He also asked Bono to sign a document detailing the conversation that was secretly taped, which Bono acknowledged he did in an attempt to reverse the endorsement that went to Republican Michael Cole.

"I felt double-crossed by Tony and was in the heat of campaign anger," Bono said. "He had promised me the endorsement over and over again. But when the time came, he told me, "I have to go with a winner.' "

But Bono disputes the way Corrigan reads all of the document he signed.

"I didn't really like the way the thing was worded," Bono said. "But then I figured, yes, I did give him $2,000. But it was never $2,000 [in one payment]. Whenever there was a fundraiser, I bought a large ticket."

Bono, who did not know he was recorded by FBI microphones until informed by The News, said Corrigan was "pushy" about him signing the document that he said vaguely summarized the conversation.

"If the FBI was pushing him that way, I understand it now," he said. "It was a real dumb mistake."

Asked why his campaign finance reports filed with the State Board of Elections show no payments to either Orsini or the Independence Party, Bono said he filed several as reimbursements from petty cash.

But none of Bono's petty cash reimbursements list payments to either Orsini's personal committee or to the party.

Orsini, meanwhile, said the only money he ever received from Bono was through checks submitted by Democratic congressional candidate Jack Davis, for whom Bono was working at the time.

"Jeff Bono never gave me a dime," he said.

Orsini filed no campaign finance reports with the Board of Elections for the second half of 2006, a violation of election law.

Corrigan said the FBI was excited about the information it expected to glean from wired conversations and tapped telephones. But before the investigation kicked into high gear, Washington officials nixed it in late 2006 because they found nothing in federal law that made the practice illegal.

"The FBI didn't want to give up, but they were ordered off," Corrigan said. "They were very disappointed. The agent was in Washington for a week arguing with the attorney general's staff. It wasn't the FBI that wanted to quit."

Flynn said the public often fails to understand the limits of federal jurisdiction in corruption cases and that most are prosecuted in state and local courts. He said federal prosecutors cannot present a case to a grand jury without solid footing.

A Republican, Flynn acknowledged that he and Orsini discussed him serving as election lawyer for the Independence Party in 2004, before he became U.S. attorney. He said the conversation was between a private attorney seeking business and a potential client, but neither Orsini nor the party ever became his client.

"I was never paid to do legal work or give legal advice," he said. "Like any private lawyer, you seek business."

He emphasized that the decision to drop the Orsini probe in 2006 stemmed not from the 2004 conversation, but from Justice Department concern over a lack of jurisdiction.

Orsini, who as Independence chairman can wield significant political power in Erie County, said he had no idea he was under FBI scrutiny. But he said the fact that the agency refused to advance the investigation proves there should be no question about his activities.

"The bottom line is there was nothing illegal," he said, blaming the entire episode on dissident Independence members who have unsuccessfully attempted to challenge him.

Corrigan, meanwhile, explained the FBI approached him and he cooperated after failing to elicit interest in Orsini from either the Erie County district attorney or the state attorney general. He said he believes others also cooperated with the FBI investigation.

Corrigan said the FBI remains interested in the Independence Party and maintains communication with him. Its interest follows an extensive probe in which agents assigned him a code name and tapped the phone in his bedroom to monitor certain calls, he said.

He was in the midst of arranging a meeting to be recorded, he said, when the FBI pulled out of the probe.

In addition, Corrigan said the FBI secretly photographed dozens of politicians attending a 2006 fundraiser for Orsini's personal committee. "Tony held a big fundraiser, and they were outside - hidden or whatever - taking pictures of everyone they

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didn't know," Corrigan said. "They brought the pictures to me to identify some of the people and to ask what their connection was."

Corrigan, 71, is a retired engineer and Mensa member who has been active in minor parties for decades. For the past year, he has waged a vicious battle with Orsini over his tactics as chairman of the party, which occupies the third line on the general election ballot and often proves crucial in determining close elections.

The Independence Party has forged a close alliance with the Erie County Democratic Party in recent years that when combined with the Democrats' enrollment advantage of 144,000 over Republicans, has helped notch a string of Democratic successes at the polls.

Orsini and Corrigan have been at odds for some time, including some court battles over disputed Independence Party votes.

Against the backdrop of that public feud, Corrigan said federal agents wanted to determine if the party endorsement could be bought and how Orsini might be involved.

Utah, N.C. Prosecutors Find No Crimes Committed With "Hounddog" (AP)

By GARY D. ROBERTSON, Associated Press Writer

AP, January 27, 2007

Prosecutors in two states said Friday they found nothing illegal about a movie shot in North Carolina and screened this week at Utah's Sundance Film Festival that depicts a child rape, and instead said "Hounddog" offered viewers a "good message" about child sexual abuse.

The movie has troubled some Christians, who have called for a federal investigation into whether the movie breaks federal anti-pornography laws. A state lawmaker in North Carolina also said he is drafting legislation that would require the state approve the script of any television or movie production seeking a state tax break.

But Utah Attorney General Mark Shurtleff, who watched the movie this week with his state's child sexual exploitation law in hand, said his concerns didn't materialize on the screen.

"None of the things on the Internet that people were saying about it were true," Shurtleff said. "Not only does it not violate the statute, I think it's a good message for people on the subject."

The opinion is shared by the district attorneys in the two North Carolina counties where "Hounddog" was filmed last summer.

Rex Gore, the Brunswick County district attorney, said prosecutors reviewed the movie in November and interviewed crew members, producers and star Dakota Fanning. The movie includes a scene depicting the rape of a 9-year-old child played the 12-year-old actress.

"I am aware that there is an outcry from some who find the content of the film disturbing and distasteful," Gore said in a statement. "However, public opinion is not the test we must apply as prosecutors; we must apply the law."

Gore said there no evidence that the scene constituted "sexual activity" under North Carolina law, so child exploitation didn't occur. Even if there was simulated sexual activity, Gore said it doesn't cross the line into obscenity so long as the film has serious artistic value or is protected speech.

The rape scene lasts a few minutes, but is not graphic. There is no nudity, the scene is very darkly lit and only Fanning's face and hand are shown.

"Hounddog" is the story of Lewellen, a free-spirit obsessed with Elvis Presley in the 1960s South who is raped by a teenager. Fanning said this week at Sundance that the rape scene isn't the focus of the movie. "It's not really happening," Fanning said. "It's a movie, and it's called acting. I'm not going through anything."

The Christian Film and Television Commission and its chairman, movieguide.org publisher Ted Baehr, had claimed "Hounddog" breaks federal child-pornography law because it "appears" to show minors engaging in sexually explicit conduct. The Catholic League for Religious and Civil Rights also asked the U.S. Justice Department to investigate.

That outcry led state Sen. Phil Berger, R-Rockingham, to begin work on legislation that would require any film seeking North Carolina's 15 percent tax credit for television and movies to receive script approval from the state. Berger said the state should ensure its citizens aren't subsidizing what many may consider inappropriate.

It's an idea flatly rejected by those in the industry.

"Government review of any kind of speech is anathema to the fundamental tenets of American democracy and must be rejected," said Jody Frisch, spokeswoman for the Writers Guild of America.

The department that oversees the North Carolina Film Office said this week it had no information on whether the producers of "Hounddog" had received or would seek the credits.

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The South Carolina Film Commission asks for a script as a part of its tax break application, along with the film's budget and production schedule. But Commissioner Jeff Monks said the office looks at the script largely to determine whether the application makes good business sense, not to check for offensive content.

For the past two decades, North Carolina has ranked as the third busiest state for filmmaking, behind California and New York. But state officials have worried recently about tax incentives offered elsewhere. And Monks suggested tinkering with its film incentives could hurt North Carolina's ability to bring projects to the state.

"There are 300 film commissions worldwide all competing for about 500 films a year," he said. "The competition has never been greater for the industry."

Associated Press Writer Debbie Hummel contributed to this report from Salt Lake City.

Mayor Says City Is Making Progress Against Violent Crime (AP)

By Mary Foster, The Associated Press

AP, January 26, 2007

NEW ORLEANS (AP) — Two weeks after thousands marched on City Hall to protest violent crime, city officials gathered there again Friday to provide an update on their latest crime fighting efforts, including increased use of remote cameras, beefed up patrols and traffic checkpoints.

The city has identified 20 crime "hot spots" were cameras will be placed, adding to 50 already operating, Mayor Ray Nagin said. There will also be cameras providing coverage along St. Charles Avenue for next month's Mardi Gras parades, Nagin said.

The cameras are not monitored, they can, however, provide evidence for investigations since the images they record are kept in a computer.

Police have begun regular patrols in three districts, superintendent Warren Riley said. And at least one officer is walking for 1 1/2 hours a day in every district, he said.

The police have put another 60 officers on the streets three days a week, Riley said, by pulling them from administrative jobs. He's going to use federal grants to pay overtime for another 40 to 50 patrol officers. Riley is also using undercover officers to converge on scenes of violent crime.

"They'll gather information and look for suspects," Riley said. "Because they don't always flee the scene immediately."

Criminal Sheriff Marlon Gusman is providing 14 deputies to patrol the Fauborg Marigny neighborhood adjacent to the French Quarter.

The city's initiatives are in addition to plans announced Thursday by the U.S. Justice Department. Attorney General Alberto Gonzales and U.S. Attorney Jim Letten announced additional federal manpower and equipment being sent to the city to help police fight violent crime that increased as the city repopulates following Hurricane Katrina in August 2005.

Police are also conducting traffic stops every night, Riley said. They have resulted in over 1,600 citations, including 24 narcotics arrests, 35 people with outstanding warrants were apprehended and one person was caught with an illegal weapon.

"We do find that when we put them in areas of violent crime, things quiet down," Riley said.

A meeting with the New Orleans criminal court judges was very positive, Nagin said.

"If we bring good cases to them that are well documented they will push for maximum sentences," Nagin said.

Mother, Daughter Receive Sentences For FEMA Fraud (MR)

Staff Report

Mobile Press-Register (AL), January 27, 2007

A Jackson woman who admitted submitting 28 phony applications for assistance following Hurricane Katrina will spend more than six years in prison, while her mother will serve probation for similar offenses, a federal judge in Mobile decided this week.

U.S. District Judge Kristi DuBose on Wednesday sentenced Lawanda Williams to six years and three months in prison and ordered her to pay back the $267,377 she received in fraudulent aid from the Federal Emergency Management Agency. The judge also ordered her to surrender four automobiles, real estate, televisions, electronics equipment and other items she purchased with the money.

At a separate hearing Friday, DuBose sentenced the woman's mother, Hannah Williams, to three months probation.

The pair are among more than a dozen people who have pleaded guilty to FEMA fraud associated with Katrina, but the younger Williams is responsible for more money than any of the others, according to authorities.

"Ms. Williams used Hurricane Katrina and the relief efforts as an opportunity to make hundreds of thousands of dollars by lying and by stealing other people's identities," U.S. Attorney Deborah Rhodes said in a prepared statement. "The Hurricane

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Katrina Fraud Task Force is actively working to bring to justice those who took advantage of the recovery efforts to enrich themselves."

U.S. Attorney General Alberto Gonzales created the national task force in September 2005, weeks after Katrina devastated the Gulf Coast. Chaired by the assistant attorney general for the criminal division, the task force includes representatives from the FBI, the Federal Trade Commission, the Department of Labor's Office of the Inspector General and other agencies.

Hannah Williams pleaded guilty in October to making a false claim against the government. She admitted that she submitted a false disaster assistance application for an address in Grove Hill where she had not lived for more than 18 months. She received $22,904.31, according to court records.

Judge sentences couple for Ecstasy dealing

A federal judge in Mobile this week sent a man and his onetime girlfriend to prison for their participation in a giant conspiracy to manufacture methamphetamine.

Senior U.S. District Judge Charles Butler Jr. on Tuesday sentenced Daniel Issac

LaPorte, 28, to 14 years in prison. He gave Leigh Ann Sciandra, 22, a 10-year sentence.

LaPorte and Sciandra were indicted in October 2005 on one count each of conspiracy to possess with intent to distribute the club drug Ecstasy as well as conspiracy to manufacture methamphetamine. They were among 20 area defendants ensnared in an international Ecstasy investigation known as Operation Candybox.

Investigators with the Drug Enforcement Administration said they questioned Sciandra and LaPorte in April 2005 and that both admitted to selling Ecstasy, a drug popular at all-night rave parties. That charge against both defendants was dropped as part of their plea bargains.

Bank robbery brings more than nine years in prison

Citing the defendant's lengthy criminal record, a federal judge in Mobile on Friday sentenced a Prichard man to more than nine years in prison for robbing a Regions Bank in Spanish Fort in 2005.

In handing down the prison term of nine years and two months, U.S. District Judge Kristi DuBose noted that Kendrick Lamar Perkins, 27, has been arrested 10 to 12 times.

"He has a very extensive criminal history," she said.

Perkins pleaded guilty in October, admitting that he went inside the bank on the morning of Nov. 30, 2005, displayed a gun and made off with $11,835.

DuBose ordered Perkins to pay that money back, but she agreed to let him serve his sentence simultaneously with any sentence he gets from a Mobile County circuit judge on a probation revocation.

Assistant Federal Defender Chris Knight asked DuBose for leniency, noting that his client had been diagnosed with a major depressive disorder, stemming from the death of his brother in 2003.

Assistant U.S. Attorney Vicki Davis said that should not be a factor in sentencing.

"The death of his brother preceded this incident by several years," she said.

(Information compiled by Staff Reporter Brendan Kirby)

'ABSURD' JUDGE OUSTS 2 (NYPOST)

By Stefanie Cohen

The New York Post, January 27, 2007

An irreverent Brooklyn federal judge had to dismiss two jurors from a capital murder case yesterday after his mocking statements about the defendant's possible death sentence wound up splashed across city newspapers.

Judge Frederic Block told lawyers earlier this week that the feds' bid to have drug lord Kenneth "Supreme" McGriff - who is charged in two murder-for-hire schemes - put to death was "absurd."

The jury and the press were not in the courtroom when the judge made the unusual comments, but a copy of the public court transcript wound up in reporters' hands - and then became fodder for the following day's news cycle.

Morning talk-radio shows then picked up the story. And Assistant U.S. Attorney Caroline Pokorny complained to Block yesterday morning, as he launched a bid to discover whether the jury has been tainted.

McGriff, a legendary Queens drug kingpin, is on trial for plotting the deaths of two rivals in 2001. The judge said that, based on the jury's demeanor and the evidence presented during the initial phase of the trial, which ended yesterday, "there's no chance in the world there would be a death-penalty verdict in this case . . . This is an absurd prosecution, based upon what I have heard."

He asked Pokorny to send a letter to U.S. Attorney General Alberto Gonzales, telling him that he didn't support proceeding with the penalty phase of the trial. Federal death-penalty cases require two trials - one in which jurors decide the defendant's guilt and, if there's a conviction, a separate trial in which they say whether he should face life in prison or death.

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It's unclear what impact the judge's suggestion will have on the case.

Yesterday, he admitted he'd made a mistake by allowing the comments to become public - but didn't seem to regret making them.

"Everything I said I stand by, but, unfortunately, I didn't get around to sealing [the transcript]," he said.

The judge then called the jury into the courtroom and asked whether any of the 12-member panel had seen or heard any news regarding the case.

One juror raised his hand and was dismissed.

Coincidentally, a second juror also had to be let go after recognizing someone in the gallery of the courtroom. The panel is supposed to be anonymous for its own protection.

Before letting them go for the day, Block reminded jurors to "really, really, really not read the newspapers. Stack them up, and you can read them afterward."

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Va. Death Penalty Expansion Approved (WP)

By Tim Craig

The Washington Post, January 27, 2007

RICHMOND, Jan. 26 -- The House of Delegates voted Friday to expand the use of the death penalty in Virginia by making accomplices and judge killers eligible for execution, virtually assuring that the measures will go to Gov. Timothy M. Kaine (D), who personally opposes capital punishment.

The legislation to increase the use of capital punishment, which comes at a time when other states are considering repealing the death penalty, would make accomplices to a murder and anyone who kills a judge or a court witness eligible for the death penalty. The Senate passed nearly identical versions of the bills earlier in the week.

Kaine, a Catholic, will now face his first decision on whether to expand capital punishment. He has said he will uphold the death penalty despite his personal opposition. Since taking office, he has signed four death warrants but twice delayed the execution of a murderer suspected of being mentally ill. A spokesman said Friday that Kaine has not taken a position on the bills.

Under the state's triggerman rule, enacted three decades ago, only the person who carries out a killing can be executed. Exceptions have been made over time -- such as for crimes of terrorism, murder for hire or drug conspiracy -- but the rule complicated the state's efforts to try Washington area sniper John Allen Muhammad.

Because there was disagreement about whether Muhammad or Lee Boyd Malvo fired the rifle during the 2002 spree that killed 10 people in the Washington area, prosecutors could try Muhammad on a capital offense only after they built a case using the terrorism exception. Muhammad was convicted and sentenced to death in 2003.

The revision of the triggerman law, approved 83 to 11, allows for the death penalty to be imposed if the accomplice has the same intent as the killer.

"I think it is an important step to make sure that people who participate in a capital crime will understand they will all share the ultimate punishment," said Del. C. Todd Gilbert (R-Shenandoah), sponsor of the bill.

All three death penalty bills were endorsed by the Virginia Crime Commission, a panel that advises the legislature on crime issues. Opponents of capital punishment argue that Virginia should not be expanding its death penalty when courts and lawmakers in some states, including Maryland, are considering moratoriums out of concern that it is unfairly applied. Maryland Gov. Martin O'Malley (D) said Thursday that he would work to repeal the death penalty.

"In Virginia, we seem to have an insatiable desire to expand the death penalty," said Del. Kenneth R. Plum (D-Fairfax), who voted against the bills. "It's too bad we have not caught on to what other states recognize and consider a moratorium."

Gilbert countered that the changes would bring Virginia in line with most other states that allow capital punishment, the majority of which permit execution of accomplices.

Virginia is second in the nation to Texas in executions, according to the Death Penalty Information Center. Since 1976, when the Supreme Court reinstated capital punishment, Virginia has put 98 convicts to death.

Besides the death penalty, delegates also tackled the issue of abortion Friday.

By a vote of 71 to 27, the House voted to make it a misdemeanor for someone to force, coerce or intimidate a woman into having an abortion. The crime is elevated to a felony if the woman is younger than 18. The bill now goes to the Senate, which historically has resisted abortion legislation.

After the abortion vote, House Republicans blocked a bill by Del. C. Charles Caputo (D-Fairfax) to prohibit teenagers from talking on a cellphone while driving.

The bill passed the Science and Technology Committee this week with the support of 11 Republicans, including Dels. Timothy D. Hugo (Fairfax) and Jackson H. Miller (Manassas).

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But on the House floor Friday, the 11 delegates joined the rest of their GOP colleagues in voting to table the bill after House Majority Leader H. Morgan Griffith (R-Salem) said it needed closer scrutiny.

Caputo said the Republican caucus decided to kill his bill because it was sponsored by a Democrat -- a charge Griffith denied.

"They are playing politics with our children," Caputo said.

CIVIL RIGHTS:

Reputed Klansman Asks Judge To Throw Out '64 Kidnap Case (AP)

By Jack Elliott Jr.

AP, January 27, 2007

JACKSON, Miss.— A reputed Ku Klux Klansman accused in the 1964 slayings of two black men has asked a federal judge to dismiss the charges, saying the statute of limitations has expired.

Assistant Federal Defender Kathy Nester filed the motion Friday in U.S. District Court on behalf of James Ford Seale, who pleaded not guilty Thursday to two counts of kidnapping and one count of conspiracy.

U.S. Attorney Dunn Lampton said yesterday he had not seen the motion and could not comment.

Seale, 71, could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee.

Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in the case in 1964. But the FBI — consumed by the search for three civil rights workers who had disappeared that summer — turned the case over to local authorities, who promptly threw out all charges.

The Justice Department reopened the case in 2000.

Seale remained jailed pending a bail hearing set for tomorrow. His court-appointed lawyers said he is suffering from cancer. His trial is scheduled for April 2, though that is expected to be delayed.

Seale's arrest Wednesday marked the latest attempt by prosecutors in the South to close the books on crimes from the civil rights era that went unpunished. In recent years, authorities in Mississippi and Alabama won convictions in the 1963 assassination of NAACP activist Medgar Evers; the 1963 Birmingham, Ala., church bombing that killed four black girls; and the 1964 Philadelphia, Miss., slayings of the three civil rights workers — the case that led to the discovery of Moore's and Dee's bodies.

In the dismissal motion, Nester said prosecutors needed to have charged Seale under the law in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued.

While the other cases dealt with murder charges, Seale's is the first case in Mississippi to involve federal kidnapping charges.

Earnest Avants, convicted in 2003 on federal charges of aiding and abetting in the killing of a black handyman in the Homochitto National Forest in Mississippi in 1966, was among the defendants in recent civil rights- era crimes who argued the statute of limitations had run out.

A federal judge, later upheld by the 5th U.S. Circuit Court of Appeals, ruled that there was not an unreasonable delay in indicting Avants, because the federal government did not become aware it had jurisdiction until 1999, when it was discovered that the slaying occurred in a national forest.

Men Shot By Md. Official Are Freed From Custody (WP)

By Ruben Castaneda And Eric Rich, Washington Post Staff Writers

The Washington Post, January 27, 2007

Two critically wounded men who were shot by the No. 2 homeland security official in Prince George's County were released from police custody yesterday as the department backed off earlier statements that the men would probably face assault charges.

Prince George's State's Attorney Glenn F. Ivey determined yesterday that Robert White, 36, and Brandon D. Clark, 22, should no longer be in custody. "The state's attorney's office did not want to rush to judgment. We believe that further inspection

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of the evidence and further interviews with all concerned parties is necessary before any charges are brought forward," said Ramon Korionoff, Ivey's spokesman.

Michael J. Winkelman, an attorney for the men's families, said the decision means that their relatives will have free access to them in the hospital.

On Thursday, county police said assault charges were pending against the men, both furniture movers, for allegedly assaulting Cpl. Keith Washington, who is also a county police officer, in his Accokeek home Wednesday. They said then that Washington apparently acted in self-defense, based on statements from Washington and a family member whom they did not identify. The movers were unarmed, police said.

Yesterday, Sharon Taylor, the police department's top spokeswoman, said the statement that assault charges were pending "was obviously based on preliminary information."

"No charges have been made yet. Nothing can be decided until a fair and thorough investigation has been done, which this department is going to do," Taylor said. "There are two sides to the story, and so far we don't have both sides."

Washington could not be reached. Steven E. Sunday, a police union lawyer who met with Washington, did not respond yesterday to a phone message seeking comment.

White, of the District, and Clark, of Oxon Hill, remained at Prince George's Hospital Center yesterday. Both were breathing with the assistance of tubes and were unable to talk, Winkelman said. Police investigators have been unable to interview White and Clark because of their condition, Taylor said.

According to Winkelman and Leelee Best, Clark's girlfriend, Clark and White were working as subcontractors, moving pieces for Marlo Furniture, when they arrived at Washington's house to exchange a bedroom set.

Winkelman said the delivery contractor for whom Clark and White worked said the two men called him from Washington's house before the shooting to report that Washington was "very upset."

Speaking outside the hospital, Clark's mother, Marilynn Clark, said she was allowed to see her son and his co-worker yesterday for the first time since the shooting.

"I got a lot of eye contact with them," Clark said, adding that she told each man that relatives who loved them were nearby. "Both of them had tears coming out of their eyes. They understood what I was saying."

She said of her son, "I reminded him that he's strong and that he'll be okay."

White's mother and two siblings also arrived in Prince George's yesterday, having driven through the night from South Carolina. Late yesterday afternoon, they were waiting to see White.

"I just want to see my son," Carrie White Williams said. "If he just looks in my face, I know he'll be doing better."

White recently moved to the District from South Carolina. According to court records, White was convicted in the early 1990s in South Carolina on charges of assault, receiving stolen property and burglary.

Winkelman said that "any alleged prior criminal history has no bearing on this incident."

Washington was appointed the county's deputy director of homeland security in 2004 by County Executive Jack B. Johnson. He is a longtime Johnson supporter who worked at one time as his driver.

Yesterday, Johnson, a former state's attorney, said of the probe into the shooting: "My position is the same position I had as a prosecutor. Every investigation must be aboveboard, beyond reproach. No stones must be left unturned."

Staff writer Rosalind S. Helderman and staff researcher Meg Smith contributed to this report.

No Rush To Judgment (WP)

The Washington Post, January 27, 2007

In Prince George's, a police officer, a shooting and two men down

APRINCE GEORGE'S County police officer with an unsettling record of anger management problems gets into a verbal dispute with two men making a routine furniture delivery to his home. The dispute escalates. The officer, who has friends in high places despite his checkered history, ends up shooting both men with his 9mm Beretta. The deliverymen are critically injured, hospitalized and unable to give their accounts to investigators. Yet the very next day, a police spokesman says that the police officer acted in self-defense and the deliverymen will probably be charged with assault.

Talk about a rush to judgment.

Yesterday Prince George's Police Chief Melvin C. High acted to restore his department's credibility. "Right now the investigation is far from concluded," the chief said, rightly. "I want to see what the full facts disclose. We're not charging anyone right now."

We don't presume to know what happened Wednesday night when Cpl. Keith Washington shot the two men making a delivery for Marlo Furniture at his home in Accokeek. We don't assume that the two men he shot, Brandon D. Clark and Robert White, were angels; Mr. White evidently has an arrest record, and Mr. Clark also has had a brush or two with the law.

But we do know that Cpl. Washington has been the subject of repeated complaints about his on- and off-duty behavior. The common thread is that he turns routine encounters into highly charged, violent incidents. In separate meetings of a homeowners association on whose board he served three years ago, Cpl. Washington assaulted a property manager, shoved the association's treasurer and berated the association's president, it was alleged. Earlier, Cpl. Washington was sued for wrongfully arresting and abusing a man who protested Cpl. Washington's allegedly rough treatment of a motorist involved in a fender bender; an initial $260,000 judgment against him was overturned on appeal.

Cpl. Washington is a friend and political ally of County Executive Jack B. Johnson. In 2004, Mr. Johnson named Cpl. Washington to the newly created job of deputy director of homeland security for the county. At the time, we were among those questioning Mr. Johnson's judgment in appointing someone of Cpl. Washington's evidently deficient interpersonal skills.

Cpl. Washington, Mr. Clark and Mr. White all deserve a thorough, evenhanded investigation. What's on the line here is not only the reputation of a county police officer and the lives of two working men but the impartiality and judgment of police and prosecutors in Prince George's County.

Philadelphia Jails To Return To Court Oversight (AP)

By The Associated Press

AP, January 27, 2007

PHILADELPHIA, Jan. 26 (AP) — A federal judge ordered city jails to go back under court monitoring, describing conditions there as overcrowded and squalid and saying that inmates lacked access to clean cells and adequate medical attention.

The judge, R. Barclay Surrick of Federal District Court, issued a scathing ruling on Thursday, saying that holding facilities were overflowing and that lockups at police stations were firetraps that violated detainees' constitutional rights.

The ruling came in a lawsuit filed last year on behalf of 11 inmates with the help of David Rudovsky, a University of Pennsylvania law professor who filed a similar suit 35 years ago. That case led to court oversight of the jails from 1971 to 2001.

Judge Surrick had toured the system, which holds roughly 8,800 inmates.

While waiting to be assigned to regular cells, detainees at one jail "were forced to sleep overlapping one another and on every inch of concrete floor," Judge Surrick wrote. "Prisoners slept with their heads next to the toilet."

Inmates would spend days "without bedding provisions, sleeping, if they could, on metal benches or directly on the concrete floor," he wrote.

The city solicitor, Romulo L. Diaz Jr., said Friday that officials were evaluating the decision. Mr. Diaz said the city remained committed to improving conditions and to developing a fire safety plan that would satisfy the court.

Mr. Diaz has said the city needs more money to hire staff members and buy equipment, and to seek other solutions like home-monitoring devices for low-level offenders.

The city spends $262 million a year on its jail system, up from $93 million in 1987 and $195 million in 2001.

Professor Says Seminary Dismissed Her Over Gender (AP)

By The Associated Press

AP, January 27, 2007

FORT WORTH, Jan. 26 (AP) — A former theology professor at a prominent Southern Baptist seminary here said officials had told her to leave because women are biblically forbidden to teach men.

The professor, Sheri Klouda, said she was hired in 2002 to a tenure-track position as an assistant professor at Southwestern Baptist Theological Seminary, where she taught Hebrew and had earned her doctorate. But in 2004, Dr. Klouda said, an administrator, whom she would not name, told her that the seminary's president, Paige Patterson, would not be recommending her for tenure because she was a woman, and that she should plan to move on.

Dr. Klouda said she continued teaching for two more years, receiving good evaluations and usually filling her classrooms. In January 2006, the same administrator told her she would no longer be able to teach but would be paid through the 2006-7 academic year. A couple of weeks later, she said, she was told she would be terminated at the end of 2006 instead. She appealed to Dr. Patterson in April, she said, to no avail.

Dr. Patterson did not respond to requests for comment, and Van McClain, president of the board of trustees, said he could not discuss the matter but e-mailed several previously written statements.

Mr. McClain said Dr. Klouda had not been dismissed, but he did say that she had not been granted tenure. He also said it had been rare for women to teach theology at Southern Baptist seminaries.

"With regard to the tightening of the policy of women teaching in the School of Theology, there has been no change in policy, but rather a return to the way it has always been," Mr. McClain said.

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“There was a momentary lax of the parameters,” he said, adding that the seminary had “now returned to its traditional, confessional and biblical position.”

Southern Baptist leaders agree that the role of pastor is reserved for men, based on a verse in I Timothy in which the Apostle Paul says, “I permit no woman to teach or to have authority over a man.” The 2000 Baptist Faith and Message prohibits women from serving as pastors.

But critics say the interpretation should not be applied to the seminary because it is not a church.

Wade Burleson, a Baptist pastor and blogger in Enid, Okla., has denounced the seminary’s treatment of Dr. Klouda. Mr. Burleson said leaders of the Southern Baptist Convention were trying to expand the church’s statement of faith.

“The extraordinary belief that women should be forbidden from teaching men the Bible, or ‘doctrine,’ is held by only a handful of Southern Baptist leaders, including at least one agency head and a few strategically placed trustees in various agencies,” Mr. Burleson wrote on his blog. “Unfortunately, the majority of Southern Baptists let them dictate policy for the entire convention.”

In June, Dr. Klouda took a position with Taylor University, a nondenominational evangelical college in Indiana. “I gave up four years toward tenure,” she said. “I had to begin all over again.”

She said she did not know if she would take any action against Southwestern.

New Voting Machine Delays Continue (AP)

By Marc Humbert, The Associated Press

AP, January 26, 2007

ALBANY, N.Y. (AP) — It is highly unlikely new voting machines will be in place for this year's fall elections in New York and fully implementing them may have to wait until 2009, state election officials said Friday.

That could leave New Yorkers using the state's aging lever-action voting machines for yet another presidential election.

The prediction, from state Board of Election officials, came after state and county officials participated in two days of meetings about the situation this week with officials of the U.S. Justice Department.

"Clearly, 2007 is going to be very difficult for us and they understand that," said Peter Kosinski, the board's co-executive director. "We are in discussions about what is doable."

Federal officials sued New York last year over its slowest-in-the-nation moves to comply with provisions of the federal Help America Vote Act, which was adopted after the disputed 2000 presidential election. HAVA was designed to get states to replace their aging voting systems with modern machinery. The plan was to have everything in place for the 2006 elections at the latest.

Under a court-approved settlement of the lawsuit, New York agreed to have new machinery in place that could be used by handicapped voters for the 2006 elections. Other voters continued to use lever-action machinery.

While the state Legislature and former Gov. George Pataki had adopted legislation last year that required new voting machines for all voters to be in place for the 2007 elections, testing of possible new machines for certification by the state has been repeatedly delayed. The deadline for certification was originally set for late last year, then moved to this March and further pushed back to May by the state board earlier this month.

"It looks like it won't happen in 2007," state board spokesman Lee Daghlian said Friday. "I suppose it could happen in 2008, but there are some who feel they don't want to have new machines out there in a presidential year, so the next obvious move would be '09."

Daghlian noted that any such delay would require a change in state law and approval by the federal courts.

"That's all up in the air at the moment," he said.

"It's pretty clear, they are definitely interested in trying to get them in place for 2008," said Kosinski when asked about how federal officials were reacting.

Nonetheless, Kosinski said, "We don't want to have to set out some artificial deadline."

Counties across the state can't purchase new machines until the state board certifies which ones meet the state's standards. It was recently revealed that the private company in charge of testing for the state, Ciber Inc., was having problems with its federal certification as an approved testing company. New York officials have suspended testing while they investigate that situation.

Given the questions that have surfaced nationally over the security of some new voting systems and problems other states have faced with new machines, even one-time critics of New York's slowness to comply with HAVA now support a further delay.

"Obviously, 2008 is not the appropriate time to introduce a new technology," said Barbara Bartoletti, a spokeswoman for New York's League of Women Voters which is advocating a delay until 2009.

Bartoletti said the additional time was needed to make sure new voting systems were adequately tested and that poll workers and voters were properly trained and educated.

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"We feel New York should go slowly and do it right," said Bartoletti.

Kosinski said that given the problems many other states have encountered, "our delay has worked to our benefit."

Nonetheless, Kosinski acknowledged the delay in complying with HAVA has led to the possibility New York might have to return at least $50 million in federal aid meant to help pay for new voting machines. The state has also received more than $200 million in additional HAVA-related aid. Kosinski said state officials are working with New York's congressional delegation to protect the funding.

"We have not given back any money as of today," he said.

The lever-action voting machine was first demonstrated in Lockport, N.Y., in 1892 and soon became the dominant system all across New York and much of the nation. It is still the primary voting system used in New York.

Official Proposes "Drafting" Poll Workers To Ease Problems (NYT)

By Bob Driehaus

The New York Times, January 27, 2007

CINCINNATI, Jan. 26 — The chronic shortage of election workers in Ohio could be solved by requiring residents to work at the polls the way they fulfill jury duty, the newly elected secretary of state says.

The official, Jennifer L. Brunner, a Democrat who won the office vacated by J. Kenneth Blackwell, a Republican, is asking lawmakers to require conscripted workers to have two days of training and then work eight-hours on Election Day.

If the Legislature approves the plan, Ohio would be the first state to force people to be election workers.

The system has been troubled by too few workers struggling with electronic machines and changes like the new requirement for voter IDs.

“Under Ohio law, we’re supposed to have equal numbers of poll workers from both parties at each polling place, but we don’t always,” Ms. Brunner said.

The workers’ average age is 72, and states and advocates around the country are grappling with a shortage of workers, according to research by VoteTrustUSA, a nonpartisan group.

“We are now facing a small crisis,” said Curtis Gans, director of the Center for the Study of the American Electorate at American University in Washington. “Most of the poll workers are older people, and they’re dying off.”

The problems here have been compounded since 2000 by accusations of mismanagement. This week, two Cuyahoga County election workers were convicted of misconduct for rigging a recount of the 2004 presidential election.

The communications director at VoteTrustUSA, Susan Greenhalgh, welcomed the effort to compel workers but stopped short of endorsing it.

“We need to see where the opt-out provisions are,” Ms. Greenhalgh said. “The last thing you want is somebody who really, really doesn’t want to be there working the polls.”

Ms. Brunner, a former judge in Franklin County, said poll workers would fall under the same rules as jurors and would be drawn from registered voters. Conscripted workers, who would receive a stipend, would supplement the 48,000 poll workers in the state. They are paid $95 a day.

Officials could replace defiant workers who refuse to work.

Ms. Brunner said she hoped to have the system in place for the 2008 election but would not rush it. She said that she had not estimated the cost, but that it was likely to be more than the current system.

Candice Hoke, a professor of election law and the director of the Cleveland State Center for Election Integrity, praised the plan for allowing people who want to work at the polls to serve without fear of losing their jobs as a result of missing work.

“The downside is it takes a good deal of training, particularly with the complexity of the systems we have today,” Ms. Hoke said.

Advocates of an election overhaul prefer maintaining a pool of workers who voluntarily return, to limit training.

“It’s almost become a specialized job,” said Dan Seligson, editor of Electionline.org, which monitors reform efforts. “In a perfect world, you would have the same group of young people come in, do it for five years and then bring in their friends to do it for five years.”

R. Doug Lewis, executive director of the Election Center in Houston, would prefer the Ohio initiative on a smaller scale along the lines of tests in small, medium and large counties.

“I think we need to keep an open mind but realize that some of these ideas may not be as convenient as they appear at first blush,” Mr. Lewis said.

Douglas County, Neb., is one of the few counties with such a conscript system. Its election commissioner, Dave Phipps, said the system had worked brilliantly for 20 years.

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Half the county's 2,000 poll workers are "draftees," required to work in four elections, resulting in fully staffed polls for the 300,000 registered voters.

A drawback is higher absenteeism, Mr. Phipps said, a hurdle overcome by recruiting slightly more workers than needed. Technology-savvy younger people have lowered the average age of poll workers to 52.

The leaders of the Democratic minority in the Ohio legislature, Senator Teresa Fedor and Representative Joyce Beatty, will consider the proposal and other changes, including mail-in ballots for elections that involve just issues.

"We need to put more attention into our elections system than we have in the past," Ms. Fedor said. "It's time to update it."

The Senate president, Bill Harris, a Republican, declined to comment before receiving a detailed proposal.

Representative Jim Hughes, a Republican who is seeking reappointment as chairman of the Election and Ethics Committee, said: "Elections are a symbol of freedom in this country. Off the cuff, it kind of seems a little bit oppressive making service mandatory."

New York Won't Replace Voting Machines By The Fall (NYT)

By Christopher Drew

The New York Times, January 27, 2007

New York officials have given up on replacing the state's aging voting machines by the fall elections, and some would like to put off buying new electronic voting systems until after the 2008 presidential election, state officials said yesterday.

New York is the last state to update its machines, and the latest delay comes amid growing questions about the work of a laboratory that was hired to help test the machines being offered by five bidders.

Based in part on the problems with the testing lab, the New York State Board of Elections has pushed back its deadline for certifying which machines would be acceptable until at least May.

Given the months it would take for counties to acquire the machines and train poll workers, "that would make it impossible to replace anything more than a few isolated machines for the 2007 elections," said Douglas A. Kellner, a board co-chairman.

Mr. Kellner said it might be possible to have the new system ready for the presidential primary in March 2008. An association of county election officials passed a resolution last week urging the state to wait until 2009, and Mr. Kellner said most board members agreed that it would be better if the state did not have to make such sweeping changes amid the high turnout of a presidential election.

But because the electronic systems are easier for the disabled to use than the old lever machines, the state was required by Congress and a federal court order to make the changes more quickly. Mr. Kellner said those orders would need to be amended to allow for further delays and to let New York hold on to at least $50 million in federal funds to help pay for the machines.

Mr. Kellner said the elections board was also considering whether to terminate its contract with the testing lab, Ciber Inc., which has also run into trouble with federal officials.

The board suspended Ciber's work earlier this month after The New York Times reported that federal officials had found deficiencies in its practices and had held up its application for temporary accreditation under a new oversight program.

State election officials then asked Ciber, based in Greenwood Village, Colo., and the federal Election Assistance Commission for the reports about the deficiencies. The company turned them over on Thursday, after state officials threatened to subpoena the documents. The federal commission posted them on its Web site yesterday, along with a letter warning Ciber that it had only four to five more weeks to fix the problems.

According to the documents, a federal auditor found last July that Ciber, the nation's largest tester of voting machine software, did not follow its own quality-control procedures or conduct all the proper tests.

The documents indicate that in many cases, the lab simply used tests suggested by the voting machine manufacturers, rather than running standardized checks of its own. The auditor also criticized the lab for "acceding too quickly" to requests by the voting machine companies to modify the tests.

Voting machine experts have long been concerned about possible conflicts of interest in the testing, and some say the problems with Ciber have raised questions about the security and reliability of some of the machines now in use.

In a written response to the audit, company officials also acknowledged "relatively loose handling" of meetings during the testing. "Since we are a small group, we often just call each other down the hall for a meeting, especially if something is critical," the response said.

Ciber's spokeswoman, Diane C. Stoner, said in a statement yesterday that the company had fixed most of the problems and expected to receive the federal certification.

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ANTITRUST:

Ringleader Sentenced In Concrete Scheme (INDYSTAR)

By Kevin Corcoran

The Indianapolis Star, January 27, 2007

Fishers businessman gets 14-month prison term for his role in organizing cartel that fixed prices

The second of two ringleaders in a conspiracy to fix ready-mix concrete prices in the Indianapolis area was sentenced Friday to 14 months in federal prison.

Chief U.S. District Judge Larry J. McKinney gave Gus "Butch" Nuckols III, 46, Fishers, a sentence seven months shorter than the one the government had recommended.

Nuckols' sentence matched that of price-fixing conspirator Scott D. Hughey, 52, president of Hughey Inc., a company doing business as Carmel Concrete Products. Hughey was sentenced Dec. 14.

Nuckols held two secret meetings to fix prices from July 2000 through May 2004 at a horse barn on his property.

Antitrust officials estimate $37.5 million to $100 million in concrete sales by Nuckols' firm, Builder's Materials & Supply Co., were affected by the conspiracy to increase prices and limit discounts to major purchasers. In June, McKinney fined Nuckols' company $4 million. The company also had pleaded guilty to an antitrust violation.

During sentencing, McKinney said he was concerned about an interview Nuckols gave WISH (Channel 8) in December. In the interview, the president and owner of the Fishers-based company said market "prices were eroding, and we probably did what any businessman would do." Nuckols also referred to fallout from the FBI and Justice Department investigation as "a hassle."

"Tell me why I shouldn't be concerned about that," McKinney said to Nuckols in U.S. District Court in Indianapolis. "I want to be sure you really understand what you did was against the law."

Nuckols was contrite during his sentencing, saying he had brought shame upon himself, his family and his company and employees through his leadership of the conspiracy, which potentially affected hundreds of millions of dollars in spending on public and private projects.

"I don't have a word in my vocabulary to tell you how sorry I am for my conduct," Nuckols said. "What I did was wrong, selfish. I'll spend the rest of my life trying to make up for what I did."

Jonathan A. Epstein, an attorney for the Justice Department's Antitrust Division, asserted Nuckols was "saying all the right things" at his sentencing but had minimized his role in the conspiracy during trial testimony in December and in the TV interview.

"This isn't 'a hassle'; it's a crime," Epstein said. "We don't think those are the words of a man who fully appreciates he broke the law."

Nuckols' attorney, C. Joseph Russell, accompanied Nuckols to the TV interview at his horse barn and said he had told Nuckols not to admit responsibility during the interview, even though he had pleaded guilty to the conspiracy.

Ultimately, McKinney accepted that Nuckols regrets his conduct. In addition to his prison sentence, Nuckols must pay a $50,000 fine and spend a year on supervised release after serving his prison term.

Call Star reporter Kevin Corcoran at (317) 444-2750.

Delta Creditors May Seek Extension From US Airways (BLOOM)

By Mary Schlangenstein And Jeff St. Onge, Bloomberg News

Bloomberg, January 27, 2007

Delta Air Lines Inc.'s creditors may ask US Airways Group Inc. to extend the Feb. 1 deadline on its hostile takeover bid as they study competing plans for the bankrupt carrier's future, people familiar with the matter said.

The nine-member committee of unsecured creditors is split between those favoring a quicker payback of their claims through a US Airways merger and those who would benefit under a Delta plan to emerge from court protection as an independent company, said the people, who didn't want to be identified because the discussions are private.

US Airways wants the panel to urge Atlanta-based Delta, which operates a hub at Salt Lake City International Airport, to open its financial records and trigger a U.S. antitrust review. If the committee doesn't act by Feb. 1, the $9.67 billion offer expires, Chief Executive Officer Doug Parker has said.

US Airways probably would extend its deadline if the creditors "said one single positive thing about the deal," said Jim Corridore, a New York-based analyst for Standard & Poor's. "All they need to do is allow the process to continue. This is not a selection of one plan over the other."

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An extension would give the creditors' panel more time to debate US Airways' merger plan and Delta's bid to leave bankruptcy as a stand-alone airline by mid-2007, the people said.

The committee has "not asked us for an extension of the deadline," said Kelly Sullivan, a spokeswoman for US Airways, based in Tempe, Ariz.

"We continue to work constructively and collaboratively with the creditors committee and others involved in our Chapter 11 proceedings," said Betsy Talton, a Delta spokeswoman. She declined to comment on the possible extension request.

Parker has offered $5 billion in cash and 89.5 million US Airways shares for Delta, whose creditors would own 49 percent of what would become the world's largest airline. Delta's plan to remain independent values the airline at as much as $12 billion. Delta is the third-biggest U.S. carrier by traffic; US Airways is seventh.

US Airways and Delta are both courting the creditors committee, which will help set terms for any bankruptcy exit. The panel is led by Boeing Co. and includes Coca-Cola Co.; United Technologies Corp.'s Pratt & Whitney, which makes aircraft engines; and Delta's pilots union.

The committee and its members face a Jan. 31 deadline to file objections to Delta's disclosure statement, which explains the airline's reorganization plan. A hearing on the document is set for Feb. 7.

"There are several large creditors that have conflicts of interest in terms of their willingness or desire to work with Delta in the future," S&P's Corridore said in an interview. "Their best interests may not line up with the best interests of the creditors not on the committee."

A reorganization plan generally doesn't go to all of the airline's creditors for approval until it has the backing of the creditors committee. A judge can confirm a plan over creditor objections as long as it is fair and reasonable.

A separate committee representing 20 institutions that own $2.25 billion of Delta's debt urged the panel on Jan. 24 to begin talks with US Airways.

The bondholders "are interested in maximizing the immediate return on their investment," said Eric Schaffer, a Pittsburgh-based bankruptcy attorney with Reed Smith LLP. Members of the creditors panel "are looking at it from what is arguably a longer-term perspective."

Delta estimates that unsecured claims against it would total $14.2 billion. The airline's September 2005 bankruptcy filing listed debt of $28.3 billion and assets of $21.8 billion.

Hynix Loses Bid For New Trial (BLOOM)

By Bloomberg News

Bloomberg, January 27, 2007

Hynix Semiconductor Inc. lost a bid to revisit a $133.4 million damage award to Rambus Inc. in a patent lawsuit over computer memory-chip technology, as a federal judge said he may decide next month whether to allow the case to move into its final phase.

Rambus shares surged as much as 11 percent. U.S. District Judge Ronald Whyte in San Jose, Calif., said a new trial on damages can't happen until the final phase of the lawsuit, which will address antitrust, unfair competition and fraud claims.

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The judge Friday set a hearing for Feb. 16 to decide whether he should delay that phase until the U.S. Federal Trade Commission issues its penalty in an antitrust suit against Rambus, a designer of computer memory chip interfaces.

A federal jury in April awarded Rambus $307 million in its dispute with Ichon, South Korea-based Hynix, the world's second- largest memory chipmaker.

Jurors agreed with Rambus' claim that Hynix infringed patents covering fundamental aspects of dynamic random access memory, or DRAM, the main type of memory used in computers. Whyte later reduced the award to $133.4 million.

Rivals Voice Complaints About Microsoft's New System (AP)

AP, January 27, 2007

BRUSSELS, Jan. 26 (AP) — Rivals of Microsoft renewed their call Friday for European regulators to act against what they say are "illegal practices," charging that the new Vista operating system is the company's effort to extend its monopoly to the Internet.

They asked the European Commission to make a decision "as fast as possible" on a complaint they filed last February. It had accused Microsoft of working to keep its existing monopolies and trying to extend its market dominance into other areas, including Web-based computing.

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Microsoft had no immediate comment beyond saying that the rivals — represented by the European Committee for Interoperable Systems — were not saying anything new. The company has described the group as a front for I.B.M. and other competitors that have tried to use regulatory complaints to their business advantage.

The group said Microsoft's XAML markup language — which it said was positioned to replace the current Web page language HTML — was designed "from the ground up to be dependent on Windows."

"The very same practices the European Commission found to be illegal almost three years ago have now been implemented in Vista," the group of rivals said.

A spokesman for the group, Thomas Vinje, said Microsoft was seeking to impose its own Windows-dependent standards and displace existing ones.

"The end result will be the continued absence of any real consumer choice, years of waiting for Microsoft to improve — or even debug — its monopoly products, and, of course, high prices," Mr. Vinje said.

The rival group represents I.B.M., Nokia, Sun Microsystems, RealNetworks and Oracle along with smaller software companies like the Web browser maker Opera Software and two Linux operating system businesses: Red Hat and Linspire.

The complaint that the group filed in February 2006 accused Microsoff of monopoly abuse in sectors not covered by Europe's 2004 antitrust ruling. That decision found Microsoft had abused its position by bundling media software into its Windows software and squeezing out rival media players.

As a remedy, the European Union ordered Microsoft to share communications code with rivals to make their software work smoothly with Windows. It fined the company last July for dragging its feet over supplying the "complete and accurate" data required.

Microsoft challenged the regulators' conclusions and is awaiting a ruling from the Court of First Instance.

Jury: Broadcom Didn't Violate Patents (AP)

By Elliot Spagat, AP Business Writer

AP, January 27, 2007

A federal jury ruled Friday that Broadcom Corp. did not infringe on two of rival semiconductor maker Qualcomm Inc.'s patents for video compression technology, Broadcom said.

The nine-day trial, the latest turn in a long-running legal battle between the two companies included testimony from both chairmen, Broadcom's Henry Samueli and Qualcomm's Irwin Jacobs.

Lou Lipin, Qualcomm's general counsel, told the San Diego Union-Tribune the company was disappointed with the verdict and had not decided whether to appeal. Qualcomm representatives did not immediately return phone messages from The Associated Press.

The verdict comes amid a fierce attack against Qualcomm's business model by Broadcom, Nokia Corp. and other wireless equipment makers who say Qualcomm charges excessive royalties for rights to its patented inventions.

Qualcomm accused Broadcom of violating two patents for the compressing of video signals - technology that is used in DVD players, digital televisions and iPod music players.

"We are obviously very pleased and very grateful for this jury's diligence in working to arrive at the truth, even when presented with some very complex and intricate engineering testimony," said David Dull, Broadcom's general counsel.

Qualcomm has filed numerous lawsuits that accuse Broadcom of infringing on a combined 10 patents and misappropriating trade secrets. Broadcom has filed lawsuits that accuse Qualcomm of violating a total of 18 patents, and is one of six companies that has asked the European Commission to investigate Qualcomm's business practices.

A federal judge in New Jersey recently dismissed Broadcom's antitrust lawsuit against Qualcomm, a ruling Broadcom is appealing.

Qualcomm, based in San Diego, is best known as a pioneer of a wireless standard known as code-division multiple access, or CDMA, which runs about 20 percent of the world's cell phones. Broadcom, based in Irvine, is a relative newcomer to the cell phone business.

BofA And Countrywide In Alliance Talks (FT)

By Ben White And James Politi In New York

Financial Times, January 27, 2007

Bank of America and Countrywide Financial have held discussions about an alliance that would create the biggest mortgage lending group in the US, people close to the matter said.

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The talks are said to be at an early stage and may not lead to a deal. But if they proceed, the negotiations could lead to a joint venture between the two companies, under which BofA would use its big branch network to help sell home mortgages originated by Countrywide. Countrywide would have the support of BofA's far bigger balance sheet to fund its lending.

The talks could also lead to an acquisition of Countrywide by BofA, which is eager to expand its mortgage lending business to match its breadth in credit cards. Such an acquisition would probably cost BofA, the second-biggest US bank, about $30bn, analysts said.

The talks indicate that BofA continues to focus on expansion in the US in spite of recent reports that it might be interested in buying UK bank Barclays. Ken Lewis, chief executive, has said a major foreign acquisition would be difficult for BofA to execute.

BofA said it did not comment on market rumour. Countrywide did not respond to a request for comment.

Countrywide shares soared 11 per cent after FT.com disclosed a possible alliance. They closed up 4.2 per cent at $42.00. BofA shares fell slightly to $52.04.

Banking analysts said a deal could make sense for both sides. BofA would dramatically expand its ability to serve consumers, while Countrywide would get the financial muscle to withstand the current slowdown in the mortgage business.

"This would cement Bank of America's lead as the dominant retail bank in the US," said Gerard Cassidy, banking analyst at RBC Capital Markets. He added that even if BofA were to buy Countrywide outright it could avoid violating the US law forbidding banks from having more than 10 per cent of consumer deposits following an acquisition.

Countrywide has a consumer bank and about $56bn in deposits, according to Mr Cassidy. BofA has about 9 per cent of US consumer deposits and could acquire $35bn-$40bn more without violating the cap.

BofA could divest some or all of Countrywide's consumer deposits to comply with the cap while keeping the mortgage origination business.

Countrywide is expected to report fourth-quarter results next week. In the first nine months of 2006 revenues rose 17 per cent to $8.7bn, while net earnings were 9 per cent higher at $2.1bn.

According to Mortgage Daily, Countrywide was the top provider of US home loans in the fourth quarter of 2006, ahead of Wells Fargo, JPMorgan Chase and Washington Mutual.

Nasdaq Holds Firm On A Bid For London Stock Exchange (NYT)

By Heather Timmons

The New York Times, January 27, 2007

LONDON, Jan. 26 — Nasdaq said on Friday that it did not plan to raise its offer for the London Stock Exchange, just before a deadline to do so, damping investors' expectations. Investors have until Feb. 10 to tender their shares for a deal, but any changes in the bid would have to happen this weekend unless a rival bidder emerges.

That is generally seen as unlikely, though any such deal would not happen quickly, because the N.Y.S.E. is just starting to absorb pan-European exchange Euronext.

The exchange's shares have fallen over the last week as investors who were hoping for a higher price than Nasdaq's initial $5.3 billion bid head for the door.

If the deal does not go through, Nasdaq has to walk away for a year, possibly leaving the door open to other bidders. Shares of the London Stock Exchange rose 12 pence on Friday, to £12.95, above Nasdaq's 1,243 pence-a-share offer.

What could happen until Feb. 10 is still unclear. About 25 percent of the exchange's investors are short-term holders like hedge funds.

Many bought into the stock at a price higher than Nasdaq's bid, and some invested in the stock through time-sensitive options, which expire early this year.

Nasdaq already owns 28.8 percent of the London exchange and needs an additional 21 percent to take control. Nasdaq has hinted that it could reduce its position, but many other investors think that is a bluff designed to persuade them to tender their shares of stock for the hostile offer.

If enough investors sell and force the price below Nasdaq's offer price, then the remaining investors could race to Nasdaq to tender their shares, giving it the majority that it needs.

London exchange executives contend that the bid is not even equal to the standalone value of their company and have repeatedly refused to meet with their Nasdaq counterparts. The situation between the two exchanges degenerated in recent days to an exchange of hostile, taunting news releases.

The chief executive of Nasdaq, Robert Greifeld, and the chief of the London Stock Exchange, Clara Furse, have never talked about the deal face to face, and securing an agreed deal at any point in the future is probably unlikely, analysts say, because of the bad blood this bid has raised between them.

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Nasdaq Declines To Raise Its Bid For LSE (WSJ)

By Alistair Macdonald And Henry Teitelbaum

The Wall Street Journal, January 27, 2007

Deal Dims as U.K. Market's Stock Climbs

The Nasdaq Stock Market said it won't raise its offer of £12.43 ($24.42) a share for London Stock Exchange PLC, but the LSE's share price rose, making Nasdaq's chances of buying the exchange it has pursued for almost a year look less likely.

Nasdaq could have raised its offer until a deadline at midnight Saturday if the LSE's board had agreed to a new bid. Under United Kingdom takeover rules, Nasdaq will no longer be able to increase its offer for the LSE unless a rival bidder appears, which most analysts see as being unlikely.

If Nasdaq aimed to spook the LSE's investors into selling -- something the London exchange has accused it of trying to do in the past -- the ploy has failed for the moment. The LSE's shares closed 4.2% higher than Nasdaq's offer at £12.95 Friday, on heavy volume.

Nasdaq also announced Friday that it was extending the closing date for LSE investors to tender their shares to Feb. 10. Nasdaq said that 0.62% of LSE investors have tendered their shares since Nasdaq extended its last deadline, leaving Nasdaq with 29.37% of the LSE's stock.

Defenders of the LSE say the shareholder register is going through a shift in which short-term hedge funds that might have taken Nasdaq's offer are trading places with investors who have a longer-term interest in the LSE. U.S. businessman Samuel Heyman continues to build his stake and is the LSE's second-largest investor, with a 10.44% stake through derivatives. A person familiar with Mr. Heyman's thinking said he "has a lot of faith in the credibility and judgment of LSE's management" to act in the interests of shareholders.

Even if this bid lapses under U.K. takeover rules, Nasdaq can come back in a year and have another shot at buying the LSE. Its near-29% stake in Europe's largest stock exchange could put off a rival bid, something the London exchange's management says is a possibility.

In a statement, Nasdaq said that, in its view, "there is now insufficient time to effect any revision of the final offers via constructive dialogue with LSE and an LSE Board recommendation by the deadline." The LSE declined to comment.

--Margot Patrick contributed to this article.

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ENVIRONMENT:

Bush's Climate Remarks Weighed For Policy Shift (WP)

By Peter Baker, Steven Mufson

The Washington Post, January 27, 2007

It was just a couple of dozen words out of more than 5,000, uttered so fast that many in the audience missed them at first. But President Bush's commitment to fight global warming in his State of the Union address this week has echoed around the world and provoked debate about whether he is shifting his view of climate change.

The words themselves were not radically different from what he has said in the past in other settings. As he addressed Congress and a national television audience, Bush forecast energy breakthroughs that will reduce U.S. dependence on oil. "These technologies," he said, "will help us become better stewards of the environment, and they will help us to confront the serious challenge of global climate change."

But it was the first time in Bush's six years in office that he mentioned the issue in a State of the Union. And he did it while presenting a high-profile plan to cut gasoline consumption -- and with it, greenhouse gases. "Every word is crafted in that speech and every word has meaning behind it," said Christine Todd Whitman, Bush's former Environmental Protection Agency administrator. "So the fact that he mentioned climate change in that context, that was a step forward, that was a change."

Leaders in Europe and Asia took notice as well, hailing what they saw as a turning point while renewing pressure on Bush to accompany words with more meaningful action. Environmentalists were skeptical but said Bush may be starting to respond to the growing political momentum for grappling with climate change.

"They may see some handwriting on the wall," said David Doniger, climate center policy director for the Natural Resources Defense Council. "They don't want to look like deniers right now. They've got enough problems." But he said Bush's proposal could be "a Trojan horse" that looks more important than it really is and, in its details, actually could undermine its own environmental benefits.

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Bush's plan calls for reducing projected gasoline consumption in the United States by 20 percent over the next 10 years by mandating a dramatic expansion in the use of alternative fuels such as ethanol and raising fuel efficiency standards for automobiles. According to the White House, that would cut annual emissions from cars and light trucks by 10 percent, or 175 million metric tons, equal to taking 26 million cars off the road.

Environmentalists noted that the 20-percent reduction target applies to how much gas is forecast to be used in 2017, not how much is used today. Because of an expected increase in consumption over the next decade, such a cut then actually might only slow the growth of gas use. Moreover, alternative fuels would include liquid made from coal, which emits its own toxic gases. And Bush's plan does not address the source of two-thirds of greenhouse gases, such as power plants and manufacturers.

The Bush plan fell far short of the mandatory reductions in greenhouse gas emissions envisioned by the 1997 Kyoto accord, which Bush renounced in 2001. Days before the State of the Union, there was speculation he might embrace emission caps after James L. Connaughton, head of the White House's Council on Environmental Quality, agreed with such an idea "in concept." But White House spokesman Tony Snow slapped down the idea, and the speech made no mention of it.

"To be perfectly frank, I thought it was an appalling disappointment for everyone, whether you're on the right or the left," said Samuel Thernstrom, a former Bush environmental aide now at the American Enterprise Institute. "We had all been led to expect . . . that we would hear a very substantial initiative from the president." Instead, he said, Bush's plan is "essentially trivial, it's marginal."

Global warming has long been a political sore spot for Bush. During the 2000 campaign, he seemed to doubt that it was a major problem or that human activity contributed to it. "There's differing opinions," he said. "And before we react, I think it's best to have . . . full understanding of what's taking place."

After taking office, he withdrew the United States from Kyoto and, amid energy shortages in California, broke a campaign promise to impose mandatory reductions in power plant carbon dioxide emissions. The Kyoto move did not represent a major policy shift because the Senate had already made clear it would not ratify the pact because of possible economic consequences. But the administration had not prepared allies, and the move became an enduring symbol of Bush defying the world.

In 2002, Bush unveiled a plan to reduce the intensity of greenhouse gases 18 percent by 2012, but environmentalists dismissed his ideas as inadequate. In 2005, however, Europeans sensed a shift when Bush was asked about the issue in Denmark. "Listen," he said, "I recognize that the surface of the Earth is warmer and that an increase in greenhouse gases caused by humans is contributing to the problem."

Climate change began inching up the Bush priority list because of energy security. With oil prices spiking, disruptions to domestic production by Hurricane Katrina in August 2005 convinced Bush that more needed to be done to diversify U.S. supplies, aides said. He declared in last year's State of the Union that "America is addicted to oil." And he chose as Treasury secretary Goldman Sachs Chairman Henry M. Paulson Jr., an advocate for aggressive action on global warming.

Meanwhile, states led by California launched their own efforts to rein in greenhouse gases. Corporate executives began agitating for a consistent national policy.

As the White House began developing a new energy policy in the fall, Paulson pushed for bold action. Instead of a laundry list of small-bore initiatives, officials recalled Paulson saying, they should set an ambitious goal, then determine how to get there, leading to the idea of a major cut in gasoline consumption. By November, prodded by Paulson and Energy Secretary Samuel W. Bodman, officials decided to make curbing greenhouse gases another goal of the policy.

"Since Secretary Bodman was committed to doing something about the climate change issue, he saw [fuel efficiency] as a win-win. It reduces our dependence on foreign oil, the vulnerability of the economy to oil price shocks and helps cut our greenhouse gas emissions," said David W. Conover, former head of the department's climate change technology program.

Outside the administration, another person who may have helped shape the president's thinking was FedEx Chairman Frederick W. Smith, a Bush fundraiser and friend whose business is sensitive to energy costs. During a campaign swing through Memphis last year, Bush attended a private dinner that included Smith. The conversation dwelled on national security but also touched on energy, Smith said later. Smith chaired the Energy Security Leadership Council with former Marine commandant P.X. Kelley and through the fall made the case that a disruption in global supplies could be devastating.

"The dependence of the United States on foreign imported petroleum, after nuclear proliferation, is the country's largest economic and national security issue," Smith said in an interview. "And if the country doesn't do something to reduce the amount of imported petroleum, we're going to have a very unpleasant economic correction or national security challenge."

Smith, Kelley and Goldman Sachs vice chairman Robert Hormats met Dec. 13 with White House economists Al Hubbard and Ed Lazear to present ideas, many resembling those built into the State of the Union. "They were very receptive," Hormats said. "You can tell the difference between a meeting where they're going through the motions and where they're genuinely searching for new ideas. They weren't in defensive mode. They recognized that more needed to be done."

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The issue gained momentum on Capitol Hill, too, with Sens. John McCain (R-Ariz.) and Joseph I. Lieberman (I-Conn.) toughening a climate change bill and Sens. Barack Obama (D-Ill.) and Richard G. Lugar (R-Ind.) developing a plan closer to the president's. Amid an unusually warm winter in Washington, newly elected House Speaker Nancy Pelosi (D-Calif.) created a committee to examine the topic. And the same day Bush outlined his plan, former vice president Al Gore won two Oscar nominations for his global warming documentary.

Bush still opposes Kyoto and argues that greater technology will solve the problem. The White House said he has devoted $29 billion to climate science, aid and incentives, and this week he ordered government agencies to buy more hybrid-fuel cars and otherwise curb the intensity of greenhouse gas emissions by 30 percent by 2015. "We can get beyond . . . the pre-Kyoto era with a post-Kyoto strategy, the center of which is new technologies," he said on a visit to a DuPont facility in Delaware the day after the State of the Union.

Former EPA chief Whitman said that for the first time Bush may be willing to sign carbon emission caps into law. "He's kind of setting up for a carbon-constrained economy," she said. "I don't know whether there will ever be an administration bill, but it may be that he's setting himself up not to veto [someone else's] bill."

Inside Bush's Energy Proposals (WSJ)

By Nick Timiraos

The Wall Street Journal, January 27, 2007

Alternative energy: Fuel suppliers would have to include 35 billion gallons of alternative fuels such as ethanol in the nation's vehicle fuel supply by 2017, up from five billion gallons produced last year. Production of corn-based ethanol could reach about 15 billion gallons. The rest could come from cellulosic ethanol, which uses fibers from switch grass and other natural products, or liquefied coal.

Some economists caution that ethanol demand could pressure the corn supply, driving up corn prices because of food-fuel competition. Ethanol demand has already increased chicken prices by six cents a pound, according to the National Chicken Council. The price of corn, 75% of the cost of ethanol production, has doubled to nearly $4 a bushel over the past six months. Almost half of the country's corn harvest could go toward the fuel with the addition of 79 planned ethanol plants in 2008, according to the Earth Policy Institute.

Ethanol costs between $1.45 and $1.65 a gallon to produce and is less efficient than gasoline. A car running on E85 fuel -- reformulated gasoline that is about 85% ethanol -- gets a third less gas mileage than one running on gasoline. The federal government supports ethanol with tax subsidies worth about 51 cents a gallon. Only about 2.5% of cars are considered "flex-fuel," or capable of running on gasoline or ethanol, and even fewer do because less than 1% of the nation's gas stations offer E85.

Environmentalists are cool to corn-based ethanol because it requires so much water, energy and land and produces only slightly more energy than it consumes. A study by the Argonne National Laboratory last year found that a car that runs on E85 produces 20% less greenhouse-gas emissions, which are thought to cause global warming, than one using gasoline. Cellulosic ethanol, on the other hand, offers 80% net energy and could reduce emissions 80%. But the technology to produce cellulosic ethanol economically hasn't been developed. Liquefied coal would increase greenhouse-gas emissions.

Fuel efficiency: The president's plan proposes reducing consumption by 8.5 billion gallons over the next 10 years with stricter gas-mileage standards. Reaching that would require a 4% annual increase in fuel efficiency beginning in 2010 for cars, which would be equivalent to a fuel economy standard of 34 miles a gallon, according to the Union of Concerned Scientists. Currently, auto makers' fleets must meet an average standard of 27.5 mpg for cars and 21.6 mpg for light trucks. The light-truck standard is already set to increase to 24 mpg by 2011. The president's plan would do away with fleet-wide averages and instead assign fuel-economy targets to car models based on their size.

The two proposals present an apparent contradiction. Because ethanol gets less gas mileage than gasoline, mandates for greater use of alternative fuels could undermine efforts to achieve increased fuel economy.

Strategic reserves: The U.S. would more than double its strategic oil reserves to 1.5 billion barrels over the next 20 years to protect against oil-supply disruptions caused by such things as a terrorist attack or natural disaster. At full capacity, the reserves would represent 97 days of net oil imports, up from 690 million barrels today, or 55 days. The Energy Department estimates the expansion would cost $65 billion, with $55 billion for purchasing oil and $10 billion to build new storage facilities, which would join the hollowed-out salt domes along the Gulf Coast.

Very, Very Big Corn (WSJ)

The Wall Street Journal, January 27, 2007

DOJ_NMG_0123884

President Bush made a big push for alternative fuels in his State of the Union speech Tuesday night, calling on Americans to reduce gasoline consumption by 20% over 10 years. And as soon as the sun rose on Wednesday, he set out to tour a DuPont facility in Delaware to tout the virtues of "cellulosic ethanol" and propose $2 billion in loans to promote the stuff. For a man who famously hasn't taken a drink for 20 years, that's a considerable intake of alcohol.

A bit of sobriety would go a long way in discussing this moonshine of the energy world, however. Cellulosic ethanol -- which is derived from plants like switchgrass -- will require a big technological breakthrough to have any impact on the fuel supply. That leaves corn- and sugar-based ethanol, which have been around long enough to understand their significant limitations. What we have here is a classic political stampede rooted more in hope and self-interest than science or logic. * * *

Ostensibly, the great virtue of ethanol is that it represents a "sustainable," environmentally friendly source of energy -- a source that is literally homegrown rather than imported from such unstable places as Nigeria or Iran.

That's one reason why, as Jerry Taylor and Peter Van Doren note in the Milken Institute Review, federal and state subsidies for ethanol ran to about $6 billion last year, equivalent to roughly half its wholesale market price. Ethanol gets a 51-cent a gallon domestic subsidy, and there's another 54-cent a gallon tariff applied at the border against imported ethanol. Without those subsidies, hardly anyone would make the stuff, much less buy it -- despite recent high oil prices.

That's also why the percentage of the U.S. corn crop devoted to ethanol has risen to 20% from 3% in just five years, or about 8.6 million acres of farmland. Reaching the President's target of 35 billion gallons of renewable and alternative fuels by 2017 would, at present corn yields, require the entire U.S. corn harvest.

No wonder, then, that the price of corn rose nearly 80% in 2006 alone. (See the chart nearby.) Corn growers and their Congressmen love this, and naturally they are planting as much as they can. Look for a cornfield in your neighborhood soon. Yet for those of us who like our corn flakes in the morning, the higher price isn't such good news. It's even worse for cattle, poultry and hog farmers trying to adjust to suddenly exorbitant prices for feed corn -- to pick just one industry example. The price of corn is making America's meat-packing industries, which are major exporters, less competitive.

In Mexico, the price of corn tortillas -- the dietary staple of the country's poorest -- has risen by about 30% in recent months, leading to widespread protests and price controls. In China, the government has put a halt to ethanol-plant construction for the threat it poses to the country's food security. Thus is a Beltway fad translated into Third World woes.

As for the environmental impact, well, where do we begin? As an oxygenate, ethanol increases the level of nitrous oxides in the atmosphere and thus causes smog. The scientific literature is also divided about whether the energy inputs required to produce ethanol actually exceed its energy output. It takes fertilizer to grow the corn, and fuel to ship and process it, and so forth. Even the most optimistic estimate says ethanol's net energy output is a marginal improvement of only 1.3 to one. For purposes of comparison, energy outputs from gasoline exceed inputs by an estimated 10 to one.

And because corn-based ethanol is less efficient than ordinary gasoline, using it to fuel cars means you need more gas to drive the same number of miles. This is not exactly a route to "independence" from Mideast, Venezuelan or any other tainted source of oil. Ethanol also cannot be shipped using existing pipelines (being alcohol, it eats the seals), so it must be trucked or sent by barge or train to its thousand-and-one destinations, at least until separate pipelines are built.

Even some environmentalists cry foul. Steve Sanderson, president of the Wildlife Conservation Society, tells us that intensive, subsidized sugar farming in Brazil -- where the use of ethanol is most widespread -- has displaced small tenant farmers, many of whom have taken to cutting down and farming land in the Amazon rain forest.

In the U.S., there is now talk of taking the roughly 40 million acres currently tied up in the Agriculture Department's conservation reserve and security programs and putting them into production for ethanol-related plants. "The land at risk under this ethanol program is land that's shown by the USDA to have had great results for the restoration of wildlife," Mr. Sanderson says, pointing especially to the grasslands of eastern Montana and the Dakotas. Hello ethanol, goodbye bison.

But what about global warming, where ethanol, as a non-fossil fuel, is supposed to make a positive contribution? Actually, it barely makes a dent. Australian researcher Robert Niven finds that the use of ethanol in gasoline -- the standard way in which ethanol is currently used -- reduces greenhouse gas emissions by no more than 5%. As Messrs. Taylor and Van Doren observe, "employing ethanol to reduce greenhouse gases is fantastically inefficient," costing as much as 16 times the optimal abatement cost for removing a ton of carbon from the atmosphere. * * *

It's true that scientific advances will probably improve and perhaps even transform the utility of ethanol. Genetic modification will likely improve corn yields. And the President insists we are on the verge of breakthroughs in cellulosic technology, though experts tell us the technical hurdles are still huge. We'd be as happy as anyone if DuPont researchers finally discover the enzyme that can efficiently break down plants into starch, but betting billions of tax dollars and millions of acres of farmland on this hope strikes us as bad policy. If cellulose is going to be an energy miracle -- an agricultural cold fusion -- far better to let the market figure that out.

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Not that any of these facts are likely to make much difference in the current Washington debate. The corn and sugar lobbies have their roots deep in both parties, and now they have the mantra of "energy independence" to invoke, however illusory it is. If anything, Congress may add to Mr. Bush's ethanol mandate requests.

So here comes Big Corn. Make that Very, Very Big Corn. Sooner or later, our experience with this huge public gamble may make us yearn for the efficiency, capacity, lower cost and -- yes -- superior environmental record of "Big Oil."

Mr. Bush's Oil Security Blanket (NYT)

The New York Times, January 27, 2007

One of the stranger and so far unexplained items in President Bush's energy program is his proposal to double the capacity of the Strategic Petroleum Reserve, to 1.5 billion barrels, over the next 20 years. The proposal carries a $65 billion price tag — one of several reasons Congress should question Energy Secretary Samuel Bodman closely when he comes looking for the money.

The reserve's purpose is to provide an emergency supply of oil in the event of, say, a terrorist attack somewhere along the global oil supply chain or a natural disaster that sharply limits imports for a short time. The United States is highly vulnerable to such interruptions. It has only 3 percent of global oil reserves but accounts for 25 percent of consumption — more than 20 million barrels a day, about 60 percent of it imported. The reserve now holds 55 days worth of net oil imports. After the increase, there would be an estimated 97 days of protection.

A larger reserve would seem to make sense in the post-9/11 world, and last year's energy bill did in fact authorize an expansion to one billion barrels. But is there nothing better to do with the money? Might it not be more usefully deployed developing alternative fuels or more efficient vehicles, thus reducing the nation's dependence on oil and its vulnerability to future shocks?

The $2.7 billion the administration proposes to spend on this project each year for the next 20 years is three times the amount that Congress authorized last year for the Energy Department's entire research and development program for alternative energy sources. It may be necessary to increase backup supplies. But the administration would be a lot more persuasive if it displayed a deeper commitment to programs that would provide lasting security by reducing Americans' consumption of oil, rather than just squirreling it away.

Bush Proposes Budget Increase For Ocean Programs (AP)

AP, January 26, 2007

WASHINGTON (AP) — President Bush on Friday proposed an 8% increase in the $1.75 billion federal budget for coastal and marine conservation programs.

The president hopes "to clean up our oceans and coastlines," said Commerce Secretary Carlos M. Gutierrez, whose agency includes the National Oceanic and Atmospheric Administration, which would get most of the additional $143 million budget request.

NOAA would receive $123 million, allowing it to do more research and improve ocean protections, said Arden Bement, director of the National Science Foundation.

Another $20 million would go to the National Science Foundation and the U.S. Geological Survey, helping increase research, sea floor mapping, forecast models, and water quality monitoring in the Gulf of Mexico, Chesapeake Bay and other coastal areas.

Interior Secretary Dirk Kempthorne said the budget request reflects the awareness that oceans no longer can be considered inexhaustible or indestructible.

"Only in recent decades have we come to realize we must take care of them as we would take care of any precious natural resource," he said.

This month, Bush signed into law a measure that overhauls management of marine fisheries and strengthens protections against further depletion of dwindling stocks. It reauthorizes through 2013 the Magnuson-Stevens Fishery Conservation and Management Act, a 30-year-old law that guides fishery management in waters between three miles and 200 miles offshore. It also aims to end overfishing in America by 2011.

Last year, Bush created a vast new marine sanctuary, extending stronger federal protections to the Northwestern Hawaiian Islands and surrounding waters in the Pacific Ocean that are home to endangered monk seals, nesting green sea turtles and other rare species.

He also sought to have the United Nations impose a full-fledged ban against unregulated and destructive bottom trawling on the high seas, but he was opposed by fishing nations that sponsor the boats that drag the giant nets along the sea floor.

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FBI/DEA/ATF/USMS:

Colombian Artists Rescue Coca Heritage (AP)

By Joshua Goodman, Associated Press

AP, January 27, 2007

BOGOTA, Colombia - You're unlikely to see Milena Bonilla's artwork on display in a New York gallery. Just mounting one of her installations inside the United States could land the 30-year-old artist in jail.

That's because, instead of oil on canvas, Bonilla's preferred medium is coca leaf, the base ingredient for cocaine. Classified as a dangerous substance, importing the plant is a felony without U.S. Justice Department permission.

The stalky shrub, which Bonilla planted in 12 two-liter plastic Coca-Cola bottles sheared off at the spout, is getting a makeover by a cadre of artists who want to wrest coca's millennial heritage and aesthetic appeal from the teeth of the war on drugs.

But the main target of so-called coca art may be Colombia President Alvaro Uribe, who has become the plant's chief eradicator as caretaker of the United States' $4 billion war on drugs.

Amid an upsurge in anti-American sentiment, several leftist leaders in the Andes have embraced the virtues of the much-maligned leaf even as the conservative Uribe - Washington's staunchest regional ally - has committed himself to its annihilation.

When Secretary of State Condoleezza Rice first met with President Evo Morales of Bolivia in Chile, the former coca grower presented her with a charango - a Bolivian ukulele - decorated with lacquered coca leaves. To avoid a run-in with U.S. customs authorities, the diplomat left the present behind. President Alan Garcia of Peru, who is a relative moderate in the region, suggested to foreign journalists that the calcium-rich leaf tastes great in a salad.

Bonilla's installation, "Legal Consumption," was one of a handful invited last year to partake in the 40th National Salon of Artists, a showcase of Colombia's most innovative artists. She calls it a meditation on the hypocrisies of a marketplace that commercially exploits a plant most countries ban in its natural form.

"The worst part is that in its artificial form, used in a sugary soft-drink, coca carries a lot of health risks and none of the medicinal benefits traditionally associated with the plant," complained Bonilla.

Coca's scientific name, erythoxylon novograntense, refers to the Spanish viceroyalty of Nueva Granada, which spanned Colombia, Ecuador and Venezuela. Across the Andes, the plant has been chewed as a hunger suppressant and stimulant for millennia, and the legal cultivation of small quantities is still permitted in Colombia for medicinal and ceremonial purposes.

But under Uribe, the plant's namesake habitat has been under constant assault by U.S.-supplied crop duster planes that chemically eradicated a record 445,000 acres of the plant last year - 31 percent more than in 2005, also a record year.

In a parody of this aggressive pursuit, Wilson Diaz exhibited "Uribe: The Eradicator," his drawing of the hunched-over president uprooting a coca plant with his hands, as part of a photo exhibit documenting the many places where the coca shrub can still be found in Diaz's native city of Cali, from ornamental hedges in upscale gardens to wild growths just outside an army barrack.

The aim, Diaz says, is to "deconstruct our understanding of the thin line between what's legal and illegal."

Diaz, 43, personally opposes the legalization of drugs - a result of his upbringing in the southern city of 2 million, which suffered more than most the cartel-driven violence of the late 1980s and early 1990s. But for its shock value, he says coca is unrivaled for its deviant symbolism.

Since 1996, Diaz has tried everything from handing out free coca seeds to unsuspecting horticulturists in Liverpool, England, to a videotaped performance in which he replicated the journey of a drug "mule" by swallowing 30 coca seeds, boarding a plane and voiding the seeds on foreign soil.

In 2004, New York-based e-flux, an online art forum, published Diaz' answer to "The Anarchist's Cookbook," the once underground bomb-making manual that was required reading for the anti-war movement in the 1970s. Called "How to obtain one kilogram of high quality cocaine in twenty steps," it is a precise and ultimately impractical instruction manual for making the narcotic at home from 1,500 pounds of coca leaves.

"To date, I don't know anyone who's tried it," said Diaz.

Unlike Diaz and Bonilla, Miguel Angel Rojas' coca artwork is based less on art theory and more on personal experience - or survival. The 61-year old artist, whose mixed medium work is well-known abroad, narrowly escaped from a drug addiction that claimed the lives of many of his friends in the reckless, sex-crazed Colombian art world of the 1980s.

In 1999, he used hole-punched pieces of coca to re-create the title of Richard Hamilton's iconic 1956 pop-art work "What makes today's homes so different, so attractive?"

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The shared responsibility between producer and consumer for Colombia's drug-fueled violence is the subject of his latest work, a diptych featuring the words New York and Medellin - the former comprised entirely of confetti dots of dollar bills and the latter of coca leaves.

"It's like throwing salt on an open wound. I want to force the coke consumer to fess up to their share of the blame," said Rojas.

The odyssey Rojas underwent trying to exhibit his work in May at Houston's Sicardi Gallery, where it sold for $4,000, is a parable of the drug-stained stigma any Colombian must face when traveling abroad. Held for days by U.S. customs officials, four of his canvases were returned, hours before his show's opening, full of tiny holes from probing.

Ironically, although officials routinely search artwork for false bottoms and coca-impregnated canvases, they failed to notice the illegal substance when it was in plain view.

"This is the reason why I work with coca - there's nothing romantic about it," said Rojas. "I want to show the world the violence we Colombians must face daily as a result of their drug habit."

Targeting Cross-border Gangs (LAT)

By Duke Helfand And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, January 27, 2007

The FBI will join L.A. police officials to train Latin American authorities in how to track 'transnational' street criminals.

Seeking to combat the spread of street gangs across international borders, the FBI will join forces with Los Angeles police and prosecutors next month to teach authorities from Mexico, El Salvador and other Latin American countries how to better track and investigate gang crime.

The three-day training in Los Angeles comes amid an alarming increase in "transnational" gangs that move between countries despite repeated efforts to dismantle their organizations and finances, authorities said.

The U.S. law enforcement officials will focus much of their attention on how they have dealt with local gangs that have gained footholds in Mexico and Central America.

Special attention will be given, for example, to the MS13 and 18th Street gangs, both of which began in Los Angeles but have branched out to Central America, federal officials said. About 12 of 17 members of the 18th Street gang arrested in Los Angeles in September were foreign nationals, the officials said.

The training will include discussions about which laws countries use — or do not use — to attack gang problems. El Salvador, for example, does not allow wiretapping, a strategy employed by U.S. authorities to monitor gang activity.

"Many of these countries are seeing an influence of street gangs that evolved in Los Angeles but are moving [there] because of deportation," said Lt. Paul Vernon, a spokesman for the Los Angeles Police Department. "Many of these are hardened criminals."

The interagency training Feb. 7-9 will occur as Mayor Antonio Villaraigosa and Police Chief William J. Bratton unveil their strategies for dealing with the city's own 39,000 gang members. They are expected to call for a multi-agency effort using court orders, injunctions and stepped-up enforcement to target Los Angeles' most dangerous gangs. Among those expected to attend the FBI summit are Bratton, Los Angeles County Sheriff Lee Baca and representatives of the city attorney and district attorney.

They will be joined by agents from the federal Drug Enforcement Administration, the Department of Homeland Security, the State Department and the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, as well as the Justice Department's new assistant attorney general for gangs and violence.

Police officials from other cities in California, Virginia and Maryland are also scheduled to attend.

The foreign police presence also will be formidable. It will include the directors of the national police forces of El Salvador, Honduras, Belize and Guatemala, as well as police chiefs from major cities in Mexico, according to Robert Loosle, special agent in charge of the criminal division for the FBI's Los Angeles office.

"Essentially it is to get everybody together to build partnerships and provide for better communications and information sharing," said Loosle, who added that the exchange would continue at an April conference in El Salvador.

Villaraigosa did not mention the gang training during a news conference Friday at which he discussed his trip this week to Washington, D.C. But the mayor insisted that the responsibility for enforcing immigration laws rested with the federal government.

"Los Angeles is not in the position to crack down on illegal immigration," he said.

Still, Matt Szabo, a spokesman for the mayor, said the city was an enthusiastic partner in the FBI training. "It's absolutely necessary," Szabo said. "It's a big deal."

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In El Salvador, law enforcement officials noted a 300% increase in extortions last year over the year before, including kidnappings in which families were told to wire money to people in Los Angeles, Loosle said. With a population of nearly 7 million, El Salvador has been experiencing about 10 homicides a day, with 60% to 70% of them gang-related, he said.

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Suspected Cartel Boss Hires McAllen Lawyer For Defense Team (MCAMON)

By Andres R. Martinez, Monitor Staff Writer

McAllen (TX) Monitor, January 27, 2007

McALLEN — Suspected Gulf Cartel leader Osiel Cardenas-Guillen has hired prominent McAllen lawyer Roberto Yzaguirre as part of his defense team in a federal drug case that prompted Cardenas' extradition from Mexico a week ago.

Cardenas-Guillen, who faces a 17-count indictment out of Brownsville, was flown to the United States on Jan. 19 with 14 other fugitives.

He appeared in court once this week, but the judge closed the proceedings to the public. His arraignment is set for Feb. 1 in Houston. It's unclear whether the trial will be in Brownsville or Houston.

Yzaguirre defended the Matamoros-based Gulf Cartel's former head, Juan Garcia Abrego, in another federal drug case in 1996. Unlike Cardenas, who was first tried in Mexico before being extradited, Mexican authorities whisked Garcia out of the country without a trial the day after he was arrested.

U.S. Justice Department officials told reporters Monday that Cardenas-Guillen was responsible for smuggling 4 to 6 tons of cocaine a month into the United States from 1999 to 2003. They also claimed he is responsible for a majority of the violence associated with drug cartels during the last few years, including the attempted murder of FBI and Drug Enforcement Administration agents in Matamoros.

Cardenas-Guillen had been running the cartel from his prison cell in Mexico since 2003, according to Mexican authorities.

Yzaguirre was also the lawyer for Guillermo Gonzalez Calderoni, Mexico's former drug czar. Calderoni led Mexico's effort against drug cartels in the early 1990s, but later fled the country after rumors spread that he protected some cartels.

Calderoni lived in McAllen for about a decade. Yzaguirre successfully represented him when Mexico twice tried to have him brought back to Mexico to face charges. The former Mexican official was gunned down leaving Yzaguirre's office Feb. 5, 2003.

Yzaguirre referred all questions about Cardenas-Guillen to the U.S. Attorney's Office in Houston.

Andres R. Martinez covers courts and general assignments for The Monitor. He can be reached at (956) 683-4434.

Video Recovered In US Marshals Shooting (WUSA)

By Dave Statter

WUSA-TV, CBS 9, Washington, DC, January 27, 2007

The shooting of a 16 year old by US Marshals is caught on camera. An attorney for the teen wounded on January 3 on 4th Street Southeast, says he recovered video from 4 different cameras.

David Shurtz says the images paint a different picture than the story given by a US Marshals Service spokesman.

On the day of the shooting the spokesman said deputy marshals working an eviction fired on a teenager who tried to run them over with a car. Shurtz says the video doesn't show any deputy marshal in danger of being hit by the vehicle. Shurtz and the teen's mother believe their is a cover-up by the Marshals Service.

Spokesman Dave Turner denies there is a cover up. Here is Turner's complete statement sent by email Thursday to 9NEWS NOW:

"The U.S. Marshals Service takes this shooting incident very seriously. We are processing the case according to our standard procedures, which call for the initial investigation to be conducted by the Metropolitan Police Department. That's underway right now, and we're cooperating with them to the fullest extent. There isn't 'a cover up' because we're responding appropriately to the investigation. After the completion of MPD's independent investigation, this agency will receive the matter for internal review to see if there were any violations of our own policies, or Justice Department's."

Ex-ATF Agent Cross-examined In City Suit (CHIT)

Chicago Tribune, January 27, 2007

CHICAGO -- Lawyers for the city of Chicago and former Police Officer Joseph Miedzianowski on Friday cross-examined a one-time ATF agent who contends she lost her job after confronting the officer about corruption.

Diane Klipfel and her husband are suing the city, alleging that Miedzianowski was protected and turned internal investigations against them after they tried to bring his activities to light in 1992.

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Miedzianowski was arrested six years later and was convicted of running a Chicago-to-Miami drug ring.

The attorneys attempted to show that Klipfel had significant issues with her ATF employers that had nothing to do with a detail she worked with Miedzianowski. They went through Klipfel's history of filing complaints against her bosses and asked about some of the reasons she may have been dismissed from ATF.

A lawyer for the city, Sara Ellis, asked whether Klipfel took any of her complaints about Miedzianowski directly to Chicago police internal affairs. She said that she did not.

Ellis also asked whether any harm had come to her or her children; Klipfel testified this week that she was threatened.

"You're still alive, right?" Ellis asked.

"So far," Klipfel said.

Trial Of Accused Bomb Maker Ends In Hung Jury (MOBPR)

By Brendan Kirby, Staff Reporter

Mobile (AL) Press-Register, January 26, 2007

Jurors weighing criminal charges against accused bomb maker Gregory Wendell Nichols reported Thursday that they were hopelessly deadlocked, prompting the judge to declare a mistrial.

The charges remain pending, unless federal prosecutors in Mobile move to dismiss them. They said they will confer among themselves before deciding whether to try the case again.

Assistant U.S. Attorney Michael Anderson asked Senior U.S. Circuit Judge Emmett "Rip" Cox to set the case for March, which would give prosecutors an extra month to decide if they want to proceed. He stated in a written motion that a February setting would not give enough time to either side to coordinate with their expert witnesses from out of town. He also indicated that both sides would like to explore the possibility of a plea bargain.

Assistant Federal Defender Peter Madden said he does not know whether the U.S. attorney's office ultimately plans to take another shot at the 46-year-old car salesman from Flomaton.

"That's up to them. If they do, we expect Mr. Nichols will be acquitted," he said.

Acting on a tip, agents from the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5. Getting permission to search his pickup truck, they found five explosive devices and charged him with violations of federal firearms laws.

Nichols admitted that he made the devices from spent carbon dioxide cartridges from BB guns. He said he packed the cylindrical canisters, a couple of inches long, with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape, and attached a firecracker fuse.

Nichols told jurors that he made the devices -- which he referred to as firecrackers -- to drop into a river to watch the explosions. He said he and his fiancée did this with a batch of devices he had made in June and planned to do it again before ATF agents arrested him.

Aglice Messer, Nichols' mother, said she hopes prosecutors decide to drop the case. "I just feel like they're picking on the wrong person," she said. "He's ready to get it over with."

The trial featured dueling testimony from experts. James Jason Harrell, an explosive enforcement officer with the ATF in Atlanta, compared the modified carbon dioxide cartridges to hand grenades. He testified that in tests he conducted, the cartridges blasted apart, sending metal fragments in different directions.

The testimony was designed to help prosecutors meet their burden of proving that the device was a weapon with no other "legitimate social or commercial purpose."

Madden attacked Harrell's credibility, noting that he falsely claimed on a résumé to have a college degree. Harrell explained that he was set to graduate in December but had to push back the date until this coming March because his wife suffered a health problem.

John Nixon, a firearms, ballistics and explosives consultant who testified for the defense, told jurors the devices were "puny" compared with weapons used by the military. He acknowledged under cross-examination, however, that the device could cause injury and that fragments sprung from the explosion could travel at speeds comparable to a bullet from a .45-caliber gun.

Under cross-examination, Nichols denied assertions by the prosecution that he had threatened his fiancée and her family with the bombs. Assistant U.S. Attorney George May suggested that the woman had not been seen from since the day ATF agents arrested Nichols.

But prosecutors never offered any evidence to back up those suggestions, and Madden said in an interview Thursday that they were baseless. He said prosecutors did not subpoena the woman.

"As far as I know, she's still living in Flomaton," he said.

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IMMIGRATION:

Unions Split On Immigrant Workers (WP)

By Krissah Williams

The Washington Post, January 27, 2007

Union leaders are fundamentally divided over how to best tackle immigration reform as they wrestle with how to convert illegal immigrants from job threats to dues-paying members. The split reflects long-standing questions over the place of undocumented immigrants in the labor movement.

One side supports a guest-worker program, which could permit hundreds of thousands of immigrants to enter the country annually depending on the needs of U.S. businesses. The other side says such programs encourage employers to pay less, exploit immigrant workers and drive down working conditions for everyone.

The Service Employees International Union, with many immigrants among its 1.8 million members, backs the guest-worker idea, leading it to an unusual labor-business alliance with the U.S. Chamber of Commerce.

The AFL-CIO, a federation of 54 unions, calls guest-worker programs exploitative and wants immigrants who enter the country to do so as permanent residents, not temporary workers.

Eliseo Medina, executive vice president of SEIU, which broke from the AFL-CIO in 2005 over strategic differences, said his union recognizes "the reality of the marketplace and the economy." A guest-worker program could give immigrant workers the right to unionize and eventually petition for citizenship, he said.

Immigration reform, which congressional leaders and President Bush have called a priority, has wide implications throughout the U.S. labor movement. Last year, the Senate proposed a guest-worker program that would have made immigrants temporary residents and employers responsible for requesting their green cards.

Unions universally opposed that proposal and are trying to shape a plan to their liking, but their divided voices could dilute their message.

Immigrants are the fastest-growing sector of the U.S. workforce and organizing them has been a priority for unions as they shift from a message of "protect American jobs."

"It's a sea change from the early 1990s when immigrant labor was viewed by many as the enemy of organized labor," said Harley Shaiken, director of the Center for Latin American Studies at the University of California at Berkeley. "Now labor recognizes the reality of 12 million undocumented people in this country and the complexity of how to regularize that."

When thousands of immigrants marched on the National Mall last year, many of the organizers were union leaders. The spokesman for the Washington region's immigrant coalition was also the leader of a SEIU local. AFL-CIO leaders also stood with immigrant activists at marches, and last year they formed an alliance with a national group of day-laborer centers.

For some, guest-worker programs awaken memories of the government-sanctioned -- and flawed -- Bracero Program that operated from 1942 to 1964. It locked immigrants, mostly Mexican men, into English-language contracts that they could not understand and made them beholden to farm bosses. At the end of their contracts, under which they picked sugar beets, cotton and other crops for long hours and low pay, the immigrants were deported.

Ana AvendaÃ±o, the AFL-CIO's associate general counsel, called today's guest-worker programs, which tie immigrant workers' visas to their U.S. employers, "modern-day Bracero Programs."

"The bells and whistles they are currently adding to the temporary workers programs are bound to fail, they have been proven to fail," she said.

Medina said the SEIU advocates a guest-worker program with visas that would let workers change jobs, join unions and petition for permanent residency.

"Workers that come here would have full protections of our labor rights, including the right to organize, and they would have an independent method of enforcing those rights," Medina said.

SEIU's support of a revamped guest-worker program reflects a desire to create politically tenable immigration reform. Bush has said that his support of immigration reform hangs on the inclusion of a temporary-worker provision.

"Immigrants really want something. There's such desperation for some resolution of this mess," said Ruth Milkman, a professor of industrial sociology at the University of California at Los Angeles.

But SEIU's temporary-worker proposal is nothing like the president's plan to connect "willing employers with willing workers" or the guest-worker provisions floated in Congress, which would not give workers the right to independently petition for permanent residency.

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Finding middle ground could be tough. Broad support is needed to change immigration laws, said proponents of increased immigration, who have been pushing to rewrite the laws for years.

"As the process goes along, I think there's a framework for the labor movement to come together," Medina said. "It won't be an easy process, but it can happen."

CONGRESS-ADMINISTRATION:

Bush Focuses On Iraq At GOP Retreat (RC)

By Susan Davis

RollCall.com, January 26, 2007

President Bush spent nearly two hours at the House Republican retreat today in further efforts to build support for his Iraq War strategy and to allay concerns that Congressional Republicans could be sidelined in the legislative process under Democratic control.

"I appreciate your understanding that we're still a nation at war," Bush told the nearly 160 Members in attendance. "You know, when I talked to the country the other night, I wish I could have reported differently, but it's not the truth and it's not the reality. There's an enemy out there that would still like to strike us. And as I said, and I know most of you believe, the best way to defend this country is to stay on the offense and bring the enemy to justice before they hurt us again."

While Bush's opening remarks received lukewarm applause — they largely mirrored his State of the Union address on Tuesday — House Chief Deputy Minority Whip Eric Cantor (R-Va.) said Bush received "several" standing ovations in the closed-door question-and-answer session afterward.

"It did a lot of good to have the president here, and to have Members hear him, and be able to confront him if they had a question about policy, and to hear him and his conviction to continue to win and do all we can to succeed in Iraq," Cantor said.

The House and Senate are on track to vote on a resolution soon that is expected to be a referendum on Bush's war plan. Democratic leaders have said they expect significant bipartisan support opposing the president's strategy.

However, Cantor said recent Whip meetings have shown encouraging signs that the GOP may be more unified than Democrats anticipate.

"I've gotten a lot of positive reception," Cantor said. "I think, again, this was an opportunity for Members to get together and to understand that we are a party of principle and to stand up and do all we can to back the commander in chief and succeed and win in Iraq."

Approximately 15 Members questioned the president on Iraq and a range of policy matters, including health care and immigration.

"This was a full discussion," said House Republican Conference Chairman Adam Putnam (Fla.), who said the president helped assure Republicans they will not be cut out of the process in the 110th Congress.

"He's no triangulator," Putnam said.

Putnam added that while Bush strongly advocated his policy in Iraq, he did not expressly ask House Members for anything in return. "He didn't say 'Please support me.' He said, 'Here's what happens if this doesn't work,'" Putnam said.

Sources in the room said one of the standing ovations was prompted by Rep. Mike Ferguson (R-N.J.), who told Bush that House Members were equally committed to success in Iraq.

As for the Iraq resolution, House Minority Leader John Boehner (R-Ohio) reiterated Thursday that the leadership would not put pressure on its Members as to how to vote on the floor. "This is a war," Boehner said. "As a leadership team you can't make this a party unity vote."

At Lawmakers' Retreat, Pep Talks Address Concerns Of The New G.O.P. Minority (NYT)

By Carl Hulse

The New York Times, January 27, 2007

CAMBRIDGE, Md., Jan. 26 — President Bush tried to rally House Republicans on Friday as the lawmakers hunkered down on the Eastern Shore and struggled to come to grips with their new minority status and the challenge of the continuing war in Iraq.

Gathered to plot how to make their stay in the minority as brief as possible, 160 House Republicans were exhorted by Mr. Bush to work with him on education, health care, immigration and retirement issues and to give his troop buildup in Iraq a chance to work.

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"I fully understand there are differences of opinion, but one of the things I have discovered is in Washington, D.C., most people understand the consequences of failure," Mr. Bush said. "And if failure is not an option, then it's up to the president to come up with a plan that is more likely to succeed."

After his public comments, Mr. Bush took more than a dozen questions from lawmakers in a closed session. Republican leaders said Mr. Bush offered a detailed explanation of his Iraq strategy and made it clear that he understood the political pressure the war was putting on lawmakers back home. They said the president's determination bolstered the Republican rank and file, which will face a fight over a Democratic resolution opposing the president's new strategy.

Representative Adam Putnam of Florida, chairman of the House Republican Conference, said Mr. Bush told lawmakers that "because I sleep in the White House, don't think I don't know what is going on out there." Mr. Putnam said that that "reminds people that he really does get it and understands what ordinary members are going through."

"And he said: 'Know this,' " Mr. Putnam said. " 'There is a commander in chief and I ran for this office and that is the expectation of this office and the responsibility of this office.' " The comments came on a day the administration stepped up its campaign against Congressional opposition to the troop increase.

Though House Republicans have been among the president's most reliable supporters, there is deep skepticism among even these loyalists about whether his new Iraq plan will work. The skepticism is coupled with political unease about what may happen if the plan does not — particularly after election losses influenced by public frustration with the war.

Mr. Bush sought to allay those concerns and made a veiled reference to calls by some Democrats to block spending on the added troops, noting that he had met earlier in the day with Lt. Gen. David H. Petraeus after the Senate confirmed the general as the new commander in Iraq.

"It reminded me as the president I must make sure he has everything he needs, that he thinks he needs to succeed in the mission that we have sent him on," Mr. Bush said. "And I look forward to working with you to make sure that our generals and our troops that we put into harm's way have the support of the United States Congress."

In his public comments, Mr. Bush made no mention of the recent election's outcome for his party, though he seemed pleased to see no sign of the Democrats.

"I'm glad to be among friends," said Mr. Bush, who is scheduled to visit a Democratic retreat next week.

The majority of House Republicans attending the two-day retreat at a resort in this historic waterfront community have never served in the minority, having joined the House after the Republican takeover in 1994.

Trying to inspire the House members, the party leadership brought in Newt Gingrich, the former speaker and the architect of the 1994 victory, who urged them to think big. They examined where they lost direction in the months leading up to the midterm elections and what they could do to recover. Lou Holtz, the former football coach who led Notre Dame to a national championship in 1988, delivered what was described as a rousing motivational speech.

Many House Republican lawmakers and senior aides acknowledged that the sudden loss of the majority had been a shock and that they were having difficulty adjusting. People who once ruled the House find themselves with much less to do and much less power with which to do it. The Republicans also believe they have been badly mistreated by the new Democratic majority in the opening days of the 110th Congress, as Democrats who promised a more inclusive House rammed through their priority legislation with little consideration for Republican views.

But the new minority has won little sympathy, given that the Democrats complained bitterly that Republicans ran roughshod over them in the 12-year Republican reign, subjecting Democrats to some of the same treatment.

Republican officials said the question-and-answer session with the president covered a variety of issues and touched on one lawmaker's flood control project. The president was applauded for his new health care push, and lawmakers said he gave no ground on immigration — a subject on which he and House Republicans have diverged. Republicans compared the session to a frank family discussion.

"I felt it did a lot of good to have the president here," said Representative Eric Cantor of Virginia, the chief deputy whip.

Bush Rallies GOP On Iraq Plan (WT)

By Christina Bellantoni

The Washington Times, January 27, 2007

CAMBRIDGE, Md. -- President Bush yesterday rallied House Republicans gathered for their annual retreat, saying the party can unite around his domestic agenda but acknowledging his ideas are overshadowed by fractured positions on the Iraq war.

Republican leaders said Mr. Bush explained the importance of success in Iraq without explicitly asking them to support his plan to send 21,500 more troops there.

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"It did a lot of good to have the president here [and] have our members ... be able to confront him if they had a question about the policy and to hear him and his conviction to continue to win and do all we can to succeed in Iraq," said Rep. Eric Cantor of Virginia, the deputy Republican whip.

"The president said these are tough times, war is never easy," Mr. Cantor said. "Unlike what the other side is going to present on the floor, we're going to do what's right. We're going to stand by our troops."

Democrats who control Congress are planning a vote next week on a nonbinding resolution opposing the president's plan.

Mr. Bush's public remarks on Iraq yesterday were largely repeated from his State of the Union address on Tuesday, but he stayed for a private session with the 160 members attending the retreat. Leaders later described the one-hour talk as a "frank," "unabashed," "good family discussion."

Republican Conference Chairman Rep. Adam H. Putnam of Florida said Mr. Bush's talk was filled with his trademark decisiveness: "He's no triangulator."

Mr. Bush took questions from more than a dozen members about domestic issues and his Iraq plan, which several Republican senators have openly criticized.

"He didn't say, 'Please support me.' He said here's what happens if this doesn't work,' " Mr. Putnam said.

Minority Leader John A. Boehner of Ohio on Thursday identified Iraq as "first and foremost" why Republicans lost their congressional majority in November's midterm elections.

Mr. Bush told members he understands the war poses a political difficulty for them.

"That reminds people he really does get it," Mr. Putnam said.

According to a source in the room during the private discussions, Rep. Mike Ferguson of New Jersey told Mr. Bush: "We want you to succeed in Iraq," prompting members to applaud wildly.

During his public remarks, Mr. Bush said he thinks the war in Iraq is key to the war on terrorism.

"I fully understand there are differences of opinion, but one of the things I have discovered is in Washington, D.C., most people understand the consequences of failure," Mr. Bush said. "The plan I outlined to the American people is one that I believe can succeed."

Mr. Boehner said most members support a Republican resolution calling for the creation of a bipartisan panel to oversee the implementation of the troop surge and setting benchmarks for the plan's progress.

Speaker Nancy Pelosi, California Democrat, has dismissed the idea. Republican leaders said they will not try to force a party-line vote on the Democratic war resolution because "this is war [and] you can't try to make this some party loyalty vote."

But Mr. Cantor said yesterday he asked members at the retreat: "Does anybody feel the need to or are compelled to have to vote for Mrs. Pelosi's resolution or can you stand up and support our troops?"

Washington Bush Going Into The Lion's Den In Test Of Brittle Bipartisanship (WSJ)

By Gerald F. Seib

The Wall Street Journal, January 27, 2007

President Bush travels to Williamsburg, Va., next Saturday to meet with the entire House Democratic delegation. It will be a real "Kumbaya" moment for the nation's leaders, a sign of a new spirit of bipartisanship in Washington.

Well, maybe. To some extent. While it lasts.

Those caveats reflect the uncertain nature of bipartisan cooperation in Washington right now, almost four weeks into power-sharing between a Republican president and a Democratic Congress. The rhetoric of bipartisanship, at least, remains alive, and in that spirit Mr. Bush accepted an offer to meet behind closed doors with the House's Democrats, who will be on their own previously scheduled retreat.

The president's appearance was the brainchild of Rep. Rahm Emanuel, the chairman of the Democratic Caucus. He describes it as "a chance for him to speak to Democrats directly, confidentially, in a personal way." Similarly, a senior White House aide characterizes the appearance as a way to open some lines of communication, which in turn might help build some trust.

As a former senior adviser in the Clinton White House, Rep. Emanuel knew that the idea made sense for both sides -- and that the president could hardly say no. For Democrats, the invitation is an important way to make good, at least in a symbolic way, on pledges they made to voters to try to work across the aisle. For Mr. Bush, refusing to walk into the Democratic lion's den would make him appear to be the one standing in the way of cooperation.

Moreover, a meaningful private conversation might be a way to help both sides figure out how much common ground there really is. Right now it's hard to tell. Democrats in the 435-seat House, for example, have been getting some Republican votes for their legislative initiatives, but not overwhelming numbers: 82 to raise the minimum wage and 37 to expand embryonic stem cell research, but only eight to set up a panel to oversee intelligence spending.

Other, quieter steps are happening. Rep. Emanuel, for instance recently hosted a dinner with 10 moderate Republicans, and may have other such small sessions.

But it's increasingly obvious there simply won't be any bipartisan understanding on the biggest issue of the year, Iraq. And, whatever its extent, the bipartisan impulse has a life span that runs, at best, until this summer's August recess. After that, nearly everything will be tinged by the 2008 presidential campaign. That leaves limited time, and a limited set of issues, energy and immigration the most interesting among them, for which something bipartisan can actually happen.

It's worth remembering that Mr. Bush has been here before. When he became governor of Texas, Democrats controlled both houses of the state legislature. Mr. Bush developed a reputation for working the Democratic side pretty well, and he got meaningful results to show for it. That's why talking directly to Democrats, while at least a few people are still humming "Kumbaya," makes sense for both sides.

Health Plan's Impact Debated (WP)

By Christopher Lee

The Washington Post, January 27, 2007

President Bush likes to say that his health-care proposal would "level the playing field" between people who get health coverage through their job and those who buy it on their own.

But experts said yesterday that it would tilt that field toward a kind of health insurance that Bush has long favored -- a high-deductible plan paired with a special tax-exempt health savings account, or HSA.

"I think it would be a big push for HSAs," said Mark B. McClellan, a health economist and former top health-policy adviser to Bush.

While McClellan thinks that would be a good thing, other experts said it would benefit the wealthy and undercut Bush's goal of bringing fairness to the private health insurance system.

In contrast with traditional health plans that typically charge $20 co-payments for visits to the doctor, high-deductible plans require consumers to pay hundreds or thousands of dollars out of pocket for medications, physicians' services and hospital care before most insurance coverage kicks in. The deductibles are steep, at least $2,200 for family coverage, compared with about $220 in a traditional plan. But the special savings accounts enable people to accumulate a tax-free pool of their own money to pay the deductibles and other uncovered health bills, rolling over any unused funds to the following year. And premiums for high-deductible plans tend to be lower.

The theory is that the plans, by making consumers feel the costs of their health care, give them an incentive to shop for the best prices for health services and to forgo procedures that they do not need. That is also one of the goals behind the proposal the president rolled out this week.

Bush's proposal seeks to eliminate the long-standing tax break for job-based medical insurance, requiring that a worker's taxable income include any money his employer contributes to help pay the premiums. A new tax deduction -- $15,000 a year for families and $7,500 for individuals -- would help people pay the premiums, either through their job or on their own. The plan faces opposition from Democrats in Congress.

The president contends that the current tax code favors employer-sponsored insurance and encourages covered workers to get more expensive plans, while his proposal would put all insurance buyers on an even tax footing and encourage them to shop for plans that cost less than $15,000.

Average annual premiums for employer-sponsored health insurance were $11,480 for family coverage and $4,242 for individual coverage in 2006, according to the nonprofit Henry J. Kaiser Family Foundation.

Congress cleared a legal path for high-deductible plans to be paired with HSAs in 2003, and so far the new plans account for about 3 percent of the insurance market, according to a study by economists at the Rand Corp. But because they tend to have lower premiums and to allow consumers to accumulate money tax-free, more people would sign up for them as a cost-containment strategy if Bush's proposal were enacted, experts said. The plans would also benefit from shifts from employer-sponsored insurance to the private market, where high-deductible plans are more common.

"It would reinforce HSAs," said McClellan, formerly chief of Medicare. "That's what a lot of people who don't get insurance through their jobs are buying now."

The White House says the proposal would motivate people to seek only the amount of insurance that they really need, helping to control spiraling health-care costs.

"HSAs are a great step in this direction, and this is an even bigger step towards leveling the playing field and removing some of the weird disincentives to getting basic insurance and paying for routine care out of pocket," said Katherine Baicker, a member of the president's Council of Economic Advisers.

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Len Burman, director of the nonpartisan Tax Policy Center, said that, in leveling the field, the White House should also seek to scrap the HSA tax break, whose purpose is to counter the tax code's current bias toward comprehensive and expensive employer-provided coverage. Under Bush's plan, it would be the only extra tax break for health insurance -- one that would most benefit wealthy people, who can best afford the financial risk of a high-deductible plan and to sock away a lot of money in an HSA.

"It's a really generous tax break," said Burman, whose center is a joint project of the Urban Institute and the Brookings Institution. "If the goal is to try to get people to spend less on health care, why subsidize high-deductible health plans over aggressively managed care? People who believe that the market is the solution ought not to be prescribing one particular approach. Just create the right incentives for people to economize . . . and let them pick the option that works best."

Burman said eliminating the HSA tax break would bring in billions of dollars that Bush could put toward the other initiative he proposed this week -- giving states special grants to fund innovative ways of covering the nation's 47 million uninsured.

"This is not just free money just sitting there," he said. "There really is a big opportunity cost."

High Schools Eyed In No Child Left Behind Renewal (WT)

By Amy Fagan

The Washington Times, January 27, 2007

Educators, lawmakers and the White House are indicating that high school reform should be included in this year's renewal of the No Child Left Behind law, and the discussion about what it will include is already under way.

"If we're going to do significant high school reform, this is the vehicle, this is the year," Bob Wise, president of the Alliance for Excellent Education (AEE), told educators gathered on Capitol Hill yesterday.

The administration -- to the chagrin of some conservatives worried about ballooning the law -- included several new high school requirements in its NCLB proposal, such as mandatory dropout-data collection, additional testing standards and more funding for low-income schools.

"I think something can and will happen this year on high school reform," Education Secretary Margaret Spellings said recently.

Yesterday's conference, hosted by AEE, brought together research analysts to discuss how the government can best help improve the nation's high schools and better prepare students for college and the work force.

James Kemple, director of K-12 education policy at MDRC, a nonpartisan social policy research group, said there are common themes in successful high school reform models, including small classes or schools, double doses of basic literacy and math classes, well-designed curriculums and teacher coaching, and a focus on career mentorships and "real-world" interaction.

"Most high schools have limited connection to the adult world," he said, arguing that work-based learning and employers in the classroom improve student learning.

The administration's proposal would require states to develop college-prep English and math standards for high schools and administer tests based on those standards by 2012-2013. Its goal is to coordinate between high school and college courses to build common expectations for students and better prepare them for college and the workplace.

Democrats who control the education committees already have indicated an openness to tackling high school reform. Whether they will remains to be seen, and details will emerge as lawmakers from both sides of the aisle -- including Senate education panel Chairman Edward M. Kennedy of Massachusetts -- outline their suggestions for renewing the NCLB law at the National School Boards Association's annual conference Monday.

The five-year-old law requires states to test third- to eighth-graders annually and once in grades 10 to 12, with the goal of ensuring that all students can read and do math at grade level by 2014. States had to set paths to meet that goal and track the progress of their schools. Consistently failing schools must offer students public school choice and tutoring services.

Education experts say more data is needed to quantify the needs of high school students, especially dropout numbers. Mrs. Spellings said authorities have "virtually no information" about America's high schools.

According to numbers compiled by AEE, about 1.2 million students each year don't graduate from high school with their peers, and those from low-income families are six times as likely to fall into that category. If the 2006 dropouts had graduated, America would benefit from an additional $309 billion in income and purchasing power over their lifetimes, according to AEE.

"We realize that if we can't change the trend of dropouts in this country, we'll have a serious, serious problem," Sen. Richard M. Burr, North Carolina Republican, told yesterday's gathering.

Sen. Jeff Bingaman, New Mexico Democrat, agreed that there is a growing appetite for acting on high school reform this year -- a topic that "hasn't received the attention" it deserves.

Mr. Kemple said the following innovative high school models studied by the MDRC provide a starting point for reform discussions:

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·First Things First greatly improved the academic outcomes of middle and high school students in Kansas City, Kan., by setting up small learning communities, pairing students with a staff member and forcing rigorous course work.

·A study of Career Academies -- small high schools set up around a common career theme -- found that over a four-year followup, young male Academy graduates, especially those who were at risk, earned over $10,000 more than counterparts who didn't attend the academies.

·The Talent Development High School model -- often used in low-performing city schools as a way to focus on college entrance and employment -- produced substantial gains in attendance, academic course credits earned and promotion to the next grade, according to a MDRC study of 20 groups of ninth-graders.

The administration's proposal for renewing NCLB also calls for extending to the high school level the federal funding stream known as Title 1, which now primarily goes to low-income elementary schools.

Coast Guard Cited In Report On Flawed Ship (WP)

By Renae Merle, Spencer Hsu

The Washington Post, January 27, 2007

The Coast Guard's newest cutter, the flagship of a $24 billion plan to modernize the nation's coastal fleet, suffers from significant design flaws, and the service has failed to properly supervise the contractors doing the work, government inspectors have found.

The 418-foot National Security Cutter is the largest ship the Coast Guard has ever commissioned, but as designed would be limited in its ability to venture far from U.S. shores in search of drug smugglers and terrorists, according to a report scheduled to be released Monday.

Technical experts said the design of the vessel was likely to result in "fatigue cracks" that would sharply increase maintenance costs and shorten the ship's useful life. The report also said the Coast Guard appeared ill-equipped to supervise the project's contracting team, Lockheed Martin and Northrop Grumman, which had been given wide latitude in running the program.

The agency lacks the "appropriate workforce, business processes, and management controls for executing a major acquisition program" like this one, the report by the Department of Homeland Security's inspector general says. "The Coast Guard is still trying to come from behind and create the organization needed to manage the program."

The Coast Guard and its contractors hindered the audit of the program, known as Deepwater, after ignoring years of warnings from technical experts about the ships' designs, the report says.

A representative for the Coast Guard did not return a call for comment yesterday. But in a response included in the report, the service challenged the inspector general's conclusions, saying the findings do not represent the "most current, comprehensive, or technically accurate data."

"The Coast Guard opinion is that decisions regarding structures and production have been well-considered and were prudent and correct," the response says.

The inspector general's report is the latest indictment of Deepwater, which aims to modernize the Coast Guard's aging fleet of ships, planes and helicopters over the next 25 years. In December, the Coast Guard sidelined eight Miami-based 123-foot cutters produced under the program after finding that they were not seaworthy.

The report has been circulated in the Department of Homeland Security and in Congress. A source provided it on the condition of anonymity because the document is not yet authorized for release.

New House Appropriations Chairman David R. Obey (D-Wis.) has discussed exerting more control over Deepwater projects, and a Transportation and Infrastructure subcommittee chaired by Rep. Elijah E. Cummings (D-Md.) will hold an oversight hearing into Deepwater on Tuesday.

Cummings called the report "one of the most troubling reports I've read in my 11 years in Congress," adding that indications that the Coast Guard impeded auditors demanded a "thorough assessment."

House Homeland Security Committee Chairman Bennie Thompson (D-Miss.) called the report "a stunning indictment" of Coast Guard management.

"This Congress is not a ship of fools," Thompson said, promising unspecified oversight. "We will not tolerate the spending of $775 million of the taxpayer's money on a boat that will not perform its intended function, will have a shortened service life and will cost another fortune to maintain."

The inspector general's report is the latest in a series of audits that have faulted the Department of Homeland Security for its failure to manage contracts for its most complex and demanding missions. Deepwater was the largest project on a list of 32 Homeland Security contracts worth $34 billion cited in July by the House Government Reform Committee as marred by "significant overcharges, wasteful spending, or mismanagement." Other projects singled out included the hiring of airport

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screeners and deploying baggage inspection equipment, as well as programs involving nuclear detection equipment, border sensors and emergency housing after Hurricane Katrina.

The Coast Guard cutter report laid much of the blame on the Coast Guard's relationship with its contracting team.

The ship's "design and performance deficiencies are fundamentally the result of the Coast Guard's failure to exercise technical oversight over the design and construction of its Deepwater assets," the report said. The Coast Guard plans to build eight new cutters. The first was christened in November and will be delivered to the service in August. The second is slated for delivery in October 2008.

The combined cost of the first two ships has already increased from $517 million to about $775 million. That does not include the cost of addressing the design flaws or another $302 million for "re-pricing of all work associated with the production and deployment" of the first two ships, the report said.

Put another way, the cost of the first two ships will roughly double while their expected service life will likely be cut by 20 percent.

That's because shortly after the contract was awarded in 2002, Coast Guard technical experts began to warn about design flaws. The "fatigue service lives" of several critical elements are expected to be less than three years. In 2004, an assistant commandant wrote a memo expressing concern about the structural design, noting that "several of these problems compromise the safety and viability of the hull."

The Coast Guard eventually decided to make upgrades to the two current ships so they could operate at least 170 to 180 days a year at sea, the report says. The original contract calls for the ships to be able to operate 230 days a year.

The Coast Guard "has chosen to reinterpret the Deepwater contract rather than hold the contractor accountable" for the higher standard, the report says. The change allows the service to "downplay" the seriousness of the deficiencies and "minimize" the scope of improvements required.

In its response, the Coast Guard said it had "not lowered performance standards." The ship's structure "does not pose an immediate concern; rather, it presents a risk that it may need some structural repairs during its service life," the response said.

The inspector general also faulted the Coast Guard and contractors for imposing restrictions on interviews with employees and "hindering" the audit. The contractors, for example, wanted lawyers present during interviews with their employees. The meetings never took place.

The Coast Guard initially required that contact with the auditors be reported, that interviewees submit documents to the service before turning them over to auditors, and that an agency official be present during any interviews. The inspector general suspended fieldwork for five weeks in 2005 because of the agency's demands.

The Coast Guard's lawyers found some of the restrictions violated employees' rights. Auditors eventually interviewed some agency officials, but continued to have problems obtaining documents, according to the inspector general. In December 2005, auditors requested a copy of a briefing detailing the results of a structural analysis. The Coast Guard submitted the document, but omitted several pages of technical information, including notations "in large red lettering" stating that the ships would not meet their 30-year service life requirement, the report said.

In a response to the report, the Coast Guard said it did not prevent employees from meeting with the audit team and that Homeland Security officials are developing department-wide guidance for working with the inspector general in the future. A spokeswoman for the Lockheed-Northrop contracting team said the team companies concurred with the Coast Guard's response.

"There are no flaws with the design," spokeswoman Margaret Mitchell-Jones said.

She said the Coast Guard is the "technical authority for the National Security Cutter" and if the report claims otherwise, "then the report is flawed."

Navy Searches For 3 From Copter Crash (AP)

By Allison Hoffman,

AP, January 27, 2007

Navy vessels about 50 miles off the California coast searched Saturday for three crew members of a Navy helicopter that crashed during a training operation.

The Friday crash killed one crew member and left the remaining three missing as darkness fell over the Pacific.

The sailor died after being pulled alive from the water, said Navy spokesman Cmdr. Jack Hanzlik.

"It's a sad time whenever we lose shipmates like this, so our hearts and prayers go out to the families," Hanzlik said.

The helicopter, based at Naval Air Station North Island in Coronado, was on a training mission when it crashed at about 5:30 p.m. EST. The MH-60S, commonly known as a Seahawk, was on a mission off the USS Bonhomme Richard, near San Clemente Island, directly west of the Camp Pendleton Marine base.

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Hanzlik said the helicopter crew put out a mayday call before the crash. Navy sailors and Marines who were training with them aboard ship arrived at the crash site in inflatable boats within minutes.

The sailor pulled alive from the water died aboard the Bonhomme Richard while receiving medical attention, the Navy said.

His name was being withheld pending family notification. The names and rank of the others aboard also had not been released.

It was not clear whether mechanical malfunction or pilot error might have contributed to the crash, the Navy said. An investigation was under way.

Hanzlik said he did not know what type of maneuver the helicopter was performing when it crashed.

The USS Bonhomme Richard is an amphibious assault craft that took Marines to Indonesia after the 2004 tsunami.

The ship was training with two other Navy ships, the destroyer USS Chung-Hoon and the cruiser USS Chosin. Both of those ships were also participating in the rescue mission, Hanzlik said.

Two additional vessels, the destroyer USS Milius and the amphibious craft USS Rushmore, were deployed to assist with the search.

The MH-60 Sierra is a twin-turbine craft based on the UH-60L Black Hawk and the Navy's SH-60B Seahawk, according to the manufacturer, United Technologies Corp.'s Sikorsky Aircraft. It is designed to operate off aircraft carriers, cruisers, destroyers and frigates, ranging up to 100 nautical miles from the ship.

Watch What They Do (WSJ)

The Wall Street Journal, January 27, 2007

The next time Senate Democrats preach spending restraint, readers may want to recall this week's vote on the line-item veto. The new majority had a perfect opportunity to add a new check on spending earmarks but quickly passed it by.

New Hampshire Republican Judd Gregg needed 60 votes to end debate on his amendment to give the President Bush "rescission" authority. That tool would have allowed Mr. Bush and his successors to single out and send back to Congress earmarks and other wasteful projects in spending bills. Congress would have then been required to vote quickly, up or down, on the spending cuts. Mr. Gregg's bill was nearly identical to 1995 legislation that was supported by 20 Democrats who are still in the Senate.

Yet Mr. Gregg won only 49 votes, and among Democrats only Indiana's Evan Bayh and Connecticut's Joseph Lieberman voted in favor of the spending restraint they've preached. Among Republicans, only Alabama's Richard Shelby voted for his beloved pork-barrel power. At Tuesday night's State of the Union address, the Members applauded for the cameras when Mr. Bush spoke of controlling earmarks. A day later the Senators showed what they really care about.

Countdown To The Census (NYT)

The New York Times, January 27, 2007

The accuracy of the census is determined in the planning stages, and planning for the 2010 count is already imperiled. The dangers fall into two categories: money (too little) and politics (too much). The new Congress will have to manage both vigilantly.

An underfinanced census would be an inaccurate census. Easy-to-count suburbanites — who tilt Republican — would almost certainly be overrepresented, while urban dwellers — who lean Democratic — would get short shrift because of the difficulty in counting mobile and diverse populations. To prevent that, lawmakers must begin by reinstating the roughly $50 million that was cut from the current census budget by the previous Congress.

The new Congress must also ensure that the next budget includes adequate funds for projects that made the 2000 census a success. Among them are strong partnerships with state and local governments, as well as with churches and businesses, to promote the census, and a multimillion-dollar down payment on the census advertising budget. Because they will not bear fruit until the census is under way, those projects may seem easy to sacrifice in favor of more immediate demands. But any budget shortfalls cannot be made up later because the necessary lead time will have been squandered.

Lawmakers should also hold hearings to air the reasons behind the abrupt resignation last November of the director of the Census Bureau and the equally sudden departure of his deputy director. Both men were highly qualified statisticians and, by all accounts, committed to an unbiased and thorough census. They have acknowledged tensions with the Bush administration, but offered no details.

Whatever it finds, the inquiry should send a clear message that the White House must choose new census directors whose professional qualifications and impartiality are above reproach.

Slave Wages (WSJ)

By Malia Zimmerman

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The Wall Street Journal, January 27, 2007

HONOLULU -- Nancy Pelosi led the effort in the U.S. House during her first week as speaker to increase the minimum wage to $7.25 per hour from $5.15. In the process she ensured that American Samoa, a U.S. territory, is exempt from the wage hike, but did not exempt the Marianas Islands. The distinction is not unimportant.

StarKist and Del Monte, two big fish- and tuna-canning companies with packing plants in American Samoa, are headquartered in California, the former in Ms. Pelosi's San Francisco district. These companies pay a federal minimum wage of $3.26 per hour, or what will be $4 per hour less than what Ms. Pelosi is requiring American businesses on American soil to pay workers. But American Samoa Delegate Eni Faleomavaega argued that raising the minimum wage "would devastate the local tuna industry." Could that not also be the case elsewhere in the country?

In any event, despite strident criticism of Ms. Pelosi for the exemption and her avowal "to make sure that all of the territories have to comply with U.S. law on the minimum wage," it still carried over into the final legislation.

But the exemption for American Samoa is more curious still. Even the U.S. Department of Labor has noted the government's corruption, citing several cases of waste and fraud. Hawaii U.S. Attorney Ed Kubo says there is a push for federal law enforcement to take a more active role on that Pacific island. And Hawaii's FBI plans to open an office there to keep a closer watch.

What is even more ironic about Ms. Pelosi's behavior is that the region she is attempting to exempt has historically treated its workers poorly, with many instances of human rights abuses, and paid them pittances, besides.

Look no further than the story of Kil Soo Lee. In 1998, the Korean national incorporated the Daewoosa garment factory with the help of Togiola Tulafono, then lieutenant governor. (Mr. Tulafono is now governor.) Mr. Lee kept roughly 300 women from Vietnam as slaves; he was convicted in 2003 on 14 counts, including extortion, money laundering, conspiring to violate the civil rights of others and holding workers to a condition of involuntary servitude. Federal prosecutors called the Daewoosa case the biggest "modern-day slavery" case in U.S. history. Mr. Lee had devastated hundreds of young girls' lives -- and he had done so with the help of prominent Samoan government officials.

I met Mr. Lee in January 2001, flying from Hawaii to American Samoa with a Vietnamese translator to help expose him, his "garment factory" and the government who embraced him. Dozens of young women in the factory told me they paid $5,000 upfront to their government to secure a three-year contract to sew designer clothes for $408 per month. They were promised spacious living quarters with a swimming pool, nutritious meals three times daily and substantial wages. When they arrived, the accommodations crammed 36 people to a poorly ventilated, humid hallway, lined by tiny bunk beds with half-inch mattresses. Bath facilities offered no privacy and broken toilets; the swimming pool was filled with garbage and putrid green slime.

But poor living conditions wasn't all. They were fed a rice and cabbage gruel. They were slapped and pinched by guards for minor offenses such as missing a curfew or working too slowly. Female workers were subject to the whims of Mr. Lee, some of them sexual. He forced them to clip and manicure his toenails, to watch them shower, and to "lay" beside them on their bunks. The workers often weren't paid sometimes for months, despite the National Labor Committee reporting Daewoosa's sales at $8 million in 1999. They could not leave the island, as Mr. Lee had seized their passports.

Mr. Lee received special treatment from the government, including tax exemptions and a waived bond requirement -- possibly because of his connection to then-Lt. Gov. Tulafono, who was hired to incorporate Daewoosa while Mr. Tulafono's wife served for two years on the company board. The Vietnamese workers told me that when police were called to investigate a beating, they walked away with clothes, not a report or an arrest.

Ngyen Thi Nga and Dung Thi Kim Vu sought help from attorneys Virginia Sudbury and Christa Tzu-hsiu Lin, who took their case in 2001 pro bono. Weeks later, both whistleblowers allegedly drowned in rough seas off Pago Pago, although their bodies were never found. As new witnesses stepped forward, Mr. Lee became more volatile. He deported, with the cooperation of the Vietnamese and Samoan governments, nine primary witnesses and demanded the arrest of four others. Tensions were high when Samoan guards attacked the Vietnamese workers on Nov. 28, 2000. Quyen Truong, 21, was severely beaten with a club, stabbed in the eye and blinded.

Associate Justice of the High Court of American Samoa Lyle Richmond presided over the five-week civil trial in 2001, which I attended. Mr. Richmond ordered Mr. Lee to refund back wages, but he did not.

After national media exposure, Mr. Lee was arrested by federal agents, deported from American Samoa to Hawaii on March 23, 2001, and held behind bars without bond. The indictment claimed Mr. Lee willfully held people in involuntary servitude from Feb. 9, 1999, to December 2000, and forced them to work without pay under threats of serious harm and physical restraint. In February 2003, after a four-month trial, Mr. Lee was found guilty.

Mr. Lee appealed. He argued that the United States did not have jurisdiction in American Samoa. The court disagreed and on Dec. 27, 2006, Mr. Lee lost his appeal.

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Ms. Pelosi campaigned heavily for office and her leadership position on a promise of honest government. Her party supposedly advocates for the blue-collar workers. But is it honest to exempt American Samoa from the minimum wage requirement, especially with the documented human-rights abuses? Is it "advocating for the workers" to ensure that their pay is kept considerably lower than their counterparts in the U.S.?

In addition to House speaker, Ms. Pelosi can add "ethically challenged" to her resume.

Ms. Zimmerman is president of Hawaii Reporter, a Honolulu-based newspaper.

OTHER NEWS:

Durable Goods, Housing Deliver Signs Of Strength (WSJ)

By Michael Corkery, Mark Whitehouse

The Wall Street Journal, January 27, 2007

The manufacturing and housing sectors exhibited some unexpected strength in December, although economists were cautious about both reports.

The Commerce Department reported that new orders for durable goods -- things like refrigerators and airplanes that are meant to last three years or more -- rose 3.1% in December from a month earlier. A surge in aircraft orders accounted for a large part of the gain, but orders for "core" capital goods excluding defense and aircraft were also up at a good clip. That category, which counts everything from telephones to machine tools and is viewed as a measure of business investment, rose 2.4% in December.

Nevertheless, some economists warned against reading too much into one month's data. Overall, manufacturing remains in a tough patch: In the fourth quarter, orders for core capital goods fell at an annualized rate of 6.1%, the largest drop in nearly three years. Also, other survey data on new orders have suggested the current quarter could be weak, said Joshua Shapiro, chief U.S. economist at consultancy MFR Inc.

"It was a very solid report, but it's kind of inconclusive about where we're headed," he said.

In a separate report, the Commerce Department said that new-home sales recovered in December, rising 4.8% from the previous month to a seasonally adjusted annual rate of 1.12 million units. But many economists cautioned that the monthly number may have been exaggerated. For one, unusually warm weather in December may have confounded seasonal adjustments meant to compensate for lower activity in winter.

The figures also do not take into account the high number of buyers canceling contracts on homes. In addition, say economists, the 1.5% drop in the median home price in December to $235,000 from a year ago may understate the actual size of the price decline because it does not factor in the generous incentives that builders are offering buyers to sell homes. Incentives can be indicative of further weakness in the market.

"We have yet to see any meaningful evidence of a sustainable recovery in the housing market," said Ian McCarthy, chief executive of Atlanta-based Beazer Homes USA, which reported a loss in its fiscal first quarter that ended Dec. 31.

For the full year, new-home sales fell 17.3% in 2006, the largest decline since 1990. Home builders sold roughly 1.1 million new homes last year. On Thursday, the National Association of Realtors said that sales of existing, or preowned, homes fell 8.4% to 6.48 million. Taken together, sales of new and existing homes totaled 7.54 million units last year, down 9.78% from about 8.36 million units in 2005.

The uncertain outlook for housing contrasts sharply with an overall economy that has recently exceeded forecasters' expectations. Positive data on consumer spending and job growth, reinforced by the upbeat report on capital-goods orders, have increased economists' confidence that the expansion will maintain momentum this year as drags from housing and manufacturing ease.

The interplay between housing and the economy also remains a key issue for Federal Reserve policy makers. They expect the housing slump to offset strength in other areas of the economy just enough to keep inflation on the cooling trend it has exhibited in recent months. That, in turn, would allow the Fed to hold short-term interest rates at their current level of 5.25%. As of Friday, futures markets put more than nine in ten odds on the Fed holding rates steady through at least July.

US Housing Shows Unexpected Strength (FT)

By Eoin Callan

Financial Times, January 27, 2007

The US economy showed signs of renewed strength on Friday as data revealed unexpected growth in the housing sector and orders for big-ticket manufactured goods rose.

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Sales of newly built family homes rose 4.8 per cent last month to 1.1m for the year amid signs that housebuilders were beginning to clear excess inventory that has weighed down the construction sector.

The figures make it less likely that the Federal Reserve will consider cutting interest rates in the coming months. US stocks weakened in early trading while bonds fell and the dollar strengthened against the euro and yen.

The backlog of new homes standing empty fell to its lowest level since the start of last year – with enough supply to meet about 6 months worth of demand, the Commerce Department said.

The drop in excess inventory was seen by some economists as a sign the market had bottomed, while figures for the full year revealed the extent of the slowdown in 2006 as sales of new homes were 17 per cent lower than the previous year.

This sharp slowdown last year acted as a drag on the economy, prompting jobs cuts and reducing demand for construction machinery.

Caterpillar, the heavy-equipment maker, said on Friday it expected demand for domestic construction equipment to remain weak in the year ahead as it turned its attention to the oil and mining market.

Meanwhile, manufacturers welcomed a government report showing orders for durable goods rose in December by the largest amount in three months, with a gain of 3.1 per cent.

Daniel Meckstroth, an economist at the Manufacturers Alliance, said the increase was "a positive sign that the manufacturing slump is a pause, not a recession, and is starting to turn around".

The increase was driven by orders for commercial aircraft, but there was also an unexpectedly strong rise in demand for other durable goods as non-transportation orders rose 2.3 per cent.

Peter Kretzmer, an economist at Bank of America, said: "The rise in capital goods orders appears to signal improved prospects heading into 2007, following a pronounced flattening last quarter."

New-Home Sales Up At End Of Down Year (WP)

By Daniela Deane

The Washington Post, January 27, 2007

The number of new homes sold in December rose more than expected, suggesting that the depressed market could be turning a corner, but sales for all of 2006 still took their biggest annual slide in 16 years, according to government figures released yesterday.

December sales rose 4.8 percent, the biggest monthly gain since April, to a seasonally adjusted annual pace of 1.12 million new homes sold, the Commerce Department said. For the full year, new-home sales fell 17.3 percent, the biggest decline since 1990, as the housing market suffered a sharp contraction after five years of blazing growth.

The new-home sales numbers came one day after other figures showed that sales of previously owned homes fell 0.8 percent in December after two months of modest gains, capping the steepest annual drop in that part of the real estate market since 1989. For the year, sales of existing homes fell 8.4 percent.

"We knew the year was going to be bad," said David Seiders, chief economist of the National Association of Home Builders. "There was no big surprise there. The real story is that toward the end of the year, sales did stabilize and even move up a bit."

The November and December sales figures were boosted by unusually warm weather, after inclement weather kept October numbers down, Seiders said.

New-home sales in December rose in three of four regions of the country, compared with November. Sales were up 27.3 percent in the Northeast, 26.6 percent in the Midwest and 0.3 percent in the Southeast, which includes the Washington region. Sales fell 4.4 percent in the West.

Nationally, the median price of a new home fell 1.5 percent in December, to $235,000 from $238,600 a year earlier. For the year, the median new-home price rose 1.8 percent, to $245,300 from $240,900.

The down year has translated to lower profits for home builders. To lure back buyers, builders cut prices somewhat, but also offered sweeteners that included free upgrades and finishes, help with closing costs and lower mortgage rates through their affiliates.

Sagging sales and a slew of contract cancellations also caused builders to cut back on construction. Builders delayed starting projects; walked away from land deals, leaving deposits on the table; renegotiated lesser deals with land sellers; and converted new home projects into rentals. These steps all helped to reduce inventory.

Thomas S. Bozzuto, chief executive of the Bozzuto Group, which builds condominiums, townhouses and single-family houses in the Washington-Baltimore region, said he believed the new-home market may have touched bottom and will gradually begin to recover, though not to previous sky-high levels.

"We're not going to see an instant turnaround or a quick recovery," Bozzuto said. "But I think it has bottomed out."

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Bozzuto said traffic at local developments built by his firm has picked up since the beginning of the year after what he described as a "very bad" autumn and early winter.

He said that although buyer traffic had increased, it was nowhere near the boom levels of 2004 and 2005.

Bozzuto said his company responded to the market contraction by delaying some projects, turning two condominium developments to rentals and restructuring some land deals with sellers.

Sales Of New Homes Rise For 2nd Month (NYT/AP)

By The Associated Press

The New York Times, January 27, 2007

WASHINGTON, Jan. 26 (AP) — New-home sales increased in December for a second consecutive month, raising hopes that the worst of the housing downturn is coming to an end.

The Commerce Department reported Friday that sales last month rose 4.8 percent after a 7.4 percent rise in November.

Those two increases, however, were not enough to salvage the full year, which had sales of 1.06 million units, down 17.3 percent from 2005. That was the biggest decline since 1990, when sales fell 17.8 percent.

The housing bust has come after a boom in which sales of both new and existing homes set records for five consecutive years. Helped by the lowest mortgage rates in four decades, the sales surge was bolstered by investors buying in hopes of reselling the properties for quick profits. Analysts attribute the declines in 2006 to a cooling of that speculation.

The median price of a new home sold in 2006 rose 1.8 percent, to $245,300, compared with a 9 percent gain in 2005.

David Seiders, chief economist at the National Association of Home Builders, said he looked for home prices to remain depressed in 2007 as builders try to reduce high levels of unsold homes.

He said his organization's January survey of builder sentiment showed continued use of incentives to clear the backlog, with 60 percent of builders surveyed offering optional items like kitchen upgrades or decks at no charge, compared with 41 percent at the beginning of 2006.

Other incentives include paying closing costs, which 52 percent of builders said they did, compared with 31 percent a year earlier, and paying buyers' financing points on loans, something 30 percent said they did.

The report on new homes came after a report on Thursday that sales of existing homes fell 8.4 percent last year, to 6.48 million units, the biggest decline since 1989.

New-home sales in December rose in all parts of the country except the West, which posted a 4.4 percent decline. Sales rose 27.3 percent in the Northeast, 26.6 percent in the Midwest and 0.3 percent in the South.

Regarding another sector of the economy, the Commerce Department said orders to factories for big-ticket manufactured goods rose in December by 3.1 percent, the largest gain in three months, giving hope that manufacturing will not be seriously affected by the slowdown in housing.

The increase was led by demand for commercial aircraft and the biggest increase in orders for cars and trucks in more than two years.

Excluding transportation, these orders increased 2.3 percent, the best showing in that category since March and better than analysts had expected.

For all of 2006, new orders rose 7 percent, compared with an 8.6 percent increase in 2005.

Blue Chips Slip; Volatility Marks Start Of '07 (WSJ)

By E.S. Browning

The Wall Street Journal, January 27, 2007

The pundits weren't kidding when they said the stock market could be more volatile this year.

The Dow Jones Industrial Average surged to its 26th record finish in four months on Wednesday, and then promptly plunged 119 points on Thursday, its largest point or percentage decline in two months.

It fell an additional 15.54 points, or 0.12%, on Friday, to 12487.02 and now is little changed since the year began, up just 0.2%. For the week, the blue-chip average was down 0.6%.

What's behind the volatility? Uncertainty about what investors consider the two most important stock-market drivers: profits and interest rates.

The issue in a nutshell: The pace of profit growth has slowed markedly from the 19% gain registered in the third quarter. Market interest rates, meanwhile, such as bond yields and mortgage rates, which pleased investors by falling late last year, have started rising again.

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Neither is a disaster, which helps explain why the Dow industrials, which were down sharply for much of the day Friday, recouped most of their losses by day's end. Profit gains still are above the historical average, and interest rates still are low by historical standards. But neither is quite as good as it was, which makes investors nervous.

As for corporate profits, "I've heard the term 'mixed.' I've used the term 'dicey,'" said Benjamin Pace, chief investment officer at Deutsche Bank Private Banking in New York.

About 40% of the companies in the Standard & Poor's 500-stock index have reported fourth-quarter 2006 profits so far, and the results aren't bad at all. They just aren't eye-popping.

Profits are coming in about 10% above the year-earlier quarter, according to Thomson Financial. That is above the long-term average of 7%. It looks as if this will be the 14th quarter in a row of double-digit profit gains. About 68% of companies are surpassing analyst estimates.

But profit gains for last year's third quarter were nearly twice as good -- up about 19%. And 71% of companies beat estimates.

While profits are above average, they are being evaluated by investors who, subconsciously at least, had gotten in the habit of buying stocks based on truly excellent results.

"Earnings have been a bit weaker, I think, than many market participants had been hoping for," said Leo Grohowski, chief investment officer at U.S. Trust in New York.

And as 2007 results roll in, profit gains are likely to be below 10%. Neither Mr. Pace nor Mr. Grohowski expects stocks to decline overall this year, but they both say the market could experience some volatility as it adjusts to slower profit increases.

It also will have to adjust to a less-positive interest-rate environment. Late last year, investors widely expected the Federal Reserve to begin cutting interest rates by the middle of this year. The yield of the benchmark 10-year Treasury note fell below 4.5% last month.

But since then, with the economy looking hotter than expected, the Fed seems much less likely to cut rates any time soon. The 10-year Treasury yield rose Friday to 4.879%.

That still is pretty low. But like profits, it isn't eye-popping any longer.

None of this is causing panic. But rising market rates make life more expensive for businesses and consumers. They also make bonds look like a more attractive investment compared with stocks.

The broad S&P 500 fell 0.6% in the week just ended, including a decline Friday of 0.12%, or 1.72 points, to 1422.18. It is up 0.27% in 2007.

The Nasdaq Composite Index also was down 0.6% for the week, and up 0.05%, or 1.25 points, on Friday to 2435.49. It is up 0.84% on the year.

Also working against stocks on Friday, crude-oil futures rose $1.19 a barrel, or 2.2%, to $55.42.

Worries On Rates Lead To Mixed Day (NYT/AP)

By The Associated Press

The New York Times, January 27, 2007

Wall Street closed out a volatile week with a mixed performance yesterday after a pair of economic reports dashed hopes for an interest rate cut anytime soon. The major indexes were down for the week.

Stocks found some late-day strength as investors sought bargains after a two-day pullback that erased most of the gains made so far this year.

Strong results from Microsoft helped lift technology stocks, while the heavy machinery maker Caterpillar lent some support to the Dow Jones industrials. However, those gains were offset by economic reports that raised concerns about interest rates.

The Dow Jones industrial average fell 15.54 points, or 0.12 percent, to 12,487.02.

Broader stock indicators were mixed. The Standard & Poor's 500-stock index was down 1.72 points, or 0.12 percent, at 1,422.18, and the Nasdaq composite index rose 1.25 points, or 0.05 percent, to 2,435.49.

The Commerce Department said new-home sales rose 4.8 percent in December, well above economists' projections and a sign that the slumping housing market might have bottomed out. The department also said orders to factories for big-ticket manufactured goods rose in December by the largest amount in three months, led by demand for commercial aircraft.

Investors had been holding on to hopes that central bankers might cut rates in the first half of the year. A steady stream of positive economic data like yesterday's is, however, making that unlikely and is instead raising the possibility the Federal Reserve might resume its campaign of rate increases that ended in August. The Fed's Open Market Committee meets next week.

"The biggest driver is concern the Fed might see more reasons to raise rates than to lower," said Arthur Hogan, chief market analyst at Jefferies & Company.

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For the week, the Dow was down 0.62 percent, while the S.& P. 500 lost 0.58 percent and the Nasdaq fell 0.65 percent.

Long-term bonds were steady, with the price of the benchmark 10-year Treasury note at 982/32 and the yield at 4.87 percent, both unchanged. Shorter-term bond yields rose during the session.

The dollar was mixed against other major currencies, while gold prices fell.

Oil prices rebounded after a steep decline in the previous session because of doubts that OPEC members are making the production cuts promised last year. The price of a barrel of light crude oil rose $1.19, to $55.42, on the New York Mercantile Exchange.

Steven Goldman, chief market strategist for Weeden & Company, said the retreat in stocks should offer buying opportunities. He said that the market was not "terribly overbought, but had been listlessly moving up" and that "pulling back allows the market to clean out its excess."

The major indexes had been up more than 1 percent on Wednesday, to the highest levels this year, before the two-day retreat. For the year, the Dow is up 0.19 percent; the S.& P. is up 0.27 percent; and the Nasdaq is up 0.84 percent.

Shares of Caterpillar, whose earnings are heavily tracked as an indication about the pace of construction, rose $1.46, or 2.5 percent, to $61.09 after it reported a 4.3 percent rise in fourth-quarter profit. The company also stood by its full-year forecast, which it thinks will show continued strength in industries like mining, oil and gas.

Honeywell International, a diversified high-tech manufacturer, reported fourth-quarter profit rose 14 percent. Lackluster 2007 projections, however, sent shares down 7 cents, to $44.13.

Countrywide Financial, a mortgage lender, rose $1.71, or 4 percent, to $42, after The Financial Times reported that the company was in talks with Bank of America that might lead to its acquisition or a joint venture.

The newspaper, quoting sources that it did not identify, said Bank of America might acquire Countrywide for as much as $30 billion or form a joint venture to sell mortgages.

Technology stocks rose after Microsoft reported second-quarter results beat Wall Street expectations and projected double-digit growth in all of its core businesses through the rest of its fiscal year, which ends June 30. Strong sales of its Xbox video game console helped offset the delayed release of its latest operating system, Vista.

Microsoft, which hit a 52-week high in the previous session, rose 15 cents, to $30.60.

Amgen, the biotechnology company, declined after it said fourth-quarter profit missed projections. Its shares fell $3.35, or 4.5 percent, to $71.50.

Dollar Seesaws As Markets Await More U.S. Data, Fed (WSJ)

By Isabelle Lindenmayer

The Wall Street Journal, January 27, 2007

The dollar seesawed indecisively Friday, making few intra-session gains as the market awaits additional U.S. data and a Federal Reserve meeting in the coming week to provide further confirmation of a recovering economy.

Despite the release of solid housing and manufacturing data early Friday, the dollar slipped across the board, then retraced its losses in afternoon trading.

Late Friday in New York, the euro stood at $1.2913 from $1.2935 late Thursday. The dollar stood at 121.595 yen from 121.14 yen late Thursday, while the euro stood at 157.00 yen from 156.72 yen late Thursday. The dollar was at 1.2536 Swiss francs from 1.2481 Swiss francs, while the pound was at $1.9593 from $1.9643 late Thursday.

"The market is unwilling to sell [the euro against the dollar] even more until there is further confirmation" that the economy is firming up, said Matthew Strauss, currency strategist at RBC Capital Market.

"That confirmation will have to come from next week's gross domestic product data, the Fed becoming more hawkish or the employment data," Mr. Strauss said, referring to January payroll data.

"That will tell the market whether [the euro] should break lower than $1.29 and continue, or if it should reverse," he said.

Crude Goes Above $55 A Barrel On Cold Weather, OPEC Cuts (WSJ)

By Masood Farivar

The Wall Street Journal, January 27, 2007

Crude-oil futures jumped above $55 a barrel Friday to their highest level in more than two weeks as freezing temperatures around the East Coast raised the prospect of increased consumption of heating fuel.

Forecasters predicted that below-normal temperatures gripping the region would continue into at least the first week of February after a respite over the weekend. Private forecaster Frontier Weather said temperatures from the Great Lakes to the Atlantic will likely average 12 to 16 degrees below normal through the first week of February, boosting heating-oil demand.

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"The weather forecasts started the ball rolling," said Phil Flynn, an analyst at Alaron Trading Corp. "Even though winter is getting off to an awfully late start, these types of weather patterns are known to sometimes last into March, and all the extra supply we built up may be lost further down the road."

The March crude-oil contract on the New York Mercantile Exchange rose $1.19, or 2.2%, Friday to $55.42 a barrel, the highest settlement since Jan. 9.

A report from tanker tracker Lloyds MIU that crude-oil exports from the Organization of Petroleum Exporting Countries fell to below 23 million barrels a day in December from under 24 million barrels a day in November also underpinned the gains.

In Race For Iowa, Clinton Has To Make Up Ground (WP)

By Anne E. Kornblut, Dan Balz

The Washington Post, January 27, 2007

DES MOINES, Jan. 26 -- When New York Sen. Hillary Rodham Clinton arrives here for her first presidential campaign events this weekend, she will encounter unfamiliar terrain -- a landscape where she is not the perceived front-runner for the Democratic nomination.

Although Clinton appears formidable at the national level, she has not built up a lead in Iowa, home of the first caucuses of the 2008 campaign next January. Most recent polls of Iowa Democrats have shown former senator John Edwards of North Carolina in the lead, with Clinton in a pack that includes Illinois Sen. Barack Obama and former Iowa governor Tom Vilsack.

"This is anyone's race to win, including obviously Governor Vilsack, who is very familiar with the landscape here," said newly elected Iowa Gov. Chet Culver (D), who met with Clinton shortly after she arrived Friday afternoon but who is remaining neutral. "That's the wonderful thing about the caucus process. The winner will have to earn it."

That puts Clinton in the unusual position of having to prove herself against other Democrats, and having to build up a political infrastructure in Iowa at a time when many rivals already have a head start. Her appearances here -- her first in more than three years -- are certain to start a media frenzy, potentially intruding on the direct access to candidates that caucus-goers have come to expect.

There are many reasons why Clinton may meet resistance in Iowa. An obvious one is her vote for the 2002 congressional resolution authorizing President Bush to go to war in Iraq. Although she has increasingly become a harsh critic of the administration, her long support for the conflict -- and her refusal to renounce her vote -- has left a sour taste among some liberal Democrats.

She also has opposed subsidies for ethanol, a politically incorrect position for any presidential candidate seeking support in an agricultural state such as Iowa.

But, more fundamentally, her challenge may be finding ways to show Iowa Democrats that she is a more personable and accessible figure.

"Her history is eight years at the White House and six years as a U.S. senator -- all of it with Secret Service -- and there's many obstacles that go along with it, many of which Vice President Gore faced in 2000," said Steve Hildebrand, a senior Obama adviser who ran the Clinton-Gore reelection effort in the 1996 race and managed Gore's victory over Bill Bradley in Iowa in 2000.

"She's going to have to figure out how to get outside of that circle, in order to have the same kinds of dialogues with Iowa voters that all the other candidates are going to have," Hildebrand said. "It's expected in these early states, and she's going to have to figure out how to get that done."

J. Ann Selzer, who conducts the Iowa Poll for the Des Moines Register, said the key for Clinton is "to figure out how to make it personal."

Clinton advisers accept the polls as generally accurate and reject suggestions that she will have trouble converting skeptics into supporters. She has, they argue, only begun the process of introducing herself to Iowans, in a dinner in Washington last month and with a handful of phone calls to key activists.

"She needs to get out there and start campaigning," one Clinton adviser said. "I think there is a fundamental stubbornness about [Iowans] that they're not going to be favorable until they see them. They want to see Senator Clinton personally."

The previous time Clinton appeared in Iowa was November 2003, when she served as emcee at a state Democratic fundraising dinner featuring the party's 2004 presidential candidates.

She did not campaign in the state last year during her reelection campaign in New York, choosing to avoid any indications that she already had her eye on the presidency.

Former president Bill Clinton was the keynote speaker at a Democratic Party dinner in October, a few weeks before the midterm elections, but though he is very popular among rank-and-file activists, neither he nor Sen. Clinton has spent much time campaigning in Iowa living rooms over the years.

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Bill Clinton essentially wrote off Iowa in 1992 because Sen. Tom Harkin (D-Iowa) was a presidential candidate that year, and in 1996 because Clinton faced no primary opposition in his reelection campaign.

Sen. Clinton is just beginning to put an organization in place and to attract endorsements. She named JoDee Winterhof, a former top adviser to Harkin, as her Iowa state director on Friday. Former Iowa attorney general Bonnie Campbell is heavily involved as a non-paid adviser and supporter. Another veteran of Harkin's staff, Lorraine Voles, serves as Clinton's Senate communications director.

But other Iowa veterans are already signed up elsewhere, including David Plouffe, a former Harkin acolyte who is running the Obama campaign.

Vilsack's presence in the race complicates the efforts of all candidates to line up endorsements from top elected officials in the state, but there is a scramble underway for the backing of state legislators and county officials. "With Hillary in the race, with Obama in the race, Iowa politicians are pretty smart about this process," said a party official who spoke about the competition on the condition of anonymity. "I think they're going to keep their powder dry and see how it's playing out."

Obama's appearance at an annual steak fry hosted by Harkin last fall helped touch off interest in Obama's presidential bid. The Clinton campaign regards him as a candidate who has enormous potential appeal but who is untested in the rigors of national campaigns.

Edwards, who finished second in the 2004 caucuses, has been to Iowa 17 times since the beginning of 2005, maintaining his network of supporters. None of the other Democrats underestimates his strength in the state, although several strategists in Iowa say he may have trouble holding his position over the course of the year.

"John Edwards has been out there a lot, and he ran before, and since that time he's been cultivating people, meeting them in living rooms, signing up people, and that means a lot," said Harkin, who is supporting Vilsack.

"And then Barack Obama, when he came to my steak fry -- I haven't seen anything like that since Robert Kennedy ran for president."

Hillary Heads To Iowa To Kick It Off (NSDY)

By Glenn Thrush

Newsday, January 27, 2007

WASHINGTON -- Sen. Hillary Rodham Clinton's first trip as a 2008 presidential candidate starts Saturday with a two-day political tour of Iowa, to be followed by rapid-fire excursions to New Hampshire, South Carolina and California.

In recent Iowa polls, Clinton trails Illinois Sen. Barack Obama, former vice presidential candidate John Edwards and former Iowa Gov. Tom Vilsack. But Clinton's staff says she'll turn those numbers around once she hits the frigid Iowa ground and warms up skeptical Hawkeye State voters.

The Clintons don't have as much of a track record in Iowa as they do in other states: In 1992, Bill Clinton skipped the state, conceding it to Sen. Tom Harkin, a native son. He did win the state in 1992 and 1996.

Hillary Clinton last swung through in 2003.

Earlier this week, Clinton scooped up former Harkin aide JoDee Winterhof to run Clinton's state operation. Another Harkin alumna, Lorraine Voles, has been working for Clinton for about a year.

The senator, who declared her candidacy via Web video a week ago, makes her first visit to New Hampshire next weekend, with a trip to South Carolina, a state where Obama and Edwards are expected to do well, planned later in the month, according to a Democratic source. Clinton also has planned fundraisers and meetings in Los Angeles late next month and late March.

The West Coast appearances have kicked off a prediction that Obama and Clinton will battle it out to win over the party's Hollywood fat cats. DreamWorks founders David Geffen, Steven Spielberg and Jeffrey Katzenberg already have scheduled a Feb. 20 fundraiser for Obama. Clinton earned the backing of Elizabeth Taylor on Thursday.

Clinton was to arrive in Des Moines Friday night and kick off her trip with an appearance before the state Democratic Party at 11:30 a.m. local time Saturday, followed by an appearance at a community center. Then she treks to Cedar Rapids for a small house party with supporters.

On Sunday morning, she heads to Davenport, where she will schmooze diners at a local restaurant.

Simon Says: Hillary Stumps In Iowa (POL)

By Roger Simon

The Politico, January 27, 2007

DES MOINES – It is not as if Iowa had nothing going for it before Hillary Clinton got here.

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John Wayne was born and Cary Grant died here. The state has produced one president (Herbert Hoover from West Branch) and one First Lady (Mamie Eisenhower from Boone). And it is the only state whose first two letters are vowels.

But what really gives this state its claim to fame is that this is where the presidential nominating process begins in the Iowa caucuses, scheduled to be held next January.

Numerous 2008 presidential candidates have been here numerous times in the last months and years with the exception of Hillary (as her campaign officially refers to her.)

Until today, she had not set foot in Iowa since Nov. 15, 2003, when she headlined a Jefferson-Jackson Day dinner for the state party. It was considered her first real signal that she might run for president some day.

Now that day has arrived and Hillary is back and many Iowans are almost as excited as if John Wayne and Cary Grant had come back with her.

On Thursday, one local TV station had a story about school children hand-painting signs of greeting for Hillary and another had videotape of Bonnie Campbell, a Democratic activist here, getting a phone call…from Hillary HERSELF!

Iowa Gov. Chet Culver, a Democrat, said in an interview Friday, "This is anyone's race to win, but they have to earn it and that includes going to a high school gym on a Saturday morning like Hillary is and taking tough, pertinent questions."

Iowans love to ask questions of candidates and not just once. By the end of this year, this is the joke you are going to hear out of Iowa: "I haven't decided whether I am going to vote for Hillary, yet. I have only met her five times."

"Candidates need to spend a lot of time here," Culver said. And spend lots of money. Iowa loves the money that the campaigns and media spend, but they love the attention much more.

Where else can you look up from your biscuits and gravy at the breakfast buffet in the downtown Marriot here to see Brian Williams or Tim Russert or Bob Schieffer or George Stephanopoulos waiting to get a table? Where else are you going to be able to go to your local diner and see Hillary and Barack and John and Joe and Chris and all the rest?

Culver said that John Edwards drew 900 people when he was last in Iowa. And 900 is a big crowd in this state. Of the 953 communities in Iowa, 800 contain fewer than 1,000 people. Keep that in mind when you see crowd estimates from here.

Culver said the race was wide open in part because Hillary hasn't been here in such a long time. "This is her first trip," he said. "People admire and respect her, but this is her first test."

I asked Culver whether he was going to endorse anybody and he said, "In all likelihood I will not."

But doesn't Culver feel any obligation to his predecessor, Tom Vilsack, who is running for president?

"While Gov. Vilsack has been supportive and is certainly my friend, others have been supportive and are my friends," Culver said. And then Culver mentioned how Barack Obama had come out and campaigned for him last year.

Everyone would like Culver's endorsement, but in 2004, Iowa Sen. Tom Harkin and Al Gore and even Jimmy Carter all endorsed Howard Dean. Who then came in third here.

"We have learned endorsements, frankly, don't amount to a whole lot," Culver said.

So what does?

"Coming here and spending quality time," Culver said. "They all need to spend a lot of time here."

Ex-Shaheen Aide Joins Clinton Campaign (POL)

By John Distaso

The Politico, January 27, 2007

UnionLeader.com has picked up the first clear signal that Hillary Clinton's New Hampshire campaign is taking shape.

Highly-regarded Democratic strategist Liz Purdy of Concord has signed on in a senior staff role in the state, Clinton national field director Karen Hicks confirmed today.

"She's a super organizer and we are so psyched to have her," Hicks said.

"She is going to be helping us through the year organizing and staffing up as a senior person in the state."

Hicks said Purdy has no official title at the moment, but said, "She will be playing a big role for us."

Purdy, a 1996 UNH graduate, was the fund-raising director for former Gov. Jeanne Shaheen's successful 2000 campaign for a third term as governor. She also was deputy campaign manager for Shaheen's unsuccessful bid for the U.S. Senate in 2002.

She headed the college Democrats while at UNH and was speaker of the student senate. She also worked for the state Senate as a legislative aide before serving as finance offer for the state Democratic Party.

John Distaso is Senior Political Reporter for the New Hampshire Union Leader.

Huckabee To Set Up '08 Exploratory Panel (AP)

By Andrew Demillo

DOJ_NMG_0123908

AP, January 26, 2007

Republican Mike Huckabee, the former Arkansas governor and a favorite of conservatives, will take the first step in a 2008 presidential bid, an official told The Associated Press on Friday.

Huckabee, 51, plans to file papers on Monday establishing an exploratory committee that will allow him to raise money and hire campaign staff, said the official, who spoke on condition of anonymity to avoid pre-empting a formal announcement.

Huckabee faces difficult odds as he enters a crowded Republican field topped by better-known, better-funded candidates such as Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York City Mayor Rudy Giuliani.

All three have spent the last few months building their national campaign organizations, courting fundraisers and lining up grass-roots supporters in primary and caucus states. However, they also have records or positions on social or fiscal issues that don't sit well with conservative voters — and that could give Huckabee an opening.

"My brand of conservatism is not an angry hostile brand. It's one that says 'conservative' means we want to conserve the best of our culture, society, principles and values and pass them on," the former Southern Baptist minister said last month.

Huckabee, a fierce foe of abortion rights and gay marriage, isn't the only conservative in the field and he faces a tough fight for the support of the GOP's right flank, a crucial voting bloc in the nominating contests.

Kansas Sen. Sam Brownback, a favorite son of the religious right, is already in the race and other conservatives, such as California Rep. Duncan Hunter and Colorado Rep. Tom Tancredo, will be battling for their share of the vote.

Still, Huckabee is hoping history can repeat itself. He was born in Hope, Ark., and was chief executive for a small state for many years. It was a story line that worked for Democrat Bill Clinton in 1992.

Huckabee left office Jan. 9 after serving 10 1/2 years as governor of a Democratic-leaning state; he was ineligible to seek re-election because of term limits. During his tenure, he repeatedly had to defend against slips of the tongue and ethics controversies.

Arkansas' Ethics Commission has admonished Huckabee for violations five times in 14 years, once for taking money from an organization whose donors have never been listed. He jokingly attributed his weight loss to a "concentration camp" diet and once called his state a "banana republic."

In November, he lashed out at reporters who questioned wedding-gift registries set up to furnish Huckabee's new $525,000 home in North Little Rock. Friends had set up the accounts for Huckabee and his wife Janet, who have been married since 1974.

Nationally, Huckabee is perhaps best known for his dramatic weight loss and his emphasis on healthy lifestyles. He shed 110 pounds after being diagnosed with diabetes. He also saw his political profile rise when he headed the National Governors Association for one term.

Since he left office, Huckabee has been on a nationwide tour to tout his book, "From Hope to Higher Ground: 12 Stops to Restoring America's Greatness." With chapters on taxes and foreign policy, Huckabee's book lays out his potential talking points for a presidential campaign.

Sen. Joe Biden To Kick Off Presidential Campaign Wednesday (AP)

AP, January 26, 2007

NEW YORK (AP) — Democratic Sen. Joe Biden, who has made no secret of his plans to run for president in 2008, says he will make it official next Wednesday.

The 64-year-old Delaware lawmaker said he will file paperwork with the Federal Election Commission and launch a campaign website, www.joebiden.com.

He joins a crowded Democratic field dominated thus far by New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama. Other candidates include former North Carolina Sen. John Edwards, the 2004 vice presidential nominee; Connecticut Sen. Chris Dodd, New Mexico Gov. Bill Richardson, former Iowa Gov. Tom Vilsack, and Ohio Rep. Dennis Kucinich.

Biden traveled extensively last year to the early voting states of Iowa, New Hampshire and South Carolina and plans another swing through those states soon after launching his presidential committee, his spokesman, Larry Rasky, said.

Recently, as the new chairman of the Senate Foreign Relations Committee, Biden convened several weeks of high-profile hearings on the Iraq war.

Generally regarded as a longshot in the presidential contest, Biden is one of his party's leading spokesmen on foreign affairs and plans to stress that expertise on the campaign trail. Biden voted in 2002 to authorize military intervention in Iraq, but has since become a vociferous critic of the conflict.

Biden has also criticized President George W. Bush's plan to deploy an additional 21,500 troops to try and stabilize Iraq's capital city, Baghdad. On Wednesday, the Foreign Relations Committee approved a resolution he co-authored with Sens. Carl Levin, a Democrat, and Republican Chuck Hagel, stating that sending more troops into Iraq is "not in the national interest."

Biden has also been promoting a detailed plan for peace in Iraq that would divide the country along ethnic lines.

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This is not the first time Biden has sought the presidency. He was a candidate for the 1988 Democratic presidential nomination, but withdrew from the race in 1987 amid accusations that he had plagiarized passages in his speeches.

Biden has about $3 million (euro2.31 million) in his Senate campaign account that will transfer to his presidential committee, Rasky said.

The campaign will be run by Luis Navarro, a longtime Democratic activist with close ties to organized labor. Recently, Navarro headed the Florida Democratic Party and served a stint as political director for Massachusetts Sen. John Kerry's 2004 presidential bid.

Hunter Is First Candidate To Buy TV Ad In New Hampshire (BOS)

By James Pindell

The Boston Globe, January 26, 2007

California Congressman Duncan Hunter is the first candidate to pay for television advertising time on New Hampshire airwaves for the 2008 presidential election.

The ad, which began airing on WMUR-TV in Manchester today, shows Hunter in front of a fence on the border with Mexico.

CNN is reporting the ad also airing in Iowa.

Hunter announced in South Carolina Wednesday he is running for president. He will visit New Hampshire on Monday.

Last month, DraftObama.com paid for ads on cheaper cable networks encouraging Illinois Senator Barack Obama to run for president.

Preparations Set, Giuliani Now Faces A Big Choice (NYT)

By Sam Roberts

The New York Times, January 27, 2007

Rudolph W. Giuliani, who developed a national reputation for decisive and reassuring leadership after 9/11, now faces the odd challenge of having to reassure some supporters that he can be decisive about a very different issue: running for president.

Even as his fellow Republican John McCain and fellow New Yorker Hillary Rodham Clinton have all but formally declared their candidacies, Mr. Giuliani has proceeded more cautiously.

Since last month, he has formed an exploratory committee, more aggressively recruited a campaign staff and moved to divest himself of one of his companies. And he is now visiting New Hampshire, home to the first primary, for the second time in three months. But he has studiously avoided making a public commitment to run.

Asked recently in Delaware about his political plans, he offered an ambiguous reply: “I think the biggest question you have to ask is, ‘Can you really lead the country?’ If I believe that I can do it, then I will, and if I don’t, then I’ll support somebody else.”

He ducked the question again yesterday, telling reporters in Bretton Woods, N.H., that he would not be rushed by contenders who are already entering the race. “You should do it when you feel it’s the right time,” he said.

Despite the delay, his aides argue that the accelerated pace of early primaries next year actually benefits a well-established figure like Mr. Giuliani — much, they say, as his national stature will enable him to close whatever gaps now exist in fund-raising and organization.

Frank Luntz, a Republican consultant who is not now working for any of the presidential campaigns, described Mr. Giuliani as “the only candidate who can set his own timetable, because he is so established in the minds of the voters.”

Nonetheless, doubts have been raised about the proverbial fire in his belly. Some New Yorkers in particular recall his decision to quit the Senate race against Mrs. Clinton in 2000 after running for months and raising millions of dollars but never formally declaring his candidacy.

Mr. Giuliani, already hobbled then by a messy separation from his wife, withdrew after finding that he had prostate cancer. But he was also ambivalent about the prospect of being a legislator.

Wrestling then with which course of medical treatment to pursue, he said on the day he withdrew: “And about the decision to run: I was almost in the same position, not being able to make it, which has never really happened to me. I’ve always been able to make decisions.”

David Garth, a media consultant who helped steer the Giuliani mayoral campaigns, said that while he had no reason to doubt a candidacy this time, “it’s a question of where his head is, as it was in the Senate race.”

Michael R. Long, chairman of the New York State Conservative Party, voiced uncertainty.

“He called me before Thanksgiving just to touch base and said he’d like to talk, and I haven’t heard from him since,” Mr. Long said. “We went through this in the United States Senate race. Whether he pulls the trigger or not, I don’t know.”

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Fred Siegel, a Cooper Union historian and Giuliani biographer, dismissed the analogy to 2000. "The question is there in Washington," Mr. Siegel said, but "I think it's mistaken."

Mr. Giuliani's aides maintain that he is being held to a standard different from that of other prospective candidates who have not formally declared. And anyway, they say, his ambivalence, whether real or merely perceived, may well vanish soon. Mr. Giuliani, who will address the Republican State Convention in New Hampshire today, is to travel to California and South Carolina next month, and supporters in New Jersey are preparing to announce endorsements next week.

California and New Jersey are two of a number of populous states that are expected to shift their 2008 primaries to February, very early in the campaign season, and South Carolina's comes even earlier, a week after New Hampshire's.

"Folks who believe he is not running do so at their own peril," said Michael DuHaime, former political director of the Republican National Committee, who is heading Mr. Giuliani's exploratory effort.

"There is a spin out there that the campaign is further behind than it is, that Rudy may not be serious, and that is being done deliberately to keep us from certain fund-raisers," said Mr. DuHaime, a native New Jerseyan who begins working for Mr. Giuliani full time next week.

Kieran Mahoney, a Republican consultant in New York who is working for another presidential prospect, former Gov. James S. Gilmore III of Virginia, said he had been unconvinced of a Giuliani run until recently, when the former mayor stepped up the pace of hiring a campaign staff and reports emerged that he had taken steps to sell the biggest division of his consulting business.

"Stop listening to what they say and look at their behavior," Mr. Mahoney said of potential candidates in general. "Giuliani is, in fact, an active participant in the marketplace in terms of scooping up talent and making business decisions that are economically injurious and politically positive. I have been a skeptic. I am now a believer."

Even Mr. Giuliani himself, though continuing to demur, did drop a hint or two in New Hampshire yesterday, saying at a Chamber of Commerce dinner that he might return later this year to play golf, or for other reasons.

Some consultants to Mr. Giuliani's rivals, and even some of his supporters, say that given the campaign's relatively late start, his inner circle may be overconfident about his ability to build a respectable war chest by March 31, the first of the deadlines for reporting campaign contributions. A poor sum then would make it all the harder to attract further donations, and, with more candidates now choosing not to participate in the federal campaign financing system, the importance of fund-raising has increased, as has competition for the millions at stake.

Already, Mr. Giuliani is being measured against a 140-page game plan drafted by a member of his campaign staff last fall. That document, which Giuliani advisers say was stolen from them, set a fund-raising goal of at least $25 million by the end of March, but some potential fund-raisers and donors whom it identified have already enlisted in support of other candidates.

Asked about the $25 million figure, Mr. DuHaime, who did not join the campaign until after the document was drafted, replied: "What is important to us is we have a strong number in that first period, and I'm not going to put the number out there publicly. We're certain we're going to have enough money to be competitive."

In New Jersey, where two fund-raisers have been scheduled and a spectrum of local politicians are expected to endorse Mr. Giuliani next week, one supporter, Steven E. Some, said that he had worked in five presidential campaigns and that "selling Rudy is the easiest sell I've ever had in my life."

"I have no doubt whatever that he's in this for the long term," said Mr. Some, a veteran political consultant. "I've never had anyone come up to me to raise any doubt about whether he's going to go the course."

Still, an underlying perception exists, and is being stoked, that Mr. Giuliani has not committed himself to a campaign, in part because he is reluctant to relinquish the lucrative consulting business that he founded after he left the mayor's office five years ago. Referring to Mr. Giuliani's exploratory activity, Harold M. Ickes, a longtime adviser to Mrs. Clinton, said, "I thought he was just advertising so he can increase his fees."

Mr. Mahoney, the Republican consultant, acknowledged that one challenge facing Mr. Giuliani would be determining how to expand his political base rightward.

"In order to become the mayor of New York City," Mr. Mahoney said, "you have to do things that are not wholly consistent with being the Republican nominee for president."

Amid Question Of Flip-flopping, McCain To Back Reform Bill (POL)

The Politico, January 27, 2007

Sen. John McCain, R-Ariz., will sponsor a bill to strengthen campaign finance laws in this session of Congress despite vehement opposition to campaign finance reform from conservative Republican activists whose support he needs to win the party's nomination for president in 2008.

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McCain recently had appeared to be backing away from his support of campaign finance reform, which has been a signature issue for him. But Friday, a top aide in his Senate office said that McCain will reintroduce a bill to further clamp down on independent "527" groups.

"Yes, it is McCain's bill and McCain will introduce it this Congress," Mark Salter, McCain's chief of staff, wrote in an e-mail. "Moreover, he wanted to introduce it earlier this month, but Senator (Russ) Feingold's staff suggested to our staff to wait a week or two."

Salter's response came after inquiries from the Politico about McCain's apparent retreat on campaign finance reform.

McCain and Feingold, a Wisconsin Democrat, together wrote the 2002 law that fundamentally over-hauled federal campaign finance regulations.

The measure earned the scorn of conservative Republicans and other political activists who argued that it stifled free speech rights by limiting political spending.

Last session, the two worked on a measure that would place tighter controls on the "527" groups that emerged to circumvent the limitations imposed by the McCain-Feingold measure.

This session, however, McCain has declined to support two other campaign finance measures that reformers consider priorities: one would expand the public financing system for presidential elections, and another would require grassroots organizations to disclose their funding and expenditures.

His lack of support for both worried campaign finance reformers who have considered him a champion of their cause.

McCain "has been supporting reform efforts for so long and has taken on the whole world when it comes to reform drives in Congress, so I'm convinced he truly believes in it," said Craig Holman, a lobbyist on campaign finance for Public Citizen.

"But it's very unfortunate that when it comes around to his presidential bid he's suddenly backing off, especially at such a critical moment. This is the year in which we're actually going to get some sweeping lobbying and ethics reform legislation, and he's not working with us on that," Holman said, adding that McCain's staff over the last few months had become unresponsive to entreaties to support campaign finance reforms.

McCain's campaign officials deny that he's backed away from supporting campaign finance reform. "He is a conservative candidate. He is going to run on reform should he decide to run," said Danny Diaz, a spokesman for McCain's exploratory campaign. "He's committed to reducing the amount of special interest money involved in politics. He has been. He will remain so."

However, in a survey recently posted on the exploratory campaign Web site, McCain officials asked supporters to comment on 25 specific proposals in four categories: taxes, government spending and regulation, the war in Iraq and the war on terror, and America's military. Campaign finance was not on the list.

Additionally, campaign officials have declined to quash speculation that he will opt out of the public financing system. And McCain voted last week to remove the grassroots lobbying disclosure provision that he previously supported. Many conservative activists, whose support McCain is courting, had opposed this measure.

McCain also has declined to sponsor a bill in the 110th Congress to expand the public financing system for presidential elections. The bill -- which will be introduced by Feingold -- is similar to one McCain sponsored in the 108th Congress, though he withheld his name on last session's measure.

By the time the bill was introduced last session, McCain was already considering a presidential run. Had he sponsored the bill, Diaz said, McCain might have faced charges of conflict of interest. It could have appeared as if he were trying to boost the public money that could be provided to campaigns, including his own.

Diaz described McCain's decision not to sponsor the bill as "a noble and pretty straightforward thing to do," and compared it to a judge recusing himself from a trial in which he or she has an interest. Public financing "is something that he still supports as a matter of policy," Diaz said, but he added that McCain "believes the public financing system is not fulfilling its original goal and must be reformed."

The leading contenders for the Democratic and Republican presidential nominations are expected to opt out of the public financing system, which provides taxpayer dollars to candidates who abide by restrictions on how much they can raise.

"A decision has not been made" about whether McCain will rely on public financing, Diaz said. As for the lobbying disclosure provision, which would have required grassroots organizations to disclose their financing, Diaz said McCain withdrew his support last year after meeting with groups across the political spectrum that argued the provision would have stymied citizen activism.

The leaders of six prominent campaign finance reform groups in Washington disagreed and urged the senators to support the provision, which the groups said would prevent abuses exposed in the Jack Abramoff lobbying scandal.

But one campaign finance reformer who has supported McCain's campaign finance efforts said his recent equivocation should be understood in the context of the campaign. The people whose support McCain needs don't count campaign finance as

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among their top issues, the reformer said, adding "some of the people hate McCain-Feingold and he's not going to run from it. I don't think he could, but he won't try to."

"There's going to be ongoing tension between his interest in campaign finance reform and the political reality that some of the people he's trying to reach are not interested in that issue.

Early On, Obama Showed Talent For Bridging Divisions (LAT)

By Richard A. Serrano, David G. Savage

The Los Angeles Times, January 27, 2007

WASHINGTON — Barack Obama's entry into politics came on a winter morning at the white-columned Harvard Law Review building when, about 2 a.m., a deeply divided editorial staff chose him as the first African American to lead the prestigious publication.

It was no small accomplishment. Obama, who at nearly 30 was older and more world-wise than most of his classmates, had to navigate among sharply drawn factions of conservatives and liberals to beat 18 other candidates for the job.

Today, Obama's weighing of a bid for the White House has provoked questions about whether he has the experience to build a winning coalition of voters. But at Harvard Law Review he showed that — on a much smaller scale — he had the savvy to maneuver through turbulent political waters.

"The Harvard Law Review was a place of petty and vicious internal politics," said Brad Berenson, an editorial board member with Obama and, more recently, an associate counsel to President Bush.

"Compared to Washington and the White House and the Supreme Court, the Harvard Law Review was much more politically vicious," Berenson said. "The conservatives threw their support to Obama because he could bridge the gap between both camps and retain the trust and confidence of both."

Whether Obama can reprise his role as political bridge-builder remains to be seen. Now a Democratic U.S. senator from Illinois, he plans to announce a decision Feb. 10 about the 2008 campaign — though most observers believe that he is in the race.

The son of a racially mixed marriage, Obama did not present himself at Harvard as either a black candidate or a white candidate. He gained the respect of the law review's famously divided factions by listening to all sides.

Former staffer Michael Froman, now a corporate executive who has supported Democratic presidential candidates, agreed that when Obama led the law review in 1990 and 1991, much of the staff's right wing "felt comfortable" with Obama, even those in the conservative Federalist Society.

"It's funny," Froman said, "but it's the same thing I hear now from some conservative friends of mine — not that they agree with him on policy, but that they feel he hears them out. Unlike some of the firebrands on both the left and the right, he was just a very good listener."

Interviews with more than a dozen people associated with the law review, both liberals and conservatives, found no one who did not profess respect for Obama.

The law review was housed in a three-story Greek Revival structure that once had been a private home. The Harvard Legal Aid Bureau occupied the first floor, leaving the cluttered upper stories for the review. The top level, or attic, became the review's law library, its desks and tomes stacked under the sloping roof. The house invoked chaos.

Obama entered that disheveled world in the fall of 1988, already distinct from most of his classmates.

He did not come to Cambridge, Mass., directly from an undergraduate program; he had spent several years doing community work in Chicago. He was not among the privileged or Ivy League legacies. He had turned down a full-ride scholarship at New York University School of Law to attend Harvard. Classmate Cassandra Butts remembers first meeting Obama at the financial aid office.

Nor did Obama arrive with little life experience. He was born in Hawaii, lived in Indonesia and later attended college in Los Angeles and New York. He had also traveled to Africa in search of his father's roots in Kenya.

In his first year, he researched articles for the Harvard Civil Rights-Civil Liberties Law Review. He occasionally spoke out against apartheid in South Africa. He addressed a banquet for the Black Law Students Assn.

Professor Randall Kennedy recalled Obama's theme: Don't forget where you came from.

Classmate Tynia Richard called the speech "one of the most rousing and passionate addresses we heard."

"Harvard was one of those places that can get petty politically," said Richard, now a New York administrative law judge. "People put forth their own agendas, stretched and pressed their ideas in a variety of different ways.

"And he talked about the need to interact with different groups, to become engaged with one another."

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After students' first year in law school, they compete for spots on the law review. They are selected by editors based on their writing and analytical skills. Each year, about 40 students in a class of 540 win spots on the review. Each winter the editors, second- and third-year students, gather to choose a president for the following year.

Obama competed in a field of 19 candidates, four of whom were black.

By tradition, the candidates spend the day cooking meals for the voters. After breakfast, the kitchen table is piled high with law articles the candidates have worked on. The articles are reviewed, and votes taken. As the day wears on, eliminated candidates join editors at the kitchen table for the next meal and round of voting.

In Obama's case, the staff of about 80 conducted a marathon series of votes stretching about 17 hours. It was well past midnight when Obama finally bested David Goldberg.

"He was not a conventional politician," said Goldberg, now a civil rights lawyer in New York. "He was thoughtful, and he listens. People came to appreciate that."

Goldberg added, "I was happy to lose to him. I really wanted to be the articles editor."

Kenneth W. Mack, now a law professor at Harvard, said Obama stood out from the beginning. "He seemed more mature," Mack said. "Everyone understood he was a liberal. He didn't hide that.

"We had opinions, and we argued. But he was always able to make common ground," Mack said.

Under Obama's presidency, the review tackled several delicate racial issues, including allegations that black males, or "invisible men," were inadequately protected by civil rights laws, and the plight of black women giving birth to crack-addicted babies.

The review also panned a biography by a white writer about former slave and abolitionist Frederick Douglass, saying not enough blacks were quoted.

Obama too was criticized at the time. Christine Lee Spurell, a black classmate who is now a public defender in Abingdon, Va., was upset he did not name other blacks to the law review's masthead.

But today she believes he was trying to build the best staff. "He had to make hard decisions," she said. "And he made them correctly."

In The Tennessee Senate, A Historic Shift Of Power (NYT)

By Theo Emery

The New York Times, January 27, 2007

NASHVILLE, Jan. 26 — Over the last year, members of the Tennessee legislature have witnessed a number of updates. Plasma televisions that broadcast legislative sessions now line corridors in Legislative Plaza, where many lawmakers have their offices. Smoking has been banned from the building although the two activities it used to cloud, lobbying and political arm-twisting, remain.

But a sign of perhaps the most significant change can be found outside Room 1, the office of the Senate speaker, where the nameplate on the wall has been replaced for the first time in 36 years.

Earlier this month, senators voted out John S. Wilder, an 85-year-old Democrat who had been speaker since 1971, choosing instead Ronald L. Ramsey, the first Republican to lead the body since Reconstruction. In Tennessee, the powerful Senate speaker is also lieutenant governor, and next in line for the governorship.

Back-room politicking and shifting loyalties played a role in the ouster of Mr. Wilder, who comes from a wealthy West Tennessee cotton family and who flew his own plane to the capital. Until he was voted out, he was the nation's longest serving state legislative leader, according to the National Conference of State Legislatures.

The change reflects a reality in the South: rising Republican strength in state politics, said Prof. Merle Black of Emory University, a co-author of "The Rise of Southern Republicans."

Since Barry Goldwater's campaign for the presidency in 1964, the South has reliably voted Republican in presidential races, except for 1976 and to a lesser degree in 1992, but Democrats maintained power in state and local elections.

"It's really only been in the 1980s and accelerating in the 1990s, that white voters in the South have identified themselves more as Republicans than as Democrats," Professor Black said, adding, "Mr. Wilder represents the persistence of Democratic strength in states like Tennessee."

As recently as the early 1990s, Democrats controlled every Southern legislature. That changed in 1994, when voters in North Carolina and South Carolina elected Republican majorities in their Houses, and Florida elected a Republican majority in its Senate, according to the National Conference of State Legislatures. Today, Republicans control both houses in Florida, Georgia, South Carolina, Texas and Virginia, while Democrats control those in Alabama, Arkansas, Louisiana and North Carolina. In Mississippi and Tennessee, Democrats control the House and Republicans the Senate.

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Beginning in 2005, Republicans held a one-vote majority in the Tennessee Senate, which temporarily grew to two votes when a Democrat switched parties last year and then lost his seat last fall. But the Republicans were denied the leadership two years ago when two Republicans, Micheal R. Williams and Tim Burchett, voted for Mr. Wilder. Mr. Wilder then named Mr. Williams to the No. 2 leadership post in the Senate. This time around, both senators voted for Mr. Ramsey, and it was a Democrat, Senator Rosalind Kurita, who played the pivotal role in Mr. Wilder's leadership defeat when she startled colleagues by voting for Senator Ramsey. Ms. Kurita said her decision was a "vote of conscience" because Republicans had been undemocratically denied the leadership in 2005. Although she said it was not a reward for her vote, this time it was Ms. Kurita who received the No. 2 position, speaker pro tem.

Mr. Wilder's exit from the speaker's chair is the end of an era of sorts, said Mark Byrnes, a political science professor at Middle Tennessee State University.

"I think it does mark a close of a chapter of Tennessee history," Professor Byrnes said, "that more of the old-style, less partisan — if not bipartisan — politics is on its way out."

Professor Black predicted that as older Democrats left the Southern political landscape, "Republicans will probably pick up more seats as we proceed through this decade."

Mr. Wilder won his first Senate race in 1959, served one term, then returned in 1967 to a political career that has continued uninterrupted. When first elected speaker, he pledged to shun "petty" partisanship, according to a newspaper account at the time. He fended off later challenges by enlisting the loyalty of Republicans, who received plum committee assignments.

In recent years he seemed not to care about his image or the fact that politics is increasingly media-driven. He referred to himself in the third person and was known for his befuddling speeches. He ruminated regularly about "the cosmos," and in 2002, famously rambled about "bed devils" during a speech.

But there has never been any doubt that he was a crafty politico who reveled in his position.

"You've got to figure that he's wily as all get out if he's survived in this position for 36 years," said John G. Geer, a Vanderbilt University political science professor. "He probably knows every nook and cranny of the State Legislature."

Mr. Ramsey praised his predecessor, but said the Republicans' time had come in Tennessee.

"John Wilder had done a good job for 36 years," he said, "but leadership needed to change, and I think both sides would agree with that."

Last week, movers carted furniture from Mr. Wilder's former offices and stacks of boxes filled his new, more modest quarters, which he shares at least temporarily with another senator.

As Mr. Wilder walked slowly down the hall after a meeting, he waved off questions about his ouster and its meaning.

"I'm a state senator," he said, one finger raised, "and I'm going to be the best state senator that I can be."

Regulate AstroTurf Lobbying (LAT)

The Los Angeles Times, January 27, 2007

A MEMBER OF Congress will sit up and pay attention when told that 1,000 — or even 100 — constituents have written or e-mailed about a particular piece of legislation. Paying attention to grass-roots opinion is part of a politician's DNA.

But what if the voice of the people is really only an echo of a sophisticated pitch by professional lobbyists? In that not-uncommon situation, "grass-roots" lobbying of Congress has been dubbed the political equivalent of AstroTurf, the artificial grass first installed in the Houston Astrodome in 1966.

The real AstroTurf has its defenders. But no one argues that baseball or football players shouldn't know if they are playing on grass or on a synthetic substitute. (The information would be impossible to keep from them anyway.) Likewise, shouldn't lawmakers know whether a "grass-roots" campaign is actually "AstroTurf"?

The sponsors of the recently enacted ethics bill in the Senate thought so, and included in an early version of that legislation a proposal to require any organization that spends at least $25,000 to stimulate grass-roots lobbying to file detailed reports with Congress. The provision was stripped out, however, after complaints that the restrictions would interfere with free speech by ensnarling activists in bureaucratic red tape.

Chastened, campaign reformers have narrowed their proposals for "AstroTurf" accountability in a way that should allay any legitimate concerns about free speech. Instead of applying to all organizations that might urge their members to contact Congress, the more modest proposals being discussed would be limited to organizations that already are registered as lobbyists.

Even this regulation would be protested by some activists, who contend that a constituent who writes to a member of Congress deserves to be heard regardless of whether the idea was suggested by an interest group with access to direct mail or the Internet. After all, don't others influence us all in the formation of our political opinions?

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True enough, but members of Congress have a right to know whether a campaign is the result not of a spontaneous sea change in public opinion but a professional operation. Such truth-in-packaging doesn't mean that lawmakers will disregard the outpouring of opinion on a given subject, only that they will put it in proper perspective.

Registered lobbyists are already subjected to disclosure requirements that don't apply to ordinary citizens. It's a minimal burden on free speech in the cause of making the legislative process transparent and accountable.

"AstroTurf" lobbying shouldn't be illegal, but neither should it be disguised as coming from the grass roots.

U.N. Atomic Chief Cites Iran Enrichment Plan (NYT)

By Mark Landler, David E. Sanger

The New York Times, January 27, 2007

DAVOS, Switzerland, Jan. 26 — The head of the United Nations nuclear inspection agency said Friday that Iranian officials had told him that they planned to begin installing equipment next month in an industrial-scale plant to enrich uranium.

Such a move would intensify Iran's confrontation with the Security Council, which has demanded a full suspension of the production of nuclear material, and has authorized mild sanctions.

The announcement by the official, Mohamed ElBaradei, director general of the International Atomic Energy Agency, was coupled with a plea to both Tehran and Western nations for all sides to take a "timeout" to head off a larger confrontation.

"Enough flexing muscles, enough calling names," Dr. ElBaradei said in a conversation with reporters here at the World Economic Forum conference. "It's time to engage."

He proposed a suspension of the sanctions against Iran, while the Iranians simultaneously suspend enrichment of uranium. That process can produce fuel for nuclear weapons, though the Iranians deny that is their goal.

Nuclear experts and American officials say Iran's announcement may be a bluff. Tehran has run into significant difficulties in assembling centrifuges to enrich uranium. A year ago it promised to have 3,000 centrifuges running by now; instead, it is just beginning to install that equipment, at Natanz.

But Dr. ElBaradei seemed clearly concerned that once enrichment began, it would be difficult to halt, and that Iranian officials would be loath to dismantle any plant once construction had begun.

He is also concerned that such a plant could become a military target for the United States or Israel. Such a strike would be "absolutely bonkers," he said, noting that it would not deprive Iran of the technological expertise to pursue any nuclear ambitions.

"It would only strengthen the hand of hard-liners," he said. "They would simply go underground."

Dr. ElBaradei said he worried that further sanctions against Iran, which the United Nations has threatened to impose next month, "is only going to lead to an escalation."

Given what inspectors know about Iran's current capabilities, Dr. ElBaradei said, the Iranians are three to eight years away from being able to manufacture a nuclear device. That is roughly in line with estimates made by American intelligence officials.

The United States said it would stick to its insistence that Iran stop enrichment before negotiations begin. The State Department spokesman, Sean McCormack, said the reports that Iran planned to install 3,000 centrifuges showed its continued defiance.

"We'll see what Dr. ElBaradei has to say," Mr. McCormack said Friday at a briefing in Washington. "More importantly, we'll see what the Iranians do; they continue in provocative behavior."

He said the preliminary sanctions, which ban the import and export of material used in uranium enrichment, reprocessing and ballistic missiles, appeared to be having some effect in Iran.

There is evidence of an internal split in Tehran. Two hard-line newspapers that reflect the views of Iran's supreme religious leader, Ayatollah Ali Khamenei, recently demanded that President Mahmoud Ahmadinejad stay away from nuclear issues because his comments were deepening Iran's isolation.

Iran's relations with the international nuclear monitoring agency have deteriorated since the sanctions were approved. Iran has demanded the agency remove the official who oversees inspections of Iranian facilities, and it has barred more than 30 inspectors, all from countries that supported sanctions.

It is not clear how much influence Dr. ElBaradei can exercise, now that the confrontation has moved to the Security Council. But he appears to believe there is support for his proposal.

A diplomat at the agency, speaking on condition of anonymity, said he had found such support in Germany and France. Those nations, along with Britain, have led the talks with Iran over its nuclear program.

Dr. ElBaradei has also consulted with Russia, which favors a more conciliatory approach. But he did not discuss the idea with American officials before making it public here, the diplomat said.

The United States has said that if Iran suspended uranium enrichment, Washington would join the Europeans in direct talks with Tehran, and Secretary of State Condoleezza Rice has indicated that she would take part.

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Dr. ElBaradei also suggested the United States show more flexibility in its standoff with North Korea, which detonated a crude nuclear device in October. The North Koreans have demanded that the United States drop financial sanctions as a condition for reviving talks over their nuclear program.

American and North Korean officials met this month in Berlin, a meeting meant to lay the groundwork for a revival of multiparty talks in Beijing. State Department officials say they are hopeful of some kind of deal, perhaps involving a temporary freeze on plutonium production in the North.

U.N. Says Iran Plans Nuclear Development (AP)

By George Jahn, Associated Press Writer

AP, January 27, 2007

Iran plans to begin work next month on an underground uranium enrichment facility, as part of a plan to create a network of tens of thousands of machines turning out material that could be used to make nuclear arms, U.N. officials said Friday.

The officials' comments were the first concrete confirmation that work on the facility would begin in February. A senior U.S. State Department official warned the move would be a "major miscalculation" by Iran.

"If Iran takes this step, it is going to confront universal international opposition," said Undersecretary of State Nicholas Burns. "If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken."

Former Iranian President Akbar Hashemi Rafsanjani, meanwhile, accused the U.S. of acting like a bully, with the ultimate aim of forcing Iran to "abandon nuclear energy." In a sermon in Tehran, he said a U.S. military buildup in the Gulf and the announcement that U.S. forces would seek to capture or kill Iranian agents in Iraq were aimed Iranian nuclear programs.

"Today our enemies have come with several issues against us while having supporters in the world communities," Rafsanjani told worshippers Friday. "This is bullying."

Also Friday, the Iranian government said it would bar all U.N. inspectors from countries that voted in favor of a U.N. Security Council resolution last month that imposed sanctions on Iran for its nuclear program. Iran said it had rejected 38 names from a list of inspectors from the U.N. International Atomic Energy Agency.

Iranian officials have said repeatedly that work would start soon on the uranium enrichment facility at its Natanz underground plant. There had been speculation the leadership might launch the project next month to celebrate the 28th anniversary of the Islamic Revolution that brought the clerical leadership to power.

But the timing of the work may in part be a gesture of defiance. The Security Council's 60-day deadline for Iran to suspend uranium enrichment runs out next month, paving the way for further sanctions.

"I understand that they are going to announce that they are going to build up their 3,000 centrifuge facility ... sometime next month," IAEA head Mohamed ElBaradei told reporters at the World Economic Forum.

U.N. officials, who demanded anonymity because the information was confidential, emphasized that Iran had not officially announced plans to embark on the assembly of what will initially be 3,000 centrifuges at Natanz. But they said senior officials have informally told the IAEA that the work would begin next month.

Iran ultimately plans to expand its program to 54,000 centrifuges, which spin uranium gas into enriched material.

Iran says it aims to produce nuclear fuel to generate electricity. But if Iran chose, it could use the massive array of centrifuges to make enough weapons-grade material for dozens of nuclear warheads a year.

Diplomats briefed on the IAEA's findings said this month that the Iranians recently finished pre-assembly work at the Natanz facility, which is underground as protection against attack.

In enrichment plants, centrifuges are linked in what are called cascades. For now, the only known assembled centrifuge cascades in Iran are above ground at Natanz, consisting of two linked chains of 164 machines each and two smaller setups.

The two larger cascades have been running only sporadically to produce small quantities of non-weapons grade enriched uranium, while the smaller assemblies have been underground "dry testing" since November, IAEA inspectors have reported.

A U.N. official cautioned against assuming that the new work at Natanz would result in thousands of centrifuges spinning anytime soon, suggesting Tehran might do nothing more than put together another 164-machine cascade underground.

A diplomat with access to much of what is known about Iran's enrichment program said Tehran may not be technologically advanced enough to put together thousands of centrifuges in series _ work that would take months even for more developed countries. Additionally, he said, Iran might be "drawing a new line in the sand" by embarking on _ and then pausing _ its underground assembly work.

Even a symbolic start of underground installations at Natanz would sharply escalate the conflict between Tehran and world powers over its nuclear program.

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In another example of Tehran's hardball tactics, diplomats in Vienna, where the IAEA is headquartered, said Iran had demanded the removal of a senior official linked to agency inspections of the Iranian nuclear program. Iran barred the official, Chris Charlier, from visiting last year.

ElBaradei suggested Thursday that one way to defuse tensions would be a "simultaneous time-out" _ with Iran suspending enrichment activities and the Security Council suspending sanctions so the matter could "go to the negotiating table."

In an indirect slap at the U.S. and Israel, ElBaradei also said anyone advocating military action against Tehran was "bonkers," because such a move would force Iran "to go underground."

Israel and the United States have both suggested a strike on Tehran's nuclear facilities was not off the table.

Curfew Is Lifted In Beirut, But Tension Lingers (NYT)

By Nada Bakri

The New York Times, January 27, 2007

BEIRUT, Lebanon, Jan. 26 — Lebanese Army soldiers reinforced checkpoints and maintained a heavy presence in tense neighborhoods in Beirut on Friday, lifting a rare nighttime curfew that had been imposed to stop the worsening violence between pro- and antigovernment crowds.

If there was any optimism in this beleaguered city, it was framed around the hopeful notion that all sides had become so frightened by the violence that perhaps they would be willing to find a compromise to end the nation's internal political standoff.

"The opposition will think about escalating maybe 10 times before doing it again," said Osama Safa, director of the Lebanese Center for Policy Studies, a research group. "I think, if anything, it proved that this can be very, very costly."

The curfew, lifted early Friday morning, was imposed after a fight at a university cafeteria grew into rioting and gunfire that left four people dead and 200 injured.

Slowly, this weary city came back to life as cleaners removed piles of debris, broken glass and bullet castings from the streets around Beirut Arab University, in Tariq Jadide, a Sunni neighborhood on the southern edge of the city.

Dozens of smashed and burned cars were towed away.

There was a veneer of calm yet deep uncertainty as the Shiite Muslim group Hezbollah and its allies held funerals for two of their activists who had been shot near the university campus.

Leaders on all sides, as they have from the beginning, called for unity to prevent Lebanon from sliding toward civil war.

"We urge all religious figures, Christian and Muslim, and all sensible people in Lebanon to shoulder their responsibility before it's too late," Sheik Mohammed Yazbik, a senior Hezbollah official, told mourners at one of the funerals.

Several thousand mourners turned out for the funerals. Gunmen fired shots in the air while others carried portraits of the deceased. The calm was fragile. "Death to Siniora, death to Jumblatt," shouted mourners in one procession, referring to Prime Minister Fouad Siniora and the pro-government Druse leader Walid Jumblatt.

At the same time, the Christian pro-government leader, Samir Geagea, said that he held the Hezbollah-led opposition responsible for the violence and warned that any moves to topple the government by force would lead to civil war.

"Some parties are trying to overthrow the government and the regime by force," said Mr. Geagea, the leader of the Lebanese Forces party. The government, he said, "will not fall under pressure, and if you continue, there will be civil war."

On Tuesday, a nationwide strike called by the Hezbollah-led opposition shut down the city and much of the nation, with roadblocks and crowds of supporters who took to the streets, burning tires and cars.

Hezbollah has demanded that Mr. Siniora step down or form a government of "national unity" that would give the opposition veto power and hold early parliamentary elections.

Mr. Siniora has refused to resign, insisting that the opposition end the protests and negotiate.

Lebanon Stands At Shiite-Sunni Brink (WSJ)

By Mariam Fam

The Wall Street Journal, January 27, 2007

The violence that Lebanon has witnessed in recent days -- culminating in clashes between Shiite opposition activists and Sunni pro-government supporters -- has again raised the specter of a civil war with a sectarian slant that echoes the growing regional Sunni-Shiite tensions. It also has underscored how combustible the stalemate has become between the Lebanese government and the opposition.

Lebanon, once viewed as a success story for democracy in the region, has previously witnessed mass protests that were largely disciplined and peaceful. But it has more recently seen a frightening escalation of unrest that troubles many Lebanese still recovering from the 15-year-old civil war that ended in 1990.

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Then, the fighting was largely between Christians and Muslims. Now, the political differences, on the rise since the end of the summer war with Israel, have sectarian undertones, among other things. Lebanese Sunnis largely back the government, while the Shiite Hezbollah and other Shiite groups stand in the opposition. Christians are divided between the two camps.

Increasing polarization in the Middle East further aggravates this issue. The rising clout of Shiite Iran and its influence in Iraq -- and beyond -- has alarmed Sunni regimes in the region. Hezbollah is backed by Iran and Syria, while the Lebanese government has the support of Washington and some key European and Sunni Arab governments. And many Lebanese feel their country, which boasts a delicate religious and sectarian mix, has become a proxy battlefield for regional and international power struggles.

"Lebanon's political terrain is rapidly shifting away from a phase marked by mild tremors and toward another era of civil-war-style earthquakes in which no government will be able to find firm footing," read an editorial on the Web site of the Lebanese The Daily Star newspaper. "Anyone who has studied the history of this fractious country knows how easily and quickly minor skirmishes can spiral out of anyone's control."

The editorial lamented Thursday's incidents involving a scuffle in a Beirut university between Sunni Muslim backers of the government and Shiite supporters of Hezbollah that disintegrated into clashes with cars set afire and fighting with stones and homemade clubs. Television footage showed gunmen taking aim from rooftops and windows. At least three people were killed, according to wire reports, and each camp blamed the other for the violence.

"What really scares the Lebanese people is that now Lebanon is once again teetering on the verge of a civil war, and that it may be starting to resemble the frightening Iraqi scenario, where sectarian sedition between the Sunnis and the Shiites flares," said Sateh Noureddine, managing editor of As-Safir newspaper, in an interview.

Thursday's violence came the same day that international donors pledged some $7.6 billion in aid, loans and other help for Lebanon and its government's economic-overhaul plans. The donors' conference in Paris was seen as a success, but the violence showed it will take more than just money for war-scarred and fractured Lebanon to heal its wounds.

"Any reform programs cannot take place without a political consensus," said Farid el-Khazen, a professor of politics at the American University of Beirut and a member of the Christian opposition allied with Hezbollah. "Not much can be done unless you have political consensus and support."

Demanding greater power, Hezbollah-led opposition supporters have staged sit-in protests for nearly two months in downtown Beirut, demanding the government step down or a new one be formed. The situation started to unravel on Tuesday when the opposition stepped up its campaign -- burning tires in the streets in a strike that paralyzed Beirut and other areas across Lebanon. Clashes between supporters of the two camps ensued.

While many Lebanese agree Tuesday was a watershed, they are divided over whom to blame. "Tuesday's strike has crossed the red line. The opposition controlled the country in a way that is not peaceful, and that did not respect the freedom of opinion," Mr. Noureddine said. Amal Saad-Ghorayeb, an expert on Hezbollah, said that, feeling threatened by the opposition's show of force on Tuesday, government supporters fueled Thursday's violence to flex their own muscles. "A lot of the violence is emanating from pro-government supporters," she said.

Aware of the lurking danger, political leaders on all sides appealed for restraint. Druse leader and senior pro-government politician Walid Jumblatt called on the Hezbollah-allied speaker of parliament to reconvene lawmakers in a bid to resume dialogue, the Associated Press reported.

The appeals for calm have raised the hopes of some that the violence may serve as a wake-up call that brings the leaders of the opposing groups closer.

But many analysts feel the recent flare-up has served only to cement the sectarian divide. Most troubling, they say, is that Thursday's street clashes signaled that if the situation further deteriorates, it may become more difficult for political leaders to control their supporters and stop some from tit-for-tat attacks. Already, many are accusing saboteurs of infiltrating crowds to instigate violence. On Friday, as calm was restored to Beirut, television stations affiliated with the opposing camps rehashed Thursday's events, trading barbed accusations.

"Unfortunately, I don't feel that the Lebanese leaders have enough awareness, wisdom and ability to assess the danger and call for coming together to find a common ground," Mr. Noureddine said.

Along Beirut's Line Of Confrontation (WP)

By Anthony Shadid

The Washington Post, January 27, 2007

BEIRUT, Jan. 26 -- During Lebanon's 15-year civil war, the Green Line divided Beirut into predominantly Christian and Muslim halves along a road that became a symbol as telling as it was intimidating. In time, in a war in which more than 100,000 people were killed, it was less a front line and more a no man's land, named, some say, for its unkempt weeds and bushes.

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Little remains of the Green Line today, save the Barakat Building near the downtown, its stately columns and arches still honeycombed by the damage of war. Like much of Lebanon itself, the other scarred buildings along the road are sheathed in a thin facade of concrete, stone and glass.

These days, the front has shifted to the Old Airport Road, a mile-long stretch of which divides its residents by Muslim sect -- Sunni or Shiite. The emerging border evokes the old and the new of Lebanon's two-month-old crisis: civil war memories and the sectarian schism transforming Lebanon and the region around it.

"This is the line of confrontation," said Ahmed Itani, sitting with friends around a corner from the airport road, in the Sunni neighborhood of Dana. "They're there, we're here, and if something's going to happen, it's going to happen in between."

For hours Thursday, Beirut witnessed scenes reminiscent of Iraq, as hundreds of Sunni residents, aligned with the government, battled Shiites loyal to Hezbollah and the allied Amal movement, opposition groups that launched a campaign in December to topple the government. At least four people were killed and about 200 wounded. Calm returned Friday after the army imposed an overnight curfew and politicians urged their followers to retreat from the streets. Workers removed dumpsters that had served as barricades, dragged incinerated cars to curbsides and scrubbed streets stained by charred tires.

But the telltale specter of civil war lingered. Residents traded stories of both now and then: Sunni snipers perched on roofs, firing on unarmed Shiites below; Shiite vigilantes stopping cars, demanding identity cards to learn the drivers' sects.

In the claustrophobia inspired by Lebanon's shoe-horned diversity, many Sunnis were upset that Shiites had dared to encroach upon what Sunnis consider their turf, and they set up their own checkpoints in the Bekaa Valley and on the coast south of Beirut. Along the Old Airport Road, residents wrestled with the knowledge that civil wars often start through accumulated accidents, not by design.

"The leaders in this country are shepherds, and the followers are sheep. Is that not right?" Itani said. "Fight, you fight. Stop, you stop. Sleep, you sleep." His friends at a garage started laughing, until the owner, Mahmoud Akawi, stepped in.

"Who wants a war?" he asked angrily. "A long time ago, the fathers of the sons living here today died. Are the sons going to have to die now? Are we going to have to go through all these deaths again? Sunnis killing Shiites?"

Itani and his friends sat in silence.

Lebanon's crisis is more than a struggle between a government and its opposition. At issue are the fundamental questions of the country's identity: the influence of the United States, Syria and Iran; the relationship with Israel; the power of the Sunni and Shiite constituencies. Given the stakes, the government and its allies -- grouping Sunni Muslims, Druze and some Christians -- and the opposition -- the Shiite movements of Hezbollah and Amal, together with an influential Christian ally -- have escalated pressure, confident they can both mobilize and restrain their supporters. But with each clash, many say, the two sides move inexorably toward a point of no return.

On the Old Airport Road, a sign outside a Sunni mosque reads, "We want one Lebanon, not two Lebanons." Across the street, another banner says: "Sunnis and Shiites are the nation of the Prophet Muhammad. They can't be divided."

Other signs are more sectarian. A banner commemorates former Iraqi president Saddam Hussein, a Sunni, who was executed by a Shiite-led government. "We will not forget you," it reads in red and black. Other posters celebrate the ongoing Shiite holiday of Ashura, "the victory of the aggrieved."

Every few hundred yards Friday, the army deployed armored personnel carriers and soldiers, some of whom were checking cars as they entered neighborhoods.

"We're against this war," said Mustafa Tahish, a 33-year-old tailor standing with his brother, Hisham, in Dana. "But armed men came to our territory. It's like a stranger coming to your house. How can we put up with this?"

"It was a provocation," his brother interrupted.

"We've been living together for years," Tahish went on. "They married us, and we married them. But you can't use force to settle a problem." He quieted. "This isn't Iraq," he said finally. "Is someone going to burn his house with his own hand?"

Traffic was light along the Old Airport Road on Friday because schools and universities were closed to let tensions subside. At one kiosk, a headline read, "Lebanon: Last chance for a solution before a disaster for everyone."

A little farther along was the Shiite neighborhood of Ghobeiri, where Wissam Berro, a grocer born to a Sunni mother and a Shiite father, worried about his wife of two months and the children they planned to have.

"How can I, if I don't know if there's going to be a war in Lebanon?" he asked.

From Hezbollah's leaders to Shiites in the street, many speculate that the United States is encouraging the Sunni-Shiite tension as a way to blunt the growing profile of largely Shiite Iran. But there is worry, too, that whatever the design, Lebanon is too divided, too weak, too reflexive in its loyalty to its clannish leaders to withstand the repercussions of sectarian strife.

"Curse whoever awakened it!" read Friday's headline in as-Safir, one of Beirut's main daily newspapers.

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Mohammed Zein al-Din shook his head as he remembered Thursday. An electrician, he was returning home from a Christian neighborhood when he was stopped in a mixed area by Amal loyalists in plain clothes, pistols tucked in their jackets. The men asked for his identity card. "They found I was a Shiite," he said, "and they told me I could go."

Din pointed at the Old Airport Road. It was the khat al-tamas, he said, the line of confrontation. "Anything can happen because everyone's armed," he added, then grimaced. "Pretty soon we're going to need three or four identity cards to get around."

Storming Of Home Caps Deadly Day In Gaza Strip (WP/AP)

By Associated Press

The Washington Post, January 27, 2007

GAZA CITY, Jan. 26 -- Hamas gunmen stormed the home of a fighter from the rival Fatah movement Friday, witnesses said, sparking a deadly gun battle. The clash capped a day of factional violence across the Gaza Strip that killed at least 13 people, including a 2-year-old boy.

The fighting, among the deadliest in nearly two months, marred the anniversary of Hamas's upset victory in Palestinian parliamentary elections. After nightfall, gunfire continued to echo through Gaza City. The heaviest shooting was concentrated around the residence of Mansour Shaleil, a Fatah leader in the Jabalya refugee camp just north of Gaza City.

Hamas gunmen surrounded the house early Friday to detain Shaleil, accusing him of involvement in a shooting in which two Hamas supporters were killed. After an hours-long standoff, dozens of gunmen stormed the house and exchanged fire with Shaleil and a supporter, according to witnesses and ambulance drivers.

The gunmen later withdrew, Palestinian news media reported, leaving Shaleil unharmed. Two men identified as Hamas fighters were killed.

"It looks like they forgot who the enemy is," said Maher Megdad, a Fatah spokesman. "They forgot the Israeli occupation."

Fatah gunmen, meanwhile, kidnapped 19 Hamas fighters and threatened to kill them if Shaleil was harmed, officials on both sides said. After the siege at Shaleil's house ended, Hamas and Fatah officials said they were working with mediators to arrange the hostages' release.

Fighting also spread to the headquarters of the pro-Fatah Preventive Security Service in Gaza City. Four Hamas gunmen were killed in a battle outside a nearby mosque.

In other incidents, fighting erupted outside the residences of Palestinian Authority President Mahmoud Abbas of Fatah and Foreign Minister Mahmoud Zahar of Hamas.

Deadly Battles Shatter Gaza Calm (BBC)

BBC.com, January 27, 2007

At least 13 people have died in some of the deadliest fighting between rival Palestinian factions Hamas and Fatah in Gaza for months.

Two civilians - one a two-year-old boy - were among those killed, Palestinian medics said.

The clashes erupted after weeks of relative calm and renewed efforts to form a national unity government.

Both Hamas and Fatah said they were suspending talks after the violence, which continued into the night.

Both factions also kidnapped members of the opposing side during the day.

More than 40 people have died as a result of a power struggle between supporters of the Hamas-led government and Palestinian Authority President Mahmoud Abbas' Fatah faction since mid-December.

Echo of gunfire

The BBC's Alan Johnston in Gaza says there has been intensive mediation by Egyptian diplomats in an effort to stop the bloodshed there.

He says late in the evening word came that Fatah and Hamas had agreed to order their supporters off the streets.

But our correspondent says both then accused the other of reneging on the deal and clashes continued.

Some of the heaviest fighting took place in the Jabaliya refugee camp, where Hamas gunmen laid siege to the home of a local Fatah leader.

The gunmen eventually stormed the building and two people were killed.

Militants linked to Fatah said they had captured at least 19 Hamas supporters in response to the siege. Some were later freed.

As night fell the streets of Gaza continued to echo to the sound of gunfire and explosions.

Elsewhere, fighting erupted outside the residences of Mr Abbas and Hamas Foreign Minister Mahmoud Zahar.

Mr Zahar's home was damaged after being hit by a rocket-propelled grenade, security sources said.

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Palestinian Factional Strife Leaves 14 Dead (LAT)

By Richard Boudreaux, Rushdi Abu Alouf

The Los Angeles Times, January 27, 2007

JABALIYA, GAZA STRIP — Fourteen Palestinians died Friday in a resurgence of factional violence that marred the one-year anniversary of Hamas' victory in parliamentary elections.

The daily death toll was one of the highest in the sporadic street fighting that has sunk the Palestinians deeper into chaos and poverty over the last year and complicated efforts to end the Israeli-Palestinian conflict. Friday's bloodshed disrupted talks between Hamas and Palestinian Authority President Mahmoud Abbas' rival Fatah movement on a proposed power-sharing arrangement.

Hamas' upset win Jan. 25 of last year gave the militant Islamic group control of the government, ending Fatah's dominance.

Because Hamas is sworn to Israel's destruction, its takeover prompted the United States, other Western countries and Israel to cut off funding to the Palestinian Authority.

Abbas, who had been elected president in 2005, has been trying for months to cut a deal with Hamas that would install a coalition Cabinet supportive of his efforts to negotiate peace with Israel and end the crippling sanctions. These talks have broken down several times amid the sporadic factional fighting, which has left more than 70 people dead since May.

Friday's violence, in which at least 34 people were wounded, broke two weeks of relative calm.

Four Hamas gunmen were killed in Gaza City after they and other worshipers leaving a mosque exchanged mortar and grenade fire with Fatah-led Preventive Security Service police at their nearby headquarters.

Most of the violence occurred in this northern Gaza town and its refugee camp.

After a 10-hour siege, dozens of police from the Hamas-led Interior Ministry stormed the home of a senior officer in the Al Aqsa Martyrs Brigade, Fatah's militia, trying to arrest him for an earlier killing. The officer, Mansour Shaleil, escaped harm, but six people died — one of his relatives, a Fatah defender, two Hamas policemen and two unarmed bystanders.

During the siege, Fatah militants elsewhere said they had seized 19 Hamas members as hostages and threatened to kill them if Shaleil was hurt. Eleven of the hostages, held in the West Bank city of Nablus, were later freed; the fate of the others was unknown.

Hamas police officials said Shaleil was implicated in a roadside bomb explosion that hit a Hamas police jeep late Thursday, killing two policemen. Five other police officers and five civilians were wounded.

Before dawn Friday, Hamas policemen surrounded the home of another Fatah militiaman suspected of involvement in the bombing and killed him. A police spokesman said the militiaman had fired at the police as they went to arrest him.

Fatah officials called his death an execution.

Also killed Friday was a Hamas activist shot by a rooftop sniper as he rode through Jabaliya in a loudspeaker van summoning people to a rally marking the election anniversary.

Hamas had scheduled the rally for Gaza City but moved it to Jabaliya as a protest against Fatah's alleged role in the latest violence.

The crowd of 6,000 people, many of them bused from elsewhere, was small for a Hamas gathering in the coastal strip, the movement's stronghold, and many times fewer than Fatah mobilized for a Gaza City rally. Hamas policemen set up roadblocks and stood sentry on rooftops to protect the gathering as militants waved the movement's green flags.

The main speaker, lawmaker Mushir Masri, said Hamas would stand firm against its foes: Israel, the United States and "leaders of the coup," a reference to Abbas and other Fatah leaders who are trying to force Hamas to give up full control of the government.

"Don't waste your time and effort, because we are staying in our positions, in the government and in the parliament, just as the mountains of Palestine are staying in their place," shouted Masri.

Despite the Western economic pressures, which have made it impossible for the government to pay full salaries to its 165,000 employees, Hamas remains relatively popular — about even with Fatah in several opinion polls.

Abbas, reluctant to force a showdown, has delayed the plan he announced last month to call parliamentary and presidential elections ahead of schedule, a move Hamas has said it would resist.

He set a deadline Thursday, promising to fix an election date unless talks with Hamas produced agreement within three weeks on a power-sharing government that would recognize Israel's right to exist.

But Friday's violence forced a postponement of the latest scheduled power-sharing talks until at least Sunday, Hamas officials said. Fatah officials said the talks were suspended until further notice.

"How can dialogue go on when there is a bomb underneath the table?" said Fatah spokesman Tawfiq abu Khoussa.

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Deadly Suicide Bomber Attack At Hotel In Pakistan's Capital (NYT)

By Salman Masood

The New York Times, January 27, 2007

ISLAMABAD, Pakistan, Jan. 26 — A suicide bomber blew himself up outside a Marriott hotel here on Friday afternoon, killing himself and a security guard, the police and security officials said. At least five other people were wounded.

No one immediately claimed responsibility.

The attack took place in an upscale neighborhood of the Pakistani capital considered to be a high-security zone.

Many foreign visitors stay at the Marriott, and important government and private functions are often held there. The prime minister and many of his cabinet ministers, members of Parliament and diplomats live nearby.

The United States Embassy issued an advisory to American citizens in the country.

"The embassy strongly advises all Americans to avoid the area, exercise caution, and limit unnecessary travel," the statement read.

Officials and witnesses said the suicide bomber had tried to enter the hotel through an entrance near the parking area.

"There is an emergency gate which is used by the employees of the hotel," Brig. Javed Iqbal Cheema, a retired officer who runs the National Crisis Management agency, said in an interview at the blast site.

He said the bomber appeared to have planned to force his way through the emergency gate.

"The guard, as a matter of fact, resisted entry into the gate and did not allow him to get inside," he said, adding that when the bomber saw that he could not enter, he detonated his bomb there. The bomber and the guard were killed.

"We don't know where he parked his car, but primarily he was on foot and trying to make forced entry into the hotel," Brigadier Cheema said.

Officials here said the bomber's remains would be examined by forensic investigators. He is believed to have been in his mid-20s, according to initial reports.

The blast shattered the glass of several vehicles parked in the nearby parking lot.

The police cordoned off the area, and security forces were put on high alert in the city. Three hotel staff members were wounded and hospitalized. No hotel guests were injured, according to a statement issued by the office of the District Magistrate in Islamabad.

Pakistani officials said it was too early to try to determine who might be behind the attack. Pakistan has experienced sporadic violence carried out by local militants and groups linked to Al Qaeda since President Pervez Musharraf allied himself with the United States in 2001 in the effort to curb terrorism.

International hotel chains like Marriott and Sheraton and branches of foreign companies like KFC and McDonald's have been targets.

"One should not speculate whether it's a reprisal or a continuation of what is going on in this country and region," Brigadier Cheema said.

The same view was echoed by Tariq Azim Khan, the minister of state for information and broadcasting. "It would be premature to judge the motives of the suicide bomber," he said.

Chinese Colonel Sees Arms In Space (WT/AP)

By Edith M. Lederer

The Washington Times, January 27, 2007

DAVOS, Switzerland -- A senior Chinese military officer predicts that weapons will be deployed in outer space despite her government's long-standing desire to prevent an arms race there.

Yao Yunzhu, a senior colonel in the People's Liberation Army, brought up China's recent successful test of an anti-satellite weapon during a World Economic Forum dinner Thursday.

"My wish is we really want to keep space as a peaceful place for human beings," she said, adding that China would like all countries to come to a consensus that space should be used only for peaceful purposes.

"But personally, I'm pessimistic about it," said Col. Yao, 52, who directs the Asia-Pacific Office at the Academy of Military Science in Beijing. "My prediction: Outer space is going to be weaponized in our lifetime."

Col. Yao's remarks were the first time a member of the Chinese military has commented on the test. The only other official comment, from the Foreign Ministry, offered the barest confirmation and repeated stock positions about China's wish to keep space free of weapons.

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"This isn't the act of a country who remains fiercely committed to peace and harmony in the world," said Adm. Timothy Keating, commander of U.S. Northern Command. "This is a cause for concern. ... In executing this test, they have created potential significant problems for international space flight."

Adm. Keating told the Associated Press in an interview this week there are ongoing worries that such tests have other consequences, "intended or otherwise," that China must realize, including potential damage to other satellites or the space station by debris.

He added that the United States does not now plan a direct response to the test, but "there are a number of things that are on the list of potential military options" if it happens again.

The Jan. 11 test sparked criticism from the United States and Japan, and created concerns over the rising militarization of space. Analysts said it also represented an indirect threat to U.S. efforts to remain predominant in space and on the ground, because it raised the possibility that the network of U.S. spy satellites could be shot down.

The U.S. military has had the capability to shoot down satellites since the 1980s. Russia has a similar capacity, and now China is the third potential military power in space.

China confirmed the test on Tuesday but did not provide details -- and neither did Col. Yao. The magazine Aviation Week, which first reported the test, said the satellite was hit by a kinetic kill vehicle launched from a ballistic missile.

China's long-standing policy has been to ban weapons in space, Col. Yao said, noting that Russia and China presented a draft outline for a treaty to prevent the deployment of weapons in space to the Conference on Disarmament in Geneva in June 2002.

The United States objected at the time, saying the 1967 Outer Space Treaty provided sufficient guarantees against the weaponization of space. The Russians countered that while the 1967 treaty banned weapons of mass destruction in space, it did not contain any legal barriers to putting other weapons in orbit around the Earth.

Without naming any country, but in an apparent reference to the United States, Col. Yao said if there's going to be "a space superpower, it's not going to be alone, and China is not going to be the only one."

"It will have company," she said.

Her rank of senior colonel is equivalent to that of a brigadier or one-star general in the U.S. military. She belongs to a small group of fluent English speakers the usually secretive People's Liberation Army uses to deal with foreigners.

Moscow Lashes Out At Georgia Over Uranium Sale (NYT/AP)

By The Associated Press

The New York Times, January 27, 2007

MOSCOW, Jan. 26 (AP) — Russia's foreign minister denounced on Friday the detention of a Russian man accused of trying to sell highly enriched uranium to Georgian agents, calling it a "provocation."

A government scientist, meanwhile, confirmed that a sample of the uranium sent to Russia was weapons-grade, but said the sample was too small to determine its origin, news agencies reported.

Igor Shkabura, deputy director of the Bochvar Inorganic Materials Institute, said the uranium sent by Georgia "could be used for military productions, including nuclear weapons," according to ITAR-Tass.

It was the first public comment by a named Russian official to claims by Georgia that it arrested and jailed a Russian man last year for trying to sell weapons-grade uranium to an agent posing as a rich foreign buyer.

The reports that emerged Wednesday, confirmed by United States officials, renewed concern about security at Russia's array of nuclear facilities. They also aggravated already high tensions between Russia and Georgia, which have been at odds for years over the status of South Ossetia and Abkhazia, two renegade regions of Georgia seeking either independence or absorption into Russia.

Georgian officials say their agent made contact with the man selling contraband uranium in South Ossetia, which is widely seen as a regional epicenter for smuggling.

Georgia's Foreign Ministry issued a statement late Thursday saying the uranium sting highlighted the need for international observer missions in both regions, a proposal that Georgia has been pushing in recent months. Russia has peacekeepers in both regions, which have been under the control of unrecognized separatist governments since fighting ended in the mid-1990s.

The ministry statement said, "Georgia is far from politicizing these questions."

Russia's foreign minister, Sergey V. Lavrov, said that he could see no reason for the detention of the man accused of smuggling the uranium.

"On the basis of the facts that I have at my disposal, I can say that this was a provocation," he said, according to Interfax and RIA-Novosti.

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Russia Calls Uranium Incident A Ploy (LAT)

By David Holley, Times Staff Writer

The Los Angeles Times, January 27, 2007

Georgia's news of an arrest is propaganda meant to tarnish Moscow's image, authorities say.

MOSCOW — Russian authorities on Friday rejected as an overblown propaganda ploy the announcement this week that one of their citizens was arrested last year in Georgia while allegedly trying to sell a small amount of weapons-grade uranium.

Russian national Oleg Khintsagov was arrested Feb. 1 after he smuggled about 3.5 ounces of the uranium into Georgia from his homeland, expecting to receive $1 million for it, Shota Utiashvili, chief of the analytical department of the Georgian Interior Ministry, said Friday in a telephone interview from Tbilisi, the Georgian capital.

Khintsagov, who thought he was dealing with "an extremely wealthy customer" wanting to buy nuclear bomb-making material, claimed that he would be able to provide up to 6.6 pounds at the price of $1 million for each 3.5 ounces, Utiashvili said.

Khintsagov was convicted for the attempted sale and is serving a sentence of at least eight years in a Georgian prison.

Some experts say that as little as 4 pounds of weapons-grade uranium could be sufficient to construct a bomb, but more common estimates are that even a highly sophisticated weapon would need several times that amount. Estimates of how much enriched uranium a terrorist organization would need to make a relatively crude bomb typically range from 35 to 50 pounds.

Utiashvili charged that Russia had not cooperated in the investigation of the incident, which was first made public this week by Georgian and U.S. officials. These officials said the CIA, the FBI and the Energy Department had assisted in the case.

"We think it is extremely dangerous that such material can get into the hands of terrorists," Utiashvili said. "We think it is in everybody's interests, and especially in the interests of Russia, to get to the bottom of it and assist us in this investigation."

Georgian-Russian relations have been strained since last year, and Russian authorities have blamed any lack of cooperation in the case on the Georgian side.

An official of the Russian Federal Atomic Energy Agency, who asked for anonymity because the agency was not yet issuing a formal statement on the case, said that shortly after the man's arrest, Georgia had provided a tiny sample of the seized material for testing in Russia.

The sample was sufficient for Russian scientists to determine that it was weapons-grade uranium but was not large enough to determine the origin of the material or the method of production, he said.

The agency requested a larger sample but did not get one, he added. The official said the affair "seems to us to be very strange, to say the least."

Russian officials and analysts said Friday that Georgia was using the incident to score propaganda points.

"It appears obvious that Georgian 'hawks' were consciously trying to deal a painful blow to the prestige of Russia in the international arena," the state-run Rossiyskaya Gazeta newspaper declared in an unsigned commentary.

Georgia's actions in the case were "a planned information provocation," said Andrei Cherkasenko, board chairman of Atompromresursy, a manufacturer of nuclear power industry equipment, according to RIA Novosti, the state-run Russian news agency.

Ivan Safranchuk, director of the Moscow office of the Washington-based Center for Defense Information, expressed doubt that Khintsagov really had access to the quantity of nuclear material he claimed.

"It reminds one very much of similar FSB sting operations in the early 1990s, when FSB agents, in order to produce some successful operations, provoked various low-rank employees and guards at companies that possessed nuclear materials," he said, referring to the main successor agency to the KGB.

"They would offer sums of money for stealing it and selling it to FSB agents posing as eager customers," he explained. "I think genuine serious terrorists would rather go to Pakistan if they wanted to lay their hands on nuclear materials. They must know better than to try to fish for that stuff in the waters of the former Soviet Union, where they most likely will end up stiffed, cheated and robbed rather than get back with the real thing.

"I don't think the international community should give much credit to this story and express serious concern about the situation," Safranchuk said.

Utiashvili said Khintsagov had previously been known to Georgian authorities as "a small-time smuggler specializing mostly in foodstuffs."

"When we received information that this man claimed to be in possession of some weapons-grade nuclear materials, we didn't really believe it was true, given the trade habits of this person," Utiashvili said. "But we decided to follow that trace anyway because we can't leave any information like this without proper investigation. So we set up an operation in which one of our men posed as an extremely wealthy customer who was interested in obtaining that material."

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During the sting operation, Khintsagov was tracked from Russia through the Russian-backed Georgian separatist region of South Ossetia to the main part of Georgia controlled by the central government, Utiashvili said.

"We are completely convinced he brought the nuclear material from Russia," he said. "When the man and his three Georgian accomplices were arrested and the material was analyzed by our experts, we were shocked to hear that the material in question was indeed weapons-grade uranium-235."

Utiashvili said Georgia had requested help from the FSB, or Russian Federal Security Service, immediately after the arrests were made, but that the agency never responded.

"Unfortunately," he said, "Khintsagov never either during the investigation or during the trial testified where he got the dangerous material and who helped him get that in Russia."

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Times staff writer Sergei L. Loiko contributed to this report.

Garry Kasparov: The Other Russia (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, January 27, 2007

NEW YORK -- As the longtime world chess champion, Garry Kasparov was a famously aggressive player. His latest game is politics, and his style is equally aggressive. "Our goal is to dismantle the regime," he says, speaking of the political coalition he leads to bring down Vladimir Putin.

Mr. Kasparov's Putin antipathy is well known to readers of this newspaper, of which he is a contributing editor. "I Was Wrong About Putin," was the headline on his Jan. 9, 2001, op-ed article for this page. One year into Mr. Putin's presidency, Mr. Kasparov sounded an early warning about a man whose "KGB roots have informed a style of governance that is neither reformist nor particularly democratic." Since then, Mr. Kasparov has scarcely let up, retiring from chess in March 2005 in part to devote himself to politics.

Mr. Kasparov's new occupation is not without its perils -- a thought that occurred to me as we arranged to meet earlier this month at his newly refurbished apartment in an art deco building on a smart street in Midtown Manhattan. It's a neighborhood replete with sushi bars -- of the sort that bring to mind, ghoulishly, the late Alexander Litvinenko, who was poisoned with polonium 210.

The doorman announces me, and Mr. Kasparov greets me at the door. We are old interlocutors -- I was present at his first meeting with the editorial board in March 1990 and was his editor at the Journal for years. So we kiss -- twice, once on each cheek, not three times, as is the custom in Moscow. After his wife serves tea -- in bone-china English cups, not à la Russe, in glasses -- I ask Mr. Kasparov about the risks: "Look," he says, "there are certain moments in your life when you should forget calculations and do what you believe is your moral duty. I knew that the choice would be dangerous. That's why our baby was born here. I'm prepared to take all the risk, but if I can avoid some, I do." The Kasparovs have a three-month-old daughter.

"The Other Russia" is the name of the unlikely left-right coalition conceived by Mr. Kasparov in 2005 and founded last year. It is composed of groups that would normally be at political odds -- democrats like Mr. Kasparov, nationalists, socialists, even Bolsheviks. Mr. Kasparov predicts that the Communist Party will join up before the end of the year. "There's still a lot of distrust," he says, with more than a modicum of understatement. "It's a problem, but I don't think it's insurmountable. The big advantage of the Other Russia, and I think it's our biggest accomplishment, is that we've established the principle of compromise, which was not yet seen in Russian politics. It was always confrontation. It was a mentality of a civil war. We eliminated it."

A declaration at the time of the Other Russia's organizing conference last summer reads, "We are gathering together because we are united in our disagreement with the current political course of the Kremlin and united in our alarm for the present and future of our country." The group's sole objective is to find a candidate to run -- and win -- in the March 2008 presidential elections. Or as Mr. Kasparov puts it with characteristic bluntness: "When a liberal democracy is re-established, everybody goes his or her way."

The Russian Constitution forbids Mr. Putin from running for a third term -- though that doesn't quell widespread speculation that the president will ignore the rule of law and do so anyway. He "has the administrative resources" to do so, Mr. Kasparov agrees, but it would be at the price of his legitimacy -- both in the West and at home. "I don't think Putin wants to take such a chance."

Mr. Kasparov believes Mr. Putin's "mentality is just to run away -- with all the Russian billionaires. This is the richest ruling elite in the world. They are way ahead of the Saudi princes. They are mega-rich. When you're so rich, you have to make sure that your funds are safe." But "if Putin goes, then who will be in charge? That's a big problem. Then it's instability. An authoritarian regime cannot have a successor while the big name [Mr. Putin] is still alive, much less well, young and strong."

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As the new year unfolds, Mr. Kasparov predicts "a political crisis" in Mr. Putin's government, along with "less stability, more uncertainty." That's the opening for the Other Russia. "We should keep our group together, close to the wall, to get into the hall when it's broken. But not too close to be buried under the debris." And then? "If the Other Russia wins, who cares? The victory of the Other Russia candidate destroys the legacy of any institution built under Putin. You have to start from scratch. You have to call new [parliamentary] elections. You have to introduce new laws. You have to undergo judicial reform. You have to destroy censorship." In short, you have to start over, back to where Russia was before Mr. Putin took over, building democracy, block by block.

The next step for the Other Russia, Mr. Kasparov says, is to come up with a platform and work out the rules for selecting a presidential candidate, tasks that are on the agenda for a conference planned for April. The candidate will likely be chosen in another conference in September or October, Mr. Kasparov explains. At the moment Mikhail Kasyanov, a former prime minister, "looks most prominent."

And what about Garry Kasparov? Is he a candidate? It's the only time in 15 years of conversations with Mr. Kasparov that I've known him to be less than confident in a reply. "So far . . .," he says -- note the "so far" -- "so far, I don't think my personal participation helps the coalition because so far" -- another one! -- "I keep the position of moderator. . . . I keep balance of different forces. If I step into the game, that might jeopardize the whole coalition."

In the course of our discussion, Mr. Kasparov refers often to the lack of a free press in Russia. So how, then, will the Other Russia get its message across? "The role of Internet is growing," he says. "Mobile telephones are not unique anymore, not even in rural villages." But -- and the master chess player may have too much confidence in the analytic abilities of ordinary Russians here -- "more important is growing malcontent. People are getting really unhappy. And if they're unhappy, they'll listen."

Mr. Kasparov is far more worried about money, which is short; but "I think in 2007 we will see a major influx of our financial support from within Russia because people can see that the ground is shaky." The Other Russia won't touch "politically exposed money," he says -- and emphatically denies that exiled oligarch Boris Berezovsky is a donor. But in the end, he says, "You know, you can't buy political support. Either you are the right man at the right place at the right time or no money helps you." More political naïveté?

Our hour nearly at an end, conversation drifts back to the early '90s and the discussions we used to have about Russia and its future. Is there something the U.S. might have done differently back then, I ask, that would have helped keep Russia on the path to democracy?

Mr. Kasparov gives a wry smile. "I think the best thing [the U.S.] could have done was to get Saddam [Hussein] 15 years earlier," he says. "By going after Saddam in 1991, I think we could have saved Yugoslavia from a civil war and could have sent a message, a very powerful message, to many dictators. . . . In 1991, the United States was much stronger and everybody else was much weaker."

The decision to let Saddam stay in power happened under the watch of President George H.W. Bush, whom Mr. Kasparov isn't shy about criticizing. But he's far more scathing about President Bill Clinton. "During the Clinton years, the United States did virtually nothing in the international arena. . . . There were a lot of activities, but when you look at the core events, I think the influence was irrelevant. . . . Leadership. There was no leadership. . . . There was a big window of opportunity to show leadership, in 1992-93. In those years the whole world was in an ambiguous state after the Cold War. It was a new world, and it required leadership. The way Winston Churchill and [Harry] Truman showed it in World War II. . . . Missing this chance and playing sporadically -- you know, boom, boom, you play one move here, one move there. The United States was asleep."

What advice does he have for George W. Bush about helping Russian democracy today? "Stay neutral," comes the swift reply. The "worst thing" that happened to the democracy movement, he says, was the inclusion of Russia in the Group of 7 democracies, now the G-8, a designation he can't bring himself to utter. Now, Washington should take that position that "there must be an election under the Russian constitution. Putin must go, and elections should be held. Period. That's enough. There's no double standard. Obey the Constitution. That's it."

In addition to his work with the Other Russia, Mr. Kasparov continues to write books about chess -- he's up to Volume Six in a series about his great predecessors -- and he has a mass-market book coming out this year called "How Life Imitates Chess," about the decision-making process in chess, business, politics and history. But at least for now, politics has taken the place of chess as the big game in his life: "I just don't see any other choice for me," he says. "As I used to say for 25 years, I am defending the colors of my country. I'm still doing the same, just not at the chessboard. At a much larger board."

Ms. Kirkpatrick is a deputy editorial page editor at The Wall Street Journal.

Kosovo To Declare Statehood In Months (FT)

By Daniel Dombey, Neil Macdonald

Financial Times, January 27, 2007

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Kosovo is to declare independence in the next few months, with the tacit support of the EU and Nato, in an effort to resolve the eight-year impasse on the status of the province at the heart of the 1999 war between Nato and Belgrade.

Senior western diplomats say the province will make its move and be recognised as independent by European Union and Nato countries once a United Nations resolution about its future – expected to stop short of granting independence – is agreed.

"It's for a state to determine whether it's a state and for others to recognise it or not, and that's what's going to happen," said a western diplomat. He added that although the EU would recognise Kosovo as independent, Serbia would not.

Western diplomats believe bilateral recognition of Kosovo's independence is the only way out of the dispute about the future of the province, but acknowledge they will have to work hard to prevent Serbia's objections destabilising the region as a whole.

The EU and US see Kosovo as the biggest remaining source of instability in the Balkans. They intend to avoid either more rioting among Kosovo's ethnic Albanian majority like that in March 2004 or an attempt by Belgrade to partition the province, over which it claims sovereignty.

Russian opposition means the UN resolution will not declare Kosovo independent. But the EU and Nato believe the resolution is necessary to prevent the province spinning out of control.

Muhamet Hamiti, senior political adviser to Kosovo's ethnic Albanian leadership, confirmed the province was considering a unilateral declaration of independence but added it would prefer to work within the UN process: "We have been independent since 1999 but we need our sovereignty recognised by the international community. We don't expect our independence and sovereignty as a gift from anybody."

On Friday Martti Ahtisaari, UN chief mediator on Kosovo, presented proposals to the contact group of leading powers on Kosovo made up of the UK, France, Germany, Italy, the US and Russia. He plans to take his blueprint to the leaders of Serbia and Kosovo on February 2, to start negotiation before a UN Security Council resolution in March.

Moscow wants Mr Ahtisaari to take more time, arguing there is no permanent government in place in Belgrade.

U.N. Plan Expected To Pave Way For Kosovo Independence (NYT)

By Craig S. Smith

The New York Times, January 27, 2007

PARIS, Jan. 26 — The United Nations mediator Martti Ahtisaari presented his proposals for the final status of Kosovo on Friday, most likely setting the tiny war-torn territory on its way toward independence.

Although that goal is still months away and subject to a vote at the United Nations, the presentation of a plan is an important and long-delayed step in resolving the still potentially explosive tensions that led to war in Europe eight years ago.

The recommendations would leave the former Yugoslav province free to declare independence from Serbia, according to Western diplomats who have seen the plan. But they say it would also impose international supervision, much like what exists in Bosnia, to provide protection for Kosovo's ethnic Serbs.

As a result, the proposals fall short of the full independence so hoped for by the territory's majority population of ethnic Albanians, according to Western diplomats.

Even with the promise of international involvement, the diplomats say, Russia, a Serbian ally whose support is a crucial element, remains cool to the plan.

The proposals foresee a strong international presence for the indefinite future, and include "a lot of measures to guarantee and promote the rights of the minority communities," Remi Dourlot, Mr. Ahtisaari's spokesman, said in Vienna, where the plan was presented.

NATO troops, which have kept peace in the country since fighting ended in 1999, will stay put for the time being. And while the United Nations mission governing the territory will pack up and leave, it will be replaced by another international organization that will have executive powers to annul any legislation that breaches Kosovo's obligations under United Nations agreements, diplomats said.

If the United Nations Security Council approves the plan, Kosovo is expected to quickly declare its independence and could expect swift recognition from its American and European supporters, even if Serbia rejected such a move.

But that step, diplomats caution, is probably months away.

"I foresee this process taking some time, and we might be in a wholly different situation," said one senior Western diplomat in Vienna who asked not to be identified because he was not authorized to comment on the proposal until it is made public. "No one can predict the Security Council dynamic."

Mr. Ahtisaari handed his recommendations to representatives of the so-called Contact Group — the United States, Britain, France, Germany, Italy and Russia — during a meeting at a secret location in Vienna. It will be presented next Friday to the Serbian government in Belgrade and the Kosovo government in Pristina.

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Serbia and Kosovo will have the opportunity to ask questions and suggest changes to the proposals. When Mr. Ahtisaari feels he has exhausted those negotiations, he is expected to present a plan to the Security Council for approval. Kosovo and Serbia remain far apart in their positions, and experts say it is unlikely that Mr. Ahtisaari can close the gap.

Already, Russia, which supports Serbia's efforts to keep Kosovo as a province, is pushing for the Security Council vote to be delayed until Belgrade has formed a government after recent elections, diplomats in Vienna say.

Serbia's nationalist Radical Party came in first with 28 percent of the vote this month, but the democratic parties that came in second and third have the best chance to form a coalition.

But four Western diplomats interviewed said they doubted that Serbia could prevail upon Russia to veto a resolution once the Security Council is presented with one.

Mr. Ahtisaari, a former Finnish president, has not said when he expected to send the proposals to the Security Council, but diplomats involved in the negotiations say they are pressing for it to happen this spring.

According to one diplomat familiar with the plan, it would give Kosovo the right to enter into some international agreements and join world organizations as a sovereign state.

NATO would train a civil defense force that could eventually become a Kosovo Army, though it is not clear what would become of the Kosovo Protection Corps, which includes former Kosovo Liberation Army fighters and has been accused of aiding ethnic Albanian rebels in Macedonia and other misconduct.

In other ways, Kosovo would remain subject to international community oversight. The European Union is already setting up a police force of more than 1,000 officers to monitor the territory's police, judges, prosecutors and even prison guards.

The most politically delicate part of the plan concerns treatment of the estimated 114,000 Serbs in Kosovo, most of whom adamantly oppose independence from Serbia.

To reassure the minority that their rights will not be overrun, some Serbian areas would reportedly be given autonomy, and be free to receive some Serbian government help in building hospitals and schools. Mr. Ahtisaari's plan also reportedly provides for the creation of several new municipalities where the concentration of Serbs is high.

Serbian legislators in the Kosovo Parliament, meanwhile, would be able to stop at least some legislation if they believe it discriminates against the Serbian minority, diplomats said. Serbian religious institutions would also be guaranteed special protection.

Kosovo, nearly the size of Connecticut, has about two million people, 90 percent of whom are ethnic Albanian Muslims, a legacy of Ottoman rule.

It was an autonomous region within the Yugoslav federation until 1989, when Slobodan Milosevic asserted Belgrade's authority over the territory. That led to a rebellion by ethnic Albanians that was brutally suppressed until NATO intervened with a bombing campaign against Mr. Milosevic's troops in March 1999.

The war ended that June 1 when Serbian forces withdrew from Kosovo and NATO peacekeepers moved in. Kosovo became a United Nations protectorate with the promise that its final status would be decided over time. NATO has recently warned that Kosovo Albanian patience in waiting for that solution is running thin.

Rift Widens Among Nations Over Kosovo (AP)

By William J. Kole, Associated Press Writer

AP, January 27, 2007

Russia is pressing for more time to examine a U.N. proposal for the future of Kosovo, Western and Russian officials said Friday, underscoring a widening rift between Moscow _ a key ally of Serbia _ and the United States and its European allies.

"Russia wants a longer period" to consider the plan, which U.N. special envoy Martti Ahtisaari presented in Vienna to diplomats from the so-called Contact Group _ U.S., Russia, Britain, France, Germany and Italy _ a Western official told The Associated Press.

Other members of the Contact Group insisted that "we've got to set a time limit" on the roadmap for the independence-minded province, said the official, who was not authorized to discuss details of the proposal and spoke on condition of anonymity.

Russia is a traditional ally of Serbia, which considers Kosovo the heart of its ancient homeland and insists that it remain part of Serbian territory. Kosovo's ethnic Albanian majority has been pushing for outright independence.

The U.N. Security Council will have the final say on Ahtisaari's plan, which the former Finnish president will formally present to both sides on Feb. 2.

Moscow's apparent misgivings _ and its veto power at the U.N. _ have raised the possibility of a diplomatic showdown with the United States, which backs the province's drive for statehood.

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The other members of the Contact Group "agreed that the plan should go to the parties" without delay, the Western official said. But a Russian diplomat told the AP that the Kremlin "would prefer to wait" at least until Serbia, which held parliamentary elections earlier this month, forms a new government.

"We would not favor hasty moves," the Russian official said. The Russian official also was not permitted to discuss the proposal publicly and spoke on condition of anonymity.

Ahtisaari's deputy, Albert Rohan, called Friday's meeting "very good and positive," but declined to provide details. The diplomats planned to take the document to their capitals for further review, spokesman Remi Dourlot said.

In Pristina, Kosovo Prime Minister Agim Ceku reacted with impatience to the Russian request, insisting: "There are no more reasons to delay the status process."

Ceku said he realized the proposal "may contain elements that are not that favorable _ not all will be what we want."

"But it will be an acceptable package, we believe, for the people of Kosovo," he said. "I am confident that Kosovo will be independent and that when Ahtisaari goes to the Security Council he will propose independence for Kosovo."

His deputy, Lufti Haziri, said the U.N. blueprint was crafted around "two main issues, two main principles: Kosovo's right to its future and Kosovo's obligations toward minorities."

But diplomats and officials have said the proposal likely will not mention the word independence, although it is expected to give Kosovo some attributes of a sovereign state, such as access to international institutions and provisions for a security force.

Kosovo has been under U.N. control since mid-1999 _ when NATO airstrikes ended former Yugoslav President Slobodan Milosevic's crackdown on ethnic Albanian separatists _ and is currently patrolled by a 16,000-strong NATO-led peacekeeping force.

Ahtisaari has said his plan focuses on the protection of Kosovo's small Serbian minority and envisages a strong international presence backed up by the NATO peacekeepers.

International mediators have held yearlong talks between ethnic Albanian and Serbian leaders on issues such as giving self-rule to Serbs in areas where they form a majority, protecting their religious and cultural monuments and offering them constitutional guarantees so they are not overruled.

Oliver Ivanovic, a moderate Kosovo Serb leader from the ethnically divided city of Kosovska Mitrovica, said he was briefed earlier on key elements of the plan. He said Serbs "will have special rights in security, health services, education and cultural matters."

Diplomats said the plan also outlines post-status international supervision, with the European Union's top envoy in Kosovo likely to have veto power over laws and government decisions.

That would resemble the Dayton accords that ended Bosnia's 1992-95 war and established an international administrator to oversee that country's day-to-day affairs.

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Associated Press writers Aleksandar Vasovic in Vienna and Garentina Kraja in Kosovo contributed to this report.

Tokyo Cuts Aid, And Hinterland Withers In Japan (NYT)

By Norimitsu Onishi

The New York Times, January 27, 2007

YUBARI, Japan — Buried in chest-deep snow, History Village sprawled across a valley here, undisturbed by the tourists it was supposed to attract.

The place has gone bankrupt, as has its owner, this city on the northern island of Hokkaido.

No visitor could be seen the other day walking up the road, past the robot museum, the building with stuffed animals, the one dedicated to fossils, the one on life in the 1950s — “We were poor but happy in those days” — or the coal mine museum.

During Japan’s economic boom, Tokyo showered enormous subsidies on Yubari to build these huge though poorly thought-out tourist attractions, which drew few visitors, ran large deficits and saddled this city of 12,828 inhabitants with more than $500 million in debt.

At first it was a convenient arrangement: the hinterlands prospered, politically connected contractors had plenty of work and the government cemented the loyalty of rural voters. But the good times ended in the 1990s, and the government slowly closed the financial spigots, leaving Yubari and other rural cities increasingly desperate.

Yubari’s plight has drawn nationwide attention, in part because it has become a precedent-setting test of wills between the city and the national government. How closely will Tokyo — which has always bailed out communities and companies — hew to its new policy of weaning rural Japan from the central government?

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The evidence of growing hardship is hard to miss. Museums with little to exhibit, roads that lead nowhere and other white elephants litter the rural landscape, even as their upkeep drains local communities' shrinking resources. In fact, municipal finance experts say, other localities are in even worse financial shape than Yubari, but the day of reckoning has come here first.

As part of its plan to file for bankruptcy, place itself in the hands of Tokyo and repay its debts over 20 years, Yubari has put History Village and about 20 other tourist attractions up for sale. About half of the 300 city workers are leaving, and those who stay face salary cuts ranging from 30 percent to 70 percent.

The city's 11 schools will be consolidated into three or four; its hospital will become a clinic; its library, city hall branches and public baths will be shuttered. City bus discounts for the elderly will be reduced. Local taxes will rise. Already, snowfalls now have to total six inches, rather than four, before they are cleared.

No cost-cutting measure has been deemed too small. The toilet at the Yubari train station has been closed, forcing travelers to sneak into the adjoining hotel.

The imminent drop in the quality of life has led to recriminations and finger-pointing: at local politicians for lack of foresight, at Tokyo for feeding the rural addiction to public works. So far the government has not budged at reports that Yubari's little old ladies will not be able to afford to ride the bus any longer. It has said it shares no "responsibility" for Yubari's troubles, and the internal affairs minister, Yoshihide Suga, has pressed for even deeper cuts.

Yubari's mayor, Kenji Goto, said, "There are many local governments besides Yubari that are in dire financial straits, so I guess Tokyo has to take a hard stance against us."

Tokyo's attitude has led to anger here that the central government is singling out Yubari as a warning to the countless other Yubaris across Japan. If the Yubaris can no longer count on the government to rescue them, the reasoning goes, they will start cutting costs on their own.

"It's Tokyo that handed us all this money, without saying a word, and now they're saying it was wrong," said Kazuko Kudo, 77, a longtime resident. "No one expected that all of a sudden they'd make an example out of us."

Once a prosperous coal mining town with a population that peaked at 120,000 in the 1960s, Yubari extends for 20 miles up a single road, flanked by mountains. To advertise a local film festival, the city has put billboards of classic movies, like "Gone With the Wind," on buildings throughout the city, adding color to the city's general grayness.

Yubari began trying to transform itself into a tourism destination in the 1980s as the mines closed. It received generous subsidies from Tokyo for years; its former six-term mayor, Tetsuji Nakata, was famous for winning projects from the central government.

Some tourists came during Japan's economic heyday in the 1980s, and the city also became famous for its expensive melons. Yubari continued building tourist sites even after the collapse of Japan's economic bubble, as the nation tried to spend its way to recovery during the 1990s.

But the tourist attractions drew few repeat visitors, and the city was falling into the red — even though city officials fudged accounting figures to mask budget deficits.

"Whenever I'd pass by the tourist sites, I never felt there were that many visitors," said Mie Kosugi, 60. "So I wasn't surprised when they announced the truth, but I was shocked at the amount."

The reality was indeed dire: Yubari had $296 million in debts and $224 million in outstanding local government bonds. Its biggest employer was the municipal government, and 40 percent of the population was 65 or older. History Village, especially the robot museum, was now the object of widespread ridicule.

Mitsuo Okazaki, the city council leader now in his fourth term in office, said Yubari would have already become a ghost town had it not tried its hand at tourism.

"When we switched from coal mines to tourism, Tokyo kept coming at us with money to invest," Mr. Okazaki said. "So what we did was to accept their offer, and we kept building public works projects. But we were left with debts."

Mr. Okazaki said the biggest reason Yubari could no longer make its debt payments was simply that subsidies from Tokyo had fallen. As part of its plans to decentralize and cut waste, the Japanese government in recent years has given greater tax collecting authority to local governments and reduced subsidies.

For Japan, the most indebted government in the developed world, decentralization means lessening a financial burden it can no longer bear. But critics say it will merely widen the gap between thriving urban centers, like Tokyo and Nagoya, and a rural Japan with an increasing number of elderly residents and an outflow of young taxpayers.

Misao Yamamoto, 32, who was shopping at a Yubari convenience store with her 2-year-old, said her neighbors had packed up and left, even though they had built a house recently. Her family is thinking of doing the same, since her husband has lost his job at History Village.

"My third-grade son watches TV and says he's fed up with how this place is about deficit this, deficit that," Mrs. Yamamoto said, adding that the older boy wanted to move to a neighboring city. "He says he's just fed up with Yubari."

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Venezuela: U.S. Envoy Says Bags Are Packed (NYT)

By Simon Romero

The New York Times, January 27, 2007

Diplomatic relations with the United States appeared to become more fragile as William Brownfield, the American ambassador, responded to a threat of expulsion from President Hugo Chávez by saying, “My bags are always packed and ready.” Mr. Brownfield, in a visit to Maracaibo, also emphasized that he hoped to avoid further confrontation and to focus instead on issues of political and economic importance to both Caracas and Washington. Mr. Chávez, who has threatened to expel Mr. Brownfield before, said on Thursday night that he could declare the ambassador “persona non grata” if he continued to comment on such issues as Venezuela’s plan to nationalize companies controlled by foreign investors.

Venezuela's Satellites (WP)

The Washington Post, January 27, 2007

AREMARKABLE year of democracy in Latin America has left the region generally stronger. Presidential elections were held in 11 countries in the past 13 months, and political moderates won seven of them, including those in the four largest countries: Brazil, Mexico, Colombia and Peru. Throughout most of the hemisphere, the elections reinforced a consensus that continued growth must depend on free markets and free trade but that governments should concentrate on narrowing the large gap between rich and poor.

The new year nevertheless has begun with attention focused on a handful of countries where democracy is dead, dying or in danger. Venezuelan President Hugo ChÃ¡vez began his term this month with a flurry of authoritarianism, promising to cancel the license of the largest independent television station and seeking authority to rule by decree. He then rushed to attend the inaugurations of Nicaragua's Daniel Ortega and Ecuador's Rafael Correa, whom he hopes to convert into satellite leaders in a Venezuelan-led "socialist" bloc. Bolivia's Evo Morales and an ailing Fidel Castro are already in Mr. ChÃ¡vez's orbit; thanks to Venezuela's petrodollars, Cuba's totalitarian system may survive Mr. Castro's demise.

Mr. ChÃ¡vez's best chance may lie with Mr. Correa, who distanced himself from the Venezuelan and his policies to win the election, then swung back to his side on inauguration day. Mr. Correa denounced globalization and called the United States an "empire." More ominously, he adopted Mr. ChÃ¡vez's political strategy, calling for a constituent assembly to bypass Congress and rewrite the constitution -- a step Mr. ChÃ¡vez used to begin dismantling Venezuela's democracy seven years ago.

Mr. Morales's attempt to use the same tactics in Bolivia is foundering, but it is also pushing the country closer to another crisis. The Bolivian constituent assembly is deadlocked over voting rules; meanwhile, opposition governors in the relatively prosperous eastern lowlands are mobilizing masses against the president and his Venezuelan tutors. If he presses forward, Mr. Correa may encounter similar resistance.

Interestingly, Mr. Ortega is moving with considerably more caution, though he, too, has been showered with promises of Venezuelan aid and graced with an inaugural visit by Iranian President Mahmoud Ahmadinejad. Elected with just 38 percent of the vote, the former Marxist dictator has avoided anti-American rhetoric and promised not to tamper with the Central American Free Trade Agreement. His new finance minister told the Financial Times that socialism is not the government's program.

At 61, Mr. Ortega may understand something that Mr. ChÃ¡vez, 52, and his would-be followers have yet to learn: Socialist economics are a recipe for impoverishment, while political power grabs tend to boomerang. The mini-bloc of Latin outliers poses little threat to the United States or the region's overall stability. But even as their neighbors consolidate democratic institutions and unprecedented prosperity, the people of Venezuela, Bolivia, Ecuador and Cuba may be headed for a miserable year.

Ground Zero In Bolivia's Dispute (LAT)

By Patrick J. McDonnell

The Los Angeles Times, January 27, 2007

COCHABAMBA, BOLIVIA — Embattled President Evo Morales launched his second year in office this week, mocking his political opponents and vowing that "this Indian is going to be around for a while."

But recent turmoil in this city long regarded as a bastion of support for Morales, Bolivia's first indigenous president, has raised new questions about his leftist government's ability to serve out its five-year mandate.

Days of protests culminated Jan. 11 in violent clashes between pro- and anti-Morales factions that transformed this normally bustling agricultural center 140 miles southeast of La Paz, the nation's administrative capital, into an anarchic battleground. The fighting left two dead, scores injured and the capitol building and other structures burned.

The tear gas has dissipated and a sense of normalcy has returned to Cochabamba, though riot police still stand watch near the quaint central plaza. But the paroxysm of rage has reverberated in national politics at a time when Morales' "democratic revolution" was already facing fierce resistance.

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"If you'd asked me six months ago if Evo's government would survive, I'd have replied, 'Yes, absolutely,' " said Jim Shultz, a Californian who works with a nonprofit pro-democracy organization here. "I still say 'yes' today, but the possibilities of 'no' are rising."

Bolivia has a long history of forced ousting of governments, including many military coups. Morales won the presidency after protests chased out two previous presidents.

Today, even some of his longtime supporters have assailed the president for failing to quell the festering crisis in Cochabamba and instead opting to heap the blame elsewhere — mostly on his chief political rival here, Gov. Manfred Reyes Villa, a once-defeated presidential candidate now seemingly positioned for a future run.

Pro-Morales demonstrators, many of them Indian coca-leaf growers brought in from the countryside, unsuccessfully attempted to force Reyes out of office and install a "revolutionary committee" headed by an ex-guerrilla leader once known as Comandante Loro — Commander Parrot.

The hardscrabble protesters fought pitched street battles with Reyes supporters, largely middle-class, mixed-race residents fed up with what many view as the president's snubbing of their needs as he exalts Bolivia's long-ignored indigenous masses. It is a bitterness voiced well beyond Cochabamba.

"Evo has basically turned his back on the Bolivian middle class," said Gonzalo Lema, a well-known author here.

By all accounts, crossover support from the middle class helped propel Morales into the presidency in the December 2005 election with almost 54% of the national vote. Yet the president seldom acknowledges the existence of a non-indigenous Bolivia, except as a nefarious force opposing his efforts to rewrite the constitution.

"Evo has lost a chunk of his mandate because of rhetoric, and that's needless," said Shultz. "What would it cost him to get on TV on a regular basis and talk about the problems of people who aren't indigenous?"

Keen to capitalize on the dissatisfaction is Reyes, a former army captain and longtime mayor who has been catapulted into a leadership position in the nation's opposition.

"They're trying to impose a totalitarian regime," the governor said of Morales' government during an interview at a relative's penthouse suite in this city of 500,000. "Democracy has taken a blow in Cochabamba."

The president's response to the crisis here was typically pugnacious: He called for a new "people's" law to allow recall votes against elected officials such as Reyes. "If the people knew that they could remove an official with their vote, we would avoid this type of confrontation," Morales explained.

Detractors see a Morales power play to wrest control of Cochabamba and other opposition-dominated provinces — including La Paz, which also has a rival governor — at a time when the president's Movement Toward Socialism party only holds three of nine statehouses.

"Things got out of hand in Cochabamba because it is part of the larger national controversy," said Fernando Mayorga, an analyst here.

The lightning rod is the demand for autonomy emanating from the resource-rich, lowland "half moon" regions to the east, south and north of La Paz. The lowland zone is geographically, ideologically and culturally removed from Morales' base in the Andean high plains and nearby coca-growing tropics, where he got his start as a labor leader. The raging autonomy debate has become a proxy for the broader question of the country's future.

For his part, Morales equates autonomy with Bolivia's breakup and has vowed to fight it.

"No caballero will be able to split apart Bolivia," Morales said near Lake Titicaca this week, using a term identified with white colonizers, as cheering "red poncho" indigenous volunteers pledged to resist alongside their Aymara kinsman, the former llama herder who became president.

The volatile ethnic and class issues are somewhat of a diversion, some analysts say. In Bolivia, autonomía has relatively little to do with language, culture, religion or the other core issues that have animated autonomy controversies in other lands. Here, it is mostly about money and resources — specifically, who controls Bolivia's valuable natural gas reserves, second largest in South America after Venezuela's.

From Morales' standpoint, it is an unfortunate quirk of fate that much of Bolivia's gas and petroleum wealth is concentrated far from his base of support. The president has repeatedly charged that rich landowners and businesspeople from the eastern city of Santa Cruz, an anti-Morales stronghold, were fomenting and funding the autonomy movement in a bid to grab national resources.

Now Cochabamba, a geographic and cultural bridge between the pro-autonomy lowlands and Morales' Andean base, has been thrust front and center into the autonomy fight. Seven years ago, a "water revolt" in Cochabamba against foreign distributors helped change the national political landscape.

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What Reyes tried to do is ally Cochabamba with the four existing pro-autonomy provinces of the "half moon" region. That is an apparent red line for Morales, who would then be facing pro-autonomy forces in a majority of Bolivia's nine states, or departments.

Voters in Cochabamba firmly rejected autonomy last year in a nationwide referendum. But Reyes pushed for a new vote, arguing the government misled residents. "People thought autonomy meant you would need a passport to travel from one province to another," Reyes said.

The governor's pro-autonomy push ultimately was the spark that ignited this month's riots. The conflict featured Morales' alleged shock troops, coca-growers from the nearby Chapare valleys, who descended on the city to demand Reyes' ouster. Whether Morales, who still heads the coca-growers federation, personally ordered the protests remains unknown.

It is clear, however, that the president did not use his considerable influence to head off swiftly the predictable trouble that followed.

Waves of police and supporters of the governor confronted the pro-Morales masses who occupied Cochabamba's paralyzed city center. Both sides brandished sticks and rocks.

"Suddenly we were surrounded by police," recalled Ernesto Marin, 18, a pro-Morales union man from the Chapare, who is being treated by doctors to retain his eyesight, at risk after he was hit by a rubber bullet. "The union told us to come here, and we came."

The two dead included a fatality from each camp. The violence has left hard feelings on all sides, and a widespread sense that this is not the end of it.

"I could care less whether the governor stays or leaves," said Edgar Lopez, a merchant here. "But it appears the government wants to divide Bolivians. And in that it is succeeding."

Ghana Looks To Annan To Lead (WT)

By Karen Palmer

The Washington Times, January 27, 2007

ACCRA, Ghana -- If Kofi Annan's compatriots have their way, his retirement from the United Nations will have less to do with golf and grandchildren and more to do with presidential politics.

Ghana's most celebrated statesman sounded every bit like a candidate this week as he gave his first public address since stepping down as U.N. secretary-general last month.

Mr. Annan spoke of the promise of Africa, the spirit of change and prosperity enveloping the continent and the continued challenges that hamper its development.

"It is an exciting but challenging time to be African," he said. "I am joining hands with my fellow citizens to help lift Ghana to the bright future that can and must be ours."

The only thing he didn't say would be the words many Ghanaians long to hear -- that he will run in next year's presidential elections.

Mr. Annan, who led the United Nations for a decade, has explicitly and repeatedly denied having any interest in turning to politics. He has said previously that he will split his time between his West African homeland and Sweden, the birthplace of his wife, Nane Maria.

With a hero's welcome and a reception far warmer than any visiting head of state, Mr. Annan has been getting not-so-subtle pressure from all quarters of his birth country.

"Retirement is overrated," joked Daniel Adzei-Bekoe, the chairman of the council of state, as he invited Mr. Annan to deliver a speech as part of Ghana's Golden Jubilee, a yearlong celebration marking the 50th anniversary of Ghana's independence from Britain.

An anonymous group has even started a Web site urging Mr. Annan to take up the leadership challenge. The online petition at www.draftkofiannan2008.com is meant to encourage Mr. Annan to put his U.N. experience endorsing peace, development and good governance to use as Ghana's next head of state.

The field already is crowded with candidates, as President John A. Kufuor prepares to step down next year. Many political analysts predict winning would be a shoo-in for Mr. Annan, especially with the opposition party split in two.

Mr. Annan is the kind of candidate who would send even seasoned campaign managers into a swoon. As a Nobel Peace Prize winner and two-term U.N. secretary-general, he has unprecedented name recognition. And as Ghana's most beloved son, he has enormous approval ratings.

Born as a twin in Kumasi in 1938 to a Fanti chief who became a regional politician and a mother who sold bread, Mr. Annan left Ghana in pursuit of his undergraduate degree, leaving the tropical climate of equatorial Africa for the challenging cold of a Minnesota winter.

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More than 10 years ago, as Mr. Annan was working his way up the U.N. hierarchy, tribal elders approached him to take over as paramount chief, but he declined.

In a 2003 interview with the Smithsonian magazine, Mr. Annan was quoted as saying he might have stayed in Ghana if the country's economy had been stronger when he was leaving college and might have considered entering politics in his later years.

In his speech Thursday night, Mr. Annan said he is cautiously optimistic about Africa's future, noting that the number of conflicts has dropped and more countries are proving successful at paying off debt and managing inflation.

"But with the magnitude of Africa's needs, there is little room for complacency," he said.

Sounding like a political challenger, he said African leaders must "think faster and act quicker," while encouraging them to adopt three pillars -- peace, development and security.

U.N. Approves Resolution Condemning Holocaust Denying (WP)

By Bill Brubaker, Washington Post Staff Writer

The Washington Post, January 27, 2007

The United Nations General Assembly today approved a resolution, drafted by the United States and co-sponsored by 103 countries, that condemns denials of the Holocaust.

The resolution came six weeks after a conference in Tehran, organized by Iranian President Mahmoud Ahmadinejad, questioned whether six million Jews were exterminated during World War II.

Ahmadinejad and the conference were not mentioned in the resolution, which "condemns without any reservation any denial of the Holocaust" and "urges all member states unreservedly to reject any denial of the Holocaust as a historical event, either in full or in part, or any activities to this end."

The conference, which drew 67 Holocaust skeptics and deniers from 30 nations, including former Ku Klux Klan leader David Duke, was widely denounced.

"The Iranian regime perversely seeks to call the historical fact of those atrocities into question and provide a platform for hatred," the White House said in a statement last month.

Iran disassociated itself from today's resolution, calling it a political exercise to deflect attention from Israel's "atrocious" crimes. He said the resolution should have included other cases of genocide such as Hiroshima and Nagasaki, where the U.S. dropped atomic bombs, according to a U.N. news release.

The acting U.S. ambassador to the United Nations, Alejandro D. Wolff, told reporters he was disappointed that more of the 192 U.N. delegates did not attend today's General Assembly session.

"Those who would deny the Holocaust -- and, sadly, there are some who do -- reveal not only their ignorance but their moral failure as well," Wolff said in a statement.

A statement from U.N. Secretary General Ban Ki Moon's office said the resolution "reflects the prevailing view of the international community. The Secretary-General reiterates his conviction that the denial of historical facts such as the Holocaust is unacceptable."

Ahmadinejad has repeatedly cast doubt on the Holocaust, calling it a "myth."

"Those having supported the Zionist regime during their lifetime should be aware that its lifetime will be over, and their interests as well as reputation will be endangered," Ahmadinejad said last month, according to the Islamic Republic News Agency. "Just as the ground was prepared to assign such a regime, the Zionist regime will be overthrown by its supporters."

Iran's United Nations ambassador, Mansour Sadeghi, told the assembly today "there is no justification for genocide of any kind, nor can there be any justification for the attempt made by some -- particularly by the Israeli regime -- to exploit the past crimes as a pretext to commit new genocide and crimes," according to [a] news service.

In response, Israel's U.N. Ambassador Dan Gillerman referred indirectly to Iran's program to enrich uranium, a key ingredient in a nuclear bomb.

"While the nations of the world gather here to affirm the historicity of the Holocaust with the intent of never again allowing genocide, a member of this assembly is acquiring the capabilities to carry out its own," Gillerman said, according to [a news company]. "The president of Iran is in fact saying, 'There really was no Holocaust, but just in case, we shall finish the job."

Correspondent Colum Lynch at the United Nations contributed to this report.

Partnership Announces $500M Health Initiative For Developing Nations (LAT)

By Charles Piller, Times Staff Writer

The Los Angeles Times, January 27, 2007

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DAVOS, Switzerland — A multinational health group announced here today that it would commit $500 million over three years to strengthen healthcare systems and train health workers in developing nations, addressing a key problem for implementing its vaccination programs.

The GAVI Alliance, formerly called the Global Alliance for Vaccines and Immunization, is moving to counter a massive outflow of health workers in developing nations where its training and immunization programs have proved most effective. Doctors and nurses, particularly from Africa, often seek higher wages in developed nations that also face shortages of health professionals.

GAVI is a partnership that includes national governments, the United Nations, World Bank, the vaccine industry and the Bill & Melinda Gates Foundation. It was launched at the World Economic Forum in 2000 with a $750-million grant from the Gates Foundation, which gave the organization the same amount in 2005.

GAVI announced the move at this year's session of the World Economic Forum, an annual gathering of businesspeople, political leaders and others to discuss international problems and their solutions.

Since its inception, GAVI has prevented 2.3 million deaths from diseases for which vaccines are available, including 600,000 lives saved last year, according to World Health Organization data released today. The organization said GAVI had boosted vaccination rates among African children to 73% for one or more diseases.

"We know the impact of saving those lives has a lot of other benefits," improving standards of living and quality of life and reducing population growth, Bill Gates, chairman of Microsoft Corp. and a co-founder of the foundation, said at a news conference. "Vaccines are a miracle."

As new vaccines are developed for tuberculosis and HIV/AIDS, training and support provided by GAVI would help developing nations deliver them, Gates said.

But as the vaccination programs proceed, healthcare systems in Africa are crumbling, partly because of the loss of medical professionals trained by global aid programs. Malawi has lost 64% of its nurses and 85% of its doctors in recent years, many going to work for aid groups or the U.S. or British governments, which pay much higher salaries than local governments, according to a recent analysis in the journal Foreign Affairs.

Dr. Tadataka Yamada, who directs the Gates Foundation global health efforts, said in an interview that the role aid agencies and developed nations play in the outflow of medical talent from poor countries may be overstated. The larger reasons may be problems in the local economies.

"If you don't have places for physicians to work, if you don't have salaries to pay them, then there is no place for them to go," Yamada said.

The Gates Foundation is now seeking ways to improve conditions for local health workforces, he said.

"How do we create opportunities for this Diaspora to come home?" Yamada asked.

Julian Lob-Levyt, executive secretary of GAVI, called the problem in sub-Saharan Africa, where millions of children still die each year from diseases preventable with vaccines, a "capacity crisis."

He said the effort announced today was a tactical response.

"Instead of just training sophisticated doctors and nurses, we will train paramedics" to administer vaccines, Lob-Levyt said in an interview. The technicians would be more cost-effective to train and support, he said, and would more likely remain in their home nations because their skills would not be in demand in wealthier nations.

One such model may come from Ghana, said Anne M. Veneman, executive director of UNICEF, in an interview.

"They put together a vocational program for community-based health workers" who can give immunizations and basic care, she said, adding that the program offers an incentive for advancement once the workers become ensconced in local jobs. "Later on they can get additional training and become full nurses," she said.

GAVI has raised $3.8 billion, nearly all from the Gates Foundation and national governments, and hopes to raise $1.3 billion more by 2015. The $500-million effort, which also will be spent on systems to distribute vaccines and drugs, needs new cash infusions from governments, Lob-Levyt said.

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What North Korea Really Wants (WP)

By Robert Carlin, John W. Lewis

The Washington Post, January 27, 2007

Those who think that dealing with North Korea is impossible are wrong. Unfortunately, those who think that it is, in fact, possible to deal with North Korea often are not much closer to the truth. The basic problem is that people of both views simply haven't figured out what it is that the North really wants.

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We tend to confuse North Korea's short-term tactical goals with its broader strategic focus. We draw up list after list of things we think might appeal to Pyongyang on the assumption that these will constitute a "leveraged buyout," finally achieving what we want: the total, irreversible denuclearization of North Korea.

But this list of "carrots" (energy, food, the lifting of sanctions) does not include what the North thinks it must have. It can, of course, help keep the process on track and moving ahead, and it could help cement a final deal and hold it together through the inevitable political storms. But these things are not the ends that North Korea seeks.

North Korea feeds our misperceptions by bargaining so hard over details and raising its initial demands so high. For our part, we tend to be taken in by Western journalists' repetition of stock phrases about it being "one of the poorest nations," "one of the most isolated," "living on handouts." Accurate or not, these factors are irrelevant to Pyongyang's strategic calculations.

Those who realize that North Korea does not have visions of grand rewards sometimes move the focus to political steps that many see as "key" to a solution. These include replacing the armistice with a peace treaty, giving the North security guarantees, discussing plans for an exchange of diplomats. But these, like the economic carrots, are only shimmering, imperfect reflections of what Pyongyang is after.

What is it, then, that North Korea wants? Above all, it wants, and has pursued steadily since 1991, a long-term, strategic relationship with the United States. This has nothing to do with ideology or political philosophy. It is a cold, hard calculation based on history and the realities of geopolitics as perceived in Pyongyang. The North Koreans believe in their gut that they must buffer the heavy influence their neighbors already have, or could soon gain, over their small, weak country.

This is hard for Americans to understand, having read or heard nothing from North Korea except its propaganda, which for years seems to have called for weakening, not maintaining, the U.S. presence on the Korean Peninsula. But in fact an American departure is the last thing the North wants. Because of their pride and fear of appearing weak, however, explicitly requesting that the United States stay is one of the most difficult things for the North Koreans to do.

If the United States has leverage, it is not in its ability to supply fuel oil or grain or paper promises of nonhostility. The leverage rests in Washington's ability to convince Pyongyang of its commitment to coexist with the Democratic People's Republic of Korea, accept its system and leadership, and make room for the DPRK in an American vision of the future of Northeast Asia. Quite simply, the North Koreans believe they could be useful to the United States in a longer, larger balance-of-power game against China and Japan. The Chinese know this and say so in private.

The fundamental problem for North Korea is that the six-party talks in which it has been engaged -- and which may reconvene soon -- are a microcosm of the strategic world it most fears. Three strategic foes -- China, Japan and Russia -- sit in judgment, apply pressure and (to Pyongyang's mind) insist on the North's permanent weakness.

Denuclearization, if still achievable, can come only when North Korea sees its strategic problem solved, and that, in its view, can happen only when relations with the United States improve. For Pyongyang, that is the essence of the joint statement out of the six-party talks on Sept. 19, 2005, which included this sentence: "The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations subject to their respective bilateral policies."

And that is why the North so doggedly seeks bilateral talks with Washington. It desires not "drive-by" encounters, not a meeting here and there, but serious, sustained talks in which ideas can be explored and solutions, at last, patiently developed.

Robert Carlin, a former State Department analyst, participated in most of the U.S.-North Korea negotiations between 1993 and 2000. John Lewis, professor emeritus at Stanford University, directs projects on Asia at the university's Center for International Security and Cooperation. Both have visited North Korea many times, most recently in November.

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TERRORISM NEWS:

Attorneys Condemn Chinese Uighurs' Detention Conditions. The Washington Post (1/30, A4, Smith, Tate) reports, "Chinese Uighurs who have been imprisoned for the past month at a new state-of-the-art detention camp at Guantanamo Bay, Cuba, are being held around the clock in near-total isolation, a circumstance their lawyers say is rapidly degrading their mental health, according to an affidavit filed in federal court yesterday." The Post continues, "The lawyers' complaint is the latest step in their efforts to force an expedited review of the Uighurs' confinement by the U.S. Court of Appeals, a review that the Bush administration opposes and that Congress made more difficult in legislation it passed late last year. … The Uighurs' (pronounced weegurs) detention by the U.S. military, after being sold for bounty by Pakistanis in early 2002, has long attracted controversy. The men had just arrived from Afghanistan, where, they said, they had received limited military training because they opposed Chinese government control of their native region. But they said they never were allied with the Taliban or opposed to the United States, and had fled to Pakistan only to escape the U.S. bombing campaign." The Post adds, "By 2005, U.S. military review panels determined that five of the 18 captured Uighurs were 'no longer enemy combatants,' but they continued to be held at the Guantanamo Bay prison until their release last year.

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The panels did not reach that conclusion about the other 13, though all had given similar accounts of their activities during the reviews, according to declassified transcripts of the sessions. … U.S. District Judge James Robertson ruled in December 2005 that the government was unlawfully imprisoning the Uighurs who were found not to be combatants." The Post notes, "The Justice Department, in court papers, has maintained that the appellate court should delay reviewing the Uighurs' detention until cases related to other detainees are resolved. It also has said that legislation passed last year by Congress, which created new military panels to try Guantanamo Bay detainees on criminal charges, seriously limits the court's jurisdiction to question government decisions on their detention."

Man Faces Terror Charges Stemming From Attack Against US Troops In Iraq. The Washington Times (1/30, Seper, 88K) reports, "An Iraqi-born Dutch citizen pleaded not guilty yesterday in federal court in Washington to charges of conspiring with insurgents to attack U.S. military personnel in Iraq -- the first US criminal prosecution arising from terrorist activities in Iraq." Wesam al-Delaema, "extradited from the Netherlands on Saturday, had been sought by the US government since 2003, when he and other members of the 'Mujahideen from Fallujah' videotaped themselves planting explosives along an Iraqi road used by US troops." FBI Assistant Director Joseph Persichini Jr., "who heads the bureau's Washington field office, said Mr. al-Delaema's extradition 'sends a clear message of the FBI's unwavering dedication to our mission to detect, deter and bring to justice any individual who conspires to commit terrorist acts against any US citizen either in this country or on foreign soil.'"

The Washington Post (1/30, A4, Eggen, 690K) says "the unusual extradition agreement would allow Delaema to return to the Netherlands to serve his prison sentence if he is convicted, Dutch and US officials said. … Victor Koppe, who served as Delaema's attorney in the Netherlands, said the arrangement guarantees that Delaema will not be designated an enemy combatant or tried by a US military commission. Dutch courts also will be able to review and possibly modify the terms of any US sentence once Delaema is returned home, Koppe and U.S. officials said."

USA Today/AP (1/30) reports Al-Delaema's lawyers "have argued the US does not have the right to try him." Prosecutor Gregg Maisel "said the government would be seeking hair and saliva samples from al-Delaema, which the Justice Department said could link him to the crimes."

ABC News (1/30, Ryan, Thomas) reports, "Charges against Delaema include: conspiracy to kill U.S. citizens abroad; conspiracy to use a weapon of mass destruction (explosives); conspiracy to maliciously damage or destroy U.S. government property by means of an explosive; possession of a destructive device (explosives) during a crime of violence; conspiracy to possess a destructive device (explosives) during a crime of violence; and teaching or demonstrating the making or use of an explosive with the intent to further a crime of violence. … At the time of his arrest in the Netherlands, foreign media outlets reported that Dutch anti-terrorism police found video tapes of insurgent attacks and operations in Iraq at Delaema's residence. … Delaema was extradited to the United States from the Netherlands late Saturday night by the FBI and U.S. Marshals. He will be held without bond until his status conference and detention hearing on February 5."

United Press International (1/30, Waterman) reports, "Monday, the U.S. District Court in Washington gave prosecutors permission to obtain DNA swabs from Delaema, so that they could be compared with a database of DNA obtained from bomb fragments and 'other physical items' recovered from attack scenes and other terrorist sites. … The database is compiled by the Terrorist Explosive Device Analytical Center -- a multi-agency effort between the U.S. Department of Defense and federal law enforcement agencies which functions as a repository for all kinds of forensic evidence from terror attacks in Iraq and elsewhere." UPI adds, "According to court filings, the center "conducts a full range of forensic and technical analysis on such items, utilizing analytical protocols that include photography, latent fingerprint analysis, trace evidence (hair and fiber), DNA, electronic and cryptographic analysis, and tool marks."" UPI notes, "According to the indictment and other court documents, Delaema was arrested May 2005 in the Dutch city of Amersfoort. One report at the weekend said Dutch authorities had been originally been tipped to Delaema by U.S. intelligence, and the court documents say Dutch police monitored telephone conversations he had with people in Iraq. … European counter-terrorist officials have broken up several networks recruiting and making travel arrangements for European Muslim extremists who want to go to fight the U.S. military in Iraq."

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Al Qaeda Leader In Turkey, 47 Seven Other Terror Suspects Arrested. The New York Times (1/30, Arsu, 1.16M) reports, "In simultaneous operations carried out in five Turkish cities on Monday, the police arrested 47 people suspected of being Islamic militants, including the leader of Al Qaeda in Turkey, the semi-official Anatolian news agency reported." The Times adds, "Police acted on information warning of 'sensational attacks' by Turkish groups in coordination with Al Qaeda, the report said. No details were available on the nature of possible targets."

Gonzales' Remarks On Habeas Mark New Test On Executive Powers. The Los Angeles Times (1/30, Savage) reports, "Atty. Gen. Alberto R. Gonzales provided laugh lines for comedians and fodder for outraged bloggers when he told senators recently that the Constitution does not specifically grant individuals the right to habeas corpus." The Times continues, "The Constitution appears to contradict him on that historic doctrine, which says those taken into custody have the right to plead their innocence before a judge. 'The privilege of the writ of habeas corpus shall not be suspended,' it says, 'unless when in cases of rebellion or invasion the public safety may require it.' … Most constitutional experts agree that phrase clearly guarantees the right of habeas corpus. And Gonzales himself later clarified that he believes Americans do have that right. … But in a clumsy way, Gonzales was making a claim that underpins the Bush administration's controversial view that 'enemy combatants,' including the prisoners at Guantanamo Bay in Cuba, are not entitled to fight the government in court." The Times adds, "The dispute involves not only the Constitution but also a separate law that spells out the reach of habeas corpus. The issue, which sparked the lively exchange between Gonzales and senators, is the focus of a bill before Congress as well as cases involving 'enemy combatants' that appear headed to the Supreme Court. … Many senators, including Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and its ranking Republican, Arlen Specter (R-Pa.), believe the right to habeas corpus should apply broadly and include foreign terrorism suspects held at Guantanamo Bay. … But they lost last year when the issue came before Congress. … In a 51-48 vote, the Senate joined the House in affirming the Bush administration's view that habeas corpus should not cover 'aliens' held as terrorism suspects or 'enemy combatants.'" The Times notes, "The new law, known as the Military Commissions Act, overturned a Supreme Court ruling that had extended habeas corpus rights to the detainees at Guantanamo Bay. But in that decision, in the case of Rasul vs. Bush, the justices said they were ruling only on the statutory law, not on the Constitution. … Now that Congress has overridden the high court's view, the next round of litigation in the 'war on terror' is focusing on the right to habeas corpus in the Constitution. … Although everyone — including, apparently, the attorney general — agrees the Constitution protects a right to habeas corpus, there is considerable debate over the reach of that right."

Virginian-Pilot Blasts Gonzales For Habeas Stance. The Virginian-Pilot (1/30) editorializes, "Even when White House policies seem ill-conceived, they at least have a veneer of defensible logic. If America doesn't like the idea of government agents examining its library habits, the practice does make a certain quaint, paranoid sense. … But Attorney General Alberto Gonzales has ceased even trying to maintain the pretense of reason." The Virginian-Pilot continues, "Appearing before the Senate Judiciary Committee, Gonzales abandoned cogency altogether for bald assertion of illogic as truth. … Gonzales, the highest officer of the law in the nation, asserted that because the framers don't specifically enumerate habeas corpus, it's not guaranteed, for example, to American citizens held in detention indefinitely without charge - precisely the kind of thing that habeas was designed to prevent. … The Constitution doesn't explicitly give people the freedom to have children or breathe the air, but nobody would claim Americans don't have the right to each of those things. … Gonzales' logic leads to the notion that only rights included in the Constitution actually exist, a little worrisome since it's a document silent on both babies and breathing. Still, if common sense and logic were the worst of Gonzales' violations, we'd be comforted."

NYTimes Celebrates Canada's Apology To Arar. The New York Times (1/30, 1.16M) editorializes, "Canada set an important example of decency when it offered a formal apology and compensation worth millions of dollars to a Syrian-born Canadian citizen who was a victim of President Bush's use of open-ended detention, summary deportation and even torture in the name of fighting terrorism. Last week's announcement by Prime Minister Stephen Harper came more than four years after the nightmare began for the Canadian, Maher Arar, a 36-year-old software engineer," which was "part of a legally and morally unsupportable practice known as extraordinary rendition, the

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deportation of terrorism suspects to countries where the regimes are known to use torture and to disdain basic human rights protections. Four months ago, a Canadian government panel concluded that Mr. Arar had never had a terrorism connection, and that Americans had misled Canada about their plans for him. The Bush administration stonewalled the inquiry."

HOMELAND RESPONSE:

Lack Of Screening For Airport Workers Said To Leave "Gaping Hole" In Security. The CBS Evening News (1/29, story 7, 3:30, Couric, 7.66M) reported that at America's airport "there's still a gaping hole in the security net, because while 700 million travelers were subjected last year to metal detectors -- that even includes pilots, flight attendants and their carry-on baggage -- there was no similar screening of tens of thousands of airport workers." The TSA said in a statement that "employees working in secure areas '…are subject to multiple security areas,' including '…random screening at any time and without notice,' and '…are required to undergo extensive background checks.' But how extensive can those checks really be when just last year 65 illegal immigrants got into the TSA system and were working in some of the most secure areas of several major US airports before finally being arrested?"

NRC Rejects Petition To Harden Nuclear Plants Against Air Attack. Under the headline, "Nuclear Agency: Air Defenses Impractical," the Washington Post (1/30, A4, Mufson, 690K) reports, "Federal regulators plunged into an energy and national security controversy yesterday by ruling that the nation's 103 nuclear power plants do not need to protect themselves from potential attacks by terrorists using airplanes. The Nuclear Regulatory Commission's 5-to-0 ruling was in response to a 2004 petition by the Committee to Bridge the Gap, a Los Angeles nonprofit group, that said nuclear plants should build shields made of steel I-beams and cabling or take other steps to prevent a release of radiation in case of an air attack. Eight state attorneys general backed the petition. … 'Nuclear power plants are pre-emplaced nuclear weapons near major cities,' said Daniel Hirsch, president of the Committee to Bridge the Gap. 'They can't blow up like a nuclear bomb, but they can release a thousand times the radiation of the Hiroshima bomb. They are the most attractive target for a terrorist to hit in our country.'" But "NRC Chairman Dale Klein said, 'Nuclear power plants are inherently robust structures that our studies show provide adequate protection in a hypothetical attack by an airplane.'" The NRC may "impose stricter requirements on new plants," but for now, "the NRC said that guarding against airborne attacks was the job of the military and other agencies."

The New York Times/AP (1/30, Press) notes that the NRC said, "[p]lant operators should instead focus on limiting radioactive releases and public exposure from any such airborne attack, the agency said in a revised defense plan for nuclear plants. 'The active protection against airborne threats is addressed by other federal organizations, including the military,' the commission said."

Under the headline, "Idea To 'Cage' Atomic Plants Is Rejected; A California group had asked that steel shields and other anti-terrorism measures be mandated," the Los Angeles Times (1/30, Weikel, 850K) reports that the NRC "adopted regulations similar to security directives it imposed in April 2003, without public hearings, on operators of commercial reactors. The directives deal with the size, training and composition of security forces; reactor security; barriers to protect against truck or car bombs; the dimensions of security perimeters; and the numbers of terrorists that plants must defend against." Still, "some fear that a terrorist attack could breach a reactor or a plant's nuclear waste storage facilities and release harmful radiation."

Affidavit Details Aggressive Investigation Of Rhode Island Trucking Student. The Providence Journal (1/30, Ziner, 167K) reports, "Shortly after Mohammed Mullawala's arrest in Rhode Island last month, investigators discovered he was a man on the move who ricocheted from state to state, city to city and apartment to apartment. But a state police affidavit draws a more complicated picture of the man whose behavior at a Smithfield trucking school in November triggered a nationwide investigation that involves the FBI's Joint Terrorism Task Force and multiple state police fusion centers tasked with homeland security concerns. Mullawala, a 28-year-old Indian national, faces a deportation hearing today." The Journal notes, "The timeline revolves around 11 addresses in four states that Mullawala says he lived at. Only 7 have checked out so far, some of which he apparently stayed at for only a month. … The affidavit underscores how vigorously FBI agents and state

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police detectives attached to the FBI's Joint Anti-Terrorism Task Force have been pursuing leads tied to Mullawala, despite the lack of any criminal charges against him. … It states that federal agents are still trying to determine if Mullawala lived where he said he lived."

DHS IG Criticizes Coast Guard Modernization Program. In its "Fleecing of America" segment, NBC Nightly News (1/29, story 8, 2:30, Williams, 9.87M) reported, "The Federal government is spending billions of dollars to improve the fleet of the US Coast Guard, but a new watchdog report charges the program has serious problems. Ships that are way over budget and perhaps not even completely seaworthy." NBC (Meyers) adds that according to a report by federal watchdogs, a 418-foot Coast Guard cutter that had been "hailed as a crucial new weapon in the war on terror" suffers from "significant design flaws likely to shorten its useful life, increase maintenance costs and limit its ability to venture far from US shores. And the cost of building just two of these ships has roughly doubled to almost $1billion." Myers added that the report "is merely the latest debacle in a $24 billion program, known as Deepwater, to upgrade the Coast Guard fleet." Some "see a larger problem in the agency that oversees the Coast Guard." Rep. Bennie G. Thompson was shown saying, "We have assumed that the Department Of Homeland Security was shipshape. But in reality, they are just ships of fools."

The AP (1/29, Caterinicchia) reported that in a written response to the report from the Department of Homeland Security's IG, "the Coast Guard said it had 'serious concerns' with the investigators' approach to reviewing and analyzing the program. 'The report contains selective inclusion of documents that do not represent the most current, comprehensive, or technically accurate data,' the Coast Guard said."

Super Bowl Security Is Massive Coordinated Effort. The AP (1/30, Anderson) reports from Miami, "Gavin moved quickly around the spacious convention center, searching for a hidden bomb. Near a glass box containing a fire extinguisher, he sniffed the air and abruptly sat down. Inside was a pound of live high explosives, wrapped in black plastic. … For successfully finding the 'bomb,' Gavin got a treat from his handler, Special Agent L.A. Bykowsky of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. His training exercise over, the 7-year-old golden Labrador retriever is ready for duty conducting bomb-sniffing sweeps for the Super Bowl and its related events and hotels." The AP continues, "Gavin will be among 66 specialized canine bomb teams working as part of a massive local, state and federal security effort to protect one of the world's highest-profile public events from terrorists, foreign and domestic. The dog teams are one element of a 6-inch-thick security plan, which includes jet fighters and helicopters, tactical weapons teams, mobile bomb labs and robots, high-tech X-ray machines and sensors, intelligence databases and hundreds of uniformed police officers. … 'We don't have any specific threat to this event,' said Julie Torres, chief of the ATF's Miami office and the designated federal coordinator for Super Bowl security. 'It is the biggest event in the nation as far as a sporting event. It is vulnerable as far as any terrorist activity. We have to plan excessively so we can provide proper security.' … Those plans began to take shape two weeks after last year's Super Bowl in Detroit. This year's game is the sixth since the terror attacks of Sept. 11, 2001, which forever changed the security landscape for any major U.S. public event. The Super Bowl is a Level One national security event, right behind a presidential inauguration in importance." The AP notes, "The FBI plays a major role in coordinating the dissemination of intelligence and law enforcement databases - and investigating any suspected terrorism plots. … 'Information dissemination is one of our highest priorities,' said Stuart McArthur, assistant special agent in charge of the FBI's Miami field office and head of the South Florida Joint Terrorism Task Force. 'Every threat that comes in will be checked out by the South Florida JTTF.'"

Maine PUC Sets Domestic Surveillance Contempt Hearing For Verizon. The AP (1/30, Quinn) reports, "The Maine Public Utilities Commission unanimously voted Monday to schedule a hearing next month to allow Verizon Communications Inc. to argue why it should not be held in contempt for its response to a commission order stemming from allegations about domestic surveillance by the federal government." The AP continues, "The case involves a multi-customer complaint filed last May effectively seeking to force Verizon to say whether it provided telephone call records to the government without a warrant. … The complaint followed media reports about a National Security Agency eavesdropping program." The AP adds, "Verizon, in answer to the customer complaint, issued a response on May 19, 2006, in which it referred to points made in two press

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releases, including one that declared the company was not asked for records by the NSA and did not provide such records. … The PUC subsequently ordered Verizon, on Aug. 9, to affirm in writing that its representations to the commission were true. … On Aug. 21, the same day that the U.S. Justice Department filed suit against the PUC and Verizon asserting that the PUC was pre-empted by federal law from investigating the alleged spying program, Verizon said it would not submit an affirmation, citing legal action by the federal government. … Since then, the PUC has sought to have the federal suit dismissed and the complaint case has not moved forward." The AP notes, "The Bush administration has agreed to let a panel of federal judges oversee the government's domestic spying program. .. .The Foreign Intelligence Surveillance Court will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said earlier this month in a letter to the leaders of the Senate Judiciary Committee."

Senators Criticize Administration At Katrina Hearing In New Orleans. The New York Times (1/30, Nossiter, 1.16M) reports, "Three United States senators sounded off on Monday about the slow pace of recovery from Hurricane Katrina at a hearing in the French Quarter, criticizing federal officials for perceived inequities in aid to Louisiana and for imposing rules that are halting government assistance." Sens. Barack Obama and Mary L. Landrieu "focused on why Louisiana, which had far more damage than Mississippi, did not receive a larger proportion of federal aid." Responding to the senators, Donald E. Powell, the federal coordinator of Gulf Coast rebuilding, "said Congress had put a cap on how much aid money any one state could get. The senators complained about federal rules requiring a local match for aid after disasters; Mr. Powell said that in some cases, like the removal of the tons of debris that inundated the landscape here, the rules had been waived." The senators also "used the occasion to echo local laments that President Bush did not mention New Orleans in his State of the Union address.

NBC Nightly News (1/29, story 6, 2:00, Savidge, 9.87M) reported that it was up to Powell "to take the heat" from the Democratic senators. Powell was shown saying, "Progress is being made. The President has stood in Jackson Square and vowed that the Gulf Coast would be rebuilt stronger and better." Savidge: "The senators are frustrated by a lack of progress from the so-called 'Road Home Program.'" Sen. Joseph Lieberman: "The numbers are stunning, over 101,000 homeowners have applied for assistance under this program, but less than 300 homeowners have actually received funding." Savidge: "Powell said the problem wasn't the lack of Federal will, but a lack of local leadership, local leaders pointed finger back at government."

The Chicago Tribune (1/30, Dorning, 617K) reports Obama "blasted the Bush administration, saying, "There is not a sense of urgency in this administration to get this done." The Tribune adds, "The broken homes and vacant streets of the city's flood-damaged neighborhoods remain a potent political symbol." The Tribune also noted that Obama "echoed" criticism of the lack of a Gulf Coast mention in the State of the Union address, saying, "Those of us who are concerned all across the country wonder if we're in danger of forgetting about New Orleans, and that's shameful." Powell "said he was confident that when the history of the recovery effort is written 'it will also be a story of modern renaissance.'"

Landrieu Says Terror Attack Would Have Been Preferable, Calls Mississippi Most Corrupt State. Roll Call (1/30, Pershing) reports in its "Heard on the Hill" column this morning that though they had "thought it likely everything that could be said about the tragedy already had been said," Landrieu "had some highly original things to say" at Monday's hearing. "'I often think we would have been better off if the terrorists had blown up our levees. Maybe we'd have gotten more attention,' Landrieu said, according to a report from the New Orleans station WWL-TV." Landrieu continued that there is a bias against her state in Washington, D.C., and that "Mississippi is actually the most corrupt state in the union." Landrieu communications director Adam Sharp said that in referencing terrorism, Landrieu "was just reflecting on the priorities of the [Bush] administration." And "Landrieu makes no apologies" for referring to Mississippi as the most corrupt state in the union.

Business Group Releases Disaster Response Recommendations. The Washington Post (1/30, A15, Hsu, 690K) reports following complaints from business leaders that "too many efforts to help the US disaster response were thwarted by red tape" after Hurricane Katrina, Business Executives for National Security, a nonprofit, nonpartisan advisory group representing disaster-related industries, has released "a plan for public-private disaster coordination." Among other thing, the plan, released yesterday, recommends a rewrite of "the nation's disaster laws and the

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National Response Plan to include the private sector; tackle issues such as liability, medical and regulatory waivers; and make businesses eligible for federal aid when carrying out disaster responsibilities, such as providing security for emergency repairs."

WAR NEWS:

Bush Warns Iran Against Interfering In Iraq.

President Bush was interviewed Monday on NPR (1/29), where he said, "If Iran escalates its military action in Iraq to the detriment of our troops and/or innocent Iraqi people, we will respond firmly." The interview generated only limited coverage, and, although Bush discussed a variety of issues, media reports focused primarily on his remarks on Iran. The CBS Evening News (1/29, lead story, 2:50, Couric, 7.66M), for example, noted the President had warned Iran to "back off," while in a brief report, NBC Nightly News (1/29, story 4, 0:25, Williams, 9.87M) said Bush "added, however, that he has no intention of invading Iran."

The AP (1/30, Hunt) reports Bush "also acknowledged skepticism concerning US intelligence about Iran, because Washington was wrong in accusing Iraq of harboring weapons of mass destruction before the US-led invasion in 2003." The President said he is "like a lot of Americans that say, 'Well, if it wasn't right in Iraq, how do you know it's right in Iran.'"

The Chicago Tribune (1/30, Silva, 617K) reports that on the issue of Iran's nuclear ambitions, Bush "insist[ed] that he is confident in the power of diplomacy to resolve it." The President also "repeatedly has asserted the right of US forces to intervene in the Iranian shipment of weaponry into Iraq," but "insists he has no plans to invade Iran, despite worries voiced in Congress."

The Washington Times (1/30, Dinan, 88K) reports Bush "also accused Iran of being part of an effort to bring down Lebanon's government as well," saying it is working with Syria and Hezbollah to "foment violence." Meanwhile, "trying to shore up support for his new plan to secure Iraq," he told NPR that senators would be sending "a contradictory message" if they vote for a resolution opposing the troop increase because those lawmakers voted just last week in favor of a new military commander who says the troops are needed.

In addition, says AFP (1/30), the President also "deplored" recent violence in Lebanon and warned that Iran, Syria and Hezbollah must be "called to account" for trying to destabilize that country. In a statement, Bush said, "While Lebanon's friends seek to help the Lebanese government build a free, sovereign, and prosperous country, Syria, Iran and Hezbollah are working to destabilize Lebanese society," noting that "those responsible for creating chaos must be called to account."

US Military Says It Has "Proof Positive" Of Iran Involvement In Iraq Violence. The CBS Evening News (1/29, lead story, 2:50, Couric, 7.66M) reported, "The United States has repeatedly warned Iran against meddling in Iraq." Bush "has accused Iran of supplying insurgents with weapons that have killed nearly 200 servicemen and women and wounded nearly 600 since the war began. Iran has denied it, but tonight the US military says it has proof positive…[which] can only worsen the tension between the US and Iran." CBS (Martin) added, "Outright war between the US and Iran remains only a remote possibility. But they are already fighting a proxy war inside Iraq. Some, but by no means all, of the violence there is stoked by Iran. US officials say there is clear evidence Iran wants to make the United States bleed as much as possible." CBS added, "US officials tell CBS News serial numbers on parts used to make advanced explosive devices powerful enough to breach the armor on an American tank have been traced directly back to Iran. These officials also say rocket propelled grenade launchers and assault rifles found in Iraq bear Iranian factory markings."

US Official Says North Korea, Iran Cooperating On Missile Development. The Washington Times (1/30, A1, Gertz, 88K) reports in a front page article that North Korea and Iran "are cooperating in developing long-range missiles," the deputy director of the Pentagon's Missile Defense Agency said yesterday. During an address at the George C. Marshall Institute, Army Brig. Gen. Patrick O'Reilly "said…North Korea test fired a long-range Taepodong missile in July, and Iran is working on a space launcher that would help develop an intercontinental ballistic missile (ICBM) that could hit the US." North Korea, he noted, "uses its missiles as 'geopolitical leverage' over the United States and its allies and also to raise money by selling them abroad," while Iran is building missiles for "both asymmetric threats and conventional threats" to US and allied forces. The speech "marked the first time the Pentagon publicly disclosed the missile cooperation between Pyongyang and Tehran," he noted.

Arab Nations Anxious Over Rise In Iran's Influence. On its front page, the Washington Post (1/30, A1, Shadid, 690K) reports, "Four years after the United States invaded

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Iraq, in part to transform the Middle East, Iran is ascendant, many in the region view the Americans in retreat, and Arab countries, their own feelings of weakness accentuated, are awash in sharpening sectarian currents that many blame the United States for exacerbating." As struggle for influence in the region deepens, "many in the Arab world find themselves on the sidelines. They are increasingly anxious over worsening tension between Sunni and Shiite Muslims across the Middle East, even as some accuse the United States of stoking that tension as a way to counter predominantly Shiite Iran. Fear of Iranian dominance is coupled, sometimes in the same conversation, with suspicion of US intentions in confronting Iran."

Iran, Saudi Arabia Seek To Mediate Lebanon Agreement. Under the headline "US Ally And Foe Are Trying To Avert War In Lebanon," the New York Times (1/30, A6, Slackman, 1.16M) reports, "In an unusual collaboration that could complicate American policy in the region, Iran and Saudi Arabia have been mediating an agreement to end Lebanon's violent political crisis." Hezbollah officials "have recently visited the Saudi king in Riyadh, according to officials who attended the meeting. And Prince Bandar bin Sultan, the Saudi chief security adviser, has met with his Iranian counterpart, Ali Larijani, in Riyadh and Tehran to try to stop Lebanon's slide into civil war." However, the Saudi-Iranian efforts "have put Washington in an awkward position, since it is trying to reduce Iran's regional influence. But since a stable Lebanon is also an American priority, American officials have watched the efforts without interfering."

Bolton Criticizes US Policy In Iran, Iraq. The Washington Times (1/30, Morrison, 88K) reports in its "Embassy Row" column that former US Ambassador to the UN, John Bolton, "dropped diplomatic niceties" in an interview with the French daily Le Monde, "calling for the replacement of the Iranian government, criticizing some US moves in Iraq and fretting about the US troop surge." He told the newspaper, in an interview published yesterday, that the "negotiations [with Iran] have failed," adding that the only way to deal with the Iranian regime is to "isolate them on the international level." He also "criticized the Bush administration's early administrative control over Iraq through the Coalition Provisional Authority," which, he said, deprived the Iraqis of "political responsibilities" and "gave the terrorists and the remainders of [Saddam Hussein's] Ba'ath Party a chance to gather." On the subject of Bush's proposed troop "surge," Bolton called it "the best of a series of bad options."

Europeans Resisting US Calls To Curb Ties With Iran. The New York Times (1/30, A1, Weisman, 1.16M) reports on its front page that European governments "are resisting Bush administration demands that they curtail support for exports to Iran and that they block transactions and freeze assets of some Iranian companies," officials on both sides say. Their resistance "threatens to open a new rift between Europe and the United States over Iran." At issue now is how the most recent UNSC resolution is to be carried out, "with Europeans resisting American appeals for quick action, citing technical and political problems related to the heavy European economic ties to Iran and its oil industry." American officials are pressing Italy, Germany, France, Spain, Austria, the Netherlands, Sweden and Britain, because they all have "extensive business dealings with Iran, particularly in energy."

Shell Iran Plan May Lead To US Sanctions. The Financial Times (1/30, Crooks) reports US authorities will "take a look at" a "controversial" agreement signed over the weekend by Royal Dutch Shell "that could ultimately lead to a multi-billion dollar investment in Iran," a US State Department official said. Shell and its partner Repsol of Spain have signed a service agreement with the Iranian government "to continue work on developing blocks 13 and 14 of the giant South Pars gas field, in spite of mounting international pressure over the country's nuclear program." Assistant Secretary McCormack said Monday that US government lawyers and policymakers "would take a look at the Shell deal, to see whether to take any action."

Legislation Targets Surplus Sales To Iran. The AP (1/30, Theimer) reports Sen. Ron Wyden (D-OR) has proposed legislation to "cut off all Pentagon sales of surplus F-14 parts, saying the military's marketing of the spares 'defies common sense' in light of their importance to Iran." The measure "would ban the Defense Department from selling surplus F-14 parts and prohibit buyers who have already acquired surplus Tomcat parts from exporting them."

Ahmadinejad Faces Mounting Domestic Criticism. The Wall Street Journal (1/30, A5, Spindle, 2.04M) reports, "With another confrontational moment in Iran's nuclear standoff approaching next month, criticism of the country's president at home is increasing." President Mahmoud Ahmadinejad now "suddenly faces a concerted effort by political foes to constrain both his populist economic policies and his public defiance of the West." Many of Tehran's elite politicians and clerics "have long harbored concerns about

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Mr. Ahmadinejad… But the immense popularity he generated among Iran's poor and working-class voters kept many of his critics from speaking out or openly moving against his policies." However, a round of elections late last year "has undermined Mr. Ahmadinejad's political momentum and unleashed a flood of public criticism and moves to clip his wings."

Iraqi Forces Said To Have Performed Poorly In Weekend Battle. The New York Times (1/30, Santora, 1.16M) reports, "Iraqi forces were surprised and nearly overwhelmed by the ferocity of an obscure renegade militia in a weekend battle near the holy city of Najaf and needed far more help from American forces than previously disclosed, American and Iraqi officials said Monday." They "said American ground troops -- and not just air support as reported Sunday -- were mobilized to help the Iraqi soldiers, who appeared to have dangerously underestimated the strength of the militia, which calls itself the Soldiers of Heaven and had amassed hundreds of heavily armed fighters." The Iraqis and Americans "eventually prevailed in the battle. But the Iraqi security forces' miscalculations about the group's strength and intentions raised troubling questions about their ability to recognize and deal with a threat."

ABC World News (1/29, story 2, 2:40, Karl, 8.78M) said "Iraqis may have been in the lead here, but several hundred American troops were involved and most of the killing ultimately done by US air power." ABC also noted President Bush's comments in an NPR interview, saying Bush "seemed buoyed by the performance of the Iraqi troops."

NBC Nightly News (1/29, lead story, 3:30, Williams, 9.87M) reported that "if it wasn't hard enough to figure out all the factions in the fighting in Iraq, tonight there is word from a battlefield in the desert halfway around the world that there is a new force to worry about and it is being described as a cult. You may have heard of the big attack yesterday that left 200 Iraqis dead. They were fighting US soldiers and their fellow Iraqis, Shiite on Shiite. And tonight all indications are this group was bent on making a big kill before they themselves were killed in the fight." NBC (Arraf) added, "One of those killed, according to Iraqi official, the leader of the group. An Iraqi who believed he was a messenger of God. His group came out of nowhere and waged one of the biggest battles fought by Iraqi forces. The group called Soldiers of Heaven was using the cover of hundreds of thousands of Shi'as on their way to the holy cities. Their goal was to attack the pilgrims the holy sites and to kill top Shi'a clerics."

The CBS Evening News (1/29, story 2, 2:00, Logan, 7.66M) reported, "An Iraqi official said there were women and children among the detainees from the battlefield, describing them as family members who had been tricked into joining the cult. And an Iraqi soldier with military intelligence told CBS News that he saw women and children among the dead."

USA Today/AP (1/30, 5A), Los Angeles Times (1/30, Roug, Daragahi, 850K), Washington Post (1/30, A1, Partlow, Sarhan, 690K) and Washington Times/AP (1/30, Gamel) also report on the battle. The Christian Science Monitor (1/30, Murphy, 59K), in a story titled "Battle Suggests New Sectarian Divides In Iraq," says that "what precisely happened near the Shiite shrine city of Najaf Sunday is still being sorted out, but it seems likely that at its root was an unusual new wrinkle in Iraqi violence: a Shiite plan to attack Shiites. … The incident is a reminder of the swirling agendas now at play in Iraq and the turbulent political waters US troops are wading into as more soldiers arrive and President Bush has vowed to stand by Shiite Islamist Prime Minister Nouri al-Maliki."

Bush Says He Expects Iraqis To Take The Lead In Ending Violence. President Bush, in an interview with NPR's All Things Considered yesterday (1/29, Williams), addressed his expectations once his new Iraq strategy is implemented. Bush, also reacting to yesterday's battle between US and Iraqi forces and an insurgent group, said, "One of the things that I expect to see is the Iraqis take the lead and show the American people that they're willing to do the hard work necessary to secure their democracy. And our job is to help them. ... We can debate terms, but what can't be debated is the fact that Iraq is violent. And the violence is caused by Sunni Arabs, like al Qaeda, who have made it clear that they want to create chaos and drive the United States out so they can have safe haven, and then they could launch attacks against America." ABC World News (1/29, story 2, 2:40, Gibson, 8.78M) briefly noted Bush's comments as part of its coverage of violence in Iraq, saying Bush "seemed buoyed by the performance of the Iraqi troops."

Baker Agrees To Testify Before Congress Today. The Hill (1/30, Bolton) reports, "James A. Baker III, the co-chairman of the Iraq Study Group, has ended weeks of resistance and today will testify before Congress on the war, avoiding a split with his fellow co-chairman, former Rep. Lee

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Hamilton (D-Ind.). Sources familiar with the efforts to persuade Baker to testify said he did not want to appear to be lobbying against President Bush at the height of his push for 21,500 additional troops in Iraq." Baker "will answer senators' questions today during a hearing of the Senate Foreign Relations Committee, which includes three Democratic presidential hopefuls and Sen. Chuck Hagel (Neb.), the chamber's most forceful Republican critic of the war, who also is mulling a White House bid."

Lugar Says Bush Plan A "Draw Play On Third Down With 20 Yards To Go In The First Quarter." Sen. Richard Lugar, ranking minority member of the Senate Foreign Relations Committee, writes in the Washington Post (1/30, A17, 690K), "Some commentators have compared the Bush plan to a 'Hail Mary' pass in football -- a desperate heave deep down the field by a losing team at the end of the game. Actually, a far better analogy for the Bush plan is a draw play on third down with 20 yards to go in the first quarter. The play does have a chance of working if everything goes perfectly, but it is more likely to gain a few yards and set up a punt on the next down, after which the game can be continued under more favorable circumstances." Lugar adds, "The president's plan is an early episode in a much broader Middle East realignment that began with our invasion of Iraq and that may not end for years. … The administration must avoid becoming so quixotic in its attempt to achieve the optimal outcome in Iraq that it fails to adjust to shifts in the region or political realities within Iraq. Although any administration would be reluctant to talk about a Plan B when its primary plan is still in motion, the president and Congress must reach a consensus on how to protect our broader strategic interests regardless of what happens in those Baghdad neighborhoods or on the floor of the Senate."

McCaskill Says Bush Strategy Showcases Wrong Priorities. Democratic Sen. Claire McCaskill said on Fox News' Your World (1/29, Cavuto), "My problem with what…Bush is asking of the American people is that we have not required that the Maliki government show us anything. They've been talking and I think the American public has been very patient. I don't think we've been impatient. It's been four years, and every time the Maliki government has said we will stand up and do something, they have failed to do it. ... This plan, if you really scrub it, is a law enforcement operation on steroids. The city is divided into large precincts, and they are going to be going out with the Iraqi military and the Iraqi police and helping them with the lawlessness that has enveloped Baghdad. ... If we do not have the Iraqi police and the Iraqi military and we do not have any kind of criminal justice system within the country, that should come first before we spend more of our precious lives and more of our treasures."

Nelson Says Proposed Surge Too Small To Help. The AP (1/30, Flaherty) reports Armed Services Committee member Sen. Bill Nelson, in "remarks prepared for a speech Tuesday," "said only another 200,000 or 300,000 U.S. troops would make a substantial difference in Iraq. ... Nelson also was expected to deliver a sharp rebuke of Iraqi Prime Minister Nouri al-Maliki. Nelson said al-Maliki 'either lacks the will, or the nerve, to take on the Shiite militias.'" The AP adds, "Public sentiment has turned strongly against a war that has dragged on for nearly four years with more than 3,000 American dead and violence unabated by insurgents and sectarian militias."

Huckabee Expresses Support For Bush Plan. Former Arkansas Governor and 2008 presidential candidate Mike Huckabee said on CNN's The Situation Room (1/29, Blitzer) that Bush "has got to be given a chance to succeed with the plan that he has and that Gen. Petraeus is telling the Congress will work. ... I can't tell you it's going to work, because I don't know. But I do know that it's time to stand behind our troops, and see if the President's plan of increasing the patrols in Baghdad will at least work for bringing some stability." Asked what gives him "confidence that this new strategy might work," Huckabee replied, "Because it comes from a trusted general, Gen. Petraeus, who is there, and whose method of operations when he was with the 101st Airborne, I think, was a successful operation. Let's hope it's going to be this time."

Decision On Iraq War Attributed To Water Cooler-Style Deliberation. In his Washington Post column (1/30), Richard Cohen says, "A better name" for the Iraq war "would be the War of the Water Cooler. This, I'm sure, is where it all started. You can scour the vast literature about the Iraq war and how it started and not find the single moment when George W. Bush decided he had to go to war -- and why. The minutes of all the pertinent meetings, all of them surely monitored by Bob Woodward, either have produced nothing or will produce nothing because nothing was produced in these meetings. This war, I am sure, was the product of what Dick Cheney said to Bush at the White House water cooler. No one was present to take any of this down on paper."

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More Commentary. Bret Stephens writes in the Wall Street Journal (1/30, A16, 2.04M), "These are our options in Iraq: We can withdraw troops and equipment as fast as our Galaxys and Globemasters can carry them home (or to Okinawa). This is the Murtha Way. We can cap troop levels at 140,000 and withdraw them no later than Inauguration Day, 2009. This is Hillary's Way. We can redeploy our forces outside of Iraqi cities, conduct limited training and counterterrorism missions, urge reconciliation among the various political factions and seek diplomatic openings with Syria and Iran. This is the way of Sens. Chuck Hagel and Joe Biden. We can advocate and facilitate the partition of Iraq. This is the (Peter) Galbraith Way. Or we can surge troops into the toughest neighborhoods of Baghdad, Ramadi and Najaf and keep them there indefinitely. That is the President's Way." Bush's approach "is going to mean many more American casualties -- perhaps as many in the months ahead as we've seen over the past four years. It may fail for lack of troops, or insufficient cooperation from the Iraqi government. It could be defeated in the field, or it could succeed -- only to be undermined in Washington, much as Gen. Creighton Abrams's 1972 battlefield victories in Vietnam were. It lacks an endgame. It's a political loser." But "it is the only strategy on the table that aims at victory and has a chance of succeeding."

Fouad Ajami, who teaches at Johns Hopkins, writes in the Wall Street Journal (1/30, A17, 2.04M), "So this government in Baghdad, fighting for its life, has not mastered even the grim science of the gallows, and has no knowledge of the 'drop charts' used for hangings around the world. The Tikritis had been much better at this sort of thing." Iraq "has been fought over, and a verdict can already be discerned -- rough balance between its erstwhile Sunni rulers and its Shia inheritors, and a special, autonomous life for the Kurds. Against all dire expectations, the all-important question of the distribution of oil wealth appears close to a resolution. … This is the country midwifed by American power. We were never meant to stay there long. Iraq will never approximate the expectations we projected onto it in more innocent times. But we should be able to grant it the gift of acceptance, and yet another dose of patience as it works its way out of its current torments. … This may not be the stuff of glory, but it has power and legitimacy all its own."

Author Milton Viorst writes in the New York Times (1/30, 1.16M) that Bush "seems not to have noticed, but what stands between hostile sectarian forces and the resumption of all-out civil war in Lebanon is the Arab League, whose diplomacy 17 years ago put an end to a conflict in which tens of thousands of Lebanese died. Is there not a lesson here, for the president and the Democratic Congress, that is applicable to Iraq? … Curiously, the Iraq Study Group, in acknowledging Iraqi distrust of the United States, suggested a greater diplomatic role for Syria and Iran, the very countries that have an interest in Iraq's instability. Though better relations with these two countries might be in Washington's long-term interest, they are surely not going to help matters in Iraq. That's where the Arab League comes in. Because it is Arab, it can count on a level of trust, even among suspicious Iraqis, not available to the United States or its Western allies." Viorst adds "critics argue that the Arab League, being heavily Sunni, can have no influence on Iraq's Shiites." But "they forget that the bulk of the Iraqi Army that defeated Iran in the 1980-88 war was Shiite. This fact alone tells us that Iraqi Shiites, much as they want to be rid of the American occupation, are not ready to become Iranian. The Arab League can work from this premise to restore Iraq's stability. The United States cannot."

Additional 21,500 Troops Going To Iraq Said To Lack Equipment. The Washington Post (1/30, A12, Tyson, 690K) reports, "Boosting US troop levels in Iraq by 21,500 would create major logistical hurdles for the Army and Marine Corps, which are short thousands of vehicles, armor kits and other equipment needed to supply the extra forces, US officials said." The increase would also "further degrade the readiness of U.S.-based ground forces, hampering their ability to respond quickly, fully trained and well equipped in the case of other military contingencies around the world and increasing the risk of U.S. casualties, according to Army and Marine Corps leaders. 'The response would be slower than we might like, we would not have all of the equipment sets that ordinarily would be the case, and there is certainly risk associated with that,' the Marine Corps commandant, Gen. James Conway, told the House Armed Services Committee last week." The Post adds, "US commanders privately expressed doubts that Iraq-bound units would receive a full complement of Humvees."

Senate Vote On Iraq Resolutions Could Be Put Off Until Next Week. Roll Call (1/30, Stanton, Pierce, Yachnin) reports, "With a vote on one or more nonbinding resolutions opposing President Bush's decision to boost troop levels in Iraq likely a week away, Senate

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Democratic leaders are expected to use the delay to push back against tough White House rhetoric and attempt to build a bipartisan coalition on the issue, aides said Monday. A senior Democratic leadership aide said Monday that while no talks with Republicans who oppose Bush's Iraq strategy have been scheduled, Majority Leader Harry Reid (D-Nev.) likely will 'extend some olive branches' later in the week as the chamber moves closer to next week's vote." Republicans "are expected to oppose any effort by Reid to bring the minimum-wage debate to a close before Thursday. Because of that, a plan to begin debate on a resolution sponsored by Sens. Carl Levin (D-Mich.), Chuck Hagel (R-Neb.) and Joseph Biden (D-Del.) will be put off until sometime next week, Democratic aides said." Democrats "are deeply skeptical of GOP indications that they would like to use all of the time allowed to them procedurally before wrapping up this week's debate on minimum wage. … If Republicans use all the time available to them under Senate rules on the minimum-wage bill, debate on the Iraq resolution likely would begin at the end of this week at the earliest." Senate Minority Leader Mitch McConnell "has said repeatedly that he does not want to block a vote on an Iraq resolution, but that he will not allow a vote on the Democrats' Iraq resolution without an agreement to also have several other votes on GOP-sponsored resolutions less critical of the president."

Also reporting on the Senate debate, USA Today (1/30, Kiely, 2.27M) says "one focus will be on a group of lawmakers with special expertise: the ones who know what it's like to fight a war that has lost the support of the American public. … When it comes to President Bush's plan to increase troop levels in Iraq, however, Congress' Vietnam veterans are divided." In the Senate, "four Vietnam combat veterans are playing key roles in the debate: Hagel authored the resolution opposing Bush's plan; his close friend, Sen. John McCain, R-Ariz., a former prisoner of war in Hanoi, is a leading backer of the Bush plan. … Then there are Kerry and Sen. Jim Webb. During the 2004 presidential campaign, Webb, D-Va., leveled withering criticisms of Kerry's anti-war activities in the 1970s. This time, Webb voted with Kerry for Hagel's resolution."

The Washington Post (1/30, A3, Weisman, Tyson, 690K), under the headline "Soldier's Death Strengthens Senators' Antiwar Resolve," says "just before Christmas, an Army captain named Brian Freeman cornered Sens. Christopher J. Dodd (D-Conn.) and John F. Kerry (D-Mass.) at a Baghdad helicopter landing zone. The war was going badly, he told them. Troops were stretched so thin they were doing tasks they never dreamed of, let alone trained for." Freeman, "took a short holiday leave to see his 14-month-old daughter and 2-year-old son, returned to his base in Karbala, Iraq, and less than two weeks ago died in a hail of bullets and grenades. Insurgents, dressed in U.S. military uniforms, speaking English and driving black American SUVs, got through a checkpoint and attacked, kidnapped four soldiers and later shot them. Freeman died in the assault, the fifth casualty of the brazen attack." Freeman's death "has radicalized Dodd, energized Kerry and girded the ever-more confrontational stance of Democrats in the Senate."

Bush Sees Contradiction Between Senate Resolutions, Vote For Pretraeus. During a NPR's All Things Considered interview yesterday, (1/29, Williams), President Bush was asked about his reaction to the Senate debate about his Iraq plans. He replied, "My feeling to the Senate echoes what Joe Lieberman said the other day, and that is, it is ironic that the Senate would vote 81-0 to send a general into Iraq who believes he needs more troops to do the job, and then send a contradictory message. The legislators will do what they feel like they've got to do. And we want to work with them as best we can to make it clear what the stakes of failure will be, and also make it clear to them that I think they have a responsibility to make sure our troops have what they need to do the missions."

McConnell echoed that point on Fox News' Your World (1/29, Cavuto), "Gen. Petraeus, having just been promoted without opposition, ought to be given a chance to succeed in his mission. It seems to me it hardly makes sense to confirm the general, head him out to Iraq, and then turn around and say, 'but your mission can't possibly succeed.' ... We're going to have a series of different votes on different kinds of resolutions. None of them are going to be binding. All of them, as virtually every measure in the Senate, will require 60 votes. There is a reasonable chance none of them will pass."

Feingold To Challenge Democrats' "Timidity," Call For Cutting Off Funds. The Politico (1/30) reports, "Senate Democrats oppose the war in Iraq, they just don't plan on stopping it. They have discovered that standing up to the president is not quite as easy as vilifying him." Sen. Russ Feingold "has decided, however, to challenge what he calls the 'timidity' of Democratic leaders. He is going to introduce legislation cutting off funding for the Iraq war and he may do it, he told me, as early as this week."

The AP (1/30, Flaherty) reports "the new Democratic-led Congress is on a collision course with the White House

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over how far lawmakers can or should go to stop the war in Iraq, a dispute that could test the bounds of the Constitution. … Some Democrats say Congress must consider tougher alternatives to force the president's hand, including cutting funding, capping the number of troops allowed in Iraq and setting an end date for the war. 'This Congress was never meant to be a rubber stamp,' Sen. Barbara Boxer told her colleagues last week. 'Read the Constitution.'"

More Commentary. Dona Brazile writes in Roll Call (1/30), "The current US occupation (along with a dwindling number of coalition forces) of Iraq is just a drop in the bucket when you have 1,300 years to avenge; they, clearly, have a lot of patience. But for many Americans, our patience with the incompetent mismanagement of the war has grown thin. It's time we have this debate and discussion in Congress. I hope the House Democrats tell the president to stay tuned."

20,000 US Soldiers Have Been Wounded, 500 Have Lost Limbs In Iraq. CBS Evening News (1/29, story 3, :10, Couric, 7.66M) reported, "In addition to the more than 3,000 American servicemen and women who have been killed in Iraq, more than 20,000 have been wounded. 500 of them have lost limbs."

Former CPA Official Sentenced To Prison For Fraud. The Washington Post (1/30, D8, Witte, 690K) reports a "former official of the U.S.-led Coalition Provisional Authority was sentenced yesterday to nine years in prison and ordered to forfeit $3.6 million for his role in one of the largest fraud schemes to emerge from the reconstruction of Iraq, the Justice Department said yesterday." Robert J. Stein, 52, "of North Carolina was arrested in November 2005 and pleaded guilty in February 2006 to charges that included bribery, money laundering and conspiracy. He was sentenced in U.S. District Court in Washington." In his "role as comptroller and funding officer for the Coalition Provisional Authority in south-central Iraq, Stein worked with other Defense Department officials to rig the bids on reconstruction contracts so that all the work went to American businessman Philip H. Bloom, according to prosecutors. In exchange, Bloom gave the officials more than $1 million in cash, plus such luxury gifts as SUVs, a motorcycle, jewelry, computers, airline tickets, liquor and promises of future employment."

US Urged To Reach Out to Iraqi Refugees. Adam Goodheart, Hodson Trust-Griswold Director of the Starr Center for the Study of the American Experience at Washington College in Chestertown, MD, and John R. Bohrer, a political writer and blogger, write in USA Today (1/30, 11A, 2.27M), "Efforts for increasing the flow of Iraqi immigrants also have been stymied by post-9/11 counterterrorism laws that make it difficult for anyone from the Middle East to enter the USA. That's an especially cruel irony, since the refugees in greatest peril are those who have put their lives on the line for what President Bush has declared is a war against terrorism. In late 1975, less than eight months after the first refugee landed in the USA, the State Department declared the resettlement effort successfully completed (at a total cost of $405 million). … If the Bush administration is prepared to reaffirm those ideals [President[Ford so eloquently invoked, it should extend a similar welcome in 2007."

Corrupt Afghan Officials Stealing Reconstruction Aid. The Washington Times (1/30, Chamberlain, 88K) reports, "Corrupt Afghan police and tribal leaders are stealing vast quantities of reconstruction aid intended to improve the lives of people and turn them away from the Taliban, US and British officials said. In some cases, all the aid earmarked for an area has ended up in the wrong hands, officials said." NATO "forces in the south of the country fear corrupt police will steal aid if handed out through them. A Pentagon official said thousands of cars and trucks intended for use by the Afghan police had been sold instead. … A committee of British lawmakers plans to investigate the corruption, which has dogged operations in Afghanistan since the Taliban were driven from power in 2001."

Course To Defeat Taliban Proposed. Selig S. Harrison, who covered Afghanistan as South Asia bureau chief of the Washington Post (1/30, A17, 690K), writes this morning that "to prevent a continued Taliban upsurge, the United States should condition future economic and military aid to Islamabad on meaningful measures to shut down Taliban camps and staging areas on the Pakistani side of the border. At the same time, the Pentagon should shift to a low-profile military strategy in which air attacks are the rare exception and peace initiatives like those of the Musa Qala elders are welcomed."

Iraqi Prison Officials Tour South Carolina Jails For Ideas. The AP (1/30, Kinnard) reports, "Iraqi prison officials looking to rebuild their nation's jail system toured a state prison Monday, gathering ideas — including

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electronic door locks and an onsite license plate plant — to take back to their country." The AP continues, "A delegation that included U.S. Justice Department officials and their Iraqi counterparts visited the maximum security Broad River Correctional Institution, where the Iraqis watched inmates make South Carolina license plates and traffic signs. … Iraqi prisoners don't have a place to work, one visitor said through an interpreter." The AP adds, "The plant enables an inmate 'to help himself and his family. We can have productive inmates, not just consumer inmates,' said the warden of a Nasiriyah prison, whose name was withheld by the Justice Department for his own safety. … The group also was interested in the prison's security system, which includes electronically locking doors and video monitoring. … The delegation visited South Carolina because the state prison system was similar in size and organization to the existing Iraqi system, said Georgette Thornton, who works in Baghdad with the department's International Criminal Investigative Training Assistance Program. … The two-week visit to South Carolina will include trips to other state prisons as well as a federal prison."

CORPORATE SCANDALS:

KLA-Tencor Changes Options Report Citing Unintentional Backdating. Dow Jones (1/30) reports, "KLA-Tencor Corp., one of the nation's largest chip-equipment makers, booked a $370 million non-cash charge related to stock options it intentionally backdated. … It also may face a lawsuit from its former chief executive officer, who in a role as an adviser to the company was fired in connection with its option- accounting investigation." Dow Jones continues, "In a Securities and Exchange Commission filing Monday, KLA-Tencor said it took a charge of $348 million for stock options it granted from July 1994 through June 2005 and a $22 million charge for the year ended June 30, 2006, due to erroneous accounting methods. … The San Jose, Calif., chip-equipment maker was forced to record the charges after a special board committee found that the company had granted stock options to executive officers and other employees at advantageous prices." Dow Jones adds, "In essence, KLA-Tencor awarded stock options at prices that were lower than those on the option-grant dates it recorded on its books. … The company began its internal investigation in May. The Justice Department and the SEC also are investigating KLA-Tencor. … KLA-Tencor said in the filing that it stopped misdating stock options after June 2002, with a few 'immaterial exceptions.[It found no wrongdoing by its current management team, now led by CEO Rick Wallace. … By filing restated financial statements, the company also said it expects to comply with Nasdaq reporting requirements, meaning its stock shouldn't face delisting."

British Bankers Again Seek Dismissal Of Enron-Related Charges. Bloomberg (1/30, Calkins) reports, "Three former British bankers accused in an Enron Corp.-related fraud scheme have again asked a federal judge in Houston to dismiss charges they cheated their onetime employer, Greenwich NatWest Ltd." Bloomberg continues, "David Bermingham, Giles Darby and Gary Mulgrew argued that the indictment, which accuses them of skimming $7.35 million from the sale of an Enron-related partnership, improperly applied U.S. criminal law to British citizens acting in the U.K. In December, U.S. District Judge Ewing Werlein revised the charges without dropping any counts. … 'The wire fraud statute does not extend to the foreign scheme alleged,' the bankers said in court papers filed Jan. 22. They claim the U.S. Congress didn't intend to criminalize the activity of 'a foreign national who allegedly defrauded his foreign employer in a foreign country.'" Bloomberg adds, "Bermingham, 44, Darby 44, and Mulgrew, 45, were extradited to the U.S. in July and are charged with seven counts each of wire fraud. If convicted, they face as much as 35 years in prison. Prosecutors said the three skimmed millions in 2000 by misleading Greenwich NatWest about the value of an Enron partnership. They are free on $1 million bond each and scheduled to go on trial in September. … The original 2002 indictment relied on the legal theory that the bankers had deprived Greenwich NatWest, which has since been acquired by Royal Bank of Scotland Group Plc, of their honest services. To bolster their latest request to drop the charges, the bankers cited a December decision by Werlein to remove references to honest services from the indictment. … The honest-services argument was struck down in August by an appeals court in another criminal case stemming from a transaction at Houston-based Enron. The appeals court said an employee didn't deprive his company of honest services if he acted in the company's best interests and in line with management goals. … 'The United States will proceed at trial against defendants solely on the grounds that they deprived NatWest of money and property,' Steven Tyrrell, acting U.S. attorney in the Justice Department's Fraud

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Section, wrote in December. Removing the honest-services allegations 'does not deny the defendants their grand jury rights,' he said. … Jaclyn Lesch, a Justice Department spokeswoman, declined to comment on the bankers' request, saying the government will respond in court at the proper time."

Former Officials Spared Prison Time In Cendant Accounting Scandal. The AP (1/30, Christoffersen) reports, "Two former executives were spared prison time Monday for their roles in a massive accounting scandal at Cendant Corp. that cost the company and its investors more than $3 billion." The AP continues, "Anne Pember, 47, who pleaded guilty to conspiracy in 2000, was sentenced to two years of probation and 200 hours of community service. … Casper Sabatino, 54, a former accountant at CUC who pleaded guilty to wire fraud charges and cooperated with federal prosecutors, was also sentenced to two years of probation." The AP adds, "Pember asked to be spared prison time, citing her extensive cooperation with federal investigators. Prosecutors agreed. … 'I think your cooperation and your testimony was quite extraordinary,' said Senior U.S. District Judge Alan H. Nevas. … Pember, who faced five years in prison under sentencing guidelines, apologized for her conduct." The AP notes, "Pember was controller at CUC International of Stamford, which merged with HFS Inc. of Parsippany, New Jersey, to create Cendant in December 1997. Pember became Cendant's senior vice president for accounting. … Nevas noted that Sabatino was one of the whistleblowers and was the first person to voluntarily cooperate with prosecutors. … Prosecutors say the scheme inflated the stock of CUC International, Cendant's predecessor, by $500 million."

SEC Approves Market-Based Method To Value Stock Options. The Wall Street Journal (1/30, C5, Reilly, Ng) reports, "The Securities and Exchange Commission for the first time has blessed a method for valuing employee stock options that relies on market forces rather than academic models. … The change potentially paves the way for companies to use techniques that lessen the hit to profit they take from this type of compensation." The Journal continues, "In a Jan. 25 letter, SEC Chief Accountant Conrad Hewitt said an auction system designed by Zions Bancorp of Salt Lake City could be used to derive 'market' values for employee stock options. The SEC had rejected earlier attempts at market-based methods, including a plan pitched by computer-networking company Cisco Systems Inc. in 2005. … Ever since accounting rule makers decreed that starting in 2006 companies would have to book an expense for issuing stock options, a number of companies and financial institutions have tried to develop new ways to value the instruments." The Journal adds, "Both the SEC and accounting rule makers have said they believe market-based approaches are best for valuing options. Mr. Hewitt said yesterday that the problem is that the models currently in use produce 'hypothetical numbers.' Market-based approaches produce what 'may be a real number,' he added. … So far, though, no one had devised a market-based method that passed regulatory muster."

Former CA Official Sentenced To Six Months Home Detention. The New York Times/AP (1/30) reports, "A former executive at Computer Associates was sentenced to six months of home detention yesterday after pleading guilty to conspiracy charges in connection with a scheme to bolster the company's quarterly revenue artificially through backdated sales contracts." The AP continues, "Judge I. Leo Glasser of Federal District Court sentenced David Kaplan, former senior vice president for finance, at a hearing in Brooklyn. Mr. Kaplan was also ordered to serve three years of supervised release." The AP adds, "Mr. Kaplan was one of several executives at the company, now known as CA Inc., to plead guilty to criminal charges in 2004 and to cooperate with the government."

Fannie Mae CEO Received 25% Raise In 2006. The Washington Post (1/30, D1, Hilzenrath, 690K) reports, "Fannie Mae chief executive Daniel H. Mudd received salary, stock and bonuses of more than $14.4 million in 2006, an increase of about 25 percent from the year before, the government-chartered mortgage funding company disclosed. Mudd's pay included a bonus of $3.5 million, restricted shares worth nearly $10 million and a salary of $950,000. That was up from a bonus of $2.6 million, restricted shares worth $8 million and a salary of $908,121 in 2005. For 2007, Mudd's salary was increased to $990,000." The Post adds, "Mudd was promoted to interim chief executive from chief operating officer in 2004 after an accounting scandal drove out his predecessor, former federal budget director Franklin D. Raines. Mudd's appointment was later made permanent. One of his top responsibilities is

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restoring the company's financial systems. More than two years after the accounting problems came to light, Fannie Mae remains unable to file timely financial statements, and its shares continue trading on the New York Stock Exchange by special dispensation."

CRIMINAL LAW:

"Unflappable" Fleischer Testifies Against Libby. ABC World News (1/29, story 4, 1:50, Gibson, 8.78M) reported former White House Press Secretary Ari Fleischer testified yesterday "for the prosecution in the perjury trial of Scooter Libby," telling "the jury that Libby had leaked to him the identity of a CIA employee whose husband criticized the President's Iraq policy." ABC (Thomas) added, "Fleischer quoted Libby as saying, 'This is hush-hush; on the QT. Not many very people know about this.' … Perhaps most damaging to Libby, Fleischer testified that the meeting happened on July 7th, several days before Libby told authorities he learned of the identity from the reporters." ABC noted that "under defense cross-examination challenging his credibility, Fleischer's previous training of being grilled by reporters appeared to help him. He was largely unflappable."

NBC Nightly News (1/29, story 5, 2:25, Williams, 9.87M) noted that "the former number two man to Vice President Cheney is currently on trial," and "we've already heard a lot about how concerned the White House was about press coverage, especially where it pertained to the buildup to the Iraq war." NBC (O'Donnell) reported that Fleischer "blew another hole in Scooter Libby's story. … Fleischer was in the Bush inner circle," and he "admitted that he had passed on to a few reporters that 'Wilson's wife works there,' meaning the CIA. Fleischer described it as a casual conversation that included NBC's David Gregory," but "as the leak investigation intensified, Fleischer said he worried that he could be in big trouble."

The AP (1/30, Apuzzo) reports that "Fleischer reminded Washington on Monday why he was considered one of the city's most unshakable spinmasters. … It was almost like he was back at the White House 2- 1/2 years ago, parrying questions from reporters," and his "testimony was the most damaging yet." However, "True to his reputation, Fleischer offered few behind-the-scenes glimpses of the Bush administration." USA Today/AP (1/30, 4A, Sniffen) notes, "Fleischer said he again heard about Plame four days later from White House communications director Dan Bartlett. Defense attorney William Jeffress suggested that Fleischer might have heard the Plame story first from" then-White House communications director Dan Bartlett, "but Fleischer insisted he learned about her from Libby first."

Under the headline "Former Press Secretary Says Libby Told Him of Plame," the Washington Post (1/30, A3, Goldstein, Leonnig, 690K) notes, "The unusual spectacle of a president's top spokesman testifying in open court widened the rare view the trial is providing the jury -- and the public -- of the inner workings of a White House that has proudly guarded its privacy." The Post adds, "Fleischer testified that neither Libby nor Bartlett invoked a White House protocol under which colleagues warned him when they were providing classified information that could not be discussed with reporters. He said he 'never in my wildest dreams thought this information would be classified.'"

In his Washington Post (1/30, A2, 690K) "Washington Sketch" column, Dana Milbank writes that Fleischer "has lost nothing off the old curveball," and "Libby's defense team learn what any reporter could have told them: The longer you question Fleischer, the less knowledge you take away from the experience." Milbank notes, "Jeffress asked Fleischer if Bartlett had been talking to him when he said, aboard Air Force One, that Plame was the one who sent Wilson on the trip to Niger. 'He said it out loud,' Fleischer answered. 'He was talking to you?' 'He said it out loud and I heard him,' Fleischer repeated."

Meanwhile, the New York Times (1/30, Lewis, 1.16M) reports Fleischer "was followed to the stand by a prosecution witness regarded as perhaps the most secretive and publicity-averse employee in the White House, David S. Addington. … He is widely reported to be the theoretician behind Mr. Cheney's belief in a powerful executive branch, in which the president may exert wide authority unchecked by Congress or the courts." Addington testified about a meeting at which "Libby had quizzed him as to whether the C.I.A. would have records showing when someone sent a relative on a mission. … As he provided the far-from-simple answer, he said that Mr. Libby had held out both hands in front, palms down, as if to remind him the information was sensitive. 'He said, "Keep it down,"' Mr. Addington testified."

Defense May Attack Fleischer Immunity Deal. The AP (1/30) reports, "Fleischer testified under an immunity deal with prosecutors, which means he cannot be prosecuted for having revealed that Wilson's wife worked for the CIA. He arrived in court with his attorneys. … Fleischer said he sought

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the deal after reading an article about the investigation. 'I thought, "Oh my God. Did I somehow play a role in outing a CIA operative?"' Fleischer said." The AP notes, "Libby's attorneys plan to argue during cross-examination that the immunity deal makes Fleischer's testimony less credible. … Prosecutor Peter Zeidenberg sought to head off that argument early in Fleischer's testimony by having him describe his deal. … 'I cannot be prosecuted for what I did with the information I was provided,' Fleischer said. 'The immunity provides no protection for perjury.'"

Testimony Said To Show Fleischer Often Was Kept In Dark. The New York Times (1/30, Shane, 1.16M) reports, "As White House press secretary, Ari Fleischer was the omnipresent television face of government power, the confident insider who spoke for President Bush and seemed to know everything but reveal only what he chose." However, Fleischer's testimony showed that "he only knew what the truly powerful chose to tell him, and sometimes that was not much. On occasion he would pronounce with great authority the administration's position on a topic only to find it had changed and nobody had bothered to let him know."

Robinson Compares Cheney's Office To "The Sopranos." In his Washington Post (1/30, 690K) column, Eugene Robinson writes, "If you've been following the…Libby perjury trial, I can understand how you might confuse Dick Cheney with Tony Soprano. Cheney's office is beginning to sound a lot like the Bada Bing, minus the dancers." Robinson adds, "You get the sense of Cheney and his crew as a semi-independent power center, a family within the larger family. You see them hunkered down in their office suite, much like Tony and crew in the back room of the Bada Bing, plotting ways to cover their behinds and do in their rivals -- whether those rivals are found in Baghdad, Tehran or the West Wing."

Miller To Testify Today. The AP (1/30, Apuzzo) reports, "Journalists will take center stage at the CIA leak trial as Special Prosecutor Patrick Fitzgerald begins calling reporters as witnesses. Fitzgerald said Judith Miller was to take the stand Tuesday," and "prosecutors say Libby discussed Plame…with Miller three times" – twice "before Libby says he first remembered learning Plame's identity from…NBC newsman Tim Russert." The AP notes, "Like so many other government witnesses in the case, Miller's credibility will be an issue under cross-examination. She made some inconsistent statements in her grand jury testimony, defense attorneys say."

Russert Says He Did Not Tell Libby That Plame Worked At CIA. The AP (1/30, Evans) reports, "NBC News reporter Tim Russert said Monday that he did not tell vice presidential aide I. Lewis 'Scooter' Libby that a prominent war critic's wife worked at the CIA, as Libby has claimed. Russert, who spoke in Tulsa and Oklahoma City at functions sponsored by Oklahoma State University's Spears School of Business, said he expects to be called to testify." Russert noted, "He called in protest to something he had seen on MSNBC "Hardball," and that was the extent of it.. He didn't call me as a confidential source, as such. He was calling me as a viewer to complain."

DOJ Plans $200 Million Grant Program To Curb Violent Crime. USA Today (1/30, Johnson) reports, "The Bush administration is proposing a $200 million grant program to help law enforcement agencies respond to surging violent-crime rates in cities across the nation, Justice Department officials said Monday." USA continues, "The program would help local and state police agencies pay for officers' overtime, equipment and other expenses stemming from new regional task forces aimed at curbing violent crime, Domingo Herraiz, director of the Justice Department's Bureau of Justice Assistance, told USA TODAY." USA adds, "The program has not been announced publicly; Attorney General Alberto Gonzales is scheduled to begin briefing law enforcement officials on it this week. … The task forces would be staffed with federal, state and local officers to deal with a range of growing crime problems, including recent increases in gang-related violence, gun-related crimes and illegal sales of methamphetamine. … The grant plan marks the administration's broadest recognition yet of the threat posed by rising violent-crime rates." USA notes, "The FBI reports that violent crimes — homicides, rapes, robberies and aggravated assaults — increased 2.3% nationwide in 2005 compared with 2004, the first such rise since 1991. The trend has continued through the first half of 2006, the FBI reports. … If approved by Congress as part of President Bush's spending plan for the budget year that begins in October, the program also would symbolize a renewed interest in federal funding for local police initiatives, which often have taken a backseat to homeland security programs since the Sept. 11, 2001, terrorist attacks. … The grant program — known as the Violent Crime Reduction Partnership Initiative — would not, however, be designed to help police agencies hire new officers. … Instead, it would allow local and state agencies to

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apply for grants of $30,000-$200,000 to better deploy and equip officers who make up the anti-crime task forces, said Herraiz and Assistant Attorney General Rachel Brand, the Justice Department's director legal policy."

Indiana Man Sentenced To Ten Years For Sexually Enticing Teen Online. The Northwest (IN) Times (1/30, Carlson) reports from Hammond, IN, "A 21-year-old Indiana man became one of the first in the nation Monday to receive a 10-year prison term for attempting to sexually entice a child through an Internet chatroom." The Times continues, "Mark Gledhill, of Syracuse, was nabbed along with 25 other men last summer in a wide-ranging federal sting for child sexual predators who use chatrooms to lure their victims. … Gledhill was among the half-dozen men in the sting who earlier pleaded guilty. He became the first to receive his sentence in U.S. District Court in Hammond." The Times adds, "The Adam Walsh Child Protection and Safety Act of 2006, which was signed into law by President Bush on July 27, increased the penalty for child enticement and other sex crimes to a 10-year minimum. … Weeks later, Gledhill and two dozen others were indicted in the Northern District of Indiana for enticement as part of Attorney General Alberto Gonzales' Project Safe Childhood. … Gledhill was caught after he allegedly had sexual chats over the Internet with a government agent posing as a 13-year-old girl. He was arrested after driving to Valparaiso to meet the 'girl.'"

FBI Investigating California Lawmaker's Land Deals. The San Gabriel Valley Tribune (1/30, Ortega, Scott) reports, "FBI investigators have contacted current and former city officials in Monrovia and Fontana about Rep. Gary Miller's land sales in those cities. Miller, R-Brea, came under public scrutiny in August when a government watchdog group filed a complaint with the Internal Revenue Service alleging that Miller failed to report or pay capital gains tax on a nearly $11.8 million sale of 165 hillside acres to the city of Monrovia for a wildland preserve." The Tribune notes, "Officials with the IRS and the FBI would not confirm that they are investigating Miller," and "Miller said Friday that he was unaware of any federal investigation into his land dealings."

Williams Testifies She Did Not Try To Steal Coke Formula. In a widely-distributed story, the AP (1/30, Weber) reports Coca-Cola formula theft defendant Joya Williams "denied at her trial Monday that she committed a crime. Asked by her lawyer if she took part in a conspiracy, a teary-eyed…Williams told jurors she did not." She said that Javier Sanchez Lamelas, "Coca-Cola's global brand director, was constantly on her back, so in a desperate attempt to hold onto her $46,000-a-year job she started copying every document she put her hands on and taking them home. … Williams said she needed to hold onto the job because the company health insurance paid for her medications for immune deficiency and pulmonary disorders she suffers from." The AP notes, "The government's final witness was FBI agent Jerry Reichard, who testified Monday about a $4,000 cash deposit that posted to Williams' bank account on June 19, 2006. That was three days after Reichard gave" co-defendant Ibrahim Dimson "$30,000 in cash in exchange for a sample of a new Coca-Cola product that was part of so-called Project Lancelot."

The Atlanta Journal-Constitution (1/30, Stanford, 379K) reports, "During two hours of testimony, Williams tried to convince jurors that she was the victim of two ex-cons who pleaded guilty to trying to sell secret Coke documents to an undercover FBI agent last year for $1.5 million. Williams said one of those men, Edmund Duhaney, was a longtime family friend. Williams said she is the godmother of Duhaney's two children, but now the family considers her 'the enemy.'" The AJC notes, "Last week, Duhaney testified that he gave $4,000 in cash to Williams from money he got from the undercover FBI agent. Prosecutors on Monday provided bank statements showing Williams deposited $4,000 cash into her bank account just days after Duhaney met with the agent. Williams said the cash came from a friend in Alpharetta who has not been called to testify in the case."

Dangerous MS-13 Fugitive Arrested In Texas. KHOU-TV Houston (1/29, McShan) reported on its Web site from a broadcast story, "An MS-13 gang member accused of cutting off the heads of his girlfriend's parents is in custody in Houston. In late September, FBI agents and Houston police were involved in a shootout with MS-13 gang members in a hotel parking lot on the city's southeast side. … That night an FBI agent was wounded, but when it was all said and done, four gang members were apprehended and taken to jail. A fifth suspect, 26-year-old Albin Zelaya, somehow managed to get away. The dangerous man fled Houston, crossed the border and eventually ended up in Honduras, where he was spotted just outside the tiny town of

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San Pedro Sula." KHOU noted that the HPD gang squad "was assisted by HPD SWAT and, we were told, the FBI," in arresting Zelaya.

Four Oklahoma Men Convicted Of Attending Cock Fight. The AP (1/30) reports, "A federal jury has convicted four men of being spectators at a cockfight held on Indian land south of Carnegie, U.S. Attorney Sheldon Sperling said Monday. The jury convicted Clay McHone, 47, of Harrah; Carl 'Hank' Bardsher, 46, of Lawton; Donald Underwood, 71, of Foster; and Robert Langford, 54, of Wichita Falls, Texas." The AP notes, "Agents from the FBI and the Bureau of Indian Affairs, aided by Oklahoma Highway Patrol troopers, raided the T.F.C. Cockfighting Facility where the cockfights were being held on July 22, and federal authorities eventually charged 75 people with various cockfighting offenses, Sperling said. … Most of the 70 have entered guilty pleas and been assessed fines ranging from $300 to $600, Sperling said."

US Alleges Pennsylvania Child Porn Suspect Also Had Sex With Child. The Philadelphia Inquirer (1/30, Shiffman, 385K) reports, "A Drexel Hill woman charged last week with helping a Delaware County man tape pornographic movies of children also engaged in sex with at least one child, a prosecutor said yesterday. The new accusation against Dorothy Prawdzik, 43, alleges that she engaged in a sexual encounter that also involved a 39-year-old man and a young girl. 'The victim was approximately 10 years old at the time ... when she was forced to participate in those sex acts,' Assistant U.S. Attorney Michelle T. Rotella said in a court filing yesterday." The Inquirer notes, "The FBI, which was brought into the case by local authorities, said it recovered from" John Jackey Worman's "computers 11,000 video clips of Worman having sex with children. The computers also contained more than 1.2 million other images, many of them pornographic. The victims ranged in age from 3 months to 15 years."

FBI Internet Sex Solicitation Sting Snares Kentucky Man. The Louisville Courier-Journal (1/30, White) reports Kishor Patel of Lyndon, Ken., "was arrested by federal agents inside Mall St. Matthews Monday afternoon after authorities said he tried to meet a 14-year-old girl there for sex." He "will be arraigned in federal court Tuesday, said David Beyer, a spokesman for the Federal Bureau of Investigation office in Louisville. Beyer said Patel had a 'look of surprise on his face' as FBI agents handcuffed him and walked him out of the mall." FBI Louisville SAC Tracy Reinhold "said Patel had been communicating online with an undercover agent whom Patel believed to be a 14-year-old girl."

Serial Child Molester Given Maximum Term In California. The New York Times (1/30, Marshall) reports from San Francisco, "A man who the authorities said had sexually abused hundreds of young boys in several states was sentenced Monday in a California courtroom to 152 years to life in prison for molesting two 12-year-olds." The Times continues, "The man, Dean Arthur Schwartzmiller, 65, was convicted by a Santa Clara County jury last year for sexually abusing the two boys at his San Jose home from 2002 to 2005. On Monday in San Jose, he was given the maximum penalty for the 11 felony charges of child molestation and one misdemeanor charge of possessing child pornography. … The authorities have labeled Mr. Schwartzmiller, a former handyman, one of the 'most prolific child molesters' in United States history." The Times adds, "At the time of his arrest in May 2005, a police search of his home led to the discovery of written accounts describing his sexual exploits with boys ranging in age from 8 to 18, some dating back decades. The manuscripts included at least seven spiral notebooks with 1,500 pages of log entries detailing the sexual acts he said he had performed on hundreds of boys. … 'If anyone deserved the maximum sentence, it was Mr. Schwartzmiller,' said a Santa Clara County prosecutor, Steven Fein, who tried the case. … Mr. Schwartzmiller, who represented himself during most of the three-week trial, has already filed an appeal in the Santa Clara County Superior Court, said a defense lawyer who handled the sentencing proceedings. The lawyer, Melinda Hall, a Santa Clara County public defender, said the sentence should have been no more than 30 years to life. … 'The sentence wasn't unexpected,' Ms. Hall said, 'but I don't know if it will survive on appeal.'"

Judge Declines Probe Into AIPAC Case Leaks. The New York Sun (1/30, Gerstein) reports, "A federal judge overseeing a criminal case against two former pro-Israel lobbyists has declined to order an investigation into what the defense alleged were repeated leaks of grand jury information by government officials." The Sun continues,

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"Judge Thomas Ellis III ruled that the news reports cited by the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman, did not reflect grand jury deliberations and therefore did not constitute a breach of the secrecy obligations under federal court rules. … 'Leaks of information from law enforcement investigations that relate to matters under grand jury investigation do not concern "matters before the grand jury," unless, of course, they disclose secret details about proceedings inside the grand jury room,' Judge Ellis wrote in a 10-page opinion dated Friday. 'The media reports identify no grand jury witnesses, disclose no questions that were asked or would be asked of witnesses in the grand jury, nor do the reports even describe or summarize any grand jury witness' testimony. Indeed, the reports never even mention a grand jury investigation.'" The Sun adds, "Judge Ellis recently set a trial date of June 4 for Messrs. Rosen and Weissman, who were indicted in 2005 on charges that they conspired to convey classified information to journalists and foreign officials not authorized to receive it. The two lobbyists, who were fired by Aipac, have pleaded not guilty. The case has drawn First Amendment scrutiny because it is unprecedented for individuals outside of government to be charged criminally with passing on classified information, except in cases where espionage was alleged."

Connecticut Man Gets Probation For False Chemical Attack Report. The AP (1/30) reports Robert Robishaw of Uncasville, Conn., "was sentenced to two years of probation Monday for lying to federal authorities about being the victim of a chemical attack." Robishaw "pleaded guilty in November to one count of making false statements to the Federal Bureau of Investigation, prosecutors said. He was sentenced in U.S. District Court in Hartford nearly a year after telling Groton fire authorities that an unknown substance fell out of a newspaper that he purchased at a Waterford convenience store. He told authorities the off-white, powdery substance caused his skin to turn red and tingle."

Florida Man Sentenced To Probation For JetBlue Hoax Bomb Threat. The AP (1/30) reports, "A federal judge sentenced a Florida man to two years probation for calling in a fake bomb threat after arriving too late to board his flight at Long Beach Airport. Yechezkel Wells, 22, of Miami Beach, also was ordered Monday to spend six months confined to his home, perform 200 hours of community service and pay a $1,000 fine. Wells pleaded guilty in October, acknowledging he made the fake threat in an effort to keep his Jet Blue flight to Fort Lauderdale from leaving. … The flight was delayed while bomb-sniffing dogs searched the plane, and FBI agents detained Wells for questioning."

Chicago Alderman Says Powder Found In Corruption Raid Was Not Drug. WBBM-TV (1/29, Dellimore) reported on its Web site from a broadcast story, "As she fights federal corruption charges, 20th Ward Alderman Arenda Troutman now says it was a dietary aid, not drugs that were found in her possession. … Troutman says she doesn't do drugs, and she believes the powder found was psyllium husk, a substance vegetarians like her use to clean out their digestive systems. And she says the FBI should have known that immediately. FBI spokesman — Agent Ross Rice — says no field test was performed on the powder because such tests can be unreliable and results from the crime lab haven't been received yet. The FBI denies Troutman's suggestion that the agency just trying to muddy up her character."

Judge Rules Alderman Convicted Of Corruption May Run Again. The Chicago Tribune (1/30, 617K) reports, "Former Ald. Virgil Jones (15th), who was convicted on corruption charges in 1999, can run to regain a seat on the City Council in the Feb. 27 election, a Cook County judge decided Monday. Circuit Judge Alfred Paul ruled that a state law that would ban Jones from the race is unconstitutional because it applies only to ex-felons running in local races and not statewide elections." The Tribune notes, "Jones was convicted of pocketing $7,000 in payoffs from an FBI informant and was sentenced to 41 months in prison."

Editorial Calls For DOJ To Charge Niagara Falls Official, Or Drop Probe. The Niagara Falls Reporter (1/30) editorializes, "Thursday, May 3, will mark the two-year anniversary of the day agents of the Federal Bureau of Investigation came to the offices of this paper and left with unimpeachable documentation attesting to the fact that Mayor Vincenzo V. Anello took $40,000 from downtown developer 'Smokin' Joe' Anderson immediately before and just after being elected in 2003." The Reporter adds, "The FBI agents involved believed they had developed an airtight case. But the Justice Department began dragging its heels on the matter after Michael Battle was replaced by Terrance

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Flynn as Buffalo's U.S. Attorney in 2006. Investigators are frustrated by the delay, and one longtime FBI man requested and received a transfer off the task force in protest. By May 3…the campaign season will be in full swing," and "it's time for Flynn to either press charges or drop them, with the same sort of ballyhoo that attended the announcement of the investigation's beginning. To do any less would make the Justice Department guilty of perpetrating a gross injustice indeed."

Hackers Search For Computer Bugs For Bounties. The New York Times (1/30, Stone) reports, "Microsoft says its new operating system, Windows Vista, is the most secure in the company's history. Now the bounty hunters will test just how secure it is." The Times continues, "When its predecessor, Windows XP, was released five years ago, software bugs were typically hunted by hackers for fame and glory, not financial reward. But now software vulnerabilities — as with stolen credit-card numbers and spammable e-mail addresses — carry real financial value. They are commonly bought, sold and traded online, both by legitimate security companies, which say they are providing a service, and by nefarious hackers and thieves. … Vista, which will be installed on millions of new PCs starting today, provides the latest target." The Times adds, "This month, iDefense Labs, a subsidiary of the technology company VeriSign, said it was offering $8,000 for the first six researchers to find holes in Vista, and $4,000 more for the so-called exploit, the program needed to take advantage of the weakness. … IDefense sells such information to corporations and government agencies, which have already begun using Vista, so they can protect their own systems." The times notes, "Companies like Microsoft do not endorse such bounty programs, but they have even bigger problems: the willingness of Internet criminals to spend large sums for early knowledge of software flaws that could provide an opening for identity-theft schemes and spam attacks. … The Japanese security firm Trend Micro said in December that it had found a Vista flaw for sale on a Romanian Web forum for $50,000. Security experts say that the price is plausible, and that they regularly see hackers on public bulletin boards or private online chat rooms trying to sell the holes they have discovered, and the coding to exploit them. … Especially prized are so-called zero-day exploits, bits of disruption coding that spread immediately because there is no known defense."

Virginia Men Face Federal Charges For Peddling Phony Purses. The Washington Post (1/30, A1, Markon) reports, "They are known as 'purse parties,' modern-day Tupperware parties with a twist: hundreds of designer handbags selling for hundreds of dollars off. Women known as 'the purse ladies' run the gatherings at private homes. … 'They were all the rage,' said Peggy Stypula, an Alexandria resident who attended parties in Arlington and Fairfax counties. 'The purses were spread out all over the house, and you walked around and picked out what you wanted.' … But one partygoer in Northern Virginia suspected counterfeit couture and called police. Federal agents soon seized 30,000 purses from a Fairfax warehouse, including some from a tractor-trailer that pulled up during the search." The Post continues, "Now, prosecutors are taking to federal court the men they say provided phony merchandise. A father and son are scheduled to go on trial tomorrow in U.S. District Court in Alexandria, accused of supplying thousands of counterfeit handbags for the purse parties and also selling them at kiosks in malls throughout the Washington region, including Tysons Corner Center, Montgomery Mall and the Old Post Office Pavilion." The Post adds, "The trial in one of the nation's largest counterfeiting prosecutions will feature testimony from representatives of Gucci, Kate Spade and other leading designer labels, according to court documents. Exhibit A will be a sampling of hundreds of purses, hauled into the courtroom one box at a time. … The case is bringing scrutiny to a widespread problem that has been publicly visible for years: trafficking in handbags and other counterfeit goods. Shoppers in Washington and other major cities can find fake fancy designer purses on street vendor carts, but purse parties -- though perhaps more underground with the heightened law enforcement attention -- are still held in the suburbs. … Purse parties began in New York City 10 to 15 years ago and gradually spread, experts say. Some are advertised in the suburbs through mass e-mailings. Many who attend them believe they are getting either a good fake or stolen property, according to experts on counterfeiting."

WPost Examines Four DC Weekend Murders. The Washington Post (1/30, B1, Klein, Montes) reports, "In just five hours, one man was beaten to death with a baseball bat, another was slain during a dice game, a third was shot by an assailant after barricading himself in his bathroom, and the last was killed in a botched robbery." The Post continues, "It was a violent weekend in Washington, with

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four unrelated killings in three quadrants. Police have made one arrest -- in the baseball bat beating near the Shaw neighborhood. Detectives have not identified the victim. .. 'Any homicide in the city is one too many,' said Mayor Adrian M. Fenty (D), appearing beside acting Police Chief Cathy L. Lanier in the 800 block of Yuma Street SE, where Kevin Vincent Bradshaw, 41, was slain after four men took his money. 'But four is unacceptable.'" The Post adds, "They pledged to redouble their efforts, forge stronger partnerships with federal agencies and work more closely with the community."

Alleged Maryland Call Girl Found Dead Of Apparent Suicide Before Trial. The Washington Post (1/30, B1, Johnson) reports, "She was a former college professor who had lost almost everything -- her stellar academic reputation, her financial well-being and her anonymity in the swanky suburban neighborhood where she was accused of working as a high-priced prostitute." The Post continues, "With Brandy Britton's trial planned to start next week, the former University of Maryland Baltimore County professor apparently took her own life over the weekend, hanging herself in her living room, Howard County police say. A family member found the body Saturday afternoon. Police say they do not suspect foul play. … It was a grievous end to a life that friends and colleagues say was once filled with remarkable promise and ambition." The Post adds, "Britton, 43, was the first in her family to go to college, double-majoring in biology and sociology. Her first sociology professor, Sheila Cordray, told The Washington Post last year that Britton was 'ne of the brightest students I've ever had.' … The woman whose looks matched her intelligence may still have possessed the long, blond hair, the glossy pink lips and the glamorous figure of her youth. And she may have still projected the warm, friendly demeanor of a small-town girl from Oregon. … But she was facing the world's toughest truth: She had no idea who she was about to become. … Her trial date on four counts of prostitution -- which she had decided to fight in a jury trial instead of accepting a plea agreement -- was set for Monday. Police would get a chance to air their version of Brandy Britton: that in her $400,000 home at the end of a cul-de-sac where children ride Razor scooters and moms drive minivans with soccer decals, Britton had been selling herself as a call girl."

Warden Claims Florida Inmate Showed No Pain During Execution. The AP (1/30, Davis) reports from Tampa, FL, "A convicted killer whose execution was botched last year was never in any pain, and appeared to be straining to see a clock, not grimacing as some witnesses claimed, the warden told a panel reviewing Florida's lethal injection procedures Monday. … But the condemned man's lawyer said his client was clearly suffering from the incorrectly injected chemicals, and he mocked the notion that the inmate was looking at a clock. … 'What, was he late for an appointment? Come on, that's ridiculous,' said Angel Nieves Diaz's attorney, Neal Dupree, who also witnessed the execution and testified. 'I certainly thought he knew something was wrong.'" The AP continues, "Questions about whether lethal injection is inhumane have put executions on hold in nine U.S. states - Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, Ohio and South Dakota. … Diaz' death took 34 minutes - twice as long as usual - and required a rare second dose of lethal chemicals because the needles were incorrectly inserted, a medical examiner reported. An autopsy found chemical burns in both his arms. … Death penalty opponents point to Diaz's execution to support their claims that Florida's lethal injection procedure violates the U.S. Constitution's prohibition on cruel and unusual punishment. Condemned inmates have also pursued that issue in court, but to no avail."

Miami Herald Says FBI "Dropped The Ball" On Foley Emails. Under the headline "A Missed Warning," the Miami Herald (1/30, 286K) editorializes, "In refusing last summer to investigate the e-mails that former U.S. Rep. Mark Foley sent to a former congressional page, the FBI ignored its own child-safety guidelines, says a report from the Justice Department's inspector general. The Foley e-mails given to the FBI in July 2006 by a whistle-blower group didn't contain sexually explicit references, but their language indicated behavior that the FBI warns about in A Parent's Guide to Internet Safety on its website. The agency should review how it handles complaints about public officials." The Herald adds, "While the agency clearly has more-pressing duties in the era of terrorism than tracking congressmen with a penchant for befriending House pages, the FBI dropped the ball. … The FBI should take the Justice report's conclusions equally seriously."

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CIVIL LAW:

DOJ Suit Alleges Boehringer Ingelheim Inflated Drug Prices. The AP (1/29) reports from Boston, "Federal prosecutors filed a lawsuit Monday against Boehringer Ingelheim Roxane Inc. and related entities, alleging that the pharmaceutical company inflated prices for several of its drugs." The AP continues, The U.S. Attorney's Office in Boston said it has intervened in a whistleblower lawsuit originally filed by a Florida company, Ven-A-Care of the Florida Keys Inc., and its principals. … In its suit, the U.S. Attorney's Office alleges that Boehringer Ingelheim Roxane engaged in a scheme to report fraudulent and inflated prices for several products, knowing that federal health care programs established reimbursement rates based on those reported prices." The AP adds, "Roxane, based in Columbus, Ohio, sells generic drugs that are reimbursed by Medicare and Medicaid, two federal health care programs. … The difference between the government reimbursement rates and the actual price paid by healthcare providers for a drug is referred to as the 'spread.' The larger the spread on a drug, the larger the profit for the provider. … The government claims that Roxane used artificially inflated spreads to market, promote and sell the drugs to existing and potential customers. Because reimbursement from federal programs was based on the fraudulent prices, prosecutors claim that Roxane caused false claims to be submitted to federal healthcare programs."

US Alleges Florida Lab Owner Bilked Medicare For $17 Million. The Sarasota (FL) Herald Tribune (1/29, Ruger) reports, "The owner of a Sarasota-based medical laboratory company altered patients' medical histories and bilked Medicare for $17 million over six years, federal officials say." The Tribune continues, "Joseph T. Degregorio, 49, the owner of Acculab Laboratories Inc., is in the Sarasota County jail, charged with child sexual battery, which could carry a life prison term. … It was uncovered during the three-year fraud investigation." The Tribune adds, "The investigation began in 2003, after a phlebotomist at Acculab became suspicious of the way the company told her to fill out Medicare forms, court records state. .. .The woman said she didn't have patient medical records, or know whether the patients had cancer, yet was told to enter a cancer diagnosis so the government would pay for the blood tests. … She filed a whistle-blower lawsuit detailing her experiences. The government is now leading the lawsuit, seeking at least $2.7 million in damages and penalties, with testimony of at least eight unnamed former employees and Medicare billing audits that show 80 percent of claims were unsubstantiated." The Tribune notes, "Degregorio also altered patients' permanent medical histories to reflect a diagnosis that didn't exist, such as prostate, breast or ovarian cancer, investigators say. Acculab shut its doors last year after federal agents raided the main office and seized truckloads of evidence. … Federal officials reviewed Acculab's Medicare records and found errors in 87 percent of the claims submitted in 2003, and 80 percent of claims from 2004."

CIVIL RIGHTS:

NAACP Seeks DOJ Probe Of New Orleans Police Shootings. The AP (1/30, Foster) reports from New Orleans, "Six of the seven police officers indicted in a deadly bridge shooting following Hurricane Katrina returned to work Monday, unarmed and in low-profile jobs, a development that an NAACP leader said erodes public confidence in the department. … 'The assurance that the officers will be assigned to desk duties does not allay that crisis in confidence,' Danatus King, president of the New Orleans branch of the NAACP, said at an afternoon news conference." The AP continues, "King said the NAACP has decided to ask the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings; and he said the decision to let the officers return to police jobs smacks of favoritism. … King said he worries that the officers will have access to police records and other information that might reveal the identities of witnesses that might testify against them. … 'None of them have access to the public or to sensitive records,' said Assistant Police Superintendent Marlon Defillo, who is in charge of the police Public Integrity Bureau." The AP adds, "U.S. Attorney Jim Letten confirmed receiving the letter from the NAACP Monday afternoon. His office, the Justice Department and the FBI have been monitoring the investigation, Letten said. He described that as routine."

Witnesses In Mississippi Voting Rights Case Say They Were Not Told To Discriminate. The Jackson (MS) Clarion-Ledger (1/30, Gates) reports, "No one shaped their decision on how to count absentee ballots,

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including county Democratic Executive Committee head Ike Brown, black poll managers testified Monday in a trial alleging discrimination against white voters." The Clarion-Ledger continues, "The defense began putting on its case Monday in the first lawsuit of its kind in the United States where the Department of Justice is accusing black political leaders in majority-black Noxubee County of attempting to discriminate against white voters." The Clarion-Ledger adds, "The first defense witness, Robin Mason, a poll manager during the Aug. 5, 2003, Democratic primary, said she saw black voters and white voters being assisted at the polls in the same manner. … Asked whether Ike Brown told her how to rule on absentee ballots, Mason replied, 'No.' … The government alleges Brown and those acting in concert with him have rejected absentee ballots cast by white voters on the grounds they were defective under state law while counting similar ballots cast by black voters. … 'No one instructed us how to go through the ballots,' Mason testified Monday when asked whether Brown had told them what to do." The Clarion-Ledger notes, "Attorneys for the Democratic Executive Committee, Brown and the Noxubee County Election Commission asked for the case to be dismissed after the government rested its case Monday. … U.S. District Judge Tom S. Lee denied the request. … Before resting its case, the Justice Department recalled to the stand one of its witnesses who testified last week. … Nikki Nicole Halbert, who testified last week that she filed an absentee ballot but the signature on the envelope wasn't hers, said Monday she had been harassed and an attempt was made to get her to come back and change her earlier testimony. … Halbert said individuals came to her home and said 'Us blacks should stick together.' … A Justice Department attorney also told Lee another black witness refused to testify for the government because he had been intimidated."

Judge Denies Bond For Seale. The Clarion-Ledger (1/30, Mitchell) reports, "Reputed Klansman James Ford Seale walked away in chains Monday after a judge ruled he must remain behind bars until he goes on trial on kidnapping and conspiracy charges in the 1964 killings of two African-American teenagers. Defense lawyers say they may appeal the decision," which "would result in a second bond hearing, this one in front of U.S. District Judge Henry Wingate, who is presiding over the trial, tentatively set for April 2. 'This is one of the most horrific crimes I've ever heard of,' argued Paige Fitzgerald, who works for the Civil Rights Division of the Department of Justice in Washington. … Because he faces a possible life sentence if convicted, 'There's no incentive for him to stay,' she said." The AP (1/30) also briefly reports on the ruling.

Editorial Lauds Cold-Case Efforts, Legislation. The Kalamazoo Gazette (MI) (1/30) editorializes, "Some Americans may not be interested in stories about prosecuting aging suspects in murders that took place decades ago. … Fortunately, federal authorities don't share that view, especially in cases that have sprung from the civil rights movements of the 1960s." The Gazette continues, "Last week in Mississippi, the FBI arrested 71-year-old James F. Seale, a former sheriff's deputy and alleged ex-member of the Ku Klux Klan. Seale was indicted in Jackson, and will face kidnapping charges in connection with the brutal killing of two 19-year-old black men in 1964. … Age should be no barrier in prosecuting, to the full extent of the law, people accused of such crimes. … Charges against Seale have drawn attention to other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers. … Such legislation is appropriate."

DOJ Names Las Vegas As Major Human Trafficking Destination. The Las Vegas Sun (1/30, Skolnik) reports, "The federal government believes Las Vegas is a top destination for 'human trafficking' victims - from indentured servants to massage parlor workers and prostitutes held captive and forced to commit sex acts." The Sun continues, "This belief has led the Justice Department to grant hundreds of thousands of dollars to Metro Police to tackle the problem. … But first, the Anti Trafficking League Against Slavery (ATLAS), an office within Metro that opened last month, needs to try to answer a basic question: Is there a human-trafficking problem here, and if so, how big is it?" The Sun adds, "Terri Miller, ATLAS's civilian director and long one of the top Nevada activists against the sexual exploitation of women and children, and her boss, Metro Capt. Terry Lesney, say the need for the group is clear: There is a 'huge' and growing sex-oriented trafficking problem in Las Vegas. … Yet they quickly add that no statistics have ever been gathered and law enforcers never before have made it a top priority - so the scope of the problem still needs to be determined." The Sun notes, "Police in the past haven't paid sufficient attention to the signs that the prostitutes or others they're investigating may also be trafficking victims, they say - meaning the

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problem has gone underreported for years. … Miller says the problem has been made worse by Las Vegas' aggressive advertising promotions that encourage tourists to come here and sin all they like. … ATLAS was formed as an extension of the ad hoc Nevada Human Trafficking Task Force, an interagency group set up by the U.S. attorney's office in Las Vegas in 2004. … Between 17,000 and 20,000 people are trafficked into the United States annually, according to State Department estimates. Of those, it is unknown how many are brought to Nevada. … Rarely have defendants in Las Vegas been prosecuted as human traffickers, Lesney says, though there is a tough federal law passed in 2000 and even newer state laws that target those crimes. Until this month, she said, Metro didn't even have a booking code for alleged human trafficking violators."

ANTITRUST:

DOJ Decision On Mittal Steel Still Up In Air. The West Virginia State Journal (1/30, Echemann) reports, "The Department of Justice had given Mittal Steel only until Sunday to rid itself of a canadian tin producer. … But Monday, there's still no word on what the Justice Department intends to do." The Journal continues, "A spokesman for the department said he did not expect an announcement for a few days. They are waiting on a district court to issue a final judgement in the case. They get five days after that. … As Mittal grew with buyouts, they ran into problems for having too much control over the tin market. The Justice Department doesn't like to see monopolies, and it told Mittal to get rid of one of three plants. … Now that list has been narrowed down to plant at Weirton and Sparrows Point near Baltimore." The Journal adds, "Weirton has appeared to be the likely candidate since Independent Steelworkers Union has said it would welcome a sale. … The two interested buyers are Esmark -- the former Wheeling-Pittsburgh Steel Co. -- and a man named Mitch Hecht, a former executive for International Steel Group."

FTC Approves Bridgestone Acquisition Of Bandag. The AP (1/30) reports, "Bridgestone Americas Holding Inc.'s $1 billion acquisition of Bandag Inc., a retread tire maker, on Monday received early approval from federal regulators." The AP continues, "The Federal Trade Commission ended a required 30-day waiting period for the acquisition ahead of schedule, Bandag said in a prepared statement. The 30-day period was not scheduled to end until Feb. 8, the company said. … Early terminations are not granted unless both the FTC and the Justice Department's antitrust division have completed their reviews and decided against taking any enforcement actions, the FTC says on its Web site." The AP adds, "Bridgestone Americas Holding, the U.S. subsidiary of Japan-based Bridgestone Corp., the largest tire and rubber company in the world, announced Dec. 5 that it would acquire Bandag for $50.75 per share in cash, or $1.05 billion. … Bandag said the acquisition remains subject to shareholder and other regulatory approvals. Bridgestone's American depository shares rose 50 cents to close at $42.90, while shares of Bandag increased 10 cents to close at $50.75 on the New York Stock Exchange."

Microsoft Launches Marketing Campaign For Vista. The New York Times (1/30, Lohr) reports, "Microsoft's power in the technology industry, some analysts insist, is waning. It faces a host of rivals from a reinvigorated Apple on the desktop to Web-based challengers like Google, delivering services and software online. … But yesterday, on the eve of the arrival of new models of Microsoft's flagship products, the Windows operating system and the Office programs, the skeptics were overshadowed and drowned out by the opening salvos in the software giant's marketing campaign." The Times continues, "Windows Vista and Office 2007 start appearing today, available in retail stores as a shrink-wrapped package and shipped on new machines sold by personal computer makers. The new Microsoft offerings were available to large corporate customers at the end of November. … Steven A. Ballmer, the company's chief executive, called today 'the biggest product launch in Microsoft's history,' and the rollout will be backed by a first-year marketing budget of hundreds of millions of dollars." The Times adds, "New versions of Windows and Office move across the technology industry like a powerful weather system, driving sales of personal computers and other hardware, software and services. The pace is typically gradual but steady, yet the impact on the rest of the industry is significant. … Over 5,000 software and hardware products are ready to run on Vista, and Microsoft has more than 500,000 industry partners worldwide, including resellers, retailers and consultants as well as hardware and software companies. Millions of developers write programs that run on Windows. … For every dollar Microsoft makes on Windows Vista, the rest of the industry will collect $18 of revenue, estimates IDC, a technology research firm. Indeed, those that

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build products and services on top of and around Microsoft's technology constitute an industry ecosystem that business professors have studied. And Microsoft's long investment in nurturing that network of mutual support, they say, is a major reason that Windows holds more than 90 percent of the market for PC operating systems."

Delta Open To Future Deals Despite Resistance To US Airways Bid. The Wall Street Journal (1/30, A3, Dade) reports, "Delta Air Lines Inc. has assured creditors that it won't rule out the possibility of merging with another airline after exiting from bankruptcy if it defeats a hostile takeover offer from US Airways Group Inc., according to people familiar with the situation." The Journal continues, "To build support for its plan to remain independent, Delta appears close to agreeing with its official creditors committee on several provisions designed to clear a path toward an eventual tie-up. The parties are moving toward an accord to exclude from Delta's new corporate charter and bylaws any so-called poison pill that could pose an insurmountable hurdle to future mergers, according to one person familiar with the discussions." The Journal adds, "In addition, the committee would have a strong hand in selecting Delta's post-bankruptcy board, according to knowledgeable people. The creditors committee wants a board that favors consolidation as a strategic option, people close to the board have said. … Delta, based in Atlanta, had been reluctant to grant some of the concessions, but in recent weeks the committee made it clear that it required them as a condition for approving Delta's standalone plan over the US Airways merger." The Journal notes, "Delta's apparent willingness to consider a future deal could breathe life back into widespread hopes for an industry consolidation wave, which airline observers thought could be dashed if the US Airways-Delta merger failed. Airlines are looking for partners in an effort to reduce the number of seats in the air, lower operating costs and gain greater pricing power."

Time May Be Running Out For Airline Deal. CNNMoney.com (1/30, Isidore) reports, "Time could be running out on US Airways Group's hostile bid for Delta Air Lines and with it much of the talk about consolidation within the airline industry." CNNMoney continues, "Industry experts say the recent retreat in airline stock prices, despite some strong financial results, is attributable at least partly to the growing belief among investors that the US Air bid for Delta isn't winning the necessary support of Delta creditors as it faces deadlines this week and next. … And just as it was US Air's hostile bid for Delta in November that sparked talk of a round of industry consolidation involving AMR unit American Airlines, UAL unit United Airlines, Continental Airlines and Northwest Airlines, many experts now believe that the merger talk will again quiet down without a US Air-Delta deal shaking up the industry status quo. … 'You only have two guys, United and US Air, who are advocating consolidation,' said airline consultant Michael Boyd. 'Everyone else thinks it's a dumb idea. It's different if they get forced into something. But I don't think anyone else wants to do a deal.'"

Delta Pilots Make Their Presence Known. The New York Times (1/30, Bailey) reports, "The remarkable turnaround of the airline industry has rewarded investors with rising share prices, and the $9.87 billion price tag that US Airways Group is offering for Delta Air Lines in a hostile takeover bid is further proof that the industry is again in favor with investors and lenders. … With most of the industry returning to profitability — in part by extracting billions of dollars of pay cuts from workers — pilots are demanding that they should recoup some of the pay and other benefits they gave up in recent years and share in the improved fortunes. The pilots' agenda is playing an important role in the merger talks over Delta. The Delta pilots have backed management's stand-alone plan to exit bankruptcy, and are jointly fighting the US Airways bid." The Times continues, "In all, the Delta pilots have $2.1 billion in claims. … The pilots are motivated to support management in part by self-interest — they believe that they would have less job security under US Airways ownership. And that support could be persuasive when the pilots next want something from Delta management. … They, in fact, accepted a slightly lower price in selling several hundred million dollars in bankruptcy claims so that they could hang onto the voting rights those claims represented to provide maximum support to management's plan, according to people familiar with the pilots' dealings." The Times adds, "Delta pilots are counting on the unusual contract they negotiated in bankruptcy to help them recoup their most recent 13 percent pay cut over the next three years by helping the airline achieve certain performance improvements. They also could win profit-sharing bonuses on top of that. … US Airways was asked over the weekend by some Delta creditors to again raise its bid. The airline has been frustrated because the official creditors committee in Delta's bankruptcy, the only party that can force Delta to allow due diligence by US Airways and otherwise get the merger talks started, has been

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silent. … So, according to a person involved in the talks, US Airways management set the following conditions: if the official creditors committee would tell Delta by Thursday to allow due diligence, to also make a filing starting antitrust review of the proposed merger, and postpone a hearing on Delta's stand-alone plan to exit bankruptcy, then US Airways management would take to its board a proposal to increase its bid by another $1 billion. It did not officially raise its bid." … Yesterday, there were talks among creditors but no word from the official committee, this person said."

Merrill Lynch To Purchase First Republic. The Financial Times (1/30, Wighton) reports, "Merrill Lynch on Monday underlined the lure of the rich for Wall Street banks by paying $1.8bn for First Republic, a California-based private bank and wealth management company." The Times continues, "In its biggest acquisition in 10 years, Merrill is paying a 44 per cent premium for First Republic, which will retain its name as a separate business within Merrill Lynch Bank & Trust. … The deal highlights the high prices big banks are prepared to offer to expand in the fast-growing business of serving the US's ultra-rich. In November, Bank of America paid Charles Schwab 30 times 2006 earnings for its US Trust private banking unit and other US and overseas banks are looking to buy in the sector."

The New York Times/Bloomberg (1/30) reports, "First Republic, which has 43 branches and specializes in mortgages on luxury homes, gives Merrill more wealthy customers who might buy brokerage services. … 'Luxury lending and wealth management, those are higher-end customers,' said Steve Roukis, managing director at Matrix Asset Advisors. of New York. 'It's a continuation of their strategy to focus on their core business and either build or acquire whatever gives them a better return on their cost of capital.' … Merrill, based in New York, said it expects the transaction to add modestly to earnings by the end of 2008."

Citigroup To Purchase British Bank. The Wall Street Journal (1/30, C16, Mollenkamp, McDonald) reports, "Citigroup Inc.'s £575 million ($1.13 billion) purchase of Egg Banking PLC from Prudential PLC," one of Britain's largest insurers, "sets the stage for the U.S. financial-services company to step up its battle in the British credit-card market against entrenched banks such as Barclays PLC and Bank of America Corp. For Prudential…the transaction is part of a broad review of its United Kingdom business." The deal, "which is expected to close by April pending regulatory approval, gives Citigroup access to online bank Egg's three million customers, 2.9 million of whom are Egg card customers. Before this deal, Citigroup had just 800,000 card customers in the U.K. Egg's share totals about 5.7% of U.K. credit-card outstanding balances.

The New York Times (1/30, Dash) reports Citigroup agreed yesterday to buy British online bank Egg Banking. The agreement is "the latest in a series of small deals to expand" Citigroup's "retail presence abroad." The acquisition will allow Citigroup to "quadruple its number of credit card customers…and broaden its reach by the use of an Internet site to open savings accounts and mortgages in a country where it has five retail branches. But at a time when the British banking sector has been hurt by a barrage of bad loans and bankruptcies, some analysts are questioning the deal." The Times adds that Egg, "which was among the first online banks when it was established in 1998, has struggled as of late."

Lawmakers Push For Bank Ownership Limits. The AP (1/30, Gordon) reports a group of House lawmakers Monday "renewed a push for legislation that would block commercial companies like Wal-Mart and Home Depot from owning a special sort of bank that has been proliferating in recent years." The Federal Deposit Insurance Corp.'s "six-month halt on new approvals of companies' applications to establish or acquire the banks known as industrial loan corporations ends Wednesday," and the agency's directors are meeting that day "to consider whether to extend it, lift it or take other action." Extending the moratorium "would give the new Congress a chance to consider the legislation."

EU To Threaten Banks, Credit Card Firms With Anti-Competition Fines. Bloomberg (1/30, Newman, Rega) reports, "European Union regulators will threaten banks and credit card companies with potential fines for blocking competition, according to a draft of a report to be delivered this week." Bloomberg continues, "The European Commission, the EU's antitrust regulator in Brussels, may probe banks and payment card providers for colluding on prices and using practices aimed at keeping competitors out of their markets, the regulator said in a draft summary obtained by Bloomberg News. The report doesn't identify any companies. … The EU agency 'will not hesitate to exercise its powers of enforcement' under antitrust rules 'to ensure that

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the competition rules are respected in retail banking,' the 10-page summary said. The commission will release the report on Jan. 31." Bloomberg adds, "The regulator, which can fine companies as much as 10 percent of worldwide sales for antitrust violations, already has challenged how transaction fees are set by Visa International Inc. and MasterCard Inc., the two biggest credit-card networks. … Disputes with Visa and MasterCard have centered on fees paid between banks that are known as interchange. When a consumer pays with a card, the retailer's bank pays the interchange to the consumer's bank. MasterCard and Visa don't collect the fee. Rather, they set guidelines on what banks should charge each other, unless the banks agree otherwise."

Amaranth's Rivals Profited From Its Collapse. In a front-page story, the Wall Street Journal (1/30, A1, Davis, Zuckerman, Sender) reports, "When Amaranth LLC collapsed in the fall, after swiftly losing more than $6 billion, it was the biggest hedge-fund failure ever. Now as investors slowly get back what's left of their money, it's becoming clear the debacle also had some big winners: other players in the high-stakes energy market who profited from a crippled rival's travails." The "Amaranth case shows how Wall Street dealt with a fund after it had traded its way into a deep hole. Information the fund revealed about its holdings as it grasped for a lifeline let other commodity-market players, Wall Street firms included, exploit its positions. As they drove prices relentlessly against Amaranth, its losses swelled, and instead of facing a big but possibly survivable setback, it collapsed." The "case also reflects an incentive structure in the world of hedge funds that can tempt some to assume heavy risk."

Patent And Trademark Office Seeking New Examiners. The Washington Post's (1/30, D4, Barr) "Federal Diary" column reports, "The US Patent and Trademark Office" plans "to hire 1,200 examiners for each of the next five years," at an "average starting salary [of] about $62,000, and electrical engineers and computer engineers may qualify for an $8,800 signing bonus because the PTO has a hard time recruiting in those fields." The Post adds, "In recent months, the PTO has been swamped with patent applications, for such things as computer software, cellphones and interactive videos, and could face a backlog of 800,000 cases before year's end," according to John J. Doll, the commissioner of patents." The Post notes that the "PTO is in competition with the private sector to hire college graduates and others with degrees in engineering and science" and "as part of its employment package, PTO pays retention bonuses to keep electrical and computer engineers from going to the private sector" and "tries to be a family-friendly employer, giving some leeway to examiners on when they start their work each day…"

ENVIRONMENT:

Climate Change Efforts Gaining Momentum In Congress. USA Today (1/30, Watson, 2.27M) reports, "After years of being on Congress' back burner, global warming will be a focus of the new Democratic majority trying to follow cities and states that have tackled the issue. Today, the Senate holds its first global warming hearing of the year." The Environment and Public Works Committee, which is holding the hearing, is "headed by Sen. Barbara Boxer, D-Calif., who has been named an environmental 'champion' by groups such as the League of Conservation Voters. She takes over from Sen. James Inhofe, R-Okla., who once called global warming a 'hoax.'" And "House Speaker Nancy Pelosi, D-Calif., plans to form a special committee to study global warming and energy independence. She directed House committees to pass global warming bills by July 4." However, "[i]t is far from a given that Congress will pass strict legislation to address global warming." Inhofe "has vowed to block any bills calling for mandatory actions by industry to curb greenhouse gas emissions. Breaking that freeze would take the approval of 60 senators."

Ban Mulls Summit Of World Leaders On Greenhouse Gases. The Financial Times (1/30, Harvey, Daniel, Aglionby) reports, "Plans for an emergency summit of world leaders to break the international impasse on cutting greenhouse gases are being discussed by Ban Ki-moon, United Nations secretary-general. At the summit, mooted for September, heads of state would discuss the possibility of a successor to the Kyoto protocol on climate change, the main provisions of which expire in 2012." Ban "has chosen to stake some political capital on climate change, surprising US president George W. Bush by raising it at their meeting two weeks ago." Bush "is the leader most likely to decline" a summit invitation. He "has shunned mandatory caps on emissions, and officials have dismissed hopes of the US engaging in discussions about a post-Kyoto accord."

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UN Climate Change Panel Set To Issue Report. The New York Times (1/30, Kanter, Revkin, 1.16M) reports, "Scientists from across the world gathered Monday to hammer out the final details of an authoritative report on climate change that is expected to project centuries of rising temperatures and sea levels unless there are curbs in emissions of carbon dioxide and other gases that trap heat in the atmosphere." The "report is the fourth since 1990 from the Intergovernmental Panel on Climate Change, which is overseen by the United Nations. The report, several of the authors said, will describe a growing body of evidence that warming is likely to cause a profound transformation of the planet."

BP Faces Expanding Criminal Probe Over Texas Refinery Problems. Bloomberg (1/30, Calkins, Fisk) reports, "BP Plc is facing a growing federal investigation into possible criminal environmental and safety violations at its Texas refinery, where a 2005 explosion killed 15 workers, lawyers suing the company said." Bloomberg continues, "The U.S. Environmental Protection Agency has joined a federal investigation begun in October by the U.S. attorney in Houston, the lawyers said. Five Washington-based representatives of the Justice Department, the EPA and the Federal Bureau of Investigations went to Texas this month to meet attorneys for workers hurt in the blast, a victims' lawyer at the meeting said. … 'They were looking at anything and everything we had,' said attorney Joseph Gourrier, whose firm represents 150 injured workers suing BP. 'They are looking for things that can be used to bring criminal charges against the upper management of BP, both at the refinery site and further up the company.'" Bloomberg adds, "The multiagency investigation represents an expansion of the government's probe into London-based BP, Europe's second-largest oil company. The Texas City explosion, one of the worst industrial accidents in recent U.S. history, spurred more than 1,700 lawsuits, a record $21 million fine by the U.S. Occupational Safety and Health Administration and a finding by the U.S. Chemical Safety Board that BP endangered workers by cutting costs. …BP, which has set aside $1.6 billion to resolve the lawsuits, has settled more than 1,200 claims, including all the death suits. BP acknowledged safety shortcomings at the plant."

Court Invalidates Salmon Rider In Appropriations Bill. The Hill (1/30, Schor) reports, "On paper, the debate deals with swimming salmon and spilling water. … But in Congress, the federal court decision that last week invalidated a rider written by Senate Appropriations Committee member Larry Craig (R-Idaho) threatens to upend the influential panel's authority." The Hill continues, "The unanimous ruling allows a small group of salmon-watchers to stay on the job while reminding appropriators of a hard truth they rarely acknowledge: Earmarks included in report language, but not bill text, do not have the force of law. … Craig was so aggravated in 2005 at what he deemed biased reporting by the Portland-based Fish Passage Center that he moved to eliminate its $1.3 million budget through an Appropriations Committee report. Several local groups filed suit against Craig's effort, and the longtime appropriations cardinal said their victory last Wednesday would set a worrisome example for future challenges to appropriations decisions. … 'It's very significant,' Craig said in an interview. 'We've always viewed report language as having the force of law.'" The Hill adds, "Sen. Thad Cochran (Miss.), the senior Appropriations Republican, declined to judge the case definitively until the Justice Department decides whether to pursue an appeal to the Supreme Court. But he said 'it may be that [the decision] is wrong. … Report language explains the intent of Congress in appropriating money and limits on the use of funds,' Cochran said. '[It has] been effective in explaining what Congress intended. We will stay tuned, because this story may not be over yet.'" The Hill notes, "During the earmark-transparency debate that briefly imperiled the Senate's ethics bill this month, lawmakers acknowledged that federal agencies are not required to follow instructions made only in appropriations reports that have all the weight of 'sending a note from your sister,' as Majority Whip Dick Durbin (D-Ill.) put it. Yet agencies still remain loyal to the appropriators who fund them, making the court decision a triumph for fiscal watchdog groups."

Yosemite Suit May Affect Public Access To Park. The AP (1/30, Burke) reports from Yosemite National Park in California, "The plunging waterfalls and soaring crags chiseled by the Merced River draw millions of visitors each year, but the crowds are precisely what threatens the waterway and the park. … Efforts to safeguard the Merced have spawned a court battle over the future of development in Yosemite National Park's most popular stretch. The case may come down to the challenge facing all of America's parks: Should they remain open to everyone, or should access be

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limited in the interest of protecting them?" The AP continues, "In November, a federal judge barred crews from finishing $60 million in construction projects in Yosemite Valley, siding with a small group of environmentalists who sued the federal government, saying further commercial development would bring greater numbers of visitors, thus threatening the Merced's fragile ecosystem. … The government is appealing, fearing the ruling could force the National Park Service to limit the number of people allowed into Yosemite each day, a precedent it doesn't want to see echoed in other parks." The AP adds, "The case has Yosemite's most loyal advocates sharply divided over how to balance preservation with access to public lands. Even environmentalists can't agree on how to minimize the human footprint - some believe cars should be kept out entirely; others say visitors should have to make reservations in advance. … Park spokesman Scott Gediman called the plaintiffs a 'fringe group' pushing a radical agenda. … Well-known conservation groups like the Sierra Club and Nature Conservancy aren't directly involved in the fight, though the Sierra Club was among more than 60 organizations that signed a legal brief supporting an earlier version of the suit."

Proposal To Drop Gray Wolves From Protection May Spark Legal Challenge. USA Today (1/30, 3A, O'Driscoll) reports from Denver, "The gray wolf, hunted to near-extinction in the last century, has rebounded so well in six states that it can now be taken off the endangered species list, federal wildlife officials said Monday." USA continues, "Federal protection for about 4,000 gray wolves in three western Great Lakes states -- northern parts of Minnesota, Wisconsin and Michigan -- will end in about a month, the Fish and Wildlife Service announced. … Plans to do the same in Montana, Idaho and Wyoming probably will take the rest of this year, service director H. Dale Hall said. A formal proposal, with public hearings and a two-month comment period, will be published this week." USA adds, "Two wildlife advocacy groups — the Defenders of Wildlife and Sinapu, a Colorado-based wolf advocacy group — warned they might sue to prevent taking wolves in the Rockies off the endangered list. Another group, the Center for Biological Diversity, claims the proposal will 'end in the mass killing of wolves.' … The groups contend that state management of wolves in the Rockies will do too little to maintain the animal's remarkable recovery since the mid-1990s, when 66 wild wolves from Canada were released in Yellowstone National Park and central Idaho. The population has mushroomed to more than 1,200 today." USA notes, "Hunters say wolves compete for elk, deer and other game. Ranchers complain they kill too many livestock. An anti-wolf group, Friends of the Northern Yellowstone Elk Herd, says it plans to sue to remove endangered status immediately. … Dropping federal protection would make states responsible for managing the wolf population. They could allow hunting and lethal control as long as at least 10 wolf packs and 100 animals remain in each state."

NYTimes Says Bush Fuel Economy Proposal Promises Only Hypothetical Results. In an editorial, the New York Times (1/30, 1.16M), writes, "Except for minor tweaks, Congress has refused to raise fuel efficiency requirements or close a gaping loophole that lets S.U.V.'s and pickups be measured by a more lenient standard." Those who heard Bush's State of the Union address "can be forgiven for thinking he was finally ready to change that." But all he "really asked for was the authority to set mileage standards in a different way." Bush "asked the country to take it on faith that this new measurement system, combined with technological advances, would lead to annual mileage improvements of 4 percent a year." Sen. Barack Obama "plans to reintroduce a bill that would set a 4 percent annual increase in efficiency as a target, just what Mr. Bush says he wants." The "bill could be an important first step. It commands some bipartisan support, and unlike Mr. Bush's approach, it promises real as opposed to hypothetical results."

FBI/DEA/ATF/USMS:

In San Diego, 4 Drug Suspects Extradited From Mexico Plead Not Guilty. The AP (1/30, Hoffman) reports, "Four Mexican drug traffickers who were extradited to the U.S. this month pleaded not guilty Monday to an array of federal drug charges. They include brothers Ismael and Gilberto Higuera Guerrero, top figures in the Arellano Felix drug cartel, based in Tijuana, Mexico. A court-appointed defender entered not guilty pleas on their behalf to charges of racketeering, drug trafficking and money laundering charges stemming from a sweeping 2003 indictment that named 11 people." The judge "ordered all four held without bail pending a detention hearing Thursday." There are more than 70 media references to the suspects'

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pleas. News outlets that used the AP story include FOX News, the New York Times, Washington Post, San Jose Mercury News, Houston Chronicle, Miami Herald, Fort Worth Star Telegram, and KLTV-TV, Longview Texas.

The San Diego Union-Tribune (1/29) reported that the others in court included Jesus Hector Palma Salazar, who authorities "say left the Arellano cartel and went on to lead the rival Sinaloa drug cartel. He was indicted in San Diego in 1995 on charges of conspiring to import and distribute a ton of cocaine. The fourth man in court was Jose Albert Marquez, indicted in 2002 on drug charges, but also suspected of being the Arellano Felix cartel's link to the Mexican Mafia prison gang."

Man Described As Juárez Cartel "Gatekeeper" Faces Charges In US. The El Paso (TX) Times (1/29) reported a man "identified as a 'gatekeeper' for the Juárez cartel and two other alleged members of the drug ring are among the drug lords extradited last weekend by Mexico to face charges in the United States. … Drug Enforcement Administration head Karen Tandy said during a press conference this week that the group included Gracielo Gardea Carrasco, 'a gatekeeper who was responsible for controlling drug smuggling across the border for the Juárez cartel.' … Gardea was indicted in Midland in 2000 on drug conspiracy charges for allegedly smuggling marijuana from Mexico to a Midland gang known as 'Los Tres de la Sierra,' or the three from the mountain."

Seven Puerto Rican Doctors Accused Of Participating In Internet Pharmacy Scheme. The AP (1/30) reports seven Puerto Rican doctors "have been indicted…in connection with an Internet scheme that allegedly dispensed controlled substances without a legitimate medical purpose. The physicians were accused of working with Internet pharmacies that solicited customers seeking drugs such as the addictive painkiller hydrocodone and appetite suppressant phentermine, according to a statement from the U.S. Drug Enforcement Administration. … The alleged scheme started in 2003." Australia's Sydney Morning Herald and The Age used the AP story.

Convicted Drug-Ring Members To Be Sentenced In Kentucky. The Grayson County (KY) News Gazette (1/29) reports sentencing "has been set for April in Owensboro federal court for [three] members of a drug ring that delivered and sold marijuana and methamphetamine in Texas, Kentucky and Indiana totaling over $2.7 million. … The case was initiated when Louisville Drug Enforcement Administration (DEA) agents received information from the San Antonio, Tex. DEA office that drug traffickers in Texas were transporting loads of marijuana to an individual residing in Owensboro. … Over 1,100 pounds of marijuana was transported from February 2003 through April 2005. The conspiracy to distribute methamphetamine involved over 3 pounds."

Authorities Say Smuggling Tunnels Under US-Mexico Border Remain Unfilled. The Los Angeles Times (1/30, Marosi) reports seven of the largest tunnels "discovered under the U.S.-Mexico border in recent years have yet to be filled in, authorities said, raising concerns they could be reused for smuggling people or drugs. Among them is the longest tunnel yet found — extending nearly half a mile from San Diego to Tijuana. Nearby, another sophisticated passage once known as the Taj Mahal of tunnels has been sitting unfilled for 13 years. … Because of overlapping jurisdictions among federal border agencies, the responsibility for subterranean work was unclear for years. The Border Patrol and the Drug Enforcement Administration each had some responsibility. After the Department of Homeland Security was created in 2003, the responsibility for filling tunnels was assigned to one agency: Customs and Border Protection."

Supporters Seek To Change Montana's Medical Marijuana Law. The AP (1/29) reported Rep. Ron Erickson said Montana's medical marijuana law "needs to be changed to let patients grow more plants and posses more marijuana. … He also told a House committee on Monday that the law needs to be changed to allow those registered with the state to have six 'mature' marijuana plants, rather than just six plants. More young plants are needed to replace old ones that die, he argued." Erickson's measure "was supported by those behind the 2004 initiative that voters approved with 62 percent of the vote. … The House Judiciary Committee did not take immediate action on the bill."

Seattle-Based US Marshal Resigns. The AP (1/30) reports, "Seattle-based U.S. Marshal Eric Robertson, who oversaw security at the new federal courthouse downtown and led efforts to round up fugitives and sex offenders in Western Washington, is resigning to become the administrator of a fire district." The AP continues, "His

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deputies worked with local authorities to help track down and arrest more than 3,000 suspects in 36 states and eight foreign countries during his five-year tenure. He also created a new unit to deal with threats to judges after Seattle police shot and killed a man who brandished a defused grenade in the courthouse lobby in June 2005. … His resignation, announced in an interview with The Associated Press on Monday, takes effect in March. His chief deputy at the Seattle U.S. marshal's office, 22-year veteran David Miller, is expected to be named his acting replacement until a new marshal is confirmed by the Senate. … 'Our focus has really been on crimes of violence, weapons, sex offenders - go out, work with the locals and to find out who are the bad actors in their community,' Robertson said." The AP adds, "In his new position, Robertson, 43, will oversee the creation of a fire district covering 65,000 people in Auburn, Algona and Pacific, northeast of Tacoma. The joint fire authority was established by voters last November. Robertson lives in eastern Pierce County and represented the area in the Legislature for two terms in the 1990s. … Among the accomplishments of his office, Robertson cites the 2003 arrest of Jesus C. Mezquia, who was later convicted in the rape and strangulation of rising punk rock star Mia Zapata, whose body was found in Seattle's Central Area in 1993. Marshals Service deputies from Seattle located Mezquia in the Florida Keys after DNA evidence linked him to the crime. … Along with former U.S. Attorney John McKay, who resigned earlier this month and took a job teaching law at Seattle University, Robertson also helped boost the presence of federal law enforcement in rapidly growing southwest Washington, much to the relief of local authorities there. He opened an office in Clark County - where federal prosecutors have made a point of going after felons found with weapons - and stationed a deputy there permanently."

Florida Legislature Criticized For Easing Gun Laws. The New York Times (1/30, 1.16M) says in an editorial, "Twenty years ago, the Florida Legislature cravenly decided to allow 'law abiding' citizens to carry concealed weapons merely by declaring their preference for self-defense. Then last July, at the prodding of the gun lobby, the current crop of state lawmakers proved they could be even more corrupt and cowardly than their predecessors by deciding to make the list of gun-toting Floridians a secret." But the Florida Sun-Sentinel has "given residents of the state a final look at their representatives' gruesome handiwork. When the law was first enacted, there were fewer than 25,000 licensed gun holders. Since then, the state roll has boomed to 410,000 and counting." The paper also laid "bare the fact that more than 1,400 people easily got gun licenses despite pleading guilty or no contest to felonies that included manslaughter, burglary and child molestation."

IMMIGRATION:

Coalition Optimistic About Immigrant Farm Worker Overhaul. The Hill (1/30, Swanson) reports a "coalition of groups representing farm workers and employers says those it represents have the best opportunity in years to win congressional approval of legislation overhauling immigration rules for migrant workers, either as a stand-alone bill or part of a wider immigration bill." Supporters "say their optimism springs from the combination of Democrats controlling Congress and rising pressure on lawmakers representing agricultural districts to alleviate a farm laborer shortage as increasing momentum for the Agriculture Jobs Opportunity and Benefits Act (AgJOBS)." Craig Regelbrugge of the Agriculture Coalition for Immigration Reform "sees two possible scenarios for AgJOBS this year. The bill could become part of a wider immigration overhaul, similar to what happened when Sen. Dianne Feinstein (D-Calif.) added the bill in an amendment to immigration legislation passed by the Senate last year." But Regelbrugge "said a scaled-down package for agriculture might still be able to move through Congress given support for the bill from farm employers and workers."

Seven Border Tunnels Yet To Be Filled In. The Los Angeles Times (1/30, A1, Marosi, 850K) reports, "Seven of the largest tunnels discovered under the U.S.-Mexico border in recent years have yet to be filled in, authorities said, raising concerns they could be reused for smuggling people or drugs." Among them "is the longest tunnel yet found — extending nearly half a mile from San Diego to Tijuana. Nearby, another sophisticated passage once known as the Taj Mahal of tunnels has been sitting unfilled for 13 years, authorities say." Though "concrete plugs usually close off the tunnels where they cross under the border and at main entrance and exit points, the areas in between remain largely intact. Filling the seven tunnels would cost about $2.7 million, according to U.S. Customs and Border Protection officials." But "accessing tunnels that run under private

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property is also a problem, as is a lack of coordination with Mexican authorities."

TAX:

US Settles Tax Prosecution Claims With Texas Attorney. The San Antonio Express-News (1/30, Robbins) reports, "Already stung by its failure to convict a defense lawyer despite years of investigation, the federal government has agreed to pay the San Antonio attorney $1.34 million to settle claims that revenue agents maliciously targeted him." The Express-News continues, "The settlement finalized last week effectively ends more than six years of legal feuding, which began when Alan Brown's office manager fell for a cocaine smuggler and, in an effort to win her lover leniency, told federal agents that Brown routinely cheated on his taxes." The Express-News adds, "The government did not admit to any fault in its part of the compromise, but Brown counted the agreement among the multiple legal victories he and his lawyers won en route to his 2005 acquittal on tax-evasion charges. .. The 63-year-old attorney said he considered himself lucky to squeeze any compensation from the government, but he described the sum as a small measure of justice compared with the financial and emotional costs of the prosecution. … 'According to the terms of the deal, Brown will split the money with his wife, lawyer Jean Brown, who also was indicted before the government dropped the charges, and his firm, including partner Jay Norton. … Claiming investigators distorted evidence and relentlessly targeted them, the lawyers' lawsuit had forced the government to disclose more than it typically reveals about prosecutions." The Express-News notes, "Julie Zatz, assistant chief of the civil division there, declined to detail the reasons for settling the case but said they had nothing to do with allegations of investigative misconduct."

WSJournal Critical Of Reliance On "Tax Gap." The Wall Street Journal (1/30, 2.04M) says in an editorial, "When something sounds too good to be true, it usually is. So now is an apt time to deconstruct the much-discussed 'tax gap,' that mythical golden goose that the Beltway political class is counting on to fund its spending agenda." The "tax gap" is "the difference between what the Internal Revenue Service thinks taxpayers should be paying and what it collects. The IRS currently estimates this at about $290 billion a year. Ask any Congressional chairman how he intends to close the deficit, expand the Medicare drug benefit, reform the Alternative Minimum Tax or subsidize college education, and the answer is invariably 'close the tax gap.'" But "all voluntary tax compliance systems have their limits. Under today's tax code, the only way the feds can raise compliance is to place extraordinary burdens on taxpayers."

CONGRESS-ADMINISTRATION:

In Midst Of "Export Boom," Bush To Promote New Trade Deals. The Washington Post (1/30, D1, Goodman, Henderson, 690K) reports, "The United States is in the midst of an export boom, with foreign sales chipping away at the country's enormous trade deficit while providing a modest cushion against the declining housing market. In the first 11 months of 2006, U.S. exports reached $1.31 trillion, a jump of 13.1 percent over the corresponding period in 2005, the Commerce Department said. That was an improvement over the 10.7 percent gain of the year before." The Post adds, "Exports to China -- whose dominance on American store shelves stokes worry -- increased by 33 percent in the first 11 months of 2006. Combined with Hong Kong, China now stands as the United States' third-largest export market, behind only Canada and Mexico." President Bush "is scheduled to travel today to Peoria, Ill., to visit Caterpillar, the giant maker of construction equipment, as he presses Congress to approve new trade agreements. Caterpillar is one of the companies having notable success selling American-made gear abroad."

Executive Order Said To Give White House More Control Over Federal Rules. The New York Times (1/30, A1, Pear, 1.16M) reports, "President Bush has signed a directive that gives the White House much greater control over the rules and policy statements that the government develops to protect public health, safety, the environment, civil rights and privacy. In an executive order published last week in the Federal Register, Mr. Bush said that each agency must have a regulatory policy office run by a political appointee, to supervise the development of rules and documents providing guidance to regulated industries." The White House "will thus have a gatekeeper in each agency to analyze the costs and the benefits of new rules and to make sure the agencies carry out the president's priorities. This strengthens the hand of the White House in shaping rules that

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have, in the past, often been generated by civil servants and scientific experts." In an interview, Jeffrey A. Rosen, general counsel at the White House Office of Management and Budget, said, "This is a classic good-government measure that will make federal agencies more open and accountable." Business groups "welcomed the executive order, saying it had the potential to reduce what they saw as the burden of federal regulations. … Consumer, labor and environmental groups denounced" it, "saying it gave too much control to the White House and would hinder agencies' efforts to protect the public."

Stark Says Bush Healthcare Plan "Doesn't Deserve Congress' Consideration." Rep. Pete Stark, chairman of the health subcommittee of the House Ways and Means Committee, writes in USA Today (1/30, 10A, 2.27M), "President Bush is to be commended for finally recognizing the needs of 47 million Americans denied health care for lack of insurance." But his proposal would do little to help them. In a few years it would raise taxes for 160 million workers who receive group health insurance benefits." Stark also writes, "Much like Iraqi weapons of mass destruction, 'gold-plated' health insurance is a figment of the president's imagination. The problem with our health system is not that Americans can afford to use too much health care; it's that too many can't afford any." The plan "would destroy the very system through which the vast majority of people get their coverage today and fail to replace it with an alternative means of obtaining quality care. It doesn't deserve Congress' consideration."

In an editorial, USA Today (1/30, 2.27M) says "Bush's plan is no magic cure to all that ails America's health care system. In fact, it falls far short of what's happening in some states." But it "still has merits worth considering. … Rejecting it without serious debate might score political points, but does nothing to help those who suffer from the inequities of the status quo."

Man Says Bush Initiative Will Curb Ability To Insure Hemophilic Son. In a "Web exclusive," Newsweek (1/29, Conant, 3.12M) reported, "Bush's State of the Union address may not have done much to improve his popularity. But it did succeed in jump-starting debate over one of the leading --- and most contentiously lobbied issues -- on his domestic agenda: health-care reform. … Democrats on Capitol Hill, along with labor unions and consumer groups, pilloried the Bush plan, arguing his proposal would do little to help America's nearly 47 million uninsured -- and could wind up hastening the demise of employer-provided healthcare." Newsweek interviewed Colorado resident Nathan J. Wilkes, who "was so worried about the possible effects of Bush's proposal on his ability to provide coverage for his chronically ill son that he decided to travel to the capital to make some noise." In the interview, Wilkes, who earns more than $100,000 per year, said he was "worried" about Bush's proposal because his son's hemophilia has increased the costs his employer-provided health insurance. Wilkes: "His claims have increased health-care costs for everyone I work with. My company is very socially responsible, but because of our high claims, no other insurance company will touch us. We're trapped with the same provider, which keeps raising prices and last year introduced a $1 million lifetime cap on coverage. Even if my son has no injuries, we'll hit that cap in the next one to three months."

Schwarzenegger Plan Conflicts With Bush Budget Goals. The Los Angeles Times (1/30, Alonso-Zaldivar, 850K) reports California Gov. Arnold Schwarzenegger "wants $3.7 billion a year in new federal funding to cover a big chunk of his healthcare plan for Californians, putting him on a collision course with budget hawks in the nation's capital and leaders in other states seeking assistance." But the "sheer size of the federal allocation Schwarzenegger's plan would require is raising eyebrows." Sen. Judd Gregg, ranking Republican on the Senate Budget Committee, said, "That's a big number on an annual basis. California hasn't yet passed a law [implementing the governor's plan], but when they do, I would think people are going to take a deep breath." The Times adds the "cost of helping states fund their health plans has already attracted the attention of budget cutters because it is complicating President Bush's stated goal of balancing the federal budget in five years. In his new budget, scheduled to go to Congress on Monday, Bush is expected to call for a substantial slowdown in federal healthcare spending. Some of the cuts Bush proposes could affect programs Schwarzenegger is counting on to help pay for his plan, such as Medicaid."

Bush Civilian Reserve Corps Proposal Yet To Be Fleshed Out. The Washington Times (1/30, Dinan, 88K) reports President Bush's "call last week for a Civilian Reserve Corps to help troubled countries is either a solid idea whose time has come or yet another throwaway applause line in a State of the Union speech and it's up to Mr.

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Bush to decide how it turns out." For a "proposal during the annual address to Congress arguably the biggest presidential stage this one is mostly bare-bones. There is no plan or legislation, just a pledge to work with Congress to try to create something." Carlos Pascual, who "worked on the idea when he was director of the State Department's Office of Reconstruction and Stabilization," said, "The big question right now is whether the White House is really going to seriously act on it."

Number Of American Volunteers Swells. The Christian Science Monitor (1/30, Green, 59K) reports, "More Americans than ever before are volunteering. In 2005, 29 percent of adults were serving – a 30-year high, according to a December report by the Corporation for National and Community Service (CNCS)." As "mentoring, drug rehabilitation, and other programs depend primarily on volunteers, and as religious groups reach far beyond their congregations to address social problems, the trend is poised to engender real change, says David Eisner, chief executive of the CNCS." Three age groups – "older teens, baby boomers, and seniors – are driving the upsurge. And as these teens grow and boomers retire, bucking the expectation they will slow down, together they could expand volunteerism even more, Eisner says. The CNCS, a federal agency that since 1993 has fostered civic engagement through community service, has launched a push to boost the number of US volunteers by 10 million to 75 million by 2010."

Bush Says He Wasn't "Trying To Needle" By Referring To "Democrat" Party. The AP (1/30, Feller) reports, "This one has gotten a little ic-ky for the White House. President Bush said Monday he wasn't trying to disparage the party now running Congress by referring to it as the 'Democrat majority,' as opposed to the 'Democratic majority,' in his State of the Union speech." In an interview with National Public Radio, Bush said, "That was an oversight. … I mean, I'm not trying to needle." The AP adds, "Bush's dropping of the 'ic' at the end of the word prompted grumbling by Democrats that he purposely got their name wrong. This is not a new charge. President Reagan used to refer to the 'Democrat Party.' Democratic leaders have long considered it demeaning when their suffix is omitted."

The Washington Post (1/30, A15, Abramowitz, 690K) reports, "White House press secretary Tony Snow seemed peeved with reporters asking about the Bush mispronunciation at his morning press 'gaggle' yesterday, accusing the reporters of making 'three mountains out of a molehill' and suggesting that the press was not much interested when Democrats bashed Bush with language calling him a 'loser' or a 'liar.'" Said Snow, "This looks like an exercise of looking for a fence rather than looking for a way to work together. … There was no intentional slight of anyone."

The Los Angeles Times (1/30, Reynolds, 850K) says "experts of political locution say it's a deliberate, if ungrammatical, linguistic strategy. 'The word "democratic" has such positive emotional valence ... So they politicize it to use it as a term to describe a group of political rivals,' said Roderick P. Hart, a professor of communications and government at the University of Texas in Austin." Hart also said "'Democrat Party' is not common usage in Texas…noting that the only people he has heard use it are 'sitting Republican legislators.'"

The New York Times (1/30, Rutenberg, 1.16M) reports that "last weekend, Mr. Bush put his bipartisan spirit on display, right there on the schedule distributed by the White House: 'The president makes remarks to the House Democrat Conference.' But late yesterday a new version of the schedule was released. 'Democratic conference,' it said."

Schumer Says Cheney Is "Brain Wave" Of Administration. Sen. Charles Schumer was asked on MSNBC's Hardball (1/29, Matthews), "What's the brain wave of this administration? Is it George Bush?" Schumer replied, "No, Cheney. ... Cheney's the keeper of the flame, Bush listens to him, and that's why they've lost touch."

Senate To Take Up Minimum Wage Bill, Business Tax Cuts. The New York Times (1/30, Zernike, 1.16M) reports the Senate is "expected to clear the way on Tuesday for an increase in the minimum wage that Democrats and some Republicans agree is overdue. But the Senate's approval may not mean that workers will actually start receiving bigger paychecks in the immediate future." The Senate bill "differs from the one that cleared the House, and includes $8.3 billion in tax breaks for small businesses that Republicans and some Democrats say are necessary to offset the cost of the wage increase." Aides to "some House leaders say they would be willing to allow some of the tax breaks. But others, including Representative Charles B. Rangel, Democrat of New York and the chairman of the Ways and Means Committee, are insisting that they will not

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concede any tax cuts." House Democrats "say that by forcing a vote on a clean bill they would force Senate Republicans to put themselves on record as opposing a wage increase, which was a popular campaign issue in the midterm elections."

Bill Includes Restrictions On Executive Pay. The Wall Street Journal (1/30, A4, Lueck, 2.04M) reports, "The Senate's likely passage this week of legislation raising taxes on executive pay is just the beginning of a tough look by the new Democratic Congress at big corporate compensation packages." The provision, attached to the minimum wage bill, "would cap at $1 million a year the amount an employee could place in certain tax-deferred-compensation plans. Currently, there is no limit on how much compensation can be deferred into the plans, allowing executives to put off taxes for years on millions of dollars in pay." The legislation also "would limit the income-tax deductions companies can claim for high-paid executives who left the firm during the year. Combined, the two measures would raise about $900 million in new tax revenue over 10 years, according to congressional estimates."

Kennedy Objects To Tax Breaks. The Washington Times (1/30, Hurt, 88K) reports that during an "impassioned floor speech last week, Sen. Edward M. Kennedy lashed out at Republicans for insisting on tax cuts targeted for small businesses to offset the cost of raising the minimum wage." Kennedy said, "How many more billions of dollars do we have to give you, Mr. Republican? How many more dollars do we have to give you to get an increase in the minimum wage? It is shocking. It is disgraceful." The Times adds, "The Senate Finance Committee -- headed by Sen. Max Baucus, Montana Democrat -- added up the amount of tax cuts that it had included in the minimum-wage bill that the panel approved earlier this month. The $8.3 billion in tax cuts were aimed at the small businesses that hire most minimum-wage workers." Senate Republicans "were quick to note that the $8.3 billion in tax cuts for small businesses nationwide is less than the $8.5 billion federal funding cap placed on Boston's Big Dig highway project. Mr. Kennedy has been the principal sponsor of the project, which has been riddled with corruption, cost overruns, delays and safety woes."

House Democratic Leaders Drop Plans For Pay Raise. The AP (1/30, Taylor) reports House Democratic leaders "abandoned attempts to revive an annual pay raise cherished by rank and file lawmakers, a decision prompted by lingering GOP anger over last year's campaign." Lawmakers' pay "will be frozen at $165,200 for this year in a dispute fueled by the Democrats' use of the issue in last year's campaign, violating a yearslong understanding that the competing parties would not attack each other over pay raises." The issue concerns "the annual congressional cost of living adjustment, or COLA, under which lawmakers automatically get a pay hike unless Congress votes to block it."

The New York Times (1/30, Hulse, 1.16M) reports the cost-of-living adjustment "is on the verge of being eaten up in political payback. Republicans, who were attacked by Democrats in the 2006 campaign for accepting annual raises while not increasing the federal minimum wage for 10 years, say they are inclined to oppose any increase for representatives. And Democrats say they are not likely to enact one on their own, which would open them to attack in the next campaign." Republican leaders "point a finger at the hard-hitting Democratic campaign operation of last year, saying Monday that making the raises a political issue violated a longtime unwritten agreement between the parties."

Democrats Finalize $463.5 Billion Stop-Gap Funding Bill. The Wall Street Journal (1/30, A3, Rogers, 2.04M) reports Democrats "put the final touches on a $463.5 billion spending bill designed to keep the government operating for the rest of the fiscal year and bridge the gap left by the collapse of the budget process last fall." Reflecting the "new Democratic majority, the largest funding increases would go to veterans' medical care, Pell Grants for low-income college students, law enforcement, and fighting AIDS and malaria overseas. The White House appeared receptive to much of the package, but it would have to accept an almost $3.6 billion cut from its fiscal 2007 request for military construction and base-closing funds." Faced with "a Feb. 15 deadline, speed is essential and the House is scheduled to vote tomorrow without a formal committee markup. The Senate will be more of an obstacle, and Democrats hope that concessions to conservatives and weeks of negotiations with federal agencies will hasten action there as well."

Democratic Plan Bill To Authorize Generic Biological Drugs. The Hill (1/30, Young) reports senior Democratic lawmakers "are close to introducing legislation to create a pathway for the approval of generic biological drugs in the hopes that the cheaper medicines will create billions of

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dollars in budget savings, which could be used to offset some of the cost of expanding federal health programs." But the "biotechnology companies that manufacture biologic pharmaceuticals caution that their products are not as easily reproduced as traditional, chemically based drugs, and are calling for legislators to include stricter safety and effectiveness testing requirements in the bill." Rep. Henry Waxman (D-Calif.), "the senior member of the Energy and Commerce Committee who is taking the lead on drafting the biologics bill, asserted that his legislation could have a big impact on healthcare spending." Waxman said, "There's a great deal of savings that can be achieved."

Pelosi Courts Liberal Bloggers. The AP (1/30, Werner) reports shortly after "her swearing-in as the first female House speaker, Rep. Nancy Pelosi took time to field questions from a few dozen Internet bloggers on a conference call that was off limits to mainstream media." Last week, Pelosi's aides "arranged for bloggers to question two Democratic House leaders on another conference call shortly before President Bush's State of the Union speech." Pelosi also "hired a full-time staff member this month dedicated to blogger outreach, and is making plans to launch a blog of her own. The day she was sworn in, bloggers were given special accommodations at the Capitol to cover the event, and fed lunch." It is "all evidence of the newfound attention bloggers from left-leaning Web sites are commanding on Democratic-run Capitol Hill, especially from the new speaker, a San Franciscan with an appreciation for the power of the Internet and grass-roots activism."

GSA Offering Incentives For Managers, Execs To Work From Telework Centers. The Washington Post's (1/30, D4, Barr) "Federal Diary" column reports, "The General Services Administration announced yesterday it will allow federal supervisors, managers and executives to work for free from one of GSA's telework centers in hopes that trial runs might build enthusiasm for telecommuting. GSA operates 14 telework centers that provide workstations equipped with computers, telephones, printers, copiers and other equipment. The centers are outside the Beltway in Maryland, Virginia and West Virginia. Agencies pay $25 to $49 per day to reserve a workstation."

White House Hires New Pastry Chef. The AP (1/30) reports there's a new name behind the decadent desserts at the White House: William Yosses." Yosses has "been named as the executive pastry chef for the White House, first lady Laura Bush announced Monday. He will design and oversee the desserts for state dinners, social events, official luncheons and holiday parties."

Cheney Refusal To Discuss Daughter's Pregnancy Seen As Hypocritical. In a New York Times guest column (1/30), Stacy Schiff says, "Last week Wolf Blitzer asked Dick Cheney about his pregnant lesbian daughter. The vice president looked as if his arm had made contact with that meat grinder. Mr. Blitzer was, he growled, seriously out of line." Neither Senator Jim Webb "nor Vice President Cheney wins points for his social graces. But what Letitia Baldrige said of the Webb encounter — "It was an uncivil reply to an uncivil remark" — does not apply equally to the vice president. Mr. Cheney has openly promoted an anti-gay agenda. His own base has called his daughter's pregnancy unconscionable. Family values have been his calling card. And our Prohibitionist vice president can't summon the courage to address the gin mill in the basement? Mr. Webb was rude on principle; Mr. Cheney rude out of hypocrisy. One man took a stand. The other scurried away."

Supreme Court Urged To Permit Issue Ads Before Elections. The Los Angeles Times (1/30, 850K) says in an editorial, "The US Supreme Court astonished everyone in 2003 when it upheld the constitutionality of severe limits on political speech. The good news is that the court may be having some sober second thoughts about that dubious decision." The "speech-curtailing measure at issue is part of the broader McCain-Feingold campaign finance law. The centerpiece of that law banned 'soft money' contributions to political parties that were used to circumvent limits on how much donors could contribute to candidates for federal office. What is glaringly offensive to the 1st Amendment is an accompanying ban on 'electioneering communications' paid for out of the treasuries of independent organizations." There are "a lot of phoney 'issue ads' out there ('Tell Sen. Smith you disagree with him about Iraq' can sound a lot like an endorsement for challenger Jones), but the court has to err on the side of preserving political speech. When it comes to speaking out about a candidate, opponents (and news outlets like ours) should not have a monopoly in the closing days of a campaign, especially if the outside organization weighing in is genuinely acting on its own."

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WSJournal Urges Bush To Stick To Voucher Proposal. The Wall Street Journal (1/30, A16, 2.04M) writes in an editorial about reauthorization of the No Child Left Behind Act, "The big news so far is that President Bush is resurrecting the voucher proposal from his first term." Mr. Bush "campaigned on this concept in 2000, too, only to throw NCLB's choice provisions over the side to cut a bipartisan deal with Senator Ted Kennedy and Representative George Miller." But, "let's hope Mr. Bush isn't merely using 'choice' again as a negotiating ploy" because he "could pick worse fights than arguing that poor kids should be able to escape failing schools."

OTHER NEWS:

Bernanke Getting Positive Reviews. The Washington Post (1/30, D1, Henderson, 690K) reports, "The new chairman of the Federal Reserve got off to a rocky start last spring. Inflation was surging, the housing market was slumping, and Ben S. Bernanke's initial responses caused turmoil on Wall Street." But "a year into Bernanke's tenure, the picture has turned considerably brighter. Inflation is falling; unemployment is low; wages are rising; and the economy, despite continued problems in housing, is growing at a brisk clip. Bernanke is earning plaudits from Wall Street to Capitol Hill." Robert DiClemente, chief U.S. economist at Citigroup Global Markets said, "His stewardship in the first year has to be applauded by markets, investors and other policymaker. … He was able to arrest inflation without killing the expansion. That's really the ultimate victory." Sen. Kent Conrad), chairman of the Senate Budget Committee, said. "I think he's doing his level best to manage monetary policy in a way that will accommodate growth." The Post adds, "Certainly, the Bernanke Fed remains a work in progress. He promised greater openness, but despite months of discussion, the central bank's arcane methods of communicating with the public have not changed much. And the chairman's skills as a leader remain untested by a financial crisis or serious conflict among members of the policymaking Federal Open Market Committee."

Offering a similar criticism, the New York Times (1/30, Andrews, 1.16M) reports, "When…Bernanke took over as chairman of the Federal Reserve Board one year ago this week, he brought with him a long-held conviction that the central bank should be more explicit about its goals and less personalized than it had been under Alan Greenspan. Yet as Mr. Bernanke celebrates his first anniversary on the job, the Fed is still far away from acting on his major proposal of setting an explicit target for inflation." Bernanke "has long argued that publicly committing the central bank to an inflation target -- probably 1 to 2 percent a year -- would make its policy more transparent and open to the public. Its decisions would be easier for investors to anticipate, he argued, and the public might have greater confidence that inflation would indeed remain low. It is an idea that Mr. Greenspan staunchly opposed, arguing that it would bind the Fed to rigid rules and deprive it of crucial flexibility in reacting to economic surprises." But "even though a majority of those on the Fed board agree with Mr. Bernanke in principle, officials have, if anything, become more cautious over the last year about making a change."

But USA Today (1/30, 1B, Kirchhoff, 2.27M), in a story titled "Bernanke Quietly Guides Economy," calls "Bernanke's relative anonymity…a major departure from the days of his predecessor," adding that "as he finishes his first year as chairman, the unassuming Bernanke, 53, doesn't have Greenspan's head-turning sway over the general public, at least not yet, but he does have firm control of the central bank and the growing confidence of financial markets." He "has steered the central bank through a turning point in an economy that was confronting a tumbling housing market and uncomfortably high inflation."

As Recession Fears Fade, Fed Unlikely To Ease Rates. The Christian Science Monitor (1/30, Trumbull, 59K) reports the US economy "was expected to cool a bit along with temperatures this winter, but that slow patch is looking more like business as usual. The housing slump is still serious. Detroit carmakers are still in trouble. But with oil prices dropping since last summer, overall economic activity keeps chugging along even as inflation looks to be easing." The Monitor adds, "The momentum has spoiled hopes that the Federal Reserve will cut interest rates anytime soon. The Fed is expected to note signs of strength in the economy, and continued vigilance against inflation, when it releases its latest policy statement Wednesday. Otherwise, however, this is good news that eases worries about a possible recession – and suggests a year of economic growth that is closer to normal."

Stocks See Modest Gains. NBC Nightly News (1/29, story 7, :15, Williams, 9.87M) reported, "On Wall Street today, stocks managed to finish the day with some modest gains.

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The Dow was up almost four points [to close at 12,490.78] on the day. NASDAQ gained nearly six points [to close at 2,441.09]."

US Law Firm Makes Inroads In China. The Wall Street Journal (1/30, B1, Koppel, Batson) reports, "For brand-name law firms bent on global expansion, China poses a conundrum. Economic activity is generating plenty of legal work, but opening an office on the mainland is fraught with hurdles, from a shortage of legal talent to regulations that limit the work foreign lawyers can do. … Now, a U.S. firm thinks it has found a way to build business in China while avoiding some of the burdens. McDermott Will & Emery, a 1,000-lawyer firm founded in Chicago, has entered into a strategic alliance with Yuan Da Law Offices of Shanghai, which has around 25 lawyers. It's the first formal tie-up between a Western and a mainland China firm, and a bold move, given that regulations bar international firms from fully merging with Chinese counterparts." The firms will share clients -- for instance, each providing legal assistance in their areas of expertise. But, to comply with Chinese law, McDermott and MWE can't share the profit. The U.S. firm must account separately for its work and the revenue it brings in. … The strategic alliance is structured so that McDermott stands to reduce its costs if MWE increases the amount of work it does for clients." The Journal adds, "Many other big law firms have flocked to mainland China to advise multinational clients and snag new ones in the country's burgeoning corporate sector. Last year, 14 foreign firms opened offices in mainland China, about the same as in each of the two previous years, according to legal consultant Hildebrandt International Inc. When firms enter the market, they mostly send partners to China and hire local Chinese lawyers. … The problem isn't a lack of business. Last year saw $69.5 billion in foreign direct investment into China -- fueling demand for cross-border legal services in such areas as securities offerings, deals and trade disputes. … But mainland China poses particular challenges for these outside lawyers. Besides unfriendly regulations, there's a shortage of top legal talent and there are clients who recoil at Western billing rates for lawyers' advice."

Fenty Taps Nonprofit Head As Next DC Attorney General. The Washington Post (1/30, B03, Cauvin) reports, "Linda Singer was not looking for a new job, she said. She was not even looking to practice law anymore. … She was running a nonprofit group in the District, and for years, she had told the state of New York -- where she had been admitted to the bar -- that she was retired from the law, with no intention of practicing again." The Post continues, "So, Singer said, she was surprised when D.C. Mayor Adrian M. Fenty (D) came calling and offered her the job as attorney general over breakfast at Four Seasons. … The 40-year-old Harvard Law School graduate was not a member of the D.C. Bar until this month, despite having lived and worked in Washington for more than a decade. For 13 years, she had led a Washington-based network of nonprofit organizations called Appleseed, which harnesses pro bono work by law firms to study problems in such areas as education, health care and immigration." The Post adds, "Singer's work at Appleseed focused on policy -- stimulating ideas, advocating change and raising money. It was very little like the job as the city's top lawyer that she assumed this month. And in law offices around town, that has people wondering whether she is the right fit for her new post, which she holds in an acting capacity as she awaits confirmation by the D.C. Council. … She takes charge of a staff of several hundred people with a variety of responsibilities, which include reviewing the city's bond deals on Wall Street, defending municipal agencies in court, prosecuting juvenile offenders, and cracking down on deadbeat parents and usurious lenders."

Unused Embryos Pose Dilemma For Couples. USA Today (1/30, 1A, Stone, 2.27M) reports in a front page story that as Congress "renews debate about funding stem cell research using human embryos," people who have used in vitro fertilization to conceive children "are thinking hard about what to do with excess embryos after their families are complete. Only they — not politicians, doctors or ethicists — are legally entitled to make the call." How they "decide will help determine the future of research into embryonic stem cells, the master cells from which scientists hope to develop treatments for diabetes, Alzheimer's and other diseases. Scientists hope to find cures using adult or amniotic fluid stem cells, but researchers like George Daley of Harvard say they are not a substitute for embryonic stem cells, which potentially can become any cell in the body."

GOP Right Restive Over Possible '08 Presidential Candidates. The Politico (1/30, Martin) reports, "Contemplating the current field of Republican presidential candidates, Rush Limbaugh sounded like a man with malaise." On his radio show, Limbaugh said, "To be

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honest with you, there's nobody out there that revs me up, so why should I pretend there is?" The Politico adds, "What for much of the past year has been an undercurrent of grumbling on the right about the top tier of Republican contenders -- Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani -- is lately on the rise in both frequency and volume. Limbaugh's sour note is the most striking of examples." From "consultants to bloggers to talk show hosts, there is a climate of suspicion -- at times bordering on contempt -- among conservative activists about their 2008 choices." McCain is "courting social and economic conservatives this year, but still faces grave doubts because of his past attacks on conservative religious leaders and his frequent willingness to make common cause with Democrats." Romney "faces charges of opportunism because of his recent past as a social moderate," while Giuliani's "potential candidacy would test whether a leader with liberal views on abortion and gay rights could prosper in a party whose activists are steadfastly opposed to both." Some activists "see all three men failing the test."

Romney Able To Skirt Some Campaign Finance Rules. The Wall Street Journal (1/30, A1, Cummings, 2.04M) reports in a front page story that because he "doesn't hold federal office," former Massachusetts Gov. Mit Romney "became subject to the federal rules only after he set up a presidential exploratory committee earlier this month. Until then, his team took advantage of a little-noticed gap between federal and state law. While most states limit political donations, about a dozen don't. Mr. Romney's political team set up fund-raising committees in three of those: Michigan, Iowa and Alabama. During that time, his political action committees raised $7 million." As a result, Romney "was able to hit the ground running, a big advantage in what has already become a feverish race. A week after announcing his possible bid, having already taken care of basic campaign logistics such as hiring and office space, the former governor held a Boston fund-raiser that netted $6.5 million in pledges. Mr. Romney also used the cash to build a broad network of financial backers and grass-roots allies."

Romney Still Avoids Taking Stand On Immigration. The Hill (1/30, Youngman) reports Romney "assuaged the concerns of many gathered at National Review Institute's Conservative Summit last weekend, at least on issues of abortion and gay marriage." But aside from "a brief mention of the importance of learning English during a nearly hour-long speech, Romney stayed away from the ongoing and heated immigration debate." While the Republican Party "was divided over the immigration debate last year, Romney, like other governors-cum-presidential candidates before him, was not forced to vote on a hot issue," and he has "by and large avoided the most contentious part of the immigration debate."

Former New Hampshire GOP Chief, Von Dongen Back Giuliani. The AP (1/30, Elliott) reports former New York City Mayor Rudy Giuliani "has recruited a recent New Hampshire Republican chairman to lead his political operations in this first-in-the-nation primary state." Giuliani "announced the appointment Monday of veteran GOP activist Wayne Semprini." Semprini, "who until Saturday was the state Republican Party chairman, has been involved in New Hampshire politics since 1972." During his visit this weekend, Giuliani "would not say when he would make a final decision, although his speeches at Bretton Woods and Manchester were campaign-style addresses."

Roll Call (1/30, Whittington) reports, "Washington, D.C., superlobbyist Dirk Van Dongen has agreed to serve as D.C. finance chairman for Republican Rudy Giuliani's nascent 2008 presidential bid, and allies of the former New York mayor say the move is only a preview of the high-profile, inside-the-Beltway support he is building." Van Dongen, "who heads the National Association of Wholesaler-Distributors and is a top Republican fundraiser with close ties to President Bush, represents a big catch for Giuliani among the president's top money men — the group of 'Rangers and Pioneers' who helped pour millions into his two White House campaigns." It also "signals some of the first tangible evidence of the former mayor's outreach to Washington insiders as he lays the groundwork for a 2008 run."

Boston Ace Pitcher Schilling Endorses McCain. The AP (1/30, Elliott) reports Sen. John McCain "won the support of two Senate colleagues from Maine Monday, and then scored big with a plug from Boston Red Sox pitcher Curt Schilling." Schilling "helped pitch the Boston Red Sox to a World Series title in 2004, a source of pride during the tenure of former Massachusetts Gov. Mitt Romney. But he apparently won't be supporting Romney in the race for the 2008 Republican presidential nomination." Schilling "told WEEI-AM: 'I'm actually kind of excited about the fact that I

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think Senator McCain is going to do something official here, and he's going to be the man I'm going to back.'"

Snowe, Collins Endorse McCain. Roll Call (1/30) reports Sen. John McCain (R-Ariz.) "announced Monday that Maine Sens. Olympia Snowe (R) and Susan Collins (R) will serve as co-chairwomen of his presidential exploratory effort in the Pine Tree State." State Rep. Josh Tardy, "the House Republican leader, will serve as vice chairman of McCain's campaign in the state." The "endorsements of Snowe and Collins, both centrists, are not surprising despite the fact that they both endorsed then-Texas Gov. George W. Bush and not McCain in the 2000 Republican primary."

Hutchison Says She'd Consider VP Spot In 2008 Ticket. The Washington Times (1/30, Hallow, 88K) reports, "Sen. Kay Bailey Hutchison, the largest Republican vote-getter in the 2006 congressional elections and the most popular Republican in Texas, said yesterday she would consider an offer to run for vice president next year. 'If our party's nominee called me and said we are putting everything in the grid, and we think you are the best person, would I say no? I can't imagine that I would say no,' she said." She also told the Times, "Would I seek it or do something to promote it? Absolutely not."

Hillary Clinton's Visit To Iowa Continues To Draw Attention. The CBS Evening News (1/29, story 5, 2:10, Couric, 7.66M) reported that before her first weekend in Iowa, "everyone expected" Sen. Hillary Clinton "to be asked about her stance on the war. That is not what people are talking about, is it?" CBS (Borger) added, "No, it isn't. What has Washington buzzing the way Hillary Clinton chose to answer what seemed like seemingly innocuous question about how she would deal with the bad actors on the world stage." Sen. Hilary Clinton: "In the gentlemen's words we face a lot of evil men. You know, people like Osama bin Laden comes to mind. And what in my background equips me to deal with evil and bad men?" Borger: "The question was about foreign leaders, but the candidate's answer at the very least was playfully ambiguous." Joe Trippi, Democratic political strategist: "I assume she was referring to Bill Clinton." Borger: "Some political strategists figure it was part of a plan to deal with the inevitable questions about her marriage early with humor and some attitude." CBS also noted Clinton's explanation of her Iraq war vote, showing Clinton saying: "If we had known then what we know now, there never would have been a vote and I never would have voted to give this President that authority." Borger: "That's a very complicated answer. Some of the other Democratic presidential candidates have just decided to simplify. They just say they made a mistake."

The Politico (1/30, Smith) reports that in her "first tour of Iowa last weekend, Sen. Hillary Rodham Clinton emerged as a candidate hard-edged enough to threaten violence, yet explicitly female enough to make women feel so comfortable that one mentioned menopause in front of crowd of more than 1,000 people." Clinton "never called attention to her gender during her six years as Democratic senator from New York the way she did at a Des Moines town meeting where she raised the question 'Would we ever elect a woman as president?' and mused openly about the challenges she faces as a female candidate." Clinton also has "rarely deployed the masculine language of violence the way she did in Iowa, where she said she would 'deck' anyone who attacked her politically, and called on President Bush to 'bring the hammer down' on Iraq's political leaders." But while, within the large and small rooms, Clinton seemed to be speaking most directly to the women present, she drew headlines for the new intensity of her words, which seemed to catch supporters and reporters who have covered her for years a bit by surprise."

Clinton's Off-Key National Anthem Posted On Internet. The AP (1/30, Elliott) reports the "online world discovered that" former First Lady Hillary Clinton "had a hard time with a tough tune when someone posted a video Sunday of Clinton caught on an open MSNBC microphone singing an off-key rendition of 'The Star-Spangled Banner' during a campaign event in Iowa. By Monday morning, the 1-minute, 8-second clip had been viewed more than 660,000 times, making it the top-viewed video for the day at that point."

Clinton Meets With Food Workers Union. The New York Times/AP (1/30) reports Sen. Clinton "met privately Monday with the board of the United Food and Commercial Workers Union, a 1.3 million-member labor group whose support will be critical to any Democratic candidate." Clinton "traveled to Naples, Fla., to address the annual board meeting of the union. UFCW spokeswoman Jill Cashen said the New York senator had been invited to speak on issues affecting the union, such as health care, immigration and boosting the minimum wage." Cashen added "other 2008 presidential contenders would be invited to address the UFCW board

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throughout the year. Cashen declined to say whether the union intends to endorse a candidate."

Clinton Urged To Use Gender To Her Advantage. In a USA Today op-ed (1/30, 11A), author Harriet Rubin says, "Gender doesn't have to work against female candidates. In fact, the right mix of femininity and strength might be just what the electorate ordered." Even the "most powerful woman in politics can't yet hold her own against the most powerful man, it seems: When Bill and Hillary Clinton take a stage together, he makes her disappear, like a magician and his assistant. How then would she look on stage against Republican Sen. John McCain? She'll have to draw consistently on her 'mamisma,' not machismo." Mamisma is "femininity defined by mature and maternal qualities. It lets a female candidate make men look like wimps while doing the taboo-dance, enticing people to fall in love with her."

Edwards Admits He May Have Lacked Experience In 2004. The AP (1/30, Elliott) reports John Edwards "acknowledged Monday that he may have been too inexperienced in national politics for his White House run in 2004." Edwards was "serving his first and only Senate term four years ago when he declared himself a presidential candidate. During a forum at Wake Forest University on Monday, Edwards said he might agree with critics who said he left Congress too soon to seek the presidency," but he added "the experience he has gained since the election has now prepared him for another run in 2008." Edwards said, "When I ran in 2004, I spent most of my time thinking about being a good candidate. These days I think about what I want to do as president of the United States."

Clinton, McCain Visit Center For Wounded Vets. The AP (1/30, Elliott) reports Sens. Hillary Rodham Clinton and John McCain, "their parties leading presidential candidates, put politics aside for a time Monday to dedicate a rehabilitation center to treat the increasing number of severely wounded Iraq war veterans." Clinton and McCain, "members of the Senate Armed Services Committee, thanked the wounded for their service and told them the nation owed them a debt. Both senators avoided questions about the unpopular war."

Vilsack Takes Post At Drake University. The AP (1/30, Elliott) reports former Iowa Gov. Tom Vilsack "was named a visiting professor of law at Drake University, a private college in Des Moines, school officials said Monday." College officials said Vilsack "will be in residence at the school 'for several days' during 2007. He'll deliver the keynote speech at the schools Supreme Court celebration in March, host a symposium on risk and responsibility later in the spring, and help teach a short course on legal issues surrounding rural development."

Hunter Criticizes Kerry For Calling US "International Pariah." The AP (1/30, Elliott) reports, "White House hopeful Rep. Duncan Hunter on Monday criticized Sen. John Kerry for telling an overseas conference that the United States was 'a sort of international pariah.'" Hunter, a "long-shot presidential candidate, complained about Kerry's remarks this past weekend at the World Economic Forum in Davos, Switzerland. Responding to a question, Kerry said the Bush administration had failed to adequately address a number of foreign policy issues." Kerry said, "So we have a crisis of confidence in the Middle East — in the world, really. I've never seen our country as isolated, as much as a sort of international pariah for a number of reasons as it is today." The AP adds Hunter 'told a New Hampshire audience Monday: 'It was terrible for him to say that.'"

Weak Fundraising Raises Questions About Hagel's Reelection Plans. The Hill (1/30, Blake) reports Sen. Chuck Hagel's (R-Neb.) "year-end financial filing shows that he raised just $80,000 for his campaign committee in the final three months of 2006, bringing his cash on hand to $140,000 from $110,000." As of his "third-quarter filing, Hagel had the least cash on hand of the 33 senators up for reelection in 2008. The potential presidential candidate's most recent filing shows he increased his campaign fundraising over the $20,000 he raised in the third quarter." But unlike retiring Sen. Wayne Allard, "who was one of Democrats' top three targets, Hagel appears unlikely to face a serious Senate challenge in 2008." At the "same time, he has left open the possibility that he would retire, whether or not he would seek the presidency. Last week, he rebuffed a report that said he has assured the National Republican Senatorial Committee that he will seek reelection."

Schumer Says "Middle Class Imagination" Key To 2008. Sen. Charles Schumer said on MSNBC's Hardball (1/29, Matthews), "Middle class voters in 2004 went overwhelmingly for George Bush. In 2006, they voted for us, but mainly because they didn't like Bush anymore. And

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2008's going to be a real seminal election, and whichever party can create a platform that captures the middle class imagination, I think, will be the party that will be dominant for a generation."

GOP Campaigns Try To Avoid Allen's Fate. The Politico (1/30, Budoff) reports, "The fear gnaws at senators, embodied in a catchphrase that conveys their dread: Don't be the next George Allen." In Republican "campaign strategy sessions and conference calls, candidates and consultants are invoking Allen's name as a verb -- to be 'George Allen-ed' -- and devising tactics to avoid a fate similar to that of the former Virginia senator, taken down by a shaky, 51-second video that volleyed around the country via YouTube." Sen. John Ensign, Nev., chairman of the National Republican Senatorial Committee, said, "You have to assume there is a recording device of some kind on you at all times -- that is what I am telling all of my people." The Politico adds that with "the method (cell phones) of capturing embarrassing moments and the means (the Internet) of disseminating them so universally, early discussions about surviving the 2008 election cycle are all about control. A list of rules, if one existed, would nix jokes, stumbling or snoozing in public. Don't berate aides, ambush an opponent at a news conference or do anything humiliating enough to tank a career."

Franken To Leave Air America, May Run For Senate. The Hill (1/30, Blake) reports, "Comedian and potential Minnesota Senate candidate Al Franken will leave liberal talk radio station Air America in two weeks, he announced yesterday on his show." The announcement "paves the way for Franken to explore a possible Democratic challenge to freshman Sen. Norm Coleman (R-Minn.) in 2008."

Google Moves To Defuse "Google Bombs." The Washington Post (1/30, D3, Goo, 690K) reports that for "many years, Google said it wouldn't rectify the antics of pranksters who rigged search terms, like having 'miserable failure' bring up a White House biography of George W. Bush as a top result on its search engine." But Google "last week reversed its position, changing its algorithms to eliminate so-called 'Google bombs' that yield political or humorous results." On its "blog targeted at Web engineers, Google disclosed that it made changes to minimize the impact of the most popular Google bombs. Too many people started to think the results reflected the company's political opinion, it said."

Drinan Remembered. The Washington Post (1/30, C1, 690K) runs a piece on the Rev. Robert Drinan by Colman McCarthy, a former Washington Post columnist who directs the Center for Teaching Peace. McCarthy describes the former congressman as a "model of moral tenacity," and criticizes Pope John Paul II for asking him to leave politics.

Humane Society Becoming "A Tiger" Among DC Interest Groups. The Washington Post (1/30, A15, Birnbaum, 690K) reports, "Many people may consider the Humane Society of the United States a pussycat. But with 10 million donors and a $120 million budget, it is becoming a tiger among Washington's interest groups. Just ask Maryland Gov. Robert L. Ehrlich Jr. (R) and Rep. Richard W. Pombo (R-Calif.). Actually, make that former governor and then-representative." The Humane Society "targeted both in last year's elections after Ehrlich supported bear hunting and Pombo supported commercial whaling and trapping in wildlife refuges." The society also "spent lavishly to help pass an initiative in Arizona, fought by agribusiness, that bans inhumane factory farming. And it bested the National Rifle Association on a measure that prohibits the shooting of mourning doves for sport in Michigan."

California Praised For Moving Up Primary. In his Washington Post column (1/30, A17), E.J. Dionne says California's politicians "have decided to give its voters a say in selecting the Republican and Democratic presidential nominees. And as befits a place that helped give birth to the Goldwater Right, the New Left, the counterculture, environmentalism, modern libertarianism and the tax revolt, California doesn't mind if it throws an already flawed presidential nominating system into chaos. Fearing that California will bigfoot its way into dominance by moving its primary to Feb. 5, 2008, Illinois, Florida and New Jersey are maneuvering to do exactly the same thing. Thus would this diverse group of states give its voters a say just two weeks after the New Hampshire primary, three weeks after the Iowa caucuses, and also close to the contests in Nevada and South Carolina, which the Democrats have moved up in their order of battle." The "revolt of the big states may not slow the process and might even enhance the importance of the outcomes in Iowa, New Hampshire and the two other early states. But by forcing themselves forward, California, Illinois,

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New Jersey, Florida (and who knows who else?) will definitely let many more voters, and many more kinds of voters, in on an important choice."

WSJournal Warns Against Efforts To Ease Unionization. The Wall Street Journal (1/30, 2.04M) says in an editorial, "The Labor Department reported last week that U.S. union membership keeps shrinking, which helps explain why unions have made easing the rules for organizing one of their top political priorities. And in some places, they've got a good chance to succeed." Big Labor's "response has been to redouble efforts to rig the rules to make union organizing much easier. So in Congress the number one AFL-CIO priority is 'card check' legislation, which would end secret ballots for organizing elections at worksites. Union reps would know which workers voted 'no' and thus be able to exert enormous peer pressure to conform. Given union history, this would surely include threats and other intimidation. Democrats on Capitol Hill are likely to bring 'card check' up for a vote on very short notice -- the better to prevent business from mobilizing against it." Meanwhile, at the state level, unions "are trying to exploit their legislative victories in November by overturning right-to-work laws." Iowa is "emerging as the first test of this effort, thanks to Democratic control of the Governorship and both legislative houses for the first time in 40 years."

WPost Criticizes School Using Church For Graduation Ceremony. The Washington Post (1/30, A16, 690K) in an editorial, criticizes Montgomery Blair High School's use of the Jericho City of Praise church in Landover for its graduation ceremony. That decision "overruled a decision by Superintendent Jerry D. Weast" that was intended to avoid "a possible lawsuit by groups who see use of the church as violating the constitutional separation of church and state" and to take account of "those discomfited by walking into a building that proclaims 'Jesus Is The Lord!!!'" The Post concludes, "Montgomery County must do a better job of providing a proper setting for all its students -- and their families -- to celebrate graduation."

Talks With Pyongyang To Resume Next Week. The AP (1/30, Ang) reports a US Treasury official in Beijing for negotiations with Pyongyang said Tuesday he was "hopeful" of progress, "as a report indicated full talks on the North would resume Feb. 8." Deputy Assistant Treasury Secretary Daniel Glaser told reporters in Beijing ahead of meetings Tuesday with his North Korean counterpart, "We're prepared to go through these talks as long as it takes for us to get through our agenda." Meanwhile, Japanese public broadcaster NHK reported Tuesday that China had informed Tokyo that six-party talks would resume Feb. 8.

The Financial Times (1/30, Fifield) says talks due to resume today between US and North Korean officials on Tuesday over the "US-instigated financial crackdown on Pyongyang" are "likely to be pivotal to determining the success" next week's anticipated six-party talks.

Ban Urged To Seek Nuclear-Free Korean Peninsula. Paul B. Stares, vice president for conflict analysis and prevention at the United States Institute of Peace, writes in a New York Times (1/30, 1.16M) op-ed, "Of all the crises facing the new United Nations secretary general, Ban Ki-moon, the fraying nuclear nonproliferation system is arguably the most consequential." Stares says that "with North Korea having declared after its test last October that it now possesses a nuclear deterrent, the understandable temptation will be to focus on Iran." But "this would be a mistake," according to Stares, because North Korea is "still some way off from having a reliable nuclear weapon." Therefore, he urges Ban to seek a "United Nations-sponsored initiative to formally end the Korean War and dismantle the present armistice arrangements. As part of a peace treaty, the principal signatories -- the United States, China and the two Koreas -- would commit themselves to establishing normal diplomatic relations, recognizing the territorial integrity of both Koreas and, most important, ensuring a nuclear-free peninsula."

Cheney To Visit Japan, Australia. AFP (1/30) reports Vice President Dick Cheney will travel to Japan and Australia the week of February 19 "for talks on Asian security and the global war on terrorism," his office announced. Cheney, who will also visit US troops stationed in Guam, will also meet with Japanese Prime Minister Shinzo Abe and Australian Prime Minister John Howard "to thank them for their help in Iraq and Afghanistan."

Separately, AFP (1/30) says Australian Prime Minister John Howard "has welcomed" Cheney's upcoming visit "as an opportunity to consult on the progress of the Iraq war." Howard, who announced last week he would not pull Australian troops out of Iraq, said, "I think given the larger things that are at stake with the alliance and the fact you do

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stick by your close allies when things are difficult, I think that would do a lot of damage to the alliance."

US Offers Air Support For Somali Peacekeepers. AFP (1/30) reports the United States is "ready to contribute air support to an African Union peacekeeping force in Somalia," Assistant Secretary of State for African Affairs, Jendayi Frazer, said. The Assistant Secretary told AFP that she had made the offer during talks on the sidelines of the African Union summit in Addis Ababa with the head of the AU commission, Alpha Oumar Konare.

Palestinian Factions Continue Fighting Despite Ceasefire. The AP (1/30, Barzak) reports Palestinian "infighting raged in the Gaza Strip Tuesday morning despite a cease-fire declaration by warring Hamas and Fatah factions." There were reports of gunfire and explosions were in downtown Gaza City "as gunmen from the rival factions ignored the cease-fire, reached at a midnight meeting between Prime Minister Ismail Haniyeh and a representative of Palestinian President Mahmoud Abbas. Foreign Minister Mahmoud Zahar of Hamas announced the agreement early Tuesday, saying it "stipulated that all security forces must return to their bases, that suspects in killings were to be handed over, and that all hostages still being held…were to be released." However, the AP reports that "none of those steps appeared to have been taken after the 3 a.m. deadline passed."

Suicide Attack Kills 3 In Israeli Resort. NBC Nightly News (1/29, story 3, 0:35, Williams, 9.87M) reported on "a Palestinian suicide attack at a bakery in the southern resort town Eilat. … One group taking responsibility said it was trying to end weeks of fighting between Palestinian factions by aiming at Israel instead."

The New York Times (1/30, A14, Myre, 1.16M) reports, "After nine months without a suicide bombing in Israel, a Palestinian walked from Egypt across the open desert border, hitched a ride from a wary Israeli motorist and then blew himself up on Monday inside a bakery in the Red Sea resort town of Eilat," Israeli officials said. The attack "complicated the latest effort to restart Israeli-Palestinian negotiations." With the United States scheduled to host of talks Friday, the White House said in statement Monday that if the Palestinian government failed to prevent terrorism, it would "undermine the aspirations of the Palestinian people for a state of their own."

The Washington Post (1/30, A10, Wilson, 690K) says the attack "brought sharp condemnation from Israeli Prime Minister Ehud Olmert, the White House and leaders of the relatively moderate Fatah faction led by Palestinian Authority President Mahmoud Abbas. But the governing Hamas movement and Islamic Jihad…called the attack a legitimate response to Israel's occupation of territories that Palestinians envision as part of their future state."

State Department Tells Congress Israel May Have Misused Cluster Bombs. In a highly anticipated move, the Washington Post (1/30, A13, Kessler, 690K) reports the State Department notified Congress yesterday that Israel "may have violated US rules prohibiting the use of American-made cluster bombs in civilian areas during last summer's war in Lebanon." State Department spokesman Sean McCormack "declined to confirm that the preliminary findings related to Israel's use of the weapons in civilian areas, citing classified military-sales agreements between Israel and the United States. But the State Department said last August that it opened the investigation because human rights groups complained that cluster weapons" were responsible "for many civilian deaths." The Washington Times/AP (1/30, Gedda) also reports on the State Department's move.

Egypt Tightens Control On Press. The Christian Science Monitor (1/30, Gauch, 59K) reports two recent cases "have given journalists, bloggers, and human rights activists in Egypt cause to fear an impending crackdown on the country's outspoken independent press and its young, activist bloggers, who have been primary agitators for democratic reform." Over the past year, the government "has steadily rolled back political reforms implemented since 2004 after the Bush administration singled out Egypt as ripe for democratic reform." And "many worry Egypt's relative freedom of expression may be ending, too."

Al-Jubeir Named New Saudi Ambassador. The Washington Times (1/30, Morrison, 88K) reports in its "Embassy Row" column that Adel al-Jubeir Monday was officially named as Saudi Arabia's new ambassador to the United States. Al-Jubeir is expected to take up his position next month.

Chinese General To Be Pressed On Missile Test. The Washington Times (1/30, Gertz, 88K) reports

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China's "most senior military war planner is visiting the United States, and Pentagon officials plan to question him about Beijing's recent anti-satellite test." Gen. Ge Zhenfeng, deputy chief of the general staff, arrived in Hawaii on Sunday, where he is leading "a delegation of officers that are part of a US-China military exchange program." Defense Secretary Robert M. Gates is "not expected to meet with Gen. Ge, and the Pentagon is seeking to play down the visit by giving Army Chief of Staff Gen. Peter J. Schoomaker the lead role in the 11-day visit." Defense officials "said they do not expect Gen. Ge to be more forthcoming than other Chinese officials who have refused to explain" the test, but one defense official said, "This is something that we'll continue to press them on."

Russian Presidential Candidates Seek Putin's Backing. The Wall Street Journal (1/30, A6, Cullison, 2.04M) reports, "Even though the vote is more than a year away, presidential jockeying in Russia already is in full swing." The "race to succeed Vladimir Putin, who is obliged by a two-term limit to step down next year, is a kind of Kabuki theater, where contenders maneuver to score points for themselves and undermine suspected rivals with the only constituency that really matters: Mr. Putin and the Kremlin elite." The "behind-the-scenes struggle" has "triggered waves of conspiracy theories as events ranging from corruption scandals to contract killings to the poisoning of a former security agent are dissected for clues to what it says about the presidential race." Meanwhile, politicians and analysts "agree that there is little suspense about who will decide the outcome of the elections, slated for March 2008" as "Putin will be able to ensure victory for whichever candidate he endorses."

Saudi Arabia Cuts Crude Output In Effort To Bolster Prices. The Wall Street Journal (1/30, A3, Bahree, 2.04M) reports, "Saudi Arabia, which already has aggressively shaved its oil output in a battle to shore up prices, is tightening its spigots further this week. A senior Saudi oil official said yesterday the kingdom had advised its customers of the impending 158,000 barrel-a-day cut, which takes effect Feb. 1." The "reductions, part of a broader campaign by [OPEC], are intended to shrink inventories of oil that had ballooned last year as demand growth for petroleum faltered." Word of the Saudi move "comes as traders are trying to parse whether OPEC is going to cut its production in line with its announced plans." The kingdom's "one-million-barrel reduction -- made over a roughly six-month period -- is nearly double the total cuts it agreed to make under two output reductions hammered out by OPEC at meetings in Doha, Qatar, in October and in Abuja, Nigeria, in December."

French Ambassador Says Ties With US Improving. The Washington Times (1/30, A1, Kralev, 88K) reports on its front page that relations between France and the United States "are back on track after years of tumult and should remain that way regardless of who wins the French presidential election this spring," according to French Ambassador Jean-David Levitte. In an interview with the newspaper, Levitte said, "Today, our relationship is back on the right track." His comments "on Lebanon's political crisis, Syria's behavior, Iran's nuclear program and its larger role in the Middle East were almost identical to the Bush administration's positions," the Times notes. Levitte also "echoed the administration's recent observations that the U.N. Security Council's December resolution that imposed limited sanctions on Tehran over its refusal to suspend uranium enrichment is affecting Iranian public opinion." Regarding Iraq, the ambassador said France is "advocating 'a perspective,' rather than a timetable, that would put just enough pressure on the Iraqi government to get its act together and start improving security."

Ghana To Chair African Union In Snub To Sudan. The Washington Post/AP (1/30, A14, Neuhaus, De Montesquiou) reports, "Bloodshed in Sudan's Darfur region dominated discussion at the African Union summit Monday, blocking Sudan's bid to lead the 53-country group as the U.N. chief described scorched-earth military policies as 'a terrifying feature of life' in the vast, arid area." With Sudanese President Omar Hassan al-Bashir "looking on," U.N. Secretary General Ban Ki Moon said that "the toll of the crisis remains unacceptable." Ban also "called on African leaders to end the deadlock created by Sudan's refusal to allow U.N. peacekeepers into Darfur." Hours later, the African Union chose Ghana's president, John Kufuor, to head the bloc, "deflecting Sudan's bid for the second year in a row." Sudanese Foreign Ministry spokesman Ali Sadiq called the move a "very unfortunate development."

WPost Welcomes Ghana's Selection. The Washington Post (1/30, A16, 690K) editorializes, "The Darfur crisis has demonstrated the limits of US influence. President Bush and administration officials have described it as

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genocide and pushed intermittently for sanctions, peacekeeping deployments, and a deal between Sudan's government and its rebel opponents, but their efforts have been hampered by the hesitancy of other players." However, the Post says "yesterday brought a small victory in the effort to force action" as Sudan was again denied chairmanship of the AU. The "next test" for Sudan, "involves Chinese President Hu Jintao, who today begins a 12-day tour of Africa that includes a stop in Sudan." The African Union "snub and the Chinese leader's visit provide an opportunity to regain the initiative on Darfur," but "the question for Mr. Hu is whether he merely wants to create an illusion of diplomatic progress on Sudan to protect China from the appearance of complicity in genocide or whether he means to ensure that peacekeepers are deployed."

LATimes Welcomes Northern Ireland Peace Initiative. The Los Angeles Times (1/30, 850K) editorializes, "In a once-unthinkable concession, the political wing of the Irish Republican Army voted Sunday to recognize the authority of the new Police Service of Northern Ireland." The Times says the "genius of the Good Friday agreement, supported by Britain and the predominantly Catholic Republic of Ireland, is that it finessed the issue of whether Northern Ireland is British or Irish." Calling it "a delicate compromise" the Times cautions, "i f it is to survive, those who police the north must be -- and be seen as -- evenhanded."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Unfilled Tunnels A Weak Link At Border."
"Wings Of Song For The Dying."
"The Race That Barbaro Could Not Win."
"Fooling Nature, And The Fertility Doctor."
"Doomsday Cult Said To Be At Center Of Iraqi Battle."

USA Today:
"Feds Plan $200m Grant Program Aimed At Curbing Violent Crime."
"Each Stored Embryo Is A Stem Cell Debate."
"16 States See Road Deaths Slashed."

New York Times:
"Bush Directive Increases Sway On Regulation."
"Europe Resists U.S. Push To Curb Iran Ties."
"Spitzer's Education Agenda Promises Aid Increase."
"A Lively Market, Legal And Not, For Software Bugs."
"Chinese United By Common Goal: A Hot Stock Tip."
"Ex-Bush Aide, In Testimony, Disputes Libby."
"After 8 Months, Setback Ends Barbaro's Battle."

Washington Post:
"Fairfax Shines In Jobs Report."
"Iraqis Describe Plot To Kill Shiite Clerics."
"With Iran Ascendant, U.S. Is Seen At Fault."
"Barbaro Euthanized."
"Virginia Men Face U.S. Trial In Peddling Of Phony Purses."
"Accusations Devastate 2 Va. Churches."

Washington Times:
"How The 'Axis' Seeks The Killer Missile."
"Iraqis Thewart Plot To Kill Shi'ite Clergy."
"Civilian Reserve Just Words In A Speech."
"French Diplomat Says Ties With US Are On The Mend."
"District Seeks To Compete As Convention Destination."

Detroit Free Press:
"How GM Raised The Voltage."
"System Overhaul Could Be Only Hope."
"Pfizer Gives Michigan Dose Of What's Needed In A Modern Economy."
"Rebounding Wolves Lose Their Endangered Species Protection."

Atlanta Journal-Constitution:
"Bill; 9 Jurors To Give Death."
"In Atlanta, It's Traffic."
"Who'll Pick Up Slack For Cobbs Pre-k."
"Flash Now, Being Later For Vista?"
"Aquarium Deaths Reopen Captivity Debate."

Houston Chronicle:
"Ot Officer's Work Hours In Dispute."
"Barbaro's Battle Is Over."
"UTEP's Don't Add Up."
"Cantu DA's New Views Get A Tough Reception In Texas."
"Up To 1 Million Texans Could Face Dreaded Tax."

Story Lineup From Last Night's Network News:
ABC: Barbaro Was Put Down; Iraqi Battles; Center for The Intrepid; Libby Trial; The US Auto Industry; Home Depot Hiring; School Urine Testing; Microsoft Vista; Woodruff A Year Later.
CBS: Iran-Aides Insurgents; Iraqi Battles; US Death Toll-Iraq; Center For The Intrepid; Sen. Clinton Presidential Campaign;

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Barbaro -- "Euthanized"; Airport Security; Pilot Mandatory Retirement; Microsoft Vista; Power Ball Winners; Kimberly Dozier Returns.

NBC: Iraqi Battles; Center Of The Intrepid; Palestinian Suicide Bomber; Bush Harsh Words-Iran; Libby Trial; Visiting New Orleans; Stock Market; Government Spending; Teenage Driving; Father Robert Drinan-Obit; Barbaro -- "Euthanized".

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Microsoft-New Operating System; IL-Car Plows Into School Cafeteria; Sen. Obama-New Orleans; Iraq-US KIAs; Tokyo Stock Exchange.

CBS: Senate-Minimum Wage; Senate-Iraq Resolution; Bush-Iran; Federal Reserve-Policy Meetings; Barbaro Euthanized; Microsoft-New Operating System.

NPR: Bush-Iran; Iraq; State Dept.-Israel Might Have Violated Agreement Not To Use Cluster Bombs; UN Secretary General-Darfur; Senate Armed Services Committee- Admiral William Fallon; Tokyo Stock Exchange; CA-Lengthy Sentence For Convicted Child Molester; St. Louis Family Wins Powerball.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a tour of Caterpillar, Inc. Peoria, Ill.; delivers remarks on the economy, Caterpillar, Inc. Peoria, Ill.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on global climate change. Location: Room 406, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Confirmation hearing on the nomination of Adm. William Fallon to be reappointed admiral and be commander of the US Central Command. Location: Room 106, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full committee. Hearing on the Negroponte nomination. Location: Room 216, Hart.

10 a.m. BUDGET _ Full Committee. Hearing on defining long term fiscal challenges. Robert Reischauer of the Urban Institute, Robert Greenstein of the Center on Budget and Policy Priorities, and Eugene Steuerle of the Urban Institute. Location: Room 608, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the status of federal land management agencies' efforts to contain the costs of their wildfire suppression activities. Interior Secretary Kempthorne; Agriculture Undersecretary Mark Rey; Phyllis K. Fong, inspector general, USDA; Robin Nazzaro, GAO; James Caswell, Wildland Fire Leadership Council; Bruce McDowell, National Academy of Public Administration; Arizona State Forester Kirk Rowdabaugh. Location: Room 366, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on Congress' constitutional power to end a war. Panel I: David J. Barron, Professor of Law, Harvard Law School, Cambridge, Mass.; Bradford Berenson, Partner, Sidley Austin LLP, Washington, D.C. ; Walter Dellinger, Douglas B. Maggs Professor of Law, Duke University School of Law, Former Acting Solicitor General of the United States, Durham, N.C; Louis Fisher, Specialist in Constitutional Law, Law Library, Library of Congress, Washington, DC; and Robert F. Turner, Center for National Security Law, University of Virginia School of Law, Charlottesville, Va. Location: Room 226, Dirksen.

1 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on alternative plans for Iraq. Iraq Study Group co-chairs James Baker III and Lee Hamilton. Location: Room 216, Hart.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on transportation sector fuel economy, including challenges to and incentives for increased oil savings. Betty Lowery, vice president, public policy, General Motors; William Logue, executive vice president, FedEx Express; John German, American Honda Motor Co.; Walter S. McManus, University of Michigan; Menahem Anderman - president, Advanced Automotive Batteries; David Greene, Oak Ridge National Laboratory. Location: Room 366, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing assessing intelligence issues in Pakistan and Afghanistan. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10:30 a.m. The House meets for morning hour and turns to legislative business at noon. Highlights: Suspensions (5 bills): 1) H.Res. 24 - Establishing the House Democracy Assistance Commission for the One Hundred Tenth Congress. 2) H.Con.Res. 20 - Calling on the Government of the United Kingdom to immediately establish a full, independent, and public judicial

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inquiry into the murder of Northern Ireland defense attorney Patrick Finucane, as recommended by Judge Peter Cory as part of the Weston Park Agreement, in order to move forward on the Northern Ireland peace process. 3) H.Res. 59 - Supporting the goals and ideals of National Engineers Week, and for other purposes. 4) H.Con.Res. 34 - Honoring the life of Percy Lavon Julian, a pioneer in the field of organic chemistry research and development and the first and only African American chemist to be inducted into the National Academy of Sciences. 5) H. Con. Res. 5 - Expressing support for the designation and goals of ``Hire a Veteran Week'' and encouraging the President to issue a proclamation supporting those goals.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the situation in Afghanistan. James Dobbins, RAND Corp.; Karl F. Inderfurth, professor, George Washington University; Ali A. Jalali, National Defense University; Anthony H. Cordesman, Center for Strategic and International Studies. Location: Room 2118, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the CBO budget forecast. CBO Director Peter Orszag. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on security concerns at the Los Alamos National Lab. Location: Room 2123, Rayburn.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full committee. Hearing on political interference allegations with the work of climate change scientists. Location: Room 2154, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on the Coast Guard's Integrated Deepwater System. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on trade and globalization and integration of markets. Location: Room 1100, Longworth.

2 p.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on the force requirements determination process. Maj.r Gen. Richard Formica, Deputy Army Chief of Staff. Location: Room 2212, Rayburn.

2 p.m. SCIENCE AND TECHNOLOGY _ Energy and Environment Subcommittee. Hearing on H.R. 547 - Advanced Fuels Infrastructure Research and Development Act. John Eichberger, National Association of Convenience Stores; Bob Dineen, Renewable Fuels Association; Richard Kassel, Natural Resources Defense Council. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads, Pipelines and Hazardous Materials Subcommittee. Hearing on reauthorization of railroad safety programs. Joseph Boardman, Administrator of the Federal Railroad Administration; Robert Sumwalt, Vice Chairman of the National Transportation Safety Board; Calvin Scovel, Inspector General of the U.S. Department of Transportation; Katherine Siggerud, Director of Physical Infrastructure Issues with the US General Accounting Office. Location: Room 2167, Rayburn.

4 p.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Organizational meeting. Location: Room B-318, Rayburn.

Other: AIR TRAFFIC CONTROLLERS _ The National Air Traffic Controllers Association (NATCA) National Legislative Committee holds a Washington conference. Highlights: 12 p.m. - 5:30 p.m. Congressional appointments. 5:30 p.m. Congressional reception. Note: This event will be held in the cafeteria of the Rayburn House Office Building. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

GOP LEADERSHIP _ 10 a.m. There will be a GOP leadership stakeout for an availability with Republican Leader John Boehner, Republican Whip Roy Blunt, and Conference Chairman Adam Putnam. Location: Room HC-9, Capitol.

INSLEE-GREEN VEHICLE _ 10 a.m. - 4 p.m. Rep. Jay Inslee, D-Wash., will bring a plug-in hybrid concept car, the Chevrolt Volt, to Capitol Hill for members of Congress to preview. Location: South Capitol Street in front of the Rayburn Building horseshoe.

COPYRIGHT INDUSTRIES _ 11 a.m. Reps. Adam Schiff, D-Calif., Bob Goodlatte, R-Va., and Lamar Smith, R-Texas, will join the International Intellectual Property Alliance and its member associations to present a report, ``Copyright Industries in the US Economy: The 2006 Report, on the copyright industries significant contributions to the U.S. economy. Location: Room SC-6, Capitol.

HOYER _ 11 a.m. House Majority Leader Steny Hoyer will hold his regular pen and pad briefing. He will discuss the upcoming continuing resolution, the President's budget, and Iraq. Location: Room H-107, Capitol.

FEDERAL TAX GAP _ 11:15 a.m. Senx. Max Baucus, D-Mont., and Chuck Grassley, R-Iowa, will speak briefly in the, on the topic of the Federal tax gap. The senators will

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have just completed an in-depth discussion with IRS experts on the $345 billion annual tax gap - the gulf between taxes legally owed and taxes actually collected in a timely fashion. Location: Lobby of the IRS Headquarters building, 1111 Constitution Ave. NW.

ARMENIAN GENOCIDE _ 11:30 a.m. Reps. Adam Schiff, D-Calif., Frank Pallone Jr., D-N.J., George Radanovich, R-Calif., and Joe Knollenberg, R-Mich., will hold a press conference to announce the introduction of legislation calling on the president and his administration to fully recognize the Armenian Genocide. Mrs. Sirarpi Khoyan, a genocide survivor who recently turned 100, also will be in attendance. Location: Room 1334, Longworth House Office Building.

EMERGING DEMOCRACIES _ 12:15 p.m. The Carnegie Endowment for International Peace holds a panel discussion on priorities and problems for democratizing nations, with Thomas Carothers, of the endowment, Jack Snyder of Columbia University and Francis Fukuyama of SAIS. Location: 1779 Massachusetts Ave. NW.

CHAO-PERFORMANCE _ 12:30 p.m. Secretary of Labor Elaine L. Chao will deliver the keynote address, ``Driving Performance.'' at the Performance Institutes Government Performance Summit. Location: Omni Shoreham Hotel, Hampton Room, 2500 Calvert St. NW.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

DISPLACED IRAQIS _ 12:30 p.m. The International Organization for Migration (IOM) and SAIS Foreign Policy Institute host a discussion led by IOMs Iraq Displacement Specialist, Dana Graber, who will present IOMs Iraq Displacement Report 2006. The discussion will be moderated by Dr. Thomas Keaney, Executive Director, Foreign Policy Institute of The Johns Hopkins University School of Advanced International Studies (SAIS). Since February 22, 2006, assessments carried out by IOM confirm that 360,000 individuals have been displaced due to sectarian violence, military clashes, and criminality. Location: SAIS Rome Building Auditorium, 1619 Massachusetts Ave. NW.

FAA-BLAKELY _ 12:30 p.m. FAA Administrator Marion Blakely addresses a National Press Club luncheon. Location: National Press Club.

IRAQ _ 12:30 p.m. The School of Advanced International Studies holds a presentation by Dana Graber, Iraq displacement specialist for the International Organization for Migration, discussing the IOMs newest report, ``Iraq Displacement 2006 Year in Review, `` which is being released on Jan. 30, The report says 360,000 people in Iraq have been displaced due to sectarian violence, military clashes and criminality. Location: Auditorium, 1619 Massachusetts Ave. NW.

NELSON _ 12:30 p.m. The Council on Foreign Relations holds a discussion with Sen. Bill Nelson, who will discuss his trip to Syria last month. Location: Washington Club, 14 Dupont Circle.

OCEANS REPORT CARD _ 12:30 p.m. The Joint Ocean Commission Initiative holds a media teleconference to release its report card on the status of U.S. efforts to protect the oceans. Areas graded include: national, state, and regional governance; research, science, and education; funding; fisheries management; and international leadership. The report card highlights developments in key states including California, Washington, Oregon, New York, Massachusetts, and the Gulf region. Briefers: Leon E. Panetta and Admiral James D. Watkins (USN, ret.), co-chairmen, Joint Ocean Commission Initiative. Contacts: Monisha Som, 202-293-6200 ext 219.

RELIGIOUS-MINIMUM WAGE _ 12:30 p.m. Senators Edward M. Kennedy, Sherrod Brown, and other senators join leaders in the religious community for a press conference on the urgency and moral obligation of paying Americas workers a fair wage. Location: Room S-324, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

LOCAL MEDIA DIVERSITY _ 12:30 p.m. - 2 p.m. The Center for American Progress Action fund hosts a panel, ``Local Media Diveristy Matter to All Americans,'' as the FCC revisits its media ownership rules, considering the impact of media consolidation on the opportunities for democratic deliberation of all Americans. Keynote Speaker: Rep, Xavier Becerra, D-Calif. Panelists: Robert Entman, J.B. and Maurice Shapiro Professor of Media and Public Affairs, George Washington University; Philip M. Napoli, Director of the Donald McGannon Communication Research Center, Fordham University; and Federico Subervi, Professor, School of Journalism and Mass Communication, Texas State

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University-San Marcos. Location: Room B-340, Rayburn House Office Building.

PRESIDENTIAL ELECTON FUNDING _ 1 p.m. Reps. Marty Meehan, D-Mass.; Christopher Shays, R-Conn.; and David Price, D-N.C., hold a press conference to discuss what they say is the need for reform of the presidential public financing system and to introduce their Presidential Funding Act legislation. Location: House Radio/TV Gallery.

SCIENTISTS-CLIMATE CHANGE _ 1 p.m. The Union of Concerned Scientists and the Government Accountability Project hold a teleconference on their release of a report that they say has uncovered new evidence of suppression and manipulation of climate science in seven federal agencies. Notes: Phone: 866-814-8448. Pass code: Climate Survey.

INTERNET FREEDOM _ 1 p.m. - 4 p.m. The Global Internet Freedom Task Force (GIFT), which is jointly chaired by Paula Dobriansky, Under Secretary for Democracy and Global Affairs, and Josette Sheeran, Under Secretary for Economic, Energy and Agricultural Affairs, will host its first conference on Global Internet Freedom. Location: U.S. Department of State, Marshall Center.

CONGRESS-NATIONAL GUARD _ 2 p.m. National Guard advocates in both the Senate and House hold a news conference to announce the introduction of legislation to strengthen the National Guards voice in Pentagon policy decisions affecting the Guard. Sens. Patrick Leahy, D-Vt., and Kit Bond, R-Mo., co-chairs of the Senate National Guard Caucus, will be joined by other House and other Guard Caucus members as they announce the introduction of the National Guard Empowerment Act of 2007. Location: House Radio/TV Gallery.

KIDNAPPED ISRAELI SOLDIER _ 2 p.m. Karnit Goldwasser, wife of kidnapped Israeli soldier Ehud Goldwasser, and Israeli Ambassador Sallai Meridor, join the new Chairman and Ranking Member of the House Subcommittee on the Middle East and South Asia Reps. Gary Ackerman and Mike Pence as well as Foreign Affairs Committee Ranking Member Rep. Ileana Ros-Lehtinen at a press conference for the introduction of a resolution calling for the immediate release of her husband, as well as Eldad Regev and Gilad Shalit. Location: Room 2255, Rayburn House Office Building.

IRAQ-AFGHANISTAN DELEGATION _ 3 p.m. Speaker Nancy Pelosi and members of the bipartisan congressional delegation that recently returned from Iraq and Afghanistan hold a news conference to discuss their experiences and observations. In addition to Pelosi, participants are Chairman Ike Skelton, Armed Services Committee; Chairman Tom Lantos, Foreign Affairs Committee; Chairman Silvestre Reyes, Intelligence Committee; Chairman John Murtha, Defense Appropriations Subcommittee; Chairwoman Nita Lowey, State, Foreign Operations, and Related Programs Appropriations Subcommittee; Congressman David Hobson, Ranking Member, Energy and Water Development Appropriations Subcommittee. Location: Room 2172, Rayburn House Office Building.

GUTIERREZ-TRAVEL _ 4 p.m. Secretary of Commerce Carlos M. Gutierrez discusses how travel and tourism keeps our economy strong at a meeting of the Travel and Tourism Advisory Board. Location: Department of Commerce, 1401 Constitution Ave. NW.

DARFUR _ 6:30 p.m. - 8 p.m. Senior Advisor at the International Crisis Group John Prendergast will discuss ``Genocide in Darfur: What International Action and When? Prendergast, an expert on African affairs, will be joined by Paul Williams, GW visiting associate professor of international affairs. Location: George Washington University, Elliott School of International Affairs, Room 213, 1957 E St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Attorneys Condemn Chinese Uighurs' Detention Conditions. The Washington Post (1/30, A4, Smith, Tate) reports, "Chinese Uighurs who have been imprisoned for the past month at a new state-of-the-art detention camp at Guantanamo Bay, Cuba, are being held around the clock in near-total isolation, a circumstance their lawyers say is rapidly degrading their mental health, according to an affidavit filed in federal court yesterday." The Post continues, "The lawyers' complaint is the latest step in their efforts to force an expedited review of the Uighurs' confinement by the U.S. Court of Appeals, a review that the Bush administration opposes and that Congress made more difficult in legislation it passed late last year. … The Uighurs' (pronounced weegurs) detention by the U.S. military, after being sold for bounty by Pakistanis in early 2002, has long attracted controversy. The men had just arrived from Afghanistan, where, they said, they had received limited military training because they opposed Chinese government control of their native region. But they said they never were allied with the Taliban or opposed to the United States, and had fled to Pakistan only to escape the U.S. bombing campaign." The Post adds, "By 2005, U.S. military review panels determined that five of the 18 captured Uighurs were 'no longer enemy combatants,' but they continued to be held at the Guantanamo Bay prison until their release last year. The panels did not reach that conclusion about the other 13, though all had given similar accounts of their activities during the reviews, according to declassified transcripts of the sessions. … U.S. District Judge James Robertson ruled in December 2005 that the government was unlawfully imprisoning the Uighurs who were found not to be combatants." The Post notes, "The Justice Department, in court papers, has maintained that the appellate court should delay reviewing the Uighurs' detention until cases related to other detainees are resolved. It also has said that legislation passed last year by Congress, which created new military panels to try Guantanamo Bay detainees on criminal charges, seriously limits the court's jurisdiction to question government decisions on their detention."

Man Faces Terror Charges Stemming From Attack Against US Troops In Iraq. The Washington Times (1/30, Seper, 88K) reports, "An Iraqi-born Dutch citizen pleaded not guilty yesterday in federal court in Washington to charges of conspiring with insurgents to attack U.S. military personnel in Iraq -- the first US criminal prosecution arising from terrorist activities in Iraq." Wesam al-Delaema, "extradited from the Netherlands on Saturday, had been sought by the US government since 2003, when he and other members of the 'Mujahideen from Fallujah' videotaped themselves planting explosives along an Iraqi road used by US troops." FBI Assistant Director Joseph Persichini Jr., "who heads the bureau's Washington field office, said Mr. al-Delaema's extradition 'sends a clear message of the FBI's unwavering dedication to our mission to detect, deter and bring to justice any individual who conspires to commit terrorist acts against any US citizen either in this country or on foreign soil.'"

The Washington Post (1/30, A4, Eggen, 690K) says "the unusual extradition agreement would allow Delaema to return to the Netherlands to serve his prison sentence if he is convicted, Dutch and US officials said. … Victor Koppe, who served as Delaema's attorney in the Netherlands, said the arrangement guarantees that Delaema will not be designated an enemy combatant or tried by a US military commission. Dutch courts also will be able to review and possibly modify the terms of any US sentence once Delaema is returned home, Koppe and U.S. officials said."

USA Today/AP (1/30) reports Al-Delaema's lawyers "have argued the US does not have the right to try him." Prosecutor Gregg Maisel "said the government would be seeking hair and saliva samples from al-Delaema, which the Justice Department said could link him to the crimes."

ABC News (1/30, Ryan, Thomas) reports, "Charges against Delaema include: conspiracy to kill U.S. citizens abroad; conspiracy to use a weapon of mass destruction (explosives); conspiracy to maliciously damage or destroy U.S. government property by means of an explosive; possession of a destructive device (explosives) during a crime of violence; conspiracy to possess a destructive device (explosives) during a crime of violence; and teaching or demonstrating the making or use of an explosive with the

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intent to further a crime of violence. … At the time of his arrest in the Netherlands, foreign media outlets reported that Dutch anti-terrorism police found video tapes of insurgent attacks and operations in Iraq at Delaema's residence. … Delaema was extradited to the United States from the Netherlands late Saturday night by the FBI and U.S. Marshals. He will be held without bond until his status conference and detention hearing on February 5."

United Press International (1/30, Waterman) reports, "Monday, the U.S. District Court in Washington gave prosecutors permission to obtain DNA swabs from Delaema, so that they could be compared with a database of DNA obtained from bomb fragments and 'other physical items' recovered from attack scenes and other terrorist sites. … The database is compiled by the Terrorist Explosive Device Analytical Center -- a multi-agency effort between the U.S. Department of Defense and federal law enforcement agencies which functions as a repository for all kinds of forensic evidence from terror attacks in Iraq and elsewhere." UPI adds, "According to court filings, the center "conducts a full range of forensic and technical analysis on such items, utilizing analytical protocols that include photography, latent fingerprint analysis, trace evidence (hair and fiber), DNA, electronic and cryptographic analysis, and tool marks."" UPI notes, "According to the indictment and other court documents, Delaema was arrested May 2005 in the Dutch city of Amersfoort. One report at the weekend said Dutch authorities had been originally been tipped to Delaema by U.S. intelligence, and the court documents say Dutch police monitored telephone conversations he had with people in Iraq. … European counter-terrorist officials have broken up several networks recruiting and making travel arrangements for European Muslim extremists who want to go to fight the U.S. military in Iraq."

Al Qaeda Leader In Turkey, 47 Seven Other Terror Suspects Arrested. The New York Times (1/30, Arsu, 1.16M) reports, "In simultaneous operations carried out in five Turkish cities on Monday, the police arrested 47 people suspected of being Islamic militants, including the leader of Al Qaeda in Turkey, the semi-official Anatolian news agency reported." The Times adds, "Police acted on information warning of 'sensational attacks' by Turkish groups in coordination with Al Qaeda, the report said. No details were available on the nature of possible targets."

Gonzales' Remarks On Habeas Mark New Test On Executive Powers. The Los Angeles Times (1/30, Savage) reports, "Atty. Gen. Alberto R. Gonzales provided laugh lines for comedians and fodder for outraged bloggers when he told senators recently that the Constitution does not specifically grant individuals the right to habeas corpus." The Times continues, "The Constitution appears to contradict him on that historic doctrine, which says those taken into custody have the right to plead their innocence before a judge. 'The privilege of the writ of habeas corpus shall not be suspended,' it says, 'unless when in cases of rebellion or invasion the public safety may require it.' … Most constitutional experts agree that phrase clearly guarantees the right of habeas corpus. And Gonzales himself later clarified that he believes Americans do have that right. … But in a clumsy way, Gonzales was making a claim that underpins the Bush administration's controversial view that 'enemy combatants,' including the prisoners at Guantanamo Bay in Cuba, are not entitled to fight the government in court." The Times adds, "The dispute involves not only the Constitution but also a separate law that spells out the reach of habeas corpus. The issue, which sparked the lively exchange between Gonzales and senators, is the focus of a bill before Congress as well as cases involving 'enemy combatants' that appear headed to the Supreme Court. … Many senators, including Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and its ranking Republican, Arlen Specter (R-Pa.), believe the right to habeas corpus should apply broadly and include foreign terrorism suspects held at Guantanamo Bay. … But they lost last year when the issue came before Congress. … In a 51-48 vote, the Senate joined the House in affirming the Bush administration's view that habeas corpus should not cover 'aliens' held as terrorism suspects or 'enemy combatants.'" The Times notes, "The new law, known as the Military Commissions Act, overturned a Supreme Court ruling that had extended habeas corpus rights to the detainees at Guantanamo Bay. But in that decision, in the case of Rasul vs. Bush, the justices said they were ruling only on the statutory law, not on the Constitution. … Now that Congress has overridden the high court's view, the next round of litigation in the 'war on terror' is focusing on the right to habeas corpus in the Constitution. … Although everyone — including, apparently, the attorney general — agrees the Constitution protects a right to habeas corpus, there is considerable debate over the reach of that right."

Virginian-Pilot Blasts Gonzales For Habeas Stance. The Virginian-Pilot (1/30) editorializes, "Even when White House policies seem ill-conceived, they at least have a veneer of defensible logic. If America doesn't like the idea of government agents examining its library habits, the practice does make a certain quaint, paranoid sense. … But Attorney General Alberto Gonzales has ceased even trying to maintain the pretense of reason." The Virginian-Pilot continues, "Appearing before the Senate Judiciary Committee, Gonzales abandoned cogency altogether for bald assertion of illogic as truth. … Gonzales, the highest officer of the law in the nation, asserted that because the framers don't specifically enumerate habeas corpus, it's not guaranteed, for example, to American citizens held in detention indefinitely without

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charge - precisely the kind of thing that habeas was designed to prevent. … The Constitution doesn't explicitly give people the freedom to have children or breathe the air, but nobody would claim Americans don't have the right to each of those things. … Gonzales' logic leads to the notion that only rights included in the Constitution actually exist, a little worrisome since it's a document silent on both babies and breathing. Still, if common sense and logic were the worst of Gonzales' violations, we'd be comforted."

NYTimes Celebrates Canada's Apology To Arar. The New York Times (1/30, 1.16M) editorializes, "Canada set an important example of decency when it offered a formal apology and compensation worth millions of dollars to a Syrian-born Canadian citizen who was a victim of President Bush's use of open-ended detention, summary deportation and even torture in the name of fighting terrorism. Last week's announcement by Prime Minister Stephen Harper came more than four years after the nightmare began for the Canadian, Maher Arar, a 36-year-old software engineer," which was "part of a legally and morally unsupportable practice known as extraordinary rendition, the deportation of terrorism suspects to countries where the regimes are known to use torture and to disdain basic human rights protections. Four months ago, a Canadian government panel concluded that Mr. Arar had never had a terrorism connection, and that Americans had misled Canada about their plans for him. The Bush administration stonewalled the inquiry."

HOMELAND RESPONSE:

Lack Of Screening For Airport Workers Said To Leave "Gaping Hole" In Security. The CBS Evening News (1/29, story 7, 3:30, Couric, 7.66M) reported that at America's airport "there's still a gaping hole in the security net, because while 700 million travelers were subjected last year to metal detectors -- that even includes pilots, flight attendants and their carry-on baggage -- there was no similar screening of tens of thousands of airport workers." The TSA said in a statement that "employees working in secure areas '…are subject to multiple security areas,' including '…random screening at any time and without notice,' and '…are required to undergo extensive background checks.' But how extensive can those checks really be when just last year 65 illegal immigrants got into the TSA system and were working in some of the most secure areas of several major US airports before finally being arrested?"

NRC Rejects Petition To Harden Nuclear Plants Against Air Attack. Under the headline, "Nuclear Agency: Air Defenses Impractical," the Washington Post (1/30, A4, Mufson, 690K) reports, "Federal regulators plunged into an energy and national security controversy yesterday by ruling that the nation's 103 nuclear power plants do not need to protect themselves from potential attacks by terrorists using airplanes. The Nuclear Regulatory Commission's 5-to-0 ruling was in response to a 2004 petition by the Committee to Bridge the Gap, a Los Angeles nonprofit group, that said nuclear plants should build shields made of steel I-beams and cabling or take other steps to prevent a release of radiation in case of an air attack. Eight state attorneys general backed the petition. … 'Nuclear power plants are pre-emplaced nuclear weapons near major cities,' said Daniel Hirsch, president of the Committee to Bridge the Gap. 'They can't blow up like a nuclear bomb, but they can release a thousand times the radiation of the Hiroshima bomb. They are the most attractive target for a terrorist to hit in our country.'" But "NRC Chairman Dale Klein said, 'Nuclear power plants are inherently robust structures that our studies show provide adequate protection in a hypothetical attack by an airplane.'" The NRC may "impose stricter requirements on new plants," but for now, "the NRC said that guarding against airborne attacks was the job of the military and other agencies."

The New York Times/AP (1/30, Press) notes that the NRC said, "[p]lant operators should instead focus on limiting radioactive releases and public exposure from any such airborne attack, the agency said in a revised defense plan for nuclear plants. 'The active protection against airborne threats is addressed by other federal organizations, including the military,' the commission said."

Under the headline, "Idea To 'Cage' Atomic Plants Is Rejected; A California group had asked that steel shields and other anti-terrorism measures be mandated," the Los Angeles Times (1/30, Weikel, 850K) reports that the NRC "adopted regulations similar to security directives it imposed in April 2003, without public hearings, on operators of commercial reactors. The directives deal with the size, training and composition of security forces; reactor security; barriers to protect against truck or car bombs; the dimensions of security perimeters; and the numbers of terrorists that plants must defend against." Still, "some fear that a terrorist attack could breach a reactor or a plant's nuclear waste storage facilities and release harmful radiation."

Affidavit Details Aggressive Investigation Of Rhode Island Trucking Student. The Providence Journal (1/30, Ziner, 167K) reports, "Shortly after Mohammed Mullawala's arrest in Rhode Island last month, investigators discovered he was a man on the move who ricocheted from state to state, city to city and apartment to apartment. But a state police affidavit draws a more complicated picture of the

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man whose behavior at a Smithfield trucking school in November triggered a nationwide investigation that involves the FBI's Joint Terrorism Task Force and multiple state police fusion centers tasked with homeland security concerns. Mullawala, a 28-year-old Indian national, faces a deportation hearing today." The Journal notes, "The timeline revolves around 11 addresses in four states that Mullawala says he lived at. Only 7 have checked out so far, some of which he apparently stayed at for only a month. … The affidavit underscores how vigorously FBI agents and state police detectives attached to the FBI's Joint Anti-Terrorism Task Force have been pursuing leads tied to Mullawala, despite the lack of any criminal charges against him. … It states that federal agents are still trying to determine if Mullawala lived where he said he lived."

DHS IG Criticizes Coast Guard Modernization Program. In its "Fleecing of America" segment, NBC Nightly News (1/29, story 8, 2:30, Williams, 9.87M) reported, "The Federal government is spending billions of dollars to improve the fleet of the US Coast Guard, but a new watchdog report charges the program has serious problems. Ships that are way over budget and perhaps not even completely seaworthy." NBC (Meyers) adds that according to a report by federal watchdogs, a 418-foot Coast Guard cutter that had been "hailed as a crucial new weapon in the war on terror" suffers from "significant design flaws likely to shorten its useful life, increase maintenance costs and limit its ability to venture far from US shores. And the cost of building just two of these ships has roughly doubled to almost $1billion." Myers added that the report "is merely the latest debacle in a $24 billion program, known as Deepwater, to upgrade the Coast Guard fleet." Some "see a larger problem in the agency that oversees the Coast Guard." Rep. Bennie G. Thompson was shown saying, "We have assumed that the Department Of Homeland Security was shipshape. But in reality, they are just ships of fools."

The AP (1/29, Caterinicchia) reported that in a written response to the report from the Department of Homeland Security's IG, "the Coast Guard said it had 'serious concerns' with the investigators' approach to reviewing and analyzing the program. 'The report contains selective inclusion of documents that do not represent the most current, comprehensive, or technically accurate data,' the Coast Guard said."

Super Bowl Security Is Massive Coordinated Effort. The AP (1/30, Anderson) reports from Miami, "Gavin moved quickly around the spacious convention center, searching for a hidden bomb. Near a glass box containing a fire extinguisher, he sniffed the air and abruptly sat down. Inside was a pound of live high explosives, wrapped in black plastic. … For successfully finding the 'bomb,' Gavin got a treat from his handler, Special Agent L.A. Bykowsky of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. His training exercise over, the 7-year-old golden Labrador retriever is ready for duty conducting bomb-sniffing sweeps for the Super Bowl and its related events and hotels." The AP continues, "Gavin will be among 66 specialized canine bomb teams working as part of a massive local, state and federal security effort to protect one of the world's highest-profile public events from terrorists, foreign and domestic. The dog teams are one element of a 6-inch-thick security plan, which includes jet fighters and helicopters, tactical weapons teams, mobile bomb labs and robots, high-tech X-ray machines and sensors, intelligence databases and hundreds of uniformed police officers. … 'We don't have any specific threat to this event,' said Julie Torres, chief of the ATF's Miami office and the designated federal coordinator for Super Bowl security. 'It is the biggest event in the nation as far as a sporting event. It is vulnerable as far as any terrorist activity. We have to plan excessively so we can provide proper security.' … Those plans began to take shape two weeks after last year's Super Bowl in Detroit. This year's game is the sixth since the terror attacks of Sept. 11, 2001, which forever changed the security landscape for any major U.S. public event. The Super Bowl is a Level One national security event, right behind a presidential inauguration in importance." The AP notes, "The FBI plays a major role in coordinating the dissemination of intelligence and law enforcement databases - and investigating any suspected terrorism plots. … 'Information dissemination is one of our highest priorities,' said Stuart McArthur, assistant special agent in charge of the FBI's Miami field office and head of the South Florida Joint Terrorism Task Force. 'Every threat that comes in will be checked out by the South Florida JTTF.'"

Maine PUC Sets Domestic Surveillance Contempt Hearing For Verizon. The AP (1/30, Quinn) reports, "The Maine Public Utilities Commission unanimously voted Monday to schedule a hearing next month to allow Verizon Communications Inc. to argue why it should not be held in contempt for its response to a commission order stemming from allegations about domestic surveillance by the federal government." The AP continues, "The case involves a multi-customer complaint filed last May effectively seeking to force Verizon to say whether it provided telephone call records to the government without a warrant. … The complaint followed media reports about a National Security Agency eavesdropping program." The AP adds, "Verizon, in answer to the customer complaint, issued a response on May 19, 2006, in which it referred to points made in two press releases, including one that declared the company was not asked for records by the NSA and did not provide such

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records. … The PUC subsequently ordered Verizon, on Aug. 9, to affirm in writing that its representations to the commission were true. … On Aug. 21, the same day that the U.S. Justice Department filed suit against the PUC and Verizon asserting that the PUC was pre-empted by federal law from investigating the alleged spying program, Verizon said it would not submit an affirmation, citing legal action by the federal government. … Since then, the PUC has sought to have the federal suit dismissed and the complaint case has not moved forward." The AP notes, "The Bush administration has agreed to let a panel of federal judges oversee the government's domestic spying program. .. .The Foreign Intelligence Surveillance Court will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said earlier this month in a letter to the leaders of the Senate Judiciary Committee."

Senators Criticize Administration At Katrina Hearing In New Orleans. The New York Times (1/30, Nossiter, 1.16M) reports, "Three United States senators sounded off on Monday about the slow pace of recovery from Hurricane Katrina at a hearing in the French Quarter, criticizing federal officials for perceived inequities in aid to Louisiana and for imposing rules that are halting government assistance." Sens. Barack Obama and Mary L. Landrieu "focused on why Louisiana, which had far more damage than Mississippi, did not receive a larger proportion of federal aid." Responding to the senators, Donald E. Powell, the federal coordinator of Gulf Coast rebuilding, "said Congress had put a cap on how much aid money any one state could get. The senators complained about federal rules requiring a local match for aid after disasters; Mr. Powell said that in some cases, like the removal of the tons of debris that inundated the landscape here, the rules had been waived." The senators also "used the occasion to echo local laments that President Bush did not mention New Orleans in his State of the Union address.

NBC Nightly News (1/29, story 6, 2:00, Savidge, 9.87M) reported that it was up to Powell "to take the heat" from the Democratic senators. Powell was shown saying, "Progress is being made. The President has stood in Jackson Square and vowed that the Gulf Coast would be rebuilt stronger and better." Savidge: "The senators are frustrated by a lack of progress from the so-called 'Road Home Program.'" Sen. Joseph Lieberman: "The numbers are stunning, over 101,000 homeowners have applied for assistance under this program, but less than 300 homeowners have actually received funding." Savidge: "Powell said the problem wasn't the lack of Federal will, but a lack of local leadership, local leaders pointed finger back at government."

The Chicago Tribune (1/30, Dorning, 617K) reports Obama "blasted the Bush administration, saying, "There is not a sense of urgency in this administration to get this done." The Tribune adds, "The broken homes and vacant streets of the city's flood-damaged neighborhoods remain a potent political symbol." The Tribune also noted that Obama "echoed" criticism of the lack of a Gulf Coast mention in the State of the Union address, saying, "Those of us who are concerned all across the country wonder if we're in danger of forgetting about New Orleans, and that's shameful." Powell "said he was confident that when the history of the recovery effort is written 'it will also be a story of modern renaissance.'"

Landrieu Says Terror Attack Would Have Been Preferable, Calls Mississippi Most Corrupt State. Roll Call (1/30, Pershing) reports in its "Heard on the Hill" column this morning that though they had "thought it likely everything that could be said about the tragedy already had been said," Landrieu "had some highly original things to say" at Monday's hearing. "'I often think we would have been better off if the terrorists had blown up our levees. Maybe we'd have gotten more attention,' Landrieu said, according to a report from the New Orleans station WWL-TV." Landrieu continued that there is a bias against her state in Washington, D.C., and that "Mississippi is actually the most corrupt state in the union." Landrieu communications director Adam Sharp said that in referencing terrorism, Landrieu "was just reflecting on the priorities of the [Bush] administration." And "Landrieu makes no apologies" for referring to Mississippi as the most corrupt state in the union.

Business Group Releases Disaster Response Recommendations. The Washington Post (1/30, A15, Hsu, 690K) reports following complaints from business leaders that "too many efforts to help the US disaster response were thwarted by red tape" after Hurricane Katrina, Business Executives for National Security, a nonprofit, nonpartisan advisory group representing disaster-related industries, has released "a plan for public-private disaster coordination." Among other thing, the plan, released yesterday, recommends a rewrite of "the nation's disaster laws and the National Response Plan to include the private sector; tackle issues such as liability, medical and regulatory waivers; and make businesses eligible for federal aid when carrying out disaster responsibilities, such as providing security for emergency repairs."

WAR NEWS:

Bush Warns Iran Against Interfering In Iraq. President Bush was interviewed Monday on NPR (1/29), where he said, "If Iran escalates its military action in Iraq to the detriment of our troops and/or innocent Iraqi people, we will respond firmly." The interview generated only limited

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coverage, and, although Bush discussed a variety of issues, media reports focused primarily on his remarks on Iran. The CBS Evening News (1/29, lead story, 2:50, Couric, 7.66M), for example, noted the President had warned Iran to "back off," while in a brief report, NBC Nightly News (1/29, story 4, 0:25, Williams, 9.87M) said Bush "added, however, that he has no intention of invading Iran."

The AP (1/30, Hunt) reports Bush "also acknowledged skepticism concerning US intelligence about Iran, because Washington was wrong in accusing Iraq of harboring weapons of mass destruction before the US-led invasion in 2003." The President said he is "like a lot of Americans that say, 'Well, if it wasn't right in Iraq, how do you know it's right in Iran.'"

The Chicago Tribune (1/30, Silva, 617K) reports that on the issue of Iran's nuclear ambitions, Bush "insist[ed] that he is confident in the power of diplomacy to resolve it." The President also "repeatedly has asserted the right of US forces to intervene in the Iranian shipment of weaponry into Iraq," but "insists he has no plans to invade Iran, despite worries voiced in Congress."

The Washington Times (1/30, Dinan, 88K) reports Bush "also accused Iran of being part of an effort to bring down Lebanon's government as well," saying it is working with Syria and Hezbollah to "foment violence." Meanwhile, "trying to shore up support for his new plan to secure Iraq," he told NPR that senators would be sending "a contradictory message" if they vote for a resolution opposing the troop increase because those lawmakers voted just last week in favor of a new military commander who says the troops are needed.

In addition, says AFP (1/30), the President also "deplored" recent violence in Lebanon and warned that Iran, Syria and Hezbollah must be "called to account" for trying to destabilize that country. In a statement, Bush said, "While Lebanon's friends seek to help the Lebanese government build a free, sovereign, and prosperous country, Syria, Iran and Hezbollah are working to destabilize Lebanese society," noting that "those responsible for creating chaos must be called to account."

US Military Says It Has "Proof Positive" Of Iran Involvement In Iraq Violence. The CBS Evening News (1/29, lead story, 2:50, Couric, 7.66M) reported, "The United States has repeatedly warned Iran against meddling in Iraq." Bush "has accused Iran of supplying insurgents with weapons that have killed nearly 200 servicemen and women and wounded nearly 600 since the war began. Iran has denied it, but tonight the US military says it has proof positive…[which] can only worsen the tension between the US and Iran." CBS (Martin) added, "Outright war between the US and Iran remains only a remote possibility. But they are already fighting a proxy war inside Iraq. Some, but by no means all, of the violence there is stoked by Iran. US officials say there is clear evidence Iran wants to make the United States bleed as much as possible." CBS added, "US officials tell CBS News serial numbers on parts used to make advanced explosive devices powerful enough to breach the armor on an American tank have been traced directly back to Iran. These officials also say rocket propelled grenade launchers and assault rifles found in Iraq bear Iranian factory markings."

US Official Says North Korea, Iran Cooperating On Missile Development. The Washington Times (1/30, A1, Gertz, 88K) reports in a front page article that North Korea and Iran "are cooperating in developing long-range missiles," the deputy director of the Pentagon's Missile Defense Agency said yesterday. During an address at the George C. Marshall Institute, Army Brig. Gen. Patrick O'Reilly "said…North Korea test fired a long-range Taepodong missile in July, and Iran is working on a space launcher that would help develop an intercontinental ballistic missile (ICBM) that could hit the US." North Korea, he noted, "uses its missiles as 'geopolitical leverage' over the United States and its allies and also to raise money by selling them abroad," while Iran is building missiles for "both asymmetric threats and conventional threats" to US and allied forces. The speech "marked the first time the Pentagon publicly disclosed the missile cooperation between Pyongyang and Tehran," he noted.

Arab Nations Anxious Over Rise In Iran's Influence. On its front page, the Washington Post (1/30, A1, Shadid, 690K) reports, "Four years after the United States invaded Iraq, in part to transform the Middle East, Iran is ascendant, many in the region view the Americans in retreat, and Arab countries, their own feelings of weakness accentuated, are awash in sharpening sectarian currents that many blame the United States for exacerbating." As struggle for influence in the region deepens, "many in the Arab world find themselves on the sidelines. They are increasingly anxious over worsening tension between Sunni and Shiite Muslims across the Middle East, even as some accuse the United States of stoking that tension as a way to counter predominantly Shiite Iran. Fear of Iranian dominance is coupled, sometimes in the same conversation, with suspicion of US intentions in confronting Iran."

Iran, Saudi Arabia Seek To Mediate Lebanon Agreement. Under the headline "US Ally And Foe Are Trying To Avert War In Lebanon," the New York Times (1/30, A6, Slackman, 1.16M) reports, "In an unusual collaboration that could complicate American policy in the region, Iran and Saudi Arabia have been mediating an agreement to end Lebanon's violent political crisis." Hezbollah officials "have recently visited the Saudi king in Riyadh, according to officials who attended the meeting. And Prince Bandar bin Sultan, the Saudi chief security adviser, has met with his Iranian counterpart, Ali Larijani, in Riyadh and Tehran to try to stop Lebanon's slide into civil war." However, the Saudi-Iranian

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efforts "have put Washington in an awkward position, since it is trying to reduce Iran's regional influence. But since a stable Lebanon is also an American priority, American officials have watched the efforts without interfering."

Bolton Criticizes US Policy In Iran, Iraq. The Washington Times (1/30, Morrison, 88K) reports in its "Embassy Row" column that former US Ambassador to the UN, John Bolton, "dropped diplomatic niceties" in an interview with the French daily Le Monde, "calling for the replacement of the Iranian government, criticizing some US moves in Iraq and fretting about the US troop surge." He told the newspaper, in an interview published yesterday, that the "negotiations [with Iran] have failed," adding that the only way to deal with the Iranian regime is to "isolate them on the international level." He also "criticized the Bush administration's early administrative control over Iraq through the Coalition Provisional Authority," which, he said, deprived the Iraqis of "political responsibilities" and "gave the terrorists and the remainders of [Saddam Hussein's] Ba'ath Party a chance to gather." On the subject of Bush's proposed troop "surge," Bolton called it "the best of a series of bad options."

Europeans Resisting US Calls To Curb Ties With Iran. The New York Times (1/30, A1, Weisman, 1.16M) reports on its front page that European governments "are resisting Bush administration demands that they curtail support for exports to Iran and that they block transactions and freeze assets of some Iranian companies," officials on both sides say. Their resistance "threatens to open a new rift between Europe and the United States over Iran." At issue now is how the most recent UNSC resolution is to be carried out, "with Europeans resisting American appeals for quick action, citing technical and political problems related to the heavy European economic ties to Iran and its oil industry." American officials are pressing Italy, Germany, France, Spain, Austria, the Netherlands, Sweden and Britain, because they all have "extensive business dealings with Iran, particularly in energy."

Shell Iran Plan May Lead To US Sanctions. The Financial Times (1/30, Crooks) reports US authorities will "take a look at" a "controversial" agreement signed over the weekend by Royal Dutch Shell "that could ultimately lead to a multi-billion dollar investment in Iran," a US State Department official said. Shell and its partner Repsol of Spain have signed a service agreement with the Iranian government "to continue work on developing blocks 13 and 14 of the giant South Pars gas field, in spite of mounting international pressure over the country's nuclear program." Assistant Secretary McCormack said Monday that US government lawyers and policymakers "would take a look at the Shell deal, to see whether to take any action."

Legislation Targets Surplus Sales To Iran. The AP (1/30, Theimer) reports Sen. Ron Wyden (D-OR) has proposed legislation to "cut off all Pentagon sales of surplus F-14 parts, saying the military's marketing of the spares 'defies common sense' in light of their importance to Iran." The measure "would ban the Defense Department from selling surplus F-14 parts and prohibit buyers who have already acquired surplus Tomcat parts from exporting them."

Ahmadinejad Faces Mounting Domestic Criticism. The Wall Street Journal (1/30, A5, Spindle, 2.04M) reports, "With another confrontational moment in Iran's nuclear standoff approaching next month, criticism of the country's president at home is increasing." President Mahmoud Ahmadinejad now "suddenly faces a concerted effort by political foes to constrain both his populist economic policies and his public defiance of the West." Many of Tehran's elite politicians and clerics "have long harbored concerns about Mr. Ahmadinejad… But the immense popularity he generated among Iran's poor and working-class voters kept many of his critics from speaking out or openly moving against his policies." However, a round of elections late last year "has undermined Mr. Ahmadinejad's political momentum and unleashed a flood of public criticism and moves to clip his wings."

Iraqi Forces Said To Have Performed Poorly In Weekend Battle. The New York Times (1/30, Santora, 1.16M) reports, "Iraqi forces were surprised and nearly overwhelmed by the ferocity of an obscure renegade militia in a weekend battle near the holy city of Najaf and needed far more help from American forces than previously disclosed, American and Iraqi officials said Monday." They "said American ground troops -- and not just air support as reported Sunday -- were mobilized to help the Iraqi soldiers, who appeared to have dangerously underestimated the strength of the militia, which calls itself the Soldiers of Heaven and had amassed hundreds of heavily armed fighters." The Iraqis and Americans "eventually prevailed in the battle. But the Iraqi security forces' miscalculations about the group's strength and intentions raised troubling questions about their ability to recognize and deal with a threat."

ABC World News (1/29, story 2, 2:40, Karl, 8.78M) said "Iraqis may have been in the lead here, but several hundred American troops were involved and most of the killing ultimately done by US air power." ABC also noted President Bush's comments in an NPR interview, saying Bush "seemed buoyed by the performance of the Iraqi troops."

NBC Nightly News (1/29, lead story, 3:30, Williams, 9.87M) reported that "if it wasn't hard enough to figure out all the factions in the fighting in Iraq, tonight there is word from a battlefield in the desert halfway around the world that there is a new force to worry about and it is being described as a cult. You may have heard of the big attack yesterday that left 200 Iraqis dead. They were fighting US soldiers and their fellow Iraqis, Shiite on Shiite. And tonight all indications are this

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group was bent on making a big kill before they themselves were killed in the fight." NBC (Arraf) added, "One of those killed, according to Iraqi official, the leader of the group. An Iraqi who believed he was a messenger of God. His group came out of nowhere and waged one of the biggest battles fought by Iraqi forces. The group called Soldiers of Heaven was using the cover of hundreds of thousands of Shi'as on their way to the holy cities. Their goal was to attack the pilgrims the holy sites and to kill top Shi'a clerics."

The CBS Evening News (1/29, story 2, 2:00, Logan, 7.66M) reported, "An Iraqi official said there were women and children among the detainees from the battlefield, describing them as family members who had been tricked into joining the cult. And an Iraqi soldier with military intelligence told CBS News that he saw women and children among the dead."

USA Today/AP (1/30, 5A), Los Angeles Times (1/30, Roug, Daragahi, 850K), Washington Post (1/30, A1, Partlow, Sarhan, 690K) and Washington Times/AP (1/30, Gamel) also report on the battle. The Christian Science Monitor (1/30, Murphy, 59K), in a story titled "Battle Suggests New Sectarian Divides In Iraq," says that "what precisely happened near the Shiite shrine city of Najaf Sunday is still being sorted out, but it seems likely that at its root was an unusual new wrinkle in Iraqi violence: a Shiite plan to attack Shiites. … The incident is a reminder of the swirling agendas now at play in Iraq and the turbulent political waters US troops are wading into as more soldiers arrive and President Bush has vowed to stand by Shiite Islamist Prime Minister Nouri al-Maliki."

Bush Says He Expects Iraqis To Take The Lead In Ending Violence. President Bush, in an interview with NPR's All Things Considered yesterday (1/29, Williams), addressed his expectations once his new Iraq strategy is implemented. Bush, also reacting to yesterday's battle between US and Iraqi forces and an insurgent group, said, "One of the things that I expect to see is the Iraqis take the lead and show the American people that they're willing to do the hard work necessary to secure their democracy. And our job is to help them. ... We can debate terms, but what can't be debated is the fact that Iraq is violent. And the violence is caused by Sunni Arabs, like al Qaeda, who have made it clear that they want to create chaos and drive the United States out so they can have safe haven, and then they could launch attacks against America." ABC World News (1/29, story 2, 2:40, Gibson, 8.78M) briefly noted Bush's comments as part of its coverage of violence in Iraq, saying Bush "seemed buoyed by the performance of the Iraqi troops."

Baker Agrees To Testify Before Congress Today. The Hill (1/30, Bolton) reports, "James A. Baker III, the co-chairman of the Iraq Study Group, has ended weeks of resistance and today will testify before Congress on the war, avoiding a split with his fellow co-chairman, former Rep. Lee Hamilton (D-Ind.). Sources familiar with the efforts to persuade Baker to testify said he did not want to appear to be lobbying against President Bush at the height of his push for 21,500 additional troops in Iraq." Baker "will answer senators' questions today during a hearing of the Senate Foreign Relations Committee, which includes three Democratic presidential hopefuls and Sen. Chuck Hagel (Neb.), the chamber's most forceful Republican critic of the war, who also is mulling a White House bid."

Lugar Says Bush Plan A "Draw Play On Third Down With 20 Yards To Go In The First Quarter." Sen. Richard Lugar, ranking minority member of the Senate Foreign Relations Committee, writes in the Washington Post (1/30, A17, 690K), "Some commentators have compared the Bush plan to a 'Hail Mary' pass in football -- a desperate heave deep down the field by a losing team at the end of the game. Actually, a far better analogy for the Bush plan is a draw play on third down with 20 yards to go in the first quarter. The play does have a chance of working if everything goes perfectly, but it is more likely to gain a few yards and set up a punt on the next down, after which the game can be continued under more favorable circumstances." Lugar adds, "The president's plan is an early episode in a much broader Middle East realignment that began with our invasion of Iraq and that may not end for years. … The administration must avoid becoming so quixotic in its attempt to achieve the optimal outcome in Iraq that it fails to adjust to shifts in the region or political realities within Iraq. Although any administration would be reluctant to talk about a Plan B when its primary plan is still in motion, the president and Congress must reach a consensus on how to protect our broader strategic interests regardless of what happens in those Baghdad neighborhoods or on the floor of the Senate."

McCaskill Says Bush Strategy Showcases Wrong Priorities. Democratic Sen. Claire McCaskill said on Fox News' Your World (1/29, Cavuto), "My problem with what…Bush is asking of the American people is that we have not required that the Maliki government show us anything. They've been talking and I think the American public has been very patient. I don't think we've been impatient. It's been four years, and every time the Maliki government has said we will stand up and do something, they have failed to do it. ... This plan, if you really scrub it, is a law enforcement operation on steroids. The city is divided into large precincts, and they are going to be going out with the Iraqi military and the Iraqi police and helping them with the lawlessness that has enveloped Baghdad. ... If we do not have the Iraqi police and the Iraqi military and we do not have any kind of criminal justice system within the country, that should come first before we spend more of our precious lives and more of our treasures."

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Nelson Says Proposed Surge Too Small To Help. The AP (1/30, Flaherty) reports Armed Services Committee member Sen. Bill Nelson, in "remarks prepared for a speech Tuesday," "said only another 200,000 or 300,000 U.S. troops would make a substantial difference in Iraq. ... Nelson also was expected to deliver a sharp rebuke of Iraqi Prime Minister Nouri al-Maliki. Nelson said al-Maliki 'either lacks the will, or the nerve, to take on the Shiite militias.'" The AP adds, "Public sentiment has turned strongly against a war that has dragged on for nearly four years with more than 3,000 American dead and violence unabated by insurgents and sectarian militias."

Huckabee Expresses Support For Bush Plan. Former Arkansas Governor and 2008 presidential candidate Mike Huckabee said on CNN's The Situation Room (1/29, Blitzer) that Bush "has got to be given a chance to succeed with the plan that he has and that Gen. Petraeus is telling the Congress will work. ... I can't tell you it's going to work, because I don't know. But I do know that it's time to stand behind our troops, and see if the President's plan of increasing the patrols in Baghdad will at least work for bringing some stability." Asked what gives him "confidence that this new strategy might work," Huckabee replied, "Because it comes from a trusted general, Gen. Petraeus, who is there, and whose method of operations when he was with the 101st Airborne, I think, was a successful operation. Let's hope it's going to be this time."

Decision On Iraq War Attributed To Water Cooler-Style Deliberation. In his Washington Post column (1/30), Richard Cohen says, "A better name" for the Iraq war "would be the War of the Water Cooler. This, I'm sure, is where it all started. You can scour the vast literature about the Iraq war and how it started and not find the single moment when George W. Bush decided he had to go to war -- and why. The minutes of all the pertinent meetings, all of them surely monitored by Bob Woodward, either have produced nothing or will produce nothing because nothing was produced in these meetings. This war, I am sure, was the product of what Dick Cheney said to Bush at the White House water cooler. No one was present to take any of this down on paper."

More Commentary. Bret Stephens writes in the Wall Street Journal (1/30, A16, 2.04M), "These are our options in Iraq: We can withdraw troops and equipment as fast as our Galaxys and Globemasters can carry them home (or to Okinawa). This is the Murtha Way. We can cap troop levels at 140,000 and withdraw them no later than Inauguration Day, 2009. This is Hillary's Way. We can redeploy our forces outside of Iraqi cities, conduct limited training and counterterrorism missions, urge reconciliation among the various political factions and seek diplomatic openings with Syria and Iran. This is the way of Sens. Chuck Hagel and Joe Biden. We can advocate and facilitate the partition of Iraq. This is the (Peter) Galbraith Way. Or we can surge troops into the toughest neighborhoods of Baghdad, Ramadi and Najaf and keep them there indefinitely. That is the President's Way." Bush's approach "is going to mean many more American casualties -- perhaps as many in the months ahead as we've seen over the past four years. It may fail for lack of troops, or insufficient cooperation from the Iraqi government. It could be defeated in the field, or it could succeed -- only to be undermined in Washington, much as Gen. Creighton Abrams's 1972 battlefield victories in Vietnam were. It lacks an endgame. It's a political loser." But "it is the only strategy on the table that aims at victory and has a chance of succeeding."

Fouad Ajami, who teaches at Johns Hopkins, writes in the Wall Street Journal (1/30, A17, 2.04M), "So this government in Baghdad, fighting for its life, has not mastered even the grim science of the gallows, and has no knowledge of the 'drop charts' used for hangings around the world. The Tikritis had been much better at this sort of thing." Iraq "has been fought over, and a verdict can already be discerned -- rough balance between its erstwhile Sunni rulers and its Shia inheritors, and a special, autonomous life for the Kurds. Against all dire expectations, the all-important question of the distribution of oil wealth appears close to a resolution. … This is the country midwifed by American power. We were never meant to stay there long. Iraq will never approximate the expectations we projected onto it in more innocent times. But we should be able to grant it the gift of acceptance, and yet another dose of patience as it works its way out of its current torments. … This may not be the stuff of glory, but it has power and legitimacy all its own."

Author Milton Viorst writes in the New York Times (1/30, 1.16M) that Bush "seems not to have noticed, but what stands between hostile sectarian forces and the resumption of all-out civil war in Lebanon is the Arab League, whose diplomacy 17 years ago put an end to a conflict in which tens of thousands of Lebanese died. Is there not a lesson here, for the president and the Democratic Congress, that is applicable to Iraq? … Curiously, the Iraq Study Group, in acknowledging Iraqi distrust of the United States, suggested a greater diplomatic role for Syria and Iran, the very countries that have an interest in Iraq's instability. Though better relations with these two countries might be in Washington's long-term interest, they are surely not going to help matters in Iraq. That's where the Arab League comes in. Because it is Arab, it can count on a level of trust, even among suspicious Iraqis, not available to the United States or its Western allies." Viorst adds "critics argue that the Arab League, being heavily Sunni, can have no influence on Iraq's Shiites." But "they forget that the bulk of the Iraqi Army that defeated Iran in the 1980-88 war was Shiite. This fact alone tells us that Iraqi Shiites, much as they want to be rid of the American occupation, are not ready to become Iranian. The Arab

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League can work from this premise to restore Iraq's stability. The United States cannot."

Additional 21,500 Troops Going To Iraq Said To Lack Equipment. The Washington Post (1/30, A12, Tyson, 690K) reports, "Boosting US troop levels in Iraq by 21,500 would create major logistical hurdles for the Army and Marine Corps, which are short thousands of vehicles, armor kits and other equipment needed to supply the extra forces, US officials said." The increase would also "further degrade the readiness of U.S.-based ground forces, hampering their ability to respond quickly, fully trained and well equipped in the case of other military contingencies around the world and increasing the risk of U.S. casualties, according to Army and Marine Corps leaders. 'The response would be slower than we might like, we would not have all of the equipment sets that ordinarily would be the case, and there is certainly risk associated with that,' the Marine Corps commandant, Gen. James Conway, told the House Armed Services Committee last week." The Post adds, "US commanders privately expressed doubts that Iraq-bound units would receive a full complement of Humvees."

Senate Vote On Iraq Resolutions Could Be Put Off Until Next Week. Roll Call (1/30, Stanton, Pierce, Yachnin) reports, "With a vote on one or more nonbinding resolutions opposing President Bush's decision to boost troop levels in Iraq likely a week away, Senate Democratic leaders are expected to use the delay to push back against tough White House rhetoric and attempt to build a bipartisan coalition on the issue, aides said Monday. A senior Democratic leadership aide said Monday that while no talks with Republicans who oppose Bush's Iraq strategy have been scheduled, Majority Leader Harry Reid (D-Nev.) likely will 'extend some olive branches' later in the week as the chamber moves closer to next week's vote." Republicans "are expected to oppose any effort by Reid to bring the minimum-wage debate to a close before Thursday. Because of that, a plan to begin debate on a resolution sponsored by Sens. Carl Levin (D-Mich.), Chuck Hagel (R-Neb.) and Joseph Biden (D-Del.) will be put off until sometime next week, Democratic aides said." Democrats "are deeply skeptical of GOP indications that they would like to use all of the time allowed to them procedurally before wrapping up this week's debate on minimum wage. … If Republicans use all the time available to them under Senate rules on the minimum-wage bill, debate on the Iraq resolution likely would begin at the end of this week at the earliest." Senate Minority Leader Mitch McConnell "has said repeatedly that he does not want to block a vote on an Iraq resolution, but that he will not allow a vote on the Democrats' Iraq resolution without an agreement to also have several other votes on GOP-sponsored resolutions less critical of the president."

Also reporting on the Senate debate, USA Today (1/30, Kiely, 2.27M) says "one focus will be on a group of lawmakers with special expertise: the ones who know what it's like to fight a war that has lost the support of the American public. … When it comes to President Bush's plan to increase troop levels in Iraq, however, Congress' Vietnam veterans are divided." In the Senate, "four Vietnam combat veterans are playing key roles in the debate: Hagel authored the resolution opposing Bush's plan; his close friend, Sen. John McCain, R-Ariz., a former prisoner of war in Hanoi, is a leading backer of the Bush plan. … Then there are Kerry and Sen. Jim Webb. During the 2004 presidential campaign, Webb, D-Va., leveled withering criticisms of Kerry's anti-war activities in the 1970s. This time, Webb voted with Kerry for Hagel's resolution."

The Washington Post (1/30, A3, Weisman, Tyson, 690K), under the headline "Soldier's Death Strengthens Senators' Antiwar Resolve," says "just before Christmas, an Army captain named Brian Freeman cornered Sens. Christopher J. Dodd (D-Conn.) and John F. Kerry (D-Mass.) at a Baghdad helicopter landing zone. The war was going badly, he told them. Troops were stretched so thin they were doing tasks they never dreamed of, let alone trained for." Freeman, "took a short holiday leave to see his 14-month-old daughter and 2-year-old son, returned to his base in Karbala, Iraq, and less than two weeks ago died in a hail of bullets and grenades. Insurgents, dressed in U.S. military uniforms, speaking English and driving black American SUVs, got through a checkpoint and attacked, kidnapped four soldiers and later shot them. Freeman died in the assault, the fifth casualty of the brazen attack." Freeman's death "has radicalized Dodd, energized Kerry and girded the ever-more confrontational stance of Democrats in the Senate."

Bush Sees Contradiction Between Senate Resolutions, Vote For Pretraeus. During a NPR's All Things Considered interview yesterday, (1/29, Williams), President Bush was asked about his reaction to the Senate debate about his Iraq plans. He replied, "My feeling to the Senate echoes what Joe Lieberman said the other day, and that is, it is ironic that the Senate would vote 81-0 to send a general into Iraq who believes he needs more troops to do the job, and then send a contradictory message. The legislators will do what they feel like they've got to do. And we want to work with them as best we can to make it clear what the stakes of failure will be, and also make it clear to them that I think they have a responsibility to make sure our troops have what they need to do the missions."

McConnell echoed that point on Fox News' Your World (1/29, Cavuto), "Gen. Petraeus, having just been promoted without opposition, ought to be given a chance to succeed in his mission. It seems to me it hardly makes sense to confirm

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the general, head him out to Iraq, and then turn around and say, 'but your mission can't possibly succeed.' ... We're going to have a series of different votes on different kinds of resolutions. None of them are going to be binding. All of them, as virtually every measure in the Senate, will require 60 votes. There is a reasonable chance none of them will pass."

Feingold To Challenge Democrats' "Timidity," Call For Cutting Off Funds. The Politico (1/30) reports, "Senate Democrats oppose the war in Iraq, they just don't plan on stopping it. They have discovered that standing up to the president is not quite as easy as vilifying him." Sen. Russ Feingold "has decided, however, to challenge what he calls the 'timidity' of Democratic leaders. He is going to introduce legislation cutting off funding for the Iraq war and he may do it, he told me, as early as this week."

The AP (1/30, Flaherty) reports "the new Democratic-led Congress is on a collision course with the White House over how far lawmakers can or should go to stop the war in Iraq, a dispute that could test the bounds of the Constitution. … Some Democrats say Congress must consider tougher alternatives to force the president's hand, including cutting funding, capping the number of troops allowed in Iraq and setting an end date for the war. 'This Congress was never meant to be a rubber stamp,' Sen. Barbara Boxer told her colleagues last week. 'Read the Constitution.'"

More Commentary. Dona Brazile writes in Roll Call (1/30), "The current US occupation (along with a dwindling number of coalition forces) of Iraq is just a drop in the bucket when you have 1,300 years to avenge; they, clearly, have a lot of patience. But for many Americans, our patience with the incompetent mismanagement of the war has grown thin. It's time we have this debate and discussion in Congress. I hope the House Democrats tell the president to stay tuned."

20,000 US Soldiers Have Been Wounded, 500 Have Lost Limbs In Iraq. CBS Evening News (1/29, story 3, :10, Couric, 7.66M) reported, "In addition to the more than 3,000 American servicemen and women who have been killed in Iraq, more than 20,000 have been wounded. 500 of them have lost limbs."

Former CPA Official Sentenced To Prison For Fraud. The Washington Post (1/30, D8, Witte, 690K) reports a "former official of the U.S.-led Coalition Provisional Authority was sentenced yesterday to nine years in prison and ordered to forfeit $3.6 million for his role in one of the largest fraud schemes to emerge from the reconstruction of Iraq, the Justice Department said yesterday." Robert J. Stein, 52, "of North Carolina was arrested in November 2005 and pleaded guilty in February 2006 to charges that included bribery, money laundering and conspiracy. He was sentenced in U.S. District Court in Washington." In his "role as comptroller and funding officer for the Coalition Provisional Authority in south-central Iraq, Stein worked with other Defense Department officials to rig the bids on reconstruction contracts so that all the work went to American businessman Philip H. Bloom, according to prosecutors. In exchange, Bloom gave the officials more than $1 million in cash, plus such luxury gifts as SUVs, a motorcycle, jewelry, computers, airline tickets, liquor and promises of future employment."

US Urged To Reach Out to Iraqi Refugees. Adam Goodheart, Hodson Trust-Griswold Director of the Starr Center for the Study of the American Experience at Washington College in Chestertown, MD, and John R. Bohrer, a political writer and blogger, write in USA Today (1/30, 11A, 2.27M), "Efforts for increasing the flow of Iraqi immigrants also have been stymied by post-9/11 counterterrorism laws that make it difficult for anyone from the Middle East to enter the USA. That's an especially cruel irony, since the refugees in greatest peril are those who have put their lives on the line for what President Bush has declared is a war against terrorism. In late 1975, less than eight months after the first refugee landed in the USA, the State Department declared the resettlement effort successfully completed (at a total cost of $405 million). … If the Bush administration is prepared to reaffirm those ideals [President[Ford so eloquently invoked, it should extend a similar welcome in 2007."

Corrupt Afghan Officials Stealing Reconstruction Aid. The Washington Times (1/30, Chamberlain, 88K) reports, "Corrupt Afghan police and tribal leaders are stealing vast quantities of reconstruction aid intended to improve the lives of people and turn them away from the Taliban, US and British officials said. In some cases, all the aid earmarked for an area has ended up in the wrong hands, officials said." NATO "forces in the south of the country fear corrupt police will steal aid if handed out through them. A Pentagon official said thousands of cars and trucks intended for use by the Afghan police had been sold instead. … A committee of British lawmakers plans to investigate the corruption, which has dogged operations in Afghanistan since the Taliban were driven from power in 2001."

Course To Defeat Taliban Proposed. Selig S. Harrison, who covered Afghanistan as South Asia bureau chief of the Washington Post (1/30, A17, 690K), writes this morning that "to prevent a continued Taliban upsurge, the United States should condition future economic and military aid to Islamabad on meaningful measures to shut down Taliban camps and staging areas on the Pakistani side of the border. At the same time, the Pentagon should shift to a low-profile military strategy in which air attacks are the rare exception and peace initiatives like those of the Musa Qala elders are welcomed."

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Iraqi Prison Officials Tour South Carolina Jails For Ideas. The AP (1/30, Kinnard) reports, "Iraqi prison officials looking to rebuild their nation's jail system toured a state prison Monday, gathering ideas — including electronic door locks and an onsite license plate plant — to take back to their country." The AP continues, "A delegation that included U.S. Justice Department officials and their Iraqi counterparts visited the maximum security Broad River Correctional Institution, where the Iraqis watched inmates make South Carolina license plates and traffic signs. … Iraqi prisoners don't have a place to work, one visitor said through an interpreter." The AP adds, "The plant enables an inmate 'to help himself and his family. We can have productive inmates, not just consumer inmates,' said the warden of a Nasiriyah prison, whose name was withheld by the Justice Department for his own safety. … The group also was interested in the prison's security system, which includes electronically locking doors and video monitoring. … The delegation visited South Carolina because the state prison system was similar in size and organization to the existing Iraqi system, said Georgette Thornton, who works in Baghdad with the department's International Criminal Investigative Training Assistance Program. … The two-week visit to South Carolina will include trips to other state prisons as well as a federal prison."

CORPORATE SCANDALS:

KLA-Tencor Changes Options Report Citing Unintentional Backdating. Dow Jones (1/30) reports, "KLA-Tencor Corp., one of the nation's largest chip-equipment makers, booked a $370 million non-cash charge related to stock options it intentionally backdated. … It also may face a lawsuit from its former chief executive officer, who in a role as an adviser to the company was fired in connection with its option- accounting investigation." Dow Jones continues, "In a Securities and Exchange Commission filing Monday, KLA-Tencor said it took a charge of $348 million for stock options it granted from July 1994 through June 2005 and a $22 million charge for the year ended June 30, 2006, due to erroneous accounting methods. … The San Jose, Calif., chip-equipment maker was forced to record the charges after a special board committee found that the company had granted stock options to executive officers and other employees at advantageous prices." Dow Jones adds, "In essence, KLA-Tencor awarded stock options at prices that were lower than those on the option-grant dates it recorded on its books. … The company began its internal investigation in May. The Justice Department and the SEC also are investigating KLA-Tencor. … KLA-Tencor said in the filing that it stopped misdating stock options after June 2002, with a few 'immaterial exceptions.[It found no wrongdoing by its current management team, now led by CEO Rick Wallace. … By filing restated financial statements, the company also said it expects to comply with Nasdaq reporting requirements, meaning its stock shouldn't face delisting."

British Bankers Again Seek Dismissal Of Enron-Related Charges. Bloomberg (1/30, Calkins) reports, "Three former British bankers accused in an Enron Corp.-related fraud scheme have again asked a federal judge in Houston to dismiss charges they cheated their onetime employer, Greenwich NatWest Ltd." Bloomberg continues, "David Bermingham, Giles Darby and Gary Mulgrew argued that the indictment, which accuses them of skimming $7.35 million from the sale of an Enron-related partnership, improperly applied U.S. criminal law to British citizens acting in the U.K. In December, U.S. District Judge Ewing Werlein revised the charges without dropping any counts. … 'The wire fraud statute does not extend to the foreign scheme alleged,' the bankers said in court papers filed Jan. 22. They claim the U.S. Congress didn't intend to criminalize the activity of 'a foreign national who allegedly defrauded his foreign employer in a foreign country.'" Bloomberg adds, "Bermingham, 44, Darby 44, and Mulgrew, 45, were extradited to the U.S. in July and are charged with seven counts each of wire fraud. If convicted, they face as much as 35 years in prison. Prosecutors said the three skimmed millions in 2000 by misleading Greenwich NatWest about the value of an Enron partnership. They are free on $1 million bond each and scheduled to go on trial in September. … The original 2002 indictment relied on the legal theory that the bankers had deprived Greenwich NatWest, which has since been acquired by Royal Bank of Scotland Group Plc, of their honest services. To bolster their latest request to drop the charges, the bankers cited a December decision by Werlein to remove references to honest services from the indictment. … The honest-services argument was struck down in August by an appeals court in another criminal case stemming from a transaction at Houston-based Enron. The appeals court said an employee didn't deprive his company of honest services if he acted in the company's best interests and in line with management goals. … 'The United States will proceed at trial against defendants solely on the grounds that they deprived NatWest of money and property,' Steven Tyrrell, acting U.S. attorney in the Justice Department's Fraud Section, wrote in December. Removing the honest-services allegations 'does not deny the defendants their grand jury rights,' he said. … Jaclyn Lesch, a Justice Department spokeswoman, declined to comment on the bankers' request, saying the government will respond in court at the proper time."

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Former Officials Spared Prison Time In Cendant Accounting Scandal. The AP (1/30, Christoffersen) reports, "Two former executives were spared prison time Monday for their roles in a massive accounting scandal at Cendant Corp. that cost the company and its investors more than $3 billion." The AP continues, "Anne Pember, 47, who pleaded guilty to conspiracy in 2000, was sentenced to two years of probation and 200 hours of community service. … Casper Sabatino, 54, a former accountant at CUC who pleaded guilty to wire fraud charges and cooperated with federal prosecutors, was also sentenced to two years of probation." The AP adds, "Pember asked to be spared prison time, citing her extensive cooperation with federal investigators. Prosecutors agreed. … 'I think your cooperation and your testimony was quite extraordinary,' said Senior U.S. District Judge Alan H. Nevas. … Pember, who faced five years in prison under sentencing guidelines, apologized for her conduct." The AP notes, "Pember was controller at CUC International of Stamford, which merged with HFS Inc. of Parsippany, New Jersey, to create Cendant in December 1997. Pember became Cendant's senior vice president for accounting. … Nevas noted that Sabatino was one of the whistleblowers and was the first person to voluntarily cooperate with prosecutors. … Prosecutors say the scheme inflated the stock of CUC International, Cendant's predecessor, by $500 million."

SEC Approves Market-Based Method To Value Stock Options. The Wall Street Journal (1/30, C5, Reilly, Ng) reports, "The Securities and Exchange Commission for the first time has blessed a method for valuing employee stock options that relies on market forces rather than academic models. … The change potentially paves the way for companies to use techniques that lessen the hit to profit they take from this type of compensation." The Journal continues, "In a Jan. 25 letter, SEC Chief Accountant Conrad Hewitt said an auction system designed by Zions Bancorp of Salt Lake City could be used to derive 'market' values for employee stock options. The SEC had rejected earlier attempts at market-based methods, including a plan pitched by computer-networking company Cisco Systems Inc. in 2005. … Ever since accounting rule makers decreed that starting in 2006 companies would have to book an expense for issuing stock options, a number of companies and financial institutions have tried to develop new ways to value the instruments." The Journal adds, "Both the SEC and accounting rule makers have said they believe market-based approaches are best for valuing options. Mr. Hewitt said yesterday that the problem is that the models currently in use produce 'hypothetical numbers.' Market-based approaches produce what 'may be a real number,' he added. … So far, though, no one had devised a market-based method that passed regulatory muster."

Former CA Official Sentenced To Six Months Home Detention. The New York Times/AP (1/30) reports, "A former executive at Computer Associates was sentenced to six months of home detention yesterday after pleading guilty to conspiracy charges in connection with a scheme to bolster the company's quarterly revenue artificially through backdated sales contracts." The AP continues, "Judge I. Leo Glasser of Federal District Court sentenced David Kaplan, former senior vice president for finance, at a hearing in Brooklyn. Mr. Kaplan was also ordered to serve three years of supervised release." The AP adds, "Mr. Kaplan was one of several executives at the company, now known as CA Inc., to plead guilty to criminal charges in 2004 and to cooperate with the government."

Fannie Mae CEO Received 25% Raise In 2006. The Washington Post (1/30, D1, Hilzenrath, 690K) reports, "Fannie Mae chief executive Daniel H. Mudd received salary, stock and bonuses of more than $14.4 million in 2006, an increase of about 25 percent from the year before, the government-chartered mortgage funding company disclosed. Mudd's pay included a bonus of $3.5 million, restricted shares worth nearly $10 million and a salary of $950,000. That was up from a bonus of $2.6 million, restricted shares worth $8 million and a salary of $908,121 in 2005. For 2007, Mudd's salary was increased to $990,000." The Post adds, "Mudd was promoted to interim chief executive from chief operating officer in 2004 after an accounting scandal drove out his predecessor, former federal budget director Franklin D. Raines. Mudd's appointment was later made permanent. One of his top responsibilities is restoring the company's financial systems. More than two years after the accounting problems came to light, Fannie Mae remains unable to file timely financial statements, and its shares continue trading on the New York Stock Exchange by special dispensation."

CRIMINAL LAW:

"Unflappable" Fleischer Testifies Against Libby. ABC World News (1/29, story 4, 1:50, Gibson, 8.78M) reported former White House Press Secretary Ari Fleischer testified yesterday "for the prosecution in the perjury trial of Scooter Libby," telling "the jury that Libby had leaked to him the identity of a CIA employee whose husband criticized the President's Iraq policy." ABC (Thomas) added, "Fleischer quoted Libby as saying, 'This is hush-hush; on the QT. Not many very people know about this.' … Perhaps most damaging to Libby, Fleischer testified that the meeting happened on July 7th, several days before Libby told

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authorities he learned of the identity from the reporters." ABC noted that "under defense cross-examination challenging his credibility, Fleischer's previous training of being grilled by reporters appeared to help him. He was largely unflappable."

NBC Nightly News (1/29, story 5, 2:25, Williams, 9.87M) noted that "the former number two man to Vice President Cheney is currently on trial," and "we've already heard a lot about how concerned the White House was about press coverage, especially where it pertained to the buildup to the Iraq war." NBC (O'Donnell) reported that Fleischer "blew another hole in Scooter Libby's story. … Fleischer was in the Bush inner circle," and he "admitted that he had passed on to a few reporters that 'Wilson's wife works there,' meaning the CIA. Fleischer described it as a casual conversation that included NBC's David Gregory," but "as the leak investigation intensified, Fleischer said he worried that he could be in big trouble."

The AP (1/30, Apuzzo) reports that "Fleischer reminded Washington on Monday why he was considered one of the city's most unshakable spinmasters. … It was almost like he was back at the White House 2- 1/2 years ago, parrying questions from reporters," and his "testimony was the most damaging yet." However, "True to his reputation, Fleischer offered few behind-the-scenes glimpses of the Bush administration." USA Today/AP (1/30, 4A, Sniffen) notes, "Fleischer said he again heard about Plame four days later from White House communications director Dan Bartlett. Defense attorney William Jeffress suggested that Fleischer might have heard the Plame story first from" then-White House communications director Dan Bartlett, "but Fleischer insisted he learned about her from Libby first."

Under the headline "Former Press Secretary Says Libby Told Him of Plame," the Washington Post (1/30, A3, Goldstein, Leonnig, 690K) notes, "The unusual spectacle of a president's top spokesman testifying in open court widened the rare view the trial is providing the jury -- and the public -- of the inner workings of a White House that has proudly guarded its privacy." The Post adds, "Fleischer testified that neither Libby nor Bartlett invoked a White House protocol under which colleagues warned him when they were providing classified information that could not be discussed with reporters. He said he 'never in my wildest dreams thought this information would be classified.'"

In his Washington Post (1/30, A2, 690K) "Washington Sketch" column, Dana Milbank writes that Fleischer "has lost nothing off the old curveball," and "Libby's defense team learn what any reporter could have told them: The longer you question Fleischer, the less knowledge you take away from the experience." Milbank notes, "Jeffress asked Fleischer if Bartlett had been talking to him when he said, aboard Air Force One, that Plame was the one who sent Wilson on the trip to Niger. 'He said it out loud,' Fleischer answered. 'He was talking to you?' 'He said it out loud and I heard him,' Fleischer repeated."

Meanwhile, the New York Times (1/30, Lewis, 1.16M) reports Fleischer "was followed to the stand by a prosecution witness regarded as perhaps the most secretive and publicity-averse employee in the White House, David S. Addington. … He is widely reported to be the theoretician behind Mr. Cheney's belief in a powerful executive branch, in which the president may exert wide authority unchecked by Congress or the courts." Addington testified about a meeting at which "Libby had quizzed him as to whether the C.I.A. would have records showing when someone sent a relative on a mission. … As he provided the far-from-simple answer, he said that Mr. Libby had held out both hands in front, palms down, as if to remind him the information was sensitive. 'He said, "Keep it down,"' Mr. Addington testified."

Defense May Attack Fleischer Immunity Deal. The AP (1/30) reports, "Fleischer testified under an immunity deal with prosecutors, which means he cannot be prosecuted for having revealed that Wilson's wife worked for the CIA. He arrived in court with his attorneys. … Fleischer said he sought the deal after reading an article about the investigation. 'I thought, "Oh my God. Did I somehow play a role in outing a CIA operative?"' Fleischer said." The AP notes, "Libby's attorneys plan to argue during cross-examination that the immunity deal makes Fleischer's testimony less credible. … Prosecutor Peter Zeidenberg sought to head off that argument early in Fleischer's testimony by having him describe his deal. … 'I cannot be prosecuted for what I did with the information I was provided,' Fleischer said. 'The immunity provides no protection for perjury.'"

Testimony Said To Show Fleischer Often Was Kept In Dark. The New York Times (1/30, Shane, 1.16M) reports, "As White House press secretary, Ari Fleischer was the omnipresent television face of government power, the confident insider who spoke for President Bush and seemed to know everything but reveal only what he chose." However, Fleischer's testimony showed that "he only knew what the truly powerful chose to tell him, and sometimes that was not much. On occasion he would pronounce with great authority the administration's position on a topic only to find it had changed and nobody had bothered to let him know."

Robinson Compares Cheney's Office To "The Sopranos." In his Washington Post (1/30, 690K) column, Eugene Robinson writes, "If you've been following the…Libby perjury trial, I can understand how you might confuse Dick Cheney with Tony Soprano. Cheney's office is beginning to sound a lot like the Bada Bing, minus the dancers." Robinson adds, "You get the sense of Cheney and his crew as a semi-independent power center, a family within the larger family. You see them hunkered down in their office suite, much like Tony and crew in the back room of the Bada Bing, plotting ways to cover their behinds and do in their

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rivals -- whether those rivals are found in Baghdad, Tehran or the West Wing."

Miller To Testify Today. The AP (1/30, Apuzzo) reports, "Journalists will take center stage at the CIA leak trial as Special Prosecutor Patrick Fitzgerald begins calling reporters as witnesses. Fitzgerald said Judith Miller was to take the stand Tuesday," and "prosecutors say Libby discussed Plame…with Miller three times" – twice "before Libby says he first remembered learning Plame's identity from…NBC newsman Tim Russert." The AP notes, "Like so many other government witnesses in the case, Miller's credibility will be an issue under cross-examination. She made some inconsistent statements in her grand jury testimony, defense attorneys say."

Russert Says He Did Not Tell Libby That Plame Worked At CIA. The AP (1/30, Evans) reports, "NBC News reporter Tim Russert said Monday that he did not tell vice presidential aide I. Lewis 'Scooter' Libby that a prominent war critic's wife worked at the CIA, as Libby has claimed. Russert, who spoke in Tulsa and Oklahoma City at functions sponsored by Oklahoma State University's Spears School of Business, said he expects to be called to testify." Russert noted, "He called in protest to something he had seen on MSNBC "Hardball," and that was the extent of it.. He didn't call me as a confidential source, as such. He was calling me as a viewer to complain."

DOJ Plans $200 Million Grant Program To Curb Violent Crime. USA Today (1/30, Johnson) reports, "The Bush administration is proposing a $200 million grant program to help law enforcement agencies respond to surging violent-crime rates in cities across the nation, Justice Department officials said Monday." USA continues, "The program would help local and state police agencies pay for officers' overtime, equipment and other expenses stemming from new regional task forces aimed at curbing violent crime, Domingo Herraiz, director of the Justice Department's Bureau of Justice Assistance, told USA TODAY." USA adds, "The program has not been announced publicly; Attorney General Alberto Gonzales is scheduled to begin briefing law enforcement officials on it this week. … The task forces would be staffed with federal, state and local officers to deal with a range of growing crime problems, including recent increases in gang-related violence, gun-related crimes and illegal sales of methamphetamine. … The grant plan marks the administration's broadest recognition yet of the threat posed by rising violent-crime rates." USA notes, "The FBI reports that violent crimes — homicides, rapes, robberies and aggravated assaults — increased 2.3% nationwide in 2005 compared with 2004, the first such rise since 1991. The trend has continued through the first half of 2006, the FBI reports. … If approved by Congress as part of President Bush's spending plan for the budget year that begins in October, the program also would symbolize a renewed interest in federal funding for local police initiatives, which often have taken a backseat to homeland security programs since the Sept. 11, 2001, terrorist attacks. … The grant program — known as the Violent Crime Reduction Partnership Initiative — would not, however, be designed to help police agencies hire new officers. … Instead, it would allow local and state agencies to apply for grants of $30,000-$200,000 to better deploy and equip officers who make up the anti-crime task forces, said Herraiz and Assistant Attorney General Rachel Brand, the Justice Department's director legal policy."

Indiana Man Sentenced To Ten Years For Sexually Enticing Teen Online. The Northwest (IN) Times (1/30, Carlson) reports from Hammond, IN, "A 21-year-old Indiana man became one of the first in the nation Monday to receive a 10-year prison term for attempting to sexually entice a child through an Internet chatroom." The Times continues, "Mark Gledhill, of Syracuse, was nabbed along with 25 other men last summer in a wide-ranging federal sting for child sexual predators who use chatrooms to lure their victims. … Gledhill was among the half-dozen men in the sting who earlier pleaded guilty. He became the first to receive his sentence in U.S. District Court in Hammond." The Times adds, "The Adam Walsh Child Protection and Safety Act of 2006, which was signed into law by President Bush on July 27, increased the penalty for child enticement and other sex crimes to a 10-year minimum. … Weeks later, Gledhill and two dozen others were indicted in the Northern District of Indiana for enticement as part of Attorney General Alberto Gonzales' Project Safe Childhood. … Gledhill was caught after he allegedly had sexual chats over the Internet with a government agent posing as a 13-year-old girl. He was arrested after driving to Valparaiso to meet the 'girl.'"

FBI Investigating California Lawmaker's Land Deals. The San Gabriel Valley Tribune (1/30, Ortega, Scott) reports, "FBI investigators have contacted current and former city officials in Monrovia and Fontana about Rep. Gary Miller's land sales in those cities. Miller, R-Brea, came under public scrutiny in August when a government watchdog group filed a complaint with the Internal Revenue Service alleging that Miller failed to report or pay capital gains tax on a nearly $11.8 million sale of 165 hillside acres to the city of Monrovia for a wildland preserve." The Tribune notes, "Officials with the IRS and the FBI would not confirm that they are investigating Miller," and "Miller said Friday that he was unaware of any federal investigation into his land dealings."

Williams Testifies She Did Not Try To Steal Coke Formula. In a widely-distributed story, the AP

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(1/30, Weber) reports Coca-Cola formula theft defendant Joya Williams "denied at her trial Monday that she committed a crime. Asked by her lawyer if she took part in a conspiracy, a teary-eyed…Williams told jurors she did not." She said that Javier Sanchez Lamelas, "Coca-Cola's global brand director, was constantly on her back, so in a desperate attempt to hold onto her $46,000-a-year job she started copying every document she put her hands on and taking them home. … Williams said she needed to hold onto the job because the company health insurance paid for her medications for immune deficiency and pulmonary disorders she suffers from." The AP notes, "The government's final witness was FBI agent Jerry Reichard, who testified Monday about a $4,000 cash deposit that posted to Williams' bank account on June 19, 2006. That was three days after Reichard gave" co-defendant Ibrahim Dimson "$30,000 in cash in exchange for a sample of a new Coca-Cola product that was part of so-called Project Lancelot."

The Atlanta Journal-Constitution (1/30, Stanford, 379K) reports, "During two hours of testimony, Williams tried to convince jurors that she was the victim of two ex-cons who pleaded guilty to trying to sell secret Coke documents to an undercover FBI agent last year for $1.5 million. Williams said one of those men, Edmund Duhaney, was a longtime family friend. Williams said she is the godmother of Duhaney's two children, but now the family considers her 'the enemy.'" The AJC notes, "Last week, Duhaney testified that he gave $4,000 in cash to Williams from money he got from the undercover FBI agent. Prosecutors on Monday provided bank statements showing Williams deposited $4,000 cash into her bank account just days after Duhaney met with the agent. Williams said the cash came from a friend in Alpharetta who has not been called to testify in the case."

Dangerous MS-13 Fugitive Arrested In Texas. KHOU-TV Houston (1/29, McShan) reported on its Web site from a broadcast story, "An MS-13 gang member accused of cutting off the heads of his girlfriend's parents is in custody in Houston. In late September, FBI agents and Houston police were involved in a shootout with MS-13 gang members in a hotel parking lot on the city's southeast side. … That night an FBI agent was wounded, but when it was all said and done, four gang members were apprehended and taken to jail. A fifth suspect, 26-year-old Albin Zelaya, somehow managed to get away. The dangerous man fled Houston, crossed the border and eventually ended up in Honduras, where he was spotted just outside the tiny town of San Pedro Sula." KHOU noted that the HPD gang squad "was assisted by HPD SWAT and, we were told, the FBI," in arresting Zelaya.

Four Oklahoma Men Convicted Of Attending Cock Fight. The AP (1/30) reports, "A federal jury has convicted four men of being spectators at a cockfight held on Indian land south of Carnegie, U.S. Attorney Sheldon Sperling said Monday. The jury convicted Clay McHone, 47, of Harrah; Carl 'Hank' Bardsher, 46, of Lawton; Donald Underwood, 71, of Foster; and Robert Langford, 54, of Wichita Falls, Texas." The AP notes, "Agents from the FBI and the Bureau of Indian Affairs, aided by Oklahoma Highway Patrol troopers, raided the T.F.C. Cockfighting Facility where the cockfights were being held on July 22, and federal authorities eventually charged 75 people with various cockfighting offenses, Sperling said. … Most of the 70 have entered guilty pleas and been assessed fines ranging from $300 to $600, Sperling said."

US Alleges Pennsylvania Child Porn Suspect Also Had Sex With Child. The Philadelphia Inquirer (1/30, Shiffman, 385K) reports, "A Drexel Hill woman charged last week with helping a Delaware County man tape pornographic movies of children also engaged in sex with at least one child, a prosecutor said yesterday. The new accusation against Dorothy Prawdzik, 43, alleges that she engaged in a sexual encounter that also involved a 39-year-old man and a young girl. 'The victim was approximately 10 years old at the time ... when she was forced to participate in those sex acts,' Assistant U.S. Attorney Michelle T. Rotella said in a court filing yesterday." The Inquirer notes, "The FBI, which was brought into the case by local authorities, said it recovered from" John Jackey Worman's "computers 11,000 video clips of Worman having sex with children. The computers also contained more than 1.2 million other images, many of them pornographic. The victims ranged in age from 3 months to 15 years."

FBI Internet Sex Solicitation Sting Snares Kentucky Man. The Louisville Courier-Journal (1/30, White) reports Kishor Patel of Lyndon, Ken., "was arrested by federal agents inside Mall St. Matthews Monday afternoon after authorities said he tried to meet a 14-year-old girl there for sex." He "will be arraigned in federal court Tuesday, said David Beyer, a spokesman for the Federal Bureau of Investigation office in Louisville. Beyer said Patel had a 'look of surprise on his face' as FBI agents handcuffed him and walked him out of the mall." FBI Louisville SAC Tracy Reinhold "said Patel had been communicating online with an undercover agent whom Patel believed to be a 14-year-old girl."

Serial Child Molester Given Maximum Term In California. The New York Times (1/30, Marshall) reports from San Francisco, "A man who the authorities said had sexually abused hundreds of young boys in several states was sentenced Monday in a California courtroom to 152 years to life in prison for molesting two 12-year-olds." The

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Times continues, "The man, Dean Arthur Schwartzmiller, 65, was convicted by a Santa Clara County jury last year for sexually abusing the two boys at his San Jose home from 2002 to 2005. On Monday in San Jose, he was given the maximum penalty for the 11 felony charges of child molestation and one misdemeanor charge of possessing child pornography. … The authorities have labeled Mr. Schwartzmiller, a former handyman, one of the 'most prolific child molesters' in United States history." The Times adds, "At the time of his arrest in May 2005, a police search of his home led to the discovery of written accounts describing his sexual exploits with boys ranging in age from 8 to 18, some dating back decades. The manuscripts included at least seven spiral notebooks with 1,500 pages of log entries detailing the sexual acts he said he had performed on hundreds of boys. … 'If anyone deserved the maximum sentence, it was Mr. Schwartzmiller,' said a Santa Clara County prosecutor, Steven Fein, who tried the case. … Mr. Schwartzmiller, who represented himself during most of the three-week trial, has already filed an appeal in the Santa Clara County Superior Court, said a defense lawyer who handled the sentencing proceedings. The lawyer, Melinda Hall, a Santa Clara County public defender, said the sentence should have been no more than 30 years to life. … 'The sentence wasn't unexpected,' Ms. Hall said, 'but I don't know if it will survive on appeal.'"

Judge Declines Probe Into AIPAC Case Leaks. The New York Sun (1/30, Gerstein) reports, "A federal judge overseeing a criminal case against two former pro-Israel lobbyists has declined to order an investigation into what the defense alleged were repeated leaks of grand jury information by government officials." The Sun continues, "Judge Thomas Ellis III ruled that the news reports cited by the former employees of the American Israel Public Affairs Committee, Steven Rosen and Keith Weissman, did not reflect grand jury deliberations and therefore did not constitute a breach of the secrecy obligations under federal court rules. … 'Leaks of information from law enforcement investigations that relate to matters under grand jury investigation do not concern "matters before the grand jury," unless, of course, they disclose secret details about proceedings inside the grand jury room,' Judge Ellis wrote in a 10-page opinion dated Friday. 'The media reports identify no grand jury witnesses, disclose no questions that were asked or would be asked of witnesses in the grand jury, nor do the reports even describe or summarize any grand jury witness' testimony. Indeed, the reports never even mention a grand jury investigation.'" The Sun adds, "Judge Ellis recently set a trial date of June 4 for Messrs. Rosen and Weissman, who were indicted in 2005 on charges that they conspired to convey classified information to journalists and foreign officials not authorized to receive it. The two lobbyists, who were fired by Aipac, have pleaded not guilty. The case has drawn First Amendment scrutiny because it is unprecedented for individuals outside of government to be charged criminally with passing on classified information, except in cases where espionage was alleged."

Connecticut Man Gets Probation For False Chemical Attack Report. The AP (1/30) reports Robert Robishaw of Uncasville, Conn., "was sentenced to two years of probation Monday for lying to federal authorities about being the victim of a chemical attack." Robishaw "pleaded guilty in November to one count of making false statements to the Federal Bureau of Investigation, prosecutors said. He was sentenced in U.S. District Court in Hartford nearly a year after telling Groton fire authorities that an unknown substance fell out of a newspaper that he purchased at a Waterford convenience store. He told authorities the off-white, powdery substance caused his skin to turn red and tingle."

Florida Man Sentenced To Probation For JetBlue Hoax Bomb Threat. The AP (1/30) reports, "A federal judge sentenced a Florida man to two years probation for calling in a fake bomb threat after arriving too late to board his flight at Long Beach Airport. Yechezkel Wells, 22, of Miami Beach, also was ordered Monday to spend six months confined to his home, perform 200 hours of community service and pay a $1,000 fine. Wells pleaded guilty in October, acknowledging he made the fake threat in an effort to keep his Jet Blue flight to Fort Lauderdale from leaving. … The flight was delayed while bomb-sniffing dogs searched the plane, and FBI agents detained Wells for questioning."

Chicago Alderman Says Powder Found In Corruption Raid Was Not Drug. WBBM-TV (1/29, Dellimore) reported on its Web site from a broadcast story, "As she fights federal corruption charges, 20th Ward Alderman Arenda Troutman now says it was a dietary aid, not drugs that were found in her possession. … Troutman says she doesn't do drugs, and she believes the powder found was psyllium husk, a substance vegetarians like her use to clean out their digestive systems. And she says the FBI should have known that immediately. FBI spokesman — Agent Ross Rice — says no field test was performed on the powder because such tests can be unreliable and results from the crime lab haven't been received yet. The FBI denies Troutman's suggestion that the agency just trying to muddy up her character."

Judge Rules Alderman Convicted Of Corruption May Run Again. The Chicago Tribune (1/30, 617K) reports, "Former Ald. Virgil Jones (15th), who was convicted on

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corruption charges in 1999, can run to regain a seat on the City Council in the Feb. 27 election, a Cook County judge decided Monday. Circuit Judge Alfred Paul ruled that a state law that would ban Jones from the race is unconstitutional because it applies only to ex-felons running in local races and not statewide elections." The Tribune notes, "Jones was convicted of pocketing $7,000 in payoffs from an FBI informant and was sentenced to 41 months in prison."

Editorial Calls For DOJ To Charge Niagara Falls Official, Or Drop Probe. The Niagara Falls Reporter (1/30) editorializes, "Thursday, May 3, will mark the two-year anniversary of the day agents of the Federal Bureau of Investigation came to the offices of this paper and left with unimpeachable documentation attesting to the fact that Mayor Vincenzo V. Anello took $40,000 from downtown developer 'Smokin' Joe' Anderson immediately before and just after being elected in 2003." The Reporter adds, "The FBI agents involved believed they had developed an airtight case. But the Justice Department began dragging its heels on the matter after Michael Battle was replaced by Terrance Flynn as Buffalo's U.S. Attorney in 2006. Investigators are frustrated by the delay, and one longtime FBI man requested and received a transfer off the task force in protest. By May 3…the campaign season will be in full swing," and "it's time for Flynn to either press charges or drop them, with the same sort of ballyhoo that attended the announcement of the investigation's beginning. To do any less would make the Justice Department guilty of perpetrating a gross injustice indeed."

Hackers Search For Computer Bugs For Bounties. The New York Times (1/30, Stone) reports, "Microsoft says its new operating system, Windows Vista, is the most secure in the company's history. Now the bounty hunters will test just how secure it is." The Times continues, "When its predecessor, Windows XP, was released five years ago, software bugs were typically hunted by hackers for fame and glory, not financial reward. But now software vulnerabilities — as with stolen credit-card numbers and spammable e-mail addresses — carry real financial value. They are commonly bought, sold and traded online, both by legitimate security companies, which say they are providing a service, and by nefarious hackers and thieves. … Vista, which will be installed on millions of new PCs starting today, provides the latest target." The Times adds, "This month, iDefense Labs, a subsidiary of the technology company VeriSign, said it was offering $8,000 for the first six researchers to find holes in Vista, and $4,000 more for the so-called exploit, the program needed to take advantage of the weakness. … IDefense sells such information to corporations and government agencies, which have already begun using Vista, so they can protect their own systems." The times notes, "Companies like Microsoft do not endorse such bounty programs, but they have even bigger problems: the willingness of Internet criminals to spend large sums for early knowledge of software flaws that could provide an opening for identity-theft schemes and spam attacks. … The Japanese security firm Trend Micro said in December that it had found a Vista flaw for sale on a Romanian Web forum for $50,000. Security experts say that the price is plausible, and that they regularly see hackers on public bulletin boards or private online chat rooms trying to sell the holes they have discovered, and the coding to exploit them. … Especially prized are so-called zero-day exploits, bits of disruption coding that spread immediately because there is no known defense."

Virginia Men Face Federal Charges For Peddling Phony Purses. The Washington Post (1/30, A1, Markon) reports, "They are known as 'purse parties,' modern-day Tupperware parties with a twist: hundreds of designer handbags selling for hundreds of dollars off. Women known as 'the purse ladies' run the gatherings at private homes. … 'They were all the rage,' said Peggy Stypula, an Alexandria resident who attended parties in Arlington and Fairfax counties. 'The purses were spread out all over the house, and you walked around and picked out what you wanted.' … But one partygoer in Northern Virginia suspected counterfeit couture and called police. Federal agents soon seized 30,000 purses from a Fairfax warehouse, including some from a tractor-trailer that pulled up during the search." The Post continues, "Now, prosecutors are taking to federal court the men they say provided phony merchandise. A father and son are scheduled to go on trial tomorrow in U.S. District Court in Alexandria, accused of supplying thousands of counterfeit handbags for the purse parties and also selling them at kiosks in malls throughout the Washington region, including Tysons Corner Center, Montgomery Mall and the Old Post Office Pavilion." The Post adds, "The trial in one of the nation's largest counterfeiting prosecutions will feature testimony from representatives of Gucci, Kate Spade and other leading designer labels, according to court documents. Exhibit A will be a sampling of hundreds of purses, hauled into the courtroom one box at a time. … The case is bringing scrutiny to a widespread problem that has been publicly visible for years: trafficking in handbags and other counterfeit goods. Shoppers in Washington and other major cities can find fake fancy designer purses on street vendor carts, but purse parties -- though perhaps more underground with the heightened law enforcement attention -- are still held in the suburbs. … Purse parties began in New York City 10 to 15 years ago and gradually spread, experts say. Some are advertised in the suburbs through mass e-mailings. Many

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who attend them believe they are getting either a good fake or stolen property, according to experts on counterfeiting."

WPost Examines Four DC Weekend Murders. The Washington Post (1/30, B1, Klein, Montes) reports, "In just five hours, one man was beaten to death with a baseball bat, another was slain during a dice game, a third was shot by an assailant after barricading himself in his bathroom, and the last was killed in a botched robbery." The Post continues, "It was a violent weekend in Washington, with four unrelated killings in three quadrants. Police have made one arrest -- in the baseball bat beating near the Shaw neighborhood. Detectives have not identified the victim. .. 'Any homicide in the city is one too many,' said Mayor Adrian M. Fenty (D), appearing beside acting Police Chief Cathy L. Lanier in the 800 block of Yuma Street SE, where Kevin Vincent Bradshaw, 41, was slain after four men took his money. 'But four is unacceptable.'" The Post adds, "They pledged to redouble their efforts, forge stronger partnerships with federal agencies and work more closely with the community."

Alleged Maryland Call Girl Found Dead Of Apparent Suicide Before Trial. The Washington Post (1/30, B1, Johnson) reports, "She was a former college professor who had lost almost everything -- her stellar academic reputation, her financial well-being and her anonymity in the swanky suburban neighborhood where she was accused of working as a high-priced prostitute." The Post continues, "With Brandy Britton's trial planned to start next week, the former University of Maryland Baltimore County professor apparently took her own life over the weekend, hanging herself in her living room, Howard County police say. A family member found the body Saturday afternoon. Police say they do not suspect foul play. … It was a grievous end to a life that friends and colleagues say was once filled with remarkable promise and ambition." The Post adds, "Britton, 43, was the first in her family to go to college, double-majoring in biology and sociology. Her first sociology professor, Sheila Cordray, told The Washington Post last year that Britton was 'ne of the brightest students I've ever had.' … The woman whose looks matched her intelligence may still have possessed the long, blond hair, the glossy pink lips and the glamorous figure of her youth. And she may have still projected the warm, friendly demeanor of a small-town girl from Oregon. … But she was facing the world's toughest truth: She had no idea who she was about to become. … Her trial date on four counts of prostitution -- which she had decided to fight in a jury trial instead of accepting a plea agreement -- was set for Monday. Police would get a chance to air their version of Brandy Britton: that in her $400,000 home at the end of a cul-de-sac where children ride Razor scooters and moms drive minivans with soccer decals, Britton had been selling herself as a call girl."

Warden Claims Florida Inmate Showed No Pain During Execution. The AP (1/30, Davis) reports from Tampa, FL, "A convicted killer whose execution was botched last year was never in any pain, and appeared to be straining to see a clock, not grimacing as some witnesses claimed, the warden told a panel reviewing Florida's lethal injection procedures Monday. … But the condemned man's lawyer said his client was clearly suffering from the incorrectly injected chemicals, and he mocked the notion that the inmate was looking at a clock. … 'What, was he late for an appointment? Come on, that's ridiculous,' said Angel Nieves Diaz's attorney, Neal Dupree, who also witnessed the execution and testified. 'I certainly thought he knew something was wrong.'" The AP continues, "Questions about whether lethal injection is inhumane have put executions on hold in nine U.S. states - Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, Ohio and South Dakota. … Diaz' death took 34 minutes - twice as long as usual - and required a rare second dose of lethal chemicals because the needles were incorrectly inserted, a medical examiner reported. An autopsy found chemical burns in both his arms. … Death penalty opponents point to Diaz's execution to support their claims that Florida's lethal injection procedure violates the U.S. Constitution's prohibition on cruel and unusual punishment. Condemned inmates have also pursued that issue in court, but to no avail."

Miami Herald Says FBI "Dropped The Ball" On Foley Emails. Under the headline "A Missed Warning," the Miami Herald (1/30, 286K) editorializes, "In refusing last summer to investigate the e-mails that former U.S. Rep. Mark Foley sent to a former congressional page, the FBI ignored its own child-safety guidelines, says a report from the Justice Department's inspector general. The Foley e-mails given to the FBI in July 2006 by a whistle-blower group didn't contain sexually explicit references, but their language indicated behavior that the FBI warns about in A Parent's Guide to Internet Safety on its website. The agency should review how it handles complaints about public officials." The Herald adds, "While the agency clearly has more-pressing duties in the era of terrorism than tracking congressmen with a penchant for befriending House pages, the FBI dropped the ball. … The FBI should take the Justice report's conclusions equally seriously."

CIVIL LAW:

DOJ Suit Alleges Boehringer Ingelheim Inflated Drug Prices. The AP (1/29) reports from Boston, "Federal prosecutors filed a lawsuit Monday against Boehringer Ingelheim Roxane Inc. and related entities, alleging that the

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pharmaceutical company inflated prices for several of its drugs." The AP continues, The U.S. Attorney's Office in Boston said it has intervened in a whistleblower lawsuit originally filed by a Florida company, Ven-A-Care of the Florida Keys Inc., and its principals. … In its suit, the U.S. Attorney's Office alleges that Boehringer Ingelheim Roxane engaged in a scheme to report fraudulent and inflated prices for several products, knowing that federal health care programs established reimbursement rates based on those reported prices." The AP adds, "Roxane, based in Columbus, Ohio, sells generic drugs that are reimbursed by Medicare and Medicaid, two federal health care programs. … The difference between the government reimbursement rates and the actual price paid by healthcare providers for a drug is referred to as the 'spread.' The larger the spread on a drug, the larger the profit for the provider. … The government claims that Roxane used artificially inflated spreads to market, promote and sell the drugs to existing and potential customers. Because reimbursement from federal programs was based on the fraudulent prices, prosecutors claim that Roxane caused false claims to be submitted to federal healthcare programs."

US Alleges Florida Lab Owner Bilked Medicare For $17 Million. The Sarasota (FL) Herald Tribune (1/29, Ruger) reports, "The owner of a Sarasota-based medical laboratory company altered patients' medical histories and bilked Medicare for $17 million over six years, federal officials say." The Tribune continues, "Joseph T. Degregorio, 49, the owner of Acculab Laboratories Inc., is in the Sarasota County jail, charged with child sexual battery, which could carry a life prison term. … It was uncovered during the three-year fraud investigation." The Tribune adds, "The investigation began in 2003, after a phlebotomist at Acculab became suspicious of the way the company told her to fill out Medicare forms, court records state. .. .The woman said she didn't have patient medical records, or know whether the patients had cancer, yet was told to enter a cancer diagnosis so the government would pay for the blood tests. … She filed a whistle-blower lawsuit detailing her experiences. The government is now leading the lawsuit, seeking at least $2.7 million in damages and penalties, with testimony of at least eight unnamed former employees and Medicare billing audits that show 80 percent of claims were unsubstantiated." The Tribune notes, "Degregorio also altered patients' permanent medical histories to reflect a diagnosis that didn't exist, such as prostate, breast or ovarian cancer, investigators say. Acculab shut its doors last year after federal agents raided the main office and seized truckloads of evidence. … Federal officials reviewed Acculab's Medicare records and found errors in 87 percent of the claims submitted in 2003, and 80 percent of claims from 2004."

CIVIL RIGHTS:

NAACP Seeks DOJ Probe Of New Orleans Police Shootings. The AP (1/30, Foster) reports from New Orleans, "Six of the seven police officers indicted in a deadly bridge shooting following Hurricane Katrina returned to work Monday, unarmed and in low-profile jobs, a development that an NAACP leader said erodes public confidence in the department. … 'The assurance that the officers will be assigned to desk duties does not allay that crisis in confidence,' Danatus King, president of the New Orleans branch of the NAACP, said at an afternoon news conference." The AP continues, "King said the NAACP has decided to ask the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings; and he said the decision to let the officers return to police jobs smacks of favoritism. … King said he worries that the officers will have access to police records and other information that might reveal the identities of witnesses that might testify against them. … 'None of them have access to the public or to sensitive records,' said Assistant Police Superintendent Marlon Defillo, who is in charge of the police Public Integrity Bureau." The AP adds, "U.S. Attorney Jim Letten confirmed receiving the letter from the NAACP Monday afternoon. His office, the Justice Department and the FBI have been monitoring the investigation, Letten said. He described that as routine."

Witnesses In Mississippi Voting Rights Case Say They Were Not Told To Discriminate. The Jackson (MS) Clarion-Ledger (1/30, Gates) reports, "No one shaped their decision on how to count absentee ballots, including county Democratic Executive Committee head Ike Brown, black poll managers testified Monday in a trial alleging discrimination against white voters." The Clarion-Ledger continues, "The defense began putting on its case Monday in the first lawsuit of its kind in the United States where the Department of Justice is accusing black political leaders in majority-black Noxubee County of attempting to discriminate against white voters." The Clarion-Ledger adds, "The first defense witness, Robin Mason, a poll manager during the Aug. 5, 2003, Democratic primary, said she saw black voters and white voters being assisted at the polls in the same manner. … Asked whether Ike Brown told her how to rule on absentee ballots, Mason replied, 'No.' … The government alleges Brown and those acting in concert with him have rejected absentee ballots cast by white voters on the grounds they were defective under state law while counting similar ballots cast by black voters. … 'No one instructed us how to go through the ballots,' Mason testified Monday when asked whether Brown had told them what to do." The Clarion-

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Ledger notes, "Attorneys for the Democratic Executive Committee, Brown and the Noxubee County Election Commission asked for the case to be dismissed after the government rested its case Monday. … U.S. District Judge Tom S. Lee denied the request. … Before resting its case, the Justice Department recalled to the stand one of its witnesses who testified last week. … Nikki Nicole Halbert, who testified last week that she filed an absentee ballot but the signature on the envelope wasn't hers, said Monday she had been harassed and an attempt was made to get her to come back and change her earlier testimony. … Halbert said individuals came to her home and said 'Us blacks should stick together.' … A Justice Department attorney also told Lee another black witness refused to testify for the government because he had been intimidated."

Judge Denies Bond For Seale. The Clarion-Ledger (1/30, Mitchell) reports, "Reputed Klansman James Ford Seale walked away in chains Monday after a judge ruled he must remain behind bars until he goes on trial on kidnapping and conspiracy charges in the 1964 killings of two African-American teenagers. Defense lawyers say they may appeal the decision," which "would result in a second bond hearing, this one in front of U.S. District Judge Henry Wingate, who is presiding over the trial, tentatively set for April 2. 'This is one of the most horrific crimes I've ever heard of,' argued Paige Fitzgerald, who works for the Civil Rights Division of the Department of Justice in Washington. … Because he faces a possible life sentence if convicted, 'There's no incentive for him to stay,' she said." The AP (1/30) also briefly reports on the ruling.

Editorial Lauds Cold-Case Efforts, Legislation. The Kalamazoo Gazette (MI) (1/30) editorializes, "Some Americans may not be interested in stories about prosecuting aging suspects in murders that took place decades ago. … Fortunately, federal authorities don't share that view, especially in cases that have sprung from the civil rights movements of the 1960s." The Gazette continues, "Last week in Mississippi, the FBI arrested 71-year-old James F. Seale, a former sheriff's deputy and alleged ex-member of the Ku Klux Klan. Seale was indicted in Jackson, and will face kidnapping charges in connection with the brutal killing of two 19-year-old black men in 1964. … Age should be no barrier in prosecuting, to the full extent of the law, people accused of such crimes. … Charges against Seale have drawn attention to other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers. … Such legislation is appropriate."

DOJ Names Las Vegas As Major Human Trafficking Destination. The Las Vegas Sun (1/30, Skolnik) reports, "The federal government believes Las Vegas is a top destination for 'human trafficking' victims - from indentured servants to massage parlor workers and prostitutes held captive and forced to commit sex acts." The Sun continues, "This belief has led the Justice Department to grant hundreds of thousands of dollars to Metro Police to tackle the problem. … But first, the Anti Trafficking League Against Slavery (ATLAS), an office within Metro that opened last month, needs to try to answer a basic question: Is there a human-trafficking problem here, and if so, how big is it?" The Sun adds, "Terri Miller, ATLAS's civilian director and long one of the top Nevada activists against the sexual exploitation of women and children, and her boss, Metro Capt. Terry Lesney, say the need for the group is clear: There is a 'huge' and growing sex-oriented trafficking problem in Las Vegas. … Yet they quickly add that no statistics have ever been gathered and law enforcers never before have made it a top priority - so the scope of the problem still needs to be determined." The Sun notes, "Police in the past haven't paid sufficient attention to the signs that the prostitutes or others they're investigating may also be trafficking victims, they say - meaning the problem has gone underreported for years. … Miller says the problem has been made worse by Las Vegas' aggressive advertising promotions that encourage tourists to come here and sin all they like. … ATLAS was formed as an extension of the ad hoc Nevada Human Trafficking Task Force, an interagency group set up by the U.S. attorney's office in Las Vegas in 2004. … Between 17,000 and 20,000 people are trafficked into the United States annually, according to State Department estimates. Of those, it is unknown how many are brought to Nevada. … Rarely have defendants in Las Vegas been prosecuted as human traffickers, Lesney says, though there is a tough federal law passed in 2000 and even newer state laws that target those crimes. Until this month, she said, Metro didn't even have a booking code for alleged human trafficking violators."

ANTITRUST:

DOJ Decision On Mittal Steel Still Up In Air. The West Virginia State Journal (1/30, Echemann) reports, "The Department of Justice had given Mittal Steel only until Sunday to rid itself of a canadian tin producer. … But Monday, there's still no word on what the Justice Department intends to do." The Journal continues, "A spokesman for the department said he did not expect an announcement for a few days. They are waiting on a district court to issue a final judgement in the case. They get five days after that. … As Mittal grew with buyouts, they ran into problems for having too much control over the tin market. The Justice Department doesn't like to see monopolies, and it told Mittal to get rid of one of three plants. … Now that list has been narrowed down to plant at Weirton and Sparrows Point near Baltimore." The

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Journal adds, "Weirton has appeared to be the likely candidate since Independent Steelworkers Union has said it would welcome a sale. … The two interested buyers are Esmark -- the former Wheeling-Pittsburgh Steel Co. -- and a man named Mitch Hecht, a former executive for International Steel Group."

FTC Approves Bridgestone Acquisition Of Bandag. The AP (1/30) reports, "Bridgestone Americas Holding Inc.'s $1 billion acquisition of Bandag Inc., a retread tire maker, on Monday received early approval from federal regulators." The AP continues, "The Federal Trade Commission ended a required 30-day waiting period for the acquisition ahead of schedule, Bandag said in a prepared statement. The 30-day period was not scheduled to end until Feb. 8, the company said. … Early terminations are not granted unless both the FTC and the Justice Department's antitrust division have completed their reviews and decided against taking any enforcement actions, the FTC says on its Web site." The AP adds, "Bridgestone Americas Holding, the U.S. subsidiary of Japan-based Bridgestone Corp., the largest tire and rubber company in the world, announced Dec. 5 that it would acquire Bandag for $50.75 per share in cash, or $1.05 billion. … Bandag said the acquisition remains subject to shareholder and other regulatory approvals. Bridgestone's American depository shares rose 50 cents to close at $42.90, while shares of Bandag increased 10 cents to close at $50.75 on the New York Stock Exchange."

Microsoft Launches Marketing Campaign For Vista. The New York Times (1/30, Lohr) reports, "Microsoft's power in the technology industry, some analysts insist, is waning. It faces a host of rivals from a reinvigorated Apple on the desktop to Web-based challengers like Google, delivering services and software online. … But yesterday, on the eve of the arrival of new models of Microsoft's flagship products, the Windows operating system and the Office programs, the skeptics were overshadowed and drowned out by the opening salvos in the software giant's marketing campaign." The Times continues, "Windows Vista and Office 2007 start appearing today, available in retail stores as a shrink-wrapped package and shipped on new machines sold by personal computer makers. The new Microsoft offerings were available to large corporate customers at the end of November. … Steven A. Ballmer, the company's chief executive, called today 'the biggest product launch in Microsoft's history,' and the rollout will be backed by a first-year marketing budget of hundreds of millions of dollars." The Times adds, "New versions of Windows and Office move across the technology industry like a powerful weather system, driving sales of personal computers and other hardware, software and services. The pace is typically gradual but steady, yet the impact on the rest of the industry is significant. … Over 5,000 software and hardware products are ready to run on Vista, and Microsoft has more than 500,000 industry partners worldwide, including resellers, retailers and consultants as well as hardware and software companies. Millions of developers write programs that run on Windows. … For every dollar Microsoft makes on Windows Vista, the rest of the industry will collect $18 of revenue, estimates IDC, a technology research firm. Indeed, those that build products and services on top of and around Microsoft's technology constitute an industry ecosystem that business professors have studied. And Microsoft's long investment in nurturing that network of mutual support, they say, is a major reason that Windows holds more than 90 percent of the market for PC operating systems."

Delta Open To Future Deals Despite Resistance To US Airways Bid. The Wall Street Journal (1/30, A3, Dade) reports, "Delta Air Lines Inc. has assured creditors that it won't rule out the possibility of merging with another airline after exiting from bankruptcy if it defeats a hostile takeover offer from US Airways Group Inc., according to people familiar with the situation." The Journal continues, "To build support for its plan to remain independent, Delta appears close to agreeing with its official creditors committee on several provisions designed to clear a path toward an eventual tie-up. The parties are moving toward an accord to exclude from Delta's new corporate charter and bylaws any so-called poison pill that could pose an insurmountable hurdle to future mergers, according to one person familiar with the discussions." The Journal adds, "In addition, the committee would have a strong hand in selecting Delta's post-bankruptcy board, according to knowledgeable people. The creditors committee wants a board that favors consolidation as a strategic option, people close to the board have said. … Delta, based in Atlanta, had been reluctant to grant some of the concessions, but in recent weeks the committee made it clear that it required them as a condition for approving Delta's standalone plan over the US Airways merger." The Journal notes, "Delta's apparent willingness to consider a future deal could breathe life back into widespread hopes for an industry consolidation wave, which airline observers thought could be dashed if the US Airways-Delta merger failed. Airlines are looking for partners in an effort to reduce the number of seats in the air, lower operating costs and gain greater pricing power."

Time May Be Running Out For Airline Deal. CNNMoney.com (1/30, Isidore) reports, "Time could be running out on US Airways Group's hostile bid for Delta Air Lines and with it much of the talk about consolidation within the airline industry." CNNMoney continues, "Industry experts say the recent retreat in airline stock prices, despite some

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strong financial results, is attributable at least partly to the growing belief among investors that the US Air bid for Delta isn't winning the necessary support of Delta creditors as it faces deadlines this week and next. … And just as it was US Air's hostile bid for Delta in November that sparked talk of a round of industry consolidation involving AMR unit American Airlines, UAL unit United Airlines, Continental Airlines and Northwest Airlines, many experts now believe that the merger talk will again quiet down without a US Air-Delta deal shaking up the industry status quo. … 'You only have two guys, United and US Air, who are advocating consolidation,' said airline consultant Michael Boyd. 'Everyone else thinks it's a dumb idea. It's different if they get forced into something. But I don't think anyone else wants to do a deal.'"

Delta Pilots Make Their Presence Known. The New York Times (1/30, Bailey) reports, "The remarkable turnaround of the airline industry has rewarded investors with rising share prices, and the $9.87 billion price tag that US Airways Group is offering for Delta Air Lines in a hostile takeover bid is further proof that the industry is again in favor with investors and lenders. … With most of the industry returning to profitability — in part by extracting billions of dollars of pay cuts from workers — pilots are demanding that they should recoup some of the pay and other benefits they gave up in recent years and share in the improved fortunes. The pilots' agenda is playing an important role in the merger talks over Delta. The Delta pilots have backed management's stand-alone plan to exit bankruptcy, and are jointly fighting the US Airways bid." The Times continues, "In all, the Delta pilots have $2.1 billion in claims. … The pilots are motivated to support management in part by self-interest — they believe that they would have less job security under US Airways ownership. And that support could be persuasive when the pilots next want something from Delta management. … They, in fact, accepted a slightly lower price in selling several hundred million dollars in bankruptcy claims so that they could hang onto the voting rights those claims represented to provide maximum support to management's plan, according to people familiar with the pilots' dealings." The Times adds, "Delta pilots are counting on the unusual contract they negotiated in bankruptcy to help them recoup their most recent 13 percent pay cut over the next three years by helping the airline achieve certain performance improvements. They also could win profit-sharing bonuses on top of that. … US Airways was asked over the weekend by some Delta creditors to again raise its bid. The airline has been frustrated because the official creditors committee in Delta's bankruptcy, the only party that can force Delta to allow due diligence by US Airways and otherwise get the merger talks started, has been silent. … So, according to a person involved in the talks, US Airways management set the following conditions: if the official creditors committee would tell Delta by Thursday to allow due diligence, to also make a filing starting antitrust review of the proposed merger, and postpone a hearing on Delta's stand-alone plan to exit bankruptcy, then US Airways management would take to its board a proposal to increase its bid by another $1 billion. It did not officially raise its bid." … Yesterday, there were talks among creditors but no word from the official committee, this person said."

Merrill Lynch To Purchase First Republic. The Financial Times (1/30, Wighton) reports, "Merrill Lynch on Monday underlined the lure of the rich for Wall Street banks by paying $1.8bn for First Republic, a California-based private bank and wealth management company." The Times continues, "In its biggest acquisition in 10 years, Merrill is paying a 44 per cent premium for First Republic, which will retain its name as a separate business within Merrill Lynch Bank & Trust. … The deal highlights the high prices big banks are prepared to offer to expand in the fast-growing business of serving the US's ultra-rich. In November, Bank of America paid Charles Schwab 30 times 2006 earnings for its US Trust private banking unit and other US and overseas banks are looking to buy in the sector."

The New York Times/Bloomberg (1/30) reports, "First Republic, which has 43 branches and specializes in mortgages on luxury homes, gives Merrill more wealthy customers who might buy brokerage services. … 'Luxury lending and wealth management, those are higher-end customers,' said Steve Roukis, managing director at Matrix Asset Advisors. of New York. 'It's a continuation of their strategy to focus on their core business and either build or acquire whatever gives them a better return on their cost of capital.' … Merrill, based in New York, said it expects the transaction to add modestly to earnings by the end of 2008."

Citigroup To Purchase British Bank. The Wall Street Journal (1/30, C16, Mollenkamp, McDonald) reports, "Citigroup Inc.'s £575 million ($1.13 billion) purchase of Egg Banking PLC from Prudential PLC," one of Britain's largest insurers, "sets the stage for the U.S. financial-services company to step up its battle in the British credit-card market against entrenched banks such as Barclays PLC and Bank of America Corp. For Prudential…the transaction is part of a broad review of its United Kingdom business." The deal, "which is expected to close by April pending regulatory approval, gives Citigroup access to online bank Egg's three million customers, 2.9 million of whom are Egg card customers. Before this deal, Citigroup had just 800,000 card customers in the U.K. Egg's share totals about 5.7% of U.K. credit-card outstanding balances.

The New York Times (1/30, Dash) reports Citigroup agreed yesterday to buy British online bank Egg Banking. The agreement is "the latest in a series of small deals to expand" Citigroup's "retail presence abroad." The acquisition

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will allow Citigroup to "quadruple its number of credit card customers…and broaden its reach by the use of an Internet site to open savings accounts and mortgages in a country where it has five retail branches. But at a time when the British banking sector has been hurt by a barrage of bad loans and bankruptcies, some analysts are questioning the deal." The Times adds that Egg, "which was among the first online banks when it was established in 1998, has struggled as of late."

Lawmakers Push For Bank Ownership Limits. The AP (1/30, Gordon) reports a group of House lawmakers Monday "renewed a push for legislation that would block commercial companies like Wal-Mart and Home Depot from owning a special sort of bank that has been proliferating in recent years." The Federal Deposit Insurance Corp.'s "six-month halt on new approvals of companies' applications to establish or acquire the banks known as industrial loan corporations ends Wednesday," and the agency's directors are meeting that day "to consider whether to extend it, lift it or take other action." Extending the moratorium "would give the new Congress a chance to consider the legislation."

EU To Threaten Banks, Credit Card Firms With Anti-Competition Fines. Bloomberg (1/30, Newman, Rega) reports, "European Union regulators will threaten banks and credit card companies with potential fines for blocking competition, according to a draft of a report to be delivered this week." Bloomberg continues, "The European Commission, the EU's antitrust regulator in Brussels, may probe banks and payment card providers for colluding on prices and using practices aimed at keeping competitors out of their markets, the regulator said in a draft summary obtained by Bloomberg News. The report doesn't identify any companies. … The EU agency 'will not hesitate to exercise its powers of enforcement' under antitrust rules 'to ensure that the competition rules are respected in retail banking,' the 10-page summary said. The commission will release the report on Jan. 31." Bloomberg adds, "The regulator, which can fine companies as much as 10 percent of worldwide sales for antitrust violations, already has challenged how transaction fees are set by Visa International Inc. and MasterCard Inc., the two biggest credit-card networks. … Disputes with Visa and MasterCard have centered on fees paid between banks that are known as interchange. When a consumer pays with a card, the retailer's bank pays the interchange to the consumer's bank. MasterCard and Visa don't collect the fee. Rather, they set guidelines on what banks should charge each other, unless the banks agree otherwise."

Amaranth's Rivals Profited From Its Collapse. In a front-page story, the Wall Street Journal (1/30, A1, Davis, Zuckerman, Sender) reports, "When Amaranth LLC collapsed in the fall, after swiftly losing more than $6 billion, it was the biggest hedge-fund failure ever. Now as investors slowly get back what's left of their money, it's becoming clear the debacle also had some big winners: other players in the high-stakes energy market who profited from a crippled rival's travails." The "Amaranth case shows how Wall Street dealt with a fund after it had traded its way into a deep hole. Information the fund revealed about its holdings as it grasped for a lifeline let other commodity-market players, Wall Street firms included, exploit its positions. As they drove prices relentlessly against Amaranth, its losses swelled, and instead of facing a big but possibly survivable setback, it collapsed." The "case also reflects an incentive structure in the world of hedge funds that can tempt some to assume heavy risk."

Patent And Trademark Office Seeking New Examiners. The Washington Post's (1/30, D4, Barr) "Federal Diary" column reports, "The US Patent and Trademark Office" plans "to hire 1,200 examiners for each of the next five years," at an "average starting salary [of] about $62,000, and electrical engineers and computer engineers may qualify for an $8,800 signing bonus because the PTO has a hard time recruiting in those fields." The Post adds, "In recent months, the PTO has been swamped with patent applications, for such things as computer software, cellphones and interactive videos, and could face a backlog of 800,000 cases before year's end," according to John J. Doll, the commissioner of patents." The Post notes that the "PTO is in competition with the private sector to hire college graduates and others with degrees in engineering and science" and "as part of its employment package, PTO pays retention bonuses to keep electrical and computer engineers from going to the private sector" and "tries to be a family-friendly employer, giving some leeway to examiners on when they start their work each day…"

ENVIRONMENT:

Climate Change Efforts Gaining Momentum In Congress. USA Today (1/30, Watson, 2.27M) reports, "After years of being on Congress' back burner, global warming will be a focus of the new Democratic majority trying to follow cities and states that have tackled the issue. Today, the Senate holds its first global warming hearing of the year." The Environment and Public Works Committee, which is holding the hearing, is "headed by Sen. Barbara Boxer, D-Calif., who has been named an environmental 'champion' by groups such as the League of Conservation Voters. She takes over from Sen. James Inhofe, R-Okla., who once called global warming a 'hoax.'" And "House Speaker Nancy Pelosi, D-Calif., plans to form a special committee to study global warming and energy independence. She directed House

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committees to pass global warming bills by July 4." However, "[i]t is far from a given that Congress will pass strict legislation to address global warming." Inhofe "has vowed to block any bills calling for mandatory actions by industry to curb greenhouse gas emissions. Breaking that freeze would take the approval of 60 senators."

Ban Mulls Summit Of World Leaders On Greenhouse Gases. The Financial Times (1/30, Harvey, Daniel, Aglionby) reports, "Plans for an emergency summit of world leaders to break the international impasse on cutting greenhouse gases are being discussed by Ban Ki-moon, United Nations secretary-general. At the summit, mooted for September, heads of state would discuss the possibility of a successor to the Kyoto protocol on climate change, the main provisions of which expire in 2012." Ban "has chosen to stake some political capital on climate change, surprising US president George W. Bush by raising it at their meeting two weeks ago." Bush "is the leader most likely to decline" a summit invitation. He "has shunned mandatory caps on emissions, and officials have dismissed hopes of the US engaging in discussions about a post-Kyoto accord."

UN Climate Change Panel Set To Issue Report. The New York Times (1/30, Kanter, Revkin, 1.16M) reports, "Scientists from across the world gathered Monday to hammer out the final details of an authoritative report on climate change that is expected to project centuries of rising temperatures and sea levels unless there are curbs in emissions of carbon dioxide and other gases that trap heat in the atmosphere." The "report is the fourth since 1990 from the Intergovernmental Panel on Climate Change, which is overseen by the United Nations. The report, several of the authors said, will describe a growing body of evidence that warming is likely to cause a profound transformation of the planet."

BP Faces Expanding Criminal Probe Over Texas Refinery Problems. Bloomberg (1/30, Calkins, Fisk) reports, "BP Plc is facing a growing federal investigation into possible criminal environmental and safety violations at its Texas refinery, where a 2005 explosion killed 15 workers, lawyers suing the company said." Bloomberg continues, "The U.S. Environmental Protection Agency has joined a federal investigation begun in October by the U.S. attorney in Houston, the lawyers said. Five Washington-based representatives of the Justice Department, the EPA and the Federal Bureau of Investigations went to Texas this month to meet attorneys for workers hurt in the blast, a victims' lawyer at the meeting said. … 'They were looking at anything and everything we had,' said attorney Joseph Gourrier, whose firm represents 150 injured workers suing BP. 'They are looking for things that can be used to bring criminal charges against the upper management of BP, both at the refinery site and further up the company.'" Bloomberg adds, "The multiagency investigation represents an expansion of the government's probe into London-based BP, Europe's second-largest oil company. The Texas City explosion, one of the worst industrial accidents in recent U.S. history, spurred more than 1,700 lawsuits, a record $21 million fine by the U.S. Occupational Safety and Health Administration and a finding by the U.S. Chemical Safety Board that BP endangered workers by cutting costs. …BP, which has set aside $1.6 billion to resolve the lawsuits, has settled more than 1,200 claims, including all the death suits. BP acknowledged safety shortcomings at the plant."

Court Invalidates Salmon Rider In Appropriations Bill. The Hill (1/30, Schor) reports, "On paper, the debate deals with swimming salmon and spilling water. … But in Congress, the federal court decision that last week invalidated a rider written by Senate Appropriations Committee member Larry Craig (R-Idaho) threatens to upend the influential panel's authority." The Hill continues, "The unanimous ruling allows a small group of salmon-watchers to stay on the job while reminding appropriators of a hard truth they rarely acknowledge: Earmarks included in report language, but not bill text, do not have the force of law. … Craig was so aggravated in 2005 at what he deemed biased reporting by the Portland-based Fish Passage Center that he moved to eliminate its $1.3 million budget through an Appropriations Committee report. Several local groups filed suit against Craig's effort, and the longtime appropriations cardinal said their victory last Wednesday would set a worrisome example for future challenges to appropriations decisions. … 'It's very significant,' Craig said in an interview. 'We've always viewed report language as having the force of law.'" The Hill adds, "Sen. Thad Cochran (Miss.), the senior Appropriations Republican, declined to judge the case definitively until the Justice Department decides whether to pursue an appeal to the Supreme Court. But he said 'it may be that [the decision] is wrong. … Report language explains the intent of Congress in appropriating money and limits on the use of funds,' Cochran said. '[It has] been effective in explaining what Congress intended. We will stay tuned, because this story may not be over yet.'" The Hill notes, "During the earmark-transparency debate that briefly imperiled the Senate's ethics bill this month, lawmakers acknowledged that federal agencies are not required to follow instructions made only in appropriations reports that have all the weight of 'sending a note from your sister,' as Majority Whip Dick Durbin (D-Ill.) put it. Yet agencies still remain loyal to the appropriators who fund them, making the court decision a triumph for fiscal watchdog groups."

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Yosemite Suit May Affect Public Access To Park. The AP (1/30, Burke) reports from Yosemite National Park in California, "The plunging waterfalls and soaring crags chiseled by the Merced River draw millions of visitors each year, but the crowds are precisely what threatens the waterway and the park. … Efforts to safeguard the Merced have spawned a court battle over the future of development in Yosemite National Park's most popular stretch. The case may come down to the challenge facing all of America's parks: Should they remain open to everyone, or should access be limited in the interest of protecting them?" The AP continues, "In November, a federal judge barred crews from finishing $60 million in construction projects in Yosemite Valley, siding with a small group of environmentalists who sued the federal government, saying further commercial development would bring greater numbers of visitors, thus threatening the Merced's fragile ecosystem. … The government is appealing, fearing the ruling could force the National Park Service to limit the number of people allowed into Yosemite each day, a precedent it doesn't want to see echoed in other parks." The AP adds, "The case has Yosemite's most loyal advocates sharply divided over how to balance preservation with access to public lands. Even environmentalists can't agree on how to minimize the human footprint - some believe cars should be kept out entirely; others say visitors should have to make reservations in advance. … Park spokesman Scott Gediman called the plaintiffs a 'fringe group' pushing a radical agenda. … Well-known conservation groups like the Sierra Club and Nature Conservancy aren't directly involved in the fight, though the Sierra Club was among more than 60 organizations that signed a legal brief supporting an earlier version of the suit."

Proposal To Drop Gray Wolves From Protection May Spark Legal Challenge. USA Today (1/30, 3A, O'Driscoll) reports from Denver, "The gray wolf, hunted to near-extinction in the last century, has rebounded so well in six states that it can now be taken off the endangered species list, federal wildlife officials said Monday." USA continues, "Federal protection for about 4,000 gray wolves in three western Great Lakes states -- northern parts of Minnesota, Wisconsin and Michigan -- will end in about a month, the Fish and Wildlife Service announced. … Plans to do the same in Montana, Idaho and Wyoming probably will take the rest of this year, service director H. Dale Hall said. A formal proposal, with public hearings and a two-month comment period, will be published this week." USA adds, "Two wildlife advocacy groups — the Defenders of Wildlife and Sinapu, a Colorado-based wolf advocacy group — warned they might sue to prevent taking wolves in the Rockies off the endangered list. Another group, the Center for Biological Diversity, claims the proposal will 'end in the mass killing of wolves.' … The groups contend that state management of wolves in the Rockies will do too little to maintain the animal's remarkable recovery since the mid-1990s, when 66 wild wolves from Canada were released in Yellowstone National Park and central Idaho. The population has mushroomed to more than 1,200 today." USA notes, "Hunters say wolves compete for elk, deer and other game. Ranchers complain they kill too many livestock. An anti-wolf group, Friends of the Northern Yellowstone Elk Herd, says it plans to sue to remove endangered status immediately. … Dropping federal protection would make states responsible for managing the wolf population. They could allow hunting and lethal control as long as at least 10 wolf packs and 100 animals remain in each state."

NYTimes Says Bush Fuel Economy Proposal Promises Only Hypothetical Results. In an editorial, the New York Times (1/30, 1.16M), writes, "Except for minor tweaks, Congress has refused to raise fuel efficiency requirements or close a gaping loophole that lets S.U.V.'s and pickups be measured by a more lenient standard." Those who heard Bush's State of the Union address "can be forgiven for thinking he was finally ready to change that." But all he "really asked for was the authority to set mileage standards in a different way." Bush "asked the country to take it on faith that this new measurement system, combined with technological advances, would lead to annual mileage improvements of 4 percent a year." Sen. Barack Obama "plans to reintroduce a bill that would set a 4 percent annual increase in efficiency as a target, just what Mr. Bush says he wants." The "bill could be an important first step. It commands some bipartisan support, and unlike Mr. Bush's approach, it promises real as opposed to hypothetical results."

FBI/DEA/ATF/USMS:

In San Diego, 4 Drug Suspects Extradited From Mexico Plead Not Guilty. The AP (1/30, Hoffman) reports, "Four Mexican drug traffickers who were extradited to the U.S. this month pleaded not guilty Monday to an array of federal drug charges. They include brothers Ismael and Gilberto Higuera Guerrero, top figures in the Arellano Felix drug cartel, based in Tijuana, Mexico. A court-appointed defender entered not guilty pleas on their behalf to charges of racketeering, drug trafficking and money laundering charges stemming from a sweeping 2003 indictment that named 11 people." The judge "ordered all four held without bail pending a detention hearing Thursday." There are more than 70 media references to the suspects' pleas. News outlets that used the AP story include FOX News, the New York Times, Washington Post, San Jose Mercury News, Houston

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Chronicle, Miami Herald, Fort Worth Star Telegram, and KLTV-TV, Longview Texas.

The San Diego Union-Tribune (1/29) reported that the others in court included Jesus Hector Palma Salazar, who authorities "say left the Arellano cartel and went on to lead the rival Sinaloa drug cartel. He was indicted in San Diego in 1995 on charges of conspiring to import and distribute a ton of cocaine. The fourth man in court was Jose Albert Marquez, indicted in 2002 on drug charges, but also suspected of being the Arellano Felix cartel's link to the Mexican Mafia prison gang."

Man Described As Juárez Cartel "Gatekeeper" Faces Charges In US. The El Paso (TX) Times (1/29) reported a man "identified as a 'gatekeeper' for the Juárez cartel and two other alleged members of the drug ring are among the drug lords extradited last weekend by Mexico to face charges in the United States. … Drug Enforcement Administration head Karen Tandy said during a press conference this week that the group included Gracielo Gardea Carrasco, 'a gatekeeper who was responsible for controlling drug smuggling across the border for the Juárez cartel.' … Gardea was indicted in Midland in 2000 on drug conspiracy charges for allegedly smuggling marijuana from Mexico to a Midland gang known as 'Los Tres de la Sierra,' or the three from the mountain."

Seven Puerto Rican Doctors Accused Of Participating In Internet Pharmacy Scheme. The AP (1/30) reports seven Puerto Rican doctors "have been indicted…in connection with an Internet scheme that allegedly dispensed controlled substances without a legitimate medical purpose. The physicians were accused of working with Internet pharmacies that solicited customers seeking drugs such as the addictive painkiller hydrocodone and appetite suppressant phentermine, according to a statement from the U.S. Drug Enforcement Administration. … The alleged scheme started in 2003." Australia's Sydney Morning Herald and The Age used the AP story.

Convicted Drug-Ring Members To Be Sentenced In Kentucky. The Grayson County (KY) News Gazette (1/29) reports sentencing "has been set for April in Owensboro federal court for [three] members of a drug ring that delivered and sold marijuana and methamphetamine in Texas, Kentucky and Indiana totaling over $2.7 million. … The case was initiated when Louisville Drug Enforcement Administration (DEA) agents received information from the San Antonio, Tex. DEA office that drug traffickers in Texas were transporting loads of marijuana to an individual residing in Owensboro. … Over 1,100 pounds of marijuana was transported from February 2003 through April 2005. The conspiracy to distribute methamphetamine involved over 3 pounds."

Authorities Say Smuggling Tunnels Under US-Mexico Border Remain Unfilled. The Los Angeles Times (1/30, Marosi) reports seven of the largest tunnels "discovered under the U.S.-Mexico border in recent years have yet to be filled in, authorities said, raising concerns they could be reused for smuggling people or drugs. Among them is the longest tunnel yet found — extending nearly half a mile from San Diego to Tijuana. Nearby, another sophisticated passage once known as the Taj Mahal of tunnels has been sitting unfilled for 13 years. … Because of overlapping jurisdictions among federal border agencies, the responsibility for subterranean work was unclear for years. The Border Patrol and the Drug Enforcement Administration each had some responsibility. After the Department of Homeland Security was created in 2003, the responsibility for filling tunnels was assigned to one agency: Customs and Border Protection."

Supporters Seek To Change Montana's Medical Marijuana Law. The AP (1/29) reported Rep. Ron Erickson said Montana's medical marijuana law "needs to be changed to let patients grow more plants and posses more marijuana. … He also told a House committee on Monday that the law needs to be changed to allow those registered with the state to have six 'mature' marijuana plants, rather than just six plants. More young plants are needed to replace old ones that die, he argued." Erickson's measure "was supported by those behind the 2004 initiative that voters approved with 62 percent of the vote. … The House Judiciary Committee did not take immediate action on the bill."

Seattle-Based US Marshal Resigns. The AP (1/30) reports, "Seattle-based U.S. Marshal Eric Robertson, who oversaw security at the new federal courthouse downtown and led efforts to round up fugitives and sex offenders in Western Washington, is resigning to become the administrator of a fire district." The AP continues, "His deputies worked with local authorities to help track down and arrest more than 3,000 suspects in 36 states and eight foreign countries during his five-year tenure. He also created a new unit to deal with threats to judges after Seattle police shot and killed a man who brandished a defused grenade in the courthouse lobby in June 2005. … His resignation, announced in an interview with The Associated Press on Monday, takes effect in March. His chief deputy at the Seattle U.S. marshal's office, 22-year veteran David Miller, is expected to be named his acting replacement until a new marshal is confirmed by the Senate. … 'Our focus has really been on crimes of violence, weapons, sex offenders - go out,

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work with the locals and to find out who are the bad actors in their community,' Robertson said." The AP adds, "In his new position, Robertson, 43, will oversee the creation of a fire district covering 65,000 people in Auburn, Algona and Pacific, northeast of Tacoma. The joint fire authority was established by voters last November. Robertson lives in eastern Pierce County and represented the area in the Legislature for two terms in the 1990s. … Among the accomplishments of his office, Robertson cites the 2003 arrest of Jesus C. Mezquia, who was later convicted in the rape and strangulation of rising punk rock star Mia Zapata, whose body was found in Seattle's Central Area in 1993. Marshals Service deputies from Seattle located Mezquia in the Florida Keys after DNA evidence linked him to the crime. … Along with former U.S. Attorney John McKay, who resigned earlier this month and took a job teaching law at Seattle University, Robertson also helped boost the presence of federal law enforcement in rapidly growing southwest Washington, much to the relief of local authorities there. He opened an office in Clark County - where federal prosecutors have made a point of going after felons found with weapons - and stationed a deputy there permanently."

Florida Legislature Criticized For Easing Gun Laws. The New York Times (1/30, 1.16M) says in an editorial, "Twenty years ago, the Florida Legislature cravenly decided to allow 'law abiding' citizens to carry concealed weapons merely by declaring their preference for self-defense. Then last July, at the prodding of the gun lobby, the current crop of state lawmakers proved they could be even more corrupt and cowardly than their predecessors by deciding to make the list of gun-toting Floridians a secret." But the Florida Sun-Sentinel has "given residents of the state a final look at their representatives' gruesome handiwork. When the law was first enacted, there were fewer than 25,000 licensed gun holders. Since then, the state roll has boomed to 410,000 and counting." The paper also laid "bare the fact that more than 1,400 people easily got gun licenses despite pleading guilty or no contest to felonies that included manslaughter, burglary and child molestation."

IMMIGRATION:

Coalition Optimistic About Immigrant Farm Worker Overhaul. The Hill (1/30, Swanson) reports a "coalition of groups representing farm workers and employers says those it represents have the best opportunity in years to win congressional approval of legislation overhauling immigration rules for migrant workers, either as a stand-alone bill or part of a wider immigration bill." Supporters "say their optimism springs from the combination of Democrats controlling Congress and rising pressure on lawmakers representing agricultural districts to alleviate a farm laborer shortage as increasing momentum for the Agriculture Jobs Opportunity and Benefits Act (AgJOBS)." Craig Regelbrugge of the Agriculture Coalition for Immigration Reform "sees two possible scenarios for AgJOBS this year. The bill could become part of a wider immigration overhaul, similar to what happened when Sen. Dianne Feinstein (D-Calif.) added the bill in an amendment to immigration legislation passed by the Senate last year." But Regelbrugge "said a scaled-down package for agriculture might still be able to move through Congress given support for the bill from farm employers and workers."

Seven Border Tunnels Yet To Be Filled In. The Los Angeles Times (1/30, A1, Marosi, 850K) reports, "Seven of the largest tunnels discovered under the U.S.-Mexico border in recent years have yet to be filled in, authorities said, raising concerns they could be reused for smuggling people or drugs." Among them "is the longest tunnel yet found — extending nearly half a mile from San Diego to Tijuana. Nearby, another sophisticated passage once known as the Taj Mahal of tunnels has been sitting unfilled for 13 years, authorities say." Though "concrete plugs usually close off the tunnels where they cross under the border and at main entrance and exit points, the areas in between remain largely intact. Filling the seven tunnels would cost about $2.7 million, according to U.S. Customs and Border Protection officials." But "accessing tunnels that run under private property is also a problem, as is a lack of coordination with Mexican authorities."

TAX:

US Settles Tax Prosecution Claims With Texas Attorney. The San Antonio Express-News (1/30, Robbins) reports, "Already stung by its failure to convict a defense lawyer despite years of investigation, the federal government has agreed to pay the San Antonio attorney $1.34 million to settle claims that revenue agents maliciously targeted him." The Express-News continues, "The settlement finalized last week effectively ends more than six years of legal feuding, which began when Alan Brown's office manager fell for a cocaine smuggler and, in an effort to win her lover leniency, told federal agents that Brown routinely cheated on his taxes." The Express-News adds, "The government did not admit to any fault in its part of the compromise, but Brown counted the agreement among the multiple legal victories he and his lawyers won en route to his 2005 acquittal on tax-evasion charges. .. The 63-year-old attorney said he considered himself lucky to squeeze any compensation from the government, but he described the sum as a small measure of justice compared with the financial and emotional costs of the prosecution. … 'According to the terms of the

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deal, Brown will split the money with his wife, lawyer Jean Brown, who also was indicted before the government dropped the charges, and his firm, including partner Jay Norton. … Claiming investigators distorted evidence and relentlessly targeted them, the lawyers' lawsuit had forced the government to disclose more than it typically reveals about prosecutions." The Express-News notes, "Julie Zatz, assistant chief of the civil division there, declined to detail the reasons for settling the case but said they had nothing to do with allegations of investigative misconduct."

WSJournal Critical Of Reliance On "Tax Gap." The Wall Street Journal (1/30, 2.04M) says in an editorial, "When something sounds too good to be true, it usually is. So now is an apt time to deconstruct the much-discussed 'tax gap,' that mythical golden goose that the Beltway political class is counting on to fund its spending agenda." The "tax gap" is "the difference between what the Internal Revenue Service thinks taxpayers should be paying and what it collects. The IRS currently estimates this at about $290 billion a year. Ask any Congressional chairman how he intends to close the deficit, expand the Medicare drug benefit, reform the Alternative Minimum Tax or subsidize college education, and the answer is invariably 'close the tax gap.'" But "all voluntary tax compliance systems have their limits. Under today's tax code, the only way the feds can raise compliance is to place extraordinary burdens on taxpayers."

CONGRESS-ADMINISTRATION:

In Midst Of "Export Boom," Bush To Promote New Trade Deals. The Washington Post (1/30, D1, Goodman, Henderson, 690K) reports, "The United States is in the midst of an export boom, with foreign sales chipping away at the country's enormous trade deficit while providing a modest cushion against the declining housing market. In the first 11 months of 2006, U.S. exports reached $1.31 trillion, a jump of 13.1 percent over the corresponding period in 2005, the Commerce Department said. That was an improvement over the 10.7 percent gain of the year before." The Post adds, "Exports to China -- whose dominance on American store shelves stokes worry -- increased by 33 percent in the first 11 months of 2006. Combined with Hong Kong, China now stands as the United States' third-largest export market, behind only Canada and Mexico." President Bush "is scheduled to travel today to Peoria, Ill., to visit Caterpillar, the giant maker of construction equipment, as he presses Congress to approve new trade agreements. Caterpillar is one of the companies having notable success selling American-made gear abroad."

Executive Order Said To Give White House More Control Over Federal Rules. The New York Times (1/30, A1, Pear, 1.16M) reports, "President Bush has signed a directive that gives the White House much greater control over the rules and policy statements that the government develops to protect public health, safety, the environment, civil rights and privacy. In an executive order published last week in the Federal Register, Mr. Bush said that each agency must have a regulatory policy office run by a political appointee, to supervise the development of rules and documents providing guidance to regulated industries." The White House "will thus have a gatekeeper in each agency to analyze the costs and the benefits of new rules and to make sure the agencies carry out the president's priorities. This strengthens the hand of the White House in shaping rules that have, in the past, often been generated by civil servants and scientific experts." In an interview, Jeffrey A. Rosen, general counsel at the White House Office of Management and Budget, said, "This is a classic good-government measure that will make federal agencies more open and accountable." Business groups "welcomed the executive order, saying it had the potential to reduce what they saw as the burden of federal regulations. … Consumer, labor and environmental groups denounced" it, "saying it gave too much control to the White House and would hinder agencies' efforts to protect the public."

Stark Says Bush Healthcare Plan "Doesn't Deserve Congress' Consideration." Rep. Pete Stark, chairman of the health subcommittee of the House Ways and Means Committee, writes in USA Today (1/30, 10A, 2.27M), "President Bush is to be commended for finally recognizing the needs of 47 million Americans denied health care for lack of insurance." But his proposal would do little to help them. In a few years it would raise taxes for 160 million workers who receive group health insurance benefits." Stark also writes, "Much like Iraqi weapons of mass destruction, 'gold-plated' health insurance is a figment of the president's imagination. The problem with our health system is not that Americans can afford to use too much health care; it's that too many can't afford any." The plan "would destroy the very system through which the vast majority of people get their coverage today and fail to replace it with an alternative means of obtaining quality care. It doesn't deserve Congress' consideration."

In an editorial, USA Today (1/30, 2.27M) says "Bush's plan is no magic cure to all that ails America's health care system. In fact, it falls far short of what's happening in some states." But it "still has merits worth considering. … Rejecting it without serious debate might score political points, but does nothing to help those who suffer from the inequities of the status quo."

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Man Says Bush Initiative Will Curb Ability To Insure Hemophilic Son. In a "Web exclusive," Newsweek (1/29, Conant, 3.12M) reported, "Bush's State of the Union address may not have done much to improve his popularity. But it did succeed in jump-starting debate over one of the leading --- and most contentiously lobbied issues -- on his domestic agenda: health-care reform. … Democrats on Capitol Hill, along with labor unions and consumer groups, pilloried the Bush plan, arguing his proposal would do little to help America's nearly 47 million uninsured -- and could wind up hastening the demise of employer-provided healthcare." Newsweek interviewed Colorado resident Nathan J. Wilkes, who "was so worried about the possible effects of Bush's proposal on his ability to provide coverage for his chronically ill son that he decided to travel to the capital to make some noise." In the interview, Wilkes, who earns more than $100,000 per year, said he was "worried" about Bush's proposal because his son's hemophilia has increased the costs his employer-provided health insurance. Wilkes: "His claims have increased health-care costs for everyone I work with. My company is very socially responsible, but because of our high claims, no other insurance company will touch us. We're trapped with the same provider, which keeps raising prices and last year introduced a $1 million lifetime cap on coverage. Even if my son has no injuries, we'll hit that cap in the next one to three months."

Schwarzenegger Plan Conflicts With Bush Budget Goals. The Los Angeles Times (1/30, Alonso-Zaldivar, 850K) reports California Gov. Arnold Schwarzenegger "wants $3.7 billion a year in new federal funding to cover a big chunk of his healthcare plan for Californians, putting him on a collision course with budget hawks in the nation's capital and leaders in other states seeking assistance." But the "sheer size of the federal allocation Schwarzenegger's plan would require is raising eyebrows." Sen. Judd Gregg, ranking Republican on the Senate Budget Committee, said, "That's a big number on an annual basis. California hasn't yet passed a law [implementing the governor's plan], but when they do, I would think people are going to take a deep breath." The Times adds the "cost of helping states fund their health plans has already attracted the attention of budget cutters because it is complicating President Bush's stated goal of balancing the federal budget in five years. In his new budget, scheduled to go to Congress on Monday, Bush is expected to call for a substantial slowdown in federal healthcare spending. Some of the cuts Bush proposes could affect programs Schwarzenegger is counting on to help pay for his plan, such as Medicaid."

Bush Civilian Reserve Corps Proposal Yet To Be Fleshed Out. The Washington Times (1/30, Dinan, 88K) reports President Bush's "call last week for a Civilian Reserve Corps to help troubled countries is either a solid idea whose time has come or yet another throwaway applause line in a State of the Union speech and it's up to Mr. Bush to decide how it turns out." For a "proposal during the annual address to Congress arguably the biggest presidential stage this one is mostly bare-bones. There is no plan or legislation, just a pledge to work with Congress to try to create something." Carlos Pascual, who "worked on the idea when he was director of the State Department's Office of Reconstruction and Stabilization," said, "The big question right now is whether the White House is really going to seriously act on it."

Number Of American Volunteers Swells. The Christian Science Monitor (1/30, Green, 59K) reports, "More Americans than ever before are volunteering. In 2005, 29 percent of adults were serving – a 30-year high, according to a December report by the Corporation for National and Community Service (CNCS)." As "mentoring, drug rehabilitation, and other programs depend primarily on volunteers, and as religious groups reach far beyond their congregations to address social problems, the trend is poised to engender real change, says David Eisner, chief executive of the CNCS." Three age groups – "older teens, baby boomers, and seniors – are driving the upsurge. And as these teens grow and boomers retire, bucking the expectation they will slow down, together they could expand volunteerism even more, Eisner says. The CNCS, a federal agency that since 1993 has fostered civic engagement through community service, has launched a push to boost the number of US volunteers by 10 million to 75 million by 2010."

Bush Says He Wasn't "Trying To Needle" By Referring To "Democrat" Party. The AP (1/30, Feller) reports, "This one has gotten a little ic-ky for the White House. President Bush said Monday he wasn't trying to disparage the party now running Congress by referring to it as the 'Democrat majority,' as opposed to the 'Democratic majority,' in his State of the Union speech." In an interview with National Public Radio, Bush said, "That was an oversight. … I mean, I'm not trying to needle." The AP adds, "Bush's dropping of the 'ic' at the end of the word prompted grumbling by Democrats that he purposely got their name wrong. This is not a new charge. President Reagan used to refer to the 'Democrat Party.' Democratic leaders have long considered it demeaning when their suffix is omitted."

The Washington Post (1/30, A15, Abramowitz, 690K) reports, "White House press secretary Tony Snow seemed peeved with reporters asking about the Bush mispronunciation at his morning press 'gaggle' yesterday, accusing the reporters of making 'three mountains out of a molehill' and suggesting that the press was not much interested when Democrats bashed Bush with language calling him a 'loser' or a 'liar.'" Said Snow, "This looks like an

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exercise of looking for a fence rather than looking for a way to work together. … There was no intentional slight of anyone."

The Los Angeles Times (1/30, Reynolds, 850K) says "experts of political locution say it's a deliberate, if ungrammatical, linguistic strategy. 'The word "democratic" has such positive emotional valence ... So they politicize it to use it as a term to describe a group of political rivals,' said Roderick P. Hart, a professor of communications and government at the University of Texas in Austin." Hart also said "'Democrat Party' is not common usage in Texas…noting that the only people he has heard use it are 'sitting Republican legislators.'"

The New York Times (1/30, Rutenberg, 1.16M) reports that "last weekend, Mr. Bush put his bipartisan spirit on display, right there on the schedule distributed by the White House: 'The president makes remarks to the House Democrat Conference.' But late yesterday a new version of the schedule was released. 'Democratic conference,' it said."

Schumer Says Cheney Is "Brain Wave" Of Administration. Sen. Charles Schumer was asked on MSNBC's Hardball (1/29, Matthews), "What's the brain wave of this administration? Is it George Bush?" Schumer replied, "No, Cheney. ... Cheney's the keeper of the flame, Bush listens to him, and that's why they've lost touch."

Senate To Take Up Minimum Wage Bill, Business Tax Cuts. The New York Times (1/30, Zernike, 1.16M) reports the Senate is "expected to clear the way on Tuesday for an increase in the minimum wage that Democrats and some Republicans agree is overdue. But the Senate's approval may not mean that workers will actually start receiving bigger paychecks in the immediate future." The Senate bill "differs from the one that cleared the House, and includes $8.3 billion in tax breaks for small businesses that Republicans and some Democrats say are necessary to offset the cost of the wage increase." Aides to "some House leaders say they would be willing to allow some of the tax breaks. But others, including Representative Charles B. Rangel, Democrat of New York and the chairman of the Ways and Means Committee, are insisting that they will not concede any tax cuts." House Democrats "say that by forcing a vote on a clean bill they would force Senate Republicans to put themselves on record as opposing a wage increase, which was a popular campaign issue in the midterm elections."

Bill Includes Restrictions On Executive Pay. The Wall Street Journal (1/30, A4, Lueck, 2.04M) reports, "The Senate's likely passage this week of legislation raising taxes on executive pay is just the beginning of a tough look by the new Democratic Congress at big corporate compensation packages." The provision, attached to the minimum wage bill, "would cap at $1 million a year the amount an employee could place in certain tax-deferred-compensation plans. Currently, there is no limit on how much compensation can be deferred into the plans, allowing executives to put off taxes for years on millions of dollars in pay." The legislation also "would limit the income-tax deductions companies can claim for high-paid executives who left the firm during the year. Combined, the two measures would raise about $900 million in new tax revenue over 10 years, according to congressional estimates."

Kennedy Objects To Tax Breaks. The Washington Times (1/30, Hurt, 88K) reports that during an "impassioned floor speech last week, Sen. Edward M. Kennedy lashed out at Republicans for insisting on tax cuts targeted for small businesses to offset the cost of raising the minimum wage." Kennedy said, "How many more billions of dollars do we have to give you, Mr. Republican? How many more dollars do we have to give you to get an increase in the minimum wage? It is shocking. It is disgraceful." The Times adds, "The Senate Finance Committee -- headed by Sen. Max Baucus, Montana Democrat -- added up the amount of tax cuts that it had included in the minimum-wage bill that the panel approved earlier this month. The $8.3 billion in tax cuts were aimed at the small businesses that hire most minimum-wage workers." Senate Republicans "were quick to note that the $8.3 billion in tax cuts for small businesses nationwide is less than the $8.5 billion federal funding cap placed on Boston's Big Dig highway project. Mr. Kennedy has been the principal sponsor of the project, which has been riddled with corruption, cost overruns, delays and safety woes."

House Democratic Leaders Drop Plans For Pay Raise. The AP (1/30, Taylor) reports House Democratic leaders "abandoned attempts to revive an annual pay raise cherished by rank and file lawmakers, a decision prompted by lingering GOP anger over last year's campaign." Lawmakers' pay "will be frozen at $165,200 for this year in a dispute fueled by the Democrats' use of the issue in last year's campaign, violating a yearslong understanding that the competing parties would not attack each other over pay raises." The issue concerns "the annual congressional cost of living adjustment, or COLA, under which lawmakers automatically get a pay hike unless Congress votes to block it."

The New York Times (1/30, Hulse, 1.16M) reports the cost-of-living adjustment "is on the verge of being eaten up in political payback. Republicans, who were attacked by Democrats in the 2006 campaign for accepting annual raises while not increasing the federal minimum wage for 10 years, say they are inclined to oppose any increase for representatives. And Democrats say they are not likely to enact one on their own, which would open them to attack in

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the next campaign." Republican leaders "point a finger at the hard-hitting Democratic campaign operation of last year, saying Monday that making the raises a political issue violated a longtime unwritten agreement between the parties."

Democrats Finalize $463.5 Billion Stop-Gap Funding Bill. The Wall Street Journal (1/30, A3, Rogers, 2.04M) reports Democrats "put the final touches on a $463.5 billion spending bill designed to keep the government operating for the rest of the fiscal year and bridge the gap left by the collapse of the budget process last fall." Reflecting the "new Democratic majority, the largest funding increases would go to veterans' medical care, Pell Grants for low-income college students, law enforcement, and fighting AIDS and malaria overseas. The White House appeared receptive to much of the package, but it would have to accept an almost $3.6 billion cut from its fiscal 2007 request for military construction and base-closing funds." Faced with "a Feb. 15 deadline, speed is essential and the House is scheduled to vote tomorrow without a formal committee markup. The Senate will be more of an obstacle, and Democrats hope that concessions to conservatives and weeks of negotiations with federal agencies will hasten action there as well."

Democratic Plan Bill To Authorize Generic Biological Drugs. The Hill (1/30, Young) reports senior Democratic lawmakers "are close to introducing legislation to create a pathway for the approval of generic biological drugs in the hopes that the cheaper medicines will create billions of dollars in budget savings, which could be used to offset some of the cost of expanding federal health programs." But the "biotechnology companies that manufacture biologic pharmaceuticals caution that their products are not as easily reproduced as traditional, chemically based drugs, and are calling for legislators to include stricter safety and effectiveness testing requirements in the bill." Rep. Henry Waxman (D-Calif.), "the senior member of the Energy and Commerce Committee who is taking the lead on drafting the biologics bill, asserted that his legislation could have a big impact on healthcare spending." Waxman said, "There's a great deal of savings that can be achieved."

Pelosi Courts Liberal Bloggers. The AP (1/30, Werner) reports shortly after "her swearing-in as the first female House speaker, Rep. Nancy Pelosi took time to field questions from a few dozen Internet bloggers on a conference call that was off limits to mainstream media." Last week, Pelosi's aides "arranged for bloggers to question two Democratic House leaders on another conference call shortly before President Bush's State of the Union speech." Pelosi also "hired a full-time staff member this month dedicated to blogger outreach, and is making plans to launch a blog of her own. The day she was sworn in, bloggers were given special accommodations at the Capitol to cover the event, and fed lunch." It is "all evidence of the newfound attention bloggers from left-leaning Web sites are commanding on Democratic-run Capitol Hill, especially from the new speaker, a San Franciscan with an appreciation for the power of the Internet and grass-roots activism."

GSA Offering Incentives For Managers, Execs To Work From Telework Centers. The Washington Post's (1/30, D4, Barr) "Federal Diary" column reports, "The General Services Administration announced yesterday it will allow federal supervisors, managers and executives to work for free from one of GSA's telework centers in hopes that trial runs might build enthusiasm for telecommuting. GSA operates 14 telework centers that provide workstations equipped with computers, telephones, printers, copiers and other equipment. The centers are outside the Beltway in Maryland, Virginia and West Virginia. Agencies pay $25 to $49 per day to reserve a workstation."

White House Hires New Pastry Chef. The AP (1/30) reports there's a new name behind the decadent desserts at the White House: William Yosses." Yosses has "been named as the executive pastry chef for the White House, first lady Laura Bush announced Monday. He will design and oversee the desserts for state dinners, social events, official luncheons and holiday parties."

Cheney Refusal To Discuss Daughter's Pregnancy Seen As Hypocritical. In a New York Times guest column (1/30), Stacy Schiff says, "Last week Wolf Blitzer asked Dick Cheney about his pregnant lesbian daughter. The vice president looked as if his arm had made contact with that meat grinder. Mr. Blitzer was, he growled, seriously out of line." Neither Senator Jim Webb "nor Vice President Cheney wins points for his social graces. But what Letitia Baldrige said of the Webb encounter — "It was an uncivil reply to an uncivil remark" — does not apply equally to the vice president. Mr. Cheney has openly promoted an anti-gay agenda. His own base has called his daughter's pregnancy unconscionable. Family values have been his calling card. And our Prohibitionist vice president can't summon the courage to address the gin mill in the basement? Mr. Webb was rude on principle; Mr. Cheney rude out of hypocrisy. One man took a stand. The other scurried away."

Supreme Court Urged To Permit Issue Ads Before Elections. The Los Angeles Times (1/30, 850K) says in an editorial, "The US Supreme Court astonished everyone in 2003 when it upheld the constitutionality of severe limits on political speech. The good news is that the

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court may be having some sober second thoughts about that dubious decision." The "speech-curtailing measure at issue is part of the broader McCain-Feingold campaign finance law. The centerpiece of that law banned 'soft money' contributions to political parties that were used to circumvent limits on how much donors could contribute to candidates for federal office. What is glaringly offensive to the 1st Amendment is an accompanying ban on 'electioneering communications' paid for out of the treasuries of independent organizations." There are "a lot of phoney 'issue ads' out there ('Tell Sen. Smith you disagree with him about Iraq' can sound a lot like an endorsement for challenger Jones), but the court has to err on the side of preserving political speech. When it comes to speaking out about a candidate, opponents (and news outlets like ours) should not have a monopoly in the closing days of a campaign, especially if the outside organization weighing in is genuinely acting on its own."

WSJournal Urges Bush To Stick To Voucher Proposal. The Wall Street Journal (1/30, A16, 2.04M) writes in an editorial about reauthorization of the No Child Left Behind Act, "The big news so far is that President Bush is resurrecting the voucher proposal from his first term." Mr. Bush "campaigned on this concept in 2000, too, only to throw NCLB's choice provisions over the side to cut a bipartisan deal with Senator Ted Kennedy and Representative George Miller." But, "let's hope Mr. Bush isn't merely using 'choice' again as a negotiating ploy" because he "could pick worse fights than arguing that poor kids should be able to escape failing schools."

OTHER NEWS:

Bernanke Getting Positive Reviews. The Washington Post (1/30, D1, Henderson, 690K) reports, "The new chairman of the Federal Reserve got off to a rocky start last spring. Inflation was surging, the housing market was slumping, and Ben S. Bernanke's initial responses caused turmoil on Wall Street." But "a year into Bernanke's tenure, the picture has turned considerably brighter. Inflation is falling; unemployment is low; wages are rising; and the economy, despite continued problems in housing, is growing at a brisk clip. Bernanke is earning plaudits from Wall Street to Capitol Hill." Robert DiClemente, chief U.S. economist at Citigroup Global Markets said, "His stewardship in the first year has to be applauded by markets, investors and other policymaker. … He was able to arrest inflation without killing the expansion. That's really the ultimate victory." Sen. Kent Conrad), chairman of the Senate Budget Committee, said. "I think he's doing his level best to manage monetary policy in a way that will accommodate growth." The Post adds, "Certainly, the Bernanke Fed remains a work in progress. He promised greater openness, but despite months of discussion, the central bank's arcane methods of communicating with the public have not changed much. And the chairman's skills as a leader remain untested by a financial crisis or serious conflict among members of the policymaking Federal Open Market Committee."

Offering a similar criticism, the New York Times (1/30, Andrews, 1.16M) reports, "When…Bernanke took over as chairman of the Federal Reserve Board one year ago this week, he brought with him a long-held conviction that the central bank should be more explicit about its goals and less personalized than it had been under Alan Greenspan. Yet as Mr. Bernanke celebrates his first anniversary on the job, the Fed is still far away from acting on his major proposal of setting an explicit target for inflation." Bernanke "has long argued that publicly committing the central bank to an inflation target -- probably 1 to 2 percent a year -- would make its policy more transparent and open to the public. Its decisions would be easier for investors to anticipate, he argued, and the public might have greater confidence that inflation would indeed remain low. It is an idea that Mr. Greenspan staunchly opposed, arguing that it would bind the Fed to rigid rules and deprive it of crucial flexibility in reacting to economic surprises." But "even though a majority of those on the Fed board agree with Mr. Bernanke in principle, officials have, if anything, become more cautious over the last year about making a change."

But USA Today (1/30, 1B, Kirchhoff, 2.27M), in a story titled "Bernanke Quietly Guides Economy," calls "Bernanke's relative anonymity…a major departure from the days of his predecessor," adding that "as he finishes his first year as chairman, the unassuming Bernanke, 53, doesn't have Greenspan's head-turning sway over the general public, at least not yet, but he does have firm control of the central bank and the growing confidence of financial markets." He "has steered the central bank through a turning point in an economy that was confronting a tumbling housing market and uncomfortably high inflation."

As Recession Fears Fade, Fed Unlikely To Ease Rates. The Christian Science Monitor (1/30, Trumbull, 59K) reports the US economy "was expected to cool a bit along with temperatures this winter, but that slow patch is looking more like business as usual. The housing slump is still serious. Detroit carmakers are still in trouble. But with oil prices dropping since last summer, overall economic activity keeps chugging along even as inflation looks to be easing." The Monitor adds, "The momentum has spoiled hopes that the Federal Reserve will cut interest rates anytime soon. The Fed is expected to note signs of strength in the economy, and continued vigilance against inflation, when it releases its latest policy statement Wednesday. Otherwise, however, this is good news that eases worries about a possible recession –

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and suggests a year of economic growth that is closer to normal."

Stocks See Modest Gains. NBC Nightly News (1/29, story 7, :15, Williams, 9.87M) reported, "On Wall Street today, stocks managed to finish the day with some modest gains. The Dow was up almost four points [to close at 12,490.78] on the day. NASDAQ gained nearly six points [to close at 2,441.09]."

US Law Firm Makes Inroads In China. The Wall Street Journal (1/30, B1, Koppel, Batson) reports, "For brand-name law firms bent on global expansion, China poses a conundrum. Economic activity is generating plenty of legal work, but opening an office on the mainland is fraught with hurdles, from a shortage of legal talent to regulations that limit the work foreign lawyers can do. … Now, a U.S. firm thinks it has found a way to build business in China while avoiding some of the burdens. McDermott Will & Emery, a 1,000-lawyer firm founded in Chicago, has entered into a strategic alliance with Yuan Da Law Offices of Shanghai, which has around 25 lawyers. It's the first formal tie-up between a Western and a mainland China firm, and a bold move, given that regulations bar international firms from fully merging with Chinese counterparts." The firms will share clients -- for instance, each providing legal assistance in their areas of expertise. But, to comply with Chinese law, McDermott and MWE can't share the profit. The U.S. firm must account separately for its work and the revenue it brings in. … The strategic alliance is structured so that McDermott stands to reduce its costs if MWE increases the amount of work it does for clients." The Journal adds, "Many other big law firms have flocked to mainland China to advise multinational clients and snag new ones in the country's burgeoning corporate sector. Last year, 14 foreign firms opened offices in mainland China, about the same as in each of the two previous years, according to legal consultant Hildebrandt International Inc. When firms enter the market, they mostly send partners to China and hire local Chinese lawyers. … The problem isn't a lack of business. Last year saw $69.5 billion in foreign direct investment into China -- fueling demand for cross-border legal services in such areas as securities offerings, deals and trade disputes. … But mainland China poses particular challenges for these outside lawyers. Besides unfriendly regulations, there's a shortage of top legal talent and there are clients who recoil at Western billing rates for lawyers' advice."

Fenty Taps Nonprofit Head As Next DC Attorney General. The Washington Post (1/30, B03, Cauvin) reports, "Linda Singer was not looking for a new job, she said. She was not even looking to practice law anymore. … She was running a nonprofit group in the District, and for years, she had told the state of New York -- where she had been admitted to the bar -- that she was retired from the law, with no intention of practicing again." The Post continues, "So, Singer said, she was surprised when D.C. Mayor Adrian M. Fenty (D) came calling and offered her the job as attorney general over breakfast at Four Seasons. … The 40-year-old Harvard Law School graduate was not a member of the D.C. Bar until this month, despite having lived and worked in Washington for more than a decade. For 13 years, she had led a Washington-based network of nonprofit organizations called Appleseed, which harnesses pro bono work by law firms to study problems in such areas as education, health care and immigration." The Post adds, "Singer's work at Appleseed focused on policy -- stimulating ideas, advocating change and raising money. It was very little like the job as the city's top lawyer that she assumed this month. And in law offices around town, that has people wondering whether she is the right fit for her new post, which she holds in an acting capacity as she awaits confirmation by the D.C. Council. … She takes charge of a staff of several hundred people with a variety of responsibilities, which include reviewing the city's bond deals on Wall Street, defending municipal agencies in court, prosecuting juvenile offenders, and cracking down on deadbeat parents and usurious lenders."

Unused Embryos Pose Dilemma For Couples. USA Today (1/30, 1A, Stone, 2.27M) reports in a front page story that as Congress "renews debate about funding stem cell research using human embryos," people who have used in vitro fertilization to conceive children "are thinking hard about what to do with excess embryos after their families are complete. Only they — not politicians, doctors or ethicists — are legally entitled to make the call." How they "decide will help determine the future of research into embryonic stem cells, the master cells from which scientists hope to develop treatments for diabetes, Alzheimer's and other diseases. Scientists hope to find cures using adult or amniotic fluid stem cells, but researchers like George Daley of Harvard say they are not a substitute for embryonic stem cells, which potentially can become any cell in the body."

GOP Right Restive Over Possible '08 Presidential Candidates. The Politico (1/30, Martin) reports, "Contemplating the current field of Republican presidential candidates, Rush Limbaugh sounded like a man with malaise." On his radio show, Limbaugh said, "To be honest with you, there's nobody out there that revs me up, so why should I pretend there is?" The Politico adds, "What for much of the past year has been an undercurrent of grumbling on the right about the top tier of Republican contenders -- Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani -- is lately on the rise in both frequency and volume. Limbaugh's sour note is the most striking of examples." From

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"consultants to bloggers to talk show hosts, there is a climate of suspicion -- at times bordering on contempt -- among conservative activists about their 2008 choices." McCain is "courting social and economic conservatives this year, but still faces grave doubts because of his past attacks on conservative religious leaders and his frequent willingness to make common cause with Democrats." Romney "faces charges of opportunism because of his recent past as a social moderate," while Giuliani's "potential candidacy would test whether a leader with liberal views on abortion and gay rights could prosper in a party whose activists are steadfastly opposed to both." Some activists "see all three men failing the test."

Romney Able To Skirt Some Campaign Finance Rules. The Wall Street Journal (1/30, A1, Cummings, 2.04M) reports in a front page story that because he "doesn't hold federal office," former Massachusetts Gov. Mit Romney "became subject to the federal rules only after he set up a presidential exploratory committee earlier this month. Until then, his team took advantage of a little-noticed gap between federal and state law. While most states limit political donations, about a dozen don't. Mr. Romney's political team set up fund-raising committees in three of those: Michigan, Iowa and Alabama. During that time, his political action committees raised $7 million." As a result, Romney "was able to hit the ground running, a big advantage in what has already become a feverish race. A week after announcing his possible bid, having already taken care of basic campaign logistics such as hiring and office space, the former governor held a Boston fund-raiser that netted $6.5 million in pledges. Mr. Romney also used the cash to build a broad network of financial backers and grass-roots allies."

Romney Still Avoids Taking Stand On Immigration. The Hill (1/30, Youngman) reports Romney "assuaged the concerns of many gathered at National Review Institute's Conservative Summit last weekend, at least on issues of abortion and gay marriage." But aside from "a brief mention of the importance of learning English during a nearly hour-long speech, Romney stayed away from the ongoing and heated immigration debate." While the Republican Party "was divided over the immigration debate last year, Romney, like other governors-cum-presidential candidates before him, was not forced to vote on a hot issue," and he has "by and large avoided the most contentious part of the immigration debate."

Former New Hampshire GOP Chief, Von Dongen Back Giuliani. The AP (1/30, Elliott) reports former New York City Mayor Rudy Giuliani "has recruited a recent New Hampshire Republican chairman to lead his political operations in this first-in-the-nation primary state." Giuliani "announced the appointment Monday of veteran GOP activist Wayne Semprini." Semprini, "who until Saturday was the state Republican Party chairman, has been involved in New Hampshire politics since 1972." During his visit this weekend, Giuliani "would not say when he would make a final decision, although his speeches at Bretton Woods and Manchester were campaign-style addresses."

Roll Call (1/30, Whittington) reports, "Washington, D.C., superlobbyist Dirk Van Dongen has agreed to serve as D.C. finance chairman for Republican Rudy Giuliani's nascent 2008 presidential bid, and allies of the former New York mayor say the move is only a preview of the high-profile, inside-the-Beltway support he is building." Van Dongen, "who heads the National Association of Wholesaler-Distributors and is a top Republican fundraiser with close ties to President Bush, represents a big catch for Giuliani among the president's top money men — the group of 'Rangers and Pioneers' who helped pour millions into his two White House campaigns." It also "signals some of the first tangible evidence of the former mayor's outreach to Washington insiders as he lays the groundwork for a 2008 run."

Boston Ace Pitcher Schilling Endorses McCain. The AP (1/30, Elliott) reports Sen. John McCain "won the support of two Senate colleagues from Maine Monday, and then scored big with a plug from Boston Red Sox pitcher Curt Schilling." Schilling "helped pitch the Boston Red Sox to a World Series title in 2004, a source of pride during the tenure of former Massachusetts Gov. Mitt Romney. But he apparently won't be supporting Romney in the race for the 2008 Republican presidential nomination." Schilling "told WEEI-AM: 'I'm actually kind of excited about the fact that I think Senator McCain is going to do something official here, and he's going to be the man I'm going to back.'"

Snowe, Collins Endorse McCain. Roll Call (1/30) reports Sen. John McCain (R-Ariz.) "announced Monday that Maine Sens. Olympia Snowe (R) and Susan Collins (R) will serve as co-chairwomen of his presidential exploratory effort in the Pine Tree State." State Rep. Josh Tardy, "the House Republican leader, will serve as vice chairman of McCain's campaign in the state." The "endorsements of Snowe and Collins, both centrists, are not surprising despite the fact that they both endorsed then-Texas Gov. George W. Bush and not McCain in the 2000 Republican primary."

Hutchison Says She'd Consider VP Spot In 2008 Ticket. The Washington Times (1/30, Hallow, 88K) reports, "Sen. Kay Bailey Hutchison, the largest Republican vote-getter in the 2006 congressional elections and the most popular Republican in Texas, said yesterday she would consider an offer to run for vice president next year. 'If our party's nominee called me and said we are putting everything in the grid, and we think you are the best person, would I say

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no? I can't imagine that I would say no,' she said." She also told the Times, "Would I seek it or do something to promote it? Absolutely not."

Hillary Clinton's Visit To Iowa Continues To Draw Attention. The CBS Evening News (1/29, story 5, 2:10, Couric, 7.66M) reported that before her first weekend in Iowa, "everyone expected" Sen. Hillary Clinton "to be asked about her stance on the war. That is not what people are talking about, is it?" CBS (Borger) added, "No, it isn't. What has Washington buzzing the way Hillary Clinton chose to answer what seemed like seemingly innocuous question about how she would deal with the bad actors on the world stage." Sen. Hilary Clinton: "In the gentlemen's words we face a lot of evil men. You know, people like Osama bin Laden comes to mind. And what in my background equips me to deal with evil and bad men?" Borger: "The question was about foreign leaders, but the candidate's answer at the very least was playfully ambiguous." Joe Trippi, Democratic political strategist: "I assume she was referring to Bill Clinton." Borger: "Some political strategists figure it was part of a plan to deal with the inevitable questions about her marriage early with humor and some attitude." CBS also noted Clinton's explanation of her Iraq war vote, showing Clinton saying: "If we had known then what we know now, there never would have been a vote and I never would have voted to give this President that authority." Borger: "That's a very complicated answer. Some of the other Democratic presidential candidates have just decided to simplify. They just say they made a mistake."

The Politico (1/30, Smith) reports that in her "first tour of Iowa last weekend, Sen. Hillary Rodham Clinton emerged as a candidate hard-edged enough to threaten violence, yet explicitly female enough to make women feel so comfortable that one mentioned menopause in front of crowd of more than 1,000 people." Clinton "never called attention to her gender during her six years as Democratic senator from New York the way she did at a Des Moines town meeting where she raised the question 'Would we ever elect a woman as president?' and mused openly about the challenges she faces as a female candidate." Clinton also has "rarely deployed the masculine language of violence the way she did in Iowa, where she said she would 'deck' anyone who attacked her politically, and called on President Bush to 'bring the hammer down' on Iraq's political leaders." But while, within the large and small rooms, Clinton seemed to be speaking most directly to the women present, she drew headlines for the new intensity of her words, which seemed to catch supporters and reporters who have covered her for years a bit by surprise."

Clinton's Off-Key National Anthem Posted On Internet. The AP (1/30, Elliott) reports the "online world discovered that" former First Lady Hillary Clinton "had a hard time with a tough tune when someone posted a video Sunday of Clinton caught on an open MSNBC microphone singing an off-key rendition of 'The Star-Spangled Banner' during a campaign event in Iowa. By Monday morning, the 1-minute, 8-second clip had been viewed more than 660,000 times, making it the top-viewed video for the day at that point."

Clinton Meets With Food Workers Union. The New York Times/AP (1/30) reports Sen. Clinton "met privately Monday with the board of the United Food and Commercial Workers Union, a 1.3 million-member labor group whose support will be critical to any Democratic candidate." Clinton "traveled to Naples, Fla., to address the annual board meeting of the union. UFCW spokeswoman Jill Cashen said the New York senator had been invited to speak on issues affecting the union, such as health care, immigration and boosting the minimum wage." Cashen added "other 2008 presidential contenders would be invited to address the UFCW board throughout the year. Cashen declined to say whether the union intends to endorse a candidate."

Clinton Urged To Use Gender To Her Advantage. In a USA Today op-ed (1/30, 11A), author Harriet Rubin says, "Gender doesn't have to work against female candidates. In fact, the right mix of femininity and strength might be just what the electorate ordered." Even the "most powerful woman in politics can't yet hold her own against the most powerful man, it seems: When Bill and Hillary Clinton take a stage together, he makes her disappear, like a magician and his assistant. How then would she look on stage against Republican Sen. John McCain? She'll have to draw consistently on her 'mamisma,' not machismo." Mamisma is "femininity defined by mature and maternal qualities. It lets a female candidate make men look like wimps while doing the taboo-dance, enticing people to fall in love with her."

Edwards Admits He May Have Lacked Experience In 2004. The AP (1/30, Elliott) reports John Edwards "acknowledged Monday that he may have been too inexperienced in national politics for his White House run in 2004." Edwards was "serving his first and only Senate term four years ago when he declared himself a presidential candidate. During a forum at Wake Forest University on Monday, Edwards said he might agree with critics who said he left Congress too soon to seek the presidency," but he added "the experience he has gained since the election has now prepared him for another run in 2008." Edwards said, "When I ran in 2004, I spent most of my time thinking about being a good candidate. These days I think about what I want to do as president of the United States."

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Clinton, McCain Visit Center For Wounded Vets. The AP (1/30, Elliott) reports Sens. Hillary Rodham Clinton and John McCain, "their parties leading presidential candidates, put politics aside for a time Monday to dedicate a rehabilitation center to treat the increasing number of severely wounded Iraq war veterans." Clinton and McCain, "members of the Senate Armed Services Committee, thanked the wounded for their service and told them the nation owed them a debt. Both senators avoided questions about the unpopular war."

Vilsack Takes Post At Drake University. The AP (1/30, Elliott) reports former Iowa Gov. Tom Vilsack "was named a visiting professor of law at Drake University, a private college in Des Moines, school officials said Monday." College officials said Vilsack "will be in residence at the school 'for several days' during 2007. He'll deliver the keynote speech at the schools Supreme Court celebration in March, host a symposium on risk and responsibility later in the spring, and help teach a short course on legal issues surrounding rural development."

Hunter Criticizes Kerry For Calling US "International Pariah." The AP (1/30, Elliott) reports, "White House hopeful Rep. Duncan Hunter on Monday criticized Sen. John Kerry for telling an overseas conference that the United States was 'a sort of international pariah.'" Hunter, a "long-shot presidential candidate, complained about Kerry's remarks this past weekend at the World Economic Forum in Davos, Switzerland. Responding to a question, Kerry said the Bush administration had failed to adequately address a number of foreign policy issues." Kerry said, "So we have a crisis of confidence in the Middle East — in the world, really. I've never seen our country as isolated, as much as a sort of international pariah for a number of reasons as it is today." The AP adds Hunter 'told a New Hampshire audience Monday: 'It was terrible for him to say that.'"

Weak Fundraising Raises Questions About Hagel's Reelection Plans. The Hill (1/30, Blake) reports Sen. Chuck Hagel's (R-Neb.) "year-end financial filing shows that he raised just $80,000 for his campaign committee in the final three months of 2006, bringing his cash on hand to $140,000 from $110,000." As of his "third-quarter filing, Hagel had the least cash on hand of the 33 senators up for reelection in 2008. The potential presidential candidate's most recent filing shows he increased his campaign fundraising over the $20,000 he raised in the third quarter." But unlike retiring Sen. Wayne Allard, "who was one of Democrats' top three targets, Hagel appears unlikely to face a serious Senate challenge in 2008." At the "same time, he has left open the possibility that he would retire, whether or not he would seek the presidency. Last week, he rebuffed a report that said he has assured the National Republican Senatorial Committee that he will seek reelection."

Schumer Says "Middle Class Imagination" Key To 2008. Sen. Charles Schumer said on MSNBC's Hardball (1/29, Matthews), "Middle class voters in 2004 went overwhelmingly for George Bush. In 2006, they voted for us, but mainly because they didn't like Bush anymore. And 2008's going to be a real seminal election, and whichever party can create a platform that captures the middle class imagination, I think, will be the party that will be dominant for a generation."

GOP Campaigns Try To Avoid Allen's Fate. The Politico (1/30, Budoff) reports, "The fear gnaws at senators, embodied in a catchphrase that conveys their dread: Don't be the next George Allen." In Republican "campaign strategy sessions and conference calls, candidates and consultants are invoking Allen's name as a verb -- to be 'George Allen-ed' -- and devising tactics to avoid a fate similar to that of the former Virginia senator, taken down by a shaky, 51-second video that volleyed around the country via YouTube." Sen. John Ensign, Nev., chairman of the National Republican Senatorial Committee, said, "You have to assume there is a recording device of some kind on you at all times -- that is what I am telling all of my people." The Politico adds that with "the method (cell phones) of capturing embarrassing moments and the means (the Internet) of disseminating them so universally, early discussions about surviving the 2008 election cycle are all about control. A list of rules, if one existed, would nix jokes, stumbling or snoozing in public. Don't berate aides, ambush an opponent at a news conference or do anything humiliating enough to tank a career."

Franken To Leave Air America, May Run For Senate. The Hill (1/30, Blake) reports, "Comedian and potential Minnesota Senate candidate Al Franken will leave liberal talk radio station Air America in two weeks, he announced yesterday on his show." The announcement "paves the way for Franken to explore a possible Democratic challenge to freshman Sen. Norm Coleman (R-Minn.) in 2008."

Google Moves To Defuse "Google Bombs." The Washington Post (1/30, D3, Goo, 690K) reports that for "many years, Google said it wouldn't rectify the antics of pranksters who rigged search terms, like having 'miserable failure' bring up a White House biography of George W. Bush as a top result on its search engine." But Google "last week reversed its position, changing its algorithms to eliminate so-called 'Google bombs' that yield political or humorous

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results." On its "blog targeted at Web engineers, Google disclosed that it made changes to minimize the impact of the most popular Google bombs. Too many people started to think the results reflected the company's political opinion, it said."

Drinan Remembered. The Washington Post (1/30, C1, 690K) runs a piece on the Rev. Robert Drinan by Colman McCarthy, a former Washington Post columnist who directs the Center for Teaching Peace. McCarthy describes the former congressman as a "model of moral tenacity," and criticizes Pope John Paul II for asking him to leave politics.

Humane Society Becoming "A Tiger" Among DC Interest Groups. The Washington Post (1/30, A15, Birnbaum, 690K) reports, "Many people may consider the Humane Society of the United States a pussycat. But with 10 million donors and a $120 million budget, it is becoming a tiger among Washington's interest groups. Just ask Maryland Gov. Robert L. Ehrlich Jr. (R) and Rep. Richard W. Pombo (R-Calif.). Actually, make that former governor and then-representative." The Humane Society "targeted both in last year's elections after Ehrlich supported bear hunting and Pombo supported commercial whaling and trapping in wildlife refuges." The society also "spent lavishly to help pass an initiative in Arizona, fought by agribusiness, that bans inhumane factory farming. And it bested the National Rifle Association on a measure that prohibits the shooting of mourning doves for sport in Michigan."

California Praised For Moving Up Primary. In his Washington Post column (1/30, A17), E.J. Dionne says California's politicians "have decided to give its voters a say in selecting the Republican and Democratic presidential nominees. And as befits a place that helped give birth to the Goldwater Right, the New Left, the counterculture, environmentalism, modern libertarianism and the tax revolt, California doesn't mind if it throws an already flawed presidential nominating system into chaos. Fearing that California will bigfoot its way into dominance by moving its primary to Feb. 5, 2008, Illinois, Florida and New Jersey are maneuvering to do exactly the same thing. Thus would this diverse group of states give its voters a say just two weeks after the New Hampshire primary, three weeks after the Iowa caucuses, and also close to the contests in Nevada and South Carolina, which the Democrats have moved up in their order of battle." The "revolt of the big states may not slow the process and might even enhance the importance of the outcomes in Iowa, New Hampshire and the two other early states. But by forcing themselves forward, California, Illinois, New Jersey, Florida (and who knows who else?) will definitely let many more voters, and many more kinds of voters, in on an important choice."

WSJournal Warns Against Efforts To Ease Unionization. The Wall Street Journal (1/30, 2.04M) says in an editorial, "The Labor Department reported last week that U.S. union membership keeps shrinking, which helps explain why unions have made easing the rules for organizing one of their top political priorities. And in some places, they've got a good chance to succeed." Big Labor's "response has been to redouble efforts to rig the rules to make union organizing much easier. So in Congress the number one AFL-CIO priority is 'card check' legislation, which would end secret ballots for organizing elections at worksites. Union reps would know which workers voted 'no' and thus be able to exert enormous peer pressure to conform. Given union history, this would surely include threats and other intimidation. Democrats on Capitol Hill are likely to bring 'card check' up for a vote on very short notice -- the better to prevent business from mobilizing against it." Meanwhile, at the state level, unions "are trying to exploit their legislative victories in November by overturning right-to-work laws." Iowa is "emerging as the first test of this effort, thanks to Democratic control of the Governorship and both legislative houses for the first time in 40 years."

WPost Criticizes School Using Church For Graduation Ceremony. The Washington Post (1/30, A16, 690K) in an editorial, criticizes Montgomery Blair High School's use of the Jericho City of Praise church in Landover for its graduation ceremony. That decision "overruled a decision by Superintendent Jerry D. Weast" that was intended to avoid "a possible lawsuit by groups who see use of the church as violating the constitutional separation of church and state" and to take account of "those discomfited by walking into a building that proclaims 'Jesus Is The Lord!!!'" The Post concludes, "Montgomery County must do a better job of providing a proper setting for all its students -- and their families -- to celebrate graduation."

Talks With Pyongyang To Resume Next Week. The AP (1/30, Ang) reports a US Treasury official in Beijing for negotiations with Pyongyang said Tuesday he was "hopeful" of progress, "as a report indicated full talks on the North would resume Feb. 8." Deputy Assistant Treasury Secretary Daniel Glaser told reporters in Beijing ahead of meetings Tuesday with his North Korean counterpart, "We're prepared to go through these talks as long as it takes for us to get through our agenda." Meanwhile, Japanese public broadcaster NHK reported Tuesday that China had informed Tokyo that six-party talks would resume Feb. 8.

The Financial Times (1/30, Fifield) says talks due to resume today between US and North Korean officials on Tuesday over the "US-instigated financial crackdown on

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Pyongyang" are "likely to be pivotal to determining the success" next week's anticipated six-party talks.

Ban Urged To Seek Nuclear-Free Korean Peninsula. Paul B. Stares, vice president for conflict analysis and prevention at the United States Institute of Peace, writes in a New York Times (1/30, 1.16M) op-ed, "Of all the crises facing the new United Nations secretary general, Ban Ki-moon, the fraying nuclear nonproliferation system is arguably the most consequential." Stares says that "with North Korea having declared after its test last October that it now possesses a nuclear deterrent, the understandable temptation will be to focus on Iran." But "this would be a mistake," according to Stares, because North Korea is "still some way off from having a reliable nuclear weapon." Therefore, he urges Ban to seek a "United Nations-sponsored initiative to formally end the Korean War and dismantle the present armistice arrangements. As part of a peace treaty, the principal signatories -- the United States, China and the two Koreas -- would commit themselves to establishing normal diplomatic relations, recognizing the territorial integrity of both Koreas and, most important, ensuring a nuclear-free peninsula."

Cheney To Visit Japan, Australia. AFP (1/30) reports Vice President Dick Cheney will travel to Japan and Australia the week of February 19 "for talks on Asian security and the global war on terrorism," his office announced. Cheney, who will also visit US troops stationed in Guam, will also meet with Japanese Prime Minister Shinzo Abe and Australian Prime Minister John Howard "to thank them for their help in Iraq and Afghanistan."

Separately, AFP (1/30) says Australian Prime Minister John Howard "has welcomed" Cheney's upcoming visit "as an opportunity to consult on the progress of the Iraq war." Howard, who announced last week he would not pull Australian troops out of Iraq, said, "I think given the larger things that are at stake with the alliance and the fact you do stick by your close allies when things are difficult, I think that would do a lot of damage to the alliance."

US Offers Air Support For Somali Peacekeepers. AFP (1/30) reports the United States is "ready to contribute air support to an African Union peacekeeping force in Somalia," Assistant Secretary of State for African Affairs, Jendayi Frazer, said. The Assistant Secretary told AFP that she had made the offer during talks on the sidelines of the African Union summit in Addis Ababa with the head of the AU commission, Alpha Oumar Konare.

Palestinian Factions Continue Fighting Despite Ceasefire. The AP (1/30, Barzak) reports Palestinian "infighting raged in the Gaza Strip Tuesday morning despite a cease-fire declaration by warring Hamas and Fatah factions." There were reports of gunfire and explosions were in downtown Gaza City "as gunmen from the rival factions ignored the cease-fire, reached at a midnight meeting between Prime Minister Ismail Haniyeh and a representative of Palestinian President Mahmoud Abbas. Foreign Minister Mahmoud Zahar of Hamas announced the agreement early Tuesday, saying it "stipulated that all security forces must return to their bases, that suspects in killings were to be handed over, and that all hostages still being held…were to be released." However, the AP reports that "none of those steps appeared to have been taken after the 3 a.m. deadline passed."

Suicide Attack Kills 3 In Israeli Resort. NBC Nightly News (1/29, story 3, 0:35, Williams, 9.87M) reported on "a Palestinian suicide attack at a bakery in the southern resort town Eilat. … One group taking responsibility said it was trying to end weeks of fighting between Palestinian factions by aiming at Israel instead."

The New York Times (1/30, A14, Myre, 1.16M) reports, "After nine months without a suicide bombing in Israel, a Palestinian walked from Egypt across the open desert border, hitched a ride from a wary Israeli motorist and then blew himself up on Monday inside a bakery in the Red Sea resort town of Eilat," Israeli officials said. The attack "complicated the latest effort to restart Israeli-Palestinian negotiations." With the United States scheduled to host of talks Friday, the White House said in statement Monday that if the Palestinian government failed to prevent terrorism, it would "undermine the aspirations of the Palestinian people for a state of their own."

The Washington Post (1/30, A10, Wilson, 690K) says the attack "brought sharp condemnation from Israeli Prime Minister Ehud Olmert, the White House and leaders of the relatively moderate Fatah faction led by Palestinian Authority President Mahmoud Abbas. But the governing Hamas movement and Islamic Jihad…called the attack a legitimate response to Israel's occupation of territories that Palestinians envision as part of their future state."

State Department Tells Congress Israel May Have Misused Cluster Bombs. In a highly anticipated move, the Washington Post (1/30, A13, Kessler, 690K) reports the State Department notified Congress yesterday that Israel "may have violated US rules prohibiting the use of American-made cluster bombs in civilian areas during last summer's war in Lebanon." State Department spokesman Sean McCormack "declined to confirm that the preliminary findings related to Israel's use of the weapons in civilian areas, citing classified military-sales agreements between Israel and the United States. But the State Department said last August that it opened the investigation because human rights groups complained that cluster weapons" were responsible "for many civilian deaths." The

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Washington Times/AP (1/30, Gedda) also reports on the State Department's move.

Egypt Tightens Control On Press. The Christian Science Monitor (1/30, Gauch, 59K) reports two recent cases "have given journalists, bloggers, and human rights activists in Egypt cause to fear an impending crackdown on the country's outspoken independent press and its young, activist bloggers, who have been primary agitators for democratic reform." Over the past year, the government "has steadily rolled back political reforms implemented since 2004 after the Bush administration singled out Egypt as ripe for democratic reform." And "many worry Egypt's relative freedom of expression may be ending, too."

Al-Jubeir Named New Saudi Ambassador. The Washington Times (1/30, Morrison, 88K) reports in its "Embassy Row" column that Adel al-Jubeir Monday was officially named as Saudi Arabia's new ambassador to the United States. Al-Jubeir is expected to take up his position next month.

Chinese General To Be Pressed On Missile Test. The Washington Times (1/30, Gertz, 88K) reports China's "most senior military war planner is visiting the United States, and Pentagon officials plan to question him about Beijing's recent anti-satellite test." Gen. Ge Zhenfeng, deputy chief of the general staff, arrived in Hawaii on Sunday, where he is leading "a delegation of officers that are part of a US-China military exchange program." Defense Secretary Robert M. Gates is "not expected to meet with Gen. Ge, and the Pentagon is seeking to play down the visit by giving Army Chief of Staff Gen. Peter J. Schoomaker the lead role in the 11-day visit." Defense officials "said they do not expect Gen. Ge to be more forthcoming than other Chinese officials who have refused to explain" the test, but one defense official said, "This is something that we'll continue to press them on."

Russian Presidential Candidates Seek Putin's Backing. The Wall Street Journal (1/30, A6, Cullison, 2.04M) reports, "Even though the vote is more than a year away, presidential jockeying in Russia already is in full swing." The "race to succeed Vladimir Putin, who is obliged by a two-term limit to step down next year, is a kind of Kabuki theater, where contenders maneuver to score points for themselves and undermine suspected rivals with the only constituency that really matters: Mr. Putin and the Kremlin elite." The "behind-the-scenes struggle" has "triggered waves of conspiracy theories as events ranging from corruption scandals to contract killings to the poisoning of a former security agent are dissected for clues to what it says about the presidential race." Meanwhile, politicians and analysts "agree that there is little suspense about who will decide the outcome of the elections, slated for March 2008" as "Putin will be able to ensure victory for whichever candidate he endorses."

Saudi Arabia Cuts Crude Output In Effort To Bolster Prices. The Wall Street Journal (1/30, A3, Bahree, 2.04M) reports, "Saudi Arabia, which already has aggressively shaved its oil output in a battle to shore up prices, is tightening its spigots further this week. A senior Saudi oil official said yesterday the kingdom had advised its customers of the impending 158,000 barrel-a-day cut, which takes effect Feb. 1." The "reductions, part of a broader campaign by [OPEC], are intended to shrink inventories of oil that had ballooned last year as demand growth for petroleum faltered." Word of the Saudi move "comes as traders are trying to parse whether OPEC is going to cut its production in line with its announced plans." The kingdom's "one-million-barrel reduction -- made over a roughly six-month period -- is nearly double the total cuts it agreed to make under two output reductions hammered out by OPEC at meetings in Doha, Qatar, in October and in Abuja, Nigeria, in December."

French Ambassador Says Ties With US Improving. The Washington Times (1/30, A1, Kralev, 88K) reports on its front page that relations between France and the United States "are back on track after years of tumult and should remain that way regardless of who wins the French presidential election this spring," according to French Ambassador Jean-David Levitte. In an interview with the newspaper, Levitte said, "Today, our relationship is back on the right track." His comments "on Lebanon's political crisis, Syria's behavior, Iran's nuclear program and its larger role in the Middle East were almost identical to the Bush administration's positions," the Times notes. Levitte also "echoed the administration's recent observations that the U.N. Security Council's December resolution that imposed limited sanctions on Tehran over its refusal to suspend uranium enrichment is affecting Iranian public opinion." Regarding Iraq, the ambassador said France is "advocating 'a perspective,' rather than a timetable, that would put just enough pressure on the Iraqi government to get its act together and start improving security."

Ghana To Chair African Union In Snub To Sudan. The Washington Post/AP (1/30, A14, Neuhaus, De Montesquiou) reports, "Bloodshed in Sudan's Darfur region dominated discussion at the African Union summit Monday, blocking Sudan's bid to lead the 53-country group as the U.N. chief described scorched-earth military policies as 'a terrifying feature of life' in the vast, arid area." With Sudanese President Omar Hassan al-Bashir "looking on," U.N. Secretary General Ban Ki Moon said that "the toll of the crisis

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remains unacceptable." Ban also "called on African leaders to end the deadlock created by Sudan's refusal to allow U.N. peacekeepers into Darfur." Hours later, the African Union chose Ghana's president, John Kufuor, to head the bloc, "deflecting Sudan's bid for the second year in a row." Sudanese Foreign Ministry spokesman Ali Sadiq called the move a "very unfortunate development."

WPost Welcomes Ghana's Selection. The Washington Post (1/30, A16, 690K) editorializes, "The Darfur crisis has demonstrated the limits of US influence. President Bush and administration officials have described it as genocide and pushed intermittently for sanctions, peacekeeping deployments, and a deal between Sudan's government and its rebel opponents, but their efforts have been hampered by the hesitancy of other players." However, the Post says "yesterday brought a small victory in the effort to force action" as Sudan was again denied chairmanship of the AU. The "next test" for Sudan, "involves Chinese President Hu Jintao, who today begins a 12-day tour of Africa that includes a stop in Sudan." The African Union "snub and the Chinese leader's visit provide an opportunity to regain the initiative on Darfur," but "the question for Mr. Hu is whether he merely wants to create an illusion of diplomatic progress on Sudan to protect China from the appearance of complicity in genocide or whether he means to ensure that peacekeepers are deployed."

LATimes Welcomes Northern Ireland Peace Initiative. The Los Angeles Times (1/30, 850K) editorializes, "In a once-unthinkable concession, the political wing of the Irish Republican Army voted Sunday to recognize the authority of the new Police Service of Northern Ireland." The Times says the "genius of the Good Friday agreement, supported by Britain and the predominantly Catholic Republic of Ireland, is that it finessed the issue of whether Northern Ireland is British or Irish." Calling it "a delicate compromise" the Times cautions, "i f it is to survive, those who police the north must be -- and be seen as -- evenhanded."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Unfilled Tunnels A Weak Link At Border."
"Wings Of Song For The Dying."
"The Race That Barbaro Could Not Win."
"Fooling Nature, And The Fertility Doctor."
"Doomsday Cult Said To Be At Center Of Iraqi Battle."

USA Today:
"Feds Plan $200m Grant Program Aimed At Curbing Violent Crime."
"Each Stored Embryo Is A Stem Cell Debate."
"16 States See Road Deaths Slashed."

New York Times:
"Bush Directive Increases Sway On Regulation."
"Europe Resists U.S. Push To Curb Iran Ties."
"Spitzer's Education Agenda Promises Aid Increase."
"A Lively Market, Legal And Not, For Software Bugs."
"Chinese United By Common Goal: A Hot Stock Tip."
"Ex-Bush Aide, In Testimony, Disputes Libby."
"After 8 Months, Setback Ends Barbaro's Battle."

Washington Post:
"Fairfax Shines In Jobs Report."
"Iraqis Describe Plot To Kill Shiite Clerics."
"With Iran Ascendant, U.S. Is Seen At Fault."
"Barbaro Euthanized."
"Virginia Men Face U.S. Trial In Peddling Of Phony Purses."
"Accusations Devastate 2 Va. Churches."

Washington Times:
"How The 'Axis' Seeks The Killer Missile."
"Iraqis Thewart Plot To Kill Shi'ite Clergy."
"Civilian Reserve Just Words In A Speech."
"French Diplomat Says Ties With US Are On The Mend."
"District Seeks To Compete As Convention Destination."

Detroit Free Press:
"How GM Raised The Voltage."
"System Overhaul Could Be Only Hope."
"Pfizer Gives Michigan Dose Of What's Needed In A Modern Economy."
"Rebounding Wolves Lose Their Endangered Species Protection."

Atlanta Journal-Constitution:
"Bill; 9 Jurors To Give Death."
"In Atlanta, It's Traffic."
"Who'll Pick Up Slack For Cobbs Pre-k."
"Flash Now, Being Later For Vista?"
"Aquarium Deaths Reopen Captivity Debate."

Houston Chronicle:
"Ot Officer's Work Hours In Dispute."
"Barbaro's Battle Is Over."
"UTEP's Don't Add Up."
"Cantu DA's New Views Get A Tough Reception In Texas."
"Up To 1 Million Texans Could Face Dreaded Tax."

Story Lineup From Last Night's Network News:
ABC: Barbaro Was Put Down; Iraqi Battles; Center for The Intrepid; Libby Trial; The US Auto Industry; Home Depot Hiring; School Urine Testing; Microsoft Vista; Woodruff A Year Later.

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CBS: Iran-Aides Insurgents; Iraqi Battles; US Death Toll-Iraq; Center For The Intrepid; Sen. Clinton Presidential Campaign; Barbaro -- "Euthanized"; Airport Security; Pilot Mandatory Retirement; Microsoft Vista; Power Ball Winners; Kimberly Dozier Returns.
NBC: Iraqi Battles; Center Of The Intrepid; Palestinian Suicide Bomber; Bush Harsh Words-Iran; Libby Trial; Visiting New Orleans; Stock Market; Government Spending; Teenage Driving; Father Robert Drinan-Obit; Barbaro -- "Euthanized".

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Microsoft-New Operating System; IL-Car Plows Into School Cafeteria; Sen. Obama-New Orleans; Iraq-US KIAs; Tokyo Stock Exchange.
CBS: Senate-Minimum Wage; Senate-Iraq Resolution; Bush-Iran; Federal Reserve-Policy Meetings; Barbaro Euthanized; Microsoft-New Operating System.
NPR: Bush-Iran; Iraq; State Dept.-Israel Might Have Violated Agreement Not To Use Cluster Bombs; UN Secretary General-Darfur; Senate Armed Services Committee- Admiral William Fallon; Tokyo Stock Exchange; CA-Lengthy Sentence For Convicted Child Molester; St. Louis Family Wins Powerball.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a tour of Caterpillar, Inc. Peoria, Ill.; delivers remarks on the economy, Caterpillar, Inc. Peoria, Ill.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Hearing on global climate change. Location: Room 406, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Confirmation hearing on the nomination of Adm. William Fallon to be reappointed admiral and be commander of the US Central Command. Location: Room 106, Dirksen.

9:30 a.m. FOREIGN RELATIONS _ Full committee. Hearing on the Negroponte nomination. Location: Room 216, Hart.

10 a.m. BUDGET _ Full Committee. Hearing on defining long term fiscal challenges. Robert Reischauer of the Urban Institute, Robert Greenstein of the Center on Budget and Policy Priorities, and Eugene Steuerle of the Urban Institute. Location: Room 608, Dirksen.

10 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the status of federal land management agencies' efforts to contain the costs of their wildfire suppression activities. Interior Secretary Kempthorne; Agriculture Undersecretary Mark Rey; Phyllis K. Fong, inspector general, USDA; Robin Nazzaro, GAO; James Caswell, Wildland Fire Leadership Council; Bruce McDowell, National Academy of Public Administration; Arizona State Forester Kirk Rowdabaugh. Location: Room 366, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on Congress' constitutional power to end a war. Panel I: David J. Barron, Professor of Law, Harvard Law School, Cambridge, Mass.; Bradford Berenson, Partner, Sidley Austin LLP, Washington, D.C. ; Walter Dellinger, Douglas B. Maggs Professor of Law, Duke University School of Law, Former Acting Solicitor General of the United States, Durham, N.C; Louis Fisher, Specialist in Constitutional Law, Law Library, Library of Congress, Washington, DC; and Robert F. Turner, Center for National Security Law, University of Virginia School of Law, Charlottesville, Va. Location: Room 226, Dirksen.

1 p.m. FOREIGN RELATIONS _ Full Committee. Hearing on alternative plans for Iraq. Iraq Study Group co-chairs James Baker III and Lee Hamilton. Location: Room 216, Hart.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on transportation sector fuel economy, including challenges to and incentives for increased oil savings. Betty Lowery, vice president, public policy, General Motors; William Logue, executive vice president, FedEx Express; John German, American Honda Motor Co.; Walter S. McManus, University of Michigan; Menahem Anderman - president, Advanced Automotive Batteries; David Greene, Oak Ridge National Laboratory. Location: Room 366, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed hearing assessing intelligence issues in Pakistan and Afghanistan. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10:30 a.m. The House meets for morning hour and turns to legislative business at noon. Highlights: Suspensions (5 bills): 1) H.Res. 24 - Establishing the House Democracy Assistance Commission for the One Hundred Tenth Congress. 2) H.Con.Res. 20 - Calling on the Government of the United Kingdom to immediately establish a full, independent, and public judicial inquiry into the murder of Northern Ireland defense attorney Patrick Finucane, as recommended by Judge Peter Cory as part of the Weston Park Agreement, in order to move forward on the Northern Ireland peace process. 3) H.Res. 59 - Supporting the goals and ideals of National Engineers Week, and for other purposes. 4) H.Con.Res. 34 - Honoring the life of Percy Lavon Julian, a pioneer in the field of organic chemistry research and development and the first and only African American chemist to be inducted into the National Academy of Sciences. 5) H. Con. Res. 5 - Expressing support for the designation and goals of ``Hire a Veteran

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Week" and encouraging the President to issue a proclamation supporting those goals.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the situation in Afghanistan. James Dobbins, RAND Corp.; Karl F. Inderfurth, professor, George Washington University; Ali A. Jalali, National Defense University; Anthony H. Cordesman, Center for Strategic and International Studies. Location: Room 2118, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the CBO budget forecast. CBO Director Peter Orszag. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Oversight and Investigations Subcommittee. Hearing on security concerns at the Los Alamos National Lab. Location: Room 2123, Rayburn.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full committee. Hearing on political interference allegations with the work of climate change scientists. Location: Room 2154, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on the Coast Guard's Integrated Deepwater System. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on trade and globalization and integration of markets. Location: Room 1100, Longworth.

2 p.m. ARMED SERVICES _ Military Personnel Subcommittee. Hearing on the force requirements determination process. Maj.r Gen. Richard Formica, Deputy Army Chief of Staff. Location: Room 2212, Rayburn.

2 p.m. SCIENCE AND TECHNOLOGY _ Energy and Environment Subcommittee. Hearing on H.R. 547 - Advanced Fuels Infrastructure Research and Development Act. John Eichberger, National Association of Convenience Stores; Bob Dineen, Renewable Fuels Association; Richard Kassel, Natural Resources Defense Council. Location: Room 2318, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads, Pipelines and Hazardous Materials Subcommittee. Hearing on reauthorization of railroad safety programs. Joseph Boardman, Administrator of the Federal Railroad Administration; Robert Sumwalt, Vice Chairman of the National Transportation Safety Board; Calvin Scovel, Inspector General of the U.S. Department of Transportation; Katherine Siggerud, Director of Physical Infrastructure Issues with the US General Accounting Office. Location: Room 2167, Rayburn.

4 p.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Organizational meeting. Location: Room B-318, Rayburn.

Other: AIR TRAFFIC CONTROLLERS _ The National Air Traffic Controllers Association (NATCA) National Legislative Committee holds a Washington conference. Highlights: 12 p.m. - 5:30 p.m. Congressional appointments. 5:30 p.m. Congressional reception. Note: This event will be held in the cafeteria of the Rayburn House Office Building. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

GOP LEADERSHIP _ 10 a.m. There will be a GOP leadership stakeout for an availability with Republican Leader John Boehner, Republican Whip Roy Blunt, and Conference Chairman Adam Putnam. Location: Room HC-9, Capitol.

INSLEE-GREEN VEHICLE _ 10 a.m. - 4 p.m. Rep. Jay Inslee, D-Wash., will bring a plug-in hybrid concept car, the Chevrolt Volt, to Capitol Hill for members of Congress to preview. Location: South Capitol Street in front of the Rayburn Building horseshoe.

COPYRIGHT INDUSTRIES _ 11 a.m. Reps. Adam Schiff, D-Calif., Bob Goodlatte, R-Va., and Lamar Smith, R-Texas, will join the International Intellectual Property Alliance and its member associations to present a report, ``Copyright Industries in the US Economy: The 2006 Report, on the copyright industries significant contributions to the U.S. economy. Location: Room SC-6, Capitol.

HOYER _ 11 a.m. House Majority Leader Steny Hoyer will hold his regular pen and pad briefing. He will discuss the upcoming continuing resolution, the President's budget, and Iraq. Location: Room H-107, Capitol.

FEDERAL TAX GAP _ 11:15 a.m. Senx. Max Baucus, D-Mont., and Chuck Grassley, R-Iowa, will speak briefly in the, on the topic of the Federal tax gap. The senators will have just completed an in-depth discussion with IRS experts on the $345 billion annual tax gap - the gulf between taxes legally owed and taxes actually collected in a timely fashion. Location: Lobby of the IRS Headquarters building, 1111 Constitution Ave. NW.

ARMENIAN GENOCIDE _ 11:30 a.m. Reps. Adam Schiff, D-Calif., Frank Pallone Jr., D-N.J., George Radanovich, R-Calif., and Joe Knollenberg, R-Mich., will hold a press conference to announce the introduction of legislation calling on the president and his administration to fully recognize the Armenian Genocide. Mrs. Sirarpi Khoyan, a genocide survivor who recently turned 100, also will be in attendance. Location: Room 1334, Longworth House Office Building.

EMERGING DEMOCRACIES _ 12:15 p.m. The Carnegie Endowment for International Peace holds a panel discussion on priorities and problems for democratizing nations, with Thomas Carothers, of the endowment, Jack Snyder of Columbia University and Francis Fukuyama of SAIS. Location: 1779 Massachusetts Ave. NW.

CHAO-PERFORMANCE _ 12:30 p.m. Secretary of Labor Elaine L. Chao will deliver the keynote address,

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``Driving Performance." at the Performance Institutes Government Performance Summit. Location: Omni Shoreham Hotel, Hampton Room, 2500 Calvert St. NW.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

DISPLACED IRAQIS _ 12:30 p.m. The International Organization for Migration (IOM) and SAIS Foreign Policy Institute host a discussion led by IOMs Iraq Displacement Specialist, Dana Graber, who will present IOMs Iraq Displacement Report 2006. The discussion will be moderated by Dr. Thomas Keaney, Executive Director, Foreign Policy Institute of The Johns Hopkins University School of Advanced International Studies (SAIS). Since February 22, 2006, assessments carried out by IOM confirm that 360,000 individuals have been displaced due to sectarian violence, military clashes, and criminality. Location: SAIS Rome Building Auditorium, 1619 Massachusetts Ave. NW.

FAA-BLAKELY _ 12:30 p.m. FAA Administrator Marion Blakely addresses a National Press Club luncheon. Location: National Press Club.

IRAQ _ 12:30 p.m. The School of Advanced International Studies holds a presentation by Dana Graber, Iraq displacement specialist for the International Organization for Migration, discussing the IOMs newest report, ``Iraq Displacement 2006 Year in Review, `` which is being released on Jan. 30, The report says 360,000 people in Iraq have been displaced due to sectarian violence, military clashes and criminality. Location: Auditorium, 1619 Massachusetts Ave. NW.

NELSON _ 12:30 p.m. The Council on Foreign Relations holds a discussion with Sen. Bill Nelson, who will discuss his trip to Syria last month. Location: Washington Club, 14 Dupont Circle.

OCEANS REPORT CARD _ 12:30 p.m. The Joint Ocean Commission Initiative holds a media teleconference to release its report card on the status of U.S. efforts to protect the oceans. Areas graded include: national, state, and regional governance; research, science, and education; funding; fisheries management; and international leadership. The report card highlights developments in key states including California, Washington, Oregon, New York, Massachusetts, and the Gulf region. Briefers: Leon E. Panetta and Admiral James D. Watkins (USN, ret.), co-chairmen, Joint Ocean Commission Initiative. Contacts: Monisha Som, 202-293-6200 ext 219.

RELIGIOUS-MINIMUM WAGE _ 12:30 p.m. Senators Edward M. Kennedy, Sherrod Brown, and other senators join leaders in the religious community for a press conference on the urgency and moral obligation of paying Americas workers a fair wage. Location: Room S-324, Capitol.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

LOCAL MEDIA DIVERSITY _ 12:30 p.m. - 2 p.m. The Center for American Progress Action fund hosts a panel, ``Local Media Diveristy Matter to All Americans," as the FCC revisits its media ownership rules, considering the impact of media consolidation on the opportunities for democratic deliberation of all Americans. Keynote Speaker: Rep, Xavier Becerra, D-Calif. Panelists: Robert Entman, J.B. and Maurice Shapiro Professor of Media and Public Affairs, George Washington University; Philip M. Napoli, Director of the Donald McGannon Communication Research Center, Fordham University; and Federico Subervi, Professor, School of Journalism and Mass Communication, Texas State University-San Marcos. Location: Room B-340, Rayburn House Office Building.

PRESIDENTIAL ELECTON FUNDING _ 1 p.m. Reps. Marty Meehan, D-Mass.; Christopher Shays, R-Conn.; and David Price, D-N.C., hold a press conference to discuss what they say is the need for reform of the presidential public financing system and to introduce their Presidential Funding Act legislation. Location: House Radio/TV Gallery.

SCIENTISTS-CLIMATE CHANGE _ 1 p.m. The Union of Concerned Scientists and the Government Accountability Project hold a teleconference on their release of a report that they say has uncovered new evidence of suppression and manipulation of climate science in seven federal agencies. Notes: Phone: 866-814-8448. Pass code: Climate Survey.

INTERNET FREEDOM _ 1 p.m. - 4 p.m. The Global Internet Freedom Task Force (GIFT), which is jointly chaired by Paula Dobriansky, Under Secretary for Democracy and Global Affairs, and Josette Sheeran, Under Secretary for Economic, Energy and Agricultural Affairs, will host its first conference on Global Internet Freedom. Location: U.S. Department of State, Marshall Center.

CONGRESS-NATIONAL GUARD _ 2 p.m. National Guard advocates in both the Senate and House hold a news conference to announce the introduction of legislation to strengthen the National Guards voice in Pentagon policy decisions affecting the Guard. Sens. Patrick Leahy, D-Vt., and Kit Bond, R-Mo., co-chairs of the Senate National Guard Caucus, will be joined by other House and other Guard Caucus members as they announce the introduction of the National Guard Empowerment Act of 2007. Location: House Radio/TV Gallery.

KIDNAPPED ISRAELI SOLDIER _ 2 p.m. Karnit Goldwasser, wife of kidnapped Israeli soldier Ehud Goldwasser, and Israeli Ambassador Sallai Meridor, join the new Chairman and Ranking Member of the House Subcommittee on the Middle East and South Asia Reps. Gary Ackerman and Mike Pence as well as Foreign Affairs

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Committee Ranking Member Rep. Ileana Ros-Lehtinen at a press conference for the introduction of a resolution calling for the immediate release of her husband, as well as Eldad Regev and Gilad Shalit. Location: Room 2255, Rayburn House Office Building.

IRAQ-AFGHANISTAN DELEGATION _ 3 p.m. Speaker Nancy Pelosi and members of the bipartisan congressional delegation that recently returned from Iraq and Afghanistan hold a news conference to discuss their experiences and observations. In addition to Pelosi, participants are Chairman Ike Skelton, Armed Services Committee; Chairman Tom Lantos, Foreign Affairs Committee; Chairman Silvestre Reyes, Intelligence Committee; Chairman John Murtha, Defense Appropriations Subcommittee; Chairwoman Nita Lowey, State, Foreign Operations, and Related Programs Appropriations Subcommittee; Congressman David Hobson, Ranking Member, Energy and Water Development Appropriations Subcommittee. Location: Room 2172, Rayburn House Office Building.

GUTIERREZ-TRAVEL _ 4 p.m. Secretary of Commerce Carlos M. Gutierrez discusses how travel and tourism keeps our economy strong at a meeting of the Travel and Tourism Advisory Board. Location: Department of Commerce, 1401 Constitution Ave. NW.

DARFUR _ 6:30 p.m. - 8 p.m. Senior Advisor at the International Crisis Group John Prendergast will discuss ``Genocide in Darfur: What International Action and When? Prendergast, an expert on African affairs, will be joined by Paul Williams, GW visiting associate professor of international affairs. Location: George Washington University, Elliott School of International Affairs, Room 213, 1957 E St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, JANUARY 30, 2007 7:45 AM EST

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TERRORISM NEWS:

Uighurs' Detention Conditions Condemned (WP)

By R. Jeffrey Smith And Julie Tate

The Washington Post, January 30, 2007

Chinese Uighurs who have been imprisoned for the past month at a new state-of-the-art detention camp at Guantanamo Bay, Cuba, are being held around the clock in near-total isolation, a circumstance their lawyers say is rapidly degrading their mental health, according to an affidavit filed in federal court yesterday.

The lawyers' complaint is the latest step in their efforts to force an expedited review of the Uighurs' confinement by the U.S. Court of Appeals, a review that the Bush administration opposes and that Congress made more difficult in legislation it passed late last year.

The Uighurs' (pronounced weegurs) detention by the U.S. military, after being sold for bounty by Pakistanis in early 2002, has long attracted controversy. The men had just arrived from Afghanistan, where, they said, they had received limited military training because they opposed Chinese government control of their native region. But they said they never were allied with the Taliban or opposed to the United States, and had fled to Pakistan only to escape the U.S. bombing campaign.

By 2005, U.S. military review panels determined that five of the 18 captured Uighurs were "no longer enemy combatants," but they continued to be held at the Guantanamo Bay prison until their release last year. The panels did not reach that conclusion about the other 13, though all had given similar accounts of their activities during the reviews, according to declassified transcripts of the sessions.

U.S. District Judge James Robertson ruled in December 2005 that the government was unlawfully imprisoning the Uighurs who were found not to be combatants.

Because China views Uighurs as members of a rebellious ethnic minority, the U.S. government declined to return the five men to China, where they faced retribution, and dozens of other nations refused to accept them. Ultimately they were sent last year from Guantanamo Bay to Albania, where they are housed in a compound run by the United Nations.

Lawyers for the remaining 13 Uighurs say the men were moved in December to Guantanamo Bay's Camp 6, a high-security facility at the base completed last August at a cost of $37.9 million. The lawyers say the government provided no explanation for the move, which came shortly after they filed a court petition in Washington seeking the expedited review.

In Camp 6, the Uighurs are alone in metal cells throughout the day, are prohibited for the most part from conversing with others, and take all their meals through a metal slot in the door, lawyer P. Sabin Willett said in his affidavit, which was based on what he was told during his visit Jan. 15-18. They have little or no access to sunlight or fresh air, have had nothing new to read in their native language for the past several years, and are sometimes told to undertake solitary recreation at night, he said.

"They pass days of infinite tedium and loneliness," according to Willett's court filing. One Uighur's "neighbor is constantly hearing voices, shouting out, and being punished. All describe a feeling of despair . . . and abandonment by the world." Another Uighur, named Abdusumet, spoke of hearing voices himself and appeared extremely anxious during Willett's visit, tapping the floor uncontrollably, he said.

The account matches another offered by Brian Neff, a lawyer who in mid-December visited a Yemeni imprisoned in Camp 6. "Detainees in Camp 6 are not supposed to talk to others, they are punished for shouting, and if they talk during walks outside they will be punished," Neff said in an e-mail yesterday. "We are extremely concerned about the . . . conditions of Camp 6 -- in particular, the fact that the detainees there are being held in near-total isolation, cut off from the outside world and any meaningful contact."

Some other "high-value" detainees are being held at a CIA-run camp at Guantanamo Bay that officials say is reserved for the most dangerous and important suspects, but virtually no information has emerged about their treatment.

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Navy Cmdr. Robert Durand, a spokesman at Guantanamo Bay, confirmed that Camp 6, which houses 160 detainees, has no communal living spaces. Its design originally included them, but they were omitted after detainees attacked guards at Camp 4 in May 2006. Detainees eat and pray in their cells, he said.

Durand said that as repairs are completed at Camp 4, where communal spaces still exist, "detainees in Camp 6 will have the opportunity to earn their way into Camp 4" after first passing through another camp with medium-security conditions.

He said that while he cannot comment on specific detainees, all "have regular, daily human contact. In Camp 6 they can communicate with other detainees in the cell block. Detainees pray together through the food ports in their doors. . . . When detainees recreate, they do so in individual units in a recreation yard with access to see and speak to other detainees."

Willett said that one of his clients, named Abdulnasser, contends that he was cleared for release from detention during one of the military's annual administrative reviews. But Willett has been unable to confirm that claim, or determine why none of the other detained Uighurs are aware of such annual reviews.

The Justice Department, in court papers, has maintained that the appellate court should delay reviewing the Uighurs' detention until cases related to other detainees are resolved. It also has said that legislation passed last year by Congress, which created new military panels to try Guantanamo Bay detainees on criminal charges, seriously limits the court's jurisdiction to question government decisions on their detention.

Dutch Man Face Terror Trial In U.S. (WT)

By Jerry Seper

The Washington Times, January 30, 2007

An Iraqi-born Dutch citizen pleaded not guilty yesterday in federal court in Washington to charges of conspiring with insurgents to attack U.S. military personnel in Iraq -- the first U.S. criminal prosecution arising from terrorist activities in Iraq.

Wesam al-Delaema, 33, extradited from the Netherlands on Saturday, had been sought by the U.S. government since 2003, when he and other members of the "Mujahideen from Fallujah" videotaped themselves planting explosives along an Iraqi road used by U.S. troops.

The videotape, which was widely shown on Arabic TV stations, was seized by Dutch police who raided Mr. al-Delaema's house in Amersfoort in May 2005 following a tip from U.S. authorities.

Mr. al-Delaema was returned to the United States after being held in the Netherlands for nearly two years, where he and his attorneys vigorously fought the U.S. extradition request.

"After a lengthy extradition process, this defendant will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq," said Assistant Attorney General Kenneth L. Wainstein, who heads the Justice Department's national security division. "We in the ranks of federal prosecutors are honored to play a role in protecting our military colleagues against such deadly and cowardly attacks."

Mr. al-Delaema entered his not guilty plea before U.S. District Judge Paul Friedman during a 10-minute court hearing. Assistant U.S. Attorney Gregg Maisel told the judge investigators would seek hair samples and other DNA from Mr. al-Delaema, but did not elaborate.

A grand jury indictment handed up in U.S. District Court in Washington in September 2005 named Mr. al-Delaema on six counts of conspiracy -- to kill U.S. citizens abroad, to use a weapon of mass destruction, to maliciously damage or destroy U.S. government property by means of an explosive, to possess a destructive device during a crime of violence, to use such a device, and to teach the making of an explosive with the intent to further a crime of violence.

The indictment said Mr. al-Delaema traveled from the Netherlands to Iraq in October 2003 after the U.S.-led invasion and, together with his co-conspirators, the Mujahideen from Fallujah, "declared his intentions to kill Americans in Iraq using explosives."

If convicted of all the charges, Mr. al-Delaema could be sentenced to life in prison.

Mr. al-Delaema has claimed he was forced to make the videotape after being kidnapped and beaten, and feared being beheaded if he resisted. Although in a 2003 interview broadcast on Dutch television, Mr. al-Delaema accused the U.S.

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government and its allies of waging war in Iraq to control its oil reserves, saying the "Americans and British are coming to our country to steal oil and everyone knows it."

Justice Department spokesman Dean Boyd said that Mr. al-Delaema, who was born in Fallujah, was arrested by Dutch law-enforcement authorities on May 2, 2005, and initially faced similar charges in that country. Following his arrest, Mr. Boyd said, Dutch law-enforcement and prosecution authorities worked with the FBI in its investigation of Mr. al-Delaema's reported terrorist activities.

In September 2005, the U.S. government filed a request with the Netherlands seeking Mr. al-Delaema's extradition. The request was granted by a Dutch court and the Dutch Ministry of Justice and, in December, the request was sustained on appeal in the Netherlands. He was flown to the United States on Saturday, arrested and taken into custody by the FBI.

As part of the extradition agreement, Mr. Boyd said Mr. al-Delaema will be tried in a federal court -- not by a military tribunal such as those set up for terror suspects being held at Guantanamo Bay, Cuba. He said the U.S. government also will not oppose Mr. al-Delaema serving his sentence in a Dutch prison if he is convicted.

"We will continue to be vigilant in our efforts to bring to justice anyone who plots terrorist attacks against our citizens at home or abroad," said U.S. Attorney Jeffrey A. Taylor in Washington. "We look forward to working cooperatively with the Dutch authorities in prosecuting this defendant under our criminal laws."

FBI Assistant Director Joseph Persichini Jr., who heads the bureau's Washington field office, said Mr. al-Delaema's extradition "sends a clear message of the FBI's unwavering dedication to our mission to detect, deter and bring to justice any individual who conspires to commit terrorist acts against any U.S. citizen either in this country or on foreign soil."

In addition to Mr. Maisel, prosecutors include Assistant U.S. Attorney Matthew Cohen of the U.S. Attorney's Office in Washington and trial attorneys Gregg Sofer, Jerome Teresinski and Marla Tusk of the Counterterrorism Section of the National Security Division at the Justice Department.

Dutch Citizen Pleads Not Guilty To Terrorism Charges (WP)

By Dan Eggen

The Washington Post, January 30, 2007

A Dutch national born in Iraq pleaded not guilty to terrorism charges in federal court yesterday, marking the start of the first U.S. criminal prosecution of an alleged Iraqi insurgent.

Wesam al-Delaema, 33, is charged with four counts of conspiracy and two other crimes for allegedly belonging to a group called "Mujaheddin From Fallujah," which constructed and deployed roadside bombs aimed at U.S. forces in Iraq. Delaema, who was born in Fallujah, traveled to Iraq in October 2003 and was shown making and discussing explosives on a videotape that was seized from his house in the Dutch city of Amersfoort in May 2005, authorities said.

Delaema, who was originally arrested and jailed by Dutch police, has said that he was kidnapped and forced to participate in the videotape, which was widely shown on Arabic television stations.

The prosecution of Delaema in U.S. District Court for the District of Columbia follows nearly two years of negotiations between U.S. and Dutch authorities, which led to Delaema's extradition to the United States over the weekend.

The unusual extradition agreement would allow Delaema to return to the Netherlands to serve his prison sentence if he is convicted, Dutch and U.S. officials said. It also marks the first time that U.S. authorities have sought to prosecute an alleged Iraqi insurgent in U.S. criminal courts, rather than pursuing military charges or turning him over to the jurisdiction of Iraqi courts.

Victor Koppe, who served as Delaema's attorney in the Netherlands, said the arrangement guarantees that Delaema will not be designated an enemy combatant or tried by a U.S. military commission. Dutch courts also will be able to review and possibly modify the terms of any U.S. sentence once Delaema is returned home, Koppe and U.S. officials said.

Koppe said the conditions were necessary because the U.S. government no longer can be trusted to treat prisoners humanely. Two of the U.S. charges against Delaema carry possible life sentences.

"It's really that video that is the main and only evidence against him," Koppe said in a telephone interview yesterday. "He acknowledged that he could be seen on that video but that he was forced to do it because he was kidnapped."

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Carl Tobias, a law professor at the University of Richmond, said it was highly unusual for the U.S. government to submit to the stringent conditions contained in the Delaema extradition agreement.

"I've never heard of a federal court exercising jurisdiction and then being subjected to a tribunal from another jurisdiction," Tobias said. "It's a strange way to proceed, but maybe the U.S. had to take what it could get from the Netherlands."

U.S. prosecutors contend in court papers that the videotape clearly shows Delaema bragging about how he and other insurgents hid bombs targeting American forces.

"This is not the first operation we carry out," Delaema says on the tape, according to prosecutors. "We have executed several operations and most of them were successful. . . . Their casualties have gone beyond your imagination."

Assistant Attorney General Kenneth L. Wainstein, who heads the Justice Department's national security division, said in a statement that Delaema "will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq."

Delaema made a brief appearance yesterday before U.S. District Judge Paul L. Friedman. Prosecutors requested that hair and saliva samples be obtained from him to allow DNA identification.

Man Faces U.S. Terror Charges In First Prosecution Of Iraq Troop Targeting (USAT/AP)

USA Today, January 30, 2007

WASHINGTON (AP) — An Iraqi-born Dutch citizen pleaded not guilty Monday in what the Justice Department called the first U.S. terror charges against insurgents targeting Americans in Iraq.

Wesam al-Delaema, 33, has been wanted by the United States since 2003, when he and his fellow "Mujahideen from Fallujah" videotaped themselves planting explosives along an Iraq road used by U.S. troops. The explosives did not result in any deaths.

He was extradited from the Netherlands over the weekend after being held there for nearly two years, and will become the first suspect tried in a U.S. court for alleged terrorism in Iraq's bloody insurgency.

"After a lengthy extradition process, this defendant will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq," Assistant Attorney General Kenneth Wainstein said Monday.

Al-Delaema has claimed he is innocent, and his lawyers have argued the U.S. does not have the right to try him. He nodded his head and spoke in broken English with his attorneys during a 10-minute hearing in front of U.S. District Judge Paul Friedman in Washington. Prosecutor Gregg Maisel said the government would be seeking hair and saliva samples from al-Delaema, which the Justice Department said could link him to the crimes.

As part of the extradition agreement with the Netherlands, Justice Department spokesman Dean Boyd said that al-Delaema will be tried in a federal court — not by a military commission such as those set up for terror suspects being held at Guantanamo Bay, Cuba. The U.S. will also not oppose al-Delaema serving his sentence in a Dutch prison if he is convicted, Boyd said.

Al-Delaema's attorney, Victor Koppe, had argued that he feared al-Delaema could be tortured by U.S. authorities and said the U.S. legal system couldn't be trusted.

Al-Delaema traveled to Iraq after the U.S.-led invasion. Evidence against him includes a videotape he filmed of a group called "Warriors of Fallujah" preparing a roadside bomb, which was widely shown on Arabic TV stations. The tape was seized by police who raided al-Delaema's house in the Dutch city of Amersfoort in May 2005 following a tip from U.S. authorities.

In extradition hearings in the Netherlands, al-Delaema argued that he was forced to make the video after being kidnapped and beaten. He said he feared being beheaded if he resisted.

In a 2003 interview broadcast on Dutch television, al-Delaema accused the U.S. and its allies of waging war in Iraq to control its oil reserves.

"The Americans and British are coming to our country to steal oil and everyone knows it," he said.

"I don't care if I myself die or not. I want to offer myself up for my land, for my people. I'm not more or less important than the women and children who you see on television dying because of America," al-Delaema said.

His family said the interview was intended as a joke.

Iraqi-Born Dutch Citizen Pleads 'Not Guilty' To Charges He Assisted The Insurgency (ABC)

By JASON RYAN And PIERRE THOMAS

ABC News, January 30, 2007

Jan. 29, 2007 — An accused insurgent believed to be the first individual to be charged with directly participating in the Iraq insurgency in the United States pleaded not guilty today in federal court.

The indictment alleges that Wesam Al Delaema, a 33-year-old Iraqi-born Dutch citizen, traveled from the Netherlands to Iraq in October 2003 with a group of co-conspirators who called themselves the "Mujahideen from Fallujah." The group, the indictment says, declared intentions to kill Americans in Iraq using explosives and alleges that that they hid explosives "in a road in or around Fallujah, Iraq."

In a hearing in U.S. District Court in Washington, D.C., the clerk read the six charges as Delaema, unshackled and dressed in his own clothes, stood before Judge Paul Friedman

Charges against Delaema include: conspiracy to kill U.S. citizens abroad; conspiracy to use a weapon of mass destruction (explosives); conspiracy to maliciously damage or destroy U.S. government property by means of an explosive; possession of a destructive device (explosives) during a crime of violence; conspiracy to possess a destructive device (explosives) during a crime of violence; and teaching or demonstrating the making or use of an explosive with the intent to further a crime of violence.

Delaema waived the use of a translator and briefly smiled when meeting his court-appointed attorneys.

"After a lengthy extradition process, this defendant will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq," said Assistant Attorney General Kenneth Wainstein of the Justice Department's National Security Division.

At the time of his arrest in the Netherlands, foreign media outlets reported that Dutch anti-terrorism police found video tapes of insurgent attacks and operations in Iraq at Delaema's residence.

Delaema was extradited to the United States from the Netherlands late Saturday night by the FBI and U.S. Marshals. He will be held without bond until his status conference and detention hearing on February 5.

Analysis: Dutchman Faces U.S. Iraq Charges (UPI)

By Shaun Waterman, Upi Homeland And National Security Editor

United Press International, January 30, 2007

WASHINGTON, Jan. 29 (UPI) -- The first man to ever face U.S. criminal charges for his part in the Iraq insurgency was arraigned in federal court Monday.

Iraqi-born naturalized Dutchman Wesam al-Delaema, 32, was extradited from The Netherlands over the weekend after U.S. prosecutors agreed he would not face the death penalty and could serve his time in a Dutch prison.

Federal authorities "worked very closely with our Dutch partners to build this case," U.S. Attorney Jeff Taylor told United Press International after the arraignment. Taylor said his prosecutors were "experienced in putting together these kinds of complex, multi-jurisdictional cases."

Delaema was indicted in the District of Columbia in September 2005 for conspiring to kill U.S. forces by attacking convoys in Fallujah, Iraq.

The evidence against him includes video recordings that he allegedly made -- and allegedly urged others to make -- of roadside bomb attacks against U.S. forces.

Monday, the U.S. District Court in Washington gave prosecutors permission to obtain DNA swabs from Delaema, so that they could be compared with a database of DNA obtained from bomb fragments and "other physical items" recovered from attack scenes and other terrorist sites.

The database is compiled by the Terrorist Explosive Device Analytical Center -- a multi-agency effort between the U.S. Department of Defense and federal law enforcement agencies which functions as a repository for all kinds of forensic evidence from terror attacks in Iraq and elsewhere.

According to court filings, the center "conducts a full range of forensic and technical analysis on such items, utilizing analytical protocols that include photography, latent fingerprint analysis, trace evidence (hair and fiber), DNA, electronic and cryptographic analysis, and tool marks."

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"The goal (in collecting DNA samples) is to gather more evidence to prove the charges," said Taylor.

According to the indictment and other court documents, Delaema was arrested May 2005 in the Dutch city of Amersfoort. One report at the weekend said Dutch authorities had been originally been tipped to Delaema by U.S. intelligence, and the court documents say Dutch police monitored telephone conversations he had with people in Iraq.

European counter-terrorist officials have broken up several networks recruiting and making travel arrangements for European Muslim extremists who want to go to fight the U.S. military in Iraq.

So-called graduates of such networks are especially feared by U.S. counter-terrorism officials because of their operational experience and that fact that with European passports, they can easily travel to the United States without a visa.

The documents say Delaema, who was born in Fallujah, returned there in October 2003, driving in his Opel Omega.

"While in Iraq," the documents say, "Delaema traveled to an area near Fallujah, Iraq, where he met with at least six other individuals. Delaema and his associates, each of whom wore a hooded mask over his head, created a video of their meeting" during which "Delaema gave a speech in Arabic" proclaiming him and his associates as "The Mujahedin of Fallujah."

Delaema and his associates also videoed themselves demonstrating how to bury improvised explosive devices under the road, and set them off with remote controlled detonators. On the video, they discussed separating charges by 50 feet or more, so as to strike more than one vehicle in the target convoy, the documents say.

The videotapes and other video recordings were seized at his apartment.

In the telephone conversations Dutch authorities monitored "with various individuals, known and unknown, in Iraq," after his return, "Delaema encouraged other individuals to videotape attacks against the Americans and to provide Delaema with the videotapes."

He also "promised to provide camera equipment to an individual in Iraq" so that attacks could be filmed.

His prosecution will likely cast a spotlight on the shadowy networks that distributes, on the Web and via DVD, video of attacks on U.S. and coalition forces in Iraq.

The indictment charges Delaema with conspiracy to kill U.S. citizens abroad; conspiracy to use a weapon of mass destruction (which under federal law includes large explosive devices); conspiracy to use explosives against U.S. government property; possession of explosives during a crime of violence; conspiracy to possess explosives during a crime of violence; and teaching or demonstrating the making or use of explosives to further a crime of violence.

Because the indictment does not link the attacks Delaema conspired in to any actual deaths, the maximum penalty he faces under federal law if convicted is life imprisonment, the Justice Department said in a statement at the time.

Netherlands Justice Ministry spokesman Ivo Hommes told CNN over the weekend that U.S. officials had guaranteed Delaema would not be handed over for trial as an enemy combatant by military tribunal, and would not face additional charges -- effectively guaranteeing he would not face the death penalty.

European law generally prohibits extradition where the defendant might face execution.

"The offenses for which Delaema is charged were not death (penalty) eligible," Justice Department spokesman Dean Boyd told UPI in an e-mail Sunday evening. "We also agreed in our extradition request not to object to Delaema serving his sentence in the Netherlands."

Turks Arrest 47 On Suspicion Of Terror Links (NYT)

By Sebnem Arsu

The New York Times, January 30, 2007

TRABZON, Turkey, Jan. 29 — In simultaneous operations carried out in five Turkish cities on Monday, the police arrested 47 people suspected of being Islamic militants, including the leader of Al Qaeda in Turkey, the semi-official Anatolian news agency reported.

Police acted on information warning of “sensational attacks” by Turkish groups in coordination with Al Qaeda, the report said. No details were available on the nature of possible targets.

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Turkey is home to a deadly Islamic militant movement that has managed a number of spectacular attacks in the last several years, though none recently. In 2003, small trucks laden with explosives fixed on two synagogues, the British Consulate and the Turkish headquarters of the British-owned HSBC bank in Istanbul, killing more than 60 people and wounding hundreds.

More than 60 people are on trial for those crimes, though the police say many of the ringleaders managed to flee the country.

On Friday, a Turkish court jailed seven Islamists accused of plotting to kill President Bush during a NATO summit meeting in Istanbul in 2004, [a news agency] reported. The men were members of Ansar al Islam, an Islamist group believed to have links to Al Qaeda.

Among those taken into custody on Monday was Ekrem K, identified as the suspected leader locally of Al Qaeda. Ekrem K, who the police said went by the name Usame, was captured in Konya, 150 miles south of Ankara, along with 22 other suspects, according to the Anatolian report.

He was suspected of communicating with Al Qaeda in a coded language and also of training new recruits for the network.

Late last year, the police detained another man, a lawyer, who claimed to be the leader of Al Qaeda in Turkey.

Habeas Corpus And An Era Of Limits (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 30, 2007

Constitution says those in custody can seek liberty in court, but what of Guantanamo?

WASHINGTON — Atty. Gen. Alberto R. Gonzales provided laugh lines for comedians and fodder for outraged bloggers when he told senators recently that the Constitution does not specifically grant individuals the right to habeas corpus.

The Constitution appears to contradict him on that historic doctrine, which says those taken into custody have the right to plead their innocence before a judge. "The privilege of the writ of habeas corpus shall not be suspended," it says, "unless when in cases of rebellion or invasion the public safety may require it."

Most constitutional experts agree that phrase clearly guarantees the right of habeas corpus. And Gonzales himself later clarified that he believes Americans do have that right.

But in a clumsy way, Gonzales was making a claim that underpins the Bush administration's controversial view that "enemy combatants," including the prisoners at Guantanamo Bay in Cuba, are not entitled to fight the government in court.

The dispute involves not only the Constitution but also a separate law that spells out the reach of habeas corpus. The issue, which sparked the lively exchange between Gonzales and senators, is the focus of a bill before Congress as well as cases involving "enemy combatants" that appear headed to the Supreme Court.

Many senators, including Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and its ranking Republican, Arlen Specter (R-Pa.), believe the right to habeas corpus should apply broadly and include foreign terrorism suspects held at Guantanamo Bay.

But they lost last year when the issue came before Congress.

In a 51-48 vote, the Senate joined the House in affirming the Bush administration's view that habeas corpus should not cover "aliens" held as terrorism suspects or "enemy combatants."

The new law, known as the Military Commissions Act, overturned a Supreme Court ruling that had extended habeas corpus rights to the detainees at Guantanamo Bay. But in that decision, in the case of Rasul vs. Bush, the justices said they were ruling only on the statutory law, not on the Constitution.

In 1789, two years after the Constitution was written, the first Congress adopted a law saying that judges may hear writs of habeas corpus. This law was later expanded to say "any person" who is deprived of liberty by the government may file such a petition.

In 2004, speaking for a 6-3 majority, Justice John Paul Stevens interpreted "any person" to mean that the men held at Guantanamo Bay had a right to appeal their detention in court.

Now that Congress has overridden the high court's view, the next round of litigation in the "war on terror" is focusing on the right to habeas corpus in the Constitution.

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Although everyone — including, apparently, the attorney general — agrees the Constitution protects a right to habeas corpus, there is considerable debate over the reach of that right.

On Thursday, for example, lawyers for Ali Saleh Kahlah al-Marri, an Arab immigrant who was arrested in Peoria, Ill., in 2001 and later sent to a military brig as an "enemy combatant," are going before a U.S. appeals court in Virginia seeking his release.

Bush administration lawyers say his case should be thrown out because the Military Commissions Act says federal judges have no authority "over pending and future habeas corpus actions filed by … detained aliens" who are deemed to be "enemy combatants." They say the reach of habeas corpus should be set by the law enacted by Congress, not by interpreting the Constitution.

In reply, al-Marri's lawyers contend the recently enacted law is unconstitutional. "Like American citizens, aliens in the United States have a constitutional right to habeas corpus. Absent a valid suspension of the writ, Congress could not repeal habeas jurisdiction [for] a lawful resident alien like al-Marri," they said.

The Supreme Court appeared to agree three years ago when it ruled in the case of Hamdi vs. Rumsfeld. "All agree that, absent suspension, the writ of habeas corpus remains available to every individual detained within the United States," said Justice Sandra Day O'Connor.

But the constitutional rule is less clear for the detainees at Guantanamo Bay, because they are not within the territory of this country. A dispute over their status is pending before a U.S. appeals court in Washington.

When Gonzales went before the Judiciary Committee on Jan. 18, his written testimony objected to the bill sponsored by Leahy and Specter that would restore habeas rights to "aliens." The new law "prevents terrorists captured on the battlefield from continuing to fight us in our courts," his statement said.

That set the stage for a perplexing exchange between Specter and Gonzales.

The senator incorrectly said the Supreme Court had already ruled the Constitution protects the habeas rights of detainees at Guantanamo.

Gonzales responded by suggesting the Constitution does not protect habeas corpus at all. "The fact that the Constitution — again, there is no express grant of habeas in the Constitution. There is a prohibition against taking it away," he said.

"Now, wait a minute," Specter interrupted. "The Constitution says you can't take it away except in case of rebellion or invasion. Doesn't that mean you have the right of habeas corpus?"

Gonzales refused to concede the point. "I meant by that comment the Constitution doesn't say every individual in the United States, or every citizen, is hereby granted or assured the right to habeas."

Later in the same hearing, the attorney general softened his tone. "I believe that the right of habeas is something that's very, very important, one of our most cherished rights," he said.

Most constitutional scholars and legal experts reject Gonzales' view that the Constitution does not include an "express grant" of a right to habeas corpus.

"He is completely wrong on the history," said Eric Freedman, a Hofstra law professor and expert on habeas corpus.

Added Pepperdine Law Professor Douglas W. Kmiec, "The historical consensus among scholars is contrary" to the attorney general's statement.

At the Justice Department last week, two lawyers delicately tried to explain what the attorney general meant.

"This didn't come out as cleanly and crisply as we might have hoped," said one, who spoke on the condition that he not be identified. "The question is not whether Americans have a right to habeas corpus. That is undisputed. What's at issue is the scope of the right."

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Gonzales' Body Blow Against Habeas Corpus (VAPILOT)

Hampton Roads Virginian-Pilot, January 30, 2007

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Even when White House policies seem ill-conceived, they at least have a veneer of defensible logic. If America doesn't like the idea of government agents examining its library habits, the practice does make a certain quaint, paranoid sense.

But Attorney General Alberto Gonzales has ceased even trying to maintain the pretense of reason.

Appearing before the Senate Judiciary Committee, Gonzales abandoned cogency altogether for bald assertion of illogic as truth.

It was Gonzales, you might remember, who couldn't find in law a barrier to torture, but could find permission to tap our telephones - despite a law explicitly forbidding it. The subject last week was the right to habeas corpus mentioned in Article I, Section 9 of the U.S. Constitution: "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

Habeas corpus essentially guarantees you the right to freedom from wrongful imprisonment, and it dates to the Magna Carta in the early 13th century. Government assault on habeas corpus was one of the central complaints against British rule in the American colonies.

The right to freedom of the body, in fact, was considered so basic that the framers felt no need to enumerate it in the Constitution the way they guaranteed lesser rights, like freedom of speech or religion.

Still you don't need to know what habeas corpus does for you or its history to understand - and find alarming - what happened last week.

Gonzales, the highest officer of the law in the nation, asserted that because the framers don't specifically enumerate habeas corpus, it's not guaranteed, for example, to American citizens held in detention indefinitely without charge - precisely the kind of thing that habeas was designed to prevent.

"Again," said Gonzales, "there is no express grant of habeas in the Constitution - there is a prohibition against taking it away. But it's never been the case... "

Here an incredulous Sen. Arlen Specter interrupted him: "Wait a minute. Wait a minute. The Constitution says you can't take it away, except in case of rebellion or invasion. Doesn't that mean you have the right of habeas corpus unless there's an invasion or rebellion?"

That is, Specter argued, wouldn't Americans be presumed to have a right if the Constitution mentions only taking it away?

Specter's contention assumes - quite correctly, according to historians - that the framers didn't attempt to list all possible rights because they were God's to give, not man's. Some fundamental rights weren't listed because freedom was presumed, and because the framers were writing a Constitution, not a laundry list.

"I meant by that comment the Constitution doesn't say every individual in the United States," Gonzales said, "or every citizen, is hereby granted or assured the right to habeas. It doesn't say that. It simply says the right of habeas corpus shall not be suspended except by -"

Here Specter, a Republican, again interrupts: "You may be... violating common sense."

Indeed. The Constitution doesn't explicitly give people the freedom to have children or breathe the air, but nobody would claim Americans don't have the right to each of those things.

Gonzales' logic leads to the notion that only rights included in the Constitution actually exist, a little worrisome since it's a document silent on both babies and breathing. Still, if common sense and logic were the worst of Gonzales' violations, we'd be comforted.

Canada's Good Example (NYT)

The New York Times, January 30, 2007

Canada set an important example of decency when it offered a formal apology and compensation worth millions of dollars to a Syrian-born Canadian citizen who was a victim of President Bush's use of open-ended detention, summary deportation and even torture in the name of fighting terrorism.

Last week's announcement by Prime Minister Stephen Harper came more than four years after the nightmare began for the Canadian, Maher Arar, a 36-year-old software engineer. On his way back from a family vacation, he was detained by U.S. officials at Kennedy Airport on the basis of unsubstantiated information from the Canadian police. After being held in solitary

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confinement in a Brooklyn detention center and interrogated without proper access to legal counsel, he was sent to Syria, where he was imprisoned for nearly a year and tortured.

It was all part of a legally and morally unsupportable practice known as extraordinary rendition, the deportation of terrorism suspects to countries where the regimes are known to use torture and to disdain basic human rights protections.

Four months ago, a Canadian government panel concluded that Mr. Arar had never had a terrorism connection, and that Americans had misled Canada about their plans for him. The Bush administration stonewalled the inquiry. It has responded to a new Canadian request to remove Mr. Arar from a United States security watch list by rudely telling Canada, its democratic northern neighbor and strategic ally, to mind its own business.

Not only has the Bush administration refused to apologize to Mr. Arar, but Justice Department lawyers are also brandishing a dubious claim of state secrets and fighting a lawsuit brought by Mr. Arar in this country. Bush administration officials insist that they have "new intelligence" that justifies keeping Mr. Arar on the watch list. That intelligence has not been disclosed, but Canadian officials who have reviewed the information are unpersuaded.

Questioned about the Arar case at a recent Senate Judiciary Committee hearing, Attorney General Alberto Gonzales provided no specifics that would explain Mr. Arar's continued presence on the watch list, or why he was deported to Syria in the first place. The committee's chairman, Senator Patrick Leahy, Democrat of Vermont, is right to demand that the administration face up to its bad behavior in this case and renounce its renditions policy.

This is not just about making amends with Canada, or doing the right thing by what appears to be an innocent man. It is a matter of trying to restore this country's reputation as a defender and protector of human rights.

HOMELAND RESPONSE:

Nuclear Agency: Air Defenses Impractical (WP)

By Steven Mufson

Washington Post, January 30, 2007

Federal regulators plunged into an energy and national security controversy yesterday by ruling that the nation's 103 nuclear power plants do not need to protect themselves from potential attacks by terrorists using airplanes.

The Nuclear Regulatory Commission's 5-to-0 ruling was in response to a 2004 petition by the Committee to Bridge the Gap, a Los Angeles nonprofit group, that said nuclear plants should build shields made of steel I-beams and cabling or take other steps to prevent a release of radiation in case of an air attack. Eight state attorneys general backed the petition.

The group cited the 9/11 Commission, which said in its report that the al-Qaeda plot to hit the World Trade Center towers and the Pentagon in 2001 had originally contemplated hijacking 10 planes and striking one or more nuclear power plants.

"Nuclear power plants are pre-emplaced nuclear weapons near major cities," said Daniel Hirsch, president of the Committee to Bridge the Gap. "They can't blow up like a nuclear bomb, but they can release a thousand times the radiation of the Hiroshima bomb. They are the most attractive target for a terrorist to hit in our country."

But NRC Chairman Dale Klein said, "Nuclear power plants are inherently robust structures that our studies show provide adequate protection in a hypothetical attack by an airplane."

The commission might impose stricter requirements on new plants, which some nuclear foes hope will add costs or delay licenses for industry expansion.

For now, however, the NRC said that guarding against airborne attacks was the job of the military and other agencies. It added that nuclear plant operators were already required to be prepared to respond to fires or explosions, whatever the cause. The commission said that it was toughening requirements for reactor operators to repel "multiple, coordinated groups of attackers, suicide attacks and cyber threats."

Some members of Congress said that the NRC's steps fell short of what was needed.

"I am disappointed," said Rep. Edward J. Markey (D-Mass.). The NRC decision "reflects an inadequate, industry-influenced approach that sacrifices security in favor of corporate profits."

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On Friday, Sen. Barbara Boxer (D-Calif.), who chairs the Senate Environment and Public Works Committee, had written to the agency that "the communities that surround existing plants need to be confident that the NRC, as the regulator charged with nuclear safety, did all it could to ensure that plants defend against current security threats" -- including, she added, "large attacking forces and commercial aircraft."

Yesterday, Boxer said that her "initial reaction" was that the NRC "did not follow the direction of Congress to ensure that our nuclear power plants are protected from air- or land-based terrorist threats."

The 9/11 Commission called nuclear plants "vital facilities" and pointed to evidence that the plants had attracted al-Qaeda's attention. The commission's report said that senior al-Qaeda planner Khalid Sheik Mohammed told interrogators after his capture that nuclear plants were on his original target list. And the commission said that during a meeting in Spain in July 2001, Mohamed Atta, thought to be the lead hijacker on Sept. 11, had considered targeting a nuclear facility he had seen during familiarization flights near New York -- a target he and his conspirators referred to as "electrical engineering." In the end, Atta did not have a chance to discuss the idea with senior al-Qaeda leaders.

Timothy J. Roemer, a member of the 9/11 Commission, said that "there should be agencies in our government that make this as high a priority as al-Qaeda makes it." He also said that as the nuclear industry expands, "they should also shoulder some of the burden of our environment and our defense."

The question of whether nuclear facilities should be required to protect themselves against air attacks is frequently mentioned as a cost issue by electric power companies interested in building nuclear plants. There has not been a new order placed for a nuclear reactor in the United States since the 1979 Three Mile Island accident in Pennsylvania. Tax incentives in the Energy Policy Act of 2005 have sparked preliminary planning on about 19 nuclear power projects, and several companies are expected to seek NRC approval later this year.

Many of the industry's critics have seized on national security as a reason to block new plants or to raise the costs of construction. Hirsch said, however, that building an I-beam and cabling shield would add only about 1 percent to the cost of a plant.

"Where are the resources best put to use to protect our population?" said Steven Kerekes, a spokesman for the Nuclear Energy Institute. "There will be far more value in putting those resources toward other parts of the infrastructure that aren't nearly as well protected as nuclear power plants." He cited a 2002 computer modeling study that said a jetliner crash at a nuclear site would not lead to a radiation leak.

The Supreme Court this month decided not to hear an appeal of a 9th Circuit Court of Appeals ruling that said the NRC had violated the National Environmental Policy Act when it failed to include a terrorist attack in an environmental impact report for an application to create dry-cask storage at the Diablo Canyon Power Plant near San Luis Obispo, Calif. Pacific Gas and Electric, which owns Diablo Canyon, was granted the license, but the NRC must now reconsider the application.

One NRC commissioner, Gregory B. Jaczko, dissented on the Diablo Canyon license. "I strongly believe . . . that any new nuclear power plants built in this country should be designed to withstand commercial aircraft crashes."

Baltimore-based Constellation Energy, which operates five nuclear units at three locations, is weighing a new plant. It has chosen a design by Areva that is supposed to protect against airplane crashes by doubling the thickness of the containment vessel and redesigning other facilities. One such plant is under construction in Finland; another is planned for France, said Areva spokesman Penny Phelps. A Constellation spokesman said the plant was appealing because it was designed for "a spectrum of events."

Panel Rejects Responsibility For Attacks (NYT/AP)

By The Associated Press

The New York Times, January 30, 2007

The Nuclear Regulatory Commission said nuclear power plant operators should not be expected to stop terrorists from crashing an airliner into a reactor, saying that responsibility lies elsewhere. Plant operators should instead focus on limiting radioactive releases and public exposure from any such airborne attack, the agency said in a revised defense plan for nuclear

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plants. “The active protection against airborne threats is addressed by other federal organizations, including the military,” the commission said.

Idea To 'Cage' Atomic Plants Is Rejected (LAT)

By Dan Weikel

Los Angeles Times, January 30, 2007

A California group had asked that steel shields and other anti-terrorism measures be mandated.

Federal regulators on Monday rejected requests from a California nuclear policy group to bolster security at atomic power plants, including protections against the type of air attack that destroyed the World Trade Center on Sept. 11.

The Nuclear Regulatory Commission turned down a formal petition from the Committee to Bridge the Gap, which contends that nuclear power stations remain vulnerable to terrorist air and ground assaults.

Commission officials said the precautions were unnecessary because research indicated reactors had "adequate protection" against airliners.

The nonprofit Committee to Bridge the Gap, based in Santa Cruz, proposed in 2004 that the Nuclear Regulatory Commission require atomic power plants to build giant steel cages around reactor buildings to deflect impacts from large commercial planes.

The group further asked the commission to increase to at least 19, from five, the number of attackers each nuclear power plant must be prepared to defend against. The request was based on the number of terrorists who hijacked airliners on Sept. 11.

The commission on Monday instead adopted regulations similar to security directives it imposed in April 2003, without public hearings, on operators of commercial reactors.

The directives deal with the size, training and composition of security forces; reactor security; barriers to protect against truck or car bombs; the dimensions of security perimeters; and the numbers of terrorists that plants must defend against. For national security, the specifics are confidential.

"We are taking a multifaceted approach to security enhancements in this post 9/11 threat environment and looking at how best to secure existing nuclear power plants," said Nuclear Regulatory Commission Chairman Dale Klein.

The nation has about 100 commercial nuclear reactors, including four in California: two each at San Onofre in northern San Diego County and Diablo Canyon near San Luis Obispo. Many reactors are near major population centers.

Ray Golden, a spokesman for the San Onofre Nuclear Generating Station, said the station's operator, Southern California Edison, had spent about $80 million on security improvements since Sept. 11, 2001.

He added that the plant was designed to withstand earthquakes and that thick concrete structures housed important systems.

Still, some fear that a terrorist attack could breach a reactor or a plant's nuclear waste storage facilities and release harmful radiation.

"Rather than upgrading protections, the proposed rule merely codifies the status quo, reaffirming the existing, woefully inadequate security measures already in place at the nation's reactors," said Dan Hirsch, president of Committee to Bridge the Gap.

His organization's call for fortifications was supported by attorneys general from eight states, including California, who said in letters to the commission that they were concerned that defenses were obsolete and might not be effective against large groups of heavily armed terrorists.

In November 2004, the commission agreed to consider the organization's request and folded it into a formal public process to develop security regulations for the nuclear power industry.

In addition, the federal Energy Policy Act of 2005 asked the commission to upgrade security regulations and consider air assaults, attacks by large groups, and attacks of the magnitude of Sept. 11.

In rejecting the Committee to Bridge the Gap's recommendations, the commission said that firefighting and evacuation procedures, strengthened after Sept. 11, were sufficient to deal with potential releases of radiation from fires and explosions.

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Commissioners noted that such protections against air attack as fighter planes and anti-aircraft weapons were primarily the responsibility of the military and other federal organizations.

Consulting with law enforcement and intelligence agencies, commissioners interpreted Sept. 11 as four separate attacks, each involving four to five terrorists, and declined to increase the number of attackers that plants must be prepared to defend against.

Representatives of the nuclear power industry had opposed reactor cages as costly and unnecessary.

They said studies by the Nuclear Regulatory Commission and the Nuclear Energy Institute, a trade organization and lobbying arm for the industry, indicated that crashes of airliners into power plants were unlikely to cause significant harm to the public.

"We are comfortable that our nuclear power plants and spent fuel ponds are robust and can withstand significant impacts though they are not designed specifically for aircraft impacts," said Tony Pietrangelo, vice president of regulatory affairs for the Nuclear Energy Institute.

In a German government study, however, researchers used flight simulators and computer analysis to show that airliners were able to hit nuclear reactors roughly half the time, occasionally triggering large fires and radiation release into the atmosphere.

"Fire prevention is always better than firefighting," said Michele Boyd, an energy specialist with Public Citizen, a nonprofit Washington watchdog group. "Nuclear terrorism prevention is far more prudent than trying to reduce radiation exposures after the fact."

Documents Detail Puzzling Behavior Of Truck-driving Student (PROJO)

By Karen Lee Ziner, Journal Staff Writer

The Providence Journal, January 30, 2007

Mullawala

Shortly after Mohammed Mullawala's arrest in Rhode Island last month, investigators discovered he was a man on the move who ricocheted from state to state, city to city and apartment to apartment.

But a state police affidavit draws a more complicated picture of the man whose behavior at a Smithfield trucking school in November triggered a nationwide investigation that involves the FBI's Joint Terrorism Task Force and multiple state police fusion centers tasked with homeland security concerns.

Mullawala, a 28-year-old Indian national, faces a deportation hearing today. He has been held since Dec. 5 at the Suffolk County House of Corrections in Boston, on a civil violation of his student visa. No criminal charges have been filed against him; however, the Rhode Island Department of the Attorney General has issued a criminal extradition warrant that alleges he submitted a false document to the Rhode Island Division of Motor Vehicles in order to obtain a Rhode Island driver's license.

It was Mullawala's lack of interest in learning how to back up a tractor-trailer; his request to buy software on hazardous materials and his queries on whether fingerprinting would be required for a commercial driver's license that raised concerns with an instructor at the Nationwide Tractor-Trailer Driving School, and soon thereafter, with federal Homeland Security.

The affidavit contains a complicated timeline of Mullawala's alleged whereabouts since he came to the United States from India in 2002 — zigzagging between Providence to three addresses in Connecticut, and several more in Queens, the Bronx and Long Island, N.Y., as well as Jersey City, N.J.

The timeline revolves around 11 addresses in four states that Mullawala says he lived at. Only 7 have checked out so far, some of which he apparently stayed at for only a month. It includes three universities he said he attended, but apparently did not. It shows he twice returned to India, in 2003 and 2004, once via Kuwait.

Among other new details:

Mullawala frequently switched cars.

In Rhode Island, he registered three different cars; a 1987 Honda on Dec. 3, 2002; a 1989 Nissan three weeks later. The Journal learned that Mullawala registered a 1989 Honda five months later, in May 2003. Four months after that, according to the affidavit, Mullawala registered a 1991 Honda in Connecticut.

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On a Connecticut identification card, he changed the spelling of his first name from Mohammed to Muhammed.

He held licenses and ID cards in four states, some of the licenses were suspended multiple times.

He worked for several limousine companies in violation of his visa. He never paid state or federal income tax.

The affidavit's overarching feature involves what investigators characterized as false information Mullawala gave about his movements, addresses, employment, and college enrollments.

A few examples:

He never lived at 181 Carpenter St. in Providence, as he said. His references and roomates' names there do not check out.

He enrolled in three different universities but took almost no classes. At Johnson & Wales University, he enrolled, dropped out, and re-enrolled. He enrolled at the University of Bridgeport and dropped out in the same month. He enrolled at the City University of New York, but took no classes at all.

Two companies where he said he worked have no record of Mohammed Yousuf Mullawala.

He said he had no traffic tickets or summonses, but apparently he had many.

Investigators say they are trying to answer numerous questions, including:

If, as the investigators say, his student identity was a guise for something else, what was it?

What is the significance of numerous "problematic" phone calls to or from his cell phone, that appear to connect with people "of national interest" with regard to "terrorist-type indicators?" as state police Maj. Steven O'Donnell said.

Why has he moved so frequently, and to multiple states?

Why was he so eager to obtain a license to haul hazardous materials, as he told his instructor at the tractor-trailer driving school?

His behavior at best, "is evasive," O'Donnell said last week. "If someone's being deceptive there's a reason they're being deceptive." So far, O'Donnell said, "we don't have any answers."

The affidavit, entered into evidence at federal immigration court in Boston last week, persuaded Judge Matthew D'Angelo that Mullawala poses a danger to the community and is "an extreme flight risk," despite defense lawyer June Beak's argument that Mullawala has no criminal charges against him.

D'Angelo called "troubling," Mullawala's behavior at the trucking school — where Mullawala attended for two days out of the required six to eight weeks; where he allegedly offered extra money to finish the course in a month; and where he said he only wanted to learn how to drive a rig forward and not learn other technical maneuvers.

D'Angelo deemed "far-fetched" and implausible Mullawala's explanation that he moved frequently to avoid areas where the police ticketed heavily for parking violations, as well as to enjoy the mobility his single status afforded.

All of that, plus the fact that Mullawala has no known family or other ties in this country led D'Angelo to order Mullawala's continued federal detention until today's deportation hearing.

The affidavit underscores how vigorously FBI agents and state police detectives attached to the FBI's Joint Anti-Terrorism Task Force have been pursuing leads tied to Mullawala, despite the lack of any criminal charges against him.

It notes that the joint investigation was launched Nov. 29, based on Homeland Security and FBI bulletins. That was six days before Mullawala came to state police headquarters in Scituate to file a complaint that he was being harassed by a detective who had called him on his cell phone. After questioning, he was taken into custody on a student visa violation.

It states that federal agents are still trying to determine if Mullawala lived where he said he lived, according to the affidavit. Off and on, he lived in the Bronx, one landlord told investigators. Most recently, he lived in Jamaica, Queens, said another.

The affidavit lays out three charts: one on Mullawala's overall timeline; a second on his licenses and registrations; and a third on his work history.

Investigators are continuing to plot his course and filling in the blanks for periods when Mullawala told them he could not remember where he lived. They're looking for connections with other people.

They are still studying his various licenses, registrations, and ID cards in Rhode Island, Connecticut, New York and New Jersey. Those include a Rhode Island driver's license and Rhode Island-issued Social Security card; a New Jersey driver's license, another by the New Jersey Taxi-Limousine Commission; a Connecticut driver's license and ID card; a City University of New York ID card, a passport issued in India, and more.

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(Because he ignored traffic tickets and court summonses, Mullawala's Rhode Island driver's license was suspended twice; his New York license was suspended four times).

The affidavit also gives a chronology of the days leading up to Mullawala's arrest and outlines the questions posed to him.

When a state police investigator called Mullawalla on his cell phone on Dec. 1, and asked him on a pretense to report to headquarters, Mullawalla said he couldn't because his parents were visiting from India. The affidavit says, "Mohammed Y. Mullawalla later admitted that he lied when making this statement."

On Dec. 5, Mullawala showed up at state police headquarters unannounced to make a complaint against one of the troopers in the case. A trooper at the front desk recognized Mullawala from a Homeland Security Bulletin and he was taken into custody.

In a recent phone interview from the Suffolk County House of Corrections, Mullawala rambled rapidly from topic to topic.

He said variously that he came to the United States to study computer engineering, and that he went to trucking school to learn how to drive a rig so he could start a marble import-export business, and that he moved often because he's not the kind of guy to stick to one thing very long.

To the question, "Are you a terrorist?" Mullawala replied, absolutely not.

"I'm not. One hundred percent, I am an innocent student, ma'am."Investigators say they are convinced that Mohammed Yousuf Mullawala is not a student.

But the pieces assembled in the past six weeks have yet to solve the puzzle.

"If someone's being deceptive, there's a reason they're being deceptive. [So far] we don't have any answers."

Maj. Steven O'Donnell

Rhode Island State Police

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Maj. Steven O'Donnell

Rhode Island State Police

Homeland Security's Inspector General Blasts Coast Guard Modernization Program (AP)

By Dan Caterinicchia

The AP, January 29, 2007

WASHINGTON – A federal investigation concluded that the U.S. Coast Guard's multibillion-dollar fleet modernization program run by Lockheed Martin Corp. and Northrop Grumman Corp. has design flaws that have led to spiraling maintenance costs and, without a fix, could reduce the longevity of the spiffed-up ships.

Because of design deficiencies, the Coast Guard cutters might not be strong enough to withstand 230 days a year at sea over a period of 30 years, as required by the contract, the Department of Homeland Security's inspector general said in a report released Monday,

The so-called Deepwater contract was awarded in 2002 to Integrated Coast Guard Systems, a joint venture of defense contractors Lockheed Martin and Northrop Grumman.

Since then, the combined cost of the first two cutters has increased from $517 million to about $775 million primarily due to design changes needed to meet post-9/11 mission requirements and other government specifications not included in the original contract, the report found.

Deepwater, a $24 billion, 25-year program, is the largest acquisition project in Coast Guard history.

Representatives from Integrated Coast Guard Systems did not immediately return calls for comment Monday afternoon.

But in a written response to the IG's report, the Coast Guard said it had "serious concerns" with the investigators' approach to reviewing and analyzing the program.

"The report contains selective inclusion of documents that do not represent the most current, comprehensive, or technically accurate data," the Coast Guard said.

Shares of Bethesda, Md.-based Lockheed Martin slid 24 cents to $94.63 in afternoon trading, while Los Angeles-based Northrop Grumman added 29 cents to $70.78, both on the New York Stock Exchange.

Super Bowl Security A Massive Effort (AP)

By Curt Anderson, Associated Press

AP, January 30, 2007

MIAMI - Gavin moved quickly around the spacious convention center, searching for a hidden bomb. Near a glass box containing a fire extinguisher, he sniffed the air and abruptly sat down. Inside was a pound of live high explosives, wrapped in black plastic.

For successfully finding the "bomb," Gavin got a treat from his handler, Special Agent L.A. Bykowsky of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. His training exercise over, the 7-year-old golden Labrador retriever is ready for duty conducting bomb-sniffing sweeps for the Super Bowl and its related events and hotels.

Gavin will be among 66 specialized canine bomb teams working as part of a massive local, state and federal security effort to protect one of the world's highest-profile public events from terrorists, foreign and domestic. The dog teams are one element of a 6-inch-thick security plan, which includes jet fighters and helicopters, tactical weapons teams, mobile bomb labs and robots, high-tech X-ray machines and sensors, intelligence databases and hundreds of uniformed police officers.

"We don't have any specific threat to this event," said Julie Torres, chief of the ATF's Miami office and the designated federal coordinator for Super Bowl security. "It is the biggest event in the nation as far as a sporting event. It is vulnerable as far as any terrorist activity. We have to plan excessively so we can provide proper security."

Those plans began to take shape two weeks after last year's Super Bowl in Detroit. This year's game is the sixth since the terror attacks of Sept. 11, 2001, which forever changed the security landscape for any major U.S. public event. The Super Bowl is a Level One national security event, right behind a presidential inauguration in importance.

The trick for planners is to keep the game an enjoyable sporting event while still projecting a secure atmosphere. That means fans will see a significant police presence, but much more will be going on behind the scenes.

"What you want to do is give the appearance of preparedness and security, and give the fans a safe environment, but you don't want to look oppressive," said Maj. Lou Battle, Super Bowl coordinator for the Miami-Dade Police Department. "You're not going to feel like you're in an armed camp."

More than two dozen federal, state and local agencies are involved in security along with the NFL's own personnel. Milt Ahlerich, the NFL's vice president for security, said Monday that the league has hired 3,000 of its own personnel - part of $6 million budgeted for Super Bowl security - to handle chores ranging from running the magnetometers to screening fans at Dolphin Stadium.

"We have a great deal of confidence that our fans will be safe, that the two teams will be safe," he said.

Fans are prohibited from bringing most items into the game, other than a small bag that is subject to search. Traditional tailgating with cooking fires, tents and the like is banned in the parking lots, Ahlerich said.

The law enforcement agencies will be housed together at a Joint Operations Center, which includes U.S. intelligence agencies, a "bomb management" group and an aviation team to monitor all air traffic. On game day, Federal Aviation Administration flight restrictions for 10 miles around the stadium go into effect two hours before game time and end just before midnight.

"If you've got to fly, you just can't go through that perimeter," Torres said. "And if you do, you're going to have folks who are going to contact you and try to get your attention."

U.S. military fighters would handle any jetliners or other high-flying aircraft that violate the order. Any "low and slow" planes that stray into the space would be intercepted by U.S. Customs and Border Protection aircraft, often Blackhawk helicopters or Citation jets, said CBP spokesman Zachary Mann.

The FBI plays a major role in coordinating the dissemination of intelligence and law enforcement databases - and investigating any suspected terrorism plots.

"Information dissemination is one of our highest priorities," said Stuart McArthur, assistant special agent in charge of the FBI's Miami field office and head of the South Florida Joint Terrorism Task Force. "Every threat that comes in will be checked out by the South Florida JTTF."

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The FBI also is doing background checks on stadium workers and other employees involved in various Super Bowl events. Action will be taken if any red flags are raised.

Bykowsky said Gavin and the other bomb-sniffing dogs are capable of identifying minute amounts of powder and explosives no matter what other competing smells are around - kind of like finding a specific ingredient in a big bowl of vegetable soup. And there are some 19,000 explosives available around the world.

"If there are tomatoes in the soup, he will find them," she said.

Many of the Defense Department and other aircraft will operate out of Homestead Air Reserve Base south of Miami. The ATF has explosives expertise and a mobile bomb lab coming from Atlanta. Large X-ray machines used by Customs at ports will scan shipping containers and truck trailers for suspicious material and high-tech sensors will check for radioactive and biological substances.

"Every square foot of the Super Bowl venue is under surveillance of some sort," Battle said.

One wild card in Miami is whether there might be celebrations, or even rioting, among the thousands of Cuban exiles in the city if Fidel Castro dies before the game. The Cuban president has been seriously ill since midsummer, with some reports indicating he might be near death.

NFL officials and government officials say there is no plan to postpone the game or any of the numerous related events if Castro dies, and dealing with any disruptions triggered by such an event won't take away personnel or assets from Super Bowl security.

"There is a plan, and it's not going to affect the game at all - game day and all the events leading up to game day," said Torres, who was born in Cuba and moved to Miami with her family at age 5. "We have planned for that."

PUC Sets Contempt Hearing For Verizon (AP)

By Francis X. Quinn, Associated Press Writer

AP, January 30, 2007

Maine Utilities Commission Sets Contempt Hearing for Verizon Over Domestic Surveillance

AUGUSTA, Maine (AP) -- The Maine Public Utilities Commission unanimously voted Monday to schedule a hearing next month to allow Verizon Communications Inc. to argue why it should not be held in contempt for its response to a commission order stemming from allegations about domestic surveillance by the federal government.

The case involves a multi-customer complaint filed last May effectively seeking to force Verizon to say whether it provided telephone call records to the government without a warrant.

The complaint followed media reports about a National Security Agency eavesdropping program.

Verizon, in answer to the customer complaint, issued a response on May 19, 2006, in which it referred to points made in two press releases, including one that declared the company was not asked for records by the NSA and did not provide such records.

The PUC subsequently ordered Verizon, on Aug. 9, to affirm in writing that its representations to the commission were true.

On Aug. 21, the same day that the U.S. Justice Department filed suit against the PUC and Verizon asserting that the PUC was pre-empted by federal law from investigating the alleged spying program, Verizon said it would not submit an affirmation, citing legal action by the federal government.

Since then, the PUC has sought to have the federal suit dismissed and the complaint case has not moved forward.

On Monday, the PUC voted 3-0 to hold a contempt hearing by Feb. 13. Panelists suggested Verizon's response to date had been inadequate and noted that the ordinary period for resolving complaints was close to expiring.

"This isn't a national security issue," said PUC Chairman Kurt Adams.

Verizon had nothing immediate to say.

"Verizon is reserving comment," spokesman Peter Reilly said.

Complainant James Cowie expressed some satisfaction that the commission was "finally doing something" but maintained that the same action taken Monday could have been taken months ago.

"We're not happy with the commission at all," he said.

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The Bush administration has agreed to let a panel of federal judges oversee the government's domestic spying program.

The Foreign Intelligence Surveillance Court will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said earlier this month in a letter to the leaders of the Senate Judiciary Committee.

Senators At Louisiana Hearing Criticize Federal Recovery Aid (NYT)

By Adam Nossiter

The New York Times, January 30, 2007

NEW ORLEANS, Jan. 29 — Three United States senators sounded off on Monday about the slow pace of recovery from Hurricane Katrina at a hearing in the French Quarter, criticizing federal officials for perceived inequities in aid to Louisiana and for imposing rules that are halting government assistance.

With Senator Barack Obama, Democrat of Illinois and a presidential candidate, expected to speak at the hearing of the Homeland Security and Governmental Affairs committee, dozens of residents lined up outside the Louisiana Supreme Court building hoping to be admitted. But only a small fraction were allowed inside, where Mr. Obama jousted with Donald E. Powell, the federal coordinator of Gulf Coast rebuilding, about where the money was, and why more of it was not in Louisiana.

Mr. Obama and Senator Mary L. Landrieu, Democrat of Louisiana, focused on why Louisiana, which had far more damage than Mississippi, did not receive a larger proportion of federal aid. Mr. Powell said Congress had put a cap on how much aid money any one state could get.

The senators complained about federal rules requiring a local match for aid after disasters; Mr. Powell said that in some cases, like the removal of the tons of debris that inundated the landscape here, the rules had been waived.

The senators, including the panel's chairman, Joseph I. Lieberman, independent of Connecticut, voiced little criticism of Mayor C. Ray Nagin or other local officials, and Gov. Kathleen Babineaux Blanco of Louisiana was not on the witness list. Ms. Blanco is responsible for the Road Home, a troubled housing assistance program that has made little progress in getting federal rebuilding aid to thousands of homeowners.

Fewer than 300 homeowners have received aid under the program, Mr. Lieberman said, though more than 100,000 have applied. (A program official said on Monday that 359 had received grants.) The program's failure is cited as a crucial reason for the faltering repopulation effort.

The senators used the occasion to echo local laments that President Bush did not mention New Orleans in his State of the Union address. They did not disagree when Mr. Nagin, evidently referring to officials outside the city, said, "The tragedy of Katrina has lingered for so long, I just don't see the will to really fix it."

While the senators scored the federal response, Mr. Powell gingerly noted the region's "significant" difficulties before the storm, and suggested the problems of the Road Home were now a state matter.

Undeterred, Mr. Obama warmed to the issue of the Bush administration's failures in the response to the disaster, now a fixture in the Democrats' arsenal.

"There's not a sense of urgency out of this White House to get this done," Mr. Obama said. He spoke of his hometown of Chicago's recovery from the great fire of 1871 as an effort of national will, and suggested it could be done again.

Mr. Obama wondered about "whether we're in danger of actually forgetting New Orleans," adding, "That's shameful."

Obama Blasts Bush Adminstration On Katrina Recovery (CHIT)

By Mike Dorning

Chicago Tribune, January 30, 2007

NEW ORLEANS -- Democratic presidential hopeful Barack Obama blasted the Bush administration Monday for the slow pace of Hurricane Katrina recovery efforts, saying reconstruction no longer seems to be a White House priority.

"There is not a sense of urgency in this administration to get this done," said the senator from Illinois. "You get a sense that will has been lacking in the last several months."

Obama, the Senate's only African-American member, was in New Orleans for a field hearing on Gulf Coast rebuilding conducted by the Senate Homeland Security and Governmental Affairs Committee.

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In the days after Katrina, the devastation of New Orleans and the botched federal response turned into a dramatic international emblem for charges of incompetence in the administration and of indifference to the plight of poor people, particularly blacks and other racial minorities. The flooding and tardy rescue efforts had the greatest impact on low-income black residents, many of whom did not have personal transportation or financial resources to evacuate easily on their own.

The broken homes and vacant streets of the city's flood-damaged neighborhoods remain a potent political symbol. Democratic presidential candidate John Edwards kicked off his campaign in December outside a damaged home in one hard-hit neighborhood.

After Monday's field hearing, the Senate committee took a bus tour of the city's Lower 9th Ward, a low-income black neighborhood where many ruined homes sit empty and bear the painted X-marks used in the chaotic weeks following the hurricane to show which buildings had been searched for survivors.

Testifying to the committee, New Orleans Mayor C. Ray Nagin said he still doesn't see "the will to really fix" his city and suggested that race was a factor.

"I think it's more class than anything, but there's racial issues associated with it also," said Nagin, who is black.

Nagin complained that disputes with federal officials over the value of damaged buildings and cumbersome paperwork have slowed the money flow.

"And then I look at what we're doing in Iraq and how we spend money at an unprecedented level there, how we can set up temporary hospitals and designate money to rebuild their economy, and we have this dance going on in New Orleans," he said.

The hearing is one of the first that the Homeland Security Committee has scheduled since the Senate passed to Democratic control. No Republican members attended.

The session follows criticism of Bush for not including any mention of the New Orleans recovery effort in last week's State of the Union address. Obama echoed that criticism, noting that Bush had traveled to the city shortly after the disaster and promised to do "what it takes … as long as it takes" to rebuild New Orleans.

But "17 months later, we heard not a single word, not one word in President Bush's State of the Union address," Obama said. "Those of us who are concerned all across the country wonder if we're in danger of forgetting about New Orleans, and that's shameful."

Federal officials involved with rebuilding efforts defended their work in testimony before the committee. Donald Powell, federal coordinator for Gulf Coast reconstruction for the Department of Homeland Security, said he was confident that when the history of the recovery effort is written "it will also be a story of modern renaissance."

"President Bush is committed to rebuilding the Gulf Coast and rebuilding it better and stronger," Powell said.

Still, Gil Jamieson, the deputy director for Gulf Coast recovery for the Federal Emergency Management Agency, said it might take as long as a decade to rebuild the region.

Sen. Mary Landrieu (D-La.) and other members of the panel criticized the administration for failing to waive a legal requirement that local authorities pay 10 percent of the cost of recovery of a local disaster. They noted that the requirement had been waived after the Sept. 11 attacks in New York and also in 1992 after Hurricane Andrew hit Florida.

Powell responded that state officials could use federal disaster aid they had received for the recovery effort to pay the cost of the match.

As the hearing began, a protester stood and unfurled a banner urging "Probe the White House," a reference to calls for establishment of a commission to investigate the administration's response to Katrina modeled after the Sept. 11 commission.

Speaking later to reporters, committee Chairman Sen. Joe Lieberman of Connecticut said he would rather focus on the rebuilding effort and was reluctant to mount a new investigation of the failures in the initial response.

"We don't want to play 'gotcha' anymore," Lieberman said. "We want to get the aid and assistance to the people of the region who need it."

Mary Quite Contrary (RC)

By Ben Pershing

Roll Call, January 30, 2007

DOJ_NMG_0124062

Nearly 18 months after Hurricane Katrina devastated Louisiana and Mississippi, HOH thought it likely everything that could be said about the tragedy already had been said.

Alas, HOH underestimated Pelican State Sen. Mary Landrieu (D), who had some highly original things to say Monday morning at a field hearing in New Orleans convened by the Senate Homeland Security and Governmental Affairs Committee.

"I often think we would have been better off if the terrorists had blown up our levees. Maybe we'd have gotten more attention," Landrieu said, according to a report from the New Orleans station WWL-TV.

The problem, Landrieu continued, is that Louisiana gets a bad rap in Washington, D.C., especially compared to its neighbor to the east.

"Mississippi is actually the most corrupt state in the union, but you never hear that, because there's some political undertones about having Mississippi look so good and having Louisiana look not so good at the national level," Landrieu said.

So, beginning from the top, does Landrieu really wish her home state had been attacked by terrorists? Not really, explained her communications director, Adam Sharp.

"She was just reflecting on the priorities of the [Bush] administration," Sharp said. "Look at the State of the Union — 5,600 words and not one mention of Hurricane Katrina or Rita or the recovery. You are left to wonder if [a terrorist attack] is what it takes to get on the radar screen."

As for that whole corruption thing, Landrieu makes no apologies for that one either. In fact, Sharp sent HOH a handy dandy report showing that Mississippi is indeed the most corrupt state in all the land.

The report — written in 2004 by the Corrupt Crime Reporter and based on public data — says Louisiana "is not the most corrupt state in the country, as its reputation might indicate. It comes in third."

Mississippi is a solid No. 1 on that list, while sleeper pick North Dakota slid in at the No. 2 slot.

In any case, Sharp said, Landrieu "was not denigrating Mississippi to make her point. We know that the actions of a few dishonest officials should not be representative of the entire state."

Not the Easiest Job. She's dealt with more than her fair share of negative press over the last several months, and now Melanie Roussell is leaving her post as communications director and senior policy adviser to embattled Rep. William Jefferson (D-La.).

In an e-mail Monday, Roussell wrote that she is leaving Jefferson — who is under federal investigation for allegedly soliciting bribes — to take the post of press secretary at the House Judiciary Committee.

"And like a bird leaving the nest, the time has come for me to move on to new and exciting ventures — taking with me the strength of character, motivation, and expertise that I learned here on the Jefferson staff," Roussell said.

Today is her last day with Jefferson's office. Perhaps things will be a little quieter at the new gig.

Someone's Been Sitting in My Chair, Part II. HOH enjoys stories about chairs. Recently, he told you about the time House Transportation and Infrastructure ranking member John Mica (R-Fla.) stormed out of a panel meeting and took his GOP colleagues with him because there was not a properly positioned chair for him.

Now comes word of some more disgruntled House Republicans, this time of the press secretary variety.

House GOP flacks get together to compare notes every Monday at 1 p.m. While there had been some issues in the opening days of the 110th Congress with making sure they had a room in which to meet, those problems were supposedly settled and the Republican spinners should have a standing reservation in the Cannon Caucus Room.

And yet, on Monday the press secretaries showed up to find that a) the room was double-booked (though not occupied), and b) the chairs were all stacked in the back of the room rather than arrayed out like they were supposed to be, meaning the staffers had to move the chairs themselves.

To Republicans, the latest chapter of Chairgate was yet another example of the Democrats' inability to competently manage the House. "All they have to do is keep the trains running and they can't even do that," complained a GOP aide.

But according to a Democratic leadership aide, the whole affair was attributable to a computer error. The room reservation system is electronic, and apparently a group related to the Smithsonian Institution had applied to use the Cannon Caucus Room for the whole day and the computer granted the reservation without recognizing that the Republicans had a standing hold on the room at 1 p.m.

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The Democratic aide expressed relief that, despite the electronic mix-up, the Republicans, who “showed their perseverance and ability to adapt to hard times, were still able to have the meeting.”

The Post-Katrina Drawing Board (WP)

By Spencer S. Hsu

The Washington Post, January 30, 2007

After Hurricane Katrina in 2005, many business leaders complained that despite contributions of $1.2 billion in relief or services, too many efforts to help the U.S. disaster response were thwarted by red tape.

Truckloads of goods were turned back on the roads by police or the National Guard. Donations of vital telecommunications gear were delayed, although they could have provided critical phone and computer links in the early hours. Big retailers offered bottled water at low cost but had to sell to the government through approved contractors that charged taxpayers more.

Yesterday, Business Executives for National Security, a nonprofit, nonpartisan advisory group representing disaster-related industries, released "Getting Down to Business," a plan for public-private disaster coordination.

Among its recommendations:

Â· Add businesses to emergency operations centers run by states and big cities nationwide and make their involvement a condition for federal homeland security grants.

Â· Include businesses in emergency planning, training and exercises, and in the National Response Plan, the main blueprint for U.S. disaster response.

Â· Create business equivalents to Emergency Management Assistance Compacts, in which states around the country agree to help one another in a disaster.

Â· Overhaul the government's emergency logistics, purchasing and donations management practices into faster, ready-to-use packages.

Â· Rewrite the nation's disaster laws and the National Response Plan to include the private sector; tackle issues such as liability, medical and regulatory waivers; and make businesses eligible for federal aid when carrying out disaster responsibilities, such as providing security for emergency repairs.

WAR NEWS:

Bush Warns Iran Against Action In Iraq (AP)

By Terence Hunt

AP, January 30, 2007

President Bush said Monday the United States "will respond firmly" if Iran escalates military action in Iraq and endangers American forces. But Bush emphasized he has no intention of invading Iran.

Bush also acknowledged skepticism concerning U.S. intelligence about Iran, because Washington was wrong in accusing Iraq of harboring weapons of mass destruction before the U.S.-led invasion in 2003. "I'm like a lot of Americans that say, 'Well, if it wasn't right in Iraq, how do you know it's right in Iran,'" the president said.

The president, in an interview with NPR, said the United States was "constantly evaluating and answering this legitimate question by always working to get as good intelligence as we can."

Sharply at odds over Iran's suspected nuclear weapons program, Washington and Tehran increasingly are arguing about Iraq, where both countries are seeking influence. The White House said last week that American troops in Iraq have been authorized to kill or capture Iranian agents deemed to be a threat. Iran's ambassador followed up by telling The New York Times that Tehran plans to greatly expand its economic and military ties with Iraq and open an Iranian national bank branch in Baghdad.

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The United States accuses Iran of supplying terrorists and insurgents in Iraq with improvised explosive devices that have become the most lethal threat to U.S. forces. The Bush administration says it decided to take a tougher line with Tehran after months of evidence showing Iran was assisting anti-U.S. forces.

"If Iran escalates its military action in Iraq to the detriment of our troops and/or innocent Iraqi people, we will respond firmly," the president said. "It makes common sense for the commander in chief to say to our troops and the Iraqi people and the Iraqi government that we will help you defend yourself from people that want to sow discord and harm. And so we will do what it takes to protect our troops."

Bush said it was important to distinguish the nuclear standoff with Iran from the quarrel over Tehran's involvement in Iraq. He said he believed the dispute over Iran's nuclear program could be resolved diplomatically.

Senate Majority Leader Harry Reid, D-Nev., has said Bush does not have authority to launch military action in Iran without first seeking congressional authorization.

Bush told NPR he had no intention of going into Iran. "This is the kind of thing that happens in Washington," the president said. "People ascribe, you know, motives to me beyond a simple statement — 'Of course we'll protect our troops.' I don't know how anybody can then say, 'Well, protecting the troops means that we're going to invade Iran.'"

Bush Warns Iran About Aggression In Iraq (CHIT)

By Mark Silva

Chicago Tribune, January 30, 2007

WASHINGTON -- Asserting the right of the U.S. military inside Iraq to defend itself and Iraqis against threats from Tehran, President Bush vowed Monday that Iranian aggression inside Iraq would be met with American force.

At the same time, Bush asserted his determination to resolve what the U.S. sees as Iran's ambitions for nuclear weaponry through diplomatic channels.

With a two-track message of stern military warnings and promises of peaceful diplomacy, Bush is confronting an increasingly complicated conflict with the Iranian government.

"If Iran escalates its military action in Iraq to the detriment of our troops and or innocent Iraqi people, we will respond firmly," Bush said in an interview with National Public Radio. "We will do what it takes to protect our troops. It makes common sense for the commander in chief to say to our troops and the Iraqi people—and the Iraqi government—that we will help you defend yourself from people that want to sow discord and harm."

And , during an interview conducted in the Roosevelt Room of the White House, the president suggested that it is "very important ... not to mix issues" involving Iran.

One issue is Iran's nuclear ambitions, Bush said, insisting that he is confident in the power of diplomacy to resolve it. "The message that we are working to send to the Iranian regime and the Iranian people is that you will become increasingly isolated, if you continue to pursue a nuclear weapon," Bush said.

The other issue is Iran's support of insurgents inside Iraq as well as in other countries in the region, with the U.S. committed to blocking Iranian interference in Iraq.

The president repeatedly has asserted the right of U.S. forces to intervene in the Iranian shipment of weaponry into Iraq, with Bush blaming Iran for supporting radical Shiite groups that have formed death squads in Iraq. And the White House has authorized U.S. forces to stop Iranian forces inside Iraq.

But Bush insists he has no plans to invade Iran, despite worries voiced in Congress.

"I have no intent upon incur—going into Iran," Bush said. "I mean, this is the kind of thing that happens in Washington. People ascribe, you know, motives to me beyond a simple statement—of course we'll protect our troops. I don't know how anybody can then say, well, protecting the troops means that we're going to invade Iran."

Iran has confirmed that the U.S. detained two of its security officials last month, but says those officials, later released, were engaged in legitimate talks and should not have been detained. Iran also has announced plans to open branch banks and other economic ties with Iraq, according to a New York Times interview with the Iranian ambassador to Iraq.

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Kurt Campbell, director of the international security program at the Center for Strategic and International Studies, sees Iran attempting to establish ties with Shiite leaders in Iraq.

"Most of the problems that we are experiencing in Iraq have to do with our failures and mistakes as opposed to some larger grand Iranian strategy to undermine us," Campbell said. "In many respects Iranians have stepped into a vacuum of American leadership as a whole."

At the same time, he suggested, Bush draws power from challenging conventional wisdom—"such as a larger force for Iraq ... and a more confrontational policy with Iran." With an escalating debate over the war in Congress, tough talk for Iran could help bring Republicans in line, Campbell said, while appealing to Democrats who oppose the war in Iraq but support a tough stance toward Iran.

The U.S. has deployed an additional aircraft carrier to the region, with the Bush administration maintaining that not only Iran, but also Lebanon and Israel, are concerned about Iranian-backed terrorists operating within their borders.

"Most of the nations in that part of the world believe their security is supported, if you will, by the United States," Vice President Dick Cheney said in an interview with Newsweek magazine. "They want us to have a major presence there. When we—as the president did, for example, recently—deploy another aircraft carrier task force to the [Persian] Gulf, that sends a very strong signal to everybody in the region that the United States is here to stay."

Cheney also voiced a warning about U.S. resolve in averting nuclear weaponry in Iran, echoing a caution that the president issued two years ago.

"The fact is, we are doing what we can to try to resolve issues such as the nuclear question diplomatically through the United Nations," Cheney said in the interview, "but we've also made it clear that we haven't taken any options off the table."

That was reminiscent of Bush, at a news conference with European leaders in Belgium in February 2005: "This notion that the United States is getting ready to attack Iran is simply ridiculous. Having said that, all options are on the table."

Now, with the Iranian government announcing intentions to build new economic ties with Iraq, the White House is watching that move as well, warily, but without warnings.

"We'll wait and see whether it's a positive development or not," White House spokesman Tony Snow said Monday. "We would certainly welcome Iran to start playing a constructive role in the region."

Bush Vows To Confound Iranian Operations In Iraq (WT)

By Stephen Dinan

The Washington Times, January 30, 2007

President Bush yesterday said he doesn't intend to attack Iran but will "respond firmly" if Iranian agents inside Iraq escalate their attacks or supply materials used to attack U.S. troops or Iraqis.

"We will protect our interests in Iraq. That's what the American people expect us to do," Mr. Bush said in an interview with National Public Radio. "That's definitely what our troops want to do, and that's what the families of our troops want us to do. And if we find the Iranians are moving weapons that will end up harming American troops, we'll deal with it."

Shi'ite-controlled Iran is arguably the major international problem for Mr. Bush right now -- sharing a border with Iraq, being home to the same religious sect as the majority of Iraqis, and at the same time pursuing a nuclear program in defiance of its international commitments.

The president yesterday also accused Iran of being part of an effort to bring down Lebanon's government as well, saying it is working with Syria and the terrorist group Hezbollah.

"Their goals are clear," Mr. Bush said. "They foment violence."

Iran announced during the weekend that it will offer Iraq military assistance in the form of training, and also offer reconstruction assistance -- a move the White House was reluctant to characterize.

That followed news earlier this month that the United States was stepping up its efforts to try to prevent Iran from supplying materials to insurgents -- a charge the White House has made before.

Lawmakers on Capitol Hill are wary of the White House's tone, fearing it is the first step toward military action against Iran. Top Democrats have said Mr. Bush will have to come seek congressional authority if he wants to expand the Iraq war.

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Meanwhile, Mr. Bush is trying to shore up support for his new plan to secure Iraq, which includes sending 4,000 Marines to Anbar Province to fight al Qaeda and more than 17,000 soldiers to Baghdad to help Iraqi troops restore order in the middle of Sunni-Shi'ite sectarian fighting.

He told NPR that senators would be sending mixed messages if they vote for a resolution opposing the troop increase because those lawmakers voted just last week in favor of a new military commander who says the troops are needed.

"It is ironic that the Senate would vote 81 to nothing to send a general into Iraq who believes he needs more troops to do the job and then send a contradictory message," the president said, referring to Lt. Gen. David H. Petraeus, who the Senate confirmed last week to become commander of Multinational Force Iraq.

Bush Warns Iran, Syria, Hezbollah On Lebanon (AFP)

AFP, January 30, 2007

US President George W. Bush deplored recent violence in Lebanon and warned that Iran, Syria and Hezbollah must be "called to account" for trying to destabilize that country.

"While Lebanon's friends seek to help the Lebanese government build a free, sovereign, and prosperous country, Syria, Iran and Hezbollah are working to destabilize Lebanese society," Bush said in a statement.

"All those who seek a peaceful, constitutional solution to the crisis in Lebanon deserve the support of the international community, but those responsible for creating chaos must be called to account," he said.

Four people were killed and 152 injured Thursday in clashes between Sunni and Shiite Muslims apparently triggered by a row in a cafeteria at Beirut's Arab University between government supporters and opponents.

"I am deeply disappointed by the recent violence and bloodshed on the streets of Lebanon. It is all the more troubling that the violence occurred while Lebanon's legitimate leaders and friends were gathered together in Paris to help secure a peaceful and prosperous future for the country," said Bush.

The United States has pledged 770 million dollars in new aid to Lebanon as part of a major international drive to rebuild the country and bolster the embattled pro-Western government of Prime Minister Fuad Siniora.

"This is a strong symbol of the American people's support for and commitment to the future of Lebanon," said Bush, who had tough words for Damascus, Tehran, and the militant Shiite movement Hezbollah.

Bush said they sought to derail the creation of the international tribunal to try suspects in the murder of Lebanon's former premier Rafiq Hariri and stall Hezbollah's disarmament as called for by the UN Security Council.

"Their goals are clear. They foment violence in order to prevent the establishment of a Special Tribunal in response to former Prime Minister Hariri's assassination, to prevent full implementation of UN Security Council resolutions calling for Hezbollah's disarmament, and to bring down Lebanon's democratically elected government," said Bush.

How The 'Axis' Seeks The Killer Missile (WT)

By Bill Gertz

The Washington Times, January 30, 2007

North Korea and Iran are cooperating in developing long-range missiles, the deputy director of the Pentagon's Missile Defense Agency said yesterday.

Army Brig. Gen. Patrick O'Reilly said during a speech that North Korea test fired a long-range Taepodong missile in July, and Iran is working on a space launcher that would help develop an intercontinental ballistic missile (ICBM) that could hit the U.S.

"Not only North Korea, but Iran has shown some significant developments in their [own] missile systems," Gen. O'Reilly said in a speech to the George C. Marshall Institute.

"They are working in concert with the North Koreans," he said. "They have made a claim that they are working towards developing a space launch capability, which also would give them an ICBM capability."

The Pentagon believes Iran has a "new intermediate-range ballistic missile or space launch vehicle [SLV] in development," a Missile Defense Agency briefing slide stated.

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The Iranians are "likely to develop an ICBM/SLV [and] could have an ICBM capable of reaching the U.S. before 2015," according to the briefing chart.

One of the new missiles would be solid-fueled, making it capable of being launched rapidly, and have a range of 1,240 miles, enough to hit targets throughout Europe from Iran.

The speech marked the first time the Pentagon publicly disclosed the missile cooperation between Pyongyang and Tehran.

The North Koreans test fired a Taepodong-2 on July 4 but the missile failed 40 seconds after launch, Gen. O'Reilly said. The two-stage version has a range of 6,200 miles and the three-stage version can travel 9,300 miles.

"But the indications are clear that they are continuing to strive to expand their ballistic missile capability," he said.

The U.S. missile defense system was made operational before the North Korean tests and the forces involved "performed very well," Gen. O'Reilly said. Another briefing chart used during the speech stated that if the Taepodong-2 had threatened the United States, "we are confident the ballistic missile defense system would have operated as designed."

Another briefing chart revealed for the first time that North Korea is developing a new intermediate-range missile with a range of about 2,000 miles that was described as "a qualitative improvement in performance" from earlier missile systems. North Korea's July tests -- seven missiles were fired -- included two 806-mile range Nodong missiles, he said.

Gen. O'Reilly said the U.S. missile defense system, which includes a network of long-, medium- and short-range interceptors and sensors, is designed to counter missiles from "rogue states" targeted at the U.S., its allies and forces overseas.

The system can defend against short-range Iranian missile attacks against Saudi Arabia and North Korean strikes on Japan, as well as an Iranian missile strike on London or North Korean missile attacks on the United States, an MDA briefing slide stated.

North Korea uses its missiles as "geopolitical leverage" over the United States and its allies and also to raise money by selling them abroad, Gen. O'Reilly said. Iran is building missiles for "both asymmetric threats and conventional threats" to U.S. and allied forces, he noted.

Gen. O'Reilly also stated that Hezbollah's short-range rockets and missiles, used in last year's fighting in Lebanon, were a threat to Israeli forces and that more than 4,500 were fired.

"They had small ball bearings, about 300, in their warhead, and they were very effective at shutting down a lot of the maneuvering capability of the Israeli army and also shutting down over 70 percent of the commerce in northern Israel during that period of time," he said. "And that was significant from both non-state actors and other countries that have committed to using rockets as terror weapons."

Asked whether the Pentagon can counter China's anti-satellite weapon, which was tested recently, Gen. O'Reilly said countering space weapons currently is not a mission for the Missile Defense Agency but could be done.

"We have tremendous kinematic capability with our missiles; we have the sensors and the battle management, so that work would be straightforward if we were ... given that guidance and mandate to do," he said.

The Pentagon also is developing a "multiple kill vehicle" that will greatly boost the power of current interceptors by adding more non-explosive warheads that can hit 10 or more enemy warheads from a single booster, he said.

The current missile interceptors deployed at Fort Greely in Alaska and Vandenberg Air Force Base in California can protect the United States from North Korean missiles and afford "partial protection" from Middle Eastern missiles. Upgraded defenses will provide full defense from both North Korean and Middle Eastern missiles, Gen. O'Reilly said.

By 2011, the Pentagon plans to have up to 44 interceptors deployed in the United States and the first 10 interceptors in Europe; a large radar in Europe; 18 Aegis missile defense ships; 48 ground-based THAAD interceptors; two new surveillance and tracking satellites; and a battle management and integrated global fire system for the Middle East and Southwest Asian missile threats.

With Iran Ascendant, U.S. Is Seen At Fault (WP)

By Anthony Shadid

The Washington Post, January 30, 2007

DOJ_NMG_0124068

DUBAI, United Arab Emirates -- Kuwait rarely rebuffs its ally, the United States, partly out of gratitude for the 1991 Persian Gulf War. But in October it reneged on a pledge to send three military observers to an American-led naval exercise in the Gulf, according to U.S. officials and Kuwaiti analysts.

"We understood," a State Department official said. "The Kuwaitis were being careful not to antagonize the Iranians."

Four years after the United States invaded Iraq, in part to transform the Middle East, Iran is ascendant, many in the region view the Americans in retreat, and Arab countries, their own feelings of weakness accentuated, are awash in sharpening sectarian currents that many blame the United States for exacerbating.

Iran has deepened its relationship with Palestinian Islamic groups, assuming a financial role once filled by Gulf Arab states, in moves it sees as defensive and the United States views as aggressive. In Lebanon and Iraq, Iran is fighting proxy battles against the United States with funds, arms and ideology. And in the vacuum created by the U.S. overthrow of Iranian foes in Afghanistan and Iraq, it is exerting a power and prestige that recalls the heady days of the 1979 Islamic revolution, when Iranian clerics led the toppling of a U.S.-backed government.

"The United States is the first to be blamed for the rise of Iranian influence in the Middle East," said Khaled al-Dakhil, a Saudi writer and academic. "There is one thing important about the ascendance of Iran here. It does not reflect a real change in Iranian capabilities, economic or political. It's more a reflection of the failures on the part of the U.S. and its Arab allies in the region."

Added Eyal Zisser, head of the Middle Eastern and African Studies Department at Tel Aviv University in Israel: "After the whole investment in democracy in the region, the West is losing, and Iran is winning."

The United States has signaled a more aggressive posture toward Iran. President Bush on Friday defended a Pentagon program to kill or capture Iranian operatives in Iraq. Vice President Cheney, in a Newsweek interview published Sunday, said the deployment of a second U.S. aircraft carrier task force to the Persian Gulf was intended to signal to the region that the United States is "working with friends and allies as well as the international organizations to deal with the Iranian threat."

And John D. Negroponte, outgoing director of national intelligence, told Congress this month that Iran's influence is growing across the region "in ways that go beyond the menace of its nuclear program."Widespread Support

Iranian officials -- emboldened but uneasy over nuclear-armed neighbors in Israel and Pakistan and a U.S. military presence in the Gulf, Iraq and Afghanistan -- have warned that they would respond to an American attack on Iran's facilities.

"Iran's supporters are widespread -- they're in Iraq, they're in Afghanistan, they're everywhere. And you know, the American soldiers in the Middle East are hostages of Iran, in the situation where a war is imposed on it. They're literally in the hands of the Iranians," said Najaf Ali Mirzai, a former Iranian diplomat in Beirut who heads the Civilization Center for Iranian-Arab Studies. "The Iranians can target them wherever, and Patriot missiles aren't going to defend them and neither is anything else."

"Iran would suffer," he added, "but America would suffer more."

As that struggle deepens, many in the Arab world find themselves on the sidelines. They are increasingly anxious over worsening tension between Sunni and Shiite Muslims across the Middle East, even as some accuse the United States of stoking that tension as a way to counter predominantly Shiite Iran. Fear of Iranian dominance is coupled, sometimes in the same conversation, with suspicion of U.S. intentions in confronting Iran.

"It was necessary to create an enemy to justify the failure of the American occupation in Iraq," Talal Salman, the editor-in-chief of as-Safir, a Lebanese newspaper, wrote in a column this month. "So to protect ourselves against the coming of the wolf, we bring the foreign fleets that fill our lands, skies and seas."

Iranian rivalry with its Sunni Arab neighbors is centuries old, but as with most conflicts in the Middle East, its modern contours are shaped by politics and interests.

Iran has found itself strengthened almost by default, first with the U.S.-led invasion of Afghanistan to Iran's east, which ousted the Taliban rulers against whom it almost went to war in the 1990s, and then to its west, with the American ouster of Iraqi President Saddam Hussein, against whom it fought an eight-year war in the 1980s.

Arab rulers allied with the United States issued stark warnings. Jordan's King Abdullah in 2005 spoke darkly of a Shiite crescent that would stretch from Iran, through Iraq's Shiite Arab majority, to Lebanon, where Shiites make up the largest single community. President Hosni Mubarak of Egypt suggested last year that Shiites in the Arab world were more loyal to Iran than to

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their own countries. And in a rare interview, published Saturday, King Abdullah of Saudi Arabia suggested that Iran, although he did not name the country, was trying to convert Sunni Arabs to Shiism. "The majority of Sunni Muslims will never change their faith," he told al-Siyassah, a Kuwaiti newspaper.

Across the region, Iran has begun to exert influence on fronts as diverse as its allies: the formerly exiled Shiite parties in Iraq and their militias; Hezbollah, a Lebanese group formed with Iranian patronage after Israel's 1982 invasion; and the cash-strapped Sunni Muslim movement of Hamas in the Palestinian territories.

"I disagree with Iranian policy, but you have to give the Iranians credit," said Abdullah al-Shayji, a political science professor and head of Kuwait University's American Studies Unit. "You have to appreciate that they have an agenda, they're planning for it, they seize the opportunity, they see an American weakness and they are capitalizing on it."A Helping Hand

In Beirut's southern suburbs, a Hezbollah stronghold, a banner hangs near a bridge wrecked by Israeli strikes last summer: "The Zionist enemy destroys, the Islamic Republic of Iran builds." Even before the 33-day war ended, Iran had provided Hezbollah with $150 million to begin rebuilding, some of it going to victims in $10,000 bundles of crisp U.S. currency, according to a Shiite politician who spoke on condition of anonymity.

"You want me to give you my opinion? Honestly?" asked Hajj Hassan Sbeiti, a 44-year-old merchant, his face breaking into a wry smile. "If you say hello to me, you probably like me. If you say hello to me and ask what I need, you're a friend. If you say hello to me, ask what I need and put money in my hand, then you're going to be my brother."

In Iraq, U.S. officials say Iran is providing Shiite militias with sophisticated projectiles capable of penetrating U.S. armored vehicles and backing those forces in a gathering civil war against Sunni Arabs. One commander of the Mahdi Army, a Shiite militia that U.S. military officials now identify as the greatest security threat in Iraq, said that however much he might dislike Iran, he was eagerly anticipating the delivery of 50 rocket-propelled grenades to Basra.

But no less influential are the ties that Iran has deepened with the three main Shiite groups in Iraq, some of whose leaders spent years in exile in Iran and are now nominally allied with the United States, and the burgeoning economic relationship between the two countries.

The extent of Iran's engagement in the Arab world, and the rising sectarianism that has accompanied the Iranian ascendance, troubles Arabs who already worry about growing tension between the United States and Iran.

"If Iran is bombed, Iran's reaction is a sure thing. They cannot sit idle, and what kind of reaction they will take is a big question," said Abbas Bolurfrushan, the president of the Iranian Business Council in Dubai, a booming city-state on the Gulf that is part of the United Arab Emirates, where an estimated 400,000 Iranians live and work.

The result? "A disaster," he said. "Disaster."'Defensive' Alliance

Mirzai, the former Iranian diplomat, offered a similar scenario in more threatening terms. Wearing a white turban and the robes of a cleric, he sketched out potential Iranian responses: cutting the Strait of Hormuz in the Persian Gulf, through which 20 percent of the world's oil passes; retaliation in Iraq, Afghanistan or Lebanon; attacks on U.S. targets in the Gulf.

"There is a policy the Iranians have and they've repeated it often -- the Gulf is either safe for everyone or no one," he said.

In an attempt to contest Iran's influence, the United States has sought to form an axis among Sunni Arab states it considers moderate: Egypt, Jordan, Saudi Arabia and smaller countries in the Gulf. Israeli officials have spoken about a possible alignment of their country's interests with those states to arrest both Iran's influence and its nuclear program.

In November, Israeli Prime Minister Ehud Olmert said he would try to deepen ties with those states, some of which have yet to recognize Israel, in what Israeli analysts saw as an opening bid to create an anti-Iranian bloc.

But Zisser, of Tel Aviv University, cautioned that "all of these countries are not very strong, and they have their own problems."

"Iran's threat could do something to bring them together, but I would say that any alliance that comes out of it would be defensive in nature," he said. "These countries are not going to be able to unite in any way that would meaningfully change the face of the Middle East."

Potentially more far-reaching is the sectarian tension that the struggle has ignited. In the Palestinian territories, Israeli officials say, Iran has been increasingly successful in influencing the chaotic political situation, particularly by funding the Hamas-led government.

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The connection has not gone unnoticed in the Palestinian street. At two rallies this month for Fatah, the movement led by Palestinian Authority President Mahmoud Abbas, crowds directed chants at Hamas, a Sunni Arab group. "Shiites, Shiites," they shouted.

Across the Middle East, once antiquated words have sprung up in conversations about Shiites -- Safawis, for instance, drawn from the name of a Persian empire that brought Shiism to Iran. In Lebanon, posters have gone up in Sunni neighborhoods portraying leaders united by little other than their Sunni sectarian affiliation: Saddam Hussein, Yasser Arafat, Rafiq al-Hariri, the former Lebanese prime minister killed in a 2005 car bombing, and Sheik Ahmed Yassin, the leader of Hamas who was assassinated by Israel in 2004.

"You are in heaven," the poster reads, "and those who killed you will go to hell."

Iranian officials have repeatedly warned against the phenomenon, fearing it will curb their leverage in an Arab street that remains majority Sunni. Many in the Arab world watch its gathering force with a sense of helplessness.

"It's very bleak and it's very dangerous," said Dakhil, the Saudi writer. "We have a sectarian civil war in Iraq now and this is drawing sectarian lines through the region. This is the most important, the most dangerous ramification of the American war in Iraq."

US Ally And Foe Are Trying To Avert War In Lebanon (NYT)

By Michael Slackman

The New York Times, January 30, 2007

BEIRUT, Lebanon, Jan. 29 — In an unusual collaboration that could complicate American policy in the region, Iran and Saudi Arabia have been mediating an agreement to end Lebanon's violent political crisis.

Leaders of Hezbollah, the Iranian-backed party trying to overthrow Lebanon's government, have recently visited the Saudi king in Riyadh, according to officials who attended the meeting. And Prince Bandar bin Sultan, the Saudi chief security adviser, has met with his Iranian counterpart, Ali Larijani, in Riyadh and Tehran to try to stop Lebanon's slide into civil war.

"The only hope is for the Iranians and Saudis to go further in easing the situation and bringing people back to the negotiating table," said Radwan Sayyed, an adviser to Prime Minister Fouad Siniora.

The Saudi-Iranian efforts have put Washington in an awkward position, since it is trying to reduce Iran's regional influence. But since a stable Lebanon is also an American priority, American officials have watched the efforts without interfering.

There is a belief in Lebanon that if the Saudi-Iranian effort succeeds, the result will be short term. There remains fear that Syria, which retains influence with Hezbollah and within Lebanon's security services, will work to scuttle any deal.

But Iran seems to be working in earnest. Members of Lebanon's governing party say the dynamics inside Iran, where the firebrand president, Mahmoud Ahmadinejad, appears to be losing political strength, have led Tehran to lean on Hezbollah.

One question is whether Hezbollah will do what Iran wants or will bend to the Syrians. Hezbollah's leader, Sheik Hassan Nasrallah, said in a speech last week that an agreement "between two countries or two governments does not bind the Lebanese, because the Lebanese must seek their own interests and not the interests of Saudi Arabia and Iran."

It has been nearly three months since Hezbollah began leading street protests aimed at bringing down the American-backed government here, and Lebanese political leaders have failed to agree even on the framework for talks.

There have been no direct meetings between the main political leaders in months. Many say they fear even more bloodshed if a deal is not struck by Feb. 14, the second anniversary of the assassination of former Prime Minister Rafik Hariri.

The governing coalition plans to mark the anniversary with large street rallies at Mr. Hariri's grave site in the center of town. Those demonstrators would be separated by a few feet from the hundreds of opposition supporters who have camped out for nearly three months in their effort to bring down the government.

Allies of Syria in the opposition have scolded the government for backing the creation of an international tribunal to hear evidence in the assassination of Mr. Hariri and other political killings. Syria has been implicated in the killing by a United Nations investigation, and one of its allies in the opposition says that if the government backs down on the tribunal, the crisis would ease.

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But the fight is also over who will be the next president, whether Hezbollah will be allowed to keep its weapons, how to rewrite the nation's electoral laws, whether United Nations troops will remain on the southern border with Israel and, more fundamentally, whether Lebanon will lean toward the United States and Europe or Iran and Syria.

There have been proposals that each side has presented as compromises only to be rejected by the other as insufficient.

"It is true, whoever governs will decide Lebanon's political direction," said Muhammad Fniesh, a senior member of Hezbollah who said he recently attended a meeting with King Abdullah of Saudi Arabia.

Iran and Saudi Arabia have been involved in Lebanese affairs for decades. Saudi Arabia has close ties with the Hariri family and has invested large sums of money rebuilding Beirut. Recently, as Iranianbacked parties have taken over in Iraq and as Iran has tried to establish itself as the regional superpower, Saudi Arabia has begun, at American urging, to press back.

Seeking to fill the vacuum left by Egypt, whose regional influence has diminished, Saudi Arabia has tried to position itself as an Arab counterpoint to Iran.

But in Lebanon, political leaders and diplomats said, both see a common interest in calming sectarian tensions, at least for now. The fight has effectively divided the country between the predominantly Shiite Muslim opposition and the predominantly Sunni Muslim governing alliance. Lebanon's Christian community is divided between the two.

The eagerness to look beyond Beirut for a solution comes as Western diplomats here say they fear that local leaders have abrogated their responsibility to foreign powers. Even Lebanese leaders say internal talks are going nowhere.

"Nothing much is moving," said Ali Hamdan, an adviser to Nabih Berri, the speaker of Parliament and leader of Amal, a Shiite party in the opposition. "It is as if we are moving backwards."

Most agree that if there has been any major movement in resolving — or defusing — Lebanon's political crisis, it has more to do with the changing political dynamics elsewhere. "Saudi Arabia and Iran are near an agreement," said Toufic Sultan, a former leader in the main government-aligned Druse party who has maintained close ties to Saudi officials.

Already reeling from the chaos and sectarian strife in Iraq, governments around the region are worried that Lebanon, too, is on the brink of breaking apart along sectarian lines.

Embassy Row (WT)

By James Morrison

The Washington Times, January 30, 2007

New Saudi envoy

Adel al-Jubeir, the urbane public face of the Saudi monarchy who is also well-connected in Washington, was yesterday named the new ambassador to the United States from the oil-rich desert kingdom.

King Abdullah issued a decree appointing Mr. al-Jubeir and accepting the surprise resignation of Prince Turki al-Faisal, who stepped down last month after about a year as ambassador here.

Mr. al-Jubeir, 44, is not a member of the Saudi royal family, but he has powerful relations with the monarchy, having served as King Abdullah's foreign policy adviser since 2000 when the king was crown prince and as a spokesman for Prince Bandar bin Sultan, who served 22 years as ambassador to the United States. Mr. al-Jubeir's brother, Nail, now holds the post of the embassy's chief spokesman.

The new ambassador was educated in the United States, earning a bachelor's degree from the University of North Texas and a master's degree in political science from Georgetown University.

Mr. al-Jubeir first appeared as a spokesman for the Saudi government during the 1991 Persian Gulf War, which forced Saddam Hussein to retreat from Kuwait, and in 2002 endured intense press scrutiny as he defended Saudi Arabia after the September 11 attacks in the United States. Fifteen of the 19 suicide hijackers were Saudi subjects.

While at the embassy, Mr. al-Jubeir was featured in gossip columns for dating NBC News anchor Campbell Brown.

Mr. al-Jubeir, who is expected to take up his position next month, displayed his skills as a communicator and a diplomat at a press conference in April 2005, after King Abdullah, then crown prince, met with President Bush at his ranch in Crawford, Texas.

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"Our two countries ... have seen the coming and breaking of many storms," Mr. al-Jubeir told reporters. "The relationship has been steadfast, and it's grown with every decade, irrespective of who the president of the United States is."

He assured the press of Saudi Arabia's commitment to the war on terrorism and cited the kingdom as a reliable source of oil for the United States.

"Our countries are facing many challenges, whether it is the war on terrorism where we face the common enemy of al Qaeda; whether it is trying to broaden and deepen economic ties," he said.

Tough talking

John R. Bolton, the straight-talking former U.S. ambassador to the United Nations, dropped diplomatic niceties in an interview with a French newspaper, calling for the replacement of the Iranian government, criticizing some U.S. moves in Iraq and fretting about the U.S. troop surge.

He told Le Monde, in the interview published yesterday, that the U.N. Security Council passed a toothless resolution that gave Iran until Feb. 23 to respond to demands that it cease its nuclear weapons program. Mr. Bolton blamed Russia for gutting an earlier draft of the resolution to the point where it "does not have great effectiveness."

"The negotiations have failed," he said, adding that the only way to deal with the Iranian regime is to "isolate them on the international level."

"In the long run -- and I hope not the very long run -- the only true solution is regime change," Mr. Bolton said.

He criticized the Bush administration's early administrative control over Iraq through the Coalition Provisional Authority, which, he said, deprived the Iraqis of "political responsibilities."

"It gave the terrorists and the remainders of [Saddam Hussein's] Ba'ath Party a chance to gather," he said.

Mr. Bolton supported Mr. Bush's troop surge but called it "the best of a series of bad options." He warned that a premature withdrawal of U.S. troops would be seen as a sign of weakness in the Middle East.

"It is necessary to avoid another version of the Vietnam syndrome, " he said.

Europe Resists US On Curbing Ties With Iran (NYT)

By Steven R. Weisman

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — European governments are resisting Bush administration demands that they curtail support for exports to Iran and that they block transactions and freeze assets of some Iranian companies, officials on both sides say. The resistance threatens to open a new rift between Europe and the United States over Iran.

Administration officials say a new American drive to reduce exports to Iran and cut off its financial transactions is intended to further isolate Iran commercially amid the first signs that global pressure has hurt Iran's oil production and its economy. There are also reports of rising political dissent in Iran.

In December, Iran's refusal to give up its nuclear program led the United Nations Security Council to impose economic sanctions. Iran's rebuff is based on its contention that its nuclear program is civilian in nature, while the United States and other countries believe Iran plans to make weapons.

At issue now is how the resolution is to be carried out, with Europeans resisting American appeals for quick action, citing technical and political problems related to the heavy European economic ties to Iran and its oil industry.

"We are telling the Europeans that they need to go way beyond what they've done to maximize pressure on Iran," said a senior administration official. "The European response on the economic side has been pretty weak." The American demands and European responses were provided by 10 different officials, including both supporters and critics of the American approach.

One irony of the latest pressure, European and American officials say, is that on their own, many European banks have begun to cut back their transactions with Iran, partly because of a Treasury Department ban on using dollars in deals involving two leading Iranian banks.

American pressure on European governments, as opposed to banks, has been less successful, administration and European officials say.

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The main targets are Italy, Germany, France, Spain, Austria, the Netherlands, Sweden and Britain, all with extensive business dealings with Iran, particularly in energy. Administration officials say, however, that Chancellor Angela Merkel of Germany, the current head of the European Union, has been responsive.

Europe has more commercial and economic ties with Iran than does the United States, which severed relations with Iran after the revolution and seizure of hostages in 1979.

The administration says that European governments provided $18 billion in government loan guarantees for Iran in 2005. The numbers have gone down in the last year, but not by much, American and European officials say.

American officials say that European governments may have facilitated illicit business and that European governments must do more to stop such transactions. Treasury Secretary Henry M. Paulson Jr. has said the United States has shared with Europeans the names of at least 30 front companies involved in terrorism or weapons programs.

"They've told us they don't have the tools," said a senior American official. "Our answer is: get them."

"We want to squeeze the Iranians," said a European official. "But there are varying degrees of political will in Europe about turning the thumbscrews. It's not straightforward for the European Union to do what the United States wants."

Another European official said: "We are going to be very cautious about what the Treasury Department wants us to do. We can see that banks are slowing their business with Iran. But because there are huge European business interests involved, we have to be very careful."

European officials argue that beyond the political and business interests in Europe are legal problems, because European governments lack the tools used by the Treasury Department under various American statutes to freeze assets or block transactions based on secret intelligence information.

A week ago, on Jan. 22, European foreign ministers met in Brussels and adopted a measure that might lead to laws similar to the economic sanctions, laws and presidential directives used in the United States, various officials say. But it is not clear how far those laws will reach once they are adopted.

The American effort to press Iran economically is of a piece with its other forms of pressure on Iran, including the arrest of Iranian operatives in Iraq and sending American naval vessels to the Persian Gulf.

American officials refuse to rule out military action. On Monday, President Bush said in an interview with National Public Radio that the United States would "respond firmly" if Iran engages in violence in Iraq, but that he did not mean "that we're going to invade Iran."

Several European officials said in interviews that they believe that the United States and Saudi Arabia have an unwritten deal to keep oil production up, and prices down, to further squeeze Iran, which is dependent on oil for its economic solvency. No official has confirmed that such a deal exists.

The Bush administration has called on Europe to do more economically as part of a two-year-old trans-Atlantic agreement in which the United States agreed to support European efforts to negotiate a resolution of the crisis over Iran's nuclear program.

Typically, American officials say, European companies that do business with Iran get loans from European banks and then get European government guarantees for the loans on the ground that such transactions are risky in nature.

According to a document used in the discussions between Europe and the United States, which cites the International Union of Credit and Investment Insurers, the largest providers of such credits in Europe in 2005 were Italy, at $6.2 billion; Germany, at $5.4 billion; France, at $1.4 billion; and Spain and Austria, at $1 billion each.

In addition to buying oil from Iran, European countries export machinery, industrial equipment and commodities, which they say have no military application. Europeans also say that courts have overturned past efforts to stop business dealings based on secret information.

At least five Iranian banks have branches in Europe that have engaged in transactions with European banks, American and European officials say.

The five include Bank Saderat, cited last year by the United States as being involved in financing terrorism by Hezbollah and others, and Bank Sepah, cited this month as involved in ballistic missile programs.

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A directory of the American Bankers Association lists Bank Sepah as having $10 billion in assets and equity of $1 billion in 2004. It has branches in Frankfurt, Paris, London and Rome. The United States Embassy in Rome has called it the preferred bank of Iran's ballistic missile program, with a record of transactions involving Italian and other banks.

Bank Saderat had assets of $18 billion and equity of $1 billion in 2004, according to the American Bankers directory. Three other Iranian banks — Bank Mellat, Bank Melli and Bank Tejarat — have not been cited as involved in any illicit activities, but many European officials say they expect the Treasury Department to move against them eventually.

European officials say that the European Commission will meet in mid-February and approve a measure paving the way for freezing assets and blocking bank transactions for the 10 Iranian companies and 12 individuals cited in an appendix of Security Council Resolution 1737, adopted in December.

Shell Iran Plan Will Come Under US Scrutiny (FT)

By Ed Crooks

Financial Times, January 30, 2007

The US authorities will "take a look at" a controversial agreement signed over the weekend by Royal Dutch Shell that could ultimately lead to a multi-billion dollar investment in Iran, a US State Department official said.

Shell and its partner Repsol of Spain have signed a service agreement, as reported in the Financial Times last week, with the Iranian government to continue work on developing blocks 13 and 14 of the giant South Pars gas field, in spite of mounting international pressure over the country's nuclear programme.

US legislation permits President George W. Bush to take action against non-US companies investing in Iran's energy sector. However, because of concerns over an extra-territorial trade dispute and the risk of further alienating allies, no foreign companies have been penalised to date under the Iran Libya Sanctions Act and the subsequent Iran Freedom Support Act.

The US, however, is tightening sanctions on Iranian institutions, and encouraging European governments to do the same.

Sean McCormack, a state department spokesman, said on Monday that US government lawyers and policymakers would take a look at the Shell deal, to see whether to take any action. "If there's an investment greater than a certain amount, as specified in US law, then our lawyers take a look at it and the policymakers take a look at it, and see if there's any further steps that we, as a government, take," he said.

Mr McCormack refused to speculate on what sanctions Repsol and Shell would face if they go through with the South Pars investment.

If the project goes ahead, it would involve a plant to produce liquefied natural gas to be sold in Europe and Asia. A final decision on whether to proceed is expected in the first quarter of next year.

The agreement does not put a figure on the value of the project. Shell and its partners are still working on cost estimates. But it was suggested in Iran at the weekend that it could be worth $10bn (£5bn).

Shell and Repsol would each have 25 per cent of the project, with the National Iranian Oil Company holding 50 per cent.

Iran holds the world's second largest gas reserves, after Russia. Phases 13 and 14 of South Pars are estimated to hold 27,700bn cu ft – enough to meet the world's demand for more than three months.

Shell on Monday also announced the sale of one of its US refineries and 250 petrol stations for $1.63bn, bringing to almost $10bn the amount it has raised from selling downstream assets in the past four years.

It has sold the refinery, south of Los Angeles, and petrol stations in the area to Tesoro, a Texas-based company that becomes the second-biggest refiner on the US west coast as a result of the deal.

Senator Targets Surplus Sales To Iran (AP)

By Sharon Theimer

AP, January 30, 2007

A Democratic senator wants to cut off all Pentagon sales of surplus F-14 parts, saying the military's marketing of the spares "defies common sense" in light of their importance to Iran.

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Sen. Ron Wyden's bill came in response to an investigation by The Associated Press that found weaknesses in surplus-sale security that allowed buyers for countries including Iran and China to surreptitiously obtain sensitive U.S. military equipment including Tomcat parts.

The Oregon Democrat's legislation would ban the Defense Department from selling surplus F-14 parts and prohibit buyers who have already acquired surplus Tomcat parts from exporting them. Wyden's bill, the Stop Arming Iran Act, is co-sponsored by the Senate's No. 2 lawmaker, Democratic Whip Richard Durbin of Illinois.

The surplus sales are one of the first national security issues to be addressed by the new Democratic-controlled Congress.

"It just defies common sense to be making this kind of equipment available to the Iranians with all that they have done that is against our interests," Wyden said Monday in an interview, adding that constituents brought up the surplus-sale security problems at his town-hall meetings over the past few days. "I just want to legislate this and cut it off permanently, once and for all."

The Tomcat is the fighter jet made famous in the 1986 Tom Cruise blockbuster movie, "Top Gun." The U.S. military retired its F-14s last fall. That leaves only Iran — which bought the fighter jet in the 1970s when it was a U.S. ally — flying the planes.

U.S. law enforcement officials believe Iran can produce only about 15 percent of the parts it needs for its Tomcats, making the Pentagon's surplus sales a valuable avenue for spares.

The Pentagon already plans to sell about 60 percent of the roughly 76,000 parts for the F-14, viewing them as general nuts-and-bolts-type aircraft hardware that can be sold safely to the public without restrictions.

Some of those spares from the newly retired fleet likely have already been sold, Jack Hooper, a Defense Logistics Agency spokesman, said Monday. The Defense Department plans to destroy about 10,000 other components it considers unique to the F-14.

The agency is reviewing 23,000 other parts it believes it can sell under existing law. But it said it will consider their potential value to Iran.

Those parts, of both military and commercial value, are of particular concern to Immigration and Customs Enforcement officials and the investigative arm of Congress, the Government Accountability Office. The GAO has conducted its own inquiry into surplus security and found loopholes. It wants assurances the parts won't be sold.

Wyden said his bill would cut off the sale of all surplus F-14 parts. The legislation includes all parts to cut off all opportunities for Iranian "fishing expeditions," spokeswoman Jennifer Hoelzer said, adding that GAO investigations have found valuable surplus accidentally getting included in boxes of what are supposed to be nuts-and-bolts-type hardware.

Wyden is confident he can get the bill through the Senate in the next few months. Wyden, a senior member of the Senate Select Committee on Intelligence, also pledged greater Senate oversight of the surplus program.

Hooper declined to comment on the legislation.

"We're certainly not going to attempt to interfere whatsoever in the legislative process," Hooper said. The Defense Department maintains it has followed all procedures in selling its surplus.

The AP reported the Pentagon's F-14 part sales plans earlier this month. Its investigation found that in several cases, buyers for countries that included Iran and China took advantage of security flaws to buy sensitive surplus, including aircraft parts and missile components.

Sen. John Kerry, D-Mass., has asked the Senate Foreign Relations Committee to investigate the surplus security weaknesses.

Iranian President's Setbacks Embolden His Domestic Critics (WSJ)

By Bill Spindle

The Wall Street Journal, January 30, 2007

TEHRAN, Iran -- With another confrontational moment in Iran's nuclear standoff approaching next month, criticism of the country's president at home is increasing.

President Mahmoud Ahmadinejad, whose landslide victory in elections 18 months ago set the Iranian establishment reeling, suddenly faces a concerted effort by political foes to constrain both his populist economic policies and his public defiance of the West.

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Many of Tehran's elite politicians and even clerics have long harbored concerns about Mr. Ahmadinejad, who ascended to the country's top political post from outside the traditional ruling circles. But the immense popularity he generated among Iran's poor and working-class voters kept many of his critics from speaking out or openly moving against his policies.

He also appeared to have the backing of the most important figure in Iran's power structure, Supreme Leader Ayatollah Ali Khamenei. But a round of elections late last year -- for local municipal and village leaders as well as an important national consultative body -- has undermined Mr. Ahmadinejad's political momentum and unleashed a flood of public criticism and moves to clip his wings. Candidates whom Mr. Ahmadinejad supported fared poorly in the elections, while key adversaries re-established themselves as fixtures of the political scene.

In Tehran's city council, from which Mr. Ahmadinejad launched his campaign for president two years ago, his supporters went from a majority to a handful of seats. Meanwhile, Hashemi Rafsanjani, whom Mr. Ahmadinejad defeated in the presidential election two years ago, dominated the voting for seats on the Assembly of Experts, the body charged with choosing a new Supreme Leader when the 67-year-old Mr. Khamenei steps down or dies.

Since those public votes, a drumbeat of criticism against Mr. Ahmadinejad's administration has emerged from within Iran's Parliament and among some senior regime officials. The president even found himself confronted by a crowd of jeering students during an appearance at a Tehran university campus, with a video of the incident distributed on the Internet3.

"The elections opened a space and legitimized criticism of him," said Nasser Hadian, a political-science professor at the University of Tehran. "There are going to be more attempts to contain him."

The poor showing by candidates associated with Mr. Ahmadinejad in local elections -- and the relatively better performance of reform candidates opposed to him -- resulted from the sort of strong turnout that generally favors reformers. The country's conservatives also failed to rally behind a single slate of candidates, as they did during the earlier presidential election. But high on many voters' minds is Iran's increasingly muddled economy.

The president won the election with vows to improve the living standards of Iranians. He has pursued a populist agenda, while traversing the nation to announce development initiatives. Rising spending, however, has sparked a bout of inflation, which officially is 15% but private economists say likely is far higher. After a speech introducing his annual budget -- which will push spending another 20% higher for the fiscal year beginning in March -- Mr. Ahmadinejad argued with several parliamentarians over the rising price of tomatoes.

While Mr. Ahmadinejad's appeal persists among his core supporters, they are among the hardest-hit by rising inflation, and some privately express doubts about his leadership.

"He looked like a decent person, one of us," says one 57-year-old man who works part time washing dishes in a restaurant in southern Tehran. "I voted for him, but I wouldn't again."

Meanwhile, Mr. Rafsanjani, a longtime regime power broker and president of the country during much of the early 1990s, is spearheading a tentative movement to rein in Mr. Ahmadinejad, particularly his proclamations about Iran's nuclear program and denunciations of Israel. A large group of parliamentarians, including many who once supported Mr. Ahmadinejad, recently met with Mr. Rafsanjani. The gathering was seen as an important indication that support for Mr. Ahmadinejad is eroding.

A key question is whether Mr. Khamenei will continue backing Mr. Ahmadinejad. While the Supreme Leader has vocally defended the president and largely embraced his confrontational approach toward the United Nations Security Council on the nuclear issue in, Mr. Khamenei has done little to stem criticism of Mr. Ahmadinejad. He also has held several meetings with Mr. Rafsanjani.

Mr. Ahmadinejad's standing with Mr. Khamenei, and the broader attempts to rein him in, could be important in the run-up to a Feb. 20 deadline for the Security Council resolution passed in December ordering Iran to stop its uranium-enrichment program. The U.S. and European countries say the program has violated international rules and is aimed at creating a nuclear weapon. Iran says the program is peaceful and hasn't violated international rules.

The resolution included a limited set of sanctions targeting officials and organizations accused of involvement in the nuclear program. European governments have joined with the U.S. to broaden and toughen those punishments. The U.S. is expected to push for harsher sanctions if Iran doesn't stop its enrichment program.

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Mr. Khamenei reiterated publicly recently that Iran wouldn't halt enrichment, but Mr. Ahmadinejad has been relatively quiet on the issue in public. Some European diplomats and Iranian analysts say Iran might agree to a temporary pause in the program after the country completes a research-level enrichment project in coming weeks, in an effort to keep the crisis from escalating further.

Missteps By Iraqi Forces In Battle Raise Questions (NYT)

By Marc Santora

The New York Times, January 30, 2007

BAGHDAD, Jan. 29 —Iraqi forces were surprised and nearly overwhelmed by the ferocity of an obscure renegade militia in a weekend battle near the holy city of Najaf and needed far more help from American forces than previously disclosed, American and Iraqi officials said Monday.

They said American ground troops — and not just air support as reported Sunday — were mobilized to help the Iraqi soldiers, who appeared to have dangerously underestimated the strength of the militia, which calls itself the Soldiers of Heaven and had amassed hundreds of heavily armed fighters.

Iraqi government officials said the group apparently was preparing to storm Najaf, a holy city dear to Shiite Islam, occupy the sacred Imam Ali mosque and assassinate the religious hierarchy there, including the revered leader, Grand Ayatollah Ali al-Sistani, during a Shiite holiday when many pilgrims visit.

"This group had more capabilities than the government," said Abdul Hussein Abtan, the deputy governor of Najaf Province, at a news conference.

Only a month ago, in an elaborate handover ceremony, the American command transferred security authority over Najaf to the Iraqis. The Americans said at the time that they would remain available to assist the Iraqis in the event of a crisis.

The Iraqis and Americans eventually prevailed in the battle. But the Iraqi security forces' miscalculations about the group's strength and intentions raised troubling questions about their ability to recognize and deal with a threat.

The battle also brought into focus the reality that some of the power struggles in Iraq are among Shiites, not just between Shiites and Sunnis. The Soldiers of Heaven is considered to be at least partly or wholly run by Shiites.

Among the troubling questions raised is how hundreds of armed men were able to set up such an elaborate encampment, which Iraqi officials said included tunnels, trenches and a series of blockades, only 10 miles northeast of Najaf. After the fight was over, Iraqi officials said they discovered at least two antiaircraft weapons as well as 40 heavy machine guns.

The government knew that the Soldiers of Heaven had set up camp in the area, but officials said they thought they were there to worship together.

Mr. Abtan said the Iraqi forces later decided to move on the group because an informer said Sunday was "zero hour" and the government noticed more men streaming into the area.

"If this operation had succeeded, it would have been a chance of a lifetime for them," he said.

The Iraqis initially sent a battalion from their Eighth Army Division, along with police forces, but they were quickly overwhelmed, according to an Iraqi commander at the scene. The battalion began to retreat but was soon surrounded and pinned down, and had to call in American air support to keep the enemy from overrunning its position.

American Apache attack helicopters and F-16s, as well as British fighter jets, flew low over the farms where the enemy had set up its encampments and attacked, dropping 500-pound bombs on the encampments. The Iraqi forces were still unable to advance, and they called in support from both an elite Iraqi unit known as the Scorpion Brigade, which is based to the north in Hilla, and from American ground troops.

Around noon, elements of the American Fourth Brigade Combat Team, 25th Infantry Division were dispatched from near Baghdad.

After an American helicopter was shot down at 1:30 p.m., some of those soldiers helped secure the crash site and recover the bodies of the two American soldiers killed in the crash, according to a statement by the American military. Others joined in the effort to combat the renegade militia, the statement said.

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A commander in the Scorpion Brigade said the combined American and Iraqi forces killed 470 people. He also said some of the dead Soldiers of Heaven fighters were found bound together at the ankles and suggested that the chains had probably been used to keep people from fleeing and to keep them moving as one unified group.

Government estimates of the number of fighters killed ranged from 120 to 400.

An Iraqi military official said at least 25 security force members were killed in the battle.

Iraqi officials said Monday that they had killed the leader of the militia in the weekend fighting, identifying him as a man who went by the name Ahmed Hassan al-Yamani, but whose real name was Diyah Abdul Zahraa Khadom.

However, a Shiite cleric who has had contact with the group said the real leader was Ahmad bin al-Hassan al-Basri. The cleric said he believed that Mr. Basri was alive and probably hiding near Karbala.

Mr. Basri, while unknown to the average Iraqi, is relatively well known among the clerical hierarchy in Najaf, according to several clerics interviewed for this article.

The clerics who were interviewed said that Mr. Basri was a student of Moktada al-Sadr's father, a revered cleric, and that Mr. Basri and the senior Mr. Sadr had a split in the early 1990s.

The governor of Najaf, Asad Abu Ghalal, in an interview on national television, said government intelligence officials told him that the Soldiers of Heaven have had ties with the government of Saddam Hussein as far back as 1993. He also said that the farmland where the militia had set up camp had been bought by a former Hussein loyalist, although he said that did not initially raise concerns about the group's intentions.

Government officials were quick to point the finger at Al Qaeda, alleging that it provided financing for the group. But numerous Shiite clerics, seeking anonymity for fear of contradicting the government, said it was highly unlikely that Al Qaeda, a Sunni group, would link up with a Shiite messianic group.

Officials in the Shiite-dominated government are loath to detail internal rivalries in their community, but in the past three years there have been several clashes between rival factions, and the deaths of two senior Shiite ayatollahs have been linked to internal struggles for dominance.

The often bloody internal rivalries have been overshadowed by the more overt Sunni-Shiite war being fought daily in Baghdad and in other mixed cities.

Iraq: Shiite Cult Behind Najaf Battle (USAT/AP)

USA Today, January 30, 2007

BAGHDAD — Iraq's military announced Monday that it killed the leader of a heavily armed cult of messianic Shiites called "Soldiers of Heaven" during a 24-hour gunbattle near Najaf.

The group planned to ambush Shiite clerics and worshipers at a religious festival in Najaf, about 100 miles south of Baghdad, said Maj. Gen. Othman al-Ghanemi, the Iraqi commander in charge of the region. Provincial councilmember Ahmed al-Fatlawi said the gunmen were allied with Sunni extremists and Saddam Hussein loyalists.

The U.S. military said Iraqi forces acted on a tip Sunday that gunmen were joining pilgrims headed to the Ashoura festival. It said U.S. air power was called in after the Iraqis faced fierce resistance. U.S. ground forces went in after a U.S. helicopter went down, killing two soldiers.

U.S. and British jets played a major role in the fighting, dropping 500-pound bombs on militant positions, but President Bush said the battle was an indication that Iraqi forces were starting to take control.

"My first reaction on this report … is that the Iraqis are beginning to show me something," Bush told National Public Radio on Monday.

The president also said the United States "will respond firmly" if Iran escalates military action in Iraq and endangers U.S. forces. On Sunday, Iran's ambassador to Iraq told The New York Times that Iran plans to expand its economic and military ties with Iraq.

Leader Of Shiite Religious Cult Killed By U.S., Iraqi Forces (LAT)

By Louise Roug And Borzou Daragahi

The Los Angeles Times, January 30, 2007

DOJ_NMG_0124079

BAGHDAD — American and Iraqi forces killed the leader of a Shiite religious cult, known as the Heaven's Army, along with several hundred armed members who had planned to launch an attack in the holy city of Najaf, including against the country's most known religious leader, Grand Ayatollah Ali Sistani, Iraqi officials said today.

The gunmen planned to attack during ceremonies marking one of the holiest Shiite holidays, in the Islamic month of Muharram.

At least 600 cult members, hiding on the city's outskirts in palm date orchids, had been digging trenches and were planning to disguise themselves as pilgrims, Maj. Gen. Othman Ghanemi, the Iraqi commander who heads the Najaf region, told the Associated Press.

He said the gunmen planned to kill as many senior clerics as they could, including Sistani, apparently because they believed the violence would cause the Imam Mahdi, the last in the line of Shiite saints who disappeared more than 1,000 years ago, to reappear.

Iraqi authorities identified the leader of the fringe group as Dyaa Abdul Zahra, also known as Thamir Abu Gumar, who was said to be armed with two pistols when he was killed. At least 60 cult members were wounded and 120 were captured. The death toll ranged from 150 to 400, officials said.

In addition, about 500 automatics rifles were recovered during the raid, along with mortars, heavy machine guns and rockets, Ghanemi told the A.P.

The militant group's members included Shiite and Sunni extremists and foreign fighters, Najaf government officials said. They pitched a daylong battle against Iraqi and American troops, in which a U.S. helicopter crashed, killing two U.S. troops. In a separate attack, five teenage girls also were killed in a mortar attack at a Baghdad school, authorities said.

The cause of the helicopter crash near Najaf was unclear, but U.S. and Iraqi officials said there was ground fire before the craft went down, and witnesses said they saw it shot out of the sky. It was the third U.S. helicopter to go down in Iraq in eight days.

Three additional U.S. troops were reported killed Sunday.

Sunday's fighting near Najaf and elsewhere was extraordinary, even by Iraq's bloody standards, highlighting the challenge faced by U.S. and Iraqi forces, which are fighting a complex patchwork of elusive enemies, including Shiite militias and Sunni-led insurgents. The deaths outside Najaf would constitute the highest daily casualty toll inflicted by U.S. and Iraqi forces since U.S. troops arrived in Baghdad shortly after the March 2003 invasion.

Iraqi security forces took authority over Najaf's security about a month ago. Witnesses and security officials said Sunday that Iraqi forces were being defeated by the enigmatic, well-organized fighters until U.S. air support and U.S.-Iraqi ground troops arrived.

Shaky footage recorded by mobile telephone, broadcast on Iraqi television, showed Iraqi soldiers hunkered behind a berm as intense gunfire erupted and smoke rose in the distance.

Ali Nomas, an Iraqi security official in Najaf, said the leader of the hitherto unknown Heaven's Army had told followers that he was a missing son of the Imam Ali, the cousin and son-in-law of the prophet Muhammad. Ali's remains are entombed in Najaf.

"They believe that the Mahdi has called them to fight in Najaf," Nomas said, adding that fighters had converged on the Najaf area from other predominantly Shiite cities in Iraq.

He lamented that Iraq's death and destruction had convinced some Shiites that the end of days was coming.

"There's nothing bizarre left in Iraq anymore," Nomas said in a telephone interview. "We've seen the most incredible things."

Najaf Gov. Asad Abu Gulal said some of the fighters were members of Hussein's Baath Party.

Although they disagreed on the attackers' identity, Iraqi officials and witnesses offered similar accounts of events on the battlefield. Most of the fighting took place in farmland outside the city, which is home to Iraq's most revered Shiite cleric, Sistani. Security forces cordoned off the ancient, labyrinthine city to prevent attacks on pilgrims, clergy and holy sites, the governor said.

The gunmen apparently planned to launch their attack today, but Iraqi security forces were tipped off Sunday night about their presence on nearby farms, Gulal said.

Iraqi security forces struck at dawn but were overwhelmed by the militants, who had dug trenches on farms. At least two Iraqi soldiers were killed in the initial fighting, a security official in Baghdad said.

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Iraqi forces then called in U.S. air support as well as the Scorpion Brigades, an Iraqi quick-reaction force based in a neighboring province.

Helicopters arrived, but after one was downed about 1:30 p.m., they were replaced by higher-flying jets, as American Humvees and armored vehicles rolled into the area.

Three more Iraqi soldiers were killed, as were at least 250 of the militants, according to several Iraqi officials. Those numbers could not be independently confirmed. By 4 p.m., the tide of the battle had shifted, but U.S. forces continued bombing into the night in an attempt to stamp out remnants of the militants, Iraqi officials and witnesses said.

Two U.S. soldiers and a Marine were killed in three separate attacks around Iraq on Saturday, the U.S. military said Sunday. The deaths brought the number of U.S. military personnel killed in Iraq since the U.S.-led invasion to 3,080, according to icasualties.org.

Violence began early Sunday and continued throughout the day, including in the northern city of Kirkuk, where bombings killed 14 people, and Babil province, south of the capital, where mortar rounds killed 10 and five bodies were found in the Tigris River. A suspected Baath Party loyalist was assassinated in the southern city of Kut, and in the western city of Fallouja, a car bomb killed two and injured four.

Assailants in Baghdad targeted both Sunnis and Shiites. In a Sunni neighborhood in west Baghdad, mortar rounds hit a girls' secondary school, killing five students and wounding 21 others. In another western neighborhood, explosives hidden in a wooden cart killed four and injured 18, and an Industry Ministry advisor and his daughter were shot to death in a nearby area.

In a Shiite neighborhood on the east side of the Tigris, a bomb exploded on a bus, killing one and injuring five. Two other bombings killed seven and injured 35 people in Shiite neighborhoods.

Gunmen elsewhere in the capital killed a bank clerk in a car lot near her house. At least 54 bodies were found in various Baghdad neighborhoods, including a woman kidnapped two days ago, her family said.

Meanwhile, Iraqi officials in Diyala province northeast of Baghdad sacked 1,500 policemen, charging them with absenteeism and fleeing fighting. They also dismissed Baqubah Mayor Khalid Sanjary on suspicion of having ties to Sunni Arab rebels. The province is riddled with Al Qaeda in Iraq members as well as militiamen affiliated with Shiite cleric Muqtada Sadr.

Iraqis Describe Plot To Kill Shiite Clerics (WP)

By Joshua Partlow And Saad Sarhan

The Washington Post, January 30, 2007

BAGHDAD, Jan. 29 -- A Shiite cult leader, who claimed to be a revered Muslim figure who vanished in the 10th century, was killed Sunday along with scores of fighters who were poised to attack a holy city in southern Iraq and assassinate the country's Shiite religious leadership, Iraqi officials said Monday.

Information about the scope of the fighters' encampment and their aspirations emerged as Iraqi and U.S. troops inspected the rural battleground and hauled out those captured and killed during the day-long siege that began Sunday.

The discovery of a heavily armed Shiite-led cult, intent on attacking venerated Shiite symbols and leaders, startled Iraqi security officials who were already contending with rival religious factions battling for supremacy in the country.

"This is a new step in the annals of terrorism," Iraq's minister of national security, Shirwan al-Wahli, said in an interview. Wahli said the fighters were led by a man known as the Judge of Heaven, who claimed to be a direct descendant of the prophet Muhammad's son-in-law, Ali. Wahli said the man also declared himself the Mahdi, the reappearance of the 12th imam, or leader of the faithful, who many Shiites believe vanished in the 10th century and whose return will mark an era of redemption and peace.

The cult leader killed Sunday probably sought to assassinate conservative Shiite religious leaders because they likely would have disputed his claim to be the Mahdi, said John O. Voll, a professor of Islamic studies at Georgetown University, in a telephone interview.

The most recent comparable event occurred in 1979 in Saudi Arabia, Voll said, when a man claiming to be the Mahdi took over the holy sanctuary in Mecca. He and his followers were killed.

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Wahli said the cult leader came from southern Iraq and had written a book laying out his "supernatural, unbelievable" ideas. Over a matter of months, he recruited the estimated 700 people, known as the Soldiers of Heaven, who lived in tents and huts on farmland near Zarqaa, about eight miles northeast of Najaf, Wahli said.

Iraqi government spokesman Ali Dabbagh said the man's name was Samer Abu Kamar, but other Iraqi officials assigned him different names.

Iraqi officials said Monday that they had not finished removing explosives or counting casualties from the siege, and their estimates of the number of fighters killed ranged from 200 to more than 400. The U.S. military, which provided backup ground troops along with helicopter and fixed-wing aircraft support, said more than 100 fighters were captured. Two U.S. soldiers died when their helicopter crashed during the operation.

Wahli said the structure of the group was Shiite, but it involved Sunni fighters and "based on the level of training, support and financing, it obviously has received support from outside Iraq."

About 10 Iraqi soldiers and police officers also died in the battle, [a] news service cited Wahli as saying.

A Washington Post special correspondent who approached the farm where the fighters had hidden witnessed 10 ambulances travel into the encampment and saw Iraqi soldiers drive out corpses and lead away women and children among the captured.

Ayad Abu Gilel, the brother of the governor of Najaf, showed the correspondent a 53-minute videotape recorded inside the compound.

The footage showed a wide trench ringing the encampment and a series of tunnels or bunkers dug into earthen mounds to offer protection. The video showed at least eight vehicles mounted with antiaircraft machine guns. Dozens of dead bodies, some burned, could be seen lying amid mortars, AK-47 assault rifles, rocket-propelled grenades and other weaponry.

Iraqi and U.S. military officials characterized the attack as a positive signal that the Iraqi security forces were able to lead a major battle and were willing to target extremists from the same Muslim sect that runs the central government. The U.S. military handed over primary control of Najaf province to Iraqi security forces last month.

"This is a very clear message from the government that no one except the government carrying arms is acceptable, whether Shia or Sunni," said Sadiq al-Rikabi, a political adviser to Prime Minister Nouri al-Maliki. "It reveals the firm commitment of the prime minister that any outlaw will be dealt with very strongly."

According to a statement issued by the U.S. military, Iraqi army and police forces deployed to the area of the encampment following a tip that gunmen were moving toward Najaf among Shiite pilgrims traveling to observe the religious holiday of Ashura, which culminates Tuesday. More than 200 gunmen attacked the joint patrol using small arms, rocket-propelled grenades and hand grenades, the military said. U.S. ground troops and aircraft were called in for support.

"The aggressive manner in which the Iraqi soldiers performed north of [Najaf] going after the anti-Iraqi forces was impressive," said Col. Michael Garrett, commander of the 4th Brigade Combat Team (Airborne), 25th Infantry Division, in the statement.

During a news conference in Najaf, the deputy provincial governor, Abdul Hussein Abtan, said the fighters were able to amass the vehicles and weaponry under the pretext that they were moving building materials destined for the Najaf airport, which is under construction. He said the group surged in numbers over the past 10 days in preparation for attacks on pilgrims, shrines in Najaf and clerics on the last day of Ashura. Among the fighters captured or killed were two Egyptians, a Lebanese and a Sudanese, he said.

"There were extensive preparations, they were highly trained, and they fought in an orderly way," said Wahli. "Their leader kept insisting through a loudspeaker that they keep fighting, despite repeated attempts by the Iraqi security forces to get them to stop."

Elsewhere in Iraq, national police patrols found 47 bodies over the past day, including 43 from around Baghdad, said Maj. Gen. Sami Mahmoud of the Interior Ministry, who said all of the unidentified people were shot to death.

Also, an insurgent threw a hand grenade at an Iraqi police patrol in the Dora neighborhood of southern Baghdad, killing two policemen and wounding four others, Mahmoud said.

DOJ_NMG_0124082

A car bomb exploded in the northern city of Kirkuk targeting a Kurdish militia commander, killing one person and injuring seven others, said Brig. Gen. Turhan Yousif, the Kirkuk police chief.

Iraqis Thwart Plot To Kill Shi'ite Clergy (WT/AP)

By Kim Gamel

The Washington Times, January 30, 2007

BAGHDAD -- Iraq's army announced yesterday that it had foiled a plot to kill leading Shi'ite clerics and killed the leader of a heavily armed band of messianic Shi'ites called "Soldiers of Heaven" during a fierce gunbattle near the southern city of Najaf.

Senior Iraqi security officers said that as part of the plot, three gunmen were captured in Najaf after they rented a hotel room in front of the office of Iraq's most senior Shi'ite spiritual leader, Grand Ayatollah Ali al-Sistani, with plans to attack it.

The fierce 24-hour battle, which began Sunday, was ultimately won by Iraqi troops supported by U.S. and British jets and American ground forces, but the ability of a splinter group little known in Iraq to rally hundreds of heavily armed fighters was a reminder of the potential for chaos and havoc emerging seemingly out of nowhere.

Members of the group, which included women and children, planned to disguise themselves as pilgrims and kill as many leading clerics as possible, said Maj. Gen. Othman al-Ghanemi, the Iraqi commander in charge of the Najaf region.

The U.S. military said Iraqi security forces were sent to the area Sunday after receiving a tip that gunmen were joining pilgrims headed to Najaf for Ashoura, a commemoration of the seventh-century death of Imam Hussein, grandson of the prophet Muhammad. The major religious festival culminates today.

The gunmen had put up tents in fields lined with date palm groves surrounding Najaf, 100 miles south of the capital. They planned to begin their attack yesterday, when Ashoura celebrations would get under way, the Iraqi security officers told the Associated Press on the condition of anonymity because they were not authorized to disclose the information.

In the battle to foil the attack on the pilgrims, Iraqi and U.S. forces faced off against more than 200 gunmen with small-arms fire, rocket-propelled grenades and hand grenades, the U.S. military said. The battle occurred about 12 miles northeast of Najaf.

The American military said U.S. air power was called in after the Iraqis faced fierce resistance. American ground forces also were deployed after small-arms fire downed a U.S. helicopter, killing two soldiers.

U.S. and British jets played a major role in the fighting, dropping 500-pound bombs on the militants' positions, but President Bush said the battle was an indication that Iraqis were beginning to take control.

"My first reaction on this report from the battlefield is that the Iraqis are beginning to show me something," Mr. Bush told NPR yesterday.

The U.S. military said more than 100 gunmen were captured, but it did not say how many were killed. Iraqi defense officials said 200 militants were killed, 60 wounded and at least 120 captured.

"It seems most likely that this was Shi'ite-on-Shi'ite violence, with millenarian cultists making an attempt to march on Najaf during the chaos of the ritual season of Muharram," Juan Cole, an Islamic scholar at the University of Michigan, said on his Web site. "The dangers of Shi'ite-on-Shi'ite violence in Iraq are substantial, as this episode demonstrated."

But Iraqi officials said Sunni extremists and Saddam Hussein loyalists also helped the cult in their bid to ambush Shi'ite worshippers.

"We have information from our intelligence sources that indicated the leader of this group had links with the former regime elements since 1993," said Ahmed al-Fatlawi, a member of the Najaf provincial council.

Mr. al-Fatlawi said that in addition to Iraqi Shi'ites, the gunmen included Sunnis and foreigners. Other Najaf government officials said Afghans, Saudis and even a Sudanese were among the dead.

Gen. al-Ghanemi said the area where the men were staying was once run by Saddam's Al-Quds army, a military organization the dictator established in the 1990s. The ousted leader was executed last month.

Abdul Hussein Abtan, deputy governor of Najaf, told Iraqi state television that the group had developed a military structure, acquiring heavy arms and digging trenches.

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"What we want to know is where they bought all these weapons?" Gen. al-Ghanemi said, adding that the army seized about 500 automatic rifles in addition to mortars, heavy machine guns and Russian-made Katyusha rockets in what amounted to a major test for Iraq's new military as it works toward taking over responsibility for security from U.S.-led forces.

Gen. al-Ghanemi said the group is considered heretical by mainstream Shi'ite clerics and had been planning for months to attack Najaf during the Ashoura ceremonies.

Battle Suggests New Sectarian Divides In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, January 30, 2007

CAIRO

What precisely happened near the Shiite shrine city of Najaf Sunday is still being sorted out, but it seems likely that at its root was an unusual new wrinkle in Iraqi violence: a Shiite plan to attack Shiites.

A battle that lasted for more than 12 hours in the nearby village of Zarqa ended with a US helicopter being shot down and a claim by local authorities that more than 200 militants were slain in the fighting. But who were the militants?

Though the majority Shiite province has a problem with assassinations and gangster-style extortion, Sunni Arab insurgents are rarely active there, and fighting on this scale had not been witnessed in the area for more than a year.

The incident is a reminder of the swirling agendas now at play in Iraq and the turbulent political waters US troops are wading into as more soldiers arrive and President Bush has vowed to stand by Shiite Islamist Prime Minister Nouri al-Maliki.

Religious ideologies and classic power plays are now converging in Iraq, leading to what at times seem to be multiple, parallel conflicts: Sunni Arab insurgents who want to establish an Islamic state fight US Marines in Anbar Province; death squads associated with militant Shiite cleric Moqtada al-Sadr stalk the streets of Baghdad, targeting both Sunni and Shiite political rivals; mostly Sunni Arab nationalists with ties to Saddam Hussein's Baath party seek to oust US forces from the country.

Following Sunday's deadly battle, Najaf Governor Asaad Abu Khalil originally implied that the fighters were foreign Arabs of the sort usually associated with Al Qaeda and that their intention was to disrupt the religious festival of Ashura with plans to attack both pilgrims and senior ayatollahs in southern Iraqi city of Najaf, the principal seat of Shiite religious learning in Iraq.

But his office has since backed off from those claims, and it now appears the gunmen – who killed or wounded dozens of Iraqi soldiers in the fighting as well as killing the two pilots of the downed US helicopter – were Shiites motivated by extreme religious ideology.

The central Iraqi government says the fighters are members of a millenarian Shiite group called the Jund al-Sama, or Army of Heaven, and that they were plotting to kill the senior ayatollahs in Najaf, chief among them Grand Ayatollah Ali al-Sistani, to prepare the way for the Mahdi, a messiah figure for many Shiites.

They believe the Mahdi ascended to heaven in the 9th century and will return to earth to usher in a final confrontation between good and evil that will end with a 1,000-year reign of peace, which will be followed by the end of the world.

According to Iraqi Army Maj. Gen. Othman al-Ghanami, quoted by the Associated Press, the group was heavily armed. He said 500 rifles were confiscated along with mortars, heavy calibre machine guns, and Katyusha rockets. That such a little known group should be so well armed is a sign of the myriad threats to the country's eventual pacification.

Ashura commemorates Imam Hussein, grandson of the prophet Muhammad and the most revered of Shiite saints, and is the occasion of public flagellation and high emotion.

Local authorities said the gunmen were planning the attack because they believed the Mahdi was due to return Sunday, and were seeking to remove potential rivals.

"In Shiite Islam there is this very strong millenarian trend, similar to Christian movements that think Christ is about to return," says Juan Cole, a professor of Middle East history at the University of Michigan. "So just like some millenarian evangelicals think that the pope is the antichrist, they would see the ayatollahs as ... usurpers of his rightful role."

While Professor Cole is skeptical of the view that such millenarian movements are always triggered by social or economic upheaval, he says, "I'm comfortable in saying that in this particular case this movement that's fighting outside of Najaf is certainly enabled by the chaos in Iraq for the past decade and a half."

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Such movements have ebbed and flowed throughout Shiite history and Shiite religious politics have been marked by violent power grabs for centuries. Cole points to the Babi Movement in the 1840s and 1850s in Iran and Iraq as a good example. The movement attracted vast numbers of followers, mostly from the urban lower and lower-middle classes, who believed that the Mahdi was about to return and rid them of their unjust rulers. The group's followers targeted the Shiite religious hierarchy of the time, and sought to assassinate the Shah of Iran in 1852.

General Ghanami said the leader of the group was killed in the fighting, and identified him as Abu Qamar al-Yamani. The London-based Arabic daily Al Hayat reported that the Army of Heaven is loyal to Mahmoud al-Hassani al-Sarkhi, a cultish Shiite leader whose followers have clashed with both foreign troops and supporters of mainline Shiite leaders in Iraq numerous times since the US invasion.

His supporters have fought with those of other militant Shiite clerics, most notably those of Ayatollah Muhammad Yaqubi, whose men dominate the politics of the southern city of Najaf, and also sought to take control of the main shrine in Karbala last summer from supporters of Ayatollah Sistani, the most revered cleric in Iraq.

Baker Agrees Reluctantly To Testify On Iraq (HILL)

By Alexander Bolton

The Hill, January 30, 2007

James A. Baker III, the co-chairman of the Iraq Study Group, has ended weeks of resistance and today will testify before Congress on the war, avoiding a split with his fellow co-chairman, former Rep. Lee Hamilton (D-Ind.).

Sources familiar with the efforts to persuade Baker to testify said he did not want to appear to be lobbying against President Bush at the height of his push for 21,500 additional troops in Iraq.

Baker will answer senators' questions today during a hearing of the Senate Foreign Relations Committee, which includes three Democratic presidential hopefuls and Sen. Chuck Hagel (Neb.), the chamber's most forceful Republican critic of the war, who also is mulling a White House bid.

Opponents of Bush's plan to send more troops are likely to ask Baker about the study group's conclusion that "[s]ustained increases in U.S. troop levels would not solve the fundamental cause of violence in Iraq, which is the absence of national reconciliation."

To support the president's proposal, Baker may note that the study group also agreed that it could support a short-term surge of American combat forces to stabilize Baghdad or speed the training of Iraqi government forces. However, given the broader conclusion that more troops will not end the violence, Baker may have to admit that adding more troops will not be as effective as the Bush administration and its congressional allies argue.

Baker also may be asked about the study group's conclusions that the "situation in Baghdad and several provinces is dire," the "level of violence is high and growing," and "there is great suffering, and the daily lives of many Iraqis show little or no improvement."

Those assessments contradict the positive picture that Vice President Dick Cheney painted during a nationally televised interview last week.

"There's problems — ongoing problems — but we have in fact accomplished our objectives of getting rid of the old regime, and there is a new regime in place that's been here for less than a year, far too soon for you guys to write them off," Cheney told CNN's Wolf Blitzer. "Bottom line is that we've had enormous successes and we will continue to have enormous successes."

Baker has had a long history with Bush, his father and Cheney. Both Baker and Cheney worked for President Gerald Ford. Baker managed George H.W. Bush's 1980 presidential campaign, and later served as secretary of state during his administration, when Cheney held the post of secretary of defense.

More recently, Baker oversaw the vote recount effort in Florida that swung the 2000 presidential election to the Bush-Cheney ticket.

While the decision on whether to appear before Congress has been a delicate dance for Baker, it has also been a sensitive subject for congressional Democrats who do not want to scare off prominent Republicans from testifying at their hearings. A sign of the deference Democrats are willing to show, they are not expected to put Baker under oath tomorrow.

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Baker originally declined to testify before the Democrat-controlled Senate Foreign Relations and House Foreign Affairs panels. Hamilton testified on his own before the House committee on Jan. 19 and was scheduled also to make a solo appearance around that time before the Senate.

Upon learning that Hamilton would go to the Senate alone, Baker changed his mind and agreed to testify as long as the hearing date was postponed until a week after Bush's State of the Union address, almost three weeks after the president unveiled his new plan for the war, according to sources knowledgeable of what led to today's scheduled appearance.

While Baker wavered on whether to appear before the Senate, he did not reveal any second thoughts about skipping a request to testify in the House, where lawmakers are younger and have a reputation for being less decorous than their Senate counterparts.

"Baker really didn't want to testify and felt like the report spoke for itself," a policy assistant to Baker, John Williams, said. "But Hamilton wanted to testify before Congress.

"In an effort to keep a bipartisan approach he [Baker] worked with Biden's office to find a time when he thought the two of them could meet," Williams added, referring to the chairman of the Senate Foreign Relations Committee, Sen. Joseph Biden (D-Del.).

Williams also said that Baker only wanted to make one appearance before Congress.

"The fact is that he wanted to do one," Williams said. "He didn't want to come back and forth and back and forth, and the Senate worked with his schedule."

If Baker had agreed to the Senate's first proposed hearing date of Jan. 18, however, he could have testified before both chambers on successive days, presumably requiring only one roundtrip flight from Houston.

Williams disputed that Baker's testimony necessarily would undercut Bush's proposed troop surge, noting that the study group said it could support a short-term surge.

"That's not inconsistent with what the president is doing right now," Williams said. He also argued that it did not make sense that Baker would seek to postpone his congressional appearance because Bush unveiled his plan for more troops eight days before the Senate Foreign Relations Committee's original hearing date.

Williams said the Jan. 18 and 19 hearing dates simply did not fit into Baker's schedule, but he could not immediately say what Baker was doing on those days.

For now, at least, Democrats are accepting scheduling conflicts as reasons to appear before their committees.

"Originally Secretary Baker was not available on Jan. 18 (when Lee Hamilton was scheduled to testify), but his scheduled opened up on Jan. 30," Senate Foreign Relations Committee spokeswoman Elizabeth Alexander said. "To accommodate both Baker and Hamilton's schedules — so they could appear together — the SFRC postponed the hearing until Jan. 30."

Beyond Baghdad (WP)

By Richard G. Lugar

The Washington Post, January 30, 2007

Since President Bush announced that he would send more American troops to Iraq, the debate on Iraq policy has reached new levels of stridency. Opponents of the war have rallied against what they see as an unjustified escalation, while the administration has dismissed opposition as defeatism. Vice President Cheney went so far as to say a withdrawal would show that Americans "don't have the stomach for the fight."

Military action in Iraq, however, defies orthodox notions of victory and defeat. We are not in Iraq to defend territory or even to destroy an enemy. Rather, we are pursuing the amorphous task of coaxing out of the Iraqi people and government political decisions that will result in a democratic, pluralistic society that is conducive to regional stability.

While the emergence of such a government and society is still worth pursuing, we must recognize that it is an optimal goal. It should not be the focal point of our Middle East policy or the sole measure of success in Iraq.

We need to recast the geo-strategic reference points of our Iraq policy. Some commentators have compared the Bush plan to a "Hail Mary" pass in football -- a desperate heave deep down the field by a losing team at the end of the game. Actually, a far better analogy for the Bush plan is a draw play on third down with 20 yards to go in the first quarter. The play does have a chance

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of working if everything goes perfectly, but it is more likely to gain a few yards and set up a punt on the next down, after which the game can be continued under more favorable circumstances.

The president's plan is an early episode in a much broader Middle East realignment that began with our invasion of Iraq and that may not end for years. Nations throughout the Middle East are scrambling to find their footing as regional power balances shift in unpredictable ways.

At the center of this realignment is Iran, which is perceived to have emerged from our Iraq intervention as the big winner. We paved the way for a Shiite government in Iraq that is much friendlier to Iran than was Saddam Hussein. Bolstered by high oil revenue, Iran has meddled in Iraq, rigidly pursued a nuclear capability, and funded Hezbollah and Hamas.

But the pendulum of Middle East politics may be swinging back against Iranian assertiveness. Saudi Arabia, Egypt, Jordan, the Gulf states and others have become increasingly alarmed by Iran's behavior and by widening regional sectarian divisions. Because of this dynamic, U.S. bargaining power in the Middle East is growing. Moderate Arab states understand that the United States is an indispensable counterweight to Iran.

This opens up opportunities for solidifying our broader strategic objectives, and it offers a backup option in Iraq. Even as the president's Baghdad strategy goes forward, we need to plan for a potent redeployment of U.S. forces in the region to defend oil assets, target terrorist enclaves, deter adventurism by Iran and provide a buffer against regional sectarian conflict. In the best case, we could supplement bases in the Middle East with troops stationed outside urban areas in Iraq. Such a redeployment would allow us to continue training Iraqi troops and delivering economic assistance, but it would not require us to interpose ourselves between Iraqi sectarian factions.

The secretary of state's recent trip to the Middle East and the dispatch of an additional aircraft carrier to the Persian Gulf showed that the administration understands the gravity of what is happening in the region. The United States should make clear to our Arab friends that they have a role in promoting reconciliation within Iraq, preventing oil price spikes, splitting Syria from Iran and demonstrating a more united front against terrorism.

The administration must avoid becoming so quixotic in its attempt to achieve the optimal outcome in Iraq that it fails to adjust to shifts in the region or political realities within Iraq. Although any administration would be reluctant to talk about a Plan B when its primary plan is still in motion, the president and Congress must reach a consensus on how to protect our broader strategic interests regardless of what happens in those Baghdad neighborhoods or on the floor of the Senate. Otherwise, the fatigue and frustration with our Iraq policy that is manifest in the resolutions of disapproval before the Senate could lead not just to the rejection of the Bush plan but also to the abandonment of the tools and relationships we need to defend our vital interests in the Middle East.

The writer, a Republican from Indiana, is the ranking minority member of the Senate Foreign Relations Committee.

Fallon Says U.S. Miscalculated Iraq (AP)

By Anne Flaherty

AP, January 30, 2007

WASHINGTON - Adm. William Fallon, who is poised to become the top American commander in the Middle East, says the United States miscalculated the ability of Iraqi forces to take control and underestimated the enemy's persistence.

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"Securing the stability of the country has been more difficult than anticipated," Fallon said in a written statement to the Senate Armed Services Committee. "Our ability to correctly assess the political, economic and security situation in Iraq has been lacking."

Fallon's remarks were submitted in advance of a confirmation hearing Tuesday. Fallon, who commands troops in the Pacific region, has been tapped to replace Army Gen. John Abizaid as head of the U.S. Central Command.

In addition Tuesday, the Senate Foreign Relations Committee was expected to consider the nomination of John Negroponte, the first director of national intelligence, to become deputy secretary of state.

Fallon and Negroponte's confirmations were not expected to rouse Senate protests, despite bitter opposition in Congress to Bush's plan to send 21,500 additional troops to Iraq.

Public sentiment has turned strongly against a war that has dragged on for nearly four years with more than 3,000 American dead and violence unabated by insurgents and sectarian militias.

In remarks prepared for a speech Tuesday, Sen. Bill Nelson (news, bio, voting record), D-Fla., a member of the Armed Services Committee who recently returned from a trip to the region, said only another 200,000 or 300,000 U.S. troops would make a substantial difference in Iraq.

"Based on everything I saw last month, and based on my conversations with Iraqi officials, our own military leaders and rank-and-file soldiers, I am convinced more troops won't end the sectarian violence," Nelson said.

Nelson also was expected to deliver a sharp rebuke of Iraqi Prime Minister Nouri al-Maliki. Nelson said al-Maliki "either lacks the will, or the nerve, to take on the Shiite militias."

Last week the Senate approved, 81-0, Bush's nomination of Army Lt. Gen. David Petraeus to head the Iraq war. Petraeus would work alongside Fallon, who would oversee military operations throughout the region, including Afghanistan.

During Petraeus' Jan. 23 confirmation hearing, senators questioned him on how Bush's new strategy would work and whether Congress should weigh in with a resolution of disapproval. Petraeus said the situation in Iraq was "dire" but not hopeless.

In his written remarks, Fallon told the Senate panel that the U.S. has "relearned" the need to hold secure an area "until Iraqi security forces and local political and economic activity have provided essential confidence to the population."

Fallon also said he believes the Pakistan government should do more to prevent al-Qaida operatives from crossing its border into Afghanistan and that Iran remains a serious threat to the region.

However, Fallon said Tehran was unlikely to produce a nuclear weapon until "mid-next decade."

"I sense that our allies in the region are more concerned about the potential threat posed by Iran now than at any time since the Iran-Iraq War," he wrote.

Petraeus is to arrive in Baghdad to take over for Gen. George Casey as the top U.S. commander in Iraq next week, a defense official said Monday. Casey, tapped to become the next Army chief of staff, will face the Senate Armed Services Committee on Thursday.

War Of The Water Cooler (WP)

By Richard Cohen

The Washington Post, January 30, 2007

Wars get odd names. My favorite is the War of Jenkins' Ear (1739 to 1741), but the one about the Roses is good and so is the Hundred Years' War and also the French and Indian War which, somehow, neglects to mention that the British were also involved. Usually, though, those names are wonderfully descriptive and more truthful than an Orwellian moniker such as Operation Just Cause, which was that silliness in Panama (1989), or Operation Iraqi Freedom, the present debacle in the desert. A better name for it would be the War of the Water Cooler. This, I'm sure, is where it all started.

You can scour the vast literature about the Iraq war and how it started and not find the single moment when George W. Bush decided he had to go to war -- and why. The minutes of all the pertinent meetings, all of them surely monitored by Bob Woodward, either have produced nothing or will produce nothing because nothing was produced in these meetings. This war, I am sure, was the product of what Dick Cheney said to Bush at the White House water cooler. No one was present to take any of this down on paper.

"God wants you to do this, Chief."

"Yes, I know."

It was an amazing thing and it was prodded, mind you, by one man who thought that the presidency had been critically weakened by post-Watergate reforms (Cheney) and another (Bush) who didn't think much at all about anything -- but knew his heart was pure and his soul even purer and his hearing so keen he could hear God himself. He said this, you will recall, on at least two occasions, once to Woodward himself and yet again when he met with leaders of the Palestinian Authority.

"God told me to strike at al-Qaeda, and I struck them, and then he instructed me to strike at Saddam, which I did," Mahmoud Abbas quoted Bush as saying.

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This is how the War of the Water Cooler started. I am sure of it, but no matter. In the intellectual style of Bush himself, it's immaterial that I can't prove my assertion; he cannot prove otherwise -- and that's what matters. In this case, it just so happens that the absence of a record is record enough to prove that the war started at the water cooler (if there is one, but no matter) and while it is true that Bush and Cheney cherry-picked the intelligence data and exaggerated it, what mattered above all is that they -- the two of them -- decided to go to war and the rest of the country just followed.

It's almost beside the point that Saddam Hussein lacked the weapons of mass destruction that were Bush's stated casus belli. By the time the war started, it was clear that Iraq had no nuclear weapons program to speak of -- Cheney lied about this -- and as for the rest, chemical and biological, why were they suddenly so menacing? After all, chemical weapons had first been used in World War I, and biological weapons, while plenty scary, were hardly practical. No one really knew how to make it work.

Two guys took us to war and now two guys keep us at war. The consensus of the country is that Bush/Cheney has failed. The president's approval ratings are lower than the average daily Washington temperature -- and it is winter, for crying out loud. Now Bush has authorized the so-called surge, which is meant to rectify the slide, the mess, the coming defeat. But to Cheney, there is no slide, no mess. "Bottom line is that we've had enormous successes and we will continue to have enormous successes," is the way he put it to CNN's Wolf Blitzer. This bizarre assessment, so at odds with truth, is a Rorschach of sorts and Cheney fails it stunningly.

But out in the hallway, at the water cooler that metaphorically exists, Cheney tells Bush he's winning and he's strong -- a regular Truman, another Lincoln and, not incidentally, another Nixon for his heroic reestablishment of the imperial presidency in aw-shucks garb. And out by the water cooler Bush nods. He is a strong president and a good president. He has fought evil and done what was asked of him -- and the fallen are heroes and the brave are in heaven and he will answer (as do Hebrew National salamis) to a higher authority. And if, by your own water cooler, you should think all this is absurd, consider this: The war goes on . . . and on . . . and on.

Our Options In Iraq (WSJ)

The Wall Street Journal, January 30, 2007

These are our options in Iraq: We can withdraw troops and equipment as fast as our Galaxys and Globemasters can carry them home (or to Okinawa). This is the Murtha Way. We can cap troop levels at 140,000 and withdraw them no later than Inauguration Day, 2009. This is Hillary's Way. We can redeploy our forces outside of Iraqi cities, conduct limited training and counterterrorism missions, urge reconciliation among the various political factions and seek diplomatic openings with Syria and Iran. This is the way of Sens. Chuck Hagel and Joe Biden. We can advocate and facilitate the partition of Iraq. This is the (Peter) Galbraith Way. Or we can surge troops into the toughest neighborhoods of Baghdad, Ramadi and Najaf and keep them there indefinitely.

That is the President's Way. It is going to mean many more American casualties -- perhaps as many in the months ahead as we've seen over the past four years. It may fail for lack of troops, or insufficient cooperation from the Iraqi government. It could be defeated in the field, or it could succeed -- only to be undermined in Washington, much as Gen. Creighton Abrams's 1972 battlefield victories in Vietnam were. It lacks an endgame. It's a political loser. But it is the only strategy on the table that aims at victory and has a chance of succeeding.

Consider the alternatives in their turn. The intelligent case for immediate withdrawal is that it means no more Americans need die in a war that is already lost. For Iraq, the consequences of American withdrawal will surely be grievous: ethnic cleansing on a massive scale; the collapse of the current government; the creation of an al Qaeda statelet in Anbar province; a rush by Iran, Saudi Arabia and perhaps Turkey to fill the vacuum; a regional war of Sunnis and Shiites and factions in between; a Mideast nuclear arms race.

Advocates of immediate withdrawal would counter that all this was foreordained by the invasion of Iraq (or at least by the bungled occupation) so it may as well happen sooner rather than later. But what are the consequences of immediate withdrawal for the U.S.? Well, see above, and ask yourself if it's a price the U.S. can afford to pay. Unless you agree with Boston Globe columnist James Carroll, who sees geopolitical catastrophe as a pathway to redeeming America's soul, the answer is probably not.

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What about Hillary's Way? Its political convenience is to prevent Iraq from being a millstone around the neck of the next administration, presumably hers. Its strategic virtue is that it offers a window to get things right in Iraq, finally, and the pressure to do so quickly.

But it fails to address the obvious objection, which is that once a date-certain for U.S. withdrawal is set, Sunni insurgents, Shiite Mahdists and outside powers like Iran need only bide their time before moving in. And because of Sen. Clinton's proposed troop cap, it prevents the U.S. from sufficiently altering facts on the ground to give the Iraqi government a chance to stand on its own. Given the choice between postponed and immediate withdrawal, at least the latter stands to save American lives. Otherwise, the results are the same.

Now take the Hagel-Biden Way, itself mostly a reprise of the recommendations of Jim Baker's Iraq Study Group. At a hearing last Wednesday of the Senate Foreign Relations Committee, Mr. Hagel waxed pontifical on the subject of "coherence of strategy," accusing the administration of having no coherent strategy either in the past or for the future. For his pains, and for standing on the right side of opinion polls, admiring pundits have praised the Nebraska Republican as a profile in political courage.

As for the merits of his own strategy, spelled out in a recent USA Today op-ed, that's another story. With Mr. Biden, the senator wants to redeploy U.S. forces outside of Iraqi cities. He seems to have missed the fact that, except for the politically critical Green Zone in Baghdad, that's where the troops have mainly been for two years, in keeping with the "light footprint" strategy that everyone now agrees failed. Next Mr. Hagel wants to "transfer responsibility for internal security and halting sectarian violence to Iraqi forces under an appropriately expedited timeline." Another interesting idea, given how much of the sectarian violence of the past few years has been instigated by elements within the Iraqi interior ministry.

And Mr. Hagel wants to "engage Iraq's neighbors and the international community to build a regional framework to help support and sustain a political solution and national reconciliation." Which neighbors would those be? Iran, which mass-produces IEDs and finances the most radical among Iraq's Shiite groups? Syria, which serves as sanctuary for Baathist holdouts and transfer point for Sunni insurgents? The "coherence" of the Hagel-Biden plan itself rests on the incoherent assumption that the regimes that so far have worked hardest to abort Iraq's rebirth as a federal and democratic state can now be enlisted to midwife the effort.

Finally there is partition. There is a seductive neatness to the idea that, by dividing Iraq into Shiite, Sunni and Kurdish states, one cuts the proverbial Gordian knot of the country's dysfunctional politics. But Iraq's population isn't so neatly divided, not least in Baghdad where one in four Iraqis live. How are they to be moved, resettled, compensated and so on?

Proponents of partition argue that such dilemmas are already in the process of resolving themselves, as Shiites and Sunnis abandon previously mixed neighborhoods. This is what logicians call the "Is-Ought" fallacy, and it would have the perverse effect of putting the U.S. behind the very forces of the sectarian aggression that so far we have sought to quell. Nor does it address the long-term question of just what kind of states Kurdistan, Basrastan and Fallujastan would become, whether they'd be viable, and whether they would be hostile or friendly to American interests.

Which leaves us with the Bush Way. It proposes to assume a responsibility -- the responsibility for everyday security -- the U.S. military relinquished when it first allowed Baghdad to be looted. And it takes as its premise the idea that "national reconciliation" in Iraq can only be accomplished in the absence of chaos. These are the fundamental responsibilities of an occupier. It's too bad we didn't do it sooner. That's no reason not to start now.

The American Iraq (WSJ)

By Fouad Ajami

The Wall Street Journal, January 30, 2007

So this government in Baghdad, fighting for its life, has not mastered even the grim science of the gallows, and has no knowledge of the "drop charts" used for hangings around the world. The Tikritis had been much better at this sort of thing. They had all the time in the world to perfect the skills and techniques of terror; they had done it against the background of relative indifference by outside powers. And they had the indulgence of the neighboring Arabs who gave their warrant to all that played out in Iraq under the Tikriti despotism.

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Pity those men now hunkered down in Baghdad as they walk a fine, thin line between the yearning for justice and retribution in their land, and the scrutiny of the outside world. In the annals of Arab history, the Shia have been strangers to power, rebels and dissidents and men on the run hunted down by official power. Now the ground has shifted in Baghdad, and an Arab world steeped in tyranny reproaches a Shia-led government sitting atop a volcano. America's "regional diplomacy" -- the name for our earnest but futile entreaties to the Arab rulers -- will not reconcile the Arab regimes to the rise of the Shia outcasts.

In the fullness of time, the Arab order of power will have to come to a grudging acceptance of the order sure to take hold in Baghdad. This is a region that respects the prerogatives of power. It had once resisted the coming to power of the Alawites in Syria and then learned to accommodate that "heretical" minority sect and its conquest of Damascus; the Shia path in Iraq will follow that trajectory, and its justice is infinitely greater for it is the ascendancy of a demographic majority, through the weight of numbers and the ballot box. Of all Arab lands, Iraq is the most checkered, a frontier country at the crossroads of Arabia, Turkey and Persia. The Sunni Arabs in Iraq and beyond have never accepted the diversity of that land. The "Arabism" of the place was synonymous with their own primacy. Now a binational state in all but name (Arab and Kurdish) has come into being in Iraq, and the Shia underclass have stepped forth and staked a claim commensurate with the weight of their numbers. The Sunni Arabs have recoiled from this change in their fortunes. They have all but "Persianized" the Shia of Iraq, branded them as a fifth column of the state next door. Contemporary Islamism has sharpened this feud, for to the Sunni Islamists the Shia are heretics at odds with the forbidding strictures of the Islamists' fanatical variant of the faith.

Baghdad, a city founded by the Abbasid Caliph al-Mansour in 762, was sacked by the Mongols in 1258: The invaders put it to the sword, and dumped its books and libraries in the Tigris. In the (Sunni) legend, a Shia minister by the name of Ibn Alqami had opened the gates of the city to the invaders. History never relents here. In a commentary that followed the execution of Saddam, a Palestinian commentator in the West Bank city of Jenin wrote in a pan-Arab daily in London that a descendant of Ibn Alqami (read Nouri al-Maliki) had put to death a descendant of al-Mansour.

These kinds of atavisms cannot be conciliated. The truth of Iraq will assert itself on the ground, but the age of Sunni monopoly on power has passed. One of Iraq's most respected scholar-diplomats, Hassan al-Alawi, has put the matter in stark terms. It is proper, he said, to speak of an "American Iraq" as one does of a Sumerian, a Babylonian, an Abbasid, an Ottoman, and then a British Iraq. Where Iraq in the age of the Pax Britannica rested on an "Anglo-Sunni" regime, this new Iraq, in the time of the Americans, is by the logic of things an American-Shia regime. The militant preachers railing against the fall of Baghdad to an alliance of the "American crusaders" and the "Shia heretics" are the bearers of a dark, but intensely felt conviction. We should not be apologetic, in Arab lands seething with bigotry and rage, about our expedition into Iraq. We shouldn't fall for Arab rulers who tell us that they would have had the ability to call off the furies had we had in place a "process" for resolving the claims of the Palestinians, and had we been able to "deliver" Israel. Those furies have a life of their own: In truth, they are aided and abetted by these same rulers in the hope of tranquilizing their own domains and buying off the embittered in their midst.

The Sunni Arab regimes, it has to be noted, are not of one mind on Iraq. Curiously, the Arab state most likely to make peace with the new reality of Iraq is Saudi Arabia; those most hostile are the Jordanians, the Egyptians and the Palestinians. The Saudi monarch, King Abdullah, has read the wind with accuracy; he has a Shia minority in his domain, in the oil-bearing lands of the Eastern Province, and he seems eager to cap the Wahhabi volcano in the Najdi heartland of his kingdom. There is pragmatism in that realm, and the place lives by its own coin. In contrast, Jordan and Egypt present the odd spectacle of countries heavily invested in an anti-Shia drive but with no Shia citizenry in their midst. The two regimes derive a good measure of their revenues from "strategic rent" -- the aid of foreign powers, the subsidies of Pax Americana to be exact. The threat of Shiism is a good, and lucrative, scarecrow for the rulers in Cairo and Amman. The promise of standing sentry in defense of the Sunni order is what these two regimes have to offer both America and the oil states.

The Palestinians, weaker in the scale of power and with troubles of their own, are in the end of little consequence to the strategic alignment in the region. But to the extent that their "street" and their pundits matter, they can be counted upon to view the rise of this new Iraq with reserve and outright hostility. For six decades, the Palestinians have had a virtual monopoly on pan-Arab sentiments, and the Arabic-speaking world indulged them. Iraq -- its wounds, and the promise of its power and resources -- has been a direct challenge to the Palestinians and to their conception of their place in the Arab scheme of things. A seam is stitched in Palestinian society between its Muslim majority and its minority Christian communities. Palestinians have little by way of

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exposure to the Shia. To the bitter end, the Palestinian street remained enamored of Saddam Hussein. Iraq's Shia majority has returned the favor, and has come to view the Palestinians and their cause with considerable suspicion.

For our part, the Pax Americana has not been at peace with the Shia genie it had called forth. We did not know the Shia to begin with; we saw them through the prism of our experience with Iran. Moqtada al-Sadr in Baghdad and Hassan Nasrallah in Beirut: This was the face of the new Shiism and we were spooked by it. And we were susceptible as well to the representations made to us by Arab rulers about the dangers of radical Shiism.

This was odd: We had been in the midst of a searing battle with al Qaeda and the Taliban, zealous Sunni movements, but we were still giving credence to the Arab warnings about the threat of Shiism. Nor were the Shia who would finally claim power in Iraq possessed of an appreciable understanding of American ways. Nouri al-Maliki speaks not a word of English; with years of exile in Syria behind him, he was at considerable disadvantage in dealing with the American presence in his country. He and the political class around him lacked the traffic with American diplomacy that had seasoned their counterparts in Cairo, Amman and the Arabian Peninsula. Without that intimacy, they had been given to premonitions that America could yet strike a bargain, at their expense, with the Sunni order of power.

We held aloft the banner of democracy, but in recent months our faith in democracy's possibilities in Iraq has appeared to erode, and this unnerves the Shia political class. President Bush's setback in the congressional elections gave the Iraqis legitimate cause for concern: Prime Minister Maliki himself wondered aloud whether this was the beginning of a general American retreat in Iraq. And there was that brief moment when it seemed as though the "realists" of the James Baker variety were in the midst of a restoration. The Shia (and the Kurds) needed no deep literacy in strategic matters to read the mind of Mr. Baker. His brand of realism was anathema to people who tell their history in metaphors of justice and betrayal. He was a known entity in Iraq; he had been the steward of American foreign policy when America walked away, in 1991, from the Kurdish and Shia rebellions it had called for. The political class in Baghdad couldn't have known that the Baker-Hamilton recommendations would die on the vine, and that President Bush would pay these recommendations scant attention. The American position was not transparent, and there were in the air rumors of retrenchment, and thus legitimate Iraqi fears that the American presence in Baghdad could be bartered away in some accommodation with the powers in Iraq's neighborhood.

These fears were to be allayed, but not put to rest, by the military "surge" that President Bush announced in recent days. More than a military endeavor, the surge can be seen as a declaration by the president that deliverance would be sought in Baghdad, and not in deals with the rogues (Syria and Iran) or with the Sunni Arab states. Prime Minister Maliki and the coalition that sustains his government could not know for certain if this was the proverbial "extra mile" before casting them adrift, or the sure promise that this president would stay with them for the remainder of his time in office.

But there can be no denying that with the surge the landscape has altered in Baghdad, and that Mr. Bush is invested in the Maliki government as never before. Mr. Maliki's predecessor -- a man who belongs to the same political party and hails from the same traditional Shia political class -- was forced out of office by an American veto and Mr. Maliki could be forgiven his suspicion that the Americans might try this again. It was known that he had never taken to the American envoy, Zalmay Khalilzad, and that he fully understood that American officials would rather have other Shia contenders in his post -- our old standby Ayad Allawi, the current vice president Adel Abdul Mahdi, both more worldly men at ease with American ways. So if this is America's extra mile in Baghdad, it has to be traversed with a political leader whose abilities and intentions have been repeatedly called into question by American officials.

This marriage of convenience may be the best that can be hoped for. Mr. Maliki will not do America's bidding, and we should be grateful for his displays of independence. He straddles the fence between the things we want him to do -- disarming the militias, walking away from Moqtada al-Sadr -- and the requirements of political survival. We have been waiting for the Iraqis to assume responsibility for their own affairs and we should not be disconcerted when they take us at our word. The messages put out by American officials now and then, that Mr. Maliki is living on borrowed time, and the administered leaks of warnings he has been given by President Bush, serve only to undermine whatever goals we seek in Baghdad.

With Saddam's execution, this prime minister has made himself a power in the vast Shia mainstream. Having removed Ibrahim Jaafari from office last year, the American regency is doomed to live with Mr. Maliki, for a policy that attempts to unseat him is sure to strip Iraqis of any sense that they are sovereign in their own country. He cannot be granted a blank check, but no

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small measure of America's success in Iraq now depends on him. If he is to fall, the deed must be an affair of the Iraqis, and of the broad Shia coalition to be exact. He may now to able to strike at renegade elements of the Mahdi Army, for that movement that once answered to Moqtada al-Sadr and carried his banners has splintered into gangs led by bandit warlords. In our concern with Moqtada al-Sadr and the Mahdi Army, we ought to understand the reluctance of Mr. Maliki's ruling coalition to take on the Shia militias. The terror inflicted on the Shia -- an unrelenting affair of the last three years -- makes it extremely difficult for a Shia-led government to disarm men who pose as defenders of a community still under brutal siege.

Boldness and despair may have come together to carry forward this new drive in Baghdad. Fear of failure often concentrates the mind, and President Bush's policy could yet find its target right as the skeptics have written off this whole project in Baghdad. Iraq has had its way of meting out disappointments at every turn, but the tide of events appears to be working in the president's favor.

There is a "balance of terror" today between the Sunni and Shia protagonists. More and more Sunni Arabs know that their old dominion is lost, and that they had better take the offer on the table -- a share of the oil revenues, the promise that the constitution could be amended and reviewed, access to political power and spoils in return for reining in the violence and banishing the Arab jihadists. The Shia, too, may have to come to a time of reckoning. Their old tormentor was sent to the gallows, and a kinsman of theirs did the deed with the seal of the state. From the poor Shia slums of Baghdad, young avengers answered the Sunni campaign of terror with brutal terror of their own. The old notion -- once dear to the Sunnis, and to the Shia a nagging source of fear and shame -- that the Sunnis of Iraq were a martial race while the Shia were marked for lamentations and political quiescence has been broken for good.

The country has been fought over, and a verdict can already be discerned -- rough balance between its erstwhile Sunni rulers and its Shia inheritors, and a special, autonomous life for the Kurds. Against all dire expectations, the all-important question of the distribution of oil wealth appears close to a resolution. The design for sharing the bounty is a "federal" one that strikes a balance between central government and regional claimants. The nightmare of the Sunni Arabs that they would be left stranded in regions of sand and gravel has been averted.

This is the country midwifed by American power. We were never meant to stay there long. Iraq will never approximate the expectations we projected onto it in more innocent times. But we should be able to grant it the gift of acceptance, and yet another dose of patience as it works its way out of its current torments. It is said that much of the war's nobility has drained out of it, and that we now fight not to lose, and to keep intact our larger position in the oil lands of the Arabian Peninsula and the Persian Gulf. This may not be the stuff of glory, but it has power and legitimacy all its own.

Mr. Ajami is a 2006 recipient of the Bradley Prize, teaches at Johns Hopkins and is author of "The Foreigner's Gift: The Americans, the Arabs, and the Iraqis in Iraq" (Free Press, 2006).

A League Of Their Own (NYT)

By Milton Viorst

The New York Times, January 30, 2007

Washington

PRESIDENT BUSH seems not to have noticed, but what stands between hostile sectarian forces and the resumption of all-out civil war in Lebanon is the Arab League, whose diplomacy 17 years ago put an end to a conflict in which tens of thousands of Lebanese died. Is there not a lesson here, for the president and the Democratic Congress, that is applicable to Iraq?

The Beirut face-off is the follow-up to last summer's war, in which Hezbollah, the Shiite party supported by Syria and Iran, held off the more powerful Israelis long enough to achieve a United Nations cease-fire on favorable terms. Now Hezbollah challenges the government of Prime Minister Fouad Siniora, which is supported by the bulk of Lebanon's Sunni, Christian and Druse population, as well as the United States.

Hezbollah seeks to upset the fragile balance to which Lebanon's sectarian forces agreed in 1989 under Arab League mediation. At that time, the Arab League's goal was to prevent the chaos in Lebanon from spreading to the wider Arab world. That remains the league's goal today, both in Lebanon and in Iraq. But it also has another concern: with Tehran's regional power rising, the Arab League has a deep interest in keeping both countries in the Arab sphere, free of Iranian domination.

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The United States finds itself increasingly unable to stem the violence in Iraq, and it seems unlikely that a surge of troops will strengthen American influence. American negotiators have not won the confidence of Sunnis or Shiites, the principal combatants, nor even of Kurds, the uneasy bystanders. Mr. Bush may still consider himself a liberator, but among Iraqis there is a widespread feeling that his invasion was just the latest crime of Western imperialism.

Curiously, the Iraq Study Group, in acknowledging Iraqi distrust of the United States, suggested a greater diplomatic role for Syria and Iran, the very countries that have an interest in Iraq's instability. Though better relations with these two countries might be in Washington's long-term interest, they are surely not going to help matters in Iraq.

That's where the Arab League comes in. Because it is Arab, it can count on a level of trust, even among suspicious Iraqis, not available to the United States or its Western allies.

Critics argue that the Arab League, being heavily Sunni, can have no influence on Iraq's Shiites. They forget that the bulk of the Iraqi Army that defeated Iran in the 1980-88 war was Shiite. This fact alone tells us that Iraqi Shiites, much as they want to be rid of the American occupation, are not ready to become Iranian. The Arab League can work from this premise to restore Iraq's stability. The United States cannot.

The Arab League's Baghdad offices are recognized by the Shiite government of Prime Minister Nuri Kamal al-Maliki. President Jalal Talabani, a Kurd, has strongly supported Iraq's involvement with the Arab League. Amr Moussa, the Arab League's secretary general, has had an open door not just to Iraqi officials but also to Moktada al-Sadr, the radical Shiite leader, and to Ayatollah Ali al-Sistani, the country's most powerful cleric, who has never received an American official. The Iraqi foreign minister, a Kurd, has participated regularly in Arab League meetings.

To be sure, the Arab League cannot offer miracles. The situation in Iraq has deteriorated much too far for that. But with an invitation from the American president, it could immediately get to work at mediating the conflict.

If the objective is political stability and national reconciliation in Iraq, neither President Bush nor the Democratic Congress has a more promising option.

Equipment For Added Troops Is Lacking (WP)

By Ann Scott Tyson

The Washington Post, January 30, 2007

Boosting U.S. troop levels in Iraq by 21,500 would create major logistical hurdles for the Army and Marine Corps, which are short thousands of vehicles, armor kits and other equipment needed to supply the extra forces, U.S. officials said.

The increase would also further degrade the readiness of U.S.-based ground forces, hampering their ability to respond quickly, fully trained and well equipped in the case of other military contingencies around the world and increasing the risk of U.S. casualties, according to Army and Marine Corps leaders.

"The response would be slower than we might like, we would not have all of the equipment sets that ordinarily would be the case, and there is certainly risk associated with that," the Marine Corps commandant, Gen. James Conway, told the House Armed Services Committee last week.

President Bush's plan to send five additional U.S. combat brigades into Iraq has left the Army and Marines scrambling to ensure that the troops could be supported with the necessary armored vehicles, jamming devices, radios and other gear, as well as lodging and other logistics.

Trucks are in particularly short supply. For example, the Army would need 1,500 specially outfitted -- known as "up-armored" -- 2 1/2 -ton and five-ton trucks in Iraq for the incoming units, said Lt. Gen. Stephen Speakes, the Army's deputy chief of staff for force development.

"We don't have the [armor] kits, and we don't have the trucks," Speakes said in an interview. He said it will take the Army months, probably until summer, to supply and outfit the additional trucks. As a result, he said, combat units flowing into Iraq would have to share the trucks assigned to units now there, leading to increased use and maintenance.

Speakes said that although another type of vehicle -- the up-armored Humvee -- continues to be in short supply Army-wide, there would be "adequate" numbers for incoming forces, and each brigade would receive 400 fully outfitted Humvees. But he

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said that to meet the need, the Army would have to draw down pre-positioned stocks that would then not be available for other contingencies.

Still, U.S. commanders privately expressed doubts that Iraq-bound units would receive a full complement of Humvees. "It's inevitable that that has to happen, unless five brigades of up-armored Humvees fall out of the sky," one senior Army official said of the feared shortfall. He expects that some units would have to rely more heavily on Bradley Fighting Vehicles and tanks that, although highly protective, are intimidating and therefore less effective for many counterinsurgency missions.

Adding to the crunch, the U.S. government has agreed to sell 600 up-armored Humvees to Iraq this year for its security forces. Such sales "better not be at the expense of the American soldier or Marine," Speakes told defense reporters recently, saying U.S. military needs must take priority.

Living facilities in Iraq are another concern for the additional troops, who would be concentrated in Baghdad, Army officials said. The U.S. military has closed or handed over to Iraqi forces about half of the 110 bases established there after the U.S.-led invasion in 2003. Decisions are being made on where to base incoming units in Baghdad, but it is likely that, at least in the short term, they would be placed in existing facilities, officials said.

Lt. Gen. David H. Petraeus, the new top U.S. commander in Iraq, has requested that additional combat brigades move into Iraq as quickly as possible. But accelerated deployments would mean less time for units to train and fill out their ranks. Brigades are required to have an aggregate number of soldiers before deploying but may still face shortages of specific ranks and job skills.

Meanwhile, the demand for thousands more U.S. forces in both Iraq and Afghanistan is worsening the readiness of units in the United States, depleting their equipment and time to train, Army officials said. "We can fulfill the national strategy, but it will take more time and it will also take us increased casualties to do the job," Speakes said.

Army Chief of Staff Peter J. Schoomaker testified last week before the House Armed Services Committee that, regarding readiness, "my concerns are increased over what they were in June."

"To meet combatant commanders' immediate wartime needs, we pooled equipment from across the force to equip soldiers deploying in harm's way," he said. "This practice, which we are continuing today, increases risk for our next-to-deploy units and limits our ability to respond to emerging strategic contingencies."

Schoomaker called for additional funding to fix "holes in the force" and "break the historical cycle of unpreparedness."

The equipment shortages are pronounced in Army National Guard units, which have, on average, 40 percent of their required equipment, according to Army data. Senior Pentagon and Army officials say they expect to have to involuntarily mobilize some National Guard combat brigades earlier than planned to relieve active-duty forces. But the Guard as a whole is not expected to return to minimum equipment levels until 2013, Army figures show.

The Army seeks to increase its permanent active-duty ranks by 65,000 soldiers by 2012, creating six new combat brigades at a total estimated cost of $70 billion.

Brakes Thrown On Iraq Fight (RC)

By John Stanton, Emily Pierce And Jennifer Yachnin

Roll Call, January 30, 2007

With a vote on one or more nonbinding resolutions opposing President Bush's decision to boost troop levels in Iraq likely a week away, Senate Democratic leaders are expected to use the delay to push back against tough White House rhetoric and attempt to build a bipartisan coalition on the issue, aides said Monday.

A senior Democratic leadership aide said Monday that while no talks with Republicans who oppose Bush's Iraq strategy have been scheduled, Majority Leader Harry Reid (D-Nev.) likely will "extend some olive branches" later in the week as the chamber moves closer to next week's vote.

Republicans are expected to oppose any effort by Reid to bring the minimum-wage debate to a close before Thursday. Because of that, a plan to begin debate on a resolution sponsored by Sens. Carl Levin (D-Mich.), Chuck Hagel (R-Neb.) and Joseph Biden (D-Del.) will be put off until sometime next week, Democratic aides said.

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Democrats are deeply skeptical of GOP indications that they would like to use all of the time allowed to them procedurally before wrapping up this week's debate on minimum wage.

"What is the White House up to?" asked Reid spokesman Jim Manley. "Are they stalling for time while they craft another resolution?"

If Republicans use all the time available to them under Senate rules on the minimum-wage bill, debate on the Iraq resolution likely would begin at the end of this week at the earliest.

Senate Minority Leader Mitch McConnell (R-Ky.) has said repeatedly that he does not want to block a vote on an Iraq resolution, but that he will not allow a vote on the Democrats' Iraq resolution without an agreement to also have several other votes on GOP-sponsored resolutions less critical of the president.

"His main concern is that Members get a chance to vote on their resolutions and that it's not a one-shot deal," said McConnell spokesman Don Stewart.

Without separate votes on each resolution, Stewart noted that procedurally it is impossible to have a vote on a complete substitute resolution, or a resolution that would entirely replace the language of the Democrats' resolution. Senate rules are such that the section of the resolution that includes "findings" must be approved separately from the resolution's declarative statements.

"It makes it a lot more complicated. It muddles the message completely," said Stewart of the possibility of Republicans having to offer separate substitute amendments for each section of the resolution.

But Manley said the votes on the two sections could move in tandem and that Democrats are prepared to allow votes on several competing resolutions.

Further complicating Reid's efforts, however, is the fact that Sen. John Warner (R-Va.) — who, along with Sen. Ben Nelson (D-Neb.), is one of the leaders of a bipartisan group of lawmakers who have proposed an alternative resolution to the Levin-Hagel-Biden measure — has thus far refused calls for negotiations prior to the floor debate.

In a memo sent Thursday to Biden, Hagel, Levin and Sen. Olympia Snowe (R-Maine) — a second GOP sponsor — Warner and Nelson rejected a request for talks from Biden, arguing that they "believe that the issues set forth in [the resolution] should remain as filed and that any additions, deletions or changes should occur as a consequence of the will of the Senate, working in 'open' session, during floor debate and consideration."

An aide to Warner said Monday that the Virginia lawmaker's position had not changed as of yet and that he believed both measures should come before the entire chamber.

Reid and other members of leadership also will have to address the White House's efforts to paint the resolution as detrimental to troops serving in Iraq. Over the past several days administration officials including Vice President Cheney and Defense Secretary Robert Gates have argued that any opposition to Bush's plan would end up emboldening the insurgency in Iraq. And while rank-and-file Democrats said that approach —which in past years caused significant heartburn among some moderate and conservative members of the party — is falling flat, a leadership aide said Reid is expected to push back over the course of the week.

In a floor speech Monday Reid charged that administration attacks are "beneath any administration official or Member of Congress," calling them "dangerous rhetoric motivated more by politics at home than events in Iraq."

On the other side of the Capitol, Democratic leaders moved ahead with efforts to focus attention on Iraq, but nonetheless continued to maintain that the chamber will hold off on any action on a similar resolution until the Senate completes work on the issue.

"Our thinking on this is that we want a strong bipartisan vote in the Senate, which will help us achieve the same goal here in the House," said a Democratic leadership aide, who spoke on the condition of anonymity.

But even as Democrats aim to utilize the potential momentum of the Senate resolution, House leaders, while suggesting the chamber will take up a similar resolution, have yet to specify whether that will mirror the Senate resolution exactly.

"Democrats have been incredibly clear about this," one Democratic operative, who asked not to be named, said of the decision to wait on the Senate's action. "How we get there is less important than what's actually said."

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Democratic leadership also pushed ahead in recent days with what the leadership aide called "a coordinated effort to step-up [our] message on Iraq."

Those efforts include a Congressional delegation led by Speaker Nancy Pelosi (D-Calif.) to Iraq as well as a policy address Friday by House Majority Leader Steny Hoyer (D-Md.), in which he criticized Bush's latest Iraq strategy while reiterating that Democrats intend to hold dozens of committee hearings before developing specific policies on the war.

Pelosi, who returned from her visit to Iraq, Pakistan and Afghanistan on Monday along with Reps. Ike Skelton (D-Mo.), Tom Lantos (D-Calif.), Silvestre Reyes (D-Texas), John Murtha (D-Pa.), Nita Lowey (D-N.Y.) and David Hobson (R-Ohio), is scheduled to review the CODEL this afternoon, although specific details were not available.

In a statement issued Friday during her visit to Iraq, Pelosi reiterated Democratic calls to shift responsibility for security to Iraqis and to redeploy U.S. military personnel.

"In meetings with Iraqi Prime Minister Nouri al-Maliki, U.S. Ambassador Zalmay Khalizad [sic], and senior U.S. military officers, including multi-national commander General George Casey, we stressed our belief that it is well past time for the Iraqis to take primary responsibility for the security of their nation," Pelosi said. "The delegation's view is that American forces should quickly begin to transition from a combat role to one focused on training, counter-terrorism, force protection, and controlling Iraq's borders."

Iraq Debate Strains Bond Of Congress' Vietnam Vets (USAT)

By Kathy Kiely

USA Today, January 30, 2007

WASHINGTON — When the Senate begins debating President Bush's Iraq policy, one focus will be on a group of lawmakers with special expertise: the ones who know what it's like to fight a war that has lost the support of the American public.

The Senate's tiny caucus of Vietnam combat veterans provided some of the most riveting exchanges last week as the Senate Foreign Relations Committee approved a resolution that declared the president's planned troop increase in Baghdad "not in the national interest." All three Vietnam War veterans on the panel — two Democrats and a Republican — voted for the resolution.

"Maybe I have no political future, but I don't want to look back in regret that I did not do something about this," said Sen. Chuck Hagel, R-Neb., a committee member who served as an infantryman in 1968, the bloodiest year of the Vietnam War.

The Iraq debate, which could begin as early as this week, has complicated relationships and stirred painful memories among a group of men who have a bond that transcends politics.

There are at least 18 Vietnam combat veterans serving in Congress, congressional records show. The shared experience of combat in an unpopular war has helped many to forge an unusual bipartisan fellowship. That was dramatically evident during the 2004 presidential campaign, when Sen. John McCain, R-Ariz., rushed to the defense of John Kerry, the Democratic nominee, when some Republicans began questioning the Massachusetts senator's war record.

When it comes to President Bush's plan to increase troop levels in Iraq, however, Congress' Vietnam veterans are divided.

In the Senate, four Vietnam combat veterans are playing key roles in the debate: Hagel authored the resolution opposing Bush's plan; his close friend, Sen. John McCain, R-Ariz., a former prisoner of war in Hanoi, is a leading backer of the Bush plan.

"There's no one I admire more in this body than John McCain," Hagel said. But, he added, he disagrees with his friend on Iraq: "The deeper you get into this bog, the harder it is to get out."

Then there are Kerry and Sen. Jim Webb.

During the 2004 presidential campaign, Webb, D-Va., leveled withering criticisms of Kerry's anti-war activities in the 1970s. This time, Webb voted with Kerry for Hagel's resolution.

In the House, which will begin a debate on Iraq after the Senate votes, Vietnam vets are playing an equally prominent role. Rep. John Murtha, D-Pa., who served in Korea and volunteered for Vietnam, is promising to use his chairmanship of the defense appropriations subcommittee to fence off funding for more troops.

Rep. Sam Johnson, a Texas Republican who spent nearly seven years as a North Vietnamese prisoner of war after his Air Force jet was shot down, is sponsoring a resolution that would prohibit Congress from cutting off funds.

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Johnson is sharply critical of fellow Vietnam vets who do not support the president's plan in Iraq. "They're off track. They've lost their course," the Texan said.

McCain is less eager to distance himself from veterans on the other side of the Iraq debate. He said he has more in common with his "close friend" Hagel and fellow vets Kerry and Webb than with some of the Iraq war planners, most of whom did not serve in Vietnam.

"We share the same frustration over the failed strategy, which all of us could see failing," McCain said. "Chuck and I were very alike. Where Chuck and I differ is, he thinks we may not be able to salvage it, and I think we can."

The Vietnam veterans are haunted and motivated by their war experiences. "It was the most defining experience of my life," Hagel said of his 12 months in Vietnam.

In 1971, Kerry famously asked members of the Senate Foreign Relations Committee: "How do you ask a man to be the last to die for a mistake?" Last week, he told his colleagues: "I never thought I would be reliving the need to ask that question again."

Johnson sees different parallels: "When you look at Vietnam, we had it won, and Congress pulled the plug. I hope we don't repeat it."

Arguing against a Vietnam comparison is Webb, who continues to believe that war was justified, while Iraq is not. The senator, who taught himself Vietnamese after returning to the USA and has close ties to the Vietnamese-American community, said in an interview that he believes some of his fellow veterans have been "manipulated" into supporting the president's policy by those who have likened it to Vietnam.

"All the buzzwords you'd throw in over and over again, 'Ah, the media's against you; you know, you're going to go against the troops,' " Webb said. "So that in many ways they are emotionally reacting to Vietnam. Rather than seeing the reality of what we're facing today. "

The intensity of the Vietnam experience is evident in the political risks that veterans are taking in the Iraq debate, said former senator Bob Kerrey, a Nebraska Democrat who served as a Navy SEAL in Vietnam. In an interview with USA TODAY, Kerrey pointed to McCain and Hagel, who are considering running for the presidency in 2008.

"It will be harder for McCain to win a general election because of his support of the war; it will be harder for Hagel to win Republican primaries because of his opposition," said Kerrey, now president of the New School, a university in New York City.

Even if on opposite sides of the debate, combat veterans have credibility with each other, Kerrey said. Part of the reason, he said, are the memories that few of them like to discuss. "It's intense. It's unusually horrible," Kerrey said, trying to explain the camaraderie of those who have survived a battlefield. "It's like, 'I know what you're thinking about when the lights go out.' "

Vietnam vet lawmakers' positions

This is a list of known Vietnam War combat veterans in the House and Senate, and their positions on Bush's plan to increase troop levels in Iraq.

Sources: U.S. House of Representatives Office of History and Preservation, U.S. Senate Historical Office and USA TODAY research by Kathy Kiely and William Risser

Soldier's Death Strengthens Senators' Antiwar Resolve (WP)

By Jonathan Weisman And Ann Scott Tyson

The Washington Post, January 30, 2007

Just before Christmas, an Army captain named Brian Freeman cornered Sens. Christopher J. Dodd (D-Conn.) and John F. Kerry (D-Mass.) at a Baghdad helicopter landing zone. The war was going badly, he told them. Troops were stretched so thin they were doing tasks they never dreamed of, let alone trained for.

Freeman, 31, took a short holiday leave to see his 14-month-old daughter and 2-year-old son, returned to his base in Karbala, Iraq, and less than two weeks ago died in a hail of bullets and grenades. Insurgents, dressed in U.S. military uniforms, speaking English and driving black American SUVs, got through a checkpoint and attacked, kidnapped four soldiers and later shot them. Freeman died in the assault, the fifth casualty of the brazen attack.

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The death of the West Point graduate -- a star athlete from Temecula, Calif., who ran bobsleds and skeletons with Winter Olympians -- has radicalized Dodd, energized Kerry and girded the ever-more confrontational stance of Democrats in the Senate. Freeman's death has reverberated on the Senate floor, in committee deliberations and on television talk shows.

"This was the kind of person you don't forget," Dodd said yesterday. "You mention the number dead, 3,000, the 22,000 wounded, and you almost see the eyes glaze over. But you talk about an individual like this, who was doing his job, a hell of a job, but was also willing to talk about what was wrong, it's a way to really bring it to life, to connect."

"When I returned from war, almost 40 years ago now, I stood up and spoke from my heart and my gut about what I thought was wrong," Kerry said on the Senate floor last week as he recounted his meeting with Freeman. "I asked the question in 1971: How do you ask a man to be the last man to die for a mistake? . . . I never thought that I would be reliving the need to ask that question again."

On Thursday, Freeman will be memorialized at his home in California, just days before the Senate takes up a resolution formally stating Congress's opposition to the president's plan to add 21,500 troops to the U.S. force in Iraq. There is no way to know what Freeman would have thought of it, but he would not have been shy about offering his opinion, Dodd said.

Freeman had served out his five-year active-duty tour well before he was sent to Iraq. He graduated from West Point in 1999, then in 2002 was accepted into the Army World Class Athlete Program, training with the U.S. bobsled and skeleton teams in Lake Placid, N.Y.

"It's no exaggeration, he was definitely one of the nicest guys in the start house," said Steve Peters, a team official.

In 2004, eager to get on with his career and family life, Freeman moved into the Individual Ready Reserve (IRR), a pool of trained soldiers not assigned to any unit, to serve out the rest of his eight-year mandatory obligation.

He was in California with a civilian job, a 1-year-old son named Gunnar and another baby on the way in the fall of 2005 when a shortage of officers prompted a large call-up by the IRR of West Point graduates from the classes of 1998 and later -- many of whom had only a few months of service left.

"He was an augmentee, who happened to be called up to fill a slot," said Sgt. 1st Class Joseph Edmond, a full-time staff member at the 412th Civil Affairs Battalion in Whitehall, Ohio, which Freeman was called to join. "It's almost to fill a void," he said, commenting on the Army's deepening manpower shortage, especially in the reserve, which requires it to cobble together units with people from across the country.

Charlotte Freeman, Freeman's wife, recalled her husband's shock upon receiving an Army telegram ordering him back to active duty. "He walked into the house and was totally white," she said yesterday. "He had moved on" from the Army.

"For my sake, he tried to get out" of the deployment, she said. But she knew he felt torn. "A part of him felt very guilty, because he had never gone to Iraq. He had dodged that bullet," she said.

Concerned about leaving his wife while she was pregnant, Freeman was able to obtain a three-month deferral and spend time with their newborn daughter, Ingrid. Just after Christmas in 2005, he grew so concerned about his pending deployment -- and his lack of qualifications to be a civil affairs officer -- that he anxiously contacted a reporter for The Washington Post.

Maj. Tony Nichols, who commanded a tank company that Freeman served in during his active duty, said Freeman "would have gone with a tank crew . . . in a heartbeat" but felt uneasy going with an unfamiliar civil affairs team.

Once in Iraq, Freeman was dismayed to find that his training "had no relation to what they were actually doing," Charlotte Freeman said. "He was appalled," enduring danger but seeing no clear mission, she said. Moreover, he believed that the Iraqis "didn't want us there."

Still, he did his best, working with the governor of Karbala to try to improve security and touching individual lives, such as helping an Iraqi boy who needed heart surgery and obtaining death benefits for an Iraqi interpreter's family. "He truly wanted to make a difference," Charlotte said.

Late last year, Freeman approached the senators at Landing Zone Washington, in Baghdad's Green Zone, "almost out of the shadows," Dodd recalled.

Even though he felt nervous, he told his wife later, he delivered his message with urgency. Soldiers were being deployed to do missions that they were utterly untrained to do; Freeman, for example, an armor officer, had been sent to help foster

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democracy and rebuild an Iraqi civil society. State Department personnel who could do those jobs were restricted in their travel off military bases by regional security officers who said it was unsafe for them to venture out.

"Senator, it's nuts over here," Dodd quoted Freeman as saying.

Calling him "ridiculously" bright, Nichols said Freeman did not oppose the war but "wanted it to be done better and smarter."

After Dodd mentioned an unnamed Army captain's concerns on NBC's "Meet The Press," Freeman e-mailed him to bring up another concern: the mistreatment of Iraqi interpreters by military contractors.

The connection between Dodd and Freeman went beyond a chance encounter and an exchange of e-mails. On Jan. 20, the day of Freeman's death, his wife was visiting his mother in Utah when a neighbor called to say that a military vehicle had stopped by the Freeman home. Frantic for news, Charlotte Freeman contacted Dodd's staff. The senator's aides learned of Brian Freeman's fate from the Defense Department and helped get military officials dispatched to his wife.

Kerry took the news personally, aides said. In Freeman, he saw something of himself -- a promising young officer, articulate and politically minded. But Kerry made it back from Vietnam.

"All that loss, for what?" Dodd asked.

It was not just Freeman's death that deeply troubled and provoked the two senators, but the way he died, in an apparent betrayal by Iraqi allies. In the days after Freeman's death, Dodd drafted legislation to cap the number of troops in Iraq. Last week in the Senate Foreign Relations Committee, Kerry backed Dodd in a failed effort to attach the legislative cap to the nonbinding resolution of opposition.

And both men are demanding that the Senate push the confrontation with Bush further. Kerry has resurrected his call for legislation setting a date certain for the withdrawal of troops.

"The notion of sense-of-the-Senate resolutions, what the hell does that mean?" Dodd asked yesterday. "Is that all you got?"

Feingold Calls War Bluff (POL)

By Roger Simon

The Politico, January 30, 2007

Senate Democrats oppose the war in Iraq, they just don't plan on stopping it.

They have discovered that standing up to the president is not quite as easy as vilifying him.

Sen. Russ Feingold, D-Wis., has decided, however, to challenge what he calls the "timidity" of Democratic leaders. He is going to introduce legislation cutting off funding for the Iraq war and he may do it, he told me, as early as this week.

I reached him by telephone Monday in Fond du Lac, Wis., where he was conducting one of his "Listening Sessions" with voters during a snowstorm.

I asked him whether Democratic voters were further to the left than their elected leaders, especially their presidential candidates, when it came to the war.

"That is not only true of Democrats," Feingold said, "it is true of the public as a whole. The mainstream view of the American people is to get out of Iraq."

Cutting off funds only for the planned 21,500 troop surge in Iraq and passing resolutions condemning the war has become the fallback position of Senate Democrats who are fearful of being portrayed as unpatriotic, cowardly, "Mommy Party" haters of the military.

Additional Resources

Fact sheet on Feingold's proposed legislation

Use the power of the purse: An opinion piece by Senator Russ Feingold

And they have reason to be afraid. The White House plays hardball. The White House is never reluctant to accuse those who oppose its policies in Iraq of being bashers of our troops and abettors of our enemies.

The Bush administration released a statement last weekend saying that even those who just want to prohibit the surge are sending "the wrong message to our troops, our enemies, and the Iraqi people."

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In Iowa Sunday, Hillary Clinton said: "At this point, I am not ready to cut off funding for American troops. I am not going to do that." She said that even if Congress passed such a bill, it would be pointless because we have "a president who will veto anything that impinges on his authority."

Feingold is not impressed with that argument. "It is not true this is a futile exercise," he said. "We can say no."

If, for instance, the Democrats attached an Iraq funding cutoff to an appropriations bill, the president would risk shutting down the government by vetoing it.

But some Democrats are worried. As Senate Majority Leader Harry Reid told my colleague John Bresnahan Thursday, Republicans "would like this debate to be as (to) whether or not we are going to be cutting off money for troops."

And others, including Sen. Joseph R. Biden Jr., D-Del., who is running for president, says a funding cutoff probably is unconstitutional.

Which is why Feingold is chairing a Senate Judiciary Committee hearing Tuesday to "help inform my colleagues and the public about Congress's power to end a war."

Feingold has gathered various legal and other experts to testify, but the result is a foregone conclusion. "I am going to lay out the reality that Congress does have this power," Feingold said. "The president does not have the unilateral power to (continue the war) without our consent."

Feingold said a cutoff of funding six months after the law is enacted "makes sense, it is constitutional, and our troops will not be left in the lurch."

Under Feingold's plan, the administration would have to safely redeploy troops from Iraq except for those needed to target counter-terrorism operations and provide security for U.S "infrastructure and civilian personnel" there, and a "limited number" to train Iraqi security services.

Feingold is going to put his fellow Democrats to the test: If you are really against this war, he is going to tell them, now is the time to show it.

"Those (Democrats) who are timid on this, who are they listening to?" he said. "The people don't want us to talk just about ending the escalation. They think this whole war is wrong."

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by TheRef on 01.29.2007 at 10:27 PM

If we end this war now and redeploy the troops out of the major combat areas, e.g. to the borders of Iraq and to receptive bordering states, Iraq will remain in a state of chaos. The civil war may well escalate. Many thousands of Iraqis will be killed or maimed. Iraq will remain in a state of anarchy well into the foreseeable future.

If we continue the US participation in this Iraqi civil war, Iraq will remain in a state of chaos. The civil war may well escalate. Many thousands of Iraqis will be killed or maimed. Iraq will remain in a state of anarchy well into the foreseeable future. Added to Iraq's losses, tens of thousands of Americans will be killed or maimed while serving in Iraq. Billions more dollars will be spent ...wasted.

Which is the lesser of evils?

1) Anarchy in Iraq with many thousands of Iraqi casualties. 2) Anarchy in Iraq with many thousands of Iraqi casualties and the tens of thousands of American casualties added.

Is America fighting in a misguided attempt to save face for George Bush? Bush has so besmearched America in the eyes of the world ...the saving of America's "face" will require a generation or more to accomplish.

George W. Bush has not proven worthy of expending another ounce of blood or another dollar of treasure to save. The only sane solution is to move the troops to the borders of Iraq and beyond. We should do it now.

by Phil Sexton on 01.29.2007 at 10:17 PM

callmark1 The news this evening gave just a hint of a possibility that attacking the perpetrators of terrorism in Iraq might stop them long enough for a strong government to form. If so, it might be an indicator that a surge would work and Iraq could be self-governing in a sort of democratic way. What if that is indeed the case, but the anti-war coalition succeeded in forcing the

effort to stop, before it bore fruit? What then? Diplomacy will not succeed without a credible threat of ill consequences if the diplomatic target refuses to bend. If we give up, the credibility of any threat is nil.

by ATLMerlinAF on 01.29.2007 at 08:06 PM

If I hear the Constitutional argument against Congress? war powers again, I am going to puke. The power to take this country into and out of war rests with the people?s branch (Congress). Now, whether that be by an outright resolution to stop the war or a resolution to cut-off funding, it is well within the bounds of the Congress to decide. As it relates to a Presidential veto for cutting off war funds, yes the Executive can choose to do that but, consider the implications. Not only will a veto infuriate the American people but it will infuriate Congress commencing a full-blown Constitutional showdown that Congress WILL win. Considering that the President?s approval ratings are at the lowest that anyone can remember, rivaling Presidents Nixon and Carter, the President doesn?t have much currency with the people right now.

I am actually relieved that someone has taken the burden upon themselves to propose the inevitable. Whether we like or not, whether it be sooner or later, this Congress is going to have to take action because they feel that the American people have mandated them to do so. I am a firm believer in the old adage that ?politics stops at the water?s edge? but it appears that this political paradigm has subsided along with the Weinberger Doctrine (and the Powell Corollary).

by Butch on 01.29.2007 at 07:54 PM

Maybe the thing to do is repeal the bill that gave King George XLIII the authority to invade.

by citizen11 on 01.29.2007 at 07:11 PM

The pragmatic thing to do is let Bush's war run it's course and hope the electorate will be angrier at the neo cons that started it than at the democrats they elected to end it. But that pragmatism comes at a very high cost, the continued loss of our young men and women. I for one think we should do whatever it takes to neuter this fool and his mentor. When you are going down the wrong road, things don't start getting better until you turn around. To continue upon a path that you know is wrong is beyond stupid, it is insane. I for one doubt that things could get any worst over there, and if they do then at least our soldiers will be somewhere else.

by callmark1 on 01.29.2007 at 06:55 PM

Phil Sexton:

Fair enough! It is not that there have been no alternative suggestions. It is that none of them have been given any focus by this administration. Furthermore, diplomacy has been practically non-existent. In addition, we as americans do not seem to want to make any sacrifices ... it seems we would rather place the burden of this conflict solely on the military than make some lifestyle changes. Here's a radical one: Talk to the Iranians, Syrians and others. Do this instead of surrounding them with three "western-occupied" countries (Israel, Afghanistan & Iraq) and then admonishing & threatening them for not doing their part to support our efforts. what hubris!!

As I recall, GW's father was at least able to get support from Syria in '91. But after the last 6 years of cowboy BS, re-establishing dialogue will take skill, humility and much effort, 2 out of three of which this administration seems to lack. So the first step would be to take control away from those who have a vested interest in further military action and refuse to consider any other route.

Here's another radical one: Re-focus on the underlying problems of the mid-east such as Israel vs. Palestine, massive displacement & poverty. Get tough with repressive regimes instead of aiding them (remember that it is Sunni-dominated, Saudi Arabia that funded the madrasas in Afghanistan from which sprang the taliban, and that most of the hijackers of 911 were Saudi. And what exactly has Israel done for us exept to promote prejudice, intolerance and its own expansionist agenda?).

Here are some more: immediate steps to curb dependence on foreign oil including a sharp increase in gas taxes here to be used for massive investment in alternative fuels, a govt. communication campaign to encourage conservation & a billion $ prize to the first person or entity to come up with a cost-effective hydrogen car instead of subsidies to the oil companies (gee, I wonder what THEIR solution would

by Paradise on 01.29.2007 at 05:46 PM

Russ Feingold has lost touch with reality. I really don't know what he stands for, but cutting off the funds for our troops is not the way to send a message to Bush. but it sure will send one to the terrorists. Senator Feingold think America!!!

by RollinG on 01.29.2007 at 05:34 PM

Even though my heart is with Russ I do not think this is a good idea. Going into Iraq was a bad idea from the start and the longer we stay the more our solders will continue to die. That being said, if the Democratic controlled congress cuts of funds then they will get the blame for ?loosing the war?. As much as I hate the idea we have to let this run its course that is the only way I see now so that ones that are responsible get the blame.

We should not forget that this is not just Bush?s war. There is a whole group of neocon hawks that convinced Bush that this was a good idea in the first place. As this catastrophe continues they are looking for some place to shift the blame. They can never admit they were wrong. You know, mistakes have been made but it is never their mistakes. I can hear it now, ?if those Democrats had not pulled the plug we would have turned it around in another 6 months?. In case any has not been paying attention, it is always another 6 months and things will be better.

Bush is out in two years but the neocons that put him in power in the first place are still out there pushing their misguided policies. They must be held accountable for the death and destruction they have wrought.

by Captain Div on 01.29.2007 at 05:31 PM

This is impossible for a lot of reasons, but the long and short of it is that there is a presidential election in 2008. The Dems want to get the presidency back. If the democratic majority in congress pulls the plug on Iraq, and the region subsequently descends into further violence and chaos (which pretty much all of the credible middle east scholars predict will happen), the dems will be seen as responsible. People will not care if it was a Republican who started the war. They will care that the mess got bigger under the eyes of Congressional democrats who will then be running for the presidency. None of them want to have to answer to the public for that.

This measure will not just die, it will go down in flames with a handful of symbolic votes. Feingold knows this. He's pushing it in order to present himself as anti-war, and consolidate public support from the anti-war segment of the population.

Do you really think that the people on either side of the aisle have the conviction to do something because they think it's right? This is about the consolidation of power and the projection of a public image.

by jeremy on 01.29.2007 at 05:05 PM

Headline: Feingold Calls War Bluff

Frontpage Teaser: Senate Democrats oppose the war in Iraq, they just don't plan on stopping it. They have discovered that standing up to the president is not quite as easy as vilifying him.

And those are connected how?

Has Politico already fallen prey to mainstream hackerism?

by Phil Sexton on 01.29.2007 at 04:49 PM

I have no idea what the consequences of leaving Iraq would be. Neither does anyone else. And consequences are the important things. Real life is not similar to scientific laboratory experiments in which you can try different alternatives and see what happens. Once we leave Iraq, if horrible things happen (even more horrible than what is now happening) we cannot just say 'woops' and start over. I feel that I have no choice but to allow the President to do whatever he thinks best. If you believe differently, then please say what your full solution is and tell us how you can guarantee the consequences.

by Joshua on 01.29.2007 at 04:42 PM

Feingold has the right idea. I am tired of hearing how much congress is against the troop surge and many against the war. The toothless resolutions proposed last week are meaningless when you have Dick Cheney telling Wolf Blitzer no one at the White House cares. The Bush Administration is playing hardball and it is about time the United States Congress does as well.

Feingold however, has proposed a resolution with loopholes. Congress should propose a bill that leaves nothing to question. Feingold's plan should not include language such as a "limited number to train Iraqi security services." There should be a specific number of troops funded and not any more. The Iraq War is not helping the United States and is making life worse for people living in that territory.

by Mystere on 01.29.2007 at 04:40 PM

This is a W. war and he and only he has to deal with that. This war will be ended by the next democrat president.

by Benadork on 01.29.2007 at 04:37 PM

"To make rules for the government and regulation of the land and naval forces" Article I Section 8 does allow Congress to say where troops are and are not allowed, so if he can get the votes for it, I so go wild Russ.

by Mystere on 01.29.2007 at 04:37 PM

Cutting of the fund now is the worst thing to do for the democrats. every body knows that this is an unwinnable situation. So let the deccider in chief deal with the problem he created. The word will be ended by the next president if and only if he or she is a democrat. So democrat concentrate on 2008.

by citizen11 on 01.29.2007 at 04:36 PM

I believe that if we could wave a wand and get all of out troops out of there tomorrow, the american people would support it. This has devolved into a civil war that has simmered for hundreds of years. We should have NEVER gone in there! Now there are no good choices left.

by Hotspur on 01.29.2007 at 04:35 PM

Once again, go Rusty! And shame on you, Politico, for the crappy Photoshopping job on that picture. Whatsamatter, couldn't find any actual shots of Obama looking concerned about Feingold's standing up for the wishes of seventy percent of the electorate? (Oh, what am I saying - of course you couldn't. 'Cause they don't exist. Man, don'tcha hate it when there's no real-life photo to support the biased subtext you're trying to convey to the casual reader?)

by The Decider on 01.29.2007 at 04:07 PM

There is little doubt that the current administration will be etched into history with the shameful label as the ?most incompetent? ever in America during wartime. From the ridiculous lack of planning for postwar Iraq to the shameless unwillingness to admit that Iraq was swirling into a Civil War. Even most of the neoconservatives who are the architects of this war have admitted that it has become a debacle. In their own description, this war was supposed to be a ?cakewalk,? but it quickly became a quagmire. These, though expressed in the words of opinion, are truly facts.

But Feingold?s attempt to cut off funding is potentially as disastrous. To have been antiwar before the war, such as Senator Jim Webb, does not mean that one has to be willing to cut off funding, even if it is just for the ?surge,? today. Without a coherent plan to stabilize at least the borders of Iraq, a power of the purse measure will only prove disastrous for the Middle East. When Democrats take rhetorical stands on the genocidal practices of foreign governments, such as the current predicament in Darfur, they must take into consideration what will happen in Iraq after our soldiers leave. There?s a good chance that genocide will take place, a Shiite-led Sunni Genocide. Let us not forget that.

by JSteele on 01.29.2007 at 03:59 PM

At last, we have a Democrat with backbone! Two thumbs up for Sen. Feingold! Cutting the funds for Viet-Raq is the best solution to end an ongoing quagmire. No more death and destruction on our troops, the Iraqi people, and on the people here at home.

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Congress Tests Bounds Of Its War Power (AP)

By Anne Flaherty

AP, January 30, 2007

The new Democratic-led Congress is on a collision course with the White House over how far lawmakers can or should go to stop the war in Iraq, a dispute that could test the bounds of the Constitution.

President Bush has insisted he won't back down on a decision to send 21,500 additional troops to Iraq and will ignore any resolutions passed by Congress that state opposition to his plan. The Senate is expected to consider such a measure in coming days.

Some Democrats say Congress must consider tougher alternatives to force the president's hand, including cutting funding, capping the number of troops allowed in Iraq and setting an end date for the war.

"This Congress was never meant to be a rubber stamp," Sen. Barbara Boxer told her colleagues last week. "Read the Constitution. The Congress has the power to declare war. And on multiple occasions, we used our power to end conflicts."

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Boxer has proposed a bill that would call for troops to come home in 180 days, allowing a minimum number to say behind to hunt down terrorists and train Iraqi security forces.

But many legal scholars and congressional Republicans say such legislation is not within Congress' power. The president has control of military forces, they say.

"Once Congress raises an army, it's his to command," said Robert Turner, a law professor at the University of Virginia who plans to testify Tuesday before the Senate Judiciary Committee.

But whether a president needs congressional approval to wage war is up for debate among many scholars. In recent decades, presidents have routinely bypassed Congress when deploying troops to fight. Not since World War II has Congress issued an official declaration of war, despite lengthy wars fought in Vietnam and Korea.

"People think Congress has to say OK to everything," said John Yoo, a former Justice Department official who helped Bush write the 2002 resolution authorizing the Iraq invasion. But if that were true "that means every war we've fought since World War II is illegal."

Yoo, now a law professor at the University of California in Berkeley, said Bush's request that Congress pass a resolution authorizing force in Iraq was purely a political one. The resolution passed by a 296-133 vote in the GOP-run House and 77-23 in the Democratic-led Senate, but was not considered a declaration of war.

According to Yoo, the resolution was seen solely as a way of bringing Democrats onboard.

Sen. John Warner, the former chairman of the Armed Services Committee and former Navy secretary, said he agrees Congress has no right to manage a war.

"In an ongoing operation, you've got to defer to the commander in chief," said Warner, R-Va.

But the veteran senator said he understands the debate that surrounds constitutional war powers and lawmakers' ability to check the executive branch.

"There's always going to be this gray area between the powers of Congress and the powers of the executive branch," Warner said. "Never has been resolved, never will. We all want to leave it in a gray area."

Sen. Russ Feingold, who will chair Tuesday's hearing on war powers, says Congress shouldn't flounder on the issue when it has the ability to end the war by cutting funding for it.

In coming months, the Bush administration is expected to request Congress approve at least $700 billion in military funding, giving lawmakers the clearest opportunity to pull the plug on the war. The bill is expected to include 2007 and 2008 supplemental war spending, as well as 2008 annual military spending.

Rep. John Murtha, D-Pa., who chairs the House panel that oversees defense spending, says he wants to place such stringent conditions on the funding that Bush will have no choice but to scale back U.S. involvement in Iraq.

Feingold, D-Wis., proposes eliminating the war budget after six months, an approach he says will give Bush time to bring troops home without adversely affecting their well being.

"Americans are not looking to Congress to pass symbolic measures, they are looking to us to stop the president's failed Iraq policy," Feingold said. "That is why we must finally break this taboo that somehow Congress can't talk about using its power of the purse to end the war in Iraq."

Democrats Must Not Fold: Hold Bush Accountable At Retreat (RC)

By Donna Brazile

Roll Call, January 30, 2007

January is all but over, and what an active month it has been. For many, especially the newly empowered Democrats, this has been a month of celebrations and getting down to the people's business by passing important pieces of legislation. We've also heard President Bush give his second-to-last State of the Union address and, more importantly, we are monitoring those who would like to have his job in the future.

Bush, who visited House Republicans last week on Maryland's Eastern Shore, also is planning to drop by the House Democratic retreat this weekend in Williamsburg, Va. The president, while continuing his appeal to critics and supporters alike to give his new policy in Iraq a chance to succeed, is expected to take just five questions. Let's hope the Democrats, unlike the

Republicans, who had a chance to field 15 questions, will not be afraid to discuss the one issue on everyone's mind these days: Iraq and the plan to add more troops.

Last week, Defense Secretary Robert Gates made the charge that critics of the administration's plan for a troop surge will aid the enemy. A similar charge has been made by others, including Vice President Cheney and Lt. Gen. David Petraeus. Once again, this is an old and tired, but not unexpected, argument by those who wish to simply stay the course and not come up with a strategy that would transition our mission, as most Americans believe, from combat to helping train the Iraqi forces and assisting with border security.

The choice between quiet acquiescence to a policy most Americans now believe is fundamentally wrong and calling on Members of Congress to resist that policy with all their might could just be a no-brainer. As inconvenient and messy as it might be, we should count our blessings that it's a choice we are allowed to make, and the administration should welcome and encourage this debate. To call on Congress to curtail this debate with a filibuster or to suggest that those offering various resolutions are somehow "aiding and abetting the enemy" is totally absurd and offensive.

This democracy stuff sure is messy sometimes, huh? Here's what I would ask the president:

Mr. President, could you please clarify which enemy would we embolden? Is it the Sunnis who are angry about losing power and fear being subjugated by the Shia majority? Is it the Shia militias who want revenge for Saddam Hussein's (Sunni) tyrannical oppression? Is it foreign fighters (including al-Qaida) who have entered Iraq to foment aggression and kill Americans in the process? I would argue the enemy is the latter; the others seem more interested in killing each other while our courageous troops are just getting in the way.

The premise that the nonbinding, bipartisan resolutions currently being considered in Congress give comfort to and embolden these enemies is predicated on an assumption that the enemies are not aware of the debate that has been occurring here about the war. To honestly think these enemies, with access to the Internet, satellite TV and newspapers, are unaware of our national mood and growing unease with the administration's strategy is either pretty naive or pretty foolish.

So what are our options? The first is to execute the administration's war strategy and quietly hope for the best. The original premise would preclude any discussion or concern about the progress of the war, as this would show uncertainty on our part and encourage our enemy. The second option is to convince the administration to change course. This option tends to be noisy and showy and exposes the soft underbelly of our republic. It's this soft underbelly that, in my opinion, is one of the great things about our country: our freedom to have a no-holds-barred debate on our country's course and direction.

Does that debate embolden our enemy? Perhaps it could. Is that justification to stifle our discussion and debate and to prevent open questioning of the conduct and course our nation takes? Never. Not to me. Any enemy who takes away our ability to internally debate our strategies has beaten us; it doesn't matter what the battle scorecard says.

Those arguing the premise that there should be no debate obviously have a vested interest in a specific course and are, no doubt, embarrassed by the spectacle of our disarray. It would be a lot easier to implement their policy without putting up much resistance. Well, I would argue: "been there and done that" for the past four years.

The bottom line, as Speaker Nancy Pelosi (D-Calif.) recently stated upon return from the region, is to help the Iraqi government find a political solution and to continue to help the government rid its country of these unwanted elements such as al-Qaida.

The current U.S. occupation (along with a dwindling number of coalition forces) of Iraq is just a drop in the bucket when you have 1,300 years to avenge; they, clearly, have a lot of patience. But for many Americans, our patience with the incompetent mismanagement of the war has grown thin. It's time we have this debate and discussion in Congress. I hope the House Democrats tell the president to stay tuned.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

Former Coalition Official Sentenced In Fraud Case (WP)

By Griff Witte

The Washington Post, January 30, 2007

DOJ_NMG_0124106

A former official of the U.S.-led Coalition Provisional Authority was sentenced yesterday to nine years in prison and ordered to forfeit $3.6 million for his role in one of the largest fraud schemes to emerge from the reconstruction of Iraq, the Justice Department said yesterday.

Robert J. Stein, 52, of North Carolina was arrested in November 2005 and pleaded guilty in February 2006 to charges that included bribery, money laundering and conspiracy. He was sentenced in U.S. District Court in Washington.

In his role as comptroller and funding officer for the Coalition Provisional Authority in south-central Iraq, Stein worked with other Defense Department officials to rig the bids on reconstruction contracts so that all the work went to American businessman Philip H. Bloom, according to prosecutors. In exchange, Bloom gave the officials more than $1 million in cash, plus such luxury gifts as SUVs, a motorcycle, jewelry, computers, airline tickets, liquor and promises of future employment.

Prosecutors also say Stein and other members of the scheme stole $2 million in reconstruction funds, and that Bloom laundered the money before giving it back to Stein and his co-conspirators. Bloom, who has pleaded guilty and is scheduled to be sentenced in February, received more than $8.6 million in what prosecutors said were rigged contracts. Another official, Army Reserve Lt. Col. Bruce D. Hopfengardner, has also pleaded guilty in connection with the scheme.

The Justice Department said yesterday that Stein has cooperated with the government's investigation.

"The Department of Justice will protect the integrity of the federal contracting process by aggressively prosecuting fraud, bribery and other crimes that taint missions as critical as the reconstruction of Iraq," Assistant Attorney General Alice S. Fisher said in a statement.

As Iraqi Refugees Flee, Let's Not Forget Vietnam (USAT)

By Adam Goodheart And John R. Bohrer

USA Today, January 30, 2007

At a hearing on Capitol Hill two weeks ago, a young Iraqi gave gripping testimony of the price paid by his countrymen who have risked their lives serving the U.S. occupation. The 27-year-old former military translator, whose name was withheld for his safety, told senators of receiving death threats and surviving a car bombing after he was identified as a friend of the Americans.

It was a story eerily reminiscent of tales from Southeast Asia more than three decades ago, when hundreds of thousands of our loyal allies faced imprisonment and death as the Vietnam War drew to a close. The world still remembers the agonizing photo of crowds swarming the last U.S. helicopter that took off from Saigon in 1975.

Although Iraq, as yet, offers no image to match that one, its refugee crisis is almost as dire. According to the United Nations, as many as 3.4 million people have fled (including many who left before the U.S. invasion), a number that continues to escalate. Yet since the 2003 invasion, only 466 Iraqi refugees have been allowed into the USA.

As our leaders face a worsening situation and as calls for a U.S. withdrawal from Iraq grow louder, we should remember the lessons of 1975. President Gerald Ford put his political capital on the line to rescue some 130,000 Vietnamese. (Nearly a million more would be admitted through other channels in the years that followed.)

The refugees were airlifted out to relocation camps in the United States. Then, after undergoing security checks, they were matched by the State Department with U.S. churches, families and civic groups. "To do less," President Ford later recalled of his effort, "would have added moral shame to humiliation."

At the recent hearings, Assistant Secretary of State Ellen Sauerbrey said that her department wishes it could allow as many as 20,000 Iraqis to seek asylum here. Yet she admitted that the difficulty of setting up asylum application centers in Iraq might make it impossible.

Baghdad in January 2007 has still not reached the point of Saigon in April 1975. If the Ford administration could quickly save 130,000 people amid the tidal wave of a full-scale military defeat, surely the Bush administration can save 20,000, or more, from Iraq.

Compared with occupation costs of about $300 million per day, the money Sauerbrey spoke of allotting to the refugee crisis seems laughable. She boasted that in 2006, the U.S. provided $400,000 to support U.N. refugee resettlement efforts, a figure it proposes to increase to $500,000 this year. (If you divide $500,000 by the 3.4 million Iraqi refugees, you get a commitment of about 14 cents per refugee.)

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Efforts for increasing the flow of Iraqi immigrants also have been stymied by post-9/11 counterterrorism laws that make it difficult for anyone from the Middle East to enter the USA. That's an especially cruel irony, since the refugees in greatest peril are those who have put their lives on the line for what President Bush has declared is a war against terrorism.

In late 1975, less than eight months after the first refugee landed in the USA, the State Department declared the resettlement effort successfully completed (at a total cost of $405 million).

"The refugees have proven themselves to be hard-working and industrious people with a thirst for education," Ford told the nation. "The warmth and generosity that have characterized the welcome that Americans have given to the refugees serve as a reaffirmation of American awareness of the roots and the ideals of our society."

If the Bush administration is prepared to reaffirm those ideals Ford so eloquently invoked, it should extend a similar welcome in 2007.

Adam Goodheart is Hodson Trust-Griswold Director of the Starr Center for the Study of the American Experience at Washington College in Chestertown, Md. John R. Bohrer is a political writer and blogger.

Reconstruction Aid Falling Into The Wrong Hands (WT)

By Gethin Chamberlain

The Washington Times, January 30, 2007

LONDON -- Corrupt Afghan police and tribal leaders are stealing vast quantities of reconstruction aid intended to improve the lives of people and turn them away from the Taliban, U.S. and British officials said.

In some cases, all the aid earmarked for an area has ended up in the wrong hands, officials said. NATO forces in the south of the country fear corrupt police will steal aid if handed out through them. A Pentagon official said thousands of cars and trucks intended for use by the Afghan police had been sold instead.

Charles Heyman, a defense analyst and former British army major, said millions of dollars earmarked for reconstruction were being siphoned off.

"It almost comes with the program," he said. "You have to build in an element of that into any program because you know it will leak into people's pockets."

Liam Fox, the defense spokesman for the opposition Conservative Party in Britain, said he heard firsthand of corruption affecting reconstruction programs when he visited Afghanistan last summer.

"There is increasing corruption from top government officials down, which is making efforts to get reconstruction off the ground much more difficult," he said.

Last week, the United States and European Union announced plans to spend an additional $13.7 billion on assistance to Afghanistan, of which almost $3 billion will be earmarked for reconstruction.

NATO commanders in southern Afghanistan are concerned at the level of corruption but have resolved to press ahead with reconstruction projects in the hope of winning over the local population and improving security.

In one recent example in Kandahar province, aid distribution went ahead despite fears that it would be stolen.

Sgt. Maj. Denis Tondreau, in charge of delivering Canadian army aid to the Pashmul area, said the Afghan police unit in one village was known for corruption and extortion.

"I have been told that if I bring aid to Pasab, the police will steal it," he said. "They are just a bad, bad unit ... [known for] extortion, corruption and use of drugs."

But people in the area said tribal and mosque elders were also guilty of stealing aid. In the nearby town of Panjwaii, workers said aid distributed by NATO's provincial reconstruction teams had not reached the ordinary people.

"When the soldiers came here, they gave things to the rich people. The elders took things for themselves, and we received nothing," said a local resident, Abdul Ghany, 20.

A police intelligence officer in the neighboring Zharey district said tribal leaders had to be convinced that the aid was not intended for them alone.

At a heated meeting he warned them: "The equipment is not to rebuild your own homes; it is for the mosques and the whole village. It is not for individuals; it is for the community. It is not for you to take it to your houses and sell it."

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A joint report by the Pentagon and the State Department, circulated to congressional committees last month, concluded that the Afghan police force was corrupt to the point of ineffectiveness. One Pentagon official said police officers had stolen and sold at least half of the equipment supplied by the United States, including thousands of cars and trucks.

The U.S. Agency for International Development, however, said progress has been made in reconstruction projects.

"We work closely with local people, the governor and representatives of the national government in drawing up projects, to make sure that what we do meets the needs of local people," a spokesman said.

Among the projects funded by the agency are the purchase of uniforms and winter coats for the Afghan police, a hospital generator and a mortuary. But it confirmed that some of the nearly $4 million allocated to projects intended to help internal refugees had been diverted to build vehicle checkpoints.

A committee of British lawmakers plans to investigate the corruption, which has dogged operations in Afghanistan since the Taliban were driven from power in 2001.

"Corruption is something we will be examining in the future," said James Arbuthnot, chairman of the House of Commons defense select committee.

Discarding An Afghan Opportunity (WP)

By Selig S. Harrison

The Washington Post, January 30, 2007

The British Raj learned the hard way a century ago that the Pashtuns, Afghanistan's largest and historically dominant ethnic group, will unite to fight a foreign occupation force simply because it is foreign. Applying this lesson to the Afghan crisis today, British generals have been attempting in vain to change a high-profile U.S.-NATO military strategy that is helping the Taliban consolidate Pashtun support in southern Afghanistan.

Bombing and strafing attacks on suspected Taliban hideouts killed at least 4,643 Afghan civilian noncombatants from October 2001 to Oct. 1, 2006, according to an exhaustive study by University of New Hampshire economist Marc W. Herold. The result has been the steady growth of anti-American sentiment focused on the U.S.-backed regime of President Hamid Karzai.

"The cruelty is too much," Karzai declared last month. In tears, Karzai said that the coalition forces are "killing our children. We can't prevent the terrorists from coming from Pakistan, we can't stop the coalition from bombing the terrorists, and our children are dying because of this."

The British model for a new approach to defusing the Taliban insurgency has unfolded recently in the Musa Qala district of Helmand province. Following bitter clashes last summer between British and Taliban forces, the Musa Qala tribal council, acting with British approval and backed by Helmand's governor, Mohammed Daud, negotiated a cease-fire in early September that led to a 15-point peace agreement. The accord provided for an end to the Taliban offensive, the withdrawal of British forces and the creation of a local militia that would replace the ineffectual central government police and army units in the district. After peace prevailed for 35 days, the British pulled out on Oct. 17.

Peace still prevails. Nevertheless, Karzai, under intense U.S. pressure, fired Daud and appointed a new governor who disowned the accord as a sellout to the Taliban.

The British commander of NATO forces in Afghanistan stands by the agreement, but U.S. spokesmen say that his American successor will order British forces to resume fighting in Musa Qala when he takes over shortly.

Attacking the peace deal, U.S. Ambassador Ronald Neumann declared that "if you have an area that is under the Afghan government flag but is not under the actual authority of the Afghan government, then you are losing in a very big way." Other critics emphasize that Taliban fighters were not disarmed under the agreement.

But the accord has given tribal elders the whip hand over the Taliban in the area and is so popular that many neighboring districts want to emulate it. Why criticize the agreement before the elders' ability to contain Taliban influence could be tested? Is it really "losing in a very big way" if Pashtun leaders make local peace deals that work? Only if "victory" is defined in terms of an unrealistic goal of rapid centralization in a still-feudal society that has never been centralized.

For three centuries the Afghan state has been just barely a state, and ethnic and tribal communities paid obeisance to Kabul only if it accorded them autonomy. The communist regime installed by Moscow in 1978 aroused bitter opposition by

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attempting to centralize overnight. Now the U.S.-backed Karzai government is making a similar mistake by rushing to create a centralized regime instead of keying the process to the gradual development of a national economic infrastructure.

The central government has a critical role to play in combating the Taliban, but primarily through more effective economic assistance, with less accompanying corruption, not through military intervention that bypasses the tribal structure. The fledgling national police and army have a role in areas where tribal leaders want their help. But they are tainted in the eyes of many Pashtuns by their identification with a Kabul regime dominated by non-Pashtun ethnic rivals.

In 2001 the United States lined up with the Tajik ethnic minority, whose small military force, the Northern Alliance, helped dislodge the Pashtun-based Taliban and has subsequently dominated the Karzai government. Tajik generals and their proxies still control the army as well as key secret police and intelligence agencies hated by the Pashtuns. Karzai, a Pashtun, has attempted to soften Tajik domination with Pashtun appointments to top security jobs, but the real power remains in the hands of a U.S.-backed Tajik clique.

The Taliban is effectively exploiting Pashtun dissatisfaction with Kabul, recruiting many of its fighters from disaffected tribes in the Ghilzai branch of the Pashtuns, who resent the favoritism Karzai has shown to higher-status tribes such as his own Durranis. Mullah Omar, the key Taliban leader, is a Ghilzai.

But there are two other important reasons for the Taliban's growing strength: the support it is getting from Pakistan and Pashtun anger over the civilian casualties resulting from the indiscriminate use of U.S. air power.

To prevent a continued Taliban upsurge, the United States should condition future economic and military aid to Islamabad on meaningful measures to shut down Taliban camps and staging areas on the Pakistani side of the border. At the same time, the Pentagon should shift to a low-profile military strategy in which air attacks are the rare exception and peace initiatives like those of the Musa Qala elders are welcomed.

The writer covered Afghanistan as South Asia bureau chief of The Post and is the author of "Out of Afghanistan: The Inside Story of the Soviet Withdrawal." He is director of the Asia program at the Center for International Policy.

Iraqis Get Ideas From S.C. Prisons (AP)

By Meg Kinnard, Associated Press Writer

AP, January 30, 2007

Iraqi prison officials looking to rebuild their nation's jail system toured a state prison Monday, gathering ideas — including electronic door locks and an onsite license plate plant — to take back to their country.

A delegation that included U.S. Justice Department officials and their Iraqi counterparts visited the maximum security Broad River Correctional Institution, where the Iraqis watched inmates make South Carolina license plates and traffic signs.

Iraqi prisoners don't have a place to work, one visitor said through an interpreter.

The plant enables an inmate "to help himself and his family. We can have productive inmates, not just consumer inmates," said the warden of a Nasiriyah prison, whose name was withheld by the Justice Department for his own safety.

The group also was interested in the prison's security system, which includes electronically locking doors and video monitoring.

"My first impression is that the prisons here are totally different from ours," the warden said. "For example, the security system, the electric doors — we don't have this technology."

The delegation visited South Carolina because the state prison system was similar in size and organization to the existing Iraqi system, said Georgette Thornton, who works in Baghdad with the department's International Criminal Investigative Training Assistance Program.

The two-week visit to South Carolina will include trips to other state prisons as well as a federal prison.

CORPORATE SCANDALS:

KLA-Tencor Books Options Charge, Found 'intentional' Mispricing (DOW)

Dow Jones, January 30, 2007

DOJ_NMG_0124110

SAN FRANCISCO (Dow Jones) -- KLA-Tencor Corp., one of the nation's largest chip-equipment makers, booked a $370 million non-cash charge related to stock options it intentionally backdated.

It also may face a lawsuit from its former chief executive officer, who in a role as an adviser to the company was fired in connection with its option- accounting investigation.

In a Securities and Exchange Commission filing Monday, KLA-Tencor said it took a charge of $348 million for stock options it granted from July 1994 through June 2005 and a $22 million charge for the year ended June 30, 2006, due to erroneous accounting methods.

The San Jose, Calif., chip-equipment maker was forced to record the charges after a special board committee found that the company had granted stock options to executive officers and other employees at advantageous prices.

In essence, KLA-Tencor awarded stock options at prices that were lower than those on the option-grant dates it recorded on its books.

The company began its internal investigation in May. The Justice Department and the SEC also are investigating KLA-Tencor.

KLA-Tencor (KLAC) said in the filing that it stopped misdating stock options after June 2002, with a few "immaterial exceptions." It found no wrongdoing by its current management team, now led by CEO

Rick Wallace.

By filing restated financial statements, the company also said it expects to comply with Nasdaq reporting requirements, meaning its stock shouldn't face delisting.

KLA-Tencor said its internal investigation concluded that the "retroactive pricing was intentional, not inadvertent, or through administrative error" and that it involved the "falsification of company records."

The former CEO,

Kenneth Schroeder, was dismissed in October 2006 in his role as a senior adviser. He had formally stepped down as CEO in December 2005 after serving in executive roles with the company since 1991.

This past November, Schroeder's counsel informed KLA-Tencor that the former CEO "contests the company's right" to terminate his employment relationship and agreement to cancel his stock options, the SEC filing said.

KLA-Tencor said it plans to "vigorously defend" against any claims that may be brought by Schroeder, which could involve a material amount of money. The company has formed a special litigation panel to handle lawsuits resulting from its erroneous accounting.

The company has canceled $20 million of options that Schroeder had held. His attorney could not be immediately reached for comment. Schroeder was a longtime member of the company's stock-option committee and a director for six years.

In midday trading Monday, KLA-Tencor shares rose nearly 0.4% to $49.13. The company makes machines that produce chips for computers and other consumer electronics.

`NatWest Three' Again Seek Dismissal Of Enron Charges (Update1) (BLOOM)

By Laurel Brubaker Calkins

Bloomberg, January 30, 2007

Jan. 29 (Bloomberg) -- Three former British bankers accused in an Enron Corp.-related fraud scheme have again asked a federal judge in Houston to dismiss charges they cheated their onetime employer, Greenwich NatWest Ltd.

David Bermingham, Giles Darby and Gary Mulgrew argued that the indictment, which accuses them of skimming $7.35 million from the sale of an Enron-related partnership, improperly applied U.S. criminal law to British citizens acting in the U.K. In December, U.S. District Judge Ewing Werlein revised the charges without dropping any counts.

``The wire fraud statute does not extend to the foreign scheme alleged,'' the bankers said in court papers filed Jan. 22. They claim the U.S. Congress didn't intend to criminalize the activity of ``a foreign national who allegedly defrauded his foreign employer in a foreign country."

Bermingham, 44, Darby 44, and Mulgrew, 45, were extradited to the U.S. in July and are charged with seven counts each of wire fraud. If convicted, they face as much as 35 years in prison. Prosecutors said the three skimmed millions in 2000 by

misleading Greenwich NatWest about the value of an Enron partnership. They are free on $1 million bond each and scheduled to go on trial in September.

The original 2002 indictment relied on the legal theory that the bankers had deprived Greenwich NatWest, which has since been acquired by Royal Bank of Scotland Group Plc, of their honest services. To bolster their latest request to drop the charges, the bankers cited a December decision by Werlein to remove references to honest services from the indictment.

Honest Services

The honest-services argument was struck down in August by an appeals court in another criminal case stemming from a transaction at Houston-based Enron. The appeals court said an employee didn't deprive his company of honest services if he acted in the company's best interests and in line with management goals.

``The invalid honest services theory so permeates the entire indictment that there is no way to determine whether the grand jury would have indicted the defendants if only the property theory had been presented to it," the bankers said in their Jan. 22 filing.

When prosecutors asked Werlein last year to strike the honest-services allegations, they said it was to streamline the case and avoid appellate issues.

`Money and Property'

``The United States will proceed at trial against defendants solely on the grounds that they deprived NatWest of money and property," Steven Tyrrell, acting U.S. attorney in the Justice Department's Fraud Section, wrote in December. Removing the honest-services allegations ``does not deny the defendants their grand jury rights," he said.

Jaclyn Lesch, a Justice Department spokeswoman, declined to comment on the bankers' request, saying the government will respond in court at the proper time. Lawyers for the bankers didn't return calls seeking comment.

Enron, once the world's largest energy trading firm, had more than $68 billion in market value before its December 2001 bankruptcy filing. The company's top executives were convicted of misleading investors by hiding billions in losses and debts in off-the-books partnerships.

The case is U.S. v. Bermingham, 4:02-cr-00597, U.S. District Court, Southern District of Texas (Houston).

Former Executives Spared Prison Time In Cendant Case (FINDLAW/AP)

By John Christoffersen, Ap Business Writer

AP, January 30, 2007

(AP) - BRIDGEPORT, Connecticut-Two former executives were spared prison time Monday for their roles in a massive accounting scandal at Cendant Corp. that cost the company and its investors more than $3 billion.

Anne Pember, 47, who pleaded guilty to conspiracy in 2000, was sentenced to two years of probation and 200 hours of community service.

Casper Sabatino, 54, a former accountant at CUC who pleaded guilty to wire fraud charges and cooperated with federal prosecutors, was also sentenced to two years of probation.

Pember asked to be spared prison time, citing her extensive cooperation with federal investigators. Prosecutors agreed.

"I think your cooperation and your testimony was quite extraordinary," said Senior U.S. District Judge Alan H. Nevas.

Pember, who faced five years in prison under sentencing guidelines, apologized for her conduct.

Pember was controller at CUC International of Stamford, which merged with HFS Inc. of Parsippany, New Jersey, to create Cendant in December 1997. Pember became Cendant's senior vice president for accounting.

Nevas noted that Sabatino was one of the whistleblowers and was the first person to voluntarily cooperate with prosecutors.

"I think that's an important factor strongly in your favor," Nevas said. "You were the person who was the catalyst for initiating the investigation of this fraud."

Nevas also noted that others cooperated as a result of Sabatino's cooperation.

"Literally the house of cards began to collapse," Nevas said. "Your conduct should be emulated."

Sabatino also apologized in court for his actions.

The defendants have said their crimes were committed at the behest of their superiors.

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Prosecutors say the scheme inflated the stock of CUC International, Cendant's predecessor, by $500 million.

The fraud cost the travel and real estate company and its investors more than $3 billion. The fraud was reported in 1998, causing Cendant's market value to drop by $14 billion in one day.

Pember and other defendants have said CUC's quarterly earnings were inflated in the two years leading up to the merger through improper accounting methods, including underfunding a reserve, accelerating recognition of revenues, deferring expenses, and drawing money from a merger account to boost revenues.

Cosmo Corigliano, CUC's former chief financial officer, is scheduled to be sentenced Tuesday. He also has asked to be spared prison time, citing his extensive cooperation in the investigation.

Former Cendant Corp. Chairman Walter Forbes was sentenced to 12 years and seven months, while Vice Chairman E. Kirk Shelton received a 10-year sentence. Both men were ordered to pay $3.275 billion in restitution.

The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years.

Cendant's brands included Ramada, Howard Johnson, Avis, Coldwell Banker and Century 21.

In September, Cendant stockholders changed the company's name to Avis Budget Group to reflect its Avis and Budget vehicle rental brands. Its real estate and hotel businesses were spun off as stand-alone companies and the company sold its travel distribution operations.

SEC Clears Market-Based Way To Value Staff Stock Options (WSJ)

By David Reilly And Serena Ng

The Wall Street Journal, January 30, 2007

The Securities and Exchange Commission for the first time has blessed a method for valuing employee stock options that relies on market forces rather than academic models.

The change potentially paves the way for companies to use techniques that lessen the hit to profit they take from this type of compensation.

In a Jan. 25 letter, SEC Chief Accountant Conrad Hewitt said an auction system designed by Zions Bancorp of Salt Lake City could be used to derive "market" values for employee stock options. The SEC had rejected earlier attempts at market-based methods, including a plan pitched by computer-networking company Cisco Systems Inc. in 2005.

Ever since accounting rule makers decreed that starting in 2006 companies would have to book an expense for issuing stock options, a number of companies and financial institutions have tried to develop new ways to value the instruments.

The 'Real' World

Both the SEC and accounting rule makers have said they believe market-based approaches are best for valuing options. Mr. Hewitt said yesterday that the problem is that the models currently in use produce "hypothetical numbers." Market-based approaches produce what "may be a real number," he added.

So far, though, no one had devised a market-based method that passed regulatory muster.

The problem: Regular stock options traded on financial exchanges and employee stock options differ in some main attributes. Both give holders the right, but not the obligation, to purchase stock at a preset price at a future date. But stock options traded on financial exchanges typically come due in at most two years, and there isn't any vesting requirement.

Employee options, on the other hand, typically vest over a number of years, and they can be exercised in some cases over a 10-year period. In addition, employees who leave a company usually have to exercise already-vested options or forfeit them.

The differences have left many companies, particularly heavy options issuers such as tech companies, grousing that existing option-valuation methods such as the widely used Black-Scholes model produce too high a value for employee stock options. That, in turn, results in a too-high charge against profit. At the same time, investors are often befuddled because companies can use different models to calculate options values, which are further influenced by assumptions regarding factors such as the expected future volatility of a company's stock price.

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Zions last year tried to tackle the problem by creating securities that mimic the stock options granted to its employees. It then sold the securities to sophisticated investors in a public auction last June, deriving a market value for the options from the bidding. That value turned out to be roughly half the value of its options as calculated by academic models.

Accounting Tweaks

The bank then submitted its results to a months-long review by the SEC. Despite the green light, the agency signed off "on the process subject to several tweaks," said Evan Hill, a Zions vice president. Because of some technical issues, Zions can't use last year's auction to derive its stock-option expense for 2006.

Mr. Hill said the bank will conduct another auction when it grants its next batch of options, in May, and expects to use that to compute its option expense this year.

The main question related to Zions's and other market-based approaches is whether the values created are really "market" values. Mr. Hewitt's letter touched on that concern, cautioning that each auction based on the Zions approach would have to be individually analyzed to determine whether it actually generated a market value.

Among other issues, companies must consider the quantity of securities offered relative to market demand and the number and type of bidders.

6-Month Home Detention For Executive (NYT/AP)

By Dow Jones/ap

The New York Times, January 30, 2007

A former executive at Computer Associates was sentenced to six months of home detention yesterday after pleading guilty to conspiracy charges in connection with a scheme to bolster the company's quarterly revenue artificially through backdated sales contracts.

Judge I. Leo Glasser of Federal District Court sentenced David Kaplan, former senior vice president for finance, at a hearing in Brooklyn. Mr. Kaplan was also ordered to serve three years of supervised release.

Mr. Kaplan was one of several executives at the company, now known as CA Inc., to plead guilty to criminal charges in 2004 and to cooperate with the government.

Fannie Mae Chief Got 25% Raise Last Year (WP)

By David S. Hilzenrath

The Washington Post, January 30, 2007

Fannie Mae chief executive Daniel H. Mudd received salary, stock and bonuses of more than $14.4 million in 2006, an increase of about 25 percent from the year before, the government-chartered mortgage funding company disclosed.

Mudd's pay included a bonus of $3.5 million, restricted shares worth nearly $10 million and a salary of $950,000.

That was up from a bonus of $2.6 million, restricted shares worth $8 million and a salary of $908,121 in 2005.

For 2007, Mudd's salary was increased to $990,000.

Mudd was promoted to interim chief executive from chief operating officer in 2004 after an accounting scandal drove out his predecessor, former federal budget director Franklin D. Raines. Mudd's appointment was later made permanent. One of his top responsibilities is restoring the company's financial systems.

More than two years after the accounting problems came to light, Fannie Mae remains unable to file timely financial statements, and its shares continue trading on the New York Stock Exchange by special dispensation.

The company recently completed its correction of past results, revealing that it had overstated profits by $6.3 billion.

"The management team led by Dan Mudd made significant strides in 2006 in getting the company back on track by completing its restatement, focusing on its business and addressing its important affordable housing mission," Fannie Mae Chairman Stephen B. Ashley said in a statement. "The compensation decisions are reflective of the progress the company has made."

The update on executive compensation was contained in a report Fannie Mae filed with the Securities and Exchange Commission late Friday. The report did not contain all the information that publicly traded corporations are required to disclose

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annually about executive pay -- for example, it did not include any disclosures about the value of executive perquisites -- so the total value of Mudd's pay package could be larger.

Fannie Mae spokesman Brian Faith said the comprehensive pay disclosure will be included in Fannie Mae's annual report for 2006. The company isn't predicting when that will be issued.

Based in the District, Fannie Mae plays a major role in the nation's housing finance system, buying mortgages and funneling capital from other investors to mortgage lenders.

The biggest chunk of Mudd's pay package consisted of 176,506 restricted stock units, which vest in four annual installments beginning January 2008. Mudd is required to hold a fifth of the shares until his employment at Fannie Mae ends.

In addition to the $8 million in restricted shares included in his compensation in 2005, Mudd was given a special restricted stock award in late 2005, worth about $1.5 million, when he signed a contract to become the permanent chief executive.

Officers' bonuses and stock awards must be approved by Fannie Mae's regulator, the Office of Federal Housing Enterprise Oversight, under an agreement Fannie Mae and the agency reached at the height of the scandal. Beyond confirming that the regulator had granted such approval, spokesmen for the agency declined to comment.

In setting compensation for last year, the compensation committee of Fannie Mae's board assessed the company's performance against several goals, such as "instilling operational discipline," "renewing the company's culture," fulfilling Fannie Mae's mission of promoting affordable housing and stabilizing the company -- for example, by building relationships with regulators and restating past financial results, the company said in the SEC filing.

Under Fannie Mae's federal charter, the board is required to ensure that executive pay is reasonable and comparable with that of executives in similar businesses, Fannie Mae said in the filing. For senior executives, the board aimed for the midpoint of pay levels at a group of diversified financial services companies, Fannie Mae reported.

Mudd's pay remained below the pre-scandal compensation awarded to his predecessor. In 2003, Raines's pay package included a $4.2 million bonus, $11.6 million in payouts under a long-term incentive plan, a salary of $992,250 and stock options the company valued at $3 million.

In addition to Mudd, four top executives listed in the SEC filing received bonuses of more than $1 million. Several executives received restricted stock awards worth more than $1 million.

CRIMINAL LAW:

Under Oath, Fleischer Stays On Message (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, January 30, 2007

WASHINGTON -- Former presidential spokesman Ari Fleischer reminded Washington on Monday why he was considered one of the city's most unshakable spinmasters.

As calm on the witness stand as he ever was at the White House briefing lectern, Fleischer deftly deflected questions from defense attorneys. It was almost like he was back at the White House 2- 1/2 years ago, parrying questions from reporters.

Fleischer's testimony was the most damaging yet in the perjury trial of I. Lewis "Scooter" Libby. He looked every bit the man who knows what it's like to have each word dissected, fact-checked and pushed back for clarification.

Fleischer, who once refused to acknowledge that different sections of Iraq face different challenges by saying, "Iraq is Iraq," seemed completely at ease as Libby's defense attorney quizzed him on details and challenged his facts.

He even offered defense attorney William Jeffress a primer on briefing the White House press.

"They challenge everything you say," Fleischer said. "They don't take it at face value."

When the Bush administration first said al-Qaida was to blame for the 2001 terrorist attacks, Fleischer recalled, one reporter called out, "Prove it."

Even under oath and without the cover of "no comment," Fleischer could not be rattled. The spokesman who stayed on message for a White House known for closely guarding its secrets came to court Monday to tell a story and never wavered from it.

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Fleischer testified Monday that Libby told him over lunch that the wife of a prominent war critic worked at the CIA. Fleischer said the conversation happened July 7, 2003, days before Libby told investigators he was surprised to learn about the CIA operative from a reporter.

That discrepancy is at the heart of Libby's perjury and obstruction trial and defense attorneys were eager to question Fleischer's credibility.

Fleischer rarely deviated from his script. When Jeffress pointed out apparent holes in his story, Fleischer calmly sewed them up.

Occasionally, he turned to jurors directly to explain himself. Once, he even sought to keep defense attorneys on one subject when they wanted to move on.

"Can I say something?" Fleischer politely asked the judge, who shook his head.

True to his reputation, Fleischer offered few behind-the-scenes glimpses of the Bush administration. On Friday and early Monday, Vice President Dick Cheney's former spokeswoman, Cathie Martin, described for jurors how the White House sought to manipulate the news media. Fleischer was circumspect.

He briefly described the hectic atmosphere of mid-2003, when the White House stood behind, then backed away from certain prewar intelligence on Iraq. "The worst place to stand as press secretary is where the ground is shifting," he said.

His acknowledgment that he discussed CIA operative Valerie Plame with reporters highlighted his often strained relationship with them.

"Like a lot of things I said to the press, it had no impact," he testified.

Fleischer got an immunity-from-prosecution deal in exchange for cooperating with investigators but expertly deflected questions about was promised in exchange for that deal.

"The only way I'd know about that is based on conversations I had with my lawyers," Fleischer said, casually invoking the attorney-client privilege, which allowed him, once again, to clam up.

Fleischer Tells Of Talk With Libby (USAT/AP)

By Michael J. Sniffen

USA Today, January 30, 2007

WASHINGTON — Former White House spokesman Ari Fleischer testified Monday that he first heard that a prominent war critic's wife worked at the CIA from vice presidential aide Lewis "Scooter" Libby. He said he thought the information might help deflect critical questions from reporters.

Fleischer said Libby told him about Valerie Plame's job at the CIA over a lunch in the White House mess July 7, 2003. Libby told investigators he thought he first learned about Plame on July 10 from NBC reporter Tim Russert.

Four other government witnesses also have said they discussed Plame with Libby before July 10, and the discrepancy between those accounts and what Libby told the FBI and a grand jury are a major component of the perjury and obstruction of justice charges against Vice President Cheney's former chief of staff.

Libby now says his memory failed him when he spoke to Russert. Russert said Monday that he did not tell Libby about Plame. "I was not and never have been the recipient of the leak," Russert told an audience in Oklahoma City.

Fleischer, President Bush's spokesman from 2001 until mid-2003, testified under an immunity agreement with prosecutors. He said he sought the deal after reading about the investigation and worrying, "Oh my God. Did I somehow play a role in outing a CIA operative?" He insisted he believed the information was not classified.

Fleischer said his lunch with Libby was their first ever and had been scheduled by Libby in anticipation of Fleischer's imminent departure to start his own company.

Fleischer said that after talk of career plans and the Miami Dolphins, the subject shifted to the controversy over criticism by Plame's husband, former ambassador Joseph Wilson.

In his State of Union address in January 2003, Bush cited British intelligence that Iraq was trying to buy uranium in Africa for nuclear arms. That became part of the justification for war in Iraq. After the speech, Wilson said in print and on TV that he was

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sent to Niger to look into the report and had debunked it in 2002. Cheney's questions motivated the trip, Wilson said, so Cheney should have seen his report before Bush repeated the story.

According to previous testimony, Cheney's office worked to get word out that Cheney didn't send Wilson to Niger and had never heard of Wilson, his trip or his conclusions until news reports in spring 2003.

Libby said Wilson was sent to Niger by his wife and she worked at the CIA, Fleischer testified. "I believe he mentioned her name and said something like, 'This is hush-hush … not very many people know this,' " Fleischer said.

Fleischer said he again heard about Plame four days later from White House communications director Dan Bartlett. Defense attorney William Jeffress suggested that Fleischer might have heard the Plame story first from Bartlett, but Fleischer insisted he learned about her from Libby first.

Former Press Secretary Says Libby Told Him Of Plame (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, January 30, 2007

Former White House press secretary Ari Fleischer testified yesterday that I. Lewis "Scooter" Libby divulged Valerie Plame's identity to him in July 2003, three days earlier than Libby has told investigators he first learned of the undercover CIA officer.

Fleischer's narrative of Libby's "hush-hush" disclosures over a lunch table in a White House dining room made President Bush's former spokesman the most important prosecution witness to date in the week-old perjury trial of Vice President Cheney's onetime chief of staff.

Though a series of government officials have told the jury that Libby eagerly sought information about a prominent critic of the Iraq war, former ambassador Joseph C. Wilson IV, Fleischer was the first witness to say Libby then passed on what he learned: that Wilson's wife was a CIA officer who had sent him on a trip to Africa. Wilson's mission there was to explore reports, ultimately proved false, that Iraq had tried to buy nuclear material in Niger.

Fleischer, testifying under an immunity agreement with the prosecution, also made it clear that Libby had told him Wilson's wife held a position in the CIA's counterproliferation division, where most employees work in a covert capacity.

Fleischer said he believes Libby mentioned Plame's name, although he told the jury he could not be sure. Libby "added that this was something hush-hush or on the QT, that not many people knew this information," Fleischer testified.

The unusual spectacle of a president's top spokesman testifying in open court widened the rare view the trial is providing the jury -- and the public -- of the inner workings of a White House that has proudly guarded its privacy.

Libby is charged with lying to FBI agents and a grand jury as well as obstructing justice in a federal investigation of who revealed Plame's name to journalists, including columnist Robert D. Novak, who first published it July 14, 2003. He is not charged with the leak itself, which administration critics have contended was designed to discredit Wilson's argument that the White House was twisting his findings as it justified the invasion of Iraq.

Libby has pleaded not guilty to all five felony counts. He told investigators he learned about Plame's identity during a telephone call on July 10, 2003, with NBC's Washington bureau chief, Tim Russert. He and his attorneys contend he did not remember the conversations he had with reporters about Plame amid the crush of his national security work.

Fleischer's testimony buttressed Special Counsel Patrick J. Fitzgerald's case in at least two ways. Fleischer testified that his lunch with Libby -- the first he ever had with Cheney's top aide, a week before the press secretary was to leave his White House job -- took place on July 7, 2003, before Libby spoke with Russert.

Fleischer also reinforced the prosecution's central argument: that Libby had been so determined to learn and spread information about Wilson and Plame that he could not have forgotten his efforts.

Both sides have portrayed Libby and Cheney as especially eager to knock down news accounts that Cheney had asked for Wilson's trip.

Under cross-examination by defense attorney William Jeffress Jr., Fleischer said that his conversation with Libby about Wilson's wife had been short and that Fleischer had not relayed that information to reporters until he heard a similar account from another White House aide.

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Fleischer testified that, later on the day of his lunch with Libby, he and other top aides left with President Bush on a five-day trip to several African nations. He said that while he was on Air Force One between South Africa and Uganda, he overheard Dan Bartlett, at the time Bush's communications director and now counselor to the president, "vent" about news accounts that Cheney had requested Wilson's mission.

Fleischer said that he decided to tell two reporters, NBC's David Gregory and Time magazine's John Dickerson, as they were walking along a road in Uganda: "If you want to know who sent the ambassador to Niger, it was his wife; she works there" -- a reference to the CIA.

In an interview yesterday, Dickerson, who has left Time and is writing about the trial for Slate, an online magazine, said he recalls that Fleischer had merely urged Gregory and him to "check and see who sent Wilson" on the trip. Dickerson said he first learned about Plame's CIA role from then-colleague Matthew Cooper by telephone several hours after he spoke with Fleischer.

Fleischer testified that neither Libby nor Bartlett invoked a White House protocol under which colleagues warned him when they were providing classified information that could not be discussed with reporters. He said he "never in my wildest dreams thought this information would be classified."

In September 2003, about 2 1/2 months after his conversations with reporters about Plame, Fleischer testified that he saw a news account that the CIA had asked the Justice Department to investigate a possible illegal leak of a covert CIA officer's identity.

"I thought, 'Oh, my God. Did I play a role in somehow outing a CIA officer? . . . Did I just do something that I could be in big trouble for?' "

He said that, although he believed he had passed on classified information unwittingly, he hired lawyers who negotiated his immunity from prosecution, except for the possibility of perjury.

Late yesterday afternoon, Cheney's current chief of staff, David S. Addington, took the witness stand, testifying that Libby had, early in the summer of 2003, asked him whether the president had authority to declassify government secrets and whether the CIA kept paperwork documenting its work. Addington said he replied yes to both.

He testified that Libby did not tell him why he was asking. But Addington said he surmised that the reason might have been Wilson's criticism of the president and the war.

U.S. District Judge Reggie B. Walton said that former New York Times reporter Judith Miller, the first of several prominent journalists who figure in the case, probably would testify today.

Fleischer Handles Questioning In The Usual Fashion (WP)

By Dana Milbank

The Washington Post, January 30, 2007

It's been almost four years since Ari Fleischer stepped down from the podium, but he has lost nothing off the old curveball.

Questioning the former White House press secretary in the Scooter Libby trial yesterday, defense lawyer William Jeffress Jr. asked if Fleischer had read a document Jeffress placed in front of him. "In a generic sense," Fleischer said.

Did President Bush visit Entebbe, Uganda? "I'm not sure of the spelling."

Did he work for White House communications director Dan Bartlett? "Nominally," Fleischer replied. "On paper, Mr. Bartlett had a box above me. . . . I wouldn't put it that way."

Thus did Libby's defense team learn what any reporter could have told them: The longer you question Fleischer, the less knowledge you take away from the experience. And Fleischer, protecting his own role in the outing of CIA operative Valerie Plame, was determined not to give even a kernel of fact to Libby's defense.

Jeffress asked when Fleischer's lawyers approached prosecutors seeking an immunity deal. "The only way I would know that is from any discussions I had with my lawyers," Fleischer answered.

Did the dispute over the outing of Plame cause tensions between the CIA and the White House? "In the context of the controversy of the week it was hard to tell what was attributable to one problem we had," Fleischer replied.

The responses evidently flustered Jeffress, who at one point stated that Iraq was "seeking Africa in Niger" when he apparently meant "uranium." The court reporter looked up quizzically. "What did I say?" Jeffress asked. Libby played with his pen.

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With Fleischer avoiding answers, Jeffress had to strike deals with the prosecution to get basic facts into the record. This led the judge to instruct the jury that "the parties have agreed July 6 was a Sunday." A similar deal led to the judge's announcement that "Uganda is seven hours ahead of Eastern daylight time."

In lieu of cooperation, Fleischer addressed the jury as if it were a civics class, offering long and extraneous accounts of what it's like "when you're the press secretary and you deal with the press." In one instance, Fleischer lamented: "I remember after September 11 and I said we were attacked by al-Qaeda, one reporter said, 'Prove it.'

After Jeffress finished questioning him about a briefing transcript from 2003, Fleischer piped up: "Are we still on this document? Can I say one thing about it?"

The judge smiled. "Not unless there's a question," he said.

Fleischer, trailed by superlawyer Bob Barnett, entered the courtroom at noon with a little less hair on top and a more expensive suit than he had when he departed the briefing room four years ago. In four hours on the stand, he talked his way out of several factual jams.

Jeffress seemed to have Fleischer cornered with grand jury testimony in which Fleischer appeared to say, falsely, that a confidential report on Joseph Wilson's trip to Niger for the CIA mentioned Wilson by name. But Fleischer rallied, providing the jury with not one but four explanations: (1) "I haven't read the entire document." (2) "If I read it and it doesn't include his name the context is clearly Ambassador Wilson's report." (3) "Unless it's in the blacked out area I cannot see." And (4) "It may not have his name verbatim."

Jeffress asked Fleischer if Bartlett had been talking to him when he said, aboard Air Force One, that Plame was the one who sent Wilson on the trip to Niger.

"He said it out loud," Fleischer answered.

"He was talking to you?"

"He said it out loud and I heard him," Fleischer repeated.

Why didn't Fleischer react to Bartlett's statement? "I was sitting in my chair trying to read a document."

When Jeffress expressed some skepticism on this point, Fleischer explained: "You can get interrupted by so many things at the White House."

Under the prosecutor's questioning, Fleischer delivered a damning account of Libby's actions, saying how the former aide to Vice President Cheney disclosed Plame's identity, along with an intimation that "this was kind of newsy." When Fleischer mentioned that Plame was "covert," Jeffress shouted an objection.

"Whatever her status was, that was totally irrelevant," the judge told the jury. A minute later, Fleischer repeated the allegation the judge had just disallowed.

Jeffress knew it would be a challenge to undo the damage Fleischer did to his client, particularly because, as he put it, Fleischer has "had a lot of practice" under hostile questioning.

Fleischer did not disappoint. Jeffress tried to get him to say which reporter questioned national security adviser Condoleezza Rice at a briefing. "I wouldn't know," Fleischer said. Jeffress asked why Rice was unaware of Wilson's trip even after it was reported in the press. "There was something in the air that spring," Fleischer explained.

Finally, Jeffress entered into the record a kind note Libby wrote to Fleischer on the press secretary's last day. Libby smiled as Fleischer read it. But Fleischer just stared straight ahead. "This is one of 20 to 40 letters I received on my last day in a big bound book," he said.

Ex-Bush Aide, In Testimony, Disputes Libby (NYT)

By Neil A. Lewis

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — Ari Fleischer, the former White House press secretary, recounted to a jury on Monday his experience at an unusual lunch on July 7, 2003, during which he said that I. Lewis Libby Jr. passed on detailed information about the identity of a Central Intelligence Agency operative.

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The lunch in the White House mess for senior staff took place three days before the date that Mr. Libby had sworn he first learned about the C.I.A. officer, Valerie Wilson, from reporters.

Mr. Fleischer was the fifth prosecution witness to provide damaging testimony in the form of an account that conflicted with the version Mr. Libby, the former chief of staff to Vice President Dick Cheney, told a grand jury and investigators.

Mr. Fleischer's day on the stand provided a riveting moment because of the detailed description of the conversation, which he said occurred in his last week at the White House and was the only time Mr. Libby had ever asked him to lunch.

Mr. Fleischer said that after casual talk about his new career and the fact that he and Mr. Libby were both fans of the Miami Dolphins, the conversation turned to the controversy then swirling around whether President Bush had used false information in his State of the Union address about Iraqi efforts to obtain uranium in Africa.

The day before the lunch, Joseph C. Wilson IV, a former ambassador, had written an Op-Ed article in The New York Times that said he had taken a trip to Niger at the behest of Mr. Cheney's office and had determined there was no truth to the assertion in the State of the Union speech that Saddam Hussein had recently tried to buy uranium ore in Africa.

"Ambassador Wilson was sent by his wife," Mr. Fleischer testified that Mr. Libby told him, disputing the notion that he had been sent by Mr. Cheney. "His wife works for the C.I.A."

Mr. Fleischer also said that Mr. Libby used the woman's maiden name, Valerie Plame, and that she worked at the agency's bureau that dealt with efforts to curtail the proliferation of weapons.

"He said it was hush-hush, on the Q.T. and that most people didn't know it," Mr. Fleischer testified.

Mr. Libby, who is widely known by his nickname, Scooter, looked up occasionally at the witness and took notes.

Ms. Wilson's name was first disclosed publicly on July 14, 2003, in a column by Robert D. Novak.

That disclosure led to an investigation into the leak as administration critics charged that her identity was disclosed to discredit Mr. Wilson's charges. Neither Mr. Libby nor anyone else was charged in the end with violating the law in disclosing Ms. Wilson's identity. Mr. Novak's original source, Richard L. Armitage, a former deputy secretary of state, was not charged, as prosecutors said he did not have the needed intention to violate the law.

But Mr. Libby was charged with perjury and obstruction of justice after he swore he had not discussed Ms. Wilson with reporters. Judith Miller, a former reporter for The New York Times, and Matthew Cooper, a former reporter for Time Magazine, told the grand jury that Mr. Libby had indeed disclosed her identity to them. Mr. Libby's lawyers have argued that if he was incorrect in recounting his conversations with reporters, it was simply a case of bad memory.

Mr. Fleischer, who as the public face of the White House for nearly three years and thus widely recognizable, was followed to the stand by a prosecution witness regarded as perhaps the most secretive and publicity-averse employee in the White House, David S. Addington.

Mr. Addington was counsel to Mr. Cheney at the time Ms. Wilson's identity was disclosed and has since been promoted to replace Mr. Libby as the vice president's chief of staff. He is widely reported to be the theoretician behind Mr. Cheney's belief in a powerful executive branch, in which the president may exert wide authority unchecked by Congress or the courts.

While Mr. Fleischer, an experienced public spokesman, seemed at ease on the stand, Mr. Addington displayed gruff reticence.

His testimony concerned a meeting he had had with Mr. Libby in a small room in the vice president's suite between July 6 and July 12. He said Mr. Libby had quizzed him as to whether the C.I.A. would have records showing when someone sent a relative on a mission.

Mr. Addington said his advice was sought because had he worked at the C.I.A. for years as a lawyer. As he provided the far-from-simple answer, he said that Mr. Libby had held out both hands in front, palms down, as if to remind him the information was sensitive. "He said, 'Keep it down,' " Mr. Addington testified.

But it was Mr. Fleischer's testimony that seemed the most damaging to date. He said he had heard again about Ms. Wilson four days later from the White House communications director, Dan Bartlett, aboard Air Force One as it was heading to Uganda. He said Mr. Bartlett was reading documents and began "venting" that reporters kept repeating Mr. Wilson's claim that it was Mr. Cheney who had sent Mr. Wilson on his fact-finding trip.

"His wife sent him," Mr. Fleischer recalled Mr. Bartlett saying. "She works at the C.I.A."

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Mr. Fleischer said he relayed that information to reporters from Time and NBC, a fact that figured in his later demand that he would testify only after being given a grant of immunity from prosecution.

When the investigation began in the fall of 2003, he said he was suddenly afraid he had inadvertently violated the law.

He said that, upon reading that Ms. Wilson's identity was classified, he thought to himself, "Oh my God, did I somehow play a role in outing a C.I.A. operative?"

Mr. Fleischer freely cooperated with the government, he testified, while refusing to grant interviews to Mr. Libby's defense lawyers.

Aside from recounting that anxiety, Mr. Fleischer was unruffled on the stand, even under cross-examination by William H. Jeffress Jr., one of Mr. Libby's lawyers.

Mr. Jeffress noted that Mr. Fleischer had in earlier testimony shown he did not know how to pronounce the maiden name of Ms. Wilson, referring to her as Ms. Plame or Ms. Plah-MAY. He suggested to Mr. Fleischer that that meant "the first time you ever heard it was reading it and not hearing it," meaning his account of the conversation with Mr. Libby was incorrect. Mr. Fleischer replied, "No, when I heard it, it was not very important."

Over all, as he had for nearly three years at the White House, Mr. Fleischer "stayed on message."

Before he took the stand, the jury heard the second day of testimony from Cathie Martin, who had been Mr. Cheney's communications director. Ms. Martin testified for the prosecution that she told Mr. Libby she had learned about Ms. Wilson and her role at the C.I.A. also before the date Mr. Libby claims to have learned about her.

Mr. Addington is expected to finish his testimony on Tuesday. He will be followed on the witness stand by Ms. Miller, the former Times reporter, who is expected to testify that Mr. Libby told her about Ms. Wilson on three occasions.

Fleischer: Libby Discussed CIA Officer Over Lunch (FINDLAW/AP)

AP, January 30, 2007

(AP) - WASHINGTON-A principal witness in the perjury trial of Vice President Dick Cheney's former chief of staff gave testimony Monday at odds with what the Cheney aide told the FBI and the grand jury that indicted him.

I. Lewis "Scooter" Libby is accused of lying in 2003 to obstruct an investigation into the leaking of the name of Valerie Plame, a CIA operative whose husband was a major critic of the Iraq war.

Knowingly outing a CIA operative can be a felony. Nobody has been charged with illegally leaking the name.

In Monday's testimony, former White House press secretary Ari Fleischer said then-colleague Libby told him over lunch that the wife war critic Joseph Wilson worked at the CIA.

Fleischer testified under an immunity deal with prosecutors, which means he cannot be prosecuted for having revealed that Wilson's wife worked for the CIA. He arrived in court with his attorneys.

Fleischer said he sought the deal after reading an article about the investigation. "I thought, `Oh my God. Did I somehow play a role in outing a CIA operative?'" Fleischer said.

Fleischer said the conversation happened July 7, 2003, three days before Libby told investigators he was surprised to learn about the CIA operative from a reporter. That discrepancy is at the heart of Libby's perjury and obstruction trial.

Fleischer, who was the chief White House spokesman for the first 2 1/2 years of President George W. Bush's first term, said Monday that Libby invited him to lunch to discuss Fleischer's planned departure from the White House. He said it was the first time he and Libby had eaten lunch together.

They talked about Fleischer's career plans and their shared interest in the Miami Dolphins football team, Fleischer testified. He can't remember who brought it up but he said the conversation then turned to a growing controversy over the anti-war writings of Wilson, a former U.S. ambassador, who accused the White House of ignoring prewar intelligence on Iraq.

"Ambassador Wilson was sent by his wife," Fleischer recalled Libby saying. "His wife works for the CIA."

Fleischer said Libby also used the woman's name, Valerie Plame, and told him it was "hush-hush."

"My sense is that Mr. Libby was telling me this was kind of newsy," Fleischer said.

Fleischer said he heard about Plame again four days later aboard Air Force One from the White House communications director, Dan Bartlett. Bartlett was reading documents and began "venting" that reporters kept repeating Wilson's claim that Vice President Dick Cheney sent Wilson on a fact-finding trip to Niger.

"His wife sent him," Fleischer recalled Bartlett saying. "She works at the CIA."

Fleischer said he relayed that information to reporters from Time magazine and NBC. A reporter from Newsweek magazine also was there but may have walked away, he said. The reporters paid no attention to the comment, he testified.

"I never in my wildest dreams thought this information was classified," Fleischer testified.

Libby's attorneys plan to argue during cross-examination that the immunity deal makes Fleischer's testimony less credible.

Prosecutor Peter Zeidenberg sought to head off that argument early in Fleischer's testimony by having him describe his deal.

"I cannot be prosecuted for what I did with the information I was provided," Fleischer said. "The immunity provides no protection for perjury."

Libby says he was surprised to learn from NBC News reporter Tim Russert that Plame worked at the CIA. Anything he later told reporters about Plame was simply a repetition of what he learned from Russert, Libby said.

Special Prosecutor Patrick Fitzgerald's first witnesses were government employees who testified that they told Libby about Plame days before the Russert conversation. Fleischer is a key witness because, as Fitzgerald said in his opening statement: "You can't learn something on Thursday that you're giving out on Monday."

Nobody was ever charged with leaking Plame's identity. Libby is the only person charged in the case.

On the Net:

Documents for the Libby trial may be found at:

http://wid.ap.org/documents/libbytrial/index.html

Former Press Secretary Dispels Many Illusions (NYT)

By Scott Shane

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — As White House press secretary, Ari Fleischer was the omnipresent television face of government power, the confident insider who spoke for President Bush and seemed to know everything but reveal only what he chose.

In fact, as Mr. Fleischer disclosed in court testimony on Monday, he only knew what the truly powerful chose to tell him, and sometimes that was not much. On occasion he would pronounce with great authority the administration's position on a topic only to find it had changed and nobody had bothered to let him know.

In July 2003, for example, after Mr. Fleischer had spent months defending a 16-word sentence in the president's State of the Union address asserting that Iraq had sought uranium for nuclear weapons in Africa, he was directed not to repeat his assurances that the information was correct. But his bosses had not yet decided on their revised view.

"The worst place to stand as press secretary is where the ground is shifting," Mr. Fleischer told the jury in the perjury trial of I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff. "You can't say yes, and you can't say no."

When pressed by reporters on the issue, he said, "I basically punted."

Mr. Fleischer, 46, looking a little balder, a little plumper and a little less commanding than while he served in the White House from 2001 to 2003, often turned to the jury to explain White House ways. But he made a marked contrast with his once-familiar presence as master of administration spin.

In more than two years at the White House, he had deftly avoided saying "I don't know." Now, on the witness stand, it was clear that he often did not know. The job of spokesman placed him in a kind of no man's land between the news media and the policy makers. Sometimes, he suggested, he got no respect from either side.

Mr. Libby, for instance, generally would not tell him much.

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"Mr. Libby was not someone I used as a source in the White House," Mr. Fleischer tactfully put it. (The exception was at a farewell lunch with Mr. Libby for the departing Mr. Fleischer — their first and only one-on-one lunch, he said — that resulted in his being called as a prosecution witness.)

And reporters, for their part, either challenged what he said or ignored it entirely, Mr. Fleischer testified.

Mr. Fleischer recounted, for instance, how he pulled aside two White House reporters on a presidential trip to Uganda to tell them what he saw as a choice news morsel. Joseph C. Wilson IV, the former ambassador who was attacking the administration as twisting the prewar intelligence on Iraq, had been dispatched to Niger on a fact-finding trip not by Mr. Cheney, as Mr. Wilson had suggested, but by his own wife, Valerie Wilson, who worked at the Central Intelligence Agency, Mr. Fleischer told them.

The reporters, David Gregory of NBC News and John Dickerson, then of Time magazine, were unimpressed, Mr. Fleischer recounted.

"They didn't take out their notebooks," he said. "They didn't ask any follow-up questions. It was a great big 'so what.' "

This, Mr. Fleischer acknowledged, was not unusual.

"Like a lot of things I said to the press, it seemed to have no impact," he said, provoking loud guffaws from the score of reporters in the courtroom — including Mr. Dickerson, now with the online magazine Slate.

Mr. Fleischer's description of his experience as chief White House flack — the journalists' slang for a spokesman — echoed in some ways the testimony of the previous witness, Cathie Martin, who served as a spokeswoman for Mr. Cheney from 2001 to 2004.

Ms. Martin described how she and other "communicators" — that is, press officers and other members of the White House communications staff — had been excluded from high-level discussions about how George J. Tenet, then the C.I.A. director, would publicly take responsibility for the "16 words" on Iraq's quest for uranium. A Harvard Law School graduate, she seemed a bit miffed about the implied humiliation.

"Everybody was sort of in the dark," Ms. Martin testified. Mr. Libby, she added, "told me there had been a decision not to have communicators involved."

On another occasion, Ms. Martin told the court, she was "aggravated" that Mr. Cheney had directed Mr. Libby to talk to certain reporters and had not given the job to her.

But if the trial is exposing the diminished reality behind the job of White House spokesman, it is also offering an unaccustomed inside look at the news media. When Mr. Dickerson was named in testimony and his mug shot was projected for the jury, all eyes turned toward the man himself, taking notes in a back pew. A wave of whispers passed through the reporters present, and Mr. Dickerson shook his head, uneasy to become the focus of attention.

That moment is only the beginning of what is likely to be an extraordinary excursion by a criminal trial into the work habits and confidential contacts of the Washington press corps. Judith Miller, the former New York Times reporter who was jailed for three months for initially refusing to testify about her contacts with Mr. Libby, is expected to testify as early as Tuesday and to be the first of several high-profile reporters to be questioned on the stand about their work.

The Ba-Da-Boom Crew (WP)

By Eugene Robinson

The Washington Post, January 30, 2007

If you've been following the Lewis "Scooter" Libby perjury trial, I can understand how you might confuse Dick Cheney with Tony Soprano. Cheney's office is beginning to sound a lot like the Bada Bing, minus the dancers.

Court has been in session for only a week, and already we've heard about characters being set up (Libby, allegedly, to save political wizard Karl Rove), strung along (media bigwigs, who were to be played like patsies), buried in mud (former ambassador Joseph Wilson, who questioned the raison d'etre of the Iraq war) and ratted out (the famously leak-averse Cheney, revealed to be willing to leak like a washerless faucet when it suits his purposes).

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Cheney's no Tony, though. For one thing, Tony would never let one of his top henchmen go by a preppy-sounding handle such as "Scooter." For another, this kind of all-in-the-family mess would send Tony moping to his long-suffering shrink, whereas Cheney shows no inclination to deal with uncomfortable issues or face harsh realities.

Increasingly, the vice president is sounding as if he lives in a la-la land of his own imagining, a place beyond truth.

In Cheney's world, the Iraq war is an enormous success. The idea that anyone would think otherwise is hogwash. The midterm election doesn't seem to have happened yet -- some sort of time warp may be involved. Polls that show overwhelming public opposition to the war do not even merit a nod of acknowledgment.

And it's "out of line," as Wolf Blitzer learned, to ask Cheney about a glaring personal contradiction -- the administration he serves wants to ban gay marriage, and meanwhile his lesbian daughter and her life partner are having a baby. Cheney acts as if he's willing to go to any lengths to keep people from learning that on the subject of homosexuality, he's probably pretty enlightened.

Let's hope that Cheney isn't really out to lunch, that he's just playing politics. A conservative friend reminded me the other day that all the White House has left, in terms of public support, is the hard-line Republican right. Let's hope Cheney is just tossing out red meat to keep these stalwarts on the team.

But, yes, he is coming across as a little crazy. I'm glad he's not the Decider -- excuse me, now it's the Decision Maker.

Cheney's weirdness is almost enough to summon nostalgia for the days being revisited in the Libby trial, a time when Cheney and his minions at least were rational in their machinations. Forget the byzantine, eye-glazing details of the case and look instead at how the vice president's office operated.

The primary stated reason for the war -- Saddam Hussein's supposed nuclear weapons program -- had already been discredited, and now this guy Wilson was claiming that the White House knew beforehand that some of the most damning evidence of a nuclear program was bogus. Cheney convened a war council, organized an effort to counter Wilson's claims and then sent Libby out to leak anything that would make Wilson look less credible. In other words, they went after the messenger rather than the message.

One problem was that Cheney's office had been so taciturn that reporters rarely bothered to call, knowing that all they were likely to get was a cold shoulder. Cheney's former press aide testified that at one point there was a frantic search for a phone number for someone, anyone, at Newsweek. That leak finally had to be attempted via voice mail.

Flash forward to the point when it became clear that someone in this supposedly tight-lipped administration had leaked the fact that Wilson's wife, Valerie Plame, was a CIA agent. Amid much finger-pointing, the White House issued a statement that categorically absolved Rove of this potentially criminal leak -- but that didn't mention Libby.

You get the sense of Cheney and his crew as a semi-independent power center, a family within the larger family. You see them hunkered down in their office suite, much like Tony and crew in the back room of the Bada Bing, plotting ways to cover their behinds and do in their rivals -- whether those rivals are found in Baghdad, Tehran or the West Wing.

Scooter worried he was being thrown to the wolves, according to his attorney. A note scribbled by Cheney, the lawyer says, revealed that he had smelled a plan to "sacrifice the guy that was asked to stick his neck in the meat grinder."

Now that really sounds like something you'd expect to happen in Tony's world.

Reporter To Take Stand In CIA Leak Case (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, January 30, 2007

WASHINGTON -- Journalists will take center stage at the CIA leak trial as Special Prosecutor Patrick Fitzgerald begins calling reporters as witnesses.

Fitzgerald said Judith Miller was to take the stand Tuesday, the first time the former New York Times reporter has testified publicly against the man she went to jail to protect as a source.

I. Lewis "Scooter" Libby, the one-time chief of staff to Vice President Dick Cheney, is accused of perjury and obstruction for lying about conversations he had with journalists about outed CIA operative Valerie Plame.

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Miller spent 85 days in jail for refusing to cooperate with Fitzgerald's investigating and reveal her conversations with Libby. She retired from the Times in November 2005, declaring that she had to leave because she had "become the news."

Prosecutors say Libby discussed Plame -- the wife of prominent war critic Joseph Wilson -- with Miller three times. Two of those conversations occurred before Libby says he first remembered learning Plame's identity from another reporter, NBC newsman Tim Russert.

Libby now says his memory failed him when he spoke to Russert. Russert said Monday that he did not tell Libby about Plame. "I was not and never have been the recipient of the leak," Russert told an audience in Oklahoma City.

Such discrepancies are at the heart of Libby's trial. Previous witnesses, including former White House press secretary Ari Fleischer, have testified they had conversations with Libby about Plame before his conversation with Russert.

After Miller ultimately decided to testify, saying Libby had given her permission to do so, the Times published an article describing Miller as a rogue reporter who battled with editors and colleagues.

Like so many other government witnesses in the case, Miller's credibility will be an issue under cross-examination. She made some inconsistent statements in her grand jury testimony, defense attorneys say.

Journalism groups have criticized Fitzgerald for calling reporters as witnesses and demanding they discuss conversations with sources. Miller's notes likely will be used as evidence, and Fitzgerald is expected to call two other reporters -- Russert and Matthew Cooper of Time magazine -- during the trial.

Miller shared in a Pulitzer Prize for reporting on terrorism, but her relationship with the Times was strained when it was discovered that her reporting on the existence of weapons of mass destruction in Iraq -- the Bush administration's primary reason to go to war -- was built on faulty intelligence.

Russert: Not Source Of CIA Officer Leak (NSDY/AP)

By Murray Evans

Long Island Newsday, January 30, 2007

OKLAHOMA CITY -- NBC News reporter Tim Russert said Monday that he did not tell vice presidential aide I. Lewis "Scooter" Libby that a prominent war critic's wife worked at the CIA, as Libby has claimed.

Russert, who spoke in Tulsa and Oklahoma City at functions sponsored by Oklahoma State University's Spears School of Business, said he expects to be called to testify in Libby's federal perjury and obstruction trial in Washington.

Libby's indictment grew out of conversations he had with Russert, Time magazine reporter Matthew Cooper and former New York Times reporter Judith Miller in June and July 2003. Libby claimed any information he had about CIA operative Valerie Plame came from Russert and other reporters.

"I was not and never have been the recipient of the leak," Russert said. "Everyone acknowledges that. The question is, when Libby called me, what did he say? He called in protest to something he had seen on MSNBC 'Hardball,' and that was the extent of it."

"He didn't call me as a confidential source, as such," he said. "He was calling me as a viewer to complain."

Russert said that if he had known of Plame's connection to former U.S. Ambassador Joseph Wilson, a Bush war critic and Plame's husband, or that she worked for the CIA, "believe me, NBC would have been up front on the story and not reading about it in Robert Novak's column."

Novak, a conservative columnist, named Plame in a column on July 14, 2003. Eight days earlier, Wilson's opinion piece had appeared in the New York Times. Russert said that he didn't know the name of Wilson's wife or that she worked for the CIA until he read Novak's column, which was after Libby's complaint call.

Feds Plan $200M Grant Program Aimed At Curbing Violent Crime (USAT)

By Kevin Johnson

USA Today, January 30, 2007

The Bush administration is proposing a $200 million grant program to help law enforcement agencies respond to surging violent-crime rates in cities across the nation, Justice Department officials said Monday.

DOJ_NMG_0124125

The program would help local and state police agencies pay for officers' overtime, equipment and other expenses stemming from new regional task forces aimed at curbing violent crime, Domingo Herraiz, director of the Justice Department's Bureau of Justice Assistance, told USA TODAY.

The program has not been announced publicly; Attorney General Alberto Gonzales is scheduled to begin briefing law enforcement officials on it this week.

The task forces would be staffed with federal, state and local officers to deal with a range of growing crime problems, including recent increases in gang-related violence, gun-related crimes and illegal sales of methamphetamine.

The grant plan marks the administration's broadest recognition yet of the threat posed by rising violent-crime rates.

The FBI reports that violent crimes — homicides, rapes, robberies and aggravated assaults — increased 2.3% nationwide in 2005 compared with 2004, the first such rise since 1991. The trend has continued through the first half of 2006, the FBI reports.

If approved by Congress as part of President Bush's spending plan for the budget year that begins in October, the program also would symbolize a renewed interest in federal funding for local police initiatives, which often have taken a backseat to homeland security programs since the Sept. 11, 2001, terrorist attacks.

The grant program — known as the Violent Crime Reduction Partnership Initiative — would not, however, be designed to help police agencies hire new officers.

Instead, it would allow local and state agencies to apply for grants of $30,000-$200,000 to better deploy and equip officers who make up the anti-crime task forces, said Herraiz and Assistant Attorney General Rachel Brand, the Justice Department's director legal policy.

Herraiz said dozens of cities could be eligible for the grants. He said agencies applying for grants would have to outline specific strategies to attack violent crime, and show improvements in crime rates to be eligible for further funding.

Police chiefs' groups such as the Police Executive Research Forum have called repeatedly for the White House to reprise the Clinton administration's $8 billion police hiring program that added tens of thousands of officers to the nation's streets.

Chuck Wexler, executive director of the group, said the grant program falls well short of that, but "is a step in the right direction."

"It is encouraging that the Justice Department recognizes the significant change in violent crime across the country," he said.

Man In Internet Sex Sting Sentenced (NTHWSTT)

By Joe Carlson

Northwest (IN) Times, January 30, 2007

FEDERAL COURT: Man draws one of the first 10-year sentences for child sexual enticement

HAMMOND | A 21-year-old Indiana man became one of the first in the nation Monday to receive a 10-year prison term for attempting to sexually entice a child through an Internet chatroom.

Mark Gledhill, of Syracuse, was nabbed along with 25 other men last summer in a wide-ranging federal sting for child sexual predators who use chatrooms to lure their victims.

Gledhill was among the half-dozen men in the sting who earlier pleaded guilty. He became the first to receive his sentence in U.S. District Court in Hammond.

The Adam Walsh Child Protection and Safety Act of 2006, which was signed into law by President Bush on July 27, increased the penalty for child enticement and other sex crimes to a 10-year minimum.

Weeks later, Gledhill and two dozen others were indicted in the Northern District of Indiana for enticement as part of Attorney General Alberto Gonzales' Project Safe Childhood.

Gledhill was caught after he allegedly had sexual chats over the Internet with a government agent posing as a 13-year-old girl. He was arrested after driving to Valparaiso to meet the "girl."

FBI Inquires About Miller Land Deals (SGVT)

By Fred Ortega And Gary Scott, Staff Writers

DOJ_NMG_0124126

San Gabriel Valley Tribune, January 30, 2007

MONROVIA -- FBI investigators have contacted current and former city officials in Monrovia and Fontana about Rep. Gary Miller's land sales in those cities.

Miller, R-Brea, came under public scrutiny in August when a government watchdog group filed a complaint with the Internal Revenue Service alleging that Miller failed to report or pay capital gains tax on a nearly $11.8 million sale of 165 hillside acres to the city of Monrovia for a wildland preserve.

A former Monrovia mayor confirmed FBI agents contacted her about Miller in December, and Monrovia city officials acknowledged Monday that federal agents had requested documents from them in the past three weeks. A Fontana redevelopment official said he was contacted by an FBI agent several months ago about the congressman.

Officials with the IRS and the FBI would not confirm that they are investigating Miller.

Miller, 58, represents the 42nd District, which stretches from Diamond Bar to Mission Viejo and includes Whittier, Rowland Heights, La Habra Heights, Chino Hills, Chino and La Habra.

Miller said Friday that he was unaware of any federal investigation into his land dealings and knew of no reason why there would be an inquiry.

"It surprises me," he said. "I have no idea why they would (be investigating). There has been no impropriety."

Reached Monday, Miller said that he asked the House ethics committee late last year to review his business transactions to put an end to what he called months of media speculation.

Former Monrovia Mayor Lara Larramendi said FBI agents contacted her by telephone last month about Miller after a series of news stories appeared detailing the congressman s various land deals.

"They are just following up on their research based on what they ve read about the goings on in Monrovia and in Rancho Cucamonga and in Fontana about his use of the tax code," Larramendi said.

Monrovia spokesman Dick Singer said federal agents have contacted city officials, but he refused to comment on any specifics or to name the agency that had contacted the city.

City Manager Scott Ochoa added that Monrovia is part of a "timeline of events" involving Miller. When asked whether his staff had been contacted about the congressman, Ochoa said only that federal agents had asked him to use the "utmost discretion" if asked about an inquiry.

Ray Bragg, the redevelopment special projects director for the city of Fontana, said FBI agents called his office "a couple of months ago" and asked him to confirm details about Miller's business dealings with the city that had appeared in a Los Angeles Times article.

Miller said he was forced to sell the Monrovia land in 2002 under threat of eminent domain. He then invoked Internal Revenue Code 1033, which gives taxpayers up to two years to reinvest any capital gains from a forced sale.

Miller, a real estate developer, used the same IRS clause to shelter capital gains from a $5 million sale of 10 parcels to the city of Fontana in 2005, land which he had bought with the proceeds from the Monrovia sale.

Fontana and Monrovia city officials have said that in both cases Miller was a willing seller and that eminent domain was never used to buy the land.

But officials with Citizens for Responsibility and Ethics in Washington, which filed the August complaint with the IRS, contend Miller may have engaged in tax evasion.

Miller's spokesman Scott Toussaint said that if the congressman is contacted by authorities, he will cooperate fully. Miller has in the past produced letters from both Monrovia and Fontana officials stating that eminent domain could have been used to acquire his properties.

"He has nothing to hide," Toussaint said.

Miller said months of rumor and speculation in the media about his business transactions led him to contact the House ethics committee.

"I gave them all the articles and all the documentation on my real estate transactions and asked them for their opinion, " said Miller, adding that he turned over three large folders of documents to the committee. "I am sick to death of these baseless charges being made against me in the newspapers."

Miller said he did not know what agency the committee uses to conduct its investigations. A call to the FBI late Monday asking whether its agents are assisting the congressional ethics panel was not returned.

Former Monrovia Councilman Victor Franco and current Councilman Tom Adams, both of whom were serving on the council at the time of the Miller land sale, said they had not been contacted by any federal agency.

Mayor Rob Hammond, who was also part of the council that approved the Miller deal, did not return multiple calls seeking comment.

Miller is attempting to develop a 381-acre property in the Rancho Cucamonga foothills, where he has proposed to build a 110-home, high-end housing tract. Neighboring residents are fighting the development.

Miller lives in Diamond Bar. He was first elected to Congress in 1998 and ran for re-election unopposed in 2006.

Staff Writer George Watson contributed to this story.

Former Coke Secretary Testifies In Conspiracy Trial (SDUT/AP)

By Harry R. Weber, Associated Press

The San Diego Union-Tribune, January 30, 2007

ATLANTA – A former Coca-Cola secretary charged with conspiring to steal trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi denied at her trial Monday that she committed a crime.

Asked by her lawyer if she took part in a conspiracy, a teary-eyed Joya Williams told jurors she did not.

"No. We never talked about anything like that whatsoever," Williams said, referring to her and two co-defendants.

Of co-defendant Edmund Duhaney, Williams said, "That was my family. I don't have any of them anymore. Nobody. And I wouldn't even jeopardize that."

She added, "I did not do this. I did not try to conspire."

Williams, 41, testified she took documents from her employer home to protect herself.

The government has alleged that Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

"Can you tell the jurors how those bottles ended up at your home?" defense lawyer Janice Singer asked Williams, referring to Coca-Cola product samples found in Williams' possession when she was arrested.

"Once again, it was me trying to protect myself," Williams told jurors.

Williams said her boss at the Atlanta-based company, Javier Sanchez Lamelas, had told her she needed to be more familiar with everything that he did so she could be more prepared as his administrative assistant.

"Javier told me that I was an extension of him," Williams told jurors. He said, "If you're going to read, read about this company," according to Williams.

Williams testified that Sanchez Lamelas, Coca-Cola's global brand director, was constantly on her back, so in a desperate attempt to hold onto her $46,000-a-year job she started copying every document she put her hands on and taking them home.

"I was just making so many mistakes, so I just started keeping everything with me, so if he called ... I would have everything with me," Williams said.

Williams said she needed to hold onto the job because the company health insurance paid for her medications for immune deficiency and pulmonary disorders she suffers from.

Williams also said she was having trouble communicating with her bilingual boss because of his Spanish accent.

"I was having a lot of problems with remembering," Williams said. "I just could not get a grip on it the way he felt I should."

Williams faces up to 10 years in prison if convicted of conspiracy. Two co-defendants, Duhaney and Dimson, have pleaded guilty and are awaiting sentencing. They had been scheduled to be sentenced Monday, but that was expected to be delayed until sometime after Williams' trial is over.

Williams, who has pleaded not guilty, was fired from her job at Coke after the allegations came to light.

In other testimony Monday, Williams said she had left a key for one of the co-defendants to get into her home; her lawyer has alleged the two co-defendants stole the documents from Williams and that she never conspired with them.

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Williams also told jurors she routinely took home company documents from the places she worked.

Williams took the stand as the second and final witness in the defense case. Defense lawyer Singer said she would not call a third witness as originally planned.

The only other witness for the defense was a Coca-Cola human resources official who testified Williams was having trouble in her job but was excited to be working for the company.

Williams said when she worked for Nextel Communications Inc. in 1997 and Coca-Cola Enterprises, the largest bottler for The Coca-Cola Co., in 2001, she often took home documents from her jobs.

“I took them home because I didn't finish them at work and I was supposed to finish them, and I didn't want to get in trouble,” Williams told jurors.

The defense was trying to show that there was nothing nefarious about all the Coca-Cola Co. documents that were found in Williams' home when she was arrested on July 5. Williams said she even still had some of the documents from Nextel, now owned by Sprint, and CCE.

“I thought I had destroyed all of them when the FBI came, but I had so much stuff,” Williams said.

The government rested its case earlier Monday.

U.S. District Judge J. Owen Forrester then denied a defense request to dismiss the indictment.

The jury will begin deliberating after closing arguments, which could be made as early as Tuesday.

The government's final witness was FBI agent Jerry Reichard, who testified Monday about a $4,000 cash deposit that posted to Williams' bank account on June 19, 2006. That was three days after Reichard gave Dimson $30,000 in cash in exchange for a sample of a new Coca-Cola product that was part of so-called Project Lancelot.

The money exchange between Dimson and Reichard occurred at the Atlanta airport. Reichard, who Dimson thought was an intermediary for Pepsi, said he put the cash in a girl scout cookie box. Williams testified Monday she got the cash from a friend, not from Dimson or Duhaney, and that it wasn't payment for Coke documents.

Singer has described Dimson and Duhaney as seasoned liars and ex-cons who would say anything to lessen their guilt in the scheme. Duhaney, as part of a plea agreement with the government, testified that Williams spearheaded the scheme. Dimson was not called as a government witness.

Reichard also acknowledged Monday under cross-examination that three other people who were supposed to get money or gifts from Dimson from the proceeds of the scheme were never charged in the case, and at least one of them was never interviewed by the FBI.

Alleged Coke Spy Tearful At Trial Former Secretary Says Of Allegations She Conspired To Sell Company Secrets: 'I Did Not Do Any Of This.' (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 30, 2007

Joya Williams cried Monday as she told jurors she did not conspire to steal Coke trade secrets and sell them to Pepsi.

"I did not do any of this," the 41-year-old former Coca-Cola secretary said on day six of her trial.

During two hours of testimony, Williams tried to convince jurors she was a victim of two ex-cons who pleaded guilty to trying to sell secret Coke documents to an undercover FBI agent last year for $1.5 million.

Williams said one of those men, Edmund Duhaney, was a longtime family friend. Williams said she is the godmother of Duhaney's two children, but now the family considers her "the enemy."

Prosecutors say Williams and Duhaney conspired to sell confidential documents and experimental product samples.

"No," she said under questioning from her attorney, Janice Singer. "We never talked about anything like that whatsoever. ... That was my family, I don't have any of them anymore. Nobody."

Williams said when she was arrested on July 5, she struggled to understand why.

"It scared the crap out of me. I didn't know what was going on," she said. "They all had guns pointed at me."

Last week, Duhaney testified that he gave $4,000 in cash to Williams from money he got from the undercover FBI agent. Prosecutors on Monday provided bank statements showing Williams deposited $4,000 cash into her bank account just days after Duhaney met with the agent.

Williams said the cash came from a friend in Alpharetta who has not been called to testify in the case.

Williams told jurors she took documents home from four different companies, including Coke, since 1995. Williams stored the documents in an office in her Norcross apartment.

"Up until this happened I didn't think anything was wrong," she said.

Williams said she showed authorities the cache of documents after she was arrested.

"I was like, why are y'all tripping?" Williams said.

Williams said she took some of the corporate documents home from the various jobs because she got sick and couldn't keep up with her work.

"I didn't finish them at work and I was supposed to finish them," she said.

Williams said she was diagnosed with lupus several years ago while working at Coca-Cola Enterprises, Coke's chief bottler. She also said she has a chronic disease affecting her lungs. Williams said she takes "about 10 medications."

Williams took a job at Coke in early 2005. She was responsible for scheduling meetings and travel for her boss, Javier Sanchez Lamelas, who is in charge of marketing soft drinks with Coke in the name.

"Coke is like nothing you've ever experienced," Williams said. "It's like a whole city within that company. There's so much you have to know."

Williams said her boss often reprimanded her for not remembering executives' names that he worked with and for failing to fulfill her duties. She said Sanchez Lamelas gave her a book once about how to cultivate emotional intelligence.

Williams said Sanchez Lamelas was demanding but that she "loved him." She said Coke had provided him with a "behavior coach" to help him keep his anger in check.

"A lot of it maybe just has to do with the [Coke] culture and he's very in your face, not patient, no mistakes," she said.

Singer struggled to keep Williams on track several times during her testimony. Williams' answers often wandered and she had trouble remembering dates when discussing her various jobs.

Williams will face cross-examination by prosecutors today, and closing arguments in the case are expected Wednesday. Prosecutors wrapped up their case Monday.

Williams is charged with one count of conspiracy to steal trade secrets. She faces a possible 10 years in prison if convicted.

Two co-defendants in the case, Duhaney, of Decatur, and Ibrahim Dimson of New York, pleaded guilty in October to the single conspiracy charge. They are awaiting sentencing.

The government has alleged that Williams stole the materials from Coke and gave them to Dimson and Duhaney as part of a conspiracy to sell the items to PepsiCo for at least $1.5 million.

Williams says she removed company materials for innocent reasons and was dragged into the scheme unwittingly.

PepsiCo alerted Coke to the offer of documents-for-sale, and the FBI was called in.

MS-13 Member In Jail, Accused Of Cutting Off Couple's Heads (KHOU)

By Jeff McShan

KHOU-TV, January 30, 2007

An MS-13 gang member accused of cutting off the heads of his girlfriend's parents is in custody in Houston.

In late September, FBI agents and Houston police were involved in a shootout with MS-13 gang members in a hotel parking lot on the city's southeast side. Our cameras were there that night.

That night an FBI agent was wounded, but when it was all said and done, four gang members were apprehended and taken to jail.

A fifth suspect, 26-year-old Albin Zelaya, somehow managed to get away.

The dangerous man fled Houston, crossed the border and eventually ended up in Honduras, where he was spotted just outside the tiny town of San Pedro Sula.

11 News discovered this because on a Honduran newspaper website called Tiempo, we found an article where local authorities claim Zeleya decapitated his former in-laws. They claim he beheaded them with an ax while their 10-year-old son watched.

The article said the gruesome murder happened on Christmas day.

Zeleya reportedly told grieving relatives as he fled the scene that he killed the couple because their daughter broke up with him.

Apparently, no one knew Zeleya's whereabouts until this past weekend.

HPD sources told 11 News the department's gang squad found him here and was able to arrest him over the weekend.

The department was assisted by HPD SWAT and, we were told, the FBI.

Zelaya, believed to be involved in numerous crimes here, is currently charged with burglary and is being held without bond in the Harris County jail.

Earlier Monday, he made an appearance in federal court because of his illegal re-entry into the U.S.

HPD's Gang Division, working with the FBI, ATF and ICE, has arrested numerous MS-13 gang members since it was reorganized under the direction of Capt. Michael Graham.

11 News cameras were there just after two MS-13 gang members were shot and killed by FBI agents in November of 2005. There were two others wounded.

The war on gangs continues.

Tuesday, HPD will say more about the arrest Zeleya and five other alleged MS-13 members.

4 Convicted Of Watching Cockfights (AP)

AP, January 30, 2007

LAWTON, Okla. - A federal jury has convicted four men of being spectators at a cockfight held on Indian land south of Carnegie, U.S. Attorney Sheldon Sperling said Monday.

The jury convicted Clay McHone, 47, of Harrah; Carl "Hank" Bardsher, 46, of Lawton; Donald Underwood, 71, of Foster; and Robert Langford, 54, of Wichita Falls, Texas.

The jury could not reach a unanimous decision on a second charge against McHone for transporting, delivering, sponsoring or exhibiting an animal in an animal fighting venture, Sperling said.

U.S. Magistrate Judge Shon Erwin presided over the jury trials.

Agents from the FBI and the Bureau of Indian Affairs, aided by Oklahoma Highway Patrol troopers, raided the T.F.C. Cockfighting Facility where the cockfights were being held on July 22, and federal authorities eventually charged 75 people with various cockfighting offenses, Sperling said.

Seventy of those have been prosecuted in federal court for attending the cockfight, and 11 of the 70 also were charged with transporting animals for participation in an animal fighting venture. Most of the 70 have entered guilty pleas and been assessed fines ranging from $300 to $600, Sperling said.

Two defendants still have trials pending, and another, Jason McHone, 25, of Harrah, did not appear for a jury trial this week. Sperling said a warrant has been issued for Jason McHone's arrest.

Two others are awaiting sentencing after entering guilty pleas.

Sperling said 15 illegal immigrants were taken into custody during the cockfighting raid and later deported and that all of the game fowl at the arena were euthanized at the scene.

"Federal law outlaws animal fighting, whether or not the fight is held on Indian Country," Sperling said. "Oklahoma's anti-cockfighting law is applicable in Indian Country and gamefowl enthusiasts should know that tribal lands off no 'safe haven' for animal fighting anywhere in the state of Oklahoma."

FBI Agents Arrest Man At Mall St. Matthews (LCJ)

By Charlie White, The Courier-Journal

Louisville Courier-Journal, January 30, 2007

Authorities said he was trying to meet a 14-year-old girl for sex

A Lyndon man was arrested by federal agents inside Mall St. Matthews Monday afternoon after authorities said he tried to meet a 14-year-old girl there for sex.

Kishor Patel, 39, of the 8200 block of Coppercreek Drive, was taken into custody and will be arraigned in federal court Tuesday, said David Beyer, a spokesman for the Federal Bureau of Investigation office in Louisville.

Beyer said Patel had a "look of surprise on his face" as FBI agents handcuffed him and walked him out of the mall about 2:30 p.m.

Otherwise, the arrest took place without incident, Beyer said.

Tracy Reinhold, special agent in charge of the FBI's Kentucky office, said Patel had been communicating online with an undercover agent whom Patel believed to be a 14-year-old girl.

In online discussions initiated by Patel, he made plans to meet his correspondent at the mall, then take her somewhere fox sex, authorities said.

Reporter Charlie White can be reached at (502) 582-4653.

Serial Child Molester Receives Maximum Term In California (NYT)

By Carolyn Marshall

The New York Times, January 30, 2007

SAN FRANCISCO, Jan. 29 — A man who the authorities said had sexually abused hundreds of young boys in several states was sentenced Monday in a California courtroom to 152 years to life in prison for molesting two 12-year-olds.

The man, Dean Arthur Schwartzmiller, 65, was convicted by a Santa Clara County jury last year for sexually abusing the two boys at his San Jose home from 2002 to 2005. On Monday in San Jose, he was given the maximum penalty for the 11 felony charges of child molestation and one misdemeanor charge of possessing child pornography.

The authorities have labeled Mr. Schwartzmiller, a former handyman, one of the "most prolific child molesters" in United States history.

At the time of his arrest in May 2005, a police search of his home led to the discovery of written accounts describing his sexual exploits with boys ranging in age from 8 to 18, some dating back decades. The manuscripts included at least seven spiral notebooks with 1,500 pages of log entries detailing the sexual acts he said he had performed on hundreds of boys.

"If anyone deserved the maximum sentence, it was Mr. Schwartzmiller," said a Santa Clara County prosecutor, Steven Fein, who tried the case.

Mr. Schwartzmiller, who represented himself during most of the three-week trial, has already filed an appeal in the Santa Clara County Superior Court, said a defense lawyer who handled the sentencing proceedings. The lawyer, Melinda Hall, a Santa Clara County public defender, said the sentence should have been no more than 30 years to life.

"The sentence wasn't unexpected," Ms. Hall said, "but I don't know if it will survive on appeal."

Ms. Hall said the United States Supreme Court on Jan. 22 ruled on a California case that might favor Mr. Schwartzmiller on appeal. The court ruled that California's sentencing laws, which allow judges to weigh aggravating factors in setting a sentence, were unconstitutional. The court said that if additional factors were considered, a jury must first review them.

Mr. Fein said he remained confident that Mr. Schwartzmiller, who was convicted in several other states but eventually freed, would spend the rest of his life in prison. Mr. Fein said both the police and legal investigators were able to confirm a large number of the sexual abuses described in Mr. Schwartzmiller's detailed logbooks, which had category headings like "blond boys" and "boys who just cried."

Mr. Schwartzmiller argued that the entries were fiction.

The final tally of victims, Mr. Fein said, included 250 boys molested in Idaho, Oregon and several other states over the last 35 years.

In addition to the two boys in this case, six other former victims, now in their late 20s to late 50s, traveled to California to face their abuser in court.

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Mr. Fein said it was difficult to listen to the testimony because Mr. Schwartzmiller went into “excruciating detail” during his cross-examination of the witnesses.

“It was almost hard to sit through,” Mr. Fein said. “It was clear they were being victimized all over again.”

Man Sentenced To Probation In Fake Hazmat Incident (NSDY)

Long Island Newsday, January 30, 2007

HARTFORD, Conn. -- An Uncasville man was sentenced to two years of probation Monday for lying to federal authorities about being the victim of a chemical attack.

Robert Robishaw, 40, pleaded guilty in November to one count of making false statements to the Federal Bureau of Investigation, prosecutors said.

He was sentenced in U.S. District Court in Hartford nearly a year after telling Groton fire authorities that an unknown substance fell out of a newspaper that he purchased at a Waterford convenience store. He told authorities the off-white, powdery substance caused his skin to turn red and tingle.

The report prompted a massive hazardous materials response in Waterford and Groton and sent eight people to the hospital for decontamination. The substance turned out to be cigarette ash that prosecutors say Robishaw put in the newspaper.

He faced up to five years in prison.

U.S. District Judge Robert N. Chatigny ordered him to get mental health counseling and treatment while he is on probation.

Florida Man Gets Probation In Bomb Hoax Case At Airport (BRAH)

The Bradenton Herald, January 30, 2007

LOS ANGELES - A federal judge sentenced a Florida man to two years probation for calling in a fake bomb threat after arriving too late to board his flight at Long Beach Airport.

Yechezkel Wells, 22, of Miami Beach, also was ordered Monday to spend six months confined to his home, perform 200 hours of community service and pay a $1,000 fine.

Wells pleaded guilty in October, acknowledging he made the fake threat in an effort to keep his Jet Blue flight to Fort Lauderdale from leaving.

Court documents said Wells arrived 10 minutes before the Aug. 26 flight and was turned away at the check-in counter. Upset, he walked over to a pay phone and called 911.

The flight was delayed while bomb-sniffing dogs searched the plane, and FBI agents detained Wells for questioning.

U.S. District Judge Florence-Marie Cooper called Wells' hoax "incredibly stupid."

"The conduct is really quite astonishing and could have been dangerous to a lot of people," the judge said.

Defense attorney Donald Etra, who once described Wells' act as "unbelievably bad judgment," said his client learned his lesson.

"He's 22 years of age and he certainly has a lot yet to learn from the world," Etra said. "He's learned you don't mess with the airlines and you don't mess with airline safety."

Troutman Denies Possible Drug Possession (WBBM)

WBBM-TV, January 30, 2007

CHICAGO (WBBM) -- As she fights federal corruption charges, 20th Ward Alderman Arenda Troutman now says it was a dietary aid, not drugs that were found in her possession.

WBBM Political Editor Craig Dellimore has that story.

Arenda Troutman’s accused of taking bribes—and is fighting those charges—but federal agents reported finding a bagged, white powdery substance in an office desk that could be drugs.

Not true, Troutman tells reporters at City Hall, it couldn’t be.

Troutman says she doesn't do drugs, and she believes the powder fround was psyllium husk, a substance vegetarians like her use to clean out their digestive systems. And she says the FBI should have known that immediately.

FBI spokesman—Agent Ross Rice—says no field test was performed on the powder because such tests can be unreliable and results from the crime lab haven't been received yet.

The FBI denies Troutman's suggestion that the agency just trying to muddy up her character.

Judge: Convicted Ex-alderman Can Run (CHIT)

Tribune Staff Report

Chicago Tribune, January 30, 2007

Former Ald. Virgil Jones (15th), who was convicted on corruption charges in 1999, can run to regain a seat on the City Council in the Feb. 27 election, a Cook County judge decided Monday.

Circuit Judge Alfred Paul ruled that a state law that would ban Jones from the race is unconstitutional because it applies only to ex-felons running in local races and not statewide elections.

Paul's ruling affirmed the decision of the Chicago Board of Election Commissioners, which said earlier this month that Jones and other ex-felon candidates had the right to be on the ballot.

Jones was convicted of pocketing $7,000 in payoffs from an FBI informant and was sentenced to 41 months in prison.

Chicago resident Readonia Bryant, who sued to overturn the board's decision regarding Jones, plans to appeal, said his attorney, Clint Krislov of Chicago.

Election board spokesman Tom Leach said Monday that election officials welcome an appeal because it would help settle the issue and avoid future legal challenges.

On Friday, another Cook County judge ruled that former Ald. Ambrosio Medrano (25th) should remain on the ballot despite a 1996 corruption conviction.

Editorial: TIME FOR FEDS TO ACT IN CITY HALL PROBE (NIAGFR)

Niagara Falls Reporter, January 30, 2007

Thursday, May 3, will mark the two-year anniversary of the day agents of the Federal Bureau of Investigation came to the offices of this paper and left with unimpeachable documentation attesting to the fact that Mayor Vincenzo V. Anello took $40,000 from downtown developer "Smokin' Joe" Anderson immediately before and just after being elected in 2003.

Shortly afterward -- at a highly publicized press conference -- the U.S. Department of Justice announced the formation of an official corruption task force to look into the matter, and a federal grand jury in Buffalo was impanelled to hear evidence in the case. Numerous City Hall employees and elected officials were subpoenaed, and FBI agents interviewed even more.

Even more evidence surfaced showing Anello wasn't averse to doing a little business on the side. It turned out he'd also taken an under-the-table payment from the sister of one of the principals of Greater Niagara Sports, the company involved in the supposed redevelopment of the city's Hyde Park Golf Course.

Both Anderson's companies and GNS received highly favorable deals "negotiated" by Anello as mayor.

The FBI agents involved believed they had developed an airtight case. But the Justice Department began dragging its heels on the matter after Michael Battle was replaced by Terrance Flynn as Buffalo's U.S. Attorney in 2006. Investigators are frustrated by the delay, and one longtime FBI man requested and received a transfer off the task force in protest.

By May 3, just 13 weeks away, the campaign season will be in full swing. Anello has shown every intention of seeking re-election, and confused Niagara Falls voters will be put in the unenviable position of having to decide for themselves whether Anello is a criminal suspect about to be indicted or an innocent man wrongly tarnished by an overzealous federal investigation.

It's time for Flynn to either press charges or drop them, with the same sort of ballyhoo that attended the announcement of the investigation's beginning. To do any less would make the Justice Department guilty of perpetrating a gross injustice indeed.

A Lively Market, Legal And Not, For Software Bugs (NYT)

By Brad Stone

The New York Times, January 30, 2007

Microsoft says its new operating system, Windows Vista, is the most secure in the company's history. Now the bounty hunters will test just how secure it is.

When its predecessor, Windows XP, was released five years ago, software bugs were typically hunted by hackers for fame and glory, not financial reward. But now software vulnerabilities — as with stolen credit-card numbers and spammable e-mail addresses — carry real financial value. They are commonly bought, sold and traded online, both by legitimate security companies, which say they are providing a service, and by nefarious hackers and thieves.

Vista, which will be installed on millions of new PCs starting today, provides the latest target.

This month, iDefense Labs, a subsidiary of the technology company VeriSign, said it was offering $8,000 for the first six researchers to find holes in Vista, and $4,000 more for the so-called exploit, the program needed to take advantage of the weakness.

IDefense sells such information to corporations and government agencies, which have already begun using Vista, so they can protect their own systems.

Companies like Microsoft do not endorse such bounty programs, but they have even bigger problems: the willingness of Internet criminals to spend large sums for early knowledge of software flaws that could provide an opening for identity-theft schemes and spam attacks.

The Japanese security firm Trend Micro said in December that it had found a Vista flaw for sale on a Romanian Web forum for $50,000. Security experts say that the price is plausible, and that they regularly see hackers on public bulletin boards or private online chat rooms trying to sell the holes they have discovered, and the coding to exploit them.

Especially prized are so-called zero-day exploits, bits of disruption coding that spread immediately because there is no known defense.

Software vendors have traditionally asked security researchers to alert them first when they find bugs in their software, so that they could issue a fix, or patch, and protect the general public. But now researchers contend that their time and effort are worth much more.

"To find a vulnerability, you have to do a lot of hard work," said Evgeny Legerov, founder of a small security firm, Gleg Ltd., in Moscow. "If you follow what they call responsible disclosure, in most cases all you receive is an ordinary thank you or sometimes nothing at all."

Gleg sells vulnerability research to a dozen corporate customers around the world, with fees starting at $10,000 for periodic updates. Mr. Legerov says he regularly turns down the criminals who send e-mail messages offering big money for bugs they can use to spread malicious programs like spyware.

Misusing such information to attack computers or to aid others in such attacks is illegal, but there appears to be nothing illegal about the act of discovering and selling vulnerabilities. Prices for such software bugs range from a couple of hundred dollars to tens of thousands.

Microsoft is not the only target, of course. Legitimate security researchers and underground hackers look for weaknesses in all commonly used software, including Oracle databases and Apple's Macintosh operating system. The more popular a program, the higher the price for an attacking code.

The sales of Vista faults will therefore continue to trail the sale of flaws in more widely used programs, even Windows XP, for the foreseeable future.

"Of course it concerns us," Mark Miller, director of the Microsoft Security Response Center, said of the online bazaar in software flaws, which it has declined to enter. "With the underground trading of vulnerabilities, software makers are left playing catch-up to develop updates that will help protect customers."

Throughout the 1990s, software makers and bug-hunters battled over the way researchers disclosed software vulnerabilities. The software vendors argued that public disclosure gave attackers the blueprints to create exploitative programs and viruses. Security researchers charged that the vendors wanted to hide their mistakes, and that making them public allowed companies and individual computer users to protect their systems.

The two sides reached an uneasy compromise. Security researchers would inform vendors of vulnerabilities, and as long as the vendor was responsive, wait for the release of an official patch before publishing code that an attacker could use. Vendors would give public credit to the researcher. The détente worked when most researchers were motivated by acclaim and a desire to improve security.

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But "in the last five years the glory seekers have gone away," said David Perry, global education director at Trend Micro. "The people who are drawn to it to make a living are not the same people who were drawn to it out of passion."

In 2002, iDefense Labs became one of the first companies to pay for software flaws, offering just a few hundred dollars for a vulnerability. It administered the program quietly for a few years, then answered early critics by arguing that it was getting those bugs out into the open and informing software makers, at the same time as clients, before announcing them to the general public.

"We give vendors ample time to react, and then we try to responsibly release them," said Jim Melnick, the director of threat intelligence at iDefense.

In 2005, TippingPoint, a division of the networking giant 3Com, joined iDefense in the nascent marketplace with its "Zero-Day Initiative" program, which last year bought and sold 82 software vulnerabilities. IDefense said its freelance researchers discovered 305 holes in commonly used software during 2006 — up from 180 in 2005 — and paid $1,000 to $10,000 for each, depending on the severity.

Security researchers warmed to the idea that vulnerabilities were worth real dollars. In December 2005, a hacker calling himself "Fearwall" tried to sell on eBay a program to disrupt computers through Excel, Microsoft's spreadsheet program. Bidding reached a paltry $53 before the auction site pulled it.

Nevertheless, several Internet attacks in the following months exploited flaws in Excel, suggesting to security experts that its creator ultimately found other ways to sell it.

In January 2006, a Moscow-based security company, Kaspersky Labs, found more evidence of an emerging marketplace for software bugs. Russian hacking gangs, it disclosed at the time, had sold a "zero-day" program aimed at the Microsoft graphics file format, Windows Metafile or WMF. The price: $4,000.

The program was widely used that month and allowed criminals to plant spyware and other malicious programs on the computers of tens of thousands of unsuspecting Internet users. Microsoft rushed out a patch.

It had to distribute another patch in September, to counter one more malicious program, which involved a flaw in the vector graphics engine of Internet Explorer, that enabled further cyber mischief.

Marc Maiffret, co-founder of eEye Digital Security, a computer security company, said prices in the evolving black market quickly proved higher than what legitimate companies would pay. "You will always make more from bad guys than from a company like 3Com," he said.

Even ethical researchers feel that companies like iDefense and TippingPoint do not adequately compensate for the time and effort needed to discover flaws in complex, relatively secure software.

And some hackers have little ethical compunction about who buys their research, or what they use it for. In a phone interview last week arranged by an intermediary in the security field, a hacker calling himself "Segfault," who said he was a college-age student in New York City, led a reporter on an online tour of a public Web site, ryan1918.com, where one forum is provocatively titled "Buy-Sell-Trade-0day."

Segfault, who said he did not want to reveal his name because he engages in potentially illegal activity, said the black market for zero-days "just exploded" last year after the damaging Windows Metafile attack.

He claims he earned $20,000 last year from selling his own code — mostly on private chat channels, not public forums like Ryan1918 — making enough to pay his tuition.

Although he conceded that Microsoft had made significant strides with Vista's security, he said underground hacker circles now had a powerful financial incentive to find its weak links.

"Vista is going to get destroyed," he said.

That may be an exaggeration. Microsoft has taken precautions such as preventing unauthorized programs from running at the most central part of the system, called the kernel, and creating an extra level of protection between the operating system and the browser.

Microsoft appears to wish the open market for flaws in their products would simply disappear. "Our practice is to explicitly acknowledge and thank researchers when they find an issue in our software," said Mike Reavey, operations manager of the company's security response center. "While that's not a monetary reward, we think there is value in it."

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But independent security analysts say those days are over. Raimund Genes, the Trend Micro researcher who found the Vista bug for sale on a Romanian Web site, said, “The driving force behind all this now is cash.”

Virginia Men Face U.S. Trial In Peddling Of Phony Purses (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, January 30, 2007

They are known as "purse parties," modern-day Tupperware parties with a twist: hundreds of designer handbags selling for hundreds of dollars off. Women known as "the purse ladies" run the gatherings at private homes.

"They were all the rage," said Peggy Stypula, an Alexandria resident who attended parties in Arlington and Fairfax counties. "The purses were spread out all over the house, and you walked around and picked out what you wanted."

But one partygoer in Northern Virginia suspected counterfeit couture and called police. Federal agents soon seized 30,000 purses from a Fairfax warehouse, including some from a tractor-trailer that pulled up during the search.

Now, prosecutors are taking to federal court the men they say provided phony merchandise. A father and son are scheduled to go on trial tomorrow in U.S. District Court in Alexandria, accused of supplying thousands of counterfeit handbags for the purse parties and also selling them at kiosks in malls throughout the Washington region, including Tysons Corner Center, Montgomery Mall and the Old Post Office Pavilion.

The trial in one of the nation's largest counterfeiting prosecutions will feature testimony from representatives of Gucci, Kate Spade and other leading designer labels, according to court documents. Exhibit A will be a sampling of hundreds of purses, hauled into the courtroom one box at a time.

The case is bringing scrutiny to a widespread problem that has been publicly visible for years: trafficking in handbags and other counterfeit goods. Shoppers in Washington and other major cities can find fake fancy designer purses on street vendor carts, but purse parties -- though perhaps more underground with the heightened law enforcement attention -- are still held in the suburbs.

Lalit Kumar Ohri, 63, and his son Gaurav Ohri, 29, are charged with conspiracy and trafficking in counterfeit goods. Prosecutors say the pair sold purses bearing the trademarks of at least nine leading designer labels, including Louis Vuitton, Prada and Burberry. The pair allegedly had the purses embossed with trademark-infringing labels or gave the labels to purchasers. Some purchasers reportedly affixed the labels with glue.

The U.S. attorney's office in Alexandria would not comment. Nina Ginsburg, an attorney for the Ohris, would say only that they deny knowingly selling counterfeit handbags.

Experts say the problem of trafficking in counterfeit goods has mushroomed in recent years with globalization and the lowering of trade barriers. Everything from medicine to car parts is counterfeited, according to the International AntiCounterfeiting Coalition, a District-based industry group.

Among the leading fake items are designer handbags, known as knockoffs. "They're easy to counterfeit, they're small and they come in big containers from China," said Barbara Kolsun, senior vice president and general counsel of 7 For All Mankind and a former top official at Kate Spade.

She said selling the knockoffs "is stealing. You're stealing the name. It's no different than walking into a store and stealing a Kate Spade handbag off the shelves."

Even though it is a crime to sell such trademarked goods -- although not to purchase them -- enforcement is spotty, law enforcement officials said. Police have higher priorities, and federal prosecutors take only the biggest cases, so street vendors' booths and mall kiosks where knockoffs are sold often slip by.

Travis Johnson said he walks by sidewalk vendors selling counterfeit handbags every day on his way to work -- at the anti-counterfeiting coalition -- on K Street between Connecticut Avenue and 18th Street NW. "There's a perception that big, wealthy companies can put up with a few knockoffs," said Johnson, the coalition's general counsel. "It's not really seen as doing major harm."

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Purse parties began in New York City 10 to 15 years ago and gradually spread, experts say. Some are advertised in the suburbs through mass e-mailings. Many who attend them believe they are getting either a good fake or stolen property, according to experts on counterfeiting.

The parties that Stypula attended in 2005 were elaborate open houses, with free wine and tables of shrimp dip, casseroles and a variety of appetizers. The woman who ran the Arlington party had made a business out of it, and her husband had even quit a lucrative job to work with her, Stypula said.

Stypula said that competition for the best bags was fierce and that she clung to the two Prada knockoffs she wanted so no one would grab them away. She and several friends chatted at the party about whether something was amiss.

"I said why would her husband quit his job when this is such a phony business and people could theoretically go down for selling knockoffs," Stypula said. "I know you can't get a Prada bag for $40 or $45, so you know these are hot from somewhere."

In fact, handbags by Prada and some other designer labels, including Gucci, sell for anywhere from hundreds of dollars to more than $2,000 each.

The parties apparently have grown less frequent in Northern Virginia as word has spread about the Ohri case.

After an anonymous tip from a purse partygoer, U.S. Immigration and Customs Enforcement agents raided one of the homes in 2003 and then found the trove of purses at the Ohris' warehouse in Lorton. It took more than 10 agents, working full time, a month to count and catalogue the merchandise.

Agents also found more than 100 phony Kate Spade labels in a desk drawer at the warehouse, court documents say.

The Ohris, of Fairfax, were indicted last year. They could face up to 15 years in prison if convicted.

Lalit Ohri is a retired lieutenant colonel in the army of India who started his business, now called Sonya Handbags, in the early 1990s by selling leather goods at Eastern Market in the District, Ginsburg said. As business grew, he expanded to malls, and by 2003, there were kiosks operating under the name Sonya Handbags in 13 malls in Virginia, Maryland and the District, including Fair Oaks Shopping Center in Fairfax and Columbia Mall.

Court documents say the Ohris were told by some malls to stop selling counterfeit goods but ignored the warnings. But Suzette Timme, general manager of the Fashion Centre at Pentagon City, where the family operated two kiosks, said mall security never noticed any problem.

"They were just selling generic bags with no labels," Timme said.

Five Deadly Hours In The District (WP)

By Allison Klein And Sue Anne Pressley Montes

The Washington Post, January 30, 2007

In just five hours, one man was beaten to death with a baseball bat, another was slain during a dice game, a third was shot by an assailant after barricading himself in his bathroom, and the last was killed in a botched robbery.

It was a violent weekend in Washington, with four unrelated killings in three quadrants. Police have made one arrest -- in the baseball bat beating near the Shaw neighborhood. Detectives have not identified the victim.

"Any homicide in the city is one too many," said Mayor Adrian M. Fenty (D), appearing beside acting Police Chief Cathy L. Lanier in the 800 block of Yuma Street SE, where Kevin Vincent Bradshaw, 41, was slain after four men took his money. "But four is unacceptable."

They pledged to redouble their efforts, forge stronger partnerships with federal agencies and work more closely with the community.

But the action does not come soon enough for the victims and their families. The three identified men left behind people who loved them, who depended on them. Each left a story to tell.

Trial Nearing, Alleged Call Girl Found Dead (WP)

By Darragh Johnson

The Washington Post, January 30, 2007

She was a former college professor who had lost almost everything -- her stellar academic reputation, her financial well-being and her anonymity in the swanky suburban neighborhood where she was accused of working as a high-priced prostitute.

With Brandy Britton's trial planned to start next week, the former University of Maryland Baltimore County professor apparently took her own life over the weekend, hanging herself in her living room, Howard County police say. A family member found the body Saturday afternoon. Police say they do not suspect foul play.

It was a grievous end to a life that friends and colleagues say was once filled with remarkable promise and ambition.

Britton, 43, was the first in her family to go to college, double-majoring in biology and sociology. Her first sociology professor, Sheila Cordray, told The Washington Post last year that Britton was "one of the brightest students I've ever had."

The woman whose looks matched her intelligence may still have possessed the long, blond hair, the glossy pink lips and the glamorous figure of her youth. And she may have still projected the warm, friendly demeanor of a small-town girl from Oregon.

But she was facing the world's toughest truth: She had no idea who she was about to become.

Her trial date on four counts of prostitution -- which she had decided to fight in a jury trial instead of accepting a plea agreement -- was set for Monday. Police would get a chance to air their version of Brandy Britton: that in her $400,000 home at the end of a cul-de-sac where children ride Razor scooters and moms drive minivans with soccer decals, Britton had been selling herself as a call girl.

She called herself Alexis, police said and advertised on a Web site that described Alexis as a "quintessential 'brick house' " and "sophisticated, refined, educated and articulate. She has two Bachelor of Science degrees, one in biology and the other in sociology. She also holds a Ph.D. from an elite university." It continued: "An athlete, cheerleader and dancer in high school, Alexis . . . is extremely flexible in excellent shape."

In a sting, Howard police sent an undercover officer to her house last January and arrested her.

Britton heatedly denied the allegations, but when The Washington Post asked her last year how she had been supporting herself since leaving UMBC in late 1999 and a subsequent job with the Baltimore public schools, she started to answer, then suddenly recommended a book: "Sex Work: Writings by Women in the Sex Industry."Fighting on Several Fronts

Her attorney, Christopher Flohr, has been out of his office taking care of his ailing father and had hoped to postpone her trial date. Flohr's partner, William Paul Blackford, heard the news of her death yesterday morning when The Post called. He sat in silence for several moments, then spoke of her other recent court battle: foreclosure hearings on her home.

He talked about Britton's fears that she would lose the house where she had raised two children, now grown, as a single parent and where she had been living with her two potbellied pigs, dog and two cats.

"That is one of the most heart-wrenching processes for a person to go through," Blackford said, continuing to talk, then interrupting himself, as though the news about Britton's death had just sunk in. "This is horribly sad."

Blackford suggested that Britton's state of mind lately was comparable to a starkly clean and ultra-modern home -- as Britton had decorated her living room and den, complete with sleek black leather couches -- and then "there's a stack of magazines in the living room and then there's a hamper," and then the mess has crept across everything.

"Her house," he added, "I think it's fair to say, it wasn't impressive."

Britton was a scramble of complications: She lived in a landscaped home with leaded-glass front doors that disguised the scratched-up carpet and scuffed walls inside. She was a sharp researcher whose dissertation focused on abused and battered women who then found herself, a few years ago, filing domestic-violence charges against her second husband: "He . . . tied me up with strapping tape" and "stabbed me in the neck," she told police.

In a statement yesterday, Flohr said that Britton's death "underscores an important question: Was the public benefited at all by the resources spent on her arrest and prosecution? As we ponder the apparent senselessness of her passing, we must openly wonder about . . . a criminal justice system that seeks to punish a person rather than heal them."Confusion and Depression

"It's been a descent for Brandy," her mother, Victoria Britton, said last year from her home in Oregon. She did not return calls for comment yesterday.

Victoria Britton had cheered, she said, when her daughter earned a PhD in sociology and arrived in the mid-1990s at UMBC, where she received raises and raves from other professors, who called her work "really top-notch" and "invaluable."

But the raves subsided after Brandy Britton filed a $10 million sex discrimination suit against UMBC -- one mirroring the suit she had filed against her California employer just before joining UMBC. She left the university at the end of 1999.

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"I spent my whole life working for that," she told The Post last year, as she talked about her PhD and her identity as a college professor. "It wasn't just a job to me. It was my life."

And now, she continued, she had no idea what would happen next -- or whom she could next become. Her fight with UMBC would keep her from ever teaching again. Already, she believed, "they" were tapping her phones and bugging her home.

It was too much, she said, and she found herself thinking:

" 'I'm going to lay down and die. I'm so depressed.' "

Attorney Rejects Warden's Claim That US Inmate Showed No Signs Of Pain In Execution (FINDLAW/AP)

By Phil Davis, Associated Press Writer

AP, January 30, 2007

(AP) - TAMPA, Florida-A convicted killer whose execution was botched last year was never in any pain, and appeared to be straining to see a clock, not grimacing as some witnesses claimed, the warden told a panel reviewing Florida's lethal injection procedures Monday.

But the condemned man's lawyer said his client was clearly suffering from the incorrectly injected chemicals, and he mocked the notion that the inmate was looking at a clock.

"What, was he late for an appointment? Come on, that's ridiculous," said Angel Nieves Diaz's attorney, Neal Dupree, who also witnessed the execution and testified. "I certainly thought he knew something was wrong."

Questions about whether lethal injection is inhumane have put executions on hold in nine U.S. states - Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, Ohio and South Dakota.

Diaz' death took 34 minutes - twice as long as usual - and required a rare second dose of lethal chemicals because the needles were incorrectly inserted, a medical examiner reported. An autopsy found chemical burns in both his arms.

Death penalty opponents point to Diaz's execution to support their claims that Florida's lethal injection procedure violates the U.S. Constitution's prohibition on cruel and unusual punishment. Condemned inmates have also pursued that issue in court, but to no avail.

Dupree told the commission his client was clearly in pain.

"He almost appeared to be a fish out of water," Dupree said. "He was gasping. And that went on for a period of about 10 to 12 minutes. You could see body movement. You could see clutching and unclutching."

Several people on the prison's execution team have said Diaz said "What's happening?" twice during the process.

But Diaz appeared to be straining to see a clock, not grimacing, Florida State Prison Warden Randall Bryant told the commission.

"He had the opportunity to be able to scream, cry, yell and that sort of thing and that did not happen," said Bryant, who stood about 2 feet (0.6 meters) away during the Dec. 13 execution.

Officials testified Monday the prison medical team was satisfied with the insertion of the needles.

Commission members asked to hear from the executioners and medical team, whose identities are closely guarded by the Florida Department of Corrections. American Medical Association guidelines bar doctors from taking part, directly or indirectly, in executions.

Associated Press writer Ron Word in Jacksonville contributed to this report.

A Missed Warning (MH)

The Miami Herald, January 30, 2007

In refusing last summer to investigate the e-mails that former U.S. Rep. Mark Foley sent to a former congressional page, the FBI ignored its own child-safety guidelines, says a report from the Justice Department's inspector general. The Foley e-mails given to the FBI in July 2006 by a whistle-blower group didn't contain sexually explicit references, but their language indicated

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behavior that the FBI warns about in A Parent's Guide to Internet Safety on its website. The agency should review how it handles complaints about public officials.

The inspector general took the FBI to task for not reacting quickly to the e-mails, which were given to the agency by Citizens for Responsibility and Ethics in Washington (CREW). The report says the FBI also wrongly blamed CREW for not handing over additional information. Never happened, says the report.

While the agency clearly has more-pressing duties in the era of terrorism than tracking congressmen with a penchant for befriending House pages, the FBI dropped the ball. At the least, says the report, agents should have interviewed the former page or informed House of Representatives leaders. The FBI didn't decide to investigate until more sexually explicit e-mails sent by Foley surfaced in the fall, forcing him to resign his House seat.

More culpable than the FBI in the Foley affair, however, were leaders of the House over several years' time. A House Ethics Committee investigation last December found evidence that "concerns began to rise about Rep. Foley's interactions with pages or other young male staff members" not long after he took office in 1995.

In response to the investigation's findings, the House this month revised oversight of the page program. The FBI should take the Justice report's conclusions equally seriously.

CIVIL LAW:

Lawsuit Alleges Price Inflation By Boehringer Ingelheim Roxane (AP)

AP, January 30, 2007

BOSTON - Federal prosecutors filed a lawsuit Monday against Boehringer Ingelheim Roxane Inc. and related entities, alleging that the pharmaceutical company inflated prices for several of its drugs.

The U.S. Attorney's Office in Boston said it has intervened in a whistleblower lawsuit originally filed by a Florida company, Ven-A-Care of the Florida Keys Inc., and its principals.

In its suit, the U.S. Attorney's Office alleges that Boehringer Ingelheim Roxane engaged in a scheme to report fraudulent and inflated prices for several products, knowing that federal health care programs established reimbursement rates based on those reported prices.

Roxane, based in Columbus, Ohio, sells generic drugs that are reimbursed by Medicare and Medicaid, two federal health care programs.

The difference between the government reimbursement rates and the actual price paid by healthcare providers for a drug is referred to as the "spread." The larger the spread on a drug, the larger the profit for the provider.

The government claims that Roxane used artificially inflated spreads to market, promote and sell the drugs to existing and potential customers. Because reimbursement from federal programs was based on the fraudulent prices, prosecutors claim that Roxane caused false claims to be submitted to federal healthcare programs.

"Roxane Laboratories maintains the highest ethical standards in sales and marketing practices and is committed to making generic medications available to Medicaid beneficiaries throughout the United States at prices that save the states and patients millions of dollars each year," the company said in a statement.

"The company has at all times complied with the tangle of laws and rules imposed by the federal government and the fifty states for the Medicaid program, and has paid millions of dollars in rebates to the states on drug purchases."

The company said it had not yet seen the government's lawsuit, "but we are disappointed in the government's apparent decision to join in a lawsuit filed almost ten years ago."

Feds Say Lab Owner Stole $17M (HTRIB)

By Todd Ruger

The Herald Tribune (Southwest Florida), January 30, 2007

Joseph T. Degregorio is accused of changing bills and patient records

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SARASOTA -- The owner of a Sarasota-based medical laboratory company altered patients' medical histories and bilked Medicare for $17 million over six years, federal officials say.

Joseph T. Degregorio, 49, the owner of Acculab Laboratories Inc., is in the Sarasota County jail, charged with child sexual battery, which could carry a life prison term.

It was uncovered during the three-year fraud investigation.

The investigation began in 2003, after a phlebotomist at Acculab became suspicious of the way the company told her to fill out Medicare forms, court records state.

The woman said she didn't have patient medical records, or know whether the patients had cancer, yet was told to enter a cancer diagnosis so the government would pay for the blood tests.

She filed a whistle-blower lawsuit detailing her experiences. The government is now leading the lawsuit, seeking at least $2.7 million in damages and penalties, with testimony of at least eight unnamed former employees and Medicare billing audits that show 80 percent of claims were unsubstantiated.

Degregorio also altered patients' permanent medical histories to reflect a diagnosis that didn't exist, such as prostate, breast or ovarian cancer, investigators say. Acculab shut its doors last year after federal agents raided the main office and seized truckloads of evidence.

Since filing the initial lawsuit under seal from Charlotte County, the phlebotomist remains "Jane Doe" in the proceedings, her identity, location and office where she worked edited from files.

She is afraid that Degregorio, who surrounded himself with guns and has been charged with witness tampering from his cell in his sex case, might try to harm her and her child.

Employees detail fraud

Degregorio would come to the business late at night and download the company's Medicare billing data onto a computer, former staffers told federal investigators.

Degregorio's program would change the bills to reflect higher-paying tests, the government says in its lawsuit.

But several phlebotomists told investigators that the fraud went on at blood draw stations, too. They were told to provide lab work to patients who did not have a doctor's order, then put a random doctor's name on the forms.

One former staffer told investigators that a patient's blood sample would sit for so long it was no good for testing, and they would call the patient back and bill Medicare for both tests.

Federal officials reviewed Acculab's Medicare records and found errors in 87 percent of the claims submitted in 2003, and 80 percent of claims from 2004.

Acculab's attorney, Roy Howard, said in a letter to investigators that "an inadvertent computer programming error" led to the problem.

"It appears from the available billing records that this computer programming error was corrected sometime in May 2005," Howard wrote.

It was the same explanation Howard used for the company in January 2004, when a Medicare auditor found $298,324 in false claims on every one of 35 cases it looked at from Acculab, federal attorneys said in court records.

In June, the federal agents raided Acculab's office and Degregorio's home, seizing three trucks of evidence from the lab. He was arrested on the state charge of child sexual battery and hasn't been given the chance to post bail.

Legal battles

On the same November day the federal attorneys filed a complaint naming Degregorio as a defendant in the whistle-blower lawsuit, Acculab's attorneys filed for federal bankruptcy protection.

The government calls it a "sham bankruptcy proceeding" to keep Medicare from collecting in the lawsuit.

They obtained an order to keep Degregorio from selling six parcels of his property, including the former Acculab headquarters at 1734 Northgate Blvd.

Detectives reportedly overheard Degregorio's phone call from jail giving an officer of Acculab unlimited power to sell his personal property. The property the government listed is worth about $2.7 million.

Degregorio's attorney said in court records that the government is relying on uncorroborated, confidential witnesses for their case.

Degregorio is trying to have the case dismissed. It is scheduled to go to trial in April 2008.

CIVIL RIGHTS:

Police Charged In Shootings Back At Work; NAACP Calls For Probe (AP)

By Mary Foster, The Associated Press

AP, January 30, 2007

NEW ORLEANS (AP) — Six of the seven police officers indicted in a deadly bridge shooting following Hurricane Katrina returned to work Monday, unarmed and in low-profile jobs, a development that an NAACP leader said erodes public confidence in the department.

"The assurance that the officers will be assigned to desk duties does not allay that crisis in confidence," Danatus King, president of the New Orleans branch of the NAACP, said at an afternoon news conference.

King said the NAACP has decided to ask the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings; and he said the decision to let the officers return to police jobs smacks of favoritism.

King said he worries that the officers will have access to police records and other information that might reveal the identities of witnesses that might testify against them.

"None of them have access to the public or to sensitive records," said Assistant Police Superintendent Marlon Defillo, who is in charge of the police Public Integrity Bureau.

Two of the officers have been assigned to work in the police department's horse stables, two are entering data on computers, and two are working in communications, Defillo said.

The officers are not allowed to wear uniforms, make arrests or carry weapons, Defillo said. They do not have arrest powers and are closely monitored, he said. They also continue to wear ankle bracelets that monitor their whereabouts, he said.

That the officers were freed on bail — highly unusual in first-degree murder cases — and that hundreds of people turned out to cheer them when they turned themselves in also undermines public confidence, King said. He said police had failed to properly investigate the incident until media pressure forced them to.

Homicide is the only crime not investigated by the police integrity department, Defillo said. It is investigated by homicide and the findings are turned over to the district attorney, he said.

U.S. Attorney Jim Letten confirmed receiving the letter from the NAACP Monday afternoon. His office, the Justice Department and the FBI have been monitoring the investigation, Letten said. He described that as routine.

Sgts. Kenneth Bowen and Robert Gisevius Jr., officer Anthony Villavaso II and former officer Robert Faulcon Jr., face first-degree murder charges and attempted murder charges in the Sept. 4, 2005, shootings on the Danziger Bridge that killed two men and wounded four other people.

Officers Robert Barrios and Mike Hunter Jr. were charged with attempted first-degree murder, and Officer Ignatius Hills was charged with attempted second-degree murder.

In the chaos that followed Katrina, Ronald Madison, a 40-year-old mentally retarded man, and James Brissette, 19, were shot and killed by police on the bridge.

Police said the officers were responding to a report of other officers being attacked when they came under fire. Police also claimed Madison was reaching for a gun.

Madison's brother, Lance, denies he or his brother was armed. He said they were running from a group of teens who had opened fire on the bridge when seven men jumped out of a rental truck and also shot at them without warning.

Judge Raymond Bigelow has given Orleans Parish District Attorney Eddie Jordan until Feb. 1 to decide if he will ask for the death penalty for the four facing first-degree murder.

The officers were suspended without pay when they were indicted in December. All of them eventually posted bail and the judge said he would allow them to return to work.

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Faulcon, who's no longer with the New Orleans Police Department, has relocated to Texas.

Defense Begins Arguments In Election Dispute (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 30, 2007

Poll workers testify they were not told to discriminate

No one shaped their decision on how to count absentee ballots, including county Democratic Executive Committee head Ike Brown, black poll managers testified Monday in a trial alleging discrimination against white voters.

The defense began putting on its case Monday in the first lawsuit of its kind in the United States where the Department of Justice is accusing black political leaders in majority-black Noxubee County of attempting to discriminate against white voters.

The first defense witness, Robin Mason, a poll manager during the Aug. 5, 2003, Democratic primary, said she saw black voters and white voters being assisted at the polls in the same manner.

Asked whether Ike Brown told her how to rule on absentee ballots, Mason replied, "No."

The government alleges Brown and those acting in concert with him have rejected absentee ballots cast by white voters on the grounds they were defective under state law while counting similar ballots cast by black voters.

"No one instructed us how to go through the ballots," Mason testified Monday when asked whether Brown had told them what to do.

Attorneys for the Democratic Executive Committee, Brown and the Noxubee County Election Commission asked for the case to be dismissed after the government rested its case Monday.

U.S. District Judge Tom S. Lee denied the request.

Before resting its case, the Justice Department recalled to the stand one of its witnesses who testified last week.

Nikki Nicole Halbert, who testified last week that she filed an absentee ballot but the signature on the envelope wasn't hers, said Monday she had been harassed and an attempt was made to get her to come back and change her earlier testimony.

Halbert said individuals came to her home and said "Us blacks should stick together."

Halbert said she refused to change her story because the signature on the absentee ballot wasn't hers.

A Justice Department attorney also told Lee another black witness refused to testify for the government because he had been intimidated.

Among the Justice Department's allegations:

Brown and others have used racial slurs to alienate black residents who support white candidates.

Brown has published the names of some white voters in an attempt to intimidate them.

Brown illegally has labeled white voters' absentee ballots so they would be rejected by election officials.

Brown has denied the accusations, saying the real issue is that white Republicans want to vote in and determine the outcome of Democratic Party elections.

The problems that happened in the 2003 elections were similar to problems that occur in most elections, Brown's attorney, Wil Colom, said.

Noxubee County Circuit Clerk Carl Mickens, who once was a defendant in the lawsuit, completed his testimony also Monday.

Mickens admitted he had made a statement that the 2003 elections "were the most screwed up in the history of Noxubee County."

Bond For Seale Denied (JCL)

By Jerry Mitchell

Jackson (MS) Clarion-Ledger, January 30, 2007

Defense lawyers may appeal decision

Reputed Klansman James Ford Seale walked away in chains Monday after a judge ruled he must remain behind bars until he goes on trial on kidnapping and conspiracy charges in the 1964 killings of two African-American teenagers.

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Defense lawyers say they may appeal the decision by U.S. Magistrate Judge Linda Anderson to jail the 71-year-old former crop duster. He pleaded not guilty last week to federal charges in connection with the May 2, 1964, abductions of Henry Hezekiah Dee and Charles Eddie Moore. The two 19-year-olds were hitchhiking in Meadville when Klansmen grabbed them, beat them and threw them into the Mississippi River, where they drowned, according to FBI reports.

An appeal would result in a second bond hearing, this one in front of U.S. District Judge Henry Wingate, who is presiding over the trial, tentatively set for April 2.

"This is one of the most horrific crimes I've ever heard of," argued Paige Fitzgerald, who works for the Civil Rights Division of the Department of Justice in Washington. "The defendant assisted tying up one of these 19-year-olds, rowing the boat and pushing him overboard while the other 19-year-old watched."

Seale took part in drowning both teens, who would have been minors if they had been slightly younger, she said. If they had been, there would be a presumption Seale's bond should be denied, she said.

There's nothing tying Seale to Mississippi because he lives in a recreational vehicle parked in Roxie and owns no property here, she said. Because he faces a possible life sentence if convicted, "There's no incentive for him to stay," she said.

She sought to discredit Seale's word that he wouldn't flee by showing that when he was asked to name all of his siblings, Seale failed to mention a brother, Don, living in Louisiana.

She also told the judge some witnesses fear Seale because of his alleged Klan membership.

Assistant Federal Public Defender Kathy Nester responded that prosecutors have presented no proof Seale belonged to the Klan, adding he has never been convicted of a crime.

In a 2000 interview with The Clarion-Ledger, Seale denied belonging to the Klan; however, he was once served a federal subpoena at an Oct. 30, 1965, Klan rally at Liberty Park in Natchez.

He also denied knowing anyone in the Klan, although his brother Jack admitted his Klan membership to the House Un-American Activities Committee and there's a photograph of the brother in a Klan robe.

The committee questioned Seale, his brother, his father and their friend, Ernest Parker, about whether they took part in killing Dee and Moore. All of them took the Fifth Amendment.

Nester said just because Seale lives in an RV and has traveled to other states in recent years doesn't mean he shouldn't be eligible for bond: "There's just zero evidence of risk of flight."

Seale's wife, Jean, testified her husband has been treated for kidney and bladder cancer. The latest tests, she said, show he is cancer-free. She said he wears a pain patch and takes a "nerve pill," which she said is Xanax. Each night, he breathes in oxygen from a machine because of his emphysema, she said. "He can't walk very far, and a lot of days he can't get out of the motor home."

After a 10-minute discussion behind closed doors with deputy U.S. marshals at the James O. Eastland Federal Courthouse, Anderson concluded Seale's medical problems could be accommodated and that oxygen already was being provided for him at the Madison County Jail.

"The nature of the offense is not diminished by the passage of time," she said.

On Saturday night, the sign that memorializes the 1964 killings of Dee and Moore was stolen.

Moore's brother, Thomas, said he reported the sign missing.

He had placed it where the Klansmen are believed to have abducted the teens.

"The sign's been up for a year, and all of a sudden it's taken away," said former Bude Mayor Mack Littleton, who knew Moore. "The sheriff and I went down and took a look. Ain't nothing we could see, but we know what happened. It ain't jumped up and walked off on its own."

Franklin County Sheriff James Newman said he and his deputies had found no tracks or anything leading to where the sign was stolen but are continuing to investigate.

As marshals escorted Seale from the courthouse Monday in chains, he remained silent. The only sound that could be heard was the rhythm of the clanking.

Bail Denied In 1964 Race Killings (NSDY/AP)

DOJ_NMG_0124145

By Associated Press, January 29, 2007, 4:33 Pm Est

Long Island Newsday, January 30, 2007

James Ford Seale has been jailed since his arrest on kidnapping charges last week.

U.S. Magistrate Linda R. Anderson said Seale might flee if released on bail because he has no job or property, is a pilot and lives in a motor home.

Prosecutors say Charles Eddie Moore and Henry Hezekiah Dee, both 19, were seized and beaten by Klansmen and then thrown into the Mississippi River to drown. Their bodies were found about two months later.

Seale told the court he suffers from cancer and other ailments. His trial was tentatively set for April 2.

Editorial: It's Not Too Late For Justice To Be Served (KZGAZETTE)

Kalamazoo Gazette (MI), January 30, 2007

Some Americans may not be interested in stories about prosecuting aging suspects in murders that took place decades ago.

Fortunately, federal authorities don't share that view, especially in cases that have sprung from the civil rights movements of the 1960s.

Last week in Mississippi, the FBI arrested 71-year-old James F. Seale, a former sheriff's deputy and alleged ex-member of the Ku Klux Klan. Seale was indicted in Jackson, and will face kidnapping charges in connection with the brutal killing of two 19-year-old black men in 1964.

According to the indictment, members of the Klan abducted hitchhikers Henry H. Dee and Charles E. Moore. The two youths were weighted down with a Jeep engine block, iron weights and railroad rails. Still alive, they were thrown into an old Mississippi River channel, where they drowned.

Seale, who has denied ever having been a Klansman, has pleaded not guilty.

A federal judge was to decide today whether to permit Seale to be free on bond. His lawyer said that he has cancer.

Seale, the son of a chapter leader of the Klan, is a suspect along with Charles Marcus Edwards, in the slaying of Dee and Moore. But they were never prosecuted.

Edwards, who was described at the time of the killings as an admitted Klansman, hasn't been accused but is expected to be a witness for the prosecution.

Age should be no barrier in prosecuting, to the full extent of the law, people accused of such crimes.

Officials would not comment on why murder charges are not being leveled in this case.

Moore's brother, 65-year-old Thomas Moore, of Colorado Springs, Colo., has been trying since 1998 to convince authorities to prosecute.

``I've been crying," said the 63-year-old Moore after Seal's arrest. ``First time I've cried in about 50 years. It's not going to bring his life back. But some way or another, I think he would be satisfied."

Charges against Seale have drawn attention to other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers.

Such legislation is appropriate.

Do We Have A Human Trafficking Problem? (LVS)

By Sam Skolnik, Las Vegas Sun

Las Vegas Sun, January 30, 2007

Justice Department names Las Vegas among 17 most likely destinations

The federal government believes Las Vegas is a top destination for "human trafficking" victims - from indentured servants to massage parlor workers and prostitutes held captive and forced to commit sex acts.

This belief has led the Justice Department to grant hundreds of thousands of dollars to Metro Police to tackle the problem.

But first, the Anti Trafficking League Against Slavery (ATLAS), an office within Metro that opened last month, needs to try to answer a basic question: Is there a human-trafficking problem here, and if so, how big is it?

DOJ_NMG_0124146

Terri Miller, ATLAS's civilian director and long one of the top Nevada activists against the sexual exploitation of women and children, and her boss, Metro Capt. Terry Lesney, say the need for the group is clear: There is a "huge" and growing sex-oriented trafficking problem in Las Vegas.

Yet they quickly add that no statistics have ever been gathered and law enforcers never before have made it a top priority - so the scope of the problem still needs to be determined.

Police in the past haven't paid sufficient attention to the signs that the prostitutes or others they're investigating may also be trafficking victims, they say - meaning the problem has gone underreported for years.

Miller says the problem has been made worse by Las Vegas' aggressive advertising promotions that encourage tourists to come here and sin all they like.

"We're basically giving a green light for people to come here and exploit women and children," Miller says.

ATLAS was formed as an extension of the ad hoc Nevada Human Trafficking Task Force, an interagency group set up by the U.S. attorney's office in Las Vegas in 2004.

The task force's first task was to determine whether, in fact, there was a human-trafficking problem, Lesney says. But because of the lack of hard data, she says, "we were struggling to quantify what we're dealing with."

Federal law defines trafficking as what happens when children, teens, men or women are subjected to "force, fraud or coercion" for the purpose of sexual exploitation or forced labor.

Human trafficking is different from smuggling in that people who are smuggled voluntarily pay the smuggler, and when the person arrives, he or she is free, or is required to work under a job arranged by the smuggler until the debt is paid.

Trafficking victims are enslaved, and if they are in debt to the trafficker, it's most often at rates too high to ever be able to pay. Victims are often lured by false promises, and are sometimes physically forced.

Sex trafficking victims can range from massage parlor workers brought in from overseas to prostitutes trafficked here from California or Arizona. Labor trafficking, including domestic servitude, agricultural or sweatshop labor, involves victims forced to work against their will, sometimes under the threat of violence.

Often, Miller and Lesney say, victims or their family members have been threatened by the traffickers and are afraid they will be deported if they come forward and cooperate with police.

Between 17,000 and 20,000 people are trafficked into the United States annually, according to State Department estimates. Of those, it is unknown how many are brought to Nevada.

Rarely have defendants in Las Vegas been prosecuted as human traffickers, Lesney says, though there is a tough federal law passed in 2000 and even newer state laws that target those crimes. Until this month, she said, Metro didn't even have a booking code for alleged human trafficking violators.

The largest human trafficking bust in the area in recent years was Operation Jade Blade. A national sting in 2000 netted five Las Vegas Valley residents, who were arrested for trafficking Asian prostitutes into the city. The women had been smuggled into the country for a fee, then were forced to pay back their debt by working as prostitutes.

In the last six years federal prosecutors have brought nine additional cases with strong trafficking elements into federal courts, according to the U.S. attorney's office in Las Vegas, including cases in which pimps brought girls or women into the region from other states to work as prostitutes.

Each of those cases was smaller in scope than the Jade Blade bust, Nevada U.S. Attorney Daniel Bogden concedes. Although he wouldn't comment on any ongoing investigations, he says there has been little funding to pursue deep investigations into trafficking cases.

Bogden says he believes the work of the task force and Miller's office will change that.

"Any time you essentially enslave a human being and deprive a human being of their rights, that has to be a top priority," says Bogden, who will be stepping down from his post at the end of next month.

Locally, there have been even fewer human trafficking cases charged and prosecuted in the last few years. According to District Court records, only one trafficking case has been prosecuted locally since 2005, when the Legislature put two new anti-trafficking laws on the books.

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In that case, a woman was indicted by a Las Vegas grand jury on Dec. 12. Personna Coleman is alleged to have committed involuntary servitude - as well as kidnapping and several other crimes - when she restrained and threatened another woman, demanding that the woman earn her at least $1,000 by engaging in prostitution.

Clark County prosecutors confirm they are pursuing at least two other trafficking cases , but the details and status of those cases were not made available.

Identified by a Justice Department risk analysis study as one of 17 cities nationwide most likely to be the top destinations for trafficking victims, federal officials gave a $370,000 grant to Metro officials late last year - as well as a smaller one to the local Salvation Army office. With it, ATLAS was born, with Miller serving as director. She started early last month and has a three-year contract with Metro.

Miller, 48, worked with the Nevada Coalition Against Sexual Violence, and she has long been involved with a New York-based nonprofit group called SESAME, or Stop Educator Abuse, Misconduct and Exploitation.

Miller - a mother of four who describes herself as an "M.O.M., a Mom on a Mission" - began working against teacher abuse of students while living in Pahrump, including the investigation of a teacher who is serving a life sentence for sexual assault against a 17-year-old student. Miller said her efforts split the Pahrump community: "I was 50 percent vilified, and 50 percent hailed me as a heroine," she said. After 20 years in Pahrump, she and her family moved to the Las Vegas Valley in 2002.

Though a year younger than Miller, Lesney says she's finishing up her work after a 25-year career with Metro. She retires from the force in September, set to move back to her native Minnesota to be closer to family and to finish up her work on a doctorate in forensic psychology.

Lesney says she finds satisfaction working on trafficking cases for the same reason she likes handling sexual assault and domestic violence cases: "You're dealing with real victims," she says.

Miller and Lesney said they have three main goals for their new anti-trafficking office within Metro - to raise public awareness about the issue; to increase law enforcement's reporting of trafficking cases and then help coordinate investigations; and ultimately, to establish a service network for trafficking victims.

Earlier this month they instituted a mandatory, two-hour online training course on human trafficking for all Metro commissioned officers below the rank of deputy chief. More than 600 have taken the course so far, they said.

Miller and Lesney, joined by other local and federal officials and victims' advocates, will hold a press conference on Feb. 6 to highlight the work of the new office.

"I'm like a magnet right now," Miller says of her first eight hectic weeks on the job. "They're coming at me from all over to join the task force. I'm really in awe at how fast we're progressing." Sam Skolnik can be reached at 474-7406 or at sam.skolnik@lasvegassun.com.

ANTITRUST:

Justice Department Deadline Is Up For Mittal Steel (WVSJ)

By Jerry Echemann

West Virginia State Journal, January 30, 2007

WEIRTON -- The Department of Justice had given Mittal Steel only until Sunday to rid itself of a canadian tin producer.

But Monday, there's still no word on what the Justice Department intends to do.

A spokesman for the department said he did not expect an announcement for a few days. They are waiting on a district court to issue a final judgement in the case. They get five days after that.

As Mittal grew with buyouts, they ran into problems for having too much control over the tin market. The Justice Department doesn't like to see monopolies, and it told Mittal to get rid of one of three plants.

Now that list has been narrowed down to plant at Weirton and Sparrows Point near Baltimore.

Weirton has appeared to be the likely candidate since Independent Steelworkers Union has said it would welcome a sale.

The two interested buyers are Esmark -- the former Wheeling-Pittsburgh Steel Co. -- and a man named Mitch Hecht, a former executive for International Steel Group.

DOJ_NMG_0124148

ISU president Mark Glyptis said he wants the situation to be resolved as well. But he said the issue itself is very complex and has required a lot of research.

FTC Approves Bridgestone Acquisition (AP)

AP, January 30, 2007

Federal Trade Commission Approves Bridgestone Acquisition of Bandag

WASHINGTON (AP) -- Bridgestone Americas Holding Inc.'s $1 billion acquisition of Bandag Inc., a retread tire maker, on Monday received early approval from federal regulators.

The Federal Trade Commission ended a required 30-day waiting period for the acquisition ahead of schedule, Bandag said in a prepared statement. The 30-day period was not scheduled to end until Feb. 8, the company said.

Early terminations are not granted unless both the FTC and the Justice Department's antitrust division have completed their reviews and decided against taking any enforcement actions, the FTC says on its Web site.

Bridgestone Americas Holding, the U.S. subsidiary of Japan-based Bridgestone Corp., the largest tire and rubber company in the world, announced Dec. 5 that it would acquire Bandag for $50.75 per share in cash, or $1.05 billion.

Bandag said the acquisition remains subject to shareholder and other regulatory approvals. Bridgestone's American depository shares rose 50 cents to close at $42.90, while shares of Bandag increased 10 cents to close at $50.75 on the New York Stock Exchange.

First The Wait For Microsoft Vista; Now The Marketing Barrage (NYT)

By Steve Lohr

The New York Times, January 30, 2007

Microsoft's power in the technology industry, some analysts insist, is waning. It faces a host of rivals from a reinvigorated Apple on the desktop to Web-based challengers like Google, delivering services and software online.

But yesterday, on the eve of the arrival of new models of Microsoft's flagship products, the Windows operating system and the Office programs, the skeptics were overshadowed and drowned out by the opening salvos in the software giant's marketing campaign.

Windows Vista and Office 2007 start appearing today, available in retail stores as a shrink-wrapped package and shipped on new machines sold by personal computer makers. The new Microsoft offerings were available to large corporate customers at the end of November.

Steven A. Ballmer, the company's chief executive, called today "the biggest product launch in Microsoft's history," and the rollout will be backed by a first-year marketing budget of hundreds of millions of dollars.

New versions of Windows and Office move across the technology industry like a powerful weather system, driving sales of personal computers and other hardware, software and services. The pace is typically gradual but steady, yet the impact on the rest of the industry is significant.

Over 5,000 software and hardware products are ready to run on Vista, and Microsoft has more than 500,000 industry partners worldwide, including resellers, retailers and consultants as well as hardware and software companies. Millions of developers write programs that run on Windows.

For every dollar Microsoft makes on Windows Vista, the rest of the industry will collect $18 of revenue, estimates IDC, a technology research firm. Indeed, those that build products and services on top of and around Microsoft's technology constitute an industry ecosystem that business professors have studied. And Microsoft's long investment in nurturing that network of mutual support, they say, is a major reason that Windows holds more than 90 percent of the market for PC operating systems.

In the United States, the IDC report concluded, "this ecosystem should sell about $70 billion in products and services revolving around Windows Vista" in 2007. The introduction of Windows Vista, IDC projected, is expected to generate 157,000 jobs in the United States. The IDC study was paid for by Microsoft, but the research firm said it used its own methodology.

Because the universe of Windows users has grown, Mr. Ballmer predicted that sales of Windows Vista in the first three months would be five times the early sales of Windows 95, introduced in 1995, and double the sales of Windows XP, shipped in 2001.

DOJ_NMG_0124149

Mr. Ballmer spoke at a news conference in New York, along with executives from large computer manufacturers and chip makers. "I hope your forecasts are right," said Todd Bradley, executive vice president for personal computers at Hewlett-Packard. "We'd all be thrilled."

The industry has certainly been patient. Vista suffered repeated delays, coming five years after Windows XP. Microsoft has vowed that there will never again be so lengthy a gap between versions of its operating system. Industry analysts expect that Microsoft will more regularly update Windows with new features and bug fixes delivered over the Internet — and that the line between the desktop software and Internet software will increasingly blur.

"Today will go down in computing history as the last big operating system launch for Microsoft," said Gary Beach, publisher of CIO Magazine, a publication for professional technology managers.

For those upgrading from previous versions of Windows, there are three versions of Vista, from $100 to $260. The new operating system has striking three-dimensional graphics, an easier-to-use interface and improved security, and it handles games, music, video and pictures far better than previous generations of Windows, most product reviewers have agreed. But many reviewers have also pointed out that most of the new features in Vista are already in Apple's Macintosh computers.

Mr. Ballmer and Bill Gates, the chairman, presided over a gathering in a Times Square theater to celebrate Vista's arrival, along with industry partners, analysts, and early Vista users, or beta testers. One was Farage Yusupov, a lawyer at Paul, Weiss, Rifkind, Wharton & Garrison. Some Vista features, he said, did not run on his two-year-old laptop.

But Mr. Yusupov said he planned to get a new computer with Vista soon. "In a year or two, every computer is going to have it," he said. "Since I'm going to get it sooner or later, I want it sooner."

Microsoft's industry partners described Vista as a watershed. Hector Ruiz, the chairman of Advanced Micro Devices, a microprocessor maker, said the new Microsoft operating system would usher in "the visualization age of computing" with rich 3-D graphics entering the mainstream. "And stunning visual experiences require outstanding hardware," Mr. Ruiz added.

Kevin B. Rollins, Dell's chief executive, said his company began taking orders online over the weekend for Vista-equipped machines. Traffic on the company's Web site increased 20 percent because of demand for PC's running Vista, and tens of thousands of them have been sold in the last couple of days, Mr. Rollins said.

Sean Maloney, executive vice president of Intel, said that Vista's abilities combined with rapidly advancing technology in microchips would lead to a "golden age for PCs," allowing them to serve as a central hub for storing, managing and sending digital media like movies and music to television sets and music players in the home.

In an interview, Mr. Bradley of Hewlett-Packard pointed to his company's TouchSmart PC, being released to coincide with Vista's debut, to show that manufacturers are increasingly able to use Microsoft's operating system as "a platform we can build around instead of just embed on our machines."

The $1,699 model, with a 20-inch touch screen and television tuner built in, has a user interface that has been tailored by Hewlett-Packard engineers so that it looks different from a standard Windows machine. Microsoft's antitrust settlement with the federal government required the software maker to give PC makers more freedom to modify Windows.

Most of Microsoft's vast marketing budget will be on print, television, radio and Web advertisements. But some will go for so-called viral marketing events like an online puzzle contest called Vanishing Point, sponsored by Microsoft and A.M.D. The winner will get a ride into space from a private space travel company.

The strategy, said Michael Sievert, vice president for Windows marketing, "is really about getting people to come in and have a look."

Delta Says Deal Is An Option, Just Not Now (WSJ)

By Corey Dade

The Wall Street Journal, January 30, 2007

Delta Air Lines Inc. has assured creditors that it won't rule out the possibility of merging with another airline after exiting from bankruptcy if it defeats a hostile takeover offer from US Airways Group Inc., according to people familiar with the situation.

To build support for its plan to remain independent, Delta appears close to agreeing with its official creditors committee on several provisions designed to clear a path toward an eventual tie-up. The parties are moving toward an accord to exclude from

Delta's new corporate charter and bylaws any so-called poison pill that could pose an insurmountable hurdle to future mergers, according to one person familiar with the discussions.

In addition, the committee would have a strong hand in selecting Delta's post-bankruptcy board, according to knowledgeable people. The creditors committee wants a board that favors consolidation as a strategic option, people close to the board have said.

Delta, based in Atlanta, had been reluctant to grant some of the concessions, but in recent weeks the committee made it clear that it required them as a condition for approving Delta's standalone plan over the US Airways merger.

Delta's apparent willingness to consider a future deal could breathe life back into widespread hopes for an industry consolidation wave, which airline observers thought could be dashed if the US Airways-Delta merger failed. Airlines are looking for partners in an effort to reduce the number of seats in the air, lower operating costs and gain greater pricing power.

Delta's efforts to appease the nine-member creditors committee come as the group considers a sweetened takeover offer1 from US Airways that emerged over the weekend. The Tempe, Ariz., carrier has expressed a willingness to increase its bid to $10.9 billion from $9.9 billion under certain conditions. Yesterday, committee members discussed the higher offer but reached no decision, say the people familiar with the matter.

Still, the prospect of receiving an extra $1 billion in cash, boosting the total cash payout to $6 billion, has drawn interest from some committee members, according to people familiar with the situation. The US Airways proposal expires Thursday.

Delta's overall restructuring plan needs approval by creditors holding two-thirds of claims, by value. An increased offer from US Airways has the backing of an ad hoc committee of creditors, which is working to gather other creditors to its side. The ad hoc committee, consisting of hedge funds and private investors, hold about 15% of all claims worth roughly $2.3 billion. So far, say people close to the group, they have lined up support from creditors holding $4 billion in claims -- approaching the one-third portion required to block the Delta plan, if need be.

Word of a sweetened deal has renewed investors' confidence and boosted US Airways stock. In 4 p.m. composite trading, US Airways' shares were up $2.30, or 4.4%, to $54.43 on the New York Stock Exchange. However, the extra $1 billion in cash alone might not be enough to sway the official creditors committee. The termination fee, which a person familiar with the situation says exceeds $500 million, falls below the $1 billion range that some creditors committee members want as compensation if the deal fails to gain antitrust approval.

--Melanie Trottman and Susan Carey contributed to this article.

Write to Corey Dade at corey.dade@wsj.com2

Airline Deals Could Be Grounded (CNN)

By Chris Isidore, CNNMoney.com senior writer

CNNMoney.com, January 30, 2007

US Air said to consider raising bid for Delta as it faces deadlines over next two weeks; talk of other deals could die if Delta avoids takeover.

NEW YORK (CNNMoney.com) -- Time could be running out on US Airways Group's hostile bid for Delta Air Lines and with it much of the talk about consolidation within the airline industry.

Industry experts say the recent retreat in airline stock prices, despite some strong financial results, is attributable at least partly to the growing belief among investors that the US Air (Charts) bid for Delta (Charts) isn't winning the necessary support of Delta creditors as it faces deadlines this week and next.

And just as it was US Air's hostile bid for Delta in November that sparked talk of a round of industry consolidation involving AMR (Charts) unit American Airlines, UAL (Charts) unit United Airlines, Continental Airlines (Charts) and Northwest Airlines (Charts), many experts now believe that the merger talk will again quiet down without a US Air-Delta deal shaking up the industry status quo.

"You only have two guys, United and US Air, who are advocating consolidation," said airline consultant Michael Boyd. "Everyone else thinks it's a dumb idea. It's different if they get forced into something. But I don't think anyone else wants to do a deal."

DOJ_NMG_0124151

The Amex airline index gained nearly 15 percent from the start of the year through its high Jan. 16 but has lost almost all of that gain since then.

Analyst Ray Neidl of Calyon Securities said that, just as airline stocks climbed on merger speculation and lower fuel prices, the dimmer outlook for deals is now causing stocks to give up some of those gains.

But Neidl still has "buy" recommendations on US Air as well as AMR, UAL and Continental.

"The next rally we have in late February or early March will be based on fundamentals," he said.

Thursday deadline

US Air Group, which reports its fourth-quarter results Tuesday, has given a Thursday deadline for its current $9.9 billion bid for Delta, saying the offer will expire without Delta's creditors going on record in favor of the bid and asking for a postponement of a key Feb. 7 bankruptcy court hearing on the airline's reorganization plans.

Scoring a cheap airline ticket

So far Delta management has flatly rejected any takeover proposal, and while an ad hoc creditors' committee has backed the idea, the formal creditors' committee, which includes the full range of Delta creditors, has yet to get behind the bid.

The Wall Street Journal reported Monday that US Air is willing to increase its hostile takeover offer for Delta Air Lines Inc. by adding $1 billion in cash under certain conditions and giving creditors a termination fee in case regulators block the deal.

A Delta spokeswoman did not have a comment on that report, and US Air spokeswoman Kelly Sullivan would not directly address it, although she also wouldn't dismiss it.

"Our advisors are in regular contact with the ad hoc committee and the advisors to the creditors' committee," said Sullivan. "We expect this will continue as the Feb. 1 deadline on our offer to continue the process approaches."

Philip Baggaley, Standard & Poor's senior airlines credit analyst, says that he's not sure even a higher bid will win much in the way of additional support from creditors for the US Air bid for Delta. Some creditors, such as airports and the Air Line Pilots Association, have an interest in seeing competing airlines remain independent, he said.

And he said bondholders, who have a more purely financial interest in the debate, may still be swayed by the argument that a US Air deal for Delta would cause too many regulatory or labor problems and hurt the value of their claims against the bankrupt airline.

"Those arguments both raise uncertainty, which nobody likes," he said. "It's not clear that changing the numbers [of that offer] would change their views."

US Air's initial bid for Delta in November valued the nation's No. 3 airline at about $8 billion in cash and stock. It raised its bid Jan. 10 to cash and stock worth $10.2 billion at that time.

But decreases in the value of US Air shares since that time have trimmed more than $250 million from the value of the offer, although US Air shares gained $2.80, or 5.4 percent, to $54.93 in trading Monday on news of the higher offer.

Bid pessimism

Neidl said the recent declines in US Airways shares before the jump Monday are at least partly a result of growing pessimism by investors about it being able to win the necessary support for its Delta bid.

"People are really doubting this deal is going to happen," he said. "The creditors are leaning away it."

Neidl said his sense is that creditors would prefer to let Delta emerge from bankruptcy as an independent carrier, something that could take place as soon as April, giving them stock in the new carrier that they can cash out in the current strong environment for airline shares.

Neidl said Delta's emergence from bankruptcy would be pushed back a minimum of six months if creditors convinced the bankruptcy court and Delta management to take the US Air offer. And antitrust regulators could delay it even longer than that, if they approve it at all.

If the Feb. 7 bankruptcy hearing is held, it will be a victory for Delta management, which hopes to win approval of its reorganization plan from the court and the creditors as soon as possible.

But Joe Capobianco, a Long Island bankruptcy and merger and acquisition attorney with Reisman, Peirez and Reisman, said he believes creditors could push Delta management to delay the hearing as a way of keeping the US Air bid alive and gaining more leverage in negotiations with Delta management.

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"At the end of the day, it's up to the creditors," said Capobianco. "What's going on right now behind the scenes is all these parties are negotiating with creditors and committees to put their best foot forward and win support. If I'm representing Delta, I try to keep pedal to the metal and have the hearing as soon as possible."

As Airlines Surge, Pilots Want Share (NYT)

By Jeff Bailey

The New York Times, January 30, 2007

Now it's the pilots' turn.

The remarkable turnaround of the airline industry has rewarded investors with rising share prices, and the $9.87 billion price tag that US Airways Group is offering for Delta Air Lines in a hostile takeover bid is further proof that the industry is again in favor with investors and lenders.

With most of the industry returning to profitability — in part by extracting billions of dollars of pay cuts from workers — pilots are demanding that they should recoup some of the pay and other benefits they gave up in recent years and share in the improved fortunes. The pilots' agenda is playing an important role in the merger talks over Delta. The Delta pilots have backed management's stand-alone plan to exit bankruptcy, and are jointly fighting the US Airways bid.

In all, the Delta pilots have $2.1 billion in claims.

The pilots are motivated to support management in part by self-interest — they believe that they would have less job security under US Airways ownership. And that support could be persuasive when the pilots next want something from Delta management.

They, in fact, accepted a slightly lower price in selling several hundred million dollars in bankruptcy claims so that they could hang onto the voting rights those claims represented to provide maximum support to management's plan, according to people familiar with the pilots' dealings.

Delta pilots are counting on the unusual contract they negotiated in bankruptcy to help them recoup their most recent 13 percent pay cut over the next three years by helping the airline achieve certain performance improvements. They also could win profit-sharing bonuses on top of that.

Lee Moak, who heads the Delta chapter of the Air Line Pilots Association, said, "I am confident that the performance-based pay raises are going to pay off" and restore Delta pilots' pay.

US Airways was asked over the weekend by some Delta creditors to again raise its bid. The airline has been frustrated because the official creditors committee in Delta's bankruptcy, the only party that can force Delta to allow due diligence by US Airways and otherwise get the merger talks started, has been silent.

So, according to a person involved in the talks, US Airways management set the following conditions: if the official creditors committee would tell Delta by Thursday to allow due diligence, to also make a filing starting antitrust review of the proposed merger, and postpone a hearing on Delta's stand-alone plan to exit bankruptcy, then US Airways management would take to its board a proposal to increase its bid by another $1 billion. It did not officially raise its bid.

Yesterday, there were talks among creditors but no word from the official committee, this person said.

The grumbling among pilots about getting their due can be heard throughout the industry, not just at Delta.

US Airways pilots, for example, are negotiating a new contract and seek higher wages and improved work rules.

At the old US Airways, which merged in 2005 with America West Airlines, captains on planes comparable to the 737 were once paid $227 an hour, said Jack Stephan, a captain and head of the Air Line Pilots union local for the carrier. But now, after two bankruptcies, they are paid about $125 an hour.

"This is truly payback time," Mr. Stephan said.

Southwest Airlines pilots are also in negotiations and want to improve their industry-leading pay.

Because the industry is thinly capitalized, it remains highly vulnerable to the next economic downturn. So any substantial pay raises could alarm investors.

Airlines have tended to enter into generous pay deals in good times and then regret the higher costs of those contracts during downturns. That in part led to the recent series of bankruptcies.

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"These next years will be the pilots getting something back until they get too much back and then we'll do this all over again," said Roger King, an airline analyst at CreditSights.

At United Airlines, where the pilots' contract runs through 2009, the Air Line Pilots Association has started a "fix it now" contract campaign that includes an early strike preparedness committee and an effort to win concessions from management on some working conditions.

And at American Airlines, where a contract that runs through May 2008 has already been opened for early negotiation, pilots are protesting a lucrative management bonus plan. They also refused to make a minor concession to help American bid for a valuable route to Beijing, and want to reverse a 23 percent wage cut agreed to in 2003.

Under federal labor law, pilots have extraordinary leverage over airlines. Their work cannot effectively be outsourced, making a strike potentially ruinous for an airline. And in some cases, by inflexibly following the letter of a contract, they can slow an airline operation enough to cause havoc, as occurred at United in the summer of 2000.

Only in bankruptcy do managements clearly gain the upper hand on wages.

Executive compensation is a particular irritant to pilots. American pilots, represented by the Allied Pilots Association, said this month that they expected a stock bonus plan for the airline's 1,000 or so top managers to hand out more than $200 million this April. American would not comment on the expected payouts, said Susan Gordon, a spokeswoman.

"There's going to be a visceral, angry reaction, even though we know it's coming," said Denny Breslin, an American captain and union official. Pay scales were cut by 23 percent in 2003 and some pilots suffered far worse pay reductions as American shrunk its fleet and pushed captains into lesser-paying first-officer positions, or onto smaller planes, where they are paid less.

The goal now, Mr. Breslin said, "is getting our money back — recapturing our investment" in having helped save American from bankruptcy.

Merrill Lynch Acquires First Republic (FT)

By David Wighton In New York

Financial Times, January 30, 2007

Merrill Lynch on Monday underlined the lure of the rich for Wall Street banks by paying $1.8bn for First Republic, a California-based private bank and wealth management company.

In its biggest acquisition in 10 years, Merrill is paying a 44 per cent premium for First Republic, which will retain its name as a separate business within Merrill Lynch Bank & Trust.

The deal highlights the high prices big banks are prepared to offer to expand in the fast-growing business of serving the US's ultra-rich. In November, Bank of America paid Charles Schwab 30 times 2006 earnings for its US Trust private banking unit and other US and overseas banks are looking to buy in the sector.

Merrill is paying 24 times forecast 2007 earnings and 3.4 times current book value.

Bob McCann, head of Merrill's private client business, said the deal would accelerate the growth of its high net worth business.

"Our goal is to provide First Republic with the resources and support to replicate the firm's success in key markets across the country and to benefit from its deep banking expertise."

Founded in 1985, First Republic has 43 branches in 12 of the richest metropolitan areas in the US including New York. Merrill will retain the leadership of Jim Herbert, co-founder and chief executive, and Katherine August-deWilde, chief operating officer.

Mr McCann said that while First Republic would operate as a separate division and Merrill expected its private client business "to benefit from its outstanding history, excellent credit and lending capabilities and its experienced management team."

First Republic, which specialises in luxury-home lending, is at the opposite end of the spectrum from Merrill's most recent purchase – First Franklin, the sub-prime mortgage lender, for which it paid $1.3bn in September.

Stan O'Neal, chief executive, has been keen to see Merrill capture more of its private clients' banking business and is known to have looked at potential retail bank acquisitions.

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William Tanona, analyst at Goldman Sachs, said the deal made sense strategically but the key would be the retention of advisors and assets.

Mr O'Neal, is known to have looked at potential retail bank purchases but the move to go into branch banking, albeit with high net worth customers, under another brand surprised some analysts.

Richard Bove, analyst at Punk Ziegel, said the price looked high and that Merrill was able to buy it because branch banking was "peaking, just as the sub-prime mortgage sector is".

Merrill's shares fell 2.3 per cent to $92.39.

Merrill To Buy First Republic, Seeking To Add Wealthy Clients (NYT)

By Bloomberg News

The New York Times, January 30, 2007

Merrill Lynch said yesterday it had agreed to buy the First Republic Bank for $1.8 billion in cash and stock to gain clients with an average net worth of $20 million.

The deal values First Republic at $55 a share, Merrill said, 44 percent more than the bank's closing price on Friday. Merrill will pay half the purchase price in cash and half in stock.

First Republic, which has 43 branches and specializes in mortgages on luxury homes, gives Merrill more wealthy customers who might buy brokerage services.

"Luxury lending and wealth management, those are higher-end customers," said Steve Roukis, managing director at Matrix Asset Advisors. of New York. "It's a continuation of their strategy to focus on their core business and either build or acquire whatever gives them a better return on their cost of capital."

Merrill, based in New York, said it expects the transaction to add modestly to earnings by the end of 2008.

First Republic, with about 1,100 employees, operates 37 bank branches in California and six others in cities like Boston and New York.

The bank will be run as a separate business within Merrill Lynch. James Herbert, a co-founder of First Republic, will remain as chief executive.

Stock in First Republic, which is based in San Francisco, rose $15.33, or 40 percent, to $53.63 a share.

Citi Will Buy Egg To Raise U.K. Presence (WSJ)

By Carrick Mollenkamp And Ian Mcdonald

The Wall Street Journal, January 30, 2007

Citigroup Inc.'s £575 million ($1.13 billion) purchase of Egg Banking PLC from Prudential PLC sets the stage for the U.S. financial-services company to step up its battle in the British credit-card market against entrenched banks such as Barclays PLC and Bank of America Corp.

For Prudential, one of Britain's largest insurers (unrelated to the U.S. Prudential), the transaction is part of a broad review of its United Kingdom business.

The cash transaction, which is expected to close by April pending regulatory approval, gives Citigroup access to online bank Egg's three million customers, 2.9 million of whom are Egg card customers. Before this deal, Citigroup had just 800,000 card customers in the U.K. Egg's share totals about 5.7% of U.K. credit-card outstanding balances.

Citigroup will be up against banks such as Bank of America, which has about a 15% share of U.K. credit-card outstanding balances, and Barclaycard, which has about a 13% share. They dominate the market along with Royal Bank of Scotland Group PLC, which has about a 15% share, according to industry estimates.

Citigroup is paying a high price -- roughly two times Egg's book value, or its assets minus liabilities -- especially considering Egg's recent struggles.

Egg, based in London, is expected to post a pretax operating loss of £145 million for 2006, Prudential said.

Citigroup To Buy Online Bank In Britain To Expand Retail Presence (NYT)

By Eric Dash

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The New York Times, January 30, 2007

Citigroup agreed yesterday to buy Egg Banking, a British online bank owned by Prudential P.L.C., for $1.13 billion, the latest in a series of small deals to expand its retail presence abroad.

With the acquisition, Citigroup will quadruple its number of credit card customers, to 2.9 million, and broaden its reach by the use of an Internet site to open savings accounts and mortgages in a country where it has five retail branches.

But at a time when the British banking sector has been hurt by a barrage of bad loans and bankruptcies, some analysts are questioning the deal.

The cash transaction, which appeared to be at little more than twice book value, follows a string of small deals by Citigroup to buy or acquire stakes in banks in China, Turkey and Central America as well as Quilter Holdings, the British wealth management arm of Morgan Stanley.

Under pressure from investors, the chairman and chief executive of Citigroup, Charles O. Prince III, has turned to acquisitions to accelerate the growth he promised from a longer-term strategy focused on internal and international expansion. He has significantly cut back on investment spending and has moved to rein in expenses.

The changes seem to indicate that Mr. Prince is listening to investors at a time when many outsiders have questioned how long he will hold onto the job. Amidst a management shake-up last week, the bank giant is now searching for a chief financial officer who might be seen as Mr. Prince's potential successor. They also highlight the tightrope that Mr. Prince walks. While an acquisition strategy will deliver earnings faster, one driven by internal growth could have a much bigger payoff.

Wall Street analysts, meanwhile, have asked whether a series of small acquisitions is enough to move the profit needle at a bank that generated more than $21 billion in net income last year.

Reports of a potential acquisition of Egg emerged last month, but yesterday's announcement caught some by surprise. At a year-end presentation in December, Mr. Prince said that on the consumer side, Western Europe was far less "an attractive acquisition territory for us in light of our opportunities in the emerging markets." Mr. Prince made similar comments over the weekend at the World Economic Forum. Executives said that Mr. Prince was referring to the prospects of a major European retail bank acquisition, not a smaller deal.

Egg is a pure online bank that could operate side-by-side with a branch network like CitiDirect, Citigroup's high-yield savings and loan Internet offering that it introduced last spring in the United States.

Citigroup is betting that its lending practices and broader set of products like checking accounts might spur Egg's turnaroud. Besides being a widely recognized brand, Egg will give Citigroup a stronger foothold for expansion. Citigroup is also planning more Citibank branches in Britain.

But Egg itself, which was among the first online banks when it was established in 1998, has struggled as of late. The bank tried to expand into France but was forced to abandon the effort. And along with other major British banks, it has suffered from a number of bad loans that caused substantial operating losses.

In late 2005, Prudential paid more than £211 million to buy its remaining 21 percent ownership stake and later vowed to restore Egg to profitability. That never happened, and Citigroup scooped the entire operation up for £575 million, or $1.13 billion, in yesterday's deal.

Still, questions about the quality of Egg's loans persist.

Ajay Banga, a co-head of global consumer business at Citigroup, suggested that Citigroup's lending practices could help engineer Egg's turnaround.

"They certainly have had an increase in losses over the past couple of years — it's mostly from a couple of years of customer booking," Mr. Banga said, suggesting that the bad loans were made in 2004 and 2005.

Lawmakers Push For Bank Ownership Limits (AP)

By Marcy Gordon

AP, January 30, 2007

A group of House lawmakers on Monday renewed a push for legislation that would block commercial companies like Wal-Mart and Home Depot from owning a special sort of bank that has been proliferating in recent years.

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The Federal Deposit Insurance Corp.'s six-month halt on new approvals of companies' applications to establish or acquire the banks known as industrial loan corporations ends Wednesday, and the agency's directors are meeting that day to consider whether to extend it, lift it or take other action. Extending the moratorium — at least for ownership by commercial, rather than financial, companies — would give the new Congress a chance to consider the legislation.

The House bill is sponsored by Reps. Barney Frank, D-Mass., chairman of the House Financial Services Committee, and Paul Gillmor, an Ohio Republican. Similar legislation passed the House overwhelmingly last year, but has stalled in the Senate.

This year, with Democrats in the controlling majority in the Senate as well as the House, proponents believe prospects for congressional passage are stronger for legislation to close what they see as a loophole in banking regulation. Current laws prohibit the mixing of banking and commerce, but an exception is made for the industrial loan corporations, or ILCs, allowing commercial companies to own a federally insured bank.

There are now 61 ILCs with a total of about $141 billion in assets and $98 billion in deposits. Thirty-three are based in Utah, one of only seven states that grant charters for such banks.

"What had once been a minor exception is threatening to foster an unequal, parallel banking system with hundreds of billions of dollars in ... deposits," Gillmor said in a statement Monday.

Last July, the FDIC imposed the six-month halt on new approvals after nearly 100 members of Congress from both parties asked the agency to give lawmakers a chance to debate the legislation. Under the moratorium, the FDIC has not made any final decisions on applications for ILCs or for changes in control of existing ones and has not accepted new applications — giving it time to consider whether changes in law or regulations are needed with respect to the banks.

Critics say the growth of ILCs dangerously blurs the line between banking and commerce, concentrating assets in the hands of a few big companies, stifling competition and hurting consumers.

Consumers don't see outward signs of the banks. They are allowed to issue credit cards, take deposits and make loans; they cannot offer standard checking accounts if their assets exceed $100 million.

The application of Wal-Mart Stores Inc., the world's largest retailer, to establish an ILC based in Utah spurred opposition from banks, unions, lawmakers, and consumer and community organizations. Last April, groups representing those interests argued against granting Wal-Mart's request at two public hearings, the first ever held by the FDIC on such an application.

Wal-Mart has pledged to the FDIC to stay out of branch banking and consumer lending. Rather, its newly chartered bank would be used to handle the 140 million credit card, debit card and electronic check payments it processes each year, the company says.

Some 300 banks currently operate branches in 1,150 Wal-Mart stores, and the company says it doesn't want to compete with them.

In addition to Wal-Mart and The Home Depot Inc., companies awaiting FDIC approval to establish ILCs or acquire existing ones include Warren Buffett's Berkshire Hathaway Inc., The Blue Cross and Blue Shield Association, automakers Ford Motor Co. and DaimlerChrysler AG, and information services provider Ceridian Corp.

EU To Threaten Banks, Credit Card Firms, Draft Says (Update1) (BLOOM)

By Matthew Newman And John Rega

Bloomberg, January 30, 2007

Jan. 29 (Bloomberg) -- European Union regulators will threaten banks and credit card companies with potential fines for blocking competition, according to a draft of a report to be delivered this week.

The European Commission, the EU's antitrust regulator in Brussels, may probe banks and payment card providers for colluding on prices and using practices aimed at keeping competitors out of their markets, the regulator said in a draft summary obtained by Bloomberg News. The report doesn't identify any companies.

The EU agency ``will not hesitate to exercise its powers of enforcement'' under antitrust rules ``to ensure that the competition rules are respected in retail banking,'' the 10-page summary said. The commission will release the report on Jan. 31.

Commission spokesman Jonathan Todd declined to comment.

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The regulator, which can fine companies as much as 10 percent of worldwide sales for antitrust violations, already has challenged how transaction fees are set by Visa International Inc. and MasterCard Inc., the two biggest credit-card networks.

Disputes with Visa and MasterCard have centered on fees paid between banks that are known as interchange. When a consumer pays with a card, the retailer's bank pays the interchange to the consumer's bank. MasterCard and Visa don't collect the fee. Rather, they set guidelines on what banks should charge each other, unless the banks agree otherwise.

National Barriers

Agreements among banks on the fees may create barriers to entry for competitors in the U.K., Spain, Belgium, Austria and Portugal, the commission draft said.

``Enforcement action might also be appropriate in relation to high interchange fees and merchant fees in some payment card networks," the regulator said.

Fees vary between countries, a sign of limited cross-border competition, according to the report. The commission also said issuing credit cards would still be profitable for banks even without interchange in 20 of the EU's 27 nations.

Cutting credit card fees would be felt most sharply in the U.K., whose biggest issuers are Barclays Plc and Royal Bank of Scotland Group Plc.

``Banks will look to generate revenue from sources other than transactional income," James Buckley, head of research at the Lafferty Group banking consultant, said in a telephone interview from London. He emphasized he hasn't seen the draft and EU action won't follow immediately from this week's report. ``I don't think anything's going to happen in the near term."

Promote Competition

MasterCard and Visa say their systems promote competition, since banks vie with each other to attract consumers and merchants. Visa Europe Chief Executive Officer Peter Ayliffe said Jan. 15 that denying banks those fees would deter business and hurt efforts to develop EU-wide payment systems. MasterCard said as much today.

``The European Commission's current considerations of the payment card industry's business practices could potentially set us back to the starting point where consumers revert to using costly, inefficient cash payments instead of cards," MasterCard said in a briefing document circulated in Europe today.

The commission also said cooperation between savings and cooperative banks may harm competition. A probe of their practices may cover Germany and France, where lenders agree to stay off each other's turf, the draft said.

In addition, retail banks may keep control over customers by linking different services, such as connecting current accounts with mortgages and personal loans, the report said.

``Some forms of product tying by some banks may be inconsistent with competition law," the draft said.

HEDGE-FUND HARDBALL Amid Amaranth's Crisis, Other Players Profited (WSJ)

By Ann Davis, Gregory Zuckerman And Henny Sender

The Wall Street Journal, January 30, 2007

When Amaranth LLC collapsed in the fall, after swiftly losing more than $6 billion, it was the biggest hedge-fund failure ever. Now as investors slowly get back what's left of their money, it's becoming clear the debacle also had some big winners: other players in the high-stakes energy market who profited from a crippled rival's travails.

The final agonies of Amaranth, described by dozens of people close to the roller-coaster negotiations about its fate, began on Friday, Sept. 15. Bleeding cash and facing a Monday demand for money it didn't have, Amaranth scrambled through an intense weekend to find someone who would take over losing energy investments for a price.

HEDGE-FUND MILESTONES

See a timeline of key events1 in the history of hedge funds.

It did negotiate a rescue plan, requiring it to pay nearly $2 billion to Goldman Sachs Group to take toxic trades off its hands. Strapped for cash, Amaranth aimed to get the money to do the deal by using cash collateral on deposit with its middleman for natural-gas trades, J.P. Morgan Chase & Co.

But on Monday morning, just after Amaranth had told its investors a rescue was close, J.P. Morgan said it wouldn't release the collateral. The firm was effectively responsible for making sure parties to Amaranth's trades got paid, and it said the rescue

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plan didn't free it of this risk, according to people familiar with its stance. J.P. Morgan's refusal killed the plan. Amaranth's situation went from dire to desperate.

Two days later, J.P. Morgan itself agreed to take over most Amaranth energy positions. With a partner, it cut a deal that turned out to be lucrative for J.P. Morgan -- earning it an estimated $725 million -- but more painful for its longtime client, Amaranth.

Hedge funds are among Wall Street's biggest customers, and the Street gives them red-carpet treatment as the fees roll in. But the Amaranth case shows how Wall Street dealt with a fund after it had traded its way into a deep hole. Information the fund revealed about its holdings as it grasped for a lifeline let other commodity-market players, Wall Street firms included, exploit its positions. As they drove prices relentlessly against Amaranth, its losses swelled, and instead of facing a big but possibly survivable setback, it collapsed.

Amaranth's case also reflects an incentive structure in the world of hedge funds that can tempt some to assume heavy risk. Typical of hedge funds -- private investment pools for the wealthy and institutions -- Amaranth took 1.5% of investors' assets as a management fee each year, plus 20% of investment gains. This 20% fee is calculated on gains recorded at year end, including gains not nailed down by closed trades. From this take, traders at many firms, such as Amaranth, are given bonuses that are largely theirs to keep, even if the paper gains later shrink or vanish.

"This results in a huge incentive for taking risk," says Luis Garicano, a University of Chicago business school professor. "When the bet goes well, the hedge-fund manager collects a lot, while when it goes badly the worst that can happen to the loser is he gets zero."

At Amaranth, star energy trader Brian Hunter won an estimated $75 million bonus after his team produced a $1.26 billion profit in 2005. Like many others at the fund, he had to keep about 30% of his pay in the fund. The fund's chief risk officer, Robert Jones, got a bonus of at least $5 million for 2005, say people familiar with the bonuses. Nicholas Maounis -- founder, majority owner and chief executive of the Amaranth management firm -- got an estimated $70 million cut of 2005 management fees, plus some of Amaranth's $200 million-plus in performance fees. He kept much of his compensation in the fund.

Asked to comment, a fund spokesman said, "It would be inadvisable for Amaranth to speak on the public record ... at this time. While no litigation has been threatened or commenced against Amaranth, regulatory inquiries continue and litigation remains possible." He said, "Mr. Maounis's No. 1 priority is the continued disposition of the Amaranth portfolio and distribution of capital to investors."

Volatile Market

The 32-year-old Mr. Hunter's specialty was natural-gas futures -- contracts for delivery on a future date -- and options. This is a highly volatile market, where the price can move swiftly on changes in gas available in storage and on shifts in the weather -- or a weather forecast.

If Mr. Hunter thought prices in, say, March would be higher than what other traders expected, he could buy contracts for March delivery cheaply. If his view of April prices was lower than the market's, he could go the other way. Or he could bet on the spread between a pair of months. For example, if there's a cold winter, gas can suddenly get scarce in March, sending prices skyrocketing. Things shift in April, as the heating season winds down. The March-April spread is one many gas traders bet on, but can be such a perilous bet that some call it "the widowmaker."

Mr. Hunter bet big. He sometimes held 30% of contracts for gas delivery in certain months, say people who saw the trading data. His team, operating largely out of Calgary, Alberta, made a stunning $1.5 billion in six weeks last spring, mostly on energy trades. But gains that big in a single market can portend swings just as fast the other way, and in May that's what happened. His bets on gas prices years into the future backfired and dealt the fund a sudden loss of about 10%.

That triggered demands for more collateral from J.P. Morgan. It was Amaranth's natural-gas clearing broker, a firm that executes a client's trades on an exchange and stands behind the client's obligations in case it can't pay. Clearing brokers give futures traders confidence they'll be paid if they are owed money when a contract expires.

For taking this risk, the firms demand collateral, known as "margin," in an amount of cash reflecting a portfolio's possible one-day price move. The margin demand fluctuates daily with how well or badly the positions did that day.

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Amaranth told its investors the May loss was "a humbling experience that has led us to recalibrate how we assess risk." To reduce its exposure, it paid investment bank Morgan Stanley to take over part of its energy portfolio. Yet officials at the New York Mercantile Exchange, where many energy contracts trade, were concerned enough that they discussed what a failure by a player as big as Amaranth might do to the market.

The regulators took comfort in the stability of J.P. Morgan. The bank at times advised Amaranth to reduce its natural-gas exposure, says someone familiar with the bank's operations. But the clearing operation focused chiefly on whether the fund met margin requirements, as Amaranth always did.

According to a person involved in the discussions, Amaranth's Mr. Maounis told his energy team to reduce its exposure, but warned them not to do so precipitously, lest the firm suffer another major loss. Amaranth's positions were so big they couldn't be unwound fast without moving the market.

But Amaranth allowed the portion of the fund invested in energy to grow, as the energy bets started to pay off again. By July, Amaranth was 56% in energy, up from 34% in April. In the last week of August, the value of the fund's assets reached $9.2 billion, up about 27% since Jan. 1.

One of Mr. Hunter's bets anticipated relatively cheap gas in September. But in the last half hour of trading Aug. 29, the price of the expiring contract for September delivery jumped. The surge wiped out hundreds of millions of dollars in Amaranth's gains. The fund told Nymex it suspected someone had manipulated prices. Regulators are looking at it.

Then in early September, widely watched weather-forecasting centers made two predictions: that the hurricane season would pass without major storms, and that the winter would be mild. The forecasts, too, slammed Mr. Hunter. He was betting on a gas shortage and price spike at some point after October. Worse, contracts for winter delivery fell by more than those for early-fall delivery, hitting him where his bets were concentrated. By the end of Friday, Sept. 15, Amaranth was down more than $2 billion from its August value.

Margin Calls

The losses automatically raised J.P. Morgan's margin demands. One of the ways Amaranth had met past demands was selling nonenergy investments to raise cash. But now it turned out some couldn't be liquidated instantly, say people involved. Amaranth suddenly faced a risk of not having enough cash for Monday's margin demand. If it didn't, creditors could foreclose on its assets and it might lose them.

Amaranth called Wall Street banks in search of solutions. It asked Goldman Sachs if the bank, a major player in both energy markets and hedge funds, would take over much of Amaranth's energy portfolio. The fund tried a different tack with others, trying to raise money by selling a piece of the fund-management firm, Amaranth Advisors LLC.

Firms prefer to do negotiations like these secretly and one at a time, to avoid revealing too much to too many rivals or signaling vulnerability. But Amaranth's Greenwich, Conn., office that weekend was a revolving door. Morgan Stanley representatives spotted someone from Merrill Lynch & Co. in the parking lot. Rumors flew.

On Saturday, Goldman offered to do a deal designed to eliminate most of Amaranth's energy risk -- in return for a $1.7 billion cash payment from the fund -- say people familiar with the negotiations. Amaranth managers were insulted. Mr. Hunter had figured the fund could get out of these problematic trades for about $800 million.

Amaranth kept shopping. It called John Arnold of Centaurus Energy, a Houston hedge fund that was Mr. Hunter's biggest rival. No deal.

With others they talked to, some Amaranth traders claimed Mr. Arnold was driving gas prices against Amaranth, according to someone who was approached. Their pitch was: We've got one guy in the market trading against us. If you take over our positions and hold onto them, you can make a billion dollars.

A Deal With Merrill

Later that Saturday, Amaranth managed to make a partial deal. It got Merrill Lynch to assume about a quarter of its natural-gas exposure, in return for a payment of approximately $250 million, say people familiar with the matter. Merrill won't comment.

Amaranth officials figured that Goldman Sachs now would reduce its price, since Merrill was taking some of the exposure. Instead, Goldman executives fumed, say people familiar with their reaction; Goldman had wanted to negotiate exclusively, not have competitors poring over Amaranth's books.

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Rather than reduce its price, Goldman upped it, to $1.85 billion. The deal it envisioned would use derivative contracts to assume most of the risk of Amaranth's main remaining energy investments. Goldman would do trades that partially offset energy trades on Amaranth's books, with the aim of neutralizing them. The deal would leave a lot of positions on Amaranth's accounts at J.P. Morgan, which remained responsible for their execution.

Some at J.P. Morgan, including Chief Executive James Dimon, had grown concerned about Amaranth. Late Sunday, J.P. Morgan called in its top energy trader, George "Beau" Taylor, to review Amaranth's positions. Informed that an Amaranth-Goldman deal was imminent, J.P. Morgan said it might make an offer itself, but then said it needed more time.

In Greenwich, Mr. Maounis was in turmoil, sometimes losing composure and in tears, according to people familiar with the matter. Late that night, he accepted the deal with Goldman.

On Monday morning, the sleep-deprived fund chief issued a letter to investors, telling them that half of the money the fund had at its peak 2½ weeks earlier was gone. Instead of being up 27% for the year, it might be down more than 35%. But his letter gave an assurance. It said a deal to get the fund out of natural gas was "near completion."

The letter didn't mention that a key player still needed to sign off: J.P. Morgan. The clearing broker held an estimated $1 billion to $2 billion of Amaranth's money in a margin account, cash that Amaranth intended to use to pay Goldman.

Amaranth held a conference call intended to close the Goldman deal. But as officials from Goldman and Nymex listened, J.P. Morgan refused to release Amaranth's collateral -- scotching the deal.

The bank said it believed the complex transaction wouldn't eliminate its risk. J.P. Morgan would still be the clearing broker for Amaranth's energy positions. And although Goldman and Amaranth claimed that the risk in those positions would be drastically reduced by Goldman's offsetting trades, J.P. Morgan would be the clearing broker for those new trades, too. The firm said it needed to analyze how the deal worked. It also argued that it had a right, and perhaps a duty, to hold onto the margin money until its obligations were resolved.

"We would have been absolutely willing to facilitate a deal that would have removed unwanted Amaranth credit exposure from our risk profile," a J.P. Morgan spokesman said.

In the energy market, it was now open season on Amaranth. All weekend, others had been dumping natural-gas positions on after-hours trading platforms, having either heard rumors about Amaranth or been invited to review its books. On Monday, with word of the fund's distress out in the open, traders sold certain gas investments even faster, in anticipation of a forced liquidation of Amaranth's portfolio.

For instance, Mr. Hunter had bet that the spread between March-delivery gas contracts and April contracts -- the "widowmaker" bet -- would widen. The burst of trading made it shrink, to 75 cents per million-BTU gas contract from $1.15 on Friday, according to NaturalGasAnalytics.net. On Monday alone, Amaranth's losses deepened by several hundred million dollars.

That morning, Amaranth got a call from Kenneth Griffin, founder of Citadel Investment Group. Mr. Griffin had built Citadel into a $13 billion hedge-fund behemoth estimated to be responsible for 3% of daily trading on the New York Stock Exchange. Even so, his group suffered some losses during Mr. Hunter's 2005 winning streak. Mr. Griffin proposed taking over most of Amaranth's energy portfolio.

That portfolio now was in worse shape because of Monday's losses. The more it deteriorated, the more cash an outsider would demand to take it off Amaranth's hands. The Citadel deal would have cost Amaranth more than $2 billion, say people familiar with the bid. And the fund couldn't pay, with its collateral hung up at J.P. Morgan.

Mr. Griffin considered giving the hedge fund time to pay by granting it a bridge loan, taking other Amaranth assets as collateral. He dropped the idea when lawyers warned that Citadel might have a hard time collecting if Amaranth ended up in bankruptcy.

With the Citadel plan shaky, J.P. Morgan got back in the game. In conjunction with Citadel, J.P. Morgan, which itself is a big hedge-fund player, began new talks with its now-very-vulnerable clearing client. The end result was a broader deal than the scuttled Goldman one: J.P. Morgan and Citadel would jointly assume Amaranth's entire remaining energy portfolio.

Amaranth would have to eat losses of about $800 million its portfolio had incurred from Friday night through Tuesday as others exploited its weakness. J.P. Morgan and Citadel wanted $1.6 billion to take over most remaining gas trading positions and some $300 million to assume options to buy or sell gas. As a topper, they asked for $250 million for taking over miscellaneous

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commodity investments. Mr. Hunter thought the price for taking over the miscellaneous positions should be no more than $50 million, says someone involved in the talks.

Amaranth capitulated. After an all-night session, the deal was signed at 5:30 a.m. Wednesday. Amaranth's total payments to Merrill Lynch, J.P. Morgan and Citadel, plus the last few days' market losses, came to about $3.2 billion.

Now that J.P. Morgan was in on the deal, getting access to the Amaranth cash that J.P. Morgan held as collateral was no longer a problem.

His business in tatters, Amaranth's Mr. Maounis, 43, discussed selling what was left of his fund-management firm to Citigroup Inc. Dean Barr, an official of Citigroup's Alternative Investments group, was interested but wouldn't buy unless Mr. Maounis stepped down as the firm's chief, says someone familiar with the talks. Ultimately, negotiations foundered over other issues.

So Amaranth began liquidating its remaining holdings. Mr. Hunter flew back to Calgary and settled into a new house he had been building. He is now talking about launching a hedge fund of his own. Mr. Maounis also is exploring starting a new hedge-fund business.

'Very Nice Increment'

The three firms that were paid hundreds of millions of dollars to take over Amaranth trades -- Merrill Lynch, Citadel and J.P. Morgan -- soon reported significant profits on energy trading. J.P. Morgan made at least $725 million, partly by quickly selling many of its new positions to Citadel.

The Amaranth deal produced a "very nice increment to fixed-income trading," Mr. Dimon, J.P. Morgan's CEO, said in a speech in November. "But we did take a lot of risk."

Bill Winters, co-head of J.P. Morgan's investment bank, said at a November conference that through its hedge-fund relationships, such as trade clearing, "we have the insight into what's going on in these funds" and can "respond quickly to opportunities when they come up. Amaranth was one obvious example of that."

He added, "I imagine there will be others...where our ability to be both on the inside, but not compromised, is extremely powerful [as a way] to generate profits."

The huge, complex deal with Amaranth helped build J.P. Morgan's profile as a commodities player. This month, a magazine called Risk named the firm "Energy Derivatives House of the Year."

How much the investors in Amaranth will lose depends on when they got in. They've gotten back about $1.6 billion to date. For one investor that came in in mid-2005, money returned so far comes to 27% of what it put in and about 18% of what its stake was worth at the peak. Investors will receive somewhat more when Amaranth finishes liquidating.

Some investors have a keepsake. Amaranth once sent chess sets as year-end gifts, inscribed with a quotation from the late grandmaster Alexander Kotov: "It often happens that a player carries out a deep and complicated calculation, but fails to spot something elementary right at the first move."

Patent Backlog Spurs Demand For Examiners (WP)

By Stephen Barr

The Washington Post, January 30, 2007

Got a degree in engineering, chemistry or physics and looking for work? The U.S. Patent and Trademark Office is hiring.

The patent office plans to hire 1,200 examiners for each of the next five years. The average starting salary is about $62,000, and electrical engineers and computer engineers may qualify for an $8,800 signing bonus because the PTO has a hard time recruiting in those fields.

The hiring binge is being driven by corporations around the world that pour money into research and development and seek patents in the United States to protect their intellectual property rights, said John J. Doll, the commissioner of patents.

In recent months, the PTO has been swamped with patent applications, for such things as computer software, cellphones and interactive videos, and could face a backlog of 800,000 cases before year's end, Doll said.

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Like many other parts of the government, PTO is in competition with the private sector to hire college graduates and others with degrees in engineering and science. Finding workers with specialized skills is especially important for many federal agencies because projections show that 40 percent of the current federal workforce will retire by 2015.

As part of its employment package, PTO pays retention bonuses to keep electrical and computer engineers from going to the private sector. It also picks up the cost of law school courses for examiners who want to improve their credentials with a law degree. Careers as examiners can lead to salaries of about $100,000 a year.

PTO also tries to be a family-friendly employer, giving some leeway to examiners on when they start their work each day -- as long as they meet certain productivity goals, based on their experience and the difficulty of their caseload.

"You have to work hard; it's a difficult job, but if you work hard, you can do the job in 40 hours a week," Doll said.

As part of its recruitment effort, PTO is holding a job fair at its Alexandria headquarters on Friday and Saturday. Agency employees will greet potential job applicants in the Madison Building Auditorium from 9 a.m. to 3 p.m. More job fairs will be held later in the year.

People interested in this week's job fair are encouraged to register on the agency's Web site (http://www.usptocareers.gov/jobfair) because registration guarantees an interview with a patent examiner. People who attend without registering will be offered interviews on a first-come, first-served basis.

The deadline to register for an interview is Wednesday, Doll said.

"We have an examiner sit down and explain what the job is," he said. "We don't want someone coming in without knowing what the job is -- we make sure they understand at a grass-roots level what they are going to be doing, what it takes to get hired and get promoted."Calling All Managers

Give it a try:

The General Services Administration announced yesterday it will allow federal supervisors, managers and executives to work for free from one of GSA's telework centers in hopes that trial runs might build enthusiasm for telecommuting.

GSA operates 14 telework centers that provide workstations equipped with computers, telephones, printers, copiers and other equipment. The centers are outside the Beltway in Maryland, Virginia and West Virginia. Agencies pay $25 to $49 per day to reserve a workstation.

Federal data shows that only 19 percent of eligible federal workers can be considered telecommuters, and managerial resistance is seen as the reason for what some officials consider a relatively low participation rate.

A recent survey sponsored by the Telework Exchange and the Federal Managers Association showed that concern over employee productivity and lack of control over employee activities makes it difficult for federal managers to support telecommuting.

The GSA offer, which is a response to that survey, runs through Sept. 30 -- "a no-risk, no-cost offer to federal managers to try out teleworking," said Kevin Messner, an associate administrator at GSA.

Bush administration officials and members of Congress, including Rep. Frank R. Wolf (R-Va.), have exhorted federal agencies to permit more employees to work from home or from a telework center at least one day a week as a way to cut down on traffic congestion and reduce air pollution in the Washington region.

Federal managers interested in trying out telework should contact a telework center director to make arrangements. A list of centers can be found on the GSA Web site (http://www.gsa.gov) or GSA's Interagency Telework Site (http://www.telework.gov).

ENVIRONMENT:

Global Warming Issue Gains 'Traction' With New Congress (USAT)

By Traci Watson

USA Today, January 30, 2007

WASHINGTON — After years of being on Congress' back burner, global warming will be a focus of the new Democratic majority trying to follow cities and states that have tackled the issue.

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Today, the Senate holds its first global warming hearing of the year. Senators will present their views to the Environment and Public Works Committee. The panel is headed by Sen. Barbara Boxer, D-Calif., who has been named an environmental "champion" by groups such as the League of Conservation Voters. She takes over from Sen. James Inhofe, R-Okla., who once called global warming a "hoax."

"There is more … traction on this issue beginning with this Congress," said Jim Owens of the Edison Electric Institute, a coalition of electric companies that could be affected by legislation on global warming. "Clearly the momentum is shifting in the direction of possible action."

As the Earth's temperature has risen in recent years, there has been growing agreement among scientists that the trend is due in large part to rising levels of "greenhouse gases" in the atmosphere. These gases, coming from cars, factories and power plants, trap heat.

More than a half-dozen states have set targets for reducing their output of global warming gases. California has a law requiring the state to slash its global warming emissions to 1990 levels by 2020.

The Republican-led Congress held hearings on global warming but did not pass any bills aimed directly at curbing greenhouse gases. After the elections in November swept Democrats into power, they promised to make the issue a priority:

•House Speaker Nancy Pelosi, D-Calif., plans to form a special committee to study global warming and energy independence. She directed House committees to pass global warming bills by July 4. "It says to the American people, we are about the future," Pelosi said.

•Three bills aimed specifically at slowing emission of greenhouse gases have been introduced since Congress convened Jan. 4. Sponsors are circulating the text of a fourth bill, and at least three more measures are likely.

•Senate Majority Leader Harry Reid, D-Nev., told his fellow Democrats this month that the United States should "lead the world" in fighting global warming.

"For the last 12 years … all we've been talking about (on the committee) is, 'Is there global warming?' " Boxer said. "I'm done with that, I'm over it. We need to move forward."

It is far from a given that Congress will pass strict legislation to address global warming. The elections "replaced moderate Republicans with moderate Democrats," said Eileen Claussen, head of the Pew Center on Global Climate Change, a group of companies pushing for action on global warming. "I'm not saying that we're going to get legislation this year … (or) even get it next year." She says legislation dealing with the issue is a near-certainty in the next four years.

Inhofe, the top Republican on the Senate environment committee, has vowed to block any bills calling for mandatory actions by industry to curb greenhouse gas emissions. Breaking that freeze would take the approval of 60 senators. The Democratic side has 51 votes.

Rep. Henry Waxman, D-Calif., said industry groups could make it impossible to get President Bush's signature on global warming bills. Bush favors voluntary measures for combating climate change.

In his State of the Union address, Bush proposed requiring vehicles to get better gas mileage, which would help cut gas emissions. Before the speech, Bush spokesman Tony Snow ruled out any caps on emissions that would apply to the whole economy.

"It may be that we can't get there this year or next," Waxman said.

UN Chief Seeks Climate Change Summit (FT)

By Fiona Harvey, Caroline Daniel And John Aglionby

Financial Times, January 30, 2007

Plans for an emergency summit of world leaders to break the international impasse on cutting greenhouse gases are being discussed by Ban Ki-moon, United Nations secretary-general.

At the summit, mooted for September, heads of state would discuss the possibility of a successor to the Kyoto protocol on climate change, the main provisions of which expire in 2012.

Mr Ban will fly to Nairobi on Tuesday to discuss plans for the summit, which are at an early stage, with officials from the UN Environment Programme, the body charged with tackling climate change.

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It would be among the first important commitments made by Mr Ban since he replaced Kofi Annan on January 1. He has chosen to stake some political capital on climate change, surprising US president George W. Bush by raising it at their meeting two weeks ago.

Calling a summit would be a high-risk strategy. Heads of state may refuse the invitation, or fail to reach agreement, and Mr Ban will want to be sure of a full attendance before committing.

Mr Bush is the leader most likely to decline, but any important agreement would be difficult without the US, the biggest emitter of greenhouse gases.

Mr Bush has shunned mandatory caps on emissions, and officials have dismissed hopes of the US engaging in discussions about a post-Kyoto accord.

One tactic would be to gather heads of state to focus on national security implications of climate change. Achim Steiner, executive director of the UN Environment Programme, said climate change risked escalating conflicts because of mass migration and competition for resources .

World Scientists Near Consensus On Warming (NYT)

By James Kanter And Andrew C. Revkin

The New York Times, January 30, 2007

PARIS, Jan. 29 — Scientists from across the world gathered Monday to hammer out the final details of an authoritative report on climate change that is expected to project centuries of rising temperatures and sea levels unless there are curbs in emissions of carbon dioxide and other gases that trap heat in the atmosphere.

Scientists involved in writing or reviewing the report say it is nearly certain to conclude that there is at least a 90 percent chance that human-caused emissions are the main factor in warming since 1950. The report is the fourth since 1990 from the Intergovernmental Panel on Climate Change, which is overseen by the United Nations.

The report, several of the authors said, will describe a growing body of evidence that warming is likely to cause a profound transformation of the planet.

Three large sections of the report will be forthcoming during the year. The first will be a summary for policy makers and information on basic climate science, which is expected to be issued on Friday.

Among the findings in recent drafts:

¶The Arctic Ocean could largely be devoid of sea ice during summer later in the century.

¶Europe's Mediterranean shores could become barely habitable in summers, while the Alps could shift from snowy winter destinations to summer havens from the heat.

¶Growing seasons in temperate regions will expand, while droughts are likely to ravage further the semiarid regions of Africa and southern Asia.

"Concerns about climate change and public awareness on the subject are at an all-time high," the chairman of the panel, Rajendra Pachauri, told delegates on Monday.

But scientists involved in the effort warned that squabbling among teams and government representatives from more than 100 countries — over how to portray the probable amount of sea-level rise during the 21st century — could distract from the basic finding that a warming world will be one in which shrinking coastlines are the new normal for centuries to come.

Jerry Mahlman, an emeritus researcher at the National Center for Atmospheric Research in Boulder, Colo., who was a reviewer of the report's single-spaced, 1,644-page summary of climate science, said most of the leaks to the news media so far were from people eager to find elements that were the most frightening or the most reassuring.

He added in an interview that such efforts distracted from the basic, undisputed findings, saying that those point to trends that are very disturbing.

He noted recent disclosures that there is still uncertainty about the pace at which seas will rise because of warming and the melting of terrestrial ice over the next 100 years. That span, he said, is just the start of a rise in sea levels that will almost certainly continue for 1,000 years or so.

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Many economists and energy experts long ago abandoned any expectation that it would be possible to avoid a doubling of preindustrial carbon dioxide concentrations, given the growth of human populations, use of fossil fuels, particularly coal, and destruction of forests in the tropics.

The report is likely to highlight the hazardous consequences of that shift by finding that reaching twice the preindustrial concentration of carbon dioxide will probably warm climate between 3.5 and 8 degrees Fahrenheit and by highlighting that there is a small but significant risk that such a buildup can produce even more warming.

One major point of debate in early drafts of the report is the projection of a smaller rise in sea level than the last report as scientists relying on computer models and field observations struggle to find a consensus. Some scientists say that the figures used in the coming report are not recent enough because they leave out recent observations of instability in some ice sheets in Antarctica and Greenland.

Another possible point of contention during the four days of closed sessions in Paris this week may be assertions in early drafts of the report that the recent warming rate was blunted by particle pollution and volcanic eruptions.

Some scientists say the final report should reflect the assumption that the rate of warming in coming years is likely to be more pronounced than that of previous decades.

Achim Steiner, the executive director of the United Nations Environment Program, said the findings presented Friday should lead decision makers to accelerate efforts to slash carbon emissions and to help people in vulnerable parts of the world prepare for climate change.

"These findings should strengthen the resolve of governments to act now to reduce greenhouse gas emissions and put in place the medium- to longer-term strategies necessary to avert dangerous climate change," Mr. Steiner said.

In a new report issued Monday, his agency said the most recent evidence from mountain glaciers showed that they were melting faster than before.

In the past year, international concern over what to do about global warming has grown along with concrete signs of climate change. Even so, political leaders are still groping for ways to tackle the phenomenon. Europe has adopted a program that caps the amount of emissions from industrial plants.

But the world's largest emitter, the United States, still is debating whether to adopt a similar policy, while developing countries like China are resisting caps on the ground that the industrialized countries contributed about 75 percent of the current volume of greenhouse gases and should make the deepest cuts.

Many experts involved in the intergovernmental panel's process said there was hope that with a prompt start on slowing emissions, the chances of seeing much greater warmth and widespread disruption of ecosystems and societies could be reduced.

Outside experts agreed.

"We basically have three choices: mitigation, adaptation and suffering," said John Holdren, the president of the American Association for the Advancement of Science and an energy and climate expert at Harvard. "We're going to do some of each. The question is what the mix is going to be. The more mitigation we do, the less adaptation will be required and the less suffering there will be."

BP Faces Growing Criminal Probe Over Texas Refinery (Update3) (BLOOM)

By Laurel Brubaker Calkins And Margaret Cronin Fisk

Bloomberg, January 30, 2007

Jan. 29 (Bloomberg) -- BP Plc is facing a growing federal investigation into possible criminal environmental and safety violations at its Texas refinery, where a 2005 explosion killed 15 workers, lawyers suing the company said.

The U.S. Environmental Protection Agency has joined a federal investigation begun in October by the U.S. attorney in Houston, the lawyers said. Five Washington-based representatives of the Justice Department, the EPA and the Federal Bureau of Investigations went to Texas this month to meet attorneys for workers hurt in the blast, a victims' lawyer at the meeting said.

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``They were looking at anything and everything we had," said attorney Joseph Gourrier, whose firm represents 150 injured workers suing BP. ``They are looking for things that can be used to bring criminal charges against the upper management of BP, both at the refinery site and further up the company."

The multiagency investigation represents an expansion of the government's probe into London-based BP, Europe's second-largest oil company. The Texas City explosion, one of the worst industrial accidents in recent U.S. history, spurred more than 1,700 lawsuits, a record $21 million fine by the U.S. Occupational Safety and Health Administration and a finding by the U.S. Chemical Safety Board that BP endangered workers by cutting costs.

BP, which has set aside $1.6 billion to resolve the lawsuits, has settled more than 1,200 claims, including all the death suits. BP acknowledged safety shortcomings at the plant.

$1.6 Billion Set Aside

BP spokesman Neil Chapman declined to comment on anything related to the Justice Department's investigation into company activities.

Nancy Herrera, a spokeswoman for the U.S. Attorney's Office in Houston, declined to comment on the BP investigation.

``We can't even confirm there is an investigation going on," she said.

``We do not confirm or deny the existence of an investigation," EPA spokesman Dave Ryan said in an e-mailed message.

The March 23, 2005, accident happened after workers started the refinery's octane-boosting unit and excess gasoline spilled into a vent system. The gas ignited, setting off an explosion that could be felt five miles away. Fifteen workers were killed and hundreds more were injured at the refinery, the company's largest.

`A Felony'

Gourrier, of Houston's Brent Coon & Associates, said federal investigators specifically asked about BP documents and depositions related to charges the company falsified its state air quality permit application to continue operating the octane-boosting unit.

``It is a felony to knowingly and negligently expose people to these hazardous substances," Gourrier said. In preparing for trial, he said, the Coon firm discovered evidence BP had ``a number of environmental releases over the years from that unit, and they didn't do anything about it."

After the initial day-long meeting, ten DOJ employees spent three days combing the extensive computer data base Coon's firm maintains of its blast-related investigations, Gourrier said.

Investigators asked about an informational letter BP mailed to more than 1,000 local community and business leaders in November, on the eve of jury selection in a case involving Eva Rowe, who lost both parents in the explosion, Gourrier said.

Rowe settled her claims for an unspecified amount, which included roughly $38 million for schools and hospitals that service the region's petrochemical complexes.

Jury Issue

State Judge Susan Criss in Galveston, Texas, is investigating potential jury tampering in connection with BP's informational flyer, which was seen by several potential jurors in the Rowe case.

Federal investigators also asked the victims' lawyers about a BP environmental employee who worked on the company's air quality permit application at the state regulatory agency before coming to work for BP on the same matter, Gourrier said.

Lawyer Kenneth Tekell, who is handling settlement negotiations for BP, said in an interview today the company has settled 1,250 blast-related damage claims, including all death claims and three of the five injury cases that were scheduled to go to trial Feb. 26 in Galveston.

``We're not just settling trial claims," Tekell told Criss, who presides over all blast-related cases, today at a hearing. ``We're settling others, too."

Art Gonzalez of Brent Coon told the judge the two sides are in settlement talks. ``We met last week, and we'll meet again this week to try to resolve additional cases," Gonzalez said at today's hearing.

Unsettled Claims

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Gonzalez said afterward that roughly 500 blast-related damage claims remain unsettled, about half involving injuries or property damage that occurred off the refinery's property. He said BP hasn't settled any property damage claims to date and has focused its attention on settling injury claims.

BP is also the subject of a criminal investigation by the Anchorage, Alaska, U.S. Attorney's Office, which is probing responsibility for numerous leaks and faulty maintenance at the company's pipeline network at Alaska's North Slope, the largest U.S. oilfield.

It isn't clear whether that investigation has also been rolled into the new multiagency probe. Justice Department spokeswoman Jaclyn Lesch didn't immediately return a call seeking comment.

The case is Arenazas v. BP Products North America, 05CV0337, 212th District Court, Galveston County, Texas.

Court Ruling On Salmon Hooks Pork (HILL)

By Elana Schor

The Hill, January 30, 2007

On paper, the debate deals with swimming salmon and spilling water.

But in Congress, the federal court decision that last week invalidated a rider written by Senate Appropriations Committee member Larry Craig (R-Idaho) threatens to upend the influential panel's authority.

The unanimous ruling allows a small group of salmon-watchers to stay on the job while reminding appropriators of a hard truth they rarely acknowledge: Earmarks included in report language, but not bill text, do not have the force of law.

Craig was so aggravated in 2005 at what he deemed biased reporting by the Portland-based Fish Passage Center that he moved to eliminate its $1.3 million budget through an Appropriations Committee report. Several local groups filed suit against Craig's effort, and the longtime appropriations cardinal said their victory last Wednesday would set a worrisome example for future challenges to appropriations decisions.

"It's very significant," Craig said in an interview. "We've always viewed report language as having the force of law."

Sen. Thad Cochran (Miss.), the senior Appropriations Republican, declined to judge the case definitively until the Justice Department decides whether to pursue an appeal to the Supreme Court. But he said "it may be that [the decision] is wrong.

"Report language explains the intent of Congress in appropriating money and limits on the use of funds," Cochran said. "[It has] been effective in explaining what Congress intended. We will stay tuned, because this story may not be over yet."

During the earmark-transparency debate that briefly imperiled the Senate's ethics bill this month, lawmakers acknowledged that federal agencies are not required to follow instructions made only in appropriations reports that have all the weight of "sending a note from your sister," as Majority Whip Dick Durbin (D-Ill.) put it. Yet agencies still remain loyal to the appropriators who fund them, making the court decision a triumph for fiscal watchdog groups.

"This is going to throw the appropriations process for a loop," said Steve Ellis, vice president at the nonpartisan Taxpayers for Common Sense. The new precedent being set, he added, "should make appropriators and other earmarkers look over their shoulder and wonder if they're going to stand any legal test."

Craig took aim at the fish center after its counts of endangered salmon on the Northwest's Snake River were employed in another federal lawsuit. That suit ended with an order that the Bonneville Power Administration (BPA), a hydroelectric-power agency, spill water from dams to help migrating salmon.

The hydroelectric industry, which has contributed heavily to Craig's campaigns, estimated a $60 million-plus power loss from the spillage order that put low electricity rates in the region at risk. Craig responded with an appropriations rider that traveled through the committee process unchallenged, telling the BPA to close the fish center and hire a private company to count Snake River salmon.

Richard Condit, general counsel at Public Employees for Environmental Responsibility, was a member of the legal team challenging Craig. He invoked another congressional donnybrook, over allegations of Bush administration interference with impartial science, by describing Craig as seeking to silence government-funded scientists with whom he disagreed.

"Agencies have to make good decisions," Condit said of the BPA. "You can't just jump because Sen. Craig says jump."

DOJ_NMG_0124168

Appropriators, hardened from battle with conservatives over the growth of earmarks, will face another dose of reality this winter as Democrats draft a joint resolution to fund the government and keep special projects to the barest minimum. Spending gadflies such as Sen. Jim DeMint (R-S.C.), meanwhile, are encouraged by the Ninth Circuit decision.

"It was a matter of time," DeMint said. "If we do something in report language that makes them mad, the courts are obviously going to point out that it doesn't have the force of law."

DeMint said he had not considered the lawsuit's relevance to his quest to tamp down the rapid growth of earmarks until he read the first news reports on the decision. The door may be open for ordinary citizens to consider bringing suit against congressional mandates inserted outside of bill text without a vote, he added.

"It's a good precedent, because it shows there's going to be more scrutiny of [provisions] we hadn't voted on" that agencies give weight to, DeMint said.

Craig's quest to keep electricity rates low in the Northwest has touched off turf fights beyond the salmon center lawsuit. When the White House's 2006 budget proposed using extra revenue from BPA power sales to decrease the deficit, rather than hold down regional power rates, Craig inserted language in last summer's war supplemental, with Democratic support, blocking the move.

The Ninth Circuit is also a familiar foe for Republicans, who have employed some of the court's more contentious rulings in their campaign to rein in perceived judicial activism. Craig shook his head at the source of the anti-earmark decree, calling it "another misguided decision by the Ninth Circuit.

"Trying to be politically acute, they have caught themselves in a precedent that has a political impact on Congress," Craig said.

The Senate adopted a DeMint amendment subjecting report-language earmarks to the same disclosure standard as those in bill language, though not without partisan wrangling. Still, any uncertainty among appropriators about the legal standing of report-language earmarks could shift more member projects into bill text, allowing DeMint, Rep. Jeff Flake (R-Ariz.) and their allies to offer motions to strike.

"This adds lot of firepower to efforts to move earmarks into statute," Citizens Against Government Waste President Tom Schatz said. Referring to the Ninth Circuit's famous opinion that the Pledge of Allegiance's invocation of God is unconstitutional, Schatz added: "This is not the 'one nation under God' case. This is a pro-taxpayer decision."

Condit and others involved in the case cautioned, however, that lawyers advocating for the fish center were able to argue that Craig's report language openly contradicted an earlier law. That standard would be hard to meet in future court challenges to report earmarks, Condit said, and may limit the long-term precedent set by the ruling.

Documents from the salmon-science lawsuit offer a stark depiction of agencies' readiness to accommodate members of Congress. "It is an understatement to say that BPA gave great weight to [appropriations] reports," the three-judge panel wrote. "More accurate is the observation that BPA slavishly deferred to what it thought the reports commanded."

BPA Vice President Gregory Delwiche considered the committee report a direct order to his agency, according to court filings, e-mailing an official at the fish center that "my thinking … isn't really relevant, what's relevant is what the direction from Wash DC is."

The BPA did not respond by press time to a request for comment on whether internal policies regarding the impact of committee-report mandates would change in light of the ruling. Craig said he would consider using statute to cut off funds for the fish center, although the BPA could eventually privatize the center's duties by alternate means.

Yet any new attempt by Craig to eliminate the fish center would not sway his fellow Idaho senator, Mike Crapo (R), who instead called for improvements in the center's management. As for the precedent set by the case, Crapo said, "Report language didn't have the force of law anyway."

Yosemite Case May Affect Public Access (FINDLAW/AP)

By Garance Burke, Associated Press Writer

AP, January 30, 2007

DOJ_NMG_0124169

(AP) - YOSEMITE NATIONAL PARK, Calif.-The plunging waterfalls and soaring crags chiseled by the Merced River draw millions of visitors each year, but the crowds are precisely what threatens the waterway and the park.

Efforts to safeguard the Merced have spawned a court battle over the future of development in Yosemite National Park's most popular stretch. The case may come down to the challenge facing all of America's parks: Should they remain open to everyone, or should access be limited in the interest of protecting them?

In November, a federal judge barred crews from finishing $60 million in construction projects in Yosemite Valley, siding with a small group of environmentalists who sued the federal government, saying further commercial development would bring greater numbers of visitors, thus threatening the Merced's fragile ecosystem.

"The park's plans for commercialization could damage Yosemite for future generations," said Bridget Kerr, a member of Friends of Yosemite Valley, one of two local environmental groups that filed the suit.

The government is appealing, fearing the ruling could force the National Park Service to limit the number of people allowed into Yosemite each day, a precedent it doesn't want to see echoed in other parks.

"I don't think we've ever had a ruling with these kind of implications," said Kerri Cahill, a Denver-based planner for the park service. "It's going to have a direct influence on the public who care about these places."

The case has Yosemite's most loyal advocates sharply divided over how to balance preservation with access to public lands. Even environmentalists can't agree on how to minimize the human footprint - some believe cars should be kept out entirely; others say visitors should have to make reservations in advance.

Yosemite was the first land in the country set aside for its scenic beauty, declared a public trust in 1864 by Abraham Lincoln. Its 1,200 square miles of granite peaks and towering waterfalls became a national park in 1890, and with few exceptions its gates have been open to all ever since, though backcountry permits are limited to minimize the human impact on wilderness areas.

The Merced itself is protected under the federal Wild and Scenic Rivers Act.

The current fight began when the Merced flooded in 1997, wiping out campgrounds and parking lots and damaging rooms at the popular Yosemite Lodge. The park service drew up a $442 million remodeling plan that included moving campgrounds, rerouting a key access road, rebuilding employee housing and upgrading hotel rooms on the valley floor.

Kerr's group and Mariposans for the Environment and Responsible Government sued, claiming aspects of the park's plans - including blasting part of the river canyon - threatened the Merced.

The groups also fear the costs of park upgrades would be passed on to visitors in the form of price hikes for hotel rooms and campsites, turning Yosemite into a playground for the rich.

Park officials say no such rate increases are planned. Accommodations now range from about $20 per night for a campsite to nearly $1,000 for a suite in the deluxe Ahwahnee Hotel.

Park spokesman Scott Gediman called the plaintiffs a "fringe group" pushing a radical agenda.

"They want us to set a quota for the number of visitors coming into the park, which is something we just don't want to do," he said.

Well-known conservation groups like the Sierra Club and Nature Conservancy aren't directly involved in the fight, though the Sierra Club was among more than 60 organizations that signed a legal brief supporting an earlier version of the suit.

Gediman said the number of visitors is falling and crowding isn't a problem except at the height of summer, when there's bumper-to-bumper traffic near popular sites like El Capitan, the 3,000-foot granite monolith rising from the valley floor.

In 1996, when the park had a record 4 million visitors, rangers shut gates when all parking spaces were filled. But last year, the nation's third-most popular park hit a 16-year low with 3.36 million visitors.

"This is the United States' version of the crown jewels, so why wouldn't we protect it as best we can?" said Peter Newman, a natural resources management professor at Colorado State University who filed a legal brief supporting the park service. "I've just never heard of any other plan that has been so contested."

On the Net:

Yosemite: http://www.nps.gov/yose/

DOJ_NMG_0124170

Gray Wolves To Lose Some Protection (USAT)

By Patrick O'driscoll

USA Today, January 30, 2007

DENVER — The gray wolf, hunted to near-extinction in the last century, has rebounded so well in six states that it can now be taken off the endangered species list, federal wildlife officials said Monday.

Federal protection for about 4,000 gray wolves in three western Great Lakes states — northern parts of Minnesota, Wisconsin and Michigan — will end in about a month, the Fish and Wildlife Service announced.

Plans to do the same in Montana, Idaho and Wyoming probably will take the rest of this year, service director H. Dale Hall said. A formal proposal, with public hearings and a two-month comment period, will be published this week.

Two wildlife advocacy groups — the Defenders of Wildlife and Sinapu, a Colorado-based wolf advocacy group — warned they might sue to prevent taking wolves in the Rockies off the endangered list. Another group, the Center for Biological Diversity, claims the proposal will "end in the mass killing of wolves."

The groups contend that state management of wolves in the Rockies will do too little to maintain the animal's remarkable recovery since the mid-1990s, when 66 wild wolves from Canada were released in Yellowstone National Park and central Idaho. The population has mushroomed to more than 1,200 today.

Hunters say wolves compete for elk, deer and other game. Ranchers complain they kill too many livestock. An anti-wolf group, Friends of the Northern Yellowstone Elk Herd, says it plans to sue to remove endangered status immediately.

Dropping federal protection would make states responsible for managing the wolf population. They could allow hunting and lethal control as long as at least 10 wolf packs and 100 animals remain in each state.

Ed Bangs, the Fish and Wildlife recovery coordinator in the Rockies, says Wyoming wants all its wolves outside of Yellowstone and Grand Teton national parks classified as "predators" that can be shot on sight without restriction. He hopes that talks with the state will produce an acceptable plan.

If not, Fish and Wildlife will keep federal restrictions in Wyoming, Hall said.

Wyoming Gov. Dave Freudenthal said Monday that the agency's threat "raises the interesting question of whether any (wolf) packs outside Yellowstone in Wyoming are even necessary."

Idaho Gov. C.L. "Butch" Otter told the Associated Press that he supports public hunting to kill all but the minimum 100 wolves and 10 wolf packs in his state once federal protection is lifted. "I'm going to bid for the first ticket to shoot a wolf," he told a rally of hunters Jan. 11 at the state Capitol.

Idaho's Fish and Game Commission last week approved seeking legislative authority to charge $26.50 for Idaho residents to hunt wolves.

A Faith-Based Fuel Initiative (NYT)

New York Times, January 30, 2007

In 1975, after the oil embargo, Congress approved the most successful energy-saving measure this country has ever seen: the Corporate Average Fuel Economy system, known as CAFE, which set minimum mileage standards for cars. Within 10 years, automobile efficiency had virtually doubled, to 27.5 miles per gallon in 1985 from just over 14 miles per gallon in 1976.

The mileage standards are still 27.5 m.p.g. Except for minor tweaks, Congress has refused to raise fuel efficiency requirements or close a gaping loophole that lets S.U.V.'s and pickups be measured by a more lenient standard.

Americans who heard President Bush's State of the Union address, including his pledge to reduce America's gasoline consumption, can be forgiven for thinking he was finally ready to change that. But all Mr. Bush really asked for was the authority to set mileage standards in a different way. Rather than requiring companies to meet an average fuel-efficiency standard, balancing gas savers against gas guzzlers, he would assign targets model by model, based on factors like size and weight.

As for what those new targets might be, Mr. Bush would leave it to his secretary of transportation to decide. And he asked the country to take it on faith that this new measurement system, combined with technological advances, would lead to annual mileage improvements of 4 percent a year.

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Our fear is that this program will take far too long to get going, if it gets going at all. Like Congress, the Transportation Department has been notoriously solicitous of the automobile industry.

But there's a way Congress can get moving. Senator Barack Obama plans to reintroduce a bill that would set a 4 percent annual increase in efficiency as a target, just what Mr. Bush says he wants. The bill would also give both the Transportation Department and the manufacturers considerable flexibility. But the department could not deviate from the target unless it could demonstrate that the costs outweighed the benefits.

Even that is too much wiggle room for lawmakers like Senator Dianne Feinstein and Representative Edward Markey. While allowing for administrative flexibility, they would require a firm fleetwide standard of 35 m.p.g. with no escape hatches. But given the long Congressional stalemate, the Obama bill could be an important first step. It commands some bipartisan support, and unlike Mr. Bush's approach, it promises real as opposed to hypothetical results.

FBI/DEA/ATF/USMS:

Mexican Drug Suspects Plead Not Guilty (AP)

By Allison Hoffman, The Associated Press

AP, January 30, 2007

SAN DIEGO -- Four Mexican drug traffickers who were extradited to the U.S. this month pleaded not guilty Monday to an array of federal drug charges.

They include brothers Ismael and Gilberto Higuera Guerrero, top figures in the Arellano Felix drug cartel, based in Tijuana, Mexico. A court-appointed defender entered not guilty pleas on their behalf to charges of racketeering, drug trafficking and money laundering charges stemming from a sweeping 2003 indictment that named 11 people.

The four men, who arrived in San Diego from Texas over the weekend, appeared before U.S. Magistrate Judge Barbara Lynn Major. The judge ordered all four held without bail pending a detention hearing Thursday.

They were among 15 extradited to Houston on Jan. 20 by the government of Mexican President Felipe Calderon, who has pledged to crack down on drug smuggling and violence. All 15 were jailed in Mexico but had not been tried in the U.S.

Mexican officials have said the Calderon government was willing to extradite the alleged drug lords because they continued to run their drug operations from prison in Mexico, not because of U.S. pressure.

Mexico refuses to extradite anyone who would face the death penalty, which is illegal in Mexico.

Ismael Higuera Guerrero is suspected of being responsible for collecting payments and moving large shipments of Colombian cocaine and marijuana from Mexico into the U.S., as well as directing kidnapping, torture and murder of cartel enemies in Tijuana.

Gilberto Higuera Guerrero is suspected of having similar responsibilities in Mexicali, Mexico.

A third Arellano Felix cartel member, Jose Albert Marquez, also pleaded not guilty. He was charged in 2002 with participating in a conspiracy to import and distribute marijuana and cocaine.

Hector Palma Salazar, a suspected former leader of the Sinaloa cartel, pleaded not guilty to conspiring to distribute large quantities of cocaine stemming from a 1995 indictment.

Palma has denied any ties to drug trafficking, saying he works as a rancher.

The Sinaloa cartel, based in the Mexican state of Sinaloa, formed after the powerful narcotics trafficking organization of Miguel Angel Felix Gallardo, the so-called godfather of Mexican drug smuggling, split in two after his arrest in 1989. Felix Gallardo's nephews formed the rival Arellano Felix cartel.

Two suspected kingpins of the Arellano Felix cartel, Francisco Javier Arellano Felix and Manuel Arturo Villarreal Heredia, have been in federal custody in San Diego since August, when they were captured in a U.S. raid aboard a sport-fishing boat off La Paz, Mexico.

They have pleaded not guilty to running a criminal enterprise, racketeering, and conspiracy to commit racketeering, drug trafficking and money laundering. Both are eligible for the death penalty if they are found guilty of the crimes outlined in a December indictment.

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Suspected Mexican Drug Cartel Figures Arraigned In S.D. (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 29, 2007

SAN DIEGO – Four men suspected of occupying high-level positions within Mexican drug cartels pleaded not guilty to a variety of charges in federal court Monday afternoon.

The men were among 15 people extradited by Mexican authorities a week and a half ago.

They included two brothers, Ismael and Gilberto Higuera Guerrero, accused of running day-to-day operations for the Arellano Felix cartel in Tijuana and Mexicali.

Prosecutors said they oversaw the importation of tons of cocaine and marijuana from Mexico into the United States and used kidnapping, torture and murder to further the cartel's interests.

Also in court was Jesus Hector Palma Salazar, who authorities say left the Arellano cartel and went on to lead the rival Sinaloa drug cartel. He was indicted in San Diego in 1995 on charges of conspiring to import and distribute a ton of cocaine.

The fourth man in court was Jose Albert Marquez, indicted in 2002 on drug charges, but also suspected of being the Arellano Felix cartel's link to the Mexican Mafia prison gang.

Authorities say he oversaw drug dealing and extortion by street gangs controlled by the prison gang.

Prosecutors said all four men might flee if allowed out on bail, which could pose a danger to the community. U.S. Magistrate Judge Barbara Major said she would consider bail on Thursday.

Alleged Juárez Drug Ring Members Extradited (EPT)

El Paso Times, January 29, 2007

A man identified as a "gatekeeper" for the Juárez cartel and two other alleged members of the drug ring are among the drug lords extradited last weekend by Mexico to face charges in the United States, U.S. officials said.

Mexico extradited 15 men, including Osiel Cardenas Guillen, the kingpin of the Gulf cartel, to Ellington Air Force Base in Houston on the night of Jan. 19 to Jan. 20. U.S. officials said Mexican authorities hoped the move would disturb drug smuggling operations that some of the men had continued to direct from behind bars in Mexico.

Drug Enforcement Administration head Karen Tandy said during a press conference this week that the group included Gracielo Gardea Carrasco, "a gatekeeper who was responsible for controlling drug smuggling across the border for the Juárez cartel."

The suspected drug offenders will be transferred to the states where charges against them were originally filed.

Gardea was indicted in Midland in 2000 on drug conspiracy charges for allegedly smuggling marijuana from Mexico to a Midland

gang known as "Los Tres de la Sierra," or the three from the mountain.

The other men with Juárez connections are as follows.

-Miguel Angel Arriola Marquez, an alleged lieutenant for the Juárez cartel and the Federation, an alliance between Sinaloa cartels and the Juárez cartel. Arriola will face charges in Colorado of conspiracy to import cocaine and to launder millions of dollars in drug money.

-Saul Saucedo, an alleged mid-level lieutenant with the the Juárez cartel and the Federation, also wanted in Colorado for similar charges as Arriola.

Gardea operated from a small town across the border from Radford, Texas. His indictment said that he was "primarily responsible for organizing and managing the importation and distribution of marijuana from Ojinaga, Chihuahua, Mexico and Chihuahua City, Chihuahua, Mexico, to the Western District of Texas."

It also alleges that on May 14, 1998, Gardea called a man named Rigorberto Loera Carrillo on the phone to lure him to Mexico "so that (he) could be murdered." The most famous of the extradited bunch is Osiel Cardenas, famous for his trademark gold-plated .45 and for creating Los Zetas, a gang of enforcers that spread terror in Nuevo Laredo in recent years. Cardenas was allegedly heading the Gulf Cartel from a Mexican prison cell for the past four years, Tandy said.

Deputy Attorney General Paul McNulty said that won't happen in the United States.

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"We have a long record of not having those kinds of problems occur within the Federal Bureau of Prisons, and it can include everything from monitoring all telephone calls and letter and visits and whatever is necessary in order to ensure that there is no criminal activity going on while they're confined," he said. v Mexico only extradites to the United States fugitives who would not face the death penalty, which is illegal in Mexico. A record 63 were sent to the United States in 2006 alone.

The Associated Press contributed to this story.

7 Puerto Rican Doctors Indicted In Alleged Internet Pharmacy Scheme (AP)

AP, January 30, 2007

Seven doctors have been indicted in this U.S. Caribbean territory in connection with an Internet scheme that allegedly dispensed controlled substances without a legitimate medical purpose, federal authorities said Monday.

The physicians were accused of working with Internet pharmacies that solicited customers seeking drugs such as the addictive painkiller hydrocodone and appetite suppressant phentermine, according to a statement from the U.S. Drug Enforcement Administration.

Charges against them include conspiracy to distribute controlled substances, wire fraud and money laundering. The alleged scheme started in 2003.

If convicted, the accused doctors each face up to 20 years in prison and maximum fines of US$6.4 million (euro4.9 million), the DEA said.

Sentencing Set For 3-state Drug Ring (GCNG)

Grayson County News Gazette, January 29, 2007

OWENSBORO - Sentencing has been set for April in Owensboro federal court for members of a drug ring that delivered and sold marijuana and methamphetamine in Texas, Kentucky and Indiana totaling over $2.7 million.

David L. Huber, United States Attorney for the Western District of Kentucky, reports that Walter Willis, 56, of Evansville, Indiana, Willie Guillermo, Estrada, 52, of Mission, Tex., and Fidel Villasenor, 48, of Muskegon, Mich,, were found guilty on January 24, by a federal jury in United States District Court, Owensboro, of conspiracy to possess with the intent to distribute marijuana.

Villasenor was also found guilty of conspiracy to possess with the intent to distribute methamphetamine. Haralia Lofts, 49, of Palmview, Tex., pled guilty, after three days of trial, to conspiracy to possess with the intent to distribute marijuana.

David Frederick, 47, of Robards, Ky., John Little, 60, of Owensboro, Kermit Shrull, 48, of Robards, and Jose Martin Perez-Espinoza, 43, of Houston, Tex., all co-defendants in this case, pled guilty before trial to the charges against them.

The jury's verdict of guilty was returned following a 6-day jury trial before Joseph H. McKinley, Jr., Judge, United States District Court.

The case was initiated when Louisville Drug Enforce-ment Administration (DEA) agents received information from the San Antonio, Tex. DEA office that drug traffickers in Texas were transporting loads of marijuana to an individual residing in Owensboro.

Recorded telephone conversations among and between the various conspirators obtained through a court approved wiretap confirmed the drug trafficking activity between South Texas and Western Kentucky.

Over 1,100 pounds of marijuana was transported from February 2003 through April 2005. The conspiracy to distribute methamphetamine involved over 3 pounds. The street value of the marijuana was approximately $2,6 million , and the street value of the methamphetamine was approximately $136,000

Evidence at trial showed that during the time period of February 3, 2003 through April 11, 2005, large quantities of marijuana were being transported from South Texas into Robards for distribution in both western Kentucky and southern Indiana.

Estrada was one of the sources of supply of the marijuana that was being transported to Robards.

The marijuana loads were transported up to Robards by women couriers.

Villasenor was also a source of supply of both marijuana and methamphetamine who had agreed to deliver 115 pounds of marijuana and 2 pounds of methamphetamine to Kentucky.

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However, Villasenor was unable to deliver the drugs, largely in part because the Kentucky co-conspirators had been detained by DEA Agents.

The evidence also showed that the loads of marijuana were delivered and stored at a residence located at 7313 Swann Lane, Robards for later distribution.

Upon the marijuana loads being received at the Robards residence, they would then be broken down into pound quantities by other co-conspirators who would then store them in a freezer.

These pound quantities of marijuana would then be picked up by another co-conspirator who would deliver them to local distributors.

One of the biggest distributors of the marijuana was Willis, who sold the marijuana in and around Evansville.

Willis also facilitated the payment of marijuana shipments by allowing vehicles to be traded for marijuana. Willis was able to do this because he owned a car lot, Mayhugh's Auto Sales, located in Evansville.

The maximum potential penalties for Willis and Estrada are 40 years imprisonment, a $2 million fine, and supervised release for a period of at least four years.

The maximum potential penalties for Villasenor are life imprisonment, an $8 million fine, and supervised release for a period of at least five years.

The case was prosecuted by Assistant United States Attorneys Daniel P. Kinnicutt and Laura Hall, and was investigated by the Drug Enforcement Administration.

All three defendants are scheduled to be sentenced before Judge Joseph H. McKinley, Jr. on April 19, 2007.

Large Tunnels On U.S.-Mexico Border Remain Unfilled (LAT)

By Richard Marosi

The Los Angeles Times, January 30, 2007

SAN DIEGO — Seven of the largest tunnels discovered under the U.S.-Mexico border in recent years have yet to be filled in, authorities said, raising concerns they could be reused for smuggling people or drugs.

Among them is the longest tunnel yet found — extending nearly half a mile from San Diego to Tijuana. Nearby, another sophisticated passage once known as the Taj Mahal of tunnels has been sitting unfilled for 13 years, authorities say.

Though concrete plugs usually close off the tunnels where they cross under the border and at main entrance and exit points, the areas in between remain largely intact. Filling the seven tunnels would cost about $2.7 million, according to U.S. Customs and Border Protection officials. Accessing tunnels that run under private property is also a problem, as is a lack of coordination with Mexican authorities.

Mexican authorities have told their U.S. counterparts that they've filled their end of the tunnels. But U.S. officials express doubt, citing the high costs and examples of tunnels being compromised. The Mexican attorney general's office, which handles organized crime, did not respond to numerous requests for interviews.

In recent years nearly 50 tunnels have been discovered running under the border from San Diego to Arizona. Most are small, crudely constructed passages — called gopher holes — that are easily destroyed.But filling the larger, more elaborate tunnels requires enormous amounts of material and expertise, especially because some were probably designed by mining engineers.

To prevent break-ins, authorities say they install motion sensors, which alert them to incursions.

But smugglers in some cases have been able to access existing tunnels by digging around the plugged entrance points, and then proceed undetected, according to the U.S. Border Patrol and Immigration and Customs Enforcement, which heads the San Diego-based U.S. Border Tunnel Task Force.

In Nogales, Ariz., traffickers have used one tunnel three times over a four-year span. Tijuana smugglers were suspected of reusing a tunnel in 2004, one year after its discovery inside a house in Mexico. U.S. authorities have had to reinspect several other tunnels in response to suspicious activity or tips.

Because of overlapping jurisdictions among federal border agencies, the responsibility for subterranean work was unclear for years. The Border Patrol and the Drug Enforcement Administration each had some responsibility.

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After the Department of Homeland Security was created in 2003, the responsibility for filling tunnels was assigned to one agency: Customs and Border Protection.

Authorities cite this streamlining as progress. But Customs and Border Protection has not filled any tunnels, and has capped only two since assuming control. Michael Friel, a spokesman, said the agency is trying to find money in its budget to complete the work. The 2007 budget for Customs and Border Protection is $7.8 billion.

Critics say the existence of so many unfilled tunnels poses a needless — and inexcusable — national security risk. "I was shocked to learn that these tunnels haven't been filled in. They should be," U.S. Sen. Dianne Feinstein (D-Calif.) said in a statement. "The department should move, find money, and do it. This is a huge department with a huge budget. And if they don't have the money, they should tell us, and we will seek to get it in the emergency supplemental."

Among the unfilled passages:

The so-called Grande Tunnel connecting warehouses in San Diego and Tijuana. Nearly half a mile long, the tunnel was discovered in January 2006 and attracted global media attention as well as groups of local and national politicians, who were given tours of its cave-like depths. The tunnel prompted Feinstein to propose legislation outlawing the construction of tunnels under the border.

The 1,400-foot tunnel called the "Taj Mahal" because of its lighting system and reinforced concrete walls. The tunnel was discovered in 1993. Five years later, authorities suspected the passage had been reentered after 33 illegal immigrants were found covered in mud near the opening. A metal lid over the tunnel opening had been cut. Border Patrol agents say they never determined for sure if the passage was reused.

Two long tunnels leading from Mexicali, Mexico, to a quiet residential area in Calexico, Calif. One of them, discovered in 2005, was equipped with a ventilation system, phone line and video surveillance equipment.

It isn't cost alone that can keep tunnels unfilled. Owners of private property also can slow the process. In 2002, after a tunnel was discovered running under part of his property in eastern San Diego County, David Field, a San Diego building inspector, feuded with the DEA over how to fill the quarter-mile-long passage. The DEA wanted to use a concrete-soil mix. Field, for environmental reasons, said he wanted the portion under his land filled only with dirt.

The tunnel featured a battery-operated cart on rails and was used to ferry what may have been tons of drugs over a 10-year period, according to authorities.

In 2002, the DEA sent Field a letter saying that drug traffickers would probably reuse the tunnel if it wasn't completely closed off and threatened to seize Field's property if the tunnel was compromised. Field said the letter surprised him because he knew the agency had never filled the Taj Mahal tunnel found in 1993.

"I said that tunnel is still open.... So how could this be a national emergency?" Field said.

Authorities say they have had to check the tunnel twice to investigate tips that it had been reopened, but have found no evidence.

Smugglers can be determined about reclaiming their tunnels. Take the case of the little light-blue house in Nogales. The vacant building with barred windows is at 438 W. International St., right across the street from the border, where a 20-foot fence provides a formidable above-ground barrier.

Several years ago, smugglers, starting from a drainage canal in Mexico, dug under the border fence, under International Street, and under the yard, to a front room in the house. Wooden slats and carpeting covered the opening, said Agent Mario Cano, a U.S. Border Patrol spokesman.

In December 2001, U.S. authorities discovered the 85-foot tunnel — equipped with a rail and cart system — and plugged it. But the smugglers soon dug around the cap at the border and found their way back to the tunnel, Cano said.

Diggers used about 15 feet of that tunnel, then branched off and burrowed an additional 40 feet. They surfaced near the house's driveway and covered the new opening with trash cans. In March 2002, that opening was discovered and sealed, Cano said.

Smugglers went to work again, this time using portions of the first and second tunnel before branching off to surface in another area of the yard, where they covered their latest opening with a tarp. That branch and its opening were discovered in October 2005.

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This month, authorities returned to the house again. This time, two illegal aliens were digging a new route, starting inside the home, Cano said. They had progressed only 15 feet, Cano said, but may have intended to link up again with one of the existing tunnels under the property.

None of the passages have been filled, Cano said, although he believes portions may have collapsed because of heavy rains. Even if the tunnels were filled, he said, the problem might not go away.

That's because smugglers have used the concrete fill to make support walls and ceilings for new tunnels, he said. The filled-in passages also act as road maps, guiding crews to new areas where they want to go below ground.

The tunnel diggers' determination has bedeviled U.S. authorities, who have teamed with structural and civil engineers and geologists to devise the best ways to close tunnels. They've experimented with a type of concrete that will cave in if smugglers use it for support.

The cost to close the unfilled tunnels ranges from $200,000 to $700,000.

But addressing the problem here solves only part of the problem because some tunnels extend hundreds of feet into Mexico, where U.S. authorities have no control. Though Mexican authorities promise to fill tunnels, it's hard to know if they've followed through, said Assistant Special Agent in Charge Frank Marwood, who heads the U.S. Tunnel Task Force.

Mexican authorities have occasionally permitted their U.S. counterparts to inspect tunnels for suspicious activity, including one time when a corpse was discovered on the Mexican side. But it's not routine. In 2004, smugglers in Tijuana are believed to have reused a tunnel that Mexican authorities said they had filled. The smugglers broke into a tunnel discovered a year earlier and formed a new tunnel heading toward a parking lot near the San Ysidro Port of Entry, U.S. authorities said.

The tunnel has since been filled in on the U.S. side, but the status of the Mexican side is unknown.

Corruption in Mexican border agencies complicates matters. Last year, two Mexican customs officers were arrested on suspicion of being involved in the construction of a tunnel near the San Ysidro Port of Entry. U.S. authorities also believe Mexico can't afford to fill tunnels. If so, the U.S. should provide assistance, some say. "It's a binational security breach, and I think the way to handle it is by a binational effort," Marwood said.

"If they're not filled in, [smugglers] just branch out at one end or another."

Supporters Of Medical Marijuana Want Changes To The Law (AP)

AP, January 29, 2007

HELENA, Mont. (AP) — The state's 2004 medical marijuana law needs to be changed to let patients grow more plants and posses more marijuana, a key supporter says.

The current law was approved by voters and allows those registered with the state to have one ounce of marijuana at a time, but that should be increased to 12 ounces, said Rep. Ron Erickson, D-Missoula.

He also told a House committee on Monday that the law needs to be changed to allow those registered with the state to have six "mature" marijuana plants, rather than just six plants. More young plants are needed to replace old ones that die, he argued.

Erickson's measure was supported by those behind the 2004 initiative that voters approved with 62 percent of the vote.

Paul Befumo said the six-plant, one-ounce limit has turned out to be an impractical combination for keeping a sick person stocked with enough marijuana.

"It's like being told you can have six tomato plants, but only one tomato at any given time," he said.

One opponent showed up, an anti-drug activist from New York, to say medicinal marijuana is supported by special interests who hope to eventually legalize the drug for everyone.

"Their agenda is simple — legalizing marijuana and using the medicalization of it to get to the end game," said Steve Steiner. "Is it really a medicine?"

The state says about 280 people have registered for the program.

Other changes proposed by Erickson include expanding the law to allow a sick person to designate a "transporter" to legally pick up marijuana for them, and allowing nurse practitioners and physician assistants to prescribe medical marijuana.

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Currently, a patient must be being diagnosed by a physician as having a “debilitating medical condition,” such as cancer, glaucoma, AIDS, severe muscle spasms or chronic pain.

Erickson carried a bill in the 2003 Legislature to legalize medical marijuana, but it was killed. Supporters then successfully took the issue to the voters the following year.

The House Judiciary Committee did not take immediate action on the bill.

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Erickson’s bill is House Bill 311.

U.S. Marshal In Seattle Steps Down (AP)

AP, January 30, 2007

SEATTLE (AP) - Seattle-based U.S. Marshal Eric Robertson, who oversaw security at the new federal courthouse downtown and led efforts to round up fugitives and sex offenders in Western Washington, is resigning to become the administrator of a fire district.

His deputies worked with local authorities to help track down and arrest more than 3,000 suspects in 36 states and eight foreign countries during his five-year tenure. He also created a new unit to deal with threats to judges after Seattle police shot and killed a man who brandished a defused grenade in the courthouse lobby in June 2005.

His resignation, announced in an interview with The Associated Press on Monday, takes effect in March. His chief deputy at the Seattle U.S. marshal's office, 22-year veteran David Miller, is expected to be named his acting replacement until a new marshal is confirmed by the Senate.

"Our focus has really been on crimes of violence, weapons, sex offenders - go out, work with the locals and to find out who are the bad actors in their community," Robertson said.

In his new position, Robertson, 43, will oversee the creation of a fire district covering 65,000 people in Auburn, Algona and Pacific, northeast of Tacoma. The joint fire authority was established by voters last November. Robertson lives in eastern Pierce County and represented the area in the Legislature for two terms in the 1990s.

Among the accomplishments of his office, Robertson cites the 2003 arrest of Jesus C. Mezquia, who was later convicted in the rape and strangulation of rising punk rock star Mia Zapata, whose body was found in Seattle's Central Area in 1993. Marshals Service deputies from Seattle located Mezquia in the Florida Keys after DNA evidence linked him to the crime.

Along with former U.S. Attorney John McKay, who resigned earlier this month and took a job teaching law at Seattle University, Robertson also helped boost the presence of federal law enforcement in rapidly growing southwest Washington, much to the relief of local authorities there. He opened an office in Clark County - where federal prosecutors have made a point of going after felons found with weapons - and stationed a deputy there permanently.

"Eric and John were like a 500 percent improvement," Cowlitz County Sheriff Bill Mahoney said. "Back when I was a young deputy, more years ago than I care to remember, I got involved with one of these joint fugitive task forces, and had a lot of fun with it. When I got to be sheriff, I got to pestering the Marshal's Service to do it again. It wasn't until Eric Robertson came along that I was able to get anyone in Seattle to pay any attention.

"It's a huge help to us. It gets bad guys off the street."

In June 2004, the Pacific Northwest Fugitive Apprehension Task Force, sponsored by the Marshals Service, arrested 63 fugitives in one week in Cowlitz and Clark Counties. Last summer, task force members rounded up 48 in three days in Cowlitz County.

But perhaps his office's most complicated - and sensitive - task was setting up security for the 23-story federal courthouse downtown, which opened in 2004. His staff of about 100 is based in the building, and several court security officers were tested when a man with an inert grenade attempted to bypass security in the courthouse lobby.

The man, Perry L. Manley, 52, of Seattle, was upset about his court-ordered child-support obligations. Marshals urged the man to put down the grenade and called police, who shot him when he made a sudden move during a standoff.

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The response wasn't perfect, Robertson conceded at the time: Elevators continued to function during the crisis and some communications systems didn't work as planned. Following the shooting, his office reorganized its judicial security efforts into one unit, which also investigates threats against judges.

A Day Without Guns ... (NYT)

The New York Times, January 30, 2007

Twenty years ago, the Florida Legislature cravenly decided to allow "law abiding" citizens to carry concealed weapons merely by declaring their preference for self-defense. Then last July, at the prodding of the gun lobby, the current crop of state lawmakers proved they could be even more corrupt and cowardly than their predecessors by deciding to make the list of gun-toting Floridians a secret.

Fortunately, a local newspaper has given residents of the state a final look at their representatives' gruesome handiwork.

When the law was first enacted, there were fewer than 25,000 licensed gun holders. Since then, the state roll has boomed to 410,000 and counting. As the veil descends on this dangerously macho part of the public record, enterprising articles in The Florida Sun-Sentinel are laying bare the fact that more than 1,400 people easily got gun licenses despite pleading guilty or no contest to felonies that included manslaughter, burglary and child molestation. In Broward County alone, gun licenses grew in 20 years to more than 35,000 from 25.

Sampling records just before the law took effect, the newspaper uncovered hundreds of tales of mayhem, official indifference and glaring loopholes in criminal justice protection. One man got a license after pleading no contest to manslaughter in fatally shooting his girlfriend in the head while she cooked him breakfast. Another applicant was licensed despite guilty pleas to grand theft and assault charges for holding a handgun against his roommate's head in an argument.

Those permitted to pack concealed weapons include 216 people with outstanding criminal warrants, 128 under domestic violence injunctions and 6 registered sex offenders.

The gun lobby, predictably enough, is blaming "bleeding-heart, criminal-coddling judges and prosecutors" for this grim state of affairs. The truth is that the National Rifle Association has succeeded too well in herding legislators to do its dangerous bidding. Lawmakers in 38 states have approved bills allowing citizens to carry concealed weapons.

As in some of those states, Florida's legislators take the position that it's no fun to have a gun if you can't use it. So they loosened the laws on self-defense to allow a civilian to stand and use deadly force "if he or she reasonably believes it is necessary." If lawmakers had any sense of shame, they would undo these lethal threats to their constituents.

IMMIGRATION:

Farm Groups Are Optimistic On Overhaul Of Immigration (HILL)

By Ian Swanson

The Hill, January 30, 2007

A coalition of groups representing farm workers and employers says those it represents have the best opportunity in years to win congressional approval of legislation overhauling immigration rules for migrant workers, either as a stand-alone bill or part of a wider immigration bill.

Supporters of the changes say their optimism springs from the combination of Democrats controlling Congress and rising pressure on lawmakers representing agricultural districts to alleviate a farm laborer shortage as increasing momentum for the Agriculture Jobs Opportunity and Benefits Act (AgJOBS).

"The flow of workers is being constrained; labor enforcement is making that worse, so labor shortages are just getting worse," said Craig Regelbrugge of the Agriculture Coalition for Immigration Reform, whose members include apple- and orange-growers, milk producers and nursery associations.

Groups representing apple-growers and wineries in New York, for example, expressed disappointment when several New York House GOP sponsors of AgJOBS voted for a 2005 enforcement-only bill authored by former House Judiciary Chairman

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James Sensenbrenner Jr. (R-Wis.) that included criminal penalties for those who help workers who enter the country illegally, but no temporary-worker program.

The president of the New York Apple Association, Jim Allen, said members of farm groups in his state were "shocked" when Rep. Randy Kuhl (R-N.Y.), a longtime supporter of New York agriculture, signed a letter with Rep. Tom Tancredo (R-Colo.) that called for tighter border-enforcement measures.

"It's accurate that they weren't happy with the vote," said an aide to Kuhl, who, after hearing criticism of his vote for the Sensenbrenner bill, pressed GOP House leaders in October to pass legislation creating a stand-alone temporary-worker program for agriculture. On Jan. 11, Kuhl made the same request of Democratic leaders.

One agriculture lobbyist credited Kuhl's successful reelection bid to support from farmers in favor of the temporary-worker program. AgJOBS sponsors and New York House Republicans James Walsh and Tom Reynolds also faced some criticism for voting for the 2005 bill. All three won bids for reelection in tight races last fall.

Regelbrugge sees two possible scenarios for AgJOBS this year. The bill could become part of a wider immigration overhaul, similar to what happened when Sen. Dianne Feinstein (D-Calif.) added the bill in an amendment to immigration legislation passed by the Senate last year. Besides Feinstein, sponsors included Sens. Edward Kennedy (D-Mass.), Larry Craig (R-Idaho) and Mel Martinez (R-Fla.), and Reps. Howard Berman (D-Calif.) and Adam Putnam (R-Fla.).

If efforts to craft a wider immigration package fail, Regelbrugge said a scaled-down package for agriculture might still be able to move through Congress given support for the bill from farm employers and workers. While organized labor has been divided on the issue of temporary-worker programs, United Farm Workers has endorsed AgJOBS, giving the legislation crucial support from the farm labor group organized by César Chávez.

The key to passage, supporters said, is whether enough members are willing to approve legislation that does not require farm laborers who have entered the U.S. illegally to return to their home countries first. For example, House Agriculture Committee Ranking Member Bob Goodlatte (R-Va.) supports creating a guest-worker program, but opposes AgJOBS, saying it grants amnesty to aliens who entered the U.S. illegally.

Farm groups counter that the path to legal status is conditional. AgJOBS would provide a "blue card" to undocumented farm laborers already in the U.S., but only if they pay a $500 fine and provide proof that they have worked in American agriculture for at least 150 workdays over the last two years. Blue-card holders could apply for a green card to get permanent legal status, but only if they continue to work in agriculture for several years. The bill would also change rules on the current program that allows farm workers to enter the country on an H-2A visa.

Supporters also argue it is increasingly difficult to find farm workers, which will increase pressure on members such as Goodlatte, who has apple-producers in his district, to approve a temporary-worker program. According to statistics from the U.S. Department of Agriculture released in October, the number of hired farm laborers fell 5 percent from the previous year while farm wages increased by 4 percent. The average farm laborer wage could rise above $10 an hour when final statistics for 2006 are calculated, according to an economist with the American Farm Bureau Federation, Stefphanie Gambrell.

Some lobbyists say Goodlatte perhaps could be convinced to support the bill, although a spokeswoman said the bill would have to be monumentally changed to earn Goodlatte's support. They are more optimistic about winning support from Blue Dog Democrats such as Reps. Lincoln Davis (D-Tenn.) and Marion Berry (D-Ark.), who both voted for the 2005 bill.

Farm groups themselves are divided on AgJOBS, as the American Farm Bureau Federation (AFBF) has not endorsed the legislation because of opposition to a provision intended to raise wages for farm laborers. AFBF supported an amendment sponsored by Sen. Saxby Chambliss (R-Ga.) to the immigration bill last year that would have nullified this provision, and AFBF Director of Congressional Affairs Austin Perez said the group would seek to amend the bill again this year.

AFBF is supportive of a guest-worker program, however, and AFBF President Bob Stallman at the group's annual meeting in January said the chances for agriculture reform have improved with Democrats in control of the House.

TAX:

U.S. To Pay S.A. Lawyers $1.34 Million (SAEN)

By Maro Robbins, Express-News

San Antonio Express-News, January 30, 2007

Already stung by its failure to convict a defense lawyer despite years of investigation, the federal government has agreed to pay the San Antonio attorney $1.34 million to settle claims that revenue agents maliciously targeted him.

The settlement finalized last week effectively ends more than six years of legal feuding, which began when Alan Brown's office manager fell for a cocaine smuggler and, in an effort to win her lover leniency, told federal agents that Brown routinely cheated on his taxes.

The government did not admit to any fault in its part of the compromise, but Brown counted the agreement among the multiple legal victories he and his lawyers won en route to his 2005 acquittal on tax-evasion charges.

The 63-year-old attorney said he considered himself lucky to squeeze any compensation from the government, but he described the sum as a small measure of justice compared with the financial and emotional costs of the prosecution.

"I had to mortgage my house. I had to go into deep debt," he said. "For what they did and how long it went on and how bad it was, it's not much."

According to the terms of the deal, Brown will split the money with his wife, lawyer Jean Brown, who also was indicted before the government dropped the charges, and his firm, including partner Jay Norton.

Claiming investigators distorted evidence and relentlessly targeted them, the lawyers' lawsuit had forced the government to disclose more than it typically reveals about prosecutions.

Brown's lawyers said agents this summer produced 150 boxes of documents that had been assembled during the case.

Especially striking was the time investigators from the Internal Revenue Service devoted to the case, said Jason Collins one of the lawyers from the Austin-based firm that represented the Browns.

The agents' records indicated they spent about 10,000 hours — more than a year — examining the Browns between 1999 and 2003 when the couple was indicted, he said.

"They talked to their hairdressers, they talked to their pharmacists, they talked to every family member, including I think Alan's parents," Collins said.

"They had an entire library of documents on this family that was put together over years and years of investigation, spending who knows how much of the federal government's money."

Of all those documents, a single report written by IRS Special Agent James Maxwell proved pivotal and damning in Brown's eyes.

Drafted after a federal judge decided agents lacked the probable cause to justify their search of Brown's law office, the report indicated Maxwell not only was unrepentant, he and others began investigating whether the judge, Orlando Garcia, had any links to Brown.

Maxwell said his office would defer any statements to the Justice Department, which in this case was represented by the U.S. attorney's office in Los Angeles.

Julie Zatz, assistant chief of the civil division there, declined to detail the reasons for settling the case but said they had nothing to do with allegations of investigative misconduct.

"Was this case settled because of anything the agents did during the investigation?" she said. "The answer is no."

Jean Brown said she and her husband had lost the energy to fight and agreed to abandon their lawsuit because they wanted to close an ugly chapter of their lives.

She said she hoped the settlement might help curb investigative overzealousness, even though it represented a tiny amount by the government's standards.

Compared with the family's debts, it wasn't much either, she added. Early retirement is not an option.

"Will I be in the office next week?" she said. "Yes, sir."

The 'Tax Gap' Myth (WSJ)

The Wall Street Journal, January 30, 2007

DOJ_NMG_0124181

When something sounds too good to be true, it usually is. So now is an apt time to deconstruct the much-discussed "tax gap," that mythical golden goose that the Beltway political class is counting on to fund its spending agenda.

The "tax gap" is the difference between what the Internal Revenue Service thinks taxpayers should be paying and what it collects. The IRS currently estimates this at about $290 billion a year. Ask any Congressional chairman how he intends to close the deficit, expand the Medicare drug benefit, reform the Alternative Minimum Tax or subsidize college education, and the answer is invariably "close the tax gap."

Last year the Senate held some half-dozen hearings in search of this pot of gold. Senate Finance Chairman Max Baucus has put out a monthly newsletter on the issue, and last year he blocked a Treasury nominee until the agency had developed a tax-gap fix. Mr. Baucus and his GOP sidekick, Charles Grassley, have ordered up a tax-gap report from the Joint Tax Committee, and they vow to make closing the gap a priority. We suppose politicians are allowed to dream. But it's worth recalling that Washington has searched for this revenue Atlantis for decades without success.

To put the tax gap in perspective, consider that the IRS took in tax receipts in fiscal 2005 of more than $2.2 trillion and that the overall U.S. tax compliance rate is about 85%. This isn't perfect, but it also isn't Italy. It's especially good considering the U.S. tax system is based on voluntary compliance. Nina Olson, the IRS's taxpayer advocate, told Congress last year that IRS auditors have found that an estimated 94% of noncompliance is the result of honest mistakes by tax filers who simply don't understand the 17,000-page beast of a tax code.

One obvious answer would be to simplify the code (more on that later). But this requires political will, so Congress naturally prefers the easier route of ratcheting up taxpayer regulation and enforcement. One popular solution is to increase dramatically the information taxpayers must report to the IRS.

Some potential illustrations: Brokers would have to report securities sales information to the IRS, the better to monitor capital gains. Individuals who participate in online auctions such as eBay would have to file a tax form about their transactions. Americans would be required to file expanded mortgage interest forms, while mortgage lenders would have to report loan information. State and local governments would have to provide their tax data to Washington, the better to double-check deductions.

Our personal favorite would require that Americans withhold taxes from any cash payments they make to such individual contractors as babysitters, gardeners or plumbers. They'll love that one in the suburbs. Implicit in all these new plans is a much bigger IRS staff to monitor and chase tax miscreants.

Here's another bad idea: Many doctors and lawyers who are incorporated under subchapter S will often pay themselves lower wages but higher dividends, in order to reduce self-employment taxes. The law is vague on the limits of this practice, and it is undoubtedly abused. But the Joint Tax Committee's preferred solution is to make all professional income -- even dividend payments -- subject to self-employment taxes; this is nothing more than a backdoor tax hike.

All voluntary tax compliance systems have their limits. Under today's tax code, the only way the feds can raise compliance is to place extraordinary burdens on taxpayers. Most of those financial and social costs also end up being borne by those who already dutifully pay their taxes, in the name of catching the few who evade the law. The tradeoff for higher tax collection is less liberty, as we learned only a decade ago when Congress held much-hyped hearings on abusive IRS tactics and audits.

There is a better way. The more complicated a tax system, the more likely taxpayers won't understand, or will try to dodge, the rules. Simple tax regimes, such as a single flat rate, encourage compliance and efficiency, not to mention economic growth. This has been the experience of many Eastern European countries after they imposed a flat tax, and the U.S. had similar jumps in reported tax income from "the rich" following the 1986 tax reform that cut rates and closed loopholes.

At least a few "tax-gap" critics in Washington are beginning to understand all this. Messrs. Baucus and Grassley have started pairing the "tax gap" problem with the need to eliminate or simplify the Alternative Minimum Tax -- which is hitting more and more Americans. House Ways and Means Chairman Charlie Rangel has also said that fixing the AMT might require "a look at the whole tax code." Could it be that even Washington is beginning to understand that fixing the tax mess means starting over?

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CONGRESS-ADMINISTRATION:

U.S. Exporters Feel Favorable Trade Winds (WP)

By Peter S. Goodman And Nell Henderson

The Washington Post, January 30, 2007

EDEN PRAIRIE, Minn. -- Inside the factory, engineers tinkered with machines that test how well tires hug slick roads while others trained customers on running additional gear.

Only a few years ago, MTS Systems sold its testing equipment mainly to American automakers. No longer. The tire-testing machine was bound for South Korea. A road simulator was headed to a Formula One auto-racing team in Europe. The customers were visiting from Shanghai.

"We have been growing by exporting things to China," said Chip Emery, chief executive of MTS, headquartered here in the suburbs of Minneapolis. "It would be wonderful if all I had to do to survive was sell to Americans, but the earth is round. We survive as a worldwide business."

On Capitol Hill, some lawmakers portray Chinese imports as a threat to national prosperity, and Democratic leaders argue that free-trade pacts have sold out American workers; a hearing is scheduled in the House for today. Last year's election reflected anxiety about the strength of American companies in a global economy. But the nation's shop floors present an alternate view: The United States is in the midst of an export boom, with foreign sales chipping away at the country's enormous trade deficit while providing a modest cushion against the declining housing market.

In the first 11 months of 2006, U.S. exports reached $1.31 trillion, a jump of 13.1 percent over the corresponding period in 2005, the Commerce Department said. That was an improvement over the 10.7 percent gain of the year before.

Exports to China -- whose dominance on American store shelves stokes worry -- increased by 33 percent in the first 11 months of 2006. Combined with Hong Kong, China now stands as the United States' third-largest export market, behind only Canada and Mexico.

President Bush is scheduled to travel today to Peoria, Ill., to visit Caterpillar, the giant maker of construction equipment, as he presses Congress to approve new trade agreements. Caterpillar is one of the companies having notable success selling American-made gear abroad.

To be sure, the export surge is nowhere close to balancing the nation's trade. For the first 11 months of 2006, Americans imported $2 trillion worth of goods and services, or about 50 percent more than they exported, resulting in a trade deficit of about $700 billion. Once statistics for all of 2006 are released next month, they're expected to show that the nation shattered the all-time-record trade deficit of $717 billion, set in 2005. The high price of American oil imports accounts for part of the imbalance.

Still, recent monthly figures show exports growing nearly three times as fast as imports. Economists say exports are being propelled by a falling dollar, which has lost nearly 10 percent of its value compared with other currencies since 2002, making U.S. goods cheaper on world markets. Sales have also been fueled by renewed growth in once-stagnant economies in Japan, Europe and parts of Latin America, increasing demand for U.S. products such as engines, heavy equipment and telecommunications gear.

For the Bush administration, fending off Democratic accusations that it has harmed American workers by allowing jobs to shift overseas, the strong export data have become a prime talking point in its campaign to persuade Congress to approve trade pacts with Peru and Colombia. Commerce Secretary Carlos M. Gutierrez noted that the countries with which the United States has struck trade agreements make up only seven percent of the global economy outside the United States, yet they absorb 42 percent of American exports.

"We are opening up more markets," Gutierrez said. "Our businesses are taking advantage."

John Frisbie, president of the U.S.-China Business Council, said the success of American firms in selling to China is the result of that country's entry to the World Trade Organization six years ago. "It totally changed U.S. companies' ability to reach that market," he said.

China's industrialization has been so swift and its demand for products so intense that it has sparked sales of American-made goods all over the world. Caterpillar racked up exports of $9 billion in 2005, with particularly strong sales to China. American factories churn out oil-drilling gear bound for the Middle East, with much of the resulting crude landing in China. Mining equipment is shipped to India and Australia to extract iron ore bound for smelters in Japan and Korea, with the resulting steel headed to China to be turned into automobiles and skyscrapers.

But even as exports have improved profits for American companies, they have not meant more jobs for American factory workers. In 2006, the United States had 14.2 million manufacturing jobs, according to the Labor Department, roughly the same number as in 2004. American firms have managed to squeeze more goods out of their plants with the same number of workers.

"Growth in output has not been fast enough to require manufacturers to expand the workforce," said David Huether, chief economist at the National Association of Manufacturers in Washington.

Still, some areas of manufacturing have seen sharp job growth, among them computer and electronic products, whose factories added 128,000 production jobs from 2004 to 2006, according to the Labor Department. Fabricated metal products -- which includes everything from sheet metal to silverware -- added 72,000 production jobs over that period, and machinery added 69,000. The automobile industry shed more than 57,000 production jobs, and apparel lost 39,000.

Many economists say the export boom can be sustained because of the vibrancy of the world economy. The World Bank estimates that global output grew at a rapid 5.1 percent last year and that it will grow 4.5 percent this year. Several developing economies, including China's, are expected to grow twice as fast.

But these economists add that exports are not likely to dent the trade deficit significantly, because much of the gear being sold by U.S. firms is used to make products that are then shipped into the United States.

An MTS factory in Oak Ridge, Tenn., makes testing gear for tiny components used by U.S. semiconductor factories that sell products to Asia. In China, workers slot these U.S.-made chips into computers and cellphones that are exported to the United States. China buys about one-third of the U.S. cotton crop, folding it into the production of clothing that lands on shelves from Wal-Mart to Saks Fifth Avenue.

"The only way the trade deficit is going to go away is if Americans become penny-pinching savers," said Catherine L. Mann, a Brandeis University economist and a senior fellow at the Peterson Institute for International Economics in Washington. "How likely do you think that is?"

Given that exports make up a much smaller portion of the U.S. economy than consumption of goods and services -- about 11 percent vs. about 70 percent -- foreign sales will not be big enough to take up the slack if Americans seriously curtail spending because of the housing downturn, said Brad Setser, an economist at Roubini Global Economics in New York.

Still, the slight improvement in the U.S. balance of trade helped the economy grow faster than 3 percent annually over the last three months of the year, up from a 2 percent pace in the previous quarter, according to many estimates.

"Foreigners buying our goods are keeping our factories humming," said Diane Swonk, chief economist at Mesirow Financial Holdings.

Eden Prairie, a grid of glass-fronted office parks spread across former cornfields west of Minneapolis, typifies the ways many American communities have been remade by the advent of a globalized economy. A quarter of a century ago, blue-collar laborers wielded wrenches and welding torches, fabricating pumps, hoses, and pipes. In the late 1980s, they still made computers and electronic parts here, along with the metal nameplates that adorned cars.

Nearly all of that is gone now, the lower-skilled, labor-intensive work having shifted mostly to Asia. The past two decades have seen the arrival of retail shops and chain restaurants to serve the residents of new condominium developments. Surviving manufacturers have gone high-tech, supplemented by dozens of new entrants: firms specializing in medical technology, electronic commerce, software and telecommunications equipment. The town of 60,000 people -- nearly 10 times its population in 1970 -- boasts 50,000 full-time jobs.

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"There's an international wage rate for turning a screwdriver, and we're never going to be able to compete in that market," said Scott H. Neal, the city manager. "But the high-technology, high-intellectual-capital, design-and-testing work is going to be done here."

Over the past two years, MTS, one of the world's largest makers of testing equipment, has added about 100 workers in Eden Prairie, bringing its local workforce to 900 and its worldwide force to 1,600. About half the new hires are engineers focused on researching and developing new products, work done entirely in Minnesota. Last year, MTS recorded sales of almost $400 million, up from $248 million a decade ago. Exports have climbed from 44 percent of all sales in 2000 to about 60 percent today. Without that jump, the company would have spiraled down with the U.S. auto industry: Twenty years ago, sales to the Big Three automakers made up 40 percent of MTS's revenue, and as recently as 2000, those accounts were worth $30 million a year, said Emery, the chief executive. By 2002, U.S. automakers' purchases of MTS gear had fallen to about $3 million.

"They have just disappeared as customers," Emery said.

Which explains why MTS is beefing up its sales force in China and why Jeffrey P. Nelson, who heads an MTS design team focused on automotive products, goes there about every six weeks.

As MTS increases its sales, it is expanding business for local firms that supply materials, such as Micro Dynamics, which makes circuit boards. It is leaning more heavily on freight companies, including the logistics firm C.H. Robinson Worldwide, whose global headquarters is less than a mile away.

It arranges shipping for exporters and importers from Beijing to Buenos Aires to Boston, employing 1,200 people in Eden Prairie and more than 6,700 worldwide -- better than double its workforce of five years ago.

The company has set up more than 70 offices overseas, and it envisions further expansion. But the 300 technicians who oversee the system that tracks its shipments are here.

"Minnesota is now part of a global economy like everybody else," said the company's chief executive, John P. Wiehoff. "As long as Robinson is headquartered in Minnesota, growth in other parts of the world will generate jobs here."

Henderson reported from Washington.

Bush Directive Increases Sway On Regulation (NYT)

By Robert Pear

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — President Bush has signed a directive that gives the White House much greater control over the rules and policy statements that the government develops to protect public health, safety, the environment, civil rights and privacy.

In an executive order published last week in the Federal Register, Mr. Bush said that each agency must have a regulatory policy office run by a political appointee, to supervise the development of rules and documents providing guidance to regulated industries. The White House will thus have a gatekeeper in each agency to analyze the costs and the benefits of new rules and to make sure the agencies carry out the president's priorities.

This strengthens the hand of the White House in shaping rules that have, in the past, often been generated by civil servants and scientific experts. It suggests that the administration still has ways to exert its power after the takeover of Congress by the Democrats.

The White House said the executive order was not meant to rein in any one agency. But business executives and consumer advocates said the administration was particularly concerned about rules and guidance issued by the Environmental Protection Agency and the Occupational Safety and Health Administration.

In an interview on Monday, Jeffrey A. Rosen, general counsel at the White House Office of Management and Budget, said, "This is a classic good-government measure that will make federal agencies more open and accountable."

Business groups welcomed the executive order, saying it had the potential to reduce what they saw as the burden of federal regulations. This burden is of great concern to many groups, including small businesses, that have given strong political and financial backing to Mr. Bush.

Consumer, labor and environmental groups denounced the executive order, saying it gave too much control to the White House and would hinder agencies' efforts to protect the public.

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Typically, agencies issue regulations under authority granted to them in laws enacted by Congress. In many cases, the statute does not say precisely what agencies should do, giving them considerable latitude in interpreting the law and developing regulations.

The directive issued by Mr. Bush says that, in deciding whether to issue regulations, federal agencies must identify "the specific market failure" or problem that justifies government intervention.

Besides placing political appointees in charge of rule making, Mr. Bush said agencies must give the White House an opportunity to review "any significant guidance documents" before they are issued.

The Office of Management and Budget already has an elaborate process for the review of proposed rules. But in recent years, many agencies have circumvented this process by issuing guidance documents, which explain how they will enforce federal laws and contractual requirements.

Peter L. Strauss, a professor at Columbia Law School, said the executive order "achieves a major increase in White House control over domestic government."

"Having lost control of Congress," Mr. Strauss said, "the president is doing what he can to increase his control of the executive branch."

Representative Henry A. Waxman, Democrat of California and chairman of the Committee on Oversight and Government Reform, said: "The executive order allows the political staff at the White House to dictate decisions on health and safety issues, even if the government's own impartial experts disagree. This is a terrible way to govern, but great news for special interests."

Business groups hailed the initiative.

"This is the most serious attempt by any chief executive to get control over the regulatory process, which spews out thousands of regulations a year," said William L. Kovacs, a vice president of the United States Chamber of Commerce. "Because of the executive order, regulations will be less onerous and more reasonable. Federal officials will have to pay more attention to the costs imposed on business, state and local governments, and society."

Under the executive order, each federal agency must estimate "the combined aggregate costs and benefits of all its regulations" each year. Until now, agencies often tallied the costs and the benefits of major rules one by one, without measuring the cumulative effects.

Gary D. Bass, executive director of O.M.B. Watch, a liberal-leaning consumer group that monitors the Office of Management and Budget, criticized Mr. Bush's order, saying, "It will result in more delay and more White House control over the day-to-day work of federal agencies."

"By requiring agencies to show a 'market failure,' " Dr. Bass said, "President Bush has created another hurdle for agencies to clear before they can issue rules protecting public health and safety."

Wesley P. Warren, program director at the Natural Resources Defense Council, who worked at the White House for seven years under President Bill Clinton, said, "The executive order is a backdoor attempt to prevent E.P.A. from being able to enforce environmental safeguards that keep cancer-causing chemicals and other pollutants out of the air and water."

Business groups have complained about the proliferation of guidance documents. David W. Beier, a senior vice president of Amgen, the biotechnology company, said Medicare officials had issued such documents "with little or no public input."

Hugh M. O'Neill, a vice president of the pharmaceutical company Sanofi-Aventis, said guidance documents sometimes undermined or negated the effects of formal regulations.

In theory, guidance documents do not have the force of law. But the White House said the documents needed closer scrutiny because they "can have coercive effects" and "can impose significant costs" on the public. Many guidance documents are made available to regulated industries but not to the public.

Paul R. Noe, who worked on regulatory policy at the White House from 2001 to 2006, said such aberrations would soon end. "In the past, guidance documents were often issued in the dark," Mr. Noe said. "The executive order will ensure they are issued in the sunshine, with more opportunity for public comment."

Under the new White House policy, any guidance document expected to have an economic effect of $100 million a year or more must be posted on the Internet, and agencies must invite public comment, except in emergencies in which the White House grants an exemption.

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The White House told agencies that in writing guidance documents, they could not impose new legal obligations on anyone and could not use "mandatory language such as 'shall,' 'must,' 'required' or 'requirement.' "

The executive order was issued as White House aides were preparing for a battle over the nomination of Susan E. Dudley to be administrator of the Office of Information and Regulatory Affairs at the Office of Management and Budget.

President Bush first nominated Ms. Dudley last August. The nomination died in the Senate, under a barrage of criticism from environmental and consumer groups, which said she had been hostile to government regulation. Mr. Bush nominated her again on Jan. 9.

With Democrats in control, the Senate appears unlikely to confirm Ms. Dudley. But under the Constitution, the president could appoint her while the Senate is in recess, allowing her to serve through next year.

Some of Ms. Dudley's views are reflected in the executive order. In a primer on regulation written in 2005, while she was at the Mercatus Center of George Mason University in Northern Virginia, Ms. Dudley said that government regulation was generally not warranted "in the absence of a significant market failure."

She did not return calls seeking comment on Monday.

Unworthy Of Consideration (USAT)

By Pete Stark

USA Today, January 30, 2007

President Bush is to be commended for finally recognizing the needs of 47 million Americans denied health care for lack of insurance. His proposal would do little to help them. In a few years it would raise taxes for 160 million workers who receive group health insurance benefits.

The president's plan would limit the tax deduction to $7,500 for an individual's health insurance premium. The high rate of medical inflation would soon cause an income tax increase for most Americans.

Employers would cancel group plans. Workers could buy individual policies, which have higher costs and more limited access than group plans do. The suggestion that employers would pass on the group insurance savings in higher wages does not pass the smirk test.

Granted, the Bush plan would make the tax code more equitable. But so would eliminating the mortgage interest deduction. Who is to say home equity adds more to life quality than adequate health care?

There are many offsetting inequities in the Bush plan:

•Tax deductions are regressive and provide much greater benefit to the wealthy than to the poor. In Bush's plan, a high-income person who is currently uninsured would receive nearly $6,000, while a low-income individual would receive $1,200.

•The individual insurance market discriminates against those who are sick or at risk of becoming so. Currently, employers cover both healthy and sick, spreading risk to reduce costs. Individuals, however, would be at the mercy of insurance companies that use family history, genetic indicators, age, occupation and illness as reasons to jack up rates — or exclude coverage altogether. Millions of Americans would therefore see their premiums increase substantially.

Much like Iraqi weapons of mass destruction, "gold-plated" health insurance is a figment of the president's imagination. The problem with our health system is not that Americans can afford to use too much health care; it's that too many can't afford any.

Bush's proposal would destroy the very system through which the vast majority of people get their coverage today and fail to replace it with an alternative means of obtaining quality care. It doesn't deserve Congress' consideration.

Rep. Pete Stark, D-Calif., is chairman of the health subcommittee of the House Ways and Means Committee.

Our View On Health Care: People Without Health Plans Can't Catch A (tax) Break (USAT)

USA Today, January 30, 2007

Bush proposal worth looking at, but Democrats just say, no.

Say you work for a company that doesn't provide health insurance. You have to pay for coverage out of pocket or risk going without. You get no tax deduction for the premiums.

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Now say you work for a company with a health plan. Your employer picks up most of the insurance tab. You aren't taxed on the value of this fringe benefit (worth an average of $11,500 a year for family coverage), and neither is your employer.

In other words, the tax code subsidizes employer-based health insurance while keeping the cost out of reach for millions of workers whose employers don't offer coverage.

During his State of the Union address last week, President Bush proposed a change to make the system more equitable and make health coverage more affordable for the uninsured. He would give people who buy their own policies tax breaks equal to those who get coverage through their jobs.

The concept isn't new. It's been endorsed for years by some economists on each side of the political spectrum. Yet the words barely passed Bush's lips before top congressional Democrats declared his proposal to be dead on arrival, not even worthy of hearings. Bush's plan is no magic cure to all that ails America's health care system. In fact, it falls far short of what's happening in some states. Massachusetts requires everyone to have insurance, and California Gov. Arnold Schwarzenegger has proposed something similar.

But the Bush plan still has merits worth considering. Under the plan:

Health insurance offered through jobs would become taxable income. Taxpayers would get a deduction of $15,000 for family (and $7,500 for individual coverage) regardless of whether they bought policies on their own or got them through work. To pay for this, the plan would increase taxes for the 20% of workers with higher-priced plans.

Between 3 million and 5 million of the nation's 47 million uninsured would be able to afford policies now out of reach, the administration estimates. A family of four with annual income of $60,000 that bought private insurance would get a $4,545 tax break in 2009.

The Democrats argue that the plan wouldn't do enough, and they have a point. More than half of the uninsured pay no federal income taxes, so a deduction wouldn't help them. A refundable tax credit would do more.

Another potential concern is that the Bush plan would expand the market for policies bought by individuals. As reported Monday by USA TODAY's Julie Appleby, those people are extremely vulnerable. People with pre-existing conditions often can't find affordable insurance. Some policyholders even have their policies retroactively cancelled if their bills are too high or if there was a discrepancy in their initial applications. Rules to prevent such abuses must accompany any change of the sort Bush is proposing.

Although Bush's idea also fails to address the many problems faced by people who have insurance, it is nevertheless an opportunity to address some core issues and break the gridlock in Washington. It has potential to provide greater equality, give people more ability to leave jobs they don't like, control costs and encourage more competition among insurers. Rejecting it without serious debate might score political points, but does nothing to help those who suffer from the inequities of the status quo.

Capital Sources: A Father's Call For Health-Care Reform (NSWK)

By Web Exclusive By Eve Conant

Newsweek, January 30, 2007

Jan. 29, 2007 - President Bush's State of the Union address may not have done much to improve his popularity. But it did succeed in jump-starting debate over one of the leading—and most contentiously lobbied issues—on his domestic agenda: health-care reform. In his speech, the president proposed offering tax subsidies to encourage more people to buy their own health insurance. The goal: to provide equal treatment to those who buy insurance on their own, and those who get it through their employers. Under the Bush plan, the administration estimates that 80 percent of workers with employer-based health plans would pay lower taxes—while 20 percent of those with more costly workplace plans (branded "gold-plated" by Bush) would see a tax hike, unless they decreased their coverage.

Democrats on Capitol Hill, along with labor unions and consumer groups, pilloried the Bush plan, arguing his proposal would do little to help America's nearly 47 million uninsured—and could wind up hastening the demise of employer-provided healthcare. (In his weekly radio address, Bush called the criticism "reflexive" partisanship and called on Congress to cooperate with him to find a solution.)

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But it wasn't just folks in Washington who were upset. Nathan J. Wilkes of Greenwood Village, Colo., was so worried about the possible effects of Bush's proposal on his ability to provide coverage for his chronically ill son that he decided to travel to the capital to make some noise. A computer network security expert who earns over $100,000, Wilkes works for a private firm outside of Denver which fits into the large-group insurance category and is allowed to shop around for different providers each year. But when his son Thomas, born with severe hemophilia, developed a resistance to treatment at age 1, Wilkes's claims soared; his company's insurance provider, Wilkes says, soon began hiking premiums 40 to 55 percent each year, and introduced a lifetime cap of $1 million for all employees and their families—including Thomas. Soon, Wilkes says, no other insurance companies would offer to cover the company. Worried he would no longer be able to provide coverage for his son, Wilkes turned to state and local groups for help. Physicians for a National Health Program took up his cause, and brought him to Washington, where he hoped to persuade Congress to reject the Bush plan in favor of universal health-care legislation. Wilkes spoke to NEWSWEEK's Eve Conant about his trip. Excerpts:

NEWSWEEK: You have a good income and your employer gives you and your family comprehensive health insurance. So why are you so worried about coverage that you've come to D.C. to lobby for universal coverage?

Nathan Wilkes: Why am I worried? My son will no longer be insured in a month's time. His claims have increased health-care costs for everyone I work with. My company is very socially responsible, but because of our high claims, no other insurance company will touch us. We're trapped with the same provider, which keeps raising prices and last year introduced a $1 million lifetime cap on coverage. Even if my son has no injuries, we'll hit that cap in the next one to three months. With hemophilia, the problem is internal bleeding. We know it's happening if he complains of pain, or stops using one of his arms or legs. Even if we treat him at home the cost for medicine can run up to $3,600 every few hours. Because of insurance limits we're often advised to delay treatment—to see if his injuries will clear up on their own—simply to avoid getting closer to the million-dollar mark. The aim of private insurance is to weed out high-cost patients like my son.

And what happens when you delay treatment?

Sometimes it works out fine. Other times he gets worse. Even at our most frantic we have to worry about the cap. We're told he may have permanent nerve and joint damage because of the times we've had to delay treatment. We do everything we can, but he's a 3-year-old, he wants to walk around and try to jump off the couch.

Did you watch the State of the Union? What do you think of Bush's health proposals?

His strategy is to manipulate the tax code to make it appear as if you're insuring more people, when in fact, you're not addressing the real problems of the private insurance system: cost, access and the underinsured. Continuing with private insurance just feeds the monster. This won't bring down the cost of drugs or reduce the overhead and profits taken in by the insurance companies. It only serves to free up more money in the consumer market to feed back into a broken system.

What will you do when your son's insurance runs out?

The race has started; it's like an hourglass with a finite amount of sand. We have to think of something else, but all our options would give us only a year at most. I'm told I can quit my job and try to join a larger company so my son's chronic illness won't be noticeable to their insurance company. But that might only buy a little bit of time. My wife could try to get a job, but that would mean the cost of putting three children in day care, including one who is ill and needs intensive supervision. I can't get on Medicare or Medicaid because I make too much money. I've also been advised to divorce my wife, so that she and the kids might qualify. But that creates another set of bureaucratic problems. The best option is Colorado's high-risk pool insurance (individual insurance for the uninsurable), but that also has a $1 million cap. That could last us a year, or, if my son has any bleeding in his head, could last a few days. One of my last options is to lobby for universal health care; I think I'm a decent example of what is wrong with private insurance in the U.S.

You're one of those people with what Bush described as a "gold-plated" insurance policy, right?

I find that a pretty offensive term. Calling what I have gold-plated is just a way to shift attention away from real problems. My employer has done [its] best, so that we have minimum or no copay. But over the years, they've been forced to shift more of the burden on my co-workers and me. Gold-plated just means more attention on preventive care, which avoids the really costly problem of people only getting treatment in the emergency room. I've been insured my whole life, but we're going to lose it because private insurance is about making profits, not keeping people healthy.

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There's a lot of political momentum on health coverage right now, but in the past that momentum has fizzled out. Do you think there's a difference this time around?

My son has hemophilia and is immunosuppressed from his chemotherapy treatments [chemotherapy, in some extreme instances, is used to fight the immune system's resistance to hemophilia treatment]. He's the kind of person that is supposed to be first in line in the emergency room. Instead, we wait for hours in packed emergency rooms where the uninsured are piled in to get basic care. I think what we're seeing in Washington now is a different momentum. If you keep piling snow on a mountaintop, there will eventually be an avalanche. This issue has been pushed under the rug before, but every other industrialized nation has some form of national health care. The system now is nothing short of an abomination. I think there might be enough political will now for a radical change.

Schwarzenegger's Healthcare Reform Proposal Could Conflict With Bush's Aim To Balance Federal Budget (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 30, 2007

WASHINGTON — Gov. Arnold Schwarzenegger wants $3.7 billion a year in new federal funding to cover a big chunk of his healthcare plan for Californians, putting him on a collision course with budget hawks in the nation's capital and leaders in other states seeking assistance.

The sheer size of the federal allocation Schwarzenegger's plan would require is raising eyebrows.

"That's a big number on an annual basis," said Sen. Judd Gregg of New Hampshire, the ranking Republican on the Senate Budget Committee. "California hasn't yet passed a law [implementing the governor's plan], but when they do, I would think people are going to take a deep breath."

The cost of helping states fund their health plans has already attracted the attention of budget cutters because it is complicating President Bush's stated goal of balancing the federal budget in five years. In his new budget, scheduled to go to Congress on Monday, Bush is expected to call for a substantial slowdown in federal healthcare spending. Some of the cuts Bush proposes could affect programs Schwarzenegger is counting on to help pay for his plan, such as Medicaid.

Because California is the most populous state, its plan is by far the largest. But four other states are pursuing initiatives to provide health insurance for all their residents. More are expected to follow this year. That could set off a scramble for increasingly scarce federal dollars.

"When they do the math and figure out just exactly how much federal money will be flowing to California … some people will say, 'Why should California get it, and other states get nothing?' " said health economist Len Nichols of the nonpartisan New America Foundation.

Nichols and other experts say state attempts to reform healthcare are likely to require tens of billions in additional spending in two federal programs that operate as partnerships with the states — Medicaid and the State Children's Health Insurance Program, or S-CHIP. These programs are different in every state, and operate under a complex series of laws, rules and formulas for federal matching funds.

Medicaid is the nation's main healthcare program for the poor, paying for medical and long-term care for more than 55 million people, according to the Kaiser Family Foundation. S-CHIP covers as many as 6 million children a year, mostly in low-income working families that earn too much to qualify for Medicaid. In California, the programs are known as Medi-Cal and Healthy Families.

Washington may struggle to deal with demands for more money from California and other states, but some experts say federal policymakers in effect asked for it after years of little or no action to address the problems of the 47 million uninsured.

"The reason this is being discussed in a serious way in Sacramento is because it really isn't being confronted in Washington," said Marian Mulkey, a health insurance expert with the California HealthCare Foundation. "If [Washington] reacts negatively, it might just call the question of 'What do they want to do next?' What is Washington doing to address this, if this kind of state solution isn't workable?"

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Last week, Bush pledged in his State of the Union address to work with states to cover the uninsured. But that included no commitment for more federal money — only redirection of some existing accounts.

Overall, Schwarzenegger counts on federal coffers to provide about $5.5 billion of the $12-billion first-year cost of his plan. Of that federal money, state officials say, $3.7 billion would be new spending and the rest would be redirected from existing payments.

California officials say the state is entitled to nearly all of the $3.7 billion in new spending under current Medicaid and S-CHIP rules.

Medicaid is an entitlement program, meaning it is not subject to Congress' annual appropriations process. Instead, the federal government has committed by law to match state spending within given limits. The coverage expansions that Schwarzenegger is proposing for low-income children, pregnant women and some other adults are within those limits, state officials say, as are increases in payments to healthcare providers that the governor's plan calls for.

"Given the fact that most of these things fall within the existing laws and rules, we hope that we'll ultimately be successful in securing the funding," said Joe Munso, deputy director of the California Health and Human Services Agency. "The federal government is a key partner in any of these solutions. They are a key partner in our programs today."

However, Congress can change the underlying Medicaid law to cut spending on the program — and it might come under pressure to do so, given that demands from California and other states are likely to add to the federal deficit.

At the U.S. Health and Human Services Department, an official said it was not as simple as California sending the federal government a bill.

"Any change [Schwarzenegger] makes is essentially a change in a contract," said the official, who asked not to be identified because the review process had not yet begun and the issue was considered sensitive. "No change can be made to the original state plan without an agreement from us."

Washington has no dedicated funding to help pay for California's plan.

"It's not like we're holding money for states," said Joseph Antos, a health policy expert with the business-oriented American Enterprise Institute.

"If you have a lot of states taking advantage of what they see as ways to leverage federal money, then I think you would see a reaction that states are gaming the system and we need to shut this off," said Robert Bixby, executive director of the Concord Coalition, a nonpartisan budget watchdog.

It would be different, Bixby said, if the spending came as part of a test of several state plans to help find a suitable model for national health reform. Sens. Jeff Bingaman (D-N.M.) and George Voinovich (R-Ohio) on Jan. 17 introduced legislation to set up such a test.

Pressure from the states may ultimately force Washington to act on healthcare. "We're not going to get a national health plan until two or three big states get plans of their own," said Rep. Pete Stark, (D-Fremont), chairman of the House Ways and Means health subcommittee. "Then big companies are going to come to Congress and say, 'Look, let's start to standardize this.' "

Civilian Reserve Just Words In A Speech (WT)

By Stephen Dinan

The Washington Times, January 30, 2007

President Bush's call last week for a Civilian Reserve Corps to help troubled countries is either a solid idea whose time has come or yet another throwaway applause line in a State of the Union speech and it's up to Mr. Bush to decide how it turns out.

For a proposal during the annual address to Congress arguably the biggest presidential stage this one is mostly bare-bones. There is no plan or legislation, just a pledge to work with Congress to try to create something.

"The big question right now is whether the White House is really going to seriously act on it," said Carlos Pascual, who worked on the idea when he was director of the State Department's Office of Reconstruction and Stabilization. "I think it's the right thing to do. I'm glad the president raised it. It's not going to happen unless the president, the national security advisor, the secretary of state pick up the phone" to Congress.

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"If the White House wants to make it not just a presidential throwaway line in a speech but into a reality that can actually be a useful tool they have to show a little bit of leadership on it," said Mr. Pascual, who is now director of foreign-policy studies at the Brookings Institution.

In his address last week, Mr. Bush coupled the idea to his proposal to increase the active-duty size of the U.S. military by 92,000 troops over five years.

"A second task we can take on together is to design and establish a volunteer Civilian Reserve Corps," the president said. "It would ease the burden on the armed forces by allowing us to hire civilians with critical skills to serve on missions abroad when America needs them. It would give people across America who do not wear the uniform a chance to serve in the defining struggle of our time."

Emily Lawrimore, a White House spokeswoman, said the president often hears from Americans who want to help out in some way. But she said it is just a proposed idea at this point.

"He wants to talk to Congress about this idea and how they can work together on a positive, bipartisan opportunity that would demonstrate the great skill and generosity of the American people," she said.

Melanie Anderton, a spokeswoman at the State Department, said the reserve corps would complement a surge of U.S. government employees that the State Department is already building.

Both the active-duty and civilian reserve concepts grew out of trying to meet the challenges of a post-September 11 world, in which failed states can become breeding grounds for dangers to the U.S.

It is not the first time that Mr. Bush has proposed expanding voluntary national service.

Five years ago, he created the USA Freedom Corps, a loose coalition of volunteers helping out in their communities, and called for all Americans to donate their time. He also called for doubling the size of the Peace Corps.

Mr. Pascual said he thinks that the White House is trying to show that the president has learned lessons from the problems with Iraq reconstruction and that this policy gives him something to point to as progress.

But he said the burden is on Mr. Bush to prove he is serious, and said the lack of specifics "is indicative of the lack of leadership around it, the lack of commitment." One test, he said, will be whether the White House funds it in next week's 2008 budget proposal.

Mr. Pascual said that during his time as director of the State Department's reconstruction office, he envisioned the civil reserve as a cadre of several thousand police officers, police trainers, economists and civil administrators ready to deploy in short order to world hot spots. The corps would train together for several weeks a year, just like the military reserve does, so they would have common procedures.

A reserve would fill the holes in the current system, which relies on military troops not trained for civilian tasks or on contractors who often cannot be deployed in less than 90 days even in the most urgent of circumstances.

The idea has been kicked around in government circles for a few years and been the subject of several feasibility studies.

A civilian reserve was even a feature of former Gen. Wesley Clark's 2004 failed campaign for the Democratic presidential nomination. He proposed a far broader reserve that could be mobilized for local, national or international needs.

Mr. Bush's proposal last week found a mixed audience among bloggers, with some saying the idea is overdue, but others saying the details will matter. One blogger said he "was reminded of Police Academy 4: Citizens on Patrol," a comedy about bumbling police officers assigned to train a civilian force to fight crime.

Mr. Pascual said the initial setup costs would be in the neighborhood of $150 million over a few years, and have a recurring cost of $50 million to $70 million. During a deployment, costs would go up, he said.

The White House did request $25 million in the 2007 budget to get the program started, but Congress did not appropriate the funds. The concept has congressional supporters, including top Republicans and Democrats on the Senate Foreign Affairs Committee. The Senate last year passed by unanimous consent a bill that would have authorized the program, but it did not receive a vote in the House.

Why Volunteerism Has Reached Historic High In US (CSM)

By Amy Green

DOJ_NMG_0124192

The Christian Science Monitor, January 30, 2007

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ORLANDO, FLA.

To Linda Rogewitz and her husband, it can be a matter of life or death. When they get a call, they drop everything – birthday parties, other engagements – to rush to the side of an injured bird. They save dozens of birds a week, they estimate, as volunteers for the Audubon Society's Center for Birds of Prey in Orlando.

"You don't have to make a grand effort," says Ms. Rogewitz, a massage therapist in Kissimmee, Fla., seated in the center's courtyard surrounded by caged birds. Two owls the couple brought in recently are being treated in hopes they can be released eventually. "If you wait for that grand effort, you'll never get anything done," this volunteer advises. "Start small."

Those small donations of time are adding up: More Americans than ever before are volunteering. In 2005, 29 percent of adults were serving – a 30-year high, according to a December report by the Corporation for National and Community Service (CNCS).

It's partly because volunteerism is uniquely rooted in the American character, some experts say. Barn-raisings and harvest seasons bonded communities long ago. Today, as mentoring, drug rehabilitation, and other programs depend primarily on volunteers, and as religious groups reach far beyond their congregations to address social problems, the trend is poised to engender real change, says David Eisner, chief executive of the CNCS.

"There are no other countries that have the kind of deep-rooted volunteering ethic that we have," Mr. Eisner says. "If we're able to engage volunteers in our country to visit these issues ... volunteers won't just turn the tide and make a difference, but we can fundamentally solve some of our most intractable problems."

Three age groups – older teens, baby boomers, and seniors – are driving the upsurge. And as these teens grow and boomers retire, bucking the expectation they will slow down, together they could expand volunteerism even more, Eisner says. The CNCS, a federal agency that since 1993 has fostered civic engagement through community service, has launched a push to boost the number of US volunteers by 10 million to 75 million by 2010.

Education and youth service organizations such as schools and Boy Scouts, in particular, are seeing an increase in the number of volunteers. Older teens more than doubled their volunteering rate since 1989 from 13 percent to 28 percent, according to the CNCS report. AmeriCorps, a network of domestic service programs throughout the US, has grown, too, from some 25,000 participants to more than 70,000 since it was established in 1994.

The findings came as no surprise to Howard Rosing, executive director of the Steans Center for Community-based Service Learning at DePaul University in Chicago. The center promotes community service and tracks trends and statistics on volunteering. Today's students want to be involved and to have an impact on important social issues, he says.

One of them is Stephanie Treffert, who led 100 fellow college students to the Gulf Coast in December to help them rebuild after hurricane Katrina. Ms. Treffert, now a sophomore at Marquette University in her hometown of Milwaukee, was a freshman at Loyola University in New Orleans when Katrina hit in 2005.

Her affection for the Big Easy prompted her in 2006 to form MARDI GRAS – Making a Real Difference in the Gulf Region and Areas Surrounding. She obtained funding for her organization from Marquette's student government and organized two trips to the region. The students made the journey in minivans they rented and worked in New Orleans, Mississippi, and Alabama. She plans a third trip this spring.

Recent disasters such as Katrina, the tsunami in South Asia in 2004, and the terrorist attacks in 2001 showed many people that they are not far removed from poverty, Treffert says. "You see this, and it's America. It's not a third-world country," she says of her experience on the Gulf Coast. "These are people you could have [gone] to school with."

While the disasters contributed to the trend, it was under way before they occurred, Mr. Rosing says. Americans today are better educated and have longer life spans, leading to increased volunteerism, Eisner says.

Schools requiring service

High schools in Washington require community service as part of their curriculum, and course work at high schools in Maryland include a community service component. In 2005, Tulane University began to mandate community service for graduation as a response to hurricane Katrina.

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At the same time, companies, including CVS, Best Buy, and The Home Depot, are giving employees time to volunteer and are rewarded with more productivity and higher retention rates, Eisner says.

"The hope is that, with more engagement with the community and diverse issues, students become more active at the political level. They become more politically or civically engaged in the political process and become more active in creating policies that address the systematic problems we're working on," Rosing says.

Beyond the 9-to-5 job

Americans want something more than a 9-to-5 job, says Annmarie Emmet of Washington, who joined the Peace Corps at age 71. A retired government banker who never married, Ms. Emmet began volunteering at the Vietnam Veterans' Memorial Wall 18 years ago. In 2002, she journeyed to the African nation of Lesotho, where she spent two years helping those affected by the AIDS crisis. Her reason for volunteering is simple: She enjoys helping people.

"So many people sit in front of a computer in an office, and I feel sorry for them," Emmet says. "I think so many people go to real 9-to-5-type jobs and don't find a lot of reward in it, and I think maybe being able to help someone or maybe being able to offer something that is not expected, that can make people feel good."

Bush Clarifies 'Democrat Majority' Gaffe (AP)

By Ben Feller

AP, January 30, 2007

This one has gotten a little ic-ky for the White House. President Bush said Monday he wasn't trying to disparage the party now running Congress by referring to it as the "Democrat majority," as opposed to the "Democratic majority," in his State of the Union speech.

"That was an oversight," Bush said in an interview with National Public Radio. "I mean, I'm not trying to needle."

Bush's dropping of the "ic" at the end of the word prompted grumbling by Democrats that he purposely got their name wrong.

This is not a new charge. President Reagan used to refer to the "Democrat Party." Democratic leaders have long considered it demeaning when their suffix is omitted, and some of them figured it was no accident in a speech as highly choreographed and rehearsed as Bush's State of the Union.

Bush said he wasn't even aware that he had done it.

"I meant to be saying, why don't we show the American people we can actually work together?" Bush said.

The verbal shot came in the same breath as the president was congratulating Democrats for winning the House and Senate in the November election.

In the language the president was supposed to read, the reference was "Democratic," not "Democrat."

"We take him at his word that it was an oversight," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi, D-Calif.

Bush said the theme of his speech was about cooperating with Democrats on big issues such as Social Security.

Yet, after another bitter campaign season in 2006, that talk of bipartisanship comes with plenty of skepticism.

"There is distrust in Washington. I am surprised, frankly, at the amount of distrust that exists in this town," Bush said. "And I'm sorry it's the case, and I'll work hard to try to elevate it."

Then the president conceded: "I'm not that good at pronouncing words anyway."

Kate Bedingfield, a spokeswoman for the Democratic Congressional Campaign Committee, said the true test of Bush's commitment to bipartisanship is "not what he calls the Democratic Congress."

Rather, she said, it is his willingness to work with the Democratic majority on an agenda to help middle-class families.

The next chapter will come this weekend.

Bush plans to speak to the House Democratic Caucus at its conference this weekend in Virginia.

On the president's schedule, that event is referred to as the "House Democrat Conference."

Bush Says Missing '-ic' Was An Oversight (WP)

By Michael Abramowitz

DOJ_NMG_0124194

The Washington Post, January 30, 2007

President Bush says the missing "-ic" in the State of the Union address was nothing more than an oversight.

Near the beginning of the speech last week, Bush congratulated "the Democrat majority" for its electoral victory, using a long-standing Republican formulation seen by many Democrats as a calculated insult. Some liberal bloggers and party strategists saw the president's omission of the last two letters of the party's proper name, Democratic, as a sign of insincerity in preaching bipartisanship.

Nothing of the sort, Bush said in an interview yesterday with National Public Radio's Juan Williams.

"That was an oversight," said Bush, who frequently uses the formulation. "I mean, I'm not trying to needle. Look, I went into the hall saying we can work together, and I was very sincere about it. I didn't even know I did it."

Bush also said he "didn't mean to be putting fingernails on the board," while noting that the parties need to work together on addressing problems with the Social Security system. "I am surprised, frankly, at the amount of distrust that exists in this town," the president said. "And I'm sorry it's the case, and I'll work hard to try to elevate it. So the idea that somehow I was trying to needle the Democrats, it's just -- gosh, it's probably Texas. Who knows what it is? But I'm not that good at pronouncing words anyway."

White House press secretary Tony Snow seemed peeved with reporters asking about the Bush mispronunciation at his morning press "gaggle" yesterday, accusing the reporters of making "three mountains out of a molehill" and suggesting that the press was not much interested when Democrats bashed Bush with language calling him a "loser" or a "liar."

"This looks like an exercise of looking for a fence rather than looking for a way to work together," Snow said. "There was no intentional slight of anyone."

For now, Democrats are standing down.

Brendan Daly, spokesman for House Speaker Nancy Pelosi (D-Calif.), said, "We certainly take the president at his word." The normally garrulous Jim Manley, spokesman for Senate Majority Leader Harry M. Reid (D-Nev.), said he had no comment.

The 'Democrat Majority' Is Still The Talk Of The Capital (LAT)

By Maura Reynolds

The Los Angeles Times, January 30, 2007

WASHINGTON — Will President Bush put the "-ic" back in "Democratic"?

That was the hot topic around Washington on Monday after the president was asked why, during his State of the Union address last week, he referred to Congress' new "Democrat majority."

"That was an oversight," Bush said in an interview Monday with National Public Radio. "I'm not trying to needle…. I didn't even know I did it."

The issue of whether it is a slur to refer to the Democratic Party without the "-ic" has become an irritant. It comes at a time when Democrats and Republicans are trying to figure out whether they can work together, after years of fierce partisanship in the nation's capital.

Some Democrats said the president's usage in the speech — even though his prepared text included the "-ic" — sent the wrong message.

"It's a long-standing intentional partisan political slight," said Daniel Weiss, chief of staff to Rep. George Miller (D-Martinez). "It's kind of like flashing colors in a gang. It's code. It says, 'I'm one of you, I'm a right-wing conservative.' "

And experts on political locution say it's a deliberate, if ungrammatical, linguistic strategy.

"The word 'democratic' has such positive emotional valence … so they politicize it to use it as a term to describe a group of political rivals," said Roderick P. Hart, a professor of communications and government at the University of Texas in Austin.

"Democrat Party" is not common usage in Texas, Hart said, noting that the only people he had heard use it were "sitting Republican legislators."

For the president's part, when told the term grates on Democrats, he pleaded ignorance. "I didn't mean to be putting fingernails on the board. I meant to be saying, Why don't we show the American people we can actually work together?" Bush told NPR.

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For her part, the government's most powerful Democrat, House Speaker Nancy Pelosi of San Francisco, has brushed off the controversy. "She takes the president at his word that it was an oversight," said Pelosi spokesman Brendan Daly.

The use of the term "Democrat Party" goes back decades. One explanation sometimes offered is that Republicans began to use it to hint that corrupt Democrats were not terribly "democratic" and had no right to use that word to describe themselves. Others say it was adopted because it sounds annoying and echoes the word "bureaucrat," with its negative connotations.

Whatever the initial impulse or rationale, the term became controversial as far back as the 1950s. Sen. Joseph McCarthy (R-Wis.) famously used it to deride Democrats during his hearings investigating whether Communists had infiltrated the U.S. government. During the 1956 Republican convention, the usage was so common that it prompted the New York Times to report that dropping the "-ic" had become official party policy.

" 'Democratic' as an adjective is not descriptive of the party as it exists today," GOP spokesman L. Richard Guylay explained in that report, referring to allegations of vote-fixing by the Democratic Party's political machine in large cities. "I can't consider the party of the Pendergasts or Tammany Hall as a democratic party."

In 1957, writing about the phenomenon in American Speech, the quarterly journal of the American Dialect Society, scholar Ignace Feuerlicht wrote: "It will be interesting to see whether 'Democrat Party' will stay with us or go out of existence again or be revived and revitalized at intervals just before successive national elections."

Feuerlicht seems to have been prescient: A search of a database of presidential speeches and remarks shows that use of the term has increased during election seasons and has been aimed primarily at partisan audiences.

President Reagan used it more in 1984, the year of his reelection campaign, than at any other time in his presidency. In the case of President Bush, the term shows up in his remarks more in 2004 and 2006 — both election years — than during the rest of his time in office.

In fact, Bush's usage of the term increased dramatically last year; according to the American Presidency Project, based at UC Santa Barbara, the president was recorded using the term 22 times in 2006 — more than in the previous five years of his presidency combined.

The term also is commonly used by other Republican leaders. On Monday afternoon, the office of the top GOP leader in the House, Minority Leader John A. Boehner of Ohio, issued a news release asking, "What is the Democrat strategy in Iraq?"

"It sounds illiterate to me," said the University of Texas' Hart. "It's a noun used to modify a noun, and everyone knows you use an adjective to modify a noun."

Some Democrats doubt that the president is truly unaware of the pejorative tone of the term, but others acknowledged that it might have become such common parlance among Republican politicians that Bush used it without understanding its origin or undertones.

"It's like 'nuclear.' I just don't think he understands what he's saying," said one Democratic aide.

That was another defense Bush himself offered during the NPR interview.

"Gosh, it's probably Texas. Who knows what it is?" he said. "But I'm not that good at pronouncing words anyway."

No Offense, But ... (NYT)

By Jim Rutenberg

The New York Times, January 30, 2007

President Bush says he had no intention of offending members of the other party when he said in his State of the Union address, “I congratulate the Democrat majority.” In an interview yesterday, Juan Williams of NPR asked Mr. Bush about dropping the “ic,” something the president does regularly, to the intense annoyance of many Democrats.

“The idea that somehow I was trying to needle the Democrats, it’s just — gosh — it’s probably Texas,” he said. “Who knows what it is. But I’m not that good at pronouncing words anyway.”

Last weekend, Mr. Bush put his bipartisan spirit on display, right there on the schedule distributed by the White House: “The president makes remarks to the House Democrat Conference.”

But late yesterday a new version of the schedule was released. “Democratic conference,” it said.

Senate To Consider Minimum Wage Bill With Tax Breaks (NYT)

DOJ_NMG_0124196

By Kate Zernike

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — The Senate is expected to clear the way on Tuesday for an increase in the minimum wage that Democrats and some Republicans agree is overdue.

But the Senate's approval may not mean that workers will actually start receiving bigger paychecks in the immediate future.

The Senate bill differs from the one that cleared the House, and includes $8.3 billion in tax breaks for small businesses that Republicans and some Democrats say are necessary to offset the cost of the wage increase.

The House bill, which passed by a vote of 315 to 116, with 82 Republicans joining the Democrats, included none of those tax breaks. And Democratic leaders there have said they want to hold out for that kind of "clean" bill.

The question is how the leaders in both houses choose to reconcile the two approaches.

The first Senate vote will be on whether to limit debate on the measure, leading to a second vote — and expected approval — later this week.

Then, the Senate could hold on to the bill, leaving it to leaders from both chambers to work out the differences. Or, it could send the bill to the House, where the House could strip out the tax breaks and send it back to the Senate for a new vote.

Aides to some House leaders say they would be willing to allow some of the tax breaks. But others, including Representative Charles B. Rangel, Democrat of New York and the chairman of the Ways and Means Committee, are insisting that they will not concede any tax cuts.

House Democrats say that by forcing a vote on a clean bill they would force Senate Republicans to put themselves on record as opposing a wage increase, which was a popular campaign issue in the midterm elections.

"We are still operating on the assumption or hope that the Senate will pass a clean minimum wage bill," said Stacey F. Bernards, a spokeswoman for Representative Steny H. Hoyer of Maryland, the Democratic leader. "If it doesn't happen, it's because a minority of Republicans held it up. It's their fault."

That simple approach to raising the minimum wage failed in the Senate last week. Sixty votes were required to cut off debate on the bill, sending it for a vote, but Democrats were able to enlist just five Republicans, for a vote of 54 to 43.

"The only way we're going to get a minimum wage increase through the Senate is if it is accompanied by tax breaks for small businesses," said Jim Manley, a spokesman for Senator Harry Reid of Nevada, the Democratic leader. "I haven't seen a diminution of the opposition."

Senator Charles E. Schumer of New York, the No. 3 Democrat in the Senate, said he believed the Senate might go along if the House sent back a bill stripped of the tax breaks. "This is good cover for the Republicans," he said. "They're saying, 'I'm not against a minimum wage increase, I just want tax breaks for small businesses.'

"But when the choice is yes or no because the House did something out of our control," he added, "I think we'll get more of them on our side."

Senator Edward M. Kennedy, the Massachusetts Democrat who has been the chief proponent of the measure, has hammered Republicans almost daily, accusing them of trying to stall the bill with amendments. "It's always baffling to me what do Republicans have against hard-working Americans?" he said Monday.

The bill would raise the federal minimum wage $2.10 an hour over two years, from $5.15 to $7.25, and would be the first increase since 1996.

Among the tax breaks would be a five-year extension of the credit provided to employers who hire people who have traditionally had trouble finding jobs, as well as a tax credit for hiring veterans disabled in Afghanistan and Iraq after the 9/11 attacks; an extension through March 31, 2008, of a provision that allows businesses to deduct the cost of improvements to leased properties more quickly; and a permanent change to the tax code allowing small businesses to use the cash method of accounting.

The Senate Committee on Finance, which approved the small business tax breaks in the package being voted on, said the cuts would be covered by closing tax loopholes for companies and executives.

Strike One For Executive Pay (WSJ)

DOJ_NMG_0124197

By Sarah Lueck

The Wall Street Journal, January 30, 2007

The Senate's likely passage this week of legislation raising taxes on executive pay is just the beginning of a tough look by the new Democratic Congress at big corporate compensation packages.

The provision is attached to a bill that would raise the minimum wage to $7.25 an hour from the current $5.15. It would cap at $1 million a year the amount an employee could place in certain tax-deferred-compensation plans. Currently, there is no limit on how much compensation can be deferred into the plans, allowing executives to put off taxes for years on millions of dollars in pay.

The legislation also would limit the income-tax deductions companies can claim for high-paid executives who left the firm during the year. Combined, the two measures would raise about $900 million in new tax revenue over 10 years, according to congressional estimates.

And that may be just the beginning of the first extended assault on executive pay from Capitol Hill since the last time Democrats were in control, during the early 1990s. In addition to tax changes, the new chairmen of the House and Senate committees that oversee financial services say they want to give shareholders more control over executive compensation.

Two forces are driving Washington's new focus on executive pay. One is the Democratic Party's increasingly populist appeal. In delivering the party's official response last week to President Bush's State of the Union address, Virginia Sen. Jim Webb put economic inequality alongside Iraq as one of his broadsides against the White House. "When I graduated from college the average corporate CEO made 20 times what the average worker did," Mr. Webb said. "Today, it's nearly 400 times."

At the same time, Democrats have pledged to live within pay-as-you-go budget constraints that require new spending or tax breaks to be offset by budget cuts or revenue increases. Under those rules, executive pay makes a more tempting target than, perhaps, raising middle-class taxes, or cutting popular spending programs.

"We're in an environment where, because of pay-go rules, Congress is having to look to find revenue," says Bob Shepler, director of corporate finance and tax at the National Association of Manufacturers. "They haven't been shy about saying the highly compensated individuals are where they're going to look first. Executives are an easy but unfair target."

Despite that, it is unclear the tax changes for executive pay ultimately will go anywhere. Business groups are lobbying against the proposals, blitzing lawmakers with letters saying they will disrupt compensation arrangements that companies use to attract and retain top employees. "The tax code is neither an appropriate nor an effective means of regulating excessive compensation," wrote David A. Heywood, general tax counsel for Lockheed Martin Corp., on behalf of the taxation committee at Financial Executives International, which represents more than 15,000 financial executives.

Opponents of the new pay curbs say the Senate proposals would hit compensation in investment banking, where large bonuses often are deferred. They hope those arguments will hold sway with the House's chief tax writer, Ways and Means Chairman Charles Rangel (D., N.Y.).

Mr. Rangel has expressed reservations, saying in an interview: "I don't want to get involved in setting people's salaries."

Mr. Rangel's aversion to the Senate executive tax has as much to do with process as substance. The Senate measure is part of a complex tax package that the chamber attached to the minimum-wage increase. It includes $8 billion in tax breaks for small businesses, such as restaurants, that might be hurt by the mandated pay increase, and $8 billion in offsetting tax increases, including the executive-pay provisions and larger changes that would restrict certain corporate tax shelters.

The House passed a "clean" minimum-wage increase with no taxes attached, and the two chambers will have to work out their differences.

Even if the new compensation packages do become law, it is unclear if they will have the desired effect -- or if they will just push companies to come up with ways to get around the provisions.

The new plan to curb deferred compensation is aimed at reducing the escalating disparity between top executives and other employees. Advocates note that while there is no current limit on the amount of compensation that employees can place in certain deferred-compensation plans, most workers can add only $15,000 a year, tax-deferred, to their 401(k) plans.

One wrinkle in the proposal is that it actually sets two limits: $1 million, or the average of the employee's taxable pay for the previous five years -- whichever is lower. Business groups contend that even midlevel employees could find they exceed the limit

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for a given year and end up affected by the new tax. Senate Finance Committee spokeswoman Carol Guthrie said middle-income earners are in different types of savings plans than those impacted by the provision.

The other executive-pay provision would close what Senate aides describe as a loophole. Current rules limit companies to no more than $1 million a year in income-tax deductions for certain types of compensation to their top-five officers -- but only if the officers still are working at the company at the end of the year. The Senate provision broadens the $1 million deduction limit to anyone who served as chief executive or one of the four highest-paid individuals, even if they have left the company.

Supporters of the changes say they are meant to reduce the use of huge exit packages, like the one likely to go to Pfizer Inc.'s former CEO Henry "Hank" McKinnell. Mr. McKinnell, who is slated to leave as chairman next month, could walk away with a deferred-compensation package valued at nearly $80 million.

Rep. Barney Frank (D., Mass.) says the Senate's executive-pay proposals are just the opening of a broader discussion of executive pay that is "always useful to have." Mr. Frank, chairman of the House Financial Services Committee, plans to hold hearings on executive pay in coming months and introduce legislation giving shareholders more power over compensation. "CEOs ought to understand it's a further signal of how unhappy people are," said Mr. Frank of the Senate proposals.

Kennedy, GOP Engage In War Of Words On Tax Cuts (WT)

By Charles Hurt

The Washington Times, January 30, 2007

During an impassioned floor speech last week, Sen. Edward M. Kennedy lashed out at Republicans for insisting on tax cuts targeted for small businesses to offset the cost of raising the minimum wage.

"How many more billions of dollars do we have to give you, Mr. Republican?" the Massachusetts Democrat shouted. "How many more dollars do we have to give you to get an increase in the minimum wage? It is shocking. It is disgraceful."

So the Senate Finance Committee -- headed by Sen. Max Baucus, Montana Democrat -- added up the amount of tax cuts that it had included in the minimum-wage bill that the panel approved earlier this month. The $8.3 billion in tax cuts were aimed at the small businesses that hire most minimum-wage workers.

Senate Republicans were quick to note that the $8.3 billion in tax cuts for small businesses nationwide is less than the $8.5 billion federal funding cap placed on Boston's Big Dig highway project. Mr. Kennedy has been the principal sponsor of the project, which has been riddled with corruption, cost overruns, delays and safety woes.

"Senator Kennedy complains about $8.3 billion in tax relief out of one side of his mouth, while asking for $8.5 billion in pork-barrel spending out of the other," said Wesley Denton, spokesman for Sen. Jim DeMint, South Carolina Republican.

"He wants to have it both ways, and that's exactly what this debate has been about. He says he wants to help people get out of poverty, but then proposes a one-size-fits all federal mandate that actually prevents people from getting their first job," Mr. Denton said.

One Republican leadership aide wondered whether minimum-wage workers would be "better served by an increase in the minimum wage with protections to ensure that employers do not cut back on jobs" or a "bailout of one of the most overpriced construction projects in history."

Republicans Block House Pay Raise (AP)

By Andrew Taylor

AP, January 30, 2007

House Democratic leaders Monday abandoned attempts to revive an annual pay raise cherished by rank and file lawmakers, a decision prompted by lingering GOP anger over last year's campaign.

Lawmakers' pay will be frozen at $165,200 for this year in a dispute fueled by the Democrats' use of the issue in last year's campaign, violating a yearslong understanding that the competing parties would not attack each other over pay raises.

At issue is the annual congressional cost of living adjustment, or COLA, under which lawmakers automatically get a pay hike unless Congress votes to block it. Democratic and Republican leaders had worked cozily for years to make sure an annual pay-related vote went smoothly.

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Under the agreement, the annual vote came on an obscure procedural move — instead of a direct up-or-down vote — and the Democratic and GOP whips each delivered a roughly equal number of votes to shut off any move to block the pay hike.

That arrangement fell apart when Democrats announced last summer they would opt out of the pay raise until Congress acted to raise the minimum wage. The Democratic Congressional Campaign Committee ran ads attacking Republicans for taking pay raises while blocking numerous attempts to raise the minimum wage.

A top House GOP leader said Democrats broke the agreement last year after the pay raise-related vote had already taken place. In a 263-152 vote in June, the House blocked a bid by Rep. Jim Matheson, D-Utah, to force an up-or-down vote on the pay raise.

"The agreement always was that the parties would not use the COLA issue in the campaign," said House GOP Whip Roy Blunt of Missouri. "It was as formal as anything not signed is."

In December, a GOP-drafted bill delayed implementation of the pay raise until Feb. 16. Democratic leaders tried in recent days to craft language to delay the pay raise a few more weeks or months to provide more time for the minimum wage bill to advance into law.

Republicans said no.

"The DCCC ran their own ads attacking (GOP) members on this," Blunt said. "Because of that their members are going to suffer in terms of not being able to have a COLA."

Members were originally due to begin receiving a 1.7 percent, or $2,800, annual increase Jan. 1, but they already lost about $320 with the delay to Feb. 16.

Politics Could Scuttle Raising Pay For House Members (NYT)

By Carl Hulse

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — The annual raise for members of the House is on the verge of being eaten up in political payback.

Republicans, who were attacked by Democrats in the 2006 campaign for accepting annual raises while not increasing the federal minimum wage for 10 years, say they are inclined to oppose any increase for representatives. And Democrats say they are not likely to enact one on their own, which would open them to attack in the next campaign.

Republican leaders point a finger at the hard-hitting Democratic campaign operation of last year, saying Monday that making the raises a political issue violated a longtime unwritten agreement between the parties.

“It was absolutely understood and agreed to,” said Representative Roy Blunt of Missouri, the second-ranking Republican.

Mr. Blunt and others said the raises were crucial for members of Congress who are not independently wealthy and must operate two households on the current $165,200 salary. The annual raise for this year was set at 1.7 percent, about $2,760.

Democrats seized on the raise last fall to emphasize the stagnant minimum wage. Both parties backed a provision in a stop-gap spending bill that prohibited any Congressional raises until the minimum wage was increased. That stop-gap measure is due to expire, and the House is set to extend it on Wednesday.

“We said all along there would be no pay raise until we pass the minimum wage,” said Brendan Daly, spokesman for the speaker, Nancy Pelosi, Democrat of California.

But now that the minimum wage increase is making progress, some lawmakers are considering making their own raise effective June 1 to allow time for a minimum wage bill to be signed into law.

Republican objections appear intended to try to drive a wedge between the Democratic leadership and lawmakers who were hoping for the salary increase.

Democrats Craft Spending Bill As Deadline Looms (WSJ)

By David Rogers

The Wall Street Journal, January 30, 2007

WASHINGTON -- Democrats put the final touches on a $463.5 billion spending bill designed to keep the government operating for the rest of the fiscal year and bridge the gap left by the collapse of the budget process last fall.

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Never before in modern times has Congress attempted this type of streamlined funding resolution on such a large scale. The bill touches almost every corner of the government, down to securities transaction fees charged by federal regulators and even lawmakers' pay.

• The News: Democratic Congressional leaders put together a $463.5 billion spending bill after Republicans failed to act last year.

• What's at Stake: Without House and Senate approval by Feb. 15, operations at most domestic agencies could come to a halt.

• What's Next: Negotiations are likely with conservatives and administration officials for concessions to keep the process on track.

Reflecting the new Democratic majority, the largest funding increases would go to veterans' medical care, Pell Grants for low-income college students, law enforcement, and fighting AIDS and malaria overseas. The White House appeared receptive to much of the package, but it would have to accept an almost $3.6 billion cut from its fiscal 2007 request for military construction and base-closing funds.

"We know this is not going to be enough to sustain the government for the balance of the fiscal year," said Mississippi Sen. Thad Cochran, the ranking Republican on the Senate Appropriations Committee. "I don't know anybody who would pretend otherwise."

Faced with a Feb. 15 deadline, speed is essential and the House is scheduled to vote tomorrow without a formal committee markup. The Senate will be more of an obstacle, and Democrats hope that concessions to conservatives and weeks of negotiations with federal agencies will hasten action there as well.

Both parties have a stake in resolving the crisis now. Republicans complain of the rushed schedule, but are embarrassed for failing to complete spending bills last fall, leading to the current predicament.

The White House wants relief for agencies operating since Oct. 1 under a stopgap funding bill -- a situation that has become untenable for major Cabinet departments, such as Justice.

That stopgap measure expires Feb. 15, and rather than extend it again, the new House Appropriations Committee leadership will craft a long-term, streamlined funding resolution to carry the government through the end of the fiscal year, Sept. 30.

The basic funding formula calls for continuing agencies at 2006 spending levels, after first stripping out one-time emergency funds. Account-by-account, the legislation then cuts and adds by creating scores of exceptions to meet agency needs and fill a gap of $10 billion to $12 billion before reaching the $463.5 billion total.

That number was chosen to conform to President Bush's budget for this year and appeal to White House support.

In addition, a temporary moratorium is imposed on any spending earmarks for lawmakers, and the bill would freeze congressional pay at $165,200 and deny members a scheduled 1.7% adjustment next month.

Major additions include $4.4 billion for veterans' medical services and $2.3 billion for education and health programs. The National Institutes of Health budget would grow to $28.9 billion, a $619.5 million increase, and an additional $207 million is provided for community health centers.

Among education accounts, funding for Title I reading and math instruction for low-income public school students is increased by $125 million; an additional $615 million is provided for Pell Grants to low-income college students, money that will help raise the maximum annual grant by $260 to $4310.

Law enforcement is a third priority, with an estimated $1.7 billion increase, including an additional $309 million for the Federal Bureau of Investigation, once emergency funds in 2006 are excluded.

Within foreign-aid accounts, an estimated $248 million is provided to fight malaria, a $149 million increase. And the measure is expected to at least match the administration's total request to fight AIDS, though the Geneva-based Global Fund would receive a greater share: $724 million, a $180 million increase and twice what the administration had requested.

The military will get about $3 billion less than it wanted to help close military bases and relocate thousands of troops to the U.S. from posts in Europe and Asia.

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Across the board, many agencies will be effectively frozen at their 2006 appropriations with only a modest increase in personnel funds to cover half the cost of scheduled federal pay raises this year, about 2.2%.

The Securities and Exchange Commission will find itself still below the $905 million requested by the administration, but the bill allows the agency to go ahead with a promised reduction in transaction fees that has been delayed because of the budget breakdown.

Those fee reductions had been tied to passage of the agency's "regular" appropriations bill for fiscal 2007, but there has been nothing regular about the budget process of the past 12 months.

The legislation now spells out that for the SEC's purposes, this bill meets these requirements, meaning that upon enactment the agency could proceed with the delayed reductions.

The reductions include a proposed cut in fees for transactions on stock exchanges and over-the-counter markets -- to $15.30 per million dollars from the current rate of $30.70 per million dollars.

While the final text wasn't public last evening, the changes look to be applicable to future transactions only.

In Need Of Cash, Dems See Billions In Biotech (HILL)

By Jeffrey Young

The Hill, January 30, 2007

Senior Democratic lawmakers are close to introducing legislation to create a pathway for the approval of generic biological drugs in the hopes that the cheaper medicines will create billions of dollars in budget savings, which could be used to offset some of the cost of expanding federal health programs.

But the biotechnology companies that manufacture biologic pharmaceuticals caution that their products are not as easily reproduced as traditional, chemically based drugs, and are calling for legislators to include stricter safety and effectiveness testing requirements in the bill.

Democratic leaders and committee chairmen in both the House and Senate are considering a menu of costly healthcare items such as enhancing the Medicare Part D prescription-drug benefit and expanding the State Children's Health Insurance Program (SCHIP).

Lawmakers working on legislation to accomplish such goals, however, are under pressure to find ways to finance them. The Democratic leadership has promised to adhere to pay-as-you-go budget rules that demand all new spending or tax cuts be offset by reductions in spending or increases in taxes.

Rep. Henry Waxman (D-Calif.), the senior member of the Energy and Commerce Committee who is taking the lead on drafting the biologics bill, asserted that his legislation could have a big impact on healthcare spending.

"There's a great deal of savings that can be achieved," Waxman said. Although he would not name a specific amount or range of savings in dollars, he said, "There are some pretty dramatic figures." New York Democratic Sens. Charles Schumer and Hillary Rodham Clinton will introduce a companion to his bill, Waxman said.

Waxman said that he had no plans to link whatever budgetary savings would result from his bill to any specific new spending, a position seconded by Rep. Frank Pallone Jr. (D-N.J.), the chairman of the Energy and Commerce Committee's Health Subcommittee.

Still, Pallone said, the Democratic leadership and the committee are serious about getting healthcare to more people and about finding ways to pay for it.

"Whenever we save money, it makes it possible to do more to expand coverage," Pallone said. "This isn't just generics. This is everything." As an example, Pallone cited the House's passage of a bill to require direct federal negotiation of drug prices under Part D as part of a larger strategy to expand that program.

The biotech and pharmaceutical industries could end up in a lobbying battle not only with Democrats such as Waxman but also with other powerful players in the healthcare industry.

Moreover, not all of the companies that make up the membership of the Biotechnology Industry Organization (BIO) and the Pharmaceutical Research and Manufacturers of America necessarily will oppose the bill. Some of these companies are interested in competing with the firms that currently control the biologic-drugs market.

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Waxman predicted that the private-sector interests that bear the cost of prescription drugs would be supportive of his bill. "I think those who are payers for drugs … should want this legislation, and do want it," he said. Waxman's staff held two briefings for lobbyists on the legislation last week, he said.

Health insurers and the pharmacy benefit managers that negotiate bulk-price deals with drug makers for private insurers and Medicare, for example, are eager to see the cost of medicines come down. These industries are watching Waxman and his colleagues closely and are considering backing the bill, which would be introduced as soon as early February.

"Certainly, [the savings] would be tens of billions of dollars," Pharmaceutical Care Management Association (PCMA) President and CEO Mark Merritt said. "In the pay-go world, that means something."

Under a version of Waxman's bill introduced last year, Merritt said, Medicare would save $14 billion over 10 years just on the biologic medicines that are administered by doctors in their offices, which are paid for through Medicare Part B. The PCMA-sponsored analysis did not project savings for Medicare Part D or for other federal programs.

The Biotechnology Industry Organization (BIO) rejected PCMA's analysis, in part by arguing that PCMA underestimates the cost of manufacturing biologic drugs, especially for those companies that have never done it before.

The Food and Drug Administration (FDA) long has had a process in place to approve of generic versions of drugs made of chemical compounds, of which exact copies can be made.

Congress, however, has yet to create an FDA approval process for generic biologic drugs, which are based on organic protein molecules. As such, nearly all drugs developed in this manner remain available only in the higher-priced, name-brand version, regardless of how long they have been on the market.

The manufacturers say their drugs cannot be duplicated precisely in the same way as chemical compounds. "There really is no 'generic' biologic," BIO spokesman Paul Winters said. "You cannot exactly copy the biologic molecule."

The biotech industry rejects the label "generic," maintaining that the term is inaccurate because a new version of an existing biologic drug would not be identical to the original. BIO and others say that there should be an FDA approval process for these so-called follow-on biologic drugs but that they should not be labeled as generics.

Moreover, BIO argues that any company wishing to manufacture and sell follow-on biologic drugs should have to prove they are safe and effective. BIO is not opposed to the competition in principle, Winters said, "you just need to validate it by research."

The ranking member of the Health Subcommittee, Rep. Nathan Deal (R-Ga.), agreed. "We just need to see what the science says about that," Deal said. "You can't really make the analogy that generic biologics are the same as other generic drugs." Deal said he met with BIO's president and chief executive, former Rep. Jim Greenwood (R-Pa.), on the bill last week.

Waxman said that his bill would promote safe and effective drugs. "There is a difference [between chemical and biologic drugs] but that doesn't mean that it should prevent us" from granting the FDA the authority to approve non-brand-name biologic drugs, he said.

Pelosi Reaches Out To Blogging Community (AP)

By Erica Werner

AP, January 30, 2007

Shortly after her swearing-in as the first female House speaker, Rep. Nancy Pelosi took time to field questions from a few dozen Internet bloggers on a conference call that was off limits to mainstream media.

Last week, Pelosi's aides arranged for bloggers to question two Democratic House leaders on another conference call shortly before President Bush's State of the Union speech.

Pelosi also hired a full-time staff member this month dedicated to blogger outreach, and is making plans to launch a blog of her own. The day she was sworn in, bloggers were given special accommodations at the Capitol to cover the event, and fed lunch.

It's all evidence of the newfound attention bloggers from left-leaning Web sites are commanding on Democratic-run Capitol Hill, especially from the new speaker, a San Franciscan with an appreciation for the power of the Internet and grass-roots activism.

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Schooled by evidence of what Internet-driven politics can accomplish — from fueling Howard Dean's presidential campaign in 2004 to propelling Ned Lamont to victory over Joseph Lieberman in Connecticut's Democratic Senate primary last year — Pelosi and other politicians have realized bloggers are too important to ignore.

"They've gone from an initial writing blogs off, then moving to skepticism, then moving to, 'OK, maybe we can find a way of working with these guys,'" said John Aravosis, who runs Americablog.com.

"It's a power base and it's influential and it's an opportunity. And you know what? It exists," Aravosis added.

"It should only scare you if you're on their bad side."

Blogs also are a way for Pelosi and others to communicate directly with a politically engaged audience, without filtering by traditional media. She promoted the Democrats' agenda for their first 100 legislative hours in a posting on Huffingtonpost.com.

Democrats, in turn, credit bloggers with helping marshal successful opposition to President Bush's 2005 plan to overhaul Social Security by adding private accounts, a fight Pelosi led.

"It's a mistake to think that these people just sit behind their machines and don't do anything other than talk to each other and send money," said Joe Trippi, who managed Howard Dean's Internet-driven campaign. "These people are very active in their precincts, in their communities."

Friendly bloggers can help defuse attacks. Liberal bloggers rose to Pelosi's defense when she was criticized after the November election for employing nonunion workers at her vineyard. Thinkprogress.org trumpeted Pelosi's side of the story: Growers are prohibited by law from meddling in union contract issues before workers vote to organize.

Republicans are stepping up their involvement with blogs as well, and Pelosi's aides are planning new media training sessions for Democratic lawmakers and aides partly to expand use of blogs — one more sign that Congress' presence in the blogosphere will only grow.

"The speaker will be blogging," promised Karina Newton, Pelosi's director of new media.

"She understands the power that the netroots have."

White House Brings In New Pastry Chef (AP)

AP, January 30, 2007

There's a new name behind the decadent desserts at the White House: William Yosses.

Yosses has been named as the executive pastry chef for the White House, first lady Laura Bush announced Monday.

He will design and oversee the desserts for state dinners, social events, official luncheons and holiday parties. Yosses already has some on-the-job training — he served as the pastry chef for the 2006 White House holiday parties.

"Chef Yosses has impressed us from the start with his original and delicious creations," the first lady said. "He has a light touch with desserts, and the enthusiasm with which he approaches his profession makes him a real asset for all of us."

Yosses replaces Thaddeus DuBois, who left the job as top pastry chef in 2006.

In his most recent project, Yosses helped open Paul Newman's Dressing Room in Westport, Conn., a restaurant built around local, organic food. He has been an executive pastry chef at a series of top restaurants, including Tavern on the Green in New York City, and he is trained in classical French cooking.

Mad About Mary (NYT)

By Stacy Schiff

The New York Times, January 30, 2007

Once upon a time, asking about someone's children was like talking about the weather. Then again, once upon a time talking about the weather was also like talking about the weather — not a portal into the political or the apocalyptic. But that's another story. The point is that children made for the kind of paltry social currency you could exchange with your in-flight neighbor, back when the only other option might have been: "As you're carrying that knife and wearing full camouflage, is it safe to conclude that the vegetarian meal is mine?" Then came children as designer accessories and politically charged pawns, appendages and admissions statistics.

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Suddenly, we are on treacherous ground. For starters, Angelina Jolie and Madonna can't even agree on where babies come from. I thrill as quickly as the next People subscriber to a good catfight, but do we really need Angelina — who appears to have taken No Child Left Behind as her personal mantra — trashing celebrities for "jumping on the adoption bandwagon?"

As her swearing-in made clear, even Nancy Pelosi feels the need to accessorize, not something I would have thought a woman with a gavel would ever need to do. Yes, by comparison the back of the House looked like a bouncer convention. But the dais looked like a Sunday school class. Which raises a parenthetical question: Do female politicians have to kiss babies? For that matter — this question is for someone other than Senator Boxer or Secretary Rice — do they need to have babies?

There are now officially only two people left in America who don't want to talk about their kids. When Jim Webb bowed out of that White House receiving line, President Bush tracked him down and asked after his son. Senator Webb is a former Navy secretary; he knows his protocol. He is also one of only a few members of the U.S. Senate with children serving in the military. "I'd like to get them out of Iraq, Mr. President," Mr. Webb replied. "That's not what I asked you," Mr. Bush snapped. Mr. Webb didn't really mean to answer, either. Evidently, he meant to slug the president.

Last week Wolf Blitzer asked Dick Cheney about his pregnant lesbian daughter. The vice president looked as if his arm had made contact with that meat grinder. Mr. Blitzer was, he growled, seriously out of line.

Neither Senator Webb nor Vice President Cheney wins points for his social graces. But what Letitia Baldrige said of the Webb encounter — "It was an uncivil reply to an uncivil remark" — does not apply equally to the vice president. Mr. Cheney has openly promoted an anti-gay agenda. His own base has called his daughter's pregnancy unconscionable. Family values have been his calling card. And our Prohibitionist vice president can't summon the courage to address the gin mill in the basement?

Mr. Webb was rude on principle; Mr. Cheney rude out of hypocrisy. One man took a stand. The other scurried away.

What the vice president's nonresponse did deliver was a very cogent message: the rules apply to you, but not to us. It's our privacy, your patriotism; our delusion, your sacrifice; our tax cuts, your kids. After all, as Mr. Cheney so tellingly said of his Republican critics, "I'm the vice president, and they're not." The part for which some of us have no stomach is the sense of entitlement.

An annoying thing about children is that they nudge you toward the high road and the long view. They demand pesky things like open-mindedness, self-denial, accountability, leadership and occasionally even integrity — qualities that appear to have packed up and gone home with Hans Blix. Once upon a time, you might have termed them family values.

So as to spare Mr. Cheney any further misadventures in this minefield, I did a little research for him. Several years ago, Ms. Baldrige foresaw his predicament. "A lesbian's parents may be the victims of probing, mean questions from their friends," she wrote. "Hopefully, they will answer unequivocally that they stand by their child and accept her decision."

As for gay and lesbian couples, they are families, too, in Ms. Baldrige's book. They are also increasingly common, "so people who feel shy and uptight with them are just going to have to get over it." Alternatively, they are welcome to talk about the weather.

Liberate Political Speech (LAT)

The Los Angeles Times, January 30, 2007

THE U.S. SUPREME COURT astonished everyone in 2003 when it upheld the constitutionality of severe limits on political speech. The good news is that the court may be having some sober second thoughts about that dubious decision.

The speech-curtailing measure at issue is part of the broader McCain-Feingold campaign finance law. The centerpiece of that law banned "soft money" contributions to political parties that were used to circumvent limits on how much donors could contribute to candidates for federal office. What is glaringly offensive to the 1st Amendment is an accompanying ban on "electioneering communications" paid for out of the treasuries of independent organizations.

As defined by the law, electioneering communications are advertisements that mention a candidate for federal office and are broadcast within 30 days of a primary election or within 60 days of a general election. They need not (and usually do not) tell viewers to vote for or against a candidate.

In 2003, the Supreme Court ruled that McCain-Feingold's restrictions on these ads were not unconstitutional on their face. But an antiabortion group called Wisconsin Right to Life is arguing that the ban was applied in an unconstitutional way to prevent

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it from airing three TV advertisements in 2004. The ads asked viewers to tell the state's two senators — only one of whom was up for reelection — to allow a vote on President Bush's judicial nominations.

Last month, a three-judge federal court in Washington ruled that the "issue ad" provision deprived Wisconsin Right to Life of its free-speech rights. If the Supreme Court agrees, as it should, political speech will be given more breathing room. And such a ruling needn't derail the soft-money provisions of the McCain-Feingold legislation.

There are a lot of phoney "issue ads" out there ("Tell Sen. Smith you disagree with him about Iraq" can sound a lot like an endorsement for challenger Jones), but the court has to err on the side of preserving political speech. When it comes to speaking out about a candidate, opponents (and news outlets like ours) should not have a monopoly in the closing days of a campaign, especially if the outside organization weighing in is genuinely acting on its own.

The particular facts of the Wisconsin Right to Life ads are a compelling indictment of the law's overreach and should prod the high court to reconsider whether the law could be constitutional under any set of facts. The addition of Justice Samuel A. Alito Jr. may dictate a different outcome — retired Justice Sandra Day O'Connor cast the deciding vote upholding the limits in 2003.

But if the court isn't willing to go back to the drawing board, Congress should. An advertisement praising or criticizing a politician — even one seeking reelection — has more in common with the endorsement editorials that appear on this page than it does with the campaign contributions (in hard or soft dollars) that have received only minimal 1st Amendment protection from the courts.

The "bright line" that needs to be drawn is the one between financing someone else's message and articulating your own.

Voucher Comeback (WSJ)

The Wall Street Journal, January 30, 2007

The federal No Child Left Behind Act is set for renewal this year, and the big news so far is that President Bush is resurrecting the voucher proposal from his first term. "We can lift student achievement even higher by giving local leaders flexibility to turn around failing schools," Mr. Bush said in his State of the Union address, "and by giving families with children stuck in failing schools the right to choose something better."

The President campaigned on this concept in 2000, too, only to throw NCLB's choice provisions over the side to cut a bipartisan deal with Senator Ted Kennedy and Representative George Miller. Both Democrats carry water for the teachers unions, and so it's no surprise that both men quickly denounced the new Bush proposal last week. Let's hope Mr. Bush isn't merely using "choice" again as a negotiating ploy to be tossed out once talks on Capitol Hill get going.

NCLB's testing provisions have been useful in bringing more transparency to achievement gaps among schools, and among certain types of students within schools. But the most effective way to hold public schools accountable is by arming parents with more education choices. Nothing motivates teachers, principals and administrators like the threat of losing their charges (and the attendant funding) to "something better." Mr. Bush could pick worse fights than arguing that poor kids should be able to escape failing schools.

OTHER NEWS:

Bullish On Bernanke (WP)

By Nell Henderson

The Washington Post, January 30, 2007

The new chairman of the Federal Reserve got off to a rocky start last spring. Inflation was surging, the housing market was slumping, and Ben S. Bernanke's initial responses caused turmoil on Wall Street.

But a year into Bernanke's tenure, the picture has turned considerably brighter. Inflation is falling; unemployment is low; wages are rising; and the economy, despite continued problems in housing, is growing at a brisk clip. Bernanke is earning plaudits from Wall Street to Capitol Hill.

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"His stewardship in the first year has to be applauded by markets, investors and other policymakers," said Robert DiClemente, chief U.S. economist at Citigroup Global Markets. "He was able to arrest inflation without killing the expansion. That's really the ultimate victory."

Added Sen. Kent Conrad (D-N.D.), chairman of the Senate Budget Committee: "I think he's doing his level best to manage monetary policy in a way that will accommodate growth."

Certainly, the Bernanke Fed remains a work in progress. He promised greater openness, but despite months of discussion, the central bank's arcane methods of communicating with the public have not changed much. And the chairman's skills as a leader remain untested by a financial crisis or serious conflict among members of the policymaking Federal Open Market Committee.

Nonetheless, it's clear Bernanke is hitting his stride, according to observers in business, academia and finance.

"His judgment has been good and his luck has held up," said Allan H. Meltzer, author of a two-volume history of the Fed. "People are beginning to accept his leadership."

Bernanke's biggest challenge over the past year was deciding how high to raise borrowing costs to keep inflation under control. He stumbled in April when he told Congress the Fed might pause in its series of interest-rate increases. Coming at a time when financial markets were growing jittery about rising prices, his words prompted many investors to think the central bank had gone soft on inflation.

He compounded the confusion by telling a television reporter the markets had misread him, a comment he later described as "a lapse in judgment."

Bernanke calmed the markets by declaring his determination to squelch inflation and by leading the Fed to raise its benchmark short-term interest rates to 5.25 percent in June, the highest level in more than five years.

The harder decision was when to stop. The new Fed chief and his colleagues knew by the summer that the economy was cooling. And they wanted to avoid raising interest rates too high for fear the housing market might fall so far as to drag the economy into a recession.

So they stopped at their August meeting, leaving the benchmark rate unchanged for the first time after 17 consecutive increases over two years.

Some critics in the markets declared that borrowing costs were still too low to subdue inflation, while others said the Fed had already raised rates too far.

But Bernanke and his colleagues have held the rate steady since. They are likely to leave the rate unchanged at the end of their meeting today and tomorrow, and to indicate they might increase the rate again if inflation does not continue to fall. Many analysts now predict the Fed will remain on hold through this year.

Some observers said Bernanke's cautiousness marked a break with Greenspan's practice of raising rates aggressively to head off inflation, then easing them a bit a few months later when it was clear the danger had receded.

"We can never know what Greenspan would have done, but in the past he overshot," said Diane Swonk, chief economist of Mesirow Financial. The Bernanke Fed, by contrast, is "very worried about overshooting."

The August meeting also marked a shift in central bank communications under Bernanke. For the first time in three years, the Fed chairman did not signal to the markets the likely outcome of a policymaking meeting beforehand.

Instead, Bernanke sought to shift the markets' attention further into the future, using his congressional testimony in July to highlight the Fed policymakers' forecast for the economy over the next 18 months or more. This outlook represents how the economy should behave if the Fed adjusts interest rates correctly over time.

Bernanke has surprised observers by not pushing hard for the Fed to adopt an inflation target.

The Fed seeks to keep inflation low but does not specify a goal, as do many foreign central banks.

Bernanke had advocated the practice, known as "inflation targeting," during his years in academia and as a Fed Board member from 2002 to 2005 -- prompting expectations he would impose it as chairman.

But Bernanke took a gentler approach, asking his colleagues last year to consider inflation targeting among many options for improving communication with the public.

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After several months of discussion, it appears unlikely that they will adopt a formal target, such as 2 percent, but might agree to a softer goal -- perhaps a target range of, say, 1 to 2 percent. No decision is expected soon.

The decision to pause in August also resulted from a vigorous, collegial debate among the top policymakers at their meeting, as has become characteristic of the Bernanke Fed.

The Fed meetings are "more energized, more interactive, more spontaneous" than they were under Greenspan, said Laurence H. Meyer, a former Fed board member.

This reflects Bernanke's general effort to lead in a more low-key way than Greenspan, who had come to dominate and personify the Fed, as did his predecessor, Paul A. Volcker. Bernanke's aim is to strengthen the institution so it will succeed regardless of whether it has a great chairman.

The markets initially were nervous about whether Greenspan was up to the job when he succeeded Volcker in August 1987. But Greenspan quickly established his authority by calming the markets during the October 1987 stock crash, Meltzer said.

It is too soon to know how Bernanke's leadership style will work in a crisis or when there is disagreement within the Fed over policy, Meltzer said. "Let's see what happens if there is real conflict."

But, he added, "I think he's done a good job so far."

Fed Has Yet To Set Target On Inflation (NYT)

By Edmund L. Andrews

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — When Ben S. Bernanke took over as chairman of the Federal Reserve Board one year ago this week, he brought with him a long-held conviction that the central bank should be more explicit about its goals and less personalized than it had been under Alan Greenspan.

Yet as Mr. Bernanke celebrates his first anniversary on the job, the Fed is still far away from acting on his major proposal of setting an explicit target for inflation.

Mr. Bernanke has long argued that publicly committing the central bank to an inflation target — probably 1 to 2 percent a year — would make its policy more transparent and open to the public. Its decisions would be easier for investors to anticipate, he argued, and the public might have greater confidence that inflation would indeed remain low.

It is an idea that Mr. Greenspan staunchly opposed, arguing that it would bind the Fed to rigid rules and deprive it of crucial flexibility in reacting to economic surprises.

But even though a majority of those on the Fed board agree with Mr. Bernanke in principle, officials have, if anything, become more cautious over the last year about making a change.

Fed officials caution that they have to wrestle with a thicket of intermediate issues before making a change. On Tuesday, policy makers gather for the start of a two-day meeting at which they will discuss one possible intermediate step: telling the public more about the Fed's economic forecasts.

But even that decision may be months away, and Fed officials appear even less urgent about committing themselves in public to a specific goal for inflation.

"There's just not a lot of enthusiasm for moving in any of these directions," said Laurence Meyer, a former Fed governor and a forecaster at Macroeconomic Advisers. "Nobody thought this was such an important issue."

Outside experts say the caution stems from deeper concerns: a reluctance to change a practice that appears to be working well already; a fear among some that the Fed may become trapped by its own promises; and perhaps a worry about opposition from Democratic lawmakers, who now control Congress and who have publicly fretted that the Fed will focus on inflation while ignoring unemployment.

As a practical matter, Mr. Bernanke will reach his first anniversary with the economy heading toward the Fed's goal of a "soft landing" — a modest slowdown in economic growth and a slight ebb in inflation, yet with strong wage increases and continued low unemployment.

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The Fed is all but certain to leave its benchmark overnight interest rate unchanged at 5.25 percent, and to signal once again that it remains slightly more worried about inflation than slower economic growth. In short, the Fed will continue its "pause" in raising rates and is unlikely to reduce rates later this year.

The outlook for Mr. Bernanke's goal of setting inflation targets is more uncertain. A majority of Fed governors and presidents of the Federal Reserve's district banks support the idea as an important move toward greater openness.

Indeed, the Federal Reserve Board now includes Frederic S. Mishkin, one of Mr. Bernanke's co-authors on a book in 1999 that championed inflation targeting. They are joined in the Fed's policy making by a raft of other influential officials who also support setting inflation targets: William Poole, president of the St. Louis Fed; Janet Yellen, president of the San Francisco Fed; and Jeffrey M. Lacker, president of the Richmond Fed.

The leading opponent of inflation targeting is Donald L. Kohn, the Fed's highly respected vice chairman. Timothy F. Geithner, president of the New York Fed, is also considered a skeptic.

Mr. Bernanke has taken pains to build a consensus before making any changes, and has gone so far as to put Mr. Kohn in charge of a special committee to review "communication issues," including the prospects for inflation targets.

But even many longtime supporters of the idea predict that the Fed is unlikely to change gears this year.

"The Fed has a somewhat odd problem in that things are going so well right now, and it's hard to push for change when things are going well," said Mark Gertler, an economics professor at New York University who has worked with Mr. Bernanke on many academic projects. "In the case of the United States, it's hard to argue that monetary policy would have performed better if we had had inflation targets."

Adam S. Posen, who was a co-author with Mr. Bernanke and Mr. Mishkin on their book about inflation targeting, said Mr. Bernanke would need at least a year to build consensus.

"Bernanke has to build three consensuses at once," said Mr. Posen, a senior fellow at the Peterson Institute for International Economics. In addition to persuading the Fed's other governors, Mr. Posen said, Mr. Bernanke must also build support from the central bank's influential staff and with Congress.

It remains unclear whether the Fed needs legislation from Congress to adopt explicit inflation targets. But many Democrats have been quick to criticize the central bank for not focusing enough attention on wages and job creation.

Indeed, the new chairman of the House Financial Services Committee is Representative Barney Frank of Massachusetts, who often challenged Mr. Greenspan about rising income inequality and stubbornly high unemployment.

Mr. Bernanke is set to testify about the economic outlook before Mr. Frank's committee on Feb. 15. In an indication that Mr. Bernanke will face a more combative political environment than he did last year, aides to Mr. Frank said he was planning a second hearing to get contrasting views from economists and people with "other real world experience."

But perhaps the biggest reason for the slow movement is that Mr. Bernanke's approach may not end up being much different from Mr. Greenspan's.

In recent years, Fed officials under Mr. Greenspan made it clear they had an informal target or "comfort zone" on inflation. For many, that zone was a "core" inflation rate — excluding volatile prices for food and energy — of 1 to 2 percent a year.

"If we asked 10 people who follow what the Fed does, we all know what the Fed's comfort zone is," said John Makin, an economist at the American Enterprise Institute.

Even if the Fed were to set a public target for inflation, Mr. Bernanke and other supporters have not said how quickly the Fed would need to meet the target.

Mr. Bernanke and others now stress that the Fed will not react mechanically if inflation climbs above the target, as it has over the last year. Mr. Bernanke has argued for defining an "optimal long-run inflation rate" and originally suggested the Fed should aim to hit that target within three years.

But some of Mr. Bernanke's allies now contend that there should be no specific time frame at all.

Bernanke Quietly Guides Economy (USAT)

By Sue Kirchhoff

USA Today, January 30, 2007

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WASHINGTON — During a break at the Federal Reserve's annual economic conference last summer, the world's most powerful central banker sat quietly by himself in the expansive stone lobby of Wyoming's Jackson Lake Lodge, tapping away on a laptop computer as vacationers strolled by, unawares.

Fed Chairman Ben Bernanke's relative anonymity was a major departure from the days of his predecessor, Alan Greenspan, when people would spy the Fed meeting sign and hang around the conference room with cameras cocked for a photo of the financial superstar.

As he finishes his first year as chairman, the unassuming Bernanke, 53, doesn't have Greenspan's head-turning sway over the general public, at least not yet, but he does have firm control of the central bank and the growing confidence of financial markets.

The former Princeton professor, Fed governor and White House adviser has steered the central bank through a turning point in an economy that was confronting a tumbling housing market and uncomfortably high inflation. The Fed, which meets here today and Wednesday to review interest rate policy, has held the target for short-term interest rates steady since June after two years of raising it to combat inflation. Economic growth slowed in the second half of 2006, but the job market strengthened.

"I congratulate you and the Fed in keeping interest rates where the American people can stand and the economy can prosper," Jim Bunning, R-Ky., the sole senator to oppose Bernanke's nomination, told him this month.

Working with other regulators, the Bernanke Fed has also tightened guidelines for commercial real estate and mortgage lending and toughened standards for complex financial products misused by energy giant Enron.

The new year brings new challenges, including a Democrat-controlled Congress that could be less deferential to a Fed chairman and board of governors appointed entirely by President Bush. (It's the first time since Ronald Reagan that one president has had such sway over the makeup of the central bank.)

Greenspan's 2001 decision to endorse the Bush administration's tax cuts also frayed relations between the Fed and many Democrats, who blame current deficits partly on Bush's tax policy.

"He faces a significant challenge of restoring credibility," says Senate Budget Committee Chair Kent Conrad, D-N.D. "He's reached out."

Bernanke, who has made overtures to a number of Democrats, recently invited Conrad for lunch in his private dining room. The Fed chief testified before Conrad's committee this month, warning of a long-term budgetary "crisis." In a break from Greenspan, Bernanke declined to endorse precise tax or spending solutions, calling those political decisions for Congress.

"I enjoy him very much … he's not a backslapper, he's a thoughtful, serious man," Conrad says. "He's wise not to sink into the bog of specific policy recommendations. I don't think that's the job of the Federal Reserve chairman."

The Fed chairman's job is to guide the economy. Business leaders and economists have become more confident about Bernanke's approach, and the outlook for the economy, in recent weeks.

But it's early to declare that the Fed has achieved an economic "soft landing," in which growth slows enough that inflation fades, but the economy doesn't falter. The housing market remains in the doldrums, and Fed officials warn that inflation is too high.

Nearly all the 56 top economists surveyed by USA TODAY Jan. 18-24 expect the USA to avoid a recession. But they are split on whether slower growth or higher inflation poses a bigger threat ahead.

Bernanke's first year (he moved in on Feb. 1) took him from Europe to China and 11 of the 12 regional Fed banks. He settled into overseeing a staff of 2,000, parrying hours of congressional questioning and making a number of trips to New York for speeches and private meetings with financial leaders.

Bernanke's policy approach is evolving, though there are stylistic differences from Greenspan, who with his wife, NBC News chief foreign affairs correspondent Andrea Mitchell, remains prominent on the Washington social scene. Bernanke sightings at glitzy gatherings are limited: He's more likely to be with his wife, Anna, a teacher, at a play or in the stands at Washington Nationals baseball games.

That's not to say Bernanke isn't social. Even as chairman, he can be spotted eating lunch in the Fed cafeteria, plopping down at tables to talk with staff. He plays basketball in the Fed gym. He is a more natural mingler than Greenspan.

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Mark Pinsky, president of the Opportunity Finance Network, which encourages development in low-income areas, was appointed to the Fed's consumer advisory committee in 2002. Pinsky was a bit awestruck at his first Fed meeting, including a reception where everyone nervously awaited Greenspan.

"I look over, and there at this table is this guy who's just sitting there. He's calm and very friendly. … He looked like he could have been a senior economist," Pinsky recalls. "I said, 'Hi, I'm Mark,' and he said, 'Hi, I'm Ben.' "

After a quarter-hour of small talk Pinsky discovered who Bernanke was, but only because a staffer came looking for the then-Fed governor.

In November, Chairman Bernanke spoke at a conference on community development Pinsky organized, a notable event because he averages just about two public speeches a month.

Bernanke is less formal, but hardly laid-back, in private meetings.

"It was more Mr. Greenspan's style to sit and listen and then ask questions at the end. … It's more Mr. Bernanke's to carry on, in an almost conversational manner, give-and-take through the entire meeting," says Jerry Howard, executive vice president of the National Association of Home Builders, which warned against Fed rate increases.

"He clearly has certain things he wants to find out, and if it's not contained in the discussion as it's flowing, he brings it back," Howard says.

The American Bankers Association is another group that has differed with Fed policy, including the clampdown on real estate lending.

"When you meet with Bernanke, he is almost disarmingly frank. He gets to the point right away, and he gets the point you're making," says Wayne Abernathy, ABA executive director for financial institutions.

Abernathy calls Bernanke "almost judicial" in decision making, listening to a broad range of opinions and resisting snap judgments.

Internal Fed debates over interest rate policy have likewise become more open under Bernanke, though there was back-and-forth under Greenspan.

Richmond Fed President Jeffrey Lacker says Bernanke "encouraged open discussion, encouraged us to question and challenge each other's position" when he began running the Federal Open Market Committee, made up of Fed governors and regional bank presidents.

One example: When the FOMC discusses interest rate policy, Bernanke speaks last, unlike Greenspan, who went first, laying out where the central bank should go.

Bernanke's speeches and testimony are more direct than those of Greenspan, a master of deliberately tangled prose. After a few early missteps, Bernanke is becoming a more confident speaker.

Bernanke, like Greenspan, favors greater regulation of mortgage giants Fannie Mae and Freddie Mac. He's stayed the course in such areas as international banking rules or oversight of hedge funds. The new chairman has devoted a fair amount of time to consumer issues and community development in public speeches and plans an address on rising income inequality — a major issue for the Democrats.

Scott Anderson, chief economist at Wells Fargo Bank, says Bernanke puts more emphasis on economic models and less on individual data points in setting interest rate policy. Still, Pinsky and others who have met with Bernanke say he is deeply immersed in data, though he may not use some of the more esoteric statistics Greenspan used to dig up.

Where there are differences from the Greenspan Fed, such as Bernanke's endorsement of inflation targeting — setting a specific range for allowable inflation — he is moving slowly to build consensus.

Early worries in the markets that Bernanke would be A) too tough or B) too soft on inflation have receded, as the Fed's decision to hold the target for short-term rates at 5.25% seems to be working to slow inflation without unduly harming the economy.

If anything, Fed officials in recent speeches say, the markets aren't concerned enough about inflation.

Though Bernanke has drawn a tighter line between economics and politics, it's too loose for some.

Kenneth Thomas, a professor at the University of Pennsylvania's Wharton School, says records of Bernanke's meetings with White House and other political officials in his first four months in office show he was basically non-political.

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But saying that a main duty of the chairman is guarding the independence of the Fed, Thomas faults Bernanke for visiting China in December with a delegation led by Treasury Secretary Henry Paulson on currency and trade issues.

"For him to … spend all that time traveling around the world with the administration and Cabinet when he used to work at the White House is totally inappropriate," Thomas says.

Bernanke did travel to China on a separate, commercial flight.

Wake Forest professor James Wood, a central bank historian, says big changes in Fed policy usually result from political pressures. Since the late 1970s when then-chairman Paul Volcker tackled inflation, the Fed has had a consistent emphasis on stable prices. But large budget deficits, the escalating cost of the Iraq war and other fiscal issues could cause economic problems and prompt political calls for the Fed to once again allow higher inflation or take other steps to ease the fallout.

Bernanke has made it clear that the Fed is independent and committed to low inflation. In the past year, he's shown personal and policy skills, and signs that he has an ability to connect with the public that could come in handy.

Bernanke's efforts to build bridges with Democrats are helped by the fact that House Budget Committee Chairman John Spratt represents his tiny hometown of Dillon, S.C.

Bernanke returned to Dillon last summer, after receiving the "Order of the Palmetto," the highest civilian honor bestowed by the state, recognizing lifetime achievement and service. In remarks, Bernanke described growing up, helping in his family's drugstore, waiting tables at the kitschy tourist attraction South of the Border and working construction.

"Now I am an economic policymaker, and I sit in a nice office in Washington looking at reports and tables of data and following the fluctuations of the financial markets," Bernanke said.

"I try not to forget what underlies all those data: millions of Americans working hard, trying to better themselves economically, struggling to manage their family finances and worrying about the price of gas and college tuition."

Good News, Bad News: US Economy Too Strong For Interest Rate Cuts (CSM)

By Mark Trumbull

The Christian Science Monitor, January 30, 2007

The US economy was expected to cool a bit along with temperatures this winter, but that slow patch is looking more like business as usual.

The housing slump is still serious. Detroit carmakers are still in trouble. But with oil prices dropping since last summer, overall economic activity keeps chugging along even as inflation looks to be easing.

The momentum has spoiled hopes that the Federal Reserve will cut interest rates anytime soon. The Fed is expected to note signs of strength in the economy, and continued vigilance against inflation, when it releases its latest policy statement Wednesday.

Otherwise, however, this is good news that eases worries about a possible recession – and suggests a year of economic growth that is closer to normal.

"It's a combination of very savvy monetary policy" by the Fed plus lower oil prices and a dip in mortgage rates, says Brian Bethune, an economist at Global Insight, an economic forecasting firm in Waltham, Mass. "You add all that up, it's a pretty good story."

Good enough that some forecasters have been ratcheting up their projections for US growth during 2007 and for the end of last year.

"We are revising our estimate for fourth-quarter growth to 3.3 percent (annual rate) from 2 percent previously," economists at Goldman Sachs, the New York investment firm, wrote after a solid report two weeks ago on sales by America's retailers.

Numbers on gross domestic product (GDP) for the fourth quarter of 2006, which includes holiday spending, are scheduled to be released Wednesday.

Many economists credit the Federal Reserve with having a steady hand on the monetary tiller. But they generally cite energy as been the biggest factor behind the recent economic strengthening.

Even though oil prices have edged up a bit in recent days, prices are well under last year's highs of close to $80 a barrel.

That has put more money in consumer pockets to spend on other things.

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"It's a dollar-a-gallon tax cut," says Michael Cosgrove, who publishes the Econoclast, a market newsletter in Dallas.

Gasoline prices have fallen from $3 a gallon at the beginning of August to $2.17 last week, according to the Energy Information Administration. Those prices could reverse, of course. That, and the path of the housing market, remain important uncertainties for 2007.

But Mr. Cosgrove sees a benign outlook for energy. Two years of rising oil prices resulted in a response by corporations, consumers, and governments around the world. Many are moving toward substitute fuels – from coal to ethanol. And conservation slowed the growth of oil demand.

"Oil prices will settle out at about $40 a barrel" in today's dollars, Cosgrove predicts. Over the next two or three years, he explains, "market forces will tend to eventually push prices down to their long-term average."

Not everyone expects prices to fall that far. And analysts including Cosgrove say a geopolitical crisis in the Middle East could always push oil back up to $80 a barrel.

But for now, even at this week's price around $55 a barrel, falling fuel prices have played another important role. They have eased concerns that the Fed may not have done enough to control inflation. In turn, that has helped to keep long-term interest rates in check, a boon for people buying houses or refinancing mortgages.

The average interest on a 30-year fixed-rate loan has fallen from 6.76 percent to 6.25 percent since last July, as tracked by Freddie Mac, a government-chartered home finance agency.

That dip has helped ease the strain of the worst housing downturn since the early 1990s. The volume of home sales has plunged and foreclosures have surged. But the trends would be worse if it cost more to take out a loan, or if it were harder for homeowners to refinance adjustable-rate mortgages at a decent price.

This has happened even as the Fed has been holding short-term rates steady for half a year now.

The central bank had raised short-term interest rates from mid-2004 through mid-2006, in an effort to bring monetary policy to a neutral zone, allowing the economy to grow without fueling inflationary pressures through easy credit.

Some analysts say that if the US economy stays on a smooth track, the Fed could continue to hold steady, with a target short-term interest rate of 5.25 percent, for much of this year.

"The Fed will probably be on hold for an extended period of time," says Cosgrove. That kind of low profile is "probably the way the Fed Reserve under ... [Chairman Ben] Bernanke would like to operate."

Some economists still see some recession risk, especially if the housing troubles persist.

And on the inflation front, others remain concerned that the Fed may need to tighten rates further if the economy gets hotter still. Inflation worries could push up long-term interest rates that, despite edging up recently, remain below 5 percent for Treasury bonds.

But for now, the growth scenario is on track. Mr. Bethune of Global Insight says his firm will probably bump up its GDP forecast for this year to about 2.7 percent growth – "very positive news."

A U.S. Law Firm Takes A New Route Into China (WSJ)

By Nathan Koppel And Andrew Batson

The Wall Street Journal, January 30, 2007

For brand-name law firms bent on global expansion, China poses a conundrum. Economic activity is generating plenty of legal work, but opening an office on the mainland is fraught with hurdles, from a shortage of legal talent to regulations that limit the work foreign lawyers can do.

Now, a U.S. firm thinks it has found a way to build business in China while avoiding some of the burdens. McDermott Will & Emery, a 1,000-lawyer firm founded in Chicago, has entered into a strategic alliance with Yuan Da Law Offices of Shanghai, which has around 25 lawyers. It's the first formal tie-up between a Western and a mainland China firm, and a bold move, given that regulations bar international firms from fully merging with Chinese counterparts.

"The scale ... is far more than that of a start-up," says Harvey Freishtat, chairman of McDermott, which is making its first foray into the country. Under the alliance, the Yuan Da firm will now be known for marketing purposes as MWE China Law Offices inside and outside China. The firms will share clients -- for instance, each providing legal assistance in their areas of expertise.

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But, to comply with Chinese law, McDermott and MWE can't share the profit. The U.S. firm must account separately for its work and the revenue it brings in.

The strategic alliance is structured so that McDermott stands to reduce its costs if MWE increases the amount of work it does for clients.

Mr. Freishtat says he's particularly pleased to avoid the headache of building a mainland operation from scratch.

Many other big law firms have flocked to mainland China to advise multinational clients and snag new ones in the country's burgeoning corporate sector. Last year, 14 foreign firms opened offices in mainland China, about the same as in each of the two previous years, according to legal consultant Hildebrandt International Inc. When firms enter the market, they mostly send partners to China and hire local Chinese lawyers. Peter Zeughauser, who advised McDermott and Yuan Da on their alliance, says firms generally expect to invest $3 million to $4 million over three-to-five years to build a mainland office before they can hope to be in the black.

The problem isn't a lack of business. Last year saw $69.5 billion in foreign direct investment into China -- fueling demand for cross-border legal services in such areas as securities offerings, deals and trade disputes. Chinese companies themselves are becoming increasingly attractive clients as they pursue public offerings and overseas acquisitions. Last year, for example, Chinese companies raised $37.5 billion in IPOs on the Hong Kong stock exchange -- deals that, because of Hong Kong's common-law tradition and Western-style securities regulation, create demand for international legal expertise.

Many law firms have long served the China market from Hong Kong, where it is easier for foreign firms to set up. But firms are increasingly turning to the mainland to get better access to Chinese corporate and government clients.

But mainland China poses particular challenges for these outside lawyers. Besides unfriendly regulations, there's a shortage of top legal talent and there are clients who recoil at Western billing rates for lawyers' advice. "You have a situation where people can appreciate makeup or Starbucks, and won't hesitate to pay for that, but they are just starting to understand what it means to have a good lawyer," says Carmen Chang, the Palo Alto-based head of the China practice at Wilson Sonsini Goodrich & Rosati, which has six lawyers in Shanghai.

McDermott's entry into the market stands out. It is licensing its name to Yuan Da, for a fee. McDermott is also investing in telephones and computers, among other expenses, for MWE China to fully integrate the new entity into its global network. (McDermott has 14 offices around the world.) McDermott will send its lawyers to Shanghai on a periodic basis, and it will co-host business seminars and share clients with its new business partner. MWE China plans to represent multinationals, as well as public and emerging Chinese companies.

The McDermott alliance took about 18 months to ink, in large part because of China's vague rules governing foreign law firms. Enacted in 2001, the regulations bar foreign firms from practicing Chinese law but allow them to advise on China's "legal environment." Foreign lawyers cannot issue formal opinions interpreting Chinese law nor represent clients in a Chinese court. But some firms take the position that they can, for example, counsel a client about how they expect China's environmental laws will evolve.

Since MWE China will practice Chinese law, McDermott cannot share in the entity's profits. What it can do is boast to existing clients that it has on-the-ground legal expertise in China, and thus hopefully ensure its clients don't turn to another Western firm with an office on the mainland when they do business in China. McDermott will also gain access to MWE's Chinese clients, and can team up with MWE in providing legal work to them, though it can't advise on Chinese law.

Other foreign firms also routinely team up with Chinese firms on matters requiring Chinese-law expertise, but the firms enter these ventures on a more informal, one-time basis. John Huang, a partner at MWE China, says that before allying with McDermott on an exclusive basis, he worked with several brand-name U.S. firms. Mr. Huang, who previously founded AllBright Law Offices of Shanghai, widely considered a top firm in the city, left to form Yuan Da.

Other firms may be slow to follow McDermott's lead, in part because they may prefer to have the flexibility to partner with any Chinese firm of their choosing on a deal, says Xiaoming Li, a partner in the Beijing office of White & Case LLP. The McDermott alliance requires the firm to use MWE China lawyers.

Though the deal has been officially finalized, some lawyers in China say this new kind of alliance could nevertheless rattle Chinese regulators. "It might be a hefty step into gray areas," says Guy Himsworth, a London-based consultant with Hildebrandt.

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Last year, the Shanghai Lawyers Association issued a memo claiming that foreign firms had drafted contracts, performed due diligence on Chinese companies and offered other services that "far exceeded what is allowed" by law. The memo caused widespread anxiety, but it hasn't been followed by official government action.

"People scrutinize everything these days," says Mr. Freishtat of the alliance. "We go into this with a confidence that this is very much in keeping with the intent and direction of Chinese law."

One problem McDermott avoids is recruiting. Despite its population of about 1.3 billion, China has only about 115,000 full-time lawyers, according to the latest count. The country, long run by Communist Party fiat, is still developing many of the basic foundations of a legal system.

Western lawyers describe their ideal candidate to work in a China office as someone with a Chinese law degree, an international law degree from the U.S. or U.K., and a few years of practice experience with an international firm. But such people are hard to find and much in demand. "Getting the talent is a constant struggle," says Nick Seddon, managing director of DLA Piper LLP's Asian practice. The firm has more than 40 lawyers in mainland China, a mix of local hires and expatriates.

Fees can also bring sticker shock. Lester Ross, a partner in the five-lawyer Beijing office of Wilmer Cutler Pickering Hale and Dorr LLP, says last year he quoted a fee to a Chinese manufacturer in the low hundreds of thousands of dollars for a trade matter. The company countered with $15,000. "We immediately declined," says Mr. Ross.

Lawyers Split On Fitness For Office (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 30, 2007

Linda Singer was not looking for a new job, she said. She was not even looking to practice law anymore.

She was running a nonprofit group in the District, and for years, she had told the state of New York -- where she had been admitted to the bar -- that she was retired from the law, with no intention of practicing again.

So, Singer said, she was surprised when D.C. Mayor Adrian M. Fenty (D) came calling and offered her the job as attorney general over breakfast at Four Seasons.

The 40-year-old Harvard Law School graduate was not a member of the D.C. Bar until this month, despite having lived and worked in Washington for more than a decade. For 13 years, she had led a Washington-based network of nonprofit organizations called Appleseed, which harnesses pro bono work by law firms to study problems in such areas as education, health care and immigration.

Singer's work at Appleseed focused on policy -- stimulating ideas, advocating change and raising money. It was very little like the job as the city's top lawyer that she assumed this month. And in law offices around town, that has people wondering whether she is the right fit for her new post, which she holds in an acting capacity as she awaits confirmation by the D.C. Council.

She takes charge of a staff of several hundred people with a variety of responsibilities, which include reviewing the city's bond deals on Wall Street, defending municipal agencies in court, prosecuting juvenile offenders, and cracking down on deadbeat parents and usurious lenders.

"She's going to be in the middle of lots and lots of cases of every kind, and that's not been her most recent experience," said Walter Smith, who was second-in-command of the old D.C. counsel office in the mid-1990s.

Smith can look at Singer's appointment from two perspectives. He is the executive director of the DC Appleseed Center for Law and Justice, one of Appleseed's affiliates. "It will be new to her," he said of the city job. "But that doesn't mean she won't be equal to it."

It was DC Appleseed, under Smith's predecessor, that catalogued the chronic failings of the city's law office -- long known as the office of the corporation counsel and renamed under Robert J. Spagnoletti, whom Singer succeeds.

Legal luminaries who have led the office include: John Payton, who came from a partnership at Wilmer Cutler Pickering; John S. Ferren, who stepped down from the D.C. Court of Appeals; and the late Charles F.C. Ruff, a former U.S. attorney who left a partnership at Covington & Burling.

Singer said she thinks that she is well-prepared, too: "I think that the skills that the job requires are skills that I have developed through my career."

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After graduating from law school in 1991, Singer spent two years as a public defender in Manhattan. Then she came to Washington and was the founding director of Appleseed, which grew from a one-person operation with a $70,000 budget into a 17-office, 70-employee national organization with a budget of several million dollars.

Singer said she was especially proud of two studies during her time at Appleseed: One examined immigrant remittances and the practices of the money-transfer industry. The other looked into the No Child Left Behind Act and the usefulness of the information available to parents as a result of the education law.

She said she had no reason to belong to the bar in New York or Washington because she was not representing clients. "Quite frankly, I was busy. It wasn't that I was looking for things to do. I was working more than full time running a national organization," she said.

In choosing an attorney general with so much experience in social and organizational change -- and so little in the office's traditional areas of practice -- Fenty is staking out a robust role for Singer in changing some of the most dysfunctional corners of government.

In an interview, Fenty said that he wanted an attorney general without a "traditional government background" and that he had not expected to land someone of Singer's caliber.

"I've known Linda for a few years, and she's always struck me as just one of the brightest minds in the city, legal or otherwise," Fenty said.

A mother of two, Singer lives in Forest Hills with her husband, Joe Sternlieb, and she came to know Fenty after meeting him at her children's elementary school, she said. She and Sternlieb are friends with City Administrator Dan Tangherlini. Sternlieb is active in local political circles and was on a Fenty transition committee that handled environmental issues.

Singer said she did some modest work for Fenty's mayoral campaign, helping set up a lawyers committee that organized a gathering.

It turned out to be a fateful effort nonetheless. The event was to be at Covington & Burling, and in helping put it together, Singer met Peter J. Nickles, a partner at the firm and a close friend of the Fenty family's. Nickles is known for his pro bono legal crusade for better conditions at Oak Hill, the District's juvenile detention facility in Maryland, and Fenty chose him to be his counsel and senior adviser.

Lawyers who know Nickles say they expect him to have a broader role than his predecessor, Leonard H. Becker, and that the attorney general's office and Singer could end up subordinated to Nickles.

"Who's going to be driving the legal ship?" wondered a lawyer who has worked for the District government and knows Nickles.

"The axis of power has moved from the AG's office to the mayor's office," said another lawyer, who knows Nickles and Singer and deals frequently with the District government.

The lawyers spoke on the condition of anonymity because of the power of the attorney general's office.

In an interview, Nickles said he expects to be a "very forceful voice" in some cases, especially in dealing with agencies that have been operating under court supervision. "I'm going to be spending a lot of time on the issues," he said. "I may appear in the court. I may try cases."

Singer said she, too, is determined to do more with those troubled agencies.

"Turning over the government to monitors, receivers and judges is a very tough answer," she said. "They're hugely expensive, and so money that could be providing services ends up going to paying experts, masters, all of those folks."

Jonathan M. Smith, executive director of the Legal Aid Society of the District of Columbia, said that in many states, including Maryland and New York, the attorney general's office has become a potent force and that the same potential exists in the District.

"You'll see that there's a lot of proactive litigation that can be brought against bad actors, and I think that's one place where Linda's experience at Appleseed will serve her well," Smith said. "She's thought about how to bring big cases and about big systemic issues."

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But Smith has watched the office long enough to know that the job is a bear for even the best lawyers. "There's a risk," he said, "that she'll come in with this great vision but that the day-to-day will quickly grind her down and make it impossible for her to execute that vision."

One of Singer's predecessors, Payton, said she is smart and energetic enough to handle one of the hardest jobs in D.C. government. "This is going to depend on her leadership," said Payton, who is at Wilmer Cutler's successor, WilmerHale. "And I think she has plenty of leadership abilities."

Each Stored Embryo Is A Stem Cell Debate (USAT)

By Andrea Stone

USA Today, January 30, 2007

SAN DIEGO — Ingrid Jansson peers through a vapor of liquid nitrogen at frozen embryos conceived for her in a petri dish four years ago. It's the first time she's eyed the surplus from the in vitro fertilization procedure that brought her son Dylan, now 3, into the world.

"It's surreal," says Jansson, 39, as an embryologist fishes out the thin straw containing eight embryos stored at a fertility clinic where she was treated and now works as a nurse. "I don't think about them much, because I have two (children) at home that keep me busy."

As Congress renews debate about funding stem cell research using human embryos, people such as Jansson are thinking hard about what to do with excess embryos after their families are complete. Only they — not politicians, doctors or ethicists — are legally entitled to make the call.

It's not easy, even for Jansson, who does volunteer work helping fertility patients donate their leftover embryos to the Stem Cell Resource, an embryo bank here that provides them free to researchers. She and her husband, Jon Gardner, 41, never imagined they'd have spares after all they did to get pregnant. Now they disagree on what to do.

Jansson, who is not religious, wants to donate her embryos for research. She says giving them to an infertile couple is "not an option" because it "would be like giving away my own child, my own DNA." Gardner is Catholic, and he objects. He says stem cell research, which dismantles embryos, is "destroying human life" and opposes it for his "son's siblings." Says Jansson, "It's very difficult for us to decide."

Much attention has been focused on potential beneficiaries of stem cell research, such as actor and Parkinson's patient Michael J. Fox. Less notice has been given to those who literally give up a piece of themselves to make research possible.

How they decide will help determine the future of research into embryonic stem cells, the master cells from which scientists hope to develop treatments for diabetes, Alzheimer's and other diseases. Scientists hope to find cures using adult or amniotic fluid stem cells, but researchers like George Daley of Harvard say they are not a substitute for embryonic stem cells, which potentially can become any cell in the body.

Behind the public controversy is a private decision with moral, ethical and religious considerations. It is made even more complex by financial restrictions on stem cell research by the federal government — the nation's largest funder of medical research — and a crazy quilt of state laws and programs.

"It's a painful decision, so (patients) just put it off," says Lucinda Veeck Gosden, director of embryology at the in vitro fertilization (IVF) clinic at Weill-Cornell Medical School in New York. The clinic's 9,000 embryos fill 20 tanks, and storage is "a major problem," she says.

Fertility doctors create embryos by removing eggs from a woman's fallopian tubes and fertilizing them with sperm in a petri dish. Because of the pain and expense — one IVF cycle can cost up to $10,000 — and a failure rate of more than 60%, doctors routinely create more embryos than they implant in a woman's uterus. Those left over are frozen for possible use later.

Critics say embryo banks that cater to stem cell researchers will encourage fertility doctors to produce even more embryos. "It's appalling," says Richard Doerflinger, an ethicist with the U.S. Conference of Catholic Bishops, which says life begins at conception and which opposes IVF as "the next step toward commodifying human lives as research material."

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Others ethicists, such as Yuval Levin, executive director of the President's Council on Bioethics in President Bush's first term, say embryo banks may actually help avert undue influence on parents, because the banks try to "stand as a barrier between the researcher and the IVF clinic."

It is unclear how many embryos are stored at the nation's 450 fertility clinics. A 2003 study by RAND Corp., a think tank, estimated there were 400,000. Most were being saved for future fertility treatments. Just 2.8% were designated for research.

Some fertility doctors report storing embryos for a decade or more and say as many as 10% are abandoned. "There are people who just leave them and move and forget about them," says Richard Scott of Reproductive Medicine Associates in Morristown, N.J.

Patients with frozen embryos have four options: Discard them, give them to other couples, pay hundreds of dollars a year to store them at minus-310 degrees Fahrenheit, or donate them to medical research.

University of Pennsylvania bioethicist Arthur Caplan says many IVF clinics don't discuss embryo donation with patients because of moral concerns or confusion about what's legal. Fertility treatment, not usually covered by health insurance, "is a cash business," he says. Doctors "are very sensitive to image," noting that clinics want to avoid anything that hints at controversy.

At Weill-Cornell, "we've avoided it," says Gosden. She says 54% of her clinic's patients who have finished their families ask to have their embryos destroyed, 43% donate them to basic science unrelated to stem cells, and 3% offer them to other infertile couples.

Stem cell research using embryos is legal in New York and all but a few other states.

In California, voters in 2004 approved $3 billion over 10 years for stem cell research. Lawsuits by opponents have bottled up the money, but the state-funded California Institute for Regenerative Medicine expects them to be resolved soon and is soliciting grant proposals. At least four other states, including Illinois and New Jersey, fund embryonic stem cell research.

Without the federal government's financial support, though, scientists say progress toward cures using embryonic stem cells has been slowed.

On Aug. 9, 2001, President Bush approved federal funding for research on 78 existing stem cell lines derived from destroyed embryos. He banned the use of taxpayer dollars for research on lines created after that date. The move was a compromise to advance medical knowledge while addressing moral qualms.

Research in other countries, including Australia and Israel, has leapt ahead, says Evan Snyder, director of stem cell research at the private Burnham Institute here. He says most federally sanctioned lines were "garbage" because scientists rushed to cultivate them "under the deadline." The result, he says, were inferior lines, because they usually take months or years to develop. Today, there remain just 22 lines in the USA. Because they were nourished with material from lab mice, they are not suitable for human use.

"The new lines are better," says Snyder, whose institute maintains labs on separate floors to avoid mixing the federally approved colonies and the newer, privately funded lines. "They grow better. They are more manageable. They don't die as quickly."

Which is why the Democratic-controlled Congress took up a bill in its first week to allow federal funding for new stem cell lines derived from fertility clinic embryos that would otherwise be discarded. The measure would require written consent from patients, who could not be paid. The House of Representatives approved it 253-174. The Senate is likely to pass the measure next month.

Bush vetoed an identical bill in July and says he'll do it again. It's unclear whether Congress could muster the two-thirds support required to override his veto.

In the meantime, "there is this climate in which people may be worried" about supplying embryos to scientists when there is a lack of federal support for the research, says Mary Devereaux, a bioethicist at the University of California-San Diego.

Mary and Brian Brooks always knew they would donate any extra embryos to stem cell research. "We felt strongly that would be a very good and ethical and proper use for them," she says. "It was a no-brainer."

So after having two children by IVF and expecting a third this spring that was conceived naturally, the St. Paul couple last September called the New Jersey clinic where their 13 excess embryos were stored to ask how they could donate them to

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scientists. "They told us because of the current political climate, there wasn't any place taking (donated) embryos for stem cell research," says Mary, 32, a former art teacher.

Brian, 33, a scientist with two doctorates, was skeptical. He got on the Internet and discovered the Stem Cell Resource, founded in 2003 as one of the nation's first privately funded, non-profit embryo banks. When Mary phoned, Jansson answered. She said the couple would have to sign a four-page consent form that made clear they would not be paid for the embryos or any "discovery based on the use of your cells."

After the couple signed, the bank arranged for the embryos to be shipped to San Diego in a deep-freeze canister. The bank paid the $750 cost. The embryos are now among 1,000 others, all frozen at less than 5 days old, stored in a 47-liter liquid nitrogen tank beneath a counter in an 8-by-20-foot lab. The bank's location is kept secret for security reasons.

When the embryos arrived, they were given a registry number. All identifying information was removed and sent to a data storage company in Los Angeles. Researchers who want intact embryos or stem cells removed from them must submit detailed proposals for approval by the bank's scientific review committee. No money changes hands. So far, the nearby Burnham Institute has created 21 new or potential stem cell lines from banked embryos in order to study cystic fibrosis and diseases caused by chromosomal abnormalities.

A handful of other organizations also connect embryo donors and scientists. One of the nation's largest fertility clinics, Boston IVF, has provided excess embryos to researchers at Harvard University since 2001. And the University of California, San Francisco, runs its own tissue bank to provide embryos to researchers.

The Stem Cell Resource gets three or four inquiries a week from prospective donors who hear about it through word-of-mouth. It doesn't advertise.

David Smotrich, a fertility doctor who runs an IVF clinic here, founded the bank with nearly $300,000 of his own money. The aim, he says, was to combat what he calls the "stagnation" of the Bush policy and help speed cures. A nephew has autism and an uncle suffers from Alzheimer's. Smotrich, 43, says his passion comes from his immigrant grandfather, who taught him the Jewish concept of tikkun olam. "It means to better the world," he says. "It may sound corny, but that's the reason I originally got started in this."

One of his patients, Alexandra Chisholm-Chait, calls herself "a person of faith" but says government should not be "instituting religious morality on research." After $250,000 in fertility treatment, including 14 rounds of IVF and a daughter born through a surrogate mother, she is weighing what to do with four embryos.

Chisholm-Chait, 44, is leaning toward giving them to another infertile couple. About 150 babies have been born that way since 1998, Levin estimates. Chisholm-Chait's husband, Nicholas Abboud, wants to donate them for stem cell research so more people could benefit. One thing they agree on is that they must come to an agreement. "What good is it serving anybody in a state of frozen perpetuity?" she asks. "They're not going away, so you have to decide what to do with them."

GOP Right Sees Lemons In White House Race (POL)

By Jonathan Martin

The Politico, January 30, 2007

Contemplating the current field of Republican presidential candidates, Rush Limbaugh sounded like a man with malaise.

"To be honest with you, there's nobody out there that revs me up," he confessed to his audience of several million conservative sympathizers on his radio show last week, "so why should I pretend there is?"

What for much of the past year has been an undercurrent of grumbling on the right about the top tier of Republican contenders -- Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani -- is lately on the rise in both frequency and volume. Limbaugh's sour note is the most striking of examples.

From consultants to bloggers to talk show hosts, there is a climate of suspicion -- at times bordering on contempt -- among conservative activists about their 2008 choices.

McCain is courting social and economic conservatives this year, but still faces grave doubts because of his past attacks on conservative religious leaders and his frequent willingness to make common cause with Democrats. Romney, who is positioning himself as the true conservative alternative, faces charges of opportunism because of his recent past as a social moderate.

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Giuliani's potential candidacy would test whether a leader with liberal views on abortion and gay rights could prosper in a party whose activists are steadfastly opposed to both.

Some activists see all three men failing the test. "The party is headed for the wilderness," complained conservative publicist Craig Shirley, author of a book on Ronald Reagan's insurgent 1976 campaign. "In some ways it's a victim of its own successes, but it's also been co-opted by folks from the inside with less than pure intentions: People who've come to party for power, money, access, celebrity."

Romney "is a question mark" who has "got problems because of his past," Shirley observed. As for McCain and Giuliani: "I don't know of any conservative who is excited about either one of them."

"I really feel strongly that if the slate is what we have now, then we're not going to win in 2008," added Erick Erickson, the founder of the influential blog, RedState. Erickson, who recently posted an entry about the GOP contenders titled "They All Suck," said in an interview that he's "not sure if there is a Republican out there who can win" the general election next year.

"Where do social conservatives go?" asked Dan Schnur, a California-based Republican consultant who worked for McCain in 2000 but is staying out of the 2008 contest. "They've been the determining force in the nomination process for a generation and they've got no candidate in the top tier."

Plenty of people are trying to prove Schnur wrong. McCain's advisers are betting that the disdain toward the Arizonan among many of the most vocal activists will not prove representative of primary voters. Running in a party that counts many Baptists, Romney may find a sympathetic audience for his story of conversion on social issues -- if he can convince people that he saw the light on the road to Damascus, not the White House.

Giuliani, who is the leading GOP contender in many polls, derives his national appeal largely from his record of cutting crime in New York, combined with his leadership amid the Sept. 11, 2001, terror attacks. But one can imagine the reaction among those on the, say, Pottawattamie County, Iowa, Republican committee when they're reminded by the media and Giuliani's opponents about his social views, or the fact that he once decamped from Gracie Mansion and moved in with a gay male couple and their pet Shih Tzu, Bonnie, while awaiting his second divorce.

There are many contenders in the second tier who would like to fancy themselves as conservative alternatives to the top trio. But even the lesser-known candidates have their flaws. Kansas Sen. Sam Brownback is trying to get to the right of Romney and emphasizes his cultural conservative bona fides. But for many in the base, his stance on immigration is unacceptable. And then there are those pesky quotes surfacing from his own past that tie him to the moderate wing of the Kansas GOP and raise questions about just how committed to the conservative movement he is.

Former Gov. Mike Huckabee of Arkansas, another dark horse, is a Baptist preacher by trade with unimpeachable social credentials. Yet Huckabee has already turned off many conservatives because he raised taxes as governor -- a cardinal sin in internal GOP politics.

The one candidate who does seem to be generating excitement among activists is also one who by all evidence will not run: Former Florida Gov. Jeb Bush.

In separate interviews, two prominent Republican strategists in Washington used almost identical language to lament that the incumbent president's brother will spend 2008 on the sidelines.

"If his last name was 'Smith' instead of 'Bush,' Jeb would be the front-runner," said one. "If he were 'Jeb Smith' instead of 'Jeb Bush' he'd probably be at the top of the pack right now," said the other.

So, for the first time in decades, the GOP is left in unfamiliar uncertainty. The party that had a Nixon, Bush or Dole on every ticket for a half-century but one is now left with none of the above. Add in an unpopular war and unpopular president and it's clear why the editors of National Review included a question for a headline on the cover of their latest issue: "What Now?"

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by gidget7 on 01.29.2007 at 11:36 PM

Nowhere in your column did I see mention of the best candiadate out there, the best of the best. too!

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Congressman Duncan Hunter! The grassroots of the Republican party will be passionate about supporting him, and all the GOP has to do is get his name out there. His stance on ALL the issues and he himself, will do the rest.

And He CAN WIN!

by dslinkard on 01.29.2007 at 11:25 PM

I see where you are going with this, especially with McCain...I think it will probably come down to a Giuliani and IF Hillary receives the Democratic nod, I think there will be many fence riders who will sway over towards Giuliani and the GOP. What will help and hurt Rudy is the fact he is pro-choice and pro-gay marriage. I hope all on here will come over to www.conservative-majority.com and leave your perspectives there as well.

by Calvin Jones and the 13th Apostle on 01.29.2007 at 11:21 PM

DSLinkard, What has McCain done to deserve a shot? Rudy? Rudy's record isn't great. Out of the top 4 in the Republican race(that means including Newt), you know which one has had only one wife, right? Ask Huckabee about Wayne Dumond. In case you don't know, Dumond will become Huckabee's Willie Horton. Jeb Bush? He can thank his brother for making the Bush name poisonous. Did I see someone mention Rick "Man-on-Dog" Santorum? How badly did Bob Casey kick his ass? by 20 points, and Casey didn't even campaign.

by dslinkard on 01.29.2007 at 11:17 PM

Yeah the Clinton years...Clinton did nothing after attacks in 1993; 1996; 1998; 2000...oh yeah, how about the economy headed for a recession? Three words...Dot Com Bust. It's amazing how as time goes by, people truly forget what it was like under Clinton.

by JayPe on 01.29.2007 at 11:07 PM

Hillary Clinton can survive dynasty allegations as the Clinton years are remembered fondly. Not so Jeb Bush, his brothers incompetence will be a massive barrier to overcome. In todays image and money driven political climate though, he may have a shot in 8 years time.

I wonder what job he'll get in the meantime? Florida's Dem senate seat isn't up til 2012, and he's unlikely to challenge Crist in 2010.

by copperhead on 01.29.2007 at 11:06 PM

Rudi is a conservative... LOL. Of course, I think the term "conservative" is a dynamic term these days. This guy: trashed his wife on national television multiple times; moved in with a pair of homosexuals; and drools for more gun control. Yeah... he's real electable.

by roadette on 01.29.2007 at 11:05 PM

I think Newt Gingrich has a really good chance of getting the Republican nomination. I heard him in Virginia, campaigning for George Allen, and he is the only one who generates conservative excitement. He will be able to say he has spent time in the wilderness and learned his lesson.

He continues to push his newsletters and I believe he has compiled quite a large database of names.

by JayPe on 01.29.2007 at 11:03 PM

Back to the article...

"If his last name was 'Smith' instead of 'Bush,' Jeb would be the front-runner,"

History can be very ironic. If the Governor of Texas in 1999 had been George Smith he would never have become President.

by dslinkard on 01.29.2007 at 10:59 PM

I agree PeteF, I agree! I have some thoughts here about Islamo-Fascists, as well as Hillary on President Bush.

by toasting_tokyo on 01.29.2007 at 10:57 PM

Wonder why Pat Robertson hasn't got into this? He seems like a right wing no-brainer.

by PeteF on 01.29.2007 at 10:42 PM

Rudy IS a conservative - lowered taxes, cut crime, reformed welfare, all in NYC. Most importantly he will take a robust stance against Islamofascist terrorism.

by dslinkard on 01.29.2007 at 10:40 PM

Oh yeah, for MBoehm, that would be oxycontin with Rush...why even try and make fun of him, if you cannot even get the drug right? Maybe you should have another vicodin.

by dslinkard on 01.29.2007 at 10:38 PM

Now this is funny...let's look at the Republican Party and yes there is not ONE leading candidate jumping out right now. My guess is that it is going to come down to McCain or Guiliani with Guiliani receiving the nod.

Now, take it over to the Democratic ticket, let's see here...Hillary Rodham Clinton? Barack Hussein Obama? Before you guys condemn the Republican Party please tell me, what makes Hillary or Barack qualified to hold the position of Commander-in-Chief?

Let me break it down further...

What has Hillary truly done that was significant in the Senate? Same question for Obama who has been in just over 2 years?

by alwaysamarine on 01.29.2007 at 10:26 PM

Sadly, it appears that the investment conservatives have made in the GOP over the past generation has not yielded the anticipated returns.Greatness in the Republican mold may have passed away with Ronald Reagan, and it appears that there is no one on the horizon who can lead both the GOP and the conservative movement. The top three candidates for president that could do so have all decided to sit 2008 out. Jeb Bush, Rick Santorum and Fred Thompson all have conservative bonafides and would likely lead Republicans back to electoral dominance. Alas, all we can do is daydream of what might have been. Instead, we will most likely have to hold our noses to vote or sit the 2008 election out entirely. The Bush tax cuts are going to expire,and we will surely see an end to the Mexico City policy as well as any hope for reforming Social Security or the tax code. Republicans have failed to learn that big government is not good government as long as it's Republican government. What a shame that there is no one to show them the way back.

by mboehm on 01.29.2007 at 10:16 PM

Boo hoo for Rush and his ilk. Take a few more vicodin and wait until 2012 when you can push Jeb Bush against the reelection campaign of President Obama.

by hslocal on 01.29.2007 at 07:41 PM

For the first time ever, I think Rush Limbaugh is correct.

by hslocal on 01.29.2007 at 07:40 PM

For the first time ever, I think Rush Limbaugh is correct.

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TESTING THE LIMITS How Mitt Romney Avoided Campaign-Finance Rules (WSJ)

By Jeanne Cummings

The Wall Street Journal, January 30, 2007

WASHINGTON -- Federal law limits how much money individuals can give to presidential candidates -- $2,300 per election. But what about Compuware Inc. founder Peter Karmanos? Last year, he gave $250,000 to presidential aspirant and former Massachusetts Gov. Mitt Romney. Since 2004, 15 other Romney backers have sunk at least $100,000 each into the Republican's coffers, sometimes with a series of checks issued on a single day.

Because he doesn't hold federal office, Mr. Romney became subject to the federal rules only after he set up a presidential exploratory committee earlier this month. Until then, his team took advantage of a little-noticed gap between federal and state law. While most states limit political donations, about a dozen don't. Mr. Romney's political team set up fund-raising committees in three of those: Michigan, Iowa and Alabama. During that time, his political action committees raised $7 million.

As a result, Mr. Romney was able to hit the ground running, a big advantage in what has already become a feverish race. A week after announcing his possible bid, having already taken care of basic campaign logistics such as hiring and office space, the former governor held a Boston fund-raiser that netted $6.5 million in pledges. Mr. Romney also used the cash to build a broad network of financial backers and grass-roots allies.

Mr. Romney's financial network is in a long tradition of candidates working around post-Watergate campaign-finance rules. In the 1980s and 1990s, candidates dodged limits by steering big checks to party committees, which in turn paid for television ads and turnout efforts. The 1990s also saw the rise of lawmakers' "leadership" committees, some of which were set up in a way that allowed them to collect big, unlimited checks. Members of Congress used these accounts to help colleagues and for travel expenses.

In 2000, then-Texas Gov. George W. Bush recruited volunteers who "bundled" small checks from friends and families into packets that totaled as much as $100,000. In return, top fundraisers got inside access to Mr. Bush and his team, the very result the donation limits were designed to prevent.

Congress clamped down in 2002 with a major revamping of campaign-finance laws that banned unlimited donations to party and leadership committees. But innovative fund-raising techniques continue to mushroom as the cost of campaigning rises ever higher.

In 2004, both Mr. Bush and John Kerry, the Democratic nominee, opted out of the government's subsidized financing system to win their nominations, spending an unprecedented $250 million each before agreeing to rejoin public funding for the general election. This year, experts expect the two major-party candidates to push combined costs to over a billion dollars.

Like Mr. Romney, former Iowa Gov. Tom Vilsack has a nonfederal committee, which collected more than $500,000 from labor unions before he became a Democratic presidential candidate. The 2002 campaign-finance law forbids such contributions to federal politicians or anyone who has officially opened a committee exploring a run for federal office. Mr. Vilsack, like Mr. Romney, isn't a federal office holder.

Ditto former New York Gov. George Pataki, who has a $100,000 backer, Patrick E. Malloy III, a Sag Harbor developer. Mr. Malloy's September donation to the Iowa arm of Mr. Pataki's 21st Century Freedom PAC makes up nearly half the contributions to the state account, according to the latest reports filed just before the November elections.

Meredith McGehee, policy director at the nonpartisan Campaign Legal Center, a Washington, D.C., group that tracks issues relating to money and politics, says the tactic undermines a basic purpose of federal limits: preventing big donors from buying access. "Do we expect those who gave him large amounts in the infancy of his campaign will be especially remembered later on? Absolutely. That seed money is sometimes the most critical part of your campaign."

Based on some polls and early organizing strength, Mr. Romney is considered among the top three Republican candidates, alongside Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani.

Benjamin Ginsberg, the Romney campaign's chief attorney, says the committees were set up to help state and local Republicans, not necessarily Mr. Romney's presidential campaign. Criticism of the fund-raising tactic, he says, is "Washington-centric" and "disrespectful" of states' power to establish their own rules. "Mr. Romney complied with the letter, spirit and intent of state laws where state candidates were on the ballot," he says. The committees' spending and fund-raising efforts are disclosed in state capitols.

In the past three years, Mr. Romney's network donated $1.4 million to Republican candidates, the campaign says. A big chunk of the rest went to Mr. Romney's travel, staff and national consultants. Spencer Zwick, Mr. Romney's national finance director, says the national spending was needed to help raise money for local races.

Mr. Zwick says the state political action committees, as they're called, were designed for quick fund-raising and maximum flexibility. Some local candidates are prohibited from taking money from federal committees, Mr. Zwick says. State-based operations "allow us to participate at all levels," he says.

Kevin Madden, a spokesman for the campaign, acknowledges there could be residual benefits to Mr. Romney's presidential bid. He adds that none of the donors wrote a check expecting to receive special favors in return. Most of them have known Mr. Romney for a long time. They're "motivated by advocacy and what they think is right with regard to the current political and policy debate," Mr. Madden says.

Mr. Karmanos, the Compuware founder, declines to comment.

Mr. Romney's Alabama PAC illustrates how the network operated. In its public disclosures, the state PAC reported raising $280,000 in 2006. The money came from 11 donors, none of whom live in Alabama. Muneer Satter, a Chicago-based Goldman

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Sachs Group Inc. managing director, was a top giver, donating $100,000 to the account in a single day. Mr. Satter declines to comment.

From that kitty, $138,500 was donated to Alabama state and local candidates who could be important allies as Mr. Romney tests his Northern pedigree in the rural South, a region vital to any Republican presidential bid. Much of the remaining balance was used to help defray the costs of Mr. Romney's national operation, including a portion of the rent for his Boston headquarters, bills at Jules Catering of Somerville, Mass., and services provided by Daynes Music Co. of Midvale, Utah. No Alabama vendors received money from the Alabama account, according to the public records.

Son of a former Michigan governor, Mr. Romney joined Bain & Co., a management-consulting firm, shortly after graduating from Harvard. In 1984, he co-founded Bain Capital and helped build it into a major private-equity firm. He left in 1998 and drew national attention when he took over the troubled organizing effort for the 2002 Winter Olympics in Utah.

In 2002, he ran for governor of Massachusetts, touting himself as a fiscal conservative and social moderate. When he set his sights on the White House, Mr. Romney and his allies concluded he needed to broaden his exposure, particularly among the Iowa and New Hampshire activists who will winnow the field.

Mr. Romney's Commonwealth PACs, as they're all called, were launched July 2004 in Michigan. All are in states with early primaries. In addition to picking Iowa, Alabama, and Michigan, the campaign chose two important states that do have donation limits: New Hampshire and South Carolina. Mr. Romney also started a federal political action committee.

Mr. Romney's Massachusetts and Utah backers financed the state networks from the beginning and distributed their contributions among them, records show. For others, the campaign provided a list of state committees and recommended donation amounts. Donors say they didn't inquire about the legalities of the arrangement, assuming, rightly, that Mr. Romney had vetted it properly and that the practice was legal.

Between July and October 2004, the Michigan committee raised nearly $70,000 from a dozen donors -- 10 from Massachusetts and two from Michigan. The committee issued checks to local candidates and parties, including a $4,000 donation to the state Republican Party headquarters.

In 2005, the Michigan committee covered the costs of hiring Navigators LLC, a Washington, D.C., media-consulting firm. The committee also paid more than $11,000 to Gentry Collins, a Des Moines, Iowa, consultant who helped President Bush's 2004 campaign, records show.

The Romney network expanded in 2006. Public documents show how donors issued multiple checks on the same day to different accounts. Mark and Joseph Fuller, for example, gave a total of $145,000. The brothers' checks to the Iowa, New Hampshire, Michigan, South Carolina committees, and to Mr. Romney's federal committee, were all issued Aug. 17, 2006. The Fullers are both senior executives at Monitor Group, a Cambridge, Mass., management and strategic consulting firm.

Mark Fuller, the company's chairman and CEO, says he was a student at Harvard Law School when he met Mr. Romney, who was then a recent graduate. He says his donation stemmed from his belief in Mr. Romney's candidacy. "This is a guy who does not talk himself into 'Alice in Wonderland' fantasy. He will deal with bad news in a realistic way."

Mr. Fuller says he and his wife opted to spread their money across the spectrum of Mr. Romney's accounts because they wanted him "to get out and see some of the states that are more traditionally red states, and get in touch with a different part of the party base."

Throughout 2006, the various state committees coordinated their activities. Each paid a portion of the expenses incurred by the national campaign in Boston, such as rent and consulting costs.

In South Carolina, a state that has donation limits, the committee says it received more than $400,000 and spent nearly $300,000. All but one of the donors lived outside the state. Most of Mr. Romney's top-dollar national givers were among the South Carolina contributors, records show.

South Carolina state and local candidates received $100,500 in donations from the account. The committee hired South Carolina consultants Leslie Gaines and Nick Breeding to guide the committee's work. Both advisers worked for the Bush-Cheney campaign's South Carolina operation, experience that could boost Mr. Romney's candidacy in 2008. The South Carolina committee also paid for furniture rental and a Boston car service for the campaign's headquarters. Spending in New Hampshire followed a similar pattern.

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Now, Mr. Romney hopes to convert his new friends into a presidential campaign team.

Former Republican Iowa House Speaker Christopher Rants was a prime recruitment target because of his ties to other local House members. State legislators are important allies because they can deliver supporters to the caucus meetings that decide the primary winners.

Mr. Rants was impressed with Mr. Romney's willingness to help him raise money. The former governor attended events in the state, donated $2,500 to Mr. Rants's Iowa re-election campaign and similar amounts to every other tight race. In July, Mr. Rants flew to Boston to get a better feel for Mr. Romney's positions on policy issues, including transportation and social issues. He liked what he heard and joined the team.

At a December meeting in Westwood, Iowa, a small clutch of legislators gathered in a hotel meeting room to pepper Mr. Romney for more than an hour about his health-care plan and position against gay marriage. As legislators, they sympathized with Mr. Romney's explanation that he couldn't always control legislation pushed by the statehouse Democrats. "After all, we thwarted our governor a few times, too," said Mr. Rants. By the end of the meeting, Mr. Romney had four new local supporters.

Money doesn't always work. Former Iowa Republican Rep. Jim Nussle was a prime target for all 2008 hopefuls. In his unsuccessful bid for Iowa governor last year, Mr. Nussle received more than $70,000 from Mr. Romney's Iowa account. As head of the Republican Governors Association, Mr. Romney also directed $1.4 million to Mr. Nussle's Iowa race -- including a $500,000 check the former governor personally delivered at Mr. Nussle's annual Red, White and Blues fund-raiser in Dubuque last August.

In the end, Mr. Nussle joined the campaign team of Mr. Giuliani. The former mayor headlined Nussle fund-raisers but didn't donate money directly to his campaign.

Mr. Romney now has to comply with federal fund-raising limits. His advisers say they haven't decided what to do with the state accounts, which had a combined surplus of about $2.7 million as of Election Day in November, according to the most recent disclosure reports.

It's unclear how much of that money remains. Much of it could have been used to finance Mr. Romney's Boston headquarters between November and January, when the candidate officially entered the race. Year-end reports will soon clarify that.

Campaign-finance experts say Mr. Romney and his allies can't use the remaining cash during this presidential campaign. Mr. Romney could transfer it to another person over whom he has no control. If he loses, he could save the cash for another possible bid.

Romney Addresses Most Social Issues; Mum On Immigration (HILL)

By Sam Youngman

The Hill, January 30, 2007

Former Massachusetts Gov. Mitt Romney assuaged the concerns of many gathered at National Review Institute's Conservative Summit last weekend, at least on issues of abortion and gay marriage.

But aside from a brief mention of the importance of learning English during a nearly hour-long speech, Romney stayed away from the ongoing and heated immigration debate.

And as attendee John Kwapisz said after the speech, the governor may be able to keep mum.

While the Republican Party was divided over the immigration debate last year, Romney, like other governors-cum-presidential candidates before him, was not forced to vote on a hot issue.

Kwapisz pointed out that Romney might well be positioned to avoid the party-dividing debate since there is a chance President Bush and a Democratic Congress will find common ground on immigration legislation this year.

While a number of pundits have raised questions about Romney's commitment to conservative beliefs on hot-button social issues ranging from abortion to gay marriage — two issues Romney dived into headfirst Saturday night — the ex-governor has by and large avoided the most contentious part of the immigration debate.

While Jeb Bush attempted to rally the crowd at the summit's Saturday luncheon, telling them to "stop moping around" and to "be invigorated," the audience cooled noticeably when he endorsed his brother's support for a guest-worker program.

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Less than half the audience applauded when the former Florida governor said he endorsed President Bush's side of the debate, adding he thought Washington debate on the issue has been "shallow." And it got worse when he went on to say he didn't think the country is "under siege" by illegal immigrants.

"I don't see the threat," Bush said to only a smattering of applause.

Romney spokesman Kevin Madden said Monday the governor does see problems with the language in last year's Senate proposal.

"Governor Romney has concerns about the guest worker program in the McCain-Kennedy bill, because it creates a new, open-ended right for those here illegally," Madden said. "The way the program is structured could open a floodgate of document fraud since the program is based on proving how many years the person has been residing illegally in the U.S."

But one Democratic National Committee official said Romney could use the issue to get to the right of Sen. John McCain (R-Ariz.) who joined Sen. Ted Kennedy (D-Mass.) in co-sponsoring last year's Senate measure.

"Mitt Romney's been so busy trying to smooth talk conservative activists into ignoring his shifting positions on issues like gun control, health care, taxes, marriage and adoption that he's hoping they'll also forget his own hypocrisy on immigration," DNC press secretary Stacie Paxton said. "Voters can safely assume that, when he thinks they want him to return to his hardline rhetoric on immigration, he will."

Romney found himself in the middle of the debate late last year while still serving as governor. The Boston Globe reported he had hired a lawn service for home maintenance that employed illegal immigrants.

Shortly after that report, Romney negotiated a federal-state deal that expanded the powers of Massachusetts State Police to enable them to arrest illegal immigrants. The order was rescinded by Gov. Deval Patrick (D) almost immediately after he took office.

Romney's website notes the importance of getting "immigration right," but there is no mention of the guest-worker program, endorsed by Bush, McCain and Kennedy — the punch-line of many jokes Saturday night — among others.

During the climax of the debate last spring, when hundreds of thousands were protesting in cities across the country, Romney declined to take a position on the Senate bill, which included a guest-worker provision. Instead, the governor said he was opposed to amnesty but also opposed to returning all illegal aliens to Mexico, according to reports at the time.

The issues page on his presidential exploratory committee's website extols the need for enhanced border security, tamper-proof documentation and employment verification, while calling for more legal migration.

"We need to make America more attractive for legal immigrants — for citizens — and less attractive for illegal immigrants. I want to see more immigration in our country, but more legal immigration and less illegal immigration," Romney is quoted as having said.

Romney did tell the conservative crowd at Saturday's dinner he thinks immigrant students should have to learn English.

"If kids want to learn in America, they have to learn the language of America," he said.

While that might comfort voters in hardliner Rep. Tom Tancredo's (R-Colo.) school, Romney's failure to discuss the guest-worker program was noticeable to Kwapisz.

Kwapisz said his first choice for president is former House Speaker Newt Gingrich, with Romney as his No. 2. Conservative Kansas Sen. Sam Brownback had been in the running, he said, but his endorsement of "amnesty" and criticism of the White House's planned troop surge in Iraq were "disappointing."

Romney has sought to fortify his backing on the right with an exhaustive Southern travel schedule and aggressive pursuit of conservative lawmakers such as Rep. Marsha Blackburn (R-Tenn.), who was a vocal critic of last year's Senate legislation because it included a guest-worker program.

Blackburn said she would leave it to Romney to explain his thoughts on a guest-worker program, but she is "comfortable" with his commitment to "law and order" and his position on the immigration issue as a whole.

On other social issues, Romney seemed to alleviate the worries of some in attendance Saturday, though it's a safe bet he'll continue to face questions about the depth of his commitment to core conservative issues.

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Steven Warchawksy, of New York, said after the speech he thought Romney had made a "reasonable and persuasive argument" for how he had come to change his mind on the abortion debate, but at present, Warchawsky said he is backing former New York Mayor Rudy Giuliani.

Rep. Pete Hoekstra (R-Mich.), one of the early Capitol Hill lawmakers to announce support for Romney's candidacy, said the more Romney has to edify his conservative beliefs, the stronger he becomes.

"I think if [critics] keep pushing on that it might be a mistake," Hoekstra said. "I have no reason to believe in six months it's going to be an issue for him. I think it's going to be an asset."

And attendee Roseann LaManna didn't mince words when asked about criticisms of Romney's changed position on abortion.

"That's bullcrap," she said. "They're looking for something to nail him on because they're afraid he could be the nominee."

Red Sox Pitcher Vows To Support McCain (AP)

By Philip Elliott

AP, January 30, 2007

Former New York City Mayor Rudy Giuliani has recruited a recent New Hampshire Republican chairman to lead his political operations in this first-in-the-nation primary state.

Following his weekend visit to New Hampshire, Giuliani — who has taken the initial steps in a presidential bid — announced the appointment Monday of veteran GOP activist Wayne Semprini.

"We picked up a lot of supporters this weekend," Semprini said.

Semprini, who until Saturday was the state Republican Party chairman, has been involved in New Hampshire politics since 1972.

Giuliani has formed an exploratory committee, the first step toward a full presidential campaign. During his visit this weekend, he would not say when he would make a final decision, although his speeches at Bretton Woods and Manchester were campaign-style addresses.

"It appears to me that Mayor Giuliani is not a guy who does anything part way. He's someone who is very, very thorough," Semprini said. "I don't think he'll make his total announcement until he's had an opportunity to look at all those angles and share all those angles with his wife, Judith."

Judith Giuliani accompanied her husband to New Hampshire, his first trip to the state since forming his exploratory committee.

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BOSTON (AP) — Republican hopeful John McCain won the support of two Senate colleagues from Maine Monday, and then scored big with a plug from Boston Red Sox pitcher Curt Schilling.

Schilling helped pitch the Boston Red Sox to a World Series title in 2004, a source of pride during the tenure of former Massachusetts Gov. Mitt Romney. But he apparently won't be supporting Romney in the race for the 2008 Republican presidential nomination.

Schilling told WEEI-AM: "I'm actually kind of excited about the fact that I think Senator McCain is going to do something official here, and he's going to be the man I'm going to back."

McCain is the Republican senator from Arizona, where Schilling maintains a home.

Last week, Schilling — who campaigned for President Bush in 2004 — beat back suggestions that he challenge Senator John Kerry for re-election in 2008.

McCain's presidential exploratory committee also announced that GOP Sens. Olympia Snowe and Susan Collins have been named to serve as his co-chairs in Maine.

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WINSTON-SALEM, N.C. (AP) — Democratic presidential candidate John Edwards acknowledged Monday that he may have been too inexperienced in national politics for his White House run in 2004.

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The former North Carolina senator was serving his first and only Senate term four years ago when he declared himself a presidential candidate. During a forum at Wake Forest University on Monday, Edwards said he might agree with critics who said he left Congress too soon to seek the presidency.

"They may have been right," Edwards said, adding that the experience he has gained since the election has now prepared him for another run in 2008.

"When I ran in 2004, I spent most of my time thinking about being a good candidate," Edwards told a packed crowd. "These days I think about what I want to do as president of the United States."

Since losing in 2004 as the running mate for Democratic nominee Sen. John Kerry, Edwards has traveled the world and the country as an advocate for anti-poverty efforts.

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SAN ANTONIO (AP) — Sens. Hillary Rodham Clinton and John McCain, their parties leading presidential candidates, put politics aside for a time Monday to dedicate a rehabilitation center to treat the increasing number of severely wounded Iraq war veterans.

Clinton and McCain, members of the Senate Armed Services Committee, thanked the wounded for their service and told them the nation owed them a debt. Both senators avoided questions about the unpopular war.

"There is common ground on higher ground, and on that higher ground, we stand to pay in full our debt" to those wounded, said the New York Democrat.

McCain said frustration among servicemembers was understandable in light of extended tours to Iraq or a return to duty as President Bush sends additional troops.

"The war in which you have fought has divided the American people, but it has divided no one in their admiration of you," said the Arizona Republican. "We all honor you."

The $50 million Center for the Intrepid will offer high-tech and new rehabilitation treatments for military amputees and severely burned soldiers.

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WASHINGTON (AP) — Oh, say can you sing?

For Democratic presidential hopeful Sen. Hillary Rodham Clinton the answer sounds like 'no.'

The online world discovered that the former first lady had a hard time with a tough tune when someone posted a video Sunday of Clinton caught on an open MSNBC microphone singing an off-key rendition of "The Star-Spangled Banner" during a campaign event in Iowa.

By Monday morning, the 1-minute, 8-second clip had been viewed more than 660,000 times, making it the top-viewed video for the day at that point.

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DES MOINES, Iowa (AP) — Former Iowa Gov. Tom Vilsack was named a visiting professor of law at Drake University, a private college in Des Moines, school officials said Monday.

College officials said Vilsack will be in residence at the school "for several days" during 2007. He'll deliver the keynote speech at the schools Supreme Court celebration in March, host a symposium on risk and responsibility later in the spring, and help teach a short course on legal issues surrounding rural development.

Since leaving office earlier this month, Vilsack has focused on his bid for the Democratic presidential nomination.

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NEWINGTON, N.H. (AP) — White House hopeful Rep. Duncan Hunter on Monday criticized Sen. John Kerry for telling an overseas conference that the United States was "a sort of international pariah."

The Republican congressman and long-shot presidential candidate complained about Kerry's remarks this past weekend at the World Economic Forum in Davos, Switzerland. Responding to a question, Kerry said the Bush administration had failed to adequately address a number of foreign policy issues.

"So we have a crisis of confidence in the Middle East — in the world, really. I've never seen our country as isolated, as much as a sort of international pariah for a number of reasons as it is today," the Massachusetts senator said.

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Hunter told a New Hampshire audience Monday: "It was terrible for him to say that."

Kerry spokesman David Wade said Hunter "is stuck in the tuba section of the Republican presidential parade, so he'll say anything for attention."

Kerry, the Democrat's 2004 presidential nominee, announced last week that he would not seek the 2008 nod.

Van Dongen To Boost Giuliani Bid (RC)

By Lauren W. Whittington

Roll Call, January 30, 2007

Washington, D.C., superlobbyist Dirk Van Dongen has agreed to serve as D.C. finance chairman for Republican Rudy Giuliani's nascent 2008 presidential bid, and allies of the former New York mayor say the move is only a preview of the high-profile, inside-the-Beltway support he is building.

Van Dongen, who heads the National Association of Wholesaler-Distributors and is a top Republican fundraiser with close ties to President Bush, represents a big catch for Giuliani among the president's top money men — the group of "Rangers and Pioneers" who helped pour millions into his two White House campaigns.

It also signals some of the first tangible evidence of the former mayor's outreach to Washington insiders as he lays the groundwork for a 2008 run. To this point he has been much more low-key in those efforts than Sen. John McCain (Ariz.) and former Massachusetts Gov. Mitt Romney, his top rivals for the GOP nod.

The details of Van Dongen's role are still in the early stages of being worked out.

In a brief interview, he said that he was pleased to do whatever he could to support Giuliani and he praised the former mayor's record of leadership in a city that he said many had deemed ungovernable.

"We're New Yorkers, we actually live in New York City and Washington," Van Dongen said. "I know what New York City was like prior to his becoming mayor and I know what New York City was like after his two terms as mayor."

Van Dongen and his wife split their time between New York and Washington. Their daughter, Rachel Van Dongen, is a senior staff writer for Roll Call.

Van Dongen also said he was involved in building support for Giuliani's abbreviated 2000 Senate bid, which Giuliani ended after being diagnosed with prostate cancer in April of that year.

A source close to the Giuliani campaign said that more endorsements and support from within the Beltway would be forthcoming.

"Meetings have been taking place everywhere from K Street to the Hill," said the Giuliani source. "You will see in the next few weeks the committee announcing some great supporters who will be helping the mayor's efforts."

While Giuliani has obvious ties to the financial powerbrokers on Wall Street, Van Dongen's willingness to be the former mayor's fundraising point person here is significant both in Washington circles and in the world of major GOP donors.

There has been fierce behind-the-scenes competition among top White House contenders to land the major players on Bush's money team. And other donors are watching closely to see where those individuals gravitate.

Van Dongen, Wayne Berman and Ron Kaufman represent three of the biggest Washington, D.C.-based commodities in the group of Bush money men.

Berman, a lobbyist who heads Berman Enterprises, Inc., has signed on with McCain while Kaufman, a senior executive with Dutko Worldwide and a top Bush fundraiser is backing Romney, with whom he shares Massachusetts ties.

Van Dongen and Berman were Rangers for Bush's 2004 re-election campaign, a status earned by bundling at least $200,000 in contributions. Kaufman was a Bush Pioneer, a distinction given to those who bundled at least $100,000.

Giuliani already has a handful of Bush Pioneers and Rangers on his team but none with the insider stature of Van Dongen.

"This is a fantastic inside the Beltway pickup for Rudy Giuliani," said one GOP campaign operative who is not aligned with any of the 2008 contenders. "Dirk has helped to raise millions of dollars for Republican candidates and knows where to find the money."

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Van Dongen was heavily involved in then-Sen. George Allen's (R-Va.) re-election bid in 2006 and also in aiding now-Sen. John Thune's (R-S.D.) defeat of then-Senate Minority Leader Tom Daschle (D-S.D.) in 2004. Allen was considered a leading White House contender before his defeat by now-Sen. Jim Webb (D-Va.).

On the Hill, GOP Reps. Peter King (N.Y.), Vito Fossella (N.Y.) and Pete Sessions (Texas) are leading Giuliani's outreach efforts to Members. Rep. Mary Bono (R-Calif.) also announced her support last week.

Guy Harrison, Sessions' chief of staff, said that at this point the Members are focusing on educating their colleagues about Giuliani's record of "conservative governance" in New York.

"We're making sure that our Members understand it's not just about being America's Mayor, it's also about governance that works," Harrison said.

Giuliani still enjoys wide popularity due to his tenure as mayor during the Sept. 11, 2001, terrorist attacks on the World Trade Center, and early 2008 polls show him in a strong position to win his party's nomination.

However, winning the nod still appears to be a difficult task for Giuliani, whose moderate social positions are widely thought to be unpalatable for conservative primary voters.

Meanwhile, the Republican presidential field grew by one over the weekend when former Arkansas Gov. Mike Huckabee officially announced his campaign.

Among the other candidates rounding out the GOP's White House field are Sen. Sam Brownback (Kan.), Rep. Duncan Hunter (Calif.), Rep. Tom Tancredo (Colo.), former Virginia Gov. Jim Gilmore and former Wisconsin Gov. Tommy Thompson.

McCain's Maine Backers (RC)

By Lauren W. Whittington And John McArdle

Roll Call, January 30, 2007

Sen. John McCain (R-Ariz.) announced Monday that Maine Sens. Olympia Snowe (R) and Susan Collins (R) will serve as co-chairwomen of his presidential exploratory effort in the Pine Tree State.

State Rep. Josh Tardy, the House Republican leader, will serve as vice chairman of McCain's campaign in the state.

The endorsements of Snowe and Collins, both centrists, are not surprising despite the fact that they both endorsed then-Texas Gov. George W. Bush and not McCain in the 2000 Republican primary.

The Maine Senators, along with McCain, were members of the "Gang of 14," which brokered a deal on judicial nominations in 2005.

"I've known and respected John for many years from our service together in the House and Senate and I have always found him to be genuine, straightforward, and honest," Snowe said in a statement.

Snowe and Collins join GOP Sens. Jon Kyl (Ariz.), Lindsey Graham (S.C.), Gordon Smith (Ore.) and Trent Lott (Miss.) as McCain's public backers in the Senate.

Seeking a CAO. Speaker Nancy Pelosi (D-Calif.) announced in early December that House Chief Administrative Officer Jay Eagen would keep his job at least through January to facilitate transition efforts on Capitol Hill. Now, as that deadline approaches, one high-ranking Republican hopes the next CAO will be appointed in a bipartisan manner.

In a letter to House Administration Chairwoman Juanita Millender-McDonald (D-Calif.) on Monday, the panel's ranking member, Rep. Vernon Ehlers (R-Mich.), suggested that a bipartisan CAO search committee be formed to find candidates to fill one of the House's top patronage posts.

"While the proper administration of the House is ultimately the responsibility of the Majority, primarily executed through the Committee on House Administration, the successful operation of the House is certainly not a partisan matter," Ehlers wrote. "It is now incumbent on the Committee to take full advantage of Mr. Eagen's remaining tenure at the House by initiating an open and fully competitive search for his successor as soon as possible."

Pelosi's office has not announced exactly how a successor for Eagen would be chosen, but some sort of search process is expected to take place.

Millender-McDonald could not be reached for comment on Ehlers' letter Monday afternoon.

Hutchison Opens Door To No. 2 Spot On Ticket (WT)

By Ralph Z. Hallow

The Washington Times, January 30, 2007

Sen. Kay Bailey Hutchison, the largest Republican vote-getter in the 2006 congressional elections and the most popular Republican in Texas, said yesterday she would consider an offer to run for vice president next year.

"If our party's nominee called me and said we are putting everything in the grid, and we think you are the best person, would I say no? I can't imagine that I would say no," she said.

"Would I seek it or do something to promote it? Absolutely not," she told editors and reporters of The Washington Times at a meeting at the newspaper.

Mrs. Hutchison, who garnered more than 2.6 million votes in November and defeated her opponent by 62 percent to 36 percent in an overall bad year for Republicans, attributed her popularity, in part, to her stand on Iraq. "People in my state see me as having a few degrees of separation" from the president.

"I do not believe in pre-emptive strikes against foreign countries that have not attacked us, unless they are a threat to our country," she said. But she also said she believes Mr. Bush thought Iraq had weapons of mass destruction and therefore was a threat.

"I don't think we're in Iraq for the Iraqi people, but for the security of the United States," she said.

"The president is against me on this, but I think we should be looking more at the Bosnia solution," she said, which would create in Iraq "semiautonomous regions that hold the country together by the sharing of oil revenues."

Mrs. Hutchison said she has been working on an alternative draft resolution on Iraq with fellow Senate Republicans John McCain of Arizona and Lindsey Graham of South Carolina.

She said it would avoid "undercutting President Bush internationally," which the Texas lawmaker said would be the result of resolutions co-sponsored by several Republicans, including one by Virginia Sen. John W. Warner and an even stronger anti-troop "surge" resolution backed by Sen. Chuck Hagel, Nebraska Republican.

With 49 seats, Republicans can hold up Democratic initiatives in the Senate, and as Republican Policy Committee chairman, Mrs. Hutchison, 63, must find ways to restore a cohesiveness to Senate Republicans that began to fracture before the disastrous midterm elections, in which the party suffered a net loss of six seats.

Mrs. Hutchison said she is not seeking a spot on the 2008 Republican presidential ticket -- or planning a run for Texas governor in 2010, as some in her state predict.

She did not dispute, however, that she is widely discussed for top offices, including the vice presidency, in part because she is the most conservative and longest-tenured female Republican senator.

An opponent of partial-birth abortion and proponent of parental notification, she has a zero rating from the pro-choice NARAL and a 90 percent rating from the anti-tax Americans for Tax Reform.

Her American Conservative Union 91 percent lifetime voting record puts her ahead of Senate Minority Leader Mitch McConnell of Kentucky and Utah Sen. Orrin G. Hatch, with 90 each.

Mrs. Hutchison, the lead sponsor of a bill in 2005 to repeal the gun-ownership ban in the nation's capital, said she would reintroduce the legislation this year.

On immigration issues, she reiterated her support for a plan to allow illegals to return to their home counties, go through security and health checks and apply to return to the United States, where they would continue to undergo periodic checks and have to wait at least 17 years before beginning the naturalization process.

"If we don't have a guest-worker program that works, we really won't have border security," she said. "People have already shown they will risk their lives to cross the border."

Clinton Balances Femininity, Toughness (POL)

By Ben Smith

The Political, January 30, 2007

DOJ_NMG_0124231

In her first tour of Iowa last weekend, Sen. Hillary Rodham Clinton emerged as a candidate hard-edged enough to threaten violence, yet explicitly female enough to make women feel so comfortable that one mentioned menopause in front of crowd of more than 1,000 people.

Clinton never called attention to her gender during her six years as Democratic senator from New York the way she did at a Des Moines town meeting where she raised the question "Would we ever elect a woman as president?" and mused openly about the challenges she faces as a female candidate.

And she's rarely deployed the masculine language of violence the way she did in Iowa, where she said she would "deck" anyone who attacked her politically, and called on President Bush to "bring the hammer down" on Iraq's political leaders.

"She was Yin-and-Yang'ing it," said Andrew J. "Drew" Zambelli, a pollster and market researcher who has conducted studies on women's views of Clinton for Manhattanville College in Westchester.

Though the directness with which she's begun to talk about being a woman is new, there's no mystery to why Clinton would stress her gender. There are more women than men and women made up 54 percent of the voters in the 2004 presidential election. Clinton has every reason to expect that -- running against at least five men for the Democratic nomination -- she will be their favorite daughter.

"Her run is going to be dependent on her doing disproportionately well on women," Zambelli said. "And there's a value in engaging the proposition. There are some women in the middle who really respond when you focus them in on the issue."

And so Clinton created an atmosphere that seemed, for lack of a better phrase, intensely female. Terri Hoffman, a teacher in Des Moines, mentioned to Clinton in the question-and-answer session -- and to the majority-female crowd of more than 1,000 -- that she is going through menopause. And it was women's enthusiasm that seemed to define the trip, from Pat Baxter-Rebal, who told Clinton she named her Siamese cat after Clinton in 1992, to the young woman at a house party in Cedar Rapids who had one question: What she could do to help?

But while, within the large and small rooms, Clinton seemed to be speaking most directly to the women present, she drew headlines for the new intensity of her words, which seemed to catch supporters and reporters who have covered her for years a bit by surprise.

As her Democratic rivals position themselves largely in relation to her and to her position on the Iraq War, Clinton's toughness has been directed outward: at Republicans and Bush.

"This was his decision to go to war with an ill-conceived plan and an incompetently executed strategy," she said in a moment of tough talk in Davenport calculated to make headlines. "We expect him to extricate our country from this before he leaves office."

Supporters said the factors contributing to her change in style included the requirement that women prove themselves as tough, the intensity of being on the presidential stage, and the simple need to shrug off the careful soft focus that has defined many of her appearances over the last six years.

"She's decided to do this, and there's this sense that they want to punch it up," said Kelli Conlin, the executive director of NARAL Pro-Choice New York and a political ally of the state's junior senator.

"There's been this gauze around the myth of Hillary," Conlin said, but her New York supporters "know that Hillary does have a tough side."

At the Cedar Rapids house party, the hostess, Marcia Rogers, introduced Clinton, and apologized that her husband had not been able to attend. As a crowd filled the large living room and spilled into adjacent spaces, Clinton took a question about why she thinks she is seen as a "polarizing figure."

"There's always a tension in bringing people together to find common ground and standing your ground. I've tried to do both," the candidate replied. "When I have stood my ground I have engendered opposition. In part because I'm a woman doing it."

"I think the other side views me as a worthy adversary," she concluded.

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by dslinkard on 01.29.2007 at 11:12 PM

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I can sum up all of her comments here.

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Clinton Meets With Union Leaders (NYT/AP)

By The Associated Press

The New York Times, January 30, 2007

Filed at 2:19 p.m. ET

NEW YORK (AP) -- White House hopeful Sen. Hillary Rodham Clinton met privately Monday with the board of the United Food and Commercial Workers Union, a 1.3 million-member labor group whose support will be critical to any Democratic candidate.

Clinton, who made her first presidential campaign swing through Iowa this past weekend, traveled to Naples, Fla., to address the annual board meeting of the union. UFCW spokeswoman Jill Cashen said the New York senator had been invited to speak on issues affecting the union, such as health care, immigration and boosting the minimum wage.

"We certainly appreciate her leadership on those issues," Cashen said, adding that other 2008 presidential contenders would be invited to address the UFCW board throughout the year. Cashen declined to say whether the union intends to endorse a candidate.

The meeting was closed to the media.

The UFCW, which represents retail and grocery workers, is the chief backer of Wake Up Wal-Mart, an organization formed to pressure that company to boost wages and benefits for its workers. Clinton served on Wal-Mart's board from 1986 to 1992 but has since become a critic of the retail giant's business practices.

With organized labor poised to play an influential role in the Democratic primary, candidates have been actively wooing union support. On Friday, Clinton and several other presidential hopefuls, including Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards, addressed a closed board meeting of the Service Employees International Union in Washington.

SEIU will require presidential candidates seeking the union's endorsement to spend time working alongside union members to understand their lives and concerns. SEIU president Andy Stern personally inaugurated the "Walk a Day in My Shoes" campaign Monday in Iowa, working alongside union members there and eating dinner in their homes.

He was set to do the same Wednesday in New Hampshire, another key early voting state.

UFCW and SEIU are two of seven major unions that broke from the AFL-CIO in 2005 over internal disagreements on how best to build organized labor's membership and political clout. The unions have since formed a new political coalition -- Change to Win.

How 'Mamisma' Can Change Politics (USAT)

By Harriet Rubin

USA Today, January 30, 2007

Is America ready to elect a female president? Of course we are. The most macho countries — Chile, Liberia, Germany — have recently elected women chief executives as symbols of change. So how can a female candidate in America tap the desire for change and avoid tripping on the stereotypes of gender prejudice? Can she appear presidential before we have a model of what female presidential power is?

Even the most powerful woman in politics can't yet hold her own against the most powerful man, it seems: When Bill and Hillary Clinton take a stage together, he makes her disappear, like a magician and his assistant. How then would she look on stage against Republican Sen. John McCain? She'll have to draw consistently on her "mamisma," not machismo. (After all, there are already too many alpha male Democrats in play.) And I'm not talking about machisma or female ferocity.

Mamisma is femininity defined by mature and maternal qualities. It lets a female candidate make men look like wimps while doing the taboo-dance, enticing people to fall in love with her.

The history of female leaders — queens, presidents, prime ministers — reveals that they sell mamisma hard. Israeli's Golda Meir, for example, was no conventional object of desire. She seduced by making her desires plain, like any good mother.

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In Munich, Steven Spielberg's historically inspired account of Israel's plot to avenge the murder of its Olympic athletes, Meir takes five minutes to persuade a young man to abandon his pregnant wife and promising career for her own desperate mission. That is mamisma.

Take a look at Nancy Pelosi on the occasion of her swearing-in as House speaker earlier this month. She was engulfed by children. Is it accidental that the most famous medieval icons depict a Madonna embracing people whose faces beam with childlike innocence? It's no accident: It's mamisma.

Mamisma makes a strong woman appear ultimately non-threatening — a quality we have not seen much in our youth-intoxicated culture.

But the world is changing. In France, never a bastion of powerful women, presidential candidate Segolene Royal, 53, is selling herself as the mother protector of the nation. She's taking a page from the playbook of great queens and women who behave like them.

After their youthful sexuality fades, mamisma women stand toe to toe with powerful men. They often refer to love and trust as bold alternatives to the hard edges of powers that be.

Queen Elizabeth I sought her subjects' love; she assumed she had their respect. Eleanor Roosevelt became a saint by insisting that the bottom line of government is love. By contrast, fired Hewlett-Packard CEO Carly Fiorina wore toughness like a set of dentures; she denied there was anything womanly about her. That is anti-mamisma.

Mamisma works because after age 50, the laws of power change. Law No. 1: After 50 a woman is praised for what she had been blamed for, as legendary anthropologist Margaret Mead believed. A woman's youthful mistakes may be re-evaluated as signs of her bravery and vision.

Pritzker Prize-winning architect Zaha Hadid is today hailed for the same weird designs that earlier guaranteed her rejection by potential clients. Hillary Clinton might remind us that she was an early champion of health care reform and that she suffered attacks from all sides for it. Advisers may warn candidate Clinton to sidestep this chapter in her past. But if she were to forget this advice and follow the rules of mamisma, she would promote the fact that surviving the onslaught is her war-hero record. McCain, too, fought in an unpopular and losing war.

The second law of mamisma: The differences between Mars and Venus are fading in that sizable demographic, the baby boomers, the majority of whom are 50 or older. The sexes don't simply grow older at different speeds; men mature into femininity. While men become more emotional, rounder and softer in physique, women tend to bulk up. They are acknowledged as stronger than men after age 50 because "women age more slowly," says Eric Walsh, a geriatrician at Beth Israel Medical Centering New York. Women also become the primary caretakers, as men become physically the weaker sex.

This is a new playing field. A mamisma woman will not gear her message to either gender, and she will wrap tough platforms in emotional language: To stand against sending more troops into Iraq, Pelosi would emotionalize the discussion, noting that Bush is trying not to appear weak, the criticism his father suffered.

The third law of mamisma is that, as University of Chicago scholar Wendy Doniger points out, "Men would marry their mothers if they could." Why? Because they like being reminded that they are great. It's the ultra-maternal message. A female candidate would likewise remind the electorate that a golden future awaits — a message more seductive than better homeland security.

Queen Eleanor of Aquitaine in the 12th century led a revolt away from her John McCain-like husband, King Henry. While he was out selling people on crusades, Eleanor built a court of love which appealed to the child in everyone, the very opposite of her husband's vision. The youth of Europe joined her in droves. This extremely alternative vision let Eleanor escape the secondary roles as wife and helper, assert her independent sovereignty and dispense her own justice and her own patronage.

Eleanor's original ideal of courtly love informs our culture to this day. As in Eleanor's time, there is a constituency that wants to feel the love.

Mamisma is anti-Machiavelli: seduction over divisiveness. Is it a good thing? In a world run like a PlayStation war game, maturity would be a nice antidote. After all, who wouldn't want a return to the seriousness and authority of the Founding Fathers … even if this time around, they just happen to be women?

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Harriet Rubin is author of The Mona Lisa Stratagem: The Art of Women, Age and Power, which will be out in May. She is also a member of USA TODAY's board of contributors.

Hagel Low On Cash On Hand, Raising Retirement Issue (HILL)

By Aaron Blake

Hill, January 30, 2007

Sen. Chuck Hagel's (R-Neb.) year-end financial filing shows that he raised just $80,000 for his campaign committee in the final three months of 2006, bringing his cash on hand to $140,000 from $110,000.

As of his third-quarter filing, Hagel had the least cash on hand of the 33 senators up for reelection in 2008. The potential presidential candidate's most recent filing shows he increased his campaign fundraising over the $20,000 he raised in the third quarter.

Political observers often use fundraising and cash-on-hand figures to speculate about whether members of Congress intend to seek reelection. The senator with the second-least cash after the third quarter, Sen. Wayne Allard (R-Colo.), is thus far the only one to announce he will not run again.

Unlike Allard, who was one of Democrats' top three targets, Hagel appears unlikely to face a serious Senate challenge in 2008. He defeated now-Sen. Ben Nelson (D-Neb.) with 56 percent of the vote in 1996 and cruised to reelection in 2002 with 83 percent against token Democratic opposition.

At the same time, he has left open the possibility that he would retire, whether or not he would seek the presidency. Last week, he rebuffed a report that said he has assured the National Republican Senatorial Committee that he will seek reelection.

Spokesman Mike Buttry said Hagel's campaign financial filings offer no clue about his future plans and emphasized Hagel's fundraising through his political action committee, which raised more than $400,000 during the last cycle.

"I wouldn't read anything into that," Buttry said. "Sen. Hagel's focus last year was on raising and contributing money from his PAC."

Hagel recently has drawn attention for his harsh evaluation of the progress being made in Iraq. He is one of two Republican senators to sign on to a non-binding Democratic resolution criticizing President Bush's plan to send 21,500 additional troops to Iraq.

Franken Off The Air (HILL)

By Aaron Blake

The Hill, January 30, 2007

Comedian and potential Minnesota Senate candidate Al Franken will leave liberal talk radio station Air America in two weeks, he announced yesterday on his show.

The announcement paves the way for Franken to explore a possible Democratic challenge to freshman Sen. Norm Coleman (R-Minn.) in 2008.

The radio host, who a year ago moved back to Minnesota and has been recording his "Al Franken Show" in Minneapolis, said he is "definitely giving it serious consideration" and that he plans to make a decision soon.

Air America also announced yesterday that the station is on the block. Franken said he wanted to stick around through the transition and his last show will be Feb. 14. He said if he makes his decision by then, he will announce his intentions on his show.

Air America filed for Chapter 11 bankruptcy protection last year.

Interestingly, in the same show Franken announced his departure, he had Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.) as a guest.

A spokesman for Franken's Midwest Values PAC, Andy Barr, said Schumer's appearance was coincidental. Schumer has been promoting his book, "Positively American: Winning Back the Middle-Class Majority One Family at a Time."

Google Moves To Disarm Search 'Bombs' (WP)

By Sara Kehaulani Goo

The Washington Post, January 30, 2007

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For many years, Google said it wouldn't rectify the antics of pranksters who rigged search terms, like having "miserable failure" bring up a White House biography of George W. Bush as a top result on its search engine.

But Google last week reversed its position, changing its algorithms to eliminate so-called "Google bombs" that yield political or humorous results.

On its blog targeted at Web engineers, Google disclosed that it made changes to minimize the impact of the most popular Google bombs. Too many people started to think the results reflected the company's political opinion, it said.

"We've seen a lot of misconceptions. People thought Google was behind these or was endorsing these" Google bombs, said Matt Cutts, the software engineer at Google who posted an explanation of the company's decision on the Google Webmaster blog. "It's not the case. Most of these can be considered pranks, and the direct impact on all search results is minuscule. But it is good to correct our search quality."

Because of the changes Google made to its formula, searching for "miserable failure" on Google now pulls up a news story by the BBC about Google bombing as the first result, followed by a Wikipedia entry on the topic and another article in an industry publication. The White House page no longer appears in the top 100 results.

The search engine uses many factors to determine the ranking of a Web site in the search results. One factor influencing that ranking is how many other Web sites link to the targeted site, so if many sites use the term "miserable failure" and use it as a link to the White House site, the White House site rises in the rankings. The White House Web page does not contain the words "miserable failure," but the obscurity of the phrase made it easier to rise quickly in the rankings.

Other search engines use similar variations on search technology. Google isn't the only one affected. Yahoo's search, for example, still brings up the president's profile as its top result.

George Johnston, a Bellevue, Wash., man who claims to be the architect of the "miserable failure" Google bomb, said he started his campaign in 2003 because it would be "fun" and "easy." He e-mailed a number of popular bloggers and asked them to use the phrase and create a link to the White House Web site. It quickly took off.

"It spawned a whole class of jokes when people understood how easy it was," Johnston said in an e-mail. "Google bombing as a blogger sport hit its peak in 2004," then receded as the novelty wore off, he said.

The White House has never asked Google to remove the "miserable failure" results, according to White House spokeswoman Emily Lawrimore. "If anything, it provided people with an opportunity to learn more about the president's positive agenda," Lawrimore said.

Other popular Google bombs include "French military victories," which brings up a Web site designed to look like an error message that says, "Did you mean: French military defeats." Another term, "waffles," used to pull up a site about former presidential candidate Sen. John Kerry. Google bombing happened in other languages, as well.

Despite the growth of fake results, Google was initially reluctant to intervene, claiming that the most relevant results could still be found. More recently, Google tried to highlight pranks by putting a warning at the top of the results page.

Danny Sullivan, a London-based consultant and former editor of Search Engine Watch, said Google should have addressed the issue much earlier. "But it's a difficult decision," he wrote in response to e-mailed questions. "Some people still interpret this as Google trying to repress Web 'opinion' rather than improve search results."

Google said the changes it made last week still can't stop all Google bombs. "People will always find ways to make jokes on the Web," Cutts said. "Because Google takes search quality very seriously, we will continue to refine search quality."

Father Drinan, Model Of Moral Tenacity (WP)

By Colman Mccarthy

The Washington Post, January 30, 2007

If you've ever wondered whether God laughs, think back to 1980, when the Rev. Robert Drinan was ordered by Pope John Paul II to get out of politics and leave Congress. The Jesuit priest, who died on Sunday, was finishing his fifth term representing a suburban Boston district that included Cambridge and Brookline. The pope had been hearing from rankled conservative American Catholics--the Pat Buchanan, William F. Buckley Jr., William Bennett wing of the church -- that Father Drinan, a purebred Democrat, was a dangerous liberal. His voting record on abortion was seen as too pro-choice.

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Father Drinan's presence in the House of Representatives had been sanctioned by the previous pope, Paul VI, as well as by the U.S. episcopate, the cardinal of Boston, his own Jesuit superiors and emphatically by the voters in his district.

No matter.

John Paul, knowing that Jesuits take a vow of loyalty to popes, had his way. And who replaced the dangerously liberal Father Drinan? The more dangerously liberal Barney Frank--as ardent an advocate for abortion rights and as he was for gay rights. If there is a God, the Frank-for-Drinan trade surely had Him laughing at the Vatican's expense.

From Congress, Bob Drinan went a few blocks to Georgetown University Law Center.

It was a natural transition, from practicing the politics of peace and justice to teaching it. His classes on human rights law, constitutional law and legal ethics were routinely oversubscribed. Though I had met him before his days in Congress, when he served as dean of Boston College Law School, it was at Georgetown Law that our friendship grew. My classes there for the past 20 years have attracted the same kind of students that his did -- future public-interest lawyers, poverty lawyers, human-rights lawyers, and, in good years, a future Jack Olender or William Kunstler.

After my Tuesday afternoon class, I would often go by Bob Drinan's fourth-floor office to get energized. I saw him as a towering moral giant, a man of faith whose practice of Christianity put him in the company of all my Jesuit heroes--Daniel Berrigan, Horace McKenna, Teilhard de Chardin, John Dear, Francis Xavier, the martyred Jesuits of El Salvador and the priests who taught me in college. In his office, ferociously unkempt and as tight as a monk's cell, our conversation ranged from politics to law to the morning's front pages. He was as knowledgeable about the Torture Victim Protection Act of 1991 as he was about the many allegations of international lawbreaking by the current Bush administration. Bob Drinan had mastered the art of being professionally angry but personally gentle.

As a priest, he was a pastor-at-large. He was at the altar at journalist Mary McGrory's funeral Mass. He celebrated the Nuptial Mass at the marriage of Rep. Jim McGovern (D-Mass.) and his wife, Lisa. And always, there were plenty of baptisms. As a writer, he produced a steady flow of books on human rights, poverty and social justice. He saved his most fiery writing for the National Catholic Reporter, the progressive weekly to which he contributed a regular column. His final one appeared on Dec. 15, a piece about the 26th anniversary of the martyrdom in El Salvador of Maryknoll Sister Ita Ford.

The column began: "In the 1980s I gave a lecture at Jesuit Regis High School in New York City, where the students are all on scholarship. I spoke about the war being waged by the Reagan administration against the alleged communists of El Salvador.

"In the discussion period, three students took issue with my remarks, making it clear that they and their families agreed with the U.S. policy of assisting the Salvadoran government. The atmosphere was almost hostile until one student stood and related that his aunt, Maryknoll Sister Ita Ford, had been murdered by agents of the government of El Salvador. I have seldom if ever witnessed such an abrupt change in the atmosphere of a meeting."

One of my students at Georgetown Law last semester was also one of Father Drinan's: Chris Neumeyer, a former high school teacher from California. His father, Norris Neumeyer, was in town earlier this month and wanted to meet his hero, Father Drinan. The two lucked out and found the priest in his office. Yesterday, Norris Neumeyer, after learning of the priest's death, e-mailed his son and recalled asking if Father Drinan knew his often-jailed fellow Jesuit Daniel Berrigan and his brother Philip. He did. The difference between himself and the Berrigans, Father Drinan believed, was that they took action outside the system while he took action inside.

Papal meddling aside, it was enduring action.

Colman McCarthy, a former Washington Post columnist, directs the Center for Teaching Peace and teaches courses on nonviolence at four universities and three high schools.

The Humane Society Becomes A Political Animal (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 30, 2007

Many people may consider the Humane Society of the United States a pussycat. But with 10 million donors and a $120 million budget, it is becoming a tiger among Washington's interest groups.

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Just ask Maryland Gov. Robert L. Ehrlich Jr. (R) and Rep. Richard W. Pombo (R-Calif.). Actually, make that former governor and then-representative. The Humane Society targeted both in last year's elections after Ehrlich supported bear hunting and Pombo supported commercial whaling and trapping in wildlife refuges.

The society also spent lavishly to help pass an initiative in Arizona, fought by agribusiness, that bans inhumane factory farming. And it bested the National Rifle Association on a measure that prohibits the shooting of mourning doves for sport in Michigan.

"They are a worthy opponent," said Andrew Arulanandam of the NRA. "They certainly have a lot of backers with deep pockets."

"They keep us on our toes," agreed Kelli Ludlum of the American Farm Bureau Federation. "We need all of our members to counter their growing effectiveness."

The society's newfound prowess was engineered by its 41-year-old president, Wayne Pacelle. The smooth-talking Pacelle (who travels so often that he doesn't own a pet) was the group's top lobbyist before taking over 2 1/2 years ago. He quickly consolidated his power base by merging with two other animal-protection organizations -- the Fund for Animals and the Doris Day Animal League. He also formed a political affiliate, the Humane Society Legislative Fund, which spent $500,000 on key races in last year's elections, and established his own political action committee called Humane USA, which funneled an additional $300,000 to pro-animal candidates.

"The organization has committed itself to political activity as never before in its 52-year history," Pacelle said. In addition to collecting the scalps of opponents on Election Day, the society can claim at least two dozen successful statewide ballot measures including ones that bar horse slaughter and cockfighting. It's fighting similar battles in Congress.

Pacelle's goal is to double the amount of his electoral giving and the extent of the society's lobbying over the next two years. He already can boast an average of 20,000 members in each congressional district and a budget that is twice the size of that of his nearest animal-rights rival, the American Society for the Prevention of Cruelty to Animals (ASPCA). The activist People for the Ethical Treatment of Animals (PETA) is a quarter as large.

Pacelle notes that his group has no corporate connection to the animal shelters that regularly kill surplus strays. Still, lots of animal lovers do not consider his society very humane.

Lately, a growing number of politicians don't, either. "I compensate to some degree for animal advocates who are overly sentimental," Pacelle said. He then quoted his late mentor Cleveland Amory of the Fund for Animals, who said, "I want to put cleats on little old ladies in tennis shoes."It's All in a Name I

The new trade association that represents stock and bond traders is called the Securities Industry and Financial Markets Association. But the group's acronym, SIFMA, sounds so distasteful as a spoken word that its staff has been warned to spell out the letters, S-I-F-M-A, whenever they refer to the lobby.It's All in a Name II

Some big guns in lobbying are pressing to name the Education Department's building in the District after President Lyndon B. Johnson, and they may well succeed now that Democrats control the Capitol.

For years, former House Republican leader and fellow Texan Tom DeLay blocked the proposal. But he's not around anymore, so Johnson acolytes are trying anew. They include ex-Johnson aides and now K Streeters Harry C. McPherson and Lloyd N. Hand of DLA Piper, James R. Jones of ManattJones Global Strategies, and Jack Valenti, former president of the Motion Picture Association of America. Lyndon K. Boozer, 43, an AT&T lobbyist and son of Johnson's late secretary, Yolanda Garza Boozer, conceived the project.

And yes, Boozer was named for the great man -- just as he hopes the education building will be soon.It's All in a Name III

Democratic lobbying shops, eager to capitalize on their new majority in Congress, have sprouted so quickly that they obviously did not bother to apply any imagination to their names.

Kimberly Allman, a former lobbyist for the Recording Industry Association of America, started Allman Strategies. Steve Elmendorf, a former aide to longtime congressman Richard Gephardt (D-Mo.), formed Elmendorf Strategies. And Julie Domenick, most recently at the Loeffler Group, runs Multiple Strategies.

At least Parven Pomper Schuyler Inc. and Heather Podesta & Partners chose boring names without resorting to "strategies."

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One long-established Democratic firm with a relatively interesting moniker, the Glover Park Group, is expanding. The new hires include Julie Rochman, formerly with the American Insurance Association; Beth Tritter, ex-aide to Rep. Nita Lowey (D-N.Y.); Susan Kannel, formerly with Lake Research Partners; and Tracy Sefl and Jason Miner, both formerly with the Democratic National Committee.

On the Republican front, a familiar name will soon head the National Association of Chain Drug Stores. Steven C. Anderson, president of the National Restaurant Association, will replace Craig L. Fuller, chief of staff to George H.W. Bush when the elder Bush was vice president, who left the chain-store group last March.Another New Idea

Fred Wertheimer has fought for ethics reforms for more than 30 years, and he has a new proposal: earmark disclosure by lobbyists.

Wertheimer, president of Democracy 21, wants lobbying groups to disclose what narrow projects -- a.k.a. earmarks -- they are pressing for and to identify the lawmakers who are sponsoring them. Versions of this have been advanced in the past by Sens. Barack Obama (D-Ill.), Russell Feingold (D-Wis.) and Joseph Lieberman (I-Conn.).

Lobbyists can now be vague about what they do for their clients. But that would end under the Wertheimer plan. Voters could then decide who elected officials were working for -- lobbyists, their constituents or both. Any thoughts?

A Voice For More Voters (WP)

By E. J. Dionne Jr.

The Washington Post, January 30, 2007

Think of it as California's revenge.

After years of watching as its financial heavy hitters were bled dry for campaign contributions that were spent elsewhere, the state's politicians have decided to give its voters a say in selecting the Republican and Democratic presidential nominees.

And as befits a place that helped give birth to the Goldwater Right, the New Left, the counterculture, environmentalism, modern libertarianism and the tax revolt, California doesn't mind if it throws an already flawed presidential nominating system into chaos.

Fearing that California will bigfoot its way into dominance by moving its primary to Feb. 5, 2008, Illinois, Florida and New Jersey are maneuvering to do exactly the same thing. Thus would this diverse group of states give its voters a say just two weeks after the New Hampshire primary, three weeks after the Iowa caucuses, and also close to the contests in Nevada and South Carolina, which the Democrats have moved up in their order of battle.

There is a lot of hand-wringing about how the most open election since 1928 and the most important in many, many years -- for once, that is not an exaggeration -- will now be held hostage to the whims of big states, big fundraisers, big consultants and, as the first President Bush described momentum, Big Mo.

The money part could be ameliorated if Congress were only willing to update a public financing system that is several election cycles behind the realities of politics. Democrats in Congress who tout their populist and reform credentials while decrying the influence of wealthy interests should be moving with dispatch to do so.

As for the rest of the difficulties, there is another description of the supposed chaos: a rational response by political actors in a federal system doing their best -- given the incentives in place -- to serve the interests of the voters in their states.

What should surprise us is that the big states did not move years ago to enhance their role in picking the nominees.

California was once a giant in the process. In the 1964 Republican primary, Barry Goldwater narrowly defeated Nelson Rockefeller and set the GOP on the rightward course it has pursued since. In 1972, California Democrats voted for George McGovern over Hubert Humphrey, confirming the importance of the antiwar forces in the party. Since then, California's influence has been exercised largely by the people who can afford the fundraising parties at mansions in and around Los Angeles and San Francisco.

Moreover, the bulk of the states talking about moving their primaries forward promise to enhance the influence of two groups largely left out of the current process: the voters in big cities and the vast group of suburban and exurban citizens so decisive to the outcomes of general elections.

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Don't get me wrong: I share the devotion to Iowa and New Hampshire's conscientious voters that is a requirement for entry into the guild of political writers. I love watching candidates sit with small groups of voters in living rooms in Epping, N.H., or Altoona, Iowa, and confront agonizingly thoughtful and detailed questions about health-care policy or nuclear proliferation. And I love visiting both states, warm and welcoming as they are, with the excuse that I'm working.

But it's time the method we use in selecting nominees bear some resemblance to how we elect them. It's time the polyglot cities and the great exurban tracts gain a voice commensurate with their importance to the nation.

And it's time that our candidates get tested early by broader electorates. Was it really good for the country that South Carolina's Republicans put an effective end to the battle between George W. Bush and John McCain so early in 2000, on Feb. 19 to be exact? Was it helpful that the Democratic battle between Al Gore and Bill Bradley that same year effectively ended after New Hampshire voted on Feb. 1, or that John Kerry wasn't tested harder in more places after his Jan. 27, 2004, victory there?

The revolt of the big states may not slow the process and might even enhance the importance of the outcomes in Iowa, New Hampshire and the two other early states. But by forcing themselves forward, California, Illinois, New Jersey, Florida (and who knows who else?) will definitely let many more voters, and many more kinds of voters, in on an important choice. The legislatures in those states should ignore the complaints and let their people join the action.

Iowa Emigration Act (WSJ)

The Wall Street Journal, January 30, 2007

The Labor Department reported last week that U.S. union membership keeps shrinking, which helps explain why unions have made easing the rules for organizing one of their top political priorities. And in some places, they've got a good chance to succeed.

Unions lost 326,000 members in 2006 and the percentage of working Americans who belong to a union dipped to 12%, continuing to fall from the high of 34% in the 1950s. Today only one in 13 private-sector workers is a member of a labor union, while four times as many Americans own stock as belong to a union.

Big Labor's response has been to redouble efforts to rig the rules to make union organizing much easier. So in Congress the number one AFL-CIO priority is "card check" legislation, which would end secret ballots for organizing elections at worksites. Union reps would know which workers voted "no" and thus be able to exert enormous peer pressure to conform. Given union history, this would surely include threats and other intimidation. Democrats on Capitol Hill are likely to bring "card check" up for a vote on very short notice -- the better to prevent business from mobilizing against it.

Meanwhile, at the state level, unions are trying to exploit their legislative victories in November by overturning right-to-work laws. These laws prohibit employers from requiring workers to join a union as a condition of employment. They also protect workers from having to pay union dues whether they belong to the union or not -- dues that often go to political causes that workers don't support.

Iowa is emerging as the first test of this effort, thanks to Democratic control of the Governorship and both legislative houses for the first time in 40 years. Iowa has been a right-to-work state for 60 years, which is one reason the state has been able to hold on to some of its manufacturing base. Though neither new Governor Chet Culver nor legislators campaigned against right-to-work, unions are now demanding a vote to gut the popular law.

The proposed law wouldn't require workers to join a union, but it would mandate that all workers pay union dues whether they join or not. The unions call this a "fair play law" because all shop employees have to pay equally for union activities. But this is a strange definition of "fair" because it allows unions to dun workers without their consent.

If the Iowa legislature wanted to chase jobs and employers out of the state, they couldn't come up with a better plan than underming right to work. Leo Troy, an economist at Rutgers University, has studied the issue and found that "right-to-work laws are strongly correlated with faster growth in jobs and personal income."

Many international and domestic companies won't consider locating a plant in a non-right-to-work state. Most of the new auto plants owned by Mercedes, Nissan, BMW and Honda are located in Alabama, South Carolina, Texas and other right-to-work locales. A recent survey by the National Right to Work Institute found that, between 1986 and 2006, 11 right-to-work states

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have added 104,000 auto manufacturing jobs, a 63% increase. The non-right-to-work states lost 130,000 auto jobs, or 15% over the same period.

Iowa has one of America's older populations, and the state's politicians have been fretting for years about the difficulty of keeping their young people from fleeing for better economic opportunities in other states. If Iowa Democrats placate Big Labor and join New Jersey, New York, Michigan and Ohio in all but forcing workers to join unions, they can expect an accelerating exit to warmer economic climes.

The Battle Of Jericho (WP)

The Washington Post, January 30, 2007

GRADUATION ceremonies for Montgomery Blair High School's Class of 2007 will afford students one more lesson in life. Too bad it's one of convenience trumping principle. That's the only message to be drawn from the capitulation by the school board to allow the use of a church for the ceremonies.

Members of the board, after impassioned lobbying by parents and students, overruled a decision by Superintendent Jerry D. Weast that prevented use of the Jericho City of Praise church in Landover. Mr. Weast's decision, although unpopular, was right. The reversal exposes the system to a possible lawsuit by groups who see use of the church as violating the constitutional separation of church and state. Indeed, it was the threat of such a lawsuit that prompted the ban in the first place. More important, though, are the feelings of parents and students who might be offended by having to celebrate an important moment in such a venue. No matter how small the number of those discomfited by walking into a building that proclaims "Jesus Is The Lord!!!" the rights of the minority must be taken into account.

We are sympathetic to the Blair community's problem. Its large student body makes most other venues unsuitable, and the Show Place Arena and Equestrian Center in Prince George's County is not ideal. Then, too, with its large number of low-income families, Blair can't match the ability of other schools to raise money to rent better facilities.

Montgomery County must do a better job of providing a proper setting for all its students -- and their families -- to celebrate graduation. We wonder, for instance, why Blair is given the same amount of money to conduct its ceremony as much smaller schools. Or why Prince George's County is able to accommodate its large high schools. Although the board shouldn't have allowed the use of Jericho, it wisely decided to conduct a full review of its policy on graduations.

U.S. To Discuss Finances With N. Korea (AP)

By Audra Ang

AP, January 30, 2007

A U.S. Treasury official in Beijing for negotiations with North Korea over its alleged illicit financial dealings said Tuesday he was "hopeful" of progress, as a report indicated full talks on the North would resume Feb. 8.

Deputy Assistant Treasury Secretary Daniel Glaser was set to meet his North Korean counterparts later Tuesday to talk about U.S. financial restrictions, which were imposed due to Pyongyang's alleged smuggling and counterfeiting and have stymied separate talks on scrapping its nuclear weapons program.

"We're prepared to go through these talks as long as it takes for us to get through our agenda," Glaser told reporters. "I'm hopeful we'll make progress."

The North Korean delegation told reporters when they arrived in Beijing that the talks will be held at the two embassies but did not make any other comments.

The financial negotiations are expected to clear the way for another round of six-nation nuclear disarmament talks.

Japanese public broadcaster NHK reported Tuesday that China had informed Tokyo that the negotiations would resume Feb. 8. The Chinese Foreign Ministry said it could not confirm the date.

Pyongyang has tied the financial restrictions and disarmament issues together since Washington took action against the Macau-based Banco Delta Asia in 2005, accusing it of laundering counterfeit money and abetting other unspecified criminal acts by North Korea.

The issue has caused other banks to steer clear of North Korean business for fear of losing access to the U.S. market, thereby hampering the North's access to the international banking system.

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The North says the restrictions are evidence of U.S. hostility, and for a year Pyongyang boycotted the six-nation negotiations on dismantling its nuclear programs.

After North Korea tested a nuclear device in October, it agreed to return to the disarmament talks — as long as there were separate negotiations on the financial issues.

However, both the disarmament meetings and the financial discussions, held in Beijing in December, ended inconclusively. The six-party disarmament talks involve the two Koreas, the U.S., China, Japan and Russia.

U.S. officials have indicated that North Korea is still demanding the financial issues be dealt with before progress can be made on the nuclear talks.

Pyongyang wants Washington to first end the financial isolation campaign, and to lift a freeze on $24 million in accounts at Banco Delta Asia.

Talks On N Korea Financial Squeeze To Resume (FT)

By Anna Fifield In Seoul

Financial Times, January 30, 2007

US and North Korean officials are due to resume talks on Tuesday over a US-instigated financial crackdown on Pyongyang, discussions likely to be pivotal to determining the success of nuclear talks expected to reconvene next week.

The two days of meetings in Beijing between US Treasury officials and their North Korean counterparts come amid signs that Kim Jong-il's regime has been trying to adjust to the crippling effect of the crackdown.

They also coincide with growing speculation that the US is preparing to release $13m (€10m, £6.6m) of the $24m with North Korean links frozen at Banco Delta Asia in September 2005 when the US Treasury accused the Macao bank of laundering money for the North Korean regime. That crackdown – and the unexpected knock-on effects as banks in Vietnam and China voluntarily closed North Korean accounts – has enraged the North Koreans. Analysts argue it contributed to the decision to conduct last year's nuclear test and has become a big hurdle in the already tortuous nuclear negotiations.

"The [Banco Delta Asia] issue will be the turning point for the whole denuclearisation process," said Nam Sung-wook, a North Korea specialist at Korea University in Seoul.

Attempts to resolve the North Korean nuclear problem diplomatically have received a second wind this month, with a flurry of preparatory meetings, some even involving North Koreans. The US chief nuclear negotiator, Christopher Hill, held surprise bilateral talks with his North Korean counterpart, Kim Kye-gwan, in Berlin this month, which left the Pyongyang delegation talking of a "certain agreement". The next round of nuclear talks is likely to open in Beijing next week.

Previously hobbled by divisions within the Bush administration over whether the US should talk to North Korea, Mr Hill has apparently managed to secure agreement in Washington to return the money North Korea earned through legitimate means if Pyongyang agrees to at least freeze its Yongbyon nuclear reactor and allow the return of International Atomic Energy Agency inspectors.

Trade with both China and South Korea continues to provide an economic lifeline to an impoverished North Korea. But the US-led financial crackdown and the sanctions imposed following the nuclear test are clearly having an impact on its economy, although it is difficult to gauge the precise effect.

"The figure of $24m is not that big but flows of foreign exchange are important for determining economic management in North Korea," says Yoon Deok-ryong of the South's Korea Institute for Economic Policy. "If those scarce resources become even more scarce then it will have a serious impact on the whole North Korean economy."

Pyongyang is understood to have recently banned the use of foreign currency, a step that could have a huge effect by forcing its citizens to convert hard currencies into North Korean won, therefore supplying foreign exchange to the regime and giving the central bank more control over the economy.

Meanwhile, the need to make economic progress has received heightened attention in state media this month, which analysts interpret as a sign of further economic decline.

The regime's new year message talked of a year "in which the dawn of a great, prosperous and powerful socialist nation was ushered in".

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Having achieved two of its strategic goals of ideological and military strength, Pyongyang declared it would now focus on the third – becoming a "great and prosperous nation".

There are some signs that the squeeze could be triggering wider economic changes of the sort encouraged by China.

In the Democratic Chosun, a state publication, North Korean cabinet premier Kwak Bum-ki announced plans to bring about "decisive" changes in enterprises and economic institutions. Analysts said this could herald a strengthening of reforms introduced in 2002, when wages and prices were liberalised.

To Ban The Bomb, Sign The Peace (NYT)

By Paul B. Stares

The New York Times, January 30, 2007

Washington

OF all the crises facing the new United Nations secretary general, Ban Ki-moon, the fraying nuclear nonproliferation system is arguably the most consequential. Mohamed ElBaradei, head of the International Atomic Energy Agency, has warned of 30 "virtual new weapons states" on the horizon. Obviously, the more countries that possess the bomb, the higher the risk of a nuclear accident, the theft of a weapon, sales of technology and hardware, and a serious miscalculation leading to nuclear war.

So where should Mr. Ban start? With North Korea having declared after its test last October that it now possesses a nuclear deterrent, the understandable temptation will be to focus on Iran. This would be a mistake. North Korea is still some way off from having a reliable nuclear weapon, and to accept its having this capacity as a fait accompli would not only play into its game plan but also convince Iran and other countries that the international community lacks the will to prevent them from developing the bomb. A new approach is required.

The logical place to look is to examine the lessons of "nuclear reversal" — that is, what has made states in the past give up the nuclear option. At first glance, the historical record doesn't look encouraging: South Africa is the only country that has developed nuclear weapons and then destroyed them. Yet other nations have abandoned advanced research programs — including Australia, Argentina, Brazil, South Korea, Sweden and Taiwan — or, like Belarus, Kazakhstan and Ukraine, given up the nuclear arsenals they inherited from the Soviet Union. One big reason for these countries' decisions, not surprisingly, was the efforts of major powers to reassure them about their long-term security, so that nuclear weapons offered no appreciable benefit.

How would this approach be applied to North Korea? The answer is not unilateral assurances from the United States. American officials have vowed many times that they harbor no hostile intent; repeating that mantra will not make it any more credible to Pyongyang. Similar guarantees from all five of the permanent members of the Security Council, however, could be more persuasive. Enter Mr. Ban.

The diplomatic vehicle for such security assurances would be a United Nations-sponsored initiative to formally end the Korean War and dismantle the present armistice arrangements. As part of a peace treaty, the principal signatories — the United States, China and the two Koreas — would commit themselves to establishing normal diplomatic relations, recognizing the territorial integrity of both Koreas and, most important, ensuring a nuclear-free peninsula.

To sweeten the deal, the Security Council's permanent five would extend security guarantees, similar to those given Ukraine, to both Koreas. These would remain in effect as long as each side fulfilled its nonproliferation commitment. If one or the other reneged, all bets would be off.

Complementary agreements involving conventional arms control, economic assistance, access to international financial institutions and humanitarian aid could also be discussed, but not as prerequisites for replacing the Korean armistice with a permanent peace settlement.

The United States has already signaled its willingness to sign a peace treaty — but only after North Korea verifiably dismantled its nuclear weapons. Reversing the order, however, with upfront but still conditional security guarantees, would provide North Korea with immediate incentives to take the first step.

For Mr. Ban, such an agreement would be not only a gift to his native Korea but a much-needed boost to his organization's stature. Above all else, he might just save the nonproliferation system by using the same approach elsewhere, not least with Iran.

Cheney To Visit Japan, Australia (AFP)

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AFP, January 30, 2007

US Vice President Dick Cheney will travel to Japan and Australia the week of February 19 for talks on Asian security and the global war on terrorism, his office announced.

Cheney, who will also visit US troops stationed in Guam, will meet with Japanese Prime Minister Shinzo Abe and Australian Prime Minister John Howard to thank them for their help in Iraq and Afghanistan.

The US vice president will also thank the Japanese and Australian militaries for their help, his office said in a statement.

Earlier this month, Japanese newspapers said Cheney was coming to explain President George W. Bush's new plan for Iraq and seek Abe's support and would also make a speech in Japan.

Cheney last visited Japan in April 2004.

Australian PM Welcomes Cheney Visit (AFP)

AFP, January 30, 2007

Australian Prime Minister John Howard has welcomed an upcoming visit by US Vice President Dick Cheney as an opportunity to consult on the progress of the Iraq war.

Australia has some 1,400 troops with the US-led coalition forces in Iraq and Howard has been a firm supporter of US President George W. Bush, as both men face growing criticism from voters over the war.

"The Australia-US alliance is of enduring importance to both countries and makes a significant contribution to international security," Howard said in a statement announcing that Cheney would visit from February 22-27.

"Vice President CheneyÂ's visit will be an important opportunity to reinforce the strong bilateral relationship between the United States and Australia and to consult on major international issues such as regional security challenges, Afghanistan, Iraq and the war against terrorism."

Howard said last week he would not pull Australian troops out of Iraq in the face of spiralling sectarian violence and growing voter discontent over the conflict.

"I think given the larger things that are at stake with the alliance and the fact you do stick by your close allies when things are difficult, I think that would do a lot of damage to the alliance," he said.

"It would not be the right thing to do and it is not something that I will do."

Cheney's office announced that he would travel to Japan and Australia in mid-February for talks on Asian security and the "war on terrorism".

The US vice president, who will also visit US troops stationed in Guam, will meet with Japanese Prime Minister Shinzo Abe and Howard to thank them and their troops for their help in Iraq and Afghanistan, his office said in a statement.

Cheney last visited Japan in April 2004, but has not been to Australia while serving as Bush's vice president.

US Offers Air Support For Somali Peacekeepers (AFP)

AFP, January 30, 2007

The United States is ready to contribute air support to an African Union peacekeeping force in Somalia, a leading official said.

US Assistant Secretary of State for African Affairs Jendayi Frazer told AFP that she had made the offer during talks on the sidelines of the African Union summit in Addis Ababa with the head of the AU commission Alpha Oumar Konare.

"We are ready to provide airlift and contracting airplanes for the African peacekeeping force in Somalia," she said.

"We already discussed that with Uganda, and I discussed with chairman Konare.

"A verbal note has been addressed to the AU about the support we are ready to provide and the help we can provide to that force," she added.

The AU has given the green light to a 7,600-strong force to deploy to Somalia at the end of the month but the deadline is set to be missed as only three countries -- Uganda, Nigeria and Malawi -- have so far volunteered forces.

The cash-strapped AU member states want the international community to pay for the force and are also wary of being caught up in new violence in the Horn of Africa nation.

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The US has called the recent ouster of Islamist hardliners from Mogadishu and subsequent replacement in power by a weak interim government as a chance for Somalia to turn its back on 16 years of bloodshed.

Hamas, Fatah Battle Despite Cease-fire (AP)

By Ibrahim Barzak

AP, January 30, 2007

Palestinian infighting raged in the Gaza Strip Tuesday morning despite a cease-fire declaration by warring Hamas and Fatah factions aimed at ending factional clashes that have left more than 60 dead in the past two months.

Gunfire and explosions were audible in downtown Gaza City as gunmen from the rival factions ignored the cease-fire, reached at a midnight meeting between Prime Minister Ismail Haniyeh of Hamas and a representative of Palestinian President Mahmoud Abbas of Fatah.

The truce was set to go into effect at 3 a.m. local time.

Foreign Minister Mahmoud Zahar of Hamas announced the agreement early Tuesday. Zahar said the agreement stipulated that all security forces must return to their bases, that suspects in killings were to be handed over, and that all hostages still being held — a number thought to be in the dozens — were to be released. He also said all roadblocks set up by the factions were to be removed.

None of those steps appeared to have been taken after the 3 a.m. deadline passed.

Several earlier truce agreements aimed at stopping the internal Palestinian bloodshed, raging fitfully since early December, have broken down.

Fatah spokesman Maher Mekdad had said his group would observe the agreement.

"Despite all the bitterness and sadness that we are feeling, we will work to make it succeed," he said.

The agreement between the Palestinian factions came as a two-month truce between the Palestinians and Israel in Gaza was jeopardized by a Palestinian suicide bombing, the first since April, 2006. The bomber, a 21-year-old from Gaza, struck the Israeli resort city of Eilat, killing three people and himself.

The two radical groups that claimed to have sent the bomber said they were trying to end Palestinian infighting by taking aim at Israel instead.

Hamas, which controls the Palestinian parliament and Cabinet, praised the attack as legitimate resistance.

Israel's first response came early Tuesday. The army said its aircraft bombed a tunnel dug by Palestinians near the Gaza-Israel border meant to be used by militants for an attack against Israel. No casualties were reported.

Israel has observed a truce with the Palestinians in Gaza since late November, and the airstrike signaled that the Eilat bombing put that cease-fire in danger.

Suicide Attack Is First In Israel In 9 Months (NYT)

By Greg Myre

The New York Times, January 30, 2007

JERUSALEM, Tuesday, Jan. 30 — After nine months without a suicide bombing in Israel, a Palestinian walked from Egypt across the open desert border, hitched a ride from a wary Israeli motorist and then blew himself up on Monday inside a bakery in the Red Sea resort town of Eilat, Israeli officials said.

Three Israelis who worked in the bakery were killed by the blast; it was the first time that Eilat, isolated at the very southern tip of Israel, has ever been hit by a suicide bombing.

The town was apparently a target because Israel's web of defenses and travel restrictions on Palestinians has made it extremely difficult for bombers to reach Israel from the West Bank, the source of virtually all suicide bombings in Israel in recent years.

The attack complicated the latest effort to restart Israeli-Palestinian negotiations, which have languished for six years. The United States will be the host of talks on Friday that will include European, Russian and United Nations officials, but the White House said in statement on Monday that if the Palestinian government failed to prevent terrorism, it would "undermine the aspirations of the Palestinian people for a state of their own."

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Al Aksa Martyrs Brigades and Islamic Jihad claimed joint responsibility for the attack, and identified the bomber as Muhammad Faisal al-Siksik, 21, from northern Gaza.

"We shall draw the conclusions and learn the lessons, and instruct our security people to continue their ongoing and never-ending struggle against terrorists and those who send them," Israel's prime minister, Ehud Olmert, said after the bombing.

[The Israeli military said Tuesday that it had responded with an airstrike on a Gaza tunnel near the border with Israel, The Associated Press reported. No one was injured.]

In recent weeks, most of the violence in the region has involved internal Palestinian street battles in the Gaza Strip. The violence continued Monday, with at least three Palestinians killed in Gaza, bringing the toll to about 30 since Thursday.

Early Tuesday, the two main Palestinian factions, Hamas and Fatah, announced a cease-fire after late-night talks in Gaza City. [Gunfire and explosions were audible in downtown Gaza City on Tuesday morning, after the talks took place, as gunmen from the rival factions apparently ignored the cease-fire,The A.P. reported.] Several previous efforts have also collapsed.

Relatives of the bomber, Mr. Siksik, said he left home three days ago and was upset because he had no job and his baby daughter recently died of an illness, The Associated Press reported. Also, a friend of his was killed in a clash with Israeli forces, they said.

In the northern Gaza town of Beit Lahiya, dozens of people celebrated outside the family home of Mr. Siksik, and his mother, Rowayda Siksik, said she knew her son had set out on a suicide bombing mission. "He told me, 'Meeting God is better for me than this whole world,' " The A.P. quoted her as saying.

Islamic Jihad said the bomber reached Israel from Jordan. But both Jordan and Israeli security officials denied that.

Mr. Siksik left Gaza and entered Egypt, said Micky Rosenfeld, a spokesman for the Israeli police. He said the bomber then crossed Egypt's desert border with Israel, which is aggressively patrolled, but has no fence or other barrier for most of its length.

After entering Israel, Mr. Siksik reached a road north of Eilat on Monday morning, and hitched a ride from an Israeli driver, Mr. Rosenfeld said. Mr. Siksik, who was wearing a black coat and carrying a black bag, was acting suspiciously, the police spokesman said, and the Israeli driver called the police immediately after dropping him on the northern edge of Eilat.

The police were immediately dispatched to the scene, but before they could arrive Mr. Siksik reached the bakery, a few hundred yards from where he got out of the car, Mr. Rosenfeld said.

Benny Mazgini, an Israeli who witnessed the attack, told Israel Radio that he saw a man wearing a black jacket and carrying a black bag on the street outside the bakery. "I thought it was odd because it was very hot and I told myself, why is that idiot dressed that way?"

Seconds later, the bomber detonated his explosive in the Lechamim bakery, tearing the inside apart, shattering windows and leaving the pavement outside covered with blood and body parts.

In a Gaza City news conference after the blast, a masked spokesman for Islamic Jihad said the bombing had been in retaliation for Israeli raids against Palestinian groups.

On its Web site, Islamic Jihad also said the bombing was intended to redirect the focus away from the internal Palestinian fighting in Gaza. "The operation has a clear message to the Palestinian rivals," Islamic Jihad said on the site. "It is necessary to end the infighting and point the guns toward the occupation that has hurt the Palestinian people."

Hamas, the radical Islamic group that leads the Palestinian government, did not claim involvement in the bombing. However, Fawzi Barhoum, a Hamas spokesman in Gaza, described the attack as a "natural response" to Israeli military operations against the Palestinians. "So long as there is occupation, resistance is legitimate," he said.

Egypt's Sinai peninsula, which is largely empty aside from beachfront hotels and fishing villages, has been rocked by a number of bombings in the past three years that have killed Israeli and Western tourists as well as Egyptians.

Israel and Egypt have expressed concern that the vast, hilly terrain offers a natural haven for radical Islamic groups to plan and carry out attacks.

Islamic Jihad has been involved in almost all of the suicide bombings against Israel in the past two years. Al Aksa Martyrs Brigades, meanwhile, is linked to the Fatah movement.

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The Palestinian Authority president, Mahmoud Abbas, and other Fatah leaders say they oppose violence against civilians, and Al Aksa militants say they act on their own. At a minimum, the bombing was an embarrassment for Mr. Abbas, again showing his inability to control factions that claim loyalty to the movement.

The last suicide bombing in Israel was an Islamic Jihad attack on April 17, when 11 people were killed at a small restaurant in Tel Aviv.

While attacks in Eilat are rare, three rockets were fired from the Jordanian side of the border in August 2005.

Palestinian Suicide Bomber Kills 3 In Israeli Resort City (WP)

By Scott Wilson

The Washington Post, January 30, 2007

JERUSALEM, Jan. 29 -- A 21-year-old Palestinian from the Gaza Strip blew himself up Monday inside a bakery in the Israeli resort city of Eilat, killing himself and all three people inside.

The morning suicide attack was the first inside Israel in nine months, and it brought sharp condemnation from Israeli Prime Minister Ehud Olmert, the White House and leaders of the relatively moderate Fatah faction led by Palestinian Authority President Mahmoud Abbas.

But the governing Hamas movement and Islamic Jihad, a smaller radical group that asserted responsibility for the bombing, called the attack a legitimate response to Israel's occupation of territories that Palestinians envision as part of their future state.

Islamic Jihad officials said the bombing should motivate Palestinian armed groups -- whose partisan fighting in Gaza has killed nearly 30 people in recent days -- to end their differences and unite against Israel.

"This is an important message to the factions," Mohammed el-Hindi, an Islamic Jihad political leader in Gaza, told al-Jazeera satellite television. "We have to remember that we are one nation with one enemy."

Olmert met with military officials following the attack in Eilat, a flashy resort city on the Red Sea whose tourism industry has suffered in the aftermath of Israel's war last summer with the Lebanese Shiite group Hezbollah. It was the first suicide bombing in the city, although Israeli vacationers have been targeted in the past just across the border in Egypt's Sinai Peninsula.

Because there were no survivors inside Lehamim Bakery, located in a residential neighborhood on the edge of Eilat's tourist district, Israeli officials took more than an hour to determine the cause of the 9:40 a.m. explosion.

Police investigators arrived at the bakery, which rescue workers described as a grisly scene, to discover the remnants of an explosives vest on one of the bodies. Israeli officials said the bomb contained nine to 17 pounds of explosives, generating a blast that sent a shower of glass and bread trays into the streets.

"It was very, very hot and he had a coat on," a witness named Benny Mazgini, 45, told Israel Radio. "It didn't look right to me. I thought to myself, 'What's that idiot dressed like that for?' A couple of seconds later I heard a massive explosion."

Olmert said he is weighing Israel's response and vowed to "continue in our ongoing and unending struggle against terrorists and those who send them."

At a news conference in Gaza City, a masked gunman from Islamic Jihad's military wing identified the bomber as Mohammed Siksik, a member of the group from the northern Gaza town of Beit Lahiya.

Siksik left home three days ago, according to family members interviewed by the Palestinian Ramattan news service, after rival Hamas and Fatah militias began their latest round of factional fighting. Islamic Jihad officials said he entered Israel through Jordan, a contention the Jordanian government denied.

Mickey Rosenfeld, an Israeli police spokesman, said Siksik likely slipped across the Gaza border and into Egypt's Sinai Peninsula. Israel has complained frequently about Palestinian arms smuggling along the frontier since its soldiers left the border area in November 2005.

Rosenfeld said Siksik then likely entered Israel from the Sinai, a vast, lightly populated desert along Israel's southern border. Israeli government officials said investigators were still gathering evidence of his movements.

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Witness accounts in the Israeli media said Siksik may have received a ride into Eilat from a resident, who grew suspicious and called the police after dropping him off. Siksik may have triggered the bomb before he had originally planned after hearing police cars approach the bakery, witnesses said.

The victims' identities were not immediately known. But Israel Radio reported that two of them were Eilat residents and the third a foreign worker from a South American country. All three victims appeared to be employees of the bakery.

The Islamic Jihad official in Gaza said a group called the al-Aqsa Martyrs Brigades-Army of the Believers, which he characterized as an offshoot of Fatah's armed wing, also participated in the attack. He called on all Palestinian armed groups to stop their internal fighting and "point their arms, all their arms, at the Zionist enemy."

Fatah officials condemned the bombing, saying it undermined the party's goal of reviving peace negotiations with Israel. But Fawzi Barhoum, a spokesman for Hamas, which won parliamentary elections a year ago and controls the Palestinian ministries, said that "all the Palestinian people and factions support this martyr operation."

"This type of operation is a normal response to the occupation and the violation of our rights as a Palestinian people," said Barhoum, who also cited the international aid boycott against the Palestinian government imposed after Hamas's election as justification for the attack.

In a statement, the White House said: "The burden of responsibility for preventing terrorist attacks rests with the Palestinian Authority government. Failure to act against terror will inevitably affect relations between that government and the international community and undermine the aspirations of the Palestinian people for a state of their own."

The Islamic Jihad official said the bombing was retaliation for Israeli military operations in Gaza, many of which have swept through Beit Lahiya over the past six months, and assassinations of the group's members.

Islamic Jihad has not agreed to any cease-fire agreements with Israel, and frequently fires rockets at Israeli towns along the Gaza border. Israeli military airstrikes have killed many Islamic Jihad gunmen on their way to fire rockets.

Israel May Have Misused Cluster Bombs, US Says (WP)

By Glenn Kessler

The Washington Post, January 30, 2007

The State Department notified Congress yesterday that Israel may have violated U.S. rules prohibiting the use of American-made cluster bombs in civilian areas during last summer's war in Lebanon.

State Department spokesman Sean McCormack declined to confirm that the preliminary findings related to Israel's use of the weapons in civilian areas, citing classified military-sales agreements between Israel and the United States. But the State Department said last August that it opened the investigation because human rights groups complained that cluster weapons -- bombs that erupt with many little "bomblets" to maximize the number of people killed -- had been found across Lebanon and were responsible for many civilian deaths.

"There may likely could have been some violations" of the agreement governing the U.S. sales, McCormack said, stressing that the State Department has not made any final judgments but is required, under law, to notify Congress of its preliminary findings. He said the classified report was sent to House Speaker Nancy Pelosi (D-Calif.) and Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee.

Biden's staff said it was received late yesterday but they had no comment because the report is classified; Pelosi's office did not respond to a request for comment.

The war started after Hezbollah militants crossed into Israel, killing and capturing Israeli soldiers. After Israel responded, Hezbollah fired thousands of weapons on Israeli population centers from its bases in south Lebanon, frequently from civilian areas.

Israel provided "a detailed response" to the United States "regarding Israel's effort to halt Hezbollah's attacks on civilian populations," said David Siegel, a spokesman for the Israeli Embassy. "Israel suffered heavy casualties and acted as any government would in exercising its right to self-defense."

It is not illegal under international law to use cluster weapons against enemy combatants. The United States has used cluster bombs in Iraq, resulting in many civilian casualties. The Israeli Defense Forces, which says it urged people to flee areas

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near missile launchers to minimize civilian deaths, is investigating whether cluster bombs were heavily used in populated areas in the final days of the month-long war.

Hezbollah "used human shields, they hid themselves among civilian populations," McCormack said. "No military commander wants to have to be put in the position of acting in self-defense and going after those people who have committed aggression against your country but are then hiding among civilian populations."

Human Rights Watch urged a cutoff yesterday of cluster-bomb sales to Israel. "We've investigated cluster munitions in Kosovo, Afghanistan, and Iraq, but we've never seen use of cluster munitions that was so extensive and dangerous to civilians," Steve Goose, director of the group's arms division, said in a statement.

The State Department investigates any allegations that Israel misused U.S.-supplied weapons, and often no action is taken. In 1978, 1979 and 1981, the State Department notified Congress that Israel "may have violated" agreements by using U.S. weapons for purposes other than defense, according to the Congressional Research Service. But the inquiries resulted in no penalties. In 1982, the Reagan administration suspended sales of cluster bombs to Israel for six years after a congressional investigation found that Israel violated agreements on their use during its invasion of Lebanon.

U.S. Suspects Illegal Use Of Cluster Bombs (WT/AP)

By George Gedda

The Washington Times, January 30, 2007

Israel likely misused American-made cluster bombs in civilian areas of Lebanon during the war against Hezbollah last summer, the State Department said yesterday.

Spokesman Sean McCormack said a preliminary report on the U.S. investigation has been sent to Congress. He did not provide details of the investigation.

The United Nations said last summer that unexploded cluster bombs -- anti-personnel weapons that spray bomblets over a wide area -- litter homes, gardens and highways in southern Lebanon.

When Israel purchases cluster bombs and other lethal equipment from the United States, it must agree in writing to restrictions on their use.

The report, Mr. McCormack said, "is not a final judgment."

He declined to speculate on what action may be taken against Israel if a violation is confirmed.

He said Israeli officials have been cooperative in providing information.

Israeli Foreign Ministry spokesman Mark Regev said yesterday that "Israel takes the concerns raised by the U.S. extremely seriously" and had been as "forthcoming and transparent as possible."

"Israel is itself conducting an ongoing internal investigation as to the use of munitions during the Lebanon conflict," Mr. Regev said.

The U.N. Mine Action Coordination Center has said it is not illegal to use the cluster bombs against soldiers or enemy fighters, but the Geneva Conventions bar their use in civilian areas.

Relief organizations and the U.N. mine office have reported finding evidence that Israel used three types of U.S.-made cluster bombs during the 34-day war with Hezbollah militants, during which both sides fired rockets into populated areas.

The U.N. mine office said it had found hundreds of bomblets of the types made by the United States among unexploded ordnance recovered in nearly 250 locations in southern Lebanon.

Israel also makes its own cluster munitions.

The Reagan administration imposed a six-year ban on cluster-weapon sales to Israel in 1982, after a congressional investigation found misuse of the weapon during Israel's war that year with Lebanon.

The Israeli army has said all weapons it uses "are legal under international law and their use conforms with international standards."

Cluster bombs are typically used against tanks and explode upon impact with steel. In the conflict in Lebanon, the shells were fired into urban and rural areas where Israel thought Hezbollah guerrillas might be hiding. Many hit the ground or pavement and did not explode.

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Israel said it was forced to hit civilian targets in Lebanon because Hezbollah fighters were using villages as bases for rocket launchers aimed at Israel. At least 850 Lebanese and 157 Israelis died in the fighting.

The Bush administration repeatedly warned Israel to avoid civilian casualties during the cross-border war, but refrained from direct criticism of Israeli tactics.

Egypt Steps On The Press As It Backtracks On Democratic Reform (CSM)

By Sarah Gauch

The Christian Science Monitor, January 30, 2007

CAIRO

Court proceedings started Sunday against Howaida Taha, an Al Jazeera journalist arrested while producing a documentary on police torture in Egypt. She's charged with harming national interests and faces five years in prison.

Meanwhile, Egyptian blogger Kareem Amer has been in jail since November awaiting trial, charged with criticizing Islam and Egyptian President Hosni Mubarak.

Taken together, these cases have given journalists, bloggers, and human rights activists in Egypt cause to fear an impending crackdown on the country's outspoken independent press and its young, activist bloggers, who have been primary agitators for democratic reform.

"These attacks on the press send a chilling message to all members of the media who attempt to tackle sensitive topics," says Joel Campagna, Middle East program coordinator at the New York-based Committee to Protect Journalists. "There's been a steady level of pressure against domestic and pan-Arab media, and bloggers, which might be coming to a head."

Over the past year, the government has steadily rolled back political reforms implemented since 2004 after the Bush administration singled out Egypt as ripe for democratic reform. Since then, Egypt has held parliamentary elections that were allegedly rife with fraud, police have violently suppressed demonstrations, and the government has arrested hundreds of opposition Muslim Brotherhood members, who hold 88 out of 454 parliamentary seats.

And many worry Egypt's relative freedom of expression may be ending, too. Indeed, they say, Ms. Taha's case is alarming. She was accused of fabricating scenes of torture after the authorities discovered her unedited video including reenactments of torture scenes. Taha says she had Interior Ministry cooperation for the project and had told them about the reenactments.

Activists and journalists say the government is trying to squash accusations of Egyptian police torture with Taha's case, which comes amid revelations of rampant abuse after bloggers posted videos online of apparent police torture.

In one particular case, a minibus driver is shown being sodomized with a stick. Since the tape surfaced, two police officers have been jailed and are scheduled to stand trial. The driver, who subsequently filed a complaint against the police, is serving three months in prison for resisting the authorities.

Mr. Amer is the first Egyptian blogger to face trial. A young former law student at Al-Azhar University, the seat of Sunni Islamic learning, he has been in solitary confinement since being jailed. His trial was adjourned last week until Thursday.

In addition to these two cases, about 45 independent and opposition journalists in Egypt face court cases, according to the Egyptian Organization for Human Rights. While none of those are currently jailed, several are appealing guilty verdicts.

"For many of these cases, the Egyptian government starts the investigation and just leaves the file open," says human rights activist Gamal Eid. "This sends the message: You are under our microscope and we can restart this case at any time."

Although Mr. Mubarak promised in 2004 to abolish prison sentences for journalists, when the country's press laws were amended last July incarceration for journalists – and bloggers – remained.

The government denies accusations of stifling free expression. "Freedom of expression is guaranteed and granted on all levels," says one government official, who asked to remain anonymous. "There are at least 10 newspapers who daily criticize the government, including the president."

Although Egypt is more tolerant, Mr. Campagna says, its tactics also follow a regional trend of limiting free expression. "When we look at the region now versus 10 years ago it's much rarer to see governments using actual repression, throwing journalists in prison," he says. "Today, governments are employing more effective, subtle means of pressure: bringing journalists

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before courts with the prospect of jail time, behind-the-scene pressure from security agents. This is as effective as actual imprisonment."

Increased pressure, however, on the press and bloggers doesn't seem to have cowed many. "I will not stop exposing the government through my work," says Al Jazeera's Taha, who has copies of her confiscated tapes and is already back at work on her documentary, part of a series about human rights abuses in Arab countries.

General To Be Asked About Beijing's Test (WT)

By Bill Gertz

The Washington Times, January 30, 2007

China's most senior military war planner is visiting the United States, and Pentagon officials plan to question him about Beijing's recent anti-satellite test.

Gen. Ge Zhenfeng, deputy chief of the general staff, arrived in Hawaii on Sunday. He is leading a delegation of officers that are part of a U.S.-China military exchange program.

Defense Secretary Robert M. Gates is not expected to meet with Gen. Ge, and the Pentagon is seeking to play down the visit by giving Army Chief of Staff Gen. Peter J. Schoomaker the lead role in the 11-day visit.

Defense officials said they do not expect Gen. Ge to be more forthcoming than other Chinese officials who have refused to explain China's Jan. 11 anti-satellite missile test.

"They haven't been forthcoming at all," said one defense official. "This is something that we'll continue to press them on."

Gen. Ge is considered China's most important war planner and ground forces commander. He took part in China's first joint war games with Russia in 2005 and is in charge of managing the Chinese military's close ties to the North Korean military.

Defense officials who spoke on the condition of anonymity said senior Pentagon officials considered canceling Gen. Ge's visit because of the anti-satellite weapons test. The Chinese fired a commercial rocket with an anti-satellite warhead that then crashed into an orbiting Chinese weather satellite, destroying it on impact.

U.S. officials consider the test provocative because it was China's first acknowledged use of space weapons. The Chinese government has publicly called for an international ban on such weapons.

"He'll probably give us the same shrugs we've seen in the past," the defense official said of Gen. Ge.

The defense official said the Pentagon is concerned about Chinese anti-satellite weapons and has been tracking its space-weapons development for some time.

"It's disturbing to see that they've conducted a test," the official said, noting that it indicates that the Chinese have "transcended" from research and development into action.

Meanwhile, Sen. Jon Kyl, Arizona Republican, said in a speech yesterday that the Chinese anti-satellite test was a "wake-up call" that should prompt a major program to counter China from attacking U.S. satellites.

"The January 11th test also shows China's ability to hit targets in low-Earth orbit where most of American reconnaissance assets are deployed," Mr. Kyl said in a speech to the Heritage Foundation.

An Army spokesman said that the focus of Gen. Ge's visit will be on how the Army conducts "professional military education" and that Gen. Schoomaker is not expected to make a reciprocal visit to China because he is stepping down as chief.

Gen. Ge and nine other Chinese military officers are visiting the U.S. Pacific Command in Honolulu and then will visit the Army's Fort Lewis, Wash., base. They will visit the U.S. Military Academy at West Point, N.Y., on Monday.

A Covert Fight For Putin's Job (WSJ)

By Alan Cullison

The Wall Street Journal, January 30, 2007

MOSCOW -- Even though the vote is more than a year away, presidential jockeying in Russia already is in full swing. But if new U.S. presidential candidates declare themselves almost daily, that is the one thing a serious contender in Russia's tightly controlled system would never do.

Instead, the race to succeed Vladimir Putin, who is obliged by a two-term limit to step down next year, is a kind of Kabuki theater, where contenders maneuver to score points for themselves and undermine suspected rivals with the only constituency

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that really matters: Mr. Putin and the Kremlin elite. The behind-the-scenes struggle has triggered waves of conspiracy theories as events ranging from corruption scandals to contract killings to the poisoning of a former security agent are dissected for clues to what it says about the presidential race.

"With such tight controls on the media, everyone naturally starts to wonder why the government lets one piece of information out instead of something else," said Nikolai Petrov, political analyst at the Carnegie Moscow Center. "So everyone is analyzing information to learn about the battles between different clans."

Politicians and analysts agree that there is little suspense about who will decide the outcome of the elections, slated for March 2008. Basking in strong public support and tight control over the media, political parties and election authorities, Mr. Putin will be able to ensure victory for whichever candidate he endorses.

Russia's next president must do more than safeguard the stability of a sprawling, resource-rich, nuclear-armed nation. More threatening to those now in control in the Kremlin, he will decide who controls the enormous power and wealth that Mr. Putin has concentrated in Moscow.

Kremlin insiders also insist that tight control over the process is critical to ensure that extreme left-wing or nationalist candidates, whose views have strong appeal in Russia, don't prevail.

Mr. Putin kicked off speculation over who would succeed him more than a year ago, when he elevated two close allies to prominent government jobs, in a move widely viewed as setting up a horse race between the two.

Dmitry Medvedev, a baby-faced lawyer who got his start with Mr. Putin in St. Petersburg in the 1990s, was handed the reins of a massive new social-spending program. Defense Minister Sergei Ivanov, an old Putin colleague from the KGB security agency (Mr. Ivanov won't say just what he did there), was tasked with rebuilding Russia's military industry.

Even as the two have seen their poll ratings rise thanks to blanket coverage on state TV, doubts persist about whether Mr. Putin might find a way to stay on despite the constitutional ban on running for a third term. One theory popular in Moscow's political class runs that people close to the president might precipitate some kind of crisis, possibly a breach in relations with the West, to force him to reverse his public pledge to step down next year.

A similar struggle played out in early 1996, when one Kremlin faction sought to persuade then-President Boris Yeltsin, who was ailing and lagging far behind in the polls, to cancel the vote. That group lost out to another, and Mr. Yeltsin went on to defeat his Communist rival.

Russia's short democratic history doesn't have many success stories. Fourteen years ago, the first relatively free elections after the collapse of communism led to a Parliament packed with hard-line nationalists and Communists. Later presidential campaigns involved heavy-handed manipulation of the media and other official levers to ensure that Boris Yeltsin, and then Mr. Putin, prevailed.

"Russia has no system of deciding who will be the next president," said Grigory Yavlinsky, head of the opposition Yabloko political party and a former presidential candidate. As elections approach "there will be lots of instability and terrible nervousness."

The recent murders of Kremlin critics -- journalist Anna Politkovskaya in Moscow and former security agent Alexander Litvinenko in London -- are seen as evidence of a fight among Kremlin clans. Mr. Putin's critics have blamed the Kremlin for both deaths. Russian officials heatedly deny that and suggest the murders were arranged by Mr. Putin's opponents to tarnish Russia's reputation.

Practically every political development is interpreted for what it might say about the hidden race. Mr. Ivanov, for instance, wound up on the defensive last year after the brutal hazing of a military-academy recruit got heavy media coverage. Then a wave of corruption charges at the Health Ministry looked to many analysts like a campaign to discredit Mr. Medvedev.

Some of the speculation is even more extreme. Stanislav Belkovsky, a political analyst and onetime Kremlin adviser, believes Mr. Litvinenko's poisoning has given an edge to Mr. Medvedev's supporters because it has discredited Russian security services. The radioactive poison used to kill Mr. Litvinenko was spread through restaurants and hotels in London, and the incident has badly strained relations with Britain.

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Publicly, officials deny any split in Mr. Putin's retinue, insisting that since he has said he will step down at the end of his term, the issue is closed. Mr. Putin has been cagey about his plans to endorse a successor, saying only that his preferred candidate should continue his policies and that it might not be one of the apparent heirs.

Mr. Putin says he expects to remain a prominent political player after he leaves office, raising the possibility that he could keep the reins of power behind the scenes, a wholly new political construct for Russia.

Even so, the race is heating up. Messrs. Medvedev and Ivanov are shown daily on state TV looking presidential and regularly make highly publicized foreign visits. The unannounced competition has been thinly veiled at times, such as when the two attended ceremonies for rival business schools within days of each other.

For now, Kremlin-watchers say Mr. Medvedev has Mr. Putin's favor. The spending programs he is running are a machine-politician's dream: about $14 billion in subsidies to improve health, education, housing and agriculture. A former law professor and longtime Putin protégé, he is also chairman of the board of state gas giant OAO Gazprom. Considered a relative liberal, Mr. Medvedev delivered a keynote speech at this year's Davos economic forum, insisting the Kremlin is committed to market economics and democracy.

Detractors say that, at 44 years old, Mr. Medvedev is handicapped by a lack of political experience and gravitas -- at 5-feet 5-inches tall he is one of the few top Russian officials shorter than Mr. Putin. Others say his mild bearing might work to his advantage because Mr. Putin could more easily control him after stepping down.

Kremlin watchers say Mr. Ivanov, 53, remains a contender thanks to his supposed appeal to Kremlin hard-liners, owing to his tough-guy credentials. Mr. Ivanov took a hard line during Russia's recent confrontation with the former Soviet state of Georgia, whose pro-Western president has accused the Kremlin of trying to topple him.

For the moment, any competition between Messrs. Ivanov and Medvedev is strictly under the carpet -- neither man will even admit to harboring presidential ambitions.

Saudis To Pare Oil Output Again (WSJ)

By Bhushan Bahree

Wall Street Journal, January 30, 2007

Saudi Arabia, which already has aggressively shaved its oil output in a battle to shore up prices, is tightening its spigots further this week.

A senior Saudi oil official said yesterday the kingdom had advised its customers of the impending 158,000 barrel-a-day cut, which takes effect Feb. 1. The reductions, part of a broader campaign by the Organization of Petroleum Exporting Countries, are intended to shrink inventories of oil that had ballooned last year as demand growth for petroleum faltered.

"After these cuts, our oil production will have declined by about one million barrels a day since last summer," said the senior Saudi oil official.

Word of the Saudi move to further trim output comes as traders are trying to parse whether OPEC is going to cut its production in line with its announced plans. OPEC's members often produce more than they have pledged. Saudi Arabia, the world's largest oil exporter, is the oil cartel's de facto leader and closely watched by markets.

Saudi Arabia's one-million-barrel reduction -- made over a roughly six-month period -- is nearly double the total cuts it agreed to make under two output reductions hammered out by OPEC at meetings in Doha, Qatar, in October and in Abuja, Nigeria, in December. The Saudi official couldn't be precise about Saudi output after the reduction this week but said that it would be "around 8.5 million barrels a day."

The 10 members of OPEC that committed to reduce their output were producing about 27.5 million barrels a day in September. The agreed-upon cuts, if fully implemented, would bring the group's output down to 25.8 million barrels a day in a global oil market of about 85 million barrels a day.

OPEC officials, including some senior Saudis, have been sending some conflicting signals about their plans. Yesterday, U.S. benchmark crude declined $1.41 to $54.01 a barrel after the outgoing Saudi ambassador to the U.S., Prince Turki al Faisal, said current oil-price levels are "adequate to meet the requirements of producing and consuming countries." He also dismissed speculation that Saudi Arabia was trying to drive down oil prices to constrain export revenues for political rival Iran.

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The ambassador sent crude prices down in October when he said the kingdom's aim was to bring oil prices down to "reasonable levels." This was shortly before OPEC ministers met and announced a 1.2 million barrel-a-day cut.

Saudi oil officials who manage the kingdom's production say more cuts are on the way. The move to trim further comes as the cartel seems to be having some success in shoring up prices, which fell below $50 a barrel amid signs of sluggish oil-demand growth and rising inventories.

Ali Naimi, Saudi Arabia's oil minister and the cartel's de facto leader, has been careful not to pinpoint a specific target price for crude. Analysts said the OPEC cuts are meant to shore up crude well above $50 a barrel for the benchmark U.S. oil type by further eating away at inventories.

"They are defending prices from falling below $55 [a barrel] quite aggressively," said Roger Diwan, an analyst at PFC Energy, a Washington industry consultancy.

Mr. Diwan noted Saudi Arabia had opened its oil taps wide when prices were surging, in line with its long-standing policy of tempering markets. Saudi officials had expressed concern when prices soared to record highs last year, for fear that the price surge might trigger a market-killing economic downturn or encourage customers to seek substitute fuels. "The Saudis, they don't talk a lot, so look at what they do, and that will give you the whole story," Mr. Diwan said.

Saudi Arabia cranked its pumps to near-maximum in 2005, when prices leaped because of strong demand, tight supplies and hurricane damage to oil-production facilities in the Gulf of Mexico. Late last spring, the kingdom began trimming its output as oil tanks in consumer countries filled up and Saudi Arabia couldn't find buyers for all its oil.

During the summer, buyers demanded more oil, and the Saudis provided it as world oil prices peaked at more than $77 a barrel in July. Then prices started tumbling in the fall, prompting OPEC to cut output twice.

This month, as oil prices fell close to $50 a barrel in New York, Mr. Naimi brushed aside calls by some members such as Venezuela and Iran for an emergency OPEC meeting, presumably to consider deeper output cuts than already agreed upon. A Saudi official said the kingdom turned down a meeting because oil-industry data showed the fundamentals of the oil market were moving toward balance and that no cuts beyond those already planned were needed for the months ahead.

Since then, prices have firmed above $50.

French Diplomat Says Ties With U.S. Are On The Mend (WT)

By Nicholas Kralev

The Washington Times, January 30, 2007

Relations between France and the United States are back on track after years of tumult and should remain that way regardless of who wins the French presidential election this spring, Paris' envoy to Washington said yesterday.

Jean-David Levitte, who took over the French Embassy in December 2002 at a time of strained ties just before the Iraq war began, said he is a "happy ambassador" these days because the two countries have similar positions on most key issues.

"Today, our relationship is back on the right track," Mr. Levitte told editors and reporters at The Washington Times. "These are not only words; these are deeds."

His comments on Lebanon's political crisis, Syria's behavior, Iran's nuclear program and its larger role in the Middle East were almost identical to the Bush administration's positions.

"We share the frustration of the United States, and for the time being, we have decided not to maintain a high-level dialogue with Syria," he said, citing Damascus' continued interference in Lebanon.

"There is not much difference between Washington and Paris," he said.

Mr. Levitte also echoed the administration's recent observations that the U.N. Security Council's December resolution that imposed limited sanctions on Tehran over its refusal to suspend uranium enrichment is affecting Iranian public opinion.

"We have noted in the Iranian media the beginning of a debate about the situation that Iran is in now -- more isolation and confrontation," Mr. Levitte said.

The resolution gave Tehran two months to respond, but it is not clear what the consequences might be if it does not.

Mr. Levitte declined to comment on the situation in Iraq, saying only that the French Embassy in Baghdad is urging the country's leaders to think about their children's future when making decisions.

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Regarding withdrawal of U.S. and other foreign forces from Iraq, he said France is advocating "a perspective," rather than a timetable, that would put just enough pressure on the Iraqi government to get its act together and start improving security.

French political observers expect a close election in April between the conservative candidate, Nicolas Sarkozy, and socialist Segolene Royal, the first woman to run for France's president.

Even though Mr. Sarkozy has promised to improve relations with the United States, Mr. Levitte predicted "a lot of continuity in the key elements of our foreign policy." The European Union will remain "our first priority," followed by the trans-Atlantic relationship.

"Don't expect major changes," he said. "General [Charles] de Gaulle has a legacy that is still the inspiration for all leaders of the French republic, whatever their political party is."

Jean-Marie Le Pen, the far-right presidential candidate who came in second five years ago, is not expected to win, although his poll numbers are higher than they were at this time in 2002.

Mr. Le Pen attracted many voters with his anti-immigrant positions, which have maintained their appeal because of a series of events, including the 2005 riots in poor neighborhoods with predominantly Muslim residents.

Mr. Levitte said the French government realized it had made a big mistake decades ago by resettling immigrants, mostly from North Africa, in de facto ghettos isolated from the rest of society, where unemployment and bad schooling led to desperation among young people.

"The unrest that existed in poor neighborhoods had nothing to do with jihad and much to do with social conditions," he said. "That's why we have to put the emphasis on improving the social conditions -- schools, jobs, better housing -- and hopefully all this will trigger better absorption in the social fabric of France of this minority."

A special "authority" has been set up to look into complaints that companies reject job applicants just because they have Muslim or other foreign names, the ambassador said.

The number of French citizens with at least one parent or grandparent born abroad is equal to that in the United States, he noted with pride.

Ghana To Chair African Union Instead Of Sudan: Top Official (WP/AP)

By Les Neuhaus And Alfred De Montesquiou, Associated Press

The Washington Post, January 30, 2007

ADDIS ABABA, Ethiopia, Jan. 29 -- Bloodshed in Sudan's Darfur region dominated discussion at the African Union summit Monday, blocking Sudan's bid to lead the 53-country group as the U.N. chief described scorched-earth military policies as "a terrifying feature of life" in the vast, arid area.

With Sudanese President Omar Hassan al-Bashir looking on, U.N. Secretary General Ban Ki Moon said that "the toll of the crisis remains unacceptable." As many as 450,000 people have died from disease and violence and 2.5 million have been displaced in four years of fighting. Ban called on African leaders to end the deadlock created by Sudan's refusal to allow U.N. peacekeepers into Darfur.

Hours later, the African Union chose Ghana's president, John Kufuor, to head the bloc, deflecting Sudan's bid for the second year in a row.

"This is a very unfortunate development," Sudanese Foreign Ministry spokesman Ali Sadiq said in Khartoum. "The African heads of states had committed to this last year. That they changed their mind shows there was heavy pressure from outside Africa."

Last year, African leaders selected the president of Congo Republic in a compromise in which he would hand over the A.U. post to Bashir after a year. But that deal hinged on Sudan demonstrating progress in bringing peace to Darfur. Instead of declining, Darfur's violence has in recent months spilled into neighboring Chad and Central African Republic.

International organizations opposed the idea of Sudan leading the A.U., accusing Bashir's government of encouraging conflict in Darfur. Rebel leaders in the region said they would no longer regard an A.U. peacekeeping mission as an honest broker if Sudan were selected.

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Nobel Peace laureate Desmond Tutu of South Africa criticized Sudan sharply on Monday, and a French aid group said it was pulling out of western Sudan because of the lack of security. Six other international charities said Sunday that their work in Darfur will soon be paralyzed unless urgent action is taken.

Darfur has been the scene of violence since rebels from ethnic African farm communities took up arms against the Arab-dominated central government in 2003. Sudan's government has been accused of retaliating against civilians as well as supporting paramilitary groups from nomadic Arab tribes blamed for some of the worst atrocities in the conflict. Officials in Khartoum deny the allegations.

The government signed a peace agreement with one Darfur rebel faction last May, but violence has worsened. Sudan and Chad have also traded accusations of supporting each other's rebel groups.

Bashir has opposed a U.N. Security Council resolution that calls for 22,000 U.N. peacekeepers to replace or absorb the weak A.U. force of 7,000 soldiers now in Darfur. But late Monday, Sadiq, the Foreign Ministry spokesman in Khartoum, said Sudan's government had agreed to cooperate on forming a "hybrid force" for Darfur that would include U.N. troops.

He said no final agreement on troop numbers had been reached, although A.U. and U.N. officials say the United Nations could send as many as 10,000 to 15,000. Sadiq said U.N. troops could begin deploying in July. Sudan has reneged on previous agreements to allow the United Nations into Darfur.

The summit, which ends Tuesday, is also focusing on assembling an African peacekeeping force for Somalia, which has been without an effective central government since clan warlords toppled a longtime military dictatorship in 1991 and then fell to fighting among themselves.

In December, a U.N.-backed interim government supported by Ethiopia's military ousted an Islamic militia in the Horn of Africa nation, but Ethiopian troops are pulling out and there are worries that warlords and other armed groups could disrupt efforts to restore stability.

China And Sudan (WP)

The Washington Post, January 30, 2007

THE DARFUR crisis has demonstrated the limits of U.S. influence. President Bush and administration officials have described it as genocide and pushed intermittently for sanctions, peacekeeping deployments, and a deal between Sudan's government and its rebel opponents, but their efforts have been hampered by the hesitancy of other players. Sanctions resolutions in the U.N. Security Council have been delayed and diluted because Russia sells weapons to Sudan's government and because China has a large stake in Sudan's oil. Efforts to deploy a serious peacekeeping force have been undermined partly by foot-dragging within the Security Council, partly by the indifference of Sudan's Arab neighbors to the suffering of Darfur's Muslim victims and partly by the ambivalence of the African Union, which has veered between brave efforts to supply soldiers and a misplaced deference to Sudanese President Omar Hassan al-Bashir. Yesterday brought a small victory in the effort to force action. Now a bigger test follows.

Yesterday's victory occurred at the summit of the African Union. For the second consecutive year, Mr. Bashir sought the presidency of the union, even though its chief achievement has been the Darfur peacekeeping operation made necessary by Mr. Bashir's own support for genocide. In the days before the meeting, reports suggested that Mr. Bashir might succeed in his ambition, an outcome that would have destroyed the African Union's credibility not only in Darfur but in conflict mediation elsewhere. Fortunately, Africa's leaders balked at this prospect and chose a rival candidate.

The next test involves Chinese President Hu Jintao, who today begins a 12-day tour of Africa that includes a stop in Sudan. Mr. Hu's main goal is to do business: China's trade with Africa is booming. But he may also be ready to push Sudan's leadership to accept the deployment of a U.N. peacekeeping force that would build on the existing African Union contingent. A Security Council resolution already calls for such a deployment, but Mr. Bashir has been resisting it. Yesterday a Sudanese spokesman indicated that his government no longer objected, perhaps signaling an awareness of the limits to China's willingness to provide diplomatic cover.

The African Union snub and the Chinese leader's visit provide an opportunity to regain the initiative on Darfur, which is descending further into misery and is destabilizing its neighbors. Yesterday a French aid group said it was pulling out of the

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territory because of insecurity, and on Sunday six other international charities said their work in Darfur was close to a standstill. Fighting has spread into neighboring Chad and the Central African Republic; it is a primary reason that Sudan's north-south peace agreement, concluded after a two-decade war that killed an estimated 2 million people, is at risk of unraveling. The question for Mr. Hu is whether he merely wants to create an illusion of diplomatic progress on Sudan to protect China from the appearance of complicity in genocide or whether he means to ensure that peacekeepers are deployed.

Optimism In Northern Ireland (LAT)

The Los Angeles Times, January 30, 2007

IN A ONCE-UNTHINKABLE concession, the political wing of the Irish Republican Army voted Sunday to recognize the authority of the new Police Service of Northern Ireland. Meeting in Dublin, Sinn Fein pledged cooperation with the new force only days after revelations that the province's previous police force, the Royal Ulster Constabulary, coddled Protestant killers as recently as the 1990s. The juxtaposition of the two events suggests that what was once regarded as an intractable political problem is on its way to a solution.

According to a report last week by Police Ombudsman Nuala O'Loan, the RUC's Special Branch protected informants from the Ulster Volunteer Force, an illegal Protestant paramilitary group, even though they were involved in 10 killings and other acts of violence. Coziness between the police and underworld informants isn't unique to Northern Ireland, but the ties between the RUC and Protestant paramilitaries confirmed what Catholics long had argued: that law and order in the province was skewed in favor of Protestants.

But, as Sinn Fein has recognized, that was then and this is now. More than a name differentiates the new police service from the RUC. As might be expected in a force with "royal" in its title, the RUC was composed largely of pro-British Protestants. The new force, whose membership is almost a quarter Catholic (a proportion that is expected to grow as a result of aggressive recruiting), has been reconstituted and reformed as part of the 1998 Good Friday peace agreement.

Sunday's vote, urged by Sinn Fein leader Gerry Adams, was a prerequisite for reestablishing a coalition government in Belfast in which Unionists — pro-British Protestants — will share power with Republicans — Catholics who want a united Ireland. It's hard to imagine stranger bedfellows: the Democratic Unionist Party, which regards Northern Ireland as eternally British, and Sinn Fein, which still seeks a "democratic socialist republic" that will rule the entire island.

The genius of the Good Friday agreement, supported by Britain and the predominantly Catholic Republic of Ireland, is that it finessed the issue of whether Northern Ireland is British or Irish. As part of the agreement, the Republic of Ireland renounced its claim to govern the north, while Britain disavowed any "selfish interest" in ruling the province past the point at which a majority of its inhabitants have decided to sever the connection with the United Kingdom. Meanwhile, Britain and Ireland will make sure that their constituents in the north cooperate.

It's a delicate compromise, but infinitely preferable to "the Troubles" that cost 3,000 lives. But if it is to survive, those who police the north must be — and be seen as — evenhanded.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Uighurs' Detention Conditions Condemned (WP)

By R. Jeffrey Smith And Julie Tate

The Washington Post, January 30, 2007

Chinese Uighurs who have been imprisoned for the past month at a new state-of-the-art detention camp at Guantanamo Bay, Cuba, are being held around the clock in near-total isolation, a circumstance their lawyers say is rapidly degrading their mental health, according to an affidavit filed in federal court yesterday.

The lawyers' complaint is the latest step in their efforts to force an expedited review of the Uighurs' confinement by the U.S. Court of Appeals, a review that the Bush administration opposes and that Congress made more difficult in legislation it passed late last year.

The Uighurs' (pronounced weegurs) detention by the U.S. military, after being sold for bounty by Pakistanis in early 2002, has long attracted controversy. The men had just arrived from Afghanistan, where, they said, they had received limited military training because they opposed Chinese government control of their native region. But they said they never were allied with the Taliban or opposed to the United States, and had fled to Pakistan only to escape the U.S. bombing campaign.

By 2005, U.S. military review panels determined that five of the 18 captured Uighurs were "no longer enemy combatants," but they continued to be held at the Guantanamo Bay prison until their release last year. The panels did not reach that conclusion about the other 13, though all had given similar accounts of their activities during the reviews, according to declassified transcripts of the sessions.

U.S. District Judge James Robertson ruled in December 2005 that the government was unlawfully imprisoning the Uighurs who were found not to be combatants.

Because China views Uighurs as members of a rebellious ethnic minority, the U.S. government declined to return the five men to China, where they faced retribution, and dozens of other nations refused to accept them. Ultimately they were sent last year from Guantanamo Bay to Albania, where they are housed in a compound run by the United Nations.

Lawyers for the remaining 13 Uighurs say the men were moved in December to Guantanamo Bay's Camp 6, a high-security facility at the base completed last August at a cost of $37.9 million. The lawyers say the government provided no explanation for the move, which came shortly after they filed a court petition in Washington seeking the expedited review.

In Camp 6, the Uighurs are alone in metal cells throughout the day, are prohibited for the most part from conversing with others, and take all their meals through a metal slot in the door, lawyer P. Sabin Willett said in his affidavit, which was based on what he was told during his visit Jan. 15-18. They have little or no access to sunlight or fresh air, have had nothing new to read in their native language for the past several years, and are sometimes told to undertake solitary recreation at night, he said.

"They pass days of infinite tedium and loneliness," according to Willett's court filing. One Uighur's "neighbor is constantly hearing voices, shouting out, and being punished. All describe a feeling of despair . . . and abandonment by the world." Another Uighur, named Abdusumet, spoke of hearing voices himself and appeared extremely anxious during Willett's visit, tapping the floor uncontrollably, he said.

The account matches another offered by Brian Neff, a lawyer who in mid-December visited a Yemeni imprisoned in Camp 6. "Detainees in Camp 6 are not supposed to talk to others, they are punished for shouting, and if they talk during walks outside they will be punished," Neff said in an e-mail yesterday. "We are extremely concerned about the . . . conditions of Camp 6 -- in particular, the fact that the detainees there are being held in near-total isolation, cut off from the outside world and any meaningful contact."

Some other "high-value" detainees are being held at a CIA-run camp at Guantanamo Bay that officials say is reserved for the most dangerous and important suspects, but virtually no information has emerged about their treatment.

Navy Cmdr. Robert Durand, a spokesman at Guantanamo Bay, confirmed that Camp 6, which houses 160 detainees, has no communal living spaces. Its design originally included them, but they were omitted after detainees attacked guards at Camp 4 in May 2006. Detainees eat and pray in their cells, he said.

Durand said that as repairs are completed at Camp 4, where communal spaces still exist, "detainees in Camp 6 will have the opportunity to earn their way into Camp 4" after first passing through another camp with medium-security conditions.

He said that while he cannot comment on specific detainees, all "have regular, daily human contact. In Camp 6 they can communicate with other detainees in the cell block. Detainees pray together through the food ports in their doors. . . . When detainees recreate, they do so in individual units in a recreation yard with access to see and speak to other detainees."

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Willett said that one of his clients, named Abdulnasser, contends that he was cleared for release from detention during one of the military's annual administrative reviews. But Willett has been unable to confirm that claim, or determine why none of the other detained Uighurs are aware of such annual reviews.

The Justice Department, in court papers, has maintained that the appellate court should delay reviewing the Uighurs' detention until cases related to other detainees are resolved. It also has said that legislation passed last year by Congress, which created new military panels to try Guantanamo Bay detainees on criminal charges, seriously limits the court's jurisdiction to question government decisions on their detention.

Dutch Man Face Terror Trial In U.S. (WT)

By Jerry Seper

The Washington Times, January 30, 2007

An Iraqi-born Dutch citizen pleaded not guilty yesterday in federal court in Washington to charges of conspiring with insurgents to attack U.S. military personnel in Iraq -- the first U.S. criminal prosecution arising from terrorist activities in Iraq.

Wesam al-Delaema, 33, extradited from the Netherlands on Saturday, had been sought by the U.S. government since 2003, when he and other members of the "Mujahideen from Fallujah" videotaped themselves planting explosives along an Iraqi road used by U.S. troops.

The videotape, which was widely shown on Arabic TV stations, was seized by Dutch police who raided Mr. al-Delaema's house in Amersfoort in May 2005 following a tip from U.S. authorities.

Mr. al-Delaema was returned to the United States after being held in the Netherlands for nearly two years, where he and his attorneys vigorously fought the U.S. extradition request.

"After a lengthy extradition process, this defendant will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq," said Assistant Attorney General Kenneth L. Wainstein, who heads the Justice Department's national security division. "We in the ranks of federal prosecutors are honored to play a role in protecting our military colleagues against such deadly and cowardly attacks."

Mr. al-Delaema entered his not guilty plea before U.S. District Judge Paul Friedman during a 10-minute court hearing. Assistant U.S. Attorney Gregg Maisel told the judge investigators would seek hair samples and other DNA from Mr. al-Delaema, but did not elaborate.

A grand jury indictment handed up in U.S. District Court in Washington in September 2005 named Mr. al-Delaema on six counts of conspiracy -- to kill U.S. citizens abroad, to use a weapon of mass destruction, to maliciously damage or destroy U.S. government property by means of an explosive, to possess a destructive device during a crime of violence, to use such a device, and to teach the making of an explosive with the intent to further a crime of violence.

The indictment said Mr. al-Delaema traveled from the Netherlands to Iraq in October 2003 after the U.S.-led invasion and, together with his co-conspirators, the Mujahideen from Fallujah, "declared his intentions to kill Americans in Iraq using explosives."

If convicted of all the charges, Mr. al-Delaema could be sentenced to life in prison.

Mr. al-Delaema has claimed he was forced to make the videotape after being kidnapped and beaten, and feared being beheaded if he resisted. Although in a 2003 interview broadcast on Dutch television, Mr. al-Delaema accused the U.S. government and its allies of waging war in Iraq to control its oil reserves, saying the "Americans and British are coming to our country to steal oil and everyone knows it."

Justice Department spokesman Dean Boyd said that Mr. al-Delaema, who was born in Fallujah, was arrested by Dutch law-enforcement authorities on May 2, 2005, and initially faced similar charges in that country. Following his arrest, Mr. Boyd said, Dutch law-enforcement and prosecution authorities worked with the FBI in its investigation of Mr. al-Delaema's reported terrorist activities.

In September 2005, the U.S. government filed a request with the Netherlands seeking Mr. al-Delaema's extradition. The request was granted by a Dutch court and the Dutch Ministry of Justice and, in December, the request was sustained on appeal in the Netherlands. He was flown to the United States on Saturday, arrested and taken into custody by the FBI.

As part of the extradition agreement, Mr. Boyd said Mr. al-Delaema will be tried in a federal court -- not by a military tribunal such as those set up for terror suspects being held at Guantanamo Bay, Cuba. He said the U.S. government also will not oppose Mr. al-Delaema serving his sentence in a Dutch prison if he is convicted.

"We will continue to be vigilant in our efforts to bring to justice anyone who plots terrorist attacks against our citizens at home or abroad," said U.S. Attorney Jeffrey A. Taylor in Washington. "We look forward to working cooperatively with the Dutch authorities in prosecuting this defendant under our criminal laws."

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FBI Assistant Director Joseph Persichini Jr., who heads the bureau's Washington field office, said Mr. al-Delaema's extradition "sends a clear message of the FBI's unwavering dedication to our mission to detect, deter and bring to justice any individual who conspires to commit terrorist acts against any U.S. citizen either in this country or on foreign soil."

In addition to Mr. Maisel, prosecutors include Assistant U.S. Attorney Matthew Cohen of the U.S. Attorney's Office in Washington and trial attorneys Gregg Sofer, Jerome Teresinski and Marla Tusk of the Counterterrorism Section of the National Security Division at the Justice Department.

Dutch Citizen Pleads Not Guilty To Terrorism Charges (WP)

By Dan Eggen

The Washington Post, January 30, 2007

A Dutch national born in Iraq pleaded not guilty to terrorism charges in federal court yesterday, marking the start of the first U.S. criminal prosecution of an alleged Iraqi insurgent.

Wesam al-Delaema, 33, is charged with four counts of conspiracy and two other crimes for allegedly belonging to a group called "Mujaheddin From Fallujah," which constructed and deployed roadside bombs aimed at U.S. forces in Iraq. Delaema, who was born in Fallujah, traveled to Iraq in October 2003 and was shown making and discussing explosives on a videotape that was seized from his house in the Dutch city of Amersfoort in May 2005, authorities said.

Delaema, who was originally arrested and jailed by Dutch police, has said that he was kidnapped and forced to participate in the videotape, which was widely shown on Arabic television stations.

The prosecution of Delaema in U.S. District Court for the District of Columbia follows nearly two years of negotiations between U.S. and Dutch authorities, which led to Delaema's extradition to the United States over the weekend.

The unusual extradition agreement would allow Delaema to return to the Netherlands to serve his prison sentence if he is convicted, Dutch and U.S. officials said. It also marks the first time that U.S. authorities have sought to prosecute an alleged Iraqi insurgent in U.S. criminal courts, rather than pursuing military charges or turning him over to the jurisdiction of Iraqi courts.

Victor Koppe, who served as Delaema's attorney in the Netherlands, said the arrangement guarantees that Delaema will not be designated an enemy combatant or tried by a U.S. military commission. Dutch courts also will be able to review and possibly modify the terms of any U.S. sentence once Delaema is returned home, Koppe and U.S. officials said.

Koppe said the conditions were necessary because the U.S. government no longer can be trusted to treat prisoners humanely. Two of the U.S. charges against Delaema carry possible life sentences.

"It's really that video that is the main and only evidence against him," Koppe said in a telephone interview yesterday. "He acknowledged that he could be seen on that video but that he was forced to do it because he was kidnapped."

Carl Tobias, a law professor at the University of Richmond, said it was highly unusual for the U.S. government to submit to the stringent conditions contained in the Delaema extradition agreement.

"I've never heard of a federal court exercising jurisdiction and then being subjected to a tribunal from another jurisdiction," Tobias said. "It's a strange way to proceed, but maybe the U.S. had to take what it could get from the Netherlands."

U.S. prosecutors contend in court papers that the videotape clearly shows Delaema bragging about how he and other insurgents hid bombs targeting American forces.

"This is not the first operation we carry out," Delaema says on the tape, according to prosecutors. "We have executed several operations and most of them were successful. . . . Their casualties have gone beyond your imagination."

Assistant Attorney General Kenneth L. Wainstein, who heads the Justice Department's national security division, said in a statement that Delaema "will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq."

Delaema made a brief appearance yesterday before U.S. District Judge Paul L. Friedman. Prosecutors requested that hair and saliva samples be obtained from him to allow DNA identification.

Man Faces U.S. Terror Charges In First Prosecution Of Iraq Troop Targeting (USAT/AP)

USA Today, January 30, 2007

WASHINGTON (AP) — An Iraqi-born Dutch citizen pleaded not guilty Monday in what the Justice Department called the first U.S. terror charges against insurgents targeting Americans in Iraq.

Wesam al-Delaema, 33, has been wanted by the United States since 2003, when he and his fellow "Mujahideen from Fallujah" videotaped themselves planting explosives along an Iraq road used by U.S. troops. The explosives did not result in any deaths.

He was extradited from the Netherlands over the weekend after being held there for nearly two years, and will become the first suspect tried in a U.S. court for alleged terrorism in Iraq's bloody insurgency.

"After a lengthy extradition process, this defendant will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq," Assistant Attorney General Kenneth Wainstein said Monday.

Al-Delaema has claimed he is innocent, and his lawyers have argued the U.S. does not have the right to try him. He nodded his head and spoke in broken English with his attorneys during a 10-minute hearing in front of U.S. District Judge Paul Friedman in Washington. Prosecutor Gregg Maisel said the government would be seeking hair and saliva samples from al-Delaema, which the Justice Department said could link him to the crimes.

As part of the extradition agreement with the Netherlands, Justice Department spokesman Dean Boyd said that al-Delaema will be tried in a federal court — not by a military commission such as those set up for terror suspects being held at Guantanamo Bay, Cuba. The U.S. will also not oppose al-Delaema serving his sentence in a Dutch prison if he is convicted, Boyd said.

Al-Delaema's attorney, Victor Koppe, had argued that he feared al-Delaema could be tortured by U.S. authorities and said the U.S. legal system couldn't be trusted.

Al-Delaema traveled to Iraq after the U.S.-led invasion. Evidence against him includes a videotape he filmed of a group called "Warriors of Fallujah" preparing a roadside bomb, which was widely shown on Arabic TV stations. The tape was seized by police who raided al-Delaema's house in the Dutch city of Amersfoort in May 2005 following a tip from U.S. authorities.

In extradition hearings in the Netherlands, al-Delaema argued that he was forced to make the video after being kidnapped and beaten. He said he feared being beheaded if he resisted.

In a 2003 interview broadcast on Dutch television, al-Delaema accused the U.S. and its allies of waging war in Iraq to control its oil reserves.

"The Americans and British are coming to our country to steal oil and everyone knows it," he said.

"I don't care if I myself die or not. I want to offer myself up for my land, for my people. I'm not more or less important than the women and children who you see on television dying because of America," al-Delaema said.

His family said the interview was intended as a joke.

Iraqi-Born Dutch Citizen Pleads 'Not Guilty' To Charges He Assisted The Insurgency (ABC)

By JASON RYAN And PIERRE THOMAS

ABC News, January 30, 2007

Jan. 29, 2007 — An accused insurgent believed to be the first individual to be charged with directly participating in the Iraq insurgency in the United States pleaded not guilty today in federal court.

The indictment alleges that Wesam Al Delaema, a 33-year-old Iraqi-born Dutch citizen, traveled from the Netherlands to Iraq in October 2003 with a group of co-conspirators who called themselves the "Mujahideen from Fallujah." The group, the indictment says, declared intentions to kill Americans in Iraq using explosives and alleges that that they hid explosives "in a road in or around Fallujah, Iraq."

In a hearing in U.S. District Court in Washington, D.C., the clerk read the six charges as Delaema, unshackled and dressed in his own clothes, stood before Judge Paul Friedman

Charges against Delaema include: conspiracy to kill U.S. citizens abroad; conspiracy to use a weapon of mass destruction (explosives); conspiracy to maliciously damage or destroy U.S. government property by means of an explosive; possession of a destructive device (explosives) during a crime of violence; conspiracy to possess a destructive device (explosives) during a crime of violence; and teaching or demonstrating the making or use of an explosive with the intent to further a crime of violence.

Delaema waived the use of a translator and briefly smiled when meeting his court-appointed attorneys.

"After a lengthy extradition process, this defendant will now face justice for his efforts in orchestrating and launching roadside bomb attacks against our men and women serving in Iraq," said Assistant Attorney General Kenneth Wainstein of the Justice Department's National Security Division.

At the time of his arrest in the Netherlands, foreign media outlets reported that Dutch anti-terrorism police found video tapes of insurgent attacks and operations in Iraq at Delaema's residence.

Delaema was extradited to the United States from the Netherlands late Saturday night by the FBI and U.S. Marshals. He will be held without bond until his status conference and detention hearing on February 5.

Analysis: Dutchman Faces U.S. Iraq Charges (UPI)

By Shaun Waterman, Upi Homeland And National Security Editor

United Press International, January 30, 2007

DOJ_NMG_0124264

WASHINGTON, Jan. 29 (UPI) -- The first man to ever face U.S. criminal charges for his part in the Iraq insurgency was arraigned in federal court Monday.

Iraqi-born naturalized Dutchman Wesam al-Delaema, 32, was extradited from The Netherlands over the weekend after U.S. prosecutors agreed he would not face the death penalty and could serve his time in a Dutch prison.

Federal authorities "worked very closely with our Dutch partners to build this case," U.S. Attorney Jeff Taylor told United Press International after the arraignment. Taylor said his prosecutors were "experienced in putting together these kinds of complex, multi-jurisdictional cases."

Delaema was indicted in the District of Columbia in September 2005 for conspiring to kill U.S. forces by attacking convoys in Fallujah, Iraq.

The evidence against him includes video recordings that he allegedly made -- and allegedly urged others to make -- of roadside bomb attacks against U.S. forces.

Monday, the U.S. District Court in Washington gave prosecutors permission to obtain DNA swabs from Delaema, so that they could be compared with a database of DNA obtained from bomb fragments and "other physical items" recovered from attack scenes and other terrorist sites.

The database is compiled by the Terrorist Explosive Device Analytical Center -- a multi-agency effort between the U.S. Department of Defense and federal law enforcement agencies which functions as a repository for all kinds of forensic evidence from terror attacks in Iraq and elsewhere.

According to court filings, the center "conducts a full range of forensic and technical analysis on such items, utilizing analytical protocols that include photography, latent fingerprint analysis, trace evidence (hair and fiber), DNA, electronic and cryptographic analysis, and tool marks."

"The goal (in collecting DNA samples) is to gather more evidence to prove the charges," said Taylor.

According to the indictment and other court documents, Delaema was arrested May 2005 in the Dutch city of Amersfoort. One report at the weekend said Dutch authorities had been originally been tipped to Delaema by U.S. intelligence, and the court documents say Dutch police monitored telephone conversations he had with people in Iraq.

European counter-terrorist officials have broken up several networks recruiting and making travel arrangements for European Muslim extremists who want to go to fight the U.S. military in Iraq.

So-called graduates of such networks are especially feared by U.S. counter-terrorism officials because of their operational experience and that fact that with European passports, they can easily travel to the United States without a visa.

The documents say Delaema, who was born in Fallujah, returned there in October 2003, driving in his Opel Omega.

"While in Iraq," the documents say, "Delaema traveled to an area near Fallujah, Iraq, where he met with at least six other individuals. Delaema and his associates, each of whom wore a hooded mask over his head, created a video of their meeting" during which "Delaema gave a speech in Arabic" proclaiming him and his associates as "The Mujahedin of Fallujah."

Delaema and his associates also videoed themselves demonstrating how to bury improvised explosive devices under the road, and set them off with remote controlled detonators. On the video, they discussed separating charges by 50 feet or more, so as to strike more than one vehicle in the target convoy, the documents say.

The videotapes and other video recordings were seized at his apartment.

In the telephone conversations Dutch authorities monitored "with various individuals, known and unknown, in Iraq," after his return, "Delaema encouraged other individuals to videotape attacks against the Americans and to provide Delaema with the videotapes."

He also "promised to provide camera equipment to an individual in Iraq" so that attacks could be filmed.

His prosecution will likely cast a spotlight on the shadowy networks that distributes, on the Web and via DVD, video of attacks on U.S. and coalition forces in Iraq.

The indictment charges Delaema with conspiracy to kill U.S. citizens abroad; conspiracy to use a weapon of mass destruction (which under federal law includes large explosive devices); conspiracy to use explosives against U.S. government property; possession of explosives during a crime of violence; conspiracy to possess explosives during a crime of violence; and teaching or demonstrating the making or use of explosives to further a crime of violence.

Because the indictment does not link the attacks Delaema conspired in to any actual deaths, the maximum penalty he faces under federal law if convicted is life imprisonment, the Justice Department said in a statement at the time.

Netherlands Justice Ministry spokesman Ivo Hommes told CNN over the weekend that U.S. officials had guaranteed Delaema would not be handed over for trial as an enemy combatant by military tribunal, and would not face additional charges -- effectively guaranteeing he would not face the death penalty.

European law generally prohibits extradition where the defendant might face execution.

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"The offenses for which Delaema is charged were not death (penalty) eligible," Justice Department spokesman Dean Boyd told UPI in an e-mail Sunday evening. "We also agreed in our extradition request not to object to Delaema serving his sentence in the Netherlands."

Turks Arrest 47 On Suspicion Of Terror Links (NYT)

By Sebnem Arsu

The New York Times, January 30, 2007

TRABZON, Turkey, Jan. 29 — In simultaneous operations carried out in five Turkish cities on Monday, the police arrested 47 people suspected of being Islamic militants, including the leader of Al Qaeda in Turkey, the semi-official Anatolian news agency reported.

Police acted on information warning of "sensational attacks" by Turkish groups in coordination with Al Qaeda, the report said. No details were available on the nature of possible targets.

Turkey is home to a deadly Islamic militant movement that has managed a number of spectacular attacks in the last several years, though none recently. In 2003, small trucks laden with explosives fixed on two synagogues, the British Consulate and the Turkish headquarters of the British-owned HSBC bank in Istanbul, killing more than 60 people and wounding hundreds.

More than 60 people are on trial for those crimes, though the police say many of the ringleaders managed to flee the country.

On Friday, a Turkish court jailed seven Islamists accused of plotting to kill President Bush during a NATO summit meeting in Istanbul in 2004, [a news agency] reported. The men were members of Ansar al Islam, an Islamist group believed to have links to Al Qaeda.

Among those taken into custody on Monday was Ekrem K, identified as the suspected leader locally of Al Qaeda. Ekrem K, who the police said went by the name Usame, was captured in Konya, 150 miles south of Ankara, along with 22 other suspects, according to the Anatolian report.

He was suspected of communicating with Al Qaeda in a coded language and also of training new recruits for the network.

Late last year, the police detained another man, a lawyer, who claimed to be the leader of Al Qaeda in Turkey.

Habeas Corpus And An Era Of Limits (LAT)

By David G. Savage, Times Staff Writer

The Los Angeles Times, January 30, 2007

Constitution says those in custody can seek liberty in court, but what of Guantanamo?

WASHINGTON — Atty. Gen. Alberto R. Gonzales provided laugh lines for comedians and fodder for outraged bloggers when he told senators recently that the Constitution does not specifically grant individuals the right to habeas corpus.

The Constitution appears to contradict him on that historic doctrine, which says those taken into custody have the right to plead their innocence before a judge. "The privilege of the writ of habeas corpus shall not be suspended," it says, "unless when in cases of rebellion or invasion the public safety may require it."

Most constitutional experts agree that phrase clearly guarantees the right of habeas corpus. And Gonzales himself later clarified that he believes Americans do have that right.

But in a clumsy way, Gonzales was making a claim that underpins the Bush administration's controversial view that "enemy combatants," including the prisoners at Guantanamo Bay in Cuba, are not entitled to fight the government in court.

The dispute involves not only the Constitution but also a separate law that spells out the reach of habeas corpus. The issue, which sparked the lively exchange between Gonzales and senators, is the focus of a bill before Congress as well as cases involving "enemy combatants" that appear headed to the Supreme Court.

Many senators, including Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and its ranking Republican, Arlen Specter (R-Pa.), believe the right to habeas corpus should apply broadly and include foreign terrorism suspects held at Guantanamo Bay.

But they lost last year when the issue came before Congress.

In a 51-48 vote, the Senate joined the House in affirming the Bush administration's view that habeas corpus should not cover "aliens" held as terrorism suspects or "enemy combatants."

The new law, known as the Military Commissions Act, overturned a Supreme Court ruling that had extended habeas corpus rights to the detainees at Guantanamo Bay. But in that decision, in the case of Rasul vs. Bush, the justices said they were ruling only on the statutory law, not on the Constitution.

In 1789, two years after the Constitution was written, the first Congress adopted a law saying that judges may hear writs of habeas corpus. This law was later expanded to say "any person" who is deprived of liberty by the government may file such a petition.

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In 2004, speaking for a 6-3 majority, Justice John Paul Stevens interpreted "any person" to mean that the men held at Guantanamo Bay had a right to appeal their detention in court.

Now that Congress has overridden the high court's view, the next round of litigation in the "war on terror" is focusing on the right to habeas corpus in the Constitution.

Although everyone — including, apparently, the attorney general — agrees the Constitution protects a right to habeas corpus, there is considerable debate over the reach of that right.

On Thursday, for example, lawyers for Ali Saleh Kahlah al-Marri, an Arab immigrant who was arrested in Peoria, Ill., in 2001 and later sent to a military brig as an "enemy combatant," are going before a U.S. appeals court in Virginia seeking his release.

Bush administration lawyers say his case should be thrown out because the Military Commissions Act says federal judges have no authority "over pending and future habeas corpus actions filed by … detained aliens" who are deemed to be "enemy combatants." They say the reach of habeas corpus should be set by the law enacted by Congress, not by interpreting the Constitution.

In reply, al-Marri's lawyers contend the recently enacted law is unconstitutional. "Like American citizens, aliens in the United States have a constitutional right to habeas corpus. Absent a valid suspension of the writ, Congress could not repeal habeas jurisdiction [for] a lawful resident alien like al-Marri," they said.

The Supreme Court appeared to agree three years ago when it ruled in the case of Hamdi vs. Rumsfeld. "All agree that, absent suspension, the writ of habeas corpus remains available to every individual detained within the United States," said Justice Sandra Day O'Connor.

But the constitutional rule is less clear for the detainees at Guantanamo Bay, because they are not within the territory of this country. A dispute over their status is pending before a U.S. appeals court in Washington.

When Gonzales went before the Judiciary Committee on Jan. 18, his written testimony objected to the bill sponsored by Leahy and Specter that would restore habeas rights to "aliens." The new law "prevents terrorists captured on the battlefield from continuing to fight us in our courts," his statement said.

That set the stage for a perplexing exchange between Specter and Gonzales.

The senator incorrectly said the Supreme Court had already ruled the Constitution protects the habeas rights of detainees at Guantanamo.

Gonzales responded by suggesting the Constitution does not protect habeas corpus at all. "The fact that the Constitution — again, there is no express grant of habeas in the Constitution. There is a prohibition against taking it away," he said.

"Now, wait a minute," Specter interrupted. "The Constitution says you can't take it away except in case of rebellion or invasion. Doesn't that mean you have the right of habeas corpus?"

Gonzales refused to concede the point. "I meant by that comment the Constitution doesn't say every individual in the United States, or every citizen, is hereby granted or assured the right to habeas."

Later in the same hearing, the attorney general softened his tone. "I believe that the right of habeas is something that's very, very important, one of our most cherished rights," he said.

Most constitutional scholars and legal experts reject Gonzales' view that the Constitution does not include an "express grant" of a right to habeas corpus.

"He is completely wrong on the history," said Eric Freedman, a Hofstra law professor and expert on habeas corpus.

Added Pepperdine Law Professor Douglas W. Kmiec, "The historical consensus among scholars is contrary" to the attorney general's statement.

At the Justice Department last week, two lawyers delicately tried to explain what the attorney general meant.

"This didn't come out as cleanly and crisply as we might have hoped," said one, who spoke on the condition that he not be identified. "The question is not whether Americans have a right to habeas corpus. That is undisputed. What's at issue is the scope of the right."

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Gonzales' Body Blow Against Habeas Corpus (VAPILOT)

Hampton Roads Virginian-Pilot, January 30, 2007

Even when White House policies seem ill-conceived, they at least have a veneer of defensible logic. If America doesn't like the idea of government agents examining its library habits, the practice does make a certain quaint, paranoid sense.

But Attorney General Alberto Gonzales has ceased even trying to maintain the pretense of reason.

Appearing before the Senate Judiciary Committee, Gonzales abandoned cogency altogether for bald assertion of illogic as truth.

It was Gonzales, you might remember, who couldn't find in law a barrier to torture, but could find permission to tap our telephones - despite a law explicitly forbidding it. The subject last week was the right to habeas corpus mentioned in Article I, Section 9 of the U.S. Constitution: "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it."

Habeas corpus essentially guarantees you the right to freedom from wrongful imprisonment, and it dates to the Magna Carta in the early 13th century. Government assault on habeas corpus was one of the central complaints against British rule in the American colonies.

The right to freedom of the body, in fact, was considered so basic that the framers felt no need to enumerate it in the Constitution the way they guaranteed lesser rights, like freedom of speech or religion.

Still you don't need to know what habeas corpus does for you or its history to understand - and find alarming - what happened last week.

Gonzales, the highest officer of the law in the nation, asserted that because the framers don't specifically enumerate habeas corpus, it's not guaranteed, for example, to American citizens held in detention indefinitely without charge - precisely the kind of thing that habeas was designed to prevent.

"Again," said Gonzales, "there is no express grant of habeas in the Constitution - there is a prohibition against taking it away. But it's never been the case... "

Here an incredulous Sen. Arlen Specter interrupted him: "Wait a minute. Wait a minute. The Constitution says you can't take it away, except in case of rebellion or invasion. Doesn't that mean you have the right of habeas corpus unless there's an invasion or rebellion?"

That is, Specter argued, wouldn't Americans be presumed to have a right if the Constitution mentions only taking it away?

Specter's contention assumes - quite correctly, according to historians - that the framers didn't attempt to list all possible rights because they were God's to give, not man's. Some fundamental rights weren't listed because freedom was presumed, and because the framers were writing a Constitution, not a laundry list.

"I meant by that comment the Constitution doesn't say every individual in the United States," Gonzales said, "or every citizen, is hereby granted or assured the right to habeas. It doesn't say that. It simply says the right of habeas corpus shall not be suspended except by -"

Here Specter, a Republican, again interrupts: "You may be... violating common sense."

Indeed. The Constitution doesn't explicitly give people the freedom to have children or breathe the air, but nobody would claim Americans don't have the right to each of those things.

Gonzales' logic leads to the notion that only rights included in the Constitution actually exist, a little worrisome since it's a document silent on both babies and breathing. Still, if common sense and logic were the worst of Gonzales' violations, we'd be comforted.

Canada's Good Example (NYT)

The New York Times, January 30, 2007

Canada set an important example of decency when it offered a formal apology and compensation worth millions of dollars to a Syrian-born Canadian citizen who was a victim of President Bush's use of open-ended detention, summary deportation and even torture in the name of fighting terrorism.

Last week's announcement by Prime Minister Stephen Harper came more than four years after the nightmare began for the Canadian, Maher Arar, a 36-year-old software engineer. On his way back from a family vacation, he was detained by U.S. officials at Kennedy Airport on the basis of unsubstantiated information from the Canadian police. After being held in solitary confinement in a Brooklyn detention center and interrogated without proper access to legal counsel, he was sent to Syria, where he was imprisoned for nearly a year and tortured.

It was all part of a legally and morally unsupportable practice known as extraordinary rendition, the deportation of terrorism suspects to countries where the regimes are known to use torture and to disdain basic human rights protections.

Four months ago, a Canadian government panel concluded that Mr. Arar had never had a terrorism connection, and that Americans had misled Canada about their plans for him. The Bush administration stonewalled the inquiry. It has responded to a new Canadian request to remove Mr. Arar from a United States security watch list by rudely telling Canada, its democratic northern neighbor and strategic ally, to mind its own business.

Not only has the Bush administration refused to apologize to Mr. Arar, but Justice Department lawyers are also brandishing a dubious claim of state secrets and fighting a lawsuit brought by Mr. Arar in this country. Bush administration officials insist that

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they have “new intelligence” that justifies keeping Mr. Arar on the watch list. That intelligence has not been disclosed, but Canadian officials who have reviewed the information are unpersuaded.

Questioned about the Arar case at a recent Senate Judiciary Committee hearing, Attorney General Alberto Gonzales provided no specifics that would explain Mr. Arar’s continued presence on the watch list, or why he was deported to Syria in the first place. The committee’s chairman, Senator Patrick Leahy, Democrat of Vermont, is right to demand that the administration face up to its bad behavior in this case and renounce its renditions policy.

This is not just about making amends with Canada, or doing the right thing by what appears to be an innocent man. It is a matter of trying to restore this country’s reputation as a defender and protector of human rights.

HOMELAND RESPONSE:

Nuclear Agency: Air Defenses Impractical (WP)

By Steven Mufson

Washington Post, January 30, 2007

Federal regulators plunged into an energy and national security controversy yesterday by ruling that the nation's 103 nuclear power plants do not need to protect themselves from potential attacks by terrorists using airplanes.

The Nuclear Regulatory Commission's 5-to-0 ruling was in response to a 2004 petition by the Committee to Bridge the Gap, a Los Angeles nonprofit group, that said nuclear plants should build shields made of steel I-beams and cabling or take other steps to prevent a release of radiation in case of an air attack. Eight state attorneys general backed the petition.

The group cited the 9/11 Commission, which said in its report that the al-Qaeda plot to hit the World Trade Center towers and the Pentagon in 2001 had originally contemplated hijacking 10 planes and striking one or more nuclear power plants.

"Nuclear power plants are pre-emplaced nuclear weapons near major cities," said Daniel Hirsch, president of the Committee to Bridge the Gap. "They can't blow up like a nuclear bomb, but they can release a thousand times the radiation of the Hiroshima bomb. They are the most attractive target for a terrorist to hit in our country."

But NRC Chairman Dale Klein said, "Nuclear power plants are inherently robust structures that our studies show provide adequate protection in a hypothetical attack by an airplane."

The commission might impose stricter requirements on new plants, which some nuclear foes hope will add costs or delay licenses for industry expansion.

For now, however, the NRC said that guarding against airborne attacks was the job of the military and other agencies. It added that nuclear plant operators were already required to be prepared to respond to fires or explosions, whatever the cause. The commission said that it was toughening requirements for reactor operators to repel "multiple, coordinated groups of attackers, suicide attacks and cyber threats."

Some members of Congress said that the NRC's steps fell short of what was needed.

"I am disappointed," said Rep. Edward J. Markey (D-Mass.). The NRC decision "reflects an inadequate, industry-influenced approach that sacrifices security in favor of corporate profits."

On Friday, Sen. Barbara Boxer (D-Calif.), who chairs the Senate Environment and Public Works Committee, had written to the agency that "the communities that surround existing plants need to be confident that the NRC, as the regulator charged with nuclear safety, did all it could to ensure that plants defend against current security threats" -- including, she added, "large attacking forces and commercial aircraft."

Yesterday, Boxer said that her "initial reaction" was that the NRC "did not follow the direction of Congress to ensure that our nuclear power plants are protected from air- or land-based terrorist threats."

The 9/11 Commission called nuclear plants "vital facilities" and pointed to evidence that the plants had attracted al-Qaeda's attention. The commission's report said that senior al-Qaeda planner Khalid Sheik Mohammed told interrogators after his capture that nuclear plants were on his original target list. And the commission said that during a meeting in Spain in July 2001, Mohamed Atta, thought to be the lead hijacker on Sept. 11, had considered targeting a nuclear facility he had seen during familiarization flights near New York -- a target he and his conspirators referred to as "electrical engineering." In the end, Atta did not have a chance to discuss the idea with senior al-Qaeda leaders.

Timothy J. Roemer, a member of the 9/11 Commission, said that "there should be agencies in our government that make this as high a priority as al-Qaeda makes it." He also said that as the nuclear industry expands, "they should also shoulder some of the burden of our environment and our defense."

The question of whether nuclear facilities should be required to protect themselves against air attacks is frequently mentioned as a cost issue by electric power companies interested in building nuclear plants. There has not been a new order

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placed for a nuclear reactor in the United States since the 1979 Three Mile Island accident in Pennsylvania. Tax incentives in the Energy Policy Act of 2005 have sparked preliminary planning on about 19 nuclear power projects, and several companies are expected to seek NRC approval later this year.

Many of the industry's critics have seized on national security as a reason to block new plants or to raise the costs of construction. Hirsch said, however, that building an I-beam and cabling shield would add only about 1 percent to the cost of a plant.

"Where are the resources best put to use to protect our population?" said Steven Kerekes, a spokesman for the Nuclear Energy Institute. "There will be far more value in putting those resources toward other parts of the infrastructure that aren't nearly as well protected as nuclear power plants." He cited a 2002 computer modeling study that said a jetliner crash at a nuclear site would not lead to a radiation leak.

The Supreme Court this month decided not to hear an appeal of a 9th Circuit Court of Appeals ruling that said the NRC had violated the National Environmental Policy Act when it failed to include a terrorist attack in an environmental impact report for an application to create dry-cask storage at the Diablo Canyon Power Plant near San Luis Obispo, Calif. Pacific Gas and Electric, which owns Diablo Canyon, was granted the license, but the NRC must now reconsider the application.

One NRC commissioner, Gregory B. Jaczko, dissented on the Diablo Canyon license. "I strongly believe . . . that any new nuclear power plants built in this country should be designed to withstand commercial aircraft crashes."

Baltimore-based Constellation Energy, which operates five nuclear units at three locations, is weighing a new plant. It has chosen a design by Areva that is supposed to protect against airplane crashes by doubling the thickness of the containment vessel and redesigning other facilities. One such plant is under construction in Finland; another is planned for France, said Areva spokesman Penny Phelps. A Constellation spokesman said the plant was appealing because it was designed for "a spectrum of events."

Panel Rejects Responsibility For Attacks (NYT/AP)

By The Associated Press

The New York Times, January 30, 2007

The Nuclear Regulatory Commission said nuclear power plant operators should not be expected to stop terrorists from crashing an airliner into a reactor, saying that responsibility lies elsewhere. Plant operators should instead focus on limiting radioactive releases and public exposure from any such airborne attack, the agency said in a revised defense plan for nuclear plants. “The active protection against airborne threats is addressed by other federal organizations, including the military,” the commission said.

Idea To 'Cage' Atomic Plants Is Rejected (LAT)

By Dan Weikel

Los Angeles Times, January 30, 2007

A California group had asked that steel shields and other anti-terrorism measures be mandated.

Federal regulators on Monday rejected requests from a California nuclear policy group to bolster security at atomic power plants, including protections against the type of air attack that destroyed the World Trade Center on Sept. 11.

The Nuclear Regulatory Commission turned down a formal petition from the Committee to Bridge the Gap, which contends that nuclear power stations remain vulnerable to terrorist air and ground assaults.

Commission officials said the precautions were unnecessary because research indicated reactors had "adequate protection" against airliners.

The nonprofit Committee to Bridge the Gap, based in Santa Cruz, proposed in 2004 that the Nuclear Regulatory Commission require atomic power plants to build giant steel cages around reactor buildings to deflect impacts from large commercial planes.

The group further asked the commission to increase to at least 19, from five, the number of attackers each nuclear power plant must be prepared to defend against. The request was based on the number of terrorists who hijacked airliners on Sept. 11.

The commission on Monday instead adopted regulations similar to security directives it imposed in April 2003, without public hearings, on operators of commercial reactors.

The directives deal with the size, training and composition of security forces; reactor security; barriers to protect against truck or car bombs; the dimensions of security perimeters; and the numbers of terrorists that plants must defend against. For national security, the specifics are confidential.

"We are taking a multifaceted approach to security enhancements in this post 9/11 threat environment and looking at how best to secure existing nuclear power plants," said Nuclear Regulatory Commission Chairman Dale Klein.

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The nation has about 100 commercial nuclear reactors, including four in California: two each at San Onofre in northern San Diego County and Diablo Canyon near San Luis Obispo. Many reactors are near major population centers.

Ray Golden, a spokesman for the San Onofre Nuclear Generating Station, said the station's operator, Southern California Edison, had spent about $80 million on security improvements since Sept. 11, 2001.

He added that the plant was designed to withstand earthquakes and that thick concrete structures housed important systems.

Still, some fear that a terrorist attack could breach a reactor or a plant's nuclear waste storage facilities and release harmful radiation.

"Rather than upgrading protections, the proposed rule merely codifies the status quo, reaffirming the existing, woefully inadequate security measures already in place at the nation's reactors," said Dan Hirsch, president of Committee to Bridge the Gap.

His organization's call for fortifications was supported by attorneys general from eight states, including California, who said in letters to the commission that they were concerned that defenses were obsolete and might not be effective against large groups of heavily armed terrorists.

In November 2004, the commission agreed to consider the organization's request and folded it into a formal public process to develop security regulations for the nuclear power industry.

In addition, the federal Energy Policy Act of 2005 asked the commission to upgrade security regulations and consider air assaults, attacks by large groups, and attacks of the magnitude of Sept. 11.

In rejecting the Committee to Bridge the Gap's recommendations, the commission said that firefighting and evacuation procedures, strengthened after Sept. 11, were sufficient to deal with potential releases of radiation from fires and explosions.

Commissioners noted that such protections against air attack as fighter planes and anti-aircraft weapons were primarily the responsibility of the military and other federal organizations.

Consulting with law enforcement and intelligence agencies, commissioners interpreted Sept. 11 as four separate attacks, each involving four to five terrorists, and declined to increase the number of attackers that plants must be prepared to defend against.

Representatives of the nuclear power industry had opposed reactor cages as costly and unnecessary.

They said studies by the Nuclear Regulatory Commission and the Nuclear Energy Institute, a trade organization and lobbying arm for the industry, indicated that crashes of airliners into power plants were unlikely to cause significant harm to the public.

"We are comfortable that our nuclear power plants and spent fuel ponds are robust and can withstand significant impacts though they are not designed specifically for aircraft impacts," said Tony Pietrangelo, vice president of regulatory affairs for the Nuclear Energy Institute.

In a German government study, however, researchers used flight simulators and computer analysis to show that airliners were able to hit nuclear reactors roughly half the time, occasionally triggering large fires and radiation release into the atmosphere.

"Fire prevention is always better than firefighting," said Michele Boyd, an energy specialist with Public Citizen, a nonprofit Washington watchdog group. "Nuclear terrorism prevention is far more prudent than trying to reduce radiation exposures after the fact."

Documents Detail Puzzling Behavior Of Truck-driving Student (PROJO)

By Karen Lee Ziner, Journal Staff Writer

The Providence Journal, January 30, 2007

Mullawala

Shortly after Mohammed Mullawala's arrest in Rhode Island last month, investigators discovered he was a man on the move who ricocheted from state to state, city to city and apartment to apartment.

But a state police affidavit draws a more complicated picture of the man whose behavior at a Smithfield trucking school in November triggered a nationwide investigation that involves the FBI's Joint Terrorism Task Force and multiple state police fusion centers tasked with homeland security concerns.

Mullawala, a 28-year-old Indian national, faces a deportation hearing today. He has been held since Dec. 5 at the Suffolk County House of Corrections in Boston, on a civil violation of his student visa. No criminal charges have been filed against him; however, the Rhode Island Department of the Attorney General has issued a criminal extradition warrant that alleges he submitted a false document to the Rhode Island Division of Motor Vehicles in order to obtain a Rhode Island driver's license.

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It was Mullawala's lack of interest in learning how to back up a tractor-trailer; his request to buy software on hazardous materials and his queries on whether fingerprinting would be required for a commercial driver's license that raised concerns with an instructor at the Nationwide Tractor-Trailer Driving School, and soon thereafter, with federal Homeland Security.

The affidavit contains a complicated timeline of Mullawala's alleged whereabouts since he came to the United States from India in 2002 — zigzagging between Providence to three addresses in Connecticut, and several more in Queens, the Bronx and Long Island, N.Y., as well as Jersey City, N.J.

The timeline revolves around 11 addresses in four states that Mullawala says he lived at. Only 7 have checked out so far, some of which he apparently stayed at for only a month. It includes three universities he said he attended, but apparently did not. It shows he twice returned to India, in 2003 and 2004, once via Kuwait.

Among other new details:

Mullawala frequently switched cars.

In Rhode Island, he registered three different cars; a 1987 Honda on Dec. 3, 2002; a 1989 Nissan three weeks later. The Journal learned that Mullawala registered a 1989 Honda five months later, in May 2003. Four months after that, according to the affidavit, Mullawala registered a 1991 Honda in Connecticut.

On a Connecticut identification card, he changed the spelling of his first name from Mohammed to Muhammed.

He held licenses and ID cards in four states, some of the licenses were suspended multiple times.

He worked for several limousine companies in violation of his visa. He never paid state or federal income tax.

The affidavit's overarching feature involves what investigators characterized as false information Mullawala gave about his movements, addresses, employment, and college enrollments.

A few examples:

He never lived at 181 Carpenter St. in Providence, as he said. His references and roomates' names there do not check out.

He enrolled in three different universities but took almost no classes. At Johnson & Wales University, he enrolled, dropped out, and re-enrolled. He enrolled at the University of Bridgeport and dropped out in the same month. He enrolled at the City University of New York, but took no classes at all.

Two companies where he said he worked have no record of Mohammed Yousuf Mullawala.

He said he had no traffic tickets or summonses, but apparently he had many.

Investigators say they are trying to answer numerous questions, including:

If, as the investigators say, his student identity was a guise for something else, what was it?

What is the significance of numerous "problematic" phone calls to or from his cell phone, that appear to connect with people "of national interest" with regard to "terrorist-type indicators?" as state police Maj. Steven O'Donnell said.

Why has he moved so frequently, and to multiple states?

Why was he so eager to obtain a license to haul hazardous materials, as he told his instructor at the tractor-trailer driving school?

His behavior at best, "is evasive," O'Donnell said last week. "If someone's being deceptive there's a reason they're being deceptive." So far, O'Donnell said, "we don't have any answers."

The affidavit, entered into evidence at federal immigration court in Boston last week, persuaded Judge Matthew D'Angelo that Mullawala poses a danger to the community and is "an extreme flight risk," despite defense lawyer June Beak's argument that Mullawala has no criminal charges against him.

D'Angelo called "troubling," Mullawala's behavior at the trucking school — where Mullawala attended for two days out of the required six to eight weeks; where he allegedly offered extra money to finish the course in a month; and where he said he only wanted to learn how to drive a rig forward and not learn other technical maneuvers.

D'Angelo deemed "far-fetched" and implausible Mullawala's explanation that he moved frequently to avoid areas where the police ticketed heavily for parking violations, as well as to enjoy the mobility his single status afforded.

All of that, plus the fact that Mullawala has no known family or other ties in this country led D'Angelo to order Mullawala's continued federal detention until today's deportation hearing.

The affidavit underscores how vigorously FBI agents and state police detectives attached to the FBI's Joint Anti-Terrorism Task Force have been pursuing leads tied to Mullawala, despite the lack of any criminal charges against him.

It notes that the joint investigation was launched Nov. 29, based on Homeland Security and FBI bulletins. That was six days before Mullawala came to state police headquarters in Scituate to file a complaint that he was being harassed by a detective who had called him on his cell phone. After questioning, he was taken into custody on a student visa violation.

It states that federal agents are still trying to determine if Mullawala lived where he said he lived, according to the affidavit. Off and on, he lived in the Bronx, one landlord told investigators. Most recently, he lived in Jamaica, Queens, said another.

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The affidavit lays out three charts: one on Mullawala's overall timeline; a second on his licenses and registrations; and a third on his work history.

Investigators are continuing to plot his course and filling in the blanks for periods when Mullawala told them he could not remember where he lived. They're looking for connections with other people.

They are still studying his various licenses, registrations, and ID cards in Rhode Island, Connecticut, New York and New Jersey. Those include a Rhode Island driver's license and Rhode Island-issued Social Security card; a New Jersey driver's license, another by the New Jersey Taxi-Limousine Commission; a Connecticut driver's license and ID card; a City University of New York ID card, a passport issued in India, and more.

(Because he ignored traffic tickets and court summonses, Mullawala's Rhode Island driver's license was suspended twice; his New York license was suspended four times).

The affidavit also gives a chronology of the days leading up to Mullawala's arrest and outlines the questions posed to him.

When a state police investigator called Mullawalla on his cell phone on Dec. 1, and asked him on a pretense to report to headquarters, Mullawalla said he couldn't because his parents were visiting from India. The affidavit says, "Mohammed Y. Mullawalla later admitted that he lied when making this statement."

On Dec. 5, Mullawala showed up at state police headquarters unannounced to make a complaint against one of the troopers in the case. A trooper at the front desk recognized Mullawala from a Homeland Security Bulletin and he was taken into custody.

In a recent phone interview from the Suffolk County House of Corrections, Mullawala rambled rapidly from topic to topic.

He said variously that he came to the United States to study computer engineering, and that he went to trucking school to learn how to drive a rig so he could start a marble import-export business, and that he moved often because he's not the kind of guy to stick to one thing very long.

To the question, "Are you a terrorist?" Mullawala replied, absolutely not.

"I'm not. One hundred percent, I am an innocent student, ma'am."Investigators say they are convinced that Mohammed Yousuf Mullawala is not a student.

But the pieces assembled in the past six weeks have yet to solve the puzzle.

"If someone's being deceptive, there's a reason they're being deceptive. [So far] we don't have any answers."

Maj. Steven O'Donnell

Rhode Island State Police

"If someone's being deceptive, there's a reason they're being deceptive. [So far] we don't have any answers."

Maj. Steven O'Donnell

Rhode Island State Police

Homeland Security's Inspector General Blasts Coast Guard Modernization Program (AP)

By Dan Caterinicchia

The AP, January 29, 2007

WASHINGTON – A federal investigation concluded that the U.S. Coast Guard's multibillion-dollar fleet modernization program run by Lockheed Martin Corp. and Northrop Grumman Corp. has design flaws that have led to spiraling maintenance costs and, without a fix, could reduce the longevity of the spiffed-up ships.

Because of design deficiencies, the Coast Guard cutters might not be strong enough to withstand 230 days a year at sea over a period of 30 years, as required by the contract, the Department of Homeland Security's inspector general said in a report released Monday,

The so-called Deepwater contract was awarded in 2002 to Integrated Coast Guard Systems, a joint venture of defense contractors Lockheed Martin and Northrop Grumman.

Since then, the combined cost of the first two cutters has increased from $517 million to about $775 million primarily due to design changes needed to meet post-9/11 mission requirements and other government specifications not included in the original contract, the report found.

Deepwater, a $24 billion, 25-year program, is the largest acquisition project in Coast Guard history.

Representatives from Integrated Coast Guard Systems did not immediately return calls for comment Monday afternoon.

But in a written response to the IG's report, the Coast Guard said it had "serious concerns" with the investigators' approach to reviewing and analyzing the program.

"The report contains selective inclusion of documents that do not represent the most current, comprehensive, or technically accurate data," the Coast Guard said.

Shares of Bethesda, Md.-based Lockheed Martin slid 24 cents to $94.63 in afternoon trading, while Los Angeles-based Northrop Grumman added 29 cents to $70.78, both on the New York Stock Exchange.

Super Bowl Security A Massive Effort (AP)

By Curt Anderson, Associated Press

AP, January 30, 2007

MIAMI - Gavin moved quickly around the spacious convention center, searching for a hidden bomb. Near a glass box containing a fire extinguisher, he sniffed the air and abruptly sat down. Inside was a pound of live high explosives, wrapped in black plastic.

For successfully finding the "bomb," Gavin got a treat from his handler, Special Agent L.A. Bykowsky of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. His training exercise over, the 7-year-old golden Labrador retriever is ready for duty conducting bomb-sniffing sweeps for the Super Bowl and its related events and hotels.

Gavin will be among 66 specialized canine bomb teams working as part of a massive local, state and federal security effort to protect one of the world's highest-profile public events from terrorists, foreign and domestic. The dog teams are one element of a 6-inch-thick security plan, which includes jet fighters and helicopters, tactical weapons teams, mobile bomb labs and robots, high-tech X-ray machines and sensors, intelligence databases and hundreds of uniformed police officers.

"We don't have any specific threat to this event," said Julie Torres, chief of the ATF's Miami office and the designated federal coordinator for Super Bowl security. "It is the biggest event in the nation as far as a sporting event. It is vulnerable as far as any terrorist activity. We have to plan excessively so we can provide proper security."

Those plans began to take shape two weeks after last year's Super Bowl in Detroit. This year's game is the sixth since the terror attacks of Sept. 11, 2001, which forever changed the security landscape for any major U.S. public event. The Super Bowl is a Level One national security event, right behind a presidential inauguration in importance.

The trick for planners is to keep the game an enjoyable sporting event while still projecting a secure atmosphere. That means fans will see a significant police presence, but much more will be going on behind the scenes.

"What you want to do is give the appearance of preparedness and security, and give the fans a safe environment, but you don't want to look oppressive," said Maj. Lou Battle, Super Bowl coordinator for the Miami-Dade Police Department. "You're not going to feel like you're in an armed camp."

More than two dozen federal, state and local agencies are involved in security along with the NFL's own personnel. Milt Ahlerich, the NFL's vice president for security, said Monday that the league has hired 3,000 of its own personnel - part of $6 million budgeted for Super Bowl security - to handle chores ranging from running the magnetometers to screening fans at Dolphin Stadium.

"We have a great deal of confidence that our fans will be safe, that the two teams will be safe," he said.

Fans are prohibited from bringing most items into the game, other than a small bag that is subject to search. Traditional tailgating with cooking fires, tents and the like is banned in the parking lots, Ahlerich said.

The law enforcement agencies will be housed together at a Joint Operations Center, which includes U.S. intelligence agencies, a "bomb management" group and an aviation team to monitor all air traffic. On game day, Federal Aviation Administration flight restrictions for 10 miles around the stadium go into effect two hours before game time and end just before midnight.

"If you've got to fly, you just can't go through that perimeter," Torres said. "And if you do, you're going to have folks who are going to contact you and try to get your attention."

U.S. military fighters would handle any jetliners or other high-flying aircraft that violate the order. Any "low and slow" planes that stray into the space would be intercepted by U.S. Customs and Border Protection aircraft, often Blackhawk helicopters or Citation jets, said CBP spokesman Zachary Mann.

The FBI plays a major role in coordinating the dissemination of intelligence and law enforcement databases - and investigating any suspected terrorism plots.

"Information dissemination is one of our highest priorities," said Stuart McArthur, assistant special agent in charge of the FBI's Miami field office and head of the South Florida Joint Terrorism Task Force. "Every threat that comes in will be checked out by the South Florida JTTF."

The FBI also is doing background checks on stadium workers and other employees involved in various Super Bowl events. Action will be taken if any red flags are raised.

Bykowsky said Gavin and the other bomb-sniffing dogs are capable of identifying minute amounts of powder and explosives no matter what other competing smells are around - kind of like finding a specific ingredient in a big bowl of vegetable soup. And there are some 19,000 explosives available around the world.

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"If there are tomatoes in the soup, he will find them," she said.

Many of the Defense Department and other aircraft will operate out of Homestead Air Reserve Base south of Miami. The ATF has explosives expertise and a mobile bomb lab coming from Atlanta. Large X-ray machines used by Customs at ports will scan shipping containers and truck trailers for suspicious material and high-tech sensors will check for radioactive and biological substances.

"Every square foot of the Super Bowl venue is under surveillance of some sort," Battle said.

One wild card in Miami is whether there might be celebrations, or even rioting, among the thousands of Cuban exiles in the city if Fidel Castro dies before the game. The Cuban president has been seriously ill since midsummer, with some reports indicating he might be near death.

NFL officials and government officials say there is no plan to postpone the game or any of the numerous related events if Castro dies, and dealing with any disruptions triggered by such an event won't take away personnel or assets from Super Bowl security.

"There is a plan, and it's not going to affect the game at all - game day and all the events leading up to game day," said Torres, who was born in Cuba and moved to Miami with her family at age 5. "We have planned for that."

PUC Sets Contempt Hearing For Verizon (AP)

By Francis X. Quinn, Associated Press Writer

AP, January 30, 2007

Maine Utilities Commission Sets Contempt Hearing for Verizon Over Domestic Surveillance

AUGUSTA, Maine (AP) -- The Maine Public Utilities Commission unanimously voted Monday to schedule a hearing next month to allow Verizon Communications Inc. to argue why it should not be held in contempt for its response to a commission order stemming from allegations about domestic surveillance by the federal government.

The case involves a multi-customer complaint filed last May effectively seeking to force Verizon to say whether it provided telephone call records to the government without a warrant.

The complaint followed media reports about a National Security Agency eavesdropping program.

Verizon, in answer to the customer complaint, issued a response on May 19, 2006, in which it referred to points made in two press releases, including one that declared the company was not asked for records by the NSA and did not provide such records.

The PUC subsequently ordered Verizon, on Aug. 9, to affirm in writing that its representations to the commission were true.

On Aug. 21, the same day that the U.S. Justice Department filed suit against the PUC and Verizon asserting that the PUC was pre-empted by federal law from investigating the alleged spying program, Verizon said it would not submit an affirmation, citing legal action by the federal government.

Since then, the PUC has sought to have the federal suit dismissed and the complaint case has not moved forward.

On Monday, the PUC voted 3-0 to hold a contempt hearing by Feb. 13. Panelists suggested Verizon's response to date had been inadequate and noted that the ordinary period for resolving complaints was close to expiring.

"This isn't a national security issue," said PUC Chairman Kurt Adams.

Verizon had nothing immediate to say.

"Verizon is reserving comment," spokesman Peter Reilly said.

Complainant James Cowie expressed some satisfaction that the commission was "finally doing something" but maintained that the same action taken Monday could have been taken months ago.

"We're not happy with the commission at all," he said.

The Bush administration has agreed to let a panel of federal judges oversee the government's domestic spying program.

The Foreign Intelligence Surveillance Court will have final say in approving wiretaps on communications involving people with suspected terror links, Attorney General Alberto Gonzales said earlier this month in a letter to the leaders of the Senate Judiciary Committee.

Senators At Louisiana Hearing Criticize Federal Recovery Aid (NYT)

By Adam Nossiter

The New York Times, January 30, 2007

NEW ORLEANS, Jan. 29 — Three United States senators sounded off on Monday about the slow pace of recovery from Hurricane Katrina at a hearing in the French Quarter, criticizing federal officials for perceived inequities in aid to Louisiana and for imposing rules that are halting government assistance.

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With Senator Barack Obama, Democrat of Illinois and a presidential candidate, expected to speak at the hearing of the Homeland Security and Governmental Affairs committee, dozens of residents lined up outside the Louisiana Supreme Court building hoping to be admitted. But only a small fraction were allowed inside, where Mr. Obama jousted with Donald E. Powell, the federal coordinator of Gulf Coast rebuilding, about where the money was, and why more of it was not in Louisiana.

Mr. Obama and Senator Mary L. Landrieu, Democrat of Louisiana, focused on why Louisiana, which had far more damage than Mississippi, did not receive a larger proportion of federal aid. Mr. Powell said Congress had put a cap on how much aid money any one state could get.

The senators complained about federal rules requiring a local match for aid after disasters; Mr. Powell said that in some cases, like the removal of the tons of debris that inundated the landscape here, the rules had been waived.

The senators, including the panel's chairman, Joseph I. Lieberman, independent of Connecticut, voiced little criticism of Mayor C. Ray Nagin or other local officials, and Gov. Kathleen Babineaux Blanco of Louisiana was not on the witness list. Ms. Blanco is responsible for the Road Home, a troubled housing assistance program that has made little progress in getting federal rebuilding aid to thousands of homeowners.

Fewer than 300 homeowners have received aid under the program, Mr. Lieberman said, though more than 100,000 have applied. (A program official said on Monday that 359 had received grants.) The program's failure is cited as a crucial reason for the faltering repopulation effort.

The senators used the occasion to echo local laments that President Bush did not mention New Orleans in his State of the Union address. They did not disagree when Mr. Nagin, evidently referring to officials outside the city, said, "The tragedy of Katrina has lingered for so long, I just don't see the will to really fix it."

While the senators scored the federal response, Mr. Powell gingerly noted the region's "significant" difficulties before the storm, and suggested the problems of the Road Home were now a state matter.

Undeterred, Mr. Obama warmed to the issue of the Bush administration's failures in the response to the disaster, now a fixture in the Democrats' arsenal.

"There's not a sense of urgency out of this White House to get this done," Mr. Obama said. He spoke of his hometown of Chicago's recovery from the great fire of 1871 as an effort of national will, and suggested it could be done again.

Mr. Obama wondered about "whether we're in danger of actually forgetting New Orleans," adding, "That's shameful."

Obama Blasts Bush Adminstration On Katrina Recovery (CHIT)

By Mike Dorning

Chicago Tribune, January 30, 2007

NEW ORLEANS -- Democratic presidential hopeful Barack Obama blasted the Bush administration Monday for the slow pace of Hurricane Katrina recovery efforts, saying reconstruction no longer seems to be a White House priority.

"There is not a sense of urgency in this administration to get this done," said the senator from Illinois. "You get a sense that will has been lacking in the last several months."

Obama, the Senate's only African-American member, was in New Orleans for a field hearing on Gulf Coast rebuilding conducted by the Senate Homeland Security and Governmental Affairs Committee.

In the days after Katrina, the devastation of New Orleans and the botched federal response turned into a dramatic international emblem for charges of incompetence in the administration and of indifference to the plight of poor people, particularly blacks and other racial minorities. The flooding and tardy rescue efforts had the greatest impact on low-income black residents, many of whom did not have personal transportation or financial resources to evacuate easily on their own.

The broken homes and vacant streets of the city's flood-damaged neighborhoods remain a potent political symbol. Democratic presidential candidate John Edwards kicked off his campaign in December outside a damaged home in one hard-hit neighborhood.

After Monday's field hearing, the Senate committee took a bus tour of the city's Lower 9th Ward, a low-income black neighborhood where many ruined homes sit empty and bear the painted X-marks used in the chaotic weeks following the hurricane to show which buildings had been searched for survivors.

Testifying to the committee, New Orleans Mayor C. Ray Nagin said he still doesn't see "the will to really fix" his city and suggested that race was a factor.

"I think it's more class than anything, but there's racial issues associated with it also," said Nagin, who is black.

Nagin complained that disputes with federal officials over the value of damaged buildings and cumbersome paperwork have slowed the money flow.

"And then I look at what we're doing in Iraq and how we spend money at an unprecedented level there, how we can set up temporary hospitals and designate money to rebuild their economy, and we have this dance going on in New Orleans," he said.

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The hearing is one of the first that the Homeland Security Committee has scheduled since the Senate passed to Democratic control. No Republican members attended.

The session follows criticism of Bush for not including any mention of the New Orleans recovery effort in last week's State of the Union address. Obama echoed that criticism, noting that Bush had traveled to the city shortly after the disaster and promised to do "what it takes … as long as it takes" to rebuild New Orleans.

But "17 months later, we heard not a single word, not one word in President Bush's State of the Union address," Obama said. "Those of us who are concerned all across the country wonder if we're in danger of forgetting about New Orleans, and that's shameful."

Federal officials involved with rebuilding efforts defended their work in testimony before the committee. Donald Powell, federal coordinator for Gulf Coast reconstruction for the Department of Homeland Security, said he was confident that when the history of the recovery effort is written "it will also be a story of modern renaissance."

"President Bush is committed to rebuilding the Gulf Coast and rebuilding it better and stronger," Powell said.

Still, Gil Jamieson, the deputy director for Gulf Coast recovery for the Federal Emergency Management Agency, said it might take as long as a decade to rebuild the region.

Sen. Mary Landrieu (D-La.) and other members of the panel criticized the administration for failing to waive a legal requirement that local authorities pay 10 percent of the cost of recovery of a local disaster. They noted that the requirement had been waived after the Sept. 11 attacks in New York and also in 1992 after Hurricane Andrew hit Florida.

Powell responded that state officials could use federal disaster aid they had received for the recovery effort to pay the cost of the match.

As the hearing began, a protester stood and unfurled a banner urging "Probe the White House," a reference to calls for establishment of a commission to investigate the administration's response to Katrina modeled after the Sept. 11 commission.

Speaking later to reporters, committee Chairman Sen. Joe Lieberman of Connecticut said he would rather focus on the rebuilding effort and was reluctant to mount a new investigation of the failures in the initial response.

"We don't want to play 'gotcha' anymore," Lieberman said. "We want to get the aid and assistance to the people of the region who need it."

Mary Quite Contrary (RC)

By Ben Pershing

Roll Call, January 30, 2007

Nearly 18 months after Hurricane Katrina devastated Louisiana and Mississippi, HOH thought it likely everything that could be said about the tragedy already had been said.

Alas, HOH underestimated Pelican State Sen. Mary Landrieu (D), who had some highly original things to say Monday morning at a field hearing in New Orleans convened by the Senate Homeland Security and Governmental Affairs Committee.

“I often think we would have been better off if the terrorists had blown up our levees. Maybe we’d have gotten more attention,” Landrieu said, according to a report from the New Orleans station WWL-TV.

The problem, Landrieu continued, is that Louisiana gets a bad rap in Washington, D.C., especially compared to its neighbor to the east.

“Mississippi is actually the most corrupt state in the union, but you never hear that, because there’s some political undertones about having Mississippi look so good and having Louisiana look not so good at the national level,” Landrieu said.

So, beginning from the top, does Landrieu really wish her home state had been attacked by terrorists? Not really, explained her communications director, Adam Sharp.

“She was just reflecting on the priorities of the [Bush] administration,” Sharp said. “Look at the State of the Union — 5,600 words and not one mention of Hurricane Katrina or Rita or the recovery. You are left to wonder if [a terrorist attack] is what it takes to get on the radar screen.”

As for that whole corruption thing, Landrieu makes no apologies for that one either. In fact, Sharp sent HOH a handy dandy report showing that Mississippi is indeed the most corrupt state in all the land.

The report — written in 2004 by the Corrupt Crime Reporter and based on public data — says Louisiana “is not the most corrupt state in the country, as its reputation might indicate. It comes in third.”

Mississippi is a solid No. 1 on that list, while sleeper pick North Dakota slid in at the No. 2 slot.

In any case, Sharp said, Landrieu “was not denigrating Mississippi to make her point. We know that the actions of a few dishonest officials should not be representative of the entire state.”

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Not the Easiest Job. She's dealt with more than her fair share of negative press over the last several months, and now Melanie Roussell is leaving her post as communications director and senior policy adviser to embattled Rep. William Jefferson (D-La.).

In an e-mail Monday, Roussell wrote that she is leaving Jefferson — who is under federal investigation for allegedly soliciting bribes — to take the post of press secretary at the House Judiciary Committee.

"And like a bird leaving the nest, the time has come for me to move on to new and exciting ventures — taking with me the strength of character, motivation, and expertise that I learned here on the Jefferson staff," Roussell said.

Today is her last day with Jefferson's office. Perhaps things will be a little quieter at the new gig.

Someone's Been Sitting in My Chair, Part II. HOH enjoys stories about chairs. Recently, he told you about the time House Transportation and Infrastructure ranking member John Mica (R-Fla.) stormed out of a panel meeting and took his GOP colleagues with him because there was not a properly positioned chair for him.

Now comes word of some more disgruntled House Republicans, this time of the press secretary variety.

House GOP flacks get together to compare notes every Monday at 1 p.m. While there had been some issues in the opening days of the 110th Congress with making sure they had a room in which to meet, those problems were supposedly settled and the Republican spinners should have a standing reservation in the Cannon Caucus Room.

And yet, on Monday the press secretaries showed up to find that a) the room was double-booked (though not occupied), and b) the chairs were all stacked in the back of the room rather than arrayed out like they were supposed to be, meaning the staffers had to move the chairs themselves.

To Republicans, the latest chapter of Chairgate was yet another example of the Democrats' inability to competently manage the House. "All they have to do is keep the trains running and they can't even do that," complained a GOP aide.

But according to a Democratic leadership aide, the whole affair was attributable to a computer error. The room reservation system is electronic, and apparently a group related to the Smithsonian Institution had applied to use the Cannon Caucus Room for the whole day and the computer granted the reservation without recognizing that the Republicans had a standing hold on the room at 1 p.m.

The Democratic aide expressed relief that, despite the electronic mix-up, the Republicans, who "showed their perseverance and ability to adapt to hard times, were still able to have the meeting."

The Post-Katrina Drawing Board (WP)

By Spencer S. Hsu

The Washington Post, January 30, 2007

After Hurricane Katrina in 2005, many business leaders complained that despite contributions of $1.2 billion in relief or services, too many efforts to help the U.S. disaster response were thwarted by red tape.

Truckloads of goods were turned back on the roads by police or the National Guard. Donations of vital telecommunications gear were delayed, although they could have provided critical phone and computer links in the early hours. Big retailers offered bottled water at low cost but had to sell to the government through approved contractors that charged taxpayers more.

Yesterday, Business Executives for National Security, a nonprofit, nonpartisan advisory group representing disaster-related industries, released "Getting Down to Business," a plan for public-private disaster coordination.

Among its recommendations:

Â· Add businesses to emergency operations centers run by states and big cities nationwide and make their involvement a condition for federal homeland security grants.

Â· Include businesses in emergency planning, training and exercises, and in the National Response Plan, the main blueprint for U.S. disaster response.

Â· Create business equivalents to Emergency Management Assistance Compacts, in which states around the country agree to help one another in a disaster.

Â· Overhaul the government's emergency logistics, purchasing and donations management practices into faster, ready-to-use packages.

Â· Rewrite the nation's disaster laws and the National Response Plan to include the private sector; tackle issues such as liability, medical and regulatory waivers; and make businesses eligible for federal aid when carrying out disaster responsibilities, such as providing security for emergency repairs.

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WAR NEWS:

Bush Warns Iran Against Action In Iraq (AP)

By Terence Hunt

AP, January 30, 2007

President Bush said Monday the United States "will respond firmly" if Iran escalates military action in Iraq and endangers American forces. But Bush emphasized he has no intention of invading Iran.

Bush also acknowledged skepticism concerning U.S. intelligence about Iran, because Washington was wrong in accusing Iraq of harboring weapons of mass destruction before the U.S.-led invasion in 2003. "I'm like a lot of Americans that say, 'Well, if it wasn't right in Iraq, how do you know it's right in Iran,'" the president said.

The president, in an interview with NPR, said the United States was "constantly evaluating and answering this legitimate question by always working to get as good intelligence as we can."

Sharply at odds over Iran's suspected nuclear weapons program, Washington and Tehran increasingly are arguing about Iraq, where both countries are seeking influence. The White House said last week that American troops in Iraq have been authorized to kill or capture Iranian agents deemed to be a threat. Iran's ambassador followed up by telling The New York Times that Tehran plans to greatly expand its economic and military ties with Iraq and open an Iranian national bank branch in Baghdad.

The United States accuses Iran of supplying terrorists and insurgents in Iraq with improvised explosive devices that have become the most lethal threat to U.S. forces. The Bush administration says it decided to take a tougher line with Tehran after months of evidence showing Iran was assisting anti-U.S. forces.

"If Iran escalates its military action in Iraq to the detriment of our troops and/or innocent Iraqi people, we will respond firmly," the president said. "It makes common sense for the commander in chief to say to our troops and the Iraqi people and the Iraqi government that we will help you defend yourself from people that want to sow discord and harm. And so we will do what it takes to protect our troops."

Bush said it was important to distinguish the nuclear standoff with Iran from the quarrel over Tehran's involvement in Iraq. He said he believed the dispute over Iran's nuclear program could be resolved diplomatically.

Senate Majority Leader Harry Reid, D-Nev., has said Bush does not have authority to launch military action in Iran without first seeking congressional authorization.

Bush told NPR he had no intention of going into Iran. "This is the kind of thing that happens in Washington," the president said. "People ascribe, you know, motives to me beyond a simple statement — 'Of course we'll protect our troops.' I don't know how anybody can then say, 'Well, protecting the troops means that we're going to invade Iran.'"

Bush Warns Iran About Aggression In Iraq (CHIT)

By Mark Silva

Chicago Tribune, January 30, 2007

WASHINGTON -- Asserting the right of the U.S. military inside Iraq to defend itself and Iraqis against threats from Tehran, President Bush vowed Monday that Iranian aggression inside Iraq would be met with American force.

At the same time, Bush asserted his determination to resolve what the U.S. sees as Iran's ambitions for nuclear weaponry through diplomatic channels.

With a two-track message of stern military warnings and promises of peaceful diplomacy, Bush is confronting an increasingly complicated conflict with the Iranian government.

"If Iran escalates its military action in Iraq to the detriment of our troops and or innocent Iraqi people, we will respond firmly," Bush said in an interview with National Public Radio. "We will do what it takes to protect our troops. It makes common sense for the commander in chief to say to our troops and the Iraqi people—and the Iraqi government—that we will help you defend yourself from people that want to sow discord and harm."

And , during an interview conducted in the Roosevelt Room of the White House, the president suggested that it is "very important ... not to mix issues" involving Iran.

One issue is Iran's nuclear ambitions, Bush said, insisting that he is confident in the power of diplomacy to resolve it. "The message that we are working to send to the Iranian regime and the Iranian people is that you will become increasingly isolated, if you continue to pursue a nuclear weapon," Bush said.

The other issue is Iran's support of insurgents inside Iraq as well as in other countries in the region, with the U.S. committed to blocking Iranian interference in Iraq.

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The president repeatedly has asserted the right of U.S. forces to intervene in the Iranian shipment of weaponry into Iraq, with Bush blaming Iran for supporting radical Shiite groups that have formed death squads in Iraq. And the White House has authorized U.S. forces to stop Iranian forces inside Iraq.

But Bush insists he has no plans to invade Iran, despite worries voiced in Congress.

"I have no intent upon incur—going into Iran," Bush said. "I mean, this is the kind of thing that happens in Washington. People ascribe, you know, motives to me beyond a simple statement—of course we'll protect our troops. I don't know how anybody can then say, well, protecting the troops means that we're going to invade Iran."

Iran has confirmed that the U.S. detained two of its security officials last month, but says those officials, later released, were engaged in legitimate talks and should not have been detained. Iran also has announced plans to open branch banks and other economic ties with Iraq, according to a New York Times interview with the Iranian ambassador to Iraq.

Kurt Campbell, director of the international security program at the Center for Strategic and International Studies, sees Iran attempting to establish ties with Shiite leaders in Iraq.

"Most of the problems that we are experiencing in Iraq have to do with our failures and mistakes as opposed to some larger grand Iranian strategy to undermine us," Campbell said. "In many respects Iranians have stepped into a vacuum of American leadership as a whole."

At the same time, he suggested, Bush draws power from challenging conventional wisdom—"such as a larger force for Iraq ... and a more confrontational policy with Iran." With an escalating debate over the war in Congress, tough talk for Iran could help bring Republicans in line, Campbell said, while appealing to Democrats who oppose the war in Iraq but support a tough stance toward Iran.

The U.S. has deployed an additional aircraft carrier to the region, with the Bush administration maintaining that not only Iran, but also Lebanon and Israel, are concerned about Iranian-backed terrorists operating within their borders.

"Most of the nations in that part of the world believe their security is supported, if you will, by the United States," Vice President Dick Cheney said in an interview with Newsweek magazine. "They want us to have a major presence there. When we—as the president did, for example, recently—deploy another aircraft carrier task force to the [Persian] Gulf, that sends a very strong signal to everybody in the region that the United States is here to stay."

Cheney also voiced a warning about U.S. resolve in averting nuclear weaponry in Iran, echoing a caution that the president issued two years ago.

"The fact is, we are doing what we can to try to resolve issues such as the nuclear question diplomatically through the United Nations," Cheney said in the interview, "but we've also made it clear that we haven't taken any options off the table."

That was reminiscent of Bush, at a news conference with European leaders in Belgium in February 2005: "This notion that the United States is getting ready to attack Iran is simply ridiculous. Having said that, all options are on the table."

Now, with the Iranian government announcing intentions to build new economic ties with Iraq, the White House is watching that move as well, warily, but without warnings.

"We'll wait and see whether it's a positive development or not," White House spokesman Tony Snow said Monday. "We would certainly welcome Iran to start playing a constructive role in the region."

Bush Vows To Confound Iranian Operations In Iraq (WT)

By Stephen Dinan

The Washington Times, January 30, 2007

President Bush yesterday said he doesn't intend to attack Iran but will "respond firmly" if Iranian agents inside Iraq escalate their attacks or supply materials used to attack U.S. troops or Iraqis.

"We will protect our interests in Iraq. That's what the American people expect us to do," Mr. Bush said in an interview with National Public Radio. "That's definitely what our troops want to do, and that's what the families of our troops want us to do. And if we find the Iranians are moving weapons that will end up harming American troops, we'll deal with it."

Shi'ite-controlled Iran is arguably the major international problem for Mr. Bush right now -- sharing a border with Iraq, being home to the same religious sect as the majority of Iraqis, and at the same time pursuing a nuclear program in defiance of its international commitments.

The president yesterday also accused Iran of being part of an effort to bring down Lebanon's government as well, saying it is working with Syria and the terrorist group Hezbollah.

"Their goals are clear," Mr. Bush said. "They foment violence."

Iran announced during the weekend that it will offer Iraq military assistance in the form of training, and also offer reconstruction assistance -- a move the White House was reluctant to characterize.

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That followed news earlier this month that the United States was stepping up its efforts to try to prevent Iran from supplying materials to insurgents -- a charge the White House has made before.

Lawmakers on Capitol Hill are wary of the White House's tone, fearing it is the first step toward military action against Iran. Top Democrats have said Mr. Bush will have to come seek congressional authority if he wants to expand the Iraq war.

Meanwhile, Mr. Bush is trying to shore up support for his new plan to secure Iraq, which includes sending 4,000 Marines to Anbar Province to fight al Qaeda and more than 17,000 soldiers to Baghdad to help Iraqi troops restore order in the middle of Sunni-Shi'ite sectarian fighting.

He told NPR that senators would be sending mixed messages if they vote for a resolution opposing the troop increase because those lawmakers voted just last week in favor of a new military commander who says the troops are needed.

"It is ironic that the Senate would vote 81 to nothing to send a general into Iraq who believes he needs more troops to do the job and then send a contradictory message," the president said, referring to Lt. Gen. David H. Petraeus, who the Senate confirmed last week to become commander of Multinational Force Iraq.

Bush Warns Iran, Syria, Hezbollah On Lebanon (AFP)

AFP, January 30, 2007

US President George W. Bush deplored recent violence in Lebanon and warned that Iran, Syria and Hezbollah must be "called to account" for trying to destabilize that country.

"While Lebanon's friends seek to help the Lebanese government build a free, sovereign, and prosperous country, Syria, Iran and Hezbollah are working to destabilize Lebanese society," Bush said in a statement.

"All those who seek a peaceful, constitutional solution to the crisis in Lebanon deserve the support of the international community, but those responsible for creating chaos must be called to account," he said.

Four people were killed and 152 injured Thursday in clashes between Sunni and Shiite Muslims apparently triggered by a row in a cafeteria at Beirut's Arab University between government supporters and opponents.

"I am deeply disappointed by the recent violence and bloodshed on the streets of Lebanon. It is all the more troubling that the violence occurred while Lebanon's legitimate leaders and friends were gathered together in Paris to help secure a peaceful and prosperous future for the country," said Bush.

The United States has pledged 770 million dollars in new aid to Lebanon as part of a major international drive to rebuild the country and bolster the embattled pro-Western government of Prime Minister Fuad Siniora.

"This is a strong symbol of the American people's support for and commitment to the future of Lebanon," said Bush, who had tough words for Damascus, Tehran, and the militant Shiite movement Hezbollah.

Bush said they sought to derail the creation of the international tribunal to try suspects in the murder of Lebanon's former premier Rafiq Hariri and stall Hezbollah's disarmament as called for by the UN Security Council.

"Their goals are clear. They foment violence in order to prevent the establishment of a Special Tribunal in response to former Prime Minister Hariri's assassination, to prevent full implementation of UN Security Council resolutions calling for Hezbollah's disarmament, and to bring down Lebanon's democratically elected government," said Bush.

How The 'Axis' Seeks The Killer Missile (WT)

By Bill Gertz

The Washington Times, January 30, 2007

North Korea and Iran are cooperating in developing long-range missiles, the deputy director of the Pentagon's Missile Defense Agency said yesterday.

Army Brig. Gen. Patrick O'Reilly said during a speech that North Korea test fired a long-range Taepodong missile in July, and Iran is working on a space launcher that would help develop an intercontinental ballistic missile (ICBM) that could hit the U.S.

"Not only North Korea, but Iran has shown some significant developments in their [own] missile systems," Gen. O'Reilly said in a speech to the George C. Marshall Institute.

"They are working in concert with the North Koreans," he said. "They have made a claim that they are working towards developing a space launch capability, which also would give them an ICBM capability."

The Pentagon believes Iran has a "new intermediate-range ballistic missile or space launch vehicle [SLV] in development," a Missile Defense Agency briefing slide stated.

The Iranians are "likely to develop an ICBM/SLV [and] could have an ICBM capable of reaching the U.S. before 2015," according to the briefing chart.

One of the new missiles would be solid-fueled, making it capable of being launched rapidly, and have a range of 1,240 miles, enough to hit targets throughout Europe from Iran.

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The speech marked the first time the Pentagon publicly disclosed the missile cooperation between Pyongyang and Tehran.

The North Koreans test fired a Taepodong-2 on July 4 but the missile failed 40 seconds after launch, Gen. O'Reilly said. The two-stage version has a range of 6,200 miles and the three-stage version can travel 9,300 miles.

"But the indications are clear that they are continuing to strive to expand their ballistic missile capability," he said.

The U.S. missile defense system was made operational before the North Korean tests and the forces involved "performed very well," Gen. O'Reilly said. Another briefing chart used during the speech stated that if the Taepodong-2 had threatened the United States, "we are confident the ballistic missile defense system would have operated as designed."

Another briefing chart revealed for the first time that North Korea is developing a new intermediate-range missile with a range of about 2,000 miles that was described as "a qualitative improvement in performance" from earlier missile systems. North Korea's July tests -- seven missiles were fired -- included two 806-mile range Nodong missiles, he said.

Gen. O'Reilly said the U.S. missile defense system, which includes a network of long-, medium- and short-range interceptors and sensors, is designed to counter missiles from "rogue states" targeted at the U.S., its allies and forces overseas.

The system can defend against short-range Iranian missile attacks against Saudi Arabia and North Korean strikes on Japan, as well as an Iranian missile strike on London or North Korean missile attacks on the United States, an MDA briefing slide stated.

North Korea uses its missiles as "geopolitical leverage" over the United States and its allies and also to raise money by selling them abroad, Gen. O'Reilly said. Iran is building missiles for "both asymmetric threats and conventional threats" to U.S. and allied forces, he noted.

Gen. O'Reilly also stated that Hezbollah's short-range rockets and missiles, used in last year's fighting in Lebanon, were a threat to Israeli forces and that more than 4,500 were fired.

"They had small ball bearings, about 300, in their warhead, and they were very effective at shutting down a lot of the maneuvering capability of the Israeli army and also shutting down over 70 percent of the commerce in northern Israel during that period of time," he said. "And that was significant from both non-state actors and other countries that have committed to using rockets as terror weapons."

Asked whether the Pentagon can counter China's anti-satellite weapon, which was tested recently, Gen. O'Reilly said countering space weapons currently is not a mission for the Missile Defense Agency but could be done.

"We have tremendous kinematic capability with our missiles; we have the sensors and the battle management, so that work would be straightforward if we were ... given that guidance and mandate to do," he said.

The Pentagon also is developing a "multiple kill vehicle" that will greatly boost the power of current interceptors by adding more non-explosive warheads that can hit 10 or more enemy warheads from a single booster, he said.

The current missile interceptors deployed at Fort Greely in Alaska and Vandenberg Air Force Base in California can protect the United States from North Korean missiles and afford "partial protection" from Middle Eastern missiles. Upgraded defenses will provide full defense from both North Korean and Middle Eastern missiles, Gen. O'Reilly said.

By 2011, the Pentagon plans to have up to 44 interceptors deployed in the United States and the first 10 interceptors in Europe; a large radar in Europe; 18 Aegis missile defense ships; 48 ground-based THAAD interceptors; two new surveillance and tracking satellites; and a battle management and integrated global fire system for the Middle East and Southwest Asian missile threats.

With Iran Ascendant, U.S. Is Seen At Fault (WP)

By Anthony Shadid

The Washington Post, January 30, 2007

DUBAI, United Arab Emirates -- Kuwait rarely rebuffs its ally, the United States, partly out of gratitude for the 1991 Persian Gulf War. But in October it reneged on a pledge to send three military observers to an American-led naval exercise in the Gulf, according to U.S. officials and Kuwaiti analysts.

"We understood," a State Department official said. "The Kuwaitis were being careful not to antagonize the Iranians."

Four years after the United States invaded Iraq, in part to transform the Middle East, Iran is ascendant, many in the region view the Americans in retreat, and Arab countries, their own feelings of weakness accentuated, are awash in sharpening sectarian currents that many blame the United States for exacerbating.

Iran has deepened its relationship with Palestinian Islamic groups, assuming a financial role once filled by Gulf Arab states, in moves it sees as defensive and the United States views as aggressive. In Lebanon and Iraq, Iran is fighting proxy battles against the United States with funds, arms and ideology. And in the vacuum created by the U.S. overthrow of Iranian foes in Afghanistan and Iraq, it is exerting a power and prestige that recalls the heady days of the 1979 Islamic revolution, when Iranian clerics led the toppling of a U.S.-backed government.

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"The United States is the first to be blamed for the rise of Iranian influence in the Middle East," said Khaled al-Dakhil, a Saudi writer and academic. "There is one thing important about the ascendance of Iran here. It does not reflect a real change in Iranian capabilities, economic or political. It's more a reflection of the failures on the part of the U.S. and its Arab allies in the region."

Added Eyal Zisser, head of the Middle Eastern and African Studies Department at Tel Aviv University in Israel: "After the whole investment in democracy in the region, the West is losing, and Iran is winning."

The United States has signaled a more aggressive posture toward Iran. President Bush on Friday defended a Pentagon program to kill or capture Iranian operatives in Iraq. Vice President Cheney, in a Newsweek interview published Sunday, said the deployment of a second U.S. aircraft carrier task force to the Persian Gulf was intended to signal to the region that the United States is "working with friends and allies as well as the international organizations to deal with the Iranian threat."

And John D. Negroponte, outgoing director of national intelligence, told Congress this month that Iran's influence is growing across the region "in ways that go beyond the menace of its nuclear program."Widespread Support

Iranian officials -- emboldened but uneasy over nuclear-armed neighbors in Israel and Pakistan and a U.S. military presence in the Gulf, Iraq and Afghanistan -- have warned that they would respond to an American attack on Iran's facilities.

"Iran's supporters are widespread -- they're in Iraq, they're in Afghanistan, they're everywhere. And you know, the American soldiers in the Middle East are hostages of Iran, in the situation where a war is imposed on it. They're literally in the hands of the Iranians," said Najaf Ali Mirzai, a former Iranian diplomat in Beirut who heads the Civilization Center for Iranian-Arab Studies. "The Iranians can target them wherever, and Patriot missiles aren't going to defend them and neither is anything else."

"Iran would suffer," he added, "but America would suffer more."

As that struggle deepens, many in the Arab world find themselves on the sidelines. They are increasingly anxious over worsening tension between Sunni and Shiite Muslims across the Middle East, even as some accuse the United States of stoking that tension as a way to counter predominantly Shiite Iran. Fear of Iranian dominance is coupled, sometimes in the same conversation, with suspicion of U.S. intentions in confronting Iran.

"It was necessary to create an enemy to justify the failure of the American occupation in Iraq," Talal Salman, the editor-in-chief of as-Safir, a Lebanese newspaper, wrote in a column this month. "So to protect ourselves against the coming of the wolf, we bring the foreign fleets that fill our lands, skies and seas."

Iranian rivalry with its Sunni Arab neighbors is centuries old, but as with most conflicts in the Middle East, its modern contours are shaped by politics and interests.

Iran has found itself strengthened almost by default, first with the U.S.-led invasion of Afghanistan to Iran's east, which ousted the Taliban rulers against whom it almost went to war in the 1990s, and then to its west, with the American ouster of Iraqi President Saddam Hussein, against whom it fought an eight-year war in the 1980s.

Arab rulers allied with the United States issued stark warnings. Jordan's King Abdullah in 2005 spoke darkly of a Shiite crescent that would stretch from Iran, through Iraq's Shiite Arab majority, to Lebanon, where Shiites make up the largest single community. President Hosni Mubarak of Egypt suggested last year that Shiites in the Arab world were more loyal to Iran than to their own countries. And in a rare interview, published Saturday, King Abdullah of Saudi Arabia suggested that Iran, although he did not name the country, was trying to convert Sunni Arabs to Shiism. "The majority of Sunni Muslims will never change their faith," he told al-Siyassah, a Kuwaiti newspaper.

Across the region, Iran has begun to exert influence on fronts as diverse as its allies: the formerly exiled Shiite parties in Iraq and their militias; Hezbollah, a Lebanese group formed with Iranian patronage after Israel's 1982 invasion; and the cash-strapped Sunni Muslim movement of Hamas in the Palestinian territories.

"I disagree with Iranian policy, but you have to give the Iranians credit," said Abdullah al-Shayji, a political science professor and head of Kuwait University's American Studies Unit. "You have to appreciate that they have an agenda, they're planning for it, they seize the opportunity, they see an American weakness and they are capitalizing on it."A Helping Hand

In Beirut's southern suburbs, a Hezbollah stronghold, a banner hangs near a bridge wrecked by Israeli strikes last summer: "The Zionist enemy destroys, the Islamic Republic of Iran builds." Even before the 33-day war ended, Iran had provided Hezbollah with $150 million to begin rebuilding, some of it going to victims in $10,000 bundles of crisp U.S. currency, according to a Shiite politician who spoke on condition of anonymity.

"You want me to give you my opinion? Honestly?" asked Hajj Hassan Sbeiti, a 44-year-old merchant, his face breaking into a wry smile. "If you say hello to me, you probably like me. If you say hello to me and ask what I need, you're a friend. If you say hello to me, ask what I need and put money in my hand, then you're going to be my brother."

In Iraq, U.S. officials say Iran is providing Shiite militias with sophisticated projectiles capable of penetrating U.S. armored vehicles and backing those forces in a gathering civil war against Sunni Arabs. One commander of the Mahdi Army, a Shiite

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militia that U.S. military officials now identify as the greatest security threat in Iraq, said that however much he might dislike Iran, he was eagerly anticipating the delivery of 50 rocket-propelled grenades to Basra.

But no less influential are the ties that Iran has deepened with the three main Shiite groups in Iraq, some of whose leaders spent years in exile in Iran and are now nominally allied with the United States, and the burgeoning economic relationship between the two countries.

The extent of Iran's engagement in the Arab world, and the rising sectarianism that has accompanied the Iranian ascendance, troubles Arabs who already worry about growing tension between the United States and Iran.

"If Iran is bombed, Iran's reaction is a sure thing. They cannot sit idle, and what kind of reaction they will take is a big question," said Abbas Bolurfrushan, the president of the Iranian Business Council in Dubai, a booming city-state on the Gulf that is part of the United Arab Emirates, where an estimated 400,000 Iranians live and work.

The result? "A disaster," he said. "Disaster."'Defensive' Alliance

Mirzai, the former Iranian diplomat, offered a similar scenario in more threatening terms. Wearing a white turban and the robes of a cleric, he sketched out potential Iranian responses: cutting the Strait of Hormuz in the Persian Gulf, through which 20 percent of the world's oil passes; retaliation in Iraq, Afghanistan or Lebanon; attacks on U.S. targets in the Gulf.

"There is a policy the Iranians have and they've repeated it often -- the Gulf is either safe for everyone or no one," he said.

In an attempt to contest Iran's influence, the United States has sought to form an axis among Sunni Arab states it considers moderate: Egypt, Jordan, Saudi Arabia and smaller countries in the Gulf. Israeli officials have spoken about a possible alignment of their country's interests with those states to arrest both Iran's influence and its nuclear program.

In November, Israeli Prime Minister Ehud Olmert said he would try to deepen ties with those states, some of which have yet to recognize Israel, in what Israeli analysts saw as an opening bid to create an anti-Iranian bloc.

But Zisser, of Tel Aviv University, cautioned that "all of these countries are not very strong, and they have their own problems."

"Iran's threat could do something to bring them together, but I would say that any alliance that comes out of it would be defensive in nature," he said. "These countries are not going to be able to unite in any way that would meaningfully change the face of the Middle East."

Potentially more far-reaching is the sectarian tension that the struggle has ignited. In the Palestinian territories, Israeli officials say, Iran has been increasingly successful in influencing the chaotic political situation, particularly by funding the Hamas-led government.

The connection has not gone unnoticed in the Palestinian street. At two rallies this month for Fatah, the movement led by Palestinian Authority President Mahmoud Abbas, crowds directed chants at Hamas, a Sunni Arab group. "Shiites, Shiites," they shouted.

Across the Middle East, once antiquated words have sprung up in conversations about Shiites -- Safawis, for instance, drawn from the name of a Persian empire that brought Shiism to Iran. In Lebanon, posters have gone up in Sunni neighborhoods portraying leaders united by little other than their Sunni sectarian affiliation: Saddam Hussein, Yasser Arafat, Rafiq al-Hariri, the former Lebanese prime minister killed in a 2005 car bombing, and Sheik Ahmed Yassin, the leader of Hamas who was assassinated by Israel in 2004.

"You are in heaven," the poster reads, "and those who killed you will go to hell."

Iranian officials have repeatedly warned against the phenomenon, fearing it will curb their leverage in an Arab street that remains majority Sunni. Many in the Arab world watch its gathering force with a sense of helplessness.

"It's very bleak and it's very dangerous," said Dakhil, the Saudi writer. "We have a sectarian civil war in Iraq now and this is drawing sectarian lines through the region. This is the most important, the most dangerous ramification of the American war in Iraq."

US Ally And Foe Are Trying To Avert War In Lebanon (NYT)

By Michael Slackman

The New York Times, January 30, 2007

BEIRUT, Lebanon, Jan. 29 — In an unusual collaboration that could complicate American policy in the region, Iran and Saudi Arabia have been mediating an agreement to end Lebanon's violent political crisis.

Leaders of Hezbollah, the Iranian-backed party trying to overthrow Lebanon's government, have recently visited the Saudi king in Riyadh, according to officials who attended the meeting. And Prince Bandar bin Sultan, the Saudi chief security adviser, has met with his Iranian counterpart, Ali Larijani, in Riyadh and Tehran to try to stop Lebanon's slide into civil war.

"The only hope is for the Iranians and Saudis to go further in easing the situation and bringing people back to the negotiating table," said Radwan Sayyed, an adviser to Prime Minister Fouad Siniora.

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The Saudi-Iranian efforts have put Washington in an awkward position, since it is trying to reduce Iran's regional influence. But since a stable Lebanon is also an American priority, American officials have watched the efforts without interfering.

There is a belief in Lebanon that if the Saudi-Iranian effort succeeds, the result will be short term. There remains fear that Syria, which retains influence with Hezbollah and within Lebanon's security services, will work to scuttle any deal.

But Iran seems to be working in earnest. Members of Lebanon's governing party say the dynamics inside Iran, where the firebrand president, Mahmoud Ahmadinejad, appears to be losing political strength, have led Tehran to lean on Hezbollah.

One question is whether Hezbollah will do what Iran wants or will bend to the Syrians. Hezbollah's leader, Sheik Hassan Nasrallah, said in a speech last week that an agreement "between two countries or two governments does not bind the Lebanese, because the Lebanese must seek their own interests and not the interests of Saudi Arabia and Iran."

It has been nearly three months since Hezbollah began leading street protests aimed at bringing down the American-backed government here, and Lebanese political leaders have failed to agree even on the framework for talks.

There have been no direct meetings between the main political leaders in months. Many say they fear even more bloodshed if a deal is not struck by Feb. 14, the second anniversary of the assassination of former Prime Minister Rafik Hariri.

The governing coalition plans to mark the anniversary with large street rallies at Mr. Hariri's grave site in the center of town. Those demonstrators would be separated by a few feet from the hundreds of opposition supporters who have camped out for nearly three months in their effort to bring down the government.

Allies of Syria in the opposition have scolded the government for backing the creation of an international tribunal to hear evidence in the assassination of Mr. Hariri and other political killings. Syria has been implicated in the killing by a United Nations investigation, and one of its allies in the opposition says that if the government backs down on the tribunal, the crisis would ease.

But the fight is also over who will be the next president, whether Hezbollah will be allowed to keep its weapons, how to rewrite the nation's electoral laws, whether United Nations troops will remain on the southern border with Israel and, more fundamentally, whether Lebanon will lean toward the United States and Europe or Iran and Syria.

There have been proposals that each side has presented as compromises only to be rejected by the other as insufficient.

"It is true, whoever governs will decide Lebanon's political direction," said Muhammad Fniesh, a senior member of Hezbollah who said he recently attended a meeting with King Abdullah of Saudi Arabia.

Iran and Saudi Arabia have been involved in Lebanese affairs for decades. Saudi Arabia has close ties with the Hariri family and has invested large sums of money rebuilding Beirut. Recently, as Iranianbacked parties have taken over in Iraq and as Iran has tried to establish itself as the regional superpower, Saudi Arabia has begun, at American urging, to press back.

Seeking to fill the vacuum left by Egypt, whose regional influence has diminished, Saudi Arabia has tried to position itself as an Arab counterpoint to Iran.

But in Lebanon, political leaders and diplomats said, both see a common interest in calming sectarian tensions, at least for now. The fight has effectively divided the country between the predominantly Shiite Muslim opposition and the predominantly Sunni Muslim governing alliance. Lebanon's Christian community is divided between the two.

The eagerness to look beyond Beirut for a solution comes as Western diplomats here say they fear that local leaders have abrogated their responsibility to foreign powers. Even Lebanese leaders say internal talks are going nowhere.

"Nothing much is moving," said Ali Hamdan, an adviser to Nabih Berri, the speaker of Parliament and leader of Amal, a Shiite party in the opposition. "It is as if we are moving backwards."

Most agree that if there has been any major movement in resolving — or defusing — Lebanon's political crisis, it has more to do with the changing political dynamics elsewhere. "Saudi Arabia and Iran are near an agreement," said Toufic Sultan, a former leader in the main government-aligned Druse party who has maintained close ties to Saudi officials.

Already reeling from the chaos and sectarian strife in Iraq, governments around the region are worried that Lebanon, too, is on the brink of breaking apart along sectarian lines.

Embassy Row (WT)

By James Morrison

The Washington Times, January 30, 2007

New Saudi envoy

Adel al-Jubeir, the urbane public face of the Saudi monarchy who is also well-connected in Washington, was yesterday named the new ambassador to the United States from the oil-rich desert kingdom.

King Abdullah issued a decree appointing Mr. al-Jubeir and accepting the surprise resignation of Prince Turki al-Faisal, who stepped down last month after about a year as ambassador here.

Mr. al-Jubeir, 44, is not a member of the Saudi royal family, but he has powerful relations with the monarchy, having served as King Abdullah's foreign policy adviser since 2000 when the king was crown prince and as a spokesman for Prince Bandar bin

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Sultan, who served 22 years as ambassador to the United States. Mr. al-Jubeir's brother, Nail, now holds the post of the embassy's chief spokesman.

The new ambassador was educated in the United States, earning a bachelor's degree from the University of North Texas and a master's degree in political science from Georgetown University.

Mr. al-Jubeir first appeared as a spokesman for the Saudi government during the 1991 Persian Gulf War, which forced Saddam Hussein to retreat from Kuwait, and in 2002 endured intense press scrutiny as he defended Saudi Arabia after the September 11 attacks in the United States. Fifteen of the 19 suicide hijackers were Saudi subjects.

While at the embassy, Mr. al-Jubeir was featured in gossip columns for dating NBC News anchor Campbell Brown.

Mr. al-Jubeir, who is expected to take up his position next month, displayed his skills as a communicator and a diplomat at a press conference in April 2005, after King Abdullah, then crown prince, met with President Bush at his ranch in Crawford, Texas.

"Our two countries ... have seen the coming and breaking of many storms," Mr. al-Jubeir told reporters. "The relationship has been steadfast, and it's grown with every decade, irrespective of who the president of the United States is."

He assured the press of Saudi Arabia's commitment to the war on terrorism and cited the kingdom as a reliable source of oil for the United States.

"Our countries are facing many challenges, whether it is the war on terrorism where we face the common enemy of al Qaeda; whether it is trying to broaden and deepen economic ties," he said.

Tough talking

John R. Bolton, the straight-talking former U.S. ambassador to the United Nations, dropped diplomatic niceties in an interview with a French newspaper, calling for the replacement of the Iranian government, criticizing some U.S. moves in Iraq and fretting about the U.S. troop surge.

He told Le Monde, in the interview published yesterday, that the U.N. Security Council passed a toothless resolution that gave Iran until Feb. 23 to respond to demands that it cease its nuclear weapons program. Mr. Bolton blamed Russia for gutting an earlier draft of the resolution to the point where it "does not have great effectiveness."

"The negotiations have failed," he said, adding that the only way to deal with the Iranian regime is to "isolate them on the international level."

"In the long run -- and I hope not the very long run -- the only true solution is regime change," Mr. Bolton said.

He criticized the Bush administration's early administrative control over Iraq through the Coalition Provisional Authority, which, he said, deprived the Iraqis of "political responsibilities."

"It gave the terrorists and the remainders of [Saddam Hussein's] Ba'ath Party a chance to gather," he said.

Mr. Bolton supported Mr. Bush's troop surge but called it "the best of a series of bad options." He warned that a premature withdrawal of U.S. troops would be seen as a sign of weakness in the Middle East.

"It is necessary to avoid another version of the Vietnam syndrome, " he said.

Europe Resists US On Curbing Ties With Iran (NYT)

By Steven R. Weisman

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — European governments are resisting Bush administration demands that they curtail support for exports to Iran and that they block transactions and freeze assets of some Iranian companies, officials on both sides say. The resistance threatens to open a new rift between Europe and the United States over Iran.

Administration officials say a new American drive to reduce exports to Iran and cut off its financial transactions is intended to further isolate Iran commercially amid the first signs that global pressure has hurt Iran's oil production and its economy. There are also reports of rising political dissent in Iran.

In December, Iran's refusal to give up its nuclear program led the United Nations Security Council to impose economic sanctions. Iran's rebuff is based on its contention that its nuclear program is civilian in nature, while the United States and other countries believe Iran plans to make weapons.

At issue now is how the resolution is to be carried out, with Europeans resisting American appeals for quick action, citing technical and political problems related to the heavy European economic ties to Iran and its oil industry.

"We are telling the Europeans that they need to go way beyond what they've done to maximize pressure on Iran," said a senior administration official. "The European response on the economic side has been pretty weak." The American demands and European responses were provided by 10 different officials, including both supporters and critics of the American approach.

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One irony of the latest pressure, European and American officials say, is that on their own, many European banks have begun to cut back their transactions with Iran, partly because of a Treasury Department ban on using dollars in deals involving two leading Iranian banks.

American pressure on European governments, as opposed to banks, has been less successful, administration and European officials say.

The main targets are Italy, Germany, France, Spain, Austria, the Netherlands, Sweden and Britain, all with extensive business dealings with Iran, particularly in energy. Administration officials say, however, that Chancellor Angela Merkel of Germany, the current head of the European Union, has been responsive.

Europe has more commercial and economic ties with Iran than does the United States, which severed relations with Iran after the revolution and seizure of hostages in 1979.

The administration says that European governments provided $18 billion in government loan guarantees for Iran in 2005. The numbers have gone down in the last year, but not by much, American and European officials say.

American officials say that European governments may have facilitated illicit business and that European governments must do more to stop such transactions. Treasury Secretary Henry M. Paulson Jr. has said the United States has shared with Europeans the names of at least 30 front companies involved in terrorism or weapons programs.

"They've told us they don't have the tools," said a senior American official. "Our answer is: get them."

"We want to squeeze the Iranians," said a European official. "But there are varying degrees of political will in Europe about turning the thumbscrews. It's not straightforward for the European Union to do what the United States wants."

Another European official said: "We are going to be very cautious about what the Treasury Department wants us to do. We can see that banks are slowing their business with Iran. But because there are huge European business interests involved, we have to be very careful."

European officials argue that beyond the political and business interests in Europe are legal problems, because European governments lack the tools used by the Treasury Department under various American statutes to freeze assets or block transactions based on secret intelligence information.

A week ago, on Jan. 22, European foreign ministers met in Brussels and adopted a measure that might lead to laws similar to the economic sanctions, laws and presidential directives used in the United States, various officials say. But it is not clear how far those laws will reach once they are adopted.

The American effort to press Iran economically is of a piece with its other forms of pressure on Iran, including the arrest of Iranian operatives in Iraq and sending American naval vessels to the Persian Gulf.

American officials refuse to rule out military action. On Monday, President Bush said in an interview with National Public Radio that the United States would "respond firmly" if Iran engages in violence in Iraq, but that he did not mean "that we're going to invade Iran."

Several European officials said in interviews that they believe that the United States and Saudi Arabia have an unwritten deal to keep oil production up, and prices down, to further squeeze Iran, which is dependent on oil for its economic solvency. No official has confirmed that such a deal exists.

The Bush administration has called on Europe to do more economically as part of a two-year-old trans-Atlantic agreement in which the United States agreed to support European efforts to negotiate a resolution of the crisis over Iran's nuclear program.

Typically, American officials say, European companies that do business with Iran get loans from European banks and then get European government guarantees for the loans on the ground that such transactions are risky in nature.

According to a document used in the discussions between Europe and the United States, which cites the International Union of Credit and Investment Insurers, the largest providers of such credits in Europe in 2005 were Italy, at $6.2 billion; Germany, at $5.4 billion; France, at $1.4 billion; and Spain and Austria, at $1 billion each.

In addition to buying oil from Iran, European countries export machinery, industrial equipment and commodities, which they say have no military application. Europeans also say that courts have overturned past efforts to stop business dealings based on secret information.

At least five Iranian banks have branches in Europe that have engaged in transactions with European banks, American and European officials say.

The five include Bank Saderat, cited last year by the United States as being involved in financing terrorism by Hezbollah and others, and Bank Sepah, cited this month as involved in ballistic missile programs.

A directory of the American Bankers Association lists Bank Sepah as having $10 billion in assets and equity of $1 billion in 2004. It has branches in Frankfurt, Paris, London and Rome. The United States Embassy in Rome has called it the preferred bank of Iran's ballistic missile program, with a record of transactions involving Italian and other banks.

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Bank Saderat had assets of $18 billion and equity of $1 billion in 2004, according to the American Bankers directory. Three other Iranian banks — Bank Mellat, Bank Melli and Bank Tejarat — have not been cited as involved in any illicit activities, but many European officials say they expect the Treasury Department to move against them eventually.

European officials say that the European Commission will meet in mid-February and approve a measure paving the way for freezing assets and blocking bank transactions for the 10 Iranian companies and 12 individuals cited in an appendix of Security Council Resolution 1737, adopted in December.

Shell Iran Plan Will Come Under US Scrutiny (FT)

By Ed Crooks

Financial Times, January 30, 2007

The US authorities will "take a look at" a controversial agreement signed over the weekend by Royal Dutch Shell that could ultimately lead to a multi-billion dollar investment in Iran, a US State Department official said.

Shell and its partner Repsol of Spain have signed a service agreement, as reported in the Financial Times last week, with the Iranian government to continue work on developing blocks 13 and 14 of the giant South Pars gas field, in spite of mounting international pressure over the country's nuclear programme.

US legislation permits President George W. Bush to take action against non-US companies investing in Iran's energy sector. However, because of concerns over an extra-territorial trade dispute and the risk of further alienating allies, no foreign companies have been penalised to date under the Iran Libya Sanctions Act and the subsequent Iran Freedom Support Act.

The US, however, is tightening sanctions on Iranian institutions, and encouraging European governments to do the same.

Sean McCormack, a state department spokesman, said on Monday that US government lawyers and policymakers would take a look at the Shell deal, to see whether to take any action. "If there's an investment greater than a certain amount, as specified in US law, then our lawyers take a look at it and the policymakers take a look at it, and see if there's any further steps that we, as a government, take," he said.

Mr McCormack refused to speculate on what sanctions Repsol and Shell would face if they go through with the South Pars investment.

If the project goes ahead, it would involve a plant to produce liquefied natural gas to be sold in Europe and Asia. A final decision on whether to proceed is expected in the first quarter of next year.

The agreement does not put a figure on the value of the project. Shell and its partners are still working on cost estimates. But it was suggested in Iran at the weekend that it could be worth $10bn (£5bn).

Shell and Repsol would each have 25 per cent of the project, with the National Iranian Oil Company holding 50 per cent.

Iran holds the world's second largest gas reserves, after Russia. Phases 13 and 14 of South Pars are estimated to hold 27,700bn cu ft – enough to meet the world's demand for more than three months.

Shell on Monday also announced the sale of one of its US refineries and 250 petrol stations for $1.63bn, bringing to almost $10bn the amount it has raised from selling downstream assets in the past four years.

It has sold the refinery, south of Los Angeles, and petrol stations in the area to Tesoro, a Texas-based company that becomes the second-biggest refiner on the US west coast as a result of the deal.

Senator Targets Surplus Sales To Iran (AP)

By Sharon Theimer

AP, January 30, 2007

A Democratic senator wants to cut off all Pentagon sales of surplus F-14 parts, saying the military's marketing of the spares "defies common sense" in light of their importance to Iran.

Sen. Ron Wyden's bill came in response to an investigation by The Associated Press that found weaknesses in surplus-sale security that allowed buyers for countries including Iran and China to surreptitiously obtain sensitive U.S. military equipment including Tomcat parts.

The Oregon Democrat's legislation would ban the Defense Department from selling surplus F-14 parts and prohibit buyers who have already acquired surplus Tomcat parts from exporting them. Wyden's bill, the Stop Arming Iran Act, is co-sponsored by the Senate's No. 2 lawmaker, Democratic Whip Richard Durbin of Illinois.

The surplus sales are one of the first national security issues to be addressed by the new Democratic-controlled Congress.

"It just defies common sense to be making this kind of equipment available to the Iranians with all that they have done that is against our interests," Wyden said Monday in an interview, adding that constituents brought up the surplus-sale security problems at his town-hall meetings over the past few days. "I just want to legislate this and cut it off permanently, once and for all."

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The Tomcat is the fighter jet made famous in the 1986 Tom Cruise blockbuster movie, "Top Gun." The U.S. military retired its F-14s last fall. That leaves only Iran — which bought the fighter jet in the 1970s when it was a U.S. ally — flying the planes.

U.S. law enforcement officials believe Iran can produce only about 15 percent of the parts it needs for its Tomcats, making the Pentagon's surplus sales a valuable avenue for spares.

The Pentagon already plans to sell about 60 percent of the roughly 76,000 parts for the F-14, viewing them as general nuts-and-bolts-type aircraft hardware that can be sold safely to the public without restrictions.

Some of those spares from the newly retired fleet likely have already been sold, Jack Hooper, a Defense Logistics Agency spokesman, said Monday. The Defense Department plans to destroy about 10,000 other components it considers unique to the F-14.

The agency is reviewing 23,000 other parts it believes it can sell under existing law. But it said it will consider their potential value to Iran.

Those parts, of both military and commercial value, are of particular concern to Immigration and Customs Enforcement officials and the investigative arm of Congress, the Government Accountability Office. The GAO has conducted its own inquiry into surplus security and found loopholes. It wants assurances the parts won't be sold.

Wyden said his bill would cut off the sale of all surplus F-14 parts. The legislation includes all parts to cut off all opportunities for Iranian "fishing expeditions," spokeswoman Jennifer Hoelzer said, adding that GAO investigations have found valuable surplus accidentally getting included in boxes of what are supposed to be nuts-and-bolts-type hardware.

Wyden is confident he can get the bill through the Senate in the next few months. Wyden, a senior member of the Senate Select Committee on Intelligence, also pledged greater Senate oversight of the surplus program.

Hooper declined to comment on the legislation.

"We're certainly not going to attempt to interfere whatsoever in the legislative process," Hooper said. The Defense Department maintains it has followed all procedures in selling its surplus.

The AP reported the Pentagon's F-14 part sales plans earlier this month. Its investigation found that in several cases, buyers for countries that included Iran and China took advantage of security flaws to buy sensitive surplus, including aircraft parts and missile components.

Sen. John Kerry, D-Mass., has asked the Senate Foreign Relations Committee to investigate the surplus security weaknesses.

Iranian President's Setbacks Embolden His Domestic Critics (WSJ)

By Bill Spindle

The Wall Street Journal, January 30, 2007

TEHRAN, Iran -- With another confrontational moment in Iran's nuclear standoff approaching next month, criticism of the country's president at home is increasing.

President Mahmoud Ahmadinejad, whose landslide victory in elections 18 months ago set the Iranian establishment reeling, suddenly faces a concerted effort by political foes to constrain both his populist economic policies and his public defiance of the West.

Many of Tehran's elite politicians and even clerics have long harbored concerns about Mr. Ahmadinejad, who ascended to the country's top political post from outside the traditional ruling circles. But the immense popularity he generated among Iran's poor and working-class voters kept many of his critics from speaking out or openly moving against his policies.

He also appeared to have the backing of the most important figure in Iran's power structure, Supreme Leader Ayatollah Ali Khamenei. But a round of elections late last year -- for local municipal and village leaders as well as an important national consultative body -- has undermined Mr. Ahmadinejad's political momentum and unleashed a flood of public criticism and moves to clip his wings. Candidates whom Mr. Ahmadinejad supported fared poorly in the elections, while key adversaries re-established themselves as fixtures of the political scene.

In Tehran's city council, from which Mr. Ahmadinejad launched his campaign for president two years ago, his supporters went from a majority to a handful of seats. Meanwhile, Hashemi Rafsanjani, whom Mr. Ahmadinejad defeated in the presidential election two years ago, dominated the voting for seats on the Assembly of Experts, the body charged with choosing a new Supreme Leader when the 67-year-old Mr. Khamenei steps down or dies.

Since those public votes, a drumbeat of criticism against Mr. Ahmadinejad's administration has emerged from within Iran's Parliament and among some senior regime officials. The president even found himself confronted by a crowd of jeering students during an appearance at a Tehran university campus, with a video of the incident distributed on the Internet3.

"The elections opened a space and legitimized criticism of him," said Nasser Hadian, a political-science professor at the University of Tehran. "There are going to be more attempts to contain him."

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The poor showing by candidates associated with Mr. Ahmadinejad in local elections -- and the relatively better performance of reform candidates opposed to him -- resulted from the sort of strong turnout that generally favors reformers. The country's conservatives also failed to rally behind a single slate of candidates, as they did during the earlier presidential election. But high on many voters' minds is Iran's increasingly muddled economy.

The president won the election with vows to improve the living standards of Iranians. He has pursued a populist agenda, while traversing the nation to announce development initiatives. Rising spending, however, has sparked a bout of inflation, which officially is 15% but private economists say likely is far higher. After a speech introducing his annual budget -- which will push spending another 20% higher for the fiscal year beginning in March -- Mr. Ahmadinejad argued with several parliamentarians over the rising price of tomatoes.

While Mr. Ahmadinejad's appeal persists among his core supporters, they are among the hardest-hit by rising inflation, and some privately express doubts about his leadership.

"He looked like a decent person, one of us," says one 57-year-old man who works part time washing dishes in a restaurant in southern Tehran. "I voted for him, but I wouldn't again."

Meanwhile, Mr. Rafsanjani, a longtime regime power broker and president of the country during much of the early 1990s, is spearheading a tentative movement to rein in Mr. Ahmadinejad, particularly his proclamations about Iran's nuclear program and denunciations of Israel. A large group of parliamentarians, including many who once supported Mr. Ahmadinejad, recently met with Mr. Rafsanjani. The gathering was seen as an important indication that support for Mr. Ahmadinejad is eroding.

A key question is whether Mr. Khamenei will continue backing Mr. Ahmadinejad. While the Supreme Leader has vocally defended the president and largely embraced his confrontational approach toward the United Nations Security Council on the nuclear issue in, Mr. Khamenei has done little to stem criticism of Mr. Ahmadinejad. He also has held several meetings with Mr. Rafsanjani.

Mr. Ahmadinejad's standing with Mr. Khamenei, and the broader attempts to rein him in, could be important in the run-up to a Feb. 20 deadline for the Security Council resolution passed in December ordering Iran to stop its uranium-enrichment program. The U.S. and European countries say the program has violated international rules and is aimed at creating a nuclear weapon. Iran says the program is peaceful and hasn't violated international rules.

The resolution included a limited set of sanctions targeting officials and organizations accused of involvement in the nuclear program. European governments have joined with the U.S. to broaden and toughen those punishments. The U.S. is expected to push for harsher sanctions if Iran doesn't stop its enrichment program.

Mr. Khamenei reiterated publicly recently that Iran wouldn't halt enrichment, but Mr. Ahmadinejad has been relatively quiet on the issue in public. Some European diplomats and Iranian analysts say Iran might agree to a temporary pause in the program after the country completes a research-level enrichment project in coming weeks, in an effort to keep the crisis from escalating further.

Missteps By Iraqi Forces In Battle Raise Questions (NYT)

By Marc Santora

The New York Times, January 30, 2007

BAGHDAD, Jan. 29 —Iraqi forces were surprised and nearly overwhelmed by the ferocity of an obscure renegade militia in a weekend battle near the holy city of Najaf and needed far more help from American forces than previously disclosed, American and Iraqi officials said Monday.

They said American ground troops — and not just air support as reported Sunday — were mobilized to help the Iraqi soldiers, who appeared to have dangerously underestimated the strength of the militia, which calls itself the Soldiers of Heaven and had amassed hundreds of heavily armed fighters.

Iraqi government officials said the group apparently was preparing to storm Najaf, a holy city dear to Shiite Islam, occupy the sacred Imam Ali mosque and assassinate the religious hierarchy there, including the revered leader, Grand Ayatollah Ali al-Sistani, during a Shiite holiday when many pilgrims visit.

“This group had more capabilities than the government,” said Abdul Hussein Abtan, the deputy governor of Najaf Province, at a news conference.

Only a month ago, in an elaborate handover ceremony, the American command transferred security authority over Najaf to the Iraqis. The Americans said at the time that they would remain available to assist the Iraqis in the event of a crisis.

The Iraqis and Americans eventually prevailed in the battle. But the Iraqi security forces’ miscalculations about the group’s strength and intentions raised troubling questions about their ability to recognize and deal with a threat.

The battle also brought into focus the reality that some of the power struggles in Iraq are among Shiites, not just between Shiites and Sunnis. The Soldiers of Heaven is considered to be at least partly or wholly run by Shiites.

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Among the troubling questions raised is how hundreds of armed men were able to set up such an elaborate encampment, which Iraqi officials said included tunnels, trenches and a series of blockades, only 10 miles northeast of Najaf. After the fight was over, Iraqi officials said they discovered at least two antiaircraft weapons as well as 40 heavy machine guns.

The government knew that the Soldiers of Heaven had set up camp in the area, but officials said they thought they were there to worship together.

Mr. Abtan said the Iraqi forces later decided to move on the group because an informer said Sunday was "zero hour" and the government noticed more men streaming into the area.

"If this operation had succeeded, it would have been a chance of a lifetime for them," he said.

The Iraqis initially sent a battalion from their Eighth Army Division, along with police forces, but they were quickly overwhelmed, according to an Iraqi commander at the scene. The battalion began to retreat but was soon surrounded and pinned down, and had to call in American air support to keep the enemy from overrunning its position.

American Apache attack helicopters and F-16s, as well as British fighter jets, flew low over the farms where the enemy had set up its encampments and attacked, dropping 500-pound bombs on the encampments. The Iraqi forces were still unable to advance, and they called in support from both an elite Iraqi unit known as the Scorpion Brigade, which is based to the north in Hilla, and from American ground troops.

Around noon, elements of the American Fourth Brigade Combat Team, 25th Infantry Division were dispatched from near Baghdad.

After an American helicopter was shot down at 1:30 p.m., some of those soldiers helped secure the crash site and recover the bodies of the two American soldiers killed in the crash, according to a statement by the American military. Others joined in the effort to combat the renegade militia, the statement said.

A commander in the Scorpion Brigade said the combined American and Iraqi forces killed 470 people. He also said some of the dead Soldiers of Heaven fighters were found bound together at the ankles and suggested that the chains had probably been used to keep people from fleeing and to keep them moving as one unified group.

Government estimates of the number of fighters killed ranged from 120 to 400.

An Iraqi military official said at least 25 security force members were killed in the battle.

Iraqi officials said Monday that they had killed the leader of the militia in the weekend fighting, identifying him as a man who went by the name Ahmed Hassan al-Yamani, but whose real name was Diyah Abdul Zahraa Khadom.

However, a Shiite cleric who has had contact with the group said the real leader was Ahmad bin al-Hassan al-Basri. The cleric said he believed that Mr. Basri was alive and probably hiding near Karbala.

Mr. Basri, while unknown to the average Iraqi, is relatively well known among the clerical hierarchy in Najaf, according to several clerics interviewed for this article.

The clerics who were interviewed said that Mr. Basri was a student of Moktada al-Sadr's father, a revered cleric, and that Mr. Basri and the senior Mr. Sadr had a split in the early 1990s.

The governor of Najaf, Asad Abu Ghalal, in an interview on national television, said government intelligence officials told him that the Soldiers of Heaven have had ties with the government of Saddam Hussein as far back as 1993. He also said that the farmland where the militia had set up camp had been bought by a former Hussein loyalist, although he said that did not initially raise concerns about the group's intentions.

Government officials were quick to point the finger at Al Qaeda, alleging that it provided financing for the group. But numerous Shiite clerics, seeking anonymity for fear of contradicting the government, said it was highly unlikely that Al Qaeda, a Sunni group, would link up with a Shiite messianic group.

Officials in the Shiite-dominated government are loath to detail internal rivalries in their community, but in the past three years there have been several clashes between rival factions, and the deaths of two senior Shiite ayatollahs have been linked to internal struggles for dominance.

The often bloody internal rivalries have been overshadowed by the more overt Sunni-Shiite war being fought daily in Baghdad and in other mixed cities.

Iraq: Shiite Cult Behind Najaf Battle (USAT/AP)

USA Today, January 30, 2007

BAGHDAD — Iraq's military announced Monday that it killed the leader of a heavily armed cult of messianic Shiites called "Soldiers of Heaven" during a 24-hour gunbattle near Najaf.

The group planned to ambush Shiite clerics and worshipers at a religious festival in Najaf, about 100 miles south of Baghdad, said Maj. Gen. Othman al-Ghanemi, the Iraqi commander in charge of the region. Provincial councilmember Ahmed al-Fatlawi said the gunmen were allied with Sunni extremists and Saddam Hussein loyalists.

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The U.S. military said Iraqi forces acted on a tip Sunday that gunmen were joining pilgrims headed to the Ashoura festival. It said U.S. air power was called in after the Iraqis faced fierce resistance. U.S. ground forces went in after a U.S. helicopter went down, killing two soldiers.

U.S. and British jets played a major role in the fighting, dropping 500-pound bombs on militant positions, but President Bush said the battle was an indication that Iraqi forces were starting to take control.

"My first reaction on this report … is that the Iraqis are beginning to show me something," Bush told National Public Radio on Monday.

The president also said the United States "will respond firmly" if Iran escalates military action in Iraq and endangers U.S. forces. On Sunday, Iran's ambassador to Iraq told The New York Times that Iran plans to expand its economic and military ties with Iraq.

Leader Of Shiite Religious Cult Killed By U.S., Iraqi Forces (LAT)

By Louise Roug And Borzou Daragahi

The Los Angeles Times, January 30, 2007

BAGHDAD — American and Iraqi forces killed the leader of a Shiite religious cult, known as the Heaven's Army, along with several hundred armed members who had planned to launch an attack in the holy city of Najaf, including against the country's most known religious leader, Grand Ayatollah Ali Sistani, Iraqi officials said today.

The gunmen planned to attack during ceremonies marking one of the holiest Shiite holidays, in the Islamic month of Muharram.

At least 600 cult members, hiding on the city's outskirts in palm date orchids, had been digging trenches and were planning to disguise themselves as pilgrims, Maj. Gen. Othman Ghanemi, the Iraqi commander who heads the Najaf region, told the Associated Press.

He said the gunmen planned to kill as many senior clerics as they could, including Sistani, apparently because they believed the violence would cause the Imam Mahdi, the last in the line of Shiite saints who disappeared more than 1,000 years ago, to reappear.

Iraqi authorities identified the leader of the fringe group as Dyaa Abdul Zahra, also known as Thamir Abu Gumar, who was said to be armed with two pistols when he was killed. At least 60 cult members were wounded and 120 were captured. The death toll ranged from 150 to 400, officials said.

In addition, about 500 automatics rifles were recovered during the raid, along with mortars, heavy machine guns and rockets, Ghanemi told the A.P.

The militant group's members included Shiite and Sunni extremists and foreign fighters, Najaf government officials said. They pitched a daylong battle against Iraqi and American troops, in which a U.S. helicopter crashed, killing two U.S. troops. In a separate attack, five teenage girls also were killed in a mortar attack at a Baghdad school, authorities said.

The cause of the helicopter crash near Najaf was unclear, but U.S. and Iraqi officials said there was ground fire before the craft went down, and witnesses said they saw it shot out of the sky. It was the third U.S. helicopter to go down in Iraq in eight days.

Three additional U.S. troops were reported killed Sunday.

Sunday's fighting near Najaf and elsewhere was extraordinary, even by Iraq's bloody standards, highlighting the challenge faced by U.S. and Iraqi forces, which are fighting a complex patchwork of elusive enemies, including Shiite militias and Sunni-led insurgents. The deaths outside Najaf would constitute the highest daily casualty toll inflicted by U.S. and Iraqi forces since U.S. troops arrived in Baghdad shortly after the March 2003 invasion.

Iraqi security forces took authority over Najaf's security about a month ago. Witnesses and security officials said Sunday that Iraqi forces were being defeated by the enigmatic, well-organized fighters until U.S. air support and U.S.-Iraqi ground troops arrived.

Shaky footage recorded by mobile telephone, broadcast on Iraqi television, showed Iraqi soldiers hunkered behind a berm as intense gunfire erupted and smoke rose in the distance.

Ali Nomas, an Iraqi security official in Najaf, said the leader of the hitherto unknown Heaven's Army had told followers that he was a missing son of the Imam Ali, the cousin and son-in-law of the prophet Muhammad. Ali's remains are entombed in Najaf.

"They believe that the Mahdi has called them to fight in Najaf," Nomas said, adding that fighters had converged on the Najaf area from other predominantly Shiite cities in Iraq.

He lamented that Iraq's death and destruction had convinced some Shiites that the end of days was coming.

"There's nothing bizarre left in Iraq anymore," Nomas said in a telephone interview. "We've seen the most incredible things."

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Najaf Gov. Asad Abu Gulal said some of the fighters were members of Hussein's Baath Party.

Although they disagreed on the attackers' identity, Iraqi officials and witnesses offered similar accounts of events on the battlefield. Most of the fighting took place in farmland outside the city, which is home to Iraq's most revered Shiite cleric, Sistani. Security forces cordoned off the ancient, labyrinthine city to prevent attacks on pilgrims, clergy and holy sites, the governor said.

The gunmen apparently planned to launch their attack today, but Iraqi security forces were tipped off Sunday night about their presence on nearby farms, Gulal said.

Iraqi security forces struck at dawn but were overwhelmed by the militants, who had dug trenches on farms. At least two Iraqi soldiers were killed in the initial fighting, a security official in Baghdad said.

Iraqi forces then called in U.S. air support as well as the Scorpion Brigades, an Iraqi quick-reaction force based in a neighboring province.

Helicopters arrived, but after one was downed about 1:30 p.m., they were replaced by higher-flying jets, as American Humvees and armored vehicles rolled into the area.

Three more Iraqi soldiers were killed, as were at least 250 of the militants, according to several Iraqi officials. Those numbers could not be independently confirmed. By 4 p.m., the tide of the battle had shifted, but U.S. forces continued bombing into the night in an attempt to stamp out remnants of the militants, Iraqi officials and witnesses said.

Two U.S. soldiers and a Marine were killed in three separate attacks around Iraq on Saturday, the U.S. military said Sunday. The deaths brought the number of U.S. military personnel killed in Iraq since the U.S.-led invasion to 3,080, according to icasualties.org.

Violence began early Sunday and continued throughout the day, including in the northern city of Kirkuk, where bombings killed 14 people, and Babil province, south of the capital, where mortar rounds killed 10 and five bodies were found in the Tigris River. A suspected Baath Party loyalist was assassinated in the southern city of Kut, and in the western city of Fallouja, a car bomb killed two and injured four.

Assailants in Baghdad targeted both Sunnis and Shiites. In a Sunni neighborhood in west Baghdad, mortar rounds hit a girls' secondary school, killing five students and wounding 21 others. In another western neighborhood, explosives hidden in a wooden cart killed four and injured 18, and an Industry Ministry advisor and his daughter were shot to death in a nearby area.

In a Shiite neighborhood on the east side of the Tigris, a bomb exploded on a bus, killing one and injuring five. Two other bombings killed seven and injured 35 people in Shiite neighborhoods.

Gunmen elsewhere in the capital killed a bank clerk in a car lot near her house. At least 54 bodies were found in various Baghdad neighborhoods, including a woman kidnapped two days ago, her family said.

Meanwhile, Iraqi officials in Diyala province northeast of Baghdad sacked 1,500 policemen, charging them with absenteeism and fleeing fighting. They also dismissed Baqubah Mayor Khalid Sanjary on suspicion of having ties to Sunni Arab rebels. The province is riddled with Al Qaeda in Iraq members as well as militiamen affiliated with Shiite cleric Muqtada Sadr.

Iraqis Describe Plot To Kill Shiite Clerics (WP)

By Joshua Partlow And Saad Sarhan

The Washington Post, January 30, 2007

BAGHDAD, Jan. 29 -- A Shiite cult leader, who claimed to be a revered Muslim figure who vanished in the 10th century, was killed Sunday along with scores of fighters who were poised to attack a holy city in southern Iraq and assassinate the country's Shiite religious leadership, Iraqi officials said Monday.

Information about the scope of the fighters' encampment and their aspirations emerged as Iraqi and U.S. troops inspected the rural battleground and hauled out those captured and killed during the day-long siege that began Sunday.

The discovery of a heavily armed Shiite-led cult, intent on attacking venerated Shiite symbols and leaders, startled Iraqi security officials who were already contending with rival religious factions battling for supremacy in the country.

"This is a new step in the annals of terrorism," Iraq's minister of national security, Shirwan al-Wahli, said in an interview. Wahli said the fighters were led by a man known as the Judge of Heaven, who claimed to be a direct descendant of the prophet Muhammad's son-in-law, Ali. Wahli said the man also declared himself the Mahdi, the reappearance of the 12th imam, or leader of the faithful, who many Shiites believe vanished in the 10th century and whose return will mark an era of redemption and peace.

The cult leader killed Sunday probably sought to assassinate conservative Shiite religious leaders because they likely would have disputed his claim to be the Mahdi, said John O. Voll, a professor of Islamic studies at Georgetown University, in a telephone interview.

The most recent comparable event occurred in 1979 in Saudi Arabia, Voll said, when a man claiming to be the Mahdi took over the holy sanctuary in Mecca. He and his followers were killed.

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Wahli said the cult leader came from southern Iraq and had written a book laying out his "supernatural, unbelievable" ideas. Over a matter of months, he recruited the estimated 700 people, known as the Soldiers of Heaven, who lived in tents and huts on farmland near Zarqaa, about eight miles northeast of Najaf, Wahli said.

Iraqi government spokesman Ali Dabbagh said the man's name was Samer Abu Kamar, but other Iraqi officials assigned him different names.

Iraqi officials said Monday that they had not finished removing explosives or counting casualties from the siege, and their estimates of the number of fighters killed ranged from 200 to more than 400. The U.S. military, which provided backup ground troops along with helicopter and fixed-wing aircraft support, said more than 100 fighters were captured. Two U.S. soldiers died when their helicopter crashed during the operation.

Wahli said the structure of the group was Shiite, but it involved Sunni fighters and "based on the level of training, support and financing, it obviously has received support from outside Iraq."

About 10 Iraqi soldiers and police officers also died in the battle, [a] news service cited Wahli as saying.

A Washington Post special correspondent who approached the farm where the fighters had hidden witnessed 10 ambulances travel into the encampment and saw Iraqi soldiers drive out corpses and lead away women and children among the captured.

Ayad Abu Gilel, the brother of the governor of Najaf, showed the correspondent a 53-minute videotape recorded inside the compound.

The footage showed a wide trench ringing the encampment and a series of tunnels or bunkers dug into earthen mounds to offer protection. The video showed at least eight vehicles mounted with antiaircraft machine guns. Dozens of dead bodies, some burned, could be seen lying amid mortars, AK-47 assault rifles, rocket-propelled grenades and other weaponry.

Iraqi and U.S. military officials characterized the attack as a positive signal that the Iraqi security forces were able to lead a major battle and were willing to target extremists from the same Muslim sect that runs the central government. The U.S. military handed over primary control of Najaf province to Iraqi security forces last month.

"This is a very clear message from the government that no one except the government carrying arms is acceptable, whether Shia or Sunni," said Sadiq al-Rikabi, a political adviser to Prime Minister Nouri al-Maliki. "It reveals the firm commitment of the prime minister that any outlaw will be dealt with very strongly."

According to a statement issued by the U.S. military, Iraqi army and police forces deployed to the area of the encampment following a tip that gunmen were moving toward Najaf among Shiite pilgrims traveling to observe the religious holiday of Ashura, which culminates Tuesday. More than 200 gunmen attacked the joint patrol using small arms, rocket-propelled grenades and hand grenades, the military said. U.S. ground troops and aircraft were called in for support.

"The aggressive manner in which the Iraqi soldiers performed north of [Najaf] going after the anti-Iraqi forces was impressive," said Col. Michael Garrett, commander of the 4th Brigade Combat Team (Airborne), 25th Infantry Division, in the statement.

During a news conference in Najaf, the deputy provincial governor, Abdul Hussein Abtan, said the fighters were able to amass the vehicles and weaponry under the pretext that they were moving building materials destined for the Najaf airport, which is under construction. He said the group surged in numbers over the past 10 days in preparation for attacks on pilgrims, shrines in Najaf and clerics on the last day of Ashura. Among the fighters captured or killed were two Egyptians, a Lebanese and a Sudanese, he said.

"There were extensive preparations, they were highly trained, and they fought in an orderly way," said Wahli. "Their leader kept insisting through a loudspeaker that they keep fighting, despite repeated attempts by the Iraqi security forces to get them to stop."

Elsewhere in Iraq, national police patrols found 47 bodies over the past day, including 43 from around Baghdad, said Maj. Gen. Sami Mahmoud of the Interior Ministry, who said all of the unidentified people were shot to death.

Also, an insurgent threw a hand grenade at an Iraqi police patrol in the Dora neighborhood of southern Baghdad, killing two policemen and wounding four others, Mahmoud said.

A car bomb exploded in the northern city of Kirkuk targeting a Kurdish militia commander, killing one person and injuring seven others, said Brig. Gen. Turhan Yousif, the Kirkuk police chief.

Iraqis Thwart Plot To Kill Shi'ite Clergy (WT/AP)

By Kim Gamel

The Washington Times, January 30, 2007

BAGHDAD -- Iraq's army announced yesterday that it had foiled a plot to kill leading Shi'ite clerics and killed the leader of a heavily armed band of messianic Shi'ites called "Soldiers of Heaven" during a fierce gunbattle near the southern city of Najaf.

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Senior Iraqi security officers said that as part of the plot, three gunmen were captured in Najaf after they rented a hotel room in front of the office of Iraq's most senior Shi'ite spiritual leader, Grand Ayatollah Ali al-Sistani, with plans to attack it.

The fierce 24-hour battle, which began Sunday, was ultimately won by Iraqi troops supported by U.S. and British jets and American ground forces, but the ability of a splinter group little known in Iraq to rally hundreds of heavily armed fighters was a reminder of the potential for chaos and havoc emerging seemingly out of nowhere.

Members of the group, which included women and children, planned to disguise themselves as pilgrims and kill as many leading clerics as possible, said Maj. Gen. Othman al-Ghanemi, the Iraqi commander in charge of the Najaf region.

The U.S. military said Iraqi security forces were sent to the area Sunday after receiving a tip that gunmen were joining pilgrims headed to Najaf for Ashoura, a commemoration of the seventh-century death of Imam Hussein, grandson of the prophet Muhammad. The major religious festival culminates today.

The gunmen had put up tents in fields lined with date palm groves surrounding Najaf, 100 miles south of the capital. They planned to begin their attack yesterday, when Ashoura celebrations would get under way, the Iraqi security officers told the Associated Press on the condition of anonymity because they were not authorized to disclose the information.

In the battle to foil the attack on the pilgrims, Iraqi and U.S. forces faced off against more than 200 gunmen with small-arms fire, rocket-propelled grenades and hand grenades, the U.S. military said. The battle occurred about 12 miles northeast of Najaf.

The American military said U.S. air power was called in after the Iraqis faced fierce resistance. American ground forces also were deployed after small-arms fire downed a U.S. helicopter, killing two soldiers.

U.S. and British jets played a major role in the fighting, dropping 500-pound bombs on the militants' positions, but President Bush said the battle was an indication that Iraqis were beginning to take control.

"My first reaction on this report from the battlefield is that the Iraqis are beginning to show me something," Mr. Bush told NPR yesterday.

The U.S. military said more than 100 gunmen were captured, but it did not say how many were killed. Iraqi defense officials said 200 militants were killed, 60 wounded and at least 120 captured.

"It seems most likely that this was Shi'ite-on-Shi'ite violence, with millenarian cultists making an attempt to march on Najaf during the chaos of the ritual season of Muharram," Juan Cole, an Islamic scholar at the University of Michigan, said on his Web site. "The dangers of Shi'ite-on-Shi'ite violence in Iraq are substantial, as this episode demonstrated."

But Iraqi officials said Sunni extremists and Saddam Hussein loyalists also helped the cult in their bid to ambush Shi'ite worshippers.

"We have information from our intelligence sources that indicated the leader of this group had links with the former regime elements since 1993," said Ahmed al-Fatlawi, a member of the Najaf provincial council.

Mr. al-Fatlawi said that in addition to Iraqi Shi'ites, the gunmen included Sunnis and foreigners. Other Najaf government officials said Afghans, Saudis and even a Sudanese were among the dead.

Gen. al-Ghanemi said the area where the men were staying was once run by Saddam's Al-Quds army, a military organization the dictator established in the 1990s. The ousted leader was executed last month.

Abdul Hussein Abtan, deputy governor of Najaf, told Iraqi state television that the group had developed a military structure, acquiring heavy arms and digging trenches.

"What we want to know is where they bought all these weapons?" Gen. al-Ghanemi said, adding that the army seized about 500 automatic rifles in addition to mortars, heavy machine guns and Russian-made Katyusha rockets in what amounted to a major test for Iraq's new military as it works toward taking over responsibility for security from U.S.-led forces.

Gen. al-Ghanemi said the group is considered heretical by mainstream Shi'ite clerics and had been planning for months to attack Najaf during the Ashoura ceremonies.

Battle Suggests New Sectarian Divides In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, January 30, 2007

CAIRO

What precisely happened near the Shiite shrine city of Najaf Sunday is still being sorted out, but it seems likely that at its root was an unusual new wrinkle in Iraqi violence: a Shiite plan to attack Shiites.

A battle that lasted for more than 12 hours in the nearby village of Zarqa ended with a US helicopter being shot down and a claim by local authorities that more than 200 militants were slain in the fighting. But who were the militants?

Though the majority Shiite province has a problem with assassinations and gangster-style extortion, Sunni Arab insurgents are rarely active there, and fighting on this scale had not been witnessed in the area for more than a year.

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The incident is a reminder of the swirling agendas now at play in Iraq and the turbulent political waters US troops are wading into as more soldiers arrive and President Bush has vowed to stand by Shiite Islamist Prime Minister Nouri al-Maliki.

Religious ideologies and classic power plays are now converging in Iraq, leading to what at times seem to be multiple, parallel conflicts: Sunni Arab insurgents who want to establish an Islamic state fight US Marines in Anbar Province; death squads associated with militant Shiite cleric Moqtada al-Sadr stalk the streets of Baghdad, targeting both Sunni and Shiite political rivals; mostly Sunni Arab nationalists with ties to Saddam Hussein's Baath party seek to oust US forces from the country.

Following Sunday's deadly battle, Najaf Governor Asaad Abu Khalil originally implied that the fighters were foreign Arabs of the sort usually associated with Al Qaeda and that their intention was to disrupt the religious festival of Ashura with plans to attack both pilgrims and senior ayatollahs in southern Iraqi city of Najaf, the principal seat of Shiite religious learning in Iraq.

But his office has since backed off from those claims, and it now appears the gunmen – who killed or wounded dozens of Iraqi soldiers in the fighting as well as killing the two pilots of the downed US helicopter – were Shiites motivated by extreme religious ideology.

The central Iraqi government says the fighters are members of a millenarian Shiite group called the Jund al-Sama, or Army of Heaven, and that they were plotting to kill the senior ayatollahs in Najaf, chief among them Grand Ayatollah Ali al-Sistani, to prepare the way for the Mahdi, a messiah figure for many Shiites.

They believe the Mahdi ascended to heaven in the 9th century and will return to earth to usher in a final confrontation between good and evil that will end with a 1,000-year reign of peace, which will be followed by the end of the world.

According to Iraqi Army Maj. Gen. Othman al-Ghanami, quoted by the Associated Press, the group was heavily armed. He said 500 rifles were confiscated along with mortars, heavy calibre machine guns, and Katyusha rockets. That such a little known group should be so well armed is a sign of the myriad threats to the country's eventual pacification.

Ashura commemorates Imam Hussein, grandson of the prophet Muhammad and the most revered of Shiite saints, and is the occasion of public flagellation and high emotion.

Local authorities said the gunmen were planning the attack because they believed the Mahdi was due to return Sunday, and were seeking to remove potential rivals.

"In Shiite Islam there is this very strong millenarian trend, similar to Christian movements that think Christ is about to return," says Juan Cole, a professor of Middle East history at the University of Michigan. "So just like some millenarian evangelicals think that the pope is the antichrist, they would see the ayatollahs as ... usurpers of his rightful role."

While Professor Cole is skeptical of the view that such millenarian movements are always triggered by social or economic upheaval, he says, "I'm comfortable in saying that in this particular case this movement that's fighting outside of Najaf is certainly enabled by the chaos in Iraq for the past decade and a half."

Such movements have ebbed and flowed throughout Shiite history and Shiite religious politics have been marked by violent power grabs for centuries. Cole points to the Babi Movement in the 1840s and 1850s in Iran and Iraq as a good example. The movement attracted vast numbers of followers, mostly from the urban lower and lower-middle classes, who believed that the Mahdi was about to return and rid them of their unjust rulers. The group's followers targeted the Shiite religious hierarchy of the time, and sought to assassinate the Shah of Iran in 1852.

General Ghanami said the leader of the group was killed in the fighting, and identified him as Abu Qamar al-Yamani. The London-based Arabic daily Al Hayat reported that the Army of Heaven is loyal to Mahmoud al-Hassani al-Sarkhi, a cultish Shiite leader whose followers have clashed with both foreign troops and supporters of mainline Shiite leaders in Iraq numerous times since the US invasion.

His supporters have fought with those of other militant Shiite clerics, most notably those of Ayatollah Muhammad Yaqubi, whose men dominate the politics of the southern city of Najaf, and also sought to take control of the main shrine in Karbala last summer from supporters of Ayatollah Sistani, the most revered cleric in Iraq.

Baker Agrees Reluctantly To Testify On Iraq (HILL)

By Alexander Bolton

The Hill, January 30, 2007

James A. Baker III, the co-chairman of the Iraq Study Group, has ended weeks of resistance and today will testify before Congress on the war, avoiding a split with his fellow co-chairman, former Rep. Lee Hamilton (D-Ind.).

Sources familiar with the efforts to persuade Baker to testify said he did not want to appear to be lobbying against President Bush at the height of his push for 21,500 additional troops in Iraq.

Baker will answer senators' questions today during a hearing of the Senate Foreign Relations Committee, which includes three Democratic presidential hopefuls and Sen. Chuck Hagel (Neb.), the chamber's most forceful Republican critic of the war, who also is mulling a White House bid.

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Opponents of Bush's plan to send more troops are likely to ask Baker about the study group's conclusion that "[s]ustained increases in U.S. troop levels would not solve the fundamental cause of violence in Iraq, which is the absence of national reconciliation."

To support the president's proposal, Baker may note that the study group also agreed that it could support a short-term surge of American combat forces to stabilize Baghdad or speed the training of Iraqi government forces. However, given the broader conclusion that more troops will not end the violence, Baker may have to admit that adding more troops will not be as effective as the Bush administration and its congressional allies argue.

Baker also may be asked about the study group's conclusions that the "situation in Baghdad and several provinces is dire," the "level of violence is high and growing," and "there is great suffering, and the daily lives of many Iraqis show little or no improvement."

Those assessments contradict the positive picture that Vice President Dick Cheney painted during a nationally televised interview last week.

"There's problems — ongoing problems — but we have in fact accomplished our objectives of getting rid of the old regime, and there is a new regime in place that's been here for less than a year, far too soon for you guys to write them off," Cheney told CNN's Wolf Blitzer. "Bottom line is that we've had enormous successes and we will continue to have enormous successes."

Baker has had a long history with Bush, his father and Cheney. Both Baker and Cheney worked for President Gerald Ford. Baker managed George H.W. Bush's 1980 presidential campaign, and later served as secretary of state during his administration, when Cheney held the post of secretary of defense.

More recently, Baker oversaw the vote recount effort in Florida that swung the 2000 presidential election to the Bush-Cheney ticket.

While the decision on whether to appear before Congress has been a delicate dance for Baker, it has also been a sensitive subject for congressional Democrats who do not want to scare off prominent Republicans from testifying at their hearings. A sign of the deference Democrats are willing to show, they are not expected to put Baker under oath tomorrow.

Baker originally declined to testify before the Democrat-controlled Senate Foreign Relations and House Foreign Affairs panels. Hamilton testified on his own before the House committee on Jan. 19 and was scheduled also to make a solo appearance around that time before the Senate.

Upon learning that Hamilton would go to the Senate alone, Baker changed his mind and agreed to testify as long as the hearing date was postponed until a week after Bush's State of the Union address, almost three weeks after the president unveiled his new plan for the war, according to sources knowledgeable of what led to today's scheduled appearance.

While Baker wavered on whether to appear before the Senate, he did not reveal any second thoughts about skipping a request to testify in the House, where lawmakers are younger and have a reputation for being less decorous than their Senate counterparts.

"Baker really didn't want to testify and felt like the report spoke for itself," a policy assistant to Baker, John Williams, said. "But Hamilton wanted to testify before Congress.

"In an effort to keep a bipartisan approach he [Baker] worked with Biden's office to find a time when he thought the two of them could meet," Williams added, referring to the chairman of the Senate Foreign Relations Committee, Sen. Joseph Biden (D-Del.).

Williams also said that Baker only wanted to make one appearance before Congress.

"The fact is that he wanted to do one," Williams said. "He didn't want to come back and forth and back and forth, and the Senate worked with his schedule."

If Baker had agreed to the Senate's first proposed hearing date of Jan. 18, however, he could have testified before both chambers on successive days, presumably requiring only one roundtrip flight from Houston.

Williams disputed that Baker's testimony necessarily would undercut Bush's proposed troop surge, noting that the study group said it could support a short-term surge.

"That's not inconsistent with what the president is doing right now," Williams said. He also argued that it did not make sense that Baker would seek to postpone his congressional appearance because Bush unveiled his plan for more troops eight days before the Senate Foreign Relations Committee's original hearing date.

Williams said the Jan. 18 and 19 hearing dates simply did not fit into Baker's schedule, but he could not immediately say what Baker was doing on those days.

For now, at least, Democrats are accepting scheduling conflicts as reasons to appear before their committees.

"Originally Secretary Baker was not available on Jan. 18 (when Lee Hamilton was scheduled to testify), but his scheduled opened up on Jan. 30," Senate Foreign Relations Committee spokeswoman Elizabeth Alexander said. "To accommodate both Baker and Hamilton's schedules — so they could appear together — the SFRC postponed the hearing until Jan. 30."

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Beyond Baghdad (WP)

By Richard G. Lugar

The Washington Post, January 30, 2007

Since President Bush announced that he would send more American troops to Iraq, the debate on Iraq policy has reached new levels of stridency. Opponents of the war have rallied against what they see as an unjustified escalation, while the administration has dismissed opposition as defeatism. Vice President Cheney went so far as to say a withdrawal would show that Americans "don't have the stomach for the fight."

Military action in Iraq, however, defies orthodox notions of victory and defeat. We are not in Iraq to defend territory or even to destroy an enemy. Rather, we are pursuing the amorphous task of coaxing out of the Iraqi people and government political decisions that will result in a democratic, pluralistic society that is conducive to regional stability.

While the emergence of such a government and society is still worth pursuing, we must recognize that it is an optimal goal. It should not be the focal point of our Middle East policy or the sole measure of success in Iraq.

We need to recast the geo-strategic reference points of our Iraq policy. Some commentators have compared the Bush plan to a "Hail Mary" pass in football -- a desperate heave deep down the field by a losing team at the end of the game. Actually, a far better analogy for the Bush plan is a draw play on third down with 20 yards to go in the first quarter. The play does have a chance of working if everything goes perfectly, but it is more likely to gain a few yards and set up a punt on the next down, after which the game can be continued under more favorable circumstances.

The president's plan is an early episode in a much broader Middle East realignment that began with our invasion of Iraq and that may not end for years. Nations throughout the Middle East are scrambling to find their footing as regional power balances shift in unpredictable ways.

At the center of this realignment is Iran, which is perceived to have emerged from our Iraq intervention as the big winner. We paved the way for a Shiite government in Iraq that is much friendlier to Iran than was Saddam Hussein. Bolstered by high oil revenue, Iran has meddled in Iraq, rigidly pursued a nuclear capability, and funded Hezbollah and Hamas.

But the pendulum of Middle East politics may be swinging back against Iranian assertiveness. Saudi Arabia, Egypt, Jordan, the Gulf states and others have become increasingly alarmed by Iran's behavior and by widening regional sectarian divisions. Because of this dynamic, U.S. bargaining power in the Middle East is growing. Moderate Arab states understand that the United States is an indispensable counterweight to Iran.

This opens up opportunities for solidifying our broader strategic objectives, and it offers a backup option in Iraq. Even as the president's Baghdad strategy goes forward, we need to plan for a potent redeployment of U.S. forces in the region to defend oil assets, target terrorist enclaves, deter adventurism by Iran and provide a buffer against regional sectarian conflict. In the best case, we could supplement bases in the Middle East with troops stationed outside urban areas in Iraq. Such a redeployment would allow us to continue training Iraqi troops and delivering economic assistance, but it would not require us to interpose ourselves between Iraqi sectarian factions.

The secretary of state's recent trip to the Middle East and the dispatch of an additional aircraft carrier to the Persian Gulf showed that the administration understands the gravity of what is happening in the region. The United States should make clear to our Arab friends that they have a role in promoting reconciliation within Iraq, preventing oil price spikes, splitting Syria from Iran and demonstrating a more united front against terrorism.

The administration must avoid becoming so quixotic in its attempt to achieve the optimal outcome in Iraq that it fails to adjust to shifts in the region or political realities within Iraq. Although any administration would be reluctant to talk about a Plan B when its primary plan is still in motion, the president and Congress must reach a consensus on how to protect our broader strategic interests regardless of what happens in those Baghdad neighborhoods or on the floor of the Senate. Otherwise, the fatigue and frustration with our Iraq policy that is manifest in the resolutions of disapproval before the Senate could lead not just to the rejection of the Bush plan but also to the abandonment of the tools and relationships we need to defend our vital interests in the Middle East.

The writer, a Republican from Indiana, is the ranking minority member of the Senate Foreign Relations Committee.

Fallon Says U.S. Miscalculated Iraq (AP)

By Anne Flaherty

AP, January 30, 2007

WASHINGTON - Adm. William Fallon, who is poised to become the top American commander in the Middle East, says the United States miscalculated the ability of Iraqi forces to take control and underestimated the enemy's persistence.

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"Securing the stability of the country has been more difficult than anticipated," Fallon said in a written statement to the Senate Armed Services Committee. "Our ability to correctly assess the political, economic and security situation in Iraq has been lacking."

Fallon's remarks were submitted in advance of a confirmation hearing Tuesday. Fallon, who commands troops in the Pacific region, has been tapped to replace Army Gen. John Abizaid as head of the U.S. Central Command.

In addition Tuesday, the Senate Foreign Relations Committee was expected to consider the nomination of John Negroponte, the first director of national intelligence, to become deputy secretary of state.

Fallon and Negroponte's confirmations were not expected to rouse Senate protests, despite bitter opposition in Congress to Bush's plan to send 21,500 additional troops to Iraq.

Public sentiment has turned strongly against a war that has dragged on for nearly four years with more than 3,000 American dead and violence unabated by insurgents and sectarian militias.

In remarks prepared for a speech Tuesday, Sen. Bill Nelson (news, bio, voting record), D-Fla., a member of the Armed Services Committee who recently returned from a trip to the region, said only another 200,000 or 300,000 U.S. troops would make a substantial difference in Iraq.

"Based on everything I saw last month, and based on my conversations with Iraqi officials, our own military leaders and rank-and-file soldiers, I am convinced more troops won't end the sectarian violence," Nelson said.

Nelson also was expected to deliver a sharp rebuke of Iraqi Prime Minister Nouri al-Maliki. Nelson said al-Maliki "either lacks the will, or the nerve, to take on the Shiite militias."

Last week the Senate approved, 81-0, Bush's nomination of Army Lt. Gen. David Petraeus to head the Iraq war. Petraeus would work alongside Fallon, who would oversee military operations throughout the region, including Afghanistan.

During Petraeus' Jan. 23 confirmation hearing, senators questioned him on how Bush's new strategy would work and whether Congress should weigh in with a resolution of disapproval. Petraeus said the situation in Iraq was "dire" but not hopeless.

In his written remarks, Fallon told the Senate panel that the U.S. has "relearned" the need to hold secure an area "until Iraqi security forces and local political and economic activity have provided essential confidence to the population."

Fallon also said he believes the Pakistan government should do more to prevent al-Qaida operatives from crossing its border into Afghanistan and that Iran remains a serious threat to the region.

However, Fallon said Tehran was unlikely to produce a nuclear weapon until "mid-next decade."

"I sense that our allies in the region are more concerned about the potential threat posed by Iran now than at any time since the Iran-Iraq War," he wrote.

Petraeus is to arrive in Baghdad to take over for Gen. George Casey as the top U.S. commander in Iraq next week, a defense official said Monday. Casey, tapped to become the next Army chief of staff, will face the Senate Armed Services Committee on Thursday.

War Of The Water Cooler (WP)

By Richard Cohen

The Washington Post, January 30, 2007

Wars get odd names. My favorite is the War of Jenkins' Ear (1739 to 1741), but the one about the Roses is good and so is the Hundred Years' War and also the French and Indian War which, somehow, neglects to mention that the British were also involved. Usually, though, those names are wonderfully descriptive and more truthful than an Orwellian moniker such as Operation Just Cause, which was that silliness in Panama (1989), or Operation Iraqi Freedom, the present debacle in the desert. A better name for it would be the War of the Water Cooler. This, I'm sure, is where it all started.

You can scour the vast literature about the Iraq war and how it started and not find the single moment when George W. Bush decided he had to go to war -- and why. The minutes of all the pertinent meetings, all of them surely monitored by Bob Woodward, either have produced nothing or will produce nothing because nothing was produced in these meetings. This war, I am sure, was the product of what Dick Cheney said to Bush at the White House water cooler. No one was present to take any of this down on paper.

"God wants you to do this, Chief."

"Yes, I know."

It was an amazing thing and it was prodded, mind you, by one man who thought that the presidency had been critically weakened by post-Watergate reforms (Cheney) and another (Bush) who didn't think much at all about anything -- but knew his heart was pure and his soul even purer and his hearing so keen he could hear God himself. He said this, you will recall, on at least two occasions, once to Woodward himself and yet again when he met with leaders of the Palestinian Authority.

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"God told me to strike at al-Qaeda, and I struck them, and then he instructed me to strike at Saddam, which I did," Mahmoud Abbas quoted Bush as saying.

This is how the War of the Water Cooler started. I am sure of it, but no matter. In the intellectual style of Bush himself, it's immaterial that I can't prove my assertion; he cannot prove otherwise -- and that's what matters. In this case, it just so happens that the absence of a record is record enough to prove that the war started at the water cooler (if there is one, but no matter) and while it is true that Bush and Cheney cherry-picked the intelligence data and exaggerated it, what mattered above all is that they -- the two of them -- decided to go to war and the rest of the country just followed.

It's almost beside the point that Saddam Hussein lacked the weapons of mass destruction that were Bush's stated casus belli. By the time the war started, it was clear that Iraq had no nuclear weapons program to speak of -- Cheney lied about this -- and as for the rest, chemical and biological, why were they suddenly so menacing? After all, chemical weapons had first been used in World War I, and biological weapons, while plenty scary, were hardly practical. No one really knew how to make it work.

Two guys took us to war and now two guys keep us at war. The consensus of the country is that Bush/Cheney has failed. The president's approval ratings are lower than the average daily Washington temperature -- and it is winter, for crying out loud. Now Bush has authorized the so-called surge, which is meant to rectify the slide, the mess, the coming defeat. But to Cheney, there is no slide, no mess. "Bottom line is that we've had enormous successes and we will continue to have enormous successes," is the way he put it to CNN's Wolf Blitzer. This bizarre assessment, so at odds with truth, is a Rorschach of sorts and Cheney fails it stunningly.

But out in the hallway, at the water cooler that metaphorically exists, Cheney tells Bush he's winning and he's strong -- a regular Truman, another Lincoln and, not incidentally, another Nixon for his heroic reestablishment of the imperial presidency in aw-shucks garb. And out by the water cooler Bush nods. He is a strong president and a good president. He has fought evil and done what was asked of him -- and the fallen are heroes and the brave are in heaven and he will answer (as do Hebrew National salamis) to a higher authority. And if, by your own water cooler, you should think all this is absurd, consider this: The war goes on . . . and on . . . and on.

Our Options In Iraq (WSJ)

The Wall Street Journal, January 30, 2007

These are our options in Iraq: We can withdraw troops and equipment as fast as our Galaxys and Globemasters can carry them home (or to Okinawa). This is the Murtha Way. We can cap troop levels at 140,000 and withdraw them no later than Inauguration Day, 2009. This is Hillary's Way. We can redeploy our forces outside of Iraqi cities, conduct limited training and counterterrorism missions, urge reconciliation among the various political factions and seek diplomatic openings with Syria and Iran. This is the way of Sens. Chuck Hagel and Joe Biden. We can advocate and facilitate the partition of Iraq. This is the (Peter) Galbraith Way. Or we can surge troops into the toughest neighborhoods of Baghdad, Ramadi and Najaf and keep them there indefinitely.

That is the President's Way. It is going to mean many more American casualties -- perhaps as many in the months ahead as we've seen over the past four years. It may fail for lack of troops, or insufficient cooperation from the Iraqi government. It could be defeated in the field, or it could succeed -- only to be undermined in Washington, much as Gen. Creighton Abrams's 1972 battlefield victories in Vietnam were. It lacks an endgame. It's a political loser. But it is the only strategy on the table that aims at victory and has a chance of succeeding.

Consider the alternatives in their turn. The intelligent case for immediate withdrawal is that it means no more Americans need die in a war that is already lost. For Iraq, the consequences of American withdrawal will surely be grievous: ethnic cleansing on a massive scale; the collapse of the current government; the creation of an al Qaeda statelet in Anbar province; a rush by Iran, Saudi Arabia and perhaps Turkey to fill the vacuum; a regional war of Sunnis and Shiites and factions in between; a Mideast nuclear arms race.

Advocates of immediate withdrawal would counter that all this was foreordained by the invasion of Iraq (or at least by the bungled occupation) so it may as well happen sooner rather than later. But what are the consequences of immediate withdrawal for the U.S.? Well, see above, and ask yourself if it's a price the U.S. can afford to pay. Unless you agree with Boston Globe columnist James Carroll, who sees geopolitical catastrophe as a pathway to redeeming America's soul, the answer is probably not.

What about Hillary's Way? Its political convenience is to prevent Iraq from being a millstone around the neck of the next administration, presumably hers. Its strategic virtue is that it offers a window to get things right in Iraq, finally, and the pressure to do so quickly.

But it fails to address the obvious objection, which is that once a date-certain for U.S. withdrawal is set, Sunni insurgents, Shiite Mahdists and outside powers like Iran need only bide their time before moving in. And because of Sen. Clinton's proposed

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troop cap, it prevents the U.S. from sufficiently altering facts on the ground to give the Iraqi government a chance to stand on its own. Given the choice between postponed and immediate withdrawal, at least the latter stands to save American lives. Otherwise, the results are the same.

Now take the Hagel-Biden Way, itself mostly a reprise of the recommendations of Jim Baker's Iraq Study Group. At a hearing last Wednesday of the Senate Foreign Relations Committee, Mr. Hagel waxed pontifical on the subject of "coherence of strategy," accusing the administration of having no coherent strategy either in the past or for the future. For his pains, and for standing on the right side of opinion polls, admiring pundits have praised the Nebraska Republican as a profile in political courage.

As for the merits of his own strategy, spelled out in a recent USA Today op-ed, that's another story. With Mr. Biden, the senator wants to redeploy U.S. forces outside of Iraqi cities. He seems to have missed the fact that, except for the politically critical Green Zone in Baghdad, that's where the troops have mainly been for two years, in keeping with the "light footprint" strategy that everyone now agrees failed. Next Mr. Hagel wants to "transfer responsibility for internal security and halting sectarian violence to Iraqi forces under an appropriately expedited timeline." Another interesting idea, given how much of the sectarian violence of the past few years has been instigated by elements within the Iraqi interior ministry.

And Mr. Hagel wants to "engage Iraq's neighbors and the international community to build a regional framework to help support and sustain a political solution and national reconciliation." Which neighbors would those be? Iran, which mass-produces IEDs and finances the most radical among Iraq's Shiite groups? Syria, which serves as sanctuary for Baathist holdouts and transfer point for Sunni insurgents? The "coherence" of the Hagel-Biden plan itself rests on the incoherent assumption that the regimes that so far have worked hardest to abort Iraq's rebirth as a federal and democratic state can now be enlisted to midwife the effort.

Finally there is partition. There is a seductive neatness to the idea that, by dividing Iraq into Shiite, Sunni and Kurdish states, one cuts the proverbial Gordian knot of the country's dysfunctional politics. But Iraq's population isn't so neatly divided, not least in Baghdad where one in four Iraqis live. How are they to be moved, resettled, compensated and so on?

Proponents of partition argue that such dilemmas are already in the process of resolving themselves, as Shiites and Sunnis abandon previously mixed neighborhoods. This is what logicians call the "Is-Ought" fallacy, and it would have the perverse effect of putting the U.S. behind the very forces of the sectarian aggression that so far we have sought to quell. Nor does it address the long-term question of just what kind of states Kurdistan, Basrastan and Fallujastan would become, whether they'd be viable, and whether they would be hostile or friendly to American interests.

Which leaves us with the Bush Way. It proposes to assume a responsibility -- the responsibility for everyday security -- the U.S. military relinquished when it first allowed Baghdad to be looted. And it takes as its premise the idea that "national reconciliation" in Iraq can only be accomplished in the absence of chaos. These are the fundamental responsibilities of an occupier. It's too bad we didn't do it sooner. That's no reason not to start now.

The American Iraq (WSJ)

By Fouad Ajami

The Wall Street Journal, January 30, 2007

So this government in Baghdad, fighting for its life, has not mastered even the grim science of the gallows, and has no knowledge of the "drop charts" used for hangings around the world. The Tikritis had been much better at this sort of thing. They had all the time in the world to perfect the skills and techniques of terror; they had done it against the background of relative indifference by outside powers. And they had the indulgence of the neighboring Arabs who gave their warrant to all that played out in Iraq under the Tikriti despotism.

Pity those men now hunkered down in Baghdad as they walk a fine, thin line between the yearning for justice and retribution in their land, and the scrutiny of the outside world. In the annals of Arab history, the Shia have been strangers to power, rebels and dissidents and men on the run hunted down by official power. Now the ground has shifted in Baghdad, and an Arab world steeped in tyranny reproaches a Shia-led government sitting atop a volcano. America's "regional diplomacy" -- the name for our earnest but futile entreaties to the Arab rulers -- will not reconcile the Arab regimes to the rise of the Shia outcasts.

In the fullness of time, the Arab order of power will have to come to a grudging acceptance of the order sure to take hold in Baghdad. This is a region that respects the prerogatives of power. It had once resisted the coming to power of the Alawites in Syria and then learned to accommodate that "heretical" minority sect and its conquest of Damascus; the Shia path in Iraq will follow that trajectory, and its justice is infinitely greater for it is the ascendancy of a demographic majority, through the weight of numbers and the ballot box. Of all Arab lands, Iraq is the most checkered, a frontier country at the crossroads of Arabia, Turkey and Persia. The Sunni Arabs in Iraq and beyond have never accepted the diversity of that land. The "Arabism" of the place was synonymous with their own primacy. Now a binational state in all but name (Arab and Kurdish) has come into being in Iraq, and

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the Shia underclass have stepped forth and staked a claim commensurate with the weight of their numbers. The Sunni Arabs have recoiled from this change in their fortunes. They have all but "Persianized" the Shia of Iraq, branded them as a fifth column of the state next door. Contemporary Islamism has sharpened this feud, for to the Sunni Islamists the Shia are heretics at odds with the forbidding strictures of the Islamists' fanatical variant of the faith.

Baghdad, a city founded by the Abbasid Caliph al-Mansour in 762, was sacked by the Mongols in 1258: The invaders put it to the sword, and dumped its books and libraries in the Tigris. In the (Sunni) legend, a Shia minister by the name of Ibn Alqami had opened the gates of the city to the invaders. History never relents here. In a commentary that followed the execution of Saddam, a Palestinian commentator in the West Bank city of Jenin wrote in a pan-Arab daily in London that a descendant of Ibn Alqami (read Nouri al-Maliki) had put to death a descendant of al-Mansour.

These kinds of atavisms cannot be conciliated. The truth of Iraq will assert itself on the ground, but the age of Sunni monopoly on power has passed. One of Iraq's most respected scholar-diplomats, Hassan al-Alawi, has put the matter in stark terms. It is proper, he said, to speak of an "American Iraq" as one does of a Sumerian, a Babylonian, an Abbasid, an Ottoman, and then a British Iraq. Where Iraq in the age of the Pax Britannica rested on an "Anglo-Sunni" regime, this new Iraq, in the time of the Americans, is by the logic of things an American-Shia regime. The militant preachers railing against the fall of Baghdad to an alliance of the "American crusaders" and the "Shia heretics" are the bearers of a dark, but intensely felt conviction. We should not be apologetic, in Arab lands seething with bigotry and rage, about our expedition into Iraq. We shouldn't fall for Arab rulers who tell us that they would have had the ability to call off the furies had we had in place a "process" for resolving the claims of the Palestinians, and had we been able to "deliver" Israel. Those furies have a life of their own: In truth, they are aided and abetted by these same rulers in the hope of tranquilizing their own domains and buying off the embittered in their midst.

The Sunni Arab regimes, it has to be noted, are not of one mind on Iraq. Curiously, the Arab state most likely to make peace with the new reality of Iraq is Saudi Arabia; those most hostile are the Jordanians, the Egyptians and the Palestinians. The Saudi monarch, King Abdullah, has read the wind with accuracy; he has a Shia minority in his domain, in the oil-bearing lands of the Eastern Province, and he seems eager to cap the Wahhabi volcano in the Najdi heartland of his kingdom. There is pragmatism in that realm, and the place lives by its own coin. In contrast, Jordan and Egypt present the odd spectacle of countries heavily invested in an anti-Shia drive but with no Shia citizenry in their midst. The two regimes derive a good measure of their revenues from "strategic rent" -- the aid of foreign powers, the subsidies of Pax Americana to be exact. The threat of Shiism is a good, and lucrative, scarecrow for the rulers in Cairo and Amman. The promise of standing sentry in defense of the Sunni order is what these two regimes have to offer both America and the oil states.

The Palestinians, weaker in the scale of power and with troubles of their own, are in the end of little consequence to the strategic alignment in the region. But to the extent that their "street" and their pundits matter, they can be counted upon to view the rise of this new Iraq with reserve and outright hostility. For six decades, the Palestinians have had a virtual monopoly on pan-Arab sentiments, and the Arabic-speaking world indulged them. Iraq -- its wounds, and the promise of its power and resources -- has been a direct challenge to the Palestinians and to their conception of their place in the Arab scheme of things. A seam is stitched in Palestinian society between its Muslim majority and its minority Christian communities. Palestinians have little by way of exposure to the Shia. To the bitter end, the Palestinian street remained enamored of Saddam Hussein. Iraq's Shia majority has returned the favor, and has come to view the Palestinians and their cause with considerable suspicion.

For our part, the Pax Americana has not been at peace with the Shia genie it had called forth. We did not know the Shia to begin with; we saw them through the prism of our experience with Iran. Moqtada al-Sadr in Baghdad and Hassan Nasrallah in Beirut: This was the face of the new Shiism and we were spooked by it. And we were susceptible as well to the representations made to us by Arab rulers about the dangers of radical Shiism.

This was odd: We had been in the midst of a searing battle with al Qaeda and the Taliban, zealous Sunni movements, but we were still giving credence to the Arab warnings about the threat of Shiism. Nor were the Shia who would finally claim power in Iraq possessed of an appreciable understanding of American ways. Nouri al-Maliki speaks not a word of English; with years of exile in Syria behind him, he was at considerable disadvantage in dealing with the American presence in his country. He and the political class around him lacked the traffic with American diplomacy that had seasoned their counterparts in Cairo, Amman and the Arabian Peninsula. Without that intimacy, they had been given to premonitions that America could yet strike a bargain, at their expense, with the Sunni order of power.

We held aloft the banner of democracy, but in recent months our faith in democracy's possibilities in Iraq has appeared to erode, and this unnerves the Shia political class. President Bush's setback in the congressional elections gave the Iraqis legitimate cause for concern: Prime Minister Maliki himself wondered aloud whether this was the beginning of a general American retreat in Iraq. And there was that brief moment when it seemed as though the "realists" of the James Baker variety were in the midst of a restoration. The Shia (and the Kurds) needed no deep literacy in strategic matters to read the mind of Mr. Baker. His brand of realism was anathema to people who tell their history in metaphors of justice and betrayal. He was a known

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entity in Iraq; he had been the steward of American foreign policy when America walked away, in 1991, from the Kurdish and Shia rebellions it had called for. The political class in Baghdad couldn't have known that the Baker-Hamilton recommendations would die on the vine, and that President Bush would pay these recommendations scant attention. The American position was not transparent, and there were in the air rumors of retrenchment, and thus legitimate Iraqi fears that the American presence in Baghdad could be bartered away in some accommodation with the powers in Iraq's neighborhood.

These fears were to be allayed, but not put to rest, by the military "surge" that President Bush announced in recent days. More than a military endeavor, the surge can be seen as a declaration by the president that deliverance would be sought in Baghdad, and not in deals with the rogues (Syria and Iran) or with the Sunni Arab states. Prime Minister Maliki and the coalition that sustains his government could not know for certain if this was the proverbial "extra mile" before casting them adrift, or the sure promise that this president would stay with them for the remainder of his time in office.

But there can be no denying that with the surge the landscape has altered in Baghdad, and that Mr. Bush is invested in the Maliki government as never before. Mr. Maliki's predecessor -- a man who belongs to the same political party and hails from the same traditional Shia political class -- was forced out of office by an American veto and Mr. Maliki could be forgiven his suspicion that the Americans might try this again. It was known that he had never taken to the American envoy, Zalmay Khalilzad, and that he fully understood that American officials would rather have other Shia contenders in his post -- our old standby Ayad Allawi, the current vice president Adel Abdul Mahdi, both more worldly men at ease with American ways. So if this is America's extra mile in Baghdad, it has to be traversed with a political leader whose abilities and intentions have been repeatedly called into question by American officials.

This marriage of convenience may be the best that can be hoped for. Mr. Maliki will not do America's bidding, and we should be grateful for his displays of independence. He straddles the fence between the things we want him to do -- disarming the militias, walking away from Moqtada al-Sadr -- and the requirements of political survival. We have been waiting for the Iraqis to assume responsibility for their own affairs and we should not be disconcerted when they take us at our word. The messages put out by American officials now and then, that Mr. Maliki is living on borrowed time, and the administered leaks of warnings he has been given by President Bush, serve only to undermine whatever goals we seek in Baghdad.

With Saddam's execution, this prime minister has made himself a power in the vast Shia mainstream. Having removed Ibrahim Jaafari from office last year, the American regency is doomed to live with Mr. Maliki, for a policy that attempts to unseat him is sure to strip Iraqis of any sense that they are sovereign in their own country. He cannot be granted a blank check, but no small measure of America's success in Iraq now depends on him. If he is to fall, the deed must be an affair of the Iraqis, and of the broad Shia coalition to be exact. He may now to able to strike at renegade elements of the Mahdi Army, for that movement that once answered to Moqtada al-Sadr and carried his banners has splintered into gangs led by bandit warlords. In our concern with Moqtada al-Sadr and the Mahdi Army, we ought to understand the reluctance of Mr. Maliki's ruling coalition to take on the Shia militias. The terror inflicted on the Shia -- an unrelenting affair of the last three years -- makes it extremely difficult for a Shia-led government to disarm men who pose as defenders of a community still under brutal siege.

Boldness and despair may have come together to carry forward this new drive in Baghdad. Fear of failure often concentrates the mind, and President Bush's policy could yet find its target right as the skeptics have written off this whole project in Baghdad. Iraq has had its way of meting out disappointments at every turn, but the tide of events appears to be working in the president's favor.

There is a "balance of terror" today between the Sunni and Shia protagonists. More and more Sunni Arabs know that their old dominion is lost, and that they had better take the offer on the table -- a share of the oil revenues, the promise that the constitution could be amended and reviewed, access to political power and spoils in return for reining in the violence and banishing the Arab jihadists. The Shia, too, may have to come to a time of reckoning. Their old tormentor was sent to the gallows, and a kinsman of theirs did the deed with the seal of the state. From the poor Shia slums of Baghdad, young avengers answered the Sunni campaign of terror with brutal terror of their own. The old notion -- once dear to the Sunnis, and to the Shia a nagging source of fear and shame -- that the Sunnis of Iraq were a martial race while the Shia were marked for lamentations and political quiescence has been broken for good.

The country has been fought over, and a verdict can already be discerned -- rough balance between its erstwhile Sunni rulers and its Shia inheritors, and a special, autonomous life for the Kurds. Against all dire expectations, the all-important question of the distribution of oil wealth appears close to a resolution. The design for sharing the bounty is a "federal" one that strikes a balance between central government and regional claimants. The nightmare of the Sunni Arabs that they would be left stranded in regions of sand and gravel has been averted.

This is the country midwifed by American power. We were never meant to stay there long. Iraq will never approximate the expectations we projected onto it in more innocent times. But we should be able to grant it the gift of acceptance, and yet another dose of patience as it works its way out of its current torments. It is said that much of the war's nobility has drained out of it, and

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that we now fight not to lose, and to keep intact our larger position in the oil lands of the Arabian Peninsula and the Persian Gulf. This may not be the stuff of glory, but it has power and legitimacy all its own.

Mr. Ajami is a 2006 recipient of the Bradley Prize, teaches at Johns Hopkins and is author of "The Foreigner's Gift: The Americans, the Arabs, and the Iraqis in Iraq" (Free Press, 2006).

A League Of Their Own (NYT)

By Milton Viorst

The New York Times, January 30, 2007

Washington

PRESIDENT BUSH seems not to have noticed, but what stands between hostile sectarian forces and the resumption of all-out civil war in Lebanon is the Arab League, whose diplomacy 17 years ago put an end to a conflict in which tens of thousands of Lebanese died. Is there not a lesson here, for the president and the Democratic Congress, that is applicable to Iraq?

The Beirut face-off is the follow-up to last summer's war, in which Hezbollah, the Shiite party supported by Syria and Iran, held off the more powerful Israelis long enough to achieve a United Nations cease-fire on favorable terms. Now Hezbollah challenges the government of Prime Minister Fouad Siniora, which is supported by the bulk of Lebanon's Sunni, Christian and Druse population, as well as the United States.

Hezbollah seeks to upset the fragile balance to which Lebanon's sectarian forces agreed in 1989 under Arab League mediation. At that time, the Arab League's goal was to prevent the chaos in Lebanon from spreading to the wider Arab world. That remains the league's goal today, both in Lebanon and in Iraq. But it also has another concern: with Tehran's regional power rising, the Arab League has a deep interest in keeping both countries in the Arab sphere, free of Iranian domination.

The United States finds itself increasingly unable to stem the violence in Iraq, and it seems unlikely that a surge of troops will strengthen American influence. American negotiators have not won the confidence of Sunnis or Shiites, the principal combatants, nor even of Kurds, the uneasy bystanders. Mr. Bush may still consider himself a liberator, but among Iraqis there is a widespread feeling that his invasion was just the latest crime of Western imperialism.

Curiously, the Iraq Study Group, in acknowledging Iraqi distrust of the United States, suggested a greater diplomatic role for Syria and Iran, the very countries that have an interest in Iraq's instability. Though better relations with these two countries might be in Washington's long-term interest, they are surely not going to help matters in Iraq.

That's where the Arab League comes in. Because it is Arab, it can count on a level of trust, even among suspicious Iraqis, not available to the United States or its Western allies.

Critics argue that the Arab League, being heavily Sunni, can have no influence on Iraq's Shiites. They forget that the bulk of the Iraqi Army that defeated Iran in the 1980-88 war was Shiite. This fact alone tells us that Iraqi Shiites, much as they want to be rid of the American occupation, are not ready to become Iranian. The Arab League can work from this premise to restore Iraq's stability. The United States cannot.

The Arab League's Baghdad offices are recognized by the Shiite government of Prime Minister Nuri Kamal al-Maliki. President Jalal Talabani, a Kurd, has strongly supported Iraq's involvement with the Arab League. Amr Moussa, the Arab League's secretary general, has had an open door not just to Iraqi officials but also to Moktada al-Sadr, the radical Shiite leader, and to Ayatollah Ali al-Sistani, the country's most powerful cleric, who has never received an American official. The Iraqi foreign minister, a Kurd, has participated regularly in Arab League meetings.

To be sure, the Arab League cannot offer miracles. The situation in Iraq has deteriorated much too far for that. But with an invitation from the American president, it could immediately get to work at mediating the conflict.

If the objective is political stability and national reconciliation in Iraq, neither President Bush nor the Democratic Congress has a more promising option.

Equipment For Added Troops Is Lacking (WP)

By Ann Scott Tyson

The Washington Post, January 30, 2007

Boosting U.S. troop levels in Iraq by 21,500 would create major logistical hurdles for the Army and Marine Corps, which are short thousands of vehicles, armor kits and other equipment needed to supply the extra forces, U.S. officials said.

The increase would also further degrade the readiness of U.S.-based ground forces, hampering their ability to respond quickly, fully trained and well equipped in the case of other military contingencies around the world and increasing the risk of U.S. casualties, according to Army and Marine Corps leaders.

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"The response would be slower than we might like, we would not have all of the equipment sets that ordinarily would be the case, and there is certainly risk associated with that," the Marine Corps commandant, Gen. James Conway, told the House Armed Services Committee last week.

President Bush's plan to send five additional U.S. combat brigades into Iraq has left the Army and Marines scrambling to ensure that the troops could be supported with the necessary armored vehicles, jamming devices, radios and other gear, as well as lodging and other logistics.

Trucks are in particularly short supply. For example, the Army would need 1,500 specially outfitted -- known as "up-armored" -- 2 1/2 -ton and five-ton trucks in Iraq for the incoming units, said Lt. Gen. Stephen Speakes, the Army's deputy chief of staff for force development.

"We don't have the [armor] kits, and we don't have the trucks," Speakes said in an interview. He said it will take the Army months, probably until summer, to supply and outfit the additional trucks. As a result, he said, combat units flowing into Iraq would have to share the trucks assigned to units now there, leading to increased use and maintenance.

Speakes said that although another type of vehicle -- the up-armored Humvee -- continues to be in short supply Army-wide, there would be "adequate" numbers for incoming forces, and each brigade would receive 400 fully outfitted Humvees. But he said that to meet the need, the Army would have to draw down pre-positioned stocks that would then not be available for other contingencies.

Still, U.S. commanders privately expressed doubts that Iraq-bound units would receive a full complement of Humvees. "It's inevitable that that has to happen, unless five brigades of up-armored Humvees fall out of the sky," one senior Army official said of the feared shortfall. He expects that some units would have to rely more heavily on Bradley Fighting Vehicles and tanks that, although highly protective, are intimidating and therefore less effective for many counterinsurgency missions.

Adding to the crunch, the U.S. government has agreed to sell 600 up-armored Humvees to Iraq this year for its security forces. Such sales "better not be at the expense of the American soldier or Marine," Speakes told defense reporters recently, saying U.S. military needs must take priority.

Living facilities in Iraq are another concern for the additional troops, who would be concentrated in Baghdad, Army officials said. The U.S. military has closed or handed over to Iraqi forces about half of the 110 bases established there after the U.S.-led invasion in 2003. Decisions are being made on where to base incoming units in Baghdad, but it is likely that, at least in the short term, they would be placed in existing facilities, officials said.

Lt. Gen. David H. Petraeus, the new top U.S. commander in Iraq, has requested that additional combat brigades move into Iraq as quickly as possible. But accelerated deployments would mean less time for units to train and fill out their ranks. Brigades are required to have an aggregate number of soldiers before deploying but may still face shortages of specific ranks and job skills.

Meanwhile, the demand for thousands more U.S. forces in both Iraq and Afghanistan is worsening the readiness of units in the United States, depleting their equipment and time to train, Army officials said. "We can fulfill the national strategy, but it will take more time and it will also take us increased casualties to do the job," Speakes said.

Army Chief of Staff Peter J. Schoomaker testified last week before the House Armed Services Committee that, regarding readiness, "my concerns are increased over what they were in June."

"To meet combatant commanders' immediate wartime needs, we pooled equipment from across the force to equip soldiers deploying in harm's way," he said. "This practice, which we are continuing today, increases risk for our next-to-deploy units and limits our ability to respond to emerging strategic contingencies."

Schoomaker called for additional funding to fix "holes in the force" and "break the historical cycle of unpreparedness."

The equipment shortages are pronounced in Army National Guard units, which have, on average, 40 percent of their required equipment, according to Army data. Senior Pentagon and Army officials say they expect to have to involuntarily mobilize some National Guard combat brigades earlier than planned to relieve active-duty forces. But the Guard as a whole is not expected to return to minimum equipment levels until 2013, Army figures show.

The Army seeks to increase its permanent active-duty ranks by 65,000 soldiers by 2012, creating six new combat brigades at a total estimated cost of $70 billion.

Brakes Thrown On Iraq Fight (RC)

By John Stanton, Emily Pierce And Jennifer Yachnin

Roll Call, January 30, 2007

With a vote on one or more nonbinding resolutions opposing President Bush's decision to boost troop levels in Iraq likely a week away, Senate Democratic leaders are expected to use the delay to push back against tough White House rhetoric and attempt to build a bipartisan coalition on the issue, aides said Monday.

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A senior Democratic leadership aide said Monday that while no talks with Republicans who oppose Bush's Iraq strategy have been scheduled, Majority Leader Harry Reid (D-Nev.) likely will "extend some olive branches" later in the week as the chamber moves closer to next week's vote.

Republicans are expected to oppose any effort by Reid to bring the minimum-wage debate to a close before Thursday. Because of that, a plan to begin debate on a resolution sponsored by Sens. Carl Levin (D-Mich.), Chuck Hagel (R-Neb.) and Joseph Biden (D-Del.) will be put off until sometime next week, Democratic aides said.

Democrats are deeply skeptical of GOP indications that they would like to use all of the time allowed to them procedurally before wrapping up this week's debate on minimum wage.

"What is the White House up to?" asked Reid spokesman Jim Manley. "Are they stalling for time while they craft another resolution?"

If Republicans use all the time available to them under Senate rules on the minimum-wage bill, debate on the Iraq resolution likely would begin at the end of this week at the earliest.

Senate Minority Leader Mitch McConnell (R-Ky.) has said repeatedly that he does not want to block a vote on an Iraq resolution, but that he will not allow a vote on the Democrats' Iraq resolution without an agreement to also have several other votes on GOP-sponsored resolutions less critical of the president.

"His main concern is that Members get a chance to vote on their resolutions and that it's not a one-shot deal," said McConnell spokesman Don Stewart.

Without separate votes on each resolution, Stewart noted that procedurally it is impossible to have a vote on a complete substitute resolution, or a resolution that would entirely replace the language of the Democrats' resolution. Senate rules are such that the section of the resolution that includes "findings" must be approved separately from the resolution's declarative statements.

"It makes it a lot more complicated. It muddles the message completely," said Stewart of the possibility of Republicans having to offer separate substitute amendments for each section of the resolution.

But Manley said the votes on the two sections could move in tandem and that Democrats are prepared to allow votes on several competing resolutions.

Further complicating Reid's efforts, however, is the fact that Sen. John Warner (R-Va.) — who, along with Sen. Ben Nelson (D-Neb.), is one of the leaders of a bipartisan group of lawmakers who have proposed an alternative resolution to the Levin-Hagel-Biden measure — has thus far refused calls for negotiations prior to the floor debate.

In a memo sent Thursday to Biden, Hagel, Levin and Sen. Olympia Snowe (R-Maine) — a second GOP sponsor — Warner and Nelson rejected a request for talks from Biden, arguing that they "believe that the issues set forth in [the resolution] should remain as filed and that any additions, deletions or changes should occur as a consequence of the will of the Senate, working in 'open' session, during floor debate and consideration."

An aide to Warner said Monday that the Virginia lawmaker's position had not changed as of yet and that he believed both measures should come before the entire chamber.

Reid and other members of leadership also will have to address the White House's efforts to paint the resolution as detrimental to troops serving in Iraq. Over the past several days administration officials including Vice President Cheney and Defense Secretary Robert Gates have argued that any opposition to Bush's plan would end up emboldening the insurgency in Iraq. And while rank-and-file Democrats said that approach —which in past years caused significant heartburn among some moderate and conservative members of the party — is falling flat, a leadership aide said Reid is expected to push back over the course of the week.

In a floor speech Monday Reid charged that administration attacks are "beneath any administration official or Member of Congress," calling them "dangerous rhetoric motivated more by politics at home than events in Iraq."

On the other side of the Capitol, Democratic leaders moved ahead with efforts to focus attention on Iraq, but nonetheless continued to maintain that the chamber will hold off on any action on a similar resolution until the Senate completes work on the issue.

"Our thinking on this is that we want a strong bipartisan vote in the Senate, which will help us achieve the same goal here in the House," said a Democratic leadership aide, who spoke on the condition of anonymity.

But even as Democrats aim to utilize the potential momentum of the Senate resolution, House leaders, while suggesting the chamber will take up a similar resolution, have yet to specify whether that will mirror the Senate resolution exactly.

"Democrats have been incredibly clear about this," one Democratic operative, who asked not to be named, said of the decision to wait on the Senate's action. "How we get there is less important than what's actually said."

Democratic leadership also pushed ahead in recent days with what the leadership aide called "a coordinated effort to step-up [our] message on Iraq."

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Those efforts include a Congressional delegation led by Speaker Nancy Pelosi (D-Calif.) to Iraq as well as a policy address Friday by House Majority Leader Steny Hoyer (D-Md.), in which he criticized Bush's latest Iraq strategy while reiterating that Democrats intend to hold dozens of committee hearings before developing specific policies on the war.

Pelosi, who returned from her visit to Iraq, Pakistan and Afghanistan on Monday along with Reps. Ike Skelton (D-Mo.), Tom Lantos (D-Calif.), Silvestre Reyes (D-Texas), John Murtha (D-Pa.), Nita Lowey (D-N.Y.) and David Hobson (R-Ohio), is scheduled to review the CODEL this afternoon, although specific details were not available.

In a statement issued Friday during her visit to Iraq, Pelosi reiterated Democratic calls to shift responsibility for security to Iraqis and to redeploy U.S. military personnel.

"In meetings with Iraqi Prime Minister Nouri al-Maliki, U.S. Ambassador Zalmay Khalizad [sic], and senior U.S. military officers, including multi-national commander General George Casey, we stressed our belief that it is well past time for the Iraqis to take primary responsibility for the security of their nation," Pelosi said. "The delegation's view is that American forces should quickly begin to transition from a combat role to one focused on training, counter-terrorism, force protection, and controlling Iraq's borders."

Iraq Debate Strains Bond Of Congress' Vietnam Vets (USAT)

By Kathy Kiely

USA Today, January 30, 2007

WASHINGTON — When the Senate begins debating President Bush's Iraq policy, one focus will be on a group of lawmakers with special expertise: the ones who know what it's like to fight a war that has lost the support of the American public.

The Senate's tiny caucus of Vietnam combat veterans provided some of the most riveting exchanges last week as the Senate Foreign Relations Committee approved a resolution that declared the president's planned troop increase in Baghdad "not in the national interest." All three Vietnam War veterans on the panel — two Democrats and a Republican — voted for the resolution.

"Maybe I have no political future, but I don't want to look back in regret that I did not do something about this," said Sen. Chuck Hagel, R-Neb., a committee member who served as an infantryman in 1968, the bloodiest year of the Vietnam War.

The Iraq debate, which could begin as early as this week, has complicated relationships and stirred painful memories among a group of men who have a bond that transcends politics.

There are at least 18 Vietnam combat veterans serving in Congress, congressional records show. The shared experience of combat in an unpopular war has helped many to forge an unusual bipartisan fellowship. That was dramatically evident during the 2004 presidential campaign, when Sen. John McCain, R-Ariz., rushed to the defense of John Kerry, the Democratic nominee, when some Republicans began questioning the Massachusetts senator's war record.

When it comes to President Bush's plan to increase troop levels in Iraq, however, Congress' Vietnam veterans are divided.

In the Senate, four Vietnam combat veterans are playing key roles in the debate: Hagel authored the resolution opposing Bush's plan; his close friend, Sen. John McCain, R-Ariz., a former prisoner of war in Hanoi, is a leading backer of the Bush plan.

"There's no one I admire more in this body than John McCain," Hagel said. But, he added, he disagrees with his friend on Iraq: "The deeper you get into this bog, the harder it is to get out."

Then there are Kerry and Sen. Jim Webb.

During the 2004 presidential campaign, Webb, D-Va., leveled withering criticisms of Kerry's anti-war activities in the 1970s. This time, Webb voted with Kerry for Hagel's resolution.

In the House, which will begin a debate on Iraq after the Senate votes, Vietnam vets are playing an equally prominent role. Rep. John Murtha, D-Pa., who served in Korea and volunteered for Vietnam, is promising to use his chairmanship of the defense appropriations subcommittee to fence off funding for more troops.

Rep. Sam Johnson, a Texas Republican who spent nearly seven years as a North Vietnamese prisoner of war after his Air Force jet was shot down, is sponsoring a resolution that would prohibit Congress from cutting off funds.

Johnson is sharply critical of fellow Vietnam vets who do not support the president's plan in Iraq. "They're off track. They've lost their course," the Texan said.

McCain is less eager to distance himself from veterans on the other side of the Iraq debate. He said he has more in common with his "close friend" Hagel and fellow vets Kerry and Webb than with some of the Iraq war planners, most of whom did not serve in Vietnam.

"We share the same frustration over the failed strategy, which all of us could see failing," McCain said. "Chuck and I were very alike. Where Chuck and I differ is, he thinks we may not be able to salvage it, and I think we can."

The Vietnam veterans are haunted and motivated by their war experiences. "It was the most defining experience of my life," Hagel said of his 12 months in Vietnam.

DOJ_NMG_0124307

In 1971, Kerry famously asked members of the Senate Foreign Relations Committee: "How do you ask a man to be the last to die for a mistake?" Last week, he told his colleagues: "I never thought I would be reliving the need to ask that question again."

Johnson sees different parallels: "When you look at Vietnam, we had it won, and Congress pulled the plug. I hope we don't repeat it."

Arguing against a Vietnam comparison is Webb, who continues to believe that war was justified, while Iraq is not. The senator, who taught himself Vietnamese after returning to the USA and has close ties to the Vietnamese-American community, said in an interview that he believes some of his fellow veterans have been "manipulated" into supporting the president's policy by those who have likened it to Vietnam.

"All the buzzwords you'd throw in over and over again, 'Ah, the media's against you; you know, you're going to go against the troops,' " Webb said. "So that in many ways they are emotionally reacting to Vietnam. Rather than seeing the reality of what we're facing today. "

The intensity of the Vietnam experience is evident in the political risks that veterans are taking in the Iraq debate, said former senator Bob Kerrey, a Nebraska Democrat who served as a Navy SEAL in Vietnam. In an interview with USA TODAY, Kerrey pointed to McCain and Hagel, who are considering running for the presidency in 2008.

"It will be harder for McCain to win a general election because of his support of the war; it will be harder for Hagel to win Republican primaries because of his opposition," said Kerrey, now president of the New School, a university in New York City.

Even if on opposite sides of the debate, combat veterans have credibility with each other, Kerrey said. Part of the reason, he said, are the memories that few of them like to discuss. "It's intense. It's unusually horrible," Kerrey said, trying to explain the camaraderie of those who have survived a battlefield. "It's like, 'I know what you're thinking about when the lights go out.' "

Vietnam vet lawmakers' positions

This is a list of known Vietnam War combat veterans in the House and Senate, and their positions on Bush's plan to increase troop levels in Iraq.

Sources: U.S. House of Representatives Office of History and Preservation, U.S. Senate Historical Office and USA TODAY research by Kathy Kiely and William Risser

Soldier's Death Strengthens Senators' Antiwar Resolve (WP)

By Jonathan Weisman And Ann Scott Tyson

The Washington Post, January 30, 2007

Just before Christmas, an Army captain named Brian Freeman cornered Sens. Christopher J. Dodd (D-Conn.) and John F. Kerry (D-Mass.) at a Baghdad helicopter landing zone. The war was going badly, he told them. Troops were stretched so thin they were doing tasks they never dreamed of, let alone trained for.

Freeman, 31, took a short holiday leave to see his 14-month-old daughter and 2-year-old son, returned to his base in Karbala, Iraq, and less than two weeks ago died in a hail of bullets and grenades. Insurgents, dressed in U.S. military uniforms, speaking English and driving black American SUVs, got through a checkpoint and attacked, kidnapped four soldiers and later shot them. Freeman died in the assault, the fifth casualty of the brazen attack.

The death of the West Point graduate -- a star athlete from Temecula, Calif., who ran bobsleds and skeletons with Winter Olympians -- has radicalized Dodd, energized Kerry and girded the ever-more confrontational stance of Democrats in the Senate. Freeman's death has reverberated on the Senate floor, in committee deliberations and on television talk shows.

"This was the kind of person you don't forget," Dodd said yesterday. "You mention the number dead, 3,000, the 22,000 wounded, and you almost see the eyes glaze over. But you talk about an individual like this, who was doing his job, a hell of a job, but was also willing to talk about what was wrong, it's a way to really bring it to life, to connect."

"When I returned from war, almost 40 years ago now, I stood up and spoke from my heart and my gut about what I thought was wrong," Kerry said on the Senate floor last week as he recounted his meeting with Freeman. "I asked the question in 1971: How do you ask a man to be the last man to die for a mistake? . . . I never thought that I would be reliving the need to ask that question again."

On Thursday, Freeman will be memorialized at his home in California, just days before the Senate takes up a resolution formally stating Congress's opposition to the president's plan to add 21,500 troops to the U.S. force in Iraq. There is no way to know what Freeman would have thought of it, but he would not have been shy about offering his opinion, Dodd said.

Freeman had served out his five-year active-duty tour well before he was sent to Iraq. He graduated from West Point in 1999, then in 2002 was accepted into the Army World Class Athlete Program, training with the U.S. bobsled and skeleton teams in Lake Placid, N.Y.

"It's no exaggeration, he was definitely one of the nicest guys in the start house," said Steve Peters, a team official.

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In 2004, eager to get on with his career and family life, Freeman moved into the Individual Ready Reserve (IRR), a pool of trained soldiers not assigned to any unit, to serve out the rest of his eight-year mandatory obligation.

He was in California with a civilian job, a 1-year-old son named Gunnar and another baby on the way in the fall of 2005 when a shortage of officers prompted a large call-up by the IRR of West Point graduates from the classes of 1998 and later -- many of whom had only a few months of service left.

"He was an augmentee, who happened to be called up to fill a slot," said Sgt. 1st Class Joseph Edmond, a full-time staff member at the 412th Civil Affairs Battalion in Whitehall, Ohio, which Freeman was called to join. "It's almost to fill a void," he said, commenting on the Army's deepening manpower shortage, especially in the reserve, which requires it to cobble together units with people from across the country.

Charlotte Freeman, Freeman's wife, recalled her husband's shock upon receiving an Army telegram ordering him back to active duty. "He walked into the house and was totally white," she said yesterday. "He had moved on" from the Army.

"For my sake, he tried to get out" of the deployment, she said. But she knew he felt torn. "A part of him felt very guilty, because he had never gone to Iraq. He had dodged that bullet," she said.

Concerned about leaving his wife while she was pregnant, Freeman was able to obtain a three-month deferral and spend time with their newborn daughter, Ingrid. Just after Christmas in 2005, he grew so concerned about his pending deployment -- and his lack of qualifications to be a civil affairs officer -- that he anxiously contacted a reporter for The Washington Post.

Maj. Tony Nichols, who commanded a tank company that Freeman served in during his active duty, said Freeman "would have gone with a tank crew . . . in a heartbeat" but felt uneasy going with an unfamiliar civil affairs team.

Once in Iraq, Freeman was dismayed to find that his training "had no relation to what they were actually doing," Charlotte Freeman said. "He was appalled," enduring danger but seeing no clear mission, she said. Moreover, he believed that the Iraqis "didn't want us there."

Still, he did his best, working with the governor of Karbala to try to improve security and touching individual lives, such as helping an Iraqi boy who needed heart surgery and obtaining death benefits for an Iraqi interpreter's family. "He truly wanted to make a difference," Charlotte said.

Late last year, Freeman approached the senators at Landing Zone Washington, in Baghdad's Green Zone, "almost out of the shadows," Dodd recalled.

Even though he felt nervous, he told his wife later, he delivered his message with urgency. Soldiers were being deployed to do missions that they were utterly untrained to do; Freeman, for example, an armor officer, had been sent to help foster democracy and rebuild an Iraqi civil society. State Department personnel who could do those jobs were restricted in their travel off military bases by regional security officers who said it was unsafe for them to venture out.

"Senator, it's nuts over here," Dodd quoted Freeman as saying.

Calling him "ridiculously" bright, Nichols said Freeman did not oppose the war but "wanted it to be done better and smarter."

After Dodd mentioned an unnamed Army captain's concerns on NBC's "Meet The Press," Freeman e-mailed him to bring up another concern: the mistreatment of Iraqi interpreters by military contractors.

The connection between Dodd and Freeman went beyond a chance encounter and an exchange of e-mails. On Jan. 20, the day of Freeman's death, his wife was visiting his mother in Utah when a neighbor called to say that a military vehicle had stopped by the Freeman home. Frantic for news, Charlotte Freeman contacted Dodd's staff. The senator's aides learned of Brian Freeman's fate from the Defense Department and helped get military officials dispatched to his wife.

Kerry took the news personally, aides said. In Freeman, he saw something of himself -- a promising young officer, articulate and politically minded. But Kerry made it back from Vietnam.

"All that loss, for what?" Dodd asked.

It was not just Freeman's death that deeply troubled and provoked the two senators, but the way he died, in an apparent betrayal by Iraqi allies. In the days after Freeman's death, Dodd drafted legislation to cap the number of troops in Iraq. Last week in the Senate Foreign Relations Committee, Kerry backed Dodd in a failed effort to attach the legislative cap to the nonbinding resolution of opposition.

And both men are demanding that the Senate push the confrontation with Bush further. Kerry has resurrected his call for legislation setting a date certain for the withdrawal of troops.

"The notion of sense-of-the-Senate resolutions, what the hell does that mean?" Dodd asked yesterday. "Is that all you got?"

Feingold Calls War Bluff (POL)

By Roger Simon

DOJ_NMG_0124309

The Politico, January 30, 2007

Senate Democrats oppose the war in Iraq, they just don't plan on stopping it.

They have discovered that standing up to the president is not quite as easy as vilifying him.

Sen. Russ Feingold, D-Wis., has decided, however, to challenge what he calls the "timidity" of Democratic leaders. He is going to introduce legislation cutting off funding for the Iraq war and he may do it, he told me, as early as this week.

I reached him by telephone Monday in Fond du Lac, Wis., where he was conducting one of his "Listening Sessions" with voters during a snowstorm.

I asked him whether Democratic voters were further to the left than their elected leaders, especially their presidential candidates, when it came to the war.

"That is not only true of Democrats," Feingold said, "it is true of the public as a whole. The mainstream view of the American people is to get out of Iraq."

Cutting off funds only for the planned 21,500 troop surge in Iraq and passing resolutions condemning the war has become the fallback position of Senate Democrats who are fearful of being portrayed as unpatriotic, cowardly, "Mommy Party" haters of the military.

Additional Resources

Fact sheet on Feingold's proposed legislation

Use the power of the purse: An opinion piece by Senator Russ Feingold

And they have reason to be afraid. The White House plays hardball. The White House is never reluctant to accuse those who oppose its policies in Iraq of being bashers of our troops and abettors of our enemies.

The Bush administration released a statement last weekend saying that even those who just want to prohibit the surge are sending "the wrong message to our troops, our enemies, and the Iraqi people."

In Iowa Sunday, Hillary Clinton said: "At this point, I am not ready to cut off funding for American troops. I am not going to do that." She said that even if Congress passed such a bill, it would be pointless because we have "a president who will veto anything that impinges on his authority."

Feingold is not impressed with that argument. "It is not true this is a futile exercise," he said. "We can say no."

If, for instance, the Democrats attached an Iraq funding cutoff to an appropriations bill, the president would risk shutting down the government by vetoing it.

But some Democrats are worried. As Senate Majority Leader Harry Reid told my colleague John Bresnahan Thursday, Republicans "would like this debate to be as (to) whether or not we are going to be cutting off money for troops."

And others, including Sen. Joseph R. Biden Jr., D-Del., who is running for president, says a funding cutoff probably is unconstitutional.

Which is why Feingold is chairing a Senate Judiciary Committee hearing Tuesday to "help inform my colleagues and the public about Congress's power to end a war."

Feingold has gathered various legal and other experts to testify, but the result is a foregone conclusion. "I am going to lay out the reality that Congress does have this power," Feingold said. "The president does not have the unilateral power to (continue the war) without our consent."

Feingold said a cutoff of funding six months after the law is enacted "makes sense, it is constitutional, and our troops will not be left in the lurch."

Under Feingold's plan, the administration would have to safely redeploy troops from Iraq except for those needed to target counter-terrorism operations and provide security for U.S "infrastructure and civilian personnel" there, and a "limited number" to train Iraqi security services.

Feingold is going to put his fellow Democrats to the test: If you are really against this war, he is going to tell them, now is the time to show it.

"Those (Democrats) who are timid on this, who are they listening to?" he said. "The people don't want us to talk just about ending the escalation. They think this whole war is wrong."

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by TheRef on 01.29.2007 at 10:27 PM

If we end this war now and redeploy the troops out of the major combat areas, e.g. to the borders of Iraq and to receptive bordering states, Iraq will remain in a state of chaos. The civil war may well escalate. Many thousands of Iraqis will be killed or maimed. Iraq will remain in a state of anarchy well into the foreseeable future.

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If we continue the US participation in this Iraqi civil war, Iraq will remain in a state of chaos. The civil war may well escalate. Many thousands of Iraqis will be killed or maimed. Iraq will remain in a state of anarchy well into the foreseeable future. Added to Iraq's losses, tens of thousands of Americans will be killed or maimed while serving in Iraq. Billions more dollars will be spent ...wasted.

Which is the lesser of evils?

1) Anarchy in Iraq with many thousands of Iraqi casualties. 2) Anarchy in Iraq with many thousands of Iraqi casualties and the tens of thousands of American casualties added.

Is America fighting in a misguided attempt to save face for George Bush? Bush has so besmearched America in the eyes of the world ...the saving of America's "face" will require a generation or more to accomplish.

George W. Bush has not proven worthy of expending another ounce of blood or another dollar of treasure to save. The only sane solution is to move the troops to the borders of Iraq and beyond. We should do it now.

by Phil Sexton on 01.29.2007 at 10:17 PM

callmark1 The news this evening gave just a hint of a possibility that attacking the perpetrators of terrorism in Iraq might stop them long enough for a strong government to form. If so, it might be an indicator that a surge would work and Iraq could be self-governing in a sort of democratic way. What if that is indeed the case, but the anti-war coalition succeeded in forcing the effort to stop, before it bore fruit? What then? Diplomacy will not succeed without a credible threat of ill consequences if the diplomatic target refuses to bend. If we give up, the credibility of any threat is nil.

by ATLMerlinAF on 01.29.2007 at 08:06 PM

If I hear the Constitutional argument against Congress? war powers again, I am going to puke. The power to take this country into and out of war rests with the people?s branch (Congress). Now, whether that be by an outright resolution to stop the war or a resolution to cut-off funding, it is well within the bounds of the Congress to decide. As it relates to a Presidential veto for cutting off war funds, yes the Executive can choose to do that but, consider the implications. Not only will a veto infuriate the American people but it will infuriate Congress commencing a full-blown Constitutional showdown that Congress WILL win. Considering that the President?s approval ratings are at the lowest that anyone can remember, rivaling Presidents Nixon and Carter, the President doesn?t have much currency with the people right now.

I am actually relieved that someone has taken the burden upon themselves to propose the inevitable. Whether we like or not, whether it be sooner or later, this Congress is going to have to take action because they feel that the American people have mandated them to do so. I am a firm believer in the old adage that ?politics stops at the water?s edge? but it appears that this political paradigm has subsided along with the Weinberger Doctrine (and the Powell Corollary).

by Butch on 01.29.2007 at 07:54 PM

Maybe the thing to do is repeal the bill that gave King George XLIII the authority to invade.

by citizen11 on 01.29.2007 at 07:11 PM

The pragmatic thing to do is let Bush's war run it's course and hope the electorate will be angrier at the neo cons that started it than at the democrats they elected to end it. But that pragmatism comes at a very high cost, the continued loss of our young men and women. I for one think we should do whatever it takes to neuter this fool and his mentor. When you are going down the wrong road, things don't start getting better until you turn around. To continue upon a path that you know is wrong is beyond stupid, it is insane. I for one doubt that things could get any worst over there, and if they do then at least our soldiers will be somewhere else.

by callmark1 on 01.29.2007 at 06:55 PM

Phil Sexton:

Fair enough! It is not that there have been no alternative suggestions. It is that none of them have been given any focus by this administration. Furthermore, diplomacy has been practically non-existent. In addition, we as americans do not seem to want to make any sacrifices ... it seems we would rather place the burden of this conflict solely on the military than make some lifestyle changes. Here's a radical one: Talk to the Iranians, Syrians and others. Do this instead of surrounding them with three "western-occupied" countries (Israel, Afghanistan & Iraq) and then admonishing & threatening them for not doing their part to support our efforts. what hubris!!

As I recall, GW's father was at least able to get support from Syria in '91. But after the last 6 years of cowboy BS, re-establishing dialogue will take skill, humility and much effort, 2 out of three of which this administration seems to lack. So the first step would be to take control away from those who have a vested interest in further military action and refuse to consider any other route.

Here's another radical one: Re-focus on the underlying problems of the mid-east such as Israel vs. Palestine, massive displacement & poverty. Get tough with repressive regimes instead of aiding them (remember that it is Sunni-dominated, Saudi

Arabia that funded the madrasas in Afghanistan from which sprang the taliban, and that most of the hijackers of 911 were Saudi. And what exactly has Israel done for us exept to promote prejudice, intolerance and its own expansionist agenda?).

Here are some more: immediate steps to curb dependence on foreign oil including a sharp increase in gas taxes here to be used for massive investment in alternative fuels, a govt. communication campaign to encourage conservation & a billion $ prize to the first person or entity to come up with a cost-effective hydrogen car instead of subsidies to the oil companies (gee, I wonder what THEIR solution would

by Paradise on 01.29.2007 at 05:46 PM

Russ Feingold has lost touch with reality. I really don't know what he stands for, but cutting off the funds for our troops is not the way to send a message to Bush. but it sure will send one to the terrorists. Senator Feingold think America!!!

by RollinG on 01.29.2007 at 05:34 PM

Even though my heart is with Russ I do not think this is a good idea. Going into Iraq was a bad idea from the start and the longer we stay the more our solders will continue to die. That being said, if the Democratic controlled congress cuts of funds then they will get the blame for ?loosing the war?. As much as I hate the idea we have to let this run its course that is the only way I see now so that ones that are responsible get the blame.

We should not forget that this is not just Bush?s war. There is a whole group of neocon hawks that convinced Bush that this was a good idea in the first place. As this catastrophe continues they are looking for some place to shift the blame. They can never admit they were wrong. You know, mistakes have been made but it is never their mistakes. I can hear it now, ?if those Democrats had not pulled the plug we would have turned it around in another 6 months?. In case any has not been paying attention, it is always another 6 months and things will be better.

Bush is out in two years but the neocons that put him in power in the first place are still out there pushing their misguided policies. They must be held accountable for the death and destruction they have wrought.

by Captain Div on 01.29.2007 at 05:31 PM

This is impossible for a lot of reasons, but the long and short of it is that there is a presidential election in 2008. The Dems want to get the presidency back. If the democratic majority in congress pulls the plug on Iraq, and the region subsequently descends into further violence and chaos (which pretty much all of the credible middle east scholars predict will happen), the dems will be seen as responsible. People will not care if it was a Republican who started the war. They will care that the mess got bigger under the eyes of Congressional democrats who will then be running for the presidency. None of them want to have to answer to the public for that.

This measure will not just die, it will go down in flames with a handful of symbolic votes. Feingold knows this. He's pushing it in order to present himself as anti-war, and consolidate public support from the anti-war segment of the population.

Do you really think that the people on either side of the aisle have the conviction to do something because they think it's right? This is about the consolidation of power and the projection of a public image.

by jeremy on 01.29.2007 at 05:05 PM

Headline: Feingold Calls War Bluff

Frontpage Teaser: Senate Democrats oppose the war in Iraq, they just don't plan on stopping it. They have discovered that standing up to the president is not quite as easy as vilifying him.

And those are connected how?

Has Politico already fallen prey to mainstream hackerism?

by Phil Sexton on 01.29.2007 at 04:49 PM

I have no idea what the consequences of leaving Iraq would be. Neither does anyone else. And consequences are the important things. Real life is not similar to scientific laboratory experiments in which you can try different alternatives and see what happens. Once we leave Iraq, if horrible things happen (even more horrible than what is now happening) we cannot just say 'woops' and start over. I feel that I have no choice but to allow the President to do whatever he thinks best. If you believe differently, then please say what your full solution is and tell us how you can guarantee the consequences.

by Joshua on 01.29.2007 at 04:42 PM

Feingold has the right idea. I am tired of hearing how much congress is against the troop surge and many against the war. The toothless resolutions proposed last week are meaningless when you have Dick Cheney telling Wolf Blitzer no one at the White House cares. The Bush Administration is playing hardball and it is about time the United States Congress does as well.

Feingold however, has proposed a resolution with loopholes. Congress should propose a bill that leaves nothing to question. Feingold's plan should not include language such as a "limited number to train Iraqi security services." There should be a specific number of troops funded and not any more. The Iraq War is not helping the United States and is making life worse for people living in that territory.

by Mystere on 01.29.2007 at 04:40 PM

This is a W. war and he and only he has to deal with that. This war will be ended by the next democrat president.

by Benadork on 01.29.2007 at 04:37 PM

"To make rules for the government and regulation of the land and naval forces" Article I Section 8 does allow Congress to say where troops are and are not allowed, so if he can get the votes for it, I so go wild Russ.

by Mystere on 01.29.2007 at 04:37 PM

Cutting of the fund now is the worst thing to do for the democrats. every body knows that this is an unwinnable situation. So let the deccider in chief deal with the problem he created. The word will be ended by the next president if and only if he or she is a democrat. So democrat concentrate on 2008.

by citizen11 on 01.29.2007 at 04:36 PM

I believe that if we could wave a wand and get all of out troops out of there tomorrow, the american people would support it. This has devolved into a civil war that has simmered for hundreds of years. We should have NEVER gone in there! Now there are no good choices left.

by Hotspur on 01.29.2007 at 04:35 PM

Once again, go Rusty! And shame on you, Politico, for the crappy Photoshopping job on that picture. Whatsamatter, couldn't find any actual shots of Obama looking concerned about Feingold's standing up for the wishes of seventy percent of the electorate? (Oh, what am I saying - of course you couldn't. 'Cause they don't exist. Man, don'tcha hate it when there's no real-life photo to support the biased subtext you're trying to convey to the casual reader?)

by The Decider on 01.29.2007 at 04:07 PM

There is little doubt that the current administration will be etched into history with the shameful label as the ?most incompetent? ever in America during wartime. From the ridiculous lack of planning for postwar Iraq to the shameless unwillingness to admit that Iraq was swirling into a Civil War. Even most of the neoconservatives who are the architects of this war have admitted that it has become a debacle. In their own description, this war was supposed to be a ?cakewalk,? but it quickly became a quagmire. These, though expressed in the words of opinion, are truly facts.

But Feingold?s attempt to cut off funding is potentially as disastrous. To have been antiwar before the war, such as Senator Jim Webb, does not mean that one has to be willing to cut off funding, even if it is just for the ?surge,? today. Without a coherent plan to stabilize at least the borders of Iraq, a power of the purse measure will only prove disastrous for the Middle East. When Democrats take rhetorical stands on the genocidal practices of foreign governments, such as the current predicament in Darfur, they must take into consideration what will happen in Iraq after our soldiers leave. There?s a good chance that genocide will take place, a Shiite-led Sunni Genocide. Let us not forget that.

by JSteele on 01.29.2007 at 03:59 PM

At last, we have a Democrat with backbone! Two thumbs up for Sen. Feingold! Cutting the funds for Viet-Raq is the best solution to end an ongoing quagmire. No more death and destruction on our troops, the Iraqi people, and on the people here at home.

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Congress Tests Bounds Of Its War Power (AP)

By Anne Flaherty

AP, January 30, 2007

The new Democratic-led Congress is on a collision course with the White House over how far lawmakers can or should go to stop the war in Iraq, a dispute that could test the bounds of the Constitution.

President Bush has insisted he won't back down on a decision to send 21,500 additional troops to Iraq and will ignore any resolutions passed by Congress that state opposition to his plan. The Senate is expected to consider such a measure in coming days.

Some Democrats say Congress must consider tougher alternatives to force the president's hand, including cutting funding, capping the number of troops allowed in Iraq and setting an end date for the war.

"This Congress was never meant to be a rubber stamp," Sen. Barbara Boxer told her colleagues last week. "Read the Constitution. The Congress has the power to declare war. And on multiple occasions, we used our power to end conflicts."

Boxer has proposed a bill that would call for troops to come home in 180 days, allowing a minimum number to say behind to hunt down terrorists and train Iraqi security forces.

But many legal scholars and congressional Republicans say such legislation is not within Congress' power. The president has control of military forces, they say.

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"Once Congress raises an army, it's his to command," said Robert Turner, a law professor at the University of Virginia who plans to testify Tuesday before the Senate Judiciary Committee.

But whether a president needs congressional approval to wage war is up for debate among many scholars. In recent decades, presidents have routinely bypassed Congress when deploying troops to fight. Not since World War II has Congress issued an official declaration of war, despite lengthy wars fought in Vietnam and Korea.

"People think Congress has to say OK to everything," said John Yoo, a former Justice Department official who helped Bush write the 2002 resolution authorizing the Iraq invasion. But if that were true "that means every war we've fought since World War II is illegal."

Yoo, now a law professor at the University of California in Berkeley, said Bush's request that Congress pass a resolution authorizing force in Iraq was purely a political one. The resolution passed by a 296-133 vote in the GOP-run House and 77-23 in the Democratic-led Senate, but was not considered a declaration of war.

According to Yoo, the resolution was seen solely as a way of bringing Democrats onboard.

Sen. John Warner, the former chairman of the Armed Services Committee and former Navy secretary, said he agrees Congress has no right to manage a war.

"In an ongoing operation, you've got to defer to the commander in chief," said Warner, R-Va.

But the veteran senator said he understands the debate that surrounds constitutional war powers and lawmakers' ability to check the executive branch.

"There's always going to be this gray area between the powers of Congress and the powers of the executive branch," Warner said. "Never has been resolved, never will. We all want to leave it in a gray area."

Sen. Russ Feingold, who will chair Tuesday's hearing on war powers, says Congress shouldn't flounder on the issue when it has the ability to end the war by cutting funding for it.

In coming months, the Bush administration is expected to request Congress approve at least $700 billion in military funding, giving lawmakers the clearest opportunity to pull the plug on the war. The bill is expected to include 2007 and 2008 supplemental war spending, as well as 2008 annual military spending.

Rep. John Murtha, D-Pa., who chairs the House panel that oversees defense spending, says he wants to place such stringent conditions on the funding that Bush will have no choice but to scale back U.S. involvement in Iraq.

Feingold, D-Wis., proposes eliminating the war budget after six months, an approach he says will give Bush time to bring troops home without adversely affecting their well being.

"Americans are not looking to Congress to pass symbolic measures, they are looking to us to stop the president's failed Iraq policy," Feingold said. "That is why we must finally break this taboo that somehow Congress can't talk about using its power of the purse to end the war in Iraq."

Democrats Must Not Fold: Hold Bush Accountable At Retreat (RC)

By Donna Brazile

Roll Call, January 30, 2007

January is all but over, and what an active month it has been. For many, especially the newly empowered Democrats, this has been a month of celebrations and getting down to the people's business by passing important pieces of legislation. We've also heard President Bush give his second-to-last State of the Union address and, more importantly, we are monitoring those who would like to have his job in the future.

Bush, who visited House Republicans last week on Maryland's Eastern Shore, also is planning to drop by the House Democratic retreat this weekend in Williamsburg, Va. The president, while continuing his appeal to critics and supporters alike to give his new policy in Iraq a chance to succeed, is expected to take just five questions. Let's hope the Democrats, unlike the Republicans, who had a chance to field 15 questions, will not be afraid to discuss the one issue on everyone's mind these days: Iraq and the plan to add more troops.

Last week, Defense Secretary Robert Gates made the charge that critics of the administration's plan for a troop surge will aid the enemy. A similar charge has been made by others, including Vice President Cheney and Lt. Gen. David Petraeus. Once again, this is an old and tired, but not unexpected, argument by those who wish to simply stay the course and not come up with a strategy that would transition our mission, as most Americans believe, from combat to helping train the Iraqi forces and assisting with border security.

The choice between quiet acquiescence to a policy most Americans now believe is fundamentally wrong and calling on Members of Congress to resist that policy with all their might could just be a no-brainer. As inconvenient and messy as it might be, we should count our blessings that it's a choice we are allowed to make, and the administration should welcome and

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encourage this debate. To call on Congress to curtail this debate with a filibuster or to suggest that those offering various resolutions are somehow "aiding and abetting the enemy" is totally absurd and offensive.

This democracy stuff sure is messy sometimes, huh? Here's what I would ask the president:

Mr. President, could you please clarify which enemy would we embolden? Is it the Sunnis who are angry about losing power and fear being subjugated by the Shia majority? Is it the Shia militias who want revenge for Saddam Hussein's (Sunni) tyrannical oppression? Is it foreign fighters (including al-Qaida) who have entered Iraq to foment aggression and kill Americans in the process? I would argue the enemy is the latter; the others seem more interested in killing each other while our courageous troops are just getting in the way.

The premise that the nonbinding, bipartisan resolutions currently being considered in Congress give comfort to and embolden these enemies is predicated on an assumption that the enemies are not aware of the debate that has been occurring here about the war. To honestly think these enemies, with access to the Internet, satellite TV and newspapers, are unaware of our national mood and growing unease with the administration's strategy is either pretty naive or pretty foolish.

So what are our options? The first is to execute the administration's war strategy and quietly hope for the best. The original premise would preclude any discussion or concern about the progress of the war, as this would show uncertainty on our part and encourage our enemy. The second option is to convince the administration to change course. This option tends to be noisy and showy and exposes the soft underbelly of our republic. It's this soft underbelly that, in my opinion, is one of the great things about our country: our freedom to have a no-holds-barred debate on our country's course and direction.

Does that debate embolden our enemy? Perhaps it could. Is that justification to stifle our discussion and debate and to prevent open questioning of the conduct and course our nation takes? Never. Not to me. Any enemy who takes away our ability to internally debate our strategies has beaten us; it doesn't matter what the battle scorecard says.

Those arguing the premise that there should be no debate obviously have a vested interest in a specific course and are, no doubt, embarrassed by the spectacle of our disarray. It would be a lot easier to implement their policy without putting up much resistance. Well, I would argue: "been there and done that" for the past four years.

The bottom line, as Speaker Nancy Pelosi (D-Calif.) recently stated upon return from the region, is to help the Iraqi government find a political solution and to continue to help the government rid its country of these unwanted elements such as al-Qaida.

The current U.S. occupation (along with a dwindling number of coalition forces) of Iraq is just a drop in the bucket when you have 1,300 years to avenge; they, clearly, have a lot of patience. But for many Americans, our patience with the incompetent mismanagement of the war has grown thin. It's time we have this debate and discussion in Congress. I hope the House Democrats tell the president to stay tuned.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

Former Coalition Official Sentenced In Fraud Case (WP)

By Griff Witte

The Washington Post, January 30, 2007

A former official of the U.S.-led Coalition Provisional Authority was sentenced yesterday to nine years in prison and ordered to forfeit $3.6 million for his role in one of the largest fraud schemes to emerge from the reconstruction of Iraq, the Justice Department said yesterday.

Robert J. Stein, 52, of North Carolina was arrested in November 2005 and pleaded guilty in February 2006 to charges that included bribery, money laundering and conspiracy. He was sentenced in U.S. District Court in Washington.

In his role as comptroller and funding officer for the Coalition Provisional Authority in south-central Iraq, Stein worked with other Defense Department officials to rig the bids on reconstruction contracts so that all the work went to American businessman Philip H. Bloom, according to prosecutors. In exchange, Bloom gave the officials more than $1 million in cash, plus such luxury gifts as SUVs, a motorcycle, jewelry, computers, airline tickets, liquor and promises of future employment.

Prosecutors also say Stein and other members of the scheme stole $2 million in reconstruction funds, and that Bloom laundered the money before giving it back to Stein and his co-conspirators. Bloom, who has pleaded guilty and is scheduled to be sentenced in February, received more than $8.6 million in what prosecutors said were rigged contracts. Another official, Army Reserve Lt. Col. Bruce D. Hopfengardner, has also pleaded guilty in connection with the scheme.

The Justice Department said yesterday that Stein has cooperated with the government's investigation.

"The Department of Justice will protect the integrity of the federal contracting process by aggressively prosecuting fraud, bribery and other crimes that taint missions as critical as the reconstruction of Iraq," Assistant Attorney General Alice S. Fisher said in a statement.

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As Iraqi Refugees Flee, Let's Not Forget Vietnam (USAT)

By Adam Goodheart And John R. Bohrer

USA Today, January 30, 2007

At a hearing on Capitol Hill two weeks ago, a young Iraqi gave gripping testimony of the price paid by his countrymen who have risked their lives serving the U.S. occupation. The 27-year-old former military translator, whose name was withheld for his safety, told senators of receiving death threats and surviving a car bombing after he was identified as a friend of the Americans.

It was a story eerily reminiscent of tales from Southeast Asia more than three decades ago, when hundreds of thousands of our loyal allies faced imprisonment and death as the Vietnam War drew to a close. The world still remembers the agonizing photo of crowds swarming the last U.S. helicopter that took off from Saigon in 1975.

Although Iraq, as yet, offers no image to match that one, its refugee crisis is almost as dire. According to the United Nations, as many as 3.4 million people have fled (including many who left before the U.S. invasion), a number that continues to escalate. Yet since the 2003 invasion, only 466 Iraqi refugees have been allowed into the USA.

As our leaders face a worsening situation and as calls for a U.S. withdrawal from Iraq grow louder, we should remember the lessons of 1975. President Gerald Ford put his political capital on the line to rescue some 130,000 Vietnamese. (Nearly a million more would be admitted through other channels in the years that followed.)

The refugees were airlifted out to relocation camps in the United States. Then, after undergoing security checks, they were matched by the State Department with U.S. churches, families and civic groups. "To do less," President Ford later recalled of his effort, "would have added moral shame to humiliation."

At the recent hearings, Assistant Secretary of State Ellen Sauerbrey said that her department wishes it could allow as many as 20,000 Iraqis to seek asylum here. Yet she admitted that the difficulty of setting up asylum application centers in Iraq might make it impossible.

Baghdad in January 2007 has still not reached the point of Saigon in April 1975. If the Ford administration could quickly save 130,000 people amid the tidal wave of a full-scale military defeat, surely the Bush administration can save 20,000, or more, from Iraq.

Compared with occupation costs of about $300 million per day, the money Sauerbrey spoke of allotting to the refugee crisis seems laughable. She boasted that in 2006, the U.S. provided $400,000 to support U.N. refugee resettlement efforts, a figure it proposes to increase to $500,000 this year. (If you divide $500,000 by the 3.4 million Iraqi refugees, you get a commitment of about 14 cents per refugee.)

Efforts for increasing the flow of Iraqi immigrants also have been stymied by post-9/11 counterterrorism laws that make it difficult for anyone from the Middle East to enter the USA. That's an especially cruel irony, since the refugees in greatest peril are those who have put their lives on the line for what President Bush has declared is a war against terrorism.

In late 1975, less than eight months after the first refugee landed in the USA, the State Department declared the resettlement effort successfully completed (at a total cost of $405 million).

"The refugees have proven themselves to be hard-working and industrious people with a thirst for education," Ford told the nation. "The warmth and generosity that have characterized the welcome that Americans have given to the refugees serve as a reaffirmation of American awareness of the roots and the ideals of our society."

If the Bush administration is prepared to reaffirm those ideals Ford so eloquently invoked, it should extend a similar welcome in 2007.

Adam Goodheart is Hodson Trust-Griswold Director of the Starr Center for the Study of the American Experience at Washington College in Chestertown, Md. John R. Bohrer is a political writer and blogger.

Reconstruction Aid Falling Into The Wrong Hands (WT)

By Gethin Chamberlain

The Washington Times, January 30, 2007

LONDON -- Corrupt Afghan police and tribal leaders are stealing vast quantities of reconstruction aid intended to improve the lives of people and turn them away from the Taliban, U.S. and British officials said.

In some cases, all the aid earmarked for an area has ended up in the wrong hands, officials said. NATO forces in the south of the country fear corrupt police will steal aid if handed out through them. A Pentagon official said thousands of cars and trucks intended for use by the Afghan police had been sold instead.

Charles Heyman, a defense analyst and former British army major, said millions of dollars earmarked for reconstruction were being siphoned off.

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"It almost comes with the program," he said. "You have to build in an element of that into any program because you know it will leak into people's pockets."

Liam Fox, the defense spokesman for the opposition Conservative Party in Britain, said he heard firsthand of corruption affecting reconstruction programs when he visited Afghanistan last summer.

"There is increasing corruption from top government officials down, which is making efforts to get reconstruction off the ground much more difficult," he said.

Last week, the United States and European Union announced plans to spend an additional $13.7 billion on assistance to Afghanistan, of which almost $3 billion will be earmarked for reconstruction.

NATO commanders in southern Afghanistan are concerned at the level of corruption but have resolved to press ahead with reconstruction projects in the hope of winning over the local population and improving security.

In one recent example in Kandahar province, aid distribution went ahead despite fears that it would be stolen.

Sgt. Maj. Denis Tondreau, in charge of delivering Canadian army aid to the Pashmul area, said the Afghan police unit in one village was known for corruption and extortion.

"I have been told that if I bring aid to Pasab, the police will steal it," he said. "They are just a bad, bad unit ... [known for] extortion, corruption and use of drugs."

But people in the area said tribal and mosque elders were also guilty of stealing aid. In the nearby town of Panjwaii, workers said aid distributed by NATO's provincial reconstruction teams had not reached the ordinary people.

"When the soldiers came here, they gave things to the rich people. The elders took things for themselves, and we received nothing," said a local resident, Abdul Ghany, 20.

A police intelligence officer in the neighboring Zharey district said tribal leaders had to be convinced that the aid was not intended for them alone.

At a heated meeting he warned them: "The equipment is not to rebuild your own homes; it is for the mosques and the whole village. It is not for individuals; it is for the community. It is not for you to take it to your houses and sell it."

A joint report by the Pentagon and the State Department, circulated to congressional committees last month, concluded that the Afghan police force was corrupt to the point of ineffectiveness. One Pentagon official said police officers had stolen and sold at least half of the equipment supplied by the United States, including thousands of cars and trucks.

The U.S. Agency for International Development, however, said progress has been made in reconstruction projects.

"We work closely with local people, the governor and representatives of the national government in drawing up projects, to make sure that what we do meets the needs of local people," a spokesman said.

Among the projects funded by the agency are the purchase of uniforms and winter coats for the Afghan police, a hospital generator and a mortuary. But it confirmed that some of the nearly $4 million allocated to projects intended to help internal refugees had been diverted to build vehicle checkpoints.

A committee of British lawmakers plans to investigate the corruption, which has dogged operations in Afghanistan since the Taliban were driven from power in 2001.

"Corruption is something we will be examining in the future," said James Arbuthnot, chairman of the House of Commons defense select committee.

Discarding An Afghan Opportunity (WP)

By Selig S. Harrison

The Washington Post, January 30, 2007

The British Raj learned the hard way a century ago that the Pashtuns, Afghanistan's largest and historically dominant ethnic group, will unite to fight a foreign occupation force simply because it is foreign. Applying this lesson to the Afghan crisis today, British generals have been attempting in vain to change a high-profile U.S.-NATO military strategy that is helping the Taliban consolidate Pashtun support in southern Afghanistan.

Bombing and strafing attacks on suspected Taliban hideouts killed at least 4,643 Afghan civilian noncombatants from October 2001 to Oct. 1, 2006, according to an exhaustive study by University of New Hampshire economist Marc W. Herold. The result has been the steady growth of anti-American sentiment focused on the U.S.-backed regime of President Hamid Karzai.

"The cruelty is too much," Karzai declared last month. In tears, Karzai said that the coalition forces are "killing our children. We can't prevent the terrorists from coming from Pakistan, we can't stop the coalition from bombing the terrorists, and our children are dying because of this."

The British model for a new approach to defusing the Taliban insurgency has unfolded recently in the Musa Qala district of Helmand province. Following bitter clashes last summer between British and Taliban forces, the Musa Qala tribal council, acting with British approval and backed by Helmand's governor, Mohammed Daud, negotiated a cease-fire in early September that led

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to a 15-point peace agreement. The accord provided for an end to the Taliban offensive, the withdrawal of British forces and the creation of a local militia that would replace the ineffectual central government police and army units in the district. After peace prevailed for 35 days, the British pulled out on Oct. 17.

Peace still prevails. Nevertheless, Karzai, under intense U.S. pressure, fired Daud and appointed a new governor who disowned the accord as a sellout to the Taliban.

The British commander of NATO forces in Afghanistan stands by the agreement, but U.S. spokesmen say that his American successor will order British forces to resume fighting in Musa Qala when he takes over shortly.

Attacking the peace deal, U.S. Ambassador Ronald Neumann declared that "if you have an area that is under the Afghan government flag but is not under the actual authority of the Afghan government, then you are losing in a very big way." Other critics emphasize that Taliban fighters were not disarmed under the agreement.

But the accord has given tribal elders the whip hand over the Taliban in the area and is so popular that many neighboring districts want to emulate it. Why criticize the agreement before the elders' ability to contain Taliban influence could be tested? Is it really "losing in a very big way" if Pashtun leaders make local peace deals that work? Only if "victory" is defined in terms of an unrealistic goal of rapid centralization in a still-feudal society that has never been centralized.

For three centuries the Afghan state has been just barely a state, and ethnic and tribal communities paid obeisance to Kabul only if it accorded them autonomy. The communist regime installed by Moscow in 1978 aroused bitter opposition by attempting to centralize overnight. Now the U.S.-backed Karzai government is making a similar mistake by rushing to create a centralized regime instead of keying the process to the gradual development of a national economic infrastructure.

The central government has a critical role to play in combating the Taliban, but primarily through more effective economic assistance, with less accompanying corruption, not through military intervention that bypasses the tribal structure. The fledgling national police and army have a role in areas where tribal leaders want their help. But they are tainted in the eyes of many Pashtuns by their identification with a Kabul regime dominated by non-Pashtun ethnic rivals.

In 2001 the United States lined up with the Tajik ethnic minority, whose small military force, the Northern Alliance, helped dislodge the Pashtun-based Taliban and has subsequently dominated the Karzai government. Tajik generals and their proxies still control the army as well as key secret police and intelligence agencies hated by the Pashtuns. Karzai, a Pashtun, has attempted to soften Tajik domination with Pashtun appointments to top security jobs, but the real power remains in the hands of a U.S.-backed Tajik clique.

The Taliban is effectively exploiting Pashtun dissatisfaction with Kabul, recruiting many of its fighters from disaffected tribes in the Ghilzai branch of the Pashtuns, who resent the favoritism Karzai has shown to higher-status tribes such as his own Durranis. Mullah Omar, the key Taliban leader, is a Ghilzai.

But there are two other important reasons for the Taliban's growing strength: the support it is getting from Pakistan and Pashtun anger over the civilian casualties resulting from the indiscriminate use of U.S. air power.

To prevent a continued Taliban upsurge, the United States should condition future economic and military aid to Islamabad on meaningful measures to shut down Taliban camps and staging areas on the Pakistani side of the border. At the same time, the Pentagon should shift to a low-profile military strategy in which air attacks are the rare exception and peace initiatives like those of the Musa Qala elders are welcomed.

The writer covered Afghanistan as South Asia bureau chief of The Post and is the author of "Out of Afghanistan: The Inside Story of the Soviet Withdrawal." He is director of the Asia program at the Center for International Policy.

Iraqis Get Ideas From S.C. Prisons (AP)

By Meg Kinnard, Associated Press Writer

AP, January 30, 2007

Iraqi prison officials looking to rebuild their nation's jail system toured a state prison Monday, gathering ideas — including electronic door locks and an onsite license plate plant — to take back to their country.

A delegation that included U.S. Justice Department officials and their Iraqi counterparts visited the maximum security Broad River Correctional Institution, where the Iraqis watched inmates make South Carolina license plates and traffic signs.

Iraqi prisoners don't have a place to work, one visitor said through an interpreter.

The plant enables an inmate "to help himself and his family. We can have productive inmates, not just consumer inmates," said the warden of a Nasiriyah prison, whose name was withheld by the Justice Department for his own safety.

The group also was interested in the prison's security system, which includes electronically locking doors and video monitoring.

"My first impression is that the prisons here are totally different from ours," the warden said. "For example, the security system, the electric doors — we don't have this technology."

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The delegation visited South Carolina because the state prison system was similar in size and organization to the existing Iraqi system, said Georgette Thornton, who works in Baghdad with the department's International Criminal Investigative Training Assistance Program.

The two-week visit to South Carolina will include trips to other state prisons as well as a federal prison.

CORPORATE SCANDALS:

KLA-Tencor Books Options Charge, Found 'intentional' Mispricing (DOW)

Dow Jones, January 30, 2007

SAN FRANCISCO (Dow Jones) -- KLA-Tencor Corp., one of the nation's largest chip-equipment makers, booked a $370 million non-cash charge related to stock options it intentionally backdated.

It also may face a lawsuit from its former chief executive officer, who in a role as an adviser to the company was fired in connection with its option- accounting investigation.

In a Securities and Exchange Commission filing Monday, KLA-Tencor said it took a charge of $348 million for stock options it granted from July 1994 through June 2005 and a $22 million charge for the year ended June 30, 2006, due to erroneous accounting methods.

The San Jose, Calif., chip-equipment maker was forced to record the charges after a special board committee found that the company had granted stock options to executive officers and other employees at advantageous prices.

In essence, KLA-Tencor awarded stock options at prices that were lower than those on the option-grant dates it recorded on its books.

The company began its internal investigation in May. The Justice Department and the SEC also are investigating KLA-Tencor.

KLA-Tencor (KLAC) said in the filing that it stopped misdating stock options after June 2002, with a few "immaterial exceptions." It found no wrongdoing by its current management team, now led by CEO

Rick Wallace.

By filing restated financial statements, the company also said it expects to comply with Nasdaq reporting requirements, meaning its stock shouldn't face delisting.

KLA-Tencor said its internal investigation concluded that the "retroactive pricing was intentional, not inadvertent, or through administrative error" and that it involved the "falsification of company records."

The former CEO,

Kenneth Schroeder, was dismissed in October 2006 in his role as a senior adviser. He had formally stepped down as CEO in December 2005 after serving in executive roles with the company since 1991.

This past November, Schroeder's counsel informed KLA-Tencor that the former CEO "contests the company's right" to terminate his employment relationship and agreement to cancel his stock options, the SEC filing said.

KLA-Tencor said it plans to "vigorously defend" against any claims that may be brought by Schroeder, which could involve a material amount of money. The company has formed a special litigation panel to handle lawsuits resulting from its erroneous accounting.

The company has canceled $20 million of options that Schroeder had held. His attorney could not be immediately reached for comment. Schroeder was a longtime member of the company's stock-option committee and a director for six years.

In midday trading Monday, KLA-Tencor shares rose nearly 0.4% to $49.13. The company makes machines that produce chips for computers and other consumer electronics.

`NatWest Three' Again Seek Dismissal Of Enron Charges (Update1) (BLOOM)

By Laurel Brubaker Calkins

Bloomberg, January 30, 2007

Jan. 29 (Bloomberg) -- Three former British bankers accused in an Enron Corp.-related fraud scheme have again asked a federal judge in Houston to dismiss charges they cheated their onetime employer, Greenwich NatWest Ltd.

David Bermingham, Giles Darby and Gary Mulgrew argued that the indictment, which accuses them of skimming $7.35 million from the sale of an Enron-related partnership, improperly applied U.S. criminal law to British citizens acting in the U.K. In December, U.S. District Judge Ewing Werlein revised the charges without dropping any counts.

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``The wire fraud statute does not extend to the foreign scheme alleged," the bankers said in court papers filed Jan. 22. They claim the U.S. Congress didn't intend to criminalize the activity of ``a foreign national who allegedly defrauded his foreign employer in a foreign country."

Bermingham, 44, Darby 44, and Mulgrew, 45, were extradited to the U.S. in July and are charged with seven counts each of wire fraud. If convicted, they face as much as 35 years in prison. Prosecutors said the three skimmed millions in 2000 by misleading Greenwich NatWest about the value of an Enron partnership. They are free on $1 million bond each and scheduled to go on trial in September.

The original 2002 indictment relied on the legal theory that the bankers had deprived Greenwich NatWest, which has since been acquired by Royal Bank of Scotland Group Plc, of their honest services. To bolster their latest request to drop the charges, the bankers cited a December decision by Werlein to remove references to honest services from the indictment.

Honest Services

The honest-services argument was struck down in August by an appeals court in another criminal case stemming from a transaction at Houston-based Enron. The appeals court said an employee didn't deprive his company of honest services if he acted in the company's best interests and in line with management goals.

``The invalid honest services theory so permeates the entire indictment that there is no way to determine whether the grand jury would have indicted the defendants if only the property theory had been presented to it," the bankers said in their Jan. 22 filing.

When prosecutors asked Werlein last year to strike the honest-services allegations, they said it was to streamline the case and avoid appellate issues.

`Money and Property'

``The United States will proceed at trial against defendants solely on the grounds that they deprived NatWest of money and property," Steven Tyrrell, acting U.S. attorney in the Justice Department's Fraud Section, wrote in December. Removing the honest-services allegations ``does not deny the defendants their grand jury rights," he said.

Jaclyn Lesch, a Justice Department spokeswoman, declined to comment on the bankers' request, saying the government will respond in court at the proper time. Lawyers for the bankers didn't return calls seeking comment.

Enron, once the world's largest energy trading firm, had more than $68 billion in market value before its December 2001 bankruptcy filing. The company's top executives were convicted of misleading investors by hiding billions in losses and debts in off-the-books partnerships.

The case is U.S. v. Bermingham, 4:02-cr-00597, U.S. District Court, Southern District of Texas (Houston).

Former Executives Spared Prison Time In Cendant Case (FINDLAW/AP)

By John Christoffersen, Ap Business Writer

AP, January 30, 2007

(AP) - BRIDGEPORT, Connecticut-Two former executives were spared prison time Monday for their roles in a massive accounting scandal at Cendant Corp. that cost the company and its investors more than $3 billion.

Anne Pember, 47, who pleaded guilty to conspiracy in 2000, was sentenced to two years of probation and 200 hours of community service.

Casper Sabatino, 54, a former accountant at CUC who pleaded guilty to wire fraud charges and cooperated with federal prosecutors, was also sentenced to two years of probation.

Pember asked to be spared prison time, citing her extensive cooperation with federal investigators. Prosecutors agreed.

"I think your cooperation and your testimony was quite extraordinary," said Senior U.S. District Judge Alan H. Nevas.

Pember, who faced five years in prison under sentencing guidelines, apologized for her conduct.

Pember was controller at CUC International of Stamford, which merged with HFS Inc. of Parsippany, New Jersey, to create Cendant in December 1997. Pember became Cendant's senior vice president for accounting.

Nevas noted that Sabatino was one of the whistleblowers and was the first person to voluntarily cooperate with prosecutors.

"I think that's an important factor strongly in your favor," Nevas said. "You were the person who was the catalyst for initiating the investigation of this fraud."

Nevas also noted that others cooperated as a result of Sabatino's cooperation.

"Literally the house of cards began to collapse," Nevas said. "Your conduct should be emulated."

Sabatino also apologized in court for his actions.

The defendants have said their crimes were committed at the behest of their superiors.

Prosecutors say the scheme inflated the stock of CUC International, Cendant's predecessor, by $500 million.

The fraud cost the travel and real estate company and its investors more than $3 billion. The fraud was reported in 1998, causing Cendant's market value to drop by $14 billion in one day.

Pember and other defendants have said CUC's quarterly earnings were inflated in the two years leading up to the merger through improper accounting methods, including underfunding a reserve, accelerating recognition of revenues, deferring expenses, and drawing money from a merger account to boost revenues.

Cosmo Corigliano, CUC's former chief financial officer, is scheduled to be sentenced Tuesday. He also has asked to be spared prison time, citing his extensive cooperation in the investigation.

Former Cendant Corp. Chairman Walter Forbes was sentenced to 12 years and seven months, while Vice Chairman E. Kirk Shelton received a 10-year sentence. Both men were ordered to pay $3.275 billion in restitution.

The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years.

Cendant's brands included Ramada, Howard Johnson, Avis, Coldwell Banker and Century 21.

In September, Cendant stockholders changed the company's name to Avis Budget Group to reflect its Avis and Budget vehicle rental brands. Its real estate and hotel businesses were spun off as stand-alone companies and the company sold its travel distribution operations.

SEC Clears Market-Based Way To Value Staff Stock Options (WSJ)

By David Reilly And Serena Ng

The Wall Street Journal, January 30, 2007

The Securities and Exchange Commission for the first time has blessed a method for valuing employee stock options that relies on market forces rather than academic models.

The change potentially paves the way for companies to use techniques that lessen the hit to profit they take from this type of compensation.

In a Jan. 25 letter, SEC Chief Accountant Conrad Hewitt said an auction system designed by Zions Bancorp of Salt Lake City could be used to derive "market" values for employee stock options. The SEC had rejected earlier attempts at market-based methods, including a plan pitched by computer-networking company Cisco Systems Inc. in 2005.

Ever since accounting rule makers decreed that starting in 2006 companies would have to book an expense for issuing stock options, a number of companies and financial institutions have tried to develop new ways to value the instruments.

The 'Real' World

Both the SEC and accounting rule makers have said they believe market-based approaches are best for valuing options. Mr. Hewitt said yesterday that the problem is that the models currently in use produce "hypothetical numbers." Market-based approaches produce what "may be a real number," he added.

So far, though, no one had devised a market-based method that passed regulatory muster.

The problem: Regular stock options traded on financial exchanges and employee stock options differ in some main attributes. Both give holders the right, but not the obligation, to purchase stock at a preset price at a future date. But stock options traded on financial exchanges typically come due in at most two years, and there isn't any vesting requirement.

Employee options, on the other hand, typically vest over a number of years, and they can be exercised in some cases over a 10-year period. In addition, employees who leave a company usually have to exercise already-vested options or forfeit them.

The differences have left many companies, particularly heavy options issuers such as tech companies, grousing that existing option-valuation methods such as the widely used Black-Scholes model produce too high a value for employee stock options. That, in turn, results in a too-high charge against profit. At the same time, investors are often befuddled because companies can use different models to calculate options values, which are further influenced by assumptions regarding factors such as the expected future volatility of a company's stock price.

Zions last year tried to tackle the problem by creating securities that mimic the stock options granted to its employees. It then sold the securities to sophisticated investors in a public auction last June, deriving a market value for the options from the bidding. That value turned out to be roughly half the value of its options as calculated by academic models.

Accounting Tweaks

The bank then submitted its results to a months-long review by the SEC. Despite the green light, the agency signed off "on the process subject to several tweaks," said Evan Hill, a Zions vice president. Because of some technical issues, Zions can't use last year's auction to derive its stock-option expense for 2006.

Mr. Hill said the bank will conduct another auction when it grants its next batch of options, in May, and expects to use that to compute its option expense this year.

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The main question related to Zions's and other market-based approaches is whether the values created are really "market" values. Mr. Hewitt's letter touched on that concern, cautioning that each auction based on the Zions approach would have to be individually analyzed to determine whether it actually generated a market value.

Among other issues, companies must consider the quantity of securities offered relative to market demand and the number and type of bidders.

6-Month Home Detention For Executive (NYT/AP)

By Dow Jones/ap

The New York Times, January 30, 2007

A former executive at Computer Associates was sentenced to six months of home detention yesterday after pleading guilty to conspiracy charges in connection with a scheme to bolster the company's quarterly revenue artificially through backdated sales contracts.

Judge I. Leo Glasser of Federal District Court sentenced David Kaplan, former senior vice president for finance, at a hearing in Brooklyn. Mr. Kaplan was also ordered to serve three years of supervised release.

Mr. Kaplan was one of several executives at the company, now known as CA Inc., to plead guilty to criminal charges in 2004 and to cooperate with the government.

Fannie Mae Chief Got 25% Raise Last Year (WP)

By David S. Hilzenrath

The Washington Post, January 30, 2007

Fannie Mae chief executive Daniel H. Mudd received salary, stock and bonuses of more than $14.4 million in 2006, an increase of about 25 percent from the year before, the government-chartered mortgage funding company disclosed.

Mudd's pay included a bonus of $3.5 million, restricted shares worth nearly $10 million and a salary of $950,000.

That was up from a bonus of $2.6 million, restricted shares worth $8 million and a salary of $908,121 in 2005.

For 2007, Mudd's salary was increased to $990,000.

Mudd was promoted to interim chief executive from chief operating officer in 2004 after an accounting scandal drove out his predecessor, former federal budget director Franklin D. Raines. Mudd's appointment was later made permanent. One of his top responsibilities is restoring the company's financial systems.

More than two years after the accounting problems came to light, Fannie Mae remains unable to file timely financial statements, and its shares continue trading on the New York Stock Exchange by special dispensation.

The company recently completed its correction of past results, revealing that it had overstated profits by $6.3 billion.

"The management team led by Dan Mudd made significant strides in 2006 in getting the company back on track by completing its restatement, focusing on its business and addressing its important affordable housing mission," Fannie Mae Chairman Stephen B. Ashley said in a statement. "The compensation decisions are reflective of the progress the company has made."

The update on executive compensation was contained in a report Fannie Mae filed with the Securities and Exchange Commission late Friday. The report did not contain all the information that publicly traded corporations are required to disclose annually about executive pay -- for example, it did not include any disclosures about the value of executive perquisites -- so the total value of Mudd's pay package could be larger.

Fannie Mae spokesman Brian Faith said the comprehensive pay disclosure will be included in Fannie Mae's annual report for 2006. The company isn't predicting when that will be issued.

Based in the District, Fannie Mae plays a major role in the nation's housing finance system, buying mortgages and funneling capital from other investors to mortgage lenders.

The biggest chunk of Mudd's pay package consisted of 176,506 restricted stock units, which vest in four annual installments beginning January 2008. Mudd is required to hold a fifth of the shares until his employment at Fannie Mae ends.

In addition to the $8 million in restricted shares included in his compensation in 2005, Mudd was given a special restricted stock award in late 2005, worth about $1.5 million, when he signed a contract to become the permanent chief executive.

Officers' bonuses and stock awards must be approved by Fannie Mae's regulator, the Office of Federal Housing Enterprise Oversight, under an agreement Fannie Mae and the agency reached at the height of the scandal. Beyond confirming that the regulator had granted such approval, spokesmen for the agency declined to comment.

In setting compensation for last year, the compensation committee of Fannie Mae's board assessed the company's performance against several goals, such as "instilling operational discipline," "renewing the company's culture," fulfilling Fannie

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Mae's mission of promoting affordable housing and stabilizing the company -- for example, by building relationships with regulators and restating past financial results, the company said in the SEC filing.

Under Fannie Mae's federal charter, the board is required to ensure that executive pay is reasonable and comparable with that of executives in similar businesses, Fannie Mae said in the filing. For senior executives, the board aimed for the midpoint of pay levels at a group of diversified financial services companies, Fannie Mae reported.

Mudd's pay remained below the pre-scandal compensation awarded to his predecessor. In 2003, Raines's pay package included a $4.2 million bonus, $11.6 million in payouts under a long-term incentive plan, a salary of $992,250 and stock options the company valued at $3 million.

In addition to Mudd, four top executives listed in the SEC filing received bonuses of more than $1 million. Several executives received restricted stock awards worth more than $1 million.

CRIMINAL LAW:

Under Oath, Fleischer Stays On Message (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, January 30, 2007

WASHINGTON -- Former presidential spokesman Ari Fleischer reminded Washington on Monday why he was considered one of the city's most unshakable spinmasters.

As calm on the witness stand as he ever was at the White House briefing lectern, Fleischer deftly deflected questions from defense attorneys. It was almost like he was back at the White House 2- 1/2 years ago, parrying questions from reporters.

Fleischer's testimony was the most damaging yet in the perjury trial of I. Lewis "Scooter" Libby. He looked every bit the man who knows what it's like to have each word dissected, fact-checked and pushed back for clarification.

Fleischer, who once refused to acknowledge that different sections of Iraq face different challenges by saying, "Iraq is Iraq," seemed completely at ease as Libby's defense attorney quizzed him on details and challenged his facts.

He even offered defense attorney William Jeffress a primer on briefing the White House press.

"They challenge everything you say," Fleischer said. "They don't take it at face value."

When the Bush administration first said al-Qaida was to blame for the 2001 terrorist attacks, Fleischer recalled, one reporter called out, "Prove it."

Even under oath and without the cover of "no comment," Fleischer could not be rattled. The spokesman who stayed on message for a White House known for closely guarding its secrets came to court Monday to tell a story and never wavered from it.

Fleischer testified Monday that Libby told him over lunch that the wife of a prominent war critic worked at the CIA. Fleischer said the conversation happened July 7, 2003, days before Libby told investigators he was surprised to learn about the CIA operative from a reporter.

That discrepancy is at the heart of Libby's perjury and obstruction trial and defense attorneys were eager to question Fleischer's credibility.

Fleischer rarely deviated from his script. When Jeffress pointed out apparent holes in his story, Fleischer calmly sewed them up.

Occasionally, he turned to jurors directly to explain himself. Once, he even sought to keep defense attorneys on one subject when they wanted to move on.

"Can I say something?" Fleischer politely asked the judge, who shook his head.

True to his reputation, Fleischer offered few behind-the-scenes glimpses of the Bush administration. On Friday and early Monday, Vice President Dick Cheney's former spokeswoman, Cathie Martin, described for jurors how the White House sought to manipulate the news media. Fleischer was circumspect.

He briefly described the hectic atmosphere of mid-2003, when the White House stood behind, then backed away from certain prewar intelligence on Iraq. "The worst place to stand as press secretary is where the ground is shifting," he said.

His acknowledgment that he discussed CIA operative Valerie Plame with reporters highlighted his often strained relationship with them.

"Like a lot of things I said to the press, it had no impact," he testified.

Fleischer got an immunity-from-prosecution deal in exchange for cooperating with investigators but expertly deflected questions about was promised in exchange for that deal.

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"The only way I'd know about that is based on conversations I had with my lawyers," Fleischer said, casually invoking the attorney-client privilege, which allowed him, once again, to clam up.

Fleischer Tells Of Talk With Libby (USAT/AP)

By Michael J. Sniffen

USA Today, January 30, 2007

WASHINGTON — Former White House spokesman Ari Fleischer testified Monday that he first heard that a prominent war critic's wife worked at the CIA from vice presidential aide Lewis "Scooter" Libby. He said he thought the information might help deflect critical questions from reporters.

Fleischer said Libby told him about Valerie Plame's job at the CIA over a lunch in the White House mess July 7, 2003. Libby told investigators he thought he first learned about Plame on July 10 from NBC reporter Tim Russert.

Four other government witnesses also have said they discussed Plame with Libby before July 10, and the discrepancy between those accounts and what Libby told the FBI and a grand jury are a major component of the perjury and obstruction of justice charges against Vice President Cheney's former chief of staff.

Libby now says his memory failed him when he spoke to Russert. Russert said Monday that he did not tell Libby about Plame. "I was not and never have been the recipient of the leak," Russert told an audience in Oklahoma City.

Fleischer, President Bush's spokesman from 2001 until mid-2003, testified under an immunity agreement with prosecutors. He said he sought the deal after reading about the investigation and worrying, "Oh my God. Did I somehow play a role in outing a CIA operative?" He insisted he believed the information was not classified.

Fleischer said his lunch with Libby was their first ever and had been scheduled by Libby in anticipation of Fleischer's imminent departure to start his own company.

Fleischer said that after talk of career plans and the Miami Dolphins, the subject shifted to the controversy over criticism by Plame's husband, former ambassador Joseph Wilson.

In his State of Union address in January 2003, Bush cited British intelligence that Iraq was trying to buy uranium in Africa for nuclear arms. That became part of the justification for war in Iraq. After the speech, Wilson said in print and on TV that he was sent to Niger to look into the report and had debunked it in 2002. Cheney's questions motivated the trip, Wilson said, so Cheney should have seen his report before Bush repeated the story.

According to previous testimony, Cheney's office worked to get word out that Cheney didn't send Wilson to Niger and had never heard of Wilson, his trip or his conclusions until news reports in spring 2003.

Libby said Wilson was sent to Niger by his wife and she worked at the CIA, Fleischer testified. "I believe he mentioned her name and said something like, 'This is hush-hush … not very many people know this,' " Fleischer said.

Fleischer said he again heard about Plame four days later from White House communications director Dan Bartlett. Defense attorney William Jeffress suggested that Fleischer might have heard the Plame story first from Bartlett, but Fleischer insisted he learned about her from Libby first.

Former Press Secretary Says Libby Told Him Of Plame (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, January 30, 2007

Former White House press secretary Ari Fleischer testified yesterday that I. Lewis "Scooter" Libby divulged Valerie Plame's identity to him in July 2003, three days earlier than Libby has told investigators he first learned of the undercover CIA officer.

Fleischer's narrative of Libby's "hush-hush" disclosures over a lunch table in a White House dining room made President Bush's former spokesman the most important prosecution witness to date in the week-old perjury trial of Vice President Cheney's onetime chief of staff.

Though a series of government officials have told the jury that Libby eagerly sought information about a prominent critic of the Iraq war, former ambassador Joseph C. Wilson IV, Fleischer was the first witness to say Libby then passed on what he learned: that Wilson's wife was a CIA officer who had sent him on a trip to Africa. Wilson's mission there was to explore reports, ultimately proved false, that Iraq had tried to buy nuclear material in Niger.

Fleischer, testifying under an immunity agreement with the prosecution, also made it clear that Libby had told him Wilson's wife held a position in the CIA's counterproliferation division, where most employees work in a covert capacity.

Fleischer said he believes Libby mentioned Plame's name, although he told the jury he could not be sure. Libby "added that this was something hush-hush or on the QT, that not many people knew this information," Fleischer testified.

The unusual spectacle of a president's top spokesman testifying in open court widened the rare view the trial is providing the jury -- and the public -- of the inner workings of a White House that has proudly guarded its privacy.

Libby is charged with lying to FBI agents and a grand jury as well as obstructing justice in a federal investigation of who revealed Plame's name to journalists, including columnist Robert D. Novak, who first published it July 14, 2003. He is not charged with the leak itself, which administration critics have contended was designed to discredit Wilson's argument that the White House was twisting his findings as it justified the invasion of Iraq.

Libby has pleaded not guilty to all five felony counts. He told investigators he learned about Plame's identity during a telephone call on July 10, 2003, with NBC's Washington bureau chief, Tim Russert. He and his attorneys contend he did not remember the conversations he had with reporters about Plame amid the crush of his national security work.

Fleischer's testimony buttressed Special Counsel Patrick J. Fitzgerald's case in at least two ways. Fleischer testified that his lunch with Libby -- the first he ever had with Cheney's top aide, a week before the press secretary was to leave his White House job -- took place on July 7, 2003, before Libby spoke with Russert.

Fleischer also reinforced the prosecution's central argument: that Libby had been so determined to learn and spread information about Wilson and Plame that he could not have forgotten his efforts.

Both sides have portrayed Libby and Cheney as especially eager to knock down news accounts that Cheney had asked for Wilson's trip.

Under cross-examination by defense attorney William Jeffress Jr., Fleischer said that his conversation with Libby about Wilson's wife had been short and that Fleischer had not relayed that information to reporters until he heard a similar account from another White House aide.

Fleischer testified that, later on the day of his lunch with Libby, he and other top aides left with President Bush on a five-day trip to several African nations. He said that while he was on Air Force One between South Africa and Uganda, he overheard Dan Bartlett, at the time Bush's communications director and now counselor to the president, "vent" about news accounts that Cheney had requested Wilson's mission.

Fleischer said that he decided to tell two reporters, NBC's David Gregory and Time magazine's John Dickerson, as they were walking along a road in Uganda: "If you want to know who sent the ambassador to Niger, it was his wife; she works there" -- a reference to the CIA.

In an interview yesterday, Dickerson, who has left Time and is writing about the trial for Slate, an online magazine, said he recalls that Fleischer had merely urged Gregory and him to "check and see who sent Wilson" on the trip. Dickerson said he first learned about Plame's CIA role from then-colleague Matthew Cooper by telephone several hours after he spoke with Fleischer.

Fleischer testified that neither Libby nor Bartlett invoked a White House protocol under which colleagues warned him when they were providing classified information that could not be discussed with reporters. He said he "never in my wildest dreams thought this information would be classified."

In September 2003, about 2 1/2 months after his conversations with reporters about Plame, Fleischer testified that he saw a news account that the CIA had asked the Justice Department to investigate a possible illegal leak of a covert CIA officer's identity.

"I thought, 'Oh, my God. Did I play a role in somehow outing a CIA officer? . . . Did I just do something that I could be in big trouble for?' "

He said that, although he believed he had passed on classified information unwittingly, he hired lawyers who negotiated his immunity from prosecution, except for the possibility of perjury.

Late yesterday afternoon, Cheney's current chief of staff, David S. Addington, took the witness stand, testifying that Libby had, early in the summer of 2003, asked him whether the president had authority to declassify government secrets and whether the CIA kept paperwork documenting its work. Addington said he replied yes to both.

He testified that Libby did not tell him why he was asking. But Addington said he surmised that the reason might have been Wilson's criticism of the president and the war.

U.S. District Judge Reggie B. Walton said that former New York Times reporter Judith Miller, the first of several prominent journalists who figure in the case, probably would testify today.

Fleischer Handles Questioning In The Usual Fashion (WP)

By Dana Milbank

The Washington Post, January 30, 2007

It's been almost four years since Ari Fleischer stepped down from the podium, but he has lost nothing off the old curveball.

Questioning the former White House press secretary in the Scooter Libby trial yesterday, defense lawyer William Jeffress Jr. asked if Fleischer had read a document Jeffress placed in front of him. "In a generic sense," Fleischer said.

Did President Bush visit Entebbe, Uganda? "I'm not sure of the spelling."

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Did he work for White House communications director Dan Bartlett? "Nominally," Fleischer replied. "On paper, Mr. Bartlett had a box above me. . . . I wouldn't put it that way."

Thus did Libby's defense team learn what any reporter could have told them: The longer you question Fleischer, the less knowledge you take away from the experience. And Fleischer, protecting his own role in the outing of CIA operative Valerie Plame, was determined not to give even a kernel of fact to Libby's defense.

Jeffress asked when Fleischer's lawyers approached prosecutors seeking an immunity deal. "The only way I would know that is from any discussions I had with my lawyers," Fleischer answered.

Did the dispute over the outing of Plame cause tensions between the CIA and the White House? "In the context of the controversy of the week it was hard to tell what was attributable to one problem we had," Fleischer replied.

The responses evidently flustered Jeffress, who at one point stated that Iraq was "seeking Africa in Niger" when he apparently meant "uranium." The court reporter looked up quizzically. "What did I say?" Jeffress asked. Libby played with his pen.

With Fleischer avoiding answers, Jeffress had to strike deals with the prosecution to get basic facts into the record. This led the judge to instruct the jury that "the parties have agreed July 6 was a Sunday." A similar deal led to the judge's announcement that "Uganda is seven hours ahead of Eastern daylight time."

In lieu of cooperation, Fleischer addressed the jury as if it were a civics class, offering long and extraneous accounts of what it's like "when you're the press secretary and you deal with the press." In one instance, Fleischer lamented: "I remember after September 11 and I said we were attacked by al-Qaeda, one reporter said, 'Prove it.'

After Jeffress finished questioning him about a briefing transcript from 2003, Fleischer piped up: "Are we still on this document? Can I say one thing about it?"

The judge smiled. "Not unless there's a question," he said.

Fleischer, trailed by superlawyer Bob Barnett, entered the courtroom at noon with a little less hair on top and a more expensive suit than he had when he departed the briefing room four years ago. In four hours on the stand, he talked his way out of several factual jams.

Jeffress seemed to have Fleischer cornered with grand jury testimony in which Fleischer appeared to say, falsely, that a confidential report on Joseph Wilson's trip to Niger for the CIA mentioned Wilson by name. But Fleischer rallied, providing the jury with not one but four explanations: (1) "I haven't read the entire document." (2) "If I read it and it doesn't include his name the context is clearly Ambassador Wilson's report." (3) "Unless it's in the blacked out area I cannot see." And (4) "It may not have his name verbatim."

Jeffress asked Fleischer if Bartlett had been talking to him when he said, aboard Air Force One, that Plame was the one who sent Wilson on the trip to Niger.

"He said it out loud," Fleischer answered.

"He was talking to you?"

"He said it out loud and I heard him," Fleischer repeated.

Why didn't Fleischer react to Bartlett's statement? "I was sitting in my chair trying to read a document."

When Jeffress expressed some skepticism on this point, Fleischer explained: "You can get interrupted by so many things at the White House."

Under the prosecutor's questioning, Fleischer delivered a damning account of Libby's actions, saying how the former aide to Vice President Cheney disclosed Plame's identity, along with an intimation that "this was kind of newsy." When Fleischer mentioned that Plame was "covert," Jeffress shouted an objection.

"Whatever her status was, that was totally irrelevant," the judge told the jury. A minute later, Fleischer repeated the allegation the judge had just disallowed.

Jeffress knew it would be a challenge to undo the damage Fleischer did to his client, particularly because, as he put it, Fleischer has "had a lot of practice" under hostile questioning.

Fleischer did not disappoint. Jeffress tried to get him to say which reporter questioned national security adviser Condoleezza Rice at a briefing. "I wouldn't know," Fleischer said. Jeffress asked why Rice was unaware of Wilson's trip even after it was reported in the press. "There was something in the air that spring," Fleischer explained.

Finally, Jeffress entered into the record a kind note Libby wrote to Fleischer on the press secretary's last day. Libby smiled as Fleischer read it. But Fleischer just stared straight ahead. "This is one of 20 to 40 letters I received on my last day in a big bound book," he said.

Ex-Bush Aide, In Testimony, Disputes Libby (NYT)

By Neil A. Lewis

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — Ari Fleischer, the former White House press secretary, recounted to a jury on Monday his experience at an unusual lunch on July 7, 2003, during which he said that I. Lewis Libby Jr. passed on detailed information about the identity of a Central Intelligence Agency operative.

The lunch in the White House mess for senior staff took place three days before the date that Mr. Libby had sworn he first learned about the C.I.A. officer, Valerie Wilson, from reporters.

Mr. Fleischer was the fifth prosecution witness to provide damaging testimony in the form of an account that conflicted with the version Mr. Libby, the former chief of staff to Vice President Dick Cheney, told a grand jury and investigators.

Mr. Fleischer's day on the stand provided a riveting moment because of the detailed description of the conversation, which he said occurred in his last week at the White House and was the only time Mr. Libby had ever asked him to lunch.

Mr. Fleischer said that after casual talk about his new career and the fact that he and Mr. Libby were both fans of the Miami Dolphins, the conversation turned to the controversy then swirling around whether President Bush had used false information in his State of the Union address about Iraqi efforts to obtain uranium in Africa.

The day before the lunch, Joseph C. Wilson IV, a former ambassador, had written an Op-Ed article in The New York Times that said he had taken a trip to Niger at the behest of Mr. Cheney's office and had determined there was no truth to the assertion in the State of the Union speech that Saddam Hussein had recently tried to buy uranium ore in Africa.

"Ambassador Wilson was sent by his wife," Mr. Fleischer testified that Mr. Libby told him, disputing the notion that he had been sent by Mr. Cheney. "His wife works for the C.I.A."

Mr. Fleischer also said that Mr. Libby used the woman's maiden name, Valerie Plame, and that she worked at the agency's bureau that dealt with efforts to curtail the proliferation of weapons.

"He said it was hush-hush, on the Q.T. and that most people didn't know it," Mr. Fleischer testified.

Mr. Libby, who is widely known by his nickname, Scooter, looked up occasionally at the witness and took notes.

Ms. Wilson's name was first disclosed publicly on July 14, 2003, in a column by Robert D. Novak.

That disclosure led to an investigation into the leak as administration critics charged that her identity was disclosed to discredit Mr. Wilson's charges. Neither Mr. Libby nor anyone else was charged in the end with violating the law in disclosing Ms. Wilson's identity. Mr. Novak's original source, Richard L. Armitage, a former deputy secretary of state, was not charged, as prosecutors said he did not have the needed intention to violate the law.

But Mr. Libby was charged with perjury and obstruction of justice after he swore he had not discussed Ms. Wilson with reporters. Judith Miller, a former reporter for The New York Times, and Matthew Cooper, a former reporter for Time Magazine, told the grand jury that Mr. Libby had indeed disclosed her identity to them. Mr. Libby's lawyers have argued that if he was incorrect in recounting his conversations with reporters, it was simply a case of bad memory.

Mr. Fleischer, who as the public face of the White House for nearly three years and thus widely recognizable, was followed to the stand by a prosecution witness regarded as perhaps the most secretive and publicity-averse employee in the White House, David S. Addington.

Mr. Addington was counsel to Mr. Cheney at the time Ms. Wilson's identity was disclosed and has since been promoted to replace Mr. Libby as the vice president's chief of staff. He is widely reported to be the theoretician behind Mr. Cheney's belief in a powerful executive branch, in which the president may exert wide authority unchecked by Congress or the courts.

While Mr. Fleischer, an experienced public spokesman, seemed at ease on the stand, Mr. Addington displayed gruff reticence.

His testimony concerned a meeting he had had with Mr. Libby in a small room in the vice president's suite between July 6 and July 12. He said Mr. Libby had quizzed him as to whether the C.I.A. would have records showing when someone sent a relative on a mission.

Mr. Addington said his advice was sought because had he worked at the C.I.A. for years as a lawyer. As he provided the far-from-simple answer, he said that Mr. Libby had held out both hands in front, palms down, as if to remind him the information was sensitive. "He said, 'Keep it down,' " Mr. Addington testified.

But it was Mr. Fleischer's testimony that seemed the most damaging to date. He said he had heard again about Ms. Wilson four days later from the White House communications director, Dan Bartlett, aboard Air Force One as it was heading to Uganda. He said Mr. Bartlett was reading documents and began "venting" that reporters kept repeating Mr. Wilson's claim that it was Mr. Cheney who had sent Mr. Wilson on his fact-finding trip.

"His wife sent him," Mr. Fleischer recalled Mr. Bartlett saying. "She works at the C.I.A."

Mr. Fleischer said he relayed that information to reporters from Time and NBC, a fact that figured in his later demand that he would testify only after being given a grant of immunity from prosecution.

When the investigation began in the fall of 2003, he said he was suddenly afraid he had inadvertently violated the law.

He said that, upon reading that Ms. Wilson's identity was classified, he thought to himself, "Oh my God, did I somehow play a role in outing a C.I.A. operative?"

Mr. Fleischer freely cooperated with the government, he testified, while refusing to grant interviews to Mr. Libby's defense lawyers.

Aside from recounting that anxiety, Mr. Fleischer was unruffled on the stand, even under cross-examination by William H. Jeffress Jr., one of Mr. Libby's lawyers.

Mr. Jeffress noted that Mr. Fleischer had in earlier testimony shown he did not know how to pronounce the maiden name of Ms. Wilson, referring to her as Ms. Plame or Ms. Plah-MAY. He suggested to Mr. Fleischer that that meant "the first time you ever heard it was reading it and not hearing it," meaning his account of the conversation with Mr. Libby was incorrect. Mr. Fleischer replied, "No, when I heard it, it was not very important."

Over all, as he had for nearly three years at the White House, Mr. Fleischer "stayed on message."

Before he took the stand, the jury heard the second day of testimony from Cathie Martin, who had been Mr. Cheney's communications director. Ms. Martin testified for the prosecution that she told Mr. Libby she had learned about Ms. Wilson and her role at the C.I.A. also before the date Mr. Libby claims to have learned about her.

Mr. Addington is expected to finish his testimony on Tuesday. He will be followed on the witness stand by Ms. Miller, the former Times reporter, who is expected to testify that Mr. Libby told her about Ms. Wilson on three occasions.

Fleischer: Libby Discussed CIA Officer Over Lunch (FINDLAW/AP)

AP, January 30, 2007

(AP) - WASHINGTON-A principal witness in the perjury trial of Vice President Dick Cheney's former chief of staff gave testimony Monday at odds with what the Cheney aide told the FBI and the grand jury that indicted him.

I. Lewis "Scooter" Libby is accused of lying in 2003 to obstruct an investigation into the leaking of the name of Valerie Plame, a CIA operative whose husband was a major critic of the Iraq war.

Knowingly outing a CIA operative can be a felony. Nobody has been charged with illegally leaking the name.

In Monday's testimony, former White House press secretary Ari Fleischer said then-colleague Libby told him over lunch that the wife war critic Joseph Wilson worked at the CIA.

Fleischer testified under an immunity deal with prosecutors, which means he cannot be prosecuted for having revealed that Wilson's wife worked for the CIA. He arrived in court with his attorneys.

Fleischer said he sought the deal after reading an article about the investigation. "I thought, `Oh my God. Did I somehow play a role in outing a CIA operative?'" Fleischer said.

Fleischer said the conversation happened July 7, 2003, three days before Libby told investigators he was surprised to learn about the CIA operative from a reporter. That discrepancy is at the heart of Libby's perjury and obstruction trial.

Fleischer, who was the chief White House spokesman for the first 2 1/2 years of President George W. Bush's first term, said Monday that Libby invited him to lunch to discuss Fleischer's planned departure from the White House. He said it was the first time he and Libby had eaten lunch together.

They talked about Fleischer's career plans and their shared interest in the Miami Dolphins football team, Fleischer testified. He can't remember who brought it up but he said the conversation then turned to a growing controversy over the anti-war writings of Wilson, a former U.S. ambassador, who accused the White House of ignoring prewar intelligence on Iraq.

"Ambassador Wilson was sent by his wife," Fleischer recalled Libby saying. "His wife works for the CIA."

Fleischer said Libby also used the woman's name, Valerie Plame, and told him it was "hush-hush."

"My sense is that Mr. Libby was telling me this was kind of newsy," Fleischer said.

Fleischer said he heard about Plame again four days later aboard Air Force One from the White House communications director, Dan Bartlett. Bartlett was reading documents and began "venting" that reporters kept repeating Wilson's claim that Vice President Dick Cheney sent Wilson on a fact-finding trip to Niger.

"His wife sent him," Fleischer recalled Bartlett saying. "She works at the CIA."

Fleischer said he relayed that information to reporters from Time magazine and NBC. A reporter from Newsweek magazine also was there but may have walked away, he said. The reporters paid no attention to the comment, he testified.

"I never in my wildest dreams thought this information was classified," Fleischer testified.

Libby's attorneys plan to argue during cross-examination that the immunity deal makes Fleischer's testimony less credible.

Prosecutor Peter Zeidenberg sought to head off that argument early in Fleischer's testimony by having him describe his deal.

"I cannot be prosecuted for what I did with the information I was provided," Fleischer said. "The immunity provides no protection for perjury."

Libby says he was surprised to learn from NBC News reporter Tim Russert that Plame worked at the CIA. Anything he later told reporters about Plame was simply a repetition of what he learned from Russert, Libby said.

Special Prosecutor Patrick Fitzgerald's first witnesses were government employees who testified that they told Libby about Plame days before the Russert conversation. Fleischer is a key witness because, as Fitzgerald said in his opening statement: "You can't learn something on Thursday that you're giving out on Monday."

Nobody was ever charged with leaking Plame's identity. Libby is the only person charged in the case.

On the Net:

Documents for the Libby trial may be found at:

http://wid.ap.org/documents/libbytrial/index.html

Former Press Secretary Dispels Many Illusions (NYT)

By Scott Shane

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — As White House press secretary, Ari Fleischer was the omnipresent television face of government power, the confident insider who spoke for President Bush and seemed to know everything but reveal only what he chose.

In fact, as Mr. Fleischer disclosed in court testimony on Monday, he only knew what the truly powerful chose to tell him, and sometimes that was not much. On occasion he would pronounce with great authority the administration's position on a topic only to find it had changed and nobody had bothered to let him know.

In July 2003, for example, after Mr. Fleischer had spent months defending a 16-word sentence in the president's State of the Union address asserting that Iraq had sought uranium for nuclear weapons in Africa, he was directed not to repeat his assurances that the information was correct. But his bosses had not yet decided on their revised view.

"The worst place to stand as press secretary is where the ground is shifting," Mr. Fleischer told the jury in the perjury trial of I. Lewis Libby Jr., Vice President Dick Cheney's former chief of staff. "You can't say yes, and you can't say no."

When pressed by reporters on the issue, he said, "I basically punted."

Mr. Fleischer, 46, looking a little balder, a little plumper and a little less commanding than while he served in the White House from 2001 to 2003, often turned to the jury to explain White House ways. But he made a marked contrast with his once-familiar presence as master of administration spin.

In more than two years at the White House, he had deftly avoided saying "I don't know." Now, on the witness stand, it was clear that he often did not know. The job of spokesman placed him in a kind of no man's land between the news media and the policy makers. Sometimes, he suggested, he got no respect from either side.

Mr. Libby, for instance, generally would not tell him much.

"Mr. Libby was not someone I used as a source in the White House," Mr. Fleischer tactfully put it. (The exception was at a farewell lunch with Mr. Libby for the departing Mr. Fleischer — their first and only one-on-one lunch, he said — that resulted in his being called as a prosecution witness.)

And reporters, for their part, either challenged what he said or ignored it entirely, Mr. Fleischer testified.

Mr. Fleischer recounted, for instance, how he pulled aside two White House reporters on a presidential trip to Uganda to tell them what he saw as a choice news morsel. Joseph C. Wilson IV, the former ambassador who was attacking the administration as twisting the prewar intelligence on Iraq, had been dispatched to Niger on a fact-finding trip not by Mr. Cheney, as Mr. Wilson had suggested, but by his own wife, Valerie Wilson, who worked at the Central Intelligence Agency, Mr. Fleischer told them.

The reporters, David Gregory of NBC News and John Dickerson, then of Time magazine, were unimpressed, Mr. Fleischer recounted.

"They didn't take out their notebooks," he said. "They didn't ask any follow-up questions. It was a great big 'so what.' "

This, Mr. Fleischer acknowledged, was not unusual.

"Like a lot of things I said to the press, it seemed to have no impact," he said, provoking loud guffaws from the score of reporters in the courtroom — including Mr. Dickerson, now with the online magazine Slate.

Mr. Fleischer's description of his experience as chief White House flack — the journalists' slang for a spokesman — echoed in some ways the testimony of the previous witness, Cathie Martin, who served as a spokeswoman for Mr. Cheney from 2001 to 2004.

Ms. Martin described how she and other "communicators" — that is, press officers and other members of the White House communications staff — had been excluded from high-level discussions about how George J. Tenet, then the C.I.A. director,

would publicly take responsibility for the “16 words” on Iraq’s quest for uranium. A Harvard Law School graduate, she seemed a bit miffed about the implied humiliation.

“Everybody was sort of in the dark,” Ms. Martin testified. Mr. Libby, she added, “told me there had been a decision not to have communicators involved.”

On another occasion, Ms. Martin told the court, she was “aggravated” that Mr. Cheney had directed Mr. Libby to talk to certain reporters and had not given the job to her.

But if the trial is exposing the diminished reality behind the job of White House spokesman, it is also offering an unaccustomed inside look at the news media. When Mr. Dickerson was named in testimony and his mug shot was projected for the jury, all eyes turned toward the man himself, taking notes in a back pew. A wave of whispers passed through the reporters present, and Mr. Dickerson shook his head, uneasy to become the focus of attention.

That moment is only the beginning of what is likely to be an extraordinary excursion by a criminal trial into the work habits and confidential contacts of the Washington press corps. Judith Miller, the former New York Times reporter who was jailed for three months for initially refusing to testify about her contacts with Mr. Libby, is expected to testify as early as Tuesday and to be the first of several high-profile reporters to be questioned on the stand about their work.

The Ba-Da-Boom Crew (WP)

By Eugene Robinson

The Washington Post, January 30, 2007

If you've been following the Lewis "Scooter" Libby perjury trial, I can understand how you might confuse Dick Cheney with Tony Soprano. Cheney's office is beginning to sound a lot like the Bada Bing, minus the dancers.

Court has been in session for only a week, and already we've heard about characters being set up (Libby, allegedly, to save political wizard Karl Rove), strung along (media bigwigs, who were to be played like patsies), buried in mud (former ambassador Joseph Wilson, who questioned the raison d'etre of the Iraq war) and ratted out (the famously leak-averse Cheney, revealed to be willing to leak like a washerless faucet when it suits his purposes).

Cheney's no Tony, though. For one thing, Tony would never let one of his top henchmen go by a preppy-sounding handle such as "Scooter." For another, this kind of all-in-the-family mess would send Tony moping to his long-suffering shrink, whereas Cheney shows no inclination to deal with uncomfortable issues or face harsh realities.

Increasingly, the vice president is sounding as if he lives in a la-la land of his own imagining, a place beyond truth.

In Cheney's world, the Iraq war is an enormous success. The idea that anyone would think otherwise is hogwash. The midterm election doesn't seem to have happened yet -- some sort of time warp may be involved. Polls that show overwhelming public opposition to the war do not even merit a nod of acknowledgment.

And it's "out of line," as Wolf Blitzer learned, to ask Cheney about a glaring personal contradiction -- the administration he serves wants to ban gay marriage, and meanwhile his lesbian daughter and her life partner are having a baby. Cheney acts as if he's willing to go to any lengths to keep people from learning that on the subject of homosexuality, he's probably pretty enlightened.

Let's hope that Cheney isn't really out to lunch, that he's just playing politics. A conservative friend reminded me the other day that all the White House has left, in terms of public support, is the hard-line Republican right. Let's hope Cheney is just tossing out red meat to keep these stalwarts on the team.

But, yes, he is coming across as a little crazy. I'm glad he's not the Decider -- excuse me, now it's the Decision Maker.

Cheney's weirdness is almost enough to summon nostalgia for the days being revisited in the Libby trial, a time when Cheney and his minions at least were rational in their machinations. Forget the byzantine, eye-glazing details of the case and look instead at how the vice president's office operated.

The primary stated reason for the war -- Saddam Hussein's supposed nuclear weapons program -- had already been discredited, and now this guy Wilson was claiming that the White House knew beforehand that some of the most damning evidence of a nuclear program was bogus. Cheney convened a war council, organized an effort to counter Wilson's claims and then sent Libby out to leak anything that would make Wilson look less credible. In other words, they went after the messenger rather than the message.

One problem was that Cheney's office had been so taciturn that reporters rarely bothered to call, knowing that all they were likely to get was a cold shoulder. Cheney's former press aide testified that at one point there was a frantic search for a phone number for someone, anyone, at Newsweek. That leak finally had to be attempted via voice mail.

Flash forward to the point when it became clear that someone in this supposedly tight-lipped administration had leaked the fact that Wilson's wife, Valerie Plame, was a CIA agent. Amid much finger-pointing, the White House issued a statement that categorically absolved Rove of this potentially criminal leak -- but that didn't mention Libby.

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You get the sense of Cheney and his crew as a semi-independent power center, a family within the larger family. You see them hunkered down in their office suite, much like Tony and crew in the back room of the Bada Bing, plotting ways to cover their behinds and do in their rivals -- whether those rivals are found in Baghdad, Tehran or the West Wing.

Scooter worried he was being thrown to the wolves, according to his attorney. A note scribbled by Cheney, the lawyer says, revealed that he had smelled a plan to "sacrifice the guy that was asked to stick his neck in the meat grinder."

Now that really sounds like something you'd expect to happen in Tony's world.

Reporter To Take Stand In CIA Leak Case (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, January 30, 2007

WASHINGTON -- Journalists will take center stage at the CIA leak trial as Special Prosecutor Patrick Fitzgerald begins calling reporters as witnesses.

Fitzgerald said Judith Miller was to take the stand Tuesday, the first time the former New York Times reporter has testified publicly against the man she went to jail to protect as a source.

I. Lewis "Scooter" Libby, the one-time chief of staff to Vice President Dick Cheney, is accused of perjury and obstruction for lying about conversations he had with journalists about outed CIA operative Valerie Plame.

Miller spent 85 days in jail for refusing to cooperate with Fitzgerald's investigating and reveal her conversations with Libby. She retired from the Times in November 2005, declaring that she had to leave because she had "become the news."

Prosecutors say Libby discussed Plame -- the wife of prominent war critic Joseph Wilson -- with Miller three times. Two of those conversations occurred before Libby says he first remembered learning Plame's identity from another reporter, NBC newsman Tim Russert.

Libby now says his memory failed him when he spoke to Russert. Russert said Monday that he did not tell Libby about Plame. "I was not and never have been the recipient of the leak," Russert told an audience in Oklahoma City.

Such discrepancies are at the heart of Libby's trial. Previous witnesses, including former White House press secretary Ari Fleischer, have testified they had conversations with Libby about Plame before his conversation with Russert.

After Miller ultimately decided to testify, saying Libby had given her permission to do so, the Times published an article describing Miller as a rogue reporter who battled with editors and colleagues.

Like so many other government witnesses in the case, Miller's credibility will be an issue under cross-examination. She made some inconsistent statements in her grand jury testimony, defense attorneys say.

Journalism groups have criticized Fitzgerald for calling reporters as witnesses and demanding they discuss conversations with sources. Miller's notes likely will be used as evidence, and Fitzgerald is expected to call two other reporters -- Russert and Matthew Cooper of Time magazine -- during the trial.

Miller shared in a Pulitzer Prize for reporting on terrorism, but her relationship with the Times was strained when it was discovered that her reporting on the existence of weapons of mass destruction in Iraq -- the Bush administration's primary reason to go to war -- was built on faulty intelligence.

Russert: Not Source Of CIA Officer Leak (NSDY/AP)

By Murray Evans

Long Island Newsday, January 30, 2007

OKLAHOMA CITY -- NBC News reporter Tim Russert said Monday that he did not tell vice presidential aide I. Lewis "Scooter" Libby that a prominent war critic's wife worked at the CIA, as Libby has claimed.

Russert, who spoke in Tulsa and Oklahoma City at functions sponsored by Oklahoma State University's Spears School of Business, said he expects to be called to testify in Libby's federal perjury and obstruction trial in Washington.

Libby's indictment grew out of conversations he had with Russert, Time magazine reporter Matthew Cooper and former New York Times reporter Judith Miller in June and July 2003. Libby claimed any information he had about CIA operative Valerie Plame came from Russert and other reporters.

"I was not and never have been the recipient of the leak," Russert said. "Everyone acknowledges that. The question is, when Libby called me, what did he say? He called in protest to something he had seen on MSNBC 'Hardball,' and that was the extent of it."

"He didn't call me as a confidential source, as such," he said. "He was calling me as a viewer to complain."

Russert said that if he had known of Plame's connection to former U.S. Ambassador Joseph Wilson, a Bush war critic and Plame's husband, or that she worked for the CIA, "believe me, NBC would have been up front on the story and not reading about it in Robert Novak's column."

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Novak, a conservative columnist, named Plame in a column on July 14, 2003. Eight days earlier, Wilson's opinion piece had appeared in the New York Times. Russert said that he didn't know the name of Wilson's wife or that she worked for the CIA until he read Novak's column, which was after Libby's complaint call.

Feds Plan $200M Grant Program Aimed At Curbing Violent Crime (USAT)

By Kevin Johnson

USA Today, January 30, 2007

The Bush administration is proposing a $200 million grant program to help law enforcement agencies respond to surging violent-crime rates in cities across the nation, Justice Department officials said Monday.

The program would help local and state police agencies pay for officers' overtime, equipment and other expenses stemming from new regional task forces aimed at curbing violent crime, Domingo Herraiz, director of the Justice Department's Bureau of Justice Assistance, told USA TODAY.

The program has not been announced publicly; Attorney General Alberto Gonzales is scheduled to begin briefing law enforcement officials on it this week.

The task forces would be staffed with federal, state and local officers to deal with a range of growing crime problems, including recent increases in gang-related violence, gun-related crimes and illegal sales of methamphetamine.

The grant plan marks the administration's broadest recognition yet of the threat posed by rising violent-crime rates.

The FBI reports that violent crimes — homicides, rapes, robberies and aggravated assaults — increased 2.3% nationwide in 2005 compared with 2004, the first such rise since 1991. The trend has continued through the first half of 2006, the FBI reports.

If approved by Congress as part of President Bush's spending plan for the budget year that begins in October, the program also would symbolize a renewed interest in federal funding for local police initiatives, which often have taken a backseat to homeland security programs since the Sept. 11, 2001, terrorist attacks.

The grant program — known as the Violent Crime Reduction Partnership Initiative — would not, however, be designed to help police agencies hire new officers.

Instead, it would allow local and state agencies to apply for grants of $30,000-$200,000 to better deploy and equip officers who make up the anti-crime task forces, said Herraiz and Assistant Attorney General Rachel Brand, the Justice Department's director legal policy.

Herraiz said dozens of cities could be eligible for the grants. He said agencies applying for grants would have to outline specific strategies to attack violent crime, and show improvements in crime rates to be eligible for further funding.

Police chiefs' groups such as the Police Executive Research Forum have called repeatedly for the White House to reprise the Clinton administration's $8 billion police hiring program that added tens of thousands of officers to the nation's streets.

Chuck Wexler, executive director of the group, said the grant program falls well short of that, but "is a step in the right direction."

"It is encouraging that the Justice Department recognizes the significant change in violent crime across the country," he said.

Man In Internet Sex Sting Sentenced (NTHWSTT)

By Joe Carlson

Northwest (IN) Times, January 30, 2007

FEDERAL COURT: Man draws one of the first 10-year sentences for child sexual enticement

HAMMOND | A 21-year-old Indiana man became one of the first in the nation Monday to receive a 10-year prison term for attempting to sexually entice a child through an Internet chatroom.

Mark Gledhill, of Syracuse, was nabbed along with 25 other men last summer in a wide-ranging federal sting for child sexual predators who use chatrooms to lure their victims.

Gledhill was among the half-dozen men in the sting who earlier pleaded guilty. He became the first to receive his sentence in U.S. District Court in Hammond.

The Adam Walsh Child Protection and Safety Act of 2006, which was signed into law by President Bush on July 27, increased the penalty for child enticement and other sex crimes to a 10-year minimum.

Weeks later, Gledhill and two dozen others were indicted in the Northern District of Indiana for enticement as part of Attorney General Alberto Gonzales' Project Safe Childhood.

Gledhill was caught after he allegedly had sexual chats over the Internet with a government agent posing as a 13-year-old girl. He was arrested after driving to Valparaiso to meet the "girl."

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FBI Inquires About Miller Land Deals (SGVT)

By Fred Ortega And Gary Scott, Staff Writers

San Gabriel Valley Tribune, January 30, 2007

MONROVIA -- FBI investigators have contacted current and former city officials in Monrovia and Fontana about Rep. Gary Miller's land sales in those cities.

Miller, R-Brea, came under public scrutiny in August when a government watchdog group filed a complaint with the Internal Revenue Service alleging that Miller failed to report or pay capital gains tax on a nearly $11.8 million sale of 165 hillside acres to the city of Monrovia for a wildland preserve.

A former Monrovia mayor confirmed FBI agents contacted her about Miller in December, and Monrovia city officials acknowledged Monday that federal agents had requested documents from them in the past three weeks. A Fontana redevelopment official said he was contacted by an FBI agent several months ago about the congressman.

Officials with the IRS and the FBI would not confirm that they are investigating Miller.

Miller, 58, represents the 42nd District, which stretches from Diamond Bar to Mission Viejo and includes Whittier, Rowland Heights, La Habra Heights, Chino Hills, Chino and La Habra.

Miller said Friday that he was unaware of any federal investigation into his land dealings and knew of no reason why there would be an inquiry.

"It surprises me," he said. "I have no idea why they would (be investigating). There has been no impropriety."

Reached Monday, Miller said that he asked the House ethics committee late last year to review his business transactions to put an end to what he called months of media speculation.

Former Monrovia Mayor Lara Larramendi said FBI agents contacted her by telephone last month about Miller after a series of news stories appeared detailing the congressman s various land deals.

"They are just following up on their research based on what they ve read about the goings on in Monrovia and in Rancho Cucamonga and in Fontana about his use of the tax code," Larramendi said.

Monrovia spokesman Dick Singer said federal agents have contacted city officials, but he refused to comment on any specifics or to name the agency that had contacted the city.

City Manager Scott Ochoa added that Monrovia is part of a "timeline of events" involving Miller. When asked whether his staff had been contacted about the congressman, Ochoa said only that federal agents had asked him to use the "utmost discretion" if asked about an inquiry.

Ray Bragg, the redevelopment special projects director for the city of Fontana, said FBI agents called his office "a couple of months ago" and asked him to confirm details about Miller's business dealings with the city that had appeared in a Los Angeles Times article.

Miller said he was forced to sell the Monrovia land in 2002 under threat of eminent domain. He then invoked Internal Revenue Code 1033, which gives taxpayers up to two years to reinvest any capital gains from a forced sale.

Miller, a real estate developer, used the same IRS clause to shelter capital gains from a $5 million sale of 10 parcels to the city of Fontana in 2005, land which he had bought with the proceeds from the Monrovia sale.

Fontana and Monrovia city officials have said that in both cases Miller was a willing seller and that eminent domain was never used to buy the land.

But officials with Citizens for Responsibility and Ethics in Washington, which filed the August complaint with the IRS, contend Miller may have engaged in tax evasion.

Miller's spokesman Scott Toussaint said that if the congressman is contacted by authorities, he will cooperate fully. Miller has in the past produced letters from both Monrovia and Fontana officials stating that eminent domain could have been used to acquire his properties.

"He has nothing to hide," Toussaint said.

Miller said months of rumor and speculation in the media about his business transactions led him to contact the House ethics committee.

"I gave them all the articles and all the documentation on my real estate transactions and asked them for their opinion, " said Miller, adding that he turned over three large folders of documents to the committee. "I am sick to death of these baseless charges being made against me in the newspapers."

Miller said he did not know what agency the committee uses to conduct its investigations. A call to the FBI late Monday asking whether its agents are assisting the congressional ethics panel was not returned.

Former Monrovia Councilman Victor Franco and current Councilman Tom Adams, both of whom were serving on the council at the time of the Miller land sale, said they had not been contacted by any federal agency.

Mayor Rob Hammond, who was also part of the council that approved the Miller deal, did not return multiple calls seeking comment.

Miller is attempting to develop a 381-acre property in the Rancho Cucamonga foothills, where he has proposed to build a 110-home, high-end housing tract. Neighboring residents are fighting the development.

Miller lives in Diamond Bar. He was first elected to Congress in 1998 and ran for re-election unopposed in 2006.

Staff Writer George Watson contributed to this story.

Former Coke Secretary Testifies In Conspiracy Trial (SDUT/AP)

By Harry R. Weber, Associated Press

The San Diego Union-Tribune, January 30, 2007

ATLANTA – A former Coca-Cola secretary charged with conspiring to steal trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi denied at her trial Monday that she committed a crime.

Asked by her lawyer if she took part in a conspiracy, a teary-eyed Joya Williams told jurors she did not.

"No. We never talked about anything like that whatsoever," Williams said, referring to her and two co-defendants.

Of co-defendant Edmund Duhaney, Williams said, "That was my family. I don't have any of them anymore. Nobody. And I wouldn't even jeopardize that."

She added, "I did not do this. I did not try to conspire."

Williams, 41, testified she took documents from her employer home to protect herself.

The government has alleged that Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

"Can you tell the jurors how those bottles ended up at your home?" defense lawyer Janice Singer asked Williams, referring to Coca-Cola product samples found in Williams' possession when she was arrested.

"Once again, it was me trying to protect myself," Williams told jurors.

Williams said her boss at the Atlanta-based company, Javier Sanchez Lamelas, had told her she needed to be more familiar with everything that he did so she could be more prepared as his administrative assistant.

"Javier told me that I was an extension of him," Williams told jurors. He said, "If you're going to read, read about this company," according to Williams.

Williams testified that Sanchez Lamelas, Coca-Cola's global brand director, was constantly on her back, so in a desperate attempt to hold onto her $46,000-a-year job she started copying every document she put her hands on and taking them home.

"I was just making so many mistakes, so I just started keeping everything with me, so if he called ... I would have everything with me," Williams said.

Williams said she needed to hold onto the job because the company health insurance paid for her medications for immune deficiency and pulmonary disorders she suffers from.

Williams also said she was having trouble communicating with her bilingual boss because of his Spanish accent.

"I was having a lot of problems with remembering," Williams said. "I just could not get a grip on it the way he felt I should."

Williams faces up to 10 years in prison if convicted of conspiracy. Two co-defendants, Duhaney and Dimson, have pleaded guilty and are awaiting sentencing. They had been scheduled to be sentenced Monday, but that was expected to be delayed until sometime after Williams' trial is over.

Williams, who has pleaded not guilty, was fired from her job at Coke after the allegations came to light.

In other testimony Monday, Williams said she had left a key for one of the co-defendants to get into her home; her lawyer has alleged the two co-defendants stole the documents from Williams and that she never conspired with them.

Williams also told jurors she routinely took home company documents from the places she worked.

Williams took the stand as the second and final witness in the defense case. Defense lawyer Singer said she would not call a third witness as originally planned.

The only other witness for the defense was a Coca-Cola human resources official who testified Williams was having trouble in her job but was excited to be working for the company.

Williams said when she worked for Nextel Communications Inc. in 1997 and Coca-Cola Enterprises, the largest bottler for The Coca-Cola Co., in 2001, she often took home documents from her jobs.

"I took them home because I didn't finish them at work and I was supposed to finish them, and I didn't want to get in trouble," Williams told jurors.

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The defense was trying to show that there was nothing nefarious about all the Coca-Cola Co. documents that were found in Williams' home when she was arrested on July 5. Williams said she even still had some of the documents from Nextel, now owned by Sprint, and CCE.

"I thought I had destroyed all of them when the FBI came, but I had so much stuff," Williams said.

The government rested its case earlier Monday.

U.S. District Judge J. Owen Forrester then denied a defense request to dismiss the indictment.

The jury will begin deliberating after closing arguments, which could be made as early as Tuesday.

The government's final witness was FBI agent Jerry Reichard, who testified Monday about a $4,000 cash deposit that posted to Williams' bank account on June 19, 2006. That was three days after Reichard gave Dimson $30,000 in cash in exchange for a sample of a new Coca-Cola product that was part of so-called Project Lancelot.

The money exchange between Dimson and Reichard occurred at the Atlanta airport. Reichard, who Dimson thought was an intermediary for Pepsi, said he put the cash in a girl scout cookie box. Williams testified Monday she got the cash from a friend, not from Dimson or Duhaney, and that it wasn't payment for Coke documents.

Singer has described Dimson and Duhaney as seasoned liars and ex-cons who would say anything to lessen their guilt in the scheme. Duhaney, as part of a plea agreement with the government, testified that Williams spearheaded the scheme. Dimson was not called as a government witness.

Reichard also acknowledged Monday under cross-examination that three other people who were supposed to get money or gifts from Dimson from the proceeds of the scheme were never charged in the case, and at least one of them was never interviewed by the FBI.

Alleged Coke Spy Tearful At Trial Former Secretary Says Of Allegations She Conspired To Sell Company Secrets: 'I Did Not Do Any Of This.' (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 30, 2007

Joya Williams cried Monday as she told jurors she did not conspire to steal Coke trade secrets and sell them to Pepsi.

"I did not do any of this," the 41-year-old former Coca-Cola secretary said on day six of her trial.

During two hours of testimony, Williams tried to convince jurors she was a victim of two ex-cons who pleaded guilty to trying to sell secret Coke documents to an undercover FBI agent last year for $1.5 million.

Williams said one of those men, Edmund Duhaney, was a longtime family friend. Williams said she is the godmother of Duhaney's two children, but now the family considers her "the enemy."

Prosecutors say Williams and Duhaney conspired to sell confidential documents and experimental product samples.

"No," she said under questioning from her attorney, Janice Singer. "We never talked about anything like that whatsoever. ... That was my family, I don't have any of them anymore. Nobody."

Williams said when she was arrested on July 5, she struggled to understand why.

"It scared the crap out of me. I didn't know what was going on," she said. "They all had guns pointed at me."

Last week, Duhaney testified that he gave $4,000 in cash to Williams from money he got from the undercover FBI agent. Prosecutors on Monday provided bank statements showing Williams deposited $4,000 cash into her bank account just days after Duhaney met with the agent.

Williams said the cash came from a friend in Alpharetta who has not been called to testify in the case.

Williams told jurors she took documents home from four different companies, including Coke, since 1995. Williams stored the documents in an office in her Norcross apartment.

"Up until this happened I didn't think anything was wrong," she said.

Williams said she showed authorities the cache of documents after she was arrested.

"I was like, why are y'all tripping?" Williams said.

Williams said she took some of the corporate documents home from the various jobs because she got sick and couldn't keep up with her work.

"I didn't finish them at work and I was supposed to finish them," she said.

Williams said she was diagnosed with lupus several years ago while working at Coca-Cola Enterprises, Coke's chief bottler. She also said she has a chronic disease affecting her lungs. Williams said she takes "about 10 medications."

Williams took a job at Coke in early 2005. She was responsible for scheduling meetings and travel for her boss, Javier Sanchez Lamelas, who is in charge of marketing soft drinks with Coke in the name.

"Coke is like nothing you've ever experienced," Williams said. "It's like a whole city within that company. There's so much you have to know."

Williams said her boss often reprimanded her for not remembering executives' names that he worked with and for failing to fulfill her duties. She said Sanchez Lamelas gave her a book once about how to cultivate emotional intelligence.

Williams said Sanchez Lamelas was demanding but that she "loved him." She said Coke had provided him with a "behavior coach" to help him keep his anger in check.

"A lot of it maybe just has to do with the [Coke] culture and he's very in your face, not patient, no mistakes," she said.

Singer struggled to keep Williams on track several times during her testimony. Williams' answers often wandered and she had trouble remembering dates when discussing her various jobs.

Williams will face cross-examination by prosecutors today, and closing arguments in the case are expected Wednesday. Prosecutors wrapped up their case Monday.

Williams is charged with one count of conspiracy to steal trade secrets. She faces a possible 10 years in prison if convicted.

Two co-defendants in the case, Duhaney, of Decatur, and Ibrahim Dimson of New York, pleaded guilty in October to the single conspiracy charge. They are awaiting sentencing.

The government has alleged that Williams stole the materials from Coke and gave them to Dimson and Duhaney as part of a conspiracy to sell the items to PepsiCo for at least $1.5 million.

Williams says she removed company materials for innocent reasons and was dragged into the scheme unwittingly.

PepsiCo alerted Coke to the offer of documents-for-sale, and the FBI was called in.

MS-13 Member In Jail, Accused Of Cutting Off Couple's Heads (KHOU)

By Jeff McShan

KHOU-TV, January 30, 2007

An MS-13 gang member accused of cutting off the heads of his girlfriend's parents is in custody in Houston.

In late September, FBI agents and Houston police were involved in a shootout with MS-13 gang members in a hotel parking lot on the city's southeast side. Our cameras were there that night.

That night an FBI agent was wounded, but when it was all said and done, four gang members were apprehended and taken to jail.

A fifth suspect, 26-year-old Albin Zelaya, somehow managed to get away.

The dangerous man fled Houston, crossed the border and eventually ended up in Honduras, where he was spotted just outside the tiny town of San Pedro Sula.

11 News discovered this because on a Honduran newspaper website called Tiempo, we found an article where local authorities claim Zeleya decapitated his former in-laws. They claim he beheaded them with an ax while their 10-year-old son watched.

The article said the gruesome murder happened on Christmas day.

Zeleya reportedly told grieving relatives as he fled the scene that he killed the couple because their daughter broke up with him.

Apparently, no one knew Zeleya's whereabouts until this past weekend.

HPD sources told 11 News the department's gang squad found him here and was able to arrest him over the weekend.

The department was assisted by HPD SWAT and, we were told, the FBI.

Zelaya, believed to be involved in numerous crimes here, is currently charged with burglary and is being held without bond in the Harris County jail.

Earlier Monday, he made an appearance in federal court because of his illegal re-entry into the U.S.

HPD's Gang Division, working with the FBI, ATF and ICE, has arrested numerous MS-13 gang members since it was reorganized under the direction of Capt. Michael Graham.

11 News cameras were there just after two MS-13 gang members were shot and killed by FBI agents in November of 2005. There were two others wounded.

The war on gangs continues.

Tuesday, HPD will say more about the arrest Zeleya and five other alleged MS-13 members.

4 Convicted Of Watching Cockfights (AP)

AP, January 30, 2007

DOJ_NMG_0124336

LAWTON, Okla. - A federal jury has convicted four men of being spectators at a cockfight held on Indian land south of Carnegie, U.S. Attorney Sheldon Sperling said Monday.

The jury convicted Clay McHone, 47, of Harrah; Carl "Hank" Bardsher, 46, of Lawton; Donald Underwood, 71, of Foster; and Robert Langford, 54, of Wichita Falls, Texas.

The jury could not reach a unanimous decision on a second charge against McHone for transporting, delivering, sponsoring or exhibiting an animal in an animal fighting venture, Sperling said.

U.S. Magistrate Judge Shon Erwin presided over the jury trials.

Agents from the FBI and the Bureau of Indian Affairs, aided by Oklahoma Highway Patrol troopers, raided the T.F.C. Cockfighting Facility where the cockfights were being held on July 22, and federal authorities eventually charged 75 people with various cockfighting offenses, Sperling said.

Seventy of those have been prosecuted in federal court for attending the cockfight, and 11 of the 70 also were charged with transporting animals for participation in an animal fighting venture. Most of the 70 have entered guilty pleas and been assessed fines ranging from $300 to $600, Sperling said.

Two defendants still have trials pending, and another, Jason McHone, 25, of Harrah, did not appear for a jury trial this week. Sperling said a warrant has been issued for Jason McHone's arrest.

Two others are awaiting sentencing after entering guilty pleas.

Sperling said 15 illegal immigrants were taken into custody during the cockfighting raid and later deported and that all of the game fowl at the arena were euthanized at the scene.

"Federal law outlaws animal fighting, whether or not the fight is held on Indian Country," Sperling said. "Oklahoma's anti-cockfighting law is applicable in Indian Country and gamefowl enthusiasts should know that tribal lands off no 'safe haven' for animal fighting anywhere in the state of Oklahoma."

FBI Agents Arrest Man At Mall St. Matthews (LCJ)

By Charlie White, The Courier-Journal

Louisville Courier-Journal, January 30, 2007

Authorities said he was trying to meet a 14-year-old girl for sex

A Lyndon man was arrested by federal agents inside Mall St. Matthews Monday afternoon after authorities said he tried to meet a 14-year-old girl there for sex.

Kishor Patel, 39, of the 8200 block of Coppercreek Drive, was taken into custody and will be arraigned in federal court Tuesday, said David Beyer, a spokesman for the Federal Bureau of Investigation office in Louisville.

Beyer said Patel had a “look of surprise on his face” as FBI agents handcuffed him and walked him out of the mall about 2:30 p.m.

Otherwise, the arrest took place without incident, Beyer said.

Tracy Reinhold, special agent in charge of the FBI’s Kentucky office, said Patel had been communicating online with an undercover agent whom Patel believed to be a 14-year-old girl.

In online discussions initiated by Patel, he made plans to meet his correspondent at the mall, then take her somewhere fox sex, authorities said.

Reporter Charlie White can be reached at (502) 582-4653.

Serial Child Molester Receives Maximum Term In California (NYT)

By Carolyn Marshall

The New York Times, January 30, 2007

SAN FRANCISCO, Jan. 29 — A man who the authorities said had sexually abused hundreds of young boys in several states was sentenced Monday in a California courtroom to 152 years to life in prison for molesting two 12-year-olds.

The man, Dean Arthur Schwartzmiller, 65, was convicted by a Santa Clara County jury last year for sexually abusing the two boys at his San Jose home from 2002 to 2005. On Monday in San Jose, he was given the maximum penalty for the 11 felony charges of child molestation and one misdemeanor charge of possessing child pornography.

The authorities have labeled Mr. Schwartzmiller, a former handyman, one of the “most prolific child molesters” in United States history.

At the time of his arrest in May 2005, a police search of his home led to the discovery of written accounts describing his sexual exploits with boys ranging in age from 8 to 18, some dating back decades. The manuscripts included at least seven spiral notebooks with 1,500 pages of log entries detailing the sexual acts he said he had performed on hundreds of boys.

DOJ_NMG_0124337

"If anyone deserved the maximum sentence, it was Mr. Schwartzmiller," said a Santa Clara County prosecutor, Steven Fein, who tried the case.

Mr. Schwartzmiller, who represented himself during most of the three-week trial, has already filed an appeal in the Santa Clara County Superior Court, said a defense lawyer who handled the sentencing proceedings. The lawyer, Melinda Hall, a Santa Clara County public defender, said the sentence should have been no more than 30 years to life.

"The sentence wasn't unexpected," Ms. Hall said, "but I don't know if it will survive on appeal."

Ms. Hall said the United States Supreme Court on Jan. 22 ruled on a California case that might favor Mr. Schwartzmiller on appeal. The court ruled that California's sentencing laws, which allow judges to weigh aggravating factors in setting a sentence, were unconstitutional. The court said that if additional factors were considered, a jury must first review them.

Mr. Fein said he remained confident that Mr. Schwartzmiller, who was convicted in several other states but eventually freed, would spend the rest of his life in prison. Mr. Fein said both the police and legal investigators were able to confirm a large number of the sexual abuses described in Mr. Schwartzmiller's detailed logbooks, which had category headings like "blond boys" and "boys who just cried."

Mr. Schwartzmiller argued that the entries were fiction.

The final tally of victims, Mr. Fein said, included 250 boys molested in Idaho, Oregon and several other states over the last 35 years.

In addition to the two boys in this case, six other former victims, now in their late 20s to late 50s, traveled to California to face their abuser in court.

Mr. Fein said it was difficult to listen to the testimony because Mr. Schwartzmiller went into "excruciating detail" during his cross-examination of the witnesses.

"It was almost hard to sit through," Mr. Fein said. "It was clear they were being victimized all over again."

Man Sentenced To Probation In Fake Hazmat Incident (NSDY)

Long Island Newsday, January 30, 2007

HARTFORD, Conn. -- An Uncasville man was sentenced to two years of probation Monday for lying to federal authorities about being the victim of a chemical attack.

Robert Robishaw, 40, pleaded guilty in November to one count of making false statements to the Federal Bureau of Investigation, prosecutors said.

He was sentenced in U.S. District Court in Hartford nearly a year after telling Groton fire authorities that an unknown substance fell out of a newspaper that he purchased at a Waterford convenience store. He told authorities the off-white, powdery substance caused his skin to turn red and tingle.

The report prompted a massive hazardous materials response in Waterford and Groton and sent eight people to the hospital for decontamination. The substance turned out to be cigarette ash that prosecutors say Robishaw put in the newspaper.

He faced up to five years in prison.

U.S. District Judge Robert N. Chatigny ordered him to get mental health counseling and treatment while he is on probation.

Florida Man Gets Probation In Bomb Hoax Case At Airport (BRAH)

The Bradenton Herald, January 30, 2007

LOS ANGELES - A federal judge sentenced a Florida man to two years probation for calling in a fake bomb threat after arriving too late to board his flight at Long Beach Airport.

Yechezkel Wells, 22, of Miami Beach, also was ordered Monday to spend six months confined to his home, perform 200 hours of community service and pay a $1,000 fine.

Wells pleaded guilty in October, acknowledging he made the fake threat in an effort to keep his Jet Blue flight to Fort Lauderdale from leaving.

Court documents said Wells arrived 10 minutes before the Aug. 26 flight and was turned away at the check-in counter. Upset, he walked over to a pay phone and called 911.

The flight was delayed while bomb-sniffing dogs searched the plane, and FBI agents detained Wells for questioning.

U.S. District Judge Florence-Marie Cooper called Wells' hoax "incredibly stupid."

"The conduct is really quite astonishing and could have been dangerous to a lot of people," the judge said.

Defense attorney Donald Etra, who once described Wells' act as "unbelievably bad judgment," said his client learned his lesson.

"He's 22 years of age and he certainly has a lot yet to learn from the world," Etra said. "He's learned you don't mess with the airlines and you don't mess with airline safety."

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Troutman Denies Possible Drug Possession (WBBM)

WBBM-TV, January 30, 2007

CHICAGO (WBBM) -- As she fights federal corruption charges, 20th Ward Alderman Arenda Troutman now says it was a dietary aid, not drugs that were found in her possession.

WBBM Political Editor Craig Dellimore has that story.

Arenda Troutman's accused of taking bribes—and is fighting those charges—but federal agents reported finding a bagged, white powdery substance in an office desk that could be drugs.

Not true, Troutman tells reporters at City Hall, it couldn't be.

Troutman says she doesn't do drugs, and she believes the powder fround was psyllium husk, a substance vegetarians like her use to clean out their digestive systems. And she says the FBI should have known that immediately.

FBI spokesman—Agent Ross Rice—says no field test was performed on the powder because such tests can be unreliable and results from the crime lab haven't been received yet.

The FBI denies Troutman's suggestion that the agency just trying to muddy up her character.

Judge: Convicted Ex-alderman Can Run (CHIT)

Tribune Staff Report

Chicago Tribune, January 30, 2007

Former Ald. Virgil Jones (15th), who was convicted on corruption charges in 1999, can run to regain a seat on the City Council in the Feb. 27 election, a Cook County judge decided Monday.

Circuit Judge Alfred Paul ruled that a state law that would ban Jones from the race is unconstitutional because it applies only to ex-felons running in local races and not statewide elections.

Paul's ruling affirmed the decision of the Chicago Board of Election Commissioners, which said earlier this month that Jones and other ex-felon candidates had the right to be on the ballot.

Jones was convicted of pocketing $7,000 in payoffs from an FBI informant and was sentenced to 41 months in prison.

Chicago resident Readonia Bryant, who sued to overturn the board's decision regarding Jones, plans to appeal, said his attorney, Clint Krislov of Chicago.

Election board spokesman Tom Leach said Monday that election officials welcome an appeal because it would help settle the issue and avoid future legal challenges.

On Friday, another Cook County judge ruled that former Ald. Ambrosio Medrano (25th) should remain on the ballot despite a 1996 corruption conviction.

Editorial: TIME FOR FEDS TO ACT IN CITY HALL PROBE (NIAGFR)

Niagara Falls Reporter, January 30, 2007

Thursday, May 3, will mark the two-year anniversary of the day agents of the Federal Bureau of Investigation came to the offices of this paper and left with unimpeachable documentation attesting to the fact that Mayor Vincenzo V. Anello took $40,000 from downtown developer "Smokin' Joe" Anderson immediately before and just after being elected in 2003.

Shortly afterward -- at a highly publicized press conference -- the U.S. Department of Justice announced the formation of an official corruption task force to look into the matter, and a federal grand jury in Buffalo was impanelled to hear evidence in the case. Numerous City Hall employees and elected officials were subpoenaed, and FBI agents interviewed even more.

Even more evidence surfaced showing Anello wasn't averse to doing a little business on the side. It turned out he'd also taken an under-the-table payment from the sister of one of the principals of Greater Niagara Sports, the company involved in the supposed redevelopment of the city's Hyde Park Golf Course.

Both Anderson's companies and GNS received highly favorable deals "negotiated" by Anello as mayor.

The FBI agents involved believed they had developed an airtight case. But the Justice Department began dragging its heels on the matter after Michael Battle was replaced by Terrance Flynn as Buffalo's U.S. Attorney in 2006. Investigators are frustrated by the delay, and one longtime FBI man requested and received a transfer off the task force in protest.

By May 3, just 13 weeks away, the campaign season will be in full swing. Anello has shown every intention of seeking re-election, and confused Niagara Falls voters will be put in the unenviable position of having to decide for themselves whether Anello is a criminal suspect about to be indicted or an innocent man wrongly tarnished by an overzealous federal investigation.

It's time for Flynn to either press charges or drop them, with the same sort of ballyhoo that attended the announcement of the investigation's beginning. To do any less would make the Justice Department guilty of perpetrating a gross injustice indeed.

A Lively Market, Legal And Not, For Software Bugs (NYT)

By Brad Stone

The New York Times, January 30, 2007

Microsoft says its new operating system, Windows Vista, is the most secure in the company's history. Now the bounty hunters will test just how secure it is.

When its predecessor, Windows XP, was released five years ago, software bugs were typically hunted by hackers for fame and glory, not financial reward. But now software vulnerabilities — as with stolen credit-card numbers and spammable e-mail addresses — carry real financial value. They are commonly bought, sold and traded online, both by legitimate security companies, which say they are providing a service, and by nefarious hackers and thieves.

Vista, which will be installed on millions of new PCs starting today, provides the latest target.

This month, iDefense Labs, a subsidiary of the technology company VeriSign, said it was offering $8,000 for the first six researchers to find holes in Vista, and $4,000 more for the so-called exploit, the program needed to take advantage of the weakness.

IDefense sells such information to corporations and government agencies, which have already begun using Vista, so they can protect their own systems.

Companies like Microsoft do not endorse such bounty programs, but they have even bigger problems: the willingness of Internet criminals to spend large sums for early knowledge of software flaws that could provide an opening for identity-theft schemes and spam attacks.

The Japanese security firm Trend Micro said in December that it had found a Vista flaw for sale on a Romanian Web forum for $50,000. Security experts say that the price is plausible, and that they regularly see hackers on public bulletin boards or private online chat rooms trying to sell the holes they have discovered, and the coding to exploit them.

Especially prized are so-called zero-day exploits, bits of disruption coding that spread immediately because there is no known defense.

Software vendors have traditionally asked security researchers to alert them first when they find bugs in their software, so that they could issue a fix, or patch, and protect the general public. But now researchers contend that their time and effort are worth much more.

"To find a vulnerability, you have to do a lot of hard work," said Evgeny Legerov, founder of a small security firm, Gleg Ltd., in Moscow. "If you follow what they call responsible disclosure, in most cases all you receive is an ordinary thank you or sometimes nothing at all."

Gleg sells vulnerability research to a dozen corporate customers around the world, with fees starting at $10,000 for periodic updates. Mr. Legerov says he regularly turns down the criminals who send e-mail messages offering big money for bugs they can use to spread malicious programs like spyware.

Misusing such information to attack computers or to aid others in such attacks is illegal, but there appears to be nothing illegal about the act of discovering and selling vulnerabilities. Prices for such software bugs range from a couple of hundred dollars to tens of thousands.

Microsoft is not the only target, of course. Legitimate security researchers and underground hackers look for weaknesses in all commonly used software, including Oracle databases and Apple's Macintosh operating system. The more popular a program, the higher the price for an attacking code.

The sales of Vista faults will therefore continue to trail the sale of flaws in more widely used programs, even Windows XP, for the foreseeable future.

"Of course it concerns us," Mark Miller, director of the Microsoft Security Response Center, said of the online bazaar in software flaws, which it has declined to enter. "With the underground trading of vulnerabilities, software makers are left playing catch-up to develop updates that will help protect customers."

Throughout the 1990s, software makers and bug-hunters battled over the way researchers disclosed software vulnerabilities. The software vendors argued that public disclosure gave attackers the blueprints to create exploitative programs and viruses. Security researchers charged that the vendors wanted to hide their mistakes, and that making them public allowed companies and individual computer users to protect their systems.

The two sides reached an uneasy compromise. Security researchers would inform vendors of vulnerabilities, and as long as the vendor was responsive, wait for the release of an official patch before publishing code that an attacker could use. Vendors would give public credit to the researcher. The détente worked when most researchers were motivated by acclaim and a desire to improve security.

But "in the last five years the glory seekers have gone away," said David Perry, global education director at Trend Micro. "The people who are drawn to it to make a living are not the same people who were drawn to it out of passion."

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In 2002, iDefense Labs became one of the first companies to pay for software flaws, offering just a few hundred dollars for a vulnerability. It administered the program quietly for a few years, then answered early critics by arguing that it was getting those bugs out into the open and informing software makers, at the same time as clients, before announcing them to the general public.

"We give vendors ample time to react, and then we try to responsibly release them," said Jim Melnick, the director of threat intelligence at iDefense.

In 2005, TippingPoint, a division of the networking giant 3Com, joined iDefense in the nascent marketplace with its "Zero-Day Initiative" program, which last year bought and sold 82 software vulnerabilities. IDefense said its freelance researchers discovered 305 holes in commonly used software during 2006 — up from 180 in 2005 — and paid $1,000 to $10,000 for each, depending on the severity.

Security researchers warmed to the idea that vulnerabilities were worth real dollars. In December 2005, a hacker calling himself "Fearwall" tried to sell on eBay a program to disrupt computers through Excel, Microsoft's spreadsheet program. Bidding reached a paltry $53 before the auction site pulled it.

Nevertheless, several Internet attacks in the following months exploited flaws in Excel, suggesting to security experts that its creator ultimately found other ways to sell it.

In January 2006, a Moscow-based security company, Kaspersky Labs, found more evidence of an emerging marketplace for software bugs. Russian hacking gangs, it disclosed at the time, had sold a "zero-day" program aimed at the Microsoft graphics file format, Windows Metafile or WMF. The price: $4,000.

The program was widely used that month and allowed criminals to plant spyware and other malicious programs on the computers of tens of thousands of unsuspecting Internet users. Microsoft rushed out a patch.

It had to distribute another patch in September, to counter one more malicious program, which involved a flaw in the vector graphics engine of Internet Explorer, that enabled further cyber mischief.

Marc Maiffret, co-founder of eEye Digital Security, a computer security company, said prices in the evolving black market quickly proved higher than what legitimate companies would pay. "You will always make more from bad guys than from a company like 3Com," he said.

Even ethical researchers feel that companies like iDefense and TippingPoint do not adequately compensate for the time and effort needed to discover flaws in complex, relatively secure software.

And some hackers have little ethical compunction about who buys their research, or what they use it for. In a phone interview last week arranged by an intermediary in the security field, a hacker calling himself "Segfault," who said he was a college-age student in New York City, led a reporter on an online tour of a public Web site, ryan1918.com, where one forum is provocatively titled "Buy-Sell-Trade-0day."

Segfault, who said he did not want to reveal his name because he engages in potentially illegal activity, said the black market for zero-days "just exploded" last year after the damaging Windows Metafile attack.

He claims he earned $20,000 last year from selling his own code — mostly on private chat channels, not public forums like Ryan1918 — making enough to pay his tuition.

Although he conceded that Microsoft had made significant strides with Vista's security, he said underground hacker circles now had a powerful financial incentive to find its weak links.

"Vista is going to get destroyed," he said.

That may be an exaggeration. Microsoft has taken precautions such as preventing unauthorized programs from running at the most central part of the system, called the kernel, and creating an extra level of protection between the operating system and the browser.

Microsoft appears to wish the open market for flaws in their products would simply disappear. "Our practice is to explicitly acknowledge and thank researchers when they find an issue in our software," said Mike Reavey, operations manager of the company's security response center. "While that's not a monetary reward, we think there is value in it."

But independent security analysts say those days are over. Raimund Genes, the Trend Micro researcher who found the Vista bug for sale on a Romanian Web site, said, "The driving force behind all this now is cash."

Virginia Men Face U.S. Trial In Peddling Of Phony Purses (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, January 30, 2007

They are known as "purse parties," modern-day Tupperware parties with a twist: hundreds of designer handbags selling for hundreds of dollars off. Women known as "the purse ladies" run the gatherings at private homes.

DOJ_NMG_0124341

"They were all the rage," said Peggy Stypula, an Alexandria resident who attended parties in Arlington and Fairfax counties. "The purses were spread out all over the house, and you walked around and picked out what you wanted."

But one partygoer in Northern Virginia suspected counterfeit couture and called police. Federal agents soon seized 30,000 purses from a Fairfax warehouse, including some from a tractor-trailer that pulled up during the search.

Now, prosecutors are taking to federal court the men they say provided phony merchandise. A father and son are scheduled to go on trial tomorrow in U.S. District Court in Alexandria, accused of supplying thousands of counterfeit handbags for the purse parties and also selling them at kiosks in malls throughout the Washington region, including Tysons Corner Center, Montgomery Mall and the Old Post Office Pavilion.

The trial in one of the nation's largest counterfeiting prosecutions will feature testimony from representatives of Gucci, Kate Spade and other leading designer labels, according to court documents. Exhibit A will be a sampling of hundreds of purses, hauled into the courtroom one box at a time.

The case is bringing scrutiny to a widespread problem that has been publicly visible for years: trafficking in handbags and other counterfeit goods. Shoppers in Washington and other major cities can find fake fancy designer purses on street vendor carts, but purse parties -- though perhaps more underground with the heightened law enforcement attention -- are still held in the suburbs.

Lalit Kumar Ohri, 63, and his son Gaurav Ohri, 29, are charged with conspiracy and trafficking in counterfeit goods. Prosecutors say the pair sold purses bearing the trademarks of at least nine leading designer labels, including Louis Vuitton, Prada and Burberry. The pair allegedly had the purses embossed with trademark-infringing labels or gave the labels to purchasers. Some purchasers reportedly affixed the labels with glue.

The U.S. attorney's office in Alexandria would not comment. Nina Ginsburg, an attorney for the Ohris, would say only that they deny knowingly selling counterfeit handbags.

Experts say the problem of trafficking in counterfeit goods has mushroomed in recent years with globalization and the lowering of trade barriers. Everything from medicine to car parts is counterfeited, according to the International AntiCounterfeiting Coalition, a District-based industry group.

Among the leading fake items are designer handbags, known as knockoffs. "They're easy to counterfeit, they're small and they come in big containers from China," said Barbara Kolsun, senior vice president and general counsel of 7 For All Mankind and a former top official at Kate Spade.

She said selling the knockoffs "is stealing. You're stealing the name. It's no different than walking into a store and stealing a Kate Spade handbag off the shelves."

Even though it is a crime to sell such trademarked goods -- although not to purchase them -- enforcement is spotty, law enforcement officials said. Police have higher priorities, and federal prosecutors take only the biggest cases, so street vendors' booths and mall kiosks where knockoffs are sold often slip by.

Travis Johnson said he walks by sidewalk vendors selling counterfeit handbags every day on his way to work -- at the anti-counterfeiting coalition -- on K Street between Connecticut Avenue and 18th Street NW. "There's a perception that big, wealthy companies can put up with a few knockoffs," said Johnson, the coalition's general counsel. "It's not really seen as doing major harm."

Purse parties began in New York City 10 to 15 years ago and gradually spread, experts say. Some are advertised in the suburbs through mass e-mailings. Many who attend them believe they are getting either a good fake or stolen property, according to experts on counterfeiting.

The parties that Stypula attended in 2005 were elaborate open houses, with free wine and tables of shrimp dip, casseroles and a variety of appetizers. The woman who ran the Arlington party had made a business out of it, and her husband had even quit a lucrative job to work with her, Stypula said.

Stypula said that competition for the best bags was fierce and that she clung to the two Prada knockoffs she wanted so no one would grab them away. She and several friends chatted at the party about whether something was amiss.

"I said why would her husband quit his job when this is such a phony business and people could theoretically go down for selling knockoffs," Stypula said. "I know you can't get a Prada bag for $40 or $45, so you know these are hot from somewhere."

In fact, handbags by Prada and some other designer labels, including Gucci, sell for anywhere from hundreds of dollars to more than $2,000 each.

The parties apparently have grown less frequent in Northern Virginia as word has spread about the Ohri case.

After an anonymous tip from a purse partygoer, U.S. Immigration and Customs Enforcement agents raided one of the homes in 2003 and then found the trove of purses at the Ohris' warehouse in Lorton. It took more than 10 agents, working full time, a month to count and catalogue the merchandise.

Agents also found more than 100 phony Kate Spade labels in a desk drawer at the warehouse, court documents say.

The Ohris, of Fairfax, were indicted last year. They could face up to 15 years in prison if convicted.

Lalit Ohri is a retired lieutenant colonel in the army of India who started his business, now called Sonya Handbags, in the early 1990s by selling leather goods at Eastern Market in the District, Ginsburg said. As business grew, he expanded to malls, and by 2003, there were kiosks operating under the name Sonya Handbags in 13 malls in Virginia, Maryland and the District, including Fair Oaks Shopping Center in Fairfax and Columbia Mall.

Court documents say the Ohris were told by some malls to stop selling counterfeit goods but ignored the warnings. But Suzette Timme, general manager of the Fashion Centre at Pentagon City, where the family operated two kiosks, said mall security never noticed any problem.

"They were just selling generic bags with no labels," Timme said.

Five Deadly Hours In The District (WP)

By Allison Klein And Sue Anne Pressley Montes

The Washington Post, January 30, 2007

In just five hours, one man was beaten to death with a baseball bat, another was slain during a dice game, a third was shot by an assailant after barricading himself in his bathroom, and the last was killed in a botched robbery.

It was a violent weekend in Washington, with four unrelated killings in three quadrants. Police have made one arrest -- in the baseball bat beating near the Shaw neighborhood. Detectives have not identified the victim.

"Any homicide in the city is one too many," said Mayor Adrian M. Fenty (D), appearing beside acting Police Chief Cathy L. Lanier in the 800 block of Yuma Street SE, where Kevin Vincent Bradshaw, 41, was slain after four men took his money. "But four is unacceptable."

They pledged to redouble their efforts, forge stronger partnerships with federal agencies and work more closely with the community.

But the action does not come soon enough for the victims and their families. The three identified men left behind people who loved them, who depended on them. Each left a story to tell.

Trial Nearing, Alleged Call Girl Found Dead (WP)

By Darragh Johnson

The Washington Post, January 30, 2007

She was a former college professor who had lost almost everything -- her stellar academic reputation, her financial well-being and her anonymity in the swanky suburban neighborhood where she was accused of working as a high-priced prostitute.

With Brandy Britton's trial planned to start next week, the former University of Maryland Baltimore County professor apparently took her own life over the weekend, hanging herself in her living room, Howard County police say. A family member found the body Saturday afternoon. Police say they do not suspect foul play.

It was a grievous end to a life that friends and colleagues say was once filled with remarkable promise and ambition.

Britton, 43, was the first in her family to go to college, double-majoring in biology and sociology. Her first sociology professor, Sheila Cordray, told The Washington Post last year that Britton was "one of the brightest students I've ever had."

The woman whose looks matched her intelligence may still have possessed the long, blond hair, the glossy pink lips and the glamorous figure of her youth. And she may have still projected the warm, friendly demeanor of a small-town girl from Oregon.

But she was facing the world's toughest truth: She had no idea who she was about to become.

Her trial date on four counts of prostitution -- which she had decided to fight in a jury trial instead of accepting a plea agreement -- was set for Monday. Police would get a chance to air their version of Brandy Britton: that in her $400,000 home at the end of a cul-de-sac where children ride Razor scooters and moms drive minivans with soccer decals, Britton had been selling herself as a call girl.

She called herself Alexis, police said and advertised on a Web site that described Alexis as a "quintessential 'brick house' " and "sophisticated, refined, educated and articulate. She has two Bachelor of Science degrees, one in biology and the other in sociology. She also holds a Ph.D. from an elite university." It continued: "An athlete, cheerleader and dancer in high school, Alexis . . . is extremely flexible in excellent shape."

In a sting, Howard police sent an undercover officer to her house last January and arrested her.

Britton heatedly denied the allegations, but when The Washington Post asked her last year how she had been supporting herself since leaving UMBC in late 1999 and a subsequent job with the Baltimore public schools, she started to answer, then suddenly recommended a book: "Sex Work: Writings by Women in the Sex Industry."Fighting on Several Fronts

DOJ_NMG_0124343

Her attorney, Christopher Flohr, has been out of his office taking care of his ailing father and had hoped to postpone her trial date. Flohr's partner, William Paul Blackford, heard the news of her death yesterday morning when The Post called. He sat in silence for several moments, then spoke of her other recent court battle: foreclosure hearings on her home.

He talked about Britton's fears that she would lose the house where she had raised two children, now grown, as a single parent and where she had been living with her two potbellied pigs, dog and two cats.

"That is one of the most heart-wrenching processes for a person to go through," Blackford said, continuing to talk, then interrupting himself, as though the news about Britton's death had just sunk in. "This is horribly sad."

Blackford suggested that Britton's state of mind lately was comparable to a starkly clean and ultra-modern home -- as Britton had decorated her living room and den, complete with sleek black leather couches -- and then "there's a stack of magazines in the living room and then there's a hamper," and then the mess has crept across everything.

"Her house," he added, "I think it's fair to say, it wasn't impressive."

Britton was a scramble of complications: She lived in a landscaped home with leaded-glass front doors that disguised the scratched-up carpet and scuffed walls inside. She was a sharp researcher whose dissertation focused on abused and battered women who then found herself, a few years ago, filing domestic-violence charges against her second husband: "He . . . tied me up with strapping tape" and "stabbed me in the neck," she told police.

In a statement yesterday, Flohr said that Britton's death "underscores an important question: Was the public benefited at all by the resources spent on her arrest and prosecution? As we ponder the apparent senselessness of her passing, we must openly wonder about . . . a criminal justice system that seeks to punish a person rather than heal them."Confusion and Depression

"It's been a descent for Brandy," her mother, Victoria Britton, said last year from her home in Oregon. She did not return calls for comment yesterday.

Victoria Britton had cheered, she said, when her daughter earned a PhD in sociology and arrived in the mid-1990s at UMBC, where she received raises and raves from other professors, who called her work "really top-notch" and "invaluable."

But the raves subsided after Brandy Britton filed a $10 million sex discrimination suit against UMBC -- one mirroring the suit she had filed against her California employer just before joining UMBC. She left the university at the end of 1999.

"I spent my whole life working for that," she told The Post last year, as she talked about her PhD and her identity as a college professor. "It wasn't just a job to me. It was my life."

And now, she continued, she had no idea what would happen next -- or whom she could next become. Her fight with UMBC would keep her from ever teaching again. Already, she believed, "they" were tapping her phones and bugging her home.

It was too much, she said, and she found herself thinking:

" 'I'm going to lay down and die. I'm so depressed.' "

Attorney Rejects Warden's Claim That US Inmate Showed No Signs Of Pain In Execution (FINDLAW/AP)

By Phil Davis, Associated Press Writer

AP, January 30, 2007

(AP) - TAMPA, Florida-A convicted killer whose execution was botched last year was never in any pain, and appeared to be straining to see a clock, not grimacing as some witnesses claimed, the warden told a panel reviewing Florida's lethal injection procedures Monday.

But the condemned man's lawyer said his client was clearly suffering from the incorrectly injected chemicals, and he mocked the notion that the inmate was looking at a clock.

"What, was he late for an appointment? Come on, that's ridiculous," said Angel Nieves Diaz's attorney, Neal Dupree, who also witnessed the execution and testified. "I certainly thought he knew something was wrong."

Questions about whether lethal injection is inhumane have put executions on hold in nine U.S. states - Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, Ohio and South Dakota.

Diaz' death took 34 minutes - twice as long as usual - and required a rare second dose of lethal chemicals because the needles were incorrectly inserted, a medical examiner reported. An autopsy found chemical burns in both his arms.

Death penalty opponents point to Diaz's execution to support their claims that Florida's lethal injection procedure violates the U.S. Constitution's prohibition on cruel and unusual punishment. Condemned inmates have also pursued that issue in court, but to no avail.

Dupree told the commission his client was clearly in pain.

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"He almost appeared to be a fish out of water," Dupree said. "He was gasping. And that went on for a period of about 10 to 12 minutes. You could see body movement. You could see clutching and unclutching."

Several people on the prison's execution team have said Diaz said "What's happening?" twice during the process.

But Diaz appeared to be straining to see a clock, not grimacing, Florida State Prison Warden Randall Bryant told the commission.

"He had the opportunity to be able to scream, cry, yell and that sort of thing and that did not happen," said Bryant, who stood about 2 feet (0.6 meters) away during the Dec. 13 execution.

Officials testified Monday the prison medical team was satisfied with the insertion of the needles.

Commission members asked to hear from the executioners and medical team, whose identities are closely guarded by the Florida Department of Corrections. American Medical Association guidelines bar doctors from taking part, directly or indirectly, in executions.

Associated Press writer Ron Word in Jacksonville contributed to this report.

A Missed Warning (MH)

The Miami Herald, January 30, 2007

In refusing last summer to investigate the e-mails that former U.S. Rep. Mark Foley sent to a former congressional page, the FBI ignored its own child-safety guidelines, says a report from the Justice Department's inspector general. The Foley e-mails given to the FBI in July 2006 by a whistle-blower group didn't contain sexually explicit references, but their language indicated behavior that the FBI warns about in A Parent's Guide to Internet Safety on its website. The agency should review how it handles complaints about public officials.

The inspector general took the FBI to task for not reacting quickly to the e-mails, which were given to the agency by Citizens for Responsibility and Ethics in Washington (CREW). The report says the FBI also wrongly blamed CREW for not handing over additional information. Never happened, says the report.

While the agency clearly has more-pressing duties in the era of terrorism than tracking congressmen with a penchant for befriending House pages, the FBI dropped the ball. At the least, says the report, agents should have interviewed the former page or informed House of Representatives leaders. The FBI didn't decide to investigate until more sexually explicit e-mails sent by Foley surfaced in the fall, forcing him to resign his House seat.

More culpable than the FBI in the Foley affair, however, were leaders of the House over several years' time. A House Ethics Committee investigation last December found evidence that "concerns began to rise about Rep. Foley's interactions with pages or other young male staff members" not long after he took office in 1995.

In response to the investigation's findings, the House this month revised oversight of the page program. The FBI should take the Justice report's conclusions equally seriously.

CIVIL LAW:

Lawsuit Alleges Price Inflation By Boehringer Ingelheim Roxane (AP)

AP, January 30, 2007

BOSTON - Federal prosecutors filed a lawsuit Monday against Boehringer Ingelheim Roxane Inc. and related entities, alleging that the pharmaceutical company inflated prices for several of its drugs.

The U.S. Attorney's Office in Boston said it has intervened in a whistleblower lawsuit originally filed by a Florida company, Ven-A-Care of the Florida Keys Inc., and its principals.

In its suit, the U.S. Attorney's Office alleges that Boehringer Ingelheim Roxane engaged in a scheme to report fraudulent and inflated prices for several products, knowing that federal health care programs established reimbursement rates based on those reported prices.

Roxane, based in Columbus, Ohio, sells generic drugs that are reimbursed by Medicare and Medicaid, two federal health care programs.

The difference between the government reimbursement rates and the actual price paid by healthcare providers for a drug is referred to as the "spread." The larger the spread on a drug, the larger the profit for the provider.

The government claims that Roxane used artificially inflated spreads to market, promote and sell the drugs to existing and potential customers. Because reimbursement from federal programs was based on the fraudulent prices, prosecutors claim that Roxane caused false claims to be submitted to federal healthcare programs.

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"Roxane Laboratories maintains the highest ethical standards in sales and marketing practices and is committed to making generic medications available to Medicaid beneficiaries throughout the United States at prices that save the states and patients millions of dollars each year," the company said in a statement.

"The company has at all times complied with the tangle of laws and rules imposed by the federal government and the fifty states for the Medicaid program, and has paid millions of dollars in rebates to the states on drug purchases."

The company said it had not yet seen the government's lawsuit, "but we are disappointed in the government's apparent decision to join in a lawsuit filed almost ten years ago."

Feds Say Lab Owner Stole $17M (HTRIB)

By Todd Ruger

The Herald Tribune (Southwest Florida), January 30, 2007

Joseph T. Degregorio is accused of changing bills and patient records

SARASOTA -- The owner of a Sarasota-based medical laboratory company altered patients' medical histories and bilked Medicare for $17 million over six years, federal officials say.

Joseph T. Degregorio, 49, the owner of Acculab Laboratories Inc., is in the Sarasota County jail, charged with child sexual battery, which could carry a life prison term.

It was uncovered during the three-year fraud investigation.

The investigation began in 2003, after a phlebotomist at Acculab became suspicious of the way the company told her to fill out Medicare forms, court records state.

The woman said she didn't have patient medical records, or know whether the patients had cancer, yet was told to enter a cancer diagnosis so the government would pay for the blood tests.

She filed a whistle-blower lawsuit detailing her experiences. The government is now leading the lawsuit, seeking at least $2.7 million in damages and penalties, with testimony of at least eight unnamed former employees and Medicare billing audits that show 80 percent of claims were unsubstantiated.

Degregorio also altered patients' permanent medical histories to reflect a diagnosis that didn't exist, such as prostate, breast or ovarian cancer, investigators say. Acculab shut its doors last year after federal agents raided the main office and seized truckloads of evidence.

Since filing the initial lawsuit under seal from Charlotte County, the phlebotomist remains "Jane Doe" in the proceedings, her identity, location and office where she worked edited from files.

She is afraid that Degregorio, who surrounded himself with guns and has been charged with witness tampering from his cell in his sex case, might try to harm her and her child.

Employees detail fraud

Degregorio would come to the business late at night and download the company's Medicare billing data onto a computer, former staffers told federal investigators.

Degregorio's program would change the bills to reflect higher-paying tests, the government says in its lawsuit.

But several phlebotomists told investigators that the fraud went on at blood draw stations, too. They were told to provide lab work to patients who did not have a doctor's order, then put a random doctor's name on the forms.

One former staffer told investigators that a patient's blood sample would sit for so long it was no good for testing, and they would call the patient back and bill Medicare for both tests.

Federal officials reviewed Acculab's Medicare records and found errors in 87 percent of the claims submitted in 2003, and 80 percent of claims from 2004.

Acculab's attorney, Roy Howard, said in a letter to investigators that "an inadvertent computer programming error" led to the problem.

"It appears from the available billing records that this computer programming error was corrected sometime in May 2005," Howard wrote.

It was the same explanation Howard used for the company in January 2004, when a Medicare auditor found $298,324 in false claims on every one of 35 cases it looked at from Acculab, federal attorneys said in court records.

In June, the federal agents raided Acculab's office and Degregorio's home, seizing three trucks of evidence from the lab. He was arrested on the state charge of child sexual battery and hasn't been given the chance to post bail.

Legal battles

On the same November day the federal attorneys filed a complaint naming Degregorio as a defendant in the whistle-blower lawsuit, Acculab's attorneys filed for federal bankruptcy protection.

The government calls it a "sham bankruptcy proceeding" to keep Medicare from collecting in the lawsuit.

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They obtained an order to keep Degregorio from selling six parcels of his property, including the former Acculab headquarters at 1734 Northgate Blvd.

Detectives reportedly overheard Degregorio's phone call from jail giving an officer of Acculab unlimited power to sell his personal property. The property the government listed is worth about $2.7 million.

Degregorio's attorney said in court records that the government is relying on uncorroborated, confidential witnesses for their case.

Degregorio is trying to have the case dismissed. It is scheduled to go to trial in April 2008.

CIVIL RIGHTS:

Police Charged In Shootings Back At Work; NAACP Calls For Probe (AP)

By Mary Foster, The Associated Press

AP, January 30, 2007

NEW ORLEANS (AP) — Six of the seven police officers indicted in a deadly bridge shooting following Hurricane Katrina returned to work Monday, unarmed and in low-profile jobs, a development that an NAACP leader said erodes public confidence in the department.

"The assurance that the officers will be assigned to desk duties does not allay that crisis in confidence," Danatus King, president of the New Orleans branch of the NAACP, said at an afternoon news conference.

King said the NAACP has decided to ask the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings; and he said the decision to let the officers return to police jobs smacks of favoritism.

King said he worries that the officers will have access to police records and other information that might reveal the identities of witnesses that might testify against them.

"None of them have access to the public or to sensitive records," said Assistant Police Superintendent Marlon Defillo, who is in charge of the police Public Integrity Bureau.

Two of the officers have been assigned to work in the police department's horse stables, two are entering data on computers, and two are working in communications, Defillo said.

The officers are not allowed to wear uniforms, make arrests or carry weapons, Defillo said. They do not have arrest powers and are closely monitored, he said. They also continue to wear ankle bracelets that monitor their whereabouts, he said.

That the officers were freed on bail — highly unusual in first-degree murder cases — and that hundreds of people turned out to cheer them when they turned themselves in also undermines public confidence, King said. He said police had failed to properly investigate the incident until media pressure forced them to.

Homicide is the only crime not investigated by the police integrity department, Defillo said. It is investigated by homicide and the findings are turned over to the district attorney, he said.

U.S. Attorney Jim Letten confirmed receiving the letter from the NAACP Monday afternoon. His office, the Justice Department and the FBI have been monitoring the investigation, Letten said. He described that as routine.

Sgts. Kenneth Bowen and Robert Gisevius Jr., officer Anthony Villavaso II and former officer Robert Faulcon Jr., face first-degree murder charges and attempted murder charges in the Sept. 4, 2005, shootings on the Danziger Bridge that killed two men and wounded four other people.

Officers Robert Barrios and Mike Hunter Jr. were charged with attempted first-degree murder, and Officer Ignatius Hills was charged with attempted second-degree murder.

In the chaos that followed Katrina, Ronald Madison, a 40-year-old mentally retarded man, and James Brissette, 19, were shot and killed by police on the bridge.

Police said the officers were responding to a report of other officers being attacked when they came under fire. Police also claimed Madison was reaching for a gun.

Madison's brother, Lance, denies he or his brother was armed. He said they were running from a group of teens who had opened fire on the bridge when seven men jumped out of a rental truck and also shot at them without warning.

Judge Raymond Bigelow has given Orleans Parish District Attorney Eddie Jordan until Feb. 1 to decide if he will ask for the death penalty for the four facing first-degree murder.

The officers were suspended without pay when they were indicted in December. All of them eventually posted bail and the judge said he would allow them to return to work.

Faulcon, who's no longer with the New Orleans Police Department, has relocated to Texas.

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Defense Begins Arguments In Election Dispute (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 30, 2007

Poll workers testify they were not told to discriminate

No one shaped their decision on how to count absentee ballots, including county Democratic Executive Committee head Ike Brown, black poll managers testified Monday in a trial alleging discrimination against white voters.

The defense began putting on its case Monday in the first lawsuit of its kind in the United States where the Department of Justice is accusing black political leaders in majority-black Noxubee County of attempting to discriminate against white voters.

The first defense witness, Robin Mason, a poll manager during the Aug. 5, 2003, Democratic primary, said she saw black voters and white voters being assisted at the polls in the same manner.

Asked whether Ike Brown told her how to rule on absentee ballots, Mason replied, "No."

The government alleges Brown and those acting in concert with him have rejected absentee ballots cast by white voters on the grounds they were defective under state law while counting similar ballots cast by black voters.

"No one instructed us how to go through the ballots," Mason testified Monday when asked whether Brown had told them what to do.

Attorneys for the Democratic Executive Committee, Brown and the Noxubee County Election Commission asked for the case to be dismissed after the government rested its case Monday.

U.S. District Judge Tom S. Lee denied the request.

Before resting its case, the Justice Department recalled to the stand one of its witnesses who testified last week.

Nikki Nicole Halbert, who testified last week that she filed an absentee ballot but the signature on the envelope wasn't hers, said Monday she had been harassed and an attempt was made to get her to come back and change her earlier testimony.

Halbert said individuals came to her home and said "Us blacks should stick together."

Halbert said she refused to change her story because the signature on the absentee ballot wasn't hers.

A Justice Department attorney also told Lee another black witness refused to testify for the government because he had been intimidated.

Among the Justice Department's allegations:

Brown and others have used racial slurs to alienate black residents who support white candidates.

Brown has published the names of some white voters in an attempt to intimidate them.

Brown illegally has labeled white voters' absentee ballots so they would be rejected by election officials.

Brown has denied the accusations, saying the real issue is that white Republicans want to vote in and determine the outcome of Democratic Party elections.

The problems that happened in the 2003 elections were similar to problems that occur in most elections, Brown's attorney, Wil Colom, said.

Noxubee County Circuit Clerk Carl Mickens, who once was a defendant in the lawsuit, completed his testimony also Monday.

Mickens admitted he had made a statement that the 2003 elections "were the most screwed up in the history of Noxubee County."

Bond For Seale Denied (JCL)

By Jerry Mitchell

Jackson (MS) Clarion-Ledger, January 30, 2007

Defense lawyers may appeal decision

Reputed Klansman James Ford Seale walked away in chains Monday after a judge ruled he must remain behind bars until he goes on trial on kidnapping and conspiracy charges in the 1964 killings of two African-American teenagers.

Defense lawyers say they may appeal the decision by U.S. Magistrate Judge Linda Anderson to jail the 71-year-old former crop duster. He pleaded not guilty last week to federal charges in connection with the May 2, 1964, abductions of Henry Hezekiah Dee and Charles Eddie Moore. The two 19-year-olds were hitchhiking in Meadville when Klansmen grabbed them, beat them and threw them into the Mississippi River, where they drowned, according to FBI reports.

An appeal would result in a second bond hearing, this one in front of U.S. District Judge Henry Wingate, who is presiding over the trial, tentatively set for April 2.

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"This is one of the most horrific crimes I've ever heard of," argued Paige Fitzgerald, who works for the Civil Rights Division of the Department of Justice in Washington. "The defendant assisted tying up one of these 19-year-olds, rowing the boat and pushing him overboard while the other 19-year-old watched."

Seale took part in drowning both teens, who would have been minors if they had been slightly younger, she said. If they had been, there would be a presumption Seale's bond should be denied, she said.

There's nothing tying Seale to Mississippi because he lives in a recreational vehicle parked in Roxie and owns no property here, she said. Because he faces a possible life sentence if convicted, "There's no incentive for him to stay," she said.

She sought to discredit Seale's word that he wouldn't flee by showing that when he was asked to name all of his siblings, Seale failed to mention a brother, Don, living in Louisiana.

She also told the judge some witnesses fear Seale because of his alleged Klan membership.

Assistant Federal Public Defender Kathy Nester responded that prosecutors have presented no proof Seale belonged to the Klan, adding he has never been convicted of a crime.

In a 2000 interview with The Clarion-Ledger, Seale denied belonging to the Klan; however, he was once served a federal subpoena at an Oct. 30, 1965, Klan rally at Liberty Park in Natchez.

He also denied knowing anyone in the Klan, although his brother Jack admitted his Klan membership to the House Un-American Activities Committee and there's a photograph of the brother in a Klan robe.

The committee questioned Seale, his brother, his father and their friend, Ernest Parker, about whether they took part in killing Dee and Moore. All of them took the Fifth Amendment.

Nester said just because Seale lives in an RV and has traveled to other states in recent years doesn't mean he shouldn't be eligible for bond: "There's just zero evidence of risk of flight."

Seale's wife, Jean, testified her husband has been treated for kidney and bladder cancer. The latest tests, she said, show he is cancer-free. She said he wears a pain patch and takes a "nerve pill," which she said is Xanax. Each night, he breathes in oxygen from a machine because of his emphysema, she said. "He can't walk very far, and a lot of days he can't get out of the motor home."

After a 10-minute discussion behind closed doors with deputy U.S. marshals at the James O. Eastland Federal Courthouse, Anderson concluded Seale's medical problems could be accommodated and that oxygen already was being provided for him at the Madison County Jail.

"The nature of the offense is not diminished by the passage of time," she said.

On Saturday night, the sign that memorializes the 1964 killings of Dee and Moore was stolen.

Moore's brother, Thomas, said he reported the sign missing.

He had placed it where the Klansmen are believed to have abducted the teens.

"The sign's been up for a year, and all of a sudden it's taken away," said former Bude Mayor Mack Littleton, who knew Moore. "The sheriff and I went down and took a look. Ain't nothing we could see, but we know what happened. It ain't jumped up and walked off on its own."

Franklin County Sheriff James Newman said he and his deputies had found no tracks or anything leading to where the sign was stolen but are continuing to investigate.

As marshals escorted Seale from the courthouse Monday in chains, he remained silent. The only sound that could be heard was the rhythm of the clanking.

Bail Denied In 1964 Race Killings (NSDY/AP)

By Associated Press, January 29, 2007, 4:33 Pm Est

Long Island Newsday, January 30, 2007

James Ford Seale has been jailed since his arrest on kidnapping charges last week.

U.S. Magistrate Linda R. Anderson said Seale might flee if released on bail because he has no job or property, is a pilot and lives in a motor home.

Prosecutors say Charles Eddie Moore and Henry Hezekiah Dee, both 19, were seized and beaten by Klansmen and then thrown into the Mississippi River to drown. Their bodies were found about two months later.

Seale told the court he suffers from cancer and other ailments. His trial was tentatively set for April 2.

Editorial: It's Not Too Late For Justice To Be Served (KZGAZETTE)

Kalamazoo Gazette (MI), January 30, 2007

Some Americans may not be interested in stories about prosecuting aging suspects in murders that took place decades ago.

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Fortunately, federal authorities don't share that view, especially in cases that have sprung from the civil rights movements of the 1960s.

Last week in Mississippi, the FBI arrested 71-year-old James F. Seale, a former sheriff's deputy and alleged ex-member of the Ku Klux Klan. Seale was indicted in Jackson, and will face kidnapping charges in connection with the brutal killing of two 19-year-old black men in 1964.

According to the indictment, members of the Klan abducted hitchhikers Henry H. Dee and Charles E. Moore. The two youths were weighted down with a Jeep engine block, iron weights and railroad rails. Still alive, they were thrown into an old Mississippi River channel, where they drowned.

Seale, who has denied ever having been a Klansman, has pleaded not guilty.

A federal judge was to decide today whether to permit Seale to be free on bond. His lawyer said that he has cancer.

Seale, the son of a chapter leader of the Klan, is a suspect along with Charles Marcus Edwards, in the slaying of Dee and Moore. But they were never prosecuted.

Edwards, who was described at the time of the killings as an admitted Klansman, hasn't been accused but is expected to be a witness for the prosecution.

Age should be no barrier in prosecuting, to the full extent of the law, people accused of such crimes.

Officials would not comment on why murder charges are not being leveled in this case.

Moore's brother, 65-year-old Thomas Moore, of Colorado Springs, Colo., has been trying since 1998 to convince authorities to prosecute.

``I've been crying," said the 63-year-old Moore after Seal's arrest. ``First time I've cried in about 50 years. It's not going to bring his life back. But some way or another, I think he would be satisfied."

Charges against Seale have drawn attention to other unsolved cases. A bill now in Congress would create a cold-cases unit in the Justice Department to track down unpunished civil rights-era killers.

Such legislation is appropriate.

Do We Have A Human Trafficking Problem? (LVS)

By Sam Skolnik, Las Vegas Sun

Las Vegas Sun, January 30, 2007

Justice Department names Las Vegas among 17 most likely destinations

The federal government believes Las Vegas is a top destination for "human trafficking" victims - from indentured servants to massage parlor workers and prostitutes held captive and forced to commit sex acts.

This belief has led the Justice Department to grant hundreds of thousands of dollars to Metro Police to tackle the problem.

But first, the Anti Trafficking League Against Slavery (ATLAS), an office within Metro that opened last month, needs to try to answer a basic question: Is there a human-trafficking problem here, and if so, how big is it?

Terri Miller, ATLAS's civilian director and long one of the top Nevada activists against the sexual exploitation of women and children, and her boss, Metro Capt. Terry Lesney, say the need for the group is clear: There is a "huge" and growing sex-oriented trafficking problem in Las Vegas.

Yet they quickly add that no statistics have ever been gathered and law enforcers never before have made it a top priority - so the scope of the problem still needs to be determined.

Police in the past haven't paid sufficient attention to the signs that the prostitutes or others they're investigating may also be trafficking victims, they say - meaning the problem has gone underreported for years.

Miller says the problem has been made worse by Las Vegas' aggressive advertising promotions that encourage tourists to come here and sin all they like.

"We're basically giving a green light for people to come here and exploit women and children," Miller says.

ATLAS was formed as an extension of the ad hoc Nevada Human Trafficking Task Force, an interagency group set up by the U.S. attorney's office in Las Vegas in 2004.

The task force's first task was to determine whether, in fact, there was a human-trafficking problem, Lesney says. But because of the lack of hard data, she says, "we were struggling to quantify what we're dealing with."

Federal law defines trafficking as what happens when children, teens, men or women are subjected to "force, fraud or coercion" for the purpose of sexual exploitation or forced labor.

Human trafficking is different from smuggling in that people who are smuggled voluntarily pay the smuggler, and when the person arrives, he or she is free, or is required to work under a job arranged by the smuggler until the debt is paid.

Trafficking victims are enslaved, and if they are in debt to the trafficker, it's most often at rates too high to ever be able to pay. Victims are often lured by false promises, and are sometimes physically forced.

Sex trafficking victims can range from massage parlor workers brought in from overseas to prostitutes trafficked here from California or Arizona. Labor trafficking, including domestic servitude, agricultural or sweatshop labor, involves victims forced to work against their will, sometimes under the threat of violence.

Often, Miller and Lesney say, victims or their family members have been threatened by the traffickers and are afraid they will be deported if they come forward and cooperate with police.

Between 17,000 and 20,000 people are trafficked into the United States annually, according to State Department estimates. Of those, it is unknown how many are brought to Nevada.

Rarely have defendants in Las Vegas been prosecuted as human traffickers, Lesney says, though there is a tough federal law passed in 2000 and even newer state laws that target those crimes. Until this month, she said, Metro didn't even have a booking code for alleged human trafficking violators.

The largest human trafficking bust in the area in recent years was Operation Jade Blade. A national sting in 2000 netted five Las Vegas Valley residents, who were arrested for trafficking Asian prostitutes into the city. The women had been smuggled into the country for a fee, then were forced to pay back their debt by working as prostitutes.

In the last six years federal prosecutors have brought nine additional cases with strong trafficking elements into federal courts, according to the U.S. attorney's office in Las Vegas, including cases in which pimps brought girls or women into the region from other states to work as prostitutes.

Each of those cases was smaller in scope than the Jade Blade bust, Nevada U.S. Attorney Daniel Bogden concedes. Although he wouldn't comment on any ongoing investigations, he says there has been little funding to pursue deep investigations into trafficking cases.

Bogden says he believes the work of the task force and Miller's office will change that.

"Any time you essentially enslave a human being and deprive a human being of their rights, that has to be a top priority," says Bogden, who will be stepping down from his post at the end of next month.

Locally, there have been even fewer human trafficking cases charged and prosecuted in the last few years. According to District Court records, only one trafficking case has been prosecuted locally since 2005, when the Legislature put two new anti-trafficking laws on the books.

In that case, a woman was indicted by a Las Vegas grand jury on Dec. 12. Personna Coleman is alleged to have committed involuntary servitude - as well as kidnapping and several other crimes - when she restrained and threatened another woman, demanding that the woman earn her at least $1,000 by engaging in prostitution.

Clark County prosecutors confirm they are pursuing at least two other trafficking cases , but the details and status of those cases were not made available.

Identified by a Justice Department risk analysis study as one of 17 cities nationwide most likely to be the top destinations for trafficking victims, federal officials gave a $370,000 grant to Metro officials late last year - as well as a smaller one to the local Salvation Army office. With it, ATLAS was born, with Miller serving as director. She started early last month and has a three-year contract with Metro.

Miller, 48, worked with the Nevada Coalition Against Sexual Violence, and she has long been involved with a New York-based nonprofit group called SESAME, or Stop Educator Abuse, Misconduct and Exploitation.

Miller - a mother of four who describes herself as an "M.O.M., a Mom on a Mission" - began working against teacher abuse of students while living in Pahrump, including the investigation of a teacher who is serving a life sentence for sexual assault against a 17-year-old student. Miller said her efforts split the Pahrump community: "I was 50 percent vilified, and 50 percent hailed me as a heroine," she said. After 20 years in Pahrump, she and her family moved to the Las Vegas Valley in 2002.

Though a year younger than Miller, Lesney says she's finishing up her work after a 25-year career with Metro. She retires from the force in September, set to move back to her native Minnesota to be closer to family and to finish up her work on a doctorate in forensic psychology.

Lesney says she finds satisfaction working on trafficking cases for the same reason she likes handling sexual assault and domestic violence cases: "You're dealing with real victims," she says.

Miller and Lesney said they have three main goals for their new anti-trafficking office within Metro - to raise public awareness about the issue; to increase law enforcement's reporting of trafficking cases and then help coordinate investigations; and ultimately, to establish a service network for trafficking victims.

Earlier this month they instituted a mandatory, two-hour online training course on human trafficking for all Metro commissioned officers below the rank of deputy chief. More than 600 have taken the course so far, they said.

Miller and Lesney, joined by other local and federal officials and victims' advocates, will hold a press conference on Feb. 6 to highlight the work of the new office.

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"I'm like a magnet right now," Miller says of her first eight hectic weeks on the job. "They're coming at me from all over to join the task force. I'm really in awe at how fast we're progressing." Sam Skolnik can be reached at 474-7406 or at sam.skolnik@lasvegassun.com.

ANTITRUST:

Justice Department Deadline Is Up For Mittal Steel (WVSJ)

By Jerry Echemann

West Virginia State Journal, January 30, 2007

WEIRTON -- The Department of Justice had given Mittal Steel only until Sunday to rid itself of a canadian tin producer.

But Monday, there's still no word on what the Justice Department intends to do.

A spokesman for the department said he did not expect an announcement for a few days. They are waiting on a district court to issue a final judgement in the case. They get five days after that.

As Mittal grew with buyouts, they ran into problems for having too much control over the tin market. The Justice Department doesn't like to see monopolies, and it told Mittal to get rid of one of three plants.

Now that list has been narrowed down to plant at Weirton and Sparrows Point near Baltimore.

Weirton has appeared to be the likely candidate since Independent Steelworkers Union has said it would welcome a sale.

The two interested buyers are Esmark -- the former Wheeling-Pittsburgh Steel Co. -- and a man named Mitch Hecht, a former executive for International Steel Group.

ISU president Mark Glyptis said he wants the situation to be resolved as well. But he said the issue itself is very complex and has required a lot of research.

FTC Approves Bridgestone Acquisition (AP)

AP, January 30, 2007

Federal Trade Commission Approves Bridgestone Acquisition of Bandag

WASHINGTON (AP) -- Bridgestone Americas Holding Inc.'s $1 billion acquisition of Bandag Inc., a retread tire maker, on Monday received early approval from federal regulators.

The Federal Trade Commission ended a required 30-day waiting period for the acquisition ahead of schedule, Bandag said in a prepared statement. The 30-day period was not scheduled to end until Feb. 8, the company said.

Early terminations are not granted unless both the FTC and the Justice Department's antitrust division have completed their reviews and decided against taking any enforcement actions, the FTC says on its Web site.

Bridgestone Americas Holding, the U.S. subsidiary of Japan-based Bridgestone Corp., the largest tire and rubber company in the world, announced Dec. 5 that it would acquire Bandag for $50.75 per share in cash, or $1.05 billion.

Bandag said the acquisition remains subject to shareholder and other regulatory approvals. Bridgestone's American depository shares rose 50 cents to close at $42.90, while shares of Bandag increased 10 cents to close at $50.75 on the New York Stock Exchange.

First The Wait For Microsoft Vista; Now The Marketing Barrage (NYT)

By Steve Lohr

The New York Times, January 30, 2007

Microsoft's power in the technology industry, some analysts insist, is waning. It faces a host of rivals from a reinvigorated Apple on the desktop to Web-based challengers like Google, delivering services and software online.

But yesterday, on the eve of the arrival of new models of Microsoft's flagship products, the Windows operating system and the Office programs, the skeptics were overshadowed and drowned out by the opening salvos in the software giant's marketing campaign.

Windows Vista and Office 2007 start appearing today, available in retail stores as a shrink-wrapped package and shipped on new machines sold by personal computer makers. The new Microsoft offerings were available to large corporate customers at the end of November.

Steven A. Ballmer, the company's chief executive, called today "the biggest product launch in Microsoft's history," and the rollout will be backed by a first-year marketing budget of hundreds of millions of dollars.

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New versions of Windows and Office move across the technology industry like a powerful weather system, driving sales of personal computers and other hardware, software and services. The pace is typically gradual but steady, yet the impact on the rest of the industry is significant.

Over 5,000 software and hardware products are ready to run on Vista, and Microsoft has more than 500,000 industry partners worldwide, including resellers, retailers and consultants as well as hardware and software companies. Millions of developers write programs that run on Windows.

For every dollar Microsoft makes on Windows Vista, the rest of the industry will collect $18 of revenue, estimates IDC, a technology research firm. Indeed, those that build products and services on top of and around Microsoft's technology constitute an industry ecosystem that business professors have studied. And Microsoft's long investment in nurturing that network of mutual support, they say, is a major reason that Windows holds more than 90 percent of the market for PC operating systems.

In the United States, the IDC report concluded, "this ecosystem should sell about $70 billion in products and services revolving around Windows Vista" in 2007. The introduction of Windows Vista, IDC projected, is expected to generate 157,000 jobs in the United States. The IDC study was paid for by Microsoft, but the research firm said it used its own methodology.

Because the universe of Windows users has grown, Mr. Ballmer predicted that sales of Windows Vista in the first three months would be five times the early sales of Windows 95, introduced in 1995, and double the sales of Windows XP, shipped in 2001.

Mr. Ballmer spoke at a news conference in New York, along with executives from large computer manufacturers and chip makers. "I hope your forecasts are right," said Todd Bradley, executive vice president for personal computers at Hewlett-Packard. "We'd all be thrilled."

The industry has certainly been patient. Vista suffered repeated delays, coming five years after Windows XP. Microsoft has vowed that there will never again be so lengthy a gap between versions of its operating system. Industry analysts expect that Microsoft will more regularly update Windows with new features and bug fixes delivered over the Internet — and that the line between the desktop software and Internet software will increasingly blur.

"Today will go down in computing history as the last big operating system launch for Microsoft," said Gary Beach, publisher of CIO Magazine, a publication for professional technology managers.

For those upgrading from previous versions of Windows, there are three versions of Vista, from $100 to $260. The new operating system has striking three-dimensional graphics, an easier-to-use interface and improved security, and it handles games, music, video and pictures far better than previous generations of Windows, most product reviewers have agreed. But many reviewers have also pointed out that most of the new features in Vista are already in Apple's Macintosh computers.

Mr. Ballmer and Bill Gates, the chairman, presided over a gathering in a Times Square theater to celebrate Vista's arrival, along with industry partners, analysts, and early Vista users, or beta testers. One was Farage Yusupov, a lawyer at Paul, Weiss, Rifkind, Wharton & Garrison. Some Vista features, he said, did not run on his two-year-old laptop.

But Mr. Yusupov said he planned to get a new computer with Vista soon. "In a year or two, every computer is going to have it," he said. "Since I'm going to get it sooner or later, I want it sooner."

Microsoft's industry partners described Vista as a watershed. Hector Ruiz, the chairman of Advanced Micro Devices, a microprocessor maker, said the new Microsoft operating system would usher in "the visualization age of computing" with rich 3-D graphics entering the mainstream. "And stunning visual experiences require outstanding hardware," Mr. Ruiz added.

Kevin B. Rollins, Dell's chief executive, said his company began taking orders online over the weekend for Vista-equipped machines. Traffic on the company's Web site increased 20 percent because of demand for PC's running Vista, and tens of thousands of them have been sold in the last couple of days, Mr. Rollins said.

Sean Maloney, executive vice president of Intel, said that Vista's abilities combined with rapidly advancing technology in microchips would lead to a "golden age for PCs," allowing them to serve as a central hub for storing, managing and sending digital media like movies and music to television sets and music players in the home.

In an interview, Mr. Bradley of Hewlett-Packard pointed to his company's TouchSmart PC, being released to coincide with Vista's debut, to show that manufacturers are increasingly able to use Microsoft's operating system as "a platform we can build around instead of just embed on our machines."

The $1,699 model, with a 20-inch touch screen and television tuner built in, has a user interface that has been tailored by Hewlett-Packard engineers so that it looks different from a standard Windows machine. Microsoft's antitrust settlement with the federal government required the software maker to give PC makers more freedom to modify Windows.

Most of Microsoft's vast marketing budget will be on print, television, radio and Web advertisements. But some will go for so-called viral marketing events like an online puzzle contest called Vanishing Point, sponsored by Microsoft and A.M.D. The winner will get a ride into space from a private space travel company.

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The strategy, said Michael Sievert, vice president for Windows marketing, "is really about getting people to come in and have a look."

Delta Says Deal Is An Option, Just Not Now (WSJ)

By Corey Dade

The Wall Street Journal, January 30, 2007

Delta Air Lines Inc. has assured creditors that it won't rule out the possibility of merging with another airline after exiting from bankruptcy if it defeats a hostile takeover offer from US Airways Group Inc., according to people familiar with the situation.

To build support for its plan to remain independent, Delta appears close to agreeing with its official creditors committee on several provisions designed to clear a path toward an eventual tie-up. The parties are moving toward an accord to exclude from Delta's new corporate charter and bylaws any so-called poison pill that could pose an insurmountable hurdle to future mergers, according to one person familiar with the discussions.

In addition, the committee would have a strong hand in selecting Delta's post-bankruptcy board, according to knowledgeable people. The creditors committee wants a board that favors consolidation as a strategic option, people close to the board have said.

Delta, based in Atlanta, had been reluctant to grant some of the concessions, but in recent weeks the committee made it clear that it required them as a condition for approving Delta's standalone plan over the US Airways merger.

Delta's apparent willingness to consider a future deal could breathe life back into widespread hopes for an industry consolidation wave, which airline observers thought could be dashed if the US Airways-Delta merger failed. Airlines are looking for partners in an effort to reduce the number of seats in the air, lower operating costs and gain greater pricing power.

Delta's efforts to appease the nine-member creditors committee come as the group considers a sweetened takeover offer1 from US Airways that emerged over the weekend. The Tempe, Ariz., carrier has expressed a willingness to increase its bid to $10.9 billion from $9.9 billion under certain conditions. Yesterday, committee members discussed the higher offer but reached no decision, say the people familiar with the matter.

Still, the prospect of receiving an extra $1 billion in cash, boosting the total cash payout to $6 billion, has drawn interest from some committee members, according to people familiar with the situation. The US Airways proposal expires Thursday.

Delta's overall restructuring plan needs approval by creditors holding two-thirds of claims, by value. An increased offer from US Airways has the backing of an ad hoc committee of creditors, which is working to gather other creditors to its side. The ad hoc committee, consisting of hedge funds and private investors, hold about 15% of all claims worth roughly $2.3 billion. So far, say people close to the group, they have lined up support from creditors holding $4 billion in claims -- approaching the one-third portion required to block the Delta plan, if need be.

Word of a sweetened deal has renewed investors' confidence and boosted US Airways stock. In 4 p.m. composite trading, US Airways' shares were up $2.30, or 4.4%, to $54.43 on the New York Stock Exchange. However, the extra $1 billion in cash alone might not be enough to sway the official creditors committee. The termination fee, which a person familiar with the situation says exceeds $500 million, falls below the $1 billion range that some creditors committee members want as compensation if the deal fails to gain antitrust approval.

--Melanie Trottman and Susan Carey contributed to this article.

Write to Corey Dade at corey.dade@wsj.com2

Airline Deals Could Be Grounded (CNN)

By Chris Isidore, CNNMoney.com senior writer

CNNMoney.com, January 30, 2007

US Air said to consider raising bid for Delta as it faces deadlines over next two weeks; talk of other deals could die if Delta avoids takeover.

NEW YORK (CNNMoney.com) -- Time could be running out on US Airways Group's hostile bid for Delta Air Lines and with it much of the talk about consolidation within the airline industry.

Industry experts say the recent retreat in airline stock prices, despite some strong financial results, is attributable at least partly to the growing belief among investors that the US Air (Charts) bid for Delta (Charts) isn't winning the necessary support of Delta creditors as it faces deadlines this week and next.

And just as it was US Air's hostile bid for Delta in November that sparked talk of a round of industry consolidation involving AMR (Charts) unit American Airlines, UAL (Charts) unit United Airlines, Continental Airlines (Charts) and Northwest Airlines (Charts), many experts now believe that the merger talk will again quiet down without a US Air-Delta deal shaking up the industry status quo.

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"You only have two guys, United and US Air, who are advocating consolidation," said airline consultant Michael Boyd. "Everyone else thinks it's a dumb idea. It's different if they get forced into something. But I don't think anyone else wants to do a deal."

The Amex airline index gained nearly 15 percent from the start of the year through its high Jan. 16 but has lost almost all of that gain since then.

Analyst Ray Neidl of Calyon Securities said that, just as airline stocks climbed on merger speculation and lower fuel prices, the dimmer outlook for deals is now causing stocks to give up some of those gains.

But Neidl still has "buy" recommendations on US Air as well as AMR, UAL and Continental.

"The next rally we have in late February or early March will be based on fundamentals," he said.

Thursday deadline

US Air Group, which reports its fourth-quarter results Tuesday, has given a Thursday deadline for its current $9.9 billion bid for Delta, saying the offer will expire without Delta's creditors going on record in favor of the bid and asking for a postponement of a key Feb. 7 bankruptcy court hearing on the airline's reorganization plans.

Scoring a cheap airline ticket

So far Delta management has flatly rejected any takeover proposal, and while an ad hoc creditors' committee has backed the idea, the formal creditors' committee, which includes the full range of Delta creditors, has yet to get behind the bid.

The Wall Street Journal reported Monday that US Air is willing to increase its hostile takeover offer for Delta Air Lines Inc. by adding $1 billion in cash under certain conditions and giving creditors a termination fee in case regulators block the deal.

A Delta spokeswoman did not have a comment on that report, and US Air spokeswoman Kelly Sullivan would not directly address it, although she also wouldn't dismiss it.

"Our advisors are in regular contact with the ad hoc committee and the advisors to the creditors' committee," said Sullivan. "We expect this will continue as the Feb. 1 deadline on our offer to continue the process approaches."

Philip Baggaley, Standard & Poor's senior airlines credit analyst, says that he's not sure even a higher bid will win much in the way of additional support from creditors for the US Air bid for Delta. Some creditors, such as airports and the Air Line Pilots Association, have an interest in seeing competing airlines remain independent, he said.

And he said bondholders, who have a more purely financial interest in the debate, may still be swayed by the argument that a US Air deal for Delta would cause too many regulatory or labor problems and hurt the value of their claims against the bankrupt airline.

"Those arguments both raise uncertainty, which nobody likes," he said. "It's not clear that changing the numbers [of that offer] would change their views."

US Air's initial bid for Delta in November valued the nation's No. 3 airline at about $8 billion in cash and stock. It raised its bid Jan. 10 to cash and stock worth $10.2 billion at that time.

But decreases in the value of US Air shares since that time have trimmed more than $250 million from the value of the offer, although US Air shares gained $2.80, or 5.4 percent, to $54.93 in trading Monday on news of the higher offer.

Bid pessimism

Neidl said the recent declines in US Airways shares before the jump Monday are at least partly a result of growing pessimism by investors about it being able to win the necessary support for its Delta bid.

"People are really doubting this deal is going to happen," he said. "The creditors are leaning away it."

Neidl said his sense is that creditors would prefer to let Delta emerge from bankruptcy as an independent carrier, something that could take place as soon as April, giving them stock in the new carrier that they can cash out in the current strong environment for airline shares.

Neidl said Delta's emergence from bankruptcy would be pushed back a minimum of six months if creditors convinced the bankruptcy court and Delta management to take the US Air offer. And antitrust regulators could delay it even longer than that, if they approve it at all.

If the Feb. 7 bankruptcy hearing is held, it will be a victory for Delta management, which hopes to win approval of its reorganization plan from the court and the creditors as soon as possible.

But Joe Capobianco, a Long Island bankruptcy and merger and acquisition attorney with Reisman, Peirez and Reisman, said he believes creditors could push Delta management to delay the hearing as a way of keeping the US Air bid alive and gaining more leverage in negotiations with Delta management.

"At the end of the day, it's up to the creditors," said Capobianco. "What's going on right now behind the scenes is all these parties are negotiating with creditors and committees to put their best foot forward and win support. If I'm representing Delta, I try to keep pedal to the metal and have the hearing as soon as possible."

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As Airlines Surge, Pilots Want Share (NYT)

By Jeff Bailey

The New York Times, January 30, 2007

Now it's the pilots' turn.

The remarkable turnaround of the airline industry has rewarded investors with rising share prices, and the $9.87 billion price tag that US Airways Group is offering for Delta Air Lines in a hostile takeover bid is further proof that the industry is again in favor with investors and lenders.

With most of the industry returning to profitability — in part by extracting billions of dollars of pay cuts from workers — pilots are demanding that they should recoup some of the pay and other benefits they gave up in recent years and share in the improved fortunes. The pilots' agenda is playing an important role in the merger talks over Delta. The Delta pilots have backed management's stand-alone plan to exit bankruptcy, and are jointly fighting the US Airways bid.

In all, the Delta pilots have $2.1 billion in claims.

The pilots are motivated to support management in part by self-interest — they believe that they would have less job security under US Airways ownership. And that support could be persuasive when the pilots next want something from Delta management.

They, in fact, accepted a slightly lower price in selling several hundred million dollars in bankruptcy claims so that they could hang onto the voting rights those claims represented to provide maximum support to management's plan, according to people familiar with the pilots' dealings.

Delta pilots are counting on the unusual contract they negotiated in bankruptcy to help them recoup their most recent 13 percent pay cut over the next three years by helping the airline achieve certain performance improvements. They also could win profit-sharing bonuses on top of that.

Lee Moak, who heads the Delta chapter of the Air Line Pilots Association, said, "I am confident that the performance-based pay raises are going to pay off" and restore Delta pilots' pay.

US Airways was asked over the weekend by some Delta creditors to again raise its bid. The airline has been frustrated because the official creditors committee in Delta's bankruptcy, the only party that can force Delta to allow due diligence by US Airways and otherwise get the merger talks started, has been silent.

So, according to a person involved in the talks, US Airways management set the following conditions: if the official creditors committee would tell Delta by Thursday to allow due diligence, to also make a filing starting antitrust review of the proposed merger, and postpone a hearing on Delta's stand-alone plan to exit bankruptcy, then US Airways management would take to its board a proposal to increase its bid by another $1 billion. It did not officially raise its bid.

Yesterday, there were talks among creditors but no word from the official committee, this person said.

The grumbling among pilots about getting their due can be heard throughout the industry, not just at Delta.

US Airways pilots, for example, are negotiating a new contract and seek higher wages and improved work rules.

At the old US Airways, which merged in 2005 with America West Airlines, captains on planes comparable to the 737 were once paid $227 an hour, said Jack Stephan, a captain and head of the Air Line Pilots union local for the carrier. But now, after two bankruptcies, they are paid about $125 an hour.

"This is truly payback time," Mr. Stephan said.

Southwest Airlines pilots are also in negotiations and want to improve their industry-leading pay.

Because the industry is thinly capitalized, it remains highly vulnerable to the next economic downturn. So any substantial pay raises could alarm investors.

Airlines have tended to enter into generous pay deals in good times and then regret the higher costs of those contracts during downturns. That in part led to the recent series of bankruptcies.

"These next years will be the pilots getting something back until they get too much back and then we'll do this all over again," said Roger King, an airline analyst at CreditSights.

At United Airlines, where the pilots' contract runs through 2009, the Air Line Pilots Association has started a "fix it now" contract campaign that includes an early strike preparedness committee and an effort to win concessions from management on some working conditions.

And at American Airlines, where a contract that runs through May 2008 has already been opened for early negotiation, pilots are protesting a lucrative management bonus plan. They also refused to make a minor concession to help American bid for a valuable route to Beijing, and want to reverse a 23 percent wage cut agreed to in 2003.

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Under federal labor law, pilots have extraordinary leverage over airlines. Their work cannot effectively be outsourced, making a strike potentially ruinous for an airline. And in some cases, by inflexibly following the letter of a contract, they can slow an airline operation enough to cause havoc, as occurred at United in the summer of 2000.

Only in bankruptcy do managements clearly gain the upper hand on wages.

Executive compensation is a particular irritant to pilots. American pilots, represented by the Allied Pilots Association, said this month that they expected a stock bonus plan for the airline's 1,000 or so top managers to hand out more than $200 million this April. American would not comment on the expected payouts, said Susan Gordon, a spokeswoman.

"There's going to be a visceral, angry reaction, even though we know it's coming," said Denny Breslin, an American captain and union official. Pay scales were cut by 23 percent in 2003 and some pilots suffered far worse pay reductions as American shrunk its fleet and pushed captains into lesser-paying first-officer positions, or onto smaller planes, where they are paid less.

The goal now, Mr. Breslin said, "is getting our money back — recapturing our investment" in having helped save American from bankruptcy.

Merrill Lynch Acquires First Republic (FT)

By David Wighton In New York

Financial Times, January 30, 2007

Merrill Lynch on Monday underlined the lure of the rich for Wall Street banks by paying $1.8bn for First Republic, a California-based private bank and wealth management company.

In its biggest acquisition in 10 years, Merrill is paying a 44 per cent premium for First Republic, which will retain its name as a separate business within Merrill Lynch Bank & Trust.

The deal highlights the high prices big banks are prepared to offer to expand in the fast-growing business of serving the US's ultra-rich. In November, Bank of America paid Charles Schwab 30 times 2006 earnings for its US Trust private banking unit and other US and overseas banks are looking to buy in the sector.

Merrill is paying 24 times forecast 2007 earnings and 3.4 times current book value.

Bob McCann, head of Merrill's private client business, said the deal would accelerate the growth of its high net worth business.

"Our goal is to provide First Republic with the resources and support to replicate the firm's success in key markets across the country and to benefit from its deep banking expertise."

Founded in 1985, First Republic has 43 branches in 12 of the richest metropolitan areas in the US including New York. Merrill will retain the leadership of Jim Herbert, co-founder and chief executive, and Katherine August-deWilde, chief operating officer.

Mr McCann said that while First Republic would operate as a separate division and Merrill expected its private client business "to benefit from its outstanding history, excellent credit and lending capabilities and its experienced management team."

First Republic, which specialises in luxury-home lending, is at the opposite end of the spectrum from Merrill's most recent purchase – First Franklin, the sub-prime mortgage lender, for which it paid $1.3bn in September.

Stan O'Neal, chief executive, has been keen to see Merrill capture more of its private clients' banking business and is known to have looked at potential retail bank acquisitions.

William Tanona, analyst at Goldman Sachs, said the deal made sense strategically but the key would be the retention of advisors and assets.

Mr O'Neal, is known to have looked at potential retail bank purchases but the move to go into branch banking, albeit with high net worth customers, under another brand surprised some analysts.

Richard Bove, analyst at Punk Ziegel, said the price looked high and that Merrill was able to buy it because branch banking was "peaking, just as the sub-prime mortgage sector is".

Merrill's shares fell 2.3 per cent to $92.39.

Merrill To Buy First Republic, Seeking To Add Wealthy Clients (NYT)

By Bloomberg News

The New York Times, January 30, 2007

Merrill Lynch said yesterday it had agreed to buy the First Republic Bank for $1.8 billion in cash and stock to gain clients with an average net worth of $20 million.

The deal values First Republic at $55 a share, Merrill said, 44 percent more than the bank's closing price on Friday. Merrill will pay half the purchase price in cash and half in stock.

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First Republic, which has 43 branches and specializes in mortgages on luxury homes, gives Merrill more wealthy customers who might buy brokerage services.

"Luxury lending and wealth management, those are higher-end customers," said Steve Roukis, managing director at Matrix Asset Advisors. of New York. "It's a continuation of their strategy to focus on their core business and either build or acquire whatever gives them a better return on their cost of capital."

Merrill, based in New York, said it expects the transaction to add modestly to earnings by the end of 2008.

First Republic, with about 1,100 employees, operates 37 bank branches in California and six others in cities like Boston and New York.

The bank will be run as a separate business within Merrill Lynch. James Herbert, a co-founder of First Republic, will remain as chief executive.

Stock in First Republic, which is based in San Francisco, rose $15.33, or 40 percent, to $53.63 a share.

Citi Will Buy Egg To Raise U.K. Presence (WSJ)

By Carrick Mollenkamp And Ian Mcdonald

The Wall Street Journal, January 30, 2007

Citigroup Inc.'s £575 million ($1.13 billion) purchase of Egg Banking PLC from Prudential PLC sets the stage for the U.S. financial-services company to step up its battle in the British credit-card market against entrenched banks such as Barclays PLC and Bank of America Corp.

For Prudential, one of Britain's largest insurers (unrelated to the U.S. Prudential), the transaction is part of a broad review of its United Kingdom business.

The cash transaction, which is expected to close by April pending regulatory approval, gives Citigroup access to online bank Egg's three million customers, 2.9 million of whom are Egg card customers. Before this deal, Citigroup had just 800,000 card customers in the U.K. Egg's share totals about 5.7% of U.K. credit-card outstanding balances.

Citigroup will be up against banks such as Bank of America, which has about a 15% share of U.K. credit-card outstanding balances, and Barclaycard, which has about a 13% share. They dominate the market along with Royal Bank of Scotland Group PLC, which has about a 15% share, according to industry estimates.

Citigroup is paying a high price -- roughly two times Egg's book value, or its assets minus liabilities -- especially considering Egg's recent struggles.

Egg, based in London, is expected to post a pretax operating loss of £145 million for 2006, Prudential said.

Citigroup To Buy Online Bank In Britain To Expand Retail Presence (NYT)

By Eric Dash

The New York Times, January 30, 2007

Citigroup agreed yesterday to buy Egg Banking, a British online bank owned by Prudential P.L.C., for $1.13 billion, the latest in a series of small deals to expand its retail presence abroad.

With the acquisition, Citigroup will quadruple its number of credit card customers, to 2.9 million, and broaden its reach by the use of an Internet site to open savings accounts and mortgages in a country where it has five retail branches.

But at a time when the British banking sector has been hurt by a barrage of bad loans and bankruptcies, some analysts are questioning the deal.

The cash transaction, which appeared to be at little more than twice book value, follows a string of small deals by Citigroup to buy or acquire stakes in banks in China, Turkey and Central America as well as Quilter Holdings, the British wealth management arm of Morgan Stanley.

Under pressure from investors, the chairman and chief executive of Citigroup, Charles O. Prince III, has turned to acquisitions to accelerate the growth he promised from a longer-term strategy focused on internal and international expansion. He has significantly cut back on investment spending and has moved to rein in expenses.

The changes seem to indicate that Mr. Prince is listening to investors at a time when many outsiders have questioned how long he will hold onto the job. Amidst a management shake-up last week, the bank giant is now searching for a chief financial officer who might be seen as Mr. Prince's potential successor. They also highlight the tightrope that Mr. Prince walks. While an acquisition strategy will deliver earnings faster, one driven by internal growth could have a much bigger payoff.

Wall Street analysts, meanwhile, have asked whether a series of small acquisitions is enough to move the profit needle at a bank that generated more than $21 billion in net income last year.

Reports of a potential acquisition of Egg emerged last month, but yesterday's announcement caught some by surprise. At a year-end presentation in December, Mr. Prince said that on the consumer side, Western Europe was far less "an attractive

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acquisition territory for us in light of our opportunities in the emerging markets." Mr. Prince made similar comments over the weekend at the World Economic Forum. Executives said that Mr. Prince was referring to the prospects of a major European retail bank acquisition, not a smaller deal.

Egg is a pure online bank that could operate side-by-side with a branch network like CitiDirect, Citigroup's high-yield savings and loan Internet offering that it introduced last spring in the United States.

Citigroup is betting that its lending practices and broader set of products like checking accounts might spur Egg's turnaroud. Besides being a widely recognized brand, Egg will give Citigroup a stronger foothold for expansion. Citigroup is also planning more Citibank branches in Britain.

But Egg itself, which was among the first online banks when it was established in 1998, has struggled as of late. The bank tried to expand into France but was forced to abandon the effort. And along with other major British banks, it has suffered from a number of bad loans that caused substantial operating losses.

In late 2005, Prudential paid more than £211 million to buy its remaining 21 percent ownership stake and later vowed to restore Egg to profitability. That never happened, and Citigroup scooped the entire operation up for £575 million, or $1.13 billion, in yesterday's deal.

Still, questions about the quality of Egg's loans persist.

Ajay Banga, a co-head of global consumer business at Citigroup, suggested that Citigroup's lending practices could help engineer Egg's turnaround.

"They certainly have had an increase in losses over the past couple of years — it's mostly from a couple of years of customer booking," Mr. Banga said, suggesting that the bad loans were made in 2004 and 2005.

Lawmakers Push For Bank Ownership Limits (AP)

By Marcy Gordon

AP, January 30, 2007

A group of House lawmakers on Monday renewed a push for legislation that would block commercial companies like Wal-Mart and Home Depot from owning a special sort of bank that has been proliferating in recent years.

The Federal Deposit Insurance Corp.'s six-month halt on new approvals of companies' applications to establish or acquire the banks known as industrial loan corporations ends Wednesday, and the agency's directors are meeting that day to consider whether to extend it, lift it or take other action. Extending the moratorium — at least for ownership by commercial, rather than financial, companies — would give the new Congress a chance to consider the legislation.

The House bill is sponsored by Reps. Barney Frank, D-Mass., chairman of the House Financial Services Committee, and Paul Gillmor, an Ohio Republican. Similar legislation passed the House overwhelmingly last year, but has stalled in the Senate.

This year, with Democrats in the controlling majority in the Senate as well as the House, proponents believe prospects for congressional passage are stronger for legislation to close what they see as a loophole in banking regulation. Current laws prohibit the mixing of banking and commerce, but an exception is made for the industrial loan corporations, or ILCs, allowing commercial companies to own a federally insured bank.

There are now 61 ILCs with a total of about $141 billion in assets and $98 billion in deposits. Thirty-three are based in Utah, one of only seven states that grant charters for such banks.

"What had once been a minor exception is threatening to foster an unequal, parallel banking system with hundreds of billions of dollars in ... deposits," Gillmor said in a statement Monday.

Last July, the FDIC imposed the six-month halt on new approvals after nearly 100 members of Congress from both parties asked the agency to give lawmakers a chance to debate the legislation. Under the moratorium, the FDIC has not made any final decisions on applications for ILCs or for changes in control of existing ones and has not accepted new applications — giving it time to consider whether changes in law or regulations are needed with respect to the banks.

Critics say the growth of ILCs dangerously blurs the line between banking and commerce, concentrating assets in the hands of a few big companies, stifling competition and hurting consumers.

Consumers don't see outward signs of the banks. They are allowed to issue credit cards, take deposits and make loans; they cannot offer standard checking accounts if their assets exceed $100 million.

The application of Wal-Mart Stores Inc., the world's largest retailer, to establish an ILC based in Utah spurred opposition from banks, unions, lawmakers, and consumer and community organizations. Last April, groups representing those interests argued against granting Wal-Mart's request at two public hearings, the first ever held by the FDIC on such an application.

Wal-Mart has pledged to the FDIC to stay out of branch banking and consumer lending. Rather, its newly chartered bank would be used to handle the 140 million credit card, debit card and electronic check payments it processes each year, the company says.

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Some 300 banks currently operate branches in 1,150 Wal-Mart stores, and the company says it doesn't want to compete with them.

In addition to Wal-Mart and The Home Depot Inc., companies awaiting FDIC approval to establish ILCs or acquire existing ones include Warren Buffett's Berkshire Hathaway Inc., The Blue Cross and Blue Shield Association, automakers Ford Motor Co. and DaimlerChrysler AG, and information services provider Ceridian Corp.

EU To Threaten Banks, Credit Card Firms, Draft Says (Update1) (BLOOM)

By Matthew Newman And John Rega

Bloomberg, January 30, 2007

Jan. 29 (Bloomberg) -- European Union regulators will threaten banks and credit card companies with potential fines for blocking competition, according to a draft of a report to be delivered this week.

The European Commission, the EU's antitrust regulator in Brussels, may probe banks and payment card providers for colluding on prices and using practices aimed at keeping competitors out of their markets, the regulator said in a draft summary obtained by Bloomberg News. The report doesn't identify any companies.

The EU agency ``will not hesitate to exercise its powers of enforcement'' under antitrust rules ``to ensure that the competition rules are respected in retail banking,'' the 10-page summary said. The commission will release the report on Jan. 31.

Commission spokesman Jonathan Todd declined to comment.

The regulator, which can fine companies as much as 10 percent of worldwide sales for antitrust violations, already has challenged how transaction fees are set by Visa International Inc. and MasterCard Inc., the two biggest credit-card networks.

Disputes with Visa and MasterCard have centered on fees paid between banks that are known as interchange. When a consumer pays with a card, the retailer's bank pays the interchange to the consumer's bank. MasterCard and Visa don't collect the fee. Rather, they set guidelines on what banks should charge each other, unless the banks agree otherwise.

National Barriers

Agreements among banks on the fees may create barriers to entry for competitors in the U.K., Spain, Belgium, Austria and Portugal, the commission draft said.

``Enforcement action might also be appropriate in relation to high interchange fees and merchant fees in some payment card networks,'' the regulator said.

Fees vary between countries, a sign of limited cross-border competition, according to the report. The commission also said issuing credit cards would still be profitable for banks even without interchange in 20 of the EU's 27 nations.

Cutting credit card fees would be felt most sharply in the U.K., whose biggest issuers are Barclays Plc and Royal Bank of Scotland Group Plc.

``Banks will look to generate revenue from sources other than transactional income,'' James Buckley, head of research at the Lafferty Group banking consultant, said in a telephone interview from London. He emphasized he hasn't seen the draft and EU action won't follow immediately from this week's report. ``I don't think anything's going to happen in the near term.''

Promote Competition

MasterCard and Visa say their systems promote competition, since banks vie with each other to attract consumers and merchants. Visa Europe Chief Executive Officer Peter Ayliffe said Jan. 15 that denying banks those fees would deter business and hurt efforts to develop EU-wide payment systems. MasterCard said as much today.

``The European Commission's current considerations of the payment card industry's business practices could potentially set us back to the starting point where consumers revert to using costly, inefficient cash payments instead of cards,'' MasterCard said in a briefing document circulated in Europe today.

The commission also said cooperation between savings and cooperative banks may harm competition. A probe of their practices may cover Germany and France, where lenders agree to stay off each other's turf, the draft said.

In addition, retail banks may keep control over customers by linking different services, such as connecting current accounts with mortgages and personal loans, the report said.

``Some forms of product tying by some banks may be inconsistent with competition law,'' the draft said.

HEDGE-FUND HARDBALL Amid Amaranth's Crisis, Other Players Profited (WSJ)

By Ann Davis, Gregory Zuckerman And Henny Sender

The Wall Street Journal, January 30, 2007

When Amaranth LLC collapsed in the fall, after swiftly losing more than $6 billion, it was the biggest hedge-fund failure ever. Now as investors slowly get back what's left of their money, it's becoming clear the debacle also had some big winners: other players in the high-stakes energy market who profited from a crippled rival's travails.

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The final agonies of Amaranth, described by dozens of people close to the roller-coaster negotiations about its fate, began on Friday, Sept. 15. Bleeding cash and facing a Monday demand for money it didn't have, Amaranth scrambled through an intense weekend to find someone who would take over losing energy investments for a price.

HEDGE-FUND MILESTONES

See a timeline of key events1 in the history of hedge funds.

It did negotiate a rescue plan, requiring it to pay nearly $2 billion to Goldman Sachs Group to take toxic trades off its hands. Strapped for cash, Amaranth aimed to get the money to do the deal by using cash collateral on deposit with its middleman for natural-gas trades, J.P. Morgan Chase & Co.

But on Monday morning, just after Amaranth had told its investors a rescue was close, J.P. Morgan said it wouldn't release the collateral. The firm was effectively responsible for making sure parties to Amaranth's trades got paid, and it said the rescue plan didn't free it of this risk, according to people familiar with its stance. J.P. Morgan's refusal killed the plan. Amaranth's situation went from dire to desperate.

Two days later, J.P. Morgan itself agreed to take over most Amaranth energy positions. With a partner, it cut a deal that turned out to be lucrative for J.P. Morgan -- earning it an estimated $725 million -- but more painful for its longtime client, Amaranth.

Hedge funds are among Wall Street's biggest customers, and the Street gives them red-carpet treatment as the fees roll in. But the Amaranth case shows how Wall Street dealt with a fund after it had traded its way into a deep hole. Information the fund revealed about its holdings as it grasped for a lifeline let other commodity-market players, Wall Street firms included, exploit its positions. As they drove prices relentlessly against Amaranth, its losses swelled, and instead of facing a big but possibly survivable setback, it collapsed.

Amaranth's case also reflects an incentive structure in the world of hedge funds that can tempt some to assume heavy risk. Typical of hedge funds -- private investment pools for the wealthy and institutions -- Amaranth took 1.5% of investors' assets as a management fee each year, plus 20% of investment gains. This 20% fee is calculated on gains recorded at year end, including gains not nailed down by closed trades. From this take, traders at many firms, such as Amaranth, are given bonuses that are largely theirs to keep, even if the paper gains later shrink or vanish.

"This results in a huge incentive for taking risk," says Luis Garicano, a University of Chicago business school professor. "When the bet goes well, the hedge-fund manager collects a lot, while when it goes badly the worst that can happen to the loser is he gets zero."

At Amaranth, star energy trader Brian Hunter won an estimated $75 million bonus after his team produced a $1.26 billion profit in 2005. Like many others at the fund, he had to keep about 30% of his pay in the fund. The fund's chief risk officer, Robert Jones, got a bonus of at least $5 million for 2005, say people familiar with the bonuses. Nicholas Maounis -- founder, majority owner and chief executive of the Amaranth management firm -- got an estimated $70 million cut of 2005 management fees, plus some of Amaranth's $200 million-plus in performance fees. He kept much of his compensation in the fund.

Asked to comment, a fund spokesman said, "It would be inadvisable for Amaranth to speak on the public record ... at this time. While no litigation has been threatened or commenced against Amaranth, regulatory inquiries continue and litigation remains possible." He said, "Mr. Maounis's No. 1 priority is the continued disposition of the Amaranth portfolio and distribution of capital to investors."

Volatile Market

The 32-year-old Mr. Hunter's specialty was natural-gas futures -- contracts for delivery on a future date -- and options. This is a highly volatile market, where the price can move swiftly on changes in gas available in storage and on shifts in the weather -- or a weather forecast.

If Mr. Hunter thought prices in, say, March would be higher than what other traders expected, he could buy contracts for March delivery cheaply. If his view of April prices was lower than the market's, he could go the other way. Or he could bet on the spread between a pair of months. For example, if there's a cold winter, gas can suddenly get scarce in March, sending prices skyrocketing. Things shift in April, as the heating season winds down. The March-April spread is one many gas traders bet on, but can be such a perilous bet that some call it "the widowmaker."

Mr. Hunter bet big. He sometimes held 30% of contracts for gas delivery in certain months, say people who saw the trading data. His team, operating largely out of Calgary, Alberta, made a stunning $1.5 billion in six weeks last spring, mostly on energy trades. But gains that big in a single market can portend swings just as fast the other way, and in May that's what happened. His bets on gas prices years into the future backfired and dealt the fund a sudden loss of about 10%.

That triggered demands for more collateral from J.P. Morgan. It was Amaranth's natural-gas clearing broker, a firm that executes a client's trades on an exchange and stands behind the client's obligations in case it can't pay. Clearing brokers give futures traders confidence they'll be paid if they are owed money when a contract expires.

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For taking this risk, the firms demand collateral, known as "margin," in an amount of cash reflecting a portfolio's possible one-day price move. The margin demand fluctuates daily with how well or badly the positions did that day.

Amaranth told its investors the May loss was "a humbling experience that has led us to recalibrate how we assess risk." To reduce its exposure, it paid investment bank Morgan Stanley to take over part of its energy portfolio. Yet officials at the New York Mercantile Exchange, where many energy contracts trade, were concerned enough that they discussed what a failure by a player as big as Amaranth might do to the market.

The regulators took comfort in the stability of J.P. Morgan. The bank at times advised Amaranth to reduce its natural-gas exposure, says someone familiar with the bank's operations. But the clearing operation focused chiefly on whether the fund met margin requirements, as Amaranth always did.

According to a person involved in the discussions, Amaranth's Mr. Maounis told his energy team to reduce its exposure, but warned them not to do so precipitously, lest the firm suffer another major loss. Amaranth's positions were so big they couldn't be unwound fast without moving the market.

But Amaranth allowed the portion of the fund invested in energy to grow, as the energy bets started to pay off again. By July, Amaranth was 56% in energy, up from 34% in April. In the last week of August, the value of the fund's assets reached $9.2 billion, up about 27% since Jan. 1.

One of Mr. Hunter's bets anticipated relatively cheap gas in September. But in the last half hour of trading Aug. 29, the price of the expiring contract for September delivery jumped. The surge wiped out hundreds of millions of dollars in Amaranth's gains. The fund told Nymex it suspected someone had manipulated prices. Regulators are looking at it.

Then in early September, widely watched weather-forecasting centers made two predictions: that the hurricane season would pass without major storms, and that the winter would be mild. The forecasts, too, slammed Mr. Hunter. He was betting on a gas shortage and price spike at some point after October. Worse, contracts for winter delivery fell by more than those for early-fall delivery, hitting him where his bets were concentrated. By the end of Friday, Sept. 15, Amaranth was down more than $2 billion from its August value.

Margin Calls

The losses automatically raised J.P. Morgan's margin demands. One of the ways Amaranth had met past demands was selling nonenergy investments to raise cash. But now it turned out some couldn't be liquidated instantly, say people involved. Amaranth suddenly faced a risk of not having enough cash for Monday's margin demand. If it didn't, creditors could foreclose on its assets and it might lose them.

Amaranth called Wall Street banks in search of solutions. It asked Goldman Sachs if the bank, a major player in both energy markets and hedge funds, would take over much of Amaranth's energy portfolio. The fund tried a different tack with others, trying to raise money by selling a piece of the fund-management firm, Amaranth Advisors LLC.

Firms prefer to do negotiations like these secretly and one at a time, to avoid revealing too much to too many rivals or signaling vulnerability. But Amaranth's Greenwich, Conn., office that weekend was a revolving door. Morgan Stanley representatives spotted someone from Merrill Lynch & Co. in the parking lot. Rumors flew.

On Saturday, Goldman offered to do a deal designed to eliminate most of Amaranth's energy risk -- in return for a $1.7 billion cash payment from the fund -- say people familiar with the negotiations. Amaranth managers were insulted. Mr. Hunter had figured the fund could get out of these problematic trades for about $800 million.

Amaranth kept shopping. It called John Arnold of Centaurus Energy, a Houston hedge fund that was Mr. Hunter's biggest rival. No deal.

With others they talked to, some Amaranth traders claimed Mr. Arnold was driving gas prices against Amaranth, according to someone who was approached. Their pitch was: We've got one guy in the market trading against us. If you take over our positions and hold onto them, you can make a billion dollars.

A Deal With Merrill

Later that Saturday, Amaranth managed to make a partial deal. It got Merrill Lynch to assume about a quarter of its natural-gas exposure, in return for a payment of approximately $250 million, say people familiar with the matter. Merrill won't comment.

Amaranth officials figured that Goldman Sachs now would reduce its price, since Merrill was taking some of the exposure. Instead, Goldman executives fumed, say people familiar with their reaction; Goldman had wanted to negotiate exclusively, not have competitors poring over Amaranth's books.

Rather than reduce its price, Goldman upped it, to $1.85 billion. The deal it envisioned would use derivative contracts to assume most of the risk of Amaranth's main remaining energy investments. Goldman would do trades that partially offset energy trades on Amaranth's books, with the aim of neutralizing them. The deal would leave a lot of positions on Amaranth's accounts at J.P. Morgan, which remained responsible for their execution.

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Some at J.P. Morgan, including Chief Executive James Dimon, had grown concerned about Amaranth. Late Sunday, J.P. Morgan called in its top energy trader, George "Beau" Taylor, to review Amaranth's positions. Informed that an Amaranth-Goldman deal was imminent, J.P. Morgan said it might make an offer itself, but then said it needed more time.

In Greenwich, Mr. Maounis was in turmoil, sometimes losing composure and in tears, according to people familiar with the matter. Late that night, he accepted the deal with Goldman.

On Monday morning, the sleep-deprived fund chief issued a letter to investors, telling them that half of the money the fund had at its peak 2½ weeks earlier was gone. Instead of being up 27% for the year, it might be down more than 35%. But his letter gave an assurance. It said a deal to get the fund out of natural gas was "near completion."

The letter didn't mention that a key player still needed to sign off: J.P. Morgan. The clearing broker held an estimated $1 billion to $2 billion of Amaranth's money in a margin account, cash that Amaranth intended to use to pay Goldman.

Amaranth held a conference call intended to close the Goldman deal. But as officials from Goldman and Nymex listened, J.P. Morgan refused to release Amaranth's collateral -- scotching the deal.

The bank said it believed the complex transaction wouldn't eliminate its risk. J.P. Morgan would still be the clearing broker for Amaranth's energy positions. And although Goldman and Amaranth claimed that the risk in those positions would be drastically reduced by Goldman's offsetting trades, J.P. Morgan would be the clearing broker for those new trades, too. The firm said it needed to analyze how the deal worked. It also argued that it had a right, and perhaps a duty, to hold onto the margin money until its obligations were resolved.

"We would have been absolutely willing to facilitate a deal that would have removed unwanted Amaranth credit exposure from our risk profile," a J.P. Morgan spokesman said.

In the energy market, it was now open season on Amaranth. All weekend, others had been dumping natural-gas positions on after-hours trading platforms, having either heard rumors about Amaranth or been invited to review its books. On Monday, with word of the fund's distress out in the open, traders sold certain gas investments even faster, in anticipation of a forced liquidation of Amaranth's portfolio.

For instance, Mr. Hunter had bet that the spread between March-delivery gas contracts and April contracts -- the "widowmaker" bet -- would widen. The burst of trading made it shrink, to 75 cents per million-BTU gas contract from $1.15 on Friday, according to NaturalGasAnalytics.net. On Monday alone, Amaranth's losses deepened by several hundred million dollars.

That morning, Amaranth got a call from Kenneth Griffin, founder of Citadel Investment Group. Mr. Griffin had built Citadel into a $13 billion hedge-fund behemoth estimated to be responsible for 3% of daily trading on the New York Stock Exchange. Even so, his group suffered some losses during Mr. Hunter's 2005 winning streak. Mr. Griffin proposed taking over most of Amaranth's energy portfolio.

That portfolio now was in worse shape because of Monday's losses. The more it deteriorated, the more cash an outsider would demand to take it off Amaranth's hands. The Citadel deal would have cost Amaranth more than $2 billion, say people familiar with the bid. And the fund couldn't pay, with its collateral hung up at J.P. Morgan.

Mr. Griffin considered giving the hedge fund time to pay by granting it a bridge loan, taking other Amaranth assets as collateral. He dropped the idea when lawyers warned that Citadel might have a hard time collecting if Amaranth ended up in bankruptcy.

With the Citadel plan shaky, J.P. Morgan got back in the game. In conjunction with Citadel, J.P. Morgan, which itself is a big hedge-fund player, began new talks with its now-very-vulnerable clearing client. The end result was a broader deal than the scuttled Goldman one: J.P. Morgan and Citadel would jointly assume Amaranth's entire remaining energy portfolio.

Amaranth would have to eat losses of about $800 million its portfolio had incurred from Friday night through Tuesday as others exploited its weakness. J.P. Morgan and Citadel wanted $1.6 billion to take over most remaining gas trading positions and some $300 million to assume options to buy or sell gas. As a topper, they asked for $250 million for taking over miscellaneous commodity investments. Mr. Hunter thought the price for taking over the miscellaneous positions should be no more than $50 million, says someone involved in the talks.

Amaranth capitulated. After an all-night session, the deal was signed at 5:30 a.m. Wednesday. Amaranth's total payments to Merrill Lynch, J.P. Morgan and Citadel, plus the last few days' market losses, came to about $3.2 billion.

Now that J.P. Morgan was in on the deal, getting access to the Amaranth cash that J.P. Morgan held as collateral was no longer a problem.

His business in tatters, Amaranth's Mr. Maounis, 43, discussed selling what was left of his fund-management firm to Citigroup Inc. Dean Barr, an official of Citigroup's Alternative Investments group, was interested but wouldn't buy unless Mr. Maounis stepped down as the firm's chief, says someone familiar with the talks. Ultimately, negotiations foundered over other issues.

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So Amaranth began liquidating its remaining holdings. Mr. Hunter flew back to Calgary and settled into a new house he had been building. He is now talking about launching a hedge fund of his own. Mr. Maounis also is exploring starting a new hedge-fund business.

'Very Nice Increment'

The three firms that were paid hundreds of millions of dollars to take over Amaranth trades -- Merrill Lynch, Citadel and J.P. Morgan -- soon reported significant profits on energy trading. J.P. Morgan made at least $725 million, partly by quickly selling many of its new positions to Citadel.

The Amaranth deal produced a "very nice increment to fixed-income trading," Mr. Dimon, J.P. Morgan's CEO, said in a speech in November. "But we did take a lot of risk."

Bill Winters, co-head of J.P. Morgan's investment bank, said at a November conference that through its hedge-fund relationships, such as trade clearing, "we have the insight into what's going on in these funds" and can "respond quickly to opportunities when they come up. Amaranth was one obvious example of that."

He added, "I imagine there will be others...where our ability to be both on the inside, but not compromised, is extremely powerful [as a way] to generate profits."

The huge, complex deal with Amaranth helped build J.P. Morgan's profile as a commodities player. This month, a magazine called Risk named the firm "Energy Derivatives House of the Year."

How much the investors in Amaranth will lose depends on when they got in. They've gotten back about $1.6 billion to date. For one investor that came in in mid-2005, money returned so far comes to 27% of what it put in and about 18% of what its stake was worth at the peak. Investors will receive somewhat more when Amaranth finishes liquidating.

Some investors have a keepsake. Amaranth once sent chess sets as year-end gifts, inscribed with a quotation from the late grandmaster Alexander Kotov: "It often happens that a player carries out a deep and complicated calculation, but fails to spot something elementary right at the first move."

Patent Backlog Spurs Demand For Examiners (WP)

By Stephen Barr

The Washington Post, January 30, 2007

Got a degree in engineering, chemistry or physics and looking for work? The U.S. Patent and Trademark Office is hiring.

The patent office plans to hire 1,200 examiners for each of the next five years. The average starting salary is about $62,000, and electrical engineers and computer engineers may qualify for an $8,800 signing bonus because the PTO has a hard time recruiting in those fields.

The hiring binge is being driven by corporations around the world that pour money into research and development and seek patents in the United States to protect their intellectual property rights, said John J. Doll, the commissioner of patents.

In recent months, the PTO has been swamped with patent applications, for such things as computer software, cellphones and interactive videos, and could face a backlog of 800,000 cases before year's end, Doll said.

Like many other parts of the government, PTO is in competition with the private sector to hire college graduates and others with degrees in engineering and science. Finding workers with specialized skills is especially important for many federal agencies because projections show that 40 percent of the current federal workforce will retire by 2015.

As part of its employment package, PTO pays retention bonuses to keep electrical and computer engineers from going to the private sector. It also picks up the cost of law school courses for examiners who want to improve their credentials with a law degree. Careers as examiners can lead to salaries of about $100,000 a year.

PTO also tries to be a family-friendly employer, giving some leeway to examiners on when they start their work each day -- as long as they meet certain productivity goals, based on their experience and the difficulty of their caseload.

"You have to work hard; it's a difficult job, but if you work hard, you can do the job in 40 hours a week," Doll said.

As part of its recruitment effort, PTO is holding a job fair at its Alexandria headquarters on Friday and Saturday. Agency employees will greet potential job applicants in the Madison Building Auditorium from 9 a.m. to 3 p.m. More job fairs will be held later in the year.

People interested in this week's job fair are encouraged to register on the agency's Web site (http://www.usptocareers.gov/jobfair) because registration guarantees an interview with a patent examiner. People who attend without registering will be offered interviews on a first-come, first-served basis.

The deadline to register for an interview is Wednesday, Doll said.

"We have an examiner sit down and explain what the job is," he said. "We don't want someone coming in without knowing what the job is -- we make sure they understand at a grass-roots level what they are going to be doing, what it takes to get hired and get promoted."Calling All Managers

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Give it a try:

The General Services Administration announced yesterday it will allow federal supervisors, managers and executives to work for free from one of GSA's telework centers in hopes that trial runs might build enthusiasm for telecommuting.

GSA operates 14 telework centers that provide workstations equipped with computers, telephones, printers, copiers and other equipment. The centers are outside the Beltway in Maryland, Virginia and West Virginia. Agencies pay $25 to $49 per day to reserve a workstation.

Federal data shows that only 19 percent of eligible federal workers can be considered telecommuters, and managerial resistance is seen as the reason for what some officials consider a relatively low participation rate.

A recent survey sponsored by the Telework Exchange and the Federal Managers Association showed that concern over employee productivity and lack of control over employee activities makes it difficult for federal managers to support telecommuting.

The GSA offer, which is a response to that survey, runs through Sept. 30 -- "a no-risk, no-cost offer to federal managers to try out teleworking," said Kevin Messner, an associate administrator at GSA.

Bush administration officials and members of Congress, including Rep. Frank R. Wolf (R-Va.), have exhorted federal agencies to permit more employees to work from home or from a telework center at least one day a week as a way to cut down on traffic congestion and reduce air pollution in the Washington region.

Federal managers interested in trying out telework should contact a telework center director to make arrangements. A list of centers can be found on the GSA Web site (http://www.gsa.gov) or GSA's Interagency Telework Site (http://www.telework.gov).

ENVIRONMENT:

Global Warming Issue Gains 'Traction' With New Congress (USAT)

By Traci Watson

USA Today, January 30, 2007

WASHINGTON — After years of being on Congress' back burner, global warming will be a focus of the new Democratic majority trying to follow cities and states that have tackled the issue.

Today, the Senate holds its first global warming hearing of the year. Senators will present their views to the Environment and Public Works Committee. The panel is headed by Sen. Barbara Boxer, D-Calif., who has been named an environmental "champion" by groups such as the League of Conservation Voters. She takes over from Sen. James Inhofe, R-Okla., who once called global warming a "hoax."

"There is more … traction on this issue beginning with this Congress," said Jim Owens of the Edison Electric Institute, a coalition of electric companies that could be affected by legislation on global warming. "Clearly the momentum is shifting in the direction of possible action."

As the Earth's temperature has risen in recent years, there has been growing agreement among scientists that the trend is due in large part to rising levels of "greenhouse gases" in the atmosphere. These gases, coming from cars, factories and power plants, trap heat.

More than a half-dozen states have set targets for reducing their output of global warming gases. California has a law requiring the state to slash its global warming emissions to 1990 levels by 2020.

The Republican-led Congress held hearings on global warming but did not pass any bills aimed directly at curbing greenhouse gases. After the elections in November swept Democrats into power, they promised to make the issue a priority:

·House Speaker Nancy Pelosi, D-Calif., plans to form a special committee to study global warming and energy independence. She directed House committees to pass global warming bills by July 4. "It says to the American people, we are about the future," Pelosi said.

·Three bills aimed specifically at slowing emission of greenhouse gases have been introduced since Congress convened Jan. 4. Sponsors are circulating the text of a fourth bill, and at least three more measures are likely.

·Senate Majority Leader Harry Reid, D-Nev., told his fellow Democrats this month that the United States should "lead the world" in fighting global warming.

"For the last 12 years … all we've been talking about (on the committee) is, 'Is there global warming?' " Boxer said. "I'm done with that, I'm over it. We need to move forward."

It is far from a given that Congress will pass strict legislation to address global warming. The elections "replaced moderate Republicans with moderate Democrats," said Eileen Claussen, head of the Pew Center on Global Climate Change, a group of

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companies pushing for action on global warming. "I'm not saying that we're going to get legislation this year … (or) even get it next year." She says legislation dealing with the issue is a near-certainty in the next four years.

Inhofe, the top Republican on the Senate environment committee, has vowed to block any bills calling for mandatory actions by industry to curb greenhouse gas emissions. Breaking that freeze would take the approval of 60 senators. The Democratic side has 51 votes.

Rep. Henry Waxman, D-Calif., said industry groups could make it impossible to get President Bush's signature on global warming bills. Bush favors voluntary measures for combating climate change.

In his State of the Union address, Bush proposed requiring vehicles to get better gas mileage, which would help cut gas emissions. Before the speech, Bush spokesman Tony Snow ruled out any caps on emissions that would apply to the whole economy.

"It may be that we can't get there this year or next," Waxman said.

UN Chief Seeks Climate Change Summit (FT)

By Fiona Harvey, Caroline Daniel And John Aglionby

Financial Times, January 30, 2007

Plans for an emergency summit of world leaders to break the international impasse on cutting greenhouse gases are being discussed by Ban Ki-moon, United Nations secretary-general.

At the summit, mooted for September, heads of state would discuss the possibility of a successor to the Kyoto protocol on climate change, the main provisions of which expire in 2012.

Mr Ban will fly to Nairobi on Tuesday to discuss plans for the summit, which are at an early stage, with officials from the UN Environment Programme, the body charged with tackling climate change.

It would be among the first important commitments made by Mr Ban since he replaced Kofi Annan on January 1. He has chosen to stake some political capital on climate change, surprising US president George W. Bush by raising it at their meeting two weeks ago.

Calling a summit would be a high-risk strategy. Heads of state may refuse the invitation, or fail to reach agreement, and Mr Ban will want to be sure of a full attendance before committing.

Mr Bush is the leader most likely to decline, but any important agreement would be difficult without the US, the biggest emitter of greenhouse gases.

Mr Bush has shunned mandatory caps on emissions, and officials have dismissed hopes of the US engaging in discussions about a post-Kyoto accord.

One tactic would be to gather heads of state to focus on national security implications of climate change. Achim Steiner, executive director of the UN Environment Programme, said climate change risked escalating conflicts because of mass migration and competition for resources .

World Scientists Near Consensus On Warming (NYT)

By James Kanter And Andrew C. Revkin

The New York Times, January 30, 2007

PARIS, Jan. 29 — Scientists from across the world gathered Monday to hammer out the final details of an authoritative report on climate change that is expected to project centuries of rising temperatures and sea levels unless there are curbs in emissions of carbon dioxide and other gases that trap heat in the atmosphere.

Scientists involved in writing or reviewing the report say it is nearly certain to conclude that there is at least a 90 percent chance that human-caused emissions are the main factor in warming since 1950. The report is the fourth since 1990 from the Intergovernmental Panel on Climate Change, which is overseen by the United Nations.

The report, several of the authors said, will describe a growing body of evidence that warming is likely to cause a profound transformation of the planet.

Three large sections of the report will be forthcoming during the year. The first will be a summary for policy makers and information on basic climate science, which is expected to be issued on Friday.

Among the findings in recent drafts:

¶The Arctic Ocean could largely be devoid of sea ice during summer later in the century.

¶Europe's Mediterranean shores could become barely habitable in summers, while the Alps could shift from snowy winter destinations to summer havens from the heat.

¶Growing seasons in temperate regions will expand, while droughts are likely to ravage further the semiarid regions of Africa and southern Asia.

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"Concerns about climate change and public awareness on the subject are at an all-time high," the chairman of the panel, Rajendra Pachauri, told delegates on Monday.

But scientists involved in the effort warned that squabbling among teams and government representatives from more than 100 countries — over how to portray the probable amount of sea-level rise during the 21st century — could distract from the basic finding that a warming world will be one in which shrinking coastlines are the new normal for centuries to come.

Jerry Mahlman, an emeritus researcher at the National Center for Atmospheric Research in Boulder, Colo., who was a reviewer of the report's single-spaced, 1,644-page summary of climate science, said most of the leaks to the news media so far were from people eager to find elements that were the most frightening or the most reassuring.

He added in an interview that such efforts distracted from the basic, undisputed findings, saying that those point to trends that are very disturbing.

He noted recent disclosures that there is still uncertainty about the pace at which seas will rise because of warming and the melting of terrestrial ice over the next 100 years. That span, he said, is just the start of a rise in sea levels that will almost certainly continue for 1,000 years or so.

Many economists and energy experts long ago abandoned any expectation that it would be possible to avoid a doubling of preindustrial carbon dioxide concentrations, given the growth of human populations, use of fossil fuels, particularly coal, and destruction of forests in the tropics.

The report is likely to highlight the hazardous consequences of that shift by finding that reaching twice the preindustrial concentration of carbon dioxide will probably warm climate between 3.5 and 8 degrees Fahrenheit and by highlighting that there is a small but significant risk that such a buildup can produce even more warming.

One major point of debate in early drafts of the report is the projection of a smaller rise in sea level than the last report as scientists relying on computer models and field observations struggle to find a consensus. Some scientists say that the figures used in the coming report are not recent enough because they leave out recent observations of instability in some ice sheets in Antarctica and Greenland.

Another possible point of contention during the four days of closed sessions in Paris this week may be assertions in early drafts of the report that the recent warming rate was blunted by particle pollution and volcanic eruptions.

Some scientists say the final report should reflect the assumption that the rate of warming in coming years is likely to be more pronounced than that of previous decades.

Achim Steiner, the executive director of the United Nations Environment Program, said the findings presented Friday should lead decision makers to accelerate efforts to slash carbon emissions and to help people in vulnerable parts of the world prepare for climate change.

"These findings should strengthen the resolve of governments to act now to reduce greenhouse gas emissions and put in place the medium- to longer-term strategies necessary to avert dangerous climate change," Mr. Steiner said.

In a new report issued Monday, his agency said the most recent evidence from mountain glaciers showed that they were melting faster than before.

In the past year, international concern over what to do about global warming has grown along with concrete signs of climate change. Even so, political leaders are still groping for ways to tackle the phenomenon. Europe has adopted a program that caps the amount of emissions from industrial plants.

But the world's largest emitter, the United States, still is debating whether to adopt a similar policy, while developing countries like China are resisting caps on the ground that the industrialized countries contributed about 75 percent of the current volume of greenhouse gases and should make the deepest cuts.

Many experts involved in the intergovernmental panel's process said there was hope that with a prompt start on slowing emissions, the chances of seeing much greater warmth and widespread disruption of ecosystems and societies could be reduced.

Outside experts agreed.

"We basically have three choices: mitigation, adaptation and suffering," said John Holdren, the president of the American Association for the Advancement of Science and an energy and climate expert at Harvard. "We're going to do some of each. The question is what the mix is going to be. The more mitigation we do, the less adaptation will be required and the less suffering there will be."

BP Faces Growing Criminal Probe Over Texas Refinery (Update3) (BLOOM)

By Laurel Brubaker Calkins And Margaret Cronin Fisk

Bloomberg, January 30, 2007

DOJ_NMG_0124367

Jan. 29 (Bloomberg) -- BP Plc is facing a growing federal investigation into possible criminal environmental and safety violations at its Texas refinery, where a 2005 explosion killed 15 workers, lawyers suing the company said.

The U.S. Environmental Protection Agency has joined a federal investigation begun in October by the U.S. attorney in Houston, the lawyers said. Five Washington-based representatives of the Justice Department, the EPA and the Federal Bureau of Investigations went to Texas this month to meet attorneys for workers hurt in the blast, a victims' lawyer at the meeting said.

``They were looking at anything and everything we had," said attorney Joseph Gourrier, whose firm represents 150 injured workers suing BP. ``They are looking for things that can be used to bring criminal charges against the upper management of BP, both at the refinery site and further up the company."

The multiagency investigation represents an expansion of the government's probe into London-based BP, Europe's second-largest oil company. The Texas City explosion, one of the worst industrial accidents in recent U.S. history, spurred more than 1,700 lawsuits, a record $21 million fine by the U.S. Occupational Safety and Health Administration and a finding by the U.S. Chemical Safety Board that BP endangered workers by cutting costs.

BP, which has set aside $1.6 billion to resolve the lawsuits, has settled more than 1,200 claims, including all the death suits. BP acknowledged safety shortcomings at the plant.

$1.6 Billion Set Aside

BP spokesman Neil Chapman declined to comment on anything related to the Justice Department's investigation into company activities.

Nancy Herrera, a spokeswoman for the U.S. Attorney's Office in Houston, declined to comment on the BP investigation.

``We can't even confirm there is an investigation going on," she said.

``We do not confirm or deny the existence of an investigation," EPA spokesman Dave Ryan said in an e-mailed message.

The March 23, 2005, accident happened after workers started the refinery's octane-boosting unit and excess gasoline spilled into a vent system. The gas ignited, setting off an explosion that could be felt five miles away. Fifteen workers were killed and hundreds more were injured at the refinery, the company's largest.

`A Felony'

Gourrier, of Houston's Brent Coon & Associates, said federal investigators specifically asked about BP documents and depositions related to charges the company falsified its state air quality permit application to continue operating the octane-boosting unit.

``It is a felony to knowingly and negligently expose people to these hazardous substances," Gourrier said. In preparing for trial, he said, the Coon firm discovered evidence BP had ``a number of environmental releases over the years from that unit, and they didn't do anything about it."

After the initial day-long meeting, ten DOJ employees spent three days combing the extensive computer data base Coon's firm maintains of its blast-related investigations, Gourrier said.

Investigators asked about an informational letter BP mailed to more than 1,000 local community and business leaders in November, on the eve of jury selection in a case involving Eva Rowe, who lost both parents in the explosion, Gourrier said.

Rowe settled her claims for an unspecified amount, which included roughly $38 million for schools and hospitals that service the region's petrochemical complexes.

Jury Issue

State Judge Susan Criss in Galveston, Texas, is investigating potential jury tampering in connection with BP's informational flyer, which was seen by several potential jurors in the Rowe case.

Federal investigators also asked the victims' lawyers about a BP environmental employee who worked on the company's air quality permit application at the state regulatory agency before coming to work for BP on the same matter, Gourrier said.

Lawyer Kenneth Tekell, who is handling settlement negotiations for BP, said in an interview today the company has settled 1,250 blast-related damage claims, including all death claims and three of the five injury cases that were scheduled to go to trial Feb. 26 in Galveston.

``We're not just settling trial claims," Tekell told Criss, who presides over all blast-related cases, today at a hearing. ``We're settling others, too."

Art Gonzalez of Brent Coon told the judge the two sides are in settlement talks. ``We met last week, and we'll meet again this week to try to resolve additional cases," Gonzalez said at today's hearing.

Unsettled Claims

Gonzalez said afterward that roughly 500 blast-related damage claims remain unsettled, about half involving injuries or property damage that occurred off the refinery's property. He said BP hasn't settled any property damage claims to date and has focused its attention on settling injury claims.

BP is also the subject of a criminal investigation by the Anchorage, Alaska, U.S. Attorney's Office, which is probing responsibility for numerous leaks and faulty maintenance at the company's pipeline network at Alaska's North Slope, the largest U.S. oilfield.

It isn't clear whether that investigation has also been rolled into the new multiagency probe. Justice Department spokeswoman Jaclyn Lesch didn't immediately return a call seeking comment.

The case is Arenazas v. BP Products North America, 05CV0337, 212th District Court, Galveston County, Texas.

Court Ruling On Salmon Hooks Pork (HILL)

By Elana Schor

The Hill, January 30, 2007

On paper, the debate deals with swimming salmon and spilling water.

But in Congress, the federal court decision that last week invalidated a rider written by Senate Appropriations Committee member Larry Craig (R-Idaho) threatens to upend the influential panel's authority.

The unanimous ruling allows a small group of salmon-watchers to stay on the job while reminding appropriators of a hard truth they rarely acknowledge: Earmarks included in report language, but not bill text, do not have the force of law.

Craig was so aggravated in 2005 at what he deemed biased reporting by the Portland-based Fish Passage Center that he moved to eliminate its $1.3 million budget through an Appropriations Committee report. Several local groups filed suit against Craig's effort, and the longtime appropriations cardinal said their victory last Wednesday would set a worrisome example for future challenges to appropriations decisions.

"It's very significant," Craig said in an interview. "We've always viewed report language as having the force of law."

Sen. Thad Cochran (Miss.), the senior Appropriations Republican, declined to judge the case definitively until the Justice Department decides whether to pursue an appeal to the Supreme Court. But he said "it may be that [the decision] is wrong.

"Report language explains the intent of Congress in appropriating money and limits on the use of funds," Cochran said. "[It has] been effective in explaining what Congress intended. We will stay tuned, because this story may not be over yet."

During the earmark-transparency debate that briefly imperiled the Senate's ethics bill this month, lawmakers acknowledged that federal agencies are not required to follow instructions made only in appropriations reports that have all the weight of "sending a note from your sister," as Majority Whip Dick Durbin (D-Ill.) put it. Yet agencies still remain loyal to the appropriators who fund them, making the court decision a triumph for fiscal watchdog groups.

"This is going to throw the appropriations process for a loop," said Steve Ellis, vice president at the nonpartisan Taxpayers for Common Sense. The new precedent being set, he added, "should make appropriators and other earmarkers look over their shoulder and wonder if they're going to stand any legal test."

Craig took aim at the fish center after its counts of endangered salmon on the Northwest's Snake River were employed in another federal lawsuit. That suit ended with an order that the Bonneville Power Administration (BPA), a hydroelectric-power agency, spill water from dams to help migrating salmon.

The hydroelectric industry, which has contributed heavily to Craig's campaigns, estimated a $60 million-plus power loss from the spillage order that put low electricity rates in the region at risk. Craig responded with an appropriations rider that traveled through the committee process unchallenged, telling the BPA to close the fish center and hire a private company to count Snake River salmon.

Richard Condit, general counsel at Public Employees for Environmental Responsibility, was a member of the legal team challenging Craig. He invoked another congressional donnybrook, over allegations of Bush administration interference with impartial science, by describing Craig as seeking to silence government-funded scientists with whom he disagreed.

"Agencies have to make good decisions," Condit said of the BPA. "You can't just jump because Sen. Craig says jump."

Appropriators, hardened from battle with conservatives over the growth of earmarks, will face another dose of reality this winter as Democrats draft a joint resolution to fund the government and keep special projects to the barest minimum. Spending gadflies such as Sen. Jim DeMint (R-S.C.), meanwhile, are encouraged by the Ninth Circuit decision.

"It was a matter of time," DeMint said. "If we do something in report language that makes them mad, the courts are obviously going to point out that it doesn't have the force of law."

DeMint said he had not considered the lawsuit's relevance to his quest to tamp down the rapid growth of earmarks until he read the first news reports on the decision. The door may be open for ordinary citizens to consider bringing suit against congressional mandates inserted outside of bill text without a vote, he added.

"It's a good precedent, because it shows there's going to be more scrutiny of [provisions] we hadn't voted on" that agencies give weight to, DeMint said.

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Craig's quest to keep electricity rates low in the Northwest has touched off turf fights beyond the salmon center lawsuit. When the White House's 2006 budget proposed using extra revenue from BPA power sales to decrease the deficit, rather than hold down regional power rates, Craig inserted language in last summer's war supplemental, with Democratic support, blocking the move.

The Ninth Circuit is also a familiar foe for Republicans, who have employed some of the court's more contentious rulings in their campaign to rein in perceived judicial activism. Craig shook his head at the source of the anti-earmark decree, calling it "another misguided decision by the Ninth Circuit.

"Trying to be politically acute, they have caught themselves in a precedent that has a political impact on Congress," Craig said.

The Senate adopted a DeMint amendment subjecting report-language earmarks to the same disclosure standard as those in bill language, though not without partisan wrangling. Still, any uncertainty among appropriators about the legal standing of report-language earmarks could shift more member projects into bill text, allowing DeMint, Rep. Jeff Flake (R-Ariz.) and their allies to offer motions to strike.

"This adds lot of firepower to efforts to move earmarks into statute," Citizens Against Government Waste President Tom Schatz said. Referring to the Ninth Circuit's famous opinion that the Pledge of Allegiance's invocation of God is unconstitutional, Schatz added: "This is not the 'one nation under God' case. This is a pro-taxpayer decision."

Condit and others involved in the case cautioned, however, that lawyers advocating for the fish center were able to argue that Craig's report language openly contradicted an earlier law. That standard would be hard to meet in future court challenges to report earmarks, Condit said, and may limit the long-term precedent set by the ruling.

Documents from the salmon-science lawsuit offer a stark depiction of agencies' readiness to accommodate members of Congress. "It is an understatement to say that BPA gave great weight to [appropriations] reports," the three-judge panel wrote. "More accurate is the observation that BPA slavishly deferred to what it thought the reports commanded."

BPA Vice President Gregory Delwiche considered the committee report a direct order to his agency, according to court filings, e-mailing an official at the fish center that "my thinking … isn't really relevant, what's relevant is what the direction from Wash DC is."

The BPA did not respond by press time to a request for comment on whether internal policies regarding the impact of committee-report mandates would change in light of the ruling. Craig said he would consider using statute to cut off funds for the fish center, although the BPA could eventually privatize the center's duties by alternate means.

Yet any new attempt by Craig to eliminate the fish center would not sway his fellow Idaho senator, Mike Crapo (R), who instead called for improvements in the center's management. As for the precedent set by the case, Crapo said, "Report language didn't have the force of law anyway."

Yosemite Case May Affect Public Access (FINDLAW/AP)

By Garance Burke, Associated Press Writer

AP, January 30, 2007

(AP) - YOSEMITE NATIONAL PARK, Calif.-The plunging waterfalls and soaring crags chiseled by the Merced River draw millions of visitors each year, but the crowds are precisely what threatens the waterway and the park.

Efforts to safeguard the Merced have spawned a court battle over the future of development in Yosemite National Park's most popular stretch. The case may come down to the challenge facing all of America's parks: Should they remain open to everyone, or should access be limited in the interest of protecting them?

In November, a federal judge barred crews from finishing $60 million in construction projects in Yosemite Valley, siding with a small group of environmentalists who sued the federal government, saying further commercial development would bring greater numbers of visitors, thus threatening the Merced's fragile ecosystem.

"The park's plans for commercialization could damage Yosemite for future generations," said Bridget Kerr, a member of Friends of Yosemite Valley, one of two local environmental groups that filed the suit.

The government is appealing, fearing the ruling could force the National Park Service to limit the number of people allowed into Yosemite each day, a precedent it doesn't want to see echoed in other parks.

"I don't think we've ever had a ruling with these kind of implications," said Kerri Cahill, a Denver-based planner for the park service. "It's going to have a direct influence on the public who care about these places."

The case has Yosemite's most loyal advocates sharply divided over how to balance preservation with access to public lands. Even environmentalists can't agree on how to minimize the human footprint - some believe cars should be kept out entirely; others say visitors should have to make reservations in advance.

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Yosemite was the first land in the country set aside for its scenic beauty, declared a public trust in 1864 by Abraham Lincoln. Its 1,200 square miles of granite peaks and towering waterfalls became a national park in 1890, and with few exceptions its gates have been open to all ever since, though backcountry permits are limited to minimize the human impact on wilderness areas.

The Merced itself is protected under the federal Wild and Scenic Rivers Act.

The current fight began when the Merced flooded in 1997, wiping out campgrounds and parking lots and damaging rooms at the popular Yosemite Lodge. The park service drew up a $442 million remodeling plan that included moving campgrounds, rerouting a key access road, rebuilding employee housing and upgrading hotel rooms on the valley floor.

Kerr's group and Mariposans for the Environment and Responsible Government sued, claiming aspects of the park's plans - including blasting part of the river canyon - threatened the Merced.

The groups also fear the costs of park upgrades would be passed on to visitors in the form of price hikes for hotel rooms and campsites, turning Yosemite into a playground for the rich.

Park officials say no such rate increases are planned. Accommodations now range from about $20 per night for a campsite to nearly $1,000 for a suite in the deluxe Ahwahnee Hotel.

Park spokesman Scott Gediman called the plaintiffs a "fringe group" pushing a radical agenda.

"They want us to set a quota for the number of visitors coming into the park, which is something we just don't want to do," he said.

Well-known conservation groups like the Sierra Club and Nature Conservancy aren't directly involved in the fight, though the Sierra Club was among more than 60 organizations that signed a legal brief supporting an earlier version of the suit.

Gediman said the number of visitors is falling and crowding isn't a problem except at the height of summer, when there's bumper-to-bumper traffic near popular sites like El Capitan, the 3,000-foot granite monolith rising from the valley floor.

In 1996, when the park had a record 4 million visitors, rangers shut gates when all parking spaces were filled. But last year, the nation's third-most popular park hit a 16-year low with 3.36 million visitors.

"This is the United States' version of the crown jewels, so why wouldn't we protect it as best we can?" said Peter Newman, a natural resources management professor at Colorado State University who filed a legal brief supporting the park service. "I've just never heard of any other plan that has been so contested."

On the Net:

Yosemite: http://www.nps.gov/yose/

Gray Wolves To Lose Some Protection (USAT)

By Patrick O'driscoll

USA Today, January 30, 2007

DENVER — The gray wolf, hunted to near-extinction in the last century, has rebounded so well in six states that it can now be taken off the endangered species list, federal wildlife officials said Monday.

Federal protection for about 4,000 gray wolves in three western Great Lakes states — northern parts of Minnesota, Wisconsin and Michigan — will end in about a month, the Fish and Wildlife Service announced.

Plans to do the same in Montana, Idaho and Wyoming probably will take the rest of this year, service director H. Dale Hall said. A formal proposal, with public hearings and a two-month comment period, will be published this week.

Two wildlife advocacy groups — the Defenders of Wildlife and Sinapu, a Colorado-based wolf advocacy group — warned they might sue to prevent taking wolves in the Rockies off the endangered list. Another group, the Center for Biological Diversity, claims the proposal will "end in the mass killing of wolves."

The groups contend that state management of wolves in the Rockies will do too little to maintain the animal's remarkable recovery since the mid-1990s, when 66 wild wolves from Canada were released in Yellowstone National Park and central Idaho. The population has mushroomed to more than 1,200 today.

Hunters say wolves compete for elk, deer and other game. Ranchers complain they kill too many livestock. An anti-wolf group, Friends of the Northern Yellowstone Elk Herd, says it plans to sue to remove endangered status immediately.

Dropping federal protection would make states responsible for managing the wolf population. They could allow hunting and lethal control as long as at least 10 wolf packs and 100 animals remain in each state.

Ed Bangs, the Fish and Wildlife recovery coordinator in the Rockies, says Wyoming wants all its wolves outside of Yellowstone and Grand Teton national parks classified as "predators" that can be shot on sight without restriction. He hopes that talks with the state will produce an acceptable plan.

If not, Fish and Wildlife will keep federal restrictions in Wyoming, Hall said.

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Wyoming Gov. Dave Freudenthal said Monday that the agency's threat "raises the interesting question of whether any (wolf) packs outside Yellowstone in Wyoming are even necessary."

Idaho Gov. C.L. "Butch" Otter told the Associated Press that he supports public hunting to kill all but the minimum 100 wolves and 10 wolf packs in his state once federal protection is lifted. "I'm going to bid for the first ticket to shoot a wolf," he told a rally of hunters Jan. 11 at the state Capitol.

Idaho's Fish and Game Commission last week approved seeking legislative authority to charge $26.50 for Idaho residents to hunt wolves.

A Faith-Based Fuel Initiative (NYT)

New York Times, January 30, 2007

In 1975, after the oil embargo, Congress approved the most successful energy-saving measure this country has ever seen: the Corporate Average Fuel Economy system, known as CAFE, which set minimum mileage standards for cars. Within 10 years, automobile efficiency had virtually doubled, to 27.5 miles per gallon in 1985 from just over 14 miles per gallon in 1976.

The mileage standards are still 27.5 m.p.g. Except for minor tweaks, Congress has refused to raise fuel efficiency requirements or close a gaping loophole that lets S.U.V.'s and pickups be measured by a more lenient standard.

Americans who heard President Bush's State of the Union address, including his pledge to reduce America's gasoline consumption, can be forgiven for thinking he was finally ready to change that. But all Mr. Bush really asked for was the authority to set mileage standards in a different way. Rather than requiring companies to meet an average fuel-efficiency standard, balancing gas savers against gas guzzlers, he would assign targets model by model, based on factors like size and weight.

As for what those new targets might be, Mr. Bush would leave it to his secretary of transportation to decide. And he asked the country to take it on faith that this new measurement system, combined with technological advances, would lead to annual mileage improvements of 4 percent a year.

Our fear is that this program will take far too long to get going, if it gets going at all. Like Congress, the Transportation Department has been notoriously solicitous of the automobile industry.

But there's a way Congress can get moving. Senator Barack Obama plans to reintroduce a bill that would set a 4 percent annual increase in efficiency as a target, just what Mr. Bush says he wants. The bill would also give both the Transportation Department and the manufacturers considerable flexibility. But the department could not deviate from the target unless it could demonstrate that the costs outweighed the benefits.

Even that is too much wiggle room for lawmakers like Senator Dianne Feinstein and Representative Edward Markey. While allowing for administrative flexibility, they would require a firm fleetwide standard of 35 m.p.g. with no escape hatches. But given the long Congressional stalemate, the Obama bill could be an important first step. It commands some bipartisan support, and unlike Mr. Bush's approach, it promises real as opposed to hypothetical results.

FBI/DEA/ATF/USMS:

Mexican Drug Suspects Plead Not Guilty (AP)

By Allison Hoffman, The Associated Press

AP, January 30, 2007

SAN DIEGO -- Four Mexican drug traffickers who were extradited to the U.S. this month pleaded not guilty Monday to an array of federal drug charges.

They include brothers Ismael and Gilberto Higuera Guerrero, top figures in the Arellano Felix drug cartel, based in Tijuana, Mexico. A court-appointed defender entered not guilty pleas on their behalf to charges of racketeering, drug trafficking and money laundering charges stemming from a sweeping 2003 indictment that named 11 people.

The four men, who arrived in San Diego from Texas over the weekend, appeared before U.S. Magistrate Judge Barbara Lynn Major. The judge ordered all four held without bail pending a detention hearing Thursday.

They were among 15 extradited to Houston on Jan. 20 by the government of Mexican President Felipe Calderon, who has pledged to crack down on drug smuggling and violence. All 15 were jailed in Mexico but had not been tried in the U.S.

Mexican officials have said the Calderon government was willing to extradite the alleged drug lords because they continued to run their drug operations from prison in Mexico, not because of U.S. pressure.

Mexico refuses to extradite anyone who would face the death penalty, which is illegal in Mexico.

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Ismael Higuera Guerrero is suspected of being responsible for collecting payments and moving large shipments of Colombian cocaine and marijuana from Mexico into the U.S., as well as directing kidnapping, torture and murder of cartel enemies in Tijuana.

Gilberto Higuera Guerrero is suspected of having similar responsibilities in Mexicali, Mexico.

A third Arellano Felix cartel member, Jose Albert Marquez, also pleaded not guilty. He was charged in 2002 with participating in a conspiracy to import and distribute marijuana and cocaine.

Hector Palma Salazar, a suspected former leader of the Sinaloa cartel, pleaded not guilty to conspiring to distribute large quantities of cocaine stemming from a 1995 indictment.

Palma has denied any ties to drug trafficking, saying he works as a rancher.

The Sinaloa cartel, based in the Mexican state of Sinaloa, formed after the powerful narcotics trafficking organization of Miguel Angel Felix Gallardo, the so-called godfather of Mexican drug smuggling, split in two after his arrest in 1989. Felix Gallardo's nephews formed the rival Arellano Felix cartel.

Two suspected kingpins of the Arellano Felix cartel, Francisco Javier Arellano Felix and Manuel Arturo Villarreal Heredia, have been in federal custody in San Diego since August, when they were captured in a U.S. raid aboard a sport-fishing boat off La Paz, Mexico.

They have pleaded not guilty to running a criminal enterprise, racketeering, and conspiracy to commit racketeering, drug trafficking and money laundering. Both are eligible for the death penalty if they are found guilty of the crimes outlined in a December indictment.

Suspected Mexican Drug Cartel Figures Arraigned In S.D. (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, January 29, 2007

SAN DIEGO – Four men suspected of occupying high-level positions within Mexican drug cartels pleaded not guilty to a variety of charges in federal court Monday afternoon.

The men were among 15 people extradited by Mexican authorities a week and a half ago.

They included two brothers, Ismael and Gilberto Higuera Guerrero, accused of running day-to-day operations for the Arellano Felix cartel in Tijuana and Mexicali.

Prosecutors said they oversaw the importation of tons of cocaine and marijuana from Mexico into the United States and used kidnapping, torture and murder to further the cartel's interests.

Also in court was Jesus Hector Palma Salazar, who authorities say left the Arellano cartel and went on to lead the rival Sinaloa drug cartel. He was indicted in San Diego in 1995 on charges of conspiring to import and distribute a ton of cocaine.

The fourth man in court was Jose Albert Marquez, indicted in 2002 on drug charges, but also suspected of being the Arellano Felix cartel's link to the Mexican Mafia prison gang.

Authorities say he oversaw drug dealing and extortion by street gangs controlled by the prison gang.

Prosecutors said all four men might flee if allowed out on bail, which could pose a danger to the community. U.S. Magistrate Judge Barbara Major said she would consider bail on Thursday.

Alleged Juárez Drug Ring Members Extradited (EPT)

El Paso Times, January 29, 2007

A man identified as a "gatekeeper" for the Juárez cartel and two other alleged members of the drug ring are among the drug lords extradited last weekend by Mexico to face charges in the United States, U.S. officials said.

Mexico extradited 15 men, including Osiel Cardenas Guillen, the kingpin of the Gulf cartel, to Ellington Air Force Base in Houston on the night of Jan. 19 to Jan. 20. U.S. officials said Mexican authorities hoped the move would disturb drug smuggling operations that some of the men had continued to direct from behind bars in Mexico.

Drug Enforcement Administration head Karen Tandy said during a press conference this week that the group included Gracielo Gardea Carrasco, "a gatekeeper who was responsible for controlling drug smuggling across the border for the Juárez cartel."

The suspected drug offenders will be transferred to the states where charges against them were originally filed.

Gardea was indicted in Midland in 2000 on drug conspiracy charges for allegedly smuggling marijuana from Mexico to a Midland

gang known as "Los Tres de la Sierra," or the three from the mountain.

The other men with Juárez connections are as follows.

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-Miguel Angel Arriola Marquez, an alleged lieutenant for the Juárez cartel and the Federation, an alliance between Sinaloa cartels and the Juárez cartel. Arriola will face charges in Colorado of conspiracy to import cocaine and to launder millions of dollars in drug money.

-Saul Saucedo, an alleged mid-level lieutenant with the the Juárez cartel and the Federation, also wanted in Colorado for similar charges as Arriola.

Gardea operated from a small town across the border from Radford, Texas. His indictment said that he was "primarily responsible for organizing and managing the importation and distribution of marijuana from Ojinaga, Chihuahua, Mexico and Chihuahua City, Chihuahua, Mexico, to the Western District of Texas."

It also alleges that on May 14, 1998, Gardea called a man named Rigorberto Loera Carrillo on the phone to lure him to Mexico "so that (he) could be murdered." The most famous of the extradited bunch is Osiel Cardenas, famous for his trademark gold-plated .45 and for creating Los Zetas, a gang of enforcers that spread terror in Nuevo Laredo in recent years. Cardenas was allegedly heading the Gulf Cartel from a Mexican prison cell for the past four years, Tandy said.

Deputy Attorney General Paul McNulty said that won't happen in the United States.

"We have a long record of not having those kinds of problems occur within the Federal Bureau of Prisons, and it can include everything from monitoring all telephone calls and letter and visits and whatever is necessary in order to ensure that there is no criminal activity going on while they're confined," he said. v Mexico only extradites to the United States fugitives who would not face the death penalty, which is illegal in Mexico. A record 63 were sent to the United States in 2006 alone.

The Associated Press contributed to this story.

7 Puerto Rican Doctors Indicted In Alleged Internet Pharmacy Scheme (AP)

AP, January 30, 2007

Seven doctors have been indicted in this U.S. Caribbean territory in connection with an Internet scheme that allegedly dispensed controlled substances without a legitimate medical purpose, federal authorities said Monday.

The physicians were accused of working with Internet pharmacies that solicited customers seeking drugs such as the addictive painkiller hydrocodone and appetite suppressant phentermine, according to a statement from the U.S. Drug Enforcement Administration.

Charges against them include conspiracy to distribute controlled substances, wire fraud and money laundering. The alleged scheme started in 2003.

If convicted, the accused doctors each face up to 20 years in prison and maximum fines of US$6.4 million (euro4.9 million), the DEA said.

Sentencing Set For 3-state Drug Ring (GCNG)

Grayson County News Gazette, January 29, 2007

OWENSBORO - Sentencing has been set for April in Owensboro federal court for members of a drug ring that delivered and sold marijuana and methamphetamine in Texas, Kentucky and Indiana totaling over $2.7 million.

David L. Huber, United States Attorney for the Western District of Kentucky, reports that Walter Willis, 56, of Evansville, Indiana, Willie Guillermo, Estrada, 52, of Mission, Tex., and Fidel Villasenor, 48, of Muskegon, Mich,, were found guilty on January 24, by a federal jury in United States District Court, Owensboro, of conspiracy to possess with the intent to distribute marijuana.

Villasenor was also found guilty of conspiracy to possess with the intent to distribute methamphetamine. Haralia Lofts, 49, of Palmview, Tex., pled guilty, after three days of trial, to conspiracy to possess with the intent to distribute marijuana.

David Frederick, 47, of Robards, Ky., John Little, 60, of Owensboro, Kermit Shrull, 48, of Robards, and Jose Martin Perez-Espinoza, 43, of Houston, Tex., all co-defendants in this case, pled guilty before trial to the charges against them.

The jury's verdict of guilty was returned following a 6-day jury trial before Joseph H. McKinley, Jr., Judge, United States District Court.

The case was initiated when Louisville Drug Enforce-ment Administration (DEA) agents received information from the San Antonio, Tex. DEA office that drug traffickers in Texas were transporting loads of marijuana to an individual residing in Owensboro.

Recorded telephone conversations among and between the various conspirators obtained through a court approved wiretap confirmed the drug trafficking activity between South Texas and Western Kentucky.

Over 1,100 pounds of marijuana was transported from February 2003 through April 2005. The conspiracy to distribute methamphetamine involved over 3 pounds. The street value of the marijuana was approximately $2,6 million , and the street value of the methamphetamine was approximately $136,000

DOJ_NMG_0124374

Evidence at trial showed that during the time period of February 3, 2003 through April 11, 2005, large quantities of marijuana were being transported from South Texas into Robards for distribution in both western Kentucky and southern Indiana.

Estrada was one of the sources of supply of the marijuana that was being transported to Robards.

The marijuana loads were transported up to Robards by women couriers.

Villasenor was also a source of supply of both marijuana and methamphetamine who had agreed to deliver 115 pounds of marijuana and 2 pounds of methamphetamine to Kentucky.

However, Villasenor was unable to deliver the drugs, largely in part because the Kentucky co-conspirators had been detained by DEA Agents.

The evidence also showed that the loads of marijuana were delivered and stored at a residence located at 7313 Swann Lane, Robards for later distribution.

Upon the marijuana loads being received at the Robards residence, they would then be broken down into pound quantities by other co-conspirators who would then store them in a freezer.

These pound quantities of marijuana would then be picked up by another co-conspirator who would deliver them to local distributors.

One of the biggest distributors of the marijuana was Willis, who sold the marijuana in and around Evansville.

Willis also facilitated the payment of marijuana shipments by allowing vehicles to be traded for marijuana. Willis was able to do this because he owned a car lot, Mayhugh's Auto Sales, located in Evansville.

The maximum potential penalties for Willis and Estrada are 40 years imprisonment, a $2 million fine, and supervised release for a period of at least four years.

The maximum potential penalties for Villasenor are life imprisonment, an $8 million fine, and supervised release for a period of at least five years.

The case was prosecuted by Assistant United States Attorneys Daniel P. Kinnicutt and Laura Hall, and was investigated by the Drug Enforcement Administration.

All three defendants are scheduled to be sentenced before Judge Joseph H. McKinley, Jr. on April 19, 2007.

Large Tunnels On U.S.-Mexico Border Remain Unfilled (LAT)

By Richard Marosi

The Los Angeles Times, January 30, 2007

SAN DIEGO — Seven of the largest tunnels discovered under the U.S.-Mexico border in recent years have yet to be filled in, authorities said, raising concerns they could be reused for smuggling people or drugs.

Among them is the longest tunnel yet found — extending nearly half a mile from San Diego to Tijuana. Nearby, another sophisticated passage once known as the Taj Mahal of tunnels has been sitting unfilled for 13 years, authorities say.

Though concrete plugs usually close off the tunnels where they cross under the border and at main entrance and exit points, the areas in between remain largely intact. Filling the seven tunnels would cost about $2.7 million, according to U.S. Customs and Border Protection officials. Accessing tunnels that run under private property is also a problem, as is a lack of coordination with Mexican authorities.

Mexican authorities have told their U.S. counterparts that they've filled their end of the tunnels. But U.S. officials express doubt, citing the high costs and examples of tunnels being compromised. The Mexican attorney general's office, which handles organized crime, did not respond to numerous requests for interviews.

In recent years nearly 50 tunnels have been discovered running under the border from San Diego to Arizona. Most are small, crudely constructed passages — called gopher holes — that are easily destroyed.But filling the larger, more elaborate tunnels requires enormous amounts of material and expertise, especially because some were probably designed by mining engineers.

To prevent break-ins, authorities say they install motion sensors, which alert them to incursions.

But smugglers in some cases have been able to access existing tunnels by digging around the plugged entrance points, and then proceed undetected, according to the U.S. Border Patrol and Immigration and Customs Enforcement, which heads the San Diego-based U.S. Border Tunnel Task Force.

In Nogales, Ariz., traffickers have used one tunnel three times over a four-year span. Tijuana smugglers were suspected of reusing a tunnel in 2004, one year after its discovery inside a house in Mexico. U.S. authorities have had to reinspect several other tunnels in response to suspicious activity or tips.

Because of overlapping jurisdictions among federal border agencies, the responsibility for subterranean work was unclear for years. The Border Patrol and the Drug Enforcement Administration each had some responsibility.

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After the Department of Homeland Security was created in 2003, the responsibility for filling tunnels was assigned to one agency: Customs and Border Protection.

Authorities cite this streamlining as progress. But Customs and Border Protection has not filled any tunnels, and has capped only two since assuming control. Michael Friel, a spokesman, said the agency is trying to find money in its budget to complete the work. The 2007 budget for Customs and Border Protection is $7.8 billion.

Critics say the existence of so many unfilled tunnels poses a needless — and inexcusable — national security risk. "I was shocked to learn that these tunnels haven't been filled in. They should be," U.S. Sen. Dianne Feinstein (D-Calif.) said in a statement. "The department should move, find money, and do it. This is a huge department with a huge budget. And if they don't have the money, they should tell us, and we will seek to get it in the emergency supplemental."

Among the unfilled passages:

The so-called Grande Tunnel connecting warehouses in San Diego and Tijuana. Nearly half a mile long, the tunnel was discovered in January 2006 and attracted global media attention as well as groups of local and national politicians, who were given tours of its cave-like depths. The tunnel prompted Feinstein to propose legislation outlawing the construction of tunnels under the border.

The 1,400-foot tunnel called the "Taj Mahal" because of its lighting system and reinforced concrete walls. The tunnel was discovered in 1993. Five years later, authorities suspected the passage had been reentered after 33 illegal immigrants were found covered in mud near the opening. A metal lid over the tunnel opening had been cut. Border Patrol agents say they never determined for sure if the passage was reused.

Two long tunnels leading from Mexicali, Mexico, to a quiet residential area in Calexico, Calif. One of them, discovered in 2005, was equipped with a ventilation system, phone line and video surveillance equipment.

It isn't cost alone that can keep tunnels unfilled. Owners of private property also can slow the process. In 2002, after a tunnel was discovered running under part of his property in eastern San Diego County, David Field, a San Diego building inspector, feuded with the DEA over how to fill the quarter-mile-long passage. The DEA wanted to use a concrete-soil mix. Field, for environmental reasons, said he wanted the portion under his land filled only with dirt.

The tunnel featured a battery-operated cart on rails and was used to ferry what may have been tons of drugs over a 10-year period, according to authorities.

In 2002, the DEA sent Field a letter saying that drug traffickers would probably reuse the tunnel if it wasn't completely closed off and threatened to seize Field's property if the tunnel was compromised. Field said the letter surprised him because he knew the agency had never filled the Taj Mahal tunnel found in 1993.

"I said that tunnel is still open.... So how could this be a national emergency?" Field said.

Authorities say they have had to check the tunnel twice to investigate tips that it had been reopened, but have found no evidence.

Smugglers can be determined about reclaiming their tunnels. Take the case of the little light-blue house in Nogales. The vacant building with barred windows is at 438 W. International St., right across the street from the border, where a 20-foot fence provides a formidable above-ground barrier.

Several years ago, smugglers, starting from a drainage canal in Mexico, dug under the border fence, under International Street, and under the yard, to a front room in the house. Wooden slats and carpeting covered the opening, said Agent Mario Cano, a U.S. Border Patrol spokesman.

In December 2001, U.S. authorities discovered the 85-foot tunnel — equipped with a rail and cart system — and plugged it. But the smugglers soon dug around the cap at the border and found their way back to the tunnel, Cano said.

Diggers used about 15 feet of that tunnel, then branched off and burrowed an additional 40 feet. They surfaced near the house's driveway and covered the new opening with trash cans. In March 2002, that opening was discovered and sealed, Cano said.

Smugglers went to work again, this time using portions of the first and second tunnel before branching off to surface in another area of the yard, where they covered their latest opening with a tarp. That branch and its opening were discovered in October 2005.

This month, authorities returned to the house again. This time, two illegal aliens were digging a new route, starting inside the home, Cano said. They had progressed only 15 feet, Cano said, but may have intended to link up again with one of the existing tunnels under the property.

None of the passages have been filled, Cano said, although he believes portions may have collapsed because of heavy rains. Even if the tunnels were filled, he said, the problem might not go away.

That's because smugglers have used the concrete fill to make support walls and ceilings for new tunnels, he said. The filled-in passages also act as road maps, guiding crews to new areas where they want to go below ground.

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The tunnel diggers' determination has bedeviled U.S. authorities, who have teamed with structural and civil engineers and geologists to devise the best ways to close tunnels. They've experimented with a type of concrete that will cave in if smugglers use it for support.

The cost to close the unfilled tunnels ranges from $200,000 to $700,000.

But addressing the problem here solves only part of the problem because some tunnels extend hundreds of feet into Mexico, where U.S. authorities have no control. Though Mexican authorities promise to fill tunnels, it's hard to know if they've followed through, said Assistant Special Agent in Charge Frank Marwood, who heads the U.S. Tunnel Task Force.

Mexican authorities have occasionally permitted their U.S. counterparts to inspect tunnels for suspicious activity, including one time when a corpse was discovered on the Mexican side. But it's not routine. In 2004, smugglers in Tijuana are believed to have reused a tunnel that Mexican authorities said they had filled. The smugglers broke into a tunnel discovered a year earlier and formed a new tunnel heading toward a parking lot near the San Ysidro Port of Entry, U.S. authorities said.

The tunnel has since been filled in on the U.S. side, but the status of the Mexican side is unknown.

Corruption in Mexican border agencies complicates matters. Last year, two Mexican customs officers were arrested on suspicion of being involved in the construction of a tunnel near the San Ysidro Port of Entry. U.S. authorities also believe Mexico can't afford to fill tunnels. If so, the U.S. should provide assistance, some say. "It's a binational security breach, and I think the way to handle it is by a binational effort," Marwood said.

"If they're not filled in, [smugglers] just branch out at one end or another."

Supporters Of Medical Marijuana Want Changes To The Law (AP)

AP, January 29, 2007

HELENA, Mont. (AP) — The state's 2004 medical marijuana law needs to be changed to let patients grow more plants and posses more marijuana, a key supporter says.

The current law was approved by voters and allows those registered with the state to have one ounce of marijuana at a time, but that should be increased to 12 ounces, said Rep. Ron Erickson, D-Missoula.

He also told a House committee on Monday that the law needs to be changed to allow those registered with the state to have six "mature" marijuana plants, rather than just six plants. More young plants are needed to replace old ones that die, he argued.

Erickson's measure was supported by those behind the 2004 initiative that voters approved with 62 percent of the vote.

Paul Befumo said the six-plant, one-ounce limit has turned out to be an impractical combination for keeping a sick person stocked with enough marijuana.

"It's like being told you can have six tomato plants, but only one tomato at any given time," he said.

One opponent showed up, an anti-drug activist from New York, to say medicinal marijuana is supported by special interests who hope to eventually legalize the drug for everyone.

"Their agenda is simple — legalizing marijuana and using the medicalization of it to get to the end game," said Steve Steiner. "Is it really a medicine?"

The state says about 280 people have registered for the program.

Other changes proposed by Erickson include expanding the law to allow a sick person to designate a "transporter" to legally pick up marijuana for them, and allowing nurse practitioners and physician assistants to prescribe medical marijuana.

Currently, a patient must be being diagnosed by a physician as having a "debilitating medical condition," such as cancer, glaucoma, AIDS, severe muscle spasms or chronic pain.

Erickson carried a bill in the 2003 Legislature to legalize medical marijuana, but it was killed. Supporters then successfully took the issue to the voters the following year.

The House Judiciary Committee did not take immediate action on the bill.

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Erickson's bill is House Bill 311.

U.S. Marshal In Seattle Steps Down (AP)

AP, January 30, 2007

SEATTLE (AP) - Seattle-based U.S. Marshal Eric Robertson, who oversaw security at the new federal courthouse downtown and led efforts to round up fugitives and sex offenders in Western Washington, is resigning to become the administrator of a fire district.

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His deputies worked with local authorities to help track down and arrest more than 3,000 suspects in 36 states and eight foreign countries during his five-year tenure. He also created a new unit to deal with threats to judges after Seattle police shot and killed a man who brandished a defused grenade in the courthouse lobby in June 2005.

His resignation, announced in an interview with The Associated Press on Monday, takes effect in March. His chief deputy at the Seattle U.S. marshal's office, 22-year veteran David Miller, is expected to be named his acting replacement until a new marshal is confirmed by the Senate.

"Our focus has really been on crimes of violence, weapons, sex offenders - go out, work with the locals and to find out who are the bad actors in their community," Robertson said.

In his new position, Robertson, 43, will oversee the creation of a fire district covering 65,000 people in Auburn, Algona and Pacific, northeast of Tacoma. The joint fire authority was established by voters last November. Robertson lives in eastern Pierce County and represented the area in the Legislature for two terms in the 1990s.

Among the accomplishments of his office, Robertson cites the 2003 arrest of Jesus C. Mezquia, who was later convicted in the rape and strangulation of rising punk rock star Mia Zapata, whose body was found in Seattle's Central Area in 1993. Marshals Service deputies from Seattle located Mezquia in the Florida Keys after DNA evidence linked him to the crime.

Along with former U.S. Attorney John McKay, who resigned earlier this month and took a job teaching law at Seattle University, Robertson also helped boost the presence of federal law enforcement in rapidly growing southwest Washington, much to the relief of local authorities there. He opened an office in Clark County - where federal prosecutors have made a point of going after felons found with weapons - and stationed a deputy there permanently.

"Eric and John were like a 500 percent improvement," Cowlitz County Sheriff Bill Mahoney said. "Back when I was a young deputy, more years ago than I care to remember, I got involved with one of these joint fugitive task forces, and had a lot of fun with it. When I got to be sheriff, I got to pestering the Marshal's Service to do it again. It wasn't until Eric Robertson came along that I was able to get anyone in Seattle to pay any attention.

"It's a huge help to us. It gets bad guys off the street."

In June 2004, the Pacific Northwest Fugitive Apprehension Task Force, sponsored by the Marshals Service, arrested 63 fugitives in one week in Cowlitz and Clark Counties. Last summer, task force members rounded up 48 in three days in Cowlitz County.

But perhaps his office's most complicated - and sensitive - task was setting up security for the 23-story federal courthouse downtown, which opened in 2004. His staff of about 100 is based in the building, and several court security officers were tested when a man with an inert grenade attempted to bypass security in the courthouse lobby.

The man, Perry L. Manley, 52, of Seattle, was upset about his court-ordered child-support obligations. Marshals urged the man to put down the grenade and called police, who shot him when he made a sudden move during a standoff.

The response wasn't perfect, Robertson conceded at the time: Elevators continued to function during the crisis and some communications systems didn't work as planned. Following the shooting, his office reorganized its judicial security efforts into one unit, which also investigates threats against judges.

A Day Without Guns ... (NYT)

The New York Times, January 30, 2007

Twenty years ago, the Florida Legislature cravenly decided to allow “law abiding” citizens to carry concealed weapons merely by declaring their preference for self-defense. Then last July, at the prodding of the gun lobby, the current crop of state lawmakers proved they could be even more corrupt and cowardly than their predecessors by deciding to make the list of gun-toting Floridians a secret.

Fortunately, a local newspaper has given residents of the state a final look at their representatives’ gruesome handiwork.

When the law was first enacted, there were fewer than 25,000 licensed gun holders. Since then, the state roll has boomed to 410,000 and counting. As the veil descends on this dangerously macho part of the public record, enterprising articles in The Florida Sun-Sentinel are laying bare the fact that more than 1,400 people easily got gun licenses despite pleading guilty or no contest to felonies that included manslaughter, burglary and child molestation. In Broward County alone, gun licenses grew in 20 years to more than 35,000 from 25.

Sampling records just before the law took effect, the newspaper uncovered hundreds of tales of mayhem, official indifference and glaring loopholes in criminal justice protection. One man got a license after pleading no contest to manslaughter in fatally shooting his girlfriend in the head while she cooked him breakfast. Another applicant was licensed despite guilty pleas to grand theft and assault charges for holding a handgun against his roommate’s head in an argument.

Those permitted to pack concealed weapons include 216 people with outstanding criminal warrants, 128 under domestic violence injunctions and 6 registered sex offenders.

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The gun lobby, predictably enough, is blaming "bleeding-heart, criminal-coddling judges and prosecutors" for this grim state of affairs. The truth is that the National Rifle Association has succeeded too well in herding legislators to do its dangerous bidding. Lawmakers in 38 states have approved bills allowing citizens to carry concealed weapons.

As in some of those states, Florida's legislators take the position that it's no fun to have a gun if you can't use it. So they loosened the laws on self-defense to allow a civilian to stand and use deadly force "if he or she reasonably believes it is necessary." If lawmakers had any sense of shame, they would undo these lethal threats to their constituents.

IMMIGRATION:

Farm Groups Are Optimistic On Overhaul Of Immigration (HILL)

By Ian Swanson

The Hill, January 30, 2007

A coalition of groups representing farm workers and employers says those it represents have the best opportunity in years to win congressional approval of legislation overhauling immigration rules for migrant workers, either as a stand-alone bill or part of a wider immigration bill.

Supporters of the changes say their optimism springs from the combination of Democrats controlling Congress and rising pressure on lawmakers representing agricultural districts to alleviate a farm laborer shortage as increasing momentum for the Agriculture Jobs Opportunity and Benefits Act (AgJOBS).

"The flow of workers is being constrained; labor enforcement is making that worse, so labor shortages are just getting worse," said Craig Regelbrugge of the Agriculture Coalition for Immigration Reform, whose members include apple- and orange-growers, milk producers and nursery associations.

Groups representing apple-growers and wineries in New York, for example, expressed disappointment when several New York House GOP sponsors of AgJOBS voted for a 2005 enforcement-only bill authored by former House Judiciary Chairman James Sensenbrenner Jr. (R-Wis.) that included criminal penalties for those who help workers who enter the country illegally, but no temporary-worker program.

The president of the New York Apple Association, Jim Allen, said members of farm groups in his state were "shocked" when Rep. Randy Kuhl (R-N.Y.), a longtime supporter of New York agriculture, signed a letter with Rep. Tom Tancredo (R-Colo.) that called for tighter border-enforcement measures.

"It's accurate that they weren't happy with the vote," said an aide to Kuhl, who, after hearing criticism of his vote for the Sensenbrenner bill, pressed GOP House leaders in October to pass legislation creating a stand-alone temporary-worker program for agriculture. On Jan. 11, Kuhl made the same request of Democratic leaders.

One agriculture lobbyist credited Kuhl's successful reelection bid to support from farmers in favor of the temporary-worker program. AgJOBS sponsors and New York House Republicans James Walsh and Tom Reynolds also faced some criticism for voting for the 2005 bill. All three won bids for reelection in tight races last fall.

Regelbrugge sees two possible scenarios for AgJOBS this year. The bill could become part of a wider immigration overhaul, similar to what happened when Sen. Dianne Feinstein (D-Calif.) added the bill in an amendment to immigration legislation passed by the Senate last year. Besides Feinstein, sponsors included Sens. Edward Kennedy (D-Mass.), Larry Craig (R-Idaho) and Mel Martinez (R-Fla.), and Reps. Howard Berman (D-Calif.) and Adam Putnam (R-Fla.).

If efforts to craft a wider immigration package fail, Regelbrugge said a scaled-down package for agriculture might still be able to move through Congress given support for the bill from farm employers and workers. While organized labor has been divided on the issue of temporary-worker programs, United Farm Workers has endorsed AgJOBS, giving the legislation crucial support from the farm labor group organized by César Chávez.

The key to passage, supporters said, is whether enough members are willing to approve legislation that does not require farm laborers who have entered the U.S. illegally to return to their home countries first. For example, House Agriculture Committee Ranking Member Bob Goodlatte (R-Va.) supports creating a guest-worker program, but opposes AgJOBS, saying it grants amnesty to aliens who entered the U.S. illegally.

Farm groups counter that the path to legal status is conditional. AgJOBS would provide a "blue card" to undocumented farm laborers already in the U.S., but only if they pay a $500 fine and provide proof that they have worked in American agriculture for at least 150 workdays over the last two years. Blue-card holders could apply for a green card to get permanent legal status, but only if they continue to work in agriculture for several years. The bill would also change rules on the current program that allows farm workers to enter the country on an H-2A visa.

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Supporters also argue it is increasingly difficult to find farm workers, which will increase pressure on members such as Goodlatte, who has apple-producers in his district, to approve a temporary-worker program. According to statistics from the U.S. Department of Agriculture released in October, the number of hired farm laborers fell 5 percent from the previous year while farm wages increased by 4 percent. The average farm laborer wage could rise above $10 an hour when final statistics for 2006 are calculated, according to an economist with the American Farm Bureau Federation, Stefphanie Gambrell.

Some lobbyists say Goodlatte perhaps could be convinced to support the bill, although a spokeswoman said the bill would have to be monumentally changed to earn Goodlatte's support. They are more optimistic about winning support from Blue Dog Democrats such as Reps. Lincoln Davis (D-Tenn.) and Marion Berry (D-Ark.), who both voted for the 2005 bill.

Farm groups themselves are divided on AgJOBS, as the American Farm Bureau Federation (AFBF) has not endorsed the legislation because of opposition to a provision intended to raise wages for farm laborers. AFBF supported an amendment sponsored by Sen. Saxby Chambliss (R-Ga.) to the immigration bill last year that would have nullified this provision, and AFBF Director of Congressional Affairs Austin Perez said the group would seek to amend the bill again this year.

AFBF is supportive of a guest-worker program, however, and AFBF President Bob Stallman at the group's annual meeting in January said the chances for agriculture reform have improved with Democrats in control of the House.

TAX:

U.S. To Pay S.A. Lawyers $1.34 Million (SAEN)

By Maro Robbins, Express-News

San Antonio Express-News, January 30, 2007

Already stung by its failure to convict a defense lawyer despite years of investigation, the federal government has agreed to pay the San Antonio attorney $1.34 million to settle claims that revenue agents maliciously targeted him.

The settlement finalized last week effectively ends more than six years of legal feuding, which began when Alan Brown's office manager fell for a cocaine smuggler and, in an effort to win her lover leniency, told federal agents that Brown routinely cheated on his taxes.

The government did not admit to any fault in its part of the compromise, but Brown counted the agreement among the multiple legal victories he and his lawyers won en route to his 2005 acquittal on tax-evasion charges.

The 63-year-old attorney said he considered himself lucky to squeeze any compensation from the government, but he described the sum as a small measure of justice compared with the financial and emotional costs of the prosecution.

"I had to mortgage my house. I had to go into deep debt," he said. "For what they did and how long it went on and how bad it was, it's not much."

According to the terms of the deal, Brown will split the money with his wife, lawyer Jean Brown, who also was indicted before the government dropped the charges, and his firm, including partner Jay Norton.

Claiming investigators distorted evidence and relentlessly targeted them, the lawyers' lawsuit had forced the government to disclose more than it typically reveals about prosecutions.

Brown's lawyers said agents this summer produced 150 boxes of documents that had been assembled during the case.

Especially striking was the time investigators from the Internal Revenue Service devoted to the case, said Jason Collins one of the lawyers from the Austin-based firm that represented the Browns.

The agents' records indicated they spent about 10,000 hours — more than a year — examining the Browns between 1999 and 2003 when the couple was indicted, he said.

"They talked to their hairdressers, they talked to their pharmacists, they talked to every family member, including I think Alan's parents," Collins said.

"They had an entire library of documents on this family that was put together over years and years of investigation, spending who knows how much of the federal government's money."

Of all those documents, a single report written by IRS Special Agent James Maxwell proved pivotal and damning in Brown's eyes.

Drafted after a federal judge decided agents lacked the probable cause to justify their search of Brown's law office, the report indicated Maxwell not only was unrepentant, he and others began investigating whether the judge, Orlando Garcia, had any links to Brown.

Maxwell said his office would defer any statements to the Justice Department, which in this case was represented by the U.S. attorney's office in Los Angeles.

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Julie Zatz, assistant chief of the civil division there, declined to detail the reasons for settling the case but said they had nothing to do with allegations of investigative misconduct.

"Was this case settled because of anything the agents did during the investigation?" she said. "The answer is no."

Jean Brown said she and her husband had lost the energy to fight and agreed to abandon their lawsuit because they wanted to close an ugly chapter of their lives.

She said she hoped the settlement might help curb investigative overzealousness, even though it represented a tiny amount by the government's standards.

Compared with the family's debts, it wasn't much either, she added. Early retirement is not an option.

"Will I be in the office next week?" she said. "Yes, sir."

The 'Tax Gap' Myth (WSJ)

The Wall Street Journal, January 30, 2007

When something sounds too good to be true, it usually is. So now is an apt time to deconstruct the much-discussed "tax gap," that mythical golden goose that the Beltway political class is counting on to fund its spending agenda.

The "tax gap" is the difference between what the Internal Revenue Service thinks taxpayers should be paying and what it collects. The IRS currently estimates this at about $290 billion a year. Ask any Congressional chairman how he intends to close the deficit, expand the Medicare drug benefit, reform the Alternative Minimum Tax or subsidize college education, and the answer is invariably "close the tax gap."

Last year the Senate held some half-dozen hearings in search of this pot of gold. Senate Finance Chairman Max Baucus has put out a monthly newsletter on the issue, and last year he blocked a Treasury nominee until the agency had developed a tax-gap fix. Mr. Baucus and his GOP sidekick, Charles Grassley, have ordered up a tax-gap report from the Joint Tax Committee, and they vow to make closing the gap a priority. We suppose politicians are allowed to dream. But it's worth recalling that Washington has searched for this revenue Atlantis for decades without success.

To put the tax gap in perspective, consider that the IRS took in tax receipts in fiscal 2005 of more than $2.2 trillion and that the overall U.S. tax compliance rate is about 85%. This isn't perfect, but it also isn't Italy. It's especially good considering the U.S. tax system is based on voluntary compliance. Nina Olson, the IRS's taxpayer advocate, told Congress last year that IRS auditors have found that an estimated 94% of noncompliance is the result of honest mistakes by tax filers who simply don't understand the 17,000-page beast of a tax code.

One obvious answer would be to simplify the code (more on that later). But this requires political will, so Congress naturally prefers the easier route of ratcheting up taxpayer regulation and enforcement. One popular solution is to increase dramatically the information taxpayers must report to the IRS.

Some potential illustrations: Brokers would have to report securities sales information to the IRS, the better to monitor capital gains. Individuals who participate in online auctions such as eBay would have to file a tax form about their transactions. Americans would be required to file expanded mortgage interest forms, while mortgage lenders would have to report loan information. State and local governments would have to provide their tax data to Washington, the better to double-check deductions.

Our personal favorite would require that Americans withhold taxes from any cash payments they make to such individual contractors as babysitters, gardeners or plumbers. They'll love that one in the suburbs. Implicit in all these new plans is a much bigger IRS staff to monitor and chase tax miscreants.

Here's another bad idea: Many doctors and lawyers who are incorporated under subchapter S will often pay themselves lower wages but higher dividends, in order to reduce self-employment taxes. The law is vague on the limits of this practice, and it is undoubtedly abused. But the Joint Tax Committee's preferred solution is to make all professional income -- even dividend payments -- subject to self-employment taxes; this is nothing more than a backdoor tax hike.

All voluntary tax compliance systems have their limits. Under today's tax code, the only way the feds can raise compliance is to place extraordinary burdens on taxpayers. Most of those financial and social costs also end up being borne by those who already dutifully pay their taxes, in the name of catching the few who evade the law. The tradeoff for higher tax collection is less liberty, as we learned only a decade ago when Congress held much-hyped hearings on abusive IRS tactics and audits.

There is a better way. The more complicated a tax system, the more likely taxpayers won't understand, or will try to dodge, the rules. Simple tax regimes, such as a single flat rate, encourage compliance and efficiency, not to mention economic growth. This has been the experience of many Eastern European countries after they imposed a flat tax, and the U.S. had similar jumps in reported tax income from "the rich" following the 1986 tax reform that cut rates and closed loopholes.

At least a few "tax-gap" critics in Washington are beginning to understand all this. Messrs. Baucus and Grassley have started pairing the "tax gap" problem with the need to eliminate or simplify the Alternative Minimum Tax -- which is hitting more

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and more Americans. House Ways and Means Chairman Charlie Rangel has also said that fixing the AMT might require "a look at the whole tax code." Could it be that even Washington is beginning to understand that fixing the tax mess means starting over?

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CONGRESS-ADMINISTRATION:

U.S. Exporters Feel Favorable Trade Winds (WP)

By Peter S. Goodman And Nell Henderson

The Washington Post, January 30, 2007

EDEN PRAIRIE, Minn. -- Inside the factory, engineers tinkered with machines that test how well tires hug slick roads while others trained customers on running additional gear.

Only a few years ago, MTS Systems sold its testing equipment mainly to American automakers. No longer. The tire-testing machine was bound for South Korea. A road simulator was headed to a Formula One auto-racing team in Europe. The customers were visiting from Shanghai.

"We have been growing by exporting things to China," said Chip Emery, chief executive of MTS, headquartered here in the suburbs of Minneapolis. "It would be wonderful if all I had to do to survive was sell to Americans, but the earth is round. We survive as a worldwide business."

On Capitol Hill, some lawmakers portray Chinese imports as a threat to national prosperity, and Democratic leaders argue that free-trade pacts have sold out American workers; a hearing is scheduled in the House for today. Last year's election reflected anxiety about the strength of American companies in a global economy. But the nation's shop floors present an alternate view: The United States is in the midst of an export boom, with foreign sales chipping away at the country's enormous trade deficit while providing a modest cushion against the declining housing market.

In the first 11 months of 2006, U.S. exports reached $1.31 trillion, a jump of 13.1 percent over the corresponding period in 2005, the Commerce Department said. That was an improvement over the 10.7 percent gain of the year before.

Exports to China -- whose dominance on American store shelves stokes worry -- increased by 33 percent in the first 11 months of 2006. Combined with Hong Kong, China now stands as the United States' third-largest export market, behind only Canada and Mexico.

President Bush is scheduled to travel today to Peoria, Ill., to visit Caterpillar, the giant maker of construction equipment, as he presses Congress to approve new trade agreements. Caterpillar is one of the companies having notable success selling American-made gear abroad.

To be sure, the export surge is nowhere close to balancing the nation's trade. For the first 11 months of 2006, Americans imported $2 trillion worth of goods and services, or about 50 percent more than they exported, resulting in a trade deficit of about $700 billion. Once statistics for all of 2006 are released next month, they're expected to show that the nation shattered the all-time-record trade deficit of $717 billion, set in 2005. The high price of American oil imports accounts for part of the imbalance.

Still, recent monthly figures show exports growing nearly three times as fast as imports. Economists say exports are being propelled by a falling dollar, which has lost nearly 10 percent of its value compared with other currencies since 2002, making U.S. goods cheaper on world markets. Sales have also been fueled by renewed growth in once-stagnant economies in Japan, Europe and parts of Latin America, increasing demand for U.S. products such as engines, heavy equipment and telecommunications gear.

For the Bush administration, fending off Democratic accusations that it has harmed American workers by allowing jobs to shift overseas, the strong export data have become a prime talking point in its campaign to persuade Congress to approve trade pacts with Peru and Colombia. Commerce Secretary Carlos M. Gutierrez noted that the countries with which the United States has struck trade agreements make up only seven percent of the global economy outside the United States, yet they absorb 42 percent of American exports.

"We are opening up more markets," Gutierrez said. "Our businesses are taking advantage."

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John Frisbie, president of the U.S.-China Business Council, said the success of American firms in selling to China is the result of that country's entry to the World Trade Organization six years ago. "It totally changed U.S. companies' ability to reach that market," he said.

China's industrialization has been so swift and its demand for products so intense that it has sparked sales of American-made goods all over the world. Caterpillar racked up exports of $9 billion in 2005, with particularly strong sales to China. American factories churn out oil-drilling gear bound for the Middle East, with much of the resulting crude landing in China. Mining equipment is shipped to India and Australia to extract iron ore bound for smelters in Japan and Korea, with the resulting steel headed to China to be turned into automobiles and skyscrapers.

But even as exports have improved profits for American companies, they have not meant more jobs for American factory workers. In 2006, the United States had 14.2 million manufacturing jobs, according to the Labor Department, roughly the same number as in 2004. American firms have managed to squeeze more goods out of their plants with the same number of workers.

"Growth in output has not been fast enough to require manufacturers to expand the workforce," said David Huether, chief economist at the National Association of Manufacturers in Washington.

Still, some areas of manufacturing have seen sharp job growth, among them computer and electronic products, whose factories added 128,000 production jobs from 2004 to 2006, according to the Labor Department. Fabricated metal products -- which includes everything from sheet metal to silverware -- added 72,000 production jobs over that period, and machinery added 69,000. The automobile industry shed more than 57,000 production jobs, and apparel lost 39,000.

Many economists say the export boom can be sustained because of the vibrancy of the world economy. The World Bank estimates that global output grew at a rapid 5.1 percent last year and that it will grow 4.5 percent this year. Several developing economies, including China's, are expected to grow twice as fast.

But these economists add that exports are not likely to dent the trade deficit significantly, because much of the gear being sold by U.S. firms is used to make products that are then shipped into the United States.

An MTS factory in Oak Ridge, Tenn., makes testing gear for tiny components used by U.S. semiconductor factories that sell products to Asia. In China, workers slot these U.S.-made chips into computers and cellphones that are exported to the United States. China buys about one-third of the U.S. cotton crop, folding it into the production of clothing that lands on shelves from Wal-Mart to Saks Fifth Avenue.

"The only way the trade deficit is going to go away is if Americans become penny-pinching savers," said Catherine L. Mann, a Brandeis University economist and a senior fellow at the Peterson Institute for International Economics in Washington. "How likely do you think that is?"

Given that exports make up a much smaller portion of the U.S. economy than consumption of goods and services -- about 11 percent vs. about 70 percent -- foreign sales will not be big enough to take up the slack if Americans seriously curtail spending because of the housing downturn, said Brad Setser, an economist at Roubini Global Economics in New York.

Still, the slight improvement in the U.S. balance of trade helped the economy grow faster than 3 percent annually over the last three months of the year, up from a 2 percent pace in the previous quarter, according to many estimates.

"Foreigners buying our goods are keeping our factories humming," said Diane Swonk, chief economist at Mesirow Financial Holdings.

Eden Prairie, a grid of glass-fronted office parks spread across former cornfields west of Minneapolis, typifies the ways many American communities have been remade by the advent of a globalized economy. A quarter of a century ago, blue-collar laborers wielded wrenches and welding torches, fabricating pumps, hoses, and pipes. In the late 1980s, they still made computers and electronic parts here, along with the metal nameplates that adorned cars.

Nearly all of that is gone now, the lower-skilled, labor-intensive work having shifted mostly to Asia. The past two decades have seen the arrival of retail shops and chain restaurants to serve the residents of new condominium developments. Surviving manufacturers have gone high-tech, supplemented by dozens of new entrants: firms specializing in medical technology, electronic commerce, software and telecommunications equipment. The town of 60,000 people -- nearly 10 times its population in 1970 -- boasts 50,000 full-time jobs.

"There's an international wage rate for turning a screwdriver, and we're never going to be able to compete in that market," said Scott H. Neal, the city manager. "But the high-technology, high-intellectual-capital, design-and-testing work is going to be done here."

Over the past two years, MTS, one of the world's largest makers of testing equipment, has added about 100 workers in Eden Prairie, bringing its local workforce to 900 and its worldwide force to 1,600. About half the new hires are engineers focused on researching and developing new products, work done entirely in Minnesota. Last year, MTS recorded sales of almost $400 million, up from $248 million a decade ago. Exports have climbed from 44 percent of all sales in 2000 to about 60 percent today. Without that jump, the company would have spiraled down with the U.S. auto industry: Twenty years ago, sales to the Big Three

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automakers made up 40 percent of MTS's revenue, and as recently as 2000, those accounts were worth $30 million a year, said Emery, the chief executive. By 2002, U.S. automakers' purchases of MTS gear had fallen to about $3 million.

"They have just disappeared as customers," Emery said.

Which explains why MTS is beefing up its sales force in China and why Jeffrey P. Nelson, who heads an MTS design team focused on automotive products, goes there about every six weeks.

As MTS increases its sales, it is expanding business for local firms that supply materials, such as Micro Dynamics, which makes circuit boards. It is leaning more heavily on freight companies, including the logistics firm C.H. Robinson Worldwide, whose global headquarters is less than a mile away.

It arranges shipping for exporters and importers from Beijing to Buenos Aires to Boston, employing 1,200 people in Eden Prairie and more than 6,700 worldwide -- better than double its workforce of five years ago.

The company has set up more than 70 offices overseas, and it envisions further expansion. But the 300 technicians who oversee the system that tracks its shipments are here.

"Minnesota is now part of a global economy like everybody else," said the company's chief executive, John P. Wiehoff. "As long as Robinson is headquartered in Minnesota, growth in other parts of the world will generate jobs here."

Henderson reported from Washington.

Bush Directive Increases Sway On Regulation (NYT)

By Robert Pear

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — President Bush has signed a directive that gives the White House much greater control over the rules and policy statements that the government develops to protect public health, safety, the environment, civil rights and privacy.

In an executive order published last week in the Federal Register, Mr. Bush said that each agency must have a regulatory policy office run by a political appointee, to supervise the development of rules and documents providing guidance to regulated industries. The White House will thus have a gatekeeper in each agency to analyze the costs and the benefits of new rules and to make sure the agencies carry out the president's priorities.

This strengthens the hand of the White House in shaping rules that have, in the past, often been generated by civil servants and scientific experts. It suggests that the administration still has ways to exert its power after the takeover of Congress by the Democrats.

The White House said the executive order was not meant to rein in any one agency. But business executives and consumer advocates said the administration was particularly concerned about rules and guidance issued by the Environmental Protection Agency and the Occupational Safety and Health Administration.

In an interview on Monday, Jeffrey A. Rosen, general counsel at the White House Office of Management and Budget, said, "This is a classic good-government measure that will make federal agencies more open and accountable."

Business groups welcomed the executive order, saying it had the potential to reduce what they saw as the burden of federal regulations. This burden is of great concern to many groups, including small businesses, that have given strong political and financial backing to Mr. Bush.

Consumer, labor and environmental groups denounced the executive order, saying it gave too much control to the White House and would hinder agencies' efforts to protect the public.

Typically, agencies issue regulations under authority granted to them in laws enacted by Congress. In many cases, the statute does not say precisely what agencies should do, giving them considerable latitude in interpreting the law and developing regulations.

The directive issued by Mr. Bush says that, in deciding whether to issue regulations, federal agencies must identify "the specific market failure" or problem that justifies government intervention.

Besides placing political appointees in charge of rule making, Mr. Bush said agencies must give the White House an opportunity to review "any significant guidance documents" before they are issued.

The Office of Management and Budget already has an elaborate process for the review of proposed rules. But in recent years, many agencies have circumvented this process by issuing guidance documents, which explain how they will enforce federal laws and contractual requirements.

Peter L. Strauss, a professor at Columbia Law School, said the executive order "achieves a major increase in White House control over domestic government."

"Having lost control of Congress," Mr. Strauss said, "the president is doing what he can to increase his control of the executive branch."

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Representative Henry A. Waxman, Democrat of California and chairman of the Committee on Oversight and Government Reform, said: "The executive order allows the political staff at the White House to dictate decisions on health and safety issues, even if the government's own impartial experts disagree. This is a terrible way to govern, but great news for special interests."

Business groups hailed the initiative.

"This is the most serious attempt by any chief executive to get control over the regulatory process, which spews out thousands of regulations a year," said William L. Kovacs, a vice president of the United States Chamber of Commerce. "Because of the executive order, regulations will be less onerous and more reasonable. Federal officials will have to pay more attention to the costs imposed on business, state and local governments, and society."

Under the executive order, each federal agency must estimate "the combined aggregate costs and benefits of all its regulations" each year. Until now, agencies often tallied the costs and the benefits of major rules one by one, without measuring the cumulative effects.

Gary D. Bass, executive director of O.M.B. Watch, a liberal-leaning consumer group that monitors the Office of Management and Budget, criticized Mr. Bush's order, saying, "It will result in more delay and more White House control over the day-to-day work of federal agencies."

"By requiring agencies to show a 'market failure,' " Dr. Bass said, "President Bush has created another hurdle for agencies to clear before they can issue rules protecting public health and safety."

Wesley P. Warren, program director at the Natural Resources Defense Council, who worked at the White House for seven years under President Bill Clinton, said, "The executive order is a backdoor attempt to prevent E.P.A. from being able to enforce environmental safeguards that keep cancer-causing chemicals and other pollutants out of the air and water."

Business groups have complained about the proliferation of guidance documents. David W. Beier, a senior vice president of Amgen, the biotechnology company, said Medicare officials had issued such documents "with little or no public input."

Hugh M. O'Neill, a vice president of the pharmaceutical company Sanofi-Aventis, said guidance documents sometimes undermined or negated the effects of formal regulations.

In theory, guidance documents do not have the force of law. But the White House said the documents needed closer scrutiny because they "can have coercive effects" and "can impose significant costs" on the public. Many guidance documents are made available to regulated industries but not to the public.

Paul R. Noe, who worked on regulatory policy at the White House from 2001 to 2006, said such aberrations would soon end. "In the past, guidance documents were often issued in the dark," Mr. Noe said. "The executive order will ensure they are issued in the sunshine, with more opportunity for public comment."

Under the new White House policy, any guidance document expected to have an economic effect of $100 million a year or more must be posted on the Internet, and agencies must invite public comment, except in emergencies in which the White House grants an exemption.

The White House told agencies that in writing guidance documents, they could not impose new legal obligations on anyone and could not use "mandatory language such as 'shall,' 'must,' 'required' or 'requirement.' "

The executive order was issued as White House aides were preparing for a battle over the nomination of Susan E. Dudley to be administrator of the Office of Information and Regulatory Affairs at the Office of Management and Budget.

President Bush first nominated Ms. Dudley last August. The nomination died in the Senate, under a barrage of criticism from environmental and consumer groups, which said she had been hostile to government regulation. Mr. Bush nominated her again on Jan. 9.

With Democrats in control, the Senate appears unlikely to confirm Ms. Dudley. But under the Constitution, the president could appoint her while the Senate is in recess, allowing her to serve through next year.

Some of Ms. Dudley's views are reflected in the executive order. In a primer on regulation written in 2005, while she was at the Mercatus Center of George Mason University in Northern Virginia, Ms. Dudley said that government regulation was generally not warranted "in the absence of a significant market failure."

She did not return calls seeking comment on Monday.

Unworthy Of Consideration (USAT)

By Pete Stark

USA Today, January 30, 2007

President Bush is to be commended for finally recognizing the needs of 47 million Americans denied health care for lack of insurance. His proposal would do little to help them. In a few years it would raise taxes for 160 million workers who receive group health insurance benefits.

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The president's plan would limit the tax deduction to $7,500 for an individual's health insurance premium. The high rate of medical inflation would soon cause an income tax increase for most Americans.

Employers would cancel group plans. Workers could buy individual policies, which have higher costs and more limited access than group plans do. The suggestion that employers would pass on the group insurance savings in higher wages does not pass the smirk test.

Granted, the Bush plan would make the tax code more equitable. But so would eliminating the mortgage interest deduction. Who is to say home equity adds more to life quality than adequate health care?

There are many offsetting inequities in the Bush plan:

·Tax deductions are regressive and provide much greater benefit to the wealthy than to the poor. In Bush's plan, a high-income person who is currently uninsured would receive nearly $6,000, while a low-income individual would receive $1,200.

·The individual insurance market discriminates against those who are sick or at risk of becoming so. Currently, employers cover both healthy and sick, spreading risk to reduce costs. Individuals, however, would be at the mercy of insurance companies that use family history, genetic indicators, age, occupation and illness as reasons to jack up rates — or exclude coverage altogether. Millions of Americans would therefore see their premiums increase substantially.

Much like Iraqi weapons of mass destruction, "gold-plated" health insurance is a figment of the president's imagination. The problem with our health system is not that Americans can afford to use too much health care; it's that too many can't afford any.

Bush's proposal would destroy the very system through which the vast majority of people get their coverage today and fail to replace it with an alternative means of obtaining quality care. It doesn't deserve Congress' consideration.

Rep. Pete Stark, D-Calif., is chairman of the health subcommittee of the House Ways and Means Committee.

Our View On Health Care: People Without Health Plans Can't Catch A (tax) Break (USAT)

USA Today, January 30, 2007

Bush proposal worth looking at, but Democrats just say, no.

Say you work for a company that doesn't provide health insurance. You have to pay for coverage out of pocket or risk going without. You get no tax deduction for the premiums.

Now say you work for a company with a health plan. Your employer picks up most of the insurance tab. You aren't taxed on the value of this fringe benefit (worth an average of $11,500 a year for family coverage), and neither is your employer.

In other words, the tax code subsidizes employer-based health insurance while keeping the cost out of reach for millions of workers whose employers don't offer coverage.

During his State of the Union address last week, President Bush proposed a change to make the system more equitable and make health coverage more affordable for the uninsured. He would give people who buy their own policies tax breaks equal to those who get coverage through their jobs.

The concept isn't new. It's been endorsed for years by some economists on each side of the political spectrum. Yet the words barely passed Bush's lips before top congressional Democrats declared his proposal to be dead on arrival, not even worthy of hearings. Bush's plan is no magic cure to all that ails America's health care system. In fact, it falls far short of what's happening in some states. Massachusetts requires everyone to have insurance, and California Gov. Arnold Schwarzenegger has proposed something similar.

But the Bush plan still has merits worth considering. Under the plan:

Health insurance offered through jobs would become taxable income. Taxpayers would get a deduction of $15,000 for family (and $7,500 for individual coverage) regardless of whether they bought policies on their own or got them through work. To pay for this, the plan would increase taxes for the 20% of workers with higher-priced plans.

Between 3 million and 5 million of the nation's 47 million uninsured would be able to afford policies now out of reach, the administration estimates. A family of four with annual income of $60,000 that bought private insurance would get a $4,545 tax break in 2009.

The Democrats argue that the plan wouldn't do enough, and they have a point. More than half of the uninsured pay no federal income taxes, so a deduction wouldn't help them. A refundable tax credit would do more.

Another potential concern is that the Bush plan would expand the market for policies bought by individuals. As reported Monday by USA TODAY's Julie Appleby, those people are extremely vulnerable. People with pre-existing conditions often can't find affordable insurance. Some policyholders even have their policies retroactively cancelled if their bills are too high or if there was a discrepancy in their initial applications. Rules to prevent such abuses must accompany any change of the sort Bush is proposing.

Although Bush's idea also fails to address the many problems faced by people who have insurance, it is nevertheless an opportunity to address some core issues and break the gridlock in Washington. It has potential to provide greater equality, give

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people more ability to leave jobs they don't like, control costs and encourage more competition among insurers. Rejecting it without serious debate might score political points, but does nothing to help those who suffer from the inequities of the status quo.

Capital Sources: A Father's Call For Health-Care Reform (NSWK)

By Web Exclusive By Eve Conant

Newsweek, January 30, 2007

Jan. 29, 2007 - President Bush's State of the Union address may not have done much to improve his popularity. But it did succeed in jump-starting debate over one of the leading—and most contentiously lobbied issues—on his domestic agenda: health-care reform. In his speech, the president proposed offering tax subsidies to encourage more people to buy their own health insurance. The goal: to provide equal treatment to those who buy insurance on their own, and those who get it through their employers. Under the Bush plan, the administration estimates that 80 percent of workers with employer-based health plans would pay lower taxes—while 20 percent of those with more costly workplace plans (branded "gold-plated" by Bush) would see a tax hike, unless they decreased their coverage.

Democrats on Capitol Hill, along with labor unions and consumer groups, pilloried the Bush plan, arguing his proposal would do little to help America's nearly 47 million uninsured—and could wind up hastening the demise of employer-provided healthcare. (In his weekly radio address, Bush called the criticism "reflexive" partisanship and called on Congress to cooperate with him to find a solution.)

But it wasn't just folks in Washington who were upset. Nathan J. Wilkes of Greenwood Village, Colo., was so worried about the possible effects of Bush's proposal on his ability to provide coverage for his chronically ill son that he decided to travel to the capital to make some noise. A computer network security expert who earns over $100,000, Wilkes works for a private firm outside of Denver which fits into the large-group insurance category and is allowed to shop around for different providers each year. But when his son Thomas, born with severe hemophilia, developed a resistance to treatment at age 1, Wilkes's claims soared; his company's insurance provider, Wilkes says, soon began hiking premiums 40 to 55 percent each year, and introduced a lifetime cap of $1 million for all employees and their families—including Thomas. Soon, Wilkes says, no other insurance companies would offer to cover the company. Worried he would no longer be able to provide coverage for his son, Wilkes turned to state and local groups for help. Physicians for a National Health Program took up his cause, and brought him to Washington, where he hoped to persuade Congress to reject the Bush plan in favor of universal health- care legislation. Wilkes spoke to NEWSWEEK's Eve Conant about his trip. Excerpts:

NEWSWEEK: You have a good income and your employer gives you and your family comprehensive health insurance. So why are you so worried about coverage that you've come to D.C. to lobby for universal coverage?

Nathan Wilkes: Why am I worried? My son will no longer be insured in a month's time. His claims have increased health-care costs for everyone I work with. My company is very socially responsible, but because of our high claims, no other insurance company will touch us. We're trapped with the same provider, which keeps raising prices and last year introduced a $1 million lifetime cap on coverage. Even if my son has no injuries, we'll hit that cap in the next one to three months. With hemophilia, the problem is internal bleeding. We know it's happening if he complains of pain, or stops using one of his arms or legs. Even if we treat him at home the cost for medicine can run up to $3,600 every few hours. Because of insurance limits we're often advised to delay treatment—to see if his injuries will clear up on their own—simply to avoid getting closer to the million-dollar mark. The aim of private insurance is to weed out high-cost patients like my son.

And what happens when you delay treatment?

Sometimes it works out fine. Other times he gets worse. Even at our most frantic we have to worry about the cap. We're told he may have permanent nerve and joint damage because of the times we've had to delay treatment. We do everything we can, but he's a 3-year-old, he wants to walk around and try to jump off the couch.

Did you watch the State of the Union? What do you think of Bush's health proposals?

His strategy is to manipulate the tax code to make it appear as if you're insuring more people, when in fact, you're not addressing the real problems of the private insurance system: cost, access and the underinsured. Continuing with private insurance just feeds the monster. This won't bring down the cost of drugs or reduce the overhead and profits taken in by the insurance companies. It only serves to free up more money in the consumer market to feed back into a broken system.

What will you do when your son's insurance runs out?

The race has started; it's like an hourglass with a finite amount of sand. We have to think of something else, but all our options would give us only a year at most. I'm told I can quit my job and try to join a larger company so my son's chronic illness won't be noticeable to their insurance company. But that might only buy a little bit of time. My wife could try to get a job, but that would mean the cost of putting three children in day care, including one who is ill and needs intensive supervision. I can't get on

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Medicare or Medicaid because I make too much money. I've also been advised to divorce my wife, so that she and the kids might qualify. But that creates another set of bureaucratic problems. The best option is Colorado's high-risk pool insurance (individual insurance for the uninsurable), but that also has a $1 million cap. That could last us a year, or, if my son has any bleeding in his head, could last a few days. One of my last options is to lobby for universal health care; I think I'm a decent example of what is wrong with private insurance in the U.S.

You're one of those people with what Bush described as a "gold-plated" insurance policy, right?

I find that a pretty offensive term. Calling what I have gold-plated is just a way to shift attention away from real problems. My employer has done [its] best, so that we have minimum or no copay. But over the years, they've been forced to shift more of the burden on my co-workers and me. Gold-plated just means more attention on preventive care, which avoids the really costly problem of people only getting treatment in the emergency room. I've been insured my whole life, but we're going to lose it because private insurance is about making profits, not keeping people healthy.

There's a lot of political momentum on health coverage right now, but in the past that momentum has fizzled out. Do you think there's a difference this time around?

My son has hemophilia and is immunosuppressed from his chemotherapy treatments [chemotherapy, in some extreme instances, is used to fight the immune system's resistance to hemophilia treatment]. He's the kind of person that is supposed to be first in line in the emergency room. Instead, we wait for hours in packed emergency rooms where the uninsured are piled in to get basic care. I think what we're seeing in Washington now is a different momentum. If you keep piling snow on a mountaintop, there will eventually be an avalanche. This issue has been pushed under the rug before, but every other industrialized nation has some form of national health care. The system now is nothing short of an abomination. I think there might be enough political will now for a radical change.

Schwarzenegger's Healthcare Reform Proposal Could Conflict With Bush's Aim To Balance Federal Budget (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 30, 2007

WASHINGTON — Gov. Arnold Schwarzenegger wants $3.7 billion a year in new federal funding to cover a big chunk of his healthcare plan for Californians, putting him on a collision course with budget hawks in the nation's capital and leaders in other states seeking assistance.

The sheer size of the federal allocation Schwarzenegger's plan would require is raising eyebrows.

"That's a big number on an annual basis," said Sen. Judd Gregg of New Hampshire, the ranking Republican on the Senate Budget Committee. "California hasn't yet passed a law [implementing the governor's plan], but when they do, I would think people are going to take a deep breath."

The cost of helping states fund their health plans has already attracted the attention of budget cutters because it is complicating President Bush's stated goal of balancing the federal budget in five years. In his new budget, scheduled to go to Congress on Monday, Bush is expected to call for a substantial slowdown in federal healthcare spending. Some of the cuts Bush proposes could affect programs Schwarzenegger is counting on to help pay for his plan, such as Medicaid.

Because California is the most populous state, its plan is by far the largest. But four other states are pursuing initiatives to provide health insurance for all their residents. More are expected to follow this year. That could set off a scramble for increasingly scarce federal dollars.

"When they do the math and figure out just exactly how much federal money will be flowing to California … some people will say, 'Why should California get it, and other states get nothing?' " said health economist Len Nichols of the nonpartisan New America Foundation.

Nichols and other experts say state attempts to reform healthcare are likely to require tens of billions in additional spending in two federal programs that operate as partnerships with the states — Medicaid and the State Children's Health Insurance Program, or S-CHIP. These programs are different in every state, and operate under a complex series of laws, rules and formulas for federal matching funds.

Medicaid is the nation's main healthcare program for the poor, paying for medical and long-term care for more than 55 million people, according to the Kaiser Family Foundation. S-CHIP covers as many as 6 million children a year, mostly in low-income working families that earn too much to qualify for Medicaid. In California, the programs are known as Medi-Cal and Healthy Families.

Washington may struggle to deal with demands for more money from California and other states, but some experts say federal policymakers in effect asked for it after years of little or no action to address the problems of the 47 million uninsured.

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"The reason this is being discussed in a serious way in Sacramento is because it really isn't being confronted in Washington," said Marian Mulkey, a health insurance expert with the California HealthCare Foundation. "If [Washington] reacts negatively, it might just call the question of 'What do they want to do next?' What is Washington doing to address this, if this kind of state solution isn't workable?"

Last week, Bush pledged in his State of the Union address to work with states to cover the uninsured. But that included no commitment for more federal money — only redirection of some existing accounts.

Overall, Schwarzenegger counts on federal coffers to provide about $5.5 billion of the $12-billion first-year cost of his plan. Of that federal money, state officials say, $3.7 billion would be new spending and the rest would be redirected from existing payments.

California officials say the state is entitled to nearly all of the $3.7 billion in new spending under current Medicaid and S-CHIP rules.

Medicaid is an entitlement program, meaning it is not subject to Congress' annual appropriations process. Instead, the federal government has committed by law to match state spending within given limits. The coverage expansions that Schwarzenegger is proposing for low-income children, pregnant women and some other adults are within those limits, state officials say, as are increases in payments to healthcare providers that the governor's plan calls for.

"Given the fact that most of these things fall within the existing laws and rules, we hope that we'll ultimately be successful in securing the funding," said Joe Munso, deputy director of the California Health and Human Services Agency. "The federal government is a key partner in any of these solutions. They are a key partner in our programs today."

However, Congress can change the underlying Medicaid law to cut spending on the program — and it might come under pressure to do so, given that demands from California and other states are likely to add to the federal deficit.

At the U.S. Health and Human Services Department, an official said it was not as simple as California sending the federal government a bill.

"Any change [Schwarzenegger] makes is essentially a change in a contract," said the official, who asked not to be identified because the review process had not yet begun and the issue was considered sensitive. "No change can be made to the original state plan without an agreement from us."

Washington has no dedicated funding to help pay for California's plan.

"It's not like we're holding money for states," said Joseph Antos, a health policy expert with the business-oriented American Enterprise Institute.

"If you have a lot of states taking advantage of what they see as ways to leverage federal money, then I think you would see a reaction that states are gaming the system and we need to shut this off," said Robert Bixby, executive director of the Concord Coalition, a nonpartisan budget watchdog.

It would be different, Bixby said, if the spending came as part of a test of several state plans to help find a suitable model for national health reform. Sens. Jeff Bingaman (D-N.M.) and George Voinovich (R-Ohio) on Jan. 17 introduced legislation to set up such a test.

Pressure from the states may ultimately force Washington to act on healthcare. "We're not going to get a national health plan until two or three big states get plans of their own," said Rep. Pete Stark, (D-Fremont), chairman of the House Ways and Means health subcommittee. "Then big companies are going to come to Congress and say, 'Look, let's start to standardize this.' "

Civilian Reserve Just Words In A Speech (WT)

By Stephen Dinan

The Washington Times, January 30, 2007

President Bush's call last week for a Civilian Reserve Corps to help troubled countries is either a solid idea whose time has come or yet another throwaway applause line in a State of the Union speech and it's up to Mr. Bush to decide how it turns out.

For a proposal during the annual address to Congress arguably the biggest presidential stage this one is mostly bare-bones. There is no plan or legislation, just a pledge to work with Congress to try to create something.

"The big question right now is whether the White House is really going to seriously act on it," said Carlos Pascual, who worked on the idea when he was director of the State Department's Office of Reconstruction and Stabilization. "I think it's the right thing to do. I'm glad the president raised it. It's not going to happen unless the president, the national security advisor, the secretary of state pick up the phone" to Congress.

"If the White House wants to make it not just a presidential throwaway line in a speech but into a reality that can actually be a useful tool they have to show a little bit of leadership on it," said Mr. Pascual, who is now director of foreign-policy studies at the Brookings Institution.

In his address last week, Mr. Bush coupled the idea to his proposal to increase the active-duty size of the U.S. military by 92,000 troops over five years.

"A second task we can take on together is to design and establish a volunteer Civilian Reserve Corps," the president said. "It would ease the burden on the armed forces by allowing us to hire civilians with critical skills to serve on missions abroad when America needs them. It would give people across America who do not wear the uniform a chance to serve in the defining struggle of our time."

Emily Lawrimore, a White House spokeswoman, said the president often hears from Americans who want to help out in some way. But she said it is just a proposed idea at this point.

"He wants to talk to Congress about this idea and how they can work together on a positive, bipartisan opportunity that would demonstrate the great skill and generosity of the American people," she said.

Melanie Anderton, a spokeswoman at the State Department, said the reserve corps would complement a surge of U.S. government employees that the State Department is already building.

Both the active-duty and civilian reserve concepts grew out of trying to meet the challenges of a post-September 11 world, in which failed states can become breeding grounds for dangers to the U.S.

It is not the first time that Mr. Bush has proposed expanding voluntary national service.

Five years ago, he created the USA Freedom Corps, a loose coalition of volunteers helping out in their communities, and called for all Americans to donate their time. He also called for doubling the size of the Peace Corps.

Mr. Pascual said he thinks that the White House is trying to show that the president has learned lessons from the problems with Iraq reconstruction and that this policy gives him something to point to as progress.

But he said the burden is on Mr. Bush to prove he is serious, and said the lack of specifics "is indicative of the lack of leadership around it, the lack of commitment." One test, he said, will be whether the White House funds it in next week's 2008 budget proposal.

Mr. Pascual said that during his time as director of the State Department's reconstruction office, he envisioned the civil reserve as a cadre of several thousand police officers, police trainers, economists and civil administrators ready to deploy in short order to world hot spots. The corps would train together for several weeks a year, just like the military reserve does, so they would have common procedures.

A reserve would fill the holes in the current system, which relies on military troops not trained for civilian tasks or on contractors who often cannot be deployed in less than 90 days even in the most urgent of circumstances.

The idea has been kicked around in government circles for a few years and been the subject of several feasibility studies.

A civilian reserve was even a feature of former Gen. Wesley Clark's 2004 failed campaign for the Democratic presidential nomination. He proposed a far broader reserve that could be mobilized for local, national or international needs.

Mr. Bush's proposal last week found a mixed audience among bloggers, with some saying the idea is overdue, but others saying the details will matter. One blogger said he "was reminded of Police Academy 4: Citizens on Patrol," a comedy about bumbling police officers assigned to train a civilian force to fight crime.

Mr. Pascual said the initial setup costs would be in the neighborhood of $150 million over a few years, and have a recurring cost of $50 million to $70 million. During a deployment, costs would go up, he said.

The White House did request $25 million in the 2007 budget to get the program started, but Congress did not appropriate the funds. The concept has congressional supporters, including top Republicans and Democrats on the Senate Foreign Affairs Committee. The Senate last year passed by unanimous consent a bill that would have authorized the program, but it did not receive a vote in the House.

Why Volunteerism Has Reached Historic High In US (CSM)

By Amy Green

The Christian Science Monitor, January 30, 2007

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ORLANDO, FLA.

To Linda Rogewitz and her husband, it can be a matter of life or death. When they get a call, they drop everything – birthday parties, other engagements – to rush to the side of an injured bird. They save dozens of birds a week, they estimate, as volunteers for the Audubon Society's Center for Birds of Prey in Orlando.

"You don't have to make a grand effort," says Ms. Rogewitz, a massage therapist in Kissimmee, Fla., seated in the center's courtyard surrounded by caged birds. Two owls the couple brought in recently are being treated in hopes they can be released eventually. "If you wait for that grand effort, you'll never get anything done," this volunteer advises. "Start small."

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Those small donations of time are adding up: More Americans than ever before are volunteering. In 2005, 29 percent of adults were serving – a 30-year high, according to a December report by the Corporation for National and Community Service (CNCS).

It's partly because volunteerism is uniquely rooted in the American character, some experts say. Barn-raisings and harvest seasons bonded communities long ago. Today, as mentoring, drug rehabilitation, and other programs depend primarily on volunteers, and as religious groups reach far beyond their congregations to address social problems, the trend is poised to engender real change, says David Eisner, chief executive of the CNCS.

"There are no other countries that have the kind of deep-rooted volunteering ethic that we have," Mr. Eisner says. "If we're able to engage volunteers in our country to visit these issues ... volunteers won't just turn the tide and make a difference, but we can fundamentally solve some of our most intractable problems."

Three age groups – older teens, baby boomers, and seniors – are driving the upsurge. And as these teens grow and boomers retire, bucking the expectation they will slow down, together they could expand volunteerism even more, Eisner says. The CNCS, a federal agency that since 1993 has fostered civic engagement through community service, has launched a push to boost the number of US volunteers by 10 million to 75 million by 2010.

Education and youth service organizations such as schools and Boy Scouts, in particular, are seeing an increase in the number of volunteers. Older teens more than doubled their volunteering rate since 1989 from 13 percent to 28 percent, according to the CNCS report. AmeriCorps, a network of domestic service programs throughout the US, has grown, too, from some 25,000 participants to more than 70,000 since it was established in 1994.

The findings came as no surprise to Howard Rosing, executive director of the Steans Center for Community-based Service Learning at DePaul University in Chicago. The center promotes community service and tracks trends and statistics on volunteering. Today's students want to be involved and to have an impact on important social issues, he says.

One of them is Stephanie Treffert, who led 100 fellow college students to the Gulf Coast in December to help them rebuild after hurricane Katrina. Ms. Treffert, now a sophomore at Marquette University in her hometown of Milwaukee, was a freshman at Loyola University in New Orleans when Katrina hit in 2005.

Her affection for the Big Easy prompted her in 2006 to form MARDI GRAS – Making a Real Difference in the Gulf Region and Areas Surrounding. She obtained funding for her organization from Marquette's student government and organized two trips to the region. The students made the journey in minivans they rented and worked in New Orleans, Mississippi, and Alabama. She plans a third trip this spring.

Recent disasters such as Katrina, the tsunami in South Asia in 2004, and the terrorist attacks in 2001 showed many people that they are not far removed from poverty, Treffert says. "You see this, and it's America. It's not a third-world country," she says of her experience on the Gulf Coast. "These are people you could have [gone] to school with."

While the disasters contributed to the trend, it was under way before they occurred, Mr. Rosing says. Americans today are better educated and have longer life spans, leading to increased volunteerism, Eisner says.

Schools requiring service

High schools in Washington require community service as part of their curriculum, and course work at high schools in Maryland include a community service component. In 2005, Tulane University began to mandate community service for graduation as a response to hurricane Katrina.

At the same time, companies, including CVS, Best Buy, and The Home Depot, are giving employees time to volunteer and are rewarded with more productivity and higher retention rates, Eisner says.

"The hope is that, with more engagement with the community and diverse issues, students become more active at the political level. They become more politically or civically engaged in the political process and become more active in creating policies that address the systematic problems we're working on," Rosing says.

Beyond the 9-to-5 job

Americans want something more than a 9-to-5 job, says Annmarie Emmet of Washington, who joined the Peace Corps at age 71. A retired government banker who never married, Ms. Emmet began volunteering at the Vietnam Veterans' Memorial Wall 18 years ago. In 2002, she journeyed to the African nation of Lesotho, where she spent two years helping those affected by the AIDS crisis. Her reason for volunteering is simple: She enjoys helping people.

"So many people sit in front of a computer in an office, and I feel sorry for them," Emmet says. "I think so many people go to real 9-to-5-type jobs and don't find a lot of reward in it, and I think maybe being able to help someone or maybe being able to offer something that is not expected, that can make people feel good."

Bush Clarifies 'Democrat Majority' Gaffe (AP)

By Ben Feller

DOJ_NMG_0124391

AP, January 30, 2007

This one has gotten a little ic-ky for the White House. President Bush said Monday he wasn't trying to disparage the party now running Congress by referring to it as the "Democrat majority," as opposed to the "Democratic majority," in his State of the Union speech.

"That was an oversight," Bush said in an interview with National Public Radio. "I mean, I'm not trying to needle."

Bush's dropping of the "ic" at the end of the word prompted grumbling by Democrats that he purposely got their name wrong.

This is not a new charge. President Reagan used to refer to the "Democrat Party." Democratic leaders have long considered it demeaning when their suffix is omitted, and some of them figured it was no accident in a speech as highly choreographed and rehearsed as Bush's State of the Union.

Bush said he wasn't even aware that he had done it.

"I meant to be saying, why don't we show the American people we can actually work together?" Bush said.

The verbal shot came in the same breath as the president was congratulating Democrats for winning the House and Senate in the November election.

In the language the president was supposed to read, the reference was "Democratic," not "Democrat."

"We take him at his word that it was an oversight," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi, D-Calif.

Bush said the theme of his speech was about cooperating with Democrats on big issues such as Social Security.

Yet, after another bitter campaign season in 2006, that talk of bipartisanship comes with plenty of skepticism.

"There is distrust in Washington. I am surprised, frankly, at the amount of distrust that exists in this town," Bush said. "And I'm sorry it's the case, and I'll work hard to try to elevate it."

Then the president conceded: "I'm not that good at pronouncing words anyway."

Kate Bedingfield, a spokeswoman for the Democratic Congressional Campaign Committee, said the true test of Bush's commitment to bipartisanship is "not what he calls the Democratic Congress."

Rather, she said, it is his willingness to work with the Democratic majority on an agenda to help middle-class families.

The next chapter will come this weekend.

Bush plans to speak to the House Democratic Caucus at its conference this weekend in Virginia.

On the president's schedule, that event is referred to as the "House Democrat Conference."

Bush Says Missing '-ic' Was An Oversight (WP)

By Michael Abramowitz

The Washington Post, January 30, 2007

President Bush says the missing "-ic" in the State of the Union address was nothing more than an oversight.

Near the beginning of the speech last week, Bush congratulated "the Democrat majority" for its electoral victory, using a long-standing Republican formulation seen by many Democrats as a calculated insult. Some liberal bloggers and party strategists saw the president's omission of the last two letters of the party's proper name, Democratic, as a sign of insincerity in preaching bipartisanship.

Nothing of the sort, Bush said in an interview yesterday with National Public Radio's Juan Williams.

"That was an oversight," said Bush, who frequently uses the formulation. "I mean, I'm not trying to needle. Look, I went into the hall saying we can work together, and I was very sincere about it. I didn't even know I did it."

Bush also said he "didn't mean to be putting fingernails on the board," while noting that the parties need to work together on addressing problems with the Social Security system. "I am surprised, frankly, at the amount of distrust that exists in this town," the president said. "And I'm sorry it's the case, and I'll work hard to try to elevate it. So the idea that somehow I was trying to needle the Democrats, it's just -- gosh, it's probably Texas. Who knows what it is? But I'm not that good at pronouncing words anyway."

White House press secretary Tony Snow seemed peeved with reporters asking about the Bush mispronunciation at his morning press "gaggle" yesterday, accusing the reporters of making "three mountains out of a molehill" and suggesting that the press was not much interested when Democrats bashed Bush with language calling him a "loser" or a "liar."

"This looks like an exercise of looking for a fence rather than looking for a way to work together," Snow said. "There was no intentional slight of anyone."

For now, Democrats are standing down.

Brendan Daly, spokesman for House Speaker Nancy Pelosi (D-Calif.), said, "We certainly take the president at his word." The normally garrulous Jim Manley, spokesman for Senate Majority Leader Harry M. Reid (D-Nev.), said he had no comment.

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The 'Democrat Majority' Is Still The Talk Of The Capital (LAT)

By Maura Reynolds

The Los Angeles Times, January 30, 2007

WASHINGTON — Will President Bush put the "-ic" back in "Democratic"?

That was the hot topic around Washington on Monday after the president was asked why, during his State of the Union address last week, he referred to Congress' new "Democrat majority."

"That was an oversight," Bush said in an interview Monday with National Public Radio. "I'm not trying to needle…. I didn't even know I did it."

The issue of whether it is a slur to refer to the Democratic Party without the "-ic" has become an irritant. It comes at a time when Democrats and Republicans are trying to figure out whether they can work together, after years of fierce partisanship in the nation's capital.

Some Democrats said the president's usage in the speech — even though his prepared text included the "-ic" — sent the wrong message.

"It's a long-standing intentional partisan political slight," said Daniel Weiss, chief of staff to Rep. George Miller (D-Martinez). "It's kind of like flashing colors in a gang. It's code. It says, 'I'm one of you, I'm a right-wing conservative.' "

And experts on political locution say it's a deliberate, if ungrammatical, linguistic strategy.

"The word 'democratic' has such positive emotional valence … so they politicize it to use it as a term to describe a group of political rivals," said Roderick P. Hart, a professor of communications and government at the University of Texas in Austin.

"Democrat Party" is not common usage in Texas, Hart said, noting that the only people he had heard use it were "sitting Republican legislators."

For the president's part, when told the term grates on Democrats, he pleaded ignorance. "I didn't mean to be putting fingernails on the board. I meant to be saying, Why don't we show the American people we can actually work together?" Bush told NPR.

For her part, the government's most powerful Democrat, House Speaker Nancy Pelosi of San Francisco, has brushed off the controversy. "She takes the president at his word that it was an oversight," said Pelosi spokesman Brendan Daly.

The use of the term "Democrat Party" goes back decades. One explanation sometimes offered is that Republicans began to use it to hint that corrupt Democrats were not terribly "democratic" and had no right to use that word to describe themselves. Others say it was adopted because it sounds annoying and echoes the word "bureaucrat," with its negative connotations.

Whatever the initial impulse or rationale, the term became controversial as far back as the 1950s. Sen. Joseph McCarthy (R-Wis.) famously used it to deride Democrats during his hearings investigating whether Communists had infiltrated the U.S. government. During the 1956 Republican convention, the usage was so common that it prompted the New York Times to report that dropping the "-ic" had become official party policy.

" 'Democratic' as an adjective is not descriptive of the party as it exists today," GOP spokesman L. Richard Guylay explained in that report, referring to allegations of vote-fixing by the Democratic Party's political machine in large cities. "I can't consider the party of the Pendergasts or Tammany Hall as a democratic party."

In 1957, writing about the phenomenon in American Speech, the quarterly journal of the American Dialect Society, scholar Ignace Feuerlicht wrote: "It will be interesting to see whether 'Democrat Party' will stay with us or go out of existence again or be revived and revitalized at intervals just before successive national elections."

Feuerlicht seems to have been prescient: A search of a database of presidential speeches and remarks shows that use of the term has increased during election seasons and has been aimed primarily at partisan audiences.

President Reagan used it more in 1984, the year of his reelection campaign, than at any other time in his presidency. In the case of President Bush, the term shows up in his remarks more in 2004 and 2006 — both election years — than during the rest of his time in office.

In fact, Bush's usage of the term increased dramatically last year; according to the American Presidency Project, based at UC Santa Barbara, the president was recorded using the term 22 times in 2006 — more than in the previous five years of his presidency combined.

The term also is commonly used by other Republican leaders. On Monday afternoon, the office of the top GOP leader in the House, Minority Leader John A. Boehner of Ohio, issued a news release asking, "What is the Democrat strategy in Iraq?"

"It sounds illiterate to me," said the University of Texas' Hart. "It's a noun used to modify a noun, and everyone knows you use an adjective to modify a noun."

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Some Democrats doubt that the president is truly unaware of the pejorative tone of the term, but others acknowledged that it might have become such common parlance among Republican politicians that Bush used it without understanding its origin or undertones.

"It's like 'nuclear.' I just don't think he understands what he's saying," said one Democratic aide.

That was another defense Bush himself offered during the NPR interview.

"Gosh, it's probably Texas. Who knows what it is?" he said. "But I'm not that good at pronouncing words anyway."

No Offense, But ... (NYT)

By Jim Rutenberg

The New York Times, January 30, 2007

President Bush says he had no intention of offending members of the other party when he said in his State of the Union address, "I congratulate the Democrat majority." In an interview yesterday, Juan Williams of NPR asked Mr. Bush about dropping the "ic," something the president does regularly, to the intense annoyance of many Democrats.

"The idea that somehow I was trying to needle the Democrats, it's just — gosh — it's probably Texas," he said. "Who knows what it is. But I'm not that good at pronouncing words anyway."

Last weekend, Mr. Bush put his bipartisan spirit on display, right there on the schedule distributed by the White House: "The president makes remarks to the House Democrat Conference."

But late yesterday a new version of the schedule was released. "Democratic conference," it said.

Senate To Consider Minimum Wage Bill With Tax Breaks (NYT)

By Kate Zernike

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — The Senate is expected to clear the way on Tuesday for an increase in the minimum wage that Democrats and some Republicans agree is overdue.

But the Senate's approval may not mean that workers will actually start receiving bigger paychecks in the immediate future.

The Senate bill differs from the one that cleared the House, and includes $8.3 billion in tax breaks for small businesses that Republicans and some Democrats say are necessary to offset the cost of the wage increase.

The House bill, which passed by a vote of 315 to 116, with 82 Republicans joining the Democrats, included none of those tax breaks. And Democratic leaders there have said they want to hold out for that kind of "clean" bill.

The question is how the leaders in both houses choose to reconcile the two approaches.

The first Senate vote will be on whether to limit debate on the measure, leading to a second vote — and expected approval — later this week.

Then, the Senate could hold on to the bill, leaving it to leaders from both chambers to work out the differences. Or, it could send the bill to the House, where the House could strip out the tax breaks and send it back to the Senate for a new vote.

Aides to some House leaders say they would be willing to allow some of the tax breaks. But others, including Representative Charles B. Rangel, Democrat of New York and the chairman of the Ways and Means Committee, are insisting that they will not concede any tax cuts.

House Democrats say that by forcing a vote on a clean bill they would force Senate Republicans to put themselves on record as opposing a wage increase, which was a popular campaign issue in the midterm elections.

"We are still operating on the assumption or hope that the Senate will pass a clean minimum wage bill," said Stacey F. Bernards, a spokeswoman for Representative Steny H. Hoyer of Maryland, the Democratic leader. "If it doesn't happen, it's because a minority of Republicans held it up. It's their fault."

That simple approach to raising the minimum wage failed in the Senate last week. Sixty votes were required to cut off debate on the bill, sending it for a vote, but Democrats were able to enlist just five Republicans, for a vote of 54 to 43.

"The only way we're going to get a minimum wage increase through the Senate is if it is accompanied by tax breaks for small businesses," said Jim Manley, a spokesman for Senator Harry Reid of Nevada, the Democratic leader. "I haven't seen a diminution of the opposition."

Senator Charles E. Schumer of New York, the No. 3 Democrat in the Senate, said he believed the Senate might go along if the House sent back a bill stripped of the tax breaks. "This is good cover for the Republicans," he said. "They're saying, 'I'm not against a minimum wage increase, I just want tax breaks for small businesses.'

"But when the choice is yes or no because the House did something out of our control," he added, "I think we'll get more of them on our side."

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Senator Edward M. Kennedy, the Massachusetts Democrat who has been the chief proponent of the measure, has hammered Republicans almost daily, accusing them of trying to stall the bill with amendments. “It’s always baffling to me what do Republicans have against hard-working Americans?” he said Monday.

The bill would raise the federal minimum wage $2.10 an hour over two years, from $5.15 to $7.25, and would be the first increase since 1996.

Among the tax breaks would be a five-year extension of the credit provided to employers who hire people who have traditionally had trouble finding jobs, as well as a tax credit for hiring veterans disabled in Afghanistan and Iraq after the 9/11 attacks; an extension through March 31, 2008, of a provision that allows businesses to deduct the cost of improvements to leased properties more quickly; and a permanent change to the tax code allowing small businesses to use the cash method of accounting.

The Senate Committee on Finance, which approved the small business tax breaks in the package being voted on, said the cuts would be covered by closing tax loopholes for companies and executives.

Strike One For Executive Pay (WSJ)

By Sarah Lueck

The Wall Street Journal, January 30, 2007

The Senate's likely passage this week of legislation raising taxes on executive pay is just the beginning of a tough look by the new Democratic Congress at big corporate compensation packages.

The provision is attached to a bill that would raise the minimum wage to $7.25 an hour from the current $5.15. It would cap at $1 million a year the amount an employee could place in certain tax-deferred-compensation plans. Currently, there is no limit on how much compensation can be deferred into the plans, allowing executives to put off taxes for years on millions of dollars in pay.

The legislation also would limit the income-tax deductions companies can claim for high-paid executives who left the firm during the year. Combined, the two measures would raise about $900 million in new tax revenue over 10 years, according to congressional estimates.

And that may be just the beginning of the first extended assault on executive pay from Capitol Hill since the last time Democrats were in control, during the early 1990s. In addition to tax changes, the new chairmen of the House and Senate committees that oversee financial services say they want to give shareholders more control over executive compensation.

Two forces are driving Washington's new focus on executive pay. One is the Democratic Party's increasingly populist appeal. In delivering the party's official response last week to President Bush's State of the Union address, Virginia Sen. Jim Webb put economic inequality alongside Iraq as one of his broadsides against the White House. "When I graduated from college the average corporate CEO made 20 times what the average worker did," Mr. Webb said. "Today, it's nearly 400 times."

At the same time, Democrats have pledged to live within pay-as-you-go budget constraints that require new spending or tax breaks to be offset by budget cuts or revenue increases. Under those rules, executive pay makes a more tempting target than, perhaps, raising middle-class taxes, or cutting popular spending programs.

"We're in an environment where, because of pay-go rules, Congress is having to look to find revenue," says Bob Shepler, director of corporate finance and tax at the National Association of Manufacturers. "They haven't been shy about saying the highly compensated individuals are where they're going to look first. Executives are an easy but unfair target."

Despite that, it is unclear the tax changes for executive pay ultimately will go anywhere. Business groups are lobbying against the proposals, blitzing lawmakers with letters saying they will disrupt compensation arrangements that companies use to attract and retain top employees. "The tax code is neither an appropriate nor an effective means of regulating excessive compensation," wrote David A. Heywood, general tax counsel for Lockheed Martin Corp., on behalf of the taxation committee at Financial Executives International, which represents more than 15,000 financial executives.

Opponents of the new pay curbs say the Senate proposals would hit compensation in investment banking, where large bonuses often are deferred. They hope those arguments will hold sway with the House's chief tax writer, Ways and Means Chairman Charles Rangel (D., N.Y.).

Mr. Rangel has expressed reservations, saying in an interview: "I don't want to get involved in setting people's salaries."

Mr. Rangel's aversion to the Senate executive tax has as much to do with process as substance. The Senate measure is part of a complex tax package that the chamber attached to the minimum-wage increase. It includes $8 billion in tax breaks for small businesses, such as restaurants, that might be hurt by the mandated pay increase, and $8 billion in offsetting tax increases, including the executive-pay provisions and larger changes that would restrict certain corporate tax shelters.

The House passed a "clean" minimum-wage increase with no taxes attached, and the two chambers will have to work out their differences.

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Even if the new compensation packages do become law, it is unclear if they will have the desired effect -- or if they will just push companies to come up with ways to get around the provisions.

The new plan to curb deferred compensation is aimed at reducing the escalating disparity between top executives and other employees. Advocates note that while there is no current limit on the amount of compensation that employees can place in certain deferred-compensation plans, most workers can add only $15,000 a year, tax-deferred, to their 401(k) plans.

One wrinkle in the proposal is that it actually sets two limits: $1 million, or the average of the employee's taxable pay for the previous five years -- whichever is lower. Business groups contend that even midlevel employees could find they exceed the limit for a given year and end up affected by the new tax. Senate Finance Committee spokeswoman Carol Guthrie said middle-income earners are in different types of savings plans than those impacted by the provision.

The other executive-pay provision would close what Senate aides describe as a loophole. Current rules limit companies to no more than $1 million a year in income-tax deductions for certain types of compensation to their top-five officers -- but only if the officers still are working at the company at the end of the year. The Senate provision broadens the $1 million deduction limit to anyone who served as chief executive or one of the four highest-paid individuals, even if they have left the company.

Supporters of the changes say they are meant to reduce the use of huge exit packages, like the one likely to go to Pfizer Inc.'s former CEO Henry "Hank" McKinnell. Mr. McKinnell, who is slated to leave as chairman next month, could walk away with a deferred-compensation package valued at nearly $80 million.

Rep. Barney Frank (D., Mass.) says the Senate's executive-pay proposals are just the opening of a broader discussion of executive pay that is "always useful to have." Mr. Frank, chairman of the House Financial Services Committee, plans to hold hearings on executive pay in coming months and introduce legislation giving shareholders more power over compensation. "CEOs ought to understand it's a further signal of how unhappy people are," said Mr. Frank of the Senate proposals.

Kennedy, GOP Engage In War Of Words On Tax Cuts (WT)

By Charles Hurt

The Washington Times, January 30, 2007

During an impassioned floor speech last week, Sen. Edward M. Kennedy lashed out at Republicans for insisting on tax cuts targeted for small businesses to offset the cost of raising the minimum wage.

"How many more billions of dollars do we have to give you, Mr. Republican?" the Massachusetts Democrat shouted. "How many more dollars do we have to give you to get an increase in the minimum wage? It is shocking. It is disgraceful."

So the Senate Finance Committee -- headed by Sen. Max Baucus, Montana Democrat -- added up the amount of tax cuts that it had included in the minimum-wage bill that the panel approved earlier this month. The $8.3 billion in tax cuts were aimed at the small businesses that hire most minimum-wage workers.

Senate Republicans were quick to note that the $8.3 billion in tax cuts for small businesses nationwide is less than the $8.5 billion federal funding cap placed on Boston's Big Dig highway project. Mr. Kennedy has been the principal sponsor of the project, which has been riddled with corruption, cost overruns, delays and safety woes.

"Senator Kennedy complains about $8.3 billion in tax relief out of one side of his mouth, while asking for $8.5 billion in pork-barrel spending out of the other," said Wesley Denton, spokesman for Sen. Jim DeMint, South Carolina Republican.

"He wants to have it both ways, and that's exactly what this debate has been about. He says he wants to help people get out of poverty, but then proposes a one-size-fits all federal mandate that actually prevents people from getting their first job," Mr. Denton said.

One Republican leadership aide wondered whether minimum-wage workers would be "better served by an increase in the minimum wage with protections to ensure that employers do not cut back on jobs" or a "bailout of one of the most overpriced construction projects in history."

Republicans Block House Pay Raise (AP)

By Andrew Taylor

AP, January 30, 2007

House Democratic leaders Monday abandoned attempts to revive an annual pay raise cherished by rank and file lawmakers, a decision prompted by lingering GOP anger over last year's campaign.

Lawmakers' pay will be frozen at $165,200 for this year in a dispute fueled by the Democrats' use of the issue in last year's campaign, violating a yearslong understanding that the competing parties would not attack each other over pay raises.

At issue is the annual congressional cost of living adjustment, or COLA, under which lawmakers automatically get a pay hike unless Congress votes to block it. Democratic and Republican leaders had worked cozily for years to make sure an annual pay-related vote went smoothly.

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Under the agreement, the annual vote came on an obscure procedural move — instead of a direct up-or-down vote — and the Democratic and GOP whips each delivered a roughly equal number of votes to shut off any move to block the pay hike.

That arrangement fell apart when Democrats announced last summer they would opt out of the pay raise until Congress acted to raise the minimum wage. The Democratic Congressional Campaign Committee ran ads attacking Republicans for taking pay raises while blocking numerous attempts to raise the minimum wage.

A top House GOP leader said Democrats broke the agreement last year after the pay raise-related vote had already taken place. In a 263-152 vote in June, the House blocked a bid by Rep. Jim Matheson, D-Utah, to force an up-or-down vote on the pay raise.

"The agreement always was that the parties would not use the COLA issue in the campaign," said House GOP Whip Roy Blunt of Missouri. "It was as formal as anything not signed is."

In December, a GOP-drafted bill delayed implementation of the pay raise until Feb. 16. Democratic leaders tried in recent days to craft language to delay the pay raise a few more weeks or months to provide more time for the minimum wage bill to advance into law.

Republicans said no.

"The DCCC ran their own ads attacking (GOP) members on this," Blunt said. "Because of that their members are going to suffer in terms of not being able to have a COLA."

Members were originally due to begin receiving a 1.7 percent, or $2,800, annual increase Jan. 1, but they already lost about $320 with the delay to Feb. 16.

Politics Could Scuttle Raising Pay For House Members (NYT)

By Carl Hulse

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — The annual raise for members of the House is on the verge of being eaten up in political payback.

Republicans, who were attacked by Democrats in the 2006 campaign for accepting annual raises while not increasing the federal minimum wage for 10 years, say they are inclined to oppose any increase for representatives. And Democrats say they are not likely to enact one on their own, which would open them to attack in the next campaign.

Republican leaders point a finger at the hard-hitting Democratic campaign operation of last year, saying Monday that making the raises a political issue violated a longtime unwritten agreement between the parties.

“It was absolutely understood and agreed to,” said Representative Roy Blunt of Missouri, the second-ranking Republican.

Mr. Blunt and others said the raises were crucial for members of Congress who are not independently wealthy and must operate two households on the current $165,200 salary. The annual raise for this year was set at 1.7 percent, about $2,760.

Democrats seized on the raise last fall to emphasize the stagnant minimum wage. Both parties backed a provision in a stop-gap spending bill that prohibited any Congressional raises until the minimum wage was increased. That stop-gap measure is due to expire, and the House is set to extend it on Wednesday.

“We said all along there would be no pay raise until we pass the minimum wage,” said Brendan Daly, spokesman for the speaker, Nancy Pelosi, Democrat of California.

But now that the minimum wage increase is making progress, some lawmakers are considering making their own raise effective June 1 to allow time for a minimum wage bill to be signed into law.

Republican objections appear intended to try to drive a wedge between the Democratic leadership and lawmakers who were hoping for the salary increase.

Democrats Craft Spending Bill As Deadline Looms (WSJ)

By David Rogers

The Wall Street Journal, January 30, 2007

WASHINGTON -- Democrats put the final touches on a $463.5 billion spending bill designed to keep the government operating for the rest of the fiscal year and bridge the gap left by the collapse of the budget process last fall.

Never before in modern times has Congress attempted this type of streamlined funding resolution on such a large scale. The bill touches almost every corner of the government, down to securities transaction fees charged by federal regulators and even lawmakers' pay.

· The News: Democratic Congressional leaders put together a $463.5 billion spending bill after Republicans failed to act last year.

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· What's at Stake: Without House and Senate approval by Feb. 15, operations at most domestic agencies could come to a halt.

· What's Next: Negotiations are likely with conservatives and administration officials for concessions to keep the process on track.

Reflecting the new Democratic majority, the largest funding increases would go to veterans' medical care, Pell Grants for low-income college students, law enforcement, and fighting AIDS and malaria overseas. The White House appeared receptive to much of the package, but it would have to accept an almost $3.6 billion cut from its fiscal 2007 request for military construction and base-closing funds.

"We know this is not going to be enough to sustain the government for the balance of the fiscal year," said Mississippi Sen. Thad Cochran, the ranking Republican on the Senate Appropriations Committee. "I don't know anybody who would pretend otherwise."

Faced with a Feb. 15 deadline, speed is essential and the House is scheduled to vote tomorrow without a formal committee markup. The Senate will be more of an obstacle, and Democrats hope that concessions to conservatives and weeks of negotiations with federal agencies will hasten action there as well.

Both parties have a stake in resolving the crisis now. Republicans complain of the rushed schedule, but are embarrassed for failing to complete spending bills last fall, leading to the current predicament.

The White House wants relief for agencies operating since Oct. 1 under a stopgap funding bill -- a situation that has become untenable for major Cabinet departments, such as Justice.

That stopgap measure expires Feb. 15, and rather than extend it again, the new House Appropriations Committee leadership will craft a long-term, streamlined funding resolution to carry the government through the end of the fiscal year, Sept. 30.

The basic funding formula calls for continuing agencies at 2006 spending levels, after first stripping out one-time emergency funds. Account-by-account, the legislation then cuts and adds by creating scores of exceptions to meet agency needs and fill a gap of $10 billion to $12 billion before reaching the $463.5 billion total.

That number was chosen to conform to President Bush's budget for this year and appeal to White House support.

In addition, a temporary moratorium is imposed on any spending earmarks for lawmakers, and the bill would freeze congressional pay at $165,200 and deny members a scheduled 1.7% adjustment next month.

Major additions include $4.4 billion for veterans' medical services and $2.3 billion for education and health programs. The National Institutes of Health budget would grow to $28.9 billion, a $619.5 million increase, and an additional $207 million is provided for community health centers.

Among education accounts, funding for Title I reading and math instruction for low-income public school students is increased by $125 million; an additional $615 million is provided for Pell Grants to low-income college students, money that will help raise the maximum annual grant by $260 to $4310.

Law enforcement is a third priority, with an estimated $1.7 billion increase, including an additional $309 million for the Federal Bureau of Investigation, once emergency funds in 2006 are excluded.

Within foreign-aid accounts, an estimated $248 million is provided to fight malaria, a $149 million increase. And the measure is expected to at least match the administration's total request to fight AIDS, though the Geneva-based Global Fund would receive a greater share: $724 million, a $180 million increase and twice what the administration had requested.

The military will get about $3 billion less than it wanted to help close military bases and relocate thousands of troops to the U.S. from posts in Europe and Asia.

Across the board, many agencies will be effectively frozen at their 2006 appropriations with only a modest increase in personnel funds to cover half the cost of scheduled federal pay raises this year, about 2.2%.

The Securities and Exchange Commission will find itself still below the $905 million requested by the administration, but the bill allows the agency to go ahead with a promised reduction in transaction fees that has been delayed because of the budget breakdown.

Those fee reductions had been tied to passage of the agency's "regular" appropriations bill for fiscal 2007, but there has been nothing regular about the budget process of the past 12 months.

The legislation now spells out that for the SEC's purposes, this bill meets these requirements, meaning that upon enactment the agency could proceed with the delayed reductions.

The reductions include a proposed cut in fees for transactions on stock exchanges and over-the-counter markets -- to $15.30 per million dollars from the current rate of $30.70 per million dollars.

While the final text wasn't public last evening, the changes look to be applicable to future transactions only.

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In Need Of Cash, Dems See Billions In Biotech (HILL)

By Jeffrey Young

The Hill, January 30, 2007

Senior Democratic lawmakers are close to introducing legislation to create a pathway for the approval of generic biological drugs in the hopes that the cheaper medicines will create billions of dollars in budget savings, which could be used to offset some of the cost of expanding federal health programs.

But the biotechnology companies that manufacture biologic pharmaceuticals caution that their products are not as easily reproduced as traditional, chemically based drugs, and are calling for legislators to include stricter safety and effectiveness testing requirements in the bill.

Democratic leaders and committee chairmen in both the House and Senate are considering a menu of costly healthcare items such as enhancing the Medicare Part D prescription-drug benefit and expanding the State Children's Health Insurance Program (SCHIP).

Lawmakers working on legislation to accomplish such goals, however, are under pressure to find ways to finance them. The Democratic leadership has promised to adhere to pay-as-you-go budget rules that demand all new spending or tax cuts be offset by reductions in spending or increases in taxes.

Rep. Henry Waxman (D-Calif.), the senior member of the Energy and Commerce Committee who is taking the lead on drafting the biologics bill, asserted that his legislation could have a big impact on healthcare spending.

"There's a great deal of savings that can be achieved," Waxman said. Although he would not name a specific amount or range of savings in dollars, he said, "There are some pretty dramatic figures." New York Democratic Sens. Charles Schumer and Hillary Rodham Clinton will introduce a companion to his bill, Waxman said.

Waxman said that he had no plans to link whatever budgetary savings would result from his bill to any specific new spending, a position seconded by Rep. Frank Pallone Jr. (D-N.J.), the chairman of the Energy and Commerce Committee's Health Subcommittee.

Still, Pallone said, the Democratic leadership and the committee are serious about getting healthcare to more people and about finding ways to pay for it.

"Whenever we save money, it makes it possible to do more to expand coverage," Pallone said. "This isn't just generics. This is everything." As an example, Pallone cited the House's passage of a bill to require direct federal negotiation of drug prices under Part D as part of a larger strategy to expand that program.

The biotech and pharmaceutical industries could end up in a lobbying battle not only with Democrats such as Waxman but also with other powerful players in the healthcare industry.

Moreover, not all of the companies that make up the membership of the Biotechnology Industry Organization (BIO) and the Pharmaceutical Research and Manufacturers of America necessarily will oppose the bill. Some of these companies are interested in competing with the firms that currently control the biologic-drugs market.

Waxman predicted that the private-sector interests that bear the cost of prescription drugs would be supportive of his bill. "I think those who are payers for drugs … should want this legislation, and do want it," he said. Waxman's staff held two briefings for lobbyists on the legislation last week, he said.

Health insurers and the pharmacy benefit managers that negotiate bulk-price deals with drug makers for private insurers and Medicare, for example, are eager to see the cost of medicines come down. These industries are watching Waxman and his colleagues closely and are considering backing the bill, which would be introduced as soon as early February.

"Certainly, [the savings] would be tens of billions of dollars," Pharmaceutical Care Management Association (PCMA) President and CEO Mark Merritt said. "In the pay-go world, that means something."

Under a version of Waxman's bill introduced last year, Merritt said, Medicare would save $14 billion over 10 years just on the biologic medicines that are administered by doctors in their offices, which are paid for through Medicare Part B. The PCMA-sponsored analysis did not project savings for Medicare Part D or for other federal programs.

The Biotechnology Industry Organization (BIO) rejected PCMA's analysis, in part by arguing that PCMA underestimates the cost of manufacturing biologic drugs, especially for those companies that have never done it before.

The Food and Drug Administration (FDA) long has had a process in place to approve of generic versions of drugs made of chemical compounds, of which exact copies can be made.

Congress, however, has yet to create an FDA approval process for generic biologic drugs, which are based on organic protein molecules. As such, nearly all drugs developed in this manner remain available only in the higher-priced, name-brand version, regardless of how long they have been on the market.

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The manufacturers say their drugs cannot be duplicated precisely in the same way as chemical compounds. “There really is no ‘generic’ biologic,” BIO spokesman Paul Winters said. “You cannot exactly copy the biologic molecule.”

The biotech industry rejects the label “generic,” maintaining that the term is inaccurate because a new version of an existing biologic drug would not be identical to the original. BIO and others say that there should be an FDA approval process for these so-called follow-on biologic drugs but that they should not be labeled as generics.

Moreover, BIO argues that any company wishing to manufacture and sell follow-on biologic drugs should have to prove they are safe and effective. BIO is not opposed to the competition in principle, Winters said, “you just need to validate it by research.”

The ranking member of the Health Subcommittee, Rep. Nathan Deal (R-Ga.), agreed. “We just need to see what the science says about that,” Deal said. “You can’t really make the analogy that generic biologics are the same as other generic drugs.” Deal said he met with BIO’s president and chief executive, former Rep. Jim Greenwood (R-Pa.), on the bill last week.

Waxman said that his bill would promote safe and effective drugs. “There is a difference [between chemical and biologic drugs] but that doesn’t mean that it should prevent us” from granting the FDA the authority to approve non-brand-name biologic drugs, he said.

Pelosi Reaches Out To Blogging Community (AP)

By Erica Werner

AP, January 30, 2007

Shortly after her swearing-in as the first female House speaker, Rep. Nancy Pelosi took time to field questions from a few dozen Internet bloggers on a conference call that was off limits to mainstream media.

Last week, Pelosi's aides arranged for bloggers to question two Democratic House leaders on another conference call shortly before President Bush's State of the Union speech.

Pelosi also hired a full-time staff member this month dedicated to blogger outreach, and is making plans to launch a blog of her own. The day she was sworn in, bloggers were given special accommodations at the Capitol to cover the event, and fed lunch.

It's all evidence of the newfound attention bloggers from left-leaning Web sites are commanding on Democratic-run Capitol Hill, especially from the new speaker, a San Franciscan with an appreciation for the power of the Internet and grass-roots activism.

Schooled by evidence of what Internet-driven politics can accomplish — from fueling Howard Dean's presidential campaign in 2004 to propelling Ned Lamont to victory over Joseph Lieberman in Connecticut's Democratic Senate primary last year — Pelosi and other politicians have realized bloggers are too important to ignore.

"They've gone from an initial writing blogs off, then moving to skepticism, then moving to, 'OK, maybe we can find a way of working with these guys,'" said John Aravosis, who runs Americablog.com.

"It's a power base and it's influential and it's an opportunity. And you know what? It exists," Aravosis added.

"It should only scare you if you're on their bad side."

Blogs also are a way for Pelosi and others to communicate directly with a politically engaged audience, without filtering by traditional media. She promoted the Democrats' agenda for their first 100 legislative hours in a posting on Huffingtonpost.com.

Democrats, in turn, credit bloggers with helping marshal successful opposition to President Bush's 2005 plan to overhaul Social Security by adding private accounts, a fight Pelosi led.

"It's a mistake to think that these people just sit behind their machines and don't do anything other than talk to each other and send money," said Joe Trippi, who managed Howard Dean's Internet-driven campaign. "These people are very active in their precincts, in their communities."

Friendly bloggers can help defuse attacks. Liberal bloggers rose to Pelosi's defense when she was criticized after the November election for employing nonunion workers at her vineyard. Thinkprogress.org trumpeted Pelosi's side of the story: Growers are prohibited by law from meddling in union contract issues before workers vote to organize.

Republicans are stepping up their involvement with blogs as well, and Pelosi's aides are planning new media training sessions for Democratic lawmakers and aides partly to expand use of blogs — one more sign that Congress' presence in the blogosphere will only grow.

"The speaker will be blogging," promised Karina Newton, Pelosi's director of new media.

"She understands the power that the netroots have."

White House Brings In New Pastry Chef (AP)

AP, January 30, 2007

DOJ_NMG_0124400

There's a new name behind the decadent desserts at the White House: William Yosses.

Yosses has been named as the executive pastry chef for the White House, first lady Laura Bush announced Monday.

He will design and oversee the desserts for state dinners, social events, official luncheons and holiday parties. Yosses already has some on-the-job training — he served as the pastry chef for the 2006 White House holiday parties.

"Chef Yosses has impressed us from the start with his original and delicious creations," the first lady said. "He has a light touch with desserts, and the enthusiasm with which he approaches his profession makes him a real asset for all of us."

Yosses replaces Thaddeus DuBois, who left the job as top pastry chef in 2006.

In his most recent project, Yosses helped open Paul Newman's Dressing Room in Westport, Conn., a restaurant built around local, organic food. He has been an executive pastry chef at a series of top restaurants, including Tavern on the Green in New York City, and he is trained in classical French cooking.

Mad About Mary (NYT)

By Stacy Schiff

The New York Times, January 30, 2007

Once upon a time, asking about someone's children was like talking about the weather. Then again, once upon a time talking about the weather was also like talking about the weather — not a portal into the political or the apocalyptic. But that's another story. The point is that children made for the kind of paltry social currency you could exchange with your in-flight neighbor, back when the only other option might have been: "As you're carrying that knife and wearing full camouflage, is it safe to conclude that the vegetarian meal is mine?" Then came children as designer accessories and politically charged pawns, appendages and admissions statistics.

Suddenly, we are on treacherous ground. For starters, Angelina Jolie and Madonna can't even agree on where babies come from. I thrill as quickly as the next People subscriber to a good catfight, but do we really need Angelina — who appears to have taken No Child Left Behind as her personal mantra — trashing celebrities for "jumping on the adoption bandwagon?"

As her swearing-in made clear, even Nancy Pelosi feels the need to accessorize, not something I would have thought a woman with a gavel would ever need to do. Yes, by comparison the back of the House looked like a bouncer convention. But the dais looked like a Sunday school class. Which raises a parenthetical question: Do female politicians have to kiss babies? For that matter — this question is for someone other than Senator Boxer or Secretary Rice — do they need to have babies?

There are now officially only two people left in America who don't want to talk about their kids. When Jim Webb bowed out of that White House receiving line, President Bush tracked him down and asked after his son. Senator Webb is a former Navy secretary; he knows his protocol. He is also one of only a few members of the U.S. Senate with children serving in the military. "I'd like to get them out of Iraq, Mr. President," Mr. Webb replied. "That's not what I asked you," Mr. Bush snapped. Mr. Webb didn't really mean to answer, either. Evidently, he meant to slug the president.

Last week Wolf Blitzer asked Dick Cheney about his pregnant lesbian daughter. The vice president looked as if his arm had made contact with that meat grinder. Mr. Blitzer was, he growled, seriously out of line.

Neither Senator Webb nor Vice President Cheney wins points for his social graces. But what Letitia Baldrige said of the Webb encounter — "It was an uncivil reply to an uncivil remark" — does not apply equally to the vice president. Mr. Cheney has openly promoted an anti-gay agenda. His own base has called his daughter's pregnancy unconscionable. Family values have been his calling card. And our Prohibitionist vice president can't summon the courage to address the gin mill in the basement?

Mr. Webb was rude on principle; Mr. Cheney rude out of hypocrisy. One man took a stand. The other scurried away.

What the vice president's nonresponse did deliver was a very cogent message: the rules apply to you, but not to us. It's our privacy, your patriotism; our delusion, your sacrifice; our tax cuts, your kids. After all, as Mr. Cheney so tellingly said of his Republican critics, "I'm the vice president, and they're not." The part for which some of us have no stomach is the sense of entitlement.

An annoying thing about children is that they nudge you toward the high road and the long view. They demand pesky things like open-mindedness, self-denial, accountability, leadership and occasionally even integrity — qualities that appear to have packed up and gone home with Hans Blix. Once upon a time, you might have termed them family values.

So as to spare Mr. Cheney any further misadventures in this minefield, I did a little research for him. Several years ago, Ms. Baldrige foresaw his predicament. "A lesbian's parents may be the victims of probing, mean questions from their friends," she wrote. "Hopefully, they will answer unequivocally that they stand by their child and accept her decision."

As for gay and lesbian couples, they are families, too, in Ms. Baldrige's book. They are also increasingly common, "so people who feel shy and uptight with them are just going to have to get over it." Alternatively, they are welcome to talk about the weather.

DOJ_NMG_0124401

Liberate Political Speech (LAT)

The Los Angeles Times, January 30, 2007

THE U.S. SUPREME COURT astonished everyone in 2003 when it upheld the constitutionality of severe limits on political speech. The good news is that the court may be having some sober second thoughts about that dubious decision.

The speech-curtailing measure at issue is part of the broader McCain-Feingold campaign finance law. The centerpiece of that law banned "soft money" contributions to political parties that were used to circumvent limits on how much donors could contribute to candidates for federal office. What is glaringly offensive to the 1st Amendment is an accompanying ban on "electioneering communications" paid for out of the treasuries of independent organizations.

As defined by the law, electioneering communications are advertisements that mention a candidate for federal office and are broadcast within 30 days of a primary election or within 60 days of a general election. They need not (and usually do not) tell viewers to vote for or against a candidate.

In 2003, the Supreme Court ruled that McCain-Feingold's restrictions on these ads were not unconstitutional on their face. But an antiabortion group called Wisconsin Right to Life is arguing that the ban was applied in an unconstitutional way to prevent it from airing three TV advertisements in 2004. The ads asked viewers to tell the state's two senators — only one of whom was up for reelection — to allow a vote on President Bush's judicial nominations.

Last month, a three-judge federal court in Washington ruled that the "issue ad" provision deprived Wisconsin Right to Life of its free-speech rights. If the Supreme Court agrees, as it should, political speech will be given more breathing room. And such a ruling needn't derail the soft-money provisions of the McCain-Feingold legislation.

There are a lot of phoney "issue ads" out there ("Tell Sen. Smith you disagree with him about Iraq" can sound a lot like an endorsement for challenger Jones), but the court has to err on the side of preserving political speech. When it comes to speaking out about a candidate, opponents (and news outlets like ours) should not have a monopoly in the closing days of a campaign, especially if the outside organization weighing in is genuinely acting on its own.

The particular facts of the Wisconsin Right to Life ads are a compelling indictment of the law's overreach and should prod the high court to reconsider whether the law could be constitutional under any set of facts. The addition of Justice Samuel A. Alito Jr. may dictate a different outcome — retired Justice Sandra Day O'Connor cast the deciding vote upholding the limits in 2003.

But if the court isn't willing to go back to the drawing board, Congress should. An advertisement praising or criticizing a politician — even one seeking reelection — has more in common with the endorsement editorials that appear on this page than it does with the campaign contributions (in hard or soft dollars) that have received only minimal 1st Amendment protection from the courts.

The "bright line" that needs to be drawn is the one between financing someone else's message and articulating your own.

Voucher Comeback (WSJ)

The Wall Street Journal, January 30, 2007

The federal No Child Left Behind Act is set for renewal this year, and the big news so far is that President Bush is resurrecting the voucher proposal from his first term. "We can lift student achievement even higher by giving local leaders flexibility to turn around failing schools," Mr. Bush said in his State of the Union address, "and by giving families with children stuck in failing schools the right to choose something better."

The President campaigned on this concept in 2000, too, only to throw NCLB's choice provisions over the side to cut a bipartisan deal with Senator Ted Kennedy and Representative George Miller. Both Democrats carry water for the teachers unions, and so it's no surprise that both men quickly denounced the new Bush proposal last week. Let's hope Mr. Bush isn't merely using "choice" again as a negotiating ploy to be tossed out once talks on Capitol Hill get going.

NCLB's testing provisions have been useful in bringing more transparency to achievement gaps among schools, and among certain types of students within schools. But the most effective way to hold public schools accountable is by arming parents with more education choices. Nothing motivates teachers, principals and administrators like the threat of losing their charges (and the attendant funding) to "something better." Mr. Bush could pick worse fights than arguing that poor kids should be able to escape failing schools.

OTHER NEWS:

Bullish On Bernanke (WP)

By Nell Henderson

The Washington Post, January 30, 2007

DOJ_NMG_0124402

The new chairman of the Federal Reserve got off to a rocky start last spring. Inflation was surging, the housing market was slumping, and Ben S. Bernanke's initial responses caused turmoil on Wall Street.

But a year into Bernanke's tenure, the picture has turned considerably brighter. Inflation is falling; unemployment is low; wages are rising; and the economy, despite continued problems in housing, is growing at a brisk clip. Bernanke is earning plaudits from Wall Street to Capitol Hill.

"His stewardship in the first year has to be applauded by markets, investors and other policymakers," said Robert DiClemente, chief U.S. economist at Citigroup Global Markets. "He was able to arrest inflation without killing the expansion. That's really the ultimate victory."

Added Sen. Kent Conrad (D-N.D.), chairman of the Senate Budget Committee: "I think he's doing his level best to manage monetary policy in a way that will accommodate growth."

Certainly, the Bernanke Fed remains a work in progress. He promised greater openness, but despite months of discussion, the central bank's arcane methods of communicating with the public have not changed much. And the chairman's skills as a leader remain untested by a financial crisis or serious conflict among members of the policymaking Federal Open Market Committee.

Nonetheless, it's clear Bernanke is hitting his stride, according to observers in business, academia and finance.

"His judgment has been good and his luck has held up," said Allan H. Meltzer, author of a two-volume history of the Fed. "People are beginning to accept his leadership."

Bernanke's biggest challenge over the past year was deciding how high to raise borrowing costs to keep inflation under control. He stumbled in April when he told Congress the Fed might pause in its series of interest-rate increases. Coming at a time when financial markets were growing jittery about rising prices, his words prompted many investors to think the central bank had gone soft on inflation.

He compounded the confusion by telling a television reporter the markets had misread him, a comment he later described as "a lapse in judgment."

Bernanke calmed the markets by declaring his determination to squelch inflation and by leading the Fed to raise its benchmark short-term interest rates to 5.25 percent in June, the highest level in more than five years.

The harder decision was when to stop. The new Fed chief and his colleagues knew by the summer that the economy was cooling. And they wanted to avoid raising interest rates too high for fear the housing market might fall so far as to drag the economy into a recession.

So they stopped at their August meeting, leaving the benchmark rate unchanged for the first time after 17 consecutive increases over two years.

Some critics in the markets declared that borrowing costs were still too low to subdue inflation, while others said the Fed had already raised rates too far.

But Bernanke and his colleagues have held the rate steady since. They are likely to leave the rate unchanged at the end of their meeting today and tomorrow, and to indicate they might increase the rate again if inflation does not continue to fall. Many analysts now predict the Fed will remain on hold through this year.

Some observers said Bernanke's cautiousness marked a break with Greenspan's practice of raising rates aggressively to head off inflation, then easing them a bit a few months later when it was clear the danger had receded.

"We can never know what Greenspan would have done, but in the past he overshot," said Diane Swonk, chief economist of Mesirow Financial. The Bernanke Fed, by contrast, is "very worried about overshooting."

The August meeting also marked a shift in central bank communications under Bernanke. For the first time in three years, the Fed chairman did not signal to the markets the likely outcome of a policymaking meeting beforehand.

Instead, Bernanke sought to shift the markets' attention further into the future, using his congressional testimony in July to highlight the Fed policymakers' forecast for the economy over the next 18 months or more. This outlook represents how the economy should behave if the Fed adjusts interest rates correctly over time.

Bernanke has surprised observers by not pushing hard for the Fed to adopt an inflation target.

The Fed seeks to keep inflation low but does not specify a goal, as do many foreign central banks.

Bernanke had advocated the practice, known as "inflation targeting," during his years in academia and as a Fed Board member from 2002 to 2005 -- prompting expectations he would impose it as chairman.

But Bernanke took a gentler approach, asking his colleagues last year to consider inflation targeting among many options for improving communication with the public.

After several months of discussion, it appears unlikely that they will adopt a formal target, such as 2 percent, but might agree to a softer goal -- perhaps a target range of, say, 1 to 2 percent. No decision is expected soon.

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The decision to pause in August also resulted from a vigorous, collegial debate among the top policymakers at their meeting, as has become characteristic of the Bernanke Fed.

The Fed meetings are "more energized, more interactive, more spontaneous" than they were under Greenspan, said Laurence H. Meyer, a former Fed board member.

This reflects Bernanke's general effort to lead in a more low-key way than Greenspan, who had come to dominate and personify the Fed, as did his predecessor, Paul A. Volcker. Bernanke's aim is to strengthen the institution so it will succeed regardless of whether it has a great chairman.

The markets initially were nervous about whether Greenspan was up to the job when he succeeded Volcker in August 1987. But Greenspan quickly established his authority by calming the markets during the October 1987 stock crash, Meltzer said.

It is too soon to know how Bernanke's leadership style will work in a crisis or when there is disagreement within the Fed over policy, Meltzer said. "Let's see what happens if there is real conflict."

But, he added, "I think he's done a good job so far."

Fed Has Yet To Set Target On Inflation (NYT)

By Edmund L. Andrews

The New York Times, January 30, 2007

WASHINGTON, Jan. 29 — When Ben S. Bernanke took over as chairman of the Federal Reserve Board one year ago this week, he brought with him a long-held conviction that the central bank should be more explicit about its goals and less personalized than it had been under Alan Greenspan.

Yet as Mr. Bernanke celebrates his first anniversary on the job, the Fed is still far away from acting on his major proposal of setting an explicit target for inflation.

Mr. Bernanke has long argued that publicly committing the central bank to an inflation target — probably 1 to 2 percent a year — would make its policy more transparent and open to the public. Its decisions would be easier for investors to anticipate, he argued, and the public might have greater confidence that inflation would indeed remain low.

It is an idea that Mr. Greenspan staunchly opposed, arguing that it would bind the Fed to rigid rules and deprive it of crucial flexibility in reacting to economic surprises.

But even though a majority of those on the Fed board agree with Mr. Bernanke in principle, officials have, if anything, become more cautious over the last year about making a change.

Fed officials caution that they have to wrestle with a thicket of intermediate issues before making a change. On Tuesday, policy makers gather for the start of a two-day meeting at which they will discuss one possible intermediate step: telling the public more about the Fed's economic forecasts.

But even that decision may be months away, and Fed officials appear even less urgent about committing themselves in public to a specific goal for inflation.

"There's just not a lot of enthusiasm for moving in any of these directions," said Laurence Meyer, a former Fed governor and a forecaster at Macroeconomic Advisers. "Nobody thought this was such an important issue."

Outside experts say the caution stems from deeper concerns: a reluctance to change a practice that appears to be working well already; a fear among some that the Fed may become trapped by its own promises; and perhaps a worry about opposition from Democratic lawmakers, who now control Congress and who have publicly fretted that the Fed will focus on inflation while ignoring unemployment.

As a practical matter, Mr. Bernanke will reach his first anniversary with the economy heading toward the Fed's goal of a "soft landing" — a modest slowdown in economic growth and a slight ebb in inflation, yet with strong wage increases and continued low unemployment.

The Fed is all but certain to leave its benchmark overnight interest rate unchanged at 5.25 percent, and to signal once again that it remains slightly more worried about inflation than slower economic growth. In short, the Fed will continue its "pause" in raising rates and is unlikely to reduce rates later this year.

The outlook for Mr. Bernanke's goal of setting inflation targets is more uncertain. A majority of Fed governors and presidents of the Federal Reserve's district banks support the idea as an important move toward greater openness.

Indeed, the Federal Reserve Board now includes Frederic S. Mishkin, one of Mr. Bernanke's co-authors on a book in 1999 that championed inflation targeting. They are joined in the Fed's policy making by a raft of other influential officials who also support setting inflation targets: William Poole, president of the St. Louis Fed; Janet Yellen, president of the San Francisco Fed; and Jeffrey M. Lacker, president of the Richmond Fed.

The leading opponent of inflation targeting is Donald L. Kohn, the Fed's highly respected vice chairman. Timothy F. Geithner, president of the New York Fed, is also considered a skeptic.

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Mr. Bernanke has taken pains to build a consensus before making any changes, and has gone so far as to put Mr. Kohn in charge of a special committee to review "communication issues," including the prospects for inflation targets.

But even many longtime supporters of the idea predict that the Fed is unlikely to change gears this year.

"The Fed has a somewhat odd problem in that things are going so well right now, and it's hard to push for change when things are going well," said Mark Gertler, an economics professor at New York University who has worked with Mr. Bernanke on many academic projects. "In the case of the United States, it's hard to argue that monetary policy would have performed better if we had had inflation targets."

Adam S. Posen, who was a co-author with Mr. Bernanke and Mr. Mishkin on their book about inflation targeting, said Mr. Bernanke would need at least a year to build consensus.

"Bernanke has to build three consensuses at once," said Mr. Posen, a senior fellow at the Peterson Institute for International Economics. In addition to persuading the Fed's other governors, Mr. Posen said, Mr. Bernanke must also build support from the central bank's influential staff and with Congress.

It remains unclear whether the Fed needs legislation from Congress to adopt explicit inflation targets. But many Democrats have been quick to criticize the central bank for not focusing enough attention on wages and job creation.

Indeed, the new chairman of the House Financial Services Committee is Representative Barney Frank of Massachusetts, who often challenged Mr. Greenspan about rising income inequality and stubbornly high unemployment.

Mr. Bernanke is set to testify about the economic outlook before Mr. Frank's committee on Feb. 15. In an indication that Mr. Bernanke will face a more combative political environment than he did last year, aides to Mr. Frank said he was planning a second hearing to get contrasting views from economists and people with "other real world experience."

But perhaps the biggest reason for the slow movement is that Mr. Bernanke's approach may not end up being much different from Mr. Greenspan's.

In recent years, Fed officials under Mr. Greenspan made it clear they had an informal target or "comfort zone" on inflation. For many, that zone was a "core" inflation rate — excluding volatile prices for food and energy — of 1 to 2 percent a year.

"If we asked 10 people who follow what the Fed does, we all know what the Fed's comfort zone is," said John Makin, an economist at the American Enterprise Institute.

Even if the Fed were to set a public target for inflation, Mr. Bernanke and other supporters have not said how quickly the Fed would need to meet the target.

Mr. Bernanke and others now stress that the Fed will not react mechanically if inflation climbs above the target, as it has over the last year. Mr. Bernanke has argued for defining an "optimal long-run inflation rate" and originally suggested the Fed should aim to hit that target within three years.

But some of Mr. Bernanke's allies now contend that there should be no specific time frame at all.

Bernanke Quietly Guides Economy (USAT)

By Sue Kirchhoff

USA Today, January 30, 2007

WASHINGTON — During a break at the Federal Reserve's annual economic conference last summer, the world's most powerful central banker sat quietly by himself in the expansive stone lobby of Wyoming's Jackson Lake Lodge, tapping away on a laptop computer as vacationers strolled by, unawares.

Fed Chairman Ben Bernanke's relative anonymity was a major departure from the days of his predecessor, Alan Greenspan, when people would spy the Fed meeting sign and hang around the conference room with cameras cocked for a photo of the financial superstar.

As he finishes his first year as chairman, the unassuming Bernanke, 53, doesn't have Greenspan's head-turning sway over the general public, at least not yet, but he does have firm control of the central bank and the growing confidence of financial markets.

The former Princeton professor, Fed governor and White House adviser has steered the central bank through a turning point in an economy that was confronting a tumbling housing market and uncomfortably high inflation. The Fed, which meets here today and Wednesday to review interest rate policy, has held the target for short-term interest rates steady since June after two years of raising it to combat inflation. Economic growth slowed in the second half of 2006, but the job market strengthened.

"I congratulate you and the Fed in keeping interest rates where the American people can stand and the economy can prosper," Jim Bunning, R-Ky., the sole senator to oppose Bernanke's nomination, told him this month.

Working with other regulators, the Bernanke Fed has also tightened guidelines for commercial real estate and mortgage lending and toughened standards for complex financial products misused by energy giant Enron.

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The new year brings new challenges, including a Democrat-controlled Congress that could be less deferential to a Fed chairman and board of governors appointed entirely by President Bush. (It's the first time since Ronald Reagan that one president has had such sway over the makeup of the central bank.)

Greenspan's 2001 decision to endorse the Bush administration's tax cuts also frayed relations between the Fed and many Democrats, who blame current deficits partly on Bush's tax policy.

"He faces a significant challenge of restoring credibility," says Senate Budget Committee Chair Kent Conrad, D-N.D. "He's reached out."

Bernanke, who has made overtures to a number of Democrats, recently invited Conrad for lunch in his private dining room. The Fed chief testified before Conrad's committee this month, warning of a long-term budgetary "crisis." In a break from Greenspan, Bernanke declined to endorse precise tax or spending solutions, calling those political decisions for Congress.

"I enjoy him very much … he's not a backslapper, he's a thoughtful, serious man," Conrad says. "He's wise not to sink into the bog of specific policy recommendations. I don't think that's the job of the Federal Reserve chairman."

The Fed chairman's job is to guide the economy. Business leaders and economists have become more confident about Bernanke's approach, and the outlook for the economy, in recent weeks.

But it's early to declare that the Fed has achieved an economic "soft landing," in which growth slows enough that inflation fades, but the economy doesn't falter. The housing market remains in the doldrums, and Fed officials warn that inflation is too high.

Nearly all the 56 top economists surveyed by USA TODAY Jan. 18-24 expect the USA to avoid a recession. But they are split on whether slower growth or higher inflation poses a bigger threat ahead.

Bernanke's first year (he moved in on Feb. 1) took him from Europe to China and 11 of the 12 regional Fed banks. He settled into overseeing a staff of 2,000, parrying hours of congressional questioning and making a number of trips to New York for speeches and private meetings with financial leaders.

Bernanke's policy approach is evolving, though there are stylistic differences from Greenspan, who with his wife, NBC News chief foreign affairs correspondent Andrea Mitchell, remains prominent on the Washington social scene. Bernanke sightings at glitzy gatherings are limited: He's more likely to be with his wife, Anna, a teacher, at a play or in the stands at Washington Nationals baseball games.

That's not to say Bernanke isn't social. Even as chairman, he can be spotted eating lunch in the Fed cafeteria, plopping down at tables to talk with staff. He plays basketball in the Fed gym. He is a more natural mingler than Greenspan.

Mark Pinsky, president of the Opportunity Finance Network, which encourages development in low-income areas, was appointed to the Fed's consumer advisory committee in 2002. Pinsky was a bit awestruck at his first Fed meeting, including a reception where everyone nervously awaited Greenspan.

"I look over, and there at this table is this guy who's just sitting there. He's calm and very friendly. … He looked like he could have been a senior economist," Pinsky recalls. "I said, 'Hi, I'm Mark,' and he said, 'Hi, I'm Ben.' "

After a quarter-hour of small talk Pinsky discovered who Bernanke was, but only because a staffer came looking for the then-Fed governor.

In November, Chairman Bernanke spoke at a conference on community development Pinsky organized, a notable event because he averages just about two public speeches a month.

Bernanke is less formal, but hardly laid-back, in private meetings.

"It was more Mr. Greenspan's style to sit and listen and then ask questions at the end. … It's more Mr. Bernanke's to carry on, in an almost conversational manner, give-and-take through the entire meeting," says Jerry Howard, executive vice president of the National Association of Home Builders, which warned against Fed rate increases.

"He clearly has certain things he wants to find out, and if it's not contained in the discussion as it's flowing, he brings it back," Howard says.

The American Bankers Association is another group that has differed with Fed policy, including the clampdown on real estate lending.

"When you meet with Bernanke, he is almost disarmingly frank. He gets to the point right away, and he gets the point you're making," says Wayne Abernathy, ABA executive director for financial institutions.

Abernathy calls Bernanke "almost judicial" in decision making, listening to a broad range of opinions and resisting snap judgments.

Internal Fed debates over interest rate policy have likewise become more open under Bernanke, though there was back-and-forth under Greenspan.

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Richmond Fed President Jeffrey Lacker says Bernanke "encouraged open discussion, encouraged us to question and challenge each other's position" when he began running the Federal Open Market Committee, made up of Fed governors and regional bank presidents.

One example: When the FOMC discusses interest rate policy, Bernanke speaks last, unlike Greenspan, who went first, laying out where the central bank should go.

Bernanke's speeches and testimony are more direct than those of Greenspan, a master of deliberately tangled prose. After a few early missteps, Bernanke is becoming a more confident speaker.

Bernanke, like Greenspan, favors greater regulation of mortgage giants Fannie Mae and Freddie Mac. He's stayed the course in such areas as international banking rules or oversight of hedge funds. The new chairman has devoted a fair amount of time to consumer issues and community development in public speeches and plans an address on rising income inequality — a major issue for the Democrats.

Scott Anderson, chief economist at Wells Fargo Bank, says Bernanke puts more emphasis on economic models and less on individual data points in setting interest rate policy. Still, Pinsky and others who have met with Bernanke say he is deeply immersed in data, though he may not use some of the more esoteric statistics Greenspan used to dig up.

Where there are differences from the Greenspan Fed, such as Bernanke's endorsement of inflation targeting — setting a specific range for allowable inflation — he is moving slowly to build consensus.

Early worries in the markets that Bernanke would be A) too tough or B) too soft on inflation have receded, as the Fed's decision to hold the target for short-term rates at 5.25% seems to be working to slow inflation without unduly harming the economy.

If anything, Fed officials in recent speeches say, the markets aren't concerned enough about inflation.

Though Bernanke has drawn a tighter line between economics and politics, it's too loose for some.

Kenneth Thomas, a professor at the University of Pennsylvania's Wharton School, says records of Bernanke's meetings with White House and other political officials in his first four months in office show he was basically non-political.

But saying that a main duty of the chairman is guarding the independence of the Fed, Thomas faults Bernanke for visiting China in December with a delegation led by Treasury Secretary Henry Paulson on currency and trade issues.

"For him to … spend all that time traveling around the world with the administration and Cabinet when he used to work at the White House is totally inappropriate," Thomas says.

Bernanke did travel to China on a separate, commercial flight.

Wake Forest professor James Wood, a central bank historian, says big changes in Fed policy usually result from political pressures. Since the late 1970s when then-chairman Paul Volcker tackled inflation, the Fed has had a consistent emphasis on stable prices. But large budget deficits, the escalating cost of the Iraq war and other fiscal issues could cause economic problems and prompt political calls for the Fed to once again allow higher inflation or take other steps to ease the fallout.

Bernanke has made it clear that the Fed is independent and committed to low inflation. In the past year, he's shown personal and policy skills, and signs that he has an ability to connect with the public that could come in handy.

Bernanke's efforts to build bridges with Democrats are helped by the fact that House Budget Committee Chairman John Spratt represents his tiny hometown of Dillon, S.C.

Bernanke returned to Dillon last summer, after receiving the "Order of the Palmetto," the highest civilian honor bestowed by the state, recognizing lifetime achievement and service. In remarks, Bernanke described growing up, helping in his family's drugstore, waiting tables at the kitschy tourist attraction South of the Border and working construction.

"Now I am an economic policymaker, and I sit in a nice office in Washington looking at reports and tables of data and following the fluctuations of the financial markets," Bernanke said.

"I try not to forget what underlies all those data: millions of Americans working hard, trying to better themselves economically, struggling to manage their family finances and worrying about the price of gas and college tuition."

Good News, Bad News: US Economy Too Strong For Interest Rate Cuts (CSM)

By Mark Trumbull

The Christian Science Monitor, January 30, 2007

The US economy was expected to cool a bit along with temperatures this winter, but that slow patch is looking more like business as usual.

The housing slump is still serious. Detroit carmakers are still in trouble. But with oil prices dropping since last summer, overall economic activity keeps chugging along even as inflation looks to be easing.

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The momentum has spoiled hopes that the Federal Reserve will cut interest rates anytime soon. The Fed is expected to note signs of strength in the economy, and continued vigilance against inflation, when it releases its latest policy statement Wednesday.

Otherwise, however, this is good news that eases worries about a possible recession – and suggests a year of economic growth that is closer to normal.

"It's a combination of very savvy monetary policy" by the Fed plus lower oil prices and a dip in mortgage rates, says Brian Bethune, an economist at Global Insight, an economic forecasting firm in Waltham, Mass. "You add all that up, it's a pretty good story."

Good enough that some forecasters have been ratcheting up their projections for US growth during 2007 and for the end of last year.

"We are revising our estimate for fourth-quarter growth to 3.3 percent (annual rate) from 2 percent previously," economists at Goldman Sachs, the New York investment firm, wrote after a solid report two weeks ago on sales by America's retailers.

Numbers on gross domestic product (GDP) for the fourth quarter of 2006, which includes holiday spending, are scheduled to be released Wednesday.

Many economists credit the Federal Reserve with having a steady hand on the monetary tiller. But they generally cite energy as been the biggest factor behind the recent economic strengthening.

Even though oil prices have edged up a bit in recent days, prices are well under last year's highs of close to $80 a barrel.

That has put more money in consumer pockets to spend on other things.

"It's a dollar-a-gallon tax cut," says Michael Cosgrove, who publishes the Econoclast, a market newsletter in Dallas.

Gasoline prices have fallen from $3 a gallon at the beginning of August to $2.17 last week, according to the Energy Information Administration. Those prices could reverse, of course. That, and the path of the housing market, remain important uncertainties for 2007.

But Mr. Cosgrove sees a benign outlook for energy. Two years of rising oil prices resulted in a response by corporations, consumers, and governments around the world. Many are moving toward substitute fuels – from coal to ethanol. And conservation slowed the growth of oil demand.

"Oil prices will settle out at about $40 a barrel" in today's dollars, Cosgrove predicts. Over the next two or three years, he explains, "market forces will tend to eventually push prices down to their long-term average."

Not everyone expects prices to fall that far. And analysts including Cosgrove say a geopolitical crisis in the Middle East could always push oil back up to $80 a barrel.

But for now, even at this week's price around $55 a barrel, falling fuel prices have played another important role. They have eased concerns that the Fed may not have done enough to control inflation. In turn, that has helped to keep long-term interest rates in check, a boon for people buying houses or refinancing mortgages.

The average interest on a 30-year fixed-rate loan has fallen from 6.76 percent to 6.25 percent since last July, as tracked by Freddie Mac, a government-chartered home finance agency.

That dip has helped ease the strain of the worst housing downturn since the early 1990s. The volume of home sales has plunged and foreclosures have surged. But the trends would be worse if it cost more to take out a loan, or if it were harder for homeowners to refinance adjustable-rate mortgages at a decent price.

This has happened even as the Fed has been holding short-term rates steady for half a year now.

The central bank had raised short-term interest rates from mid-2004 through mid-2006, in an effort to bring monetary policy to a neutral zone, allowing the economy to grow without fueling inflationary pressures through easy credit.

Some analysts say that if the US economy stays on a smooth track, the Fed could continue to hold steady, with a target short-term interest rate of 5.25 percent, for much of this year.

"The Fed will probably be on hold for an extended period of time," says Cosgrove. That kind of low profile is "probably the way the Fed Reserve under ... [Chairman Ben] Bernanke would like to operate."

Some economists still see some recession risk, especially if the housing troubles persist.

And on the inflation front, others remain concerned that the Fed may need to tighten rates further if the economy gets hotter still. Inflation worries could push up long-term interest rates that, despite edging up recently, remain below 5 percent for Treasury bonds.

But for now, the growth scenario is on track. Mr. Bethune of Global Insight says his firm will probably bump up its GDP forecast for this year to about 2.7 percent growth – "very positive news."

A U.S. Law Firm Takes A New Route Into China (WSJ)

By Nathan Koppel And Andrew Batson

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The Wall Street Journal, January 30, 2007

For brand-name law firms bent on global expansion, China poses a conundrum. Economic activity is generating plenty of legal work, but opening an office on the mainland is fraught with hurdles, from a shortage of legal talent to regulations that limit the work foreign lawyers can do.

Now, a U.S. firm thinks it has found a way to build business in China while avoiding some of the burdens. McDermott Will & Emery, a 1,000-lawyer firm founded in Chicago, has entered into a strategic alliance with Yuan Da Law Offices of Shanghai, which has around 25 lawyers. It's the first formal tie-up between a Western and a mainland China firm, and a bold move, given that regulations bar international firms from fully merging with Chinese counterparts.

"The scale ... is far more than that of a start-up," says Harvey Freishtat, chairman of McDermott, which is making its first foray into the country. Under the alliance, the Yuan Da firm will now be known for marketing purposes as MWE China Law Offices inside and outside China. The firms will share clients -- for instance, each providing legal assistance in their areas of expertise. But, to comply with Chinese law, McDermott and MWE can't share the profit. The U.S. firm must account separately for its work and the revenue it brings in.

The strategic alliance is structured so that McDermott stands to reduce its costs if MWE increases the amount of work it does for clients.

Mr. Freishtat says he's particularly pleased to avoid the headache of building a mainland operation from scratch.

Many other big law firms have flocked to mainland China to advise multinational clients and snag new ones in the country's burgeoning corporate sector. Last year, 14 foreign firms opened offices in mainland China, about the same as in each of the two previous years, according to legal consultant Hildebrandt International Inc. When firms enter the market, they mostly send partners to China and hire local Chinese lawyers. Peter Zeughauser, who advised McDermott and Yuan Da on their alliance, says firms generally expect to invest $3 million to $4 million over three-to-five years to build a mainland office before they can hope to be in the black.

The problem isn't a lack of business. Last year saw $69.5 billion in foreign direct investment into China -- fueling demand for cross-border legal services in such areas as securities offerings, deals and trade disputes. Chinese companies themselves are becoming increasingly attractive clients as they pursue public offerings and overseas acquisitions. Last year, for example, Chinese companies raised $37.5 billion in IPOs on the Hong Kong stock exchange -- deals that, because of Hong Kong's common-law tradition and Western-style securities regulation, create demand for international legal expertise.

Many law firms have long served the China market from Hong Kong, where it is easier for foreign firms to set up. But firms are increasingly turning to the mainland to get better access to Chinese corporate and government clients.

But mainland China poses particular challenges for these outside lawyers. Besides unfriendly regulations, there's a shortage of top legal talent and there are clients who recoil at Western billing rates for lawyers' advice. "You have a situation where people can appreciate makeup or Starbucks, and won't hesitate to pay for that, but they are just starting to understand what it means to have a good lawyer," says Carmen Chang, the Palo Alto-based head of the China practice at Wilson Sonsini Goodrich & Rosati, which has six lawyers in Shanghai.

McDermott's entry into the market stands out. It is licensing its name to Yuan Da, for a fee. McDermott is also investing in telephones and computers, among other expenses, for MWE China to fully integrate the new entity into its global network. (McDermott has 14 offices around the world.) McDermott will send its lawyers to Shanghai on a periodic basis, and it will co-host business seminars and share clients with its new business partner. MWE China plans to represent multinationals, as well as public and emerging Chinese companies.

The McDermott alliance took about 18 months to ink, in large part because of China's vague rules governing foreign law firms. Enacted in 2001, the regulations bar foreign firms from practicing Chinese law but allow them to advise on China's "legal environment." Foreign lawyers cannot issue formal opinions interpreting Chinese law nor represent clients in a Chinese court. But some firms take the position that they can, for example, counsel a client about how they expect China's environmental laws will evolve.

Since MWE China will practice Chinese law, McDermott cannot share in the entity's profits. What it can do is boast to existing clients that it has on-the-ground legal expertise in China, and thus hopefully ensure its clients don't turn to another Western firm with an office on the mainland when they do business in China. McDermott will also gain access to MWE's Chinese clients, and can team up with MWE in providing legal work to them, though it can't advise on Chinese law.

Other foreign firms also routinely team up with Chinese firms on matters requiring Chinese-law expertise, but the firms enter these ventures on a more informal, one-time basis. John Huang, a partner at MWE China, says that before allying with McDermott on an exclusive basis, he worked with several brand-name U.S. firms. Mr. Huang, who previously founded AllBright Law Offices of Shanghai, widely considered a top firm in the city, left to form Yuan Da.

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Other firms may be slow to follow McDermott's lead, in part because they may prefer to have the flexibility to partner with any Chinese firm of their choosing on a deal, says Xiaoming Li, a partner in the Beijing office of White & Case LLP. The McDermott alliance requires the firm to use MWE China lawyers.

Though the deal has been officially finalized, some lawyers in China say this new kind of alliance could nevertheless rattle Chinese regulators. "It might be a hefty step into gray areas," says Guy Himsworth, a London-based consultant with Hildebrandt.

Last year, the Shanghai Lawyers Association issued a memo claiming that foreign firms had drafted contracts, performed due diligence on Chinese companies and offered other services that "far exceeded what is allowed" by law. The memo caused widespread anxiety, but it hasn't been followed by official government action.

"People scrutinize everything these days," says Mr. Freishtat of the alliance. "We go into this with a confidence that this is very much in keeping with the intent and direction of Chinese law."

One problem McDermott avoids is recruiting. Despite its population of about 1.3 billion, China has only about 115,000 full-time lawyers, according to the latest count. The country, long run by Communist Party fiat, is still developing many of the basic foundations of a legal system.

Western lawyers describe their ideal candidate to work in a China office as someone with a Chinese law degree, an international law degree from the U.S. or U.K., and a few years of practice experience with an international firm. But such people are hard to find and much in demand. "Getting the talent is a constant struggle," says Nick Seddon, managing director of DLA Piper LLP's Asian practice. The firm has more than 40 lawyers in mainland China, a mix of local hires and expatriates.

Fees can also bring sticker shock. Lester Ross, a partner in the five-lawyer Beijing office of Wilmer Cutler Pickering Hale and Dorr LLP, says last year he quoted a fee to a Chinese manufacturer in the low hundreds of thousands of dollars for a trade matter. The company countered with $15,000. "We immediately declined," says Mr. Ross.

Lawyers Split On Fitness For Office (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, January 30, 2007

Linda Singer was not looking for a new job, she said. She was not even looking to practice law anymore.

She was running a nonprofit group in the District, and for years, she had told the state of New York -- where she had been admitted to the bar -- that she was retired from the law, with no intention of practicing again.

So, Singer said, she was surprised when D.C. Mayor Adrian M. Fenty (D) came calling and offered her the job as attorney general over breakfast at Four Seasons.

The 40-year-old Harvard Law School graduate was not a member of the D.C. Bar until this month, despite having lived and worked in Washington for more than a decade. For 13 years, she had led a Washington-based network of nonprofit organizations called Appleseed, which harnesses pro bono work by law firms to study problems in such areas as education, health care and immigration.

Singer's work at Appleseed focused on policy -- stimulating ideas, advocating change and raising money. It was very little like the job as the city's top lawyer that she assumed this month. And in law offices around town, that has people wondering whether she is the right fit for her new post, which she holds in an acting capacity as she awaits confirmation by the D.C. Council.

She takes charge of a staff of several hundred people with a variety of responsibilities, which include reviewing the city's bond deals on Wall Street, defending municipal agencies in court, prosecuting juvenile offenders, and cracking down on deadbeat parents and usurious lenders.

"She's going to be in the middle of lots and lots of cases of every kind, and that's not been her most recent experience," said Walter Smith, who was second-in-command of the old D.C. counsel office in the mid-1990s.

Smith can look at Singer's appointment from two perspectives. He is the executive director of the DC Appleseed Center for Law and Justice, one of Appleseed's affiliates. "It will be new to her," he said of the city job. "But that doesn't mean she won't be equal to it."

It was DC Appleseed, under Smith's predecessor, that catalogued the chronic failings of the city's law office -- long known as the office of the corporation counsel and renamed under Robert J. Spagnoletti, whom Singer succeeds.

Legal luminaries who have led the office include: John Payton, who came from a partnership at Wilmer Cutler Pickering; John S. Ferren, who stepped down from the D.C. Court of Appeals; and the late Charles F.C. Ruff, a former U.S. attorney who left a partnership at Covington & Burling.

Singer said she thinks that she is well-prepared, too: "I think that the skills that the job requires are skills that I have developed through my career."

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After graduating from law school in 1991, Singer spent two years as a public defender in Manhattan. Then she came to Washington and was the founding director of Appleseed, which grew from a one-person operation with a $70,000 budget into a 17-office, 70-employee national organization with a budget of several million dollars.

Singer said she was especially proud of two studies during her time at Appleseed: One examined immigrant remittances and the practices of the money-transfer industry. The other looked into the No Child Left Behind Act and the usefulness of the information available to parents as a result of the education law.

She said she had no reason to belong to the bar in New York or Washington because she was not representing clients. "Quite frankly, I was busy. It wasn't that I was looking for things to do. I was working more than full time running a national organization," she said.

In choosing an attorney general with so much experience in social and organizational change -- and so little in the office's traditional areas of practice -- Fenty is staking out a robust role for Singer in changing some of the most dysfunctional corners of government.

In an interview, Fenty said that he wanted an attorney general without a "traditional government background" and that he had not expected to land someone of Singer's caliber.

"I've known Linda for a few years, and she's always struck me as just one of the brightest minds in the city, legal or otherwise," Fenty said.

A mother of two, Singer lives in Forest Hills with her husband, Joe Sternlieb, and she came to know Fenty after meeting him at her children's elementary school, she said. She and Sternlieb are friends with City Administrator Dan Tangherlini. Sternlieb is active in local political circles and was on a Fenty transition committee that handled environmental issues.

Singer said she did some modest work for Fenty's mayoral campaign, helping set up a lawyers committee that organized a gathering.

It turned out to be a fateful effort nonetheless. The event was to be at Covington & Burling, and in helping put it together, Singer met Peter J. Nickles, a partner at the firm and a close friend of the Fenty family's. Nickles is known for his pro bono legal crusade for better conditions at Oak Hill, the District's juvenile detention facility in Maryland, and Fenty chose him to be his counsel and senior adviser.

Lawyers who know Nickles say they expect him to have a broader role than his predecessor, Leonard H. Becker, and that the attorney general's office and Singer could end up subordinated to Nickles.

"Who's going to be driving the legal ship?" wondered a lawyer who has worked for the District government and knows Nickles.

"The axis of power has moved from the AG's office to the mayor's office," said another lawyer, who knows Nickles and Singer and deals frequently with the District government.

The lawyers spoke on the condition of anonymity because of the power of the attorney general's office.

In an interview, Nickles said he expects to be a "very forceful voice" in some cases, especially in dealing with agencies that have been operating under court supervision. "I'm going to be spending a lot of time on the issues," he said. "I may appear in the court. I may try cases."

Singer said she, too, is determined to do more with those troubled agencies.

"Turning over the government to monitors, receivers and judges is a very tough answer," she said. "They're hugely expensive, and so money that could be providing services ends up going to paying experts, masters, all of those folks."

Jonathan M. Smith, executive director of the Legal Aid Society of the District of Columbia, said that in many states, including Maryland and New York, the attorney general's office has become a potent force and that the same potential exists in the District.

"You'll see that there's a lot of proactive litigation that can be brought against bad actors, and I think that's one place where Linda's experience at Appleseed will serve her well," Smith said. "She's thought about how to bring big cases and about big systemic issues."

But Smith has watched the office long enough to know that the job is a bear for even the best lawyers. "There's a risk," he said, "that she'll come in with this great vision but that the day-to-day will quickly grind her down and make it impossible for her to execute that vision."

One of Singer's predecessors, Payton, said she is smart and energetic enough to handle one of the hardest jobs in D.C. government. "This is going to depend on her leadership," said Payton, who is at Wilmer Cutler's successor, WilmerHale. "And I think she has plenty of leadership abilities."

Each Stored Embryo Is A Stem Cell Debate (USAT)

By Andrea Stone

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USA Today, January 30, 2007

SAN DIEGO — Ingrid Jansson peers through a vapor of liquid nitrogen at frozen embryos conceived for her in a petri dish four years ago. It's the first time she's eyed the surplus from the in vitro fertilization procedure that brought her son Dylan, now 3, into the world.

"It's surreal," says Jansson, 39, as an embryologist fishes out the thin straw containing eight embryos stored at a fertility clinic where she was treated and now works as a nurse. "I don't think about them much, because I have two (children) at home that keep me busy."

As Congress renews debate about funding stem cell research using human embryos, people such as Jansson are thinking hard about what to do with excess embryos after their families are complete. Only they — not politicians, doctors or ethicists — are legally entitled to make the call.

It's not easy, even for Jansson, who does volunteer work helping fertility patients donate their leftover embryos to the Stem Cell Resource, an embryo bank here that provides them free to researchers. She and her husband, Jon Gardner, 41, never imagined they'd have spares after all they did to get pregnant. Now they disagree on what to do.

Jansson, who is not religious, wants to donate her embryos for research. She says giving them to an infertile couple is "not an option" because it "would be like giving away my own child, my own DNA." Gardner is Catholic, and he objects. He says stem cell research, which dismantles embryos, is "destroying human life" and opposes it for his "son's siblings." Says Jansson, "It's very difficult for us to decide."

Much attention has been focused on potential beneficiaries of stem cell research, such as actor and Parkinson's patient Michael J. Fox. Less notice has been given to those who literally give up a piece of themselves to make research possible.

How they decide will help determine the future of research into embryonic stem cells, the master cells from which scientists hope to develop treatments for diabetes, Alzheimer's and other diseases. Scientists hope to find cures using adult or amniotic fluid stem cells, but researchers like George Daley of Harvard say they are not a substitute for embryonic stem cells, which potentially can become any cell in the body.

Behind the public controversy is a private decision with moral, ethical and religious considerations. It is made even more complex by financial restrictions on stem cell research by the federal government — the nation's largest funder of medical research — and a crazy quilt of state laws and programs.

"It's a painful decision, so (patients) just put it off," says Lucinda Veeck Gosden, director of embryology at the in vitro fertilization (IVF) clinic at Weill-Cornell Medical School in New York. The clinic's 9,000 embryos fill 20 tanks, and storage is "a major problem," she says.

Fertility doctors create embryos by removing eggs from a woman's fallopian tubes and fertilizing them with sperm in a petri dish. Because of the pain and expense — one IVF cycle can cost up to $10,000 — and a failure rate of more than 60%, doctors routinely create more embryos than they implant in a woman's uterus. Those left over are frozen for possible use later.

Critics say embryo banks that cater to stem cell researchers will encourage fertility doctors to produce even more embryos. "It's appalling," says Richard Doerflinger, an ethicist with the U.S. Conference of Catholic Bishops, which says life begins at conception and which opposes IVF as "the next step toward commodifying human lives as research material."

Others ethicists, such as Yuval Levin, executive director of the President's Council on Bioethics in President Bush's first term, say embryo banks may actually help avert undue influence on parents, because the banks try to "stand as a barrier between the researcher and the IVF clinic."

It is unclear how many embryos are stored at the nation's 450 fertility clinics. A 2003 study by RAND Corp., a think tank, estimated there were 400,000. Most were being saved for future fertility treatments. Just 2.8% were designated for research.

Some fertility doctors report storing embryos for a decade or more and say as many as 10% are abandoned. "There are people who just leave them and move and forget about them," says Richard Scott of Reproductive Medicine Associates in Morristown, N.J.

Patients with frozen embryos have four options: Discard them, give them to other couples, pay hundreds of dollars a year to store them at minus-310 degrees Fahrenheit, or donate them to medical research.

University of Pennsylvania bioethicist Arthur Caplan says many IVF clinics don't discuss embryo donation with patients because of moral concerns or confusion about what's legal. Fertility treatment, not usually covered by health insurance, "is a cash business," he says. Doctors "are very sensitive to image," noting that clinics want to avoid anything that hints at controversy.

At Weill-Cornell, "we've avoided it," says Gosden. She says 54% of her clinic's patients who have finished their families ask to have their embryos destroyed, 43% donate them to basic science unrelated to stem cells, and 3% offer them to other infertile couples.

Stem cell research using embryos is legal in New York and all but a few other states.

In California, voters in 2004 approved $3 billion over 10 years for stem cell research. Lawsuits by opponents have bottled up the money, but the state-funded California Institute for Regenerative Medicine expects them to be resolved soon and is soliciting grant proposals. At least four other states, including Illinois and New Jersey, fund embryonic stem cell research.

Without the federal government's financial support, though, scientists say progress toward cures using embryonic stem cells has been slowed.

On Aug. 9, 2001, President Bush approved federal funding for research on 78 existing stem cell lines derived from destroyed embryos. He banned the use of taxpayer dollars for research on lines created after that date. The move was a compromise to advance medical knowledge while addressing moral qualms.

Research in other countries, including Australia and Israel, has leapt ahead, says Evan Snyder, director of stem cell research at the private Burnham Institute here. He says most federally sanctioned lines were "garbage" because scientists rushed to cultivate them "under the deadline." The result, he says, were inferior lines, because they usually take months or years to develop. Today, there remain just 22 lines in the USA. Because they were nourished with material from lab mice, they are not suitable for human use.

"The new lines are better," says Snyder, whose institute maintains labs on separate floors to avoid mixing the federally approved colonies and the newer, privately funded lines. "They grow better. They are more manageable. They don't die as quickly."

Which is why the Democratic-controlled Congress took up a bill in its first week to allow federal funding for new stem cell lines derived from fertility clinic embryos that would otherwise be discarded. The measure would require written consent from patients, who could not be paid. The House of Representatives approved it 253-174. The Senate is likely to pass the measure next month.

Bush vetoed an identical bill in July and says he'll do it again. It's unclear whether Congress could muster the two-thirds support required to override his veto.

In the meantime, "there is this climate in which people may be worried" about supplying embryos to scientists when there is a lack of federal support for the research, says Mary Devereaux, a bioethicist at the University of California-San Diego.

Mary and Brian Brooks always knew they would donate any extra embryos to stem cell research. "We felt strongly that would be a very good and ethical and proper use for them," she says. "It was a no-brainer."

So after having two children by IVF and expecting a third this spring that was conceived naturally, the St. Paul couple last September called the New Jersey clinic where their 13 excess embryos were stored to ask how they could donate them to scientists. "They told us because of the current political climate, there wasn't any place taking (donated) embryos for stem cell research," says Mary, 32, a former art teacher.

Brian, 33, a scientist with two doctorates, was skeptical. He got on the Internet and discovered the Stem Cell Resource, founded in 2003 as one of the nation's first privately funded, non-profit embryo banks. When Mary phoned, Jansson answered. She said the couple would have to sign a four-page consent form that made clear they would not be paid for the embryos or any "discovery based on the use of your cells."

After the couple signed, the bank arranged for the embryos to be shipped to San Diego in a deep-freeze canister. The bank paid the $750 cost. The embryos are now among 1,000 others, all frozen at less than 5 days old, stored in a 47-liter liquid nitrogen tank beneath a counter in an 8-by-20-foot lab. The bank's location is kept secret for security reasons.

When the embryos arrived, they were given a registry number. All identifying information was removed and sent to a data storage company in Los Angeles. Researchers who want intact embryos or stem cells removed from them must submit detailed proposals for approval by the bank's scientific review committee. No money changes hands. So far, the nearby Burnham Institute has created 21 new or potential stem cell lines from banked embryos in order to study cystic fibrosis and diseases caused by chromosomal abnormalities.

A handful of other organizations also connect embryo donors and scientists. One of the nation's largest fertility clinics, Boston IVF, has provided excess embryos to researchers at Harvard University since 2001. And the University of California, San Francisco, runs its own tissue bank to provide embryos to researchers.

The Stem Cell Resource gets three or four inquiries a week from prospective donors who hear about it through word-of-mouth. It doesn't advertise.

David Smotrich, a fertility doctor who runs an IVF clinic here, founded the bank with nearly $300,000 of his own money. The aim, he says, was to combat what he calls the "stagnation" of the Bush policy and help speed cures. A nephew has autism and an uncle suffers from Alzheimer's. Smotrich, 43, says his passion comes from his immigrant grandfather, who taught him the Jewish concept of tikkun olam. "It means to better the world," he says. "It may sound corny, but that's the reason I originally got started in this."

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One of his patients, Alexandra Chisholm-Chait, calls herself "a person of faith" but says government should not be "instituting religious morality on research." After $250,000 in fertility treatment, including 14 rounds of IVF and a daughter born through a surrogate mother, she is weighing what to do with four embryos.

Chisholm-Chait, 44, is leaning toward giving them to another infertile couple. About 150 babies have been born that way since 1998, Levin estimates. Chisholm-Chait's husband, Nicholas Abboud, wants to donate them for stem cell research so more people could benefit. One thing they agree on is that they must come to an agreement. "What good is it serving anybody in a state of frozen perpetuity?" she asks. "They're not going away, so you have to decide what to do with them."

GOP Right Sees Lemons In White House Race (POL)

By Jonathan Martin

The Politico, January 30, 2007

Contemplating the current field of Republican presidential candidates, Rush Limbaugh sounded like a man with malaise.

"To be honest with you, there's nobody out there that revs me up," he confessed to his audience of several million conservative sympathizers on his radio show last week, "so why should I pretend there is?"

What for much of the past year has been an undercurrent of grumbling on the right about the top tier of Republican contenders -- Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney and former New York mayor Rudy Giuliani -- is lately on the rise in both frequency and volume. Limbaugh's sour note is the most striking of examples.

From consultants to bloggers to talk show hosts, there is a climate of suspicion -- at times bordering on contempt -- among conservative activists about their 2008 choices.

McCain is courting social and economic conservatives this year, but still faces grave doubts because of his past attacks on conservative religious leaders and his frequent willingness to make common cause with Democrats. Romney, who is positioning himself as the true conservative alternative, faces charges of opportunism because of his recent past as a social moderate. Giuliani's potential candidacy would test whether a leader with liberal views on abortion and gay rights could prosper in a party whose activists are steadfastly opposed to both.

Some activists see all three men failing the test. "The party is headed for the wilderness," complained conservative publicist Craig Shirley, author of a book on Ronald Reagan's insurgent 1976 campaign. "In some ways it's a victim of its own successes, but it's also been co-opted by folks from the inside with less than pure intentions: People who've come to party for power, money, access, celebrity."

Romney "is a question mark" who has "got problems because of his past," Shirley observed. As for McCain and Giuliani: "I don't know of any conservative who is excited about either one of them."

"I really feel strongly that if the slate is what we have now, then we're not going to win in 2008," added Erick Erickson, the founder of the influential blog, RedState. Erickson, who recently posted an entry about the GOP contenders titled "They All Suck," said in an interview that he's "not sure if there is a Republican out there who can win" the general election next year.

"Where do social conservatives go?" asked Dan Schnur, a California-based Republican consultant who worked for McCain in 2000 but is staying out of the 2008 contest. "They've been the determining force in the nomination process for a generation and they've got no candidate in the top tier."

Plenty of people are trying to prove Schnur wrong. McCain's advisers are betting that the disdain toward the Arizonan among many of the most vocal activists will not prove representative of primary voters. Running in a party that counts many Baptists, Romney may find a sympathetic audience for his story of conversion on social issues -- if he can convince people that he saw the light on the road to Damascus, not the White House.

Giuliani, who is the leading GOP contender in many polls, derives his national appeal largely from his record of cutting crime in New York, combined with his leadership amid the Sept. 11, 2001, terror attacks. But one can imagine the reaction among those on the, say, Pottawattamie County, Iowa, Republican committee when they're reminded by the media and Giuliani's opponents about his social views, or the fact that he once decamped from Gracie Mansion and moved in with a gay male couple and their pet Shih Tzu, Bonnie, while awaiting his second divorce.

There are many contenders in the second tier who would like to fancy themselves as conservative alternatives to the top trio. But even the lesser-known candidates have their flaws. Kansas Sen. Sam Brownback is trying to get to the right of Romney and emphasizes his cultural conservative bona fides. But for many in the base, his stance on immigration is unacceptable. And then there are those pesky quotes surfacing from his own past that tie him to the moderate wing of the Kansas GOP and raise questions about just how committed to the conservative movement he is.

Former Gov. Mike Huckabee of Arkansas, another dark horse, is a Baptist preacher by trade with unimpeachable social credentials. Yet Huckabee has already turned off many conservatives because he raised taxes as governor -- a cardinal sin in internal GOP politics.

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The one candidate who does seem to be generating excitement among activists is also one who by all evidence will not run: Former Florida Gov. Jeb Bush.

In separate interviews, two prominent Republican strategists in Washington used almost identical language to lament that the incumbent president's brother will spend 2008 on the sidelines.

"If his last name was 'Smith' instead of 'Bush,' Jeb would be the front-runner," said one. "If he were 'Jeb Smith' instead of 'Jeb Bush' he'd probably be at the top of the pack right now," said the other.

So, for the first time in decades, the GOP is left in unfamiliar uncertainty. The party that had a Nixon, Bush or Dole on every ticket for a half-century but one is now left with none of the above. Add in an unpopular war and unpopular president and it's clear why the editors of National Review included a question for a headline on the cover of their latest issue: "What Now?"

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by gidget7 on 01.29.2007 at 11:36 PM

Nowhere in your column did I see mention of the best candiadate out there, the best of the best. too!

Congressman Duncan Hunter! The grassroots of the Republican party will be passionate about supporting him, and all the GOP has to do is get his name out there. His stance on ALL the issues and he himself, will do the rest.

And He CAN WIN!

by dslinkard on 01.29.2007 at 11:25 PM

I see where you are going with this, especially with McCain...I think it will probably come down to a Giuliani and IF Hillary receives the Democratic nod, I think there will be many fence riders who will sway over towards Giuliani and the GOP. What will help and hurt Rudy is the fact he is pro-choice and pro-gay marriage. I hope all on here will come over to www.conservative-majority.com and leave your perspectives there as well.

by Calvin Jones and the 13th Apostle on 01.29.2007 at 11:21 PM

DSLinkard, What has McCain done to deserve a shot? Rudy? Rudy's record isn't great. Out of the top 4 in the Republican race(that means including Newt), you know which one has had only one wife, right? Ask Huckabee about Wayne Dumond. In case you don't know, Dumond will become Huckabee's Willie Horton. Jeb Bush? He can thank his brother for making the Bush name poisonous. Did I see someone mention Rick "Man-on-Dog" Santorum? How badly did Bob Casey kick his ass? by 20 points, and Casey didn't even campaign.

by dslinkard on 01.29.2007 at 11:17 PM

Yeah the Clinton years...Clinton did nothing after attacks in 1993; 1996; 1998; 2000...oh yeah, how about the economy headed for a recession? Three words...Dot Com Bust. It's amazing how as time goes by, people truly forget what it was like under Clinton.

by JayPe on 01.29.2007 at 11:07 PM

Hillary Clinton can survive dynasty allegations as the Clinton years are remembered fondly. Not so Jeb Bush, his brothers incompetence will be a massive barrier to overcome. In todays image and money driven political climate though, he may have a shot in 8 years time.

I wonder what job he'll get in the meantime? Florida's Dem senate seat isn't up til 2012, and he's unlikely to challenge Crist in 2010.

by copperhead on 01.29.2007 at 11:06 PM

Rudi is a conservative... LOL. Of course, I think the term "conservative" is a dynamic term these days. This guy: trashed his wife on national television multiple times; moved in with a pair of homosexuals; and drools for more gun control. Yeah... he's real electable.

by roadette on 01.29.2007 at 11:05 PM

I think Newt Gingrich has a really good chance of getting the Republican nomination. I heard him in Virginia, campaigning for George Allen, and he is the only one who generates conservative excitement. He will be able to say he has spent time in the wilderness and learned his lesson.

He continues to push his newsletters and I believe he has compiled quite a large database of names.

by JayPe on 01.29.2007 at 11:03 PM

Back to the article...

"If his last name was 'Smith' instead of 'Bush,' Jeb would be the front-runner,"

History can be very ironic. If the Governor of Texas in 1999 had been George Smith he would never have become President.

by dslinkard on 01.29.2007 at 10:59 PM

I agree PeteF, I agree! I have some thoughts here about Islamo-Fascists, as well as Hillary on President Bush.

by toasting_tokyo on 01.29.2007 at 10:57 PM

Wonder why Pat Robertson hasn't got into this? He seems like a right wing no-brainer.

by PeteF on 01.29.2007 at 10:42 PM

Rudy IS a conservative - lowered taxes, cut crime, reformed welfare, all in NYC. Most importantly he will take a robust stance against Islamofascist terrorism.

by dslinkard on 01.29.2007 at 10:40 PM

Oh yeah, for MBoehm, that would be oxycontin with Rush...why even try and make fun of him, if you cannot even get the drug right? Maybe you should have another vicodin.

by dslinkard on 01.29.2007 at 10:38 PM

Now this is funny...let's look at the Republican Party and yes there is not ONE leading candidate jumping out right now. My guess is that it is going to come down to McCain or Guiliani with Guiliani receiving the nod.

Now, take it over to the Democratic ticket, let's see here...Hillary Rodham Clinton? Barack Hussein Obama? Before you guys condemn the Republican Party please tell me, what makes Hillary or Barack qualified to hold the position of Commander-in-Chief?

Let me break it down further...

What has Hillary truly done that was significant in the Senate? Same question for Obama who has been in just over 2 years?

by alwaysamarine on 01.29.2007 at 10:26 PM

Sadly, it appears that the investment conservatives have made in the GOP over the past generation has not yielded the anticipated returns.Greatness in the Republican mold may have passed away with Ronald Reagan, and it appears that there is no one on the horizon who can lead both the GOP and the conservative movement. The top three candidates for president that could do so have all decided to sit 2008 out. Jeb Bush, Rick Santorum and Fred Thompson all have conservative bonafides and would likely lead Republicans back to electoral dominance. Alas, all we can do is daydream of what might have been. Instead, we will most likely have to hold our noses to vote or sit the 2008 election out entirely. The Bush tax cuts are going to expire,and we will surely see an end to the Mexico City policy as well as any hope for reforming Social Security or the tax code. Republicans have failed to learn that big government is not good government as long as it's Republican government. What a shame that there is no one to show them the way back.

by mboehm on 01.29.2007 at 10:16 PM

Boo hoo for Rush and his ilk. Take a few more vicodin and wait until 2012 when you can push Jeb Bush against the reelection campaign of President Obama.

by hslocal on 01.29.2007 at 07:41 PM

For the first time ever, I think Rush Limbaugh is correct.

by hslocal on 01.29.2007 at 07:40 PM

For the first time ever, I think Rush Limbaugh is correct.

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TESTING THE LIMITS How Mitt Romney Avoided Campaign-Finance Rules (WSJ)

By Jeanne Cummings

The Wall Street Journal, January 30, 2007

WASHINGTON -- Federal law limits how much money individuals can give to presidential candidates -- $2,300 per election. But what about Compuware Inc. founder Peter Karmanos? Last year, he gave $250,000 to presidential aspirant and former Massachusetts Gov. Mitt Romney. Since 2004, 15 other Romney backers have sunk at least $100,000 each into the Republican's coffers, sometimes with a series of checks issued on a single day.

Because he doesn't hold federal office, Mr. Romney became subject to the federal rules only after he set up a presidential exploratory committee earlier this month. Until then, his team took advantage of a little-noticed gap between federal and state law. While most states limit political donations, about a dozen don't. Mr. Romney's political team set up fund-raising committees in three of those: Michigan, Iowa and Alabama. During that time, his political action committees raised $7 million.

As a result, Mr. Romney was able to hit the ground running, a big advantage in what has already become a feverish race. A week after announcing his possible bid, having already taken care of basic campaign logistics such as hiring and office space, the former governor held a Boston fund-raiser that netted $6.5 million in pledges. Mr. Romney also used the cash to build a broad network of financial backers and grass-roots allies.

Mr. Romney's financial network is in a long tradition of candidates working around post-Watergate campaign-finance rules. In the 1980s and 1990s, candidates dodged limits by steering big checks to party committees, which in turn paid for television ads and turnout efforts. The 1990s also saw the rise of lawmakers' "leadership" committees, some of which were set up in a way that allowed them to collect big, unlimited checks. Members of Congress used these accounts to help colleagues and for travel expenses.

In 2000, then-Texas Gov. George W. Bush recruited volunteers who "bundled" small checks from friends and families into packets that totaled as much as $100,000. In return, top fundraisers got inside access to Mr. Bush and his team, the very result the donation limits were designed to prevent.

Congress clamped down in 2002 with a major revamping of campaign-finance laws that banned unlimited donations to party and leadership committees. But innovative fund-raising techniques continue to mushroom as the cost of campaigning rises ever higher.

In 2004, both Mr. Bush and John Kerry, the Democratic nominee, opted out of the government's subsidized financing system to win their nominations, spending an unprecedented $250 million each before agreeing to rejoin public funding for the general election. This year, experts expect the two major-party candidates to push combined costs to over a billion dollars.

Like Mr. Romney, former Iowa Gov. Tom Vilsack has a nonfederal committee, which collected more than $500,000 from labor unions before he became a Democratic presidential candidate. The 2002 campaign-finance law forbids such contributions to federal politicians or anyone who has officially opened a committee exploring a run for federal office. Mr. Vilsack, like Mr. Romney, isn't a federal office holder.

Ditto former New York Gov. George Pataki, who has a $100,000 backer, Patrick E. Malloy III, a Sag Harbor developer. Mr. Malloy's September donation to the Iowa arm of Mr. Pataki's 21st Century Freedom PAC makes up nearly half the contributions to the state account, according to the latest reports filed just before the November elections.

Meredith McGehee, policy director at the nonpartisan Campaign Legal Center, a Washington, D.C., group that tracks issues relating to money and politics, says the tactic undermines a basic purpose of federal limits: preventing big donors from buying access. "Do we expect those who gave him large amounts in the infancy of his campaign will be especially remembered later on? Absolutely. That seed money is sometimes the most critical part of your campaign."

Based on some polls and early organizing strength, Mr. Romney is considered among the top three Republican candidates, alongside Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani.

Benjamin Ginsberg, the Romney campaign's chief attorney, says the committees were set up to help state and local Republicans, not necessarily Mr. Romney's presidential campaign. Criticism of the fund-raising tactic, he says, is "Washington-centric" and "disrespectful" of states' power to establish their own rules. "Mr. Romney complied with the letter, spirit and intent of state laws where state candidates were on the ballot," he says. The committees' spending and fund-raising efforts are disclosed in state capitols.

In the past three years, Mr. Romney's network donated $1.4 million to Republican candidates, the campaign says. A big chunk of the rest went to Mr. Romney's travel, staff and national consultants. Spencer Zwick, Mr. Romney's national finance director, says the national spending was needed to help raise money for local races.

Mr. Zwick says the state political action committees, as they're called, were designed for quick fund-raising and maximum flexibility. Some local candidates are prohibited from taking money from federal committees, Mr. Zwick says. State-based operations "allow us to participate at all levels," he says.

Kevin Madden, a spokesman for the campaign, acknowledges there could be residual benefits to Mr. Romney's presidential bid. He adds that none of the donors wrote a check expecting to receive special favors in return. Most of them have known Mr. Romney for a long time. They're "motivated by advocacy and what they think is right with regard to the current political and policy debate," Mr. Madden says.

Mr. Karmanos, the Compuware founder, declines to comment.

Mr. Romney's Alabama PAC illustrates how the network operated. In its public disclosures, the state PAC reported raising $280,000 in 2006. The money came from 11 donors, none of whom live in Alabama. Muneer Satter, a Chicago-based Goldman Sachs Group Inc. managing director, was a top giver, donating $100,000 to the account in a single day. Mr. Satter declines to comment.

From that kitty, $138,500 was donated to Alabama state and local candidates who could be important allies as Mr. Romney tests his Northern pedigree in the rural South, a region vital to any Republican presidential bid. Much of the remaining balance was used to help defray the costs of Mr. Romney's national operation, including a portion of the rent for his Boston headquarters, bills at Jules Catering of Somerville, Mass., and services provided by Daynes Music Co. of Midvale, Utah. No Alabama vendors received money from the Alabama account, according to the public records.

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Son of a former Michigan governor, Mr. Romney joined Bain & Co., a management-consulting firm, shortly after graduating from Harvard. In 1984, he co-founded Bain Capital and helped build it into a major private-equity firm. He left in 1998 and drew national attention when he took over the troubled organizing effort for the 2002 Winter Olympics in Utah.

In 2002, he ran for governor of Massachusetts, touting himself as a fiscal conservative and social moderate. When he set his sights on the White House, Mr. Romney and his allies concluded he needed to broaden his exposure, particularly among the Iowa and New Hampshire activists who will winnow the field.

Mr. Romney's Commonwealth PACs, as they're all called, were launched July 2004 in Michigan. All are in states with early primaries. In addition to picking Iowa, Alabama, and Michigan, the campaign chose two important states that do have donation limits: New Hampshire and South Carolina. Mr. Romney also started a federal political action committee.

Mr. Romney's Massachusetts and Utah backers financed the state networks from the beginning and distributed their contributions among them, records show. For others, the campaign provided a list of state committees and recommended donation amounts. Donors say they didn't inquire about the legalities of the arrangement, assuming, rightly, that Mr. Romney had vetted it properly and that the practice was legal.

Between July and October 2004, the Michigan committee raised nearly $70,000 from a dozen donors -- 10 from Massachusetts and two from Michigan. The committee issued checks to local candidates and parties, including a $4,000 donation to the state Republican Party headquarters.

In 2005, the Michigan committee covered the costs of hiring Navigators LLC, a Washington, D.C., media-consulting firm. The committee also paid more than $11,000 to Gentry Collins, a Des Moines, Iowa, consultant who helped President Bush's 2004 campaign, records show.

The Romney network expanded in 2006. Public documents show how donors issued multiple checks on the same day to different accounts. Mark and Joseph Fuller, for example, gave a total of $145,000. The brothers' checks to the Iowa, New Hampshire, Michigan, South Carolina committees, and to Mr. Romney's federal committee, were all issued Aug. 17, 2006. The Fullers are both senior executives at Monitor Group, a Cambridge, Mass., management and strategic consulting firm.

Mark Fuller, the company's chairman and CEO, says he was a student at Harvard Law School when he met Mr. Romney, who was then a recent graduate. He says his donation stemmed from his belief in Mr. Romney's candidacy. "This is a guy who does not talk himself into 'Alice in Wonderland' fantasy. He will deal with bad news in a realistic way."

Mr. Fuller says he and his wife opted to spread their money across the spectrum of Mr. Romney's accounts because they wanted him "to get out and see some of the states that are more traditionally red states, and get in touch with a different part of the party base."

Throughout 2006, the various state committees coordinated their activities. Each paid a portion of the expenses incurred by the national campaign in Boston, such as rent and consulting costs.

In South Carolina, a state that has donation limits, the committee says it received more than $400,000 and spent nearly $300,000. All but one of the donors lived outside the state. Most of Mr. Romney's top-dollar national givers were among the South Carolina contributors, records show.

South Carolina state and local candidates received $100,500 in donations from the account. The committee hired South Carolina consultants Leslie Gaines and Nick Breeding to guide the committee's work. Both advisers worked for the Bush-Cheney campaign's South Carolina operation, experience that could boost Mr. Romney's candidacy in 2008. The South Carolina committee also paid for furniture rental and a Boston car service for the campaign's headquarters. Spending in New Hampshire followed a similar pattern.

Now, Mr. Romney hopes to convert his new friends into a presidential campaign team.

Former Republican Iowa House Speaker Christopher Rants was a prime recruitment target because of his ties to other local House members. State legislators are important allies because they can deliver supporters to the caucus meetings that decide the primary winners.

Mr. Rants was impressed with Mr. Romney's willingness to help him raise money. The former governor attended events in the state, donated $2,500 to Mr. Rants's Iowa re-election campaign and similar amounts to every other tight race. In July, Mr. Rants flew to Boston to get a better feel for Mr. Romney's positions on policy issues, including transportation and social issues. He liked what he heard and joined the team.

At a December meeting in Westwood, Iowa, a small clutch of legislators gathered in a hotel meeting room to pepper Mr. Romney for more than an hour about his health-care plan and position against gay marriage. As legislators, they sympathized with Mr. Romney's explanation that he couldn't always control legislation pushed by the statehouse Democrats. "After all, we thwarted our governor a few times, too," said Mr. Rants. By the end of the meeting, Mr. Romney had four new local supporters.

Money doesn't always work. Former Iowa Republican Rep. Jim Nussle was a prime target for all 2008 hopefuls. In his unsuccessful bid for Iowa governor last year, Mr. Nussle received more than $70,000 from Mr. Romney's Iowa account. As head

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of the Republican Governors Association, Mr. Romney also directed $1.4 million to Mr. Nussle's Iowa race -- including a $500,000 check the former governor personally delivered at Mr. Nussle's annual Red, White and Blues fund-raiser in Dubuque last August.

In the end, Mr. Nussle joined the campaign team of Mr. Giuliani. The former mayor headlined Nussle fund-raisers but didn't donate money directly to his campaign.

Mr. Romney now has to comply with federal fund-raising limits. His advisers say they haven't decided what to do with the state accounts, which had a combined surplus of about $2.7 million as of Election Day in November, according to the most recent disclosure reports.

It's unclear how much of that money remains. Much of it could have been used to finance Mr. Romney's Boston headquarters between November and January, when the candidate officially entered the race. Year-end reports will soon clarify that.

Campaign-finance experts say Mr. Romney and his allies can't use the remaining cash during this presidential campaign. Mr. Romney could transfer it to another person over whom he has no control. If he loses, he could save the cash for another possible bid.

Romney Addresses Most Social Issues; Mum On Immigration (HILL)

By Sam Youngman

The Hill, January 30, 2007

Former Massachusetts Gov. Mitt Romney assuaged the concerns of many gathered at National Review Institute's Conservative Summit last weekend, at least on issues of abortion and gay marriage.

But aside from a brief mention of the importance of learning English during a nearly hour-long speech, Romney stayed away from the ongoing and heated immigration debate.

And as attendee John Kwapisz said after the speech, the governor may be able to keep mum.

While the Republican Party was divided over the immigration debate last year, Romney, like other governors-cum-presidential candidates before him, was not forced to vote on a hot issue.

Kwapisz pointed out that Romney might well be positioned to avoid the party-dividing debate since there is a chance President Bush and a Democratic Congress will find common ground on immigration legislation this year.

While a number of pundits have raised questions about Romney's commitment to conservative beliefs on hot-button social issues ranging from abortion to gay marriage — two issues Romney dived into headfirst Saturday night — the ex-governor has by and large avoided the most contentious part of the immigration debate.

While Jeb Bush attempted to rally the crowd at the summit's Saturday luncheon, telling them to "stop moping around" and to "be invigorated," the audience cooled noticeably when he endorsed his brother's support for a guest-worker program.

Less than half the audience applauded when the former Florida governor said he endorsed President Bush's side of the debate, adding he thought Washington debate on the issue has been "shallow." And it got worse when he went on to say he didn't think the country is "under siege" by illegal immigrants.

"I don't see the threat," Bush said to only a smattering of applause.

Romney spokesman Kevin Madden said Monday the governor does see problems with the language in last year's Senate proposal.

"Governor Romney has concerns about the guest worker program in the McCain-Kennedy bill, because it creates a new, open-ended right for those here illegally," Madden said. "The way the program is structured could open a floodgate of document fraud since the program is based on proving how many years the person has been residing illegally in the U.S."

But one Democratic National Committee official said Romney could use the issue to get to the right of Sen. John McCain (R-Ariz.) who joined Sen. Ted Kennedy (D-Mass.) in co-sponsoring last year's Senate measure.

"Mitt Romney's been so busy trying to smooth talk conservative activists into ignoring his shifting positions on issues like gun control, health care, taxes, marriage and adoption that he's hoping they'll also forget his own hypocrisy on immigration," DNC press secretary Stacie Paxton said. "Voters can safely assume that, when he thinks they want him to return to his hardline rhetoric on immigration, he will."

Romney found himself in the middle of the debate late last year while still serving as governor. The Boston Globe reported he had hired a lawn service for home maintenance that employed illegal immigrants.

Shortly after that report, Romney negotiated a federal-state deal that expanded the powers of Massachusetts State Police to enable them to arrest illegal immigrants. The order was rescinded by Gov. Deval Patrick (D) almost immediately after he took office.

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Romney's website notes the importance of getting "immigration right," but there is no mention of the guest-worker program, endorsed by Bush, McCain and Kennedy — the punch-line of many jokes Saturday night — among others.

During the climax of the debate last spring, when hundreds of thousands were protesting in cities across the country, Romney declined to take a position on the Senate bill, which included a guest-worker provision. Instead, the governor said he was opposed to amnesty but also opposed to returning all illegal aliens to Mexico, according to reports at the time.

The issues page on his presidential exploratory committee's website extols the need for enhanced border security, tamper-proof documentation and employment verification, while calling for more legal migration.

"We need to make America more attractive for legal immigrants — for citizens — and less attractive for illegal immigrants. I want to see more immigration in our country, but more legal immigration and less illegal immigration," Romney is quoted as having said.

Romney did tell the conservative crowd at Saturday's dinner he thinks immigrant students should have to learn English.

"If kids want to learn in America, they have to learn the language of America," he said.

While that might comfort voters in hardliner Rep. Tom Tancredo's (R-Colo.) school, Romney's failure to discuss the guest-worker program was noticeable to Kwapisz.

Kwapisz said his first choice for president is former House Speaker Newt Gingrich, with Romney as his No. 2. Conservative Kansas Sen. Sam Brownback had been in the running, he said, but his endorsement of "amnesty" and criticism of the White House's planned troop surge in Iraq were "disappointing."

Romney has sought to fortify his backing on the right with an exhaustive Southern travel schedule and aggressive pursuit of conservative lawmakers such as Rep. Marsha Blackburn (R-Tenn.), who was a vocal critic of last year's Senate legislation because it included a guest-worker program.

Blackburn said she would leave it to Romney to explain his thoughts on a guest-worker program, but she is "comfortable" with his commitment to "law and order" and his position on the immigration issue as a whole.

On other social issues, Romney seemed to alleviate the worries of some in attendance Saturday, though it's a safe bet he'll continue to face questions about the depth of his commitment to core conservative issues.

Steven Warchawksy, of New York, said after the speech he thought Romney had made a "reasonable and persuasive argument" for how he had come to change his mind on the abortion debate, but at present, Warchawsky said he is backing former New York Mayor Rudy Giuliani.

Rep. Pete Hoekstra (R-Mich.), one of the early Capitol Hill lawmakers to announce support for Romney's candidacy, said the more Romney has to edify his conservative beliefs, the stronger he becomes.

"I think if [critics] keep pushing on that it might be a mistake," Hoekstra said. "I have no reason to believe in six months it's going to be an issue for him. I think it's going to be an asset."

And attendee Roseann LaManna didn't mince words when asked about criticisms of Romney's changed position on abortion.

"That's bullcrap," she said. "They're looking for something to nail him on because they're afraid he could be the nominee."

Red Sox Pitcher Vows To Support McCain (AP)

By Philip Elliott

AP, January 30, 2007

Former New York City Mayor Rudy Giuliani has recruited a recent New Hampshire Republican chairman to lead his political operations in this first-in-the-nation primary state.

Following his weekend visit to New Hampshire, Giuliani — who has taken the initial steps in a presidential bid — announced the appointment Monday of veteran GOP activist Wayne Semprini.

"We picked up a lot of supporters this weekend," Semprini said.

Semprini, who until Saturday was the state Republican Party chairman, has been involved in New Hampshire politics since 1972.

Giuliani has formed an exploratory committee, the first step toward a full presidential campaign. During his visit this weekend, he would not say when he would make a final decision, although his speeches at Bretton Woods and Manchester were campaign-style addresses.

"It appears to me that Mayor Giuliani is not a guy who does anything part way. He's someone who is very, very thorough," Semprini said. "I don't think he'll make his total announcement until he's had an opportunity to look at all those angles and share all those angles with his wife, Judith."

Judith Giuliani accompanied her husband to New Hampshire, his first trip to the state since forming his exploratory committee.

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BOSTON (AP) — Republican hopeful John McCain won the support of two Senate colleagues from Maine Monday, and then scored big with a plug from Boston Red Sox pitcher Curt Schilling.

Schilling helped pitch the Boston Red Sox to a World Series title in 2004, a source of pride during the tenure of former Massachusetts Gov. Mitt Romney. But he apparently won't be supporting Romney in the race for the 2008 Republican presidential nomination.

Schilling told WEEI-AM: "I'm actually kind of excited about the fact that I think Senator McCain is going to do something official here, and he's going to be the man I'm going to back."

McCain is the Republican senator from Arizona, where Schilling maintains a home.

Last week, Schilling — who campaigned for President Bush in 2004 — beat back suggestions that he challenge Senator John Kerry for re-election in 2008.

McCain's presidential exploratory committee also announced that GOP Sens. Olympia Snowe and Susan Collins have been named to serve as his co-chairs in Maine.

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WINSTON-SALEM, N.C. (AP) — Democratic presidential candidate John Edwards acknowledged Monday that he may have been too inexperienced in national politics for his White House run in 2004.

The former North Carolina senator was serving his first and only Senate term four years ago when he declared himself a presidential candidate. During a forum at Wake Forest University on Monday, Edwards said he might agree with critics who said he left Congress too soon to seek the presidency.

"They may have been right," Edwards said, adding that the experience he has gained since the election has now prepared him for another run in 2008.

"When I ran in 2004, I spent most of my time thinking about being a good candidate," Edwards told a packed crowd. "These days I think about what I want to do as president of the United States."

Since losing in 2004 as the running mate for Democratic nominee Sen. John Kerry, Edwards has traveled the world and the country as an advocate for anti-poverty efforts.

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SAN ANTONIO (AP) — Sens. Hillary Rodham Clinton and John McCain, their parties leading presidential candidates, put politics aside for a time Monday to dedicate a rehabilitation center to treat the increasing number of severely wounded Iraq war veterans.

Clinton and McCain, members of the Senate Armed Services Committee, thanked the wounded for their service and told them the nation owed them a debt. Both senators avoided questions about the unpopular war.

"There is common ground on higher ground, and on that higher ground, we stand to pay in full our debt" to those wounded, said the New York Democrat.

McCain said frustration among servicemembers was understandable in light of extended tours to Iraq or a return to duty as President Bush sends additional troops.

"The war in which you have fought has divided the American people, but it has divided no one in their admiration of you," said the Arizona Republican. "We all honor you."

The $50 million Center for the Intrepid will offer high-tech and new rehabilitation treatments for military amputees and severely burned soldiers.

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WASHINGTON (AP) — Oh, say can you sing?

For Democratic presidential hopeful Sen. Hillary Rodham Clinton the answer sounds like 'no.'

The online world discovered that the former first lady had a hard time with a tough tune when someone posted a video Sunday of Clinton caught on an open MSNBC microphone singing an off-key rendition of "The Star-Spangled Banner" during a campaign event in Iowa.

By Monday morning, the 1-minute, 8-second clip had been viewed more than 660,000 times, making it the top-viewed video for the day at that point.

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DES MOINES, Iowa (AP) — Former Iowa Gov. Tom Vilsack was named a visiting professor of law at Drake University, a private college in Des Moines, school officials said Monday.

College officials said Vilsack will be in residence at the school "for several days" during 2007. He'll deliver the keynote speech at the schools Supreme Court celebration in March, host a symposium on risk and responsibility later in the spring, and help teach a short course on legal issues surrounding rural development.

Since leaving office earlier this month, Vilsack has focused on his bid for the Democratic presidential nomination.

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NEWINGTON, N.H. (AP) — White House hopeful Rep. Duncan Hunter on Monday criticized Sen. John Kerry for telling an overseas conference that the United States was "a sort of international pariah."

The Republican congressman and long-shot presidential candidate complained about Kerry's remarks this past weekend at the World Economic Forum in Davos, Switzerland. Responding to a question, Kerry said the Bush administration had failed to adequately address a number of foreign policy issues.

"So we have a crisis of confidence in the Middle East — in the world, really. I've never seen our country as isolated, as much as a sort of international pariah for a number of reasons as it is today," the Massachusetts senator said.

Hunter told a New Hampshire audience Monday: "It was terrible for him to say that."

Kerry spokesman David Wade said Hunter "is stuck in the tuba section of the Republican presidential parade, so he'll say anything for attention."

Kerry, the Democrat's 2004 presidential nominee, announced last week that he would not seek the 2008 nod.

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Van Dongen To Boost Giuliani Bid (RC)

By Lauren W. Whittington

Roll Call, January 30, 2007

Washington, D.C., superlobbyist Dirk Van Dongen has agreed to serve as D.C. finance chairman for Republican Rudy Giuliani's nascent 2008 presidential bid, and allies of the former New York mayor say the move is only a preview of the high-profile, inside-the-Beltway support he is building.

Van Dongen, who heads the National Association of Wholesaler-Distributors and is a top Republican fundraiser with close ties to President Bush, represents a big catch for Giuliani among the president's top money men — the group of "Rangers and Pioneers" who helped pour millions into his two White House campaigns.

It also signals some of the first tangible evidence of the former mayor's outreach to Washington insiders as he lays the groundwork for a 2008 run. To this point he has been much more low-key in those efforts than Sen. John McCain (Ariz.) and former Massachusetts Gov. Mitt Romney, his top rivals for the GOP nod.

The details of Van Dongen's role are still in the early stages of being worked out.

In a brief interview, he said that he was pleased to do whatever he could to support Giuliani and he praised the former mayor's record of leadership in a city that he said many had deemed ungovernable.

"We're New Yorkers, we actually live in New York City and Washington," Van Dongen said. "I know what New York City was like prior to his becoming mayor and I know what New York City was like after his two terms as mayor."

Van Dongen and his wife split their time between New York and Washington. Their daughter, Rachel Van Dongen, is a senior staff writer for Roll Call.

Van Dongen also said he was involved in building support for Giuliani's abbreviated 2000 Senate bid, which Giuliani ended after being diagnosed with prostate cancer in April of that year.

A source close to the Giuliani campaign said that more endorsements and support from within the Beltway would be forthcoming.

"Meetings have been taking place everywhere from K Street to the Hill," said the Giuliani source. "You will see in the next few weeks the committee announcing some great supporters who will be helping the mayor's efforts."

While Giuliani has obvious ties to the financial powerbrokers on Wall Street, Van Dongen's willingness to be the former mayor's fundraising point person here is significant both in Washington circles and in the world of major GOP donors.

There has been fierce behind-the-scenes competition among top White House contenders to land the major players on Bush's money team. And other donors are watching closely to see where those individuals gravitate.

Van Dongen, Wayne Berman and Ron Kaufman represent three of the biggest Washington, D.C.-based commodities in the group of Bush money men.

Berman, a lobbyist who heads Berman Enterprises, Inc., has signed on with McCain while Kaufman, a senior executive with Dutko Worldwide and a top Bush fundraiser is backing Romney, with whom he shares Massachusetts ties.

Van Dongen and Berman were Rangers for Bush's 2004 re-election campaign, a status earned by bundling at least $200,000 in contributions. Kaufman was a Bush Pioneer, a distinction given to those who bundled at least $100,000.

Giuliani already has a handful of Bush Pioneers and Rangers on his team but none with the insider stature of Van Dongen.

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"This is a fantastic inside the Beltway pickup for Rudy Giuliani," said one GOP campaign operative who is not aligned with any of the 2008 contenders. "Dirk has helped to raise millions of dollars for Republican candidates and knows where to find the money."

Van Dongen was heavily involved in then-Sen. George Allen's (R-Va.) re-election bid in 2006 and also in aiding now-Sen. John Thune's (R-S.D.) defeat of then-Senate Minority Leader Tom Daschle (D-S.D.) in 2004. Allen was considered a leading White House contender before his defeat by now-Sen. Jim Webb (D-Va.).

On the Hill, GOP Reps. Peter King (N.Y.), Vito Fossella (N.Y.) and Pete Sessions (Texas) are leading Giuliani's outreach efforts to Members. Rep. Mary Bono (R-Calif.) also announced her support last week.

Guy Harrison, Sessions' chief of staff, said that at this point the Members are focusing on educating their colleagues about Giuliani's record of "conservative governance" in New York.

"We're making sure that our Members understand it's not just about being America's Mayor, it's also about governance that works," Harrison said.

Giuliani still enjoys wide popularity due to his tenure as mayor during the Sept. 11, 2001, terrorist attacks on the World Trade Center, and early 2008 polls show him in a strong position to win his party's nomination.

However, winning the nod still appears to be a difficult task for Giuliani, whose moderate social positions are widely thought to be unpalatable for conservative primary voters.

Meanwhile, the Republican presidential field grew by one over the weekend when former Arkansas Gov. Mike Huckabee officially announced his campaign.

Among the other candidates rounding out the GOP's White House field are Sen. Sam Brownback (Kan.), Rep. Duncan Hunter (Calif.), Rep. Tom Tancredo (Colo.), former Virginia Gov. Jim Gilmore and former Wisconsin Gov. Tommy Thompson.

McCain's Maine Backers (RC)

By Lauren W. Whittington And John McArdle

Roll Call, January 30, 2007

Sen. John McCain (R-Ariz.) announced Monday that Maine Sens. Olympia Snowe (R) and Susan Collins (R) will serve as co-chairwomen of his presidential exploratory effort in the Pine Tree State.

State Rep. Josh Tardy, the House Republican leader, will serve as vice chairman of McCain's campaign in the state.

The endorsements of Snowe and Collins, both centrists, are not surprising despite the fact that they both endorsed then-Texas Gov. George W. Bush and not McCain in the 2000 Republican primary.

The Maine Senators, along with McCain, were members of the "Gang of 14," which brokered a deal on judicial nominations in 2005.

"I've known and respected John for many years from our service together in the House and Senate and I have always found him to be genuine, straightforward, and honest," Snowe said in a statement.

Snowe and Collins join GOP Sens. Jon Kyl (Ariz.), Lindsey Graham (S.C.), Gordon Smith (Ore.) and Trent Lott (Miss.) as McCain's public backers in the Senate.

Seeking a CAO. Speaker Nancy Pelosi (D-Calif.) announced in early December that House Chief Administrative Officer Jay Eagen would keep his job at least through January to facilitate transition efforts on Capitol Hill. Now, as that deadline approaches, one high-ranking Republican hopes the next CAO will be appointed in a bipartisan manner.

In a letter to House Administration Chairwoman Juanita Millender-McDonald (D-Calif.) on Monday, the panel's ranking member, Rep. Vernon Ehlers (R-Mich.), suggested that a bipartisan CAO search committee be formed to find candidates to fill one of the House's top patronage posts.

"While the proper administration of the House is ultimately the responsibility of the Majority, primarily executed through the Committee on House Administration, the successful operation of the House is certainly not a partisan matter," Ehlers wrote. "It is now incumbent on the Committee to take full advantage of Mr. Eagen's remaining tenure at the House by initiating an open and fully competitive search for his successor as soon as possible."

Pelosi's office has not announced exactly how a successor for Eagen would be chosen, but some sort of search process is expected to take place.

Millender-McDonald could not be reached for comment on Ehlers' letter Monday afternoon.

Hutchison Opens Door To No. 2 Spot On Ticket (WT)

By Ralph Z. Hallow

The Washington Times, January 30, 2007

DOJ_NMG_0124423

Sen. Kay Bailey Hutchison, the largest Republican vote-getter in the 2006 congressional elections and the most popular Republican in Texas, said yesterday she would consider an offer to run for vice president next year.

"If our party's nominee called me and said we are putting everything in the grid, and we think you are the best person, would I say no? I can't imagine that I would say no," she said.

"Would I seek it or do something to promote it? Absolutely not," she told editors and reporters of The Washington Times at a meeting at the newspaper.

Mrs. Hutchison, who garnered more than 2.6 million votes in November and defeated her opponent by 62 percent to 36 percent in an overall bad year for Republicans, attributed her popularity, in part, to her stand on Iraq. "People in my state see me as having a few degrees of separation" from the president.

"I do not believe in pre-emptive strikes against foreign countries that have not attacked us, unless they are a threat to our country," she said. But she also said she believes Mr. Bush thought Iraq had weapons of mass destruction and therefore was a threat.

"I don't think we're in Iraq for the Iraqi people, but for the security of the United States," she said.

"The president is against me on this, but I think we should be looking more at the Bosnia solution," she said, which would create in Iraq "semiautonomous regions that hold the country together by the sharing of oil revenues."

Mrs. Hutchison said she has been working on an alternative draft resolution on Iraq with fellow Senate Republicans John McCain of Arizona and Lindsey Graham of South Carolina.

She said it would avoid "undercutting President Bush internationally," which the Texas lawmaker said would be the result of resolutions co-sponsored by several Republicans, including one by Virginia Sen. John W. Warner and an even stronger anti-troop "surge" resolution backed by Sen. Chuck Hagel, Nebraska Republican.

With 49 seats, Republicans can hold up Democratic initiatives in the Senate, and as Republican Policy Committee chairman, Mrs. Hutchison, 63, must find ways to restore a cohesiveness to Senate Republicans that began to fracture before the disastrous midterm elections, in which the party suffered a net loss of six seats.

Mrs. Hutchison said she is not seeking a spot on the 2008 Republican presidential ticket -- or planning a run for Texas governor in 2010, as some in her state predict.

She did not dispute, however, that she is widely discussed for top offices, including the vice presidency, in part because she is the most conservative and longest-tenured female Republican senator.

An opponent of partial-birth abortion and proponent of parental notification, she has a zero rating from the pro-choice NARAL and a 90 percent rating from the anti-tax Americans for Tax Reform.

Her American Conservative Union 91 percent lifetime voting record puts her ahead of Senate Minority Leader Mitch McConnell of Kentucky and Utah Sen. Orrin G. Hatch, with 90 each.

Mrs. Hutchison, the lead sponsor of a bill in 2005 to repeal the gun-ownership ban in the nation's capital, said she would reintroduce the legislation this year.

On immigration issues, she reiterated her support for a plan to allow illegals to return to their home counties, go through security and health checks and apply to return to the United States, where they would continue to undergo periodic checks and have to wait at least 17 years before beginning the naturalization process.

"If we don't have a guest-worker program that works, we really won't have border security," she said. "People have already shown they will risk their lives to cross the border."

Clinton Balances Femininity, Toughness (POL)

By Ben Smith

The Political, January 30, 2007

In her first tour of Iowa last weekend, Sen. Hillary Rodham Clinton emerged as a candidate hard-edged enough to threaten violence, yet explicitly female enough to make women feel so comfortable that one mentioned menopause in front of crowd of more than 1,000 people.

Clinton never called attention to her gender during her six years as Democratic senator from New York the way she did at a Des Moines town meeting where she raised the question "Would we ever elect a woman as president?" and mused openly about the challenges she faces as a female candidate.

And she's rarely deployed the masculine language of violence the way she did in Iowa, where she said she would "deck" anyone who attacked her politically, and called on President Bush to "bring the hammer down" on Iraq's political leaders.

"She was Yin-and-Yang'ing it," said Andrew J. "Drew" Zambelli, a pollster and market researcher who has conducted studies on women's views of Clinton for Manhattanville College in Westchester.

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Though the directness with which she's begun to talk about being a woman is new, there's no mystery to why Clinton would stress her gender. There are more women than men and women made up 54 percent of the voters in the 2004 presidential election. Clinton has every reason to expect that -- running against at least five men for the Democratic nomination -- she will be their favorite daughter.

"Her run is going to be dependent on her doing disproportionately well on women," Zambelli said. "And there's a value in engaging the proposition. There are some women in the middle who really respond when you focus them in on the issue."

And so Clinton created an atmosphere that seemed, for lack of a better phrase, intensely female. Terri Hoffman, a teacher in Des Moines, mentioned to Clinton in the question-and-answer session -- and to the majority-female crowd of more than 1,000 -- that she is going through menopause. And it was women's enthusiasm that seemed to define the trip, from Pat Baxter-Rebal, who told Clinton she named her Siamese cat after Clinton in 1992, to the young woman at a house party in Cedar Rapids who had one question: What she could do to help?

But while, within the large and small rooms, Clinton seemed to be speaking most directly to the women present, she drew headlines for the new intensity of her words, which seemed to catch supporters and reporters who have covered her for years a bit by surprise.

As her Democratic rivals position themselves largely in relation to her and to her position on the Iraq War, Clinton's toughness has been directed outward: at Republicans and Bush.

"This was his decision to go to war with an ill-conceived plan and an incompetently executed strategy," she said in a moment of tough talk in Davenport calculated to make headlines. "We expect him to extricate our country from this before he leaves office."

Supporters said the factors contributing to her change in style included the requirement that women prove themselves as tough, the intensity of being on the presidential stage, and the simple need to shrug off the careful soft focus that has defined many of her appearances over the last six years.

"She's decided to do this, and there's this sense that they want to punch it up," said Kelli Conlin, the executive director of NARAL Pro-Choice New York and a political ally of the state's junior senator.

"There's been this gauze around the myth of Hillary," Conlin said, but her New York supporters "know that Hillary does have a tough side."

At the Cedar Rapids house party, the hostess, Marcia Rogers, introduced Clinton, and apologized that her husband had not been able to attend. As a crowd filled the large living room and spilled into adjacent spaces, Clinton took a question about why she thinks she is seen as a "polarizing figure."

"There's always a tension in bringing people together to find common ground and standing your ground. I've tried to do both," the candidate replied. "When I have stood my ground I have engendered opposition. In part because I'm a woman doing it."

"I think the other side views me as a worthy adversary," she concluded.

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by dslinkard on 01.29.2007 at 11:12 PM

I can sum up all of her comments here.

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Clinton Meets With Union Leaders (NYT/AP)

By The Associated Press

The New York Times, January 30, 2007

Filed at 2:19 p.m. ET

NEW YORK (AP) -- White House hopeful Sen. Hillary Rodham Clinton met privately Monday with the board of the United Food and Commercial Workers Union, a 1.3 million-member labor group whose support will be critical to any Democratic candidate.

Clinton, who made her first presidential campaign swing through Iowa this past weekend, traveled to Naples, Fla., to address the annual board meeting of the union. UFCW spokeswoman Jill Cashen said the New York senator had been invited to speak on issues affecting the union, such as health care, immigration and boosting the minimum wage.

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"We certainly appreciate her leadership on those issues," Cashen said, adding that other 2008 presidential contenders would be invited to address the UFCW board throughout the year. Cashen declined to say whether the union intends to endorse a candidate.

The meeting was closed to the media.

The UFCW, which represents retail and grocery workers, is the chief backer of Wake Up Wal-Mart, an organization formed to pressure that company to boost wages and benefits for its workers. Clinton served on Wal-Mart's board from 1986 to 1992 but has since become a critic of the retail giant's business practices.

With organized labor poised to play an influential role in the Democratic primary, candidates have been actively wooing union support. On Friday, Clinton and several other presidential hopefuls, including Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards, addressed a closed board meeting of the Service Employees International Union in Washington.

SEIU will require presidential candidates seeking the union's endorsement to spend time working alongside union members to understand their lives and concerns. SEIU president Andy Stern personally inaugurated the "Walk a Day in My Shoes" campaign Monday in Iowa, working alongside union members there and eating dinner in their homes.

He was set to do the same Wednesday in New Hampshire, another key early voting state.

UFCW and SEIU are two of seven major unions that broke from the AFL-CIO in 2005 over internal disagreements on how best to build organized labor's membership and political clout. The unions have since formed a new political coalition -- Change to Win.

How 'Mamisma' Can Change Politics (USAT)

By Harriet Rubin

USA Today, January 30, 2007

Is America ready to elect a female president? Of course we are. The most macho countries — Chile, Liberia, Germany — have recently elected women chief executives as symbols of change. So how can a female candidate in America tap the desire for change and avoid tripping on the stereotypes of gender prejudice? Can she appear presidential before we have a model of what female presidential power is?

Even the most powerful woman in politics can't yet hold her own against the most powerful man, it seems: When Bill and Hillary Clinton take a stage together, he makes her disappear, like a magician and his assistant. How then would she look on stage against Republican Sen. John McCain? She'll have to draw consistently on her "mamisma," not machismo. (After all, there are already too many alpha male Democrats in play.) And I'm not talking about machisma or female ferocity.

Mamisma is femininity defined by mature and maternal qualities. It lets a female candidate make men look like wimps while doing the taboo-dance, enticing people to fall in love with her.

The history of female leaders — queens, presidents, prime ministers — reveals that they sell mamisma hard. Israeli's Golda Meir, for example, was no conventional object of desire. She seduced by making her desires plain, like any good mother. In Munich, Steven Spielberg's historically inspired account of Israel's plot to avenge the murder of its Olympic athletes, Meir takes five minutes to persuade a young man to abandon his pregnant wife and promising career for her own desperate mission. That is mamisma.

Take a look at Nancy Pelosi on the occasion of her swearing-in as House speaker earlier this month. She was engulfed by children. Is it accidental that the most famous medieval icons depict a Madonna embracing people whose faces beam with childlike innocence? It's no accident: It's mamisma.

Mamisma makes a strong woman appear ultimately non-threatening — a quality we have not seen much in our youth-intoxicated culture.

But the world is changing. In France, never a bastion of powerful women, presidential candidate Segolene Royal, 53, is selling herself as the mother protector of the nation. She's taking a page from the playbook of great queens and women who behave like them.

After their youthful sexuality fades, mamisma women stand toe to toe with powerful men. They often refer to love and trust as bold alternatives to the hard edges of powers that be.

Queen Elizabeth I sought her subjects' love; she assumed she had their respect. Eleanor Roosevelt became a saint by insisting that the bottom line of government is love. By contrast, fired Hewlett-Packard CEO Carly Fiorina wore toughness like a set of dentures; she denied there was anything womanly about her. That is anti-mamisma.

Mamisma works because after age 50, the laws of power change. Law No. 1: After 50 a woman is praised for what she had been blamed for, as legendary anthropologist Margaret Mead believed. A woman's youthful mistakes may be re-evaluated as signs of her bravery and vision.

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Pritzker Prize-winning architect Zaha Hadid is today hailed for the same weird designs that earlier guaranteed her rejection by potential clients. Hillary Clinton might remind us that she was an early champion of health care reform and that she suffered attacks from all sides for it. Advisers may warn candidate Clinton to sidestep this chapter in her past. But if she were to forget this advice and follow the rules of mamisma, she would promote the fact that surviving the onslaught is her war-hero record. McCain, too, fought in an unpopular and losing war.

The second law of mamisma: The differences between Mars and Venus are fading in that sizable demographic, the baby boomers, the majority of whom are 50 or older. The sexes don't simply grow older at different speeds; men mature into femininity. While men become more emotional, rounder and softer in physique, women tend to bulk up. They are acknowledged as stronger than men after age 50 because "women age more slowly," says Eric Walsh, a geriatrician at Beth Israel Medical Centering New York. Women also become the primary caretakers, as men become physically the weaker sex.

This is a new playing field. A mamisma woman will not gear her message to either gender, and she will wrap tough platforms in emotional language: To stand against sending more troops into Iraq, Pelosi would emotionalize the discussion, noting that Bush is trying not to appear weak, the criticism his father suffered.

The third law of mamisma is that, as University of Chicago scholar Wendy Doniger points out, "Men would marry their mothers if they could." Why? Because they like being reminded that they are great. It's the ultra-maternal message. A female candidate would likewise remind the electorate that a golden future awaits — a message more seductive than better homeland security.

Queen Eleanor of Aquitaine in the 12th century led a revolt away from her John McCain-like husband, King Henry. While he was out selling people on crusades, Eleanor built a court of love which appealed to the child in everyone, the very opposite of her husband's vision. The youth of Europe joined her in droves. This extremely alternative vision let Eleanor escape the secondary roles as wife and helper, assert her independent sovereignty and dispense her own justice and her own patronage.

Eleanor's original ideal of courtly love informs our culture to this day. As in Eleanor's time, there is a constituency that wants to feel the love.

Mamisma is anti-Machiavelli: seduction over divisiveness. Is it a good thing? In a world run like a PlayStation war game, maturity would be a nice antidote. After all, who wouldn't want a return to the seriousness and authority of the Founding Fathers … even if this time around, they just happen to be women?

Harriet Rubin is author of The Mona Lisa Stratagem: The Art of Women, Age and Power, which will be out in May. She is also a member of USA TODAY's board of contributors.

Hagel Low On Cash On Hand, Raising Retirement Issue (HILL)

By Aaron Blake

Hill, January 30, 2007

Sen. Chuck Hagel's (R-Neb.) year-end financial filing shows that he raised just $80,000 for his campaign committee in the final three months of 2006, bringing his cash on hand to $140,000 from $110,000.

As of his third-quarter filing, Hagel had the least cash on hand of the 33 senators up for reelection in 2008. The potential presidential candidate's most recent filing shows he increased his campaign fundraising over the $20,000 he raised in the third quarter.

Political observers often use fundraising and cash-on-hand figures to speculate about whether members of Congress intend to seek reelection. The senator with the second-least cash after the third quarter, Sen. Wayne Allard (R-Colo.), is thus far the only one to announce he will not run again.

Unlike Allard, who was one of Democrats' top three targets, Hagel appears unlikely to face a serious Senate challenge in 2008. He defeated now-Sen. Ben Nelson (D-Neb.) with 56 percent of the vote in 1996 and cruised to reelection in 2002 with 83 percent against token Democratic opposition.

At the same time, he has left open the possibility that he would retire, whether or not he would seek the presidency. Last week, he rebuffed a report that said he has assured the National Republican Senatorial Committee that he will seek reelection.

Spokesman Mike Buttry said Hagel's campaign financial filings offer no clue about his future plans and emphasized Hagel's fundraising through his political action committee, which raised more than $400,000 during the last cycle.

"I wouldn't read anything into that," Buttry said. "Sen. Hagel's focus last year was on raising and contributing money from his PAC."

Hagel recently has drawn attention for his harsh evaluation of the progress being made in Iraq. He is one of two Republican senators to sign on to a non-binding Democratic resolution criticizing President Bush's plan to send 21,500 additional troops to Iraq.

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Franken Off The Air (HILL)

By Aaron Blake

The Hill, January 30, 2007

Comedian and potential Minnesota Senate candidate Al Franken will leave liberal talk radio station Air America in two weeks, he announced yesterday on his show.

The announcement paves the way for Franken to explore a possible Democratic challenge to freshman Sen. Norm Coleman (R-Minn.) in 2008.

The radio host, who a year ago moved back to Minnesota and has been recording his “Al Franken Show” in Minneapolis, said he is “definitely giving it serious consideration” and that he plans to make a decision soon.

Air America also announced yesterday that the station is on the block. Franken said he wanted to stick around through the transition and his last show will be Feb. 14. He said if he makes his decision by then, he will announce his intentions on his show.

Air America filed for Chapter 11 bankruptcy protection last year.

Interestingly, in the same show Franken announced his departure, he had Democratic Senatorial Campaign Committee Chairman Charles Schumer (D-N.Y.) as a guest.

A spokesman for Franken’s Midwest Values PAC, Andy Barr, said Schumer’s appearance was coincidental. Schumer has been promoting his book, “Positively American: Winning Back the Middle-Class Majority One Family at a Time.”

Google Moves To Disarm Search 'Bombs' (WP)

By Sara Kehaulani Goo

The Washington Post, January 30, 2007

For many years, Google said it wouldn't rectify the antics of pranksters who rigged search terms, like having "miserable failure" bring up a White House biography of George W. Bush as a top result on its search engine.

But Google last week reversed its position, changing its algorithms to eliminate so-called "Google bombs" that yield political or humorous results.

On its blog targeted at Web engineers, Google disclosed that it made changes to minimize the impact of the most popular Google bombs. Too many people started to think the results reflected the company's political opinion, it said.

"We've seen a lot of misconceptions. People thought Google was behind these or was endorsing these" Google bombs, said Matt Cutts, the software engineer at Google who posted an explanation of the company's decision on the Google Webmaster blog. "It's not the case. Most of these can be considered pranks, and the direct impact on all search results is minuscule. But it is good to correct our search quality."

Because of the changes Google made to its formula, searching for "miserable failure" on Google now pulls up a news story by the BBC about Google bombing as the first result, followed by a Wikipedia entry on the topic and another article in an industry publication. The White House page no longer appears in the top 100 results.

The search engine uses many factors to determine the ranking of a Web site in the search results. One factor influencing that ranking is how many other Web sites link to the targeted site, so if many sites use the term "miserable failure" and use it as a link to the White House site, the White House site rises in the rankings. The White House Web page does not contain the words "miserable failure," but the obscurity of the phrase made it easier to rise quickly in the rankings.

Other search engines use similar variations on search technology. Google isn't the only one affected. Yahoo's search, for example, still brings up the president's profile as its top result.

George Johnston, a Bellevue, Wash., man who claims to be the architect of the "miserable failure" Google bomb, said he started his campaign in 2003 because it would be "fun" and "easy." He e-mailed a number of popular bloggers and asked them to use the phrase and create a link to the White House Web site. It quickly took off.

"It spawned a whole class of jokes when people understood how easy it was," Johnston said in an e-mail. "Google bombing as a blogger sport hit its peak in 2004," then receded as the novelty wore off, he said.

The White House has never asked Google to remove the "miserable failure" results, according to White House spokeswoman Emily Lawrimore. "If anything, it provided people with an opportunity to learn more about the president's positive agenda," Lawrimore said.

Other popular Google bombs include "French military victories," which brings up a Web site designed to look like an error message that says, "Did you mean: French military defeats." Another term, "waffles," used to pull up a site about former presidential candidate Sen. John Kerry. Google bombing happened in other languages, as well.

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Despite the growth of fake results, Google was initially reluctant to intervene, claiming that the most relevant results could still be found. More recently, Google tried to highlight pranks by putting a warning at the top of the results page.

Danny Sullivan, a London-based consultant and former editor of Search Engine Watch, said Google should have addressed the issue much earlier. "But it's a difficult decision," he wrote in response to e-mailed questions. "Some people still interpret this as Google trying to repress Web 'opinion' rather than improve search results."

Google said the changes it made last week still can't stop all Google bombs. "People will always find ways to make jokes on the Web," Cutts said. "Because Google takes search quality very seriously, we will continue to refine search quality."

Father Drinan, Model Of Moral Tenacity (WP)

By Colman Mccarthy

The Washington Post, January 30, 2007

If you've ever wondered whether God laughs, think back to 1980, when the Rev. Robert Drinan was ordered by Pope John Paul II to get out of politics and leave Congress. The Jesuit priest, who died on Sunday, was finishing his fifth term representing a suburban Boston district that included Cambridge and Brookline. The pope had been hearing from rankled conservative American Catholics--the Pat Buchanan, William F. Buckley Jr., William Bennett wing of the church -- that Father Drinan, a purebred Democrat, was a dangerous liberal. His voting record on abortion was seen as too pro-choice.

Father Drinan's presence in the House of Representatives had been sanctioned by the previous pope, Paul VI, as well as by the U.S. episcopate, the cardinal of Boston, his own Jesuit superiors and emphatically by the voters in his district.

No matter.

John Paul, knowing that Jesuits take a vow of loyalty to popes, had his way. And who replaced the dangerously liberal Father Drinan? The more dangerously liberal Barney Frank--as ardent an advocate for abortion rights and as he was for gay rights. If there is a God, the Frank-for-Drinan trade surely had Him laughing at the Vatican's expense.

From Congress, Bob Drinan went a few blocks to Georgetown University Law Center.

It was a natural transition, from practicing the politics of peace and justice to teaching it. His classes on human rights law, constitutional law and legal ethics were routinely oversubscribed. Though I had met him before his days in Congress, when he served as dean of Boston College Law School, it was at Georgetown Law that our friendship grew. My classes there for the past 20 years have attracted the same kind of students that his did -- future public-interest lawyers, poverty lawyers, human-rights lawyers, and, in good years, a future Jack Olender or William Kunstler.

After my Tuesday afternoon class, I would often go by Bob Drinan's fourth-floor office to get energized. I saw him as a towering moral giant, a man of faith whose practice of Christianity put him in the company of all my Jesuit heroes--Daniel Berrigan, Horace McKenna, Teilhard de Chardin, John Dear, Francis Xavier, the martyred Jesuits of El Salvador and the priests who taught me in college. In his office, ferociously unkempt and as tight as a monk's cell, our conversation ranged from politics to law to the morning's front pages. He was as knowledgeable about the Torture Victim Protection Act of 1991 as he was about the many allegations of international lawbreaking by the current Bush administration. Bob Drinan had mastered the art of being professionally angry but personally gentle.

As a priest, he was a pastor-at-large. He was at the altar at journalist Mary McGrory's funeral Mass. He celebrated the Nuptial Mass at the marriage of Rep. Jim McGovern (D-Mass.) and his wife, Lisa. And always, there were plenty of baptisms. As a writer, he produced a steady flow of books on human rights, poverty and social justice. He saved his most fiery writing for the National Catholic Reporter, the progressive weekly to which he contributed a regular column. His final one appeared on Dec. 15, a piece about the 26th anniversary of the martyrdom in El Salvador of Maryknoll Sister Ita Ford.

The column began: "In the 1980s I gave a lecture at Jesuit Regis High School in New York City, where the students are all on scholarship. I spoke about the war being waged by the Reagan administration against the alleged communists of El Salvador.

"In the discussion period, three students took issue with my remarks, making it clear that they and their families agreed with the U.S. policy of assisting the Salvadoran government. The atmosphere was almost hostile until one student stood and related that his aunt, Maryknoll Sister Ita Ford, had been murdered by agents of the government of El Salvador. I have seldom if ever witnessed such an abrupt change in the atmosphere of a meeting."

One of my students at Georgetown Law last semester was also one of Father Drinan's: Chris Neumeyer, a former high school teacher from California. His father, Norris Neumeyer, was in town earlier this month and wanted to meet his hero, Father Drinan. The two lucked out and found the priest in his office. Yesterday, Norris Neumeyer, after learning of the priest's death, e-mailed his son and recalled asking if Father Drinan knew his often-jailed fellow Jesuit Daniel Berrigan and his brother Philip. He did. The difference between himself and the Berrigans, Father Drinan believed, was that they took action outside the system while he took action inside.

Papal meddling aside, it was enduring action.

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Colman McCarthy, a former Washington Post columnist, directs the Center for Teaching Peace and teaches courses on nonviolence at four universities and three high schools.

The Humane Society Becomes A Political Animal (WP)

By Jeffrey H. Birnbaum

The Washington Post, January 30, 2007

Many people may consider the Humane Society of the United States a pussycat. But with 10 million donors and a $120 million budget, it is becoming a tiger among Washington's interest groups.

Just ask Maryland Gov. Robert L. Ehrlich Jr. (R) and Rep. Richard W. Pombo (R-Calif.). Actually, make that former governor and then-representative. The Humane Society targeted both in last year's elections after Ehrlich supported bear hunting and Pombo supported commercial whaling and trapping in wildlife refuges.

The society also spent lavishly to help pass an initiative in Arizona, fought by agribusiness, that bans inhumane factory farming. And it bested the National Rifle Association on a measure that prohibits the shooting of mourning doves for sport in Michigan.

"They are a worthy opponent," said Andrew Arulanandam of the NRA. "They certainly have a lot of backers with deep pockets."

"They keep us on our toes," agreed Kelli Ludlum of the American Farm Bureau Federation. "We need all of our members to counter their growing effectiveness."

The society's newfound prowess was engineered by its 41-year-old president, Wayne Pacelle. The smooth-talking Pacelle (who travels so often that he doesn't own a pet) was the group's top lobbyist before taking over 2 1/2 years ago. He quickly consolidated his power base by merging with two other animal-protection organizations -- the Fund for Animals and the Doris Day Animal League. He also formed a political affiliate, the Humane Society Legislative Fund, which spent $500,000 on key races in last year's elections, and established his own political action committee called Humane USA, which funneled an additional $300,000 to pro-animal candidates.

"The organization has committed itself to political activity as never before in its 52-year history," Pacelle said. In addition to collecting the scalps of opponents on Election Day, the society can claim at least two dozen successful statewide ballot measures including ones that bar horse slaughter and cockfighting. It's fighting similar battles in Congress.

Pacelle's goal is to double the amount of his electoral giving and the extent of the society's lobbying over the next two years. He already can boast an average of 20,000 members in each congressional district and a budget that is twice the size of that of his nearest animal-rights rival, the American Society for the Prevention of Cruelty to Animals (ASPCA). The activist People for the Ethical Treatment of Animals (PETA) is a quarter as large.

Pacelle notes that his group has no corporate connection to the animal shelters that regularly kill surplus strays. Still, lots of animal lovers do not consider his society very humane.

Lately, a growing number of politicians don't, either. "I compensate to some degree for animal advocates who are overly sentimental," Pacelle said. He then quoted his late mentor Cleveland Amory of the Fund for Animals, who said, "I want to put cleats on little old ladies in tennis shoes."It's All in a Name I

The new trade association that represents stock and bond traders is called the Securities Industry and Financial Markets Association. But the group's acronym, SIFMA, sounds so distasteful as a spoken word that its staff has been warned to spell out the letters, S-I-F-M-A, whenever they refer to the lobby.It's All in a Name II

Some big guns in lobbying are pressing to name the Education Department's building in the District after President Lyndon B. Johnson, and they may well succeed now that Democrats control the Capitol.

For years, former House Republican leader and fellow Texan Tom DeLay blocked the proposal. But he's not around anymore, so Johnson acolytes are trying anew. They include ex-Johnson aides and now K Streeters Harry C. McPherson and Lloyd N. Hand of DLA Piper, James R. Jones of ManattJones Global Strategies, and Jack Valenti, former president of the Motion Picture Association of America. Lyndon K. Boozer, 43, an AT&T lobbyist and son of Johnson's late secretary, Yolanda Garza Boozer, conceived the project.

And yes, Boozer was named for the great man -- just as he hopes the education building will be soon.It's All in a Name III

Democratic lobbying shops, eager to capitalize on their new majority in Congress, have sprouted so quickly that they obviously did not bother to apply any imagination to their names.

Kimberly Allman, a former lobbyist for the Recording Industry Association of America, started Allman Strategies. Steve Elmendorf, a former aide to longtime congressman Richard Gephardt (D-Mo.), formed Elmendorf Strategies. And Julie Domenick, most recently at the Loeffler Group, runs Multiple Strategies.

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At least Parven Pomper Schuyler Inc. and Heather Podesta & Partners chose boring names without resorting to "strategies."

One long-established Democratic firm with a relatively interesting moniker, the Glover Park Group, is expanding. The new hires include Julie Rochman, formerly with the American Insurance Association; Beth Tritter, ex-aide to Rep. Nita Lowey (D-N.Y.); Susan Kannel, formerly with Lake Research Partners; and Tracy Sefl and Jason Miner, both formerly with the Democratic National Committee.

On the Republican front, a familiar name will soon head the National Association of Chain Drug Stores. Steven C. Anderson, president of the National Restaurant Association, will replace Craig L. Fuller, chief of staff to George H.W. Bush when the elder Bush was vice president, who left the chain-store group last March.Another New Idea

Fred Wertheimer has fought for ethics reforms for more than 30 years, and he has a new proposal: earmark disclosure by lobbyists.

Wertheimer, president of Democracy 21, wants lobbying groups to disclose what narrow projects -- a.k.a. earmarks -- they are pressing for and to identify the lawmakers who are sponsoring them. Versions of this have been advanced in the past by Sens. Barack Obama (D-Ill.), Russell Feingold (D-Wis.) and Joseph Lieberman (I-Conn.).

Lobbyists can now be vague about what they do for their clients. But that would end under the Wertheimer plan. Voters could then decide who elected officials were working for -- lobbyists, their constituents or both. Any thoughts?

A Voice For More Voters (WP)

By E. J. Dionne Jr.

The Washington Post, January 30, 2007

Think of it as California's revenge.

After years of watching as its financial heavy hitters were bled dry for campaign contributions that were spent elsewhere, the state's politicians have decided to give its voters a say in selecting the Republican and Democratic presidential nominees.

And as befits a place that helped give birth to the Goldwater Right, the New Left, the counterculture, environmentalism, modern libertarianism and the tax revolt, California doesn't mind if it throws an already flawed presidential nominating system into chaos.

Fearing that California will bigfoot its way into dominance by moving its primary to Feb. 5, 2008, Illinois, Florida and New Jersey are maneuvering to do exactly the same thing. Thus would this diverse group of states give its voters a say just two weeks after the New Hampshire primary, three weeks after the Iowa caucuses, and also close to the contests in Nevada and South Carolina, which the Democrats have moved up in their order of battle.

There is a lot of hand-wringing about how the most open election since 1928 and the most important in many, many years -- for once, that is not an exaggeration -- will now be held hostage to the whims of big states, big fundraisers, big consultants and, as the first President Bush described momentum, Big Mo.

The money part could be ameliorated if Congress were only willing to update a public financing system that is several election cycles behind the realities of politics. Democrats in Congress who tout their populist and reform credentials while decrying the influence of wealthy interests should be moving with dispatch to do so.

As for the rest of the difficulties, there is another description of the supposed chaos: a rational response by political actors in a federal system doing their best -- given the incentives in place -- to serve the interests of the voters in their states.

What should surprise us is that the big states did not move years ago to enhance their role in picking the nominees.

California was once a giant in the process. In the 1964 Republican primary, Barry Goldwater narrowly defeated Nelson Rockefeller and set the GOP on the rightward course it has pursued since. In 1972, California Democrats voted for George McGovern over Hubert Humphrey, confirming the importance of the antiwar forces in the party. Since then, California's influence has been exercised largely by the people who can afford the fundraising parties at mansions in and around Los Angeles and San Francisco.

Moreover, the bulk of the states talking about moving their primaries forward promise to enhance the influence of two groups largely left out of the current process: the voters in big cities and the vast group of suburban and exurban citizens so decisive to the outcomes of general elections.

Don't get me wrong: I share the devotion to Iowa and New Hampshire's conscientious voters that is a requirement for entry into the guild of political writers. I love watching candidates sit with small groups of voters in living rooms in Epping, N.H., or Altoona, Iowa, and confront agonizingly thoughtful and detailed questions about health-care policy or nuclear proliferation. And I love visiting both states, warm and welcoming as they are, with the excuse that I'm working.

But it's time the method we use in selecting nominees bear some resemblance to how we elect them. It's time the polyglot cities and the great exurban tracts gain a voice commensurate with their importance to the nation.

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And it's time that our candidates get tested early by broader electorates. Was it really good for the country that South Carolina's Republicans put an effective end to the battle between George W. Bush and John McCain so early in 2000, on Feb. 19 to be exact? Was it helpful that the Democratic battle between Al Gore and Bill Bradley that same year effectively ended after New Hampshire voted on Feb. 1, or that John Kerry wasn't tested harder in more places after his Jan. 27, 2004, victory there?

The revolt of the big states may not slow the process and might even enhance the importance of the outcomes in Iowa, New Hampshire and the two other early states. But by forcing themselves forward, California, Illinois, New Jersey, Florida (and who knows who else?) will definitely let many more voters, and many more kinds of voters, in on an important choice. The legislatures in those states should ignore the complaints and let their people join the action.

Iowa Emigration Act (WSJ)

The Wall Street Journal, January 30, 2007

The Labor Department reported last week that U.S. union membership keeps shrinking, which helps explain why unions have made easing the rules for organizing one of their top political priorities. And in some places, they've got a good chance to succeed.

Unions lost 326,000 members in 2006 and the percentage of working Americans who belong to a union dipped to 12%, continuing to fall from the high of 34% in the 1950s. Today only one in 13 private-sector workers is a member of a labor union, while four times as many Americans own stock as belong to a union.

Big Labor's response has been to redouble efforts to rig the rules to make union organizing much easier. So in Congress the number one AFL-CIO priority is "card check" legislation, which would end secret ballots for organizing elections at worksites. Union reps would know which workers voted "no" and thus be able to exert enormous peer pressure to conform. Given union history, this would surely include threats and other intimidation. Democrats on Capitol Hill are likely to bring "card check" up for a vote on very short notice -- the better to prevent business from mobilizing against it.

Meanwhile, at the state level, unions are trying to exploit their legislative victories in November by overturning right-to-work laws. These laws prohibit employers from requiring workers to join a union as a condition of employment. They also protect workers from having to pay union dues whether they belong to the union or not -- dues that often go to political causes that workers don't support.

Iowa is emerging as the first test of this effort, thanks to Democratic control of the Governorship and both legislative houses for the first time in 40 years. Iowa has been a right-to-work state for 60 years, which is one reason the state has been able to hold on to some of its manufacturing base. Though neither new Governor Chet Culver nor legislators campaigned against right-to-work, unions are now demanding a vote to gut the popular law.

The proposed law wouldn't require workers to join a union, but it would mandate that all workers pay union dues whether they join or not. The unions call this a "fair play law" because all shop employees have to pay equally for union activities. But this is a strange definition of "fair" because it allows unions to dun workers without their consent.

If the Iowa legislature wanted to chase jobs and employers out of the state, they couldn't come up with a better plan than underming right to work. Leo Troy, an economist at Rutgers University, has studied the issue and found that "right-to-work laws are strongly correlated with faster growth in jobs and personal income."

Many international and domestic companies won't consider locating a plant in a non-right-to-work state. Most of the new auto plants owned by Mercedes, Nissan, BMW and Honda are located in Alabama, South Carolina, Texas and other right-to-work locales. A recent survey by the National Right to Work Institute found that, between 1986 and 2006, 11 right-to-work states have added 104,000 auto manufacturing jobs, a 63% increase. The non-right-to-work states lost 130,000 auto jobs, or 15% over the same period.

Iowa has one of America's older populations, and the state's politicians have been fretting for years about the difficulty of keeping their young people from fleeing for better economic opportunities in other states. If Iowa Democrats placate Big Labor and join New Jersey, New York, Michigan and Ohio in all but forcing workers to join unions, they can expect an accelerating exit to warmer economic climes.

The Battle Of Jericho (WP)

The Washington Post, January 30, 2007

GRADUATION ceremonies for Montgomery Blair High School's Class of 2007 will afford students one more lesson in life. Too bad it's one of convenience trumping principle. That's the only message to be drawn from the capitulation by the school board to allow the use of a church for the ceremonies.

Members of the board, after impassioned lobbying by parents and students, overruled a decision by Superintendent Jerry D. Weast that prevented use of the Jericho City of Praise church in Landover. Mr. Weast's decision, although unpopular, was

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right. The reversal exposes the system to a possible lawsuit by groups who see use of the church as violating the constitutional separation of church and state. Indeed, it was the threat of such a lawsuit that prompted the ban in the first place. More important, though, are the feelings of parents and students who might be offended by having to celebrate an important moment in such a venue. No matter how small the number of those discomfited by walking into a building that proclaims "Jesus Is The Lord!!!" the rights of the minority must be taken into account.

We are sympathetic to the Blair community's problem. Its large student body makes most other venues unsuitable, and the Show Place Arena and Equestrian Center in Prince George's County is not ideal. Then, too, with its large number of low-income families, Blair can't match the ability of other schools to raise money to rent better facilities.

Montgomery County must do a better job of providing a proper setting for all its students -- and their families -- to celebrate graduation. We wonder, for instance, why Blair is given the same amount of money to conduct its ceremony as much smaller schools. Or why Prince George's County is able to accommodate its large high schools. Although the board shouldn't have allowed the use of Jericho, it wisely decided to conduct a full review of its policy on graduations.

U.S. To Discuss Finances With N. Korea (AP)

By Audra Ang

AP, January 30, 2007

A U.S. Treasury official in Beijing for negotiations with North Korea over its alleged illicit financial dealings said Tuesday he was "hopeful" of progress, as a report indicated full talks on the North would resume Feb. 8.

Deputy Assistant Treasury Secretary Daniel Glaser was set to meet his North Korean counterparts later Tuesday to talk about U.S. financial restrictions, which were imposed due to Pyongyang's alleged smuggling and counterfeiting and have stymied separate talks on scrapping its nuclear weapons program.

"We're prepared to go through these talks as long as it takes for us to get through our agenda," Glaser told reporters. "I'm hopeful we'll make progress."

The North Korean delegation told reporters when they arrived in Beijing that the talks will be held at the two embassies but did not make any other comments.

The financial negotiations are expected to clear the way for another round of six-nation nuclear disarmament talks.

Japanese public broadcaster NHK reported Tuesday that China had informed Tokyo that the negotiations would resume Feb. 8. The Chinese Foreign Ministry said it could not confirm the date.

Pyongyang has tied the financial restrictions and disarmament issues together since Washington took action against the Macau-based Banco Delta Asia in 2005, accusing it of laundering counterfeit money and abetting other unspecified criminal acts by North Korea.

The issue has caused other banks to steer clear of North Korean business for fear of losing access to the U.S. market, thereby hampering the North's access to the international banking system.

The North says the restrictions are evidence of U.S. hostility, and for a year Pyongyang boycotted the six-nation negotiations on dismantling its nuclear programs.

After North Korea tested a nuclear device in October, it agreed to return to the disarmament talks — as long as there were separate negotiations on the financial issues.

However, both the disarmament meetings and the financial discussions, held in Beijing in December, ended inconclusively. The six-party disarmament talks involve the two Koreas, the U.S., China, Japan and Russia.

U.S. officials have indicated that North Korea is still demanding the financial issues be dealt with before progress can be made on the nuclear talks.

Pyongyang wants Washington to first end the financial isolation campaign, and to lift a freeze on $24 million in accounts at Banco Delta Asia.

Talks On N Korea Financial Squeeze To Resume (FT)

By Anna Fifield In Seoul

Financial Times, January 30, 2007

US and North Korean officials are due to resume talks on Tuesday over a US-instigated financial crackdown on Pyongyang, discussions likely to be pivotal to determining the success of nuclear talks expected to reconvene next week.

The two days of meetings in Beijing between US Treasury officials and their North Korean counterparts come amid signs that Kim Jong-il's regime has been trying to adjust to the crippling effect of the crackdown.

They also coincide with growing speculation that the US is preparing to release $13m (€10m, £6.6m) of the $24m with North Korean links frozen at Banco Delta Asia in September 2005 when the US Treasury accused the Macao bank of laundering

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money for the North Korean regime. That crackdown – and the unexpected knock-on effects as banks in Vietnam and China voluntarily closed North Korean accounts – has enraged the North Koreans. Analysts argue it contributed to the decision to conduct last year's nuclear test and has become a big hurdle in the already tortuous nuclear negotiations.

"The [Banco Delta Asia] issue will be the turning point for the whole denuclearisation process," said Nam Sung-wook, a North Korea specialist at Korea University in Seoul.

Attempts to resolve the North Korean nuclear problem diplomatically have received a second wind this month, with a flurry of preparatory meetings, some even involving North Koreans. The US chief nuclear negotiator, Christopher Hill, held surprise bilateral talks with his North Korean counterpart, Kim Kye-gwan, in Berlin this month, which left the Pyongyang delegation talking of a "certain agreement". The next round of nuclear talks is likely to open in Beijing next week.

Previously hobbled by divisions within the Bush administration over whether the US should talk to North Korea, Mr Hill has apparently managed to secure agreement in Washington to return the money North Korea earned through legitimate means if Pyongyang agrees to at least freeze its Yongbyon nuclear reactor and allow the return of International Atomic Energy Agency inspectors.

Trade with both China and South Korea continues to provide an economic lifeline to an impoverished North Korea. But the US-led financial crackdown and the sanctions imposed following the nuclear test are clearly having an impact on its economy, although it is difficult to gauge the precise effect.

"The figure of $24m is not that big but flows of foreign exchange are important for determining economic management in North Korea," says Yoon Deok-ryong of the South's Korea Institute for Economic Policy. "If those scarce resources become even more scarce then it will have a serious impact on the whole North Korean economy."

Pyongyang is understood to have recently banned the use of foreign currency, a step that could have a huge effect by forcing its citizens to convert hard currencies into North Korean won, therefore supplying foreign exchange to the regime and giving the central bank more control over the economy.

Meanwhile, the need to make economic progress has received heightened attention in state media this month, which analysts interpret as a sign of further economic decline.

The regime's new year message talked of a year "in which the dawn of a great, prosperous and powerful socialist nation was ushered in".

Having achieved two of its strategic goals of ideological and military strength, Pyongyang declared it would now focus on the third – becoming a "great and prosperous nation".

There are some signs that the squeeze could be triggering wider economic changes of the sort encouraged by China.

In the Democratic Chosun, a state publication, North Korean cabinet premier Kwak Bum-ki announced plans to bring about "decisive" changes in enterprises and economic institutions. Analysts said this could herald a strengthening of reforms introduced in 2002, when wages and prices were liberalised.

To Ban The Bomb, Sign The Peace (NYT)

By Paul B. Stares

The New York Times, January 30, 2007

Washington

OF all the crises facing the new United Nations secretary general, Ban Ki-moon, the fraying nuclear nonproliferation system is arguably the most consequential. Mohamed ElBaradei, head of the International Atomic Energy Agency, has warned of 30 "virtual new weapons states" on the horizon. Obviously, the more countries that possess the bomb, the higher the risk of a nuclear accident, the theft of a weapon, sales of technology and hardware, and a serious miscalculation leading to nuclear war.

So where should Mr. Ban start? With North Korea having declared after its test last October that it now possesses a nuclear deterrent, the understandable temptation will be to focus on Iran. This would be a mistake. North Korea is still some way off from having a reliable nuclear weapon, and to accept its having this capacity as a fait accompli would not only play into its game plan but also convince Iran and other countries that the international community lacks the will to prevent them from developing the bomb. A new approach is required.

The logical place to look is to examine the lessons of "nuclear reversal" — that is, what has made states in the past give up the nuclear option. At first glance, the historical record doesn't look encouraging: South Africa is the only country that has developed nuclear weapons and then destroyed them. Yet other nations have abandoned advanced research programs — including Australia, Argentina, Brazil, South Korea, Sweden and Taiwan — or, like Belarus, Kazakhstan and Ukraine, given up the nuclear arsenals they inherited from the Soviet Union. One big reason for these countries' decisions, not surprisingly, was the efforts of major powers to reassure them about their long-term security, so that nuclear weapons offered no appreciable benefit.

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How would this approach be applied to North Korea? The answer is not unilateral assurances from the United States. American officials have vowed many times that they harbor no hostile intent; repeating that mantra will not make it any more credible to Pyongyang. Similar guarantees from all five of the permanent members of the Security Council, however, could be more persuasive. Enter Mr. Ban.

The diplomatic vehicle for such security assurances would be a United Nations-sponsored initiative to formally end the Korean War and dismantle the present armistice arrangements. As part of a peace treaty, the principal signatories — the United States, China and the two Koreas — would commit themselves to establishing normal diplomatic relations, recognizing the territorial integrity of both Koreas and, most important, ensuring a nuclear-free peninsula.

To sweeten the deal, the Security Council's permanent five would extend security guarantees, similar to those given Ukraine, to both Koreas. These would remain in effect as long as each side fulfilled its nonproliferation commitment. If one or the other reneged, all bets would be off.

Complementary agreements involving conventional arms control, economic assistance, access to international financial institutions and humanitarian aid could also be discussed, but not as prerequisites for replacing the Korean armistice with a permanent peace settlement.

The United States has already signaled its willingness to sign a peace treaty — but only after North Korea verifiably dismantled its nuclear weapons. Reversing the order, however, with upfront but still conditional security guarantees, would provide North Korea with immediate incentives to take the first step.

For Mr. Ban, such an agreement would be not only a gift to his native Korea but a much-needed boost to his organization's stature. Above all else, he might just save the nonproliferation system by using the same approach elsewhere, not least with Iran.

Cheney To Visit Japan, Australia (AFP)

AFP, January 30, 2007

US Vice President Dick Cheney will travel to Japan and Australia the week of February 19 for talks on Asian security and the global war on terrorism, his office announced.

Cheney, who will also visit US troops stationed in Guam, will meet with Japanese Prime Minister Shinzo Abe and Australian Prime Minister John Howard to thank them for their help in Iraq and Afghanistan.

The US vice president will also thank the Japanese and Australian militaries for their help, his office said in a statement.

Earlier this month, Japanese newspapers said Cheney was coming to explain President George W. Bush's new plan for Iraq and seek Abe's support and would also make a speech in Japan.

Cheney last visited Japan in April 2004.

Australian PM Welcomes Cheney Visit (AFP)

AFP, January 30, 2007

Australian Prime Minister John Howard has welcomed an upcoming visit by US Vice President Dick Cheney as an opportunity to consult on the progress of the Iraq war.

Australia has some 1,400 troops with the US-led coalition forces in Iraq and Howard has been a firm supporter of US President George W. Bush, as both men face growing criticism from voters over the war.

"The Australia-US alliance is of enduring importance to both countries and makes a significant contribution to international security," Howard said in a statement announcing that Cheney would visit from February 22-27.

"Vice President CheneyÂ's visit will be an important opportunity to reinforce the strong bilateral relationship between the United States and Australia and to consult on major international issues such as regional security challenges, Afghanistan, Iraq and the war against terrorism."

Howard said last week he would not pull Australian troops out of Iraq in the face of spiralling sectarian violence and growing voter discontent over the conflict.

"I think given the larger things that are at stake with the alliance and the fact you do stick by your close allies when things are difficult, I think that would do a lot of damage to the alliance," he said.

"It would not be the right thing to do and it is not something that I will do."

Cheney's office announced that he would travel to Japan and Australia in mid-February for talks on Asian security and the "war on terrorism".

The US vice president, who will also visit US troops stationed in Guam, will meet with Japanese Prime Minister Shinzo Abe and Howard to thank them and their troops for their help in Iraq and Afghanistan, his office said in a statement.

Cheney last visited Japan in April 2004, but has not been to Australia while serving as Bush's vice president.

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US Offers Air Support For Somali Peacekeepers (AFP)

AFP, January 30, 2007

The United States is ready to contribute air support to an African Union peacekeeping force in Somalia, a leading official said.

US Assistant Secretary of State for African Affairs Jendayi Frazer told AFP that she had made the offer during talks on the sidelines of the African Union summit in Addis Ababa with the head of the AU commission Alpha Oumar Konare.

"We are ready to provide airlift and contracting airplanes for the African peacekeeping force in Somalia," she said.

"We already discussed that with Uganda, and I discussed with chairman Konare.

"A verbal note has been addressed to the AU about the support we are ready to provide and the help we can provide to that force," she added.

The AU has given the green light to a 7,600-strong force to deploy to Somalia at the end of the month but the deadline is set to be missed as only three countries -- Uganda, Nigeria and Malawi -- have so far volunteered forces.

The cash-strapped AU member states want the international community to pay for the force and are also wary of being caught up in new violence in the Horn of Africa nation.

The US has called the recent ouster of Islamist hardliners from Mogadishu and subsequent replacement in power by a weak interim government as a chance for Somalia to turn its back on 16 years of bloodshed.

Hamas, Fatah Battle Despite Cease-fire (AP)

By Ibrahim Barzak

AP, January 30, 2007

Palestinian infighting raged in the Gaza Strip Tuesday morning despite a cease-fire declaration by warring Hamas and Fatah factions aimed at ending factional clashes that have left more than 60 dead in the past two months.

Gunfire and explosions were audible in downtown Gaza City as gunmen from the rival factions ignored the cease-fire, reached at a midnight meeting between Prime Minister Ismail Haniyeh of Hamas and a representative of Palestinian President Mahmoud Abbas of Fatah.

The truce was set to go into effect at 3 a.m. local time.

Foreign Minister Mahmoud Zahar of Hamas announced the agreement early Tuesday. Zahar said the agreement stipulated that all security forces must return to their bases, that suspects in killings were to be handed over, and that all hostages still being held — a number thought to be in the dozens — were to be released. He also said all roadblocks set up by the factions were to be removed.

None of those steps appeared to have been taken after the 3 a.m. deadline passed.

Several earlier truce agreements aimed at stopping the internal Palestinian bloodshed, raging fitfully since early December, have broken down.

Fatah spokesman Maher Mekdad had said his group would observe the agreement.

"Despite all the bitterness and sadness that we are feeling, we will work to make it succeed," he said.

The agreement between the Palestinian factions came as a two-month truce between the Palestinians and Israel in Gaza was jeopardized by a Palestinian suicide bombing, the first since April, 2006. The bomber, a 21-year-old from Gaza, struck the Israeli resort city of Eilat, killing three people and himself.

The two radical groups that claimed to have sent the bomber said they were trying to end Palestinian infighting by taking aim at Israel instead.

Hamas, which controls the Palestinian parliament and Cabinet, praised the attack as legitimate resistance.

Israel's first response came early Tuesday. The army said its aircraft bombed a tunnel dug by Palestinians near the Gaza-Israel border meant to be used by militants for an attack against Israel. No casualties were reported.

Israel has observed a truce with the Palestinians in Gaza since late November, and the airstrike signaled that the Eilat bombing put that cease-fire in danger.

Suicide Attack Is First In Israel In 9 Months (NYT)

By Greg Myre

The New York Times, January 30, 2007

JERUSALEM, Tuesday, Jan. 30 — After nine months without a suicide bombing in Israel, a Palestinian walked from Egypt across the open desert border, hitched a ride from a wary Israeli motorist and then blew himself up on Monday inside a bakery in the Red Sea resort town of Eilat, Israeli officials said.

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Three Israelis who worked in the bakery were killed by the blast; it was the first time that Eilat, isolated at the very southern tip of Israel, has ever been hit by a suicide bombing.

The town was apparently a target because Israel's web of defenses and travel restrictions on Palestinians has made it extremely difficult for bombers to reach Israel from the West Bank, the source of virtually all suicide bombings in Israel in recent years.

The attack complicated the latest effort to restart Israeli-Palestinian negotiations, which have languished for six years. The United States will be the host of talks on Friday that will include European, Russian and United Nations officials, but the White House said in statement on Monday that if the Palestinian government failed to prevent terrorism, it would "undermine the aspirations of the Palestinian people for a state of their own."

Al Aksa Martyrs Brigades and Islamic Jihad claimed joint responsibility for the attack, and identified the bomber as Muhammad Faisal al-Siksik, 21, from northern Gaza.

"We shall draw the conclusions and learn the lessons, and instruct our security people to continue their ongoing and never-ending struggle against terrorists and those who send them," Israel's prime minister, Ehud Olmert, said after the bombing.

[The Israeli military said Tuesday that it had responded with an airstrike on a Gaza tunnel near the border with Israel, The Associated Press reported. No one was injured.]

In recent weeks, most of the violence in the region has involved internal Palestinian street battles in the Gaza Strip. The violence continued Monday, with at least three Palestinians killed in Gaza, bringing the toll to about 30 since Thursday.

Early Tuesday, the two main Palestinian factions, Hamas and Fatah, announced a cease-fire after late-night talks in Gaza City. [Gunfire and explosions were audible in downtown Gaza City on Tuesday morning, after the talks took place, as gunmen from the rival factions apparently ignored the cease-fire,The A.P. reported.] Several previous efforts have also collapsed.

Relatives of the bomber, Mr. Siksik, said he left home three days ago and was upset because he had no job and his baby daughter recently died of an illness, The Associated Press reported. Also, a friend of his was killed in a clash with Israeli forces, they said.

In the northern Gaza town of Beit Lahiya, dozens of people celebrated outside the family home of Mr. Siksik, and his mother, Rowayda Siksik, said she knew her son had set out on a suicide bombing mission. "He told me, 'Meeting God is better for me than this whole world,' " The A.P. quoted her as saying.

Islamic Jihad said the bomber reached Israel from Jordan. But both Jordan and Israeli security officials denied that.

Mr. Siksik left Gaza and entered Egypt, said Micky Rosenfeld, a spokesman for the Israeli police. He said the bomber then crossed Egypt's desert border with Israel, which is aggressively patrolled, but has no fence or other barrier for most of its length.

After entering Israel, Mr. Siksik reached a road north of Eilat on Monday morning, and hitched a ride from an Israeli driver, Mr. Rosenfeld said. Mr. Siksik, who was wearing a black coat and carrying a black bag, was acting suspiciously, the police spokesman said, and the Israeli driver called the police immediately after dropping him on the northern edge of Eilat.

The police were immediately dispatched to the scene, but before they could arrive Mr. Siksik reached the bakery, a few hundred yards from where he got out of the car, Mr. Rosenfeld said.

Benny Mazgini, an Israeli who witnessed the attack, told Israel Radio that he saw a man wearing a black jacket and carrying a black bag on the street outside the bakery. "I thought it was odd because it was very hot and I told myself, why is that idiot dressed that way?"

Seconds later, the bomber detonated his explosive in the Lechamim bakery, tearing the inside apart, shattering windows and leaving the pavement outside covered with blood and body parts.

In a Gaza City news conference after the blast, a masked spokesman for Islamic Jihad said the bombing had been in retaliation for Israeli raids against Palestinian groups.

On its Web site, Islamic Jihad also said the bombing was intended to redirect the focus away from the internal Palestinian fighting in Gaza. "The operation has a clear message to the Palestinian rivals," Islamic Jihad said on the site. "It is necessary to end the infighting and point the guns toward the occupation that has hurt the Palestinian people."

Hamas, the radical Islamic group that leads the Palestinian government, did not claim involvement in the bombing. However, Fawzi Barhoum, a Hamas spokesman in Gaza, described the attack as a "natural response" to Israeli military operations against the Palestinians. "So long as there is occupation, resistance is legitimate," he said.

Egypt's Sinai peninsula, which is largely empty aside from beachfront hotels and fishing villages, has been rocked by a number of bombings in the past three years that have killed Israeli and Western tourists as well as Egyptians.

Israel and Egypt have expressed concern that the vast, hilly terrain offers a natural haven for radical Islamic groups to plan and carry out attacks.

Islamic Jihad has been involved in almost all of the suicide bombings against Israel in the past two years. Al Aksa Martyrs Brigades, meanwhile, is linked to the Fatah movement.

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The Palestinian Authority president, Mahmoud Abbas, and other Fatah leaders say they oppose violence against civilians, and Al Aksa militants say they act on their own. At a minimum, the bombing was an embarrassment for Mr. Abbas, again showing his inability to control factions that claim loyalty to the movement.

The last suicide bombing in Israel was an Islamic Jihad attack on April 17, when 11 people were killed at a small restaurant in Tel Aviv.

While attacks in Eilat are rare, three rockets were fired from the Jordanian side of the border in August 2005.

Palestinian Suicide Bomber Kills 3 In Israeli Resort City (WP)

By Scott Wilson

The Washington Post, January 30, 2007

JERUSALEM, Jan. 29 -- A 21-year-old Palestinian from the Gaza Strip blew himself up Monday inside a bakery in the Israeli resort city of Eilat, killing himself and all three people inside.

The morning suicide attack was the first inside Israel in nine months, and it brought sharp condemnation from Israeli Prime Minister Ehud Olmert, the White House and leaders of the relatively moderate Fatah faction led by Palestinian Authority President Mahmoud Abbas.

But the governing Hamas movement and Islamic Jihad, a smaller radical group that asserted responsibility for the bombing, called the attack a legitimate response to Israel's occupation of territories that Palestinians envision as part of their future state.

Islamic Jihad officials said the bombing should motivate Palestinian armed groups -- whose partisan fighting in Gaza has killed nearly 30 people in recent days -- to end their differences and unite against Israel.

"This is an important message to the factions," Mohammed el-Hindi, an Islamic Jihad political leader in Gaza, told al-Jazeera satellite television. "We have to remember that we are one nation with one enemy."

Olmert met with military officials following the attack in Eilat, a flashy resort city on the Red Sea whose tourism industry has suffered in the aftermath of Israel's war last summer with the Lebanese Shiite group Hezbollah. It was the first suicide bombing in the city, although Israeli vacationers have been targeted in the past just across the border in Egypt's Sinai Peninsula.

Because there were no survivors inside Lehamim Bakery, located in a residential neighborhood on the edge of Eilat's tourist district, Israeli officials took more than an hour to determine the cause of the 9:40 a.m. explosion.

Police investigators arrived at the bakery, which rescue workers described as a grisly scene, to discover the remnants of an explosives vest on one of the bodies. Israeli officials said the bomb contained nine to 17 pounds of explosives, generating a blast that sent a shower of glass and bread trays into the streets.

"It was very, very hot and he had a coat on," a witness named Benny Mazgini, 45, told Israel Radio. "It didn't look right to me. I thought to myself, 'What's that idiot dressed like that for?' A couple of seconds later I heard a massive explosion."

Olmert said he is weighing Israel's response and vowed to "continue in our ongoing and unending struggle against terrorists and those who send them."

At a news conference in Gaza City, a masked gunman from Islamic Jihad's military wing identified the bomber as Mohammed Siksik, a member of the group from the northern Gaza town of Beit Lahiya.

Siksik left home three days ago, according to family members interviewed by the Palestinian Ramattan news service, after rival Hamas and Fatah militias began their latest round of factional fighting. Islamic Jihad officials said he entered Israel through Jordan, a contention the Jordanian government denied.

Mickey Rosenfeld, an Israeli police spokesman, said Siksik likely slipped across the Gaza border and into Egypt's Sinai Peninsula. Israel has complained frequently about Palestinian arms smuggling along the frontier since its soldiers left the border area in November 2005.

Rosenfeld said Siksik then likely entered Israel from the Sinai, a vast, lightly populated desert along Israel's southern border. Israeli government officials said investigators were still gathering evidence of his movements.

Witness accounts in the Israeli media said Siksik may have received a ride into Eilat from a resident, who grew suspicious and called the police after dropping him off. Siksik may have triggered the bomb before he had originally planned after hearing police cars approach the bakery, witnesses said.

The victims' identities were not immediately known. But Israel Radio reported that two of them were Eilat residents and the third a foreign worker from a South American country. All three victims appeared to be employees of the bakery.

The Islamic Jihad official in Gaza said a group called the al-Aqsa Martyrs Brigades-Army of the Believers, which he characterized as an offshoot of Fatah's armed wing, also participated in the attack. He called on all Palestinian armed groups to stop their internal fighting and "point their arms, all their arms, at the Zionist enemy."

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Fatah officials condemned the bombing, saying it undermined the party's goal of reviving peace negotiations with Israel. But Fawzi Barhoum, a spokesman for Hamas, which won parliamentary elections a year ago and controls the Palestinian ministries, said that "all the Palestinian people and factions support this martyr operation."

"This type of operation is a normal response to the occupation and the violation of our rights as a Palestinian people," said Barhoum, who also cited the international aid boycott against the Palestinian government imposed after Hamas's election as justification for the attack.

In a statement, the White House said: "The burden of responsibility for preventing terrorist attacks rests with the Palestinian Authority government. Failure to act against terror will inevitably affect relations between that government and the international community and undermine the aspirations of the Palestinian people for a state of their own."

The Islamic Jihad official said the bombing was retaliation for Israeli military operations in Gaza, many of which have swept through Beit Lahiya over the past six months, and assassinations of the group's members.

Islamic Jihad has not agreed to any cease-fire agreements with Israel, and frequently fires rockets at Israeli towns along the Gaza border. Israeli military airstrikes have killed many Islamic Jihad gunmen on their way to fire rockets.

Israel May Have Misused Cluster Bombs, US Says (WP)

By Glenn Kessler

The Washington Post, January 30, 2007

The State Department notified Congress yesterday that Israel may have violated U.S. rules prohibiting the use of American-made cluster bombs in civilian areas during last summer's war in Lebanon.

State Department spokesman Sean McCormack declined to confirm that the preliminary findings related to Israel's use of the weapons in civilian areas, citing classified military-sales agreements between Israel and the United States. But the State Department said last August that it opened the investigation because human rights groups complained that cluster weapons -- bombs that erupt with many little "bomblets" to maximize the number of people killed -- had been found across Lebanon and were responsible for many civilian deaths.

"There may likely could have been some violations" of the agreement governing the U.S. sales, McCormack said, stressing that the State Department has not made any final judgments but is required, under law, to notify Congress of its preliminary findings. He said the classified report was sent to House Speaker Nancy Pelosi (D-Calif.) and Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee.

Biden's staff said it was received late yesterday but they had no comment because the report is classified; Pelosi's office did not respond to a request for comment.

The war started after Hezbollah militants crossed into Israel, killing and capturing Israeli soldiers. After Israel responded, Hezbollah fired thousands of weapons on Israeli population centers from its bases in south Lebanon, frequently from civilian areas.

Israel provided "a detailed response" to the United States "regarding Israel's effort to halt Hezbollah's attacks on civilian populations," said David Siegel, a spokesman for the Israeli Embassy. "Israel suffered heavy casualties and acted as any government would in exercising its right to self-defense."

It is not illegal under international law to use cluster weapons against enemy combatants. The United States has used cluster bombs in Iraq, resulting in many civilian casualties. The Israeli Defense Forces, which says it urged people to flee areas near missile launchers to minimize civilian deaths, is investigating whether cluster bombs were heavily used in populated areas in the final days of the month-long war.

Hezbollah "used human shields, they hid themselves among civilian populations," McCormack said. "No military commander wants to have to be put in the position of acting in self-defense and going after those people who have committed aggression against your country but are then hiding among civilian populations."

Human Rights Watch urged a cutoff yesterday of cluster-bomb sales to Israel. "We've investigated cluster munitions in Kosovo, Afghanistan, and Iraq, but we've never seen use of cluster munitions that was so extensive and dangerous to civilians," Steve Goose, director of the group's arms division, said in a statement.

The State Department investigates any allegations that Israel misused U.S.-supplied weapons, and often no action is taken. In 1978, 1979 and 1981, the State Department notified Congress that Israel "may have violated" agreements by using U.S. weapons for purposes other than defense, according to the Congressional Research Service. But the inquiries resulted in no penalties. In 1982, the Reagan administration suspended sales of cluster bombs to Israel for six years after a congressional investigation found that Israel violated agreements on their use during its invasion of Lebanon.

U.S. Suspects Illegal Use Of Cluster Bombs (WT/AP)

DOJ_NMG_0124439

By George Gedda

The Washington Times, January 30, 2007

Israel likely misused American-made cluster bombs in civilian areas of Lebanon during the war against Hezbollah last summer, the State Department said yesterday.

Spokesman Sean McCormack said a preliminary report on the U.S. investigation has been sent to Congress. He did not provide details of the investigation.

The United Nations said last summer that unexploded cluster bombs -- anti-personnel weapons that spray bomblets over a wide area -- litter homes, gardens and highways in southern Lebanon.

When Israel purchases cluster bombs and other lethal equipment from the United States, it must agree in writing to restrictions on their use.

The report, Mr. McCormack said, "is not a final judgment."

He declined to speculate on what action may be taken against Israel if a violation is confirmed.

He said Israeli officials have been cooperative in providing information.

Israeli Foreign Ministry spokesman Mark Regev said yesterday that "Israel takes the concerns raised by the U.S. extremely seriously" and had been as "forthcoming and transparent as possible."

"Israel is itself conducting an ongoing internal investigation as to the use of munitions during the Lebanon conflict," Mr. Regev said.

The U.N. Mine Action Coordination Center has said it is not illegal to use the cluster bombs against soldiers or enemy fighters, but the Geneva Conventions bar their use in civilian areas.

Relief organizations and the U.N. mine office have reported finding evidence that Israel used three types of U.S.-made cluster bombs during the 34-day war with Hezbollah militants, during which both sides fired rockets into populated areas.

The U.N. mine office said it had found hundreds of bomblets of the types made by the United States among unexploded ordnance recovered in nearly 250 locations in southern Lebanon.

Israel also makes its own cluster munitions.

The Reagan administration imposed a six-year ban on cluster-weapon sales to Israel in 1982, after a congressional investigation found misuse of the weapon during Israel's war that year with Lebanon.

The Israeli army has said all weapons it uses "are legal under international law and their use conforms with international standards."

Cluster bombs are typically used against tanks and explode upon impact with steel. In the conflict in Lebanon, the shells were fired into urban and rural areas where Israel thought Hezbollah guerrillas might be hiding. Many hit the ground or pavement and did not explode.

Israel said it was forced to hit civilian targets in Lebanon because Hezbollah fighters were using villages as bases for rocket launchers aimed at Israel. At least 850 Lebanese and 157 Israelis died in the fighting.

The Bush administration repeatedly warned Israel to avoid civilian casualties during the cross-border war, but refrained from direct criticism of Israeli tactics.

Egypt Steps On The Press As It Backtracks On Democratic Reform (CSM)

By Sarah Gauch

The Christian Science Monitor, January 30, 2007

CAIRO

Court proceedings started Sunday against Howaida Taha, an Al Jazeera journalist arrested while producing a documentary on police torture in Egypt. She's charged with harming national interests and faces five years in prison.

Meanwhile, Egyptian blogger Kareem Amer has been in jail since November awaiting trial, charged with criticizing Islam and Egyptian President Hosni Mubarak.

Taken together, these cases have given journalists, bloggers, and human rights activists in Egypt cause to fear an impending crackdown on the country's outspoken independent press and its young, activist bloggers, who have been primary agitators for democratic reform.

"These attacks on the press send a chilling message to all members of the media who attempt to tackle sensitive topics," says Joel Campagna, Middle East program coordinator at the New York-based Committee to Protect Journalists. "There's been a steady level of pressure against domestic and pan-Arab media, and bloggers, which might be coming to a head."

Over the past year, the government has steadily rolled back political reforms implemented since 2004 after the Bush administration singled out Egypt as ripe for democratic reform. Since then, Egypt has held parliamentary elections that were

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allegedly rife with fraud, police have violently suppressed demonstrations, and the government has arrested hundreds of opposition Muslim Brotherhood members, who hold 88 out of 454 parliamentary seats.

And many worry Egypt's relative freedom of expression may be ending, too. Indeed, they say, Ms. Taha's case is alarming. She was accused of fabricating scenes of torture after the authorities discovered her unedited video including reenactments of torture scenes. Taha says she had Interior Ministry cooperation for the project and had told them about the reenactments.

Activists and journalists say the government is trying to squash accusations of Egyptian police torture with Taha's case, which comes amid revelations of rampant abuse after bloggers posted videos online of apparent police torture.

In one particular case, a minibus driver is shown being sodomized with a stick. Since the tape surfaced, two police officers have been jailed and are scheduled to stand trial. The driver, who subsequently filed a complaint against the police, is serving three months in prison for resisting the authorities.

Mr. Amer is the first Egyptian blogger to face trial. A young former law student at Al-Azhar University, the seat of Sunni Islamic learning, he has been in solitary confinement since being jailed. His trial was adjourned last week until Thursday.

In addition to these two cases, about 45 independent and opposition journalists in Egypt face court cases, according to the Egyptian Organization for Human Rights. While none of those are currently jailed, several are appealing guilty verdicts.

"For many of these cases, the Egyptian government starts the investigation and just leaves the file open," says human rights activist Gamal Eid. "This sends the message: You are under our microscope and we can restart this case at any time."

Although Mr. Mubarak promised in 2004 to abolish prison sentences for journalists, when the country's press laws were amended last July incarceration for journalists – and bloggers – remained.

The government denies accusations of stifling free expression. "Freedom of expression is guaranteed and granted on all levels," says one government official, who asked to remain anonymous. "There are at least 10 newspapers who daily criticize the government, including the president."

Although Egypt is more tolerant, Mr. Campagna says, its tactics also follow a regional trend of limiting free expression. "When we look at the region now versus 10 years ago it's much rarer to see governments using actual repression, throwing journalists in prison," he says. "Today, governments are employing more effective, subtle means of pressure: bringing journalists before courts with the prospect of jail time, behind-the-scene pressure from security agents. This is as effective as actual imprisonment."

Increased pressure, however, on the press and bloggers doesn't seem to have cowed many. "I will not stop exposing the government through my work," says Al Jazeera's Taha, who has copies of her confiscated tapes and is already back at work on her documentary, part of a series about human rights abuses in Arab countries.

General To Be Asked About Beijing's Test (WT)

By Bill Gertz

The Washington Times, January 30, 2007

China's most senior military war planner is visiting the United States, and Pentagon officials plan to question him about Beijing's recent anti-satellite test.

Gen. Ge Zhenfeng, deputy chief of the general staff, arrived in Hawaii on Sunday. He is leading a delegation of officers that are part of a U.S.-China military exchange program.

Defense Secretary Robert M. Gates is not expected to meet with Gen. Ge, and the Pentagon is seeking to play down the visit by giving Army Chief of Staff Gen. Peter J. Schoomaker the lead role in the 11-day visit.

Defense officials said they do not expect Gen. Ge to be more forthcoming than other Chinese officials who have refused to explain China's Jan. 11 anti-satellite missile test.

"They haven't been forthcoming at all," said one defense official. "This is something that we'll continue to press them on."

Gen. Ge is considered China's most important war planner and ground forces commander. He took part in China's first joint war games with Russia in 2005 and is in charge of managing the Chinese military's close ties to the North Korean military.

Defense officials who spoke on the condition of anonymity said senior Pentagon officials considered canceling Gen. Ge's visit because of the anti-satellite weapons test. The Chinese fired a commercial rocket with an anti-satellite warhead that then crashed into an orbiting Chinese weather satellite, destroying it on impact.

U.S. officials consider the test provocative because it was China's first acknowledged use of space weapons. The Chinese government has publicly called for an international ban on such weapons.

"He'll probably give us the same shrugs we've seen in the past," the defense official said of Gen. Ge.

The defense official said the Pentagon is concerned about Chinese anti-satellite weapons and has been tracking its space-weapons development for some time.

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"It's disturbing to see that they've conducted a test," the official said, noting that it indicates that the Chinese have "transcended" from research and development into action.

Meanwhile, Sen. Jon Kyl, Arizona Republican, said in a speech yesterday that the Chinese anti-satellite test was a "wake-up call" that should prompt a major program to counter China from attacking U.S. satellites.

"The January 11th test also shows China's ability to hit targets in low-Earth orbit where most of American reconnaissance assets are deployed," Mr. Kyl said in a speech to the Heritage Foundation.

An Army spokesman said that the focus of Gen. Ge's visit will be on how the Army conducts "professional military education" and that Gen. Schoomaker is not expected to make a reciprocal visit to China because he is stepping down as chief.

Gen. Ge and nine other Chinese military officers are visiting the U.S. Pacific Command in Honolulu and then will visit the Army's Fort Lewis, Wash., base. They will visit the U.S. Military Academy at West Point, N.Y., on Monday.

A Covert Fight For Putin's Job (WSJ)

By Alan Cullison

The Wall Street Journal, January 30, 2007

MOSCOW -- Even though the vote is more than a year away, presidential jockeying in Russia already is in full swing. But if new U.S. presidential candidates declare themselves almost daily, that is the one thing a serious contender in Russia's tightly controlled system would never do.

Instead, the race to succeed Vladimir Putin, who is obliged by a two-term limit to step down next year, is a kind of Kabuki theater, where contenders maneuver to score points for themselves and undermine suspected rivals with the only constituency that really matters: Mr. Putin and the Kremlin elite. The behind-the-scenes struggle has triggered waves of conspiracy theories as events ranging from corruption scandals to contract killings to the poisoning of a former security agent are dissected for clues to what it says about the presidential race.

"With such tight controls on the media, everyone naturally starts to wonder why the government lets one piece of information out instead of something else," said Nikolai Petrov, political analyst at the Carnegie Moscow Center. "So everyone is analyzing information to learn about the battles between different clans."

Politicians and analysts agree that there is little suspense about who will decide the outcome of the elections, slated for March 2008. Basking in strong public support and tight control over the media, political parties and election authorities, Mr. Putin will be able to ensure victory for whichever candidate he endorses.

Russia's next president must do more than safeguard the stability of a sprawling, resource-rich, nuclear-armed nation. More threatening to those now in control in the Kremlin, he will decide who controls the enormous power and wealth that Mr. Putin has concentrated in Moscow.

Kremlin insiders also insist that tight control over the process is critical to ensure that extreme left-wing or nationalist candidates, whose views have strong appeal in Russia, don't prevail.

Mr. Putin kicked off speculation over who would succeed him more than a year ago, when he elevated two close allies to prominent government jobs, in a move widely viewed as setting up a horse race between the two.

Dmitry Medvedev, a baby-faced lawyer who got his start with Mr. Putin in St. Petersburg in the 1990s, was handed the reins of a massive new social-spending program. Defense Minister Sergei Ivanov, an old Putin colleague from the KGB security agency (Mr. Ivanov won't say just what he did there), was tasked with rebuilding Russia's military industry.

Even as the two have seen their poll ratings rise thanks to blanket coverage on state TV, doubts persist about whether Mr. Putin might find a way to stay on despite the constitutional ban on running for a third term. One theory popular in Moscow's political class runs that people close to the president might precipitate some kind of crisis, possibly a breach in relations with the West, to force him to reverse his public pledge to step down next year.

A similar struggle played out in early 1996, when one Kremlin faction sought to persuade then-President Boris Yeltsin, who was ailing and lagging far behind in the polls, to cancel the vote. That group lost out to another, and Mr. Yeltsin went on to defeat his Communist rival.

Russia's short democratic history doesn't have many success stories. Fourteen years ago, the first relatively free elections after the collapse of communism led to a Parliament packed with hard-line nationalists and Communists. Later presidential campaigns involved heavy-handed manipulation of the media and other official levers to ensure that Boris Yeltsin, and then Mr. Putin, prevailed.

"Russia has no system of deciding who will be the next president," said Grigory Yavlinsky, head of the opposition Yabloko political party and a former presidential candidate. As elections approach "there will be lots of instability and terrible nervousness."

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The recent murders of Kremlin critics -- journalist Anna Politkovskaya in Moscow and former security agent Alexander Litvinenko in London -- are seen as evidence of a fight among Kremlin clans. Mr. Putin's critics have blamed the Kremlin for both deaths. Russian officials heatedly deny that and suggest the murders were arranged by Mr. Putin's opponents to tarnish Russia's reputation.

Practically every political development is interpreted for what it might say about the hidden race. Mr. Ivanov, for instance, wound up on the defensive last year after the brutal hazing of a military-academy recruit got heavy media coverage. Then a wave of corruption charges at the Health Ministry looked to many analysts like a campaign to discredit Mr. Medvedev.

Some of the speculation is even more extreme. Stanislav Belkovsky, a political analyst and onetime Kremlin adviser, believes Mr. Litvinenko's poisoning has given an edge to Mr. Medvedev's supporters because it has discredited Russian security services. The radioactive poison used to kill Mr. Litvinenko was spread through restaurants and hotels in London, and the incident has badly strained relations with Britain.

Publicly, officials deny any split in Mr. Putin's retinue, insisting that since he has said he will step down at the end of his term, the issue is closed. Mr. Putin has been cagey about his plans to endorse a successor, saying only that his preferred candidate should continue his policies and that it might not be one of the apparent heirs.

Mr. Putin says he expects to remain a prominent political player after he leaves office, raising the possibility that he could keep the reins of power behind the scenes, a wholly new political construct for Russia.

Even so, the race is heating up. Messrs. Medvedev and Ivanov are shown daily on state TV looking presidential and regularly make highly publicized foreign visits. The unannounced competition has been thinly veiled at times, such as when the two attended ceremonies for rival business schools within days of each other.

For now, Kremlin-watchers say Mr. Medvedev has Mr. Putin's favor. The spending programs he is running are a machine-politician's dream: about $14 billion in subsidies to improve health, education, housing and agriculture. A former law professor and longtime Putin protégé, he is also chairman of the board of state gas giant OAO Gazprom. Considered a relative liberal, Mr. Medvedev delivered a keynote speech at this year's Davos economic forum, insisting the Kremlin is committed to market economics and democracy.

Detractors say that, at 44 years old, Mr. Medvedev is handicapped by a lack of political experience and gravitas -- at 5-feet 5-inches tall he is one of the few top Russian officials shorter than Mr. Putin. Others say his mild bearing might work to his advantage because Mr. Putin could more easily control him after stepping down.

Kremlin watchers say Mr. Ivanov, 53, remains a contender thanks to his supposed appeal to Kremlin hard-liners, owing to his tough-guy credentials. Mr. Ivanov took a hard line during Russia's recent confrontation with the former Soviet state of Georgia, whose pro-Western president has accused the Kremlin of trying to topple him.

For the moment, any competition between Messrs. Ivanov and Medvedev is strictly under the carpet -- neither man will even admit to harboring presidential ambitions.

Saudis To Pare Oil Output Again (WSJ)

By Bhushan Bahree

Wall Street Journal, January 30, 2007

Saudi Arabia, which already has aggressively shaved its oil output in a battle to shore up prices, is tightening its spigots further this week.

A senior Saudi oil official said yesterday the kingdom had advised its customers of the impending 158,000 barrel-a-day cut, which takes effect Feb. 1. The reductions, part of a broader campaign by the Organization of Petroleum Exporting Countries, are intended to shrink inventories of oil that had ballooned last year as demand growth for petroleum faltered.

"After these cuts, our oil production will have declined by about one million barrels a day since last summer," said the senior Saudi oil official.

Word of the Saudi move to further trim output comes as traders are trying to parse whether OPEC is going to cut its production in line with its announced plans. OPEC's members often produce more than they have pledged. Saudi Arabia, the world's largest oil exporter, is the oil cartel's de facto leader and closely watched by markets.

Saudi Arabia's one-million-barrel reduction -- made over a roughly six-month period -- is nearly double the total cuts it agreed to make under two output reductions hammered out by OPEC at meetings in Doha, Qatar, in October and in Abuja, Nigeria, in December. The Saudi official couldn't be precise about Saudi output after the reduction this week but said that it would be "around 8.5 million barrels a day."

The 10 members of OPEC that committed to reduce their output were producing about 27.5 million barrels a day in September. The agreed-upon cuts, if fully implemented, would bring the group's output down to 25.8 million barrels a day in a global oil market of about 85 million barrels a day.

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OPEC officials, including some senior Saudis, have been sending some conflicting signals about their plans. Yesterday, U.S. benchmark crude declined $1.41 to $54.01 a barrel after the outgoing Saudi ambassador to the U.S., Prince Turki al Faisal, said current oil-price levels are "adequate to meet the requirements of producing and consuming countries." He also dismissed speculation that Saudi Arabia was trying to drive down oil prices to constrain export revenues for political rival Iran.

The ambassador sent crude prices down in October when he said the kingdom's aim was to bring oil prices down to "reasonable levels." This was shortly before OPEC ministers met and announced a 1.2 million barrel-a-day cut.

Saudi oil officials who manage the kingdom's production say more cuts are on the way. The move to trim further comes as the cartel seems to be having some success in shoring up prices, which fell below $50 a barrel amid signs of sluggish oil-demand growth and rising inventories.

Ali Naimi, Saudi Arabia's oil minister and the cartel's de facto leader, has been careful not to pinpoint a specific target price for crude. Analysts said the OPEC cuts are meant to shore up crude well above $50 a barrel for the benchmark U.S. oil type by further eating away at inventories.

"They are defending prices from falling below $55 [a barrel] quite aggressively," said Roger Diwan, an analyst at PFC Energy, a Washington industry consultancy.

Mr. Diwan noted Saudi Arabia had opened its oil taps wide when prices were surging, in line with its long-standing policy of tempering markets. Saudi officials had expressed concern when prices soared to record highs last year, for fear that the price surge might trigger a market-killing economic downturn or encourage customers to seek substitute fuels. "The Saudis, they don't talk a lot, so look at what they do, and that will give you the whole story," Mr. Diwan said.

Saudi Arabia cranked its pumps to near-maximum in 2005, when prices leaped because of strong demand, tight supplies and hurricane damage to oil-production facilities in the Gulf of Mexico. Late last spring, the kingdom began trimming its output as oil tanks in consumer countries filled up and Saudi Arabia couldn't find buyers for all its oil.

During the summer, buyers demanded more oil, and the Saudis provided it as world oil prices peaked at more than $77 a barrel in July. Then prices started tumbling in the fall, prompting OPEC to cut output twice.

This month, as oil prices fell close to $50 a barrel in New York, Mr. Naimi brushed aside calls by some members such as Venezuela and Iran for an emergency OPEC meeting, presumably to consider deeper output cuts than already agreed upon. A Saudi official said the kingdom turned down a meeting because oil-industry data showed the fundamentals of the oil market were moving toward balance and that no cuts beyond those already planned were needed for the months ahead.

Since then, prices have firmed above $50.

French Diplomat Says Ties With U.S. Are On The Mend (WT)

By Nicholas Kralev

The Washington Times, January 30, 2007

Relations between France and the United States are back on track after years of tumult and should remain that way regardless of who wins the French presidential election this spring, Paris' envoy to Washington said yesterday.

Jean-David Levitte, who took over the French Embassy in December 2002 at a time of strained ties just before the Iraq war began, said he is a "happy ambassador" these days because the two countries have similar positions on most key issues.

"Today, our relationship is back on the right track," Mr. Levitte told editors and reporters at The Washington Times. "These are not only words; these are deeds."

His comments on Lebanon's political crisis, Syria's behavior, Iran's nuclear program and its larger role in the Middle East were almost identical to the Bush administration's positions.

"We share the frustration of the United States, and for the time being, we have decided not to maintain a high-level dialogue with Syria," he said, citing Damascus' continued interference in Lebanon.

"There is not much difference between Washington and Paris," he said.

Mr. Levitte also echoed the administration's recent observations that the U.N. Security Council's December resolution that imposed limited sanctions on Tehran over its refusal to suspend uranium enrichment is affecting Iranian public opinion.

"We have noted in the Iranian media the beginning of a debate about the situation that Iran is in now -- more isolation and confrontation," Mr. Levitte said.

The resolution gave Tehran two months to respond, but it is not clear what the consequences might be if it does not.

Mr. Levitte declined to comment on the situation in Iraq, saying only that the French Embassy in Baghdad is urging the country's leaders to think about their children's future when making decisions.

Regarding withdrawal of U.S. and other foreign forces from Iraq, he said France is advocating "a perspective," rather than a timetable, that would put just enough pressure on the Iraqi government to get its act together and start improving security.

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French political observers expect a close election in April between the conservative candidate, Nicolas Sarkozy, and socialist Segolene Royal, the first woman to run for France's president.

Even though Mr. Sarkozy has promised to improve relations with the United States, Mr. Levitte predicted "a lot of continuity in the key elements of our foreign policy." The European Union will remain "our first priority," followed by the trans-Atlantic relationship.

"Don't expect major changes," he said. "General [Charles] de Gaulle has a legacy that is still the inspiration for all leaders of the French republic, whatever their political party is."

Jean-Marie Le Pen, the far-right presidential candidate who came in second five years ago, is not expected to win, although his poll numbers are higher than they were at this time in 2002.

Mr. Le Pen attracted many voters with his anti-immigrant positions, which have maintained their appeal because of a series of events, including the 2005 riots in poor neighborhoods with predominantly Muslim residents.

Mr. Levitte said the French government realized it had made a big mistake decades ago by resettling immigrants, mostly from North Africa, in de facto ghettos isolated from the rest of society, where unemployment and bad schooling led to desperation among young people.

"The unrest that existed in poor neighborhoods had nothing to do with jihad and much to do with social conditions," he said. "That's why we have to put the emphasis on improving the social conditions -- schools, jobs, better housing -- and hopefully all this will trigger better absorption in the social fabric of France of this minority."

A special "authority" has been set up to look into complaints that companies reject job applicants just because they have Muslim or other foreign names, the ambassador said.

The number of French citizens with at least one parent or grandparent born abroad is equal to that in the United States, he noted with pride.

Ghana To Chair African Union Instead Of Sudan: Top Official (WP/AP)

By Les Neuhaus And Alfred De Montesquiou, Associated Press

The Washington Post, January 30, 2007

ADDIS ABABA, Ethiopia, Jan. 29 -- Bloodshed in Sudan's Darfur region dominated discussion at the African Union summit Monday, blocking Sudan's bid to lead the 53-country group as the U.N. chief described scorched-earth military policies as "a terrifying feature of life" in the vast, arid area.

With Sudanese President Omar Hassan al-Bashir looking on, U.N. Secretary General Ban Ki Moon said that "the toll of the crisis remains unacceptable." As many as 450,000 people have died from disease and violence and 2.5 million have been displaced in four years of fighting. Ban called on African leaders to end the deadlock created by Sudan's refusal to allow U.N. peacekeepers into Darfur.

Hours later, the African Union chose Ghana's president, John Kufuor, to head the bloc, deflecting Sudan's bid for the second year in a row.

"This is a very unfortunate development," Sudanese Foreign Ministry spokesman Ali Sadiq said in Khartoum. "The African heads of states had committed to this last year. That they changed their mind shows there was heavy pressure from outside Africa."

Last year, African leaders selected the president of Congo Republic in a compromise in which he would hand over the A.U. post to Bashir after a year. But that deal hinged on Sudan demonstrating progress in bringing peace to Darfur. Instead of declining, Darfur's violence has in recent months spilled into neighboring Chad and Central African Republic.

International organizations opposed the idea of Sudan leading the A.U., accusing Bashir's government of encouraging conflict in Darfur. Rebel leaders in the region said they would no longer regard an A.U. peacekeeping mission as an honest broker if Sudan were selected.

Nobel Peace laureate Desmond Tutu of South Africa criticized Sudan sharply on Monday, and a French aid group said it was pulling out of western Sudan because of the lack of security. Six other international charities said Sunday that their work in Darfur will soon be paralyzed unless urgent action is taken.

Darfur has been the scene of violence since rebels from ethnic African farm communities took up arms against the Arab-dominated central government in 2003. Sudan's government has been accused of retaliating against civilians as well as supporting paramilitary groups from nomadic Arab tribes blamed for some of the worst atrocities in the conflict. Officials in Khartoum deny the allegations.

The government signed a peace agreement with one Darfur rebel faction last May, but violence has worsened. Sudan and Chad have also traded accusations of supporting each other's rebel groups.

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Bashir has opposed a U.N. Security Council resolution that calls for 22,000 U.N. peacekeepers to replace or absorb the weak A.U. force of 7,000 soldiers now in Darfur. But late Monday, Sadiq, the Foreign Ministry spokesman in Khartoum, said Sudan's government had agreed to cooperate on forming a "hybrid force" for Darfur that would include U.N. troops.

He said no final agreement on troop numbers had been reached, although A.U. and U.N. officials say the United Nations could send as many as 10,000 to 15,000. Sadiq said U.N. troops could begin deploying in July. Sudan has reneged on previous agreements to allow the United Nations into Darfur.

The summit, which ends Tuesday, is also focusing on assembling an African peacekeeping force for Somalia, which has been without an effective central government since clan warlords toppled a longtime military dictatorship in 1991 and then fell to fighting among themselves.

In December, a U.N.-backed interim government supported by Ethiopia's military ousted an Islamic militia in the Horn of Africa nation, but Ethiopian troops are pulling out and there are worries that warlords and other armed groups could disrupt efforts to restore stability.

China And Sudan (WP)

The Washington Post, January 30, 2007

THE DARFUR crisis has demonstrated the limits of U.S. influence. President Bush and administration officials have described it as genocide and pushed intermittently for sanctions, peacekeeping deployments, and a deal between Sudan's government and its rebel opponents, but their efforts have been hampered by the hesitancy of other players. Sanctions resolutions in the U.N. Security Council have been delayed and diluted because Russia sells weapons to Sudan's government and because China has a large stake in Sudan's oil. Efforts to deploy a serious peacekeeping force have been undermined partly by foot-dragging within the Security Council, partly by the indifference of Sudan's Arab neighbors to the suffering of Darfur's Muslim victims and partly by the ambivalence of the African Union, which has veered between brave efforts to supply soldiers and a misplaced deference to Sudanese President Omar Hassan al-Bashir. Yesterday brought a small victory in the effort to force action. Now a bigger test follows.

Yesterday's victory occurred at the summit of the African Union. For the second consecutive year, Mr. Bashir sought the presidency of the union, even though its chief achievement has been the Darfur peacekeeping operation made necessary by Mr. Bashir's own support for genocide. In the days before the meeting, reports suggested that Mr. Bashir might succeed in his ambition, an outcome that would have destroyed the African Union's credibility not only in Darfur but in conflict mediation elsewhere. Fortunately, Africa's leaders balked at this prospect and chose a rival candidate.

The next test involves Chinese President Hu Jintao, who today begins a 12-day tour of Africa that includes a stop in Sudan. Mr. Hu's main goal is to do business: China's trade with Africa is booming. But he may also be ready to push Sudan's leadership to accept the deployment of a U.N. peacekeeping force that would build on the existing African Union contingent. A Security Council resolution already calls for such a deployment, but Mr. Bashir has been resisting it. Yesterday a Sudanese spokesman indicated that his government no longer objected, perhaps signaling an awareness of the limits to China's willingness to provide diplomatic cover.

The African Union snub and the Chinese leader's visit provide an opportunity to regain the initiative on Darfur, which is descending further into misery and is destabilizing its neighbors. Yesterday a French aid group said it was pulling out of the territory because of insecurity, and on Sunday six other international charities said their work in Darfur was close to a standstill. Fighting has spread into neighboring Chad and the Central African Republic; it is a primary reason that Sudan's north-south peace agreement, concluded after a two-decade war that killed an estimated 2 million people, is at risk of unraveling. The question for Mr. Hu is whether he merely wants to create an illusion of diplomatic progress on Sudan to protect China from the appearance of complicity in genocide or whether he means to ensure that peacekeepers are deployed.

Optimism In Northern Ireland (LAT)

The Los Angeles Times, January 30, 2007

IN A ONCE-UNTHINKABLE concession, the political wing of the Irish Republican Army voted Sunday to recognize the authority of the new Police Service of Northern Ireland. Meeting in Dublin, Sinn Fein pledged cooperation with the new force only days after revelations that the province's previous police force, the Royal Ulster Constabulary, coddled Protestant killers as recently as the 1990s. The juxtaposition of the two events suggests that what was once regarded as an intractable political problem is on its way to a solution.

According to a report last week by Police Ombudsman Nuala O'Loan, the RUC's Special Branch protected informants from the Ulster Volunteer Force, an illegal Protestant paramilitary group, even though they were involved in 10 killings and other acts of violence. Coziness between the police and underworld informants isn't unique to Northern Ireland, but the ties between the

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RUC and Protestant paramilitaries confirmed what Catholics long had argued: that law and order in the province was skewed in favor of Protestants.

But, as Sinn Fein has recognized, that was then and this is now. More than a name differentiates the new police service from the RUC. As might be expected in a force with "royal" in its title, the RUC was composed largely of pro-British Protestants. The new force, whose membership is almost a quarter Catholic (a proportion that is expected to grow as a result of aggressive recruiting), has been reconstituted and reformed as part of the 1998 Good Friday peace agreement.

Sunday's vote, urged by Sinn Fein leader Gerry Adams, was a prerequisite for reestablishing a coalition government in Belfast in which Unionists — pro-British Protestants — will share power with Republicans — Catholics who want a united Ireland. It's hard to imagine stranger bedfellows: the Democratic Unionist Party, which regards Northern Ireland as eternally British, and Sinn Fein, which still seeks a "democratic socialist republic" that will rule the entire island.

The genius of the Good Friday agreement, supported by Britain and the predominantly Catholic Republic of Ireland, is that it finessed the issue of whether Northern Ireland is British or Irish. As part of the agreement, the Republic of Ireland renounced its claim to govern the north, while Britain disavowed any "selfish interest" in ruling the province past the point at which a majority of its inhabitants have decided to sever the connection with the United Kingdom. Meanwhile, Britain and Ireland will make sure that their constituents in the north cooperate.

It's a delicate compromise, but infinitely preferable to "the Troubles" that cost 3,000 lives. But if it is to survive, those who police the north must be — and be seen as — evenhanded.

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Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, January 30, 2007 11:05 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; 'Senger, Jeffrey M'; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 1/30/07 Civil Division News

ACLU fights back in wire tap court case

Federal Judge Refuses to Switch NSA Cases to Calif. Courts

PUC orders Verizon to show cause in NSA probe

Lawsuit alleges price inflation by Boehringer Ingelheim Roxane

Uighurs' Detention Conditions Condemned; Lawyers' Complaint Part of Effort to Get Expedited Review

Habeas corpus and an era of limits; Constitution says those in custody can seek liberty in court, but what of Guantanamo?

Editorial: Canada's Good Example

UPI

January 30, 2007

ACLU fights back in wire tap court case

WASHINGTON, Jan. 30 (UPI) -- The American Civil Liberties Union says it will present arguments this week in a lawsuit against U.S. warrantless wiretapping.

A federal appeals court in Cincinnati Wednesday will listen to arguments presented in the ACLU's lawsuit against the National Security Agency on the warrantless wiretapping issue, the ACLU said in a statement.

The ACLU said that last week, the Bush administration "filed legal papers seeking to dismiss the ACLU lawsuit because the NSA surveillance is now under the review of the secret intelligence court."

However, the ACLU said it filed a new brief "opposing the government's motion and pressing the appeals court to rule on the case, stating that the president still claims to retain the 'inherent authority' to engage in wiretapping without the oversight of the FISA (Foreign Intelligence Surveillance Act).

The ACLU also said that "without more information about what the secret FISA court has authorized, there is no way to determine whether the NSA's current activities are lawful."

The ACLU noted that a district court judge "previously ruled that the NSA program is unconstitutional and violates the ... FISA. Stating that there are 'no hereditary kings in America and no power not created by the Constitution,' Judge Anna Diggs Taylor ordered the president to shut down the illegal program. The federal government appealed the ruling."

END

Telecommunications Reports

February 1, 2007

Federal Judge Refuses to Switch NSA Cases to Calif. Courts

A federal district judge has rejected a request to remand lawsuits accusing AT&T Corp. and Verizon Communications, Inc., of violating the privacy rights of their California customers by allegedly disclosing the telephone calling records of residential customers to the National Security Agency to the state's court system because such an effort would be "futile," he said.

In his Jan. 18 ruling, U.S. District Judge Vaughn R. Walker said it made no sense to switch the jurisdiction of the cases to a California court because the federal government would just move to have the case sent back to the federal courts. He said remanding the cases would serve "only as a delay and a waste of resources for the parties and the federal and state courts."

Plaintiffs originally filed the related cases in San Francisco Superior Court on May 26, 2006. However, the carriers - relying on federal law - moved the suits\l "l" to federal district court in San Francisco in June. The plaintiffs disputed the removal, saying the telcos had not proven federal jurisdiction in the suits\l "l".

While Judge Walker agreed with the plaintiffs that federal common law did not completely preempt their state law claims, the issues raised in the lawsuits do "give rise to federal jurisdiction under the 'embedded federal issue' doctrine." He also said that the amount of federal involvement that will be necessary as part of the cases would confer federal jurisdiction under the federal officer removal statute in both dockets 06-3574 and 06-3596.

Meanwhile, in Nebraska, the Public Service Commission has dismissed two formal complaints filed by the American Civil Liberties Union of Nebraska against AT&T Communications of the Midwest, Inc., and MCImetro Access Transmission Service LLC (d/b/a Verizon) regarding the telcos' alleged disclosure of customer records without consent.

Ultimately, the commission determined that it is not the appropriate agency to determine the lawfulness of the alleged disclosure because doing so would require investigation and interpretation of a federal

agency's authority. Further, the commission said that the issues raised by the ACLU should be resolved by a federal court.

Both AT&T and Verizon had asked the commission to dismiss the respective complaints filed by the ACLU on the basis that the commission lacked jurisdiction to investigate or resolve the allegations concerning the alleged cooperation with National Security Agency. In addition to arguing that state regulators are preempted from acting on the claims in the complaint, both AT&T and Verizon also said they were prohibited by federal law from providing any information concerning their alleged involvement with NSA program.

In its decision, the PSC noted that the "state secrets" privilege argued by both AT&T and Verizon was not a basis for dismissal because only the federal government may invoke such a privilege. If the federal Department of Justice had intervened in the proceeding and invoked the state secrets privilege, it would have been an appropriate basis for dismissal, according to the PSC.

Nevertheless, the commission agreed with some of the arguments put forth by AT& T and Verizon, and ultimately determined to dismiss the case for lack of jurisdiction and ability to resolve the issues raised by the ACLU. Further, the commission said that while it has general authority over the landline operations of telecom providers in the state, it does not have authority to enforce the statutes cited by the ACLU in its complaint - including the wiretapping and intercept statutes which are more appropriately considered by the state attorney general.

With regard to the arguments raised by the ACLU involving customer privacy policies, the commission concluded that it does not have the authority to consider such issues because the determination of the lawfulness of the alleged disclosures made by AT&T and Verizon is being considered in a federal court proceeding.

END

TR's State NewsWire

January 30, 2007

PUC orders Verizon to show cause in NSA probe

The Public Utilities Commission yesterday voted unanimously to order Verizon Maine, Inc., to show cause why it failed to follow commission directive and affirm under oath a number of statements made in two company press releases indicating that the telco did not turn over call details to the National Security Agency.

The Public Advocate and a group of Verizon ratepayers wrote the PUC in early January to point out the nearing statutory deadline according to 35-A M.R.S.A. section 1302, which requires the PUC to provide a prompt hearing and render a final decision within nine months of a complaint being filed, namely in the case of all meritorious ten-person complaints that are not informally resolved. The ten-person pleading led by former PUC staff advisor James D. Cowie and backed by other Verizon ratepayers was filed on May 8, 2006, which means the commission must act by Feb. 7.

Despite a finding by Presiding Officer Andrew Hagler that the commission would still technically retain jurisdiction to act on the complaint after Feb. 7, PUC Chairman Kurt Adams expressed frustration yesterday about the amount of time that has already passed without proper resolution.

"Whether we get enjoined or not is really a matter of speculation on a lot of levels," Chairman Adams said, indirectly addressing a Verizon argument to await action by the federal district court. "This is not a

national security issue. This is an issue of whether Verizon told this commission the truth when it asked us to dismiss the complaint based on statements it made in company press releases."

The chairman pointed out that the commission has been "very patient" with multiple parties who have been trying to sort out the many complex jurisdictional issues, but that the state legislature has implemented a nine-month statutory deadline for a reason, so that the complaints of ratepayers are taken seriously.

"There is a legitimate case that we [the PUC] wait for the court to act, which is not moving forward at all and bogged down in a multidistrict panel," Mr. Adams added, "but unless we act, it's unlikely that we'll get action quickly."

Moving the investigation along, according to Chairman Adams, even if the federal government files for an injunction, will at least give the complainants some kind of a resolution.

District Court Judge Vendean Vafiades, whose commission seat was recently confirmed by the Senate, agreed.

"There's a heavy burden on the [PUC] to find contempt," Commissioner Vafiades said. "Everyone could say that we shouldn't be doing anything, but coming to [a] show cause hearing" does not implicate national security. "Maybe we will be enjoined, and maybe we won't."

Counsel for Verizon, the Public Advocate, and the ten ratepayers still remain fiercely divided on procedural next steps in the case, which has sat idle since the Department of Justice filed suit against the PUC and Verizon to halt any state investigation.

The PUC wanted a sworn affidavit by a Verizon official affirming the press statements. For one, the company stated in a May 16, 2006 press release that one of the most "glaring and repeated falsehoods" reported by the media is an assertion that, in the aftermath of the Sept. 11, 2001 terrorist attacks, the company was approached by the NSA and entered into an "arrangement to provide the agency with data from customers' domestic calls. This is false." Verizon stressed that it was not asked by the NSA" to provide, nor did it provide, customer phone records from any of its three major businesses -- wireline, wireless, and directory publishing -- or any calling data from those records. (8/8/06)

The PUC will soon issue notice for a show cause hearing under 66-D of Maine Rules of Civil Procedure, which will be held no later than Feb. 13. (Docket 2006-274)

END

AP**Error! Hyperlink reference not valid.**January 30, 2007

Lawsuit alleges price inflation by Boehringer Ingelheim Roxane

BOSTON_Federal prosecutors filed a lawsuit Monday against Boehringer Ingelheim Roxane Inc. and related entities, alleging that the pharmaceutical company inflated prices for several of its drugs.

The U.S. Attorney's Office in Boston said it has intervened in a whistleblower lawsuit originally filed by a Florida company, Ven-A-Care of the Florida Keys Inc., and its principals.

In its suit, the U.S. Attorney's Office alleges that Boehringer Ingelheim Roxane engaged in a scheme to report fraudulent and inflated prices for several products, knowing that federal health care programs established reimbursement rates based on those reported prices.

Roxane, based in Columbus, Ohio, sells generic drugs that are reimbursed by Medicare and Medicaid, two federal health care programs.

The difference between the government reimbursement rates and the actual price paid by healthcare providers for a drug is referred to as the "spread." The larger the spread on a drug, the larger the profit for the provider.

The government claims that Roxane used artificially inflated spreads to market, promote and sell the drugs to existing and potential customers. Because reimbursement from federal programs was based on the fraudulent prices, prosecutors claim that Roxane\l "l" caused false claims to be submitted to federal healthcare programs.

"Roxane\l "l" Laboratories maintains the highest ethical standards in sales and marketing practices and is committed to making generic medications available to Medicaid beneficiaries throughout the United States at prices that save the states and patients millions of dollars each year," the company said in a statement.

"The company has at all times complied with the tangle of laws and rules imposed by the federal government and the fifty states for the Medicaid program, and has paid millions of dollars in rebates to the states on drug purchases."

The company said it had not yet seen the government's lawsuit, "but we are disappointed in the government's apparent decision to join in a lawsuit filed almost ten years ago."

END

Washington Post

January 30, 2007

Uighurs' Detention Conditions Condemned; Lawyers' Complaint Part of Effort to Get Expedited Review

By R. Jeffrey Smith and Julie Tate
Washington Post Staff Writers

Chinese Uighurs who have been imprisoned for the past month at a new state-of-the-art detention camp at Guantanamo Bay, Cuba, are being held around the clock in near-total isolation, a circumstance their lawyers say is rapidly degrading their mental health, according to an affidavit filed in federal court yesterday.

The lawyers' complaint is the latest step in their efforts to force an expedited review of the Uighurs' confinement by the U.S. Court of Appeals, a review that the Bush administration opposes and that Congress made more difficult in legislation it passed late last year.

The Uighurs' (pronounced *weegurs*) detention by the U.S. military, after being sold for bounty by Pakistanis in early 2002, has long attracted controversy. The men had just arrived from Afghanistan, where, they said, they had received limited military training because they opposed Chinese government control of their native region. But they said they never were allied with the Taliban or opposed to the United States, and had fled to Pakistan only to escape the U.S. bombing campaign.

By 2005, U.S. military review panels determined that five of the 18 captured Uighurs were "no longer

enemy combatants," but they continued to be held at the Guantanamo Bay prison until their release last year. The panels did not reach that conclusion about the other 13, though all had given similar accounts of their activities during the reviews, according to declassified transcripts of the sessions.

U.S. District Judge James Robertson ruled in December 2005 that the government was unlawfully imprisoning the Uighurs who were found not to be combatants.

Because China views Uighurs as members of a rebellious ethnic minority, the U.S. government declined to return the five men to China, where they faced retribution, and dozens of other nations refused to accept them. Ultimately they were sent last year from Guantanamo Bay to Albania, where they are housed in a compound run by the United Nations.

Lawyers for the remaining 13 Uighurs say the men were moved in December to Guantanamo Bay's Camp 6, a high-security facility at the base completed last August at a cost of $37.9 million. The lawyers say the government provided no explanation for the move, which came shortly after they filed a court petition in Washington seeking the expedited review.

In Camp 6, the Uighurs are alone in metal cells throughout the day, are prohibited for the most part from conversing with others, and take all their meals through a metal slot in the door, lawyer P. Sabin Willett said in his affidavit, which was based on what he was told during his visit Jan. 15-18. They have little or no access to sunlight or fresh air, have had nothing new to read in their native language for the past several years, and are sometimes told to undertake solitary recreation at night, he said.

"They pass days of infinite tedium and loneliness," according to Willett's court filing. One Uighur's "neighbor is constantly hearing voices, shouting out, and being punished. All describe a feeling of despair . . . and abandonment by the world." Another Uighur, named Abdusumet, spoke of hearing voices himself and appeared extremely anxious during Willett's visit, tapping the floor uncontrollably, he said.

The account matches another offered by Brian Neff, a lawyer who in mid-December visited a Yemeni imprisoned in Camp 6. "Detainees in Camp 6 are not supposed to talk to others, they are punished for shouting, and if they talk during walks outside they will be punished," Neff said in an e-mail yesterday. "We are extremely concerned about the . . . conditions of Camp 6 -- in particular, the fact that the detainees there are being held in near-total isolation, cut off from the outside world and any meaningful contact."

Some other "high-value" detainees are being held at a CIA-run camp at Guantanamo Bay that officials say is reserved for the most dangerous and important suspects, but virtually no information has emerged about their treatment.

Navy Cmdr. Robert Durand, a spokesman at Guantanamo Bay, confirmed that Camp 6, which houses 160 detainees, has no communal living spaces. Its design originally included them, but they were omitted after detainees attacked guards at Camp 4 in May 2006. Detainees eat and pray in their cells, he said.

Durand said that as repairs are completed at Camp 4, where communal spaces still exist, "detainees in Camp 6 will have the opportunity to earn their way into Camp 4" after first passing through another camp with medium-security conditions.

He said that while he cannot comment on specific detainees, all "have regular, daily human contact. In Camp 6 they can communicate with other detainees in the cell block. Detainees pray together through the food ports in their doors. . . . When detainees recreate, they do so in individual units in a recreation yard with access to see and speak to other detainees."

Willett said that one of his clients, named Abdulnasser, contends that he was cleared for release from detention during one of the military's annual administrative reviews. But Willett has been unable to confirm that claim, or determine why none of the other detained Uighurs are aware of such annual reviews.

The Justice Department, in court papers, has maintained that the appellate court should delay reviewing the Uighurs' detention until cases related to other detainees are resolved. It also has said that legislation passed last year by Congress, which created new military panels to try Guantanamo Bay detainees on criminal charges, seriously limits the court's jurisdiction to question government decisions on their detention.

END

Los Angeles Times

January 30, 2007

Habeas corpus and an era of limits; Constitution says those in custody can seek liberty in court, but what of Guantanamo?

By David G. Savage
Times Staff Writer

WASHINGTON — Atty. Gen. Alberto R. Gonzales provided laugh lines for comedians and fodder for outraged bloggers when he told senators recently that the Constitution does not specifically grant individuals the right to habeas corpus.

The Constitution appears to contradict him on that historic doctrine, which says those taken into custody have the right to plead their innocence before a judge. "The privilege of the writ of habeas corpus shall not be suspended," it says, "unless when in cases of rebellion or invasion the public safety may require it."

Most constitutional experts agree that phrase clearly guarantees the right of habeas corpus. And Gonzales himself later clarified that he believes Americans do have that right.

But in a clumsy way, Gonzales was making a claim that underpins the Bush administration's controversial view that "enemy combatants," including the prisoners at Guantanamo Bay in Cuba, are not entitled to fight the government in court.

The dispute involves not only the Constitution but also a separate law that spells out the reach of habeas corpus. The issue, which sparked the lively exchange between Gonzales and senators, is the focus of a bill before Congress as well as cases involving "enemy combatants" that appear headed to the Supreme Court.

Many senators, including Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and its ranking Republican, Arlen Specter (R-Pa.), believe the right to habeas corpus should apply broadly and include foreign terrorism suspects held at Guantanamo Bay.

But they lost last year when the issue came before Congress.

In a 51-48 vote, the Senate joined the House in affirming the Bush administration's view that habeas corpus should not cover "aliens" held as terrorism suspects or "enemy combatants."

The new law, known as the Military Commissions Act, overturned a Supreme Court ruling that had extended habeas corpus rights to the detainees at Guantanamo Bay. But in that decision, in the case of Rasul vs. Bush, the justices said they were ruling only on the statutory law, not on the Constitution.

In 1789, two years after the Constitution was written, the first Congress adopted a law saying that judges may hear writs of habeas corpus. This law was later expanded to say "any person" who is deprived of liberty by the government may file such a petition.

In 2004, speaking for a 6-3 majority, Justice John Paul Stevens interpreted "any person" to mean that the men held at Guantanamo Bay had a right to appeal their detention in court.

Now that Congress has overridden the high court's view, the next round of litigation in the "war on terror" is focusing on the right to habeas corpus in the Constitution.

Although everyone — including, apparently, the attorney general — agrees the Constitution protects a right to habeas corpus, there is considerable debate over the reach of that right.

On Thursday, for example, lawyers for Ali Saleh Kahlah al-Marri, an Arab immigrant who was arrested in Peoria, Ill., in 2001 and later sent to a military brig as an "enemy combatant," are going before a U.S. appeals court in Virginia seeking his release.

Bush administration lawyers say his case should be thrown out because the Military Commissions Act says federal judges have no authority "over pending and future habeas corpus actions filed by ... detained aliens" who are deemed to be "enemy combatants." They say the reach of habeas corpus should be set by the law enacted by Congress, not by interpreting the Constitution.

In reply, al-Marri's lawyers contend the recently enacted law is unconstitutional. "Like American citizens, aliens in the United States have a constitutional right to habeas corpus. Absent a valid suspension of the writ, Congress could not repeal habeas jurisdiction [for] a lawful resident alien like al-Marri," they said.

The Supreme Court appeared to agree three years ago when it ruled in the case of Hamdi vs. Rumsfeld. "All agree that, absent suspension, the writ of habeas corpus remains available to every individual detained within the United States," said Justice Sandra Day O'Connor.

But the constitutional rule is less clear for the detainees at Guantanamo Bay, because they are not within the territory of this country. A dispute over their status is pending before a U.S. appeals court in Washington.

When Gonzales went before the Judiciary Committee on Jan. 18, his written testimony objected to the bill sponsored by Leahy and Specter that would restore habeas rights to "aliens." The new law "prevents terrorists captured on the battlefield from continuing to fight us in our courts," his statement said.

That set the stage for a perplexing exchange between Specter and Gonzales.

The senator incorrectly said the Supreme Court had already ruled the Constitution protects the habeas rights of detainees at Guantanamo.

Gonzales responded by suggesting the Constitution does not protect habeas corpus at all. "The fact that the Constitution — again, there is no express grant of habeas in the Constitution. There is a prohibition against taking it away," he said.

"Now, wait a minute," Specter interrupted. "The Constitution says you can't take it away except in case of rebellion or invasion. Doesn't that mean you have the right of habeas corpus?"

Gonzales refused to concede the point. "I meant by that comment the Constitution doesn't say every individual in the United States, or every citizen, is hereby granted or assured the right to habeas."

Later in the same hearing, the attorney general softened his tone. "I believe that the right of habeas is something that's very, very important, one of our most cherished rights," he said.

Most constitutional scholars and legal experts reject Gonzales' view that the Constitution does not include an "express grant" of a right to habeas corpus.

"He is completely wrong on the history," said Eric Freedman, a Hofstra law professor and expert on habeas corpus.

Added Pepperdine Law Professor Douglas W. Kmiec, "The historical consensus among scholars is contrary" to the attorney general's statement.

At the Justice Department last week, two lawyers delicately tried to explain what the attorney general meant.

"This didn't come out as cleanly and crisply as we might have hoped," said one, who spoke on the condition that he not be identified. "The question is not whether Americans have a right to habeas corpus. That is undisputed. What's at issue is the scope of the right."

END

New York Times

January 30, 2007

Editorial: Canada's Good Example

Canada set an important example of decency when it offered a formal apology and compensation worth millions of dollars to a Syrian-born Canadian citizen who was a victim of President Bush's use of open-ended detention, summary deportation and even torture in the name of fighting terrorism.

Last week's announcement by Prime Minister Stephen Harper came more than four years after the nightmare began for the Canadian, Maher Arar, a 36-year-old software engineer. On his way back from a family vacation, he was detained by U.S. officials at Kennedy Airport on the basis of unsubstantiated information from the Canadian police. After being held in solitary confinement in a Brooklyn detention center and interrogated without proper access to legal counsel, he was sent to Syria, where he was imprisoned for nearly a year and tortured.

It was all part of a legally and morally unsupportable practice known as extraordinary rendition, the deportation of terrorism suspects to countries where the regimes are known to use torture and to disdain basic human rights protections.

Four months ago, a Canadian government panel concluded that Mr. Arar had never had a terrorism connection, and that Americans had misled Canada about their plans for him. The Bush administration stonewalled the inquiry. It has responded to a new Canadian request to remove Mr. Arar from a United States security watch list by rudely telling Canada, its democratic northern neighbor and strategic ally, to mind its own business.

Not only has the Bush administration refused to apologize to Mr. Arar, but Justice Department lawyers are also brandishing a dubious claim of state secrets and fighting a lawsuit brought by Mr. Arar in this country. Bush administration officials insist that they have "new intelligence" that justifies keeping Mr. Arar on the watch list. That intelligence has not been disclosed, but Canadian officials who have reviewed the information are unpersuaded.

Questioned about the Arar case at a recent Senate Judiciary Committee hearing, Attorney General Alberto Gonzales provided no specifics that would explain Mr. Arar's continued presence on the watch

list, or why he was deported to Syria in the first place. The committee's chairman, Senator Patrick Leahy, Democrat of Vermont, is right to demand that the administration face up to its bad behavior in this case and renounce its renditions policy.

This is not just about making amends with Canada, or doing the right thing by what appears to be an innocent man. It is a matter of trying to restore this country's reputation as a defender and protector of human rights.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, January 31, 2007 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, January 31, 2007
Attachments:	agnb070131.pdf; agnb070131.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 31, 2007 7:45 AM EST

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TERRORISM NEWS:

4th Circuit To Hear Test Of Administration's Terror-Fighting Authority. The Christian Science Monitor (1/31, Richey) reports, "The open-ended detention of an Arab student suspected of being an Al Qaeda sleeper agent is setting the stage for the next major showdown over the scope of President Bush's authority to fight terrorism on American soil." The Monitor continues, "Ali Saleh Kahlah al-Marri has been held in government custody for more than five years and has spent the last three and a half years in a South Carolina military prison under interrogation as a presidentially designated enemy combatant. … For 17 months of that time he was held incommunicado, with no ability to consult a lawyer, appear before a neutral judge to test the legality of his detention, or even tell his wife and five children he was alive." The Monitor adds, "Mr. Marri's lawyers say his confinement by military authorities rather than in the civilian justice system violates both US law and the Constitution. … Lawyers for the government disagree. They say the president is acting within his powers to protect the country from a second wave of terror attacks following 9/11. … Thursday, Marri's case goes to a three-judge panel of the Fourth Circuit Court of Appeals. Analysts say the dispute may ultimately wind up in the US Supreme Court with a potential landmark ruling on a key question: What rights does a noncitizen legal resident have when the government names him an enemy combatant?" The Monitor notes, "The Fourth Circuit in Richmond, Va., is the same appeals court that upheld the detention as enemy

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combatants of US citizens Yaser Hamdi and Jose Padilla. … But the Marri case is different, his lawyers say. Mr. Hamdi was taken into custody in Afghanistan and Mr. Padilla was detained while attempting to reenter the US at Chicago's O'Hare International Airport. Both were said to have taken up arms against the US while overseas. In contrast, Marri was arrested in Peoria, Ill., where he was attending graduate school on a valid student visa. … Unlike other designated enemy combatants, Marri never directly participated in hostilities against the US, his lawyers say. Since he was never a combatant on a battlefield, he – as a civilian lawfully present in the US – cannot be detained by the military as an enemy combatant, they say. … Instead, he must be extended all the constitutional and other protections of the civilian court system, his lawyers say. … The administration says in a global war on terror the battlefield can be anywhere, including Peoria. US Solicitor General Paul Clement says Marri associated with the military arm of Al Qaeda, a US enemy, and thus qualifies as an enemy combatant."

6th Circuit To Hear Arguments On Warrantless Wiretaps. The AP (1/31, Sewell) reports from Cincinnati, "President Bush's program of secretly monitoring communications without a court warrant faces legal assaults on its constitutionality in arguments Wednesday in a federal appeals court." The AP continues, "The government is appealing the ruling of a federal district judge in Detroit who said the warrantless surveillance violated rights of privacy and free speech as well as separation of powers. The Justice Department last week urged the 6th U.S. Circuit Court of Appeals to throw out the case, saying it was no longer at issue." The AP adds, "Attorney General Alberto Gonzales said this month that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act, passed by Congress in 1978, is now reviewing and approving applications to monitor people believed to have terrorist links. The Justice Department said in a court brief that means there's 'no longer any live genuine controversy to adjudicate.' … The American Civil Liberties Union, which sued over the warrantless surveillance a year ago, countered that there's no guarantee that the president won't resume what the government calls the Terrorist Surveillance Program outside the court. The ACLU also is challenging government secrecy in the case, saying it can't determine whether current actions are following the law. … 'For all the drama around the case, we see the ultimate legal issue to be a very narrow, noncontroversial one - that is, when Congress passes a law, the president has to follow it,' said Ann Beeson, the ACLU's lead attorney on the case. 'If they were really committed to following the FISA law in the future, they should have no objection to being bound by the district court order.' … The Justice Department said in brief filed Tuesday that the court shouldn't be asked to rule on a hypothetical question about the future. U.S. District Judge Anna Diggs Taylor had ordered the government to halt the warrantless surveillance."

The Los Angeles Times (1/31, Weinstein) reports, "One of the Bush administration's most controversial initiatives in the war on terrorism is set for its first hearing in a federal appeals court in Cincinnati today, but if government lawyers have their way, the case will quickly be dismissed." The Times continues, "Justice Department attorneys contend that the challenge by the American Civil Liberties Union to the government's warrantless domestic surveillance program is moot because the program is now being monitored by a special court. They are asking that the ruling saying the program is unconstitutional be thrown out. … But ACLU lawyers say the case is still viable and are calling on the U.S. 6th Circuit Court of Appeals to affirm U.S. District Judge Anna Diggs Taylor's ruling in August that the Terrorist Surveillance Program violated the 1st and 4th amendments to the Constitution and ran afoul of the Foreign Intelligence Surveillance Act." The Times adds, "Each side has described the case in stark terms. … The government lawyers, led by Solicitor General Paul D. Clement, say in their brief that 'this case presents issues of the gravest order to the nation.' If the appeals court construed FISA to prohibit the surveillance program, 'it would be an unconstitutional encroachment on the executive's constitutional authority (and duty) to gather foreign intelligence, defend the nation against attack, and command the armed forces during wartime,' the brief says. … The ACLU says in its brief that the case raises the fundamental questions of 'whether the president has the authority to violate statutory law and the Constitution by engaging in warrantless wiretapping inside the United States. The district court correctly held that he does not.'"

Author Argues Administration Violated Law With Wiretaps. In an op-ed for the New York Times titled "Bush Is Not Above The Law" (1/31), author James Bamford writes, "Last August, a federal judge found that the president of the United States broke the law, committed a serious felony and violated the Constitution. Had the president been an ordinary citizen — someone charged with bank robbery or income tax

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evasion — the wheels of justice would have immediately begun to turn. The F.B.I. would have conducted an investigation, a United States attorney's office would have impaneled a grand jury and charges would have been brought. … But under the Bush Justice Department, no F.B.I. agents were ever dispatched to padlock White House files or knock on doors and no federal prosecutors ever opened a case." Bamford continues, "The ruling was the result of a suit, in which I am one of the plaintiffs, brought against the National Security Agency by the American Civil Liberties Union. It was a response to revelations by this newspaper in December 2005 that the agency had been monitoring the phone calls and e-mail messages of Americans for more than four years without first obtaining warrants from the Foreign Intelligence Surveillance Court, as required by the Foreign Intelligence Surveillance Act. … Last Aug. 17, Judge Anna Diggs Taylor of the United States District Court in Detroit issued her ruling in the A.C.L.U. case. The president, she wrote, had 'undisputedly violated' not only the First and Fourth Amendments of the Constitution, but also statutory law, the Foreign Intelligence Surveillance Act. … Yet despite this ruling, the Bush Justice Department never opened an F.B.I. investigation, no special prosecutor was named, and there was no talk of impeachment in the Republican-controlled Congress." Bamford notes, "On Jan. 17, Attorney General Alberto Gonzales unexpectedly declared that President Bush had ended the program, deciding to again seek warrants in all cases. Exactly what kind of warrants — individual, as is required by the law, or broad-based, which would probably still be illegal — is as yet unknown. … The action may have been designed to forestall a potentially adverse ruling by the federal appeals court in Cincinnati, which had scheduled oral arguments on the case for today. At that hearing, the administration is now expected to argue that the case is moot and should be thrown out — while reserving the right to restart the program at any time. … But that's a bit like a bank robber coming into court and arguing that, although he has been sticking up banks for the past half-decade, he has agreed to a temporary halt and therefore he shouldn't be prosecuted." Bamford concludes, "To allow a president to break the law and commit a felony for more than five years without even a formal independent investigation would be the ultimate subversion of the Constitution and the rule of law."

Nader Urges Congress To Impeach Bush And Cheney. On MBNBC's Tucker (1/30), Ralph Nader said President Bush is "the most serial impeachable president in modern history, if not American history, on one grounds after another. And I can't understand why" congressional Democratic leaders "don't want to do it, unless possibly two reasons. One is that Nancy Pelosi will be the next in line, and if they impeach -- if they impeach Bush, they've got to impeach Cheney. It's a package deal. … And second…I think the Democrats may see a clear ark toward winning in 2008. There are too many imponderables and potential uncertainties to an impeachment drive, and they know the Republicans can stop them in the Congress. … So why do it? But it is a matter of principle. What's the point of the impeachment provision in the Constitution?"

Germany To Seek Arrest Of US Agents Over Masri Rendition. The Los Angeles Times (1/31, Fleishman, Goetz, 850K) reports, "German investigators have recommended that prosecutors issue arrest warrants against 13 U.S. intelligence operatives in connection with the kidnapping, beating and secret detention of a German citizen," Khaled el-Masri, "suspected of having links to terrorist networks. … German law enforcement officials said indictments could be filed as early as this week against the suspects, including four pilots, a medic and members of an operations unit. The most serious charge is expected to be kidnapping, according to an official who asked not to be named." The Times notes, "German prosecutors said they were convinced early on that Masri's tale of abduction and imprisonment was true. They have repeatedly blamed the U.S. for not cooperating with the investigation."

Judge Ends Lengthy Deportation Case Against Two With Alleged Terror Ties. The New York Times (1/31, Archibold) reports from Los Angeles, "Chastising the government with poetry and blunt language, an immigration judge on Tuesday ended 20-year-old deportation proceedings against two of eight men who had been accused of ties to a Palestinian organization classified as a terrorist group." The Times continues, "The judge, Bruce J. Einhorn, of Immigration Court here, faulted the government for repeated delays in producing evidence that the two, who with the others became known as the L.A. Eight, should be deported as a threat to the United States. … The case has been monitored by civil libertarians, who see it as an example of overreaching in terror cases." The Times adds, "Officials had accused the men, seven Palestinians and a Kenyan, of supporting the Popular Front for the

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Liberation of Palestine, a branch of the Palestinian Liberation Organization that the government classifies as a terrorist group. … The eight denied being members and accused the government, which never filed criminal charges against them, of political persecution. … The two men, Khader Musa Hamide and Michel Ibrahim Shehadeh, are the sole remaining defendants and the only ones who were legal permanent residents when the case began. …. One of the others returned to the Palestinian areas. The other five, who had been charged with violating temporary visas, were given legal permanent residency. One became a United States citizen during the proceedings, which included appeals to the Supreme Court."

The Los Angeles Times (1/31, Weinstein) reports, "In a scathing decision, Einhorn said the government's conduct in the case was 'an embarrassment to the rule of law' that left 'a festering wound on' Hamide and Shehadeh, who have been in legal and personal limbo for two decades. … The two men, both longtime legal residents of the United States, are part of a group that was dubbed 'the L.A. 8' after the government launched attempts to deport them in January 1987. All eight denied that they were members of the Popular Front for the Liberation of Palestine, or PFLP, a radical offshoot of the Palestine Liberation Organization that has taken credit for airline hijackings and car bombings in the Middle East. … Hamide and Shehadeh, as well as the others, steadfastly maintained that they were being persecuted even though their political activities — distributing newspapers, participating in demonstrations, assisting Palestinians with human rights and medical needs, raising money for hospitals, youth clubs and day-care centers — were lawful. … The government has not said whether it will appeal the decision. A Justice Department spokesman said the agency had no comment." The AP (1/31) also reports this story.

US Using Tax Code To Probe Terrorism Financing Schemes. The Wall Street Journal (1/31, A3, Simpson) reports, "The Justice Department is investigating possible criminal tax-law violations by a Boston private-equity firm that manages hundreds of millions of dollars for Muslim investors in Europe and the Middle East and is affiliated with a Swiss investment group U.S. authorities suspect of financing Islamic extremists." The Journal continues, "Federal prosecutors disclosed a grand-jury probe of Overland Capital Group Inc. in filings last week with U.S. District Court in Boston. While the Boston grand jury is examining suspected tax evasion related to complex investment structures, the case is being handled by a prosecutor from the Justice Department's counterterrorism division, the filing states." The Journal adds, "In the years since the Sept. 11 attacks, U.S. counterterrorism agencies have been stymied in several attempts to bring terrorism cases against wealthy individuals from the Middle East. Some prosecutors have pushed the government to use tax laws as a more effective approach, a method famously employed against gangster Al Capone in 1931. … Overland, which doesn't disclose its ownership, says on its Web site that it has made more than $1.5 billion in U.S. investments for its clients, largely in real estate, since its founding in October 2001." The Journal notes, "Legal records say Overland is controlled by a Geneva-based financial group known as Dar Al-Maal Al-Islami Trust, which was founded by a senior member of the royal family of Saudi Arabia. The U.S. government is treating the companies as related: The Justice Department is examining 'acts and practices' of Overland and a DMI subsidiary 'that implicate potential violation of the Internal Revenue Code,' the filing states. … In general, the U.S. and other Western governments are investigating whether terrorist groups are able to move money with help from sympathizers in the Islamic-banking movement. Intelligence and law-enforcement officials say they are concerned the industry's often-opaque practices lend themselves to money laundering and other financial crimes."

11th Circuit Panel Reinstates Key Charge In Padilla Case. The Washington Post/AP (1/31, A8, Anderson) reports from Miami, "A federal appeals court on Tuesday reinstated a key terrorism charge, the only one carrying a potential sentence of life in prison, against suspected al-Qaeda operative Jose Padilla." The AP continues, "A three-judge panel of the U.S. Court of Appeals for the 11th Circuit agreed with federal prosecutors that the charge that Padilla and his two co-defendants conspired to 'murder, kidnap and maim' people overseas did not duplicate other counts in the indictment. … The Atlanta-based court reversed a decision last summer by U.S. District Judge Marcia Cooke, who said the three charges in the indictment contained nearly identical elements and could subject the defendants to extra punishment for the same act, violating protections against double jeopardy." The AP adds, "Padilla was arrested in May 2002 at Chicago's O'Hare International Airport, and the government alleged that he was plotting to

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detonate a radioactive 'dirty bomb' in a major U.S. city. President Bush declared Padilla an enemy combatant, and he was held without criminal charges for 3 1/2 years until he was indicted in late 2005 in Miami. The 'dirty bomb' allegations are not part of the Miami case. … Although defense attorneys may file a challenge, Tuesday's ruling brings the case a step closer to trial as scheduled April 16. The appeals court had agreed to hear the case on an expedited basis after Cooke said she would not begin jury selection until the issue was settled. … 'We are gratified by the 11th Circuit's swift decision and look forward to presenting the evidence at trial,' U.S. Attorney R. Alexander Acosta said in Miami."

The South Florida Sun-Sentinel (1/31, Blum, 237K) reports, "Ruling with unusual speed, a three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held that the counts were 'interrelated' but not the same because a suspect could hypothetically commit each crime without committing the others." The Sun-Sentinel notes, "The decision reverses a major pre-trial victory for Padilla and his two co-defendants and means the men will face a possible life sentence if convicted. The case is set for trial April 16."

Scolinos Replies To Post-Gazette Editorial On TSP. In a Letter to the Editor of the Pittsburgh Post-Gazette (1/31), Tasia Scolinos, director of public affairs for the Justice Department, writes, "Because your Jan. 19 editorial ('Spy Reversal') on the Terrorist Surveillance Program (TSP) and the Foreign Intelligence Surveillance Court (FISC) may have left readers with some inaccurate impressions, I offer the following response:" Scolinos continues, "First, the TSP falls well within the president's constitutional authority, recognized and supplemented by Congress in the aftermath of Sept. 11, 2001, to protect Americans by intercepting the international communications of a lethal enemy. … Second, the Justice Department began exploring options for FISC approval for the collection of international al-Qaida communications into and out of the United States in the spring of 2005, well before the first press accounts disclosing the existence of the TSP. It took considerable time and effort, however, for the government to develop this new approach, which has the speed and agility offered by the TSP, and for a judge of the FISC to consider and approve these orders. The new FISC orders are innovative and complex, but the result is that any electronic surveillance that may have occurred previously under the TSP will now be subject to the approval of the FISC. Accordingly, under these circumstances, the president has determined not to reauthorize the TSP when the current authorization expires. … Third, the attorney general directed department officials to brief the Senate and House Intelligence committees, as well as other key members of Congress, on the new orders. Although the existence of these orders has been made public, the contents of the orders remain highly classified. The disclosure of such information could reveal to our enemies aspects of our intelligence capabilities and allow them to evade detection." Scolinos concludes, "The intelligence community has confirmed the value of the TSP in providing us information we would not otherwise have had and that these new orders will fulfill that critical function. The attorney general and the Justice Department are committed to fighting terrorism and using all lawful tools to protect our nation in a manner that respects and preserves the civil liberties of all Americans."

Eight Arrested On Terror Charges In England. The AP (1/31) reports West Midlands Police said eight people were arrested on Wednesday in Birmingham on suspicion of committing, preparing or instigating terrorism. Police "gave no details of the allegations against the suspects." The AP adds, "The operation was led by the Midlands Counterterrorism unit, supported by West Midlands Police and London's Metropolitan Police. Last week, police arrested five people in terrorism investigations in the English cities of Manchester and Halifax."

Two Tamil Tigers Caught In US Sting Plead Guilty To Weapons Charges. In a widely-distributed story, the AP (1/31) reports, "Two Indonesian men arrested with four others in an international arms buying sting last fall pleaded guilty Tuesday to trying to illegally export arms to Indonesia's military." Reinhard Rusli and Helmi Soedirdja "contacted Maryland-based undercover agents to acquire night-vision goggles and a holographic weapons sight without the proper licenses, prosecutors said. Rusli and Soedirdja, who also pleaded guilty to money laundering, were arrested in September in Guam along with suspected international arms dealer Haji Subandi and three suspected arms brokers for the Tamil Tigers terrorist group." The Baltimore Sun (1/31, Dolan, 257K) notes, "The elaborate sting operation unfolded in Baltimore last summer when

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federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in buying. The ruse, authorities said, led representatives for the Tamil Tigers insurgents in Sri Lanka to deposit $700,000 with undercover agents as a down payment for millions of dollars in sniper rifles, submachine guns and grenade launchers."

Judge Rules Foreign Nationals May Sue Bank For Allegedly Funding Suicide Bombers. The AP (1/31, Hays) reports, "Israelis and other foreign nationals can pursue claims in U.S. courts accusing the Jordan-based Arab Bank of promoting Palestinian suicide attacks by funneling Saudi money to bombers' families, a judge ruled." The AP continues, "In a written decision in federal court in Brooklyn, U.S. District Judge Nina Gershon upheld a lawsuit Monday filed under U.S. law that gives non-U.S. citizens access to courts in order to challenge violations of international laws or treaties. … Lawyers for Arab Bank had asked Gershon to toss out the suit, arguing that U.S. courts lacked proper jurisdiction." The AP adds, "Though the judge dismissed portions of the suit, her ruling still allows thousands of suicide bombing victims and their families to seek unspecified damages, said a plaintiff lawyer, Michael Elsner. … 'Today was an incredible victory for victims of suicide bombing attacks and other acts of violence in Israel and an important lesson to banks and private individuals that aid and abet acts of terrorism,' he said. 'They may be held civilly liable in the United States, even if those acts occur outside the United States.' … Arab Bank spokeswoman Phyllis Cuttino called the ruling 'disappointing, because it is at odds' with a series of appeals court decisions dismissing similar claims."

Terrorist Web Forum Releases Encryption Software Package. The Washington Times/UPI (1/31, Waterman) reports, "US cyber-security specialists have been examining an encryption software package released earlier this month by the Global Islamic Media Front, a Web forum for supporters of Islamic terrorists. The software package, dubbed 'Mujahideen Secrets,' can be used on computers in libraries and other public places to encrypt e-mail or other files being sent over the Internet, according to IDefense, a security consultant firm analyzing the program." UPI notes, "Although the package does not offer any capabilities not available in commercial encryption programs, IDefense Director of Threat Intelligence Jim Melnick said it was being promoted on forums and other Web sites used by supporters of Islamic terrorist groups."

HOMELAND RESPONSE:

FBI Said To Make New "Full-Pipe Surveillance" Of Internet Users. CNET News.com (1/30, McCullagh) reported, "The FBI appears to have adopted an invasive Internet surveillance technique that collects far more data on innocent Americans than previously has been disclosed. Instead of recording only what a particular suspect is doing, agents conducting investigations appear to be assembling the activities of thousands of Internet users at a time into massive databases, according to current and former officials. … Such a technique is broader and potentially more intrusive than the FBI's Carnivore surveillance system." CNET added, "Call it the vacuum-cleaner approach. It's employed when police have obtained a court order and an Internet service provider can't 'isolate the particular person or IP address' because of technical constraints, says Paul Ohm, a former trial attorney at the Justice Department's Computer Crime and Intellectual Property Section. … That kind of full-pipe surveillance can record all Internet traffic, including Web browsing -- or, optionally, only certain subsets such as all e-mail messages flowing through the network." CNET noted, "The technique came to light at the Search & Seizure in the Digital Age symposium held at Stanford University's law school on Friday."

DOJ Disputes Accuracy Of CNET Story. CNET News.com (1/30) reported on its "Politics Blog" that DOJ "is taking issue with an article we published Tuesday that describes how the FBI appears to be using a controversial wiretapping technique. … We told the Justice Department our deadline was late Monday, but they didn't reply until late in the day Tuesday. Here's what Dean Boyd, a Justice Department spokesman, sent to us in e-mail, unedited: 'Your article is inaccurate. Nothing has changed from our long-standing practice in implementing court-authorized law enforcement interception orders. The FBI records and retains only that data which it is authorized under law to record and retain -- namely, the communications associated with court-approved targets. … The bottom line: Nothing has

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changed. We believe that Professor Ohm, quoted in the article, either was misquoted or misspoke."

Bush Proposes $25 Million In 9/11 Health Funds. The New York Times (1/31, Chan, 1.16M) says President Bush agreed to spend $25 million on health care for 9/11 rescue workers, which will keep two treatment programs operational until the end of the year, after "impassioned pleas" from Reps. Vito Fossella (R), Carolyn Maloney (D), Jerrold Nadler (D) and Sens. Schumer (D) and Clinton (D). Rep. Fossella said the funds represent "a big breakthrough." Like Mayor Bloomberg, Rep. Maloney said the funds were an "important step," but she hoped "we would not have had to wait five years and a number of visible deaths before we got the administration to react." Nadler "called the $25 million 'a milestone' but added that it was 'grossly inadequate.'" Fossella and Maloney said the administration explained that the $25 million was "only a starting sum and the findings of the task force could be the basis for additional aid." The AP (1/30, Barrett) says the funding announcement came one day before the president "was to speak in New York about the economy, and sick Sept. 11 workers planned a rally timed to the visit." Like the Times, the AP notes Reps. Fossella, King and Walsh all learned of the addition funding in a meeting on Tuesday with White House Budget Director Rob Portman.

CBP Official Says 100 Percent Screening Of Shipping Cargo "Unrealistic." The Washington Times (1/31, Seper, 88K) profiles Customs and Border Protection Assistant Commissioner Jay Ahern, whose agency has "one of the toughest assignments in America: Keep terrorists from sneaking into the United States while ensuring the border is open to legitimate trade and travel." However, Ahern, who heads the Office of Field Operations, "says the agency is up to the task." Ahern said knowledge of "the destruction that can happen" provides "a sense of urgency that drives" everyone at CBP. Ahern discussed the Container Security Initiative, which he said has allowed "CBP has improved its targeting systems and increased the amount of information it has on people and goods bound for the United States." However, he "described as 'unrealistic' efforts by some members of Congress to require the scanning of 100 percent of the containers entering the US through its seaports."

Lawmakers Call On Coast Guard To Overhaul Modernization Program. The New York Times (1/31, Lipton, 1.16M) reports, "Frustrated by reports of ships with cracking hulls, design flaws, cost overruns and construction delays," representatives at a hearing of the House Subcommittee on Coast Guard and Maritime Transportation "demanded Tuesday that the Coast Guard's leadership overhaul" the Deepwater modernization program. Members of the committee "delivered a bipartisan lashing to the Coast Guard, which has spent several billion dollars for a new fleet but now has fewer ships available for patrols than it did in 2001." Coast Guard Commandant Adm. Thad Allen "did not dispute" that the program "was off to a disappointing start." Calling Deepwater "essential to the Coast Guard's future," Allen said the service "would be more assertive in monitoring Lockheed and Northrop, which were hired in 2002 not just to build the ships and the planes, but also to manage the program."

The AP (1/30, Caterinicchia) reported, "Executives from Lockheed Martin Corp. and Northrop Grumman Corp. on Tuesday fended off congressional criticism of their roles in running" Deepwater. "Allen responded to sometimes harsh questioning from lawmakers the day after the Department of Homeland Security's inspector general released a report concluding that design flaws in the first two 421-foot, 4,000-ton cutters already have led to spiraling costs and must be addressed to ensure the 30-year life of the new ships." Asked whether he could guarantee that the cutters "could go 30 years without a crack," Philip Teel, president of Northrop Grumman Ship Systems, said "he did believe the vessels would last 30 years, though he could not predict if a crack would occur."

Montana Legislators To Vote On Anti-Real ID Bill. USA Today (1/31, 3A, Frank, 2.27M) reports, "The Montana House of Representatives expects to vote today on a bill that would make Montana the first state to ignore the Real ID law, which requires states to demand a minimum standard of proof of residency from people seeking driver's licenses. The bill passed a Montana House committee 17-0 last week and needs Senate approval." Last week, the Maine State Legislature "became the first to approve a resolution urging Congress to overturn the law before it takes effect in May 2008." Though states that don't comply with the law will see their residents "barred from using their licenses or state IDs to board airplanes, open bank accounts or enter federal

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buildings," Real ID opponents "hope enough states protest or defy the law that Congress will be forced to revise or repeal it."

Black Caucus Requests Creation Of Katrina Committee. The AP (1/30, Evans) reported, "The Congressional Black Caucus has asked House Speaker Nancy Pelosi to form a new committee on Hurricane Katrina to focus more urgently on rebuilding the Gulf Coast, particularly New Orleans." In a letter to Pelosi, caucus Chairwoman Carolyn Cheeks Kilpatrick asked, "How can we talk about reconstruction abroad when we cannot help our fellow Americans at home?" Criticizing "President Bush for not mentioning Katrina in his State of the Union address last week," Kilpatrick "said that forming a select House committee on the issue 'offers the best hope for development.'" A spokesman said Pelosi "would look closely at the request," but "noted that several congressional committees are overseeing the recovery and that Democrats already have a Katrina task force."

New Orleans Recovery Plan Would Allow Development In All Neighborhoods. The New York Times (1/31, Nossiter, 1.16M) reports, "No neighborhoods would be off limits for development in a new $14 billion" recovery plan for New Orleans. The Unified New Orleans Plan, "developed by consultants and planners for the city after months of meetings with" citizens New Orleans in the city, "calls for spending millions on libraries, recreation, utilities, schools, transportation, flood protection, health care and other areas. The projected source of financing is unclear, however, as one of the consultants suggested Tuesday that much of the money might come from the $110 billion already appropriated by the federal government, while another appeared to suggest it might not."

Army Corps Official Says List Of Vulnerable Levees To Be Released Thursday. Following a report in Monday's USA Today on an Army Corps list of 146 inadequate levees throughout the, US, Maj. General Don T. Riley, director of civil works for the US Army Corps of Engineers, in an op-ed in USA Today (1/31, 10A, Riley, 2.27M) writes, "The US Army Corps of Engineers' most recent investigations into nationwide levee system performance have revealed the need for a consistent, comprehensive and risk-informed approach to improve public safety." Riley continues that under a national levee inventory and assessment program, "[t]he corps inspects levees eligible for federal rehabilitation assistance. To ensure eligibility, levees must meet acceptable maintenance standards. The corps is informing levee owners of maintenance status changes and ensuring maintenance requirements are met. … The list of levees will be released Thursday after the corps completes notification of local officials."

USA Today Criticizes Delay In Releasing Locations Of Levees. Under the headline "Levee List Dribbles Out," USA Today (1/31, 10A, 2.27M) editorializes that after Katrina, the corps "finally got aggressive about inspecting thousands of miles of levees that are supposed to protect cities from Sacramento to Hartford. It quickly found deficiencies." However, the corps has "refused to share" the locations of the levees it discovered to be inadequate. USA Today says that "after being bombarded with demands," the corps is "promising to release a list on Thursday. Good. But the corps' first response, and its method of communicating with local officials, point to serious flaws in this new attempt to ensure better flood control."

Lawmakers Threaten To Shut Down Los Alamos Lab. The AP (1/31) reports, "Lawmakers threatened Tuesday to strip the Los Alamos National Laboratory of classified operations or even shut it down after a decade of security lapses." They "blistered the lab for its most recent security breach in which a contract worker walked out with hundreds of pages of classified documents." Michigan Rep. John Dingell (D), Texas Rep. Joe Barton (R), "and others on the House Energy and Commerce Committee introduced a measure Tuesday to strip the National Nuclear Security Administration of its primary security responsibilities and turn them back to the Energy Department. They expressed concerns that NNSA has not fixed security problems at Los Alamos despite tens of millions of dollars spent on improvements." The AP adds, "Administration officials urged lawmakers to give the new management team more time to turn things around. Deputy energy secretary Clay Sell said Los Alamos probably could not be replaced or duplicated."

WAR NEWS:

Republicans Trying To Derail Senate Votes Against Iraq Strategy. The New York Times (1/31, Hulse, Shanker, 1.16M) reports, "The Bush administration's allies in the Senate began a major effort on Tuesday to

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prevent a potentially embarrassing rejection of the president's plan to push 20,000 more troops into Iraq." The "signs of the new campaign seeped out after a weekly closed-door lunch in which Republican senators engaged in what participants described as a heated debate over how to approach the issue. The new effort by President Bush's allies, including Senators John McCain of Arizona and Lindsey Graham of South Carolina, is aimed at blocking two nonbinding resolutions directly critical of the White House that had appeared to be gaining broad support among Democrats and even some Republicans." The Times adds, "Republicans skeptical of the troop buildup said some of their colleagues had begun to suggest that opponents of the White House plan ran the risk of undermining Lt. Gen. David H. Petraeus, the new military commander in Iraq, as well as Mr. Bush. 'There is a lot of pressure on people who could be with us not to be with us,' said Senator Susan Collins, Republican of Maine, the co-author of one resolution along with Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska." McCain and Graham, along with Senator Joseph I. Lieberman, "the independent Democrat from Connecticut, are trying to enlist support for a resolution that would set benchmarks for the Iraqi government and describe the troop increase as a final chance for the United States to restore security in Baghdad. The senators have been joined in their effort by the Republican leader, Mitch McConnell of Kentucky, Senator John Cornyn of Texas and Senator David Vitter of Louisiana."

The Politico (1/31) reports Senate Minority Whip Trent Lott said of the McCain-Graham effort, "I am talking with them, and I am encouraging others to talk with them." Lott "declined to say whether Senate GOP leaders, who are expected to meet with Bush at the White House on Friday, would sign onto the McCain-Graham resolution. 'This is a case where, when you herd the cats, sometimes you have to let them stray,' Lott said Tuesday."

Last night, the CBS Evening News (1/30, story 2, 1:30, Schieffer, 7.66M) said Republicans "have managed to get" the votes on the existing anti-surge resolutions "postponed until the middle of next week, at the very earliest." On the question of whether "a majority in Congress actually go on the record opposing the President's war policy," CBS asserted "something is going to pass. Just how critical it's going to be, we don't know yet." But "so many Republicans want to put some distance between themselves and the President that something is going to pass. These Republicans have read the polls…and they're under enormous pressure and they know it."

Moreover, the Washington Post (1/31, A1, Weisman, Murray, 690K) reports "Republican misgivings…are increasingly dividing the GOP as the Senate moves toward a showdown over the deployment of 21,500 additional troops to Iraq. Republican strategy had envisioned a single resolution that would allow the party's senators to express doubts about the plan without stating their outright opposition. Instead, Republicans appear to be balkanizing, with at least five GOP drafts now in play and more Republicans stating their reservations." Vice President Cheney "and senior military officials attended a Republican policy lunch yesterday, which turned into a raucous debate about the various resolutions, according to a party leadership aide. Bush will meet with GOP senators on Friday as the White House continues to try to tamp down opposition." But "Republican misgivings are not subsiding. … One group of ruminating Republicans is made up of the 20 GOP senators who will face voters in 2008." Among them are Sens. Lisa Murkowsk, John E. Sununu and Lamar Alexander.

The Hill (1/31, Blake, Youngman) also says that while the resolutions "have proven a dicey political issue for vulnerable Republican senators, and few potentially vulnerable House Republicans are tipping their hands before the issue hits their chamber. Most House GOPers who received less than 55 percent of the vote in November's election are not saying how they will vote on either of the main Senate resolutions expressing opposition to the troop-increase strategy, and not one committed to supporting either Sen. Joseph Biden's (D-Del.) and Sen. Chuck Hagel's (R-Neb.) resolution or Sen. John Warner's (R-Va.) milder alternative."

On CNN Anderson Cooper 360 (1/30), correspondent John Roberts said, "For the moment," Bush "is the decider. All Congress can do at this point is curtail funding for the Iraq war or the war in Afghanistan. And there's no appetite on Capitol Hill for that." But "what you see here is an interesting dynamic at play, that you have not only Democrats, but also Republicans in Congress, try to get back some of that authority that they believe they have in order for this country to wage war. And it's really beginning to permeate the entire party as well."

Specter Says Bush Isn't "The Sole Decider." The Chicago Tribune (1/31, Madhani, 617K) reports, "The growing complaints about the war crossed party lines as the

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Senate neared debate on two non-binding resolutions disapproving of Bush's plan to send more troops to Iraq. Sens. Arlen Specter (R-Pa.) and Patrick Leahy (D-Vt.) sent a letter to Atty. Gen. Alberto Gonzales asking for the administration's views on Congress' war powers." Specter "told reporters following a Senate Judiciary Committee hearing that a clash is imminent between the White House and Congress over what war powers the Constitution guarantees the executive and legislative branches. 'I would respectfully suggest to the president that he is not the sole decider,' Specter said during the hearing. 'The decider is a shared and joint responsibility.'" The AP (1/31, Kellman) also reports Specter "directly challenged…Bush's declaration that 'I am the decision-maker' on issues of war." The Hill (1/31, Schor) runs a similar report.

On CNN's The Situation Room (1/30), Specter said, "I didn't give" Bush "a slap. What I did was articulate the principle of the Constitution, very basic, and that is separation of power and checks and balances, and the way the Constitution is written, the president is not the sole decider. The Congress has a very loud voice. … I want the president and the Congress to come together. I think there can be an accommodation. There are other plans which are possible to have a much better chance of victory."

At Least Six Senators Opposed To "Surge" Have Advocated Troop Boost. The Washington Times (1/31, Hurt, 88K) reports, "For many in the Senate, they were for a surge of troops in Iraq before they were against it. 'We don't have enough troops in Iraq,' Sen. John Kerry, Massachusetts Democrat, said in 2005. In 2004, he told NBC's Tim Russert some things he believes 'very deeply.' 'Number one, we cannot fail,' Mr. Kerry said. 'I've said that many times. And if it requires more troops in order to create the stability that eliminates the chaos, that can provide the groundwork for other countries, that's what we have to do.'" He "no longer believes that now. He is among at least a dozen Democratic senators who in the past have called for more troops in Iraq but now support a resolution condemning…Bush's plan to do just that. Many Republicans who voted for the war now plan to support a no-confidence resolution, including Sen. Chuck Hagel of Nebraska, who in the past had warned that the war would be a long, tough slog and that Americans should 'speak with one voice.'" Biden "has for years advocated increasing the number of troops on the ground in Iraq." Senate Majority Leader Harry Reid "was still open to the idea of a surge," but "after Mr. Bush laid out his plan to increase troops, the Democratic leader flatly rejected it."

Back From Mideast, Nelson Criticizes Bush Strategy. McClatchy (1/31, Clark) reports, "Sen. Bill Nelson, whom the White House criticized for meeting with Syrian President Bashar Assad, delivered a critique of his own Tuesday, saying the Bush administration resembles an 'ostrich' when it comes to foreign diplomacy. The Florida Democrat, who traveled to Iraq and eight other countries in the region in December, told the Council on Foreign Relations that he's convinced that President Bush's plan to send in more than 20,000 additional troops isn't enough to end the sectarian violence in Iraq." He "called instead for an 'aggressive diplomatic effort' with 'all of Iraq's neighbors,' including Syria and Iran."

Obama Calls For Withdrawal By Spring 2008. The AP (1/31, Pickler) reports, "Democratic presidential candidate Sen. Barack Obama said Tuesday US combat forces should be out of Iraq by spring 2008 to end 'a foreign policy disaster' but he stopped short of endorsing a cutoff in funds." Obama "introduced a bill to force the redeployment under law, but that's unlikely while Bush is president. Still, Obama said he's taking Bush up on his challenge to critics to offer alternatives." The Washington Post (1/31, A4, Murray, 690K) notes "Obama's timetable for completing a withdrawal puts him at odds with other leading rivals for the Democratic nomination." Sen. Hillary Clinton "supports capping the number of troops at their levels of Jan. 1. Sen. Christopher J. Dodd (Conn.) has proposed a similar troop cap. But neither has embraced a timetable for a troop removal." Jon Edwards "has been outspoken in his opposition to Bush's new plan and has called for the immediate withdrawal of 40,000 to 50,000 troops. But he, too, has stopped short of setting firm date by which all would be removed." New Mexico Gov. Bill Richardson "is the only other prominent Democrat in the field to set a withdrawal timetable."

Feingold's Call For Cutting Off Funding Met With Cheers From Activists. The CBS Evening News (1/30, lead story, 2:35, Couric, 7.66M) reported, "The battle is really intensifying on Capitol Hill tonight over the President's new Iraq strategy. And the question is how far opponents will take the fight. Will it end with a nonbinding congressional resolution critical of the troop buildup, or will the Democratic majority actually try to stop it by cutting off funding?" CBS (Attkisson) added "there is a growing feeling among members of Congress that they're approaching an historic intersection -

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- a possible confrontation with the President over his power to make war in Iraq. In the Senate Judiciary Committee today, Russell Feingold, the Democrat who chaired the hearing, said it flat out -- he intends to try to block all funding for the war in Iraq." Sen. Feingold: "Congress has the power to stop a war if it wants to." CBS added there were "cheers" in Senate hearing room from activists in attendance. In the House, "Speaker Nancy Pelosi, just back from visiting troops in Iraq, gave her assessment." Pelosi: "The situation in Iraq is catastrophic. Let's make no -- make no mistake about that."

On CNN's The Situation Room (1/30), Feingold defended his plan to cut funding for the Iraq war. Feingold said, "Nobody is talking about taking anything away from the troops. What we're saying is, there should be a time frame to redeploy the troops. In other words, we don't say to somebody: Hey, give us your rifle and give us your helmet. You are going to stay here in Baghdad. The fact is, our bill that I'm putting in tomorrow would say, the troops have to be out within six months after the bill is passed. That's the safest thing for the troops, is to not be in Iraq."

On MSNBC's Tucker (1/30), Peter Beinart of the Council on Foreign Relations said, "I think Feingold is a smart guy and I think he's a principled guy. But I think it is not immoral to consider political considerations. … Well, first of all, I think there's a real question about whether even if you did what Feingold wanted, you would really stop this deployment anyway. I think that's a very serious -- that's a very real practical question. But beyond that, I think that Democrats -- there -- you have to -- there is a real concern that you do not want to undermine the troops in battle, even if you think they were being sent there under disastrous circumstances and it was a huge mistake."

On MSNBC's Tucker (1/30), A.B. Stoddard of The Hill said, "The leadership in the Congress has made a decision not to touch the purse strings. And everyone else who what wants to run around and have hearings and go before the cameras and talk about this can do so, but the leadership wants to make the Republicans...end the war."

House Democrats To Make Changes To War Funds Request. USA Today (1/31, Wolf, 2.27M) reports, "Democratic leaders in Congress plan to make extensive changes to the Bush administration's anticipated $100 billion request for new war funds. They want to redirect money from Iraq to military readiness at home and say Iraq, Afghanistan and other NATO countries must carry more of the financial burden." The Administration "is to formally seek the new money Monday. The funds would be added to more than $500 billion appropriated for the global war on terrorism and are needed by spring. It is not clear whether Democrats can block any part of President Bush's plan to increase the troop level in Iraq by 21,500."

More Commentary. Fred Barbash, who covered the Supreme Court for the Washington Post, writes this morning (1/31, A15) that "successive decades of congressional acquiescence in the face of executive claims of war power have allowed the law to be settled exclusively by the executive branch. … Article II does indeed make the president commander in chief." But "Article I gives Congress not merely the power of the purse. It vests in the House and Senate the authority to 'declare war,' to 'make rules concerning captures on land and water,' to 'provide for the common defense,' to 'raise and support Armies,' and to 'make rules for the government and regulation of the land and naval forces.'"

But David B. Rivkin, Jr. and Lee A. Casey, who served in the Justice Department under Ronald Reagan and George H.W. Bush, write in the Wall Street Journal (1/31, A13, 2.04M), "The Constitution gives the president primary responsibility for defending national interests on the world stage. He is the nation's chief executive and commander in chief of its armed forces. Congressional efforts to limit the exercise of these powers in Iraq…would be unconstitutional, even if linked to an exercise of Congress's own appropriations power."

Author Kathy Roth-Douquet writes in USA Today (1/31, 11A, 2.27M), "Our Decider-in-Chief plans to send more troops to Iraq whether Congress likes it or not, saying, 'I've made my decision.'" The Bush Administration "waves off congressional Democrats because they have no plan of their own. Yet what we need from the majority party is not a Democratic plan, but a democratic one -- that is, a plan that seeks to engage the will of the people. The leadership the Democrats can give us in the Senate and House is to talk to the Republicans one office over. Congress can and should be what a past Supreme Court called the 'great representative body of the people.' This is its proper role, especially in wartime."

Fallon Declines To Take Stance On "Surge," Doesn't Know "Details" Of New Strategy. NBC Nightly News (1/30, story 2, 2:25, Reid, 9.87M) reported, "For Admiral William Fallon, Senate confirmation as the top commander overseeing the war in Iraq is expected to be easy. Then of course comes the hard part, some say impossible -- turning around the situation in Iraq and doing it

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quickly." Admiral William Fallon, US Navy: "What we've been doing here has not been working and we have got to be doing it seems to me something different." Fallon "insisted it can be done, but could not tell the committee what that something different is." Fallon: "Senator, I have not gotten into the details of these plans." Fallon, "who's been busy overseeing US forces in the Pacific, even declined to take a position on the President's plan for a troop increase."

Under the headline "I Don't Know The Details," the Washington Times (1/31, Scarborough, Hurt, 88K) says Fallon, "picked by President Bush to oversee his new strategy for Iraq testified yesterday that he does not know much about the plan that the administration says will determine whether the US wins the war. 'I have not gotten into the detail of these plans,'" he told the Senate Armed Services Committee. The Times also notes the nominee "specifically declined to endorse Mr. Bush's plan." The nominee's "lack of knowledge startled some senators. 'I'm surprised that you don't have that understanding going in, frankly,' said Sen. Carl Levin, Michigan Democrat and panel chairman." USA Today (1/31, 4A, 2.27M), meanwhile, briefly notes that Fallon "told Congress it may be time to 'redefine the goals' for Iraq," a quote that is also the focus of a widely distributed AP story (1/31, Burns). Likewise, the CBS Evening News (1/30, story 3, :20, Couric, 7.66M) reported Fallon also said "it might be time to, as he put it, temper our expectations for Iraq."

The Los Angeles Times (1/31, Spiegel, 850K) reports Fallon said Iraq's "transition into a peaceful democracy may be 'a long time coming,'" adding that in 2003, "We probably erred in our assessment of the ability of these people to take on all these tasks at the same time." The Financial Times (1/31, Sevastopulo, Dinmore) says Fallon "joined a line of senior military officers who have conceded since the departure of Donald Rumsfeld, former defence secretary, that the US made mistakes in Iraq." Fallon's "pessimistic view follows similar assessments made by other administration and military leaders in recent months, a shift that has come as violence in Baghdad has raged for nearly a year."

Negroponte Says US Has Mounting Evidence Of Iran's Involvement In Iraq. ABC World News (1/30, story 2, 2:45, Gibson, 8.78M) reported, "In his confirmation hearing to be Deputy Secretary of State, John Negroponte warned that Iran has become increasingly involved in Iraq. It is a theme, as you heard, that the Bush Administration has been sounding with more and more alarm." ABC (Karl) added, "US officials say the mounting evidence against Iran, includes photographs of Iraqi training camps on Iran soil." Negroponte told members of the Senate Foreign Relations Committee Tuesday, "We have increasing evidence that they have been providing lethal assistance to extremist Shia groups in that country." ABC's Karl said senior US officials "say there is evidence the senior leadership of Iranian intelligence is financing, training and arming Shia militias in Iraq. The officials say they want to continue to pursue leads before declassifying the information."

The New York Times (1/31, A11, Cooper, 1.16M) says Negroponte "defended the Bush administration's more confrontational policy" with Iran in a Senate confirmation hearing "that was peppered with demands from both sides of the aisle that the United States show restraint in dealing with Tehran." In a sign that the debate over Iraq "is increasingly becoming a debate over Iran," Negroponte "found himself answering the same questions, over and over again." Asked about US plans to engage Iran in diplomatic talks over Iraq, Negroponte said, "The view at the moment is that we are reluctant to initiate a high-level diplomatic dialogue with Iran until there has been some progress on this nuclear issue."

The AP (1/31, Gearan) reports, for their part, Republican and Democratic senators "warned…against a drift toward war with an emboldened Iran and suggested the Bush administration was missing a chance to engage its longtime adversary in potentially helpful talks over next-door Iraq." Sen. Barack Obama (D-IL) told Negroponte, "What I think many of us are concerned about is that we stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches, without the American people understanding exactly what's taking place." The AP says Negroponte gave "only a mild endorsement of the administration's diplomatic hands-off policy toward Damascus and Tehran."

AFP (1/31) reports Negroponte, "in the latest warning in an escalating US showdown" with Iran, said the United States "wanted to resolve its differences with Iran peacefully, but could not let it go unchallenged in Iraq."

General Says US Has Proof Iran Arming Iraqi Militias. In an interview with USA Today (1/31, Michaels, 2.27M), Lt. Gen. Raymond Odierno, the "No. 2 US general in Iraq," said Iran is supplying Iraqi militias with a variety of powerful weapons including Katyusha rockets. "We have weapons that we know through serial numbers…that trace back to Iran," Lt. Gen. Odierno told the newspaper, but "did

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not provide further details on how weapons were linked to Iran."

Iran Suspected Of Aiding Iraqi Insurgents In Death Of 5 Americans. NBC Nightly News (1/30, story 4, 2:20, Williams, 9.87M) reported, "There are new accusations tonight that Iran may have been involved in that brazen attack in Karbala that killed five American soldiers." NBC (Miklaszewski) added, "Secret US military reports have concluded now that the attack against the American soldiers in Karbala was definitely an inside job and that it may have involved Iranian agents. The report found that after the attackers were waived through several police checkpoints, it appears someone inside the compound directed the gunmen to exactly where the Americans were located. The military reports claim it appears Iranian agents may have had a hand at least in planning the operation because it was so well laid out and executed, unlike any insurgent or militia operation ever seen before in Iraq."

The New York Times (1/31, A10, Glanz, Mazzetti, 1.16M) adds, American and Iraqi officials "said the sophistication of the attack astonished investigators, who doubt that Iraqis could have carried it out on their own -- one reason a connection to Iran is being closely examined." However, officials "cautioned that no firm conclusions had been drawn and did not reveal any direct evidence of a connection." But the Times says tying Iran to the deadly attack "could be helpful to the Bush administration, which has been engaged in an escalating war of words with Iran."

Bush Says Iran Rhetoric Not A Precursor To War. Meanwhile, in an interview with ABC World News (1/30, lead story, 4:30, Gibson, 8.78M), President Bush Tuesday said rhetoric aimed at Iran should not be seen as a precursor to war. "Some are trying to take my words and say, 'Well, what he's really trying to do is go invade Iran.' Nobody's talking about that." However, the President noted that "all options are on the table."

Fallon Warns Of Iran's Growing Influence In Gulf. The Washington Post (1/31, A11, Tyson, Kessler, 690K) reports, "Iran is positioning its military to deny US access to the Persian Gulf while acting as a 'destabilizing' influence in the region," Adm. William J. Fallon, Bush's nominee to head Central Command (Centcom), told the Senate yesterday. Fallon said at his confirmation hearing before the Senate Armed Services Committee, "Iranian support for terrorism and sectarian violence beyond its borders, and its pursuit of nuclear capability, is destabilizing and troubling." He "warned specifically" that Iranian activity "has not been helpful" in Iraq, where he said "time is running out" for action to curb the escalation of violence.

In Response To Iran, Air Force Could Become More Active In Iraq. The Los Angeles Times (1/31, Barnes, 850K) reports, "The Air Force is preparing for an expanded role in Iraq that could include aggressive new tactics designed to deter Iranian assistance to Iraqi militants, senior Pentagon officials said. The efforts could include more forceful patrols by Air Force and Navy fighter planes along the Iran-Iraq border to counter the smuggling of bomb supplies from Iran, a senior Pentagon official said. He spoke on condition of anonymity. ... But the White House rhetoric on Iran is fueling concern about administration intentions. ... Within the Pentagon, many active-duty officers are wary of an aggressive military response to Iran, arguing that there is no need to risk starting another war."

Pentagon Halts Sale Of F-14 Parts. The AP (1/31, Theimer) reports the Pentagon Tuesday said it had stopped selling surplus F-14 parts, "announcing the step after congressional criticism of security weaknesses that had given buyers for countries including Iran access to the aircraft parts and other valuable gear." Sales of parts from the recently retired fleet were halted last Friday, Defense Logistics Agency spokesman Jack Hooper said, "adding that marketing of the parts will remain suspended until a 'comprehensive review' is completed." He did not elaborate. AFP (1/31, Mannion) calls the move part of the Administration's "new steps to isolate Iran."

Friedman Urges Negotiations, Not War, With Iran. New York Times (1/31, 1.16M) columnist Thomas Friedman writes that "the hostility between Iran and the US since the overthrow of the shah in 1979 is not organic. By dint of culture, history and geography, we actually have a lot of interests in common with Iran's people. And I am not the only one to notice that." According to Friedman, "When people say, 'The most important thing America could do today to stabilize the Middle East is solve the Israel-Palestine conflict,' they are wrong. It's second. The most important thing would be to resolve the Iran-US conflict." Improving US-Iranian relations "would change the whole Middle East and open up the way to solving the Israel-Palestine conflict, because Iran is the key backer of Hamas, Islamic Jihad, Hezbollah and Syria. Iran's active help could also be critical for stabilizing Iraq. This is why I oppose war with Iran. I favor negotiations. Isolating Iran like Castro's Cuba has produced only the same

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result as in Cuba: strengthening Iran's Castros. But for talks with Iran to bear fruit, we have to negotiate with Iran with leverage."

Democrats Agree To Form Part Of Bipartisan Panel On War On Terror. The Washington Post (1/31, A4, Goldfarb, 690K) reports, "Democratic leaders agreed yesterday to President Bush's idea for a new bipartisan panel to advise him on the fight against terrorism and the Iraq war, days after rejecting such a commission. The president proposed the panel earlier this month when he announced his plan to send 21,500 more troops to Iraq." Democrats "quickly opposed the plan. A Jan. 19 letter from House Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry M. Reid (Nev.) said: 'We believe that Congress already has bipartisan structures in place...that could produce the result you described in your speech.'" The Post adds, "A senior Democratic leadership aide said yesterday that Bush had wanted to dictate the terms of the panel and even select its Democratic members." But yesterday, "Bush spoke with Pelosi and Reid, and they agreed to create a panel to which Democrats could appoint their own members."

Rice Says Iraq Missed Political Deadlines. The AP (1/31, Gearan) reports Secretary Rice, "while assuring senators Tuesday that the Bush administration expects Iraqi Prime Minister Nouri al-Maliki to make political reforms, provided a list showing deadlines already missed." Iraq has "passed target dates to make laws establishing provincial elections, regulating distribution of the country's oil wealth and reversing measures that have excluded many Sunnis from jobs and government positions because of Baath party membership," according to the list Rice provided. The Iraq government had also agreed "to approve a law governing political amnesty and the charged question of sectarian militias by Dec. 31 and to finish a review of the constitution, seen as unfair to minority Sunnis, by Wednesday." The list was drafted by the al-Maliki government in September, Rice said in a letter to Sens. Carl Levin (D-MI) and John McCain (R-AZ). Levin, chairman of the Armed Services Committee, and McCain, the panel's ranking member, "said Rice's letter lacked details and ignored a goal previously suggested by US officials: that the Iraqis should be able to assume control of their provinces by November 2007." In response to the letter, the senators said, "What Secretary Rice's letter makes abundantly clear is that the administration does not intend to attach meaningful consequences for the Iraqis' continuing to fail to meet their commitments."

Foreign Minister Says Bush Plan "Last Chance" For Iraq. The Washington Times (1/31, Zarocostas, 88K) reports, "Iraqi officials have received the message 'loud and clear' that President Bush's new security plan offers them a last chance to gain control of their country, Iraqi Foreign Minister Hoshyar Zebari said." The minister "said the government also understood that the success or failure of the planned 'surge' of 21,500 US troops depended on the Iraqis' own performance. 'We have to rise to the occasion and take up each and every commitment,' Mr. Zebari told The Washington Times on Monday as he prepared to go home from the five-day World Economic Forum in Davos. He said senior officials were 'not shying away' from their responsibilities. … 'We think this new plan is different from previous plans because originally it is an Iraqi vision. ... And we strongly believe it has a strong chance of success,' Mr. Zebari said." He added, "I think the message is received loud and clear by all members of the government [that] this is the time, really, it's not business as usual."

WSJournal Sees Progress. The Wall Street Journal (1/31, A12, 2.04M) editorializes, "Capitol Hill has probably been too busy running for political cover to notice. But the last few days in Iraq have actually featured good news, as the government seems to be making some progress on key political and security issues. One step forward is that Prime Minister Nouri al-Maliki has won parliamentary backing for his Baghdad security plan. … There's also evidence that the Baghdad plan is having an effect. Yes, al Qaeda bombs targeted the Shiite Ashoura holiday as expected. But there are also widespread reports of Sunni jihadists fleeing the capital in anticipation of a crackdown. … Meanwhile, the weekend saw an encouraging performance by the Iraqi security forces who took control of the Najaf area only about a month ago." The Journal concludes, "The Bush Administration has itself made many mistakes trying to micromanage Iraq's political development, but it now seems to understand that it is fated to deal with the Shiite-led government it has. Congressmen who are sincere in wanting to take the Iraq issue off the table in 2008 could help by showing a similar combination of resolve and humility."

US Official Says Al Qaeda Suicide Bombers Entering Iraq From Syria. The Financial Times (1/31, Dombey) reports a senior US official Tuesday said

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"dozens of al-Qaeda suicide bombers from countries such as Saudi Arabia and Sudan are crossing into Iraq from Syria every month." Speaking to the Times in London, the official "said that, while sectarian conflict now represented the biggest threat to the country, the violence was being stoked up from abroad." The official alleged that the "vast majority" of suicide bombers came across the border from Syria, and that they received "training for their task within Syria as well as inside Iraq itself." He also "said that 75-80 percent of the estimated 75 suicide bombings a month" were carried out by foreigners, and that Saudi Arabia and Sudan were the "most common countries of origin. But he emphasized that the Saudi government was doing its utmost to take on al-Qaeda."

Iraq's Ba'ath Party Holds Talks In Damascus. The CBS Evening News (1/30, story 5, 2:35, Couric, 7.66M) reported, "Could the solution to the war in Iraq actually lie inside Syria? CBS News has learned that some of the warring factions have been heading there for talks." CBS (Palmer) added, "Just days ago, more than 100 members of the Iraqi Ba'ath Party met [in Damascus] with the backing of Syrian authorities. They're former members of Saddam's regime, many involved in organizing and financing the insurgency whose attacks in Iraq have killed thousands. But the Ba'athists who met in Syria want to trade this violence for political decisions. They're meeting in Syria was secret and included many men with American and Iraqi blood on their hands. Even so, Syria's Vice President Farouk al Shara told CBS News in an exclusive interview, negotiations with them are the way forward." Syrian Vice President Farouk al Shara: "If they are flexible, and if they really believe in the political process, then why not?" CBS's Palmer said the Syrian government "is not only trying to nudge Saddam's old Ba'athists into negotiations, but the Shiite militias, too. The most dangerous of which is controlled by Moqtada al-Sadr, who was in Damascus last month and is due back soon. It looks as if Syria is going to make itself indispensable to the United States, because this is where the diplomatic action will be taking place."

Baker Again Calls For Talks With Syria. The AP (1/31, Schweid) reports, "If the Bush administration opened a dialogue with Syria it could remove a major roadblock to Israeli-Palestinian peacemaking -- Hamas' refusal to recognize the Jewish state -- former Secretary of State James A. Baker III said Tuesday." Testifying before the Senate Foreign Relations Committee, Baker said, "We could get them (Syria) to get Hamas to recognize Israel's right to exist. It would be a huge step in the right direction."

At Least 58 Killed During Shiite Religious Celebrations. The CBS Evening News (1/30, story 4, :20, Couric, 7.66M) reported, "In Iraq today, Shiites were attacked in several cities as they celebrated their holy day of Ashura. At least 58 people were killed. Ashura commemorates the battle that led to the split between Sunnis and Shiites. Worshipers beat themselves with chains and even slice their heads with knives during their ceremonies." ABC World News (1/30, story 3, :30, Gibson, 8.78M) and NBC Nightly News (1/30, story 3, :25, Williams, 9.87M) also noted the violence.

USA Today/AP (1/31, 4A) says "Intense security prevented major violence in the Shiite holy cities of Karbala and Najaf, venues for the biggest Ashoura commemorations. … In Karbala, all private transport was banned, including bicycles. Pilgrims had to submit to body searches at dozens of checkpoints before reaching the two golden-domed shrines of Imam Hussein and his half brother Imam Abbas." The New York Times (1/31, Santora, 1.16M), Los Angeles Times (1/31, Daragahi, 850K), Washington Post (1/31, A11, London, Sarhan, 690K) and Washington Times/AP (1/31, Mroue), among other newspapers, run similar stories this morning.

Najaf Battle Raises Questions. The AP (1/30, Reid) reports in an analysis article, "Accounts of the bloody battle near Najaf have produced more questions than answers, raising doubts about Iraqi security forces' performance and concern over tensions within the majority Shiite community. Among the questions: How did a messianic Shiite cult, the 'Soldiers of Heaven,' accumulate so many weapons and -- if Iraqi accounts are accurate -- display such military skills? ... If the 'Soldiers of Heaven' were able to accomplish all this, how many other fringe groups may be operating beneath the radar, especially in the politically factious Shiite community of southern Iraq?" The AP concludes, "In any case, it appears that the fighting had little to do with either the Sunni-led insurgency or the sectarian bloodletting between Shiites and Sunnis in the Baghdad area. More likely, the battle stemmed from rivalries within the Shiite community, which have led to armed clashes in the past in major southern cities."

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Cult Was Dug In For Massive Battle. The Los Angeles Times (1/31, Fakhrildeen, Daragahi, 850K) reports, "An unauthorized hour-long walk Tuesday through the bombed compound of a religious cult called Heaven's Army revealed provocative clues about the group, which was decimated Sunday in a 24-hour U.S. and Iraqi offensive that authorities say left 263 alleged members dead and 210 injured. ... the camp itself, amid lush groves of eucalyptus and palm trees, offered a trove of details about the members of Heaven's Army. They had plenty of food. ... They were well organized. ... And they were well armed and ready for battle. High-powered machine guns, antiaircraft rockets, mortars, rocket-propelled grenades and late-model pickup trucks with mounted guns were scattered around the eight farms."

Report Finds US Squandered Millions In Program To Train Iraqi Police. The Washington Post (1/31, D1, Witte, Merle, 690K) reports, "The US government has squandered millions of dollars intended for police training programs in Iraq because of rampant problems overseeing contractors, according to federal reviews released yesterday. In one case, contractors building a camp for American trainers constructed an Olympic-size swimming pool that hadn't been ordered. In another, human waste reportedly continues to leak from plumbing fixtures at a barracks for Iraqi police recruits, a year after the problem was first identified and despite assurances from the contractor that the problem was being fixed." The reports "offer a revealing glimpse at one aspect of the $38 billion American-led reconstruction effort. The police training program has been repeatedly flagged by US officials as particularly crucial to the war effort, given the need for effective Iraqi security forces to take over from the US military." The Post adds, "While yesterday's reports by the special inspector general for Iraq reconstruction do not address the training itself, they do find major flaws with how both the government and its contractors attempted to build the program's facilities. … The inspector general's office said it would begin to investigate evidence of potential fraud."

NYTimes Says US Must Take In More Iraqi Refugees. The New York Times (1/31, 1.16M) editorializes, "To calculate the price that Iraqis have paid for the American misadventure in their country, you have to deal in big, round, horrifying numbers. Civilians killed last year: 34,000. Driven from their homes within Iraq: 1.8 million. Fled to other countries: an additional 2 million, and growing. The number of Iraqis who have found refuge in the United States is easier to pin down. This country has admitted a grand total of 466 Iraqi refugees since 2003." The Times adds, "However President Bush tries to manage the endgame of his dismal war, America has an obligation to the Iraqis whose lives it has upended."

Pentagon Covert Activities Under Senate Scrutiny. The Wall Street Journal (1/31, A4, Paltrow, 2.04M) reports, "Congress's new Democratic majority is expanding its review of the Bush administration's push for broad executive power, as the Senate is set to look into how the Pentagon has increased its covert intelligence operations. ... The hearings, to be conducted by the Senate Intelligence Committee beginning March 1, stem from concerns of some lawmakers, particularly Democrats, about an expansion of Defense Department intelligence actions under former Secretary Donald Rumsfeld. Critics have said the effort amounts to building a parallel intelligence network that competes with the CIA, but without the broader oversight under which the CIA operates. ... One question to be explored during the hearings will be whether the Pentagon's secret operations may have violated a federal law that requires a written presidential finding and notification of the congressional intelligence committees when a covert action is to be carried out. A November 2006 report by congressional researchers concluded that there was reason to question whether the Pentagon was trying to evade the requirements of the law."

Wounded Troops Find Comfort In Donated Quilts. The Washington Post (1/31, B1, Koncius, 690K) reports in a sympathetic article, "A phone call to the chaplain four years ago has created a national movement to say thank you to soldiers wounded in the war on terror. More than 7,900 'comfort quilts,' each carefully stitched with love and gratitude, have been sent through the Quilts of Valor Foundation to the wounded soldiers at Walter Reed and 70 other U.S. military medical centers. ... Today, comfort quilts are part of the fabric of life at Walter Reed, helping to humanize the 308 government-issue beds, overlit hallways and hushed visitors lounges. As soldiers are wheeled to physical therapy or the endless tests, there is a rush of color from hand-stitched covers as they roll by."

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Whistleblower Complaint Alleges Retaliation Against Former DOJ Attorney. The Legal Times (1/31, McLure) reports, "The Justice Department's Civil Rights Division has seen its share of turmoil in recent years, owing at least in part to changes initiated under former Attorney General John Ashcroft that shifted line-attorney hiring decisions to political appointees. … Now one of the conservatives brought in by former acting Assistant Attorney General Bradley Schlozman has filed a whistleblower complaint with the Office of Special Counsel, charging he was wrongfully fired by the DOJ for complaining about what he calls the 'toxic work atmosphere' in the special litigation section of the Civil Rights Division -- an office responsible for investigating civil-rights abuses in law enforcement and prisons and protecting access to abortion clinics." The Times continues, "Ty Clevenger, 37, a former Washington Times reporter and line attorney in the section who was fired in October, has accused veteran Section Chief Shanetta Cutlar of being 'abusive toward attorneys and support staff,' specifically those hired by Schlozman. … Among Clevenger's allegations: Secretaries were ordered not to assist him with an eight-hour typing project, another attorney was publicly berated for using a paper clip rather than a binder clip on a document and an intern was reprimanded for not greeting Cutlar while passing her in the hallway." The Times adds, "In his whistleblower complaint, Clevenger included a copy of a statement by the intern, Deborah Meiners, 24, to a DOJ ombudsman about the hallway incident. … 'I did get the sense that this was a common occurrence,' says Meiners, now a third-year law student, of her treatment. … As for Clevenger, he says he decided to go public (the complaint was first posted on the blog Above the Law) after his attempts to get traction with Cutlar's superiors failed. … Cutlar's office referred questions to a DOJ spokeswoman, who issued a statement saying the department is looking into the allegations."

Arizona US Attorney Resigns To Join Firm. Under the headline "Arizona's US Attorney Joining Mass Exodus," the Arizona Republic (1/31, Wagner, House) reports, "U.S. Attorney Paul Charlton leaves office today as Arizona's top federal prosecutor amid a cloud of controversy over whether he was forced out by the Justice Department along with a number of colleagues nationwide during a political purge by the Bush administration … Charlton has been mum since saying last month that he was quitting to become a partner at a private Phoenix firm." The Republic continues, "At least 10 U.S. attorneys have announced plans to leave office in recent months, some admittedly forced out. Those events have prompted Sen. Charles Schumer, D-NY, to convene a Judiciary Committee hearing next week. The agenda title: 'Is the DOJ Politicizing the Hiring and Firing of U.S. Attorneys?' … 'The highly unusual recent flurry of firings of many well-respected U.S. attorneys not only raises some flags, but also requires some explanations from the administration,' Schumer said in a written statement. Other lawmakers note that U.S. attorneys are responsible for taking the lead on public corruption cases." The Republic adds, "In Arizona, two U.S. House members, Republicans Rick Renzi and Jim Kolbe, were the focus of initial inquiries by Charlton's office last year. No findings from either inquiry have been announced. Kolbe has retired. … During a Senate subcommittee hearing this month, Attorney General Alberto Gonzales flatly denied that any resignation resulted from political maneuvering. But Feinstein claimed in her Jan. 16 floor speech that she was told the Justice Department was dumping top prosecutors so Gonzales could appoint replacements without Senate oversight. … Justice Department spokesman Brian Roehrkasse said 11 U.S. attorneys have quit since the appointment authority changed in March 2006. To date, five of those positions have been filled, three by nominees who were confirmed."

CORPORATE SCANDALS:

New DOJ Policy On Corporate Prosecutions Said To Be Business As Usual. In an op-ed for Law.com (1/31), Abbe D. Lowell, Christopher Man and Obiamaka P. Okwumabua of the law firm Chadbourne & Parke write, "For the third time in seven years, the U.S. Justice Department has issued a new policy for investigating and charging corporations. … Now, what will be called the McNulty Memorandum (named for Deputy Attorney General Paul McNulty, who announced it) will be added to the Thompson and Holder Memoranda (also named for the deputy attorneys general who announced them) in the ever-evolving attempt by the DOJ to get it right." The writers continue, "Putting aside whether the whole idea of prosecuting corporations (versus the people within a company who commit the alleged wrongdoing) makes any

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sense at all (many countries have no process for charging companies), the question is whether the newest policy has changed anything. … Particularly after the Justice Department implemented the earlier Thompson Memorandum's policy on charging companies, there was vocal criticism from the defense bar that government tactics -- such as encouraging companies to fire suspected employees, requiring waiver of the company's attorney-client privileges and cutting off attorney fees for targeted employees -- were strong-arm measures that violated constitutional rights." The writers add, "The McNulty Memorandum addresses two of the most frequent charges of abuse that have been leveled against the department -- the requirement of privilege waiver and denial of attorney fees. The new memorandum states that neither tactic should be employed by prosecutors as a general matter in the evaluation of whether a company has cooperated or should be charged. Yet, the 'change' is in degree and not to the tactics themselves. The department is not disclaiming its ability to use either form of pressure but is simply declaring that it will do so more sparingly. … The most significant problem with the McNulty Memorandum is that it speaks only to what the prosecutor can demand, but it does not place any meaningful limit on what the prosecutor can suggest. … While the new policy may rein in the rogue or overzealous prosecutor by requiring approval by a senior DOJ official before demanding a privilege waiver or fee cutoff, the policy does nothing to restrain Assistant U.S. Attorneys from making these requests more subtly. … While the department should be commended for recognizing a need for a shift in policy, the problems it seeks to redress may not be solved by the precatory approach the McNulty Memorandum has adopted. If the DOJ is not ready to actually ban strong-arm tactics that violate constitutional rights, then it will have to go a long way in supervising prosecutors to show that a real change has occurred. Otherwise, the new policy will be a press conference and fanfare without any real substance or reform, and it will be back to business as usual."

Siemens Caught In Widening Bribery Probe. The Wall Street Journal (1/31, A1, Crawford, Esterl) reports, "One day in early 2004, senior Siemens AG executive Michael Kutschenreuter says, he got a disturbing phone call from a Saudi Arabian businessman. … The caller said he represented Beit Al Etisallat, a Saudi consulting firm that had been a business partner of Siemens. Now Beit wanted $910 million in commission payments. If Siemens didn't pay up, the caller threatened, he would forward documents to the U.S. Securities and Exchange Commission detailing bribes paid on the German industrial giant's behalf to win telecommunications contracts in the kingdom." The Journal continues, "Mr. Kutschenreuter says he alerted his superiors, including Klaus Kleinfeld, now the chief executive of Siemens, and Heinrich von Pierer, the CEO at the time. Mr. Kutschenreuter also says that with the backing of the Siemens management board, he reached a deal in January 2005 to pay Beit Al Etisallat $50 million. He says that $17 million was for past obligations and the rest was what he describes as "hush money" to make the problem go away. … It hasn't. Mr. Kutschenreuter was arrested in November as part of a widening criminal investigation that has shaken the foundations of the storied 160-year-old German conglomerate. Mr. Kutschenreuter and five other suspects were released from custody before Christmas after agreeing to cooperate with German prosecutors." The Journal adds, "Prosecutors suspect that Siemens officials diverted funds through sham consulting contracts to slush funds to bribe potential customers over several years. Since police raids made the probe public, Siemens says it has uncovered €420 million ($544 million) in suspicious transactions spanning seven years and has ordered an external audit. Investigators now are trying to determine how far up the corporate ladder the corruption traveled. … Mr. Kutschenreuter is their star witness. If allegations by him and others pan out, Siemens could find itself barred from bidding for public-sector projects in many of the nearly 200 countries in which it is active."

Former Cendant CFO Sentenced To Three Years Probation. The Wall Street Journal/AP (1/31, C4) reports from Bridgeport, CT, "A former Cendant Corp. chief financial officer was spared jail time Tuesday, becoming the final defendant sentenced in a massive accounting scandal that dragged on for nine years and three trials." The AP continues, "Cosmo Corigliano, who pleaded guilty to fraud, was sentenced to three years of probation, including six months of home confinement with electronic monitoring, and 300 hours of community service. … Prosecutor Michael Martinez and Senior U.S. District Judge Alan H. Nevas said Mr. Corigliano played an indispensable role in the case and was the only cooperating witness who was able to implicate former Cendant Corp. Chairman Walter Forbes. … 'Without your testimony, I don't think Walter Forbes

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could have been convicted,' Judge Nevas said. 'You were the only witness that was kind of inside the corporate hierarchy.'" The AP adds, "Judge Nevas also noted that Mr. Corigliano had paid $14 million to settle a case with the Securities and Exchange Commission. … The scandal surfaced in early 1998, causing Cendant's market value to drop by $14 billion in one day. It became the largest accounting fraud of the 1990s, authorities say. The fraud cost the travel and real-estate company and 119,000 investors more than $3 billion. … The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years. Prosecutors say the scheme inflated the stock of Cendant's predecessor, CUC International, by $500 million. … Mr. Forbes was sentenced to 12 years and seven months in prison, while Vice Chairman E. Kirk Shelton received a 10-year sentence. Both were ordered to pay $3.28 billion in restitution."

CRIMINAL LAW:

Miller Testifies Against Libby. The CBS Evening News (1/30, story 6, :30, Couric, 7.66M) reported, "In a case that date backs to the pre-war debate over invading Iraq, former New York Times reporter Judith Miller took the stand today at the perjury trial of Lewis 'Scooter' Libby, Vice President Cheney's former chief of staff. Miller testified in late June of 2003, Libby told her the identity of CIA Agent Valerie Plame, whose husband was a critic of the President's Iraq policy. That contradicts what Libby told a grand jury. He said he didn't learn her identity until two weeks after that." NBC Nightly News (1/30, story 5, 1:20, Williams, 9.87M) noted that "the fallout from the Bush administration's case for war in Iraq continues on display" at the Libby trial, and "another witness blew more holes in his story today." NBC (O'Donnell) added that "Miller recounted three different conversations she had with Libby about Bush critic Joe Wilson and his wife Valerie. … But Miller also looked somewhat rattled on cross examination when Libby's lawyer tried to show her memory is bad."

On MSNBC's Hardball (1/30, Matthews), correspondent David Shuster said, "What was so remarkable is the glimpse that Judy Miller's testimony offered us again, about the extent to which the Vice President's office wanted to blame everybody else for the faulty intelligence. They were blaming the CIA for not getting back to the vice president's office. They were blaming the State Department and the Energy Department for having a footnote in a report that expressed the dissension about what aluminum tubes were for. And according to Miller, Libby said, 'It's not our fault that we didn't see this in this report'."

In a widely-distributed story, the AP (1/31, Apuzzo) reports Miller "was to return to the stand Wednesday. Under cross-examination Tuesday, defense attorneys sought to ask Miller about others who provided information about Plame. Miller's memory was shaky at times Tuesday and defense attorneys want to exploit that. 'This is nothing more than classic 101 impeachment,' attorney Theodore Wells said. 'The very essence of the cross-examination of Ms. Miller is about her credibility.'" USA Today (1/31, 2A, Willing, 2.27M) notes, "Miller was the seventh witness in Libby's perjury and obstruction of justice trial to say she talked with Libby about the identity of covert CIA officer Valerie Plame before Libby said he learned of Plame's identity. … In their first interview, Miller said, Libby seemed 'agitated, frustrated and angry' by what he called a 'perverted war of leaks' by Wilson and others tied to the CIA. Libby 'was concerned that the CIA was beginning to backpedal to try to distance itself from the unequivocal intelligence estimates it had provided before the war,' Miller said."

Under the headline "Reporter's Account Hurts Libby Defense," the Washington Post (1/31, A1, Leonnig, Goldstein, 690K) reports, "Miller's testimony showcased a new legal reality for the news media -- the fragility of reporters' general working assumption that they can protect the identities of confidential sources. … In a flashback to pretrial battles, court proceedings were halted temporarily late in the afternoon when Jeffress asked Miller to name any other sources from whom she recalled learning about Wilson or Plame." Meanwhile, in his Washington Post (1/31, 690K) "Media Notes" column, Howard Kurtz writes, "Rather than pointing out flaws in the accounts of public officials, she found herself struggling to explain a spotty memory and to justify why she wrote nothing about the sensitive -- and, as it turned out, classified -- information she had been handed. Once an independent operator who called herself 'Miss Run Amok,' she disputed what her many critics said was obvious: that Vice President Cheney's former top aide had been trying to manipulate her."

The AP (1/31, Apuzzo) reports, "Libby's attorneys have accused White House officials of sacrificing Libby to protect President Bush's top political adviser, Karl Rove. During cross-examination Tuesday, attorney Theodore Wells

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suggested that Attorney General Alberto Gonzales, who was counsel to the president in 2003, may have been involved in that effort." The AP continues, "Wells has described Rove as crucial to the Republican Party and said Tuesday that Gonzales was tasked with protecting Bush's interests. Addington corrected him, saying White House counselors protect the interest of the office and the Constitution. … Addington said he showed Gonzales every subpoenaed document before sending it to the Justice Department. After reviewing a note in which Cheney said Libby was being sacrificed to protect another staffer, Addington said he believed he showed it to Gonzales and called Cheney's personal lawyer, Terrence O'Donnell. … 'You told Mr. O'Donnell you thought this was a very important document?' Wells asked, before Fitzgerald objected and the line of questioning was cut off."

The New York Times (1/31, Lewis, Shane, 1.16M) reports, "It was only after Mr. Fitzgerald briskly concluded his questioning, and Ms. Miller found herself facing a caustic cross-examination from one of Mr. Libby's defense lawyers, that her composure slowly withered. … Pressed about why she failed to remember an important June meeting with Mr. Libby during her first grand jury appearance, she said with her voice rising: 'Counselor, I've already said I didn't remember that meeting. I just didn't remember.'" The Los Angeles Times (1/31, Schmitt, Miller, 850K) reports, "The hourlong appearance by Miller — who spent 85 days in jail rather than reveal her conversations with Libby to a federal grand jury two years ago — was a blow to his defense." The Times notes that in addition to testimony that Libby appeared "agitated" at their June meeting, Miller "also recalled that Libby told her Wilson's wife worked for the 'bureau' — a reference she said she found puzzling because the term commonly refers to the FBI, not the CIA."

The Wall Street Journal (1/31, B1, Perez, Ellison, 2.04M) also reports "Her testimony initially helped the prosecution's case," but "she appeared nervous and became confused" on cross-examination. The Journal notes, "Ms. Miller is expected to be followed by Matthew Cooper, formerly a Time magazine reporter, and Tim Russert, host of NBC's 'Meet the Press.' In all, 25 of the 80 names listed as possible witnesses in the case are journalists, though not all are likely to be called. Ironically, some news organizations had initially urged the White House to launch an investigation to determine who leaked to the media the identity of Ms. Plame as a CIA agent, shortly after her husband published an opinion article criticizing the Bush administration's use of intelligence prior to the Iraq war."

Legal, Illegal Gambling Outlets Expect Record Super Bowl Betting. The Chicago Tribune (1/31, Keilman, 617K) reports, "Chicago is a seven-point underdog in the Super Bowl, but the city is an overwhelming favorite with bookmakers, who think Bears fans will help push betting on the big game to record levels. Nevada casinos and Internet wagering sites are counting on a combination of a nationwide fan base, an intriguing matchup between the Bears' stout defense and the Colts' jet-powered offense, and the fervor that comes from a big city starved for a football championship." The Tribune adds, "The Chicago area's illegal bookies might be in for a windfall of their own, even though they tend to set firm limits on what their customers can bet, said FBI spokesman Ross Rice. 'They don't want them to get down too far [so they] won't be able to pay,' he said. 'A new player, someone who bets [only] for the Super Bowl, will have a small limit.' … Jim Wagner, president of the Chicago Crime Commission, said gambling is still a big moneymaker for organized crime and most local bookmakers must pay a percentage to the Outfit."

Online Super Bowl Gambling On The Rise Despite DOJ Crackdown. The Wall Street Journal (1/31, B1, Sanders) reports, "On Sunday, a 28-year-old Hollywood assistant named Seth plans to enjoy the Super Bowl in the same way millions of other football fans will: He'll bet on it. … How, exactly, will he wager that $100 burning a hole in his pocket? One thing he knows for sure is that he won't do it legally. Trekking to Vegas for the weekend is out of the question. And he won't do it using one of the publicly traded online services based abroad that have been taking sports bets from Americans over the past few years. They have mostly stopped taking action from U.S. residents in the wake of an aggressive government crackdown on Internet wagering. … But that doesn't mean he and other gamblers will be shut out. In fact, the government's war against illegal online wagering may be driving gamblers back to where they started: their local bookie. And in an ironic twist, there's a good chance the bookmaker is taking bets over the Internet, too." The Journal continues, "The government's crackdown has, in recent months, targeted executives at offshore Internet-gambling outfits and the foreign credit-card-processing companies that facilitate the transactions with U.S. bettors. But while it may have dented the $12-billion-a-

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year online-gambling industry, it didn't break it. … No one thinks that American gamblers' appetites have waned either. Last year, about $94.5 million was legally wagered on the Super Bowl in Nevada casinos, the only place in the land where it's lawful to bet on sports. Illegally, the American Gaming Association -- a casino-industry trade group -- figures that Americans bet between $5 billion and $6 billion each year on football's marquee event." The Journal adds, "It's true that many of the publicly traded online-gambling sites have pulled out of the U.S. market since last summer. Some have folded entirely. And the Justice Department served subpoenas to a number of investment banks that allegedly helped underwrite foreign public-stock offerings for some of the companies. … But as the kickoff at Super Bowl XLI in Miami gets nearer, the overall picture of Internet gambling has only gotten muddier. It's not just that local bookies are taking bets over the Internet. For every established Internet-gambling company that has stopped accepting bets from the U.S., others have cropped up to fill the void."

EU May Challenge US Crackdown On Internet Gambling. The London (UK) Independent (1/31, Castle) reports, "Laws that prevent Amer-icans gambling online on European-run websites may be challenged, the EU said yesterday, raising the prospect of a fresh trans-atlantic trade rift." The Independent continues, "Charlie McCreevy, the European Internal Market Commissioner, issued the threat against the background of rising US pressure on the gambling industry. … At the heart of the dispute is the Unlawful Internet Gambling Enforcement Act of 2006 under which US financial institutions are in effect barred from making payments with US credit cards to online gambling sites. The law, which technically prohibits payments involving 'inter-state or foreign commerce', wiped billions off the market values of British online gaming companies when it was passed last year." The Independent adds, "Washington has long regarded online gambling as illegal and cracked down on US firms. Because of that, foreign - particularly British - companies have suffered most from the legislation. … Critics accuse the US government of seeking to enforce their own laws on businesses based outside the country. … US pressure on the industry continues and last week the US Justice Department demanded information from some of the world's biggest investment banks as part of the investigation into online gambling companies such as Britain's PartyGaming.'

Tennessee Bribery Probe Informant Pleads Guilty To Money Laundering. WPTY-TV Memphis (1/30, Buduson) reported on its Web site from a broadcast story, "A former Shelby County official admits to buying cars for drug dealers. Joe Cooper pleaded guilty to money laundering. … His conviction is part of an FBI sting called 'Operation Clean Sweep.'" WPTY noted, "On August 9th, 2006, FBI officials confronted Cooper. He agreed to wear a wire to help them investigate Memphis council members Edmund Ford and Rickey Peete," who have been "charged with bribery. … The prosecutor involved in the case says he will ask for Cooper to be given a light sentence," and "Cooper has promised to continue cooperating in the Rickey Peete and Edmund Ford bribery cases." WHBQ-TV Memphis (1/30), WMC-TV Memphis (1/30) and the Memphis Commercial Appeal (1/31, Buser, 163K) also report on Cooper's guilty plea, and his role in the FBI bribery investigation.

Niagara Falls Union Official Sentenced To 4½ Years In Prison. WIVB-TV Buffalo (1/30, Moretti) reported on its Web site from a broadcast story, "Another former leader of Niagara Falls Laborers' Local 91 has begun a federal prison term. Judge Richard Arcara sentenced former Local 91 president Robert Malvestuto to four and a quarter years. Malvestuto pleaded guilty to racketeering and conspiracy." WIVB added, "For years top officials in Local 91 used muscle to get what they wanted, and if threats didn't work, violence would follow. At the center of it was former president Mark Congi, who's now serving a 15-year prison sentence. Buffalo FBI agent Frank Runles said, 'When he showed up at a work site, you had a six-foot-four, 300-plus-pound guy coming in and telling you, "You're going to work with us. You're going to hire my people, and if you don't, you got a problem."' It's a story of beatings and bombings, threats and extortion."

FBI Arrests 13 Alleged Members Of Gambino, Luchese Crime Families. WABC-TV New York (1/30) reported on its Web site from a broadcast story, "Authorities say thirteen members of two New York City crime families have been charged in a criminal enterprise involving extortion, racketeering, loan sharking, money laundering and bribery. The suspects were all arraigned one by one however bail was not discussed since defense attorney's were still going through the 35 pages of charges.

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The FBI said Tuesday morning that ten of the defendants are members of the Gambino crime family, including 77-year-old George DeCicco, an alleged captain. His son Robert DeCicco, reportedly in his 50s, was also among those charged." FBI spokesman Jim Margolin "says a cooperating witness helped make hundreds of hours of taped evidence. … On the tape, investigators say DeCicco is heard uttering an explicit threat to the cooperating witness, saying 'I will burn your eyes out.'"

WNBC-TV New York (1/30) noted, "Reputed mobsters looking to settle scores boasted of an arsenal of weapons -- chainsaws, bazookas, crossbows, rocket launchers and hand grenades -- according to recorded conversations of Gambino, Luchese and Sicilian crime family members arrested Tuesday in Lower Manhattan." WNBC added, "Andrew Arena, head of the FBI's Criminal Division, said these recordings reaffirm the mafia's longstanding reliance on muscle and threats of violence to hold sway over rivals and conduct business. … 'The mob always goes where the money is,' said Arena." NY1 New York (1/30) reported, "The foreign suspects are allegedly sons of high ranking crime family bosses in Sicily. FBI officials say the men were caught trying to bribe someone they thought was an immigration official in an attempt to affect the status of one of the two Sicilians."

The New York Post (1/31, Cohen, 631K) reports, "The feds yesterday finally stuck it to the only member of John 'Teflon Don' Gotti's murderous inner circle who had never been busted. Infamous reputed Gambino capo George 'Butter' DeCicco was among 13 alleged crime-family thugs nailed for a slew of extortion, racketeering, loan-sharking and money-laundering raps after a two-year probe fueled by a Mafia mole, authorities said. The federal case will involve hundreds of hours of damning tapes made with the help of the turncoat witness, a member of DeCicco's crew, FBI officials said." The Post notes, "The feds said the mobsters' downfall evolved from a simple scheme gone awry." Alleged Gambino soldier Joseph "Joey Boy" Orlando asked "DeCicco's crew for help landing an immigration green card for his girlfriend. One thug in the group said he could help -- then panicked when he realized he couldn't pull off the request. Fearing for his life, he went to the feds offering his services."

Rebuttal Witness Contradicts Combative Williams At Coke Trial. WXIA-TV Atlanta (1/30, Shirek) reported on its Web site from a broadcast story, "A combative Joya Williams took the witness stand in federal court in Atlanta Tuesday, replacing the docile Joya Williams who testified Monday. This time Williams was under cross examination by a disbelieving prosecutor who challenged her defense that she had nothing to do with a conspiracy last year to steal Coca-Cola trade secrets when she worked for Coke in 2005 and 2006, to try to sell them to Pepsi for $1.5 million. 'You all twist everything people say and manipulate it to make it go for your case,' Williams accused Assistant U.S. Attorney B. J. Pak in front of the jury." WXIA added, "Pak brought in a rebuttal witness for the government, to try to blast apart one of Williams' key alibis. The witness, Cliff Carroll, a friend of Williams, testified that he's not the one who gave Williams $4,000 in June, 2006, as Williams had testified."

In a widely-distributed story, the AP (1/31, Weber) reports Carroll "said the most money he ever loaned Williams was $400, and that was after her July 5 arrest. Williams' credibility will be an issue for the jury to weigh during its deliberations. Earlier Tuesday, Williams testified that she believes she is the victim of overzealous prosecutors and FBI agents who she claims tore apart her life. In sometimes confrontational, longwinded responses to questions from Pak, Williams said during her second day on the stand that she didn't take a plea deal to lessen the up to 10 years she faces in prison if convicted because she is innocent."

Philadelphia Executive Sentenced To Year In Prison For Infomercial Fraud. The Philadelphia Inquirer (1/31, Shiffman, 385K) reports, "A Philadelphia executive who pleaded guilty to participating in a $40 million television infomercial fraud was sentenced yesterday to one year and one day in prison. Patrick Buttery, 55, was the chief financial officer of Computer Personalities Systems Inc., which operated as the Video Computer Store and Direct 2 U Inc." The Inquirer notes, "Victims were defrauded between 1999 and 2001, as the business spiraled out of control. An FBI and IRS investigation soon followed, culminating in indictments in 2003. Buttery's cooperation with authorities helped lead to a guilty plea from George Cappell, the primary defendant. Cappell, the company CEO and star of its television commercials, was sentenced last year to seven years in prison."

US Will Not Charge Former DOD Official In U Of North Texas Case. The Denton (TX) Record-

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Chronicle (1/31, Zabel) reports, "Federal prosecutors will not press charges against a former Pentagon official whom the University of North Texas paid $310,000 even though he never actually worked for the university, bringing to an apparent end a two-year-long investigation. … Instead, federal investigators said the U.S. Defense Department should handle internally problems with that three-way agreement among itself, UNT and Dr. Klaus Schafer, who served as a top Pentagon adviser on chemical and biological defense." The Record-Chronicle continues, "That decision was outlined in a Jan. 5 investigation report, which the Defense Department made public Monday in response to an open-records request from the DentonRecord-Chronicle. … The federal investigation and UNT's internal investigation found evidence that Schafer backdated parts of the agreement in order to make it appear he had worked for the university when, in fact, he had not. … The federal report says investigators did not interview Schafer." The Record-Chronicle adds, "Glen J. Logan, of the Defense Department's Inspector General's Dallas regional office in Arlington, said investigators presented facts of the UNT case to a federal prosecutor and left the decision whether to prosecute with the Justice Department."

Crime-Plagued Regions Seek Shares Of New DOJ Grants. The AP (1/31, Jordan) reports, "Regions plagued by rising violent crime could share in a $200 million grant next year with a new Justice Department grant targeting gangs, illicit drugs and gun offenses." The AP continues, "The Justice Department will ask for the funding for state, local and tribal authorities as part of its 2008 budget request to Congress next week. It comes in the wake of a 2.2 percent rise nationwide in rapes, murder, robbery, aggravated assault and other violent crimes in 2006 — the first increase since 2001." The AP adds, "Communities that team up with other cities and regions, partnering with at least one federal law enforcement agency, will be eligible for the grants, Justice Department spokesman Brian Roehrkasse said. Those that work with other communities across state lines will be given priority, he said. … An ongoing department study of crime rates in 18 cities and regions shows that such task forces have 'played a significant role in helping to effectively combat violent crime,' he said." The AP notes, "Last fall, mayors and police chiefs reported seeing recent spikes in violent crime, calling for greater support from federal law enforcement agencies that have been distracted by counterterror missions since 2001. At the time, Attorney General Alberto Gonzales made combating violent crime a high priority, but he did not commit to providing extra funding. … Whether the new money will get in the hands of local and state police any time soon is another question, as Congress has yet to approve a budget for 2007 fiscal year that began last October."

Federal Jury Sentences Man To Death For Killing Two NYPD Officers. The AP (1/31, Hays) reports, "A man convicted of shooting two police detectives in the head was sentenced to death Tuesday, becoming the first person in more than 50 years to receive a death penalty sentence in a federal case in New York." The AP continues, "The jury had deliberated since Monday before sentencing Ronell Wilson, 24, to die by injection. The jury had convicted Wilson last month of two counts of murder, along with robbery, carjacking and firearms charges. … The last time someone was sentenced to death in a federal case in New York was in 1954 for a bank robber who killed an FBI agent." The AP adds, "Prosecutors claimed the defendant knew that Rodney Andrews and James Nemorin were undercover New York Police Department detectives when he climbed into the back seat of their unmarked car on the pretense of selling them an illegal gun on Staten Island in 2003. Both officers were shot in the head, Nemorin after he pleaded for his life. … An accomplice testified that he and Wilson were in on a plot by a violent drug gang to rob the undercover detectives, believing they were carrying $1,200 to buy guns. But the defense contended there was no convincing evidence the men knew their victims were police officers. … Wilson's attorney, Kelley Sharkey, had cautioned jurors they were making 'the ultimate moral decision,' and she urged them to show mercy."

Long Island Newsday (1/31, Destefano) reports, "Defense attorneys said they planned to appeal both the verdict and the death penalty sentence." Newsday continues, "The jury announced the death penalty a total of five times to cover Nemorin's and Andrews' deaths through use of a .44-caliber handgun and for the carjacking the resulted in the shootings. … Savitt said appeals on a number of issues could go up to the U.S. Supreme Court." Newsday notes, "Outside the courtroom, a group of NYPD officers and detectives applauded the prosecution team of Jack Smith, Colleen Kavanaugh and Morris Fodeman. … 'We are gratified for that verdict and hope the verdict brings some closure to the

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families,' Brooklyn U.S. attorney Roslynn Mauskopf told reporters later."

The New York Times (1/31, Brick) reports, "After the verdict was read, the defendant, Ronell Wilson, 24, rubbed his palms, looked at his mother, then stuck his tongue out at the families of his victims. His younger brother loudly cursed the jurors, while their mother cried out that they were 'the murderers now.' … The widows and other relatives of the slain detectives applauded briefly from the gallery, crying, 'And the Lord rejoices.'" The Times adds, "Three men have been executed in federal cases in the United States in recent decades, first among them Timothy J. McVeigh, for the bombing of the Alfred P. Murrah Federal Building in Oklahoma City. Mr. Wilson will join 46 other people on the federal death row. … But in the 20 years since a moratorium on federal capital punishment was lifted, prosecutors in New York have failed to win death sentences against at least 14 defendants, including violent gang members. Federal jurors even refused to execute two terrorists involved in the bombing of United States embassies in East Africa in 1998, after their lawyers argued it would turn them into martyrs. The last federal inmate to be executed in the state was Gerhard Puff, in 1954, a bank robber convicted of killing an F.B.I. agent. … But the murder of two undercover detectives, found bleeding on a Staten Island street in the aftermath of a botched gun transaction, resounded in a city still shaken by the terror attacks of 2001. They were the first two officers killed by gunfire on a single day since 1988."

US Seeks Prison For Former DC Official In Bribery Scam. The Washington Times (1/31, Mcelhatton) reports, "Federal authorities are seeking at least three years in prison for a former D.C. Office of Property Management executive who pleaded guilty in a scam to extort bribes from contractors with threats that he would blackball them from city contracts." The Times continues, "Narase Bob Oudit, 51, was supposed to be sentenced in federal court in the District earlier this month, but recent concerns about his health have prompted a delay in the criminal case." The Times adds, "Oudit, a former city engineer in charge of several city construction projects, should go to prison for at least 37 months for 'sordid misuse of his office to extort city contractors,' federal prosecutors argued in a recent court memo. … 'On the scale of corruption cases, this one is egregious,' Assistant U.S. Attorney Howard R. Sklamberg wrote. 'The defendant did not make an isolated demand for a bribe -- he demanded bribes day after day and month after month.'" The Times notes, "Investigators recorded statements by Oudit to one contractor in which Oudit purportedly sought a contractor to pay him bribes through Oudit's company, BT Contractors. … 'Now don't play hardball with me, alright?' Oudit said, according to court records. 'Because I'm going to take it away. Then you're all going to eat this.' … Mr. Sklamberg called for 'stern punishment,' saying 'these were not requests for a $50 bribe, but demands for bribes totaling hundreds of thousands of dollars.'"

Former PR Executive Sentenced In Los Angeles Fraud Case. The Los Angeles Times (1/31, Spano) reports, "Douglas R. Dowie was sentenced today to 42 months in prison for defrauding city taxpayers, tarnishing a career that once scaled the heights of Los Angeles media influence and political power." The Times continues, "In handing down the sentence, U.S. District Judge Gary Feess said that Dowie had 'lost moral compass.' … 'I maintain my innocence, your honor,' Dowie said in a three-minute speech before he was sentenced. It was the first time Dowie had spoken about the case in court. … John Stodder Jr., a Dowie assistant and co-defendant, was sentenced to 15 months." The Times adds, "Dowie headed public relations giant Fleishman-Hillard's Los Angeles office and was former managing editor of the Daily News of Los Angeles. He was convicted last year of masterminding a scheme in which he overbilled for services, allowing his office to generate at least $6 million in unearned fees. … The scandal rocked Los Angeles City Hall, spurred ethics reform and helped persuade voters to elect Antonio Villaraigosa as mayor. It also bloodied one of the nation's premier public relations firms, which paid millions in penalties." The Times notes, "Dowie, 58, earned as much as $330,000 a year and built a bustling office through his media and political contacts. The firm's City Hall contracts amounted to $3 million a year from the DWP alone. … Two years ago, Fleishman-Hillard paid almost $6 million to the city of Los Angeles to cover the fraudulent billings. The St. Louis-based firm, with 80 offices worldwide, was not charged with a crime, though a succession of top executives at its Los Angeles office under Dowie were alleged to have participated in the scheme. … Fleishman paid $1 million to defend Dowie, then dropped him. Dowie has run up $3 million in additional unpaid defense costs."

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House Panels Given Another Extension For Response To Subpoenas. The Hill (1/31, Crabtree) reports, "The deadline for House leaders to respond to Justice Department subpoenas sent to three powerful committees late last year has been extended for a second time. The U.S. district court in San Diego sent subpoenas requesting documents related to the bribery case against former Rep. Randy 'Duke' Cunningham…to the House Appropriations, Armed Services and Intelligence committees late last year." The Hill notes, "A Democratic leadership aide yesterday said that 'an agreement on this issue is close' and that the 'committees have been given additional time.'" However, "the leadership aide declined to comment about whether House leaders were planning to cooperate or fight the subpoenas."

Consumers Group Warns Of Loan Scams. USA Today (1/31, Mccoy) reports, "A flurry of advance-fee loan scams is victimizing consumers across the USA and Canada, the Council of Better Business Bureaus warns." USA continues, "Consumers who respond to phone calls or ads that purportedly guarantee loans to those with poor credit instead lose hundreds of dollars or more in fees demanded by the suspected scammers. … The frauds follow a typical pattern. Consumers call a toll-free number and are told to submit credit information over the phone or fill out paperwork to be mailed later. In exchange for a $5,000 to $100,000 loan, they are told to wire or mail a money order for $500 or more to pay processing fees or other charges. … The applicants never get the loan, and they lose what they paid in fees. They also risk having their identity stolen if they provided a Social Security number or other personal data to the scammers." USA adds, "Although the group had no data on the number of victims, spokesman Stephen Cox said workers in the council's 129 local bureaus have fielded a rise in complaints about the alleged scam. … Better Business Bureaus across the country advise consumers who need a loan to search for a reputable local lender. Although fees may be required, legitimate lenders usually deduct them from the loan."

Federal Judge Asks Reporter To Explain Zyprexa Document Disclosures. The AP (1/31, Sutel) reports, "A New York Times reporter has been asked to appear in federal court next month to answer testimony that a judge said implicated the writer in a 'conspiracy' to obtain confidential documents regarding the anti-psychotic drug Zyprexa." The AP continues, "The reporter, Alex Berenson, wrote a number of articles starting late last year saying the drug's manufacturer, Indianapolis-based drug maker Eli Lilly and Co., downplayed Zyprexa's risks and marketed it for unapproved uses. Lilly has denied the charges. … Jack B. Weinstein, a judge in U.S. District Court for the Eastern District of New York, invited Berenson to appear voluntarily in the court on Feb. 7 to explain how he got the documents, which had been sealed by the court. In a filing Tuesday Weinstein said Berenson could be accompanied by his attorney and would be subject to cross-examination." The AP adds, "The Times said it is considering how to respond. 'We just got all the papers in this matter, including the invitation, and we're studying them and will respond to the judge in due course,' said spokeswoman Diane McNulty. 'We believe our reporting in this matter was very newsworthy and was derived from routine newsgathering procedures.'" The AP notes, "Weinstein wrote in the filing that he was asking Berenson to appear after hearing testimony from James Gottstein, an Alaska-based lawyer named in Berenson's stories as the source of the documents. … In excerpts of Gottstein's testimony included in Weinstein's filing, Gottstein said Berenson had told him that a plaintiff's expert named Dr. David Egilman had a number of documents that Gottstein could obtain by subpoena. … The testimony was taken during a hearing earlier this month over whether the documents provided to The New York Times should be made public."

Two Former CVS Executives Plead Not Guilty To Bribery Charges. The AP (1/31, Tucker) reports from Providence, RI, "Two former executives at CVS Corp. pleaded not guilty Tuesday to federal charges they paid a state senator to kill legislation the drug store chain opposed or sponsor bills that favored the company." The AP continues, "John R. 'Jack' Kramer, former CVS senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, pleaded not guilty in U.S. District Court to one count each of conspiracy and bribery and 21 counts each of fraud for their contract with former state Sen. John Celona. … U.S. Magistrate David Martin ordered both men released on $10,000 unsecured bond." The AP adds, "Celona, who resigned from the General Assembly in 2004 amid questions about his business dealings with CVS, pleaded guilty to federal mail fraud charges in 2005 and will be sentenced Wednesday. … Kramer and Ortiz have been on leaves of absence from

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Woonsocket-based CVS since 2004. CVS, the drugstore chain with the most stores in the nation, was not charged with any wrongdoing. CVS has said it is cooperating with the probe. … In his federal guilty plea, Celona also admitted to improper arrangements with Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island." The AP notes, "He has been cooperating with the federal government in hopes of a lighter sentence, and he was the star witness during a trial last year that resulted in two former Roger Williams executives being convicted of paying Celona to do the hospital's political bidding. Those executives will also be sentenced Wednesday."

The Providence (RI) Journal (1/31, Stanton) reports, "Ortiz and Kramer were charged on Jan. 18, in a 23-count indictment of conspiracy, of fraud and bribery. They are accused of hiring Celona as a consultant from early 2000 to the fall of 2003, paying him a total of about $45,000 and also lavishing him with golf outings, trips to Florida and California and tickets to professional sporting events. … Although Celona was ostensibly paid to improve CVS' image among consumers, U.S. Attorney Robert Clark Corrente charged that Kramer and Ortiz put Celona on the payroll 'to advance the company's legislative agenda … through illicit payments to Senator Celona. … In return, the indictment said, Celona used his political clout to kill controversial 'pharmacy choice'' legislation that would have expanded the Rhode Island network of pharmacies that accepted Blue Cross reimbursements. CVS, which dominated the restricted network, opposed the bill so strongly that the company tied Kramer's and Ortiz's performance reviews to defeating the legislation. … Killing the legislation, Ortiz wrote in one review, had 'helped to protect millions of dollars of sales.'"

North Dakota Library Clerk Charged With Federal Sex Offense. The Bismarck (ND) Tribune (1/31, Michael) reports, "A Bismarck librarian has been charged in federal court with one count of traveling with the intent to engage in illicit sexual conduct with a minor." The Tribune continues, "David Boschee, 37, was charged for allegedly traveling to South Dakota on Sept. 29, 2006, for the purpose of engaging in illicit sexual conduct with a minor, said a news release from U.S. Attorney Marty Jackley from the district of South Dakota. … The charge is punishable by up to 30 years in prison and fines of up to $250,000." The Tribune adds, "United States Magistrate Judge Charles S. Miller ordered on Monday that Boschee be held until he can be transferred to South Dakota. Boschee was being held in the Burleigh County Detention Center as of Tuesday afternoon. … A trial date has not yet been scheduled. … According to an affidavit written by Federal Bureau of Investigations agent Michelle Behan, Sioux Falls Police Detective Andrea Kelly informed her on Jan. 25 that Boschee had met a 15-year-old Sioux Falls girl over the Internet. Both of them had Myspace.com profiles, the affidavit said. … The girl's birth date was on her profile, identifying her as a 15-year-old girl, the affidavit said. … Bismarck Police Lt. Dan Donlin said the FBI out of Sioux Falls and the North Dakota Bureau of Criminal Investigations requested that the police department assist in locating Boschee Monday morning."

Bill Would Track Sex Offenders On Internet. The Los Angeles Times (1/31, Puzzanghera) reports, "Convicted sex offenders released from prison must register their home addresses with authorities. Now some in Congress want to extend that requirement to cyberspace." The Times continues, "To prevent sexual predators from trolling the Internet for young victims, a bipartisan group of lawmakers Tuesday introduced legislation that would require sex offenders to register their e-mail addresses and make them available to social networking sites. The proposal also would make it a crime for adults to lie about their age in pursuit of sex with a minor. … 'Just as we protect kids in physical neighborhoods, we have to protect them in online communities,' said Sen. Charles E. Schumer (D-N.Y), a sponsor along with Sen. John McCain (R-Ariz.). House legislation was introduced by four lawmakers, including Earl Pomeroy (D-N.D.), who helped create a new online database of convicted sex offenders last year." The Times adds, "Named in memory of Adam Walsh, the son of 'America's Most Wanted' host John Walsh, and other victims, that legislation easily passed Congress and was signed by President Bush in July. … Backers predicted the new proposal, called the Keeping the Internet Devoid of Sexual Predators Act, would receive similar support, although the Electronic Frontier Foundation has expressed privacy concerns. … MySpace.com, the most-visited social networking site, endorsed the legislation and already is using data from the existing registry to try to identify sexual predators, said Chief Security Officer Hemanshu Nigam. Concerns about child safety have dogged MySpace and its parent, Fox Interactive Media. … Facebook.com, another popular social networking site, also backs the bill."

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CIVIL RIGHTS:

Mississippi Official Testifies To Racial Divisions In Voting Rights Trial. The Jackson (MS) Clarion-Ledger (1/31, Gates) reports, "Black and white residents in Noxubee County are as divided as they were 35 years ago, one black county leader testified Tuesday." The Clarion-Ledger continues, "In the small, majority-black county in east Mississippi, racial division has been the norm, said Noxubee County Election Commission Chairman John Bankhead. … 'We don't need to be split; we need to come together,' Bankhead said. 'This will put them (race relations) back 10 years before they can come together again.'" The Clarion-Ledger adds, "In the first lawsuit of its kind in the United States, the U.S. Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters. … The three-week trial in U.S. District Court is expected to conclude by the end of this week." The Clarion-Ledger notes, "The defense began putting on its case Monday, with Bankhead as one of the witnesses. … Bankhead said that when integration began, white residents pulled their children out of public school in the county. He said he has both white friends and black friends but there is little socialization of the races today. … The Election Commission is a defendant in the federal lawsuit, but the Justice Department has alleged few or no overt acts by the commission to discriminate against white voters. … The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters."

The Washington Times (1/31, Seper) reports, "A federal court trial is expected to end this week in a Justice Department lawsuit seeking an end to 'relentless voting-related discrimination' by black political leaders in a rural Mississippi county -- the first suit brought under the Voting Rights Act of 1965 that accuses blacks of suppressing the rights of whites." The Times continues, "The lawsuit targets Ike Brown, longtime political boss of Noxubee County, Miss., who serves as chairman of the Democratic Executive Committee and superintendent of Democratic primary elections, and Carl Mickens, circuit clerk for Noxubee County and superintendent of non-primary elections. … The two black officials are charged with engaging in a 'pattern of discriminatory action' over a period of several years that resulted in the denial of the rights of white citizens of Noxubee County to 'participate in the political process and to elect candidates of their choice.' … The non-jury trial, which is scheduled to conclude later this week and go to U.S. District Judge Tom S. Lee, has pitted the county's black-controlled political power structure against government prosecutors, who have accused Mr. Brown and his backers of seeking to rig elections to guarantee that white candidates lost."

More Commentary. The Jackson (MS) Clarion-Ledger (1/31) editorializes, "A trip to any public library that offers a history book can establish that for more than a century, the white power structure in Mississippi found innumerable methods to discriminate against black voters. … That discrimination took the form of acts as raw and blunt as murder, terrorism, beatings, threats and economic sanctions. It also was as oblique and infuriating as poll taxes and literacy tests that required the voter to successfully ascertain the number of bubbles on a bar of soap." The Clarion-Ledger adds, "Against the backdrop of Mississippi's history of white voter discrimination against blacks, does one even dare ask the question: 'Can blacks discriminate against white voting rights in Mississippi?' … It's a valid question and the answer is obvious." The Clarion-Ledger adds, "The Voting Rights Act has been used dozens, perhaps hundreds of times to protect the voting rights of black Mississippians against discrimination from whites. But in the federal courthouse in Jackson this month, U.S. District Judge Tom S. Lee has been presiding over the first case in history in which the federal government has accused black Mississippi election officials of violating the Voting Rights Act by discriminating against white voters in Noxubee County. … U.S. Justice Department attorneys have been trying to convince Lee that black Noxubee County Democratic Party leaders now in power have systematically denied the voting rights of white voters. … There is no jury. Lee will decide this historic case. The nation will watch the outcome. But if the government proves voter discrimination by Brown, the outcome of the case shouldn't be in doubt. … Discrimination is discrimination - and it's wrong in whatever color it comes. That's the law."

FBI To Question Student In Mississippi School Confrontation. The AP (1/31, Mohr) reports from Jackson, MS, "The FBI wants to interview a high school student involved in a confrontation with a police officer who twice pulled his gun in front of dozens of pupils at Greenwood High School last month, the bureau confirmed Tuesday." The

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AP continues, "Carlos Moore of Grenada, the attorney for 18-year-old James Marshall, issued a news release saying the FBI is 'launching a preliminary investigation into whether Officer Casey Wiggins of the Greenwood Police Department violated Marshall's civil rights in violation of federal criminal law.' … However, Deborah Madden, spokeswoman for the FBI in Mississippi, told The Associated Press there is no investigation at this point. … 'In order to determine whether grounds exist to open a preliminary investigation, a request was made to Mr. Moore that the FBI be allowed to interview Mr. Marshall,' Madden said." The AP adds, "Moore already has filed a $2 million lawsuit seeking damages from Wiggins, Greenwood High School, the police department and others. He also filed a federal criminal complaint with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and of making a false arrest under the color of law. … Moore claims race played a factor in the Dec. 6 confrontation that was captured by school surveillance cameras."

Sentencing For Former Mississippi Jailers Delayed Pending Trial. The Biloxi (MS) Sun Herald (1/31, Fitzgerald) reports from Gulfport, MS, "Former corrections officers who have agreed to plea bargains in an inmate-abuse investigation won't be sentenced until after the trial of Ryan Michael Teel on May 28." The Herald continues, "Morgan Lee Thompson, one of five former Harrison County jailers to plead guilty in the federal criminal case, was set for sentencing Tuesday. He and the others won't be sentenced until after Teel's charges are resolved, court orders show." The Herald adds, "Nearly a year has passed since the fatal beating that prompted scrutiny of complaints of unnecessary, excessive use of force against inmates at the Harrison County jail. Teel's charges accuse him of attempting to kill Jessie Lee Williams Jr., a 40-year-old inmate beaten Feb. 4, 2006. Williams died when taken off life-support two days later. … It remains unclear if others will be charged in the exposé of jailers who conspired to deprive rights under color of law and covered up the illegal acts. … U.S. Attorney Dunn Lampton on Tuesday said he couldn't give a time frame for the investigation's end. … 'The investigation will continue until every avenue and every lead is exhausted,' Lampton said. 'It's going to be thorough. I'm hopeful we're getting to the end of it and I think we are.'"

Jury Finds Seattle Violated WTC Protesters' Rights In 1999. The AP (1/31) reports, "A federal jury found Tuesday that the city of Seattle violated the constitutional rights of 200 protesters who were arrested during a demonstration during the World Trade Organization meeting in 1999." The AP continues, "The jury found the city liable for violating the protesters' constitutional rights against unreasonable search and seizure, but did not find a violation against their free speech rights. … U.S. District Judge Marsha Pechman had already ruled that police had made the arrests without probable cause. … Attorneys for the city said they plan to appeal the decision." The AP adds, "The week of the arrests, about 50,000 protesters swarmed Seattle, overwhelming police and closing down the meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers. … The area became known as the 'no-protest zone,' even though shoppers, residents and others allowed in the zone were not exempted from protesting. … The group of demonstrators were arrested when they marched within the zone, where they sat down, chanted and sang."

Capitol Police Say There Were No Orders To Not Arrest Anti-War Protestors. The Washington Times (1/31, Miller, 88K) reports US Capitol Police Chief Phillip Morse "met privately yesterday with a senator and denied that he ordered officers not to arrest war protesters who painted slogans on the sidewalk near the Capitol." Chief Morse "conceded shortcomings in the police response Saturday at the protest against the Iraq war, however, and vowed to revise plans for managing demonstrations, Sen. Wayne Allard said after meeting with the chief." Allard said, "There was no order to retreat [or] not arrest anybody. He had ordered them that if they saw anybody breaking the law, they were to arrest them. ... They did not see them paint the graffiti." The Times adds Chief Morse's "pledge to review department policy follows public complaints that protesters painted anarchist symbols and slogans on the Capitol sidewalk Saturday right in front of Capitol Police officers. The graffiti included the phrases 'all cops are pigs' and 'you can't stop us,' officers said." Some officers "said the order for 'hands off' protesters came from House Speaker Nancy Pelosi, California Democrat."

More Lawmakers Might Jump On Anti-War Protester Graffiti Issue. The White House Bulletin/US News (1/30) reports Republican lawmakers are "being encouraged to join Sen. Wayne Allard of Colorado in demanding an

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explanation from US Capitol Police" about why the "gang of anti-war protesters were allowed to spray-paint graffiti on the west front steps of the Capitol." A House GOP leadership aide "said that lawmakers were being encouraged by conservative interest groups to complain to the police chief and House Speaker Nancy Pelosi. The main group demanding action is the Family Research Council which yesterday called on supporters to email Pelosi concerns about reports that police stood by as the protesters sprayed anarchist symbols on the steps. The police said it was minor and easy to clean up." In an email, FRC President Tony Perkins said, "For any group, such acts would mean immediate arrest. This time, the Capitol Police's hands were tied because they were ordered to stand down by their chief of police, who answers to the speaker of the House Nancy Pelosi." The Bulletin adds a Republican advisor "to the leadership said that other members were considering echoing Allard's concerns either in letters to the police and Pelosi or House floor statements."

LATimes Lauds Waters Bill To Require HIV Testing For Federal Prisoners. The Los Angeles Times (1/31) editorializes, "Rep. Maxine Waters (D-Los Angeles) is about to introduce legislation to make HIV testing automatic for inmates as they enter and exit federal prisons, unless the prisoners opt out. It's a strong step in the right direction, even if we'd rather see that loophole closed." The Times continues, "Research shows that male prisoners are three to five times more likely to be infected with HIV than are members of the general population, yet many prisons test only when an inmate shows HIV symptoms or when body fluids have been exchanged in detectable incidents such as fights. … Because two-thirds of inmates are black or Latino men, the consequences of unprotected sex in prisons have been particularly devastating for minority communities. HIV rates have skyrocketed among young gay men and the female partners of ex-cons. As of 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States. … And it's not just the inmates and their outside partners who are at risk. In a Centers for Disease Control and Prevention study of HIV in Georgia's state prisons, many men who became infected said their partners were prison staff members." The Times adds, "Waters is calling for HIV testing to become part of the comprehensive medical exam inmates receive upon entering prison; counseling would be provided before and after the test. The bill also would beef up HIV education for inmates and confidentiality training for prison staff. The Congressional Budget Office estimates that it would cost $750,000 to $2 million annually. … Making HIV tests automatic for a high-risk, captive population is vital not just for the health of inmates and their partners but for policymakers in understanding what goes on in the nation's disgracefully dysfunctional prisons. Now if only the state of California would follow suit."

Woman Reporting Rape Is Jailed, Denied Contraceptive In Tampa. The AP (1/30) reports from Tampa, FL, "A woman who told police she had been raped was jailed for two days after officers found an old warrant accusing her of failing to pay restitution for a 2003 theft arrest." The AP continues, "While she was behind bars, according to the college student's attorney, a jail worker refused to give her a second dose of the morning-after contraceptive pill because of the worker's religious convictions. … The 21-year-old woman was released Monday only after attorney Vic Moore reported her plight to the local media." The AP adds, "Moore said the woman was not allowed to take the second emergency contraceptive pill until Monday afternoon, a day late, after reporters called police and jail officials. … Tampa Police Chief Steve Hogue said the arrest led to a new policy Tuesday that tells officers not to arrest a crime victim who has suffered injury or mental trauma whenever 'reasonably possible.' The agency also apologized to the student. … Tampa attorney Jennifer D'Angelo, who represents the jail worker, said Tuesday that her client is prohibited from giving inmates any medication without specific orders. The worker insists she never discussed religion with the woman who reported being raped. … The employee, who has worked for a jail health care contractor for about six months, was placed on administrative leave, D'Angelo said." According to the AP, the unnamed victim "was in Tampa on Saturday for Gasparilla, an annual pirate-themed parade that draws thousands of people. She said she was walking alone to her car when a man pulled her behind a building and raped her, (police spokeswoman Laura) McElroy said. … She reported the rape Saturday afternoon, and officers took her to a rape crisis center where she was given the first of two doses of the morning-after pill, McElroy said. The second dose is supposed to be taken within 24 hours."

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ANTITRUST:

Wall Street Firms Support Delta's Efforts To Resist Takeover. The Atlanta Journal-Constitution (1/31, Grantham) reports, "With a decision on US Airways' $10 billion takeover bid looming, Delta Air Lines is trotting out some heavyweight support for its drive to stay independent." The AJC continues, "The Atlanta airline announced Tuesday that it had arranged for $2.5 billion in exit financing to fuel its plan to emerge from Chapter 11 proceedings on its own this spring. Such financing is an expected but critical step in any Chapter 11 reorganization." The AJC adds, "The news was well-timed for those rooting for Delta to fend off the US Airways merger proposal, which carries a Thursday deadline for a response from Delta's official creditors committee. The committee usually meets on Wednesdays and could announce a position on the merger as soon as today. … Delta said its financial backing comes from six powerhouse Wall Street firms, inluding Goldman Sachs and Merrill Lynch, and represents an endorsement of its independent reorganization." The AJC notes, "Delta management — aided by employee and retiree groups — has vigorously fought US Airways' stock-and-cash offer to merge with Delta and adopt the Delta name. However, the creditors committee could force the airline to move into serious merger talks if it concludes the proposal offers better returns on claims than Delta's standalone plan. The committee represents the biggest suppliers, banks and other groups owed money by Delta. … A hearing on the next step in Delta's standalone restructuring plan is set for Feb. 7 in bankruptcy court in New York. US Airways wants the creditors committee to signal support for continued merger talks by, among other things, seeking a delay in that hearing."

USA Today (1/31, 1B, Adams) reports, "Showing frustration, US Airways CEO Douglas Parker said Tuesday that his company will drop its bid for Delta Air Lines on Thursday if bankruptcy creditors don't signal support for the $10 billion offer." USA continues, "Delta's creditors 'know exactly what they have to do,' Parker said in a conference call on quarterly earnings. 'If this (creditors) committee is not willing to do what it should do for investors … we're not willing to pursue this transaction anymore.'" USA continues, "Although Parker had earlier placed a Feb. 1 deadline on his offer, his comments suggested for the first time that US Airways may be poised to walk away from the deal it proposed in mid-November and sweetened earlier this month. … Parker's comments followed days of frantic maneuvering by people on all sides of the controversial bid. US Airways' cash-and-stock offer for Delta, which has been in Chapter 11 reorganization since September 2005, has been rejected by Delta's management. Delta has lobbied its creditors to accept Delta's own plan to emerge as a stand-alone carrier. A merger would create the country's biggest domestic carrier."

Private Equity Firms' Purchases Raise Regulatory Concerns. The Washington Post (1/31, A1, Cho) reports, "The world may be eating more doughnuts now that Jon Luther's firm, Dunkin' Brands, has joined the most prominent trend on Wall Street these days: going private." The Post continues, "Since three private-equity firms bought out the Dunkin' Donuts parent for $2.4 billion in 2005, Luther has doubled store growth, retooled his executives' pay and opened his first branches in Asia. And he did it behind a veil of privacy, away from the glare of analysts and federal regulators. … All of this was made possible by the deep pockets of private-equity firms. … Not since junk bonds has an alternative form of investment risen to prominence as quickly as private equity, an obscure world where fund managers risk billions to buy and try to turn around slumping companies, and then sell them for a profit." The Post adds, "With unprecedented sums in their coffers, private-equity firms have the ability to buy all but the biggest companies. Among their prize catches are Toys R Us, Neiman Marcus, Hertz, Burger King, Harrah's Entertainment, Clear Channel Communications and HCA, the nation's largest hospital company. … Last year, private-equity firms spent a record $540 billion to acquire companies in virtually every sector, up from $59 billion three years ago, and in the process have been dramatically changing the cast of powerbrokers on Wall Street. Although average investors can benefit from the run-up in stock prices during one of these buyouts, the trend has concentrated control of major swaths of U.S. industry in the hands of a few wealthy groups that do not have to reveal much about their operations. … This year began with the biggest proposed private buyout on record -- for Equity Office Properties Trust, the nation's largest office landlord. Blackstone Group last week put forth a $38.3 billion buyout offer, which would include the assumption of Equity Office's $16 billion debt. That bested a $38 billion bid earlier this month by a group of real estate investors led by Vornado Realty Trust. Today is the deadline for that group to make a

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counter bid." The Post notes, "The surge in private deals is raising concerns in Washington. The Justice Department is looking into whether some of these buyouts are anti-competitive. Last week, the Federal Trade Commission ordered District-based Carlyle Group, the nation's largest private-equity firm, to give up management control and its board seats at Magellan Midstream because Carlyle is part of the group buying oil pipeline operator Kinder Morgan for $22 billion. The two energy-distribution companies dominate the same 11 markets across the Southeast United States."

CME Claims It Can Sustain High-Margin Growth Despite CBOT Deal. The Financial Times (1/31, Cameron) reports, "The Chicago Mercantile Exchange maintained on Tuesday that its high-margin business model was sustainable, in spite of grumblings from some users that a planned merger with the Chicago Board of Trade would give it monopoly pricing power." The Times continues, "The largest US derivatives exchange reported record sales and profits as it pumped higher volumes through its electronic platform. It said the CBOT deal was on track to close by mid-year, subject to shareholder and regulatory approval. … Craig Donohue, chief executive, said: 'This is a very cheap place to do business.'" The Times adds, "However, industry groups such as the Futures Industry Association have failed to adopt a common position on the planned deal. Some large customers continue to complain in private about the potential power of an enlarged business accounting for 90 per cent of exchange-traded derivatives in the US. … Mr Donohue said competition in the derivatives market was increasing as the exchange-traded and OTC markets converge. … He remained confident that the proposed merger would secure approval from the Justice Department, which has focused on the CME's dominant role in clearing exchange-traded derivatives deals."

Senate To Examine Mergers In Pharmacy Benefit Industry. Bloomberg (1/31, Waters) reports, "U.S. Senator Herb Kohl, the Wisconsin Democrat who has taken over as chair of the Senate's antitrust subcommittee, said the panel will scrutinize mergers among pharmacy benefit managers." Bloomberg continues, "The subcommittee will examine such transactions 'to ensure that this consolidation does not create any anti-competitive bottlenecks,' according to a statement posted today on the senator's Web site." Bloomberg adds, "Caremark Rx Inc., the second-largest U.S. pharmacy benefits manager, is currently the object of a bidding war between Express Scripts Inc. and CVS Corp. If Express Scripts prevails, the merged company would be larger in the pharmacy benefit management field than Medco Health Solutions Inc., now the biggest competitor in the industry. … The subcommittee will also focus on 'eliminating barriers' that might keep cheaper generic versions of name-brand drugs from getting on the market, according to the posting."

AMD Attorney Says Antitrust Enforcement Is Less Aggressive. The San Jose Mercury News (1/31, Poletti) reports, "An attorney for Advanced Micro Devices, longtime foe of chip giant Intel, said Tuesday that regulators are less aggressive in going after monopolistic practices in the United States in recent years. … 'Right now from a business perspective, it appears frankly that there has been a retreat from Section 2 enforcement,' said Tom McCoy, executive vice president of legal affairs at AMD of Sunnyvale, referring to the part of the Sherman Act that prohibits monopolization. McCoy made his comments during a day of informational hearings held (in Berkeley, CA) by U.S. regulators on monopolistic behavior." The News adds, "McCoy was one of several technology company executives who spoke at the event, held at the University of California at Berkeley's Haas School of Business to examine whether and when specific types of single-company conduct may violate Section 2 of the Sherman Act. The hearings were informational and were meant to provide 'real-world insight' for regulators, said FTC assistant general counsel Karen Grimm. … In answer to a question from Grimm on whether the FTC and the Department of Justice are failing to challenge single-firm conduct, McCoy said he believed that Section 2 violations 'are not getting the same kind of energetic enforcement and investigation' as they have in the past. Grimm declined to comment on McCoy's response."

New York Teen In Piracy Suit Charges Record Companies With Collusion. The AP (1/31, Fitzgerald) reports from White Plains, NY, "A 16-year-old boy being sued for online music piracy accused the recording industry on Tuesday of violating antitrust laws, conspiring to defraud the courts and making extortionate threats." The AP continues, "In papers responding to a lawsuit filed by five record companies, Robert Santangelo, who was as young as 11 when the alleged piracy occurred, denied

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ever disseminating music and said it's impossible to prove that he did." The AP adds, "Santangelo is the son of Patti Santangelo, the 42-year-old suburban mother of five who was sued by the record companies in 2005. She refused to settle, took her case public and became a heroine to supporters of Internet freedom. … The industry dropped its case against her in December but sued Robert and his sister Michelle, now 20, in federal court in White Plains. Michelle has been ordered to pay $30,750 in a default judgment because she did not respond to the lawsuit." The AP notes, "Robert Santangelo and his lawyer, Jordan Glass, responded at length on Tuesday, raising 32 defenses, demanding a jury trial and filing a counterclaim against the companies for allegedly damaging the boy's reputation, distracting him from school and costing him legal fees. … His defenses to the industry's lawsuit include that he never sent copyrighted music to others; that the recording companies promoted file sharing before turning against it; that average computer users were never warned that it was illegal; that the statute of limitations has passed; and that all the music claimed to have been downloaded was actually owned by his sister on store-bought CDs. .. .Santangelo also claims that the record companies, which have filed more than 18,000 piracy lawsuits in federal courts, 'have engaged in a wide-ranging conspiracy to defraud the courts of the United States.'"

Altria Investors Pleased To See Kraft Go. The New York Times (1/31, Martin) reports that for all the tobacco industry's apparent trouble, "the future of cigarettes appears to be brighter than ever. That at least is the message investors are sending as the Altria Group," the company once known as Philip Morris, "prepares to split itself by spinning off its Kraft Foods division to shareholders and become, once again, primarily a tobacco company." The Times says Altria chief executive Louis C. Camilleri is expected to set a timetable for completing the spinoff today. Wall Street is responding to the move "with the equivalent of a standing ovation" because investors "are glad that Altria will finally be rid of Kraft Foods." Since October, when Altria announced its plan for the move, "its shares have risen 10 percent."

Columnist Hopes Limits Will Be Put On Change-Of-Control Payments. In his Washington Post (1/31) business column, Steven Pearlstein says, "One thing you can count on in any merger or acquisition is that the executives who negotiate them always come out winners. That's not the case for shareholders," or sometimes even customers. Pearlstein says a case in point of executives doing well in a merger "is the proposed purchase of Caremark Rx, the pharmacy-benefits manager, by CVS, the pharmacy chain, which was announced late last year. Under the merger terms, Caremark's top executives, down to the level of senior vice president, are to receive change-of-control payments due under their employment contracts." These "change-of-control payments are now standard fare in the executive-compensation game." Pearlstein notes that the Caremark, CVS deal "will be explored by Delaware's chancery court, where Express Scripts and two public pension funds have filed suit to stop the merger." He argues that the case provides "an opportunity to set some reasonable limits on the widespread use of breakup fees, indemnification clauses and change-of-control payments."

ENVIRONMENT/INDIAN AFFAIRS:

Scientists Denounce White House Pressure To Downplay Climate Change. At a House hearing yesterday organized by Rep. Henry Waxman, government scientists said the Bush Administration has applied political pressured to suppress information about climate change caused. At a separate hearing chaired by Sen. Barbara Boxer, fully one quarter of the Senate gave statements on their views of global warming. The story was reported as the lead and a separate story on NBC last night, and was covered in a full segment on ABC and a brief on CBS.

NBC Nightly News (1/30, lead story, 3:20, Williams, 9.87M) said, "The question in Washington today was this did the Bush Administration in any way try to cook the books on the topic of global warming?" NBC (Mitchell) added, "With Democrats holding the gavel in both houses, advocacy groups were given the chance to present a new study revealing unprecedented and widespread interference with scientific reports, largely by a former oil industry lobbyist working for the White House." Rep. Henry Waxman: "They tried to delete a discussion of the human health and environment effects of climate change." Mitchell: "Documents uncovered by the Government Accountability Project, an advocacy group, reveal that critical findings were eliminated from draft reports. Questions like, is abrupt climate change real? And what is the relationship between the drought in the West and climate variability and change? Both crossed out. With a handwritten note, it is not necessary

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here to list these examples." Who "watered down most of the government reports? The scientists point to Phillip Cooney, a former oil lobbyist in charge of the Bush policy who then left to work for ExxonMobil."

ABC World News (1/30, story 4, 2:10, Gibson, 8.78M) reported it was a "dramatic example" of "how the agenda has changed now that Democrats are in charge." ABC (Tapper) added, "Scientists say their work on global warming has been watered down and twisted by a White House that does not want the public to hear about it." According to "a Union of Concerned Scientists survey released today, at least 150 Federal climate scientists personally have experience political interference with their work under the Bush Administration. Rick Plitz, a former climate change official, testified that a White House aide edited a report to Congress, deleting what is scientific consensus, that global warming is advancing the melting of mountain glaciers and polar ice." Rep. Henry Waxman, chairman, Oversight & Government Reform Committee: "All of us have a right to our own views about the seriousness of global warming. But we don't have a right to our own science." Tapper: "The White House today said, 'claims that the Administration interfered with scientists are false,' and insists it is focused on 'making real progress in reducing greenhouse gas emissions.' A Senate committee held hearings today too, chaired by Senator Barbara boxer. The committee's previous chairman, Senator Jim Inhofe, has called global warming a 'hoax.'"

The CBS Evening News (1/30, story 8, :20, Couric, 7.66M) reported, "Today a survey of government scientists revealed many felt pressured by the White House to play down the effects of global warming. And at a House hearing, Democrat Henry Waxman accused the Bush Administration of trying to mislead the public about climate change. In the past, the White House has said it's only sought to inject balance into those reports."

USA Today/AP (1/31, 5A) reports the House hearing "focused on allegations that the White House for years has closely controlled what scientists have been allowed to tell the public." Oversight and Government Reform Committee Chairman Henry Waxman said, "It appears there may have been an orchestrated campaign to mislead the public about climate change."

The Los Angeles Times (1/31, Simon, 850K) reports Chairman Waxman "headed toward a possible confrontation Tuesday with the White House over his demands for documents that could show whether the Bush administration interfered with the work of government climate scientists to downplay the dangers of global warming." Waxman "did not threaten to issue subpoenas, but said he would 'insist on Congress' right' to the information. Waxman and the committee's top Republican, Rep. Tom Davis of Virginia, sent a strongly worded letter to the White House Council on Environmental Quality calling on it to 'reconsider the confrontational approach' and produce the documents within 10 days."

The Chicago Tribune (1/31, Neikirk, 617K) reports two advocacy groups "released a survey to the panel in which a number of government climate scientists claimed either that their research had been edited to change the meaning or that they were told to delete references to 'global warming' or 'climate change' from reports." White House officials "did not appear before the committee, but President Bush in his State of the Union Address last week referred to 'global climate change' and said technology should be used to address the problem." The Tribune notes that Drew Shindell, "a climate scientist at NASA's Goddard Institute for Space Studies, said that before the space agency recently relaxed restrictions on talking to the press about research, interview requests went through the White House, and were often rejected or delayed."

The Christian Science Monitor (1/31, Spotts, 59K) reports the advocacy groups' report "claims that the Bush administration has suppressed scientists' climate-change work." The survey findings, "part of a new report compiled by two watchdog groups, shed new light on complaints by a scattering of scientists over the past year who have publicly complained that Bush administration appointees have tried to mute or muzzle what researchers have to say about global warming." The hearings "and the new report come as climate scientists from around the world have gathered in Paris to put the finishing touches on a comprehensive 'state of the science' report on global warming."

The New York Times (1/31, Dean, 1.16M) reports that under Chairman Waxman, the Oversight Committee "took on the Bush administration's handling of climate change science yesterday, and even the Republicans on the panel had little good to say about the administration's actions." When witnesses "spoke in defense of the administration, it was often to say only that there were still some scientists who doubted that climate view or that the administration's approach was not unique. 'Cherry-picking' science to suit policy or political goals is at least as old as the Eisenhower

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administration, said Roger Pielke Jr., a professor in the Environmental Studies Program at the University of Colorado. The committee itself is guilty of it, he added, pointing to a news release linking rising ocean temperatures to bigger and more frequent coastal storms, something about which there is still debate."

The Financial Times (1/31, Kirchgaessner, Harvey) reports NASA climatologist Shindell said "the Bush administration has routinely suppressed or -distorted communication of climate change science to the public." The accusation "was reinforced by claims by Democratic lawmakers that the White House was withholding documents proving that Philip Cooney, a former Bush administration official who now works as a lobbyist for ExxonMobil, regularly edited climate reports for political reasons."

One Fourth Of Senate Sounds Off On Global Warming. The AP (1/31, Hebert) also reports climate change "also was a leading topic in the Senate, where presidential contenders for 2008 lined up at a hearing called by Sen. Barbara Boxer. They expounded — and at times tried to outdo each other — on why they believed Congress must act to reduce heat-trapping 'greenhouse' gases." Sen. Hillary Clinton said, "This is a problem whose time has come." Sen. John McCain said, "This is an issue over the years whose time has come." Sen. Barack Obama said "'for decades far too many have ignored the warning' about climate change. 'Will we look back at today and say this was the moment we took a stand?'"

McClatchy (1/31, Whitney) reports the Senate panel "found broad bipartisan support Tuesday for doing something about global warming, but deep divisions remained over how to curb the emissions that scientists think are causing the Earth to warm rapidly." Sen. Boxer said, "A consensus is developing that we must take action at the federal level now." Boxer said "she'd try to steer the Senate committee toward enacting something like California's tough global-warming law, which requires lowering emissions to 1990 levels by 2020. But she acknowledged that she was uncertain how far she'd get." Sen. James Inhofe, R-Okla. –" who was unseated as committee chairman by the November elections, which thrust Boxer into her most prominent role in Congress - is a skeptic of global warming who was able to bottle up remedial legislation. He didn't seriously challenge the science Tuesday." The "harshest Republican critic was Idaho Sen. Larry Craig, who said the rush to enact legislation was driven by the 2008 presidential elections, which Democrats didn't dispute."

The Washington Post (1/31, A6, Eilperin, 690K) reports that as "600 scientists meet this week in Paris to finalize the first worldwide assessment in six years of the evidence on global warming, lawmakers on Capitol Hill searched for a political consensus yesterday on how to address climate change." In a "prolonged Senate hearing that one senator compared to 'open-mike night,' several lawmakers spoke in passionate terms about a need to put a cap on U.S. carbon dioxide emissions before global warming's effects become irreversible, while others sketched out possible policy compromises on the contentious issue. In a separate House hearing, a bipartisan group of lawmakers questioned whether the Bush administration has been suppressing climate science."

The Washington Times (1/31, A1, Bellantoni, 88K) reports in a front page story, "One-quarter of the Senate yesterday called global warming a serious threat to the world's future and urged quick action, despite disagreement on how to stem its effects." During a "rare open forum that lasted hours, senators from both major parties including four seeking the presidency shared ideas about curbing carbon emissions, which many scientists blame for global warming."

2008 Candidates Backing Proposals To Limit Global Warming. The Los Angeles Times (1/31, Hook, Simon, 850K) reports, "After years of languishing on Capitol Hill, efforts to curb global warming have picked up momentum, powered by a growing bipartisan belief that climate change can no longer be ignored. Speaker Nancy Pelosi, D-Calif., has declared it a top priority for the House. Presidential candidates from both parties call it one of the biggest issues faced by the next occupant of the White House. Even President Bush, long a skeptic, is sounding the alarm." Legislation to "curb global warming is still a long shot in Congress because there is no consensus on a solution. But almost all the candidates who want to succeed Bush -- from Sen. John McCain, R-Ariz., to former Sen. John Edwards, D-N.C. -- are far ahead of him in proposing ways to reduce carbon emissions." McCain, "considered a front-runner for his party's presidential nomination, has introduced a bill to impose mandatory limits on the greenhouse gases that contribute to global warming and intends to introduce another to target vehicle emissions by raising miles-per-gallon rules. His cosponsors on the first bill include two leading Democratic presidential contenders, Sens. Hillary

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Rodham Clinton of New York and Barack Obama of Illinois." Other candidates "have their own proposals. New Mexico's Democratic Gov. Bill Richardson touts his efforts to get his state to generate more electricity from cleaner sources, such as solar and wind power. Sen. Joseph R. Biden Jr., D-Del., recently introduced a resolution calling for the United States to return to international negotiations on climate change that Bush spurned."

International Science Group To Conclude Fossil Fuels Caused Global Warming. USA Today (1/31, 1A, O'Driscoll, Vergano, 2.27M) reports in a front page story that a "major international analysis of climate change due Friday will conclude that humankind's reliance on fossil fuels — coal, fuel oil and natural gas — is to blame for global warming, according to three scientists familiar with the research on which it is based." The "gold-standard Intergovernmental Panel on Climate Change (IPCC) report represents 'a real convergence happening here, a consensus that this is a total global no-brainer,' says U.S. climate scientist Jerry Mahlman, former director of the federal government's Geophysical Fluid Dynamics Laboratory in New Jersey."

Climate Change Could Hurt California Wine Industry. NBC Nightly News (1/30, story 8, 2:10, Williams, 9.87M) reported, "But some business owners in California will tell you the reality of" global warming "has already hit home in a $15 billion industry the wine industry." NBC (Taibbi) added, "In the vineyards they're only pruning now, but climate change experts like Dr. Greg Jones of Southern Oregon University say it's not too soon to wonder how many great California wine seasons might be left?" Greg Jones: "We're looking at a 25- to 50-year horizon where I think the rate of change will become dominant enough to make some significant issues for the industry."

EPA Recommends Cutting Smog Limit To Protect Public Health. USA Today (1/31, Watson, 2.27M) reports that "scientists at the Environmental Protection Agency will recommend today that the level of smog allowed in the nation's air be cut to protect public health, the EPA said Tuesday." When "nearly 160 million people live in counties that do not meet the federal smog limit," EPA scientists hope the proposed 25% cut "in the smog standard could lead to fewer 'Code Red' days and easier breathing for those with asthma." "Industry groups have already told the EPA that they oppose tightening the smog limit," like they fought the last smog limit proposed and ultimately passed in 1997.

The Wall Street Journal (1/31, A6, 2.04M) reports that today, EPA staff "will recommend as much as a 25% cut in allowable smog levels, after new health data showed smog in traffic-congested cities is more dangerous than previously thought" while "the agency's experts will also recommend new ways to measure smog's impact on crops." If smog limits are approved…cities and states…would have to figure out how to meet them by tighter controls on industries and perhaps on traffic."

US Gets Low Grade For Protecting Oceans. The CBS Evening News (1/30, story 9, 3:05, Couric, 7.66M) reported a commission on the health of the oceans "said today we are not doing a very good job of protecting them. It gave the country a C-minus. In fact, on the West Coast, animals that depend on the Pacific for survival are instead being poisoned by it." CBS (Whitaker) added, "Remember Alfred Hitchock's 'The Birds?' Frightening fiction? It was based on a real incident near Santa Cruz, California, in 1961. Scientists believe the birds were whacked out on acid, domoic acid, a toxin produced by an ocean allergy invisible to the naked eye. It's probably what drove this pelican, nicknamed Crash, right through the windshield of a car driving along the coast near Los Angeles recently." The algae "occurs naturally, but over the years, there has been an explosion of it. The blooms are lasting longer and have grown much more toxic. Scientists are alarmed and perplexed."

NYTimes Ponders Wolves' Future. The New York Times (1/31, 1.16M) editorializes that "the Interior Department's decision on Monday to remove the gray wolves…from the endangered species list" is encouraging since the wolves' numbers have grown greatly "thanks almost entirely to the act's prohibitions on hunting and trapping;" yet now these Western states and "tribal governments will now be responsible for keeping their numbers at healthy levels." Although the wolf's comeback is encouraging, it is "disturbing…that two of the states that will assume responsibility for managing the wolves have shown little interest in protecting them" and a growing hunting sentiment and "eagerness to resume the slaughter…based on claims that the wolves are devastating livestock populations and game animals like elk." Therefore, "the wolves should not be de-listed until Idaho and Wyoming adopt adequate regulatory

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mechanisms for protecting wolf populations that present no threat to humans, are valuable to the ecosystem and have taken years to rebuild."

FBI/DEA/ATF/USMS:

Pistole Tells Senators Continued FY06 Funding Levels Would Hurt FBI. Federal Times (1/30, Losey) reported on its Web site, "The FBI may not be able to replace 800 crucial agents and intelligence analysts who are expected to retire this year because Congress has failed to pass a 2007 budget, the agency's deputy director said Jan. 25. John Pistole, the second-highest ranking official in the FBI, told the Senate Select Committee on Intelligence that continuing to fund the agency at fiscal 2006 levels, as the current continuing resolution does, could prevent the agency from replacing 400 agents and 400 analysts when they retire this year. … Pistole said those losses would particularly hurt the FBI's ability to investigate and counter domestic extremists such as the Earth Liberation Front, Animal Liberation Front and white supremacists." Federal Times added, "Pistole said that a continuing resolution also will jeopardize the FBI's attempts to upgrade its case management system, called Sentinel."

FBI Among Few Agencies To Receive Funding Increase In Omnibus Bill. The Washington Post (1/31, A4, Layton, 690K) reports, "House and Senate Democratic leaders agreed yesterday to a $463 billion spending plan for the remainder of the fiscal year that would freeze many federal agencies at 2006 levels but include more money for veterans' health, education, scientific research, HIV programs and public parks, among other things." The Post notes, "Among the winners in the bill are veterans' health, which will get…$3.6 billion more than it got last year. The Defense Department will receive $21.2 billion -- an increase of $1.2 billion -- to treat U.S. troops wounded in Iraq and Afghanistan. The FBI will get $6 billion, an increase of $216.6 million to fully fund 31,359 positions, including those of 12,213 agents and 2,577 intelligence analysts." Government Computer News (1/30, Mosquera) noted, "Among major IT projects, the measure also includes $100 million to proceed with Sentinel, the FBI's system to move to electronic data sharing from paper-based case management."

Bloomberg (1/31) also reports, "Education, veterans' health care, international AIDS relief and the Federal Bureau of Investigation are among the government programs that would receive more money," and "the House is scheduled to vote Wednesday on the $463.5 billion spending bill. … The plan would cut the budgets of more than 60 programs from last year's level of spending."

Scottish Couple Awaits Extradition To Face US Meth Smuggling Charges. The Arizona Republic (1/31, Cox) reports, "A Scottish couple is awaiting extradition to the United States today on charges alleging they distributed chemicals used in the production of methamphetamines to labs all over the United States." The Republic continues, "Authorities said the investigation and subsequent arrests of Brian Howes, 43, and Kerry Ann Shanks, 28, led to the dismantling of about 100 meth labs across the country, including 20 in Arizona. … The couple were taken into custody today by Central Scotland police after an 82-count indictment was handed down by an Arizona grand jury in September 2006, according to the U.S. Department of Justice." The Republic adds, "The couple ran a Web site, KNO3.com, which distributed iodide crystals as well as red phosphorus used in the making of some methamphetamines, according to a press release by the Central Scotland Police department. … Chemicals from the site sold between August 2004 and November 2006 totaled enough to produce 1,400 pounds of methamphetamines, the Justice Department said."

The AP (1/31) reports, "They are named in a sealed 82-count indictment handed up in September by a federal grand jury in Phoenix and await extradition to the U.S., said Wyn Hornbuckle, a spokesman for the U.S. Attorney in Phoenix. … More than 100 illicit drug labs, including 20 in Arizona, were broken up during the investigation of shipments of chemicals from the couple, Hornbuckle said. … The 82 counts include two conspiracy charges, 64 felony counts of illegally importing or distributing chemicals and 15 counts of using the mail or the Internet in a crime."

Convicted Crack Dealer Gets 14-Year Sentence In New Jersey. The Bridgeton (NJ) News (1/31, Mccullen) reports a federal judge on Tuesday "sentenced a 'major' Bridgeton crack dealer to more than 10 years in prison. Nearly six months after pleading guilty to a one-count indictment for possession with intent to distribute more than 50 grams of crack cocaine, 29-year-old Rufus Kirkland Jr. learned on Tuesday that he will spend the next 14 years in federal prison. … U.S. Attorney Christopher J.

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Christie credited Bridgeton police and the DEA, under the direction of Special Agent-in-Charge Gerard P. McAleer, who is based in Newark, for their roles in the investigation."

San Diego Chargers Safety Faces More Legal Trouble. The AP (1/30) reported San Diego Chargers strong safety Terrence Kiel "was cited for urinating in public last month, his second run-in with the law in less than three months and the eighth by a San Diego player since April. … Kiel faces five felony drug charges stemming from his arrest in late September by Drug Enforcement Administration agents. The DEA said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas, apparently to be mixed with soft drinks to make a concoction known as 'lean.'" The AP story was used by CNN, MSNBC, the New York Times, Washington Post, Miami Herald, and San Francisco Chronicle.

The San Diego Union-Tribune (1/30) reported Kiel "is to appear in court in February, hoping to reach a deal with the San Diego County District Attorney on felony charges of theft and possession of a controlled substance. Kiel was arrested in September after Drug Enforcement Administration agents intercepted two packages containing 18 pint bottles of a codeine-based cough syrup. Authorities said Kiel admitted to shipping the syrup to his native Texas, where it can sell for up to $325 on the street."

Prosecutors Say California Man Mailed Drugs To Ports Across Country. The New Orleans Times-Picayune (1/31, Filosa) reports a California man "faces at least 20 years in federal prison for using the U.S. mail to traffic pounds of illegal drugs from his hometown to ports across the country." Andy Huynh of El Monte is accused of working in a drug-dealing ring that "shipped parcels of methamphetamine and cocaine to New Orleans; Honolulu, Hawaii; and Paoli, Pa.; from April 2005 until Hurricane Katrina hit the Gulf Coast."

In Colombia, More Politicians Accused Of Involvement With Illegal Militias. In Bogota, the AP (1/31, Muse) reports the Supreme Court "opened preliminary investigations into four more politicians for alleged ties to illegal right-wing militias after it was revealed they signed a 2001 letter of understanding with the paramilitary groups, the court's president said Tuesday. The court also ordered another four politicians, including the foreign minister's brother, to submit to additional questioning as probes deepened into their relations with paramilitaries. … Paramilitaries are accused of some of the worst massacres in Colombia's long-running conflict. They are also accused of exporting hundreds of tons of cocaine abroad."

ATF Arrests Man In Connection With Baltimore Murder. WUSA-TV, CBS 9, Washington, DC (1/31, Armstrong) reports, "9 News Now has learned disturbing new details about the murder of a Hyattsville woman reported missing last week." WUSA-TV continues, "Sources say federal agents with the Baltimore office of Alcohol, Tobacco and Firearms arrested a man named Jamal Jones (multiple spellings) earlier this month. He was charged with conspiracy to distribute heroin and released. An ATF spokeswoman says federal authorities had been looking for Jones since September of 2005. Sources had also identified the murdered woman's boyfriend as a Jamal Jones. Police have not confirmed or denied that it is the same man." WUSA-TV adds, "Baltimore City Police found the body of 25-year-old Sintia Mesa in the trunk of her Toyota Solara on Monday. The cause of death has not been released, but her body showed signs of trauma. Mesa's family reported her missing after she failed to show up for a nail appointment Friday afternoon in Baltimore County and a mandatory work meeting that evening. … Baltimore County police investigators began the search for the Morgan State University Graduate shortly about 12:25 am on Saturday. They say detectives discovered that someone had broken into Mesa's storage locker in Laurel, Maryland. Sources say authorities are looking into the possibility that money was taken from that locker."

IMMIGRATION:

Judge Grants Gay Mexican Immigrant Asylum In US. The Los Angeles Times (1/31, Abdollah) reports, "An immigration judge granted a Mexican immigrant asylum, citing his sexual orientation and the severe persecution of gays in Mexico, the immigrant's lawyer said Tuesday." The Times continues, "Jorge Soto Vega, 38, said he had suffered harassment and violence from family members and authorities in Mexico because he is gay. … According to court documents, while living in Guadalajara, Soto Vega was beaten by police with a 'metal baton or

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flashlight' and then robbed, called 'anti-gay slurs' and told that he would be killed if he was ever seen again." The Times adds, "In 1988, Soto Vega paid a smuggler to sneak him into the United States, settling in the Hollywood and Silver Lake areas. In 2001, Soto Vega returned from a brief visit to Mexico after his mother's death, during which he said he was afraid to go outside. He said he found out about the asylum process upon his return and filed an application the following year.Soto Vega's request for asylum was denied in 2003 by immigration judge John D. Taylor, who said he could return to Mexico since 'it would not be obvious that he was homosexual unless he made it obvious himself.' … The case was returned to Taylor after the U.S. 9th Circuit Court of Appeals ruled it is the government's responsibility to prove Soto Vega had no 'well-founded fear of persecution' in Mexico. … At the hearing Tuesday, the judge agreed that a person should not have to conceal their sexual orientation in order to be free from persecution, said Jon W. Davidson, legal director at Lambda Legal, a nonprofit gay-rights group. The U.S. Immigration and Customs Enforcement agency waived the right to appeal in the case, spokeswoman Virginia Kice said."

US Visa Policy Comes Under Attack. The Financial Times (1/31, Luce) reports US private-sector bodies Tuesday criticized the Bush administration "for persisting with strict visa policies that they say are damaging the country's reputation around the world and harming US business interests." The group, which includes bodies representing US universities, business exporters, student associations and think-tanks, urged the White House and Capitol Hill "to make rapid changes to the US visa regime," including an expansion of the number of countries that benefit from the US visa waiver program and an end to the requirement that all visa applicants must submit to a personal interview at US consular offices. The National Foreign Trade Council estimated that US businesses lost more than $30 billion in the two years "before mid-2004 because of the visa restrictions imposed after the 2001 terrorist attacks." The State Department, however, "says it has responded to private sector criticisms by employing more than 500 new consular officers, increasing the use of electronic visa processing and cutting down the waiting time for scientists to obtain a visa." In a recent interview with the Times, Assistant Secretary of State Dina Habib Powell said, "We recognize the critical importance for the US economy and American public diplomacy of making it easier for students and business travellers to get visas." The New York Times (1/31, Swarns, 1.16M) also reports the story.

Immigrant Groups Push For Widespread Legalization. The Chicago Tribune (1/31, Fitzsimmons, 617K) reports that "an alliance of Chicago immigrant advocates called on Congress Tuesday to give undocumented immigrants legal status when the Democratic majority takes another look at immigration reform in February." These groups call for "legalization for everyone," while "the United Front of Immigrants released a set of demands…that included suspending construction of a fence along the border, establishing a path to citizenship for more immigrants and ending recent attempts by customs officials to intimidate immigrants." These demands arrive just as "the Senate is expected to reconsider a bill it passed in May that proposed a three-tiered approach for illegal immigrants, requiring some to leave and permitting others to stay."

TAX:

Redacted Barrett Report Said To Show Clintons' Political Use Of IRS. In a Washington Times op-ed (1/31), journalist Mark Goodman says, "In February 2006, after nine years of hard labor, Washington lawyer David Barrett, the independent counsel appointed to investigate the Henry Cisneros scandal, finally published his 684-page report. His study provoked commentary mainly for what was missing — 120 pages of evidence, reportedly devastating to both Clintons, which Democratic congressmen, led by Sens. John Kerry, Dick Durbin and Byron Dorgan, had redacted by attaching a rider to another bill." In an "online column written before he signed on as President Bush's press secretary, Tony Snow reported that by all accounts the redacted pages contained enough damning evidence to sink Mrs. Clinton's presidential ship." An "abiding theme in the redacted pages, insiders say, is the Clinton camp practice of using the IRS to punish its enemies. Mr. Clinton plainly did not leave this illegal practice behind in the Oval Office. By all accounts he has maintained a tight grip on a number of government departments and agencies, notably the Justice Department and the IRS, the folks who can deal the deadliest damage."

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IRS Calculators Help Taxpayers Figure AMT, Sale Tax Deductions. In his "Tax Report" column for the Wall Street Journal (1/31, D3), Tom Herman writes, "Looking for help on your taxes? Consider what may seem like an unlikely source: the Internal Revenue Service. … This year, the IRS Web site (irs.gov) offers a handy new feature designed to help taxpayers calculate whether it is better to deduct their state and local sales taxes instead of their state and local income taxes. More than 11 million people claimed the sales-tax deduction on their returns last year." Herman continues, "The IRS also recently updated a calculator that could help some perplexed taxpayers figure out whether they are likely to be ensnared by the alternative minimum tax, or AMT. … IRS National Taxpayer Advocate Nina Olson says the AMT is the most serious problem facing individual taxpayers. More than 3.5 million people are expected to get hit by it for 2006."

CONGRESS-ADMINISTRATION:

Bush Touts Economy, Sings Praises Of Free Trade In Peoria. The Journal Star (Central Illinois) (1/31, Gordon, 70K) reports this morning, "Caterpillar Inc. has shown American companies can compete in a global economy, and do it well, President George W. Bush said during a speech at a Caterpillar plant here Tuesday. That's why Bush chose Caterpillar and Building SS, where its largest earthmoving equipment is built, as his backdrop in an address about the US economy and the need to continue working toward free trade throughout the world." Bush told "an audience of more than 500 consisting of Caterpillar employees and officials" and invited area dignitaries, "The good folks here show others that in the manufacturing world, we can compete. And that's really what Americans wonder, can you compete in a global economy? My answer is, darn right you can, with good policy. And in this company, you've shown how to compete." He "was accompanied from Washington, D.C., by U.S. Rep. Ray LaHood, R-Peoria, whom Bush said 'has been buggin' me' about coming to Peoria since he was elected." But "in an address where he spent much time touting his own policies on trade, tax cuts, education and other issues, Bush cautioned that there are some who favor protectionist policies he believes would close off free trade for American companies. … 'I strongly believe that if we can compete with people on a level playing field, nobody can compete with us. And so the key is to make sure the rules are fair,' Bush said, addressing an issue that is important to Caterpillar."

The Chicago Tribune (1/31, Miller, 617K) says "Bush's trip to the heartland was part of a two-day campaign aimed at focusing public attention on the economy's health. On Wednesday the president is scheduled to deliver what is being billed as a 'State of the Economy' speech in New York." In Caterpillar "the White House selected a company that competes successfully on the global stage and has profited from global trade. It has operations in 23 of the world's 24 time zones and it is enjoying strong sales in China and other offshore markets, even as its U.S. sales have sagged in response to the steep falloff in housing starts." The company "has been riding a global boom in commodity prices, which has spurred demand for its mining and oil-exploration equipment, its construction equipment, and its massive diesel-powered electric generators."

The Pantagraph (1/31, Riopell) reports Bush "said exports by the giant manufacturer of earth-movers increased following trade agreements his administration negotiated with other countries." However, "it's not clear the Democratic leadership in Congress will wholeheartedly endorse creating more. US Sen. Dick Durbin says current trade agreements aren't strictly enforced by Bush's administration." Durbin also "suggests Caterpillar's success isn't necessarily reflective of the country's manufacturing climate, noting substantial layoffs in several Illinois communities including Herrin and Pinckneyville. … While some have found new work, Durbin said many jobs aren't of as high a quality as many of the ones lost."

The Los Angeles Times (1/31, Gerstenzang, Hennessy-Fiske, 850K) notes Bush used "two huge yellow earthmovers as his backdrop," and was "giddy over driving a third." In his remarks, the President Bush "sought…to calm fears about globalization, the nation's economic future and the risks of easing trade barriers, arguing that free trade benefits US workers."

The AP (1/31, Riechmann) reports Caterpillar spokesman Timothy Elder "says Bush's trade policies helped the company net about $9 billion in sales outside of North America in 2006, when revenues of about $41.5 billion netted profits that topped $3.5 billion -- both company records." The AP adds, "Since Bush took office in 2001, however, the country has seen one in five manufacturing jobs disappear, a total of 2.96 million lost jobs, with U.S. automakers and textile

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companies particularly hard-hit." The US trade deficit "is expected to climb to a fifth consecutive record when the final figures for 2006 are totaled up next month."

The President's trip was extensively covered by local TV stations, both in Illinois and across the country. The coverage tended to focus on his trip to one of Caterpillar's plants, often highlighting his short trip on a company vehicle. A few stations offered varying quotes from a speech President Bush gave at the plant. Some examples: WHOI-TV Peoria (1/30, 10:00 pm) said in its broadcast, "For the first time in more than 20 years, the sitting President visited Peoria" to "deliver a speech about the economy. Air Force One touched down a little after 9 o'clock this morning at the Greater Peoria Regional Airport. Bush traveled from Washington DC with Congressman Ray LaHood, who the President says has been coaxing him to visit here for years."

WEEK-TV Peoria (1/30, 10:00 pm) began its 10 o'clock broadcast by saying, "Bush used Caterpillar today as an example of a company that's making it in the global marketplace. … The President lauded Peoria's community spirit, comments applauded by Caterpillar dealers, suppliers and customers as well as local officials and community leaders."

WTVO-TV Rockford (1/30, 10:03 pm) reported Bush "said if the government enacts good policy and stays out of the way of American business, the economy will flourish. Bush told Caterpillar workers that the way to keep the economy strong was to keep taxes low."

WCIA-TV Champaign (1/30, 5:00 pm) led off its 5 o'clock newscast by saying, "Bush says he'll continue to support free trade agreements, and hopes Congress will support this push." The newscast showed the President saying, "Because we lowered trade barriers and said, 'You treat us the way we treat you,' it has enabled" Caterpillar "to sell more product than ever before."

NEWS13-TV Orlando (1/30, 10:56 pm) said, "No, he's not taking a joy ride. … Bush was in Illinois Tuesday, where he kicked off a two-day campaign on the economy. Bush visited a Caterpillar plant in Peoria, to boast the benefits of his tax cuts and trade agreements. For good measure, he started up one of the Caterpillars and took a brief ride."

WVUE-TV New Orleans (1/30, 9:47 pm) reported, "Bush was in Illinois today touting the growing economy."

WLUK-TV Green Bay (1/30, 9:39 pm) added that during the visit to the Caterpillar plant, "Bush said things are looking good for American workers." The station showed President Bush saying, "It's a strong economy. And the fundamental question is, what are we going to do to keep in strong?"

KWGN-TV Denver (1/30, 9:36 pm) reported, "Bush gets a lesson about farming. The President stopped at the Caterpillar plant in Peoria, Illinois and jumped behind the wheel" of a company vehicle.

WMAQ-TV Chicago (1/30, 4:32 pm) reported, "Bush is in Illinois today. He chose Peoria as the place to speak on the economy." The station showed the President saying, "I'm confident in our ability to sell American product and services overseas if the playing field is level." The station added, "The President spoke to Caterpillar's employees. The company is a well-known maker of construction equipment that exports their goods. … Before visiting the plant, the President stopped by a Peoria diner to visit with some of the local residents there."

Bush Says Iraq Coloring Popular Perception Of The Economy. ABC World News (1/30, lead story, 4:30, Stark, 8.78M) interviewed Bush last night. Leading into the interview, ABC said Bush "came to this Caterpillar plant, in Peoria, to change the conversation. What he wanted to talk about was his economic successes. What he wanted to get away from is Iraq." Asked to comment on the fact that "if you'd touched down Air Force One in a lot of other cities in the Midwest, globalization and free trade have become dirty words," Bush said, "No, I understand. Yeah. I mean, people are worried that free trade means loss of jobs. And my answer to that is, we can compete if the playing field is level." Stark: "Despite 20-consecutive quarters of economic growth and unemployment near all-time lows, only 41% of Americans approve of Mr. Bush's handling of the economy. But you've also been frustrated that you haven't gotten more credit for this good economy. Can that be summed up in one word? Can that be summed up as Iraq?" Bush: "I think so, yes. Look, it's a -- people are working and wages are up. But we're in a time of war. And war is unsettling. And war is negative." Stark: "I know you don't love polls. But I'm going to tell you one we did recently that showed that 67% say you don't understand the problems of average Americans. Why do you think so many people feel that way?" Bush: "I don't know. That's an interesting question. I think it's because of the war. Again, I think because people are feeling pretty down about, kind of, things because of the war."

The New York Times (1/31, Stolberg, 1.16M) reports, "With Mr. Bush's public approval ratings having crumbled, his domestic agenda faltering and his Iraq strategy running into a

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wall of opposition on Capitol Hill, White House advisers are hoping to capitalize on economic growth and low unemployment figures as a way to elevate public opinion of the president. Already, the polls show a fresh hint of optimism. A survey by the Pew Research Center found that while public approval of Mr. Bush's handling of the war had dropped nine points, to 23 percent from 32 percent, from August to December 2006, approval of his handling of the economy went up six points, to 39 percent from 33 percent. A recent Gallup Poll, meanwhile, found 65 percent of respondents predicted they would be better off a year from now than they were today." But "Democrats, who won control of Congress in part by arguing that Mr. Bush's economic policies are giving short shrift to the middle class, do not intend to give up that ground without a fight. The president's twin appearances this week are setting the stage for a battle between Mr. Bush and Congressional Democrats over the economy in general and trade in particular."

But the Washington Post (1/31, D1, Baker, 690K) says "most Americans have lost faith in Bush's stewardship of the economy. In a Washington Post-ABC News poll this month, 41 percent of Americans approved of the president's handling of the economy, while 57 percent disapproved. Critics argue that Bush's ratings reflect a poor economic record, noting increases in the trade deficit, the national debt, the number of uninsured Americans and other barometers since he took office."

Democrats Say They Want Worker, Environmental Provisions Before Granting Bush "Fast Track." USA Today (1/31, 5B, Lynch, 2.27M) reports "Bush and congressional Democrats fired the opening salvos Tuesday in what could become a major debate about whether the US pursues additional trade agreements. On Capitol Hill, key Democrats said Tuesday that they would insist on new protections for workers and the environment before granting…Bush an extension of his trade negotiating authority." USA Today adds, "At issue is the president's ability to negotiate trade deals, which expires June 30. Monday, White House spokesman Tony Snow said the president 'absolutely' wants an extension of his so-called trade promotion authority, which limits Congress to approving or rejecting trade agreements. The administration's formal request could come as soon as today."

The Hill (1/31, Swanson) reports Rep. Sandy Levin, who chairs the trade subcommittee of House Ways and Means, said yesterday "House Democrats should not hold serious talks on extending fast-track negotiating authority with the Bush administration until it agrees on changes to the labor provisions of three pending free-trade agreements." Levin "said the free-trade deals the administration has already negotiated with Colombia, Peru and Panama will have to be renegotiated. The lawmaker said that getting those countries to make commitments in so-called side letters would not be sufficient because the only way to ensure that changes to the deals are enforceable is to make changes to the text."

The Washington Post (1/31, D3, Goodman, 690K) reports that while Bush was "out in Peoria touting the virtues of foreign trade and asking for fresh authority to promote it, newly ascendant Democrats on Capitol Hill signaled just how tough it's going to be for the president to get what he wants." The new chairman of the House Ways and Means Committee, Charles B. Rangel, "presided over a wide-ranging discussion that touched on how to prevent companies from shifting production to exploitative factories in poor countries, how to confront China over allegedly unfair trade practices and how to help Americans who lose jobs."

Meanwhile, the Financial Times (1/31, Callan) reports "the Democratic leadership in Congress has turned this week to old-school Clintonites to help persuade the freshman class of '06 to moderate the militant critique of globalisation that helped get them elected. Gene Sperling, a former economic adviser in the Clinton administration, on Tuesday testified before the House ways and means committee on the need for a new consensus on free trade during a hearing addressed by both corporate cheerleaders and labour movement critics of trade policy." Sperling, described as "the architect of Bill Clinton's pro-trade economic policies has also held private meetings with the new Democratic representatives."

Consumer Confidence At Highest Point Since May 2002. USA Today (1/31, 5B, Kirchhoff, 2.27M) reports, "Consumers had a more upbeat view of the economy in January, but their optimism was tinged with concern that growth could slow in coming months, a private research group said Tuesday. The New York-based Conference Board's consumer confidence index rose to 110.3 in January, the highest since May 2002 and a slight increase from the revised 110.0 figure of December." The Wall Street Journal (1/31, A2, Derby, 2.04M) notes "a gauge of expectations for the future retreated to a reading of 94.5 in January from December's revised 96.3, though consumers' assessment of current conditions rose to 133.9 from a revised 130.5."

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Stocks Up Yesterday. NBC Nightly News (1/30, story 7, :15, Williams, 9.87M) reported, "On Wall Street…a sharp jump in oil you prices pressed up energy stocks. The Dow gained 32.5 points [to close at 12,523.31]. NASDAQ was up 37 points [to close at 2,448.64] on the trading." The Wall Street Journal (1/31, C1, Browning, 2.04M), among other newspapers, also reports the stock numbers, noting the "broad Standard & Poor's 500-stock index rose 0.58%, or 8.20 points, to 1428.82, ahead 0.7% this year."

Senate Expected To Pass Minimum Wage Bill With Tax Breaks Opposed By House. The AP (1/31, Kuhnhenn) reports that "the Senate cleared the way for an increase in the minimum wage Tuesday, but only with business tax breaks that House Democrats want removed." Although the legislation is expected to pass final rounds in the Senate at the end of this week, many anticipate "a round of difficult negotiations between House and Senate Democrats over how to get the legislation to President Bush for his signature." The bill's passage relied heavily on a "tax package to attract Republican votes," and already "the White House has…signaled that Bush wants" similar "tax breaks in the legislation." Many "House Democrats want to pass a clean bill -- without tax breaks -- and cite constitutional precedents that require tax legislation to begin in the House," some even "dare Senate Republicans to vote against the minimum wage increase."

The Washington Times/AP (1/31) reports that "the Senate cleared the way for an increase in the minimum wage yesterday," including "tax breaks in the Senate bill" that "have divided the private sector, pitting small businesses and retailers that would benefit from them against the larger corporations and manufacturers that would have to pay for them." With "the bill's business critics…especially annoyed that the tax benefits would be short term while the provisions that pay for them would alter tax law for the long term."

The New York Times (1/31, Zernike, 1.16M) reports that the newly passed minimum wage Senate bill "includes $8.3 billion in tax breaks for small businesses that Democrats who sponsored the bill said were necessary to obtain Republican support." This contrasts with the simpler bill approved by the House, earlier this month, that called for "the wage increase but no tax breaks" because "Democratic leaders…insist that it should not be necessary to offer tax breaks in exchange for the wage increase, the first in 10 years."

WPost Opposes Tax Breaks. The Washington Post (1/31, A14, 690K), meanwhile, editorializes that tax breaks for businesses should not be used "as a ransom for raising the minimum wage" which is "now at its lowest level…in half a century." The Post asserts that "if the tax breaks are warranted, they should be granted as part of a larger review of tax policy," instead of a way to placate Senate Republicans. Therefore, "the House got it right" and "should stand firm -- and dare Senate Republicans and the president to block the long-overdue increase."

Senior Republicans Disgruntled That White House Doesn't Seek Their Advice. The White House Bulletin/US News (1/30) reported, "Senior Republicans are disgruntled that White House officials still aren't reaching out to them in an effort to pull President Bush out of his political trough." A GOP insider "who informally advises the West Wing" said, "They notify, but they don't consult." The Bulletin adds that when Bush Administration officials "talk to outsiders, even the most loyal ones, they seem most eager to solicit ideas on spin and public relations, not on the substance of policy." A top Republican "with close ties to congressional GOP leaders and many conservative lobbyists around Washington" said, "They need all the help they can get and they aren't asking for it. But they are succeeding in uniting the opposition."

Senior Administration Sources A Washington Mystery. The Politico (1/31, Allen) reports on the use of "the ubiquitous 'senior administration officials,'" as sources. They "remain one of Washington's more enduring mysteries. Never mind who they are. The puzzle is what they are." A "casual reader might assume that there is some kind of formal protocol that makes it clear to reporters and officials alike exactly who qualifies as senior enough to be quoted anonymously as a senior official. But there is no such thing." The answer to how someone gets to be a senior official is: It depends. If the source insists on being called a senior administration official, chances are he or she can get away with it, no matter if by most objective measures -- title, salary, proximity to power -- they are not really all that senior. This is especially true when reporters are in a jam and eager to prove to editors or readers that they have covert access to serious inside players." But an attribution "far more worrisome to the real senior administration officials in the West Wing" is "well-informed

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'mid-level' officials." That's "because many of the senior officials quoted in White House stories are not insiders secretly dishing details they are not supposed to talk about. They often are authorized spokespersons who are charged with promoting the official line. The notion that mid-level officials are secretly chatting with reporters without talking points in hand can be genuinely alarming."

Democrats Unveil $463.5 Billion Spending Bill. The AP (1/31, Taylor) reports Democrats "say they are making the best of a bad situation as they bring to the House floor a massive bill cobbling together $463.5 billion in unfinished budget business." The bill "combining the budgets of 13 Cabinet agencies, won praise Tuesday from Democratic Party allies such as activists pressing the fight against AIDS overseas and advocates for boosting education funding." Lawmakers in "both parties hailed the bill for freeing highway construction funds, even as the White House complained that the bill will slow aid to communities harmed by a 2005 round of military base closings and cut a request for basic scientific research. Still, the White House signaled that President Bush would sign the bill into law once it reaches his desk." The "harshest criticism came from House Republicans, who complained that they were shut out of any chance to offer changes to the bill — and had barely any time to read it."

The Washington Post (1/31, A4, Layton, 690K) reports the bill "would freeze many federal agencies at 2006 levels but include more money for veterans' health, education, scientific research, HIV programs and public parks, among other things." In an "unusual move, the congressional leaders stripped the spending bill of all earmarks, or narrow, special-interest provisions." Four months "into the current fiscal year, the federal government has been running on a temporary budget that is set to expire Feb. 15. The House is scheduled to vote on the spending package today, while the Senate will take it up in the coming weeks." Republicans "grumbled about the fact that Democrats in the House will not allow amendments to the budget and said the party in power plans to ram through a spending bill without committee hearings or meaningful debate. Democrats said that they have no choice, because the previous Congress left the budget process in such disarray that they are under great pressure to quickly pass a spending bill for the remaining eight months." Among the "winners in the bill are veterans' health, which will get $23.3 billion, or $3.6 billion more than it got last year. The Defense Department will receive $21.2 billion -- an increase of $1.2 billion -- to treat U.S. troops wounded in Iraq and Afghanistan. The FBI will get $6 billion, an increase of $216.6 million to fully fund 31,359 positions, including those of 12,213 agents and 2,577 intelligence analysts."

Bloomberg (1/31) reports, "Education, veterans' health care, international AIDS relief and the Federal Bureau of Investigation are among the government programs that would receive more money this year under" the House Democrats' spending plan. House Appropriations Committee David Obey "said the measure would leave most federal programs near last year's financing levels, drop thousands of pet projects known as earmarks and give larger increases to a few programs backed by Democrats or deemed to be in need of more money."

Smith Threatens Filibuster Over Logging County Payments. The Los Angeles Times/AP (1/31, Daly) reports Sen. Gordon Smith "is threatening to filibuster a must-pass spending bill if Congress does not extend payments to rural counties hurt by cutbacks in federal logging." Smith said, "The federal government has an obligation to rural Oregon, and it's time to meet that obligation. We are talking about people's jobs, children's schools and general public safety in 700 timber counties in 39 states." Smith said "he would try to block the bill if it does not include funding for the Secure Rural Schools and Community Self-Determination Act, a seven-year-old law that has pumped more than $2 billion into Oregon and other states hurt by federal policies that restricted logging in the 1990s."

Democratic Bill Cuts Over Half Of Pentagon's Base Closing Budget. The Hill (1/31, Tiron) reports the spending bill "axes more than half of the money the Pentagon needs to meet its base realignment and closure (BRAC) commitments, potentially preventing the military services from completing the process by 2011 as required by law." The Army, "which has 61 percent of the total BRAC budget, is preparing for the consequences of appropriators' decision to deny the Pentagon more than $3 billion out of the $5.8 billion authorized last year for BRAC." That decision "could have widespread knock-on effects on the rotation of troops in and out of Iraq and Afghanistan, the building of new brigades and the Army's plan to bring troops back from Germany."

Some Democrats Worry Exclusion Of Earmarks Will Hurt Reelection. The Hill (1/31, Kaplan) reports Democratic leaders' "decision to exclude earmarks and to direct federal agencies to ignore legislative language that

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might look like pork has worried some House freshman Democrats, said one Democratic lawmaker and a senior Democratic aide." In a meeting "last Friday for Democratic chiefs of staff, some staffers worried that the absence of earmarks and an overall spending decrease — spending in the CR will not rise with inflation — would hinder their drive toward reelection."

Democrats Announce Agreement To Increase College Grants For Low-Income Students. The New York Times (1/31, Schemo, 1.16M) reports Democrats in the House and Senate yesterday announced a "catchall spending bill" that would include an increase in the Pell Grant "the maximum federal grant for middle- and low-income students to attend college …for the first time in four years." The maximum grant would increase to $4,310 a year from $4,050. The increase is described as a Democratic reply to Republican criticisms that an earlier measure to reduce the interest rate for federal student loans did not increase "access to college for low-income students." Republicans "generally appeared to support increasing the grants."

Dingell Letter Contradicts Claims On Data Security Task Force. The Hill (1/31, Bolton) reports, "House Energy and Commerce Committee Chairman John Dingell (D-Mich.) has written a letter to Speaker Nancy Pelosi (D-Calif.) voicing his objection to working with fellow chairman Barney Frank (D-Mass.) to establish a new task force" on data security. The letter "directly contradicts claims Dingell made last week, when he said he was unaware that discussions on the task force were underway." The Hill adds, "Spurring Dingell is the issue of data security, which is important to senior Democrats on the Commerce Committee and Frank's Financial Services panel." Frank "proposed setting up a multi-committee task force on data security but later said he dropped the idea because Dingell had objected to it. Dingell, who created a stir early this month by opposing the creation of another task force on energy policy, last week sought to dispel more public attention by denying his objections to Frank's idea for data security."

FBI Investigating California GOP Lawmaker's Land Deals. The Los Angeles Times (1/31, Heisel, 850K) reports, "The FBI is investigating Rep. Gary Miller (R-Diamond Bar) for a series of land transactions in which he avoided paying capital gains taxes after saying he had been forced to sell under eminent domain in Monrovia and Fontana. … Dick Singer, a spokesman for Monrovia, said federal agents had interviewed city officials and requested a videotape from a City Council meeting in 2000 cited by The Times in which Miller asked city officials four times to buy his land. Glen Owens, a Monrovia planning commissioner quoted by The Times, said he was interviewed by two FBI agents in person." The Times notes, "The FBI declined to comment Tuesday. Miller's spokesman said he had not been contacted by the FBI. 'Congressman Miller is tired of all the rumor and innuendo that has been in the press regarding his past real estate transactions,' spokesman Scott Toussaint said in an e-mail to The Times."

The San Gabriel Valley Tribune (1/31, Ortega, Scott) reports, "Monrovia officials have given the FBI a video recording of a 2000 City Council meeting featuring testimony from" Miller. "In the video, the Brea Republican is seen appealing to the council to purchase his 165-acre hillside plot during the Feb. 29, 2000 meeting. Miller later avoided paying capital gains on the $10-million profit he made on the land sale by claiming the city forced the sale." The Tribune notes, "An official with Citizens for Responsibility and Ethics in Washington (CREW), the group that filed the initial complaint about Miller's use of the tax code, said she is gratified by the FBI's level of response. 'This is not random, this is not casual, and it is not minor,' said CREW Executive Director Melanie Sloan, a former federal prosecutor. 'The number of people they have contacted means that they have dedicated significant resources on this.'"

The Hill (1/31, Crabtree) reports, "After months of GOP ethics scandals, House Republicans chose" Miller "as the ranking member of a panel charged with investigating financial institutions — even as the FBI was looking into his land deals. … Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio), said the leadership team would act 'decisively' if a member were found to have violated the law or House rules. … But Melanie Sloan of Citizens for Responsibility and Ethics in Washington (CREW) said Republicans are in the minority because they have operated under just that kind of policy for the past several years."

Executive Order Strengthens Bush's Control Over Federal Agencies. The Wall Street Journal (1/31, A6, McKinnon, 2.04M) reports, "A White House move to tighten its control over federal regulations is providing fresh

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evidence of the Bush administration's intent to leave its conservative imprint on government over the next two years. The White House action, in the form of an executive order, is a reminder that despite Democrats' success in November's congressional elections, Mr. Bush retains control of the basic machinery of government that often decides how corporations and citizens go about their business. It is a power that Congress has limited ability to affect." The Journal adds, "Most notably, the White House has given itself more review authority over many informal agency dictates known as guidance." Critics "say the executive order gives the White House a chokehold over new guidance it dislikes. White House officials deny that, saying it is simply strengthening a review process that already occurs in many instances. Even defenders of the administration say this change is likely to give the White House more say in how to interpret federal rules."

Bills Seek To Revamp Presidential Public Financing System. The AP (1/31, Kuhnhenn) reports, "As the cost of presidential campaigns moves toward the $1 billion mark, leading congressional advocates of tougher campaign finance laws want to reduce the influence of special interests by pumping more taxpayer money into the system. Three House members and one senator on Tuesday introduced legislation that would increase the amount of money in the presidential public financing system and increase the spending limits for candidates who participate in it. It would not change the rules for the 2008 presidential election. 'This system that's in place now is not sustainable,' said Rep. Martin Meehan, D-Mass., who introduced the legislation in the House with Reps. Christopher Shays, R-Conn., and David Price, D-N.C. Sen. Russ Feingold, D-Wis., introduced similar legislation in the Senate. The legislation would triple the amount available to candidates during state primaries and eliminate state spending limits. It would increase the amount available for general elections to $100 million (More than $80 million would be available in 2008). It also would offer more money to candidates whose opponents chose to decline the public money and raise more on their own. To pay for the extra money, the sponsors would increase the voluntary presidential campaign checkoff on income tax returns from $3 to $10."

NYTimes Praises Efforts Toward Election Reform. The New York Times (1/31, 1.16M) editorializes that as a response to attempts to trick black and Latino voters on recent Election Days, Senators Barack Obama of Illinois and Charles Schumer of New York "are introducing a bill today that would make deceiving or intimidating voters a federal crime with substantial penalties." The bill would criminalize "some of the most commonly used deceptive political tactics" and "is an important step toward making elections more honest and fair," therefore, "there is no reason it should not be passed by Congress unanimously."

FDA Announces Extended Safety Tests For Drugs. USA Today (1/31, 6D, Rubin, 2.27M) reports, "Food and Drug Administration officials unveiled a variety of initiatives Tuesday to improve drug safety and expand information to the public about the medicines they take." The steps include: "A collaboration with the Veterans Health Administration to share information and expertise related to the review and use of medical products. A pilot program to produce safety profiles of new drugs after they have been on the market for 18 months. Periodic newsletters on the FDA website to update consumers about post-marketing reviews of drugs. Establishment of a committee of outside experts to advise the FDA about how to communicate risks to the public. Organizational changes to improve communication between FDA staffers who review drugs before approval and those who track the drugs' safety afterward."

The New York Times (1/31, Harris, 1.16M) reports, "The FDA plan is the latest effort to fix the agency after a series of missteps. In September 2004, Merck withdrew its arthritis drug, Vioxx, after a study showed that it doubled the risks of heart attack. About the same time, the agency announced that antidepressants cause some teenagers to think more about suicide. In both cases, the agency took years to acknowledge risks to millions of patients that had been apparent to some researchers." The Times adds, "Alta Charo, a professor of law and bioethics at the University of Wisconsin and one of the authors of the Institute of Medicine's report, described the F.D.A. announcement yesterday as 'a good set of first steps towards improving the safety of the drug supply in the United States.'

The Los Angeles Times (1/31, Alonso-Zaldivar, 850K) says the FDA's "internal fixes stopped short of addressing key issues such as increased funding and broad new legal powers for the drug safety program — reforms that depend on congressional action that may come this year. And some critics said the agency had not done enough to bring safety officials into the drug approval process."

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ABC World News (1/30, story 7, 1:55, Johnson, 8.78M) reported that the FDA's action followed up on a report by the Institute of Medicine last year, which made 25 specific suggestions to improve assessment of drug safety. ABC reported, "It appears that addressed 14 of those suggestions. They acknowledged one of the IOM's concerns, about the tension between the FDA and staff that follows the drug after approval for safety. The FDA said there's tension between these two staffs. There's a lack of respect. They used those words. So this is an unhealthy situation they have acknowledged that now needs to be addressed."

The AP (1/31) reports, "The proposal is among more than a dozen initiatives the FDA unveiled Tuesday in response to a recent report by a committee of experts at the Institute of Medicine that criticized the agency's handling of drug safety in the wake of the Vioxx case." Nor will it be the last word, said FDA Commissioner Dr. Andrew von Eschenbach.

The Washington Post (1/31, A6, Vedantam, 690K) adds, "Officials said the steps will restore the trust and confidence of Congress and the public. They also pledged a renewed commitment to good science as the best way to counter critics who say the agency is too cozy with drug companies." The Post adds, "Besides the 'cultural' issues within the agency, officials outlined a number of initiatives to better understand which patients may be susceptible to particular types of side effects, and which patients may be most likely to benefit from a particular drug."

Shifts Seen As Not Representing Major Change In Policy. The Wall Street Journal (1/31, B4, Mathews, 2.04M) reports, "The initiatives announced yesterday aren't likely to usher in any major, short-term shifts in FDA policy. At any rate, they could soon be overtaken by action on Capitol Hill. Sens. Edward Kennedy of Massachusetts and Michael Enzi of Wyoming, the Democratic chairman and ranking Republican on the Senate Health Committee, respectively, are expected to soon introduce a new version of a drug-safety bill that they had proposed last year. That bill, which aims to boost FDA authority and oversight of drugs after they go on the market, among other changes, has a far better shot at passing this year partly because of the Democratic takeover in Congress."

Hastert Recovering After Surgery. The Chicago Tribune (1/31, Kimberly, 617K) reports that "former U.S. House Speaker Dennis Hastert was in a Chicago hospital today recovering from surgery to remove his gall bladder, his office announced." Hastert's surgery was a result of gallstones and he "is expected to make a full recovery."

Senators Celebrate Cheney's Birthday. Roll Call (1/31, Ben Pershing) reports in its "Heard on the Hill" column, "For years, a few squishy, possibly French, critics have claimed that the legislative branch has not done enough to stand up to the bullying Bush administration. Need evidence to the contrary? Look no further than Tuesday's Senate Republican luncheon, where a brave group of Senators bucked the wishes of Mr. Executive Branch Power himself, Vice President Cheney. As his groupies know, Tuesday was Cheney's 66th birthday. So when the Senate President showed up at the GOP luncheon, the assembled lawmakers thought they'd mark the occasion with a little party." Sen. Kay Bailey Hutchison "brought in a cake. Then the group, led by Senate Minority Whip Trent Lott (R-Miss.), was set to launch into a rousing chorus of 'Happy Birthday.' Now, HOH usually associates Cheney with revelry and general merriment, but surprisingly, Cheney asked Lott and the others not to sing. Did they cower before his wishes? No! 'We did sing "Happy Birthday." He insisted that we not, which guaranteed that I insisted we should,' Lott said afterward."

SEIU Leader Helping To Set Democratic Agenda. In his Washington Post column (1/31, A15), Harold Meyerson says, "Last Friday and Saturday, the eight Democrats who have in varying degrees announced their intention to run for president came before the executive board of the most powerful and strategic organization in American liberalism -- the Service Employees International Union (SEIU). No sooner had this first of countless candidate cattle calls been completed than the SEIU's president, Andy Stern, flew off to Iowa for several days, followed by a couple of more days in New Hampshire." Stern is "setting in motion an SEIU program called 'Walk a Day in My Shoes,' in which the union will encourage (or hector) the candidates to spend a day with a working-class family in one of the first four states (Iowa, Nevada, New Hampshire, South Carolina) to hold primary and caucus elections in 2008." Stern is "already doing as much as if not more than the presidential hopefuls to shape the Democrats' agenda."

Workers Give DHS "Rock-Bottom" Scores In Recent Federal Employees Survey. The Washington Post (1/31, D4, Barr, 690K) "Federal Diary" column reports that what federal employees "have said about

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job satisfaction has gratified four relatively small federal agencies and sent a jolt through the Department of Homeland Security, which scored last or almost last in job satisfaction, leadership and workplace performance. The ratings came from the 2006 Federal Human Capital Survey, announced by the Office of Personnel Management yesterday." The Post adds that the "results were surely frustrating for Homeland Security, which has struggled to pull together 22 agencies in one of the government's largest reorganizations, endured endless criticism for its handling of Hurricane Katrina and suffered through high turnover in its leadership ranks. Nearly 10,400 Homeland Security employees participated in the survey and gave the department essentially rock-bottom scores in key job satisfaction, leadership and management areas when stacked up against 35 other agencies in the survey."

House Budget Plan Funds 2.2 Percent Federal Pay Raise, Funding To Prevent Layoffs. The Washington Post (1/31, D4, Barr, 690K) "Federal Diary" column reports, "The fiscal 2007 funding resolution, scheduled for a House vote today, would maintain President Bush's plan to provide an average 2.2 percent pay raise to the federal workforce this year. The resolution would allocate $900 million to help agencies pay for half the cost of the pay raise, with agencies expected to absorb the remaining cost through reductions in overhead and other accounts, House Democratic aides said." The Post notes, "Aides said the resolution also provides enough money to prevent layoffs at agencies, including the Justice Department, Social Security Administration, the Federal Aviation Administration and the Food and Drug Administration."

Reid Land Deal Said To Contradict Democrats' Ethics Focus. The New York Sun (1/30) says in an editorial that Majority Leader Harry Reid is "caught up in a corker of a controversy over a questionable land deal. One might think that after all the legal fees and energy the Clintons spent defending Whitewater, a top Democratic politician would know better than to get into a complicated, questionable land deal. But the message doesn't seem to have reached Mr. Reid, who is the subject of a fascinating dispatch in Sunday's Los Angeles Times." The Times reports says Reid's "price for the equivalent of 60 acres of undeveloped desert was less than one-tenth of the value the assessor placed on it at the time. Six months after the deal closed, Reid introduced legislation to address the plight of lubricants dealers." And "since taking full control of the parcel in 2002, Reid has pushed for federal funding for a new bridge over the Colorado River a few miles from his property." When "the Associated Press reported some of these transactions earlier, the senator's response was to launch an attack on the wire service. It'll be interesting to see how Mr. Reid responds to the Los Angeles Times. For our part, we understand why Mr. Reid would feel the need to speculate in real estate development." It's "hard to afford the" Ritz-Carlton, where Reid lives, "on a senator's salary."

OTHER NEWS:

More States Planning To Use Surpluses Business Tax Cuts. USA Today (1/31, 1A, Cauchon, 2.27M) reports that "at least a dozen states are considering using multibillion-dollar budget surpluses to cut business taxes to become more competitive," while "few states plan significant reductions in personal income taxes, a trend that has frustrated tax-cut advocates." Nebraska Governor Dave Heineman points to many states' goal of "trying to create a more favorable tax climate to compete in the global economy." With "state budget surpluses and reserve funds are at their highest level since 2000," more and more states "are focusing on business tax reductions," while "demand for more spending is limiting individual income tax cuts."

Disputes Over Nazi-Era Claims Settled. The New York Times (1/31, Treaster) reports, "After nearly 10 years of struggling to have a big Italian insurance company pay claims on life insurance policies sold to victims of the Holocaust, lawyers who say they represent most of the victims are giving up the fight. … They say they have struck a deal with the insurer, Assicurazioni Generali, that will give Holocaust victims and their relatives far less money than they had originally hoped. But the lawyers say that their chances of winning a lawsuit seemed increasingly unlikely and that many of their clients are old and, in some cases, in poor health. … 'It's a compromise,' said Robert A. Swift, a lawyer in Philadelphia who began working on insurance cases from the Holocaust in 1997. 'In a perfect world with more leverage, maybe I could have negotiated a better formula. But I'm playing the hand I was dealt.'" The Times continues, "Judge George B. Daniels of Federal District Court in Manhattan has called a hearing for this morning to determine whether the

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settlement is fair to all parties. … If he approves the agreement, it will close a painful chapter in the insurance company's history. It could also provide perhaps several million dollars more to victims of the Holocaust and their heirs." The Times notes, "Judge Daniels will also hear arguments from lawyers who are refusing to participate in the settlement, contending that the deal will prevent tens of thousands of other Holocaust victims and their heirs from ever being compensated — just as new evidence on the Holocaust is being uncovered in Europe. … Last May, officials of a multinational group said they were taking steps to open half a dozen warehouses in Bad Arolsen, Germany, that have been sealed for 60 years and are filled with documents compiled by the Nazis and by American and Allied forces."

Legal Dispute Over AIDS Quilt Reflects Changing Attitudes About Disease. The New York Times (1/31, Mckinley) reports from San Francisco, "It has been 20 years since Cleve Jones started the AIDS Memorial Quilt here, painting the name of a friend who had died from the disease on a simple piece of fabric. … During the next two decades the quilt became the largest piece of community folk art in the world, a 54-ton collage affixed with the names of 91,000 victims of AIDS, a tapestry of grief that was one of the earliest and most effective tools in raising awareness of the disease." The Times continues, "Now Mr. Jones is locked in a legal tug of war with the quilt's caretaker, the Names Project Foundation, over custody of 35 of its 6,000 panels. The dispute is not just about the relatively small swatch of the quilt, or even the simmering personality clash between Mr. Jones, a founder of the group, and his successors. More broadly, the battle reflects the changing symbolism and purpose of one of the most recognizable symbols of the AIDS crisis as the crisis itself has changed. … The confrontation has touched on issues percolating through the AIDS community, including the new racial, social and international demographics of the disease; changes in philanthropic trends; and the question of whether memorials are appropriate at a time when other major problems, including a rebound in unsafe sex and the emergence of new drug-resistant strains, persist."

McCain Set To Announce Members Of His House Whip Team. Roll Call (1/31, Whittington) reports, "Sen. John McCain (R) will unveil the members of his House whip team today, as the Arizonan seeks to jump-start his effort to build support for his 2008 presidential bid in a chamber where he has never been terribly popular with his fellow Republicans. GOP Reps. Spencer Bachus (Ala.), Mark Kirk (Ill.), Dan Lungren (Calif.), John Shimkus (Ill.), John Shadegg (Ariz.) and Fred Upton (Mich.) will serve as McCain's emissaries in the House, with additions to the team expected to be announced later." Roll Call notes, "McCain has long had a prickly relationship with Republican House Members over the course of his two decades in the Senate. At times he has riled conservatives with his willingness to buck the Republican establishment, and his efforts to limit pork barrel spending also have drawn the ire of appropriators and other Members seeking to fund pet projects back home." Bachus "conceded that McCain has ruffled feathers over the years. But he believes McCain has 'offended for all the right reasons' and said the fact that the Senator doesn't seem to be out to win a popularity contest is what ultimately drew him to support his presidential bid. 'He's not afraid of anybody,' Bachus said."

Romney Said To Hope For Boost From "Anybody But McCain" Caucus. In a column in The Hill (1/31), John Fortier, a research fellow at the American Enterprise Institute, writes that ex-Massachusetts Gov. Mitt Romney (R) "hopes that the endorsement of the ABM Caucus will propel him to the White House. ABM, in this case, does not stand for 'Anti-Ballistic Missiles,' but rather 'Anyone But McCain.'" Romney has landed "a boomlet of endorsements from House Republicans, including former Speaker Dennis Hastert (Ill.), Jim McCrery (La.), Buck McKeon (Calif.), Tom Feeney (Fla.) and Marsha Blackburn (Tenn.). Former Rep. and now-Sen. Jim DeMint (S.C.) is also on board, and there have been rumors that Minority Leader John Boehner (Ohio) will jump on the Romney bandwagon." Fortier notes, "What these endorsements have in common is that they come from a substantial group of House Republicans who have long disliked John McCain. For many House Republicans, McCain was the antithesis of what they were fighting for. The House would move conservative legislation, only to see the Senate water it down, and McCain was seen as the 'waterer-down in chief.' … These House Republicans are looking for an alternative, and so far, Romney has been the candidate to capitalize on these lingering resentments."

Romney Said To Face Credibility Questions On Social Issues. On CNN's "The Situation Room" (1/30), John King reported "the great advantage" former Gov.

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Mitt Romney "has in this race is that he doesn't work in Washington, like all the senators running for president. So, he's out on the campaign trail all the time. And he has spent a lot of time in South Carolina, at the public events, which you just showed the pictures of, but, also, very smartly and very importantly, one on one, in small groups, with these evangelical, social conservative pastors and activists on the ground, because he does have a problem. Two or three years ago, he was pro-choice, favored abortion rights. Now he says he is pro-life, against abortion rights. He's had an evolution on gay rights as well. You mentioned stem cell research. His point is, many candidates over the years have done this -- Ronald Reagan did it; George H.W. Bush did it -- that this is who he is now, and he's surrounding himself with people who might not be known to you or me or people around the country, but are very well known in those communities, to say: I mean it. But that is one of his biggest challenges."

Romney Questioned About His Faith. The AP (1/31, Davenport) reports that on Tuesday in South Carolina "Republican Mitt Romney…dismissed questions about whether his Mormon faith would be an impediment to his White House aspirations, echoing the argument that voters will be choosing a president not a pastor." Romney has "faced questions about his faith…where a few Republicans expressed deep reservations about backing a Mormon," as Romney strives to make "inroads with the GOP in this early voting state" dominated by conservative Southern Baptists.

Past Romney Veto May Harm His Jewish Support. The Politico (1/31, Grim) reports that "Mitt Romney has been aggressively courting the Jewish community as part of his run for the presidency" with a recent "five-day trip to Israel" and his campaign's "heavy hitters from the Jewish community." Although Romney is now "in full presidential campaign mode," he may wish "he hadn't vetoed a budget provision in 2003 that would have reimbursed nursing homes in Massachusetts that provided kosher meals to Jewish residents on Medicaid" although "the state legislature overrode Romney's veto." One national Jewish leader said, "Any sort of dents to his armor become problematic to him" since "there is hesitation in the community to begin with because of his Mormonism. …These sorts of chinks in his armor will help his opponents."

Giuliani's Temper Could Be Impediment To Presidential Run. On MBNBC's Tucker (1/30), A.B. Stoddard of The Hill said one problem with Rudy Giuliani's potential GOP primary candidacy is "He has got a temper. … In these intimate settings in Iowa, in the primary process, when someone challenges him, if it gets, you know, a little bit cross, he -- John McCain has these eruptions where he talks back to people, but then he feels really sorry, because he really wants to be liked, but Rudy Giuliani doesn't care about being liked, say his friends and supporters. And so there is a real potential not only for differences on policy grounds, on his record on social views, but he really has sort of -- there's a real possibility he erupts and he blows it when they discuss these differences."

Rice Denies Plans To Run For President In '08. The Washington Post's (1/31, A13) Al Kamen writes in his "In the Loop" column, "Despite her central role in getting the country into that increasingly unpopular war in Iraq, Secretary of State Condoleezza Rice's star is scarcely diminished. In fact, even though she was President Bush's national security adviser throughout Bush's first term, she still ranks quite high in the national popularity polls -- scoring twice Bush's ratings." Her high approval ratings, Kamen proposes, ""may be why people keep asking her if she's going to be on the GOP ticket in 2008." However, in an interview with German television last week, Rice said she plans to return to Stanford after Bush's second term in office.

Dowd Says Clinton Answer On Iraq Was "Conniving." In her New York Times column (1/31), Maureen Dowd says, "The Achilles' heel of 'The Warrior,' as" Hillary Clinton "is known, is the war. She expressed outrage about Iraq, but ended up sounding like a mother whose teenage son has not cleaned up his room: 'The president has said this is going to be left to his successor ... and I think it's the height of irresponsibility, and I really resent it.'" Clinton "uttered the most irritating and disingenuous nine words in politics: 'If we had known then what we know now. ...' Jim Webb knew. Barack Obama knew. Even I knew, for Pete's sake. The Administration's trickery was clear in real time. Hillary didn't have the nerve to oppose a popular president on a national security issue after 9/11, and she feared being cast as an antiwar hippie when she ran. Now she feels she can't simply say she made a bad decision. And that makes her seem conniving — not a good mix with nurturing."

Obama Said To Be "Clintonian." In her Washington Post column (1/31, A15), Ruth Marcus says,

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"There's a Clinton in the presidential race. The surprise: It may not be Hillary. The truly Clintonian figure running for the Democratic nomination is Barack Obama. The senator from Illinois, it's struck me lately, seems in many ways more like Bill Clinton than does the senator from New York." The "fit isn't exact: Obama, unlike Clinton, doesn't seem to have been running for the presidency since birth. But there are deeper ways, in his intellectual approach, his message and his personal style, in which Obama evokes Clinton." Like Clinton "before him, Obama presents himself as a new kind of politician who can rise above and bridge partisan differences. Go back to Clinton's 1991 announcement speech, and it's easy to imagine Obama speaking."

Biden To Officially Enter White House Race Wednesday. The AP (1/31, Fouhy) reports that Delaware Sen. Joe Biden (D) is set to officially enter the 2008 presidential race on Wednesday. Biden "will file the paperwork with the Federal Election Commission and release a videotaped campaign message to voters on his Web site, joebiden.com. … 'After nine months of doing this, there is no exploratory committee -- I'm running,' Biden told The Associated Press." Biden "acknowledged his campaign would generate little of the buzz surrounding the celebrity candidates New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama," meaning that "Biden, 64, is gambling that in a dangerous world, voters will choose experience over excitement."

McClatchy Newspapers (1/31, Fitzgerald) reports, "As the chairman of the Senate Foreign Relations Committee, Biden is working on a non-binding resolution opposing President Bush's plan to send 21,500 more troops to Iraq. 'I'm worried that, God forbid, we may be in the same position, only worse off 18 months from now,' Biden said. He blamed Bush's 'recalcitrance' and unwillingness to listen to advice from across the political spectrum." McClatchy adds, "Though he is a harsh critic of the war now, Biden voted to authorize the use of force in Iraq in 2002, and, along with several other Democratic contenders who did the same, is likely to face questions from the party's influential anti-war left. Biden said that the use-of-force resolution was designed to tighten the screws on the late dictator Saddam Hussein, and that Bush misused it. 'I didn't have any idea of the degree of incompetence that existed in the administration,'" said Biden, adding, "I assumed that these guys were grown-ups. They turned out to be…arrogant, immature, and wrong. It actually took my breath away."

The News Journal (DE) (1/31, Barrish) reports that when Biden kicked off "his first bid for president in the 1988 campaign, he did so the old-fashioned way: with a flag-waving rally surrounded by hundreds of supporters." Wednesday, when Biden "announces his second run for the Oval Office, the process will be, well, different. No rally. The candidate will barely even be in his home state. But in true cyberage style, today should provide Biden with plenty of national exposure, including the debut of his campaign Web site and an appearance on, of all networks, Comedy Central. Biden's rollout -- even his segment on 'The Daily Show with Jon Stewart' tonight -- is par for the 21st century course, said Stu Rothenberg, editor and publisher of a biweekly political newsletter that bears his name. 'The dramatic change was Bill Clinton, taking a saxophone on late-night TV' on the Arsenio Hall Show in 1992, Rothenberg said. 'It's a matter now of reaching people with a variety of media, a variety of forums. It's understanding that different people watch different things. You are sending the message that if you can act funny and hip, people will think you are funny and hip. Candidates want to show the breadth of their personality.'"

Presidential Candidates Seeking Pelosi's Endorsement. The Politico (1/31, Hearn) reports that "Democratic presidential hopefuls…face an influential electorate of one: House Speaker Nancy Pelosi, D-Calif. The so-called Pelosi primary on Capitol Hill" have some "presidential prospects…openly saying that they hope to win the speaker's favor." Some say Hillary Clinton and Barack Obama are "both…currying support from the liberal party activists for whom Pelosi is now an icon," although Pelosi "is far from choosing a favorite and may never make an official endorsement. … But her good will could smooth a candidate's way with state and local party officials, open wallets and help deliver the support of key interest groups."

Maryland Lawmakers Drafting Expanded Health Coverage Bill. In a front page story, the Washington Post (1/31, A1, Rein, 690K) reports that "Maryland lawmakers are drawing up ambitious proposals to provide medical insurance to hundreds of thousands of residents without coverage, stepping into the national debate over who should pay the soaring costs of health care." Maryland's "Gov. Martin O'Malley (D) will call for expanded coverage of

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the state's 780,000 uninsured -- one in seven residents -- in his State of the State address today."

Majority Says State Of US Dependent On Spiritual Health. The Washington Times (1/31, Harper, 88K) reports, "Almost two-thirds of Americans -- churchgoing or not -- say the overall health of the nation is heavily dependent on its spiritual health. About 77 percent say the nation's economy is dependent on its spiritual well-being, while 64 percent say religious expressions are either tolerated or encouraged in their workplaces, according to a Gallup Poll released yesterday." The findings "are part of a greater study plumbing the 'spiritual state of the union,' said Ted Malloch, director of the Florida-based Spiritual Enterprise Institute."

Manhattan Institute Fellow Counsels Expansion Of HSAs. In an op-ed appearing in Wall Street Journal (1/31, A12, 2.04M), David Gratzer said Republicans should "take credit where credit is due" on the third anniversary of health savings accounts. Gratzer writes, "Here's the untold story: Despite recent entry into the market, these plans are gaining popularity. … Looking back on GOP-era Capitol Hill, welfare reform stands out as the greatest achievement; health savings accounts may eventually be considered a close second. If HSAs can help tame health inflation, the timing couldn't be more critical." Gratzer adds, "As the minority party, the GOP may be tempted to go on the defensive, opposing Democratic ideas (as they did with HillaryCare) or aiming to temper them (their strategy for Schip). But instead, Republicans should espouse a positive agenda, regardless of whether all its elements can be passed, including the improvement and expansion of HSAs." Gratzer is a senior fellow at the Manhattan Institute and author of "The Cure: How Capitalism Can Save American Health Care."

Bush Unveils Security Aid For Palestinians. AFP (1/31) reports President Bush "has directed" Secretary Rice to transfer "about $86.4 million in aid to help Palestinian security forces under President Mahmoud Abbas's direct control," the White House said. NSA spokesman Gordon Johndroe said, "The idea is to build the legitimate security forces, to help provide law and order in Gaza and the West Bank, fight terror, and to facilitate movement and access especially in Gaza." The money will go "to support efforts to reform Palestinian civil security forces under the direct command of the Office of the President," said the spokesman.

Ceasefire Takes Hold In Gaza. The New York Times (1/31, A3, Myre, 1.16M) reports Palestinian factions in Gaza Tuesday "mostly observed the latest cease-fire, though one Hamas member was shot dead." While Gazans "welcomed the reopening of shops and the semblance of normalcy that prevailed on the streets on Tuesday, many said the truce would remain vulnerable unless Hamas and Fatah could agree to work together in the government." Meanwhile, the Israeli Air Force "bombed a tunnel near the eastern edge of the Gaza Strip, saying that Palestinian militants were digging it to enter Israel and carry out an attack."

The AP (1/31, El Deeb) says the killing of a Hamas militant by rival Palestinians "underscored the fragility of any lull in Gaza's bloodshed."

First Arab Muslim In Israeli Cabinet Seeks To Improve Educational Standards. The Washington Times (1/31, A1, Mitnick, 88K) reports on its front that Raleb Majadele "says his success as the first Arab Muslim to serve in Israel's Cabinet will be judged one student and one classroom at a time." Majadele, who will serve as minister without portfolio while Prime Minister Ehud Olmert decides on a redivision of the vacant ministerial posts, is "concerned with practical matters, such as improving educational standards for Israeli Arab children." The Times says Majadele's entrance into the Cabinet is "the most dramatic example of integration for a minority community that sees itself as marginalized and segregated. But it comes at a time when Jewish-Arab relations are polarized over the Palestinian uprising and a plan by Cabinet member Avigdor Lieberman to force some Israeli Arabs out of Israel."

Muslim Nations Move To Prevent Regional Sectarian Violence. The Washington Times (1/31, A1, Sands, 88K) reports on its front page, "Terrified that sectarian Muslim bloodshed could soon engulf the region, US allies and adversaries in the Middle East have stepped up joint efforts to head off a religious civil war." For example, Saudi Arabia and Iran "have held intensive talks in recent days on ways to tamp down sectarian violence in Iraq and Lebanon." Meanwhile, "Top Islamic clerics and scholars in Egypt, Qatar and Iraq also have issued statements urging Muslim unity, often blaming the United States and other outside actors of trying to divide the faithful."

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Saudi Arabia Says Iran Cooperating On Lebanon. The AP (1/31, Shihri) reports Saudi Arabia said Tuesday it was working with Iran "to find ways to ease the crises in Lebanon and Iraq -- a departure from Washington's confrontational stance toward Tehran." The mediation is "an unusual step by two rivals that have been competing for influence in the region," the AP writes, speculated that the kingdom's "willingness to cooperate with Iran in mediating the conflicts likely points to the alarm that that the bloodshed in Iraq and the possibility of civil war in Lebanon has raised among the Saudi leadership." At the same time, it "could complicate Washington's efforts to isolate Tehran." Saudi Foreign Minister Saud al-Faisal said Tuesday that Iran had approached his country to "cooperate in averting strife between Sunnis and Shiites in Iraq and Lebanon."

Hezbollah Blames Bush For Lebanese Unrest. The Financial Times (1/31, Biedermann) reports Hezbollah movement used the Shia Muslim Ashura commemoration Tuesday "to accuse the US and Israel of being responsible for the unrest in the country." Hezbollah's Sayyed Hassan Nasrallah told a rally in Beirut, "The one who fomented chaos in Lebanon, who destroyed Lebanon, who killed women and children, old and young in Lebanon, is George Bush." He also "accused the US of ordering Israel to wage war against his movement last summer as part of what he called the American campaign against 'resistance groups' in the Middle East."

Saudi Arabia's Shiite Minority Seek Greater Freedoms. The Washington Post (1/31, A10, Ambah, 690K) reports Saudi Arabia's "long-suppressed Shiite minority, a 2 million-strong community living mainly in the oil-rich Eastern Province," have "only recently been granted greater religious freedoms, including the right to commemorate Ashura publicly. But fears in the Arab world of growing Shiite clout have raised concern among local Shiites that sectarian tensions could roll back some of the progress." After "a lull," the kingdom's "Wahhabi clerics have again started issuing fatwas, or religious edicts, labeling Shiites infidels who are more dangerous to the faith than Christians and Jews."

Six-Party Talks Set To Resume Next Week. The New York Times (1/31, A6, Kahn, 1.16M) reports China announced Tuesday that six-party talks 'would resume in Beijing next week, the latest in a long series of negotiations that have failed to curb its nuclear program." Discussions are set to resume Feb. 8 "though the United States and North Korea have not settled a dispute over freezing North Korean assets at a bank in Macau." Treasury officials and their North Korean counterparts met Tuesday in Beijing to discuss American measures. No breakthrough "appeared imminent, but the talks were set to continue Wednesday."

The Washington Post (1/31, A12, Kessler, 690K) says Pyongyang "appears increasingly willing to bargain over the terms of ending its nuclear programs, prompting cautious optimism that some sort of agreement may be reached" when talks reconvene next week, US and Asian officials close to the talks said. With "just two years left in President Bush's term," State Department officials "appear to have been given new freedom to explore different outcomes and proposals with their North Korean counterparts, most recently during unusual bilateral talks held in Berlin." North Korean officials have "responded in kind, for the first time moving beyond quibbles about the wording in communiqués and actually talking specifically about what they might do to end their nuclear programs," the officials said.

The Washington Times (1/31, Salmon, 88K) reports Japanese and South Korean news media, "citing unnamed sources, have since reported that the United States might permit the unfreezing of some $13 million held by North Korea," and yesterday, South Korea's Joongang Ilbo newspaper, "without naming sources, said President Bush had ordered the Treasury Department to cooperate with the State Department on the North Korean issue." USA Today (1/31, 8A, Wiseman, 2.27M) says the $24 million in frozen funds "has become a bargaining chip" for the US as six-party talks resume.

Seoul Wants Written Accord As Part Of Next Week's Talks. AFP (1/31) reports South Korea "has said it wants a binding written agreement to emerge from next week's six-nation talks." Foreign Minister Song Min-Soon "said the new round, which starts in Beijing on February 8, should produce a document that sets out firm steps toward a nuclear-free North Korea."

Negroponte Says "Radical Populism" In Latin America Will Be Priority. The Washington Times (1/31, Kralev, 88K) reports during confirmation hearings Tuesday, John Negroponte said that one of his priorities if confirmed as deputy secretary of state will be "countering the rise of 'radical populism' and anti-Americanism in Latin America championed by Venezuelan President Hugo Chavez." Bush administration officials said

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Negroponte is expected to "e-energize Washington's policies in the Western Hemisphere, to which the administration has been accused of not paying enough attention." The former ambassador told the Senate Foreign Relations Committee that Latin America "has been a mixed picture in the last couple of years." One of the trends the US needs to be concerned about, he said, "is a kind of a frustration among some of the populations in Latin America that democracy is not necessarily delivering the kinds of results that people had hoped for, and that has in turn given rise to a certain amount of populism," which is "most clearly symbolized by Mr. Hugo Chavez."

Venezuela Poised To Give Chavez Wide-Ranging Powers. The Washington Post (1/31, A1, Forero, 690K) reports on its front page, "Two months after Chavez was reelected to another six-year term by an overwhelming margin, Venezuela is experiencing a fundamental shift in its political and economic climate that could remake the country in a way perhaps not seen in Latin America since Fidel Castro took power in Cuba in 1959. On Wednesday, the National Assembly is expected to entrust him with tremendous powers that will allow him to dictate new laws for 18 months to transform the economy, redraw the structure of government and establish a new funding apparatus for Venezuela's huge oil wealth." But the moves -- "which opponents say are marked by intolerance and strident ideology -- are prompting some Venezuelans to leave the country and others to prepare for a fight in the last battlegrounds where the opposition has influence. A few are trying, against the tide, to remain apolitical in a country marked by extreme, even outlandish rhetoric." In addition, Chavez's moves "are worrying Bush administration officials."

Castro Seen Meeting Chavez On Cuban TV. The AP (1/31, Snow) reports Cuban state television Tuesday showed a video of "a healthier looking" Fidel Castro meeting with Venezuelan President Hugo Chavez and saying his recovery was "far from a lost battle," in the first images of the ailing leader in three months. Castro "stood and appeared alert in the 10-minute video," which state TV said was shot during Chavez's previously unannounced visit to Havana Monday. The date Tuesday's video was taken "could not be immediately confirmed" and State Department spokeswoman Joanne Moore declined to comment on the video.

Negroponte Says US Should Seek "Engagement" With China. AFP (1/31) reports John Negroponte said during his confirmation hearing to be Deputy Secretary of State that Washington "should adopt an engagement policy at all levels with China," but "that it would not be wise for Washington to review its policy on Taiwan."

Congress, Manufacturers Push President On China Trade Policy. The Hill (1/31, Swanson) reports the Bush administration is "under pressure from members of Congress and domestic manufacturers to change a long-standing practice of not imposing anti-subsidy duties on imports from countries with largely state-driven economies, such as China." Some congressional sources and manufacturing representatives "believe the move could counter rising congressional pressure for legislation tackling the trade deficit with China." The "perception" that the administration is "not dealing effectively" with China could "build a head of steam for legislation," according to Frank Vargo, vice president for international economic affairs at the National Association of Manufacturers.

Battle With Vatican Over Control Of Church Looms In China. On its front page, the Wall Street Journal (1/31, A1, Batson, China, Meichtry, 2.04M) reports that as China's aging group of Catholic bishops "die off," Beijing and China have begun to "escalate their battle for control of the Roman Catholic Church in China." For example, "Last year, the Chinese Catholic Patriotic Association, the official body which oversees local Catholics, appointed three bishops who had not been approved by the Pope," reversing "years of quiet progress toward accommodation, which had included signals that the Vatican was willing to switch diplomatic recognition to China from rival Taiwan." Now, "Anger over the consecrations has prompted the Vatican to re-evaluate its effort to restore ties with Beijing."

WSJournal Hopes James Bond Will "Stir Some Thought" In Beijing. In an editorial, the Wall Street Journal (1/31, A12, 2.04M) writes, "James Bond and Communist China, foes for more than 45 years, have called a truce -- at least long enough for the latest installment in the Ian Fleming spy series, 'Casino Royale,' to premiere in Beijing." The first Bond movie was released in 1962, "when Mao Zedong's China was on the brink of the Cultural Revolution. The Party hasn't been quick to embrace the debonair Western spy, who always outwits his hapless Cold War -- often Communist -- adversaries. Now that Agent 007 is finally on Her Majesty's Secret Service in Beijing, we hope it will stir some thought in the Communist Party's halls of power about the ideas that Mr. Bond fights for," the Journal writes.

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Effectiveness Of AU Peacekeeping Mission In Somalia Questioned. The Christian Science Monitor (1/31, Baldauf, 59K) reports, "As African leaders met for the second and last day of the African Union (AU) Summit Tuesday in Addis Ababa, Ethiopia, there were many questions about unfinished business and what they have actually accomplished," primarily the "shaky AU peacekeeping force planned for war-ravaged Somalia. While a few African countries -- Uganda, Nigeria, and Malawi -- have pledged 2,500 of the 8,000 requested troops, most remain silent." For example, South Africa, "a regional power normally willing and able to send peacekeepers," gave a definite "no" this week, "citing its own overstretched military, the lack of Western donor support, and the lack of a workable peace plan."

Despite Pledge For Openness, Ban Appointments Create Concern. The Christian Science Monitor (1/31, LaFranchi, 59K) reports, "When spending and accounting questions arose recently about the United Nations Development Program in North Korea, new UN Secretary-General Ban Ki Moon wasted little time moving into damage-control mode," which "has won Ban some early accolades – including from some quarters among US conservatives that are never prone to kind words about the UN." However, Ban is "also raising some questions with his first appointments, while leading others to wonder if he isn't coming off as too much of a big-powers secretary-general. Ban, they worry, is showing signs of paying deference to a time-honored system that divvies up key posts among the powers that formed the UN system six decades ago – the US, Britain, and France in particular."

Blair Fundraiser Arrested For Second Time. The Financial Times (1/31) reports Tony Blair's chief personal fundraiser, Lord Michael Levy, was arrested "for a second time in the cash-for-honors police inquiry, it has emerged." Police sources said Levy had been arrested Tuesday "on suspicion of conspiracy to pervert the course of justice." The Times calls the arrest "the latest twist in a police inquiry into allegations that Tony Blair sought to reward wealthy businessmen who lent the party millions of pounds in loans by nominating them for peerages follows the arrest of Ruth Turner, Mr. Blair's director of government relations."

The Washington Post (1/31, A10, Jordan, 690K) adds, "Many people here see the new charge as more significant than last summer's because it suggests an effort by people close to Blair to hide an offense."

Ignatius Says Blair's Legacy Plagued By Mistakes In Iraq. The Washington Post's (1/31, A15) David Ignatius writes, "At the beginning of Tony Blair's political career," he "had the brilliant political gifts that might have made him a truly great prime minister and the defining politician of his era. That's what makes his story so sad: This immensely talented politician was devoured by Iraq -- and by his support for an American president he kept thinking, wrongly, he could dissuade from mistakes." When he leaves office, Ignatius says his political legacy "will be summed up in one ruinous word: Iraq."

Elections In Northern Ireland Set For March. USA Today (1/31, Stinson, 2.27M) reports Northern Ireland's Catholics and Protestants "got the go-ahead Tuesday for elections and joint self-rule this spring, following moves by the IRA and its political wing to end violence and accept rule of law." British Prime Minister Tony Blair and Irish Prime Minister Bertie Ahern "said voters in Northern Ireland would elect a new legislature March 7." The two leaders also "set a strict timetable: After elections, the new assembly has a week to form a Cabinet and until March 26 to take control of most government functions." If the parties fail to meet the deadlines, Blair and Ahern "vowed to dissolve the assembly -- effectively placing the region back under British administration."

Merkel Vows To Block Cap On Vehicle Carbon Emissions. The Financial Times (1/31, Williamson) reports German Chancellor Angela Merkel on Tuesday said Germany "would 'fight with all its strength' against moves by the European Commission to impose a cap on vehicle carbon emissions to combat global warming." She "told a business conference in Berlin that she 'would certainly block' any binding regulation that did not differentiate between different car sizes. Her forceful intervention...is likely to increase tensions in a heated battle involving the car industry, environmentalists and José Manuel Barroso, Commission president." Barroso "believes legislation is needed to force carmakers to reduce the carbon emissions of the cars they manufacture, but last week announced a delay in reaching agreement on a legislative strategy because of divisions among his commissioners on the issue."

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Gorbachev Urges Abolition Of All Nuclear Weapons. Former Soviet leader Mikhail Gorbachev writes in the Wall Street Journal (1/31, A13, 2.04M) about the "need for the abolition of nuclear weapons." As "someone who signed the first treaties on real reductions in nuclear weapons," Gorbachev says he feels it his "duty to support their call for urgent action." The former Soviet leader calls for "a dialogue to be launched within the framework of the Nuclear Non-Proliferation Treaty, involving both nuclear-weapon states and non-nuclear-weapon states, to cover the full range of issues related to the elimination of those weapons," in order "to develop a common concept for moving toward a world free of nuclear weapons." Over the past 15 years, he says the goal of the elimination of nuclear weapons "has been so much on the back burner that it will take a true political breakthrough and a major intellectual effort to achieve success in this endeavor. It will be a challenge to the current generation of leaders, a test of their maturity and ability to act that they must not fail. It is our duty to help them to meet this challenge."

WPost Urges Putin To Answer Questions In Poison Probe. The Washington Post (1/31, A14, 690K) editorializes, "When the former Russian KGB agent Alexander Litvinenko died of polonium poisoning in November, many people assumed that his murder, like those of numerous other opponents of Russian President Vladimir Putin, would never be solved. But Mr. Litvinenko was killed in London, not in Moscow, and Scotland Yard believes it has cracked the case. According to reports in several of Britain's leading newspapers, the police have concluded that two former KGB agents who met Mr. Litvinenko at a hotel on Nov. 1 are prime suspects in his death." While "there's no proof yet that Mr. Putin ordered or approved the London dirty bomb," the Post says "the questions for him keep multiplying." Questions, it says, "we hope he'll be prompted for some answers."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Germany May Indict U.S. Agents In 2004 Abduction."
"Barbecue Done In Rare Form."
"Most Latino Students Spurn College Loans."
"Climate is changing, politically."
"Religious Complex Unearthed Near Stonehenge."
"U.S. Loses 20-Year Attempt To Deport 2 Immigrants."

USA Today:

"Tax-Cut Efforts Target Firms."
"Among The Proposals."
"General Says U.S. Has Proof Iran Arming Iraqi Militias."
"Fossil Fuels Are To Blame, World Scientists Conclude."

New York Times:

"In Senate, Allies Of Bush Work To Halt Iraq Vote."
"Tobacco's Stigma Aside, Wall Street Finds A Lot To Like."
"Ex-Reporter For Times Testifies For Prosecutor Who Jailed Her."
"F.D.A. Widens Safety Reviews On New Drugs."
"Killer of Detectives Gets Death Sentence."
"Surging Costs Threaten New York Transit Projects."
"Megastores On March, Paris Takes To Barricades."
"A Changing Battle On AIDS Is Reflected In A Quilt."

Washington Post:

"For GOP, Discord In Dissent On Iraq."
"An Ancient Settlement Is Unearthed Near Stonehenge."
"Reporter's Account Hurts Libby Defense."
"Md. Pushes Expansive Medical Coverage."
"Venezuela Poised to Hand Chávez Wide-Ranging Powers."
"Va. House Approves Bill On Illegal Immigration."
"Firms Go Private In Search Of Deeper Pockets."

Washington Times:

"Advocates Of Troops Surge About-Face In Congress."
"'I Don't Know The Details'."
"Senators Sound Alarm On Climate."
"Israeli Arab Official Favors Pragmatism."
"Dig Uncovers Ancient Village By Stonehenge."
"Lawsuit Accuses Black Officials Of Violating Whites' Voting Rights."

Detroit Free Press:

"UAW Losing Pay Edge."
"Money Is Gone And Town's Trust Nearly Spent."
"Drug Coverage Saves patients $1,200."

Atlanta Journal-Constitution:

"CDC Memo Cites Anger, Frustration."
"Wall Street Firms Bank On Independent Delta."
"Bill: It's Safe To Say 'Merry Christmas'."
"Conoisseurs Cultivate A Taste For Whiskey."

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Houston Chronicle:
"Expected Earmark ban Has Wide Reach."
"A Little Yarn Goes A Long Way."
"More HOV Loners Caught In The Act."
"Bush Allies In Senate Try To Foil Resolutions."
"Images OF Dying Soldiers Renew War Coverage Debate."

Story Lineup From Last Night's Network News:
ABC: Bush Interview; Iran Aids Iraqi Insurgents; Celebrating Ashura-Iraq; Global Warming Hearings; US Auto Industry; Airline Pilot Mandatory Retirement; Drug Safety; Toyota Joins Daytona 500.
CBS: Senate-Iraq Funding; Senate-Iraq Politics; CentCom Nominee; Iraq-Sectarian Violence; Iraq-Syria Talks; Libby Trial-Miller Testimony; Pilot Retirement Age; White House-Global Warming; Ocean Pollution; Cafeteria Food Poisoning; MA Governor.
NBC: Global Warming Hearings; Iraq War Hearings; Celebrating Ashura-Iraq; Iran Aids Iraqi Insurgents; Libby Trial; Airline Pilot Mandatory Retirement; Stock Market; Global Warming; Too Much Ice-Florida; Stonehenge Village.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Britain-Anti-Terrorism Raids; Germany-Warrants Issued For CIA Agents; Bush-Illinois; Senate-Minimum Wage; Iraq-Reconstruction Money Audit; Author Sidney Sheldon's Obit.
NPR: Miller-Libby Trial; Saudi Arabia Foreign Minister-Iran; Baker, Hamilton Renewing Call For Talks With Iran; Baker, Hamilton-Troop Surge Support; Bush-Illinois; Castro Appears On Cuban TV; Senate-Minimum Wage; Author Sidney Sheldon's Obit; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks on the economy, Federal Hall, New York.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the impact of middle class economic insecurity on long-term economic growth. Former Treasury Secretaries Robert Rubin and Lawrence Summers, former Federal Reserve Board Vice Chairman Alan Blinder, and Richard Vedder of AEI. Location: Room 106, Dirksen.

9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iraq in the strategic context. Former Secretaries of State Henry Kissinger and Madelaine Albright. Location: Room 216, Hart.

9:30 a.m. RULES AND ADMINISTRATION _ Full Committee. Organizational meeting. Location: Room 301, Russell.

9:45 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Organiational meeting and hearing on the roles of federal food assistance programs have in family economic security and nutrition. Sigurd Nilsen, GAO; Bob Greenstein, Center on Budget and Policy Priorities; Robert Dostis, Vermont Campaign to End Childhood Hunger; Rhonda Stewart, private witness; Bill Bolling, Atlanta Community Food Bank; Luanne Francis, Health Care for All; Melinda Newport, Nutrition Services for Chickasaw Nation; Frank Kubik, Commodity Supplemental Food Program. Location: Room 328A, Russell.

10 a.m. ARMED SERVICES _ Full Committee. Closed. Briefing on the proposed increase in troop strength in Iraq. Location: Room 222, Russell.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Meeting of discuss the subcommittee structure, and a hearing on the Treasury Department's report on International Economic and Exchange Rate Policy and U.S.-China trade. Treasury Secretary Paulson. Location: Room G-50, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on long term fiscal challenges and solutions. Robert Bixby of the Concord Coalition, Joseph Minarik of the Committee for Economic Development, Jason Furman of Brookings Institution, and Stuart Butler of the Heritage Foundation. Location: Room 608, Dirksen.

10 a.m. FINANCE _ Full Committee. Organizational meeting, and votes on pending nominations. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Organizational meeting and markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on the Iraq Study Group's recommendations for improving Iraq's police and criminal justice systems. Iraq Study Group co-chair Lee Hamilton; study group member Edwin Meese III. Location: Room 226, Dirksen.

10 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Hearing on

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federal small business assistance programs for veterans. Location: Room 428A, Russell.

10:30 a.m. SPECIAL AGING _ Full Committee. Hearing on the Medicare Part D prescription plan and its effectiveness. Larry Koco, Centers for Medicare and Medicaid Services; Beatrice Disman, Social Security Administration; Ellen Leitzer, Health Assistance Partnership; Howard Bedlin, Access to Benefits Coalition. Location: Room 562, Dirksen.

11:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 366, Dirksen.

2:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on abusive contracting practices in the Defense Department. Marcia G. Madsen, chairwoman, Acquisition Advisory Panel; Jonathan L. Etherton, member, Acquisition Advisory Panel; James A. Hughes, member, Acquisition Advisory Panel; Paul A. Dennett, OMB; Shay Assad, director, Defense Procurement and Acquisition Policy, DoD. Location: Room 222, Russell.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Fuoll Committee. Hearing on economic and security concerns regarding travel promotion in the U.S. Location: Room 253, Russell.

2:30 p.m. JUDICIARY _ Terrorism, Technology and Homeland Security Subcommittee. Hearing on the US-VISIT program. Assistant HHS Secretary Richard Barth; Robert A. Mocny, Acting Director, US-VISIT; Richard Stana, Director, Homeland Security and Justice, GAO; Phillip J. Bond, President and CEO, Information Technology Association of America; C. Stewart Verdery, Jr., President, Monument Policy Group. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Postponed Suspension Votes (3 bills): 1) H.Res. 59 - Supporting the goals and ideals of National Engineers Week, and for other purposes. 2) H.Con.Res. 34 - Honoring the life of Percy Lavon Julian, a pioneer in the field of organic chemistry research and development and the first and only African American chemist to be inducted into the National Academy of Sciences. 3) H.Con. Res. 5 - Expressing support for the designation and goals of ``Hire a Veteran Week'' and encouraging the President to issue a proclamation supporting those goals. Five ``One Minutes Per Side. H.Res.___ - Rule providing for consideration of H.J.Res. 20 (Rules). H.J.Res. 20 - Making further continuing appropriations for the fiscal year 2007, and for other purposes.

9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the impact of middle class economic insecurity on long-term economic growth. Former Treasury Secretaries Robert Rubin and Lawrence Summers, former Federal Reserve Board Vice Chairman Alan Blinder, and Richard Vedder of AEI. Location: Room 106, Dirksen.

10 a.m. ARMED SERVICES _ Readiness Subcommittee and the Air and Land Forces Subcommittee. Joint hearing on army equipment ``reset'' efforts. Maj. Gen. Vincent E. Boles, assistant deputy chief of staff, G-4; Brig. Gen. Charles A. Anderson, director, Force Development, Office of the Deputy Chief of Staff, G-8; Brig. Gen. Robert M. Radin, deputy chief of staff for logistics and operations, Army Materiel Command; Thomas E. Mullins, deputy assistant secretary of the Army for plans, programs and resources; William M. Solis, director, Defense Capabilities and Management Team, GAO. Location: Room 2118, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Organizational meeting. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on understanding the situation with Iran. Abbas Milani, Hoover Institution; Ray Takeyh, Council on Foreign Relations. Location: Room 2172, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Markup of pending legislation. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Income Security and Family Support Subcommittee. Organizational meeting. Location: Room B-318, Rayburn.

10:15 a.m. JUDICIARY _ Full Committee. Hearing on presidential signing styatements and the threat to checks and balances and the rule of law. Karen Mathis, president, American Bar Association; former Rep. Mickey Edwards; Charles Ogletree,Harvard Law School; John Elwood, deputy assistant attorney general; Nicholas Rosenkranz, Georgetown University Law Center.

10:30 a.m. EDUCATION AND LABOR _ Full Committee. Hearing on the economic problems of American families. Jacob Hacker, Yale University; Eileen Applebaum, Rutgers University; Christian Weller, Center for American Progress; Rosemary Miller, flight attendant; Diana Furchtgott-Roth, Center for Employment Policy; Kellie Johnson, ACE Clearwater Enterprises. Location: Room 2175, Rayburn.

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11 a.m. SCIENCE AND TECHNOLOGY _ Markup of H.R. 547 - Advanced Fuels Infrastructure Research and Development Act and H.Res. 72 - Recognizing the work of retired National Hurricane Center Director Max Mayfield. Location: Room 2318, Rayburn.

12 p.m. SMALL BUSINESS _ Full Committee. Organizational meeting. Location: Room 2360, Rayburn.

1 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Oversight hearing on the National Nuclear Security Administration Act of 2000. Energy Secretary Bodman; Comptroller General David Walker. Location: Room 2226, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads, Pipelines and Hazardous Materials Subcommittee. Hearing on reauthorization of railroad safety programs. Edward Hamberger, President and Chief Executive Officer of the Association of American Railroads; General Richard Timmons, President of the American Short Line and Regional Railroad Association; Edward Wytkind, President of the Transportation Trades Department, AFL-CIO; Ed Rodzwicz, President of the International Brotherhood of Teamsters Rail Conference; and Sharon Van Dyck, Attorney at law representing the American Association of Justice. Location: Room 2167, Rayburn.

2 p.m. WAYS AND MEANS _ Full Committee. Hearing on economic challenges for middle class families. Peter Orszag, CBO Director; Jacob Hacker, Yale University; Jason Furman, Brookings Institution; Diane Rowland, Kaiser Family Foundation; John Goodman, National Center for Policy Analysis; Gene Stuerle, the Urban Institute. Location: Room 1100, Longworth.

3 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on staffing, equipment and readiness challenges facing Special Forces personnel. Gen. Doug Brown, commander, Special Operations Command; Lt. Gen. Robert W. Wagner, commander, Army Special Operations Command; Rear Adm. Joseph Maguire, commander, Naval Special Warfare Command; Lt. Gen. Michael W. Wooley, commander, Air Force Special Operations Command; Maj. Gen. Dennis J. Hejlik, commander, Marine Corps Special Operations Command. Location: Room 2118, Rayburn.

Other: INTERNET CONFERENCE _ 8:30 a.m. - 5 p.m. The Internet Caucus Advisory Committee holds its annual State of the Net Conference. Topics of discussion include: Trust, Privacy and Security; Intellectual Property Protection and Innovation; and Media Convergence and Internet Architecture. Highlights: 9:20 a.m. Session on ``Global Broadband Rankings: Is the US Falling Behind or Positioned to Leap Forward?." with FCC Commissioner Jonathan Adelstein, others. 10:30 a.m. General Session: ``Intellectual Property and Innovation." 11:30 a.m. Session on ``Digital Music Licensing: Is Anyone Really Happy?," with David Israelite, National Music Publishers' Association. 11:30 a.m. Net Neutrality Discussion, with David Farber, School of Computer Science, Carnegie Mellon University; David P. Reed, M.I.T. Media Laboratory; Timothy Wu, Colombia University Law School, others. 12:30 p.m. Luncheon keynote discussion with Bruce Chizen, CEO, Adobe Systems Inc.; and Congressman Bob Goodlatte, Congressional Internet Caucus Co-Chairman. 1:30 p.m. General Session: ``Trust, Privacy, and Security: Anatomy of a Cyber-Crime: Challenges & Solutions," with Scott Charney, Microsoft; Lord Toby Harris, Member, UK Parliament, others; How has technology and the Internet changed the way we connect, contribute, and communicate?, with Bradley Horowitz, Yahoo!; Marilyn O'Connell, Verizon, others. Location: Hyatt Regency Washington on Capitol Hill, 400 New Jersey Ave. NW.

NATIONAL GUARD/RESERVES _ 9 a.m. - 2 p.m. The Commission on the National Guard and Reserves hears testimony from the chairman of the Joint Chiefs of Staff; the secretary of the Army; and the chief of the National Guard Bureau in preparation for its March 1 report to Congress. Highlights: 9 a.m. Lt. Gen. H. Steven Blum. 11:30 a.m. Secretary of the Army Dr. Francis H. Harvey. 2 p.m. Gen. Peter Pace, chairman, Joint Chiefs of Staff. Location: Room 2212, Rayburn House Office Building.

PENTAGON WELCOMES _ 7:30 a.m. Deputy Secretary of Defense Gordon Englandhosts an honor cordon to welcome Albanian Minister of Defense Fatmir Mediu and Macedonian Minister of Defense Lazar Elenovski to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

IRAQ _ 8 a.m. The House Armed Services Committee holds a bipartisan briefing for House members only on Iraq. Location: Cannon Caucus Room. Notes: Stakeout in front of the meeting room.

CUBA AFTER CASTRO _ 8:30 a.m. NDN, a progressive think tank and advocacy organization, hosts a panel discussion, ``After Fidel: A New Day for America's Relations with Cuba and Latin America?" Participants: Congressman William Delahunt, Chairman of the

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Subcommittee on International Oragnizations, Human Rights and Oversight; Janice OConnell, Professional Staff Member, Senate Foreign Relations Committee; Julia Sweig, Director for Latin America Studies, Council on Foreign Relations; Miriam Leiva, Cuban Dissident via phone from Cuba; Sergio Bendixen, President, Bendixen & Associates; and Joe Garcia, Senior Vice President, NDN (moderator). Location: Phoenix Park Hotel, 520 North Capitol St. NW.

BUDGET _ 8:30 a.m. - 10:30 a.m. The Center for Strategic and Budgetary Assessments holds its 23rd annual pre-budget release press briefing. Briefers: Stanley Collender, Managing Director, Qorvis Communications; Steven Kosiak, CSBA Director of Budget Studies; Robert Work, CSBA Director of Strategic Studies. Location: The Jefferson Hotel, 1200 16th St. NW.

HIGH RISK _ 9:30 a.m. Sens. Joseph Lieberman and Susan Collins hold a news conference with Comptroller General David Walker to discuss the GAO's biennial survey of government programs at risk of mismanagement or waste, fraud or abuse. Location: Room 342, Dirksen.

FARM BILL _ 10 a.m. Agriculture Secretary Johanns holds a briefing on the administration's farm bill proposals. Location: Room 107A, Whitten Building, 1400 Independence Ave. SW.

GUTIERREZ _ 10 a.m. Commerce Secretary Gutierrez holds a briefing on his upcoming trip to Mexico City. Location: Foreign Press Center, National Press Building.

QUARTERLY REFUNDING _ 10 a.m. Assistant Treasury Secretary Anthony Ryan and Deputy Assistant Treasury Secretary Matthew Abbott hold the quarterly refunding press conference. Location: Room 4121, main Treasury.

CHINA-SATELLITE _ 11 a.m. Reps. Duncan Hunter, R-Calif., senior Republican on the House Armed Services Committee; and Terry Everett, R-Ala., ranking Republican on the Strategic Forces Subcommittee, will hold a press conference to discuss recent reports that the Chinese military destroyed an aging satellite that was orbiting more than 500 miles above the earth. Location: House Radio/TV Gallery.

CHINESE-MISSILES _ 11 a.m. Rep. Duncan Hunter, others, hold a news conference on the Chinese anti-satellite missile test. Location: House Radio-TV Gallery.

NEW IDEAS _ 11 a.m. The New America Foundation holds a program on ``Ten Big Ideas for a New America." Keynotes by Sens. Hillary Clinton and Lindsey Graham. Location: Capitol Room, Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

US-CHINA MEMORANDUM _ 11:40 a.m. Interior Secretary Dirk Kempthorne will hold a photo opportunity with Sun Wensheng, Minister of Land and Resources of the Peoples Republic of China. The photo opportunity will be held during the signing of a Memorandum of Understanding that will facilitate future cooperation between the two countries. Location: Department of the Interior, Main Interior Building, 1849 C St. NW.

UNFAIR TRADE PROSECUTOR _ 11:45 a.m. Sens. Debbie Stabenow, D-Mich., and Lindsey Graham, R-S.C., hold a press conference on their introduction of bipartisan legislation to create a trade prosecutor to protect U.S. manufacturers from unfair trade practices, particularly with China and Japan. Location: Senate Radio/TV Gallery.

GSE REFORM _ 12 p.m. Citizens Against Govenment Waste holds a policy luncheon on GSE reform, with Director James Lockhart III, of the Office of Federal Housing Enterprise Oversight. Location: Room 385, Russell.

PAKISTAN-US _ 12 p.m. - 1 p.m. The Middle East Institute will host Ambassador William Milam and Ambassador Dennis Kux, two distinguished experts on South Asia, to examine both recent domestic developments in Pakistan and the country's relationship with the US and this strategically important nation. They will speak on ``Pakistan's Politics and Its American Partnership." Location: MEI Boardman Room, 1761 N St. NW.

VOTER INTIMIDATION _ 12:15 p.m. Senators Charles E. Schumer and Barack Obama, joined by Benjamin Cardin, hold a press conference to introduce the Deceptive Practices and Voter Intimidation Prevention Act, which prohibits and punishes deceptive practices that aim to keep voters away from the polls on Election Day. Location: Room S-115, Capitol.

CUBA _ 1 p.m. Reps. William Delahunt and Jeff Flake hold a news conference on Cuba. Location: House Radio-TV Gallery.

STEM CELLS _ 1 p.m. Wisconsin Gov. Jim Doyle discusses the importance of stem cell research following a meeting with the Senate Democratic Caucus. Location: Center for American Progress, 10th floor, 1333 H St. NW.

CHINA-RELIGION _ 1:30 p.m. - 4 p.m. The United States Commission on International Religious Freeom sponsors a series of panel discussiond, ``The Many Faces of Chinas Repression: Human Rights, Religious Freedom, and

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U.S. Diplomacy in China." Highlights: Panel I: Current policy statement from the administration. A State Department official has been invited. Panel II: Chinas major religious communities: The faces of repression. Panelists: Bhuchung Tsering, Vice President, International Campaign for Tibet; Bob Fu, President, China Aid Association; Kamila Telenbidaeva, wife of Huseyin Celil, Uyghur Canadian Association; Erping Zhang, President, Association for Asia Research; and Joseph Kung, President, Cardinal Kung Foundation. Panel III: Human Rights and U.S. Diplomacy in China. Panelists: Michael Green, Japan Chair, Center for Strategic and International Studies (former Senior Director for Asian Affairs at the National Security Council); and Sharon Hom, Executive Director, Human Rights in China. Location: Room 538, Dirksen Senate Office Building.

BOEHNER _ 2 p.m. House Minority Leader John Boehner holds a media briefing. Location: House Radio-TV Gallery.

MEDICARE _ 2 p.m. The Access to Benefits Coalition and the National Council on Aging hold a media availability to discuss a report released at a Senate Special Aging Committee meeting, showing many people have not signed up for the Extra Help feature of the Part D drug coverage. Notes: Callin number: 888-330-9943; passcode: 116473. RSVP to katrina.skinnerncoa.org.

CHINA CURRENCY _ 3 p.m. Rep. Duncan Hunter holds a news conference on Chinese currency policies. Location: Room H-321, Capitol.

CONGRESS-SPORTSMEN _ 3 p.m. As incoming co-chairman of the Congressional Sportsmens Caucus, Montana Sen. Max Baucus will hold a news conference with vice-chair Ben Nelson, D-Neb., to outline Caucus plans for the 110th Congress. The Congressional Sportsmens Caucus is a group of senators and congressmen working together to protect access to hunting and fishing around the country. Location: Room S-215, Dirksen Senate Office Building.

ETHNIC MEMBERS _ 4:30 p.m. The Foundation for Ethnic Understanding hyolds a new ethnic congressional members reception. Location: Room 339B, Rayburn.

DISABLED-MEMORIAL _ 6 p.m. The Disabled Veterans LIFE Memorial Foundation and Health Net Federal Services, Inc. hold a congressional reception to honor President Clinton and ten members of Congress for their commitment to build the American Veterans Disabled for Life Memorial. Location: Atrium, Reagan Trade Center.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

4th Circuit To Hear Test Of Administration's Terror-Fighting Authority. The Christian Science Monitor (1/31, Richey) reports, "The open-ended detention of an Arab student suspected of being an Al Qaeda sleeper agent is setting the stage for the next major showdown over the scope of President Bush's authority to fight terrorism on American soil." The Monitor continues, "Ali Saleh Kahlah al-Marri has been held in government custody for more than five years and has spent the last three and a half years in a South Carolina military prison under interrogation as a presidentially designated enemy combatant. … For 17 months of that time he was held incommunicado, with no ability to consult a lawyer, appear before a neutral judge to test the legality of his detention, or even tell his wife and five children he was alive." The Monitor adds, "Mr. Marri's lawyers say his confinement by military authorities rather than in the civilian justice system violates both US law and the Constitution. … Lawyers for the government disagree. They say the president is acting within his powers to protect the country from a second wave of terror attacks following 9/11. … Thursday, Marri's case goes to a three-judge panel of the Fourth Circuit Court of Appeals. Analysts say the dispute may ultimately wind up in the US Supreme Court with a potential landmark ruling on a key question: What rights does a noncitizen legal resident have when the government names him an enemy combatant?" The Monitor notes, "The Fourth Circuit in Richmond, Va., is the same appeals court that upheld the detention as enemy combatants of US citizens Yaser Hamdi and Jose Padilla. … But the Marri case is different, his lawyers say. Mr. Hamdi was taken into custody in Afghanistan and Mr. Padilla was detained while attempting to reenter the US at Chicago's O'Hare International Airport. Both were said to have taken up arms against the US while overseas. In contrast, Marri was arrested in Peoria, Ill., where he was attending graduate school on a valid student visa. … Unlike other designated enemy combatants, Marri never directly participated in hostilities against the US, his lawyers say. Since he was never a combatant on a battlefield, he – as a civilian lawfully present in the US – cannot be detained by the military as an enemy combatant, they say. … Instead, he must be extended all the constitutional and other protections of the civilian court system, his lawyers say. … The administration says in a global war on terror the battlefield can be anywhere, including Peoria. US Solicitor General Paul Clement says Marri associated with the military arm of Al Qaeda, a US enemy, and thus qualifies as an enemy combatant."

6th Circuit To Hear Arguments On Warrantless Wiretaps. The AP (1/31, Sewell) reports from Cincinnati, "President Bush's program of secretly monitoring communications without a court warrant faces legal assaults on its constitutionality in arguments Wednesday in a federal appeals court." The AP continues, "The government is appealing the ruling of a federal district judge in Detroit who said the warrantless surveillance violated rights of privacy and free speech as well as separation of powers. The Justice Department last week urged the 6th U.S. Circuit Court of Appeals to throw out the case, saying it was no longer at issue." The AP adds, "Attorney General Alberto Gonzales said this month that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act, passed by Congress in 1978, is now reviewing and approving applications to monitor people believed to have terrorist links. The Justice Department said in a court brief that means there's 'no longer any live genuine controversy to adjudicate.' … The American Civil Liberties Union, which sued over the warrantless surveillance a year ago, countered that there's no guarantee that the president won't resume what the government calls the Terrorist Surveillance Program outside the court. The ACLU also is challenging government secrecy in the case, saying it can't determine whether current actions are following the law. … 'For all the drama around the case, we see the ultimate legal issue to be a very narrow, noncontroversial one - that is, when Congress passes a law, the president has to follow it,' said Ann Beeson, the ACLU's lead attorney on the case. 'If they were really committed to following the FISA law in the future, they should have no objection to being bound by the district court order.' … The Justice Department said in brief filed Tuesday that the court shouldn't be asked to rule on a hypothetical question about the future. U.S. District Judge Anna Diggs Taylor had ordered the government to halt the warrantless surveillance."

The Los Angeles Times (1/31, Weinstein) reports, "One of the Bush administration's most controversial initiatives in the war on terrorism is set for its first hearing in a federal

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appeals court in Cincinnati today, but if government lawyers have their way, the case will quickly be dismissed." The Times continues, "Justice Department attorneys contend that the challenge by the American Civil Liberties Union to the government's warrantless domestic surveillance program is moot because the program is now being monitored by a special court. They are asking that the ruling saying the program is unconstitutional be thrown out. … But ACLU lawyers say the case is still viable and are calling on the U.S. 6th Circuit Court of Appeals to affirm U.S. District Judge Anna Diggs Taylor's ruling in August that the Terrorist Surveillance Program violated the 1st and 4th amendments to the Constitution and ran afoul of the Foreign Intelligence Surveillance Act." The Times adds, "Each side has described the case in stark terms. … The government lawyers, led by Solicitor General Paul D. Clement, say in their brief that 'this case presents issues of the gravest order to the nation.' If the appeals court construed FISA to prohibit the surveillance program, 'it would be an unconstitutional encroachment on the executive's constitutional authority (and duty) to gather foreign intelligence, defend the nation against attack, and command the armed forces during wartime,' the brief says. … The ACLU says in its brief that the case raises the fundamental questions of 'whether the president has the authority to violate statutory law and the Constitution by engaging in warrantless wiretapping inside the United States. The district court correctly held that he does not.'"

Author Argues Administration Violated Law With Wiretaps. In an op-ed for the New York Times titled "Bush Is Not Above The Law" (1/31), author James Bamford writes, "Last August, a federal judge found that the president of the United States broke the law, committed a serious felony and violated the Constitution. Had the president been an ordinary citizen — someone charged with bank robbery or income tax evasion — the wheels of justice would have immediately begun to turn. The F.B.I. would have conducted an investigation, a United States attorney's office would have impaneled a grand jury and charges would have been brought. … But under the Bush Justice Department, no F.B.I. agents were ever dispatched to padlock White House files or knock on doors and no federal prosecutors ever opened a case." Bamford continues, "The ruling was the result of a suit, in which I am one of the plaintiffs, brought against the National Security Agency by the American Civil Liberties Union. It was a response to revelations by this newspaper in December 2005 that the agency had been monitoring the phone calls and e-mail messages of Americans for more than four years without first obtaining warrants from the Foreign Intelligence Surveillance Court, as required by the Foreign Intelligence Surveillance Act. … Last Aug. 17, Judge Anna Diggs Taylor of the United States District Court in Detroit issued her ruling in the A.C.L.U. case. The president, she wrote, had 'undisputedly violated' not only the First and Fourth Amendments of the Constitution, but also statutory law, the Foreign Intelligence Surveillance Act. … Yet despite this ruling, the Bush Justice Department never opened an F.B.I. investigation, no special prosecutor was named, and there was no talk of impeachment in the Republican-controlled Congress." Bamford notes, "On Jan. 17, Attorney General Alberto Gonzales unexpectedly declared that President Bush had ended the program, deciding to again seek warrants in all cases. Exactly what kind of warrants — individual, as is required by the law, or broad-based, which would probably still be illegal — is as yet unknown. … The action may have been designed to forestall a potentially adverse ruling by the federal appeals court in Cincinnati, which had scheduled oral arguments on the case for today. At that hearing, the administration is now expected to argue that the case is moot and should be thrown out — while reserving the right to restart the program at any time. … But that's a bit like a bank robber coming into court and arguing that, although he has been sticking up banks for the past half-decade, he has agreed to a temporary halt and therefore he shouldn't be prosecuted." Bamford concludes, "To allow a president to break the law and commit a felony for more than five years without even a formal independent investigation would be the ultimate subversion of the Constitution and the rule of law."

Nader Urges Congress To Impeach Bush And Cheney. On MBNBC's Tucker (1/30), Ralph Nader said President Bush is "the most serial impeachable president in modern history, if not American history, on one grounds after another. And I can't understand why" congressional Democratic leaders "don't want to do it, unless possibly two reasons. One is that Nancy Pelosi will be the next in line, and if they impeach -- if they impeach Bush, they've got to impeach Cheney. It's a package deal. … And second…I think the Democrats may see a clear ark toward winning in 2008. There are too many imponderables and potential uncertainties to an impeachment drive, and they know the Republicans can stop them in the Congress. … So why do it? But it is a matter of principle. What's the point of the impeachment provision in the Constitution?"

Germany To Seek Arrest Of US Agents Over Masri Rendition. The Los Angeles Times (1/31, Fleishman, Goetz, 850K) reports, "German investigators have recommended that prosecutors issue arrest warrants against 13 U.S. intelligence operatives in connection with the kidnapping, beating and secret detention of a German citizen," Khaled el-Masri, "suspected of having links to terrorist networks. … German law enforcement officials said indictments could be filed as early as this week against the suspects, including four pilots, a medic and members of an operations unit. The most serious charge is expected to be

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kidnapping, according to an official who asked not to be named." The Times notes, "German prosecutors said they were convinced early on that Masri's tale of abduction and imprisonment was true. They have repeatedly blamed the U.S. for not cooperating with the investigation."

Judge Ends Lengthy Deportation Case Against Two With Alleged Terror Ties. The New York Times (1/31, Archibold) reports from Los Angeles, "Chastising the government with poetry and blunt language, an immigration judge on Tuesday ended 20-year-old deportation proceedings against two of eight men who had been accused of ties to a Palestinian organization classified as a terrorist group." The Times continues, "The judge, Bruce J. Einhorn, of Immigration Court here, faulted the government for repeated delays in producing evidence that the two, who with the others became known as the L.A. Eight, should be deported as a threat to the United States. … The case has been monitored by civil libertarians, who see it as an example of overreaching in terror cases." The Times adds, "Officials had accused the men, seven Palestinians and a Kenyan, of supporting the Popular Front for the Liberation of Palestine, a branch of the Palestinian Liberation Organization that the government classifies as a terrorist group. … The eight denied being members and accused the government, which never filed criminal charges against them, of political persecution. … The two men, Khader Musa Hamide and Michel Ibrahim Shehadeh, are the sole remaining defendants and the only ones who were legal permanent residents when the case began. …. One of the others returned to the Palestinian areas. The other five, who had been charged with violating temporary visas, were given legal permanent residency. One became a United States citizen during the proceedings, which included appeals to the Supreme Court."

The Los Angeles Times (1/31, Weinstein) reports, "In a scathing decision, Einhorn said the government's conduct in the case was 'an embarrassment to the rule of law' that left 'a festering wound on' Hamide and Shehadeh, who have been in legal and personal limbo for two decades. … The two men, both longtime legal residents of the United States, are part of a group that was dubbed 'the L.A. 8' after the government launched attempts to deport them in January 1987. All eight denied that they were members of the Popular Front for the Liberation of Palestine, or PFLP, a radical offshoot of the Palestine Liberation Organization that has taken credit for airline hijackings and car bombings in the Middle East. … Hamide and Shehadeh, as well as the others, steadfastly maintained that they were being persecuted even though their political activities — distributing newspapers, participating in demonstrations, assisting Palestinians with human rights and medical needs, raising money for hospitals, youth clubs and day-care centers — were lawful. … The government has not said whether it will appeal the decision. A Justice Department spokesman said the agency had no comment." The AP (1/31) also reports this story.

US Using Tax Code To Probe Terrorism Financing Schemes. The Wall Street Journal (1/31, A3, Simpson) reports, "The Justice Department is investigating possible criminal tax-law violations by a Boston private-equity firm that manages hundreds of millions of dollars for Muslim investors in Europe and the Middle East and is affiliated with a Swiss investment group U.S. authorities suspect of financing Islamic extremists." The Journal continues, "Federal prosecutors disclosed a grand-jury probe of Overland Capital Group Inc. in filings last week with U.S. District Court in Boston. While the Boston grand jury is examining suspected tax evasion related to complex investment structures, the case is being handled by a prosecutor from the Justice Department's counterterrorism division, the filing states." The Journal adds, "In the years since the Sept. 11 attacks, U.S. counterterrorism agencies have been stymied in several attempts to bring terrorism cases against wealthy individuals from the Middle East. Some prosecutors have pushed the government to use tax laws as a more effective approach, a method famously employed against gangster Al Capone in 1931. … Overland, which doesn't disclose its ownership, says on its Web site that it has made more than $1.5 billion in U.S. investments for its clients, largely in real estate, since its founding in October 2001." The Journal notes, "Legal records say Overland is controlled by a Geneva-based financial group known as Dar Al-Maal Al-Islami Trust, which was founded by a senior member of the royal family of Saudi Arabia. The U.S. government is treating the companies as related: The Justice Department is examining 'acts and practices' of Overland and a DMI subsidiary 'that implicate potential violation of the Internal Revenue Code,' the filing states. … In general, the U.S. and other Western governments are investigating whether terrorist groups are able to move money with help from sympathizers in the Islamic-banking movement. Intelligence and law-enforcement officials say they are concerned the industry's often-opaque practices lend themselves to money laundering and other financial crimes."

11th Circuit Panel Reinstates Key Charge In Padilla Case. The Washington Post/AP (1/31, A8, Anderson) reports from Miami, "A federal appeals court on Tuesday reinstated a key terrorism charge, the only one carrying a potential sentence of life in prison, against suspected al-Qaeda operative Jose Padilla." The AP continues, "A three-judge panel of the U.S. Court of Appeals for the 11th Circuit agreed with federal prosecutors that the charge that Padilla and his two co-defendants conspired to

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'murder, kidnap and maim' people overseas did not duplicate other counts in the indictment. … The Atlanta-based court reversed a decision last summer by U.S. District Judge Marcia Cooke, who said the three charges in the indictment contained nearly identical elements and could subject the defendants to extra punishment for the same act, violating protections against double jeopardy." The AP adds, "Padilla was arrested in May 2002 at Chicago's O'Hare International Airport, and the government alleged that he was plotting to detonate a radioactive 'dirty bomb' in a major U.S. city. President Bush declared Padilla an enemy combatant, and he was held without criminal charges for 3 1/2 years until he was indicted in late 2005 in Miami. The 'dirty bomb' allegations are not part of the Miami case. … Although defense attorneys may file a challenge, Tuesday's ruling brings the case a step closer to trial as scheduled April 16. The appeals court had agreed to hear the case on an expedited basis after Cooke said she would not begin jury selection until the issue was settled. … 'We are gratified by the 11th Circuit's swift decision and look forward to presenting the evidence at trial,' U.S. Attorney R. Alexander Acosta said in Miami."

The South Florida Sun-Sentinel (1/31, Blum, 237K) reports, "Ruling with unusual speed, a three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held that the counts were 'interrelated' but not the same because a suspect could hypothetically commit each crime without committing the others." The Sun-Sentinel notes, "The decision reverses a major pre-trial victory for Padilla and his two co-defendants and means the men will face a possible life sentence if convicted. The case is set for trial April 16."

Scolinos Replies To Post-Gazette Editorial On TSP. In a Letter to the Editor of the Pittsburgh Post-Gazette (1/31), Tasia Scolinos, director of public affairs for the Justice Department, writes, "Because your Jan. 19 editorial ('Spy Reversal') on the Terrorist Surveillance Program (TSP) and the Foreign Intelligence Surveillance Court (FISC) may have left readers with some inaccurate impressions, I offer the following response:" Scolinos continues, "First, the TSP falls well within the president's constitutional authority, recognized and supplemented by Congress in the aftermath of Sept. 11, 2001, to protect Americans by intercepting the international communications of a lethal enemy. … Second, the Justice Department began exploring options for FISC approval for the collection of international al-Qaida communications into and out of the United States in the spring of 2005, well before the first press accounts disclosing the existence of the TSP. It took considerable time and effort, however, for the government to develop this new approach, which has the speed and agility offered by the TSP, and for a judge of the FISC to consider and approve these orders. The new FISC orders are innovative and complex, but the result is that any electronic surveillance that may have occurred previously under the TSP will now be subject to the approval of the FISC. Accordingly, under these circumstances, the president has determined not to reauthorize the TSP when the current authorization expires. … Third, the attorney general directed department officials to brief the Senate and House Intelligence committees, as well as other key members of Congress, on the new orders. Although the existence of these orders has been made public, the contents of the orders remain highly classified. The disclosure of such information could reveal to our enemies aspects of our intelligence capabilities and allow them to evade detection." Scolinos concludes, "The intelligence community has confirmed the value of the TSP in providing us information we would not otherwise have had and that these new orders will fulfill that critical function. The attorney general and the Justice Department are committed to fighting terrorism and using all lawful tools to protect our nation in a manner that respects and preserves the civil liberties of all Americans."

Eight Arrested On Terror Charges In England. The AP (1/31) reports West Midlands Police said eight people were arrested on Wednesday in Birmingham on suspicion of committing, preparing or instigating terrorism. Police "gave no details of the allegations against the suspects." The AP adds, "The operation was led by the Midlands Counterterrorism unit, supported by West Midlands Police and London's Metropolitan Police. Last week, police arrested five people in terrorism investigations in the English cities of Manchester and Halifax."

Two Tamil Tigers Caught In US Sting Plead Guilty To Weapons Charges. In a widely-distributed story, the AP (1/31) reports, "Two Indonesian men arrested with four others in an international arms buying sting last fall pleaded guilty Tuesday to trying to illegally export arms to Indonesia's military." Reinhard Rusli and Helmi Soedirdja "contacted Maryland-based undercover agents to acquire night-vision goggles and a holographic weapons sight without the proper licenses, prosecutors said. Rusli and Soedirdja, who also pleaded guilty to money laundering, were arrested in September in Guam along with suspected international arms dealer Haji Subandi and three suspected arms brokers for the Tamil Tigers terrorist group." The Baltimore Sun (1/31, Dolan, 257K) notes, "The elaborate sting operation unfolded in Baltimore last summer when federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in buying. The ruse, authorities said, led representatives for the Tamil Tigers insurgents in Sri Lanka to deposit $700,000 with

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undercover agents as a down payment for millions of dollars in sniper rifles, submachine guns and grenade launchers."

Judge Rules Foreign Nationals May Sue Bank For Allegedly Funding Suicide Bombers. The AP (1/31, Hays) reports, "Israelis and other foreign nationals can pursue claims in U.S. courts accusing the Jordan-based Arab Bank of promoting Palestinian suicide attacks by funneling Saudi money to bombers' families, a judge ruled." The AP continues, "In a written decision in federal court in Brooklyn, U.S. District Judge Nina Gershon upheld a lawsuit Monday filed under U.S. law that gives non-U.S. citizens access to courts in order to challenge violations of international laws or treaties. … Lawyers for Arab Bank had asked Gershon to toss out the suit, arguing that U.S. courts lacked proper jurisdiction." The AP adds, "Though the judge dismissed portions of the suit, her ruling still allows thousands of suicide bombing victims and their families to seek unspecified damages, said a plaintiff lawyer, Michael Elsner. … 'Today was an incredible victory for victims of suicide bombing attacks and other acts of violence in Israel and an important lesson to banks and private individuals that aid and abet acts of terrorism,' he said. 'They may be held civilly liable in the United States, even if those acts occur outside the United States.' … Arab Bank spokeswoman Phyllis Cuttino called the ruling 'disappointing, because it is at odds' with a series of appeals court decisions dismissing similar claims."

Terrorist Web Forum Releases Encryption Software Package. The Washington Times/UPI (1/31, Waterman) reports, "US cyber-security specialists have been examining an encryption software package released earlier this month by the Global Islamic Media Front, a Web forum for supporters of Islamic terrorists. The software package, dubbed 'Mujahideen Secrets,' can be used on computers in libraries and other public places to encrypt e-mail or other files being sent over the Internet, according to IDefense, a security consultant firm analyzing the program." UPI notes, "Although the package does not offer any capabilities not available in commercial encryption programs, IDefense Director of Threat Intelligence Jim Melnick said it was being promoted on forums and other Web sites used by supporters of Islamic terrorist groups."

HOMELAND RESPONSE:

FBI Said To Make New "Full-Pipe Surveillance" Of Internet Users. CNET News.com (1/30, McCullagh) reported, "The FBI appears to have adopted an invasive Internet surveillance technique that collects far more data on innocent Americans than previously has been disclosed. Instead of recording only what a particular suspect is doing, agents conducting investigations appear to be assembling the activities of thousands of Internet users at a time into massive databases, according to current and former officials. … Such a technique is broader and potentially more intrusive than the FBI's Carnivore surveillance system." CNET added, "Call it the vacuum-cleaner approach. It's employed when police have obtained a court order and an Internet service provider can't 'isolate the particular person or IP address' because of technical constraints, says Paul Ohm, a former trial attorney at the Justice Department's Computer Crime and Intellectual Property Section. … That kind of full-pipe surveillance can record all Internet traffic, including Web browsing -- or, optionally, only certain subsets such as all e-mail messages flowing through the network." CNET noted, "The technique came to light at the Search & Seizure in the Digital Age symposium held at Stanford University's law school on Friday."

DOJ Disputes Accuracy Of CNET Story. CNET News.com (1/30) reported on its "Politics Blog" that DOJ "is taking issue with an article we published Tuesday that describes how the FBI appears to be using a controversial wiretapping technique. … We told the Justice Department our deadline was late Monday, but they didn't reply until late in the day Tuesday. Here's what Dean Boyd, a Justice Department spokesman, sent to us in e-mail, unedited: 'Your article is inaccurate. Nothing has changed from our long-standing practice in implementing court-authorized law enforcement interception orders. The FBI records and retains only that data which it is authorized under law to record and retain -- namely, the communications associated with court-approved targets. … The bottom line: Nothing has changed. We believe that Professor Ohm, quoted in the article, either was misquoted or misspoke."

Bush Proposes $25 Million In 9/11 Health Funds. The New York Times (1/31, Chan, 1.16M) says President Bush agreed to spend $25 million on health care for 9/11 rescue workers, which will keep two treatment programs operational until the end of the year, after "impassioned pleas" from Reps. Vito Fossella (R), Carolyn Maloney (D), Jerrold Nadler (D) and Sens. Schumer (D) and Clinton (D). Rep. Fossella said the funds represent "a big breakthrough." Like Mayor Bloomberg, Rep. Maloney said the funds were an "important step," but she hoped "we would not have had to wait five years and a number of visible deaths before we got the administration to react." Nadler "called the $25 million 'a milestone' but added that it was 'grossly inadequate.'" Fossella and Maloney said the administration explained that the $25 million was "only a starting sum and the findings of the task force could be the basis for additional aid." The AP (1/30, Barrett) says the

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funding announcement came one day before the president "was to speak in New York about the economy, and sick Sept. 11 workers planned a rally timed to the visit." Like the Times, the AP notes Reps. Fossella, King and Walsh all learned of the addition funding in a meeting on Tuesday with White House Budget Director Rob Portman.

CBP Official Says 100 Percent Screening Of Shipping Cargo "Unrealistic." The Washington Times (1/31, Seper, 88K) profiles Customs and Border Protection Assistant Commissioner Jay Ahern, whose agency has "one of the toughest assignments in America: Keep terrorists from sneaking into the United States while ensuring the border is open to legitimate trade and travel." However, Ahern, who heads the Office of Field Operations, "says the agency is up to the task." Ahern said knowledge of "the destruction that can happen" provides "a sense of urgency that drives" everyone at CBP. Ahern discussed the Container Security Initiative, which he said has allowed "CBP has improved its targeting systems and increased the amount of information it has on people and goods bound for the United States." However, he "described as 'unrealistic' efforts by some members of Congress to require the scanning of 100 percent of the containers entering the US through its seaports."

Lawmakers Call On Coast Guard To Overhaul Modernization Program. The New York Times (1/31, Lipton, 1.16M) reports, "Frustrated by reports of ships with cracking hulls, design flaws, cost overruns and construction delays," representatives at a hearing of the House Subcommittee on Coast Guard and Maritime Transportation "demanded Tuesday that the Coast Guard's leadership overhaul" the Deepwater modernization program. Members of the committee "delivered a bipartisan lashing to the Coast Guard, which has spent several billion dollars for a new fleet but now has fewer ships available for patrols than it did in 2001." Coast Guard Commandant Adm. Thad Allen "did not dispute" that the program "was off to a disappointing start." Calling Deepwater "essential to the Coast Guard's future," Allen said the service "would be more assertive in monitoring Lockheed and Northrop, which were hired in 2002 not just to build the ships and the planes, but also to manage the program."

The AP (1/30, Caterinicchia) reported, "Executives from Lockheed Martin Corp. and Northrop Grumman Corp. on Tuesday fended off congressional criticism of their roles in running" Deepwater. "Allen responded to sometimes harsh questioning from lawmakers the day after the Department of Homeland Security's inspector general released a report concluding that design flaws in the first two 421-foot, 4,000-ton cutters already have led to spiraling costs and must be addressed to ensure the 30-year life of the new ships." Asked whether he could guarantee that the cutters "could go 30 years without a crack," Philip Teel, president of Northrop Grumman Ship Systems, said "he did believe the vessels would last 30 years, though he could not predict if a crack would occur."

Montana Legislators To Vote On Anti-Real ID Bill. USA Today (1/31, 3A, Frank, 2.27M) reports, "The Montana House of Representatives expects to vote today on a bill that would make Montana the first state to ignore the Real ID law, which requires states to demand a minimum standard of proof of residency from people seeking driver's licenses. The bill passed a Montana House committee 17-0 last week and needs Senate approval." Last week, the Maine State Legislature "became the first to approve a resolution urging Congress to overturn the law before it takes effect in May 2008." Though states that don't comply with the law will see their residents "barred from using their licenses or state IDs to board airplanes, open bank accounts or enter federal buildings," Real ID opponents "hope enough states protest or defy the law that Congress will be forced to revise or repeal it."

Black Caucus Requests Creation Of Katrina Committee. The AP (1/30, Evans) reported, "The Congressional Black Caucus has asked House Speaker Nancy Pelosi to form a new committee on Hurricane Katrina to focus more urgently on rebuilding the Gulf Coast, particularly New Orleans." In a letter to Pelosi, caucus Chairwoman Carolyn Cheeks Kilpatrick asked, "How can we talk about reconstruction abroad when we cannot help our fellow Americans at home?" Criticizing "President Bush for not mentioning Katrina in his State of the Union address last week," Kilpatrick "said that forming a select House committee on the issue 'offers the best hope for development.'" A spokesman said Pelosi "would look closely at the request," but "noted that several congressional committees are overseeing the recovery and that Democrats already have a Katrina task force."

New Orleans Recovery Plan Would Allow Development In All Neighborhoods. The New York Times (1/31, Nossiter, 1.16M) reports, "No neighborhoods would be off limits for development in a new $14 billion" recovery plan for New Orleans. The Unified New Orleans Plan, "developed by consultants and planners for the city after months of meetings with" citizens New Orleans in the city, "calls for spending millions on libraries, recreation, utilities, schools, transportation, flood protection, health care and other areas. The projected source of financing is unclear, however, as one of the consultants suggested Tuesday that much of the money might come from the $110 billion already appropriated

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by the federal government, while another appeared to suggest it might not."

Army Corps Official Says List Of Vulnerable Levees To Be Released Thursday. Following a report in Monday's USA Today on an Army Corps list of 146 inadequate levees throughout the, US, Maj. General Don T. Riley, director of civil works for the US Army Corps of Engineers, in an op-ed in USA Today (1/31, 10A, Riley, 2.27M) writes, "The US Army Corps of Engineers' most recent investigations into nationwide levee system performance have revealed the need for a consistent, comprehensive and risk-informed approach to improve public safety." Riley continues that under a national levee inventory and assessment program, "[t]he corps inspects levees eligible for federal rehabilitation assistance. To ensure eligibility, levees must meet acceptable maintenance standards. The corps is informing levee owners of maintenance status changes and ensuring maintenance requirements are met. … The list of levees will be released Thursday after the corps completes notification of local officials."

USA Today Criticizes Delay In Releasing Locations Of Levees. Under the headline "Levee List Dribbles Out," USA Today (1/31, 10A, 2.27M) editorializes that after Katrina, the corps "finally got aggressive about inspecting thousands of miles of levees that are supposed to protect cities from Sacramento to Hartford. It quickly found deficiencies." However, the corps has "refused to share" the locations of the levees it discovered to be inadequate. USA Today says that "after being bombarded with demands," the corps is "promising to release a list on Thursday. Good. But the corps' first response, and its method of communicating with local officials, point to serious flaws in this new attempt to ensure better flood control."

Lawmakers Threaten To Shut Down Los Alamos Lab. The AP (1/31) reports, "Lawmakers threatened Tuesday to strip the Los Alamos National Laboratory of classified operations or even shut it down after a decade of security lapses." They "blistered the lab for its most recent security breach in which a contract worker walked out with hundreds of pages of classified documents." Michigan Rep. John Dingell (D), Texas Rep. Joe Barton (R), "and others on the House Energy and Commerce Committee introduced a measure Tuesday to strip the National Nuclear Security Administration of its primary security responsibilities and turn them back to the Energy Department. They expressed concerns that NNSA has not fixed security problems at Los Alamos despite tens of millions of dollars spent on improvements." The AP adds, "Administration officials urged lawmakers to give the new management team more time to turn things around. Deputy energy secretary Clay Sell said Los Alamos probably could not be replaced or duplicated."

WAR NEWS:

Republicans Trying To Derail Senate Votes Against Iraq Strategy. The New York Times (1/31, Hulse, Shanker, 1.16M) reports, "The Bush administration's allies in the Senate began a major effort on Tuesday to prevent a potentially embarrassing rejection of the president's plan to push 20,000 more troops into Iraq." The "signs of the new campaign seeped out after a weekly closed-door lunch in which Republican senators engaged in what participants described as a heated debate over how to approach the issue. The new effort by President Bush's allies, including Senators John McCain of Arizona and Lindsey Graham of South Carolina, is aimed at blocking two nonbinding resolutions directly critical of the White House that had appeared to be gaining broad support among Democrats and even some Republicans." The Times adds, "Republicans skeptical of the troop buildup said some of their colleagues had begun to suggest that opponents of the White House plan ran the risk of undermining Lt. Gen. David H. Petraeus, the new military commander in Iraq, as well as Mr. Bush. 'There is a lot of pressure on people who could be with us not to be with us,' said Senator Susan Collins, Republican of Maine, the co-author of one resolution along with Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska." McCain and Graham, along with Senator Joseph I. Lieberman, "the independent Democrat from Connecticut, are trying to enlist support for a resolution that would set benchmarks for the Iraqi government and describe the troop increase as a final chance for the United States to restore security in Baghdad. The senators have been joined in their effort by the Republican leader, Mitch McConnell of Kentucky, Senator John Cornyn of Texas and Senator David Vitter of Louisiana."

The Politico (1/31) reports Senate Minority Whip Trent Lott said of the McCain-Graham effort, "I am talking with them, and I am encouraging others to talk with them." Lott "declined to say whether Senate GOP leaders, who are expected to meet with Bush at the White House on Friday, would sign onto the McCain-Graham resolution. 'This is a case where, when you herd the cats, sometimes you have to let them stray,' Lott said Tuesday."

Last night, the CBS Evening News (1/30, story 2, 1:30, Schieffer, 7.66M) said Republicans "have managed to get" the votes on the existing anti-surge resolutions "postponed until the middle of next week, at the very earliest." On the question of whether "a majority in Congress actually go on the record opposing the President's war policy," CBS asserted "something is going to pass. Just how critical it's

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going to be, we don't know yet." But "so many Republicans want to put some distance between themselves and the President that something is going to pass. These Republicans have read the polls…and they're under enormous pressure and they know it."

Moreover, the Washington Post (1/31, A1, Weisman, Murray, 690K) reports "Republican misgivings…are increasingly dividing the GOP as the Senate moves toward a showdown over the deployment of 21,500 additional troops to Iraq. Republican strategy had envisioned a single resolution that would allow the party's senators to express doubts about the plan without stating their outright opposition. Instead, Republicans appear to be balkanizing, with at least five GOP drafts now in play and more Republicans stating their reservations." Vice President Cheney "and senior military officials attended a Republican policy lunch yesterday, which turned into a raucous debate about the various resolutions, according to a party leadership aide. Bush will meet with GOP senators on Friday as the White House continues to try to tamp down opposition." But "Republican misgivings are not subsiding. … One group of ruminating Republicans is made up of the 20 GOP senators who will face voters in 2008." Among them are Sens. Lisa Murkowsk, John E. Sununu and Lamar Alexander.

The Hill (1/31, Blake, Youngman) also says that while the resolutions "have proven a dicey political issue for vulnerable Republican senators, and few potentially vulnerable House Republicans are tipping their hands before the issue hits their chamber. Most House GOPers who received less than 55 percent of the vote in November's election are not saying how they will vote on either of the main Senate resolutions expressing opposition to the troop-increase strategy, and not one committed to supporting either Sen. Joseph Biden's (D-Del.) and Sen. Chuck Hagel's (R-Neb.) resolution or Sen. John Warner's (R-Va.) milder alternative."

On CNN Anderson Cooper 360 (1/30), correspondent John Roberts said, "For the moment," Bush "is the decider. All Congress can do at this point is curtail funding for the Iraq war or the war in Afghanistan. And there's no appetite on Capitol Hill for that." But "what you see here is an interesting dynamic at play, that you have not only Democrats, but also Republicans in Congress, try to get back some of that authority that they believe they have in order for this country to wage war. And it's really beginning to permeate the entire party as well."

Specter Says Bush Isn't "The Sole Decider." The Chicago Tribune (1/31, Madhani, 617K) reports, "The growing complaints about the war crossed party lines as the Senate neared debate on two non-binding resolutions disapproving of Bush's plan to send more troops to Iraq. Sens. Arlen Specter (R-Pa.) and Patrick Leahy (D-Vt.) sent a letter to Atty. Gen. Alberto Gonzales asking for the administration's views on Congress' war powers." Specter "told reporters following a Senate Judiciary Committee hearing that a clash is imminent between the White House and Congress over what war powers the Constitution guarantees the executive and legislative branches. 'I would respectfully suggest to the president that he is not the sole decider,' Specter said during the hearing. 'The decider is a shared and joint responsibility.'" The AP (1/31, Kellman) also reports Specter "directly challenged…Bush's declaration that 'I am the decision-maker' on issues of war." The Hill (1/31, Schor) runs a similar report.

On CNN's The Situation Room (1/30), Specter said, "I didn't give" Bush "a slap. What I did was articulate the principle of the Constitution, very basic, and that is separation of power and checks and balances, and the way the Constitution is written, the president is not the sole decider. The Congress has a very loud voice. … I want the president and the Congress to come together. I think there can be an accommodation. There are other plans which are possible to have a much better chance of victory."

At Least Six Senators Opposed To "Surge" Have Advocated Troop Boost. The Washington Times (1/31, Hurt, 88K) reports, "For many in the Senate, they were for a surge of troops in Iraq before they were against it. 'We don't have enough troops in Iraq,' Sen. John Kerry, Massachusetts Democrat, said in 2005. In 2004, he told NBC's Tim Russert some things he believes 'very deeply.' 'Number one, we cannot fail,' Mr. Kerry said. 'I've said that many times. And if it requires more troops in order to create the stability that eliminates the chaos, that can provide the groundwork for other countries, that's what we have to do.'" He "no longer believes that now. He is among at least a dozen Democratic senators who in the past have called for more troops in Iraq but now support a resolution condemning…Bush's plan to do just that. Many Republicans who voted for the war now plan to support a no-confidence resolution, including Sen. Chuck Hagel of Nebraska, who in the past had warned that the war would be a long, tough slog and that Americans should 'speak with one voice.'" Biden "has for years advocated increasing the number of troops on the ground in Iraq." Senate Majority Leader Harry Reid "was still open to the idea of a surge," but "after Mr. Bush laid out his plan to increase troops, the Democratic leader flatly rejected it."

Back From Mideast, Nelson Criticizes Bush Strategy. McClatchy (1/31, Clark) reports, "Sen. Bill Nelson, whom the White House criticized for meeting with Syrian President Bashar Assad, delivered a critique of his own Tuesday, saying the Bush administration resembles an 'ostrich' when it comes to foreign diplomacy. The Florida Democrat, who traveled to Iraq and eight other countries in the region in December, told the Council on Foreign Relations that he's convinced that President Bush's plan to send in more than 20,000 additional troops isn't enough to end the

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sectarian violence in Iraq." He "called instead for an 'aggressive diplomatic effort' with 'all of Iraq's neighbors,' including Syria and Iran."

Obama Calls For Withdrawal By Spring 2008. The AP (1/31, Pickler) reports, "Democratic presidential candidate Sen. Barack Obama said Tuesday US combat forces should be out of Iraq by spring 2008 to end 'a foreign policy disaster' but he stopped short of endorsing a cutoff in funds." Obama "introduced a bill to force the redeployment under law, but that's unlikely while Bush is president. Still, Obama said he's taking Bush up on his challenge to critics to offer alternatives." The Washington Post (1/31, A4, Murray, 690K) notes "Obama's timetable for completing a withdrawal puts him at odds with other leading rivals for the Democratic nomination." Sen. Hillary Clinton "supports capping the number of troops at their levels of Jan. 1. Sen. Christopher J. Dodd (Conn.) has proposed a similar troop cap. But neither has embraced a timetable for a troop removal." Jon Edwards "has been outspoken in his opposition to Bush's new plan and has called for the immediate withdrawal of 40,000 to 50,000 troops. But he, too, has stopped short of setting firm date by which all would be removed." New Mexico Gov. Bill Richardson "is the only other prominent Democrat in the field to set a withdrawal timetable."

Feingold's Call For Cutting Off Funding Met With Cheers From Activists. The CBS Evening News (1/30, lead story, 2:35, Couric, 7.66M) reported, "The battle is really intensifying on Capitol Hill tonight over the President's new Iraq strategy. And the question is how far opponents will take the fight. Will it end with a nonbinding congressional resolution critical of the troop buildup, or will the Democratic majority actually try to stop it by cutting off funding?" CBS (Attkisson) added "there is a growing feeling among members of Congress that they're approaching an historic intersection -- a possible confrontation with the President over his power to make war in Iraq. In the Senate Judiciary Committee today, Russell Feingold, the Democrat who chaired the hearing, said it flat out -- he intends to try to block all funding for the war in Iraq." Sen. Feingold: "Congress has the power to stop a war if it wants to." CBS added there were "cheers" in Senate hearing room from activists in attendance. In the House, "Speaker Nancy Pelosi, just back from visiting troops in Iraq, gave her assessment." Pelosi: "The situation in Iraq is catastrophic. Let's make no -- make no mistake about that."

On CNN's The Situation Room (1/30), Feingold defended his plan to cut funding for the Iraq war. Feingold said, "Nobody is talking about taking anything away from the troops. What we're saying is, there should be a time frame to redeploy the troops. In other words, we don't say to somebody: Hey, give us your rifle and give us your helmet. You are going to stay here in Baghdad. The fact is, our bill that I'm putting in tomorrow would say, the troops have to be out within six months after the bill is passed. That's the safest thing for the troops, is to not be in Iraq."

On MSNBC's Tucker (1/30), Peter Beinart of the Council on Foreign Relations said, "I think Feingold is a smart guy and I think he's a principled guy. But I think it is not immoral to consider political considerations. … Well, first of all, I think there's a real question about whether even if you did what Feingold wanted, you would really stop this deployment anyway. I think that's a very serious -- that's a very real practical question. But beyond that, I think that Democrats -- there -- you have to -- there is a real concern that you do not want to undermine the troops in battle, even if you think they were being sent there under disastrous circumstances and it was a huge mistake."

On MSNBC's Tucker (1/30), A.B. Stoddard of The Hill said, "The leadership in the Congress has made a decision not to touch the purse strings. And everyone else who what wants to run around and have hearings and go before the cameras and talk about this can do so, but the leadership wants to make the Republicans...end the war."

House Democrats To Make Changes To War Funds Request. USA Today (1/31, Wolf, 2.27M) reports, "Democratic leaders in Congress plan to make extensive changes to the Bush administration's anticipated $100 billion request for new war funds. They want to redirect money from Iraq to military readiness at home and say Iraq, Afghanistan and other NATO countries must carry more of the financial burden." The Administration "is to formally seek the new money Monday. The funds would be added to more than $500 billion appropriated for the global war on terrorism and are needed by spring. It is not clear whether Democrats can block any part of President Bush's plan to increase the troop level in Iraq by 21,500."

More Commentary. Fred Barbash, who covered the Supreme Court for the Washington Post, writes this morning (1/31, A15) that "successive decades of congressional acquiescence in the face of executive claims of war power have allowed the law to be settled exclusively by the executive branch. … Article II does indeed make the president commander in chief." But "Article I gives Congress not merely the power of the purse. It vests in the House and Senate the authority to 'declare war,' to 'make rules concerning captures on land and water,' to 'provide for the common defense,' to 'raise and support Armies,' and to 'make rules for the government and regulation of the land and naval forces.'"

But David B. Rivkin, Jr. and Lee A. Casey, who served in the Justice Department under Ronald Reagan and George H.W. Bush, write in the Wall Street Journal (1/31, A13, 2.04M), "The Constitution gives the president primary responsibility for defending national interests on the world stage. He is the nation's chief executive and commander in chief of its armed forces. Congressional efforts to limit the

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exercise of these powers in Iraq…would be unconstitutional, even if linked to an exercise of Congress's own appropriations power."

Author Kathy Roth-Douquet writes in USA Today (1/31, 11A, 2.27M), "Our Decider-in-Chief plans to send more troops to Iraq whether Congress likes it or not, saying, 'I've made my decision.'" The Bush Administration "waves off congressional Democrats because they have no plan of their own. Yet what we need from the majority party is not a Democratic plan, but a democratic one -- that is, a plan that seeks to engage the will of the people. The leadership the Democrats can give us in the Senate and House is to talk to the Republicans one office over. Congress can and should be what a past Supreme Court called the 'great representative body of the people.' This is its proper role, especially in wartime."

Fallon Declines To Take Stance On "Surge," Doesn't Know "Details" Of New Strategy. NBC Nightly News (1/30, story 2, 2:25, Reid, 9.87M) reported, "For Admiral William Fallon, Senate confirmation as the top commander overseeing the war in Iraq is expected to be easy. Then of course comes the hard part, some say impossible -- turning around the situation in Iraq and doing it quickly." Admiral William Fallon, US Navy: "What we've been doing here has not been working and we have got to be doing it seems to me something different." Fallon "insisted it can be done, but could not tell the committee what that something different is." Fallon: "Senator, I have not gotten into the details of these plans." Fallon, "who's been busy overseeing US forces in the Pacific, even declined to take a position on the President's plan for a troop increase."

Under the headline "I Don't Know The Details," the Washington Times (1/31, Scarborough, Hurt, 88K) says Fallon, "picked by President Bush to oversee his new strategy for Iraq testified yesterday that he does not know much about the plan that the administration says will determine whether the US wins the war. 'I have not gotten into the detail of these plans,'" he told the Senate Armed Services Committee. The Times also notes the nominee "specifically declined to endorse Mr. Bush's plan." The nominee's "lack of knowledge startled some senators. 'I'm surprised that you don't have that understanding going in, frankly,' said Sen. Carl Levin, Michigan Democrat and panel chairman." USA Today (1/31, 4A, 2.27M), meanwhile, briefly notes that Fallon "told Congress it may be time to 'redefine the goals' for Iraq," a quote that is also the focus of a widely distributed AP story (1/31, Burns). Likewise, the CBS Evening News (1/30, story 3, :20, Couric, 7.66M) reported Fallon also said "it might be time to, as he put it, temper our expectations for Iraq."

The Los Angeles Times (1/31, Spiegel, 850K) reports Fallon said Iraq's "transition into a peaceful democracy may be 'a long time coming,'" adding that in 2003, "We probably erred in our assessment of the ability of these people to take on all these tasks at the same time." The Financial Times (1/31, Sevastopulo, Dinmore) says Fallon "joined a line of senior military officers who have conceded since the departure of Donald Rumsfeld, former defence secretary, that the US made mistakes in Iraq." Fallon's "pessimistic view follows similar assessments made by other administration and military leaders in recent months, a shift that has come as violence in Baghdad has raged for nearly a year."

Negroponte Says US Has Mounting Evidence Of Iran's Involvement In Iraq. ABC World News (1/30, story 2, 2:45, Gibson, 8.78M) reported, "In his confirmation hearing to be Deputy Secretary of State, John Negroponte warned that Iran has become increasingly involved in Iraq. It is a theme, as you heard, that the Bush Administration has been sounding with more and more alarm." ABC (Karl) added, "US officials say the mounting evidence against Iran, includes photographs of Iraqi training camps on Iran soil." Negroponte told members of the Senate Foreign Relations Committee Tuesday, "We have increasing evidence that they have been providing lethal assistance to extremist Shia groups in that country." ABC's Karl said senior US officials "say there is evidence the senior leadership of Iranian intelligence is financing, training and arming Shia militias in Iraq. The officials say they want to continue to pursue leads before declassifying the information."

The New York Times (1/31, A11, Cooper, 1.16M) says Negroponte "defended the Bush administration's more confrontational policy" with Iran in a Senate confirmation hearing "that was peppered with demands from both sides of the aisle that the United States show restraint in dealing with Tehran." In a sign that the debate over Iraq "is increasingly becoming a debate over Iran," Negroponte "found himself answering the same questions, over and over again." Asked about US plans to engage Iran in diplomatic talks over Iraq, Negroponte said, "The view at the moment is that we are reluctant to initiate a high-level diplomatic dialogue with Iran until there has been some progress on this nuclear issue."

The AP (1/31, Gearan) reports, for their part, Republican and Democratic senators "warned…against a drift toward war with an emboldened Iran and suggested the Bush administration was missing a chance to engage its longtime adversary in potentially helpful talks over next-door Iraq." Sen. Barack Obama (D-IL) told Negroponte, "What I think many of us are concerned about is that we stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches, without the American people understanding exactly what's taking place." The AP says Negroponte gave "only a mild endorsement of the administration's diplomatic hands-off policy toward Damascus and Tehran."

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AFP (1/31) reports Negroponte, "in the latest warning in an escalating US showdown" with Iran, said the United States "wanted to resolve its differences with Iran peacefully, but could not let it go unchallenged in Iraq."

General Says US Has Proof Iran Arming Iraqi Militias. In an interview with USA Today (1/31, Michaels, 2.27M), Lt. Gen. Raymond Odierno, the "No. 2 US general in Iraq," said Iran is supplying Iraqi militias with a variety of powerful weapons including Katyusha rockets. "We have weapons that we know through serial numbers…that trace back to Iran," Lt. Gen. Odierno told the newspaper, but "did not provide further details on how weapons were linked to Iran."

Iran Suspected Of Aiding Iraqi Insurgents In Death Of 5 Americans. NBC Nightly News (1/30, story 4, 2:20, Williams, 9.87M) reported, "There are new accusations tonight that Iran may have been involved in that brazen attack in Karbala that killed five American soldiers." NBC (Miklaszewski) added, "Secret US military reports have concluded now that the attack against the American soldiers in Karbala was definitely an inside job and that it may have involved Iranian agents. The report found that after the attackers were waived through several police checkpoints, it appears someone inside the compound directed the gunmen to exactly where the Americans were located. The military reports claim it appears Iranian agents may have had a hand at least in planning the operation because it was so well laid out and executed, unlike any insurgent or militia operation ever seen before in Iraq."

The New York Times (1/31, A10, Glanz, Mazzetti, 1.16M) adds, American and Iraqi officials "said the sophistication of the attack astonished investigators, who doubt that Iraqis could have carried it out on their own -- one reason a connection to Iran is being closely examined." However, officials "cautioned that no firm conclusions had been drawn and did not reveal any direct evidence of a connection." But the Times says tying Iran to the deadly attack "could be helpful to the Bush administration, which has been engaged in an escalating war of words with Iran."

Bush Says Iran Rhetoric Not A Precursor To War. Meanwhile, in an interview with ABC World News (1/30, lead story, 4:30, Gibson, 8.78M), President Bush Tuesday said rhetoric aimed at Iran should not be seen as a precursor to war. "Some are trying to take my words and say, 'Well, what he's really trying to do is go invade Iran.' Nobody's talking about that." However, the President noted that "all options are on the table."

Fallon Warns Of Iran's Growing Influence In Gulf. The Washington Post (1/31, A11, Tyson, Kessler, 690K) reports, "Iran is positioning its military to deny US access to the Persian Gulf while acting as a 'destabilizing' influence in the region," Adm. William J. Fallon, Bush's nominee to head Central Command (Centcom), told the Senate yesterday. Fallon said at his confirmation hearing before the Senate Armed Services Committee, "Iranian support for terrorism and sectarian violence beyond its borders, and its pursuit of nuclear capability, is destabilizing and troubling." He "warned specifically" that Iranian activity "has not been helpful" in Iraq, where he said "time is running out" for action to curb the escalation of violence.

In Response To Iran, Air Force Could Become More Active In Iraq. The Los Angeles Times (1/31, Barnes, 850K) reports, "The Air Force is preparing for an expanded role in Iraq that could include aggressive new tactics designed to deter Iranian assistance to Iraqi militants, senior Pentagon officials said. The efforts could include more forceful patrols by Air Force and Navy fighter planes along the Iran-Iraq border to counter the smuggling of bomb supplies from Iran, a senior Pentagon official said. He spoke on condition of anonymity. ... But the White House rhetoric on Iran is fueling concern about administration intentions. ... Within the Pentagon, many active-duty officers are wary of an aggressive military response to Iran, arguing that there is no need to risk starting another war."

Pentagon Halts Sale Of F-14 Parts. The AP (1/31, Theimer) reports the Pentagon Tuesday said it had stopped selling surplus F-14 parts, "announcing the step after congressional criticism of security weaknesses that had given buyers for countries including Iran access to the aircraft parts and other valuable gear." Sales of parts from the recently retired fleet were halted last Friday, Defense Logistics Agency spokesman Jack Hooper said, "adding that marketing of the parts will remain suspended until a 'comprehensive review' is completed." He did not elaborate. AFP (1/31, Mannion) calls the move part of the Administration's "new steps to isolate Iran."

Friedman Urges Negotiations, Not War, With Iran. New York Times (1/31, 1.16M) columnist Thomas Friedman writes that "the hostility between Iran and the US since the overthrow of the shah in 1979 is not organic. By dint of culture, history and geography, we actually have a lot of interests in common with Iran's people. And I am not the only one to notice that." According to Friedman, "When people say, 'The most important thing America could do today to stabilize the Middle East is solve the Israel-Palestine conflict,' they are wrong. It's second. The most important thing would be to resolve the Iran-US conflict." Improving US-Iranian relations "would change the whole Middle East and open up the way to solving the Israel-Palestine conflict, because Iran is the key backer of Hamas, Islamic Jihad, Hezbollah and Syria. Iran's active help could also be critical for stabilizing Iraq. This is why I oppose war with Iran. I favor negotiations. Isolating Iran like Castro's Cuba has produced only the same result as in Cuba: strengthening Iran's Castros. But for talks with Iran to bear fruit, we have to negotiate with Iran with leverage."

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Democrats Agree To Form Part Of Bipartisan Panel On War On Terror. The Washington Post (1/31, A4, Goldfarb, 690K) reports, "Democratic leaders agreed yesterday to President Bush's idea for a new bipartisan panel to advise him on the fight against terrorism and the Iraq war, days after rejecting such a commission. The president proposed the panel earlier this month when he announced his plan to send 21,500 more troops to Iraq." Democrats "quickly opposed the plan. A Jan. 19 letter from House Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry M. Reid (Nev.) said: 'We believe that Congress already has bipartisan structures in place...that could produce the result you described in your speech.'" The Post adds, "A senior Democratic leadership aide said yesterday that Bush had wanted to dictate the terms of the panel and even select its Democratic members." But yesterday, "Bush spoke with Pelosi and Reid, and they agreed to create a panel to which Democrats could appoint their own members."

Rice Says Iraq Missed Political Deadlines. The AP (1/31, Gearan) reports Secretary Rice, "while assuring senators Tuesday that the Bush administration expects Iraqi Prime Minister Nouri al-Maliki to make political reforms, provided a list showing deadlines already missed." Iraq has "passed target dates to make laws establishing provincial elections, regulating distribution of the country's oil wealth and reversing measures that have excluded many Sunnis from jobs and government positions because of Baath party membership," according to the list Rice provided. The Iraq government had also agreed "to approve a law governing political amnesty and the charged question of sectarian militias by Dec. 31 and to finish a review of the constitution, seen as unfair to minority Sunnis, by Wednesday." The list was drafted by the al-Maliki government in September, Rice said in a letter to Sens. Carl Levin (D-MI) and John McCain (R-AZ). Levin, chairman of the Armed Services Committee, and McCain, the panel's ranking member, "said Rice's letter lacked details and ignored a goal previously suggested by US officials: that the Iraqis should be able to assume control of their provinces by November 2007." In response to the letter, the senators said, "What Secretary Rice's letter makes abundantly clear is that the administration does not intend to attach meaningful consequences for the Iraqis' continuing to fail to meet their commitments."

Foreign Minister Says Bush Plan "Last Chance" For Iraq. The Washington Times (1/31, Zarocostas, 88K) reports, "Iraqi officials have received the message 'loud and clear' that President Bush's new security plan offers them a last chance to gain control of their country, Iraqi Foreign Minister Hoshyar Zebari said." The minister "said the government also understood that the success or failure of the planned 'surge' of 21,500 US troops depended on the Iraqis' own performance. 'We have to rise to the occasion and take up each and every commitment,' Mr. Zebari told The Washington Times on Monday as he prepared to go home from the five-day World Economic Forum in Davos. He said senior officials were 'not shying away' from their responsibilities. … 'We think this new plan is different from previous plans because originally it is an Iraqi vision. ... And we strongly believe it has a strong chance of success,' Mr. Zebari said." He added, "I think the message is received loud and clear by all members of the government [that] this is the time, really, it's not business as usual."

WSJournal Sees Progress. The Wall Street Journal (1/31, A12, 2.04M) editorializes, "Capitol Hill has probably been too busy running for political cover to notice. But the last few days in Iraq have actually featured good news, as the government seems to be making some progress on key political and security issues. One step forward is that Prime Minister Nouri al-Maliki has won parliamentary backing for his Baghdad security plan. … There's also evidence that the Baghdad plan is having an effect. Yes, al Qaeda bombs targeted the Shiite Ashoura holiday as expected. But there are also widespread reports of Sunni jihadists fleeing the capital in anticipation of a crackdown. … Meanwhile, the weekend saw an encouraging performance by the Iraqi security forces who took control of the Najaf area only about a month ago." The Journal concludes, "The Bush Administration has itself made many mistakes trying to micromanage Iraq's political development, but it now seems to understand that it is fated to deal with the Shiite-led government it has. Congressmen who are sincere in wanting to take the Iraq issue off the table in 2008 could help by showing a similar combination of resolve and humility."

US Official Says Al Qaeda Suicide Bombers Entering Iraq From Syria. The Financial Times (1/31, Dombey) reports a senior US official Tuesday said "dozens of al-Qaeda suicide bombers from countries such as Saudi Arabia and Sudan are crossing into Iraq from Syria every month." Speaking to the Times in London, the official "said that, while sectarian conflict now represented the biggest threat to the country, the violence was being stoked up from abroad." The official alleged that the "vast majority" of suicide bombers came across the border from Syria, and that they received "training for their task within Syria as well as inside Iraq itself." He also "said that 75-80 percent of the estimated 75 suicide bombings a month" were carried out by foreigners, and that Saudi Arabia and Sudan were the "most common countries of origin. But he emphasized that the Saudi government was doing its utmost to take on al-Qaeda."

Iraq's Ba'ath Party Holds Talks In Damascus. The CBS Evening News (1/30, story 5, 2:35, Couric, 7.66M) reported, "Could the solution to the war in Iraq actually lie

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inside Syria? CBS News has learned that some of the warring factions have been heading there for talks." CBS (Palmer) added, "Just days ago, more than 100 members of the Iraqi Ba'ath Party met [in Damascus] with the backing of Syrian authorities. They're former members of Saddam's regime, many involved in organizing and financing the insurgency whose attacks in Iraq have killed thousands. But the Ba'athists who met in Syria want to trade this violence for political decisions. They're meeting in Syria was secret and included many men with American and Iraqi blood on their hands. Even so, Syria's Vice President Farouk al Shara told CBS News in an exclusive interview, negotiations with them are the way forward." Syrian Vice President Farouk al Shara: "If they are flexible, and if they really believe in the political process, then why not?" CBS's Palmer said the Syrian government "is not only trying to nudge Saddam's old Ba'athists into negotiations, but the Shiite militias, too. The most dangerous of which is controlled by Moqtada al-Sadr, who was in Damascus last month and is due back soon. It looks as if Syria is going to make itself indispensable to the United States, because this is where the diplomatic action will be taking place."

Baker Again Calls For Talks With Syria. The AP (1/31, Schweid) reports, "If the Bush administration opened a dialogue with Syria it could remove a major roadblock to Israeli-Palestinian peacemaking -- Hamas' refusal to recognize the Jewish state -- former Secretary of State James A. Baker III said Tuesday." Testifying before the Senate Foreign Relations Committee, Baker said, "We could get them (Syria) to get Hamas to recognize Israel's right to exist. It would be a huge step in the right direction."

At Least 58 Killed During Shiite Religious Celebrations. The CBS Evening News (1/30, story 4, :20, Couric, 7.66M) reported, "In Iraq today, Shiites were attacked in several cities as they celebrated their holy day of Ashura. At least 58 people were killed. Ashura commemorates the battle that led to the split between Sunnis and Shiites. Worshipers beat themselves with chains and even slice their heads with knives during their ceremonies." ABC World News (1/30, story 3, :30, Gibson, 8.78M) and NBC Nightly News (1/30, story 3, :25, Williams, 9.87M) also noted the violence.

USA Today/AP (1/31, 4A) says "Intense security prevented major violence in the Shiite holy cities of Karbala and Najaf, venues for the biggest Ashoura commemorations. … In Karbala, all private transport was banned, including bicycles. Pilgrims had to submit to body searches at dozens of checkpoints before reaching the two golden-domed shrines of Imam Hussein and his half brother Imam Abbas." The New York Times (1/31, Santora, 1.16M), Los Angeles Times (1/31, Daragahi, 850K), Washington Post (1/31, A11, London, Sarhan, 690K) and Washington Times/AP (1/31, Mroue), among other newspapers, run similar stories this morning.

Najaf Battle Raises Questions. The AP (1/30, Reid) reports in an analysis article, "Accounts of the bloody battle near Najaf have produced more questions than answers, raising doubts about Iraqi security forces' performance and concern over tensions within the majority Shiite community. Among the questions: How did a messianic Shiite cult, the 'Soldiers of Heaven,' accumulate so many weapons and -- if Iraqi accounts are accurate -- display such military skills? ... If the 'Soldiers of Heaven' were able to accomplish all this, how many other fringe groups may be operating beneath the radar, especially in the politically factious Shiite community of southern Iraq?" The AP concludes, "In any case, it appears that the fighting had little to do with either the Sunni-led insurgency or the sectarian bloodletting between Shiites and Sunnis in the Baghdad area. More likely, the battle stemmed from rivalries within the Shiite community, which have led to armed clashes in the past in major southern cities."

Cult Was Dug In For Massive Battle. The Los Angeles Times (1/31, Fakhrildeen, Daragahi, 850K) reports, "An unauthorized hour-long walk Tuesday through the bombed compound of a religious cult called Heaven's Army revealed provocative clues about the group, which was decimated Sunday in a 24-hour U.S. and Iraqi offensive that authorities say left 263 alleged members dead and 210 injured. ... the camp itself, amid lush groves of eucalyptus and palm trees, offered a trove of details about the members of Heaven's Army. They had plenty of food. ... They were well organized. ... And they were well armed and ready for battle. High-powered machine guns, antiaircraft rockets, mortars, rocket-propelled grenades and late-model pickup trucks with mounted guns were scattered around the eight farms."

Report Finds US Squandered Millions In Program To Train Iraqi Police. The Washington Post (1/31, D1, Witte, Merle, 690K) reports, "The US government has squandered millions of dollars intended for police training programs in Iraq because of rampant problems overseeing contractors, according to federal reviews released yesterday. In one case, contractors building a camp for American trainers constructed an Olympic-size swimming pool that hadn't been ordered. In another, human waste reportedly continues to leak from plumbing fixtures at a barracks for Iraqi police recruits, a year after the problem was first identified and despite assurances from the contractor that the problem was being fixed." The reports "offer a revealing glimpse at one aspect of the $38 billion American-led reconstruction effort. The police training program has been repeatedly flagged by US officials as particularly crucial to the war effort, given the need for effective Iraqi security forces to take over from the US military." The Post adds, "While yesterday's

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reports by the special inspector general for Iraq reconstruction do not address the training itself, they do find major flaws with how both the government and its contractors attempted to build the program's facilities. … The inspector general's office said it would begin to investigate evidence of potential fraud."

NYTimes Says US Must Take In More Iraqi Refugees. The New York Times (1/31, 1.16M) editorializes, "To calculate the price that Iraqis have paid for the American misadventure in their country, you have to deal in big, round, horrifying numbers. Civilians killed last year: 34,000. Driven from their homes within Iraq: 1.8 million. Fled to other countries: an additional 2 million, and growing. The number of Iraqis who have found refuge in the United States is easier to pin down. This country has admitted a grand total of 466 Iraqi refugees since 2003." The Times adds, "However President Bush tries to manage the endgame of his dismal war, America has an obligation to the Iraqis whose lives it has upended."

Pentagon Covert Activities Under Senate Scrutiny. The Wall Street Journal (1/31, A4, Paltrow, 2.04M) reports, "Congress's new Democratic majority is expanding its review of the Bush administration's push for broad executive power, as the Senate is set to look into how the Pentagon has increased its covert intelligence operations. ... The hearings, to be conducted by the Senate Intelligence Committee beginning March 1, stem from concerns of some lawmakers, particularly Democrats, about an expansion of Defense Department intelligence actions under former Secretary Donald Rumsfeld. Critics have said the effort amounts to building a parallel intelligence network that competes with the CIA, but without the broader oversight under which the CIA operates. ... One question to be explored during the hearings will be whether the Pentagon's secret operations may have violated a federal law that requires a written presidential finding and notification of the congressional intelligence committees when a covert action is to be carried out. A November 2006 report by congressional researchers concluded that there was reason to question whether the Pentagon was trying to evade the requirements of the law."

Wounded Troops Find Comfort In Donated Quilts. The Washington Post (1/31, B1, Koncius, 690K) reports in a sympathetic article, "A phone call to the chaplain four years ago has created a national movement to say thank you to soldiers wounded in the war on terror. More than 7,900 'comfort quilts,' each carefully stitched with love and gratitude, have been sent through the Quilts of Valor Foundation to the wounded soldiers at Walter Reed and 70 other U.S. military medical centers. ... Today, comfort quilts are part of the fabric of life at Walter Reed, helping to humanize the 308 government-issue beds, overlit hallways and hushed visitors lounges. As soldiers are wheeled to physical therapy or the endless tests, there is a rush of color from hand-stitched covers as they roll by."

DOJ:

Whistleblower Complaint Alleges Retaliation Against Former DOJ Attorney. The Legal Times (1/31, McLure) reports, "The Justice Department's Civil Rights Division has seen its share of turmoil in recent years, owing at least in part to changes initiated under former Attorney General John Ashcroft that shifted line-attorney hiring decisions to political appointees. … Now one of the conservatives brought in by former acting Assistant Attorney General Bradley Schlozman has filed a whistleblower complaint with the Office of Special Counsel, charging he was wrongfully fired by the DOJ for complaining about what he calls the 'toxic work atmosphere' in the special litigation section of the Civil Rights Division -- an office responsible for investigating civil-rights abuses in law enforcement and prisons and protecting access to abortion clinics." The Times continues, "Ty Clevenger, 37, a former Washington Times reporter and line attorney in the section who was fired in October, has accused veteran Section Chief Shanetta Cutlar of being 'abusive toward attorneys and support staff,' specifically those hired by Schlozman. … Among Clevenger's allegations: Secretaries were ordered not to assist him with an eight-hour typing project, another attorney was publicly berated for using a paper clip rather than a binder clip on a document and an intern was reprimanded for not greeting Cutlar while passing her in the hallway." The Times adds, "In his whistleblower complaint, Clevenger included a copy of a statement by the intern, Deborah Meiners, 24, to a DOJ ombudsman about the hallway incident. … 'I did get the sense that this was a common occurrence,' says Meiners, now a third-year law student, of her treatment. … As for Clevenger, he says he decided to go public (the complaint was first posted on the blog Above the Law) after his attempts to get traction with Cutlar's superiors failed. … Cutlar's office referred questions to a DOJ spokeswoman, who issued a statement saying the department is looking into the allegations."

Arizona US Attorney Resigns To Join Firm. Under the headline "Arizona's US Attorney Joining Mass Exodus," the Arizona Republic (1/31, Wagner, House) reports, "U.S. Attorney Paul Charlton leaves office today as Arizona's top federal prosecutor amid a cloud of controversy over whether he was forced out by the Justice Department

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along with a number of colleagues nationwide during a political purge by the Bush administration … Charlton has been mum since saying last month that he was quitting to become a partner at a private Phoenix firm." The Republic continues, "At least 10 U.S. attorneys have announced plans to leave office in recent months, some admittedly forced out. Those events have prompted Sen. Charles Schumer, D-NY, to convene a Judiciary Committee hearing next week. The agenda title: 'Is the DOJ Politicizing the Hiring and Firing of U.S. Attorneys?' … 'The highly unusual recent flurry of firings of many well-respected U.S. attorneys not only raises some flags, but also requires some explanations from the administration,' Schumer said in a written statement. Other lawmakers note that U.S. attorneys are responsible for taking the lead on public corruption cases." The Republic adds, "In Arizona, two U.S. House members, Republicans Rick Renzi and Jim Kolbe, were the focus of initial inquiries by Charlton's office last year. No findings from either inquiry have been announced. Kolbe has retired. … During a Senate subcommittee hearing this month, Attorney General Alberto Gonzales flatly denied that any resignation resulted from political maneuvering. But Feinstein claimed in her Jan. 16 floor speech that she was told the Justice Department was dumping top prosecutors so Gonzales could appoint replacements without Senate oversight. … Justice Department spokesman Brian Roehrkasse said 11 U.S. attorneys have quit since the appointment authority changed in March 2006. To date, five of those positions have been filled, three by nominees who were confirmed."

CORPORATE SCANDALS:

New DOJ Policy On Corporate Prosecutions Said To Be Business As Usual. In an op-ed for Law.com (1/31), Abbe D. Lowell, Christopher Man and Obiamaka P. Okwumabua of the law firm Chadbourne & Parke write, "For the third time in seven years, the U.S. Justice Department has issued a new policy for investigating and charging corporations. … Now, what will be called the McNulty Memorandum (named for Deputy Attorney General Paul McNulty, who announced it) will be added to the Thompson and Holder Memoranda (also named for the deputy attorneys general who announced them) in the ever-evolving attempt by the DOJ to get it right." The writers continue, "Putting aside whether the whole idea of prosecuting corporations (versus the people within a company who commit the alleged wrongdoing) makes any sense at all (many countries have no process for charging companies), the question is whether the newest policy has changed anything. … Particularly after the Justice Department implemented the earlier Thompson Memorandum's policy on charging companies, there was vocal criticism from the defense bar that government tactics -- such as encouraging companies to fire suspected employees, requiring waiver of the company's attorney-client privileges and cutting off attorney fees for targeted employees -- were strong-arm measures that violated constitutional rights." The writers add, "The McNulty Memorandum addresses two of the most frequent charges of abuse that have been leveled against the department -- the requirement of privilege waiver and denial of attorney fees. The new memorandum states that neither tactic should be employed by prosecutors as a general matter in the evaluation of whether a company has cooperated or should be charged. Yet, the 'change' is in degree and not to the tactics themselves. The department is not disclaiming its ability to use either form of pressure but is simply declaring that it will do so more sparingly. … The most significant problem with the McNulty Memorandum is that it speaks only to what the prosecutor can demand, but it does not place any meaningful limit on what the prosecutor can suggest. … While the new policy may rein in the rogue or overzealous prosecutor by requiring approval by a senior DOJ official before demanding a privilege waiver or fee cutoff, the policy does nothing to restrain Assistant U.S. Attorneys from making these requests more subtly. … While the department should be commended for recognizing a need for a shift in policy, the problems it seeks to redress may not be solved by the precatory approach the McNulty Memorandum has adopted. If the DOJ is not ready to actually ban strong-arm tactics that violate constitutional rights, then it will have to go a long way in supervising prosecutors to show that a real change has occurred. Otherwise, the new policy will be a press conference and fanfare without any real substance or reform, and it will be back to business as usual."

Siemens Caught In Widening Bribery Probe. The Wall Street Journal (1/31, A1, Crawford, Esterl) reports, "One day in early 2004, senior Siemens AG executive Michael Kutschenreuter says, he got a disturbing phone call from a Saudi Arabian businessman. … The caller said he represented Beit Al Etisallat, a Saudi consulting firm that had been a business partner of Siemens. Now Beit wanted $910 million in commission payments. If Siemens didn't pay up, the caller threatened, he would forward documents to the U.S. Securities and Exchange Commission detailing bribes paid on the German industrial giant's behalf to win telecommunications contracts in the kingdom." The Journal continues, "Mr. Kutschenreuter says he alerted his superiors, including Klaus Kleinfeld, now the chief executive of Siemens, and Heinrich von Pierer, the CEO at the time. Mr. Kutschenreuter also says that with the backing of the Siemens management board, he reached a deal in January 2005 to pay Beit Al Etisallat $50 million. He says that $17 million was for past obligations and the rest was what he

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describes as "hush money" to make the problem go away. … It hasn't. Mr. Kutschenreuter was arrested in November as part of a widening criminal investigation that has shaken the foundations of the storied 160-year-old German conglomerate. Mr. Kutschenreuter and five other suspects were released from custody before Christmas after agreeing to cooperate with German prosecutors." The Journal adds, "Prosecutors suspect that Siemens officials diverted funds through sham consulting contracts to slush funds to bribe potential customers over several years. Since police raids made the probe public, Siemens says it has uncovered €420 million ($544 million) in suspicious transactions spanning seven years and has ordered an external audit. Investigators now are trying to determine how far up the corporate ladder the corruption traveled. … Mr. Kutschenreuter is their star witness. If allegations by him and others pan out, Siemens could find itself barred from bidding for public-sector projects in many of the nearly 200 countries in which it is active."

Former Cendant CFO Sentenced To Three Years Probation. The Wall Street Journal/AP (1/31, C4) reports from Bridgeport, CT, "A former Cendant Corp. chief financial officer was spared jail time Tuesday, becoming the final defendant sentenced in a massive accounting scandal that dragged on for nine years and three trials." The AP continues, "Cosmo Corigliano, who pleaded guilty to fraud, was sentenced to three years of probation, including six months of home confinement with electronic monitoring, and 300 hours of community service. … Prosecutor Michael Martinez and Senior U.S. District Judge Alan H. Nevas said Mr. Corigliano played an indispensable role in the case and was the only cooperating witness who was able to implicate former Cendant Corp. Chairman Walter Forbes. … 'Without your testimony, I don't think Walter Forbes could have been convicted,' Judge Nevas said. 'You were the only witness that was kind of inside the corporate hierarchy.'" The AP adds, "Judge Nevas also noted that Mr. Corigliano had paid $14 million to settle a case with the Securities and Exchange Commission. … The scandal surfaced in early 1998, causing Cendant's market value to drop by $14 billion in one day. It became the largest accounting fraud of the 1990s, authorities say. The fraud cost the travel and real-estate company and 119,000 investors more than $3 billion. … The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years. Prosecutors say the scheme inflated the stock of Cendant's predecessor, CUC International, by $500 million. … Mr. Forbes was sentenced to 12 years and seven months in prison, while Vice Chairman E. Kirk Shelton received a 10-year sentence. Both were ordered to pay $3.28 billion in restitution."

CRIMINAL LAW:

Miller Testifies Against Libby. The CBS Evening News (1/30, story 6, :30, Couric, 7.66M) reported, "In a case that date backs to the pre-war debate over invading Iraq, former New York Times reporter Judith Miller took the stand today at the perjury trial of Lewis 'Scooter' Libby, Vice President Cheney's former chief of staff. Miller testified in late June of 2003, Libby told her the identity of CIA Agent Valerie Plame, whose husband was a critic of the President's Iraq policy. That contradicts what Libby told a grand jury. He said he didn't learn her identity until two weeks after that." NBC Nightly News (1/30, story 5, 1:20, Williams, 9.87M) noted that "the fallout from the Bush administration's case for war in Iraq continues on display" at the Libby trial, and "another witness blew more holes in his story today." NBC (O'Donnell) added that "Miller recounted three different conversations she had with Libby about Bush critic Joe Wilson and his wife Valerie. … But Miller also looked somewhat rattled on cross examination when Libby's lawyer tried to show her memory is bad."

On MSNBC's Hardball (1/30, Matthews), correspondent David Shuster said, "What was so remarkable is the glimpse that Judy Miller's testimony offered us again, about the extent to which the Vice President's office wanted to blame everybody else for the faulty intelligence. They were blaming the CIA for not getting back to the vice president's office. They were blaming the State Department and the Energy Department for having a footnote in a report that expressed the dissension about what aluminum tubes were for. And according to Miller, Libby said, 'It's not our fault that we didn't see this in this report'."

In a widely-distributed story, the AP (1/31, Apuzzo) reports Miller "was to return to the stand Wednesday. Under cross-examination Tuesday, defense attorneys sought to ask Miller about others who provided information about Plame. Miller's memory was shaky at times Tuesday and defense attorneys want to exploit that. 'This is nothing more than classic 101 impeachment,' attorney Theodore Wells said. 'The very essence of the cross-examination of Ms. Miller is about her credibility.'" USA Today (1/31, 2A, Willing, 2.27M) notes, "Miller was the seventh witness in Libby's perjury and obstruction of justice trial to say she talked with Libby about the identity of covert CIA officer Valerie Plame before Libby said he learned of Plame's identity. … In their first interview, Miller said, Libby seemed 'agitated, frustrated and angry' by what he called a 'perverted war of leaks' by Wilson and others tied to the CIA. Libby 'was concerned that the CIA was beginning to backpedal to try to distance itself from the unequivocal intelligence estimates it had provided before the war,' Miller said."

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Under the headline "Reporter's Account Hurts Libby Defense," the Washington Post (1/31, A1, Leonnig, Goldstein, 690K) reports, "Miller's testimony showcased a new legal reality for the news media -- the fragility of reporters' general working assumption that they can protect the identities of confidential sources. … In a flashback to pretrial battles, court proceedings were halted temporarily late in the afternoon when Jeffress asked Miller to name any other sources from whom she recalled learning about Wilson or Plame." Meanwhile, in his Washington Post (1/31, 690K) "Media Notes" column, Howard Kurtz writes, "Rather than pointing out flaws in the accounts of public officials, she found herself struggling to explain a spotty memory and to justify why she wrote nothing about the sensitive -- and, as it turned out, classified -- information she had been handed. Once an independent operator who called herself 'Miss Run Amok,' she disputed what her many critics said was obvious: that Vice President Cheney's former top aide had been trying to manipulate her."

The AP (1/31, Apuzzo) reports, "Libby's attorneys have accused White House officials of sacrificing Libby to protect President Bush's top political adviser, Karl Rove. During cross-examination Tuesday, attorney Theodore Wells suggested that Attorney General Alberto Gonzales, who was counsel to the president in 2003, may have been involved in that effort." The AP continues, "Wells has described Rove as crucial to the Republican Party and said Tuesday that Gonzales was tasked with protecting Bush's interests. Addington corrected him, saying White House counselors protect the interest of the office and the Constitution. … Addington said he showed Gonzales every subpoenaed document before sending it to the Justice Department. After reviewing a note in which Cheney said Libby was being sacrificed to protect another staffer, Addington said he believed he showed it to Gonzales and called Cheney's personal lawyer, Terrence O'Donnell. … 'You told Mr. O'Donnell you thought this was a very important document?' Wells asked, before Fitzgerald objected and the line of questioning was cut off."

The New York Times (1/31, Lewis, Shane, 1.16M) reports, "It was only after Mr. Fitzgerald briskly concluded his questioning, and Ms. Miller found herself facing a caustic cross-examination from one of Mr. Libby's defense lawyers, that her composure slowly withered. … Pressed about why she failed to remember an important June meeting with Mr. Libby during her first grand jury appearance, she said with her voice rising: 'Counselor, I've already said I didn't remember that meeting. I just didn't remember.'" The Los Angeles Times (1/31, Schmitt, Miller, 850K) reports, "The hourlong appearance by Miller — who spent 85 days in jail rather than reveal her conversations with Libby to a federal grand jury two years ago — was a blow to his defense." The Times notes that in addition to testimony that Libby appeared "agitated" at their June meeting, Miller "also recalled that Libby told her Wilson's wife worked for the 'bureau' — a reference she said she found puzzling because the term commonly refers to the FBI, not the CIA."

The Wall Street Journal (1/31, B1, Perez, Ellison, 2.04M) also reports "Her testimony initially helped the prosecution's case," but "she appeared nervous and became confused" on cross-examination. The Journal notes, "Ms. Miller is expected to be followed by Matthew Cooper, formerly a Time magazine reporter, and Tim Russert, host of NBC's 'Meet the Press.' In all, 25 of the 80 names listed as possible witnesses in the case are journalists, though not all are likely to be called. Ironically, some news organizations had initially urged the White House to launch an investigation to determine who leaked to the media the identity of Ms. Plame as a CIA agent, shortly after her husband published an opinion article criticizing the Bush administration's use of intelligence prior to the Iraq war."

Legal, Illegal Gambling Outlets Expect Record Super Bowl Betting. The Chicago Tribune (1/31, Keilman, 617K) reports, "Chicago is a seven-point underdog in the Super Bowl, but the city is an overwhelming favorite with bookmakers, who think Bears fans will help push betting on the big game to record levels. Nevada casinos and Internet wagering sites are counting on a combination of a nationwide fan base, an intriguing matchup between the Bears' stout defense and the Colts' jet-powered offense, and the fervor that comes from a big city starved for a football championship." The Tribune adds, "The Chicago area's illegal bookies might be in for a windfall of their own, even though they tend to set firm limits on what their customers can bet, said FBI spokesman Ross Rice. 'They don't want them to get down too far [so they] won't be able to pay,' he said. 'A new player, someone who bets [only] for the Super Bowl, will have a small limit.' … Jim Wagner, president of the Chicago Crime Commission, said gambling is still a big moneymaker for organized crime and most local bookmakers must pay a percentage to the Outfit."

Online Super Bowl Gambling On The Rise Despite DOJ Crackdown. The Wall Street Journal (1/31, B1, Sanders) reports, "On Sunday, a 28-year-old Hollywood assistant named Seth plans to enjoy the Super Bowl in the same way millions of other football fans will: He'll bet on it. … How, exactly, will he wager that $100 burning a hole in his pocket? One thing he knows for sure is that he won't do it legally. Trekking to Vegas for the weekend is out of the question. And he won't do it using one of the publicly traded online services based abroad that have been taking sports bets from Americans over the past few years. They have mostly stopped taking action from U.S. residents in the wake of an aggressive government crackdown on Internet

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wagering. … But that doesn't mean he and other gamblers will be shut out. In fact, the government's war against illegal online wagering may be driving gamblers back to where they started: their local bookie. And in an ironic twist, there's a good chance the bookmaker is taking bets over the Internet, too." The Journal continues, "The government's crackdown has, in recent months, targeted executives at offshore Internet-gambling outfits and the foreign credit-card-processing companies that facilitate the transactions with U.S. bettors. But while it may have dented the $12-billion-a-year online-gambling industry, it didn't break it. … No one thinks that American gamblers' appetites have waned either. Last year, about $94.5 million was legally wagered on the Super Bowl in Nevada casinos, the only place in the land where it's lawful to bet on sports. Illegally, the American Gaming Association -- a casino-industry trade group -- figures that Americans bet between $5 billion and $6 billion each year on football's marquee event." The Journal adds, "It's true that many of the publicly traded online-gambling sites have pulled out of the U.S. market since last summer. Some have folded entirely. And the Justice Department served subpoenas to a number of investment banks that allegedly helped underwrite foreign public-stock offerings for some of the companies. … But as the kickoff at Super Bowl XLI in Miami gets nearer, the overall picture of Internet gambling has only gotten muddier. It's not just that local bookies are taking bets over the Internet. For every established Internet-gambling company that has stopped accepting bets from the U.S., others have cropped up to fill the void."

EU May Challenge US Crackdown On Internet Gambling. The London (UK) Independent (1/31, Castle) reports, "Laws that prevent Amer-icans gambling online on European-run websites may be challenged, the EU said yesterday, raising the prospect of a fresh trans-atlantic trade rift." The Independent continues, "Charlie McCreevy, the European Internal Market Commissioner, issued the threat against the background of rising US pressure on the gambling industry. … At the heart of the dispute is the Unlawful Internet Gambling Enforcement Act of 2006 under which US financial institutions are in effect barred from making payments with US credit cards to online gambling sites. The law, which technically prohibits payments involving 'inter-state or foreign commerce', wiped billions off the market values of British online gaming companies when it was passed last year." The Independent adds, "Washington has long regarded online gambling as illegal and cracked down on US firms. Because of that, foreign - particularly British - companies have suffered most from the legislation. … Critics accuse the US government of seeking to enforce their own laws on businesses based outside the country. … US pressure on the industry continues and last week the US Justice Department demanded information from some of the world's biggest investment banks as part of the investigation into online gambling companies such as Britain's PartyGaming.'

Tennessee Bribery Probe Informant Pleads Guilty To Money Laundering. WPTY-TV Memphis (1/30, Buduson) reported on its Web site from a broadcast story, "A former Shelby County official admits to buying cars for drug dealers. Joe Cooper pleaded guilty to money laundering. … His conviction is part of an FBI sting called 'Operation Clean Sweep.'" WPTY noted, "On August 9th, 2006, FBI officials confronted Cooper. He agreed to wear a wire to help them investigate Memphis council members Edmund Ford and Rickey Peete," who have been "charged with bribery. … The prosecutor involved in the case says he will ask for Cooper to be given a light sentence," and "Cooper has promised to continue cooperating in the Rickey Peete and Edmund Ford bribery cases." WHBQ-TV Memphis (1/30), WMC-TV Memphis (1/30) and the Memphis Commercial Appeal (1/31, Buser, 163K) also report on Cooper's guilty plea, and his role in the FBI bribery investigation.

Niagara Falls Union Official Sentenced To 4½ Years In Prison. WIVB-TV Buffalo (1/30, Moretti) reported on its Web site from a broadcast story, "Another former leader of Niagara Falls Laborers' Local 91 has begun a federal prison term. Judge Richard Arcara sentenced former Local 91 president Robert Malvestuto to four and a quarter years. Malvestuto pleaded guilty to racketeering and conspiracy." WIVB added, "For years top officials in Local 91 used muscle to get what they wanted, and if threats didn't work, violence would follow. At the center of it was former president Mark Congi, who's now serving a 15-year prison sentence. Buffalo FBI agent Frank Runles said, 'When he showed up at a work site, you had a six-foot-four, 300-plus-pound guy coming in and telling you, "You're going to work with us. You're going to hire my people, and if you don't, you got a problem."' It's a story of beatings and bombings, threats and extortion."

FBI Arrests 13 Alleged Members Of Gambino, Luchese Crime Families. WABC-TV New York (1/30) reported on its Web site from a broadcast story, "Authorities say thirteen members of two New York City crime families have been charged in a criminal enterprise involving extortion, racketeering, loan sharking, money laundering and bribery. The suspects were all arraigned one by one however bail was not discussed since defense attorney's were still going through the 35 pages of charges. The FBI said Tuesday morning that ten of the defendants are members of the Gambino crime family, including 77-year-old George DeCicco, an alleged captain. His son Robert

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DeCicco, reportedly in his 50s, was also among those charged." FBI spokesman Jim Margolin "says a cooperating witness helped make hundreds of hours of taped evidence. … On the tape, investigators say DeCicco is heard uttering an explicit threat to the cooperating witness, saying 'I will burn your eyes out.'"

WNBC-TV New York (1/30) noted, "Reputed mobsters looking to settle scores boasted of an arsenal of weapons -- chainsaws, bazookas, crossbows, rocket launchers and hand grenades -- according to recorded conversations of Gambino, Luchese and Sicilian crime family members arrested Tuesday in Lower Manhattan." WNBC added, "Andrew Arena, head of the FBI's Criminal Division, said these recordings reaffirm the mafia's longstanding reliance on muscle and threats of violence to hold sway over rivals and conduct business. … 'The mob always goes where the money is,' said Arena." NY1 New York (1/30) reported, "The foreign suspects are allegedly sons of high ranking crime family bosses in Sicily. FBI officials say the men were caught trying to bribe someone they thought was an immigration official in an attempt to affect the status of one of the two Sicilians."

The New York Post (1/31, Cohen, 631K) reports, "The feds yesterday finally stuck it to the only member of John 'Teflon Don' Gotti's murderous inner circle who had never been busted. Infamous reputed Gambino capo George 'Butter' DeCicco was among 13 alleged crime-family thugs nailed for a slew of extortion, racketeering, loan-sharking and money-laundering raps after a two-year probe fueled by a Mafia mole, authorities said. The federal case will involve hundreds of hours of damning tapes made with the help of the turncoat witness, a member of DeCicco's crew, FBI officials said." The Post notes, "The feds said the mobsters' downfall evolved from a simple scheme gone awry." Alleged Gambino soldier Joseph "Joey Boy" Orlando asked "DeCicco's crew for help landing an immigration green card for his girlfriend. One thug in the group said he could help -- then panicked when he realized he couldn't pull off the request. Fearing for his life, he went to the feds offering his services."

Rebuttal Witness Contradicts Combative Williams At Coke Trial. WXIA-TV Atlanta (1/30, Shirek) reported on its Web site from a broadcast story, "A combative Joya Williams took the witness stand in federal court in Atlanta Tuesday, replacing the docile Joya Williams who testified Monday. This time Williams was under cross examination by a disbelieving prosecutor who challenged her defense that she had nothing to do with a conspiracy last year to steal Coca-Cola trade secrets when she worked for Coke in 2005 and 2006, to try to sell them to Pepsi for $1.5 million. 'You all twist everything people say and manipulate it to make it go for your case,' Williams accused Assistant U.S. Attorney B. J. Pak in front of the jury." WXIA added, "Pak brought in a rebuttal witness for the government, to try to blast apart one of Williams' key alibis. The witness, Cliff Carroll, a friend of Williams, testified that he's not the one who gave Williams $4,000 in June, 2006, as Williams had testified."

In a widely-distributed story, the AP (1/31, Weber) reports Carroll "said the most money he ever loaned Williams was $400, and that was after her July 5 arrest. Williams' credibility will be an issue for the jury to weigh during its deliberations. Earlier Tuesday, Williams testified that she believes she is the victim of overzealous prosecutors and FBI agents who she claims tore apart her life. In sometimes confrontational, longwinded responses to questions from Pak, Williams said during her second day on the stand that she didn't take a plea deal to lessen the up to 10 years she faces in prison if convicted because she is innocent."

Philadelphia Executive Sentenced To Year In Prison For Infomercial Fraud. The Philadelphia Inquirer (1/31, Shiffman, 385K) reports, "A Philadelphia executive who pleaded guilty to participating in a $40 million television infomercial fraud was sentenced yesterday to one year and one day in prison. Patrick Buttery, 55, was the chief financial officer of Computer Personalities Systems Inc., which operated as the Video Computer Store and Direct 2 U Inc." The Inquirer notes, "Victims were defrauded between 1999 and 2001, as the business spiraled out of control. An FBI and IRS investigation soon followed, culminating in indictments in 2003. Buttery's cooperation with authorities helped lead to a guilty plea from George Cappell, the primary defendant. Cappell, the company CEO and star of its television commercials, was sentenced last year to seven years in prison."

US Will Not Charge Former DOD Official In U Of North Texas Case. The Denton (TX) Record-Chronicle (1/31, Zabel) reports, "Federal prosecutors will not press charges against a former Pentagon official whom the University of North Texas paid $310,000 even though he never actually worked for the university, bringing to an apparent end a two-year-long investigation. … Instead, federal investigators said the U.S. Defense Department should handle internally problems with that three-way agreement among itself, UNT and Dr. Klaus Schafer, who served as a top Pentagon adviser on chemical and biological defense." The Record-Chronicle continues, "That decision was outlined in a Jan. 5 investigation report, which the Defense Department made public Monday in response to an open-records request from the DentonRecord-Chronicle. … The federal investigation and UNT's internal investigation found evidence that Schafer backdated parts of the

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agreement in order to make it appear he had worked for the university when, in fact, he had not. … The federal report says investigators did not interview Schafer." The Record-Chronicle adds, "Glen J. Logan, of the Defense Department's Inspector General's Dallas regional office in Arlington, said investigators presented facts of the UNT case to a federal prosecutor and left the decision whether to prosecute with the Justice Department."

Crime-Plagued Regions Seek Shares Of New DOJ Grants. The AP (1/31, Jordan) reports, "Regions plagued by rising violent crime could share in a $200 million grant next year with a new Justice Department grant targeting gangs, illicit drugs and gun offenses." The AP continues, "The Justice Department will ask for the funding for state, local and tribal authorities as part of its 2008 budget request to Congress next week. It comes in the wake of a 2.2 percent rise nationwide in rapes, murder, robbery, aggravated assault and other violent crimes in 2006 — the first increase since 2001." The AP adds, "Communities that team up with other cities and regions, partnering with at least one federal law enforcement agency, will be eligible for the grants, Justice Department spokesman Brian Roehrkasse said. Those that work with other communities across state lines will be given priority, he said. … An ongoing department study of crime rates in 18 cities and regions shows that such task forces have 'played a significant role in helping to effectively combat violent crime,' he said." The AP notes, "Last fall, mayors and police chiefs reported seeing recent spikes in violent crime, calling for greater support from federal law enforcement agencies that have been distracted by counterterror missions since 2001. At the time, Attorney General Alberto Gonzales made combating violent crime a high priority, but he did not commit to providing extra funding. … Whether the new money will get in the hands of local and state police any time soon is another question, as Congress has yet to approve a budget for 2007 fiscal year that began last October."

Federal Jury Sentences Man To Death For Killing Two NYPD Officers. The AP (1/31, Hays) reports, "A man convicted of shooting two police detectives in the head was sentenced to death Tuesday, becoming the first person in more than 50 years to receive a death penalty sentence in a federal case in New York." The AP continues, "The jury had deliberated since Monday before sentencing Ronell Wilson, 24, to die by injection. The jury had convicted Wilson last month of two counts of murder, along with robbery, carjacking and firearms charges. … The last time someone was sentenced to death in a federal case in New York was in 1954 for a bank robber who killed an FBI agent." The AP adds, "Prosecutors claimed the defendant knew that Rodney Andrews and James Nemorin were undercover New York Police Department detectives when he climbed into the back seat of their unmarked car on the pretense of selling them an illegal gun on Staten Island in 2003. Both officers were shot in the head, Nemorin after he pleaded for his life. … An accomplice testified that he and Wilson were in on a plot by a violent drug gang to rob the undercover detectives, believing they were carrying $1,200 to buy guns. But the defense contended there was no convincing evidence the men knew their victims were police officers. … Wilson's attorney, Kelley Sharkey, had cautioned jurors they were making 'the ultimate moral decision,' and she urged them to show mercy."

Long Island Newsday (1/31, Destefano) reports, "Defense attorneys said they planned to appeal both the verdict and the death penalty sentence." Newsday continues, "The jury announced the death penalty a total of five times to cover Nemorin's and Andrews' deaths through use of a .44-caliber handgun and for the carjacking the resulted in the shootings. … Savitt said appeals on a number of issues could go up to the U.S. Supreme Court." Newsday notes, "Outside the courtroom, a group of NYPD officers and detectives applauded the prosecution team of Jack Smith, Colleen Kavanaugh and Morris Fodeman. … 'We are gratified for that verdict and hope the verdict brings some closure to the families,' Brooklyn U.S. attorney Roslynn Mauskopf told reporters later."

The New York Times (1/31, Brick) reports, "After the verdict was read, the defendant, Ronell Wilson, 24, rubbed his palms, looked at his mother, then stuck his tongue out at the families of his victims. His younger brother loudly cursed the jurors, while their mother cried out that they were 'the murderers now.' … The widows and other relatives of the slain detectives applauded briefly from the gallery, crying, 'And the Lord rejoices.'" The Times adds, "Three men have been executed in federal cases in the United States in recent decades, first among them Timothy J. McVeigh, for the bombing of the Alfred P. Murrah Federal Building in Oklahoma City. Mr. Wilson will join 46 other people on the federal death row. … But in the 20 years since a moratorium on federal capital punishment was lifted, prosecutors in New York have failed to win death sentences against at least 14 defendants, including violent gang members. Federal jurors even refused to execute two terrorists involved in the bombing of United States embassies in East Africa in 1998, after their lawyers argued it would turn them into martyrs. The last federal inmate to be executed in the state was Gerhard Puff, in 1954, a bank robber convicted of killing an F.B.I. agent. … But the murder of two undercover detectives, found bleeding on a Staten Island street in the aftermath of a botched gun transaction, resounded in a city still shaken by the terror attacks of 2001. They were the first two officers killed by gunfire on a single day since 1988."

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US Seeks Prison For Former DC Official In Bribery Scam. The Washington Times (1/31, Mcelhatton) reports, "Federal authorities are seeking at least three years in prison for a former D.C. Office of Property Management executive who pleaded guilty in a scam to extort bribes from contractors with threats that he would blackball them from city contracts." The Times continues, "Narase Bob Oudit, 51, was supposed to be sentenced in federal court in the District earlier this month, but recent concerns about his health have prompted a delay in the criminal case." The Times adds, "Oudit, a former city engineer in charge of several city construction projects, should go to prison for at least 37 months for 'sordid misuse of his office to extort city contractors,' federal prosecutors argued in a recent court memo. … 'On the scale of corruption cases, this one is egregious,' Assistant U.S. Attorney Howard R. Sklamberg wrote. 'The defendant did not make an isolated demand for a bribe -- he demanded bribes day after day and month after month.'" The Times notes, "Investigators recorded statements by Oudit to one contractor in which Oudit purportedly sought a contractor to pay him bribes through Oudit's company, BT Contractors. … 'Now don't play hardball with me, alright?' Oudit said, according to court records. 'Because I'm going to take it away. Then you're all going to eat this.' … Mr. Sklamberg called for 'stern punishment,' saying 'these were not requests for a $50 bribe, but demands for bribes totaling hundreds of thousands of dollars.'"

Former PR Executive Sentenced In Los Angeles Fraud Case. The Los Angeles Times (1/31, Spano) reports, "Douglas R. Dowie was sentenced today to 42 months in prison for defrauding city taxpayers, tarnishing a career that once scaled the heights of Los Angeles media influence and political power." The Times continues, "In handing down the sentence, U.S. District Judge Gary Feess said that Dowie had 'lost moral compass.' … 'I maintain my innocence, your honor,' Dowie said in a three-minute speech before he was sentenced. It was the first time Dowie had spoken about the case in court. … John Stodder Jr., a Dowie assistant and co-defendant, was sentenced to 15 months." The Times adds, "Dowie headed public relations giant Fleishman-Hillard's Los Angeles office and was former managing editor of the Daily News of Los Angeles. He was convicted last year of masterminding a scheme in which he overbilled for services, allowing his office to generate at least $6 million in unearned fees. … The scandal rocked Los Angeles City Hall, spurred ethics reform and helped persuade voters to elect Antonio Villaraigosa as mayor. It also bloodied one of the nation's premier public relations firms, which paid millions in penalties." The Times notes, "Dowie, 58, earned as much as $330,000 a year and built a bustling office through his media and political contacts. The firm's City Hall contracts amounted to $3 million a year from the DWP alone. … Two years ago, Fleishman-Hillard paid almost $6 million to the city of Los Angeles to cover the fraudulent billings. The St. Louis-based firm, with 80 offices worldwide, was not charged with a crime, though a succession of top executives at its Los Angeles office under Dowie were alleged to have participated in the scheme. … Fleishman paid $1 million to defend Dowie, then dropped him. Dowie has run up $3 million in additional unpaid defense costs."

House Panels Given Another Extension For Response To Subpoenas. The Hill (1/31, Crabtree) reports, "The deadline for House leaders to respond to Justice Department subpoenas sent to three powerful committees late last year has been extended for a second time. The U.S. district court in San Diego sent subpoenas requesting documents related to the bribery case against former Rep. Randy 'Duke' Cunningham…to the House Appropriations, Armed Services and Intelligence committees late last year." The Hill notes, "A Democratic leadership aide yesterday said that 'an agreement on this issue is close' and that the 'committees have been given additional time.'" However, "the leadership aide declined to comment about whether House leaders were planning to cooperate or fight the subpoenas."

Consumers Group Warns Of Loan Scams. USA Today (1/31, Mccoy) reports, "A flurry of advance-fee loan scams is victimizing consumers across the USA and Canada, the Council of Better Business Bureaus warns." USA continues, "Consumers who respond to phone calls or ads that purportedly guarantee loans to those with poor credit instead lose hundreds of dollars or more in fees demanded by the suspected scammers. … The frauds follow a typical pattern. Consumers call a toll-free number and are told to submit credit information over the phone or fill out paperwork to be mailed later. In exchange for a $5,000 to $100,000 loan, they are told to wire or mail a money order for $500 or more to pay processing fees or other charges. … The applicants never get the loan, and they lose what they paid in fees. They also risk having their identity stolen if they provided a Social Security number or other personal data to the scammers." USA adds, "Although the group had no data on the number of victims, spokesman Stephen Cox said workers in the council's 129 local bureaus have fielded a rise in complaints about the alleged scam. … Better Business Bureaus across the country advise consumers who need a loan to search for a reputable local lender. Although fees may be required, legitimate lenders usually deduct them from the loan."

Federal Judge Asks Reporter To Explain Zyprexa Document Disclosures. The AP (1/31,

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Sutel) reports, "A New York Times reporter has been asked to appear in federal court next month to answer testimony that a judge said implicated the writer in a 'conspiracy' to obtain confidential documents regarding the anti-psychotic drug Zyprexa." The AP continues, "The reporter, Alex Berenson, wrote a number of articles starting late last year saying the drug's manufacturer, Indianapolis-based drug maker Eli Lilly and Co., downplayed Zyprexa's risks and marketed it for unapproved uses. Lilly has denied the charges. … Jack B. Weinstein, a judge in U.S. District Court for the Eastern District of New York, invited Berenson to appear voluntarily in the court on Feb. 7 to explain how he got the documents, which had been sealed by the court. In a filing Tuesday Weinstein said Berenson could be accompanied by his attorney and would be subject to cross-examination." The AP adds, "The Times said it is considering how to respond. 'We just got all the papers in this matter, including the invitation, and we're studying them and will respond to the judge in due course,' said spokeswoman Diane McNulty. 'We believe our reporting in this matter was very newsworthy and was derived from routine newsgathering procedures.'" The AP notes, "Weinstein wrote in the filing that he was asking Berenson to appear after hearing testimony from James Gottstein, an Alaska-based lawyer named in Berenson's stories as the source of the documents. … In excerpts of Gottstein's testimony included in Weinstein's filing, Gottstein said Berenson had told him that a plaintiff's expert named Dr. David Egilman had a number of documents that Gottstein could obtain by subpoena. … The testimony was taken during a hearing earlier this month over whether the documents provided to The New York Times should be made public."

Two Former CVS Executives Plead Not Guilty To Bribery Charges. The AP (1/31, Tucker) reports from Providence, RI, "Two former executives at CVS Corp. pleaded not guilty Tuesday to federal charges they paid a state senator to kill legislation the drug store chain opposed or sponsor bills that favored the company." The AP continues, "John R. 'Jack' Kramer, former CVS senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, pleaded not guilty in U.S. District Court to one count each of conspiracy and bribery and 21 counts each of fraud for their contract with former state Sen. John Celona. … U.S. Magistrate David Martin ordered both men released on $10,000 unsecured bond." The AP adds, "Celona, who resigned from the General Assembly in 2004 amid questions about his business dealings with CVS, pleaded guilty to federal mail fraud charges in 2005 and will be sentenced Wednesday. … Kramer and Ortiz have been on leaves of absence from Woonsocket-based CVS since 2004. CVS, the drugstore chain with the most stores in the nation, was not charged with any wrongdoing. CVS has said it is cooperating with the probe. … In his federal guilty plea, Celona also admitted to improper arrangements with Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island." The AP notes, "He has been cooperating with the federal government in hopes of a lighter sentence, and he was the star witness during a trial last year that resulted in two former Roger Williams executives being convicted of paying Celona to do the hospital's political bidding. Those executives will also be sentenced Wednesday."

The Providence (RI) Journal (1/31, Stanton) reports, "Ortiz and Kramer were charged on Jan. 18, in a 23-count indictment of conspiracy, of fraud and bribery. They are accused of hiring Celona as a consultant from early 2000 to the fall of 2003, paying him a total of about $45,000 and also lavishing him with golf outings, trips to Florida and California and tickets to professional sporting events. … Although Celona was ostensibly paid to improve CVS' image among consumers, U.S. Attorney Robert Clark Corrente charged that Kramer and Ortiz put Celona on the payroll 'to advance the company's legislative agenda … through illicit payments to Senator Celona. … In return, the indictment said, Celona used his political clout to kill controversial 'pharmacy choice" legislation that would have expanded the Rhode Island network of pharmacies that accepted Blue Cross reimbursements. CVS, which dominated the restricted network, opposed the bill so strongly that the company tied Kramer's and Ortiz's performance reviews to defeating the legislation. … Killing the legislation, Ortiz wrote in one review, had 'helped to protect millions of dollars of sales.'"

North Dakota Library Clerk Charged With Federal Sex Offense. The Bismarck (ND) Tribune (1/31, Michael) reports, "A Bismarck librarian has been charged in federal court with one count of traveling with the intent to engage in illicit sexual conduct with a minor." The Tribune continues, "David Boschee, 37, was charged for allegedly traveling to South Dakota on Sept. 29, 2006, for the purpose of engaging in illicit sexual conduct with a minor, said a news release from U.S. Attorney Marty Jackley from the district of South Dakota. … The charge is punishable by up to 30 years in prison and fines of up to $250,000." The Tribune adds, "United States Magistrate Judge Charles S. Miller ordered on Monday that Boschee be held until he can be transferred to South Dakota. Boschee was being held in the Burleigh County Detention Center as of Tuesday afternoon. … A trial date has not yet been scheduled. … According to an affidavit written by Federal Bureau of Investigations agent Michelle Behan, Sioux Falls Police Detective Andrea Kelly informed her on Jan. 25 that Boschee had met a 15-year-old Sioux Falls girl over the Internet. Both of them had

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Myspace.com profiles, the affidavit said. … The girl's birth date was on her profile, identifying her as a 15-year-old girl, the affidavit said. … Bismarck Police Lt. Dan Donlin said the FBI out of Sioux Falls and the North Dakota Bureau of Criminal Investigations requested that the police department assist in locating Boschee Monday morning."

Bill Would Track Sex Offenders On Internet. The Los Angeles Times (1/31, Puzzanghera) reports, "Convicted sex offenders released from prison must register their home addresses with authorities. Now some in Congress want to extend that requirement to cyberspace." The Times continues, "To prevent sexual predators from trolling the Internet for young victims, a bipartisan group of lawmakers Tuesday introduced legislation that would require sex offenders to register their e-mail addresses and make them available to social networking sites. The proposal also would make it a crime for adults to lie about their age in pursuit of sex with a minor. … 'Just as we protect kids in physical neighborhoods, we have to protect them in online communities,' said Sen. Charles E. Schumer (D-N.Y), a sponsor along with Sen. John McCain (R-Ariz.). House legislation was introduced by four lawmakers, including Earl Pomeroy (D-N.D.), who helped create a new online database of convicted sex offenders last year." The Times adds, "Named in memory of Adam Walsh, the son of 'America's Most Wanted' host John Walsh, and other victims, that legislation easily passed Congress and was signed by President Bush in July. … Backers predicted the new proposal, called the Keeping the Internet Devoid of Sexual Predators Act, would receive similar support, although the Electronic Frontier Foundation has expressed privacy concerns. … MySpace.com, the most-visited social networking site, endorsed the legislation and already is using data from the existing registry to try to identify sexual predators, said Chief Security Officer Hemanshu Nigam. Concerns about child safety have dogged MySpace and its parent, Fox Interactive Media. … Facebook.com, another popular social networking site, also backs the bill."

CIVIL RIGHTS:

Mississippi Official Testifies To Racial Divisions In Voting Rights Trial. The Jackson (MS) Clarion-Ledger (1/31, Gates) reports, "Black and white residents in Noxubee County are as divided as they were 35 years ago, one black county leader testified Tuesday." The Clarion-Ledger continues, "In the small, majority-black county in east Mississippi, racial division has been the norm, said Noxubee County Election Commission Chairman John Bankhead. … 'We don't need to be split; we need to come together,' Bankhead said. 'This will put them (race relations) back 10 years before they can come together again.'" The Clarion-Ledger adds, "In the first lawsuit of its kind in the United States, the U.S. Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters. … The three-week trial in U.S. District Court is expected to conclude by the end of this week." The Clarion-Ledger notes, "The defense began putting on its case Monday, with Bankhead as one of the witnesses. … Bankhead said that when integration began, white residents pulled their children out of public school in the county. He said he has both white friends and black friends but there is little socialization of the races today. … The Election Commission is a defendant in the federal lawsuit, but the Justice Department has alleged few or no overt acts by the commission to discriminate against white voters. … The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters."

The Washington Times (1/31, Seper) reports, "A federal court trial is expected to end this week in a Justice Department lawsuit seeking an end to 'relentless voting-related discrimination' by black political leaders in a rural Mississippi county -- the first suit brought under the Voting Rights Act of 1965 that accuses blacks of suppressing the rights of whites." The Times continues, "The lawsuit targets Ike Brown, longtime political boss of Noxubee County, Miss., who serves as chairman of the Democratic Executive Committee and superintendent of Democratic primary elections, and Carl Mickens, circuit clerk for Noxubee County and superintendent of non-primary elections. … The two black officials are charged with engaging in a 'pattern of discriminatory action' over a period of several years that resulted in the denial of the rights of white citizens of Noxubee County to 'participate in the political process and to elect candidates of their choice.' … The non-jury trial, which is scheduled to conclude later this week and go to U.S. District Judge Tom S. Lee, has pitted the county's black-controlled political power structure against government prosecutors, who have accused Mr. Brown and his backers of seeking to rig elections to guarantee that white candidates lost."

More Commentary. The Jackson (MS) Clarion-Ledger (1/31) editorializes, "A trip to any public library that offers a history book can establish that for more than a century, the white power structure in Mississippi found innumerable methods to discriminate against black voters. … That discrimination took the form of acts as raw and blunt as murder, terrorism, beatings, threats and economic sanctions. It also was as oblique and infuriating as poll taxes and literacy tests that required the voter to successfully ascertain the number of bubbles on a bar of soap." The Clarion-Ledger adds, "Against the backdrop of Mississippi's history of white voter discrimination against blacks, does one even dare ask

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the question: 'Can blacks discriminate against white voting rights in Mississippi?' … It's a valid question and the answer is obvious." The Clarion-Ledger adds, "The Voting Rights Act has been used dozens, perhaps hundreds of times to protect the voting rights of black Mississippians against discrimination from whites. But in the federal courthouse in Jackson this month, U.S. District Judge Tom S. Lee has been presiding over the first case in history in which the federal government has accused black Mississippi election officials of violating the Voting Rights Act by discriminating against white voters in Noxubee County. … U.S. Justice Department attorneys have been trying to convince Lee that black Noxubee County Democratic Party leaders now in power have systematically denied the voting rights of white voters. … There is no jury. Lee will decide this historic case. The nation will watch the outcome. But if the government proves voter discrimination by Brown, the outcome of the case shouldn't be in doubt. … Discrimination is discrimination - and it's wrong in whatever color it comes. That's the law."

FBI To Question Student In Mississippi School Confrontation. The AP (1/31, Mohr) reports from Jackson, MS, "The FBI wants to interview a high school student involved in a confrontation with a police officer who twice pulled his gun in front of dozens of pupils at Greenwood High School last month, the bureau confirmed Tuesday." The AP continues, "Carlos Moore of Grenada, the attorney for 18-year-old James Marshall, issued a news release saying the FBI is 'launching a preliminary investigation into whether Officer Casey Wiggins of the Greenwood Police Department violated Marshall's civil rights in violation of federal criminal law.' … However, Deborah Madden, spokeswoman for the FBI in Mississippi, told The Associated Press there is no investigation at this point. … 'In order to determine whether grounds exist to open a preliminary investigation, a request was made to Mr. Moore that the FBI be allowed to interview Mr. Marshall,' Madden said." The AP adds, "Moore already has filed a $2 million lawsuit seeking damages from Wiggins, Greenwood High School, the police department and others. He also filed a federal criminal complaint with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and of making a false arrest under the color of law. … Moore claims race played a factor in the Dec. 6 confrontation that was captured by school surveillance cameras."

Sentencing For Former Mississippi Jailers Delayed Pending Trial. The Biloxi (MS) Sun Herald (1/31, Fitzgerald) reports from Gulfport, MS, "Former corrections officers who have agreed to plea bargains in an inmate-abuse investigation won't be sentenced until after the trial of Ryan Michael Teel on May 28." The Herald continues, "Morgan Lee Thompson, one of five former Harrison County jailers to plead guilty in the federal criminal case, was set for sentencing Tuesday. He and the others won't be sentenced until after Teel's charges are resolved, court orders show." The Herald adds, "Nearly a year has passed since the fatal beating that prompted scrutiny of complaints of unnecessary, excessive use of force against inmates at the Harrison County jail. Teel's charges accuse him of attempting to kill Jessie Lee Williams Jr., a 40-year-old inmate beaten Feb. 4, 2006. Williams died when taken off life-support two days later. … It remains unclear if others will be charged in the exposé of jailers who conspired to deprive rights under color of law and covered up the illegal acts. … U.S. Attorney Dunn Lampton on Tuesday said he couldn't give a time frame for the investigation's end. … 'The investigation will continue until every avenue and every lead is exhausted,' Lampton said. 'It's going to be thorough. I'm hopeful we're getting to the end of it and I think we are.'"

Jury Finds Seattle Violated WTC Protesters' Rights In 1999. The AP (1/31) reports, "A federal jury found Tuesday that the city of Seattle violated the constitutional rights of 200 protesters who were arrested during a demonstration during the World Trade Organization meeting in 1999." The AP continues, "The jury found the city liable for violating the protesters' constitutional rights against unreasonable search and seizure, but did not find a violation against their free speech rights. … U.S. District Judge Marsha Pechman had already ruled that police had made the arrests without probable cause. … Attorneys for the city said they plan to appeal the decision." The AP adds, "The week of the arrests, about 50,000 protesters swarmed Seattle, overwhelming police and closing down the meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers. … The area became known as the 'no-protest zone,' even though shoppers, residents and others allowed in the zone were not exempted from protesting. … The group of demonstrators were arrested when they marched within the zone, where they sat down, chanted and sang."

Capitol Police Say There Were No Orders To Not Arrest Anti-War Protestors. The Washington Times (1/31, Miller, 88K) reports US Capitol Police Chief Phillip Morse "met privately yesterday with a senator and denied that he ordered officers not to arrest war protesters who painted slogans on the sidewalk near the Capitol." Chief Morse "conceded shortcomings in the police response Saturday at the protest against the Iraq war, however, and vowed to revise plans for managing demonstrations, Sen. Wayne Allard said after meeting with the chief." Allard said, "There was no order to retreat [or] not arrest anybody. He had ordered them that if

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they saw anybody breaking the law, they were to arrest them. ... They did not see them paint the graffiti." The Times adds Chief Morse's "pledge to review department policy follows public complaints that protesters painted anarchist symbols and slogans on the Capitol sidewalk Saturday right in front of Capitol Police officers. The graffiti included the phrases 'all cops are pigs' and 'you can't stop us,' officers said." Some officers "said the order for 'hands off' protesters came from House Speaker Nancy Pelosi, California Democrat."

More Lawmakers Might Jump On Anti-War Protester Graffiti Issue. The White House Bulletin/US News (1/30) reports Republican lawmakers are "being encouraged to join Sen. Wayne Allard of Colorado in demanding an explanation from US Capitol Police" about why the "gang of anti-war protesters were allowed to spray-paint graffiti on the west front steps of the Capitol." A House GOP leadership aide "said that lawmakers were being encouraged by conservative interest groups to complain to the police chief and House Speaker Nancy Pelosi. The main group demanding action is the Family Research Council which yesterday called on supporters to email Pelosi concerns about reports that police stood by as the protesters sprayed anarchist symbols on the steps. The police said it was minor and easy to clean up." In an email, FRC President Tony Perkins said, "For any group, such acts would mean immediate arrest. This time, the Capitol Police's hands were tied because they were ordered to stand down by their chief of police, who answers to the speaker of the House Nancy Pelosi." The Bulletin adds a Republican advisor "to the leadership said that other members were considering echoing Allard's concerns either in letters to the police and Pelosi or House floor statements."

LATimes Lauds Waters Bill To Require HIV Testing For Federal Prisoners. The Los Angeles Times (1/31) editorializes, "Rep. Maxine Waters (D-Los Angeles) is about to introduce legislation to make HIV testing automatic for inmates as they enter and exit federal prisons, unless the prisoners opt out. It's a strong step in the right direction, even if we'd rather see that loophole closed." The Times continues, "Research shows that male prisoners are three to five times more likely to be infected with HIV than are members of the general population, yet many prisons test only when an inmate shows HIV symptoms or when body fluids have been exchanged in detectable incidents such as fights. … Because two-thirds of inmates are black or Latino men, the consequences of unprotected sex in prisons have been particularly devastating for minority communities. HIV rates have skyrocketed among young gay men and the female partners of ex-cons. As of 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States. … And it's not just the inmates and their outside partners who are at risk. In a Centers for Disease Control and Prevention study of HIV in Georgia's state prisons, many men who became infected said their partners were prison staff members." The Times adds, "Waters is calling for HIV testing to become part of the comprehensive medical exam inmates receive upon entering prison; counseling would be provided before and after the test. The bill also would beef up HIV education for inmates and confidentiality training for prison staff. The Congressional Budget Office estimates that it would cost $750,000 to $2 million annually. … Making HIV tests automatic for a high-risk, captive population is vital not just for the health of inmates and their partners but for policymakers in understanding what goes on in the nation's disgracefully dysfunctional prisons. Now if only the state of California would follow suit."

Woman Reporting Rape Is Jailed, Denied Contraceptive In Tampa. The AP (1/30) reports from Tampa, FL, "A woman who told police she had been raped was jailed for two days after officers found an old warrant accusing her of failing to pay restitution for a 2003 theft arrest." The AP continues, "While she was behind bars, according to the college student's attorney, a jail worker refused to give her a second dose of the morning-after contraceptive pill because of the worker's religious convictions. … The 21-year-old woman was released Monday only after attorney Vic Moore reported her plight to the local media." The AP adds, "Moore said the woman was not allowed to take the second emergency contraceptive pill until Monday afternoon, a day late, after reporters called police and jail officials. … Tampa Police Chief Steve Hogue said the arrest led to a new policy Tuesday that tells officers not to arrest a crime victim who has suffered injury or mental trauma whenever 'reasonably possible.' The agency also apologized to the student. … Tampa attorney Jennifer D'Angelo, who represents the jail worker, said Tuesday that her client is prohibited from giving inmates any medication without specific orders. The worker insists she never discussed religion with the woman who reported being raped. … The employee, who has worked for a jail health care contractor for about six months, was placed on administrative leave, D'Angelo said." According to the AP, the unnamed victim "was in Tampa on Saturday for Gasparilla, an annual pirate-themed parade that draws thousands of people. She said she was walking alone to her car when a man pulled her behind a building and raped her, (police spokeswoman Laura) McElroy said. … She reported the rape Saturday afternoon, and officers took her to a rape crisis center where she was given the first of two doses of the morning-after pill, McElroy said. The second dose is supposed to be taken within 24 hours."

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ANTITRUST:

Wall Street Firms Support Delta's Efforts To Resist Takeover. The Atlanta Journal-Constitution (1/31, Grantham) reports, "With a decision on US Airways' $10 billion takeover bid looming, Delta Air Lines is trotting out some heavyweight support for its drive to stay independent." The AJC continues, "The Atlanta airline announced Tuesday that it had arranged for $2.5 billion in exit financing to fuel its plan to emerge from Chapter 11 proceedings on its own this spring. Such financing is an expected but critical step in any Chapter 11 reorganization." The AJC adds, "The news was well-timed for those rooting for Delta to fend off the US Airways merger proposal, which carries a Thursday deadline for a response from Delta's official creditors committee. The committee usually meets on Wednesdays and could announce a position on the merger as soon as today. … Delta said its financial backing comes from six powerhouse Wall Street firms, inluding Goldman Sachs and Merrill Lynch, and represents an endorsement of its independent reorganization." The AJC notes, "Delta management — aided by employee and retiree groups — has vigorously fought US Airways' stock-and-cash offer to merge with Delta and adopt the Delta name. However, the creditors committee could force the airline to move into serious merger talks if it concludes the proposal offers better returns on claims than Delta's standalone plan. The committee represents the biggest suppliers, banks and other groups owed money by Delta. … A hearing on the next step in Delta's standalone restructuring plan is set for Feb. 7 in bankruptcy court in New York. US Airways wants the creditors committee to signal support for continued merger talks by, among other things, seeking a delay in that hearing."

USA Today (1/31, 1B, Adams) reports, "Showing frustration, US Airways CEO Douglas Parker said Tuesday that his company will drop its bid for Delta Air Lines on Thursday if bankruptcy creditors don't signal support for the $10 billion offer." USA continues, "Delta's creditors 'know exactly what they have to do,' Parker said in a conference call on quarterly earnings. 'If this (creditors) committee is not willing to do what it should do for investors … we're not willing to pursue this transaction anymore.'" USA continues, "Although Parker had earlier placed a Feb. 1 deadline on his offer, his comments suggested for the first time that US Airways may be poised to walk away from the deal it proposed in mid-November and sweetened earlier this month. … Parker's comments followed days of frantic maneuvering by people on all sides of the controversial bid. US Airways' cash-and-stock offer for Delta, which has been in Chapter 11 reorganization since September 2005, has been rejected by Delta's management. Delta has lobbied its creditors to accept Delta's own plan to emerge as a stand-alone carrier. A merger would create the country's biggest domestic carrier."

Private Equity Firms' Purchases Raise Regulatory Concerns. The Washington Post (1/31, A1, Cho) reports, "The world may be eating more doughnuts now that Jon Luther's firm, Dunkin' Brands, has joined the most prominent trend on Wall Street these days: going private." The Post continues, "Since three private-equity firms bought out the Dunkin' Donuts parent for $2.4 billion in 2005, Luther has doubled store growth, retooled his executives' pay and opened his first branches in Asia. And he did it behind a veil of privacy, away from the glare of analysts and federal regulators. … All of this was made possible by the deep pockets of private-equity firms. … Not since junk bonds has an alternative form of investment risen to prominence as quickly as private equity, an obscure world where fund managers risk billions to buy and try to turn around slumping companies, and then sell them for a profit." The Post adds, "With unprecedented sums in their coffers, private-equity firms have the ability to buy all but the biggest companies. Among their prize catches are Toys R Us, Neiman Marcus, Hertz, Burger King, Harrah's Entertainment, Clear Channel Communications and HCA, the nation's largest hospital company. … Last year, private-equity firms spent a record $540 billion to acquire companies in virtually every sector, up from $59 billion three years ago, and in the process have been dramatically changing the cast of powerbrokers on Wall Street. Although average investors can benefit from the run-up in stock prices during one of these buyouts, the trend has concentrated control of major swaths of U.S. industry in the hands of a few wealthy groups that do not have to reveal much about their operations. … This year began with the biggest proposed private buyout on record -- for Equity Office Properties Trust, the nation's largest office landlord. Blackstone Group last week put forth a $38.3 billion buyout offer, which would include the assumption of Equity Office's $16 billion debt. That bested a $38 billion bid earlier this month by a group of real estate investors led by Vornado Realty Trust. Today is the deadline for that group to make a counter bid." The Post notes, "The surge in private deals is raising concerns in Washington. The Justice Department is looking into whether some of these buyouts are anti-competitive. Last week, the Federal Trade Commission ordered District-based Carlyle Group, the nation's largest private-equity firm, to give up management control and its board seats at Magellan Midstream because Carlyle is part of the group buying oil pipeline operator Kinder Morgan for $22 billion. The two energy-distribution companies dominate the same 11 markets across the Southeast United States."

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CME Claims It Can Sustain High-Margin Growth Despite CBOT Deal. The Financial Times (1/31, Cameron) reports, "The Chicago Mercantile Exchange maintained on Tuesday that its high-margin business model was sustainable, in spite of grumblings from some users that a planned merger with the Chicago Board of Trade would give it monopoly pricing power." The Times continues, "The largest US derivatives exchange reported record sales and profits as it pumped higher volumes through its electronic platform. It said the CBOT deal was on track to close by mid-year, subject to shareholder and regulatory approval. … Craig Donohue, chief executive, said: 'This is a very cheap place to do business.'" The Times adds, "However, industry groups such as the Futures Industry Association have failed to adopt a common position on the planned deal. Some large customers continue to complain in private about the potential power of an enlarged business accounting for 90 per cent of exchange-traded derivatives in the US. … Mr Donohue said competition in the derivatives market was increasing as the exchange-traded and OTC markets converge. … He remained confident that the proposed merger would secure approval from the Justice Department, which has focused on the CME's dominant role in clearing exchange-traded derivatives deals."

Senate To Examine Mergers In Pharmacy Benefit Industry. Bloomberg (1/31, Waters) reports, "U.S. Senator Herb Kohl, the Wisconsin Democrat who has taken over as chair of the Senate's antitrust subcommittee, said the panel will scrutinize mergers among pharmacy benefit managers." Bloomberg continues, "The subcommittee will examine such transactions 'to ensure that this consolidation does not create any anti-competitive bottlenecks,' according to a statement posted today on the senator's Web site." Bloomberg adds, "Caremark Rx Inc., the second-largest U.S. pharmacy benefits manager, is currently the object of a bidding war between Express Scripts Inc. and CVS Corp. If Express Scripts prevails, the merged company would be larger in the pharmacy benefit management field than Medco Health Solutions Inc., now the biggest competitor in the industry. … The subcommittee will also focus on 'eliminating barriers' that might keep cheaper generic versions of name-brand drugs from getting on the market, according to the posting."

AMD Attorney Says Antitrust Enforcement Is Less Aggressive. The San Jose Mercury News (1/31, Poletti) reports, "An attorney for Advanced Micro Devices, longtime foe of chip giant Intel, said Tuesday that regulators are less aggressive in going after monopolistic practices in the United States in recent years. … 'Right now from a business perspective, it appears frankly that there has been a retreat from Section 2 enforcement,' said Tom McCoy, executive vice president of legal affairs at AMD of Sunnyvale, referring to the part of the Sherman Act that prohibits monopolization. McCoy made his comments during a day of informational hearings held (in Berkeley, CA) by U.S. regulators on monopolistic behavior." The News adds, "McCoy was one of several technology company executives who spoke at the event, held at the University of California at Berkeley's Haas School of Business to examine whether and when specific types of single-company conduct may violate Section 2 of the Sherman Act. The hearings were informational and were meant to provide 'real-world insight' for regulators, said FTC assistant general counsel Karen Grimm. … In answer to a question from Grimm on whether the FTC and the Department of Justice are failing to challenge single-firm conduct, McCoy said he believed that Section 2 violations 'are not getting the same kind of energetic enforcement and investigation' as they have in the past. Grimm declined to comment on McCoy's response."

New York Teen In Piracy Suit Charges Record Companies With Collusion. The AP (1/31, Fitzgerald) reports from White Plains, NY, "A 16-year-old boy being sued for online music piracy accused the recording industry on Tuesday of violating antitrust laws, conspiring to defraud the courts and making extortionate threats." The AP continues, "In papers responding to a lawsuit filed by five record companies, Robert Santangelo, who was as young as 11 when the alleged piracy occurred, denied ever disseminating music and said it's impossible to prove that he did." The AP adds, "Santangelo is the son of Patti Santangelo, the 42-year-old suburban mother of five who was sued by the record companies in 2005. She refused to settle, took her case public and became a heroine to supporters of Internet freedom. … The industry dropped its case against her in December but sued Robert and his sister Michelle, now 20, in federal court in White Plains. Michelle has been ordered to pay $30,750 in a default judgment because she did not respond to the lawsuit." The AP notes, "Robert Santangelo and his lawyer, Jordan Glass, responded at length on Tuesday, raising 32 defenses, demanding a jury trial and filing a counterclaim against the companies for allegedly damaging the boy's reputation, distracting him from school and costing him legal fees. … His defenses to the industry's lawsuit include that he never sent copyrighted music to others; that the recording companies promoted file sharing before turning against it; that average computer users were never warned that it was illegal; that the statute of limitations has passed; and that all the music claimed to have been downloaded was actually owned by his sister on store-bought CDs. .. .Santangelo also claims that the record companies, which have filed more than 18,000 piracy

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lawsuits in federal courts, 'have engaged in a wide-ranging conspiracy to defraud the courts of the United States.'"

Altria Investors Pleased To See Kraft Go. The New York Times (1/31, Martin) reports that for all the tobacco industry's apparent trouble, "the future of cigarettes appears to be brighter than ever. That at least is the message investors are sending as the Altria Group," the company once known as Philip Morris, "prepares to split itself by spinning off its Kraft Foods division to shareholders and become, once again, primarily a tobacco company." The Times says Altria chief executive Louis C. Camilleri is expected to set a timetable for completing the spinoff today. Wall Street is responding to the move "with the equivalent of a standing ovation" because investors "are glad that Altria will finally be rid of Kraft Foods." Since October, when Altria announced its plan for the move, "its shares have risen 10 percent."

Columnist Hopes Limits Will Be Put On Change-Of-Control Payments. In his Washington Post (1/31) business column, Steven Pearlstein says, "One thing you can count on in any merger or acquisition is that the executives who negotiate them always come out winners. That's not the case for shareholders," or sometimes even customers. Pearlstein says a case in point of executives doing well in a merger "is the proposed purchase of Caremark Rx, the pharmacy-benefits manager, by CVS, the pharmacy chain, which was announced late last year. Under the merger terms, Caremark's top executives, down to the level of senior vice president, are to receive change-of-control payments due under their employment contracts." These "change-of-control payments are now standard fare in the executive-compensation game." Pearlstein notes that the Caremark, CVS deal "will be explored by Delaware's chancery court, where Express Scripts and two public pension funds have filed suit to stop the merger." He argues that the case provides "an opportunity to set some reasonable limits on the widespread use of breakup fees, indemnification clauses and change-of-control payments."

ENVIRONMENT/INDIAN AFFAIRS:

Scientists Denounce White House Pressure To Downplay Climate Change. At a House hearing yesterday organized by Rep. Henry Waxman, government scientists said the Bush Administration has applied political pressured to suppress information about climate change caused. At a separate hearing chaired by Sen. Barbara Boxer, fully one quarter of the Senate gave statements on their views of global warming. The story was reported as the lead and a separate story on NBC last night, and was covered in a full segment on ABC and a brief on CBS.

NBC Nightly News (1/30, lead story, 3:20, Williams, 9.87M) said, "The question in Washington today was this did the Bush Administration in any way try to cook the books on the topic of global warming?" NBC (Mitchell) added, "With Democrats holding the gavel in both houses, advocacy groups were given the chance to present a new study revealing unprecedented and widespread interference with scientific reports, largely by a former oil industry lobbyist working for the White House." Rep. Henry Waxman: "They tried to delete a discussion of the human health and environment effects of climate change." Mitchell: "Documents uncovered by the Government Accountability Project, an advocacy group, reveal that critical findings were eliminated from draft reports. Questions like, is abrupt climate change real? And what is the relationship between the drought in the West and climate variability and change? Both crossed out. With a handwritten note, it is not necessary here to list these examples." Who "watered down most of the government reports? The scientists point to Phillip Cooney, a former oil lobbyist in charge of the Bush policy who then left to work for ExxonMobil."

ABC World News (1/30, story 4, 2:10, Gibson, 8.78M) reported it was a "dramatic example" of "how the agenda has changed now that Democrats are in charge." ABC (Tapper) added, "Scientists say their work on global warming has been watered down and twisted by a White House that does not want the public to hear about it." According to "a Union of Concerned Scientists survey released today, at least 150 Federal climate scientists personally have experience political interference with their work under the Bush Administration. Rick Plitz, a former climate change official, testified that a White House aide edited a report to Congress, deleting what is scientific consensus, that global warming is advancing the melting of mountain glaciers and polar ice." Rep. Henry Waxman, chairman, Oversight & Government Reform Committee: "All of us have a right to our own views about the seriousness of global warming. But we don't have a right to our own science." Tapper: "The White House today said, 'claims that the Administration interfered with scientists are false,' and insists it is focused on 'making real progress in reducing greenhouse gas emissions.' A Senate committee held hearings today too, chaired by Senator Barbara boxer. The committee's previous chairman, Senator Jim Inhofe, has called global warming a 'hoax.'"

The CBS Evening News (1/30, story 8, :20, Couric, 7.66M) reported, "Today a survey of government scientists revealed many felt pressured by the White House to play down the effects of global warming. And at a House hearing, Democrat Henry Waxman accused the Bush Administration of trying to mislead the public about climate change. In the past, the White House has said it's only sought to inject balance into those reports."

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USA Today/AP (1/31, 5A) reports the House hearing "focused on allegations that the White House for years has closely controlled what scientists have been allowed to tell the public." Oversight and Government Reform Committee Chairman Henry Waxman said, "It appears there may have been an orchestrated campaign to mislead the public about climate change."

The Los Angeles Times (1/31, Simon, 850K) reports Chairman Waxman "headed toward a possible confrontation Tuesday with the White House over his demands for documents that could show whether the Bush administration interfered with the work of government climate scientists to downplay the dangers of global warming." Waxman "did not threaten to issue subpoenas, but said he would 'insist on Congress' right' to the information. Waxman and the committee's top Republican, Rep. Tom Davis of Virginia, sent a strongly worded letter to the White House Council on Environmental Quality calling on it to 'reconsider the confrontational approach' and produce the documents within 10 days."

The Chicago Tribune (1/31, Neikirk, 617K) reports two advocacy groups "released a survey to the panel in which a number of government climate scientists claimed either that their research had been edited to change the meaning or that they were told to delete references to 'global warming' or 'climate change' from reports." White House officials "did not appear before the committee, but President Bush in his State of the Union Address last week referred to 'global climate change' and said technology should be used to address the problem." The Tribune notes that Drew Shindell, "a climate scientist at NASA's Goddard Institute for Space Studies, said that before the space agency recently relaxed restrictions on talking to the press about research, interview requests went through the White House, and were often rejected or delayed."

The Christian Science Monitor (1/31, Spotts, 59K) reports the advocacy groups' report "claims that the Bush administration has suppressed scientists' climate-change work." The survey findings, "part of a new report compiled by two watchdog groups, shed new light on complaints by a scattering of scientists over the past year who have publicly complained that Bush administration appointees have tried to mute or muzzle what researchers have to say about global warming." The hearings "and the new report come as climate scientists from around the world have gathered in Paris to put the finishing touches on a comprehensive 'state of the science' report on global warming."

The New York Times (1/31, Dean, 1.16M) reports that under Chairman Waxman, the Oversight Committee "took on the Bush administration's handling of climate change science yesterday, and even the Republicans on the panel had little good to say about the administration's actions." When witnesses "spoke in defense of the administration, it was often to say only that there were still some scientists who doubted that climate view or that the administration's approach was not unique. 'Cherry-picking' science to suit policy or political goals is at least as old as the Eisenhower administration, said Roger Pielke Jr., a professor in the Environmental Studies Program at the University of Colorado. The committee itself is guilty of it, he added, pointing to a news release linking rising ocean temperatures to bigger and more frequent coastal storms, something about which there is still debate."

The Financial Times (1/31, Kirchgaessner, Harvey) reports NASA climatologist Shindell said "the Bush administration has routinely suppressed or -distorted communication of climate change science to the public." The accusation "was reinforced by claims by Democratic lawmakers that the White House was withholding documents proving that Philip Cooney, a former Bush administration official who now works as a lobbyist for ExxonMobil, regularly edited climate reports for political reasons."

One Fourth Of Senate Sounds Off On Global Warming. The AP (1/31, Hebert) also reports climate change "also was a leading topic in the Senate, where presidential contenders for 2008 lined up at a hearing called by Sen. Barbara Boxer. They expounded — and at times tried to outdo each other — on why they believed Congress must act to reduce heat-trapping 'greenhouse' gases." Sen. Hillary Clinton said, "This is a problem whose time has come." Sen. John McCain said, "This is an issue over the years whose time has come." Sen. Barack Obama said "'for decades far too many have ignored the warning' about climate change. 'Will we look back at today and say this was the moment we took a stand?'"

McClatchy (1/31, Whitney) reports the Senate panel "found broad bipartisan support Tuesday for doing something about global warming, but deep divisions remained over how to curb the emissions that scientists think are causing the Earth to warm rapidly." Sen. Boxer said, "A consensus is developing that we must take action at the federal level now." Boxer said "she'd try to steer the Senate committee toward enacting something like California's tough global-warming law, which requires lowering emissions to 1990 levels by 2020. But she acknowledged that she was uncertain how far she'd get." Sen. James Inhofe, R-Okla. –" who was unseated as committee chairman by the November elections, which thrust Boxer into her most prominent role in Congress - is a skeptic of global warming who was able to bottle up remedial legislation. He didn't seriously challenge the science Tuesday." The "harshest Republican critic was Idaho Sen. Larry Craig, who said the rush to enact legislation was driven by the 2008 presidential elections, which Democrats didn't dispute."

The Washington Post (1/31, A6, Eilperin, 690K) reports that as "600 scientists meet this week in Paris to finalize the

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first worldwide assessment in six years of the evidence on global warming, lawmakers on Capitol Hill searched for a political consensus yesterday on how to address climate change." In a "prolonged Senate hearing that one senator compared to 'open-mike night,' several lawmakers spoke in passionate terms about a need to put a cap on U.S. carbon dioxide emissions before global warming's effects become irreversible, while others sketched out possible policy compromises on the contentious issue. In a separate House hearing, a bipartisan group of lawmakers questioned whether the Bush administration has been suppressing climate science."

The Washington Times (1/31, A1, Bellantoni, 88K) reports in a front page story, "One-quarter of the Senate yesterday called global warming a serious threat to the world's future and urged quick action, despite disagreement on how to stem its effects." During a "rare open forum that lasted hours, senators from both major parties including four seeking the presidency shared ideas about curbing carbon emissions, which many scientists blame for global warming."

2008 Candidates Backing Proposals To Limit Global Warming. The Los Angeles Times (1/31, Hook, Simon, 850K) reports, "After years of languishing on Capitol Hill, efforts to curb global warming have picked up momentum, powered by a growing bipartisan belief that climate change can no longer be ignored. Speaker Nancy Pelosi, D-Calif., has declared it a top priority for the House. Presidential candidates from both parties call it one of the biggest issues faced by the next occupant of the White House. Even President Bush, long a skeptic, is sounding the alarm." Legislation to "curb global warming is still a long shot in Congress because there is no consensus on a solution. But almost all the candidates who want to succeed Bush -- from Sen. John McCain, R-Ariz., to former Sen. John Edwards, D-N.C. -- are far ahead of him in proposing ways to reduce carbon emissions." McCain, "considered a front-runner for his party's presidential nomination, has introduced a bill to impose mandatory limits on the greenhouse gases that contribute to global warming and intends to introduce another to target vehicle emissions by raising miles-per-gallon rules. His cosponsors on the first bill include two leading Democratic presidential contenders, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois." Other candidates "have their own proposals. New Mexico's Democratic Gov. Bill Richardson touts his efforts to get his state to generate more electricity from cleaner sources, such as solar and wind power. Sen. Joseph R. Biden Jr., D-Del., recently introduced a resolution calling for the United States to return to international negotiations on climate change that Bush spurned."

International Science Group To Conclude Fossil Fuels Caused Global Warming. USA Today (1/31, 1A, O'Driscoll, Vergano, 2.27M) reports in a front page story that a "major international analysis of climate change due Friday will conclude that humankind's reliance on fossil fuels — coal, fuel oil and natural gas — is to blame for global warming, according to three scientists familiar with the research on which it is based." The "gold-standard Intergovernmental Panel on Climate Change (IPCC) report represents 'a real convergence happening here, a consensus that this is a total global no-brainer,' says U.S. climate scientist Jerry Mahlman, former director of the federal government's Geophysical Fluid Dynamics Laboratory in New Jersey."

Climate Change Could Hurt California Wine Industry. NBC Nightly News (1/30, story 8, 2:10, Williams, 9.87M) reported, "But some business owners in California will tell you the reality of" global warming "has already hit home in a $15 billion industry the wine industry." NBC (Taibbi) added, "In the vineyards they're only pruning now, but climate change experts like Dr. Greg Jones of Southern Oregon University say it's not too soon to wonder how many great California wine seasons might be left?" Greg Jones: "We're looking at a 25- to 50-year horizon where I think the rate of change will become dominant enough to make some significant issues for the industry."

EPA Recommends Cutting Smog Limit To Protect Public Health. USA Today (1/31, Watson, 2.27M) reports that "scientists at the Environmental Protection Agency will recommend today that the level of smog allowed in the nation's air be cut to protect public health, the EPA said Tuesday." When "nearly 160 million people live in counties that do not meet the federal smog limit," EPA scientists hope the proposed 25% cut "in the smog standard could lead to fewer 'Code Red' days and easier breathing for those with asthma." "Industry groups have already told the EPA that they oppose tightening the smog limit," like they fought the last smog limit proposed and ultimately passed in 1997.

The Wall Street Journal (1/31, A6, 2.04M) reports that today, EPA staff "will recommend as much as a 25% cut in allowable smog levels, after new health data showed smog in traffic-congested cities is more dangerous than previously thought" while "the agency's experts will also recommend new ways to measure smog's impact on crops." If smog limits are approved…cities and states…would have to figure out how to meet them by tighter controls on industries and perhaps on traffic."

US Gets Low Grade For Protecting Oceans. The CBS Evening News (1/30, story 9, 3:05, Couric, 7.66M) reported a commission on the health of the oceans "said today we are not doing a very good job of protecting them. It gave the country a C-minus. In fact, on the West Coast, animals that depend on the Pacific for survival are instead being poisoned by it." CBS (Whitaker) added, "Remember

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Alfred Hitchock's 'The Birds?' Frightening fiction? It was based on a real incident near Santa Cruz, California, in 1961. Scientists believe the birds were whacked out on acid, domoic acid, a toxin produced by an ocean allergy invisible to the naked eye. It's probably what drove this pelican, nicknamed Crash, right through the windshield of a car driving along the coast near Los Angeles recently." The algae "occurs naturally, but over the years, there has been an explosion of it. The blooms are lasting longer and have grown much more toxic. Scientists are alarmed and perplexed."

NYTimes Ponders Wolves' Future. The New York Times (1/31, 1.16M) editorializes that "the Interior Department's decision on Monday to remove the gray wolves…from the endangered species list" is encouraging since the wolves' numbers have grown greatly "thanks almost entirely to the act's prohibitions on hunting and trapping;" yet now these Western states and "tribal governments will now be responsible for keeping their numbers at healthy levels." Although the wolf's comeback is encouraging, it is "disturbing…that two of the states that will assume responsibility for managing the wolves have shown little interest in protecting them" and a growing hunting sentiment and "eagerness to resume the slaughter…based on claims that the wolves are devastating livestock populations and game animals like elk." Therefore, "the wolves should not be de-listed until Idaho and Wyoming adopt adequate regulatory mechanisms for protecting wolf populations that present no threat to humans, are valuable to the ecosystem and have taken years to rebuild."

FBI/DEA/ATF/USMS:

Pistole Tells Senators Continued FY06 Funding Levels Would Hurt FBI. Federal Times (1/30, Losey) reported on its Web site, "The FBI may not be able to replace 800 crucial agents and intelligence analysts who are expected to retire this year because Congress has failed to pass a 2007 budget, the agency's deputy director said Jan. 25. John Pistole, the second-highest ranking official in the FBI, told the Senate Select Committee on Intelligence that continuing to fund the agency at fiscal 2006 levels, as the current continuing resolution does, could prevent the agency from replacing 400 agents and 400 analysts when they retire this year. … Pistole said those losses would particularly hurt the FBI's ability to investigate and counter domestic extremists such as the Earth Liberation Front, Animal Liberation Front and white supremacists." Federal Times added, "Pistole said that a continuing resolution also will jeopardize the FBI's attempts to upgrade its case management system, called Sentinel."

FBI Among Few Agencies To Receive Funding Increase In Omnibus Bill. The Washington Post (1/31, A4, Layton, 690K) reports, "House and Senate Democratic leaders agreed yesterday to a $463 billion spending plan for the remainder of the fiscal year that would freeze many federal agencies at 2006 levels but include more money for veterans' health, education, scientific research, HIV programs and public parks, among other things." The Post notes, "Among the winners in the bill are veterans' health, which will get…$3.6 billion more than it got last year. The Defense Department will receive $21.2 billion -- an increase of $1.2 billion -- to treat U.S. troops wounded in Iraq and Afghanistan. The FBI will get $6 billion, an increase of $216.6 million to fully fund 31,359 positions, including those of 12,213 agents and 2,577 intelligence analysts." Government Computer News (1/30, Mosquera) noted, "Among major IT projects, the measure also includes $100 million to proceed with Sentinel, the FBI's system to move to electronic data sharing from paper-based case management."

Bloomberg (1/31) also reports, "Education, veterans' health care, international AIDS relief and the Federal Bureau of Investigation are among the government programs that would receive more money," and "the House is scheduled to vote Wednesday on the $463.5 billion spending bill. … The plan would cut the budgets of more than 60 programs from last year's level of spending."

Scottish Couple Awaits Extradition To Face US Meth Smuggling Charges. The Arizona Republic (1/31, Cox) reports, "A Scottish couple is awaiting extradition to the United States today on charges alleging they distributed chemicals used in the production of methamphetamines to labs all over the United States." The Republic continues, "Authorities said the investigation and subsequent arrests of Brian Howes, 43, and Kerry Ann Shanks, 28, led to the dismantling of about 100 meth labs across the country, including 20 in Arizona. … The couple were taken into custody today by Central Scotland police after an 82-count indictment was handed down by an Arizona grand jury in September 2006, according to the U.S. Department of Justice." The Republic adds, "The couple ran a Web site, KNO3.com, which distributed iodide crystals as well as red phosphorus used in the making of some methamphetamines, according to a press release by the Central Scotland Police department. … Chemicals from the site sold between August 2004 and November 2006 totaled enough to produce 1,400 pounds of methamphetamines, the Justice Department said."

The AP (1/31) reports, "They are named in a sealed 82-count indictment handed up in September by a federal grand jury in Phoenix and await extradition to the U.S., said Wyn Hornbuckle, a spokesman for the U.S. Attorney in Phoenix.

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… More than 100 illicit drug labs, including 20 in Arizona, were broken up during the investigation of shipments of chemicals from the couple, Hornbuckle said. … The 82 counts include two conspiracy charges, 64 felony counts of illegally importing or distributing chemicals and 15 counts of using the mail or the Internet in a crime."

Convicted Crack Dealer Gets 14-Year Sentence In New Jersey. The Bridgeton (NJ) News (1/31, Mccullen) reports a federal judge on Tuesday "sentenced a 'major' Bridgeton crack dealer to more than 10 years in prison. Nearly six months after pleading guilty to a one-count indictment for possession with intent to distribute more than 50 grams of crack cocaine, 29-year-old Rufus Kirkland Jr. learned on Tuesday that he will spend the next 14 years in federal prison. … U.S. Attorney Christopher J. Christie credited Bridgeton police and the DEA, under the direction of Special Agent-in-Charge Gerard P. McAleer, who is based in Newark, for their roles in the investigation."

San Diego Chargers Safety Faces More Legal Trouble. The AP (1/30) reported San Diego Chargers strong safety Terrence Kiel "was cited for urinating in public last month, his second run-in with the law in less than three months and the eighth by a San Diego player since April. … Kiel faces five felony drug charges stemming from his arrest in late September by Drug Enforcement Administration agents. The DEA said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas, apparently to be mixed with soft drinks to make a concoction known as 'lean.'" The AP story was used by CNN, MSNBC, the New York Times, Washington Post, Miami Herald, and San Francisco Chronicle.

The San Diego Union-Tribune (1/30) reported Kiel "is to appear in court in February, hoping to reach a deal with the San Diego County District Attorney on felony charges of theft and possession of a controlled substance. Kiel was arrested in September after Drug Enforcement Administration agents intercepted two packages containing 18 pint bottles of a codeine-based cough syrup. Authorities said Kiel admitted to shipping the syrup to his native Texas, where it can sell for up to $325 on the street."

Prosecutors Say California Man Mailed Drugs To Ports Across Country. The New Orleans Times-Picayune (1/31, Filosa) reports a California man "faces at least 20 years in federal prison for using the U.S. mail to traffic pounds of illegal drugs from his hometown to ports across the country." Andy Huynh of El Monte is accused of working in a drug-dealing ring that "shipped parcels of methamphetamine and cocaine to New Orleans; Honolulu, Hawaii; and Paoli, Pa.; from April 2005 until Hurricane Katrina hit the Gulf Coast."

In Colombia, More Politicians Accused Of Involvement With Illegal Militias. In Bogota, the AP (1/31, Muse) reports the Supreme Court "opened preliminary investigations into four more politicians for alleged ties to illegal right-wing militias after it was revealed they signed a 2001 letter of understanding with the paramilitary groups, the court's president said Tuesday. The court also ordered another four politicians, including the foreign minister's brother, to submit to additional questioning as probes deepened into their relations with paramilitaries. … Paramilitaries are accused of some of the worst massacres in Colombia's long-running conflict. They are also accused of exporting hundreds of tons of cocaine abroad."

ATF Arrests Man In Connection With Baltimore Murder. WUSA-TV, CBS 9, Washington, DC (1/31, Armstrong) reports, "9 News Now has learned disturbing new details about the murder of a Hyattsville woman reported missing last week." WUSA-TV continues, "Sources say federal agents with the Baltimore office of Alcohol, Tobacco and Firearms arrested a man named Jamal Jones (multiple spellings) earlier this month. He was charged with conspiracy to distribute heroin and released. An ATF spokeswoman says federal authorities had been looking for Jones since September of 2005. Sources had also identified the murdered woman's boyfriend as a Jamal Jones. Police have not confirmed or denied that it is the same man." WUSA-TV adds, "Baltimore City Police found the body of 25-year-old Sintia Mesa in the trunk of her Toyota Solara on Monday. The cause of death has not been released, but her body showed signs of trauma. Mesa's family reported her missing after she failed to show up for a nail appointment Friday afternoon in Baltimore County and a mandatory work meeting that evening. … Baltimore County police investigators began the search for the Morgan State University Graduate shortly about 12:25 am on Saturday. They say detectives discovered that someone had broken into Mesa's storage locker in Laurel, Maryland. Sources say authorities are looking into the possibility that money was taken from that locker."

IMMIGRATION:

Judge Grants Gay Mexican Immigrant Asylum In US. The Los Angeles Times (1/31, Abdollah) reports, "An immigration judge granted a Mexican immigrant asylum, citing his sexual orientation and the severe persecution of gays in Mexico, the immigrant's lawyer said Tuesday." The Times continues, "Jorge Soto Vega, 38, said he had suffered

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harassment and violence from family members and authorities in Mexico because he is gay. … According to court documents, while living in Guadalajara, Soto Vega was beaten by police with a 'metal baton or flashlight' and then robbed, called 'anti-gay slurs' and told that he would be killed if he was ever seen again." The Times adds, "In 1988, Soto Vega paid a smuggler to sneak him into the United States, settling in the Hollywood and Silver Lake areas. In 2001, Soto Vega returned from a brief visit to Mexico after his mother's death, during which he said he was afraid to go outside. He said he found out about the asylum process upon his return and filed an application the following year.Soto Vega's request for asylum was denied in 2003 by immigration judge John D. Taylor, who said he could return to Mexico since 'it would not be obvious that he was homosexual unless he made it obvious himself.' … The case was returned to Taylor after the U.S. 9th Circuit Court of Appeals ruled it is the government's responsibility to prove Soto Vega had no 'well-founded fear of persecution' in Mexico. … At the hearing Tuesday, the judge agreed that a person should not have to conceal their sexual orientation in order to be free from persecution, said Jon W. Davidson, legal director at Lambda Legal, a nonprofit gay-rights group. The U.S. Immigration and Customs Enforcement agency waived the right to appeal in the case, spokeswoman Virginia Kice said."

US Visa Policy Comes Under Attack. The Financial Times (1/31, Luce) reports US private-sector bodies Tuesday criticized the Bush administration "for persisting with strict visa policies that they say are damaging the country's reputation around the world and harming US business interests." The group, which includes bodies representing US universities, business exporters, student associations and think-tanks, urged the White House and Capitol Hill "to make rapid changes to the US visa regime," including an expansion of the number of countries that benefit from the US visa waiver program and an end to the requirement that all visa applicants must submit to a personal interview at US consular offices. The National Foreign Trade Council estimated that US businesses lost more than $30 billion in the two years "before mid-2004 because of the visa restrictions imposed after the 2001 terrorist attacks." The State Department, however, "says it has responded to private sector criticisms by employing more than 500 new consular officers, increasing the use of electronic visa processing and cutting down the waiting time for scientists to obtain a visa." In a recent interview with the Times, Assistant Secretary of State Dina Habib Powell said, "We recognize the critical importance for the US economy and American public diplomacy of making it easier for students and business travellers to get visas." The New York Times (1/31, Swarns, 1.16M) also reports the story.

Immigrant Groups Push For Widespread Legalization. The Chicago Tribune (1/31, Fitzsimmons, 617K) reports that "an alliance of Chicago immigrant advocates called on Congress Tuesday to give undocumented immigrants legal status when the Democratic majority takes another look at immigration reform in February." These groups call for "legalization for everyone," while "the United Front of Immigrants released a set of demands…that included suspending construction of a fence along the border, establishing a path to citizenship for more immigrants and ending recent attempts by customs officials to intimidate immigrants." These demands arrive just as "the Senate is expected to reconsider a bill it passed in May that proposed a three-tiered approach for illegal immigrants, requiring some to leave and permitting others to stay."

TAX:

Redacted Barrett Report Said To Show Clintons' Political Use Of IRS. In a Washington Times op-ed (1/31), journalist Mark Goodman says, "In February 2006, after nine years of hard labor, Washington lawyer David Barrett, the independent counsel appointed to investigate the Henry Cisneros scandal, finally published his 684-page report. His study provoked commentary mainly for what was missing — 120 pages of evidence, reportedly devastating to both Clintons, which Democratic congressmen, led by Sens. John Kerry, Dick Durbin and Byron Dorgan, had redacted by attaching a rider to another bill." In an "online column written before he signed on as President Bush's press secretary, Tony Snow reported that by all accounts the redacted pages contained enough damning evidence to sink Mrs. Clinton's presidential ship." An "abiding theme in the redacted pages, insiders say, is the Clinton camp practice of using the IRS to punish its enemies. Mr. Clinton plainly did not leave this illegal practice behind in the Oval Office. By all accounts he has maintained a tight grip on a number of government departments and agencies, notably the Justice Department and the IRS, the folks who can deal the deadliest damage."

IRS Calculators Help Taxpayers Figure AMT, Sale Tax Deductions. In his "Tax Report" column for the Wall Street Journal (1/31, D3), Tom Herman writes, "Looking for help on your taxes? Consider what may seem like an unlikely source: the Internal Revenue Service. … This year, the IRS Web site (irs.gov) offers a handy new feature designed to help taxpayers calculate whether it is better to deduct their state and local sales taxes instead of their state and local income taxes. More than 11 million people claimed the sales-tax deduction on their returns last year." Herman

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continues, "The IRS also recently updated a calculator that could help some perplexed taxpayers figure out whether they are likely to be ensnared by the alternative minimum tax, or AMT. … IRS National Taxpayer Advocate Nina Olson says the AMT is the most serious problem facing individual taxpayers. More than 3.5 million people are expected to get hit by it for 2006."

CONGRESS-ADMINISTRATION:

Bush Touts Economy, Sings Praises Of Free Trade In Peoria. The Journal Star (Central Illinois) (1/31, Gordon, 70K) reports this morning, "Caterpillar Inc. has shown American companies can compete in a global economy, and do it well, President George W. Bush said during a speech at a Caterpillar plant here Tuesday. That's why Bush chose Caterpillar and Building SS, where its largest earthmoving equipment is built, as his backdrop in an address about the US economy and the need to continue working toward free trade throughout the world." Bush told "an audience of more than 500 consisting of Caterpillar employees and officials" and invited area dignitaries, "The good folks here show others that in the manufacturing world, we can compete. And that's really what Americans wonder, can you compete in a global economy? My answer is, darn right you can, with good policy. And in this company, you've shown how to compete." He "was accompanied from Washington, D.C., by U.S. Rep. Ray LaHood, R-Peoria, whom Bush said 'has been buggin' me' about coming to Peoria since he was elected." But "in an address where he spent much time touting his own policies on trade, tax cuts, education and other issues, Bush cautioned that there are some who favor protectionist policies he believes would close off free trade for American companies. … 'I strongly believe that if we can compete with people on a level playing field, nobody can compete with us. And so the key is to make sure the rules are fair,' Bush said, addressing an issue that is important to Caterpillar."

The Chicago Tribune (1/31, Miller, 617K) says "Bush's trip to the heartland was part of a two-day campaign aimed at focusing public attention on the economy's health. On Wednesday the president is scheduled to deliver what is being billed as a 'State of the Economy' speech in New York." In Caterpillar "the White House selected a company that competes successfully on the global stage and has profited from global trade. It has operations in 23 of the world's 24 time zones and it is enjoying strong sales in China and other offshore markets, even as its U.S. sales have sagged in response to the steep falloff in housing starts." The company "has been riding a global boom in commodity prices, which has spurred demand for its mining and oil-exploration equipment, its construction equipment, and its massive diesel-powered electric generators."

The Pantagraph (1/31, Riopell) reports Bush "said exports by the giant manufacturer of earth-movers increased following trade agreements his administration negotiated with other countries." However, "it's not clear the Democratic leadership in Congress will wholeheartedly endorse creating more. US Sen. Dick Durbin says current trade agreements aren't strictly enforced by Bush's administration." Durbin also "suggests Caterpillar's success isn't necessarily reflective of the country's manufacturing climate, noting substantial layoffs in several Illinois communities including Herrin and Pinckneyville. … While some have found new work, Durbin said many jobs aren't of as high a quality as many of the ones lost."

The Los Angeles Times (1/31, Gerstenzang, Hennessy-Fiske, 850K) notes Bush used "two huge yellow earthmovers as his backdrop," and was "giddy over driving a third." In his remarks, the President Bush "sought…to calm fears about globalization, the nation's economic future and the risks of easing trade barriers, arguing that free trade benefits US workers."

The AP (1/31, Riechmann) reports Caterpillar spokesman Timothy Elder "says Bush's trade policies helped the company net about $9 billion in sales outside of North America in 2006, when revenues of about $41.5 billion netted profits that topped $3.5 billion -- both company records." The AP adds, "Since Bush took office in 2001, however, the country has seen one in five manufacturing jobs disappear, a total of 2.96 million lost jobs, with U.S. automakers and textile companies particularly hard-hit." The US trade deficit "is expected to climb to a fifth consecutive record when the final figures for 2006 are totaled up next month."

The President's trip was extensively covered by local TV stations, both in Illinois and across the country. The coverage tended to focus on his trip to one of Caterpillar's plants, often highlighting his short trip on a company vehicle. A few stations offered varying quotes from a speech President Bush gave at the plant. Some examples: WHOI-TV Peoria (1/30, 10:00 pm) said in its broadcast, "For the first time in more than 20 years, the sitting President visited Peoria" to "deliver a speech about the economy. Air Force One touched down a little after 9 o'clock this morning at the Greater Peoria Regional Airport. Bush traveled from Washington DC with Congressman Ray LaHood, who the President says has been coaxing him to visit here for years."

WEEK-TV Peoria (1/30, 10:00 pm) began its 10 o'clock broadcast by saying, "Bush used Caterpillar today as an example of a company that's making it in the global marketplace. … The President lauded Peoria's community spirit, comments applauded by Caterpillar dealers, suppliers and customers as well as local officials and community leaders."

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WTVO-TV Rockford (1/30, 10:03 pm) reported Bush "said if the government enacts good policy and stays out of the way of American business, the economy will flourish. Bush told Caterpillar workers that the way to keep the economy strong was to keep taxes low."

WCIA-TV Champaign (1/30, 5:00 pm) led off its 5 o'clock newscast by saying, "Bush says he'll continue to support free trade agreements, and hopes Congress will support this push." The newscast showed the President saying, "Because we lowered trade barriers and said, 'You treat us the way we treat you,' it has enabled" Caterpillar "to sell more product than ever before."

NEWS13-TV Orlando (1/30, 10:56 pm) said, "No, he's not taking a joy ride. … Bush was in Illinois Tuesday, where he kicked off a two-day campaign on the economy. Bush visited a Caterpillar plant in Peoria, to boast the benefits of his tax cuts and trade agreements. For good measure, he started up one of the Caterpillars and took a brief ride."

WVUE-TV New Orleans (1/30, 9:47 pm) reported, "Bush was in Illinois today touting the growing economy."

WLUK-TV Green Bay (1/30, 9:39 pm) added that during the visit to the Caterpillar plant, "Bush said things are looking good for American workers." The station showed President Bush saying, "It's a strong economy. And the fundamental question is, what are we going to do to keep in strong?"

KWGN-TV Denver (1/30, 9:36 pm) reported, "Bush gets a lesson about farming. The President stopped at the Caterpillar plant in Peoria, Illinois and jumped behind the wheel" of a company vehicle.

WMAQ-TV Chicago (1/30, 4:32 pm) reported, "Bush is in Illinois today. He chose Peoria as the place to speak on the economy." The station showed the President saying, "I'm confident in our ability to sell American product and services overseas if the playing field is level." The station added, "The President spoke to Caterpillar's employees. The company is a well-known maker of construction equipment that exports their goods. … Before visiting the plant, the President stopped by a Peoria diner to visit with some of the local residents there."

Bush Says Iraq Coloring Popular Perception Of The Economy. ABC World News (1/30, lead story, 4:30, Stark, 8.78M) interviewed Bush last night. Leading into the interview, ABC said Bush "came to this Caterpillar plant, in Peoria, to change the conversation. What he wanted to talk about was his economic successes. What he wanted to get away from is Iraq." Asked to comment on the fact that "if you'd touched down Air Force One in a lot of other cities in the Midwest, globalization and free trade have become dirty words," Bush said, "No, I understand. Yeah. I mean, people are worried that free trade means loss of jobs. And my answer to that is, we can compete if the playing field is level." Stark: "Despite 20-consecutive quarters of economic growth and unemployment near all-time lows, only 41% of Americans approve of Mr. Bush's handling of the economy. But you've also been frustrated that you haven't gotten more credit for this good economy. Can that be summed up in one word? Can that be summed up as Iraq?" Bush: "I think so, yes. Look, it's a -- people are working and wages are up. But we're in a time of war. And war is unsettling. And war is negative." Stark: "I know you don't love polls. But I'm going to tell you one we did recently that showed that 67% say you don't understand the problems of average Americans. Why do you think so many people feel that way?" Bush: "I don't know. That's an interesting question. I think it's because of the war. Again, I think because people are feeling pretty down about, kind of, things because of the war."

The New York Times (1/31, Stolberg, 1.16M) reports, "With Mr. Bush's public approval ratings having crumbled, his domestic agenda faltering and his Iraq strategy running into a wall of opposition on Capitol Hill, White House advisers are hoping to capitalize on economic growth and low unemployment figures as a way to elevate public opinion of the president. Already, the polls show a fresh hint of optimism. A survey by the Pew Research Center found that while public approval of Mr. Bush's handling of the war had dropped nine points, to 23 percent from 32 percent, from August to December 2006, approval of his handling of the economy went up six points, to 39 percent from 33 percent. A recent Gallup Poll, meanwhile, found 65 percent of respondents predicted they would be better off a year from now than they were today." But "Democrats, who won control of Congress in part by arguing that Mr. Bush's economic policies are giving short shrift to the middle class, do not intend to give up that ground without a fight. The president's twin appearances this week are setting the stage for a battle between Mr. Bush and Congressional Democrats over the economy in general and trade in particular."

But the Washington Post (1/31, D1, Baker, 690K) says "most Americans have lost faith in Bush's stewardship of the economy. In a Washington Post-ABC News poll this month, 41 percent of Americans approved of the president's handling of the economy, while 57 percent disapproved. Critics argue that Bush's ratings reflect a poor economic record, noting increases in the trade deficit, the national debt, the number of uninsured Americans and other barometers since he took office."

Democrats Say They Want Worker, Environmental Provisions Before Granting Bush "Fast Track." USA Today (1/31, 5B, Lynch, 2.27M) reports "Bush and congressional Democrats fired the opening salvos Tuesday in what could become a major debate about whether the US pursues additional trade agreements. On Capitol Hill, key Democrats said Tuesday that they would insist on new protections for workers and the environment before granting…Bush an extension of his trade negotiating authority." USA Today adds, "At issue is the president's

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ability to negotiate trade deals, which expires June 30. Monday, White House spokesman Tony Snow said the president 'absolutely' wants an extension of his so-called trade promotion authority, which limits Congress to approving or rejecting trade agreements. The administration's formal request could come as soon as today."

The Hill (1/31, Swanson) reports Rep. Sandy Levin, who chairs the trade subcommittee of House Ways and Means, said yesterday "House Democrats should not hold serious talks on extending fast-track negotiating authority with the Bush administration until it agrees on changes to the labor provisions of three pending free-trade agreements." Levin "said the free-trade deals the administration has already negotiated with Colombia, Peru and Panama will have to be renegotiated. The lawmaker said that getting those countries to make commitments in so-called side letters would not be sufficient because the only way to ensure that changes to the deals are enforceable is to make changes to the text."

The Washington Post (1/31, D3, Goodman, 690K) reports that while Bush was "out in Peoria touting the virtues of foreign trade and asking for fresh authority to promote it, newly ascendant Democrats on Capitol Hill signaled just how tough it's going to be for the president to get what he wants." The new chairman of the House Ways and Means Committee, Charles B. Rangel, "presided over a wide-ranging discussion that touched on how to prevent companies from shifting production to exploitative factories in poor countries, how to confront China over allegedly unfair trade practices and how to help Americans who lose jobs."

Meanwhile, the Financial Times (1/31, Callan) reports "the Democratic leadership in Congress has turned this week to old-school Clintonites to help persuade the freshman class of '06 to moderate the militant critique of globalisation that helped get them elected. Gene Sperling, a former economic adviser in the Clinton administration, on Tuesday testified before the House ways and means committee on the need for a new consensus on free trade during a hearing addressed by both corporate cheerleaders and labour movement critics of trade policy." Sperling, described as "the architect of Bill Clinton's pro-trade economic policies has also held private meetings with the new Democratic representatives."

Consumer Confidence At Highest Point Since May 2002. USA Today (1/31, 5B, Kirchhoff, 2.27M) reports, "Consumers had a more upbeat view of the economy in January, but their optimism was tinged with concern that growth could slow in coming months, a private research group said Tuesday. The New York-based Conference Board's consumer confidence index rose to 110.3 in January, the highest since May 2002 and a slight increase from the revised 110.0 figure of December." The Wall Street Journal (1/31, A2, Derby, 2.04M) notes "a gauge of expectations for the future retreated to a reading of 94.5 in January from December's revised 96.3, though consumers' assessment of current conditions rose to 133.9 from a revised 130.5."

Stocks Up Yesterday. NBC Nightly News (1/30, story 7, :15, Williams, 9.87M) reported, "On Wall Street…a sharp jump in oil you prices pressed up energy stocks. The Dow gained 32.5 points [to close at 12,523.31]. NASDAQ was up 37 points [to close at 2,448.64] on the trading." The Wall Street Journal (1/31, C1, Browning, 2.04M), among other newspapers, also reports the stock numbers, noting the "broad Standard & Poor's 500-stock index rose 0.58%, or 8.20 points, to 1428.82, ahead 0.7% this year."

Senate Expected To Pass Minimum Wage Bill With Tax Breaks Opposed By House. The AP (1/31, Kuhnhenn) reports that "the Senate cleared the way for an increase in the minimum wage Tuesday, but only with business tax breaks that House Democrats want removed." Although the legislation is expected to pass final rounds in the Senate at the end of this week, many anticipate "a round of difficult negotiations between House and Senate Democrats over how to get the legislation to President Bush for his signature." The bill's passage relied heavily on a "tax package to attract Republican votes," and already "the White House has…signaled that Bush wants" similar "tax breaks in the legislation." Many "House Democrats want to pass a clean bill -- without tax breaks -- and cite constitutional precedents that require tax legislation to begin in the House," some even "dare Senate Republicans to vote against the minimum wage increase."

The Washington Times/AP (1/31) reports that "the Senate cleared the way for an increase in the minimum wage yesterday," including "tax breaks in the Senate bill" that "have divided the private sector, pitting small businesses and retailers that would benefit from them against the larger corporations and manufacturers that would have to pay for them." With "the bill's business critics…especially annoyed that the tax benefits would be short term while the provisions that pay for them would alter tax law for the long term."

The New York Times (1/31, Zernike, 1.16M) reports that the newly passed minimum wage Senate bill "includes $8.3 billion in tax breaks for small businesses that Democrats who sponsored the bill said were necessary to obtain Republican support." This contrasts with the simpler bill approved by the House, earlier this month, that called for "the wage increase but no tax breaks" because "Democratic leaders…insist that it should not be necessary to offer tax breaks in exchange for the wage increase, the first in 10 years."

WPost Opposes Tax Breaks. The Washington Post (1/31, A14, 690K), meanwhile, editorializes that tax breaks for businesses should not be used "as a ransom for raising the

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minimum wage" which is "now at its lowest level…in half a century." The Post asserts that "if the tax breaks are warranted, they should be granted as part of a larger review of tax policy," instead of a way to placate Senate Republicans. Therefore, "the House got it right" and "should stand firm -- and dare Senate Republicans and the president to block the long-overdue increase."

Senior Republicans Disgruntled That White House Doesn't Seek Their Advice. The White House Bulletin/US News (1/30) reported, "Senior Republicans are disgruntled that White House officials still aren't reaching out to them in an effort to pull President Bush out of his political trough." A GOP insider "who informally advises the West Wing" said, "They notify, but they don't consult." The Bulletin adds that when Bush Administration officials "talk to outsiders, even the most loyal ones, they seem most eager to solicit ideas on spin and public relations, not on the substance of policy." A top Republican "with close ties to congressional GOP leaders and many conservative lobbyists around Washington" said, "They need all the help they can get and they aren't asking for it. But they are succeeding in uniting the opposition."

Senior Administration Sources A Washington Mystery. The Politico (1/31, Allen) reports on the use of "the ubiquitous 'senior administration officials,'" as sources. They "remain one of Washington's more enduring mysteries. Never mind who they are. The puzzle is what they are." A "casual reader might assume that there is some kind of formal protocol that makes it clear to reporters and officials alike exactly who qualifies as senior enough to be quoted anonymously as a senior official. But there is no such thing." The answer to how someone gets to be a senior official is: It depends. If the source insists on being called a senior administration official, chances are he or she can get away with it, no matter if by most objective measures -- title, salary, proximity to power -- they are not really all that senior. This is especially true when reporters are in a jam and eager to prove to editors or readers that they have covert access to serious inside players." But an attribution "far more worrisome to the real senior administration officials in the West Wing" is "well-informed 'mid-level' officials." That's "because many of the senior officials quoted in White House stories are not insiders secretly dishing details they are not supposed to talk about. They often are authorized spokespersons who are charged with promoting the official line. The notion that mid-level officials are secretly chatting with reporters without talking points in hand can be genuinely alarming."

Democrats Unveil $463.5 Billion Spending Bill. The AP (1/31, Taylor) reports Democrats "say they are making the best of a bad situation as they bring to the House floor a massive bill cobbling together $463.5 billion in unfinished budget business." The bill "combining the budgets of 13 Cabinet agencies, won praise Tuesday from Democratic Party allies such as activists pressing the fight against AIDS overseas and advocates for boosting education funding." Lawmakers in "both parties hailed the bill for freeing highway construction funds, even as the White House complained that the bill will slow aid to communities harmed by a 2005 round of military base closings and cut a request for basic scientific research. Still, the White House signaled that President Bush would sign the bill into law once it reaches his desk." The "harshest criticism came from House Republicans, who complained that they were shut out of any chance to offer changes to the bill — and had barely any time to read it."

The Washington Post (1/31, A4, Layton, 690K) reports the bill "would freeze many federal agencies at 2006 levels but include more money for veterans' health, education, scientific research, HIV programs and public parks, among other things." In an "unusual move, the congressional leaders stripped the spending bill of all earmarks, or narrow, special-interest provisions." Four months "into the current fiscal year, the federal government has been running on a temporary budget that is set to expire Feb. 15. The House is scheduled to vote on the spending package today, while the Senate will take it up in the coming weeks." Republicans "grumbled about the fact that Democrats in the House will not allow amendments to the budget and said the party in power plans to ram through a spending bill without committee hearings or meaningful debate. Democrats said that they have no choice, because the previous Congress left the budget process in such disarray that they are under great pressure to quickly pass a spending bill for the remaining eight months." Among the "winners in the bill are veterans' health, which will get $23.3 billion, or $3.6 billion more than it got last year. The Defense Department will receive $21.2 billion -- an increase of $1.2 billion -- to treat U.S. troops wounded in Iraq and Afghanistan. The FBI will get $6 billion, an increase of $216.6 million to fully fund 31,359 positions, including those of 12,213 agents and 2,577 intelligence analysts."

Bloomberg (1/31) reports, "Education, veterans' health care, international AIDS relief and the Federal Bureau of Investigation are among the government programs that would receive more money this year under" the House Democrats' spending plan. House Appropriations Committee David Obey "said the measure would leave most federal programs near last year's financing levels, drop thousands of pet projects known as earmarks and give larger increases to a few programs backed by Democrats or deemed to be in need of more money."

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Smith Threatens Filibuster Over Logging County Payments. The Los Angeles Times/AP (1/31, Daly) reports Sen. Gordon Smith "is threatening to filibuster a must-pass spending bill if Congress does not extend payments to rural counties hurt by cutbacks in federal logging." Smith said, "The federal government has an obligation to rural Oregon, and it's time to meet that obligation. We are talking about people's jobs, children's schools and general public safety in 700 timber counties in 39 states." Smith said "he would try to block the bill if it does not include funding for the Secure Rural Schools and Community Self-Determination Act, a seven-year-old law that has pumped more than $2 billion into Oregon and other states hurt by federal policies that restricted logging in the 1990s."

Democratic Bill Cuts Over Half Of Pentagon's Base Closing Budget. The Hill (1/31, Tiron) reports the spending bill "axes more than half of the money the Pentagon needs to meet its base realignment and closure (BRAC) commitments, potentially preventing the military services from completing the process by 2011 as required by law." The Army, "which has 61 percent of the total BRAC budget, is preparing for the consequences of appropriators' decision to deny the Pentagon more than $3 billion out of the $5.8 billion authorized last year for BRAC." That decision "could have widespread knock-on effects on the rotation of troops in and out of Iraq and Afghanistan, the building of new brigades and the Army's plan to bring troops back from Germany."

Some Democrats Worry Exclusion Of Earmarks Will Hurt Reelection. The Hill (1/31, Kaplan) reports Democratic leaders' "decision to exclude earmarks and to direct federal agencies to ignore legislative language that might look like pork has worried some House freshman Democrats, said one Democratic lawmaker and a senior Democratic aide." In a meeting "last Friday for Democratic chiefs of staff, some staffers worried that the absence of earmarks and an overall spending decrease — spending in the CR will not rise with inflation — would hinder their drive toward reelection."

Democrats Announce Agreement To Increase College Grants For Low-Income Students. The New York Times (1/31, Schemo, 1.16M) reports Democrats in the House and Senate yesterday announced a "catchall spending bill" that would include an increase in the Pell Grant "the maximum federal grant for middle- and low-income students to attend college …for the first time in four years." The maximum grant would increase to $4,310 a year from $4,050. The increase is described as a Democratic reply to Republican criticisms that an earlier measure to reduce the interest rate for federal student loans did not increase "access to college for low-income students." Republicans "generally appeared to support increasing the grants."

Dingell Letter Contradicts Claims On Data Security Task Force. The Hill (1/31, Bolton) reports, "House Energy and Commerce Committee Chairman John Dingell (D-Mich.) has written a letter to Speaker Nancy Pelosi (D-Calif.) voicing his objection to working with fellow chairman Barney Frank (D-Mass.) to establish a new task force" on data security. The letter "directly contradicts claims Dingell made last week, when he said he was unaware that discussions on the task force were underway." The Hill adds, "Spurring Dingell is the issue of data security, which is important to senior Democrats on the Commerce Committee and Frank's Financial Services panel." Frank "proposed setting up a multi-committee task force on data security but later said he dropped the idea because Dingell had objected to it. Dingell, who created a stir early this month by opposing the creation of another task force on energy policy, last week sought to dispel more public attention by denying his objections to Frank's idea for data security."

FBI Investigating California GOP Lawmaker's Land Deals. The Los Angeles Times (1/31, Heisel, 850K) reports, "The FBI is investigating Rep. Gary Miller (R-Diamond Bar) for a series of land transactions in which he avoided paying capital gains taxes after saying he had been forced to sell under eminent domain in Monrovia and Fontana. … Dick Singer, a spokesman for Monrovia, said federal agents had interviewed city officials and requested a videotape from a City Council meeting in 2000 cited by The Times in which Miller asked city officials four times to buy his land. Glen Owens, a Monrovia planning commissioner quoted by The Times, said he was interviewed by two FBI agents in person." The Times notes, "The FBI declined to comment Tuesday. Miller's spokesman said he had not been contacted by the FBI. 'Congressman Miller is tired of all the rumor and innuendo that has been in the press regarding his past real estate transactions,' spokesman Scott Toussaint said in an e-mail to The Times."

The San Gabriel Valley Tribune (1/31, Ortega, Scott) reports, "Monrovia officials have given the FBI a video recording of a 2000 City Council meeting featuring testimony from" Miller. "In the video, the Brea Republican is seen appealing to the council to purchase his 165-acre hillside plot during the Feb. 29, 2000 meeting. Miller later avoided paying capital gains on the $10-million profit he made on the land sale by claiming the city forced the sale." The Tribune notes, "An official with Citizens for Responsibility and Ethics in Washington (CREW), the group that filed the initial complaint about Miller's use of the tax code, said she is gratified by the FBI's level of response. 'This is not random, this is not casual, and it is not minor,' said CREW Executive Director Melanie Sloan, a former federal prosecutor. 'The number of

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people they have contacted means that they have dedicated significant resources on this.'"

The Hill (1/31, Crabtree) reports, "After months of GOP ethics scandals, House Republicans chose" Miller "as the ranking member of a panel charged with investigating financial institutions — even as the FBI was looking into his land deals. … Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio), said the leadership team would act 'decisively' if a member were found to have violated the law or House rules. … But Melanie Sloan of Citizens for Responsibility and Ethics in Washington (CREW) said Republicans are in the minority because they have operated under just that kind of policy for the past several years."

Executive Order Strengthens Bush's Control Over Federal Agencies. The Wall Street Journal (1/31, A6, McKinnon, 2.04M) reports, "A White House move to tighten its control over federal regulations is providing fresh evidence of the Bush administration's intent to leave its conservative imprint on government over the next two years. The White House action, in the form of an executive order, is a reminder that despite Democrats' success in November's congressional elections, Mr. Bush retains control of the basic machinery of government that often decides how corporations and citizens go about their business. It is a power that Congress has limited ability to affect." The Journal adds, "Most notably, the White House has given itself more review authority over many informal agency dictates known as guidance." Critics "say the executive order gives the White House a chokehold over new guidance it dislikes. White House officials deny that, saying it is simply strengthening a review process that already occurs in many instances. Even defenders of the administration say this change is likely to give the White House more say in how to interpret federal rules."

Bills Seek To Revamp Presidential Public Financing System. The AP (1/31, Kuhnhenn) reports, "As the cost of presidential campaigns moves toward the $1 billion mark, leading congressional advocates of tougher campaign finance laws want to reduce the influence of special interests by pumping more taxpayer money into the system. Three House members and one senator on Tuesday introduced legislation that would increase the amount of money in the presidential public financing system and increase the spending limits for candidates who participate in it. It would not change the rules for the 2008 presidential election. 'This system that's in place now is not sustainable,' said Rep. Martin Meehan, D-Mass., who introduced the legislation in the House with Reps. Christopher Shays, R-Conn., and David Price, D-N.C. Sen. Russ Feingold, D-Wis., introduced similar legislation in the Senate. The legislation would triple the amount available to candidates during state primaries and eliminate state spending limits. It would increase the amount available for general elections to $100 million (More than $80 million would be available in 2008). It also would offer more money to candidates whose opponents chose to decline the public money and raise more on their own. To pay for the extra money, the sponsors would increase the voluntary presidential campaign checkoff on income tax returns from $3 to $10."

NYTimes Praises Efforts Toward Election Reform. The New York Times (1/31, 1.16M) editorializes that as a response to attempts to trick black and Latino voters on recent Election Days, Senators Barack Obama of Illinois and Charles Schumer of New York "are introducing a bill today that would make deceiving or intimidating voters a federal crime with substantial penalties." The bill would criminalize "some of the most commonly used deceptive political tactics" and "is an important step toward making elections more honest and fair," therefore, "there is no reason it should not be passed by Congress unanimously."

FDA Announces Extended Safety Tests For Drugs. USA Today (1/31, 6D, Rubin, 2.27M) reports, "Food and Drug Administration officials unveiled a variety of initiatives Tuesday to improve drug safety and expand information to the public about the medicines they take." The steps include: "A collaboration with the Veterans Health Administration to share information and expertise related to the review and use of medical products. A pilot program to produce safety profiles of new drugs after they have been on the market for 18 months. Periodic newsletters on the FDA website to update consumers about post-marketing reviews of drugs. Establishment of a committee of outside experts to advise the FDA about how to communicate risks to the public. Organizational changes to improve communication between FDA staffers who review drugs before approval and those who track the drugs' safety afterward."

The New York Times (1/31, Harris, 1.16M) reports, "The FDA plan is the latest effort to fix the agency after a series of missteps. In September 2004, Merck withdrew its arthritis drug, Vioxx, after a study showed that it doubled the risks of heart attack. About the same time, the agency announced that antidepressants cause some teenagers to think more about suicide. In both cases, the agency took years to acknowledge risks to millions of patients that had been apparent to some researchers." The Times adds, "Alta Charo, a professor of law and bioethics at the University of Wisconsin and one of the authors of the Institute of Medicine's report, described the F.D.A. announcement yesterday as 'a good set of first steps towards improving the safety of the drug supply in the United States.'

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The Los Angeles Times (1/31, Alonso-Zaldivar, 850K) says the FDA's "internal fixes stopped short of addressing key issues such as increased funding and broad new legal powers for the drug safety program — reforms that depend on congressional action that may come this year. And some critics said the agency had not done enough to bring safety officials into the drug approval process."

ABC World News (1/30, story 7, 1:55, Johnson, 8.78M) reported that the FDA's action followed up on a report by the Institute of Medicine last year, which made 25 specific suggestions to improve assessment of drug safety. ABC reported, "It appears that addressed 14 of those suggestions. They acknowledged one of the IOM's concerns, about the tension between the FDA and staff that follows the drug after approval for safety. The FDA said there's tension between these two staffs. There's a lack of respect. They used those words. So this is an unhealthy situation they have acknowledged that now needs to be addressed."

The AP (1/31) reports, "The proposal is among more than a dozen initiatives the FDA unveiled Tuesday in response to a recent report by a committee of experts at the Institute of Medicine that criticized the agency's handling of drug safety in the wake of the Vioxx case." Nor will it be the last word, said FDA Commissioner Dr. Andrew von Eschenbach.

The Washington Post (1/31, A6, Vedantam, 690K) adds, "Officials said the steps will restore the trust and confidence of Congress and the public. They also pledged a renewed commitment to good science as the best way to counter critics who say the agency is too cozy with drug companies." The Post adds, "Besides the 'cultural' issues within the agency, officials outlined a number of initiatives to better understand which patients may be susceptible to particular types of side effects, and which patients may be most likely to benefit from a particular drug."

Shifts Seen As Not Representing Major Change In Policy. The Wall Street Journal (1/31, B4, Mathews, 2.04M) reports, "The initiatives announced yesterday aren't likely to usher in any major, short-term shifts in FDA policy. At any rate, they could soon be overtaken by action on Capitol Hill. Sens. Edward Kennedy of Massachusetts and Michael Enzi of Wyoming, the Democratic chairman and ranking Republican on the Senate Health Committee, respectively, are expected to soon introduce a new version of a drug-safety bill that they had proposed last year. That bill, which aims to boost FDA authority and oversight of drugs after they go on the market, among other changes, has a far better shot at passing this year partly because of the Democratic takeover in Congress."

Hastert Recovering After Surgery. The Chicago Tribune (1/31, Kimberly, 617K) reports that "former U.S. House Speaker Dennis Hastert was in a Chicago hospital today recovering from surgery to remove his gall bladder, his office announced." Hastert's surgery was a result of gallstones and he "is expected to make a full recovery."

Senators Celebrate Cheney's Birthday. Roll Call (1/31, Ben Pershing) reports in its "Heard on the Hill" column, "For years, a few squishy, possibly French, critics have claimed that the legislative branch has not done enough to stand up to the bullying Bush administration. Need evidence to the contrary? Look no further than Tuesday's Senate Republican luncheon, where a brave group of Senators bucked the wishes of Mr. Executive Branch Power himself, Vice President Cheney. As his groupies know, Tuesday was Cheney's 66th birthday. So when the Senate President showed up at the GOP luncheon, the assembled lawmakers thought they'd mark the occasion with a little party." Sen. Kay Bailey Hutchison "brought in a cake. Then the group, led by Senate Minority Whip Trent Lott (R-Miss.), was set to launch into a rousing chorus of 'Happy Birthday.' Now, HOH usually associates Cheney with revelry and general merriment, but surprisingly, Cheney asked Lott and the others not to sing. Did they cower before his wishes? No! 'We did sing "Happy Birthday." He insisted that we not, which guaranteed that I insisted we should,' Lott said afterward."

SEIU Leader Helping To Set Democratic Agenda. In his Washington Post column (1/31, A15), Harold Meyerson says, "Last Friday and Saturday, the eight Democrats who have in varying degrees announced their intention to run for president came before the executive board of the most powerful and strategic organization in American liberalism -- the Service Employees International Union (SEIU). No sooner had this first of countless candidate cattle calls been completed than the SEIU's president, Andy Stern, flew off to Iowa for several days, followed by a couple of more days in New Hampshire." Stern is "setting in motion an SEIU program called 'Walk a Day in My Shoes,' in which the union will encourage (or hector) the candidates to spend a day with a working-class family in one of the first four states (Iowa, Nevada, New Hampshire, South Carolina) to hold primary and caucus elections in 2008." Stern is "already doing as much as if not more than the presidential hopefuls to shape the Democrats' agenda."

Workers Give DHS "Rock-Bottom" Scores In Recent Federal Employees Survey. The Washington Post (1/31, D4, Barr, 690K) "Federal Diary" column reports that what federal employees "have said about job satisfaction has gratified four relatively small federal agencies and sent a jolt through the Department of Homeland Security, which scored last or almost last in job satisfaction, leadership and workplace performance. The ratings came from the 2006 Federal Human Capital Survey, announced by

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the Office of Personnel Management yesterday." The Post adds that the "results were surely frustrating for Homeland Security, which has struggled to pull together 22 agencies in one of the government's largest reorganizations, endured endless criticism for its handling of Hurricane Katrina and suffered through high turnover in its leadership ranks. Nearly 10,400 Homeland Security employees participated in the survey and gave the department essentially rock-bottom scores in key job satisfaction, leadership and management areas when stacked up against 35 other agencies in the survey."

House Budget Plan Funds 2.2 Percent Federal Pay Raise, Funding To Prevent Layoffs. The Washington Post (1/31, D4, Barr, 690K) "Federal Diary" column reports, "The fiscal 2007 funding resolution, scheduled for a House vote today, would maintain President Bush's plan to provide an average 2.2 percent pay raise to the federal workforce this year. The resolution would allocate $900 million to help agencies pay for half the cost of the pay raise, with agencies expected to absorb the remaining cost through reductions in overhead and other accounts, House Democratic aides said." The Post notes, "Aides said the resolution also provides enough money to prevent layoffs at agencies, including the Justice Department, Social Security Administration, the Federal Aviation Administration and the Food and Drug Administration."

Reid Land Deal Said To Contradict Democrats' Ethics Focus. The New York Sun (1/30) says in an editorial that Majority Leader Harry Reid is "caught up in a corker of a controversy over a questionable land deal. One might think that after all the legal fees and energy the Clintons spent defending Whitewater, a top Democratic politician would know better than to get into a complicated, questionable land deal. But the message doesn't seem to have reached Mr. Reid, who is the subject of a fascinating dispatch in Sunday's Los Angeles Times." The Times reports says Reid's "price for the equivalent of 60 acres of undeveloped desert was less than one-tenth of the value the assessor placed on it at the time. Six months after the deal closed, Reid introduced legislation to address the plight of lubricants dealers." And "since taking full control of the parcel in 2002, Reid has pushed for federal funding for a new bridge over the Colorado River a few miles from his property." When "the Associated Press reported some of these transactions earlier, the senator's response was to launch an attack on the wire service. It'll be interesting to see how Mr. Reid responds to the Los Angeles Times. For our part, we understand why Mr. Reid would feel the need to speculate in real estate development." It's "hard to afford the" Ritz-Carlton, where Reid lives, "on a senator's salary."

OTHER NEWS:

More States Planning To Use Surpluses Business Tax Cuts. USA Today (1/31, 1A, Cauchon, 2.27M) reports that "at least a dozen states are considering using multibillion-dollar budget surpluses to cut business taxes to become more competitive," while "few states plan significant reductions in personal income taxes, a trend that has frustrated tax-cut advocates." Nebraska Governor Dave Heineman points to many states' goal of "trying to create a more favorable tax climate to compete in the global economy." With "state budget surpluses and reserve funds are at their highest level since 2000," more and more states "are focusing on business tax reductions," while "demand for more spending is limiting individual income tax cuts."

Disputes Over Nazi-Era Claims Settled. The New York Times (1/31, Treaster) reports, "After nearly 10 years of struggling to have a big Italian insurance company pay claims on life insurance policies sold to victims of the Holocaust, lawyers who say they represent most of the victims are giving up the fight. … They say they have struck a deal with the insurer, Assicurazioni Generali, that will give Holocaust victims and their relatives far less money than they had originally hoped. But the lawyers say that their chances of winning a lawsuit seemed increasingly unlikely and that many of their clients are old and, in some cases, in poor health. … 'It's a compromise,' said Robert A. Swift, a lawyer in Philadelphia who began working on insurance cases from the Holocaust in 1997. 'In a perfect world with more leverage, maybe I could have negotiated a better formula. But I'm playing the hand I was dealt.'" The Times continues, "Judge George B. Daniels of Federal District Court in Manhattan has called a hearing for this morning to determine whether the settlement is fair to all parties. … If he approves the agreement, it will close a painful chapter in the insurance company's history. It could also provide perhaps several million dollars more to victims of the Holocaust and their heirs." The Times notes, "Judge Daniels will also hear arguments from lawyers who are refusing to participate in the settlement, contending that the deal will prevent tens of thousands of other Holocaust victims and their heirs from ever being compensated — just as new evidence on the Holocaust is being uncovered in Europe. … Last May, officials of a multinational group said they were taking steps to open half a dozen warehouses in Bad Arolsen, Germany, that have been sealed for 60 years and are filled with documents compiled by the Nazis and by American and Allied forces."

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Legal Dispute Over AIDS Quilt Reflects Changing Attitudes About Disease. The New York Times (1/31, Mckinley) reports from San Francisco, "It has been 20 years since Cleve Jones started the AIDS Memorial Quilt here, painting the name of a friend who had died from the disease on a simple piece of fabric. … During the next two decades the quilt became the largest piece of community folk art in the world, a 54-ton collage affixed with the names of 91,000 victims of AIDS, a tapestry of grief that was one of the earliest and most effective tools in raising awareness of the disease." The Times continues, "Now Mr. Jones is locked in a legal tug of war with the quilt's caretaker, the Names Project Foundation, over custody of 35 of its 6,000 panels. The dispute is not just about the relatively small swatch of the quilt, or even the simmering personality clash between Mr. Jones, a founder of the group, and his successors. More broadly, the battle reflects the changing symbolism and purpose of one of the most recognizable symbols of the AIDS crisis as the crisis itself has changed. … The confrontation has touched on issues percolating through the AIDS community, including the new racial, social and international demographics of the disease; changes in philanthropic trends; and the question of whether memorials are appropriate at a time when other major problems, including a rebound in unsafe sex and the emergence of new drug-resistant strains, persist."

McCain Set To Announce Members Of His House Whip Team. Roll Call (1/31, Whittington) reports, "Sen. John McCain (R) will unveil the members of his House whip team today, as the Arizonan seeks to jump-start his effort to build support for his 2008 presidential bid in a chamber where he has never been terribly popular with his fellow Republicans. GOP Reps. Spencer Bachus (Ala.), Mark Kirk (Ill.), Dan Lungren (Calif.), John Shimkus (Ill.), John Shadegg (Ariz.) and Fred Upton (Mich.) will serve as McCain's emissaries in the House, with additions to the team expected to be announced later." Roll Call notes, "McCain has long had a prickly relationship with Republican House Members over the course of his two decades in the Senate. At times he has riled conservatives with his willingness to buck the Republican establishment, and his efforts to limit pork barrel spending also have drawn the ire of appropriators and other Members seeking to fund pet projects back home." Bachus "conceded that McCain has ruffled feathers over the years. But he believes McCain has 'offended for all the right reasons' and said the fact that the Senator doesn't seem to be out to win a popularity contest is what ultimately drew him to support his presidential bid. 'He's not afraid of anybody,' Bachus said."

Romney Said To Hope For Boost From "Anybody But McCain" Caucus. In a column in The Hill (1/31), John Fortier, a research fellow at the American Enterprise Institute, writes that ex-Massachusetts Gov. Mitt Romney (R) "hopes that the endorsement of the ABM Caucus will propel him to the White House. ABM, in this case, does not stand for 'Anti-Ballistic Missiles,' but rather 'Anyone But McCain.'" Romney has landed "a boomlet of endorsements from House Republicans, including former Speaker Dennis Hastert (Ill.), Jim McCrery (La.), Buck McKeon (Calif.), Tom Feeney (Fla.) and Marsha Blackburn (Tenn.). Former Rep. and now-Sen. Jim DeMint (S.C.) is also on board, and there have been rumors that Minority Leader John Boehner (Ohio) will jump on the Romney bandwagon." Fortier notes, "What these endorsements have in common is that they come from a substantial group of House Republicans who have long disliked John McCain. For many House Republicans, McCain was the antithesis of what they were fighting for. The House would move conservative legislation, only to see the Senate water it down, and McCain was seen as the 'waterer-down in chief.' … These House Republicans are looking for an alternative, and so far, Romney has been the candidate to capitalize on these lingering resentments."

Romney Said To Face Credibility Questions On Social Issues. On CNN's "The Situation Room" (1/30), John King reported "the great advantage" former Gov. Mitt Romney "has in this race is that he doesn't work in Washington, like all the senators running for president. So, he's out on the campaign trail all the time. And he has spent a lot of time in South Carolina, at the public events, which you just showed the pictures of, but, also, very smartly and very importantly, one on one, in small groups, with these evangelical, social conservative pastors and activists on the ground, because he does have a problem. Two or three years ago, he was pro-choice, favored abortion rights. Now he says he is pro-life, against abortion rights. He's had an evolution on gay rights as well. You mentioned stem cell research. His point is, many candidates over the years have done this -- Ronald Reagan did it; George H.W. Bush did it -- that this is who he is now, and he's surrounding himself with people who might not be known to you or me or people around the country, but are very well known in those communities, to say: I mean it. But that is one of his biggest challenges."

Romney Questioned About His Faith. The AP (1/31, Davenport) reports that on Tuesday in South Carolina "Republican Mitt Romney…dismissed questions about whether his Mormon faith would be an impediment to his White House aspirations, echoing the argument that voters will be choosing a president not a pastor." Romney has "faced questions about his faith…where a few Republicans expressed deep reservations about backing a Mormon," as

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Romney strives to make "inroads with the GOP in this early voting state" dominated by conservative Southern Baptists.

Past Romney Veto May Harm His Jewish Support. The Politico (1/31, Grim) reports that "Mitt Romney has been aggressively courting the Jewish community as part of his run for the presidency" with a recent "five-day trip to Israel" and his campaign's "heavy hitters from the Jewish community." Although Romney is now "in full presidential campaign mode," he may wish "he hadn't vetoed a budget provision in 2003 that would have reimbursed nursing homes in Massachusetts that provided kosher meals to Jewish residents on Medicaid" although "the state legislature overrode Romney's veto." One national Jewish leader said, "Any sort of dents to his armor become problematic to him" since "there is hesitation in the community to begin with because of his Mormonism. …These sorts of chinks in his armor will help his opponents."

Giuliani's Temper Could Be Impediment To Presidential Run. On MBNBC's Tucker (1/30), A.B. Stoddard of The Hill said one problem with Rudy Giuliani's potential GOP primary candidacy is "He has got a temper. … In these intimate settings in Iowa, in the primary process, when someone challenges him, if it gets, you know, a little bit cross, he -- John McCain has these eruptions where he talks back to people, but then he feels really sorry, because he really wants to be liked, but Rudy Giuliani doesn't care about being liked, say his friends and supporters. And so there is a real potential not only for differences on policy grounds, on his record on social views, but he really has sort of -- there's a real possibility he erupts and he blows it when they discuss these differences."

Rice Denies Plans To Run For President In '08. The Washington Post's (1/31, A13) Al Kamen writes in his "In the Loop" column, "Despite her central role in getting the country into that increasingly unpopular war in Iraq, Secretary of State Condoleezza Rice's star is scarcely diminished. In fact, even though she was President Bush's national security adviser throughout Bush's first term, she still ranks quite high in the national popularity polls -- scoring twice Bush's ratings." Her high approval ratings, Kamen proposes, ""may be why people keep asking her if she's going to be on the GOP ticket in 2008." However, in an interview with German television last week, Rice said she plans to return to Stanford after Bush's second term in office.

Dowd Says Clinton Answer On Iraq Was "Conniving." In her New York Times column (1/31), Maureen Dowd says, "The Achilles' heel of 'The Warrior,' as" Hillary Clinton "is known, is the war. She expressed outrage about Iraq, but ended up sounding like a mother whose teenage son has not cleaned up his room: 'The president has said this is going to be left to his successor ... and I think it's the height of irresponsibility, and I really resent it.'" Clinton "uttered the most irritating and disingenuous nine words in politics: 'If we had known then what we know now. ...' Jim Webb knew. Barack Obama knew. Even I knew, for Pete's sake. The Administration's trickery was clear in real time. Hillary didn't have the nerve to oppose a popular president on a national security issue after 9/11, and she feared being cast as an antiwar hippie when she ran. Now she feels she can't simply say she made a bad decision. And that makes her seem conniving — not a good mix with nurturing."

Obama Said To Be "Clintonian." In her Washington Post column (1/31, A15), Ruth Marcus says, "There's a Clinton in the presidential race. The surprise: It may not be Hillary. The truly Clintonian figure running for the Democratic nomination is Barack Obama. The senator from Illinois, it's struck me lately, seems in many ways more like Bill Clinton than does the senator from New York." The "fit isn't exact: Obama, unlike Clinton, doesn't seem to have been running for the presidency since birth. But there are deeper ways, in his intellectual approach, his message and his personal style, in which Obama evokes Clinton." Like Clinton "before him, Obama presents himself as a new kind of politician who can rise above and bridge partisan differences. Go back to Clinton's 1991 announcement speech, and it's easy to imagine Obama speaking."

Biden To Officially Enter White House Race Wednesday. The AP (1/31, Fouhy) reports that Delaware Sen. Joe Biden (D) is set to officially enter the 2008 presidential race on Wednesday. Biden "will file the paperwork with the Federal Election Commission and release a videotaped campaign message to voters on his Web site, joebiden.com. … 'After nine months of doing this, there is no exploratory committee -- I'm running,' Biden told The Associated Press." Biden "acknowledged his campaign would generate little of the buzz surrounding the celebrity candidates New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama," meaning that "Biden, 64, is gambling that in a dangerous world, voters will choose experience over excitement."

McClatchy Newspapers (1/31, Fitzgerald) reports, "As the chairman of the Senate Foreign Relations Committee, Biden is working on a non-binding resolution opposing President Bush's plan to send 21,500 more troops to Iraq. 'I'm worried that, God forbid, we may be in the same position, only worse off 18 months from now,' Biden said. He blamed Bush's 'recalcitrance' and unwillingness to listen to advice from across the political spectrum." McClatchy adds, "Though he is a harsh critic of the war now, Biden voted to authorize the use of force in Iraq in 2002, and, along with several other Democratic contenders who did the same, is

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likely to face questions from the party's influential anti-war left. Biden said that the use-of-force resolution was designed to tighten the screws on the late dictator Saddam Hussein, and that Bush misused it. 'I didn't have any idea of the degree of incompetence that existed in the administration,'" said Biden, adding, "I assumed that these guys were grown-ups. They turned out to be…arrogant, immature, and wrong. It actually took my breath away."

The News Journal (DE) (1/31, Barrish) reports that when Biden kicked off "his first bid for president in the 1988 campaign, he did so the old-fashioned way: with a flag-waving rally surrounded by hundreds of supporters." Wednesday, when Biden "announces his second run for the Oval Office, the process will be, well, different. No rally. The candidate will barely even be in his home state. But in true cyberage style, today should provide Biden with plenty of national exposure, including the debut of his campaign Web site and an appearance on, of all networks, Comedy Central. Biden's rollout -- even his segment on 'The Daily Show with Jon Stewart' tonight -- is par for the 21st century course, said Stu Rothenberg, editor and publisher of a biweekly political newsletter that bears his name. 'The dramatic change was Bill Clinton, taking a saxophone on late-night TV' on the Arsenio Hall Show in 1992, Rothenberg said. 'It's a matter now of reaching people with a variety of media, a variety of forums. It's understanding that different people watch different things. You are sending the message that if you can act funny and hip, people will think you are funny and hip. Candidates want to show the breadth of their personality.'"

Presidential Candidates Seeking Pelosi's Endorsement. The Politico (1/31, Hearn) reports that "Democratic presidential hopefuls…face an influential electorate of one: House Speaker Nancy Pelosi, D-Calif. The so-called Pelosi primary on Capitol Hill" have some "presidential prospects…openly saying that they hope to win the speaker's favor." Some say Hillary Clinton and Barack Obama are "both…currying support from the liberal party activists for whom Pelosi is now an icon," although Pelosi "is far from choosing a favorite and may never make an official endorsement. … But her good will could smooth a candidate's way with state and local party officials, open wallets and help deliver the support of key interest groups."

Maryland Lawmakers Drafting Expanded Health Coverage Bill. In a front page story, the Washington Post (1/31, A1, Rein, 690K) reports that "Maryland lawmakers are drawing up ambitious proposals to provide medical insurance to hundreds of thousands of residents without coverage, stepping into the national debate over who should pay the soaring costs of health care." Maryland's "Gov. Martin O'Malley (D) will call for expanded coverage of the state's 780,000 uninsured -- one in seven residents -- in his State of the State address today."

Majority Says State Of US Dependent On Spiritual Health. The Washington Times (1/31, Harper, 88K) reports, "Almost two-thirds of Americans -- churchgoing or not -- say the overall health of the nation is heavily dependent on its spiritual health. About 77 percent say the nation's economy is dependent on its spiritual well-being, while 64 percent say religious expressions are either tolerated or encouraged in their workplaces, according to a Gallup Poll released yesterday." The findings "are part of a greater study plumbing the 'spiritual state of the union,' said Ted Malloch, director of the Florida-based Spiritual Enterprise Institute."

Manhattan Institute Fellow Counsels Expansion Of HSAs. In an op-ed appearing in Wall Street Journal (1/31, A12, 2.04M), David Gratzer said Republicans should "take credit where credit is due" on the third anniversary of health savings accounts. Gratzer writes, "Here's the untold story: Despite recent entry into the market, these plans are gaining popularity. … Looking back on GOP-era Capitol Hill, welfare reform stands out as the greatest achievement; health savings accounts may eventually be considered a close second. If HSAs can help tame health inflation, the timing couldn't be more critical." Gratzer adds, "As the minority party, the GOP may be tempted to go on the defensive, opposing Democratic ideas (as they did with HillaryCare) or aiming to temper them (their strategy for Schip). But instead, Republicans should espouse a positive agenda, regardless of whether all its elements can be passed, including the improvement and expansion of HSAs." Gratzer is a senior fellow at the Manhattan Institute and author of "The Cure: How Capitalism Can Save American Health Care."

Bush Unveils Security Aid For Palestinians. AFP (1/31) reports President Bush "has directed" Secretary Rice to transfer "about $86.4 million in aid to help Palestinian security forces under President Mahmoud Abbas's direct control," the White House said. NSA spokesman Gordon Johndroe said, "The idea is to build the legitimate security forces, to help provide law and order in Gaza and the West Bank, fight terror, and to facilitate movement and access especially in Gaza." The money will go "to support efforts to reform Palestinian civil security forces under the direct command of the Office of the President," said the spokesman.

Ceasefire Takes Hold In Gaza. The New York Times (1/31, A3, Myre, 1.16M) reports Palestinian factions in Gaza Tuesday "mostly observed the latest cease-fire, though one Hamas member was shot dead." While Gazans "welcomed

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the reopening of shops and the semblance of normalcy that prevailed on the streets on Tuesday, many said the truce would remain vulnerable unless Hamas and Fatah could agree to work together in the government." Meanwhile, the Israeli Air Force "bombed a tunnel near the eastern edge of the Gaza Strip, saying that Palestinian militants were digging it to enter Israel and carry out an attack."

The AP (1/31, El Deeb) says the killing of a Hamas militant by rival Palestinians "underscored the fragility of any lull in Gaza's bloodshed."

First Arab Muslim In Israeli Cabinet Seeks To Improve Educational Standards. The Washington Times (1/31, A1, Mitnick, 88K) reports on its front that Raleb Majadele "says his success as the first Arab Muslim to serve in Israel's Cabinet will be judged one student and one classroom at a time." Majadele, who will serve as minister without portfolio while Prime Minister Ehud Olmert decides on a redivision of the vacant ministerial posts, is "concerned with practical matters, such as improving educational standards for Israeli Arab children." The Times says Majadele's entrance into the Cabinet is "the most dramatic example of integration for a minority community that sees itself as marginalized and segregated. But it comes at a time when Jewish-Arab relations are polarized over the Palestinian uprising and a plan by Cabinet member Avigdor Lieberman to force some Israeli Arabs out of Israel."

Muslim Nations Move To Prevent Regional Sectarian Violence. The Washington Times (1/31, A1, Sands, 88K) reports on its front page, "Terrified that sectarian Muslim bloodshed could soon engulf the region, US allies and adversaries in the Middle East have stepped up joint efforts to head off a religious civil war." For example, Saudi Arabia and Iran "have held intensive talks in recent days on ways to tamp down sectarian violence in Iraq and Lebanon." Meanwhile, "Top Islamic clerics and scholars in Egypt, Qatar and Iraq also have issued statements urging Muslim unity, often blaming the United States and other outside actors of trying to divide the faithful."

Saudi Arabia Says Iran Cooperating On Lebanon. The AP (1/31, Shihri) reports Saudi Arabia said Tuesday it was working with Iran "to find ways to ease the crises in Lebanon and Iraq -- a departure from Washington's confrontational stance toward Tehran." The mediation is "an unusual step by two rivals that have been competing for influence in the region," the AP writes, speculated that the kingdom's "willingness to cooperate with Iran in mediating the conflicts likely points to the alarm that that the bloodshed in Iraq and the possibility of civil war in Lebanon has raised among the Saudi leadership." At the same time, it "could complicate Washington's efforts to isolate Tehran." Saudi Foreign Minister Saud al-Faisal said Tuesday that Iran had approached his country to "cooperate in averting strife between Sunnis and Shiites in Iraq and Lebanon."

Hezbollah Blames Bush For Lebanese Unrest. The Financial Times (1/31, Biedermann) reports Hezbollah movement used the Shia Muslim Ashura commemoration Tuesday "to accuse the US and Israel of being responsible for the unrest in the country." Hezbollah's Sayyed Hassan Nasrallah told a rally in Beirut, "The one who fomented chaos in Lebanon, who destroyed Lebanon, who killed women and children, old and young in Lebanon, is George Bush." He also "accused the US of ordering Israel to wage war against his movement last summer as part of what he called the American campaign against 'resistance groups' in the Middle East."

Saudi Arabia's Shiite Minority Seek Greater Freedoms. The Washington Post (1/31, A10, Ambah, 690K) reports Saudi Arabia's "long-suppressed Shiite minority, a 2 million-strong community living mainly in the oil-rich Eastern Province," have "only recently been granted greater religious freedoms, including the right to commemorate Ashura publicly. But fears in the Arab world of growing Shiite clout have raised concern among local Shiites that sectarian tensions could roll back some of the progress." After "a lull," the kingdom's "Wahhabi clerics have again started issuing fatwas, or religious edicts, labeling Shiites infidels who are more dangerous to the faith than Christians and Jews."

Six-Party Talks Set To Resume Next Week. The New York Times (1/31, A6, Kahn, 1.16M) reports China announced Tuesday that six-party talks 'would resume in Beijing next week, the latest in a long series of negotiations that have failed to curb its nuclear program." Discussions are set to resume Feb. 8 "though the United States and North Korea have not settled a dispute over freezing North Korean assets at a bank in Macau." Treasury officials and their North Korean counterparts met Tuesday in Beijing to discuss American measures. No breakthrough "appeared imminent, but the talks were set to continue Wednesday."

The Washington Post (1/31, A12, Kessler, 690K) says Pyongyang "appears increasingly willing to bargain over the terms of ending its nuclear programs, prompting cautious optimism that some sort of agreement may be reached" when talks reconvene next week, US and Asian officials close to the talks said. With "just two years left in President Bush's term," State Department officials "appear to have been given new freedom to explore different outcomes and proposals with their North Korean counterparts, most recently during unusual bilateral talks held in Berlin." North Korean officials have "responded in kind, for the first time moving beyond quibbles about the wording in communiqués and actually talking specifically about what they might do to end their nuclear programs," the officials said.

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The Washington Times (1/31, Salmon, 88K) reports Japanese and South Korean news media, "citing unnamed sources, have since reported that the United States might permit the unfreezing of some $13 million held by North Korea," and yesterday, South Korea's Joongang Ilbo newspaper, "without naming sources, said President Bush had ordered the Treasury Department to cooperate with the State Department on the North Korean issue." USA Today (1/31, 8A, Wiseman, 2.27M) says the $24 million in frozen funds "has become a bargaining chip" for the US as six-party talks resume.

Seoul Wants Written Accord As Part Of Next Week's Talks. AFP (1/31) reports South Korea "has said it wants a binding written agreement to emerge from next week's six-nation talks." Foreign Minister Song Min-Soon "said the new round, which starts in Beijing on February 8, should produce a document that sets out firm steps toward a nuclear-free North Korea."

Negroponte Says "Radical Populism" In Latin America Will Be Priority. The Washington Times (1/31, Kralev, 88K) reports during confirmation hearings Tuesday, John Negroponte said that one of his priorities if confirmed as deputy secretary of state will be "countering the rise of 'radical populism' and anti-Americanism in Latin America championed by Venezuelan President Hugo Chavez." Bush administration officials said Negroponte is expected to "e-energize Washington's policies in the Western Hemisphere, to which the administration has been accused of not paying enough attention." The former ambassador told the Senate Foreign Relations Committee that Latin America "has been a mixed picture in the last couple of years." One of the trends the US needs to be concerned about, he said, "is a kind of a frustration among some of the populations in Latin America that democracy is not necessarily delivering the kinds of results that people had hoped for, and that has in turn given rise to a certain amount of populism," which is "most clearly symbolized by Mr. Hugo Chavez."

Venezuela Poised To Give Chavez Wide-Ranging Powers. The Washington Post (1/31, A1, Forero, 690K) reports on its front page, "Two months after Chavez was reelected to another six-year term by an overwhelming margin, Venezuela is experiencing a fundamental shift in its political and economic climate that could remake the country in a way perhaps not seen in Latin America since Fidel Castro took power in Cuba in 1959. On Wednesday, the National Assembly is expected to entrust him with tremendous powers that will allow him to dictate new laws for 18 months to transform the economy, redraw the structure of government and establish a new funding apparatus for Venezuela's huge oil wealth." But the moves -- "which opponents say are marked by intolerance and strident ideology -- are prompting some Venezuelans to leave the country and others to prepare for a fight in the last battlegrounds where the opposition has influence. A few are trying, against the tide, to remain apolitical in a country marked by extreme, even outlandish rhetoric." In addition, Chavez's moves "are worrying Bush administration officials."

Castro Seen Meeting Chavez On Cuban TV. The AP (1/31, Snow) reports Cuban state television Tuesday showed a video of "a healthier looking" Fidel Castro meeting with Venezuelan President Hugo Chavez and saying his recovery was "far from a lost battle," in the first images of the ailing leader in three months. Castro "stood and appeared alert in the 10-minute video," which state TV said was shot during Chavez's previously unannounced visit to Havana Monday. The date Tuesday's video was taken "could not be immediately confirmed" and State Department spokeswoman Joanne Moore declined to comment on the video.

Negroponte Says US Should Seek "Engagement" With China. AFP (1/31) reports John Negroponte said during his confirmation hearing to be Deputy Secretary of State that Washington "should adopt an engagement policy at all levels with China," but "that it would not be wise for Washington to review its policy on Taiwan."

Congress, Manufacturers Push President On China Trade Policy. The Hill (1/31, Swanson) reports the Bush administration is "under pressure from members of Congress and domestic manufacturers to change a long-standing practice of not imposing anti-subsidy duties on imports from countries with largely state-driven economies, such as China." Some congressional sources and manufacturing representatives "believe the move could counter rising congressional pressure for legislation tackling the trade deficit with China." The "perception" that the administration is "not dealing effectively" with China could "build a head of steam for legislation," according to Frank Vargo, vice president for international economic affairs at the National Association of Manufacturers.

Battle With Vatican Over Control Of Church Looms In China. On its front page, the Wall Street Journal (1/31, A1, Batson, China, Meichtry, 2.04M) reports that as China's aging group of Catholic bishops "die off," Beijing and China have begun to "escalate their battle for control of the Roman Catholic Church in China." For example, "Last year, the Chinese Catholic Patriotic Association, the official body which oversees local Catholics, appointed three bishops who had not been approved by the Pope," reversing "years of quiet progress toward accommodation, which had included signals that the Vatican was willing to switch diplomatic recognition to China from rival Taiwan." Now, "Anger over the consecrations has prompted the Vatican to re-evaluate its effort to restore ties with Beijing."

WSJournal Hopes James Bond Will "Stir Some Thought" In Beijing. In an editorial, the Wall Street Journal

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(1/31, A12, 2.04M) writes, "James Bond and Communist China, foes for more than 45 years, have called a truce -- at least long enough for the latest installment in the Ian Fleming spy series, 'Casino Royale,' to premiere in Beijing." The first Bond movie was released in 1962, "when Mao Zedong's China was on the brink of the Cultural Revolution. The Party hasn't been quick to embrace the debonair Western spy, who always outwits his hapless Cold War -- often Communist -- adversaries. Now that Agent 007 is finally on Her Majesty's Secret Service in Beijing, we hope it will stir some thought in the Communist Party's halls of power about the ideas that Mr. Bond fights for," the Journal writes.

Effectiveness Of AU Peacekeeping Mission In Somalia Questioned. The Christian Science Monitor (1/31, Baldauf, 59K) reports, "As African leaders met for the second and last day of the African Union (AU) Summit Tuesday in Addis Ababa, Ethiopia, there were many questions about unfinished business and what they have actually accomplished," primarily the "shaky AU peacekeeping force planned for war-ravaged Somalia. While a few African countries -- Uganda, Nigeria, and Malawi -- have pledged 2,500 of the 8,000 requested troops, most remain silent." For example, South Africa, "a regional power normally willing and able to send peacekeepers," gave a definite "no" this week, "citing its own overstretched military, the lack of Western donor support, and the lack of a workable peace plan."

Despite Pledge For Openness, Ban Appointments Create Concern. The Christian Science Monitor (1/31, LaFranchi, 59K) reports, "When spending and accounting questions arose recently about the United Nations Development Program in North Korea, new UN Secretary-General Ban Ki Moon wasted little time moving into damage-control mode," which "has won Ban some early accolades – including from some quarters among US conservatives that are never prone to kind words about the UN." However, Ban is "also raising some questions with his first appointments, while leading others to wonder if he isn't coming off as too much of a big-powers secretary-general. Ban, they worry, is showing signs of paying deference to a time-honored system that divvies up key posts among the powers that formed the UN system six decades ago – the US, Britain, and France in particular."

Blair Fundraiser Arrested For Second Time. The Financial Times (1/31) reports Tony Blair's chief personal fundraiser, Lord Michael Levy, was arrested "for a second time in the cash-for-honors police inquiry, it has emerged." Police sources said Levy had been arrested Tuesday "on suspicion of conspiracy to pervert the course of justice." The Times calls the arrest "the latest twist in a police inquiry into allegations that Tony Blair sought to reward wealthy businessmen who lent the party millions of pounds in loans by nominating them for peerages follows the arrest of Ruth Turner, Mr. Blair's director of government relations."

The Washington Post (1/31, A10, Jordan, 690K) adds, "Many people here see the new charge as more significant than last summer's because it suggests an effort by people close to Blair to hide an offense."

Ignatius Says Blair's Legacy Plagued By Mistakes In Iraq. The Washington Post's (1/31, A15) David Ignatius writes, "At the beginning of Tony Blair's political career," he "had the brilliant political gifts that might have made him a truly great prime minister and the defining politician of his era. That's what makes his story so sad: This immensely talented politician was devoured by Iraq -- and by his support for an American president he kept thinking, wrongly, he could dissuade from mistakes." When he leaves office, Ignatius says his political legacy "will be summed up in one ruinous word: Iraq."

Elections In Northern Ireland Set For March. USA Today (1/31, Stinson, 2.27M) reports Northern Ireland's Catholics and Protestants "got the go-ahead Tuesday for elections and joint self-rule this spring, following moves by the IRA and its political wing to end violence and accept rule of law." British Prime Minister Tony Blair and Irish Prime Minister Bertie Ahern "said voters in Northern Ireland would elect a new legislature March 7." The two leaders also "set a strict timetable: After elections, the new assembly has a week to form a Cabinet and until March 26 to take control of most government functions." If the parties fail to meet the deadlines, Blair and Ahern "vowed to dissolve the assembly -- effectively placing the region back under British administration."

Merkel Vows To Block Cap On Vehicle Carbon Emissions. The Financial Times (1/31, Williamson) reports German Chancellor Angela Merkel on Tuesday said Germany "would 'fight with all its strength' against moves by the European Commission to impose a cap on vehicle carbon emissions to combat global warming." She "told a business conference in Berlin that she 'would certainly block' any binding regulation that did not differentiate between different car sizes. Her forceful intervention...is likely to increase tensions in a heated battle involving the car industry, environmentalists and José Manuel Barroso, Commission president." Barroso "believes legislation is needed to force carmakers to reduce the carbon emissions of the cars they manufacture, but last week announced a delay in reaching agreement on a legislative strategy because of divisions among his commissioners on the issue."

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Gorbachev Urges Abolition Of All Nuclear Weapons. Former Soviet leader Mikhail Gorbachev writes in the Wall Street Journal (1/31, A13, 2.04M) about the "need for the abolition of nuclear weapons." As "someone who signed the first treaties on real reductions in nuclear weapons," Gorbachev says he feels it his "duty to support their call for urgent action." The former Soviet leader calls for "a dialogue to be launched within the framework of the Nuclear Non-Proliferation Treaty, involving both nuclear-weapon states and non-nuclear-weapon states, to cover the full range of issues related to the elimination of those weapons," in order "to develop a common concept for moving toward a world free of nuclear weapons." Over the past 15 years, he says the goal of the elimination of nuclear weapons "has been so much on the back burner that it will take a true political breakthrough and a major intellectual effort to achieve success in this endeavor. It will be a challenge to the current generation of leaders, a test of their maturity and ability to act that they must not fail. It is our duty to help them to meet this challenge."

WPost Urges Putin To Answer Questions In Poison Probe. The Washington Post (1/31, A14, 690K) editorializes, "When the former Russian KGB agent Alexander Litvinenko died of polonium poisoning in November, many people assumed that his murder, like those of numerous other opponents of Russian President Vladimir Putin, would never be solved. But Mr. Litvinenko was killed in London, not in Moscow, and Scotland Yard believes it has cracked the case. According to reports in several of Britain's leading newspapers, the police have concluded that two former KGB agents who met Mr. Litvinenko at a hotel on Nov. 1 are prime suspects in his death." While "there's no proof yet that Mr. Putin ordered or approved the London dirty bomb," the Post says "the questions for him keep multiplying." Questions, it says, "we hope he'll be prompted for some answers."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Germany May Indict U.S. Agents In 2004 Abduction."
"Barbecue Done In Rare Form."
"Most Latino Students Spurn College Loans."
"Climate is changing, politically."
"Religious Complex Unearthed Near Stonehenge."
"U.S. Loses 20-Year Attempt To Deport 2 Immigrants."

USA Today:
"Tax-Cut Efforts Target Firms."
"Among The Proposals."
"General Says U.S. Has Proof Iran Arming Iraqi Militias."
"Fossil Fuels Are To Blame, World Scientists Conclude."

New York Times:
"In Senate, Allies Of Bush Work To Halt Iraq Vote."
"Tobacco's Stigma Aside, Wall Street Finds A Lot To Like."
"Ex-Reporter For Times Testifies For Prosecutor Who Jailed Her."
"F.D.A. Widens Safety Reviews On New Drugs."
"Killer of Detectives Gets Death Sentence."
"Surging Costs Threaten New York Transit Projects."
"Megastores On March, Paris Takes To Barricades."
"A Changing Battle On AIDS Is Reflected In A Quilt."

Washington Post:
"For GOP, Discord In Dissent On Iraq."
"An Ancient Settlement Is Unearthed Near Stonehenge."
"Reporter's Account Hurts Libby Defense."
"Md. Pushes Expansive Medical Coverage."
"Venezuela Poised to Hand Chávez Wide-Ranging Powers."
"Va. House Approves Bill On Illegal Immigration."
"Firms Go Private In Search Of Deeper Pockets."

Washington Times:
"Advocates Of Troops Surge About-Face In Congress."
"'I Don't Know The Details'."
"Senators Sound Alarm On Climate."
"Israeli Arab Official Favors Pragmatism."
"Dig Uncovers Ancient Village By Stonehenge."
"Lawsuit Accuses Black Officials Of Violating Whites' Voting Rights."

Detroit Free Press:
"UAW Losing Pay Edge."
"Money Is Gone And Town's Trust Nearly Spent."
"Drug Coverage Saves patients $1,200."

Atlanta Journal-Constitution:
"CDC Memo Cites Anger, Frustration."
"Wall Street Firms Bank On Independent Delta."
"Bill: It's Safe To Say 'Merry Christmas'."
"Conoisseurs Cultivate A Taste For Whiskey."

Houston Chronicle:
"Expected Earmark ban Has Wide Reach."
"A Little Yarn Goes A Long Way."
"More HOV Loners Caught In The Act."
"Bush Allies In Senate Try To Foil Resolutions."
"Images OF Dying Soldiers Renew War Coverage Debate."

Story Lineup From Last Night's Network News:
ABC: Bush Interview; Iran Aids Iraqi Insurgents; Celebrating Ashura-Iraq; Global Warming Hearings; US Auto Industry; Airline Pilot Mandatory Retirement; Drug Safety; Toyota Joins Daytona 500.

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CBS: Senate-Iraq Funding; Senate-Iraq Politics; CentCom Nominee; Iraq-Sectarian Violence; Iraq-Syria Talks; Libby Trial-Miller Testimony; Pilot Retirement Age; White House-Global Warming; Ocean Pollution; Cafeteria Food Poisoning; MA Governor.
NBC: Global Warming Hearings; Iraq War Hearings; Celebrating Ashura-Iraq; Iran Aids Iraqi Insurgents; Libby Trial; Airline Pilot Mandatory Retirement; Stock Market; Global Warming; Too Much Ice-Florida; Stonehenge Village.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Britain-Anti-Terrorism Raids; Germany-Warrants Issued For CIA Agents; Bush-Illinois; Senate-Minimum Wage; Iraq-Reconstruction Money Audit; Author Sidney Sheldon's Obit.
NPR: Miller-Libby Trial; Saudi Arabia Foreign Minister-Iran; Baker, Hamilton Renewing Call For Talks With Iran; Baker, Hamilton-Troop Surge Support; Bush-Illinois; Castro Appears On Cuban TV; Senate-Minimum Wage; Author Sidney Sheldon's Obit; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks on the economy, Federal Hall, New York.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the impact of middle class economic insecurity on long-term economic growth. Former Treasury Secretaries Robert Rubin and Lawrence Summers, former Federal Reserve Board Vice Chairman Alan Blinder, and Richard Vedder of AEI. Location: Room 106, Dirksen.

9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on Iraq in the strategic context. Former Secretaries of State Henry Kissinger and Madelaine Albright. Location: Room 216, Hart.

9:30 a.m. RULES AND ADMINISTRATION _ Full Committee. Organizational meeting. Location: Room 301, Russell.

9:45 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Organiational meeting and hearing on the roles of federal food assistance programs have in family economic security and nutrition. Sigurd Nilsen, GAO; Bob Greenstein, Center on Budget and Policy Priorities; Robert Dostis, Vermont Campaign to End Childhood Hunger; Rhonda Stewart, private witness; Bill Bolling, Atlanta Community Food Bank; Luanne Francis, Health Care for All; Melinda Newport, Nutrition Services for Chickasaw Nation; Frank Kubik, Commodity Supplemental Food Program. Location: Room 328A, Russell.

10 a.m. ARMED SERVICES _ Full Committee. Closed. Briefing on the proposed increase in troop strength in Iraq. Location: Room 222, Russell.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Meeting of discuss the subcommittee structure, and a hearing on the Treasury Department's report on International Economic and Exchange Rate Policy and U.S.-China trade. Treasury Secretary Paulson. Location: Room G-50, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on long term fiscal challenges and solutions. Robert Bixby of the Concord Coalition, Joseph Minarik of the Committee for Economic Development, Jason Furman of Brookings Institution, and Stuart Butler of the Heritage Foundation. Location: Room 608, Dirksen.

10 a.m. FINANCE _ Full Committee. Organizational meeting, and votes on pending nominations. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Organizational meeting and markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on the Iraq Study Group's recommendations for improving Iraq's police and criminal justice systems. Iraq Study Group co-chair Lee Hamilton; study group member Edwin Meese III. Location: Room 226, Dirksen.

10 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Hearing on federal small business assistance programs for veterans. Location: Room 428A, Russell.

10:30 a.m. SPECIAL AGING _ Full Committee. Hearing on the Medicare Part D prescription plan and its effectiveness. Larry Koco, Centers for Medicare and Medicaid Services; Beatrice Disman, Social Security Administration; Ellen Leitzer, Health Assistance Partnership; Howard Bedlin, Access to Benefits Coalition. Location: Room 562, Dirksen.

11:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 366, Dirksen.

2:30 p.m. ARMED SERVICES _ Readiness and Management Support Subcommittee. Hearing on abusive contracting practices in the Defense Department. Marcia G. Madsen, chairwoman, Acquisition Advisory Panel; Jonathan L. Etherton, member, Acquisition Advisory Panel; James A. Hughes, member, Acquisition Advisory Panel; Paul A. Dennett, OMB; Shay Assad, director, Defense Procurement and Acquisition Policy, DoD. Location: Room 222, Russell.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Fuoll Committee. Hearing on economic and security concerns regarding travel promotion in the U.S. Location: Room 253, Russell.

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2:30 p.m. JUDICIARY _ Terrorism, Technology and Homeland Security Subcommittee. Hearing on the US-VISIT program. Assistant HHS Secretary Richard Barth; Robert A. Mocny, Acting Director, US-VISIT; Richard Stana, Director, Homeland Security and Justice, GAO; Phillip J. Bond, President and CEO, Information Technology Association of America; C. Stewart Verdery, Jr., President, Monument Policy Group. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Postponed Suspension Votes (3 bills): 1) H.Res. 59 - Supporting the goals and ideals of National Engineers Week, and for other purposes. 2) H.Con.Res. 34 - Honoring the life of Percy Lavon Julian, a pioneer in the field of organic chemistry research and development and the first and only African American chemist to be inducted into the National Academy of Sciences. 3) H.Con. Res. 5 - Expressing support for the designation and goals of ``Hire a Veteran Week'' and encouraging the President to issue a proclamation supporting those goals. Five ``One Minutes Per Side. H.Res.___ - Rule providing for consideration of H.J.Res. 20 (Rules). H.J.Res. 20 - Making further continuing appropriations for the fiscal year 2007, and for other purposes.

9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on the impact of middle class economic insecurity on long-term economic growth. Former Treasury Secretaries Robert Rubin and Lawrence Summers, former Federal Reserve Board Vice Chairman Alan Blinder, and Richard Vedder of AEI. Location: Room 106, Dirksen.

10 a.m. ARMED SERVICES _ Readiness Subcommittee and the Air and Land Forces Subcommittee. Joint hearing on army equipment ``reset'' efforts. Maj. Gen. Vincent E. Boles, assistant deputy chief of staff, G-4; Brig. Gen. Charles A. Anderson, director, Force Development, Office of the Deputy Chief of Staff, G-8; Brig. Gen. Robert M. Radin, deputy chief of staff for logistics and operations, Army Materiel Command; Thomas E. Mullins, deputy assistant secretary of the Army for plans, programs and resources; William M. Solis, director, Defense Capabilities and Management Team, GAO. Location: Room 2118, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Organizational meeting. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on understanding the situation with Iran. Abbas Milani, Hoover Institution; Ray Takeyh, Council on Foreign Relations. Location: Room 2172, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Markup of pending legislation. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Income Security and Family Support Subcommittee. Organizational meeting. Location: Room B-318, Rayburn.

10:15 a.m. JUDICIARY _ Full Committee. Hearing on presidential signing styatements and the threat to checks and balances and the rule of law. Karen Mathis, president, American Bar Association; former Rep. Mickey Edwards; Charles Ogletree,Harvard Law School; John Elwood, deputy assistant attorney general; Nicholas Rosenkranz, Georgetown University Law Center.

10:30 a.m. EDUCATION AND LABOR _ Full Committee. Hearing on the economic problems of American families. Jacob Hacker, Yale University; Eileen Applebaum, Rutgers University; Christian Weller, Center for American Progress; Rosemary Miller, flight attendant; Diana Furchtgott-Roth, Center for Employment Policy; Kellie Johnson, ACE Clearwater Enterprises. Location: Room 2175, Rayburn.

11 a.m. SCIENCE AND TECHNOLOGY _ Markup of H.R. 547 - Advanced Fuels Infrastructure Research and Development Act and H.Res. 72 - Recognizing the work of retired National Hurricane Center Director Max Mayfield. Location: Room 2318, Rayburn.

12 p.m. SMALL BUSINESS _ Full Committee. Organizational meeting. Location: Room 2360, Rayburn.

1 p.m. ARMED SERVICES _ Strategic Forces Subcommittee. Oversight hearing on the National Nuclear Security Administration Act of 2000. Energy Secretary Bodman; Comptroller General David Walker. Location: Room 2226, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Railroads, Pipelines and Hazardous Materials Subcommittee. Hearing on reauthorization of railroad safety programs. Edward Hamberger, President and Chief Executive Officer of the Association of American Railroads; General Richard Timmons, President of the American Short Line and Regional Railroad Association; Edward Wytkind, President of the Transportation Trades Department, AFL-CIO; Ed Rodzwicz, President of the International Brotherhood of Teamsters Rail Conference; and Sharon Van Dyck, Attorney at law representing the American Association of Justice. Location: Room 2167, Rayburn.

2 p.m. WAYS AND MEANS _ Full Committee. Hearing on economic challenges for middle class families. Peter Orszag, CBO Director; Jacob Hacker, Yale University; Jason Furman, Brookings Institution; Diane Rowland, Kaiser Family Foundation; John Goodman, National Center for Policy Analysis; Gene Stuerle, the Urban Institute. Location: Room 1100, Longworth.

3 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on staffing, equipment and readiness challenges facing Special Forces personnel. Gen. Doug Brown, commander, Special Operations Command; Lt. Gen. Robert

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W. Wagner, commander, Army Special Operations Command; Rear Adm. Joseph Maguire, commander, Naval Special Warfare Command; Lt. Gen. Michael W. Wooley, commander, Air Force Special Operations Command; Maj. Gen. Dennis J. Hejlik, commander, Marine Corps Special Operations Command. Location: Room 2118, Rayburn.

Other: INTERNET CONFERENCE _ 8:30 a.m. - 5 p.m. The Internet Caucus Advisory Committee holds its annual State of the Net Conference. Topics of discussion include: Trust, Privacy and Security; Intellectual Property Protection and Innovation; and Media Convergence and Internet Architecture. Highlights: 9:20 a.m. Session on ``Global Broadband Rankings: Is the US Falling Behind or Positioned to Leap Forward?." with FCC Commissioner Jonathan Adelstein, others. 10:30 a.m. General Session: ``Intellectual Property and Innovation." 11:30 a.m. Session on ``Digital Music Licensing: Is Anyone Really Happy?," with David Israelite, National Music Publishers' Association. 11:30 a.m. Net Neutrality Discussion, with David Farber, School of Computer Science, Carnegie Mellon University; David P. Reed, M.I.T. Media Laboratory; Timothy Wu, Colombia University Law School, others. 12:30 p.m. Luncheon keynote discussion with Bruce Chizen, CEO, Adobe Systems Inc.; and Congressman Bob Goodlatte, Congressional Internet Caucus Co-Chairman. 1:30 p.m. General Session: ``Trust, Privacy, and Security: Anatomy of a Cyber-Crime: Challenges & Solutions," with Scott Charney, Microsoft; Lord Toby Harris, Member, UK Parliament, others; How has technology and the Internet changed the way we connect, contribute, and communicate?, with Bradley Horowitz, Yahoo!; Marilyn O'Connell, Verizon, others. Location: Hyatt Regency Washington on Capitol Hill, 400 New Jersey Ave. NW.

NATIONAL GUARD/RESERVES _ 9 a.m. - 2 p.m. The Commission on the National Guard and Reserves hears testimony from the chairman of the Joint Chiefs of Staff; the secretary of the Army; and the chief of the National Guard Bureau in preparation for its March 1 report to Congress. Highlights: 9 a.m. Lt. Gen. H. Steven Blum. 11:30 a.m. Secretary of the Army Dr. Francis H. Harvey. 2 p.m. Gen. Peter Pace, chairman, Joint Chiefs of Staff. Location: Room 2212, Rayburn House Office Building.

PENTAGON WELCOMES _ 7:30 a.m. Deputy Secretary of Defense Gordon Englandhosts an honor cordon to welcome Albanian Minister of Defense Fatmir Mediu and Macedonian Minister of Defense Lazar Elenovski to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

IRAQ _ 8 a.m. The House Armed Services Committee holds a bipartisan briefing for House members only on Iraq. Location: Cannon Caucus Room. Notes: Stakeout in front of the meeting room.

CUBA AFTER CASTRO _ 8:30 a.m. NDN, a progressive think tank and advocacy organization, hosts a panel discussion, ``After Fidel: A New Day for America's Relations with Cuba and Latin America?" Participants: Congressman William Delahunt, Chairman of the Subcommittee on International Oragnizations, Human Rights and Oversight; Janice OConnell, Professional Staff Member, Senate Foreign Relations Committee; Julia Sweig, Director for Latin America Studies, Council on Foreign Relations; Miriam Leiva, Cuban Dissident via phone from Cuba; Sergio Bendixen, President, Bendixen & Associates; and Joe Garcia, Senior Vice President, NDN (moderator). Location: Phoenix Park Hotel, 520 North Capitol St. NW.

BUDGET _ 8:30 a.m. - 10:30 a.m. The Center for Strategic and Budgetary Assessments holds its 23rd annual pre-budget release press briefing. Briefers: Stanley Collender, Managing Director, Qorvis Communications; Steven Kosiak, CSBA Director of Budget Studies; Robert Work, CSBA Director of Strategic Studies. Location: The Jefferson Hotel, 1200 16th St. NW.

HIGH RISK _ 9:30 a.m. Sens. Joseph Lieberman and Susan Collins hold a news conference with Comptroller General David Walker to discuss the GAO's biennial survey of government programs at risk of mismanagement or waste, fraud or abuse. Location: Room 342, Dirksen.

FARM BILL _ 10 a.m. Agriculture Secretary Johanns holds a briefing on the administration's farm bill proposals. Location: Room 107A, Whitten Building, 1400 Independence Ave. SW.

GUTIERREZ _ 10 a.m. Commerce Secretary Gutierrez holds a briefing on his upcoming trip to Mexico City. Location: Foreign Press Center, National Press Building.

QUARTERLY REFUNDING _ 10 a.m. Assistant Treasury Secretary Anthony Ryan and Deputy Assistant Treasury Secretary Matthew Abbott hold the quarterly refunding press conference. Location: Room 4121, main Treasury.

CHINA-SATELLITE _ 11 a.m. Reps. Duncan Hunter, R-Calif., senior Republican on the House Armed Services Committee; and Terry Everett, R-Ala., ranking Republican on the Strategic Forces Subcommittee, will hold a press conference to discuss recent reports that the Chinese military destroyed an aging satellite that was orbiting more than 500 miles above the earth. Location: House Radio/TV Gallery.

CHINESE-MISSILES _ 11 a.m. Rep. Duncan Hunter, others, hold a news conference on the Chinese anti-satellite missile test. Location: House Radio-TV Gallery.

NEW IDEAS _ 11 a.m. The New America Foundation holds a program on ``Ten Big Ideas for a New America." Keynotes by Sens. Hillary Clinton and Lindsey Graham. Location: Capitol Room, Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

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US-CHINA MEMORANDUM _ 11:40 a.m. Interior Secretary Dirk Kempthorne will hold a photo opportunity with Sun Wensheng, Minister of Land and Resources of the Peoples Republic of China. The photo opportunity will be held during the signing of a Memorandum of Understanding that will facilitate future cooperation between the two countries. Location: Department of the Interior, Main Interior Building, 1849 C St. NW.

UNFAIR TRADE PROSECUTOR _ 11:45 a.m. Sens. Debbie Stabenow, D-Mich., and Lindsey Graham, R-S.C., hold a press conference on their introduction of bipartisan legislation to create a trade prosecutor to protect U.S. manufacturers from unfair trade practices, particularly with China and Japan. Location: Senate Radio/TV Gallery.

GSE REFORM _ 12 p.m. Citizens Against Govenment Waste holds a policy luncheon on GSE reform, with Director James Lockhart III, of the Office of Federal Housing Enterprise Oversight. Location: Room 385, Russell.

PAKISTAN-US _ 12 p.m. - 1 p.m. The Middle East Institute will host Ambassador William Milam and Ambassador Dennis Kux, two distinguished experts on South Asia, to examine both recent domestic developments in Pakistan and the country's relationship with the US and this strategically important nation. They will speak on ``Pakistan's Politics and Its American Partnership." Location: MEI Boardman Room, 1761 N St. NW.

VOTER INTIMIDATION _ 12:15 p.m. Senators Charles E. Schumer and Barack Obama, joined by Benjamin Cardin, hold a press conference to introduce the Deceptive Practices and Voter Intimidation Prevention Act, which prohibits and punishes deceptive practices that aim to keep voters away from the polls on Election Day. Location: Room S-115, Capitol.

CUBA _ 1 p.m. Reps. William Delahunt and Jeff Flake hold a news conference on Cuba. Location: House Radio-TV Gallery.

STEM CELLS _ 1 p.m. Wisconsin Gov. Jim Doyle discusses the importance of stem cell research following a meeting with the Senate Democratic Caucus. Location: Center for American Progress, 10th floor, 1333 H St. NW.

CHINA-RELIGION _ 1:30 p.m. - 4 p.m. The United States Commission on International Religious Freeom sponsors a series of panel discussiond, ``The Many Faces of Chinas Repression: Human Rights, Religious Freedom, and U.S. Diplomacy in China." Highlights: Panel I: Current policy statement from the administration. A State Department official has been invited. Panel II: Chinas major religious communities: The faces of repression. Panelists: Bhuchung Tsering, Vice President, International Campaign for Tibet; Bob Fu, President, China Aid Association; Kamila Telenbidaeva, wife of Huseyin Celil, Uyghur Canadian Association; Erping Zhang, President, Association for Asia Research; and Joseph Kung, President, Cardinal Kung Foundation. Panel III: Human Rights and U.S. Diplomacy in China. Panelists: Michael Green, Japan Chair, Center for Strategic and International Studies (former Senior Director for Asian Affairs at the National Security Council); and Sharon Hom, Executive Director, Human Rights in China. Location: Room 538, Dirksen Senate Office Building.

BOEHNER _ 2 p.m. House Minority Leader John Boehner holds a media briefing. Location: House Radio-TV Gallery.

MEDICARE _ 2 p.m. The Access to Benefits Coalition and the National Council on Aging hold a media availability to discuss a report released at a Senate Special Aging Committee meeting, showing many people have not signed up for the Extra Help feature of the Part D drug coverage. Notes: Callin number: 888-330-9943; passcode: 116473. RSVP to katrina.skinnerncoa.org.

CHINA CURRENCY _ 3 p.m. Rep. Duncan Hunter holds a news conference on Chinese currency policies. Location: Room H-321, Capitol.

CONGRESS-SPORTSMEN _ 3 p.m. As incoming co-chairman of the Congressional Sportsmens Caucus, Montana Sen. Max Baucus will hold a news conference with vice-chair Ben Nelson, D-Neb., to outline Caucus plans for the 110th Congress. The Congressional Sportsmens Caucus is a group of senators and congressmen working together to protect access to hunting and fishing around the country. Location: Room S-215, Dirksen Senate Office Building.

ETHNIC MEMBERS _ 4:30 p.m. The Foundation for Ethnic Understanding hyolds a new ethnic congressional members reception. Location: Room 339B, Rayburn.

DISABLED-MEMORIAL _ 6 p.m. The Disabled Veterans LIFE Memorial Foundation and Health Net Federal Services, Inc. hold a congressional reception to honor President Clinton and ten members of Congress for their commitment to build the American Veterans Disabled for Life Memorial. Location: Atrium, Reagan Trade Center.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, JANUARY 31, 2007 7:45 AM EST

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TERRORISM NEWS:

Test Of Bush's Terror-fighting Authority Heads To Higher Court (CSM)

By Warren Richey

The Christian Science Monitor, January 31, 2007

The open-ended detention of an Arab student suspected of being an Al Qaeda sleeper agent is setting the stage for the next major showdown over the scope of President Bush's authority to fight terrorism on American soil.

Ali Saleh Kahlah al-Marri has been held in government custody for more than five years and has spent the last three and a half years in a South Carolina military prison under interrogation as a presidentially designated enemy combatant.

For 17 months of that time he was held incommunicado, with no ability to consult a lawyer, appear before a neutral judge to test the legality of his detention, or even tell his wife and five children he was alive.

Mr. Marri's lawyers say his confinement by military authorities rather than in the civilian justice system violates both US law and the Constitution.

Lawyers for the government disagree. They say the president is acting within his powers to protect the country from a second wave of terror attacks following 9/11.

Thursday, Marri's case goes to a three-judge panel of the Fourth Circuit Court of Appeals. Analysts say the dispute may ultimately wind up in the US Supreme Court with a potential landmark ruling on a key question: What rights does a noncitizen legal resident have when the government names him an enemy combatant?

The Fourth Circuit in Richmond, Va., is the same appeals court that upheld the detention as enemy combatants of US citizens Yaser Hamdi and Jose Padilla.

But the Marri case is different, his lawyers say. Mr. Hamdi was taken into custody in Afghanistan and Mr. Padilla was detained while attempting to reenter the US at Chicago's O'Hare International Airport. Both were said to have taken up arms against the US while overseas. In contrast, Marri was arrested in Peoria, Ill., where he was attending graduate school on a valid student visa.

Unlike other designated enemy combatants, Marri never directly participated in hostilities against the US, his lawyers say. Since he was never a combatant on a battlefield, he – as a civilian lawfully present in the US – cannot be detained by the military as an enemy combatant, they say.

Instead, he must be extended all the constitutional and other protections of the civilian court system, his lawyers say.

"The government's position in this case is stunning," says Jonathan Hafetz, a Marri lawyer at the Brennan Center for Justice at New York University. "If they are right, they can pick up any immigrant tomorrow in this country, lock them in a military jail, and the government would hold the keys to the courthouse." Mr. Hafetz adds, "The government could effectively disappear people."

The administration says in a global war on terror the battlefield can be anywhere, including Peoria. US Solicitor General Paul Clement says Marri associated with the military arm of Al Qaeda, a US enemy, and thus qualifies as an enemy combatant.

"He is a Qatari citizen who allied himself with Al-Qaeda, received funding and training from Al-Qaeda, and traveled to the United States on orders from Al-Qaeda to serve as a sleeper agent and facilitate further terrorist attacks against the United States from within," Mr. Clement writes in his brief to the court. He adds, "Enemy combatants do not earn immunity by crossing our borders to do us harm."

Before the three-judge panel considers such arguments, government lawyers will suggest that the appeals court lacks jurisdiction to take up Marri's case.

The Military Commissions Act of 2006 says in part that "No court, justice, or judge shall have jurisdiction to hear or consider any [legal] action against the United States ... related to any aspect of the detention, transfer, treatment, trial, or conditions of confinement" of a noncitizen properly deemed an enemy combatant.

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Marri's lawyers say the provision only applies to noncitizen enemy combatants detained outside US borders like those being held at the Guantánamo Bay, Cuba, naval base. If the court rules that the Military Commissions Act does apply to detainees held in the US, it would amount to an unconstitutional suspension of the writ of habeas corpus, they say.

The Bush administration argues that the new law divests jurisdiction in "all cases, without exception" in which a noncitizen enemy combatant is being held by the US. It applies regardless of the location of the detention, government lawyers say.

Hafetz says that approach threatens to blur the distinction between military and civilian jurisdiction established in a Civil War-era ruling by the Supreme Court.

Soldiers and combatants fall within the military sphere of courts martial, tribunals, and commissions, while civilians are governed by the civilian court system. "It is the essence of our society where civilian rule and civilian institutions are supreme and the military doesn't have the power to go in and arrest people in their homes and lock them in military jails," Hafetz says. "That is what separates a country that is democratic and committed to the rule of law from a country that is a police state."

In his brief, Solicitor General Clement says that after the 9/11 attacks, Congress authorized Mr. Bush to use all "necessary and appropriate force," including detention of enemy combatants, to "protect United States citizens both at home and abroad." The government reads the provision as authorizing detentions both at home and abroad.

In determining Marri is an enemy combatant, Bush concluded in part: "Mr. Marri represents a continuing, present, and grave danger to the national security of the United States."

A declassified affidavit prepared by a US intelligence official says that Marri attended an Al Qaeda training camp between 1996 and 1998. "Marri met personally with Osama Bin Laden and volunteered for a martyr mission or to do anything else that Al-Qaeda requested," the affidavit says.

Marri worked with two senior Al Qaeda leaders prior to his arrival in the US, Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 attacks, and Mustafa Ahmed al-Hawsawi, the key moneyman of the 9/11 attacks, the affidavit says. In addition, Marri's younger brother is a detainee at Guantánamo Bay.

Al Qaeda asked Marri to enroll as a student and quietly explore ways to hack into bank records to disrupt the US financial system, the document says. He had also been trained in the use of poisons and was researching poisons similar to the hydrogen cyanide weapon used in a terror attack on the Japanese subway system by the group Aum Shinrikyo, the affidavit says.

Marri arrived in the US with his wife and five children one day before the 9/11 attacks. He had been given at least $13,000 by Al Qaeda, the affidavit says.

Marri's lawyers say much of the information in the affidavit is hearsay. They are asking for an opportunity to challenge the veracity of the allegations in court by investigating whether the intelligence information was obtained from Khalid Sheikh Mohammed and others through coercive interrogations or torture.

Hafetz says that even if everything the government says about Marri is true (and he stresses that he does not concede that it is true), the central point of his case is that Marri should be charged with a crime and prosecuted, not merely held indefinitely by the military based on an affidavit that has never endured the careful scrutiny of cross-examination in open court.

Earlier, a federal judge in South Carolina agreed with the government that Marri could be held as an enemy combatant based on hearsay evidence contained in an intelligence affidavit. The court said Marri was given an opportunity to present a case that he was wrongly accused, but that he "squandered" that opportunity. Short of making a stronger initial showing that he was innocent, Marri has no right to cross-examine government officials or more deeply investigate the government's allegations against him, the court ruled.

Marri is appealing that decision.

Anti-terror Program Subject Of Constitutional Arguments (AP)

By Dan Sewell

AP, January 31, 2007

CINCINNATI - President Bush's program of secretly monitoring communications without a court warrant faces legal assaults on its constitutionality in arguments Wednesday in a federal appeals court.

The government is appealing the ruling of a federal district judge in Detroit who said the warrantless surveillance violated rights of privacy and free speech as well as separation of powers. The Justice Department last week urged the 6th U.S. Circuit Court of Appeals to throw out the case, saying it was no longer at issue.

Attorney General Alberto Gonzales said this month that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act, passed by Congress in 1978, is now reviewing and approving applications to monitor people believed to have terrorist links. The Justice Department said in a court brief that means there's "no longer any live genuine controversy to adjudicate."

The American Civil Liberties Union, which sued over the warrantless surveillance a year ago, countered that there's no guarantee that the president won't resume what the government calls the Terrorist Surveillance Program outside the court. The ACLU also is challenging government secrecy in the case, saying it can't determine whether current actions are following the law.

"For all the drama around the case, we see the ultimate legal issue to be a very narrow, noncontroversial one - that is, when Congress passes a law, the president has to follow it," said Ann Beeson, the ACLU's lead attorney on the case. "If they were really committed to following the FISA law in the future, they should have no objection to being bound by the district court order."

The Justice Department said in brief filed Tuesday that the court shouldn't be asked to rule on a hypothetical question about the future. U.S. District Judge Anna Diggs Taylor had ordered the government to halt the warrantless surveillance.

The National Security Agency program monitors international phone calls and e-mails to or from the United States when one party is believed to be a terrorist or to have terrorist ties. The government had said it sometimes needed to act without waiting for the secret court. The administration also has said the program has helped prevent terrorist attacks.

"If al-Qaida is calling in to the United States, we want to know why they're calling," the president said while defending the program last year.

A three-judge panel will hear the arguments in Cincinnati. The same panel in October ruled that the government could continue the monitoring while it appealed.

Legal scholars and attorneys who have argued before the 6th Circuit say it's difficult to characterize the court's leanings on such issues.

"It's been pretty sharply divided on a number of issues, such as the death penalty," said Carl Tobias, a law professor at the University of Richmond (Va.) who has been following this case.

Of 14 judges in the circuit, eight were appointed by Republican presidents. On this panel, Judge Julia Smith Gibbons was appointed by President Bush, Judge Alice M. Batchelder by his father, and Judge Ronald Lee Gilman by President Clinton.

The panel probably will not rule immediately, and its ruling could result in appeal to the U.S. Supreme Court or a review by the full 6th Circuit. The 6th Circuit includes Ohio, Kentucky, Michigan and Tennessee.

The ACLU filed its lawsuit on behalf of journalists, scholars and lawyers claiming the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. Other groups have also filed challenges to the program in other courts; this case has proceeded the furthest.

ON THE NET

U.S. 6th Circuit Court of Appeals: http://www.ca6.uscourts.gov

Surveillance Case To Pit Strong Views (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 31, 2007

The U.S. argues that the ACLU challenge of Bush's domestic wiretap program is moot.

CINCINNATI — One of the Bush administration's most controversial initiatives in the war on terrorism is set for its first hearing in a federal appeals court in Cincinnati today, but if government lawyers have their way, the case will quickly be dismissed.

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Justice Department attorneys contend that the challenge by the American Civil Liberties Union to the government's warrantless domestic surveillance program is moot because the program is now being monitored by a special court. They are asking that the ruling saying the program is unconstitutional be thrown out.

But ACLU lawyers say the case is still viable and are calling on the U.S. 6th Circuit Court of Appeals to affirm U.S. District Judge Anna Diggs Taylor's ruling in August that the Terrorist Surveillance Program violated the 1st and 4th amendments to the Constitution and ran afoul of the Foreign Intelligence Surveillance Act.

Each side has described the case in stark terms.

The government lawyers, led by Solicitor General Paul D. Clement, say in their brief that "this case presents issues of the gravest order to the nation." If the appeals court construed FISA to prohibit the surveillance program, "it would be an unconstitutional encroachment on the executive's constitutional authority (and duty) to gather foreign intelligence, defend the nation against attack, and command the armed forces during wartime," the brief says.

The ACLU says in its brief that the case raises the fundamental questions of "whether the president has the authority to violate statutory law and the Constitution by engaging in warrantless wiretapping inside the United States. The district court correctly held that he does not."

The case stems from a program the Bush administration started after the Sept. 11, 2001, terrorist attacks. National Security Agency personnel listen in on phone calls and obtain e-mails into and out of the U.S. involving individuals suspected of being affiliated with terrorists.

Until very recently, the program bypassed the Foreign Intelligence Surveillance Court, which was created by Congress in 1978 after revelations of government abuses.

From 1978 through 2004, this court, made up of judges from around the country, rejected only four out of nearly 19,000 surveillance requests. The Bush administration nevertheless concluded that getting the court's approval limited its flexibility in looking for terrorists.

On Jan. 17, just two weeks before the government's appeal was to be heard in Cincinnati, Atty. Gen. Alberto R. Gonzales disclosed that the panel of judges overseeing the Foreign Intelligence Surveillance Act had started reviewing and approving government requests to spy on people thought to have ties to Al Qaeda.

Consequently, the government said the court challenge "no longer has any live significance."

At the same time, Justice Department lawyers said they were not backing away from their fundamental position: that the president has the "inherent authority" as the nation's commander in chief to conduct such surveillance activities.

ACLU attorney Ann Beeson countered that the government's failure to concede that point means that the case is still very much alive. "The government cannot have it both ways," Beeson wrote in a brief filed Friday. "It cannot argue that the case is moot because the government is currently in compliance with FISA, and at the same time expressly retain the authority to violate FISA tomorrow."

Before Gonzales' announcement, friend-of-the-court briefs had been filed supporting both positions.

Leading constitutional scholars, the Los Angeles County Bar Assn., the Reporters Committee for Freedom of the Press and several other organizations lodged papers in support of the ACLU. The Center for Security Policy, the Committee on the Present Danger, Judicial Watch and several other groups submitted briefs in support of the administration.

"Article II of the Constitution commands the president to respond to attacks against the nation from foreign aggressors…. This plenary authority to wage war includes the authority to gather intelligence concerning enemy activity," wrote attorney Andrew G. McBride in one of the pro-government friend-of-the-court briefs.

But a brief written by Stanford constitutional law professor Kathleen M. Sullivan says the government had gone much too far. "Whatever inherent powers the president might have under Article II [of the Constitution], they do not include the power to conduct a warrantless domestic surveillance campaign, of indefinite duration and unlimited scope, where a duly enacted statute expressly prohibits such conduct," Sullivan wrote.

A panel of three federal appellate judges — one appointed by a Democratic president and two by Republican presidents — are to hear the case.

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Legal scholars are divided in predicting how the panel will approach the case, but some say the government appears to be facing more sympathetic jurists in Cincinnati than it did in Detroit before Judge Taylor, a liberal who came out of the civil rights movement.

In fact, the government has been unusually critical of Taylor in its briefs, saying she handled the case in a "heavy-handed" and "blunderbuss" fashion.

As is the custom, Taylor, an appointee of President Carter, has not commented on those characterizations. In her opinion in August, she specifically rejected the contention that the president had inherent authority to create a surveillance program that would not be subject to judicial scrutiny. "There are no hereditary kings in America and no powers not created by the Constitution," Taylor said in her 44-page decision.

*

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Bush Is Not Above The Law (NYT)

By James Bamford

The New York Times, January 31, 2007

Washington

LAST August, a federal judge found that the president of the United States broke the law, committed a serious felony and violated the Constitution. Had the president been an ordinary citizen — someone charged with bank robbery or income tax evasion — the wheels of justice would have immediately begun to turn. The F.B.I. would have conducted an investigation, a United States attorney's office would have impaneled a grand jury and charges would have been brought.

But under the Bush Justice Department, no F.B.I. agents were ever dispatched to padlock White House files or knock on doors and no federal prosecutors ever opened a case.

The ruling was the result of a suit, in which I am one of the plaintiffs, brought against the National Security Agency by the American Civil Liberties Union. It was a response to revelations by this newspaper in December 2005 that the agency had been monitoring the phone calls and e-mail messages of Americans for more than four years without first obtaining warrants from the Foreign Intelligence Surveillance Court, as required by the Foreign Intelligence Surveillance Act.

In the past, even presidents were not above the law. When the F.B.I. turned up evidence during Watergate that Richard Nixon had obstructed justice by trying to cover up his involvement, a special prosecutor was named and a House committee recommended that the president be impeached.

And when an independent counsel found evidence that President Bill Clinton had committed perjury in the Monica Lewinsky case, the impeachment machinery again cranked into gear, with the spectacle of a Senate trial (which ended in acquittal).

Laws are broken, the federal government investigates, and the individuals involved — even if they're presidents — are tried and, if found guilty, punished. That is the way it is supposed to work under our system of government. But not this time.

Last Aug. 17, Judge Anna Diggs Taylor of the United States District Court in Detroit issued her ruling in the A.C.L.U. case. The president, she wrote, had "undisputedly violated" not only the First and Fourth Amendments of the Constitution, but also statutory law, the Foreign Intelligence Surveillance Act. Enacted by a bipartisan Congress in 1978, the FISA statute was a response to revelations that the National Security Agency had conducted warrantless eavesdropping on Americans. To deter future administrations from similar actions, the law made a violation a felony punishable by a $10,000 fine and five years in prison.

Yet despite this ruling, the Bush Justice Department never opened an F.B.I. investigation, no special prosecutor was named, and there was no talk of impeachment in the Republican-controlled Congress.

Justice Department lawyers argued last June that warrants were not required for what they called the administration's "terrorist surveillance program" because of the president's "inherent powers" to order eavesdropping and because of the Congressional authorization to use military force against those responsible for 9/11. But Judge Taylor rejected both arguments, ruling that even presidents must obey statutory law and the Constitution.

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On Jan. 17, Attorney General Alberto Gonzales unexpectedly declared that President Bush had ended the program, deciding to again seek warrants in all cases. Exactly what kind of warrants — individual, as is required by the law, or broad-based, which would probably still be illegal — is as yet unknown.

The action may have been designed to forestall a potentially adverse ruling by the federal appeals court in Cincinnati, which had scheduled oral arguments on the case for today. At that hearing, the administration is now expected to argue that the case is moot and should be thrown out — while reserving the right to restart the program at any time.

But that's a bit like a bank robber coming into court and arguing that, although he has been sticking up banks for the past half-decade, he has agreed to a temporary halt and therefore he shouldn't be prosecuted. Independent of the A.C.L.U. case, a criminal investigation by the F.B.I. and a special prosecutor should begin immediately. The question that must finally be answered is whether the president is guilty of committing a felony by continuously reauthorizing the warrantless eavesdropping program for the past five years. And if so, what action must be taken?

The issue is not original. Among the charges approved by the House Judiciary Committee when it recommended its articles of impeachment against President Nixon was "illegal wiretaps." President Nixon, the bill charged, "caused wiretaps to be placed on the telephones of 17 persons without having obtained a court order authorizing the tap, as required by federal law; in violation of Sections 241, 371 and 2510-11 of the Criminal Code."

Under his program, President Bush could probably be charged with wiretapping not 17 but thousands of people without having obtained a court order authorizing the taps as required by federal law, in violation of FISA.

It is not only the federal court but also many in Congress who believe that a violation of law has taken place. In a hearing on Jan. 18, the chairman of the Senate Judiciary Committee, Patrick Leahy of Vermont, said, "For years, this administration has engaged in warrantless wiretapping of Americans contrary to the law."

His view was shared by the Senate Intelligence Committee chairman, Jay Rockefeller of West Virginia, who said of Mr. Bush, "For five years he has been operating an illegal program."

And Senator Arlen Specter, the Pennsylvania Republican who is the ranking member on the Judiciary Committee, noted that much of the public was opposed to the program and that it both hurt the country at home and damaged its image abroad. "The heavy criticism which the president took on the program," he said, "I think was very harmful in the political process and for the reputation of the country."

To allow a president to break the law and commit a felony for more than five years without even a formal independent investigation would be the ultimate subversion of the Constitution and the rule of law. As Judge Taylor warned in her decision, "There are no hereditary kings in America."

Germany May Indict U.S. Agents In 2004 Abduction (LAT)

By Jeffrey Fleishman And John Goetz, Special To The Times

The Los Angeles Times, January 31, 2007

The 13 operatives are said to have taken part in a Muslim's kidnapping.

BERLIN — German investigators have recommended that prosecutors issue arrest warrants for 13 U.S. intelligence operatives in connection with the kidnapping, beating and secret detention of a German citizen suspected of having links to terrorist networks.

The operatives are said to have been part of a CIA-sponsored team that transported alleged terrorists to interrogation camps around the world. Investigators say the group forced a handcuffed and blindfolded Khaled Masri, a German citizen of Lebanese descent, onto a Boeing 737 in Macedonia and flew him to Afghanistan in January 2004. Masri was never charged with a crime, and was released after five months.

German law enforcement officials said indictments could be filed as early as this week against the suspects, including four pilots, a medic and members of an operations unit. The most serious charge is expected to be kidnapping, according to an official who asked not to be named. None of the suspects, who include CIA contract employees, have been named publicly.

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The Masri case has strained U.S.-German relations and led to a parliamentary investigation of allegations that German intelligence agents were involved in the abduction. Investigators also have examined discrepancies about when high-ranking government officials were informed of Masri's fate.

The prospect of criminal charges in the Masri ordeal comes as an Italian court is deliberating whether to order the trial of 26 Americans and nine Italians implicated in the February 2003 abduction of a radical Egyptian cleric known as Abu Omar. The Italian government may demand the extradition of the accused Americans, including the former CIA station chief in Milan, where Omar was snatched from a sidewalk.

The CIA has not commented on the Masri case, although White House, Justice Department and agency officials have argued that U.S. laws authorized such covert operations, and that they have been assured that no suspects have been tortured.

Legal experts say it is extremely unlikely the U.S. government would turn over suspects for legal proceedings in either Germany or Italy.

Both cases have outraged lawmakers across the Continent and underscored the legal and human rights questions dividing the U.S. and Europe on countering terrorism. But they also have indicated that some European governments may have been complicit in the CIA program, known as "extraordinary renditions," to capture and transport suspected militants to secret prisons for interrogations that sometimes included torture.

Legal documents, credit card receipts and hotel records show that those allegedly involved in the Masri abduction stayed at a luxury resort on the Spanish island of Majorca before flying to Skopje, Macedonia, on Jan. 23, 2004. When checking into the hotel, some of the operatives gave aliases, such as Kirk James Bird and James Fairing. The covert team's charges in Majorca included a food bill of $1,625 and an $81 charge for a massage.

Masri's odyssey began weeks earlier, when he was pulled off a bus on New Year's Eve 2003 while crossing the Serbian border into Macedonia. The car salesman and father of four told the Los Angeles Times in 2005 that he had left Germany for a holiday. He said Macedonian security officials seized him and drove him from the border to a hotel in Skopje, the capital, where he was interrogated for days and accused of being an extremist.

Masri said he was threatened at gunpoint and was denied repeated requests to contact German authorities. One night, he said, he was blindfolded and taken to an airport.

"I was led into a room. The door closed behind me and I was beaten from all sides for about one minute," he said. "They bent my arms to my back and cut off my clothes…. I saw seven to eight men all dressed in black and wearing masks. I tried to keep my underpants on but they ripped them off. They put me in diapers and a dark blue sweatsuit with the legs and sleeves cut out."

Aviation records viewed by The Times show that a jet registered to a company with links to the CIA landed at Skopje airport at 8:51 p.m. on Jan. 23, 2004. The plane left Skopje hours later, at 2:30 a.m., flying to Baghdad, then to Afghanistan.

Masri said he was drugged for the flight and remembers waking up in "a small, dirty cell." He said he was interrogated in cycles by Americans and a man he referred to as Sam, who spoke fluent German. Much of the questioning, Masri said, dealt with his attendance at a mosque frequented by radicals in his hometown of Ulm, Germany.

Masri said he went on a hunger strike for 37 days until he was force-fed. He was released in the mountains of Albania five months after he disappeared.

Around the time Masri was freed, the American ambassador to Germany, Daniel R. Coats, informed the German Interior Ministry that the U.S. had detained a German citizen and was preparing to release him. The Germans, however, say they weren't told about Masri until after he was released. The question of when the German officials knew, and why they kept quiet about the incident, is part of the parliamentary investigation.

One theory to explain the kidnapping, according to officials who asked not to be identified, may be that the captors mistook Masri for a man by the same name who is suspected of terrorist links to Al Qaeda. There also have been suggestions that U.S. intelligence wanted to learn more about the mosque in Ulm, where several known militants who fought in the separatist Russian republic of Chechnya were known to worship.

German prosecutors said they were convinced early on that Masri's tale of abduction and imprisonment was true. They have repeatedly blamed the U.S. for not cooperating with the investigation. In December 2005, Masri filed suit against the CIA in a

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U.S. district court. A judge dismissed the lawsuit last year, saying that a trial would "present a grave risk of injury to national security." The decision is being appealed.

U.S. Judge Ends 20-Year Case To Deport 2 Tied To Terrorists (NYT)

By Randal C. Archibold

The New York Times, January 31, 2007

LOS ANGELES, Jan. 30 — Chastising the government with poetry and blunt language, an immigration judge on Tuesday ended 20-year-old deportation proceedings against two of eight men who had been accused of ties to a Palestinian organization classified as a terrorist group.

The judge, Bruce J. Einhorn, of Immigration Court here, faulted the government for repeated delays in producing evidence that the two, who with the others became known as the L.A. Eight, should be deported as a threat to the United States.

The case has been monitored by civil libertarians, who see it as an example of overreaching in terror cases.

Officials had accused the men, seven Palestinians and a Kenyan, of supporting the Popular Front for the Liberation of Palestine, a branch of the Palestinian Liberation Organization that the government classifies as a terrorist group.

The eight denied being members and accused the government, which never filed criminal charges against them, of political persecution.

The two men, Khader Musa Hamide and Michel Ibrahim Shehadeh, are the sole remaining defendants and the only ones who were legal permanent residents when the case began.

One of the others returned to the Palestinian areas. The other five, who had been charged with violating temporary visas, were given legal permanent residency. One became a United States citizen during the proceedings, which included appeals to the Supreme Court.

“I certainly hope it is the end of the road,” said David Cole, a lawyer with the Center for Constitutional Rights in New York, which represented the two men along with the American Civil Liberties Union of Southern California and the National Lawyers Guild.

Mr. Hamide, 52, a coffee and tea wholesaler who has lived in the country for 35 years, said the ruling relieved him.

“This is a dark cloud that has hung over our lives for 20 years,” he said. “This was over expression of political views that may not be popular but we have a right to make.”

Virginia Kice, a spokeswoman for Immigrations and Customs Enforcement, said, “I.C.E. finds the judge’s decision troubling as a matter of fact and law, and the agency is considering its legal options.”

Judge Einhorn began his ruling with a quotation from the poet William Knox’s “Songs of Israel,” a paean to mortality that begins, “On why the spirit of mortal be proud?”

“Since time began to tick,” he continued, “human beings have contemplated their mortality with the certainty that they face a worldly end. Such certainty must come to cases as well.”

At another point the judge criticized the government’s nine-month delay in responding to an order due on June 27, 2005. “One could conceive, carry and deliver a child during the course of the government’s delay,” he wrote.

In the end, he said, the government failed to prove that the men were deportable.

U.S. Loses 20-year Attempt To Deport 2 Immigrants (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 31, 2007

An immigration judge criticizes federal conduct in the case against the pair, both legal residents, accused of terrorist ties.

A federal immigration judge has dismissed the government's attempt to deport two men who were arrested along with six other U.S. residents because of their alleged ties to Palestinian terrorists and who fought relentless efforts to force them to leave the country for 20 years.

Judge Bruce E. Einhorn of Los Angeles, in a ruling made public Tuesday, said the government had violated the constitutional rights of Khader M. Hamide and Michel I. Shehadeh by its "gross failure" to comply with his instructions to produce "potentially exculpatory and other relevant information."

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In a scathing decision, Einhorn said the government's conduct in the case was "an embarrassment to the rule of law" that left "a festering wound on" Hamide and Shehadeh, who have been in legal and personal limbo for two decades.

The two men, both longtime legal residents of the United States, are part of a group that was dubbed "the L.A. 8" after the government launched attempts to deport them in January 1987. All eight denied that they were members of the Popular Front for the Liberation of Palestine, or PFLP, a radical offshoot of the Palestine Liberation Organization that has taken credit for airline hijackings and car bombings in the Middle East.

Hamide and Shehadeh, as well as the others, steadfastly maintained that they were being persecuted even though their political activities — distributing newspapers, participating in demonstrations, assisting Palestinians with human rights and medical needs, raising money for hospitals, youth clubs and day-care centers — were lawful.

Einhorn's ruling "is a great decision that really vindicates what we have said all along," a jubilant Hamide said in an interview Tuesday. "The government spent millions of dollars and thousands of hours trying to deport us, and the only things they ever accused us of were constitutionally protected activity.

"The government should drop this case and leave us alone to lead normal lives — if there is such a thing after a case like this — and pursue real terrorists," said Hamide, 52, who lives in Chino Hills and is in the coffee distribution business.

Shehadeh, 50, said he was "feeling very, very good about the decision. This might be the moment we have been waiting for, for the last 20 years, a moment of relief and vindication."

But Shehadeh, who lives in Oregon, where one of his sons is in college, quickly added, "Another side of me is still cautious. After 20 years it becomes ingrained in you…. This might not be the end of it."

And indeed it might not be. The government has not said whether it will appeal the decision. A Justice Department spokesman said the agency had no comment. The Department of Homeland Security declined to comment.

Prosecutors never filed criminal charges against any of the eight. Late last year, Aiad Barakat, another member of the L.A. 8, was sworn in as a U.S. citizen in Los Angeles. Three other members of the L.A. 8 have obtained permanent residency. One member of the group is still seeking that status, and the other has returned to the West Bank city of Bethlehem.

Over two decades, the immigrants won a number of key decisions, including one from the U.S. 9th Circuit Court of Appeals in 1998 that held that the Constitution does not permit "guilt by association." That court ruled that the deportation of Hamide and Shehadeh could not go forward unless the government showed that the men intended to support the "illegal group goals of the PFLP."

But government lawyers twice persuaded Congress to change laws and make them retroactive in an effort to be able to deport the two men, said San Francisco attorney Marc Van Der Hout of the National Lawyers Guild, who has represented them for 20 years.

The two sides stipulated to Einhorn that the PFLP "engaged in terrorist activities" from 1984 to 1986, but also provided day care, healthcare and Social Security services as well as cultural events.

This week's ruling was the second time Einhorn threw out the case. The judge said that the government missed the deadline for turning over exculpatory information by nine months and that even then its response was inadequate.

The judge said the government's conduct was particularly troubling given how long the case had taken and the nature of the charges.

"A reasonable argument could be made that if Hamide and Shehadeh have engaged in terrorist activity, particularly in the context of today's world, then the government would be prepared to move heaven and Earth — not to mention some mounds of paper — to complete the trial and deportation" of the duo.

In particular, Einhorn blasted John H. Clarkson III, assistant general counsel of the National Security Branch of the FBI, for responses to the court that were a "misuse of black-letter law," a reference to legal principles that are not disputable.

Einhorn said the government had broad but not unlimited powers in immigration matters.

"While this court may be one of limited jurisdiction, it is not an impotent institution," Einhorn wrote.

If there were no consequences for the government's failure to discharge its court-ordered responsibilities, it would mean that an immigration judge would be "reduced to the status of Blanche Dubois, who must rely on the kindness of strangers," he wrote, referring to the character in Tennessee Williams' play "A Streetcar Named Desire."

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"Judge Einhorn's decision is important not only for Hamide and Shehadeh, but for all immigrants in this country who want to be able to express their political views," Van Der Hout said.

"The decision makes clear that the government cannot blatantly refuse to comply with an immigration judge's orders and that the government cannot continue to try to deport these permanent residents who did nothing but try to advocate for Palestinians' right to a homeland — hardly a revolutionary belief in the 21st century."

Added Georgetown University law professor David Cole, who has been co-lead counsel for the L.A. 8, on behalf of the Center for Constitutional Rights, since the case began: "For 20 years the government has been attempting to deport these individuals for political activities that would clearly be protected if they were U.S. citizens. We hope that the government will now move on and focus its efforts on real terrorists and not political activists."

*

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2 Accused Of Terror Ties To Stay In U.S. (AP)

By Associated Press

AP, January 31, 2007

Judge Bruce J. Einhorn ruled the government had denied Khader Hamide and Michel Shehadeh, members of the so-called "L.A. Eight," due process by keeping them in legal limbo for so many years and being unprepared to prosecute the case.

In his 11-page opinion, Einhorn described the proceedings as "a festering wound on the body of respondents and an embarrassment to the rule of law." He scolded the government for failing to release evidence favorable to the men after he had ordered it.

The two men, five other Palestinians and a Kenyan faced deportation since 1987. They were arrested on suspicion of association with the Popular Front for the Liberation of Palestine, a radical offshoot of the Palestine Liberation Organization, which has opposed peace negotiations between the PLO and Israel. The U.S. government considers it a terrorist organization.

The eight have denied being members, and immigrant rights groups have called the case politically motivated.

Attorney Marc Van Der Hout, who represents the "L.A. Eight," said the judge's order will make it safer for immigrants to express political views.

U.S. Immigration and Customs Enforcement "finds the judge's decision troubling as a matter of fact and law, and the agency is considering its legal options," according to an agency statement.

Four of the eight, including Hamide and Shehadeh, have legal residency, according to immigration officials. Two remain in immigration proceedings, while the status of the final two was not immediately known.

Terror Inquiry Turns To Tax Law (WSJ)

By Glenn R. Simpson

The Wall Street Journal, January 31, 2007

The Justice Department is investigating possible criminal tax-law violations by a Boston private-equity firm that manages hundreds of millions of dollars for Muslim investors in Europe and the Middle East and is affiliated with a Swiss investment group U.S. authorities suspect of financing Islamic extremists.

Federal prosecutors disclosed a grand-jury probe of Overland Capital Group Inc. in filings last week with U.S. District Court in Boston. While the Boston grand jury is examining suspected tax evasion related to complex investment structures, the case is being handled by a prosecutor from the Justice Department's counterterrorism division, the filing states.

In the years since the Sept. 11 attacks, U.S. counterterrorism agencies have been stymied in several attempts to bring terrorism cases against wealthy individuals from the Middle East. Some prosecutors have pushed the government to use tax laws as a more effective approach, a method famously employed against gangster Al Capone in 1931.

Overland, which doesn't disclose its ownership, says on its Web site that it has made more than $1.5 billion in U.S. investments for its clients, largely in real estate, since its founding in October 2001.

Legal records say Overland is controlled by a Geneva-based financial group known as Dar Al-Maal Al-Islami Trust, which was founded by a senior member of the royal family of Saudi Arabia. The U.S. government is treating the companies as related:

The Justice Department is examining "acts and practices" of Overland and a DMI subsidiary "that implicate potential violation of the Internal Revenue Code," the filing states.

DMI is the hub of a network of banks and investment funds across Europe and the Middle East that cater to Muslims interested in strictly following Quranic principles, such as a ban on collecting interest. Some DMI affiliates came under scrutiny by U.S. counterterrorism agencies in the mid-1990s for suspected connections to extremists, government records show.

In general, the U.S. and other Western governments are investigating whether terrorist groups are able to move money with help from sympathizers in the Islamic-banking movement. Intelligence and law-enforcement officials say they are concerned the industry's often-opaque practices lend themselves to money laundering and other financial crimes.

DMI officials have said the company has no involvement with terrorists or extremists. "We have never had any relationship with these kinds of people," said Mouaouia Mokhtari, DMI's director of corporate affairs. None of DMI's officials have ever been charged with terror-related offenses.

Overland Chief Executive James Godec didn't respond to requests for comment. An Overland spokesman had no comment.

While Mr. Mokhtari said there is no relationship between DMI and Overland, he said, "DMI has sister companies, and those sister companies have retained Overland occasionally as investment advisers."

DMI and Overland are partners in a joint venture in Bahrain, and numerous corporate filings in the U.S. name DMI's chief executive as the president of various Overland-backed investment ventures.

Corporate and bank records show Overland has borrowed large sums from a DMI subsidiary, the Bahamas-registered Islamic Investment Co. of the Gulf Ltd. Legal records also describe DMI as an indirect 60% shareholder in Overland. Two former Overland employees also claim in a civil lawsuit that Overland is owned or controlled by DMI.

Overland identifies potential real-estate investments in the U.S., such as luxury condominiums and apartments, according to its Web site. Its investments include a stake in 30 rental units atop the Four Seasons Hotel in Houston. It then arranges for its clients to participate in these deals.

The nature of the tax inquiry isn't explained in the government's filings. But Overland's foreign backers have structured many of their U.S. investments through a network of shell companies in offshore tax havens such as the Cayman Islands, according to corporate and legal records.

Using such offshore companies, investors can structure their U.S. investments as loans instead of equity. That offers potential tax benefits because interest income to foreign investors is taxed far more lightly than profits from an equity investment. Such arrangements are legal, but only if they aren't primarily intended to circumvent Internal Revenue Service rules.

Dar Al-Maal Al-Islami (Arabic for "Islamic House of Finance") was founded in the early 1980s by Saudi Prince Mohammed Al-Faisal Al-Saud, a pioneer in so-called Islamic banking. Senior members of the Muslim Brotherhood, an international fundamentalist group, have held positions at various DMI affiliates, according to corporate records.

The Brotherhood, founded in Egypt in the 1920s, is the ideological inspiration for the terrorist groups al Qaeda and Hamas, but it now says it has renounced violence.

A DMI affiliate called Faisal Private Bank (Switzerland) SA, formerly known as Faisal Finance, has been named in two major terrorism probes. In one of these, the Justice Department alleges that Faisal Finance wired $665,000 to the account of a top Hamas leader, Mousa Abu Marzouk. (The source of those funds hasn't been disclosed.)

In the same prosecution, the Justice Department alleges that in 1993, a Saudi businessman used Faisal Finance to transfer $30,000 to an alleged Hamas leader in Chicago named Muhammad Salah, who is currently on trial in Chicago on terrorism-related conspiracy charges. The same Saudi businessman, Yassin Qadi, also used Faisal Finance for a $1.25 million transfer to an alleged al Qaeda front company in 1998, according to legal and bank records.

Faisal Finance hasn't been charged with any crimes, but shortly after the Sept. 11 attacks, Mr. Qadi was named a "Specially Designated Terrorist" by the Treasury Department for alleged support of al Qaeda. Mr. Qadi has denied financing terrorists. Another Faisal Finance client, al Qaeda leader Mamduh Mahmud Salim, was convicted of conspiring to kill American citizens and is now in federal prison.

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DMI and Faisal Finance are defendants in civil litigation in the southern district of New York brought by families of victims of the Sept. 11 attacks, who claim they funded al Qaeda. The firms have denied any involvement with terrorism.

A copy of the Justice Department filing was made available to The Wall Street Journal by Geoffrey Harper, a lawyer for a former Overland employee, Laird Fairchild. Mr. Harper said his client has provided information to the grand jury. Mr. Fairchild and another former Overland employee are in a legal dispute with Overland and DMI, claiming wrongful dismissal.

A Key Padilla Charge Is Reinstated (WP/AP)

By Curt Anderson

The Washington Post, January 31, 2007

MIAMI, Jan. 30 -- A federal appeals court on Tuesday reinstated a key terrorism charge, the only one carrying a potential sentence of life in prison, against suspected al-Qaeda operative Jose Padilla.

A three-judge panel of the U.S. Court of Appeals for the 11th Circuit agreed with federal prosecutors that the charge that Padilla and his two co-defendants conspired to "murder, kidnap and maim" people overseas did not duplicate other counts in the indictment.

The Atlanta-based court reversed a decision last summer by U.S. District Judge Marcia Cooke, who said the three charges in the indictment contained nearly identical elements and could subject the defendants to extra punishment for the same act, violating protections against double jeopardy.

Padilla was arrested in May 2002 at Chicago's O'Hare International Airport, and the government alleged that he was plotting to detonate a radioactive "dirty bomb" in a major U.S. city. President Bush declared Padilla an enemy combatant, and he was held without criminal charges for 3 1/2 years until he was indicted in late 2005 in Miami. The "dirty bomb" allegations are not part of the Miami case.

Although defense attorneys may file a challenge, Tuesday's ruling brings the case a step closer to trial as scheduled April 16. The appeals court had agreed to hear the case on an expedited basis after Cooke said she would not begin jury selection until the issue was settled.

"We are gratified by the 11th Circuit's swift decision and look forward to presenting the evidence at trial," U.S. Attorney R. Alexander Acosta said in Miami.

Defense lawyers have 21 days to ask the panel to rehear the case or request that the full appeals court take it up. Attorneys for Padilla and his co-defendants did not immediately return messages seeking comment.

The two other main terrorism-support charges against Padilla and his co-defendants each carry maximum prison terms of 15 years.

Padilla, 36, is charged with being part of a North American terrorism support cell that provided personnel, materiel and money to extremist Islamic causes. He and his co-defendants -- Adham Amin Hassoun, 44, and Kifah Wael Jayyousi, 45 -- have pleaded not guilty.

Terror Charge Is Reinstated (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 31, 2007

A federal appeals court Tuesday reinstated the most serious terror charge against accused al-Qaida operative Jose Padilla, overturning a Miami court's determination that the charge duplicated allegations in the indictment's other two counts.

Ruling with unusual speed, a three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held that the counts were "interrelated" but not the same because a suspect could hypothetically commit each crime without committing the others.

"Although they may appear to be nested within one another, each charge stands alone from the others and requires proof of independent elements," U.S. Circuit Judge Gerald Tjoflat wrote for the panel.

The decision reverses a major pre-trial victory for Padilla and his two co-defendants and means the men will face a possible life sentence if convicted. The case is set for trial April 16.

Defense lawyers have 21 days to ask for a review by the full appeals court. Padilla's lawyers could not be reached for comment.

Attorney Kenneth Swartz, who represents co-defendant Adham Amin Hassoun, said defense lawyers are reviewing their options.

Padilla, 36; Hassoun, 44; and Kifah Wael Jayyousi, 45, are charged with taking part in a North American terror cell that sent money, supplies and recruits to radical Islamic groups fighting overseas.

Hassoun, a former computer programmer in Sunrise, recruited Padilla to travel to the Middle East as a religious fighter after the two met through a South Florida mosque, according to prosecutors. Jayyousi, a former public school official in Detroit and Washington, D.C., is charged with running various organizations that paid for and promoted violent jihad. The men have pleaded not guilty.

The count dismissed by U.S. District Judge Marcia Cooke in August -- a charge of conspiracy to commit murder, maiming and kidnapping overseas -- carries a possible life sentence. The indictment's other counts, accusing the men of providing material support to a terrorist plot, carry a total possible sentence of 20 years.

Letters To The Editor (PPG)

Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 31, 2007

We are using lawful tools to fight terrorism

Because your Jan. 19 editorial ("Spy Reversal") on the Terrorist Surveillance Program (TSP) and the Foreign Intelligence Surveillance Court (FISC) may have left readers with some inaccurate impressions, I offer the following response:

First, the TSP falls well within the president's constitutional authority, recognized and supplemented by Congress in the aftermath of Sept. 11, 2001, to protect Americans by intercepting the international communications of a lethal enemy.

Second, the Justice Department began exploring options for FISC approval for the collection of international al-Qaida communications into and out of the United States in the spring of 2005, well before the first press accounts disclosing the existence of the TSP. It took considerable time and effort, however, for the government to develop this new approach, which has the speed and agility offered by the TSP, and for a judge of the FISC to consider and approve these orders. The new FISC orders are innovative and complex, but the result is that any electronic surveillance that may have occurred previously under the TSP will now be subject to the approval of the FISC. Accordingly, under these circumstances, the president has determined not to reauthorize the TSP when the current authorization expires.

Third, the attorney general directed department officials to brief the Senate and House Intelligence committees, as well as other key members of Congress, on the new orders. Although the existence of these orders has been made public, the contents of the orders remain highly classified. The disclosure of such information could reveal to our enemies aspects of our intelligence capabilities and allow them to evade detection.

The intelligence community has confirmed the value of the TSP in providing us information we would not otherwise have had and that these new orders will fulfill that critical function. The attorney general and the Justice Department are committed to fighting terrorism and using all lawful tools to protect our nation in a manner that respects and preserves the civil liberties of all Americans.

TASIA SCOLINOS

Director of Public Affairs

U.S. Department of Justice

Washington, D.C.

British Police Arrest 8 On Terror Charges (AP)

AP, January 31, 2007

BIRMINGHAM, England -- Police arrested eight people on Wednesday in Birmingham on suspicion of committing, preparing or instigating terrorism, West Midlands Police said.

Police gave no details of the allegations against the suspects.

Police raided several addresses beginning at 4 a.m., police said.

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The operation was led by the Midlands Counterterrorism unit, supported by West Midlands Police and London's Metropolitan Police.

Last week, police arrested five people in terrorism investigations in the English cities of Manchester and Halifax.

Rizwan Ditta, 29, and Mohammed Dilal, 26, of Halifax were later charged with possession of information of use to terrorists.

Three men arrested by Greater Manchester Police remain in custody but have not been charged.

2 Plead Guilty In Arms Deal Case (AP)

AP, January 31, 2007

BALTIMORE -- Two Indonesian men arrested with four others in an international arms buying sting last fall pleaded guilty Tuesday to trying to illegally export arms to Indonesia's military.

Reinhard Rusli, 33, and Helmi Soedirdja, 34, contacted Maryland-based undercover agents to acquire night-vision goggles and a holographic weapons sight without the proper licenses, prosecutors said.

Rusli and Soedirdja, who also pleaded guilty to money laundering, were arrested in September in Guam along with suspected international arms dealer Haji Subandi and three suspected arms brokers for the Tamil Tigers terrorist group.

The other four men have pleaded not guilty and remain in federal custody. A joint trial has been scheduled for May 14 in federal court in Baltimore.

The Tamil Tigers began fighting in 1983 for a separate state in Sri Lanka. The U.S. considers it a terrorist organization.

Rusli and Soedirdja face a maximum sentence of 20 years in prison for money laundering and 10 years in prison for attempted exportation of arms.

2 Men Plead Guilty In Arms Deal (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, January 31, 2007

Indonesians among 6 accused of seeking high-tech weapons

Two of the half-dozen men charged with paying undercover customs agents in Maryland to export restricted high-tech weapons to rebels in Sri Lanka and the Indonesian army pleaded guilty in a federal courtroom in Baltimore Tuesday.

Dressed in prison clothing, Reinhard Rusli, 34, and Helmi Soedirdja, 33, both citizens of Indonesia, entered guilty pleas to attempting to illegally export arms and money laundering.

Prosecutors accused Rusli and Soedirdja of contacting undercover agents to buy monocular night vision and holographic weapons sight devices, which they indicated would be used by the Indonesian military.

On Aug. 31, court papers say, the defendants wired $2,950 from Indonesia to the United States to obtain a monocular night vision device and holographic weapons sight. The restricted military technology cannot be exported without a license or written authorization from the U.S. State Department.

The pair arrived in Guam from Indonesia on Sept. 21, court papers show. Shortly after, they met with undercover agents to examine the night vision devices, according to prosecutors. Authorities said that the Indonesian men also discussed the future acquisition of additional military gear.

They were arrested in Guam by U.S. immigration agents.

Rusli and Soedirdja could face a maximum sentence of 20 years in prison on the money laundering charge and 10 years in prison for attempted exportation of arms.

But according to the terms of their plea agreement and comments from the presiding judge Tuesday, the likely prison term for Rusli and Soedirdja will be about four to five years in prison when they are sentenced April 27.

The elaborate sting operation unfolded in Baltimore last summer when federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in buying.

The ruse, authorities said, led representatives for the Tamil Tigers insurgents in Sri Lanka to deposit $700,000 with undercover agents as a down payment for millions of dollars in sniper rifles, submachine guns and grenade launchers. The

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arms dealers also inquired about unmanned air vehicles and buying surface-to-air missiles to shoot down Israeli-built aircraft in Sri Lanka, according to federal court papers.

The four remaining defendants, who have pleaded not guilty, remain in federal custody pending their joint trial scheduled for May.

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US Judge OKs Lawsuit By Foreign Nationals Saying Bank Helped Palestinian Suicide Bombers (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 31, 2007

(AP) - NEW YORK-Israelis and other foreign nationals can pursue claims in U.S. courts accusing the Jordan-based Arab Bank of promoting Palestinian suicide attacks by funneling Saudi money to bombers' families, a judge ruled.

In a written decision in federal court in Brooklyn, U.S. District Judge Nina Gershon upheld a lawsuit Monday filed under U.S. law that gives non-U.S. citizens access to courts in order to challenge violations of international laws or treaties.

Lawyers for Arab Bank had asked Gershon to toss out the suit, arguing that U.S. courts lacked proper jurisdiction.

Though the judge dismissed portions of the suit, her ruling still allows thousands of suicide bombing victims and their families to seek unspecified damages, said a plaintiff lawyer, Michael Elsner.

"Today was an incredible victory for victims of suicide bombing attacks and other acts of violence in Israel and an important lesson to banks and private individuals that aid and abet acts of terrorism," he said. "They may be held civilly liable in the United States, even if those acts occur outside the United States."

Arab Bank spokeswoman Phyllis Cuttino called the ruling "disappointing, because it is at odds" with a series of appeals court decisions dismissing similar claims.

The suit, filed in 2004, claims that Arab Bank aided terrorism by acting as the administrator of an "insurance plan" by the Saudi Committee in Support of the Intifada Al Quds, which paid $5,300 (â‚¬4,100) to the families of Palestinian bombers killed in attacks by Hamas, Islamic Jihad and Al Aqsa Martyrs' Brigades.

Arab Bank has insisted it had no intention of promoting terrorism and argued the plaintiffs could not link the bank's actions to their injuries or their relatives' deaths.

The bank "abhors terrorism" and "remains confident it will prevail at trial," its spokeswoman said.

In 2005, Gershon upheld other related suits brought by American citizens under U.S. anti-terrorism laws.

U.S. Eyes Software Touted By Islamists (WT)

By Shaun Waterman

The Washington Times, January 31, 2007

U.S. cyber-security specialists have been examining an encryption software package released earlier this month by the Global Islamic Media Front, a Web forum for supporters of Islamic terrorists.

The software package, dubbed "Mujahideen Secrets," can be used on computers in libraries and other public places to encrypt e-mail or other files being sent over the Internet, according to IDefense, a security consultant firm analyzing the program.

"The program's 'portability' as an application will become an increasingly desirable feature, especially considering the high use of Internet cafes worldwide by pro-terrorist Islamic extremists," said IDefense Middle East analyst Andretta Summerville.

Although the package does not offer any capabilities not available in commercial encryption programs, IDefense Director of Threat Intelligence Jim Melnick said it was being promoted on forums and other Web sites used by supporters of Islamic terrorist groups.

The program "will make it easier and more comfortable for those Arabic speakers who may have been wary of using English-based encryption programs to use a program developed by their own people," Mr. Melnick said. It is "likely to reach a broad audience of pro-terrorist supporters online and Arabic-speaking hackers."

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"Mujahideen Secrets," which can be downloaded for free, offers "the five best encryption algorithms, with symmetrical encryption keys, asymmetrical encryption keys and data compression," according to a translation of a Global Islamic Media Front's Jan. 1 announcement about the software, provided by Middle East Media Research Institute.

Mr. Melnick added that "Mujahideen Secrets" included a PDF file of instructions in Arabic, which noted that the developers of the package had been working on the code "for years." Mr. Melnick said another unusual, though not unique feature of the software, was that it did not supply so-called "public keys."

Keys are the code that allows encryption users to talk to each other. Possessing a key does not allow anyone to decrypt messages sent using it but does mean the user can set up a secure session with anyone else using the same key.

"Most encryption packages are designed to be interoperable," he said, but this program is not. As a result, users "must get the key to decrypt e-mail [or other files] from the person who sent it or through other private means."

Encryption capabilities are not new in the world of cyber-jihadis, said Ben Venzke of IntelCenter, a consultant group that provides counterterrorism-intelligence support to the U.S. government.

"This is consistent with the ongoing efforts of jihadist sympathizers online," he told UPI. "Encryption is used by some [Islamic terrorists]. ... Some al Qaeda manuals have addressed the question. ... It is a standard part of the operational security practiced [online] by those [Islamic terrorists] who take the time to use it."

HOMELAND RESPONSE:

FBI Turns To Broad New Wiretap Method (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News.com, January 30, 2007

FBI's Internet wiretaps after retiring "Carnivore" appear to involve compiling massive databases of information on thousands of users at a time.

The FBI appears to have adopted an invasive Internet surveillance technique that collects far more data on innocent Americans than previously has been disclosed.

Instead of recording only what a particular suspect is doing, agents conducting investigations appear to be assembling the activities of thousands of Internet users at a time into massive databases, according to current and former officials. That database can subsequently be queried for names, e-mail addresses or keywords.

High ImpactWhat's new:

The FBI's use of Internet wiretapping appears to involve collecting data on thousands of innocent users, with that information being loaded into a searchable database.Bottom line:

It is unclear whether such a "wiretap first, filter later" policy is legal or constitutional.

More stories on this topic

Such a technique is broader and potentially more intrusive than the FBI's Carnivore surveillance system, later renamed DCS1000. It raises concerns similar to those stirred by widespread Internet monitoring that the National Security Agency is said to have done, according to documents that have surfaced in one federal lawsuit, and may stretch the bounds of what's legally permissible.

Call it the vacuum-cleaner approach. It's employed when police have obtained a court order and an Internet service provider can't "isolate the particular person or IP address" because of technical constraints, says Paul Ohm, a former trial attorney at the Justice Department's Computer Crime and Intellectual Property Section. (An Internet Protocol address is a series of digits that can identify an individual computer.)

That kind of full-pipe surveillance can record all Internet traffic, including Web browsing--or, optionally, only certain subsets such as all e-mail messages flowing through the network. Interception typically takes place inside an Internet provider's network at the junction point of a router or network switch.

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The technique came to light at the Search & Seizure in the Digital Age symposium held at Stanford University's law school on Friday. Ohm, who is now a law professor at the University of Colorado at Boulder, and Richard Downing, a CCIPS assistant deputy chief, discussed it during the symposium.

In a telephone conversation afterward, Ohm said that full-pipe recording has become federal agents' default method for Internet surveillance. "You collect wherever you can on the (network) segment," he said. "If it happens to be the segment that has a lot of IP addresses, you don't throw away the other IP addresses. You do that after the fact."

Justice Department Takes Issue With Net-wiretapping Report (CNET)

By Declan McCullagh

CNET News.com, January 31, 2007

The U.S. Department of Justice is taking issue with an article we published Tuesday that describes how the FBI appears to be using a controversial wiretapping technique.

Our article quoted a former Justice Department attorney in the Computer Crime and Intellectual Property Section and Richard Downing, a CCIPS assistant deputy chief, who discussed this at a Stanford Law School event last week.

The wiretapping technique is used in certain cases where specific targeting is infeasible and instead all communications on a pipe are recorded for later perusal and data-mining. It raises questions about compliance with both the Wiretap Act and the Fourth Amendment to the U.S. Constitution.

We told the Justice Department our deadline was late Monday, but they didn't reply until late in the day Tuesday. Here's what Dean Boyd, a Justice Department spokesman, sent to us in e-mail, unedited:

Your article is inaccurate. Nothing has changed from our long-standing practice in implementing court-authorized law enforcement interception orders. The FBI records and retains only that data which it is authorized under law to record and retain -- namely, the communications associated with court-approved targets.

For your information, what law enforcement does is isolate the communications associated with the target facility and record only those communications. After law enforcement collects the targeted communications, as specified in the court order, we "minimize" the captured information by sorting it into relevant and non-relevant material (i.e., depending on whether the contents relate to the criminal activity specified in the court's order).

Such after-the-fact minimization is done with explicit authorization from the court, and no further use may be made of minimized (non-relevant) communications.

On rare occasions involving technical obstacles, we perform real-time filtering on large data connections carrying the traffic of multiple unrelated facilities, but only using automated filters that isolate and retain only the communications associated with the facility identified in the order. All data not relating to the targeted facility is instantly and irreversibly deleted. This data is therefore never read or comprehended by anyone in law enforcement.

The bottom line: Nothing has changed. We believe that Professor Ohm, quoted in the article, either was misquoted or misspoke.

We had sent Boyd a list of questions, including:

What legal authority is DOJ relying on for the "full-pipe" interception, and how long does DOJ believe 18 USC 2518(5) permits the "full-pipe" data to be retained?

Do you believe that "communications associated with court-approved targets" can in some cases include the full contents of the pipe that is associated with a target?

Does your interpretation of 2518(5) treat digital communications as a code or a foreign language?

Was your CCIPS official speaking at the conference incorrect? And, perhaps most importantly, what does the FBI do when the ISP technically is unable to minimize to capture the communications *only* court-appointed targets? (I presume the investigation doesn't abruptly end at that point.)

We also asked to do an actual in-person or telephone interview with a Justice Department official rather than relying on an e-mail exchange. But Boyd replied by saying:

This is all I have for you on this topic. You are free to use it or not. Thank you.

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New York Lawmakers Obtain $25 Million For Ill 9/11 Workers (NYT)

By Sewell Chan

The New York Times, January 31, 2007

After impassioned pleas by members of New York's Congressional delegation, the White House agreed yesterday to spend $25 million for the care and treatment of 9/11 rescue workers who became ill after being exposed to toxic dust at ground zero.

A preliminary federal estimate has put the total cost of treating all workers who need medical care at more than $250 million, but lawmakers said the $25 million would provide a reprieve through the end of the year for two treatment programs that last month warned they were running out of money.

"I think it's a big breakthrough," said Representative Vito J. Fossella, who met yesterday morning with Rob Portman, the director of the White House Office of Management and Budget, and with Dr. John O. Agwunobi, the assistant secretary for health at the Department of Health and Human Services.

Mr. Fossella, who represents Staten Island and part of Brooklyn and is the only Republican House member from New York City, joined other lawmakers agitating for federal aid.

Also in the group are Senators Charles E. Schumer and Hillary Rodham Clinton; Representative Carolyn B. Maloney, who represents parts of Manhattan and Queens; and Representative Jerrold L. Nadler, who represents parts of Manhattan and Brooklyn. All are Democrats.

The group obtained $75 million from Congress last year , but that money is running out. Mrs. Clinton has called for a $1.9 billion program to help the workers.

Ms. Maloney said, "I would have hoped that we would not have had to wait five years and a number of visible deaths before we got the administration to react, but it is an important step forward."

Mr. Nadler called the $25 million "a milestone" but added that it was "grossly inadequate."

Dr. Agwunobi and Dr. John Howard, director of the National Institute for Occupational Safety and Health, are co-chairmen of a task force examining the needs of 9/11 workers.

Mayor Michael R. Bloomberg issued a statement thanking President Bush "for taking this important step." The mayor said the treatment programs — one run by the Mount Sinai Medical Center and the other by the Fire Department — were "working well, but will need vastly more support from Washington."

Ms. Maloney and Mr. Fossella both said they were told by Mr. Portman that the $25 million was only a starting sum and the findings of the task force could be the basis for additional aid.

Sean Kevelighan, press secretary for the White House Office of Management and Budget, called the $25 million "a good starting point," and said: "We'll be paying close attention to the recommendations of the task force. We would be willing to reconsider the '08 budget level should the facts suggest that a different amount be appropriate."

Bush's Budget Proposes Adding 9/11 Health Funds (AP)

By Devlin Barrett

AP, January 30, 2007

WASHINGTON -- The Bush administration plans to keep funding health programs for sick ground zero workers, enough to keep the effort alive at least through 2007, the White House said Tuesday.

The administration next week will propose spending at least $25 million more to fund a Sept. 11-related health care program at Mount Sinai Medical Center in Manhattan and a related effort for New York firefighters.

White House officials said they would consider providing more money, depending on the findings of a separate government task force that is examining Sept. 11-related health issues.

"We consider this a good starting point," said White House budget spokesman Sean Kevelighan.

Rep. Vito Fossella, R-Staten Island, called the news "a breakthrough" after years of seeking more help from the government.

"For the first time in the federal budget there will be a down payment to provide for funding for continued treatment and monitoring for Sept. 11 responders who need our help," Fossella said.

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Word of the new money came a day before the president was to speak in New York about the economy, and sick Sept. 11 workers planned a rally timed to the visit. It was also a week before Bush offers his budget proposal to Congress.

The issue gained new attention just last week when a former New York City police officer died of lung problems, more than five years after he worked at ground zero.

Cesar Borja, 52, died awaiting a lung transplant. His son, Ceasar Borja, Jr., 21, was tentatively scheduled to meet with the president in New York on Wednesday to discuss Sept. 11 health issues, but no specific time was given.

The son, a college student, attended Bush's annual State of the Union address to Congress last week -- hours after his father's death -- to call attention to the issue.

Fossella said he learned of the additional funding in a Tuesday morning meeting with the head of the White House budget office, Rob Portman. Two other New York Republicans, Peter King, of Long Island, and James Walsh, of Syracuse, also attended the meeting.

The White House often gives lawmakers advance notice of good news contained in the budget proposal, which must still be approved by Congress.

Fossella and Democratic Rep. Carolyn Maloney of Manhattan have spent years lobbying for Sept. 11 health funding. Maloney, D-N.Y., called the move "long overdue," adding that the health programs should treat "all those exposed and affected," including lower Manhattan residents.

The $25 million figure would probably change after the administration gets more details from the hospital and New York City about their patients, and Fossella said the goal was not to hit a specific dollar target but to continue treating those patients.

The government delivered $75 million for the programs last year, but health advocates had warned that money was due to run out by the summer.

Rep. Jerrold Nadler, a Democrat whose district includes ground zero, said the $25 million was a "first step forward" in getting the government to respond to the health needs but argued the dollar figure was grossly inadequate.

Under the new White House proposal, those programs would remain funded through the end of the year -- and their inclusion in the president's budget suggests it may be easier to continue funding through future years.

"Obviously, it's going to cost more than $25 million," said King. "But in the course of the last year, they've seen the health problems arising from 9/11, so now the only question is what is the extent of it and how to meet those needs."

The death last week of Officer Borja is one of several fatalities that have generated increasing public pressure for the government to do more for those who are still sick years after working on the toxic debris pile at the World Trade Center site.

Sen. Hillary Rodham Clinton, D-N.Y., has called for a $1.9 billion federal effort to provide years of treatment to those sick workers.

Mount Sinai, which has screened some 19,000 such workers, released a report last year finding nearly seven out of every 10 ground zero responders suffered lung problems.

One of the doctors who authored that study, Dr. Robin Herbert, has said thousands will likely need long-term health care.

Border Security Chief Must Walk A Fine Line (WT)

By Jerry Seper

The Washington Times, January 31, 2007

It's one of the toughest assignments in America: Keep terrorists from sneaking into the United States while ensuring the border is open to legitimate trade and travel.

But Assistant Commissioner Jay Ahern, who heads the Office of Field Operations at U.S. Customs and Border Protection (CBP), says the agency is up to the task.

"Knowing the destruction that can happen, there is a sense of urgency that drives all of us," Mr. Ahern said during an interview at his headquarters in Washington. "Every day I have a sick feeling in my stomach worrying whether I have addressed every problem, done everything I could to prevent another attack. And I know I'm not alone.

"The terrorists continue to plot against us; the threat is not over," he said. "While I am confident we have a much higher level of security today than we did on September 11, a lot more needs to be done. But we are getting there."

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CBP officers are assigned along 7,000 miles of land border with Canada and Mexico and perform daily inspections of more than 1.2 million passengers and pedestrians at the nation's 326 land-, air- and seaports.

Carrying out the mission, Mr. Ahern said, entails security improvements at and between the nation's ports of entry and extending a "zone of security" beyond the country's physical borders, "so that American borders are the last line of defense, not the first line."

By partnering with other countries through the Container Security Initiative, Mr. Ahern said, CBP has improved its targeting systems and increased the amount of information it has on people and goods bound for the United States.

Mr. Ahern said the initiative addresses the threat posed by the potential for terrorist use of maritime containers to deliver a weapon. He said it enables CBP, working with host countries, to examine high-risk maritime containerized cargo at foreign seaports before they are loaded onto ships bound for the United States.

Teams of officers from CBP and U.S. Immigration and Customs Enforcement work with their foreign counterparts in North America, Europe, Asia, Africa, the Middle East, Latin America and Central America.

Mr. Ahern, a veteran U.S. Customs Service agent with 31 years in federal law enforcement, said 50 foreign ports are covered by the program -- about 87 percent of the trans-Atlantic and trans-Pacific containerized cargo shipped to the United States -- and the number of ports will grow to 58 by the end of this fiscal year.

Mr. Ahern described as "unrealistic" efforts by some members of Congress to require the scanning of 100 percent of the containers entering the U.S. through its seaports. He noted that many of the 700 ports that now send cargo to the United States have neither the means, the methods nor the inclination to participate in the program.

"I think we need a better sense of both the cost and the potential effectiveness of such a program before we put billions of dollars into it," he said.

Mr. Ahern also called the standardization of travel documents "a critical step" in supporting CBP efforts to better secure the border and nation's ports, where about 90,000 people a year, or about 250 a day, are apprehended with fraudulent documents, including criminal aliens attempting to enter the country.

Legislators Tell Coast Guard To Revamp Rebuilding Plan (NYT)

By Eric Lipton

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — Frustrated by reports of ships with cracking hulls, design flaws, cost overruns and construction delays, lawmakers demanded Tuesday that the Coast Guard's leadership overhaul its $24 billion effort to rebuild its fleet or risk the program's cancellation.

At a hearing of the House Subcommittee on Coast Guard and Maritime Transportation, committee members delivered a bipartisan lashing to the Coast Guard, which has spent several billion dollars for a new fleet but now has fewer ships available for patrols than it did in 2001.

"Our subcommittee will not allow taxpayer money to continue to be wasted for failing projects," Representative Elijah E. Cummings, Democrat of Maryland and chairman of the subcommittee, told the Coast Guard commandant, Adm. Thad W. Allen. "We must stop the waste."

Lawmakers were perhaps most disturbed over reports that the Coast Guard's first National Security Cutter, the 425-foot flagship of the new fleet, had more than doubled in cost and had design flaws that could cause cracks in its hull or deck within a few years.

Richard L. Skinner, the inspector general of the Homeland Security Department, in a report issued Monday blamed the Coast Guard for poor oversight of the design and construction of its vessels.

Already, eight smaller patrol boats rebuilt under the Coast Guard overhaul program, known as Deepwater, have been pulled from service as unseaworthy, even though the government paid $100 million for them to the Coast Guard's contractors, led by Lockheed Martin and Northrop Grumman.

"Now you have eight pieces of junk sitting at the yard," Representative Gene Taylor, Democrat of Mississippi, said at the hearing, his voice cracking with anger.

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Admiral Allen, who took over the Coast Guard last May, did not dispute that Deepwater, which is intended to replace or modernize 90 ships and 200 aircraft over the next 15 years, was off to a disappointing start. “Deepwater is essential to the Coast Guard’s future,” he said. “We have to get it right.”

To deliver on that promise, Admiral Allen said the Coast Guard would be more assertive in monitoring Lockheed and Northrop, which were hired in 2002 not just to build the ships and the planes, but also to manage the program.

The Coast Guard’s chief engineer now has the power to review all aspects of the program and demand changes, Admiral Allen said. If serious disagreements occur, he added, the Coast Guard’s senior managers and lawmakers are to be informed.

Members of the subcommittee expressed confidence in Admiral Allen, who replaced Michael D. Brown, the much-criticized director of the Federal Emergency Management Agency, in leading the federal response to Hurricane Katrina in New Orleans.

But they made it clear that they had no tolerance for more mistakes, and that they wanted the Coast Guard to demand payments from Lockheed and Northrop if it could be documented that they had been responsible for some of the problems.

“We never had much of a margin of error,” said Representative Frank A. LoBiondo, Republican of New Jersey. “We have none left at all. We can’t sustain any more bad news.”

Philip A. Teel, president of Northrop Grumman Ship Systems, and Leo S. Mackay Jr., president of the partnership that Northrop and Lockheed created to manage the Deepwater program, defended their performance. Mr. Teel and Dr. Mackay disputed assertions that the National Security Cutter was flawed, saying that the first ship they built, at a cost of nearly $500 million, would last 30 years as required.

But the Coast Guard, at a still undetermined cost, is planning to make major structural enhancements in the first and second ships, and then to change the design for the remaining six.

Lockheed and Northrop have been told that their contract will be extended until at least 2011, but Admiral Allen said the Coast Guard was still negotiating the terms of that deal.

Committee members asked Admiral Allen to return in four months to document that the promised improvements had been made.

“The Deepwater program seems to be in, well, deep water,” said Representative Rick Larsen, Democrat of Washington.

Contractors Defend Ship Modernization (AP)

By Dan Caterinicchia, The Associated Press

The AP, January 30, 2007

WASHINGTON — Executives from Lockheed Martin Corp. and Northrop Grumman Corp. on Tuesday fended off congressional criticism of their roles in running the Coast Guard's multibillion-dollar fleet modernization program, while the agency's top officer promised more effective oversight.

The modernization program, dubbed Deepwater, "is essential to the Coast Guard's future," Commandant Adm. Thad Allen told a House subcommittee. "In many ways it is the Coast Guard's future. We have to get it right."

Allen responded to sometimes harsh questioning from lawmakers the day after the Department of Homeland Security's inspector general released a report concluding that design flaws in the first two 421-foot, 4,000-ton cutters already have led to spiraling costs and must be addressed to ensure the 30-year life of the new ships.

Elijah Cummings, D-Md., who chairs the House Subcommittee on Coast Guard and Maritime Transportation, asked the company executives if they could guarantee the cutters could go 30 years without a crack.

"Sir, I don't know about whether they can," said Philip Teel, president of Northrop Grumman Ship Systems. Teel quickly added that he did believe the vessels would last 30 years, though he could not predict if a crack would occur.

Since shortly after the Deepwater contract was awarded in June 2002 to Integrated Coast Guard Systems, a joint venture of Lockheed Martin and Northrop Grumman, Coast Guard technical experts have repeatedly voiced design concerns and lawmakers repeatedly asked why changes were not made at that time.

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Allen said the decision was made to move forward with construction of the first two of eight massive cutters despite questions about their strength because not doing so would have caused "irrevocable" delays and cost overruns. He acknowledged running afoul of the inspector general because that decision-making process had no traceable path.

Rep. Gene Taylor, D-Miss., asked Teel if, in general, fixes can be made cheaper at the time they're discovered.

"Clearly it's cheaper to fix it early, not later," Teel said.

Allen and his predecessors always have preached "prepare for the worst and you're not doing that, you're sugarcoating it," Taylor said.

The combined cost of the first two cutters has increased from $517 million to about $775 million primarily due to design changes needed to meet post-9/11 mission requirements and other government specifications not included in the original contract, according to the inspector general's report. Further changes being suggested by the contractors could add an additional $300 million, the report estimated.

Late last year, the Coast Guard removed from service eight 123-foot cutters that were among the first to be lengthened and outfitted with new computer and navigation systems. Allen said less than $100 million had been lost on those boats, which had been used to patrol Florida's waters. He would not comment on the possibility of recouping any of those costs from the contractors citing litigation concerns.

Deepwater, a $24 billion, 25-year program, is the largest acquisition project in Coast Guard history. Allen conceded that the agency lacked competency in dealing with such a massive deal, the likes of which are more common within the Defense Department.

But he said greater oversight of the program was on the way. A new office is being established where one chief acquisition officer will oversee all procurement projects, he said.

Allen promised to return to brief the committee on Deepwater's progress within 120 days.

Shares of Bethesda, Md.-based Lockheed Martin added 18 cents to close at $96.24, while Los Angeles-based Northrop Grumman gained 23 cents to end at $70.97, both on the New York Stock Exchange.

Montana Moves To Reject Real ID Law (USAT)

By Thomas Frank

USA Today, January 31, 2007

Several state legislatures are considering measures opposing a federal law aimed at fighting terrorism by making driver's licenses harder to get.

The Montana House of Representatives expects to vote today on a bill that would make Montana the first state to ignore the Real ID law, which requires states to demand a minimum standard of proof of residency from people seeking driver's licenses.

The bill passed a Montana House committee 17-0 last week and needs Senate approval.

The Maine State Legislature last week became the first to approve a resolution urging Congress to overturn the law before it takes effect in May 2008. Only four of 186 Maine lawmakers voted no.

"You're going to see a lot more states getting on board," said Montana state Rep. Brady Wiseman, a Democrat who wrote the bill.

Other states with bills: Hawaii, Georgia, Massachusetts, New Mexico, Oklahoma, Vermont and Washington.

State Rep. Jim Guest of Missouri, a Republican leading a national coalition against Real ID, said 30 states could pass measures opposing the law.

Residents of states that don't comply will be barred from using their licenses or state IDs to board airplanes, open bank accounts or enter federal buildings.

Wiseman and other opponents hope enough states protest or defy the law that Congress will be forced to revise or repeal it.

"If one state says no, or another state follows Maine, the whole house of cards collapses," said Barry Steinhardt of the American Civil Liberties Union.

Democratic control of Congress makes repeal more likely than before, Steinhardt said. When Real ID passed the House, 219 Republicans supported it and 152 Democrats opposed.

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Rep. Lamar Smith, R-Texas, who co-sponsored the law, said Congress is "very unlikely" to repeal a law that deters terrorists "who could use a driver's license ID as cover."

The law sets the first federal standards for getting licenses, which the 9/11 Commission recommended after finding the Sept. 11 hijackers got 34 licenses and government ID cards. Seven hijackers lied on residency statements.

Everyone would have to renew licenses and state IDs in person by 2013 with documents showing their Social Security number and home address, and that they are in the USA legally. New applicants face the same standards.

Bills to comply with the law are pending in six state legislatures. Indiana state Sen. Vic Heinold, a Republican, said the law helps "control the immigration situation" by allowing visitors to get licenses only for as long as their visas are valid.

Critics fear that requiring all licenses to use identical technology for machine reading would lead places that check IDs, such as bars, office buildings and retailers, to increase their use of such scanning machines and create digital records every time a card is swiped.

"They could remain and be pieced together to create footprints about where we've been and what we've done," said Jim Harper of the Cato Institute, a libertarian think tank in Washington, D.C.

State lawmakers also protest the cost. The National Governors Association says it will cost more than $11 billion over five years. Congress, estimating a $100 million cost, provided $40 million.

Black Caucus Requests Katrina Committee (AP)

By Ben Evans

AP, January 31, 2007

The Congressional Black Caucus has asked House Speaker Nancy Pelosi to form a new committee on Hurricane Katrina to focus more urgently on rebuilding the Gulf Coast, particularly New Orleans.

"The Bush administration has turned its back on our fellow Americans, the victims of the greatest disaster on American soil in our generation," caucus Chairwoman Carolyn Cheeks Kilpatrick, D-Mich., wrote in a letter to Pelosi. "How can we talk about reconstruction abroad when we cannot help our fellow Americans at home?"

Kilpatrick criticized President Bush for not mentioning Katrina in his State of the Union address last week and said that forming a select House committee on the issue "offers the best hope for development."

A Pelosi spokesman, Drew Hammill, said Tuesday the Democratic leader would look closely at the request. But he noted that several congressional committees are overseeing the recovery and that Democrats already have a Katrina task force.

Coincidentally, Hammill said, Pelosi had scheduled a meeting for Wednesday with the relevant committee heads and Gulf Coast lawmakers to discuss solutions.

In an interview with NPR on Monday, Bush defended the administration's handling of the rebuilding, saying the federal government has sent some $110 billion to Mississippi and Louisiana, some of it still waiting to be spent.

"Obviously there is more work to be done," he said, according to a transcript of the interview. "But no, our response to the Katrina recovery has been very robust. And I appreciate the taxpayers of the United States helping the folks down there."

At a Senate hearing in New Orleans on Monday, Mayor Ray Nagin said that 17 months after the storm hit, he doesn't see evidence of "the will to really fix New Orleans." He said the slow progress can be partly attributed to class and racial discrimination.

Nagin said he is not asking for more money, just that the money allocated get to the city faster.

As of Jan. 18, the Federal Emergency Management Agency had agreed to pay $334 million for infrastructure repairs in New Orleans, but Louisiana had forwarded only $145 million to the city. State officials have said city leaders failed to provide required documentation, which Nagin called cumbersome.

Also, eight months after it was hired, a Virginia-based consulting company in charge of dispensing billions in federal aid to people whose homes were damaged by hurricanes Katrina and Rita has received 101,000 applications but handed out fewer than 300 grants.

The CBC declined to release the full text of its letter to Pelosi but provided excerpts.

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Kilpatrick said CBC members met last week to discuss a specific agenda for addressing the situation. The proposals include forgiving debt for the city of New Orleans and the state of Louisiana, providing more money for transitional housing and public safety, and repealing liability immunity for the U.S. Army Corps of Engineers, which has acknowledged design failures in the levees that were supposed to protect New Orleans.

All Areas Open In New Blueprint For New Orleans (NYT)

By Adam Nossiter

The New York Times, January 31, 2007

NEW ORLEANS, Jan. 30 — No neighborhoods would be off limits for development in a new $14 billion plan for this city's recovery introduced Tuesday, the latest foray in a process that has been going on since shortly after Hurricane Katrina flooded New Orleans 17 months ago.

The Unified New Orleans Plan, as it is called, 556 pages long, was developed by consultants and planners for the city after months of meetings with citizens here, and is intended to be used by city planners as a guide to redevelopment.

The plan calls for spending millions on libraries, recreation, utilities, schools, transportation, flood protection, health care and other areas. The projected source of financing is unclear, however, as one of the consultants suggested Tuesday that much of the money might come from the $110 billion already appropriated by the federal government, while another appeared to suggest it might not.

Planners said that as part of a strategy to encourage people to return to depopulated areas like the Lower Ninth Ward, they would recommend temporary structures — schools or libraries in trailers, for instance.

"We don't want to put permanent investment in capital facilities until the resettlement patterns are more clearly defined," said Bobbie Hill, a planner. "Temporary facilities will be a catalyst."

The document was given to the city's Planning Commission on Tuesday, and more meetings will be held to discuss it.

The plan avoids the recommendation that caused the downfall of an earlier recovery blueprint: that potentially dangerous areas, those most vulnerable to flooding, be turned into "green space" or left undeveloped.

That idea was rejected a year ago by the city's mayor, C. Ray Nagin, after some citizens criticized it as racist and its genesis by outside planning experts as elitist. The new document, more populist both in ideas and in conception, appears carefully designed not to anger citizens here. Already given informal sanction by officials, it calls for giving incentives to homeowners, for instance, to raise their homes or to resettle in "clusters," but it contains no mandates that they do so.

Unlike the earlier document, the plan rejects reducing the size of New Orleans, "shrinking the footprint," a phrase that became a red flag to outraged citizen groups here.

"From this plan's standpoint, there's no likelihood it will have a smaller footprint," Troy Henry, one of the consultants who worked on the plan, said at a news conference Tuesday. "We have not green-spaced any neighborhoods."

Darren Diamond, another consultant, said, "We are giving incentives in all areas."

Individual neighborhoods have also developed their own recovery plans, and consultants on Tuesday were careful to say that the Unified New Orleans Plan did not supersede these efforts.

Much of the language of the new planning document is nonspecific and expresses generalized hopes for New Orleans rather than mandates. But it also appears to reflect the city's current patchy repopulation, in which some of the fears of the earlier, rejected team of planners are being realized.

Some neighborhoods, for instance, are already showing what was referred to by the earlier planners as the "jack-o'-lantern" effect: individual houses that have been reoccupied but are surrounded by a sea of blight, or abandonment.

One part of the new plan, much insisted on by the consultants Tuesday, appears to address that phenomenon by calling for incentives for homeowners and small businesses to encourage the creation of "sustainable clusters within their neighborhoods."

Safety Is Our Priority (USAT)

By Don Riley

USA Today, January 31, 2007

DOJ_NMG_0124604

The U.S. Army Corps of Engineers' most recent investigations into nationwide levee system performance have revealed the need for a consistent, comprehensive and risk-informed approach to improve public safety.

Our goal is an informed public, empowered to take responsibility for its safety; a clear, national levee safety policy and standards; and sustainable flood damage reduction systems.

Last year, Congress appropriated funds for the corps to initiate a national levee inventory and assessment program to determine the status and condition of our nation's levees. The corps began entering inventory data for the nearly 2,000 projects in the federal levee system. The data is entered as levee inspections are reviewed with local levee boards, which are responsible for operating and maintaining levees.

The corps inspects levees eligible for federal rehabilitation assistance. To ensure eligibility, levees must meet acceptable maintenance standards.

The corps is informing levee owners of maintenance status changes and ensuring maintenance requirements are met. In addition, the corps agreed to a one-year maintenance deficiency grace period, which will allow for corrections before a levee is removed from the program.

The list of levees will be released Thursday after the corps completes notification of local officials.

Finally, the corps is working closely with federal, state and local partners toward improving the safety and reliability of our national levees. Our intent is to inform the public so people understand the risks they face and can act to improve their safety.

Maj. General Don T. Riley is director of civil works for the U.S. Army Corps of Engineers.

Levee List Dribbles Out (USAT)

USA Today, January 31, 2007

Army Corps finds dangerous levees, then hides the list.

After Hurricane Katrina overwhelmed weak levees and destroyed much of New Orleans 18 months ago, the federal government finally got aggressive about inspecting thousands of miles of levees that are supposed to protect cities from Sacramento to Hartford.

It quickly found deficiencies. On Monday, USA TODAY's Peter Eisler reported that the Army Corps of Engineers had identified 146 levees in 28 states, the District of Columbia and Puerto Rico that pose an unacceptable risk of failing in a major flood, inundating people who live behind them.

There was just one hitch. The corps wouldn't say where those levees are. That's right. A public agency, using tax dollars to inspect levees, refused to share with the public critical information it discovered. The corps hasn't put the information on its website, and it refused to release a list to USA TODAY — both easy routes to get the message out. The corps would only reveal the number of faulty levees in each state, including 42 in California, 14 in Oregon, 13 in Arkansas and 6 in Louisiana, where the pain inflicted by failed levees is still palpable.

Has the agency learned anything from the New Orleans catastrophe? Hundreds of people died because government agencies, from local levee boards to the Army Corps of Engineers, had failed to do their jobs properly. The corps made errors in the basic design and construction of the New Orleans levees, according to an independent report last year by a panel led by engineers from the University of California, Berkeley. Residents of New Orleans relied on those levees for protection.

The corps' rationale for its silence? A spokesman said the agency wouldn't reveal the locations until all communities with faulty levees are notified. But by late Tuesday, after being bombarded with demands for the locations and asked to write an opposing view to this editorial, the corps relented, promising to release a list on Thursday.

Good. But the corps' first response, and its method of communicating with local officials, point to serious flaws in this new attempt to ensure better flood control.

Hartford officials say they were informed verbally at a meeting Nov. 8, that the city's levees were deficient and they risked serious consequences if repairs weren't completed by year's end — less than eight weeks later. A similar ultimatum was issued to three other Connecticut communities, state officials say. Hartford had already begun a $5 million repair project and met the corps' deadline. After the governor intervened, other communities got a one-year reprieve, and the corps says it will give all localities a year for repairs.

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The corps' findings carry serious consequences. If levees aren't fixed, the federal government could determine that property owners behind them must buy flood insurance, costing hundreds of dollars a year. More important, they could be in harm's way. Residents have a right to know how safe or unsafe they are, information their government should be eager to provide.

Congress Scrutinizes Los Alamos Security (AP)

AP, January 31, 2007

WASHINGTON (AP) -- Lawmakers threatened Tuesday to strip the Los Alamos National Laboratory of classified operations or even shut it down after a decade of security lapses.

Rep. John Dingell, D-Mich., said he had sat through nearly a decade of hearings in which the Energy Department and the northern New Mexico nuclear weapons lab had promised to fix security problems.

"I've been hearing these promises for a long time, and they've become somewhat tedious," he said.

The lawmakers blistered the lab for its most recent security breach in which a contract worker walked out with hundreds of pages of classified documents. The documents turned up during a drug raid last October involving a man who rented a room at the worker's home.

Rep. Joe Barton, R-Texas, said that if problems cannot be solved this time, he will ask that Los Alamos lab, the birthplace of the atomic bomb, be shut down.

"There is an absolute inability and unwillingness to address the most routine security issues at this laboratory," Barton said.

Barton, Dingell and others on the House Energy and Commerce Committee introduced a measure Tuesday to strip the National Nuclear Security Administration of its primary security responsibilities and turn them back to the Energy Department. They expressed concerns that NNSA has not fixed security problems at Los Alamos despite tens of millions of dollars spent on improvements.

"NNSA was a management experiment gone wrong," Barton said.

Rep. Bart Stupak, D-Mich., also called for a comprehensive audit of all services performed at Los Alamos. He wants to evaluate whether its size and mission are too large and whether many of the classified operations should be moved to another lab.

"I will not tolerate continued security lapses and a thumbing of their noses at Congress," Stupak said.

A new management team was installed at Los Alamos less than a year ago, in part to reverse years of security and safety problems.

The embarrassing October incident involving the classified documents resulted in a shake-up in the agency that oversees the lab. Linton Brooks, already reprimanded for an earlier incident, resigned this month as NNSA chief.

Lab officials have said none of the material found during the drug raid was top secret. A lawyer for the employee, a 22-year-old archivist, has said she had taken it home to catch up on work.

Security problems at the lab date back to the late 1990s. They include the disappearance of two hard drives containing classified material that later were found behind a copying machine, and the disappearance of two computer disks that forced a virtual shutdown of Los Alamos. It later was learned those two disks never existed.

Throughout Tuesday's four-hour hearing, lawmakers asked repeatedly why the lab needs to exist and whether it simply has too much responsibility for too many secret materials.

Administration officials urged lawmakers to give the new management team more time to turn things around.

Deputy energy secretary Clay Sell said Los Alamos probably could not be replaced or duplicated. It is the only place where plutonium pits for weapons can be made. Virtually everything that happens at Los Alamos is secret because the lab is responsible for the bulk of the strategic nuclear weapons stockpile, he said.

Sell promised stronger security there is possible.

"It appears to me the tail's wagging the dog," said a skeptical Rep. Charlie Melancon, D-La.

"It has been suggested that we shoot the dog," Sell responded. "I have to reject that suggestion in the strongest possible way. It is my view we have to have Los Alamos."

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WAR NEWS:

In Senate, Allies Of Bush Work To Halt Iraq Vote (NYT)

By Carl Hulse And Thom Shanker

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — The Bush administration's allies in the Senate began a major effort on Tuesday to prevent a potentially embarrassing rejection of the president's plan to push 20,000 more troops into Iraq.

With the Senate expected to reach votes on possible resolutions sometime next week, the signs of the new campaign seeped out after a weekly closed-door lunch in which Republican senators engaged in what participants described as a heated debate over how to approach the issue.

The new effort by President Bush's allies, including Senators John McCain of Arizona and Lindsey Graham of South Carolina, is aimed at blocking two nonbinding resolutions directly critical of the White House that had appeared to be gaining broad support among Democrats and even some Republicans.

Republicans skeptical of the troop buildup said some of their colleagues had begun to suggest that opponents of the White House plan ran the risk of undermining Lt. Gen. David H. Petraeus, the new military commander in Iraq, as well as Mr. Bush.

"There is a lot of pressure on people who could be with us not to be with us," said Senator Susan Collins, Republican of Maine, the co-author of one resolution along with Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska.

As an alternative to that measure and another broadly backed by Democrats, Mr. McCain and Mr. Graham, along with Senator Joseph I. Lieberman, the independent Democrat from Connecticut, are trying to enlist support for a resolution that would set benchmarks for the Iraqi government and describe the troop increase as a final chance for the United States to restore security in Baghdad.

The senators have been joined in their effort by the Republican leader, Mitch McConnell of Kentucky, Senator John Cornyn of Texas and Senator David Vitter of Louisiana.

The debate over Iraq also resounded elsewhere on Capitol Hill, as senators attending the confirmation hearing for Adm. William J. Fallon, nominated to command American forces in the Middle East, heard his blunt assessment of the path ahead. He said "time is running out" for positive action by the government of Nuri Kamal al-Maliki to show it can quell sectarian violence.

At another Senate hearing, the leaders of the Iraq Study Group, the bipartisan panel that reported to Mr. Bush and Congress last month, disputed the White House's contention that most of their recommendations had been incorporated into Mr. Bush's troop increase plan.

"The diplomatic effort has not been full enough," said Lee H. Hamilton, co-chairman of the study group with James A. Baker III. In testimony before the Senate Foreign Relations Committee, Mr. Hamilton described the initiatives begun by the administration in the Middle East as modest and slow, and added, "We don't have the time to wait."

On the Senate Judiciary Committee, Democrats began laying the constitutional groundwork for an effort to block the president's plan to send more troops to Iraq and place new limits on the conduct of the war there, perhaps forcing a withdrawal of American forces from Iraq.

In advance of a possible Senate vote on the resolutions, Republican senators now appear widely divided over how to proceed. In trying to head off the resolution supported by Senators Warner and Collins, allies of the White House appear to be trying to muster at least the 41 votes they would need to prevent a vote on the measure under Senate rules. Mr. McCain is sponsoring the competing resolution that would establish benchmarks for the Iraqi government. He said the proposal also could be fashioned to give Congress more oversight.

Republicans were viewing Mr. McCain's plan as a way to deter Republicans from joining in the resolutions more critical of Mr. Bush, and many Republicans said that would be preferable to one criticizing the troop buildup outright. Senators also said they were beginning to realize that the vote, while nonbinding, would be an important statement on Congressional sentiment regarding the war.

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"We all know the world is watching," said Senator Saxby Chambliss, Republican of Georgia.

The more sharply worded of the two measures critical of the White House is one approved last week by the Senate Foreign Relations Committee, and backed by the Democratic Senators Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan, as well as Senator Chuck Hagel, the Nebraska Republican. The second of the two measures is one backed by Senator Warner.

As those debates flared mostly in private, the confirmation hearing for Admiral Fallon as the new head of the military's Central Command became a proxy debate not only over the president's new strategy but also for the competing resolutions supported by senators of both parties.

But Admiral Fallon, currently in charge of American forces across Asia and the Pacific, declined to answer directly politically fraught questions about whether certain proposed resolutions would harm the military effort in Iraq or undermine the troops' morale.

The admiral, who if confirmed as expected would be the first Navy officer to head the Central Command, said that he would always offer unvarnished military advice, but that he would avoid commenting on partisan political issues.

In his testimony, Admiral Fallon told members of the Senate Armed Services Committee that the United States might have erred in its assessments of how effectively the new Iraqi government could manage the nation's affairs.

"Maybe we ought to redefine the goals here a bit and do something that's more realistic in terms of getting some progress and then maybe take on the other things later," Admiral Fallon said, adding, "What we've been doing is not working and we have got to be doing, it seems to me, something different."

"Time is running out," he concluded.

Senator Levin submitted a letter he co-authored with Senator McCain demanding that Secretary of State Condoleezza Rice make public the administration's requirements for actions to be taken by the government in Baghdad to earn continued American support.

Late Tuesday, Senator Levin's office released a reply from Ms. Rice that stated assurances that the Bush administration supports Mr. Maliki but also listed deadlines already missed by his government. Among them were laws to guarantee an equitable distribution of the country's oil wealth, to establish provincial elections and to reintegrate disenfranchised Sunnis into Iraqi political life.

In the Senate Judiciary Committee, Senator Arlen Specter, the Pennsylvania Republican who led the panel for the last two years, joined Democrats who asserted that Mr. Bush cannot simply ignore Congressional opposition to his plan to send 21,500 additional troops to Iraq.

"I would respectfully suggest to the president that he is not the sole decider," Mr. Specter said. "The decider is a joint and shared responsibility."

Senator Russell Feingold, Democrat who acted as chairman for the hearing, said he would soon introduce a resolution that would go much further. It would end all financing for the deployment of American military forces in Iraq after six months, other than a limited number working on counterterrorism operations or training the Iraqi Army and police force. In effect, it would call for all other American forces to be withdrawn by the six-month deadline.

Senate GOP Looks At Alternative To Democrats On Iraq Vote (POL)

By Daniel W. Reilly And John Bresnahan

The Politico, January 31, 2007

Scrambling to cobble together a resolution supporting President Bush's plan for more troops in Iraq, Republican Sens. John McCain and Lindsey Graham are crafting an alternative that sets benchmarks for Iraqi progress.

And other Republicans senators, hoping to bridge internal party divisions on the issue, appear eager for some sort of compromise.

"I am talking with them, and I am encouraging others to talk with them," said Senate Minority Whip Trent Lott, R-Miss., of the McCain-Graham effort.

Lott declined to say whether Senate GOP leaders, who are expected to meet with Bush at the White House on Friday, would sign onto the McCain-Graham resolution.

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"This is a case where, when you herd the cats, sometimes you have to let them stray," Lott said Tuesday.

McCain of Arizona and Graham of South Carolina, one of his closest political allies, have drafted a resolution that supports the president's plan to deploy 21,500 more troops in Iraq, while at the same time laying out a number of "benchmarks" to measure the progress the Iraqi government is making in achieving political stability and cracking down on sectarian violence.

The McCain-Graham resolution is one of a handful of Republican and Democratic non-binding proposals on Iraq that are likely to be debated.

Senate Majority Leader Harry Reid, D-Nev., and Senate Minority Leader Mitch McConnell, R-Ky., have not hammered out ground rules for the debate. McConnell and other GOP leaders are likely to insist that any resolution called up for a vote receive at least 60 votes to be considered formally approved, according to Republican senators and leadership aides.

Sens. Joseph R. Biden Jr., D-Del., Chuck Hagel, R-Neb., and Edward M. Kennedy, D-Mass., have a resolution opposing the troop "surge" while Sens. John Warner, R-Va., Ben Nelson, D-Neb., and Susan Collins, R-Maine, have a different resolution that is critical of Bush's handling of the war, but does not go as far as the Biden-Hagel-Kennedy proposal in opposing the surge.

Additional proposals call for a cap on troop levels. And Sen. Russ Feingold, D-Wis., is preparing legislation to cut funding for the U.S. military campaign in Iraq by late this year.

McCain's decision to back Bush on the Iraq troop surge has cost him in the polls. But the senator has refused to back away from the plan, arguing that the president should be given sufficient time to let his new strategy work.

"It has two goals," Graham said of the McCain-Graham resolution. "Number one, let General (David) Petraeus and the troops know we support them ... not let them go off to war with any sense of disapproval or undermining their efforts. Number two ... make the statement that we realize you cannot win in Iraq just through a military surge. I think it is a middle ground."

Democratic insiders said they had not thought through the rules of the debate yet, but noted that even having senators engaged in an open fight over the war is a setback for Bush and the GOP.

"They've already lost this fight before we even move to the resolutions," said a senior Democratic leadership aide, speaking on the condition of anonymity. "This is not going to do anything but hurt Bush."

A fierce critic of the Iraq war, Feingold fired the opening salvo in what could be a constitutional fight over Congress's ability to end U.S. involvement in the conflict.

Speaking at a Senate Judiciary Committee hearing Tuesday, he offered some strong words for his fellow lawmakers.

"The Constitution makes Congress a co-equal branch of government. It's time we start acting like it," Feingold said. "If Congress doesn't stop this war, it's not because it doesn't have the power. It's because it doesn't have the will."

For GOP, Discord In Dissent On Iraq (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, January 31, 2007

Republican misgivings over President Bush's new war strategy are increasingly dividing the GOP as the Senate moves toward a showdown over the deployment of 21,500 additional troops to Iraq.

Republican strategy had envisioned a single resolution that would allow the party's senators to express doubts about the plan without stating their outright opposition. Instead, Republicans appear to be balkanizing, with at least five GOP drafts now in play and more Republicans stating their reservations.

"We're all looking for a plan that will work," said Sen. Arlen Specter (R-Pa.). "The current plan is not working, and 21,500 additional troops -- it's a snowball in July. It's not going to work."

Vice President Cheney and senior military officials attended a Republican policy lunch yesterday, which turned into a raucous debate about the various resolutions, according to a party leadership aide. Bush will meet with GOP senators on Friday as the White House continues to try to tamp down opposition.

But Republican misgivings are not subsiding. "This war has been mishandled. No one doubts that mistakes have been made in Iraq," Sen. John McCain (R-Ariz.), long a supporter of Bush's war policy, told Adm. William J. Fallon at Fallon's confirmation hearing to become the top U.S. commander for the Middle East. "I have to tell you, this committee did not get candid assessments in the past, and I view that with deep regret."

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Having chastised Democrats for not showing unity on Iraq, Republican leaders have decided they need a resolution of their own when the Senate begins debate on nonbinding resolutions of opposition next week.

Specter, the ranking Republican on the Senate Judiciary Committee, pushed back against Bush's claim he is the "decision maker," saying the White House needs to accept Congress's role in shaping war policy.

"I would suggest respectfully to the president that he is not the sole decider," Specter said during a hearing on Congress's war powers. "The decider is a shared and joint responsibility."

Republican leaders had hoped to divide Senate opinion largely along party lines, to allow Bush to argue that any outright statement opposing his plan was politically motivated partisanship. A resolution by McCain and Sen. Lindsey O. Graham (R-S.C.) demanding tough benchmarks for progress in Iraq was supposed to garner overwhelming Republican support, being a more palatable alternative to language by Sen. John W. Warner (R-Va.) that would state opposition to the troop buildup.

Instead, rival measures continue to proliferate. Sen. Judd Gregg (R-N.H.) said he is circulating language that would forbid a cutoff of funding for troops in the field under any circumstance, similar to another proposal by Sen. Johnny Isakson (R-Ga.).

Sen. John Cornyn (R-Tex.) is shopping around a measure that would demand that the president's policies be given a chance to work while calling for the reversal of perceived war-related mistakes, such as the wholesale purging of Baath Party members from the Iraqi government and the failure to ensure equitable oil-revenue sharing among Iraqi groups.

"Resolutions are flying like snowflakes around here," Specter said.

Meanwhile, the two camps promoting competing resolutions of opposition -- one headed by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.) and the other by Warner -- have not agreed on common language that could win a clear majority.

"This isn't about party loyalty. This isn't about presidential politics. It's about policy," said an exasperated Sen. Olympia J. Snowe (R-Maine), who has been urging Warner to negotiate an agreement to meld his language with the Democratic-driven resolution approved last week by the Senate Foreign Relations Committee. "What America is desperately thirsting for is for the United States Senate and the United States House of Representatives to come to terms with where we are in Iraq."

One group of ruminating Republicans is made up of the 20 GOP senators who will face voters in 2008. Sen. Lisa Murkowski (Alaska) said she plans to support at least one of the measures -- but first "I've got to study them all." Sen. John E. Sununu (N.H.), whose state is strongly against the war, reiterated his concerns about a troop buildup even as he refused to commit to any resolution.

The Warner measure has attracted at least three potentially vulnerable Republicans -- Sens. Susan Collins (Maine), Norm Coleman (Minn.) and Gordon Smith (Ore.).

Sen. Lamar Alexander (Tenn.), another Republican whose term will expire in two years, said he was speaking for many of his GOP colleagues in asserting, "I'm not persuaded that sending 21,500 troops into a civil war in Baghdad is a good idea, but I haven't found a resolution I can support."

Pressed on what he is looking for, Alexander replied: "I'd like to express my unhappiness with the way this war is being conducted, but also my support for the troops. I think that's what we all want."

Sen. Trent Lott (Miss.), the GOP whip, said most Republican senators believe they must support some statement about the war, given the public's growing concerns. But he noted: "I am actually reading all the different resolutions, and each one of them does have critical differences." He added that he is leaning toward the Cornyn measure, which offers the fewest objections to Bush's plan.

He said he will not try to rally Republicans around a single approach but, rather, will urge them to "vote their conscience."

The multiplying factions raise the prospect that no measure will garner substantially more than 50 votes next week. That would represent something of a victory for the White House, which has argued that even nonbinding action by the Senate would "embolden the enemy," as Defense Secretary Robert M. Gates told reporters last week.

"The worst thing would be for the Senate by 60 votes to express disapproval of a mission we are sending people to lay down their lives for," said Sen. Jon Kyl (Ariz.), a member of the Republican leadership.

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Democrats, who are united in their desire to stop the escalation, are regarding the Republican divisions with some glee. "You cannot have a resolution that is both meaningless and undercuts the troops. That's impossible. Their position is totally inconsistent," said Rep. Rahm Emanuel (Ill.), a member of the House Democratic leadership.

The House is expected to embark on a similar debate in the coming weeks.

Many House Republicans Mum On Troop Resolutions (HILL)

By Aaron Blake And Sam Youngman

The Hill, January 31, 2007

Non-binding resolutions criticizing President Bush's troop increase in Iraq have proven a dicey political issue for vulnerable Republican senators, and few potentially vulnerable House Republicans are tipping their hands before the issue hits their chamber.

Most House GOPers who received less than 55 percent of the vote in November's election are not saying how they will vote on either of the main Senate resolutions expressing opposition to the troop-increase strategy, and not one committed to supporting either Sen. Joseph Biden's (D-Del.) and Sen. Chuck Hagel's (R-Neb.) resolution or Sen. John Warner's (R-Va.) milder alternative.

Biden's resolution, also cosponsored by Sen. Olympia Snowe (R-Maine), passed the Senate Foreign Relations Committee 12-9 last week but has failed to garner additional Republican support. Warner's resolution has the backing of vulnerable Sens. Norm Coleman (R-Minn.), Gordon Smith (R-Ore.), Susan Collins (R-Maine) and centrist Democrat Mary Landrieu (La.), who are all up in 2008.

Most House Republicans' offices declined to comment specifically on the resolutions because they aren't yet before the House, and about half didn't respond to several efforts to contact them on the issue.

But while some made it clear they opposed the resolutions, none said they supported them.

Rep. James Walsh (R-N.Y.), who was reelected with 51 percent of the vote in November, came out forcefully against the troop increase after the president announced it, saying it would not "force the Iraqi people to work out their differences."

But as far as the Senate resolutions, Walsh is still reviewing them and is "uncommitted, at this point, to anything that's on paper," spokesman Dan Gage said.

Rep. Ric Keller (R-Fla.) also came out strongly against the increase on the House floor. His spokesman, Bryan Malenius, said Keller will look at anything but is "not going to get into the weeds on these different resolutions when we're not sure what language we'd ultimately be voting on anyways."

Rep. Jean Schmidt's (R-Ohio) spokesman said the resolution is "like a moving target right now," and she will wait for the Senate to finish debate before commenting on the resolutions.

Some House Republicans who have offered varying degrees of support for the increase dismissed the resolutions outright as political posturing that isn't helpful to the Iraq debate.

Rep. Thaddeus McCotter (R-Mich.), a member of leadership who took 54 percent in 2006, has offered his support for the troop increase, conditional on the troops' being used for combat, as opposed to police or social work. But regardless of his view of the increase, he said, he opposes any non-binding resolutions.

"The reality is if you believe this is a mistake that is going to unnecessarily lead to the deaths of American troops and Iraqi citizens, then you have a moral obligation to do more than pass a non-binding resolution to try to prevent it," McCotter said, adding that the bills are trying "to acquire a political advantage without any accompanying moral high ground."

A spokesman for Rep. Brian Bilbray (R-Calif.), also a troop-increase supporter, echoed those sentiments.

"We need to stop the political posturing, get the politics out of the issue and focus on the goals and objectives that will help us achieve a realistic solution to Iraq and help us get out of Iraq in a timely fashion," spokesman Kurt Bardella said.

Reps. Bill Sali (R-Idaho) and Jon Porter (R-Nev.) are also supporting the troop increase and will not support the resolutions.

But some other increase supporters, such as Rep. Michele Bachmann (R-Minn.), nonetheless decline to say that they would oppose the resolutions at this point.

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Rep. Joe Knollenberg (R-Mich.) is supporting the plan but wants to see near-immediate progress. Spokesman Trent Wisecup said Knollenberg would "take a close look at" resolutions when they come to the House.

Some declined to say how they would vote but tried to distance themselves from one or both of the Biden and Warner resolutions.

A spokesman for Rep. Randy Kuhl (R-N.Y.) had no comment on the specific resolutions but said Kuhl "is a little bit skeptical of how this is going to work or if it will work," before adding that the congressman will not "second-guess" the president.

Charles Isom, spokesman for Rep. Adrian Smith (R-Neb.), would say only that the congressman "feels the [Biden-Hagel] resolution is long on criticism but short on substance."

And Jen Rae Hein, spokeswoman for Rep. Lee Terry (R-Neb.), said, "Sen. Hagel and Congressman Terry have different views of the war and the resolution."

Terry received 55 percent in 2006 and is also mentioned as a potential Senate candidate. (Hagel, who is eyeing a presidential run, denied a recent news report that he will definitely run to retain his Senate seat next year.)

Other potential Senate candidates took similar tacks.

A spokesman for Rep. Chip Pickering (R-Miss.) said Pickering would wait until the debate reached the House floor before making any decisions.

House Republican leaders say they will not be whipping the vote on Iraq.

"We didn't make a whipping effort on the initial Iraq resolution and while we will be talking to our members, explaining our views to our members we're going to let our members vote they way they want to [vote]," House Minority Whip Roy Blunt (R-Mo.) said yesterday.

"They vote their conscience everyday, trust me," said House Minority Leader John Boehner (R-Ohio).

Even centrist House Democrats are steering clear of taking sides on the resolutions at this point.

Centrist Democratic Rep. Henry Cuellar (Texas), thought by some to be a potential challenger to Sen. John Cornyn (R) in 2008, said while he would wait to see what specific language came up in the House, he could support a non-binding resolution giving the president a sense of Congress opposed to a troop increase.

Some other Democrats in conservative districts likewise refused to commit to the resolutions.

Rep. Jim Marshall's (D-Ga.) office said the congressman would not make up his mind until he had looked at specific legislation in the House, while Rep. Heath Shuler's (D-N.C.) spokesman said Shuler is opposed to any troop increase. Both figure to be top GOP targets in 2008.

Despite the many no-comments, a few were willing to discuss the troop increase in general, though often using their own definitions.

More than a few House Republicans said their intention was to stand behind the president.

Reps. Barbara Cubin's (R-Wyo.) and Tom Reynolds's (R-N.Y.) offices both said their members were backing the commander in chief, and Reynolds's office said the congressman viewed the additional troops as "reinforcements" that should be funded and supported like those troops already on the ground.

Rep. Tim Walberg (R-Mich.) said he supports the president's "determination for victory and [feels] it is imperative we provide American men and women in combat with resources that will enable them to come home safe and victorious."

Islam Divided; Psychic Reality Check; Battle Under The Border (CNN)

CNN ANDERSON COOPER 360 DEGREES, January 31, 2007

New developments tonight in two disappearances: a beloved missing daughter and an alleged Ivy League con artist. Thanks to your help, police are chasing new leads.

Also tonight: The world famous self-proclaimed psychic who got it wrong about Shawn Hornbeck, she told us to check her record. We did. We will tell you the surprises we found.

First, though, a real eye-opener on Iraq: The man chosen by President Bush to oversee the war telling senators today he does not know whether he supports the president's plan to send more troops. Not only that -- Admiral William Fallon says he's not even sure he would send reinforcements, if requested by General David Petraeus, the new commander on the ground.

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Listen.

(BEGIN VIDEO CLIP)

SEN. LINDSEY GRAHAM (R), SOUTH CAROLINA: And you would support sending more troops to accomplish that goal?

ADMIRAL WILLIAM FALLON, U.S. NAVY: I don't know how many troops are going to be necessary to effect the outcome that we want. But General Petraeus, in my conversations with him, indicated that he believes he needs these troops now, to get moving...

GRAHAM: And, if he said he needed more, you would support him?

FALLON: I don't know, sir. I haven't been there yet, and I'm not in a position to make that judgment.

GRAHAM: Well, it's his judgment about 21,500, does it make sense to you?

FALLON: I will better be able to give you an informed answer when I understand the situation better.

(END VIDEO CLIP)

COOPER: Admiral Fallon also warned members of the Armed Services Committee that it may be time to redefine the goals in Iraq, and that time is running short to turn things around -- not exactly a ringing endorsement from the man chosen to run Central Command.

John Roberts is in Washington tonight.

John, some surprising testimony today from Admiral Fallon.

JOHN ROBERTS, CNN SENIOR NATIONAL CORRESPONDENT: It was a little bit surprising, Anderson, especially from a commander. But perhaps it's something that should be expected, a bit of a trend in recent confirmation hearings.

Remember, Robert Gates, the new secretary of defense, when asked, said he didn't think that the U.S. was winning the war in Iraq. In one way, it's refreshingly candid. Here's a guy who hasn't yet signed off on the president's policy, said: Look, I have spent the last few years in the Pacific. I don't really know too much about this plan.

And he is saying: I'm not going to make a decision about it until I get over there, get my eyes on the ground, and can make my own informed decision.

A retired general that I talked to tonight, Anderson, who -- who is critical of the way that the war is going, believes that Fallon is being very honest, that this is a high-risk strategy, with an uncertain outcome, and he's not about to put his imprimatur on it at face value. He wants to get over there and get a look for himself.

COOPER: And Carl Levin was certainly surprised.

What does this mean for the White House?

ROBERTS: Well, what it means is, it puts a definite speed bump in the White House's ability to sell its message on Iraq.

Here's the president, who went through these weeks of meetings and -- quote -- "consultations," which is an interesting buzz word that the White House has used, and suddenly comes along his handpicked general -- or admiral, to run CENTCOM, and he's saying that he can't sign off on this policy -- so, definitely a little bit of a bump in the message coming from the White House tonight, Anderson.

COOPER: Obviously, Democrats are probably going to be talking a lot about this in the coming days.

ROBERTS: Not only Democrats, but Republicans as well who oppose this strategy.

What it does is, it gives them another piece of ammunition against the so-called surge. They can now say, you know, why should we support the president's idea of putting more troops in there, when the guy that he has picked to -- to run CENTCOM can't even sign off on the whole thing?

COOPER: And not -- as you said, it was Republicans. I think Arlen Specter also had some comments.

ROBERTS: Yes.

There was some real news that was made today in the Senate Judiciary Committee. Arlen Specter, who used to chair that committee, until Democrats took control, was reflecting back on what the president said back on April 18 of last year, when he was defending Secretary of Defense Donald Rumsfeld, when President Bush said: I'm the decider. I'm going to decide what's best.

Well, here's what Arlen Specter had to say about that today, in regard to the Iraq war.

(BEGIN VIDEO CLIP)

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SEN. ARLEN SPECTER (R), PENNSYLVANIA: The president repeatedly makes reference to the fact that he is the decider. I would suggest, and suggest respectfully, to the president that he is not the sole decider, that the decider is a shared and joint responsibility.

(END VIDEO CLIP)

COOPER: Legally, where does Bush stand?

ROBERTS: For the moment, Anderson, he is the decider. All Congress can do at this point is curtail funding for the Iraq war or the war in Afghanistan. And there's no appetite on Capitol Hill for that.

But what you see here is an interesting dynamic at play, that you have not only Democrats, but also Republicans in Congress, try to get back some of that authority that they believe they have in order for this country to wage war.

And it's really beginning to permeate the entire party as well. There was a luncheon today where the -- the Republicans got together with Vice President Cheney, Arlen Specter saying there was so much emotion in that charged room, and even Senator Lindsey Graham saying that the White House has lost a lot of credibility on this issue, that their ability to apply pressure at the moment is about zero -- so, the president in real trouble on this issue, not only among Democrats, who are in control, but among members of his own country -- Anderson.

COOPER: John, thanks for the update.

Fueling some of the doubts and the hesitation to send more troops is the ongoing Sunni-Shia violence, which took at least more 50 lives today in Iraq. And many of the attacks were targeting Shia pilgrims marking the holiest period on the Shia calender.

CNN's Michael Holmes now with a view of the proceedings that outsiders rarely get. Take a look.

(BEGIN VIDEOTAPE)

MICHAEL HOLMES, CNN INTERNATIONAL CORRESPONDENT (voice-over): Up close, at the religious ritual of Ashoura in Baghdad's Kadhimiya district, men, young and old, beating their heads with swords and knives, sharing the pain of the grandson of the Prophet Mohammed, the Imam Hussein, killed in a battle 1,400 years ago, a battle that divided Muslims and created the Shia sect of Islam. "For Hussein, for Hussein," the man yells at us.

To walk these streets is to feel the fervor of Shiites at the third most important shrine in Shia Islam. This was, for us, both a rare opportunity and a statement on security in Baghdad. It's been a long time since we have been able to walk freely on a Baghdad street, just five U.S. soldiers with us, and, more importantly, the protection of a respected local sheik.

Usually, video like this is shot by Iraqis, not Westerners. But, this day, we walked within a quarter-mile of the revered shrine, in an area controlled by Shiite militiamen. Children approach us. Adults look on. And the observance continued.

(on camera): There were some rockets and mortars fired earlier today, none of them landing here in Kadhimiya -- no injuries. And the celebrations here have been going off largely without a hitch amid very tight security.

(voice over): An hour or so later, however, a mortar did land in this area, likely fired by Sunni militants, and wounding nine pilgrims. But security efforts were considered successful here -- multiple checkpoints keeping vehicles out, even children patted down before proceeding.

There was devotion, not tension, on these streets -- huge vats of rice and meat cooked and handed out to hungry pilgrims who traveled from far and wide, mushrooming the local population from 100,000 to more than a million.

U.S. troops based here say walkabouts like this are the way forward, where possible.

LIEUTENANT COLONEL STEVE MISKA, U.S. ARMY: You have got to engage with the people. That's the only way you can find out what their issues are.

HOLMES (on camera): And, yet, a couple miles across the river, if you walk down the street like this?

MISKA: You would use different techniques.

(LAUGHTER)

HOLMES (voice over): The respect afforded Sheikh Mohammed Baca (ph) certainly helped with our security this day. He's a man who speaks of moderation, favors dialogue with Sunnis, and says extremists on both sides are the problem. He also supports the U.S. presence.

"If the Americans weren't here," he says, "the Shia will win the war in four hours."

But, in a place where religion so often sparks violence, it was religion alone that ruled the day.

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(END VIDEOTAPE) COOPER: Michael Holmes joins us live now in Baghdad.

Michael, what if, a week from now, you were walking down that same street with -- without the sheik, without the soldiers, just you and your crew?

HOLMES: Yes, it's a good point.

The chances are, we wouldn't get very far, or, if we did, it would be amid a lot of protest and mistrust. You know, there's different shades, as you know, of the Mahdi militia. Now, the Mahdi militia is ubiquitous in Kadhimiya. But they're a more moderate, if I can use that term, version of the Mahdi. It's not like going into Sadr City.

Still, without that sheik with us, it probably would be a very different scenario, and we would not be nearly as welcomed or left alone as we were on this day. It was an extraordinary experience, to be able to walk at that level -- this particular sheik very powerful in that area. And this whole issue of tribal power, that has always been a criticism, that the U.S. hasn't fully understood it. In this area, the U.S. commanders do. And they're working with him -- Anderson.

COOPER: A fascinating look.

Michael, thanks very much -- Michael Holmes in Baghdad.

In Iraq, Sunnis and Shia have had to flee the fighting. Here's the "Raw Data" on that.

Last year alone, nearly 250,000 men, women and children were driven from their homes and moved to other regions in Iraq. That includes more than 41,000 Iraqi families; 28 percent were Sunni; 64 percent of the displaced were Shia.

Now, the elephant in the room, Iran -- tonight, sources are telling CNN that military investigators are now looking into the possibility that Iranians or Iranian-trained operatives carried out that sneak attack on American forces 10 days ago in Karbala. Five soldiers, you will remember, were killed in that raid, four of them abducted and later shot by English-speaking fighters dressed in American-style uniforms.

At the very least, this jacks up the tension one more notch between Washington and Tehran.

And that's where you find CNN's chief international correspondent, Christiane Amanpour, in Tehran.

Christiane, as we just heard, military investigators are looking into this possibility that Iranians could have been responsible for the Karbala attacks. If that's confirmed, how significant would it be, how surprising?

CHRISTIANE AMANPOUR, CNN CHIEF INTERNATIONAL CORRESPONDENT: Well, I think surprising, it would be, because Karbala is not just the holiest place -- or one of them -- for the Iraqi Shiites, but also for Iranian Shiites.

It is where Imam Hussein was martyred 1,400 years ago, as you have just been describing, but it would also, more pertinently, be a direct and overt act of war. And there is no indication that the Iranians, up until now, no matter what they have been doing in Iraq -- no matter what the accusations have been, there has been no indication up until now that they are -- have engaged in any direct acts of war against the American forces there.

But, in addition, there have been so many of these attacks in the past, and none of those have been blamed on -- on Iranians up until now. And, from what I can tell from the sources that are saying about this about the potential investigations, they're saying it's a very early stage; they have no firm evidence to -- to support their investigations; they're just doing early questioning, which, presumably, is logical when five of your soldiers have been tricked, kidnapped, abducted, and murdered.

I think that, certainly, we have had no response here to that, and nor to the allegations.

COOPER: Christiane, the rhetoric...

AMANPOUR: Anderson.

COOPER: The rhetoric between President Bush and Iranian President Ahmadinejad, it's really -- it's becoming more heated. You're in Tehran. How are the Iranian people reacting? How does that -- that rhetoric play?

AMANPOUR: Well, with concern, very, very much concern, because people here, like perhaps people in America, perhaps people around the world, recognize a pattern of rhetoric that they saw back before 2003 in the invasion of Iraq. And they're very concerned about that.

People, you know, when you ask them, they don't really think there is going to be a full-scale invasion of Iran, but they're very concerned that there might be some attack on Iran, and that all this rhetoric is preparation or an excuse or looking for ways in which to come in here.

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Certainly, it hasn't been helped by the provocative and confrontational rhetoric of the Iranian president, whether it be about the nuclear program, whether it be about many, many other things. And, so, this has caused a general sense of unease here, and particularly since the president of Iran has basically been chastised by two very prominent newspapers, one of which allied with the supreme leader here, the religious leadership here, which have basically told him, indicated that that rhetoric needs to be toned down.

COOPER: Christiane Amanpour live from Tehran -- Christiane, thank you.

Straight ahead: why the war in Iraq is actually four wars, not one.

And later: the battle on the U.S.-Mexican border and beneath it.

(BEGIN VIDEOTAPE)

COOPER (voice-over): Think the border is secure? Just dig a little.

UNIDENTIFIED MALE: And they would be moving cocaine, marijuana. It just so happens that, when we got in here, we found a load of marijuana.

COOPER: Tunnels from Mexico -- you demanded action. Billions in the budget, yet, they can't find a few million to get it done. We're "Keeping Them Honest."

A self-proclaimed psychic with something to prove.

(BEGIN VIDEO CLIP, "LARRY KING LIVE")

SYLVIA BROWNE, SELF-PROCLAIMED PSYCHIC: There's a lot of cases I have solved right on Montel's show. I also cracked the ski mask rapist case.

(END VIDEO CLIP)

COOPER: Sylvia Browne, wrong about Shawn Hornbeck, she gave us a list of success stories. We checked it out. But she might like what we found -- the psychic, the skeptics, and the facts, when 360 continues.

(END VIDEOTAPE)

(COMMERCIAL BREAK)

COOPER: CNN's Michael Ware has been reporting from Iraq since the war began in 2003. And, over the last four years, he's watched one war multiply into four separate battles.

There is no single insurgency, he says, and there hasn't been for years. It's a crucial fact that often gets lost in the telling. And, yes, it is as complicated as it sounds.

Michael was in New York last week, a rare visit back to our newsroom, and a chance for him to explain who's fighting whom in Iraq and why it matters. Iran's role in all of this may seem like the most recent development in Iraq, but its roots are actually very deep.

And that's where we begin.

(BEGIN VIDEOTAPE)

COOPER: The fourth war that's going on in Iraq, the proxy war against Iran, how did Iran get involved?

MICHAEL WARE, CNN CORRESPONDENT: Iran has been involved from the very, very beginning.

Don't forget, you know, Iran and Iraq share a land border. There's many tribes and families that -- that live on both sides of this border. In the '80s, Saddam launched a vicious eight-year war against Iran. So, Iran very much has legitimate national security interests in terms of Iraq. And we have seen Iran aggressively pursue those interests.

What happened during the invasion, as U.S. and British forces advanced from Kuwait to the north, clearing Saddam's forces as they went, we saw, essentially, an Iranian-backed invasion at the same time that filled the vacuum that was left behind.

It was extremely well-organized and coordinated. And, in fact, the irony is, we saw Iran use the -- the very same successful tactic that the American Green Berets used in Afghanistan to win against the Taliban and al Qaeda, against U.S. interests in Iraq.

COOPER: You mean covert forces...

WARE: Very much.

COOPER: ... small numbers.

WARE: During Saddam's regime, hundreds of thousands of Iraqi Shia fled to Iran. Iran saw many of these people, not only as brethren and -- and refugees to be protected, but as an asset.

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Hundreds, thousands, tens of thousands of these Iraqi Shia who were in Iran were mobilized and used by the Iranians within its armed forces.

COOPER: What would they do? They went in with money? They went in with arms?

WARE: With everything.

What they did is, in the chaos and the vacuum of power that was left behind the advancing coalition forces, they took power. They took the governor's office, the police chief's office, the Baath Party headquarters. And they never really left.

And, indeed, what the British found, as we learned from the British army report into the execution killing of six of its military police in 2003 by Iranian-backed Iraqi militias, is that, when they arrived in one of these major border provinces here, they found that the militias were already so strong that the report said the British had a choice to either confront them or to accommodate them.

And the report says that, for the sake of stability and security, they felt they had no other choice but to accommodate these militias. So, that entrenched the militias in power.

COOPER: And they have given the militias of, like, for instance, Muqtada al-Sadr, they have given them training; they have given them arms and money? WARE: Yes.

What we saw with many of these networks and these organizations that were in Iran is that they were kept in place, and they moved into Iraq. And with them came what's essentially Iranian Green Beret advisers.

You had Iranian form of CIA advisers all come in with them to guide, direct, to channel them. And even elements within Iraq, like Muqtada al-Sadr, the rebel anti-American cleric, and his Mahdi army militia, Muqtada and his militia were very different to these others.

They never fled Iraq. They didn't go into Iran. They remained in Iraq. Now, in the beginning, that was a great rallying cry for Muqtada. He was able to represent himself as a true nationalist: I stayed, while these people left. I suffered with you.

That was very persuasive. That drew a lot of people to his cause. But, over time, we have seen Iran not only court Muqtada, but, then, militarily, support him. We have seen a flow of money, a flow of arms, and a flow of training back and forth.

(END VIDEOTAPE)

COOPER: We will have much more from my interview with Michael coming up in the next hour of 360, a special edition called "Iraq: The Hidden Wars," how one battle became four, and what that means for turning things around in Iraq, if that's even possible -- also, Michael's chilling encounter with al Qaeda insurgents. They nearly executed him. He will tell us how he got away -- all that and more, as I said, starting at 11:00 p.m. Eastern time tonight.

First, seer or deceiver? Self-proclaimed psychic Sylvia Browne says she has proof she's helped people. We know she has got it dead wrong about Shawn Hornbeck, telling his frantic parents he was dead, but what about her success stories? We will compare the results -- the facts, coming up.

Also tonight: underground and open for business -- the border tunnels the government knows about, but says can't find the money to close -- next on 360.

(COMMERCIAL BREAK)

COOPER: Well, we cover a lot of stories about illegal immigration. And we have done a lot of reporting at the border. Each time, we always find something new.

Tonight, you may be surprised by what we have uncovered. Back in October, President Bush signed a bill that authorized $5 billion to better secure the U.S. border. Well, today, we learned that several gaping holes still exist, quite literally.

Dan Simon is "Keeping Them Honest" tonight. He joins us near San Diego, where the largest tunnel to ferry drugs and aliens across hasn't yet been filled. Dan, what's going on?

DAN SIMON, CNN CORRESPONDENT: Well, Anderson, I know you have been here.

We're in Otay Mesa, California. Tijuana, Mexico, is just a few hundred yards that way. This is a very industrial area, a lot of warehouses, a lot of well-traveled streets here.

And, just below us -- it's hard to believe, but, just below us, there's a half-mile tunnel that extends all the way from the Tijuana side to this warehouse, inside this warehouse, which I am standing in front of. You're talking about a tremendous distance here.

Now, this tunnel was discovered last year. It was capped off. But it wasn't filled up entirely with concrete, which means the tunnel is still intact. Now, there are six other tunnels like this throughout the Southwest that also have not been filled up with concrete.

Now, authorities tell us they're confident these tunnels are not being used. They say that they're under constant surveillance. But critics say (AUDIO GAP) need to be (AUDIO GAP) why (AUDIO GAP) well, they're (AUDIO GAP) and, right now, they're...

COOPER: Obviously, we're having a little technical problem hearing the end of Dan's report.

He couldn't get inside the El Grande tunnel tonight. It's been capped on either end. But, last year, we did. And, remember, despite all the talk in Washington about securing out borders, smugglers and illegal immigrants may still be using tunnels like this to get across.

Here's what it looked like when we went below.

(BEGIN VIDEOTAPE)

COOPER (voice-over): The exit doesn't look like much, a three- by-three-foot hole in the floor of a San Diego warehouse. Climb down this ladder, however, and what you discover is stunning.

(on camera): ICE agents will tell you, this is one of the most sophisticated tunnels that they have ever discovered underneath the U.S.-Mexican border. It likely took years to build. You can see some of the -- the pick marks used. And this is -- this is stone, so, digging through this would take a long time to do.

It's also got electricity. They have wired the entire tunnel with these cables that have light bulbs on them. There's even a pipe that brings in fresh oxygen that was pumped in from Mexico.

MICHAEL UNZUETA, IMMIGRATION AND CUSTOMS ENFORCEMENT: We came in and removed all the bulbs and took those to the lab for fingerprint evidence.

COOPER: Oh really? You... (CROSSTALK)

UNZUETA: And, then, we replaced them with our own light bulbs.

COOPER (voice-over): Well, Mike Unzueta is the special agent in charge of Immigration and Customs Enforcement in San Diego.

UNZUETA: Yes, I mean, you can see right here there's a junction box for electricity. They probably used these junction boxes in the construction, if they had some sort of electrical tools that were assisting them in the drilling.

COOPER: This tunnel is just one of several that have been discovered by San Diego's Tunnel Task Force.

UNZUETA: And here's where it really starts getting kind of wet.

COOPER (on camera): When you're walking in the tunnel, it's -- it's easy to get disoriented. It's hard to get a sense really, just how big it is. They say the tunnel is about seven football fields in length underneath the United States and about one football field in Mexico. It's a total, they say, of about 2,400 feet.

(voice-over): It's the largest tunnel ICE has ever found under the U.S.-Mexican border.

(on camera): I mean, it goes -- it's as far as the eye can see, just a straight shot all the way down.

UNZUETA: Exactly. It's as far as you can see.

COOPER: And it looks like there's water all the way through.

UNZUETA: Yes. And, actually, this is one of the shallower parts.

COOPER: This -- basically, there's a -- this is like a T- intersection in the tunnel?

UNZUETA: Right.

COOPER: What does it tell you? Do you think they made a mistake? You think they kept tunneling that way?

UNZUETA: Well, we don't know if they were headed for some other intended exit, or if they made a mistake and got lost in the digging, and then had to make a course correction, and then dug this portion that's right behind me. And, then, of course, the straight shot is over into Mexico.

COOPER: There's no way to tell how long this tunnel was in operation. The ropes are still all around. These were probably used to actually carry the bails of marijuana by the -- the people who were bringing the drugs into the United States.

And, gradually, as the -- the tunnel rises up toward the -- the exit point in San Diego, they have actually poured concrete here to build steps to make it easier for people to walk on.

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How would the drug operation work? Do -- do you know?

UNZUETA: Well, we think it would be kind of like a series of ants. There would be a number of people that would be starting in Mexico, either carrying boxes or bundles across, or maybe backpacks, making their way, all the way across the tunnel, to this side, probably depositing them at the entrance, and then backtracking again.

From a Department of Homeland Security perspective, I mean, we're looking at this as a vulnerability to our nation's security. So, whether it was drugs or aliens or who knows what else, you know, tunnels are of paramount importance.

COOPER: In Mexico, the entrance to the tunnel drops about 90 feet, but, here on the San Diego side, the exit is just (INAUDIBLE) below the surface to the ground.

And you would emerge from the tunnel, and you're in an industrial warehouse in San Diego.

UNZUETA: This is the exit. It's not really elaborate, but it gets the job done. It's certainly more sophisticated down below.

COOPER: For me, what -- what makes this so surreal is you're come out of the tunnel and you're in this industrial warehouse in San Diego.

UNZUETA: Right, I mean, you're in a warehouse that really you would see in any industrial park anywhere. It's pretty nondescript once you're in it.

(END VIDEOTAPE)

COOPER: So as we said, the tunnel has capped at either end. You might be asking, why haven't -- why hasn't the whole tunnel been filled in? We're told by Customs and Border Patrol that they are still studying how best to do that. In some cases, they are environmental concerns. In other cases, the tunnels are below private property, and then there's also the money.

At this point, there's no funding mechanism to pay for it. It would cost them $2.5 million to fill it all in.

Our "Shot" today is something we haven't seen in more than four months. New video of Cuban leader Fidel Castro. Today, Cuban television broadcast what it says is the ailing leader's meeting with Venezuelan president, Hugo Chavez, yesterday. Castro was dressed in a track suit again, and he looked heavier, perhaps, and healthier.

Chavez said the two leaders spent two hours discussing various topics, including the, quote, "threats of the empire", a reference to the United States.

Castro ceded power to his brother Raul in late July before undergoing intestinal surgery. The Cuban government has kept the specific details of his condition and recovery a secret.

Maybe a psychic could get some answers. Maybe not. We're going to put one to the test.

(BEGIN VIDEO CLIP)

COOPER (voice-over): A self-proclaimed psychic with something to prove.

SYLVIA BROWNE, PSYCHIC: There's a lot of cases I've solved right on the "Montel" show. I also cracked the ski mask rapist case.

COOPER: Sylvia Browne, wrong about Shawn Hornbeck. She gave us a list of success stories. We checked it out, but she might not like what we found.

Witness to a mystery woman.

UNIDENTIFIED MALE: The woman over there, take a good look at her, and I'll tell you why later.

COOPER: An alleged con artist on the run, a beloved daughter. Two women, one mystery that you're helping to solve. New leads, new insight into a troubled young life, only on 360.

(COMMERCIAL BREAK)

COOPER: As we mentioned earlier, several attacks today in Iraq, at least 50 people killed, most of it Sunni versus Shia violence. In our next hour, in the 11 p.m. hour of 360, we're going to take a look inside the insurgency through the eyes of CNN's Michael Ware. You saw a bit of the interview a few moments ago. So many gripping stories, including this one.

One day, as Michael tells it, he decided to meet face-to-face with some insurgents, and it almost cost him his life.

(BEGIN VIDEO CLIP)

MICHAEL WARE, CNN CORRESPONDENT: What happened is Al Qaeda said, "Well, we now own this." So I went in there to document this, to see if it was true, and to try and show this.

COOPER: Are you nuts?

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WARE: Well...

COOPER: Do you ever ask yourself that?

WARE: Yes, often, actually. In the end, these men intercepted my vehicle and, with grenades with the pins pulled, so that they were live, hauled me from the car, and with my own video camera, now preparing to film my execution.

(END VIDEO CLIP) COOPER: How Michael got away, what's really happening on the ground in Iraq, it's all part of a 360 special, starting at 11, "Iraq: The Hidden Wars".

But first, the story of Shawn Hornbeck's homecoming captured the attention of the country. Several days after Shawn was found alive, we reported that while he was missing, his parents had turned to self- proclaimed psychic, Sylvia Browne, for help.

Browne told Shawn's parents he was dead and even told them where they could found his body. She was wrong, of course. After our report, we spoke to Sylvia Browne's business manager and the psychic herself, who insisted that Browne has helped thousands of people.

We asked for some proof, and they sent it to us. Tonight here's what we found when we checked out their claims for ourselves.

(BEGIN VIDEOTAPE)

COOPER (voice-over): In the months after Shawn Hornbeck disappeared, his parents were desperate.

CRAIG AKERS, SHAWN HORNBECK'S STEPFATHER: You would think that eventually you would find some evidence or find someone that saw something happen or some little clue to give you some kind of an indication as to what really happened. And right now we have nothing.

COOPER: They turned to the "Montel Williams" show, and self- professed psychic Sylvia Browne for help. That's when they got the worst possible news.

PAM AKERS, SHAWN HORNBECK'S MOTHER: Is he still with us?

BROWNE: No.

COOPER: Browne told them their son's body could be found about 20 miles southwest of their home in a wooded area near two jagged boulders, but Shawn Hornbeck was found alive in Michael Devlin's apartment, about 50 miles northeast of their home. His parents say they'll never forget the pain they say Sylvia Browne caused them.

C. AKERS: Hearing that was one of the hardest things we ever had -- had to hear.

COOPER: Browne makes no promises about being right all the time, but by her count, she's solved hundreds of cases.

LARRY KING, HOST, "LARRY KING LIVE": Do you ever work with, like, police?

BROWNE: Yes, I have 250 cases, in fact, right on my -- there's a lot of cases I've solved right on the "Montel" show. I also cracked the ski mask rapist case.

COOPER: The ski mask rapist terrorized the San Francisco Bay area during the late 1980s. Browne writes about the case in her book "Insight", claiming she told police the suspect's last name began with the letter "S" and, quote, "He works for the city, something to do with the streets, actually under the streets."

George Anthony Sanchez was arrested and convicted of raping 26 women. He was a sewer repairman for the city.

The Los Altos police confirmed Browne was involved with the case but could not tell CNN what extent, because the case happened so long ago.

Browne maintains she never chases after missing person cases, but she'll help if she's asked. While police were searching Rock Creek Park for Chandra Levy in the summer of 2001, Sylvia Browne was asked about the case during a television appearance. She said the intern was dead and her body was in that park, which it was.

In the wake of the 1993 World Trade Center bombings, Sylvia Browne was interviewed by the FBI. She says she described one of the suspects.

BROWNE: Short build, wiry, black hair, black eyebrows. There's an "M" on there, and I'm not exactly -- but it's S-A-L-Z-E-M-something". Saleman. Salzeman. M-O-N. OK, Salzemon.

COOPER: That conversation, according to Browne, took place on March 16, 1993, and she claims she was talking about Mohammed Salama, who was convicted in the terrorist attack. But he was arrested on March 4, 1993, 12 days before Sylvia Browne talked with the FBI.

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Browne says she's done thousands upon thousands of reading during her 50-year career and that she has thousands of letters and affidavits from people she's helped. Browne's office sent us two of those as examples of her successes.

One of the letters was impossible to verify. The other was from Sharon James, who did a telephone reading with Browne in 2003, two years after her 35-year-old son disappeared.

SHARON JAMES, HELPED BY SYLVIA BROWN: She told me that my son was in Tennessee and that he was alive.

COOPER: Two months later Sharon James received a letter in the mail. The return address was from Tennessee.

JAMES: And I thought she was absolutely right, he was in Tennessee. Why else would I have gotten the letter?

COOPER: But the letter turned out to be from an insurance company in Tennessee that was looking for her son.

(on camera) Had he been living in Tennessee?

JAMES: No, he had never lived in Tennessee.

Sharon James.

COOPER (voice-over): Sylvia Browne had made one more prediction about Sharon James' son.

JAMES: He had been prone to occasionally take off and come back and take off and come back, so I asked her if she thought maybe he was bipolar, and she said no, he was schizophrenic.

COOPER: James says her son has not been diagnosed with schizophrenia or any other mental illness, and the suggestion that her son was schizophrenic caused her anxiety.

JAMES: I had this vision in my mind that he was living on the streets and schizophrenic, like you see schizophrenics in movies or something, and so it became very stressful.

COOPER: James has since reunited with her son in November of 2005, about a year later than Browne predicted. She paid $700 for her half-hour phone reading, and when she first talked to Sylvia Browne, James found some comfort, but now she says she wouldn't do it again.

JAMES: I was in such a different frame of mind at the time. I was emotional, I was grieving, I was worried, I was stressed, and I was looking for answers anywhere I could find them.

COOPER: And that, her critics say, is the problem with Sylvia Browne.

ROBERT LANCASTER, FOUNDER, STOPSYLVIABROWNE.COM: People come to her with their problems. They're desperate, and she preys on that. She takes advantage of that. She takes their money. She makes believe that she's psychic, and that's reprehensible. It's evil, is what it is.

COOPER: Browne responded to critics on her web site saying, quote, "Those who choose to believe in our philosophy will continue to do so because of their own convictions. Those who negate if after one human error never truly embraced our philosophy anyway, and that's OK."

(END VIDEOTAPE)

COOPER: Well, Sylvia Browne's business manager is standing by live, along with one of Browne's biggest critics, psychic debunker James Randi. I'll talk to both of them next.

Plus, the high school dropout who allegedly stole another woman's identity and conned her way into the Ivy Leagues. Tonight, she's on the run, and thanks to a 360 viewer, police may be closer to tracking her down. Stay tuned.

(COMMERCIAL BREAK)

COOPER: Well, before the break, you heard of self-proclaimed psychic Sylvia Browne's predictions, predictions her own people gave us as examples of success stories. Whether or not the predictions were actually correct may be a matter of interpretation.

Joining us now, two people with drastically different opinions on the subject, Sylvia Browne's business manager Linda Rossi, and psychic debunker James Randi.

Linda, thanks for being on the program. We asked you and Sylvia Browne for some examples of success stories. You said Sharon James was a success, and Sylvia Browne claims she all but named one of the World Trade Center bombers. It turns out that was almost two weeks after he'd already been arrested.

Do you still consider those success stories?

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LINDA ROSSI, SYLVIA BROWNE'S BUSINESS MANAGER: Yes, because at the time that she spoke about that, she didn't know that they had been named. And not only that, but she also worked on the Chandra Levy case, which she talked to the parents after they requested her to do so, and I might add, free of charge. She never charges anyone to do that.

COOPER: But you said on the World Trade Center case, though, that it was before those people had been named. We did a Google search. That guy's name was all over Nexis, all over newspapers multiple times.

ROSSI: Well, I don't know about the exact date of that, but I do know when Sylvia put forth that prediction, when it was publicized might be a different matter, but when she put forth that prediction, that name was not known.

COOPER: Well, the FBI video which you sent us, which is her FBI testimony, that, according to you guys, that was at least some two weeks after this guy had already been arrested and after his name was already out there.

In the Chandra Levy case, they were already searching in the park. Isn't that correct?

ROSSI: They were searching in the park during the time, but not -- not during the time when she talked to the family and told them where they were, only when they did the interview.

COOPER: And Sharon James, do you feel she's still a success story?

ROSSI: I talked with, yes, Sharon James myself personally. She testified to the fact that during the time when she got the notice that she received from Tennessee, that she felt that that was a validation from the standpoint that he was in Las Vegas and had never in fact been in Tennessee. And she felt he must have had some type of insurance connection in Tennessee.

The point being that he was found alive and well. Granted, it was after the time that Sylvia thought that he would, but nonetheless that he was found alive and well.

COOPER: But Sylvia was saying...

ROSSI: And Anderson, wait a minute. I would like to add here, first and foremost, that Sylvia is a teacher, a spiritual teacher and a humanitarian, and her...

COOPER: But actually, first and foremost on her web site it says psychic.

ROSSI: First and foremost she is a spiritual teacher.

COOPER: OK, that's actually second on her web site.

ROSSI: Part of that -- the psychic part is a part of that, but her major thrust in the world...

COOPER: Just so we're accurate, on her web site, when you Google her, and I just went to your web site. It says, "Sylvia Browne, psychic and spiritual teacher," so first and foremost she's a psychic.

ROSSI: OK. Well, first, she has -- you can't separate the psychic part from her spirituality.

COOPER: But she makes her money from being a psychic.

ROSSI: She supports her religious organization and her corporation from being a psychic. Yes, that's a fact.

COOPER: OK.

ROSSI: All of which is returned back to her spiritual organization and her corporation. Sylvia gets no money at all from her psychic readings personally.

COOPER: OK, I want to bring in James Randi. James, you've actually called Sylvia Browne a villain.

We spoke to Ted Gunderson, who's a retired senior special agent in charge of the FBI in Los Angeles. He's worked with Sylvia Browne, and he says -- he says he's worked with her quite a bit. And he said this about her. He says, quote, "I've worked with numerous psychics in the past and very few are really on target, but Sylvia Browne is probably one of the most accurate psychics in the country."

Now, that's from a former senior FBI official. Are you saying he's wrong?

JAMES RANDI, PSYCHIC DEBUNKER: I think that perhaps he doesn't know enough about his subjects. I'm not talking about law enforcement now. I'm talking about detective work.

But he has to judge these things much more carefully, I would think, Anderson. He has to look at the total reading, everything that she says about any one fact, and evaluate that.

What you've done here, and what has been done here, I should say, is that cases that were successful or apparently successful have been selective. Now this is very much like the race track devotee who goes to the races, loses his money...

ROSSI: I can... COOPER: Let him finish his point. Just finish your point, Jim.

RANDI: The point is that the fellow at the racetrack keeps on very proudly telling you about the number of horses that he bet on that have come right up front and made money and such. But he's in tatters, because he doesn't win in the long run.

COOPER: Linda...

RANDI: If he selects the evidence, it always comes out the way you want it to.

COOPER: Got your point.

Linda, Sylvia maintains that she'd not 100 percent accurate and she never claims to be.

ROSSI: Absolutely.

COOPER: But when she told Shawn Hornbeck's frantic parents that he was dead and where to find his body, she sounded pretty certain. She didn't say, "I think he's dead, but I could be wrong." She said, "He's no longer with us, and here's where his body is."

ROSSI: Because we still don't have the body of this case. We don't know...

COOPER: Shawn, you think he may be dead?

ROSSI: No, not Shawn Hornbeck. But we -- you know, she could have seen another person that was -- that was also...

COOPER: She didn't say maybe it's another person. She said he's dead, and here's where his body is.

ROSSI: I understand that. This is what she said, but she has also claimed she is not 100 percent. She is a vessel by which the energy comes through or information comes through. She's just merely a vessel from God. You can't separate the two.

And for Randi, as a professed atheist, to judge anyone of spirituality is a joke. He has now negated -- now wait a minute. Everything she does is through God, with God. She gives God credit for everything.

Randi is a professed atheist who claims that anyone who believes in a religion is weak-minded and superstitious. He's negated Christianity. He's negated Islam. He's negated every religion...

COOPER: So -- OK. That's like a high school debating tactic, to attack the guy who's asking the question, as opposed to answering the actual question.

ROSSI: No, but that's -- you can't separate -- wait a minute, Anderson. You cannot separate the psychic ability from the spirituality. It comes from God. COOPER: Wait. But so by me asking questions, am I godless, too?

ROSSI: No, of course not.

COOPER: OK, so you're not attacking my religious beliefs?

ROSSI: But you're doing a fair-minded reporting. What he's doing is he's judging, and as a magician, he doesn't have the credentials to judge anyone. On psychic ability of any type.

COOPER: OK. We're going to take a short break, and I want to continue the discussion. Again, I appreciate both of you being on the program. We'll be right back.

(COMMERCIAL BREAK)

COOPER: And we're continuing our discussion of Sylvia Browne. Joining me is Sylvia Browne's business manager, Linda Rossi, and psychic debunker James Randi.

Linda, I want to ask you something, because earlier Shawn Hornbeck's parents had stated that on the "Montel Williams" show, after they were told that Shawn was dead, they wanted to speak to Sylvia more outside of the parameters of the show and were told that they'd have to pay her rate of $700 for a half hour. Is that true?

ROSSI: I will stand with my life on this, that that is not true. Now, somebody might have told her that that wasn't connected with our office. That I can't attest to, but Sylvia has never, ever charged any individual who has come in with a missing person case or a law enforcement agency. That...

COOPER: I want to be clear. They didn't say -- they were unclear on who told them that, so I want to point that out, as well.

ROSSI: Exactly. It could have been somebody -- thank you. It could have been somebody from the show who didn't know anything. But our staff, the shortest term that any member of our staff has been with Sylvia is 20 years. I myself have been there 35. I have never, ever -- and I've seen people from all walks of life, religious, whatever...

COOPER: But she does make $700 for a half-hour read?

ROSSI: She does make $700 -- she doesn't make $700. The $700 that she charges, unsolicited. She never asks for anyone to do that. The same with, you know -- the same with our religious beliefs. People come to us seeking our help.

What I really want to question, James Randi, before we go into him, is this from now has been bordering on a malicious persecution of Sylvia. Why doesn't she go after the charlatans, the true charlatans that are out there, bilking people thousands of dollars?

COOPER: Let me ask James. What is so bad about Sylvia Browne? What's so bad about Sylvia Browne? RANDI: There's nothing intrinsically bad about Sylvia Browne that isn't bad about all of the people who pretend to the grieving people out there who need them or believe they need them that they can speak to the dead.

No, I have gone after Sylvia Browne...

ROSSI: The same can be true of religion.

RANDI: ... because she's a big figure -- would you mind? I go after Sylvia Browne because she is a major figure in the field. And she gets a lot of publicity, a lot of exposures on shows all over the world. She is one of the major figures that I go after, yes.

COOPER: James, you challenged Sylvia Browne to take a test of her psychic ability. What would exactly that test be, very quickly?

RANDI: Very quickly? Well, she would do readings for ten people, ten people that would be chosen because they believe Sylvia Browne and they believe she has powers, and they believe in psychic powers of that sort.

She would do ten readings. We would then shuffle those ten readings and give them all to the people who had the readings done for them and ask them to sort them out, which one is your reading? It should be pretty evident that you could take the reading that was made for you, and you could single that out.

COOPER: Linda -- Linda, would Sylvia Browne take that test?

ROSSI: Absolutely not, because she has nothing -- it's loaded. He's coming from a...

RANDI: She already agreed to do it.

ROSSI: Wait a minute, Randi. I let you talk. Now let me...

COOPER: No shouting. No shouting. Let's just be calm.

ROSSI: First of all, she has nothing to prove to Randi.

RANDI: That's true.

ROSSI: You have somebody who's an atheist, who's already coming...

RANDI: Oh, come on. Get off the atheist thing.

ROSSI: Get off the psychic thing.

COOPER: All right. So you're -- so Linda -- I know arguing is popular on cable news, but we just don't like it on this show. So Linda, you're saying Sylvia will not take the test, bottom line?

ROSSI: No, because she has nothing to prove to James Randi.

COOPER: So she...

ROSSI: She has nothing to prove to James Randi. Her spiritual work speaks for itself. Over 50-plus years of work.

RANDI: Take the test.

COOPER: We'll let the audience be the judge on that.

James Randi, appreciate you both being on the program, Linda, as well. Thank you very much.

ROSSI: Thank you.

COOPER: You can decide for yourselves.

Before we go to break, a quick programming note. We had planned to bring you Gary Tuchman's report here on the alleged Ivy League con artist missing, along with the woman whose identity she allegedly stole. The conversation we just saw just ran kind of long. We're going to bring you Gary's report tomorrow.

Just ahead, why the war in Iraq has turned into four separate wars, none of them easy to fight. Some unparalleled firsthand reporting from CNN's Michael Ware on the fighting, in depth. You won't find it anywhere else.

Also, talk about Iran's growing influence and how Michael almost became a hostage. All that and more when 360 continues.

Senate Seeking Expanded Say In Iraq (CHIT)

By Aamer Madhani

Chicago Tribune, January 31, 2007

WASHINGTON -- In an intensifying debate on the war in Iraq, Democratic senators began probing Tuesday how Congress could halt President Bush's plan to send more troops to Iraq or even use its powers to halt the war altogether.

Sen. Barack Obama (D-Ill.) introduced legislation that would immediately place a cap on the number of troops in Iraq—now at about 132,000—and remove all combat brigades in the war zone by March 31, 2008. Perhaps the boldest—and most quixotic—challenge to the president's authority came from Sen. Russell Feingold (D-Wis.), who said he would introduce legislation Wednesday that would end all funding for the deployment of troops within six months after it is implemented, forcing an end to the war.

Even a leading Republican senator expressed doubts about Bush moving forward on Iraq without sharing decision-making with Congress.

Obama, who first voiced support for a phased withdrawal in a speech before the Chicago Council on Global Affairs in November, said he felt compelled to try to halt Bush's "reckless escalation" plan to send 21,500 more U.S. troops to Iraq.

"But no amount of American soldiers can solve the political differences at the heart of somebody else's civil war, nor settle the grievances in the hearts of the combatants," Obama said. "The time for waiting in Iraq is over. The days of our open-ended commitment must come to a close. And the need to bring this war to an end is here."

He said he adopted the March 31, 2008, end date from recommendations made last year by the bipartisan Iraq Study Group. Troop levels would be capped at the military's strength on Jan. 10, the day Bush announced he would send more troops to Iraq, and the phased withdrawal would begin as early as May 1, according to Obama's proposal.

The proposal would allow for the U.S. troop redeployment to pause, with congressional approval, if the Iraqis meet political and security benchmarks laid out by the Bush administration in its plan for a surge of troops. Obama and others argue that American forces can be of little help now because the Iraqi government is unwilling to make the difficult decisions that would make the most of the U.S. presence. The growing complaints about the war crossed party lines as the Senate neared debate on two non-binding resolutions disapproving of Bush's plan to send more troops to Iraq. Sens. Arlen Specter (R-Pa.) and Patrick Leahy (D-Vt.) sent a letter to Atty. Gen. Alberto Gonzales asking for the administration's views on Congress' war powers.

Specter told reporters following a Senate Judiciary Committee hearing that a clash is imminent between the White House and Congress over what war powers the Constitution guarantees the executive and legislative branches.

"I would respectfully suggest to the president that he is not the sole decider," Specter said during the hearing. "The decider is a shared and joint responsibility."

In the Senate panel's hearing on war powers, four of five constitutional law experts agreed that Congress effectively has the right to end the war, particularly by cutting off funding. The president, as commander in chief, is solely responsible for strategy and tactics, the experts concluded.

Bradford Berenson, who was a White House lawyer from 2001 to 2003 and advised on executive authority, said, "In my judgment, a statute that says as of six months of the date of enactment, the U.S. shall no longer be engaged in hostilities in Iraq is presumptively constitutional. That would be if it could be passed presumably over the president's veto, it would be a constitutional statute and proper exercise of Congress' broad authority."

Robert Turner, of the Center for National Security Law at the University of Virginia, warned that Congress should proceed with caution before cutting off funding, as suggested by Feingold.

He said that Congress was partly responsible for the deaths of 1.7 million Cambodians believed to have been killed by the Khmer Rouge, after it denied funds in the early 1970s to support President Richard Nixon's war plans in Cambodia. Turner also suggested that Congress was in part responsible for the 1983 suicide bombing that left 241 Marines dead in Lebanon. He contended some lawmakers, in calling then for a U.S. troop withdrawal from Lebanon, had emboldened the enemy by questioning America's willingness to stay in the country.

Sen. Orrin Hatch (R-Utah) echoed the sentiment and said that talking about cutting off funding in Iraq could be demoralizing to U.S. forces.

"The message to our troops is that we no longer support them," Hatch said.

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Sen. Dick Durbin (D-Ill.), who voted against the 2002 Iraq war resolution, countered that two of the main reasons cited by the administration for going to war—the need to depose Iraqi dictator Saddam Hussein and rid Iraq of weapons of mass destruction—are no longer pertinent. Durbin also cited news reports that the U.S. military is unable to properly equip the extra troops it is deploying and said that is another reason for finding a quick endgame.

"Under what authority do we continue to do what we are doing in Iraq?" Durbin asked.

At least one of the non-binding resolutions disapproving of the troop increase was expected to be debated this week, but several senators said Tuesday that it was unlikely to reach the floor until next week. While the resolutions are still in the pipeline, some Democrats appear to have thrown their energies toward taking stronger action to stopping the war.

Feingold said the non-binding resolutions are worthwhile attempts to denounce the president's policy, but added that Congress is obligated to voters to take action that has more teeth.

"Since the president is adamant about pursuing his failed policy in Iraq, Congress has a duty to stand up and prevent him," Feingold said.

Some senators said they hope that the sponsors of the two non-binding resolutions would work together to reach a compromise proposal. But Sen. Joe Biden, (D-Del.), a sponsor of the more strongly worded resolution, said he has been unable to get the main sponsor of the other resolution, Sen. John Warner (R-Va.), to discuss merging the proposals.

Specter: Bush Not Sole 'Decision-maker' (AP)

By Laurie Kellman

AP, January 31, 2007

A Senate Republican on Tuesday directly challenged President Bush's declaration that "I am the decision-maker" on issues of war.

"I would suggest respectfully to the president that he is not the sole decider," Sen. Arlen Specter, R-Pa., said during a hearing on Congress' war powers amid an increasingly harsh debate over Iraq war policy. "The decider is a shared and joint responsibility," Specter said.

The question of whether to use its power over the government's purse strings to force an end to the war in Iraq, and under what conditions, is among the issues faced by the newly empowered Democratic majority in Congress, and even some of the president's political allies as well.

No one challenges the notion that Congress can stop a war by canceling its funding. In fact, Vice President Dick Cheney challenged Congress to back up its objections to Bush's plan to put 21,500 more troops in Iraq by zeroing out the war budget.

Underlying Cheney's gambit is the consensus understanding that such a drastic move is doubtful because it would be fraught with political peril.

But there are other legislative options to force the war's end, say majority Democrats and some of Bush's traditional Republican allies.

The alternatives range from capping the number of troops permitted in Iraq to cutting off funding for troop deployments beyond a certain date or setting an end date for the war.

"The Constitution makes Congress a coequal branch of government. It's time we start acting like it," said Sen. Russell Feingold, D-Wis., who presided over a hearing Tuesday on Congress' war powers. He also is pushing legislation to end the war by eventually prohibiting funding for the deployment of troops to Iraq.

His proposal, like many others designed to force an end to U.S. involvement in the bloody conflict, is far from having enough support even to come up for a vote on the Senate floor.

Closer to that threshold is a nonbinding resolution declaring that Bush's proposal to send 21,500 more troops to Baghdad and Anbar province is "not in the national interest." The Senate could take up that measure early next month.

But some senators, complaining that the resolution is symbolic, are forwarding tougher bills.

Democratic Sen. Barbara Boxer of California, for example, is a sponsor of a bill that would call for troops to come home in 180 days and allow for a minimum number of forces to be left behind to hunt down terrorists and train Iraqi security forces.

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"Read the Constitution," Boxer told her colleagues last week. "The Congress has the power to declare war. And on multiple occasions, we used our power to end conflicts."

Congress used its war powers to cut off or put conditions on funding for the Vietnam war and conflicts in Cambodia, Somalia and Bosnia.

Under the Constitution, lawmakers have the ability to declare war and fund military operations, while the president has control of military forces.

But presidents also can veto legislation and Bush likely has enough support in Congress on Iraq to withstand any veto override attempts.

Seeking input, Senate Judiciary Chairman Patrick Leahy, D-Vt., and Specter, asked Attorney General Alberto Gonzales for the White House's views on Congress' war powers.

Boxer and Feingold are in effect proposing putting conditions on troop funding and deployment in an effort to end the war in some way other than zeroing out the budget. But some lawmakers and scholars insist war management is the president's job.

"In an ongoing operation, you've got to defer to the commander in chief," said Sen. John Warner, R-Va., ranking Republican on the Senate Armed Services Committee. But the veteran senator and former Navy secretary said he understands the debate over Congress' ability to check the executive branch.

"Once Congress raises an army, it's his to command," said Robert Turner, a law professor at the University of Virginia who was to testify Tuesday before the Senate Judiciary Committee.

In recent decades, presidents have routinely bypassed Congress when deploying troops to fight. Not since World War II has Congress issued an official declaration of war, despite lengthy wars fought in Vietnam and Korea.

Congress does not have to approve military maneuvers.

John Yoo, who as a Justice Department lawyer helped write the 2002 resolution authorizing the Iraq invasion, called that document a political one designed only to bring Democrats on board and spread accountability for the conflict.

The resolution passed by a 296-133 vote in the then-GOP-run House and 77-23 in the Democratic-led Senate, but it was not considered a declaration of war.

Judiciary Panel Mulls Presidential Authority (HILL)

By Elana Schor

The Hill, January 31, 2007

Most members of Congress relish the chance to rebuke stone-faced witnesses at a hotly anticipated hearing. But Senate Judiciary Committee members wanted something different yesterday from five constitutional-law experts: a little encouragement.

“I think you’ve got the impression that there’s nothing Congress can’t do,” Sen. Orrin Hatch (R-Utah) told Louis Fisher, a former Congressional Research Service scholar. “I don’t know if I agree with that.”

Sen. Arlen Specter (R-Pa.), calling his party’s electoral defeats in 2006 “a repudiation” of President Bush’s handling of the war in Iraq, asked Duke University professor Walter Dellinger whether widespread public opposition to the war placed a higher burden on Bush to answer to Congress.

“There has to be a discussion” about whether to place binding limitations on White House war policy, Dellinger said. “If you couldn’t have that discussion, it would be a system set up for perpetual war, because you could never discuss how to end it.”

On cue, the public reasserted its opposition. “Perpetual war is what [Vice President Dick] Cheney wants!” a protester called from the back of the room.

The Judiciary panel gathered under the gavel of constitutional subcommittee Chairman Russ Feingold (D-Wis.), who gave a friendly push to his leadership by promising to introduce a measure formally today halting funding for new deployments in Iraq after six months. Senate Majority Leader Harry Reid (D-Nev.) continues to parry GOP attempts to slow progress on a far milder non-binding resolution that objects to Bush’s plan to add 21,500 more troops.

No senator doubted Congress’s power to force an end to the war by closing the federal purse. In fact, several Republicans, concerned that a non-binding resolution would send a negative message to the military, praised Feingold yesterday for pursuing a clear goal.

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"Feingold's hit the nail on the head," Sen. John Cornyn (Texas), GOP conference vice chairman, said. "Those who offer non-binding resolutions suffer from excessive timidity. If you really believe that what we're doing in Iraq is a failure, it's pretty clear what Congress can do, and that's cut off funds."

Sen. John McCain (R-Ariz.), who has circulated an alternative resolution laying out benchmarks for Iraqi leaders to show their commitment to self-government, agreed. Feingold's approach, "in my mind, is more intellectually honest," he said.

McCain said he received a list of proposed war benchmarks from the White House yesterday, although Republican leadership is still discussing its preferred menu of alternatives to the Democratic-backed resolution that likely will come to the floor next week. Efforts to mingle language approved in the Foreign Relations Committee last week with a competing approach backed by Sens. John Warner (R-Va.), Ben Nelson (D-Neb.), Susan Collins (R-Maine) and others have yet to bear fruit.

Sen. Barack Obama (D-Ill.), eyeing the presidency, released his own plan to go a step beyond Democratic leadership and begin withdrawing troops by May. Obama would also add an immediate troop cap and set a series of benchmarks to gauge the Iraq government's performance.

In the meantime, Judiciary members got a history lesson from their five scholarly witnesses, who cited previous conflicts cut short by Congress using funding and authorization limits. Some constitutional experts warned senators of the perils of leaving a violent region to keep order without U.S. military support.

Robert F. Turner, a national-security law professor at the University of Virginia, attributed the rise of brutal Cambodian dictator Pol Pot to lawmakers' 1970 funding restriction on ground troops in that nation. McCain, a decorated Vietnam veteran and former prisoner-of-war, echoed Turner's assessment.

Turner also contended that Congress's public assertion in 1983 that more casualties in Lebanon would lead to war-spending limits helped inspire that year's deadly bombing of Marine barracks. During the hearing, he had a difference of opinion with Specter, who remarked that Bush is not the "sole decider" in the Iraq conflict.

"In the conduct of war and foreign affairs, the president is, in fact, the decider," Turner quipped.

Yet the executive branch had a limited presence in yesterday's hearing, which built momentum for Feingold's resolution and foreshadowed a contentious debate this spring on the administration's next supplemental war-spending request. Feingold ended the discussion convinced "that Congress has the power to stop a war, if it wants to," as he put it, earning a standing ovation from an audience peppered with anti-war protestors.

Among them was a mother who had a tender exchange with Hatch after interrupting his opening statement, pleading with senators to bring her Marine son home for good. Hatch told the woman he empathized with her plight, remembering a brother lost in World War II.

Another protester, Wade Fullmer of Military Families Speak Out, served as a South Carolina county chairman for McCain's 2000 presidential bid but said he hardly recognizes the Arizonan now as he readies a 2008 run built on support for Bush's war policy.

Now Fullmer, like many other protestors in attendance, is left to dream that Feingold reconsider his decision not to run in 2008.

"I'd like to see him on the Democratic side, and [Sen. Chuck] Hagel (R-Neb.) on the Republican side," Fullmer said.

Is Fidel Castro On The Mend?; Interview With Arlen Specter (CNN)

CNN THE SITUATION ROOM, January 31, 2007

THIS IS A RUSH TRANSCRIPT. THIS COPY MAY NOT BE IN ITS FINAL FORM AND MAY BE UPDATED.

WOLF BLITZER, CNN ANCHOR: Thanks very much, Lou. And to our viewers, you're in THE SITUATION ROOM and it's happening right now.

Breaking news, he's been seen only once in the past six months, until now, at least, new pictures of Cuba's Fidel Castro. Is he on the mend? We're going to go to Havana in a moment.

A tug of war over war powers -- who should put U.S. troops in harm's way? Who should bring them home? We're going to hear from a top Republican who warns the president that he's not the only decider. And we'll also hear from a leading Democrat who will try to cut off funds for the war.

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From drought to flooding, the world's scientists offer an ominous new warning on global warming.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

But we begin with breaking news from Havana. Cuba's ailing president, Fidel Castro, who hasn't been seen in months, has just shown up on television in Cuba. He appears with his ally, the Venezuelan president, Hugo Chavez. After dire reports on his medical condition, is Castro now on the mend?

Let's go straight to CNN's Morgan Neill. He's joining us from Havana. Morgan, tell our viewers what Cuban television has just aired.

MORGAN NEILL, CNN CORRESPONDENT: Well that's right, Wolf. What we have just seen is the latest video since October showing the Cuban president. We see him in this video, which is said to have been shot yesterday, a meeting with Venezuelan President Hugo Chavez. Now Castro in the video is seen wearing a track suit. He's seen standing up.

He's not walking in the video and we see him only from the waist up. Now he does talk some in the video, but Chavez does do most of the talking here. Now, the Cuban leader looks obviously frail, does, as I say, a little bit of talking. As far as date references in the video, what we do see is in the hands of Chavez, we see a newspaper dated January 7.

Chavez goes on to say that the video was shot on yesterday, that is, the 29th. He says Fidel appeared to be in good spirits, appears to be recovering and goes on to say that the two leaders talked for some two hours about topics including an agreement between Venezuela and Cuba and what he called threats from the empire, that is to say the United States, these words from Chavez.

But of course, the big news, the latest video we have seen of Fidel Castro, this is the first since October and coming just a day before, tomorrow marks six months since he handed over power to his brother, Raul -- Wolf.

BLITZER: Morgan Neill, stand by. We're going to be getting back to you. I want to get some analysis now on what we have just seen on Carlos Lopez of CNN Espanol is here in THE SITUATION ROOM with us. I watched the Cuban broadcast. We saw the plane of Venezuelan leader Hugo Chavez arriving. And then the next scene, we saw the Cuban president actually meeting with Chavez.

Let's talk a little bit about these two pictures. Look behind you over there. You see the most recent January 27 picture, supposedly. And now October 28 -- the differences, obviously, you can tell some differences.

JUAN CARLOS LOPEZ, CNN ESPANOL: Of course, the sweatshirt is different. That's one of the big differences. We don't see Fidel walking, as he did last time, but in this shot we see today they're together. Now Chavez is the only leader who has direct access to Fidel Castro. And the video that was presented by Cuban TV follows the same script as it did before.

We have some very light music underneath the airplane when Chavez's airplane was arriving. They talk about global warming and they show an article from an Argentinean newspaper from Saturday, January 27. They discuss global warming. Fidel talks about the issue how Chavez remember when he came to the U.N. he criticized the U.S.

BLITZER: When you put up January 27, that's when the article appeared, but we're told this video actually occurred yesterday, the 30th.

LOPEZ: Yes, a two-hour meeting, and obviously...

BLITZER: The 29th, excuse me.

LOPEZ: Obviously with modern technology, anything is possible, but it does look legitimate and it does seem that Fidel Castro is alive...

BLITZER: And if you listen closely to what Castro was saying his voice, his appearance clearly frail, but you could make out what he was saying.

LOPEZ: In one part I think they were making a specific point of having him read. And you could tell that he's reading the headline in the article and then he's talking about the whole issue of global warming and the impact of the use of gasoline in the environment.

BLITZER: So they were shown to be having a substantive discussion. And clearly he's wearing a different sweat suit yesterday than he was wearing last October. LOPEZ: And he was drinking -- you see him with a glass in his hand. And he drinks the juice. He didn't do that before. There was a lot of speculation about the sweatshirt and what he had under. Obviously he looks

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better now. And this conversation -- what we're hearing right now the -- he's saying you're the first one to tell people about the excessive use of gas. They're talking about that issue in the article.

BLITZER: Let's listen to it a little bit in Spanish and then we'll translate.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

(END VIDEO CLIP)

BLITZER: It appears that Hugo Chavez is doing most of the talking in that conversation, but his voice sounded somewhat robust.

LOPEZ: He sounded better than we heard him last time and one thing the Cuban sources have told us is that they do consider Fidel Castro's health a state secret and they treat it as a state secret, but they say they will not lie about his health. They will not hide if he has something different than have been seen, so this is consistent with what they have said and what we have seen in the past and it seems Fidel Castro isn't as frail as we thought he was.

BLITZER: And it's interesting that they decide to release this video with Chavez, Hugo Chavez coming to Havana to meet the Cuban president as opposed to some other event, which clearly the Cuban government could have staged.

LOPEZ: And they have done it in the past. This is the way the world has seen Fidel in the last six months, has been with Hugo Chavez, and Hugo Chavez has been the one giving information about Fidel Castro's health.

BLITZER: And just to remind our viewers, that was back in October when the last video we saw of Castro. This is video that was taken yesterday, but just aired moments ago on Cuban television. Juan Carlos...

LOPEZ: And edited by the Cuban... BLITZER: And edited, obviously, but by all indications, it does seem -- based on what you saw, it does seem to be authentic.

LOPEZ: Yes, it does.

BLITZER: All right. Juan Carlos Lopez of CNN Espanol -- thanks very much for joining us.

(CROSSTALK)

BLITZER: We're going to continue to follow this story. Enormous ramifications, what is going on in Havana right now with Fidel Castro's health?

Other news we're following tonight, President Bush's claim that he's the decider under fire.

And a holy ritual in Iraq stained with blood. More than 50 people were killed in tit-for-tat sectarian attacks across Iraq today. Most were Shiite pilgrims targeted on this, the final day of the religious ceremony of mourning called Ashura. Against that deadly background, a Republican senator here in Washington is disputing President Bush's go it alone approach to the war.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: The president repeatedly makes reference to the fact that he is the decider. I would suggest, suggest respectfully to the president that he is not the sole decider -- that the decider is a shared and joint responsibility.

(END VIDEO CLIP)

BLITZER: Let's bring in our congressional correspondent, Dana Bash -- a tough statement from Arlen Specter, a fellow Republican.

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: A tough statement indeed, and as Senator Specter made clear there, he was responding to something that the president said a few days ago, where he said that he is the decision maker when it comes Iraq, regardless of what Congress does in terms of resolution that they may pass, opposing his plan to send more troops to Iraq. And Specter made that statement at one of many, many hearings today, Wolf, on Iraq.

At that particular one, Democrat Russ Feingold said he is going to introduce legislation to stop the war by pulling back funds to Iraq. Now Senator Specter said to us, sure, that is possible. That is the constitutional prerogative of Congress if it so chooses, but he doesn't think it should go that far right now.

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He said what he was simply trying do is get the president's attention and make it clear to him that it's not just exasperating Democrats here on Capitol Hill. It's what he calls friendly voices who don't necessarily agree with him, but want him to recognize that public opinion is opposed to what he is doing and sending more troops to Iraq and that it's time for him to listen to and engage with Congress -- Wolf.

BLITZER: And we're going to be hearing directly from Senators Feingold and Specter here in THE SITUATION ROOM this hour. Dana thanks.

Let's check in with Jack in New York for "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: Well we all remember George Allen. That was the Virginia senator of macaca fame who lost in a very close race to Democrat Jim Webb. Analysts say he lost because of those comments that wound up circling the country courtesy of YouTube. Well Political.com reports Republican consultants are now trying to figure out ways for future candidates to avoid the same fate as Allen.

They're even using his name as a verb as in they don't want to be George Allen-ed. The chairman of the National Republican Senatorial Committee says he tells people you have to assume there's a recording devise of some kind on you at all times, especially now in the age of cell phones that can record embarrassing moments and the Internet that can disperse them faster than ever before.

Of course, it's potentially a long list of no-no's making jokes, falling asleep in public, scolding aides, ambushing an opponent at a news conference. You can think of your own list. Here's the question though.

Is it possible to train politicians not to say stupid things ever? E-mail us at CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

It's a tall order, Wolf.

BLITZER: Ever is a long time, Jack.

(CROSSTALK)

BLITZER: It's a very, very long time. Thanks very much, Jack.

Coming up, talk or fight -- we're going to take a closer look at American military options on Iran and global warming -- and a global warming as well in dire predictions. Some scientists say changes are happening faster than expected.

And is it time for Democrats to start cutting the funding for the war in Iraq? One Senate Democrat thinks it is and says his party leaders are timid on this question.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

ANNOUNCER: This is CNN Breaking News.

BLITZER: We're getting breaking news, potentially a very, very significant story about that sneak attack on a military compound -- a U.S. military compound in the Iraqi town of Karbala that led to the deaths of five American soldiers in recent days. Could agents from Iran, Iran have been responsible?

Our Pentagon correspondent Barbara Starr has the story -- Barbara.

BARBARA STARR, CNN PENTAGON CORRESPONDENT: Wolf, CNN has learned that military investigators are looking into the possibility that an attack on a Karbala compound January 20 that killed five U.S. troops may, may have been carried out by either Iranians or Iranian trained operatives -- this word coming from officials in more than one government agency.

One official saying quote, "people are looking at this seriously" -- officials emphasize this is only a preliminary look. That they have no final conclusion, but why are they looking out down this road? Why are they saying it is possible that Iranians were behind it? Officials saying it is the level of sophistication and coordination and how this attack was carried out that it is far beyond the capabilities, they say, of the foreign fighters or the Shia militia groups that they have seen operate in the past.

Some of the indicators they're looking at, the attackers appear to have spoken English fairly well. That helped them get past some of the checkpoints. How they got maybe U.S. style military uniforms, how they came into possession of vehicles similar to those used by U.S. troops. Five U.S. soldiers were killed in the attack, one at the site.

Four of them, however, of course, were taken away, two of them found handcuffed together in the back of one of the vehicles, shot dead. Another soldier found shot dead on the road, and another soldier found barely alive, but died on the way to the hospital -- Wolf.

BLITZER: Barbara Starr, very, very disturbing information. The ramifications potentially enormous if the U.S. government concludes that Iranian agents killed those five American soldiers, a lot of people believe all bets would be off. But this is a preliminary investigation, as Barbara has just mentioned.

A member of the president's war team, not just any member, the former director of national intelligence was in the hot seat today on Capitol Hill, on the question of Iraq and Iran. Let's turn to our State Department correspondent, Zain Verjee -- Zain.

ZAIN VERJEE, CNN STATE DEPARTMENT CORRESPONDENT: Wolf, John Negroponte's confirmation hearing for the number two post at the State Department essentially turned into a debate on the administration's policy toward Iran.

(BEGIN VIDEOTAPE)

UNIDENTIFIED MALE: Is it the position of this administration that is possesses the authority to take unilateral action against Iran... VERJEE (voice-over): Grilled on Capitol Hill. Secretary of State Condoleezza Rice's new deputy jumped right into the line of fire on Iran. At his Senate confirmation hearing, John Negroponte says it's time for the U.S. to confront Iran.

JOHN NEGROPONTE, DEPUTY SECY. OF STATE NOMINEE: We don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged.

(SOUNDS)

VERJEE: Negroponte says Iran is making trouble throughout the region, not just in Iraq.

(SOUNDS)

VERJEE: But in Lebanon and with Israeli/Palestinian peace efforts. The administration, he says, is in no mood to talk.

NEGROPONTE: We're reluctant to initiate a high level diplomatic dialogue with Iran until there's been some progress on this nuclear issue.

UNIDENTIFIED MALE: Other distinguished members of the committee...

VERJEE: In the same hall hours later, that approach was slammed. Lee Hamilton, the co-chair of the Iraq Study Group says the U.S. needs to talk to Iran. He called the U.S. policy of isolation a failure.

LEE HAMILTON, IRAQ STUDY GROUP CO-CHAIRMAN: What has happened? Iran has become the most powerful country in the region. It continues to support terrorist organizations. It's continuing to develop its nuclear potential. How can anyone say today that our policy towards Iran is working? It is not.

(END VIDEOTAPE)

VERJEE: Negroponte's confirmation is likely to be a quick one, but Senator Joseph Biden, the chairman of the Senate Foreign Relations Committee, warned Negroponte that his confirmation should in no way be considered an endorsement of U.S. foreign policy -- Wolf.

BLITZER: Zain thank you for that.

So if the United States were to offer proof to back up its recent rhetoric on Iran's activities in Iraq, how should it punish Iran?

Brian Todd is standing by. He's looking at possible scenarios -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, one scenario that many are talking about, the possibility of a U.S. military strike against Iran. We spoke with a prominent expert about how that might unfold.

(BEGIN VIDEOTAPE) TODD (voice-over): The U.S. has recently deployed more firepower to the Gulf, including a second aircraft carrier, but finding the right targets in Iran, where aid to Iraqi militants could be coming from, might be a challenge. One alternative, according to war game expert Colonel Sam Gardiner, target Iran's nuclear facilities instead.

COL. SAM GARDINER, U.S. AIR FORCE (RET.): If the United States were to do that, that would probably be about a three-day air campaign with aircraft like to be two cruise missiles fired from ships and aircraft, and we would go after the facilities we know about.

TODD: Gardiner says attacking nuclear sites would be a two-for, punishing Iran for meddling in Iraq and setting back their nuclear program for a few years. But Gardiner and other military analysts we spoke to believe a full-scale conventional attack

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using U.S. ground forces is unlikely given the U.S. commitments elsewhere. But would Iran retaliate? Gardiner and other experts say Iran could step up their aid to militants attacking American forces in Iraq or even respond militarily themselves.

GARDINER: Iran has a relatively sophisticated chemical and biological warfare program. And they really do have the missiles to deliver them. Chemical weapons could go down on American forces on Iraq.

TODD: And there's another option.

GARDINER: They could use military force to restrict the flow of oil inside and outside of the Gulf. That's a big deal.

(END VIDEOTAPE)

TODD: How big a deal? Analysts say by disrupting the global supply of oil, Iran could drive prices up to about $100 a barrel or more, a potentially devastating blow -- Wolf.

BLITZER: Brian thank you very much, very disturbing developments on Iran. Just want to reiterate the breaking news we showed you at the top of this hour, Fidel Castro only moments ago he was seen on Cuban television with the Cuban -- with the Venezuelan president, Hugo Chavez. This is video that Cuban television says was taken yesterday, and it shows Fidel Castro appearing to be a little bit healthier than he was six months ago in the last video we saw of the Cuban president.

Still ahead tonight here in THE SITUATION ROOM, the growing showdown between President Bush and Congress over the war in Iraq. I'll talk about it with Democratic Senator Russ Feingold and Republican Senator Arlen Specter. He, by the way, is now saying the president is not -- is not the sole decider.

Plus, protesters storm Ecuador's Congress, sending lawmakers fleeing. We're going to show you the pictures.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK) BLITZER: Carol Costello is in New York, monitoring stories coming into THE SITUATION ROOM. What is crossing the wires right now, Carol?

CAROL COSTELLO, CNN ANCHOR: Incredible pictures to show you, Wolf. Take a look at this. Ecuadorian lawmakers forced to flee as demonstrators storm the country's Congress building in Kito, rocks and bottles thrown, tear gas used. These were violent clashes with police. The protesters demanding a referendum on changing Ecuador's constitution. They support leftist President Rafael Correa, who issued a decree, calling for a March vote, but the country's electoral count -- court decided lawmakers should have a say. This is a developing situation. Of course, we'll keep following it for you.

Venezuelan President Hugo Chavez is poised to gain sweeping new powers. The country's Congress set to give him decree authority, which he'll use to nationalize Venezuela's oil and utility industries. The vote was supposed to take place today, but it's being postponed until tomorrow so that in an unusual move, it can be held in the capital's main square, which would increase public exposure.

A paramedic and a firefighter called out to investigate a gas leak were among at least four people killed in an explosion that leveled a gas station at a convenience store in Ghent, West Virginia. Five people seriously hurt here. The explosion so strong, it knocked out power to buildings three miles away.

And remember this scene?

(SHOUTING)

COSTELLO: Maybe you do. These protests almost derailed the 1999 meeting of the World Trade Organization in Seattle. Today, a federal jury decided the city violated the constitutional rights of some 200 protesters, specifically their Fourth Amendment right against unreasonable search and seizure. Now this could cost Seattle millions and millions of dollars. City attorneys say they will appeal today's verdict.

That's a look at the headlines right now, Wolf.

BLITZER: Thanks, Carol, very much.

And just ahead, should Congress block a build-up in Iraq by cutting off cash? I'll ask Democratic Senator Russ Feingold about charges that his plan will hurt the troops now in the trenches.

Plus, Fidel Castro shows he's alive, at least as of yesterday. We're following this breaking news. We're going to go back to Havana.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

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BLITZER: To our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Happening now, breaking news we're following. We're seeing images of the Cuban president, Hugo -- Fidel Castro that is, for the first time in three months -- the Cuban president seen on Cuban television only in the past hour or so. The video shows Castro and his main ally in the region. That would be the Venezuelan president, Hugo Chavez. The video was reportedly taped yesterday. We're going to go to Havana in a moment.

In Iraq, are Iranians partly responsible for a recent sneak attack that left five American troops dead? Right now military investigators are looking into that possibility, that, according to U.S. officials who have spoken to our Pentagon correspondent Barbara Starr. It concerns the attack on a compound in Karbala on January 20. The officials tell CNN the attack may, may have been carried out either by Iranians or by Iranian trained operatives. We're watching that story.

Also a claim that some scientists were pressured to discount the effect of global warming -- that's what some said today at a congressional hearing on the issue here in Washington. Among the allegations, that the White House has watched and censored what federal scientists can tell the public about climate change.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

Back now to the breaking news we're following from Havana. The Cuban President Fidel Castro ailing, has now shown up within the past hour in new video images shown on Cuban television after months without being seen in public. And there's a lot of speculation about his health. Castro appears with his close ally the Venezuelan leader Hugo Chavez.

Let's go live to CNN's Morgan Neill. He's in Havana.

Update our viewers, Morgan, on what Cuban television has shown.

NEILL: Wolf, this video came out just about an hour ago now on a show called "Mesa Rondo" (ph), or "Round Table".

And what we've seen in this video -- it's the first that we've seen since October. And it comes just one day before the six-month mark since Castro handed over power to his brother, Raul.

Now, what we see specifically in the video, we see the Cuban leader wearing a track suit, a different track suit from that he wore in past videos. We see him from the waist up. He is standing at various points in the video but we don't see him walking. And he's talking to Venezuelan leader Hugo Chavez. Castro and Chavez talk about various topics -- climate change. Castro at one point reads what appears to be a press summary prepared for him. It includes an article from an Argentine paper on the 27th, just a couple of days ago.

But Chavez says this video was shot yesterday, yesterday afternoon during Chavez's visit. Castro also talks at one point in a weak voice about the fall that he took in 2004, saying to Chavez that the things seemed to have come one after the other. But, as I said before, this is the first new video we've seen since October -- Wolf.

BLITZER: Morgan, thanks very much.

Morgan, our man in Havana, is going to stay on top of the story for us.

Other important news that we're following. Let's get some more on the raging battle over Iraq and a serious question that many critics are asking: should Congress simply take the ultimate step and cut off funding for the war?

Democratic Senator Russ Feingold of Wisconsin thinks so.

Just a short while ago, I asked Senator Feingold what he thinks of criticisms that doing so would hurt U.S. troops in Iraq.

(BEGIN VIDEOTAPE)

SEN. RUSS FEINGOLD, (D) WISCONSIN: Well, that's just another one of these red herring, false argument that's put out. Nobody's talking about taking anything away from the troops. What we're saying is there should be a timeframe to redeploy the troops. In other words, we don't say to somebody, "Hey, give us your rifle and give us your helmet. You're going to say here in Baghdad."

The fact is, our bill that I'm putting in tomorrow would say the troops have to be out within six months after the bill is passed. That's the safest thing for the troops, is to not be in Iraq.

BLITZER: In an interview with "Politico.com", this new website, you told Roger Simon that you were upset about what you called the timidity of several of your fellow Democrats who refused to join you in using the constitutional power of the purse to stop the war.

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FEINGOLD: Well, my concern has been in the past that sometimes Democrats have been too timid on this issue. There's a little bit of old habits dying slowly going on here in the Senate. But I'm optimistic. The non-binding resolutions that are coming up, Wolf, are ones that I can support as long as they are only the first small steps. What has to follow and what I hope Democrats and Republicans will follow with is a binding resolution that says, "This thing has to end, we have to get out of Iraq."

And I feel on the Senate floor just a few minutes that many Democrats as well as Republicans are realizing that we have to have a real strategy, not just resolutions.

BLITZER: In other words, you think that Harry Reid, your Democratic leader, the majority leader in the Senate, Nancy Pelosi on the House side, Hillary Clinton, among others, they're not doing what they should be doing right now, namely using the power of the purse?

FEINGOLD: Well, I think the proof will be in the pudding. What's being done now, the idea of having a resolution that says, "Look, this policy doesn't make sense and we shouldn't have the escalation."

That's good. And what they're doing is positive. It's just that it's a very small step. It's almost like a sideshow compared to what has to be the real step, what the American people asked for in November, which is we need to redeploy the troops from Iraq, not just stop the surge. The troops have to come out. This is hurting our national security. It's hurting our military. And I think the leaders of the Democratic Party in both the House and the Senate will come around on this.

BLITZER: Here's what Senator Clinton said in Iowa this weekend on this specific issue. Listen.

(BEGIN VIDEO CLIP)

SEN. HILLARY RODHAM CLINTON, (D) NEW YORK: This president can veto whatever we pass and given his track record, can ignore what we do. So unless we get a very strong political consensus that includes Republicans as well as Democrats, we are not likely to change this president's policy.

(END VIDEO CLIP)

BLITZER: In other words, to paraphrase, she seems to think that what you're suggesting, at least right now, given the lack of votes, would be a waste of time.

FEINGOLD: Well, that's just wrong. I mean, the fact is that if we are able to cut off the funding for the war, the president will not be able to conduct a war. And so what Senator Clinton's marks relate to are other issues like non-binding resolutions. It does not apply to the kind of bill I'm offering. And let's remember, these are some of the same people that told us we ought to go into Iraq in the first place. These are people that said, "You simply can't oppose a war like Iraq."

They were wrong on that and they're also wrong about this. We need to get out of here.

BLITZER: What they say, your critics, administration supporters, is that as bad as the situation in Iraq is right now, Senator, it could be a whole lot worse, the civil war could simply explode into not only ethnic cleansing, but genocide and infect the entire region. You've got a bad hand that you're dealt right now. What do you do in this kind of an environment?

FEINGOLD: Well, what they miss there and what they choose to ignore is the reality on the ground. The situation is already very much like what you just described. And I happen to think that the fact that our troops are there and in harm's way actually encourages this violence, not through any act of our own troops, because it's an environment that actually encourages people to act the way they are. The fact is, if we got out of there, it might get worse for a while for the Iraqis, but I also think it gives them a chance to try to figure out their own future without us standing there with a military force. But in the end what's most important is the security of the American people. As important as Iraq is, what really matters is that our people be safe. And Iraq is bleeding us of our strength. That has to end.

BLITZER: Here's what you said. I want to bring it back and put it up on the screen. You told the "Milwaukee Journal-Sentinel" back in November, November 10th, "Those who were there and came to the judgment the Iraq war was a good idea have to answer for some concerns I have about their judgment. That was a really bad judgment."

You voted against the resolution authorizing the president to go to war like Senator Kennedy. But Hillary Clinton voted for it, John Edwards when he was in the Senate for it, Chris Dodd did, Joe Biden. That's a pretty strong criticism of your Democratic colleagues.

FEINGOLD: Well, look, it's a criticism of anybody that bought into these arguments that somehow the Iraq war made sense after 9/11. To me, it was obviously foolish and didn't make sense. And so those who voted for it made a mistake, as most of them

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have admitted. That doesn't mean they can't do the job in the future, but I think it's an important test of judgment whether somebody realized that Iraq clearly was not the right move in the fight against those that attacked us on 9/11. And that has to be factored in when you consider somebody for the office of president of the United States.

BLITZER: Senator Russ Feingold, Democrat of Wisconsin.

Senator, thanks very much for coming in.

FEINGOLD: Good to be on your show.

(END VIDEOTAPE)

BLITZER: And who should weigh in when it comes to committing troops abroad? Republican Senator Arlen Specter today offered a sharp response to the president's claim that he's the decider.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER, (R) PENNSYLVANIA: I would suggest respectfully to the president that he is not the sole decider.

(END VIDEO CLIP)

BLITZER: I spoke with Senator Specter just a little while ago about his strong rebuttal.

(BEGIN VIDEOTAPE)

BLITZER: You did it respectfully, but you gave him a little slap, the president of the United States.

What made you decide that this was the time to speak up on this sensitive issue, the war powers between the legislative and the executive branch. SPECTER: Well, I didn't give him a slap. What I did was articulate the principle of the Constitution, very basic, and that is separation of power and checks and balances, and the way the Constitution is written, the president is not the sole decider. The Congress has a very loud voice. And I made the statements today in a Judiciary Committee hearing where we're examining the constitutional issues.

Look here, Wolf, I want the president and the Congress to come together. I think there can be an accommodation. There are other plans which are possible to have a much better chance of victory.

BLITZER: But you know the administration top officials are saying it doesn't make any difference what you guys in Congress do. They're moving forward with their strategy, they're moving forward with their plan.

SPECTER: Well, Wolf, the president has yielded. A few months ago, he said he wanted no additional troops. Now he's changed his mind.

He said he was opposed to a commission for 9/11. Changed his mind.

Didn't want a commission for weapons of mass destruction. Came around.

Wasn't going to put the terrorist surveillance program under the FISA accord. He came around.

The president called a group -- bipartisan group in. I met with him, met with a group of Republicans, with National Security Council, Hadley. The president's calling all of the Republicans in to have a meeting on Friday.

BLITZER: So what do you see him doing? Where is he changing his mind as far as this troop increase in Iraq is concerned?

SPECTER: Well, I think the president reads the election returns. I think the president sees the feeling of so many members of Congress.

And listen, these are friendly voices. I think the Democrats are friends, too. But there is an element of partisanship. But when Republicans speak out -- and I'm a -- I'm a friendly voice. I want to -- I want to work it out with the president.

(END VIDEOTAPE)

BLITZER: Arlen Specter speaking with me just a little while ago right here in THE SITUATION ROOM.

Still ahead tonight, the violence in Iraq is stealing hope as well as claiming lives. A reporter's first-hand and very dramatic account of how so many of the best and brightest in Iraq have simply fled the country, putting democracy in greater peril. You're going to want to hear her report. And is climate change reaching the crisis point? Leading scientists from around the globe are about to sound the alarm. Stay with us here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

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BLITZER: This just coming into THE SITUATION ROOM. President Bush and apparently Democratic congressional leaders reaching some sort of agreement on Iraq. Let's go to our White House correspondent Ed Henry. What are you learning, Ed?

ED HENRY, CNN CORRESPONDENT: Well, Wolf, what CNN has learned is that the president and Speaker Pelosi, as well as Senate Majority Leader Harry Reid, this evening agreed to create some sort of a bipartisan working group that both sides are pledging will try to improve the dialogue on Iraq as well as the broader war on terror.

This came -- the breakthrough came, we understand, after a conference call late this afternoon between the president and those two Democratic leaders. Their first meeting is going to be next week. It's going to include those leaders here at the White House along with other Democratic and Republican lawmakers.

Separately, we've also learned tomorrow the president is going to meet with Speaker Pelosi and other lawmakers who, as you know, just came back from Iraq and Afghanistan, that fact-finding mission to figure out what's really going on on the ground.

What is the bottom line here? Both sides trying to show that amid all this partisan tension, they're trying to come together, trying to figure out the next steps in Iraq and beyond.

The bottom line is, is this is going to be another Beltway bipartisan panel that talks, but doesn't really affect any change, or is it going to be something with some real substance? That will be the $64,000 question, Wolf.

BLITZER: All right, Ed, thanks very much. We'll watch this meeting tomorrow at the White House.

She first went to Iraq in the immediate weeks after the U.S. invasion and all -- and spent many, many months there. Sabrina Tavernise of "The New York Times" wrote a very gripping personal account this Sunday of how Iraq has simply unraveled, in large part because of the ruthless and relentless violence we see every, every day.

(BEGIN VIDEOTAPE)

BLITZER: What an article you wrote Sunday in "The Times," Sabrina. Thanks very much, first of all, for writing it. But give our viewers a sense of how you began to realize that the hope is gone and despair has come about.

SABRINA TAVERNISE, "NEW YORK TIMES": Well, I guess it was -- kind of goes back to spring of last year, when a lot of the families I used to go visit and just spend time with and have lunch with in the afternoons started to ask me not to come and started to make plans to leave. And I think that, you know, as the months went by and the violence became worse and the death counts became worse, people just saw fewer chances for their children, they saw fewer chances for their lives and their futures, and middle class people, like teachers and doctors, people who would be building the democracy that we want, we wanted to have happen in Iraq, basically just chose -- chose to leave.

They didn't really see that they had very many options for their futures.

BLITZER: Because that's what -- you know, I keep hearing from so many reporters and others who spent quite a bit of time in Iraq that immediately after Saddam was overthrown, so many idealistic, well- intentioned Iraqis started coming back -- scientists from academia. They really had such high hopes, and so many of them now are either dead or they have become refugees. They're living in Syria or Jordan or elsewhere.

TAVERNISE: Yes, so many people had returned. And, in fact, you know, aid agencies prepared for a huge mass exodus. But, in fact, it was the opposite, a lot of people were coming back.

And, you know, I had -- one of the elements of my piece was my own cell phone, which has been the same for the most of the time I've been there. And I had so many families, so many middle class people, so many people I would go and talk to and understand what was happening in the country. And at a certain point some time last year, I realized so many of them were gone.

They were either dead, they were missing, or they had left because they couldn't -- they couldn't -- they just didn't see a future for themselves in the country anymore.

BLITZER: This is such a heartbreaking story for so many Iraqis, especially the Iraqi Sunnis, because so many of them think they have no future in Iraq.

TAVERNISE: Yes, it's hard -- I mean, it's hard for the middle class across the sects, definitely. But the Sunnis who even are lower or poorer classes really are -- they're obviously the minority, and the neighborhoods are slowly being squeezed and pushed by the Shiite militias. And the Shiites are obviously the ones in power, the ones in the government, the ones that ultimately will probably be really kind of running things in the city.

The neighborhoods have very few services. Sunnis can't go to the hospital. If your kid gets sick, you can't bring your kid to get his broken leg fixed in the hospital in the middle of the night. The ambulance won't come to your neighborhood to pick your kid up.

You know, you can't get the police to come to bring the bodies away that are dumped in your backyard. So it's a very different feeling for Sunnis families than it is for families in Shiite areas.

(END VIDEOTAPE) BLITZER: Sabrina Tavernise of "The New York Times," speaking with me just a little while ago here in THE SITUATION ROOM.

Still ahead, it's expected to be an eye-opening report on global warming. Scientists the world over ready to unveil a major report on climate change. Might it be happening even faster than some thought? Mary Snow standing by with a live report.

(COMMERCIAL BREAK)

BLITZER: A warning about global warming. It's expecting this week as scientists from around the world release a report based on the latest climate change research.

Let's go to CNN's Mary Snow. She's watching this from New York -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, 2,500-plus scientists worked on the Intergovernmental Panel on Climate Change. It's touted as the most comprehensive report on global warming. Some who previewed it paint a sobering picture.

(BEGIN VIDEOTAPE)

SNOW (voice over): The signs are there, but climate changes like melting ice sheets may be happening faster than expected. That is according to leading scientists from around the world who are about to detail the effects of global warming in a major report later this week.

KENNETH DENMAN, AUTHOR, IIPCC REPORT: We're hoping that it will convince people that it's -- you know, that climate change is real and that we have a responsibility for much of it

SNOW: The report is expected to conclude that scientists are more convinced than ever humans are causing the increase in global temperatures. And they're worried.

CHRISTOPHER FIELD, CARNEGIE INSTITUTE: It's as if we're standing in swimming pool with the water up to our chest. When the temperature rises, now the water is up to our chin or our nose, and every little wave is going to mean that it's over our head.

SNOW: What will climate changes mean? Some scientists predict, for example, that sugar maple trees could vanish from New England by the year 2100 and coastal communities will feel the effects when melting ice leads to rising sea levels.

GAVIN SCHMIDT, NASA GODDARD INST.: If those sea levels are rising faster than we anticipate, then people who are living near the coast or you who have low-lying land properties, they'll see -- they'll start to see things like increased storm surge damage and increased erosion.

SNOW: Climatologist Gavin Schmidt reviewed the U.N.-backed report and says it's not time to panic, but people need to rethink things like the cars they drive.

SCHMIDT: The planet is going to warm, it's going to continue to warm. And there will be potentially very serious consequences should that be allowed to get out of control.

(END VIDEOTAPE)

SNOW (on camera): Not all scientists remain convinced that global warming is being caused by humans. Some, although they are in the minority, claim global warming is part of a climate cycle -- Wolf.

BLITZER: All right. Mary will continue to watch this story for us later this week.

Mary, thanks very much.

Let's find out what's coming up right at the top of the hour. Paula is standing by.

Hi, Paula.

PAULA ZAHN, CNN ANCHOR: Hi, Wolf.

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We're going to shine a light on America's hidden secrets, bringing intolerance out into the open. Tonight we have discovered a disturbing trend among America's white college students: racist parties. Tonight, we'll show you another one filled with racist stereotypes thrown over the Martin Luther King holiday.

Also, the surprising and shocking number of conspiracy theories that accuse Jews of having a hand in the 9/11 attacks. Anti-Semitism out in the open and a whole lot more coming at you at the top of the hour, Wolf.

BLITZER: All right.

Paula, thank you very much. We'll be watching.

And still ahead here in the SITUATION ROOM, foot in mouth. Jack Cafferty wants to know if it's possible to train politicians not to say stupid things. He's taking your e-mail.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Here's a look at some of the "Hot Shots" coming in from our friends at the Associated Press, pictures likely to be in your hometown newspapers tomorrow.

In Havana, elderly women exercise under portraits of Fidel Castro and his brother Raul.

Iran, Shiite Muslims covered in mud beat themselves during a ritual for the holy day of Ashura. Iraqi soldiers celebrate the end of battle with a group called the Soldiers of Heaven. More than 200 militants were killed over the weekend in fierce fighting with U.S. and Iraqi forces.

And over at the Art Institute of Chicago, two workers try to fit an oversized Chicago Bears helmet over one of the decorative lions on the front steps. The piece of one of the helmets broke off.

And those are some of today's "Hot Shots", pictures often worth a thousand words.

Let's check back with Jack for the "Cafferty file" -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: There are some strange people out there, aren't there, Wolf?

BLITZER: Yes, there are.

CAFFERTY: Very weird. The question this hour is, "Is it possible to train politicians not to say stupid things, ever?"

Frank in Durham, Maine writes: "Maybe it would be better instead of training the politicians not to say stupid things to elect politicians who aren't stupid."

Ed in Port Aransas, Texas: "Sure it is. They can get lions and tigers to jump through fire. Just give me a whip and some politicians and I'll try my best. It might now work, but it would sure make feel better."

Gene in Johnson City, Illinois: "Jack, these questions are getting to be more fun as time goes on. Never try to train a politician not to say stupid things. It's like trying to teach a pig to sing. You'll never get the job done and it annoys the pig."

Gretchen in Denver: "Can we train anyone not to say stupid things? If so, let's start with celebrities."

Mike in Arkansas writes: "Stupid is in the eye of the beholder. You say many stupid things and I am sure you think the you think they are wise and witty."

Yes, I do, Mike.

Tim in Studio City, California: "It is far more likely that I could train my cats to use a can opener."

D.L. in San Diego writes: "Jack Cafferty needs to be careful what he asks for. If the elected elite didn't say and do stupid things, he's have to go to work as a freelance reporter, find a new job, or retire. Thousands would be out of work -- "The Daily Show", "The Colbert Report", all the late-night hosts, the Sunday talk show hosts, the newspaper political sections. Jack, please, the middle class has lost enough jobs."

If you didn't see your e-mail here, you can go to CNN.com/caffertyfile and read more of them online.

BLITZER: He makes a good point. Where would you and I be if politicians didn't say stupid things?

CAFFERTY: We'd be in Havana with those old women exercising under pictures of Fidel and Raul Castro.

BLITZER: I love those pictures.

Jack, see you tomorrow here in the SITUATION ROOM.

I'm sure by then we'll here some more stupid things from some politicians.

Jack Cafferty with the "Cafferty File".

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Tomorrow here in the "SITUATION ROOM", among our guests, the former Secretary of State Madeleine Allbright. We'll talk about Iraq, Iran and lots more. Madeleine Allbright, here in the SITUATION ROOM tomorrow.

Until then, thanks very much for watching.

I'm Wolf Blitzer in Washington.

Advocates Of Troop Surge About-face In Congress (WT)

By Charles Hurt

The Washington Times, January 31, 2007

For many in the Senate, they were for a surge of troops in Iraq before they were against it.

"We don't have enough troops in Iraq," Sen. John Kerry, Massachusetts Democrat, said in 2005.

In 2004, he told NBC's Tim Russert some things he believes "very deeply."

"Number one, we cannot fail," Mr. Kerry said. "I've said that many times. And if it requires more troops in order to create the stability that eliminates the chaos, that can provide the groundwork for other countries, that's what we have to do."

He no longer believes that now. He is among at least a dozen Democratic senators who in the past have called for more troops in Iraq but now support a resolution condemning President Bush's plan to do just that. Many Republicans who voted for the war now plan to support a no-confidence resolution, including Sen. Chuck Hagel of Nebraska, who in the past had warned that the war would be a long, tough slog and that Americans should "speak with one voice."

The Senate will begin debating that resolution -- or variations on it -- this week, perhaps as early as today.

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. has for years advocated increasing the number of troops on the ground in Iraq. But after Mr. Bush offered his proposal to do that earlier this month, the Delaware Democrat drafted a resolution rejecting the idea as not "in the national interest."

In June 2005, he said, "There's not enough force on the ground now to mount a real counterinsurgency."

"They're going to need a surge of forces," he said in another interview.

By last week, Mr. Biden had reversed his war strategy.

"The president and others who support the surge have it exactly backwards," he told reporters.

As late as last month, Senate Majority Leader Harry Reid was still open to the idea of a surge.

"If it is for a surge -- that is, two or three months and it's part of a program to get us out of there as indicated by this time next year -- then sure I'll go along with it," said the Nevada Democrat who voted for the war in 2002. "If the commanders on the ground said this was just for a short period of time, we'll go along with that."

After Mr. Bush laid out his plan to increase troops, the Democratic leader flatly rejected it.

"The surge is a bad idea," Mr. Reid said on CNN's "Late Edition."

Democrats say that the time for a surge has long passed and now that the war has become so bloody and so unpopular, it's time to pull the plug.

"The bottom line is that you cannot unscramble an omelet," House International Relations Committee Chairman Tom Lantos, California Democrat, said yesterday.

"The serial mistakes of the administration, with which we are all familiar -- inadequate number of troops, dismissing the Iraqi military, failure to crack down during the early looting -- are all issues that we cannot unwind with history," said Mr. Lantos, who visited Iraq over the weekend. "Things that should have been done 3½ years ago cannot now be done and expect positive results."

Finding examples of such evolution among Republicans isn't as easy, mainly because Republicans in Congress have been so uncritical of the administration for its handling of the war.

One stark exception is Mr. Hagel, who is considering a run for the presidency and has been one of the harshest critics of the war and the Bush administration's handling of it.

"There is no strategy," he said last week. "This is a pingpong game with American lives."

But he hasn't always opposed the war. He voted for it.

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"There are no easy answers in Iraq," Mr. Hagel said on Oct. 9, 2002, before voting to authorize the war. "The decision to commit our troops to war is the most difficult decision members of Congress make. Each course of action we consider in Iraq leads us into imperfect, dangerous and unknown situations. But we cannot avoid decision on Iraq. The president cannot avoid decision on Iraq. The risks of inaction are too high. We are elected to solve problems, not just debate them. The time has come to chart a new course in Iraq and in the Middle East."

A veteran of the Vietnam War, he also warned his colleagues that an Iraq war would be a long, tough slog.

"This is just the beginning," he said. "The risks should not be understated, miscast or misunderstood. Ours is a path of both peril and opportunity with many detours and no shortcuts."

And Mr. Hagel warned them against sowing seeds of division with hot rhetoric.

"America -- including the Congress -- and the world, must speak with one voice about Iraqi disarmament, as it must continue to do so in the war on terrorism," he said. "Because the stakes are so high, America must be careful with her rhetoric and mindful of how others perceive her intentions."

Mr. Hagel co-authored the resolution with Mr. Biden rebuking Mr. Bush and his "escalation" plan.

Sen. John W. Warner, Virginia Republican, also has drafted with others a nonbinding resolution that condemns the plan but, he said, does so more gently.

Florida Senator Criticizes Foreign Diplomacy Of Bush Administration (MCT)

By Lesley Clark

McClatchy Newspapers, January 31, 2007

WASHINGTON - Sen. Bill Nelson, whom the White House criticized for meeting with Syrian President Bashar Assad, delivered a critique of his own Tuesday, saying the Bush administration resembles an "ostrich" when it comes to foreign diplomacy.

The Florida Democrat, who traveled to Iraq and eight other countries in the region in December, told the Council on Foreign Relations that he's convinced that President Bush's plan to send in more than 20,000 additional troops isn't enough to end the sectarian violence in Iraq. He called instead for an "aggressive diplomatic effort" with "all of Iraq's neighbors," including Syria and Iran.

"In short, the costs of failure in Iraq will be catastrophic - in growing threats to us and our allies, and in more American and Iraqi lives lost - if we do not awaken to the fact that an aggressive diplomatic effort, not military might, is what is needed to end the sectarian violence in Iraq," Nelson said.

His remarks came as the Senate prepares to counter Bush's proposal with a nonbinding resolution that says sending more troops into Baghdad and Anbar province is "not in the national interest."

Nelson voted for the war in Iraq, but he became increasingly critical of it as popular opinion turned against the war. Nelson, a centrist Democrat, voted last week in the Senate Foreign Relations Committee for the resolution opposing the troop surge, but said Tuesday that the vote to go to war wasn't a mistake.

"The word is misrepresentation," Nelson said. "Over and over again we weren't told the truth. About weapons of mass destruction, about troop levels, about the cost of the war or about the sectarian violence."

Nelson said he believes that only a massive infusion of troops will quell the fighting.

"If we had 200,000 or 300,000 more soldiers in Iraq, maybe," he said. "It might make a difference in temporarily restoring order. But the global mandates on our military make that impossible."

Instead, he said, the United States must work with Iraq and its neighbors to find a political settlement between Iraq's warring factions.

He said the Iraqis must also take responsibility for their security and that the United States should appoint an "Iraqi reconstruction czar" to lead a "massive and effective international reconstruction program."

Nelson expressed little confidence in Iraqi Prime Minister Nouri al-Maliki, saying he "either lacks the will, or he lacks the nerve, or he lacks the ability" to take on the Shiite militias.

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"His rushed execution of Saddam Hussein - certainly justified but horribly carried out - spoke volumes about his insensitivity to the concerns of Sunnis," Nelson said.

The White House has expressed reluctance about diplomatic outreach to Syria because of the country's support for terrorist organizations. White House spokesman Tony Snow suggested that those who met with Assad were "lending a further specter of legitimacy to that government" and potentially undermining "the cause of democracy in the region."

But Nelson, who called Assad's government "not a particularly nice regime, either to its citizens or its neighbors," criticized the administration for adopting what he called the "approach of an ostrich."

"It's not working," he said.

Asked by several audience members why he thought the United States should negotiate with Assad and what the Syrian leader might demand in return, Nelson suggested he had no answers but was interested in seeing the two countries start to talk.

"I'm just a little country lawyer," he said, his diplomacy speech suddenly tinged with a folksy demeanor, "but the first thing it seems to me, you need a dialogue. You talk about the weather.

"Personal relationships are a big deal in that part of the world," he said, noting that CIA Director Michael Hayden had urged him to add Saudi Arabia to his itinerary because no congressional delegation had visited the country in two years.

"I don't know what door we come in," Nelson said. "But I found in politics if you can't get in the front door, go around and try the back door, and if that's locked, try the side window."

Obama Pushes For Iraq Pullout Deadline (AP)

By Nedra Pickler

AP, January 31, 2007

Democratic presidential candidate Sen. Barack Obama said Tuesday U.S. combat forces should be out of Iraq by spring 2008 to end "a foreign policy disaster" but he stopped short of endorsing a cutoff in funds.

The Illinois senator introduced a bill to force the redeployment under law, but that's unlikely while Bush is president. Still, Obama said he's taking Bush up on his challenge to critics to offer alternatives.

"It is important at this point that Congress offer specific constructive approaches to what's proven to be a foreign policy disaster," Obama said in an interview with The Associated Press, "because we've got too much at stake to simply stand on the sidelines and criticize."

Obama's bill would cap troop levels in Iraq at the early January level of around 130,000, when Bush announced he would send 21,500 additional U.S. forces to Iraq. It would require that troops begin coming home on May 1 with the goal of removing all combat brigades by March 31, 2008.

Asked to respond to Obama's plan, White House spokeswoman Dana Perino said: "Any plan that sets arbitrary troop caps or begins to pull troops out of Baghdad before the city is secure will not lead to the political reconciliation we all agree is necessary for Iraq to be a stable democracy."

Some Democratic rivals such as John Edwards and Tom Vilsack have called on lawmakers to withhold funds for the additional troops.

"If we simply cut off funding without any structure for how a redeployment takes place, then you could genuinely have a Constitutional crisis or at least a crisis on the ground where the president continues to send troops there but now they're being shortchanged in terms of armaments and support," Obama said.

Some legal scholars question whether Congress has the authority to bring troops home because the president has control of military forces.

Obama noted that he taught constitutional law for 10 years and rejected the notion that the congressional authorization for war in 2002 gives Bush "carte blanche to proceed in any way."

"The notion that as a consequence of that authorization, the president can continue down a failed path without any constraints from Congress whatsoever is wrong and is not warranted by our Constitution," Obama said in a 10-minute telephone call.

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Obama said troops should be sent to three locations — home to the United States, in countries around Iraq to prevent regional conflict and to Afghanistan, which he said is in danger of falling back to the Taliban.

The bill also would place conditions on economic aid to Iraq and would allow for a temporary suspension of the redeployment if the Iraqis meet security, political and economic benchmarks.

Obama said he thinks his bill could get bipartisan support, but he doesn't have any co-sponsors yet.

Obama Bill Sets Date For Troop Withdrawal (WP)

By Shailagh Murray

The Washington Post, January 31, 2007

Sen. Barack Obama of Illinois, one of the most prominent Democrats in the 2008 presidential field, proposed for the first time setting a deadline for withdrawing troops from Iraq, as part of a broader plan aimed at bolstering the freshman senator's foreign policy credentials.

Obama's legislation, offered on the Senate floor last night, would remove all combat brigades from Iraq by March 31, 2008. The date falls within the parameters offered by the bipartisan Iraq Study Group, which recommended the removal of combat troops by the first quarter of next year.

"The days of our open-ended commitment must come to a close," Obama said in his speech. "It is time for us to fundamentally change our policy. It is time to give Iraqis their country back."

The senator offered his ideas in the midst of an intense congressional debate over President Bush's latest Iraq proposal, to deploy an additional 21,500 U.S. troops to curtail an increasingly virulent insurgency. It also coincides with the launch of the 2008 campaign, with Obama, as well as Sen. Hillary Rodham Clinton (N.Y.), former senator John Edwards (N.C.) and other Democrats forming exploratory committees.

Obama's timetable for completing a withdrawal puts him at odds with other leading rivals for the Democratic nomination. Clinton supports capping the number of troops at their levels of Jan. 1. Sen. Christopher J. Dodd (Conn.) has proposed a similar troop cap. But neither has embraced a timetable for a troop removal. Edwards has been outspoken in his opposition to Bush's new plan and has called for the immediate withdrawal of 40,000 to 50,000 troops. But he, too, has stopped short of setting firm date by which all would be removed.

New Mexico Gov. Bill Richardson is the only other prominent Democrat in the field to set a withdrawal timetable, declaring that troops "can and should" be brought home by the end of 2007.

The Obama plan, called the Iraq War De-escalation Act of 2007, would begin a troop withdrawal no later than May 1, 2007, but it includes several caveats that could forestall a clean break:

It would leave a limited number of troops in place to conduct counterterrorism activities and train Iraqi forces. And the withdrawal could be temporarily suspended if the Iraqi government meets a series of benchmarks laid out by the Bush administration. That list includes a reduction in sectarian violence; the equitable distribution of oil revenue; government reforms; and democratic, Iraqi-driven reconstruction and economic development efforts. Obama's proposal also would reverse Bush's troop-increase plan.

The buildup is broadly opposed by Democrats, who believe that their constituents want to see the war end.

Obama described his proposal as a mainstream package of well-vetted ideas, consistent with the Iraq Study Group's recommendations and "with what the American people demanded in the November election," when they voted Republicans out of power in both the House and the Senate.

"When it comes to the war in Iraq, the time for promises and assurances, for waiting and for patience, is over. Too many lives have been lost and too many billions of dollars have been spent, for us to trust the president on another tired and failed policy," he said.

Interview With Wisconsin Senator Russ Feingold; Former 'New York Times' Reporter Testifies In CIA Leak Trial; Obama's Achilles' Heel? (CNN)

CNN THE SITUATION ROOM, January 31, 2007

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WOLF BLITZER, CNN ANCHOR: And, to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time -- standing by, CNN reporters across the United States and around the world to bring you today's top stories.

Happening now: Congress vs. the decider on Iraq. A leading Republican reminds President Bush he's not the only one who can make choices about the war. But, at the same time, there's a surprising new show of support today for Mr. Bush's plan for a troop buildup.

Also this hour: How much does experience count in the race for the White House? One candidate's admission sets off a new debate about who has got the best resume and whether star power matters more.

Plus: the presidential campaign 2.0. It's a new high-speed version of the political process for a fast-paced, plugged-in era.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

All that coming up -- first this hour, a holy ritual of mourning in Iraq turns into a shooting gallery for insurgents. More than 50 people, Shiites and Sunnis, were killed in tit-for-tat sectarian violence across Iraq today. Most of the dead were Shiite pilgrims turning out in droves for the final day of the Ashoura ceremony, the holiest day for Shiite Muslims.

They were targeted in the streets of Baghdad and Diyala Province while taking part in rituals that include beating their heads with knives and swords.

Against that bloody backdrop, the political debate over Iraq goes on here in Washington -- another Republican today calling on President Bush to reconsider, calling on him -- on the carpet, actually.

Senator Arlen Specter had some sharp words about Mr. Bush's claim that he is the decider. Listen.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: I would suggest, and suggest respectfully, to the president that he is not the sole decider.

(END VIDEO CLIP)

BLITZER: Ed Henry is standing by over at the White House for some reaction to Senator Specter.

Let's go to Dana Bash on Capitol Hill.

A lot of activity happening today, Dana. What is the latest?

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: A lot of activity, indeed, Wolf.

Well, what you just heard from Senator Specter is a direct challenge to the president on something that we heard most recently Mr. Bush say on Friday, and, as you just heard, Senator Specter repeat, that he is the decider when it comes to military strategy and general -- general war strategy in Iraq.

What Senator Specter said, unsolicited, in -- today on Capitol Hill in a hearing about war powers is that, when President Bush makes statements like that, it is both unhelpful and wrong.

(BEGIN VIDEO CLIP)

SPECTER: The president repeatedly makes reference to the fact that he is the decider. I would suggest, and suggest respectfully, to the president that he is not the sole decider, that the decider is a shared and joint responsibility.

(END VIDEO CLIP)

BASH: Now, Senator Specter, if you recall, back in the past year or so, when the Republicans still had control of Congress, he was one of the few Republicans chairmen who really fought hard against the president on a couple of issues, especially the issue of the wiretapping program, made clear that he did not think the president had executive power. This is a continuation of Mr. Specter's push.

I had a chance to talk to him briefly in his Capitol office. And he said that what he hopes is that the president listens to what he calls friendly voices, Republican voices,and that he does come to Congress and have a discussion, before, actually, continuing with his military strategy to send more troops to Iraq -- Wolf.

BLITZER: Senator Specter has been on record for a long time, for many months, that this is already a civil war in Iraq. We are going to be speaking with him in our next hour as well.

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Dana, we also heard from the two co-chairmen of the Iraq Study Group. They were testifying up on Capitol Hill today. What is their bottom-line message?

BASH: Well, it's interesting. As you hear Senator Specter and other Republicans say that they don't support sending more troops to Iraq, the president did get some qualified support from a very important couple of people. And that is the chairmen, the co- chairmen, of the Iraq Study Group.

What they essentially said is: Give this -- this troop increase a chance, but -- and there was a -- a big but there -- they also were very frustrated with the concept of not -- of the administration not pursuing enough diplomacy when it comes to Iraq, and also not putting the screws, as -- as Lee Hamilton put it, on -- on the Iraqi government.

Let's listen.

(BEGIN VIDEO CLIP)

JAMES BAKER, CO-CHAIRMAN, IRAQ STUDY GROUP: My bottom line on the -- on the surge is, look, the president's plan ought to be given a chance. Give it a chance, because we heard all of this. The general that you confirmed 81-0 day before yesterday, this is his idea. He's the supporter of it. He's now the commander on the ground in Iraq. Give it a chance.

LEE HAMILTON, CO-CHAIRMAN, IRAQ STUDY GROUP: I think you're at a point now where you have to bear down on the Maliki government, because of their non-performance over a period of time. And, if they don't perform, and if they don't perform pretty quickly, then, we will lose it.

(END VIDEO CLIP)

BASH: Now, there, you heard it, as I said, some qualified support from the co-chairmen of the Iraq Study Group, but also some frustration, especially with the fact that the administration has not engaged enough in diplomacy and with those countries that the administration refuses to deal with, Iran and Syria -- Wolf.

BLITZER: All right, Dana, on the Hill.

And there's a lot of other activity on the Hill as well. Just a short while ago, the speaker, Nancy Pelosi, and other House Democrats briefed reporters about their just completed trip to Iraq.

Congressman John Murtha took aim at plans for a troop buildup and had questions about contractors working in Iraq.

(BEGIN VIDEO CLIP)

REP. JOHN MURTHA (D), PENNSYLVANIA: Well, we're going to have extensive hearings to find out exactly what's going on with contractors. I hear estimates of 100,000.

But the worst thing is, we don't know. They don't have a clear mission. And they're falling all over each other.

I saw nothing in Iraq, I heard nothing and found nothing that led me to believe that redeployment is right -- not the right strategy.

(END VIDEO CLIP)

BLITZER: We are going to have much more on the debate over contractors in Iraq. That's coming up in our next hour, right here in THE SITUATION ROOM.

President Bush is talking up the economy today, hoping not to talk about the growing Republican criticism of his Iraq strategy.

Let's go to the White House.

Ed Henry standing by with more -- Ed.

ED HENRY, CNN WHITE HOUSE CORRESPONDENT: Wolf, that's right.

White House aides really seem unfazed by Senator Specter's comments there about the president not being the only decider. They are basically saying, look, the president engaged, in their eyes, in unprecedented outreach to allies and critics alike on Capitol Hill. They say, he listened. He made his decision to send more troops to Iraq. He is now sticking with it -- White House spokeswoman Dana Perino telling CNN a short while ago -- quote -- "Congress controls the money. The president controls military forces. The president is not the only decision-maker, but he is the only commander in chief."

That reference, of course, to money is what you heard in vice -- in your interview with Vice President Cheney, where he was basically daring Congress to cut off funding. That is what the White House is basically saying, if you read between the lines, that

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they can give all the speeches they want, they can pass nonbinding resolutions, but it won't really matter unless they try to cut off funding. And the White House is fully aware that is politically perilous for Democrats -- Wolf.

BLITZER: You know, the president was out, as you well know, in -- in Peoria, Illinois, at a Caterpillar plant, today, Ed, talking about the economy, the global economy, if you will.

I want to point out some numbers in our latest CNN/Opinion Research Corporation poll. Sixty-three percent of Americans agree that the economic conditions in the country are good, but they aren't giving the president a lot of credit for that. More than half, 53 percent, disapprove of the way the president is handling the economy.

How worried is the White House, Ed, that the president's economic message is simply not getting through?

HENRY: Very concerned that, no matter what they do -- you probably just heard me trying to speak over the helicopters -- the president now back at the White House from Peoria.

And, as he tried to do just a week ago in the State of the Union, trying to shift the focus ever so slightly to the domestic agenda. As you point out in those poll numbers, he is not getting credit for a good economy. He sees most of his legislative agenda stalled on Capitol Hill, especially with Democrats running the show now.

Today, he was also stopping at a diner in Peoria. I couldn't help but notice that something on the menu written on the chalkboard said that they were serving fried mush. I -- I spoke to one of the waitresses a short while ago. She told me it's a very popular dish. It's corn meal fried up. You couldn't help but wonder if the president is trying to make sure that his agenda isn't fried mush on Capitol Hill. Right now, he can't seem to get any traction -- Wolf. BLITZER: And that's largely because of the problems in Iraq -- Ed at the White House.

Let's go over to the legal drama that's taking place only a few blocks away, the secret conversations that the White House hoped would never be made public. But they are being made public today in the CIA leak trial.

Earlier, it entered a new phase with the testimony of a former "New York Times" reporter.

Brian Todd is over at the courthouse with the latest -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, the woman who spent 85 days in jail for refusing to disclose to investigators her conversations with Lewis Scooter Libby is now testifying against Scooter Libby. And she is doing that as we speak.

She is Judith Miller, former "The New York Times" correspondent. She has told the court about two conversations that she had with Scooter Libby about former Ambassador Joe Wilson, a critic of the Bush administration's rationale for going to war with Iraq, and about Joe Wilson's wife, former CIA officer Valerie Plame, a very critical two meetings that she said she had with Scooter Libby on June 23, 2003, and on July 8, 2003, in which Libby told her that Joe Wilson's wife worked for the CIA.

These were two conversations that took place before Libby told investigators he heard about Valerie Plame for the first time. Libby said he didn't hear about Valerie Plame until July 10 in a conversation with Tim Russert of NBC News. Judith Miller just told the court about two conversations that she had with Scooter Libby days and even weeks before Scooter Libby's claim to hear Valerie Plame's name for the first time.

So, that testimony is ongoing. The defense is now cross- examining her. We're told by our producer, Kevin Bohn (ph), who's just in the -- he's in the courtroom, where I just was. He buzzed us just a moment ago, saying that this defense cross-examination is very contentious -- Wolf.

BLITZER: Brian, it looks like this is at least the third or fourth prosecution witness who has now said that Scooter Libby told them about Valerie Plame long before he insists he heard about it from -- from a reporter, Tim Russert.

TODD: That is correct.

Judith Wilson -- I mean -- excuse me -- Judith Miller just said that she had the two conversations with on him on June 23 of 2003 and on July 8, 2003. Scooter Libby says that he first heard about Valerie Plame Wilson on July 10, 2003, from Tim Russert. Now, Tim Russert is going to take the stand later this week.

But the defense is already punching holes in Judith Miller's memory here. A defense attorney came up and cross-examined her while I was in the court. And -- and he said, essentially: Didn't you testify to the grand jury? When you did testify to the grand jury, you didn't even mention the June 23 conversation. You didn't remember it.

And she said, that is correct. She did not. She had to go back to her notes and consult that.

So, the defense is right now, very contentious cross-examination, trying to punch holes in Judith Miller's memory.

BLITZER: As they did Ari Fleischer, Cathie Martin, and several of the other witnesses who have already testified.

Brian will stay on top of this trial for us.

From trial exhibits posted online to colorful insight from the bloggers credentialed for this trial, the Internet is giving us a fly-on-the-wall view of the Libby trial.

Let's bring in our Internet reporter, Abbi Tatton. She is following this part of the sorry -- Abbi.

ABBI TATTON, CNN INTERNET REPORTER: Wolf, no cameras inside this court -- this court -- courtroom, but these Web sites are taking people, readers, right inside.

From the liberal Firedoglake, writing this morning, special prosecutor Patrick Fitzgerald in a seersuckery-type suit, and writing just a few minutes ago about Judith Miller, saying, "seated, staring forward, shifts in chair," this site saying, looking uncomfortable today.

And the bloggers aren't just looking at what the witnesses are saying, what is happening inside the courtroom. They are also listening in to what the reporters are saying to each other, reporters that are now finding themselves at the very center of this trial.

Other Web sites giving you an eye inside the courtroom -- this is the Web site of the special prosecutor, where, each day, trial exhibits are being uploaded, like this one, a record of the call from Scooter Libby to the CIA days after the -- the Joe Wilson column came out. There are records of e-mails of talking points from a Cheney aide to then White House Press Secretary Ari Fleischer, and a schedule of Fleischer's from July 7, 2003.

Fleischer has testified yesterday that it was at this lunch that Libby told him about Wilson's wife, that coming just a couple of hours after that haircut there.

And we're checking on this site of the -- from the office of the special prosecutor, Wolf, because we're expecting another batch of these documents to be uploaded in the next couple of hours -- Wolf.

BLITZER: All right, thanks.

I didn't know that Ari Fleischer's name is Lawrence A. Fleischer. I just learned something from that memo. Thanks very much.

Jack Cafferty, you -- you didn't know his name was Lawrence A. Fleischer, did you?

BLITZER: Yes.

(CROSSTALK)

CAFFERTY: Have you ever had fried mush?

BLITZER: No.

(LAUGHTER)

BLITZER: Yes, I hear it all the time.

(LAUGHTER)

CAFFERTY: No. I know, we hear it all the -- I will tell you, you haven't...

(LAUGHTER)

BLITZER: I have never -- I have never -- I have never eaten fried mush.

CAFFERTY: You have not lived until you have had fried mush. You get this cornmeal, and you -- and you -- and you fry it in a little oil, and you put some butter and even some maple syrup on it. And, I'm telling you, it's fine dining...

BLITZER: All right.

CAFFERTY: ... great cuisine, very popular in other parts of the country. They don't eat a lot of it in New York and Washington.

Some of the harshest criticism, Wolf, of President Bush's plan to escalate the war in Iraq is coming from an unlikely source, a Republican Senator, Chuck Hagel of Nebraska. He's a Vietnam veteran. And he's a co-sponsor of a resolution to oppose the president's plan for escalation of the war.

He's accusing the administration of playing a ping-pong game with American lives. And he's described the war as -- quote -- "the worst foreign policy blunder since Vietnam" -- unquote. There's a -- a great interview with Hagel in "GQ" magazine, in which the potential White House hopeful says the administration was -- quote -- "hell-bent on going to war in Iraq."

Hagel thinks Congress has abdicated its responsibilities when it comes to checking the power of the president, and needs to exercise oversight of the war's funding. When asked what it would take to secure Baghdad, Hagel says -- quote -- "It's not ours to secure. We have never understood that. We have framed this in a way that never made sense: 'Win or lose in Iraq.' Wait a minute. There is no win or lose for us. The Iraqis will determine how this comes out."

Some are questioning Hagel's motives for speaking out now, in light of the fact that he might run for president, and the war, of course, is a very unpopular issue.

Anyway, here is the question: What does it mean if Republican Senator Chuck Hagel is a tougher critic of the Bush administration than many Democrats in Washington?

E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

BLITZER: I'm going to try that mush one of these days when I get to Iowa.

CAFFERTY: It's terrific.

BLITZER: All right, Jack, thank you.

Coming up: Mitt Romney on the campaign trail explaining his conversion, some of the social issues. But can he connect with crucial conservative voters? John King standing by for that.

Plus: To get to the White House, you probably have to win Ohio. We're going to take a closer look at which candidates have the early lead in the Buckeye State.

And later: Should Congress cut the funding for an increase of U.S. troops in Iraq? Senator Russ Feingold of Wisconsin, he is standing by to join us live, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Presidential hopefuls out on the campaign trail topping our "Political Radar" today.

Mitt Romney is wrapping up two days of campaigning in the crucial early primary state of South Carolina. The former Massachusetts governor is meeting with conservative voters and defending his evolution on key social issues like abortion, gay marriage and stem cell research.

Sam Brownback is back in Iowa, which holds the nation's first presidential caucus.

But the senator from Kansas isn't the only Republican White House hopeful campaigning in Iowa today. Mike Huckabee is also there. The former Arkansas governor is making his first stop on the campaign trail since officially starting up his presidential campaign yesterday.

Former Iowa Governor and White House hopeful Tom Vilsack reports, his campaign raised $1.1 million during the last seven weeks of 2006. That's more than he aimed for, but far behind such Democratic rivals as Hillary Clinton, Barack Obama, and John Edwards. A new survey finds Senator Clinton beating out potential -- potential -- Republican rivals in Ohio. A new Quinnipiac University poll shows Clinton topping John McCain, Mitt Romney and Rudy Giuliani in separate head-to-head matchups. McCain beats Barack Obama, but loses out to John Edwards in the new poll. Ohio, of course, was the state that decided it all back in 2004, putting President Bush over the top.

And, remember, CNN is a partner in the very first presidential debates of the campaign season. We are going to bring them to you from New Hampshire on April 4 and 5 of this year.

We will talk a little bit more now about Republican Mitt Romney's swing through South Carolina and the explaining he has had to do along the way on some of the social issues.

Our John King is here with us.

This is a delicate dance he's got to go through to recruit some of these social conservatives.

JOHN KING, CNN CHIEF NATIONAL CORRESPONDENT: It is.

And, traditionally, Wolf, South Carolina has been the firewall, if you will. Candidates who stumble early on -- George W. Bush, Bob Dole back in 1996, a bit of a shakeup -- that's where they recover and try to prove that they have the conservative base of the party in their camp to go on and be the nominee.

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Governor Romney, Former Governor Romney, now, the great advantage he has in this race is that he doesn't work in Washington, like all the senators running for president. So, he's out on the campaign trail all the time. And he has spent a lot of time in South Carolina, at the public events, which you just showed the pictures of, but, also, very smartly and very importantly, one on one, in small groups, with these evangelical, social conservative pastors and activists on the ground, because he does have a problem.

Two or three years ago, he was pro-choice, favored abortion rights. Now he says he is pro-life, against abortion rights. He's had an evolution on gay rights as well. You mentioned stem cell research.

His point is, many candidates over the years have done this -- Ronald Reagan did it; George H.W. Bush did it -- that this is who he is now, and he's surrounding himself with people who might not be known to you or me or people around the country, but are very well known in those communities, to say: I mean it.

But that is one of his biggest challenges, proving that, when he says he will be anti-abortion, defend the Republican platform, that he won't change his mind again. He is, so far, getting pretty good reviews, but there's still some skepticism.

BLITZER: Is there a conservative candidate out there right now who is simply captivating the conservative base, the real conservative base of the party?

KING: There was -- if you will go back six months ago, there was a big Romney buzz, a lot of people out there saying, this was the guy emerging as the early -- quote, unquote -- "conservative alternative" to John McCain, who would say: You know, I'm pretty conservative. Why do you need an alternative to me?

But Romney had the buzz early on. But, because of the skepticism, because of people asking questions, and, frankly, just because people are starting to choose sides, and it gets a little more difficult, even this far out, that's why you have Huckabee, Brownback, even former Wisconsin Governor and HHS Secretary Tommy Thompson, people who have longstanding, very conservative records on those social issues, saying, "I think I'm going to run, too," or "I am going to run, too," they are sort of hovering, just to see, can Romney survive this credibility test right now about his positions?

How does McCain fare early out? Will Rudy Giuliani keep support, or will the Republican base say, no way; we are not taking a guy who supports gay rights and abortion rights?

So, you do have what we call second-tier candidates, hovering, if you will, waiting to see if somebody in the top tier falls out.

BLITZER: They want to have a breakout moment as well. We will watch it with you.

KING: Long way to go.

BLITZER: Yes. Thanks very much, John, for that.

Coming up: How old is too old for airline pilots? We are going to tell you about some new rules that could be affecting all of us who fly.

Plus: Which party has got the upper hand in the political battle over the war in Iraq? Find out in today's "Strategy Session."

Stick around. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Our Carol Costello is monitoring the wires, keeping an eye on all the video feeds coming into THE SITUATION ROOM.

She is joining us from New York with a closer look at some other important stories making news.

Hi, Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Hi, Wolf.

Hello to all of you.

How old is too old for a pilot to fly an airplane? That is the issue the Federal Aviation Administration is weighing in on. New rules proposed by the FAA would allow pilots to fly until they turn 65 years old. That's five years older than the mandatory retirement age for pilots now.

There is a twist to the FAA proposal, however. At least one person in the cockpit would have to be under 60 years old.

New developments in the case against terror suspect Jose Padilla -- a federal appeals today court reinstated a key count against him and two co-defendants. The reinstated count concerns alleged terror-- related acts inside and outside of the United States. If convicted, Padilla could get life.

Lawyers for Padilla and the other defendants have 21 days to appeal. Their trial is expected to start in April. They face charges of conspiracy and providing material support to Islamic extremist groups. Padilla has pleaded not guilty.

In West Virginia, what would cause a gas station to simply blow up? That is what officials are trying to find out. The Flat Top Little General Store is a pile of twisted debris right now. The unexpected explosion there knocked out power to buildings three miles away, and killed at least four people. One official says as many as seven could be dead. Authorities think a propane tank may have exploded.

And, in politics, payback can be -- well, payback can cost thousands. It looks like members of Congress will not be getting a pay raise this year. Republicans are angry that Democrats used the issue of congressional pay in last year's campaign. So, Republicans will not allow Democrats to reinstate an annual pay hike that lawmakers had agreed to. They were supposed to get an extra $2,700 this year. But they will just have to get by on their salary of $165,200 -- Wolf.

BLITZER: That's life in the fast lane.

(LAUGHTER)

BLITZER: Thanks very much, Carol, for that.

And, to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time.

Happening right now: The speaker of the House says the situation in Iraq, in her word -- quote -- "catastrophic." Nancy Pelosi, just back from visiting Iraq with a congressional delegation, she says, in her estimation, there was no evidence of badly needed political and diplomatic initiatives.

Meanwhile, Iraq's situation can be turned around, but time is short -- that's the word from U.S. Admiral William Fallon. He is poised to become the next commander of U.S. forces in the Middle East. At his confirmation hearing earlier today before the Senate Armed Services Committee, Fallon also said, it may be time, in his words, to redefine the goals in Iraq. And how to handle Iran -- if the Bush administration were to find out Iran is supplying militants in Iraq, what options might the U.S. government have to prevent it?

Our Brian Todd standing by to take a closer look at some scenarios.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

Let's get back to the presidential campaign and what some people see as Senator Barack Obama's Achilles' heel. That would be experience. It's now a topic of debate and a thinly veiled dig by a fellow Democrat.

Let's turn to our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, yesterday, we saw the first defining issue emerge in the race for the Democratic nomination.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Recently, someone asked John Edwards about his decision to run for president in 2004, after just one term in the Senate.

UNIDENTIFIED MALE: Some people say that it was too soon for you to do that, that you needed more time and more experience in Washington. How would you respond to that?

JOHN EDWARDS (D), PRESIDENTIAL CANDIDATE: They may have been right.

SCHNEIDER: What has changed this time?

EDWARDS: You learn from going through a national election the intensity of the spotlight is extraordinary. It exposes everything good about you and everything bad about you.

SCHNEIDER: Asked why he was a better candidate than Barack Obama, Edwards responded, according to the Associated Press: "Experience. I have been through a presidential campaign."

Here's Obama's response to the criticism that he lacks experience.

SEN. BARACK OBAMA (D), ILLINOIS: The important thing is not experience, per se. Donald Rumsfeld and Dick Cheney had the best resumes in Washington, and initiated a fiasco in Iraq.

SCHNEIDER: Hillary Clinton showcases her experience -- and not just in government.

SEN. HILLARY RODHAM CLINTON (D), NEW YORK: I am going to be asking people to vote for me based on my entire life and experience. The fact that I'm a woman, the fact that I'm a mom is part of who I am.

SCHNEIDER: A CBS News poll asked whether Hillary Rodham Clinton has the right experience to be president. Fifty-nine percent said yes. And Barack Obama? Twenty-seven percent said yes. Forty-three percent didn't know.

Some Democrats worry that Clinton has too much political baggage, and that Obama doesn't have enough. That could open the way for Edwards, or another Democrat, especially one with experience in world affairs.

GOV. BILL RICHARDSON (D), NEW MEXICO: I believe these serious times demand serious people who have real-world experience in solving the challenges we face.

(END VIDEOTAPE)

SCHNEIDER: How important is experience to the voters? It varies from one election to the next. In the turbulent year 1968, voters were looking for a president with a lot of experience, Richard Nixon. In 1976, after Watergate, voters wanted someone untainted by Washington experience, Jimmy Carter. Obama is betting that 2008 will be another year when experience is not a high priority -- Wolf.

BLITZER: All right, Bill, we will watch this part of the story together with you.

Coming up in our "Strategy Session": Speaker Pelosi, the delegation of House Democrats have returned from Iraq more convinced than ever, they say, that President Bush's policy in Iraq is doomed to fail.

And a chorus from Congress over the war in Iraq. Will the Democratic-led Congress move to actually start cutting off funds? Senator Russ Feingold, standing by to join us live, he believes the Congress should do exactly that.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Many of us who cover presidential politics can't help but sit back and sometimes marvel that so much is actually going on in the 2008 race, and it's only January 2007. Some are likening it to a campaign on steroids.

But our senior analyst, Jeff Greenfield, is looking at it from a somewhat different angle -- Jeff.

JEFF GREENFIELD, CNN SENIOR ANALYST: Wolf, since the rest of our colleagues are torn between wringing their hands about how soon the presidential campaign is starting and plunging full-scale into over- covering it, let's take a bold step toward the next thing to worry about: how soon this will all end.

(BEGIN VIDEOTAPE) GREENFIELD (voice-over): For a spectacular example of double- think, check out yesterday's "New York Times." While the editorial page bemoans the 23-month campaign, two stories splashed across the front page, and lots more inside, help fuel the very focus the editorial page deplores.

GREENFIELD: Well, maybe it's just that times it is, and they are, a'changing.

RUDOLPH GIULIANI (R), FORMER MAYOR OF NEW YORK: Welcome to Iowa.

GREENFIELD: The press corps is showing up in the early states like Iowa and New Hampshire in numbers that suggest it is 2008 already.

And now a gaggle of big states, tired of being overshadowed by the smaller states, are seriously thinking of moving their contests into February, which could well mean that the nomination contests will be effectively over around Groundhog Day.

If so, it would be a part of a continuing trend. Not that long ago, the primaries were marathons, not sprints. George McGovern didn't wrap up his 1972 nomination until the convention. Ronald Reagan almost beat Jerry Ford at the convention in 1976. Ted Kennedy and President Carter battled into the summer in 1980, as did Gary Hart and Walter Mondale in '84.

But, in the more recent battles, the nominees clinched victory before spring. And, this time out, it will likely be even earlier.

And here is the real issue. No, it's not the need for early massive money or the shortchanging of a thoughtful political argument. No, no, the real issue is much more important.

(BEGIN VIDEO CLIP, "THE VIEW")

JOY BEHAR, CO-HOST: There was a "Newsweek" poll that...

(END VIDEO CLIP)

GREENFIELD: What is everybody going to talk and write about?

(BEGIN VIDEO CLIP, NBC)

UNIDENTIFIED FEMALE: The latest NBC News/"Wall Street Journal" polls shows...

(END VIDEO CLIP)

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GREENFIELD: All this year, we can cite meaningless irrelevant poll numbers, since most normal Americans have, sensibly, not begun thinking about a vote they won't have to cast for a year.

If the victors are crowned early in 2008, what then? Can the republic really take six or seven months of talk about who the vice presidential nominee will be or what the acceptance speeches will sound like?

(END VIDEOTAPE)

GREENFIELD: Friends, I don't care if you watch C-SPAN2 for erotic arousal. Nobody can take half-a-year of that kind of gasbaggery. It's entirely possible that, by the time the conventions arrive, 90 percent of the country will think the election happened already, and, come November, you will be able to shoot a cannon into a polling precinct and not hit a living soul -- Wolf.

BLITZER: You think, in other words, we're just going to be bored to death by the time this is all said and done?

GREENFIELD: I figure, by November 2008, we will be talking about 2012, or maybe 2016.

BLITZER: Some people -- I'm not kidding -- already looking ahead, in case the Democrats do lose this time. Then, what happens the next time?

GREENFIELD: We need a rehab center for people like us, them, whatever.

BLITZER: That would be -- us is the correct way of saying it.

(LAUGHTER)

BLITZER: Jeff Greenfield, thanks very much.

GREENFIELD: Thank you.

BLITZER: And up next: our "Strategy Session" -- a Republican senator taking on President Bush over who is the decider.

Plus: Should Congress cut funds to make sure President Bush doesn't send more troops to Iraq? Senator Russ Feingold standing by. The Democratic senator from Wisconsin will be here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: A Republican senator effective -- effectively telling President Bush he is not the only decider.

We want to talk about that and more in our "Strategy Session" today. Joining us, Democratic strategist Peter Fenn and CNN political analyst Bay Buchanan, president of American Cause.

Here is a really little clip from what Senator Arlen Specter, Republican of Pennsylvania, said earlier today.

Listen to this.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: I would suggest -- suggest, respectfully, to the president that he is not the sole decider.

(END VIDEO CLIP)

BLITZER: Now, he said that, you know, on his own. Nobody prompted him to say that.

What do you make of this latest development?

PETER FENN, DEMOCRATIC STRATEGIST: I will tell you, Wolf, two- thirds of the country thinks that the Congress should be calling the shots on -- on Iraq and on foreign policy, let alone domestic policy.

This president, I think, has got himself in such trouble when he uses words like "I'm the decider." If he is going to do anything, he ought to take a page out of Arnold Schwarzenegger's book and work with the Democrats to get stuff done.

BLITZER: What do you think, Bay?

BAY BUCHANAN, CNN POLITICAL ANALYST: Well, there's no question Arlen Specter is speaking for a lot of other individuals in this town. They think they're president.

(LAUGHTER)

BUCHANAN: I mean, the people in this town, there are so many who think they are so important that they can actually suggest that they should have a say in how this war is being run.

If the Senate and the House want to have a say, they only have one say. They gave him authority to run this war. He runs the war. He is the decider, as the commander in chief. If he doesn't want to -- if they want to step in, then, cut the funds. That's all their choice is. That's period. That's all they can do.

FENN: You know, there is another issue here, too. And you have got a lot of Republicans up in the Senate next time, 21 Republicans, for 12 Democrats. These folks are nervous. They're scared about getting reelected. They want to see something done. They are afraid this president is going to bring them down. And they're looking two years...

(CROSSTALK)

BLITZER: Peter makes a fair point. Several of those Republicans, normally loyal foot soldiers in the president's battles of -- are speaking out against the president. Norm Coleman, for example, of...

BUCHANAN: Sure.

BLITZER: ... of Minnesota jumps to mind.

BUCHANAN: There's no question there are -- they may -- they're distancing themselves. And they have every right to. This is a key issue. The American people are very concerned. They want this battle to end. They want us to come home from Iraq.

So, our leaders should express themselves. But, before they say they should be the ones deciding on what is going on in Iraq, they either take their responsibility and authority that they have and make a difference, or they just come on your show and talk about it, and let people know that they differ.

But they cannot be the person making the calls in Iraq, or we're going to have a repeat...

BLITZER: Do you see, Bay, evidence, as some critics are suggesting, that the White House already is in a state of panic?

BUCHANAN: Well, you know, there is good reason, if they are. I do not see a state of panic. I -- I see a president who is very deliberate about what he is doing in Iraq. He's given the generals certainly responsibility. They are moving ahead.

They are very, very deliberate in their efforts. And they have told the American people what they're going to do.

There -- is there panic in this sense? You cannot maintain a war in this country without the American people's support. You just can't do it. And, so, the American -- so, the president has. He's tried to reach out to the American people. He will continue to do so. And that is the only way he is going to be able to keep a force over there.

BLITZER: What do you think, Peter?

FENN: I will tell you, they're in quicksand up to their necks right now, Wolf. And I think they're really worried about this latest strategy.

They know that, unless they make progress in Iraq in the next six weeks, they're toast.

BLITZER: Six weeks? That's -- you know, they need six...

FENN: That would be -- that would be an eternity.

(CROSSTALK)

BLITZER: They said they need at least six months.

(CROSSTALK)

BUCHANAN: I think they have six months.

(CROSSTALK)

FENN: But, politically, I don't think they have got six months, to be honest with you.

I think -- look, I think you have got generals over there, you have got military people who are going to come out and speak out against this war.

And I will tell you, I -- I -- I just think that they have got to move fast, if they're going to -- if they're going to recover.

BUCHANAN: Well, I think they have six months, for this reason.

I don't see Congress moving to cut anything. And, so, if they don't do that, the president can continue. And, then, if, in six months, the president is now saying, we're now pulling back, we're turning this area over to such and such, and we're going to do this, then, the American people are going to relax.

BLITZER: Let me -- let me -- let me ask Peter, because you know the Republicans -- the Democrats quite well. Russ Feingold is going to be here in THE SITUATION ROOM. He is among those Democrats -- not many -- saying cut the funds, use the power of the purse.

Nancy Pelosi isn't saying that. Joe Biden is not saying that. Chris Dodd is not saying that.

What do you -- what -- do -- do...

FENN: Well...

BLITZER: ... you think that there is momentum moving towards that among Democrats?

FENN: On cutting off funds, probably not, Wolf.

I think what they want to do is, they want to get a vote, a majority, even get Republicans involved. Look, John Warner has got a good resolution. They get 60 to 70 votes on that one, that -- that will send a message to this president.

But my old boss, Frank Church, went in with -- with John Sherman Cooper in Vietnam and cut off funds for Cambodia. Now, that took a lot of guts. A lot of folks were against them. But I will tell you, it may come to that down the road. And that may be the six-month plan.

BLITZER: All right. Guys...

BUCHANAN: Down the road. Down the road.

(CROSSTALK)

BLITZER: ... we have got -- we have got to leave it there. A lot of us remember Frank Church, a decent, very decent, guy, indeed.

(CROSSTALK)

BLITZER: Thanks very much for coming in, Peter and Bay.

Up next: Has the time actually come for Democrats to put up or shut up when it comes to the war? We will talk with Senator Russ Feingold. He's standing by to join us live. And in our next hour: Gone are the moderates. Chaos in Iraq has chased away the reformers. Has Iraq's last chance for peace gone with them? We will speak with Sabrina Tavernise of "The New York Times." She is just back from a long tour of duty there.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

Should Congress simply cut off funding for the war in Iraq?

My next guest thinks so. Democratic Senator Russ Feingold is joining us now from Capitol Hill.

Senator, thanks very much for coming in.

SEN. RUSS FEINGOLD (D), WISCONSIN: Good afternoon, Wolf.

BLITZER: Some of the critics say, if do you that, it would undermine, it would hurt the U.S. troops in Iraq.

What do you say?

FEINGOLD: Well, that's just another one of these red herrings, false argument that is put out. Nobody is talking about taking anything away from the troops.

What we're saying is, there should be a time frame to redeploy the troops. In other words, we don't say to somebody: Hey, give us your rifle and give us your helmet. You are going to stay here in Baghdad.

The fact is, our bill that I'm putting in tomorrow would say, the troops have to be out within six months after the bill is passed. That's the safest thing for the troops, is to not be in Iraq.

BLITZER: In an interview with Politico.com, this new Web site, you told Roger Simon that you were upset about what you called the timidity of several of your fellow Democrats who refuse to join you in using the constitutional power of the purse to stop the war.

FEINGOLD: Well, my concern has been in the past that, sometimes, Democrats have been too timid on this issue.

There is a little bit of old habits dying slowly going on here in the Senate. But I'm optimistic. The nonbinding resolutions that are coming up, Wolf, are ones that I can support, as long as they are only the first small steps.

What has to follow -- and what I hope Democrats and Republicans will follow with -- is a binding resolution that says, this thing has to end. We have to get out of Iraq.

And I feel, on the Senate floor, just a few minutes ago, that many Democrats, as well as Republicans, are realizing that we have to have a real strategy, not just resolutions.

BLITZER: In other words, you -- you think that Harry Reid, your Democratic leader, the majority leader in the Senate, Nancy Pelosi in the -- on the House side, Hillary Clinton, among others, they're -- they're not doing what they should be doing right now, namely, using the power of the purse?

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FEINGOLD: Well, I think the proof will be in the pudding.

What is being done right now, the idea of having a resolution that says, look, this policy doesn't make sense, and we shouldn't have the escalation, that is good. And what they are doing is positive. It's just that it's a very small step. It's almost like a sideshow, compared to what has to be the real step, what the American people asked for in -- in November, which is, we need to redeploy the troops from Iraq, not just stop the surge. The troops have to come out.

This is hurting our national security. It's hurting our military. And I think the leaders of the Democratic Party in both the House and the Senate will come around on this.

BLITZER: Here is what Senator Clinton said in Iowa this weekend on this specific issue. Listen.

(BEGIN VIDEO CLIP)

CLINTON: This president can veto whatever we pass, and, given his track record, can ignore what we do.

So, unless we get a very strong political consensus that includes Republicans, as well as Democrats, we are not likely to change this president's policy.

(END VIDEO CLIP)

BLITZER: In other words, to paraphrase, she seems to think that what you're suggesting, at least right now, given the lack of votes, would be a waste of time.

FEINGOLD: Well, that's just wrong.

I mean, the fact is that, if we are able to cut off the funding for the war, the president will not be able to conduct the war. And, so, what Senator Clinton's remarks relate to are other things, like nonbinding resolutions.

It does not apply to the kind of bill I'm offering. And, let's remember, these are some of the same people that told us we ought to go into Iraq in the first place. These are people that said you simply can't oppose a war like Iraq.

They were wrong on that. And they're also wrong about this. We need to get out of there.

BLITZER: What -- what they say, your critics, administration supporters, is that, as bad as the situation in Iraq is right now, Senator, it could be a whole lot worse. The civil war could simply explode into not only ethnic cleansing, but genocide, and infect the entire region.

You have got a bad hand that you're dealt right now. What do you do in this kind of an environment?

FEINGOLD: Well, what they miss there and what they choose to ignore is the reality on the ground, is that the situation is already very much like what you just described.

And I happen to think that the fact that our troops are there and in harm's way actually encourages some of this violence, not through any act of our own troops, because it's an environment that actually encourages people to act the way they are.

The fact is, if we got out of there, it might get worse for a while for the Iraqis. But I also think it gives them a chance to try to figure out their own future, without us standing there with a military force.

But, in the end, what is most important is the security of the American people. As important as Iraq is, what really matters is that our people be safe. And Iraq is bleeding us of our strength. That has to end.

BLITZER: Here's what you said. I want to bring it back and put it up on the screen.

You told "The Milwaukee Journal Sentinel" back in November, November 10: "Those who were there and came to the judgment the Iraq war was a good idea have to answer for some concerns I have about their judgment. That was a really bad judgment."

You voted against the resolution authorizing the president to go to war, like Senator Kennedy. But Hillary Clinton voted for it. John Edwards, when he was in the Senate, voted for it. Chris Dodd did, Joe Biden.

That's a pretty strong criticism of your Democratic colleagues.

FEINGOLD: Well, look, it's a criticism of anybody that bought into these arguments that, somehow, the Iraq war made sense after 9/11.

To me, it was obviously foolish and didn't make sense. And, so, those who voted for it made a mistake, as most of them have admitted. That doesn't mean they can't do the job in the future.

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But I think it's an important test of judgment, whether somebody realized that Iraq clearly was not the right move in the fight against those that attacked us on 9/11. And that has to be factored in when you consider somebody for the office of president of the United States.

BLITZER: You announced a few months ago you were not going to seek the presidency. You regret that decision? FEINGOLD: Not at all. It's great. I can do an interview like this, and somebody doesn't say that I'm not doing this just because I'm running for president. You can just say what you think.

(LAUGHTER)

FEINGOLD: And I'm enjoying my work, and, obviously, today, being able to chair a committee about the constitutionality of ending this war. This is just the work I was hoping to do. I want to bring an end to this war.

And, here in the Senate, I have a chance to help make that happen.

BLITZER: Senator Russ Feingold, Democrat of Wisconsin.

FEINGOLD: Thank you.

BLITZER: Hey, Senator, thanks very much for coming in.

FEINGOLD: Good to be on the show.

BLITZER: All right. We will have you back soon -- always outspoken.

Still to come in the next hour: Senator Arlen Specter, he is always outspoken as well. He has a very blunt message for President Bush today: Guess what? You're not the only one who has a say on what happens in Iraq.

Senator Specter will join us here in THE SITUATION ROOM in the next hour.

But up next: Jack Cafferty. What does it mean if Republican Senator Chuck Hagel is a tougher critic of the Bush administration than many Democrats? That is Jack's question -- Jack with your e-mail when we come back.

(COMMERCIAL BREAK)

BLITZER: Check in with Jack Cafferty for "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: The question this hour is: What does it mean if Republican Senator Chuck Hagel is a tougher critic of the Bush administration's plans to escalate the war in Iraq than many Democrats?

A lot of mail.

Blanche (ph) in Los Angeles: "Maybe Senator Hagel remembers Vietnam better than those that didn't serve, including a great many Republicans. Even John McCain doesn't seem to remember what happened."

Curtis (ph) in Philadelphia: "Jack, it means Hagel is an old- school Republican who is sick and tired of his beloved party being dragged through the mud by quite possibly the very worst presidential administration this great country has ever had. Oh, and he is also contemplating a run for the White House."

Mary in Dover Plains, New York: "The fact that Chuck Hagel has shown more backbone than most Democrats makes him my favorite senator, and the only Republican I would consider supporting for the presidency. He may very well be the only politician with both a brain and a moral compass in all of Washington."

Jim in Houston: "Hagel's comments would warm my heart if I were an insurgent in Iraq. As such, I would vote for him. I hope enough folks wake up to the tone this has for our enemies. Again, I'm tired of hearing in the media these weak-kneed politicians playing to the stage, instead of proposing anything concrete."

And Dan in Cincinnati: "Hi, Jack. Senator Hagel has real backbone. And, instead of a backbone, the Democrats have fried mush" -- Wolf.

BLITZER: Jack, thank you for that.

And, to our viewers, you're in THE SITUATION ROOM.

Happening right now: It's 5:00 p.m. here in Washington, where there's a battle over war powers. Who is the decider when it comes to sending American troops abroad? A key Republican arguing, President Bush must share that responsibility -- I will speak live this hour with Senator Arlen Specter.

And it's 1:00 a.m. in Iraq, where millions brave bombs and bullets to gather in the streets. We're going to bring you a rare firsthand look at the shocking Shiite ritual dating back more than 1,300 years.

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And from flooding to drought to disappearing species, scientists are pooling their knowledge about global warming. And they're worried. A grim new report tells us why.

I'm Wolf Blitzer. You're in the THE SITUATION ROOM.

House Dems Want To Change Direction Of War Funds (USAT)

By Richard Wolf

USA Today, January 31, 2007

WASHINGTON — Democratic leaders in Congress plan to make extensive changes to the Bush administration's anticipated $100 billion request for new war funds. They want to redirect money from Iraq to military readiness at home and say Iraq, Afghanistan and other NATO countries must carry more of the financial burden.

The administration is to formally seek the new money Monday. The funds would be added to more than $500 billion appropriated for the global war on terrorism and are needed by spring. It is not clear whether Democrats can block any part of President Bush's plan to increase the troop level in Iraq by 21,500.

MORE: Researchers weigh war's other costs

House Democrats hope to use a series of hearings on the new spending request to show that the Iraq war hurts troop readiness at home and elsewhere, particularly in the National Guard and Reserves.

"We've got problems in our own country," said Rep. John Murtha, D-Pa., who chairs the House subcommittee with control over the defense budget. "We're going to check every cent that's spent by the United States government" in the war on terrorism, particularly the billions more being sought by Iraq and Afghanistan to equip their forces.

Murtha, a Vietnam War veteran, has become one of Congress' leading critics of the Iraq war. He returned Monday from a five-day trip to the war zone with House Speaker Nancy Pelosi and other members of Congress.

Rep. Dave Hobson of Ohio, the lone Republican on the trip, said Iraq, Afghanistan and other NATO countries must carry more of the financial burden.

"They've let us do it up to this point, and we're not going to take it anymore," Murtha said. Armed Services Committee Chairman Ike Skelton, D-Mo, said, "We in Congress have the power of the purse. We can cut off funds."

The administration says the requested funds are needed to protect troops. "The troops need to know … that their elected officials stand behind them," said Sean Kevelighan, a spokesman for the White House budget office.

Murtha wants to bolster equipment inventories that have left the Guard and Reserves at their lowest state of readiness. He also wants to reduce requested funding for detention facilities at Guantanamo Bay; bulldoze the former Abu Ghraib prison outside Baghdad where U.S. troops abused Iraqi detainees; and add language to the spending bill barring torture under any circumstances. He said he plans 25 to 30 hearings.

The war on terrorism is dominated by the conflict in Iraq, which costs $8.5 billion a month. The new request would bring 2007 funding to about $170 billion, up from about $120 billion in 2006. The war on terrorism consumes nearly 30% of the nation's total defense budget, a figure that could grow as equipment is upgraded and veterans seek medical care and disability benefits.

"There will be considerable costs to 'reset,' to fix and replace worn-out Army and Marine Corps equipment," said House Budget Committee Chairman John Spratt, D-S.C. "Last year, the Army and Marine Corps estimated a need for $15 billion to $20 billion a year to repair, replace and refurbish equipment at the current rate, and for two to three years" after the war ends.

The administration will estimate how much the war will cost in 2008 and include a partial request for 2009 in its proposed 2008 budget, to be delivered to Congress the same day. "There will be significant war costs shown," White House budget director Rob Portman said.

The Pentagon estimates the cost of the additional troops at $5.6 billion; the Congressional Research Service says it will cost $7.6 billion, at $3,600 per person. Deputy Defense Secretary Gordon England told lawmakers this month that the new funding will be needed in Iraq by May or June, but White House spokesman Tony Snow has said the administration has enough money to increase troops.

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At an Armed Services Committee hearing last week, Army Chief of Staff Peter Schoomaker and Marine Corps Commandant James Conway expressed concern about the military's ability to respond to other conflicts. "We feel there is a risk," Conway said.

Why Would Congress Surrender? (WP)

By Fred Barbash

The Washington Post, January 31, 2007

In a matter of days the Senate is likely to begin debating several nonbinding resolutions on the president's plan for a troop buildup in Iraq. As the battle is joined, both houses of Congress need to be reminded that the stakes go well beyond this particular buildup, this particular war and even this particular presidency.

At issue is the constitutional law governing the war power of the executive branch, specifically the vastness of the "battlefield" over which President Bush claims inherent authority as commander in chief. Also at issue are all the comparable claims yet to be made by presidents yet unborn, armed with the precedents being set right now.

In these matters, there is no such thing as inaction. In a contest between two branches over separation of powers, silence speaks as powerfully as words.

That's because the Supreme Court rarely involves itself in disputes between Congress and the executive, expressly making it a two-way conversation -- a "shared elaboration" or "shared dialogue" in the words of scholars -- between the elected branches. When one branch drops out by failing to respond, the other branch effectively sets the precedent, which is passed along to the next generation and the generation after that.

Inaction, indeed, strengthens that precedent. Over time, inaction is taken as acquiescence, a form of approval, and the precedent becomes entrenched until it's as good as law.

This is precisely what has occurred over the years. Successive decades of congressional acquiescence in the face of executive claims of war power have allowed the law to be settled exclusively by the executive branch.

Now, people who know better show no surprise at the notion that Congress's only war-related authority is the power of the purse. Timid requests for legislative involvement are ridiculed and caricatured as "micromanagement" or, worse, as comforting the enemy.

It's as if there is nothing left to argue about -- except, of course, there is, though it seems so elementary.

Article II does indeed make the president commander in chief.

But Article I gives Congress not merely the power of the purse. It vests in the House and Senate the authority to "declare war," to "make rules concerning captures on land and water," to "provide for the common defense," to "raise and support Armies," and to "make rules for the government and regulation of the land and naval forces." In addition, the Senate advises and consents on important military appointments, which is why Lt. Gen. David Petraeus was on Capitol Hill last week for confirmation as the general in command of U.S. forces in Iraq.

War is a shared responsibility. The records of the 1787 convention at which the Constitution was drafted unquestionably demonstrate that. An early version of Article I, for example, gave Congress the power to "make war."

The delegates changed the wording to "declare war," not to remove Congress from the process but to leave the commander in chief the "power to repel sudden attacks," as James Madison put it. "The executive should be able to repel and not to commence war," agreed Roger Sherman. In the eyes of some delegates, this limited authority was safe in the hands of a president because "no executive would ever make war but when the nation will support it," said delegate Pierce Butler.

One can argue about this view, of course, but Congress generally chooses not to, despite occasional prodding from Supreme Court justices such as Antonin Scalia. In a dissent in Hamdi v. Rumsfeld, the 2004 decision requiring the administration to give detainees some neutral forum in which to make their case, Scalia noted that the Founders mistrusted military power "permanently at the executive's disposal."

"Many safeguards in the Constitution reflect these concerns," he said, including expressly involving Congress in the war-making function. Indeed, wrote Scalia, "except for the actual command of military forces, all authorization for their maintenance

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and all explicit authorization for their use is placed in the control of Congress under Article I, rather than the President under Article II."

Scalia also chided Congress for its "lassitude" on the topic. "Many think it not only inevitable but entirely proper that liberty give way to security in times of national crisis -- that, at the extremes of military exigency, inter arma silent leges," he wrote. "Whatever the general merits of the view that war silences law or modulates its voice, that view has no place in the interpretation and application of a Constitution designed precisely to confront war and, in a manner that accords with democratic principles, to accommodate it."

The equilibrium of government, in the view of the Constitution's Framers, rested on a stated assumption that each branch would fight fiercely to expand its authority but just as fiercely resist encroachment from another branch.

That Congress would refuse to fight seemed unimaginable.

The writer, who covered the Supreme Court for The Post, teaches at Northwestern University's Medill School of Journalism. He has written widely about constitutional history.

Constitutional Warp (WSJ)

By David B. Rivkin, Jr. and Lee A. Casey

The Wall Street Journal, January 31, 2007

The Constitution gives the president primary responsibility for defending national interests on the world stage. He is the nation's chief executive and commander in chief of its armed forces. Congressional efforts to limit the exercise of these powers in Iraq by, for example, purporting to limit the number of American troops there (or, for that matter, to increase the U.S. contingent in Afghanistan) would be unconstitutional, even if linked to an exercise of Congress's own appropriations power.

The Iraqi resolutions Congress is most likely to adopt -- particularly Sen. Joseph Biden's objection to surging additional troops to Iraq -- are non-binding. Still, the writing is on the wall. If the president ignores this resolution, as he is constitutionally entitled to do, then additional provisions seeking to tie his hands will follow. However, unless Congress withdraws funding for the Iraqi war as a whole, the president would similarly be justified in refusing to comply.

The Framers of the Constitution deliberately created a system under which the three branches of government could exert their powers in disparate and conflicting ways. Over time, this has resulted in multiple inefficiencies, particularly as successive Congresses and presidents have struggled over foreign and defense policies. However, while the Constitution anticipates a certain ebb and flow of authority between president and Congress, it does not envision a situation where one branch can entirely vitiate the power of another. As James Madison noted in the Federalist Papers, "the great security against a gradual concentration of the several powers in the same department, consists in giving to those who administer each department, the necessary constitutional means, and personal motives, to resist encroachments of the others." The separation of powers is an indispensable guarantee of liberty.

The Constitution vests Congress with formidable authority to affect how the president fights wars. Congress has the power to declare war (formally rupturing the international legal relations between the U.S. and a belligerent enemy nation), and to prescribe rules governing military discipline and regulating the capture of enemy property. Ultimately, Congress determines the size of the federal military establishment and what weapons it can buy. If it determines to withhold funding for an ongoing conflict, it can compel the president to withdraw U.S. forces.

What Congress cannot do, however, is direct how a president prosecutes a particular war -- including decisions about how many of the available forces to introduce into a theater of conflict. The Framers briefly considered vesting Congress with the power to "make war" but quickly thought better of it, limiting Congress instead to the power to "declare war." This, according to Constitutional Convention delegate Rufus King, was because "'make' war might be understood to 'conduct' it which was an Executive function."

The president is, in short, responsible for all tactical, operational and strategic decisions involved in war fighting. As the Supreme Court explained in a Mexican War case, Fleming v. Page (1851): "as commander in chief, he is authorized to direct the movements of the naval and military forces placed by law at his command, and to employ them in the manner he may deem

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most effectual to harass and conquer and subdue the enemy." Fifteen years later, concurring in the landmark case of Ex parte Milligan (1866), Chief Justice Salmon P. Chase put it more crisply still: "Congress cannot direct the conduct of campaigns."

The unconstitutionality of a congressional effort to direct the course of hostilities in Iraq and Afghanistan, when taken to its logical conclusion, is so clear that even supporters of limiting the president's war-fighting powers concede that Congress cannot go so far as to prescribe the number of troops that may be deployed to Anbar province, or dictate which units should operate in Kandahar as opposed to Baghdad. This, however, is a distinction without a difference. Fundamental decisions about wartime strategy are the most important part of the president's commander in chief portfolio, with battlefield tactics usually determined by his military commanders.

Fundamental disagreements between the president and Congress over strategic decisions are not unique to this war and have occurred in the past; doubtless many congressmen believed that Lincoln's early determination to destroy Lee's army in Virginia was counterproductive when more could be gained along the Mississippi River in the West, just as some congressional Republicans felt that Roosevelt was overinvesting in the European theater during World War II while "starving" the Pacific theater, where, to borrow today's favorite Democratic mantra, the enemy that actually attacked this country resided. There also have been efforts to direct presidential wartime decision making, and at least one instance -- after the major U.S. involvement in the Vietnam War had ended -- where Congress sought to establish particular troop levels. However, this occurred late in the conflict, and its constitutionality was never accepted by the executive branch.

There are nevertheless clear limits to the president's power as commander in chief. In Fleming, the court noted, "He [the president] may invade the hostile country, and subject it to the sovereignty and authority of the United States. But his conquests do not enlarge the boundaries of this Union, nor extend the operation of our institutions and laws beyond the limits before assigned to them by the legislative power."

Similarly, the president cannot take over control of the nation's economy on the pretext that this is necessary to the successful prosecution of a war. That is the clear teaching of the Supreme Court's decision in Youngstown Sheet & Tube v. Sawyer (1952), which declared unconstitutional Truman's seizure of U.S. steel mills (on account of a strike) during the Korean War. In this respect, Congress's paramount authority to regulate foreign and domestic commercial activity, including labor relations and capital markets, remains undiminished in wartime.

Thus Congress could cripple the president's ability to fight a war (accepting the political consequences), but it cannot supervise his own constitutional authority as commander in chief, effectively transferring those functions to Congress. This balancing exercise, rooted in the Framers' political philosophy and appreciation for the Newtonian physics of motion and countermotion, permeates our constitutional system. For example, the president plays a critical part in the legislative process, by proposing legislation, having executive branch officials testify in hearings, negotiating with members of Congress and, ultimately, by exercising his veto power. But Congress retains the primary legislative role.

When Congress augmented executive power in the 1990s with a "line item veto," the Supreme Court struck down the measure: Allowing the president to void particular portions in an overall spending bill, it said, would upset the Constitution's "finely wrought and exhaustively considered" legislative procedure.

The district court, which first invalidated the scheme, went further by noting that "[b]y ceding inherently legislative authority to the President, the Line Item Veto Act violates [the] constitutional framework." Permitting Congress to direct the war in Iraq would similarly warp our constitutional framework.

Messrs. Rivkin and Casey served in the Justice Department under Ronald Reagan and George H.W. Bush.

Left Out Of All This War Planning: The People (USAT)

By Kathy Roth-Douquet

USA Today, January 31, 2007

Our Decider-in-Chief plans to send more troops to Iraq whether Congress likes it or not, saying, "I've made my decision." President Bush hints that in times of war, paying too much attention to the niceties of democracy hurts military success.

But he's taking the wrong tack, even if his plan to surge troops in Baghdad is exactly what's needed. His doggedness ignores the makeup of military success: Goals and strategy are only part of what's needed for a hard victory. In cleaving all these

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years to the business-school model of leadership, Bush has read perhaps too much Ten-Minute Manager, and not enough Clausewitz.

The classic theorist Baron Carl von Clausewitz's trenchant truisms are part of the war college curriculum; he wrote that martial success requires the "remarkable trinity" of government, military and the people. Government comes up with the reason to fight, and the armed forces bring the capability, he explained, but the nation's willpower must come from the people. Neither political power nor war power is enough without willpower.

These days on the home front, we are so distracted by the excellent questions of whether we have either an achievable purpose or enough military capacity in Iraq that we forget about popular will. Yet for a long hard engagement, we need it. And that means the government must engage and convince people and their representatives in Congress. They must buy in or we need to get out.

Every long fight in U.S. history has required the people's support or it has failed — and the longer the war, the more true it is. Retired Army colonel Ken Allard, author of Warheads: Cable News and the Fog of War, makes this point: "There's no such thing as a war that's too serious for debate. If we've got a problem big enough for us to go to war, then it's serious enough for debate and compromise."

America simply can't afford the "leave-it-to-us" approach to governing that the Bush administration promotes in an effort to get a free hand, because, as we have seen, it ends without a popular belief in our military operations when the going gets tough.

The Bush administration waves off congressional Democrats because they have no plan of their own. Yet what we need from the majority party is not a Democratic plan, but a democratic one — that is, a plan that seeks to engage the will of the people. The leadership the Democrats can give us in the Senate and House is to talk to the Republicans one office over. Congress can and should be what a past Supreme Court called the "great representative body of the people." This is its proper role, especially in wartime.

Both the House and Senate received a mandate in this last election to take a more muscular stand in the conduct of the war in Iraq. They can best do this by representing and leading the people the old-fashioned way. They can, and should, be the emissaries to the country and to their constituencies, to foster discussion, debate and determination from the people, then in turn debate and compromise with each other. Something like what we're trying to teach the Iraqis to do.

What we need now, and what the military needs above all else, is a unity of intent in government and from the nation.

Imagine being in a desperate part of the world, with a number of squabbling bosses unable to tell you what they want you to do. We here at home are those squabbling bosses — it's time for us to get our act together. Those who stand in harm's way deserve not only our best strategic thinking, they also deserve a strategy the American people are willing to support.

If the president won't do it, then Congress must act now to give America — and her military — both the plan and the unity.

Kathy Roth-Douquet is co-author of AWOL: The Unexcused Absence of America's Upper Classes from Military Service — and How It Hurts Our Country.

'I Don't Know The Details' (WT)

By Rowan Scarborough And Charles Hurt

The Washington Times, January 31, 2007

The admiral picked by President Bush to oversee his new strategy for Iraq testified yesterday that he does not know much about the plan that the administration says will determine whether the U.S. wins the war.

"I have not gotten into the detail of these plans," Adm. William J. Fallon told the Senate Armed Services Committee, adding that he has been concentrating on his current job as head of the U.S. Pacific Command.

Adm. Fallon specifically declined to endorse Mr. Bush's plan, saying he first has to get to the region and assess matters.

The admiral's lack of knowledge startled some senators.

"I'm surprised that you don't have that understanding going in, frankly," said Sen. Carl Levin, Michigan Democrat and panel chairman. He had asked whether the flow of new troops could be slowed based on battlefield conditions.

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The admiral, whose expertise centers on sea power and diplomacy in dealing with China, said he will leave the Iraq battle decisions to Army Lt. Gen. David H. Petraeus, who leaves for Baghdad this week as the top U.S. commander in Iraq. The admiral appeared before the panel for confirmation hearings on his appointment to lead the U.S. Central Command.

"I do not know the details of how he plans to use" the new troops, Adm. Fallon said. "I'm sure he's going to have to consult with his generals on the ground once he gets into position and then figure it out."

As senators kept up their assault on Mr. Bush's Iraq policy, so did Democrats in the House. House Speaker Nancy Pelosi, California Democrat, led a delegation to Iraq over the weekend and told reporters yesterday that she saw "no evidence" of military or diplomatic progress in Iraq.

"It has been nearly four years since we went to war in Iraq, and four years later, there is still no end in sight," she said.

"The escalation instituted by President Bush has been tried before and failed," said the San Francisco lawmaker who voted against the war in 2002. "Although we heard varying judgments about prospects for success this time, everyone we spoke to said that this was the one last chance and it might not work."

Sen. Russ Feingold, Wisconsin Democrat, held hearings yesterday on whether Congress has the constitutional authority to end a war. Mr. Feingold said he will introduce legislation that would give the administration six months to wrap up operations in Iraq and pull troops out.

"We can't stand idly by and tell ourselves that it's the president's job to fix the mess he made," he said. "It's our job to fix the mess. And if we don't do so, we are abdicating our responsibilities."

Sen. Barack Obama, the first-term Illinois Democrat who is running for president, offered his own legislation yesterday to end the war.

Sen. Arlen Specter, Pennsylvania Republican, took issue with Mr. Bush's past comments that he is the "decider" when it comes to the war in Iraq.

"I would suggest respectfully that he is not the sole decider," Mr. Specter said. "It is a shared and joint responsibility."

Adm. Fallon testified that he would view his post at the U.S. Central Command as responsible for regional issues, not just Iraq.

He often mentioned Iran as a threat to the struggling democracy in Iraq. His testimony underscored a scenario in which his main task will be to contain and pressure Iran and its bellicose leaders, leaving the newly confirmed Gen. Petraeus to focus on day-to-day operations in Iraq as the multinational commander.

"I view my responsibilities as much wider than that," Adm. Fallon said. "It seems to be that there's an expectation that I'd be working outside the borders of Iraq to try to get the neighborhood, for example, to help us."

The administration has beefed up naval power in the region, positioning two aircraft carriers instead of the typical one. Officials say the show of force puts pressure on Iran, which is accused of aiding the insurgency in Iraq, and soothes Persian Gulf allies anxious about threats of war by Iranian President Mahmoud Ahmadinejad.

Mr. Bush has acknowledged that the war is not going well. He announced earlier this month a new strategy whose centerpiece is a surge of more than 21,000 troops, principally to quell violence in Baghdad.

Gen. Petraeus is replacing Gen. George Casey, who is slated to be the next Army chief of staff. But Gen. Casey may run into a tough confirmation hearing. Sen. John McCain, Arizona Republican, has accused the military of mismanaging the war.

Yesterday, he leveled a new charge. "Too often administration officials came before this committee and the American people and painted a rosy scenario when it was not there," Mr. McCain said, without naming names.

"I believe the situation in Iraq can be turned around, but time is short," Adm. Fallon said. "It seems pretty obvious to me that what we have been doing has not been working."

Adm. Fallon would be replacing Army Gen. John Abizaid, an Arabic speaker who devoted himself to Iraq planning. He acknowledged last year that the U.S. did not have sufficient troops when it invaded Iraq in March 2003.

Bush Nominee: New Goals Needed In Iraq (USAT)

USA Today, January 31, 2007

WASHINGTON — Some developments Tuesday on Iraq:

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•Navy Adm. William Fallon, President Bush's pick to lead U.S. forces in the Middle East, told Congress it may be time to "redefine the goals" for Iraq. The nominee to head the U.S. Central Command told his Senate confirmation hearing: "We have got to be doing, it seems to me, something different." He did not say what might change under his command.

•James Baker and Lee Hamilton, co-chairmen of the Iraq Study Group, offered conditional support for Bush's plan to increase troop levels in Iraq, but said it should be accompanied by stepped-up diplomatic and political efforts. "The president's plan ought to be given a chance," Baker told a Senate Foreign Relations Committee hearing. Hamilton said he could support a buildup "in the context of doing a lot of other things at the same time."

•Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and Sen. Arlen Specter of Pennsylvania, the ranking Republican, wrote to Attorney General Alberto Gonzales asking for the administration to deliver a formal opinion on congressional power to wind down the war. "I would suggest respectfully to the president that he is not the sole decider," Specter said.

Bush Nominee: New Actions Needed In Iraq (AP)

By Robert Burns

AP, January 31, 2007

It may be time to "redefine the goals" for Iraq, the admiral President Bush picked to lead U.S. forces in the Middle East told Congress on Tuesday as lawmakers of both parties maneuvered for leverage against Bush's proposed troop buildup.

Navy Adm. William Fallon, Bush's nominee to head the U.S. Central Command, told his Senate confirmation hearing the time for finding solutions in Iraq was running out.

"What we have been doing has not been working," he said. "We have got to be doing, it seems to me, something different." He did not say what might change under his command.

Meanwhile, House Speaker Nancy Pelosi, just returned from a trip to Iraq and Afghanistan, told a news conference on Capitol Hill that her delegation saw no sign that U.S. efforts in Iraq were moving ahead with urgency.

"We went with the hope and expectation that what we would see in Iraq was some coordinated effort to have political solutions, to relieve the civil strife and violence there, and diplomatic efforts to bring stability to the region," she said. "We saw no evidence of either, sadly."

The California Democrat praised the U.S. military's efforts but said more must be done on the economic and political fronts.

Rejecting Bush's troop buildup, Pelosi called for refocusing the U.S. military mission from combat to a combination of training Iraqi forces, protecting Iraq's borders and fighting terrorists.

Bush's declaration last week that "I am the decision-maker" on issues of war also ran into resistance, this time from a prominent Republican. Bush has said he intends to push ahead with his plan to send an additional 21,500 U.S. troops to Iraq, regardless of any resolution the Senate may pass.

"I would suggest respectfully to the president that he is not the sole decider," Sen. Arlen Specter, R-Pa., said during a hearing on Congress' war powers. "The decider is a shared and joint responsibility."

There were about 132,000 U.S. troops in Iraq before the increase.

The question of how to try forcing an end to the war in Iraq, and under what conditions, is among the issues faced by the newly empowered Democratic majority in Congress, and some of the president's political allies as well.

James A. Baker III, secretary of state during Bush's father's administration, told a congressional hearing Tuesday that the White House should find a way to negotiate with Congress on troop additions.

"A majority of Congress is ready to vote against a surge" in troops, Baker told the Senate Foreign Relations Committee.

Baker was co-chairman of a bipartisan commission that recommended the administration pull out U.S. combat brigades by early 2008, launch new diplomatic initiatives with Iran and Syria and vastly increase the number of U.S. military advisers in Iraq.

Fallon, whom Bush nominated to replace Army Gen. John Abizaid as head of Central Command, told the Senate Armed Services Committee that he was not yet sure how he would go about changing the approach in Iraq.

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"One of the things in the back of my mind that I'd like to get answered is to meet with the people that have been working this issue — particularly our ambassadors, our diplomats — to get an assessment of what's realistic and what's practical," Fallon said.

"And maybe we ought to redefine the goals here a bit and do something that's more realistic in terms of getting some progress and then maybe take on the other things later," he added without elaborating.

His spokesman, Capt. William Alderson, said later that Fallon preferred not to address the issue in more detail until after he had been confirmed by the full Senate.

Fallon told the senators, "I believe the situation in Iraq can be turned around, but time is short."

"I think that we would probably be wise to temper our expectations here, that the likelihood that Iraq is suddenly going to turn into something that looks close to what we enjoy here in this country is going to be a long time coming," he said.

One of the leading Republicans opposed to Bush's troop buildup, Sen. John Warner of Virginia, said Fallon appeared to be distancing himself from the Bush plan. He urged the admiral to consider other approaches in Iraq as he takes over for Abizaid, who is retiring.

Warner said he hoped Fallon would feel free "to point out those areas in this plan which you feel need flexibility, options that can be pursued, other than the rigidity of just 20,000 new troops right into the face of sectarian violence."

With a Senate showdown over the Iraq war apparently days away, No. 2 Senate GOP leader Trent Lott of Mississippi said he had concerns with each of the resolutions on the war introduced so far. If Republican leaders do not rally behind a single proposal, the party could avoid taking a clear, united stance on the widely unpopular Iraq war — a consequence Lott suggested he wouldn't mind.

"To herd the cat some times you have to let them stray," he said. "Think about that. Keeping them together by letting them stray."

Sen. Barack Obama, D-Ill., a presidential hopeful, introduced legislation to implement an Iraq plan that focuses on finding a political solution in Baghdad while beginning a withdrawal of U.S. troops and "bringing this war to a responsible end."

Fallon, 62, currently commander of U.S. forces in the Pacific, said he saw a need for a comprehensive approach to Iraq, including economic and political actions to resolve a problem that requires more than military force.

Separately, John Negroponte, the first director of national intelligence, said at his confirmation hearing for the post of deputy secretary of state that Iraq is still having trouble policing its long border with Syria.

Negroponte said Syria is letting 40 to 75 foreign fighters cross its border into Iraq each month, and he repeated the charge that Iran is providing lethal help to insurgents fighting U.S. forces in Iraq. He gave only mild endorsement to the administration's diplomatic hands-off policy toward Damascus and Tehran.

Several senators asked Fallon his views on Iran, which the Bush administration accuses of meddling in Iraq's internal affairs and supplying weapons for use by insurgents against American and Iraqi soldiers.

"They are posturing themselves with the capability to attempt to deny us the ability to operate in this vicinity," Fallon said, adding that there is room for diplomatic efforts with Iran because it has an economic stake in keeping open the Persian Gulf's commercial shipping lanes.

Meanwhile, Pelosi and Senate Majority Leader Harry Reid informed Bush on Tuesday that they support his idea for a bipartisan group to advise him on the war on terror. Bush pitched the idea as a way to strengthen his relationship with Congress and gather regular input from lawmakers.

Pelosi and Reid jointly called Bush to take up the offer, said Dana Perino, deputy White House press secretary. The first meeting will be next week, probably at the White House, although the date and attendees have not been set, Perino said.

Peace In Iraq 'A Long Time Coming,' Fallon Says (LAT)

By Peter Spiegel

The Los Angeles Times, January 31, 2007

DOJ_NMG_0124664

WASHINGTON — President Bush's choice to be the new military commander in the Middle East warned Tuesday that the U.S. may have to lower its expectations for Iraq, saying the country's transition into a peaceful democracy may be "a long time coming."

Navy Adm. William J. Fallon, who was picked this month by Bush to replace retiring Army Gen. John P. Abizaid as head of U.S. Central Command, said security and stability must come first in Iraq — meaning many of the political reforms once viewed as essential to the administration's democratization goals may need to be postponed.

"Going back to 2003, we had hundreds of good ideas of things that we would like to see in Iraq that are more reflective of the kind of society and process that we enjoy here," Fallon said at his confirmation hearing before the Senate Armed Services Committee. "We probably erred in our assessment of the ability of these people to take on all these tasks at the same time."

Fallon's pessimistic view follows similar assessments by other administration and military leaders in recent months, a shift that has come as violence in Baghdad has raged for nearly a year. Fallon pointedly refused to answer questions on the administration's buildup of forces in Iraq, however, saying he could not assess the number of troops needed for the mission until he received more detailed information about the plan.

Instead, Fallon appeared to defer to Army Gen. David H. Petraeus — the new four-star commander in Iraq and an advocate of the troop increase — on much of the new war strategy. Such a stance would have him playing a much different role than his predecessor, Abizaid, who was intimately involved in the details of the Iraq campaign, since even before the 2003 invasion.

Fallon, who would become the first naval officer to command the headquarters responsible for the wars in Iraq and Afghanistan, told the committee he would seek more help from other countries in the region for securing and rebuilding Iraq.

"I see an awful lot of sitting and watching by [countries in] the neighborhood," Fallon said. "It's high time that changed."

In his previous job, head of U.S. Pacific Command, Fallon gained a reputation for pushing to engage with occasionally antagonistic governments in the region, particularly China, at times defying the Bush administration's heated rhetoric concerning Beijing.

His reputation prompted several senators to ask whether he advocated diplomatic engagement with Iran, a move already rejected by the White House. Although Fallon repeatedly said Iran was not being helpful in Iraq, he said the White House had not told him to avoid such talks and would not exclude the possibility of direct discussions.

"The extent that we can understand better the thoughts and actions of others reduces substantially, in my experience, the danger of miscalculation, and so I strongly endorse that approach," Fallon said, speaking generally of dialogue with Middle Eastern countries.

At another Senate confirmation hearing Tuesday, John D. Negroponte, nominee to be deputy secretary of State, said he did not believe the U.S. was drifting toward military confrontation with Iran.

"I think we would strongly prefer that the issues between us be resolved peacefully," he told the Senate Foreign Relations Committee.

He added, however, that the administration does not believe Iranian actions such as supporting Shiite extremists in Iraq "should go unchallenged."

Fallon's view that security must be the first priority in Iraq differs from some administration critics, who have argued that the Iraqi government must bring about a political reconciliation between opposing factions before stability is possible.

Former Rep. Lee H. Hamilton (D-Ind.) and former Secretary of State James A. Baker III, co-chairmen of the Iraq Study Group, told the Senate Foreign Relations Committee on Tuesday that making the security of Baghdad a precondition for other goals was a mistake.

"You've got to deal with these problems comprehensively, and if you're focused solely on the question of security, you're not going to get there," Hamilton said. "Because you cannot isolate that security from the other aspects."

"The study group believes the training mission should be the primary mission," Baker said.

Another critical assessment came Tuesday from the Washington-based Brookings Institution, which issued a bleak report suggesting it may be too late to stop Iraq's descent into civil war and instead called on policymakers to turn their attention to keeping the violence from spilling over into neighboring countries.

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The 140-page report, based on a historical analysis of recent sectarian conflicts and issued this week, was co-authored by Middle East expert Kenneth Pollack, a former CIA analyst and National Security Council official. Pollack initially favored the invasion of Iraq, but has since criticized the Bush administration's handling of the war.

The Brookings report advocates policies aimed at containing an all-out civil war. Previous conflicts, the authors argue, have shown that failure to prevent "spillover" can lead to the growth of terrorist groups, radicalization of people in surrounding countries and pressures for foreign intervention.

"The warnings of history suggest that we, too, are simply repeating the same mistakes of those caught up in past civil wars," the report states. "Not planning now for containing the Iraqi civil war could lead its devastation to become even greater, engulfing not only Iraq but also much of the surrounding region and gravely threatening U.S. interests."

Nominee To Head Mideast Forces Warns On Iraq (FT)

By Demetri Sevastopulo And Guy Dinmore

Financial Times, January 31, 2007

Admiral William Fallon, the White House choice to command US forces in the Middle East, on Tuesday warned that the US was running out of time to improve security in Iraq.

"I believe the situation in Iraq can be turned around, but time is short," Admiral Fallon told senators. "There are no guarantees."

President George W. Bush chose Admiral Fallon, head of US Pacific Command, to replace General John Abizaid, who reportedly disagreed with the White House decision to push ahead with a military "surge" in Iraq.

Separately, John Negroponte, the top US intelligence official nominated for deputy secretary of state, told senators that Iraq was at a "precarious juncture".

Mr Bush's decision to send 21,500 more troops to Iraq has found little support in Congress. But for the moment it remains unclear how tough a non-binding resolution of opposition dissident Republicans would support.

The president's plan received a boost from James Baker, former secretary of state, who urged the Senate foreign relations committee to "just give it a chance".

Mr Baker was co-author with Lee Hamilton, a former Democratic congressman, of November's Iraq Study Group report that set out 79 recommendations, many of which the president rejected. Mr Hamilton was scathing about US policy towards Iran and Syria, saying isolation was not working.

Admiral Fallon joined a line of senior military officers who have conceded since the departure of Donald Rumsfeld, former defence secretary, that the US made mistakes in Iraq.

"We probably erred in our assessment of the ability of these people to take on all of these tasks at the same time," he told the Senate armed services committee.

Carl Levin, the Democratic committee chairman, criticised the Bush administration for not giving Congress a list of the benchmarks that it wants Nouri al-Maliki, the Iraqi prime minister, to meet under the latest Baghdad security plan.

Admiral Fallon said it would not be "particularly constructive right now to tape an edict of a number of actions and give deadlines".

Senators pressed the admiral and Mr Negroponte on US intentions towards Iran following the president's adoption of a more aggressive military and rhetorical stance towards the country.

Barack Obama of Illinois told Mr Negroponte he was concerned that the US would "stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches".

Virginia's Jim Webb asked again whether the White House believed it had the authority to take unilateral action against Iran, without approval from Congress, without a direct threat.

Both times, Mr Negroponte was non-committal. He repeated the administration's line that it sought a diplomatic solution to the crisis with Iran but would not enter into an unconditional dialogue with the Islamic republic.

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David Satterfield, a senior State Department official, on Tuesday directly accused Iran of killing Americans in Iraq. His remarks, to the BBC, went beyond Mr Bush's accusation that Iran was "providing material support for attacks on American troops".

Choice For No. 2 At State Dept. Defends Bush's Stance On Iran (NYT)

By Helene Cooper

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — John D. Negroponte, nominated as deputy secretary of state, defended the Bush administration's more confrontational policy with Iran in a Senate confirmation hearing that was peppered with demands from both sides of the aisle that the United States show restraint in dealing with Tehran.

In a sign that the debate over Iraq is increasingly becoming a debate over Iran, Mr. Negroponte, appearing before the Senate Foreign Relations Committee, found himself answering the same questions, over and over again.

"Do you think we are drifting toward a military confrontation with Iran?" demanded Senator Chuck Hagel, Republican of Nebraska.

"I don't think that has to be, Senator," Mr. Negroponte replied. "I think we would strongly prefer that the issues between us and Iran be resolved peacefully."

Mr. Negroponte maintained that an emboldened Iran could harm American interests in the region.

"We don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged," said Mr. Negroponte, who is now the director of national intelligence.

In an interview with ABC News on Tuesday, President Bush said stern measures aimed at Iran should not be seen as a precursor to war. "Some are trying to take my words and say, 'Well, what he's really trying to do is go invade Iran,' " he said. "Nobody's talking about that."

The United States has refused to hold direct talks with Iran over the two major issues of contention: its nuclear programs and its stance toward Iraq. Instead, the Bush administration has increased pressure on Iran. The administration has seized Iranians in Iraq and is trying to starve Iran of international financing.

The Pentagon announced Tuesday that it had suspended the sale of spare parts for American-made F-14 fighter jets lest they end up in Iran, the only nation whose air force still flies the vintage plane. Many of the parts are common to other aircraft. The United States Navy retired its last squadrons in 2006.

Mr. Bush announced this month that the United States would send another aircraft carrier and its supporting ships to the Persian Gulf, a response to the growing concern that Iran is building up its own missile capacity and naval power to dominate the gulf militarily.

Meanwhile, the administration has continued to resist calls for it to initiate talks with Iran, and has said that it will do so only if Tehran suspends its enrichment of uranium.

"The view at the moment is that we are reluctant to initiate a high-level diplomatic dialogue with Iran until there has been some progress on this nuclear issue," Mr. Negroponte said.

Senator Barack Obama, Democrat of Illinois, warned him not to "stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches, without the American people understanding exactly what's taking place."

"This committee is going to be paying attention," Mr. Obama said. "We do not want to see precipitous actions that have not been thought through, have not been discussed, have not been authorized."

If confirmed, Mr. Negroponte would become the second-highest-ranking diplomat behind Secretary of State Condoleezza Rice. The deputy secretary of state job has been open since Robert B. Zoellick left to join Goldman Sachs in the summer.

Mr. Negroponte, who has spent 41 years in government service, speaks five languages fluently and has won Senate confirmation for eight posts, including five ambassadorships. He was ambassador to Iraq before President Bush chose him for the intelligence job in February 2005.

Several senators on the committee praised Mr. Negroponte as one of the most distinguished public servants of his generation, and there appeared to be no obstacle to his confirmation.

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At a separate confirmation hearing on Tuesday, the admiral picked to lead American forces in the Middle East said Iran was increasing its military capabilities and seeking to curb American influence. “They are posturing themselves with the capability to attempt to deny us the ability to operate in this vicinity,” Adm. William J. Fallon told the Senate Armed Services Committee.

Senators Warn Against War With Iran (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, January 31, 2007

Republican and Democratic senators warned Tuesday against a drift toward war with an emboldened Iran and suggested the Bush administration was missing a chance to engage its longtime adversary in potentially helpful talks over next-door Iraq.

"What I think many of us are concerned about is that we stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches, without the American people understanding exactly what's taking place," Sen. Barack Obama, D-Ill., told John Negroponte, who is in line to become the nation's No. 2 diplomat as Secretary of State Condoleezza Rice's deputy.

Obama, a candidate for president in 2008, warned during the Senate Foreign Relations Committee hearing that senators of both parties will demand "clarity and transparency in terms of U.S. policy so that we don't repeat some of the mistakes that have been made in the past," a reference to the faulty intelligence underlying the U.S. invasion of Iraq.

Sen. Chuck Hagel, R-Neb., a possible presidential candidate, asked Negroponte if he thinks the United States is edging toward a military confrontation with Tehran. In response, Negroponte repeated President Bush's oft-stated preference for diplomacy, although he later added, "We don't rule out other possibilities."

Separately, the Navy admiral poised to lead American forces in the Middle East said Iran wants to limit America's influence in the region.

"They have not been helpful in Iraq," Adm. William Fallon told the Senate Armed Services Committee. "It seems to me that in the region, as they grow their military capabilities, we're going to have to pay close attention to what they do and what they may bring to the table."

The Bush administration has increased rhetorical, diplomatic, military and economic pressure on Iran over the past few months, in response to Iran's alleged deadly help for extremists fighting U.S. troops in Iraq and the long-running dispute over Iran's nuclear program.

Bush said Tuesday the United States "will deal with it" if Iran escalates military action inside Iraq and endangers American forces. But, in an interview with ABC News, Bush emphasized this talk signals no intention of invading Iran itself.

A day earlier, the president acknowledged skepticism concerning U.S. intelligence about Iran, because Washington was wrong in accusing Iraq of harboring weapons of mass destruction before the U.S.-led invasion in 2003. "I'm like a lot of Americans that say, 'Well, if it wasn't right in Iraq, how do you know it's right in Iran,'" the president said.

Washington accuses Iran of arming and training Shiite Muslim extremists in Iraq. U.S. troops have responded by arresting Iranian diplomats in Iraq, and the White House has said Bush has authorized U.S. troops to kill or capture Iranians inside Iraq.

The United States also accuses Iran of secretly developing atomic weapons — an allegation Tehran denies. Iran's refusal to suspend uranium enrichment lead the U.N. Security Council to impose limited economic sanctions.

Senators including Hagel, George Voinovich, R-Ohio, and Joseph R. Biden Jr., D-Del., sounded frustrated with the administration's decision not to engage Iran and fellow outcast Syria in efforts to reduce sectarian violence in Iraq.

Negroponte, a career diplomat who is leaving a higher-ranked job as the nation's top intelligence official, gave only a mild endorsement of the administration's diplomatic hands-off policy toward Damascus and Tehran.

Negroponte would lead the department's Iraq policy if confirmed, as expected. He said Syria is letting 40 to 75 foreign fighters cross its border into Iraq each month and repeated the charge that Iran is providing lethal help to insurgents fighting U.S. forces in Iraq. Iran and Syria are not helping promote stability and peace in Iraq and understand what the United States and other nation expect of them.

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"I would never want to say never with respect to initiating a high-level dialogue with either of these two countries, but that's the position, as I understand it, at this time," Negroponte said.

The Senate Foreign Relations Committee is expected to approve Negroponte quickly for a job vacant since July.

Iran Will Not Go Unchallenged In Iraq: US (AFP)

AFP, January 31, 2007

WASHINGTON (AFP) - The United States cannot allow Iran to back Shiite militants in Iraq with impunity, President George W. Bush's nominee to become the second-ranked US diplomat warned.

John Negroponte said at a confirmation hearing on his nomination as deputy secretary of state that the United States wanted to resolve its differences with Iran peacefully, but could not let it go unchallenged in Iraq.

His comments were the latest warning in an escalating US showdown with the Islamic Republic. On Monday, Bush said Iranians would suffer for their leaders' nuclear ambitions and warned Tehran not to sow discord in Iraq.

"I would characterize our policy as desirous of resolving any issues we have with Iran by peaceful means," Negroponte told the Senate Foreign Relations Committee.

"But at the same time, we don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged.

"If they feel that they can continue with this kind of activity with impunity, that will be harmful to the security of Iraq and to our interests in that country."

Bush last week authorized US forces to capture or kill Iranian operatives in Iraq, amid charges from Washington and denied by Tehran that the Islamic republic had been helping insurgents target US troops.

And in his annual State of the Union speech on January 23, the US president vowed to crack down on any Iranian and Syrian networks suspected of funneling weapons and fighters to the insurgency in Iraq.

Iran and Syria, said Negroponte, "know what they need to do" to improve relations with Washington. The Bush administration has refused calls for a dialogue with Syria and Iran.

But US Senator Bill Nelson said in a speech to the Council on Foreign Relations on Tuesday that the Bush administration was adopting an "ostrich"-like policy, by ignoring the need to talk to Syria.

The Democratic lawmaker said Syrian President Bashar al-Assad had opened the door slightly to helping the United States or the Iraqi government check the flow of extremists into the country, when he met him last month.

Negroponte, a veteran US diplomat who has served as ambassador to Iraq and to the United Nations as well as US intelligence czar also said Washington was reluctant to hold direct talks with Tehran absent progress on the dispute over its nuclear program.

The United States accused Iran of trying to produce a nuclear bomb through its uranium enrichment activities, a claim Tehran denies.

"The view at the moment is that we are reluctant to initiate a high-level diplomatic dialogue with Iran until there has been some progress on this nuclear issue," Negroponte said.

Negroponte, who would become Secretary of State Condoleezza Rice's deputy, noted Washington has had indirect dialogue with Iran through talks with European countries also concerned about Tehran's nuclear ambitions.

"We have been discussing the Iran issue with our European friends and the UN Security Council. And in the context of the nuclear issue there has been a dialogue with Iran, albeit indirectly," he said.

Washington was not warm to the idea of holding a regional conference on Iran, but did not rule out the possibility.

"I would not say that, as a matter of priority, one would have to go right to a regional-type conference or regional-type diplomatic scenario, although I don't think that that should be ruled out," he said.

A UN Security Council resolution passed on December 23 imposed sanctions on Iran until it suspends uranium enrichment, which makes fuel for civilian nuclear reactors but also produces material for atomic bombs.

But Iran continues to defy the international community and has vowed to increase its enrichment capacity by installing 3,000 centrifuges, arguing that its nuclear program is strictly for civilian energy purposes.

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General Says U.S. Has Proof Iran Arming Iraqi Militias (USAT)

By Jim Michaels

USA Today, January 31, 2007

BAGHDAD — Iran is supplying Iraqi militias with a variety of powerful weapons including Katyusha rockets, the No. 2 U.S. general in Iraq said Tuesday.

"We have weapons that we know through serial numbers … that trace back to Iran," Lt. Gen. Raymond Odierno said in an interview with USA TODAY.

His comments came as the Bush administration has been taking an increasingly tough stance against what it alleges is Iranian meddling in sectarian violence in Iraq. Last week, the White House confirmed that the president had authorized U.S. troops to take action against Iranian agents in Iraq who present threats.

On Tuesday, President Bush vowed to crack down on those who supply Iraqi insurgents with arms, though he denied any plans to invade Iran.

"We'll deal with it by finding their supply chains and their agents and … arresting them. … In other words, we're going to protect our troops," Bush told ABC News.

Odierno did not provide further details on how weapons were linked to Iran. The Iranian government has denied providing weapons to Iraqi militias.

Most weapons supplied by Iran end up in the hands of Shiite extremists, Odierno said.

He said the weapons include:

•The RPG-29, a rocket-propelled grenade that can fire armor-piercing rounds. It is larger and more sophisticated than the RPG-7 more commonly found in Iraq.

•Katyusha rockets, so large they are generally fired from trucks.

•Powerful roadside bombs, known as explosively formed projectiles, which can pierce armor. The technological know-how and "some of the elements to make them are coming out of Iran," Odierno said.

Several Iranians have been detained in raids inside Iraq, and some remain in custody. The arrests have provided clues about Iranian operations, Odierno said.

"Every time you pick up individuals you learn about how they facilitate themselves within a country," he said.

He did not specify whether the Iranians in custody are cooperating, or whether evidence was seized during the arrest.

Iran's ambassador to Iraq told The New York Times this week that Iran was taking steps to expand military and economic ties with Iraq.

Iran May Have Trained Attackers That Killed 5 American Soldiers, U.S. And Iraqis Say (NYT)

By James Glanz And Mark Mazzetti

The New York Times, January 31, 2007

BAGHDAD, Jan. 30 — Investigators say they believe that attackers who used American-style uniforms and weapons to infiltrate a secure compound and kill five American soldiers in Karbala on Jan. 20 may have been trained and financed by Iranian agents, according to American and Iraqi officials knowledgeable about the inquiry.

The officials said the sophistication of the attack astonished investigators, who doubt that Iraqis could have carried it out on their own — one reason a connection to Iran is being closely examined. Officials cautioned that no firm conclusions had been drawn and did not reveal any direct evidence of a connection.

A senior Iraqi official said the attackers had carried forged American identity cards and American-style M-4 rifles and had thrown stun grenades of a kind used only by American forces here.

Tying Iran to the deadly attack could be helpful to the Bush administration, which has been engaged in an escalating war of words with Iran.

One American soldier was killed during the initial attack and four more were abducted and killed shortly afterward as the police pursued the sport utility vehicles used in the attack.

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The attack was focused on a meeting at a joint security station, where American and Iraqi forces mesh their efforts in the new security plan.

An Iraqi knowledgeable about the investigation said four suspects had been detained and questioned. Based on those interviews, investigators have concluded that as they fled Karbala with the abducted Americans, the attackers used advanced devices to monitor police communications and avoid the roads where the police were searching.

The suspects have also told investigators that "a religious group in Najaf" was involved in the operation, the Iraqi said, in a clear reference to the Mahdi Army, the militia controlled by the breakaway Shiite cleric, Moktada al-Sadr. If that information holds up, it would dovetail with assertions by several Iraqi officials that Iran is financing and training a small number of splinter groups from the Mahdi Army to carry out special operations and assassinations.

"I hear that there are a number of commando and assassination squads that are disconnected and controlled directly by Iran," the senior Iraqi official said, citing information directly from the prime minister's office. "They have supplied JAM and others with significant weaponry and training," he said using shorthand for the group, from its name in Arabic, Jaish al Mahdi.

Confirmation of a Mahdi Army connection to the deadly incident would also support the argument by Bush administration officials that the group has a direct role in attacks on American troops.

Another senior Iraqi official said that military actions by the United States against JAM essentially pushed it toward Iran.

"During the conflicts between the Mahdi Army and the United States, Iran was the only side that supported JAM," the official said. "And they told them, 'Hey, we are here to help you and we are here to support you, and we will not let you down.' "

The Karbala operation involved 9 to 12 armed militants and at least five sport utility vehicles, the American military has said. The initial attack on the compound killed one American soldier and damaged three Humvees, the military said.

But what has caught the attention of investigators is the way the convoy of S.U.V.'s was able to give the impression that it was American and slip through Iraqi checkpoints unchallenged. An American military official said all possibilities were being explored, with the focus on whom the United States can trust, even among senior Iraqi officials, in the Karbala area.

"We've got to be very careful as to who we define as our allies, and who we trust and who we don't," the military official said. "Was the governor involved? Were the Iraqi police that were on guard complicit or just incompetent?"

The unusual nature of the attack has made it a major topic of discussion in the upper echelons of the Iraqi government. It has spawned bizarre theories including the idea that a Western mercenary group was somehow involved.

But the existence of what American commanders sometimes call "rogue JAM" — separate from the central, controlled militia — has put the Mahdi Army at the center of the investigation, officials say.

Two American officials in Washington confirmed that American military investigators were looking into the possibility of Iranian involvement in the Karbala attack. One of those officials said the working assumption by the investigators was that the operation had been carried out by a splinter group of the Mahdi Army.

The second official said the operation could be seen as retribution for three recent American raids in which Iranians suspected of carrying out attacks on American and Iraqi forces were detained. On Sunday, the Iranian ambassador to Iraq conceded that two Iranians detained in Baghdad last month were security officials, but said that they were making legitimate contacts with Iraqi government officials.

Centcom Pick Warns Of Iran Influence In Gulf Region (WP)

By Ann Scott Tyson And Glenn Kessler

The Washington Post, January 31, 2007

Iran is positioning its military to deny U.S. access to the Persian Gulf while acting as a "destabilizing" influence in the region, President Bush's nominee to command U.S. forces in the Middle East told the Senate yesterday. Adm. William J. Fallon said he favors using what one senator called "battleship diplomacy" to deter Iran.

"Iranian support for terrorism and sectarian violence beyond its borders, and its pursuit of nuclear capability, is destabilizing and troubling," Fallon said in an opening statement at his confirmation hearing before the Senate Armed Services Committee.

He warned specifically that Iranian activity "has not been helpful" in Iraq, where he said "time is running out" for action to curb the escalation of violence.

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Fallon, 62, is the first Navy admiral to be named to head Central Command (Centcom), which oversees U.S. military forces in the Middle East, Central Asia and the Horn of Africa. Military officials say he was chosen because of his diplomatic and strategic skills at a time when the United States has dispatched two aircraft carrier strike groups to the Gulf for the first time since 2003.

"The reality is, if you look at the Centcom area of responsibility, there's a lot of water there," Defense Secretary Robert M. Gates told reporters Friday, when asked why he recommended Fallon. "And as you look at the range of options available to the United States, the use of naval and air power, potentially, it made sense to me for all those reasons for Admiral Fallon to have the job."

Fallon said Iran's increasing military capabilities were focused on blocking U.S. military operations. "Based on my read of their military hardware acquisitions and development of tactics . . . they are posturing themselves with the capability to attempt to deny us the ability to operate in this vicinity," he said.

"As they grow their military capabilities, we're going to have to pay close attention to what they do and what they may bring to the table."

Sen. John W. Warner (R-Va.), while calling the use of military force against Iran "the very last resort," suggested that the United States use its Navy to conduct "battleship diplomacy" and create a "ring of deterrence" around Iran. He also suggested that European nations "send a ship or two to also add to the strength of the signal we're trying to send to that country, that we're not going to permit them to go forward with nuclear power."

"Does that have any interest or appeal to you, that concept?" Warner asked Fallon.

"Senator, the whole idea is most appealing," Fallon replied, "because we've got plenty to do right now with active combat operations ongoing in Iraq and Afghanistan. And it's clear to me that to date, the Iranians have not been playing a constructive role in addressing any of these, and in fact are challenging us in other areas."

Still, donning his diplomatic hat, Fallon said Iran would stand to suffer from any interruption of commerce in the Gulf. "This is not a one-sided game or a one-sided situation," he said. "Iran is, I believe, critically dependent on its exports of petroleum products for its economic vitality, and those exports, of course, go through the same Strait of Hormuz that they would potentially seek to deny us access to."

John D. Negroponte, the outgoing national intelligence director, also remarked yesterday on Iran's rising assertiveness at his separate confirmation hearing to be deputy secretary of state.

"Iran has been emboldened in its behavior during the past couple of years and has played a more assertive role," Negroponte said. He said that although the United States seeks to resolve issues with Iran peacefully, "we don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged. So it's a balance, if you will, but if they feel that they can continue with this kind of activity with impunity, that will be harmful to the security of Iraq and to our interests in that country."

Turning to Iraq, Fallon said he is "not a particularly patient man" and urged Iraq's government to demonstrate its commitment to reducing violence in the country, without which Fallon said U.S. military operations will not succeed.

"We've got to see some action. We've got to get some results," he said.

"If there's no progress, then I don't believe we're going to be successful in the military actions. There's got to be a commensurate movement forward in political background that's going to give these people the confidence that they can actually effectively move forward as a country," Fallon said.

But pressed by Sen. Carl M. Levin (D-Mich.), the committee chairman, to hold the Iraqi leaders accountable to meeting benchmarks, Fallon said he believed that imposing "edicts" or "deadlines" would be unconstructive. He also suggested a need to lower American expectations for Iraq, indicating that U.S. goals for Iraq following the 2003 invasion were unrealistically ambitious.

"We probably erred in our assessment of the ability of these people to take on all of these tasks at the same time," he said. "Maybe we ought to redefine the goals here a bit and do something that's more realistic in terms of getting some progress and then maybe take on the other things later," he said.

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Democracy, for example, will not come quickly to Iraq, he said. "I think that we would probably be wise to temper our expectations here, that the likelihood that Iraq is suddenly going to turn into something that looks close to what we enjoy here in this country is going to be a long time coming."

Air Force's Role In Iraq Could Grow (LAT)

By Julian E. Barnes,

The Los Angeles Times, January 31, 2007

More flights are likely along the Iranian border, sources say.

WASHINGTON — The Air Force is preparing for an expanded role in Iraq that could include aggressive new tactics designed to deter Iranian assistance to Iraqi militants, senior Pentagon officials said.

The efforts could include more forceful patrols by Air Force and Navy fighter planes along the Iran-Iraq border to counter the smuggling of bomb supplies from Iran, a senior Pentagon official said. He spoke on condition of anonymity because he was discussing future military plans.

Such missions also could position the Air Force to strike suspected bomb suppliers inside Iraq to deter Iranian agents that U.S. officials say are assisting Iraqi militias, outside military experts said.

The heightened role of U.S. air power in the volatile region is the latest sign of tension between President Bush and Iran's leaders.

Bush warned two weeks ago that U.S. forces would take a harder line against Iranians in Iraq, vowing to "seek out and destroy" weapons supply networks that endanger U.S. troops.

He expanded the warning Monday, saying in a National Public Radio interview that Iranian threats to the Iraqi people would be considered unacceptable.

The tough stance has been backed by military moves. Bush this month ordered a second aircraft carrier group, led by the John C. Stennis, to the Persian Gulf, a measure described as a warning to Iran.

The stepped-up presence and visibility of U.S. warplanes is seen as likely to reinforce that message.

"Air power plays major roles, and one of those is as a deterrent, whether it be in border control, air sovereignty or something more kinetic," said the senior Pentagon official, using a term that refers to offensive military action.

But the White House rhetoric on Iran is fueling concern about administration intentions.

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) has demanded to know the administration's view of its authority to attack Iran. Bush and Defense Secretary Robert M. Gates have said they do not foresee military action crossing into Iran.

Within the Pentagon, many active-duty officers are wary of an aggressive military response to Iran, arguing that there is no need to risk starting another war.

Some Pentagon officials worry that an escalation of military pressure that included strikes on Iranian territory could prompt Iran to go after targets it could easily hit, such as oil tankers in the Persian Gulf.

"We need to be very careful about getting into one-to-one trades," the senior Pentagon official said. "That can very quickly get out of control."

Other military officers argue there may be no need for "kinetic" strikes. It is possible that stepped-up air operations over Iraq could provide a deterrent, they say.

The Air Force already is gearing up for just such a role in Iraq as part of Bush's planned troop increase, said a senior service official who spoke on condition of anonymity.

Moving additional forces to Kuwait and Iraq will require more flights of troops and supplies. And the increased number of ground forces will require more missions by fighter jets, bombers and intelligence-gathering planes to help protect the soldiers and Marines, particularly when they disperse from bigger bases to footholds in dense Baghdad neighborhoods.

"You will see the full spectrum of capabilities all the way from intelligence, surveillance and reconnaissance capability to kinetic effects," said Lt. Gen. Howie Chandler, the deputy Air Force chief of staff for operations, plans and requirements.

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In Afghanistan, the United States has dramatically stepped up its airstrikes, from 157 in 2005 to 2,527 in the first 11 months of 2006. By contrast, the number of airstrikes in Iraq has fallen, from 306 in 2005 to 188 last year.

U.S. commanders have not spelled out a precise role for the Air Force under the new approach in Iraq, which will focus on counterinsurgency strategies.

Some Air Force officers are concerned that incoming commanders do not recognize the importance of the Air Force in the new effort.

A counterinsurgency manual developed by Army Gen. David H. Petraeus, the new U.S. commander in Iraq, only briefly mentions air power in fighting the insurgency. And the commander of day-to-day operations, Army Lt. Gen. Raymond T. Odierno, comes from a background in heavy infantry units, traditionally less dependent on air power.

Some military officers have argued that dropping bombs in dense Baghdad neighborhoods would be counterproductive, and Petraeus has warned commanders against operations that might alienate the local population.

Chandler said the Air Force would do as it was asked. But he and other Air Force officials argue that smaller bombs and precision guidance systems can minimize civilian casualties and play a vital role in fighting the insurgency.

"I wouldn't automatically write off air power in an urban environment for fear of collateral damage," Chandler said. "We have the capability with precision targeting and the new weapons to operate in an urban environment."

Air Force officials say they also are preparing to increase flights of unmanned Predator and Global Hawk aircraft to provide constant surveillance of Baghdad neighborhoods when U.S. forces move in.

The Air Force has outfitted its fighter planes with intelligence pods capable of beaming an aerial picture of a neighborhood to a ground commander maneuvering his forces, Chandler said.

Chandler said it was not clear whether the new demands would require more planes. But a Pentagon official said that the increase in ground forces was likely to increase the demand for air support, straining the Air Force budget.

The growing presence of the Air Force in the region has stirred a debate among military experts over the U.S. approach toward Iran.

Thomas G. McInerney, a retired Air Force lieutenant general who advocates military strikes in Iran, said U.S. planes along the border could be better used to keep bomb-making materials out of Iraq.

"We know they are doing this. Why do we accept it?" McInerney said. "For every [improvised explosive device] that goes off in Iraq, a bomb should go off in Iran."

Loren Thompson, a military analyst at the Lexington Institute, said many military targets in Iran were susceptible to Air Force weapons.

"Iran is precisely the type of enemy they know how to deal with," Thompson said. "Having the ability to attack Iranian military targets and political targets is not just a deterrent. It may actually be used if we feel the Iranians are trying to subvert democracy in Iraq."

U.S. planes could be in the region for years. Although the U.S.-led war in Iraq began in 2003, Air Force officials note that American fighter planes have flown over Iraq for more than a decade.

When the 1991 Persian Gulf War ended, fighter planes remained in the region, enforcing no-fly zones and essentially conducting an air occupation.

Once the Iraq war starts to wind down, Air Force officials say, the service's presence will still be required to provide firepower and surveillance to Iraqi units.

"We do know we have been there for 16 years," Chandler said, "and we will be there as long as we can see into the future."

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Times staff writer Peter Spiegel in Washington contributed to this report.

Pentagon Halts Sale Of F-14 Parts (AP)

By Sharon Theimer

AP, January 31, 2007

DOJ_NMG_0124674

The Pentagon said Tuesday it had stopped selling surplus F-14 parts, announcing the step after congressional criticism of security weaknesses that had given buyers for countries including Iran access to the aircraft parts and other valuable gear.

Sales of parts from the recently retired fleet were halted last Friday, Defense Logistics Agency spokesman Jack Hooper said, adding that marketing of the parts will remain suspended until a "comprehensive review" is completed. He did not immediately elaborate.

The decision comes as a Democratic senator moves to cut off all Pentagon sales of surplus F-14 parts, saying the military's marketing of the spares "defies common sense" in light of their importance to Iran.

Sen. Ron Wyden's bill came in response to an investigation by The Associated Press that found weaknesses in surplus-sale security that allowed buyers for countries including Iran and China to surreptitiously obtain sensitive U.S. military equipment including Tomcat parts.

The Oregon Democrat's legislation would ban the Defense Department from selling surplus F-14 parts and prohibit buyers who have already acquired surplus Tomcat parts from exporting them. Wyden's bill, the Stop Arming Iran Act, is co-sponsored by the Senate's No. 2 lawmaker, Democratic Whip Richard Durbin of Illinois.

The surplus sales are one of the first national security issues to be addressed by the new Democratic-controlled Congress.

"It just defies common sense to be making this kind of equipment available to the Iranians with all that they have done that is against our interests," Wyden said Monday in an interview, adding that constituents brought up the surplus-sale security problems at his town-hall meetings over the past few days. "I just want to legislate this and cut it off permanently, once and for all."

The Tomcat is the fighter jet made famous in the 1986 Tom Cruise blockbuster movie, "Top Gun." The U.S. military retired its F-14s last fall. That leaves only Iran — which bought the fighter jet in the 1970s when it was a U.S. ally — flying the planes.

U.S. law enforcement officials believe Iran can produce only about 15 percent of the parts it needs for its Tomcats, making the Pentagon's surplus sales a valuable avenue for spares.

The Pentagon had planned to sell about 60 percent of the roughly 76,000 parts for the F-14, viewing them as general nuts-and-bolts-type aircraft hardware that could be sold safely without restrictions.

Some of those spares from the newly retired fleet probably have already been sold, the Defense Logistics Agency's Hooper said. The Defense Department plans to destroy about 10,000 other components it considers unique to the F-14.

The agency had been reviewing 23,000 other parts it believed it could sell under existing law but wanted to examine further in light of their potential value to Iran. It will now also review the thousands of nuts-and-bolts-type hardware.

Wyden said his bill would cut off the sale of all surplus F-14 parts. The legislation includes all parts to cut off all opportunities for Iranian "fishing expeditions," spokeswoman Jennifer Hoelzer said, adding that GAO investigations have found valuable surplus accidentally getting included in boxes of what are supposed to be nuts-and-bolts-type hardware.

Wyden is confident he can get the bill through the Senate in the next few months. Wyden, a senior member of the Senate Select Committee on Intelligence, also pledged greater Senate oversight of the surplus program.

Hooper declined to comment on the legislation.

"We're certainly not going to attempt to interfere whatsoever in the legislative process," Hooper said. The Defense Department maintains it has followed all procedures in selling its surplus.

The AP reported the Pentagon's F-14 part sales plans earlier this month. Its investigation found that in several cases, buyers for countries that included Iran and China took advantage of security flaws to buy sensitive surplus, including aircraft parts and missile components.

Sen. John Kerry, D-Mass., has asked the Senate Foreign Relations Committee to investigate the surplus security weaknesses.

US Takes New Steps To Isolate Iran (AFP)

By Jim Mannion

AFP, January 31, 2007

The United States took new steps to isolate Iran, announcing a freeze on the sale of all F-14 fighter parts and warning that an attempt by Tehran to block the flow of Gulf oil could be turned against it.

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President George W. Bush reiterated in a television interview that the US had no plans to invade Iran, but will step up diplomatic pressure to convince it to abandon its nuclear program.

"And the best way to do so is to continue rallying other nations to join us and expressing ourselves very clear to the Iranians that 'You will be isolated, that you won't be able to achieve your greatness, that you'll hurt your people economically if you continue to insist upon a nuclear weapon,'" he told ABC News.

Countering Iran has emerged as a prime objective of US policy as Washington struggles to stabilize Iraq and regain its footing in a region rife with both anti-American and sectarian tensions.

Admiral William Fallon, Bush's nominee to replace General John Abizaid as commander of US forces in the Middle East, said Iran appeared to be developing military means to deny US forces access to the oil-rich Gulf.

"But I would note this is not a one-sided game, or a one-sided situation, in that Iran is, I believe, critically dependent on its export of petroleum products for its economic vitality," he told the Senate Armed Services Committee.

"And those exports go through the same Straits of Hormuz that they would potentially seek to deny us access to," he said.

About a quarter of the world's oil goes through the straits, which are bordered by Iran on one side and Oman and the United Arab Emirates on the other.

Experts say the closure of the straits would send oil prices soaring.

Fallon's appointment, which the US Senate is expected to confirm, coincides with Bush's ordering a second aircraft carrier strike group to the Gulf.

The arrival of the aircraft carrier USS John Stennis would raise the US naval presence in the region to its highest level since the 2003 invasion of Iraq.

Fallon said Bush had not asked him to update war plans for Iran and said he was not aware of any such plans at the US Central Command, which is responsible for US forces in the Gulf.

"It seems to me in the entire approach to Iraq that we'll be looking for help from the region and ... at the full range of options that are open to us, diplomatically and every other way," he said.

In Iraq, Bush confirmed last week that he has authorized the US military to kill or capture Iranian agents plotting attacks on US forces.

"We'll deal with it by finding their supply chains and their agents and ... arresting them, getting them out of harm's way. In other words, we're going to protect our troops," Bush told ABC News.

"It's not tough talk to say that the commander-in-chief expects our troops to be protected," he said.

The Pentagon, meanwhile, froze the sales of all spare parts for F-14 fighter aircraft because of concerns they could be transferred to Iran, which bought F-14s from the United States before the 1979 Iranian revolution, a Defense Department spokeswoman said.

The Defense Logistics Agency ordered the freeze January 26 "given the current situation in Iran," said Dawn Dearden, the agency's spokesman.

The Pentagon had already suspended the sale of spare parts that either were specific to the F-14 or that could be used in other aircraft.

The DLA said the parts sales are now the subject of a comprehensive review.

Not-So-Strange Bedfellow (NYT)

By Thomas L. Friedman

The New York Times, January 31, 2007

Here's a little foreign policy test. I am going to describe two countries — "Country A" and "Country B" — and you tell me which one is America's ally and which one is not.

Let's start: Country A actively helped the U.S. defeat the Taliban in Afghanistan and replace it with a pro-U.S. elected alliance of moderate Muslims. Country A regularly holds sort-of-free elections. Country A's women vote, hold office, are the majority of its university students and are fully integrated into the work force.

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On 9/11, residents of Country A were among the very few in the Muslim world to hold spontaneous pro-U.S. demonstrations. Country A's radical president recently held a conference about why the Holocaust never happened — to try to gain popularity. A month later, Country A held nationwide elections for local councils, and that same president saw his candidates get wiped out by voters who preferred more moderate conservatives. Country A has a strategic interest in the success of the pro-U.S., Shiite-led, elected Iraqi government. Although it's a Muslim country right next to Iraq, Country A has never sent any suicide bombers to Iraq, and has long protected its Christians and Jews. Country A has more bloggers per capita than any country in the Muslim Middle East.

The brand of Islam practiced by Country A respects women, is open to reinterpretation in light of modernity and rejects Al Qaeda's nihilism.

Now Country B: Country B gave us 15 of the 19 hijackers on 9/11. Country B does not allow its women to drive, vote or run for office. It is illegal in Country B to build a church, synagogue or Hindu temple. Country B helped finance the Taliban.

Country B's private charities help sustain Al Qaeda. Young men from Country B's mosques have been regularly recruited to carry out suicide bombings in Iraq. Mosques and charities in Country B raise funds to support the insurgency in Iraq. Country B does not want the elected, Shiite-led government in Iraq to succeed. While Country B's leaders are pro-U.S., polls show many of its people are hostile to America — some of them celebrated on 9/11. The brand of Islam supported by Country B and exported by it to mosques around the world is the most hostile to modernity and other faiths.

Question: Which country is America's natural ally: A or B?

Country A is, of course. Country A is Iran. Country B is Saudi Arabia.

Don't worry. I know that Iran has also engaged in terrorism against the U.S. and that the Saudis have supported America at key times in some areas. The point I'm trying to make, though, is that the hostility between Iran and the U.S. since the overthrow of the shah in 1979 is not organic. By dint of culture, history and geography, we actually have a lot of interests in common with Iran's people. And I am not the only one to notice that.

Because the U.S. has destroyed Iran's two biggest enemies — the Taliban and Saddam — "there is now a debate in Iran as to whether we should continue to act so harshly against the Americans," Mohammad Hossein Adeli, Iran's former ambassador to London, told me at Davos. "There is now more readiness for dialogue with the United States."

More important, when people say, "The most important thing America could do today to stabilize the Middle East is solve the Israel-Palestine conflict," they are wrong. It's second. The most important thing would be to resolve the Iran-U.S. conflict.

That would change the whole Middle East and open up the way to solving the Israel-Palestine conflict, because Iran is the key backer of Hamas, Islamic Jihad, Hezbollah and Syria. Iran's active help could also be critical for stabilizing Iraq.

This is why I oppose war with Iran. I favor negotiations. Isolating Iran like Castro's Cuba has produced only the same result as in Cuba: strengthening Iran's Castros. But for talks with Iran to bear fruit, we have to negotiate with Iran with leverage.

How do we get leverage? Make it clear that Iran can't push us out of the gulf militarily; bring down the price of oil, which is key to the cockiness of Iran's hard-line leadership; squeeze the hard-liners financially. But all this has to be accompanied with a clear declaration that the U.S. is not seeking regime change in Iran, but a change of behavior, that the U.S. wants to immediately restore its embassy in Tehran and that the first thing it will do is grant 50,000 student visas for young Iranians to study at U.S. universities.

Just do that — and then sit back and watch the most amazing debate explode inside Iran. You can bet the farm on it.

Democrats Agree To Iraq Panel (WP)

By Zachary A. Goldfarb

The Washington Post, January 31, 2007

Democratic leaders agreed yesterday to President Bush's idea for a new bipartisan panel to advise him on the fight against terrorism and the Iraq war, days after rejecting such a commission.

The president proposed the panel earlier this month when he announced his plan to send 21,500 more troops to Iraq.

"This group will meet regularly with me and my administration; it will help strengthen our relationship with Congress," Bush said Jan. 10 in a prime-time speech.

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Democrats quickly opposed the plan. A Jan. 19 letter from House Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry M. Reid (Nev.) said: "We believe that Congress already has bipartisan structures in place . . . that could produce the result you described in your speech."

A senior Democratic leadership aide said yesterday that Bush had wanted to dictate the terms of the panel and even select its Democratic members.

Yesterday, Bush spoke with Pelosi and Reid, and they agreed to create a panel to which Democrats could appoint their own members.

"They had a very good conversation today and it was a very promising start," said Brendan Daly, a Pelosi spokesman.

White House spokeswoman Dana Perino said in a statement: "The president had a good phone conversation with Senator Reid and Speaker Pelosi this afternoon."

The panel's initial meeting is set for next week, Perino said.

Today, Pelosi is to discuss with Bush her recent visit to Iraq during a White House visit. She said yesterday that her delegation saw no sign of U.S. efforts moving ahead with urgency.

Rice: Iraq Missed Political Deadlines (AP)

By Anne Gearan

AP, January 31, 2007

Secretary of State Condoleezza Rice, while assuring senators Tuesday that the Bush administration expects Iraqi Prime Minister Nouri al-Maliki to make political reforms, provided a list showing deadlines already missed.

Iraq has passed target dates to make laws establishing provincial elections, regulating distribution of the country's oil wealth and reversing measures that have excluded many Sunnis from jobs and government positions because of Baath party membership, according to the list Rice provided.

The Iraq government had also agreed to approve a law governing political amnesty and the charged question of sectarian militias by Dec. 31 and to finish a review of the constitution, seen as unfair to minority Sunnis, by Wednesday.

The list was drafted by the al-Maliki government in September, Rice said in a letter to Sens. Carl Levin, D-Mich., and John McCain, R-Ariz.

Levin, chairman of the Armed Services Committee, and McCain, the panel's ranking member, said Rice's letter lacked details and ignored a goal previously suggested by U.S. officials: that the Iraqis should be able to assume control of their provinces by November 2007.

"What Secretary Rice's letter makes abundantly clear is that the administration does not intend to attach meaningful consequences for the Iraqis' continuing to fail to meet their commitments," the senators wrote. "What has been said before is still true: 'America supplying more troops while Iraqi leaders simply supply more promises is not a recipe for success in Iraq.'"

President Bush and al-Maliki have outlined some of the pledges in public addresses, but Levin and other senators said they had pressed the State Department for months to provide a comprehensive list.

The benchmarks for Iraqi political reform are a central pillar of Bush's new strategy to turn around the unpopular war. He has said that he is relying on al-Maliki to reduce sectarian violence and make hard political choices, but has not spelled out the consequences if al-Maliki fails.

"The president has made clear to the prime minister and other Iraqi leaders that America's commitment is not open-ended," Rice wrote to Levin. "It is essential that the government of Iraq, with our help but its lead, set out measurable, achievable goals and objectives."

Many in Congress have become openly skeptical that al-Maliki, a Shiite, has the political will or desire to contain the spiral of tit-for-tat Sunni-Shiite sectarian killings that has left Iraq at the doorstep of civil war.

Although the Iraqi parliament and Cabinet have done intermittent work on some elements of the list, including the symbolic oil law, it appeared that none of the targets have been fully met. The list spans September 2006 through March 2007.

Last week al-Maliki called on lawmakers to pass several items on the list, including the oil and de-Baathification laws.

Levin and McCain had written to Rice asking for a clarification of Bush's Jan. 10 address on his new Iraq plan.

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"America will hold the Iraqi government to the benchmarks it has announced," Bush said then. Levin has said it was not clear precisely which benchmarks Bush was referring to.

"It is essential that Congress have the information on those benchmarks to comprehensively consider as it addresses the way ahead in Iraq," Levin and McCain wrote.

Baghdad Grasps Role, Official Says (WT)

By John Zarocostas

The Washington Times, January 31, 2007

DAVOS, Switzerland -- Iraqi officials have received the message "loud and clear" that President Bush's new security plan offers them a last chance to gain control of their country, Iraqi Foreign Minister Hoshyar Zebari said.

The minister said the government also understood that the success or failure of the planned "surge" of 21,500 U.S. troops depended on the Iraqis' own performance.

"We have to rise to the occasion and take up each and every commitment," Mr. Zebari told The Washington Times on Monday as he prepared to go home from the five-day World Economic Forum in Davos. He said senior officials were "not shying away" from their responsibilities.

Mr. Bush announced the troop surge in Washington earlier this month, just days after Iraqi Prime Minister Nouri al-Maliki made his own announcement of coordinated plans to strengthen security in Baghdad.

"We think this new plan is different from previous plans because originally it is an Iraqi vision. ... And we strongly believe it has a strong chance of success," Mr. Zebari said.

Acknowledging that the credibility of his administration was on the line, the minister said, "I think the message is received loud and clear by all members of the government [that] this is the time, really, it's not business as usual.

"There is a lot of violence, of killing, of sectarian violence, and people will not respect you, the world will not respect you, if you don't have a handle on the security of your own country."

Mr. Zebari said a combination of external and internal elements were fueling the conflict but that Iraq could not simply blame its neighbors for the violence.

"There is a great deal of indigenous violence, and mainly by those groups who don't believe in democracy and dialogue, power sharing, and there are many misconceptions about the security situation in Iraq, unfortunately," he said.

"We have been at pain to reach out, to include [those opposing the new order], but they are not power sharers but power grabbers, and they are unable to come to accept the realities of Iraq that the political scene has changed."

The foreign minister expressed his appreciation for Mr. Bush's determination to defend the Iraqi government in spite of growing skepticism about the effort in the United States.

"The president is a believer, and a strong leader, and he has a lot of respect, OK, among many Iraqis, the majority of Iraqis. And the majority appreciate what the U.S. has done," he said.

Mr. Zebari said his government placed a premium on establishing better relations with neighbors Syria and Iran but would not tolerate outside meddling in Iraq's affairs.

Fostering better relations with Iran will require Iraq to "engage them constructively," he said. But Baghdad "has to remind [Iran] that we will not accept, or tolerate, any diktat, or any intervention, in Iraq's internal affairs. It is a challenge for us; it's not easy.

"Again, I think we are destined to live with them by geography. We have many common interests with them. We have a long history; let's say of problems, of wars, of animosities and so on. But at the end of the day, we have to try to see some solutions."

Mr. Zebari said Iraq had already opened a dialogue with Syria. "The president was there a few days ago. We've restored our diplomatic relations with them. They have not been helpful in the past, but this time we will try to hold them to their commitment.

"Our message to [Iran and Syria] has been very straightforward and simple. You will not gain anything by meddling, by looking for short-term gains ... because failure in Iraq means chaos and will spill over to your societies, to your countries."

Progress In Baghdad (WSJ)

The Wall Street Journal, January 31, 2007

DOJ_NMG_0124679

Capitol Hill has probably been too busy running for political cover to notice. But the last few days in Iraq have actually featured good news, as the government seems to be making some progress on key political and security issues.

One step forward is that Prime Minister Nouri al-Maliki has won parliamentary backing for his Baghdad security plan. This means the elected representatives of Iraq's Shiites, Sunnis and Kurds remain capable of compromise and are willing to give the new strategy a chance to work.

There's also evidence that the Baghdad plan is having an effect. Yes, al Qaeda bombs targeted the Shiite Ashoura holiday as expected. But there are also widespread reports of Sunni jihadists fleeing the capital in anticipation of a crackdown. Prime Minister Maliki has already started moving against Shiite militias, which might explain an apparent drop in sectarian violence. No one should get overconfident, but clearly the bad guys are taking the joint U.S.-Iraqi effort to pacify the capital seriously.

Meanwhile, the weekend saw an encouraging performance by the Iraqi security forces who took control of the Najaf area only about a month ago. Acting on their own intelligence, Iraqi police and a battalion from the Eighth Army Division confronted a radical Shiite sect calling themselves the Soldiers of Heaven who had reportedly planned to assassinate mainstream Shiite clerics, including the moderate Grand Ayatollah Ali Sistani.

Some observers are trying to spin this battle as a defeat for the government, because the first Iraqi units on the scene had to call for reinforcements and for American air power. But the fact that Iraqi forces were able to pre-empt the attack on Najaf before it began, and that everyone involved was able to coordinate the operation and soundly defeat the enemy makes it sound like a success to us. Hundreds of the insurgents were killed, compared to a handful of Iraqi and U.S. troops. This may well be a model for how U.S. troops might play a supporting role down the road -- assuming Washington gives them a chance to get Baghdad under control first.

For the moment at least, Iraq seems to be inching in the right direction. After a week of Western lamentations about the gracelessness of the Saddam hanging, it became clear that the primary effect of the execution was to enhance Prime Minister Maliki's stature in Iraq. Mr. Maliki, in turn, is using that political capital. The last thing he needs is to have his efforts undermined by votes of no-confidence in Washington -- or meddling by Congressmen with "benchmarks" who pretend to know better than he does how to deal with the most difficult issues, such as how best to marginalize Moqtada al-Sadr.

The Bush Administration has itself made many mistakes trying to micromanage Iraq's political development, but it now seems to understand that it is fated to deal with the Shiite-led government it has. Congressmen who are sincere in wanting to take the Iraq issue off the table in 2008 could help by showing a similar combination of resolve and humility.

Suicide Bombers 'entering Iraq From Syria' (FT)

By Daniel Dombey

Financial Times, January 31, 2007

Dozens of al-Qaeda suicide bombers from countries such as Saudi Arabia and Sudan are crossing into Iraq from Syria every month, a senior US official said on Tuesday.

Speaking to the Financial Times in London, the official said that, while sectarian conflict now represented the biggest threat to the country, the violence was being stoked up from abroad.

"This is the most difficult challenge," he said. "How do you bring down sectarian violence in the face of this al-Qaeda campaign to prompt sectarian violence?"

But he added that the US's new strategy for Iraq also depended on much greater co-operation from the Iraqi government.

The US says outside actors – chiefly Syria and Iran – are still one of the biggest factors determining the level of violence in Iraq. It also portrays its recent decision to pursue Iranian operatives in Iraq as an effort to "push back" against Tehran's increased influence in the region.

The official alleged that the vast majority of suicide bombers came across the border from Syria, and that they received training for their task within Syria as well as inside Iraq itself.

"We do not believe that there was an inevitability to the Shia-Sunni conflict on this scale," he said, arguing that the violence had been greatly increased by al-Qaeda acts such as the bombing of the Samarra mosque last February.

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He said that 75-80 per cent of the estimated 75 suicide bombings a month were carried out by foreigners, and that Saudi Arabia and Sudan were the most common countries of origin. But he emphasised that the Saudi government was doing its utmost to take on al-Qaeda.

"We have been wholly unsuccessful in affecting Syrian behaviour with regard to the passage of these elements," the official said, adding that the countries of the region wanted to isolate Syria further.

The US is also greatly concerned by Iran, which it believes has become bolder and more confident in its activities in the region in the past few months. Washington maintains that Iran's activities within Iraq have reached an unacceptable level because of the use of Iranian-made explosive devices and the incursion of Iranian operatives into Iraqi territory. Tehran denies meddling in Iraq's affairs.

"We are attempting to re-establish a position of strength," the official said of the recent US decision to step up action against Iran, including the despatch of an aircraft carrier to the Gulf.

He added that the US plan for Iraq depended on improving security, convincing the Iraqi government to adopt a less sectarian agenda, and eliciting financial aid from states in the region that are suspicious of Baghdad.

This would involve the Iraqi government providing effective soldiers, halting sectarian meddling in military decisions and embracing a programme of reconciliation. "If these commitments are not met, then this plan cannot succeed," the official said.

Baker: Syria Talks May Help Israel (AP)

By Barry Schweid

AP, January 31, 2007

If the Bush administration opened a dialogue with Syria it could remove a major roadblock to Israeli-Palestinian peacemaking — Hamas' refusal to recognize the Jewish state — former Secretary of State James A. Baker III said Tuesday.

Testifying before the Senate Foreign Relations Committee, Baker said, "We could get them (Syria) to get Hamas to recognize Israel's right to exist. It would be a huge step in the right direction."

Hamas, which is designated a terrorist organization by the State Department and the European Union, dominates the Palestinian government through its election a year ago.

The Bush administration has been reluctant to talk to Syria, citing its support for groups like Hamas. Baker was secretary of State under Bush's father, the first President Bush.

Baker told the committee he had discussed the situation with senior Syrian officials on a trip to the country as co-chair of the Iraq Study Group, a bipartisan panel that recommended several changes in Bush's Iraq strategy. Most of the recommendations were ignored by the administration.

Baker said the United States in talks with Syria also "could get them to stop arming Hezbollah," a Lebanese militia backed by Iran that has a foothold in the Lebanese government and fought a war with Israel last summer.

The co-chair of the study group, former Rep. Lee Hamilton, D-Ind., said Syria has been "sending signals to us" that they want to talk to the United States.

The study group recommended the Bush administration hold talks with Iran as well as Syria and other countries in the region as part of a diplomatic effort to end the fighting in Iraq.

Sen. Bill Nelson, D-Fla., who held talks in Syria in December with President Bashar Assad and Foreign Minister Walid al-Moualem, said, "The administration has adopted the approach of an ostrich."

"And make no mistake. It is not working," he told the private Council on Foreign Relations.

Nelson said Assad had "indicated an interest" in discussing its border with Iraq. Nelson said jihadists make their way into Iraq to fight U.S. troops.

Dozens Killed In Iraq Bombings (USAT/AP)

USA Today, January 31, 2007

BAGHDAD — Bombers struck Shiite worshipers in two cities Tuesday as they jammed major shrines for ceremonies marking Ashoura, the holiest day of the Shiite calendar.

A series of attacks, which included an ambush on a busload of pilgrims, killed at least 58 people in Iraq.

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Extremists chose targets in smaller cities where safety measures were less stringent.

In the deadliest attack, a suicide bomber blew himself up among a crowd of worshipers entering a Shiite mosque in Mandali, near the Iranian border, killing 26 people and wounding 47, Iraqi police told the Associated Press.

At least 12 more died and 28 were wounded when a bomb exploded in a garbage can as Shiites were performing outdoor rituals in the largely Kurdish city of Khanaqin, said police Maj. Idriss Mohammed.

In Baghdad, gunmen in two cars opened fire on a bus carrying pilgrims to the capital's most prominent Shiite shrine, killing seven and wounding seven. Hours later, mortar shells rained down on two mostly Sunni neighborhoods, killing nine and wounding 30 in what may have been a reprisal attack.

One person was killed in a mortar attack on a Shiite neighborhood, and a Shiite man was shot dead in the capital. Police also found eight bodies Tuesday of people slain in Baghdad.

Two policemen were killed in a bombing in Mosul.

Intense security prevented major violence in the Shiite holy cities of Karbala and Najaf, venues for the biggest Ashoura commemorations.

More than 1.5 million pilgrims jammed the southern city of Karbala for the Ashoura commemorations, according to provincial Gov. Akeel al-Khazaali. Most were Iraqis, but some came from as far as India and Pakistan.

Hundreds of thousands more joined rituals in Najaf, Baghdad and other cities.

Ashoura ceremonies mark the death of Imam Hussein, grandson of Mohammed, in the seventh century.

In Karbala, all private transport was banned, including bicycles. Pilgrims had to submit to body searches at dozens of checkpoints before reaching the two golden-domed shrines of Imam Hussein and his half brother Imam Abbas.

U.S. unmanned surveillance aircraft flew over the city to look for signs of trouble, al-Khazaali said.

"Even if the terrorists tear us to pieces, we will not stop coming to visit Imam Hussein," said Abbas Karim, 27, a laborer from Nasiriyah.

50 Iraqis Die As Holiday Brings Spasm Of Sectarian Killing (NYT)

By Marc Santora

The New York Times, January 31, 2007

BAGHDAD, Jan. 30 — Women dressed in black had just set out large caldrons to cook the traditional feast on the holy day of Ashura, a simple meal of rice and lamb in a tomato-based sauce. Children crowded around the pots as men wailed in a ritualistic mourning ceremony and guards scanned the crowd at the Shiite mosque near Baquba for would-be killers.

Then a bomb exploded.

“I saw a head land a few feet from me,” said Muhammad Saad, an 18-year-old student who was wounded in the blast. “Hands and legs were all around.”

At least 23 people were killed in the attack, the police said.

Only 35 miles to the southeast, in Baghdad, the Sunni residents of the Adhamiya neighborhood spent the day hiding in basements and under door frames, as explosions burst around them. At least 30 mortar shells rained down on the area, pulverizing homes and people.

By nightfall, police officials said that 10 were dead, while overwhelmed doctors at the local hospital said that at least 20 people had been killed and the number was likely to climb as bodies were dug out the next morning.

In all, more than 50 people died in scattered attacks across Iraq on Tuesday.

The day’s violence, much of it driven by sectarian rivalries, and most of it directed at Shiites, was by no means the worst Iraq has seen. But it was one more grim reminder of just how deeply this nation has been cleaved in the past year.

As millions of pilgrims flocked to Iraq’s holiest shrines, and tens of thousands of government security forces and Shiite militiamen fanned out to try to provide protection, ancient rituals transported worshipers back more than a thousand years, to the killing of the grandson of the Prophet Muhammad, Imam Hussein, by a Sunni army in the battle of Karbala in A.D. 680.

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At Ashura, Shiites commemorate what is for them the most formative event of their faith, a celebration that had been banned under Saddam Hussein. In recent years, Sunni militants, caught up in a renewed sectarian split, have attacked worshipers on the holiday.

In 2005, at least 74 people were killed and in 2004, more than 180 people died. This year was, however, worse than last, when fewer than a dozen were killed.

Given the history of violence on Ashura, the Iraqi government deployed 10,000 policemen to guard Karbala, where many of the millions of pilgrims gather, according to the governor of Karbala Province, Aqil al-Khuzaie. He said American and British fighter jets and helicopters patrolled the skies, and a security perimeter was set up several miles from the city center, placing the crowds out of reach of mortar shells and short-range rockets.

While the ceremonies in the holy cities of Karbala and Najaf proceeded without violence, militants still managed to kill large numbers of people.

The deadliest attack was at the Shiite shrine near Baquba, in Balad Ruz.

Mr. Saad, the 18-year-old student who witnessed the attack and was interviewed in the hospital where he was being treated for his wounds, described what he remembered.

"I headed to the mosque around 10 a.m. and saw hundreds of people gathering," he said. There was heavy security, he said, but the rituals played out as they always do.

Shortly after noon he heard the explosion.

"I fell on the ground and lost consciousness," he said. When he came to, he saw victims being loaded into vans because there were no ambulances, and he heard gunshots.

A Shiite neighborhood in Baghdad, Kadhimiya, was also hit by about 20 mortar shells on Tuesday, according to the police, an attack that was most likely timed to Ashura.

Kadhimiya has generally been quiet, so much so that most of the government services work and residents have felt safe enough to venture out in the evening for tea and ice cream. The security has largely been provided by militias, not the government.

Although police officials reported no casualties in the shelling on Tuesday, residents said at least three people were killed in one explosion.

Abu Ali, 37, was standing near the main street watching an Ashura procession when a mortar hit a nearby house, a few hundred yards from the main Shiite shrine in the neighborhood.

"People rushed to the house," he said. They found three people dead and two wounded. "The house was burned to the ground because of the explosion."

An American military official said later in the day that troops had been able to pinpoint the location of mortar fire and called in airstrikes to take out the guns. It was unclear if the mortars from that site had been directed at Kadhimiya or Adhamiya, which are near each other.

Elsewhere in the city, four Shiite pilgrims were killed and nine more wounded when gunmen open fired on two minibuses.

In Khanaqin, a small town northeast of Baghdad with a mixed Shiite-Sunni population, a roadside bomb exploded during a procession of Shiite worshipers, killing at least 12 people, including three women.

Aside from the sectarian violence, new details emerged about the fierce fighting over the weekend outside Najaf, which served as a reminder that internal power struggles among Shiite factions can also have bloody consequences. The battle pitted Iraqi and American security forces against a fringe Shiite group that the Iraqi government said was planning an attack on the city and its top clerics during Ashura.

A video released by the government showed hundreds of blindfolded prisoners being rounded up after the daylong fight and being taken away by Iraqi security forces. Another video showed stacks of dead bodies; the government said the bodies, many burned beyond recognition, were fighters killed in the battle.

After conflicting accounts of how many people were killed and captured in the battle, the Ministry of Defense said 263 people were killed, 210 wounded and 502 arrested on suspicion of being part of the renegade militia.

DOJ_NMG_0124683

More Than 60 Killed Amid As Shiite Festival Ends (LAT)

By Borzou Daragahi

The Los Angeles Times, January 31, 2007

BAGHDAD — Sectarian warfare directed mostly at Shiite Muslim pilgrims and worshipers celebrating the climax of an important religious holiday left more than 60 Iraqis dead Tuesday.

In addition, details emerged about arrests in the wake of a bold Jan. 20 insurgent raid on a joint U.S.-Iraqi security compound in Karbala in which a U.S. soldier was killed and four other American soldiers were captured and shot to death miles away.

A police official in Hillah said four Saudi Arabians staying in a Karbala hotel were arrested in connection with the attack. The official, who spoke on condition of anonymity, said U.S. and Iraqi officials had seized maps and other documents.

The official also said U.S. officials were heading the investigation of the well-synchronized raid, in which gunmen posing as American soldiers or contractors stormed the compound, disabled U.S. vehicles and whisked away the soldiers.

Four others of undetermined nationality also were arrested near the site where the gunmen shot the soldiers, shed their equipment and fled.

Aside from a news release issued Friday, U.S. officials have declined to comment on the raid.

Thousands of Shiite pilgrims from around the world, including Saudis, descend on Karbala for Ashura, the religious festival.

Tuesday's violence was concentrated in religiously mixed areas of the capital and a province to the northeast.

The day's deadliest incident took place in Diyala, a religiously and ethnically mixed province that borders Iran. In the Balad Ruz region, 40 miles east of the provincial capital, Baqubah, a suicide bomber detonated an explosives belt among worshipers engaged in Ashura street demonstrations, killing at least 23 Shiites and injuring 57.

In nearby Khanaqin, a town of Kurds, Sunnis and Shiites along the border, at least eight people were killed and 30 injured when a bomb planted along a roadway near a mosque exploded during an Ashura procession.

In southwest Baghdad, at least 18 pilgrims were killed and 18 wounded when gunmen opened fire on buses ferrying people home from Karbala, the shrine city where hundreds of thousands of Shiites commemorated the 7th century martyrdom of Imam Hussein, a grandson of the prophet Muhammad.

Mortar battles raged between Sunni and Shiite enclaves of the capital. At least a dozen mortar shells landed in Adhamiya, home to an important Sunni shrine, killing 10 people and injuring 16.

A mortar shell struck a building in the northern Baghdad district of Kadhimiya, home to a Shiite shrine, killing one and injuring nine. Another struck a house in the mostly Sunni neighborhood of Jihad, inflicting casualties on the family inside.

Gunmen in the Sunni-dominated Dora district shot to death a Shiite man helping his mother remove furniture from their home, which they had abandoned because of sectarian threats, police said. The mother was also killed and the man's wife wounded.

Iraqi authorities in the capital discovered the bodies of at least eight young men who had been fatally shot in apparent sectarian death-squad killings.

A U.S. soldier was killed Monday near the southern city of Nasiriya when his vehicle rolled over in an accident, the U.S. military said Tuesday. The death brought the number of U.S. troops killed in Iraq since the U.S.-led invasion to 3,081, according to icasualties.org.

The U.S. military also reported a weekend suicide bombing of a fire station that killed 16 people near Ramadi. A driver plowed a dump truck filled with explosives and a chlorine tank into the compound.

"There are no indications of any casualties caused by the release of chlorine gas," the military statement said.

Violence Targeted At Shiites On Holy Day Kills 60 In Iraq (WP)

By Ernesto Londoã±o And Saad Sarhan

The Washington Post, January 31, 2007

BAGHDAD, Jan. 30 -- Attackers using bombs, rockets and guns killed at least 60 Shiite worshipers Tuesday as they observed their most sacred holiday, Iraqi officials said.

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The day's deadliest incident occurred in the town of Baladruz, in Diyala province in eastern Iraq, when a suicide bomber walked through the main gate of the Ali al-Akbar mosque and detonated his explosives, killing 17 people and injuring at least 57, according to Ali al-Khaiyam, a police spokesman.

The worshipers were marking Ashura, which commemorates the death of the prophet Muhammad's grandson in a 7th-century battle at Karbala, in what is now southern Iraq. The city is the focal point of the 10-day festival, which culminated Tuesday.

At least 11 other Shiites observing the holiday were killed in Khanaqin, also in Diyala, near the Iranian border, after a bomb left at a market exploded, Khaiyam said.

A roadside bomb killed 15 Shiites participating in an Ashura procession in Baqubah, the capital of Diyala, and injured at least 30 civilians, according to Brig. Sadoun Salih of the Interior Ministry.

Five other people were killed in the province in other violent acts, Khaiyam said.

Violence targeting Shiites also broke out in Baghdad. A roadside bomb in the sprawling Shiite enclave of Sadr City struck an Ashura procession, killing seven people and wounding 23, Salih said.

In other neighborhoods, gunmen fired Katyusha rockets at processions and used machine guns to attack passing buses heading to Karbala, Salih added. He said at least three people died in those incidents.

In another attack on Shiites headed to Karbala, gunmen opened fire on passengers in a bus leaving Baghdad, killing seven, Salih said.

Mortar shells crashed down into the predominantly Shiite neighborhood of Kadhimiyah, in northern Baghdad, on Tuesday morning. "We have stopped going out or moving in the neighborhood, because one of the rockets fell just in front of my house," resident Yaarub Fadhil Hussein, 41, said in a telephone interview.

Meanwhile, at the scene of a fierce day-long battle Sunday near Najaf between the followers of a Shiite cult leader and Iraqi and U.S. troops, a clearer picture of the group emerged Tuesday as Iraqi investigators explored its village. A Washington Post special correspondent toured the site.

The village, home to at least 700 people, had several brick houses, a large tented area where meals were served, a printing press used to publish a newspaper, and stockpiles of dry food. There were also a small mosque and dozens of vehicles.

After two days of varying estimates, Iraqi officials said Tuesday that 263 members of the group were killed in Sunday's battle. Provincial officials, who last month took control of security matters in Najaf province, said they acted on intelligence reports to thwart what they described as a plot to conduct a large-scale attack on Shiite leaders and shrines. Such an attack could have exacerbated sectarian violence in Iraq.

Iraqi officials said they were still sifting through conflicting accounts of the leader's background and motivation. The man, identified by a spokesman for the prime minister's office as Samer Abu Kamar, claimed to be the 12th imam, a messianic figure who Shiites believe will reemerge after a centuries-long disappearance to restore order and justice in a war-weary world.

Ahmad Diabel, a spokesman for the Najaf provincial government, said investigators believe that the group, known as the Soldiers of Heaven, received funding from al-Qaeda in Iraq, a Sunni insurgent group that has often targeted Shiites.

"This is definitely a great victory for the security forces, especially in Najaf," Col. Ali Nomas Jerao, a spokesman for those forces, said Tuesday. He said the operation was the first under full Iraqi military control to defeat "terrorists in the mid-Euphrates area." U.S. air and ground units supported the Iraqi troops.

Iraqi investigators combed the destroyed village, walking among piles of charred corpses, ash and debris. They also began questioning about 500 men detained after the battle.

Abu Kamar, a Shiite, might have sought to target Shiite leaders because he saw them as a threat to his messianic claim, officials and a scholar said. Officials described his followers as uneducated people who might have been drawn to him as a symbol of hope and redemption.

In recent months, the group's members cut nearly all ties to the outside world, Iraqi officials said. The armed men planned to travel to Najaf on buses, in the guise of ordinary Shiite pilgrims observing Ashura, they said. The attack was probably intended to unfold Tuesday.

DOJ_NMG_0124685

Attacks Kill 58 During Holy Day (WT/AP)

By Bassem Mroue

The Washington Times, January 31, 2007

BAGHDAD -- Bombers struck Shi'ite worshippers in two cities yesterday, and gunmen ambushed a busload of pilgrims in a series of attacks that killed at least 58 persons as more than 2 million Shi'ites jammed major shrines for ceremonies marking Ashoura, the holiest day of the Shi'ite calendar.

The bloodshed took place despite heightened security after a battle with messianic Shi'ites who authorities said planned a large assault on Ashoura ceremonies. With security so intense at the main venues, extremists chose targets in smaller cities where safety measures were less stringent.

In the deadliest attack, a suicide bomber blew himself up among a crowd of worshippers entering a Shi'ite mosque in Mandali near the Iranian border, killing 26 persons and wounding 47, according to police. At least 12 more died and 28 were wounded when a bomb exploded in a garbage can as Shi'ites were performing outdoor rituals in the largely Kurdish city of Khanaqin, police said.

In Baghdad, gunmen in two cars opened fire on a bus carrying pilgrims to the capital's most important Shi'ite shrine, killing seven and wounding seven, police said. Hours later, mortar shells rained down on two mostly Sunni neighborhoods, killing nine and wounding 30 in what police said appeared to be a reprisal attack.

One person was killed in a mortar attack on a Shi'ite neighborhood, police said. Two policemen were killed in a bombing in Mosul, and a Shi'ite man was fatally shot in Baghdad, police said.

But intense security prevented major violence in the Shi'ite holy cities of Karbala and Najaf, venues for the biggest and most important Ashoura commemorations. Police found eight bodies yesterday of persons slain by sectarian death squads in Baghdad, the lowest single-day total in months.

Ashoura ceremonies mark the 7th-century death of Imam Hussein, grandson of the prophet Muhammad, in a battle near Karbala that cemented the Sunni-Shi'ite schism. Worshippers beat themselves with chains, slice their heads with knives and pound their chests in expressions of grief over the death of Imam Hussein.

More than 1.5 million pilgrims, mostly Iraqis but from as far away as India and Pakistan, jammed the southern city of Karbala for the Ashoura commemorations, according to provincial Gov. Akeel al-Khazaali. Hundreds of thousands more joined rituals in Najaf, Baghdad and other cities.

In Karbala, all private transportation was banned -- including bicycles -- and pilgrims had to submit to body searches at dozens of checkpoints before reaching the two golden-domed shrines of Imam Hussein and his half brother Imam Abbas. U.S. unmanned surveillance aircraft flew over the city to look for signs of trouble, Mr. al-Khazaali said.

"Even if the terrorists tear us to pieces, we will not stop coming to visit Imam Hussein," said Abbas Karim, 27, a laborer from Nasiriyah.

Security has been tight at Ashoura commemorations since a string of bombings and suicide attacks killed at least 181 persons at Shi'ite shrines in Baghdad and Karbala in 2004.

Last year's Ashoura commemorations were largely peaceful, but suicide bombers killed 55 Shi'ites in 2005.

Analysis: Najaf Battle Raises Questions (AP)

By Robert H. Reid

AP, January 31, 2007

Accounts of the bloody battle near Najaf have produced more questions than answers, raising doubts about Iraqi security forces' performance and concern over tensions within the majority Shiite community.

Among the questions: How did a messianic Shiite cult, the "Soldiers of Heaven," accumulate so many weapons and — if Iraqi accounts are accurate — display such military skills? Iraqi forces prevailed only after U.S. and British jets blasted the militants with rockets, machine gunfire and 500-pound bombs. Both U.S. and Iraqi reinforcements had to be sent to the fight.

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It's also unclear how a shadowy cult that few Iraqis had ever heard of managed to assemble such a force seemingly without attracting the attention of the authorities earlier. Iraqi officials say the cult planned to slaughter pilgrims and leading clerics at Shiite religious ceremonies Tuesday — only two days after police and soldiers moved to arrest them.

If the "Soldiers of Heaven" were able to accomplish all this, how many other fringe groups may be operating beneath the radar, especially in the politically factious Shiite community of southern Iraq? Did the cultists have links to other established insurgent or militia groups?

Virtually all the information about the cult has come from Iraqi officials, who have released incomplete and sometimes contradictory accounts.

Based on the information released, the cult numbered in the hundreds and may have included some Sunnis. Iraqi officials identified the leader as Diya Abdul-Zahra Kadhim, 37, a Shiite from the southern city of Hillah who was killed in the fighting. Some Iraqi reports said he wanted to unleash violence to force the return of the "Hidden Imam," a descendant of the Prophet Muhammad who disappeared as a child in the 9th century.

Shiites believe the Hidden Imam will return to restore peace and justice to the world at a time when the Muslim community is in the gravest danger. Some officials suggested the leader considered himself the Hidden Imam.

In Basra, a Shiite cleric said the "Soldiers of Heaven" is the armed wing of a movement led by Ahmed bin al-Hassan al-Baghdadi, an obscure Shiite cleric also known as al-Yamani. The movement believes the return of the Hidden Imam is imminent. The cleric spoke on condition of anonymity because he did not want to be identified with Shiite factionalism.

Little is known about al-Baghdadi, who is believed to be from the southern city of Diwaniyah and who, according to some clerics, has told his followers he is in touch with the Hidden Imam. Some clerics said he founded his movement about eight years ago and has several thousands followers in southern Iraq.

Iraqi authorities said they became concerned about the cult when an informant told them last week that it was about to launch attacks during Tuesday's festival of Ashoura. They planned to slip into Najaf with the hundreds of thousands of pilgrims that descend on shrine cities for Shiite festivals.

The alleged plot was reminiscent of the 1979 attack in which Sunni extremists seized the Grand Mosque in Mecca, Saudi Arabia, the holiest site in Islam, taking hundreds of pilgrims hostage to protest alleged corruption in the Saudi royal family. Saudi forces stormed the mosque two weeks later, killing hundreds.

U.S. officials praised the role of Iraqi soldiers, most of whom are Shiite forces, for confronting Shiite gunmen.

"The aggressive manner in which the Iraqi soldiers performed north of Najaf going after the anti-Iraqi forces was impressive," Col. Michael Garrett, commander of the 4th Brigade Combat Team (Airborne), 25th Infantry Division, said in a statement.

Clearly, however, the Iraqis underestimated the Najaf cultists.

Units from the Iraqi army, police and the paramilitary national police went to the group's hide-out 12 miles northeast of Najaf early Sunday but came under a ferocious attack, according to Iraqi authorities. The Iraqis called for air support, and U.S. and British jets responded.

Still, the cultists could not be dislodged. Reinforcements from Iraq's elite Scorpion Brigade and the U.S. Army's 25th Division were sent to the fight. A U.S. Army helicopter was shot down, and the two American crew members were killed. Fighting continued until before dawn Monday, nearly 24 hours after the clash.

The deputy governor of Najaf, Abdul-Hussein Abtan, said Tuesday that more than 300 militants were killed and about 650 were arrested. Eleven Iraqi troops were killed and 30 wounded, he said.

The Shiite-dominated government maintains the cult had links to al-Qaida in Iraq, which seems unusual considering the Sunni group's hatred of Shiites as heretics and collaborators with the U.S.

Nevertheless, the "Soldiers of Heaven" may have had ties to Saddam Hussein loyalists. Najaf officials said they were camped on land owned by a Saddam supporter. The area was once under the control of the al-Quds army, a force raised by Saddam in the 1990s.

It was unclear whether any former al-Quds members, who would have received extensive military training, were part of the cult.

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In any case, it appears that the fighting had little to do with either the Sunni-led insurgency or the sectarian bloodletting between Shiites and Sunnis in the Baghdad area. More likely, the battle stemmed from rivalries within the Shiite community, which have led to armed clashes in the past in major southern cities.

Those internal tensions may increase if the Iraqi government bows to U.S. pressure and cracks down on Shiite militias.

"It seems most likely that this was Shiite-on-Shiite violence, with millenarian cultists making an attempt to march on Najaf during the chaos of the ritual season," Juan Cole, a Shiite scholar at the University of Michigan, said on his Web site. "The dangers of Shiite-on-Shiite violence in Iraq are substantial, as this episode demonstrated."

Remnants Show Cult Was Prepared, Organized (LAT)

By Saad Fakhrildeen And Borzou Daragahi

The Los Angeles Times, January 31, 2007

ZERGHA, Iraq -- The dead wore the same footwear, imitation leather dress shoes with Velcro flaps. Their mangled bodies filled the trenches. Bags of ammunition, with the names of fighters written on them, sat by their sides.

A pulpit made of bamboo stood next to a grassy field, a newspaper filled with rambling religious writing strewn nearby.

An unauthorized hour-long walk Tuesday through the bombed remnants of a religious cult called Heaven's Army revealed provocative clues about group, which was decimated Sunday in a 24-hour U.S. and Iraqi offensive that authorities say left 263 alleged members dead and 210 injured. Nearly 400 members also were arrested, an Iraqi defense official said.

Iraqi officials said the group was poised to launch an attack on clergy and holy sites in Najaf in the belief that it would hasten the dawn of a new age. Iraqi officials said they got wind of the plan and attempted to investigate but were attacked by the group's gunmen in a battle that also killed five Iraqi troops and two U.S. soldiers, who died when their helicopter crashed.

The bulk of the damage to the base was inflicted by U.S. airstrikes, which turned the tide of a ground battle led by Iraqi troops backed by U.S. forces.

Iraqi officials have released scant new details about the composition and aims of the group. Mohammad Askari, a spokesman for the Ministry of Defense, said foreign Arabs were among the Iraqi dead and captured but declined to provide more than basic casualty figures.

But amid lush groves of eucalyptus and palm trees, the camp itself offered a trove of details about the followers of Heaven's Army.

They had plenty of food. Each fighter, many of their bodies lying charred and disfigured, had a supply of chocolate and biscuits. They were prepared: A six-foot dirt berm and an equally deep trench surrounded the 50-acre compound.

They were well-organized. Living in at least 30 cement-block buildings, all the alleged fighters had identification badges. The group published books and a newspaper. They apparently were enamored with their leader, a charismatic, black-turbaned man in his 30s named Dhiya Abdul-Zahra, whose likeness adorned the newspaper.

And they were well-armed and ready for battle. High-powered machine guns, anti-aircraft rockets, mortars, rocket-propelled grenades and late-model pickup trucks with mounted guns were scattered around the eight farms that comprised the compound, about 10 miles north of Najaf.

A wooden platform on a tree served as a sniper outpost. The would-be shooter lay dead on the ground by the tree trunk.

"Without the bombings of the Americans we would have remained for two weeks unable to penetrate," said an Iraqi soldier, who led journalists through the devastated compound.

Except for the identical shoes, none of the fighters wore uniforms. They wrapped black-checkered scarves around their necks and walked around in running suits and flowing dishdasha gowns. Their bodies were contorted and burned in the bombing campaign. A few were blown to pieces. The fighters included young boys as well as middle-aged men Some apparently held day jobs -- one of the dead fighters, Ahmad Mohsen Kadhem, 31, had an identification card in his wallet showing he was authorized to carry weapons as a guard for a nearby company, the government-owned State Organization for Cereals.

Arabic readers described the articles in the group's eight-page newspaper, "Al-Bayan," or "The Statement," as little more than religiously inflected gibberish, with made-up words and references to "manifestations and sightings" of the Imam Mahdi, the last in a line of Shiite saints worshipped by Shiites.

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A book found at the complex, called "Heaven's Judge," also bearing the picture of Abdul-Zahra, dismisses the teaching of Shiite Muslims as well as Sunnis. "The Shiites are misled," said the book, which refutes central tenets of Shiite theology.

"The house of the Prophet Mohammad has adopted a path using signs to point to heavenly facts, a method for considering the order of secrets," it added, in statements that perplexed Shiite and Sunnis who read it.

Special correspondent Fakhrildeen reported from Zergha and staff writer Daragahi from Baghdad.

Reports Fault Oversight Of Iraq Police Program (WP)

By Griff Witte And Renae Merle

The Washington Post, January 31, 2007

The U.S. government has squandered millions of dollars intended for police training programs in Iraq because of rampant problems overseeing contractors, according to federal reviews released yesterday.

In one case, contractors building a camp for American trainers constructed an Olympic-size swimming pool that hadn't been ordered. In another, human waste reportedly continues to leak from plumbing fixtures at a barracks for Iraqi police recruits, a year after the problem was first identified and despite assurances from the contractor that the problem was being fixed.

Together, the reports offer a revealing glimpse at one aspect of the $38 billion American-led reconstruction effort. The police training program has been repeatedly flagged by U.S. officials as particularly crucial to the war effort, given the need for effective Iraqi security forces to take over from the U.S. military. While yesterday's reports by the special inspector general for Iraq reconstruction do not address the training itself, they do find major flaws with how both the government and its contractors attempted to build the program's facilities.

The flaws, auditors concluded, all had common roots: The government's failure to monitor how contractors were spending taxpayer money.

But the two contracts reviewed by the special inspector general's staff produced vastly different types of problems. One of the contracts called on Falls Church-based DynCorp International to build a camp to house its trainers. Auditors found that the company performed $4.2 million worth of work that had not been authorized by the contract, including building the pool and 20 VIP trailers at the behest of Iraqi officials. Because of security concerns, the camp was never used.

At the $73 million Baghdad Police College, meanwhile, inspectors uncovered numerous examples of shoddy construction, including ones that pose potential health problems to Iraqi recruits. The problems, some of which were first reported publicly in September, had still not been fixed when inspectors returned to the site months later for follow-up inspections. Auditors said the contractor, California-based Parsons, knew about the plumbing problems as early as a year ago but failed to correct them.

"As a result, the unsanitary conditions continue," the report said.

Parsons was ultimately paid $5.3 million for substandard work, auditors found. The Army Corps of Engineers will also be paid -- up to $2.5 million -- for monitoring Parsons's work, even though auditors said its oversight was "essentially non-existent."

The inspector general's office said it would begin to investigate evidence of potential fraud connected to the project.

In response to the report, the corps said in a statement that it is "making steady progress on completing warranty repairs related to the sewer, water and electrical systems" at the police college.

In a written exchange, the corps also challenged some of the auditors' findings, contending that in one instance the leaking liquid identified as human waste was actually "dirt-filled fresh water."

Officials in the special inspector general's office replied that regardless of what the liquid is, the corps "needs to realize that the plumbing system is not only tremendously flawed, but the cadets may be supplied with hazardous water."

James F. McNulty, chief executive of Parsons, said in a statement that the company's work had been hampered by security concerns. "Extremely difficult security conditions factored significantly into problems that occurred, and we worked to fix the problems as soon as we learned about them," he said.

Parsons, a $3 billion-a-year construction and engineering firm, had been one of the United States' largest contractors in Iraq. The company's work first came under scrutiny last spring, when the special inspector general's office reported that the company would complete only a small fraction of the 150 health clinics it was tasked to build. The focus on Parsons intensified in the fall, when the special inspector general's office blamed the company and the corps for problems at the police college.

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At a congressional hearing in September, a Parsons executive, Earnest Robbins II, testified that the problems at the college would be fixed. "We are repairing it at no cost to the government," he said.

The company left the repairs to an Iraqi subcontractor, which it blamed for botching the job in the first place. In yesterday's report, however, auditors also found fault with Parsons's designs, which they said did not include enough detail to allow subcontractors to do the work properly.

In its review of work under DynCorp's $1.8 billion State Department contract, the special inspector general found that the department's lax oversight led it to pay $43.8 million for a residential camp for DynCorp trainers that has never been used.

Some of the work on the camp, including the pool and VIP trailers, was requested by the Iraqi Interior Ministry but was never authorized by U.S. officials.

The State Department ordered work on the project stopped in September 2004, shortly after issuing the contract, because of concerns that the location was too dangerous for DynCorp's trainers. DynCorp initially told the department that the camp had already been completed, but more than a year later said it wasn't.

In 2005, a State Department official became concerned about "potential fraud" regarding DynCorp's billing for 500 trailers that may have never been built. Yesterday's report said the investigation is ongoing.

The department also can't account for $36.4 million of weapons and equipment, including armored vehicles and body armor, because DynCorp's invoices were vague, the report said. "DynCorp invoices were frequently ambiguous and lacked the level of detail necessary to identify what was procured," the report said.

A State Department official said the agency initially became concerned about the contract in 2005 and has revamped its contracting practices for work in Iraq, Afghanistan and Jordan. According to the report, the department is reviewing all of DynCorp's contracts and identified a $1.1 million billing error earlier this month.

"We haven't been contacted about the information in this report," said Greg Lagana, a DynCorp spokesman, "but we believe that any investigation or audit will show that the company acted responsibly and with concern for the expenditure of public funds. Of course, should there be any audit or investigation, we will cooperate fully and openly."

Iraq's Refugees (NYT)

The New York Times, January 31, 2007

To calculate the price that Iraqis have paid for the American misadventure in their country, you have to deal in big, round, horrifying numbers. Civilians killed last year: 34,000. Driven from their homes within Iraq: 1.8 million. Fled to other countries: an additional 2 million, and growing. The number of Iraqis who have found refuge in the United States is easier to pin down. This country has admitted a grand total of 466 Iraqi refugees since 2003.

However President Bush tries to manage the endgame of his dismal war, America has an obligation to the Iraqis whose lives it has upended. It owes a particular debt to those who have faced incredible dangers working with American forces as interpreters, guides and contractors. These allies — and their families — have become a haunted and hunted group, branded as traitors and targeted for kidnapping and assassination by insurgents and militias.

By any measure, the Bush administration is failing them. The current price tag for the war is $8 billion a month, yet the State Department plans to spend only $20 million in the coming fiscal year to help shelter Iraqi refugees overseas and to resettle them here. A special visa program to resettle Iraqi and Afghan military translators has been capped at 50 people a year and has a six-year waiting list.

Of all the Vietnam-era mistakes the country has been repeating lately, indifference to refugees is especially unforgivable. The administration can start addressing the problem by devoting a far greater number of refugee slots — currently 70,000 a year — to people from Iraq and Afghanistan. It can streamline entry procedures, which should be a manageable task for those who have already been vetted to work with the United States military.

It should move quickly to organize a conference with Iraq's neighbors to discuss ways to cope better with the human suffering and the potentially destabilizing effects of the rising human tide. And it should answer an urgent appeal for funds by the United Nations High Commissioner for Refugees, which is seeking $60 million over the next 12 months to shelter and protect displaced Iraqis.

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Does it really need to be said yet again that in these perilous times the way to win trustworthy allies is to be one?

Pentagon's Covert Activities Come Under Senate Scrutiny (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 31, 2007

Congress's new Democratic majority is expanding its review of the Bush administration's push for broad executive power, as the Senate is set to look into how the Pentagon has increased its covert intelligence operations.

Lawmakers plan to study whether the Pentagon obtained the proper authorization for covert operations and notified Congress as required under the law. The inquiry will also explore whether the Pentagon engaged in activities that legally are the responsibility of the Central Intelligence Agency.

The hearings, to be conducted by the Senate Intelligence Committee beginning March 1, stem from concerns of some lawmakers, particularly Democrats, about an expansion of Defense Department intelligence actions under former Secretary Donald Rumsfeld. Critics have said the effort amounts to building a parallel intelligence network that competes with the CIA, but without the broader oversight under which the CIA operates.

Republican congressional leaders had overruled previous efforts by some lawmakers to investigate the expansion, but they lost control of Congress this month. Sen. Jay Rockefeller (D., W.Va.), the panel's new chairman, has supported such a review and scheduled the hearing.

While the hearings will focus on military covert activity abroad, congressional Democrats and some Republicans also are interested in domestic intelligence activities launched by the Pentagon and other federal agencies since the Sept. 11, 2001, terror attacks. The new activities include data-mining and domestic warrantless wiretapping. Critics say they threaten privacy and civil liberties. The Senate Judiciary Committee, under its new chairman, Patrick Leahy (D., Vt.), held two hearings this month on these activities. People involved with the Intelligence panel's plans said the hearing witnesses likely will include new Defense Secretary Robert Gates.

Mr. Rumsfeld cited the post-9/11 terrorist threat as justification for broadening defense intelligence activities. The Pentagon established a Counterintelligence Field Activity unit, which has been criticized for collecting data on U.S. citizens. It also created undercover teams from the Defense Intelligence Agency and military Special Operations forces to conduct operations overseas.

So far, however, the Pentagon appears to have been able to conduct those operations without the formal steps required of other U.S. intelligence agencies before covert action.

Traditionally, covert actions overseas have been the task of the CIA. They entail activities such as secret attempts to capture or kill suspected terrorists and propaganda campaigns. One question to be explored during the hearings will be whether the Pentagon's secret operations may have violated a federal law that requires a written presidential finding and notification of the congressional intelligence committees when a covert action is to be carried out.

A November 2006 report by congressional researchers concluded that there was reason to question whether the Pentagon was trying to evade the requirements of the law. That law was adopted in response to congressional concerns about the Iran-Contra affair in the mid-1980s, when the Reagan administration secretly sold arms to Iran, and used the proceeds to fund an anticommunist Nicaraguan insurgency. The changes strengthened requirements for presidential findings and notification of the intelligence committees.

Under Mr. Rumsfeld, the Pentagon contended that its new activities don't fall under the law's definition of "covert actions." Instead, as the Congressional Research Service report notes, it claimed exemption from the requirements because it said the new secret operations carried out by military personnel in Afghanistan, Iraq and elsewhere amount to traditional military activities intended to help prepare for battle.

The law, added in 1991 as a new section of the National Security Act of 1947, defines covert activity as action by the U.S. government "to influence political, economic, or military conditions abroad, where it is intended that the role of the United States Government will not be apparent or acknowledged publicly."

Except under unusual circumstances, the law requires the president to sign a finding beforehand to authorize a covert action, attesting that it supports specific foreign-policy goals and is important to national security.

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Former Army Lt. Gen. William Odom, now at the Hudson Institute, said oversight is important partly because such operations easily can go awry, causing unintended results and diplomatic embarrassment for the U.S. "Rumsfeld just ran loose," he said, adding, "You have to have a system where you hold people accountable for making the decisions."

Mr. Rumsfeld has said the expanded intelligence activities by the Pentagon were vital to the global war on terrorism. Gen. Odom also noted recent complaints from CIA officials that covert actions were taking place in countries where local CIA station chiefs knew nothing about them. The Pentagon's press office didn't respond to repeated requests for comment.

With Gratitude In Every Stitch (WP)

By Jura Koncius

The Washington Post, January 31, 2007

The carefully packed boxes stack up daily in the chaplain's quarters at Walter Reed Army Medical Center, about 50 a week. The instructions read simply: "Please give this to a soldier." Chaplain John L. Kallerson, an Army major, gently opens each one and places the contents around his windowless office. Then he lays his big hands on the piles and says a blessing.

His is the ministry of the quilts.

A phone call to the chaplain four years ago has created a national movement to say thank you to soldiers wounded in the war on terror.

More than 7,900 "comfort quilts," each carefully stitched with love and gratitude, have been sent through the Quilts of Valor Foundation to the wounded soldiers at Walter Reed and 70 other U.S. military medical centers. Kallerson prays over and hands out quilts from church groups, schoolchildren, quilting bees. Quilts made from accomplished artists whose designs sell for thousands. Quilts with bears, fish, basketballs. Quilts with hot-pink flowers for wounded women.

Amish and Mennonites have sent them anonymously. Children at the Colorado School for the Deaf and the Blind have created Braille quilts for soldiers who have lost their sight. Some donors, such as Native Americans who sent quilts bearing warrior symbols, have requested that their quilts be given to kindred spirits. Many have special messages: "You are our hero." "You are very brave."

Some arrive with letters, tapes or prayers.

"This is a gift from the heartland," Kallerson said. "Soldiers get CD players and iPods and DVDs, but this is the greatest gift of all. It comes from people's hearts. This is a simple thank you for your service."

Deborah Francisco, a defense contractor from St. Leonard, spent a year making one with the black and gold Army 1st Cavalry logo. "I hope the soldier who got it feels like someone is thinking of him," Francisco said.

This is how it got started: An accomplished Delaware quilter, Catherine Roberts, contacted Kallerson. She wanted to sew a blue and white Ohio Star quilt and donate it to a wounded service member. For every soldier killed, she knew there were 10 wounded.

"I had this vision in my head of a soldier waking up with horrible flashbacks," said Roberts, 57, a midwife and a quilter for 25 years. "I saw him wrapping himself up in a quilt."

Kallerson talks to a lot of people who want to donate things, but the hospital doesn't have the space or staff to handle them. Still, he was intrigued by Roberts's offer. He had someone in mind, an amputee from Minnesota, who was experiencing phantom pain. He gratefully received the quilt.

Then Roberts realized that she needed to reach more soldiers. "I got all my quilting people together and told them we had to start making quilts for all the wounded. Plenty of people were sending goggles and rat traps and things like that to the soldiers in the war, and there were programs for the families of our fallen heroes. But I didn't see anything targeting service members who had been wounded."

She put out the word online to the 19 million-strong quilting community. E-mails started flooding back. "Many quilters remembered Vietnam days," said Roberts, whose son, Nathanael Vinbury, served a year with the Army in Iraq. "They didn't want our troops coming back to that kind of reception."

Today, comfort quilts are part of the fabric of life at Walter Reed, helping to humanize the 308 government-issue beds, overlit hallways and hushed visitors lounges. As soldiers are wheeled to physical therapy or the endless tests, there is a rush of

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color from hand-stitched covers as they roll by. Many of the 600 wounded who come in daily for outpatient treatment have quilts folded under their legs or tucked around their bodies. Soldiers clutching the quilts have turned up at inaugural balls and Army-Navy football games.

Daniel Peters, 22, an Army combat engineer from Goffstown, N.H., received his red, white and blue quilt three months ago. It rarely leaves his side. "I use it every day to prop up my foot," he said. All the toes on his right foot were severed in Afghanistan when the Taliban shot a rocket under his Humvee; he has had surgery to reattach them.

"It brought him a lot of comfort," said his mother, Beverly Peters. "It showed him that someone cared."

Quilting has been part of wartime America since the early 19th century. "It's always been in the nature of quilters to have the urge to make something to cover soldiers, warm them and give them comfort," said Karey Bresenhan, a nationally known quilting expert and co-founder of the Alliance for American Quilts.

During the Civil War, soldiers used quilts as bedrolls. Supporters of the Union Army banded together to send quilts to their men, and Southern women cut up their dresses to make quilts for Confederate soldiers. The Smithsonian's National Museum of American History has 400 quilts in its collection, including one made in 1863 by Mrs. Gilbert Pullan's Sunday school in Augusta, Maine, for Union soldiers in Washington hospitals. The Maine quilt is inscribed with Bible quotations, recipes for medicines and jokes.

In World War I, the Red Cross sold quilts, and in World War II quilts were sent to Europe to be given out to the wounded.

Today, soldiers aren't taking quilts to war as much as using them during recovery. Kallerson conducts his wartime ministry from a cart. He loads it up and wheels it down Walter Reed's halls. If men are skeptical about receiving a quilt, he approaches their wives or mothers. Many soldiers ask if the quilt is free. "They are shocked that someone has gone to the trouble of making this for them," he said.

Eric Frazier, 20, of Altamont, Tenn., a Marine lance corporal, doesn't even remember choosing a quilt because he was on morphine. He was wounded in October in Fallujah and lost both legs, one above the knee and one below, and suffered a head injury. "He could have chosen a pink one, he was so out of it," said his father, Kary Frazier. Eric's quilt is waiting for him at home, on his bed.

One person sent a Purple Heart quilt. Kallerson handed it to a decorated double amputee. "He told me he wasn't sure he deserved it," Kallerson recalled. "I thought if you don't deserve a quilt, then I don't know who does."

Some of the quilts are becoming family heirlooms to be passed down to future generations.

Quilting groups across the country have used Roberts's Web site -- http://www.qovf.org-- as a clearinghouse for information on comfort quilts. Roberts has made it possible for the groups that piece together quilt tops to connect with longarmers, people who own large machines that efficiently stitch the tops to batting and a backing. Hand quilters can take hours and hours to do this; by machine it takes three to 20 hours, depending on the design.

Lisa Langlais, a longarmer from Springfield, said she has donated her services for more than 60 quilts, including 30 she pieced herself. Longarmers can make $75 to $400 for machine-finishing a quilt.

Langlais has never met any of the service members who have received her quilts.

"This is an anonymous project," she said. "I don't expect a thank-you card. I just put all of my good, positive thoughts in the quilt."

Kallerson has personally distributed 3,069 quilts. "One father brought me to tears," he said. "He brought a quilt back to me because his son did not survive."

Kallerson placed the quilt back into the father's hands.

DOJ:

Whistleblower Complaint Filed Against DOJ Civil Rights Division (LAW)

By Jason McLure, Legal Times

Legal Times, January 31, 2007

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The Justice Department's Civil Rights Division has seen its share of turmoil in recent years, owing at least in part to changes initiated under former Attorney General John Ashcroft that shifted line-attorney hiring decisions to political appointees.

Now one of the conservatives brought in by former acting Assistant Attorney General Bradley Schlozman has filed a whistleblower complaint with the Office of Special Counsel, charging he was wrongfully fired by the DOJ for complaining about what he calls the "toxic work atmosphere" in the special litigation section of the Civil Rights Division -- an office responsible for investigating civil-rights abuses in law enforcement and prisons and protecting access to abortion clinics.

Ty Clevenger, 37, a former Washington Times reporter and line attorney in the section who was fired in October, has accused veteran Section Chief Shanetta Cutlar of being "abusive toward attorneys and support staff," specifically those hired by Schlozman.

Among Clevenger's allegations: Secretaries were ordered not to assist him with an eight-hour typing project, another attorney was publicly berated for using a paper clip rather than a binder clip on a document and an intern was reprimanded for not greeting Cutlar while passing her in the hallway.

In his whistleblower complaint, Clevenger included a copy of a statement by the intern, Deborah Meiners, 24, to a DOJ ombudsman about the hallway incident.

"I did get the sense that this was a common occurrence," says Meiners, now a third-year law student, of her treatment.

As for Clevenger, he says he decided to go public (the complaint was first posted on the blog Above the Law) after his attempts to get traction with Cutlar's superiors failed.

"Even after I was fired, I called some of my friends in DOJ who are political appointees, and I said, 'Let's not make things ugly,' " says Clevenger, now in private practice in College Station, Texas.

Cutlar's office referred questions to a DOJ spokeswoman, who issued a statement saying the department is looking into the allegations.

Arizona's U.S. Attorney Joining Mass Exodus (AZREP)

By Dennis Wagner And Billy House, The Arizona Republic

Arizona Republic, January 31, 2007

U.S. Attorney Paul Charlton leaves office today as Arizona's top federal prosecutor amid a cloud of controversy over whether he was forced out by the Justice Department along with a number of colleagues nationwide during a political purge by the Bush administration.

Charlton has been mum since saying last month that he was quitting to become a partner at a private Phoenix firm.

At least 10 U.S. attorneys have announced plans to leave office in recent months, some admittedly forced out. Those events have prompted Sen. Charles Schumer, D-NY, to convene a Judiciary Committee hearing next week. The agenda title: "Is the DOJ Politicizing the Hiring and Firing of U.S. Attorneys?"

"The highly unusual recent flurry of firings of many well-respected U.S. attorneys not only raises some flags, but also requires some explanations from the administration," Schumer said in a written statement. Other lawmakers note that U.S. attorneys are responsible for taking the lead on public corruption cases.

In a speech this month on the Senate floor, Sen. Dianne Feinstein, D-Calif., said: "At a time when we are talking about toughening the consequences for public corruption, we should change the law to ensure that our top prosecutors who are taking on these cases are free from interference or the appearance of impropriety."

In Arizona, two U.S. House members, Republicans Rick Renzi and Jim Kolbe, were the focus of initial inquiries by Charlton's office last year. No findings from either inquiry have been announced. Kolbe has retired.

During a Senate subcommittee hearing this month, Attorney General Alberto Gonzales flatly denied that any resignation resulted from political maneuvering. But Feinstein claimed in her Jan. 16 floor speech that she was told the Justice Department was dumping top prosecutors so Gonzales could appoint replacements without Senate oversight.

"To date I know of at least seven U.S. attorneys forced to resign without cause, without any allegations of misconduct," Feinstein said, listing Charlton among them.

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There are 93 U.S. attorneys in the nation and its territories, responsible for enforcing federal criminal laws and representing the government in civil litigation. They serve at the pleasure of the president and are installed for four-year terms that may be extended. Typically, they are replaced when a new political party takes over the White House. Nominations are made by the president and confirmed by the Senate.

Under a little-known provision of the USA Patriot Act, however, the appointment authority for interim U.S. attorneys was shifted to the attorney general, who may assign replacements without Senate scrutiny or approval.

Gonzales insisted during the subcommittee hearing that he is "fully committed" to seeing that every new U.S. attorney is appointed by the president and confirmed by the Senate.

Democrats have introduced a bill that would reverse the Patriot Act provision and set a 120-day limit on interim appointments.

Questions about the resignations arose after Bud Cummins quit as U.S. attorney in eastern Arkansas and was promptly replaced by J. Timothy Griffin, a 34-year-old former aide to Bush political adviser Karl Rove. In Arizona, Charlton surprised his staff last month with news that he was leaving his federal post after five years to join the Phoenix firm of Gallagher and Kennedy, where his wife also works.

Wyn Hornbuckle, an office spokesman, said there is no alternative explanation. Diane Humetewa, an assistant U.S. attorney and Hopi tribal member, has been recommended by Arizona's two U.S. senators to replace Charlton but has not been nominated for that position.

Justice Department spokesman Brian Roehrkasse said 11 U.S. attorneys have quit since the appointment authority changed in March 2006. To date, five of those positions have been filled, three by nominees who were confirmed.

CORPORATE SCANDALS:

Is The DOJ's New Policy On Prosecuting Corporations Real Reform Or Business As Usual? (LAW)

By Abbe D. Lowell, Christopher Man And Obiamaka P. Okwumabua, Special to Law.com

Law.com, January 31, 2007

For the third time in seven years, the U.S. Justice Department has issued a new policy for investigating and charging corporations.

Now, what will be called the McNulty Memorandum (named for Deputy Attorney General Paul McNulty, who announced it) will be added to the Thompson and Holder Memoranda (also named for the deputy attorneys general who announced them) in the ever-evolving attempt by the DOJ to get it right.

Putting aside whether the whole idea of prosecuting corporations (versus the people within a company who commit the alleged wrongdoing) makes any sense at all (many countries have no process for charging companies), the question is whether the newest policy has changed anything.

Particularly after the Justice Department implemented the earlier Thompson Memorandum's policy on charging companies, there was vocal criticism from the defense bar that government tactics -- such as encouraging companies to fire suspected employees, requiring waiver of the company's attorney-client privileges and cutting off attorney fees for targeted employees -- were strong-arm measures that violated constitutional rights.

The DOJ had this awesome power because the threat to companies of the stigma of prosecution (e.g., KPMG) or of winning the battle only to lose the war (e.g., Arthur Andersen) was grave. To avoid such dire consequences, companies all too readily opened their confidential files and, in effect, did the prosecutors' job by investigating themselves and giving the government the results. Despite the presumption of innocence, companies then fired any employee suspected or named by the prosecutors and cut off their defense fees to avoid a corporate death sentence that could result merely from being charged. These actions often led the employees caught in the crossfire to enter plea bargains, not because they truly felt they had violated the law but because they could not fight both the prosecutors and their employers.

It was not until a federal judge in New York in the KPMG case said the government "let its zeal get in the way of its judgment" and that its actions "held the proverbial gun to [defendants'] heads" that prosecutors' actions became more widely reviewed. For example, Sen. Arlen Specter introduced legislation to stop what he called abusive prosecutorial tactics. Only in the face of forced change did the DOJ issue a new policy in an attempt to police itself. But, the proposed self-restraint may be a bit too little and a bit too late.

The way the government asserted the power it had over companies was to evaluate whether to charge a company (and likely put it out of business) based on that company's "cooperation." And, this cooperation often was measured by how broad the company's waiver of privileges was, how quickly it fired those involved and how many benefits, like attorney fees, it would take from those former employees. Too many companies were all too willing to do all that was asked (and more) to survive and avoid prosecution.

The McNulty Memorandum addresses two of the most frequent charges of abuse that have been leveled against the department -- the requirement of privilege waiver and denial of attorney fees. The new memorandum states that neither tactic should be employed by prosecutors as a general matter in the evaluation of whether a company has cooperated or should be charged. Yet, the "change" is in degree and not to the tactics themselves. The department is not disclaiming its ability to use either form of pressure but is simply declaring that it will do so more sparingly. The department's message to the business and legal community is "trust us." But when such a message is delivered by the same people who betrayed such trust by engaging in egregious conduct in the first place, the department will have to demonstrate that the McNulty Memorandum works in practice before its words will inspire much confidence.

The most significant problem with the McNulty Memorandum is that it speaks only to what the prosecutor can demand, but it does not place any meaningful limit on what the prosecutor can suggest. As we all know, a prosecutor's request or suggestion of what companies might do to be deemed cooperative can be heard by a company as what it has to do. While the new policy may rein in the rogue or overzealous prosecutor by requiring approval by a senior DOJ official before demanding a privilege waiver or fee cutoff, the policy does nothing to restrain Assistant U.S. Attorneys from making these requests more subtly. The pressure on corporations to accede to a prosecutor's "request" to waive privilege or to make life difficult for suspected employees is still too great so long as the practical reality of failing to do what the government wants is corporate suicide. Without an actual ban of these tactics, prosecutors can wink and nod, and companies will feel that the best way to avoid indictment is to do that which the government used to demand directly. There will be no way for this now sub rosa pressure to be exposed. Exchanges between prosecutors and corporations will now say all the right words, and it will be harder for well-intentioned DOJ supervisors and judges to scrutinize the pressure on corporations that was once overt but is now implicit.

While the department should be commended for recognizing a need for a shift in policy, the problems it seeks to redress may not be solved by the precatory approach the McNulty Memorandum has adopted. If the DOJ is not ready to actually ban strong-arm tactics that violate constitutional rights, then it will have to go a long way in supervising prosecutors to show that a real change has occurred. Otherwise, the new policy will be a press conference and fanfare without any real substance or reform, and it will be back to business as usual.

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WIDENING SCANDAL At Siemens, Witnesses Cite Pattern Of Bribery (WSJ)

By David Crawford And Mike Esterl

The Wall Street Journal, January 31, 2007

One day in early 2004, senior Siemens AG executive Michael Kutschenreuter says, he got a disturbing phone call from a Saudi Arabian businessman.

The caller said he represented Beit Al Etisallat, a Saudi consulting firm that had been a business partner of Siemens. Now Beit wanted $910 million in commission payments. If Siemens didn't pay up, the caller threatened, he would forward documents

to the U.S. Securities and Exchange Commission detailing bribes paid on the German industrial giant's behalf to win telecommunications contracts in the kingdom.

Mr. Kutschenreuter says he alerted his superiors, including Klaus Kleinfeld, now the chief executive of Siemens, and Heinrich von Pierer, the CEO at the time. Mr. Kutschenreuter also says that with the backing of the Siemens management board, he reached a deal in January 2005 to pay Beit Al Etisallat $50 million. He says that $17 million was for past obligations and the rest was what he describes as "hush money" to make the problem go away.

It hasn't. Mr. Kutschenreuter was arrested in November as part of a widening criminal investigation that has shaken the foundations of the storied 160-year-old German conglomerate. Mr. Kutschenreuter and five other suspects were released from custody before Christmas after agreeing to cooperate with German prosecutors.

Prosecutors suspect that Siemens officials diverted funds through sham consulting contracts to slush funds to bribe potential customers over several years. Since police raids made the probe public, Siemens says it has uncovered €420 million ($544 million) in suspicious transactions spanning seven years and has ordered an external audit. Investigators now are trying to determine how far up the corporate ladder the corruption traveled.

Mr. Kutschenreuter is their star witness. If allegations by him and others pan out, Siemens could find itself barred from bidding for public-sector projects in many of the nearly 200 countries in which it is active. Mr. Kutschenreuter's lawyer declined to discuss the details of the witness statement but said investigators consider his client to be a reliable witness. The Munich prosecutor's office said the investigation is continuing and declined to discuss details of it. Police are looking into the veracity of Mr. Kutschenreuter's allegations.

Siemens suspended Mr. Kutschenreuter after his arrest and says its payments to Beit Al Etisallat were perfectly legitimate. Siemens says that it is cooperating with authorities and that any wrongdoing was confined to "individual acts" by renegade managers.

Arrest warrants and detailed witness statements by company executives, including Mr. Kutschenreuter, suggest a different story. The statements, reviewed by The Wall Street Journal, depict a company where payment of bribes was common and highly organized. The statements portray top Siemens executives as scrambling to escape detection while prosecutors from neighboring countries drew an ever-tighter net.

The allegations come at a difficult time for Siemens, which manufactures a wide range of products from power turbines and medical scanners to light bulbs. CEO Mr. Kleinfeld has been restructuring its far-flung operations to narrow the focus and bring up profit margins. A plan to merge the bulk of Siemens's telecom-equipment business -- the main focus of the criminal investigation -- into a joint venture with Nokia Corp. has been delayed by the bribery investigation.

The case also underscores what critics say is German industry's failure to improve corporate governance. Until Germany toughened its corruption laws in 1999, companies were actually allowed to write off as expenses bribes paid abroad. DaimlerChrysler AG is under investigation by the SEC and the U.S. Justice Department for what the auto maker acknowledges were "improper payments" in Africa, Asia and Eastern Europe.

Last week, Siemens was hit with a roughly €400 million fine by the European Commission for leading a cartel that allegedly fixed prices in the market for electric-power switching gear. Siemens says the fine is unjustified and that it plans to fight the penalty.

In the potentially more damaging bribery investigation, Siemens says that while it's impossible to keep close watch over every one of its 480,000 employees, it knows of no wrongdoing by members of its current management or supervisory board. CEO Mr. Kleinfeld -- who prosecutors have so far said is only a witness, not a suspect -- says Siemens has "zero tolerance" for corruption. Mr. von Pierer also says he never engaged in illegal activity. Mr. von Pierer gave up the CEO post two years ago to head Siemens's supervisory board.

The highest-ranking executive arrested so far is Thomas Ganswindt, a member of the management board until last September. German prosecutors have also said that Heinz-Joachim Neubürger -- Siemens's chief financial officer until last April -- is a suspect. Mr. Ganswindt's lawyer said his client is not guilty. A lawyer for Mr. Neubürger declined to comment.

Mr. Kutschenreuter, in the witness statement made after his arrest, spread the blame far wider.

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In the Beit Al Etisallat matter he described, Mr. Kutschenreuter said that a Siemens colleague of his met in London in early 2004 with the Saudi caller, Abdul Wahab Al-Akeel. According to the witness statement, the colleague returned to Munich with documents detailing bribes by Siemens from the late 1990s until early 2000. The payments allegedly were made to win contracts with Saudi Telecom to supply equipment for land-line and wireless communications networks.

The colleague said Beit Al Etisallat would settle for double-digit millions of dollars, according to Mr. Kutschenreuter -- who added in his witness statement that he informed Messrs. Kleinfeld, Neubürger and Ganswindt of the situation in writing on April 26, 2004. Mr. Kleinfeld then was the senior executive in charge of Siemens's telecom business, a unit in which Mr. Kutschenreuter then oversaw finances for land-line operations.

Siemens's legal department recommended negotiations with Beit Al Etisallat after seeing Mr. Al-Akeel's documents, according to Mr. Kutschenreuter's witness statement.

Mr. Kutschenreuter said he then received a call from Mr. von Pierer, the CEO at the time, asking his opinion. He said he told the CEO it would likely cost $50 million to settle with Beit Al Etisallat, a consulting firm that Siemens had dropped in favor of another Saudi firm in 2000.

Mr. Kutschenreuter said that he worked out the details over Christmas 2004 and the agreement to pay $50 million was routed through a Saudi arbitration court to formalize it. He said he informed Siemens's management board of the agreement in January 2005, just as Mr. Kleinfeld was about to replace Mr. von Pierer as CEO.

Mr. von Pierer said in a written response to questions that the settlement wasn't a bribe. He said Beit did outline $910 million in damages: a "completely arbitrary" $875 million for lost profit up to the year 2024; $19 million in past-due commission claims; and $14 million for damage to the claimant's reputation. In January 2005, Mr. von Pierer said, the sides agreed to settle the matter and certify the payment in a Riyadh court.

A spokesman for Mr. Al-Akeel and Beit Al Etisallat declined to comment on the Siemens negotiations. Executives at Saudi Telecom didn't return phone calls seeking comment.

In a written response, Mr. Kleinfeld gave the same version of events as Mr. von Pierer. "At no time did Mr. Kutschenreuter mention to me, that any 'Hush-Money' was involved in any settlement and at no time did I have any knowledge of documents relating to bribes and still have no such knowledge," he added in his emailed statement.

Mr. Kutschenreuter, 52 years old, joined the company in 1974 and was posted to Algeria in the late 1970s. After six years abroad, including a stint in Iraq, he returned to Germany in 1984 and took up a position in the sales department for telecom contracts in Africa and the Middle East.

Back at Munich headquarters, he told prosecutors, he learned of an encryption code he alleged was widely used at Siemens to itemize bribe payments. He said it was derived from the phrase "Make Profit," with the phrase's 10 letters corresponding to the numbers 1-2-3-4-5-6-7-8-9-0. Thus, with the letter A standing for 2 and P standing for 5, a reference to "file this in the APP file" meant a bribe was authorized at 2.55% of sales.

A spokesman for Siemens said it has no knowledge of a "Make Profit" encryption system.

In the mid-1990s Mr. Kutschenreuter worked on financing for power projects. In that role, he alleged, he witnessed bribe payments for power projects in Russia and Slovakia.

After moving to Siemens's information-technology division in 1999, Mr. Kutschenreuter said, he learned of bribes paid to Argentine government officials as Siemens competed for a contract to develop electronically scannable passports. He said the payments stopped after the Argentine government changed hands in late 2001, before the contract had been awarded.

Siemens says allegations of bribe payments in Russia, Slovakia and Argentina are false. A spokesman at the Argentine Embassy in Berlin declined to comment.

Mr. Kutschenreuter said he was personally involved in lots of bribe payments after becoming finance chief at the land-line telecom unit in early 2001. Though paying bribes abroad was illegal in Germany starting in 1999, many of his colleagues still saw them merely "as peccadilloes because it was all for the good of the company," he told prosecutors.

Two other former Siemens telecom executives have also described alleged bribes, in November statements to prosecutors reviewed by The Wall Street Journal. Reinhard Siekaczek and Andreas Mattes, onetime colleagues of Mr. Kutschenreuter, also said the bribes were carried out with the knowledge of senior managers.

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Prosecutors have presented the three witness statements as evidence in the arraignment hearing of Mr. Ganswindt, the former management-board member. Mr. Ganswindt, like Messrs. Kutschenreuter and Siekaczek, was detained by authorities late last year and then released. Mr. Mattes wasn't detained.

Mr. Siekaczek, who worked at Siemens for four decades, said in his witness statement that he was asked to set up slush funds for bribes in 1999 or 2000. He described a bank account in Salzburg, Austria, through which he said more than €75 million in bribe funds flowed each year. In 2001, he alleged, Mr. Kutschenreuter warned him to shift funds elsewhere because Swiss authorities were following the trail of Austrian accounts linked to bribes in Nigeria.

Mr. Siekaczek gave prosecutors a long list of other countries in which he alleged that bribes were paid to win business, including Egypt, Cameroon and Kazakhstan. A lawyer for Mr. Siekaczek, who left Siemens in 2004, declined to comment on specifics but said police have investigated his client's statements and found them reliable.

Mr. Mattes told prosecutors that a member of the telecom unit's management board told him in 2001 that bribes were commonly paid for securing big telecom projects. Mr. Mattes is now an executive at Hewlett-Packard Co. in the U.S., after leaving Siemens in 2005. His lawyer said Mr. Mattes met with investigators in November and stands by his testimony. The lawyer said his client is suspected of playing only a minor role in the alleged activity.

Messrs. Kutschenreuter and Siekaczek alleged in their statements that Joe Kaeser, now CFO at Siemens, was aware of bribes while overseeing the wireless telecom unit's finances from 2001 to 2004. Mr. Kutschenreuter also cast blame on two other former wireless executives: Rudi Lamprecht, now a member of Siemens's management board, and Lothar Pauly, who left in 2005 to join the management board of Deutsche Telekom AG.

Siemens said Messrs. Kaeser and Lamprecht weren't aware of any alleged bribes and did nothing wrong. A lawyer for Mr. Pauly said allegations of wrongdoing by his client are false.

Prosecutors say bribes became more elaborate after a tightening of money-laundering laws following the Sept. 11, 2001, terrorist attacks and also after investigators in Italy, Switzerland and Liechtenstein began circling.

Investigators say Siemens lawyers filed briefs to keep prosecutors from accessing bank records in some countries. Cuno Tarfuser, a prosecutor in the Italian city of Bolzano, said in an interview that his investigation of Austrian accounts was held up for months in 2004 and 2005 by legal challenges.

Siemens says that at no point did it try to prevent prosecutors from examining company-linked accounts. Siemens said that it has been cooperating with authorities for years.

A German arrest warrant for Mr. Siekaczek issued last November, and reviewed by The Wall Street Journal, mapped out how prosecutors suspect bribes were carried out in Egypt, Greece, Indonesia, Kuwait, Saudi Arabia and Vietnam from 2002 to 2004. It said that generally, after money was routed through at least three layers of secret accounts and shell companies, it was entrusted to "bag men" who carried bundles of cash to local "fixers." The fixers then organized the payoffs on behalf of Siemens.

In one case, prosecutors said in the arrest warrant, Mr. Siekaczek signed a consulting contract in July 2002 with Austrian firm Krhoma GmbH related to a project with Saudi Telecom. According to the arrest warrant, Siemens paid €4 million to Krhoma, which took a €60,000 commission before wiring the rest to a firm that was based in the British Virgin Islands and controlled by Mr. Siekaczek.

A lawyer for Krhoma GmbH said Krhoma wasn't involved in illegal activity.

Mr. Kutschenreuter told prosecutors that the chief executive of Siemens in Greece, Michael Christoforakos, told him in October 2004 the company had made illegal payments for an infrastructure project related to the 2004 Athens Olympics. Mr. Kutschenreuter said he informed other senior managers, including Messrs. Ganswindt and Neubürger, of the conversation.

Mr. Siekaczek's arrest warrant cited €1.83 million in suspicious transfers from Siemens to third parties in 2004 and alleged they were related to an Athens security-systems contract.

A Siemens spokeswoman in Greece said Mr. Christoforakos "has never mentioned anything to anybody concerning improper payments" related to the Olympics. She said he has met as a voluntary witness with Greek prosecutors, who are conducting a preliminary probe of the awarding of a security-systems contract. She said Siemens was a subcontractor and "there is no evidence of any wrongdoing or improper behavior whatsoever."

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Mr. Kutschenreuter had a busy Christmas in 2004. In addition to trying to settle the Saudi matter, he told prosecutors, he got a call from Mr. Siekaczek telling him that Liechtenstein authorities were investigating certain bank accounts there. Again, Mr. Kutschenreuter alleged, senior management was informed.

Siemens later told Liechtenstein authorities that the accounts were its own, and asked prosecutors to end their investigation, according to Robert Wallner, the lead Liechtenstein prosecutor. The authorities continued to dig. At the same time, investigators in Switzerland, Italy and Austria were tracking separate leads on suspicious transactions flowing through other bank accounts tied to Siemens or people acting on its behalf.

This past November, armed with the information, more than 200 German police raided about 30 offices and homes of current and former Siemens employees. They searched offices of management-board members, including Mr. Kleinfeld, the CEO, and seized 36,000 documents. German prosecutors are sifting the material and questioning more people in a probe that could stretch for several more months or longer.

Mr. Kutschenreuter, who by the time of his arrest had moved on to Siemens's real-estate division, told prosecutors in December that he would cooperate because Mr. Kleinfeld had said he wanted to get to the bottom of the matter. "I can help him with that," he said in his witness statement.

At the company's annual meeting in Munich last week, Mr. Kleinfeld said he was "shocked" when he heard the allegations of wrongdoing. "I can assure you that we are doing everything that we can to clear up these incidents completely," he said.

His predecessor, Mr. von Pierer, told the crowd of 10,000 restive shareholders that while serving as CEO for more than a decade, he had taken major steps to combat corruption. He added, "I am deeply distressed that these efforts were not successful enough."

Ex-Cendant Finance Chief Gets Three Years Probation (WSJ/AP)

The Wall Street Journal, January 31, 2007

BRIDGEPORT, Conn. -- A former Cendant Corp. chief financial officer was spared jail time Tuesday, becoming the final defendant sentenced in a massive accounting scandal that dragged on for nine years and three trials.

Cosmo Corigliano, who pleaded guilty to fraud, was sentenced to three years of probation, including six months of home confinement with electronic monitoring, and 300 hours of community service.

Mr. Corigliano, who fought back tears during the sentencing, apologized in U.S. District Court in Bridgeport and said he took full responsibility for his actions. "I realize it was very wrong," he said. "My one wish is I had clarity of mind."

Prosecutor Michael Martinez and Senior U.S. District Judge Alan H. Nevas said Mr. Corigliano played an indispensable role in the case and was the only cooperating witness who was able to implicate former Cendant Corp. Chairman Walter Forbes.

"Without your testimony, I don't think Walter Forbes could have been convicted," Judge Nevas said. "You were the only witness that was kind of inside the corporate hierarchy."

Judge Nevas also noted that Mr. Corigliano had paid $14 million to settle a case with the Securities and Exchange Commission.

The scandal surfaced in early 1998, causing Cendant's market value to drop by $14 billion in one day. It became the largest accounting fraud of the 1990s, authorities say. The fraud cost the travel and real-estate company and 119,000 investors more than $3 billion.

The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years. Prosecutors say the scheme inflated the stock of Cendant's predecessor, CUC International, by $500 million.

Mr. Forbes was sentenced to 12 years and seven months in prison, while Vice Chairman E. Kirk Shelton received a 10-year sentence. Both were ordered to pay $3.28 billion in restitution.

Mr. Corigliano, who faced between six and a half to slightly more than eight years in prison under sentencing guidelines, says he gave authorities an inside account of how the multibillion-dollar accounting fraud was conceived, directed and discussed among executives. Mr. Corigliano, former chief financial officer at CUC, testified that for years he drew up what he called "cheat sheets" to falsify profits.

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Two other executives, Anne Pember and Casper Sabatino, were spared prison terms Monday for their roles in the fraud. They also cooperated with authorities.

Mr. Forbes was chief executive officer of CUC and Mr. Shelton was president before the membership marketing operation merged with travel and real-estate services company HFS Inc. to form New York-based Cendant in December 1997. Cendant's brands included Ramada, Howard Johnson, Avis, Coldwell Banker and Century 21.

In September, Cendant stockholders changed the company's name to Avis Budget Group to reflect its Avis and Budget vehicle rental brands. Its real-estate and hotel businesses were spun off as stand-alone companies and the company sold its travel distribution operations.

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CRIMINAL LAW:

Libby Wants To Know Miller's Sources (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, January 31, 2007

WASHINGTON -- Former New York Times reporter Judith Miller spent 85 days in jail before testifying that White House aide I. Lewis "Scooter" Libby was one of her confidential sources. Now, Libby wants to know who else she was talking to.

Miller testified for more than two hours Tuesday about two conversations she had with Libby regarding CIA operative Valerie Plame. Those conversations are at the heart of Libby's perjury and obstruction trial because they allegedly occurred well before Libby says he learned Plame's identity from another reporter.

She was to return to the stand Wednesday.

Under cross-examination Tuesday, defense attorneys sought to ask Miller about others who provided information about Plame. Miller's memory was shaky at times Tuesday and defense attorneys want to exploit that.

"This is nothing more than classic 101 impeachment," attorney Theodore Wells said. "The very essence of the cross-examination of Ms. Miller is about her credibility."

William Jeffress, another of Libby's lawyers, pressed her on how she could remember in great detail one of her three conversations with Libby -- a conversation she says she'd totally forgotten about for two years before finding a notebook memorializing it.

"Counselor, I have already said I didn't remember that meeting," Miller said.

Libby's defense team wants to show that Miller can't remember any of the other people she spoke with and may have learned Plame's identity elsewhere. Variations of Plame's name appear in her notes, but Miller said Libby was the first to discuss it.

Jeffress said in court that Miller initially resisted testifying before the grand jury -- despite what Libby said was a waiver allowing her to do so -- to protect other sources.

"It's not just Libby," Jeffress said, recalling what he said Miller's lawyer told Libby's original attorney. "She has other problems, other sources."

Jeffress says he has a right to ask about those sources.

Miller's lawyer objected to that line of questioning. U.S. District Judge Reggie B. Walton indicated he would likely not allow attorneys to go too far when Miller returns to the stand Wednesday.

Fitzgerald's case began as an investigation into who leaked Plame's name to reporters at a time when her husband was criticizing the Bush administration. Three years later, nobody has been charged with the leak. Libby is accused of obstructing the case and lying to investigators.

Journalism organizations have decried this trial, which could see 10 reporters become witnesses. Special Prosecutor Patrick Fitzgerald intends to call Matthew Cooper of Time and NBC's Tim Russert. Jeffress has said up to seven reporters are on his witness list.

Reporter's Testimony Contradicts Libby's Timeline (USAT)

By Richard Willing

USA Today, January 31, 2007

WASHINGTON — Lewis "Scooter" Libby told New York Times reporter Judith Miller the identity of a covert CIA officer in the two weeks before Libby said he learned about the agent from another reporter, Miller testified Tuesday.

Miller was the seventh witness in Libby's perjury and obstruction of justice trial to say she talked with Libby about the identity of covert CIA officer Valerie Plame before Libby said he learned of Plame's identity.

The meetings between Miller and Libby in 2003 came as Bush administration officials were trying to counter claims by Plame's husband, former ambassador Joseph Wilson, that the administration had trumped up prewar intelligence.

An attorney for Libby quickly challenged Miller's credibility, establishing that she had forgotten about one meeting before she found notes from that encounter in a shopping bag more than two years later.

Miller detailed meetings on June 23, 2003, in Libby's office and on July 8, 2003, in a Washington hotel. In those meetings, she said, they discussed Plame's identity.

The testimony of Miller, who served 85 days in jail before agreeing to testify to grand jurors in the case, was widely anticipated. The former New York Times reporter is one of a handful of Washington reporters likely to testify.

"In the beginning, he referred to Mr. Wilson as a 'clandestine guy,' " Miller said about the June 23 interview.

Later in the interview, Miller said, Libby said Wilson's "wife worked in the bureau," which she understood as a CIA office.

Miller interviewed Libby again at Washington's St. Regis Hotel on July 8, as she worked on a story on the faulty intelligence produced in the run-up to the Iraq war. In both meetings, Miller said, she agreed to not identify Libby as her source.

Libby told grand jurors that he first learned of Plame's identity on July 10 from NBC reporter Tim Russert. That claim caused Libby, Vice President Cheney's former chief of staff, to be charged with perjury and obstruction. Prosecutor Patrick Fitzgerald alleges that Libby leaked Plame's identity to reporters in June and July 2003, then lied about it to investigators.

Wilson had accused the administration of twisting intelligence to falsely accuse Iraq of seeking uranium in Africa.

Revealing the identity of a covert officer can be a federal crime. No one was charged with leaking Plame's identity. Libby is the only person charged in the investigation.

In their first interview, Miller said, Libby seemed "agitated, frustrated and angry" by what he called a "perverted war of leaks" by Wilson and others tied to the CIA.

Libby "was concerned that the CIA was beginning to backpedal to try to distance itself from the unequivocal intelligence estimates it had provided before the war," Miller said.

Defense attorney William Jeffress, cross-examining Miller, brought out that she had forgotten about the meeting on June 23, 2003, until she finally agreed to testify before a grand jury in September 2005. That's when Libby released her from her promise of confidentiality.

She didn't recall that meeting until she had returned to her office after testifying before the Washington grand jury, Miller said. Then, she said, she found a notebook in a shopping bag under her desk that contained her June 23 interview notes. Those notes were mistakenly labeled "5/23," or May 23, she said.

Miller then returned to the grand jury and described the June 23 meeting.

Jeffress said Miller can "now describe in great detail" Libby's demeanor and the substance of an interview that she had forgotten about for more than two years.

"Not in great detail," Miller said, describing her testimony. "Highlights."

Reporter's Account Hurts Libby Defense (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 31, 2007

Former New York Times reporter Judith Miller yesterday helped the prosecutor who landed her in jail and forced her into the witness chair, providing potentially damaging information about the confidential administration source she tried to shield, I. Lewis "Scooter" Libby.

Deliberately and sometimes defensively offering her account in Libby's perjury trial, Miller told the jury that "a very irritated and angry" Libby told her in a confidential conversation on June 23, 2003, that the wife of a prominent critic of the Iraq war worked at the CIA. Libby had told investigators he believed he first learned that information from another journalist nearly three weeks later -- the assertion at the core of the charges against him.

Miller testified that Libby, then the chief of staff to Vice President Cheney, shared this information as they talked alone in his office in the Eisenhower Executive Office Building and that he complained that the CIA and a former ambassador were unfairly trying to blame the White House for using faulty intelligence to justify the invasion of Iraq. He then mentioned that the wife of the ambassador, Joseph C. Wilson IV, worked at a bureau of the CIA.

Miller's testimony showcased a new legal reality for the news media -- the fragility of reporters' general working assumption that they can protect the identities of confidential sources. Miller, who spent 85 days in jail trying to avoid disclosing the details of her conversations with Libby to Special Counsel Patrick J. Fitzgerald, was the first of several prominent reporters both sides expect to call to the witness stand. For some of the reporters, Libby was a confidential source they never expected to reveal.

Libby is charged with lying to FBI agents and a grand jury and with obstructing justice in the investigation of who leaked undercover CIA officer Valerie Plame's name to the media. He is not charged with the leak itself. Fitzgerald has said Plame's name was leaked by administration officials trying to discredit Wilson's assertions that there was no proof that Iraq was attempting to buy uranium in Niger for its nuclear weapons program.

Libby has pleaded not guilty, contending that he did not remember conversations he had with reporters about Plame amid the crush of his work on national security issues.

Libby told investigators he first learned Plame's name in a July 10, 2003, telephone conversation with NBC's Tim Russert. Miller testified yesterday that Libby discussed the topic with her twice before that date: on June 23 and on July 8, when Libby invited Miller to a breakfast meeting at the St. Regis Hotel.

Miller, who left the New York Times in 2005 and is now a freelance journalist, is the seventh prosecution witness to testify that Libby either knew about Plame's CIA role or was sharing that information in the weeks before her identity was revealed in a syndicated column by Robert D. Novak on July 14.

Miller said that in her dealings with Libby, he typically wanted to be described as a senior administration official or not mentioned at all. But on July 8, she said, he made a proposal for sharing information that he had never suggested to her.

"The ground rules changed," she said. "Mr. Libby said for the purpose of this conversation he wanted not to be described as a senior administration official. I think he said something like 'former Hill staffer.' " That is significant because it could help prosecutors show that Libby's motives were not purely to correct inaccuracies in Wilson's statements to the media.

Miller, who lost her battle with the prosecutor in 2005, yesterday also faced harsh questions from defense attorneys for Libby, who had opened his door to her and had praised her reporting on the hunt for weapons of mass destruction in Iraq.

Defense attorney William Jeffress Jr. attacked Miller's memory, quizzing her on why anyone should believe that she correctly remembered details of the June 23 conversation with Libby but had not been able to recall that it occurred when she first testified before the grand jury in the fall of 2005.

Miller said that, after that session, Fitzgerald urged her to find any notes she might have for the June 2003 time period. She found some that night in a shopping bag under her desk and recalled the meeting after she refreshed her memory by reading them.

Jeffress suggested it was implausible that she now remembered her June conversation with Libby after first telling the grand jury: " I don't know if I met with him. I remember meeting with Jennie [Libby's assistant]."

"Well then, today, Ms. Miller, you testified to his demeanor," Jeffress said. "You testified to very particular things he said during that meeting."

Growing irritated herself, Miller pointedly explained that her notes indicated that Libby mentioned that Wilson's wife worked at "the bureau" and that she remembered being initially confused about whether he meant the FBI or the CIA.

"Sir, having reviewed my notes, I have a distinct memory of it," she said.

Jeffress also played part of a videotaped interview that Miller gave to a television station explaining her memory lapse.

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"People say, 'How could she have forgotten?' " Miller said on the clip. "It's really easy to forget details on a story you're not writing. I had not written about uranium in Niger. I had not written about Niger. I had not written about uranium. It didn't mean anything to me."

In a flashback to pretrial battles, court proceedings were halted temporarily late in the afternoon when Jeffress asked Miller to name any other sources from whom she recalled learning about Wilson or Plame. Miller won her release from jail by agreeing to testify after Libby personally released her from their confidentiality agreement and after Fitzgerald agreed to confine his questions to her discussions with Libby.

Miller's attorney, Robert S. Bennett, said Miller would object to broad questions from Jeffress about any other sources who gave her information about Wilson. He said there would be no relevance to the trial because "there are no other sources she can recollect dealing with [concerning] Mr. Wilson and Ms. Plame."

Fitzgerald argued that the defense was trying to "go fishing far afield," but Jeffress countered that the defense should be allowed to ask the questions in an attempt to damage Miller's credibility. U.S. District Judge Reggie B. Walton said he would rule on the matter this morning, but the judge indicated sympathy for journalists' interest in not disclosing sources, suggesting they should be asked only about any that are central to the case.

Staff researchers Julie Tate and Madonna Lebling contributed to this report.

Journalist Forced To Reveal Her Methods (WP)

By Howard Kurtz

The Washington Post, January 31, 2007

Judith Miller slept on the floor of an Alexandria jail for 85 days to avoid taking the hot seat she found herself in yesterday.

She lost a battle of wills with a special prosecutor, surrendered her job at the New York Times and became an unwanted symbol of journalistic coziness with the Bush administration and media missteps in covering an unpopular war.

In taking the stand in U.S. District Court against her once-secret source, I. Lewis "Scooter" Libby, Miller found herself answering questions about the very methods that she has spent a professional lifetime concealing. Rather than pointing out flaws in the accounts of public officials, she found herself struggling to explain a spotty memory and to justify why she wrote nothing about the sensitive -- and, as it turned out, classified -- information she had been handed. Once an independent operator who called herself "Miss Run Amok," she disputed what her many critics said was obvious: that Vice President Cheney's former top aide had been trying to manipulate her.

Throughout the afternoon, an unspoken question hung in the air: What do journalists give up when they agree to protect high officials in exchange for juicy information?

In a steady but slightly nervous voice, Miller described how her relationship with Libby began: with a bit of flattery. In their first meeting in the Old Executive Office Building, Miller recalled Libby saying that "he liked my reporting on weapons of mass destruction and terrorism." Libby's only quibble was that he had never received an inscribed copy of "Germs," a book on bioterrorism that she coauthored. Miller said she apologized for the oversight.

Gazing through rimless glasses at prosecutor Patrick Fitzgerald, Miller, 59, described one of the most common transactions in journalism: how the contours of the reporter-source relationship are defined.

When she "expressed a desire" for regular conversations, Libby said "he would prefer not to see his name in print," Miller said. "We could continue meeting as long as I would identify him as an administration official or senior administration official." She readily agreed.

When Miller returned from a post-invasion trip to Iraq in 2003 -- where she wrote stories about the U.S. military's hunt for illegal weapons -- she said she was surprised that some of the public anger about the lack of WMD was directed at her. There was anger, too, at the Times, which later acknowledged serious flaws in some of her reporting and where the top editor eventually said he felt misled by Miller.

She seemed unenthusiastic about her former employer when asked whether she read newspapers upon her return -- especially the New York Times. "Not particularly," she said. "You usually read the competition before you read your own."

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At a meeting in Libby's office in June 2003, Libby seemed "agitated and frustrated and angry," not to mention "annoyed," Miller said. He was concerned that the CIA, through a "perverted war of leaks," was distancing itself from its prewar intelligence about Saddam Hussein's illegal weapons.

So Libby would combat these leaks by leaking to Miller, she explained in a tone that indicated this was the most natural thing in the world. Miller said he told her that the wife of Joseph C. Wilson IV, the former ambassador who was challenging the administration's account that Iraq had tried to buy enriched uranium in Africa, worked for "the bureau" -- prompting Miller to put a question mark in her notes until she realized that Libby meant the CIA.

During a two-hour meal at the St. Regis hotel the following month, Miller said, Libby changed the ground rules and went "on deeper background," asking to be identified only as a "former Hill staffer."

Miller recalled that in a phone conversation from her home in Sag Harbor, N.Y., she told him she did not plan to write a story about Wilson's wife, Valerie Plame, and "didn't think the New York Times was interested in pursuing it."

Why not? That has been one of the tale's lingering mysteries. Miller said she recommended to her boss, Jill Abramson, now the Times's managing editor, that the paper go after the Plame story, but "she seemed very distracted that day" and just said "mmm-hmm." Abramson has denied that Miller made such a recommendation.

They may have shared secrets, but Miller and Libby were not exactly friends. When she ran into Libby in the summer of 2003 in Jackson Hole, Wyo., she did not recognize him -- because, she said, he was wearing glasses, a cowboy hat and boots, a black T-shirt and jeans. But once she was incarcerated in 2005, Libby began to convince Miller that he would not hold her to her vow of secrecy. He wrote a poetic letter reminding her that "the aspens will already be turning" while she languished in jail.

After the Plame controversy blew up, Miller posted a letter on her Web site in response to a stinging piece by Times columnist Maureen Dowd, who said that Miller was not "credible" and had written "bogus" stories about nonexistent weapons. Recalling that yesterday, Miller said she told editors that "I did not think I had been a target" of a concerted White House leak campaign.

Miller turned hesitant under cross-examination, stumbling over her words and repeatedly gesturing with her right hand. She admitted that she had forgotten her June 2003 meeting with Libby until she found the missing notes of their conversation.

A frequent television guest, Miller got tripped up by one of her appearances. She stared at a monitor, transfixed and tight-lipped, as a program from last January showed her saying words that she had failed to fully recall a moment earlier: "It's really easy to forget details about a story you're not writing. . . . It was not important at the time."

The videotape provided another reminder of why reporters much prefer asking questions to answering them.

The day ended with legal wrangling about whether Miller could be asked to name other confidential sources. The issue, like the ambiguity of reporters' delicate dance with their informants, was not resolved.

Libby Reportedly Said 'I Didn't Do It' (AP)

By Matt Apuzzo, ASSOCIATED PRESS

AP, January 31, 2007

WASHINGTON (AP) - Amid the furor over the 2003 leak of a CIA operative's identity, Vice President Dick Cheney's chief of staff, I. Lewis "Scooter" Libby, bluntly told a White House lawyer, "I didn't do it," the lawyer testified Tuesday.

David Addington, who served as Cheney's legal counsel during the CIA leak scandal, described a September 2003 meeting with Libby around the time that a criminal investigation began.

"I just want to tell you, I didn't do it," Addington recalled Libby saying. "I didn't ask what the 'it' was," Addington added.

Special Prosecutor Patrick Fitzgerald says Libby discussed CIA operative Valerie Plame with reporters, then lied about those conversations. He is accused of perjury and obstruction but neither he nor anyone else is charged with the leak itself.

Recalling their 2003 conversation in Libby's office, Addington testified Tuesday that Libby was curious about how someone could determine whether a CIA employee was working undercover. Addington, a former CIA counsel, said there's no way to know.

Addington said he gave Libby a highlighted copy of the federal law barring disclosure of the identity of covert agents.

Fitzgerald hopes Addington's testimony will bolster his argument that Libby was worried about whether his conversations with reporters were improper and therefore lied to conceal them.

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Libby's attorneys have accused White House officials of sacrificing Libby to protect President Bush's top political adviser, Karl Rove. During cross-examination Tuesday, attorney Theodore Wells suggested that Attorney General Alberto Gonzales, who was counsel to the president in 2003, may have been involved in that effort.

Wells has described Rove as crucial to the Republican Party and said Tuesday that Gonzales was tasked with protecting Bush's interests. Addington corrected him, saying White House counselors protect the interest of the office and the Constitution.

Addington said he showed Gonzales every subpoenaed document before sending it to the Justice Department. After reviewing a note in which Cheney said Libby was being sacrificed to protect another staffer, Addington said he believed he showed it to Gonzales and called Cheney's personal lawyer, Terrence O'Donnell.

"You told Mr. O'Donnell you thought this was a very important document?" Wells asked, before Fitzgerald objected and the line of questioning was cut off.

Libby resigned as Cheney's chief of staff after being indicted in October 2005. Addington succeeded him.

The trial's first week has focused on when Libby learned that Plame, the wife of an outspoken Bush administration critic, worked for the CIA. Government officials testified that they discussed her with Libby days before he said he was surprised to hear it from NBC reporter Tim Russert.

Libby's conversations with reporters are about to become the focus of the case. Fitzgerald said former New York Times reporter Judith Miller would follow Addington on the witness stand.

It would be the first time the former New York Times reporter has testified publicly against the man she went to jail to protect as a source.

Miller spent 85 days in jail for refusing to cooperate with Fitzgerald's investigating and reveal her conversations with Libby. She retired from the Times in November 2005, declaring that she had to leave because she had "become the news."

Prosecutors say Libby discussed Plame with Miller three times. Two of those conversations occurred before Libby says he first remembered learning Plame's identity from Russert.

Ex-Reporter For Times Testifies For Prosecutor Who Jailed Her (NYT)

By Neil A. Lewis And Scott Shane

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — Judith Miller, a former reporter for The New York Times, testified Tuesday as a witness for the prosecutor who had put her in jail for 85 days, recounting details of her once-confidential interviews with I. Lewis Libby Jr.

Ms. Miller had initially refused to cooperate with the government in its investigation of Mr. Libby, the former chief of staff to Vice President Dick Cheney, saying she would not violate her oath of confidentiality to Mr. Libby. But the special prosecutor, Patrick J. Fitzgerald, with the support of the federal courts, had her jailed until she relented. She asserted that Mr. Libby had released her from her vow of confidentiality.

As she began her testimony, she was calm and soft-voiced as she faced Mr. Fitzgerald, who is still investigating her in an unrelated case, and discussed three conversations she had had in June and July of 2003 with Mr. Libby. Those conversations, in which Ms. Miller said an agitated and anxious Mr. Libby criticized the Central Intelligence Agency and informed her of the identity of an agency operative, Valerie Wilson, are a significant part of the perjury and obstruction case against him.

It was only after Mr. Fitzgerald briskly concluded his questioning, and Ms. Miller found herself facing a caustic cross-examination from one of Mr. Libby's defense lawyers, that her composure slowly withered. Under the questioning by the lawyer, William H. Jeffress Jr., who attacked her memory and credibility, she began to sigh frequently and grow testy in her responses.

Pressed about why she failed to remember an important June meeting with Mr. Libby during her first grand jury appearance, she said with her voice rising: "Counselor, I've already said I didn't remember that meeting. I just didn't remember."

The day ended with an extraordinary argument by lawyers for both sides, as well as a lawyer for Ms. Miller, over whether Mr. Jeffress could ask her if she had other sources she spoke to about Ms. Wilson. The question, which was left unresolved by Judge Reggie M. Walton until Wednesday, threatened to derail the trial over the very constitutional issue that saw Ms. Miller go to jail in 2005.

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Judge Walton seemed disinclined to allow questions about Ms. Miller's other sources. "I appreciate that there is an interest the media has in not having questions asked that aren't germane to this case," he said. But if he does allow them, and she refuses to answer, she could be held in contempt once again and a mistrial could result.

In her more than two hours on the stand, Ms. Miller became the focal point for an intense drama involving three people in the room: herself, Mr. Fitzpatrick and Mr. Libby. As she provided the testimony that was most damaging to Mr. Libby, he sat almost motionless in his chair about 20 feet away and stared at her.

Mr. Fitzgerald first took her through her June 23, 2003, meeting with Mr. Libby. Mr. Libby, who she said was usually low key, "appeared to be agitated and frustrated."

He was unhappy about growing public concern that President Bush had used inaccurate information in his most recent State of the Union speech, in which he said there was evidence that Saddam Hussein had recently tried to acquire uranium from Africa.

She said Mr. Libby said the C.I.A. "was beginning to backpedal from the unequivocal intelligence" it had provided before the war about Iraq's efforts to obtain uranium.

He said the C.I.A. was doing so through "a perverted war of leaks" related to a fact-finding mission to Africa by Joseph C. Wilson IV, who was married to Ms. Wilson, also known by her maiden name, Valerie Plame.

"Did he discuss the wife?" Mr. Fitzgerald asked. "Yes," Ms. Miller replied, adding that Mr. Libby had said Ms. Wilson worked at the agency's division that dealt with limiting the proliferation of unconventional weapons.

Ms. Miller said Mr. Libby told her that Mr. Cheney had asked the agency in early 2002 about Iraq and African uranium, and the C.I.A. decided to send Mr. Wilson on its own without telling the vice president.

She described a second meeting with Mr. Libby at a Washington hotel that lasted two hours, as well as some telephone calls.

The main line of attack by Mr. Jeffress concerned the fact that Ms. Miller did not describe the June 23, 2003, meeting with Mr. Libby when she first appeared before a grand jury on Sept. 30, 2005, the day after she got out of jail.

He noted with a large measure of sarcasm that she had just finished testifying in detail about Mr. Libby's comments and even his mood during the June 23 meeting. How was it possible that she forgot entirely about the same meeting before the grand jury? he asked.

Ms. Miller had said that her memory of the June 23 meeting was jogged only when she accidentally discovered a shopping bag full of notebooks under her desk in the Times newsroom. Her lawyer then informed Mr. Fitzgerald, and she described the previously forgotten meeting in a second appearance before the grand jury.

Ms. Miller is the first of a series of reporters who are lined up to dispute Mr. Libby's account of his behavior in the investigation of who may have leaked to the press Ms. Wilson's identity as a C.I.A. officer.

Beyond the drama of the day's proceedings, the appearance of Ms. Miller as someone forced by the government to testify against a source emphasized how the case has changed the landscape of relations between journalists and government officials.

As the day ended in the argument over whether Ms. Miller could be questioned about other sources, Judge Walton took the unusual step of calling on Ms. Miller's lawyer, Robert S. Bennett, to explore what questions she might be willing to answer.

Mr. Bennett confirmed that Ms. Miller had already indicated she would testify she did not recall any sources other than Mr. Libby with whom she had discussed Mr. or Mrs. Wilson.

But the defense argued that it should be allowed to ask a broader question: whether she recalled other sources with whom she had discussed the issues raised by Mr. Wilson's July 6, 2003, Op-Ed article in The New York Times, which accused the Bush administration of twisting the intelligence that led to war. Mr. Jeffress argued that because Ms. Miller had said in a 2005 affidavit filed with the court that she had discussed those issues with multiple sources, he should be permitted to ask about them.

Mr. Fitzgerald, having once jailed her for protecting a source, now argued that she should not have to answer the question about sources.

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“I don’t want to make the First Amendment argument,” Mr. Fitzgerald said, noting the contradiction of his position. Instead, he argued that questions about sources on subjects other than the Wilsons were not relevant to the charges against Mr. Libby. If they were allowed, the prosecutor said, “We’re off on an irrelevant fishing expedition.”

But Theodore V. Wells Jr., one of Mr. Libby’s lawyers, argued that Ms. Miller should be asked the questions so Mr. Libby could have an opportunity to impeach her credibility.

“This is nothing more than classic 101 impeachment,” Mr. Wells said. “I don’t think we have a First Amendment collision at this point.”

Ms. Miller left The New York Times in November 2005 after a 28-year career at the newspaper. Her reporting came under attack after articles she wrote suggested that Iraq possessed unconventional weapons, coverage that helped the Bush administration build its case for invading Iraq but that turned out to be wrong.

Mr. Fitzgerald is investigating Ms. Miller in an unrelated case involving Islamic charities. The government has contended that calls from reporters tipped off the charities to impending federal raids and asset seizures.

Reporter Takes Stand Against Source (LAT)

By Richard B. Schmitt And Greg Miller

The Los Angeles Times, January 31, 2007

WASHINGTON — Testifying against a source she once went to jail to protect, former New York Times reporter Judith Miller said Tuesday that she had three discussions with former vice presidential aide I. Lewis "Scooter" Libby in which he told her that the wife of a Bush administration critic worked for the CIA.

Miller described one meeting with Libby that occurred a full two weeks before the time that Libby has told investigators he first learned about CIA operative Valerie Plame from another journalist.

The hourlong appearance by Miller — who spent 85 days in jail rather than reveal her conversations with Libby to a federal grand jury two years ago — was a blow to his defense.

Vice President Dick Cheney's onetime chief of staff is charged with lying about his conversations with Miller and two other prominent journalists in an effort to obstruct a federal investigation into how the identity of Plame became public. She is expected to be followed to the stand by former Time magazine White House correspondent Matthew Cooper and Tim Russert, the moderator of the NBC News program "Meet the Press."

The spectacle of reporters from three major news organizations becoming government witnesses in a criminal prosecution has been a source of dread for media advocates concerned that the legal precedent — and glare of publicity — could make it harder for reporters to gather and report the news from confidential sources.

And Miller, 59, was often on the defensive during a hard-edged cross-examination.

She is one of the trial's most compelling figures because of her high-profile role covering Iraq's alleged weapons programs, her extensive contacts with Libby, and the time she spent in an Alexandria, Va., jail for refusing to reveal his identity as her source.

Miller left the New York Times in 2005 and now works as a freelance journalist.

Her jailing became a media event but also raised questions about how far journalists should go in protecting their sources; essentially, she was refusing to blow Libby's cover — even though Libby was blowing the cover of a CIA operative in their conversations together.

During Miller's stay in jail, Libby sent her a famously florid letter, urging her to cooperate with the investigation and resume her life. "Out west, where you vacation, the aspens will already be turning," Libby wrote. "They turn in clusters because their roots connect them. Come back to work — and life."

While Miller was on the stand, Libby spent much of the time directing a steady gaze her way, while she seemed intent on avoiding eye contact.

Miller, known for her combativeness as a reporter, displayed a different persona Tuesday: At one point she asked her attorney to bring her a handkerchief, which she used frequently to dab under her nose and around her eyes.

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During her testimony, Miller described how she got to know Libby while co-authoring a book on germ warfare. She said that after she returned from Iraq in June 2003 to become a reporter in the New York Times' Washington bureau, she sought Libby out as a source for stories about why weapons of mass destruction were not found in Iraq.

Miller, who wrote numerous stories that proved to be wrong about Iraq's pursuit of banned weapons, talked about how stunned she was by the public anger after the Bush administration's assertions began to crumble. The anger, she said, "was directed everywhere, but especially at the administration, the media and me."

Around that time, newspapers were beginning to report about a CIA-sponsored trip that a then-anonymous former envoy — Plame's husband, Joseph C. Wilson IV — had taken to Niger in 2002 to assess claims that Iraq was seeking weapons-grade uranium.

Wilson wrote about his trip in a July 6, 2003, op-ed article in the New York Times that accused President Bush of misleading the public about the Iraqi interest in Africa in his January 2003 State of the Union address.

Plame was identified as a CIA officer eight days later in print by syndicated columnist Robert Novak, which triggered the probe into whether anyone had broken federal laws that make it a crime to reveal the identity of a covert agent.

On Tuesday, Miller recounted meeting Libby at his office on June 23, 2003, where she found him "really unhappy and irritated" by accusations that the White House had manipulated intelligence to make the case for war with Iraq.

"Mr. Libby appeared to me to be agitated and frustrated and angry," Miller said. "He is a very low-key and controlled guy. But he seemed annoyed." Miller said he seemed concerned that the CIA was engaged in "a perverted war of leaks" to distance itself from Iraqi intelligence claims.

She also recalled that Libby told her Wilson's wife worked for the "bureau" — a reference she said she found puzzling because the term commonly refers to the FBI, not the CIA.

Miller grew testy under cross-examination by defense attorney William H. Jeffress Jr., who sought to cast her as an unreliable witness with a faulty memory. In particular, he questioned Miller's claim that she had failed to remember her first face-to-face meeting with Libby until long after the leak investigation started, when she found a notepad under her desk with details from that encounter.

Jeffress challenged her to explain how she could have forgotten about the meeting when she initially testified before the grand jury but suddenly had complete recall of Libby's demeanor and use of unusual terms.

The defense lawyer punctuated the questioning with an excerpt from a television interview that Miller gave last year in which she answered questions about her role in the case. Miller, who never wrote about Plame and Wilson, said it was "really easy to forget details about a story that you are not writing."

"You remember 'bureau' clearly today even though you forgot it for three years and testified to the grand jury that there was no such meeting," Jeffress said.

Miller explained that she had a "note-driven" memory and that discovering the lost notebook allowed her to recall other details from the meeting.

Miller turned the tables on Jeffress at one point, when the defense counsel repeatedly confused the date of the initial Miller-Libby encounter.

"I don't know why I keep doing that," Jeffress said after being informed that he was again making the error.

"I understand," Miller shot back, to laughter in the courtroom.

Libby Trial Puts Reporters' Recall To A Severe Test (WSJ)

By Evan Perez And Sarah Ellison

The Wall Street Journal, January 31, 2007

WASHINGTON -- As any reporter knows, it is easier to ask questions than answer them.

Special Prosecutor Patrick Fitzgerald is calling several prominent reporters to help bolster the government's case in the perjury trial of Lewis "Scooter" Libby, Vice President Cheney's former chief of staff. But the journalists are likely to find themselves the subject of unflattering scrutiny as defense attorneys highlight imprecise and inconsistent recollections and note-taking.

MORE ON JUDITH MILLER

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Former New York Times reporter Judith Miller, who went to jail to avoid spilling Mr. Libby's name to federal investigators, was the first of the reporters to appear as a witness in U.S. District Court here yesterday. She calmly answered questions from Mr. Fitzgerald, describing how Mr. Libby first leaked to her that Valerie Plame, the wife of an administration critic, former diplomat Joseph Wilson, worked at the Central Intelligence Agency. Her testimony initially helped the prosecution's case because she said she received the information from Mr. Libby before the date that he has since said he first learned the information from reporters.

However, she appeared nervous and became confused as William Jeffress Jr., an attorney for Mr. Libby, launched into an aggressive series of questions to start his cross examination.

Ms. Miller, who retired from the Times in November 2005 amid a storm of controversy, yesterday gave the jury details of her three meetings with Mr. Libby. But, Mr. Jeffress noted, when she first appeared before the grand jury in late 2005, she couldn't remember the first meeting. 5

"No," Ms. Miller replied.

Not a thing? "No," she repeated. Then how was it, asked Mr. Jeffress, leaning into his lectern, that she suddenly could recall the meeting "in great detail"? Ms. Miller appeared momentarily flustered, then gathered herself. "Not in great detail," she replied, adding that she was now merely giving highlights of the meeting.

As Mr. Jeffress repeatedly sought to bring up Ms. Miller's grand-jury testimony, Ms. Miller became more agitated and said, "I don't remember everything that occurred in the grand jury." Mr. Jeffress wouldn't drop his line of questioning and Ms. Miller interrupted him to say she had already told him she couldn't recall all her testimony.

"Do you remember my question?" Mr. Jeffress quipped. Ms. Miller glared at him. During a subsequent bench conference with Judge Reggie Walton, Ms. Miller turned to jurors, rolling her eyes and shaking her head in frustration. Mr. Fitzgerald also guided her through a careful recounting of her note-taking, which fastidiously used different color pens and brackets to note asides.

WASHINGTON WIRE

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See the expanded online Washington Wire7. The Journal's Washington bureau updates the Wire each weekday with political news, analysis and buzz.

The defense, though, is trying to zero in on reporters' fallibility when they take the stand. For instance, even though Ms. Miller had several notations of Ms. Plame's initials and a misspelling of her name as "Valerie Flam," she said yesterday she can't recall where the name came from.

Ms. Miller's court testimony ground to a halt nearly an hour ahead of schedule after Mr. Jeffress tried to ask her about other sources, besides Mr. Libby, with whom she may have discussed Mr. Wilson and his criticism of the administration. Ms. Miller's attorney, Bob Bennett, told the court that questions about other sources were off-limits and asked for time to confer with Ms. Miller.

The judge dismissed the jury and agreed to hear arguments about whether to allow the questions. Mr. Libby's attorneys were adamant about asking Ms. Miller about other sources. Mr. Jeffress told the judge, "I think she's going to say she couldn't remember which is very important to her credibility." Theodore V. Wells Jr., another defense lawyer, told the judge it was important to get Ms. Miller to answer the question because it would cast doubt on her testimony. "This is classic 101 impeachment," he said. The judge said he would consider the matter.

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Since leaving the Times, Ms. Miller has written mainly op-ed pieces for publications such as The Wall Street Journal, the Los Angeles Times, and the New York Sun. She left the paper in November 2005 after internal support for her disintegrated. People familiar with the matter say she received a severance package that included a financial component and an agreement from the Times that it would allow her to publish a letter in the paper. Although Ms. Miller agreed not to talk about the terms of the settlement, she remained free to talk about her experiences and has made public appearances to discuss her 85 days in jail, her support for a federal shield law and freedom of the press.

Ms. Miller is expected to be followed by Matthew Cooper, formerly a Time magazine reporter, and Tim Russert, host of NBC's "Meet the Press." In all, 25 of the 80 names listed as possible witnesses in the case are journalists, though not all are likely to be called.

Ironically, some news organizations had initially urged the White House to launch an investigation to determine who leaked to the media the identity of Ms. Plame as a CIA agent, shortly after her husband published an opinion article criticizing the Bush administration's use of intelligence prior to the Iraq war. Critics of the administration said Ms. Plame was outed as part of a retaliatory campaign to silence a critic.

Instead, the investigation turned into a showdown over media rights when prosecutors subpoenaed Ms. Miller and Mr. Cooper to reveal their confidential sources. The testimony has also pointed to discussions in the White House about leaking -- or spoonfeeding -- information to journalists and playing them off against each other with exclusives. All of this is now being publicly aired before a Washington jury. "Nobody's going to come out of this looking good," says Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press. "People are going to see the reporting process isn't precise. The one thing this case has done is reveal how political journalism works in D.C., and it's a lot like a sausage factory."

Mr. Libby was indicted on perjury charges in October 2005. Soon after, Richard Armitage, the former deputy secretary of state, revealed he was the source of the original leak to syndicated columnist Robert Novak. Karl Rove, President Bush's political guru, had discussed the case with Time's Mr. Cooper, although he first denied it, then amended his testimony. Neither man, nor Mr. Libby, has been charged with exposing the identity of an undercover agent -- in part because it is difficult to prove the disclosures were intentional.

In the remaining perjury case, Mr. Fitzgerald is expecting the reporters to reinforce his charge that Mr. Libby knowingly lied when he told investigators he learned the name of Mr. Wilson's wife from reporters, including from Mr. Russert. Instead, prosecutors allege, Mr. Libby was already leaking the information and discussing Ms. Plame with reporters and White House officials.

Mr. Russert's testimony is important because he has said he couldn't have passed the information to Mr. Libby because he didn't know it at the time and only learned about Ms. Plame when he read a piece by Mr. Novak. As a well-known TV newsman who hosts a popular show, Mr. Russert is seen as particularly important for the prosecution and is expected to be highly credible with jurors. Mr. Cooper has also contradicted Mr. Libby's statements to investigators.

In Mr. Cooper's case, Time Inc. turned over the reporter's notes to investigators, which, Mr. Wells told jurors, make no mention of the leak he allegedly got confirmed by Mr. Libby.

Similarly, Mr. Wells has suggested that Mr. Russert may be misremembering. Mr. Wells told jurors he would explore details of a special deal under which Mr. Russert agreed to give information to investigators. This deal, Mr. Wells said, precluded testimony that Mr. Russert may have learned about Ms. Plame from other NBC reporters. It has emerged in court that NBC reporters Andrea Mitchell and David Gregory also learned about the leak, and, Mr. Wells told jurors, if they knew it, "then doggone it, Mr. Russert probably knew."

Alternatively, Mr. Wells could use Mr. Russert's testimony to show that when Mr. Libby spoke to investigators, he may have made a confused reference to Mr. Russert when he meant to name Mr. Novak, to whom Mr. Libby also had spoken.

Mr. Wells told jurors in his opening statement that he wasn't seeking to show that reporters are lying. Rather, he said, the reporters, like Mr. Libby, may simply be misremembering events.

"Tim Russert is a great reporter," Mr. Wells said. "But he's a human being. Everybody makes mistakes. The question is did someone tell an intentional lie."

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It isn't clear exactly which reporters beyond Messrs. Cooper and Russert will testify. Washington Post reporter Bob Woodward also has been named as a potential defense witness. Mr. Woodward has said he learned Ms. Plame's identity from Mr. Armitage, the former deputy secretary of state who has emerged as the likely original leaker. Mr. Woodward could help Mr. Libby's attorneys make jurors aware of Mr. Armitage's role in the case. Mr. Fitzgerald knew about Mr. Armitage's leak early in the investigation, but he wasn't charged.

The best witnesses for the government have been Ari Fleischer, who was the main White House spokesman from 2001 to 2003, and Catherine Martin, who worked for Vice President Dick Cheney and remains on the White House communications staff.

In contrast with Ms. Miller's testimony, both were unflappable on the witness stand. Accustomed to staying on message under questioning from reporters, the two didn't fumble in describing key meetings and conversations with Mr. Libby.

Bears Fans Put Money On—everything (CHIT)

By John Keilman, Tribune Staff Reporter

Chicago Tribune, January 31, 2007

Chicago is a seven-point underdog in the Super Bowl, but the city is an overwhelming favorite with bookmakers, who think Bears fans will help push betting on the big game to record levels.

Nevada casinos and Internet wagering sites are counting on a combination of a nationwide fan base, an intriguing matchup between the Bears' stout defense and the Colts' jet-powered offense, and the fervor that comes from a big city starved for a football championship.

Super Bowl betting, though, isn't just a matter of whether the Bears will win or lose. People can gamble on everything from how many rushing yards Thomas Jones will gain to how long it will take Billy Joel to sing the national anthem.

Still, most money goes toward the outcome of the game, and high rollers have already begun to put down six-figure bets.

Though most of the wagers won't come until the weekend, the heaviest cash so far is on the Bears' side of the ledger, said Robert Walker, sports book director for the MGM Mirage casinos.

"Chicago is a very popular team, a huge city, with a storied program," he said. "They're just one of those franchises that when they get to the big game, they're going to enhance it."

Though experts estimate that the NCAA men's basketball tournament has become the nation's biggest overall gambling event, the Super Bowl remains by far the largest single game for wagering.

Casinos in Nevada took in $94 million last Super Bowl and expect to top $100 million this year.

Frank Streshley, senior analyst for the Nevada Gaming Control Board, said the strengthening economy of the last few years has been chiefly responsible for the increase in wagering, but the teams playing also make a difference.

"The Colts and the Bears have a large base of fans, especially Chicago," he said.

Putting money where heart is

Chuck Esposito, a native of the northwest suburbs who helps to run the sports book at Caesars Palace in Las Vegas, said Chicago fans seem more willing than others to put their money where their hearts are.

Before the football season begins each year, he said, more people pick the Bears to win the championship than any other team, regardless of how the squad is shaping up. The same is true with the Cubs. The Bears were at 12-1 odds for this season, so an optimistic fan who put down $100 a year ago would collect $1,200 with a victory Sunday.

Esposito said most of his colleagues rooted for the Bears and the Colts during the playoffs, figuring that matchup would spur the most action.

"You have offense against defense, two of the most popular players with [Colts quarterback] Peyton Manning and [Bears linebacker] Brian Urlacher," he said. "It's just a dream matchup for the viewing public; a dream matchup for the betting public too."

Some Internet-based casinos also foresee a big day. Calvin Ayre of Antigua-based Bodog.com, which takes wagers from all over the globe, said through a spokesman that betting on the Super Bowl probably would be second only to last year's World Cup soccer championship for the site.

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Internet gambling is not legal in the United States—credit card companies and banks are prohibited from processing online wagering transactions—and Ayre said his company no longer markets to this country. But BetUS.com, a site based in Costa Rica, still accepts American wagers.

Spokesman Reed Richards wouldn't comment on how American gamblers are placing their bets. Richards did say, though, that bets coming from Chicago and Indianapolis are split almost 50-50, reflecting an enthusiasm that he believed would drive the 10-year-old site to a record day.

"You're seeing two teams that haven't made an appearance in quite some time," he said. "There's a little bit of classic Americana being played there."

The Chicago area's illegal bookies might be in for a windfall of their own, even though they tend to set firm limits on what their customers can bet, said FBI spokesman Ross Rice.

"They don't want them to get down too far [so they] won't be able to pay," he said. "A new player, someone who bets [only] for the Super Bowl, will have a small limit."

Organized crime fills niche

Jim Wagner, president of the Chicago Crime Commission, said gambling is still a big moneymaker for organized crime and most local bookmakers must pay a percentage to the Outfit. Unlike casinos and Internet sites, they're willing to take wagers on credit, but woe be to the gambler who can't make good on his bet.

"They'll have you sell whatever you have, your car, your house," he said. "If you don't have any property to sell, you are the collateral."

Sports betting is technically a misdemeanor in Illinois, punishable by a fine of up to $2,500 and a year in jail.

But John Gorman, spokesman for the Cook County state's attorney's office, said he cannot recall a prosecution dealing with Super Bowl gambling in recent years.

Betting can still be trouble, though, and some local addiction counselors say they expect a surge in phone calls once the big game is over. Jim Mulcahy, clinical director of the Phase treatment center in Rockford, said it would be similar to people who get in trouble for drinking and driving.

"Now with the Bears playing, we would expect that to go up, and the same goes with gambling," he said. "A lot of people think they're magic when it comes to those things."

Experts say fewer than 5 percent of all adults are problem gamblers, and some casino pros say Super Bowl bettors seem to be in it mostly for fun.

Jay Kornegay, executive director of the race and sports book at the Las Vegas Hilton, said half of his business will come from proposition bets, side wagers on everything from the total number of punts in the game, to who wins the coin toss, to whether Rex Grossman will throw a touchdown or an interception first.

"Even though it might seem like a routine play, we know you can hear little groans or applause because some player just went over seven yards," he said.

Alan Palmer, who trades grains and metals at the Chicago Board of Trade, said some of his colleagues are going wild over the game, putting down as much as $10,000. And even though he rarely bets on sports, he said a small win on Sunday would be far sweeter than any big victory in the trading pits.

"I'm taking the Bears at seven [points], come on!" he said.

jkeilman@tribune.com

Why The Local Bookie Could Be A Big Winner In 2007 Super Bowl (WSJ)

By Peter Sanders

The Wall Street Journal, January 31, 2007

On Sunday, a 28-year-old Hollywood assistant named Seth plans to enjoy the Super Bowl in the same way millions of other football fans will: He'll bet on it.

How, exactly, will he wager that $100 burning a hole in his pocket? One thing he knows for sure is that he won't do it legally. Trekking to Vegas for the weekend is out of the question. And he won't do it using one of the publicly traded online services based

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abroad that have been taking sports bets from Americans over the past few years. They have mostly stopped taking action from U.S. residents in the wake of an aggressive government crackdown on Internet wagering.

But that doesn't mean he and other gamblers will be shut out. In fact, the government's war against illegal online wagering may be driving gamblers back to where they started: their local bookie. And in an ironic twist, there's a good chance the bookmaker is taking bets over the Internet, too.

"Even my bookie is online these days," says Seth. He would be logging in to place his bet but misplaced the username and password the bookmaker gave him. "I guess I'll just have to call him and get him to resend me the instructions, sort of a tech support for the sports bettor," he says.

The government's crackdown has, in recent months, targeted executives at offshore Internet-gambling outfits and the foreign credit-card-processing companies that facilitate the transactions with U.S. bettors. But while it may have dented the $12-billion-a-year online-gambling industry, it didn't break it.

No one thinks that American gamblers' appetites have waned either. Last year, about $94.5 million was legally wagered on the Super Bowl in Nevada casinos, the only place in the land where it's lawful to bet on sports. Illegally, the American Gaming Association -- a casino-industry trade group -- figures that Americans bet between $5 billion and $6 billion each year on football's marquee event.

"The likely impact is that people who previously wagered on legal, regulated sites ... will now call a local bookie or bet on an unregulated site," says Alan Feldman, a spokesman for casino giant MGM Mirage.

It's true that many of the publicly traded online-gambling sites have pulled out of the U.S. market since last summer. Some have folded entirely. And the Justice Department served subpoenas to a number of investment banks that allegedly helped underwrite foreign public-stock offerings for some of the companies.

But as the kickoff at Super Bowl XLI in Miami gets nearer, the overall picture of Internet gambling has only gotten muddier. It's not just that local bookies are taking bets over the Internet. For every established Internet-gambling company that has stopped accepting bets from the U.S., others have cropped up to fill the void.

"The online-gambling ban should be renamed the Sopranos Support Bill," says Wayne Allyn Root, an outspoken professional sports handicapper in Las Vegas. "All of this money has moved to brand-new, privately held companies [that] opened overnight and [are] run by criminals engaging in fraud and organized crime."

"The crackdown has taken the online bets out of a fairly transparent set of companies and put them into companies that aren't transparent at all," adds Sue Schneider, president and CEO of River City Group, a St. Charles, Mo., Internet-gambling consultancy. "Players could be more at risk."

To eliminate paper trails and take advantage of technology, some bookmakers have apparently joined forces with offshore-betting sites and now issue their clients account numbers. Bettors log on to the Web sites like ordinary gamblers and enter their account numbers. But instead of sending credit-card data, they simply make their bets, which are linked electronically to their bookie's name. The bookie keeps track of his clients online but still collects debts and pays winnings the old-fashioned way: in person. He likely pays a cut to the Web-site operators.

Nelson Rose, a law professor and expert in gambling law, has fielded dozens of phone calls from casual gamblers since the U.S. government went on the offensive. The No. 1 question: "Will I get arrested for betting on sports?" His response: "About as likely as the chances of their winning the World Series of Poker." In other words: not likely.

But even before the government's sudden interest in chasing down online-gambling companies, some sports bettors found the online experience frustrating. Most online-gambling sites required U.S. bettors to open an online account and deposit a certain sum via credit card. Betting losses would be deducted from the account and wins credited.

Seth once had an account like this, but after a few months of losses, he decided it was too laborious and resumed using his local bookmaker. Months later, he says, he still receives annoying telemarketing calls from the site.

For the Super Bowl, Seth says that if logging onto his bookie's site is too complicated, he may just skip the bet altogether. "I don't think I'd work that hard just to lose $100," he adds.

• Lee Gomes will be back next week. You can email me at peter.sanders@wsj.com1.

DOJ_NMG_0124714

EU Mulls Legal Challenge To US Internet Gaming Clampdown (UKIND)

By Stephen Castle

London (UK) Independent, January 31, 2007

Laws that prevent Amer-icans gambling online on European-run websites may be challenged, the EU said yesterday, raising the prospect of a fresh trans-atlantic trade rift.

Charlie McCreevy, the European Internal Market Commissioner, issued the threat against the background of rising US pressure on the gambling industry.

At the heart of the dispute is the Unlawful Internet Gambling Enforcement Act of 2006 under which US financial institutions are in effect barred from making payments with US credit cards to online gambling sites. The law, which technically prohibits payments involving "inter-state or foreign commerce", wiped billions off the market values of British online gaming companies when it was passed last year.

Washington has long regarded online gambling as illegal and cracked down on US firms. Because of that, foreign - particularly British - companies have suffered most from the legislation.

Critics accuse the US government of seeking to enforce their own laws on businesses based outside the country.

Mr McCreevy told the European Parliament: "In my view it is probably a restrictive practice and we might take it up in another fora." He argued that the US is protecting its own gambling industry by stopping foreign companies from building up an online betting sector. Mr McCreevy said: "It's not my intention to bring forward a harmonised piece of legislation on gambling in the European Union."

US pressure on the industry continues and last week the US Justice Department demanded information from some of the world's biggest investment banks as part of the investigation into online gambling companies such as Britain's PartyGaming.

Mr McCreevy, who takes a well-known interest in horseracing, said that the US online gambling rules were a "prima facie" case of protectionism and that the World Trade Organisation was a possible venue for tackling them.

Officials said that he was in consultation with the EU Trade Commissioner, Peter Mandelson, who has responsibility for pursuing such disputes.

European officials are watching two cases already before the WTO in which Antigua and Barbuda challenged American gaming rules. An adjudication on the implementation of an earlier ruling against the US is expected in the coming months and, if it goes against the US, online gambling firms in the UK are likely to put pressure on the EU to press their case against the US.

A spokesman for Mr Mandelson said: "We recognise the right of a country to regulate gambling and we are following the Antigua case closely because if there is discrimination that would clearly affect Europe."

A Former Shelby County Official Admits To Buying Cars For Drug Dealers. (WPTY)

WPTY-TV, January 31, 2007

Joe Cooper pleaded guilty to money laundering.

He admitted to buying wheels for dealers in federal court today.

His conviction is part of an FBI sting called "Operation Clean Sweep."

Today, Joe Cooper told a federal court that while he was working here at Bud Davis Cadillac in 2006, he accepted more than $4,300 from two drug dealers.

Cooper would lease Cadillacs to customers, but drug dealers were the ones driving the cars and paying for them.

The drug dealers would then give Cooper cash payments.

Cooper would take then and use the money for the lease payment.

On July 27th, 2006, Cooper admited he knew he was dealing with drug dealers to one who was wearing a wire for the FBI.

On August 9th, 2006, FBI officials confronted Cooper. He agreed to wear a wire to help them investigate Memphis council members Edmund Ford and Rickey Peete.

On November 30, 2006, Peete and Ford were charged with bribery. The FBI says Cooper wore a wire to record the council members taking more than $2300 dollars in bribes.

The prosecutor involved in the case says he will ask for Cooper to be given a light sentence.

DOJ_NMG_0124715

Cooper has promised to continue cooperating in the Rickey Peete and Edmund Ford bribery cases.

That could include Cooper testifying against the two Memphis councilmen in court.

Cooper will be sentenced August 29th. Under federal sentencing guidelines, he could spend between 2/12 years and 3 years behind bars.

But again, the prosecutor is expected to ask the judge to give Cooper a lighter sentence.

Joe Cooper Pleads Guilty To Money Laundering (WHBQ)

WHBQ-TV, January 31, 2007

MEMPHIS, Tenn. (WHBQ) -- Joe Cooper has plead guilty to one count of money laundering stemming from "Operation Main Street Sweeper."

Cooper is said to be the government's informant in Operation Main Street Sweeper where Cooper allegedly bribed Memphis City Councilmen Rickey Peete and Edmund Ford for their votes on a rezoning case in front of City Council.

Cooper could receive up to 25 years in prison and $5,000 in fines, but officials say he will more than likely continue to assist the prosecution in the corrution trials of Peete and Ford.

Cooper will be sentenced August 29.

Joe Cooper Enters Guilty Plea On Money Laundering Charge (WMC)

WMC-TV, January 31, 2007

Joe Cooper, charged with money laundering, entered a guilty plea in federal court this morning.

Cooper is charged based on his receipt of cash and a money order as partial payment towards the acquisition of automobiles by drug dealers. He also acted as an informant in a federal operation that yielded bribery charges against City Councilmen Rickey Peete and Edmund Ford.

Cooper pleaded guilty to an "information," an alternative method of charging an individual if that individual waives his right to an indictment, which Cooper did.

He told us by phone, "I have accepted responsibility. I apologize to my family and friends, if I have caused any problems."

Below is the news release issued by the U.S. Attorney's office this morning:

Memphis, TN - David Kustoff, United States Attorney for the Western District of Tennessee, Andrew Dimond, Resident Agent in Charge of the DEA's Memphis Resident Office, My Harrison, Special Agent in Charge of the FBI's Memphis Division, and Mark Luttrell, Shelby County Sheriff, announced that this morning former County Commission Candidate Joe Cooper pleaded guilty to a money laundering offense. This was the same charge as in the complaint against Cooper unsealed on November 30, 2006.

Cooper plead guilty to an information alleging the money laundering offense. An information is an alternative method of charging an individual if that individual waives his right to an indictment, which Cooper did.

Cooper is charged in the information with a violation of 18 U.S.C. § 1956(a)(3) based on his receipt of cash and a money order as partial payment towards the acquisition of automobiles by drug dealers. In addition to entering into a written plea agreement with the Government, Cooper signed a detailed factual statement explaining the basis for the charge.

According to the statement of facts, one of the drug dealers involved in the car

transactions agreed to work with the investigators in documenting his relationship with Cooper and the existence of the car transactions. That individual is Korreco Green, and he is a defendant in another federal criminal prosecution. As described in the statement of facts, Green's telephonic and in-person communications with Cooper were recorded. According to the statement of facts, on July 27, 2006, Green met with Cooper and paid him $3,500.00 in cash and a money order as partial payment for the amount Green and the other dealer owed Cooper for the cars. The statement of facts describes how, in that meeting and in other recorded communications, Cooper made statements indicating that he understood that he was dealing with drug traffickers.

The statute cited in the information,18 U.S.C. § 1956(a)(3), provides in relevant part that:

3) Whoever, with the intent-

...

(B) to conceal or disguise the nature, location, source, ownership, or control of property believed to be the proceeds of specified unlawful activity;

...

conducts or attempts to conduct a financial transaction involving property represented to be the proceeds of specified unlawful activity, or property used to conduct or facilitate specified unlawful activity, shall be fined under this title or imprisoned for not more than 20 years, or both. For purposes of this paragraph ..., the term "represented" means any representation made by a law enforcement officer or by another person at the direction of, or with the approval of, a Federal official authorized to investigate or prosecute violations of this section.

Possible Penalties

The penalties for a violation of section1956(a)(3) are a maximum prison term of 20 years, a maximum $500,000 fine, and a maximum of three years of supervised release.

Conclusion

This case is being prosecuted by Assistant United States Attorney Tom Colthurst with the Office of the United States Attorney for the Western District of Tennessee.

The prosecution of defendant Cooper was part of Operation Clean Sweep. The Clean Sweep cases are being investigated by the DEA Task Force in Memphis, in partnership with the Shelby County Sheriff's Office. The DEA Task Force is comprised of DEA Special Agents and agents and officers with U.S. Immigration and Customs Enforcement, the U.S. Marshal's Service, the Germantown Police Department, the Shelby County District Attorney General's Office, the Memphis Police Department, the Shelby County Sheriff's Office, the Millington Police Department, and the Tennessee Bureau of Investigation.

Laundered $43,500 For Drug Dealers; Pledges Continued Help In Federal Case Against Ford, Peete (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 31, 2007

Longtime political operative Joe Cooper pleaded guilty Tuesday to money laundering and pledged to continue his role as an FBI informant in the bribery and extortion case against City Councilmen Rickey Peete and Edmund Ford.

Cooper, 61, admitted to accepting $43,500 in cash payments from two drug dealers who leased automobiles from him when he was a salesman at Bud Davis Cadillac last year.

"I accept my responsibility and I apologize for taking up the court's time," Cooper told U.S. Dist. Court Judge Daniel Breen.

Cooper's offense carries a maximum of 20 years in prison and a $500,000 fine, but federal sentencing guidelines suggest his punishment range is actually 30 to 37 months.

The tentative sentencing date is Aug. 29. Asst. U.S. Atty. Tom Colthurst told the judge that he likely would make a formal motion for a sentence reduction at that time if Cooper continues his cooperation, which could include testifying against Peete and Ford.

Cooper, who helped the FBI secretly record $23,400 in payoffs allegedly made to the councilmen, declined comment after the 30-minute hearing.

His attorney, however, said prosecutors could count on his client's ongoing help.

"He's obviously very remorseful and will do whatever he can to make the situation right, not only for his family but also for the community," said attorney Kemper Durand. "Any time the government is going to ask something, he's going to give truthful information."

Federal authorities persuaded Cooper to help an investigation into public corruption, dubbed Main Street Sweeper, when they confronted him with a sealed complaint last Aug. 9 outlining money-laundering charges. The complaint was unsealed on Nov. 30 when Peete and Ford were indicted.

Cooper, a longtime Democratic candidate and lobbyist, was charged after one of the drug dealers in the auto-lease scheme, Korreco Green, agreed to help authorities by secretly recording conversations with Cooper.

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On the tapes, authorities said, Cooper acknowledges his understanding that he is dealing with drug traffickers and their illegal proceeds.

The Cadillac automobiles were leased by other customers, but the drug dealers drove them and assumed informal responsibility for the lease payments.

The drug dealers made cash payments to Cooper who would forward the lease payments to customer named on the lease.

The subleases were not documented by contracts.

Green and the other drug dealer in the car scheme, Aaron Vaughn, also worked in Cooper's unsuccessful campaign for Shelby County commissioner in last May's Democratic primary.

From 1972 to 1977, Cooper served as a squire on the commission's predecessor, the Shelby County Quarterly Court. He was forced to resign after being convicted on bank fraud charges and was sentenced to a year in prison.

Cooper on Tuesday waived indictment by a grand jury and pleaded guilty to a one-count criminal information.

Another Former Laborers Local 91 President Pleads Guilty (WIVB)

WIVB-TV, January 31, 2007

(Buffalo, NY, January 30, 2007) - - Another former leader of Niagara Falls Laborers' Local 91 has begun a federal prison term.

Judge Richard Arcara sentenced former Local 91 president Robert Malvestuto to four and a quarter years.

Malvestuto pleaded guilty to racketeering and conspiracy.

The wide-ranging federal racketeering case against Labors' Local 91 is the focus of a special report from News 4 Investigative Reporter Luke Moretti.

For years top officials in Local 91 used muscle to get what they wanted, and if threats didn't work, violence would follow.

At the center of it was former president Mark Congi, who's now serving a 15-year prison sentence.

Buffalo FBI agent Frank Runles said, "When he showed up at a work site, you had a six-foot-four, 300-plus-pound guy coming in and telling you, 'You're going to work with us. You're going to hire my people, and if you don't, you got a problem.' "

It's a story of beatings and bombings, threats and extortion.

For the first time, you'll hear from those who worked the case since the beginning.

Thursday night on News 4 at 11, watch "Inside Local 91", a special report.

FBI:13 Members Of NYC Crime Families Charged (WABC)

WABC-TV, January 31, 2007

Reportedly 10 members of Gambino family; three members of Luchese family

(New York - WABC, January 30, 2007) - Authorities say thirteen members of two New York City crime families have been charged in a criminal enterprise involving extortion, racketeering, loan sharking, money laundering and bribery.

The suspects were all arraigned one by one however bail was not discussed since defense attorney's were still going through the 35 pages of charges.

The FBI said Tuesday morning that ten of the defendants are members of the Gambino crime family, including 77-year-old George DeCicco, an alleged captain. His son Robert DeCicco, reportedly in his 50s, was also among those charged.

Three other defendants are said to be members of the Luchese crime family.

FBI spokesman Jim Margolin said more information would be released this afternoon by the U.S. attorney after the defendants have made their initial court appearances. The arrests came after a two year investigation, Margolin said.

Margolin says a cooperating witness helped make hundreds of hours of taped evidence. He says some of those tapes are expected to be played today as part of the defendants' initial court appearances.

On the tape, investigators say DeCicco is heard uttering an explicit threat to the cooperating witness, saying "I will burn your eyes out." Another tape reportedly involves a conversation between the witness and reputed Gambino soldier Joseph Orlando. In that conversation, investigators say Orlando appears to admit to eight murders, saying "I've got eight under my belt and I don't give a (expletive) who becomes the ninth."

Margolin says the government will oppose any bail being set, saying the defendants pose a significant threat to others and could flee.

Officials say some of the defendants face more than 100 years in prison if convicted on all charges.

NYC Mobsters Allegedly Said They Had Bazookas, Chainsaws (WNBC)

WNBC-TV, January 31, 2007

NEW YORK -- Reputed mobsters looking to settle scores boasted of an arsenal of weapons -- chainsaws, bazookas, crossbows, rocket launchers and hand grenades -- according to recorded conversations of Gambino, Luchese and Sicilian crime family members arrested Tuesday in Lower Manhattan.

"In actuality, to be perfectly honest with you, I shot him in the leg first, and he went down screaming, and then I started taking his arm off with the chainsaw. He couldn't move. He felt every f---ing thing I did to him," Steven Famigletta, 44, allegedly said.

Famigletta was among 13 suspected mobsters arrested and charged with a host of offenses, including racketeering, loan-sharking, extortion and money laundering. They were led from FBI headquarters to their arraignment in Brooklyn Federal Court.

Authorities said an undercover informant secretly recorded hundreds of hours of gritty dialogue during an 11 month federal investigation.

Reputed Gambino capo George DeCicco threatened, "I'll burn your eyes," in trying to collect on a loan, according to federal prosecutors. He continued, according to the transcripts, by saying, "Did you ever screw me? Do you want me to burn your eyes out?"

Investigators said alleged Gambino soldier Joseph Orlando boasted of his murder tally, saying "I got eight under my belt already, so I don't give a f--- who nine's gonna be," authorities said.

The FBI said DeCicco conducted much of his business from his crew's social club on Bay 14th Street in Bath Beach, Brooklyn.

Andrew Arena, head of the FBI's Criminal Division, said these recordings reaffirm the mafia's longstanding reliance on muscle and threats of violence to hold sway over rivals and conduct business.

Federal prosecutors said these Gambino and Luchese families also tried to bribe an immigration official to obtain documents. But that official turned out to be an undercover FBI agent. The suspects also allegedly cashed in tens of thousands of dollars in stolen HSBC bank checks.

"The mob always goes where the money is," said Arena.

Investigators said two of the suspects charged today have links to the Sicilian Mafia and one is wanted in Sicily for crimes there. The suspects pleaded not guilty to the charges that carry up to 30 years in prison.

FBI Arrests A Dozen Alleged Mobsters (NY1)

NY1, January 31, 2007

Ten alleged members of the Gambino and Luchese organized crime families, along with two Italian associates, were arrested Tuesday and charged with extortion, bribery and racketeering.

The foreign suspects are allegedly sons of high ranking crime family bosses in Sicily.

FBI officials say the men were caught trying to bribe someone they thought was an immigration official in an attempt to affect the status of one of the two Sicilians.

The highest profile American arrested is George DeCicco. His 57-year-old-son was also arrested.

Officials say if convicted, some of the men face 100 years behind bars.

LAST OF THE GOTTI GANG (NYPOST)

By Stefanie Cohen

The New York Post, January 31, 2007

The feds yesterday finally stuck it to the only member of John "Teflon Don" Gotti's murderous inner circle who had never been busted.

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Infamous reputed Gambino capo George "Butter" DeCicco was among 13 alleged crime-family thugs nailed for a slew of extortion, racketeering, loan-sharking and money-laundering raps after a two-year probe fueled by a Mafia mole, authorities said.

The federal case will involve hundreds of hours of damning tapes made with the help of the turncoat witness, a member of DeCicco's crew, FBI officials said.

On one tape, the bloodthirsty DeCicco, 77, is heard warning the snitch, "I'll burn your eyes out," officials said. In another taped chat between the witness and DeCicco's nephew, alleged Gambino soldier Joseph "Joey Boy" Orlando, investigators say Orlando all but admits to committing eight murders when he says: "I've got eight under my belt, and I don't give a [expletive] who becomes the ninth."

One Mafioso is caught on tape gushing about one of three brutal murders he's committed, authorities said. "I shot him in the leg first, and he went down screaming," Steven "Steve Rigatoni" Famiglietta is heard boasting to the mole, officials said. "And then I started taking his arm off with a chain saw . . . He felt every f- - -ing thing I did to him."

The feds said the mobsters' downfall evolved from a simple scheme gone awry. It involved Orlando asking DeCicco's crew for help landing an immigration green card for his girlfriend.

One thug in the group said he could help - then panicked when he realized he couldn't pull off the request. Fearing for his life, he went to the feds offering his services. The authorities set up an undercover agent as an immigration official and, with the help of their now-cooperating witness, offered the services of the undercover to the mob. But by then, the Mafiosi had a more pressing problem.

DeCicco had been asked by top Sicilian mobsters to keep their countryman, Francesco Nania, who was in U.S. custody, from being deported to face mob-related charges back home.

The Gambinos eventually offered $70,000 to the undercover to broker the immigration deal, officials said.

Also busted was DeCicco's son, Robert, who is in his 50s.

George DeCicco's lawyer said he will seek house arrest for his client because DeCicco has heart problems and wears a nitroglycerin patch.

DeCicco is the brother of the notorious late Frank DeCicco, who lured then-Gambino chief Paul Castellano to his rubout outside Sparks steakhouse on East 46th Street in 1985.

Frank DeCicco wound up dead a little over a year later - killed by a car bomb meant for his boss, Gotti.

stefanie.cohen@nypost.com

Friend Contradicts Coke Defendant (WXIA)

WXIA-TV, January 31, 2007

A combative Joya Williams took the witness stand in federal court in Atlanta Tuesday, replacing the docile Joya Williams who testified Monday.

This time Williams was under cross examination by a disbelieving prosecutor who challenged her defense that she had nothing to do with a conspiracy last year to steal Coca-Cola trade secrets when she worked for Coke in 2005 and 2006, to try to sell them to Pepsi for $1.5 million.

"You all twist everything people say and manipulate it to make it go for your case," Williams accused Assistant U.S. Attorney B. J. Pak in front of the jury. "You're trying to twist" what she has said and what witnesses against her have said, Williams told Pak several times during Pak's 45-minute cross examination of her.

Williams and her two co-defendants who pleaded guilty in October, each face up to ten years in prison.

Pak brought in a rebuttal witness for the government, to try to blast apart one of Williams' key alibis. The witness, Cliff Carroll, a friend of Williams, testified that he's not the one who gave Williams $4,000 in June, 2006, as Williams had testified. Williams had deposited that money into her personal bank account the day after one of Williams' co-defendants received $30,000 from an undercover FBI agent posing as a Pepsi representative.

Williams denied the money came from her co-defendant. She testified on Monday that Carroll loaned her $4,000 that day, so she could make a credit card payment.

But the defense never called Carroll to the stand to back up Williams' story. Instead, the prosecution called Carroll to the stand to refute it.

Pak asked Carroll, "Prior to her arrest, did you ever give her $4,000 in cash?"

"No, Sir," Carroll replied.

Williams' attorney, Janice Singer, tried to introduce a tape of a phone conversation between Williams and Carroll just after Williams' arrest in July. Williams was in the Fulton County Jail, which records all inmate phone calls.

The judge ruled Singer could not use the tape. But Singer said that on the tape, Williams and Carroll talked about the $4,000 loan, and Carroll never disputed giving Williams the money. Singer suggested for the jury that Carroll was forgetting the loan now, and testifying on Coke's behalf, so he would not jeopardize any business his company does with Coke. Carroll insisted he never gave Williams the money.

During Pak's cross examination of Williams, he asked her, "You never talked to [co-defendants] Dimson and Duhaney about selling any Coke secrets?"

"No," Williams replied, "I never talked to them about selling any Coke secrets."

Edmund Duhaney was a family friend of Williams who pleaded guilty to the conspiracy against Coke. Duhaney testified last week that Williams recruited him to help her sell Coke trade secrets that he claimed she had been taking from her office at Coke headquarters. Ibrahim Dimson also pleaded guilty to the conspiracy. Duhaney testified he met Dimson while they were serving time together in a federal prison, and that he recruited Dimson to help him and Williams.

Williams' defense is that Duhaney and Dimson must have taken the Coke materials from her without her knowledge, to try to sell to Pepsi.

"I never noticed the Coke documents were gone," Williams told Pak, "really until you [federal agents] busted through the door with your 30 guns" to arrest her on July 5, 2006.

"I'm hurt," Williams said at one point. "Everybody hates me.... I respect Coke and I respect this system" of justice.

"I could have took the plea and just faced two [years in prison], but I feel that strongly about my innocence. I know I didn't do it. I know. I'm sitting here risking the other eight [years in prison]" to tell the truth, she said.

Pak pointed out that Williams had $45,000 in credit card debt, and before he could make a point about how that might relate to the case against her, Williams said she's been carrying that debt for several years and retorted, "I didn't suddenly say, 'Let's go steal some documents to pay my credit card debt.' I worked two and three jobs, and you know it."

Pak's 45 minutes of cross examining Williams compares with the two and a half hours she testified on direct examination, on Monday.

Closing arguments are scheduled for Wednesday morning.

Friend Denies He Gave $4,000 To Coke Trade Secrets Theft Suspect (SDUT/AP)

By Harry R. Weber, Associated Press

The San Diego Union-Tribune, January 31, 2007

ATLANTA – A friend of the woman charged with conspiring to steal Coca-Cola trade secrets denied Tuesday that he gave the defendant $4,000, contradicting her testimony that money she deposited two weeks before her arrest came from him rather than payment for the scheme.

"Prior to her arrest, did you ever give her $4,000 in cash?" Assistant U.S. Attorney Byung J. Pak asked Roswell businessman Clifton Carroll, referring to Joya Williams.

"No, sir," Carroll responded.

Carroll was called by the government as a rebuttal witness after the defense rested its case after Williams testified for a second day that she believes she is a victim, not a criminal. Closing arguments in Williams' trial were expected Wednesday.

On Monday, an undercover FBI agent testified about a $4,000 cash deposit that posted to Williams' bank account on June 19, 2006. That was three days after the agent gave co-defendant Ibrahim Dimson $30,000 in cash in exchange for a sample of a new Coca-Cola product that was part of so-called Project Lancelot.

Williams, who was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light, testified Monday that the money she deposited came from Carroll, not Dimson.

But Carroll told jurors Tuesday that isn't true. He said the most money he ever loaned Williams was $400, and that was after her July 5 arrest.

Williams' credibility will be an issue for the jury to weigh during its deliberations.

Earlier Tuesday, Williams testified that she believes she is the victim of overzealous prosecutors and FBI agents who she claims tore apart her life.

In sometimes confrontational, longwinded responses to questions from Pak, Williams said during her second day on the stand that she didn't take a plea deal to lessen the up to 10 years she faces in prison if convicted because she is innocent.

"I could have took the plea and just faced two, but I felt so strongly about my innocence that I know I didn't do that," Williams told jurors. "I'm here risking going to jail an additional eight years for sitting here on the stand."

The government has alleged that Williams, 41, stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

The exchanges between Pak and Williams were tense at times Tuesday, but Williams did not alter her claim of innocence.

"Did you talk to them about selling Coke secrets?" Pak asked Williams, referring to Dimson and Duhaney.

"No," Williams responded. She then added, "You are trying to turn it all around to be something else."

Williams then said she considered Duhaney family, even though the two are not related.

"You do have family of your own, don't you?" Pak asked.

"You're trying to twist it again," Williams responded.

Pak then asked Williams about the key she claimed she left under her doormat for one of the co-defendants, perhaps suggesting a means by which the documents could have been stolen from her.

"When did you first notice that the Coke documents were gone?" Pak asked.

"I didn't notice the Coke documents were gone really until you all came and busted the door with the 30 guns," Williams said, referring to her arrest.

Pak also asked Williams about a FedEx package she sent to Dimson last year, and a text-message she sent to a former boyfriend nine days before the trial began. The former boyfriend testified previously that he felt Williams wanted him to lie on the stand about what was in the package.

But Williams testified Tuesday that she didn't try to coerce him, and she insisted she did not know what was in the package.

"You all twist everything someone says," Williams told the prosecutor. "You try to manipulate it."

She added, "I was just trying to call him because I don't have the resources that the government and Coke has. It's just me and somebody you all appointed."

Williams complained about how the government has portrayed her.

"You really upset me about that too because you made it seem like something that it wasn't," Williams said, referring to the discussion with her former boyfriend. "I'm hurt. You turn everybody."

"I respect Coke and I respect this system and everything that goes along with it," Williams added.

"Anything else?" prosecutor Pak asked, almost sarcastically.

"No. But thank you for letting me say it," Williams responded.

Infomercial Fraud Nets Year In Jail (PHI)

By John Shiffman

The Philadelphia Inquirer, January 31, 2007

A Philadelphia executive who pleaded guilty to participating in a $40 million television infomercial fraud was sentenced yesterday to one year and one day in prison.

Patrick Buttery, 55, was the chief financial officer of Computer Personalities Systems Inc., which operated as the Video Computer Store and Direct 2 U Inc.

On a national scale, the company charged consumers nearly $4 million for computers and parts that were never delivered - putting customers who complained on hold for hours, prosecutors said.

The company also bilked vendors of $13 million in sales and defrauded financial institutions of approximately $22 million. MBNA alone lost $10 million, prosecutors said.

Victims were defrauded between 1999 and 2001, as the business spiraled out of control. An FBI and IRS investigation soon followed, culminating in indictments in 2003.

Buttery's cooperation with authorities helped lead to a guilty plea from George Cappell, the primary defendant. Cappell, the company CEO and star of its television commercials, was sentenced last year to seven years in prison.

"Your cooperation should be substantially rewarded," U.S. District Judge Anita B. Brody told Buttery yesterday.

"You understand that this wasn't just a bad business deal," she said. "You understand this was fraud. In some sense, you were a victim."

Prosecutors Peter Hardy and Judy Goldstein Smith had sought a term of "several years."

Nonetheless, Hardy said afterward: "We believe this is a good sentence and still sends a message to people in Mr. Buttery's position who have gone to business school and have executive positions: When your business starts to go bad on you, what you don't do is turn to crime."

Defense attorneys Benjamin Brait Cooper and Catherine C. Henry told Brody that Buttery was contrite and had worked hard to make up for his mistakes.

"The judge said he was doing a yeoman's job of taking care of his family," Henry said. "It's not just words: Here's a guy who's gone from being a COO to living in his mother-in-law's house, getting up at 2 a.m. each day to deliver the paper, takes care of the kids during the day while his wife works, and then bartends at night. He's changed his life and standard of living and that's what the judge wanted to reward."

Leon A. LaRosa Jr., a forensic accountant who worked with the bankruptcy trustee in the case, shook his head as Brody pronounced sentence.

"A disgrace," he muttered aloud in the last row of the gallery, clearly upset. Afterward, he told reporters: "This shows that crime pays."

Schafer Won't Be Charged In UNT Case (DRC)

By Matthew Zabel, Staff Writer

Denton (TX) Record-Chronicle, January 31, 2007

Federal prosecutors will not press charges against a former Pentagon official whom the University of North Texas paid $310,000 even though he never actually worked for the university, bringing to an apparent end a two-year-long investigation.

Klaus Schafer

Instead, federal investigators said the U.S. Defense Department should handle internally problems with that three-way agreement among itself, UNT and Dr. Klaus Schafer, who served as a top Pentagon adviser on chemical and biological defense.

That decision was outlined in a Jan. 5 investigation report, which the Defense Department made public Monday in response to an open-records request from the DentonRecord-Chronicle.

The federal investigation and UNT's internal investigation found evidence that Schafer backdated parts of the agreement in order to make it appear he had worked for the university when, in fact, he had not.

The federal report says investigators did not interview Schafer.

He could not be reached for comment.

Glen J. Logan, of the Defense Department's Inspector General's Dallas regional office in Arlington, said investigators presented facts of the UNT case to a federal prosecutor and left the decision whether to prosecute with the Justice Department.

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"This case was one of those where we didn't have a particular preference either way," Logan said of the Justice Department's decision. "A lot of times what it comes down to is how they can best use their resources. To prosecute a case is a huge demand on resources for the Department of Justice, and they have to determine if it's worth it."

Logan said the Defense Department officials could decide whether or not to take any action, such as firing an employee, changing its procedures, ceasing to do business with an outside institution.

Pentagon officials did not immediately respond to questions about what administrative action the Defense Department would take.

UNT officials said they are happy to see the investigation come to an end.

"The outcome of the federal government's investigation – that UNT engaged in no criminal wrongdoing – is consistent with the findings of our own comprehensive investigation," said Deborah Leliaert, a spokeswoman for the university.

Schafer served as deputy assistant to the Secretary of Defense for nuclear, chemical and biological defense programs between July 2004 and June 2005.

On paper, Schafer was a UNT employee, working under the Intergovernmental Personnel Act of 1970, a law that allows universities and certain other institutions to assign employees to a short-term federal position if authorities at both agencies determine it is in the public's best interest to do so.

UNT signed such an agreement with Schafer and the Defense Department in November 2004, even though Schafer had not been a UNT employee before that.

But federal investigators found evidence that Schafer backdated the agreement and his employment application to make it effective July 1, 2004 in an apparent effort to show he was a UNT employee all along and thus validating his assignment agreement. The federal investigators also found evidence that Schafer coached UNT employees to backdate other documents.

Under the agreement, UNT was to front Schafer's $310,000 salary plus benefits, but the university was eligible to reclaim more than $275,000 from the Defense Department.

UNT has not sought reimbursement for that money.

UNT hired an outside law firm two years ago to begin investigating that agreement and possible fraud associated with it and reported their findings to the Defense Department five months later.

That law firm has billed UNT more than $1.3 million.

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Crime-plagued Regions Vie For New Grants (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 31, 2007

Regions plagued by rising violent crime could share in a $200 million grant next year with a new Justice Department grant targeting gangs, illicit drugs and gun offenses.

The Justice Department will ask for the funding for state, local and tribal authorities as part of its 2008 budget request to Congress next week. It comes in the wake of a 2.2 percent rise nationwide in rapes, murder, robbery, aggravated assault and other violent crimes in 2006 — the first increase since 2001.

Communities that team up with other cities and regions, partnering with at least one federal law enforcement agency, will be eligible for the grants, Justice Department spokesman Brian Roehrkasse said. Those that work with other communities across state lines will be given priority, he said.

An ongoing department study of crime rates in 18 cities and regions shows that such task forces have "played a significant role in helping to effectively combat violent crime," he said.

Last fall, mayors and police chiefs reported seeing recent spikes in violent crime, calling for greater support from federal law enforcement agencies that have been distracted by counterterror missions since 2001. At the time, Attorney General Alberto Gonzales made combating violent crime a high priority, but he did not commit to providing extra funding.

Whether the new money will get in the hands of local and state police any time soon is another question, as Congress has yet to approve a budget for 2007 fiscal year that began last October.

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Roehrkasse said the Justice study's final results will be released later this spring. So far, he said, it has concluded that "there is not one single factor that is contributing to the rise in violent crime in some communities."

Man Receives Rare Death Sentence In New York For Slayings Of Two Police Officers (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 31, 2007

(AP) - NEW YORK-A man convicted of shooting two police detectives in the head was sentenced to death Tuesday, becoming the first person in more than 50 years to receive a death penalty sentence in a federal case in New York.

The jury had deliberated since Monday before sentencing Ronell Wilson, 24, to die by injection. The jury had convicted Wilson last month of two counts of murder, along with robbery, carjacking and firearms charges.

The last time someone was sentenced to death in a federal case in New York was in 1954 for a bank robber who killed an FBI agent.

Prosecutors claimed the defendant knew that Rodney Andrews and James Nemorin were undercover New York Police Department detectives when he climbed into the back seat of their unmarked car on the pretense of selling them an illegal gun on Staten Island in 2003. Both officers were shot in the head, Nemorin after he pleaded for his life.

An accomplice testified that he and Wilson were in on a plot by a violent drug gang to rob the undercover detectives, believing they were carrying $1,200 to buy guns. But the defense contended there was no convincing evidence the men knew their victims were police officers.

Wilson's attorney, Kelley Sharkey, had cautioned jurors they were making "the ultimate moral decision," and she urged them to show mercy.

"You must be able to say to yourself that 24-year-old Ronell Wilson is beyond hope, is beyond redemption," she said.

Wilson was one of seven people arrested in the case; the other six pleaded guilty to various charges.

There are fewer than 50 inmates nationwide on the federal death row. Three, including Oklahoma City bomber Timothy McVeigh, have been put to death since 2001.

Cop Killer Sentenced To Death (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, January 31, 2007

"You are a dead man!"

That was the outcry from the mother-in-law of a slain New York City cop after a jury in a Brooklyn federal courtroom announced Tuesday that Ronell Wilson should be executed for killing her son-in-law and another undercover detective.

Wilson's face seemed to collapse in stunned disbelief as the panel of seven men and five women announced shortly after 5 p.m. that he should get the death penalty for the murders of James Nemorin, 36, of Baldwin Harbor, and Rodney Andrews, 34, of Middle Village, during a botched weapons buy on Staten Island in 2003. The same anonymous jury convicted Wilson, 24, of the racketeering murder charge last month.

Then, in a gesture that shocked and angered many in the courtroom, Wilson appeared to stick out his tongue at the families and supporters of the slain men after the death verdict was announced.

"He stuck his tongue out," said Michael Palladino, the head of the Detectives Endowment Association, who was in court when the verdict was announced. "It was done to taunt the [victims'] families."

Wilson would be the first federal inmate to be executed in a New York case since the 1950s. Julius and Ethel Rosenberg were electrocuted in 1953 for espionage, while Gerhard Puff was executed in 1954 for the murder of an FBI agent.

"I just want to say thank you to God and thank you to the jury and thank you to the prosecutors," Nemorin's widow, Rose, said outside the courthouse. "... I know now James and Andrews can rest in peace. ... When God starts something, he never stops."

"All I can say is that my prayers have been answered," said Andrews' widow, Mary Ann.

"He will get what he deserves," Nemorin's sister, Jean Marie, said of Wilson.

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Defense attorneys said they planned to appeal both the verdict and the death penalty sentence.

At the direction of Judge Nicholas Garaufis, the jury foreman rose at 5:07 p.m. and began reading through the panel's decisions, which consisted of a 29-page special verdict form. When the foreman, a young man dressed in a gray suit, announced at page 16 that Wilson should be executed for killing Nemorin, a short, sharp clap broke out from the families of the victims.

"Yes!" exclaimed Nemorin's mother-in-law, Nicole Edouard.

The brief outbursts startled defense attorney Kelley Sharkey, who was standing with Wilson, along with co-counsels Mitchell Dinnerstein and Ephraim Savitt. Wilson's relatives began to sob softly, clasping each other.

The jury announced the death penalty a total of five times to cover Nemorin's and Andrews' deaths through use of a .44-caliber handgun and for the carjacking the resulted in the shootings.

Savitt said appeals on a number of issues could go up to the U.S. Supreme Court.

As the jury was leaving, Wilson's brother Daniel blurted out an expletive before a relative muzzled him with her hand. Federal marshals then took him out of the courtroom.

"You are a dead man," Eduoard shouted at the defendant.

"We love you, Ronell," Wilson's mother and sisters yelled as he was led from the courtroom.

"You're the murderers now," Wilson's mother, Cheryl, shouted toward the side of the courtroom where the victims' families sat.

Outside the courtroom, a group of NYPD officers and detectives applauded the prosecution team of Jack Smith, Colleen Kavanaugh and Morris Fodeman.

"We are gratified for that verdict and hope the verdict brings some closure to the families," Brooklyn U.S. attorney Roslynn Mauskopf told reporters later.

"I want to commend the jury for their difficult and courageous work," Police Commissioner Ray Kelly said last night in a statement.

But Savitt, the lead defense attorney, said he was greatly disappointed by the verdict.

"Applying the death penalty does not do honor to the slain detectives," said Savitt. He said Wilson was only allowed by Garaufis to give a sanitized statement of remorse in court, which the jurors indicated on their verdict form convinced none of them.

Killer Of Detectives Gets Death Sentence (NYT)

By Michael Brick

The New York Times, January 31, 2007

A federal jury sentenced a 24-year-old Staten Island man to death yesterday for killing two undercover police detectives in 2003. It was the first successful federal capital punishment prosecution in New York in more than 50 years.

After the verdict was read, the defendant, Ronell Wilson, 24, rubbed his palms, looked at his mother, then stuck his tongue out at the families of his victims. His younger brother loudly cursed the jurors, while their mother cried out that they were "the murderers now."

The widows and other relatives of the slain detectives applauded briefly from the gallery, crying, "And the Lord rejoices."

In December, the anonymous jury of seven men and five women convicted Mr. Wilson of shooting the two detectives, James V. Nemorin and Rodney J. Andrews, in the back of the head in a car during a weapons sting on Staten Island on March 10, 2003.

They reached their verdict yesterday after nine hours of deliberations that started Monday afternoon. They found Mr. Wilson devoid of remorse and directed Judge Nicholas G. Garaufis of federal court in Brooklyn to impose sentences of death by lethal injection on five counts.

Three men have been executed in federal cases in the United States in recent decades, first among them Timothy J. McVeigh, for the bombing of the Alfred P. Murrah Federal Building in Oklahoma City. Mr. Wilson will join 46 other people on the federal death row.

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But in the 20 years since a moratorium on federal capital punishment was lifted, prosecutors in New York have failed to win death sentences against at least 14 defendants, including violent gang members. Federal jurors even refused to execute two terrorists involved in the bombing of United States embassies in East Africa in 1998, after their lawyers argued it would turn them into martyrs. The last federal inmate to be executed in the state was Gerhard Puff, in 1954, a bank robber convicted of killing an F.B.I. agent.

But the murder of two undercover detectives, found bleeding on a Staten Island street in the aftermath of a botched gun transaction, resounded in a city still shaken by the terror attacks of 2001. They were the first two officers killed by gunfire on a single day since 1988.

Working from 29 pages of questions, the jurors dissected a series of factors weighing for and against execution. Affirming elements of their conviction, they found that Mr. Wilson had acted with the intent to kill. They endorsed all the prosecution's assertions, including that Mr. Wilson would remain a danger in prison.

The jurors, who declined interview requests conveyed by the judge, unanimously endorsed nearly all of the defense team's mitigating factors, finding that Mr. Wilson had grown up depressed, sick and trapped in a realm of poverty, deprivation, drug abuse and violence. They wrote in another factor weighing against the death penalty: "Ronell Wilson was possibly subject to peer pressure."

But they unanimously rejected the notions that he has adjusted well to federal prison, taken responsibility for his actions or "has remorse for the murder of Detectives Andrews and Nemorin."

Federal prosecutors vigorously sought the death penalty against Mr. Wilson, taking the case from state prosecutors in Staten Island after the New York death penalty was largely invalidated in 2004. They endorsed plea bargains with seven defendants, young men based around the Stapleton Houses project in northeastern Staten Island.

The group members had forged their camaraderie on admiration for a slightly older man, nicknamed Keyo, who had been killed under unresolved circumstances.

"I heard different stories," testified one group member, Mitchell Diaz, who has pleaded guilty to supplying the weapon used to kill the detectives.

Bearing Keyo tattoos and T-shirts, the men gave themselves nicknames like O and Mal-G, evidence and testimony showed. Between the humdrum stuff of growing up, community college courses, talent shows and outings to Six Flags Great Adventure, they mastered gang signs, sold crack cocaine and beat and robbed their rivals.

On that March night in 2003, the men sold a handgun to Detective Nemorin, 36, a Haitian immigrant and father of three, admired by other officers for his ability to convincingly shed dapper silk scarves for the trappings of a street tough.

As his supervisor would later testify, Detective Nemorin arranged to buy a second gun, a Tec-9 assault pistol, at a rendezvous by the Stapleton Houses a week later. For backup, he brought Detective Andrews, 34, a Navy veteran and divorced father of two with a reputation for making tough arrests.

In a police-issued Nissan Maxima, the detectives approached the towering Stapleton Houses with a handgun for protection and a surveillance transmitter disguised as a pager. As Detective Nemorin drove, they exchanged goofy banter between calls for directions.

On the other side of the telephone line, plans for the transaction were shifting from sale to robbery, members of the group later testified. Outside the housing project, Mr. Wilson climbed into the backseat with Jessie Jacobus, at 16 a 6-foot-3, 240-pound enforcer for the group.

As they circled the streets, Mr. Wilson voiced suspicions of a police presence in the neighborhood.

"It's mad hot," Mr. Wilson said, according to a surveillance recording.

He also questioned the presence of Detective Andrews, who Detective Nemorin claimed was his brother-in-law. The detectives sought to reassure him with canny street talk and evasive driving, to little discernable effect.

On a dark dead-end street, with no apparent warning, Mr. Wilson fired a single .44-caliber bullet into the skull of each man, starting with Detective Andrews. Gunpowder residue on Detective Nemorin's hand would later bear evidence of his efforts to survive. It was never proven whether Mr. Wilson knew his victims were officers, and an accomplice's recantation eventually prompted prosecutors to drop such charges.

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But Mr. Jacobus testified that Mr. Wilson gave a reason for the shootings in the minutes after he pulled the trigger. He quoted Mr. Wilson as saying he did it because he did not care about anybody.

After losing their surveillance signal, police supervisors frantically searched Staten Island, only to find the blood-soaked bodies of their undercover detectives. They temporarily shut down traffic out of the borough, recalling departed ferries and closing bridges. They rounded up the crew within two days.

The prosecutors, Colleen Kavanagh, Morris J. Fodeman and Jack Smith, assisted by Special Agent Thomas Shelton of the Bureau of Alcohol, Tobaco, Firearms and Explosives, presented three weeks of testimony and evidence from members of the gang, scientific experts, civilian witnesses, investigators and audio and video surveillance recordings.

Mr. Wilson's lawyers, Ephraim Savitt, Mitchell Dinnerstein and Kelley J. Sharkey, sought to save Mr. Wilson's life by recounting the circumstances of his childhood. Before the jury retired, Mr. Wilson read a brief, heavily edited statement of remorse.

Yesterday afternoon, the jury foreman, dressed in a suit and tie, gave the panel's answers in a loud crisp voice, glancing now and again at Mr. Wilson. He ordered the death sentence, in response to a question, with the word "yes."

From the victim's families came calls of "God bless."

As the jurors receded, Mr. Wilson kissed his forefinger and middle finger, then waved to his mother. If sustained on appeal, his sentence will be carried out by lethal injection at a death row facility in Terre Haute, Ind.

It could be appealed to the Second Circuit Court of Appeals in Manhattan, said Russell Neufeld, a capital defense lawyer who was not involved in the case. If a majority of justices upheld the sentence, it could ascend to the U.S. Supreme Court for a hearing.

The appeal will be the second before the circuit under the modern federal death penalty. The first, from Vermont, entered the appeals court about a year ago and has yet to be decided.

Ephraim Savitt, a lawyer for Mr. Wilson, predicted an appeal based on the jury selection process, among other issues. He lamented the sentence.

"It's a very sad day for the justice system," he said, "when justice and vengeance become one and the same."

"If any case screamed out for the death penalty," said Michael Palladino, president of the Detectives Endowment Association, "it was this case."

Roslynn R. Mauskopf, the United States attorney for the Eastern District of New York, said, "Today justice has been served, and it has been served by a jury from this community. "

In a statement, the police commissioner, Raymond W. Kelly, said: "I want to commend the jury for their difficult and courageous work."

When the courtroom was cleared, the prosecutors emerged to a sustained round of applause.

And Derek Williams, a cousin of Detective Andrews who testified in the penalty phase of the trial, said: "It is some measure of relief, but it is not full closure. It won't be full closure until the sentence is carried out."

The relatives of Mr. Wilson walked away in the dark, under the glare of TV camera lights. He was removed from the courtroom by a different passage.

Prison Time Sought For Ex-official In 'Egregious' Scam (WT)

By Jim Mcelhatton

The Washington Times, January 31, 2007

Federal authorities are seeking at least three years in prison for a former D.C. Office of Property Management executive who pleaded guilty in a scam to extort bribes from contractors with threats that he would blackball them from city contracts.

Narase Bob Oudit, 51, was supposed to be sentenced in federal court in the District earlier this month, but recent concerns about his health have prompted a delay in the criminal case.

Oudit, a former city engineer in charge of several city construction projects, should go to prison for at least 37 months for "sordid misuse of his office to extort city contractors," federal prosecutors argued in a recent court memo.

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"On the scale of corruption cases, this one is egregious," Assistant U.S. Attorney Howard R. Sklamberg wrote. "The defendant did not make an isolated demand for a bribe -- he demanded bribes day after day and month after month."

Investigators recorded statements by Oudit to one contractor in which Oudit purportedly sought a contractor to pay him bribes through Oudit's company, BT Contractors.

"Now don't play hardball with me, alright?" Oudit said, according to court records. "Because I'm going to take it away. Then you're all going to eat this."

Mr. Sklamberg called for "stern punishment," saying "these were not requests for a $50 bribe, but demands for bribes totaling hundreds of thousands of dollars."

In one instance, Oudit received $13,500 in bills marked by the FBI from another contractor from whom he demanded $294,000 in exchange for keeping a project from going into default.

Oudit's attorney is seeking probation for his client, whom he calls a devoted family man with no other run-ins with the law.

"Mr. Oudit, prior to this episode in his life, was a law-abiding family man with no prior involvement with the criminal justice system, whose wife and two children depend on him for emotional and financial support," defense attorney Thomas Abbenante argued.

Oudit was supposed to be sentenced earlier this month, but the hearing was postponed amid concerns over an apparent cardiac condition. A letter from his doctor submitted in a recent defense pleading states that stress from being in prison would cause Oudit's heart problems to worsen.

Mr. Sklamberg said Oudit could be incarcerated in a federal prison hospital.

"While the defendant's medical conditions are serious ones, there is no indication they cannot be treated within the [U.S.] Bureau of Prisons," he argued.

Former PR Executive Is Sentenced In Fraud Case (LAT)

By John Spano

The Los Angeles Times, January 31, 2007

Douglas R. Dowie was sentenced today to 42 months in prison for defrauding city taxpayers, tarnishing a career that once scaled the heights of Los Angeles media influence and political power.

In handing down the sentence, U.S. District Judge Gary Feess said that Dowie had "lost moral compass."

"I maintain my innocence, your honor," Dowie said in a three-minute speech before he was sentenced. It was the first time Dowie had spoken about the case in court.

John Stodder Jr., a Dowie assistant and co-defendant, was sentenced to 15 months.

Dowie headed public relations giant Fleishman-Hillard's Los Angeles office and was former managing editor of the Daily News of Los Angeles. He was convicted last year of masterminding a scheme in which he overbilled for services, allowing his office to generate at least $6 million in unearned fees.

The scandal rocked Los Angeles City Hall, spurred ethics reform and helped persuade voters to elect Antonio Villaraigosa as mayor. It also bloodied one of the nation's premier public relations firms, which paid millions in penalties.

Dowie, 58, earned as much as $330,000 a year and built a bustling office through his media and political contacts. The firm's City Hall contracts amounted to $3 million a year from the DWP alone.

Two years ago, Fleishman-Hillard paid almost $6 million to the city of Los Angeles to cover the fraudulent billings. The St. Louis-based firm, with 80 offices worldwide, was not charged with a crime, though a succession of top executives at its Los Angeles office under Dowie were alleged to have participated in the scheme.

Fleishman paid $1 million to defend Dowie, then dropped him. Dowie has run up $3 million in additional unpaid defense costs.

Dowie's lawyers tried to persuade U.S. District Judge Gary Feess that his employer threw him to the wolves and compromised Dowie's constitutional rights.

When Feess turned down Dowie's request for a new trial, the judge said that all of the prosecutor's witnesses, except one, had credibly outlined the conspiracy to defraud.

Stodder, 51, was also convicted by the same federal jury last year. Most other Fleishman co-workers made deals with prosecutors to avoid charges, leaving just one other Dowie aide, Steve Sugerman, to be convicted. He pleaded guilty and testified against Dowie in the trial last year.

The principal witnesses were political figures from the administrations of former Mayors Tom Bradley, Richard Riordan and Kenneth Hahn, powerbrokers at the nexus of business and city politics who claim they can burnish public images for a price.

Deadline For Responses To Justice Subpoenas Extended (HILL)

By Susan Crabtree

The Hill, January 31, 2007

The deadline for House leaders to respond to Justice Department subpoenas sent to three powerful committees late last year has been extended for a second time.

The U.S. district court in San Diego sent subpoenas requesting documents related to the bribery case against former Rep. Randy "Duke" Cunningham (R-Calif.) to the House Appropriations, Armed Services and Intelligence committees late last year. Cunningham, a former member of the Appropriations and Intelligence panels, is serving eight years in prison for accepting more than $2.4 million in bribes in exchange for earmarking government contracts.

The original deadline for Congress to respond was Jan. 11, but that was extended to Jan. 31. A Democratic leadership aide yesterday said that "an agreement on this issue is close" and that the "committees have been given additional time."

House Democratic and GOP leaders contribute to a bipartisan legal advisory group, which works with the House General Counsel's office to respond to subpoenas. Together, these leaders must decide whether to invoke the Speech or Debate Clause of the Constitution, which provides protections for members of Congress and staff, just as those leaders did in May after the FBI raided the office of Rep. William Jefferson (D-La.).

Yesterday, the leadership aide declined to comment about whether House leaders were planning to cooperate or fight the subpoenas.

"The Office of General Counsel remains in negotiation on the terms of the agreement with the [assistant U.S. attorney's office in San Diego]," the aide said.

Consumers Warned Of Loan Scams (USAT)

By Kevin Mccoy

USA Today, January 31, 2007

A flurry of advance-fee loan scams is victimizing consumers across the USA and Canada, the Council of Better Business Bureaus warns.

Consumers who respond to phone calls or ads that purportedly guarantee loans to those with poor credit instead lose hundreds of dollars or more in fees demanded by the suspected scammers.

The frauds follow a typical pattern. Consumers call a toll-free number and are told to submit credit information over the phone or fill out paperwork to be mailed later. In exchange for a $5,000 to $100,000 loan, they are told to wire or mail a money order for $500 or more to pay processing fees or other charges.

The applicants never get the loan, and they lose what they paid in fees. They also risk having their identity stolen if they provided a Social Security number or other personal data to the scammers.

"People with the poorest finances are being victimized," said Steve Cole, CEO of the Council of Better Business Bureaus.

Although the group had no data on the number of victims, spokesman Stephen Cox said workers in the council's 129 local bureaus have fielded a rise in complaints about the alleged scam.

Nata Clegg, a 30-year-old legal-office worker from Fort Worth, said she almost lost $607 this month when scammers told her she qualified for a $5,000 loan.

Luckily, Clegg checked the address listed by the purported firm, Elmhurst Financial Loan Corp., and discovered the location was actually a Boston Market restaurant in Wisconsin.

Clegg immediately called her husband, John, who had gone to a Texas Wal-Mart to wire the required fees.

"I got him just in time," Clegg said. "We were really, really fortunate not to fall victim to this."

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Others haven't been as lucky.

According to the council, scammers using the name B&T Financial Group hijacked the website of an Ohio insurance firm near Cleveland late last year. Consumers who responded to loan offers saw the insurance firm's identifying information online. But new phone and fax numbers had been set up by the suspected scammers.

Several victims lost as much as $1,000 each in fees wired to Canada, the council said.

Better Business Bureaus across the country advise consumers who need a loan to search for a reputable local lender. Although fees may be required, legitimate lenders usually deduct them from the loan.

"It is best to double-check any and all loan offers with the BBB to find out if the business can be trusted," Cole said. "We can tell you if other consumers have filed complaints" and try to "verify the legitimacy" of the purported lender.

Federal Judge Asks NY Times Reporter To Appear In Case Of Zyprexa Document Disclosures (FINDLAW/AP)

By Seth Sutel, Ap Business Writer

AP, January 31, 2007

(AP) - NEW YORK-A New York Times reporter has been asked to appear in federal court next month to answer testimony that a judge said implicated the writer in a "conspiracy" to obtain confidential documents regarding the anti-psychotic drug Zyprexa.

The reporter, Alex Berenson, wrote a number of articles starting late last year saying the drug's manufacturer, Indianapolis-based drug maker Eli Lilly and Co., downplayed Zyprexa's risks and marketed it for unapproved uses. Lilly has denied the charges.

Jack B. Weinstein, a judge in U.S. District Court for the Eastern District of New York, invited Berenson to appear voluntarily in the court on Feb. 7 to explain how he got the documents, which had been sealed by the court. In a filing Tuesday Weinstein said Berenson could be accompanied by his attorney and would be subject to cross-examination.

The Times said it is considering how to respond. "We just got all the papers in this matter, including the invitation, and we're studying them and will respond to the judge in due course," said spokeswoman Diane McNulty. "We believe our reporting in this matter was very newsworthy and was derived from routine newsgathering procedures."

Weinstein wrote in the filing that he was asking Berenson to appear after hearing testimony from James Gottstein, an Alaska-based lawyer named in Berenson's stories as the source of the documents.

"This invitation is intended to permit Alex Berenson to confront testimony received at a hearing in this court on January 16-17 implicating him in a conspiracy to obtain and publish confidential documents sealed by this court," Weinstein wrote.

In excerpts of Gottstein's testimony included in Weinstein's filing, Gottstein said Berenson had told him that a plaintiff's expert named Dr. David Egilman had a number of documents that Gottstein could obtain by subpoena.

The testimony was taken during a hearing earlier this month over whether the documents provided to The New York Times should be made public.

Lilly also said it had no role in the judge's decision to ask Berenson to appear. Lilly spokesman Phil Belt said he didn't know whether Berenson was involved in a conspiracy but the company would be interested in hearing what he would tell the judge.

Lilly has settled 28,500 Zyprexa-related lawsuits and there are another 1,200 outstanding, according to Belt.

AP Business Reporter Theresa Agovino contributed to this story.

CVS Execs Plead Not Guilty To Corruption (AP)

By Eric Tucker, Associated Press Writer

AP, January 31, 2007

CVS Executives Plead Not Guilty in Influence-Peddling Probe

PROVIDENCE, R.I. (AP) -- Two former executives at CVS Corp. pleaded not guilty Tuesday to federal charges they paid a state senator to kill legislation the drug store chain opposed or sponsor bills that favored the company.

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John R. "Jack" Kramer, former CVS senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, pleaded not guilty in U.S. District Court to one count each of conspiracy and bribery and 21 counts each of fraud for their contract with former state Sen. John Celona.

U.S. Magistrate David Martin ordered both men released on $10,000 unsecured bond.

Celona, who resigned from the General Assembly in 2004 amid questions about his business dealings with CVS, pleaded guilty to federal mail fraud charges in 2005 and will be sentenced Wednesday.

Kramer and Ortiz have been on leaves of absence from Woonsocket-based CVS since 2004. CVS, the drugstore chain with the most stores in the nation, was not charged with any wrongdoing. CVS has said it is cooperating with the probe.

In his federal guilty plea, Celona also admitted to improper arrangements with Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island.

He has been cooperating with the federal government in hopes of a lighter sentence, and he was the star witness during a trial last year that resulted in two former Roger Williams executives being convicted of paying Celona to do the hospital's political bidding. Those executives will also be sentenced Wednesday.

Kramer and Ortiz hired Celona in February 2000, supposedly as a $1,000-per-month consultant to educate senior citizens about health topics and do other public relations tasks. Instead, the indictment said, the money was meant to influence his votes and power as a lawmaker.

Celona was paid roughly $45,000 until the relationship ended in the fall of 2003, according to the indictment.

Celona served on several committees that deal with health care and pharmacies.

His chairmanship on the corporations committee, for example, allowed him to block legislation that CVS opposed.

One bill he worked to block would have allowed competition to a restrictive network of pharmacies that CVS participated in with Blue Cross and Blue Shield. The position was a switch: Before he was on the CVS payroll, Celona voted in favor of the legislation, known as "Pharmacy Freedom of Choice."

He also blocked the progress of a bill that would have allowed Canadian pharmacies to sell drugs to Rhode Island, a law that could have hurt the chain's business in the state.

Celona also introduced legislation that would benefit CVS, allegedly at the request of Kramer and Ortiz. In one example, he sponsored a bill to require drug manufacturers to accept the return of recalled or damaged pharmaceuticals.

Prosecutors said Celona received other benefits, such as sports tickets and trips to Florida and San Diego.

Lawyers for both men said Tuesday their clients were innocent and would fight the charges.

"We pled not guilty, and we're just going to see the case through," said Mark Smith, an attorney for Ortiz.

Outside the courthouse Tuesday, U.S. Attorney Robert Clark Corrente said his office's influence-peddling probe was continuing.

http://www.cvs.com

2 CVS Execs Plead Not Guilty To Bribery (PROJO)

By Mike Stanton, Journal Staff Writer

The Providence Journal, January 31, 2007

PROVIDENCE -- Two CVS executives, John R. Kramer and Carlos Ortiz, pleaded innocent today in federal court to charges of bribery and conspiracy for hiring former state Sen. John A. Celona as a $1,000-a-month CVS consultant.

U.S. Magistrate Judge David L. Martin ordered the two men released on $10,000 bond apiece and restricted their travel.

Journal photo / Mary Murphy

CVS executive Carlos Ortiz leaves his arraignment.

Kramer, who also has a residence in Arizona, was allowed to travel there and within Rhode Island. Ortiz, who lives in Amherst, Mass., had his travel restricted to Massachusetts and Rhode Island.

Today's court appearance was brief. Neither man had any additional comments.

Ortiz and Kramer were charged on Jan. 18, in a 23-count indictment of conspiracy, of fraud and bribery. They are accused of hiring Celona as a consultant from early 2000 to the fall of 2003, paying him a total of about $45,000 and also lavishing him with golf outings, trips to Florida and California and tickets to professional sporting events.

Although Celona was ostensibly paid to improve CVS' image among consumers, U.S. Attorney Robert Clark Corrente charged that Kramer and Ortiz put Celona on the payroll "to advance the company's legislative agenda … through illicit payments to Senator Celona."

Journal photo / Mary Murphy

CVS executive Jack Kramer arrives with his lawyer, Peter DiBiase, right.

In return, the indictment said, Celona used his political clout to kill controversial "pharmacy choice" legislation that would have expanded the Rhode Island network of pharmacies that accepted Blue Cross reimbursements. CVS, which dominated the restricted network, opposed the bill so strongly that the company tied Kramer's and Ortiz's performance reviews to defeating the legislation.

Killing the legislation, Ortiz wrote in one review, had "helped to protect millions of dollars of sales."

The indictment says that Celona also opposed the licensing of Canadian pharmacies in Rhode Island, pushed legislation to allow the electronic filing of prescriptions and promoted the creation of a state-backed loan program for pharmacy students.

Digital Extra:

More on the CVS indictments

Celona pleaded guilty in 2005 to selling his office to CVS, Blue Cross & Blue Shield of Rhode Island and Roger Williams Medical Center. He testified last fall in the corruption trial leading to the conviction of former Roger Williams executives Robert Urciuoli and Frances Driscoll.

Urciuoli and Driscoll are also set to be sentenced tomorrow.

Bismarck Library Clerk Held For Federal Sex Offense (BISTRIB)

By Jenny Michael

Bismarck (ND) Tribune, January 31, 2007

A Bismarck librarian has been charged in federal court with one count of traveling with the intent to engage in illicit sexual conduct with a minor.

David Boschee, 37, was charged for allegedly traveling to South Dakota on Sept. 29, 2006, for the purpose of engaging in illicit sexual conduct with a minor, said a news release from U.S. Attorney Marty Jackley from the district of South Dakota.

The charge is punishable by up to 30 years in prison and fines of up to $250,000.

United States Magistrate Judge Charles S. Miller ordered on Monday that Boschee be held until he can be transferred to South Dakota. Boschee was being held in the Burleigh County Detention Center as of Tuesday afternoon.

A trial date has not yet been scheduled.

According to an affidavit written by Federal Bureau of Investigations agent Michelle Behan, Sioux Falls Police Detective Andrea Kelly informed her on Jan. 25 that Boschee had met a 15-year-old Sioux Falls girl over the Internet. Both of them had Myspace.com profiles, the affidavit said.

The girlâ€™s birth date was on her profile, identifying her as a 15-year-old girl, the affidavit said.

Boschee and the girl began e-mailing and chatting with each other online, the affidavit said.

â€œSome of the conversations were sadomasochistic in nature,â€ Behan wrote.

The affidavit said Boschee and the girl planned to meet for sex in Sioux Falls, but the girl changed her mind a week before he came. However, he allegedly went to Sioux Falls anyway and paid for a room at the Super 8 in Sioux Falls with a credit card, the affidavit said.

The girl told police she had sex with him at the motel, the affidavit said.

Miller wrote in an order filed Tuesday that Boschee will be held because evidence suggests he is a flight risk and a danger to the community.

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â€œThis evidence includes: the defendantâ€™s itinerant history and tenuous ties to both the district of the offense and the district of the arrest,â€ the order said. It also said there was evidence that Boschee suffers from depression.

â€œWhile the defendant has family that lives in Bismarck and he is employed at the Bismarck Public Library, he is single and has spent considerable time in the past out-of-state,â€ Miller wrote.

Bismarck Police Lt. Dan Donlin said the FBI out of Sioux Falls and the North Dakota Bureau of Criminal Investigations requested that the police department assist in locating Boschee Monday morning.

Police first checked Boscheeâ€™s home on the 900 block of North 13th Street, then found him at the Bismarck Public Library, at 515 N. Fifth St., Donlin said.

Library director Tom Jones said Boschee started a part-time position as a clerk at the circulation desk of the library in August. He has worked 20 to 23 hours per week in a highly visible position in which he was always with other staff members, Jones said.

â€œIâ€™m not aware of any misconduct while he was here,â€ Jones said.

Jones said no action has been taken regarding Boscheeâ€™s employment at the library, and Boschee has not resigned his position.

Donlin said Boschee was taken to the police department for questioning, then was placed in the custody of the U.S. Marshal.

A search warrant was executed on Boscheeâ€™s residence later Monday, the news release said.

The news release said the case is being investigated by the FBI, Sioux Falls Police Department, Bismarck Police Department and North Dakota Bureau of Criminal Investigation.

The case also is part of U.S. Attorney General Alberto Gonzalesâ€™s Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse.

(Reach reporter Jenny Michael at 250-8225 or jenny.michael@bismarcktribune.com)

Bill To Track Sex Predators On Web Offered (LAT)

By Jim Puzzanghera, Times Staff Writer

The Los Angeles Times, January 31, 2007

Sponsors want offenders to register e-mail addresses. Networking sites could use the data to protect children.

WASHINGTON — Convicted sex offenders released from prison must register their home addresses with authorities. Now some in Congress want to extend that requirement to cyberspace.

To prevent sexual predators from trolling the Internet for young victims, a bipartisan group of lawmakers Tuesday introduced legislation that would require sex offenders to register their e-mail addresses and make them available to social networking sites. The proposal also would make it a crime for adults to lie about their age in pursuit of sex with a minor.

"Just as we protect kids in physical neighborhoods, we have to protect them in online communities," said Sen. Charles E. Schumer (D-N.Y), a sponsor along with Sen. John McCain (R-Ariz.). House legislation was introduced by four lawmakers, including Earl Pomeroy (D-N.D.), who helped create a new online database of convicted sex offenders last year.

Named in memory of Adam Walsh, the son of "America's Most Wanted" host John Walsh, and other victims, that legislation easily passed Congress and was signed by President Bush in July.

Backers predicted the new proposal, called the Keeping the Internet Devoid of Sexual Predators Act, would receive similar support, although the Electronic Frontier Foundation has expressed privacy concerns.

MySpace.com, the most-visited social networking site, endorsed the legislation and already is using data from the existing registry to try to identify sexual predators, said Chief Security Officer Hemanshu Nigam. Concerns about child safety have dogged MySpace and its parent, Fox Interactive Media.

"Our laws need to change with the times," said Nigam, a former federal prosecutor hired last year. "We can no longer unwittingly provide an advantage to predators online."

Facebook.com, another popular social networking site, also backs the bill.

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The bill would require convicted sex offenders to register any e-mail address or instant messaging handle with the National Sex Offender Registry. Failure to comply would result in a maximum 10-year prison term and constitute a parole violation that would send any released felon on supervised release back to prison.

The information would not be released to the public, but would be provided by the Justice Department to commercial social networking sites. Although sites would not be required to use the database, Pomeroy said they would be risking civil liability if they did not.

In addition, the legislation would make it a federal crime, with a maximum 20-year prison sentence, for Internet users to misrepresent their ages in order to engage in or facilitate sexual conduct with a minor.

Sponsors admit the law would not be foolproof and that convicted sex offenders simply could create new e-mail addresses. But the stiff penalties would lead many to comply, just as they do with their physical addresses, the lawmakers said.

"Maybe you can't force them off the Internet, maybe you can't force them to change their ways," said Rep. Anthony Weiner (D-N.Y.). "But you increase the penalty and increase the way we track their movements as best we possibly can."

jim.puzzanghera@latimes.com

CIVIL RIGHTS:

Noxubee Official: Races Divided (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 31, 2007

Trial into alleged voting bias continues today

Black and white residents in Noxubee County are as divided as they were 35 years ago, one black county leader testified Tuesday.

In the small, majority-black county in east Mississippi, racial division has been the norm, said Noxubee County Election Commission Chairman John Bankhead.

"We don't need to be split; we need to come together," Bankhead said. "This will put them (race relations) back 10 years before they can come together again."

In the first lawsuit of its kind in the United States, the U.S. Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters.

The three-week trial in U.S. District Court is expected to conclude by the end of this week.

The defense began putting on its case Monday, with Bankhead as one of the witnesses.

Bankhead said that when integration began, white residents pulled their children out of public school in the county. He said he has both white friends and black friends but there is little socialization of the races today.

The Election Commission is a defendant in the federal lawsuit, but the Justice Department has alleged few or no overt acts by the commission to discriminate against white voters.

The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters.

Bankhead served as head of the Noxubee Democratic Executive Committee before Brown.

"When I was chairperson, there was no discrimination against anyone," Bankhead said.

Shuqualak Mayor Velma Jenkins testified Tuesday that she had served as a poll worker in Democratic primaries while Brown was executive committee chairman.

"He has never asked me to do anything to violate the law," Jenkins said.

Most of the complaints from the Justice Department revolve around county elections in 2003.

On cross-examination by a Justice Department attorney, Jenkins said she didn't see any white poll workers for Democratic races and didn't see any black poll workers for Republican races during the Aug. 5, 2003, primary elections.

At one point during Jenkins' cross-examination, Wil Colom, attorney for Brown and the executive committee, accused the government of badgering defense witnesses about the race of people working polls.

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"I have refrained from asking white witnesses about them sending their kids out of the county to school because I knew it would make things worse in Noxubee County," Colom said.

Justice Department attorney Christopher Coates immediately objected, saying Colom was threatening there could be violence in the county as a result of the suit.

U.S. District Judge Tom S. Lee urged the parties not to make inflammatory statements.

Lawsuit Accuses Black Officials Of Violating Whites' Voting Rights (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 31, 2007

A federal court trial is expected to end this week in a Justice Department lawsuit seeking an end to "relentless voting-related discrimination" by black political leaders in a rural Mississippi county -- the first suit brought under the Voting Rights Act of 1965 that accuses blacks of suppressing the rights of whites.

The lawsuit targets Ike Brown, longtime political boss of Noxubee County, Miss., who serves as chairman of the Democratic Executive Committee and superintendent of Democratic primary elections, and Carl Mickens, circuit clerk for Noxubee County and superintendent of non-primary elections.

The two black officials are charged with engaging in a "pattern of discriminatory action" over a period of several years that resulted in the denial of the rights of white citizens of Noxubee County to "participate in the political process and to elect candidates of their choice."

The non-jury trial, which is scheduled to conclude later this week and go to U.S. District Judge Tom S. Lee, has pitted the county's black-controlled political power structure against government prosecutors, who have accused Mr. Brown and his backers of seeking to rig elections to guarantee that white candidates lost.

Defense attorneys in the case began calling witnesses this week, hoping to counter government accusations that Mr. Brown was "the puppet master" of a far-ranging conspiracy to violate the voting rights of whites.

Mr. Brown's attorney, Wil Colom, told the Commercial Dispatch that the Justice Department in three weeks of testimony had presented only scant evidence that his client was biased against whites as he oversaw Noxubee County elections during his six-year tenure as Democratic Party chief.

"They can't find a racist statement Ike Brown has made since he became chairman," Mr. Colom said.

A defense witness, James Bridges, one of eight black Noxubee County precinct workers called to testify, yesterday told the judge, "We're in charge of the [poll] tables. Nobody else dictates," the newspaper said.

The lawsuit was filed in February 2005 in the wake of a two-year Justice Department investigation into suspected voting irregularities in Noxubee County. The department is seeking a preliminary and permanent injunction to prevent any discrimination against voters based on race.

Noxubee County is located about 100 miles northeast of Jackson, the state capital, on the Alabama border. Its 12,548 residents are 69 percent black and 29 percent white, according to the U.S. Census Bureau. The lawsuit said "racially-polarized" discrimination in the county affected 2,826 white persons of voting age.

Mr. Brown and Mr. Mickens have denied government's accusations they conspired against white voters and candidates, saying whites lose in local elections because they are in the minority.

"Voting is racially polarized in Noxubee County," Richard Engstrom, a voting-rights specialist hired by Mr. Brown to rebut the Justice Department's arguments, said in a report to the court. "Whites voters clearly prefer white candidates over African-American candidates, and they frequently are on the losing end of the elections because their candidate preferences are not shared by the African-American voters."

But the Justice department lawsuit said:

•White voters and candidates, along with those who supported them, experienced "relentless voting-related racial discrimination" at the direction of Mr. Brown, Mr. Mickens and others acting in concert with them.

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•Mr. Brown recruited and qualified black candidates from outside Noxubee County to run against white candidates he knew "did not qualify under state residency laws" and excluded whites from participating in Democratic Executive Committee meetings and caucuses.

•Mr. Mickens manipulated and permitted Mr. Brown to tamper with voter registration polls "in an unlawful manner" by moving voters from one district to another to affect racial percentages "in an attempt to alter the outcome in certain black-on-white elections."

•Mr. Brown attempted to prohibit white voters from voting in Democratic primaries even though they were legally entitled to do so, criticized black citizens for supporting white candidates or forming biracial coalitions, illegally rejected the absentee ballots of white voters, and failed to provide white candidates with information about absentee ballots.

•Mr. Brown and Mr. Mickens discriminated against whites in the selection of persons to work as poll managers and workers, discriminated against whites by not allowing them and their supporters to observe the disposition of challenges to absentee ballots, and allowed blacks who were not residents of Noxubee County to vote in county elections.

•Mr. Mickens treated voters in a "hostile and intimidating manner" after they went to the courthouse to vote absentee ballots, instructing them "in a coercive manner" to vote for candidates he preferred rather than those preferred by the voters.

Attorneys for the Democratic Executive Committee, Mr. Brown and the Noxubee County Election Commission asked last week for the case to be dismissed after the government rested on Monday. Judge Lee denied the request.

Mr. Brown, a former tax preparer who served 21 months in prison in the 1990s on a felony conviction of preparing fraudulent federal income-tax returns, also has denied Justice Department accusations he used racial slurs to alienate blacks who supported white candidates, published the names of white voters to intimidate them, and illegally labeled white voters' absentee ballots so they would be rejected by election officials.

Can Blacks Discriminate Against White Voting Rights? (JCL)

Jackson (MS) Clarion-Ledger, January 31, 2007

A trip to any public library that offers a history book can establish that for more than a century, the white power structure in Mississippi found innumerable methods to discriminate against black voters.

That discrimination took the form of acts as raw and blunt as murder, terrorism, beatings, threats and economic sanctions. It also was as oblique and infuriating as poll taxes and literacy tests that required the voter to successfully ascertain the number of bubbles on a bar of soap.

In 1875, the so-called "First Mississippi Plan" to discriminate against black voters was an open campaign of murder, violence, terror and fraud perpetrated in most cases by undisguised whites against the state's black registered voters.

By 1890, the "Second Mississippi Plan" took up where the first one left off. This time, white voter discrimination against blacks was written into the law in the 1890 Mississippi Constitution and state laws.

Vestiges of those "Jim Crow" laws were routinely practiced in Mississippi well into my childhood in the 1960s and visible in segregated rest rooms, drinking fountains and even hospital and clinic waiting rooms.

In some sections of Mississippi, the murder, violence, terror and fraud continued into and past the 1960s in Mississippi, as well. By then, the perpetrators of the violence hid behind sheets or under cover of darkness.

Against the backdrop of Mississippi's history of white voter discrimination against blacks, does one even dare ask the question: "Can blacks discriminate against white voting rights in Mississippi?"

It's a valid question and the answer is obvious.

The "First Mississippi Plan" - brute violence and oppression - was made expressly illegal in 1964. The Civil Rights Act of 1964 outlawed discrimination based on race, color, religion, sex or national origin.

The "Second Mississippi Plan" - voter discrimination written into the law - was expressly outlawed a year later. The Voting Rights Act of 1965 held that "no voting qualification or prerequisite to voting, or standard, practice, or procedure shall be imposed or applied by any state or political subdivision to deny or abridge the right of any citizen of the United States to vote on account of race or color."

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Neither of those laws declared that civil rights or voting rights were sacred for African Americans exclusively. Therefore, black citizens can under the right circumstances without question discriminate against white citizens' voting rights.

The Voting Rights Act has been used dozens, perhaps hundreds of times to protect the voting rights of black Mississippians against discrimination from whites. But in the federal courthouse in Jackson this month, U.S. District Judge Tom S. Lee has been presiding over the first case in history in which the federal government has accused black Mississippi election officials of violating the Voting Rights Act by discriminating against white voters in Noxubee County.

U.S. Justice Department attorneys have been trying to convince Lee that black Noxubee County Democratic Party leaders now in power have systematically denied the voting rights of white voters.

The feds are alleging that Noxubee County Democratic Party Chairman Ike Brown and his loyalists have rigged the voting process against white voters by manipulating voter rolls, making threats to ban some whites from voting and miscounting ballots to ensure white candidates lost and other discriminatory acts.

Brown has denied all allegations, accusing the white minority in Noxubee County of sour grapes after years of white discrimination against black voters there.

There is no jury. Lee will decide this historic case. The nation will watch the outcome. But if the government proves voter discrimination by Brown, the outcome of the case shouldn't be in doubt.

Discrimination is discrimination - and it's wrong in whatever color it comes. That's the law.

FBI To Interview Student In Greenwood School Confrontation (AP)

By Holbrook Mohr

AP, January 31, 2007

JACKSON, Miss. - The FBI wants to interview a high school student involved in a confrontation with a police officer who twice pulled his gun in front of dozens of pupils at Greenwood High School last month, the bureau confirmed Tuesday.

Carlos Moore of Grenada, the attorney for 18-year-old James Marshall, issued a news release saying the FBI is "launching a preliminary investigation into whether Officer Casey Wiggins of the Greenwood Police Department violated Marshall's civil rights in violation of federal criminal law."

However, Deborah Madden, spokeswoman for the FBI in Mississippi, told The Associated Press there is no investigation at this point.

"In order to determine whether grounds exist to open a preliminary investigation, a request was made to Mr. Moore that the FBI be allowed to interview Mr. Marshall," Madden said.

Moore did not immediately respond to a message left Tuesday at his office.

Moore already has filed a $2 million lawsuit seeking damages from Wiggins, Greenwood High School, the police department and others. He also filed a federal criminal complaint with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and of making a false arrest under the color of law.

Moore claims race played a factor in the Dec. 6 confrontation that was captured by school surveillance cameras.

The video tapes show a brief scuffle in which the white officer, who was working a security detail at the school, pointed his weapon at an unarmed Marshall, who is black. The officer also appears to put the teen in a choke hold.

The security tapes are the basis of the case. Marshall says they show excessive force. Wiggins and his attorney claim the officer was using necessary tactics to subdue a resisting Marshall.

Marshall has not been charged with a crime, and was released soon after other officers viewed the tapes, Moore has said.

Wiggins' attorney has said his client will be vindicated. Wiggins still is on the police force but no longer works in the school.

Moore has also questioned why Wiggins, who is not certified by the state, was allowed to work in the school.

Robert Davis, director of Law Enforcement Standards and Training for the Department of Public Safety, has said Wiggins should have been under the direct supervision of a certified police officer. In Mississippi, police officers can serve for up to two years as trainees before they get their state certification.

There were no other police officers visible in the video of the scuffle.

Ex-jailers' Sentences On Hold Until After Teel Trial (BSH)

DOJ_NMG_0124738

By Robin Fitzgerald

Biloxi Sun Herald, January 31, 2007

GULFPORT - Former corrections officers who have agreed to plea bargains in an inmate-abuse investigation won't be sentenced until after the trial of Ryan Michael Teel on May 28.

Morgan Lee Thompson, one of five former Harrison County jailers to plead guilty in the federal criminal case, was set for sentencing Tuesday. He and the others won't be sentenced until after Teel's charges are resolved, court orders show.

Nearly a year has passed since the fatal beating that prompted scrutiny of complaints of unnecessary, excessive use of force against inmates at the Harrison County jail. Teel's charges accuse him of attempting to kill Jessie Lee Williams Jr., a 40-year-old inmate beaten Feb. 4, 2006. Williams died when taken off life-support two days later.

It remains unclear if others will be charged in the exposé of jailers who conspired to deprive rights under color of law and covered up the illegal acts.

U.S. Attorney Dunn Lampton on Tuesday said he couldn't give a time frame for the investigation's end.

"The investigation will continue until every avenue and every lead is exhausted," Lampton said. "It's going to be thorough. I'm hopeful we're getting to the end of it and I think we are."

Lampton said he can't discuss details because of Teel's pending trial and the ongoing investigation.

"At the proper time, I will release a detailed report," Lampton said, "but under the circumstances, mainly because of Teel's charges, I'm somewhat limited in what I can say."

Teel, 29, remains in custody at an undisclosed location. The detention order signed after his arrest Aug. 28, 2006, says he is considered a serious flight risk and a possible endangerment to "the safety of another person or the community."

Jim Davis, Teel's lead defense attorney, confirmed his recent meeting with the U.S. Justice Department's death-penalty panel in Washington. The government has until Feb. 16 to announce whether it will seek the death penalty.

If not, Teel faces a life prison sentence plus 20 years if convicted on both counts. He has pleaded not guilty.

Guilty pleas by Regina Lynn Rhodes, 29, and Morgan Thompson, 29, include admission of their roles in Williams' beating and confirmation of a pattern of jailhouse abuse against hundreds of inmates.

Evidence behind the guilty pleas shows the abuse began sometime before August 2001 and continued until at least April 2006, according to federal trial attorney John Richmond. The other pleas came from Dedri Yulon Caldwell, 45, Thomas Preston Wills, 25, and William Jeffery Priest, 34.

Rhodes faces a maximum sentence of 13 years. The others face up to 10 years. They're likely to receive leniency for becoming government witnesses. All five remain free on unsecured bonds of $25,000. An unsecured bond doesn't have to be paid unless a defendant fails to appear in court.

Seattle Violated Constitutional Rights Of 1999 World Trade Organization Protesters, Jury Says (FINDLAW/AP)

AP, January 31, 2007

(AP) - SEATTLE-A federal jury found Tuesday that the city of Seattle violated the constitutional rights of 200 protesters who were arrested during a demonstration during the World Trade Organization meeting in 1999.

The jury found the city liable for violating the protesters' constitutional rights against unreasonable search and seizure, but did not find a violation against their free speech rights.

U.S. District Judge Marsha Pechman had already ruled that police had made the arrests without probable cause.

Attorneys for the city said they plan to appeal the decision.

The week of the arrests, about 50,000 protesters swarmed Seattle, overwhelming police and closing down the meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers.

The area became known as the "no-protest zone," even though shoppers, residents and others allowed in the zone were not exempted from protesting.

The group of demonstrators were arrested when they marched within the zone, where they sat down, chanted and sang.

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Chief Denies Police Were Told To Retreat (WT)

By S.a. Miller

The Washington Times, January 31, 2007

U.S. Capitol Police Chief Phillip Morse met privately yesterday with a senator and denied that he ordered officers not to arrest war protesters who painted slogans on the sidewalk near the Capitol.

Chief Morse conceded shortcomings in the police response Saturday at the protest against the Iraq war, however, and vowed to revise plans for managing demonstrations, Sen. Wayne Allard said after meeting with the chief.

"There was no order to retreat [or] not arrest anybody," said Mr. Allard, Colorado Republican. "He had ordered them that if they saw anybody breaking the law, they were to arrest them. ... They did not see them paint the graffiti."

The chief's pledge to review department policy follows public complaints that protesters painted anarchist symbols and slogans on the Capitol sidewalk Saturday right in front of Capitol Police officers.

The graffiti included the phrases "all cops are pigs" and "you can't stop us," officers said.

Sgt. Kimberly Schneider, a department spokeswoman, said a band of protesters splintered from the tens of thousands on the Mall, mixed with visitors exiting the Capitol and in the confusion spray-painted the sidewalk.

However, some officers said the order for "hands off" protesters came from House Speaker Nancy Pelosi, California Democrat.

"The word going around is that [the order] came from Pelosi's office," an officer told The Washington Times. "The order was not to interfere with the protesters."

Pelosi spokesman Drew Hammill said the speaker, who was in Afghanistan on Saturday, had not communicated with police about the demonstration. "No one from our office had any contact with police about response to [protesters]," he said.

He suggested conservative groups were spreading the story about Mrs. Pelosi's involvement.

Capitol Police officials could not verify whether any orders originated from the speaker's office.

"There are a lot of rumors going around, and I can't confirm that," Sgt. Schneider said. "There was a set of decisions that were made at the time, based on the circumstances."

Those decisions were made by "law-enforcement officers on the scene," she said.

She also said officers discovered the graffiti after a crowd cleared from the west entrance to the building.

A police union leader contradicted the official account of events.

"The officers, who did their job both professionally and courageously, were ordered to withdraw by their officials and let the demonstrators have the area where the graffiti was later discovered," Andy Maybo, chairman of the U.S. Capitol Police Fraternal Order of Police, told members in an e-mail, a copy of which was obtained by The Times.

"We, as officers, take our duties and responsibilities very seriously and are disappointed that no arrests were made," he said. "But we must follow the orders of our officials even when we may disagree with such orders. We are just thankful that no one was injured."

Mr. Allard said that he was satisfied with Chief Morse's explanation that the officers did not see vandals writing on the sidewalk.

"From what I can tell, they worked in a responsible way," he said.

Leaders of the demonstrations, including peace activist Cindy Sheehan, say Democrats owe their election gains to the anti-war movement and now must bow to demands to end the Iraq war. And Democrats have shown tolerance of such protests since taking control of Congress earlier this month.

At a hearing yesterday into whether Congress has the authority to end the war by cutting off funding, a large group of people wearing anti-war T-shirts and buttons repeatedly shouted down senators delivering opening remarks.

One woman shouted that she wanted to know why President Bush's daughters are not being sent into battle. Later, a row of women stood and hoisted a hand-made banner calling for an end to the war.

Capitol Police were summoned, but Democrats running the hearing permitted the protesters to remain, despite the disruptions.

c Charles Hurt contributed to this report

DOJ_NMG_0124740

Prison's Hidden Threat (LAT)

The Los Angeles Times, January 31, 2007

Male inmates and their partners are at high risk of HIV infection, so Maxine Waters' bill for automatic testing is a step in the right direction.

EVERYONE KNOWS THAT male prisoners are one of the highest-risk populations for HIV/AIDS, spreading the virus not just behind bars but out in the community upon release. Yet few public officials have done anything about it. Until now.

Rep. Maxine Waters (D-Los Angeles) is about to introduce legislation to make HIV testing automatic for inmates as they enter and exit federal prisons, unless the prisoners opt out. It's a strong step in the right direction, even if we'd rather see that loophole closed.

Research shows that male prisoners are three to five times more likely to be infected with HIV than are members of the general population, yet many prisons test only when an inmate shows HIV symptoms or when body fluids have been exchanged in detectable incidents such as fights.

Because two-thirds of inmates are black or Latino men, the consequences of unprotected sex in prisons have been particularly devastating for minority communities. HIV rates have skyrocketed among young gay men and the female partners of ex-cons. As of 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States.

And it's not just the inmates and their outside partners who are at risk. In a Centers for Disease Control and Prevention study of HIV in Georgia's state prisons, many men who became infected said their partners were prison staff members

Waters is calling for HIV testing to become part of the comprehensive medical exam inmates receive upon entering prison; counseling would be provided before and after the test. The bill also would beef up HIV education for inmates and confidentiality training for prison staff. The Congressional Budget Office estimates that it would cost $750,000 to $2 million annually.

When announcing the bill, Waters lambasted national leaders, African Americans in particular, for their "morally reprehensible" silence on the subject of HIV/AIDS. Fear of testing and of being stigmatized shouldn't block real-world efforts to halt the spread of HIV, she warned.

Yet that's what happened last fall, when Waters first proposed the bill. The American Civil Liberties Union, gay rights advocates and some members of Congress quickly lined up against the idea of mandatory testing, arguing that HIV-positive inmates endure violence and discrimination. But deliberate and potentially life-threatening ignorance is not the solution to that problem.

Making HIV tests automatic for a high-risk, captive population is vital not just for the health of inmates and their partners but for policymakers in understanding what goes on in the nation's disgracefully dysfunctional prisons. Now if only the state of California would follow suit.

Woman Jailed After Reporting Rape (AP)

By Phil Davis, Associated Press Writer

AP, January 31, 2007

A woman who told police she had been raped was jailed for two days after officers found an old warrant accusing her of failing to pay restitution for a 2003 theft arrest.

While she was behind bars, according to the college student's attorney, a jail worker refused to give her a second dose of the morning-after contraceptive pill because of the worker's religious convictions.

The 21-year-old woman was released Monday only after attorney Vic Moore reported her plight to the local media.

"Shocked. Stunned. Outraged. I don't have words to describe it," Moore said. "She is not a victim of any one person. She is a victim of the system. There's just got to be some humanity involved when it's a victim of rape."

Moore said the woman was not allowed to take the second emergency contraceptive pill until Monday afternoon, a day late, after reporters called police and jail officials.

Tampa Police Chief Steve Hogue said the arrest led to a new policy Tuesday that tells officers not to arrest a crime victim who has suffered injury or mental trauma whenever "reasonably possible." The agency also apologized to the student.

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"Obviously, any policy that allows a sexual battery victim to spend a night in jail is a flawed policy," police spokeswoman Laura McElroy said.

The woman is not being identified by The Associated Press because she reported being the victim of a sex crime.

Tampa attorney Jennifer D'Angelo, who represents the jail worker, said Tuesday that her client is prohibited from giving inmates any medication without specific orders. The worker insists she never discussed religion with the woman who reported being raped.

"She was mortified at what was being reported in the press," said D'Angelo, who declined to identify the worker. "She's frightened for her job and she's frightened about community backlash about these allegations."

The employee, who has worked for a jail health care contractor for about six months, was placed on administrative leave, D'Angelo said.

Moore said it was too soon to say if his client would sue. Her first priority was making sure detectives find her attacker.

"She is brave," Moore said. "We are going to work with police to catch this monster."

She was in Tampa on Saturday for Gasparilla, an annual pirate-themed parade that draws thousands of people. She said she was walking alone to her car when a man pulled her behind a building and raped her, McElroy said.

She reported the rape Saturday afternoon, and officers took her to a rape crisis center where she was given the first of two doses of the morning-after pill, McElroy said. The second dose is supposed to be taken within 24 hours.

Later, as she was riding in a patrol car trying to locate the crime scene in the dark, police found the warrant stemming from a 2003 juvenile arrest for grand theft and burglary. It said she owed $4,585.

"They stopped the investigation right there," and put her in handcuffs, Moore said.

Authorities arranged a special bond hearing Monday. "When the chief's office learned we had a rape victim in jail, we began working very aggressively to get her out," McElroy said.

Jennifer Dritt, executive director of the Florida Council Against Sexual Violence, wanted more explanation from the jail, saying the woman's arrest "makes people think law enforcement doesn't have a victim-centered approach."

Moore said his client believes she paid the fine for what he described as a childish mistake. He didn't have details of that arrest, but the woman has no criminal history as an adult, according to the Florida Department of Law Enforcement.

The sheriff's office, which runs the jail, said in a statement Tuesday that it is investigating the complaint and declined to comment further.

ANTITRUST:

Wall Street Firms Bank On Independent Delta (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 31, 2007

With a decision on US Airways' $10 billion takeover bid looming, Delta Air Lines is trotting out some heavyweight support for its drive to stay independent.

The Atlanta airline announced Tuesday that it had arranged for $2.5 billion in exit financing to fuel its plan to emerge from Chapter 11 proceedings on its own this spring. Such financing is an expected but critical step in any Chapter 11 reorganization.

The news was well-timed for those rooting for Delta to fend off the US Airways merger proposal, which carries a Thursday deadline for a response from Delta's official creditors committee. The committee usually meets on Wednesdays and could announce a position on the merger as soon as today.

Delta said its financial backing comes from six powerhouse Wall Street firms, inluding Goldman Sachs and Merrill Lynch, and represents an endorsement of its independent reorganization.

"We appreciate the confidence the financial markets are showing by making this commitment in support of Delta's standalone plan," Delta Chief Financial Officer Ed Bastian said in a statement.

Delta's press release included endorsements of Delta's exit plan from all six of the firms.

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"UBS is excited to be involved in Delta's exit financing and helping Delta emerge on a standalone basis," the Swiss investment bank said in a statement.

"That little wrinkle is unusual," said Jack Williams, a bankruptcy expert at Georgia State University. He said lenders often express support for their client companies, but not in such detail.

But given the hostile takeover bid, added Williams, "it's not surprising that you'd see some public posturing."

Delta management — aided by employee and retiree groups — has vigorously fought US Airways' stock-and-cash offer to merge with Delta and adopt the Delta name. However, the creditors committee could force the airline to move into serious merger talks if it concludes the proposal offers better returns on claims than Delta's standalone plan. The committee represents the biggest suppliers, banks and other groups owed money by Delta.

A hearing on the next step in Delta's standalone restructuring plan is set for Feb. 7 in bankruptcy court in New York. US Airways wants the creditors committee to signal support for continued merger talks by, among other things, seeking a delay in that hearing.

US Airways Chief Executive Doug Parker told CNBC on Tuesday that he has not gotten a response from Delta's creditors since his airline sweetened its bid earlier this month. He said he's not interested in pursuing Delta beyond Thursday's deadline without creditors' support.

A spokesman for US Airways, Phil Gee, called Delta's exit financing announcement "no surprise."

"It doesn't really mean anything," Gee said.

But analysts say Tempe, Ariz.-based US Airways' bid seems to have lost momentum in the last week or two as Delta rallied support among employees, politicians, communities and industry groups worried about job losses and higher fares. Those issues might work against Justice Department approval of a merger — another factor creditors have to weigh as part of their calculations of a merger's viability.

"I think it's all over," veteran airline analyst Ray Neidl of Calyon Securities said Tuesday of US Airways' run at Delta.

Unlike some other bankrupt airlines trying to get out of Chapter 11 in recent years, Delta's ability to round up financial backers was not thought to be in doubt. While Delta and some other carriers are still dipping into the red in some quarters and struggling with fuel costs, industry conditions are much improved.

"It's a different environment now," said Neidl. "Airlines are in favor now."

Delta plans to use most of the money to pay off earlier, so-called "debtor-in-possession" loans from GE Capital and American Express, which total $2.1 billion.

Getting such financing is "potentially a very difficult hurdle," noted Walter Curchack, a New York bankruptcy attorney who was involved in Pan Am's Chapter 11 case. He said Pan Am died in 1991 when Delta, after buying certain assets from the beleaguered carrier, pullled the plug on a deal to provide exit financing.

"Delta backed out and the rest was history," he said.

But Curchack said the exit financing package announced Tuesday indicates many Delta creditors and lenders have concluded it's safer to back Delta's standalone plan than US Airways' potentially more valuable, but also more risky, proposal.

"I think the uncertainty around the merger proposal doesn't make anyone comfortable," he said.

Delta hopes to emerge in the spring if it can win the backing of a majority of creditors, including at least two-thirds in terms of the value of their claims. It would pay off their claims with newly issued stock.

One group of creditors holding about 15 percent of Delta claims has publicly backed further exploration of a merger. Last weekend it worked to broker a $1 billion boost to the cash portion of US Airways' offer. Parker told CNBC on Tuesday that his airline is "willing to have discussions" about the offer but has put no sweetened offer on the table.

But even if Delta fends off US Airways, it could still face a rough time rounding up enough creditors' votes and getting its plan confirmed at a hearing currently set for April 25, Curchack said.

"There's still lots of things that can go wrong," he said.

Some key upcoming dates

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• Thursday: US Airways' deadline for Delta creditors to indicate interest in merger proposal. If creditors say no, US Airways says the offer will die. If the creditors agree to certain steps, management could be forced to open merger talks and federal regulators would be asked to review any deal.

• Feb. 7: Bankruptcy court hearing on Delta's request for permission to start gathering creditor backing for its standalone reorganization plan.

• March 20:* Delta's deadline to file additional details, including executive compensation.

• April 9: Deadline for Delta to win backing from a majority of creditors — and at least two-thirds in terms of the value of claims — for its reorganization plan.

• April 25: Judge to rule on reorganization plan.

• Shortly after: If judge approves of reorganization plan, Delta would pay off lenders, issue new stock to creditors and exit Chapter 11. Current stock would be eliminated.

* Approximate date, based on company plans

US Airways May Be Ready To Abandon Offer For Delta (USAT)

By Marilyn Adams

USA Today, January 31, 2007

Showing frustration, US Airways CEO Douglas Parker said Tuesday that his company will drop its bid for Delta Air Lines on Thursday if bankruptcy creditors don't signal support for the $10 billion offer.

Delta's creditors "know exactly what they have to do," Parker said in a conference call on quarterly earnings. "If this (creditors) committee is not willing to do what it should do for investors … we're not willing to pursue this transaction anymore."

Although Parker had earlier placed a Feb. 1 deadline on his offer, his comments suggested for the first time that US Airways may be poised to walk away from the deal it proposed in mid-November and sweetened earlier this month.

Parker's comments followed days of frantic maneuvering by people on all sides of the controversial bid. US Airways' cash-and-stock offer for Delta, which has been in Chapter 11 reorganization since September 2005, has been rejected by Delta's management. Delta has lobbied its creditors to accept Delta's own plan to emerge as a stand-alone carrier. A merger would create the country's biggest domestic carrier.

Parker sweetened the offer for Delta by 20% three weeks ago, and the court-approved committee representing Delta's creditors hasn't responded. The committee could act today. Parker wants the creditors to force Atlanta-based Delta to open its books and postpone a bankruptcy court hearing scheduled for next Wednesday on Delta's stand-alone plan.

Delta on Tuesday announced it has landed $2.5 billion in bankruptcy exit financing from JPMorgan, Goldman Sachs, Merrill Lynch, Lehman Bros., UBS and Barclays Capital. Delta hopes to exit bankruptcy in the spring. The loan would be used to repay the $2.1 billion Delta borrowed from American Express and GE Capital when it filed for Chapter 11.

Delta CFO Edward Bastian said the number of A-list lenders shows support on Wall Street for an independent Delta. Delta says it would be worth as much as $12 billion as an independent company.

To win support for its own plan, Delta has told creditors it would not rule out a future merger with another airline and would forgo establishing a "poison pill," a mechanism that would allow directors to block future takeovers. To be approved, Delta's stand-alone plan must win support from creditors representing two-thirds of total claims.

Parker said his airline has become the nation's most-profitable network carrier. For 2006, US Airways posted a $303 million profit, or $3.32 a share. For the last quarter, including special items, it reported a profit of $12 million, or 13 cents a share. That compares with a loss of $261 million, or $3.27 a share, a year ago.

Firms Go Private In Search Of Deeper Pockets (WP)

By David Cho

The Washington Post, January 31, 2007

The world may be eating more doughnuts now that Jon Luther's firm, Dunkin' Brands, has joined the most prominent trend on Wall Street these days: going private.

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Since three private-equity firms bought out the Dunkin' Donuts parent for $2.4 billion in 2005, Luther has doubled store growth, retooled his executives' pay and opened his first branches in Asia. And he did it behind a veil of privacy, away from the glare of analysts and federal regulators.

All of this was made possible by the deep pockets of private-equity firms. "These are not barbarians at the gate," Luther said. "They are more partners than owners."

Not since junk bonds has an alternative form of investment risen to prominence as quickly as private equity, an obscure world where fund managers risk billions to buy and try to turn around slumping companies, and then sell them for a profit.

With unprecedented sums in their coffers, private-equity firms have the ability to buy all but the biggest companies. Among their prize catches are Toys R Us, Neiman Marcus, Hertz, Burger King, Harrah's Entertainment, Clear Channel Communications and HCA, the nation's largest hospital company.

Last year, private-equity firms spent a record $540 billion to acquire companies in virtually every sector, up from $59 billion three years ago, and in the process have been dramatically changing the cast of powerbrokers on Wall Street. Although average investors can benefit from the run-up in stock prices during one of these buyouts, the trend has concentrated control of major swaths of U.S. industry in the hands of a few wealthy groups that do not have to reveal much about their operations.

This year began with the biggest proposed private buyout on record -- for Equity Office Properties Trust, the nation's largest office landlord. Blackstone Group last week put forth a $38.3 billion buyout offer, which would include the assumption of Equity Office's $16 billion debt. That bested a $38 billion bid earlier this month by a group of real estate investors led by Vornado Realty Trust. Today is the deadline for that group to make a counter bid.

The surge in private deals is raising concerns in Washington. The Justice Department is looking into whether some of these buyouts are anti-competitive. Last week, the Federal Trade Commission ordered District-based Carlyle Group, the nation's largest private-equity firm, to give up management control and its board seats at Magellan Midstream because Carlyle is part of the group buying oil pipeline operator Kinder Morgan for $22 billion. The two energy-distribution companies dominate the same 11 markets across the Southeast United States.

Unlike the late 1990s, when founders of Internet start-ups dreamed of seeing their ticker symbol stream across public exchanges, going private is suddenly in vogue.

The success of private equity has drawn the affluent and powerful, including former president George H.W. Bush, former Massachusetts governor Mitt Romney and U2's Bono, as well as such corporate luminaries as Jack Welch, the retired head of General Electric, and the former chief executives of Wells Fargo, IBM and Procter & Gamble.

"Today there isn't a public board out there that hasn't talked once about private equity, whereas five years ago it may have been the exception," said Jordan Hitch, managing director at private-equity shop Bain Capital. "The sexiness of being public has been diluted."

Private-equity firms usually accept money from only super-wealthy investors and huge institutions like pension funds. As massive private funds formed over the past few years and returned about 25 percent annually -- with top performers getting 40 percent or higher -- nearly all major pensions reallocated their holdings, pouring billions into the sector despite the higher risks. These pensions now are tied to how private equity navigates the economy, said Colin Blaydon, director of the Center for Private Equity and Entrepreneurship.

Private equity "is seen by pension funds as their best hope," Blaydon said. It will have a huge impact on "the average worker -- teachers, firemen, the guys on the assembly line. . . . It is a big part of their retirement benefit."

But this murky world is not easy to grasp and can be risky. The deals are complex in how debt and financial tools are used to acquire firms. Also, private companies do not have to submit financial statements to the Securities and Exchange Commission or hold public conference calls with analysts.

Yet private equity's imprint on Wall Street is unmistakable. When recent rumors emerged of a possible deal for Home Depot, the company's stock rose while the price of its corporate bonds dropped -- a sign that both stock and bond holders thought a private buyout was possible, despite the company's market capitalization of $87 billion, said Michael Dahood, a fixed-income analyst at Sterne, Agee & Leach Group.

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Analysts say even bigger buyouts than the one proposed for Equity Office could happen this year since private-equity firms often team up to buy companies. Private buyouts drove the volume of mergers and acquisitions to a near record last year, accounting for 30 percent of announced deals, according to Bloomberg Financial. In the 1980s and '90s, that figure had been between 3 and 5 percent.

"If one firm is capable of taking down a $30 billion firm, where is the ceiling for what two or three or four private-equity firms could do [together]?" said Robert Keiser, vice president of proprietary research at Thomson Financial.

Some analysts are concerned that this trend -- like the dot-com era of the late 1990s -- is a bubble that will burst during a downturn when the money for acquisitions becomes harder to borrow. They add that it is hard to track what many of these firms are doing.

"When a credit downturn occurs, there's the potential here for quite high default rates and large losses for debt holders," said Ken Emery of Moody's Investor Service.

For their part, chief executives say going private can be a boon to business. Burlington Coat Factory Warehouse agreed to a private buyout last year after 34 years as a family-owned business. The stock had been languishing when Bain Capital bought the firm for $2.1 billion. Since then, said chief executive Mark Nesci, the firm has invested in new technology and customer research -- expenditures that may pay off down the road but could adversely affect earnings the next quarter.

"As a private company, if the results take a little longer to produce than expected, we don't get crucified," Nesci said.

Chief executives typically restructure executive compensation after a private buyout to align performance and pay. Luther of Dunkin' Brands, for one, insisted that all of his officers invest in the business.

This does not mean pay is lower in the private sector. Millard "Mickey" Drexler, whom private-equity shop Texas Pacific Group hired to run J. Crew, earned a modest $200,000 salary. But he was allowed to invest his own money and held a 12 percent stake when the retailer was spun back to the public market in what was one of the most successful initial public offerings of 2006. The value of his shares is estimated at $194 million.

Private-equity firms make money by charging pensions and other investors about a 2 percent fee each year, meaning a $1 billion fund would produce $20 million for the fund managers. They aim to sell these companies in about three to five years, typically reaping 20 percent of the gain, with the rest going to investors. In some cases, the pressure to sell has created a slash-and-burn attitude. The billionaire investor Warren Buffett decried this aspect of private equity and criticized the firms for bilking investors with high fees.

Private-equity firms acquire companies through leveraged buyouts. In general, firms have two sources of cash for operations, debt and equity. Private-equity buyouts aim to load companies up with lots of debt.

The concept is akin to buying a house with a small down payment. If a buyer purchases a $100,000 home with $10,000 in cash and a $90,000 mortgage loan, that person would enjoy a bigger percentage gain if the house rises in value than someone who buys it outright. The downside, of course, is the risk of taking on so much debt -- a homeowner may not be able to make the mortgage payments. The buyer also could lose the down payment if the value of the property falls.

In recent years, borrowing massive sums has become easier, with more favorable terms offered to borrowers. This cheap credit has been the primary driver behind the surge in leveraged buyouts.

Many industry buffs say this party won't last forever. Even Blackstone Group co-founder Steve Schwarzman said last week that he expects returns from private-equity firms like his to decline as the business cycle turns.

Others say that even if returns decline, companies in the long run would be strengthened by the turnaround efforts of private-equity firms.

"Money has become a commodity," said Daniel D'Aniello, co-founder of Carlyle Group. "It's what you add on the shop-room floor that will make the real difference."

U.S Senate To Look Into Mergers In Pharmacy Benefit Industry (BLOOM)

By Rob Waters

Bloomberg, January 31, 2007

DOJ_NMG_0124746

Jan. 30 (Bloomberg) -- U.S. Senator Herb Kohl, the Wisconsin Democrat who has taken over as chair of the Senate's antitrust subcommittee, said the panel will scrutinize mergers among pharmacy benefit managers.

The subcommittee will examine such transactions ``to ensure that this consolidation does not create any anti-competitive bottlenecks," according to a statement posted today on the senator's Web site.

Caremark Rx Inc., the second-largest U.S. pharmacy benefits manager, is currently the object of a bidding war between Express Scripts Inc. and CVS Corp. If Express Scripts prevails, the merged company would be larger in the pharmacy benefit management field than Medco Health Solutions Inc., now the biggest competitor in the industry.

The subcommittee will also focus on ``eliminating barriers" that might keep cheaper generic versions of name-brand drugs from getting on the market, according to the posting.

AMD Lawyer Sees Easing Of Antitrust Enforcement (MERCN)

By Therese Poletti

The San Jose Mercury News, January 31, 2007

BERKELEY - An attorney for Advanced Micro Devices, longtime foe of chip giant Intel, said Tuesday that regulators are less aggressive in going after monopolistic practices in the United States in recent years.

``Right now from a business perspective, it appears frankly that there has been a retreat from Section 2 enforcement," said Tom McCoy, executive vice president of legal affairs at AMD of Sunnyvale, referring to the part of the Sherman Act that prohibits monopolization. McCoy made his comments during a day of informational hearings held by U.S. regulators on monopolistic behavior.

McCoy was one of several technology company executives who spoke at the event, held at the University of California at Berkeley's Haas School of Business to examine whether and when specific types of single-company conduct may violate Section 2 of the Sherman Act. The hearings were informational and were meant to provide ``real-world insight" for regulators, said FTC assistant general counsel Karen Grimm.

In answer to a question from Grimm on whether the FTC and the Department of Justice are failing to challenge single-firm conduct, McCoy said he believed that Section 2 violations ``are not getting the same kind of energetic enforcement and investigation" as they have in the past. Grimm declined to comment on McCoy's response.

In June 2005, AMD sued Santa Clara-based Intel for anticompetitive practices in the United States. That suit was on the heels of an action in March 2005 by the Japanese Fair Trade Commission, which told Intel to halt the practice of requiring PC makers to limit the use of competitors' chips in exchange for monetary rebates. Intel said it would adhere to the recommendations by Japan's FTC, but said it did not agree with the agency's findings of fact.

As an example of AMD's concerns, McCoy described an instance cited in its U.S. complaint. In 2003, AMD tried to give computer maker Hewlett-Packard 1 million new processors for free, as an attempt to gain some share in the PC market.

But HP only used 140,000 of the chips, leaving 860,000 on the table, because it was afraid of retaliation from the dominant chip player Intel, AMD said.

``Customers paid more and were forcibly deprived of AMD alternatives," said McCoy.

Intel denies AMD's charges, and says its rivals claims are incorrect and contradictory.

AMD is also pursuing an antitrust case in the European Union against Intel.

In a morning panel, a Microsoft attorney discussed the general chilling effect of the company's constant review of potential antitrust concerns on its product development. He said the consequences are longer product development times, limits to product improvement and increased research and development costs.

NY Teen In Piracy Lawsuit Accuses Record Companies Of Collusion (AP)

By Jim Fitzgerald, The Associated Press

AP, January 31, 2007

WHITE PLAINS, N.Y. (AP) — A 16-year-old boy being sued for online music piracy accused the recording industry on Tuesday of violating antitrust laws, conspiring to defraud the courts and making extortionate threats.

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In papers responding to a lawsuit filed by five record companies, Robert Santangelo, who was as young as 11 when the alleged piracy occurred, denied ever disseminating music and said it's impossible to prove that he did.

Santangelo is the son of Patti Santangelo, the 42-year-old suburban mother of five who was sued by the record companies in 2005. She refused to settle, took her case public and became a heroine to supporters of Internet freedom.

The industry dropped its case against her in December but sued Robert and his sister Michelle, now 20, in federal court in White Plains. Michelle has been ordered to pay $30,750 in a default judgment because she did not respond to the lawsuit.

Robert Santangelo and his lawyer, Jordan Glass, responded at length on Tuesday, raising 32 defenses, demanding a jury trial and filing a counterclaim against the companies for allegedly damaging the boy's reputation, distracting him from school and costing him legal fees.

His defenses to the industry's lawsuit include that he never sent copyrighted music to others; that the recording companies promoted file sharing before turning against it; that average computer users were never warned that it was illegal; that the statute of limitations has passed; and that all the music claimed to have been downloaded was actually owned by his sister on store-bought CDs.

Santangelo also claims that the record companies, which have filed more than 18,000 piracy lawsuits in federal courts, "have engaged in a wide-ranging conspiracy to defraud the courts of the United States."

The papers allege that the companies, "ostensibly competitors in the recording industry, are a cartel acting collusively in violation of the antitrust laws and public policy" by bringing the piracy cases jointly and using the same agency "to make extortionate threats ... to force defendants to pay."

The Recording Industry Association of America, which has coordinated most of the lawsuits, issued a statement saying, "The record industry has suffered enormously due to piracy. That includes thousands of layoffs. We must protect our rights. Nothing in a filing full of recycled charges that have gone nowhere in the past changes that fact."

Tobacco's Stigma Aside, Wall Street Finds A Lot To Like (NYT)

By Andrew Martin

The New York Times, January 31, 2007

There are plenty of reasons cigarettes would seem to be a terrible business.

The number of American smokers usually drops about 1 or 2 percent a year. Government agencies keep adding cigarette taxes and outlawing smoking in restaurants, workplaces and even on public sidewalks. And tobacco companies continue to pay billions of dollars in legal settlements, money that is used in part to produce antismoking ads.

For all the industry's apparent troubles, however, the future of cigarettes appears to be brighter than ever.

That at least is the message investors are sending as the Altria Group — the company once known as Philip Morris and the maker of the world's most popular cigarette, Marlboro — prepares to split itself by spinning off its Kraft Foods division to shareholders and become, once again, primarily a tobacco company. Today, Louis C. Camilleri, the chief executive of Altria, is expected to set a timetable for completing the spinoff.

It is a move that Wall Street is responding to with the equivalent of a standing ovation, but it is not because Kraft Foods, the world's second-largest food company, after Nestlé, will finally shed the taint of tobacco.

Investors are glad that Altria will finally be rid of Kraft Foods, the maker of Oreo cookies, Velveeta and Tang. Since October, when the company announced its plan for the move, its shares have risen 10 percent.

"Something that is forgotten in all of this is people like to smoke," said David Adelman, an analyst at Morgan Stanley, who noted that United States tobacco stocks have beaten the Standard & Poor's 500-stock index in each of the last six years. "It's enjoyable and there's not an alternative product."

He added: "If frozen dinners get too expensive, people will try something else. That's not true with cigarettes — you are not up at night worried about that product that is going to make cigarettes obsolete."

In the five and a half years since Altria sold 280 million shares of Kraft at $31 each in an initial public offering, the stock has remained relatively unchanged, closing yesterday at $34.83. Altria owns 88.6 percent of Kraft's stock.

By contrast, shares of Altria have nearly doubled during that period, moving from $47 to yesterday's price of $87.54.

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It is a remarkable turnabout, considering that in late 2001, Philip Morris announced its plan to change its name to the Altria Group (drawn from the Latin word altus, meaning high, to suggest high performance). At the time, executives said the name change was intended to reduce the damage to the company's reputation that cigarettes were causing, reflected in the long-depressed share price at the time.

Now, it is Kraft that is seen by many investors as a hindrance to the company.

Why is Wall Street so infatuated with cigarettes? Cigarettes have certain advantages over other consumer products, not the least of which is that they are addictive. They are inexpensive to make, require almost no innovation, there is a global market for them, and cigarette makers can raise prices without seeing much of a drop in business.

On top of all that, a recent string of court decisions has convinced investors that the worst of the litigation against tobacco companies is over.

That, in turn, has allowed Altria to move forward with a revamping that begins with cutting Kraft loose and will ultimately allow Altria to use the huge amounts of cash generated by cigarettes to buy back stock or acquire other tobacco companies, particularly overseas.

"You take away Kraft out of Altria and you are left with a balance sheet that is extremely strong," said Charles Norton, portfolio manager at the Vice Fund, a mutual fund that invests in tobacco, gambling, alcohol and military contractors. Altria is the fund's biggest holding. "It's just a cash cow. The free cash flow on this business is just tremendous."

The future prospects are particularly attractive in developing countries, where smoking has not yet declined as it has in more developed parts of the world like the United States and Europe.

In China, for instance, the Philip Morris International unit of Altria signed a deal in 2005 that allows it to manufacture and sell Marlboro cigarettes to the country's 350 million smokers. There are an estimated 1.3 billion smokers worldwide.

But even in the United States, with 45 million smokers, the Philip Morris USA unit of Altria continues to generate sizable profits by raising prices. It also hopes eventually to lure consumers with new tobacco products, including a small tea-bag-like pouch that is smoke-free, spit-free and tucks into the cheek.

It says it is also working on developing cigarettes that are less harmful.

"The exciting part for me," said Bonnie Herzog, an analyst at Citigroup, "is that tobacco use today will evolve. It's unlikely that there will ever be a 100 percent safe cigarette, but we feel that a reduced-risk cigarette is on the horizon."

But some health advocates say that the diminished social acceptability of cigarettes will hurt the long-term prospects of companies like Altria.

"The industry knows that its days of successfully selling their product in this country are limited," said Dr. David A. Kessler, who called for regulating the tobacco industry as commissioner of the Food and Drug Administration in the 1990s and is now dean of the medical school at the University of California, San Francisco.

"They may be finding favor on Wall Street, but they're not finding favor in the public arena," he added. "There are fewer and fewer places that you can go and smoke in public."

Still, on Wall Street, analysts are much less enthusiastic about the future of an independent Kraft Foods — which makes a wide range of well-known food products — compared with Altria's prospects.

Kraft has struggled for several years to find its way in a rapidly changing marketplace, and Irene B. Rosenfeld, the chief executive, is expected to lay out her plans for a turnaround next month.

While many analysts say that Kraft is better off without the taint of tobacco, it still faces formidable challenges in repositioning its products at a time when consumers are less loyal to brands and more attracted to natural products, analysts said.

Investors in Altria are expected to get 0.695 share of Kraft for every share of Altria they own, said Ms. Herzog, who predicted that Altria would distribute the shares early in a 120-day period between the announcement and the distribution.

There is, however, a possibility that the distribution could be delayed by a legal challenge.

Michael D. Hausfeld, a lawyer in a pending class-action lawsuit against tobacco companies, said he might file an injunction to stop a spinoff of Kraft. The lawsuit, first filed in 2004 and known as the Schwab case after the lead plaintiff, Barbara

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Schwab, contends that cigarette manufacturers defrauded consumers by marketing light cigarettes as safer than regular cigarettes.

The idea behind seeking an injunction is that a judgment could be so enormous that Altria might need Kraft — with a market capitalization of $57.25 billion — to pay off the damages.

"Apparently at this point they have decided to spin Kraft off because they believe there's a diminishment in their legal exposure," Mr. Hausfeld said. "We disagree. If anything, the light's fraud presents the strongest legal merit claims against the industry and Philip Morris."

He estimated that a judgment in the case could be "several hundreds of billions of dollars" because 30 million to 50 million people who smoked light cigarettes made by several different tobacco companies were affected over more than 30 years. Asked to comment on Wall Street's affection for tobacco stocks, Mr. Hausfeld said: "Wall Street loves money. And cigarettes are money. You are clearly earning huge returns at the expense of people's lives."

Several analysts who track Altria have dismissed the chances of an injunction's success, and in an October conference call with investors, Mr. Camilleri, the Altria chief executive, said, "We believe that such an action would not have merit and that we would ultimately prevail."

Altria's plan to spin off Kraft is part of a long-term revamping plan that may ultimately split the domestic and international tobacco businesses into two companies because Altria thinks they would have more value as independent companies.

For example, Philip Morris International would no longer be dragged down by problems associated with smoking in the United States, like diminished demand and government intervention.

"At times, as a tobacco investor or a tobacco analyst, it seems like an unending stream of negative news," Mr. Adelman of Morgan Stanley said. "You hear about smoking bans, a new piece of legislation. You hear about criticism from the World Health Organization.

"And then lo and behold, manufacturers release their results," he said. "And they are good."

Change Of Control Or Out Of Control? (WP)

By Steven Pearlstein

The Washington Post, January 31, 2007

One thing you can count on in any merger or acquisition is that the executives who negotiate them always come out winners.

That's not the case for shareholders, who, according to academic studies, are as likely as not to see a decline in the value of their holdings. Or rank-and-file employees, some of whom inevitably lose their jobs. These deals are not even a sure win for customers, who often suffer from glitches when organizations combine operations.

But there's never any doubt about the executives. The history of mergers and acquisitions is full of deals that fell apart over the issue of which chief executive would wind up running the show. And I've yet to run across the corporate executive who doesn't emerge from a merger with a set-for-life severance payment or a pay-and-stock-option package bigger than it was before.

A case in point is the proposed purchase of Caremark Rx, the pharmacy-benefits manager, by CVS, the pharmacy chain, which was announced late last year.

Under the merger terms, Caremark's top executives, down to the level of senior vice president, are to receive change-of-control payments due under their employment contracts. The top five executives are collectively entitled to about $100 million, with more than half going to Mac Crawford, the chief executive who oversaw the CVS negotiations. Add to that at least another $10 million going to other top executives.

These change-of-control payments are now standard fare in the executive-compensation game. Their purpose is to attract highly sought individuals by offering them a measure of financial security in case they lose their jobs as a result of mergers and acquisitions. In the case of top executives, these provisions are also meant to align their personal interests with those of shareholders, so they remain open to any offer to buy the company that might involve losing their jobs.

We could have a lively debate about the size of these payments, or why comfortable executives ought to be protected from the vicissitudes of market capitalism while the working stiffs are left to fend for themselves. But the more immediate question is

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why Caremark executives are in line to get any change-of-control payments, given that the merger agreement also guarantees them generous employment contracts in the newly combined enterprise.

To be fair, not everyone is staying. Crawford agreed to step down as an executive and will serve only as chairman of the new board of directors. We also learn from the company's proxy statement that, as an indication of his commitment and confidence in the merger, the 58-year-old Crawford has agreed to reduce his change-of-control payments by at least $10 million.

For the others, however, the question remains: Why should shareholders provide millions of dollars in what amounts to severance payments to executives who aren't being severed?

Caremark officials argue these are not severance payments but "signing" bonuses designed to keep a successful management team in place. After all, under the terms of the agreement, the money will be paid only if the executives remain with the company for three years.

This sounds reasonable, until you think about it a bit. Last year, these executives were apparently willing and eager to work for Caremark for $500,000 or $750,000 a year, plus bonuses and stock options. But now that the name on the door is about to change, we are supposed to believe these same executives are available to do the same jobs only if they get a million-dollar signing bonus.

This isn't the only item that has caught the attention of shareholders. Some have criticized provisions that indemnify executives and directors from lawsuits or legal penalties that might arise from anything they did while at Caremark -- including possible backdating of stock options, which is now the subject of a federal inquiry. Questions have also been raised about the $625 million "breakup fee" Caremark will have to pay if it backs out of the deal and the offer of board seats for many of Caremark's directors.

These concerns take on greater significance now that Caremark's executives and directors have rejected a competing bid from Express Scripts valued at 13 percent above the CVS offer. Irrespective of the other issues raised by the Express Scripts offer, have the views of Caremark executives and directors been colored by the sweet terms they negotiated for themselves in the CVS deal?

That question will be explored by Delaware's chancery court, where Express Scripts and two public pension funds have filed suit to stop the merger. The judge in the case, William Chandler, will have a chance to review all particulars, including evidence of other offers Caremark spurned before it accepted the one from CVS. But the case also gives Chandler an opportunity to set some reasonable limits on the widespread use of breakup fees, indemnification clauses and change-of-control payments, all of which may be of greater value to corporate executives than to the shareholders whose interests they are supposed to represent.

ENVIRONMENT/INDIAN AFFAIRS:

Scientists: White House Pressured Us To Downplay Global Warming (USAT/AP)

USA Today, January 31, 2007

WASHINGTON — Federal scientists have been pressured to play down global warming, advocacy groups testified Tuesday at the Democrats' first investigative hearing since taking control of Congress.

The House hearing focused on allegations that the White House for years has closely controlled what scientists have been allowed to tell the public.

"It appears there may have been an orchestrated campaign to mislead the public about climate change," said Rep. Henry Waxman, D-Calif. Waxman is chairman of the Oversight and Government Reform Committee.

Two private groups produced a survey of 279 government climate scientists showing that many of them say they have been subjected to political pressure aimed at downplaying the climate threat. Their complaints ranged from a challenge to using the phrase "global warming" to preventing scientists from talking to the media.

The survey and separate interviews with scientists have "brought to light numerous ways in which U.S. federal climate science has been filtered, suppressed and manipulated," Francesca Grifo, a senior scientist at the Union of Concerned Scientists, testified. Grifo's group and the Government Accountability Project produced the report.

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Drew Shindell, a climate scientist with NASA, described how a news release on his study forecasting a significant warming in Antarctica was "repeatedly delayed, altered and watered down" at the insistence of the White House.

Administration officials were not called to testify. In the past, the White House has said it has only sought to inject balance into reports on climate change. President Bush has acknowledged concerns about global warming, but he strongly opposes mandatory caps of "greenhouse gas" emissions, arguing that such an approach would be too costly.

Waxman, White House Are At Loggerheads On Climate Papers (LAT)

By Richard Simon

Los Angeles Times, January 31, 2007

WASHINGTON -- Following through on the Democratic Party's pledge to conduct aggressive oversight, Rep. Henry A. Waxman of California headed toward a possible confrontation Tuesday with the White House over his demands for documents that could show whether the Bush administration interfered with the work of government climate scientists to downplay the dangers of global warming.

Waxman, presiding over his first hearing as chairman of the House Oversight and Government Reform Committee, did not threaten to issue subpoenas, but said he would "insist on Congress' right" to the information. Waxman and the committee's top Republican, Rep. Tom Davis of Virginia, sent a strongly worded letter to the White House Council on Environmental Quality calling on it to "reconsider the confrontational approach" and produce the documents within 10 days.

"The committee isn't trying to obtain state secrets or documents that could affect our immediate national security," said Waxman, complaining that he and Davis have been asking for the documents for six months. "We are simply seeking answers to whether the White House's political staff is inappropriately censoring impartial government scientists."

Davis added: "We have every right to understand what the science is showing and how the administration is spinning it."

A spokeswoman for the Council on Environmental Quality branded as "false" allegations that the administration has attempted to interfere with the work of climate scientists. Kristen Hellmer also said the agency has provided more than 10,000 pages of documents and would try to work with the committee.

The oversight hearing was one of the first held by the new Democratic majority in Congress. Waxman plans to hold four hearings next week on fraud, waste and abuse in government spending in Iraq and other areas.

Tuesday's hearing was prompted by reports that administration appointees, including a former oil industry lobbyist who was chief of staff at the Council on Environmental Quality, edited climate change reports or pressured scientists to tone down statements about the dangers of global warming.

The White House has opposed mandatory caps on greenhouse gases, such as carbon dioxide, blamed for global warming, contending they could prove costly to industry and harm the economy.

Waxman said that the evidence examined by his staff so far strongly suggests administration officials have attempted to "mislead the public by injecting doubt into the science of global warming."

He cited documents that were edited to add "balance" by emphasizing the "beneficial effects" of climate change, to delete a discussion of the human health and environmental effects of climate change and to remove the statement that changes "observed over the last several decades are likely mostly the result of human activities."

Appearing before the committee, Rick Piltz, a former official in the U.S. Climate Change Science Program who is now director of Climate Science Watch for the Government Accountability Project, a "whistle-blower protection" group, said he experienced first-hand the administration's "politicization of climate science."

"Administration political officials appeared increasingly to take an interest in managing the flow of communications pertaining to climate change in such a way as to minimize the perception that scientifically based communications might be seen as conflicting with the administration's political message on climate change policy," he said.

During the hearing, the Union of Concerned Scientists reported that it has found 150 government scientists who say they have experienced political interference in their work in the last five years.

Drew Shindell, a NASA scientist, told the committee that the title of a news release was changed from "Cool Antarctica may warm rapidly this century, study finds" to "Scientists predict Antarctic climate changes."

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"Not surprisingly, it generated relatively little media interest and the results have been slow to enter the wider public discussion regarding the level of scientific understanding of global warming," he said.

Davis, however, said that he hadn't seen evidence of anything other than an administration attempting to put its own political spin on research, something he said that Democratic and Republican administrations have done.

Has The White House Interfered On Global Warming Reports? (CSM)

By Peter N. Spotts

Christian Science Monitor, January 31, 2007

More than 120 scientists across seven federal agencies say they have been pressured to remove references to "climate change" and "global warming" from a range of documents, including press releases and communications with Congress. Roughly the same number say appointees altered the meaning of scientific findings on climate contained in communications related to their research.

These findings, part of a new report compiled by two watchdog groups, shed new light on complaints by a scattering of scientists over the past year who have publicly complained that Bush administration appointees have tried to mute or muzzle what researchers have to say about global warming.

"We are beyond the anecdotal," says Francesca Grifo, director of the scientific integrity program at the Union of Concerned Scientists (UCS), one of the two groups, referring to press reports of a dozen instances of interference that have emerged over the past 12 months. "We now have evidence to support the view that this problem goes deeper than just these few high-profile cases."

Global-warming science must be accurately represented to enable lawmakers to craft adequate policies to control the problem and adapt to climate change, Dr. Grifo says. Scientists at the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, and other agencies working on climate-related issues are doing excellent work. "But it's under threat, and they are struggling to get their results out" to the general public, she says.

Grifo described some of the report's findings during hearings Tuesday before the House Committee on Oversight and Government Reform and during a press briefing afterward. The two groups say they will release additional material next week, when the Senate Committee on Commerce, Science, and Transportation holds similar hearings.

On the eve of 'consensus' report

The hearings and the new report come as climate scientists from around the world have gathered in Paris to put the finishing touches on a comprehensive "state of the science" report on global warming. The volume is a "consensus" document that summarizes the past five years of peer-reviewed research on the subject and is set for release Friday.

Meanwhile, Congress is considering several pieces of legislation that would impose controls on industrial carbon-dioxide emissions – blamed for trapping heat in the atmosphere and contributing to the noticeable warming effect on the earth's climate.

The question is not so much about federal scientists' ability to publish their results in specialized journals that few but their colleagues read, the report's authors say. Instead, the trouble arises when agencies translate "journalese" into language the general public or lawmakers can grasp for use in official government reports or media releases.

The UCS is an environmental group with a longstanding interest in the politicization of science. The other watchdog group behind the report, the Government Accountability Project (GAP), supports strong protections for whistleblowers.

Their report combines a written survey the UCS gave to 1,600 scientists (of which 279 responded) with in-depth interviews GAP held with some 40 scientists and officials, such as agency press officers. GAP also pored over thousands of pages of documents gathered via the Freedom of Information Act, says Tarek Maassari, a staff attorney with the group.

Sometimes scientists and career public-affairs officers would send press releases related to global warming up the ladder for review, then never hear back. Or appointees changed the wording in ways that scientists felt distorted the results or their implications, and the researchers weren't given a chance to argue their case. One of the most blatant examples focuses on the issue of hurricanes and global warming. According to the report, in 2005, the White House stepped in to block an interview MSNBC sought with NOAA scientist Thomas Knutson, who a year earlier had published a modeling study on the potential link

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between hurricanes and global warming. The interview was to focus on new research by other scientists that suggested global warming has contributed to trends toward stronger hurricanes.

Documents GAP obtained showed that instead of approving subsequent interviews with Dr. Knutson, high-level public-affairs officers routed interview requests to NOAA scientist Chris Landsea in Miami, who argued, in part, that the quality of global hurricane data was too poor and inconsistent to draw meaningful conclusions. In another instance, reporters interested in interviewing a NOAA scientist who had coauthored a new research paper concluding that modern warming "is dominated by human influences" were sent instead to then-deputy administrator Jim Mahoney.

Details of interference

In all, 150 scientists reported a combined 435 instances of real or perceived "interference" related to global-warming research within the past five years. This has led to self-censorship, Mr. Maassari says,

During Tuesday's hearing, additional evidence came from Rick Piltz, who resigned from his position as senior associate with the administration's Climate Change Science Program (CCSP) in 2005 over what he saw as repeated instances of interference in the program's reporting process – often with pressure coming from two conservative think tanks that have spearheaded efforts to debunk global warming. One of their key contacts in the White House, he says, was the chief of staff of the president's Council on Environmental Quality, Philip Cooney, who served as an attorney and lobbyist for the American Petroleum Institute prior to joining the council.

The UCS and GAP offer what they call a model policy that they say would reduce the likelihood of political interference in communicating scientific results on climate. "We respect the idea that policy needs to be coordinated within agencies," Grifo says. "We're not talking about having scientists coming out with policy" but rather with their specific results.

The issue of climate-science politicization reemerged last year following a report in The New York Times about a NASA public affairs officer's attempt to muzzle James Hansen, a noted climate researcher at NASA's Goddard Institute for Space Studies in New York. Subsequent stories alluded to similar activities at NOAA.

This led NASA Administrator Michael Griffin and NOAA's chief, retired Vice Adm. Conrad Lautenbacher Jr., to issue strongly worded statements in support of scientific openness and the need to communicate federal science to taxpayers accurately, and without political interference. But while some NASA researchers say the climate has improved in their agency, many in NOAA say they are still waiting to see change.

It's unclear whether the hearings this week and next will lead to legislative changes to reduce political interference. Some analysts suggest that in the governmental realm, politics and science are tightly intertwined. Roger Pielke Jr., a science-policy specialist at the University of Colorado at Boulder, noted in testimony before the committee Tuesday that selecting which results to highlight with a press release is by nature a political act.

Yet even Dr. Pielke says that "the Bush admininstration has engaged in hypercontrolling strategies for controlling information" on global warming.

Adds Grifo, "It's time for the public to stand up and be angry, too. It's their knowledge, their scientists, just like Washington is their capital."

Scientists Criticize White House Stance On Climate Change Findings (NYT)

By Cornelia Dean

New York Times, January 31, 2007

Under its new Democratic chairman, Representative Henry A. Waxman of California, the House Committee on Oversight and Government Reform took on the Bush administration's handling of climate change science yesterday, and even the Republicans on the panel had little good to say about the administration's actions.

The subject of the hearing was accusations of administration interference with the work of government climate scientists. Almost to a person, Republicans on the panel introduced themselves by proclaiming their agreement that the earth's climate was warming and that the principal culprit was greenhouse gases generated by people and their machinery.

And when witnesses spoke in defense of the administration, it was often to say only that there were still some scientists who doubted that climate view or that the administration's approach was not unique.

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"Cherry-picking" science to suit policy or political goals is at least as old as the Eisenhower administration, said Roger Pielke Jr., a professor in the Environmental Studies Program at the University of Colorado. The committee itself is guilty of it, he added, pointing to a news release linking rising ocean temperatures to bigger and more frequent coastal storms, something about which there is still debate.

But the other witnesses spoke about how the administration had delayed, altered or watered down the findings of government scientists, the kind of thing they said they had not experienced in the Clinton administration.

Drew Shindell, a NASA scientist who said he was speaking as an individual, not for his agency, described research he and his colleagues did on ozone depletion and greenhouse gases over Antarctica.

Dr. Shindell said the findings helped explain recent cooling on the continent, a phenomenon cited by climate dissidents as challenging the mainstream view. And, he said, the findings suggested Antarctica might warm rapidly in the future, melting ice and sharply raising sea levels. By the time the administration had signed off on the work, he said, its importance had been played down and references to "rapid warming" had been deleted.

Another witness, Rick Piltz, said he resigned in protest in 2005 from his job with the federal Climate Change Science Program when he became convinced that the administration's goal was to "impede" the understanding of climate science among the public and even the Congress.

Part of his job, Mr. Piltz said, was to compile periodic assessments of government climate research for the Congress. "This report has essentially been made to vanish by the Bush administration," he said.

The fourth witness was Francesca Grifo, who directs the scientific integrity program of the Union of Concerned Scientists, a private group that researches environmental, arms control and other issues.

Dr. Grifo's testimony drew largely from a report produced by the Union of Concerned Scientists and the Government Accountability Project, a private group that defends whistle-blowers. The report, made public yesterday, is based on a Union of Concerned Scientists survey of federal climate scientists and interviews and document searches by the Government Accountability Project. It says it is common for scientists to be pressured to eliminate references to climate change, for their work to be changed to misrepresent their findings, and for climate-related materials to disappear from Web sites.

Almost 60 percent of the scientists who responded to the survey said they had personally experienced such an incident in the last five years, the report says, and those who said their work was most closely related to climate change experienced the most interference. (Information about the report is available at www.ucsusa.org.)

Representative Darrell Issa, Republican of California, noted that a majority of scientists queried had not responded to the survey. Dr. Grifo said she attributed that to the "chilling effect" of administration actions. Anyway, she said, scores of scientists reported problems. "That number should be zero," she said.

Bush 'distorted' Climate Change Reports (FT)

By Stephanie Kirchgaessner And Fiona Harvey

Financial Times, January 31, 2007

The Bush administration has routinely suppressed or -distorted communication of climate change science to the public, a climate specialist at Nasa's Goddard Institute said on Tuesday.

The accusation, before the chief oversight committee in the House of Representatives, was reinforced by claims by Democratic lawmakers that the White House was withholding documents proving that Philip Cooney, a former Bush administration official who now works as a lobbyist for ExxonMobil, regularly edited climate reports for political reasons.

"We know that the White House possesses documents that contain evidence of an attempt by senior administration officials to mislead the public by injecting doubt into the science of global warming and minimising the potential dangers," said Henry Waxman, the Democratic chairman of the oversight committee.

In one instance of political interference described by Drew Shindell, the Nasa specialist, a press release he drafted in 2004 about future warming in Antarctica was "repeatedly delayed, altered and watered down" by Nasa headquarters. After being told to soften the title of the proposed press release, officials altered the title of the document from "Cool Antarctica may warm rapidly this century" to "Scientists predict Antarctica climate changes".

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Rick Piltz, a former government official who co-ordinated and edited reports on climate change, said he resigned from his post in 2005 in protest against the Bush administration impeding communication on -climate science and its implications.

Mr Piltz testified that the administration systematically attempted to “bury” a “national assessment” report that had been published during the Clinton administration that analysed the consequences of climate variability on the US.

He also accused Mr Cooney of editing reports that had already been drafted and approved by scientists in a way that added an “enhanced sense of scientific uncertainty about global warming”.

ExxonMobil said on Tuesday that Mr Cooney was not giving interviews.

The testimony risks embarrassing the Bush administration ahead of the release on Friday of a landmark report on climate change science that will say there is a 90 per cent certainty that human activity is changing the world’s climate and temperatures will rise by 3 degrees Celsius by 2100. It paints the most dramatic and comprehensive picture yet of a future of heatwaves, droughts and floods.

The report from the Intergovernmental Panel on Climate Change, a scientific body convened by the United Nations, is based on research carried out over six years by more than 2,500 scientists.

The White House has been accused of attempting to weaken or change crucial wording on the state of climate science in this and previous IPCC reports, which form the basis of international climate change policy.

Panel Hears Climate 'Spin' Allegations (AP)

By H. Josef Hebert

AP, January 31, 2007

Federal scientists have been pressured by the White House to play down global warming, advocacy groups testified Tuesday at the Democrats' first investigative hearing since taking control of Congress.

The hearing focused on allegations that White House officials for years have micromanaged the government's climate programs and has closely controlled what scientists have been allowed to tell the public.

"It appears there may have been an orchestrated campaign to mislead the public about climate change," said Rep. Henry Waxman, D-Calif. Waxman is chairman of the Oversight and Government Reform Committee and a critic of the Bush administration's environmental policies, including its views on climate.

Climate change also was a leading topic in the Senate, where presidential contenders for 2008 lined up at a hearing called by Sen. Barbara Boxer. They expounded — and at times tried to outdo each other — on why they believed Congress must act to reduce heat-trapping "greenhouse" gases.

"This is a problem whose time has come," Sen. Hillary Rodham Clinton, D-N.Y., proclaimed.

"This is an issue over the years whose time has come," echoed Sen. John McCain, R-Ariz.

Sen. Barack Obama, D-Ill., said "for decades far too many have ignored the warning" about climate change. "Will we look back at today and say this was the moment we took a stand?"

At the House hearing, two private advocacy groups produced a survey of 279 government climate scientists showing that many of them say they have been subjected to political pressure aimed at downplaying the climate threat. Their complaints ranged from a challenge to using the phrase "global warming" to raising uncertainty on issues on which most scientists basically agree, to keeping scientists from talking to the media.

The survey and separate interviews with scientists "has brought to light numerous ways in which U.S. federal climate science has been filtered, suppressed and manipulated in the last five years," Francesca Grifo, a senior scientist at the Union of Concerned Scientists, told the committee.

Grifo's group, along with the Government Accountability Project, which helps whistle-blowers, produced the report.

Drew Shindell, a climate scientist with NASA's Goddard Institute for Space Studies, said that climate scientists frequently have been dissuaded from talking to the media about their research, though NASA's restrictions have been eased.

Prior to the change, interview requests of climate scientists frequently were "routed through the White House" and then turned away or delayed, said Shindell. He described how a news release on his study forecasting a significant warming in Antarctica was "repeatedly delayed, altered and watered down" at the insistence of the White House.

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Some Republican members of the committee questioned whether science and politics ever can be kept separate.

"I am no climate-change denier," said Rep. Tom Davis of Virginia, the top Republican on the committee, but he questioned whether "the issue of politicizing science has itself become politicized."

"The mere convergence of politics and science does not itself denote interference," said Davis.

Administration officials were not called to testify. In the past the White House has said it has only sought to inject balance into reports on climate change. President Bush has acknowledged concerns about global warming, but he strongly opposes mandatory caps of greenhouse gas emissions, arguing that approach would be too costly.

Roger Pielke Jr., a political scientist at the University of Colorado who was invited by GOP lawmakers, said "the reality is that science and politics are intermixed."

Pielke maintained that "scientific cherry picking" can be found on both sides of the climate debate. He took a swipe at the background memorandum Waxman had distributed and maintained that it exaggerated the scientific consensus over the impact of climate change on hurricanes.

Waxman and Davis agreed the administration had not been forthcoming in providing documents to the committee that would shed additional light on allegations of political interference in climate science.

"We know that the White House possesses documents that contain evidence of an attempt by senior administration officials to mislead the public by injecting doubt into the science of global warming and minimize the potential danger," said Waxman, adding that he is "not trying to obtain state secrets."

At Boxer's Senate hearing, her predecessor as chairman of the Environment and Public Works Committee, Sen. James Inhofe, R-Okla., had his own view of the science.

There is "no convincing scientific evidence" that human activity is causing global warming, declared Inhofe, who once called global warming a hoax. "We all know the Weather Channel would like to have people afraid all the time."

"I'll put you down as skeptical," replied Boxer.

Senator Boxer Calls For Action On Global Warming (MCT)

By David Whitney

McClatchy Newspapers, January 31, 2007

WASHINGTON - A key Senate committee found broad bipartisan support Tuesday for doing something about global warming, but deep divisions remained over how to curb the emissions that scientists think are causing the Earth to warm rapidly.

"A consensus is developing that we must take action at the federal level now," declared Sen. Barbara Boxer, a California Democrat, who's presiding over her first hearing as the chair of the Senate Environment and Public Works Committee.

In the House of Representatives, Democrats charged Tuesday that they'd found repeated instances in which the Bush administration had ordered changes to scientific studies to soften references to the cause and effect of global warming.

Rep. Henry Waxman, D-Calif., the chairman of the House Oversight and Government Reform Committee, said top administration officials had sought "to mislead the public by injecting doubt into the science of global warming and minimizing the potential dangers."

Boxer said she'd try to steer the Senate committee toward enacting something like California's tough global-warming law, which requires lowering emissions to 1990 levels by 2020. But she acknowledged that she was uncertain how far she'd get.

The hearing, the first of many that Boxer will hold before trying to craft a compromise bill, was limited to senators describing where they stood on the issue. Several Republicans joined committee Democrats in calling for legislation.

There was less agreement on how far and how fast Congress should go to reduce emissions from cars, power plants and industry. The emissions, primarily carbon dioxide, are thought to be contributing to global climate change by enveloping the Earth in a virtual greenhouse.

Many Democrats and industry leaders favor "cap and trade" legislation, which would set tough federal emissions standards and allow companies to sell emissions credits when they fall below that standard and to buy credits when they exceed the limits.

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Others want to limit emissions reductions to power plants, which are responsible for about 40 percent of total U.S. emissions. That could invite a fight with states that rely heavily on coal-fired power plants, particularly in the Midwest, or states that provide coal for them.

Another controversial issue is whether a uniform national standard should pre-empt tougher state laws, an issue that could divide California lawmakers if the deal Boxer cuts falls short of the state's standards.

At least out of the starting gate, Boxer kept the hearing from drifting into an ideological argument with a minority of Republican committee members who remain skeptical that human activity is at the root of rising temperatures and changing global weather patterns.

Sen. James Inhofe, R-Okla. - who was unseated as committee chairman by the November elections, which thrust Boxer into her most prominent role in Congress - is a skeptic of global warming who was able to bottle up remedial legislation.

He didn't seriously challenge the science Tuesday. The harshest Republican critic was Idaho Sen. Larry Craig, who said the rush to enact legislation was driven by the 2008 presidential elections, which Democrats didn't dispute.

Some of the more prominent advocates of global-warming legislation are candidates for the White House. Among those speaking at Tuesday's hearing were Arizona Republican Sen. John McCain and New York Democratic Sen. Hillary Rodham Clinton.

Differences have emerged already between Boxer and Sen. Dianne Feinstein, California's senior Democratic senator, over whether federal legislation should pre-empt the state law to create a uniform national standard.

"If you think about it, there should be one system," Feinstein testified Tuesday. "And that system should be worldwide."

Feinstein had considered pre-empting state law when she introduced legislation to curb power plant emissions two weeks ago. But she said she backed off because of concerns from the state and Gov. Arnold Schwarzenegger.

Boxer is a strong states' rights supporter. In an exchange after Feinstein's testimony Tuesday, however, the two senators seemed to move closer together.

"If we have one system with good goals, then one system is the best," Boxer said. "One system is what we need if we can do it."

The exchange demonstrates the formidable task ahead for Boxer, with issues such as the future of coal far from resolved. Feinstein noted that 40 states rely on coal, and together those states hold 80 percent of the seats in the Senate.

After testifying before Boxer's committee, Sen. John Kerry of Massachusetts, the 2004 Democratic presidential nominee, was asked whether he thought there ever would be enough votes for global-warming legislation to beat back a promised Republican filibuster. It takes 60 votes to stop a filibuster.

"We have to gin up the grass roots on this," Kerry said. "People are going to have to understand that this is an election issue for `08."

Lawmakers On Hill Seek Consensus On Warming (WP)

By Juliet Eilperin

The Washington Post, January 31, 2007

As 600 scientists meet this week in Paris to finalize the first worldwide assessment in six years of the evidence on global warming, lawmakers on Capitol Hill searched for a political consensus yesterday on how to address climate change.

In a prolonged Senate hearing that one senator compared to "open-mike night," several lawmakers spoke in passionate terms about a need to put a cap on U.S. carbon dioxide emissions before global warming's effects become irreversible, while others sketched out possible policy compromises on the contentious issue. In a separate House hearing, a bipartisan group of lawmakers questioned whether the Bush administration has been suppressing climate science.

Sen. Thomas R. Carper (D-Del.), a member of the Environment and Public Works Committee who has pressed to regulate greenhouse gases for several years, said he did not want his children and grandchildren chastising him for inaction in decades to come.

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"I don't want them to say, 'What did you do about it? What did you do about it when you had an opportunity? Weren't you in the Senate?' " Carper asked, adding that he hoped to tell them, "I tried to move heaven and Earth to make sure we took a better course."

The panel's chairwoman, Sen. Barbara Boxer (D-Calif.), said several hours into the hearing that lawmakers would heed the warnings of Carper and others, including Sen. Barack Obama (D-Ill.): "I think this is the moment we will take a stand."

Several lawmakers said they felt a new sense of urgency in light of the mounting scientific evidence that the globe cannot sustain an additional temperature rise of more than two degrees Fahrenheit. On Friday, the Intergovernmental Panel on Climate Change (IPCC), a U.N. body, will release its first report since 2001 on the current state of science on global warming: According to scientists who have read the latest draft of the report, it will conclude there is at least a 90 percent chance that human activity accounts for much of Earth's warming over the past half-century.

Sen. Dianne Feinstein (D-Calif.), who testified before the Environment and Public Works Committee on her proposal to "cap and trade" carbon emission credits, said in an interview the U.S. political debate on global warming has recently "shifted considerably because people know it's real. The science has coalesced."

Some scientists and lawmakers, including Feinstein, have raised concerns in recent weeks that the final IPCC report may in fact understate global warming's impact because the science is changing so rapidly. Yesterday the Zurich-based World Glacier Monitoring Service reported that the rate of mountain glacier melt is accelerating, with initial reports for 2005 suggesting key glaciers lost an average of 3 1/2 feet of thickness.

Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, who held his own hearing yesterday, said that as a result of the rapidly changing data, when the international report comes out Friday, "in many ways it will be dated." The IPCC cannot incorporate any scientific data published after December 2005 in its report.

Still, advocates of action on global warming said the IPCC will further strengthen the public perception that the United States must move more aggressively to curb its carbon dioxide emissions. The report will outline how climate change will transform the planet -- with summer sea ice virtually disappearing from the Arctic by the end of the century -- as well as assess the spike in global temperatures in the past 15 years, in which Earth has experienced roughly a dozen of the hottest years on record.

"The timing of this report is critical for the debate that's taking place in Congress, in the business community, and in the evangelical community," said Robert T. Watson, who chaired the IPCC during its last round and now serves as the World Bank's chief scientist.

In the House hearing, lawmakers questioned whether the White House had altered reports by government scientists over the past several years to mask the problems posed by climate change. They highlighted a survey published yesterday by two advocacy groups, the Union of Concerned Scientists and the Government Accountability Project, which found that 46 percent of the federal scientists they polled reported they personally had experienced or perceived pressure to eliminate the words "global warming" or "climate change" from their writings, and roughly the same percentage had experienced edits that changed the meaning of their findings.

"All of us have a right to our own opinions as to the seriousness of global warming," Waxman said. "We don't have the right to our own science."

Waxman and the panel's top Republican, Rep. Thomas M. Davis III (Va.), sent a letter to the White House yesterday demanding that the administration hand over documents that could shed light on whether political appointees had altered climate reports. Davis said he was "disappointed at the [administration's] lukewarm response" to the panel's requests for information but added that when it comes to pressing the case for action to combat climate change, "we're seeing a dangerous trend toward inflammatory statements and hyperbole."

Kristen Hellmer, spokeswoman for the White House Council on Environmental Quality, said the administration had provided 10,000 pages of documents to the panel and allowed staffers to review some "deliberative documents" on climate change. "CEQ has been working with the committee and hopes to continue working with the committee to reach an appropriate accommodation," she said.

While House members debated the administration's approach to global warming yesterday, senators focused on promoting their own proposals. Feinstein told the Environment and Public Works Committee that any good climate-change bill

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must be "practical and doable," citing her plan to reduce greenhouse-gas emissions by 25 percent by 2020, while Sen. John F. Kerry (D-Mass.) told reporters after testifying that a plan he introduced with Sen. Olympia J. Snowe (R-Maine) to reduce emissions 65 percent by 2050 made the most sense.

"Anything less than getting the job done is crazy," Kerry said.

Even opponents of a strict cap said they expected lawmakers to craft legislation capping carbon dioxide in the coming months. "The climate-science questions have now given way to real policy analysis -- the tough choices of what policies will work," electric utilities lobbyist Scott Segal said about the Senate hearing. "That will require serious homework, and this hearing doesn't do any at all."

Senators Sound Alarm On Climate (WT)

By Christina Bellantoni

The Washington Times, January 31, 2007

One-quarter of the Senate yesterday called global warming a serious threat to the world's future and urged quick action, despite disagreement on how to stem its effects.

During a rare open forum that lasted hours, senators from both major parties including four seeking the presidency shared ideas about curbing carbon emissions, which many scientists blame for global warming. The senators also promised substantial legislation this year.

"Global warming is an international problem requiring international effort," said Sen. John McCain, Arizona Republican and a candidate in the 2008 presidential race.

His proposal to curb carbon emissions is co-sponsored by several Republicans and Democrats. He said he welcomes amendments.

"We have no pride in authorship; this is too important," he said. "The object is to get something done and soon."

"This is a problem whose time has come," said Sen. Hillary Rodham Clinton, New York Democrat, who also has eyes on the White House.

Sen. Barbara Boxer, California Democrat, said she sees consensus in Congress, at the state level and even among oil executives. "The time for action is now," she said.

Mrs. Boxer, chairman of the Environment and Public Works Committee, took statements from about 25 senators during the forum. "We're not going to take a lot of time debating this anymore. We're moving beyond the argument, we are moving toward solutions."

She allowed each person 10 minutes to "take their temperature" on the climate change issue.

Sen. Christopher S. Bond and a few other Republicans fear that sweeping legislation to restrict carbon emissions will result in economic hardship.

"I'm not from the state of macroeconomics. I'm from the state of Missouri, and I need to know how these proposals will hurt Missourians," Mr. Bond said. "Do not fight climate change on the backs of the poor, on the backs of certain sectors of this country."

Sen. Larry E. Craig, Idaho Republican, questioned the motivation for rushing legislation. "My sense is the rush at this moment, all due apologies to Senator Clinton, is something about an '08 election," he said.

He said drastic federal legislation could crush business in the United States, even while India and China are revving their economies without taking action against climate change.

"I reject that. We are the most innovative nation in the history of the world," Mrs. Clinton said. "I don't underestimate the task we face, but I am optimistic."

Senators evoked the images of the nation's children and grandchildren.

"This is our generation's test to protect their futures," said Sen. Barack Obama, Illinois Democrat. "The world is going to be watching us over the next several years to see what action we take on this issue."

Mr. Obama compared climate change legislation to an insurance policy. "We don't have to stand helplessly by and accept this future. In fact, we can't afford to," he said.

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He and another Democrat who testified, Sen. Joseph R. Biden Jr. of Delaware, also have 2008 White House aspirations.

Sen. Lamar Alexander, Tennessee Republican, said that even his conservative district recognizes "it is now time for Congress to take reasonable steps."

Sen. James M. Inhofe of Oklahoma, the ranking Republican on the committee, attended the hearing briefly to give his remarks.

"There is no environmental issue that has become more politicized," he said. "I look forward to vigorously pointing out the lack of scientific consensus, the real economic impact and the effects of unilateral disarmament of our economy if we enact mandatory carbon reductions in the U.S. while the rest of the world is failing to meet its goals."

"I'll mark you down as skeptical," Mrs. Boxer told Mr. Inhofe, who has called global warming a "hoax."

"I hope that when I'm done you'll put my temperature down as hot," said Sen. Joe Lieberman, Connecticut independent and the lead co-sponsor of the McCain bill. "I'm hot to get something done. It's hard not to conclude that the politics of global warming has changed and a new consensus for action is emerging and it is a bipartisan consensus."

Several senators praised former Vice President Al Gore, a Democrat who has publicized the issue through speeches and a documentary film, "An Inconvenient Truth."

The senators also noted that President Bush, in his State of the Union address last week, acknowledged the "serious challenge of global climate change."

Sen. Benjamin L. Cardin, Maryland Democrat, displayed photos projecting heavy flooding of the Delmarva Peninsula as a result of global warming.

Global Warming Is Hot Topic In Congress (LAT)

By Janet Hook and Richard Simon

Los Angeles Times, January 31, 2007

WASHINGTON — All of a sudden, global warming is hot.

After years of languishing on Capitol Hill, efforts to curb global warming have picked up momentum, powered by a growing bipartisan belief that climate change can no longer be ignored.

Speaker Nancy Pelosi, D-Calif., has declared it a top priority for the House. Presidential candidates from both parties call it one of the biggest issues faced by the next occupant of the White House. Even President Bush, long a skeptic, is sounding the alarm.

That's an abrupt break from the past, when the issue -- the role man-made pollutants play in the increase in the Earth's temperature -- was shrugged off by many politicians. Especially among Republicans, it was regarded as an untested theory or an alarmist fantasy.

Polls show that most Americans believe the studies that show pollution is a cause of climate change. And politicians now are scrambling to keep up with science and public opinion.

Legislation to curb global warming is still a long shot in Congress because there is no consensus on a solution. But almost all the candidates who want to succeed Bush -- from Sen. John McCain, R-Ariz., to former Sen. John Edwards, D-N.C. -- are far ahead of him in proposing ways to reduce carbon emissions.

"There has been a sea change in this issue over the last year," said Cathy Duvall, national political director of the Sierra Club. "It went from a backburner issue to something people understand is a problem. Now they are looking for leaders to take action."

The United States is the leading emitter of carbon dioxide, about one-quarter of the worldwide total. About 80 percent comes from fossil fuels, with power plants and vehicles as the leading culprits. Presidential politics and legislative debate came together Tuesday when McCain and several other candidates discussed their climate change legislation at a Senate hearing.

"The number of individuals in Washington who reject the clear evidence of global warming appears to be shrinking as its dramatic manifestations mount," McCain said. "We are no longer just talking about how climate change will affect our children's and grandchildren's lives, as we did just a few years ago, but we now are talking about how it is already impacting the world."

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McCain, considered a front-runner for his party's presidential nomination, has introduced a bill to impose mandatory limits on the greenhouse gases that contribute to global warming and intends to introduce another to target vehicle emissions by raising miles-per-gallon rules. His cosponsors on the first bill include two leading Democratic presidential contenders, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Other candidates have their own proposals. New Mexico's Democratic Gov. Bill Richardson touts his efforts to get his state to generate more electricity from cleaner sources, such as solar and wind power. Sen. Joseph R. Biden Jr., D-Del., recently introduced a resolution calling for the United States to return to international negotiations on climate change that Bush spurned.

Edwards, who ranks global warming as one of his top three issues, recently pointed out that he has given up his old-fashioned sport utility vehicle for a hybrid one. Even conservative Sen. Sam Brownback, R-Kan., mentioned the need to reduce carbon dioxide emissions in announcing his candidacy.

The issue's prominence is rising for a variety of reasons.

There is mounting scientific evidence that pollution plays a significant role in global warming. Climate scientists who advise the United Nations will meet in Paris this week and are expected to issue a report on how it is likely to affect sea levels.

Former Vice President Al Gore's Oscar-nominated documentary, "An Inconvenient Truth," raised awareness of the issue, vividly depicting the consequences of a warmer planet.

Some states are beginning to act on their own, causing influential business leaders to call for federal regulation to avoid a patchwork of different state and local laws.

Most important, Democrats who want action on the issue now control the House and the Senate, and the party's leaders have moved it to center stage.

Pelosi has asked committees to produce legislation by July 4 and has moved to establish a special global warming committee to bypass Rep. John Dingell, D-Mich., an auto industry ally who chairs the House Energy and Commerce Committee. He is seen as a potential obstacle to legislation, including new limits on tailpipe emissions.

Despite signs that Congress might shift from talking to legislating, advocates of limits on greenhouse gases warn against high expectations, noting that any measure must make it through the narrowly divided Senate and past Bush's veto.

And proposals to cap emissions, especially from coal-fueled power plants, also face opposition from many Republicans and some Democrats who contend they would harm the economy.

"There's going to be a lot of sound and fury," said Dan Becker, director of the Sierra Club's global warming program, "but unless something changes pretty radically, it's really hard to see how an important bill passes this Congress -- and is signed by this president."

That's why many environmentalists are looking ahead to the 2008 elections. The League of Conservation Voters Education Fund has launched an initiative, called "The Heat Is On," to ensure global warming is at the center of debate. The organization is tracking what candidates say and hopes to pressure them through town hall meetings and ballot initiatives.

"We will make sure there is an expectation they will outline clear solutions," said Navin Nayak, director of the project.

Like ethanol in Iowa, global warming could become a litmus-test issue for candidates in New Hampshire, which holds the first primary. More than 100 Granite State towns are planning votes on a resolution calling for federal action to curb greenhouse gas emissions.

Ted Leach, a Republican and former state lawmaker from New Hampshire, is co-chairman of the Carbon Coalition, which persuaded the towns to weigh in. He has issued a warning to presidential contenders: "If we don't hear out of you what we want to hear, you're probably not going to get our votes."

The 2008 presidential candidate most deeply involved in the issue is McCain, who has for years pushed legislation to impose mandatory limits on emissions that contribute to global warming. It is a goal that has put him at odds with most in his party, and one that helped him build his reputation as a maverick.

One candidate who has kept a distance from the issue is Republican Mitt Romney. As governor, he pulled Massachusetts out of a regional accord to reduce emissions, worried about its effect on energy bills. But GOP pollster Whit Ayres said Republican candidates would do well to follow McCain's lead. Ayres argues that global warming is a winning issue.

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In a July 2006 survey of GOP voters, he found that a majority agreed that the Earth's temperature was rising and that human activity, not normal climate cycles, was the cause. Ayres said the issue "is an opportunity for Republicans to reach out to people in the middle and demonstrate their sensitivity in an area not normally thought to be a Republican strength."

He acknowledged, however, that there is political risk for candidates in certain regions, such as coal- and auto-producing states.

Fossil Fuels Are To Blame, World Scientists Conclude (USAT)

By Patrick O'driscoll And Dan Vergano

USA Today, January 31, 2007

A major international analysis of climate change due Friday will conclude that humankind's reliance on fossil fuels — coal, fuel oil and natural gas — is to blame for global warming, according to three scientists familiar with the research on which it is based.

The gold-standard Intergovernmental Panel on Climate Change (IPCC) report represents "a real convergence happening here, a consensus that this is a total global no-brainer," says U.S. climate scientist Jerry Mahlman, former director of the federal government's Geophysical Fluid Dynamics Laboratory in New Jersey.

"The big message that will come out is the strength of the attribution of the warming to human activities," says researcher Claudia Tebaldi of the National Center for Atmospheric Research (NCAR) in Boulder, Colo.

Mahlman, who crafted the IPCC language used to define levels of scientific certainty, says the new report will lay the blame at the feet of fossil fuels with "virtual certainty," meaning 99% sure. That's a significant jump from "likely," or 66% sure, in the group's last report in 2001, Mahlman says. His role in this year's effort involved spending two months reviewing the more than 1,600 pages of research that went into the new assessment.

Among the findings, Tebaldi says, is that even if people stopped burning the fossil fuels that release carbon dioxide, the heat-trapping gas blamed most for the warm-up, the effects of higher temperatures, including deadlier heat waves, coastal floods, longer droughts, worse wildfires and higher energy bills, would not go away in our lifetime.

"Most of the carbon dioxide still would just be sitting there, staring at us for the next century," Mahlman says.

"The projections also make clear how much we are already committed" to climate change, Tebaldi says, echoing the comments of more than a dozen IPCC scientists contacted by USA TODAY. Even if every smokestack and tailpipe stops emissions right now, the remaining heat makes further warming inevitable, she says.

The report will resonate worldwide because the current debate over global warming has been more about what is responsible — people or nature? — than about whether it is happening.

President Bush only recently has acknowledged the link, mentioning global warming in last week's State of the Union address. It was the first time he has included climate change in the annual speech before Congress. Bush called for developing renewable and alternative fuels.

The IPCC was established in 1988 by the World Meteorological Organization and the United Nations Environment Program. This will be its fourth climate assessment since 1990. The last one, in 2001, predicted average global temperatures would rise 2.5 to 10.4 degrees by the end of this century. The rise from 1901 to 2005 was just 1.2 degrees.

The report is the work of more than 2,000 scientists, whose drafts were reviewed by scores of governments, industry and environmental groups. The document is based on research published in the six years since the last report.

The analysis comes at a time when awareness of global warming in the USA and efforts to combat it are more intense than ever. Former vice president Al Gore's climate-change documentary An Inconvenient Truth scored two Oscar nominations last week. Meanwhile, some states and hundreds of American cities are taking steps to curb emissions that intensify the heat-trapping "greenhouse gases" in the atmosphere.

Officially, the panel's 2007 findings are still under wraps, but details have been leaking out for a year, particularly in recent weeks.

News accounts have featured projections of more droughts, floods, shrinking glaciers and rising sea levels.

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There is so much media attention now, "I almost think there won't be any surprises compared to six years ago," says Steve Running, a University of Montana ecologist. "When the report came out (in 2001) it was all 'new' news. This time, I think everybody will say, 'Well, yeah, that's already what we've been hearing about.' "

Michael MacCracken, chief scientist for the Climate Institute, a Washington, D.C., think tank, says the studies underlying the report make the broad conclusions clear anyway. A 2005 Nature magazine study, for example, narrowed the 2001 estimate of warmer temperatures to an increase from 2.7 to 8.1 degrees by the year 2100.

Similarly, two Science magazine studies in 2005 of satellite and balloon measurements of temperature confirmed the Earth's atmosphere is warming exactly as predicted from human-caused increases in carbon dioxide.

What will be released this week is the first of three parts of the report: a scientific synthesis of global warming's physical manifestations that includes measurements and projections of temperature, precipitation, storms, wind, polar melting and sea levels. New this time is a chapter on paleoclimatology, the study of climate change from fossils and the reconstruction of data and clues going back hundreds of thousands of years.

In addition to the extensive scientific conclusions, which MacCracken says have been settled, a short "summary for policymakers" is still being hammered out and will be released Friday in Paris.

The second phase of the report is on the effects of those measured and projected changes and is due in April. A third group's work on ways to try to lessen those impacts is to be released in May.

The IPCC report lands amid a rush of climate-change developments. Sharing the spotlight:

•Congress. After winning a majority in the House and Senate in November's election, Democrats have climate-change bills in the works. House Speaker Nancy Pelosi, D-Calif., is creating a special committee on climate change. Next week, the House Science and Technology Committee will discuss the IPCC report.

•States. More than 12 states are taking steps to reduce greenhouse gases. California Gov. Arnold Schwarzenegger this month ordered the world's first low-carbon limits on passenger-car fuels in the most populous state. The new standard would reduce the carbon content of transportation fuels at least 10% by the year 2020.

•Cities. More than 375 mayors who have signed pledges since 2005 to cut greenhouse-gas emissions in their communities launched a drive last week for major climate legislation in Congress this year. They represent 56 million people in all 50 states. The day after the State of the Union address, the U.S. Conference of Mayors announced global warming is No. 1 on its top-10 list of priorities.

•Industry. Ten major companies, including industrial giants General Electric, Alcoa and DuPont, joined four environmental and climate groups last week to demand swift passage of federal legislation to cut emissions that worsen warming. Their U.S. Climate Action Partnership says further delay only "increases the risk of unavoidable consequences … at potentially greater economic cost and social disruption."

In their own studies, Tebaldi and her colleagues at NCAR found broad agreement in climate projections for North America by 2100, including a rise in average temperatures from 3 to 9 degrees.

That could lead to more frequent heat waves and more warm nights when daytime temperatures linger longer after sundown, especially in the South and West, Tebaldi's group concluded. NCAR also says increasing rain would soak northern states but bypass the already dry Southwest, where drought would be more common except when torrential rains bring flash floods.

The IPCC report is likely to reflect climate uncertainties and disagreements, too. Scientists have strongly debated the last two years, without resolution, whether global warming intensifies hurricanes.

Rising sea levels are a huge concern for the USA because more than half the population lives within 50 miles of the coastlines, according to the National Oceanic and Atmospheric Administration. The 2001 report contained a wide estimate of the rise this century — from 3.5 inches to 34. MacCracken says that projection has fallen to about 20 inches or less.

Such a drop in the top estimate alarms glacier experts such as John Turner of the British Antarctic Survey, who was quoted in the United Kingdom's Guardian newspaper as saying the low projection is "misleading." He says the low number accounts only for the heat-related rise of sea level and slow trickles from ebbing glaciers, and it ignores potential ice-sheet collapses in Antarctica or Greenland.

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"Greenland is just a relic of the last Ice Age, after all, just jutting out into the Atlantic, frozen at latitudes further south than anything else," MacCracken says. "What might happen when it gets warmer?"

MacCracken contends past IPCC reports have been too conservative, partly by design, in warning about the dangers of climate change, especially sea level rise.

"Scientists don't like to be wrong, so they tend to discount the most uncertain things," MacCracken says. "And that's good, but policymakers and risk managers usually want to know the worst case, as well as the middle one, when they plan for things."

Every IPCC report has been controversial. When the 1995 report's economic analysis estimated that the worth of a human life in a developing nation is less than in developed ones, it triggered protests and sit-ins.

In 2005, federal hurricane researcher Chris Landsea resigned from the IPCC, suggesting its hurricane warnings were too overblown and "politicized."

Climate scientist Roger Pielke Sr. of the University of Colorado at Boulder has suggested that development and deforestation, rather than the burning of fossil fuels, are the main drivers behind global warming. He says on his climate-science website that the IPCC should recognize the importance of these other factors.

In contrast, Australian scientist Tim Flannery has complained in his 2005 book The Weather Makers: How Man is Changing the Climate and What it Means for Life on Earth that IPCC estimates downplay the impact of warming.

In Paris this week, the process of negotiating and revising the short summary is painstaking and "line by line," says Kevin Trenberth, one of the lead authors and climate analysis chief at the National Center for Atmospheric Research. More than 100 of the panel's 193 member nations are taking part in the negotiations on the summary, he says.

"They'll do a lot of rewriting. It's all going to change to cover the concerns of each nation," whether it's monsoons in India or polar bears in Canada, says MacCracken, who helped lead the USA's involvement in the IPCC in 1995 and 2001. The summary also must be translated in six official U.N. languages.

In 1995, MacCracken says, negotiations at the meeting in Madrid stretched from 8 a.m. to an hour past midnight.

"But luckily, it was Madrid," he adds, "so the restaurants were still open at 1 a.m."

Scientists To Advise EPA To Cut Smog Limit (USAT)

By Traci Watson

USA Today, January 31, 2007

WASHINGTON — Scientists at the Environmental Protection Agency will recommend today that the level of smog allowed in the nation's air be cut to protect public health, the EPA said Tuesday.

The scientists will advise the agency to cut the nation's smog limit by as much as 25%. When the EPA last cut the smog limit, in 1997, industry groups fought the change all the way to the Supreme Court. Industry ultimately lost.

If adopted by the government, a drop in the smog standard could lead to fewer "Code Red" days and easier breathing for those with asthma. Smog exacerbates asthma and other lung disorders.

Nearly 160 million people live in counties that do not meet the federal smog limit. Most are in California or on the East Coast.

Further cuts to the amount of smog in the nation's air could also require strict regulations on cars, power plants and factories, which emit the chemicals that make up smog. States and counties struggling to achieve federal clean-air limits have taken measures such as requiring car-emission inspections and mandating the sale of cleaner but more costly grades of gasoline.

EPA Administrator Stephen Johnson has until June to decide whether to take his staff's advice. The new limit would become final after a year of public comment and review.

Industry groups have already told the EPA that they oppose tightening the smog limit.

"This is going to be a royal fight, because the cost is too big," said William Kovacs, a vice president of the U.S. Chamber of Commerce.

The EPA's current rule requires counties to adhere to a limit of no more than 0.08 parts of smog per million parts of air. The scientists will advise Johnson to consider a new standard as low as 0.06 parts per million.

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The last time EPA scientists advised Johnson to tighten air standards, in December, he slightly lowered the amount of soot from diesel engines and other sources allowed in the air, though EPA staff and a panel of independent scientific advisers urged a larger decrease.

William Wehrum, the Environmental Protection Agency's chief of air pollution, said Johnson would not be bound by his staff's recommendation.

"We will take the recommendations very seriously," he said. "The administrator is the ultimate decision-maker here, and he has to make the best decision he can, based on the facts he has available."

In Brief EPA Staff To Suggest Cuts In Allowable Smog Levels (WSJ)

The Wall Street Journal, January 31, 2007

Environmental Protection Agency staff today will recommend as much as a 25% cut in allowable smog levels, after new health data showed smog in traffic-congested cities is more dangerous than previously thought. The agency's experts will also recommend new ways to measure smog's impact on crops. If cuts are approved, the result would be tougher requirements on cities and states, which would have to figure out how to meet them by tighter controls on industries and perhaps on traffic.

Germany Sees Muted Inflation

Lower oil prices helped to offset a tax increase to keep German inflation below expectations in January, but the data are unlikely to sway the European Central Bank from raising interest rates a quarter point to 3.75% in March. Consumer prices in the euro area's largest economy rose 1.8% from January 2006, according to an estimate from the Federal Statistical Office. Many economists had expected that Germany's three-percentage-point sales-tax increase to 19% would propel the inflation rate to around 2%.

Merkel Snubs Car-Emissions Plan

Germany will block any attempt by the European Commission to impose general emission-reduction standards for all cars and will oppose including the auto industry in its carbon-dioxide trading program, Chancellor Angela Merkel said. The German auto industry opposes mandatory emission limits because it claims the tough standards will lead to lost profits and job cuts.

Manchester Wins Megacasino Bid

Manchester unexpectedly won the fight to host the United Kingdom's first Las Vegas-style supercasino, beating out favorites Blackpool and London's Millennium Dome. The advisory panel announcing the decision said that Manchester, a northwestern industrial city of 440,000, badly needed economic development.

Mixed News For Wolves (NYT)

The New York Times, January 31, 2007

The Interior Department's decision on Monday to remove the gray wolves that inhabit the western Great Lakes region from the endangered species list represents yet another triumph for the much-maligned Endangered Species Act. First listed in 1974, when their numbers had dwindled to the low hundreds, the wolf population there now numbers about 4,000, thanks almost entirely to the act's prohibitions on hunting and trapping. State and tribal governments will now be responsible for keeping their numbers at healthy levels.

This good news, however, was immediately spoiled by the department's proposed delisting of the gray wolves (also known as timber wolves) that roam the northern Rocky Mountains. Virtually eliminated from their range in the 1920's, these wolves have also staged a remarkable comeback.

What's disturbing about this proposal is that two of the states that will assume responsibility for managing the wolves have shown little interest in protecting them. At a recent rally, Idaho's governor, C. L. Otter, called Butch, said he would authorize the destruction of more than 80 percent of the state's 650 wolves, leaving the bare minimum required to keep them from being returned to the endangered list. Not to be outdone, Wyoming said it would allow 16 of its 23 wolf packs to be killed on sight. Montana, by contrast, will bar any hunting until officials see how well the wolves are doing, and even then hunting will be strictly monitored.

This eagerness to resume the slaughter is based on claims that the wolves are devastating livestock populations and game animals like elk. These claims have little basis in fact and should be rigorously examined during the public comment period

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ahead. Even then, the wolves should not be de-listed until Idaho and Wyoming adopt adequate regulatory mechanisms for protecting wolf populations that present no threat to humans, are valuable to the ecosystem and have taken years to rebuild.

FBI/DEA/ATF/USMS:

Hiring Freeze Could Deplete FBI Staffs (FEDTIMES)

By Stephen Losey

Federal Times, January 31, 2007

The FBI may not be able to replace 800 crucial agents and intelligence analysts who are expected to retire this year because Congress has failed to pass a 2007 budget, the agency's deputy director said Jan. 25.

John Pistole, the second-highest ranking official in the FBI, told the Senate Select Committee on Intelligence that continuing to fund the agency at fiscal 2006 levels, as the current continuing resolution does, could prevent the agency from replacing 400 agents and 400 analysts when they retire this year.

That would hit the bureau's analysts particularly hard. The FBI has more than 2,200 analysts, and the retirements could gut their ranks by almost one-fifth. Pistole said 370 analysts have less than a year of experience with the FBI.

The FBI has 12,659 special agents.

Pistole said those losses would particularly hurt the FBI's ability to investigate and counter domestic extremists such as the Earth Liberation Front, Animal Liberation Front and white supremacists.

Most agencies are experiencing tight budgets due to the continuing resolution passed last fall. Congress only approved budgets for the Homeland Security and Defense departments before fiscal 2007 began. Republicans passed the job of approving permanent spending bills for most federal agencies onto the incoming Democratic majority, which is preparing a joint funding resolution that will include funding increases for some agencies. That funding resolution will replace the current continuing resolution, which expires Feb. 15.

Sen. Barbara Mikulski, D-Md., lambasted the previous Congress for leaving agencies unfunded. And that failure is even worse considering the FBI is the only major part of the nation's intelligence community without a fiscal 2007 budget, Mikulski said.

Pistole said that a continuing resolution also will jeopardize the FBI's attempts to upgrade its case management system, called Sentinel. The second phase of the $425 million project — which is meant to convert the FBI's vast paper files into a Web-based system of searchable electronic documents — is scheduled to begin in April. But the FBI warns that Sentinel will be endangered if the FBI does not get $157 million in funding by February and could miss its planned 2009 debut.

Pistole said the FBI has done a poor job analyzing data to find leads on terrorist acts and sharing information with other agencies. Collecting data and acting on it have traditionally been the FBI's strong suits, he said.

The FBI has started at least 10 new training classes for analysts since 2001, Pistole said, and other national security courses are being lengthened. Not only are new FBI agents and analysts undergoing training, but veterans are receiving refresher courses or learning new skills.

"There's been a very intentional focus on how we can professionalize and make sure we are full players in the intelligence community and law enforcement community," Pistole said. "We are trying to share everything and restrict only what has to be restricted."

But committee chairman Sen. John Rockefeller IV, D-W.Va., said he is troubled that needed reforms are not in place, more than five years after the Sept. 11 attacks.

The FBI still hasn't finished setting up standardized field intelligence groups or an automated intelligence collection management project, and it has just begun setting a strategy for field offices to collect threat intelligence, Rockefeller said. It also has just started trying to set up a cadre of senior analysts to understand threats in a strategic context, he said.

"If this were late 2002, I would feel much better about the bureau's pace of change," Rockefeller said.

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Democrats Move Leftover Spending Measure (WP)

By Lyndsey Layton

The Washington Post, January 31, 2007

House and Senate Democratic leaders agreed yesterday to a $463 billion spending plan for the remainder of the fiscal year that would freeze many federal agencies at 2006 levels but include more money for veterans' health, education, scientific research, HIV programs and public parks, among other things.

In an unusual move, the congressional leaders stripped the spending bill of all earmarks, or narrow, special-interest provisions. The measure had to be cobbled together now because Congress did not finish its work last year and failed to pass nine of 11 spending bills.

Four months into the current fiscal year, the federal government has been running on a temporary budget that is set to expire Feb. 15. The House is scheduled to vote on the spending package today, while the Senate will take it up in the coming weeks.

A spokeswoman for the House Appropriations Committee said enough additional money will be provided to the Social Security Administration and other agencies that none will have to furlough employees, close offices or take other such measures as a result of a budget crunch. She also said that federal employees will see a 2.2 percent pay increase set by President Bush.

Among the priorities for the District that are preserved in the plan is a $20 million upgrade to the Navy Yard Metro station near the new Nationals baseball stadium, officials said.

Republicans grumbled about the fact that Democrats in the House will not allow amendments to the budget and said the party in power plans to ram through a spending bill without committee hearings or meaningful debate. Democrats said that they have no choice, because the previous Congress left the budget process in such disarray that they are under great pressure to quickly pass a spending bill for the remaining eight months.

"I don't expect people to love this proposal. I don't love this proposal and we probably have made some wrong choices," said House Appropriations Committee Chairman David R. Obey (D-Wis.). "But in contrast to last year's Congress, which decided to duck these choices, at least we have made them in order to bring last year's issues to a conclusion so we can turn the page and deal with next year's priorities."

Both Republican and Democratic budget analysts said that the bill is not the ideal way to fund the federal government but that it is pragmatic. "If your strategy is to get it out of here and move it on, fine, this works," said Jim Dyer, a former Republican staff director for the Appropriations Committee.

By declaring a one-time moratorium on earmarks, the Democratic leaders are granting the Bush administration more leeway in spending. The Army Corps of Engineers construction budget, for instance, typically outlines funding for specific projects. But under the no-earmarks pledge, Obey and Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.) decided that Congress cannot spell out spending, so they opted to give a lump sum of $2.3 billion to the Army Corps -- about $38 million less than it received in 2006 -- and to allow the agency to decide which projects deserve the money.

"They really delivered on their promise to wipe out earmarks," said Richard Kogan, a federal budget expert at the Center on Budget and Policy Priorities.

Among the winners in the bill are veterans' health, which will get $23.3 billion, or $3.6 billion more than it got last year. The Defense Department will receive $21.2 billion -- an increase of $1.2 billion -- to treat U.S. troops wounded in Iraq and Afghanistan. The FBI will get $6 billion, an increase of $216.6 million to fully fund 31,359 positions, including those of 12,213 agents and 2,577 intelligence analysts.

Other programs that will see a boost include those that Democrats complained were underfunded when Republicans ran Congress.

Pell grants, the federal stipends for low- and middle-income college students, will be increased by $615.4 million, to a total of $13.6 billion. That will allow the maximum Pell grant to rise $260 to $4,310, the first increase in four years.

Head Start, the early childhood program for low-income students, will get $6.9 billion, an increase of $103.7 million. Democrats say that Head Start funding has been cut by 11 percent since 2002 and that centers nationwide have reduced hours, transportation and instruction as a result.

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The National Institutes of Health will receive $28.9 billion, an increase of $619.5 million, which Democrats say will pay for an additional 500 research grants. The National Science Foundation will get $4.7 billion, an increase of $335 million for research.

When it comes to housing, the Democrats' bill would allot $15.9 billion, an increase of $502 million, to renew 70,000 housing vouchers under the Section 8 program, which provides federal housing subsidies to low-income families and individuals. It would provide $5.9 billion, an increase of $939 million, to the Department of Housing and Urban Development to renew subsidies for 157,000 housing units.

Before adjourning last year, Congress ratified money for defense and homeland security but left the rest of the federal budget -- including Social Security, Medicare, veterans programs, education and transportation -- in limbo. Most of the government has been operating at 2006 levels through a series of stopgap measures.

Democrats Offer Fiscal 2007 Joint Funding Bill (GCN)

By Mary Mosquera, GCN Staff

Government Computer News, January 31, 2007

House and Senate Democrats banded together to write a $463.5 billion measure to complete appropriations bills left over from last year. The House is expected to consider it tomorrow.

House Appropriations Committee Chairman Rep. Dave Obey (D-Wis.) co-wrote the measure, which he filed yesterday, with Senate Appropriations Committee chairman Sen. Robert Byrd (D-W.Va.).

To avoid a partial government shutdown, Congress must complete work on funding by Feb. 15, when the current continuing resolution expires.

Last year, the Republican leadership was unable to complete work on nine of the 11 annual appropriations bills. In December, Byrd and Obey announced a plan to wrap up the bills in a joint funding resolution.

"This legislation is a good step forward for the nation. But, in order to meet the challenges ahead in our economy, in technology and in security, we must not settle for 'good enough,'" Byrd said.

The legislation remains within the overall budget cap established by the Republican-led 109th Congress.

Under the measure, most programs will continue to be funded at the 2006 levels adjusted for increased pay costs. Limited adjustments were made within the confines of the Republican budget resolution to increase funding for veterans and military health care, public housing, scientific research, and for the Labor, Health and Education bill to keep up with inflation, Obey said.

Among major IT projects, the measure also includes $100 million to proceed with Sentinel, the FBI's system to move to electronic data sharing from paper-based case management.

Last fall, the Senate Appropriations Committee agreed to provide $40 million for the Sentinel case management system on top of $100 million in reprogrammed 2006 funds. By contrast, the House passed a $100 million increase for Sentinel on top of the reprogrammed funds. The Senate panel said it expected the FBI to recover funds from the contractor for Sentinel's failed predecessor, the Virtual Case File system, and use that money to help pay for the new system.

The Office of Personnel Management has $6.9 million available for the Enterprise Human Resources Integration project and $1.4 million for the Human Resources Line of Business, similar to what the Senate committee bill last fall also contained.

The recent explosion in earmarks left Congress unable to ensure the integrity of the system and public confidence is at an all time low, Obey said. The chairmen decided to place a moratorium on the practice until a new, reformed process is fully in place. The joint resolution is free of earmarks.

"I don't expect people to love this proposal; I don't love this proposal, and we probably have made some wrong choices," Obey said in a statement. "But in contrast to last year's Congress, which decided to duck these choices, at least we have made them in order to bring last year's issues to a conclusion so we can turn the page and deal with next year's priorities."

Democrats' Spending Plan Would Raise Some Budgets (BLOOM)

Bloomberg, January 31, 2007

DOJ_NMG_0124769

WASHINGTON, Jan. 30 (Bloomberg News) — Education, veterans' health care, international AIDS relief and the Federal Bureau of Investigation are among the government programs that would receive more money this year under a spending plan released Tuesday by House Democrats.

The House is scheduled to vote Wednesday on the $463.5 billion spending bill.

The measure, if passed and signed into law, would deliver the budgets that federal agencies have been awaiting for the fiscal year that began Oct. 1. The government has been operating on a stopgap spending measure that expires Feb. 15.

The chairman of the House Appropriations Committee, Representative David R. Obey, Democrat of Wisconsin, said the measure would leave most federal programs near last year's financing levels, drop thousands of pet projects known as earmarks and give larger increases to a few programs backed by Democrats or deemed to be in need of more money.

"I don't expect people to love this proposal — I don't love this proposal," Mr. Obey said in an e-mailed statement. "But in contrast to last year's Congress, which decided to duck these choices, at least we have made them in order to bring last year's issues to a conclusion so we can turn the page and deal with next year's priorities."

The legislation was greeted with complaints from Republicans who said they had been given little opportunity to amend or debate a measure that would provide almost half of the government's discretionary budget.

"It is legislation that few have seen, which we are informed by the majority leader will not be able to be amended and that will pass the House after only one hour of debate," said Representative Jerry Lewis, Republican of California and the ranking minority member of the Appropriations Committee.

Mr. Obey dismissed the complaints, saying the overdue spending measures should have been completed last year when Republicans were in charge.

The plan would increase financing for veterans' health care by $3.6 billion, to $32.3 billion.

The budget for the National Institutes of Health would expand by $620 million, to $28.9 billion. The National Science Foundation would get an additional $335 million, for a total of $4.7 billion.

The Office of Science in the Department of Energy would get an additional $200 million. The F.B.I.'s budget would grow by $217 million, to $6 billion.

Financing for prison construction would jump by $343 million, to $432 million. Efforts to combat AIDS abroad would get an additional $1.3 billion, for a total of $4.5 billion.

The plan would cut the budgets of more than 60 programs from last year's level of spending.

Most programs would see their budgets frozen at current levels, with small increases to accommodate required raises for government employees. Critics have said that would amount to a cut once inflation and other additional costs are considered.

Couple Await Extradition In Meth Case (AZREP)

By Joseph W. Cox, The Arizona Republic

Arizona Republic, January 31, 2007

A Scottish couple is awaiting extradition to the United States today on charges alleging they distributed chemicals used in the production of methamphetamines to labs all over the United States.

Authorities said the investigation and subsequent arrests of Brian Howes, 43, and Kerry Ann Shanks, 28, led to the dismantling of about 100 meth labs across the country, including 20 in Arizona.

The couple were taken into custody today by Central Scotland police after an 82-count indictment was handed down by an Arizona grand jury in September 2006, according to the U.S. Department of Justice.

advertisement

The couple ran a Web site, KNO3.com, which distributed iodide crystals as well as red phosphorus used in the making of some methamphetamines, according to a press release by the Central Scotland Police department.

Chemicals from the site sold between August 2004 and November 2006 totaled enough to produce 1,400 pounds of methamphetamines, the Justice Department said.

The site first came to the attention of officials after finding containers marked with the name in numerous busts around the country, according to the U.S. Department of Justice.

Scottish Couple Arrested On U.S. Smuggling Indictment (FINDLAW/AP)

AP, January 31, 2007

(AP) - PHOENIX-A British couple indicted on charges they ran a company that illegally supplied chemicals to clandestine drug manufacturing operations were arrested Tuesday, the U.S. Attorney's office announced.

Brian Howes, 43, and Kerry Ann Shanks, 28, of West Lothian, Scotland, were arrested by Central Scotland Police in the culmination of an investigation involving local and federal authorities in the U.S. and Great Britain. They are named in a sealed 82-count indictment handed up in September by a federal grand jury in Phoenix and await extradition to the U.S., said Wyn Hornbuckle, a spokesman for the U.S. Attorney in Phoenix.

The couple allegedly ran an internet-based operation that supplied chemicals to illicit manufacturers of methamphetamine for the past several years. Investigators began the probe of the couple's firm, http://www.KNO3.com, nearly three years ago, when raw chemicals from the company began showing up at clandestine labs raided by Arizona police.

The indictment alleges that the couple sent enough red phosphorus and iodine to U.S. customers to make 1,400 pounds (635 kilos) of methamphetamine.

More than 100 illicit drug labs, including 20 in Arizona, were broken up during the investigation of shipments of chemicals from the couple, Hornbuckle said.

The 82 counts include two conspiracy charges, 64 felony counts of illegally importing or distributing chemicals and 15 counts of using the mail or the Internet in a crime.

Attention: Drug Dealers (BNNJ)

By Sean C. Mccullen, Staff Writer

Bridgeton News, January 31, 2007

CAMDEN -- A federal judge on Tuesday sentenced a "major" Bridgeton crack dealer to more than 10 years in prison, U.S. Attorney Christopher J. Christie announced.

Nearly six months after pleading guilty to a one-count indictment for possession with intent to distribute more than 50 grams of crack cocaine, 29-year-old Rufus Kirkland Jr. learned on Tuesday that he will spend the next 14 years in federal prison.

U.S. District Judge Robert B. Kugler also ordered that Kirkland must serve five years of supervised release upon completion of his prison sentence, according to a press release issued by the U.S. Attorney's Office for the District of New Jersey.

City, county and federal narcotics investigators recovered a total of approximately five ounces of crack cocaine when arresting Kirkland on two separate occasions last year.

Kirkland was arrested for distributing crack cocaine by Bridgeton narcotics detectives last January and then by a task force consisting of investigators with the federal Drug Enforcement Administration, Bridgeton Police Department, and Cumberland County Prosecutor's Office last March.

The news of Kirkland's lengthy prison sentence was welcomed at the Bridgeton Police station Tuesday afternoon.

"That's excellent. Fourteen years on drug charges -- there's nothing that sends a message more than that," Det. Lt. Michael Gaimari said.

Bridgeton Police are hopeful that word of Kirkland's 14-year prison sentence will help reduce drug trafficking in the city, specifically among those who are selling crack cocaine.

"I would think it would definitely cause them to think twice before dealing crack," Gaimari said.

Kirkland's crack-dealing enterprise was investigated over a six-month period beginning in late 2005. The investigation included four controlled buys from Kirkland, according to the U.S. Attorney's Office press release.

The investigation was initiated by the Bridgeton Police Department Anti-Crime Team (ACT), which focuses on narcotics investigations. It was headed by former ACT Det. Thomas Gramp, who now serves in the department's patrol division.

Kirkland was arrested Jan. 28, 2006, as city police raided his apartment at 123 N. Pearl St. and recovered nearly five ounces of crack, less than a half-ounce of marijuana, and roughly $3,000, which was believed to be the proceeds of narcotics trafficking.

Kirkland's initial arrest followed a three-month investigation by Bridgeton ACT detectives.

On March 16, 2006, city, county and federal narcotics investigators arrested Kirkland outside of his home -- and found him to be in possession of 30 bags of crack -- on a federal warrant for the crack distribution charge.

The distribution charge had been moved from state to federal jurisdiction on March 15, when a federal grand jury handed down the one-count indictment against Kirkland.

Bridgeton Police had indicated in March 2006 that Kirkland would not be additionally charged for possessing the 30 bags of crack since the total weight of the drug was not enough to warrant an upgrade of the indictment.

The fact that he was in possession of the crack at the time of his second arrest was, however, added to the indictment.

Assistant U.S. Attorney Allen Harberg Jr. prosecuted the case.

Christie credited Bridgeton Police and the DEA, under the direction of Special Agent-in-Charge Gerard P. McAleer, who is based in Newark, for their roles in the investigation.

Gaimari credited Gramp and the ACT detectives for raiding Kirkland's apartment last January when he had a solid supply of crack.

"They hit him when he was loaded," he said.

Gaimari pointed to Kirkland as yet another Cumberland County drug dealer the federal government was able to prosecute and put behind bars for relatively lengthy sentences, including Bridgeton's Timmy Smith and Kamal Martin and Fairfield Township's Lavinston Lamar.

The Bridgeton lieutenant was pleased when he learned last year that DEA Special Agent Jim Kerrigan was interested in bringing the case against Kirkland to the federal level.

Careful to distinguish between the prosecutors and the courts, Gaimari was critical Tuesday of "liberal" rulings and sentences handed down in recent years by the state's courts -- rulings and sentences he asserted have made the war against drugs more difficult for law enforcement and easier on dealers.

In determining Kirkland's sentence, Kugler consulted the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. Federal judges are not bound by those guidelines in determining sentences.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Safety Kiel Cited For Relieving Himself In Public In San Diego (AP)

AP, January 31, 2007

SAN DIEGO -- Chargers strong safety Terrence Kiel was cited for urinating in public last month, his second run-in with the law in less than three months and the eighth by a San Diego player since April.

Maria Velasquez, spokeswoman for City Attorney Mike Aguirre, confirmed that Kiel was cited and released by police outside a nightclub in the Gaslamp Quarter at 1:50 a.m. on Dec. 18. The case is being reviewed and no charges have been filed yet, Velasquez said. Kiel is scheduled to make a court appearance on Feb. 20.

"It's very disappointing when you hear of things like this," Chargers general manager A.J. Smith said.

Kiel faces five felony drug charges stemming from his arrest in late September by Drug Enforcement Administration agents. The DEA said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas, apparently to be mixed with soft drinks to make a concoction known as "lean."

Kiel was led off the practice field and arrested in the locker room on Sept. 26. He didn't accompany the team to its game at Baltimore the following Sunday.

The Chargers were an NFL-best 14-2 and earned home-field advantage throughout the AFC playoffs, but were upset 24-21 by the New England Patriots in the divisional round. AP NEWS

Kiel Cited For Urinating Outside Downtown Club (SDUT)

By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, January 30, 2007

Chargers safety Terrence Kiel was cited by police for public urination outside a downtown club last month, the latest incident in a string of legal embarrassments for the Chargers stemming from the Gaslamp Quarter.

Kiel was cited in the 600 block of J Street, by the popular Jbar lounge. The San Diego City Attorney's office is reviewing the case, with Kiel scheduled for a court hearing on Feb. 20.

Meanwhile, cornerback Cletis Gordon will not face drunken-driving charges after he was arrested near the same corner, at 6th and J, in November. His blood-alcohol was below the legal limit of .08.

"However, the City Attorney's Office will keep the file open and will not pursue this case provided there are no other violations of the law," city attorney spokeswoman Maria Velasquez said.

Tight end Ryan Krause's DUI case also still is under review by the city attorney's office, stemming from his arrest Jan. 6, this one in Pacific Beach. He also faces a court hearing in February, a busy month for Chargers legal proceedings.

In addition to his public urination citation, Kiel is to appear in court in February hoping to reach a deal with the San Diego County District Attorney on felony charges of theft and possession of a controlled substance. Kiel was arrested in September after Drug Enforcement Administration agents intercepted two packages containing 18 pint bottles of a codeine-based cough syrup. Authorities said Kiel admitted to shipping the syrup to his native Texas, where it can sell for up to $325 on the street.

Linebacker Steve Foley is facing two DUI counts after being shot near his house Sept. 3 by an off-duty police officer, who suspected him of driving drunk. Foley had been driving home after leaving Stingaree, another Gaslamp club.

Another Chargers linebacker, Shaun Phillips, was arrested in April in the Gaslamp after a struggle with police. The district and city attorneys declined to file charges in the matter.

Coaches The Chargers continue to wait out the siege on their assistants. As coordinator Wade Phillips yesterday awaited to hear whether he's the Dallas Cowboys' next head coach, linebackers coach Greg Manusky interviewed with the San Francisco 49ers about their defensive coordinator job. Meanwhile, head coach Marty Schottenheimer has not yet named his next running backs or tight ends coach.

California Man To Be Jailed For Mailing Cocaine, Meth (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, January 31, 2007

He shipped dope through N.O. port

A California man faces at least 20 years in federal prison for using the U.S. mail to traffic pounds of illegal drugs from his hometown to ports across the country.

Andy Huynh, 36, of El Monte, Calif., worked in a drug-dealing ring that shipped parcels of methamphetamine and cocaine to New Orleans; Honolulu, Hawaii; and Paoli, Pa.; from April 2005 until Hurricane Katrina hit the Gulf Coast, a jury concluded Tuesday at U.S. District Court.

During the two-day trial, federal prosecutors William Quinlan Jr. and Emily Greenfield detailed how Huynh's illicit business venture sent 9 pounds of nearly pure crystal meth, or "ice," through the mails, along with at least 890 grams of cocaine.

The shipments originated from El Monte, which is part of Los Angeles County, and were destined for drug dealers outside Philadelphia, New Orleans and Hawaii's capital city, according to prosecutors.

El Monte is about 12 miles east of downtown Los Angeles, and is known as the hub of the San Gabriel Valley, where Interstate 605 and Interstate 10 intersect.

Huynh was convicted on two counts of illegal drug distribution and faces a minimum of 10 years to life for each, along with fines of up to $4 million on each count.

Postal inspectors seized the parcels.

Huynh is due back in court for sentencing May 16, before Judge Eldon Fallon.

Letten's office worked the drug trafficking case with the El Monte police force, the Drug Enforcement Administration and the U.S. Postal Inspection Service.

4 More Colombian Politicians Face Probe (WP/AP)

By Toby Muse, The Associated Press

The Washington Post, January 31, 2007

DOJ_NMG_0124773

BOGOTA, Colombia -- The Supreme Court opened preliminary investigations into four more politicians for alleged ties to illegal right-wing militias after it was revealed they signed a 2001 letter of understanding with the paramilitary groups, the court's president said Tuesday.

The court also ordered another four politicians, including the foreign minister's brother, to submit to additional questioning as probes deepened into their relations with paramilitaries.

"A preliminary inquiry is going forward, this is the initial phase of the process and to hear their testimony does not imply formal charges," said Alfredo Gomez, a Supreme Court judge.

Seven of those called to testify are backers of President Alvaro Uribe, while one belongs to an opposition party.

Senator Miguel de la Espriella, one of those called to testify, revealed the existence of the document in a November interview with the national daily, El Tiempo.

Some 30 politicians signed the letter, which was headed "confidential and secret," including congressmen, governors, mayors and regional deputies. The pact proposed "rebuilding our country" and the creation of a "new social contract."

While some of the politicians have claimed they were coerced into signing, others said they thought it was the foundation for a peace process. Top commanders of the paramilitaries were present at the meeting.

The pledge is the latest indication of the collusion of Colombia's political establishment with the paramilitaries. Seven current politicians have so far been jailed and are awaiting trial on charges ranging from the creation of paramilitary groups to homicide.

Originally created by landowners and drug traffickers to fight leftist rebels, paramilitaries are accused of some of the worst massacres in Colombia's long-running conflict. They are also accused of exporting hundreds of tons of cocaine abroad.

The paramilitaries are in a peace process with the government that has led to more than 31,000 fighters laying down their arms.

New Details On Sintia Mesa Murder (WUSA)

By Phyllis Armstrong

WUSA-TV, CBS 9, Washington, DC, January 31, 2007

9 News Now has learned disturbing new details about the murder of a Hyattsville woman reported missing last week.

Sources say federal agents with the Baltimore office of Alcohol, Tobacco and Firearms arrested a man named Jamal Jones (multiple spellings) earlier this month. He was charged with conspiracy to distribute heroin and released. An ATF spokeswoman says federal authorities had been looking for Jones since September of 2005. Sources had also identified the murdered woman's boyfriend as a Jamal Jones. Police have not confirmed or denied that it is the same man.

Baltimore City Police found the body of 25-year-old Sintia Mesa in the trunk of her Toyota Solara on Monday. The cause of death has not been released, but her body showed signs of trauma. Mesa's family reported her missing after she failed to show up for a nail appointment Friday afternoon in Baltimore County and a mandatory work meeting that evening.

Baltimore County police investigators began the search for the Morgan State University Graduate shortly about 12:25 am on Saturday. They say detectives discovered that someone had broken into Mesa's storage locker in Laurel, Maryland. Sources say authorities are looking into the possibility that money was taken from that locker.

Relatives have said Mesa lived with her boyfriend in Laurel until moving back with her parents last year. Police say they interviewed her boyfriend and other people close to her on Saturday about Mesa's disappearance. It is not known whether the arrest of Jones on drug charges had any connection with the murder of Mesa.

Last Sunday morning, police located Mesa's cell phone and other personal belongings in a dumpster. Sources say a signal from that cell phone was picked up around 9:30 pm Friday in the same area as the dumpster. Baltimore City homicide detectives are continuing the search for her killer.

IMMIGRATION:

Citing Persecution, Judge Grants Gay Mexican Immigrant Asylum In U.S. (LAT)

DOJ_NMG_0124774

By Tami Abdollah, Times Staff Writer

The Los Angeles Times, January 31, 2007

An immigration judge granted a Mexican immigrant asylum, citing his sexual orientation and the severe persecution of gays in Mexico, the immigrant's lawyer said Tuesday.

Jorge Soto Vega, 38, said he had suffered harassment and violence from family members and authorities in Mexico because he is gay.

According to court documents, while living in Guadalajara, Soto Vega was beaten by police with a "metal baton or flashlight" and then robbed, called "anti-gay slurs" and told that he would be killed if he was ever seen again.

In 1988, Soto Vega paid a smuggler to sneak him into the United States, and he settled in the Hollywood and Silver Lake areas. In 2001, Soto Vega returned from a brief visit to Mexico after his mother's death, during which he said he was afraid to go outside. He said he found out about the asylum process upon his return and filed an application the following year.

Soto Vega's request for asylum was denied in 2003 by immigration judge John D. Taylor, who said he could return to Mexico since "it would not be obvious that he was homosexual unless he made it obvious himself."

The case was returned to Taylor after the U.S. 9th Circuit Court of Appeals ruled it is the government's responsibility to prove Soto Vega had no "well-founded fear of persecution" in Mexico.

At the hearing Tuesday, the judge agreed that a person should not have to conceal his or her sexual orientation in order to be free from persecution, said Jon W. Davidson, legal director at Lambda Legal, a nonprofit gay-rights group. The U.S. Immigration and Customs Enforcement agency waived the right to appeal in the case, spokeswoman Virginia Kice said.

Davidson, who represented Soto Vega, said there was "overwhelming testimony showing severe persecution of gays in all areas of Mexico and therefore the inability of [Soto Vega] to move safely to any other area."

"He's a 38-year-old man who is not married and has never been married. In Mexico, that means you're gay," Davidson said.

Citing strict confidentiality provisions regarding asylum cases, Kice would not comment on the decision.

Soto Vega, who moved to Brooklyn, N.Y., to be near his partner's family about four years ago, said he can now live without fear of deportation.

"It's been a long, long wait to get to this point where I feel today, secure and happy," Soto Vega said.

*

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US Visa Policy To Come Under Attack (FT)

By Edward Luce

Financial Times, January 31, 2007

US private-sector bodies will on Tuesday criticise the Bush administration for persisting with strict visa policies that they say are damaging the country's reputation around the world and harming US business interests.

The group, which includes bodies representing US universities, business exporters, student associations and think-tanks, will urge the White House and Capitol Hill to make rapid changes to the US visa regime.

These would include steps to expand the number of countries that benefit from the US visa waiver programme and ending the requirement that all visa applicants to the US must submit to a personal interview at US consular offices.

The National Foreign Trade Council estimated that US businesses lost more than $30bn in the two years before mid-2004 because of the visa restrictions imposed after the 2001 terrorist attacks. That figure is likely to be much larger now.

"American businesses now routinely hold training seminars, conferences and sometimes even board meetings outside of the US," said Bill Reinsch, head of the NFTC. "At the same time you see foreign universities attracting more students by advertising the fact that they don't have a US-style visa regime."

The State Department says it has responded to private sector criticisms by employing more than 500 new consular officers, increasing the use of electronic visa processing and cutting down the waiting time for scientists to obtain a visa.

"We recognise the critical importance for the US economy and American public diplomacy of making it easier for students and business travellers to get visas," Dina Habib Powell, US assistant secretary of state, told the FT in a recent interview. For

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example, the number of visas granted to foreign students last year stabilised at 565,766 after consecutive years of decline, she said.

However, private sector groups say the Bush administration has not done nearly enough to address the seriousness of the problem. "US agencies must recognise that the conduct of visa policy and the treatment of visitors at ports of entry is public diplomacy," says the private sector statement that will be issued today.

Last year the Discover America partnership – a coalition of travel and tourist groups – found that two-thirds of the 2,011 international business travellers it surveyed thought the US was "the worst country in the world" in the way it treated foreign visitors at the border.

Similar proportions said they feared mistreatment at the hands of US immigration officials. There was no difference in response between visa waiver countries, such as France and Germany, and those requiring visas, such as China and India. Discover America will separately today issue a recommended "blueprint for change" to persuade 10m more foreign visitors to visit the US.

U.S. Is Urged To Step Up Plan To Attract More Visitors (NYT)

By Rachel L. Swarns

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — One year after the Bush administration vowed to try to slow the decline of overseas visitors to the United States, travel industry executives and some Democratic lawmakers say that the initiative needs to be stepped up.

The lawmakers and executives point to continuing delays in processing visas, staff shortages at international airports here and American consulates abroad and what they describe as a failure to promote the United States adequately as a travel destination since the terrorist attacks of Sept. 11, 2001.

Officials at the Departments of State and Homeland Security counter that they have already made significant progress in addressing such problems. But Senator Daniel K. Inouye, Democrat of Hawaii and chairman of the Senate Commerce Committee, and Senator Byron L. Dorgan, Democrat of North Dakota and chairman of the tourism subcommittee, say legislation is needed to prod the administration to do more.

"Announcing a new initiative is the easy part," Mr. Dorgan said of the administration's plan, which is intended to encourage tourism and business travel. "The follow-through is what is important. And the fact is the results so far have been less than impressive."

Between 2000 and 2005, the number of overseas visitors dipped from 26 million annually to 21 million, according to the Travel Industry Association. In some places in Brazil, Mexico, Venezuela and the Dominican Republic, travelers still wait nearly two months or more to get an interview for a visa, State Department statistics show. And travel industry executives say that an effort to transform the Houston and Dulles international airports into model airports has made "marginal progress."

An association of travel industry executives, called the Discover America Partnership, has hired Tom Ridge, the first homeland security secretary, to help promote its efforts.

The group includes Jay Rasulo, chairman of Walt Disney Resorts and Parks; Jonathan M. Tisch, chairman of Loews Hotels; and Roger Dow, president of the Travel Industry Association. The travel executives are calling for legislation that would increase financing for consular and airport staff and require the administration to report to Congress on its efforts to improve visa processing and customer service at customs checkpoints, among other things.

Mr. Dorgan, who will hold a hearing on the issue on Wednesday, praised the partnership's proposals and said he and other lawmakers would consider them as they drafted legislation. "Other countries have become more aggressive while we have become less aggressive," he said. "It seems to me we ought to change that."

Maura Harty, assistant secretary for consular affairs in the State Department, said critics failed to acknowledge progress that had been made. In September 2006, 47 of the 219 American embassies and consulates that handle nonimmigrant visas had wait times of 30 days or more for visa interviews. Now, she said, only 20 of the postings have wait times of that length.

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Ms. Harty noted that the number of business visas issued in Brazil had surged by 70 percent over the past year and that the number of student visas had increased by 32 percent in China and 30 percent in India. In the meantime, she said, the State Department was testing video conferencing of interviews and mobile consular units in remote locations.

She expressed disappointment that such achievements were not recognized. “We have in essence been changing out the engine while the aircraft is in midflight,” she said. “We have enhanced our service delivery.”

Jarrod Agen, a spokesman for the Department of Homeland Security, echoed her concerns. He said his department was pressing ahead with legislation that would expand the number of countries where travelers are not required to apply for visas in exchange for tougher security reviews of those travelers, among other changes.

“A number of the points are areas where we’re already working to improve and have made strides,” Mr. Agen said.

Stevan Porter, the chairman of the Discover America Partnership, said more needed to be done. “America is experiencing a travel crisis, one that hurts our economy, national security and global standing,” said Mr. Porter, who is also the president of the Intercontinental Hotels Group.

Mr. Ridge said a concerted effort was needed to make sure that America was viewed as a welcoming destination. “I suspect every congressman, senator, ambassador, business leader as well as thousands of individuals citizens have a litany of anecdotes that confirm that it is more difficult traveling to this country,” Mr. Ridge said.

Immigrant Groups Want 'Legalization For Everyone' (CHIT)

By Emma Graves Fitzsimmons

Chicago Tribune, January 31, 2007

An alliance of Chicago immigrant advocates called on Congress Tuesday to give undocumented immigrants legal status when the Democratic majority takes another look at immigration reform in February.

"The language in Washington, D.C., is different from the language here at the grass-roots level," said Carlos Arango, the executive director of Casa Aztlan, a cultural center for the Mexican community in Pilsen. "This is the agenda that comes from the community. It is not negotiable. We want legalization for everyone."

The United Front of Immigrants released a set of demands at a news conference Tuesday that included suspending construction of a fence along the border, establishing a path to citizenship for more immigrants and ending recent attempts by customs officials to intimidate immigrants.

In February, the Senate is expected to reconsider a bill it passed in May that proposed a three-tiered approach for illegal immigrants, requiring some to leave and permitting others to stay.

U.S. Rep. Luis Gutierrez (D-Ill.) is working on a bill in the House and has been in early discussions with Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) about addressing immigration reform.

Gutierrez "is committed to an earned legalization program that helps people already here to adjust their status," said Scott Frotman, the representative's press secretary. "The congressman believes the time for real comprehensive immigration reform is now. The current system is badly broken. It's hurting families, it's harming business, and it's hindering efforts to guard our homeland."

Chicago has been at the foreground of the national immigration debate after several marches last spring brought hundreds of thousands of protesters calling for the legalization of undocumented immigrants to downtown streets. There are 1.5 million Mexican immigrants residing in Illinois, according to figures from the 2000 U.S. Census.

Immigrant advocates have been trying to harness those numbers to support candidates backing an opportunity for illegal immigrants to earn legal status.

Since 2004, the Illinois Coalition for Immigrant and Refugee Rights has registered 42,057 people in the Chicago metropolitan area. The organization had more than 1,500 volunteers calling voters and knocking on doors on Election Day in November.

A more just immigration reform bill will test how much the Democrats value Latino voters that helped them get elected last year, Arango said.

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The United Front alliance includes several groups that participated in the marches, including Casa Aztlan, the United Network for Immigrant and Refugee Rights, Latino Organization of the Southwest and the International Coalition of Mexicans Abroad.

The guiding principles behind the group's demands are keeping families together and allowing immigrants to live and work in the U.S. without the fears of deportation and discrimination, organizers said.

The alliance plans on working with immigrant advocates in New York and California to pressure Congress, in addition to appealing directly to legislators.

TAX:

The Barrett Report (WT)

By Mark Goodman

The Washington Times, January 31, 2007

The bell has just rung on the 2008 presidential sweepstakes and already more entries have crowded into the gates than the American grandstand can count, much less account for. That's all to the good, as the only winners over the past two decades have been named either Bush or Clinton. Still, since nothing less than the fate of the nation seems to be at stake, it is imperative that all candidates be measured as closely as possible for merit and accountability, beginning with the most visible pretender, Sen. Hillary Clinton.

The disturbing problem is, neither the Democrats or Republicans on Capitol Hill are disposed to brace Mrs. Clinton, even though it is immediately within their power to do so.

Let's return one year to the yellowing Barrett report. In February 2006, after nine years of hard labor, Washington lawyer David Barrett, the independent counsel appointed to investigate the Henry Cisneros scandal, finally published his 684-page report. His study provoked commentary mainly for what was missing — 120 pages of evidence, reportedly devastating to both Clintons, which Democratic congressmen, led by Sens. John Kerry, Dick Durbin and Byron Dorgan, had redacted by attaching a rider to another bill.

Deeply frustrated by nine seasons of blockading by Clinton lawyers and Democratic congressmen, Mr. Barrett issued a statement saying, "An accurate title for the report would be, 'What We Were Prevented from Investigating.' " What, indeed. In an online column written before he signed on as President Bush's press secretary, Tony Snow reported that by all accounts the redacted pages contained enough damning evidence to sink Mrs. Clinton's presidential ship.

Mr. Snow's widely held view made sense, else why would the Democrats go to such extravagant lengths to shield the pages from the light of day? However, there was a catch to the redaction: Any congressman could secure a copy of the vaulted evidence merely for the asking.

As it happened, I had trod a path parallel to Mr. Barrett's in my own investigation into corruption in the highest precincts of a global media conglomerate which led in turn led to evidence of obstruction by President Clinton.

An abiding theme in the redacted pages, insiders say, is the Clinton camp practice of using the IRS to punish its enemies. Mr. Clinton plainly did not leave this illegal practice behind in the Oval Office. By all accounts he has maintained a tight grip on a number of government departments and agencies, notably the Justice Department and the IRS, the folks who can deal the deadliest damage.

I can personally vouch for the Clinton-IRS strategy. In 2002, after I had learned of Mr. Clinton's intrusion into the case I had reported to the IRS, I informed Mrs. Clinton of the facts I'd uncovered. Soon enough the IRS came calling with unwarranted tax demands and threats of criminal investigation. I replied accusing the IRS of conspiring with the Clintons and the media conglomerate to perpetrate "institutionalized terrorism." The agency, finally grasping the irony that it was seeking to punish its own whistleblower, quickly backed off.

So: You really can Just Say No to Clintonian bullying. All of which brings me back round to the 120 missing pages of the Barrett report, still smoking in some nether Beltway trash barrel. I tried to pry the pages out of Florida Republican Rep. E. Clay Shaw Jr. (who, in this tale's one comic episode, referred me to my local Democratic representative) and even appealed to Mr.

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Snow and the chairman of the Republican National Committee — and got nowhere. It's a puzzlement: Why would the Republicans sit on a report they think destined to deep-six the presidential campaign of the Democratic front-runner?

Alas, there are several unholy answers to that riddle. The first is the cynical theory that we don't really live in a democracy but in a series of autocracies changed at fixed intervals. Thus the inevitable corollary: At the top, power-brokers stick together. It further must be clear to the Republican brain trust that the party is on course to take an even worse drubbing in 2008 than it did in 2006, so they're surely counting future cards. And if they have to suffer a Democrat in the White House, who better than Mrs. Clinton, poster girl for moral ambiguity? In that event, it follows, the sequestered pages of the Barrett Report would surely give the Republicans a dandy wild card when upcoming hands are dealt on Capitol Hill. Bluntly put, they'd have Mrs. Clinton at least halfway in their pocket.

Finally, under the law of unintended consequences, it occurs to me that Mr. Bush's Roman abuses of power have provided welcome cover and concealment for Clinton crimes and misdemeanors. I'm an avowed liberal and a registered Democrat, but I do understand that a wrong Bush doesn't make two right Clintons. I submit that in this crucial election season the American public — which, after all, paid $20 million in hard tax dollars for the Barrett report — has every right to access of all pertinent information available on presidential candidates.

Now that the senator from New York has announced "I'm in to win," voters should demand that their representatives release the mystery pages so that they may examine Mrs. Clinton red in tooth. Otherwise, Americans run the risk of going to the polls in 2008 seeking the rebirth of a nation only to discover that they have merely traded the devil for a witch.

Mark Goodman is a veteran journalist and author of the novel "Hurrah for the Next Man Who Dies."

IRS Calculators Offer Guidance Web Site Can Help Figure Out AMT, Sales Tax Deduction (WSJ)

By Tom Herman

The Wall Street Journal, January 31, 2007

Looking for help on your taxes? Consider what may seem like an unlikely source: the Internal Revenue Service.

This year, the IRS Web site (irs.gov) offers a handy new feature designed to help taxpayers calculate whether it is better to deduct their state and local sales taxes instead of their state and local income taxes. More than 11 million people claimed the sales-tax deduction on their returns last year.

The IRS also recently updated a calculator that could help some perplexed taxpayers figure out whether they are likely to be ensnared by the alternative minimum tax, or AMT.

IRS National Taxpayer Advocate Nina Olson says the AMT is the most serious problem facing individual taxpayers. More than 3.5 million people are expected to get hit by it for 2006.

Here is a guide to these features, and their strengths and weaknesses:

Sales-tax deduction. If you itemize your deductions, you can choose to deduct either your state and local sales taxes or your state and local income taxes -- but not both. This provision, which expired at the end of 2005, was recently resurrected by Congress. It is especially helpful to people in Florida, Texas, Washington and other states that have no state income tax. But you don't have to live in those states to benefit.

To figure your deduction, you can use the amount of sales taxes you actually paid, assuming you saved all those receipts. The other, easier choice is to use the standard amount allowed by the IRS -- plus the taxes you paid on certain purchases, such as a car, boat or material to build a house.

That is where the IRS's new calculator comes in handy. It is remarkably easy to figure out the standard amount. Just go to the IRS site and type "sales tax calculator" in the search box. You don't have to give your name or Social Security number. Just plug in details such as your adjusted gross income, number of exemptions and ZIP Code. I tried it for a hypothetical taxpayer with more than $200,000 of income for last year, two exemptions and a 33480 ZIP Code for Palm Beach, Fla. The answer: $2,137.42.

Initial reviews from tax professionals have been favorable. "I'm impressed," says Claudia Hill, owner of Tax Mam Inc., a tax-preparation and planning firm in Cupertino, Calif. Donna LeValley, a tax lawyer and contributing editor of the book "J.K. Lasser's Your Income Tax 2007," says the IRS tool is "easy to use, has clear explanations" and -- most important -- was accurate for the

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areas in the country she tested. But be sure to print out a copy of your results to show how you calculated the amount, just in case you are questioned, Ms. LeValley adds.

If you don't want to use the online calculator, you can use the worksheet in Publication 600, posted on the IRS Web site.

Warning: Because of the intricacies of the AMT and how state and local income taxes are calculated, residents of some states who are hit by the AMT might be better off claiming the sales-tax deduction even if they paid more in state income taxes. Deducting sales taxes may make more sense from a state income-tax perspective. To be safe, crunch the numbers both ways to see which is best for you.

Alternative minimum tax: The IRS recently updated an online tool that it says will help most taxpayers figure out in about five or 10 minutes whether they might owe AMT. "Nobody likes the AMT. But this tool helps people learn quickly whether they're going to be paying this tax," says IRS Commissioner Mark W. Everson.

The IRS says this is an automated version of a worksheet used to see if you should fill out Form 6251 for the AMT. But it won't be much use to people who have any of 17 items, such as accelerated depreciation, tax-exempt interest from private-activity municipal bonds or investment interest expense reported on Form 4952. If you check yes to any of these, you still have to fill out Form 6251. * * *

SOME EARLY BIRDS seek inflated phone-tax refunds.

The IRS is investigating "potential abuses" on some individual income-tax returns filed this year. The agency says "some" individual taxpayers have claimed "large and apparently improper amounts" for the special telephone-tax refund.

The IRS says the government stopped collecting the long-distance excise tax last August after several court rulings. Federal officials have authorized a one-time refund of tax collected on service billed in the prior 41 months, from the start of March 2003 to the end of July 2006.

Officials have spotted "some clear abuse involving overstated refund requests," Mr. Everson says. Those requesting an inflated amount "will likely see their refund frozen, may have their entire tax return audited and even face criminal prosecution where warranted."

In some cases, people appear to be requesting a refund of the entire amount of their phone bills, not just the 3% tax on long-distance and bundled service they are entitled to, the IRS said. Some people are requesting "thousands of dollars, indicating they had phone bills topping $100,000 -- an amount exceeding their income."

Some tax preparers "are helping their clients file apparently improper requests," the IRS said. * * *

BRIEFS: IRS Publication 17, "Your Federal Income Tax for Individuals," a general guide for individual taxpayers, is available on the IRS Web site....Rep. John Lewis, a Georgia Democrat, is the new chairman of the Ways and Means subcommittee that oversees the IRS. He succeeds Rep. Jim Ramstad of Minnesota, now the panel's ranking Republican.

CONGRESS-ADMINISTRATION:

Bush Lauds Caterpillar's Teamwork (JSO)

By Paul Gordon

Journal Star (Central Illinois), January 31, 2007

EAST PEORIA - Caterpillar Inc. has shown American companies can compete in a global economy, and do it well, President George W. Bush said during a speech at a Caterpillar plant here Tuesday.

That's why Bush chose Caterpillar and Building SS, where its largest earthmoving equipment is built, as his backdrop in an address about the U.S. economy and the need to continue working toward free trade throughout the world.

"The good folks here show others that in the manufacturing world, we can compete. And that's really what Americans wonder, can you compete in a global economy? My answer is, darn right you can, with good policy. And in this company, you've shown how to compete," Bush told an audience of more than 500 consisting of Caterpillar employees and officials and invited area dignitaries. He was accompanied from Washington, D.C., by U.S. Rep. Ray LaHood, R-Peoria, whom Bush said "has been buggin' me" about coming to Peoria since he was elected.

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But in an address where he spent much time touting his own policies on trade, tax cuts, education and other issues, Bush cautioned that there are some who favor protectionist policies he believes would close off free trade for American companies.

Those companies, including Caterpillar, make up the largest exporting country in the world, one that can get even stronger if free trade agreements are allowed to multiply and flourish.

"I strongly believe that if we can compete with people on a level playing field, nobody can compete with us. And so the key is to make sure the rules are fair," Bush said, addressing an issue that is important to Caterpillar.

While the president used the speech to discuss issues that affect the entire country, he interwove Caterpillar into most of it, holding the company up as an example of a firm that gets things done.

"People say, why would you want to go to Peoria â€¦ I want to get out of Washington and sit down with folks that are really the backbone of this country. And I wanted to come to one of America's great companies, and that's Caterpillar," he said.

Bush praised the company's motto, Team Caterpillar, as meaning "everybody works together for the common good and if it benefits one, it benefits all. And that's the spirit I have found here."

His speech followed an hour-long tour of Building SS, including viewing some of the training programs Caterpillar has in place for employees and visiting with workers on the assembly lines.

He even took a brief spin on a D10 bulldozer. "If you've never driven a D10 - it's a cool experience," he said to the laughter of the audience.

Bush used what he saw and learned on his tour in his speech when discussing trade and exports, when talking about attitudes of the American work force and in connection with the need to make our children skilled and educated.

"Let me talk to you about Caterpillar. Half the products you make in America are exported. It's an interesting statistic, isn't it? You walk by one of these things, it's sold right here in the United States, but the other one right here is sold overseas," he said, motioning to the bulldozers that stood near the podium.

He pointed out that Chile, a country with which he signed a free trade agreement only a few years ago, is now Caterpillar's fifth largest export market.

Bush said the growing export market for Caterpillar is why the company is adding jobs.

"People want Caterpillar products. Why? Because they work. They generally don't break down, the master craftsmanship is great, and there's a demand for them," he said.

Bush said he knows trade with China is controversial. "But I want to tell you something, if you're a Caterpillar worker or a Caterpillar shareholder, what that has meant. It meant that Caterpillar exports to China have increased by 40 percent since the market was opened. That's helped to create more than 5,000 new jobs right here in America."

Bush also discussed his tax cut policies that he said has helped companies like Caterpillar to better afford research and development and small companies to purchase needed equipment. Those cuts, he added, also meant people kept more of their hard-earned income in their pockets.

He intends to continue those cuts, he said, and will submit a budget to Congress next week showing how to balance the budget in five years while keeping taxes down.

Bush spoke about new technologies and how those, including new batteries for autos and ethanol development from sources other than just corn, will help reduce the country's dependence on foreign oil.

Bush In Illinois To Tout Policies (CHIT)

By James P. Miller

Chicago Tribune, January 31, 2007

EAST PEORIA, Ill. -- President Bush plugged his economic policies Tuesday, telling an audience at Caterpillar Inc.'s manufacturing plant that his administration's actions played a role in helping Caterpillar achieve its three-year string of record earnings.

After touring the company's factory, and test-driving one of the mastodon-size tractors made at the plant, Bush told the crowd that the economy is strong and said, "The fundamental question is, what are we going to do to keep it strong?"

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The answer he proposed was a continuation of the tax and trade policies that the Bush administration has pursued for the last six years. But with Congress now controlled by the Democrats his policies are being challenged.

Bush's trip to the heartland was part of a two-day campaign aimed at focusing public attention on the economy's health. On Wednesday the president is scheduled to deliver what is being billed as a "State of the Economy" speech in New York.

In Caterpillar the White House selected a company that competes successfully on the global stage and has profited from global trade. It has operations in 23 of the world's 24 time zones and it is enjoying strong sales in China and other offshore markets, even as its U.S. sales have sagged in response to the steep falloff in housing starts.

The company has been riding a global boom in commodity prices, which has spurred demand for its mining and oil-exploration equipment, its construction equipment, and its massive diesel-powered electric generators.

"In this company," Bush told a crowd of about 400 Caterpillar employees and local officials, "you've shown how to compete in a global economy."

Caterpillar has long been known for its organizational and logistical prowess in support of its far-flung operations. However, it was not always as lean and efficient as it has become over the past decade. In the early 1990s Caterpillar endured a series of lengthy and bitter strikes by the United Auto Workers union, as it sought to rein in wages and benefits.

The company eventually prevailed, and for more than a decade has experienced labor peace with the UAW. The Peoria-based company employs about 17,000 people in the local area, but its production workforce is smaller than it once was, thanks in part to the company's expansion of production in Asia and Europe. A residue of bitterness over those strikes still lingers among former workers for the town's leading employer.

White House spokesman Tony Snow told reporters Monday that the president's address in East Peoria would be "highlighting, among other things, the benefits of global trade and the way in which free and fair trade have enabled companies like Caterpillar to prosper on the global market."

Caterpillar is a major exporter, and it also produces products in foreign markets for sale in those regions. But it was apparent when Bush spoke that the rank-and-file workers remain unconvinced on the issue.

When Bush told the crowd, "We don't need more taxes," he drew a big round of applause. But the group failed to respond with similar warmth when he told the workers that "the temptation is to say: 'Let's protect ourselves. Let's isolate ourselves.'"

Because international trade is so crucial, Bush said, "it would be a mistake for Caterpillar workers to do that."

The president's speech had been expected to include a call for a legislative renewal of what used to be known as "fast-track" trade authority. In essence, that power enhances the president's ability to make trade deals with other nations, because it obliges Congress to simply vote yes or no on accords that the president negotiates.

But in his speech, delivered from a podium situated among huge pieces of equipment in the factory's cavernous shipping area, Bush did not raise the issue of renewing the trade authority.

But he praised "fair trade" accords, such as those his administration helped bring about between the U.S. and the nations of Chile and Australia, and said those pacts had played a major role in the surging sales Caterpillar has seen in both countries.

Of course, a dramatic run-up in the price of metals such as copper, nickel and iron ore, which is largely attributable to China's fast-growing industrial economy, has been a key driver of Caterpillar's booming sales overseas.

Bush's effort to align his administration with Caterpillar's success has drawn mixed reviews in this industrial town on the Illinois River.

An editorial in Tuesday's Peoria Journal Star conceded that the administration's efforts in certain areas have benefited the company. But, the editorial continued, "the difficult decisions Cat made to put the company in the position it enjoys today … were largely made in Peoria, not in Washington, D.C."

The president arrived at the Peoria airport about 9 a.m., when the temperature was about 7 degrees and a biting wind made conditions even more unpleasant. His first stop was a breakfast with some local small-business owners.

"People say, 'Why would you want to go to Peoria?'" Bush told the factory audience, before adding, "I want to get out of Washington and sit down with folks that are really the backbone of this country. And I wanted to come to one of America's great companies, and that's Caterpillar."

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Much of the president's comments involved a detailed defense of numerous policies, including his education plan, his desire to make earlier tax cuts permanent and the administration's alternative-energy proposals.

Before his speech Bush walked through the manufacturing facility accompanied by Caterpillar Chief Executive Jim Owens.

At the end of the tour the president climbed aboard a massive piece of heavy equipment painted the iconic Caterpillar yellow and told the press pool: "I'd advise you to stand back. I'm about to crank this sucker up."

He drove it forward about 20 feet, then backed it into a turn and straightened the giant vehicle out.

Bush then climbed down, saying, "Oh, yeah."

Bush Pushes For More Free-trade Deals In Cat Speech (PG)

By Mike Riopell And Blackwell Thomas

Pantagraph.com, January 31, 2007

EAST PEORIA -- President Bush visited central Illinois Tuesday and stood before Caterpillar Inc.'s iconic yellow bulldozers to call for more free trade agreements that he says make it easier for U.S. companies to export their goods. | Video

"I know it's a bad mistake for the country to lose our confidence and not compete," he said.

The president, during a 24-minute address to a crowd of about 500, said exports by the giant manufacturer of earth-movers increased following trade agreements his administration negotiated with other countries.

But it's not clear the Democratic leadership in Congress will wholeheartedly endorse creating more.

U.S. Sen. Dick Durbin says current trade agreements aren't strictly enforced by Bush's administration.

And Durbin suggests Caterpillar's success isn't necessarily reflective of the country's manufacturing climate, noting substantial layoffs in several Illinois communities including Herrin and Pinckneyville.

"As we lose good paying jobs in America overseas to China and other countries, we need to enforce the trade agreements that this administration and others have entered into," Durbin said on the Senate floor Tuesday.

While some have found new work, Durbin said many jobs aren't of as high a quality as many of the ones lost.

"The reality of America's economy is that on his watch we have lost three million manufacturing jobs," he said.

But Caterpillar assembler Raymond Knollenburg said the president's visit to the 1 million square foot East Peoria factory meant a lot to him.

"Our products are all over the world and the president recognizes that," he said.

Bush began the visit at a local eatery and took a spin driving a large bulldozer before speaking to the crowd.

His remarks focused on the economy in order to preface a major policy speech he'll give Wednesday in New York.

But he didn't completely avoid some of the controversial policies of his presidency â€“ promoting the No Child Left Behind education program and defending his tax cuts.

"It's important for you to keep your own money," he said. "You work hard for your money."

Gary Ball, who works in repairs at Caterpillar, said the speech notably didn't deal much the war in Iraq.

"I thought he had a very good message, especially with education," he said. "But I am sure everyone would like to hear something about the war. I guess this just isn't the place for it."

Tuesday's visit to the Peoria area was Bush's only stop in Illinois. About 500 Caterpillar employees and local officials heard the speech, with some workers sitting on bulldozers as part of the backdrop.

Despite the pomp that comes with a presidential visit, Caterpillar spokesman Rusty Dunn said everyone would get back to work soon after Bush left.

"Once the bleachers and seats are removed we'll be back to work immediately," he said.

Bush Pushes Free Trade At Tractor Plant (LAT)

By James Gerstenzang And Molly Hennessy-fiske

The Los Angeles Times, January 31, 2007

EAST PEORIA, ILL. — Using two huge yellow earthmovers as his backdrop, and giddy over driving a third, President Bush sought Tuesday to calm fears about globalization, the nation's economic future and the risks of easing trade barriers, arguing that free trade benefits U.S. workers.

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"The temptation is to say, 'Well, trade may not be worth it, let's isolate ourselves, let's protect ourselves,' " Bush said, adding: "It's a bad mistake for the country to lose our confidence and not compete."

Opening a campaign for renewed trade-negotiating authority before a low-key audience of workers and managers from Caterpillar Inc., which manufactures heavy equipment and sells a large portion of it overseas, Bush is facing a tough battle with an uncertain outcome.

He has not yet specifically asked Congress to renew his "fast-track" negotiating authority, which expires July 1, but he is expected to do so soon. Also known as "trade promotion authority," it allows him to negotiate trade agreements that Congress cannot amend — just vote to approve or disapprove.

Rep. Charles B. Rangel (D-N.Y.), chairman of the House Ways and Means Committee, signaled a readiness Tuesday to work with Bush on the issue, saying he was trying to get the two political parties out of "divorce court."

"If we don't give trade promotion authority [to the White House], we've got to have a good reason for not giving it," he said during a committee meeting.

This month, 37 Democrats who had campaigned against free trade urged Rangel to "reverse the troubling results of the administration's trade agreements and trade policies." The issue has taken on added importance in recent weeks because efforts are underway to energize negotiations of a global trade treaty that have been stalled for half a year.

Bush's speech was the first of two this week promoting the nation's economic strength. He is to travel today to Wall Street, where he will speak at historic Federal Hall.

The president told the audience at Caterpillar that the nation's exports of goods and services last year were worth $1.4 trillion, and that exports amounted to 11% of the nation's economic value, with one in six manufacturing jobs dependent on foreign sales.

He noted that half of Caterpillar's products were sold overseas, and that since the United States and Australia initiated a free-trade pact in 2005, Caterpillar's exports to that country had grown 26%.

However, there is a counterpoint to the president's numbers and his optimistic tenor.

Although wages and employment are growing, Bush faces an undercurrent of concern — over the effects of technology, the struggles facing the Big Three automakers and other traditional blue-collar manufacturing employers, and, most notably, globalization.

And though Bush cites recent improvements in the economy, Bureau of Labor Statistics figures indicate that over the six years of his presidency, real earnings of rank-and-file workers, comparing their earnings with purchasing power, have grown only 3%.

Lawrence Mishel, president of the Economic Policy Institute, a liberal research organization, says that the nation's trade imbalance cost 3 million manufacturing jobs in the United States from 2000 to 2005 and has brought down wages in the typical American household by $2,000 to $6,000 a year.

But at Caterpillar, Bush found room to argue for trade's benefits.

The company employs 45,000 workers overseas — nearly half its workforce of 94,000, according to company figures — and Bush said that Caterpillar sales to China, where its staff numbers in the thousands, had boosted the company's workforce in the United States by 5,000.

But Alan Reuther, legislative director for the United Auto Workers union in Washington, responded to Bush's comments Tuesday by noting that as Caterpillar expanded overseas, it "adopted a couple of policies we think are terrible" to cut costs domestically, including a two-tier pay scale for new workers and reduced benefits for retirees and their families.

"Meanwhile, the industry has been booming, and Caterpillar cites record profits," Reuther said. "The feeling among our folks is they could easily do better by their workers." Caterpillar employs about 11,000 UAW members, Reuther said.

Bush's audience, 300 plant workers and company managers, was generally subdued. But it came alive, just as he did, when he described his encounter with a D10 track-type tractor, a behemoth of a machine.

He climbed aboard, telling reporters, "I would suggest moving back. I'm about to crank this sucker up."

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With that, the machine came to life, moving forward on its yellow metal treads, until the president brought it to a halt about 20 feet down the line and started it on a backward turn. When Bush climbed down from the cab, the inner boy was shining through, and a broad, sheepish grin crossed his face.

"Oh, yeah," he said.

"If you've never driven a D10," he told the workers and managers a few minutes later, "it's a cool experience."

Bush Pushes For More Free-trade Deals (AP)

By Deb Riechmann

AP, January 31, 2007

President Bush, pressing his free-trade agenda on a Congress now run by Democrats, said Tuesday more foreign markets need to be opened to U.S. products.

"The temptation is to say, well, trade may not be worth it. Let's isolate ourselves. Let's protect ourselves," Bush said, standing on a factory floor before 300 employees of Caterpillar Inc.

"I know it's a bad mistake for the country to lose our confidence and not compete," the president said.

Bush wants Congress to extend his authority to negotiate free-trade deals, a request that likely will face an uphill battle in Congress. Democrats won the November elections in part by arguing that the administration's free-trade policies were costing U.S. jobs and exposing American workers to unfair competition from low-wage countries.

Now with Democrats in control, Bush faces an even bigger challenge in getting Congress to renew the Trade Promotion Authority. Also known as fast-track authority, it lets the president negotiate trade deals that Congress must approve without amendments. That authority expires on July 1.

"We're going to continue to negotiate free trade agreements," Bush said. "And by that I mean, we just want people to treat us fairly. I'm confident in our ability to sell American products and services overseas if the playing field is level."

Bush used Caterpillar's huge earth-moving equipment as a backdrop for the first of two economic speeches this week. He travels to New York City on Wednesday to give what he's calling an address on the state of the economy.

Since his State of the Union address, Bush, whose job approval ratings are at record lows, has focused his public events on health care, energy and the economy — domestic issues that have been overshadowed by the unpopular war in Iraq.

He traveled to visit Caterpillar because the company is taking advantage of a growing global demand for construction and mining equipment. The company posted record profits and revenues for three straight years, creating about 5,000 jobs at its U.S. plants in Illinois, Colorado, Pennsylvania and Tennessee.

Caterpillar spokesman Timothy Elder says Bush's trade policies helped the company net about $9 billion in sales outside of North America in 2006, when revenues of about $41.5 billion netted profits that topped $3.5 billion — both company records.

Since Bush took office in 2001, however, the country has seen one in five manufacturing jobs disappear, a total of 2.96 million lost jobs, with U.S. automakers and textile companies particularly hard-hit. The U.S. trade deficit is expected to climb to a fifth consecutive record when the final figures for 2006 are totaled up next month.

U.S. Business and Industry Council, which represents small and medium-sized U.S. manufacturing companies and is critical of the administration's trade policies, called Tuesday for a moratorium on all new trade agreements until the trade deficit is brought under control.

Ways and Means Committee Chairman Charles Rangel, D-N.Y., said, meantime, he is exploring approaches to bridge the gap on trade between Democrats and Republicans in Congress and the White House. His committee, which oversees trade issues in the House, held a hearing Tuesday to air those differences.

Rep. Sander Levin, D-Mich., said he wished that Bush had decided to visit a factory in an industry that has been battered by foreign trade rather than Caterpillar, which is one of the U.S. success stories. Levin is from Michigan, where American auto companies have been hard-hit by foreign competition.

Before he spoke, Bush stopped at the Sterling Family Restaurant to chat with customers having breakfast near a grill laden with steaming hash browns. He talked in a back room with small business owners before heading to tour the Caterpillar factory.

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"I would suggest moving back. I'm about to crank this sucker up," Bush called from the cab of a yellow tractor. He started the motor. A puff of smoke belched from its stack, and the president steered it around the assembly line. "That was fun," he exclaimed as he got off.

Citi Will Buy Egg To Raise U.K. Presence (WSJ)

By Carrick Mollenkamp And Ian Mcdonald

The Wall Street Journal, January 30, 2007

Citigroup Inc.'s £575 million ($1.13 billion) purchase of Egg Banking PLC from Prudential PLC sets the stage for the U.S. financial-services company to step up its battle in the British credit-card market against entrenched banks such as Barclays PLC and Bank of America Corp.

For Prudential, one of Britain's largest insurers (unrelated to the U.S. Prudential), the transaction is part of a broad review of its United Kingdom business.

The cash transaction, which is expected to close by April pending regulatory approval, gives Citigroup access to online bank Egg's three million customers, 2.9 million of whom are Egg card customers. Before this deal, Citigroup had just 800,000 card customers in the U.K. Egg's share totals about 5.7% of U.K. credit-card outstanding balances.

Citigroup will be up against banks such as Bank of America, which has about a 15% share of U.K. credit-card outstanding balances, and Barclaycard, which has about a 13% share. They dominate the market along with Royal Bank of Scotland Group PLC, which has about a 15% share, according to industry estimates.

Citigroup is paying a high price -- roughly two times Egg's book value, or its assets minus liabilities -- especially considering Egg's recent struggles.

Egg, based in London, is expected to post a pretax operating loss of £145 million for 2006, Prudential said.

Bush Promotes His Free Trade Initiatives (NYT)

By Sheryl Gay Stolberg

The New York Times, January 31, 2007

EAST PEORIA, Ill., Jan. 30 — With Democrats making the case that his economic policies have benefited the rich more than the middle class, President Bush struck back on Tuesday, in the first of back-to-back speeches promoting what the White House characterizes as 41 consecutive months of economic growth.

Mr. Bush came here to East Peoria, home to Caterpillar, the world's biggest manufacturer of earth-moving equipment, to advance his free trade initiatives and press Democrats to make his tax cuts permanent. On Wednesday, he heads to New York's financial district to deliver a more formal "State of the Economy" address at Federal Hall, where he is expected to ask Congress to extend his authority to negotiate trade agreements that cannot be amended.

"The temptation is to say, well, trade may not be worth it, let's isolate ourselves, let's protect ourselves," Mr. Bush told a friendly audience of Caterpillar employees, standing against a backdrop of gigantic tractors in the company's familiar colors of yellow and black.

He added, "It's a bad mistake for the country to lose our confidence and not compete."

The president was mostly preaching to the converted. Caterpillar was carefully chosen by the White House to put Mr. Bush's policies in the best possible light. The company's exports to Chile and Australia have shot up following free trade agreements negotiated by the Bush administration. And China, which negotiated a trade deal with President Bill Clinton, is now Caterpillar's fifth-largest export market.

"Americans wonder, can you compete in a global economy?" Mr. Bush said, before answering himself. "My answer is, darn right, you can."

With Mr. Bush's public approval ratings having crumbled, his domestic agenda faltering and his Iraq strategy running into a wall of opposition on Capitol Hill, White House advisers are hoping to capitalize on economic growth and low unemployment figures as a way to elevate public opinion of the president.

Already, the polls show a fresh hint of optimism. A survey by the Pew Research Center found that while public approval of Mr. Bush's handling of the war had dropped nine points, to 23 percent from 32 percent, from August to December 2006, approval

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of his handling of the economy went up six points, to 39 percent from 33 percent. A recent Gallup Poll, meanwhile, found 65 percent of respondents predicted they would be better off a year from now than they were today.

But Democrats, who won control of Congress in part by arguing that Mr. Bush's economic policies are giving short shrift to the middle class, do not intend to give up that ground without a fight. The president's twin appearances this week are setting the stage for a battle between Mr. Bush and Congressional Democrats over the economy in general and trade in particular.

Already, Democrats are signaling they will resist extending the president's "fast track" trade negotiating authority, unless Mr. Bush couples the plan with proposals to demand tougher labor and environmental standards from the United States' trading partners and help for American workers who are displaced by foreign competition.

"We don't want to abandon free trade," Senator Charles E. Schumer, Democrat of New York, said in an interview Tuesday, "but he's got to offer more protections and cushions for people who are caught in its maw through no fault of their own."

On Wednesday, while Mr. Bush is delivering his speech in Manhattan, a House-Senate committee will hold a hearing on the economy, led by Mr. Schumer, who has just published a book outlining how Democrats can hold power by reclaiming their status as the party of the middle class. The chief Democratic witnesses are Robert E. Rubin and Lawrence H. Summers, both former treasury secretaries under President Bill Clinton.

"When the average middle class voter hears the president speak, he or she thinks, 'The guy doesn't know what I'm going through, it's not terrible, but it's not so rosy either,' " Mr. Schumer said, adding that the hearing is "intended to be an answer to the president."

In East Peoria on Tuesday, there was a preview of this same political clash. At Caterpillar, with Representative Ray LaHood, a Republican, in tow, Mr. Bush found what a pool report described as his "inner boy" when he drove one of the giant tractors for about 20 feet.

"I would suggest moving back," Mr. Bush announced as he climbed into the tractor cab. "I'm about to crank this sucker up." And then he did, later pronouncing it "a cool experience."

While the president was busy driving, the freshman Democrat who represents the district next door was busy issuing a press release arguing that Mr. Bush was ignoring the financial condition of his constituents. The congressman, Representative Phil Hare, who worked as an aide to his predecessor before winning election in November, pointed to another Illinois community, Galesburg, where he said free trade treaties "drove 1,600 good-paying Maytag jobs" to Sonora, Mexico.

In Peoria, President Plays Up Economy (WP)

By Peter Baker

The Washington Post, January 31, 2007

PEORIA, Ill., Jan. 30 -- So it's come to this. As President Bush tries to win back public support and sell his new domestic program, he came here Tuesday to see whether it would play in, well, you know the rest.

Bush flew here to have breakfast with small-business leaders at a diner in perhaps the nation's most famous place for testing the marketability of ideas, then headed over to the Caterpillar plant across the Illinois River in East Peoria to climb aboard a massive D10 tractor and take a presidential spin.

The other presidential spin of the day was about the strength of the economy. While the Iraq war dominates the political dialogue in Washington, Bush reminded audiences that the economy has been growing along with U.S. exports and credited his tax and trade policies. He touted health-care and energy proposals from his State of the Union address and made the case for brokering further free-trade agreements.

"The temptation is to say, 'Well, trade may not be worth it, let's isolate ourselves, let's protect ourselves,' " Bush told workers surrounded by Caterpillar's trademark earthmovers. "I know it would be a mistake for Caterpillar workers to do that. . . . I know it's a bad mistake for the country to lose our confidence and not compete."

U.S. exports increased by 13.1 percent in the first 11 months of last year and 10.7 percent the year before that. Caterpillar has enjoyed particularly strong growth, with $9 billion in exports last year and $41.5 billion in overall sales.

But most Americans have lost faith in Bush's stewardship of the economy. In a Washington Post-ABC News poll this month, 41 percent of Americans approved of the president's handling of the economy, while 57 percent disapproved. Critics argue that

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Bush's ratings reflect a poor economic record, noting increases in the trade deficit, the national debt, the number of uninsured Americans and other barometers since he took office.

Bush argues that his tax cuts have spurred a robust economic recovery and pumped enough additional revenue into federal coffers to cut the deficit substantially. He plans to press his case with a fuller speech on the economy in New York on Wednesday.

He focused here on trade, promoting his record at a time when lawmakers are considering whether to extend his authority to negotiate agreements that are subject to "fast-track" up-or-down votes in Congress without amendment. Every president in modern times has enjoyed such power, but it expires this summer, and with Democrats now in charge of Congress, Bush faces a tough time getting it extended. He has completed trade pacts with Panama, Peru and Colombia that are awaiting congressional approval, and he is negotiating with South Korea and Malaysia. He also wants to jump-start stalled global trade talks.

The president used Caterpillar to make his case, noting that Chile became its fifth-largest export market after a Bush trade agreement. Similarly, he said, Caterpillar sales to Australia rose 26 percent after a 2005 trade pact. And he said Caterpillar business with China since it opened its market has risen 40 percent and helped create 5,000 jobs.

As he toured the facility here with Jim Owens, the chairman and chief executive, though, Bush made no mention of the schism between him and the company over climate change. Owens and Caterpillar joined nine other major corporations last week calling on Bush to support mandatory caps on emissions generally believed to contribute to global warming. Bush rebuffed the idea but proposed cutting gasoline consumption 20 percent over 10 years.

Asked about the disagreement with the corporate executives by ABC News after the visit, Bush said "I appreciate their call" for caps but repeated his preference for innovating out of the problem. "There needs to be time for some of these technologies to kick in, to give them a chance to work," he said.

Caterpillar was the second of the 10 companies in the climate-change alliance that Bush has visited since the State of the Union. He went to a DuPont facility in Delaware the day after the speech. Aides said it was coincidence.

It may be that Bush chose to come here to indulge a male fantasy -- the chance to drive one of those dirt-digging tractors that seem to fascinate every young boy. At the end of his tour, he climbed aboard and plopped down at the controls.

"I would suggest moving back," he warned reporters. "I'm about to crank this sucker up."

The president cranked the sucker up, powered it forward 20 feet, then backed it into a turn and finally straightened it out. No reporters were hit. But Bush was delighted.

"Oh, yeah," he said with satisfaction as he climbed down.

Dems Want Trade Talks To Include Protections (USAT)

By David J. Lynch

USA Today, January 31, 2007

WASHINGTON — President Bush and congressional Democrats fired the opening salvos Tuesday in what could become a major debate about whether the U.S. pursues additional trade agreements.

On Capitol Hill, key Democrats said Tuesday that they would insist on new protections for workers and the environment before granting President Bush an extension of his trade negotiating authority.

At issue is the president's ability to negotiate trade deals, which expires June 30. Monday, White House spokesman Tony Snow said the president "absolutely" wants an extension of his so-called trade promotion authority, which limits Congress to approving or rejecting trade agreements. The administration's formal request could come as soon as today.

The looming battle about an extension comes amid what Democrats say is rising economic insecurity despite an unemployment rate of 4.5%. The House Ways and Means Committee has scheduled a hearing today on the economic challenges facing the middle class.

Tuesday, Bush touted the benefits of trade while visiting a Caterpillar plant in East Peoria, Ill.: "We're 5% of the people in the world. That means 95% live outside of America, and shouldn't we try to put ourselves in a position where we can sell goods and services to those 95%? I think it makes sense to do so."

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Democrats, however, don't want to give the president a blank check. Rep. Charles Rangel, D-N.Y., chairman of the Ways and Means panel, said Democrats required "assurances" before extending the president's authority.

The price of an extension may be administration agreement on new efforts to prepare workers for an era of less job security and help for those who lose their jobs as the economy adjusts. Senate Finance Committee Chairman Max Baucus, D-Mont., is calling for a "globalization adjustment assistance" package that would broaden existing programs to cover service industry workers.

But with U.S. exports booming, and a potential new global trade deal at risk, Democrats don't want to appear obstructionist. Rangel said he would try to reach a trade bargain with Republican colleagues on the powerful panel.

"If we don't give (the White House) trade promotion authority, we've got to have a good reason," he said during a hearing on the impacts of trade and globalization.

Levin Fires A Salvo On Fast Track (HILL)

By Ian Swanson

The Hill, January 31, 2007

House Democrats should not hold serious talks on extending fast-track negotiating authority with the Bush administration until it agrees on changes to the labor provisions of three pending free-trade agreements, a senior House Democrat told The Hill yesterday.

“I think we need a breakthrough in those areas before there can be meaningful discussions about renewal of fast track,” said Rep. Sandy Levin (D-Mich.), who chairs the trade subcommittee of House Ways and Means.

Levin’s statement, which was made outside a Ways and Means Committee hearing on trade and globalization, is the latest indication of how contentious trade legislation will be during the 110th Congress.

Levin said the free-trade deals the administration has already negotiated with Colombia, Peru and Panama will have to be renegotiated. The lawmaker said that getting those countries to make commitments in so-called side letters would not be sufficient because the only way to ensure that changes to the deals are enforceable is to make changes to the text.

“I think we’re going to have to renegotiate and put new provisions in those agreements, because I don’t see how else you do it in a way that’s fully enforceable,” Levin said.

If this is done before the end of March, Levin said the three trade agreements, which are opposed by organized labor, could still be submitted under the current fast track authority, which expires at the end of June. Levin suggested these changes would build confidence with Congress that the administration will use fast track in the right way.

Fast track requires that Congress be given 90 days’ advance notice of the administration’s intent to sign a free-trade agreement. The administration has already signed the deals with Peru and Colombia, but would have to renegotiate those deals and sign new ones to meet the demands of Levin and other House Democrats. The administration has completed talks with Panama and announced its intention to sign that deal.

President Bush is expected to ask for an extension of fast track this week. Without fast track, also known as trade promotion authority, the administration could not send deals to Congress for up or down votes. As a result, other WTO members would be unlikely to negotiate with a U.S. administration that lacks fast track.

If Democrats refuse to grant Bush a fast-track extension, the U.S. risks being blamed for killing the WTO negotiations, according to Gene Sperling, a former economic adviser to President Clinton, who testified at the Ways and Means hearing. In response to a question from Ways and Means Committee Chairman Charles Rangel (D-N.Y.), Sperling said he thought it was possible for the administration and Congress to agree to an extension of fast track limited to allowing the administration to conclude the current round of WTO talks.

In exchange, Sperling said Democrats should get a commitment that the administration will press for stronger environmental and labor language not only in bilateral agreements, but in the ongoing WTO round. He acknowledged it is probably not possible to win labor concessions in the current WTO discussions, but said stronger environmental provisions were possible.

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"I think that if the administration comes forward with a good-faith down-payment on the type of things that the Democrats are concerned with, the Democrats should at least be willing to consider a temporary extension of [fast track]," Sperling told The Hill after the hearing.

Rangel told reporters after the hearing that U.S. Trade Representative Susan Schwab has warned him that the U.S. would be blamed for the failure of the WTO talks if fast track is not extended by Congress. Rangel said Schwab spoke to him from Geneva, where she is discussing the Doha round with her counterparts.

Some lobbyists have argued that requesting an extension of fast track is a win-win situation for the administration, since if Democrats refuse to grant the extension, the administration could blame them for the failure of the WTO talks.

Rangel said a fast-track extension would depend on what conditions are tied to the authority, and on how long of an extension is considered. In a joint press release with Senate Finance Committee Chairman Max Baucus (D-Mont.), Rangel said a reauthorization required a "great deal of trust," and that Congress would need certain assurances before being willing to extend fast track.

Democrats Give Bush The Business On Trade (WP)

By Peter S. Goodman

The Washington Post, January 31, 2007

As President Bush was out in Peoria touting the virtues of foreign trade and asking for fresh authority to promote it, newly ascendant Democrats on Capitol Hill signaled just how tough it's going to be for the president to get what he wants.

In a hearing, Democrats repeated earlier warnings that they are unlikely to approve pending trade pacts with Peru, Colombia and Panama unless the administration agrees to provisions tightening labor and environmental protections in those countries. They pledged to demand similar labor rules before extending the president's authority to negotiate new trade deals.

"We have had trade policies in this administration that assume that trade is an end in itself, that market forces will work themselves out, that there isn't really an active role for government," said Rep. Sander M. Levin (D-Mich.), who chairs a House subcommittee on trade. "We've had a tremendous loss of U.S. manufacturing jobs."

The new chairman of the House Ways and Means Committee, Charles B. Rangel (D-N.Y.), presided over a wide-ranging discussion that touched on how to prevent companies from shifting production to exploitative factories in poor countries, how to confront China over allegedly unfair trade practices and how to help Americans who lose jobs.

The hearing took place as President Bush visited the Illinois headquarters of Caterpillar, the construction-equipment giant and a highly successful exporter. There, the president asked Congress to extend his so-called trade promotion authority -- his legal right to negotiate trade pacts that he can submit to lawmakers for a simple up-or-down vote. It expires at the end of June, and without it, trade deals stand little chance of getting through Congress as individual legislators pick them apart to protect jobs in their districts.

The administration is intent on gaining an extension in hopes of restarting talks aimed at lowering tariffs around the world. Those talks, known as the Doha round of trade negotiations, have been stalled for months over American and European unwillingness to pare farm subsidies and over claims from India and other poor countries that they will not benefit enough from opening their markets further to foreign goods.

In recent days, trade ministers have been meeting at the World Economic Forum in Davos, Switzerland, to try to jump-start the talks. Though most analysts assume the prospect of a breakthrough remains dim, U.S. Trade Representative Susan C. Schwab offered tempered optimism yesterday.

"This was the first time we had a large group of trade ministers gathering in one venue where there was clear agreement on the need to move forward with the Doha round and a sense of urgency that if at all possible we need to identify a means of achieving a breakthrough," Schwab said at a news conference in Geneva.

During the House hearing, and in a flurry of written statements, Democrats said they would not readily give the president the extension he seeks, expressing skepticism about the administration's willingness to ensure that trade deals benefit American workers.

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"It requires a great deal of trust," Rangel said in a statement. "Congress must have some key assurances before it is willing to extend this leverage."

But as the chairman acknowledged during the hearing, turning Bush down would carry political risks. The Doha talks have been aimed at extending the benefits of globalization to poor countries. If Democrats refuse to extend the president's authority, that could convince the Europeans that concessions would be futile, since any agreement could die in a quagmire of congressional amendment-making.

"If we don't give trade promotion authority, we have to have a good reason for not giving it," Rangel said.

Yesterday's House hearing, which ran for more than three hours, revealed the competing views on trade that now divide the nation.

Several Republican lawmakers from districts where companies enjoy strong exports called for congressional approval of the Colombia and Peru trade deals to extend the good times.

"We're not at the mercy of globalization; we control our own destiny," said Grant D. Aldonas, a former Bush administration undersecretary of commerce for international trade. He noted that Wal-Mart had become emblematic of the threats seen by foes of cheap imports, but those same imports help people living on limited paychecks. "Every day Sam Walton's store is open for business, it's delivering globalization to the American doorstep," Aldonas said.

Democratic lawmakers and some panelists kept the focus on the costs of expanded trade -- the steady move of manufacturing jobs to lower-cost countries.

Lawrence Mishel, president of the Economic Policy Institute, a research group critical of globalization, said the United States needed expanded benefits for laid-off workers and health care coverage to address the gap between rich and poor before embracing further trade.

"How are people going to accept further liberalization when they are anxious in their daily life?" he asked. "Let's get things right in the United States before we press further down this road."

Ex-Clinton Aide Urges Free Trade Deal (FT)

By Eoin Callan

Financial Times, January 31, 2007

The Democratic leadership in Congress has turned this week to old-school Clintonites to help persuade the freshman class of '06 to moderate the militant critique of globalisation that helped get them elected.

Gene Sperling, a former economic adviser in the Clinton administration, on Tuesday testified before the House ways and means committee on the need for a new consensus on free trade during a hearing addressed by both corporate cheerleaders and labour movement critics of trade policy.

The architect of Bill Clinton's pro-trade economic policies has also held private meetings with the new Democratic representatives.

The testimony and encounters are part of a battle for hearts and minds in the hearing rooms and corridors of Capitol Hill as Congress waits to decide on an expected request from President George W. Bush to extend his trade promotion authority.

Lawrence Summers and Robert Rubin – former Treasury secretaries under Mr Clinton – will on Wednesday add their voices to the debate as they advocate a centrist economic policy that ensures middle-class prosperity.

But of the party's distinguished "three wise men" on economic policy, it is Mr Sperling who has spent the most time working the Hill, imparting advice and answering critics.

Mr Sperling has met with scepticism – and even hostility – from rank and file members, according to people familiar with the discussions. In a letter obtained by the Financial Times, a stunning 39 of the 42 freshman Democrats in the House said "the issue of trade and the impact of the administration's policy" was "critically important" to their campaigns during the mid-term elections.

"Vital to our electoral success was our ability to take a vocal stand against the administration's misguided trade agenda," adds the letter, addressed to party leaders.

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The letter is seen as a signal that new members are reluctant to be pressed into voting on controversial, pending trade agreements with Colombia, Panama and Peru or the extension of trade promotion authority, which expires on June 30.

Mr Sperling said on Tuesday he regretted contributing to a polarised debate during his time in the White House by not presenting "a balanced assessment" of the costs and benefits of trade.

But he called on Democratic leaders to negotiate a limited extension of the president's fast-track trade negotiating authority to facilitate an agreement in the Doha round of world trade talks so the US was "not blamed for killing the agreement".

The quid pro quo, he said, would be "limited down-payment" on the demands of Democratic leaders for the inclusion of tougher labour standards in bilateral deals and steps towards a big expansion of the social safety net.

Mr Sperling also called for long-term moves towards universal health care as the "most important" step to address voter anxieties about trade.

There were also signs on Tuesday that business leaders have accepted the new political realities that will shape trade policy in the wake of the mid-term elections.

Terry McGraw, the head of the Business Roundtable, told the Congressional hearing: "We need changes in our trade policy."

The roundtable, which represents 160 of the top US chief executives, indicated it would drop its opposition to the inclusion of tougher labour standards in bilateral agreements.

Consumer Confidence Looks Robust (USAT)

By Sue Kirchhoff

USA Today, January 31, 2007

WASHINGTON — Consumers had a more upbeat view of the economy in January, but their optimism was tinged with concern that growth could slow in coming months, a private research group said Tuesday.

The New York-based Conference Board's consumer confidence index rose to 110.3 in January, the highest since May 2002 and a slight increase from the revised 110.0 figure of December.

While consumers' assessment of current conditions improved, their expectations for future growth declined to 94.5 from 96.3 last month.

"Looking ahead … consumers are not as optimistic as they were in December. All in all, the index suggests a moderate improvement in the pace of growth in early 2007," says Lynn Franco, director of The Conference Board Consumer Research Center.

The index, based on a telephone survey of 5,000 households, comes as the Federal Reserve winds up a two-day meeting today on interest rates and the economy. Economists surveyed by USA TODAY expect the Fed to hold the target for short-term rates steady at 5.25% at the meeting.

The central bank is trying to engineer a soft landing, in which growth and inflation moderate but the economy continues to expand.

San Francisco Fed President Janet Yellen in a recent speech said one of the biggest puzzles for policymakers right now is why the job market was "going gangbusters" while overall growth is only "middling."

The unemployment rate was 4.5% in December. The January figure will be released Friday.

"If labor markets are as tight as the unemployment rate suggests, then there may be reason for concern about building inflationary pressures. If … they are not, then it is more likely that we are headed for a 'soft landing,' " Yellen said.

In a note to clients, Moody's Economy.com noted that the share of consumers in the confidence survey terming jobs plentiful hit the highest level in more than five years, suggesting employment may still be robust — boding well for near-term wages and spending, but not for Fed rate cuts.

The number of consumers calling current conditions "good" rose to 28.1% from 27.4%, with the level calling jobs "plentiful" rising to 29.9% from 27.6% in December.

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However, the slice of consumers expecting their incomes to rise in the next six months fell to 19.8% from 21.4%. Those expecting business conditions to get better dipped to 16.2% from 16.7%. The share of people planning to buy a home rose to the highest level in five months.

Mike Englund of Action Economics says confidence was "benefiting from solid fundamentals, including falling gasoline prices, lofty stock prices, low interest rates, a tight labor market and surging income."

He calls the survey more evidence the USA should be able to avoid a recession in 2007 and that consumer spending, two-thirds of the economy, should hold up.

U.S. Consumer Confidence Level Is Flat Amid A Softer Outlook (WSJ)

By Michael S. Derby

The Wall Street Journal, January 31, 2007

U.S. consumer confidence was flat in January from December amid softer expectations for the economy's outlook, a report Tuesday said.

The Conference Board said that its consumer confidence-index for January moved to 110.3, from the revised 110.0 in December and 105.3 in November. Economists had expected a reading of 110, according to a survey by Dow Jones Newswires.

A gauge of expectations for the future retreated to a reading of 94.5 in January from December's revised 96.3, though consumers' assessment of current conditions rose to 133.9 from a revised 130.5.

"This month's slight increase in confidence was solely the result of an improvement in the present situation index," said Lynn Franco, who leads the private research group's Consumer Research Center. She tied the better mood over the economy's current state to the labor market, and said that the overall index "suggests a moderate improvement in the pace of growth in early 2007."

The number of consumers who called jobs "plentiful" rose to 29.9% from 27.6% in December. Those calling jobs "hard to get" slipped to 19.7% from 21.3%. The improvement in employment sentiment is unsurprising in light of the economy's solid job creation and its low 4.5% unemployment rate. The government is set to report on the January hiring situation on Friday, in a report economists expect will show further strength.

Survey respondents calling current economic conditions "good" represented 28.1% of the survey, versus 27.4% who held that belief a month ago. But at the same time, those calling conditions "bad" inched up to 16.5% from 14.9%. Consumers' view on the outlook for hiring was mixed, and those who expect to see incomes rise over coming months fell to 19.8% from 21.4%.

The Conference Board survey is based on a mail-in survey of 5,000 households. The cutoff date for responses was Jan. 23.

Stocks Shrug Off Concerns Over Oil Prices, Interest Rates (WSJ)

By E.s. Browning

The Wall Street Journal, January 31, 2007

Oil prices surged and the Federal Reserve began a two-day meeting on interest rates, but stocks rose despite the oil and interest-rate uncertainty.

The Dow Jones Industrial Average advanced 32.53 points, or 0.26%, to 12523.31, back within 100 points of the record hit last week, of 12621.77. It is up 0.48% in 2007.

The gain came despite a 5.5% jump in crude-oil futures to $56.97 a barrel, the highest finish since Jan. 3. Natural-gas futures rose 11.6%.

Traders blamed cold weather, which could increase demand for natural gas and heating oil. They pointed to Saudi Arabia's decision to go through with a small production cut on Feb. 1. (For more on oil's move, see related article1.)

Oil stocks gained on the news, but for most companies and consumers, higher oil prices are a problem.

Money managers looked past the issue because many are becoming more comfortable with the outlook for the economy and interest rates. They think oil prices are rising because of the strong economy, and that they aren't high enough to be a threat. They were reassured to see an index of consumer confidence hit a five-year high.

Few investors now expect a Fed rate cut in the first half of the year, but many believe this is because of the economy's strength. They hope the Fed's meeting will end today with a statement suggesting little change in the Fed's plans for rates.

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"If there is no change in the Fed's interest-rate outlook, the market is likely to just shrug it off," said stock trader Larry Peruzzi of Boston Company Asset Management. "The one thing that could probably cause some reverberation would be if the Fed became more hawkish, and said it had to do something about inflation."

Investors would dislike any hint of Fed plans for a rate rise, since higher rates raise costs for businesses and consumers and tend to hurt stocks.

The Russell 2000 small-stock index hit a record, up 0.61% to 797.97.

The broad Standard & Poor's 500-stock index rose 0.58%, or 8.20 points, to 1428.82, ahead 0.7% this year. The Nasdaq Composite Index advanced 0.31%, or 7.55 points, to 2448.64, up 1.4% in 2007.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.47%, or 1.14 points, to 244.53.

In major U.S. market action:

Stocks advanced2. Trading volume for stocks listed on the New York Stock Exchange was 2.65 billion shares, as 2,361 stocks rose and 975 fell.

Bond prices gained3. The 10-year Treasury note rose 4/32, or $1.25 for each $1,000 invested, pushing the yield down to 4.875%. The 30-year bond was up 4/32 to yield 4.983%.

The dollar weakened4. Late in New York, it traded at 121.61 yen, down from 121.80, while the euro rose against the dollar to $1.2966 from $1.2953.

Senate Clears Way For Minimum Wage Vote (AP)

By Jim Kuhnhenn

AP, January 31, 2007

The Senate cleared the way for an increase in the minimum wage Tuesday, but only with business tax breaks that House Democrats want removed.

Final Senate passage of the legislation is expected later this week, setting the stage for a round of difficult negotiations between House and Senate Democrats over how to get the legislation to President Bush for his signature.

In a key test, the Senate voted 87-10 to end debate on the bill Tuesday, well clear of the 60 votes needed.

Earlier this month, the House passed the same increase in the wage floor — from $5.15 to $7.25 an hour over two years — without any tax provisions. Senate Democrats tried to push through the House version last week, but failed to get the 60 votes to end debate.

The vote Tuesday emphasized how Senate passage of the bill depends on the tax package to attract Republican votes. The White House has also signaled that Bush wants tax breaks in the legislation.

"Raising the minimum wage will cost some jobs," Al Hubbard, the director of the president's National Economic Council told reporters aboard Air Force One Tuesday. "We think it's important to counter that with tax breaks that will replace those jobs."

"The Senate has recognized that our economy is interdependent," said Sen. Michael Enzi, R-Wyo. "One simply cannot claim credit to be helping workers at the same time that they're hurting the businesses that employ them."

The tax breaks in the Senate bill have divided the private sector, pitting small businesses and retailers that would benefit from them against the larger corporations and manufacturers that would have to pay for them. The package costs $8.3 billion in lost tax revenue over 10 years.

To help pay for the tax breaks, corporations no longer would be able to deduct the cost of jury verdicts or settlements in liability suits against them and their executives' tax-deferred pay packages would be capped at $1 million a year.

The bill's business critics are especially annoyed that the tax benefits would be short-term while the provisions that pay for them would alter tax law for the long-term.

"The permanent tax law changes here far outpace and outweigh the few benefits," said Bruce Josten, the chief lobbyist for the U.S. Chamber of Commerce, which opposes the bill.

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The bill would extend tax breaks that allow small businesses to deduct up to $112,000 in new investments a year. It also would reduce the depreciation period for improvements to retail properties and extend a tax credit for businesses that hire low-income or disadvantaged workers.

"We think they are all significant," said Dan Danner, an executive vice president at the National Federation of Independent Business, whose membership consists mostly of business owners with 10 or fewer employees.

The rift stems from the new Democratic Congress' approach to tax relief, which requires that every tax dollar lost to a new tax break be offset by a tax increase or closed loophole elsewhere. It also signals the new Democratic majority's willingness to pay heed to the small business community even as it irritates larger corporate interests.

Still, House Democrats want to pass a clean bill — without tax breaks — and cite constitutional precedents that require tax legislation to begin in the House. Some Democrats want their leaders to dare Senate Republicans to vote against the minimum wage increase. House Democratic Leader Steny Hoyer said Tuesday that House and Senate leaders have not decided how to proceed.

"The Senate has different challenges than we do," Hoyer said, referring to the 60-vote thresholds needed in the Senate to end debate.

In the Senate, Republican critics of the legislation have argued that raising the minimum wage might force some businesses to stop hiring entry level employees. They also contend that beneficiaries of a higher minimum wage likely will be teenagers working part-time jobs, not the working poor. But few if any Republicans have protested the revenue provisions in the tax package.

Ending the business deduction for court settlements, jury verdicts and fines would generate about $540 million over 10 years. Josten said such a provision would eliminate the incentive for companies to settle liability lawsuits out of court.

The cap on tax-deferred compensation responds to congressional and public criticism of large executive pay packages, including a $210 million severance package for ousted Home Depot Chairman-CEO Bob Nardelli. The Senate bill would allow employees to defer up to $1 million a year or a figure equal to the five-year average of their taxable salary, whichever is less. That cap would generate about $810 million in revenue over 10 years, according to the Senate Finance Committee.

Brigen Winters, an executive compensation attorney at the Groom Law Group in Washington, said the five-year average could end up taxing deferred compensation for middle managers or employees of startup businesses who are offered deferred compensation based on the performance of the enterprise.

"It affects various types of compensations for a very broad array of employees," Winters said.

But congressional tax writers dismissed the complaints, saying the vast majority of people affected by the cap would be highly compensated executives.

"These hypotheticals are really red herrings," said Carol Guthrie, a spokeswoman for the Senate Finance Committee. "When most Americans would be thrilled to be able to put away even a portion of the $15,000 the average worker is allowed to save in a 401(k) every year, it's a pretty hollow argument that $1 million or 100 percent of pay is not enough for executives and managers to add to their tax-deferred accounts."

Danner, speaking of the NFIB's small business membership, said: "Our guys could not be worried less that you could only roll over $1 million in compensation."

Senate Debate Ends On Wage Bill (WT/AP)

The Washington Times, January 31, 2007

ASSOCIATED PRESS

The Senate cleared the way for an increase in the minimum wage yesterday, but only with business tax breaks that House Democrats want removed.

Final Senate passage of the legislation is expected later this week, setting the stage for a round of difficult negotiations between House and Senate Democrats over how to get the legislation to President Bush for his signature.

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Senate Adds Tax Breaks As It Passes A Wage Bill (NYT)

By Kate Zernike

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — The Senate voted overwhelmingly on Tuesday to move ahead on a bill to increase the minimum wage, signaling that the measure is likely to pass this week.

But the vote also sets up a conflict with the House that is likely to stall any increase.

The Senate bill includes $8.3 billion in tax breaks for small businesses that Democrats who sponsored the bill said were necessary to obtain Republican support.

The 87-to-10 vote on Tuesday was to limit debate on the bill. Democrats say they expect to achieve a similarly wide margin of approval on the final bill.

The House approved a simpler bill, including the wage increase but no tax breaks, this month. The Democratic leaders there insist that it should not be necessary to offer tax breaks in exchange for the wage increase, the first in 10 years.

The two bills would raise the minimum wage $2.10 an hour, from $5.15 to $7.25.

Democratic leaders from both chambers now have to figure out how to reconcile the measures. Assuming that the Senate bill passes, Democratic leaders can hold onto it and negotiate with their House counterparts. Or the Senate can send the bill to the House, which could block consideration of it or strip out the tax breaks and send it back to the Senate for another vote.

In the House, 82 Republicans joined Democrats to approve the wage increase. The Senate rejected the bill without tax breaks.

Senator Harry Reid of Nevada, the Democratic leader, said Tuesday that he expected leaders of the two chambers to work out the differences.

“There are many different ways it can happen,” Mr. Reid said, although he offered no specifics.

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Democrats have accused Republicans of trying to stall the bill by offering dozens of amendments. Senator Edward M. Kennedy, Democrat of Massachusetts and the chief proponent of the bill, promised to press ahead until the wage increase passes.

"If they're hoping we'll get tired," Mr. Kennedy said, "they're sorely mistaken."

Republicans, however, insisted that the Senate would not go along with the "clean" bill that the House wants.

"Clean means do it my way," said Senator Michael B. Enzi of Wyoming, ranking Republican on the Senate Health, Education, Labor and Pensions Committee. "That's not how we often do it in the Senate."

Republicans noted that Democrats went along with a combined package for raising the minimum wage and tax breaks 10 years ago and that President Bill Clinton applauded them for it.

"And if it was O.K. in 1997, it ought to be O.K. now," said Senator Charles E. Grassley, Republican of Iowa.

Workers Held Hostage (WP)

The Washington Post, January 31, 2007

THE FEDERAL minimum wage hasn't been raised in a decade. During that time, businesses have received $276 billion in tax cuts. Another $36 billion has been directed specifically toward small businesses. The administration boasts -- though its numbers are overstated -- that, for 2006, 25 million small-business owners will receive an average tax cut of $3,641. So why, you might wonder, are President Bush and Republican lawmakers insisting that even more tax cuts be lavished on small-business owners as the price for approving a $2.10 increase in the minimum wage, from $5.15 to $7.25 an hour, in three steps over two years? The measure on the verge of being passed by the Senate would direct another $8.3 billion in such tax cuts over 10 years to small businesses, supposedly to offset the costs of the wage hike.

Without the tax breaks, the wage hike cannot pass the Senate's 60-vote hurdle for cloture, strategists on both sides insist. Meanwhile, the House version -- it passed 315 to 116, with 82 Republican votes in favor -- does not include tax breaks.

If the tax breaks are warranted, they should be granted as part of a larger review of tax policy -- not as a ransom for raising the minimum wage, now at its lowest level, adjusted for inflation, in half a century. It's good that the Senate has found other tax changes to pay for the cuts, but with the Democrats' commitment to pay-as-you-go rules, those kinds of offsets are going to be harder and harder to find; these could be used for other, perhaps more worthy, causes than another business tax break. To the extent that small businesses need help, the cuts are poorly targeted. For example, one provision would increase from $5 million to $10 million the threshold for businesses to be permitted to use cash accounting; a business grossing more than $5 million hardly sounds like a mom-and-pop shop.

The House got it right. It should stand firm -- and dare Senate Republicans and the president to block the long-overdue increase.

Who's That Senior Administration Official? (POL)

By Mike Allen

The Politico, January 31, 2007

There is no news organization in Washington, including this one, that could get by for long without them. Their wisdom echoes through dozens of Washington columns and broadcasts each day.

They are the ubiquitous "senior administration officials," and they remain one of Washington's more enduring mysteries. Never mind who they are. The puzzle is what they are.

A casual reader might assume that there is some kind of formal protocol that makes it clear to reporters and officials alike exactly who qualifies as senior enough to be quoted anonymously as a senior official. But there is no such thing.

Simply put, the answer to how someone gets to be a senior official is: It depends. If the source insists on being called a senior administration official, chances are he or she can get away with it, no matter if by most objective measures -- title, salary, proximity to power -- they are not really all that senior. This is especially true when reporters are in a jam and eager to prove to editors or readers that they have covert access to serious inside players.

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"I was quoted as a 'senior administration official' even before I became a senior administration official," says Joe Lockhart, who was White House press secretary under President Bill Clinton. "No one in the government wants to be a 'junior administration official,' and no one in the press wants to quote one."

Some of the best reporters, however, know it can be more impressive not to give promotions to anonymous officials. The late Ann Devroy, who covered the White House for The Washington Post, sometimes peppered her stories with vaguely described but apparently well-informed "mid-level" officials.

This attribution was far more worrisome to the real senior administration officials in the West Wing. That's because many of the senior officials quoted in White House stories are not insiders secretly dishing details they are not supposed to talk about. They often are authorized spokespersons who are charged with promoting the official line. The notion that mid-level officials are secretly chatting with reporters without talking points in hand can be genuinely alarming.

These days, the practice of talking as a "senior administration official" is so routine that officials will often begin an interview by saying, "OK, I'm doing this as an SAO."

Bob Schieffer, who has covered seven presidencies and is now host of CBS's "Face the Nation," says the term originated as a variant of "senior American official," which was the designation reporters used to describe a person extremely close to Secretary of State Henry Kissinger during his shuttle diplomacy in the Middle East in the early 1970s.

"'Senior American official' would say things that Henry Kissinger couldn't be quoted on, but he laid out what was happening and what the other side was going to have to do and other things that would have been awkward if Kissinger had been quoted as saying them," Schieffer says. "It sort of ballooned, and then you'd get back to Washington and you'd wind up with 100 people in a room and you'd have some official come in and brief as a 'senior administration official.' It's been abused for a long, long time."

One reason White House officials often want to be called "senior administration officials" is so the speaker could have been from the State Department, the Pentagon or elsewhere in the government. It makes it easier to put some distance from the quote if it spurs unwanted controversy. Sometimes State Department officials begin interviews by saying, "Senior official-no building," meaning they can't be identified by agency.

As recently as November, dueling SAOs also showed up at the White House press filing center in Riga, Latvia, after a memo containing National Security Adviser Steve Hadley's candid appraisal of Iraqi Prime Minister Nouri al-Maliki was leaked to The New York Times. The official transcript shows introductory remarks by White House Counselor Dan Bartlett and Press Secretary Tony Snow, then an asterisk break and two speakers, each called "senior administration official," mysteriously take over.

Those two were senior officials by anyone's definition. But the term has become somewhat debased, so that the definition of "senior" often has very little to do with any organizational chart and instead is a shorthand way of saying "someone on the government payroll who would talk to me when I needed a quote or tidbit." An SAO can provide something as momentous as the president's position going into an international summit and as trivial as the menu when he had a few members of Congress over for breakfast.

Olivier Knox, White House correspondent for Agence France-Presse, has a fairly strict definition of who it's kosher to call a "senior" official -- at least in theory.

"It should be someone who talks directly to the president about substantive matters or who talks regularly to top aides about substantive matters," he says. "An assistant secretary is fine."

But does Knox really stick to that? "Nowhere near as often as I should," Knox chuckled. "That's the ideal."

Washington Mysteries will be a regular Politico feature, in which we explain capital customs that everyone takes for granted but no one really understands. If you have a Washington Mystery you want to see unraveled, email us at washingtonmystery@politico.com.

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Democrats Unveil $463.5B Spending Bill (AP)

By Andrew Taylor

AP, January 31, 2007

Democrats say they are making the best of a bad situation as they bring to the House floor a massive bill cobbling together $463.5 billion in unfinished budget business.

The bill, combining the budgets of 13 Cabinet agencies, won praise Tuesday from Democratic Party allies such as activists pressing the fight against AIDS overseas and advocates for boosting education funding.

Lawmakers in both parties hailed the bill for freeing highway construction funds, even as the White House complained that the bill will slow aid to communities harmed by a 2005 round of military base closings and cut a request for basic scientific research.

Still, the White House signaled that President Bush would sign the bill into law once it reaches his desk.

The House debate on Wednesday promises to be bitter, and the measure appears likely to pass on a largely party-line vote. But Republicans in the Senate appear unlikely to place procedural hurdles in its path.

The harshest criticism came from House Republicans, who complained that they were shut out of any chance to offer changes to the bill — and had barely any time to read it.

Rep. Jerry Lewis of California, the Appropriations Committee's top Republican — displaced as chairman last fall — ripped into the Democrats for rushing the bill to the House floor "without any prior debate whatsoever and without the opportunity to offer even one amendment on the floor."

Republicans also took issue with Democrats' claim to have "scrubbed" the bill free of homestate projects. They pointed to, for example, $50 million to match last year's funding for the Denali Commission, which funds rural road, sanitation, energy and other infrastructure projects in Alaska. Then there was the Senate's refusal to kill $45 million in funding for an indoor rainforest project in central Iowa, even though local backers have yet to come up with their required share of funding.

Democrats sought to focus attention of numerous — albeit generally small — funding increases they managed to provide in favored accounts, even while living within tight limits set by Bush and last year's GOP-dominated Congress.

The powerful veterans lobby won a $3.6 billion increase for medical care, earning praise from veterans groups and the White House, while low-income college students would receive a $260 boost in the maximum Pell Grant, to $4,310.

"After five years of broken promises from the administration, this is an important down payment by Democrats on our commitment to help families with high college costs," said Sen. Edward M. Kennedy, D-Mass.

State and local law enforcement agencies, meanwhile, won increases in grants for new equipment and hiring new officers.

Community development block grants, however, were frozen at current levels, as was Amtrak. But advocates for those programs took them as a victory relative to Bush's budget submitted a year ago.

Activists pressing for big boosts to combat AIDS, malaria and tuberculosis overseas won a $1.3 billion increase — to $4.5 billion. That's enough to fund the president's $225 million initiative to fight malaria and increase the U.S. contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria to $724 million.

The rock star Bono, who sparred with House Appropriations Committee Chairman David Obey in a meeting last month, praised Democrats for the AIDS-fighting boosts — though he might not be invited to Obey's office for a while after making demands the prickly Wisconsin Democrat found unreasonable.

The measure also lifted funding for highways, transit and motor carrier safety programs by $4 billion — to the amount specified in the six-year highway spending bill passed in 2005 and increases funding every year.

Bush's request for the Millennium Challenge Corp., which channels foreign aid to countries implementing economic and political reforms, was frozen at $1.7 billion, drawing a mild rebuke from the administration.

Senate Republicans predicted that Majority Leader Harry Reid, D-Nev., would schedule debate close to a Feb. 15 deadline and give them little choice but to pass the bill.

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"What do they want?" Reid asked. "To close the government down?"

Asked how he thought debate might go, Senate Minority Leader Mitch McConnell, R-Ky., said: "Quickly."

Oregon Senator Threatens Filibuster (LAT/AP)

By Matthew Daly

The Los Angeles Times, January 31, 2007

WASHINGTON — An Oregon senator is threatening to filibuster a must-pass spending bill if Congress does not extend payments to rural counties hurt by cutbacks in federal logging.

"The federal government has an obligation to rural Oregon, and it's time to meet that obligation," said Sen. Gordon Smith, R-Ore. "We are talking about people's jobs, children's schools and general public safety in 700 timber counties in 39 states."

Congress is considering a $463.5 billion spending bill that would pay for 13 Cabinet agencies this year. Democratic leaders hope to move the bill through the House as early as Wednesday, with the Senate likely taking it up after that.

Smith said he would try to block the bill if it does not include funding for the Secure Rural Schools and Community Self-Determination Act, a seven-year-old law that has pumped more than $2 billion into Oregon and other states hurt by federal policies that restricted logging in the 1990s. The policies were aimed at protecting the spotted owl and other threatened species.

The law -- known as "county payments" -- expired last year, and the federal government sent out its final checks to counties last month.

Smith and other Western lawmakers have been trying to reauthorize the law, but they have been frustrated by budget constraints and concerns that Oregon gets too much money under the current formula.

Oregon, long a leading timber producer where more than half the land is owned by the federal government, received more than $149 million of the $385 million distributed nationally last year by the Forest Service, far surpassing No. 2 California, which received $66 million. Washington state was third at $42 million; Idaho got about $21 million.

Smith sent a letter Tuesday to Senate Majority Leader Harry Reid, D-Nev., and Minority Leader Mitch McConnell, R-Ky., declaring that he will "put the brakes" on the budget bill if it does not include a one-year extension of the county payments program, which he called a "safety net" for rural America.

Some state and local officials have warned that libraries might be closed, deputy sheriffs laid off and other services curtailed if the timber program is not renewed.

The Senate would need 60 votes to overcome a filibuster effort.

Pentagon Is Stunned By $3 Billion Cut (HILL)

By Roxana Tiron

The Hill, January 31, 2007

A continuing resolution released Monday night axes more than half of the money the Pentagon needs to meet its base realignment and closure (BRAC) commitments, potentially preventing the military services from completing the process by 2011 as required by law.

The Army, which has 61 percent of the total BRAC budget, is preparing for the consequences of appropriators' decision to deny the Pentagon more than $3 billion out of the $5.8 billion authorized last year for BRAC.

That decision could have widespread knock-on effects on the rotation of troops in and out of Iraq and Afghanistan, the building of new brigades and the Army's plan to bring troops back from Germany.

Senior military officials had been pressuring lawmakers to add billions of dollars for necessary base closures as well as military construction and quality-of-life projects to the continuing resolution that would fund the government until the end of fiscal year 2007.

A failure to do so could have a grim impact on the services, military officials warned.

But appropriators did not heed the services' call and allotted $2.5 billion for BRAC costs for the military to begin work on the highest-priority programs. The money represents an increase of $1 billion over the 2006 budget level.

"It is pretty devastating for us," said an Army official who asked not to be quoted by name.

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The service has put together a complex plan that links its military construction and troop movement plan with BRAC implementation.

Faced with the loss of billions of dollars this year, the Army is considering how to bring in additional funding for its projects. The delay of those projects ultimately will have an impact on the service's tactical and operational units, according to the official.

The Army and the rest of the military services could get more money in the upcoming emergency supplemental, but several sources pointed out that it is unlikely the military would get the entire $ 3.3 billion, if much of it at all, in the 2007 war supplemental.

Currently, there is no request of such nature in the supplemental, according to the Army official.

The Pentagon is submitting its supplemental request for the rest of 2007 together with its 2008 budget next week. The service would depend on Congress's "generosity" to get more money, the official added.

Moreover, the service may be forced to readjust its 2008 budget submission because several requests for military construction are predicated on the completion of projects in 2007, the Army official said.

"There is a trail of things predicated on getting BRAC money in a timely fashion," the official said.

The Army is standing up new brigades as part of its so-called modularity effort. A lack of funds could shortchange the Army's plan to create a more easily deployable force and affect overseas operations.

The Army's force-rotation plan and overall readiness rely on completing its "modularity" plan on time. The Army now faces the possibility of lacking adequate facilities to train new forces and maintain equipment.

For soldiers rotating in and out of Iraq and Afghanistan, the Army also is building facilities; some of that construction is in part linked to BRAC.

In addition, without full BRAC funding, the Army may delay bringing back forces from Germany and keep units returning from conflicts inactivated for a longer period than desired, the official said.

A lack of funding may force the Army to resort to temporary housing — a practice that has long been criticized by Congress.

While it saves money in the short term, it becomes a "colossal waste of money," according to an industry source. The Army already was criticized for the use of temporary facilities to implement its modularity plans.

"Congress does not consider BRAC as an emergency that they have to do," the Army official said. "They seem to think that they can extend BRAC." Such decisions could have wider implications, the official added.

The Army may look for authority to transfer, or reprogram money from its basic military construction accounts into BRAC accounts, said the industry source.

Ultimately, the services and Congress may have to look at the possibility of delaying the implementation of BRAC, but that won't be able to happen without a change in the law. Currently, the Pentagon has six years after the approval of a BRAC round (in this case, 2005) to finish the process.

In order to increase money for BRAC 2008 and 2009 to catch up, the Army may have to trade money from its regular military-construction accounts, the official said, and that does not come without consequences.

The House is taking up the continuing resolution today and strong debate over the bill is expected.

Some Lawmakers Worried CR Could Affect Reelection Prospects (HILL)

By Jonathan E. Kaplan

The Hill, January 31, 2007

Democratic leaders' decision to exclude earmarks and to direct federal agencies to ignore legislative language that might look like pork has worried some House freshman Democrats, said one Democratic lawmaker and a senior Democratic aide.

In a meeting last Friday for Democratic chiefs of staff, some staffers worried that the absence of earmarks and an overall spending decrease — spending in the CR will not rise with inflation — would hinder their drive toward reelection.

While earmarks are not popular inside the Beltway, they do resonate with many voters. That is why most legislators do not announce their earmarks until after they have been signed into law. But in the wake of earmark scandals and both parties seeking to claim the mantle of fiscal discipline, boasting about earmarks will likely be on the decline in the 110th Congress.

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Another drawback of the CR, congressional officials explained, is that Members' Representational Accounts (MRAs) will remain stuck at 2006 spending levels. A 4 percent increase, for example, would allow lawmakers to hire more staffers or pay current staffers more money. Others worried that libraries, hospitals and other institutions in their districts would be adversely affected by the spending freeze.

Budgets always present party leaders with challenges, and Democratic leaders decided to deploy their whip team to gauge support for the CR. Some lawmakers, such as Rep. Jason Altmire (D-Pa.), told House leaders that they would oppose the bill if it included earmarks and a pay hike for lawmakers. Democratic leaders met Altmire's conditions for a yes vote: increased spending on veterans' healthcare and no cost-of-living adjustment for lawmakers.

That lawmakers would complain about spending levels would not be unusual except for the unique predicament in which Democratic leaders found themselves upon assuming the majority earlier this month.

Faced with having to fund the government for the rest of fiscal year 2007, Democrats would have had to pass nine of 11 appropriations bill that the House Republican majority of 2006 did not. Rep. David Obey (D-Wis.) and Sen. Robert Byrd (D-W.Va.), the chairmen of the House and Senate Appropriations committees, respectively, decided to cram those nine spending bills into the continuing resolution and to consider the measure without any earmarks or debate.

Democrats and Republicans blamed each other for the process and substance in the budget. Republicans lit into Democrats, complaining once again that they were not allowed a role in drafting the bill or in amending it on the House floor.

"The CR results from the failure of Republicans to do their work," said Majority Leader Steny Hoyer (D-Md.), referring to the House Republican majority's inability or unwillingness last year to pass the spending bills. "It would be an unending process to open it up."

The bill, which the House will consider tomorrow, has taken on the form of both a conference report and an omnibus spending bill, depending on which party is talking. Hoyer emphasized that the CR was being treated as a conference report, which is not subject to amendments.

Rep. Paul Ryan (R-Wis.), the ranking Republican on the House Budget Committee, said, "What they're doing is they are rewriting appropriations. This is an omnibus appropriations bill. And to bring an omnibus appropriations bill to the floor with a closed rule and no chance of amendments and no chance at debate is really historic."

In policy memos distributed to GOP staff and reporters, Republicans alleged that the CR included long-term earmarks for programs housed at the Department of Energy and that changes in funding formulas would decimate the Section 8 housing program.

Nevertheless, Democratic lawmakers cheered their leaders at the Democratic Caucus meeting yesterday, said aides who were in the room. House Energy and Commerce Committee Chairman John Dingell (D-Mich.) led his colleagues in applauding Obey. Rep. Jerrold Nadler (D-N.Y.) was excited that Section 8 housing received more money in the continuing resolution.

In addition, some members were content with the CR, for now, because it paid for all transportation projects, added money for community health centers and funded a program created in the 2005 energy bill to provide loan guarantees for alternative-fuel programs. In addition, all of the Army Corps of Engineers' water projects will be funded. The projects initially were funded as earmarks, but Obey reached a deal with the Corps and the Office of Management and Budget to pay for the projects.

Accord On Increasing Pell Grants (NYT)

By Diana Jean Schemo

The New York Times, January 31, 2007

WASHINGTON, Jan. 30— The maximum federal grant for middle- and low-income students to attend college would increase for the first time in four years under a catchall spending bill that House and Senate Democrats agreed to on Tuesday.

The measure would complete budget issues left over from 2006.

The increase, announced by the chairmen of the House and Senate Appropriations Committees, would raise the maximum grants, under the Pell program, to $4,310 a year from $4,050. The last substantial increase in the grants was in 2001.

Senator Edward M. Kennedy, Democrat of Massachusetts and chairman of the Senate education committee, called the increase "an important down payment by Democrats on our commitment to help families with high college costs."

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The move follows a vote by the House, under the Democrats' agenda in the new Congress, to cut interest rates on some subsidized loans for middle- and lower-income students.

Although the rate cut passed with overwhelming bipartisan support, that bill was criticized by House Republicans and the Bush administration as benefiting just college graduates faced with repaying loans, rather than broadening access to college for low-income students.

With the announcement on Tuesday, days before President Bush is to release his 2008 budget, Democrats appeared to answer that criticism, part of a broader effort to claim the issue of college affordability.

Even if the president asks for an increase in Pell Grants, as the White House has indicated is likely, Democrats will have already acted to increase the grants.

Republicans generally appeared to support increasing the grants.

Each year, 5.3 million students with family incomes less than $40,000 a year receive the grants. Although the grants have remained steady, the cost of attending college has outpaced inflation, lowering the buying power of the grants.

The budget bill would increase federal grant money by $615.4 million, to $13.6 billion for this year.

An advocate for the U.S. Public Interest Research Group Higher Education Project, Luke Swarthout, said the increase was significant, though students had hoped for a much larger increase.

Letter Exposes Dingell (HILL)

By Alexander Bolton

The Hill, January 31, 2007

House Energy and Commerce Committee Chairman John Dingell (D-Mich.) has written a letter to Speaker Nancy Pelosi (D-Calif.) voicing his objection to working with fellow chairman Barney Frank (D-Mass.) to establish a new task force. The letter, which has been obtained by The Hill, directly contradicts claims Dingell made last week, when he said he was unaware that discussions on the task force were underway.

Dingell's letter also shows how the powerful chairman earned the reputation as a fierce defender of his turf when he headed Energy and Commerce in the 1980s and '90s.

Spurring Dingell is the issue of data security, which is important to senior Democrats on the Commerce Committee and Frank's Financial Services panel. Consumer privacy heated up as a political topic recently when discount retailers Marshalls and T.J. Maxx reported that they had lost potentially millions of customers' financial information to theft.

In a letter to Pelosi dated Dec. 11 , Frank proposed setting up a multi-committee task force on data security but later said he dropped the idea because Dingell had objected to it.

Dingell, who created a stir early this month by opposing the creation of another task force on energy policy, last week sought to dispel more public attention by denying his objections to Frank's idea for data security.

"I haven't said anything about it yet — I haven't said anything at all," Dingell said last week when asked about the proposed data task force. "Frank mentioned something about this at a meeting and I made no comment whatsoever. I never knew it was any kind of formal discussion or offer or proposal or anything else."

But that denial contradicts a letter Dingell sent to Pelosi two days after she received Frank's letter formally suggesting the task force.

"I have received a copy of Rep. Barney Frank's letter dated December 11, 2006, regarding the need for legislation to protect the privacy of consumers' sensitive personal information," Dingell wrote Pelosi in a two-and-a-half page letter claiming jurisdiction over the issue.

"At this time, I do not see a need to subjugate the legitimate committee process to a task force unless regular order fails to produce responsible legislation," he wrote in conclusion.

Dingell's spokeswoman, Jodi Seth, said that her boss did not object to Frank's proposal because he remained open to setting up a task force at a later date.

But Frank proposed the task force to avoid a procedural logjam from developing.

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"The House in the 109th Congress failed to address this issue, due in large measure to unresolved jurisdictional conflicts among the Republican leadership of the affected committees," Frank wrote to Pelosi. "In the next Congress, we should break that logjam by working out these conflicts at the very beginning of the legislative process."

Frank said he was surprised that Dingell denied objecting to the task force.

"I was surprised to see the comments in The Hill's recent story on data security," Frank said. "I followed up with my idea on the multi-committee task force in a letter to Speaker Nancy Pelosi, and Chairman Dingell responded with a letter to the Speaker with his objections."

In his letter, Dingell also took a few swipes at Financial Services, showing that his elbows are still sharp after 51 years of House service.

Dingell asserted that Rep. David Dreier (R-Calif.), a former chairman of the Rules Committee, "made it clear" that when Republicans set jurisdictional boundaries between Commerce and Financial Services they did not intend to limit Commerce's claim over consumer affairs and consumer protection matters.

"I therefore am puzzled by Rep. Frank's assertion that he is 'chairman of the committee with primary jurisdiction on this issue,'" Dingell wrote.

Dingell also raised questions with Pelosi over whether Frank had sufficient control over his committee to pass strong consumer protections.

"I respect Rep. Frank's strong commitment to consumer protection, most notably in the area of his longstanding commitment to affordable housing, but I also know that he faces considerable opposition in his committee," Dingell wrote. "Despite a steady stream of security breaches over the last two years, the banking industry has stated that it will oppose any legislation that imposes stronger requirements than currently exist under the privacy provisions of Gramm-Leach-Bliley."

Dingell went on to write that even the protections created by that law would not be in place "were it not for the strong leadership" of his committee. He also said that in its previous incarnation as the Banking Committee, Financial Services approved "extremely weak privacy protections for consumers' sensitive personal information."

Defending his panel, Frank said in an interview that Dingell's criticism about opposition to strong protections within Financial Services was true in the Republican majority and is still relevant now that Democrats control the panel.

Frank also explained that his committee has primary jurisdiction over credit cards and did not intend to argue that he had first claim over all legislation protecting the security of sensitive personal financial information.

Despite the recent flare-up, however, both Frank and Dingell say they are beginning to cooperate on data security, even though the idea for a multi-committee task force has been dropped.

"I now believe we'll be able to work this out," Frank said. "There's cooperation between our two committees and Ways and Means. Members are talking to each other."

Dingell's spokeswoman said that her boss told Frank on the House floor late last week that he did not have a problem with the staffs of Commerce and Financial Services "beginning to talk with each other" about data security.

FBI Probing Rep. Miller's Land Sales (LAT)

By William Heisel

The Los Angeles Times, January 31, 2007

The FBI is investigating Rep. Gary Miller (R-Diamond Bar) for a series of land transactions in which he avoided paying capital gains taxes after saying he had been forced to sell under eminent domain in Monrovia and Fontana.

The federal investigation was initiated after The Times reported in August that officials in both cities denied that they had acquired Miller's property using eminent domain, which enables governments to buy land for certain purposes even if owners do not want to sell.

After a land sale in Monrovia in 2002 and two subsequent sales in Fontana in 2005 and 2006, Miller claimed an exemption under Internal Revenue Code Section 1033, which grants those forced to sell property through eminent domain at least two years to reinvest the profits without paying capital gains taxes.

Miller's repeated use of the forced-sale exemption has enabled deferment of capital gains taxes through at least 2009.

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Dick Singer, a spokesman for Monrovia, said federal agents had interviewed city officials and requested a videotape from a City Council meeting in 2000 cited by The Times in which Miller asked city officials four times to buy his land.

Glen Owens, a Monrovia planning commissioner quoted by The Times, said he was interviewed by two FBI agents in person. "They were asking mostly about the Monrovia deal and what kind of person he was," Owens said.

Since that time, the FBI has interviewed several other current and former city officials from Monrovia and Fontana, officials said.

The FBI declined to comment Tuesday.

Miller's spokesman said he had not been contacted by the FBI. "Congressman Miller is tired of all the rumor and innuendo that has been in the press regarding his past real estate transactions," spokesman Scott Toussaint said in an e-mail to The Times.

The investigation was first reported in Tuesday's San Gabriel Valley Tribune.

Citizens for Ethics and Responsibility in Washington, a nonpartisan government watchdog group, filed a complaint in August after The Times' story was published. The complaint asked the IRS to investigate and alleged that Miller had violated federal law by invoking the eminent domain provision to avoid paying taxes.

"It looks like this is not casual; it seems like quite a concerted effort," said Melanie Sloan, the group's executive director. "Miller has clearly acted illegally. The idea of running into eminent domain three times is absolutely ludicrous."

Toussaint said Miller had asked, after The Times' story in August, that the House Ethics Committee review the land deals and determine whether he had committed any infractions. A review by the committee would be unrelated to the FBI investigation.

"He voluntarily delivered all relevant documents to the Ethics Committee, as well as all newspaper articles on the subject, and asked for an investigation and opinion," Toussaint said.

When Miller sold 165 acres to the city of Monrovia in 2002, he made more than $10 million, according to a financial disclosure form he filed in Congress.

State and federal taxes would have taken up to 31% out of that profit, but Miller claimed an exemption under Section 1033. He said Monrovia had forced him to sell his land, even though the city bought it from him with state money that specifically prohibited the city from using eminent domain.

He then reinvested some of those profits into land in Fontana and Rancho Cucamonga. When he sold some of the land in Fontana in 2005, again he claimed that he had been forced to sell the land because of eminent domain. When he sold more of the land in 2006, he made the claim a third time.

In Fontana, he asked that the city manager write him a letter saying that eminent domain could be used in the case of his land sale. The city did so but noted that it would have to amend its rules to use eminent domain.

"We do not have the power of eminent domain in that area, and we have no plans of amending the plan to get the power of eminent domain," Kenneth Hunt, the city manager, told The Times in August. "You'll have to talk to him about why he asked for a letter."

Hunt told The Times initially that the city wrote those types of letters regularly.

But when The Times requested copies of all letters mentioning eminent domain, city officials conceded that they had written letters only for Miller and a property owner who owned land near the congressman's.

City Councilman Frank Scialdone said Tuesday that council members were concerned about the letters and asked Hunt to make sure that he didn't write letters like that again.

"The whole thing didn't look right, and we wanted to make sure that we as a city are not in that position again," Scialdone said. "You will not see letters like that coming from us in the future."

The Times reported in December that while Miller was urging the city of Monrovia to buy his property, he tried to secure an appointment for one of Monrovia's City Council members, Robert Hammond, to the National Park System Advisory Board, a prestigious panel that makes policy recommendations. But there were no open positions on the board at the time.

Hammond told The Times in December that he had not been contacted by the FBI. On Tuesday, he did not return calls for comment.

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FBI Examining Video In Miller Land Probe (SGVT)

By Fred Ortega And Gary Scott, Staff Writers

San Gabriel Valley Tribune, January 31, 2007

Monrovia officials have given the FBI a video recording of a 2000 City Council meeting featuring testimony from Rep. Gary Miller, part of a federal investigation into the congressman's Southland business dealings.

In the video, the Brea Republican is seen appealing to the council to purchase his 165-acre hillside plot during the Feb. 29, 2000 meeting. Miller later avoided paying capital gains on the $10-million profit he made on the land sale by claiming the city forced the sale.

City spokesman Dick Singer said federal agents asked for the video within the past three weeks.

The FBI began investigating the Monrovia deal after a government watchdog group accused Miller of violating tax laws in his sale of the property in 2002 and the subsequent sale of two Fontana properties that he bought with the proceeds.

The FBI has contacted at least four current and former city officials in Fontana and Monrovia in recent months to ask about the congressman's land dealings.

FBI officials have declined to comment. Miller has maintained his innocence, adding that he has not been contacted by federal investigators.

An official with Citizens for Responsibility and Ethics in Washington (CREW), the group

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that filed the initial complaint about Miller's use of the tax code, said she is gratified by the FBI's level of response.

"This is not random, this is not casual, and it is not minor," said CREW Executive Director Melanie Sloan, a former federal prosecutor. "The number of people they have contacted means that they have dedicated significant resources on this."

CREW filed a complaint with the IRS last August following publication of a Los Angeles Times article detailing Miller's land transactions. The group alleges Miller improperly used IRS Code Section 1033, which allows individuals who have their land forcibly taken away by the government to postpone paying capital gains taxes for up to two years.

Miller used the same exemption to avoid paying capital gains taxes when he sold his Fontana properties in 2005 and 2006.

Fontana and Monrovia officials have denied forcing Miller to sell his land, and eminent domain was never used in any of the sales.

Glen Owens, a Monrovia planning commissioner, said Tuesday that an FBI agent questioned him about the chain of events that led up to Miller's land sale to the city.

Owens served on a advisory committee with Miller in the 1990s that was formed to come up with a plan for hillside development. He said he believes Miller did not intend to build on his property at the time of the sale.

"He soon realized that he could probably make more money by selling the land than by developing it," said Owens.

He added, "Gary just knows how to work the system and he is not afraid to push the envelope and that is what he's done. But I don't think he has broken any laws. He's just used bad judgement."

The FBI does not investigate minor ethical lapses, said Bruce Cain, director of the University of California Washington Center in Washington, D.C.

"The fact that they have taken an interest shows that this is something they are taking rather seriously," he said.

Cain added that potential conflict of interest charges against Miller might be even more damaging than allegations that he illegally postponed paying capital gains taxes.

Miller came under scrutiny in a 2005 Tribune article when he earmarked $1.28 million for street improvements in Diamond Bar near a planned commercial and residential development he co-owned with Lewis Operating Co., his largest campaign contributor.

Other news articles have also detailed Miller s 2005 use of a highway bill to allow Rialto to close down its airport, a move that allowed Lewis Operating to develop the airport land.

"This is something Democrats are targeting with their ethics reform, going after earmarks that are self-enriching or enriching your friends," said Cain. "It all resonates with the culture of corruption issue, and it could be a problem not only for Miller, but for Republicans as they try not to lose any more seats in 2008."

Miller said Monday that he asked the House ethics committee late last year to review his business dealings to put to rest any rumors of wrongdoing. His spokesman, Scott Toussaint, refused to release any documents relating to that inquiry.

A spokeswoman for ethics committee Chairwoman Rep. Stephanie Tubbs Jones, D-Ohio, would not comment on any committee inquiries. Committee staff members did not return calls seeking comment.

Any congressional inquest would likely have nothing to do with an FBI investigation, said Stanley Brand, a former special counsel to the House ethics committee.

"These are parallel processes," said Brand, now with the Brand Law Group in Washington D.C. "There have been instances where the committee launched major investigations where they have used former or existing FBI agents, but they do not as a matter of course dispatch FBI agents to conduct their work. They have their own investigators."

Sloan was dismissive of any investigation by the House.

"I am highly skeptical that the ethics committee is looking into it," she said. "The committee is a joke. They have never done anything effectual. They have never done anything to (former Rep. Bob) Ney, (Rep. William) Jefferson, to (former Rep. Randy) Cunningham, and they won't do anything to Miller."

Rep. Gary Miller, In Senior Perch, Is Part Of FBI Probe (HILL)

By Susan Crabtree

The Hill, January 31, 2007

After months of GOP ethics scandals, House Republicans chose Rep. Gary Miller (R-Calif.) as the ranking member of a panel charged with investigating financial institutions — even as the FBI was looking into his land deals.

Financial Services Chairman Spencer Bachus (R-Ala.) named Miller to the top GOP spot on the oversight and investigative subcommittee Jan. 9, according to a committee release. Watchdog groups have been raising red flags on several of Miller's land deals since The Hill and other media outlets first scrutinized them early last year. Yesterday, a spokesman for the southern California city of Monrovia confirmed that agency officials had contacted the city about Miller's land deals in the last two months.

Bachus's office did not return calls for comment.

Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio), said the leadership team would act "decisively" if a member were found to have violated the law or House rules.

"Mr. Boehner has made it abundantly clear that he and the new Republican leadership team in the House intend to hold members to the highest possible ethical standards," Kennedy said. "If any Republican member is found to have violated ethics rules or broken laws, this leadership team and the Steering Committee will act accordingly and decisively."

After the election, Rep. John Doolittle (R-Calif.), who was under scrutiny for his ties to lobbyist Jack Abramoff, decided not to run again for his conference secretary leadership position, and instead Rep. John Carter (R-Texas) ran and won that post. But Republicans decided not to oust Rep. Jerry Lewis (R-Calif.), another member who is under FBI investigation, from the coveted top spot on the Appropriations panel.

In an interview earlier this year, Boehner said he believes Lewis is innocent until proven guilty, and that prevented him from toppling him from the top GOP spot on the spending panel.

But Melanie Sloan of Citizens for Responsibility and Ethics in Washington (CREW) said Republicans are in the minority because they have operated under just that kind of policy for the past several years. The group filed a complaint about Miller's land deals with the IRS last August.

"Until you can understand that your members have to do better than just avoid indictment, then you're going to stay in the minority for many years to come," Sloan said. "We're gratified that there is an investigation. Miller has been clearly engaged in illegal activity and hopefully this will put an end to it."

A spokesman for Taxpayers for Common Sense, Steve Ellis, said the group has been looking into Miller's land deals over the last year and considers him to be "under an ethical cloud."

"It's questionable at best to put him in charge of the ranking-member slot on the committee," Ellis said. "If more comes out from the FBI investigations, it may end up blowing up in the Republicans' faces."

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Miller's appointment to the ranking slot on the oversight and investigations panel plays into the Democrats' hands. Already this year, the Democratic Congressional Campaign Committee has repeatedly named Miller as one of its top targets in 2008 and has made it clear that targeting ethically challenged members will be a major piece of their strategy this cycle.

"House Republicans seem to mistakenly believe that being investigated by the FBI qualifies you for an influential position on the oversight and investigative subcommittee," DCCC spokeswoman Kate Bedingfield said. "This kind of lack of leadership and accountability from the GOP is exactly why Americans voted for a change of direction in Congress."

Monrovia spokesman Dick Singer yesterday acknowledged that a government agency had contacted city officials about Miller's land deals "within the last couple of months," but declined to offer any more specifics.

The San Bernardino Sun yesterday reported that the FBI had contacted officials and former officials from several cities in southern California about Miller's land deals.

Miller spokesman Scott Toussaint said the FBI had not contacted Miller or his staff. Miller has consistently denied any wrongdoing and yesterday lashed out at the press for conducting what he called a "smear" campaign against him.

"Congressman Miller is tired of all the rumor and innuendo that has been in the press regarding his past real estate transactions," Miller said in a written statement.

In order to "stop this smear once and for all," Miller said he handed over "relevant documents" to the ethics committee late last year and asked it to render an opinion.

"If he is contacted, he intends to cooperate fully because he has nothing to hide," the statement said.

Among various questionable land deals, The Hill first reported late last year that Monrovia city officials had tried to secure a federal earmark to help purchase a large swath of land to create a wilderness preserve in the nearby foothills, 165 acres of which Miller owned. The city's efforts were unsuccessful and it instead passed a tax increase and secured California state grant money to pay for the land. Miller ended up making nearly $10 million on the deal.

In August, CREW filed a complaint with the IRS alleging that Miller failed to report or pay capital-gains tax on the sale of the land to Monrovia. The Los Angeles Times reported that Miller claimed that the city had exercised eminent domain, which would lighten his tax load; but the city denied doing so.

White House Order Tightens Grip On Policy, Stirs Debate On Control (WSJ)

By John D. Mckinnon

The Wall Street Journal, January 31, 2007

WASHINGTON -- A White House move to tighten its control over federal regulations is providing fresh evidence of the Bush administration's intent to leave its conservative imprint on government over the next two years.

The White House action, in the form of an executive order, is a reminder that despite Democrats' success in November's congressional elections, Mr. Bush retains control of the basic machinery of government that often decides how corporations and citizens go about their business. It is a power that Congress has limited ability to affect.

• What's New: President Bush extended White House oversight of agency regulation to include more informal guidance and more data on costs.

• What's at Stake: Businesses are hoping they've gained new tools to avoid costly regulation, while consumer and liberal groups worry about a conservative power grab.

• What's Next: Democrats in Congress are likely to take a look, but have few options.

Now Mr. Bush aims to exercise more sway.

Most notably, the White House has given itself more review authority over many informal agency dictates known as guidance. Critics say the executive order gives the White House a chokehold over new guidance it dislikes. White House officials deny that, saying it is simply strengthening a review process that already occurs in many instances.

Even defenders of the administration say this change is likely to give the White House more say in how to interpret federal rules. As the White House has assumed more oversight on formal rulemaking, many critics say agencies have done more regulation through informal guidance, such as letters or manuals. Because these aren't formal regulations, the agencies don't

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have to go through the same elaborate procedures. Labor officials in recent years have issued guidance on hundreds of occupational-safety issues, critics note.

"I think that's important," James Gattuso, an expert on regulation at the conservative Heritage Foundation, said of the change. "If you believe in review of regulations to ensure they're consistent with administration policy, and no more costly than necessary, you really want guidance documents to be included as well."

Administration officials say the principal aim of the new policies isn't to stifle regulation but to clarify a process that can appear confusing and opaque to the people affected. Several of the changes are aimed at making sure that regulated companies and individuals get more of an opportunity to comment in advance on planned policies, said Jeffrey Rosen, general counsel of the White House Office of Management and Budget.

"Bad, bad, bad," Gary Bass, executive director of liberal advocacy group OMB Watch, said of the changes. He predicted they would hamper the government's ability to respond to regulatory crises -- such as the recent E. coli outbreaks on fresh vegetables.

The House Oversight and Government Reform Committee is considering a hearing on the issue. The administration's new approach "interferes with the ability of agencies to make decisions based on their expert opinions, and is something Congress should carefully review," Chairman Henry Waxman (D., Calif.) said in a statement. Sen. Joseph Lieberman of Connecticut, chairman of the Senate Homeland Security and Governmental Affairs Committee, said in a statement that his panel would monitor the situation to "make sure that essential federal protections are not being undermined."

Mr. Rosen said it's "ironic that a measure that increases availability of guidance documents to the public and allows input by the public would be seen as a problem instead of a benefit." He also said there is an exception for emergencies.

The executive order has three other main parts. It sets a new standard for formal rulemaking that requires agencies to find a "market failure" before proceeding with formal regulation. That's a concept that has been championed by Susan Dudley, the academic Mr. Bush nominated to oversee regulatory matters for the White House. Her nomination has been blocked in the Senate, and the White House has said she instead will be tapped for a senior adviser post.

Public Citizen, a liberal advocacy group, said that provision could derail much new regulation. But Mr. Rosen says it is an attempt to clarify a provision that has governed executive-branch rulemaking since the Clinton administration issued its executive order on regulations in 1993. That 1993 provision called for an agency undertaking a rulemaking to identify the problem it intends to address, including "the failures of private markets," he said.

The new Bush order also requires agencies to put a senior official -- technically, a presidential appointee -- in charge of regulatory policy. Critics say that will extend the reach of the White House further into agencies' operations. But White House officials say it's just institutionalizing a longstanding practice. Most agencies already have designated a presidential appointee as their regulatory policy chief, Mr. Rosen said.

Another change requires agencies to develop annual plans for weighing the combined costs and benefits of all regulation planned for the year. Liberal critics say such analyses are biased against regulation and will cause agencies to postpone new rules.

Lawmakers Unveil Election Financing Bill (SFC)

By Jim Kuhnhenn

San Francisco Chronicle, January 31, 2007

As the cost of presidential campaigns moves toward the $1 billion mark, leading congressional advocates of tougher campaign finance laws want to reduce the influence of special interests by pumping more taxpayer money into the system.

Three House members and one senator on Tuesday introduced legislation that would increase the amount of money in the presidential public financing system and increase the spending limits for candidates who participate in it. It would not change the rules for the 2008 presidential election.

"This system that's in place now is not sustainable," said Rep. Martin Meehan, D-Mass., who introduced the legislation in the House with Reps. Christopher Shays, R-Conn., and David Price, D-N.C. Sen. Russ Feingold, D-Wis., introduced similar legislation in the Senate.

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The legislation would triple the amount available to candidates during state primaries and eliminate state spending limits. It would increase the amount available for general elections to $100 million (More than $80 million would be available in 2008). It also would offer more money to candidates whose opponents chose to decline the public money and raise more on their own.

To pay for the extra money, the sponsors would increase the voluntary presidential campaign checkoff on income tax returns from $3 to $10.

The proposals follow Democratic Sen. Hillary Rodham Clinton's decision to avoid the public system entirely during her 2008 presidential bid. Other candidates, including Sen. Barack Obama, D-Ill., and Sen. John McCain, R-Ariz., are contemplating taking a similar step.

In 2004, President Bush and Democrats Howard Dean and Sen. John Kerry turned down the money in the primaries. Kerry and Bush did accept general election funds.

Sponsors of the changes said they didn't blame candidates for rejecting public financing altogether.

"The reality is if somebody did comply with this system, they couldn't get elected," Meehan said.

Notable by his absence from the group was McCain, whose name is synonymous with past efforts at toughening campaign laws. Conservatives have criticized him for his previous stands, claiming campaign finance laws have diluted their free speech rights. The Republican National Committee this month passed a resolution denouncing the campaign law that McCain championed in 2002.

"We'd love to improve the system," McCain said in a brief hallway interview Tuesday. But he said he'd been away from Washington and was not familiar with the details of the new proposal. "I haven't focused on it."

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Honesty In Elections (NYT)

The New York Times, January 31, 2007

On Election Day last fall in Maryland, fliers were handed out in black neighborhoods with the heading “Democratic Sample Ballot” and photos of black Democratic leaders — and boxes checked off beside the names of the Republican candidates for senator and governor. They were a blatant attempt to fool black voters into thinking the Republican candidates were endorsed by black Democrats. In Orange County, Calif., 14,000 Latino voters got letters in Spanish saying it was a crime for immigrants to vote in a federal election. It didn’t say that immigrants who are citizens have the right to vote.

Dirty tricks like these turn up every election season, in large part because they are so rarely punished. But two Democratic senators, Barack Obama of Illinois and Charles Schumer of New York, are introducing a bill today that would make deceiving or intimidating voters a federal crime with substantial penalties.

The bill aims at some of the most commonly used deceptive political tactics. It makes it a crime to knowingly tell voters the wrong day for an election. There have been numerous reports of organized efforts to use telephones, leaflets or posters to tell voters, especially in minority areas, not to vote on Election Day because voting has been postponed.

The bill would also criminalize making false claims to voters about who has endorsed a candidate, or wrongly telling people — like immigrants who are registered voters in Orange County — that they cannot vote.

Along with defining these crimes and providing penalties of up to five years’ imprisonment, the bill would require the Justice Department to counteract deceptive election information that has been put out, and to report to Congress after each election on what deceptive practices occurred and what the Justice Department did about them.

The bill would also allow individuals to go to court to stop deceptive practices while they are happening. That is important, given how uninterested the current Justice Department has proved to be in cracking down on election-season dirty tricks.

The bill is careful to avoid infringing on First Amendment rights, and that is the right course. But in steering clear of regulating speech, it is not clear how effective the measure would be in addressing one of the worst dirty tricks of last fall’s election: a particular kind of deceptive “robocall” that was used against Democratic Congressional candidates. These calls, paid for by the Republicans, sounded as if they had come from the Democrat; when a recipient hung up, the call was repeated over and over. The intent was clearly to annoy the recipients so they would not vote for the Democrat.

While there are already laws that can be used against this sort of deceptive telephone harassment, a more specific bill aimed directly at these calls is needed. But the bill being introduced today is an important step toward making elections more honest and fair. There is no reason it should not be passed by Congress unanimously.

FDA Plans To Boost Safety With Newsletters, Drug Profiles (USAT)

By Rita Rubin

USA Today, January 31, 2007

WASHINGTON — Food and Drug Administration officials unveiled a variety of initiatives Tuesday to improve drug safety and expand information to the public about the medicines they take.

Among the steps announced at a news conference:

•A collaboration with the Veterans Health Administration to share information and expertise related to the review and use of medical products.

•A pilot program to produce safety profiles of new drugs after they have been on the market for 18 months.

•Periodic newsletters on the FDA website to update consumers about post-marketing reviews of drugs.

•Establishment of a committee of outside experts to advise the FDA about how to communicate risks to the public.

•Organizational changes to improve communication between FDA staffers who review drugs before approval and those who track the drugs' safety afterward.

The FDA's efforts come in response to an Institute of Medicine report released last September. The report, which was requested by the FDA, concluded that the agency needs to pay more attention to the safety of drugs once they are on the market, a move that requires more money and regulatory authority. FDA commissioner Andrew von Eschenbach said the agency regards the report as "a substantial amount of advice," not a "rigid blueprint."

Institute committee member Alta Charo, a professor of law and bioethics at the University of Wisconsin-Madison, called the FDA's new report "a very serious effort to respond to the IOM recommendations. It's filled with a variety of first steps that go in the right direction."

Still, Charo said in an interview, "I have to confess I'm disappointed that they ignored one of our most critical recommendations." Specifically, she said, the report advised the FDA to give more clout to the agency's Office of Drug Safety, which monitors drugs after they go on the market.

"If they pick up on a problem," Charo said, "they don't have the ability to force anybody to pay any attention to them."

Probably the best-known FDA drug safety staffer is David Graham, who got a lot of people to pay attention when he told the Senate Finance Committee in November 2004 that the agency was "virtually defenseless" against another "tragedy and a profound regulatory failure" like Vioxx. Merck pulled the arthritis drug off the market in September 2004 because it raised the risk of heart attack and stroke.

Sens. Chuck Grassley, R-Iowa, and Christopher Dodd, D-Conn., said Tuesday that they were reintroducing legislation to revamp the FDA's after-market surveillance. In a statement, Grassley, who chaired the Finance Committee when Graham blew the whistle, said the bill "addresses the fact that the office approving new drugs carries too much sway over the FDA's drug-safety apparatus."

F.D.A. Widens Safety Reviews On New Drugs (NYT)

By Gardiner Harris

The New York Times, January 31, 2007

The Food and Drug Administration announced changes yesterday that were intended to ensure that marketed drugs are as safe as advertised, including the first effort to do a comprehensive assessment of the safety of drugs 18 months after introduction.

The agency also announced the creation of an advisory panel to improve the way it announces safety worries and a collaboration with the Veterans Health Administration to track how real patients fare after taking drugs.

The F.D.A. plan is the latest effort to fix the agency after a series of missteps. In September 2004, Merck withdrew its arthritis drug, Vioxx, after a study showed that it doubled the risks of heart attack. About the same time, the agency announced that antidepressants cause some teenagers to think more about suicide.

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In both cases, the agency took years to acknowledge risks to millions of patients that had been apparent to some researchers.

"We don't see this as the only answer," said Dr. Andrew C. von Eschenbach, the F.D.A. commissioner, at a news conference in Washington announcing the initiatives. "It's merely a step as we continue a process of improvement that will be ongoing."

Senator Christopher J. Dodd, Democrat of Connecticut, said in a written statement that far greater changes were needed at the agency. Mr. Dodd promised to introduce two bills today that would reorganize the F.D.A. and require drug makers to disclose the results of all clinical trials involving humans. The bills' co-author, Senator Charles E. Grassley, Republican of Iowa, has called the agency far too "cozy" with drug makers.

In many cases, the date that the agency will begin the efforts announced yesterday is uncertain. For instance, Dr. Steven Galson, director of the agency's drug center, said at the news conference that the pilot program to assess systematically a drug's safety 18 months after its introduction would probably take about a year to put into place — with the assessment due 18 months after that.

"We're just organizing that process to get started," Dr. Galson said.

In a scathing assessment released in September, the Institute of Medicine concluded that the F.D.A. was rife with internal squabbles and hobbled by underfinancing, poor management and outdated regulations. The institute, the most important medical advisory organization in the country, suggested that the agency undergo 25 major changes, many of which would require Congressional authorization.

Alta Charo, a professor of law and bioethics at the University of Wisconsin and one of the authors of the Institute of Medicine's report, described the F.D.A. announcement yesterday as "a good set of first steps towards improving the safety of the drug supply in the United States."

Professor Charo said she was "disappointed" that the agency had failed to adopt some of the institute's bolder recommendations, including one suggesting that the agency give greater authority to officials who assess the safety of drugs after they go on the market.

"We viewed that as critical," she said.

Alan Goldhammer, deputy vice president for regulatory affairs for the Pharmaceutical and Research Manufacturers of America, praised the F.D.A.'s announcement as a "very thoughtful and comprehensive response" to the Institute of Medicine's report.

"The agency has made substantive and significant progress in improving and enhancing the drug safety system in the U.S." said Mr. Goldhammer, whose organization represents drug makers.

Still, the plan does little to address a problem that nearly all agree underlies many of its woes: a chronic shortage of government money. As Dr. von Eschenbach noted at the news conference, the agency has regulatory authority over about a quarter of the American economy. After the Sept. 11 attacks, the agency was asked to increase its efforts to prevent bioterrorism. Despite having greater responsibilities, its budget has remained relatively flat for years.

There are now thousands of drugs in routine use. Figuring out which of these medicines may have undiscovered side effects will take a lot of money. The agency gets about $400 million of its $1.9 billion budget from fees assessed on drug makers. Under a formula negotiated with the drug industry, this money comes with strings attached. One restriction was that the F.D.A. could use little of the money to track the safety of approved drugs.

That deal between the F.D.A. and drug makers expires this year, and the drug companies have agreed to allow more of their money to be used for postmarket safety assessments. Whether those fees are enough, whether there should be any strings attached to them and whether that money should be coming from drug makers at all has become the subject of fierce debate.

"Drug makers clearly get their money's worth with all this money," said Dr. Sidney Wolfe, director of Public Citizen's health research group. Dr. Wolfe and other consumer advocates say that the F.D.A.'s dependence on drug industry fees has softened its oversight.

Dr. Scott Gottlieb, who last week left his job as the F.D.A. deputy commissioner to return to the American Enterprise Institute, a free-market research group, said the real debate unfolding around the agency is between those who believe that it

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needs more money and tools to assess drug risks, and those who believe that the agency should begin regulating the practice of medicine.

"I think we need to give the agency the resources it needs to get information about drug risks quickly," Dr. Gottlieb said. "But we don't need the government telling doctors and patients what to do."

The F.D.A. plan promises to return the agency to its scientific roots. It once had robust laboratories that conducted original studies to assess drug risks on its own. Those laboratories were largely eliminated in the past decade to apply more money to the drug-approval process and the support of a bare-bones computer program to track side effects of drugs.

But in the past two years, the agency has begun an effort to improve the science of drug safety, making itself an active participant in scientific endeavors once left exclusively to drug makers and basic scientists.

The efforts announced yesterday included the creation of a database of genetic codes associated with bad drug outcomes, the development of a computer model to identify patients who are most likely to suffer liver injury, and the design of screening tests that would identify patients most at risk of general drug problems.

Changes Will Ensure Drug Safety, FDA Says (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 31, 2007

WASHINGTON — The Food and Drug Administration pledged Tuesday to make major changes in the nation's drug safety system, responding to a blue-ribbon panel that last fall found the agency's priorities skewed toward approving new medications without adequate follow-up to identify rare but risky side effects.

FDA Commissioner Andrew C. von Eschenbach said the improvements would help the agency regain the "trust and confidence" of doctors and patients after a series of highly publicized safety lapses, including the withdrawal from the market of Vioxx, a previously approved and popular painkiller found to cause heart attacks.

But the FDA's internal fixes stopped short of addressing key issues such as increased funding and broad new legal powers for the drug safety program — reforms that depend on congressional action that may come this year. And some critics said the agency had not done enough to bring safety officials into the drug approval process.

Von Eschenbach conceded that more remained to be done, saying, "The initiatives we announce today are not the whole story, and they are not the final chapter in the story."

The changes recognized the need to address safety over the entire lifecycle of a drug, from development to use by patients. They included measures to improve the scientific underpinnings of the safety system, increase monitoring for hazardous side effects, expand communication with patients and doctors, and address long-standing turf battles among FDA scientists that have gotten in the way of alerting the public to safety problems.

A pilot program also will be established to assess the safety record of new drugs 18 months after approval. It will be tried initially with a small number of medications, and results will be reported to the public.

Consumer groups dismissed the FDA's initiative as too little, too late, but members of the panel of medical, legal and policy experts that spent more than a year investigating the drug safety program called it a respectable first step.

"It was a thoughtful and engaged response," said Dr. Bruce M. Psaty, a professor of medicine and epidemiology at the University of Washington in Seattle and a member of the panel that studied shortcomings in the FDA's safety program.

"It looks like they are launching a number of initiatives to address drug safety. Many of them are new, so the degree to which they will improve safety remains to be seen, but I think it's a fairly comprehensive response," he said.

The panel's head, Sheila Burke, a former Republican Senate staffer who is now chief operating officer of the Smithsonian, took a tougher line. "I would have wanted to see more formal involvement of the safety staff in the drug development process," she said.

Nonetheless, she said, "I think they are serious about trying to make some progress."

The committee she led was sponsored by the Institute of Medicine, part of the National Academies that provide scientific, engineering and medical advice to the government. Convened at the FDA's request, the panel issued a scathing report in September that seems to have chastened agency leaders.

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Concerns about the safety of newly approved medications have been building for years. But they gained national attention in fall 2004 when Merck withdrew the blockbuster painkiller Vioxx, after company-funded studies confirmed heart attack risks that safety experts inside the FDA bureaucracy had unsuccessfully tried to warn about.

Testimony later at a congressional hearing showed that agency managers had dismissed their own experts' warnings.

Tuesday's announcement marked the second time in two years that the FDA had pledged to fix the drug safety system. Early in 2005, the agency set up an internal drug safety oversight board. But partly because the board meets in secret, its effects have been hard to gauge.

Some of the improvements announced Tuesday would require congressional approval to increase industry user fees, which would finance new safety initiatives.

Some of those initiatives will apply to drugs in development and after approval. Others attempt to resolve long-standing communication problems within the FDA, and between the agency and the public.

In the development phase, the FDA said it was working on new tests that might predict early on whether a drug would be toxic to humans. It has launched a research program to help identify the potential heart and stroke risks of medications, and is working with the National Institutes of Health to develop a computer model that could indicate a drug's potential to cause liver damage — a common risk.

It also is looking at how the burgeoning field of genetic research might aid drug safety.

Drugs in development are tested on several hundred or a few thousand human subjects. But rare side effects may emerge only after tens of thousands of patients have taken a medication. Many academic experts think new drugs should be considered "experimental" for the first two or three years after they are approved for marketing.

Indeed, the advisory panel recommended a special caution label for new medications, and restrictions on advertising.

To increase detection of unexpected side effects during the early years, the FDA announced several improvements to its drug safety monitoring system.

The agency said it would modernize its "adverse events" database — which now captures only a small fraction of problems — to make it easier for researchers to recognize that something was going wrong. The FDA also said it was teaming up with Veterans Affairs and Medicare to share extensive information that those agencies collect on doctors' prescribing patterns and their patients' outcomes.

And it is proposing the creation of a Sentinel Network that would coordinate private and government vigilance of drug safety problems.

Finally, the FDA said it would improve communication among its own scientists, as well as with doctors and patients. Agency officials said they would redouble efforts to find ways to resolve disputes between scientists who approve drugs and those who act as safety watchdogs.

"We need to improve the way scientific disagreements are handled and resolved," said Dr. Steven K. Galson, director of the agency's Center for Drug Evaluation and Research.

FDA Proposes Report Cards On New Drugs (NYT/AP)

By The Associated Press

The New York Times, January 31, 2007

WASHINGTON (AP) -- The public outcry over the withdrawal of the painkiller Vioxx is leading to closer government scrutiny of new drugs to identify and disclose late-developing safety problems.

As part of a pilot program, the Food and Drug Administration will issue drug "report cards" that would detail unexpected side effects that emerge within 18 months of a drug's approval. The reports also would include follow-up studies and details about how the drugs are being used.

The proposal is among more than a dozen initiatives the FDA unveiled Tuesday in response to a recent report by a committee of experts at the Institute of Medicine that criticized the agency's handling of drug safety in the wake of the Vioxx case. Nor will it be the last word, said FDA Commissioner Dr. Andrew von Eschenbach.

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"It will be a continuous process of improvement. The initiatives we are announcing today are not the full story, nor are they the final chapter in that story," von Eschenbach told reporters.

Their release comes just days before Sens. Edward Kennedy, D-Mass., and Mike Enzi, R-Wyo., introduce legislation to overhaul how the FDA handles drug safety.

"Today's report is thoughtful and provides important recommendations for administrative action, but only legislation can give FDA the tools it needs to ensure that FDA is the gold standard for safety," Kennedy said in a statement.

The Institute of Medicine report was prompted in part by the 2004 withdrawal of Vioxx after research showed it increased risk of heart attacks and strokes. The report said the FDA needs more funding, people and authority to ensure it focuses on the safety of drugs while they remain on the market.

The FDA also hopes to step up its mining of large public and private health care databases to detect emerging safety problems, said agency drug chief Dr. Steven Galson. The Department of Veterans Affairs recently signed an agreement to share such information with the FDA.

The agency also said it would regularly publish newsletters to summarize its safety reviews of older drugs and disclose emerging issues. However, the newsletters would be scrubbed of whatever the FDA deemed confidential commercial and predecisional information, the agency said.

The Institute of Medicine, part of the federally chartered National Academy of Sciences, had pushed for even more public disclosure of that underlying information, said Alta Charo, a member of the committee that wrote the report who is also a University of Wisconsin professor of law and bioethics.

"Crucial to our recommendation was that these postmarketing data be shared with an advisory committee made up of independent safety experts. Their proposal would have the data remain internal," Charo said.

Both the FDA and the drug industry are concerned that broad disclosure of preliminary information about apparent safety problems could do more harm than good.

"One thing we don't want to see happen is if patients get concerned and they decide to stop therapy and don't talk to their doctors," said Alan Goldhammer of the Pharmaceutical Research and Manufacturers of America, a drug industry group.

The FDA did not address the Institute of Medicine report's specific recommendations for Congress, including its push for additional agency funding and authority.

Without that, the FDA's proposals amount to "small potatoes," said Bill Vaughan, a senior policy analyst at Consumers Union.

FDA Revamps Process For Safety Of Drugs After Approval (WP)

By Shankar Vedantam

The Washington Post, January 31, 2007

The Food and Drug Administration said yesterday that it is making changes in the way it operates to prevent the kind of drug safety controversies that have dogged the agency in recent years.

Officials outlined plans to better monitor safety problems after drugs are approved and to make internal changes to increase the profile of agency scientists who raise red flags about drugs. The steps were announced in response to a report last year by the congressionally chartered Institute of Medicine (IOM) that called for an overhaul of the FDA's culture and structure following safety controversies over drugs such as the painkiller Vioxx.

Officials said the steps will restore the trust and confidence of Congress and the public. They also pledged a renewed commitment to good science as the best way to counter critics who say the agency is too cozy with drug companies.

"We will fight back against those perceptions and that cynicism," said Steven Galson, head of the agency's Center for Drug Evaluation and Research, the division that evaluates new drugs and that has been at the center of the maelstrom.

A member of the Institute of Medicine panel said the FDA had taken steps in the right direction but had fallen short.

"In a number of cases, the FDA does not go as far as the IOM recommendations, but they are first steps and in the right direction," said R. Alta Charo, a professor of law and bioethics at the University of Wisconsin.

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A central contention of the IOM report was that the agency did not focus enough on monitoring drugs once they were approved. Most approvals are based on clinical trials involving a few hundred or a few thousand patients, and many uncommon side effects do not emerge until a drug is being used by millions.

The IOM report said FDA officials who monitor drug safety were being ignored, because top officials were focused on approving new medications rather than monitoring those already on the market.

"There was an asymmetry in esteem and funding between these two groups," Charo said. While the changes the FDA announced yesterday to integrate drug safety experts in the process were a start, she said, the agency's drug safety specialists still lacked power.

When FDA safety officials see a problem with a drug, Charo said, the agency is required to discuss proposed warnings, labeling changes or limits on distribution with the manufacturer. What FDA safety officials need, she said, is the power to impose fines and restrictions on companies that do not voluntarily follow the FDA's directives.

Agency officials said some of the changes proposed in the IOM report require congressional action, because they call for new powers. But officials also said they are starting a pilot program to produce report cards on some new drugs 12 to 18 months after their approval -- a process that would bring problems to light.

FDA Commissioner Andrew von Eschenbach and other senior officials said they were largely in agreement with the institute but called its report useful advice, not a blueprint. The agency is taking steps to break down internal walls and strengthen the role of safety specialists on advisory panels, they said.

Referring to the IOM's concern about a "lack of respect" between agency staff who approve new drugs and those who monitor drug safety, Galson said, "We need to improve the way scientific disagreements are handled and resolved."

Besides the "cultural" issues within the agency, officials outlined a number of initiatives to better understand which patients may be susceptible to particular types of side effects, and which patients may be most likely to benefit from a particular drug. "This new science of safety will help us make products safer from the get-go," said Janet Woodcock, the FDA's deputy commissioner for operations.

The agency also said it is seeking alliances with the Department of Veterans Affairs, the Centers for Medicare & Medicaid Services and private insurers to gather better information about problems with using drugs and the challenges that physicians and patients encounter in the everyday use of medications.

Officials also promised greater transparency in how they select experts to serve on influential panels that assess new drugs and devices, as well as policy issues facing the agency. Some of these panel members have come under criticism for having ties to the drug industry.

While greater transparency is a good thing, Charo said, the FDA also ought to limit the overall number of panel members who have conflicts of interest.

FDA Plans Drug-Safety Moves (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, January 31, 2007

The Food and Drug Administration said it plans to address concerns over how it handles drug safety, including issuing a regular online newsletter summarizing findings about drugs already on the market.

The new initiatives, which also include a pilot program that will review the safety of two or three new drugs after 18 months on the market and issue a "report card" on their performance, are part of the agency's response to an analysis it commissioned from the Institute of Medicine, an independent research organization. That report criticized the FDA's handling of drug safety, citing serious structural and cultural issues. It called for broad changes that would go beyond the steps announced yesterday. The biggest of these recommendations would require congressional intervention.

The initiatives announced yesterday aren't likely to usher in any major, short-term shifts in FDA policy. At any rate, they could soon be overtaken by action on Capitol Hill. Sens. Edward Kennedy of Massachusetts and Michael Enzi of Wyoming, the Democratic chairman and ranking Republican on the Senate Health Committee, respectively, are expected to soon introduce a new version of a drug-safety bill that they had proposed last year. That bill, which aims to boost FDA authority and oversight of

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drugs after they go on the market, among other changes, has a far better shot at passing this year partly because of the Democratic takeover in Congress.

"Only legislation can give FDA the tools it needs to ensure that the agency is the gold standard for safety," Mr. Kennedy said in a statement. Mr. Enzi said he will work "closely with the FDA to enact critical drug-safety reform."

Consumers Union, a consumer group, said in a statement that the new FDA initiative includes "minor improvements" but "falls dramatically short of the changes needed to overhaul the nation's drug safety system."

In its response to the Institute of Medicine report, the agency said it needs more funding but "believes it has the statutory and regulatory authority needed to carry out its commitment to ensure drug safety." The agency said it was moving to change its procedures and testing how to more fully involve staff who focus on the safety of drugs after they are approved. "We agree we need to improve the culture of safety at FDA," the agency said.

FDA Commissioner Andrew von Eschenbach said there will be "other steps as we continue a process of improvement that will be ongoing." Yesterday's announcement was the latest of several drug-safety initiatives announced by the FDA in response to criticism stemming from the 2004 withdrawal of the painkiller Vioxx and other incidents.

Under the initiatives announced yesterday, the agency will launch an online newsletter that will include the results of safety reviews after they are completed. But in a move likely to please the drug industry, it "will not include confidential commercial" data or information that could be part of a regulatory decision, the FDA said. The new pilot program "report card" will report on the performance of two or three drugs on the market, including their reported side effects, how the drugs are used and summaries of new studies on the drugs.

The FDA previously proposed a new user-fee deal with the drug industry that would provide new money to pay for safety monitoring, as well as create a new fee to boost the staff that reviews consumer drug television ads.

---- Jennifer Corbett Dooren contributed to this article.

Write to Anna Wilde Mathews at anna.mathews@wsj.com1

Hastert Recovering From Surgery (CHIT)

By James Kimberly

Chicago Tribune, January 31, 2007

Former U.S. House Speaker Dennis Hastert was in a Chicago hospital today recovering from surgery to remove his gall bladder, his office announced.

Spokesman Brad Hahn said the Friday surgery was scheduled because Hastert (R-Yorkville) suffered from gallstones. Hahn did not know when Hastert would be released from the Rush University Medical Center.

"That's a medical decision," Hahn said. "He's looking forward to being released. He's getting restless."

Hahn said the congressman is expected to make a full recovery.

More than 500,000 Americans have surgery every year to remove their gallbladders, typically because the organ is inflamed or to treat painful gallstones.

The pear-shaped organ stores digestive fluid, or bile, produced by the liver. People can function well without a gallbladder; when it is removed, bile from the liver goes directly into the intestine.

Last July, Hastert spent several days in a suburban Maryland hospital after being treated for a skin infection. He also was hospitalized in early 2005 for removal of a kidney stone.

Hastert, 65, has served 20 years in Congress. He was speaker of the U.S. House of Representatives from 1999 until this month.

The Associated Press contributed to this report.

Senate Defies Cheney (RC)

By Ben Pershing

Roll Call, January 31, 2007

HOH thinks Congress has been getting a bad rap.

For years, a few squishy, possibly French, critics have claimed that the legislative branch has not done enough to stand up to the bullying Bush administration.

Need evidence to the contrary? Look no further than Tuesday's Senate Republican luncheon, where a brave group of Senators bucked the wishes of Mr. Executive Branch Power himself, Vice President Cheney.

As his groupies know, Tuesday was Cheney's 66th birthday. So when the Senate President showed up at the GOP luncheon, the assembled lawmakers thought they'd mark the occasion with a little party.

First, Sen. Kay Bailey Hutchison (R-Texas) brought in a cake. Then the group, led by Senate Minority Whip Trent Lott (R-Miss.), was set to launch into a rousing chorus of "Happy Birthday."

Now, HOH usually associates Cheney with revelry and general merriment, but surprisingly, Cheney asked Lott and the others not to sing. Did they cower before his wishes? No!

"We did sing 'Happy Birthday.' He insisted that we not, which guaranteed that I insisted we should," Lott said afterward, adding: "I pointed out that he's older than I am."

Lott was then thrown into a military detention camp.

Ha! Kidding! In all seriousness, Cheney took the whole thing good-naturedly, and the chorus of Republicans reportedly sounded pretty harmonious.

"We were more in tune than we usually are on the issues," joked Sen. Lamar Alexander (R-Tenn.).

Are Hurricane Jokes Now OK? After the drubbing they took at the hands of the Democratic Congressional Campaign Committee in November, you would think Republicans wouldn't be feeling so charitable toward former DCCC Chairman Rahm Emanuel (Ill.).

But Rep. Heather Wilson (R-N.M.) — one of the few GOP incumbents who held onto her seat despite an onslaught from the DCCC — wanted to show that there are no hard feelings toward Emanuel, who now serves as Democratic Caucus chairman.

It seems that after Election Day, Emanuel went over to Wilson on the House floor to congratulate her on her victory. Wilson told Emanuel that she had shirts made for her campaign staff that said, "I Survived Hurricane Emanuel November 7, 2006."

Emanuel said he'd like to get one of those shirts, so on Tuesday, he trucked over to Wilson's office in the Cannon House Office Building and picked one up.

While he was there, aides said, Emanuel apologized to Wilson's staff for making their lives miserable, prompting some laughter.

He then said: "I'm really looking forward to wearing this at the House gym tomorrow morning."

HOH can feel the love all around him.

How About Flood Jokes? In the aftermath of last week's well-chronicled House Republican retreat to Maryland's Eastern Shore, one little mystery remained unsolved — Which Member was it who asked President Bush a question about flood control?

After Bush addressed the assembled lawmakers Friday morning, reporters were hustled out of the room so Members could ask Bush the real, tough questions about Iraq and the future of our great nation.

Afterwards, word trickled out that some unnamed Member had taken the opportunity to ask about something decidedly local. As WashingtonPost.com blogger (and Roll Call alum) Paul Kane wrote Friday, "the flood-control lawmaker is, for now at least, a mystery."

No, it wasn't Rep. Virginia Foxx (N.C.) in the drawing room with a candlestick. It was ... Rep. Mike Ferguson (N.J.). And he's pretty proud of it.

Specifically, Ferguson asked Bush about the Green Brook Flood Control Project, which has been a priority in New Jersey's 7th district since Hurricane Floyd devastated the area in 1999.

"It's a really big deal in our district," Ferguson told HOH. "I urged him to include it in his budget."

Did Bush even know what Ferguson was talking about? "I'm certain the president remembers this project because I never miss a chance to advocate for it," Ferguson said.

The White House's budget request comes down Feb. 5. Keep an eye out.

Oh Boy, Famous People. If you enjoy seeing celebrities, particularly of the TV-star kind, you'll want to head over to B. Smith's at Union Station tonight for the Creative Coalition's event to welcome the 110th Congress.

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Since this is Washington, the gathering will of course be hosted by two lobbyists, Morris Reid of Westin Rinehart and Ed Rogers of Barbour Griffith & Rogers.

Attendees will have the opportunity to mingle with a bunch of celebrities, including Heather Graham, Allan Cumming, Tim Daly, Fran Drescher, Morgan Fairchild, Wendie Malick, Joe Pantoliano, Rachel Shelley, Giancarlo Esposito, Anson Mount, Tim Blake Nelson and Tamara Tunie.

Oh yeah, more than 100 Members of Congress are also expected to attend. But you probably see them all the time.

Anyway, back to the celebrities. On Thursday night, Graham, Shelley, Cumming and the lovely Bridget Moynahan will be over at the House of Sweden on K Street for the premiere of the film "Gray Matters." Like Wednesday's event, the premiere and the subsequent reception will be hosted by the Creative Coalition and Capitol File.

Attendees should leave their flasks at home; Absolut is helping to put on the reception.

Liberalism's Energetic Architect (WP)

By Harold Meyerson

The Washington Post, January 31, 2007

Last Friday and Saturday, the eight Democrats who have in varying degrees announced their intention to run for president came before the executive board of the most powerful and strategic organization in American liberalism -- the Service Employees International Union (SEIU). No sooner had this first of countless candidate cattle calls been completed than the SEIU's president, Andy Stern, flew off to Iowa for several days, followed by a couple of more days in New Hampshire.

No, Stern insists, he's not running for president. Rather, he's setting in motion an SEIU program called "Walk a Day in My Shoes," in which the union will encourage (or hector) the candidates to spend a day with a working-class family in one of the first four states (Iowa, Nevada, New Hampshire, South Carolina) to hold primary and caucus elections in 2008.

Besides, Stern is already doing as much as if not more than the presidential hopefuls to shape the Democrats' agenda. This week, as Stern publicizes "Walk a Day" by building cabinets in Iowa and driving a snowplow in New Hampshire (at some danger, he notes, to his co-workers and himself), a new group called Americans Against Escalation is commencing an ambitious lobbying campaign to persuade members of Congress who have voiced their dismay at President Bush's Iraq surge to actually vote against it. The organizations consists of MoveOn.org, the Campaign for America's Future and other progressive groups, among which the SEIU is providing the lion's share of the funding.

Two weeks ago, another new liberal group was officially unveiled. For years Stern has been talking about putting together an organization that would monitor the votes of Democratic members of Congress on economic issues and mount primary challenges against conservative Democrats who represent liberal districts. He suggested calling the group They Work for Us, and this month, a new group with that name -- and whose board members include representatives not just of the SEIU but also the Steelworkers, MoveOn.org, the American Association for Justice (trial lawyers) and the much-read progressive blog DailyKos -- announced its formation, with heavy backing, again, from the SEIU. Stern's longtime friend Steve Rosenthal, the onetime political director of the AFL-CIO and an acknowledged master of voter mobilization campaigns, is the group's executive director. And just to pique Democrats' interest, They Work for Us listed three Democratic members of Congress (California's Ellen Tauscher, Maryland's Al Wynn and Texas's Henry Cuellar) as examples of Democrats whom the group would be monitoring.

"I'm sure it's not what the Democratic Party is hoping for," Stern says, "but we need to give our members options when the people they elected don't live up to what they said they were going to do." Over the past two weeks, Stern has also announced the formation of the group Divided We Fail, which joins the SEIU with the Business Roundtable and AARP in support of a universal health-care program that decouples health insurance from employment. The SEIU is also deeply involved in the discussions over immigration reform and is active in retooling Rock the Vote, the preeminent young voter mobilization program.

There's a clear model for the part that the SEIU and Stern are playing in American liberal politics. Just as the SEIU is the largest and most dynamic union in today's service-dominated economy, so the United Auto Workers was the largest and most dynamic union in the industrial economy of the mid-20th century. Under the leadership of its legendary president, Walter Reuther, the UAW funded the 1963 civil rights march on Washington and provided crucial assistance to Cesar Chavez's United Farm Workers, the student movement of the early '60s, and the fledgling efforts of the National Organization for Women and the first

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Earth Day. The UAW was the anchor tenant in the house of postwar American liberalism, and the SEIU is embracing an analogous role today.

Even Stern's failures have a Reutherian air to them. In 1968, upset with what he saw as the rightward drift of the AFL-CIO under the leadership of George Meany, Reuther pulled the UAW out of the federation to form its own mini-federation, the Alliance for Labor Action, with the Teamsters. But the Alliance for Labor Action, alas, never really did anything. In 2005, upset with what he saw as the generalized drift of the AFL-CIO under the leadership of John Sweeney, Stern pulled the SEIU out of the federation and established the Change to Win Federation with several other large unions. A year and a half since the formation of Change to Win, however, it can't really be said to have done anything, either. Still, Stern's larger lesson from Reuther is a sound one: A powerful progressive union can ultimately thrive only in a progressive nation. And nobody's in a better position to build one.

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Homeland Security Employees Feeling The Blues (Column) (WP)

By Stephen Barr

The Washington Post, January 31, 2007

The employees have spoken.

What they have said about job satisfaction has gratified four relatively small federal agencies and sent a jolt through the Department of Homeland Security, which scored last or almost last in job satisfaction, leadership and workplace performance.

The ratings came from the 2006 Federal Human Capital Survey, announced by the Office of Personnel Management yesterday. About 221,500 federal employees responded to the survey and provided a sense of what they think of their agencies as places to work.

The results were surely frustrating for Homeland Security, which has struggled to pull together 22 agencies in one of the government's largest reorganizations, endured endless criticism for its handling of Hurricane Katrina and suffered through high turnover in its leadership ranks.

Nearly 10,400 Homeland Security employees participated in the survey and gave the department essentially rock-bottom scores in key job satisfaction, leadership and management areas when stacked up against 35 other agencies in the survey.

"Obviously, we are somewhat disappointed," Paul A. Schneider, the department's undersecretary for management, said in an interview. He said the department's secretary, Michael Chertoff, and its deputy secretary, Michael P. Jackson, take the survey results seriously and are focused "on turning this thing around."

Chertoff has asked an outside group of advisers to suggest a strategy for creating a stronger common culture at the department, Schneider said. He said he would join Chertoff and Jackson in analyzing the survey results to understand problem areas.

Those areas appear to include communicating with and getting feedback from employees and how the department rewards employees for their accomplishments, Schneider said. He called the survey results "a wake-up call for the leadership that we have to pay attention to these basic communication skills."

On the bright side, Schneider said he was encouraged that Homeland Security employees say they like their jobs, think their work is important and find their co-workers to be cooperative and supportive. Those responses, he said, are "a strong foundation for building on."

To a large extent, the 2006 responses by Homeland Security employees closely track what employees said in 2004, an indication that the department may face a significant morale problem in some of its bureaus. Schneider said the response rates varied dramatically among bureaus and that "we have a lot of work to do to understand where we have these problems."

Linda M. Springer, director of OPM, released the results at a briefing at the National Press Club. She highlighted several agencies that scored well in four indexes created by OPM but said she would not comment on any other agencies.

Springer said the survey results are intended to help employees know where they stand on personnel issues and give managers some insights into workforce problems that need quick attention.

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The Office of Management and Budget, the Nuclear Regulatory Commission, the National Aeronautics and Space Administration and the National Science Foundation finished in the top 10 for job satisfaction, leadership and knowledge management, results-oriented performance culture and talent management, Springer said.

Other agencies that won high marks from their employees included the Federal Energy Regulatory Commission, the Federal Trade Commission, General Services Administration, National Credit Union Administration, Securities and Exchange Commission, Social Security Administration, Agency for International Development and the departments of State and Commerce.Congress Votes on Raise

The fiscal 2007 funding resolution, scheduled for a House vote today, would maintain President Bush's plan to provide an average 2.2 percent pay raise to the federal workforce this year.

The resolution would allocate $900 million to help agencies pay for half the cost of the pay raise, with agencies expected to absorb the remaining cost through reductions in overhead and other accounts, House Democratic aides said. The allocation for the pay raise breaks with the usual practice, which is to not provide any funding for civil service raises.

Aides said the resolution also provides enough money to prevent layoffs at agencies, including the Justice Department, Social Security Administration, the Federal Aviation Administration and the Food and Drug Administration.

Reid's Whitewater (NYS)

New York Sun, January 31, 2007

Voters looking for clues as to how — or, more to the point, whether — the Democrats are going to redeem their issue of honesty and integrity on Capitol Hill will be keeping an eye on the growing scandal around the majority leader in the Senate, Harry Reid. He is caught up in a corker of a controversy over a questionable land deal.

One might think that after all the legal fees and energy the Clintons spent defending Whitewater, a top Democratic politician would know better than to get into a complicated, questionable land deal. But the message doesn't seem to have reached Mr. Reid, who is the subject of a fascinating dispatch in Sunday's Los Angeles Times.

The Times' dispatch, from Bullhead City, Ariz., begins, "It's hard to buy undeveloped land in booming northern Arizona for $166 an acre. But now- Senate Majority Leader Harry Reid effectively did just that when a longtime friend decided to sell property owned by the employee pension fund that he controlled. In 2002, Reid (D-Nev.) paid $10,000 to a pension fund controlled by Clair Haycock, a Las Vegas lubricants distributor and his friend for 50 years. The payment gave the senator full control of a 160-acre parcel in Bullhead City that Reid and the pension fund had jointly owned.

" Reid's price for the equivalent of 60 acres of undeveloped desert was less than one-tenth of the value the assessor placed on it at the time. Six months after the deal closed, Reid introduced legislation to address the plight of lubricants dealers." And that's not all. The newspaper reports that "since taking full control of the parcel in 2002, Reid has pushed for federal funding for a new bridge over the Colorado River a few miles from his property."

When the Associated Press reported some of these transactions earlier, the senator's response was to launch an attack on the wire service. It'll be interesting to see how Mr. Reid responds to the Los Angeles Times. For our part, we understand why Mr. Reid would feel the need to speculate in real estate development. When in Washington, the senator, who is supposed to represent the party of the common man, lives in the Ritz-Carlton, where he initially tried to pay $3,000 in Christmas bonuses to employees out of his campaign funds.

It's hard to afford the Ritz on a senator's salary. Since Mr. Reid, unlike Senators Rockefeller or Kerry, doesn't have an oil or ketchup fortune at his disposal, real estate seems a reasonable area on which to fall back. From the perspective of hard-pressed taxpayers, though, it'd be a better deal simply to raise the senator's salary directly than to have to subsidize him indirectly through regulating the lubricant market or building bridges to nowhere.

Particularly in this climate. It was the Democrats, after all, who decided to try to make congressional ethics into a national issue. We didn't — and don't — have an objection to that; on the contrary, we're all for a hard line in respect of honest government. But it's been hard to take at face value the idealism the Democrats claim for themselves. And it's going to be harder to credit the Democrats' motives with every day that the scandal over Mr. Reid goes unresolved.

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OTHER NEWS:

Tax-cut Efforts Target Firms (USAT)

By Dennis Cauchon

USA Today, January 31, 2007

At least a dozen states are considering using multibillion-dollar budget surpluses to cut business taxes to become more competitive.

In a departure from earlier times of budget surpluses, few states plan significant reductions in personal income taxes, a trend that has frustrated tax-cut advocates.

"Lowering taxes for the sake of lowering taxes isn't what this is all about," says Nebraska Gov. Dave Heineman, a Republican whose state cut business taxes last year. "We're trying to create a more favorable tax climate to compete in the global economy."

Forty-six states report revenue exceeding projections, according to the National Association of State Budget Officers. State budget surpluses and reserve funds are at their highest level since 2000.

"It's a remarkable trend that states are focusing on business tax reductions," says Chris Atkins of the Tax Foundation, a research group in Washington. "Business tax cuts used to be taboo."

Kansas Senate Majority Leader Derek Schmidt says legislators are wary of across-the-board tax cuts because they contributed to budget shortfalls in 2002 and 2003. "We had big tax cuts in 1998," he says. "Four years later, we were in the tank. Everyone remembers that."

Tax-cut advocates complain that governors and legislators are too timid. "We've got a $2.2 billion surplus, and our relief package is a paltry $281 million. Thanks a lot," says David Strom, president of the Taxpayers League of Minnesota.

Demand for more spending is limiting individual income tax cuts, too. "Many new governors ran on improved health care and improved education, and they want to fulfill those promises," says Nick Johnson, a state budget expert at the liberal Center on Budget and Policy Priorities in Washington.

State tax collections rose 8.5% in the first nine months of 2006 from the same period a year earlier, the Census Bureau reports.

Georgia, Kentucky, Missouri, Texas and West Virginia are among states considering business tax cuts. Hawaii, Nebraska and South Carolina are among the few studying personal income tax cuts.

Deal Struck On Claims Of Nazi Era (NYT)

By Joseph B. Treaster

The New York Times, January 31, 2007

After nearly 10 years of struggling to have a big Italian insurance company pay claims on life insurance policies sold to victims of the Holocaust, lawyers who say they represent most of the victims are giving up the fight.

They say they have struck a deal with the insurer, Assicurazioni Generali, that will give Holocaust victims and their relatives far less money than they had originally hoped. But the lawyers say that their chances of winning a lawsuit seemed increasingly unlikely and that many of their clients are old and, in some cases, in poor health.

“It’s a compromise,” said Robert A. Swift, a lawyer in Philadelphia who began working on insurance cases from the Holocaust in 1997. “In a perfect world with more leverage, maybe I could have negotiated a better formula. But I’m playing the hand I was dealt.”

Judge George B. Daniels of Federal District Court in Manhattan has called a hearing for this morning to determine whether the settlement is fair to all parties.

If he approves the agreement, it will close a painful chapter in the insurance company’s history. It could also provide perhaps several million dollars more to victims of the Holocaust and their heirs.

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Judge Daniels will also hear arguments from lawyers who are refusing to participate in the settlement, contending that the deal will prevent tens of thousands of other Holocaust victims and their heirs from ever being compensated — just as new evidence on the Holocaust is being uncovered in Europe.

Last May, officials of a multinational group said they were taking steps to open half a dozen warehouses in Bad Arolsen, Germany, that have been sealed for 60 years and are filled with documents compiled by the Nazis and by American and Allied forces.

Samuel J. Dubbin, a lawyer in Miami opposing the agreement, said the settlement should be postponed until the German material is examined. But lawyers who worked out the deal — both for the survivors and Generali — want it to go ahead.

"The possibility of finding something in those records, at this point, is remote," said Lawrence Kill, one of the lawyers who negotiated the settlement with Generali.

In the settlement, Generali does not acknowledge assertions by survivors that it, like many other European insurers, routinely refused to pay death benefits for Jews who died in concentration camps and sometimes demanded copies of policies and death certificates from families that had lost everything. Generali says it was never the company's policy to deny valid claims and, in the settlement papers, it denies any wrongdoing.

The settlement includes Generali's reasons for resisting payment. It says, for example, that its offices in much of Europe were seized by Communist governments after World War II and that those governments — rather than the insurance company — should be held responsible for paying Holocaust claims.

Generali also argues that its insurance policies became all but worthless as a result of steep devaluations in European currencies after the war, that United States courts do not have jurisdiction over the Holocaust dispute and that the statute of limitations has long been expired for Holocaust victims.

European insurers over the years declined to publish the names of policyholders, a step that would have helped survivors determine if relatives had bought life insurance and whether they might have reason to make a claim. Generali permitted the publication of many names, its representatives said. But, advocates for the survivors counter, the lists were far from complete.

In the settlement, there is no provision that Generali publish the names of all its Holocaust-era policyholders.

"Where is the historical justice?" asked Thane Rosenbaum, a son of Holocaust survivors and a professor at the Fordham University School of Law. "Tens of thousands of Holocaust survivors are being shut out of the process. This is an abuse of the class-action process."

Christopher J. Carnicelli, a Generali executive in London, said in an e-mail message that the company was proud of the settlement and that only a handful of people opposed it. "The objections of a very small number of individuals with a track record of finding fault with any Holocaust-related settlement cannot obscure this settlement's important benefits," he wrote.

Lawyers first began investigating Holocaust insurance claims in the late 1990s and filed lawsuits against more than 20 European insurers. All the lawsuits except those against Generali were eventually dropped or, in the case of German insurance companies, resolved through a settlement negotiated between the United States and Germany.

Mr. Swift, the lawyer in Philadelphia, and lawyers at three other law firms began drafting the agreement after two courtroom defeats. In 2003, the Supreme Court ruled that a California law pertaining to Holocaust survivors interfered with the ability of the president of the United States to resolve international disputes.

A year later, Judge Michael B. Mukasey, in Federal District Court in Manhattan, cited the Supreme Court decision as the basis for dismissing the class-action claims by Mr. Swift and his colleagues, along with several separate lawsuits.

Mr. Swift and his colleagues and the lawyers pursuing separate cases appealed Judge Mukasey's decision. The appeal is expected to be argued in a few months. But Mr. Swift said he and the other class-action lawyers decided over the summer that the odds were against them and that they could do better by settling.

Sidney Zabludoff, a Holocaust insurance expert, estimated that 850,000 Jews were insured by European carriers at the time of the Holocaust. He put the value of those policies at $18 billion in today's dollars.

Mr. Zabludoff estimated that Generali had coverage on about 110,000 Jews and that the policies could be worth $4.5 billion in today's dollars.

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In court papers, Generali says it has paid $135 million on about 5,200 claims. Marco E. Schnabl, a lawyer for Generali in New York, said the insurance company also paid $40 million through various international funds related to the Holocaust.

Generali agreed to pay about $35 million of the $135 million on about 700 claims as a result of the settlement, Mr. Schnabl said, and it has been accepting new claims over the last few months. Generali had received nearly 1,000 claims by Monday, Mr. Schnabl said, and plans to accept additional claims until the end of March, under the settlement.

On claims with no evidence of a policy, nothing will be paid. But survivors or relatives with at least some proof are expected to receive at least $1,000.

Generali has paid more to Holocaust victims than any other insurance company and provided more than a third of the $288 million that a Holocaust insurance commission in Washington has said was offered on more than 46,000 claims.

The average payment offered on a claim — many involving more than one policy — has been about $6,200. But Generali says it has paid some claims for hundreds of thousands of dollars and more.

William M. Shernoff, a lawyer in California who represents several Holocaust survivors, said he and his clients did not want any part of the settlement.

"We have policies that we think are worth, instead of a few thousand dollars, would be worth hundreds of thousands of dollars," Mr. Shernoff said. "And punitive damages could be substantial. A jury could be so outraged that it could come in with a blockbuster award."

A Changing Battle On AIDS Is Reflected In A Quilt (NYT)

By Jesse Mckinley

The New York Times, January 31, 2007

SAN FRANCISCO, Jan. 30 — It has been 20 years since Cleve Jones started the AIDS Memorial Quilt here, painting the name of a friend who had died from the disease on a simple piece of fabric.

During the next two decades the quilt became the largest piece of community folk art in the world, a 54-ton collage affixed with the names of 91,000 victims of AIDS, a tapestry of grief that was one of the earliest and most effective tools in raising awareness of the disease.

Now Mr. Jones is locked in a legal tug of war with the quilt's caretaker, the Names Project Foundation, over custody of 35 of its 6,000 panels. The dispute is not just about the relatively small swatch of the quilt, or even the simmering personality clash between Mr. Jones, a founder of the group, and his successors. More broadly, the battle reflects the changing symbolism and purpose of one of the most recognizable symbols of the AIDS crisis as the crisis itself has changed.

The confrontation has touched on issues percolating through the AIDS community, including the new racial, social and international demographics of the disease; changes in philanthropic trends; and the question of whether memorials are appropriate at a time when other major problems, including a rebound in unsafe sex and the emergence of new drug-resistant strains, persist.

"The quilt was very effective in the late '80s and early '90s for AIDS awareness," said Michael Petrelis, a writer in San Francisco who has been active in the AIDS movement. "On the other hand, there's hundreds and thousands of people that need a housing subsidy, just trying to keep a roof over their head. Should we be putting our time and money into another vigil? I don't know."

The legal dispute dates to 2004, when Mr. Jones filed a wrongful termination suit against the Names Project Foundation, which is based in Atlanta and was established to care for the quilt, after being fired from a job as a fund-raiser and public speaker. The termination claims were dismissed, but a 2005 settlement granted Mr. Jones custody of the 35 billboard-size panels for his emotional distress. The panels are generally made up of eight individual quilts affixed with names of people who died.

The settlement called for Mr. Jones to establish a nonprofit organization to care for the quilt while it was in his possession. But in December, Mr. Jones informed the foundation that he would use an umbrella group instead of a newly formed nonprofit to sponsor the quilt, a plan the foundation said was unacceptable under the terms of the agreement.

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A lawyer for the foundation, Charles Thompson, said the matter seemed closed. “Mr. Jones didn’t comply with the agreement, and our obligations are over,” Mr. Thompson said.

That assessment has angered some San Francisco city officials as well as Mr. Jones, who said he had planned to return his piece of the quilt “to the front line of activism” in the city, a hot zone in the AIDS crisis where the disease, according to the city’s health department, is still a leading cause of death for men ages 15 to 54. Mr. Jones emphasized that he had no financial gain from the settlement, only a desire for more forceful advocacy.

“They’ve taken it upon themselves to decommission one of the most powerful weapons we have,” said Mr. Jones, who now spends his time in Palm Springs and San Francisco and works for Unite Here, a union representing hotel workers, among others. “It’s not intended as a passive memorial.”

The foundation’s executive director, Julie Rhoad, said more than half of the 6,000 panels had been displayed in each of the last three years, including dozens of times in San Francisco. That said, the quilt, which if unfurled would cover six city blocks, needs constant upkeep, and the foundation has rules about lending it out and caring for it, Ms. Rhoad said.

“Not only do we need to look at our daily work of sending the quilt on the road and making sure we have it as active as possible,” Ms. Rhoad said, “but we also have to plan for long-term stewardship.”

She said the focus in Atlanta has included more efforts in black and Latino communities, which were not “at the epicenter of the disease when we were founded.” Like many AIDS groups, the foundation has been trying keep people’s interest in combating the disease even as it has become a less imminent threat to financially stable gay white men, who long drove fund-raising and awareness efforts.

Kandy Ferree, the president and chief executive of the National AIDS Fund, which channels private and corporate money to AIDS groups, said fund-raising for some groups in the United States had lost a sense of urgency as the disease had begun to devastate other, often poorer parts of the world.

“We did not do a good job as domestic AIDS organizations in keeping the changing face of AIDS on the domestic radar screen,” Ms. Ferree said.

Ms. Ferree added that while she supported the quilt, she believed its place in the AIDS community had diminished in part because it was so large that it was rarely seen in its entirety. The whole quilt was last displayed in 1996 on the Mall in Washington, when it was visited by more than one million people, an event Ms. Rhoad called “transformative.”

But it was also expensive, leaving the group deeply in the red, foundation officials say. That debt also coincided with the emergence of new drugs, which gave many long-suffering patients a new lease on life and caused a serious dip in philanthropic giving to AIDS groups.

By 1999, the foundation had laid off dozens of staff members and substantially curtailed its operations. In 2001, the foundation relocated to Atlanta from San Francisco, in part for financial reasons as well as to bring the quilt closer to minority groups and civil rights leaders. Mr. Jones, who has AIDS, said he spoke publicly in favor of the move, though it was met with outcry from some San Franciscans who thought the quilt should have stayed in the city.

But Mr. Jones said he personally regretted the relocation. “San Francisco is the birthplace of the quilt,” he said. “It’s part of our history. Are you going to move the cable cars to Spokane?”

In 2003, Mr. Jones was dismissed by the foundation. He said he lost his job after he sought to display the entire quilt in Washington during the 2004 presidential election. Foundation officials said such a display would have seriously taxed the group’s financial and administrative resources but denied that the proposal had cost Mr. Jones his job. Court papers state that in 2003 Mr. Jones demanded that the board turn over the organization to him and oust its then-president, behavior the board found “unacceptably disruptive.”

Foundation officials also said the legal proceedings with Mr. Jones had drained the group’s resources and thwarted plans to establish a permanent satellite display in San Francisco, something Mr. Jones calls “nonsense.” The foundation had a $1 million budget in 2006, down slightly from the year before.

“The quilt has always had a footprint in San Francisco,” Ms. Rhoad said. “But certainly you can understand that the institution has to have the financial underpinnings itself to have a satellite venue.” But she added that a San Francisco quilt display was still on her foundation’s “to-do list.”

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City leaders here hope so. Earlier this month, the San Francisco Board of Supervisors adopted a resolution saying it would be an "unconscionable and unthinkable offense against the citizenry of San Francisco" if Mr. Jones's panels were not returned. Some people active with AIDS groups have suggested the quilt be enshrined here in a new museum devoted to the AIDS crisis.

Still, there is a sense among some people that the quilt, like the once-ubiquitous red ribbon on the lapel, may have seen its cultural moment pass. Robert McMullin, the executive director of the Stop AIDS Project, a prevention group in San Francisco, said the quilt, like any symbol, might have "lost its punch" over time.

"The quilt is about loss," Mr. McMullin said. "And while people are still dying, for most of us, the most important part of our message may not be about people dying."

McCain Taps House Team (RC)

By Lauren W. Whittington

Roll Call, January 31, 2007

Sen. John McCain (R) will unveil the members of his House whip team today, as the Arizonan seeks to jump-start his effort to build support for his 2008 presidential bid in a chamber where he has never been terribly popular with his fellow Republicans.

GOP Reps. Spencer Bachus (Ala.), Mark Kirk (Ill.), Dan Lungren (Calif.), John Shimkus (Ill.), John Shadegg (Ariz.) and Fred Upton (Mich.) will serve as McCain's emissaries in the House, with additions to the team expected to be announced later.

"We are incredibly fortunate to have the support of such distinguished officials," said McCain campaign spokesman Danny Diaz. "These Congressmen will play a lead role in growing the base of support Sen. McCain already enjoys in the U.S. House."

The announcement of McCain's six-man whip team comes as former Massachusetts Gov. Mitt Romney, one of his top rivals for the GOP nod in 2008, has been aggressively courting support from House Members.

Romney is scheduled to address the Republican Study Committee's retreat in Baltimore on Friday. McCain will not attend the retreat for House conservatives, although his campaign said that former Sen. Phil Gramm (R-Texas) will be speaking on his behalf.

McCain has long had a prickly relationship with Republican House Members over the course of his two decades in the Senate.

At times he has riled conservatives with his willingness to buck the Republican establishment, and his efforts to limit pork barrel spending also have drawn the ire of appropriators and other Members seeking to fund pet projects back home.

Bachus, who is the ranking member on the Financial Services panel and also an RSC member, conceded that McCain has ruffled feathers over the years. But he believes McCain has "offended for all the right reasons" and said the fact that the Senator doesn't seem to be out to win a popularity contest is what ultimately drew him to support his presidential bid.

"He's not afraid of anybody," Bachus said, adding that it is evident that McCain won't be managed. "I don't want somebody who can be manipulated and used."

He added: "I think that John McCain is a courageous person. And I think that the president of the United States in the next decade is going to have to be courageous."

Lungren conceded that he had differences with McCain on issues such as reforming the campaign finance system and immigration policy.

But he said that McCain's record of fiscal conservatism trumped their disagreements over other policies and that he chose to support him because "on the big issues he's right."

"On the [Iraq] War, he's not a guy who's sitting there with his finger in the wind," Lungren said, referring to McCain's support for the Bush administration's plan to increase the number of troops in Iraq.

And as for those who might mistake McCain's maverick reputation for an across-the-board moderate ideology, Lungren had this warning: "I think a lot of liberals are going to be pretty surprised."

From a political standpoint, Lungren said he believes McCain is the type of candidate who could make California competitive in the 2008 general election.

"I think he puts my state in play," Lungren said.

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Republican candidates have all but written off the left-leaning state in recent presidential elections. The last time California was considered in play in a presidential election was 1988, when then-Vice President George H.W. Bush carried the state with 51 percent of the vote.

Both McCain and California Gov. Arnold Schwarzenegger (R) share a penchant for government reform and at least two operatives from Schwarzenegger's 2006 re-election bid have migrated to McCain's presidential effort: Senior Adviser Steve Schmidt and Deputy Director of Strategy Sarah Simmons.

California-based media consultant Fred Davis, who worked on Schwarzenegger's re-election, signed on to work for McCain in 2008.

Lungren, a former California attorney general, served with McCain in the House in the 1980s.

"Honor is extremely important to him," Lungren said. "Both his own honor and the honor of the institution."

But as for whether McCain will be successful in convincing some of Lungren's more skeptical colleagues to jump on board, the Californian said "time will tell."

Kirk, a leader of House Republican moderates, said that McCain's experience, especially on issues of national defense and foreign policy, were among the chief reasons he decided to get on board.

Kirk has known McCain ever since the Illinois Congressman was a staffer in the House, where McCain served from 1982 to 1986. He also shares a connection with McCain because both men served in the Navy.

"I've built an alliance with him really based on his character more than anything else," Kirk said, calling McCain a reformer in the mold of former President Theodore Roosevelt.

When asked if he was concerned that McCain's maverick image could hurt him among conservatives in the GOP base, Kirk said that last cycle's elections were proof that voters were looking for less partisan bickering and more thoughtful legislating coming from Washington, D.C.

Meanwhile, Rep. Jeff Flake (R-Ariz.), a leading fiscal conservative, is not taking a formal role in McCain's outreach efforts to House Members, but he is supporting his fellow Arizonan and asking colleagues to look at McCain's record.

"He's not taking conservatives for granted," Flake said.

Romney, ABM And McCain (HILL)

The Hill, January 31, 2007

Mitt Romney hopes that the endorsement of the ABM Caucus will propel him to the White House.

ABM, in this case, does not stand for "Anti-Ballistic Missiles," but rather "Anyone But McCain."

Recently, Romney has had a boomlet of endorsements from House Republicans, including former Speaker Dennis Hastert (Ill.), Jim McCrery (La.), Buck McKeon (Calif.), Tom Feeney (Fla.) and Marsha Blackburn (Tenn.). Former Rep. and now-Sen. Jim DeMint (S.C.) is also on board, and there have been rumors that Minority Leader John Boehner (Ohio) will jump on the Romney bandwagon. For this early in the campaign, it is a pretty good list, especially for a former governor with no Washington experience.

What these endorsements have in common is that they come from a substantial group of House Republicans who have long disliked John McCain. For many House Republicans, McCain was the antithesis of what they were fighting for. The House would move conservative legislation, only to see the Senate water it down, and McCain was seen as the "waterer-down in chief." His House critics disliked his working with Democrats. They remembered his championing of campaign finance against the majority of the House majority's wishes.

These House Republicans are looking for an alternative, and so far, Romney has been the candidate to capitalize on these lingering resentments.

Romney is looking for a niche in this strange Republican field, which is full of mavericks but has a hole in the traditional mainstream conservative Republican slot. There is room for another candidate to the right of McCain and to the left of Brownback. George Allen (R-Va.) would have filled that space had he not self-destructed in his Senate race.

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I have argued in this column that recent events surrounding the war have not benefited McCain, but he is still the frontrunner in the Republican field. It will likely come down to McCain and someone else, and Romney is angling to be that other candidate.

Romney, of course, has his own definitional problems. Is he a liberal Massachusetts Republican or a conservative Utah Mormon Republican? To his benefit and detriment, he has been a little of both. In another Republican field, he might have run as McCain did in 2000 — as the maverick appealing to moderate Republicans and independents. But that turf is too crowded with McCain, Giuliani, Pataki, and perhaps Sen. Chuck Hagel (Neb.).

To get to the right of McCain, he has trumpeted his stand in Massachusetts against gay marriage and reversed his position on abortion.

The issue that many believe Romney will use as a wedge between himself and McCain is immigration. McCain is firmly committed to a comprehensive plan along the lines proposed by President Bush. Romney has flirted with striking a more anti-immigration stance, which would endear him to a good portion of the Republican base and to many House Republicans. But as Sam Youngman reported yesterday in The Hill, Romney remained silent on the issue at a recent conservative summit.

McCain has made many strides mending fences with religious conservatives and Bush supporters; he has hired many talented Bush campaign veterans. But the divide between McCain and many House Republicans is too great to bridge.

House endorsements by themselves are worth almost nothing. But Mitt Romney is hoping that they send a signal to the wider world of Republican primary voters, party activists, and conservative donors that he is the real Republican in the race.

Fortier is a research fellow at the American Enterprise Institute.

Romney Faces Questions About His Faith (AP)

By Jim Davenport

AP, January 31, 2007

Republican Mitt Romney on Tuesday dismissed questions about whether his Mormon faith would be an impediment to his White House aspirations, echoing the argument that voters will be choosing a president not a pastor.

The former Massachusetts governor faced questions about his faith in this Bible Belt state where a few Republicans expressed deep reservations about backing a Mormon. Romney said he was making inroads with the GOP in this early voting state.

"I've had a number of meetings with pastors of various faiths and religious leaders," Romney said in an interview with The Associated Press. "Almost to a person they've subscribed to what Dr. Richard Land (of the Southern Baptist Convention) said, which was: 'We're not electing Mitt Romney as pastor in chief.'"

Romney added: "In the early days of an acquaintance between a candidate and the electorate, the focus is on the personal, social issues and then it changes to be a focus on the major critical issues of the day."

That failed to sway Republican State Rep. Gloria Haskins.

"I don't think that I could see someone who is a member of a faith so contrary to my faith having my support," said Haskins, a graduate of Bob Jones University, the Christian fundamentalist college. Haskins is backing Sen. John McCain of Arizona.

In September, Charleston County GOP chairwoman Cyndi Mosteller questioned Romney after a speech, asking him to explain his faith.

On Tuesday, Mosteller, who is a Baptist, said, "The question is: Does Governor Romney support Joseph Smith's doctrines? We as evangelicals don't believe we can go in and change Paul's doctrine. I don't see how you move around this."

Romney said he is making inroads with Christian conservatives.

"I've been very encouraged so far," he said. "People have been willing to endorse my efforts."

Romney attended a House Republican Caucus meeting that always begins with a Bible verse and prayer in Christ's name, led by Republican state Rep. Bob Leach.

Leach told caucus members he asked Romney who Jesus Christ was and Romney responded that Christ "was his personal savior."

Leach said that was good enough to earn his vote.

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WASHINGTON (AP) — A few presidential hopefuls offered their views on global warming Tuesday at a Senate hearing that sounded more like an echo chamber.

"This is a problem who's time has come," said Sen. Hillary Rodham Clinton, D-N.Y.

"This is an issue over the years whose time has come," said Sen. John McCain, R-Ariz.

"Will we look back at today and say this was the moment we took a stand?" said Sen. Barack Obama, D-Ill.

The candidates may have competing political goals, but there was general agreement on global warming at the Senate Environment and Public Works Committee hearing. The panel chairwoman, Sen. Barbara Boxer, D-Calif., convened the session to survey lawmakers as Congress prepares to work on the issue.

Obama and McCain have introduced a bill with Sen. Joe Lieberman, I-Conn., that would impose mandatory caps on greenhouse emissions for power plants, industry and oil refineries. They would also let businesses buy emissions "credits" from other companies that have exceeded their reduction targets.

Clinton and Sen. Joe Biden, D-Del., another candidate who submitted written testimony, also are co-sponsors.

But not everyone is on board.

"My sense is a rush to climate change at this moment, all due respect to Senator Clinton, is something about an '08 election," complained Sen. Larry Craig, R-Idaho.

Romney's Veto Could Hurt Him With Jewish Voters (POL)

By Ryan Grim

The Politico, January 31, 2007

Mitt Romney has been aggressively courting the Jewish community as part of his run for the presidency.

The former Republican governor of Massachusetts returned last week from a five-day trip to Israel, accompanied by Matt Brooks, executive director of the Republican Jewish Coalition, and Mel Sembler, a member of its board of directors.

He's attracted a small team of heavy hitters from the Jewish community. He named Sembler, a former ambassador, as his finance committee's co-chairman. In October, he brought on Noam Neusner, formerly President Bush's liaison to the Jewish community. And the Boston Phoenix reported that Sam Fox, nominated to be the U.S. ambassador to Belgium, gave $100,000 to Romney's Iowa PAC in July.

Now that he's in full presidential campaign mode, Romney may be wishing he hadn't vetoed a budget provision in 2003 that would have reimbursed nursing homes in Massachusetts that provided kosher meals to Jewish residents on Medicaid. The measure promised to pay an extra $5 a day per kosher diner. The state legislature overrode Romney's veto.

Nathan Diament, director of public policy for the Union of Orthodox Jewish Congregations, said that his organization was disappointed about the veto. "Access to kosher food is a critical aspect of Jewish observance," he said. "From our perspective, it's a religious liberty issue."

Charles Glick was the government affairs specialist in 2003 for the Boston-area Jewish Community Relations Council, which backed the measure. He said Romney's decision came as a shock.

"The Jewish community had what they thought was a good relationship with the governor," he said. "We knew of his ambitions and his outreach to the community in terms of raising money. So it was a bit of a puzzle."

Romney spokesman Eric Fehrnstrom told The Politico that the governor vetoed the legislation to cut spending.

"The state was in a fiscal crisis, and it would have led to higher Medicaid reimbursement rates for nursing homes, which was unaffordable at the time," he said. "Once we restored fiscal balance, we were in a position to add spending where appropriate."

The provision is now law, and Fehrnstrom said the veto has not become an issue on the campaign trail.

Yet given the intensity of the battle for Jewish donors, it may become one. "Governor Romney has been pushing his strong and unadulterated belief in a very strong state of Israel," said a national Jewish leader with close ties to the Republican Party. "Any sort of dents to his armor become problematic to him. There is hesitation in the community to begin with because of his Mormonism. …These sorts of chinks in his armor will help his opponents."

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"It's definitely going to hurt Romney in the Jewish community," said Ira Forman, executive director of the National Jewish Democratic Council. "You'd think for someone who's of a minority religion he'd be a little more sensitive to these concerns."

Romney has defenders in the Jewish community. Brooks, the Republican Jewish Coalition leader, said the issue should have only a minimal impact. "In difficult financial times, there are difficult decisions the chief executives have to make. They can't fund every project and every particular effort that comes before them," he said. "I don't think anybody's going to view that as an attack or an offense to the Jewish community."

Gary Erlbaum, a Pennsylvania businessman who raises money for both Democrats and Republicans, said the only impact of the veto would be in the Orthodox Jewish community.

"If this were going to affect anyone, it would be someone who's morally Orthodox or cares about those who are. Don't forget that's a small minority of Jews in the United States," he said.

Even in that community, Diament said, the veto issue wouldn't decide the candidate's fate. "We know that Governor Romney has appreciation for religious freedom generally," he added, "and we look forward to continuing to talk to him and work with him."

The veto was reported by The Jewish Advocate in December 2003, but got little coverage elsewhere. Recently, a liberal-leaning blog called the Blue Mass. Group picked up the story and had some fun at Romney's expense, titling the post, "Romney: Let them eat pork!"

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by jeremy on 01.30.2007 at 10:52 PM

80% of Jews vote democratic.

Are any Jews, except for a few of the deluded who signed up with President George Cuckoo Bananas and his Christianist crusade, even paying any attention to this guy? What mainstream politician isn't generally pro-Israel? Add on top that, as The Economist recently reported, American Jews are increasingly detached from Israel as an important political issue, and it all adds up to a non-issue.

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One Uninsured Group Can Now Exhale (WP)

By Al Kamen

The Washington Post, January 31, 2007

Former associate attorney general and convicted felon Webb Hubbell, now working for an insurance agency, has an important message for marijuana smokers: You don't have to quit to get life insurance.

"If you've been declined for life insurance or are paying above-market premiums or simply want to know" about life insurance for "responsible" marijuana smokers, then give him a call, he says on an "audio message" he made for the National Organization for the Reform of Marijuana Laws' Web site to explain its new life insurance program.

"Hello, this is Webb Hubbell," the recording begins, with appropriate mellow jazz in the background. "For years, responsible marijuana smokers have not been able to access affordable life insurance," explains the former Little Rock mayor and Arkansas chief justice.

Hubble, longtime close friend of Bill and Hillary Clinton, told us that "responsible" dopers means occasional users as opposed to constant smokers -- something like social drinkers vs. lushes.

So these social smokers "have been forced to lie on applications, forgo the health benefits [for people with AIDS, glaucoma, cancer, multiple sclerosis and epilepsy] of responsible marijuana use . . . or purchase . . . [policies] that did not require an application or a physical. If they were honest about their use of marijuana they were either flat-out declined or rated so high" -- well, how high were they? -- "that they could not afford" the premiums.

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"No longer," Hubbell declares triumphantly. Two carriers have agreed to write policies for users, he said. But wait a minute! This stuff is illegal. Well, "technically it is still illegal even in the Netherlands, where you can buy it over the counter," said Allen St. Pierre, NORML's executive director. "Eleven states, with some 100 million people, have decriminalized marijuana," St. Pierre said, "and medical marijuana has been legal for 10 years in some states." We're talking a substantial underserved market here.

So how did Hubbell, who did 18 months in federal prison in 1995-1996 for bilking his old law firm clients, become NORML's insurance agent? Hubbell told us he met NORML founder Keith Stroup in 1996 when both were working on reform in the criminal justice system. And on the three-minute recording he recounts the moving story of a NORML member who was unable to get a bank loan to expand his trucking business.

The "bank required additional life insurance," Hubbell explains, but "his local insurance agent had told him he simply had to quit smoking marijuana to get the coverage the bank was requiring." Well, " he didn't want to quit, and he wanted NORML's help [and] they contacted me," said Hubbell, who works for the McLaughlin Company -- not to be confused with television's McLaughlin Group.

Hubbell said he found a carrier to write a policy for the man and then "we decided the time was right to make traditional insurance . . . available" to other reefer aficionados. So far, two insurance companies have agreed to write life insurance policies, and Hubbell said he hopes to expand coverage to include health and disability insurance.

"Challenging as it may be," Hubbell says on the message, "NORML is . . . working hard to both reform cannabis laws as well as [to help] cannabis consumers all around the world." And Hubbell is ready to get them insured.

Loop Fans simply must listen to Hubbard's "audio message" about the NORML life insurance program -- and the plug for his agency -- at http://audio.norml.org/audio_stash/staff_psa/webb_jazz_test_2.mp3.One Star Still Shines

Despite her central role in getting the country into that increasingly unpopular war in Iraq, Secretary of State Condoleezza Rice's star is scarcely diminished. In fact, even though she was President Bush's national security adviser throughout Bush's first term, she still ranks quite high in the national popularity polls -- scoring twice Bush's ratings.

That may be why people keep asking her if she's going to be on the GOP ticket in 2008.

The question came up again last week in an interview on German television.

"Before we say goodbye," the interviewer said, "the German public also is viewing with interest that the presidential race is starting pretty early this season, almost after the midterm elections. So -- and they're also fascinated by you as a person, so let me ask you this. Could you imagine any circumstances under which you would be on a Republican ticket?"

"Oh, I'm going back to Stanford," Rice said.

"I want to generate some news here," the interviewer explained.

"No, maybe the Germans will see me at Stanford in Berlin," one of the university's overseas centers.

"Going back to Stanford," where she was provost? That's what she says. Of course, that's what she said at the end of Bush's first term -- and she's still here.Defer That Junket

Bad news for samba fans on the Hill and in the administration. The embassy in Brasilia says if you haven't booked a hotel room in Rio by now, forget about it. It's Carnival time!

The embassy has asked the State Department to send out an ALDAC -- All Diplomatic and Consular Posts -- message alerting them to the problem.

In its request, the embassy said to "please be advised that due to the high tourism season and the upcoming Carnival acceptable hotel rooms in Rio de Janeiro are booked from now through the end of February," and "it is highly unlikely that any accommodations will be available during this period.

"Post therefore requests that all officials and TDY travelers defer travel to Rio de Janeiro until March 5, 2007." Of course, if you're on one of the Hill appropriations committees or in the leadership and are desperately searching for facts . . .

Mama Hugs Iowa (NYT)

By Maureen Dowd

The New York Times, January 31, 2007

DAVENPORT, Iowa

DOJ_NMG_0124831

When she was little, Hillary Rodham would sit on a basement bench and pretend she was flying a spaceship to Mars. Her younger brother Hugh, perched behind, would sometimes beg for a chance to be captain.

No dice. "She would always drive, and I would always have to sit in the back," he once told me.

Through all the years of sitting behind Bill Clinton on his trip to the stars, Hillary fidgeted and elbowed, trying to be co-captain rather than just wingman, or worse, winglady.

Finally, in Iowa, she was once more behind the wheel of her spaceship to Mars. She didn't have to prop up Bill after one of his roguish pratfalls. She didn't have to feign interest in East Wing piffle — table settings and pastry chefs and designer gowns. She didn't have to defer to her male colleagues in the Senate, stepping back to give them the limelight.

She positively glistened as she talked about how "I" — rather than the "we" of '92 — would run the world.

Humbly, graciously, deftly, she offered Iowa the answer to that eternal question, What Is Hillary Owed?

Everything.

John Wood, a self-described "plainsman," Republican and machinery-and-tool salesman from Davenport, asked Hillary how she would handle the world's evil and bad men, provoking the slyly ambiguous retort: "What in my background equips me to deal with evil and bad men?"

He said afterward that he was more worried about her ability to face down villains, "being a lady," but conceded, "The woman did good today."

(His question was reminiscent of Ali G's interview of Newt Gingrich, when the faux rapper asked whether a woman president would be turned on and manipulated by evil dictators, given that, with women, "the worse you treat 'em, the more they want you.")

As YouTube attests, Hillary didn't care about style as first lady; she was too busy trying to get in on Bill's substance. She showed off a long parade of unflattering outfits and unnervingly changing hairdos.

In Iowa, her national anthem may have been off-key, but her look wasn't. It was an attractive mirror of her political message: man-tailored with a dash of pink femininity.

"I think you look very nice," a veteran of the first gulf war told her in Des Moines.

"Thank you!" she answered, beaming and laughing.

When Geraldine Ferraro made her historic run in '84, she tried to blend a mother's concerns into her foreign policy answers, but it did not work so well once she started getting her nuclear terminology mixed up.

Hillary dealt with the issue head on — "I'm a woman; I'm a mom" — hoping to stir that sisterly vote that Ms. Ferraro failed to draw after it turned out that many women were skeptical about one of their own facing down the Soviets.

Unlike Barack Obama, who once said he was bored by the suburbs, she introduced herself in the land of bingo and bacon as a product of the suburbs, wallowing in the minutiae of kitchen-table issues.

W. and Cheney have lavished attention and money on Iraq, leaving Americans feeling neglected. Hillary offered Iowans a warm bath of "you," homey rumination rather than harsh domination.

(Though Jon Stewart warned on "The Daily Show" that her slogan — "Let the conversation begin!" — will not help her with men. "I think the typical response would be, 'Now?' " he said, adding that her new Iraq policy is, "America, let's pull over and just ask for directions.")

Thomasine Johnson, a 66-year-old African-American from outside Des Moines, complained that Hillary talked too much about "traditional women's issues," but many in the audiences seemed enthralled.

The Achilles' heel of "The Warrior," as she is known, is the war. She expressed outrage about Iraq, but ended up sounding like a mother whose teenage son has not cleaned up his room: "The president has said this is going to be left to his successor ... and I think it's the height of irresponsibility, and I really resent it."

She uttered the most irritating and disingenuous nine words in politics: "If we had known then what we know now. ..."

Jim Webb knew. Barack Obama knew. Even I knew, for Pete's sake. The administration's trickery was clear in real time.

Hillary didn't have the nerve to oppose a popular president on a national security issue after 9/11, and she feared being cast as an antiwar hippie when she ran. Now she feels she can't simply say she made a bad decision. And that makes her seem conniving — not a good mix with nurturing.

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The Clintonian Candidate (WP)

By Ruth Marcus

The Washington Post, January 31, 2007

There's a Clinton in the presidential race. The surprise: It may not be Hillary.

The truly Clintonian figure running for the Democratic nomination is Barack Obama. The senator from Illinois, it's struck me lately, seems in many ways more like Bill Clinton than does the senator from New York.

When it comes to Obama and Bill Clinton, there are superficial similarities -- the absent father, the humble roots combined with Ivy League pedigree. Leave aside who would be the first black president, as many said of Clinton -- both represent generational change, Clinton as the first baby boomer president, Obama as the first would-be president of the post-baby boom.

Man from Hope -- meet Audacity of Hope.

Of course, the fit isn't exact: Obama, unlike Clinton, doesn't seem to have been running for the presidency since birth. But there are deeper ways, in his intellectual approach, his message and his personal style, in which Obama evokes Clinton.

Like Clinton before him, Obama presents himself as a new kind of politician who can rise above and bridge partisan differences. Go back to Clinton's 1991 announcement speech, and it's easy to imagine Obama speaking.

"Today, our leaders in Washington seem incapable of working together in a practical, common sense way," lamented one politician. The other called for "a new kind of leadership . . . not mired in the politics of the past, not limited by old ideologies." Can you tell the difference? The first is Obama, the second Clinton, but either could have been channeling the other.

Like Clinton, Obama has a homing instinct for the middle -- maybe too much of one. To read his book "The Audacity of Hope" is to be struck by his constant desire to understand -- even more, to respect -- conflicting views on whatever issue he happens to be discussing.

This is impressive until it becomes, finally, exasperating in its seemingly compulsive even-handedness. "I'm not unsympathetic to Justice Scalia's position," Obama, recovering law review president that he is, writes about the debate on constitutional interpretation. "Like many conservatives . . . I believe we ignore culture factors at our peril," he writes about the values debate. "Not all these fears are irrational," he writes of anti-immigrant sentiment.

In fact, Obama fits himself explicitly into the Clinton mold. "In his platform -- if not always in his day-to-day politics -- Clinton's Third Way went beyond splitting the difference," he writes. "It tapped into the pragmatic, nonideological attitude of the majority of Americans."

To Clinton critics drawn to Obama, equating them seems too facile: Obama's centrist tropism is born of a desire to accommodate and transcend differences, they argue, while Clinton's was an artifact of ruthless calculation in which he submerged differences for political advantage.

To Clinton advocates still unsure about Obama, the younger man has yet to demonstrate the capacity, in his own "day-to-day politics," to put his brand of Third Wayism into action. Clinton's Sister Souljah moment may have been the premeditated political move of a Slick Willie -- Obama suggests as much in his book -- but Obama doesn't have anything similar to brandish as a badge of New Democratic difference.

It's hard to name a prominent moment when, like Clinton pushing welfare reform, he deviated from party orthodoxy. Sorry, senator, but voting for class action lawsuit reform doesn't cut it. Obama's book features an erudite discussion of the folly, and futility, of resisting globalization -- at which point he summarily announces that he voted against the Central American Free Trade Agreement nonetheless. His signature divergence from the other leading candidates in the Democratic field comes from the left: He opposed the Iraq war from the start.

Obama is like Bill Clinton in his natural ease with people and his ability to win them over. A New York Times story about Obama's law school days described how Obama "cast himself as an eager listener, sometimes giving warring classmates the impression that he agreed with all of them at once." As they debated whether to use the term "black" or "African-American," "students on each side of the debate thought he was endorsing their side," the story said. " 'Everyone was nodding, Oh, he agrees with me,' " said professor Charles Ogletree.

Sounds like everyone who's ever emerged from a meeting with Bill Clinton.

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If Obama is the Clintonian figure in the race, Hillary Clinton may be Al Gore, more disciplined policy wonk than natural politician. Like Gore, Hillary Clinton can be more adroit intellectually than politically; both face the challenge, fair or not, of convincing voters of their "authenticity."

It's hard to know whether the tempered Clinton or the untested Obama will prove the stronger candidate -- or would be the better president. But with both of them in the race, the 2008 campaign presents a twist on the 1992 offer: two Clintons for the price of one.

Biden Set To Kick Off Presidential Bid (WP/AP)

By Beth Fouhy

The Washington Post, January 31, 2007

NEW YORK -- Democratic Sen. Joe Biden has been saying for months he's running for president. He makes it official on Wednesday. The Delaware senator will file the paperwork with the Federal Election Commission and release a videotaped campaign message to voters on his Web site, joebiden.com. He also is planning another trip to New Hampshire early next week.

"After nine months of doing this, there is no exploratory committee _ I'm running," Biden told The Associated Press.

A 34-year Senate veteran known for his foreign policy expertise and somewhat windy oratory, Biden acknowledged his campaign would generate little of the buzz surrounding the celebrity candidates New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama.

Even he was moved by his colleagues' trailblazing candidacies, Biden said.

"There's good reason to be excited," he said. "You have the first woman running who is qualified, and a very attractive African-American who has demonstrated crossover appeal. I got involved in politics 40 years ago during the civil rights movement, so yes, it's an exciting thing."

That means Biden, 64, is gambling that in a dangerous world, voters will choose experience over excitement _ particularly regarding the Iraq war.

Biden voted in 2002 to authorize military intervention in Iraq but has since become a vocal critic of the conflict. In his view, resolving the situation in Iraq is by far the gravest concern to most Americans.

"The average voter out there understands that the next president is going to have to be prepared to immediately step in without hesitation and end our involvement in Iraq," Biden said. "It's very difficult to figure out how to move on to broader foreign policy concerns without fixing Iraq first."

Biden will transfer $3 million from his Senate account to his presidential campaign, and said he believed he needed to raise $20 million total to be competitive in next year's early primaries. Analysts believe Clinton and Obama are likely to raise $100 million each this year.

"People ask if I can compete with the money of Hillary and Barack," Biden said. "I hope at the end of the day, they can compete with my ideas and my experience."

Biden was a candidate for the 1988 Democratic presidential nomination, but withdrew from the race in 1987 amid accusations that he had plagiarized passages in his speeches.

Biden Plans To Formally Launch Campaign For Presidency (KCS)

By Thomas Fitzgerald

The Kansas City Star, January 31, 2007

PHILADELPHIA - He's telegraphed it for months in early primary states and on Sunday talk shows, but Delaware Sen. Joseph Biden Wednesday formally launches his campaign for the 2008 Democratic presidential nomination.

Stressing his credentials as one of the party's leading voices on foreign policy, Biden, 64, vowed to "make us safe in the world" as president.

Biden is attempting a comeback 20 years after his first presidential candidacy flamed out amid accusations he plagiarized parts of his speeches and cheated in law school.

"I got back up off my back," Biden said in an interview. "I hope I established in the minds of the American public and the press that I went on to be . . . at least a significant senator dealing with the major problems America faces."

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Biden, a senator for 34 years, joins a primary field dominated by New York Sen. Hillary Clinton and Illinois Sen. Barack Obama, who are drawing outsized media attention as the potential first female and black presidents, respectively.

Republicans who are running for president include: Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney; former Arkansas Gov. Mike Huckabee; and Kansas Sen. Sam Brownback. Former New York Mayor Rudy Giuliani is considering a run.

Biden planned to file papers establishing a campaign committee Wednesday and to launch a website, wwww.JoeBiden.com, with a video statement, rather than a traditional rollout in Iowa or New Hampshire or the Senate Caucus room. As the chairman of the Senate Foreign Relations Committee, Biden is working on a non-binding resolution opposing President Bush's plan to send 21,500 more troops to Iraq.

"I'm worried that, God forbid, we may be in the same position, only worse off 18 months from now," Biden said. He blamed Bush's "recalcitrance" and unwillingness to listen to advice from across the political spectrum.

Biden was one of the first to suggest that Iraq should be partitioned into three states along ethnic and sectarian lines in order to reduce violence there.

Though he is a harsh critic of the war now, Biden voted to authorize the use of force in Iraq in 2002, and, along with several other Democratic contenders who did the same, is likely to face questions from the party's influential anti-war left.

Biden said that the use-of-force resolution was designed to tighten the screws on the late dictator Saddam Hussein, and that Bush misused it.

"I didn't have any idea of the degree of incompetence that existed in the administration," said Biden, who was first elected in 1972. "I assumed that these guys were grown-ups. They turned out to be . . . arrogant, immature, and wrong. It actually took my breath away."

Biden, who was elected to his sixth term in 2002, has about $3 million in his Senate campaign account that will be transferred to his presidential committee. Biden has said he needs to raise about $20 million before the early primaries of 2008.

He will need it to keep up with Clinton, who already had more than $14 million at the end of November and Obama, who raised at least $7.5 million in 2006.

Biden also faces the better-known former North Carolina senator John Edwards as well as former Iowa governor Tom Vilsack and New Mexico Gov. Bill Richardson.

"We all have different hurdles to overcome: Mine is to demonstrate that I can raise enough money to be competitive and to demonstrate that I can overcome these large figures that are looming out there," Biden said. "Theirs is to demonstrate they have the capacity to be president."

He said he would match up well with the latest stars in the Democratic firmament "once sort of the bloom is off the rose" and all the candidates face tough questioning in Iowa and New Hampshire.

"This is not going to be an election that lends itself to celebrity nor lends itself to wedge issues," Biden said, arguing that voters are serious and looking for assurances of physical and economic security from their next president.

In Sept. 1987, Biden pulled the plug on his first presidential campaign. In addition to using passages from former British Labor leader Neil Kinnock and Robert F. Kennedy without attribution in some speeches, Biden exaggerated his academic record and, in a bizarre incident, berated a voter he thought had questioned his intelligence. (Biden later was cleared of unethical conduct by the Delaware bar.)

He said that lessons he learned had made him a better person and candidate.

"The first (lesson) is that words matter, that you can't say things lightly," Biden said. "And the other thing is that for one to lose his temper is not a good thing . . . I learned to take a punch. I learned what it's like to literally have the thing you value most in the whole world just absolutely decimated and climb back. I think I am tougher, I think I am more seasoned and I think I am more capable of dealing, you know, with tough circumstances."

Biden To Make It Official On Comedy Central (DNJ)

By Cris Barrish

The News Journal (DE), January 31, 2007

DOJ_NMG_0124835

Sen. Joe Biden plans to announce his second run for president today with an online message. Then, at 11 p.m., he'll appear on Comedy Central's "The Daily Show with Jon Stewart." (Buy photo) The News Journal/JENNIFER CORBETT

When U.S. Sen Joe Biden launched his first bid for president in the 1988 campaign, he did so the old-fashioned way: with a flag-waving rally surrounded by hundreds of supporters at the Wilmington Train Station.

Today, when the Delaware Democrat announces his second run for the Oval Office, the process will be, well, different.

No rally.

The candidate will barely even be in his home state.

But in true cyberage style, today should provide Biden with plenty of national exposure, including the debut of his campaign Web site and an appearance on, of all networks, Comedy Central.

Biden's rollout – even his segment on "The Daily Show with Jon Stewart" tonight – is par for the 21st century course, said Stu Rothenberg, editor and publisher of a biweekly political newsletter that bears his name.

"The dramatic change was Bill Clinton, taking a saxophone on late-night TV" on the Arsenio Hall Show in 1992, Rothenberg said. "It's a matter now of reaching people with a variety of media, a variety of forums. It's understanding that different people watch different things. You are sending the message that if you can act funny and hip, people will think you are funny and hip. Candidates want to show the breadth of their personality."

Senate duties

Biden will start the day in more formal style, presiding over a 9:15 a.m. meeting in Washington of the Senate Foreign Relations Committee. He and other senators will deal with one of the gravest issues facing America: options for securing war-torn Iraq.

The panel's guests will be former U.S. Secretaries of State Henry Kissinger and Madeleine Albright. Questioning by Biden and his colleagues could draw coverage on C-SPAN, CNN and other news networks, Biden spokeswoman Margaret Aitken said, noting that Secretary of State Condoleezza Rice's appearance this month was aired extensively.

Late in the morning, perhaps during the hearing, lawyers for Biden's presidential campaign will file formal papers registering him as a candidate with the Federal Election Commission.

Also, the Internet hub of the campaign – www.JoeBiden.com – will go live today, and include a video and information on issues. In the afternoon – the time is not set – Biden will discuss his candidacy in a teleconference with reporters.

Delaware voters, who have elected Biden to six Senate terms dating to 1972, seemed indifferent Tuesday to the fact that their senior senator wasn't holding an in-state event today, though Carol Johnson, 68, of Lewes said "that's kind of fresh."

Opinions differed on his candidacy, which even Biden admits is a long shot with Democratic foes likely to include Sen. Hillary Rodham Clinton, 2004 vice presidential candidate John Edwards, and upstart Illinois Sen. Barack Obama.

Johnson would vote for Biden. "He's highly respected and I think he has a good record and experience," she said.

'Tired of the stodginess'

On its Web site, "The Daily Show" bills itself as a comedic look at the news for people "tired of the stodginess of the evening newscasts." Stewart and his irreverent team, the site boasts, present "a nightly half-hour series unburdened by objectivity, journalistic integrity or even accuracy."

Biden, who has been on the show three times, said the producers have "been after me to come on, and it's a forum that's available, and by the way, a lot of people listen to The Daily Show."

Today's 11 p.m. Biden segment will draw about 1.6 million viewers, show publicist Steve Albani said. With four repeats Thursday, the appearance could be seen by up to 3 million.

In recent presidential campaigns, candidate appearances on nontraditional news shows, such as MTV, have become commonplace. Edwards unveiled his 2004 candidacy on the Stewart show.

Biden knows, however, that while he can be looser on a comedy show than on "Meet the Press" or other news talk shows, he still must watch his words. "It's a dangerous show because he's funny and smart," Biden said.

Albani said the show provides newsmakers with a chance to reach a younger demographic.

"Of course they realize they are on a fake news show," Albani said. "But the median age of the Sunday news shows is in the 50s, the Jon Stewart show is in the 30s."

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Biden, 64, said that voters shouldn't view his "Daily Show" gig on his filing day as a sign he's taking his candidacy lightly. He's running, he said, because he believes the Bush administration has damaged the nation and its credibility throughout the world.

"I don't want to live in the White House," he said, "but I do want to make the decisions."

Loretta Martin of Dover said Biden's ties to Delaware aren't that important on the national stage. "What he does in Washington is a lot more important than where he's from or the name recognition thing," Martin said. "He's got as good a shot as anyone else."

Janie Anderson, 48, disagreed.

"I wouldn't vote for him. I just really don't care for him," she said. "I just don't think he's trustworthy."

Over the next several months, Biden will give voters in Delaware and elsewhere dozens of opportunities to evaluate his worthiness. He plans a myriad of formal announcements on foreign and domestic issues, including rallies with supporters in several states.

Probably even one in Delaware.

The Pelosi Primary: Who Will Be Her Presidential Pick? (POL)

By Josephine Hearn

The Politico, January 31, 2007

Democratic presidential hopefuls will have to win over thousands of voters in primaries next year, but in one critical contest, they face an influential electorate of one: House Speaker Nancy Pelosi, D-Calif.

The so-called Pelosi primary on Capitol Hill is largely occurring out of public view, though some second-tier presidential prospects, among them Sen. Chris Dodd, D-Conn., are openly saying that they hope to win the speaker's favor.

But the competition for Pelosi's backing, whether an official endorsement or a friendly nod, could matter most in what for now is the center ring contest between Sens. Hillary Rodham Clinton, N.Y., and Barack Obama, Ill. Both earned chits by campaigning and fund raising aggressively last fall for House Democrats. And both are currying support from the liberal party activists for whom Pelosi is now an icon.

Pelosi is far from choosing a favorite and may never make an official endorsement, insiders said. But her good will could smooth a candidate's way with state and local party officials, open wallets and help deliver the support of key interest groups.

Many political power brokers will look to Pelosi and her loyalists for guidance in the presidential race, even if she never makes her choice publicly known.

For now, she's not talking. Asked her thoughts on the field of candidates, Pelosi was circumspect.

"I think they're all great," she said last week. "I think we have a very rich field … If I had anything to say to them, it's: 'Make sure at the end of day we know that one of you will be the nominee of the party, so we don't want to do anything in the primary that will hurt our prospects.'"

Several factors can guide whom Pelosi supports, House insiders said. She likely will look favorably on candidates who aided House Democrats in the 2006 elections and in turn helped her become speaker. She may look for candidates who share her liberal ideology and long-standing opposition to the Iraq War. Or she may opt for a candidate with whom she shares a long personal friendship.

In 2003, she backed a longtime House colleague Rep. Dick Gephardt, D-Mo., her predecessor as minority leader, in his presidential bid. The two reportedly had a working relationship, but not a close friendship.

From a fund-raising standpoint, Clinton and Obama distinguished themselves with their support of House Democrats during last fall's elections, political aides said. Clinton contributed $250,000 to the Democratic Congressional Campaign Committee last October, matching the largest check written to the political committee that cycle and solidifying her reputation as the fund-raising front-runner.

Obama anted up $10,000 from his Hopefund political action committee to the congressional campaign committee just days before last year's general election.

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Both candidates also helped out by appearing at campaign events, writing fund-raising appeals and leaning on interest groups. Clinton can also take credit for her husband's work, since former President Clinton was more of an asset to House Democratic candidates than any of the presidential contenders, aides said.

"For us, he was a resource that was unmatched," said a top Democratic aide. "He was hyper-involved day to day. He constantly pushed himself to the point of exhaustion."

But some question whether Pelosi would ever support Sen. Clinton given their deep differences over the Iraq War. Clinton voted for it in 2002; Pelosi voted against. And the two often find themselves at odds on other issues, with Clinton favoring centrist positions over Pelosi's liberal ones. Obama has hewed closer to Pelosi in opposing the Iraq War.

Two of the Democratic presidential candidates, Sen. Joseph R. Biden Jr., D-Del., and long shot Rep. Dennis J. Kucinich, D-Ohio, told The Politico they did not expect Pelosi's support. "I don't think so, but I don't know," Biden said.

Former Iowa governor Tom Vilsack also appeared an unlikely pick; he and Pelosi reportedly have a frosty relationship stemming from ideological differences. Vilsack's campaign did not respond to a request for comment.

Dodd joined Clinton and Obama in contributing to the congressional campaign committee during the last election cycle. He made a $15,000 donation out of his leadership political action committee, Citizens for Hope Responsibility Independence and Service (ChrisPAC), in mid-October.

Although less active on the campaign trail for House Democrats than Clinton and Obama, Dodd enjoys a decades-long personal friendship with Pelosi. They met more than 40 years ago through Dodd's sister, Martha Buonanno, a close friend of Pelosi's when the two attended Trinity University in Washington, D.C.

Pelosi and Buonanno's friendship has continued since then, and Pelosi made sure her college pal had a seat in the House gallery when she was sworn in as speaker earlier this month. Pelosi reportedly stops in on Buonanno when she passes through New England. The two even competed together several years ago in a bocce ball tournament in East Hartford, Conn., organized by Rep. John B. Larson, D-Conn.

That connection is not lost on Dodd, who is considering asking Pelosi for her backing. He was one of the few presidential candidates who called Pelosi shortly after the November election to congratulate her.

"Obviously I've given a lot of thought to it. I haven't told her that yet! I'll be calling her to discuss things," Dodd said. "Nancy's a great friend. She doesn't forget her friends."

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by JayPe on 01.31.2007 at 12:26 AM

Pelosi picked the wrong horse in the Majority Leader race, so hopefully she's learned not to back anyone too publicly...

by Bette Jeanne on 01.30.2007 at 07:36 PM

Mrs. Pelosi did not get where she is by backing someone who cannot possibly win more than 10% of the early primary votes, if that. Dodd is not going to get her backing, period.

by vwcat on 01.30.2007 at 07:35 PM

I hope Pelosi picks the one she is most in agreement with and that is Obama. Clinton is more republican lite and she would do little to further our party or cause. she is more about triangulating and cozying up to republicans and follows the DLC line. Obama is the future and a real democrat.

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Md. Pushes Expansive Medical Coverage (WP)

By Lisa Rein

The Washington Post, January 31, 2007

Maryland lawmakers are drawing up ambitious proposals to provide medical insurance to hundreds of thousands of residents without coverage, stepping into the national debate over who should pay the soaring costs of health care.

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Gov. Martin O'Malley (D) will call for expanded coverage of the state's 780,000 uninsured -- one in seven residents -- in his State of the State address today, aides said, highlighting a proposal that would bring more of the poorest residents into public programs and require private insurers to allow young adults to remain on their parents' plans until age 25.

General Assembly leaders are offering more ambitious plans that would add a $1 tax on cigarettes to pay for covering tens of thousands of low-income workers and offer subsidies to small businesses that provide coverage. Many workers who can afford insurance but choose not to pay for it would have to buy it or face penalties.

"Maryland holds out much promise," said Ron Pollack, executive director of Families USA, an advocacy group pushing for affordable, universal health care. The state "may well jump to near the head of the line."

Maryland would join Massachusetts, California, Vermont and a handful of other states that are mapping a path toward universal coverage in the absence of action by Congress or the Bush administration. Instead of the dramatic national overhaul contemplated more than a decade ago, the states are working within the health system, tapping businesses, hospitals, insurers and workers to pay for expanded health care.

The medical repercussions of a lack of health insurance are prodding many states to act.

"Generally, the uninsured get about half the care that the insured get," said Arthur Garson Jr., dean of the University of Virginia's medical school, who has been an outspoken participant in the state and national discussions. And the ultimate consequence? "The uninsured have a 20 percent higher mortality rate than the insured."

Massachusetts is putting in place a plan that would cover 515,000 people. Maryland's approach is more limited: The most ambitious proposal -- a bill to be filed this week by Del. Peter A. Hammen (D-Baltimore), the health committee chairman -- would affect about a third of the state's uninsured but leave a half-million people without coverage.

O'Malley and lawmakers say they are balancing the political will to expand health coverage with the looming state budget shortfall they will tackle next year.

"The administration is interested in working with Delegate Hammen to make health care more accessible in Maryland," Joseph C. Bryce, O'Malley's senior policy and legislative adviser, said yesterday. "But we have some concerns about how some provisions in the bill would be funded."

The governor opposes a tobacco tax increase, and even if lawmakers approve it, there is some sentiment to use the revenue to cover other needs. And despite the momentum in the Democrat-controlled legislature, initiatives of this magnitude often take more than a single session to sell.

Hammen, with strong backing from House Speaker Michael E. Busch (D-Anne Arundel), is crafting a plan that would dramatically expand Medicaid coverage to many low-wage workers who now are eligible only if their income is 40 percent of the federal poverty level, which is set at $10,210 for an individual or $20,650 for a family of four.

"We can provide better care," Hammen said. "Health care is becoming more unaffordable in every community."

The state would subsidize small businesses to encourage them to provide coverage for their employees. And workers earning more than four or possibly five times the poverty level would have to buy insurance if their employer does not offer it. If they don't, they would face a penalty, possibly the loss of a personal income tax exemption.

Even so, the plan would leave about 500,000 people in the middle without easy access to health care. None of the proposals would cover illegal immigrants.

Insurance companies would be asked to offer a bigger menu of policies at affordable premiums. Under O'Malley's plan, small businesses would set up accounts for their workers to use tax-free dollars to buy coverage.

Hammen said he is still working out cost estimates, but his bill would rely on some federal money, a cigarette tax increase and, eventually, a reshuffling of Maryland's practice of reimbursing hospitals for the free care they now provide to the uninsured. The $700 million fund for uncompensated care would shrink as more residents have insurance, he said.

"Cost is an issue," he said, "but we have the potential of using money that's already in the system."

A $1-a-pack increase in the tobacco tax also is the centerpiece of an effort by the Maryland Citizens' Health Initiative to expand health care access through Medicaid and drug treatment. Although other states have approved tobacco tax increases to pay for health care, Senate President Thomas V. Mike Miller Jr. (D-Calvert) has expressed concern that if the tax acts as a deterrent to smoking, the revenue source could plummet.

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About 14 percent of Maryland residents have no insurance, far lower than California's rate of 20 percent.

In the District, where about 13 percent of residents are uninsured, leaders last year agreed to subsidize coverage for children whose families have incomes up to three times the federal poverty level, including those who are undocumented.

"It's ridiculous to talk about two sets of kids," said D.C. Council member David Catania (I-At large), who estimates that the move could add several thousand children.

The District also is seeking federal permission to make more lower-income residents eligible for a subsidy that essentially provides free prescriptions.

In Virginia, 15 percent of the population has no coverage, including one in five adults. Gov. Timothy M. Kaine (D) has proposed providing prenatal care to more low-income women. A state health reform commission is studying greater access to care.

Maryland lawmakers acknowledge they're taking on a complex, costly effort. "We haven't touched a fiftieth of the pieces here," said Sen. Thomas M. Middleton (D-Charles) , chairman of the Senate Finance Committee.

Staff writer Susan Levine contributed to this report.

Spiritual State Of Union Found Strong (WT)

By Jennifer Harper

The Washington Times, January 31, 2007

In God we (still) trust.

Almost two-thirds of Americans -- churchgoing or not -- say the overall health of the nation is heavily dependent on its spiritual health. About 77 percent say the nation's economy is dependent on its spiritual well-being, while 64 percent say religious expressions are either tolerated or encouraged in their workplaces, according to a Gallup Poll released yesterday.

The findings are part of a greater study plumbing the "spiritual state of the union," said Ted Malloch, director of the Florida-based Spiritual Enterprise Institute.

The poll "measures the extent to which Americans believe in God, act out their belief and impact secular America in real terms: in the workplace, in volunteerism, in business dealings," he said.

Believers are many: 82 percent of the respondents believe in God, while 13 percent believe in a "universal spirit or higher power." Three-quarters say they are Christian, 6 percent are labeled non-Christian and 18 percent have no religious tradition. A majority -- 58 percent -- say success in life is "pretty much determined" by religious and spiritual forces.

Of the respondents, 43 percent were Democrats, 41 percent were Republicans and 13 percent were independents. Ideologically speaking, 58 percent said they leaned conservative, while 32 percent said they were liberal.

The survey also revealed a slow shift in public attitude. Gallup figures in 1999 found 54 percent of Americans called themselves "religious," and 30 percent "spiritual but not religious." Those numbers are now 49 percent and 40 percent, respectively.

Meanwhile, "the 'Protestant work ethic' is alive and well," the survey stated. It found that 78 percent of the respondents would go on working even if they had enough money to quit, while 85 percent agreed that "being ethical will pay off economically." Three-quarters would not bend rules at work, while 97 percent said friends and family respected their line of work. Ninety-two percent said they believe "God wants us to do something with our lives that will be useful to the world."

Such thinking may have its own rewards: 83 percent said their work "is helping make the world a better place." When a 1992 Gallup Poll posed the same question, the percentage was 68 percent.

Spiritual inclinations are either sustained or increasing, the poll found. Eighty-eight percent of the respondents say they are "happy with who I am," up four percentage points from the 1992 survey. Seventy-nine percent said there are clear guidelines to good and evil that apply to everyone, about the same as the previous survey. Almost two-thirds -- 65 percent -- say they are "spiritually committed." The figure was previously 68 percent.

The nation is in a somber mood, the poll noted, with only 29 percent satisfied with the direction of the country, according to separate Gallup findings. But "Americans are fighting back," the current survey stated, noting that seven of 10 regularly volunteer and contribute to charity.

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The poll of 1,004 adults was conducted during February and March last year with an error margin of three percentage points.

A Health-Care Bargain (WSJ)

By David Gratzer

The Wall Street Journal, January 31, 2007

Three years ago this month, insurance companies began offering Americans a new type of medical coverage: health savings accounts, which marry low-cost, high-deductible health insurance policies with pre-tax accounts to pay for day-to-day health care. But the anniversary is muted. A slew of reports have been critical, dismissing consumer-driven health care as unpopular and harmful; and with the Democrats in control of Congress, Washington's enthusiasm for the concept has cooled. Nevertheless, the Republicans should take credit where due. The White House ought to build on the growing success of HSAs, which are integral to the president's vision of "affordable and available" health care.

An executive of an upstart airline recently described her company as having three 757s, more than 200 employees, and one big headache: rising health-care costs. Thus, they made the switch to HSAs in 2006, and premiums rose just 5%, compared with a national average of over 8%. Such successes aren't making the news, but overwhelmingly negative stories are. A much reported Commonwealth Fund survey, for example, concluded that enrollment in consumer-driven plans is stagnant, people are grossly dissatisfied, and care is delayed. But the report was flawed on its face: For one, it was unrepresentative, drawn from a pool of "Internet users who have agreed to participate in research surveys."

Here's the untold story: Despite recent entry into the market, these plans are gaining popularity. Drawing on information from major insurance carriers, William Boyles, publisher of the Consumer Driven Market Report, estimates that enrollment in HSA-type plans or HRAs (a forerunner to health savings accounts) more than doubled since January 2006, to 13.4 million Americans. The estimate is plausible, as last year twice as many employers offered this coverage than in 2005, and the number of financial institutions supporting HSAs tripled.

Early data suggest good results. Following a year-long analysis of consumer-driven health-care members, Cigna reports that costs are 16% lower than for enrollees in traditional plans, but the use of medications for chronic conditions increased. Enrollees in Aetna's consumer-directed HealthFund maintain their health (even if chronically ill), and purchase more preventative services, yet medical costs rose just 3% in HRA-based plans between 2002 and 2005. A Kaiser Family Foundation survey finds 71% of those with the new "consumer-directed health plans" consider cost when seeking health care, compared with 49% of those with more traditional employer-sponsored coverage.

Granted, not everyone is satisfied. Half of the Kaiser respondents, for example, want to switch to a traditional plan. Reservations aren't surprising -- HSAs can seem initially complicated. EOS, the upstart airline, held townhall meetings and offered health coaches to smooth the transition.

Looking back on GOP-era Capitol Hill, welfare reform stands out as the greatest achievement; health savings accounts may eventually be considered a close second. If HSAs can help tame health inflation, the timing couldn't be more critical. According to HHS projections, without significant changes, national health spending will double to about $4 trillion by 2014.

Democrats have their own agenda. The House has already voted to change Medicare's prescription drug benefit so that the federal government can "negotiate" prices. They also want to expand Schip, the Clinton administration's state health program for children. As the minority party, the GOP may be tempted to go on the defensive, opposing Democratic ideas (as they did with HillaryCare) or aiming to temper them (their strategy for Schip). But instead, Republicans should espouse a positive agenda, regardless of whether all its elements can be passed, including the improvement and expansion of HSAs.

One improvement is to loosen the mandated structure of the HSA. Employers have no flexibility, for instance, to decide what the deductible covers, thus lumping diabetic supplies and Viagra into one cost category. Another improvement would allow individuals to make larger annual deposits into HSAs, as President Bush has championed. So too would be, in line with the State of the Union health-care proposals, a leveling of the tax playing field, allowing individuals to purchase HSAs with the same tax preference as employers. While many Democrats loathe HSAs, it is still possible that HSAs can be improved and expanded if tactical opportunities arise. Remember, Ronald Reagan got his tax cut, even though many Democrats loathed that, too.

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Republicans could also urge more state experimentation. Members from both parties -- Sens. Jeff Bingaman and George Voinovich, along with Reps. Tammy Baldwin, Tom Price and John Tierney -- recently proposed legislation to create a super-commission, charged with receiving reform ideas from states and then making grants to enable them. The White House has a bargaining chip here: Without action, Schip will expire, and it might be possible to meet the Democrats half way. They could extend Schip in states that are interested, while other states would have greater freedom to experiment with market reforms such as expanded HSAs.

And that could help make the fourth anniversary of HSAs even more significant.

Mr. Gratzer, a physician and a senior fellow at the Manhattan Institute, is the author of "The Cure: How Capitalism Can Save American Health Care" (Encounter, 2006).

Bush Unveils Security Aid For Palestinians (AFP)

AFP, January 31, 2007

US President George W. Bush has directed about 86.4 million dollars in aid to help Palestinian security forces under President Mahmoud Abbas's direct control, the White House said.

"The idea is to build the legitimate security forces, to help provide law and order in Gaza and the West Bank, fight terror, and to facilitate movement and access especially in Gaza," said national security spokesman Gordon Johndroe.

The money will go "to support efforts to reform Palestinian civil security forces under the direct command of the Office of the President," said the spokesman.

"Our funds will be utilized exclusively for non-lethal supplies and training," he said. "This has obvious security and economic benefits for the Palestinians."

Johndroe spoke after the White House released a memorandum from Bush to US Secretary of State Condoleezza Rice directing her to transfer 86.362 million dollars in aid to the Palestinians.

"We are utilizing West Bank and Gaza Economic Support Funds left over from projects suspended earlier this year. This assistance will not impact our ongoing humanitarian, democracy, and private sector programs," said Johndroe.

The spokesman said that aid was "consistent" with US obligations under the so-called diplomatic "roadmap" to peace between Israel and the Palestinians, and that Lieutenant General Keith Dayton, the US security coordinator for Israel and the Palestinians, would oversee implementation of the programs.

Fighting Eases On First Day Of A Cease-Fire By Gaza Factions (NYT)

By Greg Myre

The New York Times, January 31, 2007

JERUSALEM, Jan. 30 — After five days of clashes in the Gaza Strip, Palestinian factions on Tuesday mostly observed the latest cease-fire, though one Hamas member was shot dead.

Also, the Israeli Air Force bombed a tunnel near the eastern edge of the Gaza Strip, saying that Palestinian militants were digging it to enter Israel and carry out an attack. The tunnel was near the Karni crossing, which is used to move goods between Israel and Gaza.

The two main Palestinian factions, Hamas and Fatah, held late night talks on Monday and agreed on a truce that took effect at 3 a.m. Tuesday. While Gaza was mostly calm during the day, several previous cease-fires have broken down and there were doubts about this one as well.

In one incident, a local Hamas leader was shot dead in the southern Gaza town of Khan Yunis. The shooting appeared to be a revenge attack by a family aligned with Fatah, which recently had a relative killed in the fighting, according to Palestinian residents of the town.

More than 30 Palestinians have been killed in gun battles since Thursday, and about 60 have died over the past two months.

Egypt, which has often mediated between the Palestinian factions in recent years, helped broker the latest truce.

While Gazans welcomed the reopening of shops and the semblance of normalcy that prevailed on the streets on Tuesday, many said the truce would remain vulnerable unless Hamas and Fatah could agree to work together in the government.

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A good deal of the fighting has involved members of the Palestinian security forces. Many members are loyal to Fatah, which long dominated Palestinian politics, but Hamas created a security service, known as the Executive Force, after it came to power a year ago.

Months of negotiations have failed to produce a deal between Hamas, the radical Islamic group that controls much of the government, and Fatah, led by the Palestinian Authority president, Mahmoud Abbas.

Mr. Abbas, speaking in Cairo after a meeting with the Egyptian president, Hosni Mubarak, said Hamas's Executive Force was "illegitimate and illegal."

Mr. Abbas also condemned a suicide bombing on Monday by a Palestinian in the southern Israeli resort town of Eilat, which killed three workers at a bakery.

The Palestinian leader said the bombing was "not in the interest of the Palestinian people." Al Aksa Martyrs Brigades, which is linked to Fatah, had claimed responsibility for the bombing with Islamic Jihad.

Israel has given no indication that it plans a major military response to the suicide bombing, the first such attack in Israel in nine months.

"The initiative will be ours, and we have no intention of relaying what we plan to do," Amir Peretz, the defense minister, said during a visit to Eilat.

However, Israeli newspapers, citing political and military officials, said no large-scale operations were planned.

In a separate development, Israel's deputy prime minister, Shimon Peres, met in Qatar with the emir, Sheik Hamad bin Khalifa al-Thani. That was the highest-level meeting in years between officials of the countries.

The emir urged Israel to hold talks with the Palestinian government, according to the Web site of the Israeli newspaper Haaretz, which had a reporter traveling with Mr. Peres. Israel, which classifies Hamas as a terrorist group, refuses to deal with the organization, and Hamas does not recognize Israel.

Israel and Qatar do not have diplomatic relations, though there is an Israeli trade mission in the Qatari capital, Doha. Mr. Peres visited Qatar when he was prime minister in 1996.

Gaza's Warring Factions Holding Fire (AP)

By Sarah El Deeb

AP, January 31, 2007

Gaza's warring factions began to hold their fire Tuesday as a truce took effect across the volatile territory and brought hopes for an end to the infighting that has left 36 people dead in five days.

But the killing of a Hamas militant by rival Palestinians — combined with an Israeli airstrike on a smuggling tunnel following a suicide bombing — underscored the fragility of any lull in Gaza's bloodshed.

Palestinian Prime Minister Ismail Haniyeh of Hamas called for a total halt to the violence.

"The past few days were difficult, and everyone paid in blood," he said in Gaza. "Everyone is facing a difficult test, either we maintain this calm ... or everything collapses again, and then everyone will be held responsible."

Previous truces between Hamas and Fatah militants in Gaza have quickly collapsed into new fighting, and it appeared unlikely the two sides would comply with all the terms of the current agreement, such as handing over all those involved in killings and abductions.

Late Tuesday, the two sides began releasing hostages — fighters kidnapped over the past week — both sides said.

Hamas and Fatah gunmen have used prior lulls to prepare for more fighting.

On Tuesday morning, the streets of Gaza were calm, as radio stations loyal to Fatah and Hamas groups played national songs instead of factional music and stopped inciting their supporters against their rivals.

Hopes for an enduring truce fell in the afternoon after a Hamas gunman was killed in the southern Gaza town of Khan Younis. Hamas officials blamed the shooting on Fatah militants, and Hamas supporters took to the airwaves, saying those behind the campaign against their group must be targeted.

However, Hamas officials said they would not retaliate.

Both Fatah and Hamas say bringing suspects to trial is crucial to maintaining the truce.

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"If the killers remain in the streets, the cycle of bloodshed will not stop," said Maher Mekdad, a Fatah spokesman. "Families of victims will take the law in their own hands, and revenge will rule," he said.

The truce agreement did nothing to resolve the underlying power struggle between Hamas and Fatah that has fueled the fighting. The two sides have been at odds since Hamas defeated Fatah in legislative elections a year ago, dividing power in the Palestinian government.

President Mahmoud Abbas of Fatah, elected separately two years ago, has urged Hamas, which faces international isolation because of its anti-Israel ideology, to join Fatah in a more moderate coalition. He hopes a softer platform will help end a crippling international aid boycott imposed after Hamas' victory and allow him to resume peace talks with Israel.

Coalition talks have broken down and appear unlikely to resume soon, though both Saudi Arabia and Egypt have offered to mediate.

Even if the truce holds, it does not necessarily mean peace for Gaza after a Palestinian suicide bomber from Gaza killed three people in the Israeli resort city of Eilat on Monday.

Early Tuesday, the Israeli army bombed a tunnel it said was meant for use by Gaza militants for another attack. No casualties were reported. In the past, militants dug such tunnels to attack Israeli army outposts and other targets.

"We will protect the citizens of Israel, and we will protect the tourism centers of Israel," Defense Minister Amir Peretz said Tuesday as he visited the scene of the bombing.

After meeting Tuesday with top military officials, Israeli Prime Minister Ehud Olmert decided to continue to observe a two-month-old cease-fire with the Palestinians, Israeli media reported.

Israeli Arab Official Favors Pragmatism (WT)

By Joshua Mitnick

The Washington Times, January 31, 2007

JERUSALEM -- Raleb Majadele says his success as the first Arab Muslim to serve in Israel's Cabinet will be judged one student and one classroom at a time.

Although many of his Arab political colleagues rail against symbols that equate the state with Judaism, such as the Star of David flag, Mr. Majadele is more concerned with practical matters, such as improving educational standards for Israeli Arab children.

"You need to be strong enough and influential to say, 'Excuse me, we are missing 2,000 classrooms.' Until now, no one has ever sat there and saw to it that that would be his test," the 53-year-old political trailblazer said yesterday.

Initially tapped for the Science Ministry post recently vacated by a lawmaker from his Labor Party, Mr. Majadele will serve as minister without portfolio while Prime Minister Ehud Olmert decides on a redivision of the vacant ministerial posts.

But Mr. Majadele made clear yesterday that education will be a top priority for him.

"That doesn't mean that I can solve all the problems in the next budget. But if we can build in the next year 500 classrooms, something that we haven't done in five years, it's progress," he said.

It's an attitude that reflects the Arab lawmaker's preference for pragmatism over ideology, accommodation over confrontation and integration over separation in approaching Israel's Jewish establishment.

As Mr. Majadele plied the noisy corridors of the Israeli parliament yesterday, there was ample handshakes and expressions of good will. "Mabruk," congratulated one security guard in Arabic. "Mister Minister," greeted Effie Eitam, a far-right lawmaker and Jewish settler. "I wish you good luck."

Since the appointment of an Arab to Israel's Supreme Court some years ago, Mr. Majadele's entrance into the Cabinet is the most dramatic example of integration for a minority community that sees itself as marginalized and segregated.

But it comes at a time when Jewish-Arab relations are polarized over the Palestinian uprising and a plan by Cabinet member Avigdor Lieberman to force some Israeli Arabs out of Israel, leaving many in that community questioning whether any Arab should serve in the government.

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"The question is: Does this really represent a turning point in the question of inclusion or exclusion," said Elie Rekhess, a scholar at Tel Aviv University and director of the Konrad Adenauer Program for Jewish-Arab Cooperation. "This is definitely not the dream that the more national segment of Arab politics in Israel had in mind."

Mr. Majadele said he considers himself first an Arab, then a citizen of Israel, then a Palestinian and lastly a Muslim. But three Arab parties in parliament voted against his confirmation on Monday.

"Majadele enters the government as a representative of the Labor Party and not of the Arab public," said Jamal Zahalka, a lawmaker from the National Democratic Assembly party.

"He's entering a government that doesn't want peace, carries out crimes against the Palestinian people, opened a war in Lebanon. It's a government that discriminates against Arab citizens in Israel.

"No less important, it's a government that includes" Mr. Lieberman, who would redraw the border with the West Bank to swap Israeli Arabs for Jewish settlers.

Mr. Majadele said that he does not think Mr. Lieberman belongs in the Cabinet, but that he won't feel awkward sitting on the same table as the hard-liner. "Nothing prevents me from feeling good," Mr. Majadele said.

Some liberal Jews hope that Mr. Majadele will both symbolize and take steps toward reconciliation. "You mustn't fail," said Akiva Eldar, a political commentator for the left-wing Ha'aretz newspaper at the end of an interview.

Despite his advocacy of integration and his membership in the Labor Party, Mr. Majadele said he is not a Zionist and won't sing the national anthem, Hatikvah, which romanticizes the Jewish longing for national liberation in the "Land of Zion."

"It doesn't speak to me. You want me to sing the national anthem? Show some respect, and bring one that speaks to me, and universal values -- something I, as an Arab, can live with," he said.

Muslim Nations Move To Prevent Violence (WT)

By David R. Sands

The Washington Times, January 31, 2007

Terrified that sectarian Muslim bloodshed could soon engulf the region, U.S. allies and adversaries in the Middle East have stepped up joint efforts to head off a religious civil war.

Sunni Muslim Saudi Arabia and Shi'ite Iran have held intensive talks in recent days on ways to tamp down sectarian violence in Iraq and Lebanon. Over the weekend, Saudi King Abdullah issued an unusual public call for calm.

Top Islamic clerics and scholars in Egypt, Qatar and Iraq also have issued statements urging Muslim unity, often blaming the United States and other outside actors of trying to divide the faithful.

"All scholars are condemning the ongoing sectarian war between Sunnis and Shi'ites as a threat to the unity of Iraq and drawing the attention of Muslims away from the real enemy of the [Islamic world]," Aisha al-Mannai, an Islamic law scholar at Qatar University, said last week at the conclusion of an emergency conference in Doha on the growing tensions among various strains of Islam.

According to the Doha conference communique: "Any exchange of insults against the companions of the prophet Muhammad or his relatives should be treated as an un-Islamic act."

The swirl of activity reflects the deep regional fears that Middle East crises, from Iraq to Lebanon to the Palestinian territories, could pit the faith's two largest branches against each other.

In Iraq yesterday, authorities told the Associated Press that at least 58 Shi'ite worshippers were killed in three separate attacks on one of the holiest days in the Shi'ite Muslim calendar. Five Sunnis in Baghdad were killed in an apparent retaliatory mortar barrage later in the day, just the latest in a vicious cycle in nearly two years of sectarian reprisal attacks.

Al Qaeda and other radical Sunni movements have targeted Shi'ites and their holy sites in Iraq as a way to foment sectarian civil war, a strategy that even President Bush has conceded has been successful.

Sunni Muslim rulers such as Saudi King Abdullah and Jordan's King Abdullah II have voiced fears of an aggressive Shi'ite revival, bankrolled and armed by Iran's Islamic republic. They cite the rise of Iraq's new Shi'ite-dominated government, the Shi'ite Hezbollah movement in Lebanon, and Iranian backing for Palestinian militant factions in the conflict with Israel.

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Skeptical of U.S. strategy and resolve in Iraq, Saudi officials have met in Riyadh with Iranian national security chief Ali Larijani and with a delegation from Hezbollah in recent days. Arab-language newspapers close to the Saudi regime said the separate visits focused on containing the crisis in Lebanon and tamping down Sunni-Shi'ite tensions in general.

Saudi Foreign Minister Saud al-Faisal said Iranian leaders had appealed to Riyadh to "cooperate in averting strife between Sunnis and Shi'ites in Iraq and Lebanon."

Mohammed Mehdi Akef, the spiritual leader of the militant Sunni Muslim Brotherhood, late last week issued a statement condemning Sunni-Shi'ite divisions, implicitly blaming U.S. policy in Iraq and the region to fanning the tensions.

"The schemes of the foreign occupier are responsible for the discord," he said.

But the Doha conference also was marred by sharp exchanges between Sunni and Shi'ite clerics, with both sides blaming the other for the violence in Iraq. Sunni scholars also accuse Iran and its Shi'ite allies of a concerted effort to convert Sunnis to their form of Islam.

In a rare interview with a Kuwaiti newspaper over the weekend largely overlooked in the West, Saudi King Abdullah had a double-edged message for Iran.

The king told the Al-Seyassah newspaper that Saudi Arabia "does not support any party that is an enemy of Iran," but also cautioned Tehran against underestimating the danger of antagonizing the United States in Iraq and elsewhere.

"We advised Iran on how you go about cooperating internationally, and to avoid exposing the Gulf region to dangers," the king said of his meeting with Iran's Mr. Larijani.

The king also said he was aware of popular fears in the Sunni world about rising Shi'ite power.

"The majority of Sunni Muslims will never change their faith," he said.

Saudi Arabia FM Says Iran Cooperating (AP)

By Abdullah Shihri

AP, January 31, 2007

U.S. ally Saudi Arabia said Tuesday it was working with Iran, America's top rival in the Mideast, to find ways to ease the crises in Lebanon and Iraq — a departure from Washington's confrontational stance toward Tehran.

The mediation is an unusual step by two rivals that have been competing for influence in the region. Saudi Arabia, which is mainly Sunni Muslim, has been increasingly vocal about its suspicions of mainly Shiite Iran's intentions.

The kingdom's willingness to cooperate with Iran in mediating the conflicts likely points to the alarm that that the bloodshed in Iraq and the possibility of civil war in Lebanon has raised among the Saudi leadership.

But it could complicate Washington's efforts to isolate Tehran. President Bush has stepped up accusations that Iran is fueling turmoil in the Mideast and has vowed to break what he called Iranian support for militants in Lebanon and Iraq. Bush has soundly rejected calls to reach out to Iran for help in the crises.

Saudi Foreign Minister Saud al-Faisal said Tuesday that Iran had approached his country to "cooperate in averting strife between Sunnis and Shiites in Iraq and Lebanon."

"Saudi Arabia wants only peace in the region," al-Faisal said. "Contacts are ongoing between Riyadh and Tehran."

A Saudi envoy is in Iran studying all the efforts being exerted to calm the situation in Iraq and Lebanon and "exploring what Iran can contribute," he said.

The Shiite Muslim Hezbollah — which Iran is believed to support with money and weapons — has been waging a campaign of street protests for the past two months in an attempt to bring down the Western-backed government of Lebanese Prime Minister Fuad Saniora. Last week, the protests erupted into clashes between supporters of the two sides that raised fears in Lebanon and across the Middle East that the country could explode into a sectarian civil war between its Shiites and Sunnis.

Saudi Arabia has close ties to Sunni politicians in the government's ruling coalition and has strongly backed Saniora.

Hezbollah has demanded the formation of a new national unity government that would give it and its allies more than a third of the Cabinet seats, enabling them to veto major decisions. Weeks of talks between the government and opposition have stalemated.

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In Iraq, Iran is believed to back Shiite militias that have been blamed in killings of Sunni Arabs and it has close ties to Shiite parties that dominate the government. Saudi Arabia has strong tribal links to Iraq's Sunni Arab minority.

The contacts come as Saudi Arabia has given tepid support to a new U.S. strategy in Iraq but has expressed skepticism over whether it will succeed. Besides sending 21,000 additional U.S. troops to Iraq, the new strategy takes a tougher stance on Iran.

Hizbollah Blames Bush For Unrest (FT)

By Ferry Biedermann

Financial Times, January 31, 2007

Lebanon's Hizbollah movement used the Shia Muslim Ashura commemoration on Tuesday to accuse the US and Israel of being responsible for the unrest in the country.

Seven people died in political and sectarian clashes in the country last week.

"The one who fomented chaos in Lebanon, who destroyed Lebanon, who killed women and children, old and young in Lebanon, is George Bush," Sayyed Hassan Nasrallah, Hizbollah leader, told a rally in the southern suburbs of Beirut.

He accused the US of ordering Israel to wage war against his movement last summer as part of what he called the American campaign against "resistance groups" in the Middle East.

The war started in July when Hizbollah captured two Israeli soldiers and killed three. The speech followed remarks by the US president on Monday in which he deplored last week's violence and accused Hizbollah, Iran and Syria of trying to destabilise Lebanon.

Hizbollah and its political allies have been demonstrating for the past two months to bring down the pro-western government of Fouad Siniora, prime minister, and gain more of a say in a new cabinet.

Lebanon's schools and universities were set to reopen on Wednesday having been closed since Thursday, when fighting between rival student groups led to widespread clashes.

Violence last Thursday took place mainly between the supporters of the Shia Hizbollah and Amal movements and Sunni and Druze backers of the government. Rival christian groups had clashed earlier in the week.

In the southern town of Nabatiyeh, in the Shia heartland, thousands of young men on Tuesday carried out the Ashura ritual of cutting themselves and allowing the blood to flow freely. One of them said that the Shia harboured no ill will against the Sunni but that the Sunni were less tolerant of them.

One young woman watching the procession of bleeding young men said that the ritual showed the "Shia capacity for sacrificing for a cause".

In Legacy Of A Revered Martyr, Saudi Shiites Find Sustenance (WP)

By Faiza Saleh Ambah

The Washington Post, January 31, 2007

QATIF, Saudi Arabia, Jan. 30 -- Fawzia al-Hani dropped her black veil over her face and wept softly on Sunday, enveloping herself in the sadness of the last days of Imam Hussein, grandson of the prophet Muhammad and Shiite Islam's most tragic and revered martyr.

The women in the packed community center commemorating Ashura, the anniversary of Hussein's death in A.D. 680, watched on a projection screen as a turbaned cleric described how Hussein set out with a small band of family and followers to confront a large army, then was filled with anguish when his favorite son was slaughtered before he himself was killed.

Beside the cleric, men huddled on the floor with their heads bowed, dabbing at their eyes with tissues.

To many of the region's historically persecuted Shiites, the death of Hussein in what is now Karbala, Iraq, the event that triggered the schism between Sunnis and Shiites, remains central to their lives. Shiite belief that Hussein and his descendants were robbed of their rightful succession as rulers of the Islamic world heightens their sense of persecution and victimization.

The story of Hussein, who chose to confront an enemy army with only a small band of men rather than bow to an oppressive leader, permeates Shiite life from childhood, Hani said.

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"You cannot understand Shiites if you don't understand the lessons of Hussein's death," the 44-year-old author added. "Hussein taught us not to fear death because you can achieve victory even through death, as long as you fight injustice and stay true to your principles."

That lesson has not been lost on Saudi Arabia's long-suppressed Shiite minority, a 2 million-strong community living mainly in the oil-rich Eastern Province. Shiites here have only recently been granted greater religious freedoms, including the right to commemorate Ashura publicly. But fears in the Arab world of growing Shiite clout have raised concern among local Shiites that sectarian tensions could roll back some of the progress.

Shiite Iran's increased regional influence, Iraq's newly dominant Shiite majority and the push for more power by Lebanon's Shiites have led to a closing of Sunni ranks in many countries of the region and calls for quashing a Shiite revival.

Shiites, who make up less than 15 percent of the kingdom's 16 million citizens, are considered heretics by the Wahhabi Sunni ideology practiced in the kingdom.

Emboldened by Iran's 1979 revolution, Saudi Shiites began staging demonstrations during Ashura demanding more rights and freedoms. This led to a brutal government crackdown that resulted in scores of deaths, hundreds of arrests and tense relations in the 1980s.

The situation improved after Shiite exiles returned in 1994 following a truce with the government. And several years ago, reform-minded King Abdullah launched a policy of openness, allowing the community to build mosques and once-illegal community centers called husseiniyas. Shiites have also been granted a small measure of political power with wins in local municipal elections in 2004. But many complain that they still face severe discrimination in government positions, in the military and in schools.

Now, after a lull, Wahhabi clerics have again started issuing fatwas, or religious edicts, labeling Shiites infidels who are more dangerous to the faith than Christians and Jews. Abdullah ibn Jebreen, a prominent Saudi cleric, wrote on his Web site last week that Shiites should be expelled from Sunni lands.

The monarch has been brought into the fray. In a widely circulated interview last week, Abdullah was asked about claims in the Arab media that Iran is attempting mass conversions of Sunnis to Shiism. Without mentioning Iran by name, he told the Kuwaiti daily al-Seyassah that the kingdom was aware of the issue but that Sunnis were immune to conversion and would retain their historical dominance.

Shiites here say Iraq's sectarian violence in particular has inflamed local anti-Shiite feelings. Lawyer and activist Sadeq al-Jubran accused extremist Sunnis of importing the problems of Iraq into the kingdom unnecessarily.

"What's happening in Iraq is not my problem. If Sunnis and Shiites kill each other off, that's in Iraq," Jubran said. "But what's worrisome is that you have people here asking clerics whether it's permissible to kill Shiites because Shiites in Iraq are killing Sunnis."

Hassan al-Saffar, the country's most prominent Shiite cleric, said anti-Shiite fatwas are dangerous and should be criminalized. The community's sympathies with Shiites in Iran or Iraq should not be taken against it, the soft-spoken cleric said. "We are Saudi citizens concerned first of all with local issues. Our religious sympathies do not affect the security and stability of the country," he said.

Despite the common religious ties of the region's Shiites, Saudi Shiites have different interests and live in a different context, said Shiite writer and former dissident Taufiq al-Seif. "Shiites here have reached a level of political maturity and have realized that though they sympathize with co-religionists in the region, they have their own concerns and their own very unique situation. Our interests lie not with Iran but very much with other Saudis."

Speaking at a recent Ashura gathering, Seif urged his listeners to distinguish between religion and politics and not to be swayed by ideology. "We should not sympathize with Shiites just because they're Shiites, even when they are wrong," he told the dozens gathered.

Shiite cleric Nimr al-Nimr, who was detained last year for calling for greater religious freedoms, said Shiites have learned from the example of Hussein to refuse injustice imposed by tyrannical leaders.

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"You can't separate Shiite Islam from politics," Nimr said. "It's in the nature of Shiites to fight oppression, and it's in the nature of governments to be oppressive, so naturally there is a confrontation." Nimr said that he did not condone violence or confrontation but that he had learned from the lesson of Hussein not to fear death and to fight for his rights.

Outside, Qatif, a predominantly Shiite enclave that is home to about 900,000 people, was an area in mourning. Black cloth covered entire sides of small apartment buildings, while young boys and girls ran around with red and green mourning bands tied around their heads with the words "O Hussein, O Martyr" sewn on them.

In the Awami neighborhood in the town of Tarut, huge portraits of Hussein, some with blood running down his forehead, lined an empty sandlot in preparation for a reenactment of the events in Karbala surrounding his death. Black and white tents were pitched next to red papier-mache rocks, and plastic sheets were laid out to look like the Euphrates River in Iraq.

On Sunday, after the call to afternoon prayers, Muhammad Zaki Khabbaz took off his jacket and joined several hundred young men for a funeral procession. They snaked their way through narrow, garbage-strewn alleys dotted with green and red banners, beating their chests rhythmically as a poem about the events in Karbala was recited through a bullhorn. The group passed under a covered alleyway with a large cloth banner that read, "Every day is Ashura, and Every Place is Karbala."

"Imam Hussein died rather than bow down to the oppressor," said Khabbaz, a 27-year-old computer company manager. "And by commemorating Ashura, we are confirming our allegiance to never giving up and to upholding those principles.

"When we beat our chests, we are saying that we will never forget Imam Hussein's tragedy," he said. "Every day there is oppression is Ashura, and every place there is oppression is Karbala. And every day, we will fight that oppression."

Talks To Resume On North Korea And Weapons (NYT)

By Joseph Kahn

The New York Times, January 31, 2007

BEIJING, Jan. 30 — China announced Tuesday that talks over North Korea's nuclear weapons would resume in Beijing next week, the latest in a long series of negotiations that have failed to curb its nuclear program.

Discussions are set to resume Feb. 8 though the United States and North Korea have not settled a dispute over freezing North Korean assets at a bank in Macau, a Chinese territory.

United States Treasury officials and their North Korean counterparts met Tuesday in Beijing to discuss American measures that have led to the freezing of $24 million in North Korean assets held at the bank, Banco Delta Asia. No breakthrough appeared imminent, but the talks were set to continue Wednesday.

The dispute overshadowed the last round of nuclear negotiations, which ended in a stalemate in December. Whether North Korea would bargain on its nuclear program while its money remained frozen was unclear.

The United States contends that the matter is separate from the nuclear issue and that the deposits are linked to North Korean counterfeiting and money laundering.

North Korea exploded a nuclear device in October, adding a sense of urgency to six-nation talks that have dragged on for more than three years without tangible progress.

Many American and Chinese analysts say they doubt North Korea will give up its nuclear arms voluntarily after spending decades working to buy and develop the technology.

But the analysts also say that the Bush administration and the North Korean leader, Kim Jong-il, may have more to gain by continuing the talks than abandoning them, at least partly because China, the key intermediary, insists that the talks are the only way to proceed.

The United States and China agreed to impose limited United Nations military sanctions on North Korea after its nuclear test. But China has opposed tougher penalties on North Korea, its former ally.

Christopher R. Hill, an assistant secretary of state and the chief American envoy at the talks, says the North Koreans have signaled their commitment to a 2005 accord on dismantling their arms program. He met his North Korean counterpart, Kim Kye-gwan, in Berlin this month, and both sides said they had set the stage for a productive round.

N. Korea May Accept Deal In Nuclear Talks (WP)

By Glenn Kessler

DOJ_NMG_0124849

The Washington Post, January 31, 2007

North Korea appears increasingly willing to bargain over the terms of ending its nuclear programs, prompting cautious optimism that some sort of agreement may be reached when the six-nation disarmament talks reconvene next week in Beijing, U.S. and Asian officials close to the talks said.

With just two years left in President Bush's term, State Department officials appear to have been given new freedom to explore different outcomes and proposals with their North Korean counterparts, most recently during unusual bilateral talks held in Berlin. North Korean officials have responded in kind, for the first time moving beyond quibbles about the wording in communiques and actually talking specifically about what they might do to end their nuclear programs, the officials said.

Officials cautioned that intensive bargaining will be necessary for any deal in a process that has generally yielded little but disappointment, most recently during a round of talks in December. In September 2005, North Korea agreed to a joint communique in which it said it would abandon its nuclear programs in exchange for economic and security incentives. But then it boycotted the talks for 13 months in anger over a Treasury Department action against a Macau bank allegedly acting as a conduit for North Korean counterfeiting.

North Korea tested a nuclear weapon in October, which put it at odds with longtime ally China. But other nations at the talks -- such as Russia -- recently put pressure on the United States to end the financial crackdown against Banco Delta Asia. The talks also include China, South Korea and Japan.

Sources close to the talks who spoke on the condition of anonymity said the United States, backed by China, is seeking some sort of disablement of the North Korean nuclear facility at Yongbyon, but Pyongyang has thus far proposed only to allow the return of inspectors from the International Atomic Energy Agency. North Korea in the past four years has obtained from spent fuel rods at the facility enough plutonium for an estimated 10 nuclear weapons, and it might consider freezing the facility. But that would be problematic for the Bush administration because that would result in a deal similar to the one obtained by then-President Bill Clinton -- which Bush has said was a bad bargain.

Any agreement is likely to include some sort of resolution of the Banco Delta Asia issue. Pyongyang officials have demanded that $24 million in frozen North Korean accounts be returned, but U.S. officials have indicated a willingness to discuss only the return of some funds that have no clear connection to illicit activity.

Assistant Secretary of State Christopher R. Hill, the chief U.S. negotiator, declined yesterday to discuss specifics or to predict success. "We go there thinking our team has worked as hard as we can, and we have a basis for calling a meeting and a basis for moving forward," he said.

Michael J. Green, the top White House official for Asia policy until a year ago, said the administration will have to balance its interest in winning an agreement against the possibility that North Korea will agree only to a partial solution -- and will ultimately keep its nuclear weapons -- to relieve the pressure from U.N. sanctions. "The devil is in the details," he said.

Green, a Japan expert, added that there is increasing nervousness among Japanese officials that the Bush administration is getting soft on North Korea because of the turmoil in Iraq.

That nervousness extends to U.S. officials deeply skeptical of North Korea. "Any deal that they would agree to now is no good," said John R. Bolton, until recently U.S. ambassador to the United Nations and the top arms-control official during Bush's first term. "It is inconceivable that they will agree to the intrusive inspections regime that we need to have any confidence they would live up to the terms of the deal."

N. Korea Nuclear Talks To Resume (WT)

By Andrew Salmon

The Washington Times, January 31, 2007

SEOUL -- Chinese officials announced yesterday that six-party nuclear talks will resume on Feb. 8, raising hopes that North Korean objections over the freezing of a Macau bank account would be resolved by then.

U.S. Treasury Department officials held talks with North Korean delegates in Beijing on that issue yesterday, and published Asian reports said the Americans were prepared to see some funds released from the Chinese bank.

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Chinese Foreign Ministry spokeswoman Jiang Yu said the new round of six-party talks -- involving the United States, China, Russia, Japan and the two Koreas -- should focus on implementing a September 2005 joint statement on the denuclearization of the entire Korean Peninsula.

Negotiations have been stalled almost since the statement was issued because of Pyongyang's unhappiness with U.S.-backed financial moves, particularly the freezing of a North Korean government account at Banco Delta Asia, or BDA, in Macau.

The Treasury Department charges that the account in Macau, a Chinese autonomous territory, was being used to launder the proceeds of financial crimes, including the counterfeiting of U.S. currency.

Daniel Glaser, the Treasury Department's deputy assistant secretary for terrorist financing and financial crimes, led the American side in the talks, which were to continue today. The North Korean team was led by O Kwang-chol, president of the North's Foreign Trade Bank.

The talks create "the opportunity to discuss the concerns of the international financial community about illicit conduct in the international financial system," Mr. Glaser told reporters.

"I know that there's a lot of focus on Banco Delta Asia, and we'll certainly be talking about the illicit conduct of that bank. We'll also be talking about counterfeiting and other related issues."

A news agency report from Beijing said the U.S. officials had confronted the North Koreans with documentary proof of illicit dealings at BDA.

The Treasury Department warned American and international financial institutions in September 2005 not to have dealings with BDA, because of suspicions of illicit activities on behalf of the North Korean government. Following the warning, international financial companies curtailed trade with BDA, for fear of being blacklisted by the U.S. government.

The Macau government took over the bank and froze an estimated $24 million in North Korean assets.

The North subsequently has made the lifting of what it calls U.S. sanctions against the bank a condition for progress in the six-party nuclear talks. With Washington refusing to link the two issues, the North boycotted the nuclear talks for over a year.

There was little progress when the six-party talks finally resumed in Beijing last month, with the U.S. and North Korean financial teams meeting on the sidelines. But both sides were upbeat after three days of closed-door bilateral meetings in Berlin earlier this month.

While Washington insists the Berlin meetings were held in the context of the six-party talks, it was the first time the countries had met without other countries' delegates in proximity since the process began.

Japanese and South Korean news media, citing unnamed sources, have since reported that the United States might permit the unfreezing of some $13 million held by North Korea in BDA. And yesterday, South Korea's Joongang Ilbo newspaper, without naming sources, said President Bush had ordered the Treasury Department to cooperate with the State Department on the North Korean issue.

Specialists say at least some of the North Korean funds held in BDA are from legitimate business dealings.

In an interview with The Washington Times last summer, Nigel Cowie, head of Daedong Credit Bank, the North's only foreign-run bank, said that some of his bank's funds were also locked up in BDA.

He confirmed the difficulties North Korea was facing, as international financial institutions were reluctant to deal with its banks after the Treasury's September 2005 warning. This situation had forced North Korea to rely on couriers to carry international currencies in and out of the country, he said.

Frozen Funds In Macau Could Thaw N. Korea Impasse (USAT)

By Paul Wiseman

USA Today, January 31, 2007

HONG KONG — By the standards of international finance, the amount is trifling: $24 million — less than a lot of CEOs take home in a year.

But that sum — North Korean money stuck in the sleepy Chinese territory of Macau — could hold the key to ending a 4½-year nuclear standoff with North Korea.

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The money was frozen 16 months ago when U.S. Treasury Undersecretary Stuart Levey accused a small bank in Macau, Banco Delta Asia, of being "a willing pawn" in North Korea's "corrupt financial activities."

North Korea wants its money back, and the money has become a bargaining chip as the United States leads the diplomatic effort to get North Korea's isolated Stalinist regime to give up its nuclear weapons program.

International talks aimed at dismantling North Korea's nuclear program are to resume Feb. 8 after breaking off in December.

Tuesday, a U.S. delegation led by Deputy Assistant Treasury Secretary Daniel Glaser met at the U.S. Embassy in Beijing with North Korean officials to discuss the $24 million and related allegations: that the communist state is a financial rogue engaged in counterfeiting and money laundering.

If the money talks go well, North Korea might be willing to make concessions on its nuclear program, says Park Young Ho, senior research fellow at the Korea Institute for National Unification in Seoul.

Treasury officials won't comment on widespread speculation in Japanese and South Korean media that the United States is ready to OK the release of perhaps $13 million of the $24 million to give a boost to next week's nuclear talks, which will involve South Korea, China, Japan and Russia, in addition to the United States and North Korea.

The Bush administration alleges that North Korea raises hard currency through criminal activities — peddling pirated cigarettes and Viagra, trafficking in heroin and methamphetamine and printing counterfeit U.S. dollars. At least $45 million in North Korean "supernotes" — near-perfect duplicates of U.S. $100 bills — have been found in circulation, the Congressional Research Service (CRS) reported last year. North Korea earns $15 million to $25 million a year from counterfeiting, CRS has estimated.

Some of those bogus North Korean bills have made their way to Macau, 40 miles west of Hong Kong. Banco Delta Asia, which has $320 million in assets and eight branches (including one in a casino) was North Korea's banker in Macau.

In 1994, a teller at the bank caught two executives from Zokwang Trading, a North Korean front company, trying to deposit $250,000 in counterfeit bills; the men carried diplomatic passports.

Despite the incident, Banco Delta Asia continued to do business with Zokwang for more than a decade — a sign of the bank's tolerance for illicit North Korean business, the U.S. Treasury says. The Treasury chided the government of Macau, a former Portuguese colony that is a specially administered region of China, for lax money-laundering regulations.

The Treasury hasn't imposed any sanctions on Banco Delta Asia. The regulatory case against the bank has been pending since September 2005.

Still, when the bank appeared on the Treasury's blacklist, other banks stopped doing business with it. Customers withdrew $133 million — more than a third of the bank's deposits — within a week. Macau's government froze the $24 million in North Korean accounts, replaced the bank's senior management and suspended chairman Stanley Au, a well-known entrepreneur and former Macau legislator who continues to own the bank. The new management team ended the bank's business relations with North Korea.

The bank also hired U.S. lawyers and lobbyists, who have tried unsuccessfully to get the Treasury to drop its case. The United States hasn't offered detailed evidence against Banco Delta Asia, noting that it has relied on classified sources. Glaser says Treasury officials have studied 300,000 pages of bank documents. "We are quite confident of what we said in September 2005," he says. "Now that we've had a chance to look behind the veil a bit, we know we made the right decision."

In Macau, the bank is widely seen as a pawn in the U.S. diplomatic campaign against North Korea. "There's a general perception that the Americans are using this as a weapon, a way to pressure Pyongyang," says Paulo Azevedo, executive director of Macau Business magazine. "Everybody knew for 10 years about the strong connections between North Korea and Macau. (North Korean airline) Air Koryo was flying through Macau. The flights were full of luxury goods going to Pyongyang. Everybody knew — and the Americans didn't? What a coincidence" that the issue emerged in the middle of the nuclear standoff.

Levey, Treasury undersecretary for terrorism and financial intelligence, says, "This is not about punishing North Korea. This is about protecting the international financial system."

Whatever the U.S. motivation, the North Koreans reacted with fury, pulling out of the six-party nuclear talks in November 2005. Park at the Korean unification institute says the North Koreans see the allegations of money laundering and counterfeiting

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as a slap at their leader and a suggestion that dictator Kim Jong Il is an international gangster. "Face-saving is very important to North Korea," he says.

Macau, which has overtaken Las Vegas as the world's No. 1 gambling market, has passed a stronger anti-money-laundering act.

"We're really pleased with the progress Macau's made," Glaser says. "It's important they play by the rules."

Azevedo of Macau Business agrees that Macau needed to crack down on money laundering. "If the Americans are the only ones with the muscle to stop it, then OK," he says. "Better late than never."

Seoul Wants Written Accord From NKorea Nuclear Talks (AFP)

AFP, January 31, 2007

South Korea has said it wants a binding written agreement to emerge from next week's six-nation talks on dismantling North Korea's nuclear weapons programme.

Foreign Minister Song Min-Soon said the new round, which starts in Beijing on February 8, should produce a document that sets out firm steps toward a nuclear-free North Korea.

Song said the round will aim to reach agreement on implementing a landmark September 2005 pact, under which the reclusive communist state agreed to abandon its nuclear ambitions in return for security guarantees, economic aid and diplomatic recognition.

"An agreement does not come in words. Lots of words have been exchanged among parties. I expect them to turn into a joint document," he told a weekly news briefing.

The United States said Tuesday it was hopeful that "substantial progress" can be made when the talks, grouping the United States, the two Koreas, China, Russia and Japan, resume.

The 2005 deal went nowhere after North Korea in November that year walked away from the forum in protest at US sanctions on Banco Delta Asia (BDA), a Macau-based bank accused of money-laundering for the regime in Pyongyang.

After conducting its first nuclear test on October 9 last year the North returned to the six-party talks in December. But it made it clear it would not discuss nuclear issues unless there was progress on the banking row.

US and North Korean officials began a second round of discussions on the banking curbs on Tuesday in Beijing.

"The BDA issue has so far had a negative impact on the six-party talks. I am looking forward to the settlement of the issue," Song said.

South Korea's Yonhap news agency said Sunday that North Korea would be told during the next round to dismantle its nuclear facilities within months.

The facilities subject to the shutdown include a five-megawatt reactor, a fuel reprocessing plant, a radiochemical lab and two reactors of 50 megawatts and 200 megawatts now under construction, it said.

'Radical Populism' On Negroponte's List (WT)

By Nicholas Kralev

The Washington Times, January 31, 2007

John D. Negroponte said yesterday that one of his priorities if confirmed as deputy secretary of state will be countering the rise of "radical populism" and anti-Americanism in Latin America championed by Venezuelan President Hugo Chavez.

Bush administration officials said that Mr. Negroponte, a former ambassador to Mexico and Honduras, is expected to re-energize Washington's policies in the Western Hemisphere, to which the administration has been accused of not paying enough attention.

"Latin America has been a mixed picture in the last couple of years," said Mr. Negroponte, who is still serving as the nation's first director of national intelligence, during his confirmation hearing before the Senate Foreign Relations Committee for his new post as Secretary of State Condoleezza Rice's deputy.

"One of the trends we need to be concerned about is a kind of a frustration among some of the populations in Latin America that democracy is not necessarily delivering the kinds of results that people had hoped for, and that has in turn given rise to a certain amount of populism," he said. "That is most clearly symbolized by Mr. Hugo Chavez."

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Mr. Negroponte's remarks, as well as comments by other officials, suggest a more active approach to dealing with Mr. Chavez's influence in the region than the administration has had so far.

Thomas A. Shannon, assistant secretary of state for Western Hemisphere affairs, told The Washington Times last year that Washington had decided to "ignore" the Venezuelan leader.

"It would be a mistake for U.S. foreign policy in the region to overly concentrate on the guy," Mr. Shannon said. "If we allow ourselves to get trapped in the kind of confrontation that he wants to have with us, it lessens our influence with others in the region."

Last week, Mr. Shannon said he had spoken briefly with Mr. Chavez at the inauguration of Nicaraguan President Daniel Ortega earlier this month. Mr. Ortega joined the small but growing circle of Latin American leaders who are allies of Mr. Chavez -- Bolivia's Evo Morales, Ecuador's Rafael Correa and the ailing Fidel Castro in Cuba.

"President Chavez indicated a desire to improve relations and a belief that we could find areas where we could have a positive, constructive conversation," Mr. Shannon said at the Center for Strategic and International Studies.

U.S. Ambassador William Brownfield in Caracas "has held several conversations with the foreign minister and with others in the Foreign Ministry about what such an agenda would look like, and I think we are fairly close to a moment in which we might be able to sit down and talk," Mr. Shannon said.

Mr. Negroponte, a career diplomat since 1960, served as ambassador to the United Nations and Iraq before becoming the top U.S. intelligence official in 2005.

Sen. Joseph R. Biden Jr., Delaware Democrat and Foreign Relations Committee chairman, promised a speedy vote on the nomination and predicted an overwhelmingly positive outcome.

Mr. Negroponte said that in addition to Iraq and Latin America, he will focus on Asia in his new position. His portfolio will be similar to that of his predecessor, Robert B. Zoellick, who resigned in July, although it is not clear if Mr. Negroponte will devote as much time to Sudan's Darfur region as Mr. Zoellick did.

Venezuela Poised To Hand ChÃ¡vez Wide-Ranging Powers (WP)

By Juan Forero

Washington Post, January 31, 2007

CARACAS, Venezuela -- The line forms every day after dawn at the Spanish Consulate, hundreds of people seeking papers permitting them to abandon Venezuela for new lives in Spain. They say they are filled with despair at President Hugo ChÃ¡vez's growing power, and they appear not to be alone. At other consulates in this capital, long lines form daily.

Two months after ChÃ¡vez was reelected to another six-year term by an overwhelming margin, Venezuela is experiencing a fundamental shift in its political and economic climate that could remake the country in a way perhaps not seen in Latin America since Fidel Castro took power in Cuba in 1959. On Wednesday, the National Assembly is expected to entrust him with tremendous powers that will allow him to dictate new laws for 18 months to transform the economy, redraw the structure of government and establish a new funding apparatus for Venezuela's huge oil wealth.

ChÃ¡vez's government announced earlier that it intends to nationalize strategic industries, such as telecommunications and electric utilities, and amend the constitution to end presidential term limits.

The new, more radicalized era is enthralling to the president's supporters. To them, ChÃ¡vez is keeping the promise he has consistently made over eight years in office -- to reorganize Venezuelan society, redistribute its wealth and position the country as an alternative to U.S. capitalist policies.

"This is a moment that could be key in the history of Latin America," said Joanna Cadenas, 36, a teacher in the state-run Bolivarian University. "I never thought you could love a president."

But the moves -- which opponents say are marked by intolerance and strident ideology -- are prompting some Venezuelans to leave the country and others to prepare for a fight in the last battlegrounds where the opposition has influence. A few are trying, against the tide, to remain apolitical in a country marked by extreme, even outlandish rhetoric.

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"What we're seeing happen here is not good," said JosÃ© Manuel RodrÃ-guez, 42, an accountant seeking travel documents at the Spanish Consulate. "What we see here is the coming of totalitarianism, fewer guarantees, fewer civil rights. I want to have everything ready to leave."

ChÃ¡vez's moves are worrying Bush administration officials, who have voiced concern over the ideological nature of nationalization plans that have targeted companies such as CANTV, the dominant provider of fixed-line telephone service, and the utility Electricidad de Caracas, both of which have stakeholders in the United States. U.S. officials have also expressed concern that the government will not renew the broadcast license of RCTV television, which Venezuelan officials charge supported a short-lived coup against ChÃ¡vez in 2002.

"We should all be concerned about the direction President ChÃ¡vez is taking his country," Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Appropriations foreign operations subcommittee, said in a statement this week. "Any leader who tries to tighten his grip on power by destroying the institutions of democracy, curtailing press freedom and using his office to intimidate pro-democracy opponents is setting in motion a dangerous process with potentially ominous consequences."

Venezuelan government officials argue that the president's moves are the will of the people and that his latest electoral victory is a mandate for ChÃ¡vez to deepen what he calls his Bolivarian revolution.

"We cannot disqualify Hugo ChÃ¡vez as social leader who, with the support of big majorities, makes decisions," said Haiman El Troudi, a former chief of staff to ChÃ¡vez who now works at the International Miranda Center, which is funded by the government. "I don't see people moving forward against this. I see the same old opposition groups."

El Troudi, the author of a book about the kind of companies that should make up the 21st-century socialism that ChÃ¡vez extols, said the government will move quickly to transform the country into a mixed economy of state firms and private ones, "but with conditions." He said that politically and economically, Venezuela is steadfast against capitalism.

El Troudi also acknowledged that the government needs to better woo the 4 million Venezuelans who voted against ChÃ¡vez and now feel they have no political representation. "These 4 million people are not oligarchs, and they don't represent the ideas of the oligarchy," he said.

Still, ChÃ¡vez's own rhetoric, in daily speeches that can last hours, are filled with invective against opponents and the Americans, giving the former paratrooper the air of what prominent Mexican author Carlos Fuentes calls "a tropical Mussolini."

Even some of ChÃ¡vez's allies have raised eyebrows over some of his plans. The president has formed a coalition, the United Socialist Party, to unite the numerous parties in the National Assembly -- all of them pro-government. But the leaders of bigger, well-established parties such as the Communist Party and Podemos are balking, at least for now.

In a recent meeting for leaders of Podemos, one delegate, Pedro Peraza, said that although support was strong for folding into the president's party, Podemos needed to be cautious. "Things cannot be that way, that it's all about what the president says and that we just follow along," Peraza said. "That would be like communism."

Despite concern voiced by several Podemos members, the president of the party, Ismael GarcÃ-a, said that the dissolution of his party was only a matter of time. Asked if folding Podemos and other parties wouldn't give ChÃ¡vez too much power, GarcÃ-a cited the widespread support the president enjoys.

"We're not turning over anything to anybody," he said. "The president has won this through his prestige, his worth as a leader, his courage."

ChÃ¡vez's boundless energy, and broad ambitions, have hardly slowed plans that include putting a satellite into space, sending 100,000 poor Venezuelans on vacations to Cuba and purchasing 4,000 tons of Bolivian coca, once the drug crop is manufactured into flour and other products. Even in a country now long accustomed to ChÃ¡vez, the pace of the changes is hard to keep up with.

"We thought 2007 would be a time for change, a time for constitutional reform, but we never thought one month after the election we'd see a creation of a sole party, the shutdown of RCTV, the nationalization of CANTV and the electricity of Caracas, and the announcement of a new political map of Venezuela," said Julio Borges, an opposition leader.

Rigoberto Lanz, a prominent intellectual who is an adviser in the government's Science and Technology Ministry, said the size of ChÃ¡vez's ever-expanding government has done little to curb what he called the two most serious "enemies" of the ChÃ¡vez administration, corruption and bureaucratic inertia.

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And while Lanz and others are working to empower Venezuelans, he said, there is not a mechanism for people's wishes to be reflected in major policy moves, such as nationalizing companies. Among ChÃ¡vez's plans are communal councils, funded by oil revenue, that would give ordinary people decision-making powers. "We're still far from the big decisions being made by the people," Lanz said.

A recent survey done in Venezuela by Greenberg Quinlan Rosner, a Washington polling firm, showed that a strong majority of Venezuelans were against the plan to eliminate presidential term limits and the decision not to renew RCTV's license. Venezuelans also said it would be preferable if the opposition had more power. And a vast majority said ChÃ¡vez, known for his pugnacious attitude, should be more conciliatory toward the opposition.

"It suggests Chavistas are uncomfortable with some of this and, more importantly, it shows that ChÃ¡vez is misinterpreting his mandate," said Mark Feierstein, a political adviser with the polling firm who helped oversee the survey.

Perhaps surprisingly, some in the opposition see this moment as a time for optimism. Once badly fragmented and discredited, they believe they could find adherents as ChÃ¡vez tries to inject socialist dogma into schools, as he has promised to do, or replace municipal governments with community councils.

"Our job is to present alternatives, and then we need to organize and make people conscious," said Leopoldo LÃ³pez, the opposition mayor of Chacao, an affluent district of Caracas. "I'm not despondent. The lack of hope is the worst enemy we have."

Cuba TV Shows Castro Meeting With Chavez (AP)

By Anita Snow

AP, January 31, 2007

Cuban state television Tuesday showed a video of a healthier looking Fidel Castro meeting with Venezuelan President Hugo Chavez and saying his recovery was "far from a lost battle," in the first images of the ailing leader in three months.

Castro stood and appeared alert in the 10-minute video clip, which state TV said was shot during Chavez's previously unannounced visit to Havana on Monday.

The video seemed to be aimed at knocking down recent rumors about Castro's health, including a report that he was in grave condition.

Castro looked heavier than in previous images that showed him much more thin and frail. Dressed in a red, white and blue track suit, the 80-year-old was shown sitting and drinking juice.

"This also is far from being a lost battle," Castro said of his current health problems.

He noted that when severe intestinal problems struck last summer, he was still not fully recovered from an October 2004 fall that severely injured a knee and a shoulder. "One after the other," Castro said of his health troubles.

Later in the video, Chavez was even more optimistic, saying Castro had already won the battle to recover his health. The Venezuelan president's brother, Education Minister Adan Chavez, was also seen in the video visiting Castro.

Cubans watching the video being shown repeatedly on nightly television news as they sat in open cafes and restaurants said the images reassured them about Castro's health.

"He looks a lot better now," said 28-year-old law student Nicolas Fernandez. "He's well; strong of mind and body."

State Department spokeswoman Joanne Moore declined to comment on the video.

The broadcast came six months after Castro stunned the nation with a July 31 announcement that he had undergone intestinal surgery and was provisionally ceding power to his younger brother Raul. Since then, Raul Castro has led a collaborative leadership that has kept the government running calmly in his brother's absence.

The date that Tuesday's video was taken could not be immediately confirmed. In it, Chavez said the two-hour private meeting took place on Monday and ended at 3 p.m. on Jan 29. In Caracas, a presidential spokeswoman, speaking on customary condition of anonymity, confirmed that Chavez made a one-day visit to Havana on Monday.

On the video, Castro was also heard reading aloud a headline from a printout of an article dated Saturday from the Web version of Argentine newspaper Clarin.

Castro has not been seen in public since July 26 — five days before he stepped aside. He looked more thin and frail the last time video images were broadcast, on Oct. 28.

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Cuban officials told visiting U.S. lawmakers last month that Castro does not have cancer or a terminal illness and will eventually return to public life, although it was not clear whether he would return to the same kind of absolute control as before.

In the latest video, Chavez said he found his friend to be "of good humor, with a good face and in good spirits." He said the pair discussed a variety of issues, including the world's energy crisis, and that Castro showed "much clarity, as always in his ideas and analysis."

A report in the Spanish newspaper El Pais earlier this month said the Cuban leader was in "very grave" condition. The paper, citing two unnamed medical sources from Gregorio Maranon hospital in Madrid, had reported Castro was still recovering after three failed operations and complications from an intestinal ailment common in older people called diverticulitis.

The hospital employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat Castro. The article's authors later said Garcia Sabrido was not among their sources and he later dismissed much of the report as half-truths and rumors.

Incoming Rice Deputy Seeks US 'Engagement' With China (AFP)

AFP, January 31, 2007

Incoming number-two US diplomat John Negroponte has said Washington should adopt an engagement policy at all levels with China, which is countering traditional US influence in Asia.

Negroponte, currently the top US spy chief and set to become Secretary of State Condoleezza Rice's deputy, also told a Senate hearing on his confirmation that it would not be wise for Washington to review its policy on Taiwan.

"I think we need to engage China on all levels and I think that ought to be our approach to that country, not one of confrontation but engagement," said the 67-year-old veteran foreign service officer whose career began in Asia.

Negroponte also said that he expected to resume a US-China strategic dialogue launched by the previous deputy secretary of state, Robert Zoellick, before his resignation in July last year.

Zoellick had challenged China to be "responsible stakeholder" in the global economy.

Indicating that he has a firm grasp of China's history, Zoellick said he had gone to Beijing as early as 1972 with former top US diplomat Henry Kissinger shortly after then President Richard Nixon's landmark visit to that country.

"I was involved in the first outreach to China back in the early 1970s," he said.

When asked at the hearing about his opinion on Taiwan President Chen Shui-bian's push for a new constitution, Negroponte cited Washington's adherence to a "one-China policy" and three US-China communiques issued after Nixon resumed contacts with China in 1972.

"We believe that it would be unwise to do anything that might be at cross purposes with those three," Negroponte said.

Pressed by Senator Lisa Murkowski, an Alaska Republican, if the proposed new Taiwanese constitution would violate the communiques, he said, "I would want to study the implications but it certainly strikes me that that would be a distinct possibility".

In the three communiques signed between 1972 and 1982, the United States recognized that Beijing considers there is only one China, including Taiwan, but did not explicitly adopt that view as its own.

Negroponte also said that he expected to spend much time trying to secure peace in Northeast Asia, which has been threatened by North Korea's nuclear brinkmanship.

On ties with Japan, the top Asian ally of the United States, he said he expected to devote "an important amount of time" to nurture that relationship.

He said, "Our relationship with Japan has always been a corner storne of our policy towards East Asia.

"I don't think we should take the relationship for granted, I think it needs to be nurtured and Japan remains one of our most important allies in the world."

Members, Manufacturers Push President On China Trade Policy (HILL)

By Ian Swanson

The Hill, January 31, 2007

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The Bush administration is under pressure from members of Congress and domestic manufacturers to change a long-standing practice of not imposing anti-subsidy duties on imports from countries with largely state-driven economies, such as China.

Some congressional sources and manufacturing representatives believe the move could counter rising congressional pressure for legislation tackling the trade deficit with China. The perception that the administration is not dealing effectively with the country could "build a head of steam for legislation," according to Frank Vargo, vice president for international economic affairs at the National Association of Manufacturers, which has lobbied the administration to change its policy.

A second manufacturing source said it would be helpful if the administration opened up a "new avenue" to provide relief for U.S. companies struggling with Chinese competition. If the administration decides that countervailing duties may be applied to counter subsidies China's government gives its exporters, U.S. companies could petition the government to impose duties on Chinese imports.

Senate Finance Committee Chairman Max Baucus (D-Mont.) joined 22 other senators in a letter last week to Commerce Secretary Carlos Gutierrez calling on the administration to make the change. "China's trade surplus with the United States continues to explode, fueled in large part by subsidies provided by the Chinese government to favored industries in China," the letter read. Thirty-two House members, including 20 Republicans, sent a similar letter to Gutierrez.

Manufacturing groups and companies pressing for the change include the National Association of Manufacturers, the National Council of Textile Organizations, Mittal Steel USA, United States Steel Corporation and the American Forest and Paper Association.

A handful of associations representing retailers and importers, however, has pressed Commerce to maintain its current policy, and broader groups such as the U.S. Chamber of Commerce and the U.S.-China Business Council have not weighed in, possibly because their memberships include companies doing business in China. General Motors Corp. filed a submission that neither rejects nor supports changing the practice, but said Commerce practices should "not unduly handicap imports that are fairly traded or do not result in material injury to domestic producers."

A GM source said his company's concern is that if U.S. trade laws are applied in an arbitrary manner that is detrimental to Chinese trade, China could be in a position to retaliate against U.S. companies. GM's sales in China grew by 20 percent to 700,000 units in 2006, and GM expects the Chinese market to continue to grow rapidly.

Nonetheless, both of Michigan's senators joined Baucus in calling for the change in policy.

Baucus, Finance ranking member Chuck Grassley (R-Iowa) and Sens. Charles Schumer (D-N.Y.) and Lindsey Graham (R-S.C.) are expected to put together a China trade bill later this year, but have yet to meet on the issue this year, according to a committee aide. Finance expects to hold hearings on China's trade policy in March, which could kick off efforts to develop a bill.

"The trick is going to be to come up with ways that are productive and not counter-productive," said Brian Pomper, a former trade counsel to Baucus who is now a partner with Parven Pomper Schuyler. He said there would be an effort to move legislation dealing with China this year.

In September, Schumer and Graham agreed to back off demands that the Senate vote on legislation imposing tariffs on Chinese goods because of China's manipulation of its currency, which Schumer and Graham charge gives a trade advantage to Chinese exporters. They promised to work with Baucus and Grassley on broader trade legislation targeting China if China did not move forward on currency. One business source said the goalposts for legislation will be somewhere between Schumer and Graham on one side and Baucus and Grassley on the other.

Several business lobbyists noted that talks between administration and Chinese officials on currency may have had little impact, which has led some to conclude that talking with China will not lead to a solution. Treasury Secretary Henry Paulson will testify to Schumer and other members of the Senate Banking Committee today about Treasury's report on international exchange-rate policies and the U.S.-China Strategic Economic Dialogue, which met in China in December.

An aide to one Republican House member who signed the Jan. 19 letter to Gutierrez said an announcement that the Department of Commerce is changing its long-standing policy could be a turning point for China trade legislation. Commerce is set to make a decision on whether to change its policy by April 2.

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However, a Senate Democratic aide predicted there would be legislation no matter what the administration does, although he agreed continuing the current countervailing policy will add momentum. He noted that Commerce's decision to change its policy could be appealed by groups arguing that it is illegal for the U.S. to impose countervailing duties on non-market economies.

If that happens, legislation might still be necessary, the aide said. At a minimum, a business source said legislation would be helpful in the context of possible court cases.

CHURCH AND STATE As China's Bishops Die Off, Clash Looms With Vatican (WSJ)

By Andrew Batson In Yinchuan, China, And Stacy Meichtry In Vatican City

The Wall Street Journal, January 31, 2007

As Beijing and the Vatican escalate their battle for control of the Roman Catholic Church in China, people like Bishop Liu Jingshan are caught painfully in the middle.

The head of a diocese in the dusty plains of western China, the 93-year-old bishop is one of the church's last living links with a pre-Communist China, when Catholics could freely profess their allegiance to the pope. Bishop Liu also serves in the compromised present-day world of Catholicism in this country, in a government-approved church which the Vatican and many Catholics view as illegitimate.

For more than two decades, Bishop Liu and many other Chinese Catholics have discreetly divided their loyalties between two masters, gently nudging both toward a hoped-for rapprochement. But as Bishop Liu's generation ages, the bridge between Beijing and Rome is wearing thin, worsening tensions on both sides.

Each seat of authority claims the right to appoint Catholic bishops, and neither will talk to the other. So every time a Chinese bishop dies or retires, there is the potential for a conflict to erupt over his successor. The average age of a bishop in China is now 74, and at least 18 bishops are known to have died in the past two years.

More than two dozen of the 138 dioceses in China are now without their own bishops. Bishop Liu, already 18 years past the normal retirement age for a bishop, knows only too well his time to step down is coming.

"I know I am old. The priests who were my classmates are all gone," he says.

Last year, the Chinese Catholic Patriotic Association, the official body which oversees local Catholics, appointed three bishops who had not been approved by the pope. That reversed years of quiet progress toward accommodation, which had included signals that the Vatican was willing to switch diplomatic recognition to China from rival Taiwan.

Anger over the consecrations has prompted the Vatican to re-evaluate its effort to restore ties with Beijing. Pope Benedict XVI earlier this month summoned religious leaders from Hong Kong, Macau and Taiwan -- where the church is free of Chinese government influence -- for a two-day meeting with his top foreign policy advisers. Pope Benedict now plans to issue a letter addressed to the estimated 12 million Catholics living in China, according to a Vatican statement. In two statements last year, the Vatican warned that any bishops appointed without papal approval could be excommunicated.

The struggle over who will lead Chinese Catholics is frequently opaque, revealed only in the nuanced signals that are a hallmark of both the Vatican and the Chinese Communist party. Still, the stakes for the church are enormous. China represents an unparalleled opportunity to increase the Catholic faith at a moment when its traditional stronghold of Europe is weakening. The conflicts within the Chinese church have left it lagging behind energetic Protestant sects in preaching to the Chinese.

"It would be a great sorrow to me if, as China develops more and more into one of the most important forces in the world, it does not know the grace and wonder of Christ and his church," says Cardinal Theodore E. McCarrick, the former Archbishop of Washington, D.C., who has frequently traveled to China as an unofficial envoy for Rome.

A Test

The tensions over the Catholic Church are also turning into a test of just how much freedom China's government is willing to allow religious organizations in a materialist society whose people are increasingly hungry for spirituality. The difficulty is made more acute for Catholics by the central role of the pope and the religious bureaucracy he heads, which the Communist Party sees as a rival for political authority.

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In the years following the 1949 revolution, Catholics were denounced as agents of an imperialist power. Foreign priests and missionaries were expelled, and many Chinese priests, including Bishop Liu, were imprisoned. Later, during the chaos of the Cultural Revolution, the church essentially vanished from public life, as mobs hounded believers and tore down many cathedrals.

Today's China is somewhat more welcoming. The country officially recognizes five religions, including Catholicism, but still keeps tabs on their leaders through a government bureaucracy and a collection of five "patriotic" organizations. Catholics, in particular, have long been viewed with suspicion as possible political activists with loyalties to a foreign power in Rome.

"The Chinese government and the Chinese people are afraid of the church turning and playing the role that it did in Poland," says Liu Bainian, vice chairman of the official Chinese Catholic Patriotic Association, referring to the church's influence in the uprising against Poland's Communist rulers in the late 1980s that paved the way for free elections.

On the other side, many Catholics feel the Patriotic Association has traded the true faith for allegiance to the Communist Party.

"The official church in China is not obedient to the pope. They are obedient to the Chinese government. By definition they are not Roman Catholic," says Joseph Kung, who runs the U.S.-based Cardinal Kung Foundation and is an advocate for China's "underground" church -- the semi-secret group of priests and bishops who don't register with the patriotic association and are often harassed and imprisoned. In recent years, at least 17 underground bishops and numerous priests have disappeared, been arrested or detained in isolation, according to Asia News, a Vatican-affiliated news agency that monitors Church affairs in China. Some have died in prison.

Building Up Ties

Even so, traditionalists within the open church have spent decades quietly building up ties with the Vatican. While participating in an organization that has openly called for the Chinese church's "independence" from the pope, they have privately sought his blessing and tried to increase exchanges between Chinese Catholics and those abroad.

"Even though I spent 19 years in prison, I do love my country. But do you think I only love my country? I also love my church," says Bishop Liu.

Born in 1913 to a Catholic family in Inner Mongolia, he studied at a seminary there run by Belgian and Dutch missionaries. After being made a priest, he served as a local pastor and, later, the head of his old seminary.

Bishop Liu was just 38 years old when he was first imprisoned, in the chaos and antiforeign frenzy that followed the Communist revolution. Even after his sentence ended, in 1970, he was a suspect individual. He supported himself by laboring in the fields while the Cultural Revolution engulfed society. It was only after Mao Zedong's death in 1976 that religion was slowly allowed back into the open.

In the late 1970s, as China's new leaders began easing government controls "the churches all opened. We could practice our religion," recalls Bishop Liu. "We didn't have any books or vestments, but we started to preach again."

But the Communist Party's opening to religion came with a stark choice: cooperate with the government, and be allowed to preach openly, or continue in hiding. Bishop Liu wanted to work in the open.

The government in Inner Mongolia, where Bishop Liu had served much of his sentence, still saw him as a political criminal. So, in 1983 he left and went to Yinchuan, capital of the western province of Ningxia. It was there that, at the age of 70, he truly began his life's work.

"I still had something to do for the Lord: find a way to build up the church," Bishop Liu says, holding forth in his room, next to Yinchuan's church, which holds a desk, some chairs for visitors, a spartan cot and a toilet.

Yinchuan has a harsh, dry climate and a heavily Muslim population. Yet it proved fertile ground for the Catholic missionaries who first arrived in 1879. By 1950, Catholic records showed about 35,000 believers in Ningxia.

But when Bishop Liu -- then just an ordinary priest -- arrived in 1983, Catholicism had been driven almost completely from public life. His first task was to make contact with those believers who were left. He traveled around its many isolated mountain villages, reconnecting with Catholics who had gone into hiding. He also scrounged together land, money and material to rebuild Yinchuan's crumbling cathedral.

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The government was prepared to give the church and the land back to local Catholics. Bishop Liu still had to find the resources to rebuild the church and keep it running. In 1984, he cut a deal, giving up part of the church's land to a government real-estate company in exchange for money to build a new church. The building, finished in 1987, still stands.

Building up the human base of the diocese proved just as challenging. A half-dozen nuns had survived, but they were even older than Bishop Liu. So he roamed around northwest China to recruit. Today, Bishop Liu has 11 priests by his side and 20 or so nuns and has also set up 14 churches outside Yinchuan.

His church is still struggling. "Our biggest difficulty here is that the congregation isn't big enough," says Bishop Liu. He estimates he looks after seven or eight thousand Catholics -- many more than in 1983, but just a tiny fraction of the province's roughly six million people.

In 1993, he was named bishop of Ningxia by the Patriotic Association. He squared that with his faith by seeking, and receiving, a blessing from Pope John Paul II. Having a recognized official status has been a help: Bishop Liu has used his government contacts to get some money sent from a seminary in wealthy Shanghai.

Jeroom Heyndrickx, a Belgian priest who has known the bishop for more than 20 years, says Catholics critical of the official church should still respect his accomplishments. "He is in my view a great man, a courageous man," says Father Heyndrickx. "These old priests and bishops have done a tremendous job to rebuild the church, and have been misunderstood for it."

Search for a Successor

While Bishop Liu has found a way to practice in the open church without breaking ties with Rome, he must now find a successor who can do the same. Three years ago, a bishop in a neighboring province recommended a priest who has become his preferred candidate: Li Jing, a German-trained theologian who is now vice-rector at the government-supported National Seminary in Beijing. Father Li, 38, says he feels too young and inexperienced to take up the post, but will not contest the judgment of his elders in the church.

Father Li hasn't been formally appointed yet. To become a bishop in China's open church he must be elected by the diocese, in a meeting that usually includes the local priests and some nuns and prominent laypeople. They will then seek approval for the choice from the patriotic association.

In recent years, the process has often included some kind of informal approach to the pope, where the candidate will write to ask for his blessing, as Bishop Liu did. (Though direct communication is technically not permitted, word can be passed through Catholics in Hong Kong and Taiwan.) The Vatican has tried to bring the open church into the fold, noting in its recent statement that "almost all of the bishops and priests are in communion with the Supreme Pontiff."

The Vatican has maintained hopes that such informal coordination could eventually serve as the basis of a more formal agreement that would end the conflict over the church's status in China, of the sort it has reached with other Communist nations like Vietnam. Just last week, Vietnam's prime minister met with Pope Benedict in the Vatican -- a historic first that Vatican officials believe could eventually lead to a restoration of diplomatic ties.

Mixed Signals

In China, though, the Patriotic Association has been sending mixed signals. Of the five new Chinese bishops consecrated in the official church in 2006, two of them were consensus appointments, with both papal and government approval. However, the other three, who now head the dioceses of Kunming in the southwest and Anhui and Xuzhou in the east, did not receive papal approval.

The Vatican doesn't publicly discuss the selection process, but church observers say the priests who didn't receive the pope's blessing were seen by some as too close to the government and unlikely to stand up for church interests.

One of the priests, Liu Xinhong, the new bishop of Anhui, had asked for the pope's approval. Although he didn't receive it, he took the post anyway. He acknowledged in an interview with state-run media that his decision caused the priests and nuns in his diocese much "internal turmoil."

The Vatican called his appointment and others "a grave wound to the unity of the church." A senior church official who has advised the pope on the issue said the consecrations have revived fears that China's leadership will reverse some of the accommodation of recent years and try to consolidate the open church's independence from Rome. That could mean a schism in the church, creating a rival version of the Catholic faith in the world's most populous country.

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Bishop Liu, whose few remaining wisps of hair float out from his skullcap, knows he may not have enough time to see his ultimate hope realized.

"We are with the pope," he says. "We want to bring the churches together."

Bond In Beijing (WSJ)

The Wall Street Journal, January 31, 2007

James Bond and Communist China, foes for more than 45 years, have called a truce -- at least long enough for the latest installment in the Ian Fleming spy series, "Casino Royale," to premiere in Beijing.

It's the 21st film in the Bond franchise and the first to officially screen in China, which has always found something to object to in the plots of previous films. "Die Another Day," starring Pierce Brosnan, portrayed Beijing ally North Korea as a crazy authoritarian regime. In "The World Is Not Enough," Hollywood's version of a Rupert Murdoch-like character buys off a Chinese general to gain exclusive broadcasting rights in mainland China. In "Casino Royale," 007 merely rolls the dice with bankrollers of terrorism.

The longtime Bond ban hasn't stopped Chinese fans from getting their fix. Pirated copies of Bond movies have been circulating in China for years, much like pirated copies of just about everything else made by Hollywood. Hours before "Casino Royale's" Beijing debut, director Martin Campbell found DVDs of his movie for sale on the street. He paid about $1 for one and his name wasn't even on the credits.

The first Bond movie was released in 1962, when Mao Zedong's China was on the brink of the Cultural Revolution. The Party hasn't been quick to embrace the debonair Western spy, who always outwits his hapless Cold War -- often Communist -- adversaries. Now that Agent 007 is finally on Her Majesty's Secret Service in Beijing, we hope it will stir some thought in the Communist Party's halls of power about the ideas that Mr. Bond fights for.

Will The African Union Help Somalia? (CSM)

By Scott Baldauf

The Christian Science Monitor, January 31, 2007

JOHANNESBURG, SOUTH AFRICA

As African leaders met for the second and last day of the African Union (AU) Summit Tuesday in Addis Ababa, Ethiopia, there were many questions about unfinished business and what they have actually accomplished.

Chief among them is the shaky AU peacekeeping force planned for war-ravaged Somalia. While a few African countries – Uganda, Nigeria, and Malawi – have pledged 2,500 of the 8,000 requested troops, most remain silent.

South Africa, a regional power normally willing and able to send peacekeepers, gave a definite "no" this week, citing its own overstretched military, the lack of Western donor support, and the lack of a workable peace plan.

Its concerns underscore the stumbling blocks for the AU as a whole. And with multiple peacekeeping missions throughout the continent, the AU may be reaching the limits of its capacity to handle more conflicts.

"I get a sense that troop-contributing countries want a better understanding of the situation in [Somalia] before sending their troops," says Matt Bryden, an analyst for the International Crisis Group in Nairobi. Even if countries do soon commit to sending 8,000 troops, Mr. Bryden says that may not be enough. "With 8,000 peacekeepers, they'll be hard-pressed to provide airport and VIP protection, let alone protecting the cities," he says. "It's not realistic."

Top AU diplomat Alpha Konare chastised African countries Monday. "We cannot simply wait for others to do the work in our place," he said, warning of chaos in Somalia if peacekeepers aren't deployed soon.

In theory, the AU should behave like the European Union (EU), with common policies on trade, development, and defense. African nations should come to each other's aid, to help sort out conflicts, and to provide peacekeeping forces as needed by their fellow governments. But the AU already has missions in Ivory Coast, Burundi, and the Democratic Republic of Congo, to name a few.

"I think it's like the electricity here, at some point the demand is greater than the supply, and it just runs out," says Tom Wheeler, a former South African ambassador, and now a research fellow at the South African Institute for International Affairs in

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Johannesburg. "It's not an unwillingness on South Africa's part; we simply don't have people to send. I believe the US is also finding itself in that same situation."

As AU leaders at the summit scrambled Tuesday to convince member nations to send more troops, Somalia's President Abdullahi Yusuf agreed under intense pressure from the US, the EU, and the UN to start a reconciliation conference with all religious and clan leaders, including moderates among Somalia's Islamists, who were overthrown by Somalian and Ethiopian troops earlier this month.

Willingness to include moderate Islamist leaders in talks could pave the way to a peace plan that analysts say is key to getting African countries and Western donors to contribute enough troops and money for an effective peacekeeping force. The EU reacted to Mr. Yusuf's announcement by pledging to donate $20 million for the peacekeeping force.

Still, many experts believe that the mission will depend on how events unfold in the next few weeks.

Tuesday, Somalia's Islamists posted a videotape on their official Web site warning that any African peacekeepers would be seen as invaders, highlighting the dangers of the mission. But if Somalia's weak Transitional Federal Government (TFG) acts on its announcement to reach out and share power with a broad section of Somali society, then attacks on remaining Ethiopian troops may diminish.

"I think you may well see a staggered deployment, with limited numbers going in doing the most limited tasks, protecting the TFG, and providing escorts for VIPs," say Bryden. "A lot depends on what happens with the first group of peacekeepers. If they find themselves facing attacks the way the Ethiopians and TFG are, you're not going to see a lot of appetite for expansion."

As attacks on Ethiopian troops intensified this week, Ethiopian President Meles Zenawi announced that his country would withdraw one-third of its troops.

Mr. Zenawi said last week that Ethiopia had accomplished its mission, and now the future of Somalia rests in the hands of its new leaders and Western donors.

"The problem might be those who have resources may be reluctant to provide the necessary resources," he said. "If the international community chips in that is fine. If they don't it will be up to them," he added.

AU peacekeeping planners estimate that the AU will need $160 million for the first six months of its mission. Besides the EU announcement to contribute $20 million, the US has promised $40 million.

But, perhaps most important, the AU needs a peace plan to enforce, says Richard Cromwell, a senior analyst at the Institute for Security Studies in Tshwane (as the South African capital city of Pretoria is now called.)

"There is no peace plan, and no political or diplomatic framework on which to hang a mission," says Mr. Cromwell. "If one looks at the context of the AU summit, it's nice to say you are going to send troops, but it's another thing to actually send them. Why would you devote rare African troops to a quagmire when you might need them for future conflicts?"

Early Accolades For UN's New Chief – With Caveats (CSM)

By Howard Lafranchi

The Christian Science Monitor, January 31, 2007

UNITED NATIONS, N.Y.

When spending and accounting questions arose recently about the United Nations Development Program in North Korea, new UN Secretary-General Ban Ki Moon wasted little time moving into damage-control mode.

After all, he was fully aware of the toll that the Iraq oil-for-food scandal had taken on both the UN and his predecessor, Kofi Annan.

And so Mr. Ban summoned a top UNDP administrator, organized media access to some of the program's senior staff, and issued a statement calling for "an urgent, system-wide and external inquiry" into the financial activities of all UN programs.

That quick action within the first month of his arrival on the job has won Ban some early accolades – including from some quarters among US conservatives that are never prone to kind words about the UN.

"Just by promising an investigation into the UNDP scandal, he sets a different tone, and that is very refreshing after the secrecy that cloaked the institution in the Kofi Annan years," says Nile Gardiner, a UN expert and frequent critic at the Heritage Foundation in Washington.

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Yet even as he wins some initial praise, Ban is also raising some questions with his first appointments, while leading others to wonder if he isn't coming off as too much of a big-powers secretary-general. Ban, they worry, is showing signs of paying deference to a time-honored system that divvies up key posts among the powers that formed the UN system six decades ago – the US, Britain, and France in particular.

"So far, there's been some of the same division of senior posts on the traditional great-power spoils system that we've seen in the past," says Michael Doyle, a former senior UN official now at Columbia University in New York.

As necessary as Ban's quick jump to answer questions about UN operations in North Korea may have been, it also runs some risks, says Mr. Doyle.

"It raises the broader perception that Mr. Ban is dancing to a tune being played in Washington," he says. That is especially true, others say, because Ban issued his audits edict right after The Wall Street Journal editorial page – a prominent critic of Mr. Annan and his handling of the oil-for-food scandal – ran a column questioning UNDP's North Korea operations.

Ban's appointments so far

Ban did name a top British diplomat as the UN's humanitarian chief, and speculation is widespread at UN headquarters that Americans and French officials are in line for key diplomatic posts, which could be announced after a reorganization that Ban ordered is complete. Now out of the running for the humanitarian post, the US is seeking the top political-affairs post – a possibility that some UN experts say could actually run counter to US interests by making the UN look too much like a tool of American diplomacy.

Yet other appointments could suggest a worrying turn to UN insiders and inexperienced officials, some say. "On the negative side, I think we're seeing some very questionable appointments," says Mr. Gardiner. "Ban has to be very firm on reform, and while the quick action on the UNDP is a good sign, some of his appointments look less promising."

Some critics are questioning Ban's naming of a Mexican environmentalist and bureaucrat long involved in Latin America development issues to be in charge of reform, or of Tanzania's foreign minister, Asha-Rose Migiro, as his deputy.

This week, Ban has attended the African Union summit in Ethiopia, and he'll be in Washington on Friday for a meeting on the Middle East with other international officials.

A public official with more than three decades of experience maneuvering the tricky diplomatic straits of the Korean peninsula, Ban demonstrated his political acumen by moving fast on the questions about international aid to North Korea: Not only was he recognizing the damage another festering scandal could do to the UN, experts say, but he was also highlighting that this was a problem he inherited, not one of his administration's doing.

"What I sense is a leader very determined to protect his reputation and that of the UN," says Lee Feinstein, an expert in international organizations at the Council on Foreign Relations in Washington.

As important as that may be, it will matter to the world most if Ban uses the strengths flowing from a refurbished UN image to pursue some daunting long-term goals, Mr. Feinstein says. Those goals, he says, include enhanced peacekeeping capacity and the means to head off future repeats of global humanitarian crises – such as what occurred in Rwanda in the mid-1990s and what many consider genocide that is now transpiring in Sudan's Darfur region.

"Can he put some meat on the bones of the concept the [UN] General Assembly endorsed of a 'responsibility to protect' when member states don't protect their own citizens?" Feinstein queries.

Aside from such lofty notions, Ban is also demonstrating what some consider freshness – or what others call unwise unguardedness. An unscripted Ban told reporters in response to questions about the execution of Saddam Hussein that the death penalty is a matter for individual countries to decide. That touched off an uproar among human rights activists who said the UN was on record in opposition to the death penalty – and it caused Ban to quip that he had been given the shortest honeymoon of any UN secretary-general.

A lighter side

He has also offered peeks at what those who know him say is a keen sense of humor. For example, he lavished praise on journalist Sam Donaldson at a Washington news conference, then deadpanned that it was a "great pleasure" to take a question from him. He also used a familiar Christmas tune (Guess which one?) to "warn" UN correspondents at a year-end dinner:

I'm making a list,

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I'm checking it twice

I'm going to find out who's naughty or nice

Ban Ki Moon is coming to town.

He's also quickly showing aides carried over from the last UN administration how he is different from Annan. For example, whereas Annan was happy to have a synopsis of the news faxed to his Astor Place home to peruse over breakfast, Ban wants his personal morning-news briefing early and in the office.

"I told my wife that hours may have been long under Annan," one assistant in the secretary-general's operations says, "but that she should plan on them being even longer under Ban Ki Moon."

Lord Levy Arrested For Second Time (FT)

By Ft Reporters

Financial Times, January 31, 2007

Lord Levy, Tony Blair's chief personal fundraiser, was arrested for a second time in the cash-for-honours police inquiry, it has emerged.

Police sources said that the peer had been arrested on Tuesday on suspicion of conspiracy to pervert the course of justice.

Lord Levy was arrested when he turned up voluntarily at a police station to have his bail terms renewed. He has not been charged and was released on bail pending further inquiries.

This was the third time that Lord Levy had returned to the police to have his bail terms renewed since his first arrest on July 12 last year in connection with the 1925 honours act and the 2001 Political Parties, Elections and Referendums act.

Lord Levy's spokesman could not immediately be reached for comment.

The latest twist in a police inquiry into allegations that Tony Blair sought to reward wealthy businessmen who lent the party millions of pounds in loans by nominating them for peerages follows the arrest of Ruth Turner, Mr Blair's director of government relations and a senior gatekeeper, on January 19.

Ms Turner was arrested on suspicion of perverting the course of justice and in connection with alleged offences under the 1925 honours act. She was later released without charge and bailed pending further inquiries. It was the third time police had quizzed her.

As well as looking into possible breaches of electoral laws and whether honours have been sold illegally, detectives are seeking to establish whether any evidence has been witheld or destroyed. The arrest and release of Ms Turner led to accusations, emphatically denied by Downing Street, of a "cover up" by the government.

Scotland Yard said at the time that, as a result, "additional investigation" would be required and the inquiry could run into March before the police send a file to the Crown Prosecution Service. Ms Turner was the first salaried government official to be arrested as part of the 10-month investigation.

On Tuesday the Metropolitan Police said in a statement: "On July 12 2006, a man attended a London police station where he was arrested in connection with alleged offences under the Honours (Prevention of Abuses) Act 1925 and Political Parties, Elections and Referendums Act 2000."

"He returned on bail on September 20 where he was interviewed then re-bailed pending further enquiries. He returned on bail on December 4 and was re-bailed pending further enquiries."

"He returned on bail today in connection with alleged offences under the Honours (Prevention of Abuses) Act 1925 and Political Parties, Elections and Referendums Act 2000 and was also arrested on suspicion of conspiracy to pervert the course of justice. He has been bailed pending further enquiries."

Police have given no indication whether anyone will be charged as a result of their inquiry.

In a regular briefing for reporters on Tuesday morning, the prime minister's official spokesman again denied reports that police had discovered there was a second computer system at Downing Street used by senior officials.

"There is only one system in Downing Street," he said, adding that police had had full access to it.

In a statement, a spokesman for Lord Levy said he "completely denies any allegations of wrongdoing whatsoever''.

Blair Ally Arrested In Corruption Probe (WP)

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By Mary Jordan

The Washington Post, January 31, 2007

LONDON, Jan. 30 -- The chief fundraiser for Prime Minister Tony Blair's Labor Party was arrested Tuesday on suspicion of hampering a police investigation into whether the party offered seats in the House of Lords and other government honors in exchange for cash.

Michael Levy, a close friend of Blair's and special envoy to the Middle East, was arrested on "suspicion of conspiracy to pervert the course of justice." He was released on bail and has not been charged with a crime.

In July, Levy was arrested on suspicion of breaking the law by offering government honors to people who lent large sums of money to the ruling party.

A tennis partner of Blair's who became wealthy in the music industry, Levy has been dubbed "Lord Cashpoint" by British tabloids for his central role in the scandal. He issued a statement Tuesday denying "any allegations of wrongdoing whatsoever."

Many people here see the new charge as more significant than last summer's because it suggests an effort by people close to Blair to hide an offense. "The coverup seems to be the main focus now," said Tim Knox of the Center for Policy Studies in London. "It's a serious crime, and it could be easier to prove" than the initial charges.

Appointed seats in the House of Lords, the upper house of Parliament, could be offered to donors with only a "wink, nod and a handshake," Knox said. But he said it might be much easier for police to discover that e-mails or other documents had been destroyed or hidden in an effort to thwart the investigation.

"Increasingly, this sorry affair has the whiff of Watergate about it," Edward Davey, a member of Parliament from the Liberal Democrats, the third-largest political party here, told the BBC. Suspicion of a coverup is particularly angering people, Davey said.

In all, four people have been arrested in a burgeoning scandal that has made Blair the first sitting prime minister to be questioned by police in a criminal inquiry. The next step is for prosecutors to review the police findings and decide whether to press charges.

Blair announced last fall that he would step down, but he did not say exactly when. Under pressure from his own party and with his approval ratings plunging, Blair said he would not attend his party's next conference, to be held in September.

The cash-for-honors scandal, as it is known here, has increased public disillusionment with Blair, and many people say it could force him to resign earlier than he had planned. Blair has said he did nothing wrong.

Scotland Yard has said it is conducting a "cross-party investigation," and all major political parties are widely thought to have acted similarly with major donors.

But the scandal has damaged Blair and his party more because they are in power. In addition, Blair promised to end the sleaze associated with former prime minister John Major's Conservative Party, which he trounced in an election a decade ago.

Earlier this month, Ruth Turner, a close aide of Blair's at his Downing Street office, was arrested on the same charges of offering government honors for money and suspicion of perverting justice. Two other people, Christopher Evans, an entrepreneur and major Labor Party donor, and Des Smith, a Labor government adviser, have also been arrested in the case. All were later released.

The Blair He Could Have Been (WP)

By David Ignatius

The Washington Post, January 31, 2007

At the beginning of Tony Blair's political career, his Tory opponents gave him the nickname "Bambi" because of his fawn-like appearance. Now at the end of his 10 years as prime minister, Blair is mocked in Britain as America's "poodle," a slavishly loyal supporter of George Bush and the Iraq war.

Blair had a bit of both animal instincts, deer and dog, but he also had the brilliant political gifts that might have made him a truly great prime minister and the defining politician of his era. That's what makes his story so sad: This immensely talented politician was devoured by Iraq -- and by his support for an American president he kept thinking, wrongly, he could dissuade from mistakes.

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Watching Blair deliver a farewell address to the World Economic Forum in Davos last weekend, it was impossible not to think of what might have been. He gave a visionary speech about the values of global interdependence that will be necessary in the 21st century if the world is to survive. The speech seemed to me, in part, a declaration of independence from Bush, the president who took so much from Blair and gave so little in return.

In terms of Blair's reputation, his global manifesto was too late to do him much good. When he leaves office as prime minister, probably this summer, his political legacy will be summed up in one ruinous word: Iraq. But perhaps other politicians -- especially some of the Democratic presidential candidates who are full of ambition but short on ideas -- will pay attention to what Blair had to say at Davos.

Blair tried to address the crucial disconnect of the modern world -- between a global economy that is seamlessly integrated and a global political system that is broken and ineffective. He went to the heart of this problem of global governance: How can institutions be fixed so that the overriding problems of the 21st century, such as climate change, poverty in Africa and the conflicts in the Middle East, can actually be solved?

The British prime minister proposed some specific fixes, most of which departed from current American policy. To strengthen the U.N. Security Council, he suggested adding Germany, Japan, Brazil, India, and perhaps a Muslim or African nation -- initially through a "bridging mechanism" that would provide semi-permanent status without a veto. To make the United Nations itself more effective, he urged consolidating its jumble of ineffective agencies so that it can speak with one voice in each country. He proposed merging the International Monetary Fund and the World Bank, improving their effectiveness and reducing their parochial European and American tilts, respectively. And he urged expansion of the Group of Eight nations to include emerging superstars such as China and India.

"We need a multilateralism that is muscular," Blair said. He argued that the problem wasn't so much a lack of political will as a lack of effective mechanisms to implement goals on which everyone agrees. He cited the genocidal conflict in Darfur, which he described as "a scandal; not a problem, a scandal." He also argued for a new binding agreement on global warming to replace the Kyoto accord and urged the world to meet the target he has set for Britain of a 60 percent reduction in carbon emissions by 2050. In all these comments, he sounded like a leader for a world that badly needs one.

The mystery is how this man who believes so passionately in a multilateral agenda became the apologist and enabler for the most unilateralist U.S. administration in modern history. Blair's supporters say he saw no alternative after Sept. 11, 2001, but to stand with America. At each step deeper into Iraq, he appeared to have misgivings -- as in his insistence on the need for a second U.N. resolution to provide legal authority for the war. But when the U.N. vote failed, and when his later efforts to sway the administration's Middle East policy went unheeded, Blair followed along meekly. The final indignity was when he stood silently by Bush in December as the president trashed proposals to engage Syria and Iran -- an idea Blair had privately championed.

Blair got it right when he said, in answer to a question after his Davos speech, that the West's fine talk of democracy and freedom has little meaning if it is not anchored in a sense of justice. Without such bedrock values, the grand goals of the Atlantic alliance are empty. Sadly, that might be Blair's own political epitaph: A great leader who too often subordinated his own values to please an American president.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

Self-rule Gets A Second Chance In Northern Ireland (USAT)

By Jeffrey Stinson

USA Today, January 31, 2007

LONDON — Northern Ireland's Catholics and Protestants got the go-ahead Tuesday for elections and joint self-rule this spring, following moves by the IRA and its political wing to end violence and accept rule of law.

British Prime Minister Tony Blair and Irish Prime Minister Bertie Ahern said voters in Northern Ireland would elect a new legislature March 7. They set a strict timetable: After elections, the new assembly has a week to form a Cabinet and until March 26 to take control of most government functions.

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The two leaders vowed to dissolve the assembly — effectively placing the region back under British administration — if it does not to meet the deadlines. The last attempt at power-sharing failed soon after a government was formed in 2002.

"If at any point it became clear that parties were unwilling to fulfill their commitments ... it would be unreasonable to expect the people of Northern Ireland to continue with an election," Blair and Ahern said in a joint statement.

More than 3,500 people have been killed in fighting in Northern Ireland since 1969. The conflict has pitted Protestant loyalists or unionists, who favored retaining ties to Great Britain, against Catholic republicans, who wanted the north united with the Republic of Ireland.

The 1998 Good Friday peace accord, brokered by the United States, was an attempt to end sectarian violence in Northern Ireland by creating an autonomous government in which Protestants and Catholics shared power.

In the past year, "There has been significant and welcome progress ... and we remain fixed in our determination to see shared government returned to the people of Northern Ireland," Blair and Ahern said. "There is no reason for any further delay."

Once-bitter enemies — firebrand Protestant preacher Ian Paisley and former Irish Republican Army leader Martin McGuinness — head the main Protestant and Catholic parties. They would be in line to be the new government's top minister and deputy.

Tuesday's announcement followed two major developments:

— The Catholic republican party Sinn Fein (pronounced "shin fayn"), the political wing of the IRA, voted to support Northern Ireland's police force and criminal justice system. Sinn Fein had long rejected the authority of the police force. It accused the Protestant-dominated police of acting as an arm of the Protestant majority and the British government.

— A report issued earlier Tuesday by a joint British-Irish monitoring body affirmed that the IRA has ceased involvement in violence and crime and is no longer buying weapons. The Independent Monitoring Commission, which tracks paramilitary activity, said the IRA was adhering to its 2005 pledge to reject violence in favor of achieving its goals through politics.

The commission said IRA members had not been involved in shootings or assaults for more than a year.

The commission said some IRA members "continue to be engaged in crime, including offenses such as smuggling ... and tax evasion." That criminal activity, however, was against IRA policy and was occurring despite IRA efforts to end it, the report said.

Merkel To Fight Vehicle Emissions Plan (FT)

By Hugh Williamson

Financial Times, January 31, 2007

Angela Merkel on Tuesday vowed to fight plans for European restrictions on vehicle emissions.

The German chancellor said the government would “fight with all its strength” against moves by the European Commission to impose a cap on vehicle carbon emissions to combat global warming.

Signalling her determination to defend the interests of Germany’s powerful car industry, the German chancellor told a business conference in Berlin that she “would certainly block” any binding regulation that did not differentiate between different car sizes.

Her forceful intervention – in contrast with her usual co-operative tone towards the Commission – is likely to increase tensions in a heated battle involving the car industry, environmentalists and José Manuel Barroso, Commission president.

Mr Barroso believes legislation is needed to force carmakers to reduce the carbon emissions of the cars they manufacture, but last week announced a delay in reaching agreement on a legislative strategy because of divisions among his commissioners on the issue.

The car industry looks almost certain to fail to fulfil its voluntary agreement to cut emissions to 140 grammes per kilometre by 2008.

Ms Merkel said it was a “regrettable fact” that the European car industry was not fulfilling this agreement, but said a “general regulation for all [car] sizes” would be wrong.

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She said a “sectoral approach”, with different emissions limits for different car sizes, would be appropriate. German companies, including DaimlerChrysler, Volkswagen and BMW, specialise in larger models with higher emissions, so would be hit hard by a general cap, industry officials argue.

She said that not just such emissions, but also other environmental initiatives, especially the increased use of biofuels, should count towards a country’s performance in reaching climate change goals for the car industry. She said Germany was ahead of other European Union member states in its use of biofuels and this “should be taken account of” by Brussels.

Ms Merkel’s intervention was reminiscent of similar comments by her predecessor Gerhard Schröder, who was seen as close to the car industry, and who regularly picked battles with Brussels on aspects of industry policy. Her comments also come at a sensitive time, with Germany just one month into its presidency of the EU.

Mr Barroso’s aides said he was not overly concerned by Ms Merkel’s comments, which were seen in Brussels as an understandable attempt to reassure one of the country's most powerful industries.

His aides also noted that a general cap was not under consideration.

The Nuclear Threat (WSJ)

By Mikhail Gorbachev

The Wall Street Journal, January 31, 2007

The essay "A World Free of Nuclear Weapons1," published in this newspaper on Jan. 4, was signed by a bipartisan group of four influential Americans -- George Shultz, William Perry, Henry Kissinger and Sam Nunn -- not known for utopian thinking, and having unique experience in shaping the policies of previous administrations. It raises an issue of crucial importance for world affairs: the need for the abolition of nuclear weapons.

As someone who signed the first treaties on real reductions in nuclear weapons, I feel it is my duty to support their call for urgent action.

The road to this goal began in November 1985 when Ronald Reagan and I met in Geneva. We declared that "a nuclear war cannot be won and must never be fought." This was said at a time when many people in the military and among the political establishment regarded a war involving weapons of mass destruction as conceivable and even acceptable, and were developing various scenarios of nuclear escalation.

It took political will to transcend the old thinking and attain a new vision. For if a nuclear war is inconceivable, then military doctrines, armed forces development plans and negotiating positions at arms-control talks must change accordingly. This began to happen, particularly after Reagan and I agreed in Reykjavik in October 1986 on the need ultimately to eliminate nuclear weapons. Concurrently, major positive changes were occurring in world affairs: A number of international conflicts were defused and democratic processes in many parts of the world gained momentum, leading to the end of the Cold War.

As U.S.-Soviet arms negotiations got off the ground, a breakthrough was achieved -- the treaty on the elimination of medium- and shorter-range missiles, followed by agreement on 50% reduction in strategic offensive weapons. If the negotiations had continued in the same vein and at the same pace, the world would have been rid of the greater part of the arsenals of deadly weapons. But this did not happen, and hopes for a new, more democratic world order were not fulfilled. In fact, we have seen a failure of political leadership, which proved incapable of seizing the opportunities opened by the end of the Cold War. This glaring failure has allowed nuclear weapons and their proliferation to pose a continuing, growing threat to mankind.

The ABM Treaty has been abrogated; the requirements for effective verification and irreversibility of nuclear-arms reductions have been weakened; the treaty on comprehensive cessation of nuclear-weapons tests has not been ratified by all nuclear powers. The goal of the eventual elimination of nuclear weapons has been essentially forgotten. What is more, the military doctrines of major powers, first the U.S. and then, to some extent, Russia, have re-emphasized nuclear weapons as an acceptable means of war fighting, to be used in a first or even in a "pre-emptive" strike.

All this is a blatant violation of the nuclear powers' commitments under the Non-Proliferation Treaty. Its Article V is clear and unambiguous: Nations that are capable of making nuclear weapons shall forgo that possibility in exchange for the promise by the members of the nuclear club to reduce and eventually abolish their nuclear arsenals. If this reciprocity is not observed, then the entire structure of the treaty will collapse.

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The Non-Proliferation Treaty is already under considerable stress. The emergence of India and Pakistan as nuclear-weapon states, the North Korean nuclear program and the issue of Iran are just the harbingers of even more dangerous problems that we will have to face unless we overcome the present situation. A new threat, nuclear weapons falling into the hands of terrorists, is a challenge to our ability to work together internationally and to our technological ingenuity. But we should not delude ourselves: In the final analysis, this problem can only be solved through the abolition of nuclear weapons. So long as they continue to exist, the danger will be with us, like the famous "rifle on the wall" that will fire sooner or later.

Last November the Forum of Nobel Peace Laureates, meeting in Rome, issued a special statement on this issue. The late Nobel laureate and world-renowned scientist, Joseph Rotblat, initiated a global awareness campaign on the nuclear danger, in which I participated. Ted Turner's Nuclear Threat Initiative provides important support for specific measures to reduce weapons of mass destruction. With all of them we are united by a common understanding of the need to save the Non-Proliferation Treaty and of the primary responsibility of the members of the nuclear club.

We must put the goal of eliminating nuclear weapons back on the agenda, not in a distant future but as soon as possible. It links the moral imperative -- the rejection of such weapons from an ethical standpoint -- with the imperative of assuring security. It is becoming clearer that nuclear weapons are no longer a means of achieving security; in fact, with every passing year they make our security more precarious.

The irony -- and a reproach to the current generation of world leaders -- is that two decades after the end of the Cold War the world is still burdened with vast arsenals of nuclear weapons of which even a fraction would be enough to destroy civilization. As in the 1980s, we face the problem of political will -- the responsibility of the leaders of major powers for bridging the gap between the rhetoric of peace and security and the real threat looming over the world. While agreeing with the Jan. 4 article that the U.S. should take the initiative and play an active role on this issue, I believe there is also a need for major efforts on the part of Russian and European leaders and for a responsible position and full involvement of all states that have nuclear weapons.

I am calling for a dialogue to be launched within the framework of the Nuclear Non-Proliferation Treaty, involving both nuclear-weapon states and non-nuclear-weapon states, to cover the full range of issues related to the elimination of those weapons. The goal is to develop a common concept for moving toward a world free of nuclear weapons.

The key to success is reciprocity of obligations and actions. The members of the nuclear club should formally reiterate their commitment to reducing and ultimately eliminating nuclear weapons. As a token of their serious intent, they should without delay take two crucial steps: ratify the comprehensive test ban treaty and make changes in their military doctrines, removing nuclear weapons from the Cold War-era high alert status. At the same time, the states that have nuclear-power programs would pledge to terminate all elements of those programs that could have military use.

The participants in the dialogue should report its progress and the results achieved to the United Nations Security Council, which must be given a key coordinating role in this process.

Over the past 15 years, the goal of the elimination of nuclear weapons has been so much on the back burner that it will take a true political breakthrough and a major intellectual effort to achieve success in this endeavor. It will be a challenge to the current generation of leaders, a test of their maturity and ability to act that they must not fail. It is our duty to help them to meet this challenge.

Mr. Gorbachev was the leader of the Soviet Union from 1985 to 1991.

A Dirty Case (WP)

The Washington Post, January 31, 2007

WHEN THE former Russian KGB agent Alexander Litvinenko died of polonium poisoning in November, many people assumed that his murder, like those of numerous other opponents of Russian President Vladimir Putin, would never be solved. But Mr. Litvinenko was killed in London, not in Moscow, and Scotland Yard believes it has cracked the case. According to reports in several of Britain's leading newspapers, the police have concluded that two former KGB agents who met Mr. Litvinenko at a hotel on Nov. 1 are prime suspects in his death.

The two men are Andrei Lugovoy, a former KGB bodyguard to top Communist apparatchiks, and Dmitry Kovtun, a former army officer in Czechoslovakia and East Germany. They allegedly left traces of polonium-210, the rare substance that killed Mr.

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Litvinenko, nearly everywhere they went on their journey from Moscow to London and back. The teapot used at their meeting with Mr. Litvinenko was found to be heavily contaminated, according to the newspaper reports. In fact, the assassins apparently delivered something like a "dirty bomb" of radiation to London: According to Britain's Health Protection Agency, contamination was found at 20 sites around the city, and 129 people appear to have been exposed.

Given the seriousness of the crime, a vigorous prosecution of the Russians might be expected. Only, they have a powerful protector: Mr. Putin's own government, which, while denying any culpability in Mr. Litvinenko's killing, is nevertheless blocking British access to Mr. Lugovoy and Mr. Kovtun. During a visit to Moscow in December, British detectives were not allowed to directly question the two men, who were then staying in hospitals. Russian officials then opened their own "investigation" and drew up a long list of Putin enemies in London -- from Chechen rebels to former executives of the Yukos oil company. No evidence connects anyone on the Russian list to the murder, but Moscow is saying it will not allow Scotland Yard access to the real suspects unless it can interrogate its targets in Britain.

There's no proof yet that Mr. Putin ordered or approved the London dirty bomb, but the questions for him keep multiplying: Why, if the Russian authorities are innocent, do they deny access to Mr. Lugovoy and Mr. Kovtun? Why do they continue to blame enemies of Mr. Putin without offering any evidence? What explains the leakage of a dangerous quantity of polonium, which is produced and held almost exclusively in Russia? And why, as a Polish newspaper documented last week, were pictures of Mr. Litvinenko being employed for target practice last November at a training center used by elite Russian special forces? The director of the center, a founder of a special operations unit, was accused by Mr. Litvinenko of being a KGB agent whose facility prepared contract killers. Mr. Putin is holding his annual international news conference tomorrow; we hope he'll be prompted for some answers.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Test Of Bush's Terror-fighting Authority Heads To Higher Court (CSM)

By Warren Richey

The Christian Science Monitor, January 31, 2007

The open-ended detention of an Arab student suspected of being an Al Qaeda sleeper agent is setting the stage for the next major showdown over the scope of President Bush's authority to fight terrorism on American soil.

Ali Saleh Kahlah al-Marri has been held in government custody for more than five years and has spent the last three and a half years in a South Carolina military prison under interrogation as a presidentially designated enemy combatant.

For 17 months of that time he was held incommunicado, with no ability to consult a lawyer, appear before a neutral judge to test the legality of his detention, or even tell his wife and five children he was alive.

Mr. Marri's lawyers say his confinement by military authorities rather than in the civilian justice system violates both US law and the Constitution.

Lawyers for the government disagree. They say the president is acting within his powers to protect the country from a second wave of terror attacks following 9/11.

Thursday, Marri's case goes to a three-judge panel of the Fourth Circuit Court of Appeals. Analysts say the dispute may ultimately wind up in the US Supreme Court with a potential landmark ruling on a key question: What rights does a noncitizen legal resident have when the government names him an enemy combatant?

The Fourth Circuit in Richmond, Va., is the same appeals court that upheld the detention as enemy combatants of US citizens Yaser Hamdi and Jose Padilla.

But the Marri case is different, his lawyers say. Mr. Hamdi was taken into custody in Afghanistan and Mr. Padilla was detained while attempting to reenter the US at Chicago's O'Hare International Airport. Both were said to have taken up arms against the US while overseas. In contrast, Marri was arrested in Peoria, Ill., where he was attending graduate school on a valid student visa.

Unlike other designated enemy combatants, Marri never directly participated in hostilities against the US, his lawyers say. Since he was never a combatant on a battlefield, he – as a civilian lawfully present in the US – cannot be detained by the military as an enemy combatant, they say.

Instead, he must be extended all the constitutional and other protections of the civilian court system, his lawyers say.

"The government's position in this case is stunning," says Jonathan Hafetz, a Marri lawyer at the Brennan Center for Justice at New York University. "If they are right, they can pick up any immigrant tomorrow in this country, lock them in a military jail, and the government would hold the keys to the courthouse." Mr. Hafetz adds, "The government could effectively disappear people."

The administration says in a global war on terror the battlefield can be anywhere, including Peoria. US Solicitor General Paul Clement says Marri associated with the military arm of Al Qaeda, a US enemy, and thus qualifies as an enemy combatant.

"He is a Qatari citizen who allied himself with Al-Qaeda, received funding and training from Al-Qaeda, and traveled to the United States on orders from Al-Qaeda to serve as a sleeper agent and facilitate further terrorist attacks against the United States from within," Mr. Clement writes in his brief to the court. He adds, "Enemy combatants do not earn immunity by crossing our borders to do us harm."

Before the three-judge panel considers such arguments, government lawyers will suggest that the appeals court lacks jurisdiction to take up Marri's case.

The Military Commissions Act of 2006 says in part that "No court, justice, or judge shall have jurisdiction to hear or consider any [legal] action against the United States ... related to any aspect of the detention, transfer, treatment, trial, or conditions of confinement" of a noncitizen properly deemed an enemy combatant.

Marri's lawyers say the provision only applies to noncitizen enemy combatants detained outside US borders like those being held at the Guantánamo Bay, Cuba, naval base. If the court rules that the Military Commissions Act does apply to detainees held in the US, it would amount to an unconstitutional suspension of the writ of habeas corpus, they say.

The Bush administration argues that the new law divests jurisdiction in "all cases, without exception" in which a noncitizen enemy combatant is being held by the US. It applies regardless of the location of the detention, government lawyers say.

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Hafetz says that approach threatens to blur the distinction between military and civilian jurisdiction established in a Civil War-era ruling by the Supreme Court.

Soldiers and combatants fall within the military sphere of courts martial, tribunals, and commissions, while civilians are governed by the civilian court system. "It is the essence of our society where civilian rule and civilian institutions are supreme and the military doesn't have the power to go in and arrest people in their homes and lock them in military jails," Hafetz says. "That is what separates a country that is democratic and committed to the rule of law from a country that is a police state."

In his brief, Solicitor General Clement says that after the 9/11 attacks, Congress authorized Mr. Bush to use all "necessary and appropriate force," including detention of enemy combatants, to "protect United States citizens both at home and abroad." The government reads the provision as authorizing detentions both at home and abroad.

In determining Marri is an enemy combatant, Bush concluded in part: "Mr. Marri represents a continuing, present, and grave danger to the national security of the United States."

A declassified affidavit prepared by a US intelligence official says that Marri attended an Al Qaeda training camp between 1996 and 1998. "Marri met personally with Osama Bin Laden and volunteered for a martyr mission or to do anything else that Al-Qaeda requested," the affidavit says.

Marri worked with two senior Al Qaeda leaders prior to his arrival in the US, Khalid Sheikh Mohammed, the alleged mastermind of the 9/11 attacks, and Mustafa Ahmed al-Hawsawi, the key moneyman of the 9/11 attacks, the affidavit says. In addition, Marri's younger brother is a detainee at Guantánamo Bay.

Al Qaeda asked Marri to enroll as a student and quietly explore ways to hack into bank records to disrupt the US financial system, the document says. He had also been trained in the use of poisons and was researching poisons similar to the hydrogen cyanide weapon used in a terror attack on the Japanese subway system by the group Aum Shinrikyo, the affidavit says.

Marri arrived in the US with his wife and five children one day before the 9/11 attacks. He had been given at least $13,000 by Al Qaeda, the affidavit says.

Marri's lawyers say much of the information in the affidavit is hearsay. They are asking for an opportunity to challenge the veracity of the allegations in court by investigating whether the intelligence information was obtained from Khalid Sheikh Mohammed and others through coercive interrogations or torture.

Hafetz says that even if everything the government says about Marri is true (and he stresses that he does not concede that it is true), the central point of his case is that Marri should be charged with a crime and prosecuted, not merely held indefinitely by the military based on an affidavit that has never endured the careful scrutiny of cross-examination in open court.

Earlier, a federal judge in South Carolina agreed with the government that Marri could be held as an enemy combatant based on hearsay evidence contained in an intelligence affidavit. The court said Marri was given an opportunity to present a case that he was wrongly accused, but that he "squandered" that opportunity. Short of making a stronger initial showing that he was innocent, Marri has no right to cross-examine government officials or more deeply investigate the government's allegations against him, the court ruled.

Marri is appealing that decision.

Anti-terror Program Subject Of Constitutional Arguments (AP)

By Dan Sewell

AP, January 31, 2007

CINCINNATI - President Bush's program of secretly monitoring communications without a court warrant faces legal assaults on its constitutionality in arguments Wednesday in a federal appeals court.

The government is appealing the ruling of a federal district judge in Detroit who said the warrantless surveillance violated rights of privacy and free speech as well as separation of powers. The Justice Department last week urged the 6th U.S. Circuit Court of Appeals to throw out the case, saying it was no longer at issue.

Attorney General Alberto Gonzales said this month that the secret panel of judges who oversee the Foreign Intelligence Surveillance Act, passed by Congress in 1978, is now reviewing and approving applications to monitor people believed to have terrorist links. The Justice Department said in a court brief that means there's "no longer any live genuine controversy to adjudicate."

The American Civil Liberties Union, which sued over the warrantless surveillance a year ago, countered that there's no guarantee that the president won't resume what the government calls the Terrorist Surveillance Program outside the court. The ACLU also is challenging government secrecy in the case, saying it can't determine whether current actions are following the law.

"For all the drama around the case, we see the ultimate legal issue to be a very narrow, noncontroversial one - that is, when Congress passes a law, the president has to follow it," said Ann Beeson, the ACLU's lead attorney on the case. "If they

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were really committed to following the FISA law in the future, they should have no objection to being bound by the district court order."

The Justice Department said in brief filed Tuesday that the court shouldn't be asked to rule on a hypothetical question about the future. U.S. District Judge Anna Diggs Taylor had ordered the government to halt the warrantless surveillance.

The National Security Agency program monitors international phone calls and e-mails to or from the United States when one party is believed to be a terrorist or to have terrorist ties. The government had said it sometimes needed to act without waiting for the secret court. The administration also has said the program has helped prevent terrorist attacks.

"If al-Qaida is calling in to the United States, we want to know why they're calling," the president said while defending the program last year.

A three-judge panel will hear the arguments in Cincinnati. The same panel in October ruled that the government could continue the monitoring while it appealed.

Legal scholars and attorneys who have argued before the 6th Circuit say it's difficult to characterize the court's leanings on such issues.

"It's been pretty sharply divided on a number of issues, such as the death penalty," said Carl Tobias, a law professor at the University of Richmond (Va.) who has been following this case.

Of 14 judges in the circuit, eight were appointed by Republican presidents. On this panel, Judge Julia Smith Gibbons was appointed by President Bush, Judge Alice M. Batchelder by his father, and Judge Ronald Lee Gilman by President Clinton.

The panel probably will not rule immediately, and its ruling could result in appeal to the U.S. Supreme Court or a review by the full 6th Circuit. The 6th Circuit includes Ohio, Kentucky, Michigan and Tennessee.

The ACLU filed its lawsuit on behalf of journalists, scholars and lawyers claiming the program has made it difficult for them to do their jobs because they believe many of their overseas contacts are likely targets. Other groups have also filed challenges to the program in other courts; this case has proceeded the furthest.

ON THE NET

U.S. 6th Circuit Court of Appeals: http://www.ca6.uscourts.gov

Surveillance Case To Pit Strong Views (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 31, 2007

The U.S. argues that the ACLU challenge of Bush's domestic wiretap program is moot.

CINCINNATI — One of the Bush administration's most controversial initiatives in the war on terrorism is set for its first hearing in a federal appeals court in Cincinnati today, but if government lawyers have their way, the case will quickly be dismissed.

Justice Department attorneys contend that the challenge by the American Civil Liberties Union to the government's warrantless domestic surveillance program is moot because the program is now being monitored by a special court. They are asking that the ruling saying the program is unconstitutional be thrown out.

But ACLU lawyers say the case is still viable and are calling on the U.S. 6th Circuit Court of Appeals to affirm U.S. District Judge Anna Diggs Taylor's ruling in August that the Terrorist Surveillance Program violated the 1st and 4th amendments to the Constitution and ran afoul of the Foreign Intelligence Surveillance Act.

Each side has described the case in stark terms.

The government lawyers, led by Solicitor General Paul D. Clement, say in their brief that "this case presents issues of the gravest order to the nation." If the appeals court construed FISA to prohibit the surveillance program, "it would be an unconstitutional encroachment on the executive's constitutional authority (and duty) to gather foreign intelligence, defend the nation against attack, and command the armed forces during wartime," the brief says.

The ACLU says in its brief that the case raises the fundamental questions of "whether the president has the authority to violate statutory law and the Constitution by engaging in warrantless wiretapping inside the United States. The district court correctly held that he does not."

The case stems from a program the Bush administration started after the Sept. 11, 2001, terrorist attacks. National Security Agency personnel listen in on phone calls and obtain e-mails into and out of the U.S. involving individuals suspected of being affiliated with terrorists.

Until very recently, the program bypassed the Foreign Intelligence Surveillance Court, which was created by Congress in 1978 after revelations of government abuses.

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From 1978 through 2004, this court, made up of judges from around the country, rejected only four out of nearly 19,000 surveillance requests. The Bush administration nevertheless concluded that getting the court's approval limited its flexibility in looking for terrorists.

On Jan. 17, just two weeks before the government's appeal was to be heard in Cincinnati, Atty. Gen. Alberto R. Gonzales disclosed that the panel of judges overseeing the Foreign Intelligence Surveillance Act had started reviewing and approving government requests to spy on people thought to have ties to Al Qaeda.

Consequently, the government said the court challenge "no longer has any live significance."

At the same time, Justice Department lawyers said they were not backing away from their fundamental position: that the president has the "inherent authority" as the nation's commander in chief to conduct such surveillance activities.

ACLU attorney Ann Beeson countered that the government's failure to concede that point means that the case is still very much alive. "The government cannot have it both ways," Beeson wrote in a brief filed Friday. "It cannot argue that the case is moot because the government is currently in compliance with FISA, and at the same time expressly retain the authority to violate FISA tomorrow."

Before Gonzales' announcement, friend-of-the-court briefs had been filed supporting both positions.

Leading constitutional scholars, the Los Angeles County Bar Assn., the Reporters Committee for Freedom of the Press and several other organizations lodged papers in support of the ACLU. The Center for Security Policy, the Committee on the Present Danger, Judicial Watch and several other groups submitted briefs in support of the administration.

"Article II of the Constitution commands the president to respond to attacks against the nation from foreign aggressors…. This plenary authority to wage war includes the authority to gather intelligence concerning enemy activity," wrote attorney Andrew G. McBride in one of the pro-government friend-of-the-court briefs.

But a brief written by Stanford constitutional law professor Kathleen M. Sullivan says the government had gone much too far. "Whatever inherent powers the president might have under Article II [of the Constitution], they do not include the power to conduct a warrantless domestic surveillance campaign, of indefinite duration and unlimited scope, where a duly enacted statute expressly prohibits such conduct," Sullivan wrote.

A panel of three federal appellate judges — one appointed by a Democratic president and two by Republican presidents — are to hear the case.

Legal scholars are divided in predicting how the panel will approach the case, but some say the government appears to be facing more sympathetic jurists in Cincinnati than it did in Detroit before Judge Taylor, a liberal who came out of the civil rights movement.

In fact, the government has been unusually critical of Taylor in its briefs, saying she handled the case in a "heavy-handed" and "blunderbuss" fashion.

As is the custom, Taylor, an appointee of President Carter, has not commented on those characterizations. In her opinion in August, she specifically rejected the contention that the president had inherent authority to create a surveillance program that would not be subject to judicial scrutiny. "There are no hereditary kings in America and no powers not created by the Constitution," Taylor said in her 44-page decision.

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Bush Is Not Above The Law (NYT)

By James Bamford

The New York Times, January 31, 2007

Washington

LAST August, a federal judge found that the president of the United States broke the law, committed a serious felony and violated the Constitution. Had the president been an ordinary citizen — someone charged with bank robbery or income tax evasion — the wheels of justice would have immediately begun to turn. The F.B.I. would have conducted an investigation, a United States attorney's office would have impaneled a grand jury and charges would have been brought.

But under the Bush Justice Department, no F.B.I. agents were ever dispatched to padlock White House files or knock on doors and no federal prosecutors ever opened a case.

The ruling was the result of a suit, in which I am one of the plaintiffs, brought against the National Security Agency by the American Civil Liberties Union. It was a response to revelations by this newspaper in December 2005 that the agency had been monitoring the phone calls and e-mail messages of Americans for more than four years without first obtaining warrants from the Foreign Intelligence Surveillance Court, as required by the Foreign Intelligence Surveillance Act.

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In the past, even presidents were not above the law. When the F.B.I. turned up evidence during Watergate that Richard Nixon had obstructed justice by trying to cover up his involvement, a special prosecutor was named and a House committee recommended that the president be impeached.

And when an independent counsel found evidence that President Bill Clinton had committed perjury in the Monica Lewinsky case, the impeachment machinery again cranked into gear, with the spectacle of a Senate trial (which ended in acquittal).

Laws are broken, the federal government investigates, and the individuals involved — even if they're presidents — are tried and, if found guilty, punished. That is the way it is supposed to work under our system of government. But not this time.

Last Aug. 17, Judge Anna Diggs Taylor of the United States District Court in Detroit issued her ruling in the A.C.L.U. case. The president, she wrote, had "undisputedly violated" not only the First and Fourth Amendments of the Constitution, but also statutory law, the Foreign Intelligence Surveillance Act. Enacted by a bipartisan Congress in 1978, the FISA statute was a response to revelations that the National Security Agency had conducted warrantless eavesdropping on Americans. To deter future administrations from similar actions, the law made a violation a felony punishable by a $10,000 fine and five years in prison.

Yet despite this ruling, the Bush Justice Department never opened an F.B.I. investigation, no special prosecutor was named, and there was no talk of impeachment in the Republican-controlled Congress.

Justice Department lawyers argued last June that warrants were not required for what they called the administration's "terrorist surveillance program" because of the president's "inherent powers" to order eavesdropping and because of the Congressional authorization to use military force against those responsible for 9/11. But Judge Taylor rejected both arguments, ruling that even presidents must obey statutory law and the Constitution.

On Jan. 17, Attorney General Alberto Gonzales unexpectedly declared that President Bush had ended the program, deciding to again seek warrants in all cases. Exactly what kind of warrants — individual, as is required by the law, or broad-based, which would probably still be illegal — is as yet unknown.

The action may have been designed to forestall a potentially adverse ruling by the federal appeals court in Cincinnati, which had scheduled oral arguments on the case for today. At that hearing, the administration is now expected to argue that the case is moot and should be thrown out — while reserving the right to restart the program at any time.

But that's a bit like a bank robber coming into court and arguing that, although he has been sticking up banks for the past half-decade, he has agreed to a temporary halt and therefore he shouldn't be prosecuted. Independent of the A.C.L.U. case, a criminal investigation by the F.B.I. and a special prosecutor should begin immediately. The question that must finally be answered is whether the president is guilty of committing a felony by continuously reauthorizing the warrantless eavesdropping program for the past five years. And if so, what action must be taken?

The issue is not original. Among the charges approved by the House Judiciary Committee when it recommended its articles of impeachment against President Nixon was "illegal wiretaps." President Nixon, the bill charged, "caused wiretaps to be placed on the telephones of 17 persons without having obtained a court order authorizing the tap, as required by federal law; in violation of Sections 241, 371 and 2510-11 of the Criminal Code."

Under his program, President Bush could probably be charged with wiretapping not 17 but thousands of people without having obtained a court order authorizing the taps as required by federal law, in violation of FISA.

It is not only the federal court but also many in Congress who believe that a violation of law has taken place. In a hearing on Jan. 18, the chairman of the Senate Judiciary Committee, Patrick Leahy of Vermont, said, "For years, this administration has engaged in warrantless wiretapping of Americans contrary to the law."

His view was shared by the Senate Intelligence Committee chairman, Jay Rockefeller of West Virginia, who said of Mr. Bush, "For five years he has been operating an illegal program."

And Senator Arlen Specter, the Pennsylvania Republican who is the ranking member on the Judiciary Committee, noted that much of the public was opposed to the program and that it both hurt the country at home and damaged its image abroad. "The heavy criticism which the president took on the program," he said, "I think was very harmful in the political process and for the reputation of the country."

To allow a president to break the law and commit a felony for more than five years without even a formal independent investigation would be the ultimate subversion of the Constitution and the rule of law. As Judge Taylor warned in her decision, "There are no hereditary kings in America."

Germany May Indict U.S. Agents In 2004 Abduction (LAT)

By Jeffrey Fleishman And John Goetz, Special To The Times

The Los Angeles Times, January 31, 2007

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The 13 operatives are said to have taken part in a Muslim's kidnapping.

BERLIN — German investigators have recommended that prosecutors issue arrest warrants for 13 U.S. intelligence operatives in connection with the kidnapping, beating and secret detention of a German citizen suspected of having links to terrorist networks.

The operatives are said to have been part of a CIA-sponsored team that transported alleged terrorists to interrogation camps around the world. Investigators say the group forced a handcuffed and blindfolded Khaled Masri, a German citizen of Lebanese descent, onto a Boeing 737 in Macedonia and flew him to Afghanistan in January 2004. Masri was never charged with a crime, and was released after five months.

German law enforcement officials said indictments could be filed as early as this week against the suspects, including four pilots, a medic and members of an operations unit. The most serious charge is expected to be kidnapping, according to an official who asked not to be named. None of the suspects, who include CIA contract employees, have been named publicly.

The Masri case has strained U.S.-German relations and led to a parliamentary investigation of allegations that German intelligence agents were involved in the abduction. Investigators also have examined discrepancies about when high-ranking government officials were informed of Masri's fate.

The prospect of criminal charges in the Masri ordeal comes as an Italian court is deliberating whether to order the trial of 26 Americans and nine Italians implicated in the February 2003 abduction of a radical Egyptian cleric known as Abu Omar. The Italian government may demand the extradition of the accused Americans, including the former CIA station chief in Milan, where Omar was snatched from a sidewalk.

The CIA has not commented on the Masri case, although White House, Justice Department and agency officials have argued that U.S. laws authorized such covert operations, and that they have been assured that no suspects have been tortured.

Legal experts say it is extremely unlikely the U.S. government would turn over suspects for legal proceedings in either Germany or Italy.

Both cases have outraged lawmakers across the Continent and underscored the legal and human rights questions dividing the U.S. and Europe on countering terrorism. But they also have indicated that some European governments may have been complicit in the CIA program, known as "extraordinary renditions," to capture and transport suspected militants to secret prisons for interrogations that sometimes included torture.

Legal documents, credit card receipts and hotel records show that those allegedly involved in the Masri abduction stayed at a luxury resort on the Spanish island of Majorca before flying to Skopje, Macedonia, on Jan. 23, 2004. When checking into the hotel, some of the operatives gave aliases, such as Kirk James Bird and James Fairing. The covert team's charges in Majorca included a food bill of $1,625 and an $81 charge for a massage.

Masri's odyssey began weeks earlier, when he was pulled off a bus on New Year's Eve 2003 while crossing the Serbian border into Macedonia. The car salesman and father of four told the Los Angeles Times in 2005 that he had left Germany for a holiday. He said Macedonian security officials seized him and drove him from the border to a hotel in Skopje, the capital, where he was interrogated for days and accused of being an extremist.

Masri said he was threatened at gunpoint and was denied repeated requests to contact German authorities. One night, he said, he was blindfolded and taken to an airport.

"I was led into a room. The door closed behind me and I was beaten from all sides for about one minute," he said. "They bent my arms to my back and cut off my clothes…. I saw seven to eight men all dressed in black and wearing masks. I tried to keep my underpants on but they ripped them off. They put me in diapers and a dark blue sweatsuit with the legs and sleeves cut out."

Aviation records viewed by The Times show that a jet registered to a company with links to the CIA landed at Skopje airport at 8:51 p.m. on Jan. 23, 2004. The plane left Skopje hours later, at 2:30 a.m., flying to Baghdad, then to Afghanistan.

Masri said he was drugged for the flight and remembers waking up in "a small, dirty cell." He said he was interrogated in cycles by Americans and a man he referred to as Sam, who spoke fluent German. Much of the questioning, Masri said, dealt with his attendance at a mosque frequented by radicals in his hometown of Ulm, Germany.

Masri said he went on a hunger strike for 37 days until he was force-fed. He was released in the mountains of Albania five months after he disappeared.

Around the time Masri was freed, the American ambassador to Germany, Daniel R. Coats, informed the German Interior Ministry that the U.S. had detained a German citizen and was preparing to release him. The Germans, however, say they weren't told about Masri until after he was released. The question of when the German officials knew, and why they kept quiet about the incident, is part of the parliamentary investigation.

One theory to explain the kidnapping, according to officials who asked not to be identified, may be that the captors mistook Masri for a man by the same name who is suspected of terrorist links to Al Qaeda. There also have been suggestions that U.S.

intelligence wanted to learn more about the mosque in Ulm, where several known militants who fought in the separatist Russian republic of Chechnya were known to worship.

German prosecutors said they were convinced early on that Masri's tale of abduction and imprisonment was true. They have repeatedly blamed the U.S. for not cooperating with the investigation. In December 2005, Masri filed suit against the CIA in a U.S. district court. A judge dismissed the lawsuit last year, saying that a trial would "present a grave risk of injury to national security." The decision is being appealed.

U.S. Judge Ends 20-Year Case To Deport 2 Tied To Terrorists (NYT)

By Randal C. Archibold

The New York Times, January 31, 2007

LOS ANGELES, Jan. 30 — Chastising the government with poetry and blunt language, an immigration judge on Tuesday ended 20-year-old deportation proceedings against two of eight men who had been accused of ties to a Palestinian organization classified as a terrorist group.

The judge, Bruce J. Einhorn, of Immigration Court here, faulted the government for repeated delays in producing evidence that the two, who with the others became known as the L.A. Eight, should be deported as a threat to the United States.

The case has been monitored by civil libertarians, who see it as an example of overreaching in terror cases.

Officials had accused the men, seven Palestinians and a Kenyan, of supporting the Popular Front for the Liberation of Palestine, a branch of the Palestinian Liberation Organization that the government classifies as a terrorist group.

The eight denied being members and accused the government, which never filed criminal charges against them, of political persecution.

The two men, Khader Musa Hamide and Michel Ibrahim Shehadeh, are the sole remaining defendants and the only ones who were legal permanent residents when the case began.

One of the others returned to the Palestinian areas. The other five, who had been charged with violating temporary visas, were given legal permanent residency. One became a United States citizen during the proceedings, which included appeals to the Supreme Court.

“I certainly hope it is the end of the road,” said David Cole, a lawyer with the Center for Constitutional Rights in New York, which represented the two men along with the American Civil Liberties Union of Southern California and the National Lawyers Guild.

Mr. Hamide, 52, a coffee and tea wholesaler who has lived in the country for 35 years, said the ruling relieved him.

“This is a dark cloud that has hung over our lives for 20 years,” he said. “This was over expression of political views that may not be popular but we have a right to make.”

Virginia Kice, a spokeswoman for Immigrations and Customs Enforcement, said, “I.C.E. finds the judge’s decision troubling as a matter of fact and law, and the agency is considering its legal options.”

Judge Einhorn began his ruling with a quotation from the poet William Knox’s “Songs of Israel,” a paean to mortality that begins, “On why the spirit of mortal be proud?”

“Since time began to tick,” he continued, “human beings have contemplated their mortality with the certainty that they face a worldly end. Such certainty must come to cases as well.”

At another point the judge criticized the government’s nine-month delay in responding to an order due on June 27, 2005. “One could conceive, carry and deliver a child during the course of the government’s delay,” he wrote.

In the end, he said, the government failed to prove that the men were deportable.

U.S. Loses 20-year Attempt To Deport 2 Immigrants (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, January 31, 2007

An immigration judge criticizes federal conduct in the case against the pair, both legal residents, accused of terrorist ties.

A federal immigration judge has dismissed the government's attempt to deport two men who were arrested along with six other U.S. residents because of their alleged ties to Palestinian terrorists and who fought relentless efforts to force them to leave the country for 20 years.

Judge Bruce E. Einhorn of Los Angeles, in a ruling made public Tuesday, said the government had violated the constitutional rights of Khader M. Hamide and Michel I. Shehadeh by its "gross failure" to comply with his instructions to produce "potentially exculpatory and other relevant information."

In a scathing decision, Einhorn said the government's conduct in the case was "an embarrassment to the rule of law" that left "a festering wound on" Hamide and Shehadeh, who have been in legal and personal limbo for two decades.

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The two men, both longtime legal residents of the United States, are part of a group that was dubbed "the L.A. 8" after the government launched attempts to deport them in January 1987. All eight denied that they were members of the Popular Front for the Liberation of Palestine, or PFLP, a radical offshoot of the Palestine Liberation Organization that has taken credit for airline hijackings and car bombings in the Middle East.

Hamide and Shehadeh, as well as the others, steadfastly maintained that they were being persecuted even though their political activities — distributing newspapers, participating in demonstrations, assisting Palestinians with human rights and medical needs, raising money for hospitals, youth clubs and day-care centers — were lawful.

Einhorn's ruling "is a great decision that really vindicates what we have said all along," a jubilant Hamide said in an interview Tuesday. "The government spent millions of dollars and thousands of hours trying to deport us, and the only things they ever accused us of were constitutionally protected activity.

"The government should drop this case and leave us alone to lead normal lives — if there is such a thing after a case like this — and pursue real terrorists," said Hamide, 52, who lives in Chino Hills and is in the coffee distribution business.

Shehadeh, 50, said he was "feeling very, very good about the decision. This might be the moment we have been waiting for, for the last 20 years, a moment of relief and vindication."

But Shehadeh, who lives in Oregon, where one of his sons is in college, quickly added, "Another side of me is still cautious. After 20 years it becomes ingrained in you…. This might not be the end of it."

And indeed it might not be. The government has not said whether it will appeal the decision. A Justice Department spokesman said the agency had no comment. The Department of Homeland Security declined to comment.

Prosecutors never filed criminal charges against any of the eight. Late last year, Aiad Barakat, another member of the L.A. 8, was sworn in as a U.S. citizen in Los Angeles. Three other members of the L.A. 8 have obtained permanent residency. One member of the group is still seeking that status, and the other has returned to the West Bank city of Bethlehem.

Over two decades, the immigrants won a number of key decisions, including one from the U.S. 9th Circuit Court of Appeals in 1998 that held that the Constitution does not permit "guilt by association." That court ruled that the deportation of Hamide and Shehadeh could not go forward unless the government showed that the men intended to support the "illegal group goals of the PFLP."

But government lawyers twice persuaded Congress to change laws and make them retroactive in an effort to be able to deport the two men, said San Francisco attorney Marc Van Der Hout of the National Lawyers Guild, who has represented them for 20 years.

The two sides stipulated to Einhorn that the PFLP "engaged in terrorist activities" from 1984 to 1986, but also provided day care, healthcare and Social Security services as well as cultural events.

This week's ruling was the second time Einhorn threw out the case. The judge said that the government missed the deadline for turning over exculpatory information by nine months and that even then its response was inadequate.

The judge said the government's conduct was particularly troubling given how long the case had taken and the nature of the charges.

"A reasonable argument could be made that if Hamide and Shehadeh have engaged in terrorist activity, particularly in the context of today's world, then the government would be prepared to move heaven and Earth — not to mention some mounds of paper — to complete the trial and deportation" of the duo.

In particular, Einhorn blasted John H. Clarkson III, assistant general counsel of the National Security Branch of the FBI, for responses to the court that were a "misuse of black-letter law," a reference to legal principles that are not disputable.

Einhorn said the government had broad but not unlimited powers in immigration matters.

"While this court may be one of limited jurisdiction, it is not an impotent institution," Einhorn wrote.

If there were no consequences for the government's failure to discharge its court-ordered responsibilities, it would mean that an immigration judge would be "reduced to the status of Blanche Dubois, who must rely on the kindness of strangers," he wrote, referring to the character in Tennessee Williams' play "A Streetcar Named Desire."

"Judge Einhorn's decision is important not only for Hamide and Shehadeh, but for all immigrants in this country who want to be able to express their political views," Van Der Hout said.

"The decision makes clear that the government cannot blatantly refuse to comply with an immigration judge's orders and that the government cannot continue to try to deport these permanent residents who did nothing but try to advocate for Palestinians' right to a homeland — hardly a revolutionary belief in the 21st century."

Added Georgetown University law professor David Cole, who has been co-lead counsel for the L.A. 8, on behalf of the Center for Constitutional Rights, since the case began: "For 20 years the government has been attempting to deport these individuals for political activities that would clearly be protected if they were U.S. citizens. We hope that the government will now move on and focus its efforts on real terrorists and not political activists."

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2 Accused Of Terror Ties To Stay In U.S. (AP)

By Associated Press

AP, January 31, 2007

Judge Bruce J. Einhorn ruled the government had denied Khader Hamide and Michel Shehadeh, members of the so-called "L.A. Eight," due process by keeping them in legal limbo for so many years and being unprepared to prosecute the case.

In his 11-page opinion, Einhorn described the proceedings as "a festering wound on the body of respondents and an embarrassment to the rule of law." He scolded the government for failing to release evidence favorable to the men after he had ordered it.

The two men, five other Palestinians and a Kenyan faced deportation since 1987. They were arrested on suspicion of association with the Popular Front for the Liberation of Palestine, a radical offshoot of the Palestine Liberation Organization, which has opposed peace negotiations between the PLO and Israel. The U.S. government considers it a terrorist organization.

The eight have denied being members, and immigrant rights groups have called the case politically motivated.

Attorney Marc Van Der Hout, who represents the "L.A. Eight," said the judge's order will make it safer for immigrants to express political views.

U.S. Immigration and Customs Enforcement "finds the judge's decision troubling as a matter of fact and law, and the agency is considering its legal options," according to an agency statement.

Four of the eight, including Hamide and Shehadeh, have legal residency, according to immigration officials. Two remain in immigration proceedings, while the status of the final two was not immediately known.

Terror Inquiry Turns To Tax Law (WSJ)

By Glenn R. Simpson

The Wall Street Journal, January 31, 2007

The Justice Department is investigating possible criminal tax-law violations by a Boston private-equity firm that manages hundreds of millions of dollars for Muslim investors in Europe and the Middle East and is affiliated with a Swiss investment group U.S. authorities suspect of financing Islamic extremists.

Federal prosecutors disclosed a grand-jury probe of Overland Capital Group Inc. in filings last week with U.S. District Court in Boston. While the Boston grand jury is examining suspected tax evasion related to complex investment structures, the case is being handled by a prosecutor from the Justice Department's counterterrorism division, the filing states.

In the years since the Sept. 11 attacks, U.S. counterterrorism agencies have been stymied in several attempts to bring terrorism cases against wealthy individuals from the Middle East. Some prosecutors have pushed the government to use tax laws as a more effective approach, a method famously employed against gangster Al Capone in 1931.

Overland, which doesn't disclose its ownership, says on its Web site that it has made more than $1.5 billion in U.S. investments for its clients, largely in real estate, since its founding in October 2001.

Legal records say Overland is controlled by a Geneva-based financial group known as Dar Al-Maal Al-Islami Trust, which was founded by a senior member of the royal family of Saudi Arabia. The U.S. government is treating the companies as related: The Justice Department is examining "acts and practices" of Overland and a DMI subsidiary "that implicate potential violation of the Internal Revenue Code," the filing states.

DMI is the hub of a network of banks and investment funds across Europe and the Middle East that cater to Muslims interested in strictly following Quranic principles, such as a ban on collecting interest. Some DMI affiliates came under scrutiny by U.S. counterterrorism agencies in the mid-1990s for suspected connections to extremists, government records show.

In general, the U.S. and other Western governments are investigating whether terrorist groups are able to move money with help from sympathizers in the Islamic-banking movement. Intelligence and law-enforcement officials say they are concerned the industry's often-opaque practices lend themselves to money laundering and other financial crimes.

DMI officials have said the company has no involvement with terrorists or extremists. "We have never had any relationship with these kinds of people," said Mouaouia Mokhtari, DMI's director of corporate affairs. None of DMI's officials have ever been charged with terror-related offenses.

Overland Chief Executive James Godec didn't respond to requests for comment. An Overland spokesman had no comment.

While Mr. Mokhtari said there is no relationship between DMI and Overland, he said, "DMI has sister companies, and those sister companies have retained Overland occasionally as investment advisers."

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DMI and Overland are partners in a joint venture in Bahrain, and numerous corporate filings in the U.S. name DMI's chief executive as the president of various Overland-backed investment ventures.

Corporate and bank records show Overland has borrowed large sums from a DMI subsidiary, the Bahamas-registered Islamic Investment Co. of the Gulf Ltd. Legal records also describe DMI as an indirect 60% shareholder in Overland. Two former Overland employees also claim in a civil lawsuit that Overland is owned or controlled by DMI.

Overland identifies potential real-estate investments in the U.S., such as luxury condominiums and apartments, according to its Web site. Its investments include a stake in 30 rental units atop the Four Seasons Hotel in Houston. It then arranges for its clients to participate in these deals.

The nature of the tax inquiry isn't explained in the government's filings. But Overland's foreign backers have structured many of their U.S. investments through a network of shell companies in offshore tax havens such as the Cayman Islands, according to corporate and legal records.

Using such offshore companies, investors can structure their U.S. investments as loans instead of equity. That offers potential tax benefits because interest income to foreign investors is taxed far more lightly than profits from an equity investment. Such arrangements are legal, but only if they aren't primarily intended to circumvent Internal Revenue Service rules.

Dar Al-Maal Al-Islami (Arabic for "Islamic House of Finance") was founded in the early 1980s by Saudi Prince Mohammed Al-Faisal Al-Saud, a pioneer in so-called Islamic banking. Senior members of the Muslim Brotherhood, an international fundamentalist group, have held positions at various DMI affiliates, according to corporate records.

The Brotherhood, founded in Egypt in the 1920s, is the ideological inspiration for the terrorist groups al Qaeda and Hamas, but it now says it has renounced violence.

A DMI affiliate called Faisal Private Bank (Switzerland) SA, formerly known as Faisal Finance, has been named in two major terrorism probes. In one of these, the Justice Department alleges that Faisal Finance wired $665,000 to the account of a top Hamas leader, Mousa Abu Marzouk. (The source of those funds hasn't been disclosed.)

In the same prosecution, the Justice Department alleges that in 1993, a Saudi businessman used Faisal Finance to transfer $30,000 to an alleged Hamas leader in Chicago named Muhammad Salah, who is currently on trial in Chicago on terrorism-related conspiracy charges. The same Saudi businessman, Yassin Qadi, also used Faisal Finance for a $1.25 million transfer to an alleged al Qaeda front company in 1998, according to legal and bank records.

Faisal Finance hasn't been charged with any crimes, but shortly after the Sept. 11 attacks, Mr. Qadi was named a "Specially Designated Terrorist" by the Treasury Department for alleged support of al Qaeda. Mr. Qadi has denied financing terrorists. Another Faisal Finance client, al Qaeda leader Mamduh Mahmud Salim, was convicted of conspiring to kill American citizens and is now in federal prison.

DMI and Faisal Finance are defendants in civil litigation in the southern district of New York brought by families of victims of the Sept. 11 attacks, who claim they funded al Qaeda. The firms have denied any involvement with terrorism.

A copy of the Justice Department filing was made available to The Wall Street Journal by Geoffrey Harper, a lawyer for a former Overland employee, Laird Fairchild. Mr. Harper said his client has provided information to the grand jury. Mr. Fairchild and another former Overland employee are in a legal dispute with Overland and DMI, claiming wrongful dismissal.

A Key Padilla Charge Is Reinstated (WP/AP)

By Curt Anderson

The Washington Post, January 31, 2007

MIAMI, Jan. 30 -- A federal appeals court on Tuesday reinstated a key terrorism charge, the only one carrying a potential sentence of life in prison, against suspected al-Qaeda operative Jose Padilla.

A three-judge panel of the U.S. Court of Appeals for the 11th Circuit agreed with federal prosecutors that the charge that Padilla and his two co-defendants conspired to "murder, kidnap and maim" people overseas did not duplicate other counts in the indictment.

The Atlanta-based court reversed a decision last summer by U.S. District Judge Marcia Cooke, who said the three charges in the indictment contained nearly identical elements and could subject the defendants to extra punishment for the same act, violating protections against double jeopardy.

Padilla was arrested in May 2002 at Chicago's O'Hare International Airport, and the government alleged that he was plotting to detonate a radioactive "dirty bomb" in a major U.S. city. President Bush declared Padilla an enemy combatant, and he was held without criminal charges for 3 1/2 years until he was indicted in late 2005 in Miami. The "dirty bomb" allegations are not part of the Miami case.

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Although defense attorneys may file a challenge, Tuesday's ruling brings the case a step closer to trial as scheduled April 16. The appeals court had agreed to hear the case on an expedited basis after Cooke said she would not begin jury selection until the issue was settled.

"We are gratified by the 11th Circuit's swift decision and look forward to presenting the evidence at trial," U.S. Attorney R. Alexander Acosta said in Miami.

Defense lawyers have 21 days to ask the panel to rehear the case or request that the full appeals court take it up. Attorneys for Padilla and his co-defendants did not immediately return messages seeking comment.

The two other main terrorism-support charges against Padilla and his co-defendants each carry maximum prison terms of 15 years.

Padilla, 36, is charged with being part of a North American terrorism support cell that provided personnel, materiel and money to extremist Islamic causes. He and his co-defendants -- Adham Amin Hassoun, 44, and Kifah Wael Jayyousi, 45 -- have pleaded not guilty.

Terror Charge Is Reinstated (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, January 31, 2007

A federal appeals court Tuesday reinstated the most serious terror charge against accused al-Qaida operative Jose Padilla, overturning a Miami court's determination that the charge duplicated allegations in the indictment's other two counts.

Ruling with unusual speed, a three-judge panel of the 11th U.S. Circuit Court of Appeals unanimously held that the counts were "interrelated" but not the same because a suspect could hypothetically commit each crime without committing the others.

"Although they may appear to be nested within one another, each charge stands alone from the others and requires proof of independent elements," U.S. Circuit Judge Gerald Tjoflat wrote for the panel.

The decision reverses a major pre-trial victory for Padilla and his two co-defendants and means the men will face a possible life sentence if convicted. The case is set for trial April 16.

Defense lawyers have 21 days to ask for a review by the full appeals court. Padilla's lawyers could not be reached for comment.

Attorney Kenneth Swartz, who represents co-defendant Adham Amin Hassoun, said defense lawyers are reviewing their options.

Padilla, 36; Hassoun, 44; and Kifah Wael Jayyousi, 45, are charged with taking part in a North American terror cell that sent money, supplies and recruits to radical Islamic groups fighting overseas.

Hassoun, a former computer programmer in Sunrise, recruited Padilla to travel to the Middle East as a religious fighter after the two met through a South Florida mosque, according to prosecutors. Jayyousi, a former public school official in Detroit and Washington, D.C., is charged with running various organizations that paid for and promoted violent jihad. The men have pleaded not guilty.

The count dismissed by U.S. District Judge Marcia Cooke in August -- a charge of conspiracy to commit murder, maiming and kidnapping overseas -- carries a possible life sentence. The indictment's other counts, accusing the men of providing material support to a terrorist plot, carry a total possible sentence of 20 years.

Letters To The Editor (PPG)

Pittsburgh Post-gazette

Pittsburgh Post-Gazette, January 31, 2007

We are using lawful tools to fight terrorism

Because your Jan. 19 editorial ("Spy Reversal") on the Terrorist Surveillance Program (TSP) and the Foreign Intelligence Surveillance Court (FISC) may have left readers with some inaccurate impressions, I offer the following response:

First, the TSP falls well within the president's constitutional authority, recognized and supplemented by Congress in the aftermath of Sept. 11, 2001, to protect Americans by intercepting the international communications of a lethal enemy.

Second, the Justice Department began exploring options for FISC approval for the collection of international al-Qaida communications into and out of the United States in the spring of 2005, well before the first press accounts disclosing the existence of the TSP. It took considerable time and effort, however, for the government to develop this new approach, which has the speed and agility offered by the TSP, and for a judge of the FISC to consider and approve these orders. The new FISC orders are innovative and complex, but the result is that any electronic surveillance that may have occurred previously under the TSP will now be subject to the approval of the FISC. Accordingly, under these circumstances, the president has determined not to reauthorize the TSP when the current authorization expires.

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Third, the attorney general directed department officials to brief the Senate and House Intelligence committees, as well as other key members of Congress, on the new orders. Although the existence of these orders has been made public, the contents of the orders remain highly classified. The disclosure of such information could reveal to our enemies aspects of our intelligence capabilities and allow them to evade detection.

The intelligence community has confirmed the value of the TSP in providing us information we would not otherwise have had and that these new orders will fulfill that critical function. The attorney general and the Justice Department are committed to fighting terrorism and using all lawful tools to protect our nation in a manner that respects and preserves the civil liberties of all Americans.

TASIA SCOLINOS
Director of Public Affairs
U.S. Department of Justice
Washington, D.C.

British Police Arrest 8 On Terror Charges (AP)

AP, January 31, 2007

BIRMINGHAM, England -- Police arrested eight people on Wednesday in Birmingham on suspicion of committing, preparing or instigating terrorism, West Midlands Police said.

Police gave no details of the allegations against the suspects.

Police raided several addresses beginning at 4 a.m., police said.

The operation was led by the Midlands Counterterrorism unit, supported by West Midlands Police and London's Metropolitan Police.

Last week, police arrested five people in terrorism investigations in the English cities of Manchester and Halifax.

Rizwan Ditta, 29, and Mohammed Dilal, 26, of Halifax were later charged with possession of information of use to terrorists.

Three men arrested by Greater Manchester Police remain in custody but have not been charged.

2 Plead Guilty In Arms Deal Case (AP)

AP, January 31, 2007

BALTIMORE -- Two Indonesian men arrested with four others in an international arms buying sting last fall pleaded guilty Tuesday to trying to illegally export arms to Indonesia's military.

Reinhard Rusli, 33, and Helmi Soedirdja, 34, contacted Maryland-based undercover agents to acquire night-vision goggles and a holographic weapons sight without the proper licenses, prosecutors said.

Rusli and Soedirdja, who also pleaded guilty to money laundering, were arrested in September in Guam along with suspected international arms dealer Haji Subandi and three suspected arms brokers for the Tamil Tigers terrorist group.

The other four men have pleaded not guilty and remain in federal custody. A joint trial has been scheduled for May 14 in federal court in Baltimore.

The Tamil Tigers began fighting in 1983 for a separate state in Sri Lanka. The U.S. considers it a terrorist organization.

Rusli and Soedirdja face a maximum sentence of 20 years in prison for money laundering and 10 years in prison for attempted exportation of arms.

2 Men Plead Guilty In Arms Deal (BSUN)

By Matthew Dolan, Sun Reporter

The Baltimore Sun, January 31, 2007

Indonesians among 6 accused of seeking high-tech weapons

Two of the half-dozen men charged with paying undercover customs agents in Maryland to export restricted high-tech weapons to rebels in Sri Lanka and the Indonesian army pleaded guilty in a federal courtroom in Baltimore Tuesday.

Dressed in prison clothing, Reinhard Rusli, 34, and Helmi Soedirdja, 33, both citizens of Indonesia, entered guilty pleas to attempting to illegally export arms and money laundering.

Prosecutors accused Rusli and Soedirdja of contacting undercover agents to buy monocular night vision and holographic weapons sight devices, which they indicated would be used by the Indonesian military.

On Aug. 31, court papers say, the defendants wired $2,950 from Indonesia to the United States to obtain a monocular night vision device and holographic weapons sight. The restricted military technology cannot be exported with out a license or written authorization from the U.S. State Department.

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The pair arrived in Guam from Indonesia on Sept. 21, court papers show. Shortly after, they met with undercover agents to examine the night vision devices, according to prosecutors. Authorities said that the Indonesian men also discussed the future acquisition of additional military gear.

They were arrested in Guam by U.S. immigration agents.

Rusli and Soedirdja could face a maximum sentence of 20 years in prison on the money laundering charge and 10 years in prison for attempted exportation of arms.

But according to the terms of their plea agreement and comments from the presiding judge Tuesday, the likely prison term for Rusli and Soedirdja will be about four to five years in prison when they are sentenced April 27.

The elaborate sting operation unfolded in Baltimore last summer when federal agents put up a Singapore arms broker at a four-star Inner Harbor hotel, arranged for him to attend religious services at a mosque in Laurel and took him to a shooting range in Harford County so he could test-fire machine guns they said he was interested in buying.

The ruse, authorities said, led representatives for the Tamil Tigers insurgents in Sri Lanka to deposit $700,000 with undercover agents as a down payment for millions of dollars in sniper rifles, submachine guns and grenade launchers. The arms dealers also inquired about unmanned air vehicles and buying surface-to-air missiles to shoot down Israeli-built aircraft in Sri Lanka, according to federal court papers.

The four remaining defendants, who have pleaded not guilty, remain in federal custody pending their joint trial scheduled for May.

matthew.dolan@baltsun.com

US Judge OKs Lawsuit By Foreign Nationals Saying Bank Helped Palestinian Suicide Bombers (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 31, 2007

(AP) - NEW YORK-Israelis and other foreign nationals can pursue claims in U.S. courts accusing the Jordan-based Arab Bank of promoting Palestinian suicide attacks by funneling Saudi money to bombers' families, a judge ruled.

In a written decision in federal court in Brooklyn, U.S. District Judge Nina Gershon upheld a lawsuit Monday filed under U.S. law that gives non-U.S. citizens access to courts in order to challenge violations of international laws or treaties.

Lawyers for Arab Bank had asked Gershon to toss out the suit, arguing that U.S. courts lacked proper jurisdiction.

Though the judge dismissed portions of the suit, her ruling still allows thousands of suicide bombing victims and their families to seek unspecified damages, said a plaintiff lawyer, Michael Elsner.

"Today was an incredible victory for victims of suicide bombing attacks and other acts of violence in Israel and an important lesson to banks and private individuals that aid and abet acts of terrorism," he said. "They may be held civilly liable in the United States, even if those acts occur outside the United States."

Arab Bank spokeswoman Phyllis Cuttino called the ruling "disappointing, because it is at odds" with a series of appeals court decisions dismissing similar claims.

The suit, filed in 2004, claims that Arab Bank aided terrorism by acting as the administrator of an "insurance plan" by the Saudi Committee in Support of the Intifada Al Quds, which paid $5,300 (â‚¬4,100) to the families of Palestinian bombers killed in attacks by Hamas, Islamic Jihad and Al Aqsa Martyrs' Brigades.

Arab Bank has insisted it had no intention of promoting terrorism and argued the plaintiffs could not link the bank's actions to their injuries or their relatives' deaths.

The bank "abhors terrorism" and "remains confident it will prevail at trial," its spokeswoman said.

In 2005, Gershon upheld other related suits brought by American citizens under U.S. anti-terrorism laws.

U.S. Eyes Software Touted By Islamists (WT)

By Shaun Waterman

The Washington Times, January 31, 2007

U.S. cyber-security specialists have been examining an encryption software package released earlier this month by the Global Islamic Media Front, a Web forum for supporters of Islamic terrorists.

The software package, dubbed "Mujahideen Secrets," can be used on computers in libraries and other public places to encrypt e-mail or other files being sent over the Internet, according to IDefense, a security consultant firm analyzing the program.

"The program's 'portability' as an application will become an increasingly desirable feature, especially considering the high use of Internet cafes worldwide by pro-terrorist Islamic extremists," said IDefense Middle East analyst Andretta Summerville.

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Although the package does not offer any capabilities not available in commercial encryption programs, IDefense Director of Threat Intelligence Jim Melnick said it was being promoted on forums and other Web sites used by supporters of Islamic terrorist groups.

The program "will make it easier and more comfortable for those Arabic speakers who may have been wary of using English-based encryption programs to use a program developed by their own people," Mr. Melnick said. It is "likely to reach a broad audience of pro-terrorist supporters online and Arabic-speaking hackers."

"Mujahideen Secrets," which can be downloaded for free, offers "the five best encryption algorithms, with symmetrical encryption keys, asymmetrical encryption keys and data compression," according to a translation of a Global Islamic Media Front's Jan. 1 announcement about the software, provided by Middle East Media Research Institute.

Mr. Melnick added that "Mujahideen Secrets" included a PDF file of instructions in Arabic, which noted that the developers of the package had been working on the code "for years." Mr. Melnick said another unusual, though not unique feature of the software, was that it did not supply so-called "public keys."

Keys are the code that allows encryption users to talk to each other. Possessing a key does not allow anyone to decrypt messages sent using it but does mean the user can set up a secure session with anyone else using the same key.

"Most encryption packages are designed to be interoperable," he said, but this program is not. As a result, users "must get the key to decrypt e-mail [or other files] from the person who sent it or through other private means."

Encryption capabilities are not new in the world of cyber-jihadis, said Ben Venzke of IntelCenter, a consultant group that provides counterterrorism-intelligence support to the U.S. government.

"This is consistent with the ongoing efforts of jihadist sympathizers online," he told UPI. "Encryption is used by some [Islamic terrorists]. ... Some al Qaeda manuals have addressed the question. ... It is a standard part of the operational security practiced [online] by those [Islamic terrorists] who take the time to use it."

HOMELAND RESPONSE:

FBI Turns To Broad New Wiretap Method (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News.com, January 30, 2007

FBI's Internet wiretaps after retiring "Carnivore" appear to involve compiling massive databases of information on thousands of users at a time.

The FBI appears to have adopted an invasive Internet surveillance technique that collects far more data on innocent Americans than previously has been disclosed.

Instead of recording only what a particular suspect is doing, agents conducting investigations appear to be assembling the activities of thousands of Internet users at a time into massive databases, according to current and former officials. That database can subsequently be queried for names, e-mail addresses or keywords.

High ImpactWhat's new:

The FBI's use of Internet wiretapping appears to involve collecting data on thousands of innocent users, with that information being loaded into a searchable database.Bottom line:

It is unclear whether such a "wiretap first, filter later" policy is legal or constitutional.

More stories on this topic

Such a technique is broader and potentially more intrusive than the FBI's Carnivore surveillance system, later renamed DCS1000. It raises concerns similar to those stirred by widespread Internet monitoring that the National Security Agency is said to have done, according to documents that have surfaced in one federal lawsuit, and may stretch the bounds of what's legally permissible.

Call it the vacuum-cleaner approach. It's employed when police have obtained a court order and an Internet service provider can't "isolate the particular person or IP address" because of technical constraints, says Paul Ohm, a former trial attorney at the Justice Department's Computer Crime and Intellectual Property Section. (An Internet Protocol address is a series of digits that can identify an individual computer.)

That kind of full-pipe surveillance can record all Internet traffic, including Web browsing--or, optionally, only certain subsets such as all e-mail messages flowing through the network. Interception typically takes place inside an Internet provider's network at the junction point of a router or network switch.

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The technique came to light at the Search & Seizure in the Digital Age symposium held at Stanford University's law school on Friday. Ohm, who is now a law professor at the University of Colorado at Boulder, and Richard Downing, a CCIPS assistant deputy chief, discussed it during the symposium.

In a telephone conversation afterward, Ohm said that full-pipe recording has become federal agents' default method for Internet surveillance. "You collect wherever you can on the (network) segment," he said. "If it happens to be the segment that has a lot of IP addresses, you don't throw away the other IP addresses. You do that after the fact."

Justice Department Takes Issue With Net-wiretapping Report (CNET)

By Declan McCullagh

CNET News.com, January 31, 2007

The U.S. Department of Justice is taking issue with an article we published Tuesday that describes how the FBI appears to be using a controversial wiretapping technique.

Our article quoted a former Justice Department attorney in the Computer Crime and Intellectual Property Section and Richard Downing, a CCIPS assistant deputy chief, who discussed this at a Stanford Law School event last week.

The wiretapping technique is used in certain cases where specific targeting is infeasible and instead all communications on a pipe are recorded for later perusal and data-mining. It raises questions about compliance with both the Wiretap Act and the Fourth Amendment to the U.S. Constitution.

We told the Justice Department our deadline was late Monday, but they didn't reply until late in the day Tuesday. Here's what Dean Boyd, a Justice Department spokesman, sent to us in e-mail, unedited:

Your article is inaccurate. Nothing has changed from our long-standing practice in implementing court-authorized law enforcement interception orders. The FBI records and retains only that data which it is authorized under law to record and retain -- namely, the communications associated with court-approved targets.

For your information, what law enforcement does is isolate the communications associated with the target facility and record only those communications. After law enforcement collects the targeted communications, as specified in the court order, we "minimize" the captured information by sorting it into relevant and non-relevant material (i.e., depending on whether the contents relate to the criminal activity specified in the court's order).

Such after-the-fact minimization is done with explicit authorization from the court, and no further use may be made of minimized (non-relevant) communications.

On rare occasions involving technical obstacles, we perform real-time filtering on large data connections carrying the traffic of multiple unrelated facilities, but only using automated filters that isolate and retain only the communications associated with the facility identified in the order. All data not relating to the targeted facility is instantly and irreversibly deleted. This data is therefore never read or comprehended by anyone in law enforcement.

The bottom line: Nothing has changed. We believe that Professor Ohm, quoted in the article, either was misquoted or misspoke.

We had sent Boyd a list of questions, including:

What legal authority is DOJ relying on for the "full-pipe" interception, and how long does DOJ believe 18 USC 2518(5) permits the "full-pipe" data to be retained?

Do you believe that "communications associated with court-approved targets" can in some cases include the full contents of the pipe that is associated with a target?

Does your interpretation of 2518(5) treat digital communications as a code or a foreign language?

Was your CCIPS official speaking at the conference incorrect? And, perhaps most importantly, what does the FBI do when the ISP technically is unable to minimize to capture the communications *only* court-appointed targets? (I presume the investigation doesn't abruptly end at that point.)

We also asked to do an actual in-person or telephone interview with a Justice Department official rather than relying on an e-mail exchange. But Boyd replied by saying:

This is all I have for you on this topic. You are free to use it or not. Thank you.

New York Lawmakers Obtain $25 Million For Ill 9/11 Workers (NYT)

By Sewell Chan

The New York Times, January 31, 2007

After impassioned pleas by members of New York's Congressional delegation, the White House agreed yesterday to spend $25 million for the care and treatment of 9/11 rescue workers who became ill after being exposed to toxic dust at ground zero.

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A preliminary federal estimate has put the total cost of treating all workers who need medical care at more than $250 million, but lawmakers said the $25 million would provide a reprieve through the end of the year for two treatment programs that last month warned they were running out of money.

"I think it's a big breakthrough," said Representative Vito J. Fossella, who met yesterday morning with Rob Portman, the director of the White House Office of Management and Budget, and with Dr. John O. Agwunobi, the assistant secretary for health at the Department of Health and Human Services.

Mr. Fossella, who represents Staten Island and part of Brooklyn and is the only Republican House member from New York City, joined other lawmakers agitating for federal aid.

Also in the group are Senators Charles E. Schumer and Hillary Rodham Clinton; Representative Carolyn B. Maloney, who represents parts of Manhattan and Queens; and Representative Jerrold L. Nadler, who represents parts of Manhattan and Brooklyn. All are Democrats.

The group obtained $75 million from Congress last year , but that money is running out. Mrs. Clinton has called for a $1.9 billion program to help the workers.

Ms. Maloney said, "I would have hoped that we would not have had to wait five years and a number of visible deaths before we got the administration to react, but it is an important step forward."

Mr. Nadler called the $25 million "a milestone" but added that it was "grossly inadequate."

Dr. Agwunobi and Dr. John Howard, director of the National Institute for Occupational Safety and Health, are co-chairmen of a task force examining the needs of 9/11 workers.

Mayor Michael R. Bloomberg issued a statement thanking President Bush "for taking this important step." The mayor said the treatment programs — one run by the Mount Sinai Medical Center and the other by the Fire Department — were "working well, but will need vastly more support from Washington."

Ms. Maloney and Mr. Fossella both said they were told by Mr. Portman that the $25 million was only a starting sum and the findings of the task force could be the basis for additional aid.

Sean Kevelighan, press secretary for the White House Office of Management and Budget, called the $25 million "a good starting point," and said: "We'll be paying close attention to the recommendations of the task force. We would be willing to reconsider the '08 budget level should the facts suggest that a different amount be appropriate."

Bush's Budget Proposes Adding 9/11 Health Funds (AP)

By Devlin Barrett

AP, January 30, 2007

WASHINGTON -- The Bush administration plans to keep funding health programs for sick ground zero workers, enough to keep the effort alive at least through 2007, the White House said Tuesday.

The administration next week will propose spending at least $25 million more to fund a Sept. 11-related health care program at Mount Sinai Medical Center in Manhattan and a related effort for New York firefighters.

White House officials said they would consider providing more money, depending on the findings of a separate government task force that is examining Sept. 11-related health issues.

"We consider this a good starting point," said White House budget spokesman Sean Kevelighan.

Rep. Vito Fossella, R-Staten Island, called the news "a breakthrough" after years of seeking more help from the government.

"For the first time in the federal budget there will be a down payment to provide for funding for continued treatment and monitoring for Sept. 11 responders who need our help," Fossella said.

Word of the new money came a day before the president was to speak in New York about the economy, and sick Sept. 11 workers planned a rally timed to the visit. It was also a week before Bush offers his budget proposal to Congress.

The issue gained new attention just last week when a former New York City police officer died of lung problems, more than five years after he worked at ground zero.

Cesar Borja, 52, died awaiting a lung transplant. His son, Ceasar Borja, Jr., 21, was tentatively scheduled to meet with the president in New York on Wednesday to discuss Sept. 11 health issues, but no specific time was given.

The son, a college student, attended Bush's annual State of the Union address to Congress last week -- hours after his father's death -- to call attention to the issue.

Fossella said he learned of the additional funding in a Tuesday morning meeting with the head of the White House budget office, Rob Portman. Two other New York Republicans, Peter King, of Long Island, and James Walsh, of Syracuse, also attended the meeting.

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The White House often gives lawmakers advance notice of good news contained in the budget proposal, which must still be approved by Congress.

Fossella and Democratic Rep. Carolyn Maloney of Manhattan have spent years lobbying for Sept. 11 health funding. Maloney, D-N.Y., called the move "long overdue," adding that the health programs should treat "all those exposed and affected," including lower Manhattan residents.

The $25 million figure would probably change after the administration gets more details from the hospital and New York City about their patients, and Fossella said the goal was not to hit a specific dollar target but to continue treating those patients.

The government delivered $75 million for the programs last year, but health advocates had warned that money was due to run out by the summer.

Rep. Jerrold Nadler, a Democrat whose district includes ground zero, said the $25 million was a "first step forward" in getting the government to respond to the health needs but argued the dollar figure was grossly inadequate.

Under the new White House proposal, those programs would remain funded through the end of the year -- and their inclusion in the president's budget suggests it may be easier to continue funding through future years.

"Obviously, it's going to cost more than $25 million," said King. "But in the course of the last year, they've seen the health problems arising from 9/11, so now the only question is what is the extent of it and how to meet those needs."

The death last week of Officer Borja is one of several fatalities that have generated increasing public pressure for the government to do more for those who are still sick years after working on the toxic debris pile at the World Trade Center site.

Sen. Hillary Rodham Clinton, D-N.Y., has called for a $1.9 billion federal effort to provide years of treatment to those sick workers.

Mount Sinai, which has screened some 19,000 such workers, released a report last year finding nearly seven out of every 10 ground zero responders suffered lung problems.

One of the doctors who authored that study, Dr. Robin Herbert, has said thousands will likely need long-term health care.

Border Security Chief Must Walk A Fine Line (WT)

By Jerry Seper

The Washington Times, January 31, 2007

It's one of the toughest assignments in America: Keep terrorists from sneaking into the United States while ensuring the border is open to legitimate trade and travel.

But Assistant Commissioner Jay Ahern, who heads the Office of Field Operations at U.S. Customs and Border Protection (CBP), says the agency is up to the task.

"Knowing the destruction that can happen, there is a sense of urgency that drives all of us," Mr. Ahern said during an interview at his headquarters in Washington. "Every day I have a sick feeling in my stomach worrying whether I have addressed every problem, done everything I could to prevent another attack. And I know I'm not alone.

"The terrorists continue to plot against us; the threat is not over," he said. "While I am confident we have a much higher level of security today than we did on September 11, a lot more needs to be done. But we are getting there."

CBP officers are assigned along 7,000 miles of land border with Canada and Mexico and perform daily inspections of more than 1.2 million passengers and pedestrians at the nation's 326 land-, air- and seaports.

Carrying out the mission, Mr. Ahern said, entails security improvements at and between the nation's ports of entry and extending a "zone of security" beyond the country's physical borders, "so that American borders are the last line of defense, not the first line."

By partnering with other countries through the Container Security Initiative, Mr. Ahern said, CBP has improved its targeting systems and increased the amount of information it has on people and goods bound for the United States.

Mr. Ahern said the initiative addresses the threat posed by the potential for terrorist use of maritime containers to deliver a weapon. He said it enables CBP, working with host countries, to examine high-risk maritime containerized cargo at foreign seaports before they are loaded onto ships bound for the United States.

Teams of officers from CBP and U.S. Immigration and Customs Enforcement work with their foreign counterparts in North America, Europe, Asia, Africa, the Middle East, Latin America and Central America.

Mr. Ahern, a veteran U.S. Customs Service agent with 31 years in federal law enforcement, said 50 foreign ports are covered by the program -- about 87 percent of the trans-Atlantic and trans-Pacific containerized cargo shipped to the United States -- and the number of ports will grow to 58 by the end of this fiscal year.

Mr. Ahern described as "unrealistic" efforts by some members of Congress to require the scanning of 100 percent of the containers entering the U.S. through its seaports. He noted that many of the 700 ports that now send cargo to the United States have neither the means, the methods nor the inclination to participate in the program.

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"I think we need a better sense of both the cost and the potential effectiveness of such a program before we put billions of dollars into it," he said.

Mr. Ahern also called the standardization of travel documents "a critical step" in supporting CBP efforts to better secure the border and nation's ports, where about 90,000 people a year, or about 250 a day, are apprehended with fraudulent documents, including criminal aliens attempting to enter the country.

Legislators Tell Coast Guard To Revamp Rebuilding Plan (NYT)

By Eric Lipton

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — Frustrated by reports of ships with cracking hulls, design flaws, cost overruns and construction delays, lawmakers demanded Tuesday that the Coast Guard's leadership overhaul its $24 billion effort to rebuild its fleet or risk the program's cancellation.

At a hearing of the House Subcommittee on Coast Guard and Maritime Transportation, committee members delivered a bipartisan lashing to the Coast Guard, which has spent several billion dollars for a new fleet but now has fewer ships available for patrols than it did in 2001.

"Our subcommittee will not allow taxpayer money to continue to be wasted for failing projects," Representative Elijah E. Cummings, Democrat of Maryland and chairman of the subcommittee, told the Coast Guard commandant, Adm. Thad W. Allen. "We must stop the waste."

Lawmakers were perhaps most disturbed over reports that the Coast Guard's first National Security Cutter, the 425-foot flagship of the new fleet, had more than doubled in cost and had design flaws that could cause cracks in its hull or deck within a few years.

Richard L. Skinner, the inspector general of the Homeland Security Department, in a report issued Monday blamed the Coast Guard for poor oversight of the design and construction of its vessels.

Already, eight smaller patrol boats rebuilt under the Coast Guard overhaul program, known as Deepwater, have been pulled from service as unseaworthy, even though the government paid $100 million for them to the Coast Guard's contractors, led by Lockheed Martin and Northrop Grumman.

"Now you have eight pieces of junk sitting at the yard," Representative Gene Taylor, Democrat of Mississippi, said at the hearing, his voice cracking with anger.

Admiral Allen, who took over the Coast Guard last May, did not dispute that Deepwater, which is intended to replace or modernize 90 ships and 200 aircraft over the next 15 years, was off to a disappointing start. "Deepwater is essential to the Coast Guard's future," he said. "We have to get it right."

To deliver on that promise, Admiral Allen said the Coast Guard would be more assertive in monitoring Lockheed and Northrop, which were hired in 2002 not just to build the ships and the planes, but also to manage the program.

The Coast Guard's chief engineer now has the power to review all aspects of the program and demand changes, Admiral Allen said. If serious disagreements occur, he added, the Coast Guard's senior managers and lawmakers are to be informed.

Members of the subcommittee expressed confidence in Admiral Allen, who replaced Michael D. Brown, the much-criticized director of the Federal Emergency Management Agency, in leading the federal response to Hurricane Katrina in New Orleans.

But they made it clear that they had no tolerance for more mistakes, and that they wanted the Coast Guard to demand payments from Lockheed and Northrop if it could be documented that they had been responsible for some of the problems.

"We never had much of a margin of error," said Representative Frank A. LoBiondo, Republican of New Jersey. "We have none left at all. We can't sustain any more bad news."

Philip A. Teel, president of Northrop Grumman Ship Systems, and Leo S. Mackay Jr., president of the partnership that Northrop and Lockheed created to manage the Deepwater program, defended their performance. Mr. Teel and Dr. Mackay disputed assertions that the National Security Cutter was flawed, saying that the first ship they built, at a cost of nearly $500 million, would last 30 years as required.

But the Coast Guard, at a still undetermined cost, is planning to make major structural enhancements in the first and second ships, and then to change the design for the remaining six.

Lockheed and Northrop have been told that their contract will be extended until at least 2011, but Admiral Allen said the Coast Guard was still negotiating the terms of that deal.

Committee members asked Admiral Allen to return in four months to document that the promised improvements had been made.

"The Deepwater program seems to be in, well, deep water," said Representative Rick Larsen, Democrat of Washington.

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Contractors Defend Ship Modernization (AP)

By Dan Caterinicchia, The Associated Press

The AP, January 30, 2007

WASHINGTON — Executives from Lockheed Martin Corp. and Northrop Grumman Corp. on Tuesday fended off congressional criticism of their roles in running the Coast Guard's multibillion-dollar fleet modernization program, while the agency's top officer promised more effective oversight.

The modernization program, dubbed Deepwater, "is essential to the Coast Guard's future," Commandant Adm. Thad Allen told a House subcommittee. "In many ways it is the Coast Guard's future. We have to get it right."

Allen responded to sometimes harsh questioning from lawmakers the day after the Department of Homeland Security's inspector general released a report concluding that design flaws in the first two 421-foot, 4,000-ton cutters already have led to spiraling costs and must be addressed to ensure the 30-year life of the new ships.

Elijah Cummings, D-Md., who chairs the House Subcommittee on Coast Guard and Maritime Transportation, asked the company executives if they could guarantee the cutters could go 30 years without a crack.

"Sir, I don't know about whether they can," said Philip Teel, president of Northrop Grumman Ship Systems. Teel quickly added that he did believe the vessels would last 30 years, though he could not predict if a crack would occur.

Since shortly after the Deepwater contract was awarded in June 2002 to Integrated Coast Guard Systems, a joint venture of Lockheed Martin and Northrop Grumman, Coast Guard technical experts have repeatedly voiced design concerns and lawmakers repeatedly asked why changes were not made at that time.

Allen said the decision was made to move forward with construction of the first two of eight massive cutters despite questions about their strength because not doing so would have caused "irrevocable" delays and cost overruns. He acknowledged running afoul of the inspector general because that decision-making process had no traceable path.

Rep. Gene Taylor, D-Miss., asked Teel if, in general, fixes can be made cheaper at the time they're discovered.

"Clearly it's cheaper to fix it early, not later," Teel said.

Allen and his predecessors always have preached "prepare for the worst and you're not doing that, you're sugarcoating it," Taylor said.

The combined cost of the first two cutters has increased from $517 million to about $775 million primarily due to design changes needed to meet post-9/11 mission requirements and other government specifications not included in the original contract, according to the inspector general's report. Further changes being suggested by the contractors could add an additional $300 million, the report estimated.

Late last year, the Coast Guard removed from service eight 123-foot cutters that were among the first to be lengthened and outfitted with new computer and navigation systems. Allen said less than $100 million had been lost on those boats, which had been used to patrol Florida's waters. He would not comment on the possibility of recouping any of those costs from the contractors citing litigation concerns.

Deepwater, a $24 billion, 25-year program, is the largest acquisition project in Coast Guard history. Allen conceded that the agency lacked competency in dealing with such a massive deal, the likes of which are more common within the Defense Department.

But he said greater oversight of the program was on the way. A new office is being established where one chief acquisition officer will oversee all procurement projects, he said.

Allen promised to return to brief the committee on Deepwater's progress within 120 days.

Shares of Bethesda, Md.-based Lockheed Martin added 18 cents to close at $96.24, while Los Angeles-based Northrop Grumman gained 23 cents to end at $70.97, both on the New York Stock Exchange.

Montana Moves To Reject Real ID Law (USAT)

By Thomas Frank

USA Today, January 31, 2007

Several state legislatures are considering measures opposing a federal law aimed at fighting terrorism by making driver's licenses harder to get.

The Montana House of Representatives expects to vote today on a bill that would make Montana the first state to ignore the Real ID law, which requires states to demand a minimum standard of proof of residency from people seeking driver's licenses.

The bill passed a Montana House committee 17-0 last week and needs Senate approval.

DOJ_NMG_0124894

The Maine State Legislature last week became the first to approve a resolution urging Congress to overturn the law before it takes effect in May 2008. Only four of 186 Maine lawmakers voted no.

"You're going to see a lot more states getting on board," said Montana state Rep. Brady Wiseman, a Democrat who wrote the bill.

Other states with bills: Hawaii, Georgia, Massachusetts, New Mexico, Oklahoma, Vermont and Washington.

State Rep. Jim Guest of Missouri, a Republican leading a national coalition against Real ID, said 30 states could pass measures opposing the law.

Residents of states that don't comply will be barred from using their licenses or state IDs to board airplanes, open bank accounts or enter federal buildings.

Wiseman and other opponents hope enough states protest or defy the law that Congress will be forced to revise or repeal it.

"If one state says no, or another state follows Maine, the whole house of cards collapses," said Barry Steinhardt of the American Civil Liberties Union.

Democratic control of Congress makes repeal more likely than before, Steinhardt said. When Real ID passed the House, 219 Republicans supported it and 152 Democrats opposed.

Rep. Lamar Smith, R-Texas, who co-sponsored the law, said Congress is "very unlikely" to repeal a law that deters terrorists "who could use a driver's license ID as cover."

The law sets the first federal standards for getting licenses, which the 9/11 Commission recommended after finding the Sept. 11 hijackers got 34 licenses and government ID cards. Seven hijackers lied on residency statements.

Everyone would have to renew licenses and state IDs in person by 2013 with documents showing their Social Security number and home address, and that they are in the USA legally. New applicants face the same standards.

Bills to comply with the law are pending in six state legislatures. Indiana state Sen. Vic Heinold, a Republican, said the law helps "control the immigration situation" by allowing visitors to get licenses only for as long as their visas are valid.

Critics fear that requiring all licenses to use identical technology for machine reading would lead places that check IDs, such as bars, office buildings and retailers, to increase their use of such scanning machines and create digital records every time a card is swiped.

"They could remain and be pieced together to create footprints about where we've been and what we've done," said Jim Harper of the Cato Institute, a libertarian think tank in Washington, D.C.

State lawmakers also protest the cost. The National Governors Association says it will cost more than $11 billion over five years. Congress, estimating a $100 million cost, provided $40 million.

Black Caucus Requests Katrina Committee (AP)

By Ben Evans

AP, January 31, 2007

The Congressional Black Caucus has asked House Speaker Nancy Pelosi to form a new committee on Hurricane Katrina to focus more urgently on rebuilding the Gulf Coast, particularly New Orleans.

"The Bush administration has turned its back on our fellow Americans, the victims of the greatest disaster on American soil in our generation," caucus Chairwoman Carolyn Cheeks Kilpatrick, D-Mich., wrote in a letter to Pelosi. "How can we talk about reconstruction abroad when we cannot help our fellow Americans at home?"

Kilpatrick criticized President Bush for not mentioning Katrina in his State of the Union address last week and said that forming a select House committee on the issue "offers the best hope for development."

A Pelosi spokesman, Drew Hammill, said Tuesday the Democratic leader would look closely at the request. But he noted that several congressional committees are overseeing the recovery and that Democrats already have a Katrina task force.

Coincidentally, Hammill said, Pelosi had scheduled a meeting for Wednesday with the relevant committee heads and Gulf Coast lawmakers to discuss solutions.

In an interview with NPR on Monday, Bush defended the administration's handling of the rebuilding, saying the federal government has sent some $110 billion to Mississippi and Louisiana, some of it still waiting to be spent.

"Obviously there is more work to be done," he said, according to a transcript of the interview. "But no, our response to the Katrina recovery has been very robust. And I appreciate the taxpayers of the United States helping the folks down there."

At a Senate hearing in New Orleans on Monday, Mayor Ray Nagin said that 17 months after the storm hit, he doesn't see evidence of "the will to really fix New Orleans." He said the slow progress can be partly attributed to class and racial discrimination.

Nagin said he is not asking for more money, just that the money allocated get to the city faster.

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As of Jan. 18, the Federal Emergency Management Agency had agreed to pay $334 million for infrastructure repairs in New Orleans, but Louisiana had forwarded only $145 million to the city. State officials have said city leaders failed to provide required documentation, which Nagin called cumbersome.

Also, eight months after it was hired, a Virginia-based consulting company in charge of dispensing billions in federal aid to people whose homes were damaged by hurricanes Katrina and Rita has received 101,000 applications but handed out fewer than 300 grants.

The CBC declined to release the full text of its letter to Pelosi but provided excerpts.

Kilpatrick said CBC members met last week to discuss a specific agenda for addressing the situation. The proposals include forgiving debt for the city of New Orleans and the state of Louisiana, providing more money for transitional housing and public safety, and repealing liability immunity for the U.S. Army Corps of Engineers, which has acknowledged design failures in the levees that were supposed to protect New Orleans.

All Areas Open In New Blueprint For New Orleans (NYT)

By Adam Nossiter

The New York Times, January 31, 2007

NEW ORLEANS, Jan. 30 — No neighborhoods would be off limits for development in a new $14 billion plan for this city's recovery introduced Tuesday, the latest foray in a process that has been going on since shortly after Hurricane Katrina flooded New Orleans 17 months ago.

The Unified New Orleans Plan, as it is called, 556 pages long, was developed by consultants and planners for the city after months of meetings with citizens here, and is intended to be used by city planners as a guide to redevelopment.

The plan calls for spending millions on libraries, recreation, utilities, schools, transportation, flood protection, health care and other areas. The projected source of financing is unclear, however, as one of the consultants suggested Tuesday that much of the money might come from the $110 billion already appropriated by the federal government, while another appeared to suggest it might not.

Planners said that as part of a strategy to encourage people to return to depopulated areas like the Lower Ninth Ward, they would recommend temporary structures — schools or libraries in trailers, for instance.

"We don't want to put permanent investment in capital facilities until the resettlement patterns are more clearly defined," said Bobbie Hill, a planner. "Temporary facilities will be a catalyst."

The document was given to the city's Planning Commission on Tuesday, and more meetings will be held to discuss it.

The plan avoids the recommendation that caused the downfall of an earlier recovery blueprint: that potentially dangerous areas, those most vulnerable to flooding, be turned into "green space" or left undeveloped.

That idea was rejected a year ago by the city's mayor, C. Ray Nagin, after some citizens criticized it as racist and its genesis by outside planning experts as elitist. The new document, more populist both in ideas and in conception, appears carefully designed not to anger citizens here. Already given informal sanction by officials, it calls for giving incentives to homeowners, for instance, to raise their homes or to resettle in "clusters," but it contains no mandates that they do so.

Unlike the earlier document, the plan rejects reducing the size of New Orleans, "shrinking the footprint," a phrase that became a red flag to outraged citizen groups here.

"From this plan's standpoint, there's no likelihood it will have a smaller footprint," Troy Henry, one of the consultants who worked on the plan, said at a news conference Tuesday. "We have not green-spaced any neighborhoods."

Darren Diamond, another consultant, said, "We are giving incentives in all areas."

Individual neighborhoods have also developed their own recovery plans, and consultants on Tuesday were careful to say that the Unified New Orleans Plan did not supersede these efforts.

Much of the language of the new planning document is nonspecific and expresses generalized hopes for New Orleans rather than mandates. But it also appears to reflect the city's current patchy repopulation, in which some of the fears of the earlier, rejected team of planners are being realized.

Some neighborhoods, for instance, are already showing what was referred to by the earlier planners as the "jack-o'-lantern" effect: individual houses that have been reoccupied but are surrounded by a sea of blight, or abandonment.

One part of the new plan, much insisted on by the consultants Tuesday, appears to address that phenomenon by calling for incentives for homeowners and small businesses to encourage the creation of "sustainable clusters within their neighborhoods."

Safety Is Our Priority (USAT)

By Don Riley

DOJ_NMG_0124896

USA Today, January 31, 2007

The U.S. Army Corps of Engineers' most recent investigations into nationwide levee system performance have revealed the need for a consistent, comprehensive and risk-informed approach to improve public safety.

Our goal is an informed public, empowered to take responsibility for its safety; a clear, national levee safety policy and standards; and sustainable flood damage reduction systems.

Last year, Congress appropriated funds for the corps to initiate a national levee inventory and assessment program to determine the status and condition of our nation's levees. The corps began entering inventory data for the nearly 2,000 projects in the federal levee system. The data is entered as levee inspections are reviewed with local levee boards, which are responsible for operating and maintaining levees.

The corps inspects levees eligible for federal rehabilitation assistance. To ensure eligibility, levees must meet acceptable maintenance standards.

The corps is informing levee owners of maintenance status changes and ensuring maintenance requirements are met. In addition, the corps agreed to a one-year maintenance deficiency grace period, which will allow for corrections before a levee is removed from the program.

The list of levees will be released Thursday after the corps completes notification of local officials.

Finally, the corps is working closely with federal, state and local partners toward improving the safety and reliability of our national levees. Our intent is to inform the public so people understand the risks they face and can act to improve their safety.

Maj. General Don T. Riley is director of civil works for the U.S. Army Corps of Engineers.

Levee List Dribbles Out (USAT)

USA Today, January 31, 2007

Army Corps finds dangerous levees, then hides the list.

After Hurricane Katrina overwhelmed weak levees and destroyed much of New Orleans 18 months ago, the federal government finally got aggressive about inspecting thousands of miles of levees that are supposed to protect cities from Sacramento to Hartford.

It quickly found deficiencies. On Monday, USA TODAY's Peter Eisler reported that the Army Corps of Engineers had identified 146 levees in 28 states, the District of Columbia and Puerto Rico that pose an unacceptable risk of failing in a major flood, inundating people who live behind them.

There was just one hitch. The corps wouldn't say where those levees are. That's right. A public agency, using tax dollars to inspect levees, refused to share with the public critical information it discovered. The corps hasn't put the information on its website, and it refused to release a list to USA TODAY — both easy routes to get the message out. The corps would only reveal the number of faulty levees in each state, including 42 in California, 14 in Oregon, 13 in Arkansas and 6 in Louisiana, where the pain inflicted by failed levees is still palpable.

Has the agency learned anything from the New Orleans catastrophe? Hundreds of people died because government agencies, from local levee boards to the Army Corps of Engineers, had failed to do their jobs properly. The corps made errors in the basic design and construction of the New Orleans levees, according to an independent report last year by a panel led by engineers from the University of California, Berkeley. Residents of New Orleans relied on those levees for protection.

The corps' rationale for its silence? A spokesman said the agency wouldn't reveal the locations until all communities with faulty levees are notified. But by late Tuesday, after being bombarded with demands for the locations and asked to write an opposing view to this editorial, the corps relented, promising to release a list on Thursday.

Good. But the corps' first response, and its method of communicating with local officials, point to serious flaws in this new attempt to ensure better flood control.

Hartford officials say they were informed verbally at a meeting Nov. 8, that the city's levees were deficient and they risked serious consequences if repairs weren't completed by year's end — less than eight weeks later. A similar ultimatum was issued to three other Connecticut communities, state officials say. Hartford had already begun a $5 million repair project and met the corps' deadline. After the governor intervened, other communities got a one-year reprieve, and the corps says it will give all localities a year for repairs.

The corps' findings carry serious consequences. If levees aren't fixed, the federal government could determine that property owners behind them must buy flood insurance, costing hundreds of dollars a year. More important, they could be in harm's way. Residents have a right to know how safe or unsafe they are, information their government should be eager to provide.

Congress Scrutinizes Los Alamos Security (AP)

DOJ_NMG_0124897

AP, January 31, 2007

WASHINGTON (AP) -- Lawmakers threatened Tuesday to strip the Los Alamos National Laboratory of classified operations or even shut it down after a decade of security lapses.

Rep. John Dingell, D-Mich., said he had sat through nearly a decade of hearings in which the Energy Department and the northern New Mexico nuclear weapons lab had promised to fix security problems.

"I've been hearing these promises for a long time, and they've become somewhat tedious," he said.

The lawmakers blistered the lab for its most recent security breach in which a contract worker walked out with hundreds of pages of classified documents. The documents turned up during a drug raid last October involving a man who rented a room at the worker's home.

Rep. Joe Barton, R-Texas, said that if problems cannot be solved this time, he will ask that Los Alamos lab, the birthplace of the atomic bomb, be shut down.

"There is an absolute inability and unwillingness to address the most routine security issues at this laboratory," Barton said.

Barton, Dingell and others on the House Energy and Commerce Committee introduced a measure Tuesday to strip the National Nuclear Security Administration of its primary security responsibilities and turn them back to the Energy Department. They expressed concerns that NNSA has not fixed security problems at Los Alamos despite tens of millions of dollars spent on improvements.

"NNSA was a management experiment gone wrong," Barton said.

Rep. Bart Stupak, D-Mich., also called for a comprehensive audit of all services performed at Los Alamos. He wants to evaluate whether its size and mission are too large and whether many of the classified operations should be moved to another lab.

"I will not tolerate continued security lapses and a thumbing of their noses at Congress," Stupak said.

A new management team was installed at Los Alamos less than a year ago, in part to reverse years of security and safety problems.

The embarrassing October incident involving the classified documents resulted in a shake-up in the agency that oversees the lab. Linton Brooks, already reprimanded for an earlier incident, resigned this month as NNSA chief.

Lab officials have said none of the material found during the drug raid was top secret. A lawyer for the employee, a 22-year-old archivist, has said she had taken it home to catch up on work.

Security problems at the lab date back to the late 1990s. They include the disappearance of two hard drives containing classified material that later were found behind a copying machine, and the disappearance of two computer disks that forced a virtual shutdown of Los Alamos. It later was learned those two disks never existed.

Throughout Tuesday's four-hour hearing, lawmakers asked repeatedly why the lab needs to exist and whether it simply has too much responsibility for too many secret materials.

Administration officials urged lawmakers to give the new management team more time to turn things around.

Deputy energy secretary Clay Sell said Los Alamos probably could not be replaced or duplicated. It is the only place where plutonium pits for weapons can be made. Virtually everything that happens at Los Alamos is secret because the lab is responsible for the bulk of the strategic nuclear weapons stockpile, he said.

Sell promised stronger security there is possible.

"It appears to me the tail's wagging the dog," said a skeptical Rep. Charlie Melancon, D-La.

"It has been suggested that we shoot the dog," Sell responded. "I have to reject that suggestion in the strongest possible way. It is my view we have to have Los Alamos."

WAR NEWS:

In Senate, Allies Of Bush Work To Halt Iraq Vote (NYT)

By Carl Hulse And Thom Shanker

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — The Bush administration's allies in the Senate began a major effort on Tuesday to prevent a potentially embarrassing rejection of the president's plan to push 20,000 more troops into Iraq.

With the Senate expected to reach votes on possible resolutions sometime next week, the signs of the new campaign seeped out after a weekly closed-door lunch in which Republican senators engaged in what participants described as a heated debate over how to approach the issue.

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The new effort by President Bush's allies, including Senators John McCain of Arizona and Lindsey Graham of South Carolina, is aimed at blocking two nonbinding resolutions directly critical of the White House that had appeared to be gaining broad support among Democrats and even some Republicans.

Republicans skeptical of the troop buildup said some of their colleagues had begun to suggest that opponents of the White House plan ran the risk of undermining Lt. Gen. David H. Petraeus, the new military commander in Iraq, as well as Mr. Bush.

"There is a lot of pressure on people who could be with us not to be with us," said Senator Susan Collins, Republican of Maine, the co-author of one resolution along with Senators John W. Warner, Republican of Virginia, and Ben Nelson, Democrat of Nebraska.

As an alternative to that measure and another broadly backed by Democrats, Mr. McCain and Mr. Graham, along with Senator Joseph I. Lieberman, the independent Democrat from Connecticut, are trying to enlist support for a resolution that would set benchmarks for the Iraqi government and describe the troop increase as a final chance for the United States to restore security in Baghdad.

The senators have been joined in their effort by the Republican leader, Mitch McConnell of Kentucky, Senator John Cornyn of Texas and Senator David Vitter of Louisiana.

The debate over Iraq also resounded elsewhere on Capitol Hill, as senators attending the confirmation hearing for Adm. William J. Fallon, nominated to command American forces in the Middle East, heard his blunt assessment of the path ahead. He said "time is running out" for positive action by the government of Nuri Kamal al-Maliki to show it can quell sectarian violence.

At another Senate hearing, the leaders of the Iraq Study Group, the bipartisan panel that reported to Mr. Bush and Congress last month, disputed the White House's contention that most of their recommendations had been incorporated into Mr. Bush's troop increase plan.

"The diplomatic effort has not been full enough," said Lee H. Hamilton, co-chairman of the study group with James A. Baker III. In testimony before the Senate Foreign Relations Committee, Mr. Hamilton described the initiatives begun by the administration in the Middle East as modest and slow, and added, "We don't have the time to wait."

On the Senate Judiciary Committee, Democrats began laying the constitutional groundwork for an effort to block the president's plan to send more troops to Iraq and place new limits on the conduct of the war there, perhaps forcing a withdrawal of American forces from Iraq.

In advance of a possible Senate vote on the resolutions, Republican senators now appear widely divided over how to proceed. In trying to head off the resolution supported by Senators Warner and Collins, allies of the White House appear to be trying to muster at least the 41 votes they would need to prevent a vote on the measure under Senate rules. Mr. McCain is sponsoring the competing resolution that would establish benchmarks for the Iraqi government. He said the proposal also could be fashioned to give Congress more oversight.

Republicans were viewing Mr. McCain's plan as a way to deter Republicans from joining in the resolutions more critical of Mr. Bush, and many Republicans said that would be preferable to one criticizing the troop buildup outright. Senators also said they were beginning to realize that the vote, while nonbinding, would be an important statement on Congressional sentiment regarding the war.

"We all know the world is watching," said Senator Saxby Chambliss, Republican of Georgia.

The more sharply worded of the two measures critical of the White House is one approved last week by the Senate Foreign Relations Committee, and backed by the Democratic Senators Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan, as well as Senator Chuck Hagel, the Nebraska Republican. The second of the two measures is one backed by Senator Warner.

As those debates flared mostly in private, the confirmation hearing for Admiral Fallon as the new head of the military's Central Command became a proxy debate not only over the president's new strategy but also for the competing resolutions supported by senators of both parties.

But Admiral Fallon, currently in charge of American forces across Asia and the Pacific, declined to answer directly politically fraught questions about whether certain proposed resolutions would harm the military effort in Iraq or undermine the troops' morale.

The admiral, who if confirmed as expected would be the first Navy officer to head the Central Command, said that he would always offer unvarnished military advice, but that he would avoid commenting on partisan political issues.

In his testimony, Admiral Fallon told members of the Senate Armed Services Committee that the United States might have erred in its assessments of how effectively the new Iraqi government could manage the nation's affairs.

"Maybe we ought to redefine the goals here a bit and do something that's more realistic in terms of getting some progress and then maybe take on the other things later," Admiral Fallon said, adding, "What we've been doing is not working and we have got to be doing, it seems to me, something different."

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"Time is running out," he concluded.

Senator Levin submitted a letter he co-authored with Senator McCain demanding that Secretary of State Condoleezza Rice make public the administration's requirements for actions to be taken by the government in Baghdad to earn continued American support.

Late Tuesday, Senator Levin's office released a reply from Ms. Rice that stated assurances that the Bush administration supports Mr. Maliki but also listed deadlines already missed by his government. Among them were laws to guarantee an equitable distribution of the country's oil wealth, to establish provincial elections and to reintegrate disenfranchised Sunnis into Iraqi political life.

In the Senate Judiciary Committee, Senator Arlen Specter, the Pennsylvania Republican who led the panel for the last two years, joined Democrats who asserted that Mr. Bush cannot simply ignore Congressional opposition to his plan to send 21,500 additional troops to Iraq.

"I would respectfully suggest to the president that he is not the sole decider," Mr. Specter said. "The decider is a joint and shared responsibility."

Senator Russell Feingold, Democrat who acted as chairman for the hearing, said he would soon introduce a resolution that would go much further. It would end all financing for the deployment of American military forces in Iraq after six months, other than a limited number working on counterterrorism operations or training the Iraqi Army and police force. In effect, it would call for all other American forces to be withdrawn by the six-month deadline.

Senate GOP Looks At Alternative To Democrats On Iraq Vote (POL)

By Daniel W. Reilly And John Bresnahan

The Politico, January 31, 2007

Scrambling to cobble together a resolution supporting President Bush's plan for more troops in Iraq, Republican Sens. John McCain and Lindsey Graham are crafting an alternative that sets benchmarks for Iraqi progress.

And other Republicans senators, hoping to bridge internal party divisions on the issue, appear eager for some sort of compromise.

"I am talking with them, and I am encouraging others to talk with them," said Senate Minority Whip Trent Lott, R-Miss., of the McCain-Graham effort.

Lott declined to say whether Senate GOP leaders, who are expected to meet with Bush at the White House on Friday, would sign onto the McCain-Graham resolution.

"This is a case where, when you herd the cats, sometimes you have to let them stray," Lott said Tuesday.

McCain of Arizona and Graham of South Carolina, one of his closest political allies, have drafted a resolution that supports the president's plan to deploy 21,500 more troops in Iraq, while at the same time laying out a number of "benchmarks" to measure the progress the Iraqi government is making in achieving political stability and cracking down on sectarian violence.

The McCain-Graham resolution is one of a handful of Republican and Democratic non-binding proposals on Iraq that are likely to be debated.

Senate Majority Leader Harry Reid, D-Nev., and Senate Minority Leader Mitch McConnell, R-Ky., have not hammered out ground rules for the debate. McConnell and other GOP leaders are likely to insist that any resolution called up for a vote receive at least 60 votes to be considered formally approved, according to Republican senators and leadership aides.

Sens. Joseph R. Biden Jr., D-Del., Chuck Hagel, R-Neb., and Edward M. Kennedy, D-Mass., have a resolution opposing the troop "surge" while Sens. John Warner, R-Va., Ben Nelson, D-Neb., and Susan Collins, R-Maine, have a different resolution that is critical of Bush's handling of the war, but does not go as far as the Biden-Hagel-Kennedy proposal in opposing the surge.

Additional proposals call for a cap on troop levels. And Sen. Russ Feingold, D-Wis., is preparing legislation to cut funding for the U.S. military campaign in Iraq by late this year.

McCain's decision to back Bush on the Iraq troop surge has cost him in the polls. But the senator has refused to back away from the plan, arguing that the president should be given sufficient time to let his new strategy work.

"It has two goals," Graham said of the McCain-Graham resolution. "Number one, let General (David) Petraeus and the troops know we support them ... not let them go off to war with any sense of disapproval or undermining their efforts. Number two ... make the statement that we realize you cannot win in Iraq just through a military surge. I think it is a middle ground."

Democratic insiders said they had not thought through the rules of the debate yet, but noted that even having senators engaged in an open fight over the war is a setback for Bush and the GOP.

"They've already lost this fight before we even move to the resolutions," said a senior Democratic leadership aide, speaking on the condition of anonymity. "This is not going to do anything but hurt Bush."

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A fierce critic of the Iraq war, Feingold fired the opening salvo in what could be a constitutional fight over Congress' s ability to end U.S. involvement in the conflict.

Speaking at a Senate Judiciary Committee hearing Tuesday, he offered some strong words for his fellow lawmakers.

"The Constitution makes Congress a co-equal branch of government. It's time we start acting like it," Feingold said. "If Congress doesn't stop this war, it's not because it doesn't have the power. It's because it doesn't have the will."

For GOP, Discord In Dissent On Iraq (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, January 31, 2007

Republican misgivings over President Bush's new war strategy are increasingly dividing the GOP as the Senate moves toward a showdown over the deployment of 21,500 additional troops to Iraq.

Republican strategy had envisioned a single resolution that would allow the party's senators to express doubts about the plan without stating their outright opposition. Instead, Republicans appear to be balkanizing, with at least five GOP drafts now in play and more Republicans stating their reservations.

"We're all looking for a plan that will work," said Sen. Arlen Specter (R-Pa.). "The current plan is not working, and 21,500 additional troops -- it's a snowball in July. It's not going to work."

Vice President Cheney and senior military officials attended a Republican policy lunch yesterday, which turned into a raucous debate about the various resolutions, according to a party leadership aide. Bush will meet with GOP senators on Friday as the White House continues to try to tamp down opposition.

But Republican misgivings are not subsiding. "This war has been mishandled. No one doubts that mistakes have been made in Iraq," Sen. John McCain (R-Ariz.), long a supporter of Bush's war policy, told Adm. William J. Fallon at Fallon's confirmation hearing to become the top U.S. commander for the Middle East. "I have to tell you, this committee did not get candid assessments in the past, and I view that with deep regret."

Having chastised Democrats for not showing unity on Iraq, Republican leaders have decided they need a resolution of their own when the Senate begins debate on nonbinding resolutions of opposition next week.

Specter, the ranking Republican on the Senate Judiciary Committee, pushed back against Bush's claim he is the "decision maker," saying the White House needs to accept Congress's role in shaping war policy.

"I would suggest respectfully to the president that he is not the sole decider," Specter said during a hearing on Congress's war powers. "The decider is a shared and joint responsibility."

Republican leaders had hoped to divide Senate opinion largely along party lines, to allow Bush to argue that any outright statement opposing his plan was politically motivated partisanship. A resolution by McCain and Sen. Lindsey O. Graham (R-S.C.) demanding tough benchmarks for progress in Iraq was supposed to garner overwhelming Republican support, being a more palatable alternative to language by Sen. John W. Warner (R-Va.) that would state opposition to the troop buildup.

Instead, rival measures continue to proliferate. Sen. Judd Gregg (R-N.H.) said he is circulating language that would forbid a cutoff of funding for troops in the field under any circumstance, similar to another proposal by Sen. Johnny Isakson (R-Ga.).

Sen. John Cornyn (R-Tex.) is shopping around a measure that would demand that the president's policies be given a chance to work while calling for the reversal of perceived war-related mistakes, such as the wholesale purging of Baath Party members from the Iraqi government and the failure to ensure equitable oil-revenue sharing among Iraqi groups.

"Resolutions are flying like snowflakes around here," Specter said.

Meanwhile, the two camps promoting competing resolutions of opposition -- one headed by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.) and the other by Warner -- have not agreed on common language that could win a clear majority.

"This isn't about party loyalty. This isn't about presidential politics. It's about policy," said an exasperated Sen. Olympia J. Snowe (R-Maine), who has been urging Warner to negotiate an agreement to meld his language with the Democratic-driven resolution approved last week by the Senate Foreign Relations Committee. "What America is desperately thirsting for is for the United States Senate and the United States House of Representatives to come to terms with where we are in Iraq."

One group of ruminating Republicans is made up of the 20 GOP senators who will face voters in 2008. Sen. Lisa Murkowski (Alaska) said she plans to support at least one of the measures -- but first "I've got to study them all." Sen. John E. Sununu (N.H.), whose state is strongly against the war, reiterated his concerns about a troop buildup even as he refused to commit to any resolution.

The Warner measure has attracted at least three potentially vulnerable Republicans -- Sens. Susan Collins (Maine), Norm Coleman (Minn.) and Gordon Smith (Ore.).

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Sen. Lamar Alexander (Tenn.), another Republican whose term will expire in two years, said he was speaking for many of his GOP colleagues in asserting, "I'm not persuaded that sending 21,500 troops into a civil war in Baghdad is a good idea, but I haven't found a resolution I can support."

Pressed on what he is looking for, Alexander replied: "I'd like to express my unhappiness with the way this war is being conducted, but also my support for the troops. I think that's what we all want."

Sen. Trent Lott (Miss.), the GOP whip, said most Republican senators believe they must support some statement about the war, given the public's growing concerns. But he noted: "I am actually reading all the different resolutions, and each one of them does have critical differences." He added that he is leaning toward the Cornyn measure, which offers the fewest objections to Bush's plan.

He said he will not try to rally Republicans around a single approach but, rather, will urge them to "vote their conscience."

The multiplying factions raise the prospect that no measure will garner substantially more than 50 votes next week. That would represent something of a victory for the White House, which has argued that even nonbinding action by the Senate would "embolden the enemy," as Defense Secretary Robert M. Gates told reporters last week.

"The worst thing would be for the Senate by 60 votes to express disapproval of a mission we are sending people to lay down their lives for," said Sen. Jon Kyl (Ariz.), a member of the Republican leadership.

Democrats, who are united in their desire to stop the escalation, are regarding the Republican divisions with some glee. "You cannot have a resolution that is both meaningless and undercuts the troops. That's impossible. Their position is totally inconsistent," said Rep. Rahm Emanuel (Ill.), a member of the House Democratic leadership.

The House is expected to embark on a similar debate in the coming weeks.

Many House Republicans Mum On Troop Resolutions (HILL)

By Aaron Blake And Sam Youngman

The Hill, January 31, 2007

Non-binding resolutions criticizing President Bush's troop increase in Iraq have proven a dicey political issue for vulnerable Republican senators, and few potentially vulnerable House Republicans are tipping their hands before the issue hits their chamber.

Most House GOPers who received less than 55 percent of the vote in November's election are not saying how they will vote on either of the main Senate resolutions expressing opposition to the troop-increase strategy, and not one committed to supporting either Sen. Joseph Biden's (D-Del.) and Sen. Chuck Hagel's (R-Neb.) resolution or Sen. John Warner's (R-Va.) milder alternative.

Biden's resolution, also cosponsored by Sen. Olympia Snowe (R-Maine), passed the Senate Foreign Relations Committee 12-9 last week but has failed to garner additional Republican support. Warner's resolution has the backing of vulnerable Sens. Norm Coleman (R-Minn.), Gordon Smith (R-Ore.), Susan Collins (R-Maine) and centrist Democrat Mary Landrieu (La.), who are all up in 2008.

Most House Republicans' offices declined to comment specifically on the resolutions because they aren't yet before the House, and about half didn't respond to several efforts to contact them on the issue.

But while some made it clear they opposed the resolutions, none said they supported them.

Rep. James Walsh (R-N.Y.), who was reelected with 51 percent of the vote in November, came out forcefully against the troop increase after the president announced it, saying it would not "force the Iraqi people to work out their differences."

But as far as the Senate resolutions, Walsh is still reviewing them and is "uncommitted, at this point, to anything that's on paper," spokesman Dan Gage said.

Rep. Ric Keller (R-Fla.) also came out strongly against the increase on the House floor. His spokesman, Bryan Malenius, said Keller will look at anything but is "not going to get into the weeds on these different resolutions when we're not sure what language we'd ultimately be voting on anyways."

Rep. Jean Schmidt's (R-Ohio) spokesman said the resolution is "like a moving target right now," and she will wait for the Senate to finish debate before commenting on the resolutions.

Some House Republicans who have offered varying degrees of support for the increase dismissed the resolutions outright as political posturing that isn't helpful to the Iraq debate.

Rep. Thaddeus McCotter (R-Mich.), a member of leadership who took 54 percent in 2006, has offered his support for the troop increase, conditional on the troops' being used for combat, as opposed to police or social work. But regardless of his view of the increase, he said, he opposes any non-binding resolutions.

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"The reality is if you believe this is a mistake that is going to unnecessarily lead to the deaths of American troops and Iraqi citizens, then you have a moral obligation to do more than pass a non-binding resolution to try to prevent it," McCotter said, adding that the bills are trying "to acquire a political advantage without any accompanying moral high ground."

A spokesman for Rep. Brian Bilbray (R-Calif.), also a troop-increase supporter, echoed those sentiments.

"We need to stop the political posturing, get the politics out of the issue and focus on the goals and objectives that will help us achieve a realistic solution to Iraq and help us get out of Iraq in a timely fashion," spokesman Kurt Bardella said.

Reps. Bill Sali (R-Idaho) and Jon Porter (R-Nev.) are also supporting the troop increase and will not support the resolutions.

But some other increase supporters, such as Rep. Michele Bachmann (R-Minn.), nonetheless decline to say that they would oppose the resolutions at this point.

Rep. Joe Knollenberg (R-Mich.) is supporting the plan but wants to see near-immediate progress. Spokesman Trent Wisecup said Knollenberg would "take a close look at" resolutions when they come to the House.

Some declined to say how they would vote but tried to distance themselves from one or both of the Biden and Warner resolutions.

A spokesman for Rep. Randy Kuhl (R-N.Y.) had no comment on the specific resolutions but said Kuhl "is a little bit skeptical of how this is going to work or if it will work," before adding that the congressman will not "second-guess" the president.

Charles Isom, spokesman for Rep. Adrian Smith (R-Neb.), would say only that the congressman "feels the [Biden-Hagel] resolution is long on criticism but short on substance."

And Jen Rae Hein, spokeswoman for Rep. Lee Terry (R-Neb.), said, "Sen. Hagel and Congressman Terry have different views of the war and the resolution."

Terry received 55 percent in 2006 and is also mentioned as a potential Senate candidate. (Hagel, who is eyeing a presidential run, denied a recent news report that he will definitely run to retain his Senate seat next year.)

Other potential Senate candidates took similar tacks.

A spokesman for Rep. Chip Pickering (R-Miss.) said Pickering would wait until the debate reached the House floor before making any decisions.

House Republican leaders say they will not be whipping the vote on Iraq.

"We didn't make a whipping effort on the initial Iraq resolution and while we will be talking to our members, explaining our views to our members we're going to let our members vote they way they want to [vote]," House Minority Whip Roy Blunt (R-Mo.) said yesterday.

"They vote their conscience everyday, trust me," said House Minority Leader John Boehner (R-Ohio).

Even centrist House Democrats are steering clear of taking sides on the resolutions at this point.

Centrist Democratic Rep. Henry Cuellar (Texas), thought by some to be a potential challenger to Sen. John Cornyn (R) in 2008, said while he would wait to see what specific language came up in the House, he could support a non-binding resolution giving the president a sense of Congress opposed to a troop increase.

Some other Democrats in conservative districts likewise refused to commit to the resolutions.

Rep. Jim Marshall's (D-Ga.) office said the congressman would not make up his mind until he had looked at specific legislation in the House, while Rep. Heath Shuler's (D-N.C.) spokesman said Shuler is opposed to any troop increase. Both figure to be top GOP targets in 2008.

Despite the many no-comments, a few were willing to discuss the troop increase in general, though often using their own definitions.

More than a few House Republicans said their intention was to stand behind the president.

Reps. Barbara Cubin's (R-Wyo.) and Tom Reynolds's (R-N.Y.) offices both said their members were backing the commander in chief, and Reynolds's office said the congressman viewed the additional troops as "reinforcements" that should be funded and supported like those troops already on the ground.

Rep. Tim Walberg (R-Mich.) said he supports the president's "determination for victory and [feels] it is imperative we provide American men and women in combat with resources that will enable them to come home safe and victorious."

Islam Divided; Psychic Reality Check; Battle Under The Border (CNN)

CNN ANDERSON COOPER 360 DEGREES, January 31, 2007

New developments tonight in two disappearances: a beloved missing daughter and an alleged Ivy League con artist. Thanks to your help, police are chasing new leads.

Also tonight: The world famous self-proclaimed psychic who got it wrong about Shawn Hornbeck, she told us to check her record. We did. We will tell you the surprises we found.

First, though, a real eye-opener on Iraq: The man chosen by President Bush to oversee the war telling senators today he does not know whether he supports the president's plan to send more troops. Not only that -- Admiral William Fallon says he's not even sure he would send reinforcements, if requested by General David Petraeus, the new commander on the ground.

Listen.

(BEGIN VIDEO CLIP)

SEN. LINDSEY GRAHAM (R), SOUTH CAROLINA: And you would support sending more troops to accomplish that goal?

ADMIRAL WILLIAM FALLON, U.S. NAVY: I don't know how many troops are going to be necessary to effect the outcome that we want. But General Petraeus, in my conversations with him, indicated that he believes he needs these troops now, to get moving...

GRAHAM: And, if he said he needed more, you would support him?

FALLON: I don't know, sir. I haven't been there yet, and I'm not in a position to make that judgment.

GRAHAM: Well, it's his judgment about 21,500, does it make sense to you?

FALLON: I will better be able to give you an informed answer when I understand the situation better.

(END VIDEO CLIP)

COOPER: Admiral Fallon also warned members of the Armed Services Committee that it may be time to redefine the goals in Iraq, and that time is running short to turn things around -- not exactly a ringing endorsement from the man chosen to run Central Command.

John Roberts is in Washington tonight.

John, some surprising testimony today from Admiral Fallon.

JOHN ROBERTS, CNN SENIOR NATIONAL CORRESPONDENT: It was a little bit surprising, Anderson, especially from a commander. But perhaps it's something that should be expected, a bit of a trend in recent confirmation hearings.

Remember, Robert Gates, the new secretary of defense, when asked, said he didn't think that the U.S. was winning the war in Iraq. In one way, it's refreshingly candid. Here's a guy who hasn't yet signed off on the president's policy, said: Look, I have spent the last few years in the Pacific. I don't really know too much about this plan.

And he is saying: I'm not going to make a decision about it until I get over there, get my eyes on the ground, and can make my own informed decision.

A retired general that I talked to tonight, Anderson, who -- who is critical of the way that the war is going, believes that Fallon is being very honest, that this is a high-risk strategy, with an uncertain outcome, and he's not about to put his imprimatur on it at face value. He wants to get over there and get a look for himself.

COOPER: And Carl Levin was certainly surprised.

What does this mean for the White House?

ROBERTS: Well, what it means is, it puts a definite speed bump in the White House's ability to sell its message on Iraq.

Here's the president, who went through these weeks of meetings and -- quote -- "consultations," which is an interesting buzz word that the White House has used, and suddenly comes along his handpicked general -- or admiral, to run CENTCOM, and he's saying that he can't sign off on this policy -- so, definitely a little bit of a bump in the message coming from the White House tonight, Anderson.

COOPER: Obviously, Democrats are probably going to be talking a lot about this in the coming days.

ROBERTS: Not only Democrats, but Republicans as well who oppose this strategy.

What it does is, it gives them another piece of ammunition against the so-called surge. They can now say, you know, why should we support the president's idea of putting more troops in there, when the guy that he has picked to -- to run CENTCOM can't even sign off on the whole thing?

COOPER: And not -- as you said, it was Republicans. I think Arlen Specter also had some comments.

ROBERTS: Yes.

There was some real news that was made today in the Senate Judiciary Committee. Arlen Specter, who used to chair that committee, until Democrats took control, was reflecting back on what the president said back on April 18 of last year, when he was defending Secretary of Defense Donald Rumsfeld, when President Bush said: I'm the decider. I'm going to decide what's best.

Well, here's what Arlen Specter had to say about that today, in regard to the Iraq war.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: The president repeatedly makes reference to the fact that he is the decider. I would suggest, and suggest respectfully, to the president that he is not the sole decider, that the decider is a shared and joint responsibility.

(END VIDEO CLIP)

COOPER: Legally, where does Bush stand?

ROBERTS: For the moment, Anderson, he is the decider. All Congress can do at this point is curtail funding for the Iraq war or the war in Afghanistan. And there's no appetite on Capitol Hill for that.

But what you see here is an interesting dynamic at play, that you have not only Democrats, but also Republicans in Congress, try to get back some of that authority that they believe they have in order for this country to wage war.

And it's really beginning to permeate the entire party as well. There was a luncheon today where the -- the Republicans got together with Vice President Cheney, Arlen Specter saying there was so much emotion in that charged room, and even Senator Lindsey Graham saying that the White House has lost a lot of credibility on this issue, that their ability to apply pressure at the moment is about zero -- so, the president in real trouble on this issue, not only among Democrats, who are in control, but among members of his own country -- Anderson.

COOPER: John, thanks for the update.

Fueling some of the doubts and the hesitation to send more troops is the ongoing Sunni-Shia violence, which took at least more 50 lives today in Iraq. And many of the attacks were targeting Shia pilgrims marking the holiest period on the Shia calender.

CNN's Michael Holmes now with a view of the proceedings that outsiders rarely get. Take a look.

(BEGIN VIDEOTAPE)

MICHAEL HOLMES, CNN INTERNATIONAL CORRESPONDENT (voice-over): Up close, at the religious ritual of Ashoura in Baghdad's Kadhimiya district, men, young and old, beating their heads with swords and knives, sharing the pain of the grandson of the Prophet Mohammed, the Imam Hussein, killed in a battle 1,400 years ago, a battle that divided Muslims and created the Shia sect of Islam. "For Hussein, for Hussein," the man yells at us.

To walk these streets is to feel the fervor of Shiites at the third most important shrine in Shia Islam. This was, for us, both a rare opportunity and a statement on security in Baghdad. It's been a long time since we have been able to walk freely on a Baghdad street, just five U.S. soldiers with us, and, more importantly, the protection of a respected local sheik.

Usually, video like this is shot by Iraqis, not Westerners. But, this day, we walked within a quarter-mile of the revered shrine, in an area controlled by Shiite militiamen. Children approach us. Adults look on. And the observance continued.

(on camera): There were some rockets and mortars fired earlier today, none of them landing here in Kadhimiya -- no injuries. And the celebrations here have been going off largely without a hitch amid very tight security.

(voice over): An hour or so later, however, a mortar did land in this area, likely fired by Sunni militants, and wounding nine pilgrims. But security efforts were considered successful here -- multiple checkpoints keeping vehicles out, even children patted down before proceeding.

There was devotion, not tension, on these streets -- huge vats of rice and meat cooked and handed out to hungry pilgrims who traveled from far and wide, mushrooming the local population from 100,000 to more than a million.

U.S. troops based here say walkabouts like this are the way forward, where possible.

LIEUTENANT COLONEL STEVE MISKA, U.S. ARMY: You have got to engage with the people. That's the only way you can find out what their issues are.

HOLMES (on camera): And, yet, a couple miles across the river, if you walk down the street like this?

MISKA: You would use different techniques.

(LAUGHTER)

HOLMES (voice over): The respect afforded Sheikh Mohammed Baca (ph) certainly helped with our security this day. He's a man who speaks of moderation, favors dialogue with Sunnis, and says extremists on both sides are the problem. He also supports the U.S. presence.

"If the Americans weren't here," he says, "the Shia will win the war in four hours."

But, in a place where religion so often sparks violence, it was religion alone that ruled the day.

(END VIDEOTAPE) COOPER: Michael Holmes joins us live now in Baghdad.

Michael, what if, a week from now, you were walking down that same street with -- without the sheik, without the soldiers, just you and your crew?

HOLMES: Yes, it's a good point.

The chances are, we wouldn't get very far, or, if we did, it would be amid a lot of protest and mistrust. You know, there's different shades, as you know, of the Mahdi militia. Now, the Mahdi militia is ubiquitous in Kadhimiya. But they're a more moderate, if I can use that term, version of the Mahdi. It's not like going into Sadr City.

Still, without that sheik with us, it probably would be a very different scenario, and we would not be nearly as welcomed or left alone as we were on this day. It was an extraordinary experience, to be able to walk at that level -- this particular sheik very powerful in that area. And this whole issue of tribal power, that has always been a criticism, that the U.S. hasn't fully understood it. In this area, the U.S. commanders do. And they're working with him -- Anderson.

COOPER: A fascinating look.

Michael, thanks very much -- Michael Holmes in Baghdad.

In Iraq, Sunnis and Shia have had to flee the fighting. Here's the "Raw Data" on that.

Last year alone, nearly 250,000 men, women and children were driven from their homes and moved to other regions in Iraq. That includes more than 41,000 Iraqi families; 28 percent were Sunni; 64 percent of the displaced were Shia.

Now, the elephant in the room, Iran -- tonight, sources are telling CNN that military investigators are now looking into the possibility that Iranians or Iranian-trained operatives carried out that sneak attack on American forces 10 days ago in Karbala. Five soldiers, you will remember, were killed in that raid, four of them abducted and later shot by English-speaking fighters dressed in American-style uniforms.

At the very least, this jacks up the tension one more notch between Washington and Tehran.

And that's where you find CNN's chief international correspondent, Christiane Amanpour, in Tehran.

Christiane, as we just heard, military investigators are looking into this possibility that Iranians could have been responsible for the Karbala attacks. If that's confirmed, how significant would it be, how surprising?

CHRISTIANE AMANPOUR, CNN CHIEF INTERNATIONAL CORRESPONDENT: Well, I think surprising, it would be, because Karbala is not just the holiest place -- or one of them -- for the Iraqi Shiites, but also for Iranian Shiites.

It is where Imam Hussein was martyred 1,400 years ago, as you have just been describing, but it would also, more pertinently, be a direct and overt act of war. And there is no indication that the Iranians, up until now, no matter what they have been doing in Iraq -- no matter what the accusations have been, there has been no indication up until now that they are -- have engaged in any direct acts of war against the American forces there.

But, in addition, there have been so many of these attacks in the past, and none of those have been blamed on -- on Iranians up until now. And, from what I can tell from the sources that are saying about this about the potential investigations, they're saying it's a very early stage; they have no firm evidence to -- to support their investigations; they're just doing early questioning, which, presumably, is logical when five of your soldiers have been tricked, kidnapped, abducted, and murdered.

I think that, certainly, we have had no response here to that, and nor to the allegations.

COOPER: Christiane, the rhetoric...

AMANPOUR: Anderson.

COOPER: The rhetoric between President Bush and Iranian President Ahmadinejad, it's really -- it's becoming more heated. You're in Tehran. How are the Iranian people reacting? How does that -- that rhetoric play?

AMANPOUR: Well, with concern, very, very much concern, because people here, like perhaps people in America, perhaps people around the world, recognize a pattern of rhetoric that they saw back before 2003 in the invasion of Iraq. And they're very concerned about that.

People, you know, when you ask them, they don't really think there is going to be a full-scale invasion of Iran, but they're very concerned that there might be some attack on Iran, and that all this rhetoric is preparation or an excuse or looking for ways in which to come in here.

Certainly, it hasn't been helped by the provocative and confrontational rhetoric of the Iranian president, whether it be about the nuclear program, whether it be about many, many other things. And, so, this has caused a general sense of unease here, and particularly since the president of Iran has basically been chastised by two very prominent newspapers, one of which allied with the supreme leader here, the religious leadership here, which have basically told him, indicated that that rhetoric needs to be toned down.

COOPER: Christiane Amanpour live from Tehran -- Christiane, thank you.

Straight ahead: why the war in Iraq is actually four wars, not one.

And later: the battle on the U.S.-Mexican border and beneath it.

(BEGIN VIDEOTAPE)

COOPER (voice-over): Think the border is secure? Just dig a little.

UNIDENTIFIED MALE: And they would be moving cocaine, marijuana. It just so happens that, when we got in here, we found a load of marijuana.

COOPER: Tunnels from Mexico -- you demanded action. Billions in the budget, yet, they can't find a few million to get it done. We're "Keeping Them Honest."

A self-proclaimed psychic with something to prove.

(BEGIN VIDEO CLIP, "LARRY KING LIVE")

SYLVIA BROWNE, SELF-PROCLAIMED PSYCHIC: There's a lot of cases I have solved right on Montel's show. I also cracked the ski mask rapist case.

(END VIDEO CLIP)

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COOPER: Sylvia Browne, wrong about Shawn Hornbeck, she gave us a list of success stories. We checked it out. But she might like what we found -- the psychic, the skeptics, and the facts, when 360 continues.

(END VIDEOTAPE)

(COMMERCIAL BREAK)

COOPER: CNN's Michael Ware has been reporting from Iraq since the war began in 2003. And, over the last four years, he's watched one war multiply into four separate battles.

There is no single insurgency, he says, and there hasn't been for years. It's a crucial fact that often gets lost in the telling. And, yes, it is as complicated as it sounds.

Michael was in New York last week, a rare visit back to our newsroom, and a chance for him to explain who's fighting whom in Iraq and why it matters. Iran's role in all of this may seem like the most recent development in Iraq, but its roots are actually very deep.

And that's where we begin.

(BEGIN VIDEOTAPE)

COOPER: The fourth war that's going on in Iraq, the proxy war against Iran, how did Iran get involved?

MICHAEL WARE, CNN CORRESPONDENT: Iran has been involved from the very, very beginning.

Don't forget, you know, Iran and Iraq share a land border. There's many tribes and families that -- that live on both sides of this border. In the '80s, Saddam launched a vicious eight-year war against Iran. So, Iran very much has legitimate national security interests in terms of Iraq. And we have seen Iran aggressively pursue those interests.

What happened during the invasion, as U.S. and British forces advanced from Kuwait to the north, clearing Saddam's forces as they went, we saw, essentially, an Iranian-backed invasion at the same time that filled the vacuum that was left behind.

It was extremely well-organized and coordinated. And, in fact, the irony is, we saw Iran use the -- the very same successful tactic that the American Green Berets used in Afghanistan to win against the Taliban and al Qaeda, against U.S. interests in Iraq.

COOPER: You mean covert forces...

WARE: Very much.

COOPER: ... small numbers.

WARE: During Saddam's regime, hundreds of thousands of Iraqi Shia fled to Iran. Iran saw many of these people, not only as brethren and -- and refugees to be protected, but as an asset.

Hundreds, thousands, tens of thousands of these Iraqi Shia who were in Iran were mobilized and used by the Iranians within its armed forces.

COOPER: What would they do? They went in with money? They went in with arms?

WARE: With everything.

What they did is, in the chaos and the vacuum of power that was left behind the advancing coalition forces, they took power. They took the governor's office, the police chief's office, the Baath Party headquarters. And they never really left.

And, indeed, what the British found, as we learned from the British army report into the execution killing of six of its military police in 2003 by Iranian-backed Iraqi militias, is that, when they arrived in one of these major border provinces here, they found that the militias were already so strong that the report said the British had a choice to either confront them or to accommodate them.

And the report says that, for the sake of stability and security, they felt they had no other choice but to accommodate these militias. So, that entrenched the militias in power.

COOPER: And they have given the militias of, like, for instance, Muqtada al-Sadr, they have given them training; they have given them arms and money? WARE: Yes.

What we saw with many of these networks and these organizations that were in Iran is that they were kept in place, and they moved into Iraq. And with them came what's essentially Iranian Green Beret advisers.

You had Iranian form of CIA advisers all come in with them to guide, direct, to channel them. And even elements within Iraq, like Muqtada al-Sadr, the rebel anti-American cleric, and his Mahdi army militia, Muqtada and his militia were very different to these others.

They never fled Iraq. They didn't go into Iran. They remained in Iraq. Now, in the beginning, that was a great rallying cry for Muqtada. He was able to represent himself as a true nationalist: I stayed, while these people left. I suffered with you.

That was very persuasive. That drew a lot of people to his cause. But, over time, we have seen Iran not only court Muqtada, but, then, militarily, support him. We have seen a flow of money, a flow of arms, and a flow of training back and forth.

(END VIDEOTAPE)

COOPER: We will have much more from my interview with Michael coming up in the next hour of 360, a special edition called "Iraq: The Hidden Wars," how one battle became four, and what that means for turning things around in Iraq, if that's even

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possible -- also, Michael's chilling encounter with al Qaeda insurgents. They nearly executed him. He will tell us how he got away -- all that and more, as I said, starting at 11:00 p.m. Eastern time tonight.

First, seer or deceiver? Self-proclaimed psychic Sylvia Browne says she has proof she's helped people. We know she has got it dead wrong about Shawn Hornbeck, telling his frantic parents he was dead, but what about her success stories? We will compare the results -- the facts, coming up.

Also tonight: underground and open for business -- the border tunnels the government knows about, but says can't find the money to close -- next on 360.

(COMMERCIAL BREAK)

COOPER: Well, we cover a lot of stories about illegal immigration. And we have done a lot of reporting at the border. Each time, we always find something new.

Tonight, you may be surprised by what we have uncovered. Back in October, President Bush signed a bill that authorized $5 billion to better secure the U.S. border. Well, today, we learned that several gaping holes still exist, quite literally.

Dan Simon is "Keeping Them Honest" tonight. He joins us near San Diego, where the largest tunnel to ferry drugs and aliens across hasn't yet been filled. Dan, what's going on?

DAN SIMON, CNN CORRESPONDENT: Well, Anderson, I know you have been here.

We're in Otay Mesa, California. Tijuana, Mexico, is just a few hundred yards that way. This is a very industrial area, a lot of warehouses, a lot of well-traveled streets here.

And, just below us -- it's hard to believe, but, just below us, there's a half-mile tunnel that extends all the way from the Tijuana side to this warehouse, inside this warehouse, which I am standing in front of. You're talking about a tremendous distance here.

Now, this tunnel was discovered last year. It was capped off. But it wasn't filled up entirely with concrete, which means the tunnel is still intact. Now, there are six other tunnels like this throughout the Southwest that also have not been filled up with concrete.

Now, authorities tell us they're confident these tunnels are not being used. They say that they're under constant surveillance. But critics say (AUDIO GAP) need to be (AUDIO GAP) why (AUDIO GAP) well, they're (AUDIO GAP) and, right now, they're...

COOPER: Obviously, we're having a little technical problem hearing the end of Dan's report.

He couldn't get inside the El Grande tunnel tonight. It's been capped on either end. But, last year, we did. And, remember, despite all the talk in Washington about securing out borders, smugglers and illegal immigrants may still be using tunnels like this to get across.

Here's what it looked like when we went below.

(BEGIN VIDEOTAPE)

COOPER (voice-over): The exit doesn't look like much, a three- by-three-foot hole in the floor of a San Diego warehouse. Climb down this ladder, however, and what you discover is stunning.

(on camera): ICE agents will tell you, this is one of the most sophisticated tunnels that they have ever discovered underneath the U.S.-Mexican border. It likely took years to build. You can see some of the -- the pick marks used. And this is -- this is stone, so, digging through this would take a long time to do.

It's also got electricity. They have wired the entire tunnel with these cables that have light bulbs on them. There's even a pipe that brings in fresh oxygen that was pumped in from Mexico.

MICHAEL UNZUETA, IMMIGRATION AND CUSTOMS ENFORCEMENT: We came in and removed all the bulbs and took those to the lab for fingerprint evidence.

COOPER: Oh really? You... (CROSSTALK)

UNZUETA: And, then, we replaced them with our own light bulbs.

COOPER (voice-over): Well, Mike Unzueta is the special agent in charge of Immigration and Customs Enforcement in San Diego.

UNZUETA: Yes, I mean, you can see right here there's a junction box for electricity. They probably used these junction boxes in the construction, if they had some sort of electrical tools that were assisting them in the drilling.

COOPER: This tunnel is just one of several that have been discovered by San Diego's Tunnel Task Force.

UNZUETA: And here's where it really starts getting kind of wet.

COOPER (on camera): When you're walking in the tunnel, it's -- it's easy to get disoriented. It's hard to get a sense really, just how big it is. They say the tunnel is about seven football fields in length underneath the United States and about one football field in Mexico. It's a total, they say, of about 2,400 feet.

(voice-over): It's the largest tunnel ICE has ever found under the U.S.-Mexican border.

(on camera): I mean, it goes -- it's as far as the eye can see, just a straight shot all the way down.

UNZUETA: Exactly. It's as far as you can see.

COOPER: And it looks like there's water all the way through.

UNZUETA: Yes. And, actually, this is one of the shallower parts.

COOPER: This -- basically, there's a -- this is like a T- intersection in the tunnel?

UNZUETA: Right.

COOPER: What does it tell you? Do you think they made a mistake? You think they kept tunneling that way?

UNZUETA: Well, we don't know if they were headed for some other intended exit, or if they made a mistake and got lost in the digging, and then had to make a course correction, and then dug this portion that's right behind me. And, then, of course, the straight shot is over into Mexico.

COOPER: There's no way to tell how long this tunnel was in operation. The ropes are still all around. These were probably used to actually carry the bails of marijuana by the -- the people who were bringing the drugs into the United States.

And, gradually, as the -- the tunnel rises up toward the -- the exit point in San Diego, they have actually poured concrete here to build steps to make it easier for people to walk on.

How would the drug operation work? Do -- do you know?

UNZUETA: Well, we think it would be kind of like a series of ants. There would be a number of people that would be starting in Mexico, either carrying boxes or bundles across, or maybe backpacks, making their way, all the way across the tunnel, to this side, probably depositing them at the entrance, and then backtracking again.

From a Department of Homeland Security perspective, I mean, we're looking at this as a vulnerability to our nation's security. So, whether it was drugs or aliens or who knows what else, you know, tunnels are of paramount importance.

COOPER: In Mexico, the entrance to the tunnel drops about 90 feet, but, here on the San Diego side, the exit is just (INAUDIBLE) below the surface to the ground.

And you would emerge from the tunnel, and you're in an industrial warehouse in San Diego.

UNZUETA: This is the exit. It's not really elaborate, but it gets the job done. It's certainly more sophisticated down below.

COOPER: For me, what -- what makes this so surreal is you're come out of the tunnel and you're in this industrial warehouse in San Diego.

UNZUETA: Right, I mean, you're in a warehouse that really you would see in any industrial park anywhere. It's pretty nondescript once you're in it.

(END VIDEOTAPE)

COOPER: So as we said, the tunnel has capped at either end. You might be asking, why haven't -- why hasn't the whole tunnel been filled in? We're told by Customs and Border Patrol that they are still studying how best to do that. In some cases, they are environmental concerns. In other cases, the tunnels are below private property, and then there's also the money.

At this point, there's no funding mechanism to pay for it. It would cost them $2.5 million to fill it all in.

Our "Shot" today is something we haven't seen in more than four months. New video of Cuban leader Fidel Castro. Today, Cuban television broadcast what it says is the ailing leader's meeting with Venezuelan president, Hugo Chavez, yesterday. Castro was dressed in a track suit again, and he looked heavier, perhaps, and healthier.

Chavez said the two leaders spent two hours discussing various topics, including the, quote, "threats of the empire", a reference to the United States.

Castro ceded power to his brother Raul in late July before undergoing intestinal surgery. The Cuban government has kept the specific details of his condition and recovery a secret.

Maybe a psychic could get some answers. Maybe not. We're going to put one to the test.

(BEGIN VIDEO CLIP)

COOPER (voice-over): A self-proclaimed psychic with something to prove.

SYLVIA BROWNE, PSYCHIC: There's a lot of cases I've solved right on the "Montel" show. I also cracked the ski mask rapist case.

COOPER: Sylvia Browne, wrong about Shawn Hornbeck. She gave us a list of success stories. We checked it out, but she might not like what we found.

Witness to a mystery woman.

UNIDENTIFIED MALE: The woman over there, take a good look at her, and I'll tell you why later.

COOPER: An alleged con artist on the run, a beloved daughter. Two women, one mystery that you're helping to solve. New leads, new insight into a troubled young life, only on 360.

(COMMERCIAL BREAK)

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COOPER: As we mentioned earlier, several attacks today in Iraq, at least 50 people killed, most of it Sunni versus Shia violence. In our next hour, in the 11 p.m. hour of 360, we're going to take a look inside the insurgency through the eyes of CNN's Michael Ware. You saw a bit of the interview a few moments ago. So many gripping stories, including this one.

One day, as Michael tells it, he decided to meet face-to-face with some insurgents, and it almost cost him his life.

(BEGIN VIDEO CLIP)

MICHAEL WARE, CNN CORRESPONDENT: What happened is Al Qaeda said, "Well, we now own this." So I went in there to document this, to see if it was true, and to try and show this.

COOPER: Are you nuts?

WARE: Well...

COOPER: Do you ever ask yourself that?

WARE: Yes, often, actually. In the end, these men intercepted my vehicle and, with grenades with the pins pulled, so that they were live, hauled me from the car, and with my own video camera, now preparing to film my execution.

(END VIDEO CLIP) COOPER: How Michael got away, what's really happening on the ground in Iraq, it's all part of a 360 special, starting at 11, "Iraq: The Hidden Wars".

But first, the story of Shawn Hornbeck's homecoming captured the attention of the country. Several days after Shawn was found alive, we reported that while he was missing, his parents had turned to self- proclaimed psychic, Sylvia Browne, for help.

Browne told Shawn's parents he was dead and even told them where they could found his body. She was wrong, of course. After our report, we spoke to Sylvia Browne's business manager and the psychic herself, who insisted that Browne has helped thousands of people.

We asked for some proof, and they sent it to us. Tonight here's what we found when we checked out their claims for ourselves.

(BEGIN VIDEOTAPE)

COOPER (voice-over): In the months after Shawn Hornbeck disappeared, his parents were desperate.

CRAIG AKERS, SHAWN HORNBECK'S STEPFATHER: You would think that eventually you would find some evidence or find someone that saw something happen or some little clue to give you some kind of an indication as to what really happened. And right now we have nothing.

COOPER: They turned to the "Montel Williams" show, and self- professed psychic Sylvia Browne for help. That's when they got the worst possible news.

PAM AKERS, SHAWN HORNBECK'S MOTHER: Is he still with us?

BROWNE: No.

COOPER: Browne told them their son's body could be found about 20 miles southwest of their home in a wooded area near two jagged boulders, but Shawn Hornbeck was found alive in Michael Devlin's apartment, about 50 miles northeast of their home. His parents say they'll never forget the pain they say Sylvia Browne caused them.

C. AKERS: Hearing that was one of the hardest things we ever had -- had to hear.

COOPER: Browne makes no promises about being right all the time, but by her count, she's solved hundreds of cases.

LARRY KING, HOST, "LARRY KING LIVE": Do you ever work with, like, police?

BROWNE: Yes, I have 250 cases, in fact, right on my -- there's a lot of cases I've solved right on the "Montel" show. I also cracked the ski mask rapist case.

COOPER: The ski mask rapist terrorized the San Francisco Bay area during the late 1980s. Browne writes about the case in her book "Insight", claiming she told police the suspect's last name began with the letter "S" and, quote, "He works for the city, something to do with the streets, actually under the streets."

George Anthony Sanchez was arrested and convicted of raping 26 women. He was a sewer repairman for the city.

The Los Altos police confirmed Browne was involved with the case but could not tell CNN what extent, because the case happened so long ago.

Browne maintains she never chases after missing person cases, but she'll help if she's asked. While police were searching Rock Creek Park for Chandra Levy in the summer of 2001, Sylvia Browne was asked about the case during a television appearance. She said the intern was dead and her body was in that park, which it was.

In the wake of the 1993 World Trade Center bombings, Sylvia Browne was interviewed by the FBI. She says she described one of the suspects.

BROWNE: Short build, wiry, black hair, black eyebrows. There's an "M" on there, and I'm not exactly -- but it's S-A-L-Z-E-M- something". Saleman. Salzeman. M-O-N. OK, Salzemon.

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COOPER: That conversation, according to Browne, took place on March 16, 1993, and she claims she was talking about Mohammed Salama, who was convicted in the terrorist attack. But he was arrested on March 4, 1993, 12 days before Sylvia Browne talked with the FBI.

Browne says she's done thousands upon thousands of reading during her 50-year career and that she has thousands of letters and affidavits from people she's helped. Browne's office sent us two of those as examples of her successes.

One of the letters was impossible to verify. The other was from Sharon James, who did a telephone reading with Browne in 2003, two years after her 35-year-old son disappeared.

SHARON JAMES, HELPED BY SYLVIA BROWN: She told me that my son was in Tennessee and that he was alive.

COOPER: Two months later Sharon James received a letter in the mail. The return address was from Tennessee.

JAMES: And I thought she was absolutely right, he was in Tennessee. Why else would I have gotten the letter?

COOPER: But the letter turned out to be from an insurance company in Tennessee that was looking for her son.

(on camera) Had he been living in Tennessee?

JAMES: No, he had never lived in Tennessee.

Sharon James.

COOPER (voice-over): Sylvia Browne had made one more prediction about Sharon James' son.

JAMES: He had been prone to occasionally take off and come back and take off and come back, so I asked her if she thought maybe he was bipolar, and she said no, he was schizophrenic.

COOPER: James says her son has not been diagnosed with schizophrenia or any other mental illness, and the suggestion that her son was schizophrenic caused her anxiety.

JAMES: I had this vision in my mind that he was living on the streets and schizophrenic, like you see schizophrenics in movies or something, and so it became very stressful.

COOPER: James has since reunited with her son in November of 2005, about a year later than Browne predicted. She paid $700 for her half-hour phone reading, and when she first talked to Sylvia Browne, James found some comfort, but now she says she wouldn't do it again.

JAMES: I was in such a different frame of mind at the time. I was emotional, I was grieving, I was worried, I was stressed, and I was looking for answers anywhere I could find them.

COOPER: And that, her critics say, is the problem with Sylvia Browne.

ROBERT LANCASTER, FOUNDER, STOPSYLVIABROWNE.COM: People come to her with their problems. They're desperate, and she preys on that. She takes advantage of that. She takes their money. She makes believe that she's psychic, and that's reprehensible. It's evil, is what it is.

COOPER: Browne responded to critics on her web site saying, quote, "Those who choose to believe in our philosophy will continue to do so because of their own convictions. Those who negate if after one human error never truly embraced our philosophy anyway, and that's OK."

(END VIDEOTAPE)

COOPER: Well, Sylvia Browne's business manager is standing by live, along with one of Browne's biggest critics, psychic debunker James Randi. I'll talk to both of them next.

Plus, the high school dropout who allegedly stole another woman's identity and conned her way into the Ivy Leagues. Tonight, she's on the run, and thanks to a 360 viewer, police may be closer to tracking her down. Stay tuned.

(COMMERCIAL BREAK)

COOPER: Well, before the break, you heard of self-proclaimed psychic Sylvia Browne's predictions, predictions her own people gave us as examples of success stories. Whether or not the predictions were actually correct may be a matter of interpretation.

Joining us now, two people with drastically different opinions on the subject, Sylvia Browne's business manager Linda Rossi, and psychic debunker James Randi.

Linda, thanks for being on the program. We asked you and Sylvia Browne for some examples of success stories. You said Sharon James was a success, and Sylvia Browne claims she all but named one of the World Trade Center bombers. It turns out that was almost two weeks after he'd already been arrested.

Do you still consider those success stories?

LINDA ROSSI, SYLVIA BROWNE'S BUSINESS MANAGER: Yes, because at the time that she spoke about that, she didn't know that they had been named. And not only that, but she also worked on the Chandra Levy case, which she talked to the parents after they requested her to do so, and I might add, free of charge. She never charges anyone to do that.

COOPER: But you said on the World Trade Center case, though, that it was before those people had been named. We did a Google search. That guy's name was all over Nexis, all over newspapers multiple times.

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ROSSI: Well, I don't know about the exact date of that, but I do know when Sylvia put forth that prediction, when it was publicized might be a different matter, but when she put forth that prediction, that name was not known.

COOPER: Well, the FBI video which you sent us, which is her FBI testimony, that, according to you guys, that was at least some two weeks after this guy had already been arrested and after his name was already out there.

In the Chandra Levy case, they were already searching in the park. Isn't that correct?

ROSSI: They were searching in the park during the time, but not -- not during the time when she talked to the family and told them where they were, only when they did the interview.

COOPER: And Sharon James, do you feel she's still a success story?

ROSSI: I talked with, yes, Sharon James myself personally. She testified to the fact that during the time when she got the notice that she received from Tennessee, that she felt that that was a validation from the standpoint that he was in Las Vegas and had never in fact been in Tennessee. And she felt he must have had some type of insurance connection in Tennessee.

The point being that he was found alive and well. Granted, it was after the time that Sylvia thought that he would, but nonetheless that he was found alive and well.

COOPER: But Sylvia was saying...

ROSSI: And Anderson, wait a minute. I would like to add here, first and foremost, that Sylvia is a teacher, a spiritual teacher and a humanitarian, and her...

COOPER: But actually, first and foremost on her web site it says psychic.

ROSSI: First and foremost she is a spiritual teacher.

COOPER: OK, that's actually second on her web site.

ROSSI: Part of that -- the psychic part is a part of that, but her major thrust in the world...

COOPER: Just so we're accurate, on her web site, when you Google her, and I just went to your web site. It says, "Sylvia Browne, psychic and spiritual teacher," so first and foremost she's a psychic.

ROSSI: OK. Well, first, she has -- you can't separate the psychic part from her spirituality.

COOPER: But she makes her money from being a psychic.

ROSSI: She supports her religious organization and her corporation from being a psychic. Yes, that's a fact.

COOPER: OK.

ROSSI: All of which is returned back to her spiritual organization and her corporation. Sylvia gets no money at all from her psychic readings personally.

COOPER: OK, I want to bring in James Randi. James, you've actually called Sylvia Browne a villain.

We spoke to Ted Gunderson, who's a retired senior special agent in charge of the FBI in Los Angeles. He's worked with Sylvia Browne, and he says -- he says he's worked with her quite a bit. And he said this about her. He says, quote, "I've worked with numerous psychics in the past and very few are really on target, but Sylvia Browne is probably one of the most accurate psychics in the country."

Now, that's from a former senior FBI official. Are you saying he's wrong?

JAMES RANDI, PSYCHIC DEBUNKER: I think that perhaps he doesn't know enough about his subjects. I'm not talking about law enforcement now. I'm talking about detective work.

But he has to judge these things much more carefully, I would think, Anderson. He has to look at the total reading, everything that she says about any one fact, and evaluate that.

What you've done here, and what has been done here, I should say, is that cases that were successful or apparently successful have been selective. Now this is very much like the race track devotee who goes to the races, loses his money...

ROSSI: I can... COOPER: Let him finish his point. Just finish your point, Jim.

RANDI: The point is that the fellow at the racetrack keeps on very proudly telling you about the number of horses that he bet on that have come right up front and made money and such. But he's in tatters, because he doesn't win in the long run.

COOPER: Linda...

RANDI: If he selects the evidence, it always comes out the way you want it to.

COOPER: Got your point.

Linda, Sylvia maintains that she'd not 100 percent accurate and she never claims to be.

ROSSI: Absolutely.

COOPER: But when she told Shawn Hornbeck's frantic parents that he was dead and where to find his body, she sounded pretty certain. She didn't say, "I think he's dead, but I could be wrong." She said, "He's no longer with us, and here's where his body is."

ROSSI: Because we still don't have the body of this case. We don't know...

COOPER: Shawn, you think he may be dead?

ROSSI: No, not Shawn Hornbeck. But we -- you know, she could have seen another person that was -- that was also...

COOPER: She didn't say maybe it's another person. She said he's dead, and here's where his body is.

ROSSI: I understand that. This is what she said, but she has also claimed she is not 100 percent. She is a vessel by which the energy comes through or information comes through. She's just merely a vessel from God. You can't separate the two.

And for Randi, as a professed atheist, to judge anyone of spirituality is a joke. He has now negated -- now wait a minute. Everything she does is through God, with God. She gives God credit for everything.

Randi is a professed atheist who claims that anyone who believes in a religion is weak-minded and superstitious. He's negated Christianity. He's negated Islam. He's negated every religion...

COOPER: So -- OK. That's like a high school debating tactic, to attack the guy who's asking the question, as opposed to answering the actual question.

ROSSI: No, but that's -- you can't separate -- wait a minute, Anderson. You cannot separate the psychic ability from the spirituality. It comes from God. COOPER: Wait. But so by me asking questions, am I godless, too?

ROSSI: No, of course not.

COOPER: OK, so you're not attacking my religious beliefs?

ROSSI: But you're doing a fair-minded reporting. What he's doing is he's judging, and as a magician, he doesn't have the credentials to judge anyone. On psychic ability of any type.

COOPER: OK. We're going to take a short break, and I want to continue the discussion. Again, I appreciate both of you being on the program. We'll be right back.

(COMMERCIAL BREAK)

COOPER: And we're continuing our discussion of Sylvia Browne. Joining me is Sylvia Browne's business manager, Linda Rossi, and psychic debunker James Randi.

Linda, I want to ask you something, because earlier Shawn Hornbeck's parents had stated that on the "Montel Williams" show, after they were told that Shawn was dead, they wanted to speak to Sylvia more outside of the parameters of the show and were told that they'd have to pay her rate of $700 for a half hour. Is that true?

ROSSI: I will stand with my life on this, that that is not true. Now, somebody might have told her that that wasn't connected with our office. That I can't attest to, but Sylvia has never, ever charged any individual who has come in with a missing person case or a law enforcement agency. That...

COOPER: I want to be clear. They didn't say -- they were unclear on who told them that, so I want to point that out, as well.

ROSSI: Exactly. It could have been somebody -- thank you. It could have been somebody from the show who didn't know anything. But our staff, the shortest term that any member of our staff has been with Sylvia is 20 years. I myself have been there 35. I have never, ever -- and I've seen people from all walks of life, religious, whatever...

COOPER: But she does make $700 for a half-hour read?

ROSSI: She does make $700 -- she doesn't make $700. The $700 that she charges, unsolicited. She never asks for anyone to do that. The same with, you know -- the same with our religious beliefs. People come to us seeking our help.

What I really want to question, James Randi, before we go into him, is this from now has been bordering on a malicious persecution of Sylvia. Why doesn't she go after the charlatans, the true charlatans that are out there, bilking people thousands of dollars?

COOPER: Let me ask James. What is so bad about Sylvia Browne? What's so bad about Sylvia Browne? RANDI: There's nothing intrinsically bad about Sylvia Browne that isn't bad about all of the people who pretend to the grieving people out there who need them or believe they need them that they can speak to the dead.

No, I have gone after Sylvia Browne...

ROSSI: The same can be true of religion.

RANDI: ... because she's a big figure -- would you mind? I go after Sylvia Browne because she is a major figure in the field. And she gets a lot of publicity, a lot of exposures on shows all over the world. She is one of the major figures that I go after, yes.

COOPER: James, you challenged Sylvia Browne to take a test of her psychic ability. What would exactly that test be, very quickly?

RANDI: Very quickly? Well, she would do readings for ten people, ten people that would be chosen because they believe Sylvia Browne and they believe she has powers, and they believe in psychic powers of that sort.

She would do ten readings. We would then shuffle those ten readings and give them all to the people who had the readings done for them and ask them to sort them out, which one is your reading? It should be pretty evident that you could take the reading that was made for you, and you could single that out.

COOPER: Linda -- Linda, would Sylvia Browne take that test?

ROSSI: Absolutely not, because she has nothing -- it's loaded. He's coming from a...

RANDI: She already agreed to do it.
ROSSI: Wait a minute, Randi. I let you talk. Now let me...
COOPER: No shouting. No shouting. Let's just be calm.
ROSSI: First of all, she has nothing to prove to Randi.
RANDI: That's true.
ROSSI: You have somebody who's an atheist, who's already coming...
RANDI: Oh, come on. Get off the atheist thing.
ROSSI: Get off the psychic thing.
COOPER: All right. So you're -- so Linda -- I know arguing is popular on cable news, but we just don't like it on this show. So Linda, you're saying Sylvia will not take the test, bottom line?
ROSSI: No, because she has nothing to prove to James Randi.
COOPER: So she...
ROSSI: She has nothing to prove to James Randi. Her spiritual work speaks for itself. Over 50-plus years of work.
RANDI: Take the test.
COOPER: We'll let the audience be the judge on that.
James Randi, appreciate you both being on the program, Linda, as well. Thank you very much.
ROSSI: Thank you.
COOPER: You can decide for yourselves.
Before we go to break, a quick programming note. We had planned to bring you Gary Tuchman's report here on the alleged Ivy League con artist missing, along with the woman whose identity she allegedly stole. The conversation we just saw just ran kind of long. We're going to bring you Gary's report tomorrow.
Just ahead, why the war in Iraq has turned into four separate wars, none of them easy to fight. Some unparalleled firsthand reporting from CNN's Michael Ware on the fighting, in depth. You won't find it anywhere else.
Also, talk about Iran's growing influence and how Michael almost became a hostage. All that and more when 360 continues.

Senate Seeking Expanded Say In Iraq (CHIT)

By Aamer Madhani
Chicago Tribune, January 31, 2007
WASHINGTON -- In an intensifying debate on the war in Iraq, Democratic senators began probing Tuesday how Congress could halt President Bush's plan to send more troops to Iraq or even use its powers to halt the war altogether.
Sen. Barack Obama (D-Ill.) introduced legislation that would immediately place a cap on the number of troops in Iraq—now at about 132,000—and remove all combat brigades in the war zone by March 31, 2008. Perhaps the boldest—and most quixotic—challenge to the president's authority came from Sen. Russell Feingold (D-Wis.), who said he would introduce legislation Wednesday that would end all funding for the deployment of troops within six months after it is implemented, forcing an end to the war.
Even a leading Republican senator expressed doubts about Bush moving forward on Iraq without sharing decision-making with Congress.
Obama, who first voiced support for a phased withdrawal in a speech before the Chicago Council on Global Affairs in November, said he felt compelled to try to halt Bush's "reckless escalation" plan to send 21,500 more U.S. troops to Iraq.
"But no amount of American soldiers can solve the political differences at the heart of somebody else's civil war, nor settle the grievances in the hearts of the combatants," Obama said. "The time for waiting in Iraq is over. The days of our open-ended commitment must come to a close. And the need to bring this war to an end is here."
He said he adopted the March 31, 2008, end date from recommendations made last year by the bipartisan Iraq Study Group. Troop levels would be capped at the military's strength on Jan. 10, the day Bush announced he would send more troops to Iraq, and the phased withdrawal would begin as early as May 1, according to Obama's proposal.
The proposal would allow for the U.S. troop redeployment to pause, with congressional approval, if the Iraqis meet political and security benchmarks laid out by the Bush administration in its plan for a surge of troops. Obama and others argue that American forces can be of little help now because the Iraqi government is unwilling to make the difficult decisions that would make the most of the U.S. presence. The growing complaints about the war crossed party lines as the Senate neared debate on two non-binding resolutions disapproving of Bush's plan to send more troops to Iraq. Sens. Arlen Specter (R-Pa.) and Patrick Leahy (D-Vt.) sent a letter to Atty. Gen. Alberto Gonzales asking for the administration's views on Congress' war powers.

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Specter told reporters following a Senate Judiciary Committee hearing that a clash is imminent between the White House and Congress over what war powers the Constitution guarantees the executive and legislative branches.

"I would respectfully suggest to the president that he is not the sole decider," Specter said during the hearing. "The decider is a shared and joint responsibility."

In the Senate panel's hearing on war powers, four of five constitutional law experts agreed that Congress effectively has the right to end the war, particularly by cutting off funding. The president, as commander in chief, is solely responsible for strategy and tactics, the experts concluded.

Bradford Berenson, who was a White House lawyer from 2001 to 2003 and advised on executive authority, said, "In my judgment, a statute that says as of six months of the date of enactment, the U.S. shall no longer be engaged in hostilities in Iraq is presumptively constitutional. That would be if it could be passed presumably over the president's veto, it would be a constitutional statute and proper exercise of Congress' broad authority."

Robert Turner, of the Center for National Security Law at the University of Virginia, warned that Congress should proceed with caution before cutting off funding, as suggested by Feingold.

He said that Congress was partly responsible for the deaths of 1.7 million Cambodians believed to have been killed by the Khmer Rouge, after it denied funds in the early 1970s to support President Richard Nixon's war plans in Cambodia. Turner also suggested that Congress was in part responsible for the 1983 suicide bombing that left 241 Marines dead in Lebanon. He contended some lawmakers, in calling then for a U.S. troop withdrawal from Lebanon, had emboldened the enemy by questioning America's willingness to stay in the country.

Sen. Orrin Hatch (R-Utah) echoed the sentiment and said that talking about cutting off funding in Iraq could be demoralizing to U.S. forces.

"The message to our troops is that we no longer support them," Hatch said.

Sen. Dick Durbin (D-Ill.), who voted against the 2002 Iraq war resolution, countered that two of the main reasons cited by the administration for going to war—the need to depose Iraqi dictator Saddam Hussein and rid Iraq of weapons of mass destruction—are no longer pertinent. Durbin also cited news reports that the U.S. military is unable to properly equip the extra troops it is deploying and said that is another reason for finding a quick endgame.

"Under what authority do we continue to do what we are doing in Iraq?" Durbin asked.

At least one of the non-binding resolutions disapproving of the troop increase was expected to be debated this week, but several senators said Tuesday that it was unlikely to reach the floor until next week. While the resolutions are still in the pipeline, some Democrats appear to have thrown their energies toward taking stronger action to stopping the war.

Feingold said the non-binding resolutions are worthwhile attempts to denounce the president's policy, but added that Congress is obligated to voters to take action that has more teeth.

"Since the president is adamant about pursuing his failed policy in Iraq, Congress has a duty to stand up and prevent him," Feingold said.

Some senators said they hope that the sponsors of the two non-binding resolutions would work together to reach a compromise proposal. But Sen. Joe Biden, (D-Del.), a sponsor of the more strongly worded resolution, said he has been unable to get the main sponsor of the other resolution, Sen. John Warner (R-Va.), to discuss merging the proposals.

Specter: Bush Not Sole 'Decision-maker' (AP)

By Laurie Kellman

AP, January 31, 2007

A Senate Republican on Tuesday directly challenged President Bush's declaration that "I am the decision-maker" on issues of war.

"I would suggest respectfully to the president that he is not the sole decider," Sen. Arlen Specter, R-Pa., said during a hearing on Congress' war powers amid an increasingly harsh debate over Iraq war policy. "The decider is a shared and joint responsibility," Specter said.

The question of whether to use its power over the government's purse strings to force an end to the war in Iraq, and under what conditions, is among the issues faced by the newly empowered Democratic majority in Congress, and even some of the president's political allies as well.

No one challenges the notion that Congress can stop a war by canceling its funding. In fact, Vice President Dick Cheney challenged Congress to back up its objections to Bush's plan to put 21,500 more troops in Iraq by zeroing out the war budget.

Underlying Cheney's gambit is the consensus understanding that such a drastic move is doubtful because it would be fraught with political peril.

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But there are other legislative options to force the war's end, say majority Democrats and some of Bush's traditional Republican allies.

The alternatives range from capping the number of troops permitted in Iraq to cutting off funding for troop deployments beyond a certain date or setting an end date for the war.

"The Constitution makes Congress a coequal branch of government. It's time we start acting like it," said Sen. Russell Feingold, D-Wis., who presided over a hearing Tuesday on Congress' war powers. He also is pushing legislation to end the war by eventually prohibiting funding for the deployment of troops to Iraq.

His proposal, like many others designed to force an end to U.S. involvement in the bloody conflict, is far from having enough support even to come up for a vote on the Senate floor.

Closer to that threshold is a nonbinding resolution declaring that Bush's proposal to send 21,500 more troops to Baghdad and Anbar province is "not in the national interest." The Senate could take up that measure early next month.

But some senators, complaining that the resolution is symbolic, are forwarding tougher bills.

Democratic Sen. Barbara Boxer of California, for example, is a sponsor of a bill that would call for troops to come home in 180 days and allow for a minimum number of forces to be left behind to hunt down terrorists and train Iraqi security forces.

"Read the Constitution," Boxer told her colleagues last week. "The Congress has the power to declare war. And on multiple occasions, we used our power to end conflicts."

Congress used its war powers to cut off or put conditions on funding for the Vietnam war and conflicts in Cambodia, Somalia and Bosnia.

Under the Constitution, lawmakers have the ability to declare war and fund military operations, while the president has control of military forces.

But presidents also can veto legislation and Bush likely has enough support in Congress on Iraq to withstand any veto override attempts.

Seeking input, Senate Judiciary Chairman Patrick Leahy, D-Vt., and Specter, asked Attorney General Alberto Gonzales for the White House's views on Congress' war powers.

Boxer and Feingold are in effect proposing putting conditions on troop funding and deployment in an effort to end the war in some way other than zeroing out the budget. But some lawmakers and scholars insist war management is the president's job.

"In an ongoing operation, you've got to defer to the commander in chief," said Sen. John Warner, R-Va., ranking Republican on the Senate Armed Services Committee. But the veteran senator and former Navy secretary said he understands the debate over Congress' ability to check the executive branch.

"Once Congress raises an army, it's his to command," said Robert Turner, a law professor at the University of Virginia who was to testify Tuesday before the Senate Judiciary Committee.

In recent decades, presidents have routinely bypassed Congress when deploying troops to fight. Not since World War II has Congress issued an official declaration of war, despite lengthy wars fought in Vietnam and Korea.

Congress does not have to approve military maneuvers.

John Yoo, who as a Justice Department lawyer helped write the 2002 resolution authorizing the Iraq invasion, called that document a political one designed only to bring Democrats on board and spread accountability for the conflict.

The resolution passed by a 296-133 vote in the then-GOP-run House and 77-23 in the Democratic-led Senate, but it was not considered a declaration of war.

Judiciary Panel Mulls Presidential Authority (HILL)

By Elana Schor

The Hill, January 31, 2007

Most members of Congress relish the chance to rebuke stone-faced witnesses at a hotly anticipated hearing. But Senate Judiciary Committee members wanted something different yesterday from five constitutional-law experts: a little encouragement.

“I think you’ve got the impression that there’s nothing Congress can’t do,” Sen. Orrin Hatch (R-Utah) told Louis Fisher, a former Congressional Research Service scholar. “I don’t know if I agree with that.”

Sen. Arlen Specter (R-Pa.), calling his party’s electoral defeats in 2006 “a repudiation” of President Bush’s handling of the war in Iraq, asked Duke University professor Walter Dellinger whether widespread public opposition to the war placed a higher burden on Bush to answer to Congress.

“There has to be a discussion” about whether to place binding limitations on White House war policy, Dellinger said. “If you couldn’t have that discussion, it would be a system set up for perpetual war, because you could never discuss how to end it.”

On cue, the public reasserted its opposition. “Perpetual war is what [Vice President Dick] Cheney wants!” a protester called from the back of the room.

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The Judiciary panel gathered under the gavel of constitutional subcommittee Chairman Russ Feingold (D-Wis.), who gave a friendly push to his leadership by promising to introduce a measure formally today halting funding for new deployments in Iraq after six months. Senate Majority Leader Harry Reid (D-Nev.) continues to parry GOP attempts to slow progress on a far milder non-binding resolution that objects to Bush's plan to add 21,500 more troops.

No senator doubted Congress's power to force an end to the war by closing the federal purse. In fact, several Republicans, concerned that a non-binding resolution would send a negative message to the military, praised Feingold yesterday for pursuing a clear goal.

"Feingold's hit the nail on the head," Sen. John Cornyn (Texas), GOP conference vice chairman, said. "Those who offer non-binding resolutions suffer from excessive timidity. If you really believe that what we're doing in Iraq is a failure, it's pretty clear what Congress can do, and that's cut off funds."

Sen. John McCain (R-Ariz.), who has circulated an alternative resolution laying out benchmarks for Iraqi leaders to show their commitment to self-government, agreed. Feingold's approach, "in my mind, is more intellectually honest," he said.

McCain said he received a list of proposed war benchmarks from the White House yesterday, although Republican leadership is still discussing its preferred menu of alternatives to the Democratic-backed resolution that likely will come to the floor next week. Efforts to mingle language approved in the Foreign Relations Committee last week with a competing approach backed by Sens. John Warner (R-Va.), Ben Nelson (D-Neb.), Susan Collins (R-Maine) and others have yet to bear fruit.

Sen. Barack Obama (D-Ill.), eyeing the presidency, released his own plan to go a step beyond Democratic leadership and begin withdrawing troops by May. Obama would also add an immediate troop cap and set a series of benchmarks to gauge the Iraq government's performance.

In the meantime, Judiciary members got a history lesson from their five scholarly witnesses, who cited previous conflicts cut short by Congress using funding and authorization limits. Some constitutional experts warned senators of the perils of leaving a violent region to keep order without U.S. military support.

Robert F. Turner, a national-security law professor at the University of Virginia, attributed the rise of brutal Cambodian dictator Pol Pot to lawmakers' 1970 funding restriction on ground troops in that nation. McCain, a decorated Vietnam veteran and former prisoner-of-war, echoed Turner's assessment.

Turner also contended that Congress's public assertion in 1983 that more casualties in Lebanon would lead to war-spending limits helped inspire that year's deadly bombing of Marine barracks. During the hearing, he had a difference of opinion with Specter, who remarked that Bush is not the "sole decider" in the Iraq conflict.

"In the conduct of war and foreign affairs, the president is, in fact, the decider," Turner quipped.

Yet the executive branch had a limited presence in yesterday's hearing, which built momentum for Feingold's resolution and foreshadowed a contentious debate this spring on the administration's next supplemental war-spending request. Feingold ended the discussion convinced "that Congress has the power to stop a war, if it wants to," as he put it, earning a standing ovation from an audience peppered with anti-war protestors.

Among them was a mother who had a tender exchange with Hatch after interrupting his opening statement, pleading with senators to bring her Marine son home for good. Hatch told the woman he empathized with her plight, remembering a brother lost in World War II.

Another protester, Wade Fullmer of Military Families Speak Out, served as a South Carolina county chairman for McCain's 2000 presidential bid but said he hardly recognizes the Arizonan now as he readies a 2008 run built on support for Bush's war policy.

Now Fullmer, like many other protestors in attendance, is left to dream that Feingold reconsider his decision not to run in 2008.

"I'd like to see him on the Democratic side, and [Sen. Chuck] Hagel (R-Neb.) on the Republican side," Fullmer said.

Is Fidel Castro On The Mend?; Interview With Arlen Specter (CNN)

CNN THE SITUATION ROOM, January 31, 2007

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WOLF BLITZER, CNN ANCHOR: Thanks very much, Lou. And to our viewers, you're in THE SITUATION ROOM and it's happening right now.

Breaking news, he's been seen only once in the past six months, until now, at least, new pictures of Cuba's Fidel Castro. Is he on the mend? We're going to go to Havana in a moment.

A tug of war over war powers -- who should put U.S. troops in harm's way? Who should bring them home? We're going to hear from a top Republican who warns the president that he's not the only decider. And we'll also hear from a leading Democrat who will try to cut off funds for the war.

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From drought to flooding, the world's scientists offer an ominous new warning on global warming.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

But we begin with breaking news from Havana. Cuba's ailing president, Fidel Castro, who hasn't been seen in months, has just shown up on television in Cuba. He appears with his ally, the Venezuelan president, Hugo Chavez. After dire reports on his medical condition, is Castro now on the mend?

Let's go straight to CNN's Morgan Neill. He's joining us from Havana. Morgan, tell our viewers what Cuban television has just aired.

MORGAN NEILL, CNN CORRESPONDENT: Well that's right, Wolf. What we have just seen is the latest video since October showing the Cuban president. We see him in this video, which is said to have been shot yesterday, a meeting with Venezuelan President Hugo Chavez. Now Castro in the video is seen wearing a track suit. He's seen standing up.

He's not walking in the video and we see him only from the waist up. Now he does talk some in the video, but Chavez does do most of the talking here. Now, the Cuban leader looks obviously frail, does, as I say, a little bit of talking. As far as date references in the video, what we do see is in the hands of Chavez, we see a newspaper dated January 7.

Chavez goes on to say that the video was shot on yesterday, that is, the 29th. He says Fidel appeared to be in good spirits, appears to be recovering and goes on to say that the two leaders talked for some two hours about topics including an agreement between Venezuela and Cuba and what he called threats from the empire, that is to say the United States, these words from Chavez.

But of course, the big news, the latest video we have seen of Fidel Castro, this is the first since October and coming just a day before, tomorrow marks six months since he handed over power to his brother, Raul -- Wolf.

BLITZER: Morgan Neill, stand by. We're going to be getting back to you. I want to get some analysis now on what we have just seen on Carlos Lopez of CNN Espanol is here in THE SITUATION ROOM with us. I watched the Cuban broadcast. We saw the plane of Venezuelan leader Hugo Chavez arriving. And then the next scene, we saw the Cuban president actually meeting with Chavez.

Let's talk a little bit about these two pictures. Look behind you over there. You see the most recent January 27 picture, supposedly. And now October 28 -- the differences, obviously, you can tell some differences.

JUAN CARLOS LOPEZ, CNN ESPANOL: Of course, the sweatshirt is different. That's one of the big differences. We don't see Fidel walking, as he did last time, but in this shot we see today they're together. Now Chavez is the only leader who has direct access to Fidel Castro. And the video that was presented by Cuban TV follows the same script as it did before.

We have some very light music underneath the airplane when Chavez's airplane was arriving. They talk about global warming and they show an article from an Argentinean newspaper from Saturday, January 27. They discuss global warming. Fidel talks about the issue how Chavez remember when he came to the U.N. he criticized the U.S.

BLITZER: When you put up January 27, that's when the article appeared, but we're told this video actually occurred yesterday, the 30th.

LOPEZ: Yes, a two-hour meeting, and obviously...

BLITZER: The 29th, excuse me.

LOPEZ: Obviously with modern technology, anything is possible, but it does look legitimate and it does seem that Fidel Castro is alive...

BLITZER: And if you listen closely to what Castro was saying his voice, his appearance clearly frail, but you could make out what he was saying.

LOPEZ: In one part I think they were making a specific point of having him read. And you could tell that he's reading the headline in the article and then he's talking about the whole issue of global warming and the impact of the use of gasoline in the environment.

BLITZER: So they were shown to be having a substantive discussion. And clearly he's wearing a different sweat suit yesterday than he was wearing last October. LOPEZ: And he was drinking -- you see him with a glass in his hand. And he drinks the juice. He didn't do that before. There was a lot of speculation about the sweatshirt and what he had under. Obviously he looks better now. And this conversation -- what we're hearing right now the -- he's saying you're the first one to tell people about the excessive use of gas. They're talking about that issue in the article.

BLITZER: Let's listen to it a little bit in Spanish and then we'll translate.

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

UNIDENTIFIED MALE: (SPEAKING FOREIGN LANGUAGE)

(END VIDEO CLIP)

BLITZER: It appears that Hugo Chavez is doing most of the talking in that conversation, but his voice sounded somewhat robust.

LOPEZ: He sounded better than we heard him last time and one thing the Cuban sources have told us is that they do consider Fidel Castro's health a state secret and they treat it as a state secret, but they say they will not lie about his health. They will not hide if he has something different than have been seen, so this is consistent with what they have said and what we have seen in the past and it seems Fidel Castro isn't as frail as we thought he was.

BLITZER: And it's interesting that they decide to release this video with Chavez, Hugo Chavez coming to Havana to meet the Cuban president as opposed to some other event, which clearly the Cuban government could have staged.

LOPEZ: And they have done it in the past. This is the way the world has seen Fidel in the last six months, has been with Hugo Chavez, and Hugo Chavez has been the one giving information about Fidel Castro's health.

BLITZER: And just to remind our viewers, that was back in October when the last video we saw of Castro. This is video that was taken yesterday, but just aired moments ago on Cuban television. Juan Carlos...

LOPEZ: And edited by the Cuban... BLITZER: And edited, obviously, but by all indications, it does seem -- based on what you saw, it does seem to be authentic.

LOPEZ: Yes, it does.

BLITZER: All right. Juan Carlos Lopez of CNN Espanol -- thanks very much for joining us.

(CROSSTALK)

BLITZER: We're going to continue to follow this story. Enormous ramifications, what is going on in Havana right now with Fidel Castro's health?

Other news we're following tonight, President Bush's claim that he's the decider under fire.

And a holy ritual in Iraq stained with blood. More than 50 people were killed in tit-for-tat sectarian attacks across Iraq today. Most were Shiite pilgrims targeted on this, the final day of the religious ceremony of mourning called Ashura. Against that deadly background, a Republican senator here in Washington is disputing President Bush's go it alone approach to the war.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: The president repeatedly makes reference to the fact that he is the decider. I would suggest, suggest respectfully to the president that he is not the sole decider -- that the decider is a shared and joint responsibility.

(END VIDEO CLIP)

BLITZER: Let's bring in our congressional correspondent, Dana Bash -- a tough statement from Arlen Specter, a fellow Republican.

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: A tough statement indeed, and as Senator Specter made clear there, he was responding to something that the president said a few days ago, where he said that he is the decision maker when it comes Iraq, regardless of what Congress does in terms of resolution that they may pass, opposing his plan to send more troops to Iraq. And Specter made that statement at one of many, many hearings today, Wolf, on Iraq.

At that particular one, Democrat Russ Feingold said he is going to introduce legislation to stop the war by pulling back funds to Iraq. Now Senator Specter said to us, sure, that is possible. That is the constitutional prerogative of Congress if it so chooses, but he doesn't think it should go that far right now.

He said what he was simply trying do is get the president's attention and make it clear to him that it's not just exasperating Democrats here on Capitol Hill. It's what he calls friendly voices who don't necessarily agree with him, but want him to recognize that public opinion is opposed to what he is doing and sending more troops to Iraq and that it's time for him to listen to and engage with Congress -- Wolf.

BLITZER: And we're going to be hearing directly from Senators Feingold and Specter here in THE SITUATION ROOM this hour. Dana thanks.

Let's check in with Jack in New York for "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: Well we all remember George Allen. That was the Virginia senator of macaca fame who lost in a very close race to Democrat Jim Webb. Analysts say he lost because of those comments that wound up circling the country courtesy of YouTube. Well Political.com reports Republican consultants are now trying to figure out ways for future candidates to avoid the same fate as Allen.

They're even using his name as a verb as in they don't want to be George Allen-ed. The chairman of the National Republican Senatorial Committee says he tells people you have to assume there's a recording devise of some kind on you at all times, especially now in the age of cell phones that can record embarrassing moments and the Internet that can disperse them faster than ever before.

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Of course, it's potentially a long list of no-no's making jokes, falling asleep in public, scolding aides, ambushing an opponent at a news conference. You can think of your own list. Here's the question though.

Is it possible to train politicians not to say stupid things ever? E-mail us at CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

It's a tall order, Wolf.

BLITZER: Ever is a long time, Jack.

(CROSSTALK)

BLITZER: It's a very, very long time. Thanks very much, Jack.

Coming up, talk or fight -- we're going to take a closer look at American military options on Iran and global warming -- and a global warming as well in dire predictions. Some scientists say changes are happening faster than expected.

And is it time for Democrats to start cutting the funding for the war in Iraq? One Senate Democrat thinks it is and says his party leaders are timid on this question.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

ANNOUNCER: This is CNN Breaking News.

BLITZER: We're getting breaking news, potentially a very, very significant story about that sneak attack on a military compound -- a U.S. military compound in the Iraqi town of Karbala that led to the deaths of five American soldiers in recent days. Could agents from Iran, Iran have been responsible?

Our Pentagon correspondent Barbara Starr has the story -- Barbara.

BARBARA STARR, CNN PENTAGON CORRESPONDENT: Wolf, CNN has learned that military investigators are looking into the possibility that an attack on a Karbala compound January 20 that killed five U.S. troops may, may have been carried out by either Iranians or Iranian trained operatives -- this word coming from officials in more than one government agency.

One official saying quote, "people are looking at this seriously" -- officials emphasize this is only a preliminary look. That they have no final conclusion, but why are they looking out down this road? Why are they saying it is possible that Iranians were behind it? Officials saying it is the level of sophistication and coordination and how this attack was carried out that it is far beyond the capabilities, they say, of the foreign fighters or the Shia militia groups that they have seen operate in the past.

Some of the indicators they're looking at, the attackers appear to have spoken English fairly well. That helped them get past some of the checkpoints. How they got maybe U.S. style military uniforms, how they came into possession of vehicles similar to those used by U.S. troops. Five U.S. soldiers were killed in the attack, one at the site.

Four of them, however, of course, were taken away, two of them found handcuffed together in the back of one of the vehicles, shot dead. Another soldier found shot dead on the road, and another soldier found barely alive, but died on the way to the hospital -- Wolf.

BLITZER: Barbara Starr, very, very disturbing information. The ramifications potentially enormous if the U.S. government concludes that Iranian agents killed those five American soldiers, a lot of people believe all bets would be off. But this is a preliminary investigation, as Barbara has just mentioned.

A member of the president's war team, not just any member, the former director of national intelligence was in the hot seat today on Capitol Hill, on the question of Iraq and Iran. Let's turn to our State Department correspondent, Zain Verjee -- Zain.

ZAIN VERJEE, CNN STATE DEPARTMENT CORRESPONDENT: Wolf, John Negroponte's confirmation hearing for the number two post at the State Department essentially turned into a debate on the administration's policy toward Iran.

(BEGIN VIDEOTAPE)

UNIDENTIFIED MALE: Is it the position of this administration that is possesses the authority to take unilateral action against Iran... VERJEE (voice-over): Grilled on Capitol Hill. Secretary of State Condoleezza Rice's new deputy jumped right into the line of fire on Iran. At his Senate confirmation hearing, John Negroponte says it's time for the U.S. to confront Iran.

JOHN NEGROPONTE, DEPUTY SECY. OF STATE NOMINEE: We don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged.

(SOUNDS)

VERJEE: Negroponte says Iran is making trouble throughout the region, not just in Iraq.

(SOUNDS)

VERJEE: But in Lebanon and with Israeli/Palestinian peace efforts. The administration, he says, is in no mood to talk.

NEGROPONTE: We're reluctant to initiate a high level diplomatic dialogue with Iran until there's been some progress on this nuclear issue.

UNIDENTIFIED MALE: Other distinguished members of the committee...

VERJEE: In the same hall hours later, that approach was slammed. Lee Hamilton, the co-chair of the Iraq Study Group says the U.S. needs to talk to Iran. He called the U.S. policy of isolation a failure.

LEE HAMILTON, IRAQ STUDY GROUP CO-CHAIRMAN: What has happened? Iran has become the most powerful country in the region. It continues to support terrorist organizations. It's continuing to develop its nuclear potential. How can anyone say today that our policy towards Iran is working? It is not.

(END VIDEOTAPE)

VERJEE: Negroponte's confirmation is likely to be a quick one, but Senator Joseph Biden, the chairman of the Senate Foreign Relations Committee, warned Negroponte that his confirmation should in no way be considered an endorsement of U.S. foreign policy -- Wolf.

BLITZER: Zain thank you for that.

So if the United States were to offer proof to back up its recent rhetoric on Iran's activities in Iraq, how should it punish Iran?

Brian Todd is standing by. He's looking at possible scenarios -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, one scenario that many are talking about, the possibility of a U.S. military strike against Iran. We spoke with a prominent expert about how that might unfold.

(BEGIN VIDEOTAPE) TODD (voice-over): The U.S. has recently deployed more firepower to the Gulf, including a second aircraft carrier, but finding the right targets in Iran, where aid to Iraqi militants could be coming from, might be a challenge. One alternative, according to war game expert Colonel Sam Gardiner, target Iran's nuclear facilities instead.

COL. SAM GARDINER, U.S. AIR FORCE (RET.): If the United States were to do that, that would probably be about a three-day air campaign with aircraft like to be two cruise missiles fired from ships and aircraft, and we would go after the facilities we know about.

TODD: Gardiner says attacking nuclear sites would be a two-for, punishing Iran for meddling in Iraq and setting back their nuclear program for a few years. But Gardiner and other military analysts we spoke to believe a full-scale conventional attack using U.S. ground forces is unlikely given the U.S. commitments elsewhere. But would Iran retaliate? Gardiner and other experts say Iran could step up their aid to militants attacking American forces in Iraq or even respond militarily themselves.

GARDINER: Iran has a relatively sophisticated chemical and biological warfare program. And they really do have the missiles to deliver them. Chemical weapons could go down on American forces on Iraq.

TODD: And there's another option.

GARDINER: They could use military force to restrict the flow of oil inside and outside of the Gulf. That's a big deal.

(END VIDEOTAPE)

TODD: How big a deal? Analysts say by disrupting the global supply of oil, Iran could drive prices up to about $100 a barrel or more, a potentially devastating blow -- Wolf.

BLITZER: Brian thank you very much, very disturbing developments on Iran. Just want to reiterate the breaking news we showed you at the top of this hour, Fidel Castro only moments ago he was seen on Cuban television with the Cuban -- with the Venezuelan president, Hugo Chavez. This is video that Cuban television says was taken yesterday, and it shows Fidel Castro appearing to be a little bit healthier than he was six months ago in the last video we saw of the Cuban president.

Still ahead tonight here in THE SITUATION ROOM, the growing showdown between President Bush and Congress over the war in Iraq. I'll talk about it with Democratic Senator Russ Feingold and Republican Senator Arlen Specter. He, by the way, is now saying the president is not -- is not the sole decider.

Plus, protesters storm Ecuador's Congress, sending lawmakers fleeing. We're going to show you the pictures.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK) BLITZER: Carol Costello is in New York, monitoring stories coming into THE SITUATION ROOM. What is crossing the wires right now, Carol?

CAROL COSTELLO, CNN ANCHOR: Incredible pictures to show you, Wolf. Take a look at this. Ecuadorian lawmakers forced to flee as demonstrators storm the country's Congress building in Kito, rocks and bottles thrown, tear gas used. These were violent clashes with police. The protesters demanding a referendum on changing Ecuador's constitution. They support leftist President Rafael Correa, who issued a decree, calling for a March vote, but the country's electoral count -- court decided lawmakers should have a say. This is a developing situation. Of course, we'll keep following it for you.

Venezuelan President Hugo Chavez is poised to gain sweeping new powers. The country's Congress set to give him decree authority, which he'll use to nationalize Venezuela's oil and utility industries. The vote was supposed to take place today, but it's being postponed until tomorrow so that in an unusual move, it can be held in the capital's main square, which would increase public exposure.

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A paramedic and a firefighter called out to investigate a gas leak were among at least four people killed in an explosion that leveled a gas station at a convenience store in Ghent, West Virginia. Five people seriously hurt here. The explosion so strong, it knocked out power to buildings three miles away.

And remember this scene?

(SHOUTING)

COSTELLO: Maybe you do. These protests almost derailed the 1999 meeting of the World Trade Organization in Seattle. Today, a federal jury decided the city violated the constitutional rights of some 200 protesters, specifically their Fourth Amendment right against unreasonable search and seizure. Now this could cost Seattle millions and millions of dollars. City attorneys say they will appeal today's verdict.

That's a look at the headlines right now, Wolf.

BLITZER: Thanks, Carol, very much.

And just ahead, should Congress block a build-up in Iraq by cutting off cash? I'll ask Democratic Senator Russ Feingold about charges that his plan will hurt the troops now in the trenches.

Plus, Fidel Castro shows he's alive, at least as of yesterday. We're following this breaking news. We're going to go back to Havana.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM where new pictures and information are arriving all the time. Happening now, breaking news we're following. We're seeing images of the Cuban president, Hugo -- Fidel Castro that is, for the first time in three months -- the Cuban president seen on Cuban television only in the past hour or so. The video shows Castro and his main ally in the region. That would be the Venezuelan president, Hugo Chavez. The video was reportedly taped yesterday. We're going to go to Havana in a moment.

In Iraq, are Iranians partly responsible for a recent sneak attack that left five American troops dead? Right now military investigators are looking into that possibility, that, according to U.S. officials who have spoken to our Pentagon correspondent Barbara Starr. It concerns the attack on a compound in Karbala on January 20. The officials tell CNN the attack may, may have been carried out either by Iranians or by Iranian trained operatives. We're watching that story.

Also a claim that some scientists were pressured to discount the effect of global warming -- that's what some said today at a congressional hearing on the issue here in Washington. Among the allegations, that the White House has watched and censored what federal scientists can tell the public about climate change.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

Back now to the breaking news we're following from Havana. The Cuban President Fidel Castro ailing, has now shown up within the past hour in new video images shown on Cuban television after months without being seen in public. And there's a lot of speculation about his health. Castro appears with his close ally the Venezuelan leader Hugo Chavez.

Let's go live to CNN's Morgan Neill. He's in Havana.

Update our viewers, Morgan, on what Cuban television has shown.

NEILL: Wolf, this video came out just about an hour ago now on a show called "Mesa Rondo" (ph), or "Round Table".

And what we've seen in this video -- it's the first that we've seen since October. And it comes just one day before the six-month mark since Castro handed over power to his brother, Raul.

Now, what we see specifically in the video, we see the Cuban leader wearing a track suit, a different track suit from that he wore in past videos. We see him from the waist up. He is standing at various points in the video but we don't see him walking. And he's talking to Venezuelan leader Hugo Chavez. Castro and Chavez talk about various topics -- climate change. Castro at one point reads what appears to be a press summary prepared for him. It includes an article from an Argentine paper on the 27th, just a couple of days ago.

But Chavez says this video was shot yesterday, yesterday afternoon during Chavez's visit. Castro also talks at one point in a weak voice about the fall that he took in 2004, saying to Chavez that the things seemed to have come one after the other. But, as I said before, this is the first new video we've seen since October -- Wolf.

BLITZER: Morgan, thanks very much.

Morgan, our man in Havana, is going to stay on top of the story for us.

Other important news that we're following. Let's get some more on the raging battle over Iraq and a serious question that many critics are asking: should Congress simply take the ultimate step and cut off funding for the war?

Democratic Senator Russ Feingold of Wisconsin thinks so.

Just a short while ago, I asked Senator Feingold what he thinks of criticisms that doing so would hurt U.S. troops in Iraq.

(BEGIN VIDEOTAPE)

SEN. RUSS FEINGOLD, (D) WISCONSIN: Well, that's just another one of these red herring, false argument that's put out. Nobody's talking about taking anything away from the troops. What we're saying is there should be a timeframe to redeploy the troops. In other words, we don't say to somebody, "Hey, give us your rifle and give us your helmet. You're going to say here in Baghdad."

The fact is, our bill that I'm putting in tomorrow would say the troops have to be out within six months after the bill is passed. That's the safest thing for the troops, is to not be in Iraq.

BLITZER: In an interview with "Politico.com", this new website, you told Roger Simon that you were upset about what you called the timidity of several of your fellow Democrats who refused to join you in using the constitutional power of the purse to stop the war.

FEINGOLD: Well, my concern has been in the past that sometimes Democrats have been too timid on this issue. There's a little bit of old habits dying slowly going on here in the Senate. But I'm optimistic. The non-binding resolutions that are coming up, Wolf, are ones that I can support as long as they are only the first small steps. What has to follow and what I hope Democrats and Republicans will follow with is a binding resolution that says, "This thing has to end, we have to get out of Iraq."

And I feel on the Senate floor just a few minutes that many Democrats as well as Republicans are realizing that we have to have a real strategy, not just resolutions.

BLITZER: In other words, you think that Harry Reid, your Democratic leader, the majority leader in the Senate, Nancy Pelosi on the House side, Hillary Clinton, among others, they're not doing what they should be doing right now, namely using the power of the purse?

FEINGOLD: Well, I think the proof will be in the pudding. What's being done now, the idea of having a resolution that says, "Look, this policy doesn't make sense and we shouldn't have the escalation."

That's good. And what they're doing is positive. It's just that it's a very small step. It's almost like a sideshow compared to what has to be the real step, what the American people asked for in November, which is we need to redeploy the troops from Iraq, not just stop the surge. The troops have to come out. This is hurting our national security. It's hurting our military. And I think the leaders of the Democratic Party in both the House and the Senate will come around on this.

BLITZER: Here's what Senator Clinton said in Iowa this weekend on this specific issue. Listen.

(BEGIN VIDEO CLIP)

SEN. HILLARY RODHAM CLINTON, (D) NEW YORK: This president can veto whatever we pass and given his track record, can ignore what we do. So unless we get a very strong political consensus that includes Republicans as well as Democrats, we are not likely to change this president's policy.

(END VIDEO CLIP)

BLITZER: In other words, to paraphrase, she seems to think that what you're suggesting, at least right now, given the lack of votes, would be a waste of time.

FEINGOLD: Well, that's just wrong. I mean, the fact is that if we are able to cut off the funding for the war, the president will not be able to conduct a war. And so what Senator Clinton's marks relate to are other issues like non-binding resolutions. It does not apply to the kind of bill I'm offering. And let's remember, these are some of the same people that told us we ought to go into Iraq in the first place. These are people that said, "You simply can't oppose a war like Iraq."

They were wrong on that and they're also wrong about this. We need to get out of here.

BLITZER: What they say, your critics, administration supporters, is that as bad as the situation in Iraq is right now, Senator, it could be a whole lot worse, the civil war could simply explode into not only ethnic cleansing, but genocide and infect the entire region. You've got a bad hand that you're dealt right now. What do you do in this kind of an environment?

FEINGOLD: Well, what they miss there and what they choose to ignore is the reality on the ground. The situation is already very much like what you just described. And I happen to think that the fact that our troops are there and in harm's way actually encourages this violence, not through any act of our own troops, because it's an environment that actually encourages people to act the way they are. The fact is, if we got out of there, it might get worse for a while for the Iraqis, but I also think it gives them a chance to try to figure out their own future without us standing there with a military force. But in the end what's most important is the security of the American people. As important as Iraq is, what really matters is that our people be safe. And Iraq is bleeding us of our strength. That has to end.

BLITZER: Here's what you said. I want to bring it back and put it up on the screen. You told the "Milwaukee Journal-Sentinel" back in November, November 10th, "Those who were there and came to the judgment the Iraq war was a good idea have to answer for some concerns I have about their judgment. That was a really bad judgment."

You voted against the resolution authorizing the president to go to war like Senator Kennedy. But Hillary Clinton voted for it, John Edwards when he was in the Senate for it, Chris Dodd did, Joe Biden. That's a pretty strong criticism of your Democratic colleagues.

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FEINGOLD: Well, look, it's a criticism of anybody that bought into these arguments that somehow the Iraq war made sense after 9/11. To me, it was obviously foolish and didn't make sense. And so those who voted for it made a mistake, as most of them have admitted. That doesn't mean they can't do the job in the future, but I think it's an important test of judgment whether somebody realized that Iraq clearly was not the right move in the fight against those that attacked us on 9/11. And that has to be factored in when you consider somebody for the office of president of the United States.

BLITZER: Senator Russ Feingold, Democrat of Wisconsin.

Senator, thanks very much for coming in.

FEINGOLD: Good to be on your show.

(END VIDEOTAPE)

BLITZER: And who should weigh in when it comes to committing troops abroad? Republican Senator Arlen Specter today offered a sharp response to the president's claim that he's the decider.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER, (R) PENNSYLVANIA: I would suggest respectfully to the president that he is not the sole decider.

(END VIDEO CLIP)

BLITZER: I spoke with Senator Specter just a little while ago about his strong rebuttal.

(BEGIN VIDEOTAPE)

BLITZER: You did it respectfully, but you gave him a little slap, the president of the United States.

What made you decide that this was the time to speak up on this sensitive issue, the war powers between the legislative and the executive branch. SPECTER: Well, I didn't give him a slap. What I did was articulate the principle of the Constitution, very basic, and that is separation of power and checks and balances, and the way the Constitution is written, the president is not the sole decider. The Congress has a very loud voice. And I made the statements today in a Judiciary Committee hearing where we're examining the constitutional issues.

Look here, Wolf, I want the president and the Congress to come together. I think there can be an accommodation. There are other plans which are possible to have a much better chance of victory.

BLITZER: But you know the administration top officials are saying it doesn't make any difference what you guys in Congress do. They're moving forward with their strategy, they're moving forward with their plan.

SPECTER: Well, Wolf, the president has yielded. A few months ago, he said he wanted no additional troops. Now he's changed his mind.

He said he was opposed to a commission for 9/11. Changed his mind.

Didn't want a commission for weapons of mass destruction. Came around.

Wasn't going to put the terrorist surveillance program under the FISA accord. He came around.

The president called a group -- bipartisan group in. I met with him, met with a group of Republicans, with National Security Council, Hadley. The president's calling all of the Republicans in to have a meeting on Friday.

BLITZER: So what do you see him doing? Where is he changing his mind as far as this troop increase in Iraq is concerned?

SPECTER: Well, I think the president reads the election returns. I think the president sees the feeling of so many members of Congress.

And listen, these are friendly voices. I think the Democrats are friends, too. But there is an element of partisanship. But when Republicans speak out -- and I'm a -- I'm a friendly voice. I want to -- I want to work it out with the president.

(END VIDEOTAPE)

BLITZER: Arlen Specter speaking with me just a little while ago right here in THE SITUATION ROOM.

Still ahead tonight, the violence in Iraq is stealing hope as well as claiming lives. A reporter's first-hand and very dramatic account of how so many of the best and brightest in Iraq have simply fled the country, putting democracy in greater peril. You're going to want to hear her report. And is climate change reaching the crisis point? Leading scientists from around the globe are about to sound the alarm. Stay with us here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: This just coming into THE SITUATION ROOM. President Bush and apparently Democratic congressional leaders reaching some sort of agreement on Iraq. Let's go to our White House correspondent Ed Henry. What are you learning, Ed?

ED HENRY, CNN CORRESPONDENT: Well, Wolf, what CNN has learned is that the president and Speaker Pelosi, as well as Senate Majority Leader Harry Reid, this evening agreed to create some sort of a bipartisan working group that both sides are pledging will try to improve the dialogue on Iraq as well as the broader war on terror.

This came -- the breakthrough came, we understand, after a conference call late this afternoon between the president and those two Democratic leaders. Their first meeting is going to be next week. It's going to include those leaders here at the White House along with other Democratic and Republican lawmakers.

Separately, we've also learned tomorrow the president is going to meet with Speaker Pelosi and other lawmakers who, as you know, just came back from Iraq and Afghanistan, that fact-finding mission to figure out what's really going on on the ground.

What is the bottom line here? Both sides trying to show that amid all this partisan tension, they're trying to come together, trying to figure out the next steps in Iraq and beyond.

The bottom line is, is this is going to be another Beltway bipartisan panel that talks, but doesn't really affect any change, or is it going to be something with some real substance? That will be the $64,000 question, Wolf.

BLITZER: All right, Ed, thanks very much. We'll watch this meeting tomorrow at the White House.

She first went to Iraq in the immediate weeks after the U.S. invasion and all -- and spent many, many months there. Sabrina Tavernise of "The New York Times" wrote a very gripping personal account this Sunday of how Iraq has simply unraveled, in large part because of the ruthless and relentless violence we see every, every day.

(BEGIN VIDEOTAPE)

BLITZER: What an article you wrote Sunday in "The Times," Sabrina. Thanks very much, first of all, for writing it. But give our viewers a sense of how you began to realize that the hope is gone and despair has come about.

SABRINA TAVERNISE, "NEW YORK TIMES": Well, I guess it was -- kind of goes back to spring of last year, when a lot of the families I used to go visit and just spend time with and have lunch with in the afternoons started to ask me not to come and started to make plans to leave. And I think that, you know, as the months went by and the violence became worse and the death counts became worse, people just saw fewer chances for their children, they saw fewer chances for their lives and their futures, and middle class people, like teachers and doctors, people who would be building the democracy that we want, we wanted to have happen in Iraq, basically just chose -- chose to leave.

They didn't really see that they had very many options for their futures.

BLITZER: Because that's what -- you know, I keep hearing from so many reporters and others who spent quite a bit of time in Iraq that immediately after Saddam was overthrown, so many idealistic, well- intentioned Iraqis started coming back -- scientists from academia. They really had such high hopes, and so many of them now are either dead or they have become refugees. They're living in Syria or Jordan or elsewhere.

TAVERNISE: Yes, so many people had returned. And, in fact, you know, aid agencies prepared for a huge mass exodus. But, in fact, it was the opposite, a lot of people were coming back.

And, you know, I had -- one of the elements of my piece was my own cell phone, which has been the same for the most of the time I've been there. And I had so many families, so many middle class people, so many people I would go and talk to and understand what was happening in the country. And at a certain point some time last year, I realized so many of them were gone.

They were either dead, they were missing, or they had left because they couldn't -- they couldn't -- they just didn't see a future for themselves in the country anymore.

BLITZER: This is such a heartbreaking story for so many Iraqis, especially the Iraqi Sunnis, because so many of them think they have no future in Iraq.

TAVERNISE: Yes, it's hard -- I mean, it's hard for the middle class across the sects, definitely. But the Sunnis who even are lower or poorer classes really are -- they're obviously the minority, and the neighborhoods are slowly being squeezed and pushed by the Shiite militias. And the Shiites are obviously the ones in power, the ones in the government, the ones that ultimately will probably be really kind of running things in the city.

The neighborhoods have very few services. Sunnis can't go to the hospital. If your kid gets sick, you can't bring your kid to get his broken leg fixed in the hospital in the middle of the night. The ambulance won't come to your neighborhood to pick your kid up.

You know, you can't get the police to come to bring the bodies away that are dumped in your backyard. So it's a very different feeling for Sunnis families than it is for families in Shiite areas.

(END VIDEOTAPE) BLITZER: Sabrina Tavernise of "The New York Times," speaking with me just a little while ago here in THE SITUATION ROOM.

Still ahead, it's expected to be an eye-opening report on global warming. Scientists the world over ready to unveil a major report on climate change. Might it be happening even faster than some thought? Mary Snow standing by with a live report.

(COMMERCIAL BREAK)

BLITZER: A warning about global warming. It's expecting this week as scientists from around the world release a report based on the latest climate change research.

Let's go to CNN's Mary Snow. She's watching this from New York -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, 2,500-plus scientists worked on the Intergovernmental Panel on Climate Change. It's touted as the most comprehensive report on global warming. Some who previewed it paint a sobering picture.

(BEGIN VIDEOTAPE)

SNOW (voice over): The signs are there, but climate changes like melting ice sheets may be happening faster than expected. That is according to leading scientists from around the world who are about to detail the effects of global warming in a major report later this week.

KENNETH DENMAN, AUTHOR, IIPCC REPORT: We're hoping that it will convince people that it's -- you know, that climate change is real and that we have a responsibility for much of it

SNOW: The report is expected to conclude that scientists are more convinced than ever humans are causing the increase in global temperatures. And they're worried.

CHRISTOPHER FIELD, CARNEGIE INSTITUTE: It's as if we're standing in swimming pool with the water up to our chest. When the temperature rises, now the water is up to our chin or our nose, and every little wave is going to mean that it's over our head.

SNOW: What will climate changes mean? Some scientists predict, for example, that sugar maple trees could vanish from New England by the year 2100 and coastal communities will feel the effects when melting ice leads to rising sea levels.

GAVIN SCHMIDT, NASA GODDARD INST.: If those sea levels are rising faster than we anticipate, then people who are living near the coast or you who have low-lying land properties, they'll see -- they'll start to see things like increased storm surge damage and increased erosion.

SNOW: Climatologist Gavin Schmidt reviewed the U.N.-backed report and says it's not time to panic, but people need to rethink things like the cars they drive.

SCHMIDT: The planet is going to warm, it's going to continue to warm. And there will be potentially very serious consequences should that be allowed to get out of control.

(END VIDEOTAPE)

SNOW (on camera): Not all scientists remain convinced that global warming is being caused by humans. Some, although they are in the minority, claim global warming is part of a climate cycle -- Wolf.

BLITZER: All right. Mary will continue to watch this story for us later this week.

Mary, thanks very much.

Let's find out what's coming up right at the top of the hour. Paula is standing by.

Hi, Paula.

PAULA ZAHN, CNN ANCHOR: Hi, Wolf.

We're going to shine a light on America's hidden secrets, bringing intolerance out into the open. Tonight we have discovered a disturbing trend among America's white college students: racist parties. Tonight, we'll show you another one filled with racist stereotypes thrown over the Martin Luther King holiday.

Also, the surprising and shocking number of conspiracy theories that accuse Jews of having a hand in the 9/11 attacks. Anti-Semitism out in the open and a whole lot more coming at you at the top of the hour, Wolf.

BLITZER: All right.

Paula, thank you very much. We'll be watching.

And still ahead here in the SITUATION ROOM, foot in mouth. Jack Cafferty wants to know if it's possible to train politicians not to say stupid things. He's taking your e-mail.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Here's a look at some of the "Hot Shots" coming in from our friends at the Associated Press, pictures likely to be in your hometown newspapers tomorrow.

In Havana, elderly women exercise under portraits of Fidel Castro and his brother Raul.

Iran, Shiite Muslims covered in mud beat themselves during a ritual for the holy day of Ashura. Iraqi soldiers celebrate the end of battle with a group called the Soldiers of Heaven. More than 200 militants were killed over the weekend in fierce fighting with U.S. and Iraqi forces.

And over at the Art Institute of Chicago, two workers try to fit an oversized Chicago Bears helmet over one of the decorative lions on the front steps. The piece of one of the helmets broke off.

And those are some of today's "Hot Shots", pictures often worth a thousand words.

Let's check back with Jack for the "Cafferty file" -- Jack.

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JACK CAFFERTY, CNN CORRESPONDENT: There are some strange people out there, aren't there, Wolf?

BLITZER: Yes, there are.

CAFFERTY: Very weird. The question this hour is, "Is it possible to train politicians not to say stupid things, ever?"

Frank in Durham, Maine writes: "Maybe it would be better instead of training the politicians not to say stupid things to elect politicians who aren't stupid."

Ed in Port Aransas, Texas: "Sure it is. They can get lions and tigers to jump through fire. Just give me a whip and some politicians and I'll try my best. It might now work, but it would sure make feel better."

Gene in Johnson City, Illinois: "Jack, these questions are getting to be more fun as time goes on. Never try to train a politician not to say stupid things. It's like trying to teach a pig to sing. You'll never get the job done and it annoys the pig."

Gretchen in Denver: "Can we train anyone not to say stupid things? If so, let's start with celebrities."

Mike in Arkansas writes: "Stupid is in the eye of the beholder. You say many stupid things and I am sure you think the you think they are wise and witty."

Yes, I do, Mike.

Tim in Studio City, California: "It is far more likely that I could train my cats to use a can opener."

D.L. in San Diego writes: "Jack Cafferty needs to be careful what he asks for. If the elected elite didn't say and do stupid things, he's have to go to work as a freelance reporter, find a new job, or retire. Thousands would be out of work -- "The Daily Show", "The Colbert Report", all the late-night hosts, the Sunday talk show hosts, the newspaper political sections. Jack, please, the middle class has lost enough jobs."

If you didn't see your e-mail here, you can go to CNN.com/caffertyfile and read more of them online.

BLITZER: He makes a good point. Where would you and I be if politicians didn't say stupid things?

CAFFERTY: We'd be in Havana with those old women exercising under pictures of Fidel and Raul Castro.

BLITZER: I love those pictures.

Jack, see you tomorrow here in the SITUATION ROOM.

I'm sure by then we'll here some more stupid things from some politicians.

Jack Cafferty with the "Cafferty File".

Tomorrow here in the "SITUATION ROOM", among our guests, the former Secretary of State Madeleine Allbright. We'll talk about Iraq, Iran and lots more. Madeleine Allbright, here in the SITUATION ROOM tomorrow.

Until then, thanks very much for watching.

I'm Wolf Blitzer in Washington.

Advocates Of Troop Surge About-face In Congress (WT)

By Charles Hurt

The Washington Times, January 31, 2007

For many in the Senate, they were for a surge of troops in Iraq before they were against it.

"We don't have enough troops in Iraq," Sen. John Kerry, Massachusetts Democrat, said in 2005.

In 2004, he told NBC's Tim Russert some things he believes "very deeply."

"Number one, we cannot fail," Mr. Kerry said. "I've said that many times. And if it requires more troops in order to create the stability that eliminates the chaos, that can provide the groundwork for other countries, that's what we have to do."

He no longer believes that now. He is among at least a dozen Democratic senators who in the past have called for more troops in Iraq but now support a resolution condemning President Bush's plan to do just that. Many Republicans who voted for the war now plan to support a no-confidence resolution, including Sen. Chuck Hagel of Nebraska, who in the past had warned that the war would be a long, tough slog and that Americans should "speak with one voice."

The Senate will begin debating that resolution -- or variations on it -- this week, perhaps as early as today.

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. has for years advocated increasing the number of troops on the ground in Iraq. But after Mr. Bush offered his proposal to do that earlier this month, the Delaware Democrat drafted a resolution rejecting the idea as not "in the national interest."

In June 2005, he said, "There's not enough force on the ground now to mount a real counterinsurgency."

"They're going to need a surge of forces," he said in another interview.

By last week, Mr. Biden had reversed his war strategy.

"The president and others who support the surge have it exactly backwards," he told reporters.

As late as last month, Senate Majority Leader Harry Reid was still open to the idea of a surge.

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"If it is for a surge -- that is, two or three months and it's part of a program to get us out of there as indicated by this time next year -- then sure I'll go along with it," said the Nevada Democrat who voted for the war in 2002. "If the commanders on the ground said this was just for a short period of time, we'll go along with that."

After Mr. Bush laid out his plan to increase troops, the Democratic leader flatly rejected it.

"The surge is a bad idea," Mr. Reid said on CNN's "Late Edition."

Democrats say that the time for a surge has long passed and now that the war has become so bloody and so unpopular, it's time to pull the plug.

"The bottom line is that you cannot unscramble an omelet," House International Relations Committee Chairman Tom Lantos, California Democrat, said yesterday.

"The serial mistakes of the administration, with which we are all familiar -- inadequate number of troops, dismissing the Iraqi military, failure to crack down during the early looting -- are all issues that we cannot unwind with history," said Mr. Lantos, who visited Iraq over the weekend. "Things that should have been done 3½ years ago cannot now be done and expect positive results."

Finding examples of such evolution among Republicans isn't as easy, mainly because Republicans in Congress have been so uncritical of the administration for its handling of the war.

One stark exception is Mr. Hagel, who is considering a run for the presidency and has been one of the harshest critics of the war and the Bush administration's handling of it.

"There is no strategy," he said last week. "This is a pingpong game with American lives."

But he hasn't always opposed the war. He voted for it.

"There are no easy answers in Iraq," Mr. Hagel said on Oct. 9, 2002, before voting to authorize the war. "The decision to commit our troops to war is the most difficult decision members of Congress make. Each course of action we consider in Iraq leads us into imperfect, dangerous and unknown situations. But we cannot avoid decision on Iraq. The president cannot avoid decision on Iraq. The risks of inaction are too high. We are elected to solve problems, not just debate them. The time has come to chart a new course in Iraq and in the Middle East."

A veteran of the Vietnam War, he also warned his colleagues that an Iraq war would be a long, tough slog.

"This is just the beginning," he said. "The risks should not be understated, miscast or misunderstood. Ours is a path of both peril and opportunity with many detours and no shortcuts."

And Mr. Hagel warned them against sowing seeds of division with hot rhetoric.

"America -- including the Congress -- and the world, must speak with one voice about Iraqi disarmament, as it must continue to do so in the war on terrorism," he said. "Because the stakes are so high, America must be careful with her rhetoric and mindful of how others perceive her intentions."

Mr. Hagel co-authored the resolution with Mr. Biden rebuking Mr. Bush and his "escalation" plan.

Sen. John W. Warner, Virginia Republican, also has drafted with others a nonbinding resolution that condemns the plan but, he said, does so more gently.

Florida Senator Criticizes Foreign Diplomacy Of Bush Administration (MCT)

By Lesley Clark

McClatchy Newspapers, January 31, 2007

WASHINGTON - Sen. Bill Nelson, whom the White House criticized for meeting with Syrian President Bashar Assad, delivered a critique of his own Tuesday, saying the Bush administration resembles an "ostrich" when it comes to foreign diplomacy.

The Florida Democrat, who traveled to Iraq and eight other countries in the region in December, told the Council on Foreign Relations that he's convinced that President Bush's plan to send in more than 20,000 additional troops isn't enough to end the sectarian violence in Iraq. He called instead for an "aggressive diplomatic effort" with "all of Iraq's neighbors," including Syria and Iran.

"In short, the costs of failure in Iraq will be catastrophic - in growing threats to us and our allies, and in more American and Iraqi lives lost - if we do not awaken to the fact that an aggressive diplomatic effort, not military might, is what is needed to end the sectarian violence in Iraq," Nelson said.

His remarks came as the Senate prepares to counter Bush's proposal with a nonbinding resolution that says sending more troops into Baghdad and Anbar province is "not in the national interest."

Nelson voted for the war in Iraq, but he became increasingly critical of it as popular opinion turned against the war. Nelson, a centrist Democrat, voted last week in the Senate Foreign Relations Committee for the resolution opposing the troop surge, but said Tuesday that the vote to go to war wasn't a mistake.

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"The word is misrepresentation," Nelson said. "Over and over again we weren't told the truth. About weapons of mass destruction, about troop levels, about the cost of the war or about the sectarian violence."

Nelson said he believes that only a massive infusion of troops will quell the fighting.

"If we had 200,000 or 300,000 more soldiers in Iraq, maybe," he said. "It might make a difference in temporarily restoring order. But the global mandates on our military make that impossible."

Instead, he said, the United States must work with Iraq and its neighbors to find a political settlement between Iraq's warring factions.

He said the Iraqis must also take responsibility for their security and that the United States should appoint an "Iraqi reconstruction czar" to lead a "massive and effective international reconstruction program."

Nelson expressed little confidence in Iraqi Prime Minister Nouri al-Maliki, saying he "either lacks the will, or he lacks the nerve, or he lacks the ability" to take on the Shiite militias.

"His rushed execution of Saddam Hussein - certainly justified but horribly carried out - spoke volumes about his insensitivity to the concerns of Sunnis," Nelson said.

The White House has expressed reluctance about diplomatic outreach to Syria because of the country's support for terrorist organizations. White House spokesman Tony Snow suggested that those who met with Assad were "lending a further specter of legitimacy to that government" and potentially undermining "the cause of democracy in the region."

But Nelson, who called Assad's government "not a particularly nice regime, either to its citizens or its neighbors," criticized the administration for adopting what he called the "approach of an ostrich."

"It's not working," he said.

Asked by several audience members why he thought the United States should negotiate with Assad and what the Syrian leader might demand in return, Nelson suggested he had no answers but was interested in seeing the two countries start to talk.

"I'm just a little country lawyer," he said, his diplomacy speech suddenly tinged with a folksy demeanor, "but the first thing it seems to me, you need a dialogue. You talk about the weather.

"Personal relationships are a big deal in that part of the world," he said, noting that CIA Director Michael Hayden had urged him to add Saudi Arabia to his itinerary because no congressional delegation had visited the country in two years.

"I don't know what door we come in," Nelson said. "But I found in politics if you can't get in the front door, go around and try the back door, and if that's locked, try the side window."

Obama Pushes For Iraq Pullout Deadline (AP)

By Nedra Pickler

AP, January 31, 2007

Democratic presidential candidate Sen. Barack Obama said Tuesday U.S. combat forces should be out of Iraq by spring 2008 to end "a foreign policy disaster" but he stopped short of endorsing a cutoff in funds.

The Illinois senator introduced a bill to force the redeployment under law, but that's unlikely while Bush is president. Still, Obama said he's taking Bush up on his challenge to critics to offer alternatives.

"It is important at this point that Congress offer specific constructive approaches to what's proven to be a foreign policy disaster," Obama said in an interview with The Associated Press, "because we've got too much at stake to simply stand on the sidelines and criticize."

Obama's bill would cap troop levels in Iraq at the early January level of around 130,000, when Bush announced he would send 21,500 additional U.S. forces to Iraq. It would require that troops begin coming home on May 1 with the goal of removing all combat brigades by March 31, 2008.

Asked to respond to Obama's plan, White House spokeswoman Dana Perino said: "Any plan that sets arbitrary troop caps or begins to pull troops out of Baghdad before the city is secure will not lead to the political reconciliation we all agree is necessary for Iraq to be a stable democracy."

Some Democratic rivals such as John Edwards and Tom Vilsack have called on lawmakers to withhold funds for the additional troops.

"If we simply cut off funding without any structure for how a redeployment takes place, then you could genuinely have a Constitutional crisis or at least a crisis on the ground where the president continues to send troops there but now they're being shortchanged in terms of armaments and support," Obama said.

Some legal scholars question whether Congress has the authority to bring troops home because the president has control of military forces.

Obama noted that he taught constitutional law for 10 years and rejected the notion that the congressional authorization for war in 2002 gives Bush "carte blanche to proceed in any way."

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"The notion that as a consequence of that authorization, the president can continue down a failed path without any constraints from Congress whatsoever is wrong and is not warranted by our Constitution," Obama said in a 10-minute telephone call.

Obama said troops should be sent to three locations — home to the United States, in countries around Iraq to prevent regional conflict and to Afghanistan, which he said is in danger of falling back to the Taliban.

The bill also would place conditions on economic aid to Iraq and would allow for a temporary suspension of the redeployment if the Iraqis meet security, political and economic benchmarks.

Obama said he thinks his bill could get bipartisan support, but he doesn't have any co-sponsors yet.

Obama Bill Sets Date For Troop Withdrawal (WP)

By Shailagh Murray

The Washington Post, January 31, 2007

Sen. Barack Obama of Illinois, one of the most prominent Democrats in the 2008 presidential field, proposed for the first time setting a deadline for withdrawing troops from Iraq, as part of a broader plan aimed at bolstering the freshman senator's foreign policy credentials.

Obama's legislation, offered on the Senate floor last night, would remove all combat brigades from Iraq by March 31, 2008. The date falls within the parameters offered by the bipartisan Iraq Study Group, which recommended the removal of combat troops by the first quarter of next year.

"The days of our open-ended commitment must come to a close," Obama said in his speech. "It is time for us to fundamentally change our policy. It is time to give Iraqis their country back."

The senator offered his ideas in the midst of an intense congressional debate over President Bush's latest Iraq proposal, to deploy an additional 21,500 U.S. troops to curtail an increasingly virulent insurgency. It also coincides with the launch of the 2008 campaign, with Obama, as well as Sen. Hillary Rodham Clinton (N.Y.), former senator John Edwards (N.C.) and other Democrats forming exploratory committees.

Obama's timetable for completing a withdrawal puts him at odds with other leading rivals for the Democratic nomination. Clinton supports capping the number of troops at their levels of Jan. 1. Sen. Christopher J. Dodd (Conn.) has proposed a similar troop cap. But neither has embraced a timetable for a troop removal. Edwards has been outspoken in his opposition to Bush's new plan and has called for the immediate withdrawal of 40,000 to 50,000 troops. But he, too, has stopped short of setting firm date by which all would be removed.

New Mexico Gov. Bill Richardson is the only other prominent Democrat in the field to set a withdrawal timetable, declaring that troops "can and should" be brought home by the end of 2007.

The Obama plan, called the Iraq War De-escalation Act of 2007, would begin a troop withdrawal no later than May 1, 2007, but it includes several caveats that could forestall a clean break:

It would leave a limited number of troops in place to conduct counterterrorism activities and train Iraqi forces. And the withdrawal could be temporarily suspended if the Iraqi government meets a series of benchmarks laid out by the Bush administration. That list includes a reduction in sectarian violence; the equitable distribution of oil revenue; government reforms; and democratic, Iraqi-driven reconstruction and economic development efforts. Obama's proposal also would reverse Bush's troop-increase plan.

The buildup is broadly opposed by Democrats, who believe that their constituents want to see the war end.

Obama described his proposal as a mainstream package of well-vetted ideas, consistent with the Iraq Study Group's recommendations and "with what the American people demanded in the November election," when they voted Republicans out of power in both the House and the Senate.

"When it comes to the war in Iraq, the time for promises and assurances, for waiting and for patience, is over. Too many lives have been lost and too many billions of dollars have been spent, for us to trust the president on another tired and failed policy," he said.

Interview With Wisconsin Senator Russ Feingold; Former 'New York Times' Reporter Testifies In CIA Leak Trial; Obama's Achilles' Heel? (CNN)

CNN THE SITUATION ROOM, January 31, 2007

THIS IS A RUSH TRANSCRIPT. THIS COPY MAY NOT BE IN ITS FINAL FORM AND MAY BE UPDATED.

WOLF BLITZER, CNN ANCHOR: And, to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time -- standing by, CNN reporters across the United States and around the world to bring you today's top stories.

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Happening now: Congress vs. the decider on Iraq. A leading Republican reminds President Bush he's not the only one who can make choices about the war. But, at the same time, there's a surprising new show of support today for Mr. Bush's plan for a troop buildup.

Also this hour: How much does experience count in the race for the White House? One candidate's admission sets off a new debate about who has got the best resume and whether star power matters more.

Plus: the presidential campaign 2.0. It's a new high-speed version of the political process for a fast-paced, plugged-in era.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

All that coming up -- first this hour, a holy ritual of mourning in Iraq turns into a shooting gallery for insurgents. More than 50 people, Shiites and Sunnis, were killed in tit-for-tat sectarian violence across Iraq today. Most of the dead were Shiite pilgrims turning out in droves for the final day of the Ashoura ceremony, the holiest day for Shiite Muslims.

They were targeted in the streets of Baghdad and Diyala Province while taking part in rituals that include beating their heads with knives and swords.

Against that bloody backdrop, the political debate over Iraq goes on here in Washington -- another Republican today calling on President Bush to reconsider, calling on him -- on the carpet, actually.

Senator Arlen Specter had some sharp words about Mr. Bush's claim that he is the decider. Listen.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: I would suggest, and suggest respectfully, to the president that he is not the sole decider.

(END VIDEO CLIP)

BLITZER: Ed Henry is standing by over at the White House for some reaction to Senator Specter.

Let's go to Dana Bash on Capitol Hill.

A lot of activity happening today, Dana. What is the latest?

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: A lot of activity, indeed, Wolf.

Well, what you just heard from Senator Specter is a direct challenge to the president on something that we heard most recently Mr. Bush say on Friday, and, as you just heard, Senator Specter repeat, that he is the decider when it comes to military strategy and general -- general war strategy in Iraq.

What Senator Specter said, unsolicited, in -- today on Capitol Hill in a hearing about war powers is that, when President Bush makes statements like that, it is both unhelpful and wrong.

(BEGIN VIDEO CLIP)

SPECTER: The president repeatedly makes reference to the fact that he is the decider. I would suggest, and suggest respectfully, to the president that he is not the sole decider, that the decider is a shared and joint responsibility.

(END VIDEO CLIP)

BASH: Now, Senator Specter, if you recall, back in the past year or so, when the Republicans still had control of Congress, he was one of the few Republicans chairmen who really fought hard against the president on a couple of issues, especially the issue of the wiretapping program, made clear that he did not think the president had executive power. This is a continuation of Mr. Specter's push.

I had a chance to talk to him briefly in his Capitol office. And he said that what he hopes is that the president listens to what he calls friendly voices, Republican voices,and that he does come to Congress and have a discussion, before, actually, continuing with his military strategy to send more troops to Iraq -- Wolf.

BLITZER: Senator Specter has been on record for a long time, for many months, that this is already a civil war in Iraq. We are going to be speaking with him in our next hour as well.

Dana, we also heard from the two co-chairmen of the Iraq Study Group. They were testifying up on Capitol Hill today. What is their bottom-line message?

BASH: Well, it's interesting. As you hear Senator Specter and other Republicans say that they don't support sending more troops to Iraq, the president did get some qualified support from a very important couple of people. And that is the chairmen, the co- chairmen, of the Iraq Study Group.

What they essentially said is: Give this -- this troop increase a chance, but -- and there was a -- a big but there -- they also were very frustrated with the concept of not -- of the administration not pursuing enough diplomacy when it comes to Iraq, and also not putting the screws, as -- as Lee Hamilton put it, on -- on the Iraqi government.

Let's listen.

(BEGIN VIDEO CLIP)

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JAMES BAKER, CO-CHAIRMAN, IRAQ STUDY GROUP: My bottom line on the -- on the surge is, look, the president's plan ought to be given a chance. Give it a chance, because we heard all of this. The general that you confirmed 81-0 day before yesterday, this is his idea. He's the supporter of it. He's now the commander on the ground in Iraq. Give it a chance.

LEE HAMILTON, CO-CHAIRMAN, IRAQ STUDY GROUP: I think you're at a point now where you have to bear down on the Maliki government, because of their non-performance over a period of time. And, if they don't perform, and if they don't perform pretty quickly, then, we will lose it.

(END VIDEO CLIP)

BASH: Now, there, you heard it, as I said, some qualified support from the co-chairmen of the Iraq Study Group, but also some frustration, especially with the fact that the administration has not engaged enough in diplomacy and with those countries that the administration refuses to deal with, Iran and Syria -- Wolf.

BLITZER: All right, Dana, on the Hill.

And there's a lot of other activity on the Hill as well. Just a short while ago, the speaker, Nancy Pelosi, and other House Democrats briefed reporters about their just completed trip to Iraq.

Congressman John Murtha took aim at plans for a troop buildup and had questions about contractors working in Iraq.

(BEGIN VIDEO CLIP)

REP. JOHN MURTHA (D), PENNSYLVANIA: Well, we're going to have extensive hearings to find out exactly what's going on with contractors. I hear estimates of 100,000.

But the worst thing is, we don't know. They don't have a clear mission. And they're falling all over each other.

I saw nothing in Iraq, I heard nothing and found nothing that led me to believe that redeployment is right -- not the right strategy.

(END VIDEO CLIP)

BLITZER: We are going to have much more on the debate over contractors in Iraq. That's coming up in our next hour, right here in THE SITUATION ROOM.

President Bush is talking up the economy today, hoping not to talk about the growing Republican criticism of his Iraq strategy.

Let's go to the White House.

Ed Henry standing by with more -- Ed.

ED HENRY, CNN WHITE HOUSE CORRESPONDENT: Wolf, that's right.

White House aides really seem unfazed by Senator Specter's comments there about the president not being the only decider. They are basically saying, look, the president engaged, in their eyes, in unprecedented outreach to allies and critics alike on Capitol Hill. They say, he listened. He made his decision to send more troops to Iraq. He is now sticking with it -- White House spokeswoman Dana Perino telling CNN a short while ago -- quote -- "Congress controls the money. The president controls military forces. The president is not the only decision-maker, but he is the only commander in chief."

That reference, of course, to money is what you heard in vice -- in your interview with Vice President Cheney, where he was basically daring Congress to cut off funding. That is what the White House is basically saying, if you read between the lines, that they can give all the speeches they want, they can pass nonbinding resolutions, but it won't really matter unless they try to cut off funding. And the White House is fully aware that is politically perilous for Democrats -- Wolf.

BLITZER: You know, the president was out, as you well know, in -- in Peoria, Illinois, at a Caterpillar plant, today, Ed, talking about the economy, the global economy, if you will.

I want to point out some numbers in our latest CNN/Opinion Research Corporation poll. Sixty-three percent of Americans agree that the economic conditions in the country are good, but they aren't giving the president a lot of credit for that. More than half, 53 percent, disapprove of the way the president is handling the economy.

How worried is the White House, Ed, that the president's economic message is simply not getting through?

HENRY: Very concerned that, no matter what they do -- you probably just heard me trying to speak over the helicopters -- the president now back at the White House from Peoria.

And, as he tried to do just a week ago in the State of the Union, trying to shift the focus ever so slightly to the domestic agenda. As you point out in those poll numbers, he is not getting credit for a good economy. He sees most of his legislative agenda stalled on Capitol Hill, especially with Democrats running the show now.

Today, he was also stopping at a diner in Peoria. I couldn't help but notice that something on the menu written on the chalkboard said that they were serving fried mush. I -- I spoke to one of the waitresses a short while ago. She told me it's a very popular dish. It's corn meal fried up. You couldn't help but wonder if the president is trying to make sure that his agenda isn't fried mush on Capitol Hill. Right now, he can't seem to get any traction -- Wolf. BLITZER: And that's largely because of the problems in Iraq -- Ed at the White House.

Let's go over to the legal drama that's taking place only a few blocks away, the secret conversations that the White House hoped would never be made public. But they are being made public today in the CIA leak trial.

Earlier, it entered a new phase with the testimony of a former "New York Times" reporter.

Brian Todd is over at the courthouse with the latest -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, the woman who spent 85 days in jail for refusing to disclose to investigators her conversations with Lewis Scooter Libby is now testifying against Scooter Libby. And she is doing that as we speak.

She is Judith Miller, former "The New York Times" correspondent. She has told the court about two conversations that she had with Scooter Libby about former Ambassador Joe Wilson, a critic of the Bush administration's rationale for going to war with Iraq, and about Joe Wilson's wife, former CIA officer Valerie Plame, a very critical two meetings that she said she had with Scooter Libby on June 23, 2003, and on July 8, 2003, in which Libby told her that Joe Wilson's wife worked for the CIA.

These were two conversations that took place before Libby told investigators he heard about Valerie Plame for the first time. Libby said he didn't hear about Valerie Plame until July 10 in a conversation with Tim Russert of NBC News. Judith Miller just told the court about two conversations that she had with Scooter Libby days and even weeks before Scooter Libby's claim to hear Valerie Plame's name for the first time.

So, that testimony is ongoing. The defense is now cross- examining her. We're told by our producer, Kevin Bohn (ph), who's just in the -- he's in the courtroom, where I just was. He buzzed us just a moment ago, saying that this defense cross-examination is very contentious -- Wolf.

BLITZER: Brian, it looks like this is at least the third or fourth prosecution witness who has now said that Scooter Libby told them about Valerie Plame long before he insists he heard about it from -- from a reporter, Tim Russert.

TODD: That is correct.

Judith Wilson -- I mean -- excuse me -- Judith Miller just said that she had the two conversations with on him on June 23 of 2003 and on July 8, 2003. Scooter Libby says that he first heard about Valerie Plame Wilson on July 10, 2003, from Tim Russert. Now, Tim Russert is going to take the stand later this week.

But the defense is already punching holes in Judith Miller's memory here. A defense attorney came up and cross-examined her while I was in the court. And -- and he said, essentially: Didn't you testify to the grand jury? When you did testify to the grand jury, you didn't even mention the June 23 conversation. You didn't remember it.

And she said, that is correct. She did not. She had to go back to her notes and consult that.

So, the defense is right now, very contentious cross-examination, trying to punch holes in Judith Miller's memory.

BLITZER: As they did Ari Fleischer, Cathie Martin, and several of the other witnesses who have already testified.

Brian will stay on top of this trial for us.

From trial exhibits posted online to colorful insight from the bloggers credentialed for this trial, the Internet is giving us a fly-on-the-wall view of the Libby trial.

Let's bring in our Internet reporter, Abbi Tatton. She is following this part of the sorry -- Abbi.

ABBI TATTON, CNN INTERNET REPORTER: Wolf, no cameras inside this court -- this court -- courtroom, but these Web sites are taking people, readers, right inside.

From the liberal Firedoglake, writing this morning, special prosecutor Patrick Fitzgerald in a seersuckery-type suit, and writing just a few minutes ago about Judith Miller, saying, "seated, staring forward, shifts in chair," this site saying, looking uncomfortable today.

And the bloggers aren't just looking at what the witnesses are saying, what is happening inside the courtroom. They are also listening in to what the reporters are saying to each other, reporters that are now finding themselves at the very center of this trial.

Other Web sites giving you an eye inside the courtroom -- this is the Web site of the special prosecutor, where, each day, trial exhibits are being uploaded, like this one, a record of the call from Scooter Libby to the CIA days after the -- the Joe Wilson column came out. There are records of e-mails of talking points from a Cheney aide to then White House Press Secretary Ari Fleischer, and a schedule of Fleischer's from July 7, 2003.

Fleischer has testified yesterday that it was at this lunch that Libby told him about Wilson's wife, that coming just a couple of hours after that haircut there.

And we're checking on this site of the -- from the office of the special prosecutor, Wolf, because we're expecting another batch of these documents to be uploaded in the next couple of hours -- Wolf.

BLITZER: All right, thanks.

I didn't know that Ari Fleischer's name is Lawrence A. Fleischer. I just learned something from that memo. Thanks very much.

Jack Cafferty, you -- you didn't know his name was Lawrence A. Fleischer, did you?

BLITZER: Yes.

(CROSSTALK)

CAFFERTY: Have you ever had fried mush?

BLITZER: No.

(LAUGHTER)

BLITZER: Yes, I hear it all the time.

(LAUGHTER)

CAFFERTY: No. I know, we hear it all the -- I will tell you, you haven't...

(LAUGHTER)

BLITZER: I have never -- I have never -- I have never eaten fried mush.

CAFFERTY: You have not lived until you have had fried mush. You get this cornmeal, and you -- and you -- and you fry it in a little oil, and you put some butter and even some maple syrup on it. And, I'm telling you, it's fine dining...

BLITZER: All right.

CAFFERTY: ... great cuisine, very popular in other parts of the country. They don't eat a lot of it in New York and Washington.

Some of the harshest criticism, Wolf, of President Bush's plan to escalate the war in Iraq is coming from an unlikely source, a Republican Senator, Chuck Hagel of Nebraska. He's a Vietnam veteran. And he's a co-sponsor of a resolution to oppose the president's plan for escalation of the war.

He's accusing the administration of playing a ping-pong game with American lives. And he's described the war as -- quote -- "the worst foreign policy blunder since Vietnam" -- unquote. There's a -- a great interview with Hagel in "GQ" magazine, in which the potential White House hopeful says the administration was -- quote -- "hell-bent on going to war in Iraq."

Hagel thinks Congress has abdicated its responsibilities when it comes to checking the power of the president, and needs to exercise oversight of the war's funding. When asked what it would take to secure Baghdad, Hagel says -- quote -- "It's not ours to secure. We have never understood that. We have framed this in a way that never made sense: 'Win or lose in Iraq.' Wait a minute. There is no win or lose for us. The Iraqis will determine how this comes out."

Some are questioning Hagel's motives for speaking out now, in light of the fact that he might run for president, and the war, of course, is a very unpopular issue.

Anyway, here is the question: What does it mean if Republican Senator Chuck Hagel is a tougher critic of the Bush administration than many Democrats in Washington?

E-mail your thoughts to CaffertyFile@CNN.com or go to CNN.com/CaffertyFile -- Wolf.

BLITZER: I'm going to try that mush one of these days when I get to Iowa.

CAFFERTY: It's terrific.

BLITZER: All right, Jack, thank you.

Coming up: Mitt Romney on the campaign trail explaining his conversion, some of the social issues. But can he connect with crucial conservative voters? John King standing by for that.

Plus: To get to the White House, you probably have to win Ohio. We're going to take a closer look at which candidates have the early lead in the Buckeye State.

And later: Should Congress cut the funding for an increase of U.S. troops in Iraq? Senator Russ Feingold of Wisconsin, he is standing by to join us live, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Presidential hopefuls out on the campaign trail topping our "Political Radar" today.

Mitt Romney is wrapping up two days of campaigning in the crucial early primary state of South Carolina. The former Massachusetts governor is meeting with conservative voters and defending his evolution on key social issues like abortion, gay marriage and stem cell research.

Sam Brownback is back in Iowa, which holds the nation's first presidential caucus.

But the senator from Kansas isn't the only Republican White House hopeful campaigning in Iowa today. Mike Huckabee is also there. The former Arkansas governor is making his first stop on the campaign trail since officially starting up his presidential campaign yesterday.

Former Iowa Governor and White House hopeful Tom Vilsack reports, his campaign raised $1.1 million during the last seven weeks of 2006. That's more than he aimed for, but far behind such Democratic rivals as Hillary Clinton, Barack Obama, and John Edwards. A new survey finds Senator Clinton beating out potential -- potential -- Republican rivals in Ohio. A new Quinnipiac University poll shows Clinton topping John McCain, Mitt Romney and Rudy Giuliani in separate head-to-head

matchups. McCain beats Barack Obama, but loses out to John Edwards in the new poll. Ohio, of course, was the state that decided it all back in 2004, putting President Bush over the top.

And, remember, CNN is a partner in the very first presidential debates of the campaign season. We are going to bring them to you from New Hampshire on April 4 and 5 of this year.

We will talk a little bit more now about Republican Mitt Romney's swing through South Carolina and the explaining he has had to do along the way on some of the social issues.

Our John King is here with us.

This is a delicate dance he's got to go through to recruit some of these social conservatives.

JOHN KING, CNN CHIEF NATIONAL CORRESPONDENT: It is.

And, traditionally, Wolf, South Carolina has been the firewall, if you will. Candidates who stumble early on -- George W. Bush, Bob Dole back in 1996, a bit of a shakeup -- that's where they recover and try to prove that they have the conservative base of the party in their camp to go on and be the nominee.

Governor Romney, Former Governor Romney, now, the great advantage he has in this race is that he doesn't work in Washington, like all the senators running for president. So, he's out on the campaign trail all the time. And he has spent a lot of time in South Carolina, at the public events, which you just showed the pictures of, but, also, very smartly and very importantly, one on one, in small groups, with these evangelical, social conservative pastors and activists on the ground, because he does have a problem.

Two or three years ago, he was pro-choice, favored abortion rights. Now he says he is pro-life, against abortion rights. He's had an evolution on gay rights as well. You mentioned stem cell research.

His point is, many candidates over the years have done this -- Ronald Reagan did it; George H.W. Bush did it -- that this is who he is now, and he's surrounding himself with people who might not be known to you or me or people around the country, but are very well known in those communities, to say: I mean it.

But that is one of his biggest challenges, proving that, when he says he will be anti-abortion, defend the Republican platform, that he won't change his mind again. He is, so far, getting pretty good reviews, but there's still some skepticism.

BLITZER: Is there a conservative candidate out there right now who is simply captivating the conservative base, the real conservative base of the party?

KING: There was -- if you will go back six months ago, there was a big Romney buzz, a lot of people out there saying, this was the guy emerging as the early -- quote, unquote -- "conservative alternative" to John McCain, who would say: You know, I'm pretty conservative. Why do you need an alternative to me?

But Romney had the buzz early on. But, because of the skepticism, because of people asking questions, and, frankly, just because people are starting to choose sides, and it gets a little more difficult, even this far out, that's why you have Huckabee, Brownback, even former Wisconsin Governor and HHS Secretary Tommy Thompson, people who have longstanding, very conservative records on those social issues, saying, "I think I'm going to run, too," or "I am going to run, too," they are sort of hovering, just to see, can Romney survive this credibility test right now about his positions?

How does McCain fare early out? Will Rudy Giuliani keep support, or will the Republican base say, no way; we are not taking a guy who supports gay rights and abortion rights?

So, you do have what we call second-tier candidates, hovering, if you will, waiting to see if somebody in the top tier falls out.

BLITZER: They want to have a breakout moment as well. We will watch it with you.

KING: Long way to go.

BLITZER: Yes. Thanks very much, John, for that.

Coming up: How old is too old for airline pilots? We are going to tell you about some new rules that could be affecting all of us who fly.

Plus: Which party has got the upper hand in the political battle over the war in Iraq? Find out in today's "Strategy Session."

Stick around. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Our Carol Costello is monitoring the wires, keeping an eye on all the video feeds coming into THE SITUATION ROOM.

She is joining us from New York with a closer look at some other important stories making news.

Hi, Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Hi, Wolf.

Hello to all of you.

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How old is too old for a pilot to fly an airplane? That is the issue the Federal Aviation Administration is weighing in on. New rules proposed by the FAA would allow pilots to fly until they turn 65 years old. That's five years older than the mandatory retirement age for pilots now.

There is a twist to the FAA proposal, however. At least one person in the cockpit would have to be under 60 years old.

New developments in the case against terror suspect Jose Padilla -- a federal appeals today court reinstated a key count against him and two co-defendants. The reinstated count concerns alleged terror-- related acts inside and outside of the United States. If convicted, Padilla could get life.

Lawyers for Padilla and the other defendants have 21 days to appeal. Their trial is expected to start in April. They face charges of conspiracy and providing material support to Islamic extremist groups. Padilla has pleaded not guilty.

In West Virginia, what would cause a gas station to simply blow up? That is what officials are trying to find out. The Flat Top Little General Store is a pile of twisted debris right now. The unexpected explosion there knocked out power to buildings three miles away, and killed at least four people. One official says as many as seven could be dead. Authorities think a propane tank may have exploded.

And, in politics, payback can be -- well, payback can cost thousands. It looks like members of Congress will not be getting a pay raise this year. Republicans are angry that Democrats used the issue of congressional pay in last year's campaign. So, Republicans will not allow Democrats to reinstate an annual pay hike that lawmakers had agreed to. They were supposed to get an extra $2,700 this year. But they will just have to get by on their salary of $165,200 -- Wolf.

BLITZER: That's life in the fast lane.

(LAUGHTER)

BLITZER: Thanks very much, Carol, for that.

And, to our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time.

Happening right now: The speaker of the House says the situation in Iraq, in her word -- quote -- "catastrophic." Nancy Pelosi, just back from visiting Iraq with a congressional delegation, she says, in her estimation, there was no evidence of badly needed political and diplomatic initiatives.

Meanwhile, Iraq's situation can be turned around, but time is short -- that's the word from U.S. Admiral William Fallon. He is poised to become the next commander of U.S. forces in the Middle East. At his confirmation hearing earlier today before the Senate Armed Services Committee, Fallon also said, it may be time, in his words, to redefine the goals in Iraq. And how to handle Iran -- if the Bush administration were to find out Iran is supplying militants in Iraq, what options might the U.S. government have to prevent it?

Our Brian Todd standing by to take a closer look at some scenarios.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

Let's get back to the presidential campaign and what some people see as Senator Barack Obama's Achilles' heel. That would be experience. It's now a topic of debate and a thinly veiled dig by a fellow Democrat.

Let's turn to our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, yesterday, we saw the first defining issue emerge in the race for the Democratic nomination.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Recently, someone asked John Edwards about his decision to run for president in 2004, after just one term in the Senate.

UNIDENTIFIED MALE: Some people say that it was too soon for you to do that, that you needed more time and more experience in Washington. How would you respond to that?

JOHN EDWARDS (D), PRESIDENTIAL CANDIDATE: They may have been right.

SCHNEIDER: What has changed this time?

EDWARDS: You learn from going through a national election the intensity of the spotlight is extraordinary. It exposes everything good about you and everything bad about you.

SCHNEIDER: Asked why he was a better candidate than Barack Obama, Edwards responded, according to the Associated Press: "Experience. I have been through a presidential campaign."

Here's Obama's response to the criticism that he lacks experience.

SEN. BARACK OBAMA (D), ILLINOIS: The important thing is not experience, per se. Donald Rumsfeld and Dick Cheney had the best resumes in Washington, and initiated a fiasco in Iraq.

SCHNEIDER: Hillary Clinton showcases her experience -- and not just in government.

SEN. HILLARY RODHAM CLINTON (D), NEW YORK: I am going to be asking people to vote for me based on my entire life and experience. The fact that I'm a woman, the fact that I'm a mom is part of who I am.

SCHNEIDER: A CBS News poll asked whether Hillary Rodham Clinton has the right experience to be president. Fifty-nine percent said yes. And Barack Obama? Twenty-seven percent said yes. Forty-three percent didn't know.

Some Democrats worry that Clinton has too much political baggage, and that Obama doesn't have enough. That could open the way for Edwards, or another Democrat, especially one with experience in world affairs.

GOV. BILL RICHARDSON (D), NEW MEXICO: I believe these serious times demand serious people who have real-world experience in solving the challenges we face.

(END VIDEOTAPE)

SCHNEIDER: How important is experience to the voters? It varies from one election to the next. In the turbulent year 1968, voters were looking for a president with a lot of experience, Richard Nixon. In 1976, after Watergate, voters wanted someone untainted by Washington experience, Jimmy Carter. Obama is betting that 2008 will be another year when experience is not a high priority -- Wolf.

BLITZER: All right, Bill, we will watch this part of the story together with you.

Coming up in our "Strategy Session": Speaker Pelosi, the delegation of House Democrats have returned from Iraq more convinced than ever, they say, that President Bush's policy in Iraq is doomed to fail.

And a chorus from Congress over the war in Iraq. Will the Democratic-led Congress move to actually start cutting off funds? Senator Russ Feingold, standing by to join us live, he believes the Congress should do exactly that.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Many of us who cover presidential politics can't help but sit back and sometimes marvel that so much is actually going on in the 2008 race, and it's only January 2007. Some are likening it to a campaign on steroids.

But our senior analyst, Jeff Greenfield, is looking at it from a somewhat different angle -- Jeff.

JEFF GREENFIELD, CNN SENIOR ANALYST: Wolf, since the rest of our colleagues are torn between wringing their hands about how soon the presidential campaign is starting and plunging full-scale into over- covering it, let's take a bold step toward the next thing to worry about: how soon this will all end.

(BEGIN VIDEOTAPE) GREENFIELD (voice-over): For a spectacular example of double- think, check out yesterday's "New York Times." While the editorial page bemoans the 23-month campaign, two stories splashed across the front page, and lots more inside, help fuel the very focus the editorial page deplores.

GREENFIELD: Well, maybe it's just that times it is, and they are, a'changing.

RUDOLPH GIULIANI (R), FORMER MAYOR OF NEW YORK: Welcome to Iowa.

GREENFIELD: The press corps is showing up in the early states like Iowa and New Hampshire in numbers that suggest it is 2008 already.

And now a gaggle of big states, tired of being overshadowed by the smaller states, are seriously thinking of moving their contests into February, which could well mean that the nomination contests will be effectively over around Groundhog Day.

If so, it would be a part of a continuing trend. Not that long ago, the primaries were marathons, not sprints. George McGovern didn't wrap up his 1972 nomination until the convention. Ronald Reagan almost beat Jerry Ford at the convention in 1976. Ted Kennedy and President Carter battled into the summer in 1980, as did Gary Hart and Walter Mondale in '84.

But, in the more recent battles, the nominees clinched victory before spring. And, this time out, it will likely be even earlier.

And here is the real issue. No, it's not the need for early massive money or the shortchanging of a thoughtful political argument. No, no, the real issue is much more important.

(BEGIN VIDEO CLIP, "THE VIEW")

JOY BEHAR, CO-HOST: There was a "Newsweek" poll that...

(END VIDEO CLIP)

GREENFIELD: What is everybody going to talk and write about?

(BEGIN VIDEO CLIP, NBC)

UNIDENTIFIED FEMALE: The latest NBC News/"Wall Street Journal" polls shows...

(END VIDEO CLIP)

GREENFIELD: All this year, we can cite meaningless irrelevant poll numbers, since most normal Americans have, sensibly, not begun thinking about a vote they won't have to cast for a year.

If the victors are crowned early in 2008, what then? Can the republic really take six or seven months of talk about who the vice presidential nominee will be or what the acceptance speeches will sound like?

(END VIDEOTAPE)

GREENFIELD: Friends, I don't care if you watch C-SPAN2 for erotic arousal. Nobody can take half-a-year of that kind of gasbaggery. It's entirely possible that, by the time the conventions arrive, 90 percent of the country will think the election

happened already, and, come November, you will be able to shoot a cannon into a polling precinct and not hit a living soul -- Wolf.

BLITZER: You think, in other words, we're just going to be bored to death by the time this is all said and done?

GREENFIELD: I figure, by November 2008, we will be talking about 2012, or maybe 2016.

BLITZER: Some people -- I'm not kidding -- already looking ahead, in case the Democrats do lose this time. Then, what happens the next time?

GREENFIELD: We need a rehab center for people like us, them, whatever.

BLITZER: That would be -- us is the correct way of saying it.

(LAUGHTER)

BLITZER: Jeff Greenfield, thanks very much.

GREENFIELD: Thank you.

BLITZER: And up next: our "Strategy Session" -- a Republican senator taking on President Bush over who is the decider.

Plus: Should Congress cut funds to make sure President Bush doesn't send more troops to Iraq? Senator Russ Feingold standing by. The Democratic senator from Wisconsin will be here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: A Republican senator effective -- effectively telling President Bush he is not the only decider.

We want to talk about that and more in our "Strategy Session" today. Joining us, Democratic strategist Peter Fenn and CNN political analyst Bay Buchanan, president of American Cause.

Here is a really little clip from what Senator Arlen Specter, Republican of Pennsylvania, said earlier today.

Listen to this.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: I would suggest -- suggest, respectfully, to the president that he is not the sole decider.

(END VIDEO CLIP)

BLITZER: Now, he said that, you know, on his own. Nobody prompted him to say that.

What do you make of this latest development?

PETER FENN, DEMOCRATIC STRATEGIST: I will tell you, Wolf, two- thirds of the country thinks that the Congress should be calling the shots on -- on Iraq and on foreign policy, let alone domestic policy.

This president, I think, has got himself in such trouble when he uses words like "I'm the decider." If he is going to do anything, he ought to take a page out of Arnold Schwarzenegger's book and work with the Democrats to get stuff done.

BLITZER: What do you think, Bay?

BAY BUCHANAN, CNN POLITICAL ANALYST: Well, there's no question Arlen Specter is speaking for a lot of other individuals in this town. They think they're president.

(LAUGHTER)

BUCHANAN: I mean, the people in this town, there are so many who think they are so important that they can actually suggest that they should have a say in how this war is being run.

If the Senate and the House want to have a say, they only have one say. They gave him authority to run this war. He runs the war. He is the decider, as the commander in chief. If he doesn't want to -- if they want to step in, then, cut the funds. That's all their choice is. That's period. That's all they can do.

FENN: You know, there is another issue here, too. And you have got a lot of Republicans up in the Senate next time, 21 Republicans, for 12 Democrats. These folks are nervous. They're scared about getting reelected. They want to see something done. They are afraid this president is going to bring them down. And they're looking two years...

(CROSSTALK)

BLITZER: Peter makes a fair point. Several of those Republicans, normally loyal foot soldiers in the president's battles of -- are speaking out against the president. Norm Coleman, for example, of...

BUCHANAN: Sure.

BLITZER: ... of Minnesota jumps to mind.

BUCHANAN: There's no question there are -- they may -- they're distancing themselves. And they have every right to. This is a key issue. The American people are very concerned. They want this battle to end. They want us to come home from Iraq.

So, our leaders should express themselves. But, before they say they should be the ones deciding on what is going on in Iraq, they either take their responsibility and authority that they have and make a difference, or they just come on your show and talk about it, and let people know that they differ.

But they cannot be the person making the calls in Iraq, or we're going to have a repeat...

BLITZER: Do you see, Bay, evidence, as some critics are suggesting, that the White House already is in a state of panic?

BUCHANAN: Well, you know, there is good reason, if they are. I do not see a state of panic. I -- I see a president who is very deliberate about what he is doing in Iraq. He's given the generals certainly responsibility. They are moving ahead.

They are very, very deliberate in their efforts. And they have told the American people what they're going to do.

There -- is there panic in this sense? You cannot maintain a war in this country without the American people's support. You just can't do it. And, so, the American -- so, the president has. He's tried to reach out to the American people. He will continue to do so. And that is the only way he is going to be able to keep a force over there.

BLITZER: What do you think, Peter?

FENN: I will tell you, they're in quicksand up to their necks right now, Wolf. And I think they're really worried about this latest strategy.

They know that, unless they make progress in Iraq in the next six weeks, they're toast.

BLITZER: Six weeks? That's -- you know, they need six...

FENN: That would be -- that would be an eternity.

(CROSSTALK)

BLITZER: They said they need at least six months.

(CROSSTALK)

BUCHANAN: I think they have six months.

(CROSSTALK)

FENN: But, politically, I don't think they have got six months, to be honest with you.

I think -- look, I think you have got generals over there, you have got military people who are going to come out and speak out against this war.

And I will tell you, I -- I -- I just think that they have got to move fast, if they're going to -- if they're going to recover.

BUCHANAN: Well, I think they have six months, for this reason.

I don't see Congress moving to cut anything. And, so, if they don't do that, the president can continue. And, then, if, in six months, the president is now saying, we're now pulling back, we're turning this area over to such and such, and we're going to do this, then, the American people are going to relax.

BLITZER: Let me -- let me -- let me ask Peter, because you know the Republicans -- the Democrats quite well. Russ Feingold is going to be here in THE SITUATION ROOM. He is among those Democrats -- not many -- saying cut the funds, use the power of the purse.

Nancy Pelosi isn't saying that. Joe Biden is not saying that. Chris Dodd is not saying that.

What do you -- what -- do -- do...

FENN: Well...

BLITZER: ... you think that there is momentum moving towards that among Democrats?

FENN: On cutting off funds, probably not, Wolf.

I think what they want to do is, they want to get a vote, a majority, even get Republicans involved. Look, John Warner has got a good resolution. They get 60 to 70 votes on that one, that -- that will send a message to this president.

But my old boss, Frank Church, went in with -- with John Sherman Cooper in Vietnam and cut off funds for Cambodia. Now, that took a lot of guts. A lot of folks were against them. But I will tell you, it may come to that down the road. And that may be the six-month plan.

BLITZER: All right. Guys...

BUCHANAN: Down the road. Down the road.

(CROSSTALK)

BLITZER: ... we have got -- we have got to leave it there. A lot of us remember Frank Church, a decent, very decent, guy, indeed.

(CROSSTALK)

BLITZER: Thanks very much for coming in, Peter and Bay.

Up next: Has the time actually come for Democrats to put up or shut up when it comes to the war? We will talk with Senator Russ Feingold. He's standing by to join us live. And in our next hour: Gone are the moderates. Chaos in Iraq has chased away the reformers. Has Iraq's last chance for peace gone with them? We will speak with Sabrina Tavernise of "The New York Times." She is just back from a long tour of duty there.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

Should Congress simply cut off funding for the war in Iraq?

My next guest thinks so. Democratic Senator Russ Feingold is joining us now from Capitol Hill.

Senator, thanks very much for coming in.

SEN. RUSS FEINGOLD (D), WISCONSIN: Good afternoon, Wolf.

BLITZER: Some of the critics say, if do you that, it would undermine, it would hurt the U.S. troops in Iraq.

What do you say?

FEINGOLD: Well, that's just another one of these red herrings, false argument that is put out. Nobody is talking about taking anything away from the troops.

What we're saying is, there should be a time frame to redeploy the troops. In other words, we don't say to somebody: Hey, give us your rifle and give us your helmet. You are going to stay here in Baghdad.

The fact is, our bill that I'm putting in tomorrow would say, the troops have to be out within six months after the bill is passed. That's the safest thing for the troops, is to not be in Iraq.

BLITZER: In an interview with Politico.com, this new Web site, you told Roger Simon that you were upset about what you called the timidity of several of your fellow Democrats who refuse to join you in using the constitutional power of the purse to stop the war.

FEINGOLD: Well, my concern has been in the past that, sometimes, Democrats have been too timid on this issue.

There is a little bit of old habits dying slowly going on here in the Senate. But I'm optimistic. The nonbinding resolutions that are coming up, Wolf, are ones that I can support, as long as they are only the first small steps.

What has to follow -- and what I hope Democrats and Republicans will follow with -- is a binding resolution that says, this thing has to end. We have to get out of Iraq.

And I feel, on the Senate floor, just a few minutes ago, that many Democrats, as well as Republicans, are realizing that we have to have a real strategy, not just resolutions.

BLITZER: In other words, you -- you think that Harry Reid, your Democratic leader, the majority leader in the Senate, Nancy Pelosi in the -- on the House side, Hillary Clinton, among others, they're -- they're not doing what they should be doing right now, namely, using the power of the purse?

FEINGOLD: Well, I think the proof will be in the pudding.

What is being done right now, the idea of having a resolution that says, look, this policy doesn't make sense, and we shouldn't have the escalation, that is good. And what they are doing is positive. It's just that it's a very small step. It's almost like a sideshow, compared to what has to be the real step, what the American people asked for in -- in November, which is, we need to redeploy the troops from Iraq, not just stop the surge. The troops have to come out.

This is hurting our national security. It's hurting our military. And I think the leaders of the Democratic Party in both the House and the Senate will come around on this.

BLITZER: Here is what Senator Clinton said in Iowa this weekend on this specific issue. Listen.

(BEGIN VIDEO CLIP)

CLINTON: This president can veto whatever we pass, and, given his track record, can ignore what we do.

So, unless we get a very strong political consensus that includes Republicans, as well as Democrats, we are not likely to change this president's policy.

(END VIDEO CLIP)

BLITZER: In other words, to paraphrase, she seems to think that what you're suggesting, at least right now, given the lack of votes, would be a waste of time.

FEINGOLD: Well, that's just wrong.

I mean, the fact is that, if we are able to cut off the funding for the war, the president will not be able to conduct the war. And, so, what Senator Clinton's remarks relate to are other things, like nonbinding resolutions.

It does not apply to the kind of bill I'm offering. And, let's remember, these are some of the same people that told us we ought to go into Iraq in the first place. These are people that said you simply can't oppose a war like Iraq.

They were wrong on that. And they're also wrong about this. We need to get out of there.

BLITZER: What -- what they say, your critics, administration supporters, is that, as bad as the situation in Iraq is right now, Senator, it could be a whole lot worse. The civil war could simply explode into not only ethnic cleansing, but genocide, and infect the entire region.

You have got a bad hand that you're dealt right now. What do you do in this kind of an environment?

FEINGOLD: Well, what they miss there and what they choose to ignore is the reality on the ground, is that the situation is already very much like what you just described.

And I happen to think that the fact that our troops are there and in harm's way actually encourages some of this violence, not through any act of our own troops, because it's an environment that actually encourages people to act the way they are.

The fact is, if we got out of there, it might get worse for a while for the Iraqis. But I also think it gives them a chance to try to figure out their own future, without us standing there with a military force.

But, in the end, what is most important is the security of the American people. As important as Iraq is, what really matters is that our people be safe. And Iraq is bleeding us of our strength. That has to end.

BLITZER: Here's what you said. I want to bring it back and put it up on the screen.

You told "The Milwaukee Journal Sentinel" back in November, November 10: "Those who were there and came to the judgment the Iraq war was a good idea have to answer for some concerns I have about their judgment. That was a really bad judgment."

You voted against the resolution authorizing the president to go to war, like Senator Kennedy. But Hillary Clinton voted for it. John Edwards, when he was in the Senate, voted for it. Chris Dodd did, Joe Biden.

That's a pretty strong criticism of your Democratic colleagues.

FEINGOLD: Well, look, it's a criticism of anybody that bought into these arguments that, somehow, the Iraq war made sense after 9/11.

To me, it was obviously foolish and didn't make sense. And, so, those who voted for it made a mistake, as most of them have admitted. That doesn't mean they can't do the job in the future.

But I think it's an important test of judgment, whether somebody realized that Iraq clearly was not the right move in the fight against those that attacked us on 9/11. And that has to be factored in when you consider somebody for the office of president of the United States.

BLITZER: You announced a few months ago you were not going to seek the presidency. You regret that decision? FEINGOLD: Not at all. It's great. I can do an interview like this, and somebody doesn't say that I'm not doing this just because I'm running for president. You can just say what you think.

(LAUGHTER)

FEINGOLD: And I'm enjoying my work, and, obviously, today, being able to chair a committee about the constitutionality of ending this war. This is just the work I was hoping to do. I want to bring an end to this war.

And, here in the Senate, I have a chance to help make that happen.

BLITZER: Senator Russ Feingold, Democrat of Wisconsin.

FEINGOLD: Thank you.

BLITZER: Hey, Senator, thanks very much for coming in.

FEINGOLD: Good to be on the show.

BLITZER: All right. We will have you back soon -- always outspoken.

Still to come in the next hour: Senator Arlen Specter, he is always outspoken as well. He has a very blunt message for President Bush today: Guess what? You're not the only one who has a say on what happens in Iraq.

Senator Specter will join us here in THE SITUATION ROOM in the next hour.

But up next: Jack Cafferty. What does it mean if Republican Senator Chuck Hagel is a tougher critic of the Bush administration than many Democrats? That is Jack's question -- Jack with your e-mail when we come back.

(COMMERCIAL BREAK)

BLITZER: Check in with Jack Cafferty for "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: The question this hour is: What does it mean if Republican Senator Chuck Hagel is a tougher critic of the Bush administration's plans to escalate the war in Iraq than many Democrats?

A lot of mail.

Blanche (ph) in Los Angeles: "Maybe Senator Hagel remembers Vietnam better than those that didn't serve, including a great many Republicans. Even John McCain doesn't seem to remember what happened."

Curtis (ph) in Philadelphia: "Jack, it means Hagel is an old- school Republican who is sick and tired of his beloved party being dragged through the mud by quite possibly the very worst presidential administration this great country has ever had. Oh, and he is also contemplating a run for the White House."

Mary in Dover Plains, New York: "The fact that Chuck Hagel has shown more backbone than most Democrats makes him my favorite senator, and the only Republican I would consider supporting for the presidency. He may very well be the only politician with both a brain and a moral compass in all of Washington."

Jim in Houston: "Hagel's comments would warm my heart if I were an insurgent in Iraq. As such, I would vote for him. I hope enough folks wake up to the tone this has for our enemies. Again, I'm tired of hearing in the media these weak-kneed politicians playing to the stage, instead of proposing anything concrete."

And Dan in Cincinnati: "Hi, Jack. Senator Hagel has real backbone. And, instead of a backbone, the Democrats have fried mush" -- Wolf.

BLITZER: Jack, thank you for that.

And, to our viewers, you're in THE SITUATION ROOM.

Happening right now: It's 5:00 p.m. here in Washington, where there's a battle over war powers. Who is the decider when it comes to sending American troops abroad? A key Republican arguing, President Bush must share that responsibility -- I will speak live this hour with Senator Arlen Specter.

And it's 1:00 a.m. in Iraq, where millions brave bombs and bullets to gather in the streets. We're going to bring you a rare firsthand look at the shocking Shiite ritual dating back more than 1,300 years.

And from flooding to drought to disappearing species, scientists are pooling their knowledge about global warming. And they're worried. A grim new report tells us why.

I'm Wolf Blitzer. You're in the THE SITUATION ROOM.

House Dems Want To Change Direction Of War Funds (USAT)

By Richard Wolf

USA Today, January 31, 2007

WASHINGTON — Democratic leaders in Congress plan to make extensive changes to the Bush administration's anticipated $100 billion request for new war funds. They want to redirect money from Iraq to military readiness at home and say Iraq, Afghanistan and other NATO countries must carry more of the financial burden.

The administration is to formally seek the new money Monday. The funds would be added to more than $500 billion appropriated for the global war on terrorism and are needed by spring. It is not clear whether Democrats can block any part of President Bush's plan to increase the troop level in Iraq by 21,500.

MORE: Researchers weigh war's other costs

House Democrats hope to use a series of hearings on the new spending request to show that the Iraq war hurts troop readiness at home and elsewhere, particularly in the National Guard and Reserves.

"We've got problems in our own country," said Rep. John Murtha, D-Pa., who chairs the House subcommittee with control over the defense budget. "We're going to check every cent that's spent by the United States government" in the war on terrorism, particularly the billions more being sought by Iraq and Afghanistan to equip their forces.

Murtha, a Vietnam War veteran, has become one of Congress' leading critics of the Iraq war. He returned Monday from a five-day trip to the war zone with House Speaker Nancy Pelosi and other members of Congress.

Rep. Dave Hobson of Ohio, the lone Republican on the trip, said Iraq, Afghanistan and other NATO countries must carry more of the financial burden.

"They've let us do it up to this point, and we're not going to take it anymore," Murtha said. Armed Services Committee Chairman Ike Skelton, D-Mo, said, "We in Congress have the power of the purse. We can cut off funds."

The administration says the requested funds are needed to protect troops. "The troops need to know … that their elected officials stand behind them," said Sean Kevelighan, a spokesman for the White House budget office.

Murtha wants to bolster equipment inventories that have left the Guard and Reserves at their lowest state of readiness. He also wants to reduce requested funding for detention facilities at Guantanamo Bay; bulldoze the former Abu Ghraib prison outside Baghdad where U.S. troops abused Iraqi detainees; and add language to the spending bill barring torture under any circumstances. He said he plans 25 to 30 hearings.

The war on terrorism is dominated by the conflict in Iraq, which costs $8.5 billion a month. The new request would bring 2007 funding to about $170 billion, up from about $120 billion in 2006. The war on terrorism consumes nearly 30% of the nation's total defense budget, a figure that could grow as equipment is upgraded and veterans seek medical care and disability benefits.

"There will be considerable costs to 'reset,' to fix and replace worn-out Army and Marine Corps equipment," said House Budget Committee Chairman John Spratt, D-S.C. "Last year, the Army and Marine Corps estimated a need for $15 billion to $20 billion a year to repair, replace and refurbish equipment at the current rate, and for two to three years" after the war ends.

The administration will estimate how much the war will cost in 2008 and include a partial request for 2009 in its proposed 2008 budget, to be delivered to Congress the same day. "There will be significant war costs shown," White House budget director Rob Portman said.

The Pentagon estimates the cost of the additional troops at $5.6 billion; the Congressional Research Service says it will cost $7.6 billion, at $3,600 per person. Deputy Defense Secretary Gordon England told lawmakers this month that the new funding will be needed in Iraq by May or June, but White House spokesman Tony Snow has said the administration has enough money to increase troops.

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At an Armed Services Committee hearing last week, Army Chief of Staff Peter Schoomaker and Marine Corps Commandant James Conway expressed concern about the military's ability to respond to other conflicts. "We feel there is a risk," Conway said.

Why Would Congress Surrender? (WP)

By Fred Barbash

The Washington Post, January 31, 2007

In a matter of days the Senate is likely to begin debating several nonbinding resolutions on the president's plan for a troop buildup in Iraq. As the battle is joined, both houses of Congress need to be reminded that the stakes go well beyond this particular buildup, this particular war and even this particular presidency.

At issue is the constitutional law governing the war power of the executive branch, specifically the vastness of the "battlefield" over which President Bush claims inherent authority as commander in chief. Also at issue are all the comparable claims yet to be made by presidents yet unborn, armed with the precedents being set right now.

In these matters, there is no such thing as inaction. In a contest between two branches over separation of powers, silence speaks as powerfully as words.

That's because the Supreme Court rarely involves itself in disputes between Congress and the executive, expressly making it a two-way conversation -- a "shared elaboration" or "shared dialogue" in the words of scholars -- between the elected branches. When one branch drops out by failing to respond, the other branch effectively sets the precedent, which is passed along to the next generation and the generation after that.

Inaction, indeed, strengthens that precedent. Over time, inaction is taken as acquiescence, a form of approval, and the precedent becomes entrenched until it's as good as law.

This is precisely what has occurred over the years. Successive decades of congressional acquiescence in the face of executive claims of war power have allowed the law to be settled exclusively by the executive branch.

Now, people who know better show no surprise at the notion that Congress's only war-related authority is the power of the purse. Timid requests for legislative involvement are ridiculed and caricatured as "micromanagement" or, worse, as comforting the enemy.

It's as if there is nothing left to argue about -- except, of course, there is, though it seems so elementary.

Article II does indeed make the president commander in chief.

But Article I gives Congress not merely the power of the purse. It vests in the House and Senate the authority to "declare war," to "make rules concerning captures on land and water," to "provide for the common defense," to "raise and support Armies," and to "make rules for the government and regulation of the land and naval forces." In addition, the Senate advises and consents on important military appointments, which is why Lt. Gen. David Petraeus was on Capitol Hill last week for confirmation as the general in command of U.S. forces in Iraq.

War is a shared responsibility. The records of the 1787 convention at which the Constitution was drafted unquestionably demonstrate that. An early version of Article I, for example, gave Congress the power to "make war."

The delegates changed the wording to "declare war," not to remove Congress from the process but to leave the commander in chief the "power to repel sudden attacks," as James Madison put it. "The executive should be able to repel and not to commence war," agreed Roger Sherman. In the eyes of some delegates, this limited authority was safe in the hands of a president because "no executive would ever make war but when the nation will support it," said delegate Pierce Butler.

One can argue about this view, of course, but Congress generally chooses not to, despite occasional prodding from Supreme Court justices such as Antonin Scalia. In a dissent in Hamdi v. Rumsfeld, the 2004 decision requiring the administration to give detainees some neutral forum in which to make their case, Scalia noted that the Founders mistrusted military power "permanently at the executive's disposal."

"Many safeguards in the Constitution reflect these concerns," he said, including expressly involving Congress in the war-making function. Indeed, wrote Scalia, "except for the actual command of military forces, all authorization for their maintenance and all explicit authorization for their use is placed in the control of Congress under Article I, rather than the President under Article II."

Scalia also chided Congress for its "lassitude" on the topic. "Many think it not only inevitable but entirely proper that liberty give way to security in times of national crisis -- that, at the extremes of military exigency, inter arma silent leges," he wrote. "Whatever the general merits of the view that war silences law or modulates its voice, that view has no place in the interpretation and application of a Constitution designed precisely to confront war and, in a manner that accords with democratic principles, to accommodate it."

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The equilibrium of government, in the view of the Constitution's Framers, rested on a stated assumption that each branch would fight fiercely to expand its authority but just as fiercely resist encroachment from another branch.

That Congress would refuse to fight seemed unimaginable.

The writer, who covered the Supreme Court for The Post, teaches at Northwestern University's Medill School of Journalism. He has written widely about constitutional history.

Constitutional Warp (WSJ)

By David B. Rivkin, Jr. and Lee A. Casey

The Wall Street Journal, January 31, 2007

The Constitution gives the president primary responsibility for defending national interests on the world stage. He is the nation's chief executive and commander in chief of its armed forces. Congressional efforts to limit the exercise of these powers in Iraq by, for example, purporting to limit the number of American troops there (or, for that matter, to increase the U.S. contingent in Afghanistan) would be unconstitutional, even if linked to an exercise of Congress's own appropriations power.

The Iraqi resolutions Congress is most likely to adopt -- particularly Sen. Joseph Biden's objection to surging additional troops to Iraq -- are non-binding. Still, the writing is on the wall. If the president ignores this resolution, as he is constitutionally entitled to do, then additional provisions seeking to tie his hands will follow. However, unless Congress withdraws funding for the Iraqi war as a whole, the president would similarly be justified in refusing to comply.

The Framers of the Constitution deliberately created a system under which the three branches of government could exert their powers in disparate and conflicting ways. Over time, this has resulted in multiple inefficiencies, particularly as successive Congresses and presidents have struggled over foreign and defense policies. However, while the Constitution anticipates a certain ebb and flow of authority between president and Congress, it does not envision a situation where one branch can entirely vitiate the power of another. As James Madison noted in the Federalist Papers, "the great security against a gradual concentration of the several powers in the same department, consists in giving to those who administer each department, the necessary constitutional means, and personal motives, to resist encroachments of the others." The separation of powers is an indispensable guarantee of liberty.

The Constitution vests Congress with formidable authority to affect how the president fights wars. Congress has the power to declare war (formally rupturing the international legal relations between the U.S. and a belligerent enemy nation), and to prescribe rules governing military discipline and regulating the capture of enemy property. Ultimately, Congress determines the size of the federal military establishment and what weapons it can buy. If it determines to withhold funding for an ongoing conflict, it can compel the president to withdraw U.S. forces.

What Congress cannot do, however, is direct how a president prosecutes a particular war -- including decisions about how many of the available forces to introduce into a theater of conflict. The Framers briefly considered vesting Congress with the power to "make war" but quickly thought better of it, limiting Congress instead to the power to "declare war." This, according to Constitutional Convention delegate Rufus King, was because "'make' war might be understood to 'conduct' it which was an Executive function."

The president is, in short, responsible for all tactical, operational and strategic decisions involved in war fighting. As the Supreme Court explained in a Mexican War case, Fleming v. Page (1851): "as commander in chief, he is authorized to direct the movements of the naval and military forces placed by law at his command, and to employ them in the manner he may deem most effectual to harass and conquer and subdue the enemy." Fifteen years later, concurring in the landmark case of Ex parte Milligan (1866), Chief Justice Salmon P. Chase put it more crisply still: "Congress cannot direct the conduct of campaigns."

The unconstitutionality of a congressional effort to direct the course of hostilities in Iraq and Afghanistan, when taken to its logical conclusion, is so clear that even supporters of limiting the president's war-fighting powers concede that Congress cannot go so far as to prescribe the number of troops that may be deployed to Anbar province, or dictate which units should operate in Kandahar as opposed to Baghdad. This, however, is a distinction without a difference. Fundamental decisions about wartime strategy are the most important part of the president's commander in chief portfolio, with battlefield tactics usually determined by his military commanders.

Fundamental disagreements between the president and Congress over strategic decisions are not unique to this war and have occurred in the past; doubtless many congressmen believed that Lincoln's early determination to destroy Lee's army in Virginia was counterproductive when more could be gained along the Mississippi River in the West, just as some congressional Republicans felt that Roosevelt was overinvesting in the European theater during World War II while "starving" the Pacific theater, where, to borrow today's favorite Democratic mantra, the enemy that actually attacked this country resided. There also have been efforts to direct presidential wartime decision making, and at least one instance -- after the major U.S. involvement in

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the Vietnam War had ended -- where Congress sought to establish particular troop levels. However, this occurred late in the conflict, and its constitutionality was never accepted by the executive branch.

There are nevertheless clear limits to the president's power as commander in chief. In Fleming, the court noted, "He [the president] may invade the hostile country, and subject it to the sovereignty and authority of the United States. But his conquests do not enlarge the boundaries of this Union, nor extend the operation of our institutions and laws beyond the limits before assigned to them by the legislative power."

Similarly, the president cannot take over control of the nation's economy on the pretext that this is necessary to the successful prosecution of a war. That is the clear teaching of the Supreme Court's decision in Youngstown Sheet & Tube v. Sawyer (1952), which declared unconstitutional Truman's seizure of U.S. steel mills (on account of a strike) during the Korean War. In this respect, Congress's paramount authority to regulate foreign and domestic commercial activity, including labor relations and capital markets, remains undiminished in wartime.

Thus Congress could cripple the president's ability to fight a war (accepting the political consequences), but it cannot supervise his own constitutional authority as commander in chief, effectively transferring those functions to Congress. This balancing exercise, rooted in the Framers' political philosophy and appreciation for the Newtonian physics of motion and countermotion, permeates our constitutional system. For example, the president plays a critical part in the legislative process, by proposing legislation, having executive branch officials testify in hearings, negotiating with members of Congress and, ultimately, by exercising his veto power. But Congress retains the primary legislative role.

When Congress augmented executive power in the 1990s with a "line item veto," the Supreme Court struck down the measure: Allowing the president to void particular portions in an overall spending bill, it said, would upset the Constitution's "finely wrought and exhaustively considered" legislative procedure.

The district court, which first invalidated the scheme, went further by noting that "[b]y ceding inherently legislative authority to the President, the Line Item Veto Act violates [the] constitutional framework." Permitting Congress to direct the war in Iraq would similarly warp our constitutional framework.

Messrs. Rivkin and Casey served in the Justice Department under Ronald Reagan and George H.W. Bush.

Left Out Of All This War Planning: The People (USAT)

By Kathy Roth-Douquet

USA Today, January 31, 2007

Our Decider-in-Chief plans to send more troops to Iraq whether Congress likes it or not, saying, "I've made my decision." President Bush hints that in times of war, paying too much attention to the niceties of democracy hurts military success.

But he's taking the wrong tack, even if his plan to surge troops in Baghdad is exactly what's needed. His doggedness ignores the makeup of military success: Goals and strategy are only part of what's needed for a hard victory. In cleaving all these years to the business-school model of leadership, Bush has read perhaps too much Ten-Minute Manager, and not enough Clausewitz.

The classic theorist Baron Carl von Clausewitz's trenchant truisms are part of the war college curriculum; he wrote that martial success requires the "remarkable trinity" of government, military and the people. Government comes up with the reason to fight, and the armed forces bring the capability, he explained, but the nation's willpower must come from the people. Neither political power nor war power is enough without willpower.

These days on the home front, we are so distracted by the excellent questions of whether we have either an achievable purpose or enough military capacity in Iraq that we forget about popular will. Yet for a long hard engagement, we need it. And that means the government must engage and convince people and their representatives in Congress. They must buy in or we need to get out.

Every long fight in U.S. history has required the people's support or it has failed — and the longer the war, the more true it is. Retired Army colonel Ken Allard, author of Warheads: Cable News and the Fog of War, makes this point: "There's no such thing as a war that's too serious for debate. If we've got a problem big enough for us to go to war, then it's serious enough for debate and compromise."

America simply can't afford the "leave-it-to-us" approach to governing that the Bush administration promotes in an effort to get a free hand, because, as we have seen, it ends without a popular belief in our military operations when the going gets tough.

The Bush administration waves off congressional Democrats because they have no plan of their own. Yet what we need from the majority party is not a Democratic plan, but a democratic one — that is, a plan that seeks to engage the will of the people. The leadership the Democrats can give us in the Senate and House is to talk to the Republicans one office over. Congress can and should be what a past Supreme Court called the "great representative body of the people." This is its proper role, especially in wartime.

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Both the House and Senate received a mandate in this last election to take a more muscular stand in the conduct of the war in Iraq. They can best do this by representing and leading the people the old-fashioned way. They can, and should, be the emissaries to the country and to their constituencies, to foster discussion, debate and determination from the people, then in turn debate and compromise with each other. Something like what we're trying to teach the Iraqis to do.

What we need now, and what the military needs above all else, is a unity of intent in government and from the nation.

Imagine being in a desperate part of the world, with a number of squabbling bosses unable to tell you what they want you to do. We here at home are those squabbling bosses — it's time for us to get our act together. Those who stand in harm's way deserve not only our best strategic thinking, they also deserve a strategy the American people are willing to support.

If the president won't do it, then Congress must act now to give America — and her military — both the plan and the unity.

Kathy Roth-Douquet is co-author of AWOL: The Unexcused Absence of America's Upper Classes from Military Service — and How It Hurts Our Country.

'I Don't Know The Details' (WT)

By Rowan Scarborough And Charles Hurt

The Washington Times, January 31, 2007

The admiral picked by President Bush to oversee his new strategy for Iraq testified yesterday that he does not know much about the plan that the administration says will determine whether the U.S. wins the war.

"I have not gotten into the detail of these plans," Adm. William J. Fallon told the Senate Armed Services Committee, adding that he has been concentrating on his current job as head of the U.S. Pacific Command.

Adm. Fallon specifically declined to endorse Mr. Bush's plan, saying he first has to get to the region and assess matters.

The admiral's lack of knowledge startled some senators.

"I'm surprised that you don't have that understanding going in, frankly," said Sen. Carl Levin, Michigan Democrat and panel chairman. He had asked whether the flow of new troops could be slowed based on battlefield conditions.

The admiral, whose expertise centers on sea power and diplomacy in dealing with China, said he will leave the Iraq battle decisions to Army Lt. Gen. David H. Petraeus, who leaves for Baghdad this week as the top U.S. commander in Iraq. The admiral appeared before the panel for confirmation hearings on his appointment to lead the U.S. Central Command.

"I do not know the details of how he plans to use" the new troops, Adm. Fallon said. "I'm sure he's going to have to consult with his generals on the ground once he gets into position and then figure it out."

As senators kept up their assault on Mr. Bush's Iraq policy, so did Democrats in the House. House Speaker Nancy Pelosi, California Democrat, led a delegation to Iraq over the weekend and told reporters yesterday that she saw "no evidence" of military or diplomatic progress in Iraq.

"It has been nearly four years since we went to war in Iraq, and four years later, there is still no end in sight," she said.

"The escalation instituted by President Bush has been tried before and failed," said the San Francisco lawmaker who voted against the war in 2002. "Although we heard varying judgments about prospects for success this time, everyone we spoke to said that this was the one last chance and it might not work."

Sen. Russ Feingold, Wisconsin Democrat, held hearings yesterday on whether Congress has the constitutional authority to end a war. Mr. Feingold said he will introduce legislation that would give the administration six months to wrap up operations in Iraq and pull troops out.

"We can't stand idly by and tell ourselves that it's the president's job to fix the mess he made," he said. "It's our job to fix the mess. And if we don't do so, we are abdicating our responsibilities."

Sen. Barack Obama, the first-term Illinois Democrat who is running for president, offered his own legislation yesterday to end the war.

Sen. Arlen Specter, Pennsylvania Republican, took issue with Mr. Bush's past comments that he is the "decider" when it comes to the war in Iraq.

"I would suggest respectfully that he is not the sole decider," Mr. Specter said. "It is a shared and joint responsibility."

Adm. Fallon testified that he would view his post at the U.S. Central Command as responsible for regional issues, not just Iraq.

He often mentioned Iran as a threat to the struggling democracy in Iraq. His testimony underscored a scenario in which his main task will be to contain and pressure Iran and its bellicose leaders, leaving the newly confirmed Gen. Petraeus to focus on day-to-day operations in Iraq as the multinational commander.

"I view my responsibilities as much wider than that," Adm. Fallon said. "It seems to be that there's an expectation that I'd be working outside the borders of Iraq to try to get the neighborhood, for example, to help us."

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The administration has beefed up naval power in the region, positioning two aircraft carriers instead of the typical one. Officials say the show of force puts pressure on Iran, which is accused of aiding the insurgency in Iraq, and soothes Persian Gulf allies anxious about threats of war by Iranian President Mahmoud Ahmadinejad.

Mr. Bush has acknowledged that the war is not going well. He announced earlier this month a new strategy whose centerpiece is a surge of more than 21,000 troops, principally to quell violence in Baghdad.

Gen. Petraeus is replacing Gen. George Casey, who is slated to be the next Army chief of staff. But Gen. Casey may run into a tough confirmation hearing. Sen. John McCain, Arizona Republican, has accused the military of mismanaging the war.

Yesterday, he leveled a new charge. "Too often administration officials came before this committee and the American people and painted a rosy scenario when it was not there," Mr. McCain said, without naming names.

"I believe the situation in Iraq can be turned around, but time is short," Adm. Fallon said. "It seems pretty obvious to me that what we have been doing has not been working."

Adm. Fallon would be replacing Army Gen. John Abizaid, an Arabic speaker who devoted himself to Iraq planning. He acknowledged last year that the U.S. did not have sufficient troops when it invaded Iraq in March 2003.

Bush Nominee: New Goals Needed In Iraq (USAT)

USA Today, January 31, 2007

WASHINGTON — Some developments Tuesday on Iraq:

·Navy Adm. William Fallon, President Bush's pick to lead U.S. forces in the Middle East, told Congress it may be time to "redefine the goals" for Iraq. The nominee to head the U.S. Central Command told his Senate confirmation hearing: "We have got to be doing, it seems to me, something different." He did not say what might change under his command.

·James Baker and Lee Hamilton, co-chairmen of the Iraq Study Group, offered conditional support for Bush's plan to increase troop levels in Iraq, but said it should be accompanied by stepped-up diplomatic and political efforts. "The president's plan ought to be given a chance," Baker told a Senate Foreign Relations Committee hearing. Hamilton said he could support a buildup "in the context of doing a lot of other things at the same time."

·Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and Sen. Arlen Specter of Pennsylvania, the ranking Republican, wrote to Attorney General Alberto Gonzales asking for the administration to deliver a formal opinion on congressional power to wind down the war. "I would suggest respectfully to the president that he is not the sole decider," Specter said.

Bush Nominee: New Actions Needed In Iraq (AP)

By Robert Burns

AP, January 31, 2007

It may be time to "redefine the goals" for Iraq, the admiral President Bush picked to lead U.S. forces in the Middle East told Congress on Tuesday as lawmakers of both parties maneuvered for leverage against Bush's proposed troop buildup.

Navy Adm. William Fallon, Bush's nominee to head the U.S. Central Command, told his Senate confirmation hearing the time for finding solutions in Iraq was running out.

"What we have been doing has not been working," he said. "We have got to be doing, it seems to me, something different." He did not say what might change under his command.

Meanwhile, House Speaker Nancy Pelosi, just returned from a trip to Iraq and Afghanistan, told a news conference on Capitol Hill that her delegation saw no sign that U.S. efforts in Iraq were moving ahead with urgency.

"We went with the hope and expectation that what we would see in Iraq was some coordinated effort to have political solutions, to relieve the civil strife and violence there, and diplomatic efforts to bring stability to the region," she said. "We saw no evidence of either, sadly."

The California Democrat praised the U.S. military's efforts but said more must be done on the economic and political fronts.

Rejecting Bush's troop buildup, Pelosi called for refocusing the U.S. military mission from combat to a combination of training Iraqi forces, protecting Iraq's borders and fighting terrorists.

Bush's declaration last week that "I am the decision-maker" on issues of war also ran into resistance, this time from a prominent Republican. Bush has said he intends to push ahead with his plan to send an additional 21,500 U.S. troops to Iraq, regardless of any resolution the Senate may pass.

"I would suggest respectfully to the president that he is not the sole decider," Sen. Arlen Specter, R-Pa., said during a hearing on Congress' war powers. "The decider is a shared and joint responsibility."

There were about 132,000 U.S. troops in Iraq before the increase.

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The question of how to try forcing an end to the war in Iraq, and under what conditions, is among the issues faced by the newly empowered Democratic majority in Congress, and some of the president's political allies as well.

James A. Baker III, secretary of state during Bush's father's administration, told a congressional hearing Tuesday that the White House should find a way to negotiate with Congress on troop additions.

"A majority of Congress is ready to vote against a surge" in troops, Baker told the Senate Foreign Relations Committee.

Baker was co-chairman of a bipartisan commission that recommended the administration pull out U.S. combat brigades by early 2008, launch new diplomatic initiatives with Iran and Syria and vastly increase the number of U.S. military advisers in Iraq.

Fallon, whom Bush nominated to replace Army Gen. John Abizaid as head of Central Command, told the Senate Armed Services Committee that he was not yet sure how he would go about changing the approach in Iraq.

"One of the things in the back of my mind that I'd like to get answered is to meet with the people that have been working this issue — particularly our ambassadors, our diplomats — to get an assessment of what's realistic and what's practical," Fallon said.

"And maybe we ought to redefine the goals here a bit and do something that's more realistic in terms of getting some progress and then maybe take on the other things later," he added without elaborating.

His spokesman, Capt. William Alderson, said later that Fallon preferred not to address the issue in more detail until after he had been confirmed by the full Senate.

Fallon told the senators, "I believe the situation in Iraq can be turned around, but time is short."

"I think that we would probably be wise to temper our expectations here, that the likelihood that Iraq is suddenly going to turn into something that looks close to what we enjoy here in this country is going to be a long time coming," he said.

One of the leading Republicans opposed to Bush's troop buildup, Sen. John Warner of Virginia, said Fallon appeared to be distancing himself from the Bush plan. He urged the admiral to consider other approaches in Iraq as he takes over for Abizaid, who is retiring.

Warner said he hoped Fallon would feel free "to point out those areas in this plan which you feel need flexibility, options that can be pursued, other than the rigidity of just 20,000 new troops right into the face of sectarian violence."

With a Senate showdown over the Iraq war apparently days away, No. 2 Senate GOP leader Trent Lott of Mississippi said he had concerns with each of the resolutions on the war introduced so far. If Republican leaders do not rally behind a single proposal, the party could avoid taking a clear, united stance on the widely unpopular Iraq war — a consequence Lott suggested he wouldn't mind.

"To herd the cat some times you have to let them stray," he said. "Think about that. Keeping them together by letting them stray."

Sen. Barack Obama, D-Ill., a presidential hopeful, introduced legislation to implement an Iraq plan that focuses on finding a political solution in Baghdad while beginning a withdrawal of U.S. troops and "bringing this war to a responsible end."

Fallon, 62, currently commander of U.S. forces in the Pacific, said he saw a need for a comprehensive approach to Iraq, including economic and political actions to resolve a problem that requires more than military force.

Separately, John Negroponte, the first director of national intelligence, said at his confirmation hearing for the post of deputy secretary of state that Iraq is still having trouble policing its long border with Syria.

Negroponte said Syria is letting 40 to 75 foreign fighters cross its border into Iraq each month, and he repeated the charge that Iran is providing lethal help to insurgents fighting U.S. forces in Iraq. He gave only mild endorsement to the administration's diplomatic hands-off policy toward Damascus and Tehran.

Several senators asked Fallon his views on Iran, which the Bush administration accuses of meddling in Iraq's internal affairs and supplying weapons for use by insurgents against American and Iraqi soldiers.

"They are posturing themselves with the capability to attempt to deny us the ability to operate in this vicinity," Fallon said, adding that there is room for diplomatic efforts with Iran because it has an economic stake in keeping open the Persian Gulf's commercial shipping lanes.

Meanwhile, Pelosi and Senate Majority Leader Harry Reid informed Bush on Tuesday that they support his idea for a bipartisan group to advise him on the war on terror. Bush pitched the idea as a way to strengthen his relationship with Congress and gather regular input from lawmakers.

Pelosi and Reid jointly called Bush to take up the offer, said Dana Perino, deputy White House press secretary. The first meeting will be next week, probably at the White House, although the date and attendees have not been set, Perino said.

Peace In Iraq 'A Long Time Coming,' Fallon Says (LAT)

By Peter Spiegel

The Los Angeles Times, January 31, 2007

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WASHINGTON — President Bush's choice to be the new military commander in the Middle East warned Tuesday that the U.S. may have to lower its expectations for Iraq, saying the country's transition into a peaceful democracy may be "a long time coming."

Navy Adm. William J. Fallon, who was picked this month by Bush to replace retiring Army Gen. John P. Abizaid as head of U.S. Central Command, said security and stability must come first in Iraq — meaning many of the political reforms once viewed as essential to the administration's democratization goals may need to be postponed.

"Going back to 2003, we had hundreds of good ideas of things that we would like to see in Iraq that are more reflective of the kind of society and process that we enjoy here," Fallon said at his confirmation hearing before the Senate Armed Services Committee. "We probably erred in our assessment of the ability of these people to take on all these tasks at the same time."

Fallon's pessimistic view follows similar assessments by other administration and military leaders in recent months, a shift that has come as violence in Baghdad has raged for nearly a year. Fallon pointedly refused to answer questions on the administration's buildup of forces in Iraq, however, saying he could not assess the number of troops needed for the mission until he received more detailed information about the plan.

Instead, Fallon appeared to defer to Army Gen. David H. Petraeus — the new four-star commander in Iraq and an advocate of the troop increase — on much of the new war strategy. Such a stance would have him playing a much different role than his predecessor, Abizaid, who was intimately involved in the details of the Iraq campaign, since even before the 2003 invasion.

Fallon, who would become the first naval officer to command the headquarters responsible for the wars in Iraq and Afghanistan, told the committee he would seek more help from other countries in the region for securing and rebuilding Iraq.

"I see an awful lot of sitting and watching by [countries in] the neighborhood," Fallon said. "It's high time that changed."

In his previous job, head of U.S. Pacific Command, Fallon gained a reputation for pushing to engage with occasionally antagonistic governments in the region, particularly China, at times defying the Bush administration's heated rhetoric concerning Beijing.

His reputation prompted several senators to ask whether he advocated diplomatic engagement with Iran, a move already rejected by the White House. Although Fallon repeatedly said Iran was not being helpful in Iraq, he said the White House had not told him to avoid such talks and would not exclude the possibility of direct discussions.

"The extent that we can understand better the thoughts and actions of others reduces substantially, in my experience, the danger of miscalculation, and so I strongly endorse that approach," Fallon said, speaking generally of dialogue with Middle Eastern countries.

At another Senate confirmation hearing Tuesday, John D. Negroponte, nominee to be deputy secretary of State, said he did not believe the U.S. was drifting toward military confrontation with Iran.

"I think we would strongly prefer that the issues between us be resolved peacefully," he told the Senate Foreign Relations Committee.

He added, however, that the administration does not believe Iranian actions such as supporting Shiite extremists in Iraq "should go unchallenged."

Fallon's view that security must be the first priority in Iraq differs from some administration critics, who have argued that the Iraqi government must bring about a political reconciliation between opposing factions before stability is possible.

Former Rep. Lee H. Hamilton (D-Ind.) and former Secretary of State James A. Baker III, co-chairmen of the Iraq Study Group, told the Senate Foreign Relations Committee on Tuesday that making the security of Baghdad a precondition for other goals was a mistake.

"You've got to deal with these problems comprehensively, and if you're focused solely on the question of security, you're not going to get there," Hamilton said. "Because you cannot isolate that security from the other aspects."

"The study group believes the training mission should be the primary mission," Baker said.

Another critical assessment came Tuesday from the Washington-based Brookings Institution, which issued a bleak report suggesting it may be too late to stop Iraq's descent into civil war and instead called on policymakers to turn their attention to keeping the violence from spilling over into neighboring countries.

The 140-page report, based on a historical analysis of recent sectarian conflicts and issued this week, was co-authored by Middle East expert Kenneth Pollack, a former CIA analyst and National Security Council official. Pollack initially favored the invasion of Iraq, but has since criticized the Bush administration's handling of the war.

The Brookings report advocates policies aimed at containing an all-out civil war. Previous conflicts, the authors argue, have shown that failure to prevent "spillover" can lead to the growth of terrorist groups, radicalization of people in surrounding countries and pressures for foreign intervention.

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"The warnings of history suggest that we, too, are simply repeating the same mistakes of those caught up in past civil wars," the report states. "Not planning now for containing the Iraqi civil war could lead its devastation to become even greater, engulfing not only Iraq but also much of the surrounding region and gravely threatening U.S. interests."

Nominee To Head Mideast Forces Warns On Iraq (FT)

By Demetri Sevastopulo And Guy Dinmore

Financial Times, January 31, 2007

Admiral William Fallon, the White House choice to command US forces in the Middle East, on Tuesday warned that the US was running out of time to improve security in Iraq.

"I believe the situation in Iraq can be turned around, but time is short," Admiral Fallon told senators. "There are no guarantees."

President George W. Bush chose Admiral Fallon, head of US Pacific Command, to replace General John Abizaid, who reportedly disagreed with the White House decision to push ahead with a military "surge" in Iraq.

Separately, John Negroponte, the top US intelligence official nominated for deputy secretary of state, told senators that Iraq was at a "precarious juncture".

Mr Bush's decision to send 21,500 more troops to Iraq has found little support in Congress. But for the moment it remains unclear how tough a non-binding resolution of opposition dissident Republicans would support.

The president's plan received a boost from James Baker, former secretary of state, who urged the Senate foreign relations committee to "just give it a chance".

Mr Baker was co-author with Lee Hamilton, a former Democratic congressman, of November's Iraq Study Group report that set out 79 recommendations, many of which the president rejected. Mr Hamilton was scathing about US policy towards Iran and Syria, saying isolation was not working.

Admiral Fallon joined a line of senior military officers who have conceded since the departure of Donald Rumsfeld, former defence secretary, that the US made mistakes in Iraq.

"We probably erred in our assessment of the ability of these people to take on all of these tasks at the same time," he told the Senate armed services committee.

Carl Levin, the Democratic committee chairman, criticised the Bush administration for not giving Congress a list of the benchmarks that it wants Nouri al-Maliki, the Iraqi prime minister, to meet under the latest Baghdad security plan.

Admiral Fallon said it would not be "particularly constructive right now to tape an edict of a number of actions and give deadlines".

Senators pressed the admiral and Mr Negroponte on US intentions towards Iran following the president's adoption of a more aggressive military and rhetorical stance towards the country.

Barack Obama of Illinois told Mr Negroponte he was concerned that the US would "stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches".

Virginia's Jim Webb asked again whether the White House believed it had the authority to take unilateral action against Iran, without approval from Congress, without a direct threat.

Both times, Mr Negroponte was non-committal. He repeated the administration's line that it sought a diplomatic solution to the crisis with Iran but would not enter into an unconditional dialogue with the Islamic republic.

David Satterfield, a senior State Department official, on Tuesday directly accused Iran of killing Americans in Iraq. His remarks, to the BBC, went beyond Mr Bush's accusation that Iran was "providing material support for attacks on American troops".

Choice For No. 2 At State Dept. Defends Bush's Stance On Iran (NYT)

By Helene Cooper

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — John D. Negroponte, nominated as deputy secretary of state, defended the Bush administration's more confrontational policy with Iran in a Senate confirmation hearing that was peppered with demands from both sides of the aisle that the United States show restraint in dealing with Tehran.

In a sign that the debate over Iraq is increasingly becoming a debate over Iran, Mr. Negroponte, appearing before the Senate Foreign Relations Committee, found himself answering the same questions, over and over again.

"Do you think we are drifting toward a military confrontation with Iran?" demanded Senator Chuck Hagel, Republican of Nebraska.

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"I don't think that has to be, Senator," Mr. Negroponte replied. "I think we would strongly prefer that the issues between us and Iran be resolved peacefully."

Mr. Negroponte maintained that an emboldened Iran could harm American interests in the region.

"We don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged," said Mr. Negroponte, who is now the director of national intelligence.

In an interview with ABC News on Tuesday, President Bush said stern measures aimed at Iran should not be seen as a precursor to war. "Some are trying to take my words and say, 'Well, what he's really trying to do is go invade Iran,' " he said. "Nobody's talking about that."

The United States has refused to hold direct talks with Iran over the two major issues of contention: its nuclear programs and its stance toward Iraq. Instead, the Bush administration has increased pressure on Iran. The administration has seized Iranians in Iraq and is trying to starve Iran of international financing.

The Pentagon announced Tuesday that it had suspended the sale of spare parts for American-made F-14 fighter jets lest they end up in Iran, the only nation whose air force still flies the vintage plane. Many of the parts are common to other aircraft. The United States Navy retired its last squadrons in 2006.

Mr. Bush announced this month that the United States would send another aircraft carrier and its supporting ships to the Persian Gulf, a response to the growing concern that Iran is building up its own missile capacity and naval power to dominate the gulf militarily.

Meanwhile, the administration has continued to resist calls for it to initiate talks with Iran, and has said that it will do so only if Tehran suspends its enrichment of uranium.

"The view at the moment is that we are reluctant to initiate a high-level diplomatic dialogue with Iran until there has been some progress on this nuclear issue," Mr. Negroponte said.

Senator Barack Obama, Democrat of Illinois, warned him not to "stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches, without the American people understanding exactly what's taking place."

"This committee is going to be paying attention," Mr. Obama said. "We do not want to see precipitous actions that have not been thought through, have not been discussed, have not been authorized."

If confirmed, Mr. Negroponte would become the second-highest-ranking diplomat behind Secretary of State Condoleezza Rice. The deputy secretary of state job has been open since Robert B. Zoellick left to join Goldman Sachs in the summer.

Mr. Negroponte, who has spent 41 years in government service, speaks five languages fluently and has won Senate confirmation for eight posts, including five ambassadorships. He was ambassador to Iraq before President Bush chose him for the intelligence job in February 2005.

Several senators on the committee praised Mr. Negroponte as one of the most distinguished public servants of his generation, and there appeared to be no obstacle to his confirmation.

At a separate confirmation hearing on Tuesday, the admiral picked to lead American forces in the Middle East said Iran was increasing its military capabilities and seeking to curb American influence. "They are posturing themselves with the capability to attempt to deny us the ability to operate in this vicinity," Adm. William J. Fallon told the Senate Armed Services Committee.

Senators Warn Against War With Iran (AP)

By Anne Gearan, Ap Diplomatic Writer

AP, January 31, 2007

Republican and Democratic senators warned Tuesday against a drift toward war with an emboldened Iran and suggested the Bush administration was missing a chance to engage its longtime adversary in potentially helpful talks over next-door Iraq.

"What I think many of us are concerned about is that we stumble into active hostilities with Iran without having aggressively pursued diplomatic approaches, without the American people understanding exactly what's taking place," Sen. Barack Obama, D-Ill., told John Negroponte, who is in line to become the nation's No. 2 diplomat as Secretary of State Condoleezza Rice's deputy.

Obama, a candidate for president in 2008, warned during the Senate Foreign Relations Committee hearing that senators of both parties will demand "clarity and transparency in terms of U.S. policy so that we don't repeat some of the mistakes that have been made in the past," a reference to the faulty intelligence underlying the U.S. invasion of Iraq.

Sen. Chuck Hagel, R-Neb., a possible presidential candidate, asked Negroponte if he thinks the United States is edging toward a military confrontation with Tehran. In response, Negroponte repeated President Bush's oft-stated preference for diplomacy, although he later added, "We don't rule out other possibilities."

Separately, the Navy admiral poised to lead American forces in the Middle East said Iran wants to limit America's influence in the region.

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"They have not been helpful in Iraq," Adm. William Fallon told the Senate Armed Services Committee. "It seems to me that in the region, as they grow their military capabilities, we're going to have to pay close attention to what they do and what they may bring to the table."

The Bush administration has increased rhetorical, diplomatic, military and economic pressure on Iran over the past few months, in response to Iran's alleged deadly help for extremists fighting U.S. troops in Iraq and the long-running dispute over Iran's nuclear program.

Bush said Tuesday the United States "will deal with it" if Iran escalates military action inside Iraq and endangers American forces. But, in an interview with ABC News, Bush emphasized this talk signals no intention of invading Iran itself.

A day earlier, the president acknowledged skepticism concerning U.S. intelligence about Iran, because Washington was wrong in accusing Iraq of harboring weapons of mass destruction before the U.S.-led invasion in 2003. "I'm like a lot of Americans that say, 'Well, if it wasn't right in Iraq, how do you know it's right in Iran,'" the president said.

Washington accuses Iran of arming and training Shiite Muslim extremists in Iraq. U.S. troops have responded by arresting Iranian diplomats in Iraq, and the White House has said Bush has authorized U.S. troops to kill or capture Iranians inside Iraq.

The United States also accuses Iran of secretly developing atomic weapons — an allegation Tehran denies. Iran's refusal to suspend uranium enrichment lead the U.N. Security Council to impose limited economic sanctions.

Senators including Hagel, George Voinovich, R-Ohio, and Joseph R. Biden Jr., D-Del., sounded frustrated with the administration's decision not to engage Iran and fellow outcast Syria in efforts to reduce sectarian violence in Iraq.

Negroponte, a career diplomat who is leaving a higher-ranked job as the nation's top intelligence official, gave only a mild endorsement of the administration's diplomatic hands-off policy toward Damascus and Tehran.

Negroponte would lead the department's Iraq policy if confirmed, as expected. He said Syria is letting 40 to 75 foreign fighters cross its border into Iraq each month and repeated the charge that Iran is providing lethal help to insurgents fighting U.S. forces in Iraq. Iran and Syria are not helping promote stability and peace in Iraq and understand what the United States and other nation expect of them.

"I would never want to say never with respect to initiating a high-level dialogue with either of these two countries, but that's the position, as I understand it, at this time," Negroponte said.

The Senate Foreign Relations Committee is expected to approve Negroponte quickly for a job vacant since July.

Iran Will Not Go Unchallenged In Iraq: US (AFP)

AFP, January 31, 2007

WASHINGTON (AFP) - The United States cannot allow Iran to back Shiite militants in Iraq with impunity, President George W. Bush's nominee to become the second-ranked US diplomat warned.

John Negroponte said at a confirmation hearing on his nomination as deputy secretary of state that the United States wanted to resolve its differences with Iran peacefully, but could not let it go unchallenged in Iraq.

His comments were the latest warning in an escalating US showdown with the Islamic Republic. On Monday, Bush said Iranians would suffer for their leaders' nuclear ambitions and warned Tehran not to sow discord in Iraq.

"I would characterize our policy as desirous of resolving any issues we have with Iran by peaceful means," Negroponte told the Senate Foreign Relations Committee.

"But at the same time, we don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged.

"If they feel that they can continue with this kind of activity with impunity, that will be harmful to the security of Iraq and to our interests in that country."

Bush last week authorized US forces to capture or kill Iranian operatives in Iraq, amid charges from Washington and denied by Tehran that the Islamic republic had been helping insurgents target US troops.

And in his annual State of the Union speech on January 23, the US president vowed to crack down on any Iranian and Syrian networks suspected of funneling weapons and fighters to the insurgency in Iraq.

Iran and Syria, said Negroponte, "know what they need to do" to improve relations with Washington. The Bush administration has refused calls for a dialogue with Syria and Iran.

But US Senator Bill Nelson said in a speech to the Council on Foreign Relations on Tuesday that the Bush administration was adopting an "ostrich"-like policy, by ignoring the need to talk to Syria.

The Democratic lawmaker said Syrian President Bashar al-Assad had opened the door slightly to helping the United States or the Iraqi government check the flow of extremists into the country, when he met him last month.

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Negroponte, a veteran US diplomat who has served as ambassador to Iraq and to the United Nations as well as US intelligence czar also said Washington was reluctant to hold direct talks with Tehran absent progress on the dispute over its nuclear program.

The United States accused Iran of trying to produce a nuclear bomb through its uranium enrichment activities, a claim Tehran denies.

"The view at the moment is that we are reluctant to initiate a high-level diplomatic dialogue with Iran until there has been some progress on this nuclear issue," Negroponte said.

Negroponte, who would become Secretary of State Condoleezza Rice's deputy, noted Washington has had indirect dialogue with Iran through talks with European countries also concerned about Tehran's nuclear ambitions.

"We have been discussing the Iran issue with our European friends and the UN Security Council. And in the context of the nuclear issue there has been a dialogue with Iran, albeit indirectly," he said.

Washington was not warm to the idea of holding a regional conference on Iran, but did not rule out the possibility.

"I would not say that, as a matter of priority, one would have to go right to a regional-type conference or regional-type diplomatic scenario, although I don't think that that should be ruled out," he said.

A UN Security Council resolution passed on December 23 imposed sanctions on Iran until it suspends uranium enrichment, which makes fuel for civilian nuclear reactors but also produces material for atomic bombs.

But Iran continues to defy the international community and has vowed to increase its enrichment capacity by installing 3,000 centrifuges, arguing that its nuclear program is strictly for civilian energy purposes.

General Says U.S. Has Proof Iran Arming Iraqi Militias (USAT)

By Jim Michaels

USA Today, January 31, 2007

BAGHDAD — Iran is supplying Iraqi militias with a variety of powerful weapons including Katyusha rockets, the No. 2 U.S. general in Iraq said Tuesday.

"We have weapons that we know through serial numbers … that trace back to Iran," Lt. Gen. Raymond Odierno said in an interview with USA TODAY.

His comments came as the Bush administration has been taking an increasingly tough stance against what it alleges is Iranian meddling in sectarian violence in Iraq. Last week, the White House confirmed that the president had authorized U.S. troops to take action against Iranian agents in Iraq who present threats.

On Tuesday, President Bush vowed to crack down on those who supply Iraqi insurgents with arms, though he denied any plans to invade Iran.

"We'll deal with it by finding their supply chains and their agents and … arresting them. … In other words, we're going to protect our troops," Bush told ABC News.

Odierno did not provide further details on how weapons were linked to Iran. The Iranian government has denied providing weapons to Iraqi militias.

Most weapons supplied by Iran end up in the hands of Shiite extremists, Odierno said.

He said the weapons include:

·The RPG-29, a rocket-propelled grenade that can fire armor-piercing rounds. It is larger and more sophisticated than the RPG-7 more commonly found in Iraq.

·Katyusha rockets, so large they are generally fired from trucks.

·Powerful roadside bombs, known as explosively formed projectiles, which can pierce armor. The technological know-how and "some of the elements to make them are coming out of Iran," Odierno said.

Several Iranians have been detained in raids inside Iraq, and some remain in custody. The arrests have provided clues about Iranian operations, Odierno said.

"Every time you pick up individuals you learn about how they facilitate themselves within a country," he said.

He did not specify whether the Iranians in custody are cooperating, or whether evidence was seized during the arrest.

Iran's ambassador to Iraq told The New York Times this week that Iran was taking steps to expand military and economic ties with Iraq.

Iran May Have Trained Attackers That Killed 5 American Soldiers, U.S. And Iraqis Say (NYT)

By James Glanz And Mark Mazzetti

The New York Times, January 31, 2007

DOJ_NMG_0124953

BAGHDAD, Jan. 30 — Investigators say they believe that attackers who used American-style uniforms and weapons to infiltrate a secure compound and kill five American soldiers in Karbala on Jan. 20 may have been trained and financed by Iranian agents, according to American and Iraqi officials knowledgeable about the inquiry.

The officials said the sophistication of the attack astonished investigators, who doubt that Iraqis could have carried it out on their own — one reason a connection to Iran is being closely examined. Officials cautioned that no firm conclusions had been drawn and did not reveal any direct evidence of a connection.

A senior Iraqi official said the attackers had carried forged American identity cards and American-style M-4 rifles and had thrown stun grenades of a kind used only by American forces here.

Tying Iran to the deadly attack could be helpful to the Bush administration, which has been engaged in an escalating war of words with Iran.

One American soldier was killed during the initial attack and four more were abducted and killed shortly afterward as the police pursued the sport utility vehicles used in the attack.

The attack was focused on a meeting at a joint security station, where American and Iraqi forces mesh their efforts in the new security plan.

An Iraqi knowledgeable about the investigation said four suspects had been detained and questioned. Based on those interviews, investigators have concluded that as they fled Karbala with the abducted Americans, the attackers used advanced devices to monitor police communications and avoid the roads where the police were searching.

The suspects have also told investigators that "a religious group in Najaf" was involved in the operation, the Iraqi said, in a clear reference to the Mahdi Army, the militia controlled by the breakaway Shiite cleric, Moktada al-Sadr. If that information holds up, it would dovetail with assertions by several Iraqi officials that Iran is financing and training a small number of splinter groups from the Mahdi Army to carry out special operations and assassinations.

"I hear that there are a number of commando and assassination squads that are disconnected and controlled directly by Iran," the senior Iraqi official said, citing information directly from the prime minister's office. "They have supplied JAM and others with significant weaponry and training," he said using shorthand for the group, from its name in Arabic, Jaish al Mahdi.

Confirmation of a Mahdi Army connection to the deadly incident would also support the argument by Bush administration officials that the group has a direct role in attacks on American troops.

Another senior Iraqi official said that military actions by the United States against JAM essentially pushed it toward Iran.

"During the conflicts between the Mahdi Army and the United States, Iran was the only side that supported JAM," the official said. "And they told them, 'Hey, we are here to help you and we are here to support you, and we will not let you down.' "

The Karbala operation involved 9 to 12 armed militants and at least five sport utility vehicles, the American military has said. The initial attack on the compound killed one American soldier and damaged three Humvees, the military said.

But what has caught the attention of investigators is the way the convoy of S.U.V.'s was able to give the impression that it was American and slip through Iraqi checkpoints unchallenged. An American military official said all possibilities were being explored, with the focus on whom the United States can trust, even among senior Iraqi officials, in the Karbala area.

"We've got to be very careful as to who we define as our allies, and who we trust and who we don't," the military official said. "Was the governor involved? Were the Iraqi police that were on guard complicit or just incompetent?"

The unusual nature of the attack has made it a major topic of discussion in the upper echelons of the Iraqi government. It has spawned bizarre theories including the idea that a Western mercenary group was somehow involved.

But the existence of what American commanders sometimes call "rogue JAM" — separate from the central, controlled militia — has put the Mahdi Army at the center of the investigation, officials say.

Two American officials in Washington confirmed that American military investigators were looking into the possibility of Iranian involvement in the Karbala attack. One of those officials said the working assumption by the investigators was that the operation had been carried out by a splinter group of the Mahdi Army.

The second official said the operation could be seen as retribution for three recent American raids in which Iranians suspected of carrying out attacks on American and Iraqi forces were detained. On Sunday, the Iranian ambassador to Iraq conceded that two Iranians detained in Baghdad last month were security officials, but said that they were making legitimate contacts with Iraqi government officials.

Centcom Pick Warns Of Iran Influence In Gulf Region (WP)

By Ann Scott Tyson And Glenn Kessler

The Washington Post, January 31, 2007

DOJ_NMG_0124954

Iran is positioning its military to deny U.S. access to the Persian Gulf while acting as a "destabilizing" influence in the region, President Bush's nominee to command U.S. forces in the Middle East told the Senate yesterday. Adm. William J. Fallon said he favors using what one senator called "battleship diplomacy" to deter Iran.

"Iranian support for terrorism and sectarian violence beyond its borders, and its pursuit of nuclear capability, is destabilizing and troubling," Fallon said in an opening statement at his confirmation hearing before the Senate Armed Services Committee.

He warned specifically that Iranian activity "has not been helpful" in Iraq, where he said "time is running out" for action to curb the escalation of violence.

Fallon, 62, is the first Navy admiral to be named to head Central Command (Centcom), which oversees U.S. military forces in the Middle East, Central Asia and the Horn of Africa. Military officials say he was chosen because of his diplomatic and strategic skills at a time when the United States has dispatched two aircraft carrier strike groups to the Gulf for the first time since 2003.

"The reality is, if you look at the Centcom area of responsibility, there's a lot of water there," Defense Secretary Robert M. Gates told reporters Friday, when asked why he recommended Fallon. "And as you look at the range of options available to the United States, the use of naval and air power, potentially, it made sense to me for all those reasons for Admiral Fallon to have the job."

Fallon said Iran's increasing military capabilities were focused on blocking U.S. military operations. "Based on my read of their military hardware acquisitions and development of tactics . . . they are posturing themselves with the capability to attempt to deny us the ability to operate in this vicinity," he said.

"As they grow their military capabilities, we're going to have to pay close attention to what they do and what they may bring to the table."

Sen. John W. Warner (R-Va.), while calling the use of military force against Iran "the very last resort," suggested that the United States use its Navy to conduct "battleship diplomacy" and create a "ring of deterrence" around Iran. He also suggested that European nations "send a ship or two to also add to the strength of the signal we're trying to send to that country, that we're not going to permit them to go forward with nuclear power."

"Does that have any interest or appeal to you, that concept?" Warner asked Fallon.

"Senator, the whole idea is most appealing," Fallon replied, "because we've got plenty to do right now with active combat operations ongoing in Iraq and Afghanistan. And it's clear to me that to date, the Iranians have not been playing a constructive role in addressing any of these, and in fact are challenging us in other areas."

Still, donning his diplomatic hat, Fallon said Iran would stand to suffer from any interruption of commerce in the Gulf. "This is not a one-sided game or a one-sided situation," he said. "Iran is, I believe, critically dependent on its exports of petroleum products for its economic vitality, and those exports, of course, go through the same Strait of Hormuz that they would potentially seek to deny us access to."

John D. Negroponte, the outgoing national intelligence director, also remarked yesterday on Iran's rising assertiveness at his separate confirmation hearing to be deputy secretary of state.

"Iran has been emboldened in its behavior during the past couple of years and has played a more assertive role," Negroponte said. He said that although the United States seeks to resolve issues with Iran peacefully, "we don't believe that their behavior, such as supporting Shia extremists in Iraq, should go unchallenged. So it's a balance, if you will, but if they feel that they can continue with this kind of activity with impunity, that will be harmful to the security of Iraq and to our interests in that country."

Turning to Iraq, Fallon said he is "not a particularly patient man" and urged Iraq's government to demonstrate its commitment to reducing violence in the country, without which Fallon said U.S. military operations will not succeed.

"We've got to see some action. We've got to get some results," he said.

"If there's no progress, then I don't believe we're going to be successful in the military actions. There's got to be a commensurate movement forward in political background that's going to give these people the confidence that they can actually effectively move forward as a country," Fallon said.

But pressed by Sen. Carl M. Levin (D-Mich.), the committee chairman, to hold the Iraqi leaders accountable to meeting benchmarks, Fallon said he believed that imposing "edicts" or "deadlines" would be unconstructive. He also suggested a need to lower American expectations for Iraq, indicating that U.S. goals for Iraq following the 2003 invasion were unrealistically ambitious.

"We probably erred in our assessment of the ability of these people to take on all of these tasks at the same time," he said. "Maybe we ought to redefine the goals here a bit and do something that's more realistic in terms of getting some progress and then maybe take on the other things later," he said.

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Democracy, for example, will not come quickly to Iraq, he said. "I think that we would probably be wise to temper our expectations here, that the likelihood that Iraq is suddenly going to turn into something that looks close to what we enjoy here in this country is going to be a long time coming."

Air Force's Role In Iraq Could Grow (LAT)

By Julian E. Barnes,

The Los Angeles Times, January 31, 2007

More flights are likely along the Iranian border, sources say.

WASHINGTON — The Air Force is preparing for an expanded role in Iraq that could include aggressive new tactics designed to deter Iranian assistance to Iraqi militants, senior Pentagon officials said.

The efforts could include more forceful patrols by Air Force and Navy fighter planes along the Iran-Iraq border to counter the smuggling of bomb supplies from Iran, a senior Pentagon official said. He spoke on condition of anonymity because he was discussing future military plans.

Such missions also could position the Air Force to strike suspected bomb suppliers inside Iraq to deter Iranian agents that U.S. officials say are assisting Iraqi militias, outside military experts said.

The heightened role of U.S. air power in the volatile region is the latest sign of tension between President Bush and Iran's leaders.

Bush warned two weeks ago that U.S. forces would take a harder line against Iranians in Iraq, vowing to "seek out and destroy" weapons supply networks that endanger U.S. troops.

He expanded the warning Monday, saying in a National Public Radio interview that Iranian threats to the Iraqi people would be considered unacceptable.

The tough stance has been backed by military moves. Bush this month ordered a second aircraft carrier group, led by the John C. Stennis, to the Persian Gulf, a measure described as a warning to Iran.

The stepped-up presence and visibility of U.S. warplanes is seen as likely to reinforce that message.

"Air power plays major roles, and one of those is as a deterrent, whether it be in border control, air sovereignty or something more kinetic," said the senior Pentagon official, using a term that refers to offensive military action.

But the White House rhetoric on Iran is fueling concern about administration intentions.

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) has demanded to know the administration's view of its authority to attack Iran. Bush and Defense Secretary Robert M. Gates have said they do not foresee military action crossing into Iran.

Within the Pentagon, many active-duty officers are wary of an aggressive military response to Iran, arguing that there is no need to risk starting another war.

Some Pentagon officials worry that an escalation of military pressure that included strikes on Iranian territory could prompt Iran to go after targets it could easily hit, such as oil tankers in the Persian Gulf.

"We need to be very careful about getting into one-to-one trades," the senior Pentagon official said. "That can very quickly get out of control."

Other military officers argue there may be no need for "kinetic" strikes. It is possible that stepped-up air operations over Iraq could provide a deterrent, they say.

The Air Force already is gearing up for just such a role in Iraq as part of Bush's planned troop increase, said a senior service official who spoke on condition of anonymity.

Moving additional forces to Kuwait and Iraq will require more flights of troops and supplies. And the increased number of ground forces will require more missions by fighter jets, bombers and intelligence-gathering planes to help protect the soldiers and Marines, particularly when they disperse from bigger bases to footholds in dense Baghdad neighborhoods.

"You will see the full spectrum of capabilities all the way from intelligence, surveillance and reconnaissance capability to kinetic effects," said Lt. Gen. Howie Chandler, the deputy Air Force chief of staff for operations, plans and requirements.

In Afghanistan, the United States has dramatically stepped up its airstrikes, from 157 in 2005 to 2,527 in the first 11 months of 2006. By contrast, the number of airstrikes in Iraq has fallen, from 306 in 2005 to 188 last year.

U.S. commanders have not spelled out a precise role for the Air Force under the new approach in Iraq, which will focus on counterinsurgency strategies.

Some Air Force officers are concerned that incoming commanders do not recognize the importance of the Air Force in the new effort.

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A counterinsurgency manual developed by Army Gen. David H. Petraeus, the new U.S. commander in Iraq, only briefly mentions air power in fighting the insurgency. And the commander of day-to-day operations, Army Lt. Gen. Raymond T. Odierno, comes from a background in heavy infantry units, traditionally less dependent on air power.

Some military officers have argued that dropping bombs in dense Baghdad neighborhoods would be counterproductive, and Petraeus has warned commanders against operations that might alienate the local population.

Chandler said the Air Force would do as it was asked. But he and other Air Force officials argue that smaller bombs and precision guidance systems can minimize civilian casualties and play a vital role in fighting the insurgency.

"I wouldn't automatically write off air power in an urban environment for fear of collateral damage," Chandler said. "We have the capability with precision targeting and the new weapons to operate in an urban environment."

Air Force officials say they also are preparing to increase flights of unmanned Predator and Global Hawk aircraft to provide constant surveillance of Baghdad neighborhoods when U.S. forces move in.

The Air Force has outfitted its fighter planes with intelligence pods capable of beaming an aerial picture of a neighborhood to a ground commander maneuvering his forces, Chandler said.

Chandler said it was not clear whether the new demands would require more planes. But a Pentagon official said that the increase in ground forces was likely to increase the demand for air support, straining the Air Force budget.

The growing presence of the Air Force in the region has stirred a debate among military experts over the U.S. approach toward Iran.

Thomas G. McInerney, a retired Air Force lieutenant general who advocates military strikes in Iran, said U.S. planes along the border could be better used to keep bomb-making materials out of Iraq.

"We know they are doing this. Why do we accept it?" McInerney said. "For every [improvised explosive device] that goes off in Iraq, a bomb should go off in Iran."

Loren Thompson, a military analyst at the Lexington Institute, said many military targets in Iran were susceptible to Air Force weapons.

"Iran is precisely the type of enemy they know how to deal with," Thompson said. "Having the ability to attack Iranian military targets and political targets is not just a deterrent. It may actually be used if we feel the Iranians are trying to subvert democracy in Iraq."

U.S. planes could be in the region for years. Although the U.S.-led war in Iraq began in 2003, Air Force officials note that American fighter planes have flown over Iraq for more than a decade.

When the 1991 Persian Gulf War ended, fighter planes remained in the region, enforcing no-fly zones and essentially conducting an air occupation.

Once the Iraq war starts to wind down, Air Force officials say, the service's presence will still be required to provide firepower and surveillance to Iraqi units.

"We do know we have been there for 16 years," Chandler said, "and we will be there as long as we can see into the future."

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Times staff writer Peter Spiegel in Washington contributed to this report.

Pentagon Halts Sale Of F-14 Parts (AP)

By Sharon Theimer

AP, January 31, 2007

The Pentagon said Tuesday it had stopped selling surplus F-14 parts, announcing the step after congressional criticism of security weaknesses that had given buyers for countries including Iran access to the aircraft parts and other valuable gear.

Sales of parts from the recently retired fleet were halted last Friday, Defense Logistics Agency spokesman Jack Hooper said, adding that marketing of the parts will remain suspended until a "comprehensive review" is completed. He did not immediately elaborate.

The decision comes as a Democratic senator moves to cut off all Pentagon sales of surplus F-14 parts, saying the military's marketing of the spares "defies common sense" in light of their importance to Iran.

Sen. Ron Wyden's bill came in response to an investigation by The Associated Press that found weaknesses in surplus-sale security that allowed buyers for countries including Iran and China to surreptitiously obtain sensitive U.S. military equipment including Tomcat parts.

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The Oregon Democrat's legislation would ban the Defense Department from selling surplus F-14 parts and prohibit buyers who have already acquired surplus Tomcat parts from exporting them. Wyden's bill, the Stop Arming Iran Act, is co-sponsored by the Senate's No. 2 lawmaker, Democratic Whip Richard Durbin of Illinois.

The surplus sales are one of the first national security issues to be addressed by the new Democratic-controlled Congress.

"It just defies common sense to be making this kind of equipment available to the Iranians with all that they have done that is against our interests," Wyden said Monday in an interview, adding that constituents brought up the surplus-sale security problems at his town-hall meetings over the past few days. "I just want to legislate this and cut it off permanently, once and for all."

The Tomcat is the fighter jet made famous in the 1986 Tom Cruise blockbuster movie, "Top Gun." The U.S. military retired its F-14s last fall. That leaves only Iran — which bought the fighter jet in the 1970s when it was a U.S. ally — flying the planes.

U.S. law enforcement officials believe Iran can produce only about 15 percent of the parts it needs for its Tomcats, making the Pentagon's surplus sales a valuable avenue for spares.

The Pentagon had planned to sell about 60 percent of the roughly 76,000 parts for the F-14, viewing them as general nuts-and-bolts-type aircraft hardware that could be sold safely without restrictions.

Some of those spares from the newly retired fleet probably have already been sold, the Defense Logistics Agency's Hooper said. The Defense Department plans to destroy about 10,000 other components it considers unique to the F-14.

The agency had been reviewing 23,000 other parts it believed it could sell under existing law but wanted to examine further in light of their potential value to Iran. It will now also review the thousands of nuts-and-bolts-type hardware.

Wyden said his bill would cut off the sale of all surplus F-14 parts. The legislation includes all parts to cut off all opportunities for Iranian "fishing expeditions," spokeswoman Jennifer Hoelzer said, adding that GAO investigations have found valuable surplus accidentally getting included in boxes of what are supposed to be nuts-and-bolts-type hardware.

Wyden is confident he can get the bill through the Senate in the next few months. Wyden, a senior member of the Senate Select Committee on Intelligence, also pledged greater Senate oversight of the surplus program.

Hooper declined to comment on the legislation.

"We're certainly not going to attempt to interfere whatsoever in the legislative process," Hooper said. The Defense Department maintains it has followed all procedures in selling its surplus.

The AP reported the Pentagon's F-14 part sales plans earlier this month. Its investigation found that in several cases, buyers for countries that included Iran and China took advantage of security flaws to buy sensitive surplus, including aircraft parts and missile components.

Sen. John Kerry, D-Mass., has asked the Senate Foreign Relations Committee to investigate the surplus security weaknesses.

US Takes New Steps To Isolate Iran (AFP)

By Jim Mannion

AFP, January 31, 2007

The United States took new steps to isolate Iran, announcing a freeze on the sale of all F-14 fighter parts and warning that an attempt by Tehran to block the flow of Gulf oil could be turned against it.

President George W. Bush reiterated in a television interview that the US had no plans to invade Iran, but will step up diplomatic pressure to convince it to abandon its nuclear program.

"And the best way to do so is to continue rallying other nations to join us and expressing ourselves very clear to the Iranians that 'You will be isolated, that you won't be able to achieve your greatness, that you'll hurt your people economically if you continue to insist upon a nuclear weapon,'" he told ABC News.

Countering Iran has emerged as a prime objective of US policy as Washington struggles to stabilize Iraq and regain its footing in a region rife with both anti-American and sectarian tensions.

Admiral William Fallon, Bush's nominee to replace General John Abizaid as commander of US forces in the Middle East, said Iran appeared to be developing military means to deny US forces access to the oil-rich Gulf.

"But I would note this is not a one-sided game, or a one-sided situation, in that Iran is, I believe, critically dependent on its export of petroleum products for its economic vitality," he told the Senate Armed Services Committee.

"And those exports go through the same Straits of Hormuz that they would potentially seek to deny us access to," he said.

About a quarter of the world's oil goes through the straits, which are bordered by Iran on one side and Oman and the United Arab Emirates on the other.

Experts say the closure of the straits would send oil prices soaring.

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Fallon's appointment, which the US Senate is expected to confirm, coincides with Bush's ordering a second aircraft carrier strike group to the Gulf.

The arrival of the aircraft carrier USS John Stennis would raise the US naval presence in the region to its highest level since the 2003 invasion of Iraq.

Fallon said Bush had not asked him to update war plans for Iran and said he was not aware of any such plans at the US Central Command, which is responsible for US forces in the Gulf.

"It seems to me in the entire approach to Iraq that we'll be looking for help from the region and ... at the full range of options that are open to us, diplomatically and every other way," he said.

In Iraq, Bush confirmed last week that he has authorized the US military to kill or capture Iranian agents plotting attacks on US forces.

"We'll deal with it by finding their supply chains and their agents and ... arresting them, getting them out of harm's way. In other words, we're going to protect our troops," Bush told ABC News.

"It's not tough talk to say that the commander-in-chief expects our troops to be protected," he said.

The Pentagon, meanwhile, froze the sales of all spare parts for F-14 fighter aircraft because of concerns they could be transferred to Iran, which bought F-14s from the United States before the 1979 Iranian revolution, a Defense Department spokeswoman said.

The Defense Logistics Agency ordered the freeze January 26 "given the current situation in Iran," said Dawn Dearden, the agency's spokesman.

The Pentagon had already suspended the sale of spare parts that either were specific to the F-14 or that could be used in other aircraft.

The DLA said the parts sales are now the subject of a comprehensive review.

Not-So-Strange Bedfellow (NYT)

By Thomas L. Friedman

The New York Times, January 31, 2007

Here's a little foreign policy test. I am going to describe two countries — "Country A" and "Country B" — and you tell me which one is America's ally and which one is not.

Let's start: Country A actively helped the U.S. defeat the Taliban in Afghanistan and replace it with a pro-U.S. elected alliance of moderate Muslims. Country A regularly holds sort-of-free elections. Country A's women vote, hold office, are the majority of its university students and are fully integrated into the work force.

On 9/11, residents of Country A were among the very few in the Muslim world to hold spontaneous pro-U.S. demonstrations. Country A's radical president recently held a conference about why the Holocaust never happened — to try to gain popularity. A month later, Country A held nationwide elections for local councils, and that same president saw his candidates get wiped out by voters who preferred more moderate conservatives. Country A has a strategic interest in the success of the pro-U.S., Shiite-led, elected Iraqi government. Although it's a Muslim country right next to Iraq, Country A has never sent any suicide bombers to Iraq, and has long protected its Christians and Jews. Country A has more bloggers per capita than any country in the Muslim Middle East.

The brand of Islam practiced by Country A respects women, is open to reinterpretation in light of modernity and rejects Al Qaeda's nihilism.

Now Country B: Country B gave us 15 of the 19 hijackers on 9/11. Country B does not allow its women to drive, vote or run for office. It is illegal in Country B to build a church, synagogue or Hindu temple. Country B helped finance the Taliban.

Country B's private charities help sustain Al Qaeda. Young men from Country B's mosques have been regularly recruited to carry out suicide bombings in Iraq. Mosques and charities in Country B raise funds to support the insurgency in Iraq. Country B does not want the elected, Shiite-led government in Iraq to succeed. While Country B's leaders are pro-U.S., polls show many of its people are hostile to America — some of them celebrated on 9/11. The brand of Islam supported by Country B and exported by it to mosques around the world is the most hostile to modernity and other faiths.

Question: Which country is America's natural ally: A or B?

Country A is, of course. Country A is Iran. Country B is Saudi Arabia.

Don't worry. I know that Iran has also engaged in terrorism against the U.S. and that the Saudis have supported America at key times in some areas. The point I'm trying to make, though, is that the hostility between Iran and the U.S. since the overthrow of the shah in 1979 is not organic. By dint of culture, history and geography, we actually have a lot of interests in common with Iran's people. And I am not the only one to notice that.

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Because the U.S. has destroyed Iran's two biggest enemies — the Taliban and Saddam — "there is now a debate in Iran as to whether we should continue to act so harshly against the Americans," Mohammad Hossein Adeli, Iran's former ambassador to London, told me at Davos. "There is now more readiness for dialogue with the United States."

More important, when people say, "The most important thing America could do today to stabilize the Middle East is solve the Israel-Palestine conflict," they are wrong. It's second. The most important thing would be to resolve the Iran-U.S. conflict.

That would change the whole Middle East and open up the way to solving the Israel-Palestine conflict, because Iran is the key backer of Hamas, Islamic Jihad, Hezbollah and Syria. Iran's active help could also be critical for stabilizing Iraq.

This is why I oppose war with Iran. I favor negotiations. Isolating Iran like Castro's Cuba has produced only the same result as in Cuba: strengthening Iran's Castros. But for talks with Iran to bear fruit, we have to negotiate with Iran with leverage.

How do we get leverage? Make it clear that Iran can't push us out of the gulf militarily; bring down the price of oil, which is key to the cockiness of Iran's hard-line leadership; squeeze the hard-liners financially. But all this has to be accompanied with a clear declaration that the U.S. is not seeking regime change in Iran, but a change of behavior, that the U.S. wants to immediately restore its embassy in Tehran and that the first thing it will do is grant 50,000 student visas for young Iranians to study at U.S. universities.

Just do that — and then sit back and watch the most amazing debate explode inside Iran. You can bet the farm on it.

Democrats Agree To Iraq Panel (WP)

By Zachary A. Goldfarb

The Washington Post, January 31, 2007

Democratic leaders agreed yesterday to President Bush's idea for a new bipartisan panel to advise him on the fight against terrorism and the Iraq war, days after rejecting such a commission.

The president proposed the panel earlier this month when he announced his plan to send 21,500 more troops to Iraq.

"This group will meet regularly with me and my administration; it will help strengthen our relationship with Congress," Bush said Jan. 10 in a prime-time speech.

Democrats quickly opposed the plan. A Jan. 19 letter from House Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry M. Reid (Nev.) said: "We believe that Congress already has bipartisan structures in place . . . that could produce the result you described in your speech."

A senior Democratic leadership aide said yesterday that Bush had wanted to dictate the terms of the panel and even select its Democratic members.

Yesterday, Bush spoke with Pelosi and Reid, and they agreed to create a panel to which Democrats could appoint their own members.

"They had a very good conversation today and it was a very promising start," said Brendan Daly, a Pelosi spokesman.

White House spokeswoman Dana Perino said in a statement: "The president had a good phone conversation with Senator Reid and Speaker Pelosi this afternoon."

The panel's initial meeting is set for next week, Perino said.

Today, Pelosi is to discuss with Bush her recent visit to Iraq during a White House visit. She said yesterday that her delegation saw no sign of U.S. efforts moving ahead with urgency.

Rice: Iraq Missed Political Deadlines (AP)

By Anne Gearan

AP, January 31, 2007

Secretary of State Condoleezza Rice, while assuring senators Tuesday that the Bush administration expects Iraqi Prime Minister Nouri al-Maliki to make political reforms, provided a list showing deadlines already missed.

Iraq has passed target dates to make laws establishing provincial elections, regulating distribution of the country's oil wealth and reversing measures that have excluded many Sunnis from jobs and government positions because of Baath party membership, according to the list Rice provided.

The Iraq government had also agreed to approve a law governing political amnesty and the charged question of sectarian militias by Dec. 31 and to finish a review of the constitution, seen as unfair to minority Sunnis, by Wednesday.

The list was drafted by the al-Maliki government in September, Rice said in a letter to Sens. Carl Levin, D-Mich., and John McCain, R-Ariz.

Levin, chairman of the Armed Services Committee, and McCain, the panel's ranking member, said Rice's letter lacked details and ignored a goal previously suggested by U.S. officials: that the Iraqis should be able to assume control of their provinces by November 2007.

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"What Secretary Rice's letter makes abundantly clear is that the administration does not intend to attach meaningful consequences for the Iraqis' continuing to fail to meet their commitments," the senators wrote. "What has been said before is still true: 'America supplying more troops while Iraqi leaders simply supply more promises is not a recipe for success in Iraq.'"

President Bush and al-Maliki have outlined some of the pledges in public addresses, but Levin and other senators said they had pressed the State Department for months to provide a comprehensive list.

The benchmarks for Iraqi political reform are a central pillar of Bush's new strategy to turn around the unpopular war. He has said that he is relying on al-Maliki to reduce sectarian violence and make hard political choices, but has not spelled out the consequences if al-Maliki fails.

"The president has made clear to the prime minister and other Iraqi leaders that America's commitment is not open-ended," Rice wrote to Levin. "It is essential that the government of Iraq, with our help but its lead, set out measurable, achievable goals and objectives."

Many in Congress have become openly skeptical that al-Maliki, a Shiite, has the political will or desire to contain the spiral of tit-for-tat Sunni-Shiite sectarian killings that has left Iraq at the doorstep of civil war.

Although the Iraqi parliament and Cabinet have done intermittent work on some elements of the list, including the symbolic oil law, it appeared that none of the targets have been fully met. The list spans September 2006 through March 2007.

Last week al-Maliki called on lawmakers to pass several items on the list, including the oil and de-Baathification laws.

Levin and McCain had written to Rice asking for a clarification of Bush's Jan. 10 address on his new Iraq plan.

"America will hold the Iraqi government to the benchmarks it has announced," Bush said then. Levin has said it was not clear precisely which benchmarks Bush was referring to.

"It is essential that Congress have the information on those benchmarks to comprehensively consider as it addresses the way ahead in Iraq," Levin and McCain wrote.

Baghdad Grasps Role, Official Says (WT)

By John Zarocostas

The Washington Times, January 31, 2007

DAVOS, Switzerland -- Iraqi officials have received the message "loud and clear" that President Bush's new security plan offers them a last chance to gain control of their country, Iraqi Foreign Minister Hoshyar Zebari said.

The minister said the government also understood that the success or failure of the planned "surge" of 21,500 U.S. troops depended on the Iraqis' own performance.

"We have to rise to the occasion and take up each and every commitment," Mr. Zebari told The Washington Times on Monday as he prepared to go home from the five-day World Economic Forum in Davos. He said senior officials were "not shying away" from their responsibilities.

Mr. Bush announced the troop surge in Washington earlier this month, just days after Iraqi Prime Minister Nouri al-Maliki made his own announcement of coordinated plans to strengthen security in Baghdad.

"We think this new plan is different from previous plans because originally it is an Iraqi vision. ... And we strongly believe it has a strong chance of success," Mr. Zebari said.

Acknowledging that the credibility of his administration was on the line, the minister said, "I think the message is received loud and clear by all members of the government [that] this is the time, really, it's not business as usual.

"There is a lot of violence, of killing, of sectarian violence, and people will not respect you, the world will not respect you, if you don't have a handle on the security of your own country."

Mr. Zebari said a combination of external and internal elements were fueling the conflict but that Iraq could not simply blame its neighbors for the violence.

"There is a great deal of indigenous violence, and mainly by those groups who don't believe in democracy and dialogue, power sharing, and there are many misconceptions about the security situation in Iraq, unfortunately," he said.

"We have been at pain to reach out, to include [those opposing the new order], but they are not power sharers but power grabbers, and they are unable to come to accept the realities of Iraq that the political scene has changed."

The foreign minister expressed his appreciation for Mr. Bush's determination to defend the Iraqi government in spite of growing skepticism about the effort in the United States.

"The president is a believer, and a strong leader, and he has a lot of respect, OK, among many Iraqis, the majority of Iraqis. And the majority appreciate what the U.S. has done," he said.

Mr. Zebari said his government placed a premium on establishing better relations with neighbors Syria and Iran but would not tolerate outside meddling in Iraq's affairs.

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Fostering better relations with Iran will require Iraq to "engage them constructively," he said. But Baghdad "has to remind [Iran] that we will not accept, or tolerate, any diktat, or any intervention, in Iraq's internal affairs. It is a challenge for us; it's not easy.

"Again, I think we are destined to live with them by geography. We have many common interests with them. We have a long history; let's say of problems, of wars, of animosities and so on. But at the end of the day, we have to try to see some solutions."

Mr. Zebari said Iraq had already opened a dialogue with Syria. "The president was there a few days ago. We've restored our diplomatic relations with them. They have not been helpful in the past, but this time we will try to hold them to their commitment.

"Our message to [Iran and Syria] has been very straightforward and simple. You will not gain anything by meddling, by looking for short-term gains ... because failure in Iraq means chaos and will spill over to your societies, to your countries."

Progress In Baghdad (WSJ)

The Wall Street Journal, January 31, 2007

Capitol Hill has probably been too busy running for political cover to notice. But the last few days in Iraq have actually featured good news, as the government seems to be making some progress on key political and security issues.

One step forward is that Prime Minister Nouri al-Maliki has won parliamentary backing for his Baghdad security plan. This means the elected representatives of Iraq's Shiites, Sunnis and Kurds remain capable of compromise and are willing to give the new strategy a chance to work.

There's also evidence that the Baghdad plan is having an effect. Yes, al Qaeda bombs targeted the Shiite Ashoura holiday as expected. But there are also widespread reports of Sunni jihadists fleeing the capital in anticipation of a crackdown. Prime Minister Maliki has already started moving against Shiite militias, which might explain an apparent drop in sectarian violence. No one should get overconfident, but clearly the bad guys are taking the joint U.S.-Iraqi effort to pacify the capital seriously.

Meanwhile, the weekend saw an encouraging performance by the Iraqi security forces who took control of the Najaf area only about a month ago. Acting on their own intelligence, Iraqi police and a battalion from the Eighth Army Division confronted a radical Shiite sect calling themselves the Soldiers of Heaven who had reportedly planned to assassinate mainstream Shiite clerics, including the moderate Grand Ayatollah Ali Sistani.

Some observers are trying to spin this battle as a defeat for the government, because the first Iraqi units on the scene had to call for reinforcements and for American air power. But the fact that Iraqi forces were able to pre-empt the attack on Najaf before it began, and that everyone involved was able to coordinate the operation and soundly defeat the enemy makes it sound like a success to us. Hundreds of the insurgents were killed, compared to a handful of Iraqi and U.S. troops. This may well be a model for how U.S. troops might play a supporting role down the road -- assuming Washington gives them a chance to get Baghdad under control first.

For the moment at least, Iraq seems to be inching in the right direction. After a week of Western lamentations about the gracelessness of the Saddam hanging, it became clear that the primary effect of the execution was to enhance Prime Minister Maliki's stature in Iraq. Mr. Maliki, in turn, is using that political capital. The last thing he needs is to have his efforts undermined by votes of no-confidence in Washington -- or meddling by Congressmen with "benchmarks" who pretend to know better than he does how to deal with the most difficult issues, such as how best to marginalize Moqtada al-Sadr.

The Bush Administration has itself made many mistakes trying to micromanage Iraq's political development, but it now seems to understand that it is fated to deal with the Shiite-led government it has. Congressmen who are sincere in wanting to take the Iraq issue off the table in 2008 could help by showing a similar combination of resolve and humility.

Suicide Bombers ‘entering Iraq From Syria’ (FT)

By Daniel Dombey

Financial Times, January 31, 2007

Dozens of al-Qaeda suicide bombers from countries such as Saudi Arabia and Sudan are crossing into Iraq from Syria every month, a senior US official said on Tuesday.

Speaking to the Financial Times in London, the official said that, while sectarian conflict now represented the biggest threat to the country, the violence was being stoked up from abroad.

“This is the most difficult challenge,” he said. “How do you bring down sectarian violence in the face of this al-Qaeda campaign to prompt sectarian violence?”

But he added that the US’s new strategy for Iraq also depended on much greater co-operation from the Iraqi government.

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The US says outside actors – chiefly Syria and Iran – are still one of the biggest factors determining the level of violence in Iraq. It also portrays its recent decision to pursue Iranian operatives in Iraq as an effort to "push back" against Tehran's increased influence in the region.

The official alleged that the vast majority of suicide bombers came across the border from Syria, and that they received training for their task within Syria as well as inside Iraq itself.

"We do not believe that there was an inevitability to the Shia-Sunni conflict on this scale," he said, arguing that the violence had been greatly increased by al-Qaeda acts such as the bombing of the Samarra mosque last February.

He said that 75-80 per cent of the estimated 75 suicide bombings a month were carried out by foreigners, and that Saudi Arabia and Sudan were the most common countries of origin. But he emphasised that the Saudi government was doing its utmost to take on al-Qaeda.

"We have been wholly unsuccessful in affecting Syrian behaviour with regard to the passage of these elements," the official said, adding that the countries of the region wanted to isolate Syria further.

The US is also greatly concerned by Iran, which it believes has become bolder and more confident in its activities in the region in the past few months. Washington maintains that Iran's activities within Iraq have reached an unacceptable level because of the use of Iranian-made explosive devices and the incursion of Iranian operatives into Iraqi territory. Tehran denies meddling in Iraq's affairs.

"We are attempting to re-establish a position of strength," the official said of the recent US decision to step up action against Iran, including the despatch of an aircraft carrier to the Gulf.

He added that the US plan for Iraq depended on improving security, convincing the Iraqi government to adopt a less sectarian agenda, and eliciting financial aid from states in the region that are suspicious of Baghdad.

This would involve the Iraqi government providing effective soldiers, halting sectarian meddling in military decisions and embracing a programme of reconciliation. "If these commitments are not met, then this plan cannot succeed," the official said.

Baker: Syria Talks May Help Israel (AP)

By Barry Schweid

AP, January 31, 2007

If the Bush administration opened a dialogue with Syria it could remove a major roadblock to Israeli-Palestinian peacemaking — Hamas' refusal to recognize the Jewish state — former Secretary of State James A. Baker III said Tuesday.

Testifying before the Senate Foreign Relations Committee, Baker said, "We could get them (Syria) to get Hamas to recognize Israel's right to exist. It would be a huge step in the right direction."

Hamas, which is designated a terrorist organization by the State Department and the European Union, dominates the Palestinian government through its election a year ago.

The Bush administration has been reluctant to talk to Syria, citing its support for groups like Hamas. Baker was secretary of State under Bush's father, the first President Bush.

Baker told the committee he had discussed the situation with senior Syrian officials on a trip to the country as co-chair of the Iraq Study Group, a bipartisan panel that recommended several changes in Bush's Iraq strategy. Most of the recommendations were ignored by the administration.

Baker said the United States in talks with Syria also "could get them to stop arming Hezbollah," a Lebanese militia backed by Iran that has a foothold in the Lebanese government and fought a war with Israel last summer.

The co-chair of the study group, former Rep. Lee Hamilton, D-Ind., said Syria has been "sending signals to us" that they want to talk to the United States.

The study group recommended the Bush administration hold talks with Iran as well as Syria and other countries in the region as part of a diplomatic effort to end the fighting in Iraq.

Sen. Bill Nelson, D-Fla., who held talks in Syria in December with President Bashar Assad and Foreign Minister Walid al-Moualem, said, "The administration has adopted the approach of an ostrich."

"And make no mistake. It is not working," he told the private Council on Foreign Relations.

Nelson said Assad had "indicated an interest" in discussing its border with Iraq. Nelson said jihadists make their way into Iraq to fight U.S. troops.

Dozens Killed In Iraq Bombings (USAT/AP)

USA Today, January 31, 2007

BAGHDAD — Bombers struck Shiite worshipers in two cities Tuesday as they jammed major shrines for ceremonies marking Ashoura, the holiest day of the Shiite calendar.

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A series of attacks, which included an ambush on a busload of pilgrims, killed at least 58 people in Iraq.

Extremists chose targets in smaller cities where safety measures were less stringent.

In the deadliest attack, a suicide bomber blew himself up among a crowd of worshipers entering a Shiite mosque in Mandali, near the Iranian border, killing 26 people and wounding 47, Iraqi police told the Associated Press.

At least 12 more died and 28 were wounded when a bomb exploded in a garbage can as Shiites were performing outdoor rituals in the largely Kurdish city of Khanaqin, said police Maj. Idriss Mohammed.

In Baghdad, gunmen in two cars opened fire on a bus carrying pilgrims to the capital's most prominent Shiite shrine, killing seven and wounding seven. Hours later, mortar shells rained down on two mostly Sunni neighborhoods, killing nine and wounding 30 in what may have been a reprisal attack.

One person was killed in a mortar attack on a Shiite neighborhood, and a Shiite man was shot dead in the capital. Police also found eight bodies Tuesday of people slain in Baghdad.

Two policemen were killed in a bombing in Mosul.

Intense security prevented major violence in the Shiite holy cities of Karbala and Najaf, venues for the biggest Ashoura commemorations.

More than 1.5 million pilgrims jammed the southern city of Karbala for the Ashoura commemorations, according to provincial Gov. Akeel al-Khazaali. Most were Iraqis, but some came from as far as India and Pakistan.

Hundreds of thousands more joined rituals in Najaf, Baghdad and other cities.

Ashoura ceremonies mark the death of Imam Hussein, grandson of Mohammed, in the seventh century.

In Karbala, all private transport was banned, including bicycles. Pilgrims had to submit to body searches at dozens of checkpoints before reaching the two golden-domed shrines of Imam Hussein and his half brother Imam Abbas.

U.S. unmanned surveillance aircraft flew over the city to look for signs of trouble, al-Khazaali said.

"Even if the terrorists tear us to pieces, we will not stop coming to visit Imam Hussein," said Abbas Karim, 27, a laborer from Nasiriyah.

50 Iraqis Die As Holiday Brings Spasm Of Sectarian Killing (NYT)

By Marc Santora

The New York Times, January 31, 2007

BAGHDAD, Jan. 30 — Women dressed in black had just set out large caldrons to cook the traditional feast on the holy day of Ashura, a simple meal of rice and lamb in a tomato-based sauce. Children crowded around the pots as men wailed in a ritualistic mourning ceremony and guards scanned the crowd at the Shiite mosque near Baquba for would-be killers.

Then a bomb exploded.

“I saw a head land a few feet from me,” said Muhammad Saad, an 18-year-old student who was wounded in the blast. “Hands and legs were all around.”

At least 23 people were killed in the attack, the police said.

Only 35 miles to the southeast, in Baghdad, the Sunni residents of the Adhamiya neighborhood spent the day hiding in basements and under door frames, as explosions burst around them. At least 30 mortar shells rained down on the area, pulverizing homes and people.

By nightfall, police officials said that 10 were dead, while overwhelmed doctors at the local hospital said that at least 20 people had been killed and the number was likely to climb as bodies were dug out the next morning.

In all, more than 50 people died in scattered attacks across Iraq on Tuesday.

The day’s violence, much of it driven by sectarian rivalries, and most of it directed at Shiites, was by no means the worst Iraq has seen. But it was one more grim reminder of just how deeply this nation has been cleaved in the past year.

As millions of pilgrims flocked to Iraq’s holiest shrines, and tens of thousands of government security forces and Shiite militiamen fanned out to try to provide protection, ancient rituals transported worshipers back more than a thousand years, to the killing of the grandson of the Prophet Muhammad, Imam Hussein, by a Sunni army in the battle of Karbala in A.D. 680.

At Ashura, Shiites commemorate what is for them the most formative event of their faith, a celebration that had been banned under Saddam Hussein. In recent years, Sunni militants, caught up in a renewed sectarian split, have attacked worshipers on the holiday.

In 2005, at least 74 people were killed and in 2004, more than 180 people died. This year was, however, worse than last, when fewer than a dozen were killed.

Given the history of violence on Ashura, the Iraqi government deployed 10,000 policemen to guard Karbala, where many of the millions of pilgrims gather, according to the governor of Karbala Province, Aqil al-Khuzaie. He said American and British

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fighter jets and helicopters patrolled the skies, and a security perimeter was set up several miles from the city center, placing the crowds out of reach of mortar shells and short-range rockets.

While the ceremonies in the holy cities of Karbala and Najaf proceeded without violence, militants still managed to kill large numbers of people.

The deadliest attack was at the Shiite shrine near Baquba, in Balad Ruz.

Mr. Saad, the 18-year-old student who witnessed the attack and was interviewed in the hospital where he was being treated for his wounds, described what he remembered.

"I headed to the mosque around 10 a.m. and saw hundreds of people gathering," he said. There was heavy security, he said, but the rituals played out as they always do.

Shortly after noon he heard the explosion.

"I fell on the ground and lost consciousness," he said. When he came to, he saw victims being loaded into vans because there were no ambulances, and he heard gunshots.

A Shiite neighborhood in Baghdad, Kadhimiya, was also hit by about 20 mortar shells on Tuesday, according to the police, an attack that was most likely timed to Ashura.

Kadhimiya has generally been quiet, so much so that most of the government services work and residents have felt safe enough to venture out in the evening for tea and ice cream. The security has largely been provided by militias, not the government.

Although police officials reported no casualties in the shelling on Tuesday, residents said at least three people were killed in one explosion.

Abu Ali, 37, was standing near the main street watching an Ashura procession when a mortar hit a nearby house, a few hundred yards from the main Shiite shrine in the neighborhood.

"People rushed to the house," he said. They found three people dead and two wounded. "The house was burned to the ground because of the explosion."

An American military official said later in the day that troops had been able to pinpoint the location of mortar fire and called in airstrikes to take out the guns. It was unclear if the mortars from that site had been directed at Kadhimiya or Adhamiya, which are near each other.

Elsewhere in the city, four Shiite pilgrims were killed and nine more wounded when gunmen open fired on two minibuses.

In Khanaqin, a small town northeast of Baghdad with a mixed Shiite-Sunni population, a roadside bomb exploded during a procession of Shiite worshipers, killing at least 12 people, including three women.

Aside from the sectarian violence, new details emerged about the fierce fighting over the weekend outside Najaf, which served as a reminder that internal power struggles among Shiite factions can also have bloody consequences. The battle pitted Iraqi and American security forces against a fringe Shiite group that the Iraqi government said was planning an attack on the city and its top clerics during Ashura.

A video released by the government showed hundreds of blindfolded prisoners being rounded up after the daylong fight and being taken away by Iraqi security forces. Another video showed stacks of dead bodies; the government said the bodies, many burned beyond recognition, were fighters killed in the battle.

After conflicting accounts of how many people were killed and captured in the battle, the Ministry of Defense said 263 people were killed, 210 wounded and 502 arrested on suspicion of being part of the renegade militia.

More Than 60 Killed Amid As Shiite Festival Ends (LAT)

By Borzou Daragahi

The Los Angeles Times, January 31, 2007

BAGHDAD — Sectarian warfare directed mostly at Shiite Muslim pilgrims and worshipers celebrating the climax of an important religious holiday left more than 60 Iraqis dead Tuesday.

In addition, details emerged about arrests in the wake of a bold Jan. 20 insurgent raid on a joint U.S.-Iraqi security compound in Karbala in which a U.S. soldier was killed and four other American soldiers were captured and shot to death miles away.

A police official in Hillah said four Saudi Arabians staying in a Karbala hotel were arrested in connection with the attack. The official, who spoke on condition of anonymity, said U.S. and Iraqi officials had seized maps and other documents.

The official also said U.S. officials were heading the investigation of the well-synchronized raid, in which gunmen posing as American soldiers or contractors stormed the compound, disabled U.S. vehicles and whisked away the soldiers.

Four others of undetermined nationality also were arrested near the site where the gunmen shot the soldiers, shed their equipment and fled.

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Aside from a news release issued Friday, U.S. officials have declined to comment on the raid.

Thousands of Shiite pilgrims from around the world, including Saudis, descend on Karbala for Ashura, the religious festival.

Tuesday's violence was concentrated in religiously mixed areas of the capital and a province to the northeast.

The day's deadliest incident took place in Diyala, a religiously and ethnically mixed province that borders Iran. In the Balad Ruz region, 40 miles east of the provincial capital, Baqubah, a suicide bomber detonated an explosives belt among worshipers engaged in Ashura street demonstrations, killing at least 23 Shiites and injuring 57.

In nearby Khanaqin, a town of Kurds, Sunnis and Shiites along the border, at least eight people were killed and 30 injured when a bomb planted along a roadway near a mosque exploded during an Ashura procession.

In southwest Baghdad, at least 18 pilgrims were killed and 18 wounded when gunmen opened fire on buses ferrying people home from Karbala, the shrine city where hundreds of thousands of Shiites commemorated the 7th century martyrdom of Imam Hussein, a grandson of the prophet Muhammad.

Mortar battles raged between Sunni and Shiite enclaves of the capital. At least a dozen mortar shells landed in Adhamiya, home to an important Sunni shrine, killing 10 people and injuring 16.

A mortar shell struck a building in the northern Baghdad district of Kadhimiya, home to a Shiite shrine, killing one and injuring nine. Another struck a house in the mostly Sunni neighborhood of Jihad, inflicting casualties on the family inside.

Gunmen in the Sunni-dominated Dora district shot to death a Shiite man helping his mother remove furniture from their home, which they had abandoned because of sectarian threats, police said. The mother was also killed and the man's wife wounded.

Iraqi authorities in the capital discovered the bodies of at least eight young men who had been fatally shot in apparent sectarian death-squad killings.

A U.S. soldier was killed Monday near the southern city of Nasiriya when his vehicle rolled over in an accident, the U.S. military said Tuesday. The death brought the number of U.S. troops killed in Iraq since the U.S.-led invasion to 3,081, according to icasualties.org.

The U.S. military also reported a weekend suicide bombing of a fire station that killed 16 people near Ramadi. A driver plowed a dump truck filled with explosives and a chlorine tank into the compound.

"There are no indications of any casualties caused by the release of chlorine gas," the military statement said.

Violence Targeted At Shiites On Holy Day Kills 60 In Iraq (WP)

By Ernesto Londoã±o And Saad Sarhan

The Washington Post, January 31, 2007

BAGHDAD, Jan. 30 -- Attackers using bombs, rockets and guns killed at least 60 Shiite worshipers Tuesday as they observed their most sacred holiday, Iraqi officials said.

The day's deadliest incident occurred in the town of Baladruz, in Diyala province in eastern Iraq, when a suicide bomber walked through the main gate of the Ali al-Akbar mosque and detonated his explosives, killing 17 people and injuring at least 57, according to Ali al-Khaiyam, a police spokesman.

The worshipers were marking Ashura, which commemorates the death of the prophet Muhammad's grandson in a 7th-century battle at Karbala, in what is now southern Iraq. The city is the focal point of the 10-day festival, which culminated Tuesday.

At least 11 other Shiites observing the holiday were killed in Khanaqin, also in Diyala, near the Iranian border, after a bomb left at a market exploded, Khaiyam said.

A roadside bomb killed 15 Shiites participating in an Ashura procession in Baqubah, the capital of Diyala, and injured at least 30 civilians, according to Brig. Sadoun Salih of the Interior Ministry.

Five other people were killed in the province in other violent acts, Khaiyam said.

Violence targeting Shiites also broke out in Baghdad. A roadside bomb in the sprawling Shiite enclave of Sadr City struck an Ashura procession, killing seven people and wounding 23, Salih said.

In other neighborhoods, gunmen fired Katyusha rockets at processions and used machine guns to attack passing buses heading to Karbala, Salih added. He said at least three people died in those incidents.

In another attack on Shiites headed to Karbala, gunmen opened fire on passengers in a bus leaving Baghdad, killing seven, Salih said.

Mortar shells crashed down into the predominantly Shiite neighborhood of Kadhimiyah, in northern Baghdad, on Tuesday morning. "We have stopped going out or moving in the neighborhood, because one of the rockets fell just in front of my house," resident Yaarub Fadhil Hussein, 41, said in a telephone interview.

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Meanwhile, at the scene of a fierce day-long battle Sunday near Najaf between the followers of a Shiite cult leader and Iraqi and U.S. troops, a clearer picture of the group emerged Tuesday as Iraqi investigators explored its village. A Washington Post special correspondent toured the site.

The village, home to at least 700 people, had several brick houses, a large tented area where meals were served, a printing press used to publish a newspaper, and stockpiles of dry food. There were also a small mosque and dozens of vehicles.

After two days of varying estimates, Iraqi officials said Tuesday that 263 members of the group were killed in Sunday's battle. Provincial officials, who last month took control of security matters in Najaf province, said they acted on intelligence reports to thwart what they described as a plot to conduct a large-scale attack on Shiite leaders and shrines. Such an attack could have exacerbated sectarian violence in Iraq.

Iraqi officials said they were still sifting through conflicting accounts of the leader's background and motivation. The man, identified by a spokesman for the prime minister's office as Samer Abu Kamar, claimed to be the 12th imam, a messianic figure who Shiites believe will reemerge after a centuries-long disappearance to restore order and justice in a war-weary world.

Ahmad Diabel, a spokesman for the Najaf provincial government, said investigators believe that the group, known as the Soldiers of Heaven, received funding from al-Qaeda in Iraq, a Sunni insurgent group that has often targeted Shiites.

"This is definitely a great victory for the security forces, especially in Najaf," Col. Ali Nomas Jerao, a spokesman for those forces, said Tuesday. He said the operation was the first under full Iraqi military control to defeat "terrorists in the mid-Euphrates area." U.S. air and ground units supported the Iraqi troops.

Iraqi investigators combed the destroyed village, walking among piles of charred corpses, ash and debris. They also began questioning about 500 men detained after the battle.

Abu Kamar, a Shiite, might have sought to target Shiite leaders because he saw them as a threat to his messianic claim, officials and a scholar said. Officials described his followers as uneducated people who might have been drawn to him as a symbol of hope and redemption.

In recent months, the group's members cut nearly all ties to the outside world, Iraqi officials said. The armed men planned to travel to Najaf on buses, in the guise of ordinary Shiite pilgrims observing Ashura, they said. The attack was probably intended to unfold Tuesday.

Attacks Kill 58 During Holy Day (WT/AP)

By Bassem Mroue

The Washington Times, January 31, 2007

BAGHDAD -- Bombers struck Shi'ite worshippers in two cities yesterday, and gunmen ambushed a busload of pilgrims in a series of attacks that killed at least 58 persons as more than 2 million Shi'ites jammed major shrines for ceremonies marking Ashoura, the holiest day of the Shi'ite calendar.

The bloodshed took place despite heightened security after a battle with messianic Shi'ites who authorities said planned a large assault on Ashoura ceremonies. With security so intense at the main venues, extremists chose targets in smaller cities where safety measures were less stringent.

In the deadliest attack, a suicide bomber blew himself up among a crowd of worshippers entering a Shi'ite mosque in Mandali near the Iranian border, killing 26 persons and wounding 47, according to police. At least 12 more died and 28 were wounded when a bomb exploded in a garbage can as Shi'ites were performing outdoor rituals in the largely Kurdish city of Khanaqin, police said.

In Baghdad, gunmen in two cars opened fire on a bus carrying pilgrims to the capital's most important Shi'ite shrine, killing seven and wounding seven, police said. Hours later, mortar shells rained down on two mostly Sunni neighborhoods, killing nine and wounding 30 in what police said appeared to be a reprisal attack.

One person was killed in a mortar attack on a Shi'ite neighborhood, police said. Two policemen were killed in a bombing in Mosul, and a Shi'ite man was fatally shot in Baghdad, police said.

But intense security prevented major violence in the Shi'ite holy cities of Karbala and Najaf, venues for the biggest and most important Ashoura commemorations. Police found eight bodies yesterday of persons slain by sectarian death squads in Baghdad, the lowest single-day total in months.

Ashoura ceremonies mark the 7th-century death of Imam Hussein, grandson of the prophet Muhammad, in a battle near Karbala that cemented the Sunni-Shi'ite schism. Worshippers beat themselves with chains, slice their heads with knives and pound their chests in expressions of grief over the death of Imam Hussein.

More than 1.5 million pilgrims, mostly Iraqis but from as far away as India and Pakistan, jammed the southern city of Karbala for the Ashoura commemorations, according to provincial Gov. Akeel al-Khazaali. Hundreds of thousands more joined rituals in Najaf, Baghdad and other cities.

In Karbala, all private transportation was banned -- including bicycles -- and pilgrims had to submit to body searches at dozens of checkpoints before reaching the two golden-domed shrines of Imam Hussein and his half brother Imam Abbas. U.S. unmanned surveillance aircraft flew over the city to look for signs of trouble, Mr. al-Khazaali said.

"Even if the terrorists tear us to pieces, we will not stop coming to visit Imam Hussein," said Abbas Karim, 27, a laborer from Nasiriyah.

Security has been tight at Ashoura commemorations since a string of bombings and suicide attacks killed at least 181 persons at Shi'ite shrines in Baghdad and Karbala in 2004.

Last year's Ashoura commemorations were largely peaceful, but suicide bombers killed 55 Shi'ites in 2005.

Analysis: Najaf Battle Raises Questions (AP)

By Robert H. Reid

AP, January 31, 2007

Accounts of the bloody battle near Najaf have produced more questions than answers, raising doubts about Iraqi security forces' performance and concern over tensions within the majority Shiite community.

Among the questions: How did a messianic Shiite cult, the "Soldiers of Heaven," accumulate so many weapons and — if Iraqi accounts are accurate — display such military skills? Iraqi forces prevailed only after U.S. and British jets blasted the militants with rockets, machine gunfire and 500-pound bombs. Both U.S. and Iraqi reinforcements had to be sent to the fight.

It's also unclear how a shadowy cult that few Iraqis had ever heard of managed to assemble such a force seemingly without attracting the attention of the authorities earlier. Iraqi officials say the cult planned to slaughter pilgrims and leading clerics at Shiite religious ceremonies Tuesday — only two days after police and soldiers moved to arrest them.

If the "Soldiers of Heaven" were able to accomplish all this, how many other fringe groups may be operating beneath the radar, especially in the politically factious Shiite community of southern Iraq? Did the cultists have links to other established insurgent or militia groups?

Virtually all the information about the cult has come from Iraqi officials, who have released incomplete and sometimes contradictory accounts.

Based on the information released, the cult numbered in the hundreds and may have included some Sunnis. Iraqi officials identified the leader as Diya Abdul-Zahra Kadhim, 37, a Shiite from the southern city of Hillah who was killed in the fighting. Some Iraqi reports said he wanted to unleash violence to force the return of the "Hidden Imam," a descendant of the Prophet Muhammad who disappeared as a child in the 9th century.

Shiites believe the Hidden Imam will return to restore peace and justice to the world at a time when the Muslim community is in the gravest danger. Some officials suggested the leader considered himself the Hidden Imam.

In Basra, a Shiite cleric said the "Soldiers of Heaven" is the armed wing of a movement led by Ahmed bin al-Hassan al-Baghdadi, an obscure Shiite cleric also known as al-Yamani. The movement believes the return of the Hidden Imam is imminent. The cleric spoke on condition of anonymity because he did not want to be identified with Shiite factionalism.

Little is known about al-Baghdadi, who is believed to be from the southern city of Diwaniyah and who, according to some clerics, has told his followers he is in touch with the Hidden Imam. Some clerics said he founded his movement about eight years ago and has several thousands followers in southern Iraq.

Iraqi authorities said they became concerned about the cult when an informant told them last week that it was about to launch attacks during Tuesday's festival of Ashoura. They planned to slip into Najaf with the hundreds of thousands of pilgrims that descend on shrine cities for Shiite festivals.

The alleged plot was reminiscent of the 1979 attack in which Sunni extremists seized the Grand Mosque in Mecca, Saudi Arabia, the holiest site in Islam, taking hundreds of pilgrims hostage to protest alleged corruption in the Saudi royal family. Saudi forces stormed the mosque two weeks later, killing hundreds.

U.S. officials praised the role of Iraqi soldiers, most of whom are Shiite forces, for confronting Shiite gunmen.

"The aggressive manner in which the Iraqi soldiers performed north of Najaf going after the anti-Iraqi forces was impressive," Col. Michael Garrett, commander of the 4th Brigade Combat Team (Airborne), 25th Infantry Division, said in a statement.

Clearly, however, the Iraqis underestimated the Najaf cultists.

Units from the Iraqi army, police and the paramilitary national police went to the group's hide-out 12 miles northeast of Najaf early Sunday but came under a ferocious attack, according to Iraqi authorities. The Iraqis called for air support, and U.S. and British jets responded.

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Still, the cultists could not be dislodged. Reinforcements from Iraq's elite Scorpion Brigade and the U.S. Army's 25th Division were sent to the fight. A U.S. Army helicopter was shot down, and the two American crew members were killed. Fighting continued until before dawn Monday, nearly 24 hours after the clash.

The deputy governor of Najaf, Abdul-Hussein Abtan, said Tuesday that more than 300 militants were killed and about 650 were arrested. Eleven Iraqi troops were killed and 30 wounded, he said.

The Shiite-dominated government maintains the cult had links to al-Qaida in Iraq, which seems unusual considering the Sunni group's hatred of Shiites as heretics and collaborators with the U.S.

Nevertheless, the "Soldiers of Heaven" may have had ties to Saddam Hussein loyalists. Najaf officials said they were camped on land owned by a Saddam supporter. The area was once under the control of the al-Quds army, a force raised by Saddam in the 1990s.

It was unclear whether any former al-Quds members, who would have received extensive military training, were part of the cult.

In any case, it appears that the fighting had little to do with either the Sunni-led insurgency or the sectarian bloodletting between Shiites and Sunnis in the Baghdad area. More likely, the battle stemmed from rivalries within the Shiite community, which have led to armed clashes in the past in major southern cities.

Those internal tensions may increase if the Iraqi government bows to U.S. pressure and cracks down on Shiite militias.

"It seems most likely that this was Shiite-on-Shiite violence, with millenarian cultists making an attempt to march on Najaf during the chaos of the ritual season," Juan Cole, a Shiite scholar at the University of Michigan, said on his Web site. "The dangers of Shiite-on-Shiite violence in Iraq are substantial, as this episode demonstrated."

Remnants Show Cult Was Prepared, Organized (LAT)

By Saad Fakhrildeen And Borzou Daragahi

The Los Angeles Times, January 31, 2007

ZERGHA, Iraq -- The dead wore the same footwear, imitation leather dress shoes with Velcro flaps. Their mangled bodies filled the trenches. Bags of ammunition, with the names of fighters written on them, sat by their sides.

A pulpit made of bamboo stood next to a grassy field, a newspaper filled with rambling religious writing strewn nearby.

An unauthorized hour-long walk Tuesday through the bombed remnants of a religious cult called Heaven's Army revealed provocative clues about group, which was decimated Sunday in a 24-hour U.S. and Iraqi offensive that authorities say left 263 alleged members dead and 210 injured. Nearly 400 members also were arrested, an Iraqi defense official said.

Iraqi officials said the group was poised to launch an attack on clergy and holy sites in Najaf in the belief that it would hasten the dawn of a new age. Iraqi officials said they got wind of the plan and attempted to investigate but were attacked by the group's gunmen in a battle that also killed five Iraqi troops and two U.S. soldiers, who died when their helicopter crashed.

The bulk of the damage to the base was inflicted by U.S. airstrikes, which turned the tide of a ground battle led by Iraqi troops backed by U.S. forces.

Iraqi officials have released scant new details about the composition and aims of the group. Mohammad Askari, a spokesman for the Ministry of Defense, said foreign Arabs were among the Iraqi dead and captured but declined to provide more than basic casualty figures.

But amid lush groves of eucalyptus and palm trees, the camp itself offered a trove of details about the followers of Heaven's Army.

They had plenty of food. Each fighter, many of their bodies lying charred and disfigured, had a supply of chocolate and biscuits. They were prepared: A six-foot dirt berm and an equally deep trench surrounded the 50-acre compound.

They were well-organized. Living in at least 30 cement-block buildings, all the alleged fighters had identification badges. The group published books and a newspaper. They apparently were enamored with their leader, a charismatic, black-turbaned man in his 30s named Dhiya Abdul-Zahra, whose likeness adorned the newspaper.

And they were well-armed and ready for battle. High-powered machine guns, anti-aircraft rockets, mortars, rocket-propelled grenades and late-model pickup trucks with mounted guns were scattered around the eight farms that comprised the compound, about 10 miles north of Najaf.

A wooden platform on a tree served as a sniper outpost. The would-be shooter lay dead on the ground by the tree trunk.

"Without the bombings of the Americans we would have remained for two weeks unable to penetrate," said an Iraqi soldier, who led journalists through the devastated compound.

Except for the identical shoes, none of the fighters wore uniforms. They wrapped black-checkered scarves around their necks and walked around in running suits and flowing dishdasha gowns. Their bodies were contorted and burned in the bombing campaign. A few were blown to pieces. The fighters included young boys as well as middle-aged men Some apparently held day

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jobs -- one of the dead fighters, Ahmad Mohsen Kadhem, 31, had an identification card in his wallet showing he was authorized to carry weapons as a guard for a nearby company, the government-owned State Organization for Cereals.

Arabic readers described the articles in the group's eight-page newspaper, "Al-Bayan," or "The Statement," as little more than religiously inflected gibberish, with made-up words and references to "manifestations and sightings" of the Imam Mahdi, the last in a line of Shiite saints worshipped by Shiites.

A book found at the complex, called "Heaven's Judge," also bearing the picture of Abdul-Zahra, dismisses the teaching of Shiite Muslims as well as Sunnis. "The Shiites are misled," said the book, which refutes central tenets of Shiite theology.

"The house of the Prophet Mohammad has adopted a path using signs to point to heavenly facts, a method for considering the order of secrets," it added, in statements that perplexed Shiite and Sunnis who read it.

Special correspondent Fakhrildeen reported from Zergha and staff writer Daragahi from Baghdad.

Reports Fault Oversight Of Iraq Police Program (WP)

By Griff Witte And Renae Merle

The Washington Post, January 31, 2007

The U.S. government has squandered millions of dollars intended for police training programs in Iraq because of rampant problems overseeing contractors, according to federal reviews released yesterday.

In one case, contractors building a camp for American trainers constructed an Olympic-size swimming pool that hadn't been ordered. In another, human waste reportedly continues to leak from plumbing fixtures at a barracks for Iraqi police recruits, a year after the problem was first identified and despite assurances from the contractor that the problem was being fixed.

Together, the reports offer a revealing glimpse at one aspect of the $38 billion American-led reconstruction effort. The police training program has been repeatedly flagged by U.S. officials as particularly crucial to the war effort, given the need for effective Iraqi security forces to take over from the U.S. military. While yesterday's reports by the special inspector general for Iraq reconstruction do not address the training itself, they do find major flaws with how both the government and its contractors attempted to build the program's facilities.

The flaws, auditors concluded, all had common roots: The government's failure to monitor how contractors were spending taxpayer money.

But the two contracts reviewed by the special inspector general's staff produced vastly different types of problems. One of the contracts called on Falls Church-based DynCorp International to build a camp to house its trainers. Auditors found that the company performed $4.2 million worth of work that had not been authorized by the contract, including building the pool and 20 VIP trailers at the behest of Iraqi officials. Because of security concerns, the camp was never used.

At the $73 million Baghdad Police College, meanwhile, inspectors uncovered numerous examples of shoddy construction, including ones that pose potential health problems to Iraqi recruits. The problems, some of which were first reported publicly in September, had still not been fixed when inspectors returned to the site months later for follow-up inspections. Auditors said the contractor, California-based Parsons, knew about the plumbing problems as early as a year ago but failed to correct them.

"As a result, the unsanitary conditions continue," the report said.

Parsons was ultimately paid $5.3 million for substandard work, auditors found. The Army Corps of Engineers will also be paid -- up to $2.5 million -- for monitoring Parsons's work, even though auditors said its oversight was "essentially non-existent."

The inspector general's office said it would begin to investigate evidence of potential fraud connected to the project.

In response to the report, the corps said in a statement that it is "making steady progress on completing warranty repairs related to the sewer, water and electrical systems" at the police college.

In a written exchange, the corps also challenged some of the auditors' findings, contending that in one instance the leaking liquid identified as human waste was actually "dirt-filled fresh water."

Officials in the special inspector general's office replied that regardless of what the liquid is, the corps "needs to realize that the plumbing system is not only tremendously flawed, but the cadets may be supplied with hazardous water."

James F. McNulty, chief executive of Parsons, said in a statement that the company's work had been hampered by security concerns. "Extremely difficult security conditions factored significantly into problems that occurred, and we worked to fix the problems as soon as we learned about them," he said.

Parsons, a $3 billion-a-year construction and engineering firm, had been one of the United States' largest contractors in Iraq. The company's work first came under scrutiny last spring, when the special inspector general's office reported that the company would complete only a small fraction of the 150 health clinics it was tasked to build. The focus on Parsons intensified in the fall, when the special inspector general's office blamed the company and the corps for problems at the police college.

At a congressional hearing in September, a Parsons executive, Earnest Robbins II, testified that the problems at the college would be fixed. "We are repairing it at no cost to the government," he said.

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The company left the repairs to an Iraqi subcontractor, which it blamed for botching the job in the first place. In yesterday's report, however, auditors also found fault with Parsons's designs, which they said did not include enough detail to allow subcontractors to do the work properly.

In its review of work under DynCorp's $1.8 billion State Department contract, the special inspector general found that the department's lax oversight led it to pay $43.8 million for a residential camp for DynCorp trainers that has never been used.

Some of the work on the camp, including the pool and VIP trailers, was requested by the Iraqi Interior Ministry but was never authorized by U.S. officials.

The State Department ordered work on the project stopped in September 2004, shortly after issuing the contract, because of concerns that the location was too dangerous for DynCorp's trainers. DynCorp initially told the department that the camp had already been completed, but more than a year later said it wasn't.

In 2005, a State Department official became concerned about "potential fraud" regarding DynCorp's billing for 500 trailers that may have never been built. Yesterday's report said the investigation is ongoing.

The department also can't account for $36.4 million of weapons and equipment, including armored vehicles and body armor, because DynCorp's invoices were vague, the report said. "DynCorp invoices were frequently ambiguous and lacked the level of detail necessary to identify what was procured," the report said.

A State Department official said the agency initially became concerned about the contract in 2005 and has revamped its contracting practices for work in Iraq, Afghanistan and Jordan. According to the report, the department is reviewing all of DynCorp's contracts and identified a $1.1 million billing error earlier this month.

"We haven't been contacted about the information in this report," said Greg Lagana, a DynCorp spokesman, "but we believe that any investigation or audit will show that the company acted responsibly and with concern for the expenditure of public funds. Of course, should there be any audit or investigation, we will cooperate fully and openly."

Iraq's Refugees (NYT)

The New York Times, January 31, 2007

To calculate the price that Iraqis have paid for the American misadventure in their country, you have to deal in big, round, horrifying numbers. Civilians killed last year: 34,000. Driven from their homes within Iraq: 1.8 million. Fled to other countries: an additional 2 million, and growing. The number of Iraqis who have found refuge in the United States is easier to pin down. This country has admitted a grand total of 466 Iraqi refugees since 2003.

However President Bush tries to manage the endgame of his dismal war, America has an obligation to the Iraqis whose lives it has upended. It owes a particular debt to those who have faced incredible dangers working with American forces as interpreters, guides and contractors. These allies — and their families — have become a haunted and hunted group, branded as traitors and targeted for kidnapping and assassination by insurgents and militias.

By any measure, the Bush administration is failing them. The current price tag for the war is $8 billion a month, yet the State Department plans to spend only $20 million in the coming fiscal year to help shelter Iraqi refugees overseas and to resettle them here. A special visa program to resettle Iraqi and Afghan military translators has been capped at 50 people a year and has a six-year waiting list.

Of all the Vietnam-era mistakes the country has been repeating lately, indifference to refugees is especially unforgivable. The administration can start addressing the problem by devoting a far greater number of refugee slots — currently 70,000 a year — to people from Iraq and Afghanistan. It can streamline entry procedures, which should be a manageable task for those who have already been vetted to work with the United States military.

It should move quickly to organize a conference with Iraq's neighbors to discuss ways to cope better with the human suffering and the potentially destabilizing effects of the rising human tide. And it should answer an urgent appeal for funds by the United Nations High Commissioner for Refugees, which is seeking $60 million over the next 12 months to shelter and protect displaced Iraqis.

Does it really need to be said yet again that in these perilous times the way to win trustworthy allies is to be one?

Pentagon's Covert Activities Come Under Senate Scrutiny (WSJ)

By Scot J. Paltrow

The Wall Street Journal, January 31, 2007

Congress's new Democratic majority is expanding its review of the Bush administration's push for broad executive power, as the Senate is set to look into how the Pentagon has increased its covert intelligence operations.

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Lawmakers plan to study whether the Pentagon obtained the proper authorization for covert operations and notified Congress as required under the law. The inquiry will also explore whether the Pentagon engaged in activities that legally are the responsibility of the Central Intelligence Agency.

The hearings, to be conducted by the Senate Intelligence Committee beginning March 1, stem from concerns of some lawmakers, particularly Democrats, about an expansion of Defense Department intelligence actions under former Secretary Donald Rumsfeld. Critics have said the effort amounts to building a parallel intelligence network that competes with the CIA, but without the broader oversight under which the CIA operates.

Republican congressional leaders had overruled previous efforts by some lawmakers to investigate the expansion, but they lost control of Congress this month. Sen. Jay Rockefeller (D., W.Va.), the panel's new chairman, has supported such a review and scheduled the hearing.

While the hearings will focus on military covert activity abroad, congressional Democrats and some Republicans also are interested in domestic intelligence activities launched by the Pentagon and other federal agencies since the Sept. 11, 2001, terror attacks. The new activities include data-mining and domestic warrantless wiretapping. Critics say they threaten privacy and civil liberties. The Senate Judiciary Committee, under its new chairman, Patrick Leahy (D., Vt.), held two hearings this month on these activities. People involved with the Intelligence panel's plans said the hearing witnesses likely will include new Defense Secretary Robert Gates.

Mr. Rumsfeld cited the post-9/11 terrorist threat as justification for broadening defense intelligence activities. The Pentagon established a Counterintelligence Field Activity unit, which has been criticized for collecting data on U.S. citizens. It also created undercover teams from the Defense Intelligence Agency and military Special Operations forces to conduct operations overseas.

So far, however, the Pentagon appears to have been able to conduct those operations without the formal steps required of other U.S. intelligence agencies before covert action.

Traditionally, covert actions overseas have been the task of the CIA. They entail activities such as secret attempts to capture or kill suspected terrorists and propaganda campaigns. One question to be explored during the hearings will be whether the Pentagon's secret operations may have violated a federal law that requires a written presidential finding and notification of the congressional intelligence committees when a covert action is to be carried out.

A November 2006 report by congressional researchers concluded that there was reason to question whether the Pentagon was trying to evade the requirements of the law. That law was adopted in response to congressional concerns about the Iran-Contra affair in the mid-1980s, when the Reagan administration secretly sold arms to Iran, and used the proceeds to fund an anticommunist Nicaraguan insurgency. The changes strengthened requirements for presidential findings and notification of the intelligence committees.

Under Mr. Rumsfeld, the Pentagon contended that its new activities don't fall under the law's definition of "covert actions." Instead, as the Congressional Research Service report notes, it claimed exemption from the requirements because it said the new secret operations carried out by military personnel in Afghanistan, Iraq and elsewhere amount to traditional military activities intended to help prepare for battle.

The law, added in 1991 as a new section of the National Security Act of 1947, defines covert activity as action by the U.S. government "to influence political, economic, or military conditions abroad, where it is intended that the role of the United States Government will not be apparent or acknowledged publicly."

Except under unusual circumstances, the law requires the president to sign a finding beforehand to authorize a covert action, attesting that it supports specific foreign-policy goals and is important to national security.

Former Army Lt. Gen. William Odom, now at the Hudson Institute, said oversight is important partly because such operations easily can go awry, causing unintended results and diplomatic embarrassment for the U.S. "Rumsfeld just ran loose," he said, adding, "You have to have a system where you hold people accountable for making the decisions."

Mr. Rumsfeld has said the expanded intelligence activities by the Pentagon were vital to the global war on terrorism. Gen. Odom also noted recent complaints from CIA officials that covert actions were taking place in countries where local CIA station chiefs knew nothing about them. The Pentagon's press office didn't respond to repeated requests for comment.

With Gratitude In Every Stitch (WP)

By Jura Koncius

The Washington Post, January 31, 2007

The carefully packed boxes stack up daily in the chaplain's quarters at Walter Reed Army Medical Center, about 50 a week. The instructions read simply: "Please give this to a soldier." Chaplain John L. Kallerson, an Army major, gently opens each one and places the contents around his windowless office. Then he lays his big hands on the piles and says a blessing.

His is the ministry of the quilts.

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A phone call to the chaplain four years ago has created a national movement to say thank you to soldiers wounded in the war on terror.

More than 7,900 "comfort quilts," each carefully stitched with love and gratitude, have been sent through the Quilts of Valor Foundation to the wounded soldiers at Walter Reed and 70 other U.S. military medical centers. Kallerson prays over and hands out quilts from church groups, schoolchildren, quilting bees. Quilts made from accomplished artists whose designs sell for thousands. Quilts with bears, fish, basketballs. Quilts with hot-pink flowers for wounded women.

Amish and Mennonites have sent them anonymously. Children at the Colorado School for the Deaf and the Blind have created Braille quilts for soldiers who have lost their sight. Some donors, such as Native Americans who sent quilts bearing warrior symbols, have requested that their quilts be given to kindred spirits. Many have special messages: "You are our hero." "You are very brave."

Some arrive with letters, tapes or prayers.

"This is a gift from the heartland," Kallerson said. "Soldiers get CD players and iPods and DVDs, but this is the greatest gift of all. It comes from people's hearts. This is a simple thank you for your service."

Deborah Francisco, a defense contractor from St. Leonard, spent a year making one with the black and gold Army 1st Cavalry logo. "I hope the soldier who got it feels like someone is thinking of him," Francisco said.

This is how it got started: An accomplished Delaware quilter, Catherine Roberts, contacted Kallerson. She wanted to sew a blue and white Ohio Star quilt and donate it to a wounded service member. For every soldier killed, she knew there were 10 wounded.

"I had this vision in my head of a soldier waking up with horrible flashbacks," said Roberts, 57, a midwife and a quilter for 25 years. "I saw him wrapping himself up in a quilt."

Kallerson talks to a lot of people who want to donate things, but the hospital doesn't have the space or staff to handle them. Still, he was intrigued by Roberts's offer. He had someone in mind, an amputee from Minnesota, who was experiencing phantom pain. He gratefully received the quilt.

Then Roberts realized that she needed to reach more soldiers. "I got all my quilting people together and told them we had to start making quilts for all the wounded. Plenty of people were sending goggles and rat traps and things like that to the soldiers in the war, and there were programs for the families of our fallen heroes. But I didn't see anything targeting service members who had been wounded."

She put out the word online to the 19 million-strong quilting community. E-mails started flooding back. "Many quilters remembered Vietnam days," said Roberts, whose son, Nathanael Vinbury, served a year with the Army in Iraq. "They didn't want our troops coming back to that kind of reception."

Today, comfort quilts are part of the fabric of life at Walter Reed, helping to humanize the 308 government-issue beds, overlit hallways and hushed visitors lounges. As soldiers are wheeled to physical therapy or the endless tests, there is a rush of color from hand-stitched covers as they roll by. Many of the 600 wounded who come in daily for outpatient treatment have quilts folded under their legs or tucked around their bodies. Soldiers clutching the quilts have turned up at inaugural balls and Army-Navy football games.

Daniel Peters, 22, an Army combat engineer from Goffstown, N.H., received his red, white and blue quilt three months ago. It rarely leaves his side. "I use it every day to prop up my foot," he said. All the toes on his right foot were severed in Afghanistan when the Taliban shot a rocket under his Humvee; he has had surgery to reattach them.

"It brought him a lot of comfort," said his mother, Beverly Peters. "It showed him that someone cared."

Quilting has been part of wartime America since the early 19th century. "It's always been in the nature of quilters to have the urge to make something to cover soldiers, warm them and give them comfort," said Karey Bresenhan, a nationally known quilting expert and co-founder of the Alliance for American Quilts.

During the Civil War, soldiers used quilts as bedrolls. Supporters of the Union Army banded together to send quilts to their men, and Southern women cut up their dresses to make quilts for Confederate soldiers. The Smithsonian's National Museum of American History has 400 quilts in its collection, including one made in 1863 by Mrs. Gilbert Pullan's Sunday school in Augusta, Maine, for Union soldiers in Washington hospitals. The Maine quilt is inscribed with Bible quotations, recipes for medicines and jokes.

In World War I, the Red Cross sold quilts, and in World War II quilts were sent to Europe to be given out to the wounded.

Today, soldiers aren't taking quilts to war as much as using them during recovery. Kallerson conducts his wartime ministry from a cart. He loads it up and wheels it down Walter Reed's halls. If men are skeptical about receiving a quilt, he approaches their wives or mothers. Many soldiers ask if the quilt is free. "They are shocked that someone has gone to the trouble of making this for them," he said.

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Eric Frazier, 20, of Altamont, Tenn., a Marine lance corporal, doesn't even remember choosing a quilt because he was on morphine. He was wounded in October in Fallujah and lost both legs, one above the knee and one below, and suffered a head injury. "He could have chosen a pink one, he was so out of it," said his father, Kary Frazier. Eric's quilt is waiting for him at home, on his bed.

One person sent a Purple Heart quilt. Kallerson handed it to a decorated double amputee. "He told me he wasn't sure he deserved it," Kallerson recalled. "I thought if you don't deserve a quilt, then I don't know who does."

Some of the quilts are becoming family heirlooms to be passed down to future generations.

Quilting groups across the country have used Roberts's Web site -- http://www.qovf.org-- as a clearinghouse for information on comfort quilts. Roberts has made it possible for the groups that piece together quilt tops to connect with longarmers, people who own large machines that efficiently stitch the tops to batting and a backing. Hand quilters can take hours and hours to do this; by machine it takes three to 20 hours, depending on the design.

Lisa Langlais, a longarmer from Springfield, said she has donated her services for more than 60 quilts, including 30 she pieced herself. Longarmers can make $75 to $400 for machine-finishing a quilt.

Langlais has never met any of the service members who have received her quilts.

"This is an anonymous project," she said. "I don't expect a thank-you card. I just put all of my good, positive thoughts in the quilt."

Kallerson has personally distributed 3,069 quilts. "One father brought me to tears," he said. "He brought a quilt back to me because his son did not survive."

Kallerson placed the quilt back into the father's hands.

DOJ:

Whistleblower Complaint Filed Against DOJ Civil Rights Division (LAW)

By Jason McLure, Legal Times

Legal Times, January 31, 2007

The Justice Department's Civil Rights Division has seen its share of turmoil in recent years, owing at least in part to changes initiated under former Attorney General John Ashcroft that shifted line-attorney hiring decisions to political appointees.

Now one of the conservatives brought in by former acting Assistant Attorney General Bradley Schlozman has filed a whistleblower complaint with the Office of Special Counsel, charging he was wrongfully fired by the DOJ for complaining about what he calls the "toxic work atmosphere" in the special litigation section of the Civil Rights Division -- an office responsible for investigating civil-rights abuses in law enforcement and prisons and protecting access to abortion clinics.

Ty Clevenger, 37, a former Washington Times reporter and line attorney in the section who was fired in October, has accused veteran Section Chief Shanetta Cutlar of being "abusive toward attorneys and support staff," specifically those hired by Schlozman.

Among Clevenger's allegations: Secretaries were ordered not to assist him with an eight-hour typing project, another attorney was publicly berated for using a paper clip rather than a binder clip on a document and an intern was reprimanded for not greeting Cutlar while passing her in the hallway.

In his whistleblower complaint, Clevenger included a copy of a statement by the intern, Deborah Meiners, 24, to a DOJ ombudsman about the hallway incident.

"I did get the sense that this was a common occurrence," says Meiners, now a third-year law student, of her treatment.

As for Clevenger, he says he decided to go public (the complaint was first posted on the blog Above the Law) after his attempts to get traction with Cutlar's superiors failed.

"Even after I was fired, I called some of my friends in DOJ who are political appointees, and I said, 'Let's not make things ugly,' " says Clevenger, now in private practice in College Station, Texas.

Cutlar's office referred questions to a DOJ spokeswoman, who issued a statement saying the department is looking into the allegations.

Arizona's U.S. Attorney Joining Mass Exodus (AZREP)

By Dennis Wagner And Billy House, The Arizona Republic

Arizona Republic, January 31, 2007

DOJ_NMG_0124974

U.S. Attorney Paul Charlton leaves office today as Arizona's top federal prosecutor amid a cloud of controversy over whether he was forced out by the Justice Department along with a number of colleagues nationwide during a political purge by the Bush administration.

Charlton has been mum since saying last month that he was quitting to become a partner at a private Phoenix firm.

At least 10 U.S. attorneys have announced plans to leave office in recent months, some admittedly forced out. Those events have prompted Sen. Charles Schumer, D-NY, to convene a Judiciary Committee hearing next week. The agenda title: "Is the DOJ Politicizing the Hiring and Firing of U.S. Attorneys?"

"The highly unusual recent flurry of firings of many well-respected U.S. attorneys not only raises some flags, but also requires some explanations from the administration," Schumer said in a written statement. Other lawmakers note that U.S. attorneys are responsible for taking the lead on public corruption cases.

In a speech this month on the Senate floor, Sen. Dianne Feinstein, D-Calif., said: "At a time when we are talking about toughening the consequences for public corruption, we should change the law to ensure that our top prosecutors who are taking on these cases are free from interference or the appearance of impropriety."

In Arizona, two U.S. House members, Republicans Rick Renzi and Jim Kolbe, were the focus of initial inquiries by Charlton's office last year. No findings from either inquiry have been announced. Kolbe has retired.

During a Senate subcommittee hearing this month, Attorney General Alberto Gonzales flatly denied that any resignation resulted from political maneuvering. But Feinstein claimed in her Jan. 16 floor speech that she was told the Justice Department was dumping top prosecutors so Gonzales could appoint replacements without Senate oversight.

"To date I know of at least seven U.S. attorneys forced to resign without cause, without any allegations of misconduct," Feinstein said, listing Charlton among them.

There are 93 U.S. attorneys in the nation and its territories, responsible for enforcing federal criminal laws and representing the government in civil litigation. They serve at the pleasure of the president and are installed for four-year terms that may be extended. Typically, they are replaced when a new political party takes over the White House. Nominations are made by the president and confirmed by the Senate.

Under a little-known provision of the USA Patriot Act, however, the appointment authority for interim U.S. attorneys was shifted to the attorney general, who may assign replacements without Senate scrutiny or approval.

Gonzales insisted during the subcommittee hearing that he is "fully committed" to seeing that every new U.S. attorney is appointed by the president and confirmed by the Senate.

Democrats have introduced a bill that would reverse the Patriot Act provision and set a 120-day limit on interim appointments.

Questions about the resignations arose after Bud Cummins quit as U.S. attorney in eastern Arkansas and was promptly replaced by J. Timothy Griffin, a 34-year-old former aide to Bush political adviser Karl Rove. In Arizona, Charlton surprised his staff last month with news that he was leaving his federal post after five years to join the Phoenix firm of Gallagher and Kennedy, where his wife also works.

Wyn Hornbuckle, an office spokesman, said there is no alternative explanation. Diane Humetewa, an assistant U.S. attorney and Hopi tribal member, has been recommended by Arizona's two U.S. senators to replace Charlton but has not been nominated for that position.

Justice Department spokesman Brian Roehrkasse said 11 U.S. attorneys have quit since the appointment authority changed in March 2006. To date, five of those positions have been filled, three by nominees who were confirmed.

CORPORATE SCANDALS:

Is The DOJ's New Policy On Prosecuting Corporations Real Reform Or Business As Usual? (LAW)

By Abbe D. Lowell, Christopher Man And Obiamaka P. Okwumabua, Special to Law.com

Law.com, January 31, 2007

For the third time in seven years, the U.S. Justice Department has issued a new policy for investigating and charging corporations.

Now, what will be called the McNulty Memorandum (named for Deputy Attorney General Paul McNulty, who announced it) will be added to the Thompson and Holder Memoranda (also named for the deputy attorneys general who announced them) in the ever-evolving attempt by the DOJ to get it right.

Putting aside whether the whole idea of prosecuting corporations (versus the people within a company who commit the alleged wrongdoing) makes any sense at all (many countries have no process for charging companies), the question is whether the newest policy has changed anything.

Particularly after the Justice Department implemented the earlier Thompson Memorandum's policy on charging companies, there was vocal criticism from the defense bar that government tactics -- such as encouraging companies to fire suspected employees, requiring waiver of the company's attorney-client privileges and cutting off attorney fees for targeted employees -- were strong-arm measures that violated constitutional rights.

The DOJ had this awesome power because the threat to companies of the stigma of prosecution (e.g., KPMG) or of winning the battle only to lose the war (e.g., Arthur Andersen) was grave. To avoid such dire consequences, companies all too readily opened their confidential files and, in effect, did the prosecutors' job by investigating themselves and giving the government the results. Despite the presumption of innocence, companies then fired any employee suspected or named by the prosecutors and cut off their defense fees to avoid a corporate death sentence that could result merely from being charged. These actions often led the employees caught in the crossfire to enter plea bargains, not because they truly felt they had violated the law but because they could not fight both the prosecutors and their employers.

It was not until a federal judge in New York in the KPMG case said the government "let its zeal get in the way of its judgment" and that its actions "held the proverbial gun to [defendants'] heads" that prosecutors' actions became more widely reviewed. For example, Sen. Arlen Specter introduced legislation to stop what he called abusive prosecutorial tactics. Only in the face of forced change did the DOJ issue a new policy in an attempt to police itself. But, the proposed self-restraint may be a bit too little and a bit too late.

The way the government asserted the power it had over companies was to evaluate whether to charge a company (and likely put it out of business) based on that company's "cooperation." And, this cooperation often was measured by how broad the company's waiver of privileges was, how quickly it fired those involved and how many benefits, like attorney fees, it would take from those former employees. Too many companies were all too willing to do all that was asked (and more) to survive and avoid prosecution.

The McNulty Memorandum addresses two of the most frequent charges of abuse that have been leveled against the department -- the requirement of privilege waiver and denial of attorney fees. The new memorandum states that neither tactic should be employed by prosecutors as a general matter in the evaluation of whether a company has cooperated or should be charged. Yet, the "change" is in degree and not to the tactics themselves. The department is not disclaiming its ability to use either form of pressure but is simply declaring that it will do so more sparingly. The department's message to the business and legal community is "trust us." But when such a message is delivered by the same people who betrayed such trust by engaging in egregious conduct in the first place, the department will have to demonstrate that the McNulty Memorandum works in practice before its words will inspire much confidence.

The most significant problem with the McNulty Memorandum is that it speaks only to what the prosecutor can demand, but it does not place any meaningful limit on what the prosecutor can suggest. As we all know, a prosecutor's request or suggestion of what companies might do to be deemed cooperative can be heard by a company as what it has to do. While the new policy may rein in the rogue or overzealous prosecutor by requiring approval by a senior DOJ official before demanding a privilege waiver or fee cutoff, the policy does nothing to restrain Assistant U.S. Attorneys from making these requests more subtly. The pressure on corporations to accede to a prosecutor's "request" to waive privilege or to make life difficult for suspected employees is still too great so long as the practical reality of failing to do what the government wants is corporate suicide. Without an actual ban of these tactics, prosecutors can wink and nod, and companies will feel that the best way to avoid indictment is to do that which the government used to demand directly. There will be no way for this now sub rosa pressure to be exposed. Exchanges between prosecutors and corporations will now say all the right words, and it will be harder for well-intentioned DOJ supervisors and judges to scrutinize the pressure on corporations that was once overt but is now implicit.

While the department should be commended for recognizing a need for a shift in policy, the problems it seeks to redress may not be solved by the precatory approach the McNulty Memorandum has adopted. If the DOJ is not ready to actually ban strong-arm tactics that violate constitutional rights, then it will have to go a long way in supervising prosecutors to show that a real change has occurred. Otherwise, the new policy will be a press conference and fanfare without any real substance or reform, and it will be back to business as usual.

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WIDENING SCANDAL At Siemens, Witnesses Cite Pattern Of Bribery (WSJ)

By David Crawford And Mike Esterl

The Wall Street Journal, January 31, 2007

One day in early 2004, senior Siemens AG executive Michael Kutschenreuter says, he got a disturbing phone call from a Saudi Arabian businessman.

The caller said he represented Beit Al Etisallat, a Saudi consulting firm that had been a business partner of Siemens. Now Beit wanted $910 million in commission payments. If Siemens didn't pay up, the caller threatened, he would forward documents to the U.S. Securities and Exchange Commission detailing bribes paid on the German industrial giant's behalf to win telecommunications contracts in the kingdom.

Mr. Kutschenreuter says he alerted his superiors, including Klaus Kleinfeld, now the chief executive of Siemens, and Heinrich von Pierer, the CEO at the time. Mr. Kutschenreuter also says that with the backing of the Siemens management board, he reached a deal in January 2005 to pay Beit Al Etisallat $50 million. He says that $17 million was for past obligations and the rest was what he describes as "hush money" to make the problem go away.

It hasn't. Mr. Kutschenreuter was arrested in November as part of a widening criminal investigation that has shaken the foundations of the storied 160-year-old German conglomerate. Mr. Kutschenreuter and five other suspects were released from custody before Christmas after agreeing to cooperate with German prosecutors.

Prosecutors suspect that Siemens officials diverted funds through sham consulting contracts to slush funds to bribe potential customers over several years. Since police raids made the probe public, Siemens says it has uncovered €420 million ($544 million) in suspicious transactions spanning seven years and has ordered an external audit. Investigators now are trying to determine how far up the corporate ladder the corruption traveled.

Mr. Kutschenreuter is their star witness. If allegations by him and others pan out, Siemens could find itself barred from bidding for public-sector projects in many of the nearly 200 countries in which it is active. Mr. Kutschenreuter's lawyer declined to discuss the details of the witness statement but said investigators consider his client to be a reliable witness. The Munich prosecutor's office said the investigation is continuing and declined to discuss details of it. Police are looking into the veracity of Mr. Kutschenreuter's allegations.

Siemens suspended Mr. Kutschenreuter after his arrest and says its payments to Beit Al Etisallat were perfectly legitimate. Siemens says that it is cooperating with authorities and that any wrongdoing was confined to "individual acts" by renegade managers.

Arrest warrants and detailed witness statements by company executives, including Mr. Kutschenreuter, suggest a different story. The statements, reviewed by The Wall Street Journal, depict a company where payment of bribes was common and highly organized. The statements portray top Siemens executives as scrambling to escape detection while prosecutors from neighboring countries drew an ever-tighter net.

The allegations come at a difficult time for Siemens, which manufactures a wide range of products from power turbines and medical scanners to light bulbs. CEO Mr. Kleinfeld has been restructuring its far-flung operations to narrow the focus and bring up profit margins. A plan to merge the bulk of Siemens's telecom-equipment business -- the main focus of the criminal investigation -- into a joint venture with Nokia Corp. has been delayed by the bribery investigation.

The case also underscores what critics say is German industry's failure to improve corporate governance. Until Germany toughened its corruption laws in 1999, companies were actually allowed to write off as expenses bribes paid abroad. DaimlerChrysler AG is under investigation by the SEC and the U.S. Justice Department for what the auto maker acknowledges were "improper payments" in Africa, Asia and Eastern Europe.

Last week, Siemens was hit with a roughly €400 million fine by the European Commission for leading a cartel that allegedly fixed prices in the market for electric-power switching gear. Siemens says the fine is unjustified and that it plans to fight the penalty.

In the potentially more damaging bribery investigation, Siemens says that while it's impossible to keep close watch over every one of its 480,000 employees, it knows of no wrongdoing by members of its current management or supervisory board. CEO Mr. Kleinfeld -- who prosecutors have so far said is only a witness, not a suspect -- says Siemens has "zero tolerance" for corruption. Mr. von Pierer also says he never engaged in illegal activity. Mr. von Pierer gave up the CEO post two years ago to head Siemens's supervisory board.

The highest-ranking executive arrested so far is Thomas Ganswindt, a member of the management board until last September. German prosecutors have also said that Heinz-Joachim Neubürger -- Siemens's chief financial officer until last April -- is a suspect. Mr. Ganswindt's lawyer said his client is not guilty. A lawyer for Mr. Neubürger declined to comment.

Mr. Kutschenreuter, in the witness statement made after his arrest, spread the blame far wider.

In the Beit Al Etisallat matter he described, Mr. Kutschenreuter said that a Siemens colleague of his met in London in early 2004 with the Saudi caller, Abdul Wahab Al-Akeel. According to the witness statement, the colleague returned to Munich with

documents detailing bribes by Siemens from the late 1990s until early 2000. The payments allegedly were made to win contracts with Saudi Telecom to supply equipment for land-line and wireless communications networks.

The colleague said Beit Al Etisallat would settle for double-digit millions of dollars, according to Mr. Kutschenreuter -- who added in his witness statement that he informed Messrs. Kleinfeld, Neubürger and Ganswindt of the situation in writing on April 26, 2004. Mr. Kleinfeld then was the senior executive in charge of Siemens's telecom business, a unit in which Mr. Kutschenreuter then oversaw finances for land-line operations.

Siemens's legal department recommended negotiations with Beit Al Etisallat after seeing Mr. Al-Akeel's documents, according to Mr. Kutschenreuter's witness statement.

Mr. Kutschenreuter said he then received a call from Mr. von Pierer, the CEO at the time, asking his opinion. He said he told the CEO it would likely cost $50 million to settle with Beit Al Etisallat, a consulting firm that Siemens had dropped in favor of another Saudi firm in 2000.

Mr. Kutschenreuter said that he worked out the details over Christmas 2004 and the agreement to pay $50 million was routed through a Saudi arbitration court to formalize it. He said he informed Siemens's management board of the agreement in January 2005, just as Mr. Kleinfeld was about to replace Mr. von Pierer as CEO.

Mr. von Pierer said in a written response to questions that the settlement wasn't a bribe. He said Beit did outline $910 million in damages: a "completely arbitrary" $875 million for lost profit up to the year 2024; $19 million in past-due commission claims; and $14 million for damage to the claimant's reputation. In January 2005, Mr. von Pierer said, the sides agreed to settle the matter and certify the payment in a Riyadh court.

A spokesman for Mr. Al-Akeel and Beit Al Etisallat declined to comment on the Siemens negotiations. Executives at Saudi Telecom didn't return phone calls seeking comment.

In a written response, Mr. Kleinfeld gave the same version of events as Mr. von Pierer. "At no time did Mr. Kutschenreuter mention to me, that any 'Hush-Money' was involved in any settlement and at no time did I have any knowledge of documents relating to bribes and still have no such knowledge," he added in his emailed statement.

Mr. Kutschenreuter, 52 years old, joined the company in 1974 and was posted to Algeria in the late 1970s. After six years abroad, including a stint in Iraq, he returned to Germany in 1984 and took up a position in the sales department for telecom contracts in Africa and the Middle East.

Back at Munich headquarters, he told prosecutors, he learned of an encryption code he alleged was widely used at Siemens to itemize bribe payments. He said it was derived from the phrase "Make Profit," with the phrase's 10 letters corresponding to the numbers 1-2-3-4-5-6-7-8-9-0. Thus, with the letter A standing for 2 and P standing for 5, a reference to "file this in the APP file" meant a bribe was authorized at 2.55% of sales.

A spokesman for Siemens said it has no knowledge of a "Make Profit" encryption system.

In the mid-1990s Mr. Kutschenreuter worked on financing for power projects. In that role, he alleged, he witnessed bribe payments for power projects in Russia and Slovakia.

After moving to Siemens's information-technology division in 1999, Mr. Kutschenreuter said, he learned of bribes paid to Argentine government officials as Siemens competed for a contract to develop electronically scannable passports. He said the payments stopped after the Argentine government changed hands in late 2001, before the contract had been awarded.

Siemens says allegations of bribe payments in Russia, Slovakia and Argentina are false. A spokesman at the Argentine Embassy in Berlin declined to comment.

Mr. Kutschenreuter said he was personally involved in lots of bribe payments after becoming finance chief at the land-line telecom unit in early 2001. Though paying bribes abroad was illegal in Germany starting in 1999, many of his colleagues still saw them merely "as peccadilloes because it was all for the good of the company," he told prosecutors.

Two other former Siemens telecom executives have also described alleged bribes, in November statements to prosecutors reviewed by The Wall Street Journal. Reinhard Siekaczek and Andreas Mattes, onetime colleagues of Mr. Kutschenreuter, also said the bribes were carried out with the knowledge of senior managers.

Prosecutors have presented the three witness statements as evidence in the arraignment hearing of Mr. Ganswindt, the former management-board member. Mr. Ganswindt, like Messrs. Kutschenreuter and Siekaczek, was detained by authorities late last year and then released. Mr. Mattes wasn't detained.

Mr. Siekaczek, who worked at Siemens for four decades, said in his witness statement that he was asked to set up slush funds for bribes in 1999 or 2000. He described a bank account in Salzburg, Austria, through which he said more than €75 million in bribe funds flowed each year. In 2001, he alleged, Mr. Kutschenreuter warned him to shift funds elsewhere because Swiss authorities were following the trail of Austrian accounts linked to bribes in Nigeria.

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Mr. Siekaczek gave prosecutors a long list of other countries in which he alleged that bribes were paid to win business, including Egypt, Cameroon and Kazakhstan. A lawyer for Mr. Siekaczek, who left Siemens in 2004, declined to comment on specifics but said police have investigated his client's statements and found them reliable.

Mr. Mattes told prosecutors that a member of the telecom unit's management board told him in 2001 that bribes were commonly paid for securing big telecom projects. Mr. Mattes is now an executive at Hewlett-Packard Co. in the U.S., after leaving Siemens in 2005. His lawyer said Mr. Mattes met with investigators in November and stands by his testimony. The lawyer said his client is suspected of playing only a minor role in the alleged activity.

Messrs. Kutschenreuter and Siekaczek alleged in their statements that Joe Kaeser, now CFO at Siemens, was aware of bribes while overseeing the wireless telecom unit's finances from 2001 to 2004. Mr. Kutschenreuter also cast blame on two other former wireless executives: Rudi Lamprecht, now a member of Siemens's management board, and Lothar Pauly, who left in 2005 to join the management board of Deutsche Telekom AG.

Siemens said Messrs. Kaeser and Lamprecht weren't aware of any alleged bribes and did nothing wrong. A lawyer for Mr. Pauly said allegations of wrongdoing by his client are false.

Prosecutors say bribes became more elaborate after a tightening of money-laundering laws following the Sept. 11, 2001, terrorist attacks and also after investigators in Italy, Switzerland and Liechtenstein began circling.

Investigators say Siemens lawyers filed briefs to keep prosecutors from accessing bank records in some countries. Cuno Tarfuser, a prosecutor in the Italian city of Bolzano, said in an interview that his investigation of Austrian accounts was held up for months in 2004 and 2005 by legal challenges.

Siemens says that at no point did it try to prevent prosecutors from examining company-linked accounts. Siemens said that it has been cooperating with authorities for years.

A German arrest warrant for Mr. Siekaczek issued last November, and reviewed by The Wall Street Journal, mapped out how prosecutors suspect bribes were carried out in Egypt, Greece, Indonesia, Kuwait, Saudi Arabia and Vietnam from 2002 to 2004. It said that generally, after money was routed through at least three layers of secret accounts and shell companies, it was entrusted to "bag men" who carried bundles of cash to local "fixers." The fixers then organized the payoffs on behalf of Siemens.

In one case, prosecutors said in the arrest warrant, Mr. Siekaczek signed a consulting contract in July 2002 with Austrian firm Krhoma GmbH related to a project with Saudi Telecom. According to the arrest warrant, Siemens paid €4 million to Krhoma, which took a €60,000 commission before wiring the rest to a firm that was based in the British Virgin Islands and controlled by Mr. Siekaczek.

A lawyer for Krhoma GmbH said Krhoma wasn't involved in illegal activity.

Mr. Kutschenreuter told prosecutors that the chief executive of Siemens in Greece, Michael Christoforakos, told him in October 2004 the company had made illegal payments for an infrastructure project related to the 2004 Athens Olympics. Mr. Kutschenreuter said he informed other senior managers, including Messrs. Ganswindt and Neubürger, of the conversation.

Mr. Siekaczek's arrest warrant cited €1.83 million in suspicious transfers from Siemens to third parties in 2004 and alleged they were related to an Athens security-systems contract.

A Siemens spokeswoman in Greece said Mr. Christoforakos "has never mentioned anything to anybody concerning improper payments" related to the Olympics. She said he has met as a voluntary witness with Greek prosecutors, who are conducting a preliminary probe of the awarding of a security-systems contract. She said Siemens was a subcontractor and "there is no evidence of any wrongdoing or improper behavior whatsoever."

Mr. Kutschenreuter had a busy Christmas in 2004. In addition to trying to settle the Saudi matter, he told prosecutors, he got a call from Mr. Siekaczek telling him that Liechtenstein authorities were investigating certain bank accounts there. Again, Mr. Kutschenreuter alleged, senior management was informed.

Siemens later told Liechtenstein authorities that the accounts were its own, and asked prosecutors to end their investigation, according to Robert Wallner, the lead Liechtenstein prosecutor. The authorities continued to dig. At the same time, investigators in Switzerland, Italy and Austria were tracking separate leads on suspicious transactions flowing through other bank accounts tied to Siemens or people acting on its behalf.

This past November, armed with the information, more than 200 German police raided about 30 offices and homes of current and former Siemens employees. They searched offices of management-board members, including Mr. Kleinfeld, the CEO, and seized 36,000 documents. German prosecutors are sifting the material and questioning more people in a probe that could stretch for several more months or longer.

Mr. Kutschenreuter, who by the time of his arrest had moved on to Siemens's real-estate division, told prosecutors in December that he would cooperate because Mr. Kleinfeld had said he wanted to get to the bottom of the matter. "I can help him with that," he said in his witness statement.

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At the company's annual meeting in Munich last week, Mr. Kleinfeld said he was "shocked" when he heard the allegations of wrongdoing. "I can assure you that we are doing everything that we can to clear up these incidents completely," he said.

His predecessor, Mr. von Pierer, told the crowd of 10,000 restive shareholders that while serving as CEO for more than a decade, he had taken major steps to combat corruption. He added, "I am deeply distressed that these efforts were not successful enough."

Ex-Cendant Finance Chief Gets Three Years Probation (WSJ/AP)

The Wall Street Journal, January 31, 2007

BRIDGEPORT, Conn. -- A former Cendant Corp. chief financial officer was spared jail time Tuesday, becoming the final defendant sentenced in a massive accounting scandal that dragged on for nine years and three trials.

Cosmo Corigliano, who pleaded guilty to fraud, was sentenced to three years of probation, including six months of home confinement with electronic monitoring, and 300 hours of community service.

Mr. Corigliano, who fought back tears during the sentencing, apologized in U.S. District Court in Bridgeport and said he took full responsibility for his actions. "I realize it was very wrong," he said. "My one wish is I had clarity of mind."

Prosecutor Michael Martinez and Senior U.S. District Judge Alan H. Nevas said Mr. Corigliano played an indispensable role in the case and was the only cooperating witness who was able to implicate former Cendant Corp. Chairman Walter Forbes.

"Without your testimony, I don't think Walter Forbes could have been convicted," Judge Nevas said. "You were the only witness that was kind of inside the corporate hierarchy."

Judge Nevas also noted that Mr. Corigliano had paid $14 million to settle a case with the Securities and Exchange Commission.

The scandal surfaced in early 1998, causing Cendant's market value to drop by $14 billion in one day. It became the largest accounting fraud of the 1990s, authorities say. The fraud cost the travel and real-estate company and 119,000 investors more than $3 billion.

The Cendant case was among the first in a series of corporate accounting scandals that sparked outrage from investors in recent years. Prosecutors say the scheme inflated the stock of Cendant's predecessor, CUC International, by $500 million.

Mr. Forbes was sentenced to 12 years and seven months in prison, while Vice Chairman E. Kirk Shelton received a 10-year sentence. Both were ordered to pay $3.28 billion in restitution.

Mr. Corigliano, who faced between six and a half to slightly more than eight years in prison under sentencing guidelines, says he gave authorities an inside account of how the multibillion-dollar accounting fraud was conceived, directed and discussed among executives. Mr. Corigliano, former chief financial officer at CUC, testified that for years he drew up what he called "cheat sheets" to falsify profits.

Two other executives, Anne Pember and Casper Sabatino, were spared prison terms Monday for their roles in the fraud. They also cooperated with authorities.

Mr. Forbes was chief executive officer of CUC and Mr. Shelton was president before the membership marketing operation merged with travel and real-estate services company HFS Inc. to form New York-based Cendant in December 1997. Cendant's brands included Ramada, Howard Johnson, Avis, Coldwell Banker and Century 21.

In September, Cendant stockholders changed the company's name to Avis Budget Group to reflect its Avis and Budget vehicle rental brands. Its real-estate and hotel businesses were spun off as stand-alone companies and the company sold its travel distribution operations.

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CRIMINAL LAW:

Libby Wants To Know Miller's Sources (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, January 31, 2007

WASHINGTON -- Former New York Times reporter Judith Miller spent 85 days in jail before testifying that White House aide I. Lewis "Scooter" Libby was one of her confidential sources. Now, Libby wants to know who else she was talking to.

Miller testified for more than two hours Tuesday about two conversations she had with Libby regarding CIA operative Valerie Plame. Those conversations are at the heart of Libby's perjury and obstruction trial because they allegedly occurred well before Libby says he learned Plame's identity from another reporter.

She was to return to the stand Wednesday.

Under cross-examination Tuesday, defense attorneys sought to ask Miller about others who provided information about Plame. Miller's memory was shaky at times Tuesday and defense attorneys want to exploit that.

"This is nothing more than classic 101 impeachment," attorney Theodore Wells said. "The very essence of the cross-examination of Ms. Miller is about her credibility."

William Jeffress, another of Libby's lawyers, pressed her on how she could remember in great detail one of her three conversations with Libby -- a conversation she says she'd totally forgotten about for two years before finding a notebook memorializing it.

"Counselor, I have already said I didn't remember that meeting," Miller said.

Libby's defense team wants to show that Miller can't remember any of the other people she spoke with and may have learned Plame's identity elsewhere. Variations of Plame's name appear in her notes, but Miller said Libby was the first to discuss it.

Jeffress said in court that Miller initially resisted testifying before the grand jury -- despite what Libby said was a waiver allowing her to do so -- to protect other sources.

"It's not just Libby," Jeffress said, recalling what he said Miller's lawyer told Libby's original attorney. "She has other problems, other sources."

Jeffress says he has a right to ask about those sources.

Miller's lawyer objected to that line of questioning. U.S. District Judge Reggie B. Walton indicated he would likely not allow attorneys to go too far when Miller returns to the stand Wednesday.

Fitzgerald's case began as an investigation into who leaked Plame's name to reporters at a time when her husband was criticizing the Bush administration. Three years later, nobody has been charged with the leak. Libby is accused of obstructing the case and lying to investigators.

Journalism organizations have decried this trial, which could see 10 reporters become witnesses. Special Prosecutor Patrick Fitzgerald intends to call Matthew Cooper of Time and NBC's Tim Russert. Jeffress has said up to seven reporters are on his witness list.

Reporter's Testimony Contradicts Libby's Timeline (USAT)

By Richard Willing

USA Today, January 31, 2007

WASHINGTON — Lewis "Scooter" Libby told New York Times reporter Judith Miller the identity of a covert CIA officer in the two weeks before Libby said he learned about the agent from another reporter, Miller testified Tuesday.

Miller was the seventh witness in Libby's perjury and obstruction of justice trial to say she talked with Libby about the identity of covert CIA officer Valerie Plame before Libby said he learned of Plame's identity.

The meetings between Miller and Libby in 2003 came as Bush administration officials were trying to counter claims by Plame's husband, former ambassador Joseph Wilson, that the administration had trumped up prewar intelligence.

An attorney for Libby quickly challenged Miller's credibility, establishing that she had forgotten about one meeting before she found notes from that encounter in a shopping bag more than two years later.

Miller detailed meetings on June 23, 2003, in Libby's office and on July 8, 2003, in a Washington hotel. In those meetings, she said, they discussed Plame's identity.

The testimony of Miller, who served 85 days in jail before agreeing to testify to grand jurors in the case, was widely anticipated. The former New York Times reporter is one of a handful of Washington reporters likely to testify.

"In the beginning, he referred to Mr. Wilson as a 'clandestine guy,' " Miller said about the June 23 interview.

Later in the interview, Miller said, Libby said Wilson's "wife worked in the bureau," which she understood as a CIA office.

Miller interviewed Libby again at Washington's St. Regis Hotel on July 8, as she worked on a story on the faulty intelligence produced in the run-up to the Iraq war. In both meetings, Miller said, she agreed to not identify Libby as her source.

Libby told grand jurors that he first learned of Plame's identity on July 10 from NBC reporter Tim Russert. That claim caused Libby, Vice President Cheney's former chief of staff, to be charged with perjury and obstruction. Prosecutor Patrick Fitzgerald alleges that Libby leaked Plame's identity to reporters in June and July 2003, then lied about it to investigators.

Wilson had accused the administration of twisting intelligence to falsely accuse Iraq of seeking uranium in Africa.

Revealing the identity of a covert officer can be a federal crime. No one was charged with leaking Plame's identity. Libby is the only person charged in the investigation.

In their first interview, Miller said, Libby seemed "agitated, frustrated and angry" by what he called a "perverted war of leaks" by Wilson and others tied to the CIA.

Libby "was concerned that the CIA was beginning to backpedal to try to distance itself from the unequivocal intelligence estimates it had provided before the war," Miller said.

Defense attorney William Jeffress, cross-examining Miller, brought out that she had forgotten about the meeting on June 23, 2003, until she finally agreed to testify before a grand jury in September 2005. That's when Libby released her from her promise of confidentiality.

She didn't recall that meeting until she had returned to her office after testifying before the Washington grand jury, Miller said. Then, she said, she found a notebook in a shopping bag under her desk that contained her June 23 interview notes. Those notes were mistakenly labeled "5/23," or May 23, she said.

Miller then returned to the grand jury and described the June 23 meeting.

Jeffress said Miller can "now describe in great detail" Libby's demeanor and the substance of an interview that she had forgotten about for more than two years.

"Not in great detail," Miller said, describing her testimony. "Highlights."

Reporter's Account Hurts Libby Defense (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, January 31, 2007

Former New York Times reporter Judith Miller yesterday helped the prosecutor who landed her in jail and forced her into the witness chair, providing potentially damaging information about the confidential administration source she tried to shield, I. Lewis "Scooter" Libby.

Deliberately and sometimes defensively offering her account in Libby's perjury trial, Miller told the jury that "a very irritated and angry" Libby told her in a confidential conversation on June 23, 2003, that the wife of a prominent critic of the Iraq war worked at the CIA. Libby had told investigators he believed he first learned that information from another journalist nearly three weeks later -- the assertion at the core of the charges against him.

Miller testified that Libby, then the chief of staff to Vice President Cheney, shared this information as they talked alone in his office in the Eisenhower Executive Office Building and that he complained that the CIA and a former ambassador were unfairly trying to blame the White House for using faulty intelligence to justify the invasion of Iraq. He then mentioned that the wife of the ambassador, Joseph C. Wilson IV, worked at a bureau of the CIA.

Miller's testimony showcased a new legal reality for the news media -- the fragility of reporters' general working assumption that they can protect the identities of confidential sources. Miller, who spent 85 days in jail trying to avoid disclosing the details of her conversations with Libby to Special Counsel Patrick J. Fitzgerald, was the first of several prominent reporters both sides expect to call to the witness stand. For some of the reporters, Libby was a confidential source they never expected to reveal.

Libby is charged with lying to FBI agents and a grand jury and with obstructing justice in the investigation of who leaked undercover CIA officer Valerie Plame's name to the media. He is not charged with the leak itself. Fitzgerald has said Plame's name was leaked by administration officials trying to discredit Wilson's assertions that there was no proof that Iraq was attempting to buy uranium in Niger for its nuclear weapons program.

Libby has pleaded not guilty, contending that he did not remember conversations he had with reporters about Plame amid the crush of his work on national security issues.

Libby told investigators he first learned Plame's name in a July 10, 2003, telephone conversation with NBC's Tim Russert. Miller testified yesterday that Libby discussed the topic with her twice before that date: on June 23 and on July 8, when Libby invited Miller to a breakfast meeting at the St. Regis Hotel.

Miller, who left the New York Times in 2005 and is now a freelance journalist, is the seventh prosecution witness to testify that Libby either knew about Plame's CIA role or was sharing that information in the weeks before her identity was revealed in a syndicated column by Robert D. Novak on July 14.

Miller said that in her dealings with Libby, he typically wanted to be described as a senior administration official or not mentioned at all. But on July 8, she said, he made a proposal for sharing information that he had never suggested to her.

"The ground rules changed," she said. "Mr. Libby said for the purpose of this conversation he wanted not to be described as a senior administration official. I think he said something like 'former Hill staffer.' " That is significant because it could help prosecutors show that Libby's motives were not purely to correct inaccuracies in Wilson's statements to the media.

Miller, who lost her battle with the prosecutor in 2005, yesterday also faced harsh questions from defense attorneys for Libby, who had opened his door to her and had praised her reporting on the hunt for weapons of mass destruction in Iraq.

Defense attorney William Jeffress Jr. attacked Miller's memory, quizzing her on why anyone should believe that she correctly remembered details of the June 23 conversation with Libby but had not been able to recall that it occurred when she first testified before the grand jury in the fall of 2005.

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Miller said that, after that session, Fitzgerald urged her to find any notes she might have for the June 2003 time period. She found some that night in a shopping bag under her desk and recalled the meeting after she refreshed her memory by reading them.

Jeffress suggested it was implausible that she now remembered her June conversation with Libby after first telling the grand jury: " I don't know if I met with him. I remember meeting with Jennie [Libby's assistant]."

"Well then, today, Ms. Miller, you testified to his demeanor," Jeffress said. "You testified to very particular things he said during that meeting."

Growing irritated herself, Miller pointedly explained that her notes indicated that Libby mentioned that Wilson's wife worked at "the bureau" and that she remembered being initially confused about whether he meant the FBI or the CIA.

"Sir, having reviewed my notes, I have a distinct memory of it," she said.

Jeffress also played part of a videotaped interview that Miller gave to a television station explaining her memory lapse.

"People say, 'How could she have forgotten?' " Miller said on the clip. "It's really easy to forget details on a story you're not writing. I had not written about uranium in Niger. I had not written about Niger. I had not written about uranium. It didn't mean anything to me."

In a flashback to pretrial battles, court proceedings were halted temporarily late in the afternoon when Jeffress asked Miller to name any other sources from whom she recalled learning about Wilson or Plame. Miller won her release from jail by agreeing to testify after Libby personally released her from their confidentiality agreement and after Fitzgerald agreed to confine his questions to her discussions with Libby.

Miller's attorney, Robert S. Bennett, said Miller would object to broad questions from Jeffress about any other sources who gave her information about Wilson. He said there would be no relevance to the trial because "there are no other sources she can recollect dealing with [concerning] Mr. Wilson and Ms. Plame."

Fitzgerald argued that the defense was trying to "go fishing far afield," but Jeffress countered that the defense should be allowed to ask the questions in an attempt to damage Miller's credibility. U.S. District Judge Reggie B. Walton said he would rule on the matter this morning, but the judge indicated sympathy for journalists' interest in not disclosing sources, suggesting they should be asked only about any that are central to the case.

Staff researchers Julie Tate and Madonna Lebling contributed to this report.

Journalist Forced To Reveal Her Methods (WP)

By Howard Kurtz

The Washington Post, January 31, 2007

Judith Miller slept on the floor of an Alexandria jail for 85 days to avoid taking the hot seat she found herself in yesterday.

She lost a battle of wills with a special prosecutor, surrendered her job at the New York Times and became an unwanted symbol of journalistic coziness with the Bush administration and media missteps in covering an unpopular war.

In taking the stand in U.S. District Court against her once-secret source, I. Lewis "Scooter" Libby, Miller found herself answering questions about the very methods that she has spent a professional lifetime concealing. Rather than pointing out flaws in the accounts of public officials, she found herself struggling to explain a spotty memory and to justify why she wrote nothing about the sensitive -- and, as it turned out, classified -- information she had been handed. Once an independent operator who called herself "Miss Run Amok," she disputed what her many critics said was obvious: that Vice President Cheney's former top aide had been trying to manipulate her.

Throughout the afternoon, an unspoken question hung in the air: What do journalists give up when they agree to protect high officials in exchange for juicy information?

In a steady but slightly nervous voice, Miller described how her relationship with Libby began: with a bit of flattery. In their first meeting in the Old Executive Office Building, Miller recalled Libby saying that "he liked my reporting on weapons of mass destruction and terrorism." Libby's only quibble was that he had never received an inscribed copy of "Germs," a book on bioterrorism that she coauthored. Miller said she apologized for the oversight.

Gazing through rimless glasses at prosecutor Patrick Fitzgerald, Miller, 59, described one of the most common transactions in journalism: how the contours of the reporter-source relationship are defined.

When she "expressed a desire" for regular conversations, Libby said "he would prefer not to see his name in print," Miller said. "We could continue meeting as long as I would identify him as an administration official or senior administration official." She readily agreed.

When Miller returned from a post-invasion trip to Iraq in 2003 -- where she wrote stories about the U.S. military's hunt for illegal weapons -- she said she was surprised that some of the public anger about the lack of WMD was directed at her. There

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was anger, too, at the Times, which later acknowledged serious flaws in some of her reporting and where the top editor eventually said he felt misled by Miller.

She seemed unenthusiastic about her former employer when asked whether she read newspapers upon her return -- especially the New York Times. "Not particularly," she said. "You usually read the competition before you read your own."

At a meeting in Libby's office in June 2003, Libby seemed "agitated and frustrated and angry," not to mention "annoyed," Miller said. He was concerned that the CIA, through a "perverted war of leaks," was distancing itself from its prewar intelligence about Saddam Hussein's illegal weapons.

So Libby would combat these leaks by leaking to Miller, she explained in a tone that indicated this was the most natural thing in the world. Miller said he told her that the wife of Joseph C. Wilson IV, the former ambassador who was challenging the administration's account that Iraq had tried to buy enriched uranium in Africa, worked for "the bureau" -- prompting Miller to put a question mark in her notes until she realized that Libby meant the CIA.

During a two-hour meal at the St. Regis hotel the following month, Miller said, Libby changed the ground rules and went "on deeper background," asking to be identified only as a "former Hill staffer."

Miller recalled that in a phone conversation from her home in Sag Harbor, N.Y., she told him she did not plan to write a story about Wilson's wife, Valerie Plame, and "didn't think the New York Times was interested in pursuing it."

Why not? That has been one of the tale's lingering mysteries. Miller said she recommended to her boss, Jill Abramson, now the Times's managing editor, that the paper go after the Plame story, but "she seemed very distracted that day" and just said "mmm-hmm." Abramson has denied that Miller made such a recommendation.

They may have shared secrets, but Miller and Libby were not exactly friends. When she ran into Libby in the summer of 2003 in Jackson Hole, Wyo., she did not recognize him -- because, she said, he was wearing glasses, a cowboy hat and boots, a black T-shirt and jeans. But once she was incarcerated in 2005, Libby began to convince Miller that he would not hold her to her vow of secrecy. He wrote a poetic letter reminding her that "the aspens will already be turning" while she languished in jail.

After the Plame controversy blew up, Miller posted a letter on her Web site in response to a stinging piece by Times columnist Maureen Dowd, who said that Miller was not "credible" and had written "bogus" stories about nonexistent weapons. Recalling that yesterday, Miller said she told editors that "I did not think I had been a target" of a concerted White House leak campaign.

Miller turned hesitant under cross-examination, stumbling over her words and repeatedly gesturing with her right hand. She admitted that she had forgotten her June 2003 meeting with Libby until she found the missing notes of their conversation.

A frequent television guest, Miller got tripped up by one of her appearances. She stared at a monitor, transfixed and tight-lipped, as a program from last January showed her saying words that she had failed to fully recall a moment earlier: "It's really easy to forget details about a story you're not writing. . . . It was not important at the time."

The videotape provided another reminder of why reporters much prefer asking questions to answering them.

The day ended with legal wrangling about whether Miller could be asked to name other confidential sources. The issue, like the ambiguity of reporters' delicate dance with their informants, was not resolved.

Libby Reportedly Said 'I Didn't Do It' (AP)

By Matt Apuzzo, ASSOCIATED PRESS

AP, January 31, 2007

WASHINGTON (AP) - Amid the furor over the 2003 leak of a CIA operative's identity, Vice President Dick Cheney's chief of staff, I. Lewis "Scooter" Libby, bluntly told a White House lawyer, "I didn't do it," the lawyer testified Tuesday.

David Addington, who served as Cheney's legal counsel during the CIA leak scandal, described a September 2003 meeting with Libby around the time that a criminal investigation began.

"I just want to tell you, I didn't do it," Addington recalled Libby saying. "I didn't ask what the 'it' was," Addington added.

Special Prosecutor Patrick Fitzgerald says Libby discussed CIA operative Valerie Plame with reporters, then lied about those conversations. He is accused of perjury and obstruction but neither he nor anyone else is charged with the leak itself.

Recalling their 2003 conversation in Libby's office, Addington testified Tuesday that Libby was curious about how someone could determine whether a CIA employee was working undercover. Addington, a former CIA counsel, said there's no way to know.

Addington said he gave Libby a highlighted copy of the federal law barring disclosure of the identity of covert agents.

Fitzgerald hopes Addington's testimony will bolster his argument that Libby was worried about whether his conversations with reporters were improper and therefore lied to conceal them.

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Libby's attorneys have accused White House officials of sacrificing Libby to protect President Bush's top political adviser, Karl Rove. During cross-examination Tuesday, attorney Theodore Wells suggested that Attorney General Alberto Gonzales, who was counsel to the president in 2003, may have been involved in that effort.

Wells has described Rove as crucial to the Republican Party and said Tuesday that Gonzales was tasked with protecting Bush's interests. Addington corrected him, saying White House counselors protect the interest of the office and the Constitution.

Addington said he showed Gonzales every subpoenaed document before sending it to the Justice Department. After reviewing a note in which Cheney said Libby was being sacrificed to protect another staffer, Addington said he believed he showed it to Gonzales and called Cheney's personal lawyer, Terrence O'Donnell.

"You told Mr. O'Donnell you thought this was a very important document?" Wells asked, before Fitzgerald objected and the line of questioning was cut off.

Libby resigned as Cheney's chief of staff after being indicted in October 2005. Addington succeeded him.

The trial's first week has focused on when Libby learned that Plame, the wife of an outspoken Bush administration critic, worked for the CIA. Government officials testified that they discussed her with Libby days before he said he was surprised to hear it from NBC reporter Tim Russert.

Libby's conversations with reporters are about to become the focus of the case. Fitzgerald said former New York Times reporter Judith Miller would follow Addington on the witness stand.

It would be the first time the former New York Times reporter has testified publicly against the man she went to jail to protect as a source.

Miller spent 85 days in jail for refusing to cooperate with Fitzgerald's investigating and reveal her conversations with Libby. She retired from the Times in November 2005, declaring that she had to leave because she had "become the news."

Prosecutors say Libby discussed Plame with Miller three times. Two of those conversations occurred before Libby says he first remembered learning Plame's identity from Russert.

Ex-Reporter For Times Testifies For Prosecutor Who Jailed Her (NYT)

By Neil A. Lewis And Scott Shane

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — Judith Miller, a former reporter for The New York Times, testified Tuesday as a witness for the prosecutor who had put her in jail for 85 days, recounting details of her once-confidential interviews with I. Lewis Libby Jr.

Ms. Miller had initially refused to cooperate with the government in its investigation of Mr. Libby, the former chief of staff to Vice President Dick Cheney, saying she would not violate her oath of confidentiality to Mr. Libby. But the special prosecutor, Patrick J. Fitzgerald, with the support of the federal courts, had her jailed until she relented. She asserted that Mr. Libby had released her from her vow of confidentiality.

As she began her testimony, she was calm and soft-voiced as she faced Mr. Fitzgerald, who is still investigating her in an unrelated case, and discussed three conversations she had had in June and July of 2003 with Mr. Libby. Those conversations, in which Ms. Miller said an agitated and anxious Mr. Libby criticized the Central Intelligence Agency and informed her of the identity of an agency operative, Valerie Wilson, are a significant part of the perjury and obstruction case against him.

It was only after Mr. Fitzgerald briskly concluded his questioning, and Ms. Miller found herself facing a caustic cross-examination from one of Mr. Libby's defense lawyers, that her composure slowly withered. Under the questioning by the lawyer, William H. Jeffress Jr., who attacked her memory and credibility, she began to sigh frequently and grow testy in her responses.

Pressed about why she failed to remember an important June meeting with Mr. Libby during her first grand jury appearance, she said with her voice rising: "Counselor, I've already said I didn't remember that meeting. I just didn't remember."

The day ended with an extraordinary argument by lawyers for both sides, as well as a lawyer for Ms. Miller, over whether Mr. Jeffress could ask her if she had other sources she spoke to about Ms. Wilson. The question, which was left unresolved by Judge Reggie M. Walton until Wednesday, threatened to derail the trial over the very constitutional issue that saw Ms. Miller go to jail in 2005.

Judge Walton seemed disinclined to allow questions about Ms. Miller's other sources. "I appreciate that there is an interest the media has in not having questions asked that aren't germane to this case," he said. But if he does allow them, and she refuses to answer, she could be held in contempt once again and a mistrial could result.

In her more than two hours on the stand, Ms. Miller became the focal point for an intense drama involving three people in the room: herself, Mr. Fitzpatrick and Mr. Libby. As she provided the testimony that was most damaging to Mr. Libby, he sat almost motionless in his chair about 20 feet away and stared at her.

Mr. Fitzgerald first took her through her June 23, 2003, meeting with Mr. Libby. Mr. Libby, who she said was usually low key, "appeared to be agitated and frustrated."

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He was unhappy about growing public concern that President Bush had used inaccurate information in his most recent State of the Union speech, in which he said there was evidence that Saddam Hussein had recently tried to acquire uranium from Africa.

She said Mr. Libby said the C.I.A. "was beginning to backpedal from the unequivocal intelligence" it had provided before the war about Iraq's efforts to obtain uranium.

He said the C.I.A. was doing so through "a perverted war of leaks" related to a fact-finding mission to Africa by Joseph C. Wilson IV, who was married to Ms. Wilson, also known by her maiden name, Valerie Plame.

"Did he discuss the wife?" Mr. Fitzgerald asked. "Yes," Ms. Miller replied, adding that Mr. Libby had said Ms. Wilson worked at the agency's division that dealt with limiting the proliferation of unconventional weapons.

Ms. Miller said Mr. Libby told her that Mr. Cheney had asked the agency in early 2002 about Iraq and African uranium, and the C.I.A. decided to send Mr. Wilson on its own without telling the vice president.

She described a second meeting with Mr. Libby at a Washington hotel that lasted two hours, as well as some telephone calls.

The main line of attack by Mr. Jeffress concerned the fact that Ms. Miller did not describe the June 23, 2003, meeting with Mr. Libby when she first appeared before a grand jury on Sept. 30, 2005, the day after she got out of jail.

He noted with a large measure of sarcasm that she had just finished testifying in detail about Mr. Libby's comments and even his mood during the June 23 meeting. How was it possible that she forgot entirely about the same meeting before the grand jury? he asked.

Ms. Miller had said that her memory of the June 23 meeting was jogged only when she accidentally discovered a shopping bag full of notebooks under her desk in the Times newsroom. Her lawyer then informed Mr. Fitzgerald, and she described the previously forgotten meeting in a second appearance before the grand jury.

Ms. Miller is the first of a series of reporters who are lined up to dispute Mr. Libby's account of his behavior in the investigation of who may have leaked to the press Ms. Wilson's identity as a C.I.A. officer.

Beyond the drama of the day's proceedings, the appearance of Ms. Miller as someone forced by the government to testify against a source emphasized how the case has changed the landscape of relations between journalists and government officials.

As the day ended in the argument over whether Ms. Miller could be questioned about other sources, Judge Walton took the unusual step of calling on Ms. Miller's lawyer, Robert S. Bennett, to explore what questions she might be willing to answer.

Mr. Bennett confirmed that Ms. Miller had already indicated she would testify she did not recall any sources other than Mr. Libby with whom she had discussed Mr. or Mrs. Wilson.

But the defense argued that it should be allowed to ask a broader question: whether she recalled other sources with whom she had discussed the issues raised by Mr. Wilson's July 6, 2003, Op-Ed article in The New York Times, which accused the Bush administration of twisting the intelligence that led to war. Mr. Jeffress argued that because Ms. Miller had said in a 2005 affidavit filed with the court that she had discussed those issues with multiple sources, he should be permitted to ask about them.

Mr. Fitzgerald, having once jailed her for protecting a source, now argued that she should not have to answer the question about sources.

"I don't want to make the First Amendment argument," Mr. Fitzgerald said, noting the contradiction of his position. Instead, he argued that questions about sources on subjects other than the Wilsons were not relevant to the charges against Mr. Libby. If they were allowed, the prosecutor said, "We're off on an irrelevant fishing expedition."

But Theodore V. Wells Jr., one of Mr. Libby's lawyers, argued that Ms. Miller should be asked the questions so Mr. Libby could have an opportunity to impeach her credibility.

"This is nothing more than classic 101 impeachment," Mr. Wells said. "I don't think we have a First Amendment collision at this point."

Ms. Miller left The New York Times in November 2005 after a 28-year career at the newspaper. Her reporting came under attack after articles she wrote suggested that Iraq possessed unconventional weapons, coverage that helped the Bush administration build its case for invading Iraq but that turned out to be wrong.

Mr. Fitzgerald is investigating Ms. Miller in an unrelated case involving Islamic charities. The government has contended that calls from reporters tipped off the charities to impending federal raids and asset seizures.

Reporter Takes Stand Against Source (LAT)

By Richard B. Schmitt And Greg Miller

The Los Angeles Times, January 31, 2007

DOJ_NMG_0124986

WASHINGTON — Testifying against a source she once went to jail to protect, former New York Times reporter Judith Miller said Tuesday that she had three discussions with former vice presidential aide I. Lewis "Scooter" Libby in which he told her that the wife of a Bush administration critic worked for the CIA.

Miller described one meeting with Libby that occurred a full two weeks before the time that Libby has told investigators he first learned about CIA operative Valerie Plame from another journalist.

The hourlong appearance by Miller — who spent 85 days in jail rather than reveal her conversations with Libby to a federal grand jury two years ago — was a blow to his defense.

Vice President Dick Cheney's onetime chief of staff is charged with lying about his conversations with Miller and two other prominent journalists in an effort to obstruct a federal investigation into how the identity of Plame became public. She is expected to be followed to the stand by former Time magazine White House correspondent Matthew Cooper and Tim Russert, the moderator of the NBC News program "Meet the Press."

The spectacle of reporters from three major news organizations becoming government witnesses in a criminal prosecution has been a source of dread for media advocates concerned that the legal precedent — and glare of publicity — could make it harder for reporters to gather and report the news from confidential sources.

And Miller, 59, was often on the defensive during a hard-edged cross-examination.

She is one of the trial's most compelling figures because of her high-profile role covering Iraq's alleged weapons programs, her extensive contacts with Libby, and the time she spent in an Alexandria, Va., jail for refusing to reveal his identity as her source.

Miller left the New York Times in 2005 and now works as a freelance journalist.

Her jailing became a media event but also raised questions about how far journalists should go in protecting their sources; essentially, she was refusing to blow Libby's cover — even though Libby was blowing the cover of a CIA operative in their conversations together.

During Miller's stay in jail, Libby sent her a famously florid letter, urging her to cooperate with the investigation and resume her life. "Out west, where you vacation, the aspens will already be turning," Libby wrote. "They turn in clusters because their roots connect them. Come back to work — and life."

While Miller was on the stand, Libby spent much of the time directing a steady gaze her way, while she seemed intent on avoiding eye contact.

Miller, known for her combativeness as a reporter, displayed a different persona Tuesday: At one point she asked her attorney to bring her a handkerchief, which she used frequently to dab under her nose and around her eyes.

During her testimony, Miller described how she got to know Libby while co-authoring a book on germ warfare. She said that after she returned from Iraq in June 2003 to become a reporter in the New York Times' Washington bureau, she sought Libby out as a source for stories about why weapons of mass destruction were not found in Iraq.

Miller, who wrote numerous stories that proved to be wrong about Iraq's pursuit of banned weapons, talked about how stunned she was by the public anger after the Bush administration's assertions began to crumble. The anger, she said, "was directed everywhere, but especially at the administration, the media and me."

Around that time, newspapers were beginning to report about a CIA-sponsored trip that a then-anonymous former envoy — Plame's husband, Joseph C. Wilson IV — had taken to Niger in 2002 to assess claims that Iraq was seeking weapons-grade uranium.

Wilson wrote about his trip in a July 6, 2003, op-ed article in the New York Times that accused President Bush of misleading the public about the Iraqi interest in Africa in his January 2003 State of the Union address.

Plame was identified as a CIA officer eight days later in print by syndicated columnist Robert Novak, which triggered the probe into whether anyone had broken federal laws that make it a crime to reveal the identity of a covert agent.

On Tuesday, Miller recounted meeting Libby at his office on June 23, 2003, where she found him "really unhappy and irritated" by accusations that the White House had manipulated intelligence to make the case for war with Iraq.

"Mr. Libby appeared to me to be agitated and frustrated and angry," Miller said. "He is a very low-key and controlled guy. But he seemed annoyed." Miller said he seemed concerned that the CIA was engaged in "a perverted war of leaks" to distance itself from Iraqi intelligence claims.

She also recalled that Libby told her Wilson's wife worked for the "bureau" — a reference she said she found puzzling because the term commonly refers to the FBI, not the CIA.

Miller grew testy under cross-examination by defense attorney William H. Jeffress Jr., who sought to cast her as an unreliable witness with a faulty memory. In particular, he questioned Miller's claim that she had failed to remember her first face-to-face meeting with Libby until long after the leak investigation started, when she found a notepad under her desk with details from that encounter.

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Jeffress challenged her to explain how she could have forgotten about the meeting when she initially testified before the grand jury but suddenly had complete recall of Libby's demeanor and use of unusual terms.

The defense lawyer punctuated the questioning with an excerpt from a television interview that Miller gave last year in which she answered questions about her role in the case. Miller, who never wrote about Plame and Wilson, said it was "really easy to forget details about a story that you are not writing."

"You remember 'bureau' clearly today even though you forgot it for three years and testified to the grand jury that there was no such meeting," Jeffress said.

Miller explained that she had a "note-driven" memory and that discovering the lost notebook allowed her to recall other details from the meeting.

Miller turned the tables on Jeffress at one point, when the defense counsel repeatedly confused the date of the initial Miller-Libby encounter.

"I don't know why I keep doing that," Jeffress said after being informed that he was again making the error.

"I understand," Miller shot back, to laughter in the courtroom.

Libby Trial Puts Reporters' Recall To A Severe Test (WSJ)

By Evan Perez And Sarah Ellison

The Wall Street Journal, January 31, 2007

WASHINGTON -- As any reporter knows, it is easier to ask questions than answer them.

Special Prosecutor Patrick Fitzgerald is calling several prominent reporters to help bolster the government's case in the perjury trial of Lewis "Scooter" Libby, Vice President Cheney's former chief of staff. But the journalists are likely to find themselves the subject of unflattering scrutiny as defense attorneys highlight imprecise and inconsistent recollections and note-taking.

MORE ON JUDITH MILLER

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9/30/05

Former New York Times reporter Judith Miller, who went to jail to avoid spilling Mr. Libby's name to federal investigators, was the first of the reporters to appear as a witness in U.S. District Court here yesterday. She calmly answered questions from Mr. Fitzgerald, describing how Mr. Libby first leaked to her that Valerie Plame, the wife of an administration critic, former diplomat Joseph Wilson, worked at the Central Intelligence Agency. Her testimony initially helped the prosecution's case because she said she received the information from Mr. Libby before the date that he has since said he first learned the information from reporters.

However, she appeared nervous and became confused as William Jeffress Jr., an attorney for Mr. Libby, launched into an aggressive series of questions to start his cross examination.

Ms. Miller, who retired from the Times in November 2005 amid a storm of controversy, yesterday gave the jury details of her three meetings with Mr. Libby. But, Mr. Jeffress noted, when she first appeared before the grand jury in late 2005, she couldn't remember the first meeting. 5

"No," Ms. Miller replied.

Not a thing? "No," she repeated. Then how was it, asked Mr. Jeffress, leaning into his lectern, that she suddenly could recall the meeting "in great detail"? Ms. Miller appeared momentarily flustered, then gathered herself. "Not in great detail," she replied, adding that she was now merely giving highlights of the meeting.

As Mr. Jeffress repeatedly sought to bring up Ms. Miller's grand-jury testimony, Ms. Miller became more agitated and said, "I don't remember everything that occurred in the grand jury." Mr. Jeffress wouldn't drop his line of questioning and Ms. Miller interrupted him to say she had already told him she couldn't recall all her testimony.

"Do you remember my question?" Mr. Jeffress quipped. Ms. Miller glared at him. During a subsequent bench conference with Judge Reggie Walton, Ms. Miller turned to jurors, rolling her eyes and shaking her head in frustration. Mr. Fitzgerald also guided her through a careful recounting of her note-taking, which fastidiously used different color pens and brackets to note asides.

WASHINGTON WIRE

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The defense, though, is trying to zero in on reporters' fallibility when they take the stand. For instance, even though Ms. Miller had several notations of Ms. Plame's initials and a misspelling of her name as "Valerie Flam," she said yesterday she can't recall where the name came from.

Ms. Miller's court testimony ground to a halt nearly an hour ahead of schedule after Mr. Jeffress tried to ask her about other sources, besides Mr. Libby, with whom she may have discussed Mr. Wilson and his criticism of the administration. Ms. Miller's attorney, Bob Bennett, told the court that questions about other sources were off-limits and asked for time to confer with Ms. Miller.

The judge dismissed the jury and agreed to hear arguments about whether to allow the questions. Mr. Libby's attorneys were adamant about asking Ms. Miller about other sources. Mr. Jeffress told the judge, "I think she's going to say she couldn't remember which is very important to her credibility." Theodore V. Wells Jr., another defense lawyer, told the judge it was important to get Ms. Miller to answer the question because it would cast doubt on her testimony. "This is classic 101 impeachment," he said. The judge said he would consider the matter.

Since leaving the Times, Ms. Miller has written mainly op-ed pieces for publications such as The Wall Street Journal, the Los Angeles Times, and the New York Sun. She left the paper in November 2005 after internal support for her disintegrated. People familiar with the matter say she received a severance package that included a financial component and an agreement from the Times that it would allow her to publish a letter in the paper. Although Ms. Miller agreed not to talk about the terms of the settlement, she remained free to talk about her experiences and has made public appearances to discuss her 85 days in jail, her support for a federal shield law and freedom of the press.

Ms. Miller is expected to be followed by Matthew Cooper, formerly a Time magazine reporter, and Tim Russert, host of NBC's "Meet the Press." In all, 25 of the 80 names listed as possible witnesses in the case are journalists, though not all are likely to be called.

Ironically, some news organizations had initially urged the White House to launch an investigation to determine who leaked to the media the identity of Ms. Plame as a CIA agent, shortly after her husband published an opinion article criticizing the Bush administration's use of intelligence prior to the Iraq war. Critics of the administration said Ms. Plame was outed as part of a retaliatory campaign to silence a critic.

Instead, the investigation turned into a showdown over media rights when prosecutors subpoenaed Ms. Miller and Mr. Cooper to reveal their confidential sources. The testimony has also pointed to discussions in the White House about leaking -- or spoonfeeding -- information to journalists and playing them off against each other with exclusives. All of this is now being publicly aired before a Washington jury. "Nobody's going to come out of this looking good," says Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press. "People are going to see the reporting process isn't precise. The one thing this case has done is reveal how political journalism works in D.C., and it's a lot like a sausage factory."

Mr. Libby was indicted on perjury charges in October 2005. Soon after, Richard Armitage, the former deputy secretary of state, revealed he was the source of the original leak to syndicated columnist Robert Novak. Karl Rove, President Bush's political guru, had discussed the case with Time's Mr. Cooper, although he first denied it, then amended his testimony. Neither man, nor Mr. Libby, has been charged with exposing the identity of an undercover agent -- in part because it is difficult to prove the disclosures were intentional.

In the remaining perjury case, Mr. Fitzgerald is expecting the reporters to reinforce his charge that Mr. Libby knowingly lied when he told investigators he learned the name of Mr. Wilson's wife from reporters, including from Mr. Russert. Instead, prosecutors allege, Mr. Libby was already leaking the information and discussing Ms. Plame with reporters and White House officials.

Mr. Russert's testimony is important because he has said he couldn't have passed the information to Mr. Libby because he didn't know it at the time and only learned about Ms. Plame when he read a piece by Mr. Novak. As a well-known TV newsman who hosts a popular show, Mr. Russert is seen as particularly important for the prosecution and is expected to be highly credible with jurors. Mr. Cooper has also contradicted Mr. Libby's statements to investigators.

In Mr. Cooper's case, Time Inc. turned over the reporter's notes to investigators, which, Mr. Wells told jurors, make no mention of the leak he allegedly got confirmed by Mr. Libby.

Similarly, Mr. Wells has suggested that Mr. Russert may be misremembering. Mr. Wells told jurors he would explore details of a special deal under which Mr. Russert agreed to give information to investigators. This deal, Mr. Wells said, precluded testimony that Mr. Russert may have learned about Ms. Plame from other NBC reporters. It has emerged in court that NBC

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reporters Andrea Mitchell and David Gregory also learned about the leak, and, Mr. Wells told jurors, if they knew it, "then doggone it, Mr. Russert probably knew."

Alternatively, Mr. Wells could use Mr. Russert's testimony to show that when Mr. Libby spoke to investigators, he may have made a confused reference to Mr. Russert when he meant to name Mr. Novak, to whom Mr. Libby also had spoken.

Mr. Wells told jurors in his opening statement that he wasn't seeking to show that reporters are lying. Rather, he said, the reporters, like Mr. Libby, may simply be misremembering events.

"Tim Russert is a great reporter," Mr. Wells said. "But he's a human being. Everybody makes mistakes. The question is did someone tell an intentional lie."

It isn't clear exactly which reporters beyond Messrs. Cooper and Russert will testify. Washington Post reporter Bob Woodward also has been named as a potential defense witness. Mr. Woodward has said he learned Ms. Plame's identity from Mr. Armitage, the former deputy secretary of state who has emerged as the likely original leaker. Mr. Woodward could help Mr. Libby's attorneys make jurors aware of Mr. Armitage's role in the case. Mr. Fitzgerald knew about Mr. Armitage's leak early in the investigation, but he wasn't charged.

The best witnesses for the government have been Ari Fleischer, who was the main White House spokesman from 2001 to 2003, and Catherine Martin, who worked for Vice President Dick Cheney and remains on the White House communications staff.

In contrast with Ms. Miller's testimony, both were unflappable on the witness stand. Accustomed to staying on message under questioning from reporters, the two didn't fumble in describing key meetings and conversations with Mr. Libby.

Bears Fans Put Money On—everything (CHIT)

By John Keilman, Tribune Staff Reporter

Chicago Tribune, January 31, 2007

Chicago is a seven-point underdog in the Super Bowl, but the city is an overwhelming favorite with bookmakers, who think Bears fans will help push betting on the big game to record levels.

Nevada casinos and Internet wagering sites are counting on a combination of a nationwide fan base, an intriguing matchup between the Bears' stout defense and the Colts' jet-powered offense, and the fervor that comes from a big city starved for a football championship.

Super Bowl betting, though, isn't just a matter of whether the Bears will win or lose. People can gamble on everything from how many rushing yards Thomas Jones will gain to how long it will take Billy Joel to sing the national anthem.

Still, most money goes toward the outcome of the game, and high rollers have already begun to put down six-figure bets.

Though most of the wagers won't come until the weekend, the heaviest cash so far is on the Bears' side of the ledger, said Robert Walker, sports book director for the MGM Mirage casinos.

"Chicago is a very popular team, a huge city, with a storied program," he said. "They're just one of those franchises that when they get to the big game, they're going to enhance it."

Though experts estimate that the NCAA men's basketball tournament has become the nation's biggest overall gambling event, the Super Bowl remains by far the largest single game for wagering.

Casinos in Nevada took in $94 million last Super Bowl and expect to top $100 million this year.

Frank Streshley, senior analyst for the Nevada Gaming Control Board, said the strengthening economy of the last few years has been chiefly responsible for the increase in wagering, but the teams playing also make a difference.

"The Colts and the Bears have a large base of fans, especially Chicago," he said.

Putting money where heart is

Chuck Esposito, a native of the northwest suburbs who helps to run the sports book at Caesars Palace in Las Vegas, said Chicago fans seem more willing than others to put their money where their hearts are.

Before the football season begins each year, he said, more people pick the Bears to win the championship than any other team, regardless of how the squad is shaping up. The same is true with the Cubs. The Bears were at 12-1 odds for this season, so an optimistic fan who put down $100 a year ago would collect $1,200 with a victory Sunday.

Esposito said most of his colleagues rooted for the Bears and the Colts during the playoffs, figuring that matchup would spur the most action.

"You have offense against defense, two of the most popular players with [Colts quarterback] Peyton Manning and [Bears linebacker] Brian Urlacher," he said. "It's just a dream matchup for the viewing public; a dream matchup for the betting public too."

Some Internet-based casinos also foresee a big day. Calvin Ayre of Antigua-based Bodog.com, which takes wagers from all over the globe, said through a spokesman that betting on the Super Bowl probably would be second only to last year's World Cup soccer championship for the site.

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Internet gambling is not legal in the United States—credit card companies and banks are prohibited from processing online wagering transactions—and Ayre said his company no longer markets to this country. But BetUS.com, a site based in Costa Rica, still accepts American wagers.

Spokesman Reed Richards wouldn't comment on how American gamblers are placing their bets. Richards did say, though, that bets coming from Chicago and Indianapolis are split almost 50-50, reflecting an enthusiasm that he believed would drive the 10-year-old site to a record day.

"You're seeing two teams that haven't made an appearance in quite some time," he said. "There's a little bit of classic Americana being played there."

The Chicago area's illegal bookies might be in for a windfall of their own, even though they tend to set firm limits on what their customers can bet, said FBI spokesman Ross Rice.

"They don't want them to get down too far [so they] won't be able to pay," he said. "A new player, someone who bets [only] for the Super Bowl, will have a small limit."

Organized crime fills niche

Jim Wagner, president of the Chicago Crime Commission, said gambling is still a big moneymaker for organized crime and most local bookmakers must pay a percentage to the Outfit. Unlike casinos and Internet sites, they're willing to take wagers on credit, but woe be to the gambler who can't make good on his bet.

"They'll have you sell whatever you have, your car, your house," he said. "If you don't have any property to sell, you are the collateral."

Sports betting is technically a misdemeanor in Illinois, punishable by a fine of up to $2,500 and a year in jail.

But John Gorman, spokesman for the Cook County state's attorney's office, said he cannot recall a prosecution dealing with Super Bowl gambling in recent years.

Betting can still be trouble, though, and some local addiction counselors say they expect a surge in phone calls once the big game is over. Jim Mulcahy, clinical director of the Phase treatment center in Rockford, said it would be similar to people who get in trouble for drinking and driving.

"Now with the Bears playing, we would expect that to go up, and the same goes with gambling," he said. "A lot of people think they're magic when it comes to those things."

Experts say fewer than 5 percent of all adults are problem gamblers, and some casino pros say Super Bowl bettors seem to be in it mostly for fun.

Jay Kornegay, executive director of the race and sports book at the Las Vegas Hilton, said half of his business will come from proposition bets, side wagers on everything from the total number of punts in the game, to who wins the coin toss, to whether Rex Grossman will throw a touchdown or an interception first.

"Even though it might seem like a routine play, we know you can hear little groans or applause because some player just went over seven yards," he said.

Alan Palmer, who trades grains and metals at the Chicago Board of Trade, said some of his colleagues are going wild over the game, putting down as much as $10,000. And even though he rarely bets on sports, he said a small win on Sunday would be far sweeter than any big victory in the trading pits.

"I'm taking the Bears at seven [points], come on!" he said.

jkeilman@tribune.com

Why The Local Bookie Could Be A Big Winner In 2007 Super Bowl (WSJ)

By Peter Sanders

The Wall Street Journal, January 31, 2007

On Sunday, a 28-year-old Hollywood assistant named Seth plans to enjoy the Super Bowl in the same way millions of other football fans will: He'll bet on it.

How, exactly, will he wager that $100 burning a hole in his pocket? One thing he knows for sure is that he won't do it legally. Trekking to Vegas for the weekend is out of the question. And he won't do it using one of the publicly traded online services based abroad that have been taking sports bets from Americans over the past few years. They have mostly stopped taking action from U.S. residents in the wake of an aggressive government crackdown on Internet wagering.

But that doesn't mean he and other gamblers will be shut out. In fact, the government's war against illegal online wagering may be driving gamblers back to where they started: their local bookie. And in an ironic twist, there's a good chance the bookmaker is taking bets over the Internet, too.

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"Even my bookie is online these days," says Seth. He would be logging in to place his bet but misplaced the username and password the bookmaker gave him. "I guess I'll just have to call him and get him to resend me the instructions, sort of a tech support for the sports bettor," he says.

The government's crackdown has, in recent months, targeted executives at offshore Internet-gambling outfits and the foreign credit-card-processing companies that facilitate the transactions with U.S. bettors. But while it may have dented the $12-billion-a-year online-gambling industry, it didn't break it.

No one thinks that American gamblers' appetites have waned either. Last year, about $94.5 million was legally wagered on the Super Bowl in Nevada casinos, the only place in the land where it's lawful to bet on sports. Illegally, the American Gaming Association -- a casino-industry trade group -- figures that Americans bet between $5 billion and $6 billion each year on football's marquee event.

"The likely impact is that people who previously wagered on legal, regulated sites ... will now call a local bookie or bet on an unregulated site," says Alan Feldman, a spokesman for casino giant MGM Mirage.

It's true that many of the publicly traded online-gambling sites have pulled out of the U.S. market since last summer. Some have folded entirely. And the Justice Department served subpoenas to a number of investment banks that allegedly helped underwrite foreign public-stock offerings for some of the companies.

But as the kickoff at Super Bowl XLI in Miami gets nearer, the overall picture of Internet gambling has only gotten muddier. It's not just that local bookies are taking bets over the Internet. For every established Internet-gambling company that has stopped accepting bets from the U.S., others have cropped up to fill the void.

"The online-gambling ban should be renamed the Sopranos Support Bill," says Wayne Allyn Root, an outspoken professional sports handicapper in Las Vegas. "All of this money has moved to brand-new, privately held companies [that] opened overnight and [are] run by criminals engaging in fraud and organized crime."

"The crackdown has taken the online bets out of a fairly transparent set of companies and put them into companies that aren't transparent at all," adds Sue Schneider, president and CEO of River City Group, a St. Charles, Mo., Internet-gambling consultancy. "Players could be more at risk."

To eliminate paper trails and take advantage of technology, some bookmakers have apparently joined forces with offshore-betting sites and now issue their clients account numbers. Bettors log on to the Web sites like ordinary gamblers and enter their account numbers. But instead of sending credit-card data, they simply make their bets, which are linked electronically to their bookie's name. The bookie keeps track of his clients online but still collects debts and pays winnings the old-fashioned way: in person. He likely pays a cut to the Web-site operators.

Nelson Rose, a law professor and expert in gambling law, has fielded dozens of phone calls from casual gamblers since the U.S. government went on the offensive. The No. 1 question: "Will I get arrested for betting on sports?" His response: "About as likely as the chances of their winning the World Series of Poker." In other words: not likely.

But even before the government's sudden interest in chasing down online-gambling companies, some sports bettors found the online experience frustrating. Most online-gambling sites required U.S. bettors to open an online account and deposit a certain sum via credit card. Betting losses would be deducted from the account and wins credited.

Seth once had an account like this, but after a few months of losses, he decided it was too laborious and resumed using his local bookmaker. Months later, he says, he still receives annoying telemarketing calls from the site.

For the Super Bowl, Seth says that if logging onto his bookie's site is too complicated, he may just skip the bet altogether. "I don't think I'd work that hard just to lose $100," he adds.

· Lee Gomes will be back next week. You can email me at peter.sanders@wsj.com1.

EU Mulls Legal Challenge To US Internet Gaming Clampdown (UKIND)

By Stephen Castle

London (UK) Independent, January 31, 2007

Laws that prevent Amer-icans gambling online on European-run websites may be challenged, the EU said yesterday, raising the prospect of a fresh trans-atlantic trade rift.

Charlie McCreevy, the European Internal Market Commissioner, issued the threat against the background of rising US pressure on the gambling industry.

At the heart of the dispute is the Unlawful Internet Gambling Enforcement Act of 2006 under which US financial institutions are in effect barred from making payments with US credit cards to online gambling sites. The law, which technically prohibits payments involving "inter-state or foreign commerce", wiped billions off the market values of British online gaming companies when it was passed last year.

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Washington has long regarded online gambling as illegal and cracked down on US firms. Because of that, foreign - particularly British - companies have suffered most from the legislation.

Critics accuse the US government of seeking to enforce their own laws on businesses based outside the country.

Mr McCreevy told the European Parliament: "In my view it is probably a restrictive practice and we might take it up in another fora." He argued that the US is protecting its own gambling industry by stopping foreign companies from building up an online betting sector. Mr McCreevy said: "It's not my intention to bring forward a harmonised piece of legislation on gambling in the European Union."

US pressure on the industry continues and last week the US Justice Department demanded information from some of the world's biggest investment banks as part of the investigation into online gambling companies such as Britain's PartyGaming.

Mr McCreevy, who takes a well-known interest in horseracing, said that the US online gambling rules were a "prima facie" case of protectionism and that the World Trade Organisation was a possible venue for tackling them.

Officials said that he was in consultation with the EU Trade Commissioner, Peter Mandelson, who has responsibility for pursuing such disputes.

European officials are watching two cases already before the WTO in which Antigua and Barbuda challenged American gaming rules. An adjudication on the implementation of an earlier ruling against the US is expected in the coming months and, if it goes against the US, online gambling firms in the UK are likely to put pressure on the EU to press their case against the US.

A spokesman for Mr Mandelson said: "We recognise the right of a country to regulate gambling and we are following the Antigua case closely because if there is discrimination that would clearly affect Europe."

A Former Shelby County Official Admits To Buying Cars For Drug Dealers. (WPTY)

WPTY-TV, January 31, 2007

Joe Cooper pleaded guilty to money laundering.

He admitted to buying wheels for dealers in federal court today.

His conviction is part of an FBI sting called "Operation Clean Sweep."

Today, Joe Cooper told a federal court that while he was working here at Bud Davis Cadillac in 2006, he accepted more than $4,300 from two drug dealers.

Cooper would lease Cadillacs to customers, but drug dealers were the ones driving the cars and paying for them.

The drug dealers would then give Cooper cash payments.

Cooper would take then and use the money for the lease payment.

On July 27th, 2006, Cooper admited he knew he was dealing with drug dealers to one who was wearing a wire for the FBI.

On August 9th, 2006, FBI officials confronted Cooper. He agreed to wear a wire to help them investigate Memphis council members Edmund Ford and Rickey Peete.

On November 30, 2006, Peete and Ford were charged with bribery. The FBI says Cooper wore a wire to record the council members taking more than $2300 dollars in bribes.

The prosecutor involved in the case says he will ask for Cooper to be given a light sentence.

Cooper has promised to continue cooperating in the Rickey Peete and Edmund Ford bribery cases.

That could include Cooper testifying against the two Memphis councilmen in court.

Cooper will be sentenced August 29th. Under federal sentencing guidelines, he could spend between 2/12 years and 3 years behind bars.

But again, the prosecutor is expected to ask the judge to give Cooper a lighter sentence.

Joe Cooper Pleads Guilty To Money Laundering (WHBQ)

WHBQ-TV, January 31, 2007

MEMPHIS, Tenn. (WHBQ) -- Joe Cooper has plead guilty to one count of money laundering stemming from "Operation Main Street Sweeper."

Cooper is said to be the government's informant in Operation Main Street Sweeper where Cooper allegedly bribed Memphis City Councilmen Rickey Peete and Edmund Ford for their votes on a rezoning case in front of City Council.

Cooper could receive up to 25 years in prison and $5,000 in fines, but officials say he will more than likely continue to assist the prosecution in the corrution trials of Peete and Ford.

Cooper will be sentenced August 29.

Joe Cooper Enters Guilty Plea On Money Laundering Charge (WMC)

WMC-TV, January 31, 2007

DOJ_NMG_0124993

Joe Cooper, charged with money laundering, entered a guilty plea in federal court this morning.

Cooper is charged based on his receipt of cash and a money order as partial payment towards the acquisition of automobiles by drug dealers. He also acted as an informant in a federal operation that yielded bribery charges against City Councilmen Rickey Peete and Edmund Ford.

Cooper pleaded guilty to an "information," an alternative method of charging an individual if that individual waives his right to an indictment, which Cooper did.

He told us by phone, "I have accepted responsibility. I apologize to my family and friends, if I have caused any problems."

Below is the news release issued by the U.S. Attorney's office this morning:

Memphis, TN - David Kustoff, United States Attorney for the Western District of Tennessee, Andrew Dimond, Resident Agent in Charge of the DEA's Memphis Resident Office, My Harrison, Special Agent in Charge of the FBI's Memphis Division, and Mark Luttrell, Shelby County Sheriff, announced that this morning former County Commission Candidate Joe Cooper pleaded guilty to a money laundering offense. This was the same charge as in the complaint against Cooper unsealed on November 30, 2006.

Cooper plead guilty to an information alleging the money laundering offense. An information is an alternative method of charging an individual if that individual waives his right to an indictment, which Cooper did.

Cooper is charged in the information with a violation of 18 U.S.C. § 1956(a)(3) based on his receipt of cash and a money order as partial payment towards the acquisition of automobiles by drug dealers. In addition to entering into a written plea agreement with the Government, Cooper signed a detailed factual statement explaining the basis for the charge.

According to the statement of facts, one of the drug dealers involved in the car

transactions agreed to work with the investigators in documenting his relationship with Cooper and the existence of the car transactions. That individual is Korreco Green, and he is a defendant in another federal criminal prosecution. As described in the statement of facts, Green's telephonic and in-person communications with Cooper were recorded. According to the statement of facts, on July 27, 2006, Green met with Cooper and paid him $3,500.00 in cash and a money order as partial payment for the amount Green and the other dealer owed Cooper for the cars. The statement of facts describes how, in that meeting and in other recorded communications, Cooper made statements indicating that he understood that he was dealing with drug traffickers.

The statute cited in the information,18 U.S.C. § 1956(a)(3), provides in relevant part that:

3) Whoever, with the intent-

...

(B) to conceal or disguise the nature, location, source, ownership, or control of property believed to be the proceeds of specified unlawful activity;

...

conducts or attempts to conduct a financial transaction involving property represented to be the proceeds of specified unlawful activity, or property used to conduct or facilitate specified unlawful activity, shall be fined under this title or imprisoned for not more than 20 years, or both. For purposes of this paragraph ..., the term "represented" means any representation made by a law enforcement officer or by another person at the direction of, or with the approval of, a Federal official authorized to investigate or prosecute violations of this section.

Possible Penalties

The penalties for a violation of section1956(a)(3) are a maximum prison term of 20 years, a maximum $500,000 fine, and a maximum of three years of supervised release.

Conclusion

This case is being prosecuted by Assistant United States Attorney Tom Colthurst with the Office of the United States Attorney for the Western District of Tennessee.

The prosecution of defendant Cooper was part of Operation Clean Sweep. The Clean Sweep cases are being investigated by the DEA Task Force in Memphis, in partnership with the Shelby County Sheriff's Office. The DEA Task Force is comprised of DEA Special Agents and agents and officers with U.S. Immigration and Customs Enforcement, the U.S. Marshal's Service, the Germantown Police Department, the Shelby County District Attorney General's Office, the Memphis Police Department, the Shelby County Sheriff's Office, the Millington Police Department, and the Tennessee Bureau of Investigation.

Laundered $43,500 For Drug Dealers; Pledges Continued Help In Federal Case Against Ford, Peete (MCA)

By Lawrence Buser

Memphis Commercial Appeal, January 31, 2007

DOJ_NMG_0124994

Longtime political operative Joe Cooper pleaded guilty Tuesday to money laundering and pledged to continue his role as an FBI informant in the bribery and extortion case against City Councilmen Rickey Peete and Edmund Ford.

Cooper, 61, admitted to accepting $43,500 in cash payments from two drug dealers who leased automobiles from him when he was a salesman at Bud Davis Cadillac last year.

"I accept my responsibility and I apologize for taking up the court's time," Cooper told U.S. Dist. Court Judge Daniel Breen.

Cooper's offense carries a maximum of 20 years in prison and a $500,000 fine, but federal sentencing guidelines suggest his punishment range is actually 30 to 37 months.

The tentative sentencing date is Aug. 29. Asst. U.S. Atty. Tom Colthurst told the judge that he likely would make a formal motion for a sentence reduction at that time if Cooper continues his cooperation, which could include testifying against Peete and Ford.

Cooper, who helped the FBI secretly record $23,400 in payoffs allegedly made to the councilmen, declined comment after the 30-minute hearing.

His attorney, however, said prosecutors could count on his client's ongoing help.

"He's obviously very remorseful and will do whatever he can to make the situation right, not only for his family but also for the community," said attorney Kemper Durand. "Any time the government is going to ask something, he's going to give truthful information."

Federal authorities persuaded Cooper to help an investigation into public corruption, dubbed Main Street Sweeper, when they confronted him with a sealed complaint last Aug. 9 outlining money-laundering charges. The complaint was unsealed on Nov. 30 when Peete and Ford were indicted.

Cooper, a longtime Democratic candidate and lobbyist, was charged after one of the drug dealers in the auto-lease scheme, Korreco Green, agreed to help authorities by secretly recording conversations with Cooper.

On the tapes, authorities said, Cooper acknowledges his understanding that he is dealing with drug traffickers and their illegal proceeds.

The Cadillac automobiles were leased by other customers, but the drug dealers drove them and assumed informal responsibility for the lease payments.

The drug dealers made cash payments to Cooper who would forward the lease payments to customer named on the lease.

The subleases were not documented by contracts.

Green and the other drug dealer in the car scheme, Aaron Vaughn, also worked in Cooper's unsuccessful campaign for Shelby County commissioner in last May's Democratic primary.

From 1972 to 1977, Cooper served as a squire on the commission's predecessor, the Shelby County Quarterly Court. He was forced to resign after being convicted on bank fraud charges and was sentenced to a year in prison.

Cooper on Tuesday waived indictment by a grand jury and pleaded guilty to a one-count criminal information.

Another Former Laborers Local 91 President Pleads Guilty (WIVB)

WIVB-TV, January 31, 2007

(Buffalo, NY, January 30, 2007) - - Another former leader of Niagara Falls Laborers' Local 91 has begun a federal prison term.

Judge Richard Arcara sentenced former Local 91 president Robert Malvestuto to four and a quarter years.

Malvestuto pleaded guilty to racketeering and conspiracy.

The wide-ranging federal racketeering case against Labors' Local 91 is the focus of a special report from News 4 Investigative Reporter Luke Moretti.

For years top officials in Local 91 used muscle to get what they wanted, and if threats didn't work, violence would follow.

At the center of it was former president Mark Congi, who's now serving a 15-year prison sentence.

Buffalo FBI agent Frank Runles said, "When he showed up at a work site, you had a six-foot-four, 300-plus-pound guy coming in and telling you, 'You're going to work with us. You're going to hire my people, and if you don't, you got a problem.' "

It's a story of beatings and bombings, threats and extortion.

For the first time, you'll hear from those who worked the case since the beginning.

Thursday night on News 4 at 11, watch "Inside Local 91", a special report.

FBI:13 Members Of NYC Crime Families Charged (WABC)

WABC-TV, January 31, 2007

Reportedly 10 members of Gambino family; three members of Luchese family

(New York - WABC, January 30, 2007) - Authorities say thirteen members of two New York City crime families have been charged in a criminal enterprise involving extortion, racketeering, loan sharking, money laundering and bribery.

The suspects were all arraigned one by one however bail was not discussed since defense attorney's were still going through the 35 pages of charges.

The FBI said Tuesday morning that ten of the defendants are members of the Gambino crime family, including 77-year-old George DeCicco, an alleged captain. His son Robert DeCicco, reportedly in his 50s, was also among those charged.

Three other defendants are said to be members of the Luchese crime family.

FBI spokesman Jim Margolin said more information would be released this afternoon by the U.S. attorney after the defendants have made their initial court appearances. The arrests came after a two year investigation, Margolin said.

Margolin says a cooperating witness helped make hundreds of hours of taped evidence. He says some of those tapes are expected to be played today as part of the defendants' initial court appearances.

On the tape, investigators say DeCicco is heard uttering an explicit threat to the cooperating witness, saying "I will burn your eyes out." Another tape reportedly involves a conversation between the witness and reputed Gambino soldier Joseph Orlando. In that conversation, investigators say Orlando appears to admit to eight murders, saying "I've got eight under my belt and I don't give a (expletive) who becomes the ninth."

Margolin says the government will oppose any bail being set, saying the defendants pose a significant threat to others and could flee.

Officials say some of the defendants face more than 100 years in prison if convicted on all charges.

NYC Mobsters Allegedly Said They Had Bazookas, Chainsaws (WNBC)

WNBC-TV, January 31, 2007

NEW YORK -- Reputed mobsters looking to settle scores boasted of an arsenal of weapons -- chainsaws, bazookas, crossbows, rocket launchers and hand grenades -- according to recorded conversations of Gambino, Luchese and Sicilian crime family members arrested Tuesday in Lower Manhattan.

"In actuality, to be perfectly honest with you, I shot him in the leg first, and he went down screaming, and then I started taking his arm off with the chainsaw. He couldn't move. He felt every f---ing thing I did to him," Steven Famigletta, 44, allegedly said.

Famigletta was among 13 suspected mobsters arrested and charged with a host of offenses, including racketeering, loan-sharking, extortion and money laundering. They were led from FBI headquarters to their arraignment in Brooklyn Federal Court.

Authorities said an undercover informant secretly recorded hundreds of hours of gritty dialogue during an 11 month federal investigation.

Reputed Gambino capo George DeCicco threatened, "I'll burn your eyes," in trying to collect on a loan, according to federal prosecutors. He continued, according to the transcripts, by saying, "Did you ever screw me? Do you want me to burn your eyes out?"

Investigators said alleged Gambino soldier Joseph Orlando boasted of his murder tally, saying "I got eight under my belt already, so I don't give a f--- who nine's gonna be," authorities said.

The FBI said DeCicco conducted much of his business from his crew's social club on Bay 14th Street in Bath Beach, Brooklyn.

Andrew Arena, head of the FBI's Criminal Division, said these recordings reaffirm the mafia's longstanding reliance on muscle and threats of violence to hold sway over rivals and conduct business.

Federal prosecutors said these Gambino and Luchese families also tried to bribe an immigration official to obtain documents. But that official turned out to be an undercover FBI agent. The suspects also allegedly cashed in tens of thousands of dollars in stolen HSBC bank checks.

"The mob always goes where the money is," said Arena.

Investigators said two of the suspects charged today have links to the Sicilian Mafia and one is wanted in Sicily for crimes there. The suspects pleaded not guilty to the charges that carry up to 30 years in prison.

FBI Arrests A Dozen Alleged Mobsters (NY1)

NY1, January 31, 2007

Ten alleged members of the Gambino and Luchese organized crime families, along with two Italian associates, were arrested Tuesday and charged with extortion, bribery and racketeering.

The foreign suspects are allegedly sons of high ranking crime family bosses in Sicily.

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FBI officials say the men were caught trying to bribe someone they thought was an immigration official in an attempt to affect the status of one of the two Sicilians.

The highest profile American arrested is George DeCicco. His 57-year-old-son was also arrested.

Officials say if convicted, some of the men face 100 years behind bars.

LAST OF THE GOTTI GANG (NYPOST)

By Stefanie Cohen

The New York Post, January 31, 2007

The feds yesterday finally stuck it to the only member of John "Teflon Don" Gotti's murderous inner circle who had never been busted.

Infamous reputed Gambino capo George "Butter" DeCicco was among 13 alleged crime-family thugs nailed for a slew of extortion, racketeering, loan-sharking and money-laundering raps after a two-year probe fueled by a Mafia mole, authorities said.

The federal case will involve hundreds of hours of damning tapes made with the help of the turncoat witness, a member of DeCicco's crew, FBI officials said.

On one tape, the bloodthirsty DeCicco, 77, is heard warning the snitch, "I'll burn your eyes out," officials said. In another taped chat between the witness and DeCicco's nephew, alleged Gambino soldier Joseph "Joey Boy" Orlando, investigators say Orlando all but admits to committing eight murders when he says: "I've got eight under my belt, and I don't give a [expletive] who becomes the ninth."

One Mafioso is caught on tape gushing about one of three brutal murders he's committed, authorities said. "I shot him in the leg first, and he went down screaming," Steven "Steve Rigatoni" Famiglietta is heard boasting to the mole, officials said. "And then I started taking his arm off with a chain saw . . . He felt every f- - -ing thing I did to him."

The feds said the mobsters' downfall evolved from a simple scheme gone awry. It involved Orlando asking DeCicco's crew for help landing an immigration green card for his girlfriend.

One thug in the group said he could help - then panicked when he realized he couldn't pull off the request. Fearing for his life, he went to the feds offering his services. The authorities set up an undercover agent as an immigration official and, with the help of their now-cooperating witness, offered the services of the undercover to the mob. But by then, the Mafiosi had a more pressing problem.

DeCicco had been asked by top Sicilian mobsters to keep their countryman, Francesco Nania, who was in U.S. custody, from being deported to face mob-related charges back home.

The Gambinos eventually offered $70,000 to the undercover to broker the immigration deal, officials said.

Also busted was DeCicco's son, Robert, who is in his 50s.

George DeCicco's lawyer said he will seek house arrest for his client because DeCicco has heart problems and wears a nitroglycerin patch.

DeCicco is the brother of the notorious late Frank DeCicco, who lured then-Gambino chief Paul Castellano to his rubout outside Sparks steakhouse on East 46th Street in 1985.

Frank DeCicco wound up dead a little over a year later - killed by a car bomb meant for his boss, Gotti.

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Friend Contradicts Coke Defendant (WXIA)

WXIA-TV, January 31, 2007

A combative Joya Williams took the witness stand in federal court in Atlanta Tuesday, replacing the docile Joya Williams who testified Monday.

This time Williams was under cross examination by a disbelieving prosecutor who challenged her defense that she had nothing to do with a conspiracy last year to steal Coca-Cola trade secrets when she worked for Coke in 2005 and 2006, to try to sell them to Pepsi for $1.5 million.

"You all twist everything people say and manipulate it to make it go for your case," Williams accused Assistant U.S. Attorney B. J. Pak in front of the jury. "You're trying to twist" what she has said and what witnesses against her have said, Williams told Pak several times during Pak's 45-minute cross examination of her.

Williams and her two co-defendants who pleaded guilty in October, each face up to ten years in prison.

Pak brought in a rebuttal witness for the government, to try to blast apart one of Williams' key alibis. The witness, Cliff Carroll, a friend of Williams, testified that he's not the one who gave Williams $4,000 in June, 2006, as Williams had testified. Williams had deposited that money into her personal bank account the day after one of Williams' co-defendants received $30,000 from an undercover FBI agent posing as a Pepsi representative.

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Williams denied the money came from her co-defendant. She testified on Monday that Carroll loaned her $4,000 that day, so she could make a credit card payment.

But the defense never called Carroll to the stand to back up Williams' story. Instead, the prosecution called Carroll to the stand to refute it.

Pak asked Carroll, "Prior to her arrest, did you ever give her $4,000 in cash?"

"No, Sir," Carroll replied.

Williams' attorney, Janice Singer, tried to introduce a tape of a phone conversation between Williams and Carroll just after Williams' arrest in July. Williams was in the Fulton County Jail, which records all inmate phone calls.

The judge ruled Singer could not use the tape. But Singer said that on the tape, Williams and Carroll talked about the $4,000 loan, and Carroll never disputed giving Williams the money. Singer suggested for the jury that Carroll was forgetting the loan now, and testifying on Coke's behalf, so he would not jeopardize any business his company does with Coke. Carroll insisted he never gave Williams the money.

During Pak's cross examination of Williams, he asked her, "You never talked to [co-defendants] Dimson and Duhaney about selling any Coke secrets?"

"No," Williams replied, "I never talked to them about selling any Coke secrets."

Edmund Duhaney was a family friend of Williams who pleaded guilty to the conspiracy against Coke. Duhaney testified last week that Williams recruited him to help her sell Coke trade secrets that he claimed she had been taking from her office at Coke headquarters. Ibrahim Dimson also pleaded guilty to the conspiracy. Duhaney testified he met Dimson while they were serving time together in a federal prison, and that he recruited Dimson to help him and Williams.

Williams' defense is that Duhaney and Dimson must have taken the Coke materials from her without her knowledge, to try to sell to Pepsi.

"I never noticed the Coke documents were gone," Williams told Pak, "really until you [federal agents] busted through the door with your 30 guns" to arrest her on July 5, 2006.

"I'm hurt," Williams said at one point. "Everybody hates me.... I respect Coke and I respect this system" of justice.

"I could have took the plea and just faced two [years in prison], but I feel that strongly about my innocence. I know I didn't do it. I know. I'm sitting here risking the other eight [years in prison]" to tell the truth, she said.

Pak pointed out that Williams had $45,000 in credit card debt, and before he could make a point about how that might relate to the case against her, Williams said she's been carrying that debt for several years and retorted, "I didn't suddenly say, 'Let's go steal some documents to pay my credit card debt.' I worked two and three jobs, and you know it."

Pak's 45 minutes of cross examining Williams compares with the two and a half hours she testified on direct examination, on Monday.

Closing arguments are scheduled for Wednesday morning.

Friend Denies He Gave $4,000 To Coke Trade Secrets Theft Suspect (SDUT/AP)

By Harry R. Weber, Associated Press

The San Diego Union-Tribune, January 31, 2007

ATLANTA – A friend of the woman charged with conspiring to steal Coca-Cola trade secrets denied Tuesday that he gave the defendant $4,000, contradicting her testimony that money she deposited two weeks before her arrest came from him rather than payment for the scheme.

"Prior to her arrest, did you ever give her $4,000 in cash?" Assistant U.S. Attorney Byung J. Pak asked Roswell businessman Clifton Carroll, referring to Joya Williams.

"No, sir," Carroll responded.

Carroll was called by the government as a rebuttal witness after the defense rested its case after Williams testified for a second day that she believes she is a victim, not a criminal. Closing arguments in Williams' trial were expected Wednesday.

On Monday, an undercover FBI agent testified about a $4,000 cash deposit that posted to Williams' bank account on June 19, 2006. That was three days after the agent gave co-defendant Ibrahim Dimson $30,000 in cash in exchange for a sample of a new Coca-Cola product that was part of so-called Project Lancelot.

Williams, who was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light, testified Monday that the money she deposited came from Carroll, not Dimson.

But Carroll told jurors Tuesday that isn't true. He said the most money he ever loaned Williams was $400, and that was after her July 5 arrest.

Williams' credibility will be an issue for the jury to weigh during its deliberations.

Earlier Tuesday, Williams testified that she believes she is the victim of overzealous prosecutors and FBI agents who she claims tore apart her life.

In sometimes confrontational, longwinded responses to questions from Pak, Williams said during her second day on the stand that she didn't take a plea deal to lessen the up to 10 years she faces in prison if convicted because she is innocent.

"I could have took the plea and just faced two, but I felt so strongly about my innocence that I know I didn't do that," Williams told jurors. "I'm here risking going to jail an additional eight years for sitting here on the stand."

The government has alleged that Williams, 41, stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

The exchanges between Pak and Williams were tense at times Tuesday, but Williams did not alter her claim of innocence.

"Did you talk to them about selling Coke secrets?" Pak asked Williams, referring to Dimson and Duhaney.

"No," Williams responded. She then added, "You are trying to turn it all around to be something else."

Williams then said she considered Duhaney family, even though the two are not related.

"You do have family of your own, don't you?" Pak asked.

"You're trying to twist it again," Williams responded.

Pak then asked Williams about the key she claimed she left under her doormat for one of the co-defendants, perhaps suggesting a means by which the documents could have been stolen from her.

"When did you first notice that the Coke documents were gone?" Pak asked.

"I didn't notice the Coke documents were gone really until you all came and busted the door with the 30 guns," Williams said, referring to her arrest.

Pak also asked Williams about a FedEx package she sent to Dimson last year, and a text-message she sent to a former boyfriend nine days before the trial began. The former boyfriend testified previously that he felt Williams wanted him to lie on the stand about what was in the package.

But Williams testified Tuesday that she didn't try to coerce him, and she insisted she did not know what was in the package.

"You all twist everything someone says," Williams told the prosecutor. "You try to manipulate it."

She added, "I was just trying to call him because I don't have the resources that the government and Coke has. It's just me and somebody you all appointed."

Williams complained about how the government has portrayed her.

"You really upset me about that too because you made it seem like something that it wasn't," Williams said, referring to the discussion with her former boyfriend. "I'm hurt. You turn everybody."

"I respect Coke and I respect this system and everything that goes along with it," Williams added.

"Anything else?" prosecutor Pak asked, almost sarcastically.

"No. But thank you for letting me say it," Williams responded.

Infomercial Fraud Nets Year In Jail (PHI)

By John Shiffman

The Philadelphia Inquirer, January 31, 2007

A Philadelphia executive who pleaded guilty to participating in a $40 million television infomercial fraud was sentenced yesterday to one year and one day in prison.

Patrick Buttery, 55, was the chief financial officer of Computer Personalities Systems Inc., which operated as the Video Computer Store and Direct 2 U Inc.

On a national scale, the company charged consumers nearly $4 million for computers and parts that were never delivered - putting customers who complained on hold for hours, prosecutors said.

The company also bilked vendors of $13 million in sales and defrauded financial institutions of approximately $22 million. MBNA alone lost $10 million, prosecutors said.

Victims were defrauded between 1999 and 2001, as the business spiraled out of control. An FBI and IRS investigation soon followed, culminating in indictments in 2003.

Buttery's cooperation with authorities helped lead to a guilty plea from George Cappell, the primary defendant. Cappell, the company CEO and star of its television commercials, was sentenced last year to seven years in prison.

"Your cooperation should be substantially rewarded," U.S. District Judge Anita B. Brody told Buttery yesterday.

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"You understand that this wasn't just a bad business deal," she said. "You understand this was fraud. In some sense, you were a victim."

Prosecutors Peter Hardy and Judy Goldstein Smith had sought a term of "several years."

Nonetheless, Hardy said afterward: "We believe this is a good sentence and still sends a message to people in Mr. Buttery's position who have gone to business school and have executive positions: When your business starts to go bad on you, what you don't do is turn to crime."

Defense attorneys Benjamin Brait Cooper and Catherine C. Henry told Brody that Buttery was contrite and had worked hard to make up for his mistakes.

"The judge said he was doing a yeoman's job of taking care of his family," Henry said. "It's not just words: Here's a guy who's gone from being a COO to living in his mother-in-law's house, getting up at 2 a.m. each day to deliver the paper, takes care of the kids during the day while his wife works, and then bartends at night. He's changed his life and standard of living and that's what the judge wanted to reward."

Leon A. LaRosa Jr., a forensic accountant who worked with the bankruptcy trustee in the case, shook his head as Brody pronounced sentence.

"A disgrace," he muttered aloud in the last row of the gallery, clearly upset. Afterward, he told reporters: "This shows that crime pays."

Schafer Won't Be Charged In UNT Case (DRC)

By Matthew Zabel, Staff Writer

Denton (TX) Record-Chronicle, January 31, 2007

Federal prosecutors will not press charges against a former Pentagon official whom the University of North Texas paid $310,000 even though he never actually worked for the university, bringing to an apparent end a two-year-long investigation.

Klaus Schafer

Instead, federal investigators said the U.S. Defense Department should handle internally problems with that three-way agreement among itself, UNT and Dr. Klaus Schafer, who served as a top Pentagon adviser on chemical and biological defense.

That decision was outlined in a Jan. 5 investigation report, which the Defense Department made public Monday in response to an open-records request from the DentonRecord-Chronicle.

The federal investigation and UNT's internal investigation found evidence that Schafer backdated parts of the agreement in order to make it appear he had worked for the university when, in fact, he had not.

The federal report says investigators did not interview Schafer.

He could not be reached for comment.

Glen J. Logan, of the Defense Department's Inspector General's Dallas regional office in Arlington, said investigators presented facts of the UNT case to a federal prosecutor and left the decision whether to prosecute with the Justice Department.

"This case was one of those where we didn't have a particular preference either way," Logan said of the Justice Department's decision. "A lot of times what it comes down to is how they can best use their resources. To prosecute a case is a huge demand on resources for the Department of Justice, and they have to determine if it's worth it."

Logan said the Defense Department officials could decide whether or not to take any action, such as firing an employee, changing its procedures, ceasing to do business with an outside institution.

Pentagon officials did not immediately respond to questions about what administrative action the Defense Department would take.

UNT officials said they are happy to see the investigation come to an end.

"The outcome of the federal government's investigation – that UNT engaged in no criminal wrongdoing – is consistent with the findings of our own comprehensive investigation," said Deborah Leliaert, a spokeswoman for the university.

Schafer served as deputy assistant to the Secretary of Defense for nuclear, chemical and biological defense programs between July 2004 and June 2005.

On paper, Schafer was a UNT employee, working under the Intergovernmental Personnel Act of 1970, a law that allows universities and certain other institutions to assign employees to a short-term federal position if authorities at both agencies determine it is in the public's best interest to do so.

UNT signed such an agreement with Schafer and the Defense Department in November 2004, even though Schafer had not been a UNT employee before that.

But federal investigators found evidence that Schafer backdated the agreement and his employment application to make it effective July 1, 2004 in an apparent effort to show he was a UNT employee all along and thus validating his assignment agreement. The federal investigators also found evidence that Schafer coached UNT employees to backdate other documents.

Under the agreement, UNT was to front Schafer's $310,000 salary plus benefits, but the university was eligible to reclaim more than $275,000 from the Defense Department.

UNT has not sought reimbursement for that money.

UNT hired an outside law firm two years ago to begin investigating that agreement and possible fraud associated with it and reported their findings to the Defense Department five months later.

That law firm has billed UNT more than $1.3 million.

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Crime-plagued Regions Vie For New Grants (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, January 31, 2007

Regions plagued by rising violent crime could share in a $200 million grant next year with a new Justice Department grant targeting gangs, illicit drugs and gun offenses.

The Justice Department will ask for the funding for state, local and tribal authorities as part of its 2008 budget request to Congress next week. It comes in the wake of a 2.2 percent rise nationwide in rapes, murder, robbery, aggravated assault and other violent crimes in 2006 — the first increase since 2001.

Communities that team up with other cities and regions, partnering with at least one federal law enforcement agency, will be eligible for the grants, Justice Department spokesman Brian Roehrkasse said. Those that work with other communities across state lines will be given priority, he said.

An ongoing department study of crime rates in 18 cities and regions shows that such task forces have "played a significant role in helping to effectively combat violent crime," he said.

Last fall, mayors and police chiefs reported seeing recent spikes in violent crime, calling for greater support from federal law enforcement agencies that have been distracted by counterterror missions since 2001. At the time, Attorney General Alberto Gonzales made combating violent crime a high priority, but he did not commit to providing extra funding.

Whether the new money will get in the hands of local and state police any time soon is another question, as Congress has yet to approve a budget for 2007 fiscal year that began last October.

Roehrkasse said the Justice study's final results will be released later this spring. So far, he said, it has concluded that "there is not one single factor that is contributing to the rise in violent crime in some communities."

Man Receives Rare Death Sentence In New York For Slayings Of Two Police Officers (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, January 31, 2007

(AP) - NEW YORK-A man convicted of shooting two police detectives in the head was sentenced to death Tuesday, becoming the first person in more than 50 years to receive a death penalty sentence in a federal case in New York.

The jury had deliberated since Monday before sentencing Ronell Wilson, 24, to die by injection. The jury had convicted Wilson last month of two counts of murder, along with robbery, carjacking and firearms charges.

The last time someone was sentenced to death in a federal case in New York was in 1954 for a bank robber who killed an FBI agent.

Prosecutors claimed the defendant knew that Rodney Andrews and James Nemorin were undercover New York Police Department detectives when he climbed into the back seat of their unmarked car on the pretense of selling them an illegal gun on Staten Island in 2003. Both officers were shot in the head, Nemorin after he pleaded for his life.

An accomplice testified that he and Wilson were in on a plot by a violent drug gang to rob the undercover detectives, believing they were carrying $1,200 to buy guns. But the defense contended there was no convincing evidence the men knew their victims were police officers.

Wilson's attorney, Kelley Sharkey, had cautioned jurors they were making "the ultimate moral decision," and she urged them to show mercy.

"You must be able to say to yourself that 24-year-old Ronell Wilson is beyond hope, is beyond redemption," she said.

Wilson was one of seven people arrested in the case; the other six pleaded guilty to various charges.

There are fewer than 50 inmates nationwide on the federal death row. Three, including Oklahoma City bomber Timothy McVeigh, have been put to death since 2001.

Cop Killer Sentenced To Death (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, January 31, 2007

"You are a dead man!"

That was the outcry from the mother-in-law of a slain New York City cop after a jury in a Brooklyn federal courtroom announced Tuesday that Ronell Wilson should be executed for killing her son-in-law and another undercover detective.

Wilson's face seemed to collapse in stunned disbelief as the panel of seven men and five women announced shortly after 5 p.m. that he should get the death penalty for the murders of James Nemorin, 36, of Baldwin Harbor, and Rodney Andrews, 34, of Middle Village, during a botched weapons buy on Staten Island in 2003. The same anonymous jury convicted Wilson, 24, of the racketeering murder charge last month.

Then, in a gesture that shocked and angered many in the courtroom, Wilson appeared to stick out his tongue at the families and supporters of the slain men after the death verdict was announced.

"He stuck his tongue out," said Michael Palladino, the head of the Detectives Endowment Association, who was in court when the verdict was announced. "It was done to taunt the [victims'] families."

Wilson would be the first federal inmate to be executed in a New York case since the 1950s. Julius and Ethel Rosenberg were electrocuted in 1953 for espionage, while Gerhard Puff was executed in 1954 for the murder of an FBI agent.

"I just want to say thank you to God and thank you to the jury and thank you to the prosecutors," Nemorin's widow, Rose, said outside the courthouse. "... I know now James and Andrews can rest in peace. ... When God starts something, he never stops."

"All I can say is that my prayers have been answered," said Andrews' widow, Mary Ann.

"He will get what he deserves," Nemorin's sister, Jean Marie, said of Wilson.

Defense attorneys said they planned to appeal both the verdict and the death penalty sentence.

At the direction of Judge Nicholas Garaufis, the jury foreman rose at 5:07 p.m. and began reading through the panel's decisions, which consisted of a 29-page special verdict form. When the foreman, a young man dressed in a gray suit, announced at page 16 that Wilson should be executed for killing Nemorin, a short, sharp clap broke out from the families of the victims.

"Yes!" exclaimed Nemorin's mother-in-law, Nicole Edouard.

The brief outbursts startled defense attorney Kelley Sharkey, who was standing with Wilson, along with co-counsels Mitchell Dinnerstein and Ephraim Savitt. Wilson's relatives began to sob softly, clasping each other.

The jury announced the death penalty a total of five times to cover Nemorin's and Andrews' deaths through use of a .44-caliber handgun and for the carjacking the resulted in the shootings.

Savitt said appeals on a number of issues could go up to the U.S. Supreme Court.

As the jury was leaving, Wilson's brother Daniel blurted out an expletive before a relative muzzled him with her hand. Federal marshals then took him out of the courtroom.

"You are a dead man," Eduoard shouted at the defendant.

"We love you, Ronell," Wilson's mother and sisters yelled as he was led from the courtroom.

"You're the murderers now," Wilson's mother, Cheryl, shouted toward the side of the courtroom where the victims' families sat.

Outside the courtroom, a group of NYPD officers and detectives applauded the prosecution team of Jack Smith, Colleen Kavanaugh and Morris Fodeman.

"We are gratified for that verdict and hope the verdict brings some closure to the families," Brooklyn U.S. attorney Roslynn Mauskopf told reporters later.

"I want to commend the jury for their difficult and courageous work," Police Commissioner Ray Kelly said last night in a statement.

But Savitt, the lead defense attorney, said he was greatly disappointed by the verdict.

"Applying the death penalty does not do honor to the slain detectives," said Savitt. He said Wilson was only allowed by Garaufis to give a sanitized statement of remorse in court, which the jurors indicated on their verdict form convinced none of them.

Killer Of Detectives Gets Death Sentence (NYT)

By Michael Brick

The New York Times, January 31, 2007

A federal jury sentenced a 24-year-old Staten Island man to death yesterday for killing two undercover police detectives in 2003. It was the first successful federal capital punishment prosecution in New York in more than 50 years.

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After the verdict was read, the defendant, Ronell Wilson, 24, rubbed his palms, looked at his mother, then stuck his tongue out at the families of his victims. His younger brother loudly cursed the jurors, while their mother cried out that they were "the murderers now."

The widows and other relatives of the slain detectives applauded briefly from the gallery, crying, "And the Lord rejoices."

In December, the anonymous jury of seven men and five women convicted Mr. Wilson of shooting the two detectives, James V. Nemorin and Rodney J. Andrews, in the back of the head in a car during a weapons sting on Staten Island on March 10, 2003.

They reached their verdict yesterday after nine hours of deliberations that started Monday afternoon. They found Mr. Wilson devoid of remorse and directed Judge Nicholas G. Garaufis of federal court in Brooklyn to impose sentences of death by lethal injection on five counts.

Three men have been executed in federal cases in the United States in recent decades, first among them Timothy J. McVeigh, for the bombing of the Alfred P. Murrah Federal Building in Oklahoma City. Mr. Wilson will join 46 other people on the federal death row.

But in the 20 years since a moratorium on federal capital punishment was lifted, prosecutors in New York have failed to win death sentences against at least 14 defendants, including violent gang members. Federal jurors even refused to execute two terrorists involved in the bombing of United States embassies in East Africa in 1998, after their lawyers argued it would turn them into martyrs. The last federal inmate to be executed in the state was Gerhard Puff, in 1954, a bank robber convicted of killing an F.B.I. agent.

But the murder of two undercover detectives, found bleeding on a Staten Island street in the aftermath of a botched gun transaction, resounded in a city still shaken by the terror attacks of 2001. They were the first two officers killed by gunfire on a single day since 1988.

Working from 29 pages of questions, the jurors dissected a series of factors weighing for and against execution. Affirming elements of their conviction, they found that Mr. Wilson had acted with the intent to kill. They endorsed all the prosecution's assertions, including that Mr. Wilson would remain a danger in prison.

The jurors, who declined interview requests conveyed by the judge, unanimously endorsed nearly all of the defense team's mitigating factors, finding that Mr. Wilson had grown up depressed, sick and trapped in a realm of poverty, deprivation, drug abuse and violence. They wrote in another factor weighing against the death penalty: "Ronell Wilson was possibly subject to peer pressure."

But they unanimously rejected the notions that he has adjusted well to federal prison, taken responsibility for his actions or "has remorse for the murder of Detectives Andrews and Nemorin."

Federal prosecutors vigorously sought the death penalty against Mr. Wilson, taking the case from state prosecutors in Staten Island after the New York death penalty was largely invalidated in 2004. They endorsed plea bargains with seven defendants, young men based around the Stapleton Houses project in northeastern Staten Island.

The group members had forged their camaraderie on admiration for a slightly older man, nicknamed Keyo, who had been killed under unresolved circumstances.

"I heard different stories," testified one group member, Mitchell Diaz, who has pleaded guilty to supplying the weapon used to kill the detectives.

Bearing Keyo tattoos and T-shirts, the men gave themselves nicknames like O and Mal-G, evidence and testimony showed. Between the humdrum stuff of growing up, community college courses, talent shows and outings to Six Flags Great Adventure, they mastered gang signs, sold crack cocaine and beat and robbed their rivals.

On that March night in 2003, the men sold a handgun to Detective Nemorin, 36, a Haitian immigrant and father of three, admired by other officers for his ability to convincingly shed dapper silk scarves for the trappings of a street tough.

As his supervisor would later testify, Detective Nemorin arranged to buy a second gun, a Tec-9 assault pistol, at a rendezvous by the Stapleton Houses a week later. For backup, he brought Detective Andrews, 34, a Navy veteran and divorced father of two with a reputation for making tough arrests.

In a police-issued Nissan Maxima, the detectives approached the towering Stapleton Houses with a handgun for protection and a surveillance transmitter disguised as a pager. As Detective Nemorin drove, they exchanged goofy banter between calls for directions.

On the other side of the telephone line, plans for the transaction were shifting from sale to robbery, members of the group later testified. Outside the housing project, Mr. Wilson climbed into the backseat with Jessie Jacobus, at 16 a 6-foot-3, 240-pound enforcer for the group.

As they circled the streets, Mr. Wilson voiced suspicions of a police presence in the neighborhood.

"It's mad hot," Mr. Wilson said, according to a surveillance recording.

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He also questioned the presence of Detective Andrews, who Detective Nemorin claimed was his brother-in-law. The detectives sought to reassure him with canny street talk and evasive driving, to little discernable effect.

On a dark dead-end street, with no apparent warning, Mr. Wilson fired a single .44-caliber bullet into the skull of each man, starting with Detective Andrews. Gunpowder residue on Detective Nemorin's hand would later bear evidence of his efforts to survive. It was never proven whether Mr. Wilson knew his victims were officers, and an accomplice's recantation eventually prompted prosecutors to drop such charges.

But Mr. Jacobus testified that Mr. Wilson gave a reason for the shootings in the minutes after he pulled the trigger. He quoted Mr. Wilson as saying he did it because he did not care about anybody.

After losing their surveillance signal, police supervisors frantically searched Staten Island, only to find the blood-soaked bodies of their undercover detectives. They temporarily shut down traffic out of the borough, recalling departed ferries and closing bridges. They rounded up the crew within two days.

The prosecutors, Colleen Kavanagh, Morris J. Fodeman and Jack Smith, assisted by Special Agent Thomas Shelton of the Bureau of Alcohol, Tobaco, Firearms and Explosives, presented three weeks of testimony and evidence from members of the gang, scientific experts, civilian witnesses, investigators and audio and video surveillance recordings.

Mr. Wilson's lawyers, Ephraim Savitt, Mitchell Dinnerstein and Kelley J. Sharkey, sought to save Mr. Wilson's life by recounting the circumstances of his childhood. Before the jury retired, Mr. Wilson read a brief, heavily edited statement of remorse.

Yesterday afternoon, the jury foreman, dressed in a suit and tie, gave the panel's answers in a loud crisp voice, glancing now and again at Mr. Wilson. He ordered the death sentence, in response to a question, with the word "yes."

From the victim's families came calls of "God bless."

As the jurors receded, Mr. Wilson kissed his forefinger and middle finger, then waved to his mother. If sustained on appeal, his sentence will be carried out by lethal injection at a death row facility in Terre Haute, Ind.

It could be appealed to the Second Circuit Court of Appeals in Manhattan, said Russell Neufeld, a capital defense lawyer who was not involved in the case. If a majority of justices upheld the sentence, it could ascend to the U.S. Supreme Court for a hearing.

The appeal will be the second before the circuit under the modern federal death penalty. The first, from Vermont, entered the appeals court about a year ago and has yet to be decided.

Ephraim Savitt, a lawyer for Mr. Wilson, predicted an appeal based on the jury selection process, among other issues. He lamented the sentence.

"It's a very sad day for the justice system," he said, "when justice and vengeance become one and the same."

"If any case screamed out for the death penalty," said Michael Palladino, president of the Detectives Endowment Association, "it was this case."

Roslynn R. Mauskopf, the United States attorney for the Eastern District of New York, said, "Today justice has been served, and it has been served by a jury from this community. "

In a statement, the police commissioner, Raymond W. Kelly, said: "I want to commend the jury for their difficult and courageous work."

When the courtroom was cleared, the prosecutors emerged to a sustained round of applause.

And Derek Williams, a cousin of Detective Andrews who testified in the penalty phase of the trial, said: "It is some measure of relief, but it is not full closure. It won't be full closure until the sentence is carried out."

The relatives of Mr. Wilson walked away in the dark, under the glare of TV camera lights. He was removed from the courtroom by a different passage.

Prison Time Sought For Ex-official In 'Egregious' Scam (WT)

By Jim Mcelhatton

The Washington Times, January 31, 2007

Federal authorities are seeking at least three years in prison for a former D.C. Office of Property Management executive who pleaded guilty in a scam to extort bribes from contractors with threats that he would blackball them from city contracts.

Narase Bob Oudit, 51, was supposed to be sentenced in federal court in the District earlier this month, but recent concerns about his health have prompted a delay in the criminal case.

Oudit, a former city engineer in charge of several city construction projects, should go to prison for at least 37 months for "sordid misuse of his office to extort city contractors," federal prosecutors argued in a recent court memo.

"On the scale of corruption cases, this one is egregious," Assistant U.S. Attorney Howard R. Sklamberg wrote. "The defendant did not make an isolated demand for a bribe -- he demanded bribes day after day and month after month."

Investigators recorded statements by Oudit to one contractor in which Oudit purportedly sought a contractor to pay him bribes through Oudit's company, BT Contractors.

"Now don't play hardball with me, alright?" Oudit said, according to court records. "Because I'm going to take it away. Then you're all going to eat this."

Mr. Sklamberg called for "stern punishment," saying "these were not requests for a $50 bribe, but demands for bribes totaling hundreds of thousands of dollars."

In one instance, Oudit received $13,500 in bills marked by the FBI from another contractor from whom he demanded $294,000 in exchange for keeping a project from going into default.

Oudit's attorney is seeking probation for his client, whom he calls a devoted family man with no other run-ins with the law.

"Mr. Oudit, prior to this episode in his life, was a law-abiding family man with no prior involvement with the criminal justice system, whose wife and two children depend on him for emotional and financial support," defense attorney Thomas Abbenante argued.

Oudit was supposed to be sentenced earlier this month, but the hearing was postponed amid concerns over an apparent cardiac condition. A letter from his doctor submitted in a recent defense pleading states that stress from being in prison would cause Oudit's heart problems to worsen.

Mr. Sklamberg said Oudit could be incarcerated in a federal prison hospital.

"While the defendant's medical conditions are serious ones, there is no indication they cannot be treated within the [U.S.] Bureau of Prisons," he argued.

Former PR Executive Is Sentenced In Fraud Case (LAT)

By John Spano

The Los Angeles Times, January 31, 2007

Douglas R. Dowie was sentenced today to 42 months in prison for defrauding city taxpayers, tarnishing a career that once scaled the heights of Los Angeles media influence and political power.

In handing down the sentence, U.S. District Judge Gary Feess said that Dowie had "lost moral compass."

"I maintain my innocence, your honor," Dowie said in a three-minute speech before he was sentenced. It was the first time Dowie had spoken about the case in court.

John Stodder Jr., a Dowie assistant and co-defendant, was sentenced to 15 months.

Dowie headed public relations giant Fleishman-Hillard's Los Angeles office and was former managing editor of the Daily News of Los Angeles. He was convicted last year of masterminding a scheme in which he overbilled for services, allowing his office to generate at least $6 million in unearned fees.

The scandal rocked Los Angeles City Hall, spurred ethics reform and helped persuade voters to elect Antonio Villaraigosa as mayor. It also bloodied one of the nation's premier public relations firms, which paid millions in penalties.

Dowie, 58, earned as much as $330,000 a year and built a bustling office through his media and political contacts. The firm's City Hall contracts amounted to $3 million a year from the DWP alone.

Two years ago, Fleishman-Hillard paid almost $6 million to the city of Los Angeles to cover the fraudulent billings. The St. Louis-based firm, with 80 offices worldwide, was not charged with a crime, though a succession of top executives at its Los Angeles office under Dowie were alleged to have participated in the scheme.

Fleishman paid $1 million to defend Dowie, then dropped him. Dowie has run up $3 million in additional unpaid defense costs.

Dowie's lawyers tried to persuade U.S. District Judge Gary Feess that his employer threw him to the wolves and compromised Dowie's constitutional rights.

When Feess turned down Dowie's request for a new trial, the judge said that all of the prosecutor's witnesses, except one, had credibly outlined the conspiracy to defraud.

Stodder, 51, was also convicted by the same federal jury last year. Most other Fleishman co-workers made deals with prosecutors to avoid charges, leaving just one other Dowie aide, Steve Sugerman, to be convicted. He pleaded guilty and testified against Dowie in the trial last year.

The principal witnesses were political figures from the administrations of former Mayors Tom Bradley, Richard Riordan and Kenneth Hahn, powerbrokers at the nexus of business and city politics who claim they can burnish public images for a price.

Deadline For Responses To Justice Subpoenas Extended (HILL)

By Susan Crabtree

The Hill, January 31, 2007

DOJ_NMG_0125005

The deadline for House leaders to respond to Justice Department subpoenas sent to three powerful committees late last year has been extended for a second time.

The U.S. district court in San Diego sent subpoenas requesting documents related to the bribery case against former Rep. Randy "Duke" Cunningham (R-Calif.) to the House Appropriations, Armed Services and Intelligence committees late last year. Cunningham, a former member of the Appropriations and Intelligence panels, is serving eight years in prison for accepting more than $2.4 million in bribes in exchange for earmarking government contracts.

The original deadline for Congress to respond was Jan. 11, but that was extended to Jan. 31. A Democratic leadership aide yesterday said that "an agreement on this issue is close" and that the "committees have been given additional time."

House Democratic and GOP leaders contribute to a bipartisan legal advisory group, which works with the House General Counsel's office to respond to subpoenas. Together, these leaders must decide whether to invoke the Speech or Debate Clause of the Constitution, which provides protections for members of Congress and staff, just as those leaders did in May after the FBI raided the office of Rep. William Jefferson (D-La.).

Yesterday, the leadership aide declined to comment about whether House leaders were planning to cooperate or fight the subpoenas.

"The Office of General Counsel remains in negotiation on the terms of the agreement with the [assistant U.S. attorney's office in San Diego]," the aide said.

Consumers Warned Of Loan Scams (USAT)

By Kevin Mccoy

USA Today, January 31, 2007

A flurry of advance-fee loan scams is victimizing consumers across the USA and Canada, the Council of Better Business Bureaus warns.

Consumers who respond to phone calls or ads that purportedly guarantee loans to those with poor credit instead lose hundreds of dollars or more in fees demanded by the suspected scammers.

The frauds follow a typical pattern. Consumers call a toll-free number and are told to submit credit information over the phone or fill out paperwork to be mailed later. In exchange for a $5,000 to $100,000 loan, they are told to wire or mail a money order for $500 or more to pay processing fees or other charges.

The applicants never get the loan, and they lose what they paid in fees. They also risk having their identity stolen if they provided a Social Security number or other personal data to the scammers.

"People with the poorest finances are being victimized," said Steve Cole, CEO of the Council of Better Business Bureaus.

Although the group had no data on the number of victims, spokesman Stephen Cox said workers in the council's 129 local bureaus have fielded a rise in complaints about the alleged scam.

Nata Clegg, a 30-year-old legal-office worker from Fort Worth, said she almost lost $607 this month when scammers told her she qualified for a $5,000 loan.

Luckily, Clegg checked the address listed by the purported firm, Elmhurst Financial Loan Corp., and discovered the location was actually a Boston Market restaurant in Wisconsin.

Clegg immediately called her husband, John, who had gone to a Texas Wal-Mart to wire the required fees.

"I got him just in time," Clegg said. "We were really, really fortunate not to fall victim to this."

Others haven't been as lucky.

According to the council, scammers using the name B&T Financial Group hijacked the website of an Ohio insurance firm near Cleveland late last year. Consumers who responded to loan offers saw the insurance firm's identifying information online. But new phone and fax numbers had been set up by the suspected scammers.

Several victims lost as much as $1,000 each in fees wired to Canada, the council said.

Better Business Bureaus across the country advise consumers who need a loan to search for a reputable local lender. Although fees may be required, legitimate lenders usually deduct them from the loan.

"It is best to double-check any and all loan offers with the BBB to find out if the business can be trusted," Cole said. "We can tell you if other consumers have filed complaints" and try to "verify the legitimacy" of the purported lender.

Federal Judge Asks NY Times Reporter To Appear In Case Of Zyprexa Document Disclosures (FINDLAW/AP)

By Seth Sutel, Ap Business Writer

AP, January 31, 2007

DOJ_NMG_0125006

(AP) - NEW YORK-A New York Times reporter has been asked to appear in federal court next month to answer testimony that a judge said implicated the writer in a "conspiracy" to obtain confidential documents regarding the anti-psychotic drug Zyprexa.

The reporter, Alex Berenson, wrote a number of articles starting late last year saying the drug's manufacturer, Indianapolis-based drug maker Eli Lilly and Co., downplayed Zyprexa's risks and marketed it for unapproved uses. Lilly has denied the charges.

Jack B. Weinstein, a judge in U.S. District Court for the Eastern District of New York, invited Berenson to appear voluntarily in the court on Feb. 7 to explain how he got the documents, which had been sealed by the court. In a filing Tuesday Weinstein said Berenson could be accompanied by his attorney and would be subject to cross-examination.

The Times said it is considering how to respond. "We just got all the papers in this matter, including the invitation, and we're studying them and will respond to the judge in due course," said spokeswoman Diane McNulty. "We believe our reporting in this matter was very newsworthy and was derived from routine newsgathering procedures."

Weinstein wrote in the filing that he was asking Berenson to appear after hearing testimony from James Gottstein, an Alaska-based lawyer named in Berenson's stories as the source of the documents.

"This invitation is intended to permit Alex Berenson to confront testimony received at a hearing in this court on January 16-17 implicating him in a conspiracy to obtain and publish confidential documents sealed by this court," Weinstein wrote.

In excerpts of Gottstein's testimony included in Weinstein's filing, Gottstein said Berenson had told him that a plaintiff's expert named Dr. David Egilman had a number of documents that Gottstein could obtain by subpoena.

The testimony was taken during a hearing earlier this month over whether the documents provided to The New York Times should be made public.

Lilly also said it had no role in the judge's decision to ask Berenson to appear. Lilly spokesman Phil Belt said he didn't know whether Berenson was involved in a conspiracy but the company would be interested in hearing what he would tell the judge.

Lilly has settled 28,500 Zyprexa-related lawsuits and there are another 1,200 outstanding, according to Belt.

AP Business Reporter Theresa Agovino contributed to this story.

CVS Execs Plead Not Guilty To Corruption (AP)

By Eric Tucker, Associated Press Writer

AP, January 31, 2007

CVS Executives Plead Not Guilty in Influence-Peddling Probe

PROVIDENCE, R.I. (AP) -- Two former executives at CVS Corp. pleaded not guilty Tuesday to federal charges they paid a state senator to kill legislation the drug store chain opposed or sponsor bills that favored the company.

John R. "Jack" Kramer, former CVS senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, pleaded not guilty in U.S. District Court to one count each of conspiracy and bribery and 21 counts each of fraud for their contract with former state Sen. John Celona.

U.S. Magistrate David Martin ordered both men released on $10,000 unsecured bond.

Celona, who resigned from the General Assembly in 2004 amid questions about his business dealings with CVS, pleaded guilty to federal mail fraud charges in 2005 and will be sentenced Wednesday.

Kramer and Ortiz have been on leaves of absence from Woonsocket-based CVS since 2004. CVS, the drugstore chain with the most stores in the nation, was not charged with any wrongdoing. CVS has said it is cooperating with the probe.

In his federal guilty plea, Celona also admitted to improper arrangements with Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island.

He has been cooperating with the federal government in hopes of a lighter sentence, and he was the star witness during a trial last year that resulted in two former Roger Williams executives being convicted of paying Celona to do the hospital's political bidding. Those executives will also be sentenced Wednesday.

Kramer and Ortiz hired Celona in February 2000, supposedly as a $1,000-per-month consultant to educate senior citizens about health topics and do other public relations tasks. Instead, the indictment said, the money was meant to influence his votes and power as a lawmaker.

Celona was paid roughly $45,000 until the relationship ended in the fall of 2003, according to the indictment.

Celona served on several committees that deal with health care and pharmacies.

His chairmanship on the corporations committee, for example, allowed him to block legislation that CVS opposed.

DOJ_NMG_0125007

One bill he worked to block would have allowed competition to a restrictive network of pharmacies that CVS participated in with Blue Cross and Blue Shield. The position was a switch: Before he was on the CVS payroll, Celona voted in favor of the legislation, known as "Pharmacy Freedom of Choice."

He also blocked the progress of a bill that would have allowed Canadian pharmacies to sell drugs to Rhode Island, a law that could have hurt the chain's business in the state.

Celona also introduced legislation that would benefit CVS, allegedly at the request of Kramer and Ortiz. In one example, he sponsored a bill to require drug manufacturers to accept the return of recalled or damaged pharmaceuticals.

Prosecutors said Celona received other benefits, such as sports tickets and trips to Florida and San Diego.

Lawyers for both men said Tuesday their clients were innocent and would fight the charges.

"We pled not guilty, and we're just going to see the case through," said Mark Smith, an attorney for Ortiz.

Outside the courthouse Tuesday, U.S. Attorney Robert Clark Corrente said his office's influence-peddling probe was continuing.

http://www.cvs.com

2 CVS Execs Plead Not Guilty To Bribery (PROJO)

By Mike Stanton, Journal Staff Writer

The Providence Journal, January 31, 2007

PROVIDENCE -- Two CVS executives, John R. Kramer and Carlos Ortiz, pleaded innocent today in federal court to charges of bribery and conspiracy for hiring former state Sen. John A. Celona as a $1,000-a-month CVS consultant.

U.S. Magistrate Judge David L. Martin ordered the two men released on $10,000 bond apiece and restricted their travel.

Journal photo / Mary Murphy

CVS executive Carlos Ortiz leaves his arraignment.

Kramer, who also has a residence in Arizona, was allowed to travel there and within Rhode Island. Ortiz, who lives in Amherst, Mass., had his travel restricted to Massachusetts and Rhode Island.

Today's court appearance was brief. Neither man had any additional comments.

Ortiz and Kramer were charged on Jan. 18, in a 23-count indictment of conspiracy, of fraud and bribery. They are accused of hiring Celona as a consultant from early 2000 to the fall of 2003, paying him a total of about $45,000 and also lavishing him with golf outings, trips to Florida and California and tickets to professional sporting events.

Although Celona was ostensibly paid to improve CVS' image among consumers, U.S. Attorney Robert Clark Corrente charged that Kramer and Ortiz put Celona on the payroll "to advance the company's legislative agenda … through illicit payments to Senator Celona."

Journal photo / Mary Murphy

CVS executive Jack Kramer arrives with his lawyer, Peter DiBiase, right.

In return, the indictment said, Celona used his political clout to kill controversial "pharmacy choice" legislation that would have expanded the Rhode Island network of pharmacies that accepted Blue Cross reimbursements. CVS, which dominated the restricted network, opposed the bill so strongly that the company tied Kramer's and Ortiz's performance reviews to defeating the legislation.

Killing the legislation, Ortiz wrote in one review, had "helped to protect millions of dollars of sales."

The indictment says that Celona also opposed the licensing of Canadian pharmacies in Rhode Island, pushed legislation to allow the electronic filing of prescriptions and promoted the creation of a state-backed loan program for pharmacy students.

Digital Extra:

More on the CVS indictments

Celona pleaded guilty in 2005 to selling his office to CVS, Blue Cross & Blue Shield of Rhode Island and Roger Williams Medical Center. He testified last fall in the corruption trial leading to the conviction of former Roger Williams executives Robert Urciuoli and Frances Driscoll.

Urciuoli and Driscoll are also set to be sentenced tomorrow.

Bismarck Library Clerk Held For Federal Sex Offense (BISTRIB)

By Jenny Michael

Bismarck (ND) Tribune, January 31, 2007

A Bismarck librarian has been charged in federal court with one count of traveling with the intent to engage in illicit sexual conduct with a minor.

DOJ_NMG_0125008

David Boschee, 37, was charged for allegedly traveling to South Dakota on Sept. 29, 2006, for the purpose of engaging in illicit sexual conduct with a minor, said a news release from U.S. Attorney Marty Jackley from the district of South Dakota.

The charge is punishable by up to 30 years in prison and fines of up to $250,000.

United States Magistrate Judge Charles S. Miller ordered on Monday that Boschee be held until he can be transferred to South Dakota. Boschee was being held in the Burleigh County Detention Center as of Tuesday afternoon.

A trial date has not yet been scheduled.

According to an affidavit written by Federal Bureau of Investigations agent Michelle Behan, Sioux Falls Police Detective Andrea Kelly informed her on Jan. 25 that Boschee had met a 15-year-old Sioux Falls girl over the Internet. Both of them had Myspace.com profiles, the affidavit said.

The girlâ€™s birth date was on her profile, identifying her as a 15-year-old girl, the affidavit said.

Boschee and the girl began e-mailing and chatting with each other online, the affidavit said.

â€œSome of the conversations were sadomasochistic in nature,â€ Behan wrote.

The affidavit said Boschee and the girl planned to meet for sex in Sioux Falls, but the girl changed her mind a week before he came. However, he allegedly went to Sioux Falls anyway and paid for a room at the Super 8 in Sioux Falls with a credit card, the affidavit said.

The girl told police she had sex with him at the motel, the affidavit said.

Miller wrote in an order filed Tuesday that Boschee will be held because evidence suggests he is a flight risk and a danger to the community.

â€œThis evidence includes: the defendantâ€™s itinerant history and tenuous ties to both the district of the offense and the district of the arrest,â€ the order said. It also said there was evidence that Boschee suffers from depression.

â€œWhile the defendant has family that lives in Bismarck and he is employed at the Bismarck Public Library, he is single and has spent considerable time in the past out-of-state,â€ Miller wrote.

Bismarck Police Lt. Dan Donlin said the FBI out of Sioux Falls and the North Dakota Bureau of Criminal Investigations requested that the police department assist in locating Boschee Monday morning.

Police first checked Boscheeâ€™s home on the 900 block of North 13th Street, then found him at the Bismarck Public Library, at 515 N. Fifth St., Donlin said.

Library director Tom Jones said Boschee started a part-time position as a clerk at the circulation desk of the library in August. He has worked 20 to 23 hours per week in a highly visible position in which he was always with other staff members, Jones said.

â€œIâ€™m not aware of any misconduct while he was here,â€ Jones said.

Jones said no action has been taken regarding Boscheeâ€™s employment at the library, and Boschee has not resigned his position.

Donlin said Boschee was taken to the police department for questioning, then was placed in the custody of the U.S. Marshal.

A search warrant was executed on Boscheeâ€™s residence later Monday, the news release said.

The news release said the case is being investigated by the FBI, Sioux Falls Police Department, Bismarck Police Department and North Dakota Bureau of Criminal Investigation.

The case also is part of U.S. Attorney General Alberto Gonzalesâ€™s Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse.

(Reach reporter Jenny Michael at 250-8225 or jenny.michael@bismarcktribune.com)

Bill To Track Sex Predators On Web Offered (LAT)

By Jim Puzzanghera, Times Staff Writer

The Los Angeles Times, January 31, 2007

Sponsors want offenders to register e-mail addresses. Networking sites could use the data to protect children.

WASHINGTON — Convicted sex offenders released from prison must register their home addresses with authorities. Now some in Congress want to extend that requirement to cyberspace.

To prevent sexual predators from trolling the Internet for young victims, a bipartisan group of lawmakers Tuesday introduced legislation that would require sex offenders to register their e-mail addresses and make them available to social networking sites. The proposal also would make it a crime for adults to lie about their age in pursuit of sex with a minor.

"Just as we protect kids in physical neighborhoods, we have to protect them in online communities," said Sen. Charles E. Schumer (D-N.Y), a sponsor along with Sen. John McCain (R-Ariz.). House legislation was introduced by four lawmakers, including Earl Pomeroy (D-N.D.), who helped create a new online database of convicted sex offenders last year.

Named in memory of Adam Walsh, the son of "America's Most Wanted" host John Walsh, and other victims, that legislation easily passed Congress and was signed by President Bush in July.

Backers predicted the new proposal, called the Keeping the Internet Devoid of Sexual Predators Act, would receive similar support, although the Electronic Frontier Foundation has expressed privacy concerns.

MySpace.com, the most-visited social networking site, endorsed the legislation and already is using data from the existing registry to try to identify sexual predators, said Chief Security Officer Hemanshu Nigam. Concerns about child safety have dogged MySpace and its parent, Fox Interactive Media.

"Our laws need to change with the times," said Nigam, a former federal prosecutor hired last year. "We can no longer unwittingly provide an advantage to predators online."

Facebook.com, another popular social networking site, also backs the bill.

The bill would require convicted sex offenders to register any e-mail address or instant messaging handle with the National Sex Offender Registry. Failure to comply would result in a maximum 10-year prison term and constitute a parole violation that would send any released felon on supervised release back to prison.

The information would not be released to the public, but would be provided by the Justice Department to commercial social networking sites. Although sites would not be required to use the database, Pomeroy said they would be risking civil liability if they did not.

In addition, the legislation would make it a federal crime, with a maximum 20-year prison sentence, for Internet users to misrepresent their ages in order to engage in or facilitate sexual conduct with a minor.

Sponsors admit the law would not be foolproof and that convicted sex offenders simply could create new e-mail addresses. But the stiff penalties would lead many to comply, just as they do with their physical addresses, the lawmakers said.

"Maybe you can't force them off the Internet, maybe you can't force them to change their ways," said Rep. Anthony Weiner (D-N.Y.). "But you increase the penalty and increase the way we track their movements as best we possibly can."

jim.puzzanghera@latimes.com

CIVIL RIGHTS:

Noxubee Official: Races Divided (JCL)

By Jimmie E. Gates

Jackson (MS) Clarion-Ledger, January 31, 2007

Trial into alleged voting bias continues today

Black and white residents in Noxubee County are as divided as they were 35 years ago, one black county leader testified Tuesday.

In the small, majority-black county in east Mississippi, racial division has been the norm, said Noxubee County Election Commission Chairman John Bankhead.

"We don't need to be split; we need to come together," Bankhead said. "This will put them (race relations) back 10 years before they can come together again."

In the first lawsuit of its kind in the United States, the U.S. Department of Justice is accusing black political leaders in Noxubee County of discriminating against white voters.

The three-week trial in U.S. District Court is expected to conclude by the end of this week.

The defense began putting on its case Monday, with Bankhead as one of the witnesses.

Bankhead said that when integration began, white residents pulled their children out of public school in the county. He said he has both white friends and black friends but there is little socialization of the races today.

The Election Commission is a defendant in the federal lawsuit, but the Justice Department has alleged few or no overt acts by the commission to discriminate against white voters.

The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters.

Bankhead served as head of the Noxubee Democratic Executive Committee before Brown.

"When I was chairperson, there was no discrimination against anyone," Bankhead said.

Shuqualak Mayor Velma Jenkins testified Tuesday that she had served as a poll worker in Democratic primaries while Brown was executive committee chairman.

"He has never asked me to do anything to violate the law," Jenkins said.

Most of the complaints from the Justice Department revolve around county elections in 2003.

On cross-examination by a Justice Department attorney, Jenkins said she didn't see any white poll workers for Democratic races and didn't see any black poll workers for Republican races during the Aug. 5, 2003, primary elections.

At one point during Jenkins' cross-examination, Wil Colom, attorney for Brown and the executive committee, accused the government of badgering defense witnesses about the race of people working polls.

"I have refrained from asking white witnesses about them sending their kids out of the county to school because I knew it would make things worse in Noxubee County," Colom said.

Justice Department attorney Christopher Coates immediately objected, saying Colom was threatening there could be violence in the county as a result of the suit.

U.S. District Judge Tom S. Lee urged the parties not to make inflammatory statements.

Lawsuit Accuses Black Officials Of Violating Whites' Voting Rights (WT)

By Jerry Seper, The Washington Times

The Washington Times, January 31, 2007

A federal court trial is expected to end this week in a Justice Department lawsuit seeking an end to "relentless voting-related discrimination" by black political leaders in a rural Mississippi county -- the first suit brought under the Voting Rights Act of 1965 that accuses blacks of suppressing the rights of whites.

The lawsuit targets Ike Brown, longtime political boss of Noxubee County, Miss., who serves as chairman of the Democratic Executive Committee and superintendent of Democratic primary elections, and Carl Mickens, circuit clerk for Noxubee County and superintendent of non-primary elections.

The two black officials are charged with engaging in a "pattern of discriminatory action" over a period of several years that resulted in the denial of the rights of white citizens of Noxubee County to "participate in the political process and to elect candidates of their choice."

The non-jury trial, which is scheduled to conclude later this week and go to U.S. District Judge Tom S. Lee, has pitted the county's black-controlled political power structure against government prosecutors, who have accused Mr. Brown and his backers of seeking to rig elections to guarantee that white candidates lost.

Defense attorneys in the case began calling witnesses this week, hoping to counter government accusations that Mr. Brown was "the puppet master" of a far-ranging conspiracy to violate the voting rights of whites.

Mr. Brown's attorney, Wil Colom, told the Commercial Dispatch that the Justice Department in three weeks of testimony had presented only scant evidence that his client was biased against whites as he oversaw Noxubee County elections during his six-year tenure as Democratic Party chief.

"They can't find a racist statement Ike Brown has made since he became chairman," Mr. Colom said.

A defense witness, James Bridges, one of eight black Noxubee County precinct workers called to testify, yesterday told the judge, "We're in charge of the [poll] tables. Nobody else dictates," the newspaper said.

The lawsuit was filed in February 2005 in the wake of a two-year Justice Department investigation into suspected voting irregularities in Noxubee County. The department is seeking a preliminary and permanent injunction to prevent any discrimination against voters based on race.

Noxubee County is located about 100 miles northeast of Jackson, the state capital, on the Alabama border. Its 12,548 residents are 69 percent black and 29 percent white, according to the U.S. Census Bureau. The lawsuit said "racially-polarized" discrimination in the county affected 2,826 white persons of voting age.

Mr. Brown and Mr. Mickens have denied government's accusations they conspired against white voters and candidates, saying whites lose in local elections because they are in the minority.

"Voting is racially polarized in Noxubee County," Richard Engstrom, a voting-rights specialist hired by Mr. Brown to rebut the Justice Department's arguments, said in a report to the court. "Whites voters clearly prefer white candidates over African-American candidates, and they frequently are on the losing end of the elections because their candidate preferences are not shared by the African-American voters."

But the Justice department lawsuit said:

·White voters and candidates, along with those who supported them, experienced "relentless voting-related racial discrimination" at the direction of Mr. Brown, Mr. Mickens and others acting in concert with them.

·Mr. Brown recruited and qualified black candidates from outside Noxubee County to run against white candidates he knew "did not qualify under state residency laws" and excluded whites from participating in Democratic Executive Committee meetings and caucuses.

DOJ_NMG_0125011

·Mr. Mickens manipulated and permitted Mr. Brown to tamper with voter registration polls "in an unlawful manner" by moving voters from one district to another to affect racial percentages "in an attempt to alter the outcome in certain black-on-white elections."

·Mr. Brown attempted to prohibit white voters from voting in Democratic primaries even though they were legally entitled to do so, criticized black citizens for supporting white candidates or forming biracial coalitions, illegally rejected the absentee ballots of white voters, and failed to provide white candidates with information about absentee ballots.

·Mr. Brown and Mr. Mickens discriminated against whites in the selection of persons to work as poll managers and workers, discriminated against whites by not allowing them and their supporters to observe the disposition of challenges to absentee ballots, and allowed blacks who were not residents of Noxubee County to vote in county elections.

·Mr. Mickens treated voters in a "hostile and intimidating manner" after they went to the courthouse to vote absentee ballots, instructing them "in a coercive manner" to vote for candidates he preferred rather than those preferred by the voters.

Attorneys for the Democratic Executive Committee, Mr. Brown and the Noxubee County Election Commission asked last week for the case to be dismissed after the government rested on Monday. Judge Lee denied the request.

Mr. Brown, a former tax preparer who served 21 months in prison in the 1990s on a felony conviction of preparing fraudulent federal income-tax returns, also has denied Justice Department accusations he used racial slurs to alienate blacks who supported white candidates, published the names of white voters to intimidate them, and illegally labeled white voters' absentee ballots so they would be rejected by election officials.

Can Blacks Discriminate Against White Voting Rights? (JCL)

Jackson (MS) Clarion-Ledger, January 31, 2007

A trip to any public library that offers a history book can establish that for more than a century, the white power structure in Mississippi found innumerable methods to discriminate against black voters.

That discrimination took the form of acts as raw and blunt as murder, terrorism, beatings, threats and economic sanctions. It also was as oblique and infuriating as poll taxes and literacy tests that required the voter to successfully ascertain the number of bubbles on a bar of soap.

In 1875, the so-called "First Mississippi Plan" to discriminate against black voters was an open campaign of murder, violence, terror and fraud perpetrated in most cases by undisguised whites against the state's black registered voters.

By 1890, the "Second Mississippi Plan" took up where the first one left off. This time, white voter discrimination against blacks was written into the law in the 1890 Mississippi Constitution and state laws.

Vestiges of those "Jim Crow" laws were routinely practiced in Mississippi well into my childhood in the 1960s and visible in segregated rest rooms, drinking fountains and even hospital and clinic waiting rooms.

In some sections of Mississippi, the murder, violence, terror and fraud continued into and past the 1960s in Mississippi, as well. By then, the perpetrators of the violence hid behind sheets or under cover of darkness.

Against the backdrop of Mississippi's history of white voter discrimination against blacks, does one even dare ask the question: "Can blacks discriminate against white voting rights in Mississippi?"

It's a valid question and the answer is obvious.

The "First Mississippi Plan" - brute violence and oppression - was made expressly illegal in 1964. The Civil Rights Act of 1964 outlawed discrimination based on race, color, religion, sex or national origin.

The "Second Mississippi Plan" - voter discrimination written into the law - was expressly outlawed a year later. The Voting Rights Act of 1965 held that "no voting qualification or prerequisite to voting, or standard, practice, or procedure shall be imposed or applied by any state or political subdivision to deny or abridge the right of any citizen of the United States to vote on account of race or color."

Neither of those laws declared that civil rights or voting rights were sacred for African Americans exclusively. Therefore, black citizens can under the right circumstances without question discriminate against white citizens' voting rights.

The Voting Rights Act has been used dozens, perhaps hundreds of times to protect the voting rights of black Mississippians against discrimination from whites. But in the federal courthouse in Jackson this month, U.S. District Judge Tom S. Lee has been presiding over the first case in history in which the federal government has accused black Mississippi election officials of violating the Voting Rights Act by discriminating against white voters in Noxubee County.

U.S. Justice Department attorneys have been trying to convince Lee that black Noxubee County Democratic Party leaders now in power have systematically denied the voting rights of white voters.

The feds are alleging that Noxubee County Democratic Party Chairman Ike Brown and his loyalists have rigged the voting process against white voters by manipulating voter rolls, making threats to ban some whites from voting and miscounting ballots to ensure white candidates lost and other discriminatory acts.

Brown has denied all allegations, accusing the white minority in Noxubee County of sour grapes after years of white discrimination against black voters there.

There is no jury. Lee will decide this historic case. The nation will watch the outcome. But if the government proves voter discrimination by Brown, the outcome of the case shouldn't be in doubt.

Discrimination is discrimination - and it's wrong in whatever color it comes. That's the law.

FBI To Interview Student In Greenwood School Confrontation (AP)

By Holbrook Mohr

AP, January 31, 2007

JACKSON, Miss. - The FBI wants to interview a high school student involved in a confrontation with a police officer who twice pulled his gun in front of dozens of pupils at Greenwood High School last month, the bureau confirmed Tuesday.

Carlos Moore of Grenada, the attorney for 18-year-old James Marshall, issued a news release saying the FBI is "launching a preliminary investigation into whether Officer Casey Wiggins of the Greenwood Police Department violated Marshall's civil rights in violation of federal criminal law."

However, Deborah Madden, spokeswoman for the FBI in Mississippi, told The Associated Press there is no investigation at this point.

"In order to determine whether grounds exist to open a preliminary investigation, a request was made to Mr. Moore that the FBI be allowed to interview Mr. Marshall," Madden said.

Moore did not immediately respond to a message left Tuesday at his office.

Moore already has filed a $2 million lawsuit seeking damages from Wiggins, Greenwood High School, the police department and others. He also filed a federal criminal complaint with the U.S Justice Department, accusing Wiggins of violating Marshall's civil rights with excessive force and of making a false arrest under the color of law.

Moore claims race played a factor in the Dec. 6 confrontation that was captured by school surveillance cameras.

The video tapes show a brief scuffle in which the white officer, who was working a security detail at the school, pointed his weapon at an unarmed Marshall, who is black. The officer also appears to put the teen in a choke hold.

The security tapes are the basis of the case. Marshall says they show excessive force. Wiggins and his attorney claim the officer was using necessary tactics to subdue a resisting Marshall.

Marshall has not been charged with a crime, and was released soon after other officers viewed the tapes, Moore has said.

Wiggins' attorney has said his client will be vindicated. Wiggins still is on the police force but no longer works in the school.

Moore has also questioned why Wiggins, who is not certified by the state, was allowed to work in the school.

Robert Davis, director of Law Enforcement Standards and Training for the Department of Public Safety, has said Wiggins should have been under the direct supervision of a certified police officer. In Mississippi, police officers can serve for up to two years as trainees before they get their state certification.

There were no other police officers visible in the video of the scuffle.

Ex-jailers' Sentences On Hold Until After Teel Trial (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, January 31, 2007

GULFPORT - Former corrections officers who have agreed to plea bargains in an inmate-abuse investigation won't be sentenced until after the trial of Ryan Michael Teel on May 28.

Morgan Lee Thompson, one of five former Harrison County jailers to plead guilty in the federal criminal case, was set for sentencing Tuesday. He and the others won't be sentenced until after Teel's charges are resolved, court orders show.

Nearly a year has passed since the fatal beating that prompted scrutiny of complaints of unnecessary, excessive use of force against inmates at the Harrison County jail. Teel's charges accuse him of attempting to kill Jessie Lee Williams Jr., a 40-year-old inmate beaten Feb. 4, 2006. Williams died when taken off life-support two days later.

It remains unclear if others will be charged in the exposé of jailers who conspired to deprive rights under color of law and covered up the illegal acts.

U.S. Attorney Dunn Lampton on Tuesday said he couldn't give a time frame for the investigation's end.

"The investigation will continue until every avenue and every lead is exhausted," Lampton said. "It's going to be thorough. I'm hopeful we're getting to the end of it and I think we are."

Lampton said he can't discuss details because of Teel's pending trial and the ongoing investigation.

"At the proper time, I will release a detailed report," Lampton said, "but under the circumstances, mainly because of Teel's charges, I'm somewhat limited in what I can say."

Teel, 29, remains in custody at an undisclosed location. The detention order signed after his arrest Aug. 28, 2006, says he is considered a serious flight risk and a possible endangerment to "the safety of another person or the community."

Jim Davis, Teel's lead defense attorney, confirmed his recent meeting with the U.S. Justice Department's death-penalty panel in Washington. The government has until Feb. 16 to announce whether it will seek the death penalty.

If not, Teel faces a life prison sentence plus 20 years if convicted on both counts. He has pleaded not guilty.

Guilty pleas by Regina Lynn Rhodes, 29, and Morgan Thompson, 29, include admission of their roles in Williams' beating and confirmation of a pattern of jailhouse abuse against hundreds of inmates.

Evidence behind the guilty pleas shows the abuse began sometime before August 2001 and continued until at least April 2006, according to federal trial attorney John Richmond. The other pleas came from Dedri Yulon Caldwell, 45, Thomas Preston Wills, 25, and William Jeffery Priest, 34.

Rhodes faces a maximum sentence of 13 years. The others face up to 10 years. They're likely to receive leniency for becoming government witnesses. All five remain free on unsecured bonds of $25,000. An unsecured bond doesn't have to be paid unless a defendant fails to appear in court.

Seattle Violated Constitutional Rights Of 1999 World Trade Organization Protesters, Jury Says (FINDLAW/AP)

AP, January 31, 2007

(AP) - SEATTLE-A federal jury found Tuesday that the city of Seattle violated the constitutional rights of 200 protesters who were arrested during a demonstration during the World Trade Organization meeting in 1999.

The jury found the city liable for violating the protesters' constitutional rights against unreasonable search and seizure, but did not find a violation against their free speech rights.

U.S. District Judge Marsha Pechman had already ruled that police had made the arrests without probable cause.

Attorneys for the city said they plan to appeal the decision.

The week of the arrests, about 50,000 protesters swarmed Seattle, overwhelming police and closing down the meeting. The mayor imposed a curfew and limited the downtown core to WTO delegates, police and emergency workers, store employees, residents and shoppers.

The area became known as the "no-protest zone," even though shoppers, residents and others allowed in the zone were not exempted from protesting.

The group of demonstrators were arrested when they marched within the zone, where they sat down, chanted and sang.

Chief Denies Police Were Told To Retreat (WT)

By S.a. Miller

The Washington Times, January 31, 2007

U.S. Capitol Police Chief Phillip Morse met privately yesterday with a senator and denied that he ordered officers not to arrest war protesters who painted slogans on the sidewalk near the Capitol.

Chief Morse conceded shortcomings in the police response Saturday at the protest against the Iraq war, however, and vowed to revise plans for managing demonstrations, Sen. Wayne Allard said after meeting with the chief.

"There was no order to retreat [or] not arrest anybody," said Mr. Allard, Colorado Republican. "He had ordered them that if they saw anybody breaking the law, they were to arrest them. ... They did not see them paint the graffiti."

The chief's pledge to review department policy follows public complaints that protesters painted anarchist symbols and slogans on the Capitol sidewalk Saturday right in front of Capitol Police officers.

The graffiti included the phrases "all cops are pigs" and "you can't stop us," officers said.

Sgt. Kimberly Schneider, a department spokeswoman, said a band of protesters splintered from the tens of thousands on the Mall, mixed with visitors exiting the Capitol and in the confusion spray-painted the sidewalk.

However, some officers said the order for "hands off" protesters came from House Speaker Nancy Pelosi, California Democrat.

"The word going around is that [the order] came from Pelosi's office," an officer told The Washington Times. "The order was not to interfere with the protesters."

Pelosi spokesman Drew Hammill said the speaker, who was in Afghanistan on Saturday, had not communicated with police about the demonstration. "No one from our office had any contact with police about response to [protesters]," he said.

He suggested conservative groups were spreading the story about Mrs. Pelosi's involvement.

Capitol Police officials could not verify whether any orders originated from the speaker's office.

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"There are a lot of rumors going around, and I can't confirm that," Sgt. Schneider said. "There was a set of decisions that were made at the time, based on the circumstances."

Those decisions were made by "law-enforcement officers on the scene," she said.

She also said officers discovered the graffiti after a crowd cleared from the west entrance to the building.

A police union leader contradicted the official account of events.

"The officers, who did their job both professionally and courageously, were ordered to withdraw by their officials and let the demonstrators have the area where the graffiti was later discovered," Andy Maybo, chairman of the U.S. Capitol Police Fraternal Order of Police, told members in an e-mail, a copy of which was obtained by The Times.

"We, as officers, take our duties and responsibilities very seriously and are disappointed that no arrests were made," he said. "But we must follow the orders of our officials even when we may disagree with such orders. We are just thankful that no one was injured."

Mr. Allard said that he was satisfied with Chief Morse's explanation that the officers did not see vandals writing on the sidewalk.

"From what I can tell, they worked in a responsible way," he said.

Leaders of the demonstrations, including peace activist Cindy Sheehan, say Democrats owe their election gains to the anti-war movement and now must bow to demands to end the Iraq war. And Democrats have shown tolerance of such protests since taking control of Congress earlier this month.

At a hearing yesterday into whether Congress has the authority to end the war by cutting off funding, a large group of people wearing anti-war T-shirts and buttons repeatedly shouted down senators delivering opening remarks.

One woman shouted that she wanted to know why President Bush's daughters are not being sent into battle. Later, a row of women stood and hoisted a hand-made banner calling for an end to the war.

Capitol Police were summoned, but Democrats running the hearing permitted the protesters to remain, despite the disruptions.

c Charles Hurt contributed to this report

Prison's Hidden Threat (LAT)

The Los Angeles Times, January 31, 2007

Male inmates and their partners are at high risk of HIV infection, so Maxine Waters' bill for automatic testing is a step in the right direction.

EVERYONE KNOWS THAT male prisoners are one of the highest-risk populations for HIV/AIDS, spreading the virus not just behind bars but out in the community upon release. Yet few public officials have done anything about it. Until now.

Rep. Maxine Waters (D-Los Angeles) is about to introduce legislation to make HIV testing automatic for inmates as they enter and exit federal prisons, unless the prisoners opt out. It's a strong step in the right direction, even if we'd rather see that loophole closed.

Research shows that male prisoners are three to five times more likely to be infected with HIV than are members of the general population, yet many prisons test only when an inmate shows HIV symptoms or when body fluids have been exchanged in detectable incidents such as fights.

Because two-thirds of inmates are black or Latino men, the consequences of unprotected sex in prisons have been particularly devastating for minority communities. HIV rates have skyrocketed among young gay men and the female partners of ex-cons. As of 2003, African Americans and Latinas accounted for 83% of all new AIDS cases among women in the United States.

And it's not just the inmates and their outside partners who are at risk. In a Centers for Disease Control and Prevention study of HIV in Georgia's state prisons, many men who became infected said their partners were prison staff members

Waters is calling for HIV testing to become part of the comprehensive medical exam inmates receive upon entering prison; counseling would be provided before and after the test. The bill also would beef up HIV education for inmates and confidentiality training for prison staff. The Congressional Budget Office estimates that it would cost $750,000 to $2 million annually.

When announcing the bill, Waters lambasted national leaders, African Americans in particular, for their "morally reprehensible" silence on the subject of HIV/AIDS. Fear of testing and of being stigmatized shouldn't block real-world efforts to halt the spread of HIV, she warned.

Yet that's what happened last fall, when Waters first proposed the bill. The American Civil Liberties Union, gay rights advocates and some members of Congress quickly lined up against the idea of mandatory testing, arguing that HIV-positive inmates endure violence and discrimination. But deliberate and potentially life-threatening ignorance is not the solution to that problem.

Making HIV tests automatic for a high-risk, captive population is vital not just for the health of inmates and their partners but for policymakers in understanding what goes on in the nation's disgracefully dysfunctional prisons. Now if only the state of California would follow suit.

Woman Jailed After Reporting Rape (AP)

By Phil Davis, Associated Press Writer

AP, January 31, 2007

A woman who told police she had been raped was jailed for two days after officers found an old warrant accusing her of failing to pay restitution for a 2003 theft arrest.

While she was behind bars, according to the college student's attorney, a jail worker refused to give her a second dose of the morning-after contraceptive pill because of the worker's religious convictions.

The 21-year-old woman was released Monday only after attorney Vic Moore reported her plight to the local media.

"Shocked. Stunned. Outraged. I don't have words to describe it," Moore said. "She is not a victim of any one person. She is a victim of the system. There's just got to be some humanity involved when it's a victim of rape."

Moore said the woman was not allowed to take the second emergency contraceptive pill until Monday afternoon, a day late, after reporters called police and jail officials.

Tampa Police Chief Steve Hogue said the arrest led to a new policy Tuesday that tells officers not to arrest a crime victim who has suffered injury or mental trauma whenever "reasonably possible." The agency also apologized to the student.

"Obviously, any policy that allows a sexual battery victim to spend a night in jail is a flawed policy," police spokeswoman Laura McElroy said.

The woman is not being identified by The Associated Press because she reported being the victim of a sex crime.

Tampa attorney Jennifer D'Angelo, who represents the jail worker, said Tuesday that her client is prohibited from giving inmates any medication without specific orders. The worker insists she never discussed religion with the woman who reported being raped.

"She was mortified at what was being reported in the press," said D'Angelo, who declined to identify the worker. "She's frightened for her job and she's frightened about community backlash about these allegations."

The employee, who has worked for a jail health care contractor for about six months, was placed on administrative leave, D'Angelo said.

Moore said it was too soon to say if his client would sue. Her first priority was making sure detectives find her attacker.

"She is brave," Moore said. "We are going to work with police to catch this monster."

She was in Tampa on Saturday for Gasparilla, an annual pirate-themed parade that draws thousands of people. She said she was walking alone to her car when a man pulled her behind a building and raped her, McElroy said.

She reported the rape Saturday afternoon, and officers took her to a rape crisis center where she was given the first of two doses of the morning-after pill, McElroy said. The second dose is supposed to be taken within 24 hours.

Later, as she was riding in a patrol car trying to locate the crime scene in the dark, police found the warrant stemming from a 2003 juvenile arrest for grand theft and burglary. It said she owed $4,585.

"They stopped the investigation right there," and put her in handcuffs, Moore said.

Authorities arranged a special bond hearing Monday. "When the chief's office learned we had a rape victim in jail, we began working very aggressively to get her out," McElroy said.

Jennifer Dritt, executive director of the Florida Council Against Sexual Violence, wanted more explanation from the jail, saying the woman's arrest "makes people think law enforcement doesn't have a victim-centered approach."

Moore said his client believes she paid the fine for what he described as a childish mistake. He didn't have details of that arrest, but the woman has no criminal history as an adult, according to the Florida Department of Law Enforcement.

The sheriff's office, which runs the jail, said in a statement Tuesday that it is investigating the complaint and declined to comment further.

ANTITRUST:

Wall Street Firms Bank On Independent Delta (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, January 31, 2007

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With a decision on US Airways' $10 billion takeover bid looming, Delta Air Lines is trotting out some heavyweight support for its drive to stay independent.

The Atlanta airline announced Tuesday that it had arranged for $2.5 billion in exit financing to fuel its plan to emerge from Chapter 11 proceedings on its own this spring. Such financing is an expected but critical step in any Chapter 11 reorganization.

The news was well-timed for those rooting for Delta to fend off the US Airways merger proposal, which carries a Thursday deadline for a response from Delta's official creditors committee. The committee usually meets on Wednesdays and could announce a position on the merger as soon as today.

Delta said its financial backing comes from six powerhouse Wall Street firms, inluding Goldman Sachs and Merrill Lynch, and represents an endorsement of its independent reorganization.

"We appreciate the confidence the financial markets are showing by making this commitment in support of Delta's standalone plan," Delta Chief Financial Officer Ed Bastian said in a statement.

Delta's press release included endorsements of Delta's exit plan from all six of the firms.

"UBS is excited to be involved in Delta's exit financing and helping Delta emerge on a standalone basis," the Swiss investment bank said in a statement.

"That little wrinkle is unusual," said Jack Williams, a bankruptcy expert at Georgia State University. He said lenders often express support for their client companies, but not in such detail.

But given the hostile takeover bid, added Williams, "it's not surprising that you'd see some public posturing."

Delta management — aided by employee and retiree groups — has vigorously fought US Airways' stock-and-cash offer to merge with Delta and adopt the Delta name. However, the creditors committee could force the airline to move into serious merger talks if it concludes the proposal offers better returns on claims than Delta's standalone plan. The committee represents the biggest suppliers, banks and other groups owed money by Delta.

A hearing on the next step in Delta's standalone restructuring plan is set for Feb. 7 in bankruptcy court in New York. US Airways wants the creditors committee to signal support for continued merger talks by, among other things, seeking a delay in that hearing.

US Airways Chief Executive Doug Parker told CNBC on Tuesday that he has not gotten a response from Delta's creditors since his airline sweetened its bid earlier this month. He said he's not interested in pursuing Delta beyond Thursday's deadline without creditors' support.

A spokesman for US Airways, Phil Gee, called Delta's exit financing announcement "no surprise."

"It doesn't really mean anything," Gee said.

But analysts say Tempe, Ariz.-based US Airways' bid seems to have lost momentum in the last week or two as Delta rallied support among employees, politicians, communities and industry groups worried about job losses and higher fares. Those issues might work against Justice Department approval of a merger — another factor creditors have to weigh as part of their calculations of a merger's viability.

"I think it's all over," veteran airline analyst Ray Neidl of Calyon Securities said Tuesday of US Airways' run at Delta.

Unlike some other bankrupt airlines trying to get out of Chapter 11 in recent years, Delta's ability to round up financial backers was not thought to be in doubt. While Delta and some other carriers are still dipping into the red in some quarters and struggling with fuel costs, industry conditions are much improved.

"It's a different environment now," said Neidl. "Airlines are in favor now."

Delta plans to use most of the money to pay off earlier, so-called "debtor-in-possession" loans from GE Capital and American Express, which total $2.1 billion.

Getting such financing is "potentially a very difficult hurdle," noted Walter Curchack, a New York bankruptcy attorney who was involved in Pan Am's Chapter 11 case. He said Pan Am died in 1991 when Delta, after buying certain assets from the beleaguered carrier, pullled the plug on a deal to provide exit financing.

"Delta backed out and the rest was history," he said.

But Curchack said the exit financing package announced Tuesday indicates many Delta creditors and lenders have concluded it's safer to back Delta's standalone plan than US Airways' potentially more valuable, but also more risky, proposal.

"I think the uncertainty around the merger proposal doesn't make anyone comfortable," he said.

Delta hopes to emerge in the spring if it can win the backing of a majority of creditors, including at least two-thirds in terms of the value of their claims. It would pay off their claims with newly issued stock.

One group of creditors holding about 15 percent of Delta claims has publicly backed further exploration of a merger. Last weekend it worked to broker a $1 billion boost to the cash portion of US Airways' offer. Parker told CNBC on Tuesday that his airline is "willing to have discussions" about the offer but has put no sweetened offer on the table.

But even if Delta fends off US Airways, it could still face a rough time rounding up enough creditors' votes and getting its plan confirmed at a hearing currently set for April 25, Curchack said.

"There's still lots of things that can go wrong," he said.

Some key upcoming dates

· Thursday: US Airways' deadline for Delta creditors to indicate interest in merger proposal. If creditors say no, US Airways says the offer will die. If the creditors agree to certain steps, management could be forced to open merger talks and federal regulators would be asked to review any deal.

· Feb. 7: Bankruptcy court hearing on Delta's request for permission to start gathering creditor backing for its standalone reorganization plan.

· March 20:* Delta's deadline to file additional details, including executive compensation.

· April 9: Deadline for Delta to win backing from a majority of creditors — and at least two-thirds in terms of the value of claims — for its reorganization plan.

· April 25: Judge to rule on reorganization plan.

· Shortly after: If judge approves of reorganization plan, Delta would pay off lenders, issue new stock to creditors and exit Chapter 11. Current stock would be eliminated.

* Approximate date, based on company plans

US Airways May Be Ready To Abandon Offer For Delta (USAT)

By Marilyn Adams

USA Today, January 31, 2007

Showing frustration, US Airways CEO Douglas Parker said Tuesday that his company will drop its bid for Delta Air Lines on Thursday if bankruptcy creditors don't signal support for the $10 billion offer.

Delta's creditors "know exactly what they have to do," Parker said in a conference call on quarterly earnings. "If this (creditors) committee is not willing to do what it should do for investors … we're not willing to pursue this transaction anymore."

Although Parker had earlier placed a Feb. 1 deadline on his offer, his comments suggested for the first time that US Airways may be poised to walk away from the deal it proposed in mid-November and sweetened earlier this month.

Parker's comments followed days of frantic maneuvering by people on all sides of the controversial bid. US Airways' cash-and-stock offer for Delta, which has been in Chapter 11 reorganization since September 2005, has been rejected by Delta's management. Delta has lobbied its creditors to accept Delta's own plan to emerge as a stand-alone carrier. A merger would create the country's biggest domestic carrier.

Parker sweetened the offer for Delta by 20% three weeks ago, and the court-approved committee representing Delta's creditors hasn't responded. The committee could act today. Parker wants the creditors to force Atlanta-based Delta to open its books and postpone a bankruptcy court hearing scheduled for next Wednesday on Delta's stand-alone plan.

Delta on Tuesday announced it has landed $2.5 billion in bankruptcy exit financing from JPMorgan, Goldman Sachs, Merrill Lynch, Lehman Bros., UBS and Barclays Capital. Delta hopes to exit bankruptcy in the spring. The loan would be used to repay the $2.1 billion Delta borrowed from American Express and GE Capital when it filed for Chapter 11.

Delta CFO Edward Bastian said the number of A-list lenders shows support on Wall Street for an independent Delta. Delta says it would be worth as much as $12 billion as an independent company.

To win support for its own plan, Delta has told creditors it would not rule out a future merger with another airline and would forgo establishing a "poison pill," a mechanism that would allow directors to block future takeovers. To be approved, Delta's stand-alone plan must win support from creditors representing two-thirds of total claims.

Parker said his airline has become the nation's most-profitable network carrier. For 2006, US Airways posted a $303 million profit, or $3.32 a share. For the last quarter, including special items, it reported a profit of $12 million, or 13 cents a share. That compares with a loss of $261 million, or $3.27 a share, a year ago.

Firms Go Private In Search Of Deeper Pockets (WP)

By David Cho

The Washington Post, January 31, 2007

The world may be eating more doughnuts now that Jon Luther's firm, Dunkin' Brands, has joined the most prominent trend on Wall Street these days: going private.

Since three private-equity firms bought out the Dunkin' Donuts parent for $2.4 billion in 2005, Luther has doubled store growth, retooled his executives' pay and opened his first branches in Asia. And he did it behind a veil of privacy, away from the glare of analysts and federal regulators.

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All of this was made possible by the deep pockets of private-equity firms. "These are not barbarians at the gate," Luther said. "They are more partners than owners."

Not since junk bonds has an alternative form of investment risen to prominence as quickly as private equity, an obscure world where fund managers risk billions to buy and try to turn around slumping companies, and then sell them for a profit.

With unprecedented sums in their coffers, private-equity firms have the ability to buy all but the biggest companies. Among their prize catches are Toys R Us, Neiman Marcus, Hertz, Burger King, Harrah's Entertainment, Clear Channel Communications and HCA, the nation's largest hospital company.

Last year, private-equity firms spent a record $540 billion to acquire companies in virtually every sector, up from $59 billion three years ago, and in the process have been dramatically changing the cast of powerbrokers on Wall Street. Although average investors can benefit from the run-up in stock prices during one of these buyouts, the trend has concentrated control of major swaths of U.S. industry in the hands of a few wealthy groups that do not have to reveal much about their operations.

This year began with the biggest proposed private buyout on record -- for Equity Office Properties Trust, the nation's largest office landlord. Blackstone Group last week put forth a $38.3 billion buyout offer, which would include the assumption of Equity Office's $16 billion debt. That bested a $38 billion bid earlier this month by a group of real estate investors led by Vornado Realty Trust. Today is the deadline for that group to make a counter bid.

The surge in private deals is raising concerns in Washington. The Justice Department is looking into whether some of these buyouts are anti-competitive. Last week, the Federal Trade Commission ordered District-based Carlyle Group, the nation's largest private-equity firm, to give up management control and its board seats at Magellan Midstream because Carlyle is part of the group buying oil pipeline operator Kinder Morgan for $22 billion. The two energy-distribution companies dominate the same 11 markets across the Southeast United States.

Unlike the late 1990s, when founders of Internet start-ups dreamed of seeing their ticker symbol stream across public exchanges, going private is suddenly in vogue.

The success of private equity has drawn the affluent and powerful, including former president George H.W. Bush, former Massachusetts governor Mitt Romney and U2's Bono, as well as such corporate luminaries as Jack Welch, the retired head of General Electric, and the former chief executives of Wells Fargo, IBM and Procter & Gamble.

"Today there isn't a public board out there that hasn't talked once about private equity, whereas five years ago it may have been the exception," said Jordan Hitch, managing director at private-equity shop Bain Capital. "The sexiness of being public has been diluted."

Private-equity firms usually accept money from only super-wealthy investors and huge institutions like pension funds. As massive private funds formed over the past few years and returned about 25 percent annually -- with top performers getting 40 percent or higher -- nearly all major pensions reallocated their holdings, pouring billions into the sector despite the higher risks. These pensions now are tied to how private equity navigates the economy, said Colin Blaydon, director of the Center for Private Equity and Entrepreneurship.

Private equity "is seen by pension funds as their best hope," Blaydon said. It will have a huge impact on "the average worker -- teachers, firemen, the guys on the assembly line. . . . It is a big part of their retirement benefit."

But this murky world is not easy to grasp and can be risky. The deals are complex in how debt and financial tools are used to acquire firms. Also, private companies do not have to submit financial statements to the Securities and Exchange Commission or hold public conference calls with analysts.

Yet private equity's imprint on Wall Street is unmistakable. When recent rumors emerged of a possible deal for Home Depot, the company's stock rose while the price of its corporate bonds dropped -- a sign that both stock and bond holders thought a private buyout was possible, despite the company's market capitalization of $87 billion, said Michael Dahood, a fixed-income analyst at Sterne, Agee & Leach Group.

Analysts say even bigger buyouts than the one proposed for Equity Office could happen this year since private-equity firms often team up to buy companies. Private buyouts drove the volume of mergers and acquisitions to a near record last year, accounting for 30 percent of announced deals, according to Bloomberg Financial. In the 1980s and '90s, that figure had been between 3 and 5 percent.

"If one firm is capable of taking down a $30 billion firm, where is the ceiling for what two or three or four private-equity firms could do [together]?" said Robert Keiser, vice president of proprietary research at Thomson Financial.

Some analysts are concerned that this trend -- like the dot-com era of the late 1990s -- is a bubble that will burst during a downturn when the money for acquisitions becomes harder to borrow. They add that it is hard to track what many of these firms are doing.

"When a credit downturn occurs, there's the potential here for quite high default rates and large losses for debt holders," said Ken Emery of Moody's Investor Service.

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For their part, chief executives say going private can be a boon to business. Burlington Coat Factory Warehouse agreed to a private buyout last year after 34 years as a family-owned business. The stock had been languishing when Bain Capital bought the firm for $2.1 billion. Since then, said chief executive Mark Nesci, the firm has invested in new technology and customer research -- expenditures that may pay off down the road but could adversely affect earnings the next quarter.

"As a private company, if the results take a little longer to produce than expected, we don't get crucified," Nesci said.

Chief executives typically restructure executive compensation after a private buyout to align performance and pay. Luther of Dunkin' Brands, for one, insisted that all of his officers invest in the business.

This does not mean pay is lower in the private sector. Millard "Mickey" Drexler, whom private-equity shop Texas Pacific Group hired to run J. Crew, earned a modest $200,000 salary. But he was allowed to invest his own money and held a 12 percent stake when the retailer was spun back to the public market in what was one of the most successful initial public offerings of 2006. The value of his shares is estimated at $194 million.

Private-equity firms make money by charging pensions and other investors about a 2 percent fee each year, meaning a $1 billion fund would produce $20 million for the fund managers. They aim to sell these companies in about three to five years, typically reaping 20 percent of the gain, with the rest going to investors. In some cases, the pressure to sell has created a slash-and-burn attitude. The billionaire investor Warren Buffett decried this aspect of private equity and criticized the firms for bilking investors with high fees.

Private-equity firms acquire companies through leveraged buyouts. In general, firms have two sources of cash for operations, debt and equity. Private-equity buyouts aim to load companies up with lots of debt.

The concept is akin to buying a house with a small down payment. If a buyer purchases a $100,000 home with $10,000 in cash and a $90,000 mortgage loan, that person would enjoy a bigger percentage gain if the house rises in value than someone who buys it outright. The downside, of course, is the risk of taking on so much debt -- a homeowner may not be able to make the mortgage payments. The buyer also could lose the down payment if the value of the property falls.

In recent years, borrowing massive sums has become easier, with more favorable terms offered to borrowers. This cheap credit has been the primary driver behind the surge in leveraged buyouts.

Many industry buffs say this party won't last forever. Even Blackstone Group co-founder Steve Schwarzman said last week that he expects returns from private-equity firms like his to decline as the business cycle turns.

Others say that even if returns decline, companies in the long run would be strengthened by the turnaround efforts of private-equity firms.

"Money has become a commodity," said Daniel D'Aniello, co-founder of Carlyle Group. "It's what you add on the shop-room floor that will make the real difference."

U.S Senate To Look Into Mergers In Pharmacy Benefit Industry (BLOOM)

By Rob Waters

Bloomberg, January 31, 2007

Jan. 30 (Bloomberg) -- U.S. Senator Herb Kohl, the Wisconsin Democrat who has taken over as chair of the Senate's antitrust subcommittee, said the panel will scrutinize mergers among pharmacy benefit managers.

The subcommittee will examine such transactions ``to ensure that this consolidation does not create any anti-competitive bottlenecks," according to a statement posted today on the senator's Web site.

Caremark Rx Inc., the second-largest U.S. pharmacy benefits manager, is currently the object of a bidding war between Express Scripts Inc. and CVS Corp. If Express Scripts prevails, the merged company would be larger in the pharmacy benefit management field than Medco Health Solutions Inc., now the biggest competitor in the industry.

The subcommittee will also focus on ``eliminating barriers" that might keep cheaper generic versions of name-brand drugs from getting on the market, according to the posting.

AMD Lawyer Sees Easing Of Antitrust Enforcement (MERCN)

By Therese Poletti

The San Jose Mercury News, January 31, 2007

BERKELEY - An attorney for Advanced Micro Devices, longtime foe of chip giant Intel, said Tuesday that regulators are less aggressive in going after monopolistic practices in the United States in recent years.

``Right now from a business perspective, it appears frankly that there has been a retreat from Section 2 enforcement," said Tom McCoy, executive vice president of legal affairs at AMD of Sunnyvale, referring to the part of the Sherman Act that prohibits monopolization. McCoy made his comments during a day of informational hearings held by U.S. regulators on monopolistic behavior.

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McCoy was one of several technology company executives who spoke at the event, held at the University of California at Berkeley's Haas School of Business to examine whether and when specific types of single-company conduct may violate Section 2 of the Sherman Act. The hearings were informational and were meant to provide ``real-world insight'' for regulators, said FTC assistant general counsel Karen Grimm.

In answer to a question from Grimm on whether the FTC and the Department of Justice are failing to challenge single-firm conduct, McCoy said he believed that Section 2 violations ``are not getting the same kind of energetic enforcement and investigation'' as they have in the past. Grimm declined to comment on McCoy's response.

In June 2005, AMD sued Santa Clara-based Intel for anticompetitive practices in the United States. That suit was on the heels of an action in March 2005 by the Japanese Fair Trade Commission, which told Intel to halt the practice of requiring PC makers to limit the use of competitors' chips in exchange for monetary rebates. Intel said it would adhere to the recommendations by Japan's FTC, but said it did not agree with the agency's findings of fact.

As an example of AMD's concerns, McCoy described an instance cited in its U.S. complaint. In 2003, AMD tried to give computer maker Hewlett-Packard 1 million new processors for free, as an attempt to gain some share in the PC market.

But HP only used 140,000 of the chips, leaving 860,000 on the table, because it was afraid of retaliation from the dominant chip player Intel, AMD said.

``Customers paid more and were forcibly deprived of AMD alternatives,'' said McCoy.

Intel denies AMD's charges, and says its rivals claims are incorrect and contradictory.

AMD is also pursuing an antitrust case in the European Union against Intel.

In a morning panel, a Microsoft attorney discussed the general chilling effect of the company's constant review of potential antitrust concerns on its product development. He said the consequences are longer product development times, limits to product improvement and increased research and development costs.

NY Teen In Piracy Lawsuit Accuses Record Companies Of Collusion (AP)

By Jim Fitzgerald, The Associated Press

AP, January 31, 2007

WHITE PLAINS, N.Y. (AP) — A 16-year-old boy being sued for online music piracy accused the recording industry on Tuesday of violating antitrust laws, conspiring to defraud the courts and making extortionate threats.

In papers responding to a lawsuit filed by five record companies, Robert Santangelo, who was as young as 11 when the alleged piracy occurred, denied ever disseminating music and said it's impossible to prove that he did.

Santangelo is the son of Patti Santangelo, the 42-year-old suburban mother of five who was sued by the record companies in 2005. She refused to settle, took her case public and became a heroine to supporters of Internet freedom.

The industry dropped its case against her in December but sued Robert and his sister Michelle, now 20, in federal court in White Plains. Michelle has been ordered to pay $30,750 in a default judgment because she did not respond to the lawsuit.

Robert Santangelo and his lawyer, Jordan Glass, responded at length on Tuesday, raising 32 defenses, demanding a jury trial and filing a counterclaim against the companies for allegedly damaging the boy's reputation, distracting him from school and costing him legal fees.

His defenses to the industry's lawsuit include that he never sent copyrighted music to others; that the recording companies promoted file sharing before turning against it; that average computer users were never warned that it was illegal; that the statute of limitations has passed; and that all the music claimed to have been downloaded was actually owned by his sister on store-bought CDs.

Santangelo also claims that the record companies, which have filed more than 18,000 piracy lawsuits in federal courts, "have engaged in a wide-ranging conspiracy to defraud the courts of the United States."

The papers allege that the companies, "ostensibly competitors in the recording industry, are a cartel acting collusively in violation of the antitrust laws and public policy" by bringing the piracy cases jointly and using the same agency "to make extortionate threats ... to force defendants to pay."

The Recording Industry Association of America, which has coordinated most of the lawsuits, issued a statement saying, "The record industry has suffered enormously due to piracy. That includes thousands of layoffs. We must protect our rights. Nothing in a filing full of recycled charges that have gone nowhere in the past changes that fact."

Tobacco's Stigma Aside, Wall Street Finds A Lot To Like (NYT)

By Andrew Martin

The New York Times, January 31, 2007

There are plenty of reasons cigarettes would seem to be a terrible business.

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The number of American smokers usually drops about 1 or 2 percent a year. Government agencies keep adding cigarette taxes and outlawing smoking in restaurants, workplaces and even on public sidewalks. And tobacco companies continue to pay billions of dollars in legal settlements, money that is used in part to produce antismoking ads.

For all the industry's apparent troubles, however, the future of cigarettes appears to be brighter than ever.

That at least is the message investors are sending as the Altria Group — the company once known as Philip Morris and the maker of the world's most popular cigarette, Marlboro — prepares to split itself by spinning off its Kraft Foods division to shareholders and become, once again, primarily a tobacco company. Today, Louis C. Camilleri, the chief executive of Altria, is expected to set a timetable for completing the spinoff.

It is a move that Wall Street is responding to with the equivalent of a standing ovation, but it is not because Kraft Foods, the world's second-largest food company, after Nestlé, will finally shed the taint of tobacco.

Investors are glad that Altria will finally be rid of Kraft Foods, the maker of Oreo cookies, Velveeta and Tang. Since October, when the company announced its plan for the move, its shares have risen 10 percent.

"Something that is forgotten in all of this is people like to smoke," said David Adelman, an analyst at Morgan Stanley, who noted that United States tobacco stocks have beaten the Standard & Poor's 500-stock index in each of the last six years. "It's enjoyable and there's not an alternative product."

He added: "If frozen dinners get too expensive, people will try something else. That's not true with cigarettes — you are not up at night worried about that product that is going to make cigarettes obsolete."

In the five and a half years since Altria sold 280 million shares of Kraft at $31 each in an initial public offering, the stock has remained relatively unchanged, closing yesterday at $34.83. Altria owns 88.6 percent of Kraft's stock.

By contrast, shares of Altria have nearly doubled during that period, moving from $47 to yesterday's price of $87.54.

It is a remarkable turnabout, considering that in late 2001, Philip Morris announced its plan to change its name to the Altria Group (drawn from the Latin word altus, meaning high, to suggest high performance). At the time, executives said the name change was intended to reduce the damage to the company's reputation that cigarettes were causing, reflected in the long-depressed share price at the time.

Now, it is Kraft that is seen by many investors as a hindrance to the company.

Why is Wall Street so infatuated with cigarettes? Cigarettes have certain advantages over other consumer products, not the least of which is that they are addictive. They are inexpensive to make, require almost no innovation, there is a global market for them, and cigarette makers can raise prices without seeing much of a drop in business.

On top of all that, a recent string of court decisions has convinced investors that the worst of the litigation against tobacco companies is over.

That, in turn, has allowed Altria to move forward with a revamping that begins with cutting Kraft loose and will ultimately allow Altria to use the huge amounts of cash generated by cigarettes to buy back stock or acquire other tobacco companies, particularly overseas.

"You take away Kraft out of Altria and you are left with a balance sheet that is extremely strong," said Charles Norton, portfolio manager at the Vice Fund, a mutual fund that invests in tobacco, gambling, alcohol and military contractors. Altria is the fund's biggest holding. "It's just a cash cow. The free cash flow on this business is just tremendous."

The future prospects are particularly attractive in developing countries, where smoking has not yet declined as it has in more developed parts of the world like the United States and Europe.

In China, for instance, the Philip Morris International unit of Altria signed a deal in 2005 that allows it to manufacture and sell Marlboro cigarettes to the country's 350 million smokers. There are an estimated 1.3 billion smokers worldwide.

But even in the United States, with 45 million smokers, the Philip Morris USA unit of Altria continues to generate sizable profits by raising prices. It also hopes eventually to lure consumers with new tobacco products, including a small tea-bag-like pouch that is smoke-free, spit-free and tucks into the cheek.

It says it is also working on developing cigarettes that are less harmful.

"The exciting part for me," said Bonnie Herzog, an analyst at Citigroup, "is that tobacco use today will evolve. It's unlikely that there will ever be a 100 percent safe cigarette, but we feel that a reduced-risk cigarette is on the horizon."

But some health advocates say that the diminished social acceptability of cigarettes will hurt the long-term prospects of companies like Altria.

"The industry knows that its days of successfully selling their product in this country are limited," said Dr. David A. Kessler, who called for regulating the tobacco industry as commissioner of the Food and Drug Administration in the 1990s and is now dean of the medical school at the University of California, San Francisco.

"They may be finding favor on Wall Street, but they're not finding favor in the public arena," he added. "There are fewer and fewer places that you can go and smoke in public."

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Still, on Wall Street, analysts are much less enthusiastic about the future of an independent Kraft Foods — which makes a wide range of well-known food products — compared with Altria's prospects.

Kraft has struggled for several years to find its way in a rapidly changing marketplace, and Irene B. Rosenfeld, the chief executive, is expected to lay out her plans for a turnaround next month.

While many analysts say that Kraft is better off without the taint of tobacco, it still faces formidable challenges in repositioning its products at a time when consumers are less loyal to brands and more attracted to natural products, analysts said.

Investors in Altria are expected to get 0.695 share of Kraft for every share of Altria they own, said Ms. Herzog, who predicted that Altria would distribute the shares early in a 120-day period between the announcement and the distribution.

There is, however, a possibility that the distribution could be delayed by a legal challenge.

Michael D. Hausfeld, a lawyer in a pending class-action lawsuit against tobacco companies, said he might file an injunction to stop a spinoff of Kraft. The lawsuit, first filed in 2004 and known as the Schwab case after the lead plaintiff, Barbara Schwab, contends that cigarette manufacturers defrauded consumers by marketing light cigarettes as safer than regular cigarettes.

The idea behind seeking an injunction is that a judgment could be so enormous that Altria might need Kraft — with a market capitalization of $57.25 billion — to pay off the damages.

"Apparently at this point they have decided to spin Kraft off because they believe there's a diminishment in their legal exposure," Mr. Hausfeld said. "We disagree. If anything, the light's fraud presents the strongest legal merit claims against the industry and Philip Morris."

He estimated that a judgment in the case could be "several hundreds of billions of dollars" because 30 million to 50 million people who smoked light cigarettes made by several different tobacco companies were affected over more than 30 years. Asked to comment on Wall Street's affection for tobacco stocks, Mr. Hausfeld said: "Wall Street loves money. And cigarettes are money. You are clearly earning huge returns at the expense of people's lives."

Several analysts who track Altria have dismissed the chances of an injunction's success, and in an October conference call with investors, Mr. Camilleri, the Altria chief executive, said, "We believe that such an action would not have merit and that we would ultimately prevail."

Altria's plan to spin off Kraft is part of a long-term revamping plan that may ultimately split the domestic and international tobacco businesses into two companies because Altria thinks they would have more value as independent companies.

For example, Philip Morris International would no longer be dragged down by problems associated with smoking in the United States, like diminished demand and government intervention.

"At times, as a tobacco investor or a tobacco analyst, it seems like an unending stream of negative news," Mr. Adelman of Morgan Stanley said. "You hear about smoking bans, a new piece of legislation. You hear about criticism from the World Health Organization.

"And then lo and behold, manufacturers release their results," he said. "And they are good."

Change Of Control Or Out Of Control? (WP)

By Steven Pearlstein

The Washington Post, January 31, 2007

One thing you can count on in any merger or acquisition is that the executives who negotiate them always come out winners.

That's not the case for shareholders, who, according to academic studies, are as likely as not to see a decline in the value of their holdings. Or rank-and-file employees, some of whom inevitably lose their jobs. These deals are not even a sure win for customers, who often suffer from glitches when organizations combine operations.

But there's never any doubt about the executives. The history of mergers and acquisitions is full of deals that fell apart over the issue of which chief executive would wind up running the show. And I've yet to run across the corporate executive who doesn't emerge from a merger with a set-for-life severance payment or a pay-and-stock-option package bigger than it was before.

A case in point is the proposed purchase of Caremark Rx, the pharmacy-benefits manager, by CVS, the pharmacy chain, which was announced late last year.

Under the merger terms, Caremark's top executives, down to the level of senior vice president, are to receive change-of-control payments due under their employment contracts. The top five executives are collectively entitled to about $100 million, with more than half going to Mac Crawford, the chief executive who oversaw the CVS negotiations. Add to that at least another $10 million going to other top executives.

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These change-of-control payments are now standard fare in the executive-compensation game. Their purpose is to attract highly sought individuals by offering them a measure of financial security in case they lose their jobs as a result of mergers and acquisitions. In the case of top executives, these provisions are also meant to align their personal interests with those of shareholders, so they remain open to any offer to buy the company that might involve losing their jobs.

We could have a lively debate about the size of these payments, or why comfortable executives ought to be protected from the vicissitudes of market capitalism while the working stiffs are left to fend for themselves. But the more immediate question is why Caremark executives are in line to get any change-of-control payments, given that the merger agreement also guarantees them generous employment contracts in the newly combined enterprise.

To be fair, not everyone is staying. Crawford agreed to step down as an executive and will serve only as chairman of the new board of directors. We also learn from the company's proxy statement that, as an indication of his commitment and confidence in the merger, the 58-year-old Crawford has agreed to reduce his change-of-control payments by at least $10 million.

For the others, however, the question remains: Why should shareholders provide millions of dollars in what amounts to severance payments to executives who aren't being severed?

Caremark officials argue these are not severance payments but "signing" bonuses designed to keep a successful management team in place. After all, under the terms of the agreement, the money will be paid only if the executives remain with the company for three years.

This sounds reasonable, until you think about it a bit. Last year, these executives were apparently willing and eager to work for Caremark for $500,000 or $750,000 a year, plus bonuses and stock options. But now that the name on the door is about to change, we are supposed to believe these same executives are available to do the same jobs only if they get a million-dollar signing bonus.

This isn't the only item that has caught the attention of shareholders. Some have criticized provisions that indemnify executives and directors from lawsuits or legal penalties that might arise from anything they did while at Caremark -- including possible backdating of stock options, which is now the subject of a federal inquiry. Questions have also been raised about the $625 million "breakup fee" Caremark will have to pay if it backs out of the deal and the offer of board seats for many of Caremark's directors.

These concerns take on greater significance now that Caremark's executives and directors have rejected a competing bid from Express Scripts valued at 13 percent above the CVS offer. Irrespective of the other issues raised by the Express Scripts offer, have the views of Caremark executives and directors been colored by the sweet terms they negotiated for themselves in the CVS deal?

That question will be explored by Delaware's chancery court, where Express Scripts and two public pension funds have filed suit to stop the merger. The judge in the case, William Chandler, will have a chance to review all particulars, including evidence of other offers Caremark spurned before it accepted the one from CVS. But the case also gives Chandler an opportunity to set some reasonable limits on the widespread use of breakup fees, indemnification clauses and change-of-control payments, all of which may be of greater value to corporate executives than to the shareholders whose interests they are supposed to represent.

ENVIRONMENT/INDIAN AFFAIRS:

Scientists: White House Pressured Us To Downplay Global Warming (USAT/AP)

USA Today, January 31, 2007

WASHINGTON — Federal scientists have been pressured to play down global warming, advocacy groups testified Tuesday at the Democrats' first investigative hearing since taking control of Congress.

The House hearing focused on allegations that the White House for years has closely controlled what scientists have been allowed to tell the public.

"It appears there may have been an orchestrated campaign to mislead the public about climate change," said Rep. Henry Waxman, D-Calif. Waxman is chairman of the Oversight and Government Reform Committee.

Two private groups produced a survey of 279 government climate scientists showing that many of them say they have been subjected to political pressure aimed at downplaying the climate threat. Their complaints ranged from a challenge to using the phrase "global warming" to preventing scientists from talking to the media.

The survey and separate interviews with scientists have "brought to light numerous ways in which U.S. federal climate science has been filtered, suppressed and manipulated," Francesca Grifo, a senior scientist at the Union of Concerned Scientists, testified. Grifo's group and the Government Accountability Project produced the report.

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Drew Shindell, a climate scientist with NASA, described how a news release on his study forecasting a significant warming in Antarctica was "repeatedly delayed, altered and watered down" at the insistence of the White House.

Administration officials were not called to testify. In the past, the White House has said it has only sought to inject balance into reports on climate change. President Bush has acknowledged concerns about global warming, but he strongly opposes mandatory caps of "greenhouse gas" emissions, arguing that such an approach would be too costly.

Waxman, White House Are At Loggerheads On Climate Papers (LAT)

By Richard Simon

Los Angeles Times, January 31, 2007

WASHINGTON -- Following through on the Democratic Party's pledge to conduct aggressive oversight, Rep. Henry A. Waxman of California headed toward a possible confrontation Tuesday with the White House over his demands for documents that could show whether the Bush administration interfered with the work of government climate scientists to downplay the dangers of global warming.

Waxman, presiding over his first hearing as chairman of the House Oversight and Government Reform Committee, did not threaten to issue subpoenas, but said he would "insist on Congress' right" to the information. Waxman and the committee's top Republican, Rep. Tom Davis of Virginia, sent a strongly worded letter to the White House Council on Environmental Quality calling on it to "reconsider the confrontational approach" and produce the documents within 10 days.

"The committee isn't trying to obtain state secrets or documents that could affect our immediate national security," said Waxman, complaining that he and Davis have been asking for the documents for six months. "We are simply seeking answers to whether the White House's political staff is inappropriately censoring impartial government scientists."

Davis added: "We have every right to understand what the science is showing and how the administration is spinning it."

A spokeswoman for the Council on Environmental Quality branded as "false" allegations that the administration has attempted to interfere with the work of climate scientists. Kristen Hellmer also said the agency has provided more than 10,000 pages of documents and would try to work with the committee.

The oversight hearing was one of the first held by the new Democratic majority in Congress. Waxman plans to hold four hearings next week on fraud, waste and abuse in government spending in Iraq and other areas.

Tuesday's hearing was prompted by reports that administration appointees, including a former oil industry lobbyist who was chief of staff at the Council on Environmental Quality, edited climate change reports or pressured scientists to tone down statements about the dangers of global warming.

The White House has opposed mandatory caps on greenhouse gases, such as carbon dioxide, blamed for global warming, contending they could prove costly to industry and harm the economy.

Waxman said that the evidence examined by his staff so far strongly suggests administration officials have attempted to "mislead the public by injecting doubt into the science of global warming."

He cited documents that were edited to add "balance" by emphasizing the "beneficial effects" of climate change, to delete a discussion of the human health and environmental effects of climate change and to remove the statement that changes "observed over the last several decades are likely mostly the result of human activities."

Appearing before the committee, Rick Piltz, a former official in the U.S. Climate Change Science Program who is now director of Climate Science Watch for the Government Accountability Project, a "whistle-blower protection" group, said he experienced first-hand the administration's "politicization of climate science."

"Administration political officials appeared increasingly to take an interest in managing the flow of communications pertaining to climate change in such a way as to minimize the perception that scientifically based communications might be seen as conflicting with the administration's political message on climate change policy," he said.

During the hearing, the Union of Concerned Scientists reported that it has found 150 government scientists who say they have experienced political interference in their work in the last five years.

Drew Shindell, a NASA scientist, told the committee that the title of a news release was changed from "Cool Antarctica may warm rapidly this century, study finds" to "Scientists predict Antarctic climate changes."

"Not surprisingly, it generated relatively little media interest and the results have been slow to enter the wider public discussion regarding the level of scientific understanding of global warming," he said.

Davis, however, said that he hadn't seen evidence of anything other than an administration attempting to put its own political spin on research, something he said that Democratic and Republican administrations have done.

Has The White House Interfered On Global Warming Reports? (CSM)

By Peter N. Spotts

DOJ_NMG_0125025

Christian Science Monitor, January 31, 2007

More than 120 scientists across seven federal agencies say they have been pressured to remove references to "climate change" and "global warming" from a range of documents, including press releases and communications with Congress. Roughly the same number say appointees altered the meaning of scientific findings on climate contained in communications related to their research.

These findings, part of a new report compiled by two watchdog groups, shed new light on complaints by a scattering of scientists over the past year who have publicly complained that Bush administration appointees have tried to mute or muzzle what researchers have to say about global warming.

"We are beyond the anecdotal," says Francesca Grifo, director of the scientific integrity program at the Union of Concerned Scientists (UCS), one of the two groups, referring to press reports of a dozen instances of interference that have emerged over the past 12 months. "We now have evidence to support the view that this problem goes deeper than just these few high-profile cases."

Global-warming science must be accurately represented to enable lawmakers to craft adequate policies to control the problem and adapt to climate change, Dr. Grifo says. Scientists at the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, and other agencies working on climate-related issues are doing excellent work. "But it's under threat, and they are struggling to get their results out" to the general public, she says.

Grifo described some of the report's findings during hearings Tuesday before the House Committee on Oversight and Government Reform and during a press briefing afterward. The two groups say they will release additional material next week, when the Senate Committee on Commerce, Science, and Transportation holds similar hearings.

On the eve of 'consensus' report

The hearings and the new report come as climate scientists from around the world have gathered in Paris to put the finishing touches on a comprehensive "state of the science" report on global warming. The volume is a "consensus" document that summarizes the past five years of peer-reviewed research on the subject and is set for release Friday.

Meanwhile, Congress is considering several pieces of legislation that would impose controls on industrial carbon-dioxide emissions – blamed for trapping heat in the atmosphere and contributing to the noticeable warming effect on the earth's climate.

The question is not so much about federal scientists' ability to publish their results in specialized journals that few but their colleagues read, the report's authors say. Instead, the trouble arises when agencies translate "journalese" into language the general public or lawmakers can grasp for use in official government reports or media releases.

The UCS is an environmental group with a longstanding interest in the politicization of science. The other watchdog group behind the report, the Government Accountability Project (GAP), supports strong protections for whistleblowers.

Their report combines a written survey the UCS gave to 1,600 scientists (of which 279 responded) with in-depth interviews GAP held with some 40 scientists and officials, such as agency press officers. GAP also pored over thousands of pages of documents gathered via the Freedom of Information Act, says Tarek Maassari, a staff attorney with the group.

Sometimes scientists and career public-affairs officers would send press releases related to global warming up the ladder for review, then never hear back. Or appointees changed the wording in ways that scientists felt distorted the results or their implications, and the researchers weren't given a chance to argue their case. One of the most blatant examples focuses on the issue of hurricanes and global warming. According to the report, in 2005, the White House stepped in to block an interview MSNBC sought with NOAA scientist Thomas Knutson, who a year earlier had published a modeling study on the potential link between hurricanes and global warming. The interview was to focus on new research by other scientists that suggested global warming has contributed to trends toward stronger hurricanes.

Documents GAP obtained showed that instead of approving subsequent interviews with Dr. Knutson, high-level public-affairs officers routed interview requests to NOAA scientist Chris Landsea in Miami, who argued, in part, that the quality of global hurricane data was too poor and inconsistent to draw meaningful conclusions. In another instance, reporters interested in interviewing a NOAA scientist who had coauthored a new research paper concluding that modern warming "is dominated by human influences" were sent instead to then-deputy administrator Jim Mahoney.

Details of interference

In all, 150 scientists reported a combined 435 instances of real or perceived "interference" related to global-warming research within the past five years. This has led to self-censorship, Mr. Maassari says,

During Tuesday's hearing, additional evidence came from Rick Piltz, who resigned from his position as senior associate with the administration's Climate Change Science Program (CCSP) in 2005 over what he saw as repeated instances of interference in the program's reporting process – often with pressure coming from two conservative think tanks that have spearheaded efforts to debunk global warming. One of their key contacts in the White House, he says, was the chief of staff of

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the president's Council on Environmental Quality, Philip Cooney, who served as an attorney and lobbyist for the American Petroleum Institute prior to joining the council.

The UCS and GAP offer what they call a model policy that they say would reduce the likelihood of political interference in communicating scientific results on climate. "We respect the idea that policy needs to be coordinated within agencies," Grifo says. "We're not talking about having scientists coming out with policy" but rather with their specific results.

The issue of climate-science politicization reemerged last year following a report in The New York Times about a NASA public affairs officer's attempt to muzzle James Hansen, a noted climate researcher at NASA's Goddard Institute for Space Studies in New York. Subsequent stories alluded to similar activities at NOAA.

This led NASA Administrator Michael Griffin and NOAA's chief, retired Vice Adm. Conrad Lautenbacher Jr., to issue strongly worded statements in support of scientific openness and the need to communicate federal science to taxpayers accurately, and without political interference. But while some NASA researchers say the climate has improved in their agency, many in NOAA say they are still waiting to see change.

It's unclear whether the hearings this week and next will lead to legislative changes to reduce political interference. Some analysts suggest that in the governmental realm, politics and science are tightly intertwined. Roger Pielke Jr., a science-policy specialist at the University of Colorado at Boulder, noted in testimony before the committee Tuesday that selecting which results to highlight with a press release is by nature a political act.

Yet even Dr. Pielke says that "the Bush admininstration has engaged in hypercontrolling strategies for controlling information" on global warming.

Adds Grifo, "It's time for the public to stand up and be angry, too. It's their knowledge, their scientists, just like Washington is their capital."

Scientists Criticize White House Stance On Climate Change Findings (NYT)

By Cornelia Dean

New York Times, January 31, 2007

Under its new Democratic chairman, Representative Henry A. Waxman of California, the House Committee on Oversight and Government Reform took on the Bush administration's handling of climate change science yesterday, and even the Republicans on the panel had little good to say about the administration's actions.

The subject of the hearing was accusations of administration interference with the work of government climate scientists. Almost to a person, Republicans on the panel introduced themselves by proclaiming their agreement that the earth's climate was warming and that the principal culprit was greenhouse gases generated by people and their machinery.

And when witnesses spoke in defense of the administration, it was often to say only that there were still some scientists who doubted that climate view or that the administration's approach was not unique.

"Cherry-picking" science to suit policy or political goals is at least as old as the Eisenhower administration, said Roger Pielke Jr., a professor in the Environmental Studies Program at the University of Colorado. The committee itself is guilty of it, he added, pointing to a news release linking rising ocean temperatures to bigger and more frequent coastal storms, something about which there is still debate.

But the other witnesses spoke about how the administration had delayed, altered or watered down the findings of government scientists, the kind of thing they said they had not experienced in the Clinton administration.

Drew Shindell, a NASA scientist who said he was speaking as an individual, not for his agency, described research he and his colleagues did on ozone depletion and greenhouse gases over Antarctica.

Dr. Shindell said the findings helped explain recent cooling on the continent, a phenomenon cited by climate dissidents as challenging the mainstream view. And, he said, the findings suggested Antarctica might warm rapidly in the future, melting ice and sharply raising sea levels. By the time the administration had signed off on the work, he said, its importance had been played down and references to "rapid warming" had been deleted.

Another witness, Rick Piltz, said he resigned in protest in 2005 from his job with the federal Climate Change Science Program when he became convinced that the administration's goal was to "impede" the understanding of climate science among the public and even the Congress.

Part of his job, Mr. Piltz said, was to compile periodic assessments of government climate research for the Congress. "This report has essentially been made to vanish by the Bush administration," he said.

The fourth witness was Francesca Grifo, who directs the scientific integrity program of the Union of Concerned Scientists, a private group that researches environmental, arms control and other issues.

Dr. Grifo's testimony drew largely from a report produced by the Union of Concerned Scientists and the Government Accountability Project, a private group that defends whistle-blowers. The report, made public yesterday, is based on a Union of

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Concerned Scientists survey of federal climate scientists and interviews and document searches by the Government Accountability Project. It says it is common for scientists to be pressured to eliminate references to climate change, for their work to be changed to misrepresent their findings, and for climate-related materials to disappear from Web sites.

Almost 60 percent of the scientists who responded to the survey said they had personally experienced such an incident in the last five years, the report says, and those who said their work was most closely related to climate change experienced the most interference. (Information about the report is available at www.ucsusa.org.)

Representative Darrell Issa, Republican of California, noted that a majority of scientists queried had not responded to the survey. Dr. Grifo said she attributed that to the "chilling effect" of administration actions. Anyway, she said, scores of scientists reported problems. "That number should be zero," she said.

Bush 'distorted' Climate Change Reports (FT)

By Stephanie Kirchgaessner And Fiona Harvey

Financial Times, January 31, 2007

The Bush administration has routinely suppressed or -distorted communication of climate change science to the public, a climate specialist at Nasa's Goddard Institute said on Tuesday.

The accusation, before the chief oversight committee in the House of Representatives, was reinforced by claims by Democratic lawmakers that the White House was withholding documents proving that Philip Cooney, a former Bush administration official who now works as a lobbyist for ExxonMobil, regularly edited climate reports for political reasons.

"We know that the White House possesses documents that contain evidence of an attempt by senior administration officials to mislead the public by injecting doubt into the science of global warming and minimising the potential dangers," said Henry Waxman, the Democratic chairman of the oversight committee.

In one instance of political interference described by Drew Shindell, the Nasa specialist, a press release he drafted in 2004 about future warming in Antarctica was "repeatedly delayed, altered and watered down" by Nasa headquarters. After being told to soften the title of the proposed press release, officials altered the title of the document from "Cool Antarctica may warm rapidly this century" to "Scientists predict Antarctica climate changes".

Rick Piltz, a former government official who co-ordinated and edited reports on climate change, said he resigned from his post in 2005 in protest against the Bush administration impeding communication on -climate science and its implications.

Mr Piltz testified that the administration systematically attempted to "bury" a "national assessment" report that had been published during the Clinton administration that analysed the consequences of climate variability on the US.

He also accused Mr Cooney of editing reports that had already been drafted and approved by scientists in a way that added an "enhanced sense of scientific uncertainty about global warming".

ExxonMobil said on Tuesday that Mr Cooney was not giving interviews.

The testimony risks embarrassing the Bush administration ahead of the release on Friday of a landmark report on climate change science that will say there is a 90 per cent certainty that human activity is changing the world's climate and temperatures will rise by 3 degrees Celsius by 2100. It paints the most dramatic and comprehensive picture yet of a future of heatwaves, droughts and floods.

The report from the Intergovernmental Panel on Climate Change, a scientific body convened by the United Nations, is based on research carried out over six years by more than 2,500 scientists.

The White House has been accused of attempting to weaken or change crucial wording on the state of climate science in this and previous IPCC reports, which form the basis of international climate change policy.

Panel Hears Climate 'Spin' Allegations (AP)

By H. Josef Hebert

AP, January 31, 2007

Federal scientists have been pressured by the White House to play down global warming, advocacy groups testified Tuesday at the Democrats' first investigative hearing since taking control of Congress.

The hearing focused on allegations that White House officials for years have micromanaged the government's climate programs and has closely controlled what scientists have been allowed to tell the public.

"It appears there may have been an orchestrated campaign to mislead the public about climate change," said Rep. Henry Waxman, D-Calif. Waxman is chairman of the Oversight and Government Reform Committee and a critic of the Bush administration's environmental policies, including its views on climate.

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Climate change also was a leading topic in the Senate, where presidential contenders for 2008 lined up at a hearing called by Sen. Barbara Boxer. They expounded — and at times tried to outdo each other — on why they believed Congress must act to reduce heat-trapping "greenhouse" gases.

"This is a problem whose time has come," Sen. Hillary Rodham Clinton, D-N.Y., proclaimed.

"This is an issue over the years whose time has come," echoed Sen. John McCain, R-Ariz.

Sen. Barack Obama, D-Ill., said "for decades far too many have ignored the warning" about climate change. "Will we look back at today and say this was the moment we took a stand?"

At the House hearing, two private advocacy groups produced a survey of 279 government climate scientists showing that many of them say they have been subjected to political pressure aimed at downplaying the climate threat. Their complaints ranged from a challenge to using the phrase "global warming" to raising uncertainty on issues on which most scientists basically agree, to keeping scientists from talking to the media.

The survey and separate interviews with scientists "has brought to light numerous ways in which U.S. federal climate science has been filtered, suppressed and manipulated in the last five years," Francesca Grifo, a senior scientist at the Union of Concerned Scientists, told the committee.

Grifo's group, along with the Government Accountability Project, which helps whistle-blowers, produced the report.

Drew Shindell, a climate scientist with NASA's Goddard Institute for Space Studies, said that climate scientists frequently have been dissuaded from talking to the media about their research, though NASA's restrictions have been eased.

Prior to the change, interview requests of climate scientists frequently were "routed through the White House" and then turned away or delayed, said Shindell. He described how a news release on his study forecasting a significant warming in Antarctica was "repeatedly delayed, altered and watered down" at the insistence of the White House.

Some Republican members of the committee questioned whether science and politics ever can be kept separate.

"I am no climate-change denier," said Rep. Tom Davis of Virginia, the top Republican on the committee, but he questioned whether "the issue of politicizing science has itself become politicized."

"The mere convergence of politics and science does not itself denote interference," said Davis.

Administration officials were not called to testify. In the past the White House has said it has only sought to inject balance into reports on climate change. President Bush has acknowledged concerns about global warming, but he strongly opposes mandatory caps of greenhouse gas emissions, arguing that approach would be too costly.

Roger Pielke Jr., a political scientist at the University of Colorado who was invited by GOP lawmakers, said "the reality is that science and politics are intermixed."

Pielke maintained that "scientific cherry picking" can be found on both sides of the climate debate. He took a swipe at the background memorandum Waxman had distributed and maintained that it exaggerated the scientific consensus over the impact of climate change on hurricanes.

Waxman and Davis agreed the administration had not been forthcoming in providing documents to the committee that would shed additional light on allegations of political interference in climate science.

"We know that the White House possesses documents that contain evidence of an attempt by senior administration officials to mislead the public by injecting doubt into the science of global warming and minimize the potential danger," said Waxman, adding that he is "not trying to obtain state secrets."

At Boxer's Senate hearing, her predecessor as chairman of the Environment and Public Works Committee, Sen. James Inhofe, R-Okla., had his own view of the science.

There is "no convincing scientific evidence" that human activity is causing global warming, declared Inhofe, who once called global warming a hoax. "We all know the Weather Channel would like to have people afraid all the time."

"I'll put you down as skeptical," replied Boxer.

Senator Boxer Calls For Action On Global Warming (MCT)

By David Whitney

McClatchy Newspapers, January 31, 2007

WASHINGTON - A key Senate committee found broad bipartisan support Tuesday for doing something about global warming, but deep divisions remained over how to curb the emissions that scientists think are causing the Earth to warm rapidly.

"A consensus is developing that we must take action at the federal level now," declared Sen. Barbara Boxer, a California Democrat, who's presiding over her first hearing as the chair of the Senate Environment and Public Works Committee.

In the House of Representatives, Democrats charged Tuesday that they'd found repeated instances in which the Bush administration had ordered changes to scientific studies to soften references to the cause and effect of global warming.

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Rep. Henry Waxman, D-Calif., the chairman of the House Oversight and Government Reform Committee, said top administration officials had sought "to mislead the public by injecting doubt into the science of global warming and minimizing the potential dangers."

Boxer said she'd try to steer the Senate committee toward enacting something like California's tough global-warming law, which requires lowering emissions to 1990 levels by 2020. But she acknowledged that she was uncertain how far she'd get.

The hearing, the first of many that Boxer will hold before trying to craft a compromise bill, was limited to senators describing where they stood on the issue. Several Republicans joined committee Democrats in calling for legislation.

There was less agreement on how far and how fast Congress should go to reduce emissions from cars, power plants and industry. The emissions, primarily carbon dioxide, are thought to be contributing to global climate change by enveloping the Earth in a virtual greenhouse.

Many Democrats and industry leaders favor "cap and trade" legislation, which would set tough federal emissions standards and allow companies to sell emissions credits when they fall below that standard and to buy credits when they exceed the limits.

Others want to limit emissions reductions to power plants, which are responsible for about 40 percent of total U.S. emissions. That could invite a fight with states that rely heavily on coal-fired power plants, particularly in the Midwest, or states that provide coal for them.

Another controversial issue is whether a uniform national standard should pre-empt tougher state laws, an issue that could divide California lawmakers if the deal Boxer cuts falls short of the state's standards.

At least out of the starting gate, Boxer kept the hearing from drifting into an ideological argument with a minority of Republican committee members who remain skeptical that human activity is at the root of rising temperatures and changing global weather patterns.

Sen. James Inhofe, R-Okla. - who was unseated as committee chairman by the November elections, which thrust Boxer into her most prominent role in Congress - is a skeptic of global warming who was able to bottle up remedial legislation.

He didn't seriously challenge the science Tuesday. The harshest Republican critic was Idaho Sen. Larry Craig, who said the rush to enact legislation was driven by the 2008 presidential elections, which Democrats didn't dispute.

Some of the more prominent advocates of global-warming legislation are candidates for the White House. Among those speaking at Tuesday's hearing were Arizona Republican Sen. John McCain and New York Democratic Sen. Hillary Rodham Clinton.

Differences have emerged already between Boxer and Sen. Dianne Feinstein, California's senior Democratic senator, over whether federal legislation should pre-empt the state law to create a uniform national standard.

"If you think about it, there should be one system," Feinstein testified Tuesday. "And that system should be worldwide."

Feinstein had considered pre-empting state law when she introduced legislation to curb power plant emissions two weeks ago. But she said she backed off because of concerns from the state and Gov. Arnold Schwarzenegger.

Boxer is a strong states' rights supporter. In an exchange after Feinstein's testimony Tuesday, however, the two senators seemed to move closer together.

"If we have one system with good goals, then one system is the best," Boxer said. "One system is what we need if we can do it."

The exchange demonstrates the formidable task ahead for Boxer, with issues such as the future of coal far from resolved. Feinstein noted that 40 states rely on coal, and together those states hold 80 percent of the seats in the Senate.

After testifying before Boxer's committee, Sen. John Kerry of Massachusetts, the 2004 Democratic presidential nominee, was asked whether he thought there ever would be enough votes for global-warming legislation to beat back a promised Republican filibuster. It takes 60 votes to stop a filibuster.

"We have to gin up the grass roots on this," Kerry said. "People are going to have to understand that this is an election issue for `08."

Lawmakers On Hill Seek Consensus On Warming (WP)

By Juliet Eilperin

The Washington Post, January 31, 2007

As 600 scientists meet this week in Paris to finalize the first worldwide assessment in six years of the evidence on global warming, lawmakers on Capitol Hill searched for a political consensus yesterday on how to address climate change.

In a prolonged Senate hearing that one senator compared to "open-mike night," several lawmakers spoke in passionate terms about a need to put a cap on U.S. carbon dioxide emissions before global warming's effects become irreversible, while others sketched out possible policy compromises on the contentious issue. In a separate House hearing, a bipartisan group of lawmakers questioned whether the Bush administration has been suppressing climate science.

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Sen. Thomas R. Carper (D-Del.), a member of the Environment and Public Works Committee who has pressed to regulate greenhouse gases for several years, said he did not want his children and grandchildren chastising him for inaction in decades to come.

"I don't want them to say, 'What did you do about it? What did you do about it when you had an opportunity? Weren't you in the Senate?' " Carper asked, adding that he hoped to tell them, "I tried to move heaven and Earth to make sure we took a better course."

The panel's chairwoman, Sen. Barbara Boxer (D-Calif.), said several hours into the hearing that lawmakers would heed the warnings of Carper and others, including Sen. Barack Obama (D-Ill.): "I think this is the moment we will take a stand."

Several lawmakers said they felt a new sense of urgency in light of the mounting scientific evidence that the globe cannot sustain an additional temperature rise of more than two degrees Fahrenheit. On Friday, the Intergovernmental Panel on Climate Change (IPCC), a U.N. body, will release its first report since 2001 on the current state of science on global warming: According to scientists who have read the latest draft of the report, it will conclude there is at least a 90 percent chance that human activity accounts for much of Earth's warming over the past half-century.

Sen. Dianne Feinstein (D-Calif.), who testified before the Environment and Public Works Committee on her proposal to "cap and trade" carbon emission credits, said in an interview the U.S. political debate on global warming has recently "shifted considerably because people know it's real. The science has coalesced."

Some scientists and lawmakers, including Feinstein, have raised concerns in recent weeks that the final IPCC report may in fact understate global warming's impact because the science is changing so rapidly. Yesterday the Zurich-based World Glacier Monitoring Service reported that the rate of mountain glacier melt is accelerating, with initial reports for 2005 suggesting key glaciers lost an average of 3 1/2 feet of thickness.

Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, who held his own hearing yesterday, said that as a result of the rapidly changing data, when the international report comes out Friday, "in many ways it will be dated." The IPCC cannot incorporate any scientific data published after December 2005 in its report.

Still, advocates of action on global warming said the IPCC will further strengthen the public perception that the United States must move more aggressively to curb its carbon dioxide emissions. The report will outline how climate change will transform the planet -- with summer sea ice virtually disappearing from the Arctic by the end of the century -- as well as assess the spike in global temperatures in the past 15 years, in which Earth has experienced roughly a dozen of the hottest years on record.

"The timing of this report is critical for the debate that's taking place in Congress, in the business community, and in the evangelical community," said Robert T. Watson, who chaired the IPCC during its last round and now serves as the World Bank's chief scientist.

In the House hearing, lawmakers questioned whether the White House had altered reports by government scientists over the past several years to mask the problems posed by climate change. They highlighted a survey published yesterday by two advocacy groups, the Union of Concerned Scientists and the Government Accountability Project, which found that 46 percent of the federal scientists they polled reported they personally had experienced or perceived pressure to eliminate the words "global warming" or "climate change" from their writings, and roughly the same percentage had experienced edits that changed the meaning of their findings.

"All of us have a right to our own opinions as to the seriousness of global warming," Waxman said. "We don't have the right to our own science."

Waxman and the panel's top Republican, Rep. Thomas M. Davis III (Va.), sent a letter to the White House yesterday demanding that the administration hand over documents that could shed light on whether political appointees had altered climate reports. Davis said he was "disappointed at the [administration's] lukewarm response" to the panel's requests for information but added that when it comes to pressing the case for action to combat climate change, "we're seeing a dangerous trend toward inflammatory statements and hyperbole."

Kristen Hellmer, spokeswoman for the White House Council on Environmental Quality, said the administration had provided 10,000 pages of documents to the panel and allowed staffers to review some "deliberative documents" on climate change. "CEQ has been working with the committee and hopes to continue working with the committee to reach an appropriate accommodation," she said.

While House members debated the administration's approach to global warming yesterday, senators focused on promoting their own proposals. Feinstein told the Environment and Public Works Committee that any good climate-change bill must be "practical and doable," citing her plan to reduce greenhouse-gas emissions by 25 percent by 2020, while Sen. John F. Kerry (D-Mass.) told reporters after testifying that a plan he introduced with Sen. Olympia J. Snowe (R-Maine) to reduce emissions 65 percent by 2050 made the most sense.

"Anything less than getting the job done is crazy," Kerry said.

Even opponents of a strict cap said they expected lawmakers to craft legislation capping carbon dioxide in the coming months. "The climate-science questions have now given way to real policy analysis -- the tough choices of what policies will work," electric utilities lobbyist Scott Segal said about the Senate hearing. "That will require serious homework, and this hearing doesn't do any at all."

Senators Sound Alarm On Climate (WT)

By Christina Bellantoni

The Washington Times, January 31, 2007

One-quarter of the Senate yesterday called global warming a serious threat to the world's future and urged quick action, despite disagreement on how to stem its effects.

During a rare open forum that lasted hours, senators from both major parties including four seeking the presidency shared ideas about curbing carbon emissions, which many scientists blame for global warming. The senators also promised substantial legislation this year.

"Global warming is an international problem requiring international effort," said Sen. John McCain, Arizona Republican and a candidate in the 2008 presidential race.

His proposal to curb carbon emissions is co-sponsored by several Republicans and Democrats. He said he welcomes amendments.

"We have no pride in authorship; this is too important," he said. "The object is to get something done and soon."

"This is a problem whose time has come," said Sen. Hillary Rodham Clinton, New York Democrat, who also has eyes on the White House.

Sen. Barbara Boxer, California Democrat, said she sees consensus in Congress, at the state level and even among oil executives. "The time for action is now," she said.

Mrs. Boxer, chairman of the Environment and Public Works Committee, took statements from about 25 senators during the forum. "We're not going to take a lot of time debating this anymore. We're moving beyond the argument, we are moving toward solutions."

She allowed each person 10 minutes to "take their temperature" on the climate change issue.

Sen. Christopher S. Bond and a few other Republicans fear that sweeping legislation to restrict carbon emissions will result in economic hardship.

"I'm not from the state of macroeconomics. I'm from the state of Missouri, and I need to know how these proposals will hurt Missourians," Mr. Bond said. "Do not fight climate change on the backs of the poor, on the backs of certain sectors of this country."

Sen. Larry E. Craig, Idaho Republican, questioned the motivation for rushing legislation. "My sense is the rush at this moment, all due apologies to Senator Clinton, is something about an '08 election," he said.

He said drastic federal legislation could crush business in the United States, even while India and China are revving their economies without taking action against climate change.

"I reject that. We are the most innovative nation in the history of the world," Mrs. Clinton said. "I don't underestimate the task we face, but I am optimistic."

Senators evoked the images of the nation's children and grandchildren.

"This is our generation's test to protect their futures," said Sen. Barack Obama, Illinois Democrat. "The world is going to be watching us over the next several years to see what action we take on this issue."

Mr. Obama compared climate change legislation to an insurance policy. "We don't have to stand helplessly by and accept this future. In fact, we can't afford to," he said.

He and another Democrat who testified, Sen. Joseph R. Biden Jr. of Delaware, also have 2008 White House aspirations.

Sen. Lamar Alexander, Tennessee Republican, said that even his conservative district recognizes "it is now time for Congress to take reasonable steps."

Sen. James M. Inhofe of Oklahoma, the ranking Republican on the committee, attended the hearing briefly to give his remarks.

"There is no environmental issue that has become more politicized," he said. "I look forward to vigorously pointing out the lack of scientific consensus, the real economic impact and the effects of unilateral disarmament of our economy if we enact mandatory carbon reductions in the U.S. while the rest of the world is failing to meet its goals."

"I'll mark you down as skeptical," Mrs. Boxer told Mr. Inhofe, who has called global warming a "hoax."

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"I hope that when I'm done you'll put my temperature down as hot," said Sen. Joe Lieberman, Connecticut independent and the lead co-sponsor of the McCain bill. "I'm hot to get something done. It's hard not to conclude that the politics of global warming has changed and a new consensus for action is emerging and it is a bipartisan consensus."

Several senators praised former Vice President Al Gore, a Democrat who has publicized the issue through speeches and a documentary film, "An Inconvenient Truth."

The senators also noted that President Bush, in his State of the Union address last week, acknowledged the "serious challenge of global climate change."

Sen. Benjamin L. Cardin, Maryland Democrat, displayed photos projecting heavy flooding of the Delmarva Peninsula as a result of global warming.

Global Warming Is Hot Topic In Congress (LAT)

By Janet Hook and Richard Simon

Los Angeles Times, January 31, 2007

WASHINGTON — All of a sudden, global warming is hot.

After years of languishing on Capitol Hill, efforts to curb global warming have picked up momentum, powered by a growing bipartisan belief that climate change can no longer be ignored.

Speaker Nancy Pelosi, D-Calif., has declared it a top priority for the House. Presidential candidates from both parties call it one of the biggest issues faced by the next occupant of the White House. Even President Bush, long a skeptic, is sounding the alarm.

That's an abrupt break from the past, when the issue -- the role man-made pollutants play in the increase in the Earth's temperature -- was shrugged off by many politicians. Especially among Republicans, it was regarded as an untested theory or an alarmist fantasy.

Polls show that most Americans believe the studies that show pollution is a cause of climate change. And politicians now are scrambling to keep up with science and public opinion.

Legislation to curb global warming is still a long shot in Congress because there is no consensus on a solution. But almost all the candidates who want to succeed Bush -- from Sen. John McCain, R-Ariz., to former Sen. John Edwards, D-N.C. -- are far ahead of him in proposing ways to reduce carbon emissions.

"There has been a sea change in this issue over the last year," said Cathy Duvall, national political director of the Sierra Club. "It went from a backburner issue to something people understand is a problem. Now they are looking for leaders to take action."

The United States is the leading emitter of carbon dioxide, about one-quarter of the worldwide total. About 80 percent comes from fossil fuels, with power plants and vehicles as the leading culprits. Presidential politics and legislative debate came together Tuesday when McCain and several other candidates discussed their climate change legislation at a Senate hearing.

"The number of individuals in Washington who reject the clear evidence of global warming appears to be shrinking as its dramatic manifestations mount," McCain said. "We are no longer just talking about how climate change will affect our children's and grandchildren's lives, as we did just a few years ago, but we now are talking about how it is already impacting the world."

McCain, considered a front-runner for his party's presidential nomination, has introduced a bill to impose mandatory limits on the greenhouse gases that contribute to global warming and intends to introduce another to target vehicle emissions by raising miles-per-gallon rules. His cosponsors on the first bill include two leading Democratic presidential contenders, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Other candidates have their own proposals. New Mexico's Democratic Gov. Bill Richardson touts his efforts to get his state to generate more electricity from cleaner sources, such as solar and wind power. Sen. Joseph R. Biden Jr., D-Del., recently introduced a resolution calling for the United States to return to international negotiations on climate change that Bush spurned.

Edwards, who ranks global warming as one of his top three issues, recently pointed out that he has given up his old-fashioned sport utility vehicle for a hybrid one. Even conservative Sen. Sam Brownback, R-Kan., mentioned the need to reduce carbon dioxide emissions in announcing his candidacy.

The issue's prominence is rising for a variety of reasons.

There is mounting scientific evidence that pollution plays a significant role in global warming. Climate scientists who advise the United Nations will meet in Paris this week and are expected to issue a report on how it is likely to affect sea levels.

Former Vice President Al Gore's Oscar-nominated documentary, "An Inconvenient Truth," raised awareness of the issue, vividly depicting the consequences of a warmer planet.

Some states are beginning to act on their own, causing influential business leaders to call for federal regulation to avoid a patchwork of different state and local laws.

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Most important, Democrats who want action on the issue now control the House and the Senate, and the party's leaders have moved it to center stage.

Pelosi has asked committees to produce legislation by July 4 and has moved to establish a special global warming committee to bypass Rep. John Dingell, D-Mich., an auto industry ally who chairs the House Energy and Commerce Committee. He is seen as a potential obstacle to legislation, including new limits on tailpipe emissions.

Despite signs that Congress might shift from talking to legislating, advocates of limits on greenhouse gases warn against high expectations, noting that any measure must make it through the narrowly divided Senate and past Bush's veto.

And proposals to cap emissions, especially from coal-fueled power plants, also face opposition from many Republicans and some Democrats who contend they would harm the economy.

"There's going to be a lot of sound and fury," said Dan Becker, director of the Sierra Club's global warming program, "but unless something changes pretty radically, it's really hard to see how an important bill passes this Congress -- and is signed by this president."

That's why many environmentalists are looking ahead to the 2008 elections. The League of Conservation Voters Education Fund has launched an initiative, called "The Heat Is On," to ensure global warming is at the center of debate. The organization is tracking what candidates say and hopes to pressure them through town hall meetings and ballot initiatives.

"We will make sure there is an expectation they will outline clear solutions," said Navin Nayak, director of the project.

Like ethanol in Iowa, global warming could become a litmus-test issue for candidates in New Hampshire, which holds the first primary. More than 100 Granite State towns are planning votes on a resolution calling for federal action to curb greenhouse gas emissions.

Ted Leach, a Republican and former state lawmaker from New Hampshire, is co-chairman of the Carbon Coalition, which persuaded the towns to weigh in. He has issued a warning to presidential contenders: "If we don't hear out of you what we want to hear, you're probably not going to get our votes."

The 2008 presidential candidate most deeply involved in the issue is McCain, who has for years pushed legislation to impose mandatory limits on emissions that contribute to global warming. It is a goal that has put him at odds with most in his party, and one that helped him build his reputation as a maverick.

One candidate who has kept a distance from the issue is Republican Mitt Romney. As governor, he pulled Massachusetts out of a regional accord to reduce emissions, worried about its effect on energy bills. But GOP pollster Whit Ayres said Republican candidates would do well to follow McCain's lead. Ayres argues that global warming is a winning issue.

In a July 2006 survey of GOP voters, he found that a majority agreed that the Earth's temperature was rising and that human activity, not normal climate cycles, was the cause. Ayres said the issue "is an opportunity for Republicans to reach out to people in the middle and demonstrate their sensitivity in an area not normally thought to be a Republican strength."

He acknowledged, however, that there is political risk for candidates in certain regions, such as coal- and auto-producing states.

Fossil Fuels Are To Blame, World Scientists Conclude (USAT)

By Patrick O'driscoll And Dan Vergano

USA Today, January 31, 2007

A major international analysis of climate change due Friday will conclude that humankind's reliance on fossil fuels — coal, fuel oil and natural gas — is to blame for global warming, according to three scientists familiar with the research on which it is based.

The gold-standard Intergovernmental Panel on Climate Change (IPCC) report represents "a real convergence happening here, a consensus that this is a total global no-brainer," says U.S. climate scientist Jerry Mahlman, former director of the federal government's Geophysical Fluid Dynamics Laboratory in New Jersey.

"The big message that will come out is the strength of the attribution of the warming to human activities," says researcher Claudia Tebaldi of the National Center for Atmospheric Research (NCAR) in Boulder, Colo.

Mahlman, who crafted the IPCC language used to define levels of scientific certainty, says the new report will lay the blame at the feet of fossil fuels with "virtual certainty," meaning 99% sure. That's a significant jump from "likely," or 66% sure, in the group's last report in 2001, Mahlman says. His role in this year's effort involved spending two months reviewing the more than 1,600 pages of research that went into the new assessment.

Among the findings, Tebaldi says, is that even if people stopped burning the fossil fuels that release carbon dioxide, the heat-trapping gas blamed most for the warm-up, the effects of higher temperatures, including deadlier heat waves, coastal floods, longer droughts, worse wildfires and higher energy bills, would not go away in our lifetime.

"Most of the carbon dioxide still would just be sitting there, staring at us for the next century," Mahlman says.

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"The projections also make clear how much we are already committed" to climate change, Tebaldi says, echoing the comments of more than a dozen IPCC scientists contacted by USA TODAY. Even if every smokestack and tailpipe stops emissions right now, the remaining heat makes further warming inevitable, she says.

The report will resonate worldwide because the current debate over global warming has been more about what is responsible — people or nature? — than about whether it is happening.

President Bush only recently has acknowledged the link, mentioning global warming in last week's State of the Union address. It was the first time he has included climate change in the annual speech before Congress. Bush called for developing renewable and alternative fuels.

The IPCC was established in 1988 by the World Meteorological Organization and the United Nations Environment Program. This will be its fourth climate assessment since 1990. The last one, in 2001, predicted average global temperatures would rise 2.5 to 10.4 degrees by the end of this century. The rise from 1901 to 2005 was just 1.2 degrees.

The report is the work of more than 2,000 scientists, whose drafts were reviewed by scores of governments, industry and environmental groups. The document is based on research published in the six years since the last report.

The analysis comes at a time when awareness of global warming in the USA and efforts to combat it are more intense than ever. Former vice president Al Gore's climate-change documentary An Inconvenient Truth scored two Oscar nominations last week. Meanwhile, some states and hundreds of American cities are taking steps to curb emissions that intensify the heat-trapping "greenhouse gases" in the atmosphere.

Officially, the panel's 2007 findings are still under wraps, but details have been leaking out for a year, particularly in recent weeks.

News accounts have featured projections of more droughts, floods, shrinking glaciers and rising sea levels.

There is so much media attention now, "I almost think there won't be any surprises compared to six years ago," says Steve Running, a University of Montana ecologist. "When the report came out (in 2001) it was all 'new' news. This time, I think everybody will say, 'Well, yeah, that's already what we've been hearing about.' "

Michael MacCracken, chief scientist for the Climate Institute, a Washington, D.C., think tank, says the studies underlying the report make the broad conclusions clear anyway. A 2005 Nature magazine study, for example, narrowed the 2001 estimate of warmer temperatures to an increase from 2.7 to 8.1 degrees by the year 2100.

Similarly, two Science magazine studies in 2005 of satellite and balloon measurements of temperature confirmed the Earth's atmosphere is warming exactly as predicted from human-caused increases in carbon dioxide.

What will be released this week is the first of three parts of the report: a scientific synthesis of global warming's physical manifestations that includes measurements and projections of temperature, precipitation, storms, wind, polar melting and sea levels. New this time is a chapter on paleoclimatology, the study of climate change from fossils and the reconstruction of data and clues going back hundreds of thousands of years.

In addition to the extensive scientific conclusions, which MacCracken says have been settled, a short "summary for policymakers" is still being hammered out and will be released Friday in Paris.

The second phase of the report is on the effects of those measured and projected changes and is due in April. A third group's work on ways to try to lessen those impacts is to be released in May.

The IPCC report lands amid a rush of climate-change developments. Sharing the spotlight:

·Congress. After winning a majority in the House and Senate in November's election, Democrats have climate-change bills in the works. House Speaker Nancy Pelosi, D-Calif., is creating a special committee on climate change. Next week, the House Science and Technology Committee will discuss the IPCC report.

·States. More than 12 states are taking steps to reduce greenhouse gases. California Gov. Arnold Schwarzenegger this month ordered the world's first low-carbon limits on passenger-car fuels in the most populous state. The new standard would reduce the carbon content of transportation fuels at least 10% by the year 2020.

·Cities. More than 375 mayors who have signed pledges since 2005 to cut greenhouse-gas emissions in their communities launched a drive last week for major climate legislation in Congress this year. They represent 56 million people in all 50 states. The day after the State of the Union address, the U.S. Conference of Mayors announced global warming is No. 1 on its top-10 list of priorities.

·Industry. Ten major companies, including industrial giants General Electric, Alcoa and DuPont, joined four environmental and climate groups last week to demand swift passage of federal legislation to cut emissions that worsen warming. Their U.S. Climate Action Partnership says further delay only "increases the risk of unavoidable consequences … at potentially greater economic cost and social disruption."

In their own studies, Tebaldi and her colleagues at NCAR found broad agreement in climate projections for North America by 2100, including a rise in average temperatures from 3 to 9 degrees.

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That could lead to more frequent heat waves and more warm nights when daytime temperatures linger longer after sundown, especially in the South and West, Tebaldi's group concluded. NCAR also says increasing rain would soak northern states but bypass the already dry Southwest, where drought would be more common except when torrential rains bring flash floods.

The IPCC report is likely to reflect climate uncertainties and disagreements, too. Scientists have strongly debated the last two years, without resolution, whether global warming intensifies hurricanes.

Rising sea levels are a huge concern for the USA because more than half the population lives within 50 miles of the coastlines, according to the National Oceanic and Atmospheric Administration. The 2001 report contained a wide estimate of the rise this century — from 3.5 inches to 34. MacCracken says that projection has fallen to about 20 inches or less.

Such a drop in the top estimate alarms glacier experts such as John Turner of the British Antarctic Survey, who was quoted in the United Kingdom's Guardian newspaper as saying the low projection is "misleading." He says the low number accounts only for the heat-related rise of sea level and slow trickles from ebbing glaciers, and it ignores potential ice-sheet collapses in Antarctica or Greenland.

"Greenland is just a relic of the last Ice Age, after all, just jutting out into the Atlantic, frozen at latitudes further south than anything else," MacCracken says. "What might happen when it gets warmer?"

MacCracken contends past IPCC reports have been too conservative, partly by design, in warning about the dangers of climate change, especially sea level rise.

"Scientists don't like to be wrong, so they tend to discount the most uncertain things," MacCracken says. "And that's good, but policymakers and risk managers usually want to know the worst case, as well as the middle one, when they plan for things."

Every IPCC report has been controversial. When the 1995 report's economic analysis estimated that the worth of a human life in a developing nation is less than in developed ones, it triggered protests and sit-ins.

In 2005, federal hurricane researcher Chris Landsea resigned from the IPCC, suggesting its hurricane warnings were too overblown and "politicized."

Climate scientist Roger Pielke Sr. of the University of Colorado at Boulder has suggested that development and deforestation, rather than the burning of fossil fuels, are the main drivers behind global warming. He says on his climate-science website that the IPCC should recognize the importance of these other factors.

In contrast, Australian scientist Tim Flannery has complained in his 2005 book The Weather Makers: How Man is Changing the Climate and What it Means for Life on Earth that IPCC estimates downplay the impact of warming.

In Paris this week, the process of negotiating and revising the short summary is painstaking and "line by line," says Kevin Trenberth, one of the lead authors and climate analysis chief at the National Center for Atmospheric Research. More than 100 of the panel's 193 member nations are taking part in the negotiations on the summary, he says.

"They'll do a lot of rewriting. It's all going to change to cover the concerns of each nation," whether it's monsoons in India or polar bears in Canada, says MacCracken, who helped lead the USA's involvement in the IPCC in 1995 and 2001. The summary also must be translated in six official U.N. languages.

In 1995, MacCracken says, negotiations at the meeting in Madrid stretched from 8 a.m. to an hour past midnight.

"But luckily, it was Madrid," he adds, "so the restaurants were still open at 1 a.m."

Scientists To Advise EPA To Cut Smog Limit (USAT)

By Traci Watson

USA Today, January 31, 2007

WASHINGTON — Scientists at the Environmental Protection Agency will recommend today that the level of smog allowed in the nation's air be cut to protect public health, the EPA said Tuesday.

The scientists will advise the agency to cut the nation's smog limit by as much as 25%. When the EPA last cut the smog limit, in 1997, industry groups fought the change all the way to the Supreme Court. Industry ultimately lost.

If adopted by the government, a drop in the smog standard could lead to fewer "Code Red" days and easier breathing for those with asthma. Smog exacerbates asthma and other lung disorders.

Nearly 160 million people live in counties that do not meet the federal smog limit. Most are in California or on the East Coast.

Further cuts to the amount of smog in the nation's air could also require strict regulations on cars, power plants and factories, which emit the chemicals that make up smog. States and counties struggling to achieve federal clean-air limits have taken measures such as requiring car-emission inspections and mandating the sale of cleaner but more costly grades of gasoline.

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EPA Administrator Stephen Johnson has until June to decide whether to take his staff's advice. The new limit would become final after a year of public comment and review.

Industry groups have already told the EPA that they oppose tightening the smog limit.

"This is going to be a royal fight, because the cost is too big," said William Kovacs, a vice president of the U.S. Chamber of Commerce.

The EPA's current rule requires counties to adhere to a limit of no more than 0.08 parts of smog per million parts of air. The scientists will advise Johnson to consider a new standard as low as 0.06 parts per million.

The last time EPA scientists advised Johnson to tighten air standards, in December, he slightly lowered the amount of soot from diesel engines and other sources allowed in the air, though EPA staff and a panel of independent scientific advisers urged a larger decrease.

William Wehrum, the Environmental Protection Agency's chief of air pollution, said Johnson would not be bound by his staff's recommendation.

"We will take the recommendations very seriously," he said. "The administrator is the ultimate decision-maker here, and he has to make the best decision he can, based on the facts he has available."

In Brief EPA Staff To Suggest Cuts In Allowable Smog Levels (WSJ)

The Wall Street Journal, January 31, 2007

Environmental Protection Agency staff today will recommend as much as a 25% cut in allowable smog levels, after new health data showed smog in traffic-congested cities is more dangerous than previously thought. The agency's experts will also recommend new ways to measure smog's impact on crops. If cuts are approved, the result would be tougher requirements on cities and states, which would have to figure out how to meet them by tighter controls on industries and perhaps on traffic.

Germany Sees Muted Inflation

Lower oil prices helped to offset a tax increase to keep German inflation below expectations in January, but the data are unlikely to sway the European Central Bank from raising interest rates a quarter point to 3.75% in March. Consumer prices in the euro area's largest economy rose 1.8% from January 2006, according to an estimate from the Federal Statistical Office. Many economists had expected that Germany's three-percentage-point sales-tax increase to 19% would propel the inflation rate to around 2%.

Merkel Snubs Car-Emissions Plan

Germany will block any attempt by the European Commission to impose general emission-reduction standards for all cars and will oppose including the auto industry in its carbon-dioxide trading program, Chancellor Angela Merkel said. The German auto industry opposes mandatory emission limits because it claims the tough standards will lead to lost profits and job cuts.

Manchester Wins Megacasino Bid

Manchester unexpectedly won the fight to host the United Kingdom's first Las Vegas-style supercasino, beating out favorites Blackpool and London's Millennium Dome. The advisory panel announcing the decision said that Manchester, a northwestern industrial city of 440,000, badly needed economic development.

Mixed News For Wolves (NYT)

The New York Times, January 31, 2007

The Interior Department's decision on Monday to remove the gray wolves that inhabit the western Great Lakes region from the endangered species list represents yet another triumph for the much-maligned Endangered Species Act. First listed in 1974, when their numbers had dwindled to the low hundreds, the wolf population there now numbers about 4,000, thanks almost entirely to the act's prohibitions on hunting and trapping. State and tribal governments will now be responsible for keeping their numbers at healthy levels.

This good news, however, was immediately spoiled by the department's proposed delisting of the gray wolves (also known as timber wolves) that roam the northern Rocky Mountains. Virtually eliminated from their range in the 1920's, these wolves have also staged a remarkable comeback.

What's disturbing about this proposal is that two of the states that will assume responsibility for managing the wolves have shown little interest in protecting them. At a recent rally, Idaho's governor, C. L. Otter, called Butch, said he would authorize the destruction of more than 80 percent of the state's 650 wolves, leaving the bare minimum required to keep them from being returned to the endangered list. Not to be outdone, Wyoming said it would allow 16 of its 23 wolf packs to be killed on sight. Montana, by contrast, will bar any hunting until officials see how well the wolves are doing, and even then hunting will be strictly monitored.

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This eagerness to resume the slaughter is based on claims that the wolves are devastating livestock populations and game animals like elk. These claims have little basis in fact and should be rigorously examined during the public comment period ahead. Even then, the wolves should not be de-listed until Idaho and Wyoming adopt adequate regulatory mechanisms for protecting wolf populations that present no threat to humans, are valuable to the ecosystem and have taken years to rebuild.

FBI/DEA/ATF/USMS:

Hiring Freeze Could Deplete FBI Staffs (FEDTIMES)

By Stephen Losey

Federal Times, January 31, 2007

The FBI may not be able to replace 800 crucial agents and intelligence analysts who are expected to retire this year because Congress has failed to pass a 2007 budget, the agency's deputy director said Jan. 25.

John Pistole, the second-highest ranking official in the FBI, told the Senate Select Committee on Intelligence that continuing to fund the agency at fiscal 2006 levels, as the current continuing resolution does, could prevent the agency from replacing 400 agents and 400 analysts when they retire this year.

That would hit the bureau's analysts particularly hard. The FBI has more than 2,200 analysts, and the retirements could gut their ranks by almost one-fifth. Pistole said 370 analysts have less than a year of experience with the FBI.

The FBI has 12,659 special agents.

Pistole said those losses would particularly hurt the FBI's ability to investigate and counter domestic extremists such as the Earth Liberation Front, Animal Liberation Front and white supremacists.

Most agencies are experiencing tight budgets due to the continuing resolution passed last fall. Congress only approved budgets for the Homeland Security and Defense departments before fiscal 2007 began. Republicans passed the job of approving permanent spending bills for most federal agencies onto the incoming Democratic majority, which is preparing a joint funding resolution that will include funding increases for some agencies. That funding resolution will replace the current continuing resolution, which expires Feb. 15.

Sen. Barbara Mikulski, D-Md., lambasted the previous Congress for leaving agencies unfunded. And that failure is even worse considering the FBI is the only major part of the nation's intelligence community without a fiscal 2007 budget, Mikulski said.

Pistole said that a continuing resolution also will jeopardize the FBI's attempts to upgrade its case management system, called Sentinel. The second phase of the $425 million project — which is meant to convert the FBI's vast paper files into a Web-based system of searchable electronic documents — is scheduled to begin in April. But the FBI warns that Sentinel will be endangered if the FBI does not get $157 million in funding by February and could miss its planned 2009 debut.

Pistole said the FBI has done a poor job analyzing data to find leads on terrorist acts and sharing information with other agencies. Collecting data and acting on it have traditionally been the FBI's strong suits, he said.

The FBI has started at least 10 new training classes for analysts since 2001, Pistole said, and other national security courses are being lengthened. Not only are new FBI agents and analysts undergoing training, but veterans are receiving refresher courses or learning new skills.

"There's been a very intentional focus on how we can professionalize and make sure we are full players in the intelligence community and law enforcement community," Pistole said. "We are trying to share everything and restrict only what has to be restricted."

But committee chairman Sen. John Rockefeller IV, D-W.Va., said he is troubled that needed reforms are not in place, more than five years after the Sept. 11 attacks.

The FBI still hasn't finished setting up standardized field intelligence groups or an automated intelligence collection management project, and it has just begun setting a strategy for field offices to collect threat intelligence, Rockefeller said. It also has just started trying to set up a cadre of senior analysts to understand threats in a strategic context, he said.

"If this were late 2002, I would feel much better about the bureau's pace of change," Rockefeller said.

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Democrats Move Leftover Spending Measure (WP)

By Lyndsey Layton

The Washington Post, January 31, 2007

DOJ_NMG_0125038

House and Senate Democratic leaders agreed yesterday to a $463 billion spending plan for the remainder of the fiscal year that would freeze many federal agencies at 2006 levels but include more money for veterans' health, education, scientific research, HIV programs and public parks, among other things.

In an unusual move, the congressional leaders stripped the spending bill of all earmarks, or narrow, special-interest provisions. The measure had to be cobbled together now because Congress did not finish its work last year and failed to pass nine of 11 spending bills.

Four months into the current fiscal year, the federal government has been running on a temporary budget that is set to expire Feb. 15. The House is scheduled to vote on the spending package today, while the Senate will take it up in the coming weeks.

A spokeswoman for the House Appropriations Committee said enough additional money will be provided to the Social Security Administration and other agencies that none will have to furlough employees, close offices or take other such measures as a result of a budget crunch. She also said that federal employees will see a 2.2 percent pay increase set by President Bush.

Among the priorities for the District that are preserved in the plan is a $20 million upgrade to the Navy Yard Metro station near the new Nationals baseball stadium, officials said.

Republicans grumbled about the fact that Democrats in the House will not allow amendments to the budget and said the party in power plans to ram through a spending bill without committee hearings or meaningful debate. Democrats said that they have no choice, because the previous Congress left the budget process in such disarray that they are under great pressure to quickly pass a spending bill for the remaining eight months.

"I don't expect people to love this proposal. I don't love this proposal and we probably have made some wrong choices," said House Appropriations Committee Chairman David R. Obey (D-Wis.). "But in contrast to last year's Congress, which decided to duck these choices, at least we have made them in order to bring last year's issues to a conclusion so we can turn the page and deal with next year's priorities."

Both Republican and Democratic budget analysts said that the bill is not the ideal way to fund the federal government but that it is pragmatic. "If your strategy is to get it out of here and move it on, fine, this works," said Jim Dyer, a former Republican staff director for the Appropriations Committee.

By declaring a one-time moratorium on earmarks, the Democratic leaders are granting the Bush administration more leeway in spending. The Army Corps of Engineers construction budget, for instance, typically outlines funding for specific projects. But under the no-earmarks pledge, Obey and Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.) decided that Congress cannot spell out spending, so they opted to give a lump sum of $2.3 billion to the Army Corps -- about $38 million less than it received in 2006 -- and to allow the agency to decide which projects deserve the money.

"They really delivered on their promise to wipe out earmarks," said Richard Kogan, a federal budget expert at the Center on Budget and Policy Priorities.

Among the winners in the bill are veterans' health, which will get $23.3 billion, or $3.6 billion more than it got last year. The Defense Department will receive $21.2 billion -- an increase of $1.2 billion -- to treat U.S. troops wounded in Iraq and Afghanistan. The FBI will get $6 billion, an increase of $216.6 million to fully fund 31,359 positions, including those of 12,213 agents and 2,577 intelligence analysts.

Other programs that will see a boost include those that Democrats complained were underfunded when Republicans ran Congress.

Pell grants, the federal stipends for low- and middle-income college students, will be increased by $615.4 million, to a total of $13.6 billion. That will allow the maximum Pell grant to rise $260 to $4,310, the first increase in four years.

Head Start, the early childhood program for low-income students, will get $6.9 billion, an increase of $103.7 million. Democrats say that Head Start funding has been cut by 11 percent since 2002 and that centers nationwide have reduced hours, transportation and instruction as a result.

The National Institutes of Health will receive $28.9 billion, an increase of $619.5 million, which Democrats say will pay for an additional 500 research grants. The National Science Foundation will get $4.7 billion, an increase of $335 million for research.

When it comes to housing, the Democrats' bill would allot $15.9 billion, an increase of $502 million, to renew 70,000 housing vouchers under the Section 8 program, which provides federal housing subsidies to low-income families and individuals. It would provide $5.9 billion, an increase of $939 million, to the Department of Housing and Urban Development to renew subsidies for 157,000 housing units.

Before adjourning last year, Congress ratified money for defense and homeland security but left the rest of the federal budget -- including Social Security, Medicare, veterans programs, education and transportation -- in limbo. Most of the government has been operating at 2006 levels through a series of stopgap measures.

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Democrats Offer Fiscal 2007 Joint Funding Bill (GCN)

By Mary Mosquera, GCN Staff

Government Computer News, January 31, 2007

House and Senate Democrats banded together to write a $463.5 billion measure to complete appropriations bills left over from last year. The House is expected to consider it tomorrow.

House Appropriations Committee Chairman Rep. Dave Obey (D-Wis.) co-wrote the measure, which he filed yesterday, with Senate Appropriations Committee chairman Sen. Robert Byrd (D-W.Va.).

To avoid a partial government shutdown, Congress must complete work on funding by Feb. 15, when the current continuing resolution expires.

Last year, the Republican leadership was unable to complete work on nine of the 11 annual appropriations bills. In December, Byrd and Obey announced a plan to wrap up the bills in a joint funding resolution.

"This legislation is a good step forward for the nation. But, in order to meet the challenges ahead in our economy, in technology and in security, we must not settle for 'good enough,'" Byrd said.

The legislation remains within the overall budget cap established by the Republican-led 109th Congress.

Under the measure, most programs will continue to be funded at the 2006 levels adjusted for increased pay costs. Limited adjustments were made within the confines of the Republican budget resolution to increase funding for veterans and military health care, public housing, scientific research, and for the Labor, Health and Education bill to keep up with inflation, Obey said.

Among major IT projects, the measure also includes $100 million to proceed with Sentinel, the FBI's system to move to electronic data sharing from paper-based case management.

Last fall, the Senate Appropriations Committee agreed to provide $40 million for the Sentinel case management system on top of $100 million in reprogrammed 2006 funds. By contrast, the House passed a $100 million increase for Sentinel on top of the reprogrammed funds. The Senate panel said it expected the FBI to recover funds from the contractor for Sentinel's failed predecessor, the Virtual Case File system, and use that money to help pay for the new system.

The Office of Personnel Management has $6.9 million available for the Enterprise Human Resources Integration project and $1.4 million for the Human Resources Line of Business, similar to what the Senate committee bill last fall also contained.

The recent explosion in earmarks left Congress unable to ensure the integrity of the system and public confidence is at an all time low, Obey said. The chairmen decided to place a moratorium on the practice until a new, reformed process is fully in place. The joint resolution is free of earmarks.

"I don't expect people to love this proposal; I don't love this proposal, and we probably have made some wrong choices," Obey said in a statement. "But in contrast to last year's Congress, which decided to duck these choices, at least we have made them in order to bring last year's issues to a conclusion so we can turn the page and deal with next year's priorities."

Democrats' Spending Plan Would Raise Some Budgets (BLOOM)

Bloomberg, January 31, 2007

WASHINGTON, Jan. 30 (Bloomberg News) — Education, veterans' health care, international AIDS relief and the Federal Bureau of Investigation are among the government programs that would receive more money this year under a spending plan released Tuesday by House Democrats.

The House is scheduled to vote Wednesday on the $463.5 billion spending bill.

The measure, if passed and signed into law, would deliver the budgets that federal agencies have been awaiting for the fiscal year that began Oct. 1. The government has been operating on a stopgap spending measure that expires Feb. 15.

The chairman of the House Appropriations Committee, Representative David R. Obey, Democrat of Wisconsin, said the measure would leave most federal programs near last year's financing levels, drop thousands of pet projects known as earmarks and give larger increases to a few programs backed by Democrats or deemed to be in need of more money.

"I don't expect people to love this proposal — I don't love this proposal," Mr. Obey said in an e-mailed statement. "But in contrast to last year's Congress, which decided to duck these choices, at least we have made them in order to bring last year's issues to a conclusion so we can turn the page and deal with next year's priorities."

The legislation was greeted with complaints from Republicans who said they had been given little opportunity to amend or debate a measure that would provide almost half of the government's discretionary budget.

"It is legislation that few have seen, which we are informed by the majority leader will not be able to be amended and that will pass the House after only one hour of debate," said Representative Jerry Lewis, Republican of California and the ranking minority member of the Appropriations Committee.

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Mr. Obey dismissed the complaints, saying the overdue spending measures should have been completed last year when Republicans were in charge.

The plan would increase financing for veterans' health care by $3.6 billion, to $32.3 billion.

The budget for the National Institutes of Health would expand by $620 million, to $28.9 billion. The National Science Foundation would get an additional $335 million, for a total of $4.7 billion.

The Office of Science in the Department of Energy would get an additional $200 million. The F.B.I.'s budget would grow by $217 million, to $6 billion.

Financing for prison construction would jump by $343 million, to $432 million. Efforts to combat AIDS abroad would get an additional $1.3 billion, for a total of $4.5 billion.

The plan would cut the budgets of more than 60 programs from last year's level of spending.

Most programs would see their budgets frozen at current levels, with small increases to accommodate required raises for government employees. Critics have said that would amount to a cut once inflation and other additional costs are considered.

Couple Await Extradition In Meth Case (AZREP)

By Joseph W. Cox, The Arizona Republic

Arizona Republic, January 31, 2007

A Scottish couple is awaiting extradition to the United States today on charges alleging they distributed chemicals used in the production of methamphetamines to labs all over the United States.

Authorities said the investigation and subsequent arrests of Brian Howes, 43, and Kerry Ann Shanks, 28, led to the dismantling of about 100 meth labs across the country, including 20 in Arizona.

The couple were taken into custody today by Central Scotland police after an 82-count indictment was handed down by an Arizona grand jury in September 2006, according to the U.S. Department of Justice.

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The couple ran a Web site, KNO3.com, which distributed iodide crystals as well as red phosphorus used in the making of some methamphetamines, according to a press release by the Central Scotland Police department.

Chemicals from the site sold between August 2004 and November 2006 totaled enough to produce 1,400 pounds of methamphetamines, the Justice Department said.

The site first came to the attention of officials after finding containers marked with the name in numerous busts around the country, according to the U.S. Department of Justice.

Scottish Couple Arrested On U.S. Smuggling Indictment (FINDLAW/AP)

AP, January 31, 2007

(AP) - PHOENIX-A British couple indicted on charges they ran a company that illegally supplied chemicals to clandestine drug manufacturing operations were arrested Tuesday, the U.S. Attorney's office announced.

Brian Howes, 43, and Kerry Ann Shanks, 28, of West Lothian, Scotland, were arrested by Central Scotland Police in the culmination of an investigation involving local and federal authorities in the U.S. and Great Britain. They are named in a sealed 82-count indictment handed up in September by a federal grand jury in Phoenix and await extradition to the U.S., said Wyn Hornbuckle, a spokesman for the U.S. Attorney in Phoenix.

The couple allegedly ran an internet-based operation that supplied chemicals to illicit manufacturers of methamphetamine for the past several years. Investigators began the probe of the couple's firm, http://www.KNO3.com, nearly three years ago, when raw chemicals from the company began showing up at clandestine labs raided by Arizona police.

The indictment alleges that the couple sent enough red phosphorus and iodine to U.S. customers to make 1,400 pounds (635 kilos) of methamphetamine.

More than 100 illicit drug labs, including 20 in Arizona, were broken up during the investigation of shipments of chemicals from the couple, Hornbuckle said.

The 82 counts include two conspiracy charges, 64 felony counts of illegally importing or distributing chemicals and 15 counts of using the mail or the Internet in a crime.

Attention: Drug Dealers (BNNJ)

By Sean C. Mccullen, Staff Writer

Bridgeton News, January 31, 2007

CAMDEN -- A federal judge on Tuesday sentenced a "major" Bridgeton crack dealer to more than 10 years in prison, U.S. Attorney Christopher J. Christie announced.

Nearly six months after pleading guilty to a one-count indictment for possession with intent to distribute more than 50 grams of crack cocaine, 29-year-old Rufus Kirkland Jr. learned on Tuesday that he will spend the next 14 years in federal prison.

U.S. District Judge Robert B. Kugler also ordered that Kirkland must serve five years of supervised release upon completion of his prison sentence, according to a press release issued by the U.S. Attorney's Office for the District of New Jersey.

City, county and federal narcotics investigators recovered a total of approximately five ounces of crack cocaine when arresting Kirkland on two separate occasions last year.

Kirkland was arrested for distributing crack cocaine by Bridgeton narcotics detectives last January and then by a task force consisting of investigators with the federal Drug Enforcement Administration, Bridgeton Police Department, and Cumberland County Prosecutor's Office last March.

The news of Kirkland's lengthy prison sentence was welcomed at the Bridgeton Police station Tuesday afternoon.

"That's excellent. Fourteen years on drug charges -- there's nothing that sends a message more than that," Det. Lt. Michael Gaimari said.

Bridgeton Police are hopeful that word of Kirkland's 14-year prison sentence will help reduce drug trafficking in the city, specifically among those who are selling crack cocaine.

"I would think it would definitely cause them to think twice before dealing crack," Gaimari said.

Kirkland's crack-dealing enterprise was investigated over a six-month period beginning in late 2005. The investigation included four controlled buys from Kirkland, according to the U.S. Attorney's Office press release.

The investigation was initiated by the Bridgeton Police Department Anti-Crime Team (ACT), which focuses on narcotics investigations. It was headed by former ACT Det. Thomas Gramp, who now serves in the department's patrol division.

Kirkland was arrested Jan. 28, 2006, as city police raided his apartment at 123 N. Pearl St. and recovered nearly five ounces of crack, less than a half-ounce of marijuana, and roughly $3,000, which was believed to be the proceeds of narcotics trafficking.

Kirkland's initial arrest followed a three-month investigation by Bridgeton ACT detectives.

On March 16, 2006, city, county and federal narcotics investigators arrested Kirkland outside of his home -- and found him to be in possession of 30 bags of crack -- on a federal warrant for the crack distribution charge.

The distribution charge had been moved from state to federal jurisdiction on March 15, when a federal grand jury handed down the one-count indictment against Kirkland.

Bridgeton Police had indicated in March 2006 that Kirkland would not be additionally charged for possessing the 30 bags of crack since the total weight of the drug was not enough to warrant an upgrade of the indictment.

The fact that he was in possession of the crack at the time of his second arrest was, however, added to the indictment.

Assistant U.S. Attorney Allen Harberg Jr. prosecuted the case.

Christie credited Bridgeton Police and the DEA, under the direction of Special Agent-in-Charge Gerard P. McAleer, who is based in Newark, for their roles in the investigation.

Gaimari credited Gramp and the ACT detectives for raiding Kirkland's apartment last January when he had a solid supply of crack.

"They hit him when he was loaded," he said.

Gaimari pointed to Kirkland as yet another Cumberland County drug dealer the federal government was able to prosecute and put behind bars for relatively lengthy sentences, including Bridgeton's Timmy Smith and Kamal Martin and Fairfield Township's Lavinston Lamar.

The Bridgeton lieutenant was pleased when he learned last year that DEA Special Agent Jim Kerrigan was interested in bringing the case against Kirkland to the federal level.

Careful to distinguish between the prosecutors and the courts, Gaimari was critical Tuesday of "liberal" rulings and sentences handed down in recent years by the state's courts -- rulings and sentences he asserted have made the war against drugs more difficult for law enforcement and easier on dealers.

In determining Kirkland's sentence, Kugler consulted the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. Federal judges are not bound by those guidelines in determining sentences.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Safety Kiel Cited For Relieving Himself In Public In San Diego (AP)

AP, January 31, 2007

SAN DIEGO -- Chargers strong safety Terrence Kiel was cited for urinating in public last month, his second run-in with the law in less than three months and the eighth by a San Diego player since April.

Maria Velasquez, spokeswoman for City Attorney Mike Aguirre, confirmed that Kiel was cited and released by police outside a nightclub in the Gaslamp Quarter at 1:50 a.m. on Dec. 18. The case is being reviewed and no charges have been filed yet, Velasquez said. Kiel is scheduled to make a court appearance on Feb. 20.

"It's very disappointing when you hear of things like this," Chargers general manager A.J. Smith said.

Kiel faces five felony drug charges stemming from his arrest in late September by Drug Enforcement Administration agents. The DEA said Kiel admitted to shipping at least two parcels of prescription cough syrup to Texas, apparently to be mixed with soft drinks to make a concoction known as "lean."

Kiel was led off the practice field and arrested in the locker room on Sept. 26. He didn't accompany the team to its game at Baltimore the following Sunday.

The Chargers were an NFL-best 14-2 and earned home-field advantage throughout the AFC playoffs, but were upset 24-21 by the New England Patriots in the divisional round. AP NEWS

Kiel Cited For Urinating Outside Downtown Club (SDUT)

By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, January 30, 2007

Chargers safety Terrence Kiel was cited by police for public urination outside a downtown club last month, the latest incident in a string of legal embarrassments for the Chargers stemming from the Gaslamp Quarter.

Kiel was cited in the 600 block of J Street, by the popular Jbar lounge. The San Diego City Attorney's office is reviewing the case, with Kiel scheduled for a court hearing on Feb. 20.

Meanwhile, cornerback Cletis Gordon will not face drunken-driving charges after he was arrested near the same corner, at 6th and J, in November. His blood-alcohol was below the legal limit of .08.

“However, the City Attorney's Office will keep the file open and will not pursue this case provided there are no other violations of the law,” city attorney spokeswoman Maria Velasquez said.

Tight end Ryan Krause's DUI case also still is under review by the city attorney's office, stemming from his arrest Jan. 6, this one in Pacific Beach. He also faces a court hearing in February, a busy month for Chargers legal proceedings.

In addition to his public urination citation, Kiel is to appear in court in February hoping to reach a deal with the San Diego County District Attorney on felony charges of theft and possession of a controlled substance. Kiel was arrested in September after Drug Enforcement Administration agents intercepted two packages containing 18 pint bottles of a codeine-based cough syrup. Authorities said Kiel admitted to shipping the syrup to his native Texas, where it can sell for up to $325 on the street.

Linebacker Steve Foley is facing two DUI counts after being shot near his house Sept. 3 by an off-duty police officer, who suspected him of driving drunk. Foley had been driving home after leaving Stingaree, another Gaslamp club.

Another Chargers linebacker, Shaun Phillips, was arrested in April in the Gaslamp after a struggle with police. The district and city attorneys declined to file charges in the matter.

Coaches The Chargers continue to wait out the siege on their assistants. As coordinator Wade Phillips yesterday awaited to hear whether he's the Dallas Cowboys' next head coach, linebackers coach Greg Manusky interviewed with the San Francisco 49ers about their defensive coordinator job. Meanwhile, head coach Marty Schottenheimer has not yet named his next running backs or tight ends coach.

California Man To Be Jailed For Mailing Cocaine, Meth (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, January 31, 2007

He shipped dope through N.O. port

A California man faces at least 20 years in federal prison for using the U.S. mail to traffic pounds of illegal drugs from his hometown to ports across the country.

Andy Huynh, 36, of El Monte, Calif., worked in a drug-dealing ring that shipped parcels of methamphetamine and cocaine to New Orleans; Honolulu, Hawaii; and Paoli, Pa.; from April 2005 until Hurricane Katrina hit the Gulf Coast, a jury concluded Tuesday at U.S. District Court.

During the two-day trial, federal prosecutors William Quinlan Jr. and Emily Greenfield detailed how Huynh's illicit business venture sent 9 pounds of nearly pure crystal meth, or "ice," through the mails, along with at least 890 grams of cocaine.

The shipments originated from El Monte, which is part of Los Angeles County, and were destined for drug dealers outside Philadelphia, New Orleans and Hawaii's capital city, according to prosecutors.

El Monte is about 12 miles east of downtown Los Angeles, and is known as the hub of the San Gabriel Valley, where Interstate 605 and Interstate 10 intersect.

Huynh was convicted on two counts of illegal drug distribution and faces a minimum of 10 years to life for each, along with fines of up to $4 million on each count.

Postal inspectors seized the parcels.

Huynh is due back in court for sentencing May 16, before Judge Eldon Fallon.

Letten's office worked the drug trafficking case with the El Monte police force, the Drug Enforcement Administration and the U.S. Postal Inspection Service.

4 More Colombian Politicians Face Probe (WP/AP)

By Toby Muse, The Associated Press

The Washington Post, January 31, 2007

BOGOTA, Colombia -- The Supreme Court opened preliminary investigations into four more politicians for alleged ties to illegal right-wing militias after it was revealed they signed a 2001 letter of understanding with the paramilitary groups, the court's president said Tuesday.

The court also ordered another four politicians, including the foreign minister's brother, to submit to additional questioning as probes deepened into their relations with paramilitaries.

"A preliminary inquiry is going forward, this is the initial phase of the process and to hear their testimony does not imply formal charges," said Alfredo Gomez, a Supreme Court judge.

Seven of those called to testify are backers of President Alvaro Uribe, while one belongs to an opposition party.

Senator Miguel de la Espriella, one of those called to testify, revealed the existence of the document in a November interview with the national daily, El Tiempo.

Some 30 politicians signed the letter, which was headed "confidential and secret," including congressmen, governors, mayors and regional deputies. The pact proposed "rebuilding our country" and the creation of a "new social contract."

While some of the politicians have claimed they were coerced into signing, others said they thought it was the foundation for a peace process. Top commanders of the paramilitaries were present at the meeting.

The pledge is the latest indication of the collusion of Colombia's political establishment with the paramilitaries. Seven current politicians have so far been jailed and are awaiting trial on charges ranging from the creation of paramilitary groups to homicide.

Originally created by landowners and drug traffickers to fight leftist rebels, paramilitaries are accused of some of the worst massacres in Colombia's long-running conflict. They are also accused of exporting hundreds of tons of cocaine abroad.

The paramilitaries are in a peace process with the government that has led to more than 31,000 fighters laying down their arms.

New Details On Sintia Mesa Murder (WUSA)

By Phyllis Armstrong

WUSA-TV, CBS 9, Washington, DC, January 31, 2007

9 News Now has learned disturbing new details about the murder of a Hyattsville woman reported missing last week.

Sources say federal agents with the Baltimore office of Alcohol, Tobacco and Firearms arrested a man named Jamal Jones (multiple spellings) earlier this month. He was charged with conspiracy to distribute heroin and released. An ATF spokeswoman says federal authorities had been looking for Jones since September of 2005. Sources had also identified the murdered woman's boyfriend as a Jamal Jones. Police have not confirmed or denied that it is the same man.

Baltimore City Police found the body of 25-year-old Sintia Mesa in the trunk of her Toyota Solara on Monday. The cause of death has not been released, but her body showed signs of trauma. Mesa's family reported her missing after she failed to show up for a nail appointment Friday afternoon in Baltimore County and a mandatory work meeting that evening.

Baltimore County police investigators began the search for the Morgan State University Graduate shortly about 12:25 am on Saturday. They say detectives discovered that someone had broken into Mesa's storage locker in Laurel, Maryland. Sources say authorities are looking into the possibility that money was taken from that locker.

Relatives have said Mesa lived with her boyfriend in Laurel until moving back with her parents last year. Police say they interviewed her boyfriend and other people close to her on Saturday about Mesa's disappearance. It is not known whether the arrest of Jones on drug charges had any connection with the murder of Mesa.

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Last Sunday morning, police located Mesa's cell phone and other personal belongings in a dumpster. Sources say a signal from that cell phone was picked up around 9:30 pm Friday in the same area as the dumpster. Baltimore City homicide detectives are continuing the search for her killer.

IMMIGRATION:

Citing Persecution, Judge Grants Gay Mexican Immigrant Asylum In U.S. (LAT)

By Tami Abdollah, Times Staff Writer

The Los Angeles Times, January 31, 2007

An immigration judge granted a Mexican immigrant asylum, citing his sexual orientation and the severe persecution of gays in Mexico, the immigrant's lawyer said Tuesday.

Jorge Soto Vega, 38, said he had suffered harassment and violence from family members and authorities in Mexico because he is gay.

According to court documents, while living in Guadalajara, Soto Vega was beaten by police with a "metal baton or flashlight" and then robbed, called "anti-gay slurs" and told that he would be killed if he was ever seen again.

In 1988, Soto Vega paid a smuggler to sneak him into the United States, and he settled in the Hollywood and Silver Lake areas. In 2001, Soto Vega returned from a brief visit to Mexico after his mother's death, during which he said he was afraid to go outside. He said he found out about the asylum process upon his return and filed an application the following year.

Soto Vega's request for asylum was denied in 2003 by immigration judge John D. Taylor, who said he could return to Mexico since "it would not be obvious that he was homosexual unless he made it obvious himself."

The case was returned to Taylor after the U.S. 9th Circuit Court of Appeals ruled it is the government's responsibility to prove Soto Vega had no "well-founded fear of persecution" in Mexico.

At the hearing Tuesday, the judge agreed that a person should not have to conceal his or her sexual orientation in order to be free from persecution, said Jon W. Davidson, legal director at Lambda Legal, a nonprofit gay-rights group. The U.S. Immigration and Customs Enforcement agency waived the right to appeal in the case, spokeswoman Virginia Kice said.

Davidson, who represented Soto Vega, said there was "overwhelming testimony showing severe persecution of gays in all areas of Mexico and therefore the inability of [Soto Vega] to move safely to any other area."

"He's a 38-year-old man who is not married and has never been married. In Mexico, that means you're gay," Davidson said.

Citing strict confidentiality provisions regarding asylum cases, Kice would not comment on the decision.

Soto Vega, who moved to Brooklyn, N.Y., to be near his partner's family about four years ago, said he can now live without fear of deportation.

"It's been a long, long wait to get to this point where I feel today, secure and happy," Soto Vega said.

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US Visa Policy To Come Under Attack (FT)

By Edward Luce

Financial Times, January 31, 2007

US private-sector bodies will on Tuesday criticise the Bush administration for persisting with strict visa policies that they say are damaging the country's reputation around the world and harming US business interests.

The group, which includes bodies representing US universities, business exporters, student associations and think-tanks, will urge the White House and Capitol Hill to make rapid changes to the US visa regime.

These would include steps to expand the number of countries that benefit from the US visa waiver programme and ending the requirement that all visa applicants to the US must submit to a personal interview at US consular offices.

The National Foreign Trade Council estimated that US businesses lost more than $30bn in the two years before mid-2004 because of the visa restrictions imposed after the 2001 terrorist attacks. That figure is likely to be much larger now.

"American businesses now routinely hold training seminars, conferences and sometimes even board meetings outside of the US," said Bill Reinsch, head of the NFTC. "At the same time you see foreign universities attracting more students by advertising the fact that they don't have a US-style visa regime."

The State Department says it has responded to private sector criticisms by employing more than 500 new consular officers, increasing the use of electronic visa processing and cutting down the waiting time for scientists to obtain a visa.

"We recognise the critical importance for the US economy and American public diplomacy of making it easier for students and business travellers to get visas," Dina Habib Powell, US assistant secretary of state, told the FT in a recent interview. For example, the number of visas granted to foreign students last year stabilised at 565,766 after consecutive years of decline, she said.

However, private sector groups say the Bush administration has not done nearly enough to address the seriousness of the problem. "US agencies must recognise that the conduct of visa policy and the treatment of visitors at ports of entry is public diplomacy," says the private sector statement that will be issued today.

Last year the Discover America partnership – a coalition of travel and tourist groups – found that two-thirds of the 2,011 international business travellers it surveyed thought the US was "the worst country in the world" in the way it treated foreign visitors at the border.

Similar proportions said they feared mistreatment at the hands of US immigration officials. There was no difference in response between visa waiver countries, such as France and Germany, and those requiring visas, such as China and India. Discover America will separately today issue a recommended "blueprint for change" to persuade 10m more foreign visitors to visit the US.

U.S. Is Urged To Step Up Plan To Attract More Visitors (NYT)

By Rachel L. Swarns

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — One year after the Bush administration vowed to try to slow the decline of overseas visitors to the United States, travel industry executives and some Democratic lawmakers say that the initiative needs to be stepped up.

The lawmakers and executives point to continuing delays in processing visas, staff shortages at international airports here and American consulates abroad and what they describe as a failure to promote the United States adequately as a travel destination since the terrorist attacks of Sept. 11, 2001.

Officials at the Departments of State and Homeland Security counter that they have already made significant progress in addressing such problems. But Senator Daniel K. Inouye, Democrat of Hawaii and chairman of the Senate Commerce Committee, and Senator Byron L. Dorgan, Democrat of North Dakota and chairman of the tourism subcommittee, say legislation is needed to prod the administration to do more.

"Announcing a new initiative is the easy part," Mr. Dorgan said of the administration's plan, which is intended to encourage tourism and business travel. "The follow-through is what is important. And the fact is the results so far have been less than impressive."

Between 2000 and 2005, the number of overseas visitors dipped from 26 million annually to 21 million, according to the Travel Industry Association. In some places in Brazil, Mexico, Venezuela and the Dominican Republic, travelers still wait nearly two months or more to get an interview for a visa, State Department statistics show. And travel industry executives say that an effort to transform the Houston and Dulles international airports into model airports has made "marginal progress."

An association of travel industry executives, called the Discover America Partnership, has hired Tom Ridge, the first homeland security secretary, to help promote its efforts.

The group includes Jay Rasulo, chairman of Walt Disney Resorts and Parks; Jonathan M. Tisch, chairman of Loews Hotels; and Roger Dow, president of the Travel Industry Association. The travel executives are calling for legislation that would increase financing for consular and airport staff and require the administration to report to Congress on its efforts to improve visa processing and customer service at customs checkpoints, among other things.

Mr. Dorgan, who will hold a hearing on the issue on Wednesday, praised the partnership's proposals and said he and other lawmakers would consider them as they drafted legislation. "Other countries have become more aggressive while we have become less aggressive," he said. "It seems to me we ought to change that."

Maura Harty, assistant secretary for consular affairs in the State Department, said critics failed to acknowledge progress that had been made. In September 2006, 47 of the 219 American embassies and consulates that handle nonimmigrant visas had wait times of 30 days or more for visa interviews. Now, she said, only 20 of the postings have wait times of that length.

Ms. Harty noted that the number of business visas issued in Brazil had surged by 70 percent over the past year and that the number of student visas had increased by 32 percent in China and 30 percent in India. In the meantime, she said, the State Department was testing video conferencing of interviews and mobile consular units in remote locations.

She expressed disappointment that such achievements were not recognized. "We have in essence been changing out the engine while the aircraft is in midflight," she said. "We have enhanced our service delivery."

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Jarrod Agen, a spokesman for the Department of Homeland Security, echoed her concerns. He said his department was pressing ahead with legislation that would expand the number of countries where travelers are not required to apply for visas in exchange for tougher security reviews of those travelers, among other changes.

"A number of the points are areas where we're already working to improve and have made strides," Mr. Agen said.

Stevan Porter, the chairman of the Discover America Partnership, said more needed to be done. "America is experiencing a travel crisis, one that hurts our economy, national security and global standing," said Mr. Porter, who is also the president of the Intercontinental Hotels Group.

Mr. Ridge said a concerted effort was needed to make sure that America was viewed as a welcoming destination. "I suspect every congressman, senator, ambassador, business leader as well as thousands of individuals citizens have a litany of anecdotes that confirm that it is more difficult traveling to this country," Mr. Ridge said.

Immigrant Groups Want 'Legalization For Everyone' (CHIT)

By Emma Graves Fitzsimmons

Chicago Tribune, January 31, 2007

An alliance of Chicago immigrant advocates called on Congress Tuesday to give undocumented immigrants legal status when the Democratic majority takes another look at immigration reform in February.

"The language in Washington, D.C., is different from the language here at the grass-roots level," said Carlos Arango, the executive director of Casa Aztlan, a cultural center for the Mexican community in Pilsen. "This is the agenda that comes from the community. It is not negotiable. We want legalization for everyone."

The United Front of Immigrants released a set of demands at a news conference Tuesday that included suspending construction of a fence along the border, establishing a path to citizenship for more immigrants and ending recent attempts by customs officials to intimidate immigrants.

In February, the Senate is expected to reconsider a bill it passed in May that proposed a three-tiered approach for illegal immigrants, requiring some to leave and permitting others to stay.

U.S. Rep. Luis Gutierrez (D-Ill.) is working on a bill in the House and has been in early discussions with Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) about addressing immigration reform.

Gutierrez "is committed to an earned legalization program that helps people already here to adjust their status," said Scott Frotman, the representative's press secretary. "The congressman believes the time for real comprehensive immigration reform is now. The current system is badly broken. It's hurting families, it's harming business, and it's hindering efforts to guard our homeland."

Chicago has been at the foreground of the national immigration debate after several marches last spring brought hundreds of thousands of protesters calling for the legalization of undocumented immigrants to downtown streets. There are 1.5 million Mexican immigrants residing in Illinois, according to figures from the 2000 U.S. Census.

Immigrant advocates have been trying to harness those numbers to support candidates backing an opportunity for illegal immigrants to earn legal status.

Since 2004, the Illinois Coalition for Immigrant and Refugee Rights has registered 42,057 people in the Chicago metropolitan area. The organization had more than 1,500 volunteers calling voters and knocking on doors on Election Day in November.

A more just immigration reform bill will test how much the Democrats value Latino voters that helped them get elected last year, Arango said.

The United Front alliance includes several groups that participated in the marches, including Casa Aztlan, the United Network for Immigrant and Refugee Rights, Latino Organization of the Southwest and the International Coalition of Mexicans Abroad.

The guiding principles behind the group's demands are keeping families together and allowing immigrants to live and work in the U.S. without the fears of deportation and discrimination, organizers said.

The alliance plans on working with immigrant advocates in New York and California to pressure Congress, in addition to appealing directly to legislators.

TAX:

The Barrett Report (WT)

By Mark Goodman

DOJ_NMG_0125047

The Washington Times, January 31, 2007

The bell has just rung on the 2008 presidential sweepstakes and already more entries have crowded into the gates than the American grandstand can count, much less account for. That's all to the good, as the only winners over the past two decades have been named either Bush or Clinton. Still, since nothing less than the fate of the nation seems to be at stake, it is imperative that all candidates be measured as closely as possible for merit and accountability, beginning with the most visible pretender, Sen. Hillary Clinton.

The disturbing problem is, neither the Democrats or Republicans on Capitol Hill are disposed to brace Mrs. Clinton, even though it is immediately within their power to do so.

Let's return one year to the yellowing Barrett report. In February 2006, after nine years of hard labor, Washington lawyer David Barrett, the independent counsel appointed to investigate the Henry Cisneros scandal, finally published his 684-page report. His study provoked commentary mainly for what was missing — 120 pages of evidence, reportedly devastating to both Clintons, which Democratic congressmen, led by Sens. John Kerry, Dick Durbin and Byron Dorgan, had redacted by attaching a rider to another bill.

Deeply frustrated by nine seasons of blockading by Clinton lawyers and Democratic congressmen, Mr. Barrett issued a statement saying, "An accurate title for the report would be, 'What We Were Prevented from Investigating.' " What, indeed. In an online column written before he signed on as President Bush's press secretary, Tony Snow reported that by all accounts the redacted pages contained enough damning evidence to sink Mrs. Clinton's presidential ship.

Mr. Snow's widely held view made sense, else why would the Democrats go to such extravagant lengths to shield the pages from the light of day? However, there was a catch to the redaction: Any congressman could secure a copy of the vaulted evidence merely for the asking.

As it happened, I had trod a path parallel to Mr. Barrett's in my own investigation into corruption in the highest precincts of a global media conglomerate which led in turn led to evidence of obstruction by President Clinton.

An abiding theme in the redacted pages, insiders say, is the Clinton camp practice of using the IRS to punish its enemies. Mr. Clinton plainly did not leave this illegal practice behind in the Oval Office. By all accounts he has maintained a tight grip on a number of government departments and agencies, notably the Justice Department and the IRS, the folks who can deal the deadliest damage.

I can personally vouch for the Clinton-IRS strategy. In 2002, after I had learned of Mr. Clinton's intrusion into the case I had reported to the IRS, I informed Mrs. Clinton of the facts I'd uncovered. Soon enough the IRS came calling with unwarranted tax demands and threats of criminal investigation. I replied accusing the IRS of conspiring with the Clintons and the media conglomerate to perpetrate "institutionalized terrorism." The agency, finally grasping the irony that it was seeking to punish its own whistleblower, quickly backed off.

So: You really can Just Say No to Clintonian bullying. All of which brings me back round to the 120 missing pages of the Barrett report, still smoking in some nether Beltway trash barrel. I tried to pry the pages out of Florida Republican Rep. E. Clay Shaw Jr. (who, in this tale's one comic episode, referred me to my local Democratic representative) and even appealed to Mr. Snow and the chairman of the Republican National Committee — and got nowhere. It's a puzzlement: Why would the Republicans sit on a report they think destined to deep-six the presidential campaign of the Democratic front-runner?

Alas, there are several unholy answers to that riddle. The first is the cynical theory that we don't really live in a democracy but in a series of autocracies changed at fixed intervals. Thus the inevitable corollary: At the top, power-brokers stick together. It further must be clear to the Republican brain trust that the party is on course to take an even worse drubbing in 2008 than it did in 2006, so they're surely counting future cards. And if they have to suffer a Democrat in the White House, who better than Mrs. Clinton, poster girl for moral ambiguity? In that event, it follows, the sequestered pages of the Barrett Report would surely give the Republicans a dandy wild card when upcoming hands are dealt on Capitol Hill. Bluntly put, they'd have Mrs. Clinton at least halfway in their pocket.

Finally, under the law of unintended consequences, it occurs to me that Mr. Bush's Roman abuses of power have provided welcome cover and concealment for Clinton crimes and misdemeanors. I'm an avowed liberal and a registered Democrat, but I do understand that a wrong Bush doesn't make two right Clintons. I submit that in this crucial election season the American public — which, after all, paid $20 million in hard tax dollars for the Barrett report — has every right to access of all pertinent information available on presidential candidates.

Now that the senator from New York has announced "I'm in to win," voters should demand that their representatives release the mystery pages so that they may examine Mrs. Clinton red in tooth. Otherwise, Americans run the risk of going to the polls in 2008 seeking the rebirth of a nation only to discover that they have merely traded the devil for a witch.

Mark Goodman is a veteran journalist and author of the novel "Hurrah for the Next Man Who Dies."

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IRS Calculators Offer Guidance Web Site Can Help Figure Out AMT, Sales Tax Deduction (WSJ)

By Tom Herman

The Wall Street Journal, January 31, 2007

Looking for help on your taxes? Consider what may seem like an unlikely source: the Internal Revenue Service.

This year, the IRS Web site (irs.gov) offers a handy new feature designed to help taxpayers calculate whether it is better to deduct their state and local sales taxes instead of their state and local income taxes. More than 11 million people claimed the sales-tax deduction on their returns last year.

The IRS also recently updated a calculator that could help some perplexed taxpayers figure out whether they are likely to be ensnared by the alternative minimum tax, or AMT.

IRS National Taxpayer Advocate Nina Olson says the AMT is the most serious problem facing individual taxpayers. More than 3.5 million people are expected to get hit by it for 2006.

Here is a guide to these features, and their strengths and weaknesses:

Sales-tax deduction. If you itemize your deductions, you can choose to deduct either your state and local sales taxes or your state and local income taxes -- but not both. This provision, which expired at the end of 2005, was recently resurrected by Congress. It is especially helpful to people in Florida, Texas, Washington and other states that have no state income tax. But you don't have to live in those states to benefit.

To figure your deduction, you can use the amount of sales taxes you actually paid, assuming you saved all those receipts. The other, easier choice is to use the standard amount allowed by the IRS -- plus the taxes you paid on certain purchases, such as a car, boat or material to build a house.

That is where the IRS's new calculator comes in handy. It is remarkably easy to figure out the standard amount. Just go to the IRS site and type "sales tax calculator" in the search box. You don't have to give your name or Social Security number. Just plug in details such as your adjusted gross income, number of exemptions and ZIP Code. I tried it for a hypothetical taxpayer with more than $200,000 of income for last year, two exemptions and a 33480 ZIP Code for Palm Beach, Fla. The answer: $2,137.42.

Initial reviews from tax professionals have been favorable. "I'm impressed," says Claudia Hill, owner of Tax Mam Inc., a tax-preparation and planning firm in Cupertino, Calif. Donna LeValley, a tax lawyer and contributing editor of the book "J.K. Lasser's Your Income Tax 2007," says the IRS tool is "easy to use, has clear explanations" and -- most important -- was accurate for the areas in the country she tested. But be sure to print out a copy of your results to show how you calculated the amount, just in case you are questioned, Ms. LeValley adds.

If you don't want to use the online calculator, you can use the worksheet in Publication 600, posted on the IRS Web site.

Warning: Because of the intricacies of the AMT and how state and local income taxes are calculated, residents of some states who are hit by the AMT might be better off claiming the sales-tax deduction even if they paid more in state income taxes. Deducting sales taxes may make more sense from a state income-tax perspective. To be safe, crunch the numbers both ways to see which is best for you.

Alternative minimum tax: The IRS recently updated an online tool that it says will help most taxpayers figure out in about five or 10 minutes whether they might owe AMT. "Nobody likes the AMT. But this tool helps people learn quickly whether they're going to be paying this tax," says IRS Commissioner Mark W. Everson.

The IRS says this is an automated version of a worksheet used to see if you should fill out Form 6251 for the AMT. But it won't be much use to people who have any of 17 items, such as accelerated depreciation, tax-exempt interest from private-activity municipal bonds or investment interest expense reported on Form 4952. If you check yes to any of these, you still have to fill out Form 6251. * * *

SOME EARLY BIRDS seek inflated phone-tax refunds.

The IRS is investigating "potential abuses" on some individual income-tax returns filed this year. The agency says "some" individual taxpayers have claimed "large and apparently improper amounts" for the special telephone-tax refund.

The IRS says the government stopped collecting the long-distance excise tax last August after several court rulings. Federal officials have authorized a one-time refund of tax collected on service billed in the prior 41 months, from the start of March 2003 to the end of July 2006.

Officials have spotted "some clear abuse involving overstated refund requests," Mr. Everson says. Those requesting an inflated amount "will likely see their refund frozen, may have their entire tax return audited and even face criminal prosecution where warranted."

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In some cases, people appear to be requesting a refund of the entire amount of their phone bills, not just the 3% tax on long-distance and bundled service they are entitled to, the IRS said. Some people are requesting "thousands of dollars, indicating they had phone bills topping $100,000 -- an amount exceeding their income."

Some tax preparers "are helping their clients file apparently improper requests," the IRS said. * * *

BRIEFS: IRS Publication 17, "Your Federal Income Tax for Individuals," a general guide for individual taxpayers, is available on the IRS Web site....Rep. John Lewis, a Georgia Democrat, is the new chairman of the Ways and Means subcommittee that oversees the IRS. He succeeds Rep. Jim Ramstad of Minnesota, now the panel's ranking Republican.

CONGRESS-ADMINISTRATION:

Bush Lauds Caterpillar's Teamwork (JSO)

By Paul Gordon

Journal Star (Central Illinois), January 31, 2007

EAST PEORIA - Caterpillar Inc. has shown American companies can compete in a global economy, and do it well, President George W. Bush said during a speech at a Caterpillar plant here Tuesday.

That's why Bush chose Caterpillar and Building SS, where its largest earthmoving equipment is built, as his backdrop in an address about the U.S. economy and the need to continue working toward free trade throughout the world.

"The good folks here show others that in the manufacturing world, we can compete. And that's really what Americans wonder, can you compete in a global economy? My answer is, darn right you can, with good policy. And in this company, you've shown how to compete," Bush told an audience of more than 500 consisting of Caterpillar employees and officials and invited area dignitaries. He was accompanied from Washington, D.C., by U.S. Rep. Ray LaHood, R-Peoria, whom Bush said "has been buggin' me" about coming to Peoria since he was elected.

But in an address where he spent much time touting his own policies on trade, tax cuts, education and other issues, Bush cautioned that there are some who favor protectionist policies he believes would close off free trade for American companies.

Those companies, including Caterpillar, make up the largest exporting country in the world, one that can get even stronger if free trade agreements are allowed to multiply and flourish.

"I strongly believe that if we can compete with people on a level playing field, nobody can compete with us. And so the key is to make sure the rules are fair," Bush said, addressing an issue that is important to Caterpillar.

While the president used the speech to discuss issues that affect the entire country, he interwove Caterpillar into most of it, holding the company up as an example of a firm that gets things done.

"People say, why would you want to go to Peoria â€¦ I want to get out of Washington and sit down with folks that are really the backbone of this country. And I wanted to come to one of America's great companies, and that's Caterpillar," he said.

Bush praised the company's motto, Team Caterpillar, as meaning "everybody works together for the common good and if it benefits one, it benefits all. And that's the spirit I have found here."

His speech followed an hour-long tour of Building SS, including viewing some of the training programs Caterpillar has in place for employees and visiting with workers on the assembly lines.

He even took a brief spin on a D10 bulldozer. "If you've never driven a D10 - it's a cool experience," he said to the laughter of the audience.

Bush used what he saw and learned on his tour in his speech when discussing trade and exports, when talking about attitudes of the American work force and in connection with the need to make our children skilled and educated.

"Let me talk to you about Caterpillar. Half the products you make in America are exported. It's an interesting statistic, isn't it? You walk by one of these things, it's sold right here in the United States, but the other one right here is sold overseas," he said, motioning to the bulldozers that stood near the podium.

He pointed out that Chile, a country with which he signed a free trade agreement only a few years ago, is now Caterpillar's fifth largest export market.

Bush said the growing export market for Caterpillar is why the company is adding jobs.

"People want Caterpillar products. Why? Because they work. They generally don't break down, the master craftsmanship is great, and there's a demand for them," he said.

Bush said he knows trade with China is controversial. "But I want to tell you something, if you're a Caterpillar worker or a Caterpillar shareholder, what that has meant. It meant that Caterpillar exports to China have increased by 40 percent since the market was opened. That's helped to create more than 5,000 new jobs right here in America."

Bush also discussed his tax cut policies that he said has helped companies like Caterpillar to better afford research and development and small companies to purchase needed equipment. Those cuts, he added, also meant people kept more of their hard-earned income in their pockets.

He intends to continue those cuts, he said, and will submit a budget to Congress next week showing how to balance the budget in five years while keeping taxes down.

Bush spoke about new technologies and how those, including new batteries for autos and ethanol development from sources other than just corn, will help reduce the country's dependence on foreign oil.

Bush In Illinois To Tout Policies (CHIT)

By James P. Miller

Chicago Tribune, January 31, 2007

EAST PEORIA, Ill. -- President Bush plugged his economic policies Tuesday, telling an audience at Caterpillar Inc.'s manufacturing plant that his administration's actions played a role in helping Caterpillar achieve its three-year string of record earnings.

After touring the company's factory, and test-driving one of the mastodon-size tractors made at the plant, Bush told the crowd that the economy is strong and said, "The fundamental question is, what are we going to do to keep it strong?"

The answer he proposed was a continuation of the tax and trade policies that the Bush administration has pursued for the last six years. But with Congress now controlled by the Democrats his policies are being challenged.

Bush's trip to the heartland was part of a two-day campaign aimed at focusing public attention on the economy's health. On Wednesday the president is scheduled to deliver what is being billed as a "State of the Economy" speech in New York.

In Caterpillar the White House selected a company that competes successfully on the global stage and has profited from global trade. It has operations in 23 of the world's 24 time zones and it is enjoying strong sales in China and other offshore markets, even as its U.S. sales have sagged in response to the steep falloff in housing starts.

The company has been riding a global boom in commodity prices, which has spurred demand for its mining and oil-exploration equipment, its construction equipment, and its massive diesel-powered electric generators.

"In this company," Bush told a crowd of about 400 Caterpillar employees and local officials, "you've shown how to compete in a global economy."

Caterpillar has long been known for its organizational and logistical prowess in support of its far-flung operations. However, it was not always as lean and efficient as it has become over the past decade. In the early 1990s Caterpillar endured a series of lengthy and bitter strikes by the United Auto Workers union, as it sought to rein in wages and benefits.

The company eventually prevailed, and for more than a decade has experienced labor peace with the UAW. The Peoria-based company employs about 17,000 people in the local area, but its production workforce is smaller than it once was, thanks in part to the company's expansion of production in Asia and Europe. A residue of bitterness over those strikes still lingers among former workers for the town's leading employer.

White House spokesman Tony Snow told reporters Monday that the president's address in East Peoria would be "highlighting, among other things, the benefits of global trade and the way in which free and fair trade have enabled companies like Caterpillar to prosper on the global market."

Caterpillar is a major exporter, and it also produces products in foreign markets for sale in those regions. But it was apparent when Bush spoke that the rank-and-file workers remain unconvinced on the issue.

When Bush told the crowd, "We don't need more taxes," he drew a big round of applause. But the group failed to respond with similar warmth when he told the workers that "the temptation is to say: 'Let's protect ourselves. Let's isolate ourselves.'"

Because international trade is so crucial, Bush said, "it would be a mistake for Caterpillar workers to do that."

The president's speech had been expected to include a call for a legislative renewal of what used to be known as "fast-track" trade authority. In essence, that power enhances the president's ability to make trade deals with other nations, because it obliges Congress to simply vote yes or no on accords that the president negotiates.

But in his speech, delivered from a podium situated among huge pieces of equipment in the factory's cavernous shipping area, Bush did not raise the issue of renewing the trade authority.

But he praised "fair trade" accords, such as those his administration helped bring about between the U.S. and the nations of Chile and Australia, and said those pacts had played a major role in the surging sales Caterpillar has seen in both countries.

Of course, a dramatic run-up in the price of metals such as copper, nickel and iron ore, which is largely attributable to China's fast-growing industrial economy, has been a key driver of Caterpillar's booming sales overseas.

Bush's effort to align his administration with Caterpillar's success has drawn mixed reviews in this industrial town on the Illinois River.

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An editorial in Tuesday's Peoria Journal Star conceded that the administration's efforts in certain areas have benefited the company. But, the editorial continued, "the difficult decisions Cat made to put the company in the position it enjoys today … were largely made in Peoria, not in Washington, D.C."

The president arrived at the Peoria airport about 9 a.m., when the temperature was about 7 degrees and a biting wind made conditions even more unpleasant. His first stop was a breakfast with some local small-business owners.

"People say, 'Why would you want to go to Peoria?'" Bush told the factory audience, before adding, "I want to get out of Washington and sit down with folks that are really the backbone of this country. And I wanted to come to one of America's great companies, and that's Caterpillar."

Much of the president's comments involved a detailed defense of numerous policies, including his education plan, his desire to make earlier tax cuts permanent and the administration's alternative-energy proposals.

Before his speech Bush walked through the manufacturing facility accompanied by Caterpillar Chief Executive Jim Owens.

At the end of the tour the president climbed aboard a massive piece of heavy equipment painted the iconic Caterpillar yellow and told the press pool: "I'd advise you to stand back. I'm about to crank this sucker up."

He drove it forward about 20 feet, then backed it into a turn and straightened the giant vehicle out.

Bush then climbed down, saying, "Oh, yeah."

Bush Pushes For More Free-trade Deals In Cat Speech (PG)

By Mike Riopell And Blackwell Thomas

Pantagraph.com, January 31, 2007

EAST PEORIA -- President Bush visited central Illinois Tuesday and stood before Caterpillar Inc.'s iconic yellow bulldozers to call for more free trade agreements that he says make it easier for U.S. companies to export their goods. | Video

"I know it's a bad mistake for the country to lose our confidence and not compete," he said.

The president, during a 24-minute address to a crowd of about 500, said exports by the giant manufacturer of earth-movers increased following trade agreements his administration negotiated with other countries.

But it's not clear the Democratic leadership in Congress will wholeheartedly endorse creating more.

U.S. Sen. Dick Durbin says current trade agreements aren't strictly enforced by Bush's administration.

And Durbin suggests Caterpillar's success isn't necessarily reflective of the country's manufacturing climate, noting substantial layoffs in several Illinois communities including Herrin and Pinckneyville.

"As we lose good paying jobs in America overseas to China and other countries, we need to enforce the trade agreements that this administration and others have entered into," Durbin said on the Senate floor Tuesday.

While some have found new work, Durbin said many jobs aren't of as high a quality as many of the ones lost.

"The reality of America's economy is that on his watch we have lost three million manufacturing jobs," he said.

But Caterpillar assembler Raymond Knollenburg said the president's visit to the 1 million square foot East Peoria factory meant a lot to him.

"Our products are all over the world and the president recognizes that," he said.

Bush began the visit at a local eatery and took a spin driving a large bulldozer before speaking to the crowd.

His remarks focused on the economy in order to preface a major policy speech he'll give Wednesday in New York.

But he didn't completely avoid some of the controversial policies of his presidency â€“ promoting the No Child Left Behind education program and defending his tax cuts.

"It's important for you to keep your own money," he said. "You work hard for your money."

Gary Ball, who works in repairs at Caterpillar, said the speech notably didn't deal much the war in Iraq.

"I thought he had a very good message, especially with education," he said. "But I am sure everyone would like to hear something about the war. I guess this just isn't the place for it."

Tuesday's visit to the Peoria area was Bush's only stop in Illinois. About 500 Caterpillar employees and local officials heard the speech, with some workers sitting on bulldozers as part of the backdrop.

Despite the pomp that comes with a presidential visit, Caterpillar spokesman Rusty Dunn said everyone would get back to work soon after Bush left.

"Once the bleachers and seats are removed we'll be back to work immediately," he said.

Bush Pushes Free Trade At Tractor Plant (LAT)

By James Gerstenzang And Molly Hennessy-fiske

The Los Angeles Times, January 31, 2007

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EAST PEORIA, ILL. — Using two huge yellow earthmovers as his backdrop, and giddy over driving a third, President Bush sought Tuesday to calm fears about globalization, the nation's economic future and the risks of easing trade barriers, arguing that free trade benefits U.S. workers.

"The temptation is to say, 'Well, trade may not be worth it, let's isolate ourselves, let's protect ourselves,' " Bush said, adding: "It's a bad mistake for the country to lose our confidence and not compete."

Opening a campaign for renewed trade-negotiating authority before a low-key audience of workers and managers from Caterpillar Inc., which manufactures heavy equipment and sells a large portion of it overseas, Bush is facing a tough battle with an uncertain outcome.

He has not yet specifically asked Congress to renew his "fast-track" negotiating authority, which expires July 1, but he is expected to do so soon. Also known as "trade promotion authority," it allows him to negotiate trade agreements that Congress cannot amend — just vote to approve or disapprove.

Rep. Charles B. Rangel (D-N.Y.), chairman of the House Ways and Means Committee, signaled a readiness Tuesday to work with Bush on the issue, saying he was trying to get the two political parties out of "divorce court."

"If we don't give trade promotion authority [to the White House], we've got to have a good reason for not giving it," he said during a committee meeting.

This month, 37 Democrats who had campaigned against free trade urged Rangel to "reverse the troubling results of the administration's trade agreements and trade policies." The issue has taken on added importance in recent weeks because efforts are underway to energize negotiations of a global trade treaty that have been stalled for half a year.

Bush's speech was the first of two this week promoting the nation's economic strength. He is to travel today to Wall Street, where he will speak at historic Federal Hall.

The president told the audience at Caterpillar that the nation's exports of goods and services last year were worth $1.4 trillion, and that exports amounted to 11% of the nation's economic value, with one in six manufacturing jobs dependent on foreign sales.

He noted that half of Caterpillar's products were sold overseas, and that since the United States and Australia initiated a free-trade pact in 2005, Caterpillar's exports to that country had grown 26%.

However, there is a counterpoint to the president's numbers and his optimistic tenor.

Although wages and employment are growing, Bush faces an undercurrent of concern — over the effects of technology, the struggles facing the Big Three automakers and other traditional blue-collar manufacturing employers, and, most notably, globalization.

And though Bush cites recent improvements in the economy, Bureau of Labor Statistics figures indicate that over the six years of his presidency, real earnings of rank-and-file workers, comparing their earnings with purchasing power, have grown only 3%.

Lawrence Mishel, president of the Economic Policy Institute, a liberal research organization, says that the nation's trade imbalance cost 3 million manufacturing jobs in the United States from 2000 to 2005 and has brought down wages in the typical American household by $2,000 to $6,000 a year.

But at Caterpillar, Bush found room to argue for trade's benefits.

The company employs 45,000 workers overseas — nearly half its workforce of 94,000, according to company figures — and Bush said that Caterpillar sales to China, where its staff numbers in the thousands, had boosted the company's workforce in the United States by 5,000.

But Alan Reuther, legislative director for the United Auto Workers union in Washington, responded to Bush's comments Tuesday by noting that as Caterpillar expanded overseas, it "adopted a couple of policies we think are terrible" to cut costs domestically, including a two-tier pay scale for new workers and reduced benefits for retirees and their families.

"Meanwhile, the industry has been booming, and Caterpillar cites record profits," Reuther said. "The feeling among our folks is they could easily do better by their workers." Caterpillar employs about 11,000 UAW members, Reuther said.

Bush's audience, 300 plant workers and company managers, was generally subdued. But it came alive, just as he did, when he described his encounter with a D10 track-type tractor, a behemoth of a machine.

He climbed aboard, telling reporters, "I would suggest moving back. I'm about to crank this sucker up."

With that, the machine came to life, moving forward on its yellow metal treads, until the president brought it to a halt about 20 feet down the line and started it on a backward turn. When Bush climbed down from the cab, the inner boy was shining through, and a broad, sheepish grin crossed his face.

"Oh, yeah," he said.

"If you've never driven a D10," he told the workers and managers a few minutes later, "it's a cool experience."

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Bush Pushes For More Free-trade Deals (AP)

By Deb Riechmann

AP, January 31, 2007

President Bush, pressing his free-trade agenda on a Congress now run by Democrats, said Tuesday more foreign markets need to be opened to U.S. products.

"The temptation is to say, well, trade may not be worth it. Let's isolate ourselves. Let's protect ourselves," Bush said, standing on a factory floor before 300 employees of Caterpillar Inc.

"I know it's a bad mistake for the country to lose our confidence and not compete," the president said.

Bush wants Congress to extend his authority to negotiate free-trade deals, a request that likely will face an uphill battle in Congress. Democrats won the November elections in part by arguing that the administration's free-trade policies were costing U.S. jobs and exposing American workers to unfair competition from low-wage countries.

Now with Democrats in control, Bush faces an even bigger challenge in getting Congress to renew the Trade Promotion Authority. Also known as fast-track authority, it lets the president negotiate trade deals that Congress must approve without amendments. That authority expires on July 1.

"We're going to continue to negotiate free trade agreements," Bush said. "And by that I mean, we just want people to treat us fairly. I'm confident in our ability to sell American products and services overseas if the playing field is level."

Bush used Caterpillar's huge earth-moving equipment as a backdrop for the first of two economic speeches this week. He travels to New York City on Wednesday to give what he's calling an address on the state of the economy.

Since his State of the Union address, Bush, whose job approval ratings are at record lows, has focused his public events on health care, energy and the economy — domestic issues that have been overshadowed by the unpopular war in Iraq.

He traveled to visit Caterpillar because the company is taking advantage of a growing global demand for construction and mining equipment. The company posted record profits and revenues for three straight years, creating about 5,000 jobs at its U.S. plants in Illinois, Colorado, Pennsylvania and Tennessee.

Caterpillar spokesman Timothy Elder says Bush's trade policies helped the company net about $9 billion in sales outside of North America in 2006, when revenues of about $41.5 billion netted profits that topped $3.5 billion — both company records.

Since Bush took office in 2001, however, the country has seen one in five manufacturing jobs disappear, a total of 2.96 million lost jobs, with U.S. automakers and textile companies particularly hard-hit. The U.S. trade deficit is expected to climb to a fifth consecutive record when the final figures for 2006 are totaled up next month.

U.S. Business and Industry Council, which represents small and medium-sized U.S. manufacturing companies and is critical of the administration's trade policies, called Tuesday for a moratorium on all new trade agreements until the trade deficit is brought under control.

Ways and Means Committee Chairman Charles Rangel, D-N.Y., said, meantime, he is exploring approaches to bridge the gap on trade between Democrats and Republicans in Congress and the White House. His committee, which oversees trade issues in the House, held a hearing Tuesday to air those differences.

Rep. Sander Levin, D-Mich., said he wished that Bush had decided to visit a factory in an industry that has been battered by foreign trade rather than Caterpillar, which is one of the U.S. success stories. Levin is from Michigan, where American auto companies have been hard-hit by foreign competition.

Before he spoke, Bush stopped at the Sterling Family Restaurant to chat with customers having breakfast near a grill laden with steaming hash browns. He talked in a back room with small business owners before heading to tour the Caterpillar factory.

"I would suggest moving back. I'm about to crank this sucker up," Bush called from the cab of a yellow tractor. He started the motor. A puff of smoke belched from its stack, and the president steered it around the assembly line. "That was fun," he exclaimed as he got off.

Citi Will Buy Egg To Raise U.K. Presence (WSJ)

By Carrick Mollenkamp And Ian Mcdonald

The Wall Street Journal, January 30, 2007

Citigroup Inc.'s £575 million ($1.13 billion) purchase of Egg Banking PLC from Prudential PLC sets the stage for the U.S. financial-services company to step up its battle in the British credit-card market against entrenched banks such as Barclays PLC and Bank of America Corp.

For Prudential, one of Britain's largest insurers (unrelated to the U.S. Prudential), the transaction is part of a broad review of its United Kingdom business.

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The cash transaction, which is expected to close by April pending regulatory approval, gives Citigroup access to online bank Egg's three million customers, 2.9 million of whom are Egg card customers. Before this deal, Citigroup had just 800,000 card customers in the U.K. Egg's share totals about 5.7% of U.K. credit-card outstanding balances.

Citigroup will be up against banks such as Bank of America, which has about a 15% share of U.K. credit-card outstanding balances, and Barclaycard, which has about a 13% share. They dominate the market along with Royal Bank of Scotland Group PLC, which has about a 15% share, according to industry estimates.

Citigroup is paying a high price -- roughly two times Egg's book value, or its assets minus liabilities -- especially considering Egg's recent struggles.

Egg, based in London, is expected to post a pretax operating loss of £145 million for 2006, Prudential said.

Bush Promotes His Free Trade Initiatives (NYT)

By Sheryl Gay Stolberg

The New York Times, January 31, 2007

EAST PEORIA, Ill., Jan. 30 — With Democrats making the case that his economic policies have benefited the rich more than the middle class, President Bush struck back on Tuesday, in the first of back-to-back speeches promoting what the White House characterizes as 41 consecutive months of economic growth.

Mr. Bush came here to East Peoria, home to Caterpillar, the world's biggest manufacturer of earth-moving equipment, to advance his free trade initiatives and press Democrats to make his tax cuts permanent. On Wednesday, he heads to New York's financial district to deliver a more formal "State of the Economy" address at Federal Hall, where he is expected to ask Congress to extend his authority to negotiate trade agreements that cannot be amended.

"The temptation is to say, well, trade may not be worth it, let's isolate ourselves, let's protect ourselves," Mr. Bush told a friendly audience of Caterpillar employees, standing against a backdrop of gigantic tractors in the company's familiar colors of yellow and black.

He added, "It's a bad mistake for the country to lose our confidence and not compete."

The president was mostly preaching to the converted. Caterpillar was carefully chosen by the White House to put Mr. Bush's policies in the best possible light. The company's exports to Chile and Australia have shot up following free trade agreements negotiated by the Bush administration. And China, which negotiated a trade deal with President Bill Clinton, is now Caterpillar's fifth-largest export market.

"Americans wonder, can you compete in a global economy?" Mr. Bush said, before answering himself. "My answer is, darn right, you can."

With Mr. Bush's public approval ratings having crumbled, his domestic agenda faltering and his Iraq strategy running into a wall of opposition on Capitol Hill, White House advisers are hoping to capitalize on economic growth and low unemployment figures as a way to elevate public opinion of the president.

Already, the polls show a fresh hint of optimism. A survey by the Pew Research Center found that while public approval of Mr. Bush's handling of the war had dropped nine points, to 23 percent from 32 percent, from August to December 2006, approval of his handling of the economy went up six points, to 39 percent from 33 percent. A recent Gallup Poll, meanwhile, found 65 percent of respondents predicted they would be better off a year from now than they were today.

But Democrats, who won control of Congress in part by arguing that Mr. Bush's economic policies are giving short shrift to the middle class, do not intend to give up that ground without a fight. The president's twin appearances this week are setting the stage for a battle between Mr. Bush and Congressional Democrats over the economy in general and trade in particular.

Already, Democrats are signaling they will resist extending the president's "fast track" trade negotiating authority, unless Mr. Bush couples the plan with proposals to demand tougher labor and environmental standards from the United States' trading partners and help for American workers who are displaced by foreign competition.

"We don't want to abandon free trade," Senator Charles E. Schumer, Democrat of New York, said in an interview Tuesday, "but he's got to offer more protections and cushions for people who are caught in its maw through no fault of their own."

On Wednesday, while Mr. Bush is delivering his speech in Manhattan, a House-Senate committee will hold a hearing on the economy, led by Mr. Schumer, who has just published a book outlining how Democrats can hold power by reclaiming their status as the party of the middle class. The chief Democratic witnesses are Robert E. Rubin and Lawrence H. Summers, both former treasury secretaries under President Bill Clinton.

"When the average middle class voter hears the president speak, he or she thinks, 'The guy doesn't know what I'm going through, it's not terrible, but it's not so rosy either,' " Mr. Schumer said, adding that the hearing is "intended to be an answer to the president."

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In East Peoria on Tuesday, there was a preview of this same political clash. At Caterpillar, with Representative Ray LaHood, a Republican, in tow, Mr. Bush found what a pool report described as his “inner boy” when he drove one of the giant tractors for about 20 feet.

“I would suggest moving back,” Mr. Bush announced as he climbed into the tractor cab. “I’m about to crank this sucker up.” And then he did, later pronouncing it “a cool experience.”

While the president was busy driving, the freshman Democrat who represents the district next door was busy issuing a press release arguing that Mr. Bush was ignoring the financial condition of his constituents. The congressman, Representative Phil Hare, who worked as an aide to his predecessor before winning election in November, pointed to another Illinois community, Galesburg, where he said free trade treaties “drove 1,600 good-paying Maytag jobs” to Sonora, Mexico.

In Peoria, President Plays Up Economy (WP)

By Peter Baker

The Washington Post, January 31, 2007

PEORIA, Ill., Jan. 30 -- So it's come to this. As President Bush tries to win back public support and sell his new domestic program, he came here Tuesday to see whether it would play in, well, you know the rest.

Bush flew here to have breakfast with small-business leaders at a diner in perhaps the nation's most famous place for testing the marketability of ideas, then headed over to the Caterpillar plant across the Illinois River in East Peoria to climb aboard a massive D10 tractor and take a presidential spin.

The other presidential spin of the day was about the strength of the economy. While the Iraq war dominates the political dialogue in Washington, Bush reminded audiences that the economy has been growing along with U.S. exports and credited his tax and trade policies. He touted health-care and energy proposals from his State of the Union address and made the case for brokering further free-trade agreements.

"The temptation is to say, 'Well, trade may not be worth it, let's isolate ourselves, let's protect ourselves,' " Bush told workers surrounded by Caterpillar's trademark earthmovers. "I know it would be a mistake for Caterpillar workers to do that. . . . I know it's a bad mistake for the country to lose our confidence and not compete."

U.S. exports increased by 13.1 percent in the first 11 months of last year and 10.7 percent the year before that. Caterpillar has enjoyed particularly strong growth, with $9 billion in exports last year and $41.5 billion in overall sales.

But most Americans have lost faith in Bush's stewardship of the economy. In a Washington Post-ABC News poll this month, 41 percent of Americans approved of the president's handling of the economy, while 57 percent disapproved. Critics argue that Bush's ratings reflect a poor economic record, noting increases in the trade deficit, the national debt, the number of uninsured Americans and other barometers since he took office.

Bush argues that his tax cuts have spurred a robust economic recovery and pumped enough additional revenue into federal coffers to cut the deficit substantially. He plans to press his case with a fuller speech on the economy in New York on Wednesday.

He focused here on trade, promoting his record at a time when lawmakers are considering whether to extend his authority to negotiate agreements that are subject to "fast-track" up-or-down votes in Congress without amendment. Every president in modern times has enjoyed such power, but it expires this summer, and with Democrats now in charge of Congress, Bush faces a tough time getting it extended. He has completed trade pacts with Panama, Peru and Colombia that are awaiting congressional approval, and he is negotiating with South Korea and Malaysia. He also wants to jump-start stalled global trade talks.

The president used Caterpillar to make his case, noting that Chile became its fifth-largest export market after a Bush trade agreement. Similarly, he said, Caterpillar sales to Australia rose 26 percent after a 2005 trade pact. And he said Caterpillar business with China since it opened its market has risen 40 percent and helped create 5,000 jobs.

As he toured the facility here with Jim Owens, the chairman and chief executive, though, Bush made no mention of the schism between him and the company over climate change. Owens and Caterpillar joined nine other major corporations last week calling on Bush to support mandatory caps on emissions generally believed to contribute to global warming. Bush rebuffed the idea but proposed cutting gasoline consumption 20 percent over 10 years.

Asked about the disagreement with the corporate executives by ABC News after the visit, Bush said "I appreciate their call" for caps but repeated his preference for innovating out of the problem. "There needs to be time for some of these technologies to kick in, to give them a chance to work," he said.

Caterpillar was the second of the 10 companies in the climate-change alliance that Bush has visited since the State of the Union. He went to a DuPont facility in Delaware the day after the speech. Aides said it was coincidence.

It may be that Bush chose to come here to indulge a male fantasy -- the chance to drive one of those dirt-digging tractors that seem to fascinate every young boy. At the end of his tour, he climbed aboard and plopped down at the controls.

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"I would suggest moving back," he warned reporters. "I'm about to crank this sucker up."

The president cranked the sucker up, powered it forward 20 feet, then backed it into a turn and finally straightened it out. No reporters were hit. But Bush was delighted.

"Oh, yeah," he said with satisfaction as he climbed down.

Dems Want Trade Talks To Include Protections (USAT)

By David J. Lynch

USA Today, January 31, 2007

WASHINGTON — President Bush and congressional Democrats fired the opening salvos Tuesday in what could become a major debate about whether the U.S. pursues additional trade agreements.

On Capitol Hill, key Democrats said Tuesday that they would insist on new protections for workers and the environment before granting President Bush an extension of his trade negotiating authority.

At issue is the president's ability to negotiate trade deals, which expires June 30. Monday, White House spokesman Tony Snow said the president "absolutely" wants an extension of his so-called trade promotion authority, which limits Congress to approving or rejecting trade agreements. The administration's formal request could come as soon as today.

The looming battle about an extension comes amid what Democrats say is rising economic insecurity despite an unemployment rate of 4.5%. The House Ways and Means Committee has scheduled a hearing today on the economic challenges facing the middle class.

Tuesday, Bush touted the benefits of trade while visiting a Caterpillar plant in East Peoria, Ill.: "We're 5% of the people in the world. That means 95% live outside of America, and shouldn't we try to put ourselves in a position where we can sell goods and services to those 95%? I think it makes sense to do so."

Democrats, however, don't want to give the president a blank check. Rep. Charles Rangel, D-N.Y., chairman of the Ways and Means panel, said Democrats required "assurances" before extending the president's authority.

The price of an extension may be administration agreement on new efforts to prepare workers for an era of less job security and help for those who lose their jobs as the economy adjusts. Senate Finance Committee Chairman Max Baucus, D-Mont., is calling for a "globalization adjustment assistance" package that would broaden existing programs to cover service industry workers.

But with U.S. exports booming, and a potential new global trade deal at risk, Democrats don't want to appear obstructionist. Rangel said he would try to reach a trade bargain with Republican colleagues on the powerful panel.

"If we don't give (the White House) trade promotion authority, we've got to have a good reason," he said during a hearing on the impacts of trade and globalization.

Levin Fires A Salvo On Fast Track (HILL)

By Ian Swanson

The Hill, January 31, 2007

House Democrats should not hold serious talks on extending fast-track negotiating authority with the Bush administration until it agrees on changes to the labor provisions of three pending free-trade agreements, a senior House Democrat told The Hill yesterday.

“I think we need a breakthrough in those areas before there can be meaningful discussions about renewal of fast track,” said Rep. Sandy Levin (D-Mich.), who chairs the trade subcommittee of House Ways and Means.

Levin’s statement, which was made outside a Ways and Means Committee hearing on trade and globalization, is the latest indication of how contentious trade legislation will be during the 110th Congress.

Levin said the free-trade deals the administration has already negotiated with Colombia, Peru and Panama will have to be renegotiated. The lawmaker said that getting those countries to make commitments in so-called side letters would not be sufficient because the only way to ensure that changes to the deals are enforceable is to make changes to the text.

“I think we’re going to have to renegotiate and put new provisions in those agreements, because I don’t see how else you do it in a way that’s fully enforceable,” Levin said.

If this is done before the end of March, Levin said the three trade agreements, which are opposed by organized labor, could still be submitted under the current fast track authority, which expires at the end of June. Levin suggested these changes would build confidence with Congress that the administration will use fast track in the right way.

Fast track requires that Congress be given 90 days’ advance notice of the administration’s intent to sign a free-trade agreement. The administration has already signed the deals with Peru and Colombia, but would have to renegotiate those deals

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and sign new ones to meet the demands of Levin and other House Democrats. The administration has completed talks with Panama and announced its intention to sign that deal.

President Bush is expected to ask for an extension of fast track this week. Without fast track, also known as trade promotion authority, the administration could not send deals to Congress for up or down votes. As a result, other WTO members would be unlikely to negotiate with a U.S. administration that lacks fast track.

If Democrats refuse to grant Bush a fast-track extension, the U.S. risks being blamed for killing the WTO negotiations, according to Gene Sperling, a former economic adviser to President Clinton, who testified at the Ways and Means hearing. In response to a question from Ways and Means Committee Chairman Charles Rangel (D-N.Y.), Sperling said he thought it was possible for the administration and Congress to agree to an extension of fast track limited to allowing the administration to conclude the current round of WTO talks.

In exchange, Sperling said Democrats should get a commitment that the administration will press for stronger environmental and labor language not only in bilateral agreements, but in the ongoing WTO round. He acknowledged it is probably not possible to win labor concessions in the current WTO discussions, but said stronger environmental provisions were possible.

"I think that if the administration comes forward with a good-faith down-payment on the type of things that the Democrats are concerned with, the Democrats should at least be willing to consider a temporary extension of [fast track]," Sperling told The Hill after the hearing.

Rangel told reporters after the hearing that U.S. Trade Representative Susan Schwab has warned him that the U.S. would be blamed for the failure of the WTO talks if fast track is not extended by Congress. Rangel said Schwab spoke to him from Geneva, where she is discussing the Doha round with her counterparts.

Some lobbyists have argued that requesting an extension of fast track is a win-win situation for the administration, since if Democrats refuse to grant the extension, the administration could blame them for the failure of the WTO talks.

Rangel said a fast-track extension would depend on what conditions are tied to the authority, and on how long of an extension is considered. In a joint press release with Senate Finance Committee Chairman Max Baucus (D-Mont.), Rangel said a reauthorization required a "great deal of trust," and that Congress would need certain assurances before being willing to extend fast track.

Democrats Give Bush The Business On Trade (WP)

By Peter S. Goodman

The Washington Post, January 31, 2007

As President Bush was out in Peoria touting the virtues of foreign trade and asking for fresh authority to promote it, newly ascendant Democrats on Capitol Hill signaled just how tough it's going to be for the president to get what he wants.

In a hearing, Democrats repeated earlier warnings that they are unlikely to approve pending trade pacts with Peru, Colombia and Panama unless the administration agrees to provisions tightening labor and environmental protections in those countries. They pledged to demand similar labor rules before extending the president's authority to negotiate new trade deals.

"We have had trade policies in this administration that assume that trade is an end in itself, that market forces will work themselves out, that there isn't really an active role for government," said Rep. Sander M. Levin (D-Mich.), who chairs a House subcommittee on trade. "We've had a tremendous loss of U.S. manufacturing jobs."

The new chairman of the House Ways and Means Committee, Charles B. Rangel (D-N.Y.), presided over a wide-ranging discussion that touched on how to prevent companies from shifting production to exploitative factories in poor countries, how to confront China over allegedly unfair trade practices and how to help Americans who lose jobs.

The hearing took place as President Bush visited the Illinois headquarters of Caterpillar, the construction-equipment giant and a highly successful exporter. There, the president asked Congress to extend his so-called trade promotion authority -- his legal right to negotiate trade pacts that he can submit to lawmakers for a simple up-or-down vote. It expires at the end of June, and without it, trade deals stand little chance of getting through Congress as individual legislators pick them apart to protect jobs in their districts.

The administration is intent on gaining an extension in hopes of restarting talks aimed at lowering tariffs around the world. Those talks, known as the Doha round of trade negotiations, have been stalled for months over American and European unwillingness to pare farm subsidies and over claims from India and other poor countries that they will not benefit enough from opening their markets further to foreign goods.

In recent days, trade ministers have been meeting at the World Economic Forum in Davos, Switzerland, to try to jump-start the talks. Though most analysts assume the prospect of a breakthrough remains dim, U.S. Trade Representative Susan C. Schwab offered tempered optimism yesterday.

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"This was the first time we had a large group of trade ministers gathering in one venue where there was clear agreement on the need to move forward with the Doha round and a sense of urgency that if at all possible we need to identify a means of achieving a breakthrough," Schwab said at a news conference in Geneva.

During the House hearing, and in a flurry of written statements, Democrats said they would not readily give the president the extension he seeks, expressing skepticism about the administration's willingness to ensure that trade deals benefit American workers.

"It requires a great deal of trust," Rangel said in a statement. "Congress must have some key assurances before it is willing to extend this leverage."

But as the chairman acknowledged during the hearing, turning Bush down would carry political risks. The Doha talks have been aimed at extending the benefits of globalization to poor countries. If Democrats refuse to extend the president's authority, that could convince the Europeans that concessions would be futile, since any agreement could die in a quagmire of congressional amendment-making.

"If we don't give trade promotion authority, we have to have a good reason for not giving it," Rangel said.

Yesterday's House hearing, which ran for more than three hours, revealed the competing views on trade that now divide the nation.

Several Republican lawmakers from districts where companies enjoy strong exports called for congressional approval of the Colombia and Peru trade deals to extend the good times.

"We're not at the mercy of globalization; we control our own destiny," said Grant D. Aldonas, a former Bush administration undersecretary of commerce for international trade. He noted that Wal-Mart had become emblematic of the threats seen by foes of cheap imports, but those same imports help people living on limited paychecks. "Every day Sam Walton's store is open for business, it's delivering globalization to the American doorstep," Aldonas said.

Democratic lawmakers and some panelists kept the focus on the costs of expanded trade -- the steady move of manufacturing jobs to lower-cost countries.

Lawrence Mishel, president of the Economic Policy Institute, a research group critical of globalization, said the United States needed expanded benefits for laid-off workers and health care coverage to address the gap between rich and poor before embracing further trade.

"How are people going to accept further liberalization when they are anxious in their daily life?" he asked. "Let's get things right in the United States before we press further down this road."

Ex-Clinton Aide Urges Free Trade Deal (FT)

By Eoin Callan

Financial Times, January 31, 2007

The Democratic leadership in Congress has turned this week to old-school Clintonites to help persuade the freshman class of ’06 to moderate the militant critique of globalisation that helped get them elected.

Gene Sperling, a former economic adviser in the Clinton administration, on Tuesday testified before the House ways and means committee on the need for a new consensus on free trade during a hearing addressed by both corporate cheerleaders and labour movement critics of trade policy.

The architect of Bill Clinton’s pro-trade economic policies has also held private meetings with the new Democratic representatives.

The testimony and encounters are part of a battle for hearts and minds in the hearing rooms and corridors of Capitol Hill as Congress waits to decide on an expected request from President George W. Bush to extend his trade promotion authority.

Lawrence Summers and Robert Rubin – former Treasury secretaries under Mr Clinton – will on Wednesday add their voices to the debate as they advocate a centrist economic policy that ensures middle-class prosperity.

But of the party’s distinguished “three wise men” on economic policy, it is Mr Sperling who has spent the most time working the Hill, imparting advice and answering critics.

Mr Sperling has met with scepticism – and even hostility – from rank and file members, according to people familiar with the discussions. In a letter obtained by the Financial Times, a stunning 39 of the 42 freshman Democrats in the House said “the issue of trade and the impact of the administration’s policy” was “critically important” to their campaigns during the mid-term elections.

“Vital to our electoral success was our ability to take a vocal stand against the administration’s misguided trade agenda,” adds the letter, addressed to party leaders.

The letter is seen as a signal that new members are reluctant to be pressed into voting on controversial, pending trade agreements with Colombia, Panama and Peru or the extension of trade promotion authority, which expires on June 30.

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Mr Sperling said on Tuesday he regretted contributing to a polarised debate during his time in the White House by not presenting “a balanced assessment” of the costs and benefits of trade.

But he called on Democratic leaders to negotiate a limited extension of the president’s fast-track trade negotiating authority to facilitate an agreement in the Doha round of world trade talks so the US was “not blamed for killing the agreement”.

The quid pro quo, he said, would be “limited down-payment” on the demands of Democratic leaders for the inclusion of tougher labour standards in bilateral deals and steps towards a big expansion of the social safety net.

Mr Sperling also called for long-term moves towards universal health care as the “most important” step to address voter anxieties about trade.

There were also signs on Tuesday that business leaders have accepted the new political realities that will shape trade policy in the wake of the mid-term elections.

Terry McGraw, the head of the Business Roundtable, told the Congressional hearing: “We need changes in our trade policy.”

The roundtable, which represents 160 of the top US chief executives, indicated it would drop its opposition to the inclusion of tougher labour standards in bilateral agreements.

Consumer Confidence Looks Robust (USAT)

By Sue Kirchhoff

USA Today, January 31, 2007

WASHINGTON — Consumers had a more upbeat view of the economy in January, but their optimism was tinged with concern that growth could slow in coming months, a private research group said Tuesday.

The New York-based Conference Board's consumer confidence index rose to 110.3 in January, the highest since May 2002 and a slight increase from the revised 110.0 figure of December.

While consumers' assessment of current conditions improved, their expectations for future growth declined to 94.5 from 96.3 last month.

"Looking ahead … consumers are not as optimistic as they were in December. All in all, the index suggests a moderate improvement in the pace of growth in early 2007," says Lynn Franco, director of The Conference Board Consumer Research Center.

The index, based on a telephone survey of 5,000 households, comes as the Federal Reserve winds up a two-day meeting today on interest rates and the economy. Economists surveyed by USA TODAY expect the Fed to hold the target for short-term rates steady at 5.25% at the meeting.

The central bank is trying to engineer a soft landing, in which growth and inflation moderate but the economy continues to expand.

San Francisco Fed President Janet Yellen in a recent speech said one of the biggest puzzles for policymakers right now is why the job market was "going gangbusters" while overall growth is only "middling."

The unemployment rate was 4.5% in December. The January figure will be released Friday.

"If labor markets are as tight as the unemployment rate suggests, then there may be reason for concern about building inflationary pressures. If … they are not, then it is more likely that we are headed for a 'soft landing,' " Yellen said.

In a note to clients, Moody's Economy.com noted that the share of consumers in the confidence survey terming jobs plentiful hit the highest level in more than five years, suggesting employment may still be robust — boding well for near-term wages and spending, but not for Fed rate cuts.

The number of consumers calling current conditions "good" rose to 28.1% from 27.4%, with the level calling jobs "plentiful" rising to 29.9% from 27.6% in December.

However, the slice of consumers expecting their incomes to rise in the next six months fell to 19.8% from 21.4%. Those expecting business conditions to get better dipped to 16.2% from 16.7%. The share of people planning to buy a home rose to the highest level in five months.

Mike Englund of Action Economics says confidence was "benefiting from solid fundamentals, including falling gasoline prices, lofty stock prices, low interest rates, a tight labor market and surging income."

He calls the survey more evidence the USA should be able to avoid a recession in 2007 and that consumer spending, two-thirds of the economy, should hold up.

U.S. Consumer Confidence Level Is Flat Amid A Softer Outlook (WSJ)

By Michael S. Derby

The Wall Street Journal, January 31, 2007

DOJ_NMG_0125060

U.S. consumer confidence was flat in January from December amid softer expectations for the economy's outlook, a report Tuesday said.

The Conference Board said that its consumer confidence-index for January moved to 110.3, from the revised 110.0 in December and 105.3 in November. Economists had expected a reading of 110, according to a survey by Dow Jones Newswires.

A gauge of expectations for the future retreated to a reading of 94.5 in January from December's revised 96.3, though consumers' assessment of current conditions rose to 133.9 from a revised 130.5.

"This month's slight increase in confidence was solely the result of an improvement in the present situation index," said Lynn Franco, who leads the private research group's Consumer Research Center. She tied the better mood over the economy's current state to the labor market, and said that the overall index "suggests a moderate improvement in the pace of growth in early 2007."

The number of consumers who called jobs "plentiful" rose to 29.9% from 27.6% in December. Those calling jobs "hard to get" slipped to 19.7% from 21.3%. The improvement in employment sentiment is unsurprising in light of the economy's solid job creation and its low 4.5% unemployment rate. The government is set to report on the January hiring situation on Friday, in a report economists expect will show further strength.

Survey respondents calling current economic conditions "good" represented 28.1% of the survey, versus 27.4% who held that belief a month ago. But at the same time, those calling conditions "bad" inched up to 16.5% from 14.9%. Consumers' view on the outlook for hiring was mixed, and those who expect to see incomes rise over coming months fell to 19.8% from 21.4%.

The Conference Board survey is based on a mail-in survey of 5,000 households. The cutoff date for responses was Jan. 23.

Stocks Shrug Off Concerns Over Oil Prices, Interest Rates (WSJ)

By E.s. Browning

The Wall Street Journal, January 31, 2007

Oil prices surged and the Federal Reserve began a two-day meeting on interest rates, but stocks rose despite the oil and interest-rate uncertainty.

The Dow Jones Industrial Average advanced 32.53 points, or 0.26%, to 12523.31, back within 100 points of the record hit last week, of 12621.77. It is up 0.48% in 2007.

The gain came despite a 5.5% jump in crude-oil futures to $56.97 a barrel, the highest finish since Jan. 3. Natural-gas futures rose 11.6%.

Traders blamed cold weather, which could increase demand for natural gas and heating oil. They pointed to Saudi Arabia's decision to go through with a small production cut on Feb. 1. (For more on oil's move, see related article1.)

Oil stocks gained on the news, but for most companies and consumers, higher oil prices are a problem.

Money managers looked past the issue because many are becoming more comfortable with the outlook for the economy and interest rates. They think oil prices are rising because of the strong economy, and that they aren't high enough to be a threat. They were reassured to see an index of consumer confidence hit a five-year high.

Few investors now expect a Fed rate cut in the first half of the year, but many believe this is because of the economy's strength. They hope the Fed's meeting will end today with a statement suggesting little change in the Fed's plans for rates.

"If there is no change in the Fed's interest-rate outlook, the market is likely to just shrug it off," said stock trader Larry Peruzzi of Boston Company Asset Management. "The one thing that could probably cause some reverberation would be if the Fed became more hawkish, and said it had to do something about inflation."

Investors would dislike any hint of Fed plans for a rate rise, since higher rates raise costs for businesses and consumers and tend to hurt stocks.

The Russell 2000 small-stock index hit a record, up 0.61% to 797.97.

The broad Standard & Poor's 500-stock index rose 0.58%, or 8.20 points, to 1428.82, ahead 0.7% this year. The Nasdaq Composite Index advanced 0.31%, or 7.55 points, to 2448.64, up 1.4% in 2007.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.47%, or 1.14 points, to 244.53.

In major U.S. market action:

Stocks advanced2. Trading volume for stocks listed on the New York Stock Exchange was 2.65 billion shares, as 2,361 stocks rose and 975 fell.

Bond prices gained3. The 10-year Treasury note rose 4/32, or $1.25 for each $1,000 invested, pushing the yield down to 4.875%. The 30-year bond was up 4/32 to yield 4.983%.

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The dollar weakened4. Late in New York, it traded at 121.61 yen, down from 121.80, while the euro rose against the dollar to $1.2966 from $1.2953.

Senate Clears Way For Minimum Wage Vote (AP)

By Jim Kuhnhenn

AP, January 31, 2007

The Senate cleared the way for an increase in the minimum wage Tuesday, but only with business tax breaks that House Democrats want removed.

Final Senate passage of the legislation is expected later this week, setting the stage for a round of difficult negotiations between House and Senate Democrats over how to get the legislation to President Bush for his signature.

In a key test, the Senate voted 87-10 to end debate on the bill Tuesday, well clear of the 60 votes needed.

Earlier this month, the House passed the same increase in the wage floor — from $5.15 to $7.25 an hour over two years — without any tax provisions. Senate Democrats tried to push through the House version last week, but failed to get the 60 votes to end debate.

The vote Tuesday emphasized how Senate passage of the bill depends on the tax package to attract Republican votes. The White House has also signaled that Bush wants tax breaks in the legislation.

"Raising the minimum wage will cost some jobs," Al Hubbard, the director of the president's National Economic Council told reporters aboard Air Force One Tuesday. "We think it's important to counter that with tax breaks that will replace those jobs."

"The Senate has recognized that our economy is interdependent," said Sen. Michael Enzi, R-Wyo. "One simply cannot claim credit to be helping workers at the same time that they're hurting the businesses that employ them."

The tax breaks in the Senate bill have divided the private sector, pitting small businesses and retailers that would benefit from them against the larger corporations and manufacturers that would have to pay for them. The package costs $8.3 billion in lost tax revenue over 10 years.

To help pay for the tax breaks, corporations no longer would be able to deduct the cost of jury verdicts or settlements in liability suits against them and their executives' tax-deferred pay packages would be capped at $1 million a year.

The bill's business critics are especially annoyed that the tax benefits would be short-term while the provisions that pay for them would alter tax law for the long-term.

"The permanent tax law changes here far outpace and outweigh the few benefits," said Bruce Josten, the chief lobbyist for the U.S. Chamber of Commerce, which opposes the bill.

The bill would extend tax breaks that allow small businesses to deduct up to $112,000 in new investments a year. It also would reduce the depreciation period for improvements to retail properties and extend a tax credit for businesses that hire low-income or disadvantaged workers.

"We think they are all significant," said Dan Danner, an executive vice president at the National Federation of Independent Business, whose membership consists mostly of business owners with 10 or fewer employees.

The rift stems from the new Democratic Congress' approach to tax relief, which requires that every tax dollar lost to a new tax break be offset by a tax increase or closed loophole elsewhere. It also signals the new Democratic majority's willingness to pay heed to the small business community even as it irritates larger corporate interests.

Still, House Democrats want to pass a clean bill — without tax breaks — and cite constitutional precedents that require tax legislation to begin in the House. Some Democrats want their leaders to dare Senate Republicans to vote against the minimum wage increase. House Democratic Leader Steny Hoyer said Tuesday that House and Senate leaders have not decided how to proceed.

"The Senate has different challenges than we do," Hoyer said, referring to the 60-vote thresholds needed in the Senate to end debate.

In the Senate, Republican critics of the legislation have argued that raising the minimum wage might force some businesses to stop hiring entry level employees. They also contend that beneficiaries of a higher minimum wage likely will be teenagers working part-time jobs, not the working poor. But few if any Republicans have protested the revenue provisions in the tax package.

Ending the business deduction for court settlements, jury verdicts and fines would generate about $540 million over 10 years. Josten said such a provision would eliminate the incentive for companies to settle liability lawsuits out of court.

The cap on tax-deferred compensation responds to congressional and public criticism of large executive pay packages, including a $210 million severance package for ousted Home Depot Chairman-CEO Bob Nardelli. The Senate bill would allow employees to defer up to $1 million a year or a figure equal to the five-year average of their taxable salary, whichever is less. That cap would generate about $810 million in revenue over 10 years, according to the Senate Finance Committee.

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Brigen Winters, an executive compensation attorney at the Groom Law Group in Washington, said the five-year average could end up taxing deferred compensation for middle managers or employees of startup businesses who are offered deferred compensation based on the performance of the enterprise.

"It affects various types of compensations for a very broad array of employees," Winters said.

But congressional tax writers dismissed the complaints, saying the vast majority of people affected by the cap would be highly compensated executives.

"These hypotheticals are really red herrings," said Carol Guthrie, a spokeswoman for the Senate Finance Committee. "When most Americans would be thrilled to be able to put away even a portion of the $15,000 the average worker is allowed to save in a 401(k) every year, it's a pretty hollow argument that $1 million or 100 percent of pay is not enough for executives and managers to add to their tax-deferred accounts."

Danner, speaking of the NFIB's small business membership, said: "Our guys could not be worried less that you could only roll over $1 million in compensation."

Senate Debate Ends On Wage Bill (WT/AP)

The Washington Times, January 31, 2007

ASSOCIATED PRESS

The Senate cleared the way for an increase in the minimum wage yesterday, but only with business tax breaks that House Democrats want removed.

Final Senate passage of the legislation is expected later this week, setting the stage for a round of difficult negotiations between House and Senate Democrats over how to get the legislation to President Bush for his signature.

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Senate Adds Tax Breaks As It Passes A Wage Bill (NYT)

By Kate Zernike

The New York Times, January 31, 2007

WASHINGTON, Jan. 30 — The Senate voted overwhelmingly on Tuesday to move ahead on a bill to increase the minimum wage, signaling that the measure is likely to pass this week.

But the vote also sets up a conflict with the House that is likely to stall any increase.

The Senate bill includes $8.3 billion in tax breaks for small businesses that Democrats who sponsored the bill said were necessary to obtain Republican support.

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The 87-to-10 vote on Tuesday was to limit debate on the bill. Democrats say they expect to achieve a similarly wide margin of approval on the final bill.

The House approved a simpler bill, including the wage increase but no tax breaks, this month. The Democratic leaders there insist that it should not be necessary to offer tax breaks in exchange for the wage increase, the first in 10 years.

The two bills would raise the minimum wage $2.10 an hour, from $5.15 to $7.25.

Democratic leaders from both chambers now have to figure out how to reconcile the measures. Assuming that the Senate bill passes, Democratic leaders can hold onto it and negotiate with their House counterparts. Or the Senate can send the bill to the House, which could block consideration of it or strip out the tax breaks and send it back to the Senate for another vote.

In the House, 82 Republicans joined Democrats to approve the wage increase. The Senate rejected the bill without tax breaks.

Senator Harry Reid of Nevada, the Democratic leader, said Tuesday that he expected leaders of the two chambers to work out the differences.

"There are many different ways it can happen," Mr. Reid said, although he offered no specifics.

Democrats have accused Republicans of trying to stall the bill by offering dozens of amendments. Senator Edward M. Kennedy, Democrat of Massachusetts and the chief proponent of the bill, promised to press ahead until the wage increase passes.

"If they're hoping we'll get tired," Mr. Kennedy said, "they're sorely mistaken."

Republicans, however, insisted that the Senate would not go along with the "clean" bill that the House wants.

"Clean means do it my way," said Senator Michael B. Enzi of Wyoming, ranking Republican on the Senate Health, Education, Labor and Pensions Committee. "That's not how we often do it in the Senate."

Republicans noted that Democrats went along with a combined package for raising the minimum wage and tax breaks 10 years ago and that President Bill Clinton applauded them for it.

"And if it was O.K. in 1997, it ought to be O.K. now," said Senator Charles E. Grassley, Republican of Iowa.

Workers Held Hostage (WP)

The Washington Post, January 31, 2007

THE FEDERAL minimum wage hasn't been raised in a decade. During that time, businesses have received $276 billion in tax cuts. Another $36 billion has been directed specifically toward small businesses. The administration boasts -- though its numbers are overstated -- that, for 2006, 25 million small-business owners will receive an average tax cut of $3,641. So why, you might wonder, are President Bush and Republican lawmakers insisting that even more tax cuts be lavished on small-business owners as the price for approving a $2.10 increase in the minimum wage, from $5.15 to $7.25 an hour, in three steps over two years? The measure on the verge of being passed by the Senate would direct another $8.3 billion in such tax cuts over 10 years to small businesses, supposedly to offset the costs of the wage hike.

Without the tax breaks, the wage hike cannot pass the Senate's 60-vote hurdle for cloture, strategists on both sides insist. Meanwhile, the House version -- it passed 315 to 116, with 82 Republican votes in favor -- does not include tax breaks.

If the tax breaks are warranted, they should be granted as part of a larger review of tax policy -- not as a ransom for raising the minimum wage, now at its lowest level, adjusted for inflation, in half a century. It's good that the Senate has found other tax changes to pay for the cuts, but with the Democrats' commitment to pay-as-you-go rules, those kinds of offsets are going to be harder and harder to find; these could be used for other, perhaps more worthy, causes than another business tax break. To the extent that small businesses need help, the cuts are poorly targeted. For example, one provision would increase from $5 million to $10 million the threshold for businesses to be permitted to use cash accounting; a business grossing more than $5 million hardly sounds like a mom-and-pop shop.

The House got it right. It should stand firm -- and dare Senate Republicans and the president to block the long-overdue increase.

Who's That Senior Administration Official? (POL)

By Mike Allen

The Politico, January 31, 2007

There is no news organization in Washington, including this one, that could get by for long without them. Their wisdom echoes through dozens of Washington columns and broadcasts each day.

They are the ubiquitous "senior administration officials," and they remain one of Washington's more enduring mysteries. Never mind who they are. The puzzle is what they are.

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A casual reader might assume that there is some kind of formal protocol that makes it clear to reporters and officials alike exactly who qualifies as senior enough to be quoted anonymously as a senior official. But there is no such thing.

Simply put, the answer to how someone gets to be a senior official is: It depends. If the source insists on being called a senior administration official, chances are he or she can get away with it, no matter if by most objective measures -- title, salary, proximity to power -- they are not really all that senior. This is especially true when reporters are in a jam and eager to prove to editors or readers that they have covert access to serious inside players.

"I was quoted as a 'senior administration official' even before I became a senior administration official," says Joe Lockhart, who was White House press secretary under President Bill Clinton. "No one in the government wants to be a 'junior administration official,' and no one in the press wants to quote one."

Some of the best reporters, however, know it can be more impressive not to give promotions to anonymous officials. The late Ann Devroy, who covered the White House for The Washington Post, sometimes peppered her stories with vaguely described but apparently well-informed "mid-level" officials.

This attribution was far more worrisome to the real senior administration officials in the West Wing. That's because many of the senior officials quoted in White House stories are not insiders secretly dishing details they are not supposed to talk about. They often are authorized spokespersons who are charged with promoting the official line. The notion that mid-level officials are secretly chatting with reporters without talking points in hand can be genuinely alarming.

These days, the practice of talking as a "senior administration official" is so routine that officials will often begin an interview by saying, "OK, I'm doing this as an SAO."

Bob Schieffer, who has covered seven presidencies and is now host of CBS's "Face the Nation," says the term originated as a variant of "senior American official," which was the designation reporters used to describe a person extremely close to Secretary of State Henry Kissinger during his shuttle diplomacy in the Middle East in the early 1970s.

"'Senior American official' would say things that Henry Kissinger couldn't be quoted on, but he laid out what was happening and what the other side was going to have to do and other things that would have been awkward if Kissinger had been quoted as saying them," Schieffer says. "It sort of ballooned, and then you'd get back to Washington and you'd wind up with 100 people in a room and you'd have some official come in and brief as a 'senior administration official.' It's been abused for a long, long time."

One reason White House officials often want to be called "senior administration officials" is so the speaker could have been from the State Department, the Pentagon or elsewhere in the government. It makes it easier to put some distance from the quote if it spurs unwanted controversy. Sometimes State Department officials begin interviews by saying, "Senior official-no building," meaning they can't be identified by agency.

As recently as November, dueling SAOs also showed up at the White House press filing center in Riga, Latvia, after a memo containing National Security Adviser Steve Hadley's candid appraisal of Iraqi Prime Minister Nouri al-Maliki was leaked to The New York Times. The official transcript shows introductory remarks by White House Counselor Dan Bartlett and Press Secretary Tony Snow, then an asterisk break and two speakers, each called "senior administration official," mysteriously take over.

Those two were senior officials by anyone's definition. But the term has become somewhat debased, so that the definition of "senior" often has very little to do with any organizational chart and instead is a shorthand way of saying "someone on the government payroll who would talk to me when I needed a quote or tidbit." An SAO can provide something as momentous as the president's position going into an international summit and as trivial as the menu when he had a few members of Congress over for breakfast.

Olivier Knox, White House correspondent for Agence France-Presse, has a fairly strict definition of who it's kosher to call a "senior" official -- at least in theory.

"It should be someone who talks directly to the president about substantive matters or who talks regularly to top aides about substantive matters," he says. "An assistant secretary is fine."

But does Knox really stick to that? "Nowhere near as often as I should," Knox chuckled. "That's the ideal."

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Democrats Unveil $463.5B Spending Bill (AP)

By Andrew Taylor

AP, January 31, 2007

Democrats say they are making the best of a bad situation as they bring to the House floor a massive bill cobbling together $463.5 billion in unfinished budget business.

The bill, combining the budgets of 13 Cabinet agencies, won praise Tuesday from Democratic Party allies such as activists pressing the fight against AIDS overseas and advocates for boosting education funding.

Lawmakers in both parties hailed the bill for freeing highway construction funds, even as the White House complained that the bill will slow aid to communities harmed by a 2005 round of military base closings and cut a request for basic scientific research.

Still, the White House signaled that President Bush would sign the bill into law once it reaches his desk.

The House debate on Wednesday promises to be bitter, and the measure appears likely to pass on a largely party-line vote. But Republicans in the Senate appear unlikely to place procedural hurdles in its path.

The harshest criticism came from House Republicans, who complained that they were shut out of any chance to offer changes to the bill — and had barely any time to read it.

Rep. Jerry Lewis of California, the Appropriations Committee's top Republican — displaced as chairman last fall — ripped into the Democrats for rushing the bill to the House floor "without any prior debate whatsoever and without the opportunity to offer even one amendment on the floor."

Republicans also took issue with Democrats' claim to have "scrubbed" the bill free of homestate projects. They pointed to, for example, $50 million to match last year's funding for the Denali Commission, which funds rural road, sanitation, energy and other infrastructure projects in Alaska. Then there was the Senate's refusal to kill $45 million in funding for an indoor rainforest project in central Iowa, even though local backers have yet to come up with their required share of funding.

Democrats sought to focus attention of numerous — albeit generally small — funding increases they managed to provide in favored accounts, even while living within tight limits set by Bush and last year's GOP-dominated Congress.

The powerful veterans lobby won a $3.6 billion increase for medical care, earning praise from veterans groups and the White House, while low-income college students would receive a $260 boost in the maximum Pell Grant, to $4,310.

"After five years of broken promises from the administration, this is an important down payment by Democrats on our commitment to help families with high college costs," said Sen. Edward M. Kennedy, D-Mass.

State and local law enforcement agencies, meanwhile, won increases in grants for new equipment and hiring new officers.

Community development block grants, however, were frozen at current levels, as was Amtrak. But advocates for those programs took them as a victory relative to Bush's budget submitted a year ago.

Activists pressing for big boosts to combat AIDS, malaria and tuberculosis overseas won a $1.3 billion increase — to $4.5 billion. That's enough to fund the president's $225 million initiative to fight malaria and increase the U.S. contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria to $724 million.

The rock star Bono, who sparred with House Appropriations Committee Chairman David Obey in a meeting last month, praised Democrats for the AIDS-fighting boosts — though he might not be invited to Obey's office for a while after making demands the prickly Wisconsin Democrat found unreasonable.

The measure also lifted funding for highways, transit and motor carrier safety programs by $4 billion — to the amount specified in the six-year highway spending bill passed in 2005 and increases funding every year.

Bush's request for the Millennium Challenge Corp., which channels foreign aid to countries implementing economic and political reforms, was frozen at $1.7 billion, drawing a mild rebuke from the administration.

Senate Republicans predicted that Majority Leader Harry Reid, D-Nev., would schedule debate close to a Feb. 15 deadline and give them little choice but to pass the bill.

"What do they want?" Reid asked. "To close the government down?"

Asked how he thought debate might go, Senate Minority Leader Mitch McConnell, R-Ky., said: "Quickly."

Oregon Senator Threatens Filibuster (LAT/AP)

By Matthew Daly

The Los Angeles Times, January 31, 2007

DOJ_NMG_0125066

WASHINGTON — An Oregon senator is threatening to filibuster a must-pass spending bill if Congress does not extend payments to rural counties hurt by cutbacks in federal logging.

"The federal government has an obligation to rural Oregon, and it's time to meet that obligation," said Sen. Gordon Smith, R-Ore. "We are talking about people's jobs, children's schools and general public safety in 700 timber counties in 39 states."

Congress is considering a $463.5 billion spending bill that would pay for 13 Cabinet agencies this year. Democratic leaders hope to move the bill through the House as early as Wednesday, with the Senate likely taking it up after that.

Smith said he would try to block the bill if it does not include funding for the Secure Rural Schools and Community Self-Determination Act, a seven-year-old law that has pumped more than $2 billion into Oregon and other states hurt by federal policies that restricted logging in the 1990s. The policies were aimed at protecting the spotted owl and other threatened species.

The law -- known as "county payments" -- expired last year, and the federal government sent out its final checks to counties last month.

Smith and other Western lawmakers have been trying to reauthorize the law, but they have been frustrated by budget constraints and concerns that Oregon gets too much money under the current formula.

Oregon, long a leading timber producer where more than half the land is owned by the federal government, received more than $149 million of the $385 million distributed nationally last year by the Forest Service, far surpassing No. 2 California, which received $66 million. Washington state was third at $42 million; Idaho got about $21 million.

Smith sent a letter Tuesday to Senate Majority Leader Harry Reid, D-Nev., and Minority Leader Mitch McConnell, R-Ky., declaring that he will "put the brakes" on the budget bill if it does not include a one-year extension of the county payments program, which he called a "safety net" for rural America.

Some state and local officials have warned that libraries might be closed, deputy sheriffs laid off and other services curtailed if the timber program is not renewed.

The Senate would need 60 votes to overcome a filibuster effort.

Pentagon Is Stunned By $3 Billion Cut (HILL)

By Roxana Tiron

The Hill, January 31, 2007

A continuing resolution released Monday night axes more than half of the money the Pentagon needs to meet its base realignment and closure (BRAC) commitments, potentially preventing the military services from completing the process by 2011 as required by law.

The Army, which has 61 percent of the total BRAC budget, is preparing for the consequences of appropriators' decision to deny the Pentagon more than $3 billion out of the $5.8 billion authorized last year for BRAC.

That decision could have widespread knock-on effects on the rotation of troops in and out of Iraq and Afghanistan, the building of new brigades and the Army's plan to bring troops back from Germany.

Senior military officials had been pressuring lawmakers to add billions of dollars for necessary base closures as well as military construction and quality-of-life projects to the continuing resolution that would fund the government until the end of fiscal year 2007.

A failure to do so could have a grim impact on the services, military officials warned.

But appropriators did not heed the services' call and allotted $2.5 billion for BRAC costs for the military to begin work on the highest-priority programs. The money represents an increase of $1 billion over the 2006 budget level.

"It is pretty devastating for us," said an Army official who asked not to be quoted by name.

The service has put together a complex plan that links its military construction and troop movement plan with BRAC implementation.

Faced with the loss of billions of dollars this year, the Army is considering how to bring in additional funding for its projects. The delay of those projects ultimately will have an impact on the service's tactical and operational units, according to the official.

The Army and the rest of the military services could get more money in the upcoming emergency supplemental, but several sources pointed out that it is unlikely the military would get the entire $ 3.3 billion, if much of it at all, in the 2007 war supplemental.

Currently, there is no request of such nature in the supplemental, according to the Army official.

The Pentagon is submitting its supplemental request for the rest of 2007 together with its 2008 budget next week. The service would depend on Congress's "generosity" to get more money, the official added.

Moreover, the service may be forced to readjust its 2008 budget submission because several requests for military construction are predicated on the completion of projects in 2007, the Army official said.

"There is a trail of things predicated on getting BRAC money in a timely fashion," the official said.

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The Army is standing up new brigades as part of its so-called modularity effort. A lack of funds could shortchange the Army's plan to create a more easily deployable force and affect overseas operations.

The Army's force-rotation plan and overall readiness rely on completing its "modularity" plan on time. The Army now faces the possibility of lacking adequate facilities to train new forces and maintain equipment.

For soldiers rotating in and out of Iraq and Afghanistan, the Army also is building facilities; some of that construction is in part linked to BRAC.

In addition, without full BRAC funding, the Army may delay bringing back forces from Germany and keep units returning from conflicts inactivated for a longer period than desired, the official said.

A lack of funding may force the Army to resort to temporary housing — a practice that has long been criticized by Congress.

While it saves money in the short term, it becomes a "colossal waste of money," according to an industry source. The Army already was criticized for the use of temporary facilities to implement its modularity plans.

"Congress does not consider BRAC as an emergency that they have to do," the Army official said. "They seem to think that they can extend BRAC." Such decisions could have wider implications, the official added.

The Army may look for authority to transfer, or reprogram money from its basic military construction accounts into BRAC accounts, said the industry source.

Ultimately, the services and Congress may have to look at the possibility of delaying the implementation of BRAC, but that won't be able to happen without a change in the law. Currently, the Pentagon has six years after the approval of a BRAC round (in this case, 2005) to finish the process.

In order to increase money for BRAC 2008 and 2009 to catch up, the Army may have to trade money from its regular military-construction accounts, the official said, and that does not come without consequences.

The House is taking up the continuing resolution today and strong debate over the bill is expected.

Some Lawmakers Worried CR Could Affect Reelection Prospects (HILL)

By Jonathan E. Kaplan

The Hill, January 31, 2007

Democratic leaders' decision to exclude earmarks and to direct federal agencies to ignore legislative language that might look like pork has worried some House freshman Democrats, said one Democratic lawmaker and a senior Democratic aide.

In a meeting last Friday for Democratic chiefs of staff, some staffers worried that the absence of earmarks and an overall spending decrease — spending in the CR will not rise with inflation — would hinder their drive toward reelection.

While earmarks are not popular inside the Beltway, they do resonate with many voters. That is why most legislators do not announce their earmarks until after they have been signed into law. But in the wake of earmark scandals and both parties seeking to claim the mantle of fiscal discipline, boasting about earmarks will likely be on the decline in the 110th Congress.

Another drawback of the CR, congressional officials explained, is that Members' Representational Accounts (MRAs) will remain stuck at 2006 spending levels. A 4 percent increase, for example, would allow lawmakers to hire more staffers or pay current staffers more money. Others worried that libraries, hospitals and other institutions in their districts would be adversely affected by the spending freeze.

Budgets always present party leaders with challenges, and Democratic leaders decided to deploy their whip team to gauge support for the CR. Some lawmakers, such as Rep. Jason Altmire (D-Pa.), told House leaders that they would oppose the bill if it included earmarks and a pay hike for lawmakers. Democratic leaders met Altmire's conditions for a yes vote: increased spending on veterans' healthcare and no cost-of-living adjustment for lawmakers.

That lawmakers would complain about spending levels would not be unusual except for the unique predicament in which Democratic leaders found themselves upon assuming the majority earlier this month.

Faced with having to fund the government for the rest of fiscal year 2007, Democrats would have had to pass nine of 11 appropriations bill that the House Republican majority of 2006 did not. Rep. David Obey (D-Wis.) and Sen. Robert Byrd (D-W.Va.), the chairmen of the House and Senate Appropriations committees, respectively, decided to cram those nine spending bills into the continuing resolution and to consider the measure without any earmarks or debate.

Democrats and Republicans blamed each other for the process and substance in the budget. Republicans lit into Democrats, complaining once again that they were not allowed a role in drafting the bill or in amending it on the House floor.

"The CR results from the failure of Republicans to do their work," said Majority Leader Steny Hoyer (D-Md.), referring to the House Republican majority's inability or unwillingness last year to pass the spending bills. "It would be an unending process to open it up."

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The bill, which the House will consider tomorrow, has taken on the form of both a conference report and an omnibus spending bill, depending on which party is talking. Hoyer emphasized that the CR was being treated as a conference report, which is not subject to amendments.

Rep. Paul Ryan (R-Wis.), the ranking Republican on the House Budget Committee, said, "What they're doing is they are rewriting appropriations. This is an omnibus appropriations bill. And to bring an omnibus appropriations bill to the floor with a closed rule and no chance of amendments and no chance at debate is really historic."

In policy memos distributed to GOP staff and reporters, Republicans alleged that the CR included long-term earmarks for programs housed at the Department of Energy and that changes in funding formulas would decimate the Section 8 housing program.

Nevertheless, Democratic lawmakers cheered their leaders at the Democratic Caucus meeting yesterday, said aides who were in the room. House Energy and Commerce Committee Chairman John Dingell (D-Mich.) led his colleagues in applauding Obey. Rep. Jerrold Nadler (D-N.Y.) was excited that Section 8 housing received more money in the continuing resolution.

In addition, some members were content with the CR, for now, because it paid for all transportation projects, added money for community health centers and funded a program created in the 2005 energy bill to provide loan guarantees for alternative-fuel programs. In addition, all of the Army Corps of Engineers' water projects will be funded. The projects initially were funded as earmarks, but Obey reached a deal with the Corps and the Office of Management and Budget to pay for the projects.

Accord On Increasing Pell Grants (NYT)

By Diana Jean Schemo

The New York Times, January 31, 2007

WASHINGTON, Jan. 30— The maximum federal grant for middle- and low-income students to attend college would increase for the first time in four years under a catchall spending bill that House and Senate Democrats agreed to on Tuesday.

The measure would complete budget issues left over from 2006.

The increase, announced by the chairmen of the House and Senate Appropriations Committees, would raise the maximum grants, under the Pell program, to $4,310 a year from $4,050. The last substantial increase in the grants was in 2001.

Senator Edward M. Kennedy, Democrat of Massachusetts and chairman of the Senate education committee, called the increase "an important down payment by Democrats on our commitment to help families with high college costs."

The move follows a vote by the House, under the Democrats' agenda in the new Congress, to cut interest rates on some subsidized loans for middle- and lower-income students.

Although the rate cut passed with overwhelming bipartisan support, that bill was criticized by House Republicans and the Bush administration as benefiting just college graduates faced with repaying loans, rather than broadening access to college for low-income students.

With the announcement on Tuesday, days before President Bush is to release his 2008 budget, Democrats appeared to answer that criticism, part of a broader effort to claim the issue of college affordability.

Even if the president asks for an increase in Pell Grants, as the White House has indicated is likely, Democrats will have already acted to increase the grants.

Republicans generally appeared to support increasing the grants.

Each year, 5.3 million students with family incomes less than $40,000 a year receive the grants. Although the grants have remained steady, the cost of attending college has outpaced inflation, lowering the buying power of the grants.

The budget bill would increase federal grant money by $615.4 million, to $13.6 billion for this year.

An advocate for the U.S. Public Interest Research Group Higher Education Project, Luke Swarthout, said the increase was significant, though students had hoped for a much larger increase.

Letter Exposes Dingell (HILL)

By Alexander Bolton

The Hill, January 31, 2007

House Energy and Commerce Committee Chairman John Dingell (D-Mich.) has written a letter to Speaker Nancy Pelosi (D-Calif.) voicing his objection to working with fellow chairman Barney Frank (D-Mass.) to establish a new task force. The letter, which has been obtained by The Hill, directly contradicts claims Dingell made last week, when he said he was unaware that discussions on the task force were underway.

Dingell's letter also shows how the powerful chairman earned the reputation as a fierce defender of his turf when he headed Energy and Commerce in the 1980s and '90s.

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Spurring Dingell is the issue of data security, which is important to senior Democrats on the Commerce Committee and Frank's Financial Services panel. Consumer privacy heated up as a political topic recently when discount retailers Marshalls and T.J. Maxx reported that they had lost potentially millions of customers' financial information to theft.

In a letter to Pelosi dated Dec. 11 , Frank proposed setting up a multi-committee task force on data security but later said he dropped the idea because Dingell had objected to it.

Dingell, who created a stir early this month by opposing the creation of another task force on energy policy, last week sought to dispel more public attention by denying his objections to Frank's idea for data security.

"I haven't said anything about it yet — I haven't said anything at all," Dingell said last week when asked about the proposed data task force. "Frank mentioned something about this at a meeting and I made no comment whatsoever. I never knew it was any kind of formal discussion or offer or proposal or anything else."

But that denial contradicts a letter Dingell sent to Pelosi two days after she received Frank's letter formally suggesting the task force.

"I have received a copy of Rep. Barney Frank's letter dated December 11, 2006, regarding the need for legislation to protect the privacy of consumers' sensitive personal information," Dingell wrote Pelosi in a two-and-a-half page letter claiming jurisdiction over the issue.

"At this time, I do not see a need to subjugate the legitimate committee process to a task force unless regular order fails to produce responsible legislation," he wrote in conclusion.

Dingell's spokeswoman, Jodi Seth, said that her boss did not object to Frank's proposal because he remained open to setting up a task force at a later date.

But Frank proposed the task force to avoid a procedural logjam from developing.

"The House in the 109th Congress failed to address this issue, due in large measure to unresolved jurisdictional conflicts among the Republican leadership of the affected committees," Frank wrote to Pelosi. "In the next Congress, we should break that logjam by working out these conflicts at the very beginning of the legislative process."

Frank said he was surprised that Dingell denied objecting to the task force.

"I was surprised to see the comments in The Hill's recent story on data security," Frank said. "I followed up with my idea on the multi-committee task force in a letter to Speaker Nancy Pelosi, and Chairman Dingell responded with a letter to the Speaker with his objections."

In his letter, Dingell also took a few swipes at Financial Services, showing that his elbows are still sharp after 51 years of House service.

Dingell asserted that Rep. David Dreier (R-Calif.), a former chairman of the Rules Committee, "made it clear" that when Republicans set jurisdictional boundaries between Commerce and Financial Services they did not intend to limit Commerce's claim over consumer affairs and consumer protection matters.

"I therefore am puzzled by Rep. Frank's assertion that he is 'chairman of the committee with primary jurisdiction on this issue,'" Dingell wrote.

Dingell also raised questions with Pelosi over whether Frank had sufficient control over his committee to pass strong consumer protections.

"I respect Rep. Frank's strong commitment to consumer protection, most notably in the area of his longstanding commitment to affordable housing, but I also know that he faces considerable opposition in his committee," Dingell wrote. "Despite a steady stream of security breaches over the last two years, the banking industry has stated that it will oppose any legislation that imposes stronger requirements than currently exist under the privacy provisions of Gramm-Leach-Bliley."

Dingell went on to write that even the protections created by that law would not be in place "were it not for the strong leadership" of his committee. He also said that in its previous incarnation as the Banking Committee, Financial Services approved "extremely weak privacy protections for consumers' sensitive personal information."

Defending his panel, Frank said in an interview that Dingell's criticism about opposition to strong protections within Financial Services was true in the Republican majority and is still relevant now that Democrats control the panel.

Frank also explained that his committee has primary jurisdiction over credit cards and did not intend to argue that he had first claim over all legislation protecting the security of sensitive personal financial information.

Despite the recent flare-up, however, both Frank and Dingell say they are beginning to cooperate on data security, even though the idea for a multi-committee task force has been dropped.

"I now believe we'll be able to work this out," Frank said. "There's cooperation between our two committees and Ways and Means. Members are talking to each other."

Dingell's spokeswoman said that her boss told Frank on the House floor late last week that he did not have a problem with the staffs of Commerce and Financial Services "beginning to talk with each other" about data security.

FBI Probing Rep. Miller's Land Sales (LAT)

By William Heisel

The Los Angeles Times, January 31, 2007

The FBI is investigating Rep. Gary Miller (R-Diamond Bar) for a series of land transactions in which he avoided paying capital gains taxes after saying he had been forced to sell under eminent domain in Monrovia and Fontana.

The federal investigation was initiated after The Times reported in August that officials in both cities denied that they had acquired Miller's property using eminent domain, which enables governments to buy land for certain purposes even if owners do not want to sell.

After a land sale in Monrovia in 2002 and two subsequent sales in Fontana in 2005 and 2006, Miller claimed an exemption under Internal Revenue Code Section 1033, which grants those forced to sell property through eminent domain at least two years to reinvest the profits without paying capital gains taxes.

Miller's repeated use of the forced-sale exemption has enabled deferment of capital gains taxes through at least 2009.

Dick Singer, a spokesman for Monrovia, said federal agents had interviewed city officials and requested a videotape from a City Council meeting in 2000 cited by The Times in which Miller asked city officials four times to buy his land.

Glen Owens, a Monrovia planning commissioner quoted by The Times, said he was interviewed by two FBI agents in person. "They were asking mostly about the Monrovia deal and what kind of person he was," Owens said.

Since that time, the FBI has interviewed several other current and former city officials from Monrovia and Fontana, officials said.

The FBI declined to comment Tuesday.

Miller's spokesman said he had not been contacted by the FBI. "Congressman Miller is tired of all the rumor and innuendo that has been in the press regarding his past real estate transactions," spokesman Scott Toussaint said in an e-mail to The Times.

The investigation was first reported in Tuesday's San Gabriel Valley Tribune.

Citizens for Ethics and Responsibility in Washington, a nonpartisan government watchdog group, filed a complaint in August after The Times' story was published. The complaint asked the IRS to investigate and alleged that Miller had violated federal law by invoking the eminent domain provision to avoid paying taxes.

"It looks like this is not casual; it seems like quite a concerted effort," said Melanie Sloan, the group's executive director. "Miller has clearly acted illegally. The idea of running into eminent domain three times is absolutely ludicrous."

Toussaint said Miller had asked, after The Times' story in August, that the House Ethics Committee review the land deals and determine whether he had committed any infractions. A review by the committee would be unrelated to the FBI investigation.

"He voluntarily delivered all relevant documents to the Ethics Committee, as well as all newspaper articles on the subject, and asked for an investigation and opinion," Toussaint said.

When Miller sold 165 acres to the city of Monrovia in 2002, he made more than $10 million, according to a financial disclosure form he filed in Congress.

State and federal taxes would have taken up to 31% out of that profit, but Miller claimed an exemption under Section 1033. He said Monrovia had forced him to sell his land, even though the city bought it from him with state money that specifically prohibited the city from using eminent domain.

He then reinvested some of those profits into land in Fontana and Rancho Cucamonga. When he sold some of the land in Fontana in 2005, again he claimed that he had been forced to sell the land because of eminent domain. When he sold more of the land in 2006, he made the claim a third time.

In Fontana, he asked that the city manager write him a letter saying that eminent domain could be used in the case of his land sale. The city did so but noted that it would have to amend its rules to use eminent domain.

"We do not have the power of eminent domain in that area, and we have no plans of amending the plan to get the power of eminent domain," Kenneth Hunt, the city manager, told The Times in August. "You'll have to talk to him about why he asked for a letter."

Hunt told The Times initially that the city wrote those types of letters regularly.

But when The Times requested copies of all letters mentioning eminent domain, city officials conceded that they had written letters only for Miller and a property owner who owned land near the congressman's.

City Councilman Frank Scialdone said Tuesday that council members were concerned about the letters and asked Hunt to make sure that he didn't write letters like that again.

"The whole thing didn't look right, and we wanted to make sure that we as a city are not in that position again," Scialdone said. "You will not see letters like that coming from us in the future."

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The Times reported in December that while Miller was urging the city of Monrovia to buy his property, he tried to secure an appointment for one of Monrovia's City Council members, Robert Hammond, to the National Park System Advisory Board, a prestigious panel that makes policy recommendations. But there were no open positions on the board at the time.

Hammond told The Times in December that he had not been contacted by the FBI. On Tuesday, he did not return calls for comment.

FBI Examining Video In Miller Land Probe (SGVT)

By Fred Ortega And Gary Scott, Staff Writers

San Gabriel Valley Tribune, January 31, 2007

Monrovia officials have given the FBI a video recording of a 2000 City Council meeting featuring testimony from Rep. Gary Miller, part of a federal investigation into the congressman's Southland business dealings.

In the video, the Brea Republican is seen appealing to the council to purchase his 165-acre hillside plot during the Feb. 29, 2000 meeting. Miller later avoided paying capital gains on the $10-million profit he made on the land sale by claiming the city forced the sale.

City spokesman Dick Singer said federal agents asked for the video within the past three weeks.

The FBI began investigating the Monrovia deal after a government watchdog group accused Miller of violating tax laws in his sale of the property in 2002 and the subsequent sale of two Fontana properties that he bought with the proceeds.

The FBI has contacted at least four current and former city officials in Fontana and Monrovia in recent months to ask about the congressman's land dealings.

FBI officials have declined to comment. Miller has maintained his innocence, adding that he has not been contacted by federal investigators.

An official with Citizens for Responsibility and Ethics in Washington (CREW), the group

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that filed the initial complaint about Miller's use of the tax code, said she is gratified by the FBI's level of response.

"This is not random, this is not casual, and it is not minor," said CREW Executive Director Melanie Sloan, a former federal prosecutor. "The number of people they have contacted means that they have dedicated significant resources on this."

CREW filed a complaint with the IRS last August following publication of a Los Angeles Times article detailing Miller's land transactions. The group alleges Miller improperly used IRS Code Section 1033, which allows individuals who have their land forcibly taken away by the government to postpone paying capital gains taxes for up to two years.

Miller used the same exemption to avoid paying capital gains taxes when he sold his Fontana properties in 2005 and 2006.

Fontana and Monrovia officials have denied forcing Miller to sell his land, and eminent domain was never used in any of the sales.

Glen Owens, a Monrovia planning commissioner, said Tuesday that an FBI agent questioned him about the chain of events that led up to Miller's land sale to the city.

Owens served on a advisory committee with Miller in the 1990s that was formed to come up with a plan for hillside development. He said he believes Miller did not intend to build on his property at the time of the sale.

"He soon realized that he could probably make more money by selling the land than by developing it," said Owens.

He added, "Gary just knows how to work the system and he is not afraid to push the envelope and that is what he's done. But I don't think he has broken any laws. He's just used bad judgement."

The FBI does not investigate minor ethical lapses, said Bruce Cain, director of the University of California Washington Center in Washington, D.C.

"The fact that they have taken an interest shows that this is something they are taking rather seriously," he said.

Cain added that potential conflict of interest charges against Miller might be even more damaging than allegations that he illegally postponed paying capital gains taxes.

Miller came under scrutiny in a 2005 Tribune article when he earmarked $1.28 million for street improvements in Diamond Bar near a planned commercial and residential development he co-owned with Lewis Operating Co., his largest campaign contributor.

Other news articles have also detailed Miller s 2005 use of a highway bill to allow Rialto to close down its airport, a move that allowed Lewis Operating to develop the airport land.

"This is something Democrats are targeting with their ethics reform, going after earmarks that are self-enriching or enriching your friends," said Cain. "It all resonates with the culture of corruption issue, and it could be a problem not only for Miller, but for Republicans as they try not to lose any more seats in 2008."

Miller said Monday that he asked the House ethics committee late last year to review his business dealings to put to rest any rumors of wrongdoing. His spokesman, Scott Toussaint, refused to release any documents relating to that inquiry.

A spokeswoman for ethics committee Chairwoman Rep. Stephanie Tubbs Jones, D-Ohio, would not comment on any committee inquiries. Committee staff members did not return calls seeking comment.

Any congressional inquest would likely have nothing to do with an FBI investigation, said Stanley Brand, a former special counsel to the House ethics committee.

"These are parallel processes," said Brand, now with the Brand Law Group in Washington D.C. "There have been instances where the committee launched major investigations where they have used former or existing FBI agents, but they do not as a matter of course dispatch FBI agents to conduct their work. They have their own investigators."

Sloan was dismissive of any investigation by the House.

"I am highly skeptical that the ethics committee is looking into it," she said. "The committee is a joke. They have never done anything effectual. They have never done anything to (former Rep. Bob) Ney, (Rep. William) Jefferson, to (former Rep. Randy) Cunningham, and they won't do anything to Miller."

Rep. Gary Miller, In Senior Perch, Is Part Of FBI Probe (HILL)

By Susan Crabtree

The Hill, January 31, 2007

After months of GOP ethics scandals, House Republicans chose Rep. Gary Miller (R-Calif.) as the ranking member of a panel charged with investigating financial institutions — even as the FBI was looking into his land deals.

Financial Services Chairman Spencer Bachus (R-Ala.) named Miller to the top GOP spot on the oversight and investigative subcommittee Jan. 9, according to a committee release. Watchdog groups have been raising red flags on several of Miller's land deals since The Hill and other media outlets first scrutinized them early last year. Yesterday, a spokesman for the southern California city of Monrovia confirmed that agency officials had contacted the city about Miller's land deals in the last two months.

Bachus's office did not return calls for comment.

Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio), said the leadership team would act "decisively" if a member were found to have violated the law or House rules.

"Mr. Boehner has made it abundantly clear that he and the new Republican leadership team in the House intend to hold members to the highest possible ethical standards," Kennedy said. "If any Republican member is found to have violated ethics rules or broken laws, this leadership team and the Steering Committee will act accordingly and decisively."

After the election, Rep. John Doolittle (R-Calif.), who was under scrutiny for his ties to lobbyist Jack Abramoff, decided not to run again for his conference secretary leadership position, and instead Rep. John Carter (R-Texas) ran and won that post. But Republicans decided not to oust Rep. Jerry Lewis (R-Calif.), another member who is under FBI investigation, from the coveted top spot on the Appropriations panel.

In an interview earlier this year, Boehner said he believes Lewis is innocent until proven guilty, and that prevented him from toppling him from the top GOP spot on the spending panel.

But Melanie Sloan of Citizens for Responsibility and Ethics in Washington (CREW) said Republicans are in the minority because they have operated under just that kind of policy for the past several years. The group filed a complaint about Miller's land deals with the IRS last August.

"Until you can understand that your members have to do better than just avoid indictment, then you're going to stay in the minority for many years to come," Sloan said. "We're gratified that there is an investigation. Miller has been clearly engaged in illegal activity and hopefully this will put an end to it."

A spokesman for Taxpayers for Common Sense, Steve Ellis, said the group has been looking into Miller's land deals over the last year and considers him to be "under an ethical cloud."

"It's questionable at best to put him in charge of the ranking-member slot on the committee," Ellis said. "If more comes out from the FBI investigations, it may end up blowing up in the Republicans' faces."

Miller's appointment to the ranking slot on the oversight and investigations panel plays into the Democrats' hands. Already this year, the Democratic Congressional Campaign Committee has repeatedly named Miller as one of its top targets in 2008 and has made it clear that targeting ethically challenged members will be a major piece of their strategy this cycle.

"House Republicans seem to mistakenly believe that being investigated by the FBI qualifies you for an influential position on the oversight and investigative subcommittee," DCCC spokeswoman Kate Bedingfield said. "This kind of lack of leadership and accountability from the GOP is exactly why Americans voted for a change of direction in Congress."

Monrovia spokesman Dick Singer yesterday acknowledged that a government agency had contacted city officials about Miller's land deals "within the last couple of months," but declined to offer any more specifics.

The San Bernardino Sun yesterday reported that the FBI had contacted officials and former officials from several cities in southern California about Miller's land deals.

Miller spokesman Scott Toussaint said the FBI had not contacted Miller or his staff. Miller has consistently denied any wrongdoing and yesterday lashed out at the press for conducting what he called a "smear" campaign against him.

"Congressman Miller is tired of all the rumor and innuendo that has been in the press regarding his past real estate transactions," Miller said in a written statement.

In order to "stop this smear once and for all," Miller said he handed over "relevant documents" to the ethics committee late last year and asked it to render an opinion.

"If he is contacted, he intends to cooperate fully because he has nothing to hide," the statement said.

Among various questionable land deals, The Hill first reported late last year that Monrovia city officials had tried to secure a federal earmark to help purchase a large swath of land to create a wilderness preserve in the nearby foothills, 165 acres of which Miller owned. The city's efforts were unsuccessful and it instead passed a tax increase and secured California state grant money to pay for the land. Miller ended up making nearly $10 million on the deal.

In August, CREW filed a complaint with the IRS alleging that Miller failed to report or pay capital-gains tax on the sale of the land to Monrovia. The Los Angeles Times reported that Miller claimed that the city had exercised eminent domain, which would lighten his tax load; but the city denied doing so.

White House Order Tightens Grip On Policy, Stirs Debate On Control (WSJ)

By John D. Mckinnon

The Wall Street Journal, January 31, 2007

WASHINGTON -- A White House move to tighten its control over federal regulations is providing fresh evidence of the Bush administration's intent to leave its conservative imprint on government over the next two years.

The White House action, in the form of an executive order, is a reminder that despite Democrats' success in November's congressional elections, Mr. Bush retains control of the basic machinery of government that often decides how corporations and citizens go about their business. It is a power that Congress has limited ability to affect.

· What's New: President Bush extended White House oversight of agency regulation to include more informal guidance and more data on costs.

· What's at Stake: Businesses are hoping they've gained new tools to avoid costly regulation, while consumer and liberal groups worry about a conservative power grab.

· What's Next: Democrats in Congress are likely to take a look, but have few options.

Now Mr. Bush aims to exercise more sway.

Most notably, the White House has given itself more review authority over many informal agency dictates known as guidance. Critics say the executive order gives the White House a chokehold over new guidance it dislikes. White House officials deny that, saying it is simply strengthening a review process that already occurs in many instances.

Even defenders of the administration say this change is likely to give the White House more say in how to interpret federal rules. As the White House has assumed more oversight on formal rulemaking, many critics say agencies have done more regulation through informal guidance, such as letters or manuals. Because these aren't formal regulations, the agencies don't have to go through the same elaborate procedures. Labor officials in recent years have issued guidance on hundreds of occupational-safety issues, critics note.

"I think that's important," James Gattuso, an expert on regulation at the conservative Heritage Foundation, said of the change. "If you believe in review of regulations to ensure they're consistent with administration policy, and no more costly than necessary, you really want guidance documents to be included as well."

Administration officials say the principal aim of the new policies isn't to stifle regulation but to clarify a process that can appear confusing and opaque to the people affected. Several of the changes are aimed at making sure that regulated companies and individuals get more of an opportunity to comment in advance on planned policies, said Jeffrey Rosen, general counsel of the White House Office of Management and Budget.

"Bad, bad, bad," Gary Bass, executive director of liberal advocacy group OMB Watch, said of the changes. He predicted they would hamper the government's ability to respond to regulatory crises -- such as the recent E. coli outbreaks on fresh vegetables.

The House Oversight and Government Reform Committee is considering a hearing on the issue. The administration's new approach "interferes with the ability of agencies to make decisions based on their expert opinions, and is something Congress should carefully review," Chairman Henry Waxman (D., Calif.) said in a statement. Sen. Joseph Lieberman of Connecticut,

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chairman of the Senate Homeland Security and Governmental Affairs Committee, said in a statement that his panel would monitor the situation to "make sure that essential federal protections are not being undermined."

Mr. Rosen said it's "ironic that a measure that increases availability of guidance documents to the public and allows input by the public would be seen as a problem instead of a benefit." He also said there is an exception for emergencies.

The executive order has three other main parts. It sets a new standard for formal rulemaking that requires agencies to find a "market failure" before proceeding with formal regulation. That's a concept that has been championed by Susan Dudley, the academic Mr. Bush nominated to oversee regulatory matters for the White House. Her nomination has been blocked in the Senate, and the White House has said she instead will be tapped for a senior adviser post.

Public Citizen, a liberal advocacy group, said that provision could derail much new regulation. But Mr. Rosen says it is an attempt to clarify a provision that has governed executive-branch rulemaking since the Clinton administration issued its executive order on regulations in 1993. That 1993 provision called for an agency undertaking a rulemaking to identify the problem it intends to address, including "the failures of private markets," he said.

The new Bush order also requires agencies to put a senior official -- technically, a presidential appointee -- in charge of regulatory policy. Critics say that will extend the reach of the White House further into agencies' operations. But White House officials say it's just institutionalizing a longstanding practice. Most agencies already have designated a presidential appointee as their regulatory policy chief, Mr. Rosen said.

Another change requires agencies to develop annual plans for weighing the combined costs and benefits of all regulation planned for the year. Liberal critics say such analyses are biased against regulation and will cause agencies to postpone new rules.

Lawmakers Unveil Election Financing Bill (SFC)

By Jim Kuhnhenn

San Francisco Chronicle, January 31, 2007

As the cost of presidential campaigns moves toward the $1 billion mark, leading congressional advocates of tougher campaign finance laws want to reduce the influence of special interests by pumping more taxpayer money into the system.

Three House members and one senator on Tuesday introduced legislation that would increase the amount of money in the presidential public financing system and increase the spending limits for candidates who participate in it. It would not change the rules for the 2008 presidential election.

"This system that's in place now is not sustainable," said Rep. Martin Meehan, D-Mass., who introduced the legislation in the House with Reps. Christopher Shays, R-Conn., and David Price, D-N.C. Sen. Russ Feingold, D-Wis., introduced similar legislation in the Senate.

The legislation would triple the amount available to candidates during state primaries and eliminate state spending limits. It would increase the amount available for general elections to $100 million (More than $80 million would be available in 2008). It also would offer more money to candidates whose opponents chose to decline the public money and raise more on their own.

To pay for the extra money, the sponsors would increase the voluntary presidential campaign checkoff on income tax returns from $3 to $10.

The proposals follow Democratic Sen. Hillary Rodham Clinton's decision to avoid the public system entirely during her 2008 presidential bid. Other candidates, including Sen. Barack Obama, D-Ill., and Sen. John McCain, R-Ariz., are contemplating taking a similar step.

In 2004, President Bush and Democrats Howard Dean and Sen. John Kerry turned down the money in the primaries. Kerry and Bush did accept general election funds.

Sponsors of the changes said they didn't blame candidates for rejecting public financing altogether.

"The reality is if somebody did comply with this system, they couldn't get elected," Meehan said.

Notable by his absence from the group was McCain, whose name is synonymous with past efforts at toughening campaign laws. Conservatives have criticized him for his previous stands, claiming campaign finance laws have diluted their free speech rights. The Republican National Committee this month passed a resolution denouncing the campaign law that McCain championed in 2002.

"We'd love to improve the system," McCain said in a brief hallway interview Tuesday. But he said he'd been away from Washington and was not familiar with the details of the new proposal. "I haven't focused on it."

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Honesty In Elections (NYT)

The New York Times, January 31, 2007

On Election Day last fall in Maryland, fliers were handed out in black neighborhoods with the heading “Democratic Sample Ballot” and photos of black Democratic leaders — and boxes checked off beside the names of the Republican candidates for senator and governor. They were a blatant attempt to fool black voters into thinking the Republican candidates were endorsed by black Democrats. In Orange County, Calif., 14,000 Latino voters got letters in Spanish saying it was a crime for immigrants to vote in a federal election. It didn’t say that immigrants who are citizens have the right to vote.

Dirty tricks like these turn up every election season, in large part because they are so rarely punished. But two Democratic senators, Barack Obama of Illinois and Charles Schumer of New York, are introducing a bill today that would make deceiving or intimidating voters a federal crime with substantial penalties.

The bill aims at some of the most commonly used deceptive political tactics. It makes it a crime to knowingly tell voters the wrong day for an election. There have been numerous reports of organized efforts to use telephones, leaflets or posters to tell voters, especially in minority areas, not to vote on Election Day because voting has been postponed.

The bill would also criminalize making false claims to voters about who has endorsed a candidate, or wrongly telling people — like immigrants who are registered voters in Orange County — that they cannot vote.

Along with defining these crimes and providing penalties of up to five years’ imprisonment, the bill would require the Justice Department to counteract deceptive election information that has been put out, and to report to Congress after each election on what deceptive practices occurred and what the Justice Department did about them.

The bill would also allow individuals to go to court to stop deceptive practices while they are happening. That is important, given how uninterested the current Justice Department has proved to be in cracking down on election-season dirty tricks.

The bill is careful to avoid infringing on First Amendment rights, and that is the right course. But in steering clear of regulating speech, it is not clear how effective the measure would be in addressing one of the worst dirty tricks of last fall’s election: a particular kind of deceptive “robocall” that was used against Democratic Congressional candidates. These calls, paid for by the Republicans, sounded as if they had come from the Democrat; when a recipient hung up, the call was repeated over and over. The intent was clearly to annoy the recipients so they would not vote for the Democrat.

While there are already laws that can be used against this sort of deceptive telephone harassment, a more specific bill aimed directly at these calls is needed. But the bill being introduced today is an important step toward making elections more honest and fair. There is no reason it should not be passed by Congress unanimously.

FDA Plans To Boost Safety With Newsletters, Drug Profiles (USAT)

By Rita Rubin

USA Today, January 31, 2007

WASHINGTON — Food and Drug Administration officials unveiled a variety of initiatives Tuesday to improve drug safety and expand information to the public about the medicines they take.

Among the steps announced at a news conference:

·A collaboration with the Veterans Health Administration to share information and expertise related to the review and use of medical products.

·A pilot program to produce safety profiles of new drugs after they have been on the market for 18 months.

·Periodic newsletters on the FDA website to update consumers about post-marketing reviews of drugs.

·Establishment of a committee of outside experts to advise the FDA about how to communicate risks to the public.

·Organizational changes to improve communication between FDA staffers who review drugs before approval and those who track the drugs' safety afterward.

The FDA's efforts come in response to an Institute of Medicine report released last September. The report, which was requested by the FDA, concluded that the agency needs to pay more attention to the safety of drugs once they are on the market, a move that requires more money and regulatory authority. FDA commissioner Andrew von Eschenbach said the agency regards the report as "a substantial amount of advice," not a "rigid blueprint."

Institute committee member Alta Charo, a professor of law and bioethics at the University of Wisconsin-Madison, called the FDA's new report "a very serious effort to respond to the IOM recommendations. It's filled with a variety of first steps that go in the right direction."

Still, Charo said in an interview, "I have to confess I'm disappointed that they ignored one of our most critical recommendations." Specifically, she said, the report advised the FDA to give more clout to the agency's Office of Drug Safety, which monitors drugs after they go on the market.

"If they pick up on a problem," Charo said, "they don't have the ability to force anybody to pay any attention to them."

Probably the best-known FDA drug safety staffer is David Graham, who got a lot of people to pay attention when he told the Senate Finance Committee in November 2004 that the agency was "virtually defenseless" against another "tragedy and a

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profound regulatory failure" like Vioxx. Merck pulled the arthritis drug off the market in September 2004 because it raised the risk of heart attack and stroke.

Sens. Chuck Grassley, R-Iowa, and Christopher Dodd, D-Conn., said Tuesday that they were reintroducing legislation to revamp the FDA's after-market surveillance. In a statement, Grassley, who chaired the Finance Committee when Graham blew the whistle, said the bill "addresses the fact that the office approving new drugs carries too much sway over the FDA's drug-safety apparatus."

F.D.A. Widens Safety Reviews On New Drugs (NYT)

By Gardiner Harris

The New York Times, January 31, 2007

The Food and Drug Administration announced changes yesterday that were intended to ensure that marketed drugs are as safe as advertised, including the first effort to do a comprehensive assessment of the safety of drugs 18 months after introduction.

The agency also announced the creation of an advisory panel to improve the way it announces safety worries and a collaboration with the Veterans Health Administration to track how real patients fare after taking drugs.

The F.D.A. plan is the latest effort to fix the agency after a series of missteps. In September 2004, Merck withdrew its arthritis drug, Vioxx, after a study showed that it doubled the risks of heart attack. About the same time, the agency announced that antidepressants cause some teenagers to think more about suicide.

In both cases, the agency took years to acknowledge risks to millions of patients that had been apparent to some researchers.

“We don’t see this as the only answer,” said Dr. Andrew C. von Eschenbach, the F.D.A. commissioner, at a news conference in Washington announcing the initiatives. “It’s merely a step as we continue a process of improvement that will be ongoing.”

Senator Christopher J. Dodd, Democrat of Connecticut, said in a written statement that far greater changes were needed at the agency. Mr. Dodd promised to introduce two bills today that would reorganize the F.D.A. and require drug makers to disclose the results of all clinical trials involving humans. The bills’ co-author, Senator Charles E. Grassley, Republican of Iowa, has called the agency far too “cozy” with drug makers.

In many cases, the date that the agency will begin the efforts announced yesterday is uncertain. For instance, Dr. Steven Galson, director of the agency’s drug center, said at the news conference that the pilot program to assess systematically a drug’s safety 18 months after its introduction would probably take about a year to put into place — with the assessment due 18 months after that.

“We’re just organizing that process to get started,” Dr. Galson said.

In a scathing assessment released in September, the Institute of Medicine concluded that the F.D.A. was rife with internal squabbles and hobbled by underfinancing, poor management and outdated regulations. The institute, the most important medical advisory organization in the country, suggested that the agency undergo 25 major changes, many of which would require Congressional authorization.

Alta Charo, a professor of law and bioethics at the University of Wisconsin and one of the authors of the Institute of Medicine’s report, described the F.D.A. announcement yesterday as “a good set of first steps towards improving the safety of the drug supply in the United States.”

Professor Charo said she was “disappointed” that the agency had failed to adopt some of the institute’s bolder recommendations, including one suggesting that the agency give greater authority to officials who assess the safety of drugs after they go on the market.

“We viewed that as critical,” she said.

Alan Goldhammer, deputy vice president for regulatory affairs for the Pharmaceutical and Research Manufacturers of America, praised the F.D.A.’s announcement as a “very thoughtful and comprehensive response” to the Institute of Medicine’s report.

“The agency has made substantive and significant progress in improving and enhancing the drug safety system in the U.S.” said Mr. Goldhammer, whose organization represents drug makers.

Still, the plan does little to address a problem that nearly all agree underlies many of its woes: a chronic shortage of government money. As Dr. von Eschenbach noted at the news conference, the agency has regulatory authority over about a quarter of the American economy. After the Sept. 11 attacks, the agency was asked to increase its efforts to prevent bioterrorism. Despite having greater responsibilities, its budget has remained relatively flat for years.

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There are now thousands of drugs in routine use. Figuring out which of these medicines may have undiscovered side effects will take a lot of money. The agency gets about $400 million of its $1.9 billion budget from fees assessed on drug makers. Under a formula negotiated with the drug industry, this money comes with strings attached. One restriction was that the F.D.A. could use little of the money to track the safety of approved drugs.

That deal between the F.D.A. and drug makers expires this year, and the drug companies have agreed to allow more of their money to be used for postmarket safety assessments. Whether those fees are enough, whether there should be any strings attached to them and whether that money should be coming from drug makers at all has become the subject of fierce debate.

"Drug makers clearly get their money's worth with all this money," said Dr. Sidney Wolfe, director of Public Citizen's health research group. Dr. Wolfe and other consumer advocates say that the F.D.A.'s dependence on drug industry fees has softened its oversight.

Dr. Scott Gottlieb, who last week left his job as the F.D.A. deputy commissioner to return to the American Enterprise Institute, a free-market research group, said the real debate unfolding around the agency is between those who believe that it needs more money and tools to assess drug risks, and those who believe that the agency should begin regulating the practice of medicine.

"I think we need to give the agency the resources it needs to get information about drug risks quickly," Dr. Gottlieb said. "But we don't need the government telling doctors and patients what to do."

The F.D.A. plan promises to return the agency to its scientific roots. It once had robust laboratories that conducted original studies to assess drug risks on its own. Those laboratories were largely eliminated in the past decade to apply more money to the drug-approval process and the support of a bare-bones computer program to track side effects of drugs.

But in the past two years, the agency has begun an effort to improve the science of drug safety, making itself an active participant in scientific endeavors once left exclusively to drug makers and basic scientists.

The efforts announced yesterday included the creation of a database of genetic codes associated with bad drug outcomes, the development of a computer model to identify patients who are most likely to suffer liver injury, and the design of screening tests that would identify patients most at risk of general drug problems.

Changes Will Ensure Drug Safety, FDA Says (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, January 31, 2007

WASHINGTON — The Food and Drug Administration pledged Tuesday to make major changes in the nation's drug safety system, responding to a blue-ribbon panel that last fall found the agency's priorities skewed toward approving new medications without adequate follow-up to identify rare but risky side effects.

FDA Commissioner Andrew C. von Eschenbach said the improvements would help the agency regain the "trust and confidence" of doctors and patients after a series of highly publicized safety lapses, including the withdrawal from the market of Vioxx, a previously approved and popular painkiller found to cause heart attacks.

But the FDA's internal fixes stopped short of addressing key issues such as increased funding and broad new legal powers for the drug safety program — reforms that depend on congressional action that may come this year. And some critics said the agency had not done enough to bring safety officials into the drug approval process.

Von Eschenbach conceded that more remained to be done, saying, "The initiatives we announce today are not the whole story, and they are not the final chapter in the story."

The changes recognized the need to address safety over the entire lifecycle of a drug, from development to use by patients. They included measures to improve the scientific underpinnings of the safety system, increase monitoring for hazardous side effects, expand communication with patients and doctors, and address long-standing turf battles among FDA scientists that have gotten in the way of alerting the public to safety problems.

A pilot program also will be established to assess the safety record of new drugs 18 months after approval. It will be tried initially with a small number of medications, and results will be reported to the public.

Consumer groups dismissed the FDA's initiative as too little, too late, but members of the panel of medical, legal and policy experts that spent more than a year investigating the drug safety program called it a respectable first step.

"It was a thoughtful and engaged response," said Dr. Bruce M. Psaty, a professor of medicine and epidemiology at the University of Washington in Seattle and a member of the panel that studied shortcomings in the FDA's safety program.

"It looks like they are launching a number of initiatives to address drug safety. Many of them are new, so the degree to which they will improve safety remains to be seen, but I think it's a fairly comprehensive response," he said.

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The panel's head, Sheila Burke, a former Republican Senate staffer who is now chief operating officer of the Smithsonian, took a tougher line. "I would have wanted to see more formal involvement of the safety staff in the drug development process," she said.

Nonetheless, she said, "I think they are serious about trying to make some progress."

The committee she led was sponsored by the Institute of Medicine, part of the National Academies that provide scientific, engineering and medical advice to the government. Convened at the FDA's request, the panel issued a scathing report in September that seems to have chastened agency leaders.

Concerns about the safety of newly approved medications have been building for years. But they gained national attention in fall 2004 when Merck withdrew the blockbuster painkiller Vioxx, after company-funded studies confirmed heart attack risks that safety experts inside the FDA bureaucracy had unsuccessfully tried to warn about.

Testimony later at a congressional hearing showed that agency managers had dismissed their own experts' warnings.

Tuesday's announcement marked the second time in two years that the FDA had pledged to fix the drug safety system. Early in 2005, the agency set up an internal drug safety oversight board. But partly because the board meets in secret, its effects have been hard to gauge.

Some of the improvements announced Tuesday would require congressional approval to increase industry user fees, which would finance new safety initiatives.

Some of those initiatives will apply to drugs in development and after approval. Others attempt to resolve long-standing communication problems within the FDA, and between the agency and the public.

In the development phase, the FDA said it was working on new tests that might predict early on whether a drug would be toxic to humans. It has launched a research program to help identify the potential heart and stroke risks of medications, and is working with the National Institutes of Health to develop a computer model that could indicate a drug's potential to cause liver damage — a common risk.

It also is looking at how the burgeoning field of genetic research might aid drug safety.

Drugs in development are tested on several hundred or a few thousand human subjects. But rare side effects may emerge only after tens of thousands of patients have taken a medication. Many academic experts think new drugs should be considered "experimental" for the first two or three years after they are approved for marketing.

Indeed, the advisory panel recommended a special caution label for new medications, and restrictions on advertising.

To increase detection of unexpected side effects during the early years, the FDA announced several improvements to its drug safety monitoring system.

The agency said it would modernize its "adverse events" database — which now captures only a small fraction of problems — to make it easier for researchers to recognize that something was going wrong. The FDA also said it was teaming up with Veterans Affairs and Medicare to share extensive information that those agencies collect on doctors' prescribing patterns and their patients' outcomes.

And it is proposing the creation of a Sentinel Network that would coordinate private and government vigilance of drug safety problems.

Finally, the FDA said it would improve communication among its own scientists, as well as with doctors and patients. Agency officials said they would redouble efforts to find ways to resolve disputes between scientists who approve drugs and those who act as safety watchdogs.

"We need to improve the way scientific disagreements are handled and resolved," said Dr. Steven K. Galson, director of the agency's Center for Drug Evaluation and Research.

FDA Proposes Report Cards On New Drugs (NYT/AP)

By The Associated Press

The New York Times, January 31, 2007

WASHINGTON (AP) -- The public outcry over the withdrawal of the painkiller Vioxx is leading to closer government scrutiny of new drugs to identify and disclose late-developing safety problems.

As part of a pilot program, the Food and Drug Administration will issue drug "report cards" that would detail unexpected side effects that emerge within 18 months of a drug's approval. The reports also would include follow-up studies and details about how the drugs are being used.

The proposal is among more than a dozen initiatives the FDA unveiled Tuesday in response to a recent report by a committee of experts at the Institute of Medicine that criticized the agency's handling of drug safety in the wake of the Vioxx case. Nor will it be the last word, said FDA Commissioner Dr. Andrew von Eschenbach.

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"It will be a continuous process of improvement. The initiatives we are announcing today are not the full story, nor are they the final chapter in that story," von Eschenbach told reporters.

Their release comes just days before Sens. Edward Kennedy, D-Mass., and Mike Enzi, R-Wyo., introduce legislation to overhaul how the FDA handles drug safety.

"Today's report is thoughtful and provides important recommendations for administrative action, but only legislation can give FDA the tools it needs to ensure that FDA is the gold standard for safety," Kennedy said in a statement.

The Institute of Medicine report was prompted in part by the 2004 withdrawal of Vioxx after research showed it increased risk of heart attacks and strokes. The report said the FDA needs more funding, people and authority to ensure it focuses on the safety of drugs while they remain on the market.

The FDA also hopes to step up its mining of large public and private health care databases to detect emerging safety problems, said agency drug chief Dr. Steven Galson. The Department of Veterans Affairs recently signed an agreement to share such information with the FDA.

The agency also said it would regularly publish newsletters to summarize its safety reviews of older drugs and disclose emerging issues. However, the newsletters would be scrubbed of whatever the FDA deemed confidential commercial and predecisional information, the agency said.

The Institute of Medicine, part of the federally chartered National Academy of Sciences, had pushed for even more public disclosure of that underlying information, said Alta Charo, a member of the committee that wrote the report who is also a University of Wisconsin professor of law and bioethics.

"Crucial to our recommendation was that these postmarketing data be shared with an advisory committee made up of independent safety experts. Their proposal would have the data remain internal," Charo said.

Both the FDA and the drug industry are concerned that broad disclosure of preliminary information about apparent safety problems could do more harm than good.

"One thing we don't want to see happen is if patients get concerned and they decide to stop therapy and don't talk to their doctors," said Alan Goldhammer of the Pharmaceutical Research and Manufacturers of America, a drug industry group.

The FDA did not address the Institute of Medicine report's specific recommendations for Congress, including its push for additional agency funding and authority.

Without that, the FDA's proposals amount to "small potatoes," said Bill Vaughan, a senior policy analyst at Consumers Union.

FDA Revamps Process For Safety Of Drugs After Approval (WP)

By Shankar Vedantam

The Washington Post, January 31, 2007

The Food and Drug Administration said yesterday that it is making changes in the way it operates to prevent the kind of drug safety controversies that have dogged the agency in recent years.

Officials outlined plans to better monitor safety problems after drugs are approved and to make internal changes to increase the profile of agency scientists who raise red flags about drugs. The steps were announced in response to a report last year by the congressionally chartered Institute of Medicine (IOM) that called for an overhaul of the FDA's culture and structure following safety controversies over drugs such as the painkiller Vioxx.

Officials said the steps will restore the trust and confidence of Congress and the public. They also pledged a renewed commitment to good science as the best way to counter critics who say the agency is too cozy with drug companies.

"We will fight back against those perceptions and that cynicism," said Steven Galson, head of the agency's Center for Drug Evaluation and Research, the division that evaluates new drugs and that has been at the center of the maelstrom.

A member of the Institute of Medicine panel said the FDA had taken steps in the right direction but had fallen short.

"In a number of cases, the FDA does not go as far as the IOM recommendations, but they are first steps and in the right direction," said R. Alta Charo, a professor of law and bioethics at the University of Wisconsin.

A central contention of the IOM report was that the agency did not focus enough on monitoring drugs once they were approved. Most approvals are based on clinical trials involving a few hundred or a few thousand patients, and many uncommon side effects do not emerge until a drug is being used by millions.

The IOM report said FDA officials who monitor drug safety were being ignored, because top officials were focused on approving new medications rather than monitoring those already on the market.

"There was an asymmetry in esteem and funding between these two groups," Charo said. While the changes the FDA announced yesterday to integrate drug safety experts in the process were a start, she said, the agency's drug safety specialists still lacked power.

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When FDA safety officials see a problem with a drug, Charo said, the agency is required to discuss proposed warnings, labeling changes or limits on distribution with the manufacturer. What FDA safety officials need, she said, is the power to impose fines and restrictions on companies that do not voluntarily follow the FDA's directives.

Agency officials said some of the changes proposed in the IOM report require congressional action, because they call for new powers. But officials also said they are starting a pilot program to produce report cards on some new drugs 12 to 18 months after their approval -- a process that would bring problems to light.

FDA Commissioner Andrew von Eschenbach and other senior officials said they were largely in agreement with the institute but called its report useful advice, not a blueprint. The agency is taking steps to break down internal walls and strengthen the role of safety specialists on advisory panels, they said.

Referring to the IOM's concern about a "lack of respect" between agency staff who approve new drugs and those who monitor drug safety, Galson said, "We need to improve the way scientific disagreements are handled and resolved."

Besides the "cultural" issues within the agency, officials outlined a number of initiatives to better understand which patients may be susceptible to particular types of side effects, and which patients may be most likely to benefit from a particular drug. "This new science of safety will help us make products safer from the get-go," said Janet Woodcock, the FDA's deputy commissioner for operations.

The agency also said it is seeking alliances with the Department of Veterans Affairs, the Centers for Medicare & Medicaid Services and private insurers to gather better information about problems with using drugs and the challenges that physicians and patients encounter in the everyday use of medications.

Officials also promised greater transparency in how they select experts to serve on influential panels that assess new drugs and devices, as well as policy issues facing the agency. Some of these panel members have come under criticism for having ties to the drug industry.

While greater transparency is a good thing, Charo said, the FDA also ought to limit the overall number of panel members who have conflicts of interest.

FDA Plans Drug-Safety Moves (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, January 31, 2007

The Food and Drug Administration said it plans to address concerns over how it handles drug safety, including issuing a regular online newsletter summarizing findings about drugs already on the market.

The new initiatives, which also include a pilot program that will review the safety of two or three new drugs after 18 months on the market and issue a "report card" on their performance, are part of the agency's response to an analysis it commissioned from the Institute of Medicine, an independent research organization. That report criticized the FDA's handling of drug safety, citing serious structural and cultural issues. It called for broad changes that would go beyond the steps announced yesterday. The biggest of these recommendations would require congressional intervention.

The initiatives announced yesterday aren't likely to usher in any major, short-term shifts in FDA policy. At any rate, they could soon be overtaken by action on Capitol Hill. Sens. Edward Kennedy of Massachusetts and Michael Enzi of Wyoming, the Democratic chairman and ranking Republican on the Senate Health Committee, respectively, are expected to soon introduce a new version of a drug-safety bill that they had proposed last year. That bill, which aims to boost FDA authority and oversight of drugs after they go on the market, among other changes, has a far better shot at passing this year partly because of the Democratic takeover in Congress.

"Only legislation can give FDA the tools it needs to ensure that the agency is the gold standard for safety," Mr. Kennedy said in a statement. Mr. Enzi said he will work "closely with the FDA to enact critical drug-safety reform."

Consumers Union, a consumer group, said in a statement that the new FDA initiative includes "minor improvements" but "falls dramatically short of the changes needed to overhaul the nation's drug safety system."

In its response to the Institute of Medicine report, the agency said it needs more funding but "believes it has the statutory and regulatory authority needed to carry out its commitment to ensure drug safety." The agency said it was moving to change its procedures and testing how to more fully involve staff who focus on the safety of drugs after they are approved. "We agree we need to improve the culture of safety at FDA," the agency said.

FDA Commissioner Andrew von Eschenbach said there will be "other steps as we continue a process of improvement that will be ongoing." Yesterday's announcement was the latest of several drug-safety initiatives announced by the FDA in response to criticism stemming from the 2004 withdrawal of the painkiller Vioxx and other incidents.

Under the initiatives announced yesterday, the agency will launch an online newsletter that will include the results of safety reviews after they are completed. But in a move likely to please the drug industry, it "will not include confidential commercial"

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data or information that could be part of a regulatory decision, the FDA said. The new pilot program "report card" will report on the performance of two or three drugs on the market, including their reported side effects, how the drugs are used and summaries of new studies on the drugs.

The FDA previously proposed a new user-fee deal with the drug industry that would provide new money to pay for safety monitoring, as well as create a new fee to boost the staff that reviews consumer drug television ads.

---- Jennifer Corbett Dooren contributed to this article.

Write to Anna Wilde Mathews at anna.mathews@wsj.com1

Hastert Recovering From Surgery (CHIT)

By James Kimberly

Chicago Tribune, January 31, 2007

Former U.S. House Speaker Dennis Hastert was in a Chicago hospital today recovering from surgery to remove his gall bladder, his office announced.

Spokesman Brad Hahn said the Friday surgery was scheduled because Hastert (R-Yorkville) suffered from gallstones. Hahn did not know when Hastert would be released from the Rush University Medical Center.

"That's a medical decision," Hahn said. "He's looking forward to being released. He's getting restless."

Hahn said the congressman is expected to make a full recovery.

More than 500,000 Americans have surgery every year to remove their gallbladders, typically because the organ is inflamed or to treat painful gallstones.

The pear-shaped organ stores digestive fluid, or bile, produced by the liver. People can function well without a gallbladder; when it is removed, bile from the liver goes directly into the intestine.

Last July, Hastert spent several days in a suburban Maryland hospital after being treated for a skin infection. He also was hospitalized in early 2005 for removal of a kidney stone.

Hastert, 65, has served 20 years in Congress. He was speaker of the U.S. House of Representatives from 1999 until this month.

The Associated Press contributed to this report.

Senate Defies Cheney (RC)

By Ben Pershing

Roll Call, January 31, 2007

HOH thinks Congress has been getting a bad rap.

For years, a few squishy, possibly French, critics have claimed that the legislative branch has not done enough to stand up to the bullying Bush administration.

Need evidence to the contrary? Look no further than Tuesday's Senate Republican luncheon, where a brave group of Senators bucked the wishes of Mr. Executive Branch Power himself, Vice President Cheney.

As his groupies know, Tuesday was Cheney's 66th birthday. So when the Senate President showed up at the GOP luncheon, the assembled lawmakers thought they'd mark the occasion with a little party.

First, Sen. Kay Bailey Hutchison (R-Texas) brought in a cake. Then the group, led by Senate Minority Whip Trent Lott (R-Miss.), was set to launch into a rousing chorus of "Happy Birthday."

Now, HOH usually associates Cheney with revelry and general merriment, but surprisingly, Cheney asked Lott and the others not to sing. Did they cower before his wishes? No!

"We did sing 'Happy Birthday.' He insisted that we not, which guaranteed that I insisted we should," Lott said afterward, adding: "I pointed out that he's older than I am."

Lott was then thrown into a military detention camp.

Ha! Kidding! In all seriousness, Cheney took the whole thing good-naturedly, and the chorus of Republicans reportedly sounded pretty harmonious.

"We were more in tune than we usually are on the issues," joked Sen. Lamar Alexander (R-Tenn.).

Are Hurricane Jokes Now OK? After the drubbing they took at the hands of the Democratic Congressional Campaign Committee in November, you would think Republicans wouldn't be feeling so charitable toward former DCCC Chairman Rahm Emanuel (Ill.).

But Rep. Heather Wilson (R-N.M.) — one of the few GOP incumbents who held onto her seat despite an onslaught from the DCCC — wanted to show that there are no hard feelings toward Emanuel, who now serves as Democratic Caucus chairman.

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It seems that after Election Day, Emanuel went over to Wilson on the House floor to congratulate her on her victory. Wilson told Emanuel that she had shirts made for her campaign staff that said, "I Survived Hurricane Emanuel November 7, 2006."

Emanuel said he'd like to get one of those shirts, so on Tuesday, he trucked over to Wilson's office in the Cannon House Office Building and picked one up.

While he was there, aides said, Emanuel apologized to Wilson's staff for making their lives miserable, prompting some laughter.

He then said: "I'm really looking forward to wearing this at the House gym tomorrow morning."

HOH can feel the love all around him.

How About Flood Jokes? In the aftermath of last week's well-chronicled House Republican retreat to Maryland's Eastern Shore, one little mystery remained unsolved — Which Member was it who asked President Bush a question about flood control?

After Bush addressed the assembled lawmakers Friday morning, reporters were hustled out of the room so Members could ask Bush the real, tough questions about Iraq and the future of our great nation.

Afterwards, word trickled out that some unnamed Member had taken the opportunity to ask about something decidedly local. As WashingtonPost.com blogger (and Roll Call alum) Paul Kane wrote Friday, "the flood-control lawmaker is, for now at least, a mystery."

No, it wasn't Rep. Virginia Foxx (N.C.) in the drawing room with a candlestick. It was ... Rep. Mike Ferguson (N.J.). And he's pretty proud of it.

Specifically, Ferguson asked Bush about the Green Brook Flood Control Project, which has been a priority in New Jersey's 7th district since Hurricane Floyd devastated the area in 1999.

"It's a really big deal in our district," Ferguson told HOH. "I urged him to include it in his budget."

Did Bush even know what Ferguson was talking about? "I'm certain the president remembers this project because I never miss a chance to advocate for it," Ferguson said.

The White House's budget request comes down Feb. 5. Keep an eye out.

Oh Boy, Famous People. If you enjoy seeing celebrities, particularly of the TV-star kind, you'll want to head over to B. Smith's at Union Station tonight for the Creative Coalition's event to welcome the 110th Congress.

Since this is Washington, the gathering will of course be hosted by two lobbyists, Morris Reid of Westin Rinehart and Ed Rogers of Barbour Griffith & Rogers.

Attendees will have the opportunity to mingle with a bunch of celebrities, including Heather Graham, Allan Cumming, Tim Daly, Fran Drescher, Morgan Fairchild, Wendie Malick, Joe Pantoliano, Rachel Shelley, Giancarlo Esposito, Anson Mount, Tim Blake Nelson and Tamara Tunie.

Oh yeah, more than 100 Members of Congress are also expected to attend. But you probably see them all the time.

Anyway, back to the celebrities. On Thursday night, Graham, Shelley, Cumming and the lovely Bridget Moynahan will be over at the House of Sweden on K Street for the premiere of the film "Gray Matters." Like Wednesday's event, the premiere and the subsequent reception will be hosted by the Creative Coalition and Capitol File.

Attendees should leave their flasks at home; Absolut is helping to put on the reception.

Liberalism's Energetic Architect (WP)

By Harold Meyerson

The Washington Post, January 31, 2007

Last Friday and Saturday, the eight Democrats who have in varying degrees announced their intention to run for president came before the executive board of the most powerful and strategic organization in American liberalism -- the Service Employees International Union (SEIU). No sooner had this first of countless candidate cattle calls been completed than the SEIU's president, Andy Stern, flew off to Iowa for several days, followed by a couple of more days in New Hampshire.

No, Stern insists, he's not running for president. Rather, he's setting in motion an SEIU program called "Walk a Day in My Shoes," in which the union will encourage (or hector) the candidates to spend a day with a working-class family in one of the first four states (Iowa, Nevada, New Hampshire, South Carolina) to hold primary and caucus elections in 2008.

Besides, Stern is already doing as much as if not more than the presidential hopefuls to shape the Democrats' agenda. This week, as Stern publicizes "Walk a Day" by building cabinets in Iowa and driving a snowplow in New Hampshire (at some danger, he notes, to his co-workers and himself), a new group called Americans Against Escalation is commencing an ambitious lobbying campaign to persuade members of Congress who have voiced their dismay at President Bush's Iraq surge to actually vote against it. The organizations consists of MoveOn.org, the Campaign for America's Future and other progressive groups, among which the SEIU is providing the lion's share of the funding.

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Two weeks ago, another new liberal group was officially unveiled. For years Stern has been talking about putting together an organization that would monitor the votes of Democratic members of Congress on economic issues and mount primary challenges against conservative Democrats who represent liberal districts. He suggested calling the group They Work for Us, and this month, a new group with that name -- and whose board members include representatives not just of the SEIU but also the Steelworkers, MoveOn.org, the American Association for Justice (trial lawyers) and the much-read progressive blog DailyKos -- announced its formation, with heavy backing, again, from the SEIU. Stern's longtime friend Steve Rosenthal, the onetime political director of the AFL-CIO and an acknowledged master of voter mobilization campaigns, is the group's executive director. And just to pique Democrats' interest, They Work for Us listed three Democratic members of Congress (California's Ellen Tauscher, Maryland's Al Wynn and Texas's Henry Cuellar) as examples of Democrats whom the group would be monitoring.

"I'm sure it's not what the Democratic Party is hoping for," Stern says, "but we need to give our members options when the people they elected don't live up to what they said they were going to do." Over the past two weeks, Stern has also announced the formation of the group Divided We Fail, which joins the SEIU with the Business Roundtable and AARP in support of a universal health-care program that decouples health insurance from employment. The SEIU is also deeply involved in the discussions over immigration reform and is active in retooling Rock the Vote, the preeminent young voter mobilization program.

There's a clear model for the part that the SEIU and Stern are playing in American liberal politics. Just as the SEIU is the largest and most dynamic union in today's service-dominated economy, so the United Auto Workers was the largest and most dynamic union in the industrial economy of the mid-20th century. Under the leadership of its legendary president, Walter Reuther, the UAW funded the 1963 civil rights march on Washington and provided crucial assistance to Cesar Chavez's United Farm Workers, the student movement of the early '60s, and the fledgling efforts of the National Organization for Women and the first Earth Day. The UAW was the anchor tenant in the house of postwar American liberalism, and the SEIU is embracing an analogous role today.

Even Stern's failures have a Reutherian air to them. In 1968, upset with what he saw as the rightward drift of the AFL-CIO under the leadership of George Meany, Reuther pulled the UAW out of the federation to form its own mini-federation, the Alliance for Labor Action, with the Teamsters. But the Alliance for Labor Action, alas, never really did anything. In 2005, upset with what he saw as the generalized drift of the AFL-CIO under the leadership of John Sweeney, Stern pulled the SEIU out of the federation and established the Change to Win Federation with several other large unions. A year and a half since the formation of Change to Win, however, it can't really be said to have done anything, either. Still, Stern's larger lesson from Reuther is a sound one: A powerful progressive union can ultimately thrive only in a progressive nation. And nobody's in a better position to build one.

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Homeland Security Employees Feeling The Blues (Column) (WP)

By Stephen Barr

The Washington Post, January 31, 2007

The employees have spoken.

What they have said about job satisfaction has gratified four relatively small federal agencies and sent a jolt through the Department of Homeland Security, which scored last or almost last in job satisfaction, leadership and workplace performance.

The ratings came from the 2006 Federal Human Capital Survey, announced by the Office of Personnel Management yesterday. About 221,500 federal employees responded to the survey and provided a sense of what they think of their agencies as places to work.

The results were surely frustrating for Homeland Security, which has struggled to pull together 22 agencies in one of the government's largest reorganizations, endured endless criticism for its handling of Hurricane Katrina and suffered through high turnover in its leadership ranks.

Nearly 10,400 Homeland Security employees participated in the survey and gave the department essentially rock-bottom scores in key job satisfaction, leadership and management areas when stacked up against 35 other agencies in the survey.

"Obviously, we are somewhat disappointed," Paul A. Schneider, the department's undersecretary for management, said in an interview. He said the department's secretary, Michael Chertoff, and its deputy secretary, Michael P. Jackson, take the survey results seriously and are focused "on turning this thing around."

Chertoff has asked an outside group of advisers to suggest a strategy for creating a stronger common culture at the department, Schneider said. He said he would join Chertoff and Jackson in analyzing the survey results to understand problem areas.

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Those areas appear to include communicating with and getting feedback from employees and how the department rewards employees for their accomplishments, Schneider said. He called the survey results "a wake-up call for the leadership that we have to pay attention to these basic communication skills."

On the bright side, Schneider said he was encouraged that Homeland Security employees say they like their jobs, think their work is important and find their co-workers to be cooperative and supportive. Those responses, he said, are "a strong foundation for building on."

To a large extent, the 2006 responses by Homeland Security employees closely track what employees said in 2004, an indication that the department may face a significant morale problem in some of its bureaus. Schneider said the response rates varied dramatically among bureaus and that "we have a lot of work to do to understand where we have these problems."

Linda M. Springer, director of OPM, released the results at a briefing at the National Press Club. She highlighted several agencies that scored well in four indexes created by OPM but said she would not comment on any other agencies.

Springer said the survey results are intended to help employees know where they stand on personnel issues and give managers some insights into workforce problems that need quick attention.

The Office of Management and Budget, the Nuclear Regulatory Commission, the National Aeronautics and Space Administration and the National Science Foundation finished in the top 10 for job satisfaction, leadership and knowledge management, results-oriented performance culture and talent management, Springer said.

Other agencies that won high marks from their employees included the Federal Energy Regulatory Commission, the Federal Trade Commission, General Services Administration, National Credit Union Administration, Securities and Exchange Commission, Social Security Administration, Agency for International Development and the departments of State and Commerce.Congress Votes on Raise

The fiscal 2007 funding resolution, scheduled for a House vote today, would maintain President Bush's plan to provide an average 2.2 percent pay raise to the federal workforce this year.

The resolution would allocate $900 million to help agencies pay for half the cost of the pay raise, with agencies expected to absorb the remaining cost through reductions in overhead and other accounts, House Democratic aides said. The allocation for the pay raise breaks with the usual practice, which is to not provide any funding for civil service raises.

Aides said the resolution also provides enough money to prevent layoffs at agencies, including the Justice Department, Social Security Administration, the Federal Aviation Administration and the Food and Drug Administration.

Reid's Whitewater (NYS)

New York Sun, January 31, 2007

Voters looking for clues as to how — or, more to the point, whether — the Democrats are going to redeem their issue of honesty and integrity on Capitol Hill will be keeping an eye on the growing scandal around the majority leader in the Senate, Harry Reid. He is caught up in a corker of a controversy over a questionable land deal.

One might think that after all the legal fees and energy the Clintons spent defending Whitewater, a top Democratic politician would know better than to get into a complicated, questionable land deal. But the message doesn't seem to have reached Mr. Reid, who is the subject of a fascinating dispatch in Sunday's Los Angeles Times.

The Times' dispatch, from Bullhead City, Ariz., begins, "It's hard to buy undeveloped land in booming northern Arizona for $166 an acre. But now- Senate Majority Leader Harry Reid effectively did just that when a longtime friend decided to sell property owned by the employee pension fund that he controlled. In 2002, Reid (D-Nev.) paid $10,000 to a pension fund controlled by Clair Haycock, a Las Vegas lubricants distributor and his friend for 50 years. The payment gave the senator full control of a 160-acre parcel in Bullhead City that Reid and the pension fund had jointly owned.

" Reid's price for the equivalent of 60 acres of undeveloped desert was less than one-tenth of the value the assessor placed on it at the time. Six months after the deal closed, Reid introduced legislation to address the plight of lubricants dealers." And that's not all. The newspaper reports that "since taking full control of the parcel in 2002, Reid has pushed for federal funding for a new bridge over the Colorado River a few miles from his property."

When the Associated Press reported some of these transactions earlier, the senator's response was to launch an attack on the wire service. It'll be interesting to see how Mr. Reid responds to the Los Angeles Times. For our part, we understand why Mr. Reid would feel the need to speculate in real estate development. When in Washington, the senator, who is supposed to represent the party of the common man, lives in the Ritz-Carlton, where he initially tried to pay $3,000 in Christmas bonuses to employees out of his campaign funds.

It's hard to afford the Ritz on a senator's salary. Since Mr. Reid, unlike Senators Rockefeller or Kerry, doesn't have an oil or ketchup fortune at his disposal, real estate seems a reasonable area on which to fall back. From the perspective of hard-pressed

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taxpayers, though, it'd be a better deal simply to raise the senator's salary directly than to have to subsidize him indirectly through regulating the lubricant market or building bridges to nowhere.

Particularly in this climate. It was the Democrats, after all, who decided to try to make congressional ethics into a national issue. We didn't — and don't — have an objection to that; on the contrary, we're all for a hard line in respect of honest government. But it's been hard to take at face value the idealism the Democrats claim for themselves. And it's going to be harder to credit the Democrats' motives with every day that the scandal over Mr. Reid goes unresolved.

OTHER NEWS:

Tax-cut Efforts Target Firms (USAT)

By Dennis Cauchon

USA Today, January 31, 2007

At least a dozen states are considering using multibillion-dollar budget surpluses to cut business taxes to become more competitive.

In a departure from earlier times of budget surpluses, few states plan significant reductions in personal income taxes, a trend that has frustrated tax-cut advocates.

"Lowering taxes for the sake of lowering taxes isn't what this is all about," says Nebraska Gov. Dave Heineman, a Republican whose state cut business taxes last year. "We're trying to create a more favorable tax climate to compete in the global economy."

Forty-six states report revenue exceeding projections, according to the National Association of State Budget Officers. State budget surpluses and reserve funds are at their highest level since 2000.

"It's a remarkable trend that states are focusing on business tax reductions," says Chris Atkins of the Tax Foundation, a research group in Washington. "Business tax cuts used to be taboo."

Kansas Senate Majority Leader Derek Schmidt says legislators are wary of across-the-board tax cuts because they contributed to budget shortfalls in 2002 and 2003. "We had big tax cuts in 1998," he says. "Four years later, we were in the tank. Everyone remembers that."

Tax-cut advocates complain that governors and legislators are too timid. "We've got a $2.2 billion surplus, and our relief package is a paltry $281 million. Thanks a lot," says David Strom, president of the Taxpayers League of Minnesota.

Demand for more spending is limiting individual income tax cuts, too. "Many new governors ran on improved health care and improved education, and they want to fulfill those promises," says Nick Johnson, a state budget expert at the liberal Center on Budget and Policy Priorities in Washington.

State tax collections rose 8.5% in the first nine months of 2006 from the same period a year earlier, the Census Bureau reports.

Georgia, Kentucky, Missouri, Texas and West Virginia are among states considering business tax cuts. Hawaii, Nebraska and South Carolina are among the few studying personal income tax cuts.

Deal Struck On Claims Of Nazi Era (NYT)

By Joseph B. Treaster

The New York Times, January 31, 2007

After nearly 10 years of struggling to have a big Italian insurance company pay claims on life insurance policies sold to victims of the Holocaust, lawyers who say they represent most of the victims are giving up the fight.

They say they have struck a deal with the insurer, Assicurazioni Generali, that will give Holocaust victims and their relatives far less money than they had originally hoped. But the lawyers say that their chances of winning a lawsuit seemed increasingly unlikely and that many of their clients are old and, in some cases, in poor health.

“It’s a compromise,” said Robert A. Swift, a lawyer in Philadelphia who began working on insurance cases from the Holocaust in 1997. “In a perfect world with more leverage, maybe I could have negotiated a better formula. But I’m playing the hand I was dealt.”

Judge George B. Daniels of Federal District Court in Manhattan has called a hearing for this morning to determine whether the settlement is fair to all parties.

If he approves the agreement, it will close a painful chapter in the insurance company’s history. It could also provide perhaps several million dollars more to victims of the Holocaust and their heirs.

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Judge Daniels will also hear arguments from lawyers who are refusing to participate in the settlement, contending that the deal will prevent tens of thousands of other Holocaust victims and their heirs from ever being compensated — just as new evidence on the Holocaust is being uncovered in Europe.

Last May, officials of a multinational group said they were taking steps to open half a dozen warehouses in Bad Arolsen, Germany, that have been sealed for 60 years and are filled with documents compiled by the Nazis and by American and Allied forces.

Samuel J. Dubbin, a lawyer in Miami opposing the agreement, said the settlement should be postponed until the German material is examined. But lawyers who worked out the deal — both for the survivors and Generali — want it to go ahead.

"The possibility of finding something in those records, at this point, is remote," said Lawrence Kill, one of the lawyers who negotiated the settlement with Generali.

In the settlement, Generali does not acknowledge assertions by survivors that it, like many other European insurers, routinely refused to pay death benefits for Jews who died in concentration camps and sometimes demanded copies of policies and death certificates from families that had lost everything. Generali says it was never the company's policy to deny valid claims and, in the settlement papers, it denies any wrongdoing.

The settlement includes Generali's reasons for resisting payment. It says, for example, that its offices in much of Europe were seized by Communist governments after World War II and that those governments — rather than the insurance company — should be held responsible for paying Holocaust claims.

Generali also argues that its insurance policies became all but worthless as a result of steep devaluations in European currencies after the war, that United States courts do not have jurisdiction over the Holocaust dispute and that the statute of limitations has long been expired for Holocaust victims.

European insurers over the years declined to publish the names of policyholders, a step that would have helped survivors determine if relatives had bought life insurance and whether they might have reason to make a claim. Generali permitted the publication of many names, its representatives said. But, advocates for the survivors counter, the lists were far from complete.

In the settlement, there is no provision that Generali publish the names of all its Holocaust-era policyholders.

"Where is the historical justice?" asked Thane Rosenbaum, a son of Holocaust survivors and a professor at the Fordham University School of Law. "Tens of thousands of Holocaust survivors are being shut out of the process. This is an abuse of the class-action process."

Christopher J. Carnicelli, a Generali executive in London, said in an e-mail message that the company was proud of the settlement and that only a handful of people opposed it. "The objections of a very small number of individuals with a track record of finding fault with any Holocaust-related settlement cannot obscure this settlement's important benefits," he wrote.

Lawyers first began investigating Holocaust insurance claims in the late 1990s and filed lawsuits against more than 20 European insurers. All the lawsuits except those against Generali were eventually dropped or, in the case of German insurance companies, resolved through a settlement negotiated between the United States and Germany.

Mr. Swift, the lawyer in Philadelphia, and lawyers at three other law firms began drafting the agreement after two courtroom defeats. In 2003, the Supreme Court ruled that a California law pertaining to Holocaust survivors interfered with the ability of the president of the United States to resolve international disputes.

A year later, Judge Michael B. Mukasey, in Federal District Court in Manhattan, cited the Supreme Court decision as the basis for dismissing the class-action claims by Mr. Swift and his colleagues, along with several separate lawsuits.

Mr. Swift and his colleagues and the lawyers pursuing separate cases appealed Judge Mukasey's decision. The appeal is expected to be argued in a few months. But Mr. Swift said he and the other class-action lawyers decided over the summer that the odds were against them and that they could do better by settling.

Sidney Zabludoff, a Holocaust insurance expert, estimated that 850,000 Jews were insured by European carriers at the time of the Holocaust. He put the value of those policies at $18 billion in today's dollars.

Mr. Zabludoff estimated that Generali had coverage on about 110,000 Jews and that the policies could be worth $4.5 billion in today's dollars.

In court papers, Generali says it has paid $135 million on about 5,200 claims. Marco E. Schnabl, a lawyer for Generali in New York, said the insurance company also paid $40 million through various international funds related to the Holocaust.

Generali agreed to pay about $35 million of the $135 million on about 700 claims as a result of the settlement, Mr. Schnabl said, and it has been accepting new claims over the last few months. Generali had received nearly 1,000 claims by Monday, Mr. Schnabl said, and plans to accept additional claims until the end of March, under the settlement.

On claims with no evidence of a policy, nothing will be paid. But survivors or relatives with at least some proof are expected to receive at least $1,000.

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Generali has paid more to Holocaust victims than any other insurance company and provided more than a third of the $288 million that a Holocaust insurance commission in Washington has said was offered on more than 46,000 claims.

The average payment offered on a claim — many involving more than one policy — has been about $6,200. But Generali says it has paid some claims for hundreds of thousands of dollars and more.

William M. Shernoff, a lawyer in California who represents several Holocaust survivors, said he and his clients did not want any part of the settlement.

"We have policies that we think are worth, instead of a few thousand dollars, would be worth hundreds of thousands of dollars," Mr. Shernoff said. "And punitive damages could be substantial. A jury could be so outraged that it could come in with a blockbuster award."

A Changing Battle On AIDS Is Reflected In A Quilt (NYT)

By Jesse Mckinley

The New York Times, January 31, 2007

SAN FRANCISCO, Jan. 30 — It has been 20 years since Cleve Jones started the AIDS Memorial Quilt here, painting the name of a friend who had died from the disease on a simple piece of fabric.

During the next two decades the quilt became the largest piece of community folk art in the world, a 54-ton collage affixed with the names of 91,000 victims of AIDS, a tapestry of grief that was one of the earliest and most effective tools in raising awareness of the disease.

Now Mr. Jones is locked in a legal tug of war with the quilt's caretaker, the Names Project Foundation, over custody of 35 of its 6,000 panels. The dispute is not just about the relatively small swatch of the quilt, or even the simmering personality clash between Mr. Jones, a founder of the group, and his successors. More broadly, the battle reflects the changing symbolism and purpose of one of the most recognizable symbols of the AIDS crisis as the crisis itself has changed.

The confrontation has touched on issues percolating through the AIDS community, including the new racial, social and international demographics of the disease; changes in philanthropic trends; and the question of whether memorials are appropriate at a time when other major problems, including a rebound in unsafe sex and the emergence of new drug-resistant strains, persist.

"The quilt was very effective in the late '80s and early '90s for AIDS awareness," said Michael Petrelis, a writer in San Francisco who has been active in the AIDS movement. "On the other hand, there's hundreds and thousands of people that need a housing subsidy, just trying to keep a roof over their head. Should we be putting our time and money into another vigil? I don't know."

The legal dispute dates to 2004, when Mr. Jones filed a wrongful termination suit against the Names Project Foundation, which is based in Atlanta and was established to care for the quilt, after being fired from a job as a fund-raiser and public speaker. The termination claims were dismissed, but a 2005 settlement granted Mr. Jones custody of the 35 billboard-size panels for his emotional distress. The panels are generally made up of eight individual quilts affixed with names of people who died.

The settlement called for Mr. Jones to establish a nonprofit organization to care for the quilt while it was in his possession. But in December, Mr. Jones informed the foundation that he would use an umbrella group instead of a newly formed nonprofit to sponsor the quilt, a plan the foundation said was unacceptable under the terms of the agreement.

A lawyer for the foundation, Charles Thompson, said the matter seemed closed. "Mr. Jones didn't comply with the agreement, and our obligations are over," Mr. Thompson said.

That assessment has angered some San Francisco city officials as well as Mr. Jones, who said he had planned to return his piece of the quilt "to the front line of activism" in the city, a hot zone in the AIDS crisis where the disease, according to the city's health department, is still a leading cause of death for men ages 15 to 54. Mr. Jones emphasized that he had no financial gain from the settlement, only a desire for more forceful advocacy.

"They've taken it upon themselves to decommission one of the most powerful weapons we have," said Mr. Jones, who now spends his time in Palm Springs and San Francisco and works for Unite Here, a union representing hotel workers, among others. "It's not intended as a passive memorial."

The foundation's executive director, Julie Rhoad, said more than half of the 6,000 panels had been displayed in each of the last three years, including dozens of times in San Francisco. That said, the quilt, which if unfurled would cover six city blocks, needs constant upkeep, and the foundation has rules about lending it out and caring for it, Ms. Rhoad said.

"Not only do we need to look at our daily work of sending the quilt on the road and making sure we have it as active as possible," Ms. Rhoad said, "but we also have to plan for long-term stewardship."

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She said the focus in Atlanta has included more efforts in black and Latino communities, which were not "at the epicenter of the disease when we were founded." Like many AIDS groups, the foundation has been trying keep people's interest in combating the disease even as it has become a less imminent threat to financially stable gay white men, who long drove fund-raising and awareness efforts.

Kandy Ferree, the president and chief executive of the National AIDS Fund, which channels private and corporate money to AIDS groups, said fund-raising for some groups in the United States had lost a sense of urgency as the disease had begun to devastate other, often poorer parts of the world.

"We did not do a good job as domestic AIDS organizations in keeping the changing face of AIDS on the domestic radar screen," Ms. Ferree said.

Ms. Ferree added that while she supported the quilt, she believed its place in the AIDS community had diminished in part because it was so large that it was rarely seen in its entirety. The whole quilt was last displayed in 1996 on the Mall in Washington, when it was visited by more than one million people, an event Ms. Rhoad called "transformative."

But it was also expensive, leaving the group deeply in the red, foundation officials say. That debt also coincided with the emergence of new drugs, which gave many long-suffering patients a new lease on life and caused a serious dip in philanthropic giving to AIDS groups.

By 1999, the foundation had laid off dozens of staff members and substantially curtailed its operations. In 2001, the foundation relocated to Atlanta from San Francisco, in part for financial reasons as well as to bring the quilt closer to minority groups and civil rights leaders. Mr. Jones, who has AIDS, said he spoke publicly in favor of the move, though it was met with outcry from some San Franciscans who thought the quilt should have stayed in the city.

But Mr. Jones said he personally regretted the relocation. "San Francisco is the birthplace of the quilt," he said. "It's part of our history. Are you going to move the cable cars to Spokane?"

In 2003, Mr. Jones was dismissed by the foundation. He said he lost his job after he sought to display the entire quilt in Washington during the 2004 presidential election. Foundation officials said such a display would have seriously taxed the group's financial and administrative resources but denied that the proposal had cost Mr. Jones his job. Court papers state that in 2003 Mr. Jones demanded that the board turn over the organization to him and oust its then-president, behavior the board found "unacceptably disruptive."

Foundation officials also said the legal proceedings with Mr. Jones had drained the group's resources and thwarted plans to establish a permanent satellite display in San Francisco, something Mr. Jones calls "nonsense." The foundation had a $1 million budget in 2006, down slightly from the year before.

"The quilt has always had a footprint in San Francisco," Ms. Rhoad said. "But certainly you can understand that the institution has to have the financial underpinnings itself to have a satellite venue." But she added that a San Francisco quilt display was still on her foundation's "to-do list."

City leaders here hope so. Earlier this month, the San Francisco Board of Supervisors adopted a resolution saying it would be an "unconscionable and unthinkable offense against the citizenry of San Francisco" if Mr. Jones's panels were not returned. Some people active with AIDS groups have suggested the quilt be enshrined here in a new museum devoted to the AIDS crisis.

Still, there is a sense among some people that the quilt, like the once-ubiquitous red ribbon on the lapel, may have seen its cultural moment pass. Robert McMullin, the executive director of the Stop AIDS Project, a prevention group in San Francisco, said the quilt, like any symbol, might have "lost its punch" over time.

"The quilt is about loss," Mr. McMullin said. "And while people are still dying, for most of us, the most important part of our message may not be about people dying."

McCain Taps House Team (RC)

By Lauren W. Whittington

Roll Call, January 31, 2007

Sen. John McCain (R) will unveil the members of his House whip team today, as the Arizonan seeks to jump-start his effort to build support for his 2008 presidential bid in a chamber where he has never been terribly popular with his fellow Republicans.

GOP Reps. Spencer Bachus (Ala.), Mark Kirk (Ill.), Dan Lungren (Calif.), John Shimkus (Ill.), John Shadegg (Ariz.) and Fred Upton (Mich.) will serve as McCain's emissaries in the House, with additions to the team expected to be announced later.

"We are incredibly fortunate to have the support of such distinguished officials," said McCain campaign spokesman Danny Diaz. "These Congressmen will play a lead role in growing the base of support Sen. McCain already enjoys in the U.S. House."

The announcement of McCain's six-man whip team comes as former Massachusetts Gov. Mitt Romney, one of his top rivals for the GOP nod in 2008, has been aggressively courting support from House Members.

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Romney is scheduled to address the Republican Study Committee's retreat in Baltimore on Friday. McCain will not attend the retreat for House conservatives, although his campaign said that former Sen. Phil Gramm (R-Texas) will be speaking on his behalf.

McCain has long had a prickly relationship with Republican House Members over the course of his two decades in the Senate.

At times he has riled conservatives with his willingness to buck the Republican establishment, and his efforts to limit pork barrel spending also have drawn the ire of appropriators and other Members seeking to fund pet projects back home.

Bachus, who is the ranking member on the Financial Services panel and also an RSC member, conceded that McCain has ruffled feathers over the years. But he believes McCain has "offended for all the right reasons" and said the fact that the Senator doesn't seem to be out to win a popularity contest is what ultimately drew him to support his presidential bid.

"He's not afraid of anybody," Bachus said, adding that it is evident that McCain won't be managed. "I don't want somebody who can be manipulated and used."

He added: "I think that John McCain is a courageous person. And I think that the president of the United States in the next decade is going to have to be courageous."

Lungren conceded that he had differences with McCain on issues such as reforming the campaign finance system and immigration policy.

But he said that McCain's record of fiscal conservatism trumped their disagreements over other policies and that he chose to support him because "on the big issues he's right."

"On the [Iraq] War, he's not a guy who's sitting there with his finger in the wind," Lungren said, referring to McCain's support for the Bush administration's plan to increase the number of troops in Iraq.

And as for those who might mistake McCain's maverick reputation for an across-the-board moderate ideology, Lungren had this warning: "I think a lot of liberals are going to be pretty surprised."

From a political standpoint, Lungren said he believes McCain is the type of candidate who could make California competitive in the 2008 general election.

"I think he puts my state in play," Lungren said.

Republican candidates have all but written off the left-leaning state in recent presidential elections. The last time California was considered in play in a presidential election was 1988, when then-Vice President George H.W. Bush carried the state with 51 percent of the vote.

Both McCain and California Gov. Arnold Schwarzenegger (R) share a penchant for government reform and at least two operatives from Schwarzenegger's 2006 re-election bid have migrated to McCain's presidential effort: Senior Adviser Steve Schmidt and Deputy Director of Strategy Sarah Simmons.

California-based media consultant Fred Davis, who worked on Schwarzenegger's re-election, signed on to work for McCain in 2008.

Lungren, a former California attorney general, served with McCain in the House in the 1980s.

"Honor is extremely important to him," Lungren said. "Both his own honor and the honor of the institution."

But as for whether McCain will be successful in convincing some of Lungren's more skeptical colleagues to jump on board, the Californian said "time will tell."

Kirk, a leader of House Republican moderates, said that McCain's experience, especially on issues of national defense and foreign policy, were among the chief reasons he decided to get on board.

Kirk has known McCain ever since the Illinois Congressman was a staffer in the House, where McCain served from 1982 to 1986. He also shares a connection with McCain because both men served in the Navy.

"I've built an alliance with him really based on his character more than anything else," Kirk said, calling McCain a reformer in the mold of former President Theodore Roosevelt.

When asked if he was concerned that McCain's maverick image could hurt him among conservatives in the GOP base, Kirk said that last cycle's elections were proof that voters were looking for less partisan bickering and more thoughtful legislating coming from Washington, D.C.

Meanwhile, Rep. Jeff Flake (R-Ariz.), a leading fiscal conservative, is not taking a formal role in McCain's outreach efforts to House Members, but he is supporting his fellow Arizonan and asking colleagues to look at McCain's record.

"He's not taking conservatives for granted," Flake said.

Romney, ABM And McCain (HILL)

The Hill, January 31, 2007

Mitt Romney hopes that the endorsement of the ABM Caucus will propel him to the White House.

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ABM, in this case, does not stand for "Anti-Ballistic Missiles," but rather "Anyone But McCain."

Recently, Romney has had a boomlet of endorsements from House Republicans, including former Speaker Dennis Hastert (Ill.), Jim McCrery (La.), Buck McKeon (Calif.), Tom Feeney (Fla.) and Marsha Blackburn (Tenn.). Former Rep. and now-Sen. Jim DeMint (S.C.) is also on board, and there have been rumors that Minority Leader John Boehner (Ohio) will jump on the Romney bandwagon. For this early in the campaign, it is a pretty good list, especially for a former governor with no Washington experience.

What these endorsements have in common is that they come from a substantial group of House Republicans who have long disliked John McCain. For many House Republicans, McCain was the antithesis of what they were fighting for. The House would move conservative legislation, only to see the Senate water it down, and McCain was seen as the "waterer-down in chief." His House critics disliked his working with Democrats. They remembered his championing of campaign finance against the majority of the House majority's wishes.

These House Republicans are looking for an alternative, and so far, Romney has been the candidate to capitalize on these lingering resentments.

Romney is looking for a niche in this strange Republican field, which is full of mavericks but has a hole in the traditional mainstream conservative Republican slot. There is room for another candidate to the right of McCain and to the left of Brownback. George Allen (R-Va.) would have filled that space had he not self-destructed in his Senate race.

I have argued in this column that recent events surrounding the war have not benefited McCain, but he is still the frontrunner in the Republican field. It will likely come down to McCain and someone else, and Romney is angling to be that other candidate.

Romney, of course, has his own definitional problems. Is he a liberal Massachusetts Republican or a conservative Utah Mormon Republican? To his benefit and detriment, he has been a little of both. In another Republican field, he might have run as McCain did in 2000 — as the maverick appealing to moderate Republicans and independents. But that turf is too crowded with McCain, Giuliani, Pataki, and perhaps Sen. Chuck Hagel (Neb.).

To get to the right of McCain, he has trumpeted his stand in Massachusetts against gay marriage and reversed his position on abortion.

The issue that many believe Romney will use as a wedge between himself and McCain is immigration. McCain is firmly committed to a comprehensive plan along the lines proposed by President Bush. Romney has flirted with striking a more anti-immigration stance, which would endear him to a good portion of the Republican base and to many House Republicans. But as Sam Youngman reported yesterday in The Hill, Romney remained silent on the issue at a recent conservative summit.

McCain has made many strides mending fences with religious conservatives and Bush supporters; he has hired many talented Bush campaign veterans. But the divide between McCain and many House Republicans is too great to bridge.

House endorsements by themselves are worth almost nothing. But Mitt Romney is hoping that they send a signal to the wider world of Republican primary voters, party activists, and conservative donors that he is the real Republican in the race.

Fortier is a research fellow at the American Enterprise Institute.

Romney Faces Questions About His Faith (AP)

By Jim Davenport

AP, January 31, 2007

Republican Mitt Romney on Tuesday dismissed questions about whether his Mormon faith would be an impediment to his White House aspirations, echoing the argument that voters will be choosing a president not a pastor.

The former Massachusetts governor faced questions about his faith in this Bible Belt state where a few Republicans expressed deep reservations about backing a Mormon. Romney said he was making inroads with the GOP in this early voting state.

"I've had a number of meetings with pastors of various faiths and religious leaders," Romney said in an interview with The Associated Press. "Almost to a person they've subscribed to what Dr. Richard Land (of the Southern Baptist Convention) said, which was: 'We're not electing Mitt Romney as pastor in chief.'"

Romney added: "In the early days of an acquaintance between a candidate and the electorate, the focus is on the personal, social issues and then it changes to be a focus on the major critical issues of the day."

That failed to sway Republican State Rep. Gloria Haskins.

"I don't think that I could see someone who is a member of a faith so contrary to my faith having my support," said Haskins, a graduate of Bob Jones University, the Christian fundamentalist college. Haskins is backing Sen. John McCain of Arizona.

In September, Charleston County GOP chairwoman Cyndi Mosteller questioned Romney after a speech, asking him to explain his faith.

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On Tuesday, Mosteller, who is a Baptist, said, "The question is: Does Governor Romney support Joseph Smith's doctrines? We as evangelicals don't believe we can go in and change Paul's doctrine. I don't see how you move around this."

Romney said he is making inroads with Christian conservatives.

"I've been very encouraged so far," he said. "People have been willing to endorse my efforts."

Romney attended a House Republican Caucus meeting that always begins with a Bible verse and prayer in Christ's name, led by Republican state Rep. Bob Leach.

Leach told caucus members he asked Romney who Jesus Christ was and Romney responded that Christ "was his personal savior."

Leach said that was good enough to earn his vote.

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WASHINGTON (AP) — A few presidential hopefuls offered their views on global warming Tuesday at a Senate hearing that sounded more like an echo chamber.

"This is a problem who's time has come," said Sen. Hillary Rodham Clinton, D-N.Y.

"This is an issue over the years whose time has come," said Sen. John McCain, R-Ariz.

"Will we look back at today and say this was the moment we took a stand?" said Sen. Barack Obama, D-Ill.

The candidates may have competing political goals, but there was general agreement on global warming at the Senate Environment and Public Works Committee hearing. The panel chairwoman, Sen. Barbara Boxer, D-Calif., convened the session to survey lawmakers as Congress prepares to work on the issue.

Obama and McCain have introduced a bill with Sen. Joe Lieberman, I-Conn., that would impose mandatory caps on greenhouse emissions for power plants, industry and oil refineries. They would also let businesses buy emissions "credits" from other companies that have exceeded their reduction targets.

Clinton and Sen. Joe Biden, D-Del., another candidate who submitted written testimony, also are co-sponsors.

But not everyone is on board.

"My sense is a rush to climate change at this moment, all due respect to Senator Clinton, is something about an '08 election," complained Sen. Larry Craig, R-Idaho.

Romney's Veto Could Hurt Him With Jewish Voters (POL)

By Ryan Grim

The Politico, January 31, 2007

Mitt Romney has been aggressively courting the Jewish community as part of his run for the presidency.

The former Republican governor of Massachusetts returned last week from a five-day trip to Israel, accompanied by Matt Brooks, executive director of the Republican Jewish Coalition, and Mel Sembler, a member of its board of directors.

He's attracted a small team of heavy hitters from the Jewish community. He named Sembler, a former ambassador, as his finance committee's co-chairman. In October, he brought on Noam Neusner, formerly President Bush's liaison to the Jewish community. And the Boston Phoenix reported that Sam Fox, nominated to be the U.S. ambassador to Belgium, gave $100,000 to Romney's Iowa PAC in July.

Now that he's in full presidential campaign mode, Romney may be wishing he hadn't vetoed a budget provision in 2003 that would have reimbursed nursing homes in Massachusetts that provided kosher meals to Jewish residents on Medicaid. The measure promised to pay an extra $5 a day per kosher diner. The state legislature overrode Romney's veto.

Nathan Diament, director of public policy for the Union of Orthodox Jewish Congregations, said that his organization was disappointed about the veto. "Access to kosher food is a critical aspect of Jewish observance," he said. "From our perspective, it's a religious liberty issue."

Charles Glick was the government affairs specialist in 2003 for the Boston-area Jewish Community Relations Council, which backed the measure. He said Romney's decision came as a shock.

"The Jewish community had what they thought was a good relationship with the governor," he said. "We knew of his ambitions and his outreach to the community in terms of raising money. So it was a bit of a puzzle."

Romney spokesman Eric Fehrnstrom told The Politico that the governor vetoed the legislation to cut spending.

"The state was in a fiscal crisis, and it would have led to higher Medicaid reimbursement rates for nursing homes, which was unaffordable at the time," he said. "Once we restored fiscal balance, we were in a position to add spending where appropriate."

The provision is now law, and Fehrnstrom said the veto has not become an issue on the campaign trail.

Yet given the intensity of the battle for Jewish donors, it may become one. "Governor Romney has been pushing his strong and unadulterated belief in a very strong state of Israel," said a national Jewish leader with close ties to the Republican Party.

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"Any sort of dents to his armor become problematic to him. There is hesitation in the community to begin with because of his Mormonism. …These sorts of chinks in his armor will help his opponents."

"It's definitely going to hurt Romney in the Jewish community," said Ira Forman, executive director of the National Jewish Democratic Council. "You'd think for someone who's of a minority religion he'd be a little more sensitive to these concerns."

Romney has defenders in the Jewish community. Brooks, the Republican Jewish Coalition leader, said the issue should have only a minimal impact. "In difficult financial times, there are difficult decisions the chief executives have to make. They can't fund every project and every particular effort that comes before them," he said. "I don't think anybody's going to view that as an attack or an offense to the Jewish community."

Gary Erlbaum, a Pennsylvania businessman who raises money for both Democrats and Republicans, said the only impact of the veto would be in the Orthodox Jewish community.

"If this were going to affect anyone, it would be someone who's morally Orthodox or cares about those who are. Don't forget that's a small minority of Jews in the United States," he said.

Even in that community, Diament said, the veto issue wouldn't decide the candidate's fate. "We know that Governor Romney has appreciation for religious freedom generally," he added, "and we look forward to continuing to talk to him and work with him."

The veto was reported by The Jewish Advocate in December 2003, but got little coverage elsewhere. Recently, a liberal-leaning blog called the Blue Mass. Group picked up the story and had some fun at Romney's expense, titling the post, "Romney: Let them eat pork!"

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by jeremy on 01.30.2007 at 10:52 PM

80% of Jews vote democratic.

Are any Jews, except for a few of the deluded who signed up with President George Cuckoo Bananas and his Christianist crusade, even paying any attention to this guy? What mainstream politician isn't generally pro-Israel? Add on top that, as The Economist recently reported, American Jews are increasingly detached from Israel as an important political issue, and it all adds up to a non-issue.

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One Uninsured Group Can Now Exhale (WP)

By Al Kamen

The Washington Post, January 31, 2007

Former associate attorney general and convicted felon Webb Hubbell, now working for an insurance agency, has an important message for marijuana smokers: You don't have to quit to get life insurance.

"If you've been declined for life insurance or are paying above-market premiums or simply want to know" about life insurance for "responsible" marijuana smokers, then give him a call, he says on an "audio message" he made for the National Organization for the Reform of Marijuana Laws' Web site to explain its new life insurance program.

"Hello, this is Webb Hubbell," the recording begins, with appropriate mellow jazz in the background. "For years, responsible marijuana smokers have not been able to access affordable life insurance," explains the former Little Rock mayor and Arkansas chief justice.

Hubble, longtime close friend of Bill and Hillary Clinton, told us that "responsible" dopers means occasional users as opposed to constant smokers -- something like social drinkers vs. lushes.

So these social smokers "have been forced to lie on applications, forgo the health benefits [for people with AIDS, glaucoma, cancer, multiple sclerosis and epilepsy] of responsible marijuana use . . . or purchase . . . [policies] that did not require an application or a physical. If they were honest about their use of marijuana they were either flat-out declined or rated so high" -- well, how high were they? -- "that they could not afford" the premiums.

"No longer," Hubbell declares triumphantly. Two carriers have agreed to write policies for users, he said. But wait a minute! This stuff is illegal. Well, "technically it is still illegal even in the Netherlands, where you can buy it over the counter," said Allen St. Pierre, NORML's executive director. "Eleven states, with some 100 million people, have decriminalized marijuana," St. Pierre said, "and medical marijuana has been legal for 10 years in some states." We're talking a substantial underserved market here.

So how did Hubbell, who did 18 months in federal prison in 1995-1996 for bilking his old law firm clients, become NORML's insurance agent? Hubbell told us he met NORML founder Keith Stroup in 1996 when both were working on reform in the criminal

justice system. And on the three-minute recording he recounts the moving story of a NORML member who was unable to get a bank loan to expand his trucking business.

The "bank required additional life insurance," Hubbell explains, but "his local insurance agent had told him he simply had to quit smoking marijuana to get the coverage the bank was requiring." Well, " he didn't want to quit, and he wanted NORML's help [and] they contacted me," said Hubbell, who works for the McLaughlin Company -- not to be confused with television's McLaughlin Group.

Hubbell said he found a carrier to write a policy for the man and then "we decided the time was right to make traditional insurance . . . available" to other reefer aficionados. So far, two insurance companies have agreed to write life insurance policies, and Hubbell said he hopes to expand coverage to include health and disability insurance.

"Challenging as it may be," Hubbell says on the message, "NORML is . . . working hard to both reform cannabis laws as well as [to help] cannabis consumers all around the world." And Hubbell is ready to get them insured.

Loop Fans simply must listen to Hubbard's "audio message" about the NORML life insurance program -- and the plug for his agency -- at http://audio.norml.org/audio_stash/staff_psa/webb_jazz_test_2.mp3.One Star Still Shines

Despite her central role in getting the country into that increasingly unpopular war in Iraq, Secretary of State Condoleezza Rice's star is scarcely diminished. In fact, even though she was President Bush's national security adviser throughout Bush's first term, she still ranks quite high in the national popularity polls -- scoring twice Bush's ratings.

That may be why people keep asking her if she's going to be on the GOP ticket in 2008.

The question came up again last week in an interview on German television.

"Before we say goodbye," the interviewer said, "the German public also is viewing with interest that the presidential race is starting pretty early this season, almost after the midterm elections. So -- and they're also fascinated by you as a person, so let me ask you this. Could you imagine any circumstances under which you would be on a Republican ticket?"

"Oh, I'm going back to Stanford," Rice said.

"I want to generate some news here," the interviewer explained.

"No, maybe the Germans will see me at Stanford in Berlin," one of the university's overseas centers.

"Going back to Stanford," where she was provost? That's what she says. Of course, that's what she said at the end of Bush's first term -- and she's still here.Defer That Junket

Bad news for samba fans on the Hill and in the administration. The embassy in Brasilia says if you haven't booked a hotel room in Rio by now, forget about it. It's Carnival time!

The embassy has asked the State Department to send out an ALDAC -- All Diplomatic and Consular Posts -- message alerting them to the problem.

In its request, the embassy said to "please be advised that due to the high tourism season and the upcoming Carnival acceptable hotel rooms in Rio de Janeiro are booked from now through the end of February," and "it is highly unlikely that any accommodations will be available during this period.

"Post therefore requests that all officials and TDY travelers defer travel to Rio de Janeiro until March 5, 2007." Of course, if you're on one of the Hill appropriations committees or in the leadership and are desperately searching for facts . . .

Mama Hugs Iowa (NYT)

By Maureen Dowd

The New York Times, January 31, 2007

DAVENPORT, Iowa

When she was little, Hillary Rodham would sit on a basement bench and pretend she was flying a spaceship to Mars. Her younger brother Hugh, perched behind, would sometimes beg for a chance to be captain.

No dice. “She would always drive, and I would always have to sit in the back,” he once told me.

Through all the years of sitting behind Bill Clinton on his trip to the stars, Hillary fidgeted and elbowed, trying to be co-captain rather than just wingman, or worse, winglady.

Finally, in Iowa, she was once more behind the wheel of her spaceship to Mars. She didn’t have to prop up Bill after one of his roguish pratfalls. She didn’t have to feign interest in East Wing piffle — table settings and pastry chefs and designer gowns. She didn’t have to defer to her male colleagues in the Senate, stepping back to give them the limelight.

She positively glistened as she talked about how “I” — rather than the “we” of ’92 — would run the world.

Humbly, graciously, deftly, she offered Iowa the answer to that eternal question, What Is Hillary Owed?

Everything.

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John Wood, a self-described "plainsman," Republican and machinery-and-tool salesman from Davenport, asked Hillary how she would handle the world's evil and bad men, provoking the slyly ambiguous retort: "What in my background equips me to deal with evil and bad men?"

He said afterward that he was more worried about her ability to face down villains, "being a lady," but conceded, "The woman did good today."

(His question was reminiscent of Ali G's interview of Newt Gingrich, when the faux rapper asked whether a woman president would be turned on and manipulated by evil dictators, given that, with women, "the worse you treat 'em, the more they want you.")

As YouTube attests, Hillary didn't care about style as first lady; she was too busy trying to get in on Bill's substance. She showed off a long parade of unflattering outfits and unnervingly changing hairdos.

In Iowa, her national anthem may have been off-key, but her look wasn't. It was an attractive mirror of her political message: man-tailored with a dash of pink femininity.

"I think you look very nice," a veteran of the first gulf war told her in Des Moines.

"Thank you!" she answered, beaming and laughing.

When Geraldine Ferraro made her historic run in '84, she tried to blend a mother's concerns into her foreign policy answers, but it did not work so well once she started getting her nuclear terminology mixed up.

Hillary dealt with the issue head on — "I'm a woman; I'm a mom" — hoping to stir that sisterly vote that Ms. Ferraro failed to draw after it turned out that many women were skeptical about one of their own facing down the Soviets.

Unlike Barack Obama, who once said he was bored by the suburbs, she introduced herself in the land of bingo and bacon as a product of the suburbs, wallowing in the minutiae of kitchen-table issues.

W. and Cheney have lavished attention and money on Iraq, leaving Americans feeling neglected. Hillary offered Iowans a warm bath of "you," homey rumination rather than harsh domination.

(Though Jon Stewart warned on "The Daily Show" that her slogan — "Let the conversation begin!" — will not help her with men. "I think the typical response would be, 'Now?' " he said, adding that her new Iraq policy is, "America, let's pull over and just ask for directions.")

Thomasine Johnson, a 66-year-old African-American from outside Des Moines, complained that Hillary talked too much about "traditional women's issues," but many in the audiences seemed enthralled.

The Achilles' heel of "The Warrior," as she is known, is the war. She expressed outrage about Iraq, but ended up sounding like a mother whose teenage son has not cleaned up his room: "The president has said this is going to be left to his successor ... and I think it's the height of irresponsibility, and I really resent it."

She uttered the most irritating and disingenuous nine words in politics: "If we had known then what we know now. ..."

Jim Webb knew. Barack Obama knew. Even I knew, for Pete's sake. The administration's trickery was clear in real time.

Hillary didn't have the nerve to oppose a popular president on a national security issue after 9/11, and she feared being cast as an antiwar hippie when she ran. Now she feels she can't simply say she made a bad decision. And that makes her seem conniving — not a good mix with nurturing.

The Clintonian Candidate (WP)

By Ruth Marcus

The Washington Post, January 31, 2007

There's a Clinton in the presidential race. The surprise: It may not be Hillary.

The truly Clintonian figure running for the Democratic nomination is Barack Obama. The senator from Illinois, it's struck me lately, seems in many ways more like Bill Clinton than does the senator from New York.

When it comes to Obama and Bill Clinton, there are superficial similarities -- the absent father, the humble roots combined with Ivy League pedigree. Leave aside who would be the first black president, as many said of Clinton -- both represent generational change, Clinton as the first baby boomer president, Obama as the first would-be president of the post-baby boom.

Man from Hope -- meet Audacity of Hope.

Of course, the fit isn't exact: Obama, unlike Clinton, doesn't seem to have been running for the presidency since birth. But there are deeper ways, in his intellectual approach, his message and his personal style, in which Obama evokes Clinton.

Like Clinton before him, Obama presents himself as a new kind of politician who can rise above and bridge partisan differences. Go back to Clinton's 1991 announcement speech, and it's easy to imagine Obama speaking.

"Today, our leaders in Washington seem incapable of working together in a practical, common sense way," lamented one politician. The other called for "a new kind of leadership . . . not mired in the politics of the past, not limited by old ideologies." Can you tell the difference? The first is Obama, the second Clinton, but either could have been channeling the other.

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Like Clinton, Obama has a homing instinct for the middle -- maybe too much of one. To read his book "The Audacity of Hope" is to be struck by his constant desire to understand -- even more, to respect -- conflicting views on whatever issue he happens to be discussing.

This is impressive until it becomes, finally, exasperating in its seemingly compulsive even-handedness. "I'm not unsympathetic to Justice Scalia's position," Obama, recovering law review president that he is, writes about the debate on constitutional interpretation. "Like many conservatives . . . I believe we ignore culture factors at our peril," he writes about the values debate. "Not all these fears are irrational," he writes of anti-immigrant sentiment.

In fact, Obama fits himself explicitly into the Clinton mold. "In his platform -- if not always in his day-to-day politics -- Clinton's Third Way went beyond splitting the difference," he writes. "It tapped into the pragmatic, nonideological attitude of the majority of Americans."

To Clinton critics drawn to Obama, equating them seems too facile: Obama's centrist tropism is born of a desire to accommodate and transcend differences, they argue, while Clinton's was an artifact of ruthless calculation in which he submerged differences for political advantage.

To Clinton advocates still unsure about Obama, the younger man has yet to demonstrate the capacity, in his own "day-to-day politics," to put his brand of Third Wayism into action. Clinton's Sister Souljah moment may have been the premeditated political move of a Slick Willie -- Obama suggests as much in his book -- but Obama doesn't have anything similar to brandish as a badge of New Democratic difference.

It's hard to name a prominent moment when, like Clinton pushing welfare reform, he deviated from party orthodoxy. Sorry, senator, but voting for class action lawsuit reform doesn't cut it. Obama's book features an erudite discussion of the folly, and futility, of resisting globalization -- at which point he summarily announces that he voted against the Central American Free Trade Agreement nonetheless. His signature divergence from the other leading candidates in the Democratic field comes from the left: He opposed the Iraq war from the start.

Obama is like Bill Clinton in his natural ease with people and his ability to win them over. A New York Times story about Obama's law school days described how Obama "cast himself as an eager listener, sometimes giving warring classmates the impression that he agreed with all of them at once." As they debated whether to use the term "black" or "African-American," "students on each side of the debate thought he was endorsing their side," the story said. " 'Everyone was nodding, Oh, he agrees with me,' " said professor Charles Ogletree.

Sounds like everyone who's ever emerged from a meeting with Bill Clinton.

If Obama is the Clintonian figure in the race, Hillary Clinton may be Al Gore, more disciplined policy wonk than natural politician. Like Gore, Hillary Clinton can be more adroit intellectually than politically; both face the challenge, fair or not, of convincing voters of their "authenticity."

It's hard to know whether the tempered Clinton or the untested Obama will prove the stronger candidate -- or would be the better president. But with both of them in the race, the 2008 campaign presents a twist on the 1992 offer: two Clintons for the price of one.

Biden Set To Kick Off Presidential Bid (WP/AP)

By Beth Fouhy

The Washington Post, January 31, 2007

NEW YORK -- Democratic Sen. Joe Biden has been saying for months he's running for president. He makes it official on Wednesday. The Delaware senator will file the paperwork with the Federal Election Commission and release a videotaped campaign message to voters on his Web site, joebiden.com. He also is planning another trip to New Hampshire early next week.

"After nine months of doing this, there is no exploratory committee _ I'm running," Biden told The Associated Press.

A 34-year Senate veteran known for his foreign policy expertise and somewhat windy oratory, Biden acknowledged his campaign would generate little of the buzz surrounding the celebrity candidates New York Sen. Hillary Rodham Clinton and Illinois Sen. Barack Obama.

Even he was moved by his colleagues' trailblazing candidacies, Biden said.

"There's good reason to be excited," he said. "You have the first woman running who is qualified, and a very attractive African-American who has demonstrated crossover appeal. I got involved in politics 40 years ago during the civil rights movement, so yes, it's an exciting thing."

That means Biden, 64, is gambling that in a dangerous world, voters will choose experience over excitement _ particularly regarding the Iraq war.

Biden voted in 2002 to authorize military intervention in Iraq but has since become a vocal critic of the conflict. In his view, resolving the situation in Iraq is by far the gravest concern to most Americans.

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"The average voter out there understands that the next president is going to have to be prepared to immediately step in without hesitation and end our involvement in Iraq," Biden said. "It's very difficult to figure out how to move on to broader foreign policy concerns without fixing Iraq first."

Biden will transfer $3 million from his Senate account to his presidential campaign, and said he believed he needed to raise $20 million total to be competitive in next year's early primaries. Analysts believe Clinton and Obama are likely to raise $100 million each this year.

"People ask if I can compete with the money of Hillary and Barack," Biden said. "I hope at the end of the day, they can compete with my ideas and my experience."

Biden was a candidate for the 1988 Democratic presidential nomination, but withdrew from the race in 1987 amid accusations that he had plagiarized passages in his speeches.

Biden Plans To Formally Launch Campaign For Presidency (KCS)

By Thomas Fitzgerald

The Kansas City Star, January 31, 2007

PHILADELPHIA - He's telegraphed it for months in early primary states and on Sunday talk shows, but Delaware Sen. Joseph Biden Wednesday formally launches his campaign for the 2008 Democratic presidential nomination.

Stressing his credentials as one of the party's leading voices on foreign policy, Biden, 64, vowed to "make us safe in the world" as president.

Biden is attempting a comeback 20 years after his first presidential candidacy flamed out amid accusations he plagiarized parts of his speeches and cheated in law school.

"I got back up off my back," Biden said in an interview. "I hope I established in the minds of the American public and the press that I went on to be . . . at least a significant senator dealing with the major problems America faces."

Biden, a senator for 34 years, joins a primary field dominated by New York Sen. Hillary Clinton and Illinois Sen. Barack Obama, who are drawing outsized media attention as the potential first female and black presidents, respectively.

Republicans who are running for president include: Sen. John McCain of Arizona, former Massachusetts Gov. Mitt Romney; former Arkansas Gov. Mike Huckabee; and Kansas Sen. Sam Brownback. Former New York Mayor Rudy Giuliani is considering a run.

Biden planned to file papers establishing a campaign committee Wednesday and to launch a website, wwww.JoeBiden.com, with a video statement, rather than a traditional rollout in Iowa or New Hampshire or the Senate Caucus room. As the chairman of the Senate Foreign Relations Committee, Biden is working on a non-binding resolution opposing President Bush's plan to send 21,500 more troops to Iraq.

"I'm worried that, God forbid, we may be in the same position, only worse off 18 months from now," Biden said. He blamed Bush's "recalcitrance" and unwillingness to listen to advice from across the political spectrum.

Biden was one of the first to suggest that Iraq should be partitioned into three states along ethnic and sectarian lines in order to reduce violence there.

Though he is a harsh critic of the war now, Biden voted to authorize the use of force in Iraq in 2002, and, along with several other Democratic contenders who did the same, is likely to face questions from the party's influential anti-war left.

Biden said that the use-of-force resolution was designed to tighten the screws on the late dictator Saddam Hussein, and that Bush misused it.

"I didn't have any idea of the degree of incompetence that existed in the administration," said Biden, who was first elected in 1972. "I assumed that these guys were grown-ups. They turned out to be . . . arrogant, immature, and wrong. It actually took my breath away."

Biden, who was elected to his sixth term in 2002, has about $3 million in his Senate campaign account that will be transferred to his presidential committee. Biden has said he needs to raise about $20 million before the early primaries of 2008.

He will need it to keep up with Clinton, who already had more than $14 million at the end of November and Obama, who raised at least $7.5 million in 2006.

Biden also faces the better-known former North Carolina senator John Edwards as well as former Iowa governor Tom Vilsack and New Mexico Gov. Bill Richardson.

"We all have different hurdles to overcome: Mine is to demonstrate that I can raise enough money to be competitive and to demonstrate that I can overcome these large figures that are looming out there," Biden said. "Theirs is to demonstrate they have the capacity to be president."

He said he would match up well with the latest stars in the Democratic firmament "once sort of the bloom is off the rose" and all the candidates face tough questioning in Iowa and New Hampshire.

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"This is not going to be an election that lends itself to celebrity nor lends itself to wedge issues," Biden said, arguing that voters are serious and looking for assurances of physical and economic security from their next president.

In Sept. 1987, Biden pulled the plug on his first presidential campaign. In addition to using passages from former British Labor leader Neil Kinnock and Robert F. Kennedy without attribution in some speeches, Biden exaggerated his academic record and, in a bizarre incident, berated a voter he thought had questioned his intelligence. (Biden later was cleared of unethical conduct by the Delaware bar.)

He said that lessons he learned had made him a better person and candidate.

"The first (lesson) is that words matter, that you can't say things lightly," Biden said. "And the other thing is that for one to lose his temper is not a good thing . . . I learned to take a punch. I learned what it's like to literally have the thing you value most in the whole world just absolutely decimated and climb back. I think I am tougher, I think I am more seasoned and I think I am more capable of dealing, you know, with tough circumstances."

Biden To Make It Official On Comedy Central (DNJ)

By Cris Barrish

The News Journal (DE), January 31, 2007

Sen. Joe Biden plans to announce his second run for president today with an online message. Then, at 11 p.m., he'll appear on Comedy Central's "The Daily Show with Jon Stewart." (Buy photo) The News Journal/JENNIFER CORBETT

When U.S. Sen Joe Biden launched his first bid for president in the 1988 campaign, he did so the old-fashioned way: with a flag-waving rally surrounded by hundreds of supporters at the Wilmington Train Station.

Today, when the Delaware Democrat announces his second run for the Oval Office, the process will be, well, different.

No rally.

The candidate will barely even be in his home state.

But in true cyberage style, today should provide Biden with plenty of national exposure, including the debut of his campaign Web site and an appearance on, of all networks, Comedy Central.

Biden's rollout – even his segment on "The Daily Show with Jon Stewart" tonight – is par for the 21st century course, said Stu Rothenberg, editor and publisher of a biweekly political newsletter that bears his name.

"The dramatic change was Bill Clinton, taking a saxophone on late-night TV" on the Arsenio Hall Show in 1992, Rothenberg said. "It's a matter now of reaching people with a variety of media, a variety of forums. It's understanding that different people watch different things. You are sending the message that if you can act funny and hip, people will think you are funny and hip. Candidates want to show the breadth of their personality."

Senate duties

Biden will start the day in more formal style, presiding over a 9:15 a.m. meeting in Washington of the Senate Foreign Relations Committee. He and other senators will deal with one of the gravest issues facing America: options for securing war-torn Iraq.

The panel's guests will be former U.S. Secretaries of State Henry Kissinger and Madeleine Albright. Questioning by Biden and his colleagues could draw coverage on C-SPAN, CNN and other news networks, Biden spokeswoman Margaret Aitken said, noting that Secretary of State Condoleezza Rice's appearance this month was aired extensively.

Late in the morning, perhaps during the hearing, lawyers for Biden's presidential campaign will file formal papers registering him as a candidate with the Federal Election Commission.

Also, the Internet hub of the campaign – www.JoeBiden.com – will go live today, and include a video and information on issues. In the afternoon – the time is not set – Biden will discuss his candidacy in a teleconference with reporters.

Delaware voters, who have elected Biden to six Senate terms dating to 1972, seemed indifferent Tuesday to the fact that their senior senator wasn't holding an in-state event today, though Carol Johnson, 68, of Lewes said "that's kind of fresh."

Opinions differed on his candidacy, which even Biden admits is a long shot with Democratic foes likely to include Sen. Hillary Rodham Clinton, 2004 vice presidential candidate John Edwards, and upstart Illinois Sen. Barack Obama.

Johnson would vote for Biden. "He's highly respected and I think he has a good record and experience," she said.

'Tired of the stodginess'

On its Web site, "The Daily Show" bills itself as a comedic look at the news for people "tired of the stodginess of the evening newscasts." Stewart and his irreverent team, the site boasts, present "a nightly half-hour series unburdened by objectivity, journalistic integrity or even accuracy."

Biden, who has been on the show three times, said the producers have "been after me to come on, and it's a forum that's available, and by the way, a lot of people listen to The Daily Show."

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Today's 11 p.m. Biden segment will draw about 1.6 million viewers, show publicist Steve Albani said. With four repeats Thursday, the appearance could be seen by up to 3 million.

In recent presidential campaigns, candidate appearances on nontraditional news shows, such as MTV, have become commonplace. Edwards unveiled his 2004 candidacy on the Stewart show.

Biden knows, however, that while he can be looser on a comedy show than on "Meet the Press" or other news talk shows, he still must watch his words. "It's a dangerous show because he's funny and smart," Biden said.

Albani said the show provides newsmakers with a chance to reach a younger demographic.

"Of course they realize they are on a fake news show," Albani said. "But the median age of the Sunday news shows is in the 50s, the Jon Stewart show is in the 30s."

Biden, 64, said that voters shouldn't view his "Daily Show" gig on his filing day as a sign he's taking his candidacy lightly. He's running, he said, because he believes the Bush administration has damaged the nation and its credibility throughout the world.

"I don't want to live in the White House," he said, "but I do want to make the decisions."

Loretta Martin of Dover said Biden's ties to Delaware aren't that important on the national stage. "What he does in Washington is a lot more important than where he's from or the name recognition thing," Martin said. "He's got as good a shot as anyone else."

Janie Anderson, 48, disagreed.

"I wouldn't vote for him. I just really don't care for him," she said. "I just don't think he's trustworthy."

Over the next several months, Biden will give voters in Delaware and elsewhere dozens of opportunities to evaluate his worthiness. He plans a myriad of formal announcements on foreign and domestic issues, including rallies with supporters in several states.

Probably even one in Delaware.

The Pelosi Primary: Who Will Be Her Presidential Pick? (POL)

By Josephine Hearn

The Politico, January 31, 2007

Democratic presidential hopefuls will have to win over thousands of voters in primaries next year, but in one critical contest, they face an influential electorate of one: House Speaker Nancy Pelosi, D-Calif.

The so-called Pelosi primary on Capitol Hill is largely occurring out of public view, though some second-tier presidential prospects, among them Sen. Chris Dodd, D-Conn., are openly saying that they hope to win the speaker's favor.

But the competition for Pelosi's backing, whether an official endorsement or a friendly nod, could matter most in what for now is the center ring contest between Sens. Hillary Rodham Clinton, N.Y., and Barack Obama, Ill. Both earned chits by campaigning and fund raising aggressively last fall for House Democrats. And both are currying support from the liberal party activists for whom Pelosi is now an icon.

Pelosi is far from choosing a favorite and may never make an official endorsement, insiders said. But her good will could smooth a candidate's way with state and local party officials, open wallets and help deliver the support of key interest groups.

Many political power brokers will look to Pelosi and her loyalists for guidance in the presidential race, even if she never makes her choice publicly known.

For now, she's not talking. Asked her thoughts on the field of candidates, Pelosi was circumspect.

"I think they're all great," she said last week. "I think we have a very rich field … If I had anything to say to them, it's: 'Make sure at the end of day we know that one of you will be the nominee of the party, so we don't want to do anything in the primary that will hurt our prospects.'"

Several factors can guide whom Pelosi supports, House insiders said. She likely will look favorably on candidates who aided House Democrats in the 2006 elections and in turn helped her become speaker. She may look for candidates who share her liberal ideology and long-standing opposition to the Iraq War. Or she may opt for a candidate with whom she shares a long personal friendship.

In 2003, she backed a longtime House colleague Rep. Dick Gephardt, D-Mo., her predecessor as minority leader, in his presidential bid. The two reportedly had a working relationship, but not a close friendship.

From a fund-raising standpoint, Clinton and Obama distinguished themselves with their support of House Democrats during last fall's elections, political aides said. Clinton contributed $250,000 to the Democratic Congressional Campaign Committee last October, matching the largest check written to the political committee that cycle and solidifying her reputation as the fund-raising front-runner.

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Obama anted up $10,000 from his Hopefund political action committee to the congressional campaign committee just days before last year's general election.

Both candidates also helped out by appearing at campaign events, writing fund-raising appeals and leaning on interest groups. Clinton can also take credit for her husband's work, since former President Clinton was more of an asset to House Democratic candidates than any of the presidential contenders, aides said.

"For us, he was a resource that was unmatched," said a top Democratic aide. "He was hyper-involved day to day. He constantly pushed himself to the point of exhaustion."

But some question whether Pelosi would ever support Sen. Clinton given their deep differences over the Iraq War. Clinton voted for it in 2002; Pelosi voted against. And the two often find themselves at odds on other issues, with Clinton favoring centrist positions over Pelosi's liberal ones. Obama has hewed closer to Pelosi in opposing the Iraq War.

Two of the Democratic presidential candidates, Sen. Joseph R. Biden Jr., D-Del., and long shot Rep. Dennis J. Kucinich, D-Ohio, told The Politico they did not expect Pelosi's support. "I don't think so, but I don't know," Biden said.

Former Iowa governor Tom Vilsack also appeared an unlikely pick; he and Pelosi reportedly have a frosty relationship stemming from ideological differences. Vilsack's campaign did not respond to a request for comment.

Dodd joined Clinton and Obama in contributing to the congressional campaign committee during the last election cycle. He made a $15,000 donation out of his leadership political action committee, Citizens for Hope Responsibility Independence and Service (ChrisPAC), in mid-October.

Although less active on the campaign trail for House Democrats than Clinton and Obama, Dodd enjoys a decades-long personal friendship with Pelosi. They met more than 40 years ago through Dodd's sister, Martha Buonanno, a close friend of Pelosi's when the two attended Trinity University in Washington, D.C.

Pelosi and Buonanno's friendship has continued since then, and Pelosi made sure her college pal had a seat in the House gallery when she was sworn in as speaker earlier this month. Pelosi reportedly stops in on Buonanno when she passes through New England. The two even competed together several years ago in a bocce ball tournament in East Hartford, Conn., organized by Rep. John B. Larson, D-Conn.

That connection is not lost on Dodd, who is considering asking Pelosi for her backing. He was one of the few presidential candidates who called Pelosi shortly after the November election to congratulate her.

"Obviously I've given a lot of thought to it. I haven't told her that yet! I'll be calling her to discuss things," Dodd said. "Nancy's a great friend. She doesn't forget her friends."

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by JayPe on 01.31.2007 at 12:26 AM

Pelosi picked the wrong horse in the Majority Leader race, so hopefully she's learned not to back anyone too publicly...

by Bette Jeanne on 01.30.2007 at 07:36 PM

Mrs. Pelosi did not get where she is by backing someone who cannot possibly win more than 10% of the early primary votes, if that. Dodd is not going to get her backing, period.

by vwcat on 01.30.2007 at 07:35 PM

I hope Pelosi picks the one she is most in agreement with and that is Obama. Clinton is more republican lite and she would do little to further our party or cause. she is more about triangulating and cozying up to republicans and follows the DLC line. Obama is the future and a real democrat.

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Md. Pushes Expansive Medical Coverage (WP)

By Lisa Rein

The Washington Post, January 31, 2007

Maryland lawmakers are drawing up ambitious proposals to provide medical insurance to hundreds of thousands of residents without coverage, stepping into the national debate over who should pay the soaring costs of health care.

Gov. Martin O'Malley (D) will call for expanded coverage of the state's 780,000 uninsured -- one in seven residents -- in his State of the State address today, aides said, highlighting a proposal that would bring more of the poorest residents into public programs and require private insurers to allow young adults to remain on their parents' plans until age 25.

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General Assembly leaders are offering more ambitious plans that would add a $1 tax on cigarettes to pay for covering tens of thousands of low-income workers and offer subsidies to small businesses that provide coverage. Many workers who can afford insurance but choose not to pay for it would have to buy it or face penalties.

"Maryland holds out much promise," said Ron Pollack, executive director of Families USA, an advocacy group pushing for affordable, universal health care. The state "may well jump to near the head of the line."

Maryland would join Massachusetts, California, Vermont and a handful of other states that are mapping a path toward universal coverage in the absence of action by Congress or the Bush administration. Instead of the dramatic national overhaul contemplated more than a decade ago, the states are working within the health system, tapping businesses, hospitals, insurers and workers to pay for expanded health care.

The medical repercussions of a lack of health insurance are prodding many states to act.

"Generally, the uninsured get about half the care that the insured get," said Arthur Garson Jr., dean of the University of Virginia's medical school, who has been an outspoken participant in the state and national discussions. And the ultimate consequence? "The uninsured have a 20 percent higher mortality rate than the insured."

Massachusetts is putting in place a plan that would cover 515,000 people. Maryland's approach is more limited: The most ambitious proposal -- a bill to be filed this week by Del. Peter A. Hammen (D-Baltimore), the health committee chairman -- would affect about a third of the state's uninsured but leave a half-million people without coverage.

O'Malley and lawmakers say they are balancing the political will to expand health coverage with the looming state budget shortfall they will tackle next year.

"The administration is interested in working with Delegate Hammen to make health care more accessible in Maryland," Joseph C. Bryce, O'Malley's senior policy and legislative adviser, said yesterday. "But we have some concerns about how some provisions in the bill would be funded."

The governor opposes a tobacco tax increase, and even if lawmakers approve it, there is some sentiment to use the revenue to cover other needs. And despite the momentum in the Democrat-controlled legislature, initiatives of this magnitude often take more than a single session to sell.

Hammen, with strong backing from House Speaker Michael E. Busch (D-Anne Arundel), is crafting a plan that would dramatically expand Medicaid coverage to many low-wage workers who now are eligible only if their income is 40 percent of the federal poverty level, which is set at $10,210 for an individual or $20,650 for a family of four.

"We can provide better care," Hammen said. "Health care is becoming more unaffordable in every community."

The state would subsidize small businesses to encourage them to provide coverage for their employees. And workers earning more than four or possibly five times the poverty level would have to buy insurance if their employer does not offer it. If they don't, they would face a penalty, possibly the loss of a personal income tax exemption.

Even so, the plan would leave about 500,000 people in the middle without easy access to health care. None of the proposals would cover illegal immigrants.

Insurance companies would be asked to offer a bigger menu of policies at affordable premiums. Under O'Malley's plan, small businesses would set up accounts for their workers to use tax-free dollars to buy coverage.

Hammen said he is still working out cost estimates, but his bill would rely on some federal money, a cigarette tax increase and, eventually, a reshuffling of Maryland's practice of reimbursing hospitals for the free care they now provide to the uninsured. The $700 million fund for uncompensated care would shrink as more residents have insurance, he said.

"Cost is an issue," he said, "but we have the potential of using money that's already in the system."

A $1-a-pack increase in the tobacco tax also is the centerpiece of an effort by the Maryland Citizens' Health Initiative to expand health care access through Medicaid and drug treatment. Although other states have approved tobacco tax increases to pay for health care, Senate President Thomas V. Mike Miller Jr. (D-Calvert) has expressed concern that if the tax acts as a deterrent to smoking, the revenue source could plummet.

About 14 percent of Maryland residents have no insurance, far lower than California's rate of 20 percent.

In the District, where about 13 percent of residents are uninsured, leaders last year agreed to subsidize coverage for children whose families have incomes up to three times the federal poverty level, including those who are undocumented.

"It's ridiculous to talk about two sets of kids," said D.C. Council member David Catania (I-At large), who estimates that the move could add several thousand children.

The District also is seeking federal permission to make more lower-income residents eligible for a subsidy that essentially provides free prescriptions.

In Virginia, 15 percent of the population has no coverage, including one in five adults. Gov. Timothy M. Kaine (D) has proposed providing prenatal care to more low-income women. A state health reform commission is studying greater access to care.

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Maryland lawmakers acknowledge they're taking on a complex, costly effort. "We haven't touched a fiftieth of the pieces here," said Sen. Thomas M. Middleton (D-Charles) , chairman of the Senate Finance Committee.

Staff writer Susan Levine contributed to this report.

Spiritual State Of Union Found Strong (WT)

By Jennifer Harper

The Washington Times, January 31, 2007

In God we (still) trust.

Almost two-thirds of Americans -- churchgoing or not -- say the overall health of the nation is heavily dependent on its spiritual health. About 77 percent say the nation's economy is dependent on its spiritual well-being, while 64 percent say religious expressions are either tolerated or encouraged in their workplaces, according to a Gallup Poll released yesterday.

The findings are part of a greater study plumbing the "spiritual state of the union," said Ted Malloch, director of the Florida-based Spiritual Enterprise Institute.

The poll "measures the extent to which Americans believe in God, act out their belief and impact secular America in real terms: in the workplace, in volunteerism, in business dealings," he said.

Believers are many: 82 percent of the respondents believe in God, while 13 percent believe in a "universal spirit or higher power." Three-quarters say they are Christian, 6 percent are labeled non-Christian and 18 percent have no religious tradition. A majority -- 58 percent -- say success in life is "pretty much determined" by religious and spiritual forces.

Of the respondents, 43 percent were Democrats, 41 percent were Republicans and 13 percent were independents. Ideologically speaking, 58 percent said they leaned conservative, while 32 percent said they were liberal.

The survey also revealed a slow shift in public attitude. Gallup figures in 1999 found 54 percent of Americans called themselves "religious," and 30 percent "spiritual but not religious." Those numbers are now 49 percent and 40 percent, respectively.

Meanwhile, "the 'Protestant work ethic' is alive and well," the survey stated. It found that 78 percent of the respondents would go on working even if they had enough money to quit, while 85 percent agreed that "being ethical will pay off economically." Three-quarters would not bend rules at work, while 97 percent said friends and family respected their line of work. Ninety-two percent said they believe "God wants us to do something with our lives that will be useful to the world."

Such thinking may have its own rewards: 83 percent said their work "is helping make the world a better place." When a 1992 Gallup Poll posed the same question, the percentage was 68 percent.

Spiritual inclinations are either sustained or increasing, the poll found. Eighty-eight percent of the respondents say they are "happy with who I am," up four percentage points from the 1992 survey. Seventy-nine percent said there are clear guidelines to good and evil that apply to everyone, about the same as the previous survey. Almost two-thirds -- 65 percent -- say they are "spiritually committed." The figure was previously 68 percent.

The nation is in a somber mood, the poll noted, with only 29 percent satisfied with the direction of the country, according to separate Gallup findings. But "Americans are fighting back," the current survey stated, noting that seven of 10 regularly volunteer and contribute to charity.

The poll of 1,004 adults was conducted during February and March last year with an error margin of three percentage points.

A Health-Care Bargain (WSJ)

By David Gratzer

The Wall Street Journal, January 31, 2007

Three years ago this month, insurance companies began offering Americans a new type of medical coverage: health savings accounts, which marry low-cost, high-deductible health insurance policies with pre-tax accounts to pay for day-to-day health care. But the anniversary is muted. A slew of reports have been critical, dismissing consumer-driven health care as unpopular and harmful; and with the Democrats in control of Congress, Washington's enthusiasm for the concept has cooled. Nevertheless, the Republicans should take credit where due. The White House ought to build on the growing success of HSAs, which are integral to the president's vision of "affordable and available" health care.

An executive of an upstart airline recently described her company as having three 757s, more than 200 employees, and one big headache: rising health-care costs. Thus, they made the switch to HSAs in 2006, and premiums rose just 5%, compared with a national average of over 8%. Such successes aren't making the news, but overwhelmingly negative stories are. A much reported Commonwealth Fund survey, for example, concluded that enrollment in consumer-driven plans is stagnant, people are

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grossly dissatisfied, and care is delayed. But the report was flawed on its face: For one, it was unrepresentative, drawn from a pool of "Internet users who have agreed to participate in research surveys."

Here's the untold story: Despite recent entry into the market, these plans are gaining popularity. Drawing on information from major insurance carriers, William Boyles, publisher of the Consumer Driven Market Report, estimates that enrollment in HSA-type plans or HRAs (a forerunner to health savings accounts) more than doubled since January 2006, to 13.4 million Americans. The estimate is plausible, as last year twice as many employers offered this coverage than in 2005, and the number of financial institutions supporting HSAs tripled.

Early data suggest good results. Following a year-long analysis of consumer-driven health-care members, Cigna reports that costs are 16% lower than for enrollees in traditional plans, but the use of medications for chronic conditions increased. Enrollees in Aetna's consumer-directed HealthFund maintain their health (even if chronically ill), and purchase more preventative services, yet medical costs rose just 3% in HRA-based plans between 2002 and 2005. A Kaiser Family Foundation survey finds 71% of those with the new "consumer-directed health plans" consider cost when seeking health care, compared with 49% of those with more traditional employer-sponsored coverage.

Granted, not everyone is satisfied. Half of the Kaiser respondents, for example, want to switch to a traditional plan. Reservations aren't surprising -- HSAs can seem initially complicated. EOS, the upstart airline, held townhall meetings and offered health coaches to smooth the transition.

Looking back on GOP-era Capitol Hill, welfare reform stands out as the greatest achievement; health savings accounts may eventually be considered a close second. If HSAs can help tame health inflation, the timing couldn't be more critical. According to HHS projections, without significant changes, national health spending will double to about $4 trillion by 2014.

Democrats have their own agenda. The House has already voted to change Medicare's prescription drug benefit so that the federal government can "negotiate" prices. They also want to expand Schip, the Clinton administration's state health program for children. As the minority party, the GOP may be tempted to go on the defensive, opposing Democratic ideas (as they did with HillaryCare) or aiming to temper them (their strategy for Schip). But instead, Republicans should espouse a positive agenda, regardless of whether all its elements can be passed, including the improvement and expansion of HSAs.

One improvement is to loosen the mandated structure of the HSA. Employers have no flexibility, for instance, to decide what the deductible covers, thus lumping diabetic supplies and Viagra into one cost category. Another improvement would allow individuals to make larger annual deposits into HSAs, as President Bush has championed. So too would be, in line with the State of the Union health-care proposals, a leveling of the tax playing field, allowing individuals to purchase HSAs with the same tax preference as employers. While many Democrats loathe HSAs, it is still possible that HSAs can be improved and expanded if tactical opportunities arise. Remember, Ronald Reagan got his tax cut, even though many Democrats loathed that, too.

Republicans could also urge more state experimentation. Members from both parties -- Sens. Jeff Bingaman and George Voinovich, along with Reps. Tammy Baldwin, Tom Price and John Tierney -- recently proposed legislation to create a super-commission, charged with receiving reform ideas from states and then making grants to enable them. The White House has a bargaining chip here: Without action, Schip will expire, and it might be possible to meet the Democrats half way. They could extend Schip in states that are interested, while other states would have greater freedom to experiment with market reforms such as expanded HSAs.

And that could help make the fourth anniversary of HSAs even more significant.

Mr. Gratzer, a physician and a senior fellow at the Manhattan Institute, is the author of "The Cure: How Capitalism Can Save American Health Care" (Encounter, 2006).

Bush Unveils Security Aid For Palestinians (AFP)

AFP, January 31, 2007

US President George W. Bush has directed about 86.4 million dollars in aid to help Palestinian security forces under President Mahmoud Abbas's direct control, the White House said.

"The idea is to build the legitimate security forces, to help provide law and order in Gaza and the West Bank, fight terror, and to facilitate movement and access especially in Gaza," said national security spokesman Gordon Johndroe.

The money will go "to support efforts to reform Palestinian civil security forces under the direct command of the Office of the President," said the spokesman.

"Our funds will be utilized exclusively for non-lethal supplies and training," he said. "This has obvious security and economic benefits for the Palestinians."

Johndroe spoke after the White House released a memorandum from Bush to US Secretary of State Condoleezza Rice directing her to transfer 86.362 million dollars in aid to the Palestinians.

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"We are utilizing West Bank and Gaza Economic Support Funds left over from projects suspended earlier this year. This assistance will not impact our ongoing humanitarian, democracy, and private sector programs," said Johndroe.

The spokesman said that aid was "consistent" with US obligations under the so-called diplomatic "roadmap" to peace between Israel and the Palestinians, and that Lieutenant General Keith Dayton, the US security coordinator for Israel and the Palestinians, would oversee implementation of the programs.

Fighting Eases On First Day Of A Cease-Fire By Gaza Factions (NYT)

By Greg Myre

The New York Times, January 31, 2007

JERUSALEM, Jan. 30 — After five days of clashes in the Gaza Strip, Palestinian factions on Tuesday mostly observed the latest cease-fire, though one Hamas member was shot dead.

Also, the Israeli Air Force bombed a tunnel near the eastern edge of the Gaza Strip, saying that Palestinian militants were digging it to enter Israel and carry out an attack. The tunnel was near the Karni crossing, which is used to move goods between Israel and Gaza.

The two main Palestinian factions, Hamas and Fatah, held late night talks on Monday and agreed on a truce that took effect at 3 a.m. Tuesday. While Gaza was mostly calm during the day, several previous cease-fires have broken down and there were doubts about this one as well.

In one incident, a local Hamas leader was shot dead in the southern Gaza town of Khan Yunis. The shooting appeared to be a revenge attack by a family aligned with Fatah, which recently had a relative killed in the fighting, according to Palestinian residents of the town.

More than 30 Palestinians have been killed in gun battles since Thursday, and about 60 have died over the past two months.

Egypt, which has often mediated between the Palestinian factions in recent years, helped broker the latest truce.

While Gazans welcomed the reopening of shops and the semblance of normalcy that prevailed on the streets on Tuesday, many said the truce would remain vulnerable unless Hamas and Fatah could agree to work together in the government.

A good deal of the fighting has involved members of the Palestinian security forces. Many members are loyal to Fatah, which long dominated Palestinian politics, but Hamas created a security service, known as the Executive Force, after it came to power a year ago.

Months of negotiations have failed to produce a deal between Hamas, the radical Islamic group that controls much of the government, and Fatah, led by the Palestinian Authority president, Mahmoud Abbas.

Mr. Abbas, speaking in Cairo after a meeting with the Egyptian president, Hosni Mubarak, said Hamas's Executive Force was "illegitimate and illegal."

Mr. Abbas also condemned a suicide bombing on Monday by a Palestinian in the southern Israeli resort town of Eilat, which killed three workers at a bakery.

The Palestinian leader said the bombing was "not in the interest of the Palestinian people." Al Aksa Martyrs Brigades, which is linked to Fatah, had claimed responsibility for the bombing with Islamic Jihad.

Israel has given no indication that it plans a major military response to the suicide bombing, the first such attack in Israel in nine months.

"The initiative will be ours, and we have no intention of relaying what we plan to do," Amir Peretz, the defense minister, said during a visit to Eilat.

However, Israeli newspapers, citing political and military officials, said no large-scale operations were planned.

In a separate development, Israel's deputy prime minister, Shimon Peres, met in Qatar with the emir, Sheik Hamad bin Khalifa al-Thani. That was the highest-level meeting in years between officials of the countries.

The emir urged Israel to hold talks with the Palestinian government, according to the Web site of the Israeli newspaper Haaretz, which had a reporter traveling with Mr. Peres. Israel, which classifies Hamas as a terrorist group, refuses to deal with the organization, and Hamas does not recognize Israel.

Israel and Qatar do not have diplomatic relations, though there is an Israeli trade mission in the Qatari capital, Doha. Mr. Peres visited Qatar when he was prime minister in 1996.

Gaza's Warring Factions Holding Fire (AP)

By Sarah El Deeb

AP, January 31, 2007

DOJ_NMG_0125104

Gaza's warring factions began to hold their fire Tuesday as a truce took effect across the volatile territory and brought hopes for an end to the infighting that has left 36 people dead in five days.

But the killing of a Hamas militant by rival Palestinians — combined with an Israeli airstrike on a smuggling tunnel following a suicide bombing — underscored the fragility of any lull in Gaza's bloodshed.

Palestinian Prime Minister Ismail Haniyeh of Hamas called for a total halt to the violence.

"The past few days were difficult, and everyone paid in blood," he said in Gaza. "Everyone is facing a difficult test, either we maintain this calm ... or everything collapses again, and then everyone will be held responsible."

Previous truces between Hamas and Fatah militants in Gaza have quickly collapsed into new fighting, and it appeared unlikely the two sides would comply with all the terms of the current agreement, such as handing over all those involved in killings and abductions.

Late Tuesday, the two sides began releasing hostages — fighters kidnapped over the past week — both sides said.

Hamas and Fatah gunmen have used prior lulls to prepare for more fighting.

On Tuesday morning, the streets of Gaza were calm, as radio stations loyal to Fatah and Hamas groups played national songs instead of factional music and stopped inciting their supporters against their rivals.

Hopes for an enduring truce fell in the afternoon after a Hamas gunman was killed in the southern Gaza town of Khan Younis. Hamas officials blamed the shooting on Fatah militants, and Hamas supporters took to the airwaves, saying those behind the campaign against their group must be targeted.

However, Hamas officials said they would not retaliate.

Both Fatah and Hamas say bringing suspects to trial is crucial to maintaining the truce.

"If the killers remain in the streets, the cycle of bloodshed will not stop," said Maher Mekdad, a Fatah spokesman. "Families of victims will take the law in their own hands, and revenge will rule," he said.

The truce agreement did nothing to resolve the underlying power struggle between Hamas and Fatah that has fueled the fighting. The two sides have been at odds since Hamas defeated Fatah in legislative elections a year ago, dividing power in the Palestinian government.

President Mahmoud Abbas of Fatah, elected separately two years ago, has urged Hamas, which faces international isolation because of its anti-Israel ideology, to join Fatah in a more moderate coalition. He hopes a softer platform will help end a crippling international aid boycott imposed after Hamas' victory and allow him to resume peace talks with Israel.

Coalition talks have broken down and appear unlikely to resume soon, though both Saudi Arabia and Egypt have offered to mediate.

Even if the truce holds, it does not necessarily mean peace for Gaza after a Palestinian suicide bomber from Gaza killed three people in the Israeli resort city of Eilat on Monday.

Early Tuesday, the Israeli army bombed a tunnel it said was meant for use by Gaza militants for another attack. No casualties were reported. In the past, militants dug such tunnels to attack Israeli army outposts and other targets.

"We will protect the citizens of Israel, and we will protect the tourism centers of Israel," Defense Minister Amir Peretz said Tuesday as he visited the scene of the bombing.

After meeting Tuesday with top military officials, Israeli Prime Minister Ehud Olmert decided to continue to observe a two-month-old cease-fire with the Palestinians, Israeli media reported.

Israeli Arab Official Favors Pragmatism (WT)

By Joshua Mitnick

The Washington Times, January 31, 2007

JERUSALEM -- Raleb Majadele says his success as the first Arab Muslim to serve in Israel's Cabinet will be judged one student and one classroom at a time.

Although many of his Arab political colleagues rail against symbols that equate the state with Judaism, such as the Star of David flag, Mr. Majadele is more concerned with practical matters, such as improving educational standards for Israeli Arab children.

"You need to be strong enough and influential to say, 'Excuse me, we are missing 2,000 classrooms.' Until now, no one has ever sat there and saw to it that that would be his test," the 53-year-old political trailblazer said yesterday.

Initially tapped for the Science Ministry post recently vacated by a lawmaker from his Labor Party, Mr. Majadele will serve as minister without portfolio while Prime Minister Ehud Olmert decides on a redivision of the vacant ministerial posts.

But Mr. Majadele made clear yesterday that education will be a top priority for him.

"That doesn't mean that I can solve all the problems in the next budget. But if we can build in the next year 500 classrooms, something that we haven't done in five years, it's progress," he said.

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It's an attitude that reflects the Arab lawmaker's preference for pragmatism over ideology, accommodation over confrontation and integration over separation in approaching Israel's Jewish establishment.

As Mr. Majadele plied the noisy corridors of the Israeli parliament yesterday, there was ample handshakes and expressions of good will. "Mabruk," congratulated one security guard in Arabic. "Mister Minister," greeted Effie Eitam, a far-right lawmaker and Jewish settler. "I wish you good luck."

Since the appointment of an Arab to Israel's Supreme Court some years ago, Mr. Majadele's entrance into the Cabinet is the most dramatic example of integration for a minority community that sees itself as marginalized and segregated.

But it comes at a time when Jewish-Arab relations are polarized over the Palestinian uprising and a plan by Cabinet member Avigdor Lieberman to force some Israeli Arabs out of Israel, leaving many in that community questioning whether any Arab should serve in the government.

"The question is: Does this really represent a turning point in the question of inclusion or exclusion," said Elie Rekhess, a scholar at Tel Aviv University and director of the Konrad Adenauer Program for Jewish-Arab Cooperation. "This is definitely not the dream that the more national segment of Arab politics in Israel had in mind."

Mr. Majadele said he considers himself first an Arab, then a citizen of Israel, then a Palestinian and lastly a Muslim. But three Arab parties in parliament voted against his confirmation on Monday.

"Majadele enters the government as a representative of the Labor Party and not of the Arab public," said Jamal Zahalka, a lawmaker from the National Democratic Assembly party.

"He's entering a government that doesn't want peace, carries out crimes against the Palestinian people, opened a war in Lebanon. It's a government that discriminates against Arab citizens in Israel.

"No less important, it's a government that includes" Mr. Lieberman, who would redraw the border with the West Bank to swap Israeli Arabs for Jewish settlers.

Mr. Majadele said that he does not think Mr. Lieberman belongs in the Cabinet, but that he won't feel awkward sitting on the same table as the hard-liner. "Nothing prevents me from feeling good," Mr. Majadele said.

Some liberal Jews hope that Mr. Majadele will both symbolize and take steps toward reconciliation. "You mustn't fail," said Akiva Eldar, a political commentator for the left-wing Ha'aretz newspaper at the end of an interview.

Despite his advocacy of integration and his membership in the Labor Party, Mr. Majadele said he is not a Zionist and won't sing the national anthem, Hatikvah, which romanticizes the Jewish longing for national liberation in the "Land of Zion."

"It doesn't speak to me. You want me to sing the national anthem? Show some respect, and bring one that speaks to me, and universal values -- something I, as an Arab, can live with," he said.

Muslim Nations Move To Prevent Violence (WT)

By David R. Sands

The Washington Times, January 31, 2007

Terrified that sectarian Muslim bloodshed could soon engulf the region, U.S. allies and adversaries in the Middle East have stepped up joint efforts to head off a religious civil war.

Sunni Muslim Saudi Arabia and Shi'ite Iran have held intensive talks in recent days on ways to tamp down sectarian violence in Iraq and Lebanon. Over the weekend, Saudi King Abdullah issued an unusual public call for calm.

Top Islamic clerics and scholars in Egypt, Qatar and Iraq also have issued statements urging Muslim unity, often blaming the United States and other outside actors of trying to divide the faithful.

"All scholars are condemning the ongoing sectarian war between Sunnis and Shi'ites as a threat to the unity of Iraq and drawing the attention of Muslims away from the real enemy of the [Islamic world]," Aisha al-Mannai, an Islamic law scholar at Qatar University, said last week at the conclusion of an emergency conference in Doha on the growing tensions among various strains of Islam.

According to the Doha conference communique: "Any exchange of insults against the companions of the prophet Muhammad or his relatives should be treated as an un-Islamic act."

The swirl of activity reflects the deep regional fears that Middle East crises, from Iraq to Lebanon to the Palestinian territories, could pit the faith's two largest branches against each other.

In Iraq yesterday, authorities told the Associated Press that at least 58 Shi'ite worshippers were killed in three separate attacks on one of the holiest days in the Shi'ite Muslim calendar. Five Sunnis in Baghdad were killed in an apparent retaliatory mortar barrage later in the day, just the latest in a vicious cycle in nearly two years of sectarian reprisal attacks.

Al Qaeda and other radical Sunni movements have targeted Shi'ites and their holy sites in Iraq as a way to foment sectarian civil war, a strategy that even President Bush has conceded has been successful.

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Sunni Muslim rulers such as Saudi King Abdullah and Jordan's King Abdullah II have voiced fears of an aggressive Shi'ite revival, bankrolled and armed by Iran's Islamic republic. They cite the rise of Iraq's new Shi'ite-dominated government, the Shi'ite Hezbollah movement in Lebanon, and Iranian backing for Palestinian militant factions in the conflict with Israel.

Skeptical of U.S. strategy and resolve in Iraq, Saudi officials have met in Riyadh with Iranian national security chief Ali Larijani and with a delegation from Hezbollah in recent days. Arab-language newspapers close to the Saudi regime said the separate visits focused on containing the crisis in Lebanon and tamping down Sunni-Shi'ite tensions in general.

Saudi Foreign Minister Saud al-Faisal said Iranian leaders had appealed to Riyadh to "cooperate in averting strife between Sunnis and Shi'ites in Iraq and Lebanon."

Mohammed Mehdi Akef, the spiritual leader of the militant Sunni Muslim Brotherhood, late last week issued a statement condemning Sunni-Shi'ite divisions, implicitly blaming U.S. policy in Iraq and the region to fanning the tensions.

"The schemes of the foreign occupier are responsible for the discord," he said.

But the Doha conference also was marred by sharp exchanges between Sunni and Shi'ite clerics, with both sides blaming the other for the violence in Iraq. Sunni scholars also accuse Iran and its Shi'ite allies of a concerted effort to convert Sunnis to their form of Islam.

In a rare interview with a Kuwaiti newspaper over the weekend largely overlooked in the West, Saudi King Abdullah had a double-edged message for Iran.

The king told the Al-Seyassah newspaper that Saudi Arabia "does not support any party that is an enemy of Iran," but also cautioned Tehran against underestimating the danger of antagonizing the United States in Iraq and elsewhere.

"We advised Iran on how you go about cooperating internationally, and to avoid exposing the Gulf region to dangers," the king said of his meeting with Iran's Mr. Larijani.

The king also said he was aware of popular fears in the Sunni world about rising Shi'ite power.

"The majority of Sunni Muslims will never change their faith," he said.

Saudi Arabia FM Says Iran Cooperating (AP)

By Abdullah Shihri

AP, January 31, 2007

U.S. ally Saudi Arabia said Tuesday it was working with Iran, America's top rival in the Mideast, to find ways to ease the crises in Lebanon and Iraq — a departure from Washington's confrontational stance toward Tehran.

The mediation is an unusual step by two rivals that have been competing for influence in the region. Saudi Arabia, which is mainly Sunni Muslim, has been increasingly vocal about its suspicions of mainly Shiite Iran's intentions.

The kingdom's willingness to cooperate with Iran in mediating the conflicts likely points to the alarm that that the bloodshed in Iraq and the possibility of civil war in Lebanon has raised among the Saudi leadership.

But it could complicate Washington's efforts to isolate Tehran. President Bush has stepped up accusations that Iran is fueling turmoil in the Mideast and has vowed to break what he called Iranian support for militants in Lebanon and Iraq. Bush has soundly rejected calls to reach out to Iran for help in the crises.

Saudi Foreign Minister Saud al-Faisal said Tuesday that Iran had approached his country to "cooperate in averting strife between Sunnis and Shiites in Iraq and Lebanon."

"Saudi Arabia wants only peace in the region," al-Faisal said. "Contacts are ongoing between Riyadh and Tehran."

A Saudi envoy is in Iran studying all the efforts being exerted to calm the situation in Iraq and Lebanon and "exploring what Iran can contribute," he said.

The Shiite Muslim Hezbollah — which Iran is believed to support with money and weapons — has been waging a campaign of street protests for the past two months in an attempt to bring down the Western-backed government of Lebanese Prime Minister Fuad Saniora. Last week, the protests erupted into clashes between supporters of the two sides that raised fears in Lebanon and across the Middle East that the country could explode into a sectarian civil war between its Shiites and Sunnis.

Saudi Arabia has close ties to Sunni politicians in the government's ruling coalition and has strongly backed Saniora.

Hezbollah has demanded the formation of a new national unity government that would give it and its allies more than a third of the Cabinet seats, enabling them to veto major decisions. Weeks of talks between the government and opposition have stalemated.

In Iraq, Iran is believed to back Shiite militias that have been blamed in killings of Sunni Arabs and it has close ties to Shiite parties that dominate the government. Saudi Arabia has strong tribal links to Iraq's Sunni Arab minority.

The contacts come as Saudi Arabia has given tepid support to a new U.S. strategy in Iraq but has expressed skepticism over whether it will succeed. Besides sending 21,000 additional U.S. troops to Iraq, the new strategy takes a tougher stance on Iran.

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Hizbollah Blames Bush For Unrest (FT)

By Ferry Biedermann

Financial Times, January 31, 2007

Lebanon's Hizbollah movement used the Shia Muslim Ashura commemoration on Tuesday to accuse the US and Israel of being responsible for the unrest in the country.

Seven people died in political and sectarian clashes in the country last week.

"The one who fomented chaos in Lebanon, who destroyed Lebanon, who killed women and children, old and young in Lebanon, is George Bush," Sayyed Hassan Nasrallah, Hizbollah leader, told a rally in the southern suburbs of Beirut.

He accused the US of ordering Israel to wage war against his movement last summer as part of what he called the American campaign against "resistance groups" in the Middle East.

The war started in July when Hizbollah captured two Israeli soldiers and killed three. The speech followed remarks by the US president on Monday in which he deplored last week's violence and accused Hizbollah, Iran and Syria of trying to destabilise Lebanon.

Hizbollah and its political allies have been demonstrating for the past two months to bring down the pro-western government of Fouad Siniora, prime minister, and gain more of a say in a new cabinet.

Lebanon's schools and universities were set to reopen on Wednesday having been closed since Thursday, when fighting between rival student groups led to widespread clashes.

Violence last Thursday took place mainly between the supporters of the Shia Hizbollah and Amal movements and Sunni and Druze backers of the government. Rival christian groups had clashed earlier in the week.

In the southern town of Nabatiyeh, in the Shia heartland, thousands of young men on Tuesday carried out the Ashura ritual of cutting themselves and allowing the blood to flow freely. One of them said that the Shia harboured no ill will against the Sunni but that the Sunni were less tolerant of them.

One young woman watching the procession of bleeding young men said that the ritual showed the "Shia capacity for sacrificing for a cause".

In Legacy Of A Revered Martyr, Saudi Shiites Find Sustenance (WP)

By Faiza Saleh Ambah

The Washington Post, January 31, 2007

QATIF, Saudi Arabia, Jan. 30 -- Fawzia al-Hani dropped her black veil over her face and wept softly on Sunday, enveloping herself in the sadness of the last days of Imam Hussein, grandson of the prophet Muhammad and Shiite Islam's most tragic and revered martyr.

The women in the packed community center commemorating Ashura, the anniversary of Hussein's death in A.D. 680, watched on a projection screen as a turbaned cleric described how Hussein set out with a small band of family and followers to confront a large army, then was filled with anguish when his favorite son was slaughtered before he himself was killed.

Beside the cleric, men huddled on the floor with their heads bowed, dabbing at their eyes with tissues.

To many of the region's historically persecuted Shiites, the death of Hussein in what is now Karbala, Iraq, the event that triggered the schism between Sunnis and Shiites, remains central to their lives. Shiite belief that Hussein and his descendants were robbed of their rightful succession as rulers of the Islamic world heightens their sense of persecution and victimization.

The story of Hussein, who chose to confront an enemy army with only a small band of men rather than bow to an oppressive leader, permeates Shiite life from childhood, Hani said.

"You cannot understand Shiites if you don't understand the lessons of Hussein's death," the 44-year-old author added. "Hussein taught us not to fear death because you can achieve victory even through death, as long as you fight injustice and stay true to your principles."

That lesson has not been lost on Saudi Arabia's long-suppressed Shiite minority, a 2 million-strong community living mainly in the oil-rich Eastern Province. Shiites here have only recently been granted greater religious freedoms, including the right to commemorate Ashura publicly. But fears in the Arab world of growing Shiite clout have raised concern among local Shiites that sectarian tensions could roll back some of the progress.

Shiite Iran's increased regional influence, Iraq's newly dominant Shiite majority and the push for more power by Lebanon's Shiites have led to a closing of Sunni ranks in many countries of the region and calls for quashing a Shiite revival.

Shiites, who make up less than 15 percent of the kingdom's 16 million citizens, are considered heretics by the Wahhabi Sunni ideology practiced in the kingdom.

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Emboldened by Iran's 1979 revolution, Saudi Shiites began staging demonstrations during Ashura demanding more rights and freedoms. This led to a brutal government crackdown that resulted in scores of deaths, hundreds of arrests and tense relations in the 1980s.

The situation improved after Shiite exiles returned in 1994 following a truce with the government. And several years ago, reform-minded King Abdullah launched a policy of openness, allowing the community to build mosques and once-illegal community centers called husseiniyas. Shiites have also been granted a small measure of political power with wins in local municipal elections in 2004. But many complain that they still face severe discrimination in government positions, in the military and in schools.

Now, after a lull, Wahhabi clerics have again started issuing fatwas, or religious edicts, labeling Shiites infidels who are more dangerous to the faith than Christians and Jews. Abdullah ibn Jebreen, a prominent Saudi cleric, wrote on his Web site last week that Shiites should be expelled from Sunni lands.

The monarch has been brought into the fray. In a widely circulated interview last week, Abdullah was asked about claims in the Arab media that Iran is attempting mass conversions of Sunnis to Shiism. Without mentioning Iran by name, he told the Kuwaiti daily al-Seyassah that the kingdom was aware of the issue but that Sunnis were immune to conversion and would retain their historical dominance.

Shiites here say Iraq's sectarian violence in particular has inflamed local anti-Shiite feelings. Lawyer and activist Sadeq al-Jubran accused extremist Sunnis of importing the problems of Iraq into the kingdom unnecessarily.

"What's happening in Iraq is not my problem. If Sunnis and Shiites kill each other off, that's in Iraq," Jubran said. "But what's worrisome is that you have people here asking clerics whether it's permissible to kill Shiites because Shiites in Iraq are killing Sunnis."

Hassan al-Saffar, the country's most prominent Shiite cleric, said anti-Shiite fatwas are dangerous and should be criminalized. The community's sympathies with Shiites in Iran or Iraq should not be taken against it, the soft-spoken cleric said. "We are Saudi citizens concerned first of all with local issues. Our religious sympathies do not affect the security and stability of the country," he said.

Despite the common religious ties of the region's Shiites, Saudi Shiites have different interests and live in a different context, said Shiite writer and former dissident Taufiq al-Seif. "Shiites here have reached a level of political maturity and have realized that though they sympathize with co-religionists in the region, they have their own concerns and their own very unique situation. Our interests lie not with Iran but very much with other Saudis."

Speaking at a recent Ashura gathering, Seif urged his listeners to distinguish between religion and politics and not to be swayed by ideology. "We should not sympathize with Shiites just because they're Shiites, even when they are wrong," he told the dozens gathered.

Shiite cleric Nimr al-Nimr, who was detained last year for calling for greater religious freedoms, said Shiites have learned from the example of Hussein to refuse injustice imposed by tyrannical leaders.

"You can't separate Shiite Islam from politics," Nimr said. "It's in the nature of Shiites to fight oppression, and it's in the nature of governments to be oppressive, so naturally there is a confrontation." Nimr said that he did not condone violence or confrontation but that he had learned from the lesson of Hussein not to fear death and to fight for his rights.

Outside, Qatif, a predominantly Shiite enclave that is home to about 900,000 people, was an area in mourning. Black cloth covered entire sides of small apartment buildings, while young boys and girls ran around with red and green mourning bands tied around their heads with the words "O Hussein, O Martyr" sewn on them.

In the Awami neighborhood in the town of Tarut, huge portraits of Hussein, some with blood running down his forehead, lined an empty sandlot in preparation for a reenactment of the events in Karbala surrounding his death. Black and white tents were pitched next to red papier-mache rocks, and plastic sheets were laid out to look like the Euphrates River in Iraq.

On Sunday, after the call to afternoon prayers, Muhammad Zaki Khabbaz took off his jacket and joined several hundred young men for a funeral procession. They snaked their way through narrow, garbage-strewn alleys dotted with green and red banners, beating their chests rhythmically as a poem about the events in Karbala was recited through a bullhorn. The group passed under a covered alleyway with a large cloth banner that read, "Every day is Ashura, and Every Place is Karbala."

"Imam Hussein died rather than bow down to the oppressor," said Khabbaz, a 27-year-old computer company manager. "And by commemorating Ashura, we are confirming our allegiance to never giving up and to upholding those principles.

"When we beat our chests, we are saying that we will never forget Imam Hussein's tragedy," he said. "Every day there is oppression is Ashura, and every place there is oppression is Karbala. And every day, we will fight that oppression."

Talks To Resume On North Korea And Weapons (NYT)

By Joseph Kahn

The New York Times, January 31, 2007

BEIJING, Jan. 30 — China announced Tuesday that talks over North Korea's nuclear weapons would resume in Beijing next week, the latest in a long series of negotiations that have failed to curb its nuclear program.

Discussions are set to resume Feb. 8 though the United States and North Korea have not settled a dispute over freezing North Korean assets at a bank in Macau, a Chinese territory.

United States Treasury officials and their North Korean counterparts met Tuesday in Beijing to discuss American measures that have led to the freezing of $24 million in North Korean assets held at the bank, Banco Delta Asia. No breakthrough appeared imminent, but the talks were set to continue Wednesday.

The dispute overshadowed the last round of nuclear negotiations, which ended in a stalemate in December. Whether North Korea would bargain on its nuclear program while its money remained frozen was unclear.

The United States contends that the matter is separate from the nuclear issue and that the deposits are linked to North Korean counterfeiting and money laundering.

North Korea exploded a nuclear device in October, adding a sense of urgency to six-nation talks that have dragged on for more than three years without tangible progress.

Many American and Chinese analysts say they doubt North Korea will give up its nuclear arms voluntarily after spending decades working to buy and develop the technology.

But the analysts also say that the Bush administration and the North Korean leader, Kim Jong-il, may have more to gain by continuing the talks than abandoning them, at least partly because China, the key intermediary, insists that the talks are the only way to proceed.

The United States and China agreed to impose limited United Nations military sanctions on North Korea after its nuclear test. But China has opposed tougher penalties on North Korea, its former ally.

Christopher R. Hill, an assistant secretary of state and the chief American envoy at the talks, says the North Koreans have signaled their commitment to a 2005 accord on dismantling their arms program. He met his North Korean counterpart, Kim Kye-gwan, in Berlin this month, and both sides said they had set the stage for a productive round.

N. Korea May Accept Deal In Nuclear Talks (WP)

By Glenn Kessler

The Washington Post, January 31, 2007

North Korea appears increasingly willing to bargain over the terms of ending its nuclear programs, prompting cautious optimism that some sort of agreement may be reached when the six-nation disarmament talks reconvene next week in Beijing, U.S. and Asian officials close to the talks said.

With just two years left in President Bush's term, State Department officials appear to have been given new freedom to explore different outcomes and proposals with their North Korean counterparts, most recently during unusual bilateral talks held in Berlin. North Korean officials have responded in kind, for the first time moving beyond quibbles about the wording in communiques and actually talking specifically about what they might do to end their nuclear programs, the officials said.

Officials cautioned that intensive bargaining will be necessary for any deal in a process that has generally yielded little but disappointment, most recently during a round of talks in December. In September 2005, North Korea agreed to a joint communique in which it said it would abandon its nuclear programs in exchange for economic and security incentives. But then it boycotted the talks for 13 months in anger over a Treasury Department action against a Macau bank allegedly acting as a conduit for North Korean counterfeiting.

North Korea tested a nuclear weapon in October, which put it at odds with longtime ally China. But other nations at the talks -- such as Russia -- recently put pressure on the United States to end the financial crackdown against Banco Delta Asia. The talks also include China, South Korea and Japan.

Sources close to the talks who spoke on the condition of anonymity said the United States, backed by China, is seeking some sort of disablement of the North Korean nuclear facility at Yongbyon, but Pyongyang has thus far proposed only to allow the return of inspectors from the International Atomic Energy Agency. North Korea in the past four years has obtained from spent fuel rods at the facility enough plutonium for an estimated 10 nuclear weapons, and it might consider freezing the facility. But that would be problematic for the Bush administration because that would result in a deal similar to the one obtained by then-President Bill Clinton -- which Bush has said was a bad bargain.

Any agreement is likely to include some sort of resolution of the Banco Delta Asia issue. Pyongyang officials have demanded that $24 million in frozen North Korean accounts be returned, but U.S. officials have indicated a willingness to discuss only the return of some funds that have no clear connection to illicit activity.

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Assistant Secretary of State Christopher R. Hill, the chief U.S. negotiator, declined yesterday to discuss specifics or to predict success. "We go there thinking our team has worked as hard as we can, and we have a basis for calling a meeting and a basis for moving forward," he said.

Michael J. Green, the top White House official for Asia policy until a year ago, said the administration will have to balance its interest in winning an agreement against the possibility that North Korea will agree only to a partial solution -- and will ultimately keep its nuclear weapons -- to relieve the pressure from U.N. sanctions. "The devil is in the details," he said.

Green, a Japan expert, added that there is increasing nervousness among Japanese officials that the Bush administration is getting soft on North Korea because of the turmoil in Iraq.

That nervousness extends to U.S. officials deeply skeptical of North Korea. "Any deal that they would agree to now is no good," said John R. Bolton, until recently U.S. ambassador to the United Nations and the top arms-control official during Bush's first term. "It is inconceivable that they will agree to the intrusive inspections regime that we need to have any confidence they would live up to the terms of the deal."

N. Korea Nuclear Talks To Resume (WT)

By Andrew Salmon

The Washington Times, January 31, 2007

SEOUL -- Chinese officials announced yesterday that six-party nuclear talks will resume on Feb. 8, raising hopes that North Korean objections over the freezing of a Macau bank account would be resolved by then.

U.S. Treasury Department officials held talks with North Korean delegates in Beijing on that issue yesterday, and published Asian reports said the Americans were prepared to see some funds released from the Chinese bank.

Chinese Foreign Ministry spokeswoman Jiang Yu said the new round of six-party talks -- involving the United States, China, Russia, Japan and the two Koreas -- should focus on implementing a September 2005 joint statement on the denuclearization of the entire Korean Peninsula.

Negotiations have been stalled almost since the statement was issued because of Pyongyang's unhappiness with U.S.-backed financial moves, particularly the freezing of a North Korean government account at Banco Delta Asia, or BDA, in Macau.

The Treasury Department charges that the account in Macau, a Chinese autonomous territory, was being used to launder the proceeds of financial crimes, including the counterfeiting of U.S. currency.

Daniel Glaser, the Treasury Department's deputy assistant secretary for terrorist financing and financial crimes, led the American side in the talks, which were to continue today. The North Korean team was led by O Kwang-chol, president of the North's Foreign Trade Bank.

The talks create "the opportunity to discuss the concerns of the international financial community about illicit conduct in the international financial system," Mr. Glaser told reporters.

"I know that there's a lot of focus on Banco Delta Asia, and we'll certainly be talking about the illicit conduct of that bank. We'll also be talking about counterfeiting and other related issues."

A news agency report from Beijing said the U.S. officials had confronted the North Koreans with documentary proof of illicit dealings at BDA.

The Treasury Department warned American and international financial institutions in September 2005 not to have dealings with BDA, because of suspicions of illicit activities on behalf of the North Korean government. Following the warning, international financial companies curtailed trade with BDA, for fear of being blacklisted by the U.S. government.

The Macau government took over the bank and froze an estimated $24 million in North Korean assets.

The North subsequently has made the lifting of what it calls U.S. sanctions against the bank a condition for progress in the six-party nuclear talks. With Washington refusing to link the two issues, the North boycotted the nuclear talks for over a year.

There was little progress when the six-party talks finally resumed in Beijing last month, with the U.S. and North Korean financial teams meeting on the sidelines. But both sides were upbeat after three days of closed-door bilateral meetings in Berlin earlier this month.

While Washington insists the Berlin meetings were held in the context of the six-party talks, it was the first time the countries had met without other countries' delegates in proximity since the process began.

Japanese and South Korean news media, citing unnamed sources, have since reported that the United States might permit the unfreezing of some $13 million held by North Korea in BDA. And yesterday, South Korea's Joongang Ilbo newspaper, without naming sources, said President Bush had ordered the Treasury Department to cooperate with the State Department on the North Korean issue.

Specialists say at least some of the North Korean funds held in BDA are from legitimate business dealings.

In an interview with The Washington Times last summer, Nigel Cowie, head of Daedong Credit Bank, the North's only foreign-run bank, said that some of his bank's funds were also locked up in BDA.

He confirmed the difficulties North Korea was facing, as international financial institutions were reluctant to deal with its banks after the Treasury's September 2005 warning. This situation had forced North Korea to rely on couriers to carry international currencies in and out of the country, he said.

Frozen Funds In Macau Could Thaw N. Korea Impasse (USAT)

By Paul Wiseman

USA Today, January 31, 2007

HONG KONG — By the standards of international finance, the amount is trifling: $24 million — less than a lot of CEOs take home in a year.

But that sum — North Korean money stuck in the sleepy Chinese territory of Macau — could hold the key to ending a 4½-year nuclear standoff with North Korea.

The money was frozen 16 months ago when U.S. Treasury Undersecretary Stuart Levey accused a small bank in Macau, Banco Delta Asia, of being "a willing pawn" in North Korea's "corrupt financial activities."

North Korea wants its money back, and the money has become a bargaining chip as the United States leads the diplomatic effort to get North Korea's isolated Stalinist regime to give up its nuclear weapons program.

International talks aimed at dismantling North Korea's nuclear program are to resume Feb. 8 after breaking off in December.

Tuesday, a U.S. delegation led by Deputy Assistant Treasury Secretary Daniel Glaser met at the U.S. Embassy in Beijing with North Korean officials to discuss the $24 million and related allegations: that the communist state is a financial rogue engaged in counterfeiting and money laundering.

If the money talks go well, North Korea might be willing to make concessions on its nuclear program, says Park Young Ho, senior research fellow at the Korea Institute for National Unification in Seoul.

Treasury officials won't comment on widespread speculation in Japanese and South Korean media that the United States is ready to OK the release of perhaps $13 million of the $24 million to give a boost to next week's nuclear talks, which will involve South Korea, China, Japan and Russia, in addition to the United States and North Korea.

The Bush administration alleges that North Korea raises hard currency through criminal activities — peddling pirated cigarettes and Viagra, trafficking in heroin and methamphetamine and printing counterfeit U.S. dollars. At least $45 million in North Korean "supernotes" — near-perfect duplicates of U.S. $100 bills — have been found in circulation, the Congressional Research Service (CRS) reported last year. North Korea earns $15 million to $25 million a year from counterfeiting, CRS has estimated.

Some of those bogus North Korean bills have made their way to Macau, 40 miles west of Hong Kong. Banco Delta Asia, which has $320 million in assets and eight branches (including one in a casino) was North Korea's banker in Macau.

In 1994, a teller at the bank caught two executives from Zokwang Trading, a North Korean front company, trying to deposit $250,000 in counterfeit bills; the men carried diplomatic passports.

Despite the incident, Banco Delta Asia continued to do business with Zokwang for more than a decade — a sign of the bank's tolerance for illicit North Korean business, the U.S. Treasury says. The Treasury chided the government of Macau, a former Portuguese colony that is a specially administered region of China, for lax money-laundering regulations.

The Treasury hasn't imposed any sanctions on Banco Delta Asia. The regulatory case against the bank has been pending since September 2005.

Still, when the bank appeared on the Treasury's blacklist, other banks stopped doing business with it. Customers withdrew $133 million — more than a third of the bank's deposits — within a week. Macau's government froze the $24 million in North Korean accounts, replaced the bank's senior management and suspended chairman Stanley Au, a well-known entrepreneur and former Macau legislator who continues to own the bank. The new management team ended the bank's business relations with North Korea.

The bank also hired U.S. lawyers and lobbyists, who have tried unsuccessfully to get the Treasury to drop its case. The United States hasn't offered detailed evidence against Banco Delta Asia, noting that it has relied on classified sources. Glaser says Treasury officials have studied 300,000 pages of bank documents. "We are quite confident of what we said in September 2005," he says. "Now that we've had a chance to look behind the veil a bit, we know we made the right decision."

In Macau, the bank is widely seen as a pawn in the U.S. diplomatic campaign against North Korea. "There's a general perception that the Americans are using this as a weapon, a way to pressure Pyongyang," says Paulo Azevedo, executive director of Macau Business magazine. "Everybody knew for 10 years about the strong connections between North Korea and

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Macau. (North Korean airline) Air Koryo was flying through Macau. The flights were full of luxury goods going to Pyongyang. Everybody knew — and the Americans didn't? What a coincidence" that the issue emerged in the middle of the nuclear standoff.

Levey, Treasury undersecretary for terrorism and financial intelligence, says, "This is not about punishing North Korea. This is about protecting the international financial system."

Whatever the U.S. motivation, the North Koreans reacted with fury, pulling out of the six-party nuclear talks in November 2005. Park at the Korean unification institute says the North Koreans see the allegations of money laundering and counterfeiting as a slap at their leader and a suggestion that dictator Kim Jong Il is an international gangster. "Face-saving is very important to North Korea," he says.

Macau, which has overtaken Las Vegas as the world's No. 1 gambling market, has passed a stronger anti-money-laundering act.

"We're really pleased with the progress Macau's made," Glaser says. "It's important they play by the rules."

Azevedo of Macau Business agrees that Macau needed to crack down on money laundering. "If the Americans are the only ones with the muscle to stop it, then OK," he says. "Better late than never."

Seoul Wants Written Accord From NKorea Nuclear Talks (AFP)

AFP, January 31, 2007

South Korea has said it wants a binding written agreement to emerge from next week's six-nation talks on dismantling North Korea's nuclear weapons programme.

Foreign Minister Song Min-Soon said the new round, which starts in Beijing on February 8, should produce a document that sets out firm steps toward a nuclear-free North Korea.

Song said the round will aim to reach agreement on implementing a landmark September 2005 pact, under which the reclusive communist state agreed to abandon its nuclear ambitions in return for security guarantees, economic aid and diplomatic recognition.

"An agreement does not come in words. Lots of words have been exchanged among parties. I expect them to turn into a joint document," he told a weekly news briefing.

The United States said Tuesday it was hopeful that "substantial progress" can be made when the talks, grouping the United States, the two Koreas, China, Russia and Japan, resume.

The 2005 deal went nowhere after North Korea in November that year walked away from the forum in protest at US sanctions on Banco Delta Asia (BDA), a Macau-based bank accused of money-laundering for the regime in Pyongyang.

After conducting its first nuclear test on October 9 last year the North returned to the six-party talks in December. But it made it clear it would not discuss nuclear issues unless there was progress on the banking row.

US and North Korean officials began a second round of discussions on the banking curbs on Tuesday in Beijing.

"The BDA issue has so far had a negative impact on the six-party talks. I am looking forward to the settlement of the issue," Song said.

South Korea's Yonhap news agency said Sunday that North Korea would be told during the next round to dismantle its nuclear facilities within months.

The facilities subject to the shutdown include a five-megawatt reactor, a fuel reprocessing plant, a radiochemical lab and two reactors of 50 megawatts and 200 megawatts now under construction, it said.

'Radical Populism' On Negroponte's List (WT)

By Nicholas Kralev

The Washington Times, January 31, 2007

John D. Negroponte said yesterday that one of his priorities if confirmed as deputy secretary of state will be countering the rise of "radical populism" and anti-Americanism in Latin America championed by Venezuelan President Hugo Chavez.

Bush administration officials said that Mr. Negroponte, a former ambassador to Mexico and Honduras, is expected to re-energize Washington's policies in the Western Hemisphere, to which the administration has been accused of not paying enough attention.

"Latin America has been a mixed picture in the last couple of years," said Mr. Negroponte, who is still serving as the nation's first director of national intelligence, during his confirmation hearing before the Senate Foreign Relations Committee for his new post as Secretary of State Condoleezza Rice's deputy.

"One of the trends we need to be concerned about is a kind of a frustration among some of the populations in Latin America that democracy is not necessarily delivering the kinds of results that people had hoped for, and that has in turn given rise to a certain amount of populism," he said. "That is most clearly symbolized by Mr. Hugo Chavez."

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Mr. Negroponte's remarks, as well as comments by other officials, suggest a more active approach to dealing with Mr. Chavez's influence in the region than the administration has had so far.

Thomas A. Shannon, assistant secretary of state for Western Hemisphere affairs, told The Washington Times last year that Washington had decided to "ignore" the Venezuelan leader.

"It would be a mistake for U.S. foreign policy in the region to overly concentrate on the guy," Mr. Shannon said. "If we allow ourselves to get trapped in the kind of confrontation that he wants to have with us, it lessens our influence with others in the region."

Last week, Mr. Shannon said he had spoken briefly with Mr. Chavez at the inauguration of Nicaraguan President Daniel Ortega earlier this month. Mr. Ortega joined the small but growing circle of Latin American leaders who are allies of Mr. Chavez -- Bolivia's Evo Morales, Ecuador's Rafael Correa and the ailing Fidel Castro in Cuba.

"President Chavez indicated a desire to improve relations and a belief that we could find areas where we could have a positive, constructive conversation," Mr. Shannon said at the Center for Strategic and International Studies.

U.S. Ambassador William Brownfield in Caracas "has held several conversations with the foreign minister and with others in the Foreign Ministry about what such an agenda would look like, and I think we are fairly close to a moment in which we might be able to sit down and talk," Mr. Shannon said.

Mr. Negroponte, a career diplomat since 1960, served as ambassador to the United Nations and Iraq before becoming the top U.S. intelligence official in 2005.

Sen. Joseph R. Biden Jr., Delaware Democrat and Foreign Relations Committee chairman, promised a speedy vote on the nomination and predicted an overwhelmingly positive outcome.

Mr. Negroponte said that in addition to Iraq and Latin America, he will focus on Asia in his new position. His portfolio will be similar to that of his predecessor, Robert B. Zoellick, who resigned in July, although it is not clear if Mr. Negroponte will devote as much time to Sudan's Darfur region as Mr. Zoellick did.

Venezuela Poised To Hand ChÃ¡vez Wide-Ranging Powers (WP)

By Juan Forero

Washington Post, January 31, 2007

CARACAS, Venezuela -- The line forms every day after dawn at the Spanish Consulate, hundreds of people seeking papers permitting them to abandon Venezuela for new lives in Spain. They say they are filled with despair at President Hugo ChÃ¡vez's growing power, and they appear not to be alone. At other consulates in this capital, long lines form daily.

Two months after ChÃ¡vez was reelected to another six-year term by an overwhelming margin, Venezuela is experiencing a fundamental shift in its political and economic climate that could remake the country in a way perhaps not seen in Latin America since Fidel Castro took power in Cuba in 1959. On Wednesday, the National Assembly is expected to entrust him with tremendous powers that will allow him to dictate new laws for 18 months to transform the economy, redraw the structure of government and establish a new funding apparatus for Venezuela's huge oil wealth.

ChÃ¡vez's government announced earlier that it intends to nationalize strategic industries, such as telecommunications and electric utilities, and amend the constitution to end presidential term limits.

The new, more radicalized era is enthralling to the president's supporters. To them, ChÃ¡vez is keeping the promise he has consistently made over eight years in office -- to reorganize Venezuelan society, redistribute its wealth and position the country as an alternative to U.S. capitalist policies.

"This is a moment that could be key in the history of Latin America," said Joanna Cadenas, 36, a teacher in the state-run Bolivarian University. "I never thought you could love a president."

But the moves -- which opponents say are marked by intolerance and strident ideology -- are prompting some Venezuelans to leave the country and others to prepare for a fight in the last battlegrounds where the opposition has influence. A few are trying, against the tide, to remain apolitical in a country marked by extreme, even outlandish rhetoric.

"What we're seeing happen here is not good," said JosÃ© Manuel RodrÃ-guez, 42, an accountant seeking travel documents at the Spanish Consulate. "What we see here is the coming of totalitarianism, fewer guarantees, fewer civil rights. I want to have everything ready to leave."

ChÃ¡vez's moves are worrying Bush administration officials, who have voiced concern over the ideological nature of nationalization plans that have targeted companies such as CANTV, the dominant provider of fixed-line telephone service, and the utility Electricidad de Caracas, both of which have stakeholders in the United States. U.S. officials have also expressed concern that the government will not renew the broadcast license of RCTV television, which Venezuelan officials charge supported a short-lived coup against ChÃ¡vez in 2002.

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"We should all be concerned about the direction President ChÃ¡vez is taking his country," Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Appropriations foreign operations subcommittee, said in a statement this week. "Any leader who tries to tighten his grip on power by destroying the institutions of democracy, curtailing press freedom and using his office to intimidate pro-democracy opponents is setting in motion a dangerous process with potentially ominous consequences."

Venezuelan government officials argue that the president's moves are the will of the people and that his latest electoral victory is a mandate for ChÃ¡vez to deepen what he calls his Bolivarian revolution.

"We cannot disqualify Hugo ChÃ¡vez as social leader who, with the support of big majorities, makes decisions," said Haiman El Troudi, a former chief of staff to ChÃ¡vez who now works at the International Miranda Center, which is funded by the government. "I don't see people moving forward against this. I see the same old opposition groups."

El Troudi, the author of a book about the kind of companies that should make up the 21st-century socialism that ChÃ¡vez extols, said the government will move quickly to transform the country into a mixed economy of state firms and private ones, "but with conditions." He said that politically and economically, Venezuela is steadfast against capitalism.

El Troudi also acknowledged that the government needs to better woo the 4 million Venezuelans who voted against ChÃ¡vez and now feel they have no political representation. "These 4 million people are not oligarchs, and they don't represent the ideas of the oligarchy," he said.

Still, ChÃ¡vez's own rhetoric, in daily speeches that can last hours, are filled with invective against opponents and the Americans, giving the former paratrooper the air of what prominent Mexican author Carlos Fuentes calls "a tropical Mussolini."

Even some of ChÃ¡vez's allies have raised eyebrows over some of his plans. The president has formed a coalition, the United Socialist Party, to unite the numerous parties in the National Assembly -- all of them pro-government. But the leaders of bigger, well-established parties such as the Communist Party and Podemos are balking, at least for now.

In a recent meeting for leaders of Podemos, one delegate, Pedro Peraza, said that although support was strong for folding into the president's party, Podemos needed to be cautious. "Things cannot be that way, that it's all about what the president says and that we just follow along," Peraza said. "That would be like communism."

Despite concern voiced by several Podemos members, the president of the party, Ismael GarcÃ-a, said that the dissolution of his party was only a matter of time. Asked if folding Podemos and other parties wouldn't give ChÃ¡vez too much power, GarcÃ-a cited the widespread support the president enjoys.

"We're not turning over anything to anybody," he said. "The president has won this through his prestige, his worth as a leader, his courage."

ChÃ¡vez's boundless energy, and broad ambitions, have hardly slowed plans that include putting a satellite into space, sending 100,000 poor Venezuelans on vacations to Cuba and purchasing 4,000 tons of Bolivian coca, once the drug crop is manufactured into flour and other products. Even in a country now long accustomed to ChÃ¡vez, the pace of the changes is hard to keep up with.

"We thought 2007 would be a time for change, a time for constitutional reform, but we never thought one month after the election we'd see a creation of a sole party, the shutdown of RCTV, the nationalization of CANTV and the electricity of Caracas, and the announcement of a new political map of Venezuela," said Julio Borges, an opposition leader.

Rigoberto Lanz, a prominent intellectual who is an adviser in the government's Science and Technology Ministry, said the size of ChÃ¡vez's ever-expanding government has done little to curb what he called the two most serious "enemies" of the ChÃ¡vez administration, corruption and bureaucratic inertia.

And while Lanz and others are working to empower Venezuelans, he said, there is not a mechanism for people's wishes to be reflected in major policy moves, such as nationalizing companies. Among ChÃ¡vez's plans are communal councils, funded by oil revenue, that would give ordinary people decision-making powers. "We're still far from the big decisions being made by the people," Lanz said.

A recent survey done in Venezuela by Greenberg Quinlan Rosner, a Washington polling firm, showed that a strong majority of Venezuelans were against the plan to eliminate presidential term limits and the decision not to renew RCTV's license. Venezuelans also said it would be preferable if the opposition had more power. And a vast majority said ChÃ¡vez, known for his pugnacious attitude, should be more conciliatory toward the opposition.

"It suggests Chavistas are uncomfortable with some of this and, more importantly, it shows that ChÃ¡vez is misinterpreting his mandate," said Mark Feierstein, a political adviser with the polling firm who helped oversee the survey.

Perhaps surprisingly, some in the opposition see this moment as a time for optimism. Once badly fragmented and discredited, they believe they could find adherents as ChÃ¡vez tries to inject socialist dogma into schools, as he has promised to do, or replace municipal governments with community councils.

"Our job is to present alternatives, and then we need to organize and make people conscious," said Leopoldo LÃ³pez, the opposition mayor of Chacao, an affluent district of Caracas. "I'm not despondent. The lack of hope is the worst enemy we have."

Cuba TV Shows Castro Meeting With Chavez (AP)

By Anita Snow

AP, January 31, 2007

Cuban state television Tuesday showed a video of a healthier looking Fidel Castro meeting with Venezuelan President Hugo Chavez and saying his recovery was "far from a lost battle," in the first images of the ailing leader in three months.

Castro stood and appeared alert in the 10-minute video clip, which state TV said was shot during Chavez's previously unannounced visit to Havana on Monday.

The video seemed to be aimed at knocking down recent rumors about Castro's health, including a report that he was in grave condition.

Castro looked heavier than in previous images that showed him much more thin and frail. Dressed in a red, white and blue track suit, the 80-year-old was shown sitting and drinking juice.

"This also is far from being a lost battle," Castro said of his current health problems.

He noted that when severe intestinal problems struck last summer, he was still not fully recovered from an October 2004 fall that severely injured a knee and a shoulder. "One after the other," Castro said of his health troubles.

Later in the video, Chavez was even more optimistic, saying Castro had already won the battle to recover his health. The Venezuelan president's brother, Education Minister Adan Chavez, was also seen in the video visiting Castro.

Cubans watching the video being shown repeatedly on nightly television news as they sat in open cafes and restaurants said the images reassured them about Castro's health.

"He looks a lot better now," said 28-year-old law student Nicolas Fernandez. "He's well; strong of mind and body."

State Department spokeswoman Joanne Moore declined to comment on the video.

The broadcast came six months after Castro stunned the nation with a July 31 announcement that he had undergone intestinal surgery and was provisionally ceding power to his younger brother Raul. Since then, Raul Castro has led a collaborative leadership that has kept the government running calmly in his brother's absence.

The date that Tuesday's video was taken could not be immediately confirmed. In it, Chavez said the two-hour private meeting took place on Monday and ended at 3 p.m. on Jan 29. In Caracas, a presidential spokeswoman, speaking on customary condition of anonymity, confirmed that Chavez made a one-day visit to Havana on Monday.

On the video, Castro was also heard reading aloud a headline from a printout of an article dated Saturday from the Web version of Argentine newspaper Clarin.

Castro has not been seen in public since July 26 — five days before he stepped aside. He looked more thin and frail the last time video images were broadcast, on Oct. 28.

Cuban officials told visiting U.S. lawmakers last month that Castro does not have cancer or a terminal illness and will eventually return to public life, although it was not clear whether he would return to the same kind of absolute control as before.

In the latest video, Chavez said he found his friend to be "of good humor, with a good face and in good spirits." He said the pair discussed a variety of issues, including the world's energy crisis, and that Castro showed "much clarity, as always in his ideas and analysis."

A report in the Spanish newspaper El Pais earlier this month said the Cuban leader was in "very grave" condition. The paper, citing two unnamed medical sources from Gregorio Maranon hospital in Madrid, had reported Castro was still recovering after three failed operations and complications from an intestinal ailment common in older people called diverticulitis.

The hospital employs surgeon Jose Luis Garcia Sabrido, who flew to Cuba in December to treat Castro. The article's authors later said Garcia Sabrido was not among their sources and he later dismissed much of the report as half-truths and rumors.

Incoming Rice Deputy Seeks US 'Engagement' With China (AFP)

AFP, January 31, 2007

Incoming number-two US diplomat John Negroponte has said Washington should adopt an engagement policy at all levels with China, which is countering traditional US influence in Asia.

Negroponte, currently the top US spy chief and set to become Secretary of State Condoleezza Rice's deputy, also told a Senate hearing on his confirmation that it would not be wise for Washington to review its policy on Taiwan.

"I think we need to engage China on all levels and I think that ought to be our approach to that country, not one of confrontation but engagement," said the 67-year-old veteran foreign service officer whose career began in Asia.

Negroponte also said that he expected to resume a US-China strategic dialogue launched by the previous deputy secretary of state, Robert Zoellick, before his resignation in July last year.

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Zoellick had challenged China to be "responsible stakeholder" in the global economy.

Indicating that he has a firm grasp of China's history, Zoellick said he had gone to Beijing as early as 1972 with former top US diplomat Henry Kissinger shortly after then President Richard Nixon's landmark visit to that country.

"I was involved in the first outreach to China back in the early 1970s," he said.

When asked at the hearing about his opinion on Taiwan President Chen Shui-bian's push for a new constitution, Negroponte cited Washington's adherence to a "one-China policy" and three US-China communiques issued after Nixon resumed contacts with China in 1972.

"We believe that it would be unwise to do anything that might be at cross purposes with those three," Negroponte said.

Pressed by Senator Lisa Murkowski, an Alaska Republican, if the proposed new Taiwanese constitution would violate the communiques, he said, "I would want to study the implications but it certainly strikes me that that would be a distinct possibility".

In the three communiques signed between 1972 and 1982, the United States recognized that Beijing considers there is only one China, including Taiwan, but did not explicitly adopt that view as its own.

Negroponte also said that he expected to spend much time trying to secure peace in Northeast Asia, which has been threatened by North Korea's nuclear brinkmanship.

On ties with Japan, the top Asian ally of the United States, he said he expected to devote "an important amount of time" to nurture that relationship.

He said, "Our relationship with Japan has always been a corner storne of our policy towards East Asia.

"I don't think we should take the relationship for granted, I think it needs to be nurtured and Japan remains one of our most important allies in the world."

Members, Manufacturers Push President On China Trade Policy (HILL)

By Ian Swanson

The Hill, January 31, 2007

The Bush administration is under pressure from members of Congress and domestic manufacturers to change a long-standing practice of not imposing anti-subsidy duties on imports from countries with largely state-driven economies, such as China.

Some congressional sources and manufacturing representatives believe the move could counter rising congressional pressure for legislation tackling the trade deficit with China. The perception that the administration is not dealing effectively with the country could “build a head of steam for legislation,” according to Frank Vargo, vice president for international economic affairs at the National Association of Manufacturers, which has lobbied the administration to change its policy.

A second manufacturing source said it would be helpful if the administration opened up a “new avenue” to provide relief for U.S. companies struggling with Chinese competition. If the administration decides that countervailing duties may be applied to counter subsidies China’s government gives its exporters, U.S. companies could petition the government to impose duties on Chinese imports.

Senate Finance Committee Chairman Max Baucus (D-Mont.) joined 22 other senators in a letter last week to Commerce Secretary Carlos Gutierrez calling on the administration to make the change. “China’s trade surplus with the United States continues to explode, fueled in large part by subsidies provided by the Chinese government to favored industries in China,” the letter read. Thirty-two House members, including 20 Republicans, sent a similar letter to Gutierrez.

Manufacturing groups and companies pressing for the change include the National Association of Manufacturers, the National Council of Textile Organizations, Mittal Steel USA, United States Steel Corporation and the American Forest and Paper Association.

A handful of associations representing retailers and importers, however, has pressed Commerce to maintain its current policy, and broader groups such as the U.S. Chamber of Commerce and the U.S.-China Business Council have not weighed in, possibly because their memberships include companies doing business in China. General Motors Corp. filed a submission that neither rejects nor supports changing the practice, but said Commerce practices should “not unduly handicap imports that are fairly traded or do not result in material injury to domestic producers.”

A GM source said his company’s concern is that if U.S. trade laws are applied in an arbitrary manner that is detrimental to Chinese trade, China could be in a position to retaliate against U.S. companies. GM’s sales in China grew by 20 percent to 700,000 units in 2006, and GM expects the Chinese market to continue to grow rapidly.

Nonetheless, both of Michigan’s senators joined Baucus in calling for the change in policy.

Baucus, Finance ranking member Chuck Grassley (R-Iowa) and Sens. Charles Schumer (D-N.Y.) and Lindsey Graham (R-S.C.) are expected to put together a China trade bill later this year, but have yet to meet on the issue this year, according to a committee aide. Finance expects to hold hearings on China’s trade policy in March, which could kick off efforts to develop a bill.

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"The trick is going to be to come up with ways that are productive and not counter-productive," said Brian Pomper, a former trade counsel to Baucus who is now a partner with Parven Pomper Schuyler. He said there would be an effort to move legislation dealing with China this year.

In September, Schumer and Graham agreed to back off demands that the Senate vote on legislation imposing tariffs on Chinese goods because of China's manipulation of its currency, which Schumer and Graham charge gives a trade advantage to Chinese exporters. They promised to work with Baucus and Grassley on broader trade legislation targeting China if China did not move forward on currency. One business source said the goalposts for legislation will be somewhere between Schumer and Graham on one side and Baucus and Grassley on the other.

Several business lobbyists noted that talks between administration and Chinese officials on currency may have had little impact, which has led some to conclude that talking with China will not lead to a solution. Treasury Secretary Henry Paulson will testify to Schumer and other members of the Senate Banking Committee today about Treasury's report on international exchange-rate policies and the U.S.-China Strategic Economic Dialogue, which met in China in December.

An aide to one Republican House member who signed the Jan. 19 letter to Gutierrez said an announcement that the Department of Commerce is changing its long-standing policy could be a turning point for China trade legislation. Commerce is set to make a decision on whether to change its policy by April 2.

However, a Senate Democratic aide predicted there would be legislation no matter what the administration does, although he agreed continuing the current countervailing policy will add momentum. He noted that Commerce's decision to change its policy could be appealed by groups arguing that it is illegal for the U.S. to impose countervailing duties on non-market economies.

If that happens, legislation might still be necessary, the aide said. At a minimum, a business source said legislation would be helpful in the context of possible court cases.

CHURCH AND STATE As China's Bishops Die Off, Clash Looms With Vatican (WSJ)

By Andrew Batson In Yinchuan, China, And Stacy Meichtry In Vatican City

The Wall Street Journal, January 31, 2007

As Beijing and the Vatican escalate their battle for control of the Roman Catholic Church in China, people like Bishop Liu Jingshan are caught painfully in the middle.

The head of a diocese in the dusty plains of western China, the 93-year-old bishop is one of the church's last living links with a pre-Communist China, when Catholics could freely profess their allegiance to the pope. Bishop Liu also serves in the compromised present-day world of Catholicism in this country, in a government-approved church which the Vatican and many Catholics view as illegitimate.

For more than two decades, Bishop Liu and many other Chinese Catholics have discreetly divided their loyalties between two masters, gently nudging both toward a hoped-for rapprochement. But as Bishop Liu's generation ages, the bridge between Beijing and Rome is wearing thin, worsening tensions on both sides.

Each seat of authority claims the right to appoint Catholic bishops, and neither will talk to the other. So every time a Chinese bishop dies or retires, there is the potential for a conflict to erupt over his successor. The average age of a bishop in China is now 74, and at least 18 bishops are known to have died in the past two years.

More than two dozen of the 138 dioceses in China are now without their own bishops. Bishop Liu, already 18 years past the normal retirement age for a bishop, knows only too well his time to step down is coming.

"I know I am old. The priests who were my classmates are all gone," he says.

Last year, the Chinese Catholic Patriotic Association, the official body which oversees local Catholics, appointed three bishops who had not been approved by the pope. That reversed years of quiet progress toward accommodation, which had included signals that the Vatican was willing to switch diplomatic recognition to China from rival Taiwan.

Anger over the consecrations has prompted the Vatican to re-evaluate its effort to restore ties with Beijing. Pope Benedict XVI earlier this month summoned religious leaders from Hong Kong, Macau and Taiwan -- where the church is free of Chinese government influence -- for a two-day meeting with his top foreign policy advisers. Pope Benedict now plans to issue a letter addressed to the estimated 12 million Catholics living in China, according to a Vatican statement. In two statements last year, the Vatican warned that any bishops appointed without papal approval could be excommunicated.

The struggle over who will lead Chinese Catholics is frequently opaque, revealed only in the nuanced signals that are a hallmark of both the Vatican and the Chinese Communist party. Still, the stakes for the church are enormous. China represents an unparalleled opportunity to increase the Catholic faith at a moment when its traditional stronghold of Europe is weakening. The conflicts within the Chinese church have left it lagging behind energetic Protestant sects in preaching to the Chinese.

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"It would be a great sorrow to me if, as China develops more and more into one of the most important forces in the world, it does not know the grace and wonder of Christ and his church," says Cardinal Theodore E. McCarrick, the former Archbishop of Washington, D.C., who has frequently traveled to China as an unofficial envoy for Rome.

A Test

The tensions over the Catholic Church are also turning into a test of just how much freedom China's government is willing to allow religious organizations in a materialist society whose people are increasingly hungry for spirituality. The difficulty is made more acute for Catholics by the central role of the pope and the religious bureaucracy he heads, which the Communist Party sees as a rival for political authority.

In the years following the 1949 revolution, Catholics were denounced as agents of an imperialist power. Foreign priests and missionaries were expelled, and many Chinese priests, including Bishop Liu, were imprisoned. Later, during the chaos of the Cultural Revolution, the church essentially vanished from public life, as mobs hounded believers and tore down many cathedrals.

Today's China is somewhat more welcoming. The country officially recognizes five religions, including Catholicism, but still keeps tabs on their leaders through a government bureaucracy and a collection of five "patriotic" organizations. Catholics, in particular, have long been viewed with suspicion as possible political activists with loyalties to a foreign power in Rome.

"The Chinese government and the Chinese people are afraid of the church turning and playing the role that it did in Poland," says Liu Bainian, vice chairman of the official Chinese Catholic Patriotic Association, referring to the church's influence in the uprising against Poland's Communist rulers in the late 1980s that paved the way for free elections.

On the other side, many Catholics feel the Patriotic Association has traded the true faith for allegiance to the Communist Party.

"The official church in China is not obedient to the pope. They are obedient to the Chinese government. By definition they are not Roman Catholic," says Joseph Kung, who runs the U.S.-based Cardinal Kung Foundation and is an advocate for China's "underground" church -- the semi-secret group of priests and bishops who don't register with the patriotic association and are often harassed and imprisoned. In recent years, at least 17 underground bishops and numerous priests have disappeared, been arrested or detained in isolation, according to Asia News, a Vatican-affiliated news agency that monitors Church affairs in China. Some have died in prison.

Building Up Ties

Even so, traditionalists within the open church have spent decades quietly building up ties with the Vatican. While participating in an organization that has openly called for the Chinese church's "independence" from the pope, they have privately sought his blessing and tried to increase exchanges between Chinese Catholics and those abroad.

"Even though I spent 19 years in prison, I do love my country. But do you think I only love my country? I also love my church," says Bishop Liu.

Born in 1913 to a Catholic family in Inner Mongolia, he studied at a seminary there run by Belgian and Dutch missionaries. After being made a priest, he served as a local pastor and, later, the head of his old seminary.

Bishop Liu was just 38 years old when he was first imprisoned, in the chaos and antiforeign frenzy that followed the Communist revolution. Even after his sentence ended, in 1970, he was a suspect individual. He supported himself by laboring in the fields while the Cultural Revolution engulfed society. It was only after Mao Zedong's death in 1976 that religion was slowly allowed back into the open.

In the late 1970s, as China's new leaders began easing government controls "the churches all opened. We could practice our religion," recalls Bishop Liu. "We didn't have any books or vestments, but we started to preach again."

But the Communist Party's opening to religion came with a stark choice: cooperate with the government, and be allowed to preach openly, or continue in hiding. Bishop Liu wanted to work in the open.

The government in Inner Mongolia, where Bishop Liu had served much of his sentence, still saw him as a political criminal. So, in 1983 he left and went to Yinchuan, capital of the western province of Ningxia. It was there that, at the age of 70, he truly began his life's work.

"I still had something to do for the Lord: find a way to build up the church," Bishop Liu says, holding forth in his room, next to Yinchuan's church, which holds a desk, some chairs for visitors, a spartan cot and a toilet.

Yinchuan has a harsh, dry climate and a heavily Muslim population. Yet it proved fertile ground for the Catholic missionaries who first arrived in 1879. By 1950, Catholic records showed about 35,000 believers in Ningxia.

But when Bishop Liu -- then just an ordinary priest -- arrived in 1983, Catholicism had been driven almost completely from public life. His first task was to make contact with those believers who were left. He traveled around its many isolated mountain villages, reconnecting with Catholics who had gone into hiding. He also scrounged together land, money and material to rebuild Yinchuan's crumbling cathedral.

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The government was prepared to give the church and the land back to local Catholics. Bishop Liu still had to find the resources to rebuild the church and keep it running. In 1984, he cut a deal, giving up part of the church's land to a government real-estate company in exchange for money to build a new church. The building, finished in 1987, still stands.

Building up the human base of the diocese proved just as challenging. A half-dozen nuns had survived, but they were even older than Bishop Liu. So he roamed around northwest China to recruit. Today, Bishop Liu has 11 priests by his side and 20 or so nuns and has also set up 14 churches outside Yinchuan.

His church is still struggling. "Our biggest difficulty here is that the congregation isn't big enough," says Bishop Liu. He estimates he looks after seven or eight thousand Catholics -- many more than in 1983, but just a tiny fraction of the province's roughly six million people.

In 1993, he was named bishop of Ningxia by the Patriotic Association. He squared that with his faith by seeking, and receiving, a blessing from Pope John Paul II. Having a recognized official status has been a help: Bishop Liu has used his government contacts to get some money sent from a seminary in wealthy Shanghai.

Jeroom Heyndrickx, a Belgian priest who has known the bishop for more than 20 years, says Catholics critical of the official church should still respect his accomplishments. "He is in my view a great man, a courageous man," says Father Heyndrickx. "These old priests and bishops have done a tremendous job to rebuild the church, and have been misunderstood for it."

Search for a Successor

While Bishop Liu has found a way to practice in the open church without breaking ties with Rome, he must now find a successor who can do the same. Three years ago, a bishop in a neighboring province recommended a priest who has become his preferred candidate: Li Jing, a German-trained theologian who is now vice-rector at the government-supported National Seminary in Beijing. Father Li, 38, says he feels too young and inexperienced to take up the post, but will not contest the judgment of his elders in the church.

Father Li hasn't been formally appointed yet. To become a bishop in China's open church he must be elected by the diocese, in a meeting that usually includes the local priests and some nuns and prominent laypeople. They will then seek approval for the choice from the patriotic association.

In recent years, the process has often included some kind of informal approach to the pope, where the candidate will write to ask for his blessing, as Bishop Liu did. (Though direct communication is technically not permitted, word can be passed through Catholics in Hong Kong and Taiwan.) The Vatican has tried to bring the open church into the fold, noting in its recent statement that "almost all of the bishops and priests are in communion with the Supreme Pontiff."

The Vatican has maintained hopes that such informal coordination could eventually serve as the basis of a more formal agreement that would end the conflict over the church's status in China, of the sort it has reached with other Communist nations like Vietnam. Just last week, Vietnam's prime minister met with Pope Benedict in the Vatican -- a historic first that Vatican officials believe could eventually lead to a restoration of diplomatic ties.

Mixed Signals

In China, though, the Patriotic Association has been sending mixed signals. Of the five new Chinese bishops consecrated in the official church in 2006, two of them were consensus appointments, with both papal and government approval. However, the other three, who now head the dioceses of Kunming in the southwest and Anhui and Xuzhou in the east, did not receive papal approval.

The Vatican doesn't publicly discuss the selection process, but church observers say the priests who didn't receive the pope's blessing were seen by some as too close to the government and unlikely to stand up for church interests.

One of the priests, Liu Xinhong, the new bishop of Anhui, had asked for the pope's approval. Although he didn't receive it, he took the post anyway. He acknowledged in an interview with state-run media that his decision caused the priests and nuns in his diocese much "internal turmoil."

The Vatican called his appointment and others "a grave wound to the unity of the church." A senior church official who has advised the pope on the issue said the consecrations have revived fears that China's leadership will reverse some of the accommodation of recent years and try to consolidate the open church's independence from Rome. That could mean a schism in the church, creating a rival version of the Catholic faith in the world's most populous country.

Bishop Liu, whose few remaining wisps of hair float out from his skullcap, knows he may not have enough time to see his ultimate hope realized.

"We are with the pope," he says. "We want to bring the churches together."

Bond In Beijing (WSJ)

The Wall Street Journal, January 31, 2007

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James Bond and Communist China, foes for more than 45 years, have called a truce -- at least long enough for the latest installment in the Ian Fleming spy series, "Casino Royale," to premiere in Beijing.

It's the 21st film in the Bond franchise and the first to officially screen in China, which has always found something to object to in the plots of previous films. "Die Another Day," starring Pierce Brosnan, portrayed Beijing ally North Korea as a crazy authoritarian regime. In "The World Is Not Enough," Hollywood's version of a Rupert Murdoch-like character buys off a Chinese general to gain exclusive broadcasting rights in mainland China. In "Casino Royale," 007 merely rolls the dice with bankrollers of terrorism.

The longtime Bond ban hasn't stopped Chinese fans from getting their fix. Pirated copies of Bond movies have been circulating in China for years, much like pirated copies of just about everything else made by Hollywood. Hours before "Casino Royale's" Beijing debut, director Martin Campbell found DVDs of his movie for sale on the street. He paid about $1 for one and his name wasn't even on the credits.

The first Bond movie was released in 1962, when Mao Zedong's China was on the brink of the Cultural Revolution. The Party hasn't been quick to embrace the debonair Western spy, who always outwits his hapless Cold War -- often Communist -- adversaries. Now that Agent 007 is finally on Her Majesty's Secret Service in Beijing, we hope it will stir some thought in the Communist Party's halls of power about the ideas that Mr. Bond fights for.

Will The African Union Help Somalia? (CSM)

By Scott Baldauf

The Christian Science Monitor, January 31, 2007

JOHANNESBURG, SOUTH AFRICA

As African leaders met for the second and last day of the African Union (AU) Summit Tuesday in Addis Ababa, Ethiopia, there were many questions about unfinished business and what they have actually accomplished.

Chief among them is the shaky AU peacekeeping force planned for war-ravaged Somalia. While a few African countries – Uganda, Nigeria, and Malawi – have pledged 2,500 of the 8,000 requested troops, most remain silent.

South Africa, a regional power normally willing and able to send peacekeepers, gave a definite "no" this week, citing its own overstretched military, the lack of Western donor support, and the lack of a workable peace plan.

Its concerns underscore the stumbling blocks for the AU as a whole. And with multiple peacekeeping missions throughout the continent, the AU may be reaching the limits of its capacity to handle more conflicts.

"I get a sense that troop-contributing countries want a better understanding of the situation in [Somalia] before sending their troops," says Matt Bryden, an analyst for the International Crisis Group in Nairobi. Even if countries do soon commit to sending 8,000 troops, Mr. Bryden says that may not be enough. "With 8,000 peacekeepers, they'll be hard-pressed to provide airport and VIP protection, let alone protecting the cities," he says. "It's not realistic."

Top AU diplomat Alpha Konare chastised African countries Monday. "We cannot simply wait for others to do the work in our place," he said, warning of chaos in Somalia if peacekeepers aren't deployed soon.

In theory, the AU should behave like the European Union (EU), with common policies on trade, development, and defense. African nations should come to each other's aid, to help sort out conflicts, and to provide peacekeeping forces as needed by their fellow governments. But the AU already has missions in Ivory Coast, Burundi, and the Democratic Republic of Congo, to name a few.

"I think it's like the electricity here, at some point the demand is greater than the supply, and it just runs out," says Tom Wheeler, a former South African ambassador, and now a research fellow at the South African Institute for International Affairs in Johannesburg. "It's not an unwillingness on South Africa's part; we simply don't have people to send. I believe the US is also finding itself in that same situation."

As AU leaders at the summit scrambled Tuesday to convince member nations to send more troops, Somalia's President Abdullahi Yusuf agreed under intense pressure from the US, the EU, and the UN to start a reconciliation conference with all religious and clan leaders, including moderates among Somalia's Islamists, who were overthrown by Somalian and Ethiopian troops earlier this month.

Willingness to include moderate Islamist leaders in talks could pave the way to a peace plan that analysts say is key to getting African countries and Western donors to contribute enough troops and money for an effective peacekeeping force. The EU reacted to Mr. Yusuf's announcement by pledging to donate $20 million for the peacekeeping force.

Still, many experts believe that the mission will depend on how events unfold in the next few weeks.

Tuesday, Somalia's Islamists posted a videotape on their official Web site warning that any African peacekeepers would be seen as invaders, highlighting the dangers of the mission. But if Somalia's weak Transitional Federal Government (TFG) acts on

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its announcement to reach out and share power with a broad section of Somali society, then attacks on remaining Ethiopian troops may diminish.

"I think you may well see a staggered deployment, with limited numbers going in doing the most limited tasks, protecting the TFG, and providing escorts for VIPs," say Bryden. "A lot depends on what happens with the first group of peacekeepers. If they find themselves facing attacks the way the Ethiopians and TFG are, you're not going to see a lot of appetite for expansion."

As attacks on Ethiopian troops intensified this week, Ethiopian President Meles Zenawi announced that his country would withdraw one-third of its troops.

Mr. Zenawi said last week that Ethiopia had accomplished its mission, and now the future of Somalia rests in the hands of its new leaders and Western donors.

"The problem might be those who have resources may be reluctant to provide the necessary resources," he said. "If the international community chips in that is fine. If they don't it will be up to them," he added.

AU peacekeeping planners estimate that the AU will need $160 million for the first six months of its mission. Besides the EU announcement to contribute $20 million, the US has promised $40 million.

But, perhaps most important, the AU needs a peace plan to enforce, says Richard Cromwell, a senior analyst at the Institute for Security Studies in Tshwane (as the South African capital city of Pretoria is now called.)

"There is no peace plan, and no political or diplomatic framework on which to hang a mission," says Mr. Cromwell. "If one looks at the context of the AU summit, it's nice to say you are going to send troops, but it's another thing to actually send them. Why would you devote rare African troops to a quagmire when you might need them for future conflicts?"

Early Accolades For UN's New Chief – With Caveats (CSM)

By Howard Lafranchi

The Christian Science Monitor, January 31, 2007

UNITED NATIONS, N.Y.

When spending and accounting questions arose recently about the United Nations Development Program in North Korea, new UN Secretary-General Ban Ki Moon wasted little time moving into damage-control mode.

After all, he was fully aware of the toll that the Iraq oil-for-food scandal had taken on both the UN and his predecessor, Kofi Annan.

And so Mr. Ban summoned a top UNDP administrator, organized media access to some of the program's senior staff, and issued a statement calling for "an urgent, system-wide and external inquiry" into the financial activities of all UN programs.

That quick action within the first month of his arrival on the job has won Ban some early accolades – including from some quarters among US conservatives that are never prone to kind words about the UN.

"Just by promising an investigation into the UNDP scandal, he sets a different tone, and that is very refreshing after the secrecy that cloaked the institution in the Kofi Annan years," says Nile Gardiner, a UN expert and frequent critic at the Heritage Foundation in Washington.

Yet even as he wins some initial praise, Ban is also raising some questions with his first appointments, while leading others to wonder if he isn't coming off as too much of a big-powers secretary-general. Ban, they worry, is showing signs of paying deference to a time-honored system that divvies up key posts among the powers that formed the UN system six decades ago – the US, Britain, and France in particular.

"So far, there's been some of the same division of senior posts on the traditional great-power spoils system that we've seen in the past," says Michael Doyle, a former senior UN official now at Columbia University in New York.

As necessary as Ban's quick jump to answer questions about UN operations in North Korea may have been, it also runs some risks, says Mr. Doyle.

"It raises the broader perception that Mr. Ban is dancing to a tune being played in Washington," he says. That is especially true, others say, because Ban issued his audits edict right after The Wall Street Journal editorial page – a prominent critic of Mr. Annan and his handling of the oil-for-food scandal – ran a column questioning UNDP's North Korea operations.

Ban's appointments so far

Ban did name a top British diplomat as the UN's humanitarian chief, and speculation is widespread at UN headquarters that Americans and French officials are in line for key diplomatic posts, which could be announced after a reorganization that Ban ordered is complete. Now out of the running for the humanitarian post, the US is seeking the top political-affairs post – a possibility that some UN experts say could actually run counter to US interests by making the UN look too much like a tool of American diplomacy.

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Yet other appointments could suggest a worrying turn to UN insiders and inexperienced officials, some say. "On the negative side, I think we're seeing some very questionable appointments," says Mr. Gardiner. "Ban has to be very firm on reform, and while the quick action on the UNDP is a good sign, some of his appointments look less promising."

Some critics are questioning Ban's naming of a Mexican environmentalist and bureaucrat long involved in Latin America development issues to be in charge of reform, or of Tanzania's foreign minister, Asha-Rose Migiro, as his deputy.

This week, Ban has attended the African Union summit in Ethiopia, and he'll be in Washington on Friday for a meeting on the Middle East with other international officials.

A public official with more than three decades of experience maneuvering the tricky diplomatic straits of the Korean peninsula, Ban demonstrated his political acumen by moving fast on the questions about international aid to North Korea: Not only was he recognizing the damage another festering scandal could do to the UN, experts say, but he was also highlighting that this was a problem he inherited, not one of his administration's doing.

"What I sense is a leader very determined to protect his reputation and that of the UN," says Lee Feinstein, an expert in international organizations at the Council on Foreign Relations in Washington.

As important as that may be, it will matter to the world most if Ban uses the strengths flowing from a refurbished UN image to pursue some daunting long-term goals, Mr. Feinstein says. Those goals, he says, include enhanced peacekeeping capacity and the means to head off future repeats of global humanitarian crises – such as what occurred in Rwanda in the mid-1990s and what many consider genocide that is now transpiring in Sudan's Darfur region.

"Can he put some meat on the bones of the concept the [UN] General Assembly endorsed of a 'responsibility to protect' when member states don't protect their own citizens?" Feinstein queries.

Aside from such lofty notions, Ban is also demonstrating what some consider freshness – or what others call unwise unguardedness. An unscripted Ban told reporters in response to questions about the execution of Saddam Hussein that the death penalty is a matter for individual countries to decide. That touched off an uproar among human rights activists who said the UN was on record in opposition to the death penalty – and it caused Ban to quip that he had been given the shortest honeymoon of any UN secretary-general.

A lighter side

He has also offered peeks at what those who know him say is a keen sense of humor. For example, he lavished praise on journalist Sam Donaldson at a Washington news conference, then deadpanned that it was a "great pleasure" to take a question from him. He also used a familiar Christmas tune (Guess which one?) to "warn" UN correspondents at a year-end dinner:

I'm making a list,
I'm checking it twice
I'm going to find out who's naughty or nice
Ban Ki Moon is coming to town.

He's also quickly showing aides carried over from the last UN administration how he is different from Annan. For example, whereas Annan was happy to have a synopsis of the news faxed to his Astor Place home to peruse over breakfast, Ban wants his personal morning-news briefing early and in the office.

"I told my wife that hours may have been long under Annan," one assistant in the secretary-general's operations says, "but that she should plan on them being even longer under Ban Ki Moon."

Lord Levy Arrested For Second Time (FT)

By Ft Reporters

Financial Times, January 31, 2007

Lord Levy, Tony Blair's chief personal fundraiser, was arrested for a second time in the cash-for-honours police inquiry, it has emerged.

Police sources said that the peer had been arrested on Tuesday on suspicion of conspiracy to pervert the course of justice.

Lord Levy was arrested when he turned up voluntarily at a police station to have his bail terms renewed. He has not been charged and was released on bail pending further inquiries.

This was the third time that Lord Levy had returned to the police to have his bail terms renewed since his first arrest on July 12 last year in connection with the 1925 honours act and the 2001 Political Parties, Elections and Referendums act.

Lord Levy's spokesman could not immediately be reached for comment.

The latest twist in a police inquiry into allegations that Tony Blair sought to reward wealthy businessmen who lent the party millions of pounds in loans by nominating them for peerages follows the arrest of Ruth Turner, Mr Blair's director of government relations and a senior gatekeeper, on January 19.

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Ms Turner was arrested on suspicion of perverting the course of justice and in connection with alleged offences under the 1925 honours act. She was later released without charge and bailed pending further inquiries. It was the third time police had quizzed her.

As well as looking into possible breaches of electoral laws and whether honours have been sold illegally, detectives are seeking to establish whether any evidence has been witheld or destroyed. The arrest and release of Ms Turner led to accusations, emphatically denied by Downing Street, of a "cover up" by the government.

Scotland Yard said at the time that, as a result, "additional investigation" would be required and the inquiry could run into March before the police send a file to the Crown Prosecution Service. Ms Turner was the first salaried government official to be arrested as part of the 10-month investigation.

On Tuesday the Metropolitan Police said in a statement: "On July 12 2006, a man attended a London police station where he was arrested in connection with alleged offences under the Honours (Prevention of Abuses) Act 1925 and Political Parties, Elections and Referendums Act 2000."

"He returned on bail on September 20 where he was interviewed then re-bailed pending further enquiries. He returned on bail on December 4 and was re-bailed pending further enquiries."

"He returned on bail today in connection with alleged offences under the Honours (Prevention of Abuses) Act 1925 and Political Parties, Elections and Referendums Act 2000 and was also arrested on suspicion of conspiracy to pervert the course of justice. He has been bailed pending further enquiries."

Police have given no indication whether anyone will be charged as a result of their inquiry.

In a regular briefing for reporters on Tuesday morning, the prime minister's official spokesman again denied reports that police had discovered there was a second computer system at Downing Street used by senior officials.

"There is only one system in Downing Street," he said, adding that police had had full access to it.

In a statement, a spokesman for Lord Levy said he "completely denies any allegations of wrongdoing whatsoever''.

Blair Ally Arrested In Corruption Probe (WP)

By Mary Jordan

The Washington Post, January 31, 2007

LONDON, Jan. 30 -- The chief fundraiser for Prime Minister Tony Blair's Labor Party was arrested Tuesday on suspicion of hampering a police investigation into whether the party offered seats in the House of Lords and other government honors in exchange for cash.

Michael Levy, a close friend of Blair's and special envoy to the Middle East, was arrested on "suspicion of conspiracy to pervert the course of justice." He was released on bail and has not been charged with a crime.

In July, Levy was arrested on suspicion of breaking the law by offering government honors to people who lent large sums of money to the ruling party.

A tennis partner of Blair's who became wealthy in the music industry, Levy has been dubbed "Lord Cashpoint" by British tabloids for his central role in the scandal. He issued a statement Tuesday denying "any allegations of wrongdoing whatsoever."

Many people here see the new charge as more significant than last summer's because it suggests an effort by people close to Blair to hide an offense. "The coverup seems to be the main focus now," said Tim Knox of the Center for Policy Studies in London. "It's a serious crime, and it could be easier to prove" than the initial charges.

Appointed seats in the House of Lords, the upper house of Parliament, could be offered to donors with only a "wink, nod and a handshake," Knox said. But he said it might be much easier for police to discover that e-mails or other documents had been destroyed or hidden in an effort to thwart the investigation.

"Increasingly, this sorry affair has the whiff of Watergate about it," Edward Davey, a member of Parliament from the Liberal Democrats, the third-largest political party here, told the BBC. Suspicion of a coverup is particularly angering people, Davey said.

In all, four people have been arrested in a burgeoning scandal that has made Blair the first sitting prime minister to be questioned by police in a criminal inquiry. The next step is for prosecutors to review the police findings and decide whether to press charges.

Blair announced last fall that he would step down, but he did not say exactly when. Under pressure from his own party and with his approval ratings plunging, Blair said he would not attend his party's next conference, to be held in September.

The cash-for-honors scandal, as it is known here, has increased public disillusionment with Blair, and many people say it could force him to resign earlier than he had planned. Blair has said he did nothing wrong.

Scotland Yard has said it is conducting a "cross-party investigation," and all major political parties are widely thought to have acted similarly with major donors.

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But the scandal has damaged Blair and his party more because they are in power. In addition, Blair promised to end the sleaze associated with former prime minister John Major's Conservative Party, which he trounced in an election a decade ago.

Earlier this month, Ruth Turner, a close aide of Blair's at his Downing Street office, was arrested on the same charges of offering government honors for money and suspicion of perverting justice. Two other people, Christopher Evans, an entrepreneur and major Labor Party donor, and Des Smith, a Labor government adviser, have also been arrested in the case. All were later released.

The Blair He Could Have Been (WP)

By David Ignatius

The Washington Post, January 31, 2007

At the beginning of Tony Blair's political career, his Tory opponents gave him the nickname "Bambi" because of his fawn-like appearance. Now at the end of his 10 years as prime minister, Blair is mocked in Britain as America's "poodle," a slavishly loyal supporter of George Bush and the Iraq war.

Blair had a bit of both animal instincts, deer and dog, but he also had the brilliant political gifts that might have made him a truly great prime minister and the defining politician of his era. That's what makes his story so sad: This immensely talented politician was devoured by Iraq -- and by his support for an American president he kept thinking, wrongly, he could dissuade from mistakes.

Watching Blair deliver a farewell address to the World Economic Forum in Davos last weekend, it was impossible not to think of what might have been. He gave a visionary speech about the values of global interdependence that will be necessary in the 21st century if the world is to survive. The speech seemed to me, in part, a declaration of independence from Bush, the president who took so much from Blair and gave so little in return.

In terms of Blair's reputation, his global manifesto was too late to do him much good. When he leaves office as prime minister, probably this summer, his political legacy will be summed up in one ruinous word: Iraq. But perhaps other politicians -- especially some of the Democratic presidential candidates who are full of ambition but short on ideas -- will pay attention to what Blair had to say at Davos.

Blair tried to address the crucial disconnect of the modern world -- between a global economy that is seamlessly integrated and a global political system that is broken and ineffective. He went to the heart of this problem of global governance: How can institutions be fixed so that the overriding problems of the 21st century, such as climate change, poverty in Africa and the conflicts in the Middle East, can actually be solved?

The British prime minister proposed some specific fixes, most of which departed from current American policy. To strengthen the U.N. Security Council, he suggested adding Germany, Japan, Brazil, India, and perhaps a Muslim or African nation -- initially through a "bridging mechanism" that would provide semi-permanent status without a veto. To make the United Nations itself more effective, he urged consolidating its jumble of ineffective agencies so that it can speak with one voice in each country. He proposed merging the International Monetary Fund and the World Bank, improving their effectiveness and reducing their parochial European and American tilts, respectively. And he urged expansion of the Group of Eight nations to include emerging superstars such as China and India.

"We need a multilateralism that is muscular," Blair said. He argued that the problem wasn't so much a lack of political will as a lack of effective mechanisms to implement goals on which everyone agrees. He cited the genocidal conflict in Darfur, which he described as "a scandal; not a problem, a scandal." He also argued for a new binding agreement on global warming to replace the Kyoto accord and urged the world to meet the target he has set for Britain of a 60 percent reduction in carbon emissions by 2050. In all these comments, he sounded like a leader for a world that badly needs one.

The mystery is how this man who believes so passionately in a multilateral agenda became the apologist and enabler for the most unilateralist U.S. administration in modern history. Blair's supporters say he saw no alternative after Sept. 11, 2001, but to stand with America. At each step deeper into Iraq, he appeared to have misgivings -- as in his insistence on the need for a second U.N. resolution to provide legal authority for the war. But when the U.N. vote failed, and when his later efforts to sway the administration's Middle East policy went unheeded, Blair followed along meekly. The final indignity was when he stood silently by Bush in December as the president trashed proposals to engage Syria and Iran -- an idea Blair had privately championed.

Blair got it right when he said, in answer to a question after his Davos speech, that the West's fine talk of democracy and freedom has little meaning if it is not anchored in a sense of justice. Without such bedrock values, the grand goals of the Atlantic alliance are empty. Sadly, that might be Blair's own political epitaph: A great leader who too often subordinated his own values to please an American president.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

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Self-rule Gets A Second Chance In Northern Ireland (USAT)

By Jeffrey Stinson

USA Today, January 31, 2007

LONDON — Northern Ireland's Catholics and Protestants got the go-ahead Tuesday for elections and joint self-rule this spring, following moves by the IRA and its political wing to end violence and accept rule of law.

British Prime Minister Tony Blair and Irish Prime Minister Bertie Ahern said voters in Northern Ireland would elect a new legislature March 7. They set a strict timetable: After elections, the new assembly has a week to form a Cabinet and until March 26 to take control of most government functions.

The two leaders vowed to dissolve the assembly — effectively placing the region back under British administration — if it does not to meet the deadlines. The last attempt at power-sharing failed soon after a government was formed in 2002.

"If at any point it became clear that parties were unwilling to fulfill their commitments ... it would be unreasonable to expect the people of Northern Ireland to continue with an election," Blair and Ahern said in a joint statement.

More than 3,500 people have been killed in fighting in Northern Ireland since 1969. The conflict has pitted Protestant loyalists or unionists, who favored retaining ties to Great Britain, against Catholic republicans, who wanted the north united with the Republic of Ireland.

The 1998 Good Friday peace accord, brokered by the United States, was an attempt to end sectarian violence in Northern Ireland by creating an autonomous government in which Protestants and Catholics shared power.

In the past year, "There has been significant and welcome progress ... and we remain fixed in our determination to see shared government returned to the people of Northern Ireland," Blair and Ahern said. "There is no reason for any further delay."

Once-bitter enemies — firebrand Protestant preacher Ian Paisley and former Irish Republican Army leader Martin McGuinness — head the main Protestant and Catholic parties. They would be in line to be the new government's top minister and deputy.

Tuesday's announcement followed two major developments:

— The Catholic republican party Sinn Fein (pronounced "shin fayn"), the political wing of the IRA, voted to support Northern Ireland's police force and criminal justice system. Sinn Fein had long rejected the authority of the police force. It accused the Protestant-dominated police of acting as an arm of the Protestant majority and the British government.

— A report issued earlier Tuesday by a joint British-Irish monitoring body affirmed that the IRA has ceased involvement in violence and crime and is no longer buying weapons. The Independent Monitoring Commission, which tracks paramilitary activity, said the IRA was adhering to its 2005 pledge to reject violence in favor of achieving its goals through politics.

The commission said IRA members had not been involved in shootings or assaults for more than a year.

The commission said some IRA members "continue to be engaged in crime, including offenses such as smuggling ... and tax evasion." That criminal activity, however, was against IRA policy and was occurring despite IRA efforts to end it, the report said.

Merkel To Fight Vehicle Emissions Plan (FT)

By Hugh Williamson

Financial Times, January 31, 2007

Angela Merkel on Tuesday vowed to fight plans for European restrictions on vehicle emissions.

The German chancellor said the government would “fight with all its strength” against moves by the European Commission to impose a cap on vehicle carbon emissions to combat global warming.

Signalling her determination to defend the interests of Germany’s powerful car industry, the German chancellor told a business conference in Berlin that she “would certainly block” any binding regulation that did not differentiate between different car sizes.

Her forceful intervention – in contrast with her usual co-operative tone towards the Commission – is likely to increase tensions in a heated battle involving the car industry, environmentalists and José Manuel Barroso, Commission president.

Mr Barroso believes legislation is needed to force carmakers to reduce the carbon emissions of the cars they manufacture, but last week announced a delay in reaching agreement on a legislative strategy because of divisions among his commissioners on the issue.

The car industry looks almost certain to fail to fulfil its voluntary agreement to cut emissions to 140 grammes per kilometre by 2008.

Ms Merkel said it was a “regrettable fact” that the European car industry was not fulfilling this agreement, but said a “general regulation for all [car] sizes” would be wrong.

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She said a “sectoral approach”, with different emissions limits for different car sizes, would be appropriate. German companies, including DaimlerChrysler, Volkswagen and BMW, specialise in larger models with higher emissions, so would be hit hard by a general cap, industry officials argue.

She said that not just such emissions, but also other environmental initiatives, especially the increased use of biofuels, should count towards a country’s performance in reaching climate change goals for the car industry. She said Germany was ahead of other European Union member states in its use of biofuels and this “should be taken account of” by Brussels.

Ms Merkel’s intervention was reminiscent of similar comments by her predecessor Gerhard Schröder, who was seen as close to the car industry, and who regularly picked battles with Brussels on aspects of industry policy. Her comments also come at a sensitive time, with Germany just one month into its presidency of the EU.

Mr Barroso’s aides said he was not overly concerned by Ms Merkel’s comments, which were seen in Brussels as an understandable attempt to reassure one of the country's most powerful industries.

His aides also noted that a general cap was not under consideration.

The Nuclear Threat (WSJ)

By Mikhail Gorbachev

The Wall Street Journal, January 31, 2007

The essay "A World Free of Nuclear Weapons1," published in this newspaper on Jan. 4, was signed by a bipartisan group of four influential Americans -- George Shultz, William Perry, Henry Kissinger and Sam Nunn -- not known for utopian thinking, and having unique experience in shaping the policies of previous administrations. It raises an issue of crucial importance for world affairs: the need for the abolition of nuclear weapons.

As someone who signed the first treaties on real reductions in nuclear weapons, I feel it is my duty to support their call for urgent action.

The road to this goal began in November 1985 when Ronald Reagan and I met in Geneva. We declared that "a nuclear war cannot be won and must never be fought." This was said at a time when many people in the military and among the political establishment regarded a war involving weapons of mass destruction as conceivable and even acceptable, and were developing various scenarios of nuclear escalation.

It took political will to transcend the old thinking and attain a new vision. For if a nuclear war is inconceivable, then military doctrines, armed forces development plans and negotiating positions at arms-control talks must change accordingly. This began to happen, particularly after Reagan and I agreed in Reykjavik in October 1986 on the need ultimately to eliminate nuclear weapons. Concurrently, major positive changes were occurring in world affairs: A number of international conflicts were defused and democratic processes in many parts of the world gained momentum, leading to the end of the Cold War.

As U.S.-Soviet arms negotiations got off the ground, a breakthrough was achieved -- the treaty on the elimination of medium- and shorter-range missiles, followed by agreement on 50% reduction in strategic offensive weapons. If the negotiations had continued in the same vein and at the same pace, the world would have been rid of the greater part of the arsenals of deadly weapons. But this did not happen, and hopes for a new, more democratic world order were not fulfilled. In fact, we have seen a failure of political leadership, which proved incapable of seizing the opportunities opened by the end of the Cold War. This glaring failure has allowed nuclear weapons and their proliferation to pose a continuing, growing threat to mankind.

The ABM Treaty has been abrogated; the requirements for effective verification and irreversibility of nuclear-arms reductions have been weakened; the treaty on comprehensive cessation of nuclear-weapons tests has not been ratified by all nuclear powers. The goal of the eventual elimination of nuclear weapons has been essentially forgotten. What is more, the military doctrines of major powers, first the U.S. and then, to some extent, Russia, have re-emphasized nuclear weapons as an acceptable means of war fighting, to be used in a first or even in a "pre-emptive" strike.

All this is a blatant violation of the nuclear powers' commitments under the Non-Proliferation Treaty. Its Article V is clear and unambiguous: Nations that are capable of making nuclear weapons shall forgo that possibility in exchange for the promise by the members of the nuclear club to reduce and eventually abolish their nuclear arsenals. If this reciprocity is not observed, then the entire structure of the treaty will collapse.

The Non-Proliferation Treaty is already under considerable stress. The emergence of India and Pakistan as nuclear-weapon states, the North Korean nuclear program and the issue of Iran are just the harbingers of even more dangerous problems that we will have to face unless we overcome the present situation. A new threat, nuclear weapons falling into the hands of terrorists, is a challenge to our ability to work together internationally and to our technological ingenuity. But we should not delude ourselves: In the final analysis, this problem can only be solved through the abolition of nuclear weapons. So long as they continue to exist, the danger will be with us, like the famous "rifle on the wall" that will fire sooner or later.

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Last November the Forum of Nobel Peace Laureates, meeting in Rome, issued a special statement on this issue. The late Nobel laureate and world-renowned scientist, Joseph Rotblat, initiated a global awareness campaign on the nuclear danger, in which I participated. Ted Turner's Nuclear Threat Initiative provides important support for specific measures to reduce weapons of mass destruction. With all of them we are united by a common understanding of the need to save the Non-Proliferation Treaty and of the primary responsibility of the members of the nuclear club.

We must put the goal of eliminating nuclear weapons back on the agenda, not in a distant future but as soon as possible. It links the moral imperative -- the rejection of such weapons from an ethical standpoint -- with the imperative of assuring security. It is becoming clearer that nuclear weapons are no longer a means of achieving security; in fact, with every passing year they make our security more precarious.

The irony -- and a reproach to the current generation of world leaders -- is that two decades after the end of the Cold War the world is still burdened with vast arsenals of nuclear weapons of which even a fraction would be enough to destroy civilization. As in the 1980s, we face the problem of political will -- the responsibility of the leaders of major powers for bridging the gap between the rhetoric of peace and security and the real threat looming over the world. While agreeing with the Jan. 4 article that the U.S. should take the initiative and play an active role on this issue, I believe there is also a need for major efforts on the part of Russian and European leaders and for a responsible position and full involvement of all states that have nuclear weapons.

I am calling for a dialogue to be launched within the framework of the Nuclear Non-Proliferation Treaty, involving both nuclear-weapon states and non-nuclear-weapon states, to cover the full range of issues related to the elimination of those weapons. The goal is to develop a common concept for moving toward a world free of nuclear weapons.

The key to success is reciprocity of obligations and actions. The members of the nuclear club should formally reiterate their commitment to reducing and ultimately eliminating nuclear weapons. As a token of their serious intent, they should without delay take two crucial steps: ratify the comprehensive test ban treaty and make changes in their military doctrines, removing nuclear weapons from the Cold War-era high alert status. At the same time, the states that have nuclear-power programs would pledge to terminate all elements of those programs that could have military use.

The participants in the dialogue should report its progress and the results achieved to the United Nations Security Council, which must be given a key coordinating role in this process.

Over the past 15 years, the goal of the elimination of nuclear weapons has been so much on the back burner that it will take a true political breakthrough and a major intellectual effort to achieve success in this endeavor. It will be a challenge to the current generation of leaders, a test of their maturity and ability to act that they must not fail. It is our duty to help them to meet this challenge.

Mr. Gorbachev was the leader of the Soviet Union from 1985 to 1991.

A Dirty Case (WP)

The Washington Post, January 31, 2007

WHEN THE former Russian KGB agent Alexander Litvinenko died of polonium poisoning in November, many people assumed that his murder, like those of numerous other opponents of Russian President Vladimir Putin, would never be solved. But Mr. Litvinenko was killed in London, not in Moscow, and Scotland Yard believes it has cracked the case. According to reports in several of Britain's leading newspapers, the police have concluded that two former KGB agents who met Mr. Litvinenko at a hotel on Nov. 1 are prime suspects in his death.

The two men are Andrei Lugovoy, a former KGB bodyguard to top Communist apparatchiks, and Dmitry Kovtun, a former army officer in Czechoslovakia and East Germany. They allegedly left traces of polonium-210, the rare substance that killed Mr. Litvinenko, nearly everywhere they went on their journey from Moscow to London and back. The teapot used at their meeting with Mr. Litvinenko was found to be heavily contaminated, according to the newspaper reports. In fact, the assassins apparently delivered something like a "dirty bomb" of radiation to London: According to Britain's Health Protection Agency, contamination was found at 20 sites around the city, and 129 people appear to have been exposed.

Given the seriousness of the crime, a vigorous prosecution of the Russians might be expected. Only, they have a powerful protector: Mr. Putin's own government, which, while denying any culpability in Mr. Litvinenko's killing, is nevertheless blocking British access to Mr. Lugovoy and Mr. Kovtun. During a visit to Moscow in December, British detectives were not allowed to directly question the two men, who were then staying in hospitals. Russian officials then opened their own "investigation" and drew up a long list of Putin enemies in London -- from Chechen rebels to former executives of the Yukos oil company. No evidence connects anyone on the Russian list to the murder, but Moscow is saying it will not allow Scotland Yard access to the real suspects unless it can interrogate its targets in Britain.

There's no proof yet that Mr. Putin ordered or approved the London dirty bomb, but the questions for him keep multiplying: Why, if the Russian authorities are innocent, do they deny access to Mr. Lugovoy and Mr. Kovtun? Why do they continue to

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blame enemies of Mr. Putin without offering any evidence? What explains the leakage of a dangerous quantity of polonium, which is produced and held almost exclusively in Russia? And why, as a Polish newspaper documented last week, were pictures of Mr. Litvinenko being employed for target practice last November at a training center used by elite Russian special forces? The director of the center, a founder of a special operations unit, was accused by Mr. Litvinenko of being a KGB agent whose facility prepared contract killers. Mr. Putin is holding his annual international news conference tomorrow; we hope he'll be prompted for some answers.

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Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, January 31, 2007 10:49 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 1/31/07 Civil Division News

Surveillance case to pit strong views; The U.S. argues that the ACLU challenge of Bush's domestic wiretap program is moot

Federal appeals court to hear spying issue

Washington Post Drops Demand To View Cheney's Visitor Logs

Arrest warrants for alleged CIA kidnap; Munich prosecutors seek 13 people linked to rendition of German citizen

Hicks charges false, lawyer claims

EDITORIAL: Where's the contrition for rendition? Maher Arar, wrongfully deported and tortured in Syria, got an apology from Canada but not the United States

Ex-border agent wants job back after being cleared in 2nd trial

Los Angeles Times

January 31, 2007

Surveillance case to pit strong views; The U.S. argues that the ACLU challenge of Bush's domestic wiretap program is moot.

By Henry Weinstein

Times Staff Writer

CINCINNATI — One of the Bush administration's most controversial initiatives in the war on terrorism is set for its first hearing in a federal appeals court in Cincinnati today, but if government lawyers have their way, the case will quickly be dismissed.

Justice Department attorneys contend that the challenge by the American Civil Liberties Union to the government's warrantless domestic surveillance program is moot because the program is now being monitored by a special court. They are asking that the ruling saying the program is unconstitutional be thrown out.

But ACLU lawyers say the case is still viable and are calling on the U.S. 6th Circuit Court of Appeals to affirm U.S. District Judge Anna Diggs Taylor's ruling in August that the Terrorist Surveillance Program violated the 1st and 4th amendments to the Constitution and ran afoul of the Foreign Intelligence Surveillance Act.

Each side has described the case in stark terms.

The government lawyers, led by Solicitor General Paul D. Clement, say in their brief that "this case presents issues of the gravest order to the nation." If the appeals court construed FISA to prohibit the surveillance program, "it would be an unconstitutional encroachment on the executive's constitutional authority (and duty) to gather foreign intelligence, defend the nation against attack, and command the armed forces during wartime," the brief says.

The ACLU says in its brief that the case raises the fundamental questions of "whether the president has the authority to violate statutory law and the Constitution by engaging in warrantless wiretapping inside the United States. The district court correctly held that he does not."

The case stems from a program the Bush administration started after the Sept. 11, 2001, terrorist attacks. National Security Agency personnel listen in on phone calls and obtain e-mails into and out of the U.S. involving individuals suspected of being affiliated with terrorists.

Until very recently, the program bypassed the Foreign Intelligence Surveillance Court, which was created by Congress in 1978 after revelations of government abuses.

From 1978 through 2004, this court, made up of judges from around the country, rejected only four out of nearly 19,000 surveillance requests. The Bush administration nevertheless concluded that getting the court's approval limited its flexibility in looking for terrorists.

On Jan. 17, just two weeks before the government's appeal was to be heard in Cincinnati, Atty. Gen. Alberto R. Gonzales disclosed that the panel of judges overseeing the Foreign Intelligence Surveillance Act had started reviewing and approving government requests to spy on people thought to have ties to Al Qaeda.

Consequently, the government said the court challenge "no longer has any live significance."

At the same time, Justice Department lawyers said they were not backing away from their fundamental position: that the president has the "inherent authority" as the nation's commander in chief to conduct such surveillance activities.

ACLU attorney Ann Beeson countered that the government's failure to concede that point means that the case is still very much alive. "The government cannot have it both ways," Beeson wrote in a brief filed Friday. "It cannot argue that the case is moot because the government is currently in compliance with FISA, and at the same time expressly retain the authority to violate FISA tomorrow."

Before Gonzales' announcement, friend-of-the-court briefs had been filed supporting both positions.

Leading constitutional scholars, the Los Angeles County Bar Assn., the Reporters Committee for Freedom of the Press and several other organizations lodged papers in support of the ACLU. The Center for Security Policy, the Committee on the Present Danger, Judicial Watch and several other groups submitted briefs in support of the administration.

"Article II of the Constitution commands the president to respond to attacks against the nation from foreign aggressors…. This plenary authority to wage war includes the authority to gather intelligence concerning enemy activity," wrote attorney Andrew G. McBride in one of the pro-government friend-of-the-court briefs.

But a brief written by Stanford constitutional law professor Kathleen M. Sullivan says the government had gone much too far. "Whatever inherent powers the president might have under Article II [of the Constitution], they do not include the power to conduct a warrantless domestic surveillance campaign, of indefinite duration and unlimited scope, where a duly enacted statute expressly prohibits such conduct," Sullivan wrote.

A panel of three federal appellate judges — one appointed by a Democratic president and two by Republican presidents — are to hear the case.

Legal scholars are divided in predicting how the panel will approach the case, but some say the government appears to be facing more sympathetic jurists in Cincinnati than it did in Detroit before Judge Taylor, a liberal who came out of the civil rights movement.

In fact, the government has been unusually critical of Taylor in its briefs, saying she handled the case in a "heavy-handed" and "blunderbuss" fashion.

As is the custom, Taylor, an appointee of President Carter, has not commented on those characterizations. In her opinion in August, she specifically rejected the contention that the president had inherent authority to create a surveillance program that would not be subject to judicial scrutiny. "There are no hereditary kings in America and no powers not created by the Constitution," Taylor said in her 44-page decision.

END

AP

January 31, 2007

Federal appeals court to hear spying issue

Dan Sewell Associated Press

Cincinnati - President Bush's program of secretly monitoring communications without a court warrant faces legal assaults on its constitutionality in arguments today in a federal appeals court.

The government is appealing the ruling of a federal district judge in Detroit who said the warrantless surveillance violated rights of privacy and free speech as well as separation of powers. The Justice Department last week urged the 6th U.S. Circuit Court of Appeals to throw out the case, saying it was no longer at issue.

Attorney General Alberto Gonzales said this month that the secret panel of judges that oversees the Foreign Intelligence Surveillance Act, passed by Congress in 1978, is now reviewing and approving

applications to monitor people believed to have terrorist links. The Justice Department said in a court brief that means there's "no longer any live genuine controversy to adjudicate."

The American Civil Liberties Union, which sued over the warrantless surveillance a year ago, countered that there's no guarantee that the president won't resume what the government calls the Terrorist Surveillance Program outside the court. The ACLU also is challenging government secrecy in the case, saying it can't determine whether current actions are following the law.

"For all the drama around the case, we see the ultimate legal issue to be a very narrow, noncontroversial one - that is, when Congress passes a law, the president has to follow it," said Ann Beeson, the ACLU's lead attorney on the case. "If they were really committed to following the FISA law in the future, they should have no objection to being bound by the district court order."

The Justice Department said in a brief filed Tuesday that the court shouldn't be asked to rule on a hypothetical question about the future. U.S. District Judge Anna Diggs Taylor had ordered the government to halt the warrantless surveillance.

The National Security Agency program monitors international phone calls and e-mails to or from the United States when one party is believed to be a terrorist or to have terrorist ties. The government had said it sometimes needed to act without waiting for the secret court.

END

New York Sun

January 31, 2007

Washington Post Drops Demand To View Cheney's Visitor Logs

BY JOSH GERSTEIN - Staff Reporter of the Sun

The Washington Post has quietly retreated from a legal battle with Vice President Cheney by dropping a lawsuit demanding Secret Service logs of visitors to his office and residence.

The newspaper's Freedom of Information Act lawsuit prompted a flurry of press attention and court action just prior to the November election. In October, a district court judge in the capital, Ricardo Urbina, cited the looming vote when he ordered the Secret Service to comply immediately with the Post's request. However, just six days before the election, the D.C. Circuit Court of Appeals issued an emergency stay blocking Judge Urbina's order.

"We have decided not to pursue litigation further, though we believe we would have prevailed in the court of appeals as we did in the trial court," a Post attorney, Eric Lieberman, said in an e-mail yesterday. He said the paper had "a fundamental goal" of getting the records to inform voters before the election and failed in that regard. "We also considered the fact that there are several other well positioned FOIA lawsuits seeking these same types of records, and we are confident that the public's right of access will ultimately be vindicated in them," Mr. Lieberman said.

Before the Post abruptly backed down, its case was shaping up as a high-profile clash between Mr. Cheney's broad notions of executive privilege and the newspaper's insistence that the public has the right to know about lobbying and influence peddling at the highest levels of government.

The Post withdrew its lawsuit in a one-page notice filed with Judge Urbina on January 8. An official at the newspaper said concerns about the cost of the litigation and about angering the White House did not play a role in the paper's decision.

A spokeswoman for Mr. Cheney, Lea Anne McBride, told The New York Sun that the government did not veer from its position that releasing the logs would violate the Constitution by interfering with the vice president's ability to seek candid advice. "That has not changed," she said yesterday.

"Disclosure of the records at issue could reveal an ever-expanding mosaic that would allow observers to chart the course of Vice Presidential contacts and deliberations in unprecedented fashion," government attorneys wrote during the legal maneuvering last fall. "Such an unwarranted intrusion into the most sensitive deliberations of the Vice Presidency cannot be countenanced."

In its records request, submitted in June, the Post sought information from the Secret Service about all visitors to Mr. Cheney and members of his senior staff since October 2004, both at the vice president's offices in the White House complex and at his official residence at the Naval Observatory in northwest Washington.

To fight the Post's lawsuit, government lawyers relied on a May 2006 memorandum of understanding that designated the Secret Service's visitor data as presidential records. While records of the Secret Service are subject to disclosure under the Freedom of Information Act, that law does not apply to the files of the president or his senior advisers.

The White House-Secret Service agreement was signed at about the same time the government released records of visits to the White House by a lobbyist who pleaded guilty to felony charges in an influence peddling scandal, Jack Abramoff. When it disclosed the Abramoff visits, the Secret Service said it had obtained the White House's consent and was not conceding any legal duty to release the data.

An attorney with a liberal watchdog group, Citizens for Responsibility and Ethics in Washington, said the White House and the Secret Service cannot designate the protective agency's records off limits simply by executing an agreement.

"You can't do in a private memorandum what the law doesn't allow you to do," the lawyer, Anne Weismann, said. She said she thinks the memo was written to affect ongoing litigation. "The timing of it is very suspicious."

Ms. Weismann said the Post was aware of similar lawsuits her group is pressing. One seeks information about White House visits by prominent conservative religious leaders. The group is also suing the National Archives and Records Administration for details about an order it sent to the Secret Service in 2004, telling the agency to halt its practice of routinely deleting visitor log information after sending copies to the White House.

Ms. Weismann said her organization took a somewhat different tack than the Post, requesting information about named individuals rather than every visitor during a certain time frame. "We're not asking for records of all visitors," she said. "Our requests have been much more narrow."

Ms. Weismann stressed that the government could decline to release portions of the records on a variety of grounds, including personal privacy, but that the Secret Service has made the blanket claim that it doesn't have to comply with the requests at all. "The government is saying these records are not subject to FOIA even though they're sitting in Secret Service computers," she said.

END

AP

January 31, 2007

Arrest warrants for alleged CIA kidnap; Munich prosecutors seek 13 people linked to rendition of

German citizen

The Associated Press

BERLIN - Arrest warrants have been issued for 13 people in connection with the alleged CIA-orchestrated kidnapping of a German citizen in the agency's extraordinary rendition program, a Munich prosecutor said Wednesday.

Prosecutor Christian Schmidt-Sommerfeld said the warrants were issued in the last few days. He did not say for whom the warrants were issued, but indicated a statement would be issued later Wednesday.

Extraordinary rendition is a practice in which the U.S. government sends foreign terror suspects to third countries for interrogation.

Munich prosecutors have previously said that they had received from Spanish investigators the names of several U.S. secret agents believed to be involved in the kidnapping of Khaled al-Masri, a German citizen of Lebanese descent.

Al-Masri says he was abducted in December 2003 at the Serbian-Macedonia border and flown by the CIA to a detention center in Kabul, Afghanistan, where he was abused. Al-Masri says he was released in Albania in May 2004 after the CIA discovered they had the wrong person.

In September, German authorities said they received a list of about 20 suspects from Spanish investigators believed to have been involved in the case.

At the time, German media reported that Spanish authorities were probing the identities of the people they suspect flew aboard a Boeing 737 from the island of Palma de Mallorca on Dec. 24, 2003, to pick up al-Masri after he had been detained by Macedonian authorities.

ARD public television reported that investigators worked from passport photocopies made by a hotel where the suspects stayed. The report gave what it said were the cover names of three men who were pilots and lived in North Carolina.

In October, Munich prosecutors said that based on the list, they were seeking to ban several CIA agents suspected of kidnapping al-Masri from entering German territory. They did not elaborate.

The al-Masri case has been a sore point in otherwise good German-U.S. relations.

The U.S. Justice Department has declined to provide Munich prosecutors assistance, citing ongoing legal proceedings in the United States.

Al-Masri has asked a federal appeals court in Richmond, Va., to reinstate a lawsuit he filed against the CIA. A judge dismissed the lawsuit in May, ruling that a trial could harm national security by revealing details about CIA activities.

Secretary of State Condoleezza Rice and other U.S. officials have declined to address the case. However, German Chancellor Angela Merkel has said the United States has acknowledged making a mistake with him.

END

The Age (Australia)

February 1, 2007

Hicks charges false, lawyer claims

Penelope Debelle, Adelaide

US PROSECUTORS were trying to create the false impression David Hicks would soon be charged to meet the deadline set by Prime Minister John Howard, Hicks' US military lawyer claimed last night.

In a statement from Guantanamo Bay — where Hicks was allegedly interrogated against his will by the Australian consul-general on Tuesday — Major Michael Mori said US prosecutor Colonel Morris Davis did not have the power to charge Hicks. Under the US Military Commissions Act, any charges against Hicks would be independently decided by a convening authority that was not yet appointed, Major Mori said.

"It appears the prosecution is trying to create a false impression that the system is moving to meet Prime Minister Howard's deadline without the independent decision being made by a convening authority."

Colonel Davis said yesterday new charges against Hicks were in the final stages of being prepared and could be laid as early as tomorrow. "I'm confident that by Friday we'll have everything in order and be ready to swear the charges," he said.

But Major Mori said the swearing of charges represented prosecution allegations and did not mean the charges were approved by the convening authority or that they would even proceed to trial. "It appears the prosecution is worried that there will be no official decision in time for Howard's deadline."

Following reports of Hicks' alleged deteriorating physical and mental health from his lawyers at Guantanamo Bay, the consul tried to meet Hicks on Tuesday to report back to Foreign Minister Alexander Downer on his wellbeing.

Hicks' Adelaide lawyer, David McLeod, from Guantanamo Bay accused the consul of forcibly interrogating Hicks in an attempt at political damage control.

Mr McLeod said the consul arrived unannounced in Hicks' cell on Tuesday morning and tried to see him later in an interview room with his lawyers present. However, Hicks refused to see him and Major Mori handed the consul a letter dated January 30, 2007, written by Hicks. In it, Hicks tells the consul he does not wish to see him, is afraid to talk to him and in the past has been punished for doing so.

"You are not here for me but on behalf of the Australian Govt (sic) who are leaving me here," Hicks writes. "If you want to do something for me, then get me out of here."

Prime Minister John Howard said Hicks was making it harder for himself by refusing to see consular officials.

Opposition Leader Kevin Rudd accused Mr Howard of negligence in aiding Hicks.

The Federal Government said a camp psychiatrist had seen Hicks on January 29, assessing his state as "good".

"His mental health was assessed as good, although he was 'frustrated'," Mr Downer said.

Hicks' father, Terry, said yesterday his son was mentally unwell.

END

Los Angeles Times

January 31, 2007

EDITORIAL: Where's the contrition for rendition? Maher Arar, wrongfully deported and tortured in Syria, got an apology from Canada but not the United States.

MAHER ARAR, a software engineer who was wrongly deported by the United States to his native Syria, where he was imprisoned and tortured for a year, has received an apology and an offer of $8.9 million from the government.

Before you think that the Bush administration has repented for mistreating Maher, we should add that the apology and the settlement offer came from the *Canadian* government, whose police force supplied the U.S. with faulty intelligence identifying Maher as an Islamic terrorist. The U.S. government, far from apologizing to Maher for seizing him at John F. Kennedy Airport in 2002 and sending him to Syria, refuses to remove his name from a terrorist watch list.

The administration hasn't made public the reasons for continuing that designation, although Justice Department and intelligence officials have agreed to brief Congress on the matter this week. Canada's minister of public safety, who has reviewed the confidential U.S. file on Arar, has said that it contains "nothing new" that would justify treating him as a terrorism suspect.

A Canadian inquiry exonerated Arar and concluded that U.S. authorities "removed him to Syria against his wishes and in the face of his statements that he would be tortured if sent there." Canadian Prime Minister Stephen Harper last week apologized for the "terrible ordeal" Arar endured. But not the Bush administration.

Is that because it has a legitimate reason to consider him dangerous? Or is it because an apology would draw attention to the policy of "extraordinary rendition" under which he and other suspected terrorists were spirited to other countries unburdened by U.S. notions of due process?

Because of the way it has conducted the war on terrorism, the Bush administration has lost the benefit of the doubt. Bush has insisted that "torture is never acceptable, nor do we hand over people to countries that do torture," but the facts say otherwise. The CIA kidnapped German citizen Khaled Masri in 2004 and flew him to Afghanistan for severe interrogation, a case that led German investigators to recommend issuing warrants against 13 U.S. intelligence operators. The president himself has said that the CIA used "an alternative set of procedures" to extract information from suspected terrorists.

Couple that record with the administration's general reluctance to confess error, and it's no wonder members of Congress are skeptical. If they aren't satisfied by the administration's explanations for continuing to stigmatize Arar, they should say so. And even at this late date, the president should examine his conscience and decide whether he doesn't owe this man and his family an apology.

END

AP

January 31, 2007

Ex-border agent wants job back after being cleared in 2nd trial

(McALLEN, TX) - A former U.S. Border Patrol agent who was convicted in 2001 of violating an illegal immigrant's civil rights during a fight has been cleared of the crime in a second trial.

David Sipe, 35, of Bethany, Okla., said he wants his old job back and wages lost during his hiatus from the Border Patrol.

"After having this over my head the last seven years, I am almost at a loss as to how I am supposed to behave now," Sipe said after Friday's verdict. "I haven't had a job that pays more than $9 an hour because when you are a pending felon nobody hires you.

"There is a lot of time that I lost that I don't get to have back."

In 2001, a federal jury found Sipe guilty of hitting Jose Guevara of Mexico in the head with a flashlight during an arrest near Penitas, which is just west of McAllen in South Texas.

Sipe argued that he was defending himself. Guevara required five staples in his head and later won an $80,000 lawsuit settlement from the government.

Sipe requested a new trial on the grounds that prosecutors suppressed evidence that would have helped his defense. U.S. District Judge Ricardo Hinojosa granted Sipe's request, and a federal appeals court upheld the Hinojosa's ruling.

According to court records, prosecutors withheld information such as benefits the government gave illegal immigrants used as witnesses in the case, including the right to work and travel freely in the United States. Court records also showed that the defense withheld accurate criminal histories of witnesses, and information about a personal dislike of Sipe by a fellow agent who saw Guevara first after the beating.

Defense attorney Jack Wolfe condemned the government's handling of the 2001 case, saying part of the testimony was "bought and paid for."

After Friday's verdict, U.S. District Judge Andrew Hanen told Sipe the second trial could have easily resulted in a guilty verdict. He admonished Sipe to handle authority carefully when dealing with anyone with less power.

"I think it's important that you understand, well, one, which I am sure you do, given the history of this case, that this decision could have easily been a guilty verdict," Hanen said, according to the court transcript.

Donald DeGabrielle Jr., U.S. attorney for the Southern District of Texas, said the jury in the second trial could have been influenced by the fact that Guevara couldn't identify Sipe years after the incident.

"It was a difficult case and we certainly don't like to lose cases; however, we respect the decision of the jury in this case, as we always do," he said. "I think the judge's comments in open court speak volumes about the way the case was tried."

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Thursday, February 1, 2007 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Thursday, February 01, 2007
Attachments:	agnb070201.pdf; agnb070201.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, FEBRUARY 1, 2007 7:45 AM EST

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TERRORISM NEWS:

DOJ To Share NSA Surveillance Program Documents With Congress. The Los Angeles Times (2/1, Serrano) reports, "A two-week standoff over documents in the White House domestic spying program came to an end Wednesday when Atty. Gen. Alberto R. Gonzales agreed to turn over to Congress classified material about secret eavesdropping." The Times continues, "The Bush administration last month said it would put its surveillance of potential terrorist activities under supervision of a federal court but did not disclose details of the revised program. A key Senate panel, newly controlled by Democrats, demanded access to the records to gauge whether the administration was going too far or breaking any laws in tracking terrorism suspects. … The decision to share information with Congress was the latest concession by the Bush administration, which had argued that it had the right to conduct its 'war on terror' as it deemed necessary and that secrecy was vital to national security."

The AP (2/1, Jordan) reports, "Investigators' applications, legal briefs and orders issued by the Foreign Intelligence Surveillance Court are now open to the leaders of the Senate Judiciary Committee and the House and Senate intelligence committees, Gonzales said." The AP continues, "Two weeks ago, the Senate Judiciary Committee — led by Democratic Chairman Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — criticized the attorney general for refusing to answer specific questions about the secret court's new oversight of the controversial program. … 'We obviously would be concerned about the public disclosure that may jeopardize the national security of our country,' Gonzales told reporters Wednesday. 'But we're working with the Congress to provide the information that it needs.' … The documents would not be released publicly, the attorney general said. 'We're talking about highly classified documents about highly classified activities of the United States government.'"

The Washington Post (2/1, A2, Eggen) reports, "Under yesterday's accord…more than three dozen lawmakers will have access to the secret court orders governing the spying program that were issued Jan. 10 and the applications from the Justice Department that preceded them. The lawmakers include the House and Senate leaders, the members of the two intelligence panels and the heads of the two judiciary committees, officials said." The Post continues, "Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, said the documents would help determine 'what further oversight or legislative action is necessary. … Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while

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following the law and the principles of checks and balances,' Leahy said. … Gonzales -- in remarks to reporters during an unrelated event announcing the formation of a human-trafficking unit at Justice -- played down any conflict with lawmakers. He said: 'It's never been the case where we've said we would never provide access.'"

The New York Times (2/1, Mazzetti) reports, "Last week, Representative Silvestre Reyes, the Texas Democrat who is chairman of the House Intelligence Committee, joined other committee members in threatening to subpoena documents related to the program. … Those threats prompted negotiations over the weekend between staff members of the House and Senate intelligence committees and Steven G. Bradbury, who leads the Office of Legal Counsel in the Justice Department." The Times adds, "A central question is whether the court will approve requests case by case or issue broad orders giving the government wide leeway to choose targets."

The Washington Times (2/1, Seper) reports, "The surveillance program, begun in 2001 after the September 11 attacks, gave law-enforcement authorities the ability to monitor telephone calls and e-mails to and from the United States involving people suspected by the government of having terrorist links. … The Bush administration vigorously defended the legality of the program, saying it would be impossible to obtain warrants in time to intercept phone calls of those suspected of belonging to al Qaeda. … The Justice Department has said the program is 'essential' in the war on terrorism, adding that it 'ensures we have in place an early warning system to detect and prevent a terrorist attack.'"

McClatchy Newspapers (2/1, Gordon) reports, "The material was delivered to members of the House and Senate intelligence committees late in the day, congressional aides said. … The documents also will be made available to Democratic Sen. Patrick Leahy of Vermont, the chairman of the Senate Judiciary Committee, and Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, both of whom have asked to review the new arrangement." McClatchy adds, "Leahy, Specter and members of the intelligence committees have voiced concern that the eavesdropping on some Americans' overseas phone calls and e-mails may have violated their constitutional rights. Leahy and Specter praised President Bush for granting their requests to review details of the latest arrangement. … 'The president has made the right decision in changing his previous course of unilaterally reauthorizing the warrantless surveillance program, to now following the law by seeking court approval for these wiretaps,' Leahy said. … But he said he would 'have to look at the court's order to determine whether the administration has reached that proper balance to protect Americans while following the law.' … Specter called the move 'a significant step forward' but said he would reserve judgment until he had reviewed the documents."

6th Circuit Panel Hears Arguments In NSA Surveillance Challenge. The New York Times (2/1, Liptak) reports from Cincinnati, "Three federal judges hearing the first appellate argument about the legality of a National Security Agency domestic surveillance program on Wednesday indicated that they were not that convinced the issue was moot now that the Bush administration had agreed to submit the program to a secret court." The Times continues, "In a series of sharply worded questions to an administration lawyer defending the program, the judges noted that the administration did not promise to continue working with the secret court in the future. … Deputy Solicitor General Gregory G. Garre acknowledged the possibility. … But the judges pressed Mr. Garre's adversary, Ann Beeson of the American Civil Liberties Union, just as hard on a different point -- whether her clients had suffered injuries direct and concrete enough to give them standing to sue. … Ms. Beeson said the plaintiffs, who include lawyers and journalists, have had to change the way they communicate with clients and sources in the Middle East because they feared that their discussions would not be confidential. … But Judge (Julia S.) Gibbons and Judge Alice M. Batchelder seemed skeptical about whether that sort of general and speculative fear was sufficient. … The government has refused to say whether it eavesdropped on the plaintiffs." The Times notes, "The A.C.L.U. brought suit last year after an article in The New York Times disclosed the existence of the program, which monitors the international communications of people in the United States without court approval. … In August, Judge Anna Diggs Taylor of the Federal District Court in Detroit ordered the program shut down. The decision has been stayed during the appeal to the Sixth Circuit."

The Los Angeles Times (2/1, Weinstein) reports, "Garre said that when Congress authorized the use of military force after the Sept. 11 attacks, it clearly contemplated that the president would have the authority to conduct counterintelligence surveillance of the type used in the program. Garre said it would be unprecedented for a U.S. court to say that a president did not have such power." The

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Times continues, "Beeson said that the administration's post-Sept. 11 surveillance program clearly violated FISA, which requires a warrant to be issued before surveillance is conducted. … She told the judges that if they accepted Garre's argument, it would, in effect, mean that the FISA law had been overridden without Congress saying that it wished to do so. 'To rule for the government' in this case would mean 'the president has unbridled power,' Beeson told the judges. … 'Congress did its part,' by passing the FISA statute, Beeson said. Now, after the government acted in 'direct violation' of FISA for more than four years, she said, 'it is this court's duty to serve as a check on the arbitrary exercise of government power to wiretap American citizens on American soil.'"

AFP (2/1) reports, "Government lawyers argued that the case is moot because the president has agreed to court supervision. … The judges, however, suggested a constitutional issue remains, since Bush has said he could resume the program without court oversight in the future. … 'You could opt out at any time, couldn't you?' asked Judge Ronald Lee Gilman. … 'That's absolutely true,' said Gregory Garre, a deputy solicitor general." AFP adds, "Critics said that's why the 6th Circuit must declare Bush's original program unconstitutional. … 'A failure to decide this case would leave it up to the president to decide whether or when to follow the law,' said Ann Beeson, an attorney for the American Civil Liberties Union, which sued last year to halt the program."

US Probing Equity Firm With Links To Islamic Investors. The Washington Post (2/1, D3, Cho) reports, "The counterterrorism division of the Justice Department is investigating whether a private equity firm in Boston that manages hundreds of millions of dollars for Muslim investors overseas violated tax laws." The Post continues, "The investigation of Overland Capital Group was disclosed in a filing with U.S. District Court in Boston and reported by the Wall Street Journal yesterday. … The filing claims that Overland and a subsidiary of Dar Al-Maal Al-Islami Trust (DMI), a financial group in Geneva, conducted acts 'that implicate potential violation of the Internal Revenue Code.' The filing does not mention terrorism, though it was submitted by a U.S. attorney who works in counterterrorism." The Post adds, "Subsidiaries of DMI, an umbrella organization for Islamic financial institutions, have been named as suspects in probes by U.S. counterterrorism agencies. DMI also is a defendant in a civil lawsuit brought by families of victims of the Sept. 11, 2001, attacks, who claim that it funded al-Qaeda. DMI has denied those claims and noted that none of its officials has been charged with terrorism-related crimes." The Post notes, "The filing came to light through litigation between Overland and a former employee, Laird A. Fairchild, who claimed that he was wrongfully dismissed. Fairchild cooperated with federal investigators after his termination, an act that Overland said violated his confidentiality agreements with the company. … Geoffrey Harper, Fairchild's attorney, said yesterday that U.S. attorneys went to 'elaborate lengths' to make sure that Fairchild would not reveal what he told government investigators. He said the Justice Department has concerns beyond the tax practices of Overland and DMI."

The Boston Globe (2/1, Pfeiffer, Bailey) reports, "The chief executive of a Boston private equity firm under federal investigation for its connection to groups that allegedly finance Islamic extremists denied yesterday that his company is linked to terrorism. … 'We do everything appropriately and by the book, and we adhere not just to the letter of the law but to the spirit of the law,' said James M. Godec of Overland Capital Group. 'I am extraordinarily cautious about this kind of stuff.'" The Globe continues, "The Justice Department lawyer named in the filing, Corey J. Smith, works in the terrorism financing unit of the department's criminal division; since the Sept. 11, 2001 terrorism attacks, prosecutors have increasingly used tax laws to bring terrorism cases against wealthy Middle Easterners suspected of funneling money to terrorist groups. The investigation was disclosed in yesterday's Wall Street Journal. A Justice Department spokesman declined to comment. … 'By policy, we never confirm or deny whether or not there's an investigation into an entity or a person,' said the spokesman, Dean Boyd."

Judge Puts Guantanamo Detainee Suits On Hold. The AP (2/1) reports, "Sixteen lawsuits by Guantanamo Bay detainees were put on hold Wednesday by a federal judge who said he may no longer have jurisdiction to hear their cases." The AP continues, "U.S. District Court Judge Reggie B. Walton in Washington said the Military Commissions Act, signed into law in October, has left him unable to consider whether the detainees can challenge being held at the Navy facility in Cuba." The AP adds, "An appeals court in Washington is considering whether civilian jurists can rule on those cases. Until that issue is resolved, Walton said, 'it is this court's view that it lacks the authority to

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take any action in these cases.' … Walton's six-page order denying the motions challenging detention of the 16 men left open the possibility of refiling the requests if the appeals court decides civilian courts can review detainee cases. … The Justice Department welcomed the ruling, said spokesman Erik Ablin. He called the military tribunals, which can be appealed, 'more process than the United States has ever provided to enemy combatants in our past conflicts.'"

Germany Issues Warrants For 13 CIA Operatives In Abduction Case. On its front page, the New York Times (2/1, A1, Landler, 1.16M) reports under the headline "German Court Challenges CIA Over Abduction," that a German court Wednesday issued an arrest warrant for 13 people in the mistaken kidnapping and jailing of a German citizen of Lebanese descent, "in the most serious legal challenge yet to the Central Intelligence Agency's secret transfers of terrorism suspects." Prosecutors in Munich said the suspects, whom they did not identify, were part of a CIA "abduction team" that seized the man, Khaled el-Masri, in Macedonia in late 2003 and flew him to Afghanistan. German prosecutor August Stern "said investigators would seek to establish the true identities of the 13 people, most of whom are believed to use aliases." The Justice Department has "declined to help the German prosecutors in their investigation," which the Times says "has made the Germans dependent on information from other sources, including journalists."

The Washington Post (2/1, A1, Whitlock, 690K) adds, "European law enforcement authorities acknowledged that it is highly unlikely that any CIA officers -- most of whom work undercover, using false identities -- would be apprehended or extradited from the United States." But the arrest warrants "mark yet another case in which CIA activities in Europe…have strained diplomatic ties and underscored deep differences between the United States and its transatlantic allies over how to fight terrorism." Similarly, the Los Angeles Times (2/1, Fleishman, 850K) says the case, "at times, has agitated the improving relationship between Berlin and Washington."

The Washington Times/AP (2/1, A1, Rising) also reports on the case.

UK Police Arrest Nine In Alleged Terror Murder Plot. NBC Nightly News (1/31, story 4, 1:40, Williams, 9.87M) reported, "Nine men are in British custody tonight after police disrupted a terrorist plot there they say in a series of pre-dawn raids. The suspects were arrested in Birmingham in a plot that is the first of its kind in Britain which is raising questions about terror tactics and strategy." NBC (Miller) added, "The plan? Kidnap a British soldier and post his beheading on the Internet. … Scotland Yard said the six-month investigation is ongoing. … The alleged target of the kidnapping was a Muslim British soldier in his 20's, on leave from duty in Afghanistan." ABC World News (1/31, story 2, 2:40, Gibson, 8.78M) reported that the plot "could have come straight from the streets of Baghdad, rather than the streets of Birmingham." ABC (Sciutto) added, "Birmingham, Britain's second-largest city and home to a large Muslim minority, has been scenes of terror raids before. Many were skeptical of today's allegations. When I asked these young Muslims if they doubted the plot, every one said yes. … But the head of a nearby mosque told us, there's a wide generation gap among Muslims here. Older residents more supportive of the police and today's raids."

The CBS Evening News (1/31, lead story, 2:15, Couric, 7.66M) noted, "Reports in Britain say it was all an attempt to blackmail Prime Minister Tony Blair to pull British troops out of Iraq." CBS (Phillips) added that the plotters were "apparently inspired by the capture and execution of Westerners in Iraq, widely publicized on the Internet. … Police have made high profile arrests of Muslims suspected of ambitious terror plots before, only to have the let the suspects go when the intelligence proved wrong. If they can't make this one stick, they risk further alienating an already suspicious community." USA Today (2/1, 8A, Stinson, 2.27M) reports, "Magnus Ranstorp, a terrorism analyst at the Swedish National Defense College, said a plot like that described by British news outlets would signal that terrorists are trying new methods to spread fear in Europe. … Terrorists, familiar with tactics used by insurgents in Iraq, can be expected to export whatever method they can to induce shock and spread fear, Ranstorp said. 'The critical issue is: Are we ahead of the terrorists' innovations?'"

The Financial Times (2/1, Guthrie, Burns) reports, "On Wednesday night a senior government official said he was taking seriously a plot he believed underlined the extent to which radicalised British-born Muslims were committed to a terrorist war against the west. The official said the alleged plot suggested a direct challenge to the British army's policy of encouraging the recruitment of Muslims as a way of integrating them into society and countering the negative

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publicity regarding the army's involvement in Iraq and Afghanistan." The AP (2/1, Harris) called it "a major kidnapping plot" and also notes that it "raised fears that a new type of terrorism has reached Britain, one which uses individual victims to send a message through kidnappings and publicized beheadings." The Christian Science Monitor (2/1, Rice-Oxley, 59K) also reports that "experts said this plot's new tactic, if confirmed, would amount to a significant departure in strategy," and the "experts said that it was important to establish whether the kidnapping plot, if confirmed, was a one-off action or a new tactic."

The Washington Post (2/1, Jordan, Sullivan, 690K) reports, "David Shaw, a top police official, said the arrests were the 'culmination of many months of activities' and 'a very, very major investigation' that is 'by no means finished.'" However, "Many Muslims who gathered at police lines said they viewed the raids as unfairly targeting their community and probably based on false intelligence. 'We feel like we are under siege,' said Allah Ditta," a Birmingham businessman. "Ditta said that he had already felt a backlash from the police operation when several men drove past him in a van and swore at him simply because he was dressed as a Muslim." The New York Times (2/1, Cowell, 1.16M) similarly reports on the arrests.

Plot Fuels British Debate About Home-Grown Terrorism. The CBS Evening News (1/31, story 2, 2:00, Couric, 7.66M) reported that this "kind of home-grown terror…has led to soul searching in Britain. Why would people there want to attack their own country?" CBS (Palmer) added that "Britain's Secret Service says it has at least 30 active terrorist plots and 1,600 suspects under surveillance. Many British Muslims believe that's an overreaction. … But even though whose think anti-terrorism operations unfairly target Muslims have to admit there's a persistent problem. … Unless Britain can find a way somehow of winning the allegiance of these angry young men, the country faces what one American security expert called an era of 'YouTube terrorism.'"

HOMELAND RESPONSE:

Bush Sets Aside $25 Million For Ground Zero First Responders Health Care. ABC World News (1/31, story 7, 2:15, Gibson, 8.78M) reported, "A breakthrough was announced today, in the long struggle to convince President Bush to help the so-called forgotten victims of 9/11. … For the first time, Mr. Bush has set aside money in his budget to help" the first responders who worked at Ground Zero during recovery operations. "$25 million for health care." ABC (Muir) added, "They've been fighting for health care for five years now." Rep. Carolyn Malone was shown saying, "It has taken five, long years and many visible deaths for them to move forward and make this commitment."

The AP (1/31) reported that Ceasar Borja Jr., whose father, Cesar Borja was a police officer who worked at Ground Zero after 9/11 and "died at 52 while awaiting a lung transplant," met "with President Bush on Wednesday to urge expanded health services for those who are still sick." Borja "said he told the president that the funding should be expanded not just for 'the heroes and heroines" who risked their lives to save victims under the twin towers, but also for men, women and children exposed to toxins because they lived or worked in the area."

Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed Bush yesterday. Asked about his planned meeting with Borja, he said, "I'm going to thank Cesar and his family for raising an important issue. And, at the same time, I will tell Cesar his dad's a hero. And I truly believe those who rushed into harm's way were heroes. And they ought to be honored. And I also believe that they ought not to go without health care. If they were on that pile, and if they were first-responders, they need to get help. And one of the things that our -- Cesar will be briefed on is, you know, in the line-item in our budget, we have got Federal money to help make sure that people don't go without health care that -- that were on the pile."

Travel Industry Group Proposes Trusted Traveler Program. USA Today (2/1, 4B, De Lollis, 2.27M) reports the Discover America Partnership "asked Congress on Wednesday to launch a special trusted traveler program for international visitors," saying that "it would help stem the USA's diminishing appeal to travelers from abroad," which "cost about $43 billion in visitor spending in 2005 alone." Speaking at a hearing of the Senate trade and tourism subcommittee, the group "asked the government to spend $300 million to finance its proposals, which include stepped-up tourism marketing and faster customs processing."

The Washington Times (2/1, Haberkorn, 88K) continues, "Other DAP proposals included evaluating U.S. Customs officers on their friendliness, greeting foreign

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travelers by saying 'Welcome to America' and offering foreign visitors customer-service evaluations to fill out when they leave the United States -- proposals aimed at improving America's image abroad." Committee chairman Sen. Byron L. Dorgan said at the hearing "that he would like to 'find some sort of way' to introduce a bill based on the proposal. Committee Co-chairmen Sen. Daniel K. Inouye, Hawaii Democrat, and Sen. Ted Stevens, Alaska Republican, also said they supported drafting a bill to boost international tourism."

"Suspicious Devices" Shut Down Parts Of Boston. A bomb scare in Boston Wednesday, prompted by a number of "suspicious devices" that turned out to be lighted signs for a cartoon show's ad campaign, drew heavy media attention yesterday and in this morning's major dailies. ABC World News (1/31, lead story, 2:00, Gibson, 8.78M) call it "a measure of just how jittery, how on-edge this country still is," adding that it was "a good object lesson that when suspicious packages are found, people do react." ABC (Harris) added, "It started this morning when a passenger on a city bus saw a suspicious device attached to a support beam for a highway ramp. The police shut down the roads and the subways in the immediate area and sent in the bomb squad." The discovery of eight more devices around the city "paralyzed traffic." Harris: "But after a day of chaos and concern, the authorities learned that the devices posed no threat to public safety. They were lighted signs with cartoon characters on them."

NBC Nightly News (1/31, story 5, 1:10, Williams, 9.87M) reported, "Cable news viewers in this country were treated to hours of live coverage this afternoon as suspicious packages were discovered all over Boston. Roads were closed, the Charles River was closed and questions were asked about terrorism." However, the devices "turned out to be this thing," added NBC (P. Williams) as a picture of one of the signs was shown on screen: "Outdoor lighted signs to promote a movie coming out in May based on a series on the Cartoon Network called Aqua Teen Hunger Force."

An AP (1/31, Maguire) article appearing on hundreds of news websites reported, "Peter Berdovsky, 27, of Arlington, and Sean Stevens, 28, of Charlestown, were each arrested Wednesday night on one felony charge of placing a hoax device and one charge of disorderly conduct, state Attorney General Martha Coakley said. In a news release announcing Stevens' arrest, she said the men worked together to place the devices. At an earlier news conference she said Berdovsky had been hired to place the devices."

The Washington Post (2/1, A3, Powell, 690K) reports, "A train passenger spied the first magnetic object, which looked like circuit boards with protruding wires, attached to a girder under Interstate 93 in the Charlestown neighborhood of Boston. A police bomb squad responded and blew up the device, leading to the shutdown of a railway station and the highway. For a while, the Coast Guard blocked off a section of the Charles River. 'I am deeply dismayed to learn that many of the devices are a part of a marketing campaign by Turner Broadcasting,' Massachusetts Gov. Deval L. Patrick said in a statement, vowing to consult with Coakley." The CBS Evening News (1/31, story 3, :35, Couric, 7.66M) reported Cartoon Network's "parent company, Turner Broadcasting, apologized for the mix up and it turns out these same electronic advertising devices have been placed in nine other cities around the country without incident."

USA Today (2/1, 3A, Hall, 2.27M) quotes Patrick as saying, "It's a hoax — and it's not funny." USA Today adds, "Most Boston-area residents weren't fazed." DHS spokesman Russ Knocke "said officials closely monitored the day's investigation. 'Whether it was intentional or not, the reality is these types of incidents put an enormous burden on law enforcement and counter-terrorism resources, and there's absolutely no room for that in a post-9/11 world,' Knocke said."

The Wall Street Journal (2/1, B2, Levitz, 2.04M) reports the scare brought much of the city "to a jittery halt yesterday. … Major arteries were closed. Commuters were booted off subways, river traffic was halted, and bomb squads combed the streets." The Journal also notes, "Turner hired a third-party marketing firm, Interference, to place the devices. The New York firm says on its Web site that it specializes in alternative and 'guerilla' marketing. Representatives of the company couldn't be reached for comment." Mayor Thomas M. Menino "said in a statement that it is 'outrageous, in a post 9/11 world, that a company would use this type of marketing scheme.'"

WPost Sees Better Options For Nuclear Plant Safety Than Building "Beamhenges." In an editorial the Washington Post (2/1, A14, 690K) suggest that Americans' "understandable preoccupation with securing sensitive sites" gave appeal to "the petition an advocacy group filed with the" NRC that asks them "to require

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plant operators to build protective 'beamhenges'" around "their power stations." The NRC commissioners' rejection of the request, is "a controversial decision. After all, without physical barriers to thwart airborne attacks, couldn't a hijacked plane smashing into a nuclear plant produce a widespread catastrophe? That's not likely, says commission member Jeffrey S. Merrifield." The Post summarizes the findings of an NRC study that concluded the chances of such an attack causing a radiological disaster are extremely low "because of the strength of the containment domes" and adds that while its "difficult to fully trust the NRC's calculations as long as the study it touts remains classified," regulators "and others concerned about plant safety should focus on measures" such as "ensuring that nuclear power stations are well defended from land attack and that storage units for spent nuclear fuel are robust."

WAR NEWS:

Warner, Levin Join Forces On Anti-Surge Resolution. The AP (2/1, Flaherty) reports, "Two senators, a Republican and a Democrat, leading separate efforts to put Congress on record against President Bush's troop buildup in Iraq joined forces Wednesday, agreeing on a nonbinding resolution that would oppose the plan and potentially embarrass the White House." Republican Sen. John Warner and Democrat Carl Levin "had been sponsoring competing measures opposing Bush's strategy of sending 21,500 more US troops to the war zone, with Warner's less harshly worded version attracting more Republican interest. The new resolution would vow to protect funding for troops while keeping Warner's original language expressing the Senate's opposition to the buildup." Levin "replaced Warner as chairman of the Armed Services Committee when the Democrats took control of the Senate in January. Their resolution could well gain more support from members of both parties than their separate versions had been attracting. It lacks Levin's language saying the troop increase is against the national interest, and it drops an earlier provision by Warner suggesting Senate support for some additional troops." Senate Majority Leader Harry Reid "said he wants to begin debate Monday on the new measure, bypassing committee review." The resolution "is likely to pose a threat to the White House because of its potential appeal to Republicans who have grown tired of the nearly four-year war and want a chance to express their concerns. The White House has been hoping to avoid an overwhelming congressional vote criticizing Bush's handling of the war."

The Los Angeles Times (2/1, A1, Levey, 850K), in a story titled "Senate Closer To Rebuke For Troop Increase," reports Reid "said there was 'near unanimity' among Democrats" on backing the new measure, and "acknowledged that an alternative resolution sponsored by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.)…could not garner the GOP support to reach the 60 votes needed to overcome a promised Republican filibuster."

The Washington Post (2/1, A1, Murray, Weisman, 690K) reports, "The resolution does not include the Democratic language saying the Bush plan is against the national interest, but it also drops an earlier provision by Warner suggesting Senate support for some additional troops." White House spokeswoman Dana Perino responded to the announcement of the Senate deal saying, "The president wants to win in Iraq -- he's proposed a comprehensive plan to do so, and he's asked Congress to give the plan a chance to work. … These resolutions send mixed signals to our troops and our enemy.'" House Democratic leaders have also ordered "committees to draft a resolution next week patterned on Warner's language. But House Speaker Nancy Pelosi (D-Calif.) went further, publicly hinting she will push binding legislation that would begin bringing US troops home from Iraq."

The New York Times (2/1, Hulse, 1.16M) says Warner, "a lawmaker often admired for his demeanor and experience, has long wielded influence on military policy given his own years at the Pentagon and his tenure as the Republican chairman of the Armed Services Committee." But on this issue, Warner has "attracted unusually tough criticism from fellow Republicans who have suggested that he -- a World War II veteran and former Navy secretary -- is undercutting Mr. Bush, the new military command being installed in Iraq and the troops themselves." The Times adds, "It is a time of transition for Mr. Warner in the Senate. Not only are Republicans now in the minority, but he also lost the top Republican slot on the Armed Services Committee to John McCain of Arizona because of term limits and was not successful in efforts to win the top party seat on another panel. In addition, his fellow Republican, George Allen, lost his reelection bid in Virginia to a Democrat, Senator Jim Webb." Therefore, "while Mr. Warner fights to stay relevant in the Iraq debate, he has fewer tools at his disposal even as he considers whether to run for re-election next year."

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The Politico (2/1, Bresnahan) says "House and Senate Republicans with reservations about…Bush's plan to boost U.S. troop strength in Iraq by 21,500 are complaining of harsh criticism from their GOP colleagues. This intra-party squabbling, in some cases, has seen Republicans accusing fellow Republicans of undercutting the American effort in Iraq, a charge previously reserved for Democrats." These lawmakers, "several of whom spoke on the condition of anonymity for fear of retribution from party leaders or the White House, are stunned by the hostility expressed by fellow Republicans. They are particularly concerned that anyone who raises questions or challenges the Bush plan will be branded a defeatist who wants to see America lose the war. … One GOP lawmaker, who declined to be named, said it is 'starting to get really ugly' among Republicans when they try to talk about Iraq and the wisdom of the new Bush policy."

On MSNBC's Hardball (1/31, Matthews), host Chris Matthews interviewed Sen. Gordon Smith, who said, "My own sense is that you will have at least a majority for the Warner resolution. I'm for it. I'm a co-sponsor of it. It's, I think, respectful. It clearly opposes the surge but it does it in a way that also lays out the things we would like to see the President and the Administration, our military doing in Iraq, in a way that doesn't needlessly put our troops in harm's way, and protects America's larger interests in the war on terror."

McCain Disavows Statement Criticizing Bush. The AP (2/1) reports McCain "backed away Wednesday from a statement issued on his behalf criticizing the Bush administration for not putting more pressure on the Iraqi government to secure its country." A statement "attributed" to McCain and Levin "and quoted Tuesday by The Associated Press said, 'America supplying more troops while Iraqi leaders simply supply more promises is not a recipe for success in Iraq.' The statement was issued by the office of Levin, chairman of the Armed Services Committee." McCain spokeswoman Eileen McMenamin and Levin spokeswoman Tara Andringa "said Wednesday that the statement had been erroneously signed off on by a staffer who works for McCain on the Armed Services Committee." The AP adds, "It is unusual for a senator to pull back a statement issued on his behalf. McMenamin said McCain had not seen the statement and did not endorse it."

DeMint Derides "Resolution Of Defeat And Disgrace." The Washington Times (2/1, Hurt, 88K) reports, "Senate Republicans yesterday said those in Congress who have turned against the war in Iraq are forsaking the troops on the ground and are ensuring defeat with a resolution condemning…Bush's plan to send in reinforcements. 'This resolution is a resolution of defeat and disgrace,' said Sen. Jim DeMint, a South Carolina Republican who, as a member of the House, voted in 2002 for the war." GOP Sen. John Cornyn said yesterday, "If we don't support the mission, we shouldn't be passing nonbinding resolutions. We should be doing everything in our power to stop it."

Bush Not Surprised By Congressional Dissent. Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed President Bush yesterday. Asked if he felt his partisans in Congress had abandoned him in a time of difficulty, Bush said, "I don't feel abandoned. And that's -- I mean, what do you expect? When times are good, you know, there's millions of authors of the plan. When times are bad, there's one author. And that would be me."

Asked about Senate Minority Leader Mitch McConnell's statement that the Iraqis have only six to nine months to succeed in righting their country, Bush said, "Well, I think it's a mistake to put timetables on difficult missions, because an enemy can adjust. On the other hand, I certainly understand the urgency and -- in Mitch's voice. I also understand the skepticism on Capitol Hill. … What ultimately is going to matter is whether or not the plan works on the ground. … Prime Minister Maliki has made some pledges to me personally. He's beginning to fulfill some of those pledges." Asked if he trusted Malaki, Bush said, "What matters is whether or not he performs. And trust is earned by doing what you say you're going to do."

House Democratic Measure Would Pay Reparations To Iraqis. The Hill (2/1, Kaplan), meanwhile, reports Democratic Rep. Barbara Lee of California, "co-chairwoman of the Progressive Caucus, is vowing to use the appropriations process to force lawmakers to vote on separate parts of a resolution calling for the immediate withdrawal of US soldiers from Iraq. The resolution would pay Iraqis reparations of up to $10,000 for damages caused by the war if they made claims; ban American firms from pumping oil in Iraq; cut off funds to build long-term bases in Iraq; pay for the destruction of landmines; and create a House-Senate select committee to study the origins of the war in Iraq." Lee and Rep. Lynn Woolsey, "the other co-chair of the House Democratic Progressive Caucus, introduced H.R. 508, and they have signed up 28 co-sponsors. Woolsey says she plans to meet next week with House Armed Services

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Committee Chairman Ike Skelton (D-Mo.) to ensure the resolution is considered in committee."

Kissinger, Albright Call For Diplomatic Push To Accompany Surge. The AP (2/1, Schweid) reports, "Former Secretaries of State Henry Kissinger and Madeleine Albright urged President Bush on Wednesday to go beyond a planned buildup of U.S. forces in Iraq to develop a comprehensive strategy for the area." They "called for wide-ranging talks with Iraq's neighbors, including Iran and Syria, and increased autonomy for clashing Iraqi groups. The administration has brushed aside the proposal to engage Syria and Iran." Kissinger "said the planned buildup of 21,500 U.S. troops appears to be 'the best way to get the maneuvering room to the changes in deployment and strategy that will be required by the evolving situation.'" Albright "said she might have backed Bush's buildup in Iraq if it 'had been tied to a clear and achievable mission, and if we were guaranteed our troops would have the best training and equipment.'" She added, "I think we need a surge in diplomacy."

Dana Milbank, in the Washington Post (2/1, A2, 690K), writes that "like James Baker, who went before the committee Tuesday, Kissinger was inclined to defend Bush's Iraq policy. But Bush had left the two men, both former Republican secretaries of state, with little ammunition." The Administration "rejected the core recommendation from Kissinger and from Baker's Iraq Study Group: a massive diplomatic offensive involving Syria and Iran. And yet, neither man was prepared to turn against the White House." Baker, testifying on Tuesday, "acted as if Bush had, in fact, supported his ideas." And Kissinger, "the master of nuanced phrases such as 'not incompatible,' provided few such broad pronouncements yesterday. Indeed, he pronounced very little in his low, German-accented rumble."

Bush Presidency Said To Have "Jumped The Shark." In a Los Angeles Times op-ed (2/1), author Andy Borowitz says, "Bush's decision to send additional troops to Iraq has puzzled many pundits. Is the president stubborn, isolated, out of touch with reality? While all three may be true, there is another explanation. George W. Bush has been on television for the last six years, and like many TV shows entering a seventh season, Bush has jumped the shark. Wikipedia defines 'jumping the shark' as 'the tipping point at which a TV series is deemed to have passed its peak, or has introduced plot twists that are illogical in terms of everything that has preceded them.'"

Bush Says US Taking Iran Threat "Very Seriously." In an interview with Fox Your World With Neil Cavuto (1/31, Cavuto), President Bush was asked Wednesday about reports that Iran is three years away from a nuclear weapon, Bush said, "We take their threats very seriously. And we have got, you know, several serious issues with the Iranian government -- not with the Iranian people, but with their government. One, of course, is their interference in Iraq. And I have made it very clear that we will protect our troops and protect innocent Iraqi people. Secondly, I believe the best way to convince the Iranians to give up their nuclear-weapons ambitions is for the world to work in concert in sending Iran a serious message. … We're spending a lot of time keeping that diplomatic initiative strong, and clearly stating to the Iranians: You don't need a nuclear weapon."

Burns Says US Has Right To Detain Iranian Officials. NPR (2/1) broadcast, "The Bush Administration says the US has been tracking Iranian involvement in the Iraqi insurgency for a couple of years. Deputy Secretary of State Nicholas Burns says Iran must halt such action and that the US is taking steps to make its position clear." NPR played audio of Burns saying, "We warned Iraq – Iran, excuse me – privately on a number of occasions over the last year and a half. And the Iranians did not, of course, appear to listen to that, so now we've begun to detain those Iranian officials. And we think it's absolutely within our rights to do so under Article 51 of the UN Charter, which is self-defense." NPR added, "Burns' remarks were taken from an interview airing today on NPR's 'Morning Edition.'"

Analysts Warn US Rhetoric Could Trigger War With Iran. The AP (2/1, Krane) reports, "Citing Iranian involvement with Iraqi militias and Tehran's nuclear ambitions, the Bush administration has shifted to offense in its confrontation with Iran -- building up the US military in the Persian Gulf and promising more aggressive moves against Iranian operatives in Iraq and Lebanon." However, the "behind-the-scenes struggle between the two nations could explode into open warfare over a single misstep, analysts and US military officials warn." Iraq, the say, "has become a proxy battleground between Washington and Tehran, which is challenging -- at least rhetorically -- America's dominance of the Gulf." In Washington, "The war of words has raised fears among both Democrats and Republicans in Congress that the United States and Iran are drifting toward armed conflict at a time when America is struggling against determined foes in Iraq and Afghanistan."

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US Delays Plans To Release Details Of Charges Against Iran. The Los Angeles Times (2/1, Richter, 850K) reports the Bush administration has "postponed plans to offer public details of its charges of Iranian meddling inside Iraq amid internal divisions over the strength of the evidence," US officials said. US officials "promised" last week to provide evidence of Iranian activities in Iraq, "but some officials in Washington are concerned that some of the material may be inconclusive and that other data cannot be released without jeopardizing intelligence sources and methods." They also "want to avoid repeating the embarrassment that followed the March 2003 invasion of Iraq, when it became clear that information the administration cited to justify the war was incorrect," the officials said.

Similarly, the New York Times (2/1, 1.16M) writes in an editorial today, "Given America's bitter experience in Iraq, one would think that President Bush could finally figure out that threats and brute force aren't a substitute for a reasoned strategy. But Mr. Bush is at it again, this time trying to bully Iran into stopping its meddling inside Iraq." While expressing "no doubt about Iran's malign intent," the Times warns that "more threats and posturing are unlikely to get Iran to back down. If Mr. Bush isn't careful, he could end up talking himself into another disastrous war, and if Congress is not clear in opposing him this time, he could drag the country along."

"Failure" Of US Intelligence On Iraq Sparks Scrutiny On Iran. NBC Nightly News (1/31, story 8, 2:30, Williams, 9.87M) reported, "While there is no question of Iranian involvement inside Iraq, the failure of intelligence in the run up to the Iraq war has produced intense scrutiny of the tough talk currently coming from the Administration on the topic of Iran." NBC (Mitchell) added, "As the civil war in Iraq grows deadlier by the day, the Bush Administration is increasingly blaming Iran." But a senior US intelligence official told NBC News, the US "can't prove…at this point" that Iran was involved in an attack on US troops in Karbala. Responding to US claims that Iran is providing Iraqi insurgents with weapons, another senior US official told NBC even "if the weapons are made in Iran, doesn't mean Iran provided them directly."

Maliki Urges US, Iran To Resolve Problems. In an interview aired Wednesday on CNN's Situation Room (1/31, 4:00PM), Iraqi Prime Minister Nouri al-Maliki said, ""We have told the Iranians and the Americans, 'We know that you have a problem with each other but we're asking you, please, solve your problems outside of Iraq.'" Al-Maliki warned, "We do not want the American forces to take Iraq as a base to attack Iran...we will not accept Iran using Iraq to attack American forces. But does this exist? It exists and I assure you it exists."

Chirac Retracts Statements On Iran. The New York Times (2/1, A1, Sciolino, Bennhold, 1.16M) reports on its front page that French President Jacques Chirac "said this week that if Iran had one or two nuclear weapons, it would not pose a big danger, and that if Iran were to launch a nuclear weapon against a country like Israel, it would lead to the immediate destruction of Tehran." The remarks, made in an interview Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a French weekly magazine, were "vastly different from stated French policy and what Mr. Chirac has often said." On Tuesday, Chirac then "summoned the same journalists back to Élysée Palace to retract many of his remarks." The president "said repeatedly during the second interview that he had spoken casually and quickly the day before because he believed he had been talking about Iran off the record." On Monday, Chirac began by describing as "very dangerous" Iran's refusal to stop producing enriched uranium, but stressed that "what is dangerous about this situation is not the fact of having a nuclear bomb," but rather nuclear "proliferation." The Times notes that it was "unclear whether Mr. Chirac's initial remarks reflected what he truly believes. If so, it suggests a growing divide with American policy." In noting the sanctions against Iran that were imposed last month by the UN Security Council, Chirac "warned Tuesday that escalation of the conflict by both sides was unwise."

US Cautions European Energy Firms To Avoid Deals With Iran. The Washington Post (2/1, A12, Mufson, 690K) reports the Bush administration is "warning European oil and gas companies against investing in Iran, trying to head off a push by Tehran to attract new investment by international petroleum giants." In the past two weeks, the Administration "has met with European oil company executives about the Middle East, and during one session a senior State Department official cautioned that the situation with Iran was 'hot and is going to get hotter,' one executive said." Another European executive said, "The administration is putting the full-court press on foreign companies and is going all out to impress upon them that it would be a mistake to do anything with" Iran. Despite the Administration's pressure, however, "many of the world's biggest oil companies were expected to attend a meeting in Vienna today and tomorrow held by

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National Iranian Oil Co. to drum up interest in 12 onshore and five offshore blocks."

EU Resisting US Calls For Increased Financial Pressure On Tehran. AFP (2/1, Lanteaume) reports US demands to toughen financial sanctions against Tehran "are opening fault lines in the US-European stand to punish Tehran for defying calls to rein its suspect nuclear program." Although European countries have agreed to impose sanctions under a UN resolution, they are "resisting US calls to go even further and force global financial institutions to sever all ties" with Iran. Meanwhile, Under Secretary of Treasury in charge of fighting terrorist funding, Stuart Levey, "has made several whirlwind trips to Europe over the past months to try to persuade European multinationals and banks to stop investing in Iran. But so far he has run into a brick wall, with European countries maintaining they are not ready to cut off banking links with Iranian companies, arguing that such a move goes beyond the spirit of the UN resolution."

Sanctions Prompt Talk Of Shake-Up Of Iranian Officials. The Washington Times (2/1, A1, Athanasiadis, 88K) reports on its front page that the unanimous passage of U.N. Security Council sanctions against Iran in December "has shaken the nation's public and ruling elite, prompting talk of a shake-up of top officials and fears of a US attack." Prior to the sanctions' approval, President Mahmoud Ahmadinejad "had been weakened by his inability to fulfill campaign promises to stem rising inflation and by doubts over the wisdom of his statements questioning the Holocaust and threatening Israel." Now, "suggestions are being raised that Iran's supreme leader, Ayatollah Ali Khamenei, is to change several key officials, including Ali Larijani, the head of the National Security Council; Foreign Minister Manouchehr Mottaki; and Ambassador to the United Nations Javad Zarif." Western officials have also noted "rising domestic criticism" of Ahmadinejad since the Council approved the sanctions.

Twenty-Four Iraqis Killed Yesterday. The Los Angeles Times (2/1, Zavis, 850K) reports, "At least 24 Iraqis were killed and dozens injured today in bomb blasts, gunfire and other violence. The heaviest toll was inflicted in Baghdad, where US and Iraqi forces are promising to clear out Sunni Arab insurgents and sectarian militias in a neighborhood-by-neighborhood sweep." The US military "announced the deaths of two soldiers and one Marine in combat in Al Anbar province on Tuesday."

Iraq Halts Flight To Syria, Iran Border Crossings. USA Today (2/1, 8A, 2.27M) reports, "Iraq indefinitely halted all flights to and from Syria and closed a border crossing with Iran as the government prepares for a security crackdown aimed at crushing violence in the capital and surrounding regions, a member of the parliament and an airport official said Wednesday." The "airport official told the Associated Press that flights to and from Syria will be canceled for at least two weeks and that service had been interrupted Tuesday. The official spoke on condition of anonymity because he was not authorized to reveal the information." Hassan al-Sunneid, a member of the parliament's Defense and Security Committee, "said the move 'was in preparation for the security plan. The state will decide when the flights will resume.'" The Washington Post (2/1, A10, 690K) also reports the story.

Top US Commander Says Shiite Militias Leaving Baghdad Positions. The Washington Post (2/1, A10, Ricks, 690K) reports, "Shiite militia leaders already appear to be leaving their strongholds in Baghdad in anticipation of the US and Iraqi plan to increase the troop presence in the Iraqi capital, according to the top US commander in the country." Army Gen. George W. Casey Jr. "said in a written statement submitted to the Senate Armed Services Committee as part of his confirmation hearing today" to be Army chief of staff, "We have seen numerous indications Shia militia leaders will leave, or already have left, Sadr City to avoid capture by Iraqi and coalition security forces."

The Washington Post (2/1, A10, 690K) also reports on "instructions delivered by emissaries of anti-American Shiite cleric Moqtada al-Sadr at a recent meeting in Baghdad," which "were clear to militiaman Massan Abdul Hussein. 'They informed us to hide the weapons,' Abdul Hussein recalled of the Jan. 21 meeting in the Shula neighborhood. 'They said: "We will not allow anyone to carry any arms, even if it's a pistol under their shirt. This is not acceptable."'"

Kirkuk Could Become Another Front In Sectarian Conflict. The Los Angeles Times (2/1, Roug, 850K) reports, "American officials, regional leaders and local residents are increasingly worried that this oil-rich city in northern Iraq could develop into a third front in the country's civil war just as increased numbers of U.S. troops arrive in Baghdad and Al Anbar province as reinforcement for battles there. Al-Qaida-linked fighters have recently surfaced

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here, launching a wave of lethal attacks, US and Iraqi officials say." The attacks "come amid a rise in communal tensions in the months before a referendum on the status of the city and the surrounding province." Meanwhile, "Kurdish bureaucrats are pushing through little-noticed administrative decisions that will take away the voting rights of tens of thousands of Arabs." In another story, the Los Angeles Times (2/1, Hennessy-Fiske, 850K) says "resource-rich Kirkuk and its surrounding province are prized by Iraq's various ethnic groups and could soon become another full-blown battleground in the widening civil war. The rolling hills produce 40% of the country's oil and 70% of its natural gas." This year, Kirkuk "residents face landmark votes that military experts say could spark sectarian violence: on how to draw provincial borders, and whether to conduct a census and join the semiautonomous Kurdish regional government."

Sunni, Shiite Lawmakers To Form New Blocks With Eye On Ending Sectarian Split. The Los Angeles Times (2/1, Zavis, 850K) reports, "Sunni Arab and Shiite Muslim lawmakers announced plans Wednesday to form two new blocs in Iraq's parliament they hope will break away from the ethnic and religious mold of current alliances and ease sectarian strife." But "while both blocs said they hope eventually to draw in members of all ethnic and religious groups, one initially will be made up entirely of Shiite politicians and the other of Sunnis." The Times adds, "Moderate politicians across the sectarian divide have voiced mounting frustration at parliament's seeming impotence." A group of "mostly independent legislators in the United Iraqi Alliance, the dominant Shiite faction, said that within days they will launch a new 'Solidarity bloc' intended to be a voice of moderation within parliament's largest political formation. … Organizers claimed the support of at least 10 of the UIA's 128 legislators, but said others had expressed interest in joining them." On the Sunni side, "a number of independent lawmakers said they had already broken away from the Iraqi Accordance Front, the largest Sunni bloc in parliament with 44 members. The new 'Gathering of Independent Iraqis' is lead by Abid Mutlaq Jabouri, a former major general in Saddam Hussein's army, said Abdullah Eskandar, another founding member."

Oversight Agency Finds Waste, Failure In Iraq Reconstruction Projects. The New York Times (2/1, Glanz, 1.16M) reports that "a federal oversight agency reported Wednesday that despite nearly $108 billion that had been budgeted for the reconstruction of Iraq since the 2003 invasion, the country's electrical output and oil production were still below prewar levels and stocks of gasoline and kerosene had plummeted to their lowest levels in at least two years. The United States alone has accounted for nearly $38 billion of the rebuilding money, according to the agency, the Special Inspector General for Iraq Reconstruction." Many suspect US contractors of wasting money when "the latest reports…appear to show that it is not for lack of money that the performance of Iraq's basic infrastructure has fallen to disastrous levels in some cases; if anything, the rebuilding program seems to have been given more money than it has been able to use to any effect." The actions of American companies like DynCorp and individuals such as former Pentagon contractor Robert J. Stein Jr. have led to investigations into fraud and waste as Iraq's electricity production has dipped below pre-war levels with crude oil production slipping as well.

The ABC World News (1/31, story 6, 2:45, Gibson, 8.78M) reported, in "a scathing, new report from the government's inspector general detailing massive waste in the American-funded reconstruction of Iraq. $21 billion has been spent" and "$3 billion of that has been wasted" according to the report. With "virtually all of the $21 billion the US spent on reconstruction went to contractors, equipment and supplies from outside the country" which one Pentagon official, Bob Love "says…was a wasted opportunity." Bob Love, Pentagon Business task Force: "There's so many Iraqis that are desperately in need of jobs or the ability to come back to work. And to see -- to see all of this coming from other countries is really -- is really not only frustrating. It's heart-wrenching."

The CBS Evening News (1/31, story 4, 2:40, Couric, 7.66M) reported that this report, covered "more than 13,000 different projects, everything from schools to oil pipelines," and according to Deborah Avant of George Washington University "it's hard to say there's been an improvement." Still, current "military commanders are already complaining the deployment of civilian reconstruction teams" are "running months behind the surge of combat troops" because "without reconstruction, there's no point in sending the troops."

The NBC Nightly News (1/31, story 3, 2:30, Williams, 9.87M) reported, "one big American contractor, Parsons, has been singled out for shoddy work. … One of the worst failures of the Iraq reconstruction program, a flagship training

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academy for Iraqi police" that "turned it into a disaster from the start." "Stuart Bowen, inspector general for Iraq reconstruction, says the Iraqis recently refused to take over the complex, calling the work disgusting," finding deficiciencies in almost all of Parsons' construction projects.

Al Qaeda Has Adapted, Organized Globally Over Past Year. The Christian Science Monitor (2/1, Huang, 59K) examines different countries where "some of last year's most significant gains and losses for the terrorist organization" of Al Qaeda have occurred. Al Qaeda agents "continued their attacks" as "violence in Iraq intensified, and Afghanistan saw its most violent year since 2001." Although counterterrorism efforts continue to be a priority in the West, it has not "weakened the appeal of Al Qaeda's agenda" as "home-grown militants around the world joined its jihad, as regional fighting heightened perceptions of a global war on Islam." The UN has stated that sectarian violence in Iraq has killed "more than 34,000 Iraqi civilians…last year, most in Sunni-Shiite violence that Al Qaeda is bent on fomenting."

Brooks Says Iraq War Has Spurred Expansionism, Not Isolationism. In a piece in the New York Times (2/1, 1.16M), David Brooks compares the Vietnam Syndrome of turning inward and growing "suspicious of power politics" to the sorely lacking Iraq Syndrome which "was over before it began" and has merely caused many Americans to lose "faith in the Bush administration and in this particular venture, but there has been no generalized loss of faith in the American system or in American goodness" as during the Vietnam War. Whereas "Vietnam sparked a broad cultural revolution, a shift in values and a loss of confidence. Iraq has not had the same effect." Brooks concludes that lawmakers seem to "take it for granted that the U.S. is going to be in the Middle East for a long time to come" and "when you look further into the future, you see that the next president's big efforts will not be about retrenchment, but about expansion;" and although "the US has taken its share of blows over the past few years…the isolationist dog is not barking" and "the hegemon will live" on.

Some Fear Pentagon Reorganization May Jeopardize Special Operations Oversight. The Hill (2/1, Tiron) reports that "a major reorganization of the Pentagon's policy shop is raising concerns among defense authorizers, who say the move could dilute the efficacy of a congressionally mandated civilian office tasked with oversight and support of special operations." This report "addressing lawmakers' concerns about the overhaul of the Office of the Undersecretary of Defense for Policy is due today to Congress, and a Pentagon spokeswoman said the report is ready and will be delivered by deadline. Several sources, however, have indicated that the report may be delayed because of a long approval process." The goal of the reorganization is "to bring the office into line with the U.S. military's need to respond to transnational threats, manage international military coalitions and equip partner nations to fight terrorists. The report is expected to address congressional concerns that policy office leadership so far has been unable to alleviate despite several meetings on the Hill."

WPost Supports Troop "Surge" In Afghanistan. The Washington Post (2/1, A14, 690K) shows support for a troop "surge" in Afghanistan and editorializes that while the US "debates the Bush administration's 'surge' of American troops into Baghdad, a similar American buildup has begun in Afghanistan. As in Iraq, it comes in response to rapidly escalating violence," and some "question…whether the reinforcements are too little or too late." In Afghanistan, "there are still far fewer Afghan and foreign troops than are needed to secure the country" from Taliban insurgency. The Post concluded that supporting Afghanistan with troops and equipment should remain a priority with Congress and with NATO allies, and that the resent surge off troops in Iraq and new funding for Afghanistan; gained attention through efforts of the Secretary of State Condoleezza Rice can hopefully lead to "more allied commitments over the next several weeks."

DOJ:

Leahy Hearing To Question US Attorney Departures. The Financial Times (2/1, Masters) reports, "Democratic senators are fighting to halt what they say is a Bush administration campaign to remove forcibly top federal prosecutors, including the US attorneys responsible for key investigations of Congressional corruption and stock options back-dating." The Times continues, "Senator Patrick Leahy, the new chairman of the Judiciary Committee, will hold a hearing next week on whether the justice department is politicising the hiring and firing of top federal prosecutors. …

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Thirteen of the 93 US attorneys have left since the March 2006 passage of a little-noticed amendment to the Patriot Act that – in effect – allows President George W. Bush to install top prosecutors without Senate confirmation." The Times adds, "Departing attorneys include Kevin Ryan of San Francisco, who was leading the probes of stock options at Apple, and Carol Lam of San Diego, who prosecuted Republican congressman Randy 'Duke' Cunningham and was investigating a politically connected defence contractor. … Democrats say those two as well as US attorneys in New Mexico, Arizona, Arkansas, Washington State and Nevada have been forced out. Mr Ryan has said he left as a result of a 'mutually agreeable decision with Washington'." The Times notes, "Alberto Gonzales, the attorney-general, denied that the Bush administration was trying to circumvent Senate confirmation. Justice department officials said on Wednesday they would seek Senate confirmation for all replacement attorneys. … Traditionally, the justice department sets policy but the US attorneys have significant discretion in deciding which cases to investigate and prosecute. … The president names US attorneys but permanent US attorneys must be confirmed by the Senate. Until last year, 'interim' replacements could serve 120 days and then generally had to seek approval from a state's federal judges to stay on. .. .However, during 11th-hour negotiations over the re-authorisation of the Patriot Act, Republican Senator Arlen Specter added an amendment that allows the president to make interim appointments that can last indefinitely."

DOJ Names Knauss Interim Arizona US Attorney. The Arizona Republic (2/1, Wagner) reports, "The Department of Justice, dodging recommendations from Arizona's two U.S. senators, has named veteran federal prosecutor Daniel Knauss as interim U.S. attorney for the District of Arizona." The Republic continues, "Republican Sens. John McCain and Jon Kyl had recommended Diane Humetewa, an assistant U.S. attorney and member of the Hopi tribe, for the position vacated by Paul Charlton. … In a news release, the Justice Department announced Wednesday that Attorney General Alberto Gonzales had appointed Knauss, a chief assistant in charge of the U.S. attorney's satellite office in Tucson." The Republic adds, "Kyl, a member of the Senate Judiciary Committee, which must confirm permanent candidates, responded: 'Daniel Knauss is a quality lawyer and will make an excellent interim U.S. Attorney. . . . It's our hope that eventually Diane Humetewa will be nominated by the president.' … Wyn Hornbuckle, a spokesman for the U.S. Attorney's Office for Arizona, stressed that Knauss' appointment is a temporary measure. He said President Bush has yet to nominate a candidate for Senate approval, and Humetewa is not excluded from that process." The Republic notes, "Candidates recommended by senators typically win such assignments, but the attorney general has authority to appoint interim administrators as he sees fit. … Knauss, a 34-year employee of the federal prosecutor's office in Arizona, also filled in as boss during 1993 after the resignation of Linda Akers. His temporary appointment at the time angered Sen. Dennis DeConcini, who had nominated Janet Napolitano for the job, though she was not then a federal prosecutor. … Napolitano later received President Clinton's permanent nomination and served as U.S. attorney before winning elections as Arizona's attorney general, and then governor."

Federal Judge Withdraws From Consideration For Los Angeles US Attorney. The Los Angeles Times (2/1, Krikorian) reports, "Longtime federal judge Dickran M. Tevrizian has withdrawn his name from consideration as the next U.S. attorney in Los Angeles, it was learned Wednesday." The Times continues, "Though Tevrizian declined to comment, others in the legal community said the 66-year-old jurist had recently notified a search committee for the Justice Department that he no longer was a candidate for the job. … Only days ago, Tevrizian, a U.S. District Court judge, was viewed as one of the leading candidates for the position, which has jurisdiction over federal prosecutions in a seven-county area. … But Tuesday, the judge told attorneys in a case before him that he would not pursue the post, a lawyer said. … 'Basically he said he wasn't that interested in the job and had put his name in consideration because others had asked him to,' said attorney Dale Rubin." The Times notes, "Rubin is representing one of two men facing the death penalty in Tevrizian's court for a kidnapping and murder rampage. … One day before Tevrizian's disclosure, attorneys for the two defendants had asked him to recuse himself because of the possibility that he might soon be running the very office prosecuting the case, Rubin said. … 'It is not that he is biased,' Rubin said. … 'It was just the appearance of impropriety we were trying to avoid,' the attorney said."

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CORPORATE SCANDALS:

Judge Tosses Enron Broadband Conviction. The AP (2/1, Lozano) reports, "Just days before he was set to be sentenced, a former Enron Corp. executive's fraud and conspiracy convictions related to the company's broadband unit were overturned Wednesday by a federal judge." The AP continues, "Former broadband unit finance chief Kevin Howard was convicted in May on five counts of fraud, conspiracy and falsifying records after a monthlong trial. Howard had been set to be sentenced Monday. … Former in-house accountant Michael Krautz was acquitted of the same charges in the same trial. Both men were accused of participating in a small piece of the fraud that brought down Enron in 2001." The AP adds, "On Wednesday, U.S. District Judge Vanessa Gilmore vacated the convictions on all five counts Howard had been found guilty of, saying in a 19-page ruling the convictions were tied to a flawed legal theory prosecutors used to explain the fraud and conspiracy charges. … Gilmore based her decision on a ruling in August in which the 5th U.S. Circuit Court of Appeals reversed several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's 1999 sale of mobile power plants to the brokerage to help the energy trader appear to have met earnings targets. … The appeals court found fault with the government's arguments of criminal liability and deprivation of honest services."

The New York Times (2/1, Murphy) reports, "The first trial against Mr. Howard lasted three months in 2005 and ended in a hung jury. He was tried along with five other Broadband employees. His conviction on five charges of conspiracy and fraud occurred during a retrial last year. … His only co-defendant in the second trial was Michael W. Krautz, Enron Broadband's former accountant, who was acquitted of all charges because the jury contended he was only following orders." The Times continues, "In a 19-page decision filed on Wednesday, Judge Vanessa Gilmore of Federal District Court said her ruling matched the Fifth Circuit's in another Enron fraud case involving Merrill Lynch and Nigerian barges. .. In that case, the appeals court overturned several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's sale of mobile power plants to the brokerage firm in 1999 to help Enron appear to have met earnings targets. .. .The court said the government did not prove that defendants had deprived the company of 'honest services.' … Federal prosecutors had conceded that four of the five convictions against Mr. Howard should be dropped because of the Fifth Circuit's opinion but held that the fifth, for falsifying records, should stand. The judge disagreed because the jury could have relied on the convictions on the other counts to determine his guilt on the final charge. … A spokesmen for the Justice Department, Bryan Sierra said, 'We are reviewing our options,' but declined to comment further."

Guilty Plea Is Latest Blow To Milberg Weiss. The New York Times (2/1, Creswell) reports, "A few years before he faked the theft of two works of art from his home in Brentwood, Calif., Steven G. Cooperman, a former ophthalmologist, received a personal check from a partner of the law firm Milberg Weiss & Bershad for $175,000 as an 'option payment' on one of those works, Picasso's 'Nude Before a Mirror.' … But court documents filed by federal prosecutors in Los Angeles yesterday said the check was a secret payment made to Mr. Cooperman for acting as a named plaintiff in a class-action lawsuit filed by Milberg Weiss." The Times continues, "The government's agreement with Mr. Cooperman, contained in the documents, in which he agreed to plea guilty to a conspiracy charge, is another blow to Milberg Weiss. The law firm was indicted along with two of its partners last year by a federal grand jury in Los Angeles on charges that it participated in a scheme to make secret payments to numerous plaintiffs." The Times adds, "Mr. Cooperman's plea deal is the latest move by federal prosecutors, who have spent seven years investigating the firm and its tactics. Last year, another former Milberg Weiss plaintiff, Howard J. Vogel, pleaded guilty to making a false declaration to a court in connection with secret payments he received from the firm, court filings state. … Still, prosecutors have been unable to bring charges against their primary targets: Milberg's co-founder, Melvyn I. Weiss, and William S. Lerach, who started his own firm on the West Coast in 2004. People close to the investigation say the two men are identified as 'Partner A' and 'Partner B,' respectively, in court documents. … Mr. Cooperman, however, is a challenging witness for prosecutors. Convicted of insurance fraud in the staged theft of the artworks, Mr. Cooperman cut a deal with prosecutors in 1999, agreeing to provide them information on Milberg Weiss."

The California Recorder (2/1, Hirsch) reports, "Superstar plaintiffs lawyer William Lerach has remained

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outside the reach of investigators looking at a kickback scheme at his former firm, Milberg Weiss, but a guilty plea in the case on Wednesday might change that." The Recorder continues, "Steven Cooperman, a former ophthalmologist previously convicted of insurance fraud, admitted to taking payments for serving as lead plaintiff in class actions filed by Milberg Weiss over 12 years. … Court documents filed Wednesday detail Cooperman's role and also appear to put 'Partner B,' long believed to be Lerach, at the heart of the lucrative kickback scheme." The Recorder adds, "Though the charging documents don't identify Lerach by name, one source close to the investigation said Wednesday, 'If you look at it, there's an awful lot of facts in there about Bill Lerach.' … That Cooperman has helped prosecutors build their case against Milberg Weiss is nothing new. He has been cooperating since its beginning. In fact, he's the one who first told prosecutors about the kickbacks and fingered Lerach. … The problem for the U.S. Attorney's Office has been that Cooperman has a major credibility problem. He offered to cooperate in the Milberg investigation only after he was convicted and sent to prison for orchestrating an insurance scam by claiming some fine art in his Beverly Hills home had been stolen. Because of his past, anything Cooperman could say in trial about Lerach, or anyone else linked to Milberg Weiss, could look like an attempt to escape another stint in the slammer. … But on Wednesday, Cooperman's credibility may have become less of a problem. His plea -- to conspiring with Milberg Weiss and several of its senior partners to obstruct justice and make false statements in class actions -- shows that he's not cutting a deal to get off entirely scot-free."

Cox Says SEC Is Aggressively Pursuing Options Cases. The AP (2/1) reports, "The Securities and Exchange Commission's investigations of suspicious timing of stock options grants at more than 100 public companies are proceeding vigorously and the agency continues to work closely with federal prosecutors in pursuing cases, SEC Chairman Christopher Cox said Wednesday. … 'This is a very aggressive program,' Cox told reporters." The AP continues, "He also said there is no disagreement among him and the four other SEC commissioners over how stringently to penalize companies found to have engaged in improper backdating of grants to executives. Cox was responding to questions about a news report that said the agency's enforcement efforts were stalled because of dissension among the commissioners over whether companies should be fined. … In addition, he said, the SEC is working 'very closely' with the Justice Department in pursuing stock options cases." The AP adds, "The federal prosecutors and the SEC have filed criminal and civil charges, respectively, against former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc. … Some observers have criticized the pace of the enforcement effort. … SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors."

Dell's Founder Replaces CEO. The New York Times (2/1, Darlin) reports, "Michael S. Dell has taken back the leadership of the computer company he founded, replacing Kevin B. Rollins after more than a year of mounting problems at Dell." The Times continues, "The company announced yesterday that Mr. Rollins had resigned as chief executive and as a director. Mr. Dell, who is the chairman, immediately assumed Mr. Rollins's duties as well. … The company presented the change, which had been speculated about by Wall Street analysts and industry insiders for more than a year, as a decision by the board, which met earlier this week. Sam Nunn, the former Georgia senator who is the presiding director of Dell's board, was quoted in a company release as saying: 'The board believes that Michael's vision and leadership are critical to building Dell's leadership in the technology industry for the long term.'" The Times adds, "The company also said that it expected fourth-quarter revenue and earnings to fall below the consensus predictions on Wall Street. That was also not an unexpected announcement after industry analysts said several weeks ago that other PC makers had strong sales in the fourth quarter, while Dell's sales lagged. … Mr. Rollins is not entitled to severance or a pension plan. Still, he will walk away with stock options worth about $30 million that he earned during his tenure, according to earlier company filings. According to Equilar, which analyzes executive pay, Mr. Rollins earned $42 million in total direct compensation as the chief executive. A Dell spokeswoman said Mr. Rollins's departure agreement had not yet been completed."

Bloomberg (2/1, Guglielmo) reports, "The PC maker said results will miss analysts' estimates for the third time in the past four quarters. Dell already replaced his finance chief and takes over as the company struggles to regain its position as the world's largest PC maker from Hewlett- Packard Co.

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and faces a government probe into its accounting. … The company said in August that the U.S. Securities and Exchange Commission had been reviewing its revenue recognition and other financial reporting for a year. That review was elevated into a formal investigation in November. The U.S. Justice Department is also probing the company's accounting."

Sonsini Advised Apple On Options Grant. The California Recorder (2/1, Scheck) reports, "When Apple Inc. tried to hammer out a new compensation agreement for iconic CEO Steve Jobs in 2001 -- an agreement now being probed by federal prosecutors -- the company called on Larry Sonsini, the lead partner at Wilson Sonsini Goodrich & Rosati." The Recorder continues, "People with knowledge of the federal probe say the lawyer -- an expert on corporate governance -- was consulted by Apple's board and legal department on a 7.5 million-share grant that's become the core of the criminal probe by the Securities and Exchange Commission and San Francisco U.S. attorney's office." The Recorder adds, "Investigators have focused on the grant because a set of falsified meeting minutes was drawn up to make it appear as though the options were granted at an earlier date -- and a more favorable price -- than when the deal was actually finalized. The minutes were fabricated by a low-ranking in-house Apple lawyer, though prosecutors also have been looking over her head -- at ex-GC Nancy Heinen and Apple's former CFO, Fred Anderson. … According to people with knowledge of the investigation, Heinen discussed the options award with Sonsini between its approval by the company's board of directors and her department's completion of the paperwork. … Through a spokesperson, Sonsini declined to comment Wednesday, and people familiar with the probe wouldn't discuss what he told the lawyers at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation." The Recorder notes, "It's unclear how much Sonsini knew about the grant, including how it was accounted for. … But for the second time in less than a year, a high-profile Silicon Valley scandal may turn on questions about the advice Sonsini did -- or didn't -- give. Just as in the Hewlett-Packard boardroom spying scandal, company officials may point to Sonsini's counsel to explain or defend their actions."

Former Qwest CEO Settles Pension Suit For $1.5 Million. The Rocky Mountain News (2/1, Smith) reports, "Former Qwest Chief Executive Joe Nacchio has agreed to pay $1.5 million to settle a fraud lawsuit filed by one of the country's largest pension funds." The News continues, "Nacchio's deal - part of a $46.5 million settlement paid to the California State Teachers' Retirement System - is believed to be the largest he's agreed to make with regard to his alleged misdeeds at the Denver telco. … Qwest, several investment banks and former auditor Arthur Andersen will collectively pay about $45 million to settle the suit, filed in December 2002 by CalSTRS." The News adds, "In 2003, Nacchio paid $400,000 to two law schools to settle charges by New York state Attorney General Eliot Spitzer that Nacchio improperly made more than $1 million from lucrative initial public offerings provided by Citigroup's Salomon Smith Barney brokerage. … Nacchio still faces securities fraud allegations in a federal class-action case, civil fraud charges by the Securities and Exchange Commission and 42 insider trading counts filed by the Justice Department. He is scheduled to go on trial in Denver on the insider trading charges March 19. He has denied wrongdoing."

Senators Criticize SEC Hedge Fund Investigation. The New York Times (2/1, Bogdanich) reports, "Two prominent Republican senators renewed their criticism yesterday of the way the Securities and Exchange Commission carried out its investigation into a major hedge fund, Pequot Capital Management." In separate speeches on the Senate floor, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, "said the S.E.C. — which filed no charges against Pequot — had failed to aggressively follow up on investigative leads developed by the lawyer who led the inquiry, Gary J. Aguirre. Both senators said their statements reflected the findings of an interim report, which is expected to be released today, on their investigation of the S.E.C.'s conduct in the case." The Times adds, "An S.E.C. spokesman, John Nester, said he had not yet had the chance to read the interim report, but he said the commission would 'carefully consider the report's findings and recommendations.'"

CRIMINAL LAW:

Cooper Testifies At Libby Trial, Says Rove Told Him About Plame. In a widely-distributed story, the AP (2/1, Sniffen) reports, "Reporter Matt Cooper testified Wednesday he thought I. Lewis 'Scooter' Libby had

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confirmed" Valerie Plame Wilson "worked at the CIA but acknowledged he never asked the White House aide where he'd heard that. … Cooper's appearance allowed defense attorney William Jeffress to ask repeatedly about President Bush's chief political adviser, Karl Rove, because Cooper identified Rove as the first official to tell him about Plame's job at CIA." The AP adds, "Cooper also said he didn't take any notes on that exchange and that he had posed his question to Libby 'off the record.'" Meanwhile, the AP (2/1, Apuzzo) reports, "Former New York Times reporter Judith Miller acknowledged Wednesday that she had conversations with other government officials and could not be 'absolutely, absolutely certain' that she first heard about" Plame from Libby. "Libby's attorneys seized on the hesitation and tried to portray Miller as someone who selectively remembers some conversations and not others."

The New York Times (2/1, A1, Lewis, 1.16M) reports, "William H. Jeffress Jr., the lawyer for Mr. Libby, asked Ms. Miller what other officials she had spoken with about Ms. Wilson. 'I remember having conversations, sir,' she said, casting quick glances at the jury and at her lawyers sitting in the back of the courtroom. But she said she could not remember talking to anybody else about Ms. Wilson." Meanwhile, Matt Cooper "said that Mr. Rove told him to be wary of Mr. Wilson's criticisms in The Times. 'Don't go too far out on Wilson,' Mr. Cooper recalled Mr. Rove saying, warning him that Ms. Wilson worked at 'the agency.' Mr. Cooper testified that when he spoke to Libby, he had heard that Mr. Wilson's wife worked at the C.I.A. He said that Mr. Libby responded, 'I heard that too.'"

The Washington Post (2/1, A3, Goldstein, Leonnig, 690K) also reports that Cooper said Rove was the first to tell him about Plame, and notes, "Cooper is the third prosecution witness to say that Libby was actively spreading information about Wilson and his wife soon after he sought to learn who they were." Meanwhile, USA Today (2/1, Willing, 2.27M) reported on Cooper's testimony, under the headline "Reporter: Rove First To Leak CIA Info."

Trial Said To Show "Ugly Mutual Exploitation" Of DC Officials, Reporters. Under the headline "Libby Trial Shows An Insular, Backbiting Washington," the Los Angeles Times (2/1, A1, Miller, 850K) reports, "With the Bush administration taking a pounding over erroneous prewar claims about Iraq in the summer of 2003, Vice President Dick Cheney's chief of staff consulted his office's top communications advisor on how to strike back. As they talked by phone, I. Lewis 'Scooter' Libby scribbled down a series of Machiavellian suggestions from Cheney's then-communications guru, Mary Matalin: What to do about MSNBC talk show host Chris Matthews and his steady barrage of Iraq war criticism? 'Call Tim,' Libby wrote, referring to Tim Russert of NBC News. 'He hates Chris.' … And how best to use the power of the White House to beat back the attacks? The president 'should wave his wand,' Matalin advised, and quickly declassify portions of intelligence reports that backed up the White House case for war." The Post adds that the memo reveals "the ugly mutual exploitation that goes on every day in Washington between powerful government officials and influential members of the media that is on trial in U.S. District Court in Washington."

Juror Questions Seen As Providing Insight Into Witness Testimony. The Washington Post (2/1, A13, Leonnig, 690K) reports, "It is very unusual for jurors to be able to ask questions during court proceedings, but U.S. District Judge Reggie B. Walton is allowing it" at the Libby trial. "Some of the questions have been dead on, showing that the highly educated jurors -- who include an art curator, a retired math teacher and an international health policy adviser -- seem to home in on key evidence or testimony. Other questions have elicited new insights into witnesses' thinking, and still others have evoked a few laughs. The whole practice has been controversial among attorneys on both sides -- worried about losing control of the points they hope to score with each witness's testimony -- who argue quietly with Walton at the bench over what can be asked."

Indictments In Cunningham Probe Said To Be Near. The AP (2/1, Hoffman) reports, "Federal prosecutors are preparing to seek indictments against a former top CIA official and a San Diego defense contractor at the center of the bribery scandal that sent former U.S. Rep. Randy 'Duke' Cunningham to prison." The AP continues, "Two government officials familiar with the investigation told The Associated Press on Wednesday that prosecutors plan to ask a San Diego grand jury to return charges of honest services fraud and conspiracy against Kyle 'Dusty' Foggo and his close friend, Brent Wilkes, whose lawyers have said he is one of four unidentified co-conspirators described in the 2005 plea agreement for Cunningham, a San Diego Republican." The AP adds, "Honest services fraud is a combination of mail and wire fraud often used in public corruption cases involving officials who have engaged in a pattern of improper activities,

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such as accepting gifts, trips or promises of future employment from private individuals. … The officials said a second indictment is being prepared that would charge Wilkes and two of the other Cunningham co-conspirators - New York businessman Thomas Kontogiannis and his nephew, John T. Michael - with bribery and several conspiracy counts." The AP notes, "The officials spoke only on condition of anonymity because grand jury proceedings are secret and the charges have not been finalized. Indictments could be returned as early as Thursday, though it's more likely to occur within the next several weeks. … The fourth co-conspirator, Mitchell Wade, is cooperating with prosecutors after pleading guilty in February 2006 to bribing Cunningham in exchange for more than $150 million in government contracts since 2002. Wade is former president of MZM Inc. … The grand jury began hearing evidence in 2005 against Cunningham, at the time an eight-term congressman who served on the House Appropriations Defense Subcommittee and the Intelligence Committee. Cunningham's subcommittee assignment made him a key figure in the awarding of defense contracts."

Rhode Island Lawmaker Sentenced To 2½ Years In Prison For Bribery. In a widely-distributed story, the AP (2/1, Tucker) reports, "A once-powerful lawmaker at the center of a corruption scandal was sentenced Wednesday to 2 1/2 years in federal prison for taking payoffs, and prosecutors said their investigation now includes 14 politicians and companies." Former Rhode Island state Sen. John Celona "admitted he abused his position as chairman of a key legislative committee to benefit the drugstore chain CVS Corp., Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island. Prosecutors said the former state senator was paid nearly $320,000 for the favorable treatment." The AP adds, "Assistant U.S. Attorney Gerard Sullivan told the judge that Celona's extensive cooperation has led the investigation to seven politicians and seven corporations. Sullivan did not identify anyone being investigated but said FBI agents from other cities have been transferred to Rhode Island to help with the probe."

The Providence Journal (2/1, Stanton, 167K) reports that in sentencing Celona, "Robert A. Urciuoli and Frances P. Driscoll to prison yesterday, Senior U.S. District Judge Ernest C. Torres said that he wanted to send a message to others who might be tempted to follow in their footsteps down the long, gray line of Rhode Island's corrupt past. … Urciuoli, 59, received 3 years. And in an emotional conclusion to the day's proceedings, Driscoll, 67, who has health concerns, was sentenced to 8 months in prison plus 8 months home confinement." The Journal adds, "Sullivan told Torres that Celona's assistance has provided tips and leads for a growing number of agents. FBI agents have been brought to Providence from New York and Baltimore to work with two Providence agents and the Rhode Island State Police. In addition, agents from the Internal Revenue Service and the U.S. Department of Labor have joined the task force."

Brooklyn DA Seeking Testimony From Mobster's Son Against DeVecchio. The New York Sun (2/1, Capeci) reports in its "Gang Land" column, "Brooklyn prosecutors are seeking to line up a star witness for their sensational upcoming trial of a former FBI supervisor, R. Lindley DeVecchio, who is charged with helping legendary mob capo Gregory Scarpa commit four murders. The prospective witness is none other than Gregory Scarpa Jr., the imprisoned son of the late Colombo crime big, who after his death in 1994 was revealed to have been a much-prized government informant (and whose handler was Mr. DeVecchio). Unfortunately, the would-be witness comes with heavy baggage: He's already been called a perjurer by a federal judge and other authorities. So far, the matter is still in the talking stages." The Sun notes, "Sources say that the jailed gangster is willing to testify without any guarantees, and that the DA's office is seriously considering the option."

Blagojevich Orders Audit Of Drug-Testing Firm Under FBI Investigation. The Chicago Tribune (2/1, Kidwell, Chase, 617K) reports, "Gov. Rod Blagojevich's office has ordered an audit of no-bid state contracts dating to 1990 with a Chicago drug-testing firm under criminal investigation for alleged billing fraud. The administration outlined its actions involving K.K. Bio-Science Inc. on Wednesday, a day after Cook County investigators and the FBI searched the company's offices for evidence of fraud, money laundering and a continuing criminal enterprise, according to the search warrant. The company came under scrutiny last fall when the Tribune disclosed that the governor's wife, Patricia, had earned more than $113,000 as a real estate agent for the company's owner. There is no indication that the fraud investigation has any connection to the real estate deals." The Tribune notes, "No criminal

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charges had been filed as of Wednesday, and law-enforcement officials also remained silent."

Execution Of New York Man Convicted Of Murdering Officers Could Be Years Away. The New York Times (2/1, Brick) reports, "Ronell Wilson sits alone in a prison cell near Gowanus Bay in Brooklyn. He has been on suicide watch since his return late Tuesday evening from federal court in Brooklyn, where a jury called for his execution. … 'He's holding up well,' said one of his lawyers, Ephraim Savitt, 'under the circumstances.'" The Times continues, "On federal death row, he will join 46 other inmates, their cases in varying stages of appeal. If the sentence is carried out one day, Mr. Wilson, 24, will probably die by lethal injection at the federal death chamber in Terre Haute, Ind., where Timothy J. McVeigh, who bombed the Alfred P. Murrah Federal Building in Oklahoma City, and two Texans have preceded him. But Mr. Wilson's lawyers said he will appeal his sentence, an unpredictable and complicated process that could take years." The Times adds, "No other federal trial in New York has produced a death sentence in half a century. Three men have been put to death in federal cases since 1988, when a moratorium on federal capital punishment was lifted. Of these, the two Texans — Juan Raul Garza, convicted of three drug-related murders, and Louis Jones Jr., convicted of rape and murder — were each on death row for about eight years. Mr. McVeigh, who abandoned his appeals after being denied a stay of execution, was executed four years after his sentencing for the bombing. … Mr. Wilson was convicted of 10 crimes in December, chief among them the murder of two undercover detectives during a gun transaction on Staten Island in March 2003. Judge Nicholas G. Garaufis, who was not in his chambers yesterday, must set a formal sentencing date, according to his staff. … On five counts, the judge is bound by the jury's verdict to impose death sentences. But for the other charges, including robbery conspiracy, attempted robbery and use of a firearm, the judge must determine prison terms. Some of the crimes are relatively minor, on the scale of regular business for a federal court in New York City."

Experts Say Emotions, Geography Influenced Verdict. The New York Times (2/1, Barron) reports, "They were police detectives, shot at close range, in the backs of their heads. Fellow officers and relatives filled the courtroom, day after day, during the trial of the man accused of pulling the trigger, who mostly kept his emotions to himself. … Add to that where the jurors came from — Brooklyn, Queens, Staten Island and Long Island, but not Manhattan. And that the detectives knew, and were known in, the neighborhood, which gave the case a strong local connection — unlike, say, a case involving terrorist acts overseas. … Taken together, all those elements were so powerful, death-penalty specialists said yesterday, that the jury's verdict seemed almost inevitable. The seven women and five men decided that the defendant, Ronell Wilson, should die." The Times continues, "That made him the first person to face death in a federal case in New York since the 1950s, a fate that other defendants have managed to avoid, even though some of them have been accused of killing far more people. 'There was a confluence of factors,' said Deborah W. Denno, a professor at Fordham University School of Law. 'I think it's highly unlikely there will be another case with all these particular elements anytime soon.'" The Times notes, "For that reason, she and other lawyers interviewed yesterday said they doubted that the Wilson verdict signaled a shift in public attitudes about the death penalty. Michael Greenberger, a law professor at the University of Maryland, noted that advances in DNA testing have uncovered faulty convictions and made juries nationally more hesitant to impose the death sentence. But he said there were no such doubts in the Wilson case. … 'This case is one that shocks the conscience,' he said. 'The brutal nature of it, I think, aligned the stars for this kind of verdict.' … Still, some attitudes may have changed. Several years ago, when Attorney General John Ashcroft ordered United States attorneys to seek the death penalty, he ran into resistance in New York, where some prosecutors feared such a possibility could cause jurors to acquit. … Counting Mr. Wilson, there are now 47 federal prisoners on death row. But prosecutors in New York have failed to obtain death sentences in recent years, even in closely watched terrorism trials involving embassy bombings in Africa in 1998."

Kodak Employee Sentenced To Probation For Kickback Scheme. In a widely-distributed story, the AP (2/1) reports, "A fired Eastman Kodak Co. employee involved in a kickback scheme to defraud the photography company was placed on probation for three years Tuesday and ordered to pay almost $190,000 in restitution. Roger Benton, 49, pleaded guilty to mail fraud in June for helping to steer inflated contracts to a molding services company, Pro-Mold Ltd., between 1997 and 2000. At sentencing in federal

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court, he was fined $3,000 and paid $63,058 of the $189,174 he was ordered to return to Kodak."

Tennessee Man Pleads Guilty To Possessing, Producing Child Porn. The Knoxville News Sentinel (2/1, Satterfield) reports, "A Grainger County man with a decade-long history of collecting child pornography admitted Wednesday he has been creating his own illegal images. David Edward Ratkewicz pleaded guilty before Senior U.S. District Judge Leon Jordan to a federal child pornography possession charge. As part of his plea, Ratkewicz admitted not only downloading sadistic shots of young children being sexually victimized but also 'photographing underage boys in sexually explicit positions and storing the images on his computer,' Assistant U.S. Attorney Charles Atchley said." The News Sentinel notes that "the Knoxville Police Department Internet Crimes Against Children Task Force, with help from the Grainger County Sheriff's Department, hit Ratkewicz with a search warrant in August 2004. … Atchley said Ratkewicz agreed to be interviewed by Pierce and other task force officers, including FBI agents."

Study Finds Vermont Sentencing Program Successful. The AP (2/1, Ring) reports, "A woman who stole from a patient in a nursing home where she works was sentenced to making potpourri-filled vases for a senior center. … A man convicted of driving with a suspended license agrees to carve a cane for an elderly person. … An artist convicted of driving under the influence had to paint a painting for an organization whose lawn she drove over. … Those are some of the examples of the unusual sentences crafted by Vermont's ground-breaking Reparative Probation system, under which criminals meet with community volunteers -- and in some cases victims -- to craft their sentences instead of taking them from a judge." The AP continues, "The system works, according to a new survey. … The survey by three college professors that was paid for with a grant from the Justice Department, found that in 9,078 cases handled between 1998 and 2005, offenders were 23 percent less likely to commit another crime while on probation than those sentenced to traditional probation. … And they were 12 percent less likely to commit another crime after probation ended." The AP adds, "The people who work with the system every day say its successes go beyond just reducing recidivism. … 'Those numbers are important, but I can tell you it works on so many other levels, in terms of the relationships built and the conversations that are had and the new perspectives that people have about their own lives and other peoples' lives,' said Cara Gleason, the Community Justice Coordinator for the City of Burlington." The AP notes, "LThe Corrections Department set up the pioneering program in 1995, when the state was looking for alternatives to traditional corrections. … Reparative probation was part of a package of sentencing alternatives -- such as requiring offenders to complete intensive substance-abuse programs or closely supervised furlough in the community -- made available to Vermont judges. … In the reparative probation system, the offender meets with community members and they try to craft a sentence that builds on the interests of the offender and the needs of the victim and the community."

Bush Urged To Pardon Convicted Border Agents. McClatchy Newspapers (2/1, Montgomery) reports, "Are they mistreated heroes or rogue lawmen? … That question is at the heart of a nationwide uproar over Border Patrol Agents Ignacio Ramos and Jose Alonso Compean, who are beginning decade-long sentences in federal prison for the non-fatal shooting of a suspected drug smuggler, who was given immunity to testify against them." McClatchy continues, "Scores of Republican lawmakers, and thousands of grassroots petitioners, have besieged President Bush with demands that the agents be granted an immediate pardon. But to federal prosecutor Johnny Sutton and his defenders, the two Texas-based agents abridged the public trust by attempting to cover up an unauthorized shooting and must face the consequences. … 'Prosecutors take cases as they come. We don't get to choose the facts and we don't get to choose the witnesses,' the San Antonio-based U.S. attorney said in a telephone interview Wednesday. 'We hate the thought of having to prosecute law enforcement because those are the people we work with every day. But nobody is above the law.'" McClatchy adds, "In an interview on the Fox television network Wednesday, Bush again said he is bound by strict federal guidelines on pardons and cannot immediately grant a pardon to the two agents. … Bush explained that 'there is a series of steps that are analyzed in order for the Justice Department to make a recommendation as to whether or not a president grants a pardon.' … And, Bush added, 'we're not at that stage yet.' … Bush's position is likely to further agitate a growing circle of mostly Republican lawmakers, who have repeatedly pressed the White House to

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step into the case. Many also blame the Bush administration for the agents' imprisonment, pointing out that it was Bush who appointed Sutton as federal prosecutor in 2001."

Closing Arguments Made At Coke Formula Theft Trial. The AP (2/1, Weber) reports, "A former Coca-Cola secretary was deeply in debt, unhappy in her job and seeking a big payday, so she conspired to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi, a prosecutor said Wednesday during closing arguments in the woman's trial. But Joya Williams' lawyer asked jurors to use their common sense and ask themselves if the government has proved its case beyond a reasonable doubt." The AP adds, "Jurors deliberated Williams' fate for about 3½ hours Wednesday afternoon," and "deliberations were to resume Thursday. Assistant U.S. Attorney Byung J. Pak said Wednesday that the case against Williams is about cash, ongoing access to documents, lies and acts in furtherance of the crime."

Neighbors Stunned By Sex Offenders Posing As Family. The New York Times (2/1, Steinhauer) reports from El Mirage, AZ, "To neighbors, Casey Price was a seventh grader with acne and a baseball cap who lived an unremarkable life among a bevy of male relatives. … He built the occasional skateboard ramp and did wheelies on his bicycle down the streets of this subdivision of stucco homes north of Phoenix. … In nearby Surprise, where Casey was enrolled as a 12-year-old in a public school for four months, he was regarded as a shy, average student with chronic attendance problems. A man identified as his uncle had registered him, attended curriculum night and e-mailed his teachers about homework assignments." The Times continues, "Now Casey is in jail, and his former neighbors and classmates have learned the unthinkable: Not only is Casey not Casey — his real name is Neil H. Rodreick II — but he is also a 29-year-old convicted sex offender who kept a youthful appearance with the aid of razors and makeup. … And the men known as his uncle, grandfather and cousin, who until recently shared a three-bedroom house with him here, were not family at all, but a web of convicted sex offenders and predators, law enforcement officials say, preying in part on one another." The Times adds, "A retracing of Mr. Rodreick's tracks over the past several years shows that he is under investigation in three states. The authorities in four jurisdictions say he repeatedly failed to register as a sex offender, housed a large cache of child pornography in his computer and, based on videos found by the police, had sex with at least one boy. … The men have been indicted on numerous counts and are scheduled to appear in court in late February; they have already pleaded not guilty to charges of fraud and failing to register as sex offenders."

DOJ Audit Finds More Problems With Massachusetts Crime Lab. The Boston Globe (2/1, Saltzman) reports, "A federal inspection of the State Police crime laboratory completed in September found problems with the handling of DNA evidence that go beyond those that prompted the agency to suspend a civilian administrator and led to two sweeping reviews of the lab." The Globe continues, "Auditors from the US Justice Department's Office of the Inspector General concluded that the laboratory entered incomplete genetic profiles into its computerized database in 12 cases of a sample of 100 involving unidentified suspects who left DNA at crimes scenes, making the profiles inadequate." The Globe adds, "The auditors also found instances in which laboratory officials entered the same genetic profile under two different ID numbers in the database and failed to follow FBI protocols for analyzing profiles and double-checking results, according to an executive summary of the inspection report. … In addition, the summary said, the laboratory waited nearly eight months to confirm a tentative match between DNA from a crime scene and DNA from a convicted felon whose genetic profile was entered into the database. Federal guidelines call for confirmation within 30 days."

O'Malley Praised For Opposing Death Penalty. The Washington Post (2/1, A14, 690K) says in an editorial, "Abolishing Maryland's death penalty did not figure in Martin O'Malley's successful campaign for governor last year or in his announced agenda for this year's session of the state legislature. So the path of least resistance would have been for him to say nothing, or very little, in response to opponents of capital punishment, who are clamoring for its repeal. Instead, he has joined their fight. In doing so he has lent his fledgling administration a sense of purpose and moral clarity."

CIVIL LAW:

WellPoint Unit Settles Overcharges To FEHBP. Bloomberg (2/1, Moore) reports, "A unit of

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WellPoint Inc., the second- biggest U.S. health insurance provider, agreed to pay $975,000 to settle allegations of overcharging the government in Missouri, the U.S. Justice Department said." Bloomberg continues, "The settlement resolves claims that the WellPoint medical insurance unit made false claims against the Federal Employees Health Benefits Program, the government said today in a statement. The U.S. alleged that WellPoint's subsidiary paid higher rates to a network of physicians than the doctors received from other plans, passing the inflated costs to the government." Bloomberg adds, "Ronald Ekstrand, a former WellPoint employee, initiated the case with a whistleblower suit under the Civil War-era False Claims Act. Total U.S. and state recoveries under the law since 1986 exceed $20 billion, with almost $1 billion announced in the first quarter of fiscal 2007, according to Taxpayers Against Fraud, a Washington-based group that tracks the litigation. … The settlement 'should send a signal to all health-care providers who receive federal funds that we are committed to protecting the health-care system from fraud or abuse,' said Catherine Hanaway, U.S. attorney for the Eastern District of Missouri, in the statement. … Ekstrand, the whistleblower, will receive $165,750 of the payment under a provision in the False Claims Act intended to encourage private individuals to expose frauds against the government. The government reviews such cases and decides whether to take part."

The St Louis Business Journal (2/1) reports, "The government alleged that RightCHOICE, which participates in the FEHB Program as part of the Blue Cross and Blue Shield Service Benefit Plan (SBP), passed on excessive costs to the FEHB Program in connection with compensating a preferred provider network of physicians known as 'Alliance.' The government contended that RightCHOICE paid higher fees to Alliance physicians for serving patients insured through the SBP than these same physicians were reimbursed for providing the same types of services to patients insured through various other health plans. The government also alleged the physicians passed on these higher rates to the Office of Personnel Management as purportedly 'reasonable' costs to the FEHB."

FCC Proposes $10 Million Initial Payment In Radio Payola Settlement. USA Today (2/1, 4B, Davidson) reports, "The nation's four largest radio broadcasters would make payments and other contributions valued at about $10 million under a proposed settlement of a year-long probe by the Federal Communications Commission into pay-for-play claims in the music industry, say FCC officials and others with direct knowledge of the matter." USA continues, "While the FCC's three Republicans generally have backed less-punitive terms, Democrats Jonathan Adelstein and Michael Copps have been pushing for tougher concessions, FCC officials say. The officials requested anonymity because the proceeding is pending. … The investigation centers on claims that radio stations owned by Clear Channel Communications, CBS Radio, Entercom Communications and Citadel Broadcasting have accepted cash or gifts, known as payola, from major music labels in exchange for playing their releases." USA adds, "Under settlement terms proposed several weeks ago, the broadcasters would devote $7 million of airtime to independently produced music. The radio giants also would pay $3 million to a fund for the National Association of Broadcasters to provide training to member stations to stop payola. … But some FCC officials are concerned that the agency doesn't have the authority to require such contributions. As a result, the original proposal was expected to be pulled Wednesday night. A new proposal is expected to require the broadcasters to pay a more traditional penalty of $10 million to $15 million to the U.S. Treasury, say people with direct knowledge of the matter. They would not be identified because the proposal is still subject to negotiation." … In addition, the companies would draft compliance plans detailing which practices are unacceptable. FCC Democrats worried the original proposal did not give the agency sufficient oversight."

Big Tobacco Worried About Smoking Ban Proposals In Virginia. The Washington Post (2/1, A1, Gardner) reports, "Not too many years ago, all tobacco lobbyist Charlie Davis had to do to ensure swift defeat of anti-smoking legislation was to lean into the microphone at a committee hearing and say, 'Philip Morris opposes this bill.' … Times have changed for Philip Morris USA at the Virginia General Assembly. Lawmakers are voting this week on several bills to restrict smoking in restaurants and other public places, bills that are closer than ever to approval. And Philip Morris, the Richmond-based tobacco giant and emblem of the historic role that the golden leaf has played in Virginia's prosperity, suddenly has something to worry about. … 'They're scared, and they should be scared,' said Teresa Gregson, a lobbyist for the American Heart Association. 'It's

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just a matter of time before this passes.'" The Post continues, "For two years, in part to improve a public image tarnished by the ill effects of smoking, Philip Morris announced no position on proposed smoking bans across the nation. But in Virginia this year, Davis and other company representatives are meeting with lawmakers -- in their offices or in the corridors -- to steer them away from the more restrictive proposals, lawmakers said." The Post adds, "A number of bills are making their way through the legislature. Sutton would not say which proposals are acceptable to the company. A bill banning smoking in most public spaces and workplaces failed in a House subcommittee Friday, and a bill that requires restaurants to display a sign if smoking is permitted was passed. … Another version of the broader bill emerged from the Senate on Wednesday and is headed to the House of Delegates. … In part because of general anti-regulatory views in the legislature, approval of the bans is not assured. But because tobacco-growing regions have less influence than in the past -- and because of growing pressure from such vote-rich suburban regions as Northern Virginia and Hampton Roads -- more and more lawmakers, Republican and Democratic, are seeking smoking bans in workplaces, bars, restaurants and other places."

Study Finds States Reporting Few Medicaid Fraud Cases To Special Unit. The AP (1/31) reports, "More than half the states are sending few Medicaid fraud cases to special units established to pursue the wrongdoing, averaging less than one referral a month, The Associated Press learned Wednesday. … 'These states were rural, urban, small, large, from all regions of the country,' the internal watchdog for the Health and Human Services Department found." The AP continues, "Medicaid is the medical insurance program for the poor and is financed by the states and the federal government. … When fraud is suspected, the state Medicaid agency does the initial investigation and is supposed to turn over cases to be pursued to Medicaid Fraud Control Units -- usually part of a state's attorney general's office." The AP adds, 'On average, states spend about 18 percent of their own money on Medicaid. It is the second largest program in most state budgets, following elementary and secondary education. … The HHS inspector general, Daniel Levinson, studied the referrals for the three-year period from July 2002 through June 2005. He found: … Twenty-six of the Medicaid fraud units reported accepting, on average, no more than one referral a month from their state Medicaid agencies. Acceptance means the fraud unit retains the case for further investigation. … Twenty-one fraud control units said that in the last year of the study, they received fewer than 12 referrals each from state Medicaid agencies, an average of less than one referral per month. … In that last year, Arkansas and Connecticut had only two referrals, South Dakota had four, Virginia reported eight and Wyoming 11. … Only three fraud units received more than 100 referrals in the last year of the study: Florida (215), Arizona (192) and Texas (180). California, with the largest Medicaid program based on enrollment, reported 79." The AP notes, "The report found that while the referrals from state Medicaid agencies increased from 1,161 in 2002-03 to 1,403 and 1,470 in the next two years, the numbers are deceiving. Most of the increase came from one state, Florida. … Sen. Charles Grassley of Iowa, ranking Republican on the Senate Finance Committee, was critical of the efforts of some states. … 'You can't recover what doesn't get reported,' Grassley said. 'And if ... state agencies are reporting only part of the fraud, then whistle-blowers and others probably account for a good part of the rest of recoveries that would otherwise be lost to Medicaid fraud.'"

CIVIL RIGHTS:

New Justice Unit To Target Human Trafficking. The Washington Times (2/1, Seper) reports, "Attorney General Alberto R. Gonzales yesterday created a Human Trafficking Prosecution Unit and assigned it the task of developing strategies to combat modern-day slavery and expand the Justice Department's anti-trafficking enforcement programs. … 'With the creation of the Human Trafficking Prosecution Unit, we will expand and enhance our ability to fight this crime by working together with federal, state and local investigators to tackle the enormous challenges posed by this evil,' Mr. Gonzales said. 'We will continue to develop new ways to help victims and to bring their captors to justice.'" The Times continues, "Human trafficking often involves the recruitment and smuggling of foreign nationals into the United States for forced labor and illicit sexual activity. … Mr. Gonzales said the unit will work to enhance the department's investigation and prosecution of significant human trafficking and slavery cases, such as multijurisdictional cases and those involving financial crimes. … It will be led, he said, by prosecutors who have brought cases against traffickers and 'freed hundreds of foreign and domestic victims from sex

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trafficking in brothels and forced labor in fields, homes and factories.'" The Times notes, "Mr. Gonzales has made combating human trafficking a top priority. In the past six years, the department has increased by sixfold the number of human trafficking cases filed, quadrupled the number of defendants charged and tripled the number of defendants convicted. … In fiscal 2006, the department began 168 investigations, charged 111 defendants in 32 cases and obtained 98 convictions. In fiscal 2007, which began Oct. 1, the department has initiated 60 investigations, charged 26 defendants in eight cases and obtained 36 convictions."

CNN.com (2/1) reports, "The United States has launched hundreds of new investigations to combat human trafficking for prostitution and labor exploitation inside its borders, U.S. authorities have announced." CNN continues, "Calling human trafficking 'the equivalent of modern day slavery,' U.S. Attorney General Alberto Gonzales vowed on Wednesday to keep the issue a top priority for federal law enforcement agencies. … The Justice Department also has created a unit designed to pursue human trafficking cases, said Assistant U.S. Attorney Wan Kim." CNN adds, "Justice authorities said it would be the first time the Civil Rights Division would have a team of lawyers working exclusively on human trafficking cases. … The unit initially will have four attorneys experienced in prosecuting human trafficking cases, Kim said. … Justice Department and FBI officials said they are using more attorneys and investigators to find and prosecute international human trafficking rings, which lure primarily young women from Asian, Eastern European and Latin American countries to the United States with false promises of jobs and husbands. … 'This is a perversion of the American dream. The American dream is used as a lure to attract victims,' Assistant U.S. Attorney Kim said. … Kim said the degree of coercion may vary, 'But nobody signs up for involuntary servitude.'"

The Washington Post (2/1, A4) also reports this story in its "Washington In Brief" section.

Tennessee Woman Pleads Guilty To Sex Trafficking. The Memphis Commercial Appeal (1/31, Conley, 163K) reported, "A key figure in a human-trafficking ring Monday admitted to luring underage girls to West Tennessee from Mexico and forcing them into prostitution. Cristina Andres Perfecto pleaded guilty in federal court to two counts of commercial sex trafficking, charges that could result in a lifetime prison sentence. Perfecto and her partner, Juan Mendez, were charged in November after a series of raids and the arrest of several men for running brothels in Memphis." The Commercial Appeal notes, "Mendez remains under indictment on two counts of child sex trafficking and a count of conspiracy to harbor an illegal alien." The AP (1/31) also briefly reported on Perfecto's guilty plea."

Judge Sentences Massachusetts Couple To Prison For Prostituting Teen. The AP (2/1/) reports, "A federal judge sentenced two Massachusetts residents who arranged for a child to work as a prostitute in five New England states. Robert Williams will spend nearly 13 years in prison, while Brooke Denman will serve three years probation. … They allegedly took some or all of the girl's earnings and helped her obtain false identification documents. The girl served as a prostitute between the ages of 13 and 15." The Boston Globe (2/1, 413K) notes, "The FBI and US Department of Justice investigated the case as part of the Innocence Lost initiative, a crackdown on interstate sex trafficking involving children."

FBI Opens Preliminary Investigation Of Texas Police Shooting Death. The Longview (TX) News-Journal (2/1, Koonce) reports, "The family of a 21-year-old man who was fatally shot by a Gregg County sheriff's deputy on New Year's Eve is calling for the release of documents entered in the case. At the same time, the FBI is conducting an investigation to determine whether the victim's civil rights were violated." Abel Jaimes "died after he was shot…during a suspected DWI traffic stop." The News-Journal adds, "Peter Galbraith, supervisory senior resident agent with the Tyler FBI office, said the department had an open civil rights color of law investigation into the case. Galbraith described the investigation is 'pretty standard' when there has been a shooting death by a law enforcement agent. The department will conduct a preliminary investigation and forward findings to the Department of Justice."

Prosecutors In 1964 Racial Slaying Case Will Be Challenged By Fading Memories. The AP (1/31, Pettus) reports from Jackson, MS, "Witnesses' potentially fading memories could present a challenge in the prosecution of a reputed Ku Klux Klansman who faces federal kidnapping charges in the 1964 abduction, beating and drowning of two black teenagers in Mississippi, a law professor says." The AP continues, "Mark A. Godsey, professor at the University of Cincinnati College of Law, said some witnesses might have fading memories, while others

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might recall details about what happened on May 2, 1964, when prosecutors say two 19-year-old hitchhikers - Charles Eddie Moore and Henry Hezekiah Dee - were seized and killed. … 'Something like this doesn't happen every day. It could be something that is very traumatic to witnesses,' said Godsey, who's faculty director and lead counsel for the Lois and Richard Rosenthal Institute for Justice/Ohio Innocence Project, where he represents convicted inmates who seek new trials because evidence such as DNA has emerged." The AP adds, "Reputed Klansman James Ford Seale, 71, has been jailed outside Jackson since federal authorities arrested him last Wednesday in Roxie, the tiny southwest Mississippi town where he lives in a motor home on land owned by his stepdaughter and her husband. He pleaded not guilty Thursday to three charges of kidnapping and conspiracy. … U.S. Magistrate Judge Linda R. Anderson denied Seale bond Monday, saying he was a flight risk because he has no job or property, is a pilot and lives in a vehicle that can be driven away. Anderson also said she had concerns because Seale concealed from federal authorities that he has a brother living in Louisiana. … Seale's trial is set for April 2, but that could be pushed back." The AP notes, "Paige Fitzgerald, an attorney for the Justice Department's civil rights division, said Seale took part in 'a crime so horrific it boggles the mind.' … Prosecutors say Klansmen seized Dee and Moore, took them to the Homochitto National Forest and beat them, then drove north to a site near Vicksburg where they tied heavy metal objects to the still living teenagers and tossed them into the Mississippi River. Their bodies were found about two months later as authorities dragged the river in search of three civil-rights workers who had disappeared about 180 miles away in Neshoba County. … Defense attorneys filed a motion to dismiss the charges against Seale, arguing that the statute of limitations has expired."

Arrests Of Florida Student After Rape Claim Outrages Victims' Advocates. USA Today (2/1, 3A, Bazar) reports, "Victims' rights groups in Florida are calling for police to review their policies after a college student was jailed within hours of reporting she had been raped." USA continues, "The woman, 21, spent two days in jail after Tampa police discovered a warrant stemming from a crime she committed as a juvenile. Her lawyer said a jail employee refused to give the woman a second dose of emergency contraception because it conflicted with the employee's religious beliefs. The unidentified employee's lawyer, Jennifer D'Angelo, told the Associated Press the employee is prohibited from giving inmates medication without specific orders." USA adds, "Tampa police apologized. On Tuesday, Chief Steve Hogue announced a policy giving officers discretion on whether to jail people reporting violent crimes who have felony warrants. 'The chief was not happy to have a rape victim end up in jail,' police spokeswoman Laura McElroy says. 'He took very swift action to make sure it doesn't happen again.' … 'Every rape-crisis program is concerned about this,' says Jennifer Dritt executive director of the Florida Council Against Sexual Violence. 'I don't know anybody who isn't outraged.'" USA notes, "Police in Kansas City, Mo., also are under scrutiny after the release Tuesday of a videotape showing officers ignoring a pregnant woman in custody who said she was bleeding and needed to go to a hospital. Sofia Salva was held overnight on traffic violations and the next morning had a miscarriage, according to a lawsuit filed Friday in Jackson County Circuit Court."

Study Finds Possible Racial Profiling At Two DC Locations. The Washington Post (2/1, B4, Klein) reports, "D.C. police officers stopped black and Hispanic pedestrians in Georgetown and Adams Morgan at higher rates than others on the street, according to a year-long study commissioned by the police department." The Post continues, "The review was the department's most ambitious examination yet of racial and ethnic profiling. It found that police appear to be targeting blacks at Wisconsin Avenue and M Street NW, in the heart of Georgetown, and Hispanics and blacks at 17th and Euclid streets, in the Adams Morgan core -- two of the city's biggest commercial and tourist magnets." The Post adds, "An outside consultant reviewed data covering traffic stops and pedestrian stops from February 2005 through January 2006 at 25 intersections across the city. The police stops were made for panhandling, jaywalking, suspicious behavior, attempted car theft and 'anything a police officer could stop a pedestrian for,' said John C. Lamberth, the author of the study. … The study flagged no problems at 23 locations and identified no concerns about traffic stops. But it raised questions about the pedestrian stops at the two intersections." The Post notes, "Lamberth's firm -- Lamberth Consulting, based in West Chester, Pa. -- specializes in racial profiling assessment. Its report said that the findings suggest that a 'limited, yet significant' number of D.C. police officers are acting 'in a manner consistent with the definition of racial

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profiling.' … The report urged police to bolster training and monitor police activities at the intersections, particularly those where most pedestrians are white."

ANTITRUST:

Delta Creditors Reject US Airway's Hostile Takeover Bid. The Washington Post (2/1, D1, Wilber) reports, "US Airways lost its aggressive takeover bid for Delta Air Lines yesterday when Delta's creditors rejected the $10 billion offer that would have created the nation's largest carrier." The Post continues, "The decision was a blow to US Airways' chief executive W. Douglas Parker, a blunt and fierce advocate of industry consolidation who led US Airways' merger with America West in 2005 that created the fifth-largest U.S. airline. … A committee of Delta's creditors said in a written statement that it decided against a merger because of the 'timing and risks' of concluding a deal. The creditors said they would back Delta's plan to emerge from Chapter 11 bankruptcy protection as a stand-alone airline. … Parker said in a written statement that he was 'disappointed' and that the committee was 'ignoring its fiduciary obligation' to creditors. He did not respond to interview requests." The Post notes, "Delta aggressively fought the proposal on Capitol Hill and in the news media. Delta, the third-largest U.S. carrier, has told creditors that it expects to be worth as much as $12 billion after emerging from Chapter 11."

USA Today (2/1, 1B, Adams) reports, "The decision appears to dampen much of the talk of an impending merger mania in the airline industry, which only recently has returned to profitability after being slammed by terrorism and recession in 2001. Wall Street analyst Ray Neidl of Calyon Securities predicted airlines would not see anymore significant deals for a year." USA continues, "In the end, the offer of $10 billion in stock and cash did not outweigh the perceived risks. US Airways is a major Delta competitor in the East, and the combination would have created the USA's biggest domestic carrier, eclipsing American Airlines. … Critics of the merger said the Department of Justice could spend months reviewing a pending deal and ultimately block it on antitrust grounds. Delta, meanwhile, told creditors its plan calls for a speedy exit from bankruptcy and that the company would be worth $9.4 billion to $12 billion as a stand-alone airline."

The Washington Times (2/1, Lengell) reports, "The Atlanta airline, which has been operating in bankruptcy protection since September 2005, said it will be worth $9.4 billion to $12 billion upon emerging from bankruptcy. … Delta rejected US Airways' initial offer of $4 billion and 78.5 million shares made public Nov. 15, saying the plan would burden the combined carrier with debt, face insurmountable antitrust issues, and result in job cuts and a loss of flights to smaller cities. … US Airways on Jan. 10 increased its offer to $5 billion in cash and 89.5 million shares. The stake Delta creditors would have held in the merged company rose to 49 percent from 45 percent."

The Atlanta Journal-Constitution (2/1, Grantham) reports, "Publicly, employee groups voiced vehement opposition through rallies and 'Keep Delta My Delta' buttons. The airline also enlisted political allies who raised questions about whether a merger would survive scrutiny by federal regulators. Both tactics were designed to plant doubts in creditors' minds. … Behind the scenes, the hostile bid lit a fire under Delta's effort to put forth a standalone reorganization plan that the creditors would like better than the merger offer. Delta lined up $2.5 billion in exit financing from six big Wall Street firms, announcing the arrangement just 48 hours before the creditors committee had to make a decision." The AJC continues, "Airline experts said Delta's 74-year-old chief executive, Gerald Grinstein, should get credit for rallying Delta — riven by hard times, job cuts and executive pay controversies in recent years — around the cause of independence. … The withdrawal of Tempe, Ariz.-based US Airways' bid clears Delta management to continue its plan to emerge from bankruptcy this spring as an independent airline. A court hearing on Delta's reorganization plan is set for Feb. 7 and could enable Delta to begin seeking creditors' votes for its plan."

Airlines Consolidation Dealt A Blow. The Wall Street Journal (2/1, A8, Dade, Carey) reports, "With yesterday's collapse of US Airways Group Inc.'s hostile takeover bid for Delta Air Lines Inc., the widely anticipated wave of consolidation in the U.S. airline industry is likely to remain on hold -- at least for now." The Journal continues, "The official committee of unsecured creditors for Delta yesterday rejected US Airways' $10 billion offer and formally endorsed the Atlanta airline's plan to exit bankruptcy this spring as an independent company. The publicly traded bonds of Delta and Northwest Airlines Corp., which is also operating under bankruptcy protection, slid as investors and analysts said any major mergers now may not materialize for another year or more." The Journal adds, "The failure of the deal 'moves consolidation onto the back burner for a while,' said Philip

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Baggaley, Standard & Poor's Corp.'s senior airline analyst. He added there is a 'reasonable chance there will be consolidation over the next year or two.' People familiar with the situation said there is little chance that discussions regarding any other combination with Delta, including earlier exploratory talks with Northwest and UAL Corp.'s United Airlines that were put on hold, would resume as long as Delta and Northwest remain in bankruptcy court."

The New York Times (2/1, Maynard, De La Merced) reports, "The deal's demise is the latest example of the difficulty any airline faces when it tries a hostile takeover of another carrier. Even friendly deals run into a myriad of problems in combining unions, routes and fleets. The task is even more complex in bankruptcy, where management essentially retains the right to put together a restructuring plan unless a judge decides otherwise, giving even the weakest carriers control over their fate. … So although industry specialists and executives have long predicted that airlines will eventually combine — as perhaps the only way they can achieve consistent profitability — others do not see that happening for the moment. … 'I thought consolidation was a lot more likely a couple of years ago,' when the industry was in the throes of its decline, said Herbert D. Kelleher, chairman and co-founder of Southwest Airlines. … Since then, however, lenders have come forward to help a number of airlines emerge from bankruptcy, including United Airlines, Aloha and Delta, which announced Tuesday that it had arranged $2.5 billion for its exit as soon as this spring."

Express Scripts Seeks More Time For FTC Review Of Caremark Bid. The AP (2/1, French) reports, "Pharmacy benefits manager Express Scripts Inc. of suburban St. Louis maneuvered Wednesday for more time for an antitrust review of its hostile takeover bid for rival Caremark Rx Inc." The AP continues, "Express Scripts said it intends to voluntarily withdraw its existing Hart-Scott-Rodino filing on Friday and will refile it on Tuesday, allowing the Federal Trade Commission another 30 days to review the proposed transaction. Otherwise, the federal agency had to announce by Friday if it had antitrust concerns about the Express Scripts offer." The AP adds, "Nashville-based Caremark, which favors an acquisition offer from by CVS Corp., is the nation's second-largest pharmacy benefits manager. Express Scripts, headquartered in Maryland Heights, Mo., is No. 3. … Woonsocket, R.I.-based CVS, the nation's largest operator of drugstores, announced Nov. 1 that it planned to acquire Caremark for CVS stock, a deal valued currently valued at about $24.6 billion."

Delay Seen As Beneficial For CVS. The Wall Street Journal (2/1, Armstrong, Berman) reports, "Express Scripts Inc. moved to allow federal antitrust regulators more time to review the company's hostile bid for rival pharmacy-benefits manager Caremark Rx Inc., a delay that boosts a competing offer for Caremark by drugstore giant CVS Corp." The Journal continues, "The action makes it unlikely that Express Scripts can gain antitrust approval before Caremark shareholders vote on the CVS offer on Feb. 20. Under the new timetable, the Federal Trade Commission doesn't have to act on the Express Scripts matter until March 8. … That uncertainty favors the CVS deal, valued at about $25 billion, since the drugstore chain has already passed a similar FTC review and can close quickly on the deal following shareholder approval. CVS shareholders are slated to vote on the Caremark acquisition on Feb. 23." The Journal adds, "With Express's antitrust case in limbo, the company is under increasing pressure to raise its offer, which yesterday was valued at $58.87 per Caremark share. That is only about 1% greater than CVS's transaction terms, valued at $58.19, which includes a $2 per share dividend once the deal is completed. … That leaves CVS in the driver's seat, given that an Express deal is months away from completion. The exact timing, however, is what is at stake with an FTC decision. And that is why it has become such a hot debate topic among the two feuding sides. … Express Scripts said it planned to withdraw its filing with the FTC on Friday and refile it Tuesday to give the agency another 30 days to review the proposed acquisition. The company said it intends to work with the FTC to clear the transaction without a 'second request' for information, which would further delay regulatory approval."

Sanofi Seen As Well-Positioned For Successful Bristol Myers Bid. The Financial Times (2/1, Bowe, Jack, Strauss) reports, "For pharmaceutical companies considering a bid for Bristol Myers-Squibb of the US, it is the best of times and the worst of times." The Times continues, "BMS, a struggling company with promising new drugs and a good pipeline, has long seen 2007 as a pivotal point in its turnround after a having to cope with a raft of patent expiries on big drugs in recent years and serious legal troubles. It harbours considerable uncertainties for any buyer. … Yet it emerged this week that BMS and its long-standing French partner, Sanofi-Aventis, have held early-

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stage talks, prompting BMS to beef up its panel of investment banking advisers, adding Lehman Brothers to Citigroup and Morgan Stanley, partly to widen the field of potential interested parties. Sanofi is well placed to act fast and beat rivals to a deal. Barbara Ryan, an analyst at Deutsche Bank, says a formal bid now would be 'opportunistic'. … It would also be intriguing, she says. BMS has been operating for two years under a settlement with federal prosecutors after an accounting scandal. They appointed a corporate monitor to ensure compliance with corporate governance improvements negotiated to avoid criminal charges. This "deferred prosecution agreement" is set to end in June." The Times adds, "BMS has other legal complications, including a US justice department investigation into negotiations last year with the Canadian generic drugmaker Apotex to end a patent dispute over its blockbuster blood-thinning drug Plavix, accounting for more than a third of its earnings. The fall-out led to the firing of Peter Dolan, the chief executive. … The patent challenge over Plavix itself - for which hearings began this month - throws up more uncertainty until a decision, also expected in June. As Morgan Stanley analysts argued this week, the litigation adds to the pressure on BMS's ability to generate new cash to sustain dividend payments and commercialise its late-stage pipeline of future drugs."

Vornado To Raise Bid For Equity Office Properties. The Wall Street Journal (2/1, C2, Chittum, Sender) reports, "An investor group led by Vornado Realty Trust is expected to raise its bid for Equity Office Properties Trust, topping Blackstone Group's bid in one of the biggest buyout fights in history." The Journal continues, "The bid was set to be announced last night or before markets open today. Vornado had a deadline yesterday to complete its fact-finding or "due diligence" on whether to top Blackstone's most recent offer of $54 a share. If Vornado made such a bid, Blackstone could either go higher or claim the high road of discipline, tell investors that the price was too high and walk away with its consolation prize, a $500 million fee that it will share with investors. Equity Office is a real-estate investment trust founded by the Chicago real-estate magnate Samuel Zell." The Journal adds, "The markets had expected a bid to materialize with EOP's stock up 89 cents, or 1.6% yesterday to $55.55 as of 4 p.m. composite on the New York Stock Exchange -- and Vornado's down $1.20, or nearly 1%, to $122.35 on the Big Board. … The latest round in the bidding caps a feverish period in which both sides have been consulting with potential buyers of some of the properties in the Equity Office portfolio, the largest in the U.S. by size and value, to determine how high to go. … The contest started on Nov. 19 when Blackstone agreed to buy Equity Office for $20.1 billion, or $48.50 a share. In July, Equity Office had spurned a then-secret offer by Vornado Chief Executive Steven Roth to merge the two companies. … Vornado struck back on Jan. 17 with two private-equity partners, Starwood Capital and Walton Street Capital, offering $52 a share with 40% payable in Vornado stock and the rest in cash. Blackstone returned the volley eight days later, raising its bid to $54 a share. .. The frenzied back and forth came months after conventional wisdom still held that Equity Office was too big to be taken private. Though its stock had lagged behind its peers since the start of the decade, it was a behemoth with a total capitalization (including debt) of some $36 billion, which would require the largest 'takeout deal' in history."

Nasdaq Warns Of Consequences For LSE Should Takeover Bid Fail. The Financial Times (2/1, Cohen) reports that Nasdaq has signaled it is prepared to fight a prolonged battle with the London Stock Exchange. On Wednesday, the US stock market "warned…if its hostile takeover bid failed, it could offer its technology to an LSE rival as part of moves it expects to drive down the exchange's share price." Nasdaq Chief Executive Bob Greifeld "told the Financial Times that Nasdaq could keep its 28.75 per cent stake in the LSE for 18 months." Greifeld indicated he expected the share price to fall in that time. Nasdaq "has refused to raise its offer price from £12.43 a share and looks steeled to seeing its current approach running out of time. LSE shares have stayed stubbornly close to £13, making it highly unlikely the bid will succeed."

ENVIRONMENT/INDIAN AFFAIRS:

UN Panel Report Expected To Predict Warming Of 3 Degrees Celsius By 2100. The Christian Science Monitor (2/1, Spotts, 59K) reports, "By 2100, retired snowbirds will be joined by 'sun birds' – who flee north to escape oppressively hot, humid summers not just in Miami, but Milwaukee as well. ... Welcome to a world where the climate is, on average, 3 degrees Celsius (5.4 degrees Fahrenheit) warmer than today. That projection – more specific than any previous one – is just one element expected to emerge this week as some 500 scientists from around the

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world gather to put the finishing touches on a major report on the Earth's climate and what the future may hold for it." It is "the first of three volumes set for release this year by the UN-sponsored Intergovernmental Panel on Climate Change." Details "remain closely held until its release Friday morning. Leaks to the press based on earlier drafts, however, suggest that the researchers are projecting temperature increases of between 2 and 4.5 degrees C (3.6 and 8.1 degrees F.) by century's end if carbon-dioxide concentrations in the atmosphere reach twice their preindustrial levels. Their 'most likely' increase is expected to be about 3 degrees C."

US Firms Said To Lag In Climate Change Readiness. The Financial Times (2/1, Birchall) reports, "US companies are lagging behind Europe in their readiness to identify climate-change risks, according to the most comprehensive survey to date of industry awareness of the issues." The Times adds, "Only 47 per cent of the members of the S&P 500 index responded to a request last year for information on their assessment of climate change risk ... . In contrast, 76 per cent of the members of the FT 500 index responded to the same questionnaire." The "report on the responses was prepared for Ceres, a coalition of investors and environmental groups, and Calvert, one of the largest US socially-concerned investment firms. It comes amid growing corporate awareness of climate change risk in the US."

Chirac Says US Must Sign Climate Agreements Or Face Tax. The New York Times (2/1, Bennhold, 1.16M) reports, "President Jacques Chirac has demanded that the United States sign both the Kyoto climate protocol and a future agreement that will take effect when the Kyoto accord runs out in 2012. He said that he welcomed last week's State of the Union address in which President Bush described climate change as a 'serious challenge.'" But "he warned that if the United States did not sign the agreements, a carbon tax across Europe on imports from nations that have not signed the Kyoto treaty could be imposed to try to force compliance." The Times adds, "Trade lawyers have been divided over the legality of a carbon tax, with some saying it would run counter to international trade rules. But Mr. Chirac said other European countries would back it."

Professor Says Climate Change Framework Is Well Established. In a Washington Post (2/1, A15, 690K) op-ed, science history professor Naomi Oreskes writes, "With the release of the new report by the Intergovernmental Panel on Climate Change tomorrow,...many will be looking for what's new." But "from a policy perspective" what matters is "that the broad framework is established beyond a reasonable doubt. Although few people realize it, this framework has been in place for nearly half a century." One "early warning that we 'will modify the heat balance of the atmosphere to such an extent that marked changes in climate . . . could occur' came in 1965 from the Environmental Pollution Board of the President's Science Advisory Committee. While the Bush administration has been loath to accept this reality," the Johnson Administration "accepted it as a statement of scientific fact." In 1992, the UN Framework Convention on Climate Change "called for immediate action to reverse the trend of mounting greenhouse gas emissions. One early signatory was President George H.W. Bush, who called on world leaders to translate the written document into 'concrete action to protect the planet.'" The "treaty was unanimously ratified by the Senate." Oreskes concludes, "In 1965, the concern that greenhouse gases would lead to global warming was a prediction. Today, it is an established scientific fact."

Ethanol Transportation Strains Railroads. The Wall Street Journal (2/1, B1, Brat, Machalaba, 2.04M) reports that "as ethanol producers ramp up production, they are straining railroads already taxed by burgeoning shipments of coal, containers and grain. And they worry that the transportation crunch could make it difficult for ethanol, despite its surge of support in Washington, to compete with energy rivals." Because ethanol cannot be shipped through the pipelines that move gasoline, natural gas and oil, "the ethanol industry has been forced into a marriage with the already groaning railroads." Although few "think the strains will derail the boom," "ethanol's popularity has meant that producers have had to struggle to upgrade their rail yards and secure enough tank and grain cars to efficiently ship both ethanol and its byproducts."

Ethanol Imports Soar Despite Tariff. The Wall Street Journal (2/1, B1, Etter, 2.04M) reports, "Even as the U.S. looks to ethanol as a way to wean itself off foreign petroleum supplies, imports of the biofuel are soaring. Despite a sharp tariff levied on most ethanol shipped from abroad, importers are finding they can compete with domestic ethanol on price." The "surge in imports has yet to cause political backlash because U.S. ethanol supplies haven't caught up with demand. But tensions could arise this year as production at a slew of new domestic ethanol plants threatens to outstrip demand." The "ethanol industry benefits

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from a 51-cent-a-gallon tax credit as well as a 54-cent-a-gallon tariff levied on most imports. The tariff drives up the price of imported ethanol. Neither subsidy is likely to change despite Bush administration hints that it wouldn't mind seeing the tariff disappear."

Wessel Says Bush Plan Would Make Ethanol Tax Credit, Tariff Unnecessary. In his Wall Street Journal (2/1, A4, 2.04M) column, David Wessel evaluates President Bush's energy initiative, writing, "Bush is allergic to anything that smells like a tax. So he opted for a not-very-Republican alternative. He would use the government's muscle to force Americans -- or more precisely, the companies that blend motor fuel -- to consume less gasoline than they otherwise would and more of something else." It "isn't the economists' first choice, but economists don't often run for office. The president's proposal has some logic: The government isn't picking winners, just guaranteeing lasting demand for alternatives to gasoline." Wessel adds, "With all that guaranteed demand, more than makers of corn-based ethanol could ever meet, one might think there was no longer any need for the 51-cent-a-gallon tax credit for ethanol." One "might also think that...there is little reason to continue a 54-cent-a-gallon tariff on imports of sugar-derived ethanol from Brazil." But Bush "didn't say anything about repealing the tax credit" or the tariff. The "reason has little to do with economics, and a lot to do with the politics of corn."

Federal Judge Schedules Near Hearing On "Divine Strake" Challenge. The AP (2/1) reports from Las Vegas, "A federal judge told government lawyers Wednesday he wants to be kept closely informed on plans for a non-nuclear explosion that authorities say would send a mushroom-shaped dust cloud high over the Nevada desert." The AP continues, "With no date set for the test, dubbed 'Divine Strake,' U.S. District Court Judge Lloyd George set another status hearing March 2, and said he wants to see a draft environmental assessment prepared about the Defense Threat Reduction Agency experiment. … 'I'll pay a lot of attention to this case, I assure you,' the judge said." The AP adds, "Justice Department lawyer Caroline Blanco said if a date is picked for the explosion, it will be at least 30 days after the environmental assessment is completed and a finding is made that the explosion would pose no significant threat to the environment or people. … Blanco, speaking by conference call from Washington, D.C., said that until a decision is made to go ahead, it was premature to address opponents' claims that the test will kick up and spread radioactive dust from the Nevada Test Site. … Robert Hager, a Reno-based lawyer representing Western Shoshone tribe members and 'downwinders' in Utah and Nevada, said that he plans to challenge flaws in the environmental assessment. … The document has been the focus of public meetings this month in Nevada, Utah and Idaho, where elected officials have questioned the safety of the experiment. It was postponed last year after Hager filed suit."

Quirk In Law Leaves Many Native Americans Without Counsel. The Wall Street Journal (2/1, A1, Fields) reports, "The right of defendants to legal counsel is guaranteed by the Constitution. But due to a little-known quirk in federal law, Native Americans aren't assured this protection. That's because under U.S. law, Indian tribes are considered sovereign nations, and are not subject to all privileges afforded by the Bill of Rights." The Journal continues, "The country's 560 tribes are largely responsible for funding government services such as schools, police, and hospitals, as well as courts. The tribes have jurisdiction over crimes committed on reservations by the nation's 2.4 million American Indian and Alaska Natives. … Many of these tribal courts, like their federal and state counterparts, have their own prosecutors, tribe-appointed judges and jail facilities. Court proceedings can be judge or jury trials. There are 275 such courts in the U.S., each governed by the laws of an individual tribe or village. According to the U.S. Justice Department, more than 9,200 Native Americans convicted in tribal courts are locked up in tribal facilities or local jails off tribal lands." The Journal adds, "Mostly absent from this parallel justice system are public defenders -- a luxury that many poor tribes say they cannot afford. The defense gap means that accused criminals often end up representing themselves. As a result, many plead guilty and risk exposing themselves to additional charges at the federal and state levels. In some instances, they may be subject to double jeopardy -- two trials, sentences and punishments for the same crime. … The Indian Civil Rights Act, passed in 1968, gave individual tribe members some protections, such as the right to a speedy trial and the right to a trial by jury. But it did not provide the right to counsel for defendants too poor to hire attorneys. … Over the years, various congressional bills have sought to address the problem of tribal defense funding. Last year, Arizona Sen. John McCain, then chair of the Indian

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Affairs Committee, held a hearing to argue for more government assistance. The issue has yet to gain traction."

FBI/DEA/ATF/USMS:

Schumer Proposes Plan To Fight Gang Violence, Drug Dealing Nationwide. The Journal News (1/31) in White Plains reported U.S. Sen. Charles Schumer has "proposed spending more than $1 billion and passing tougher laws to fight a nationwide surge in gang violence and drug dealing. Schumer unveiled a staff report showing a rise in violent crime and drug arrests across New York from 2000 to 2005 as an example for the entire country. The Gang Abatement and Prevention Act of 2007 includes spending $1 billion over five years for law enforcement to fight gangs on the streets and $50 million for police and educational programs in schools."

Empire State News (2/1) reports Schumer "released a new report showing that there has been a 10-percent increase in reports of violent crime and a nearly 20 percent jump in the number of drug arrests in cities and communities across upstate New York. 'Every sheriff, every police commissioner, the DEA, shows that a remarkably high percentage these days of both violent crimes and drug arrests are gang-related.'"

Pro Leagues Face Criticism For Not Requiring HGH Blood Tests For Athletes. The AP (2/1) reports Olympic athletes "soon will have their blood tested for human growth hormone, but the NFL and baseball officials instead are embracing the unproven concept of urine testing in their bid to stop use of the performance-enhancing drug. Critics question whether the pro leagues truly are intent on rooting out HGH, thought to be widely abused because no one currently is testing for it. But baseball and football officials say they are stymied by union contracts that prohibit taking blood from players, and they cite privacy concerns and doubts about the accuracy of blood tests." The World Anti-Doping Agency "plans to test the blood of elite amateur athletes by the end of this year. The agency's chief, Dick Pound, dismissed efforts by the NFL, Major League Baseball and their unions as 'a piddling little amount' spent on unproven technology to combat a major problem."

House Subcommittee Leaders Back Mitchell's Steroids Investigation. The AP (2/1) reports Congress "is monitoring George Mitchell's investigation of steroids in baseball and could intervene if he doesn't get more cooperation. The leaders of a House subcommittee that held hearings on steroids in 2005 pledged their support for Mitchell in a letter sent to him Tuesday and released to the media Wednesday. 'We sincerely hope that all relevant parties will work constructively to facilitate the completion of your investigation and your ongoing efforts to clean up the sport,' wrote House Energy and Commerce Subcommittee on Commerce, Trade, and Consumer Protection chairman Bobby Rush, a Democrat from Illinois, and ranking Republican Cliff Stearns of Florida."

The New York Times (1/31, Curry) reported that by "warning the owners that Congress could again get involved with baseball and steroids, Mitchell is trying to persuade more people within the sport to testify. If nothing else, Mitchell has now succeeded in getting a reaction from Congress. 'We appreciate your warning to team owners and concur with your recommendation for better cooperation with your independent investigation,' Rush and Stearns wrote."

Bush Administration May Shift More Plan Colombia Resources Toward Economic Development. In Bogota, the Miami Herald (2/1) reports the Bush administration "will seek almost $600 million from Congress this year to aid Plan Colombia II, the second phase of a multi-pronged effort to battle drug trafficking and insurgency. The strategy may include shifting more resources to economic development projects, administration officials said Wednesday. … Analysts in Colombia, however, were skeptical that there would be any significant changes to Plan Colombia and considered possible alterations in terms of the Bush administration's efforts to appease the Democrat-controlled Congress in Washington."

Deputy Marshal Pleads Not Guilty To Alleged Mob Leak. The Chicago Tribune (2/1) reports, "A deputy U.S. marshal pleaded not guilty Wednesday to federal charges that he leaked confidential information that a mob hit man was cooperating with the FBI against organized crime." The Tribune continues, "John Ambrose was charged last month with telling a family friend that Nicholas Calabrese, the only member of the Chicago Outfit ever to become a government informant, was releasing details of gangland slayings." The Tribune adds, "Ambrose's alleged role as the inside source came to light in cryptic conversations between imprisoned Outfit boss James Marcello and his brother,

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Michael, that were secretly recorded by the FBI. … Following Wednesday's arraignment, Ambrose's lawyer, Francis Lipuma, said he has been told that federal officials plan to place Ambrose on unpaid leave from his job, but Lipuma intends to fight the move. He is currently on paid leave."

IMMIGRATION:

US Seeks Dismissal Of Cuban Militant's Bid For Freedom. The AP (2/1, Caldwell) reports from El Paso, "U.S. immigration officials have asked a federal judge to toss out Cuban militant Luis Posada Carriles' bid to be set free pending his ordered deportation." The AP continues, "In a four-page motion filed Wednesday in El Paso, the government argued that Posada's lawsuit is moot because he was transferred to the custody of the U.S. Marshals Service after being indicted Jan. 11. He had filed the lawsuit last year after spending nearly a year in a federal detention center on an immigration violation. He has been charged with several counts of lying during an interview and on an application in a bid to become a naturalized U.S. citizen. … Posada, who has pleaded not guilty, is being held without bond at the Otero County jail in New Mexico." The AP adds, "The motion was filed a day before a court-imposed deadline for immigration authorities to justify Posada's continued detention pending his deportation. … A federal immigration judge ruled in 2005 that Posada, a former CIA operative and U.S. Army soldier who had roles in the failed Bay of Pigs invasion of Cuba and the Iran-Contra scandal, had to leave the U.S. But Judge William L. Abbott also ruled that the ailing anti-Castro militant could not be sent to Venezuela, where is a naturalized citizen, or Cuba, where he was born, because of fears that he would be tortured. … Governments of both countries want Posada sent to Venezuela to stand trial on charges that he was in Caracas when he planned the deadly 1976 bombing of a Cuban jetliner. Posada has denied any wrongdoing. … Several countries, including Mexico, have refused to let Posada in and Posada has argued that he should be set free while the government continues efforts to find some place to send him."

Plan To Increase Immigration Fees Draws Criticism. The Washington Post (2/1, A7, Fears, Hsu, 690K) reports, "Sen. Edward M. Kennedy (D-Mass.) joined a chorus of immigrant advocacy groups in condemning the Bush administration's plan to charge legal immigrants significantly more money to obtain green cards, adjust their residency status and bring relatives to the United States." Kennedy said the "drastic increase will price the American dream out of reach for qualified immigrants wanting to be citizens of our country," and "called on Congress to appropriate more money to USCIS, which depends on fees for 99 percent of its budget." The senators "comments were echoed by Kevin Appleby, director of migration and refugee policy for the US Conference of Catholic Bishops: 'This increase reflects a disturbing trend which places the benefits of citizenship on the open market, with only those of a certain economic level able to access it.'"

The Washington Times (2/1, Dinan, 88K) reports CIS "said the increases will pay for more employees and equipment, reducing wait times. Director Emilio Gonzalez said immigrants will 'see the difference' in service." The Times adds, "On the other side of the ledger, Mr. Gonzalez has proposed eliminating the fee for applying for a visa as a victim of human trafficking. The fees would go into effect in about six months, after a public-comment period that begins today. The fees would add $1 billion to the agency's $2 billion annual budget."

McClatchy Newspapers (2/1, Clark, Chardy) reports immigration advocates compared the proposed fee increase "to a 'second wall' that could make it harder for many new arrivals to earn US citizenship." McClatchy also notes Kennedy's opposition to the increase, and adds that Rep. Zoe Lofgren, the chair of the immigration subcommittee, "said she planned to 'carefully examine' the agency's justification for the increases."

TAX:

Massachusetts Man Faces Tax Fraud Charges. The Lowell (MA) Sun (2/1) reports, "A Groton (MA) resident faces charges in U.S. District Court for defrauding the government on his tax returns." The Sun continues, "According to the U.S. Justice Department, Joseph K. Berardi, 50, failed to report his sales to S. Strogoff & Co. a scrap-metal dealer in Chelsea, as taxable income on his federal returns in 1997, 1998 and 1999. He is believed to be one of the parties involved in a conspiracy to defraud the government of tax revenue." The Sun adds, "Yale Strogoff, of Swampscott, pleaded guilty to conspiring to defraud the government in 2004. Strogoff conspired with his customers to pay those customers checks payable to fictitious payees for scrap metal sold to his company. Strogoff also arranged for

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the banks to cash the checks with no identification required. The customers would then keep the money for themselves instead of recording it as corporate income. … If convicted, Berardi faces up to three years in prison with another year of probation, and a fine of up to $250,000."

Wal-Mart Avoids State Taxes By Paying Itself Rent. The Wall Street Journal (2/1, A1, Drucker) reports, "As the world's biggest retailer, Wal-Mart Stores Inc. pays billions of dollars a year in rent for its stores. Luckily for Wal-Mart, in about 25 states it has been paying most of that rent to itself -- and then deducting that amount from its state taxes." The Journal continues, "The strategy is complex, but the bottom line is simple: It has saved Wal-Mart from paying several hundred million dollars in taxes, according to court records and a person familiar with the matter. And Wal-Mart is far from alone." The Journal adds, "The arrangement takes advantage of a tax loophole that the federal government plugged decades ago, but which many states have been slower to catch. Here's how it works: One Wal-Mart subsidiary pays the rent to a real-estate investment trust, or REIT, which is entitled to a tax break if it pays its profits out in dividends. The REIT is 99%-owned by another Wal-Mart subsidiary, which receives the REIT's dividends tax-free. And Wal-Mart gets to deduct the rent from state taxes as a business expense, even though the money has stayed within the company. … Partly thanks to sophisticated financial strategies like these, states' tax collections from companies have been plummeting. On average, Wal-Mart has paid only about half of the statutory state tax rates for the past decade, according to Standard & Poor's Compustat, which collects data from SEC filings. The so-called 'captive REIT' strategy alone cut Wal-Mart's state taxes by about 20% over one four-year period. Now several state regulators are trying to crack down on the strategy, used largely by retailers and banks, and some other states have changed their laws to try to end the practice. Yesterday, New York Gov. Eliot Spitzer included elimination of the loophole as part of his proposed budget, a fix he said would bring the state $83 million a year. … North Carolina tax authorities are challenging Wal-Mart, saying its REIT strategy was intended to 'distort [the company's] true net income,' according to its filings in the case in Superior Court in Raleigh, N.C. … Regulators in at least a half-dozen states are going after companies that have trimmed their taxes through similar arrangements, including Regions Financial Corp.'s AmSouth Bancorp. unit; AutoZone Inc. of Memphis, Tenn.; and two units of Bank of America Corp."

IRS, Consumer Advocates To Promote Earned Income Tax Credit. USA Today (2/1, 4B, Block, 2.27M) reports the IRS, the US Treasurer and "a coalition of consumer groups plan to launch a nationwide initiative today to encourage more low-income families to claim the earned income tax credit, an often-overlooked benefit that's worth up to $4,536 this year." Consumer advocates "and the IRS say they hope the program will also reduce the number of low-income taxpayers who take out refund-anticipation loans — high-interest loans offered by some tax-preparation companies. Though the use of those loans fell by more than 20% in the 2005 tax-filing season, they're still used by about 30% of EITC recipients, says Chi Chi Wu of the National Consumer Law Center."

CONGRESS-ADMINISTRATION:

Bush Touts Economy, Addresses "Income Inequality" In Visit To Wall Street. NBC Nightly News (1/31, story 6, :50, Williams, 9.87M) reported, "President Bush was…in New York today, on Wall Street, where he criticized those giant salaries and bonus us for CEO's. He said corporate boards should take more responsibility to tie executive pay to performance. He was then greeted by spontaneous applause on the trading floor of the New York Stock Exchange. A photo op meant to emphasize an economy that he says is stronger than he gets credit for."

The CBS Evening News (1/31, story 5, :25, Couric, 7.66M) also noted that "in New York, to talk up the economy…Bush surprised traders at the stock exchange by dropping by for an unannounced visit," while ABC World News (1/31, story 3, 2:45, Gibson, 8.78M) said the President "got a very warm welcome. Indeed, feelings were warm all day long, for stock traders." ABC (Stark) added, "The President was back on the offensive again today…steering the conversation…to the economy." Wall Street "is certainly friendly territory. It's hard to imagine a warmer reception than the one the President got today from traders on the floor of the New York Stock Exchange. But his message to the nation's leading capitalists was laced with tough love. At a speech at Federal Hall, he first made a nod to the outrage sparked by CEOs getting giant severance packages after being fired for poor performances." Bush was shown saying, "The salaries

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and bonuses on CEOs, should be based on success and improving their companies and bringing value to their shareholders. We need to pay attention to the executive compensation packages that you approve." Bush, "for the first time," also "acknowledged that not everyone has shared equally in the recent economic prosperity." Bush: "The fact is that income inequality is real. It's been rising for more than 25 years. And the question is, whether we respond to the income of the inequality we see with policies that help lift people up, or tear others down."

The Washington Post (2/1, A4, Abramowitz, Montgomery, 690K) reports Democrats "said Bush's speech is a reaction to the success of their agenda and to growing anger among voters who feel they are being left behind. 'They recognize the unhappiness voters have with inequity in this country,' said Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee. 'For much of last year, they tried to deny this. But the election finally clinched it. So I guess there's no point in denying it anymore.'" The Post adds, "Bush aides did not deny that Bush was seeking to address Democratic concerns, but they said income inequality has been on the minds of senior administration officials such as Treasury Secretary Henry M. Paulson Jr., who mentioned the subject in his first major address last spring, and chief economic adviser Edward Lazear." The Washington Times (2/1, Dinan, 88K) also focuses on Bush's comments on "income inequality," and describes Bush's message as "markedly populist."

The President's visit to New York was widely reported on by local TV stations throughout the country. The coverage often focused on Bush's comments about executive salaries. In a report typical of much of the local coverage, WCBS-TV New York (1/31, 11:05 pm) said in its broadcast, "Bush was in the city today to talk about the state of the economy and to take large American corporations to task on fat executive bonuses." The report added the President "paid a surprise visit to the New York Stock Exchange floor, where he mingled with traders." CLTV-TV Chicago (1/31, 9:55 pm) noted Bush "played up lower inflation, interest rates and rising wages."

A significant number of local TV newscasts across the country showed the President saying, "Government should not decide the compensation for America's corporate executives. But the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders." Among them were WPBN-TV Traverse City, MI (1/31, 11:09 pm), KYMA-TV Yuma, AZ (1/31, 10:01 pm), WWBT-TV Richmond (1/31, 5:35 pm), and WAVE-TV Louisville (1/31, 5:12 pm).

White Bush's visit to Wall Street was mentioned in most reports dealing with yesterday's economic news, most print reports focusing solely on the President largely address his comments on CEO compensation. The AP (2/1, Feller), for example, says he issued "a sharp warning for corporate boards to 'step up to their responsibilities' and tie compensation packages to performance."

The New York Times (2/1, Rutenberg, 1.16M) reports Bush's comments on CEO pay "were met with silence from an otherwise friendly crowd gathered to hear what the White House billed as a 'State of the Economy' speech." However, the Los Angeles Times (2/1, Hamilton, 850K) titled its report "Bush Sides With Corporations On Executive Pay Issue," and says Bush argued "corporate directors, not government officials, should be the ones to judge whether chief executives are earning their keep."

The Wall Street Journal (2/1, A4, McKinnon, Conkey, 2.04M), meanwhile, in a story headlined "Bush Gives Hope To Foes Of Sarbanes-Oxley Law," says that that in his speech, Bush "backed business demands to pare post-Enron reforms, which he called 'costly for businesses.' But he also used the forum to join the chorus of critics questioning lavish executive pay."

USA Today (2/1, Jackson, 2.27M) reports that in his speech yesterday, Bush also "called on Congress to extend tax cuts and renew 'fast track' trade authority, which requires Congress to cast an up-or-down vote on any international trade deal and make no amendments to the agreements." The President "highlighted the economy's growth and low unemployment and noted the earnings gap between the rich and poor is twice what it was in 1980. The president said an improved education system is vital to lifting wages and repeated his call for Congress to renew his No Child Left Behind education law."

The New York Times (2/1, Rutenberg, 1.16M) reports the President "may be buffeted by bad news out of Iraq and record-low poll ratings, but he was buoyed on yesterday by positive economic signals. And he purposely chose Wall Street as the arena for his message that the economy is vibrant, a theme his aides hope can help him rebuild his flagging support. … With Democrats and some Republicans continuing to discuss resolutions critical of his new plan for Iraq in Washington, Mr. Bush used his speech earlier at Federal Hall to flaunt new economic data."

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Bush Touts Positive Economic News In Wide-Ranging Interview. Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed Bush yesterday before his visit to the floor of the New York Stock Exchange. In an interview that touched on a variety of subjects, including Iraq, Katrina, and his post-2008 plans, the President was eager to tout the positive economic news released yesterday. Said Bush "War's difficult. It's negative. And, so, I'm not surprised that some of the good economic news is overshadowed by the -- the difficult news out of Iraq." But instead of focusing on negative press, Bush said he was "more concerned about than anything is whether or not people are putting more money in their pocket -- personal income was up by about 5 percent last quarter -- you know, whether people are finding jobs, and -- but, equally importantly, whether or not the policies we're working with Congress on will make this economy good, you know, in the future."

Bush Blasts Rationale For Higher "Taxes On The Rich." In his interview with Fox Your World With Neil Cavuto (1/31, Cavuto), Bush was asked to respond to Democratic claims that tax hikes on "the upper income" were justified by excessive CEO pay packages, Bush said, "That's the old saw, you know, raise the taxes on the rich. And, when you try to raise taxes on the rich, you also raise taxes on small business owners, sole-proprietorships, Subchapter S corporations. You know, it turns out that these tax increases are going to have to reach fairly far down the income level to meet the spending appetite of the Democrats."

Economy Grew At 3.5% Last Quarter. The CBS Evening News (1/31, story 5, :25, Couric, 7.66M) said "the US is economy is picking up after growing just 2% in the third quarter of last year. It gained strength in the final quarter, growing 3.5%." The AP (2/1, Aversa) reports "the economy snapped out of a sluggish spell and grew at a faster-than-expected" rate, adding the data "underscored the resilience of the economy; it has managed to keep on moving despite the ill effects of the residential real-estate bust and an ailing automotive sector." The Washington Post (2/1, A1, Henderson, 690K) says "the US economy turned in a surprisingly strong performance last year, new data show," dispelling "any lingering doubts about the momentum of the economy going into this year. Many economists predict growth will slow this year, but gone are the recession worries of last summer." The Financial Times (2/1, Callan), Wall Street Journal (2/1, Whitehouse, 2.04M), New York Times (2/1, Peters, 1.16M), Christian Science Monitor (2/1, 59K), Washington Times (2/1, 88K) and Los Angeles Times (2/1, Havemann, 850K), among other newspapers, run similar reports.

Fed Holds Rates Steady, Deliver Positive Economic Assessment. The AP (2/1, Aversa) reports, "Pointing to a revved-up economy and encouraging news on inflation, the Federal Reserve held interest rates steady on Wednesday and extended a half-year breather for US borrowers." Fed Chairman Ben Bernanke "and his central bank colleagues left an important interest rate unchanged at 5.25 percent, the fifth straight meeting without budging the rate. The decision was unanimous." Fed policymakers also "delivered a more positive assessment of the economy than in December, recognizing improvements in economic growth, inflation and even the troubled housing sector. 'Overall, the economy seems likely to expand at a moderate pace over coming quarters,' they said." USA Today (2/1, Hagenbaugh, 2.27M) describes the Fed as "more upbeat economic assessment than in recent months," while the Financial Times (2/1, Guha, Callan, Beales) notes the central bank "signaled growing confidence that the economy was heading for a soft landing." Its report "cited progress on inflation, noting 'readings on core inflation have improved modestly in recent months.'" The New York Times (2/1, Andrews, 1.16M) and Washington Post (2/1, Henderson, 690K) also report the story. The Wall Street Journal (2/1, A2, Ip, Whitehouse, 2.04M), meanwhile, reports there has been growing praise for Bernanke among economists following the last economic reports.

Stocks Soar Following Fed Announcement. NBC Nightly News (1/31, story 7, :15, Williams, 9.87M) reported that after the Fed announcement, the Dow soared "up to 98 points [to close at 12,621.69] to a new record close. NASDAQ was up more that 15 points [to close at 2,463.93] on today's trading." The AP (2/1, Paradis) says the Federal Reserve "answered two of Wall Street's major concerns, indicating that the economy remains healthy and that inflation pressures are easing." The Washington Times/AP (2/1) notes "the Standard & Poor's 500 index rose 9.42, or 0.66 percent." Similar stories on the soaring market appear in USA Today (2/1, 5B, 2.27M), the Wall Street Journal (2/1, C1, McKay, 2.04M) and New York Times (2/1, 1.16M), among other sources. USA Today (2/1, 4B, Shell, 2.27M) also reports that "if January lives up to its reputation as a good predictor of future stock market performance, then 2007 is likely to be another profitable year for stock investors." However, the New York Times (2/1, Bajaj,

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1.16M) runs a story titled "What Could Bog Down The Bull," in which it says, "Investors may want to enjoy it while they can. The road ahead promises to be a long, hard slog as corporate profits are starting to slow."

Bush Warns Against Lurch Toward Disengagement, Isolationism. On its editorial page, the Wall Street Journal (2/1, A16, 2.04M) recounts the President's meeting yesterday with the Journal's editorial board, noting, "If Mr. Bush is beaten down by the polls and his party's loss of Congress, he isn't showing it. The President talked about a wide range of subjects, from warrantless wiretaps, to the politics of immigration, to diplomacy with North Korea." But Bush's "biggest theme was pushing back against what he feared might be a national lurch away from engagement with the world." Bush said, "I'm concerned about protectionism, isolationism." The Journal adds, "In his speech yesterday he hit on the need for new trade promotion authority. And in his conversation with us he also stressed his familiar arguments about the stakes of failure in Iraq." Asked about his decision to "change gears" on the NSA warrantless wiretap program, Bush said, "'Scrap the program' is not accurate. The program exists. And now we've had a program ratified by the judiciary which is going to make it easier for a future President to have this program in place. . . . It had nothing to do with diminution of Presidential authority. It had everything to do with getting a second branch of government to support that which I have done." The Journal adds, "It sounds to us as if the President believes he's made a tactical concession in order to achieve what he thinks is a larger strategic victory. Let's hope he's right." The Wall Street Journal (2/1, A16, 2.04M) also ran extensive excerpts of its interview with the Journal's editorial board.

WSJournal Says Those Predicting A Recession Were Wrong. The Wall Street Journal (2/1, 2.04M) editorializes, "If the US economy keeps growing like it is, Rodney Dangerfield is going to have to rise from the dead and file a patent claim. The expansion that gets no respect keeps cruising along -- past $70 oil, above rising interest rates, and now apparently around even the housing and auto slumps. Yesterday's report that fourth quarter GDP rose a healthy 3.5% was merely the most recent repudiation of the media and Beltway bears who have predicted a recession in each of the past four years." The "latest scare came last fall, as the decline in housing accelerated and many of Wall Street's Keynesian forecasters predicted the consumer would slump along with it. (We hope someone offered smelling salts to the economists at Goldman Sachs yesterday.) To the contrary, the consumer remains confident."

Bush Praised For Promoting Free Trade. The Los Angeles Times (2/1, 850K) says in an editorial that Bush "has never worked harder to promote free trade. On Wednesday, he made a powerful case on Wall Street for extending his fast-track trade negotiating authority, though even more impressive was his effort the day before to explain to factory workers in East Peoria, Ill., why they should care about such off-the-radar topics as the Doha round of World Trade Organization talks." The US economy "is as strong as it is because of, not in spite of, the world's increased openness. But this is a message the president has not done an effective job of selling in the past, and it's a message that plenty of Democrats in the new Congress do not embrace, given their ties to narrower interests adversely affected by competition. So Bush now has a tough fight ahead of him."

Bush Seeks To Cut Farm Program Funds.

The AP (2/1, Quaid) reports, "Thousands of the richest farmers would lose their government subsidies under a Bush administration plan to curb spending." Proposals released Wednesday "would reduce agriculture spending by $18 billion over the next five years." They "represent President Bush's vision of a new farm bill: a system of supports that would protect farm income and crop prices and keep food prices stable." The AP notes that anyone "making more than $200,000 in adjusted gross income would be cut off from farm payments under Bush's plan."

The New York Times says that "if approved by Congress, [the farm bill] would also reduce some trade-distorting payments that have gotten the United States into trouble with the World Trade Organization, and might put pressure on the European Union to reduce its own farm subsidies, steps that could restart stalled global trade talks." However, "aspects of the plan, especially the proposal to cut off payments to farmers earning more than $200,000 a year, are already rankling some farm groups." Mary Kay Thatcher, a lobbyist with the American Farm Bureau Federation, "said farmers would have 'serious concerns' about that provision." On the other hand, "the Agriculture Department was able to propose billions in increased spending on some programs because of expectations that prices for commodities like corn, soybeans and wheat would be much higher." For example, "The proposal would increase conservation financing…by $7.8 billion and direct almost $5 billion to …

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'specialty' growers. … It would also provide $1.6 billion for research and development on cellulosic ethanol, which comes from agricultural waste and nonfood crops."

In an front page story, the Washington Post (2/1, Morgan, Gaul, 690K) reports, "The administration proposal addressed a number of problems raised last year in a nine-part series in The Washington Post." For example, "The plan would close a major loophole highlighted by The Post that in 2005 allowed corn farmers to receive $3.8 billion more than needed to ensure they got the government-guaranteed price." Farmers "would no longer be able to collect these 'loan deficiency payments' when prices are low and then sell later when prices rise." In reaction to the bill, Senate Agriculture Committee Chairman Tom Harkin (D-Iowa) said "there were 'a number of good ideas' but also complained that the proposal shortchanged a key conservation program he had created as well as spending on biofuels."

Meanwhile, the Wall Street Journal (2/1, Hitt, 2.04M) adds that the proposed spending increases on conservation and direct income payments "are more acceptable than subsidies of specific crops under the World Trade Organization." The Journal notes that the "unveiling of the administration's new farm package came as WTO chief Pascal Lamy signaled that he intends to formally reconvene negotiations in the Doha Round." However, "US Trade Representative Susan Schwab "said the Doha Round is not going to write the farm bill." She asserted that "the changes outlined yesterday should send 'a signal to our trading partners that we care about farm reforms.'" The Washington Times/AP (2/1) and The Hill (2/1, Swanson) also report on the Administration proposals.

House Committee To Probe Bush Signing Statements. The Politico (2/1) reports the House Judiciary Committee "has launched an investigation challenging repeated assertions by President Bush that he need not enforce aspects of laws he deems unconstitutional." Committee members "clashed over the validity of the investigation, which began with a committee hearing on Wednesday. Democrats said Bush is overstepping his executive role and meddling with the legislative process. Republicans maintained the president's assertions are merely guiding interpretations and follow long-term precedent." The investigation "will cover Bush's commentary on bills approved by both congressional chambers that require presidential approval."

McClatchy (2/1, Douglas) reports Bush "has issued 147 signing statements," according to Sen. Arlen Specter, the ranking Republican on the Senate Judiciary Committee." Roll Call (2/1, Yachnin) notes House Judiciary Chairman John Conyers says his investigation "would include both Democratic and Republican staff and will focus on the approximately 150 signing statements issued by Bush, which the American Bar Association estimates have affected more than 1,100 provisions of federal law."

Bush Says He's Found Presidency An "Exhilarating, Joyous Experience." Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed President Bush yesterday. Asked if he was eager for the end of his term, Bush said, "No, not yet. I mean, I'm -- I have got two years to go, and I'm going to sprint to the finish. I have got too much on my mind to worry about, you know, standing in the polls or what life's going to be in 2009. I'm -- this may come as a shock to you, but I have found this to be an exhilarating, joyous experience. I love representing our country."

Hoyer Open To Negotiations On Social Security. Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed House Majority Leader Steny Hoyer, who said, "All of us need to come to the table to solve Social Security without preconditions, without saying you either do this or that or you don't do this or that. I think we can get Social Security on a sound fiscal footing for the foreseeable future if we work together. … I have talked to Secretary Paulson, the secretary of the Treasury. He clearly is very focused on accomplishing that objective. And I have indicated that I am willing to work with and look forward to working with him." Asked if raising the Social Security threshold from $97,500 would be raising taxes, Hoyer said, "Is it taking more money from some people? It is. And in that sense, is it raising taxes? Yes, it is. Obviously, that level has been an arbitrary level over time. It's reflected the needs of the Social Security system, so that a number of people have suggested that is one solution, not to raise the tax level but to raise the income subject to the tax. … The issue is, is there a free lunch?"

Democrats Pass $463.5 Billion Spending Bill. USA Today (2/1, 5A, 2.27M) reports, "The House of Representatives passed a $463.5 billion spending bill Wednesday that covers about one-sixth of the federal budget. The vote was 286-140." The bill "would increase spending on education, veterans, health research and grants to state

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and local law enforcement agencies. The legislation would cut President Bush's budget requests for NASA, foreign aid and aid for communities affected by the latest round of military base closings. The measure heads to the Senate. Bush has signaled he will sign it."

The AP (2/1, Taylor) notes "a sizable chunk of Republicans joined virtually all Democrats in approving spending increases for education, veterans and the AIDS battle in Africa." The vote, "with 57 Republicans voting in favor -- was a pleasant surprise for Democrats who expected far less GOP support. … The winning vote would have been even higher had there not been such hard feelings over how Democrats powered the bill through the House: just an hour of debate time, no amendments allowed." Republicans also "said the measure was not entirely free of parochial 'earmarks,' saying powerful senators such as Ted Stevens, R-Alaska, and Pete Domenici, R-N.M., received special treatment for home-state projects." The White House "has signaled that President Bush would sign the bill despite cuts to his requests for NASA, foreign aid and communities affected by the latest round of military base closings."

In a similar report, the Wall Street Journal (2/1, A4, Rogers, 2.04M) titles its story "House Democrats Show Strength In Passage Of Spending Measure," and calls the vote the "strongest showing yet of their new legislative muscle."

The Washington Post (2/1, A4, Kane, 690K) headlines its report "House Passes $463 Billion Spending Bill After Deleting Earmarks," and calls the measure "an austere plan stripped of billions of dollars worth of special-interest provisions."

The Washington Times (2/1, Miller, 88K), on the other hand, says Democrats "yesterday broke a pledge to strip pork spending from a massive funding resolution that contained about $500 million in what Republicans called questionable projects, including $44.6 million for a rainforest biosphere in Iowa and $50 million for the Hamas-led Palestinian Authority. … Critics said Democrats rammed through the $463.5 billion spending package without a committee hearing, without a committee mark-up process and without accepting amendments on the House floor. 'It is unfortunate that we are going to see a return to the days when you have decisions about how money is appropriated made by bureaucrats and made in smoke-filled rooms,' said Rep. Marsha Blackburn, Tennessee Republican. 'That's the kind of change [Americans] did not vote for when they went to the polls in November.'" The Times adds, "What's more, Republicans said, the legislation was fraught with accounting gimmicks to disguise higher spending. It actually increased spending, and therefore the budget deficit, by more than $6 billion from the last fiscal year, they said."

The Hill (2/1, Kucinich) notes "GOP members again took issue with the way the bill was pushed through the House, saying they had been 'shut out of the process.'"

House Panel To Examine Outside Ethics Enforcer. The AP (2/1, Abrams) reports House leaders "on Wednesday announced a task force to examine whether an outside panel should investigate ethics problems involving House members." Speaker Nancy Pelosi "said in a statement that she and the House Republican leader, Rep. John Boehner, R-Ohio, had agreed that the task force would report by May 1." Rep. Michael Capuano, D-Mass., "will lead the eight-member task force, which has four lawmakers from each party."

NYTimes Says House Democrats Resisting Bundling Disclosure. The New York Times (2/1, 1.16M) says in an editorial, "Now that House Democrats are beyond the spotlight of their ballyhooed first 100 hours, there are signs of foot-dragging on the keystone of their promised lobbying reform: forcing disclosure of the huge sums in campaign donations that lobbyists package to grease privileged access in the Capitol. This practice — called bundling — has lobbyists mass hundreds of donations of a few thousand dollars each into special-interest piñatas of hundreds of thousands. Full disclosure of bundling is the sine qua non of lobbying reform. Speaker Nancy Pelosi cannot let the new House majority backslide."

Pelosi Seeks Routine Use Of Military Aircraft. The Washington Times (2/1, Scarborough, 88K) reports Speaker Nancy Pelosi's office "is pressing the Bush administration for routine access to military aircraft for domestic flights, such as trips back to her San Francisco district, according to sources familiar with the discussions." The sources say Pelosi is "seeking regular military flights not only for herself and her staff, but also for relatives and for other members of the California delegation. A knowledgeable source called the request 'carte blanche for an aircraft any time.'" The Times adds Pelosi's "request is not new for a speaker, who is second-in-line in presidential succession. A defense source said the speaker's regular access to a military

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plane began after the September 11, 2001, attacks. Rep. J. Dennis Hastert, Illinois Republican, who was speaker at the time, started using U.S. Air Force planes for domestic travel to and from his district for security reasons." But a former Hastert aide "said the congressman did not use military planes for political trips or regularly transport his family." Sources "said Mrs. Pelosi's request goes beyond what Mr. Hastert received."

Senate Republicans To Discuss Domestic Agenda. Roll Call (2/1, Billings) reports when GOP Senators "go behind closed doors Friday to plot a unifying strategy for the 110th Congress, they likely will sidestep the one issue occupying most Members' attention: the Iraq War." Instead, Senate Republicans "plan to focus on producing a domestic-heavy agenda, message and game plan for the next two years that positions them to reclaim the Senate majority in 2008. And even though their long-planned retreat lands right in the middle of a Senate debate over Iraq policy, GOP Senators and aides say they are optimistic they will find more togetherness than divisiveness." Republicans "believe that one reason they lost so handily in 2006 is because they lost sight of their defining party principles and didn't effectively lay out their vision to the electorate." Republican Conference Chairman Jon Kyl (Ariz.) is "coordinating the session, which is set to include broad discussions of party principles such as fiscal discipline, national security and personal responsibility. Members also are expected to begin setting their two-year legislative goals on issues such as energy, health care, tax policy, immigration reform and judicial nominations."

GAO Adds Food Safety To List Of Flawed Federal Programs. The Los Angeles Times (2/1, Alonso-Zaldivar, 850K) reports the GAO "on Wednesday added food safety to its list of critically flawed federal programs, saying that splintered jurisdiction among 15 agencies has left the nation vulnerable to outbreaks of food-borne illness or, worse, a terrorist attack. Meanwhile, a senior administration official said President Bush would seek an increase of about $11 million for food safety in the fiscal 2008 budget he is scheduled to release Monday." The GAO said food safety was added to the list "because the system is out-of-date, often unscientific and lacks accountability." Lisa Shames, director of food and agriculture issues at GAO, called it "a collection of 15 agencies trying to administer some 30 laws," adding that the system "results in inefficient use of resources, inconsistent oversight, and overlap and duplication."

Sanchez Resigns From Hispanic Caucus. The Politico (2/1, Hearn) reports Rep. Loretta Sanchez "has quit the Congressional Hispanic Caucus, accusing the chairman, Rep. Joe Baca, of telling people she's a 'whore.' Baca denied the charge." Sanchez also "cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers. The caucus represents 21 Hispanic Democrats in Congress." Sanchez said, "I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here. You treat the women like shit. I have no use for him." The Politico ads Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus (CHC), and has chosen to air baseless statements. Let me be clear; her comments are categorically untrue."

Obama Introduces Election Fraud Bill. The Hill (2/1, Schor) reports Sen. Barack Obama (D-Ill.) "added election fraud to the spectrum of weighty issues he has covered since informally launching his presidential bid, further fleshing out a legislative record that could be an inviting target in the intensifying 2008 campaign." Obama "sought to stay focused on his bill criminalizing voter suppression and deceptive electoral tactics, his third momentum-building effort in two weeks, even as the Republican National Committee drove a wedge through the Democratic field by circulating critical comments made by Sen. Joseph Biden (D-Del.) about his fellow White House hopefuls." Obama's "voter-deception bill, which would allow injunctive relief for individuals targeted by fraudulent flyers and automated phone calls during the run-up to Election Day, earned plaudits from civil-rights groups and the co-sponsorship of Sen. Charles Schumer (N.Y.), the Democratic Caucus's No. 3 and a backer of Sen. Hillary Rodham Clinton (D-N.Y.) in 2008."

Senators Oppose Closure OF FDA Labs. The Washington Post (2/1, A7, Lee, 690K) reports the Food and Drug Administration "should suspend plans to close as many as nine of 13 laboratories that test the safety and effectiveness of food, drugs, cosmetics and medical equipment, a bipartisan group of senators said this week." The network of labs, "run by the agency's Office of Regulatory Affairs, 'could

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prove particularly vital in rapidly responding to public health crises' during national emergencies, the lawmakers wrote Tuesday to FDA Commissioner Andrew C. von Eschenbach."

FEC Reports Show Lawmakers' Legal Fees. Roll Call (2/1, Murray) reports that as 2006 "came to a close, lawyers' bills continued to pile high for a half-dozen or more House Members widely named in ongoing criminal investigations." Year-end FEC reports "showed that at least five Members previously cited as subjects of investigations wrote checks or listed debts to firms with substantial criminal defense practices worth a combined total of more than $200,000 from Nov. 28 to Dec. 31." That's "in addition to ex-Rep. Jim Kolbe (R-Ariz.), who received the FEC's blessing last week to use leftover campaign cash to fend off Justice Department scrutiny." The campaign of former Rep. Mark Foley (R-Fla.), "who currently is under investigation by federal law enforcement for allegedly inappropriate contact with Congressional pages, paid the Washington, D.C.-based law firm of Zuckerman Spaeder nearly $50,000 in mid-December." Rep. Alan Mollohan (D-W.Va.), "who was banished from the ethics panel in 2006 amid a federal probe into earmarks he steered to his home state, doled out $70,000 during the reporting period to Kellogg, Huber, Hansen, Todd, Evans & Figel, an area law firm specializing in white-collar criminal defense. Mollohan reported that he owes the same firm another $20,000."

Insightful Question Lifted Senate Aide's Profile. The Politico (2/1, Lowe) reports Daniel J. Cox Jr. "doesn't look like a troublemaker, but the Senate Armed Services Committee aide knows how to stir things up." Cox, the committee's "principal staff member for Iraq issues…ignited a firestorm when he fed his boss a simple but profound question to ask Gen. Eric Shinseki, the former Army chief of staff, at a 2003 pre-Iraq war hearing." Levin asked, "General Shinseki, could you give us some idea as to the magnitude of the Army's force requirement for an occupation of Iraq following a successful completion of the war?" The Politico adds Shinseki's "candid answer -- that it would take "several hundred thousand soldiers" to pacify Iraq -- still reverberates. It became powerful ammunition for those who see the U.S. occupation as a tableau of preventable blunders. It stoked criticism that the Bush administration low-balled Iraq war needs. And, many believe, it eventually cost Shinseki his job, particularly since his assessment was so publicly dismissed by the Bush administration." The incident "marked a turning point in Cox's career, catapulting him into the center of one of the most controversial conflicts in U.S. history."

Senate Chaplain Backs Out Of Religious Conference. Roll Call (2/1, Stanton) reports Senate Chaplain Barry Black "informed Majority Leader Harry Reid (D-Nev.) Wednesday that he was canceling a planned appearance at a religious conference set for next month after a left-leaning civil liberties organization urged him to pull out due to the organizer's controversial political and religious beliefs, a spokesman said Wednesday." Chaplain spokeswoman Meg Saunders said "Reclaim America originally invited Black to attend in the fall of 2005 and billed the conference as a generic religious meeting. Saunders explained that Black, who attends a number of conferences each year, agreed to participate because it would not conflict with the traditional nonpartisan, nonsectarian role of the Senate chaplain." But "following a review of the group's Web site Wednesday, Black determined it was, in fact, both a political and highly sectarian event and quickly informed the organization and Senate leaders that he was not attending." Founded "by Dr. D. James Kennedy, Reclaim America is an offshoot of Coral Ridge Ministries, one of the largest evangelical organizations in the United States."

GAO Takes HUD, USPS Off "High Risk" List. The Washington Post's (2/1, D4, Barr) "Federal Diary" column reports that HUD and the USPS, two "ugly ducklings of the government -- programs so vulnerable to waste, fraud and mismanagement that they are dubbed 'high risk' by the" GAO, made news "[y]esterday, [when] the GAO announced that "[f]or the first time in 13 years, no HUD program appears on the GAO risk list, which David M. Walker, the head of the GAO, called a 'historic achievement.'" HUD "Secretary Alphonso Jackson said the announcement reflects the progress that HUD has made 'to ensure taxpayer dollars are spent wisely and well.'" The Post adds that during the 1980s, "HUD was buffeted by allegations of corruption and influence-peddling that often masked systemic problems," but the agency "worked through its problems, and, by 2001, had only two programs left on the GAO list -- single-family-housing mortgage insurance and rental-housing assistance." The GAO "put the Postal Service on the high-risk list in 2001 because of a bleak financial outlook that included cash-flow problems and heavy debt. But the post office has increased

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employee productivity while reducing staff -- and saved $5 billion since 2001, the GAO said."

NFIB President Makes Case For Senate's Minimum Wage Bill. In an op-ed for USA Today (2/1, 10A, 2.27M) Todd Stottlemyer, the president and CEO of the National Federation of Independent Business, the nation's leading small-business advocacy group, says small businesses "operate in a highly competitive, global marketplace and can ill-afford to raise prices on their customers by 40%," the proposed increase in the minimum wage, "and stay competitive." Knowing this, "members of the Senate Finance Committee worked together in true bipartisan fashion to craft a package of proven ways to lessen the impact of a minimum-wage increase on small businesses." Stottlemyer adds, "The Senate bill is fair. It is balanced. The full Senate should pass it, and the House should follow its example."

USA Today (2/1, 10A, 2.27M), disagrees, writing in an editorial, "Voters who thought Democrats were now the unchallenged masters of Capitol Hill got a quick reality check this week as the Senate lurched toward the end of a debate on the minimum wage." Today, the Senate "is expected to approve a hybrid bill that raises the minimum wage at last — but ties it to an $8.3 billion package of unnecessary tax cuts for small business." USA Today adds, "Eventually, the House and Senate will have to agree on a final bill. Democrats, along with the five Republican senators and 82 GOP representatives who voted for a clean wage increase -- should hold their ground."

White House Hopeful Budget Will Lead To Serious Negotiations. In his Washington Post column (2/1, A15), David Broder says, "This year, as I learned from conversations with two senior White House officials last week, the president hopes his budget will become a starting point for serious negotiation -- not a partisan football or simple laughingstock." That hope "was encouraged by a letter to the president last week from the Democratic leaders of the House and Senate, Rep. Nancy Pelosi and Sen. Harry M. Reid, and the chairmen of the two budget committees, Rep. John M. Spratt Jr. and Sen. Kent Conrad." The White House officials "with whom I met certainly pledged to make visible the costs of the war and to be specific about the trade-offs needed to maintain budget discipline, both in the short term and the long term. They said that the economic assumptions underlying the president's budget are modest -- if anything, an underestimate of the revenue likely to be produced by a growing economy. And the officials indicated that the president will recommend that, for a second year in a row, overall growth in discretionary domestic spending -- the part separate from Medicare, Medicaid and Social Security -- be held close to zero."

NYTimes Says Congress Should Set Rules For Stranded Plane Passengers. The New York Times (2/1, 1.16M) says in an editorial, "Travelers and airlines have a deal. In exchange for transporting them safely, passengers agree to give up a great deal of freedom of movement." But "several high-profile failures this past holiday travel season suggest that Congress needs to intervene and set some ground rules to enforce this deal for people unreasonably stranded on aircraft. Delays at the gate are a hassle, but extraordinary delays on planes can be dangerous for the handicapped, chronically ill, elderly or small children."

OTHER NEWS:

Judge Adjourns Holocaust Settlement Hearing After Objections. The New York Times (2/1, Treaster) reports, "A federal judge abruptly adjourned a hearing yesterday on the settlement of a dispute over unpaid life insurance policies of Holocaust victims after a Miami lawyer and a survivor of a Nazi concentration camp raised objections." The Times continues, "Judge George B. Daniels of Federal District Court in Manhattan gave no explanation for ending the session that he had convened to determine the fairness of a settlement in which an Italian insurance company agreed to provide several million dollars to Holocaust victims. The company, Assicurazioni Generali, has repeatedly denied allegations that it systematically refused to pay billions of dollars in claims on insurance policies of Holocaust victims." The Times adds, "Lawyers for Generali and others who worked on the settlement said Judge Daniels called them into his chambers during a brief recess to express new concerns. They would not say what was discussed, but said he asked them to try to resolve the concerns over the next week. … One lawyer for the Holocaust survivors, Robert A. Swift, said Judge Daniels asked him and the others 'to renegotiate one provision in the settlement.' … Earlier, Sam J. Dubbin, a Miami lawyer opposing the settlement, had argued that it would prevent tens of thousands

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of Holocaust survivors from ever knowing whether they were owed money by Generali."

Schumer Sees Middle Class Economic Anxiety As Key Issue. The Washington Post (2/1, D1, Montgomery, 690K) reports Sen. Charles E. Schumer "wants to transform a sleepy congressional committee into a high-profile platform for examining the troubles of" middle class families with the goal of coming up "with a cure for middle-class angst that will carry Democrats into the White House." Schumer is "betting that economic insecurity will replace the Iraq war as the most important issue in the 2008 elections." Schumer said, "The party that can create a model paradigm, a platform that can answer some of these questions, will not only win in 2008 but could create a long-term majority." The Post adds that as Schumer "convened his first hearing as chairman of the Joint Economic Committee, two House panels were also taking testimony on the travails of the middle class."

The Hill (2/1, Heil) reports Sen. Schumer "devotes much of his new book, 'Positively American: Winning Back the Middle-Class Majority One Family at a Time,' to an imaginary family, the Baileys. According to the tome, he runs every policy decision he makes by the average, middle-class, swing-voting family."

Biden's Entry In '08 Race Overshadowed By Furor Over Remarks. The AP (2/1, Fouhy) reports that Delaware Sen. Joe Biden (D) "spent his first day as an official presidential candidate regretting his description of Democratic rival Sen. Barack Obama as 'clean,' and explaining why he had dissed Sen. Hillary Rodham Clinton and John Edwards." Biden, who "formally established his presidential committee Wednesday and launched a campaign Web site," was inundated "with questions from reporters in an afternoon conference call, and late in the day, issued a terse statement, saying: 'I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Senator Obama.' In the weekly newspaper's article, published Wednesday, Biden harshly criticized Clinton and Edwards for their proposals to end the Iraq war. He also questioned the credentials of" Obama, "while calling him 'a mainstream African-American who is articulate and bright and clean.'"

In a report titled "A Biden Problem: Foot in Mouth" on the website of ABC News (1/31), reporter Jake Tapper wrote, "Immediately the conservative media establishment -- Rush Limbaugh, the Drudge Report, bloggers -- publicly pounced." For instance, Limbaugh -- on his radio show -- said, "He is a clean African-American? If Biden thinks that Obama is clean then he has to think that others are not clean. Does he mean that he knows that Jesse Jackson is not clean? Does he mean that he knows that Reverend Sharpton is not clean?" Tapper noted, "But it wasn't just conservatives. 'When I heard his comments I thought Joe Biden was referring to a bygone era,' said Donna Brazile, the former campaign manager for Al Gore's 2000 presidential campaign and a prominent African-American political consultant. 'Years ago when white folks referred to black people with education they often used words like articulate. To suggest they were different, they were acceptable. That they were OK as compared to rest of African-Americans. So I think it came across that Joe Biden was referring to Sen. Obama as if he was a candidate running in the 1960s, not in the 21st century.'"

Meanwhile, ABC World News (1/31, story 5, 2:20, Gibson, 8.78M), in a report by Tapper, related, "Obama refused to tell ABC News whether he thought Biden was complimenting him." Sen. Barrack Obama: "I'm not going to…" Tapper: "But in this candid moment, Obama told the senator he was not taking the remarks personally." Sen. Barack Obama: "He just said he didn't mean it." Jesse Jackson: "I know Joe Biden to be a decent man and a smart man. This foot in mouth disease was a mistake."

National political correspondent Gloria Borger reported on the CBS Evening News (1/31, story 6, 2:05, Couric, 7.66M), "This morning, the Senator used the Internet to introduce his presidential campaign the way he really wanted to. But tonight his campaign is doing damage control. But within hours, this audiotape of an interview he gave to the New York Observer talking about Barak Obama was all over the web." Sen. Biden: "You've got the first sort of mainstream African American who is articulate, and bright and clean and nice looking guy. I mean, that's a story book, isn't it?" Borger: "Some people listening to those descriptions of Obama -- 'articulate, clean' -- heard racial overtones. … Biden called Obama and apologized. He said he used the word clean as fresh and new."

The New York Sun (2/1, Gerstein) reports that African-American columnist and commentator Roland Martin said Biden's "description of Mr. Obama as 'articulate' could rankle

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many blacks. 'Of course, it's offensive,'" Martin, the executive editor of the Chicago Defender, said. He added, "I am sick and tired of individuals coming across an African-American and saying, 'Oh, my goodness, you're so articulate. … 'You never see that kind of statement made about white candidates.'" Martin, "who hosts a radio program, said he expects Mr. Biden to take some heat from black voters. 'I can guarantee you Biden is going to get lit up like Christmas,'" said Martin.

USA Today (2/1, Gaudiano, 2.27M) reports, "During a conference call with reporters, Biden said Obama is 'probably the most exciting candidate that the Democratic or Republican parties have produced' in a long time. His comments reflected his mother's expression: 'Clean as a whistle, sharp as a tack,' he said. He told reporters to call Obama and that Obama understood his meaning when he talked to him earlier. 'I really regret that some have taken totally out of context my use of the word 'clean,'' Biden said."

The New York Times (2/1, Nagourney, 1.16M) leads its coverage of the Biden brouhaha with this line, "In an era of meticulous political choreography, the staging of the kickoff for this presidential candidacy could hardly have gone worse." The Times notes, "Asked about Mr. Biden's comments, Mr. Obama said in an interview, 'I didn't take it personally and I don't think he intended to offend.'" Obama added, "But the way he constructed the statement was probably a little unfortunate." However, "later in the day, with Mr. Biden coming under fire from some black leaders, Mr. Obama issued a statement that approached a condemnation. 'I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate,' he said. 'African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate.'"

The Chicago Tribune (2/1, Zuckman, 617K) reports, "Biden told reporters that he has long enjoyed the support of the African-American community in Delaware and did not intend to cause offense. He also said he did not believe that Sharpton, Jackson or other black leaders would misunderstand his remarks. … In an interview, Jackson called Biden 'a decent man' who had made a verbal gaffe while trying to slight the competition. 'He was saying in effect that Barack is more style than substance, that he is just coming onto the scene,' Jackson said. 'In doing so, he seemed to be dismissive of our 1988 campaign and diminishing Barack's potential campaign.'"

During an appearance last night on Comedy Central's "The Daily Show With Jon Stewart" (1/31), host Jon Stewart asked Biden to comment on his quote from the Observer article in which Biden said of Obama, "I mean, you got the first mainstream African American who is articulate and bright and clean and a nice-looking guy. I mean, that's a storybook man." Biden: "Well, let me tell you something, I spoke to Barack today --" Stewart: "I bet you did!" Biden: "I also spoke to Jesse and Al Sharpton and -- and I also --" Stewart: "And Michael Jordan and anybody you could get your hands on! The Jackson Five. Who else?!" Biden went on to say "the word that got me in trouble is using the word 'clean.' I should have said fresh. What I meant is he's got new ideas."

Senator's Comments Said To Recall Past Gaffes. The Washington Post (2/1, A6, Balz, 690K), in an article titled "Biden Stumbles at the Starting Gate," reports, "With his remarks about Obama, Biden began his second campaign for the White House much as the first one ended, arguing that his public comments were being misinterpreted. He quit the 1988 campaign after being captured on videotape adopting the rhetoric and in some cases the life story of British Labor Party leader Neil Kinnock."

The Los Angeles Times (2/1, Neuman, 850K), noting that Biden withdrew from the '88 presidential race "amid accusations that he had plagiarized portions of speeches by a British politician," reports, "Asked Wednesday what he learned from the experience, Biden said: 'I took a real gut punch. I learned how to take it, and I got back up.'"

In a report on NBC Nightly News (1/31, lead story, 3:45, Williams, 9.87M), senior White House correspondent David Gregory related, "Biden, who admits he has a tendency to bloviate, has made indelicate remarks before. Last year speaking about Indian Americans." Sen. Joseph Biden: "You cannot go to a Seven Eleven or Dunkin' Doughnuts unless you have an Indian accident." Gregory: "Biden's first presidential run 20 years ago was undone after evidence emerged that he plagiarized a speech from a British politician, Neil Kinnock."

McClatchy Newspapers (2/1, Thomma, Talev) reports, "Rep. Charles Rangel, D-N.Y., chairman of the House Ways and Means Committee and a member of the Congressional Black Caucus, dismissed Biden's comment -- and candidacy -- with a thinly veiled slap at his forced withdrawal from his last presidential campaign. 'I didn't even know he was a

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candidate, so I don't see how he could have hurt himself,' Rangel deadpanned. 'It probably was something someone else said and he picked it up and used it himself,' he said, adding with emphasis, 'by mistake.'"

The Washington Times (2/1, Bellantoni, 88K) relates that Biden "told the Observer interviewer that" Sen. Clinton's "plan for Iraq is 'a serious mistake.'" And that Biden "jabbed at former Sen. John Edwards of North Carolina: 'I don't think John Edwards knows what the heck he is talking about.'" The Times also points out that Biden "polls in the single digits, well below the Democratic front-runner, Mrs. Clinton, and her two top rivals, Mr. Obama and Mr. Edwards."

Bloomberg (2/1, Salant) notes, "A Gallup Organization poll last month showed Clinton leading among Democratic voters. She got support from 33 percent, followed by Obama with 20 percent and former Vice President Al Gore with 12 percent. Biden was favored by 3 percent."

The Politico (2/1) provides a link to Biden's presidential campaign website where the Senator's announcement speech can be viewed.

On CNN's The Situation Room (1/31), Larry Sabato of the University of Virginia Center for Politics said, "It's classic Joe Biden. It's really history repeating itself."

On CNN's The Situation Room (1/31), Democratic political strategist Donna Brazile said, "I know Joe Biden. I believe his intentions are good. He has a strong civil rights record. But it came across pretty damaging. His first, you know, major event, his announcement, and he stepped on his own story by criticizing Mrs. Clinton, Mr. Edwards, even making some weird remarks about, you know, Al Gore and John Kerry."

On MSNBC's Hardball (1/31, Matthews), Jay Carney of Time said, "We all knew that this would happen to Joe Biden in his presidential campaign. It is a little shocking that it happened on the first day."

On MSNBC's Hardball (1/31, Matthews), Anne Kornblut of the Washington Post said, "This is classic Joe Biden. … He tends toward the hyperbolic often in his speech, and he talks and talks and talks."

On MSNBC's Hardball (1/31, Matthews), Tony Blankley of the Washington Times said, "If a conservative Republican had said this, I think the media would have jumped down his throat. The media is not jumping down Biden's throat. I think he's getting, more or less, a pass from the mainstream media on this. I think he should get a pass, but I think others should get a pass, too, when they stumble."

Rothenberg Says Hillary Clinton Could Win Presidency. In his Roll Call column (2/1), Stuart Rothenberg says Hillary Clinton can win the White House in 2008: "While some of my colleagues doubt that the New York Senator can overcome her high negative ratings and attract a majority of the electorate in her bid for the White House, I've come to the conclusion that she can, as long as she runs the high-quality campaign I think she can." Though not predicting Clinton would win the Democratic nomination, Rothenberg says, "I don't agree with those who have concluded that her negatives are so great that she cannot beat a strong Republican nominee next year."

Barnes Says Democratic Primary Field Forcing Hillary To Run Left. In a Wall Street Journal op-ed (2/1, A17), Fred Barnes of the Weekly Standards says, "Mrs. Clinton wants to run as a centrist, not a liberal, in the general election. But there's a problem. She is being tugged to the left in the nomination fight, forced to take positions that may jeopardize her chances later against the Republican candidate." Clinton's "opponents in the Democratic primaries next year don't have this problem. They are unabashed liberals who have done nothing to place themselves near the ideological center of American politics. Mrs. Clinton, however, spent her first term as senator from New York downplaying her image as a staunch liberal. Instead, she has sought with some success to fashion a reputation as a centrist on some several key issues, particularly national security."

Social Issues A Challenge For Giuliani In Seeking GOP Nomination. USA Today (2/1, 1A, Page, 2.27M) reports Rudy Giuliani "would seem to have all the credentials a candidate for president could want: A hero of 9/11, a crime-busting federal prosecutor, a two-term Republican mayor in an overwhelmingly Democratic city and one of the most admired politicians in the country. He's got a big problem, though. First, he has to be nominated by Republicans who don't yet know his views on social issues." The question "is this: Can the thrice-married New Yorker — a supporter of abortion rights, gay rights and gun control — win the nomination of a Republican Party that has become increasingly dependent on and influenced by conservative Christians?" GOP pollster Tony Fabrizio said, "As a presidential candidate, Rudy Giuliani should absolutely be taken seriously. As a contender for the Republican nomination, he should be taken significantly less seriously. He has the stature to be president, but how does he get the

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Republican nomination? That is the fundamental disconnect."

Franken To Challenge Coleman. The Minneapolis Star Tribune (2/1, Hotakainen, 395K) reports, "Comedian and radio talk show host Al Franken has begun calling Democratic members of Congress and prominent DFLers to tell them he will definitely challenge Republican Sen. Norm Coleman in 2008, the Star Tribune learned Wednesday. On Monday, Franken announced that he is quitting his radio show on Feb. 14, and he told his audience that they'd be the first to know of his decision." But "Franken has been working the phones, telling his political friends he's ready to declare his candidacy."

The AP (2/1, Frommer) reports that "in a statement, Minnesota Republican Party Chairman Ron Carey said he was confident Minnesotans 'will reject Franken's divisive, scorched-earth attacks.' The state Democratic Party declined to comment."

Spitzer Outlines Plan To Reform New York Healthcare Industry. The New York Times (2/1, Hakim, 1.16M) reports that "among several ambitious proposals," New York Gov. Eliot Spitzer (D) "proposed to radically restructure aid to New York's sprawling health care industry in his first budget Wednesday, saying that the system props up failing hospitals and too often overlooks patients' needs, while consuming roughly a third of the state's budget." The Times continues, "To control health care spending, Mr. Spitzer would hold the growth of Medicaid to 1.7 percent, compared to 8 percent growth rates in recent years, by cutting subsidies to hospitals and nursing homes, slashing Medicaid reimbursement rates and by stepping up efforts to combat fraud. Conversely, he outlined a plan to make low-cost health insurance coverage available to the state's 400,000 uninsured children."

In a separate article, the New York Times (2/1, Pérez-Peña, 1.16M) reports that the plan "contains the seeds of an epic battle — $1.2 billion a year in cuts — that could make everything else he wants harder to attain." The Times continues, "The proposed cuts, mostly in Medicaid, the health plan for the poor, pit the governor against the Legislature, health care workers and the hospital industry — powerful camps that welcome some of his ideas, but that fiercely protect their share of Medicaid spending."

More Commentary. The New York Times (2/1, 1.16M) editorializes, "Unions, hospital advocates and politicians have already begun to raise the alarm" over Spitzer's healthcare proposals, "[b]ut the governor is right to fight for a fairer, more cost-effective distribution of public funds."

Union Seeks To Unionize Laborers In Wealthy Florida Enclave. The New York Times (2/1, Porter, 1.16M) reports after "successful campaigns last year to organize janitors and other maintenance workers at several universities in South Florida, the Service Employees International Union has set its sights on Fisher Island, one of the most concentrated pockets of wealth in the nation." Amid "mounting political attention to the substantial widening of the income gap over the last two decades, the service employees union hopes that Fisher Island — where a share in the golf club costs $250,000 and dues run to $20,000 a year while workers tending the grounds or washing linens can make as little as $8.50 an hour — will serve as a rallying cry for low-wage service workers across the nation." But the "union drive, which is just getting under way, might not play out as a straightforward battle pitting the haves against the have-nots. Some residents, of course, oppose the union's arrival. But others are already being courted by the union, which hopes that they will be moved to support it when confronted with the contrast between their affluence and the meager existence of many of their workers."

Mary Cheney Defends Pregnancy. The New York Times (2/1, Seelye, 1.16M) reports Mary Cheney, "the lesbian daughter of Vice President Dick Cheney, today for the first time publicly defended her decision to become pregnant and asserted that same-sex couples are equally capable of raising children as heterosexual couples." Ms. Cheney said, "When Heather [Poe, her partner of 15 years] and I decided to have a baby, I knew it wasn't going to be the most popular decision. … This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate, on either side of a political issue. It is my child."

Will Says School Choice Is Expanding. George Will writes in his column for the Washington Post (2/1, A15, 690K), "The public school lobby…lives in fear of competition -- the fear that if parents' choices are expanded, there will be a flight from public schools. But the tide is turning." He cites examples of tax credits for donations "to

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organizations that provide scholarships" for "children to attend private schools" in Arizona, a similar proposal by Newark, New Jersey Mayor Cory Booker and New York Gov. Eliot L. Spitzer's (D) plan to lift a state cap on charter schools. Finally, he praises New York City Mayor Michael R. Bloomberg (R) for a plan based on the idea "that public money should follow wherever students are attracted by competing schools."

Rice To Push For "Roadmap" Fast-Track At Quartet Meeting. AFP (2/1, Millikin) reports during a meeting of the so-called Quartet Friday, Secretary of State Condoleezza Rice will "push a plan to fast-track" the "Roadmap" plan for Mideast peace. At Friday's meeting, Rice will also "press for renewed efforts to bolster" Palestinian President Mahmoud Abbas "in his power struggle" with Hamas, State Department spokesman Sean McCormack said. Friday's gathering of Russian Foreign Minister Sergei Lavrov, Germany Foreign Minister Frank-Walter Steinmeier, EU foreign policy chief Javier Solana and UN Secretary-General Ban Ki-Moon is "timed to precede a rare three-way meeting between Rice, Abbas and Israeli Prime Minister Ehud Olmert in mid-February, though no firm date or venue for those discussions have been set," officials said.

Timing Of Meeting Questioned. The Christian Science Monitor (2/1, LaFranchi, 59K) says Friday's meeting "comes at what would seem to be a particularly unpromising moment," with Palestinian factions "battl[ing] each other in Gaza, and Israel founders under a weak and scandal-torn government." Neither Israeli Prime Minister Ehud Olmert nor Palestinian President Mahmoud Abbas, it writes, "would seem to be in the kind of position needed to make hard choices and painful compromises. And even before the Quartet meets, cracks are appearing in its position, with Russia calling for a lifting of the freeze on international aid to the Palestinian government."

Envoy Says Regional Crises Will Not Be Eased By Peace Deal. Meanwhile, in an interview with the Washington Times (2/1, A1, Sands, 88K), Israel's Ambassador in Washington, Sallai Meridor, said "foreign-policy crises in Iraq and Iran will not be eased by pressuring Israel to cut a peace deal with the Palestinians." The ambassador said Israel does not "see any connection between our dispute with the Palestinians and the level of violence on Haifa Street in Baghdad. And there is no linkage in my mind between the Israeli-Palestinian question and what Ahmadinejad is planning for the region and the world by pursuing a nuclear weapon." Meridor said "he saw the beginnings of a realignment in the Middle East, linking Israel and the United States with moderate Sunni Muslim Arab states fearful of the rising power of Shi'ite Iran. But he said it was too soon to tell whether an anti-Tehran coalition would form."

Hamas Criticizes US Aid To Abbas. AFP (2/1, El Oun) reports Hamas Wednesday "slammed a multi-million dollar US aid package to bolster security forces loyal to its rival Fatah." Hamas spokesman Ismail Radwan said, "There is no doubt that this is part of American policy aimed at provoking an escalation and a civil war in the service of a Zionist plan." Radwan alleged that "each time the American administration sees that we have arrived, or are on the verge of arriving, at an agreement, it sends Condoleezza Rice to poison the atmosphere or announces financial aid (to President Mahmud Abbas) to maintain tensions among Palestinians."

Former DOD Official To Prison For Selling Equipment To Mideast Buyers. The Washington Times (2/1, Seper, 88K) reports that "a former Defense Reutilization and Marketing Service (DRMS) official," Gayden C. Woodson, "was sentenced yesterday in U.S. District Court in Washington to 33 months in prison and $342,000 in restitution payments for illegally selling stolen surplus military equipment to Middle Eastern buyers." Woodson, who was in charge of disposal "by reuse, sale, transfer or donation -- of excess U.S. military property," was accused by prosecutors of having "willingly joined an ongoing conspiracy among DRMS personnel and local contractors and purchasers to sell surplus military equipment outside regular channels and pocket the proceeds."

Frazer Says Islamic Militants From Somalia Regrouping. In an interview with the Financial Times (2/1, Wallis), Assistant Secretary of State for African affairs, Jendayi Frazer, said the US "believes militant Islamists from the ousted coalition that held sway over parts of southern Somalia may be regrouping in Saudi Arabia, Eritrea and also Yemen." Speaking to the Times in Addis Ababa, Frazer "said it was too early to tell who among the Islamist leadership had survived Ethiopia's invasion last month and subsequent US air strikes on alleged affiliates of al-Qaeda." But she was "very concerned" that extremist elements from among the defeated Islamists were "trying to reconstitute themselves either out of Saudi Arabia or Eritrea," and that international jihadist

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networks would see this as an opportunity. She said the US must "engage with the Saudi government and their services to try to prevent that from happening as well as engage regionally." She also described Eritrea, "with whom the US has deteriorating relations," as a "source of regional instability."

LATimes Says Africa Can Police Itself. In an editorial, the Los Angeles Times (2/1, 850K) writes, "When African leaders met this week in Addis Ababa, Ethiopia, they fell short of their goal to get commitments for 8,000 troops for a peacekeeping mission in Somalia. But what has attracted less attention is that, for the first time, the rest of the world is counting on Africa to police itself -- and the continent is nearly in a position to do it." For example, the African Union's 7,000 peacekeepers in the Darfur, "though grossly undermanned and underfunded, represent the closest thing to security and justice that blighted land knows," the Times says. Going forward, the newspaper says "having AU peacekeepers as an option to stabilize a failed state such as Somalia is a boon to the international community, whose own peacekeepers, from NATO to the United Nations to the US military, are badly overstretched."

US Official Says Talks With Pyongyang Ready To Move Forward. The AP (2/1, Olesen) reports Deputy Assistant Treasury Secretary Daniel Glaser, who concluded two days of talks Wednesday with North Korean officials, "said his agency's suspicions of illegal financial activity involving bank accounts linked to the communist nation were accurate." Glaser "said that he went over bank information of 50 account holders from the Macao-based Banco Delta Asia with his North Korean counterparts in Beijing," adding that US concerns that the bank was being used for money-laundering purposes had "been vindicated" by the discussions. Speaking with reports, Glaser said, "I think we are now in a position after a very lengthy investigation...to start moving forward and trying to bring some resolution to this matter," but did not elaborate.

Russia Warns North Korea Over Nuclear Tests. AFP (2/1, Smith) reports North Korea's nuclear weapons capability "threatens Russian interests," Moscow's chief negotiator at international talks with Pyongyang said Wednesday, "warning the country against carrying out another military test." Alexander Losyukov was quoted by Russia's Interfax news agency as saying, "Our interests are under threat. I think a very negative reaction would follow another test and that tougher measures would probably be taken." Analysts said Losyukov's statement "marked a hardening of the Russian position" on North Korea ahead of February 8 talks in Beijing.

Senate Express Impatience, Threaten Action On Chinese Currency. The Washington Post (2/1, D7, Goodman, 690K) reports, "Since becoming Treasury secretary last summer, Henry M. Paulson Jr. has pleaded for patience on the issue of China's currency." But on Capitol Hill yesterday, Paulson "learned that patience in Washington may be wearing thin" as several senators at a Senate Banking Committee hearing "sharply questioned the value of his talks, and threatened legislative action against China." Committee chairman Christopher Dodd (D-CT) warned, "The Congress is not going to wait and see how this is progressing when they watch 3 million manufacturing jobs leave this country. You are going to get blown by if we don't get a better handle on this." For his part, Paulson "offered assurances that he, too, is disappointed by China's slow movement."

The Washington Times/AP (2/1, Crutsinger) reports Paulson "insisted yesterday that new high-level talks with China offer the greatest chance of success in reducing the soaring US trade deficit," but notes that he "faced a skeptical Senate banking committee where both Democratic and Republican senators said they thought China would listen only if the country faced punitive economic sanctions."

The Wall Street Journal (2/1, C7, Phillips, 2.04M) says Paulson was "grilled for more than two hours by skeptical senators, several of whom complained of the difficulty of explaining benefits of free trade to constituents who have seen their jobs move to China or elsewhere."

UK Arms Deal Charges Would Require Testimony Of Saudi Royals. In an interview with the Financial Times (2/1, Adams, Peel, Burns), UK Attorney General, Lord Peter Henry Goldsmith, said he "believed that senior Saudi royals, possibly even King Abdullah, would have been needed as essential witnesses had a corruption inquiry into the al-Yamamah arms deal led to charges against BAE Systems." However, he "judged it would have been unrealistic to expect the country's rulers to submit themselves to questioning. This, combined with uncertainty over whom to approach in Riyadh, posed 'insuperable' obstacles to a prosecution, he said." During the interview, Goldsmith "spelt out his belief that Saudi Arabia's 'particular constitutional

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position' was a key reason why" an inquiry into bribery allegations against BAE "was doomed to failure."

UK Concludes Poisoning Probe. The Los Angeles Times (2/1, Murphy, 850K) reports British police said Wednesday they have concluded their investigation into the poisoning of former KGB agent Alexander Litvinenko, "and handed the file to prosecutors for a decision on whether to file charges." Though authorities refused to disclose their findings, sources close to the family "said they believe the authorities are leaning toward suspects in Russia as the probable perpetrators." Prosecutors have said they will "review the results of the detectives' work and determine whether it is appropriate to file charges," but "said it would be impossible under Russian law to extradite them to Britain for trial."

Chavez Seen Moving Closer To "Dictatorship." The Washington Times/AP (2/1, Sanchez) reports Venezuelan President Hugo Chavez was granted "free rein yesterday to accelerate changes in broad areas of society by presidential decree -- a move critics said propels Venezuela toward dictatorship." Lawmakers unanimously voted to give Chavez "sweeping powers to legislate by decree and impose his radical vision of a more egalitarian socialist state," which he said he "plans to use…over the next 18 months to transform broad areas of public life, from the economy and the oil industry in particular to 'social matters' and the very structure of the state."

Expert Urges US To Develop Global Social Agenda To Appeal To Poor. Francis Fukuyama, professor of international political economy at the Johns Hopkins School of Advanced International Studies, writes in a Wall Street Journal (2/1, A17, 2.04M) op-ed that what "leaders like Iran's Mahmoud Ahmadinejad, Hezbollah's Hassan Nasrallah and Venezuela's Hugo Chávez all have in common" is their "ability to promise, and to a certain extent deliver on, social policy -- things like education, health and other social services, particularly for the poor." Fukuyama says that "if the US wants to support liberal democracy around the world, it needs to start thinking seriously about a well-designed social agenda that will appeal to the poor," which he says are "desperately need help, and have often been ill-served by the interventions of well-intentioned outsiders."

Expert Urges Partition As Solution To Kosovo. Timothy William Waters, who helped prepare the indictment of Slobodan Milosevic for war crimes in Kosovo, writes in the New York Times (2/1, 1.16M) that now "more than seven years after NATO ended Serbia's brutal dominion over" Kosovo, the international community "is about to impose a solution," which he says is "the wrong one." Waters says the likely plan "gives too little to Albanians and takes too much from Serbs. But there's an alternative, if only the international community would consider it: partition. Flexibility on borders could make a fully independent Kosovo easier to govern, provide more protection for minorities and make a negotiated deal attainable. Partition is possible, and possibly the right thing to do." Conceding that partition" isn't perfect," he says the current plan "will neither resolve Kosovo's uncertain status nor prevent an entire Balkan people from once again taking to the road."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Northern Iraq Seen As Next Front In War."
"Take Valuables With You."
"Prince's Pants Rip? Paydirt!."
"Rousting Of Skid Row Homeless Puts Strain On Surrounding Areas."
"Senate Closer To Rebuke For Troop Increase."
"Libby Trial Shows An Insular, Backbiting Washington."

USA Today:

"Damage Of Exxon Valdez Endures."
"VA. Moves To Apologize For Slavery."
"Giuliani: Can Hero Of 9/11 Win Over His Own Party?."

New York Times:

"German Court Challenges C.I.A. Over Abduction."
"Chirac Unfazed By Nuclear Iran, Then Backtracks."
"Biden Unwraps His Bid For '08 With An Oops!."
"Spitzer's First Budget Assails Health Care System."
"Battle Over School Bus Service In New York."
"Posing As A Family, Sex Offenders Stun A Town."
"Berlusconi Flirts. Wife's Fed Up. Read All About It."
"Island of Moguls Is Latest Front In Labor Battle."

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Washington Post:
"Senators Unite On Challenge To Bush's Troop Plan."
"Economy Gained Strength In 2006."
"Police Profiling Found In Georgetown, Adams Morgan."
"Germans Charge 13 CIA Operatives."
"USDA Outlines A Plan To Cut Farm Subsidies."
"O'Malley Pushes 'Shared Agenda,' Notes Budget Challenges."
"Tobacco Giant Reasserts Itself As Calls For VA. Smoking Ban Grow."
"Clocks' Early Spring Forward May Bring About A Few Falls."

Washington Times:
"Bush Assails 'Income Inequality.'"
"British Police Arrest 9 In Plot."
"Speaker Pursues Military Fights."
"Israeli Envoy Rejects Mideast 'Linkage.'"
"Nothing Clean Or Bright In Biden's '08 Opener."
"Miami Hot For Super Bowl."

Detroit Free Press:
"Battered Ford Braces For Dismal Sales Report."
"Dislodged."
"State Apologizes, Clarifies: Abraham To get Aid."

Atlanta Journal-Constitution:
"Lawmaker Seeks ban Of Red Light Cameras."
"How Delta Won Fight."
"Turner TV Show Prome Scares, Angers Bostonians."
"Campaign Persuades Creditors To Spun Offer."

Story Lineup From Last Night's Network News:
ABC: Biden's Choice Of Words; Campaign '08-Race; Reconstruction Projects-Iraq; Terrorism Scare-England; Terrorism Scare-Boston; Stock Exchange-Bush Visit; Stock Market; Iran Aids Iraq; Airline Travel-Bad Weather; Airport Security; Sydney Sheldon Obit; RLS Treatment.
CBS: UK Terror Attack Thwarted; UK Terror Threat; Boston-Bomb Hoax; Iraq Reconstruction Fraud; Bush-Economy; Biden-Obama Remark; CA-Fish Disappear; Southeast Flights Canceled; Air Pollution-Women; Molly Ivins Obit; LA Teacher-Shakespeare.
NBC: Terrorism Scare-Boston; Terrorism Scare-England; Stock Exchange-Bush Visit; Record Profits; Biden's Choice Of Words; Rebuilding Iraq; 9/11 1st Responders Health; Sidney Sheldon Obit; Super Bowl Commercials.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: MA-Terrorism Hoax; Senate-Compromise On Iraq Resolution; Iraq-US KIA In Al Anbar Province; Obit For Bill Clinton's Stepfather; Harvard Study-Binge Eating; Cancer Death Rates; Shampoos Thought To Cause Breast Growth In Young Boys; Federal Survey On Job Satisfaction.
CBS: MA-Terrorism Hoax; Southeast US-Winter Storm; Senate-Compromise On Iraq Resolution; Casey-Senate Confirmation Hearing For Army Chief Of Staff Position; Federal Reserve-No Interest Rate Change; Wall Street; Super Bowl Ticket Scams; Shampoos Thought To Cause Breast Growth In Young Boys.
NPR: Bush Administration-US Tracking Iranian Involvement In Iraqi Insurgency; Kissinger, Albright-Senate Testimony On Iraq; Mexico-Protest Of Calderon Government; MA-Terrorism Hoax; Ivins Obit; Obit For Adelaide Tambo, Widow Of Anti-Apartheid Hero; Tokyo Stock Exchange; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks at the National Prayer Breakfast, Washington Hilton Hotel; signs the Presidential Proclamation in Honor of American Heart Month, Oval Office, The White House. Note: Mrs. Bush will be present at the signing; signs the Presidential Proclamation in Honor of American Heart Month, Oval Office; President and Mrs. Bush participate in a Meeting on Child Fitness, Roosevelt Room, The White House; attends a meeting on child fitness. Roosevelt Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the Woman's Day Red Dress Award presentation. Time Warner Center, New York.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the Iraq strategy. former National Security Advisers Brent Scowcroft and Zgibniew Brzezinski. Location: Room 216, Hart.

9:30 a.m. ARMED SERVICES _ Full Committgee. Hearing on pending renomination of George Casey Jr. to be Army Chief of Staff. Location: Room 325, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Conference on accelerated biofuels diversity. Location: Room SD-G50, Dirksen.

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9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 485, Russell.

10 a.m. BUDGET _ Full Committee. Hearing on the current account deficit and the U.S. foreign debt. Fred Bergsten, Institute for International Economics; William Cline, Institute for International Economics; David Malpass, Bear Stearns. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the communications marketplace relating to the FCC. Chairman Kevin J. Martin and commissioners Michael J. Copps, Jonathan S. Adelstein, Deborah Taylor Tate, Robert M. McDowell. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on the future of Children's Health Insurance Program. Kim Lee and Craig Bedford and their son Job Timothy Bedford, Baltimore; Kathryn G. Allen, director, Health Care Issues, GAO; Gov. Sonny Perdue, R-Ga.; Cindy Mann, executive director, Center for Children and Families, Georgetown University Health Policy Institute; Anita Smith, chief, Bureau of Medical Supports, Iowa Department of Human Services Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on privacy implications of the federal government's health information technology initiative. Rob Kolodner, Department of Health and Human Services; Daniel A. Green, Office of Personnel Management; Mark A. Rothstein, University of Louisville; Paul Feldman, Health Privacy Project; Carol Diamond, Markle Foundation. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Holds confirmation hearing for retired Vice Adm. Mike McConnell to be Director of National Intelligence. Location: Room 106, Dirksen.

US House: No Scheduled Events.

Other: SHERIFF'S ASSOCIATION _ The National Sheriff's Association holds its 2007 Winter Conference. Highlights: 8:30 a.m. FEMA Director David Paulison delivers the keynote address. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

AFFORDABLE HOUSING _ The National Association of Affordable Housing Lenders holds its annual conference. Highlights: 8:30 a.m. Rep. Maxine Waters. 9 a.m. Sen. Jack Reed. 1 p.m. James Lockhart, Director, Office of Federal Housing Enterprise Oversight. Location: Park Hyatt, 1201 24th St. NW.

TAX SYMPOSIUM _ The Tax Council Policy Institute holds its Eighth Annual Tax Council Policy Institute Symposium, ``Understanding the Global Tax Arena: Risk & Regulation." Highlights: 6:15 p.m. Reception, dinner and keynote address by Sen. Michael Crapo, R-Idaho. Location: Ritz Carlton Hotel, 1150 22nd St. NW.

US-CHINA _ The US-China Economic and Security Review Commission holds a public hearing on ``The U.S.-China Relationship: Economics and Security in Perspective." The hearing will examine U.S.-China relations from multiple perspectives to assess this bilateral relationship since the granting of permanent normalized trade relations to China, and the challenges facing the relationship in 2007. It will consider the economic, security, and diplomatic impacts of Chinas accession to the World Trade Organization, and seek to identify trends in U.S.-China relations and opportunities for greater bilateral cooperation and dialogue. Highlights: Location: Room 562, Dirksen Senate Office Building.

DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AVIATION FORUM _ 8 a.m. - 5:45 p.m. The American Bart Association holds a forum on air and space, with Kenneth Feinberg, special master of the federal September 11 Victim's Compensation Fund; John Byerly, with the Department of State; Daniel Calleja, director of the European Commission's Air Transport Directorate; Michael Wholley, NASA's general counsel; and Patricia Grace Smith, administrator for commercial space transportation with the FAA. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

TRANSPORTATION BIOFUELS _ 9:30 a.m. - 5 p.m. The Senate Energy and Natural Resources Committee holds a conference on transportation biofuels. Highlights: Panel 2: Biofuels Today, with the Corn Growers Association; Monsanto; New Mexico Sorghum Producers; Governors Ethanol Colation; and American Trucking Associations. 9:30 a.m. - 10:25 a.m. Panel 1: Issue Overview and Policy Context, with World Resources Institute; Energy Futures Coalition; National Commission on Energy Policy; Securing America's Future Energy; and the Renewablae Fuels Association. 11:30 a.m. - 12:25 p.m. Panel 3: Emerging Biofuels, with Dupont; Imperium; and Niles KLJ Solutions. 2 p.m. - 2:55 p.m. Panel 4: National Infrastructure Integration, with

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ConocoPhillips; National Petroleum Refiners Association; Magellan; and Ford; and the Coalitioon of E85 Retailers. 3 p.m. - 3:55 p.m. Panel 5: Regional Infrastructure, with Warrenton, Va., Mayor George Fitch; the American Forest and Paper Association; Chevron; VeraSun; Erath Biofuels; and the South Carolina Institute for Energy Studies. 4 p.m. - 5 p.m. Panel 6: Research and Development, with Sandia National Laboratories; National Renewable Energy Laboratory; Auburn University; MIT Laboratory for Energy and Environment; and the Pacific Northwest National Laboratory. Location: Room G-50, Dirksen Senate Office Building.

PENTAGON-COLUMBIA _ 8:15 a.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Colombian Minister of National Defense Juan Manuel Santos to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

BUDGET BOOK _ 8:30 a.m. There will be a photo op as the President's FY'08 budget is delivered to the General Printing Office. Location: Indpendence and New Jersey Avenues.

TERRORISM _ 8:45 a.m. - 10 a.m. The New America Foundation/American Strategy Program hosts a public affairs forum, ``View of a Concerned and Conservative CEO: Terrorism: A Brief for Americans," on the scope, causes, and means for reducing terrorism, incluidng commentary on Iraq. Participants: Richard Vague, Founding Chairman & CEO, First USA Bank, CEO, Juniper Financial Corp.; Col. Lawrence Wilkerson, Former Chief of Staff, Department of State, Adjunct Professor, College of William & Mary; Michael Lind Whitehead Senior Fellow, New America Foundation, Author, The American Way of Strategy; Afshin Molavi, Fellow, New America Foundation, author, ``The Soul of Iran; and Steven Clemons, Director, American Strategy Program, New America Foundation, and publisher, www.TheWashingtonNote.com. Location: Room SD-628, Dirksen Senate Office Building.

BUDGET BOOKS _ 8:50 a.m. Photo opportunity of OMB Director Rob Portman and GPO senior management inspecting the production of the FY08 budget books. Location: GPO, 732 N. Capitol St.

BUDGET-AVIATION _ 9:30 a.m. Aircraft Owners and Pilots Association President Phil Boyer holds a news conference to discuss possible changes in the FAA's ``user fee" system and possible increases in taxes for aviation users. Location: National Press Club.

NATIONAL SECURITY-BUDGET _ 9:30 a.m. - 11 a.m. The Security Policy Working Group hosts a news briefing at which four security and defense policy experts will release a report card grading the Bush administration on their handling of key national security and budget issues. Briefers: Steve Kosiak, director of budget studies for the Center for Strategic and Budgetary Assessments, on ``Has the administration used emergency spending effectively?;" Winslow Wheeler, director of the Center for Defense Informations Straus Military Reform Project, on ``What reforms are needed in the defense budgeting process?;" Cindy Williams, principal research scientist for the Security Studies Program at MIT, on ``Whats the real budget request, and is it practical?;" and Carl Conetta, co-director of the Project on Defense Alternatives, on ``What do the troop 'surge and the Iraq war mean for the budget?" Location: National Press Club, Murrow Room.

PENTAGON MEMORIAL _ 10 a.m. The Pentagon Memorial Fund displays the first prototype of the Pentagon Memorial bench unit Location: South Parking Lot, Pentagon.

LOW INCOME-ENERGY _ 10:30 a.m. National Fuel Funds Network Chairperson Greg Sawyers and Christine Burkins, a federal energy assistance recipient from Baton Rouge, La., hold a news conference in support of increased funding for the Low Income Home Energy Assistance Program. Location: American Gas Association, 400 North Capitol Street, NW, Suite 400.

EDUCATION FUNDING _ 11 a.m. The Committee for Education Funding holds a telephone briefing on the state of federal education funding. Notes: Callin nuymber: 800-349-9121; passcode: 709937.

OBESITY _ 11 a.m. HHS Secretary Mike Leavitt will join DreamWorks Animations Chairman Roger Enrico and the Ad Councils Peggy Conlon to launch a new series of public service advertisements designed to help prevent childhood obesity. Location: Great Hall, HHH Building, 200 Independence Ave. SW.

CLIMATE CHANGE _ 11:30 a.m. Senators Kerry and Snowe hold a press briefing on new climate change legislation. Location: Room S-207, Capitol.

WORKFORCE HOUSING INITIATIVE _ 11:30 a.m. - 12:30 p.m. The Urban Land Institute holds a press briefing on the New Workforce Housing initiative. Location: National Press Club, Zenger Room.

CB0-ECONOMIC OUTLOOK _ 12 p.m. Congressional Budget Office Deputy Director Donald Marron speaks on ``The 2007 Budget and Economic Outlook" at a National

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Economists Club luncheon. Marrin will present the CBO's annual view of the baseline budget and economic situations. Location: Chinatown Gardens Restaurant, 618 H St. NW.

BUDGET PREVIEW _ 12:15 p.m. The Committee for a Responsible Federal Budget and the New America Foundation hold a discussion on the upcoming federal budget, with William Frenzel, Rudolph Penner and Timothy Penny, all of the committee. Location: 7th floor, 1630 Connecticut Ave. NW.

BUDGET PREVIEW _ 12:15 p.m. - 1:30 p.m. The New New America Foundation hosts a discussion, ``War, Tax Cuts, Entitlement Programs, and a Balanced Budget: Looking Ahead to the Presidents Budget - What to Expect and What to Hope For." Participants: William Frenzel, Guest Scholar, The Brookings Institution,. Former Ranking Member, House Budget Committee, Co-Chair, The Committee for a Responsible Federal Budget; Rudolph G. Penner, Senior Fellow, The Urban Institute, former Director, Congressional Budget Office, Member, The Committee for a Responsible Federal Budget; Timothy Penny, Senior Fellow and Co-Director, Humphrey Institute Policy Forum, Former Member of Congress, D-Minn., Member, The Committee for a Responsible Federal Budget; and Maya MacGuineas, President, Committee for a Responsible Federal Budget, Fiscal Policy Program, New America Foundation. Location: New America Foundation, 1630 Connecticut Ave. NW, 7th floor.

WORKING FAMILIES _ 12:30 p.m. Sen. Christopher Dodd, others, hold a news conference to announce a bill to provide paid family and medical leave for workers. Location: Room SC-115, Capitol.

JOURNALISTS-SUBPOENAS _ 2 p.m. Defend the Press Coalition holds a news conference to discuss the dismissed subpoena of journalists from the US v Watada Court Martial. Participants include Sarah Olson, journalist released from US Army subpoena in Watada court martial; Linda K. Foley, President, The Newspaper Guild-CWA; James Crawley, President of Military Reporters and Editors; John Stauber, author, executive director, Center for Media and Democracy; Scott Goodstein, coordinator, Defend The Press campaign. Location: National Press Club.

DARFUR _ 2:30 p.m. The Center for American Progress, others, hold a discussion on solutions to the crisis in Darfur, with John Prendergast and Colin Thomas-Jensen, both of the International Crisis Group. Location: 1333 H St. NW.

INCOME TAXES _ 2:30 p.m. Treasury Secretary Paulson, IRS Commissioner Mark Everson, Savannah, Ga. Mayor Otis Johnson, others, participate in a news conference on the Earned Income Tax Credit. Location: Room 4121, main Treasury.

CONTRACTING REFORM _ 2:45 p.m. Sens. Byron Dorgan, Sherrod Brown, others, hold a news conference to announce a bill to reform federal contracting rules. Location: Senate Radio-TV Gallery.

KYRGYZSTAN _ 5 p.m. The Central Asia-Caucasus Institute holds Program on Kyrgyzstan with Marat Abdyrazakovich Sultanov, Speakeer of Parliament. Location: Rome Auditorium, 1619 Massachusetts Ave. NW.

CERF-INTERNET _ 6 p.m. Google Vice President and Chief Internet Evangelist Vinton Cerf speaks at an Inter-American Development Bank forum on the Internet in the 21st Century. Location: 1330 New York Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, FEBRUARY 1, 2007 7:45 AM EST

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TERRORISM NEWS:

DOJ To Share NSA Surveillance Program Documents With Congress. The Los Angeles Times (2/1, Serrano) reports, "A two-week standoff over documents in the White House domestic spying program came to an end Wednesday when Atty. Gen. Alberto R. Gonzales agreed to turn over to Congress classified material about secret eavesdropping." The Times continues, "The Bush administration last month said it would put its surveillance of potential terrorist activities under supervision of a federal court but did not disclose details of the revised program. A key Senate panel, newly controlled by Democrats, demanded access to the records to gauge whether the administration was going too far or breaking any laws in tracking terrorism suspects. … The decision to share information with Congress was the latest concession by the Bush administration, which had argued that it had the right to conduct its 'war on terror' as it deemed necessary and that secrecy was vital to national security."

The AP (2/1, Jordan) reports, "Investigators' applications, legal briefs and orders issued by the Foreign Intelligence Surveillance Court are now open to the leaders of the Senate Judiciary Committee and the House and Senate intelligence committees, Gonzales said." The AP continues, "Two weeks ago, the Senate Judiciary Committee — led by Democratic Chairman Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — criticized the attorney general for refusing to answer specific questions about the secret court's new oversight of the controversial program. … 'We obviously would be concerned about the public disclosure that may jeopardize the national security of our country,' Gonzales told reporters Wednesday. 'But we're working with the Congress to provide the information that it needs.' … The documents would not be released publicly, the attorney general said. 'We're talking about highly classified documents about highly classified activities of the United States government.'"

The Washington Post (2/1, A2, Eggen) reports, "Under yesterday's accord…more than three dozen lawmakers will have access to the secret court orders governing the spying program that were issued Jan. 10 and the applications from the Justice Department that preceded them. The lawmakers include the House and Senate leaders, the members of the two intelligence panels and the heads of the two judiciary committees, officials said." The Post continues, "Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, said the documents would help determine 'what further oversight or legislative action is necessary. … Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while following the law and the principles of checks and balances,' Leahy said. … Gonzales -- in remarks to reporters during an unrelated event announcing the formation of a human-trafficking unit at Justice -- played down any conflict with lawmakers. He said: 'It's never been the case where we've said we would never provide access.'"

The New York Times (2/1, Mazzetti) reports, "Last week, Representative Silvestre Reyes, the Texas Democrat who is chairman of the House Intelligence Committee, joined other committee members in threatening to subpoena documents related to the program. … Those threats prompted negotiations over the weekend between staff members of the House and Senate intelligence committees and Steven G. Bradbury, who leads the Office of Legal Counsel in the Justice Department." The Times adds, "A central question is whether the court will approve requests case by case or issue broad orders giving the government wide leeway to choose targets."

The Washington Times (2/1, Seper) reports, "The surveillance program, begun in 2001 after the September 11 attacks, gave law-enforcement authorities the ability to monitor telephone calls and e-mails to and from the United States involving people suspected by the government of having terrorist links. … The Bush administration vigorously defended the legality of the program, saying it would be impossible to obtain warrants in time to intercept phone calls of those suspected of belonging to al Qaeda. … The Justice Department has said the program is 'essential' in the war on terrorism, adding that it 'ensures we have in place an early warning system to detect and prevent a terrorist attack.'"

McClatchy Newspapers (2/1, Gordon) reports, "The material was delivered to members of the House and Senate intelligence committees late in the day, congressional aides said. … The documents also will be made available to Democratic Sen. Patrick Leahy of Vermont, the chairman of the Senate Judiciary Committee, and Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, both of whom have asked to review the new arrangement." McClatchy adds, "Leahy, Specter and members of the intelligence committees have voiced concern that the eavesdropping on some Americans' overseas phone calls and e-mails may have violated their constitutional rights. Leahy and Specter praised President Bush for granting their requests to review details of the latest arrangement. … 'The president has made the right decision in changing his previous course of unilaterally reauthorizing the warrantless surveillance program, to now following the law by seeking court approval for these wiretaps,' Leahy said. … But he said he would 'have to look at the court's order to determine whether the administration has reached that proper balance to protect Americans while following the law.' … Specter called the

move 'a significant step forward' but said he would reserve judgment until he had reviewed the documents."

6th Circuit Panel Hears Arguments In NSA Surveillance Challenge. The New York Times (2/1, Liptak) reports from Cincinnati, "Three federal judges hearing the first appellate argument about the legality of a National Security Agency domestic surveillance program on Wednesday indicated that they were not that convinced the issue was moot now that the Bush administration had agreed to submit the program to a secret court." The Times continues, "In a series of sharply worded questions to an administration lawyer defending the program, the judges noted that the administration did not promise to continue working with the secret court in the future. … Deputy Solicitor General Gregory G. Garre acknowledged the possibility. … But the judges pressed Mr. Garre's adversary, Ann Beeson of the American Civil Liberties Union, just as hard on a different point -- whether her clients had suffered injuries direct and concrete enough to give them standing to sue. … Ms. Beeson said the plaintiffs, who include lawyers and journalists, have had to change the way they communicate with clients and sources in the Middle East because they feared that their discussions would not be confidential. … But Judge (Julia S.) Gibbons and Judge Alice M. Batchelder seemed skeptical about whether that sort of general and speculative fear was sufficient. … The government has refused to say whether it eavesdropped on the plaintiffs." The Times notes, "The A.C.L.U. brought suit last year after an article in The New York Times disclosed the existence of the program, which monitors the international communications of people in the United States without court approval. … In August, Judge Anna Diggs Taylor of the Federal District Court in Detroit ordered the program shut down. The decision has been stayed during the appeal to the Sixth Circuit."

The Los Angeles Times (2/1, Weinstein) reports, "Garre said that when Congress authorized the use of military force after the Sept. 11 attacks, it clearly contemplated that the president would have the authority to conduct counterintelligence surveillance of the type used in the program. Garre said it would be unprecedented for a U.S. court to say that a president did not have such power." The Times continues, "Beeson said that the administration's post-Sept. 11 surveillance program clearly violated FISA, which requires a warrant to be issued before surveillance is conducted. … She told the judges that if they accepted Garre's argument, it would, in effect, mean that the FISA law had been overridden without Congress saying that it wished to do so. 'To rule for the government' in this case would mean 'the president has unbridled power,' Beeson told the judges. … 'Congress did its part,' by passing the FISA statute, Beeson said. Now, after the government acted in 'direct violation' of FISA for more than four years, she said, 'it is this court's duty to serve as a check on the arbitrary exercise of government power to wiretap American citizens on American soil.'"

AFP (2/1) reports, "Government lawyers argued that the case is moot because the president has agreed to court supervision. … The judges, however, suggested a constitutional issue remains, since Bush has said he could resume the program without court oversight in the future. … 'You could opt out at any time, couldn't you?' asked Judge Ronald Lee Gilman. … 'That's absolutely true,' said Gregory Garre, a deputy solicitor general." AFP adds, "Critics said that's why the 6th Circuit must declare Bush's original program unconstitutional. … 'A failure to decide this case would leave it up to the president to decide whether or when to follow the law,' said Ann Beeson, an attorney for the American Civil Liberties Union, which sued last year to halt the program."

US Probing Equity Firm With Links To Islamic Investors. The Washington Post (2/1, D3, Cho) reports, "The counterterrorism division of the Justice Department is investigating whether a private equity firm in Boston that manages hundreds of millions of dollars for Muslim investors overseas violated tax laws." The Post continues, "The investigation of Overland Capital Group was disclosed in a filing with U.S. District Court in Boston and reported by the Wall Street Journal yesterday. … The filing claims that Overland and a subsidiary of Dar Al-Maal Al-Islami Trust (DMI), a financial group in Geneva, conducted acts 'that implicate potential violation of the Internal Revenue Code.' The filing does not mention terrorism, though it was submitted by a U.S. attorney who works in counterterrorism." The Post adds, "Subsidiaries of DMI, an umbrella organization for Islamic financial institutions, have been named as suspects in probes by U.S. counterterrorism agencies. DMI also is a defendant in a civil lawsuit brought by families of victims of the Sept. 11, 2001, attacks, who claim that it funded al-Qaeda. DMI has denied those claims and noted that none of its officials has been charged with terrorism-related crimes." The Post notes, "The filing came to light through litigation between Overland and a former employee, Laird A. Fairchild, who claimed that he was wrongfully dismissed. Fairchild cooperated with federal investigators after his termination, an act that Overland said violated his confidentiality agreements with the company. … Geoffrey Harper, Fairchild's attorney, said yesterday that U.S. attorneys went to 'elaborate lengths' to make sure that Fairchild would not reveal what he told government investigators. He said the Justice Department has concerns beyond the tax practices of Overland and DMI."

The Boston Globe (2/1, Pfeiffer, Bailey) reports, "The chief executive of a Boston private equity firm under federal investigation for its connection to groups that allegedly finance Islamic extremists denied yesterday that his company

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is linked to terrorism. … 'We do everything appropriately and by the book, and we adhere not just to the letter of the law but to the spirit of the law,' said James M. Godec of Overland Capital Group. 'I am extraordinarily cautious about this kind of stuff.'" The Globe continues, "The Justice Department lawyer named in the filing, Corey J. Smith, works in the terrorism financing unit of the department's criminal division; since the Sept. 11, 2001 terrorism attacks, prosecutors have increasingly used tax laws to bring terrorism cases against wealthy Middle Easterners suspected of funneling money to terrorist groups. The investigation was disclosed in yesterday's Wall Street Journal. A Justice Department spokesman declined to comment. … 'By policy, we never confirm or deny whether or not there's an investigation into an entity or a person,' said the spokesman, Dean Boyd."

Judge Puts Guantanamo Detainee Suits On Hold. The AP (2/1) reports, "Sixteen lawsuits by Guantanamo Bay detainees were put on hold Wednesday by a federal judge who said he may no longer have jurisdiction to hear their cases." The AP continues, "U.S. District Court Judge Reggie B. Walton in Washington said the Military Commissions Act, signed into law in October, has left him unable to consider whether the detainees can challenge being held at the Navy facility in Cuba." The AP adds, "An appeals court in Washington is considering whether civilian jurists can rule on those cases. Until that issue is resolved, Walton said, 'it is this court's view that it lacks the authority to take any action in these cases.' … Walton's six-page order denying the motions challenging detention of the 16 men left open the possibility of refiling the requests if the appeals court decides civilian courts can review detainee cases. … The Justice Department welcomed the ruling, said spokesman Erik Ablin. He called the military tribunals, which can be appealed, 'more process than the United States has ever provided to enemy combatants in our past conflicts.'"

Germany Issues Warrants For 13 CIA Operatives In Abduction Case. On its front page, the New York Times (2/1, A1, Landler, 1.16M) reports under the headline "German Court Challenges CIA Over Abduction," that a German court Wednesday issued an arrest warrant for 13 people in the mistaken kidnapping and jailing of a German citizen of Lebanese descent, "in the most serious legal challenge yet to the Central Intelligence Agency's secret transfers of terrorism suspects." Prosecutors in Munich said the suspects, whom they did not identify, were part of a CIA "abduction team" that seized the man, Khaled el-Masri, in Macedonia in late 2003 and flew him to Afghanistan. German prosecutor August Stern "said investigators would seek to establish the true identities of the 13 people, most of whom are believed to use aliases." The Justice Department has "declined to help the German prosecutors in their investigation," which the Times says "has made the Germans dependent on information from other sources, including journalists."

The Washington Post (2/1, A1, Whitlock, 690K) adds, "European law enforcement authorities acknowledged that it is highly unlikely that any CIA officers -- most of whom work undercover, using false identities -- would be apprehended or extradited from the United States." But the arrest warrants "mark yet another case in which CIA activities in Europe…have strained diplomatic ties and underscored deep differences between the United States and its transatlantic allies over how to fight terrorism." Similarly, the Los Angeles Times (2/1, Fleishman, 850K) says the case, "at times, has agitated the improving relationship between Berlin and Washington."

The Washington Times/AP (2/1, A1, Rising) also reports on the case.

UK Police Arrest Nine In Alleged Terror Murder Plot. NBC Nightly News (1/31, story 4, 1:40, Williams, 9.87M) reported, "Nine men are in British custody tonight after police disrupted a terrorist plot there they say in a series of pre-dawn raids. The suspects were arrested in Birmingham in a plot that is the first of its kind in Britain which is raising questions about terror tactics and strategy." NBC (Miller) added, "The plan? Kidnap a British soldier and post his beheading on the Internet. … Scotland Yard said the six-month investigation is ongoing. … The alleged target of the kidnapping was a Muslim British soldier in his 20's, on leave from duty in Afghanistan." ABC World News (1/31, story 2, 2:40, Gibson, 8.78M) reported that the plot "could have come straight from the streets of Baghdad, rather than the streets of Birmingham." ABC (Sciutto) added, "Birmingham, Britain's second-largest city and home to a large Muslim minority, has been scenes of terror raids before. Many were skeptical of today's allegations. When I asked these young Muslims if they doubted the plot, every one said yes. … But the head of a nearby mosque told us, there's a wide generation gap among Muslims here. Older residents more supportive of the police and today's raids."

The CBS Evening News (1/31, lead story, 2:15, Couric, 7.66M) noted, "Reports in Britain say it was all an attempt to blackmail Prime Minister Tony Blair to pull British troops out of Iraq." CBS (Phillips) added that the plotters were "apparently inspired by the capture and execution of Westerners in Iraq, widely publicized on the Internet. … Police have made high profile arrests of Muslims suspected of ambitious terror plots before, only to have the let the suspects go when the intelligence proved wrong. If they can't make this one stick, they risk further alienating an already suspicious community." USA Today (2/1, 8A, Stinson,

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2.27M) reports, "Magnus Ranstorp, a terrorism analyst at the Swedish National Defense College, said a plot like that described by British news outlets would signal that terrorists are trying new methods to spread fear in Europe. … Terrorists, familiar with tactics used by insurgents in Iraq, can be expected to export whatever method they can to induce shock and spread fear, Ranstorp said. 'The critical issue is: Are we ahead of the terrorists' innovations?'"

The Financial Times (2/1, Guthrie, Burns) reports, "On Wednesday night a senior government official said he was taking seriously a plot he believed underlined the extent to which radicalised British-born Muslims were committed to a terrorist war against the west. The official said the alleged plot suggested a direct challenge to the British army's policy of encouraging the recruitment of Muslims as a way of integrating them into society and countering the negative publicity regarding the army's involvement in Iraq and Afghanistan." The AP (2/1, Harris) called it "a major kidnapping plot" and also notes that it "raised fears that a new type of terrorism has reached Britain, one which uses individual victims to send a message through kidnappings and publicized beheadings." The Christian Science Monitor (2/1, Rice-Oxley, 59K) also reports that "experts said this plot's new tactic, if confirmed, would amount to a significant departure in strategy," and the "experts said that it was important to establish whether the kidnapping plot, if confirmed, was a one-off action or a new tactic."

The Washington Post (2/1, Jordan, Sullivan, 690K) reports, "David Shaw, a top police official, said the arrests were the 'culmination of many months of activities' and 'a very, very major investigation' that is 'by no means finished.'" However, "Many Muslims who gathered at police lines said they viewed the raids as unfairly targeting their community and probably based on false intelligence. 'We feel like we are under siege,' said Allah Ditta," a Birmingham businessman. "Ditta said that he had already felt a backlash from the police operation when several men drove past him in a van and swore at him simply because he was dressed as a Muslim." The New York Times (2/1, Cowell, 1.16M) similarly reports on the arrests.

Plot Fuels British Debate About Home-Grown Terrorism. The CBS Evening News (1/31, story 2, 2:00, Couric, 7.66M) reported that this "kind of home-grown terror…has led to soul searching in Britain. Why would people there want to attack their own country?" CBS (Palmer) added that "Britain's Secret Service says it has at least 30 active terrorist plots and 1,600 suspects under surveillance. Many British Muslims believe that's an overreaction. … But even though whose think anti-terrorism operations unfairly target Muslims have to admit there's a persistent problem. … Unless Britain can find a way somehow of winning the allegiance of these angry young men, the country faces what one American security expert called an era of 'YouTube terrorism.'"

HOMELAND RESPONSE:

Bush Sets Aside $25 Million For Ground Zero First Responders Health Care. ABC World News (1/31, story 7, 2:15, Gibson, 8.78M) reported, "A breakthrough was announced today, in the long struggle to convince President Bush to help the so-called forgotten victims of 9/11. … For the first time, Mr. Bush has set aside money in his budget to help" the first responders who worked at Ground Zero during recovery operations. "$25 million for health care." ABC (Muir) added, "They've been fighting for health care for five years now." Rep. Carolyn Malone was shown saying, "It has taken five, long years and many visible deaths for them to move forward and make this commitment."

The AP (1/31) reported that Ceasar Borja Jr., whose father, Cesar Borja was a police officer who worked at Ground Zero after 9/11 and "died at 52 while awaiting a lung transplant," met "with President Bush on Wednesday to urge expanded health services for those who are still sick." Borja "said he told the president that the funding should be expanded not just for 'the heroes and heroines" who risked their lives to save victims under the twin towers, but also for men, women and children exposed to toxins because they lived or worked in the area."

Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed Bush yesterday. Asked about his planned meeting with Borja, he said, "I'm going to thank Cesar and his family for raising an important issue. And, at the same time, I will tell Cesar his dad's a hero. And I truly believe those who rushed into harm's way were heroes. And they ought to be honored. And I also believe that they ought not to go without health care. If they were on that pile, and if they were first-responders, they need to get help. And one of the things that our -- Cesar will be briefed on is, you know, in the line-item in our budget, we have got Federal money to help make sure that people don't go without health care that -- that were on the pile."

Travel Industry Group Proposes Trusted Traveler Program. USA Today (2/1, 4B, De Lollis, 2.27M) reports the Discover America Partnership "asked Congress on Wednesday to launch a special trusted traveler program for international visitors," saying that "it would help stem the USA's diminishing appeal to travelers from abroad," which "cost about $43 billion in visitor spending in 2005 alone." Speaking at a hearing of the Senate trade and tourism subcommittee, the group "asked the government to spend $300 million to finance its proposals, which include

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stepped-up tourism marketing and faster customs processing."

The Washington Times (2/1, Haberkorn, 88K) continues, "Other DAP proposals included evaluating U.S. Customs officers on their friendliness, greeting foreign travelers by saying 'Welcome to America' and offering foreign visitors customer-service evaluations to fill out when they leave the United States -- proposals aimed at improving America's image abroad." Committee chairman Sen. Byron L. Dorgan said at the hearing "that he would like to 'find some sort of way' to introduce a bill based on the proposal. Committee Co-chairmen Sen. Daniel K. Inouye, Hawaii Democrat, and Sen. Ted Stevens, Alaska Republican, also said they supported drafting a bill to boost international tourism."

"Suspicious Devices" Shut Down Parts Of Boston. A bomb scare in Boston Wednesday, prompted by a number of "suspicious devices" that turned out to be lighted signs for a cartoon show's ad campaign, drew heavy media attention yesterday and in this morning's major dailies. ABC World News (1/31, lead story, 2:00, Gibson, 8.78M) call it "a measure of just how jittery, how on-edge this country still is," adding that it was "a good object lesson that when suspicious packages are found, people do react." ABC (Harris) added, "It started this morning when a passenger on a city bus saw a suspicious device attached to a support beam for a highway ramp. The police shut down the roads and the subways in the immediate area and sent in the bomb squad." The discovery of eight more devices around the city "paralyzed traffic." Harris: "But after a day of chaos and concern, the authorities learned that the devices posed no threat to public safety. They were lighted signs with cartoon characters on them."

NBC Nightly News (1/31, story 5, 1:10, Williams, 9.87M) reported, "Cable news viewers in this country were treated to hours of live coverage this afternoon as suspicious packages were discovered all over Boston. Roads were closed, the Charles River was closed and questions were asked about terrorism." However, the devices "turned out to be this thing," added NBC (P. Williams) as a picture of one of the signs was shown on screen: "Outdoor lighted signs to promote a movie coming out in May based on a series on the Cartoon Network called Aqua Teen Hunger Force."

An AP (1/31, Maguire) article appearing on hundreds of news websites reported, "Peter Berdovsky, 27, of Arlington, and Sean Stevens, 28, of Charlestown, were each arrested Wednesday night on one felony charge of placing a hoax device and one charge of disorderly conduct, state Attorney General Martha Coakley said. In a news release announcing Stevens' arrest, she said the men worked together to place the devices. At an earlier news conference she said Berdovsky had been hired to place the devices."

The Washington Post (2/1, A3, Powell, 690K) reports, "A train passenger spied the first magnetic object, which looked like circuit boards with protruding wires, attached to a girder under Interstate 93 in the Charlestown neighborhood of Boston. A police bomb squad responded and blew up the device, leading to the shutdown of a railway station and the highway. For a while, the Coast Guard blocked off a section of the Charles River. 'I am deeply dismayed to learn that many of the devices are a part of a marketing campaign by Turner Broadcasting,' Massachusetts Gov. Deval L. Patrick said in a statement, vowing to consult with Coakley." The CBS Evening News (1/31, story 3, :35, Couric, 7.66M) reported Cartoon Network's "parent company, Turner Broadcasting, apologized for the mix up and it turns out these same electronic advertising devices have been placed in nine other cities around the country without incident."

USA Today (2/1, 3A, Hall, 2.27M) quotes Patrick as saying, "It's a hoax — and it's not funny." USA Today adds, "Most Boston-area residents weren't fazed." DHS spokesman Russ Knocke "said officials closely monitored the day's investigation. 'Whether it was intentional or not, the reality is these types of incidents put an enormous burden on law enforcement and counter-terrorism resources, and there's absolutely no room for that in a post-9/11 world,' Knocke said."

The Wall Street Journal (2/1, B2, Levitz, 2.04M) reports the scare brought much of the city "to a jittery halt yesterday. … Major arteries were closed. Commuters were booted off subways, river traffic was halted, and bomb squads combed the streets." The Journal also notes, "Turner hired a third-party marketing firm, Interference, to place the devices. The New York firm says on its Web site that it specializes in alternative and 'guerilla' marketing. Representatives of the company couldn't be reached for comment." Mayor Thomas M. Menino "said in a statement that it is 'outrageous, in a post 9/11 world, that a company would use this type of marketing scheme.'"

WPost Sees Better Options For Nuclear Plant Safety Than Building "Beamhenges." In an editorial the Washington Post (2/1, A14, 690K) suggest that Americans' "understandable preoccupation with securing sensitive sites" gave appeal to "the petition an advocacy group filed with the" NRC that asks them "to require plant operators to build protective 'beamhenges'" around "their power stations." The NRC commissioners' rejection of the request, is "a controversial decision. After all, without physical barriers to thwart airborne attacks, couldn't a hijacked plane smashing into a nuclear plant produce a widespread catastrophe? That's not likely, says commission

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member Jeffrey S. Merrifield." The Post summarizes the findings of an NRC study that concluded the chances of such an attack causing a radiological disaster are extremely low "because of the strength of the containment domes" and adds that while its "difficult to fully trust the NRC's calculations as long as the study it touts remains classified," regulators "and others concerned about plant safety should focus on measures" such as "ensuring that nuclear power stations are well defended from land attack and that storage units for spent nuclear fuel are robust."

WAR NEWS:

Warner, Levin Join Forces On Anti-Surge Resolution. The AP (2/1, Flaherty) reports, "Two senators, a Republican and a Democrat, leading separate efforts to put Congress on record against President Bush's troop buildup in Iraq joined forces Wednesday, agreeing on a nonbinding resolution that would oppose the plan and potentially embarrass the White House." Republican Sen. John Warner and Democrat Carl Levin "had been sponsoring competing measures opposing Bush's strategy of sending 21,500 more US troops to the war zone, with Warner's less harshly worded version attracting more Republican interest. The new resolution would vow to protect funding for troops while keeping Warner's original language expressing the Senate's opposition to the buildup." Levin "replaced Warner as chairman of the Armed Services Committee when the Democrats took control of the Senate in January. Their resolution could well gain more support from members of both parties than their separate versions had been attracting. It lacks Levin's language saying the troop increase is against the national interest, and it drops an earlier provision by Warner suggesting Senate support for some additional troops." Senate Majority Leader Harry Reid "said he wants to begin debate Monday on the new measure, bypassing committee review." The resolution "is likely to pose a threat to the White House because of its potential appeal to Republicans who have grown tired of the nearly four-year war and want a chance to express their concerns. The White House has been hoping to avoid an overwhelming congressional vote criticizing Bush's handling of the war."

The Los Angeles Times (2/1, A1, Levey, 850K), in a story titled "Senate Closer To Rebuke For Troop Increase," reports Reid "said there was 'near unanimity' among Democrats" on backing the new measure, and "acknowledged that an alternative resolution sponsored by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.)…could not garner the GOP support to reach the 60 votes needed to overcome a promised Republican filibuster."

The Washington Post (2/1, A1, Murray, Weisman, 690K) reports, "The resolution does not include the Democratic language saying the Bush plan is against the national interest, but it also drops an earlier provision by Warner suggesting Senate support for some additional troops." White House spokeswoman Dana Perino responded to the announcement of the Senate deal saying, "The president wants to win in Iraq -- he's proposed a comprehensive plan to do so, and he's asked Congress to give the plan a chance to work. … These resolutions send mixed signals to our troops and our enemy.'" House Democratic leaders have also ordered "committees to draft a resolution next week patterned on Warner's language. But House Speaker Nancy Pelosi (D-Calif.) went further, publicly hinting she will push binding legislation that would begin bringing US troops home from Iraq."

The New York Times (2/1, Hulse, 1.16M) says Warner, "a lawmaker often admired for his demeanor and experience, has long wielded influence on military policy given his own years at the Pentagon and his tenure as the Republican chairman of the Armed Services Committee." But on this issue, Warner has "attracted unusually tough criticism from fellow Republicans who have suggested that he -- a World War II veteran and former Navy secretary -- is undercutting Mr. Bush, the new military command being installed in Iraq and the troops themselves." The Times adds, "It is a time of transition for Mr. Warner in the Senate. Not only are Republicans now in the minority, but he also lost the top Republican slot on the Armed Services Committee to John McCain of Arizona because of term limits and was not successful in efforts to win the top party seat on another panel. In addition, his fellow Republican, George Allen, lost his reelection bid in Virginia to a Democrat, Senator Jim Webb." Therefore, "while Mr. Warner fights to stay relevant in the Iraq debate, he has fewer tools at his disposal even as he considers whether to run for re-election next year."

The Politico (2/1, Bresnahan) says "House and Senate Republicans with reservations about…Bush's plan to boost U.S. troop strength in Iraq by 21,500 are complaining of harsh criticism from their GOP colleagues. This intra-party squabbling, in some cases, has seen Republicans accusing fellow Republicans of undercutting the American effort in Iraq, a charge previously reserved for Democrats." These lawmakers, "several of whom spoke on the condition of anonymity for fear of retribution from party leaders or the White House, are stunned by the hostility expressed by fellow Republicans. They are particularly concerned that anyone who raises questions or challenges the Bush plan will be branded a defeatist who wants to see America lose the war. … One GOP lawmaker, who declined to be named, said it is 'starting to get really ugly' among Republicans when they try to talk about Iraq and the wisdom of the new Bush policy."

On MSNBC's Hardball (1/31, Matthews), host Chris Matthews interviewed Sen. Gordon Smith, who said, "My own sense is that you will have at least a majority for the Warner

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resolution. I'm for it. I'm a co-sponsor of it. It's, I think, respectful. It clearly opposes the surge but it does it in a way that also lays out the things we would like to see the President and the Administration, our military doing in Iraq, in a way that doesn't needlessly put our troops in harm's way, and protects America's larger interests in the war on terror."

McCain Disavows Statement Criticizing Bush. The AP (2/1) reports McCain "backed away Wednesday from a statement issued on his behalf criticizing the Bush administration for not putting more pressure on the Iraqi government to secure its country." A statement "attributed" to McCain and Levin "and quoted Tuesday by The Associated Press said, 'America supplying more troops while Iraqi leaders simply supply more promises is not a recipe for success in Iraq.' The statement was issued by the office of Levin, chairman of the Armed Services Committee." McCain spokeswoman Eileen McMenamin and Levin spokeswoman Tara Andringa "said Wednesday that the statement had been erroneously signed off on by a staffer who works for McCain on the Armed Services Committee." The AP adds, "It is unusual for a senator to pull back a statement issued on his behalf. McMenamin said McCain had not seen the statement and did not endorse it."

DeMint Derides "Resolution Of Defeat And Disgrace." The Washington Times (2/1, Hurt, 88K) reports, "Senate Republicans yesterday said those in Congress who have turned against the war in Iraq are forsaking the troops on the ground and are ensuring defeat with a resolution condemning…Bush's plan to send in reinforcements. 'This resolution is a resolution of defeat and disgrace,' said Sen. Jim DeMint, a South Carolina Republican who, as a member of the House, voted in 2002 for the war." GOP Sen. John Cornyn said yesterday, "If we don't support the mission, we shouldn't be passing nonbinding resolutions. We should be doing everything in our power to stop it."

Bush Not Surprised By Congressional Dissent. Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed President Bush yesterday. Asked if he felt his partisans in Congress had abandoned him in a time of difficulty, Bush said, "I don't feel abandoned. And that's -- I mean, what do you expect? When times are good, you know, there's millions of authors of the plan. When times are bad, there's one author. And that would be me."

Asked about Senate Minority Leader Mitch McConnell's statement that the Iraqis have only six to nine months to succeed in righting their country, Bush said, "Well, I think it's a mistake to put timetables on difficult missions, because an enemy can adjust. On the other hand, I certainly understand the urgency and -- in Mitch's voice. I also understand the skepticism on Capitol Hill. … What ultimately is going to matter is whether or not the plan works on the ground. … Prime Minister Maliki has made some pledges to me personally. He's beginning to fulfill some of those pledges." Asked if he trusted Malaki, Bush said, "What matters is whether or not he performs. And trust is earned by doing what you say you're going to do."

House Democratic Measure Would Pay Reparations To Iraqis. The Hill (2/1, Kaplan), meanwhile, reports Democratic Rep. Barbara Lee of California, "co-chairwoman of the Progressive Caucus, is vowing to use the appropriations process to force lawmakers to vote on separate parts of a resolution calling for the immediate withdrawal of US soldiers from Iraq. The resolution would pay Iraqis reparations of up to $10,000 for damages caused by the war if they made claims; ban American firms from pumping oil in Iraq; cut off funds to build long-term bases in Iraq; pay for the destruction of landmines; and create a House-Senate select committee to study the origins of the war in Iraq." Lee and Rep. Lynn Woolsey, "the other co-chair of the House Democratic Progressive Caucus, introduced H.R. 508, and they have signed up 28 co-sponsors. Woolsey says she plans to meet next week with House Armed Services Committee Chairman Ike Skelton (D-Mo.) to ensure the resolution is considered in committee."

Kissinger, Albright Call For Diplomatic Push To Accompany Surge. The AP (2/1, Schweid) reports, "Former Secretaries of State Henry Kissinger and Madeleine Albright urged President Bush on Wednesday to go beyond a planned buildup of U.S. forces in Iraq to develop a comprehensive strategy for the area." They "called for wide-ranging talks with Iraq's neighbors, including Iran and Syria, and increased autonomy for clashing Iraqi groups. The administration has brushed aside the proposal to engage Syria and Iran." Kissinger "said the planned buildup of 21,500 U.S. troops appears to be 'the best way to get the maneuvering room to the changes in deployment and strategy that will be required by the evolving situation.'" Albright "said she might have backed Bush's buildup in Iraq if it 'had been tied to a clear and achievable mission, and if we were guaranteed our troops would have the best training and equipment.'" She added, "I think we need a surge in diplomacy."

Dana Milbank, in the Washington Post (2/1, A2, 690K), writes that "like James Baker, who went before the committee Tuesday, Kissinger was inclined to defend Bush's Iraq policy. But Bush had left the two men, both former Republican secretaries of state, with little ammunition." The Administration "rejected the core recommendation from Kissinger and from Baker's Iraq Study Group: a massive diplomatic offensive involving Syria and Iran. And yet, neither man was prepared to turn against the White House." Baker, testifying on Tuesday, "acted as if Bush had, in fact, supported his ideas." And Kissinger, "the master of nuanced phrases such as 'not incompatible,' provided few such broad pronouncements yesterday. Indeed, he pronounced very little in his low, German-accented rumble."

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Bush Presidency Said To Have "Jumped The Shark." In a Los Angeles Times op-ed (2/1), author Andy Borowitz says, "Bush's decision to send additional troops to Iraq has puzzled many pundits. Is the president stubborn, isolated, out of touch with reality? While all three may be true, there is another explanation. George W. Bush has been on television for the last six years, and like many TV shows entering a seventh season, Bush has jumped the shark. Wikipedia defines 'jumping the shark' as 'the tipping point at which a TV series is deemed to have passed its peak, or has introduced plot twists that are illogical in terms of everything that has preceded them.'"

Bush Says US Taking Iran Threat "Very Seriously." In an interview with Fox Your World With Neil Cavuto (1/31, Cavuto), President Bush was asked Wednesday about reports that Iran is three years away from a nuclear weapon, Bush said, "We take their threats very seriously. And we have got, you know, several serious issues with the Iranian government -- not with the Iranian people, but with their government. One, of course, is their interference in Iraq. And I have made it very clear that we will protect our troops and protect innocent Iraqi people. Secondly, I believe the best way to convince the Iranians to give up their nuclear-weapons ambitions is for the world to work in concert in sending Iran a serious message. … We're spending a lot of time keeping that diplomatic initiative strong, and clearly stating to the Iranians: You don't need a nuclear weapon."

Burns Says US Has Right To Detain Iranian Officials. NPR (2/1) broadcast, "The Bush Administration says the US has been tracking Iranian involvement in the Iraqi insurgency for a couple of years. Deputy Secretary of State Nicholas Burns says Iran must halt such action and that the US is taking steps to make its position clear." NPR played audio of Burns saying, "We warned Iraq – Iran, excuse me – privately on a number of occasions over the last year and a half. And the Iranians did not, of course, appear to listen to that, so now we've begun to detain those Iranian officials. And we think it's absolutely within our rights to do so under Article 51 of the UN Charter, which is self-defense." NPR added, "Burns' remarks were taken from an interview airing today on NPR's 'Morning Edition.'"

Analysts Warn US Rhetoric Could Trigger War With Iran. The AP (2/1, Krane) reports, "Citing Iranian involvement with Iraqi militias and Tehran's nuclear ambitions, the Bush administration has shifted to offense in its confrontation with Iran -- building up the US military in the Persian Gulf and promising more aggressive moves against Iranian operatives in Iraq and Lebanon." However, the "behind-the-scenes struggle between the two nations could explode into open warfare over a single misstep, analysts and US military officials warn." Iraq, the say, "has become a proxy battleground between Washington and Tehran, which is challenging -- at least rhetorically -- America's dominance of the Gulf." In Washington, "The war of words has raised fears among both Democrats and Republicans in Congress that the United States and Iran are drifting toward armed conflict at a time when America is struggling against determined foes in Iraq and Afghanistan."

US Delays Plans To Release Details Of Charges Against Iran. The Los Angeles Times (2/1, Richter, 850K) reports the Bush administration has "postponed plans to offer public details of its charges of Iranian meddling inside Iraq amid internal divisions over the strength of the evidence," US officials said. US officials "promised" last week to provide evidence of Iranian activities in Iraq, "but some officials in Washington are concerned that some of the material may be inconclusive and that other data cannot be released without jeopardizing intelligence sources and methods." They also "want to avoid repeating the embarrassment that followed the March 2003 invasion of Iraq, when it became clear that information the administration cited to justify the war was incorrect," the officials said.

Similarly, the New York Times (2/1, 1.16M) writes in an editorial today, "Given America's bitter experience in Iraq, one would think that President Bush could finally figure out that threats and brute force aren't a substitute for a reasoned strategy. But Mr. Bush is at it again, this time trying to bully Iran into stopping its meddling inside Iraq." While expressing "no doubt about Iran's malign intent," the Times warns that "more threats and posturing are unlikely to get Iran to back down. If Mr. Bush isn't careful, he could end up talking himself into another disastrous war, and if Congress is not clear in opposing him this time, he could drag the country along."

"Failure" Of US Intelligence On Iraq Sparks Scrutiny On Iran. NBC Nightly News (1/31, story 8, 2:30, Williams, 9.87M) reported, "While there is no question of Iranian involvement inside Iraq, the failure of intelligence in the run up to the Iraq war has produced intense scrutiny of the tough talk currently coming from the Administration on the topic of Iran." NBC (Mitchell) added, "As the civil war in Iraq grows deadlier by the day, the Bush Administration is increasingly blaming Iran." But a senior US intelligence official told NBC News, the US "can't prove…at this point" that Iran was involved in an attack on US troops in Karbala. Responding to US claims that Iran is providing Iraqi insurgents with weapons, another senior US official told NBC even "if the weapons are made in Iran, doesn't mean Iran provided them directly."

Maliki Urges US, Iran To Resolve Problems. In an interview aired Wednesday on CNN's Situation Room (1/31, 4:00PM), Iraqi Prime Minister Nouri al-Maliki said, ""We have told the Iranians and the Americans, 'We know that you have a problem with each other but we're asking you, please, solve

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your problems outside of Iraq.'" Al-Maliki warned, "We do not want the American forces to take Iraq as a base to attack Iran...we will not accept Iran using Iraq to attack American forces. But does this exist? It exists and I assure you it exists."

Chirac Retracts Statements On Iran. The New York Times (2/1, A1, Sciolino, Bennhold, 1.16M) reports on its front page that French President Jacques Chirac "said this week that if Iran had one or two nuclear weapons, it would not pose a big danger, and that if Iran were to launch a nuclear weapon against a country like Israel, it would lead to the immediate destruction of Tehran." The remarks, made in an interview Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a French weekly magazine, were "vastly different from stated French policy and what Mr. Chirac has often said." On Tuesday, Chirac then "summoned the same journalists back to Élysée Palace to retract many of his remarks." The president "said repeatedly during the second interview that he had spoken casually and quickly the day before because he believed he had been talking about Iran off the record." On Monday, Chirac began by describing as "very dangerous" Iran's refusal to stop producing enriched uranium, but stressed that "what is dangerous about this situation is not the fact of having a nuclear bomb," but rather nuclear "proliferation." The Times notes that it was "unclear whether Mr. Chirac's initial remarks reflected what he truly believes. If so, it suggests a growing divide with American policy." In noting the sanctions against Iran that were imposed last month by the UN Security Council, Chirac "warned Tuesday that escalation of the conflict by both sides was unwise."

US Cautions European Energy Firms To Avoid Deals With Iran. The Washington Post (2/1, A12, Mufson, 690K) reports the Bush administration is "warning European oil and gas companies against investing in Iran, trying to head off a push by Tehran to attract new investment by international petroleum giants." In the past two weeks, the Administration "has met with European oil company executives about the Middle East, and during one session a senior State Department official cautioned that the situation with Iran was 'hot and is going to get hotter,' one executive said." Another European executive said, "The administration is putting the full-court press on foreign companies and is going all out to impress upon them that it would be a mistake to do anything with" Iran. Despite the Administration's pressure, however, "many of the world's biggest oil companies were expected to attend a meeting in Vienna today and tomorrow held by National Iranian Oil Co. to drum up interest in 12 onshore and five offshore blocks."

EU Resisting US Calls For Increased Financial Pressure On Tehran. AFP (2/1, Lanteaume) reports US demands to toughen financial sanctions against Tehran "are opening fault lines in the US-European stand to punish Tehran for defying calls to rein its suspect nuclear program." Although European countries have agreed to impose sanctions under a UN resolution, they are "resisting US calls to go even further and force global financial institutions to sever all ties" with Iran. Meanwhile, Under Secretary of Treasury in charge of fighting terrorist funding, Stuart Levey, "has made several whirlwind trips to Europe over the past months to try to persuade European multinationals and banks to stop investing in Iran. But so far he has run into a brick wall, with European countries maintaining they are not ready to cut off banking links with Iranian companies, arguing that such a move goes beyond the spirit of the UN resolution."

Sanctions Prompt Talk Of Shake-Up Of Iranian Officials. The Washington Times (2/1, A1, Athanasiadis, 88K) reports on its front page that the unanimous passage of U.N. Security Council sanctions against Iran in December "has shaken the nation's public and ruling elite, prompting talk of a shake-up of top officials and fears of a US attack." Prior to the sanctions' approval, President Mahmoud Ahmadinejad "had been weakened by his inability to fulfill campaign promises to stem rising inflation and by doubts over the wisdom of his statements questioning the Holocaust and threatening Israel." Now, "suggestions are being raised that Iran's supreme leader, Ayatollah Ali Khamenei, is to change several key officials, including Ali Larijani, the head of the National Security Council; Foreign Minister Manouchehr Mottaki; and Ambassador to the United Nations Javad Zarif." Western officials have also noted "rising domestic criticism" of Ahmadinejad since the Council approved the sanctions.

Twenty-Four Iraqis Killed Yesterday. The Los Angeles Times (2/1, Zavis, 850K) reports, "At least 24 Iraqis were killed and dozens injured today in bomb blasts, gunfire and other violence. The heaviest toll was inflicted in Baghdad, where US and Iraqi forces are promising to clear out Sunni Arab insurgents and sectarian militias in a neighborhood-by-neighborhood sweep." The US military "announced the deaths of two soldiers and one Marine in combat in Al Anbar province on Tuesday."

Iraq Halts Flight To Syria, Iran Border Crossings. USA Today (2/1, 8A, 2.27M) reports, "Iraq indefinitely halted all flights to and from Syria and closed a border crossing with Iran as the government prepares for a security crackdown aimed at crushing violence in the capital and surrounding regions, a member of the parliament and an airport official said Wednesday." The "airport official told the Associated Press that flights to and from Syria will be canceled for at least two weeks and that service had been interrupted Tuesday. The official spoke on condition of anonymity because he was not authorized to reveal the information." Hassan al-Sunneid, a member of the parliament's Defense and Security Committee, "said the

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move 'was in preparation for the security plan. The state will decide when the flights will resume.'" The Washington Post (2/1, A10, 690K) also reports the story.

Top US Commander Says Shiite Militias Leaving Baghdad Positions. The Washington Post (2/1, A10, Ricks, 690K) reports, "Shiite militia leaders already appear to be leaving their strongholds in Baghdad in anticipation of the US and Iraqi plan to increase the troop presence in the Iraqi capital, according to the top US commander in the country." Army Gen. George W. Casey Jr. "said in a written statement submitted to the Senate Armed Services Committee as part of his confirmation hearing today" to be Army chief of staff, "We have seen numerous indications Shia militia leaders will leave, or already have left, Sadr City to avoid capture by Iraqi and coalition security forces."

The Washington Post (2/1, A10, 690K) also reports on "instructions delivered by emissaries of anti-American Shiite cleric Moqtada al-Sadr at a recent meeting in Baghdad," which "were clear to militiaman Massan Abdul Hussein. 'They informed us to hide the weapons,' Abdul Hussein recalled of the Jan. 21 meeting in the Shula neighborhood. 'They said: "We will not allow anyone to carry any arms, even if it's a pistol under their shirt. This is not acceptable."'"

Kirkuk Could Become Another Front In Sectarian Conflict. The Los Angeles Times (2/1, Roug, 850K) reports, "American officials, regional leaders and local residents are increasingly worried that this oil-rich city in northern Iraq could develop into a third front in the country's civil war just as increased numbers of U.S. troops arrive in Baghdad and Al Anbar province as reinforcement for battles there. Al-Qaida-linked fighters have recently surfaced here, launching a wave of lethal attacks, US and Iraqi officials say." The attacks "come amid a rise in communal tensions in the months before a referendum on the status of the city and the surrounding province." Meanwhile, "Kurdish bureaucrats are pushing through little-noticed administrative decisions that will take away the voting rights of tens of thousands of Arabs." In another story, the Los Angeles Times (2/1, Hennessy-Fiske, 850K) says "resource-rich Kirkuk and its surrounding province are prized by Iraq's various ethnic groups and could soon become another full-blown battleground in the widening civil war. The rolling hills produce 40% of the country's oil and 70% of its natural gas." This year, Kirkuk "residents face landmark votes that military experts say could spark sectarian violence: on how to draw provincial borders, and whether to conduct a census and join the semiautonomous Kurdish regional government."

Sunni, Shiite Lawmakers To Form New Blocks With Eye On Ending Sectarian Split. The Los Angeles Times (2/1, Zavis, 850K) reports, "Sunni Arab and Shiite Muslim lawmakers announced plans Wednesday to form two new blocs in Iraq's parliament they hope will break away from the ethnic and religious mold of current alliances and ease sectarian strife." But "while both blocs said they hope eventually to draw in members of all ethnic and religious groups, one initially will be made up entirely of Shiite politicians and the other of Sunnis." The Times adds, "Moderate politicians across the sectarian divide have voiced mounting frustration at parliament's seeming impotence." A group of "mostly independent legislators in the United Iraqi Alliance, the dominant Shiite faction, said that within days they will launch a new 'Solidarity bloc' intended to be a voice of moderation within parliament's largest political formation. … Organizers claimed the support of at least 10 of the UIA's 128 legislators, but said others had expressed interest in joining them." On the Sunni side, "a number of independent lawmakers said they had already broken away from the Iraqi Accordance Front, the largest Sunni bloc in parliament with 44 members. The new 'Gathering of Independent Iraqis' is lead by Abid Mutlaq Jabouri, a former major general in Saddam Hussein's army, said Abdullah Eskandar, another founding member."

Oversight Agency Finds Waste, Failure In Iraq Reconstruction Projects. The New York Times (2/1, Glanz, 1.16M) reports that "a federal oversight agency reported Wednesday that despite nearly $108 billion that had been budgeted for the reconstruction of Iraq since the 2003 invasion, the country's electrical output and oil production were still below prewar levels and stocks of gasoline and kerosene had plummeted to their lowest levels in at least two years. The United States alone has accounted for nearly $38 billion of the rebuilding money, according to the agency, the Special Inspector General for Iraq Reconstruction." Many suspect US contractors of wasting money when "the latest reports…appear to show that it is not for lack of money that the performance of Iraq's basic infrastructure has fallen to disastrous levels in some cases; if anything, the rebuilding program seems to have been given more money than it has been able to use to any effect." The actions of American companies like DynCorp and individuals such as former Pentagon contractor Robert J. Stein Jr. have led to investigations into fraud and waste as Iraq's electricity production has dipped below pre-war levels with crude oil production slipping as well.

The ABC World News (1/31, story 6, 2:45, Gibson, 8.78M) reported, in "a scathing, new report from the government's inspector general detailing massive waste in the American-funded reconstruction of Iraq. $21 billion has

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been spent" and "$3 billion of that has been wasted" according to the report. With "virtually all of the $21 billion the US spent on reconstruction went to contractors, equipment and supplies from outside the country" which one Pentagon official, Bob Love "says…was a wasted opportunity." Bob Love, Pentagon Business task Force: "There's so many Iraqis that are desperately in need of jobs or the ability to come back to work. And to see -- to see all of this coming from other countries is really -- is really not only frustrating. It's heart-wrenching."

The CBS Evening News (1/31, story 4, 2:40, Couric, 7.66M) reported that this report, covered "more than 13,000 different projects, everything from schools to oil pipelines," and according to Deborah Avant of George Washington University "it's hard to say there's been an improvement." Still, current "military commanders are already complaining the deployment of civilian reconstruction teams" are "running months behind the surge of combat troops" because "without reconstruction, there's no point in sending the troops."

The NBC Nightly News (1/31, story 3, 2:30, Williams, 9.87M) reported, "one big American contractor, Parsons, has been singled out for shoddy work. … One of the worst failures of the Iraq reconstruction program, a flagship training academy for Iraqi police" that "turned it into a disaster from the start." "Stuart Bowen, inspector general for Iraq reconstruction, says the Iraqis recently refused to take over the complex, calling the work disgusting," finding deficiciencies in almost all of Parsons' construction projects.

Al Qaeda Has Adapted, Organized Globally Over Past Year. The Christian Science Monitor (2/1, Huang, 59K) examines different countries where "some of last year's most significant gains and losses for the terrorist organization" of Al Qaeda have occurred. Al Qaeda agents "continued their attacks" as "violence in Iraq intensified, and Afghanistan saw its most violent year since 2001." Although counterterrorism efforts continue to be a priority in the West, it has not "weakened the appeal of Al Qaeda's agenda" as "home-grown militants around the world joined its jihad, as regional fighting heightened perceptions of a global war on Islam." The UN has stated that sectarian violence in Iraq has killed "more than 34,000 Iraqi civilians…last year, most in Sunni-Shiite violence that Al Qaeda is bent on fomenting."

Brooks Says Iraq War Has Spurred Expansionism, Not Isolationism. In a piece in the New York Times (2/1, 1.16M), David Brooks compares the Vietnam Syndrome of turning inward and growing "suspicious of power politics" to the sorely lacking Iraq Syndrome which "was over before it began" and has merely caused many Americans to lose "faith in the Bush administration and in this particular venture, but there has been no generalized loss of faith in the American system or in American goodness" as during the Vietnam War. Whereas "Vietnam sparked a broad cultural revolution, a shift in values and a loss of confidence. Iraq has not had the same effect." Brooks concludes that lawmakers seem to "take it for granted that the U.S. is going to be in the Middle East for a long time to come" and "when you look further into the future, you see that the next president's big efforts will not be about retrenchment, but about expansion;" and although "the US has taken its share of blows over the past few years…the isolationist dog is not barking" and "the hegemon will live" on.

Some Fear Pentagon Reorganization May Jeopardize Special Operations Oversight. The Hill (2/1, Tiron) reports that "a major reorganization of the Pentagon's policy shop is raising concerns among defense authorizers, who say the move could dilute the efficacy of a congressionally mandated civilian office tasked with oversight and support of special operations." This report "addressing lawmakers' concerns about the overhaul of the Office of the Undersecretary of Defense for Policy is due today to Congress, and a Pentagon spokeswoman said the report is ready and will be delivered by deadline. Several sources, however, have indicated that the report may be delayed because of a long approval process." The goal of the reorganization is "to bring the office into line with the U.S. military's need to respond to transnational threats, manage international military coalitions and equip partner nations to fight terrorists. The report is expected to address congressional concerns that policy office leadership so far has been unable to alleviate despite several meetings on the Hill."

WPost Supports Troop "Surge" In Afghanistan. The Washington Post (2/1, A14, 690K) shows support for a troop "surge" in Afghanistan and editorializes that while the US "debates the Bush administration's 'surge' of American troops into Baghdad, a similar American buildup has begun in Afghanistan. As in Iraq, it comes in response to rapidly escalating violence," and some "question…whether the reinforcements are too little or too late." In Afghanistan, "there are still far fewer Afghan and foreign troops than are needed to secure the country" from Taliban insurgency. The Post concluded that supporting Afghanistan with troops and equipment should remain a priority with Congress and with NATO allies, and that the resent surge off troops in Iraq and new funding for Afghanistan; gained attention through efforts of the Secretary of State Condoleezza Rice can hopefully lead to "more allied commitments over the next several weeks."

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Leahy Hearing To Question US Attorney Departures. The Financial Times (2/1, Masters) reports, "Democratic senators are fighting to halt what they say is a Bush administration campaign to remove forcibly top federal prosecutors, including the US attorneys responsible for key investigations of Congressional corruption and stock options back-dating." The Times continues, "Senator Patrick Leahy, the new chairman of the Judiciary Committee, will hold a hearing next week on whether the justice department is politicising the hiring and firing of top federal prosecutors. … Thirteen of the 93 US attorneys have left since the March 2006 passage of a little-noticed amendment to the Patriot Act that – in effect – allows President George W. Bush to install top prosecutors without Senate confirmation." The Times adds, "Departing attorneys include Kevin Ryan of San Francisco, who was leading the probes of stock options at Apple, and Carol Lam of San Diego, who prosecuted Republican congressman Randy 'Duke' Cunningham and was investigating a politically connected defence contractor. … Democrats say those two as well as US attorneys in New Mexico, Arizona, Arkansas, Washington State and Nevada have been forced out. Mr Ryan has said he left as a result of a 'mutually agreeable decision with Washington'." The Times notes, "Alberto Gonzales, the attorney-general, denied that the Bush administration was trying to circumvent Senate confirmation. Justice department officials said on Wednesday they would seek Senate confirmation for all replacement attorneys. … Traditionally, the justice department sets policy but the US attorneys have significant discretion in deciding which cases to investigate and prosecute. … The president names US attorneys but permanent US attorneys must be confirmed by the Senate. Until last year, 'interim' replacements could serve 120 days and then generally had to seek approval from a state's federal judges to stay on. .. .However, during 11th-hour negotiations over the re-authorisation of the Patriot Act, Republican Senator Arlen Specter added an amendment that allows the president to make interim appointments that can last indefinitely."

DOJ Names Knauss Interim Arizona US Attorney. The Arizona Republic (2/1, Wagner) reports, "The Department of Justice, dodging recommendations from Arizona's two U.S. senators, has named veteran federal prosecutor Daniel Knauss as interim U.S. attorney for the District of Arizona." The Republic continues, "Republican Sens. John McCain and Jon Kyl had recommended Diane Humetewa, an assistant U.S. attorney and member of the Hopi tribe, for the position vacated by Paul Charlton. … In a news release, the Justice Department announced Wednesday that Attorney General Alberto Gonzales had appointed Knauss, a chief assistant in charge of the U.S. attorney's satellite office in Tucson." The Republic adds, "Kyl, a member of the Senate Judiciary Committee, which must confirm permanent candidates, responded: 'Daniel Knauss is a quality lawyer and will make an excellent interim U.S. Attorney. . . . It's our hope that eventually Diane Humetewa will be nominated by the president.' … Wyn Hornbuckle, a spokesman for the U.S. Attorney's Office for Arizona, stressed that Knauss' appointment is a temporary measure. He said President Bush has yet to nominate a candidate for Senate approval, and Humetewa is not excluded from that process." The Republic notes, "Candidates recommended by senators typically win such assignments, but the attorney general has authority to appoint interim administrators as he sees fit. … Knauss, a 34-year employee of the federal prosecutor's office in Arizona, also filled in as boss during 1993 after the resignation of Linda Akers. His temporary appointment at the time angered Sen. Dennis DeConcini, who had nominated Janet Napolitano for the job, though she was not then a federal prosecutor. … Napolitano later received President Clinton's permanent nomination and served as U.S. attorney before winning elections as Arizona's attorney general, and then governor."

Federal Judge Withdraws From Consideration For Los Angeles US Attorney. The Los Angeles Times (2/1, Krikorian) reports, "Longtime federal judge Dickran M. Tevrizian has withdrawn his name from consideration as the next U.S. attorney in Los Angeles, it was learned Wednesday." The Times continues, "Though Tevrizian declined to comment, others in the legal community said the 66-year-old jurist had recently notified a search committee for the Justice Department that he no longer was a candidate for the job. … Only days ago, Tevrizian, a U.S. District Court judge, was viewed as one of the leading candidates for the position, which has jurisdiction over federal prosecutions in a seven-county area. … But Tuesday, the judge told attorneys in a case before him that he would not pursue the post, a lawyer said. … 'Basically he said he wasn't that interested in the job and had put his name in consideration because others had asked him to,' said attorney Dale Rubin." The Times notes, "Rubin is representing one of two men facing the death penalty in Tevrizian's court for a kidnapping and murder rampage. … One day before Tevrizian's disclosure, attorneys for the two defendants had asked him to recuse himself because of the possibility that he might soon be running the very office prosecuting the case, Rubin said. … 'It is not that he is biased,' Rubin said. … 'It was just the appearance of impropriety we were trying to avoid,' the attorney said."

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CORPORATE SCANDALS:

Judge Tosses Enron Broadband Conviction. The AP (2/1, Lozano) reports, "Just days before he was set to be sentenced, a former Enron Corp. executive's fraud and conspiracy convictions related to the company's broadband unit were overturned Wednesday by a federal judge." The AP continues, "Former broadband unit finance chief Kevin Howard was convicted in May on five counts of fraud, conspiracy and falsifying records after a monthlong trial. Howard had been set to be sentenced Monday. … Former in-house accountant Michael Krautz was acquitted of the same charges in the same trial. Both men were accused of participating in a small piece of the fraud that brought down Enron in 2001." The AP adds, "On Wednesday, U.S. District Judge Vanessa Gilmore vacated the convictions on all five counts Howard had been found guilty of, saying in a 19-page ruling the convictions were tied to a flawed legal theory prosecutors used to explain the fraud and conspiracy charges. … Gilmore based her decision on a ruling in August in which the 5th U.S. Circuit Court of Appeals reversed several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's 1999 sale of mobile power plants to the brokerage to help the energy trader appear to have met earnings targets. … The appeals court found fault with the government's arguments of criminal liability and deprivation of honest services."

The New York Times (2/1, Murphy) reports, "The first trial against Mr. Howard lasted three months in 2005 and ended in a hung jury. He was tried along with five other Broadband employees. His conviction on five charges of conspiracy and fraud occurred during a retrial last year. … His only co-defendant in the second trial was Michael W. Krautz, Enron Broadband's former accountant, who was acquitted of all charges because the jury contended he was only following orders." The Times continues, "In a 19-page decision filed on Wednesday, Judge Vanessa Gilmore of Federal District Court said her ruling matched the Fifth Circuit's in another Enron fraud case involving Merrill Lynch and Nigerian barges. .. In that case, the appeals court overturned several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's sale of mobile power plants to the brokerage firm in 1999 to help Enron appear to have met earnings targets. .. .The court said the government did not prove that defendants had deprived the company of 'honest services.' … Federal prosecutors had conceded that four of the five convictions against Mr. Howard should be dropped because of the Fifth Circuit's opinion but held that the fifth, for falsifying records, should stand. The judge disagreed because the jury could have relied on the convictions on the other counts to determine his guilt on the final charge. … A spokesmen for the Justice Department, Bryan Sierra said, 'We are reviewing our options,' but declined to comment further."

Guilty Plea Is Latest Blow To Milberg Weiss. The New York Times (2/1, Creswell) reports, "A few years before he faked the theft of two works of art from his home in Brentwood, Calif., Steven G. Cooperman, a former ophthalmologist, received a personal check from a partner of the law firm Milberg Weiss & Bershad for $175,000 as an 'option payment' on one of those works, Picasso's 'Nude Before a Mirror.' … But court documents filed by federal prosecutors in Los Angeles yesterday said the check was a secret payment made to Mr. Cooperman for acting as a named plaintiff in a class-action lawsuit filed by Milberg Weiss." The Times continues, "The government's agreement with Mr. Cooperman, contained in the documents, in which he agreed to plea guilty to a conspiracy charge, is another blow to Milberg Weiss. The law firm was indicted along with two of its partners last year by a federal grand jury in Los Angeles on charges that it participated in a scheme to make secret payments to numerous plaintiffs." The Times adds, "Mr. Cooperman's plea deal is the latest move by federal prosecutors, who have spent seven years investigating the firm and its tactics. Last year, another former Milberg Weiss plaintiff, Howard J. Vogel, pleaded guilty to making a false declaration to a court in connection with secret payments he received from the firm, court filings state. … Still, prosecutors have been unable to bring charges against their primary targets: Milberg's co-founder, Melvyn I. Weiss, and William S. Lerach, who started his own firm on the West Coast in 2004. People close to the investigation say the two men are identified as 'Partner A' and 'Partner B,' respectively, in court documents. … Mr. Cooperman, however, is a challenging witness for prosecutors. Convicted of insurance fraud in the staged theft of the artworks, Mr. Cooperman cut a deal with prosecutors in 1999, agreeing to provide them information on Milberg Weiss."

The California Recorder (2/1, Hirsch) reports, "Superstar plaintiffs lawyer William Lerach has remained outside the reach of investigators looking at a kickback scheme at his former firm, Milberg Weiss, but a guilty plea in the case on Wednesday might change that." The Recorder continues, "Steven Cooperman, a former ophthalmologist previously convicted of insurance fraud, admitted to taking payments for serving as lead plaintiff in class actions filed by Milberg Weiss over 12 years. … Court documents filed Wednesday detail Cooperman's role and also appear to put 'Partner B,' long believed to be Lerach, at the heart of the lucrative kickback scheme." The Recorder adds, "Though the charging documents don't identify Lerach by name, one source close to the investigation said Wednesday, 'If you look at it, there's an awful lot of facts in there about Bill Lerach.' …

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That Cooperman has helped prosecutors build their case against Milberg Weiss is nothing new. He has been cooperating since its beginning. In fact, he's the one who first told prosecutors about the kickbacks and fingered Lerach. … The problem for the U.S. Attorney's Office has been that Cooperman has a major credibility problem. He offered to cooperate in the Milberg investigation only after he was convicted and sent to prison for orchestrating an insurance scam by claiming some fine art in his Beverly Hills home had been stolen. Because of his past, anything Cooperman could say in trial about Lerach, or anyone else linked to Milberg Weiss, could look like an attempt to escape another stint in the slammer. … But on Wednesday, Cooperman's credibility may have become less of a problem. His plea -- to conspiring with Milberg Weiss and several of its senior partners to obstruct justice and make false statements in class actions -- shows that he's not cutting a deal to get off entirely scot-free."

Cox Says SEC Is Aggressively Pursuing Options Cases. The AP (2/1) reports, "The Securities and Exchange Commission's investigations of suspicious timing of stock options grants at more than 100 public companies are proceeding vigorously and the agency continues to work closely with federal prosecutors in pursuing cases, SEC Chairman Christopher Cox said Wednesday. … 'This is a very aggressive program,' Cox told reporters." The AP continues, "He also said there is no disagreement among him and the four other SEC commissioners over how stringently to penalize companies found to have engaged in improper backdating of grants to executives. Cox was responding to questions about a news report that said the agency's enforcement efforts were stalled because of dissension among the commissioners over whether companies should be fined. … In addition, he said, the SEC is working 'very closely' with the Justice Department in pursuing stock options cases." The AP adds, "The federal prosecutors and the SEC have filed criminal and civil charges, respectively, against former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc. … Some observers have criticized the pace of the enforcement effort. … SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors."

Dell's Founder Replaces CEO. The New York Times (2/1, Darlin) reports, "Michael S. Dell has taken back the leadership of the computer company he founded, replacing Kevin B. Rollins after more than a year of mounting problems at Dell." The Times continues, "The company announced yesterday that Mr. Rollins had resigned as chief executive and as a director. Mr. Dell, who is the chairman, immediately assumed Mr. Rollins's duties as well. … The company presented the change, which had been speculated about by Wall Street analysts and industry insiders for more than a year, as a decision by the board, which met earlier this week. Sam Nunn, the former Georgia senator who is the presiding director of Dell's board, was quoted in a company release as saying: 'The board believes that Michael's vision and leadership are critical to building Dell's leadership in the technology industry for the long term.'" The Times adds, "The company also said that it expected fourth-quarter revenue and earnings to fall below the consensus predictions on Wall Street. That was also not an unexpected announcement after industry analysts said several weeks ago that other PC makers had strong sales in the fourth quarter, while Dell's sales lagged. … Mr. Rollins is not entitled to severance or a pension plan. Still, he will walk away with stock options worth about $30 million that he earned during his tenure, according to earlier company filings. According to Equilar, which analyzes executive pay, Mr. Rollins earned $42 million in total direct compensation as the chief executive. A Dell spokeswoman said Mr. Rollins's departure agreement had not yet been completed."

Bloomberg (2/1, Guglielmo) reports, "The PC maker said results will miss analysts' estimates for the third time in the past four quarters. Dell already replaced his finance chief and takes over as the company struggles to regain its position as the world's largest PC maker from Hewlett-Packard Co. and faces a government probe into its accounting. … The company said in August that the U.S. Securities and Exchange Commission had been reviewing its revenue recognition and other financial reporting for a year. That review was elevated into a formal investigation in November. The U.S. Justice Department is also probing the company's accounting."

Sonsini Advised Apple On Options Grant. The California Recorder (2/1, Scheck) reports, "When Apple Inc. tried to hammer out a new compensation agreement for iconic CEO Steve Jobs in 2001 -- an agreement now being probed by federal prosecutors -- the company called on Larry Sonsini, the lead partner at Wilson Sonsini Goodrich & Rosati." The Recorder continues, "People with knowledge of the federal probe say the lawyer -- an expert on corporate governance -- was consulted by Apple's board and legal department on a 7.5 million-share grant that's become the core of the criminal probe by the Securities and Exchange Commission and San Francisco U.S. attorney's office." The Recorder adds, "Investigators have focused on the grant because a set of falsified meeting minutes was drawn up to make it appear as though the options were granted at an earlier date -- and a more favorable price -- than when the deal was actually finalized. The minutes were fabricated by a low-ranking in-house Apple lawyer, though prosecutors also have been looking over her head -- at ex-GC Nancy Heinen

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and Apple's former CFO, Fred Anderson. … According to people with knowledge of the investigation, Heinen discussed the options award with Sonsini between its approval by the company's board of directors and her department's completion of the paperwork. … Through a spokesperson, Sonsini declined to comment Wednesday, and people familiar with the probe wouldn't discuss what he told the lawyers at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation." The Recorder notes, "It's unclear how much Sonsini knew about the grant, including how it was accounted for. … But for the second time in less than a year, a high-profile Silicon Valley scandal may turn on questions about the advice Sonsini did -- or didn't -- give. Just as in the Hewlett-Packard boardroom spying scandal, company officials may point to Sonsini's counsel to explain or defend their actions."

Former Qwest CEO Settles Pension Suit For $1.5 Million. The Rocky Mountain News (2/1, Smith) reports, "Former Qwest Chief Executive Joe Nacchio has agreed to pay $1.5 million to settle a fraud lawsuit filed by one of the country's largest pension funds." The News continues, "Nacchio's deal - part of a $46.5 million settlement paid to the California State Teachers' Retirement System - is believed to be the largest he's agreed to make with regard to his alleged misdeeds at the Denver telco. … Qwest, several investment banks and former auditor Arthur Andersen will collectively pay about $45 million to settle the suit, filed in December 2002 by CalSTRS." The News adds, "In 2003, Nacchio paid $400,000 to two law schools to settle charges by New York state Attorney General Eliot Spitzer that Nacchio improperly made more than $1 million from lucrative initial public offerings provided by Citigroup's Salomon Smith Barney brokerage. … Nacchio still faces securities fraud allegations in a federal class-action case, civil fraud charges by the Securities and Exchange Commission and 42 insider trading counts filed by the Justice Department. He is scheduled to go on trial in Denver on the insider trading charges March 19. He has denied wrongdoing."

Senators Criticize SEC Hedge Fund Investigation. The New York Times (2/1, Bogdanich) reports, "Two prominent Republican senators renewed their criticism yesterday of the way the Securities and Exchange Commission carried out its investigation into a major hedge fund, Pequot Capital Management." In separate speeches on the Senate floor, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, "said the S.E.C. — which filed no charges against Pequot — had failed to aggressively follow up on investigative leads developed by the lawyer who led the inquiry, Gary J. Aguirre. Both senators said their statements reflected the findings of an interim report, which is expected to be released today, on their investigation of the S.E.C.'s conduct in the case." The Times adds, "An S.E.C. spokesman, John Nester, said he had not yet had the chance to read the interim report, but he said the commission would 'carefully consider the report's findings and recommendations.'"

CRIMINAL LAW:

Cooper Testifies At Libby Trial, Says Rove Told Him About Plame. In a widely-distributed story, the AP (2/1, Sniffen) reports, "Reporter Matt Cooper testified Wednesday he thought I. Lewis 'Scooter' Libby had confirmed" Valerie Plame Wilson "worked at the CIA but acknowledged he never asked the White House aide where he'd heard that. … Cooper's appearance allowed defense attorney William Jeffress to ask repeatedly about President Bush's chief political adviser, Karl Rove, because Cooper identified Rove as the first official to tell him about Plame's job at CIA." The AP adds, "Cooper also said he didn't take any notes on that exchange and that he had posed his question to Libby 'off the record.'" Meanwhile, the AP (2/1, Apuzzo) reports, "Former New York Times reporter Judith Miller acknowledged Wednesday that she had conversations with other government officials and could not be 'absolutely, absolutely certain' that she first heard about" Plame from Libby. "Libby's attorneys seized on the hesitation and tried to portray Miller as someone who selectively remembers some conversations and not others."

The New York Times (2/1, A1, Lewis, 1.16M) reports, "William H. Jeffress Jr., the lawyer for Mr. Libby, asked Ms. Miller what other officials she had spoken with about Ms. Wilson. 'I remember having conversations, sir,' she said, casting quick glances at the jury and at her lawyers sitting in the back of the courtroom. But she said she could not remember talking to anybody else about Ms. Wilson." Meanwhile, Matt Cooper "said that Mr. Rove told him to be wary of Mr. Wilson's criticisms in The Times. 'Don't go too far out on Wilson,' Mr. Cooper recalled Mr. Rove saying, warning him that Ms. Wilson worked at 'the agency.' Mr. Cooper testified that when he spoke to Libby, he had heard that Mr. Wilson's wife worked at the C.I.A. He said that Mr. Libby responded, 'I heard that too.'"

The Washington Post (2/1, A3, Goldstein, Leonnig, 690K) also reports that Cooper said Rove was the first to tell him about Plame, and notes, "Cooper is the third prosecution witness to say that Libby was actively spreading information about Wilson and his wife soon after he sought to learn who they were." Meanwhile, USA Today (2/1, Willing, 2.27M) reported on Cooper's testimony, under the headline "Reporter: Rove First To Leak CIA Info."

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Trial Said To Show "Ugly Mutual Exploitation" Of DC Officials, Reporters. Under the headline "Libby Trial Shows An Insular, Backbiting Washington," the Los Angeles Times (2/1, A1, Miller, 850K) reports, "With the Bush administration taking a pounding over erroneous prewar claims about Iraq in the summer of 2003, Vice President Dick Cheney's chief of staff consulted his office's top communications advisor on how to strike back. As they talked by phone, I. Lewis 'Scooter' Libby scribbled down a series of Machiavellian suggestions from Cheney's then-communications guru, Mary Matalin: What to do about MSNBC talk show host Chris Matthews and his steady barrage of Iraq war criticism? 'Call Tim,' Libby wrote, referring to Tim Russert of NBC News. 'He hates Chris.' … And how best to use the power of the White House to beat back the attacks? The president 'should wave his wand,' Matalin advised, and quickly declassify portions of intelligence reports that backed up the White House case for war." The Post adds that the memo reveals "the ugly mutual exploitation that goes on every day in Washington between powerful government officials and influential members of the media that is on trial in U.S. District Court in Washington."

Juror Questions Seen As Providing Insight Into Witness Testimony. The Washington Post (2/1, A13, Leonnig, 690K) reports, "It is very unusual for jurors to be able to ask questions during court proceedings, but U.S. District Judge Reggie B. Walton is allowing it" at the Libby trial. "Some of the questions have been dead on, showing that the highly educated jurors -- who include an art curator, a retired math teacher and an international health policy adviser -- seem to home in on key evidence or testimony. Other questions have elicited new insights into witnesses' thinking, and still others have evoked a few laughs. The whole practice has been controversial among attorneys on both sides -- worried about losing control of the points they hope to score with each witness's testimony -- who argue quietly with Walton at the bench over what can be asked."

Indictments In Cunningham Probe Said To Be Near. The AP (2/1, Hoffman) reports, "Federal prosecutors are preparing to seek indictments against a former top CIA official and a San Diego defense contractor at the center of the bribery scandal that sent former U.S. Rep. Randy 'Duke' Cunningham to prison." The AP continues, "Two government officials familiar with the investigation told The Associated Press on Wednesday that prosecutors plan to ask a San Diego grand jury to return charges of honest services fraud and conspiracy against Kyle 'Dusty' Foggo and his close friend, Brent Wilkes, whose lawyers have said he is one of four unidentified co-conspirators described in the 2005 plea agreement for Cunningham, a San Diego Republican." The AP adds, "Honest services fraud is a combination of mail and wire fraud often used in public corruption cases involving officials who have engaged in a pattern of improper activities, such as accepting gifts, trips or promises of future employment from private individuals. … The officials said a second indictment is being prepared that would charge Wilkes and two of the other Cunningham co-conspirators - New York businessman Thomas Kontogiannis and his nephew, John T. Michael - with bribery and several conspiracy counts." The AP notes, "The officials spoke only on condition of anonymity because grand jury proceedings are secret and the charges have not been finalized. Indictments could be returned as early as Thursday, though it's more likely to occur within the next several weeks. … The fourth co-conspirator, Mitchell Wade, is cooperating with prosecutors after pleading guilty in February 2006 to bribing Cunningham in exchange for more than $150 million in government contracts since 2002. Wade is former president of MZM Inc. … The grand jury began hearing evidence in 2005 against Cunningham, at the time an eight-term congressman who served on the House Appropriations Defense Subcommittee and the Intelligence Committee. Cunningham's subcommittee assignment made him a key figure in the awarding of defense contracts."

Rhode Island Lawmaker Sentenced To 2½ Years In Prison For Bribery. In a widely-distributed story, the AP (2/1, Tucker) reports, "A once-powerful lawmaker at the center of a corruption scandal was sentenced Wednesday to 2 1/2 years in federal prison for taking payoffs, and prosecutors said their investigation now includes 14 politicians and companies." Former Rhode Island state Sen. John Celona "admitted he abused his position as chairman of a key legislative committee to benefit the drugstore chain CVS Corp., Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island. Prosecutors said the former state senator was paid nearly $320,000 for the favorable treatment." The AP adds, "Assistant U.S. Attorney Gerard Sullivan told the judge that Celona's extensive cooperation has led the investigation to seven politicians and seven corporations. Sullivan did not identify anyone being investigated but said FBI agents from other cities have been transferred to Rhode Island to help with the probe."

The Providence Journal (2/1, Stanton, 167K) reports that in sentencing Celona, "Robert A. Urciuoli and Frances P. Driscoll to prison yesterday, Senior U.S. District Judge Ernest C. Torres said that he wanted to send a message to others who might be tempted to follow in their footsteps down the long, gray line of Rhode Island's corrupt past. … Urciuoli, 59, received 3 years. And in an emotional conclusion to the day's proceedings, Driscoll, 67, who has health concerns, was sentenced to 8 months in prison plus 8 months home confinement." The Journal adds, "Sullivan told Torres that

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Celona's assistance has provided tips and leads for a growing number of agents. FBI agents have been brought to Providence from New York and Baltimore to work with two Providence agents and the Rhode Island State Police. In addition, agents from the Internal Revenue Service and the U.S. Department of Labor have joined the task force."

Brooklyn DA Seeking Testimony From Mobster's Son Against DeVecchio. The New York Sun (2/1, Capeci) reports in its "Gang Land" column, "Brooklyn prosecutors are seeking to line up a star witness for their sensational upcoming trial of a former FBI supervisor, R. Lindley DeVecchio, who is charged with helping legendary mob capo Gregory Scarpa commit four murders. The prospective witness is none other than Gregory Scarpa Jr., the imprisoned son of the late Colombo crime big, who after his death in 1994 was revealed to have been a much-prized government informant (and whose handler was Mr. DeVecchio). Unfortunately, the would-be witness comes with heavy baggage: He's already been called a perjurer by a federal judge and other authorities. So far, the matter is still in the talking stages." The Sun notes, "Sources say that the jailed gangster is willing to testify without any guarantees, and that the DA's office is seriously considering the option."

Blagojevich Orders Audit Of Drug-Testing Firm Under FBI Investigation. The Chicago Tribune (2/1, Kidwell, Chase, 617K) reports, "Gov. Rod Blagojevich's office has ordered an audit of no-bid state contracts dating to 1990 with a Chicago drug-testing firm under criminal investigation for alleged billing fraud. The administration outlined its actions involving K.K. Bio-Science Inc. on Wednesday, a day after Cook County investigators and the FBI searched the company's offices for evidence of fraud, money laundering and a continuing criminal enterprise, according to the search warrant. The company came under scrutiny last fall when the Tribune disclosed that the governor's wife, Patricia, had earned more than $113,000 as a real estate agent for the company's owner. There is no indication that the fraud investigation has any connection to the real estate deals." The Tribune notes, "No criminal charges had been filed as of Wednesday, and law-enforcement officials also remained silent."

Execution Of New York Man Convicted Of Murdering Officers Could Be Years Away. The New York Times (2/1, Brick) reports, "Ronell Wilson sits alone in a prison cell near Gowanus Bay in Brooklyn. He has been on suicide watch since his return late Tuesday evening from federal court in Brooklyn, where a jury called for his execution. … 'He's holding up well,' said one of his lawyers, Ephraim Savitt, 'under the circumstances.'" The Times continues, "On federal death row, he will join 46 other inmates, their cases in varying stages of appeal. If the sentence is carried out one day, Mr. Wilson, 24, will probably die by lethal injection at the federal death chamber in Terre Haute, Ind., where Timothy J. McVeigh, who bombed the Alfred P. Murrah Federal Building in Oklahoma City, and two Texans have preceded him. But Mr. Wilson's lawyers said he will appeal his sentence, an unpredictable and complicated process that could take years." The Times adds, "No other federal trial in New York has produced a death sentence in half a century. Three men have been put to death in federal cases since 1988, when a moratorium on federal capital punishment was lifted. Of these, the two Texans — Juan Raul Garza, convicted of three drug-related murders, and Louis Jones Jr., convicted of rape and murder — were each on death row for about eight years. Mr. McVeigh, who abandoned his appeals after being denied a stay of execution, was executed four years after his sentencing for the bombing. … Mr. Wilson was convicted of 10 crimes in December, chief among them the murder of two undercover detectives during a gun transaction on Staten Island in March 2003. Judge Nicholas G. Garaufis, who was not in his chambers yesterday, must set a formal sentencing date, according to his staff. … On five counts, the judge is bound by the jury's verdict to impose death sentences. But for the other charges, including robbery conspiracy, attempted robbery and use of a firearm, the judge must determine prison terms. Some of the crimes are relatively minor, on the scale of regular business for a federal court in New York City."

Experts Say Emotions, Geography Influenced Verdict. The New York Times (2/1, Barron) reports, "They were police detectives, shot at close range, in the backs of their heads. Fellow officers and relatives filled the courtroom, day after day, during the trial of the man accused of pulling the trigger, who mostly kept his emotions to himself. … Add to that where the jurors came from — Brooklyn, Queens, Staten Island and Long Island, but not Manhattan. And that the detectives knew, and were known in, the neighborhood, which gave the case a strong local connection — unlike, say, a case involving terrorist acts overseas. … Taken together, all those elements were so powerful, death-penalty specialists said yesterday, that the jury's verdict seemed almost inevitable. The seven women and five men decided that the defendant, Ronell Wilson, should die." The Times continues, "That made him the first person to face death in a federal case in New York since the 1950s, a fate that other defendants have managed to avoid, even though some of them have been accused of killing far more people. 'There was a confluence of factors,' said Deborah W. Denno, a professor at Fordham University School of Law. 'I think it's highly unlikely there will be another case with all these particular elements anytime soon.'" The Times notes, "For

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that reason, she and other lawyers interviewed yesterday said they doubted that the Wilson verdict signaled a shift in public attitudes about the death penalty. Michael Greenberger, a law professor at the University of Maryland, noted that advances in DNA testing have uncovered faulty convictions and made juries nationally more hesitant to impose the death sentence. But he said there were no such doubts in the Wilson case. … 'This case is one that shocks the conscience,' he said. 'The brutal nature of it, I think, aligned the stars for this kind of verdict.' … Still, some attitudes may have changed. Several years ago, when Attorney General John Ashcroft ordered United States attorneys to seek the death penalty, he ran into resistance in New York, where some prosecutors feared such a possibility could cause jurors to acquit. … Counting Mr. Wilson, there are now 47 federal prisoners on death row. But prosecutors in New York have failed to obtain death sentences in recent years, even in closely watched terrorism trials involving embassy bombings in Africa in 1998."

Kodak Employee Sentenced To Probation For Kickback Scheme. In a widely-distributed story, the AP (2/1) reports, "A fired Eastman Kodak Co. employee involved in a kickback scheme to defraud the photography company was placed on probation for three years Tuesday and ordered to pay almost $190,000 in restitution. Roger Benton, 49, pleaded guilty to mail fraud in June for helping to steer inflated contracts to a molding services company, Pro-Mold Ltd., between 1997 and 2000. At sentencing in federal court, he was fined $3,000 and paid $63,058 of the $189,174 he was ordered to return to Kodak."

Tennessee Man Pleads Guilty To Possessing, Producing Child Porn. The Knoxville News Sentinel (2/1, Satterfield) reports, "A Grainger County man with a decade-long history of collecting child pornography admitted Wednesday he has been creating his own illegal images. David Edward Ratkewicz pleaded guilty before Senior U.S. District Judge Leon Jordan to a federal child pornography possession charge. As part of his plea, Ratkewicz admitted not only downloading sadistic shots of young children being sexually victimized but also 'photographing underage boys in sexually explicit positions and storing the images on his computer,' Assistant U.S. Attorney Charles Atchley said." The News Sentinel notes that "the Knoxville Police Department Internet Crimes Against Children Task Force, with help from the Grainger County Sheriff's Department, hit Ratkewicz with a search warrant in August 2004. … Atchley said Ratkewicz agreed to be interviewed by Pierce and other task force officers, including FBI agents."

Study Finds Vermont Sentencing Program Successful. The AP (2/1, Ring) reports, "A woman who stole from a patient in a nursing home where she works was sentenced to making potpourri-filled vases for a senior center. … A man convicted of driving with a suspended license agrees to carve a cane for an elderly person. … An artist convicted of driving under the influence had to paint a painting for an organization whose lawn she drove over. … Those are some of the examples of the unusual sentences crafted by Vermont's ground-breaking Reparative Probation system, under which criminals meet with community volunteers -- and in some cases victims -- to craft their sentences instead of taking them from a judge." The AP continues, "The system works, according to a new survey. … The survey by three college professors that was paid for with a grant from the Justice Department, found that in 9,078 cases handled between 1998 and 2005, offenders were 23 percent less likely to commit another crime while on probation than those sentenced to traditional probation. … And they were 12 percent less likely to commit another crime after probation ended." The AP adds, "The people who work with the system every day say its successes go beyond just reducing recidivism. … 'Those numbers are important, but I can tell you it works on so many other levels, in terms of the relationships built and the conversations that are had and the new perspectives that people have about their own lives and other peoples' lives,' said Cara Gleason, the Community Justice Coordinator for the City of Burlington." The AP notes, "LThe Corrections Department set up the pioneering program in 1995, when the state was looking for alternatives to traditional corrections. … Reparative probation was part of a package of sentencing alternatives -- such as requiring offenders to complete intensive substance-abuse programs or closely supervised furlough in the community -- made available to Vermont judges. … In the reparative probation system, the offender meets with community members and they try to craft a sentence that builds on the interests of the offender and the needs of the victim and the community."

Bush Urged To Pardon Convicted Border Agents. McClatchy Newspapers (2/1, Montgomery) reports, "Are they mistreated heroes or rogue lawmen? … That question is at the heart of a nationwide uproar over Border Patrol Agents Ignacio Ramos and Jose Alonso Compean, who are beginning decade-long sentences in federal prison for the non-fatal shooting of a suspected drug smuggler, who was given immunity to testify against them." McClatchy continues, "Scores of Republican lawmakers, and thousands of grassroots petitioners, have besieged President Bush with demands that the agents be granted an immediate pardon. But to federal prosecutor Johnny Sutton and his defenders, the two Texas-based agents abridged the public

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trust by attempting to cover up an unauthorized shooting and must face the consequences. … 'Prosecutors take cases as they come. We don't get to choose the facts and we don't get to choose the witnesses,' the San Antonio-based U.S. attorney said in a telephone interview Wednesday. 'We hate the thought of having to prosecute law enforcement because those are the people we work with every day. But nobody is above the law.'" McClatchy adds, "In an interview on the Fox television network Wednesday, Bush again said he is bound by strict federal guidelines on pardons and cannot immediately grant a pardon to the two agents. … Bush explained that 'there is a series of steps that are analyzed in order for the Justice Department to make a recommendation as to whether or not a president grants a pardon.' … And, Bush added, 'we're not at that stage yet.' … Bush's position is likely to further agitate a growing circle of mostly Republican lawmakers, who have repeatedly pressed the White House to step into the case. Many also blame the Bush administration for the agents' imprisonment, pointing out that it was Bush who appointed Sutton as federal prosecutor in 2001."

Closing Arguments Made At Coke Formula Theft Trial. The AP (2/1, Weber) reports, "A former Coca-Cola secretary was deeply in debt, unhappy in her job and seeking a big payday, so she conspired to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi, a prosecutor said Wednesday during closing arguments in the woman's trial. But Joya Williams' lawyer asked jurors to use their common sense and ask themselves if the government has proved its case beyond a reasonable doubt." The AP adds, "Jurors deliberated Williams' fate for about 3½ hours Wednesday afternoon," and "deliberations were to resume Thursday. Assistant U.S. Attorney Byung J. Pak said Wednesday that the case against Williams is about cash, ongoing access to documents, lies and acts in furtherance of the crime."

Neighbors Stunned By Sex Offenders Posing As Family. The New York Times (2/1, Steinhauer) reports from El Mirage, AZ, "To neighbors, Casey Price was a seventh grader with acne and a baseball cap who lived an unremarkable life among a bevy of male relatives. … He built the occasional skateboard ramp and did wheelies on his bicycle down the streets of this subdivision of stucco homes north of Phoenix. … In nearby Surprise, where Casey was enrolled as a 12-year-old in a public school for four months, he was regarded as a shy, average student with chronic attendance problems. A man identified as his uncle had registered him, attended curriculum night and e-mailed his teachers about homework assignments." The Times continues, "Now Casey is in jail, and his former neighbors and classmates have learned the unthinkable: Not only is Casey not Casey — his real name is Neil H. Rodreick II — but he is also a 29-year-old convicted sex offender who kept a youthful appearance with the aid of razors and makeup. … And the men known as his uncle, grandfather and cousin, who until recently shared a three-bedroom house with him here, were not family at all, but a web of convicted sex offenders and predators, law enforcement officials say, preying in part on one another." The Times adds, "A retracing of Mr. Rodreick's tracks over the past several years shows that he is under investigation in three states. The authorities in four jurisdictions say he repeatedly failed to register as a sex offender, housed a large cache of child pornography in his computer and, based on videos found by the police, had sex with at least one boy. … The men have been indicted on numerous counts and are scheduled to appear in court in late February; they have already pleaded not guilty to charges of fraud and failing to register as sex offenders."

DOJ Audit Finds More Problems With Massachusetts Crime Lab. The Boston Globe (2/1, Saltzman) reports, "A federal inspection of the State Police crime laboratory completed in September found problems with the handling of DNA evidence that go beyond those that prompted the agency to suspend a civilian administrator and led to two sweeping reviews of the lab." The Globe continues, "Auditors from the US Justice Department's Office of the Inspector General concluded that the laboratory entered incomplete genetic profiles into its computerized database in 12 cases of a sample of 100 involving unidentified suspects who left DNA at crimes scenes, making the profiles inadequate." The Globe adds, "The auditors also found instances in which laboratory officials entered the same genetic profile under two different ID numbers in the database and failed to follow FBI protocols for analyzing profiles and double-checking results, according to an executive summary of the inspection report. … In addition, the summary said, the laboratory waited nearly eight months to confirm a tentative match between DNA from a crime scene and DNA from a convicted felon whose genetic profile was entered into the database. Federal guidelines call for confirmation within 30 days."

O'Malley Praised For Opposing Death Penalty. The Washington Post (2/1, A14, 690K) says in an editorial, "Abolishing Maryland's death penalty did not figure in Martin O'Malley's successful campaign for governor last year or in his announced agenda for this year's session of the state legislature. So the path of least resistance would have been for him to say nothing, or very little, in response to opponents of capital punishment, who are clamoring for its repeal. Instead, he has joined their fight. In doing so he has lent his fledgling administration a sense of purpose and moral clarity."

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CIVIL LAW:

WellPoint Unit Settles Overcharges To FEHBP. Bloomberg (2/1, Moore) reports, "A unit of WellPoint Inc., the second- biggest U.S. health insurance provider, agreed to pay $975,000 to settle allegations of overcharging the government in Missouri, the U.S. Justice Department said." Bloomberg continues, "The settlement resolves claims that the WellPoint medical insurance unit made false claims against the Federal Employees Health Benefits Program, the government said today in a statement. The U.S. alleged that WellPoint's subsidiary paid higher rates to a network of physicians than the doctors received from other plans, passing the inflated costs to the government." Bloomberg adds, "Ronald Ekstrand, a former WellPoint employee, initiated the case with a whistleblower suit under the Civil War-era False Claims Act. Total U.S. and state recoveries under the law since 1986 exceed $20 billion, with almost $1 billion announced in the first quarter of fiscal 2007, according to Taxpayers Against Fraud, a Washington-based group that tracks the litigation. … The settlement 'should send a signal to all health-care providers who receive federal funds that we are committed to protecting the health-care system from fraud or abuse,' said Catherine Hanaway, U.S. attorney for the Eastern District of Missouri, in the statement. … Ekstrand, the whistleblower, will receive $165,750 of the payment under a provision in the False Claims Act intended to encourage private individuals to expose frauds against the government. The government reviews such cases and decides whether to take part."

The St Louis Business Journal (2/1) reports, "The government alleged that RightCHOICE, which participates in the FEHB Program as part of the Blue Cross and Blue Shield Service Benefit Plan (SBP), passed on excessive costs to the FEHB Program in connection with compensating a preferred provider network of physicians known as 'Alliance.' The government contended that RightCHOICE paid higher fees to Alliance physicians for serving patients insured through the SBP than these same physicians were reimbursed for providing the same types of services to patients insured through various other health plans. The government also alleged the physicians passed on these higher rates to the Office of Personnel Management as purportedly 'reasonable' costs to the FEHB."

FCC Proposes $10 Million Initial Payment In Radio Payola Settlement. USA Today (2/1, 4B, Davidson) reports, "The nation's four largest radio broadcasters would make payments and other contributions valued at about $10 million under a proposed settlement of a year-long probe by the Federal Communications Commission into pay-for-play claims in the music industry, say FCC officials and others with direct knowledge of the matter." USA continues, "While the FCC's three Republicans generally have backed less-punitive terms, Democrats Jonathan Adelstein and Michael Copps have been pushing for tougher concessions, FCC officials say. The officials requested anonymity because the proceeding is pending. … The investigation centers on claims that radio stations owned by Clear Channel Communications, CBS Radio, Entercom Communications and Citadel Broadcasting have accepted cash or gifts, known as payola, from major music labels in exchange for playing their releases." USA adds, "Under settlement terms proposed several weeks ago, the broadcasters would devote $7 million of airtime to independently produced music. The radio giants also would pay $3 million to a fund for the National Association of Broadcasters to provide training to member stations to stop payola. … But some FCC officials are concerned that the agency doesn't have the authority to require such contributions. As a result, the original proposal was expected to be pulled Wednesday night. A new proposal is expected to require the broadcasters to pay a more traditional penalty of $10 million to $15 million to the U.S. Treasury, say people with direct knowledge of the matter. They would not be identified because the proposal is still subject to negotiation." … In addition, the companies would draft compliance plans detailing which practices are unacceptable. FCC Democrats worried the original proposal did not give the agency sufficient oversight."

Big Tobacco Worried About Smoking Ban Proposals In Virginia. The Washington Post (2/1, A1, Gardner) reports, "Not too many years ago, all tobacco lobbyist Charlie Davis had to do to ensure swift defeat of anti-smoking legislation was to lean into the microphone at a committee hearing and say, 'Philip Morris opposes this bill.' … Times have changed for Philip Morris USA at the Virginia General Assembly. Lawmakers are voting this week on several bills to restrict smoking in restaurants and other public places, bills that are closer than ever to approval. And Philip Morris, the Richmond-based tobacco giant and emblem of the historic role that the golden leaf has played in Virginia's prosperity, suddenly has something to worry about. … 'They're scared, and they should be scared,' said Teresa Gregson, a lobbyist for the American Heart Association. 'It's just a matter of time before this passes.'" The Post continues, "For two years, in part to improve a public image tarnished by the ill effects of smoking, Philip Morris announced no position on proposed smoking bans across the nation. But in Virginia this year, Davis and other company representatives are meeting with lawmakers -- in their offices or in the corridors -- to steer them away from the more restrictive proposals,

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lawmakers said." The Post adds, "A number of bills are making their way through the legislature. Sutton would not say which proposals are acceptable to the company. A bill banning smoking in most public spaces and workplaces failed in a House subcommittee Friday, and a bill that requires restaurants to display a sign if smoking is permitted was passed. … Another version of the broader bill emerged from the Senate on Wednesday and is headed to the House of Delegates. … In part because of general anti-regulatory views in the legislature, approval of the bans is not assured. But because tobacco-growing regions have less influence than in the past -- and because of growing pressure from such vote-rich suburban regions as Northern Virginia and Hampton Roads -- more and more lawmakers, Republican and Democratic, are seeking smoking bans in workplaces, bars, restaurants and other places."

Study Finds States Reporting Few Medicaid Fraud Cases To Special Unit. The AP (1/31) reports, "More than half the states are sending few Medicaid fraud cases to special units established to pursue the wrongdoing, averaging less than one referral a month, The Associated Press learned Wednesday. … 'These states were rural, urban, small, large, from all regions of the country,' the internal watchdog for the Health and Human Services Department found." The AP continues, "Medicaid is the medical insurance program for the poor and is financed by the states and the federal government. … When fraud is suspected, the state Medicaid agency does the initial investigation and is supposed to turn over cases to be pursued to Medicaid Fraud Control Units -- usually part of a state's attorney general's office." The AP adds, 'On average, states spend about 18 percent of their own money on Medicaid. It is the second largest program in most state budgets, following elementary and secondary education. … The HHS inspector general, Daniel Levinson, studied the referrals for the three-year period from July 2002 through June 2005. He found: … Twenty-six of the Medicaid fraud units reported accepting, on average, no more than one referral a month from their state Medicaid agencies. Acceptance means the fraud unit retains the case for further investigation. … Twenty-one fraud control units said that in the last year of the study, they received fewer than 12 referrals each from state Medicaid agencies, an average of less than one referral per month. … In that last year, Arkansas and Connecticut had only two referrals, South Dakota had four, Virginia reported eight and Wyoming 11. … Only three fraud units received more than 100 referrals in the last year of the study: Florida (215), Arizona (192) and Texas (180). California, with the largest Medicaid program based on enrollment, reported 79." The AP notes, "The report found that while the referrals from state Medicaid agencies increased from 1,161 in 2002-03 to 1,403 and 1,470 in the next two years, the numbers are deceiving. Most of the increase came from one state, Florida. … Sen. Charles Grassley of Iowa, ranking Republican on the Senate Finance Committee, was critical of the efforts of some states. … 'You can't recover what doesn't get reported,' Grassley said. 'And if ... state agencies are reporting only part of the fraud, then whistle-blowers and others probably account for a good part of the rest of recoveries that would otherwise be lost to Medicaid fraud.'"

CIVIL RIGHTS:

New Justice Unit To Target Human Trafficking. The Washington Times (2/1, Seper) reports, "Attorney General Alberto R. Gonzales yesterday created a Human Trafficking Prosecution Unit and assigned it the task of developing strategies to combat modern-day slavery and expand the Justice Department's anti-trafficking enforcement programs. … 'With the creation of the Human Trafficking Prosecution Unit, we will expand and enhance our ability to fight this crime by working together with federal, state and local investigators to tackle the enormous challenges posed by this evil,' Mr. Gonzales said. 'We will continue to develop new ways to help victims and to bring their captors to justice.'" The Times continues, "Human trafficking often involves the recruitment and smuggling of foreign nationals into the United States for forced labor and illicit sexual activity. … Mr. Gonzales said the unit will work to enhance the department's investigation and prosecution of significant human trafficking and slavery cases, such as multijurisdictional cases and those involving financial crimes. … It will be led, he said, by prosecutors who have brought cases against traffickers and 'freed hundreds of foreign and domestic victims from sex trafficking in brothels and forced labor in fields, homes and factories.'" The Times notes, "Mr. Gonzales has made combating human trafficking a top priority. In the past six years, the department has increased by sixfold the number of human trafficking cases filed, quadrupled the number of defendants charged and tripled the number of defendants convicted. … In fiscal 2006, the department began 168 investigations, charged 111 defendants in 32 cases and obtained 98 convictions. In fiscal 2007, which began Oct. 1, the department has initiated 60 investigations, charged 26 defendants in eight cases and obtained 36 convictions."

CNN.com (2/1) reports, "The United States has launched hundreds of new investigations to combat human trafficking for prostitution and labor exploitation inside its borders, U.S. authorities have announced." CNN continues, "Calling human trafficking 'the equivalent of modern day slavery,' U.S. Attorney General Alberto Gonzales vowed on

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Wednesday to keep the issue a top priority for federal law enforcement agencies. … The Justice Department also has created a unit designed to pursue human trafficking cases, said Assistant U.S. Attorney Wan Kim." CNN adds, "Justice authorities said it would be the first time the Civil Rights Division would have a team of lawyers working exclusively on human trafficking cases. … The unit initially will have four attorneys experienced in prosecuting human trafficking cases, Kim said. … Justice Department and FBI officials said they are using more attorneys and investigators to find and prosecute international human trafficking rings, which lure primarily young women from Asian, Eastern European and Latin American countries to the United States with false promises of jobs and husbands. … 'This is a perversion of the American dream. The American dream is used as a lure to attract victims,' Assistant U.S. Attorney Kim said. … Kim said the degree of coercion may vary, 'But nobody signs up for involuntary servitude.'"

The Washington Post (2/1, A4) also reports this story in its "Washington In Brief" section.

Tennessee Woman Pleads Guilty To Sex Trafficking. The Memphis Commercial Appeal (1/31, Conley, 163K) reported, "A key figure in a human-trafficking ring Monday admitted to luring underage girls to West Tennessee from Mexico and forcing them into prostitution. Cristina Andres Perfecto pleaded guilty in federal court to two counts of commercial sex trafficking, charges that could result in a lifetime prison sentence. Perfecto and her partner, Juan Mendez, were charged in November after a series of raids and the arrest of several men for running brothels in Memphis." The Commercial Appeal notes, "Mendez remains under indictment on two counts of child sex trafficking and a count of conspiracy to harbor an illegal alien." The AP (1/31) also briefly reported on Perfecto's guilty plea."

Judge Sentences Massachusetts Couple To Prison For Prostituting Teen. The AP (2/1/) reports, "A federal judge sentenced two Massachusetts residents who arranged for a child to work as a prostitute in five New England states. Robert Williams will spend nearly 13 years in prison, while Brooke Denman will serve three years probation. … They allegedly took some or all of the girl's earnings and helped her obtain false identification documents. The girl served as a prostitute between the ages of 13 and 15." The Boston Globe (2/1, 413K) notes, "The FBI and US Department of Justice investigated the case as part of the Innocence Lost initiative, a crackdown on interstate sex trafficking involving children."

FBI Opens Preliminary Investigation Of Texas Police Shooting Death. The Longview (TX) News-Journal (2/1, Koonce) reports, "The family of a 21-year-old man who was fatally shot by a Gregg County sheriff's deputy on New Year's Eve is calling for the release of documents entered in the case. At the same time, the FBI is conducting an investigation to determine whether the victim's civil rights were violated." Abel Jaimes "died after he was shot…during a suspected DWI traffic stop." The News-Journal adds, "Peter Galbraith, supervisory senior resident agent with the Tyler FBI office, said the department had an open civil rights color of law investigation into the case. Galbraith described the investigation is 'pretty standard' when there has been a shooting death by a law enforcement agent. The department will conduct a preliminary investigation and forward findings to the Department of Justice."

Prosecutors In 1964 Racial Slaying Case Will Be Challenged By Fading Memories. The AP (1/31, Pettus) reports from Jackson, MS, "Witnesses' potentially fading memories could present a challenge in the prosecution of a reputed Ku Klux Klansman who faces federal kidnapping charges in the 1964 abduction, beating and drowning of two black teenagers in Mississippi, a law professor says." The AP continues, "Mark A. Godsey, professor at the University of Cincinnati College of Law, said some witnesses might have fading memories, while others might recall details about what happened on May 2, 1964, when prosecutors say two 19-year-old hitchhikers - Charles Eddie Moore and Henry Hezekiah Dee - were seized and killed. … 'Something like this doesn't happen every day. It could be something that is very traumatic to witnesses,' said Godsey, who's faculty director and lead counsel for the Lois and Richard Rosenthal Institute for Justice/Ohio Innocence Project, where he represents convicted inmates who seek new trials because evidence such as DNA has emerged." The AP adds, "Reputed Klansman James Ford Seale, 71, has been jailed outside Jackson since federal authorities arrested him last Wednesday in Roxie, the tiny southwest Mississippi town where he lives in a motor home on land owned by his stepdaughter and her husband. He pleaded not guilty Thursday to three charges of kidnapping and conspiracy. … U.S. Magistrate Judge Linda R. Anderson denied Seale bond Monday, saying he was a flight risk because he has no job or property, is a pilot and lives in a vehicle that can be driven away. Anderson also said she had concerns because Seale concealed from federal authorities that he has a brother living in Louisiana. … Seale's trial is set for April 2, but that could be pushed back." The AP notes, "Paige Fitzgerald, an attorney for the Justice Department's civil rights division, said Seale took part in 'a crime so horrific it boggles the mind.' … Prosecutors say Klansmen seized Dee and Moore, took them to the Homochitto National Forest and beat them, then drove north to a site near Vicksburg where they tied heavy metal objects to the still living teenagers and tossed them into the Mississippi River. Their bodies were found about two months later as authorities

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dragged the river in search of three civil-rights workers who had disappeared about 180 miles away in Neshoba County. … Defense attorneys filed a motion to dismiss the charges against Seale, arguing that the statute of limitations has expired."

Arrests Of Florida Student After Rape Claim Outrages Victims' Advocates. USA Today (2/1, 3A, Bazar) reports, "Victims' rights groups in Florida are calling for police to review their policies after a college student was jailed within hours of reporting she had been raped." USA continues, "The woman, 21, spent two days in jail after Tampa police discovered a warrant stemming from a crime she committed as a juvenile. Her lawyer said a jail employee refused to give the woman a second dose of emergency contraception because it conflicted with the employee's religious beliefs. The unidentified employee's lawyer, Jennifer D'Angelo, told the Associated Press the employee is prohibited from giving inmates medication without specific orders." USA adds, "Tampa police apologized. On Tuesday, Chief Steve Hogue announced a policy giving officers discretion on whether to jail people reporting violent crimes who have felony warrants. 'The chief was not happy to have a rape victim end up in jail,' police spokeswoman Laura McElroy says. 'He took very swift action to make sure it doesn't happen again.' … 'Every rape-crisis program is concerned about this,' says Jennifer Dritt executive director of the Florida Council Against Sexual Violence. 'I don't know anybody who isn't outraged.'" USA notes, "Police in Kansas City, Mo., also are under scrutiny after the release Tuesday of a videotape showing officers ignoring a pregnant woman in custody who said she was bleeding and needed to go to a hospital. Sofia Salva was held overnight on traffic violations and the next morning had a miscarriage, according to a lawsuit filed Friday in Jackson County Circuit Court."

Study Finds Possible Racial Profiling At Two DC Locations. The Washington Post (2/1, B4, Klein) reports, "D.C. police officers stopped black and Hispanic pedestrians in Georgetown and Adams Morgan at higher rates than others on the street, according to a year-long study commissioned by the police department." The Post continues, "The review was the department's most ambitious examination yet of racial and ethnic profiling. It found that police appear to be targeting blacks at Wisconsin Avenue and M Street NW, in the heart of Georgetown, and Hispanics and blacks at 17th and Euclid streets, in the Adams Morgan core -- two of the city's biggest commercial and tourist magnets." The Post adds, "An outside consultant reviewed data covering traffic stops and pedestrian stops from February 2005 through January 2006 at 25 intersections across the city. The police stops were made for panhandling, jaywalking, suspicious behavior, attempted car theft and 'anything a police officer could stop a pedestrian for,' said John C. Lamberth, the author of the study. … The study flagged no problems at 23 locations and identified no concerns about traffic stops. But it raised questions about the pedestrian stops at the two intersections." The Post notes, "Lamberth's firm -- Lamberth Consulting, based in West Chester, Pa. -- specializes in racial profiling assessment. Its report said that the findings suggest that a 'limited, yet significant' number of D.C. police officers are acting 'in a manner consistent with the definition of racial profiling.' … The report urged police to bolster training and monitor police activities at the intersections, particularly those where most pedestrians are white."

ANTITRUST:

Delta Creditors Reject US Airway's Hostile Takeover Bid. The Washington Post (2/1, D1, Wilber) reports, "US Airways lost its aggressive takeover bid for Delta Air Lines yesterday when Delta's creditors rejected the $10 billion offer that would have created the nation's largest carrier." The Post continues, "The decision was a blow to US Airways' chief executive W. Douglas Parker, a blunt and fierce advocate of industry consolidation who led US Airways' merger with America West in 2005 that created the fifth-largest U.S. airline. … A committee of Delta's creditors said in a written statement that it decided against a merger because of the 'timing and risks' of concluding a deal. The creditors said they would back Delta's plan to emerge from Chapter 11 bankruptcy protection as a stand-alone airline. … Parker said in a written statement that he was 'disappointed' and that the committee was 'ignoring its fiduciary obligation' to creditors. He did not respond to interview requests." The Post notes, "Delta aggressively fought the proposal on Capitol Hill and in the news media. Delta, the third-largest U.S. carrier, has told creditors that it expects to be worth as much as $12 billion after emerging from Chapter 11."

USA Today (2/1, 1B, Adams) reports, "The decision appears to dampen much of the talk of an impending merger mania in the airline industry, which only recently has returned to profitability after being slammed by terrorism and recession in 2001. Wall Street analyst Ray Neidl of Calyon Securities predicted airlines would not see anymore significant deals for a year." USA continues, "In the end, the offer of $10 billion in stock and cash did not outweigh the perceived risks. US Airways is a major Delta competitor in the East, and the combination would have created the USA's biggest domestic carrier, eclipsing American Airlines. … Critics of the merger said the Department of Justice could spend months reviewing a pending deal and ultimately block it on antitrust grounds. Delta, meanwhile, told creditors its plan calls for a speedy exit

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from bankruptcy and that the company would be worth $9.4 billion to $12 billion as a stand-alone airline."

The Washington Times (2/1, Lengell) reports, "The Atlanta airline, which has been operating in bankruptcy protection since September 2005, said it will be worth $9.4 billion to $12 billion upon emerging from bankruptcy. … Delta rejected US Airways' initial offer of $4 billion and 78.5 million shares made public Nov. 15, saying the plan would burden the combined carrier with debt, face insurmountable antitrust issues, and result in job cuts and a loss of flights to smaller cities. … US Airways on Jan. 10 increased its offer to $5 billion in cash and 89.5 million shares. The stake Delta creditors would have held in the merged company rose to 49 percent from 45 percent."

The Atlanta Journal-Constitution (2/1, Grantham) reports, "Publicly, employee groups voiced vehement opposition through rallies and 'Keep Delta My Delta' buttons. The airline also enlisted political allies who raised questions about whether a merger would survive scrutiny by federal regulators. Both tactics were designed to plant doubts in creditors' minds. … Behind the scenes, the hostile bid lit a fire under Delta's effort to put forth a standalone reorganization plan that the creditors would like better than the merger offer. Delta lined up $2.5 billion in exit financing from six big Wall Street firms, announcing the arrangement just 48 hours before the creditors committee had to make a decision." The AJC continues, "Airline experts said Delta's 74-year-old chief executive, Gerald Grinstein, should get credit for rallying Delta — riven by hard times, job cuts and executive pay controversies in recent years — around the cause of independence. … The withdrawal of Tempe, Ariz.-based US Airways' bid clears Delta management to continue its plan to emerge from bankruptcy this spring as an independent airline. A court hearing on Delta's reorganization plan is set for Feb. 7 and could enable Delta to begin seeking creditors' votes for its plan."

Airlines Consolidation Dealt A Blow. The Wall Street Journal (2/1, A8, Dade, Carey) reports, "With yesterday's collapse of US Airways Group Inc.'s hostile takeover bid for Delta Air Lines Inc., the widely anticipated wave of consolidation in the U.S. airline industry is likely to remain on hold -- at least for now." The Journal continues, "The official committee of unsecured creditors for Delta yesterday rejected US Airways' $10 billion offer and formally endorsed the Atlanta airline's plan to exit bankruptcy this spring as an independent company. The publicly traded bonds of Delta and Northwest Airlines Corp., which is also operating under bankruptcy protection, slid as investors and analysts said any major mergers now may not materialize for another year or more." The Journal adds, "The failure of the deal 'moves consolidation onto the back burner for a while,' said Philip Baggaley, Standard & Poor's Corp.'s senior airline analyst. He added there is a 'reasonable chance there will be consolidation over the next year or two.' People familiar with the situation said there is little chance that discussions regarding any other combination with Delta, including earlier exploratory talks with Northwest and UAL Corp.'s United Airlines that were put on hold, would resume as long as Delta and Northwest remain in bankruptcy court."

The New York Times (2/1, Maynard, De La Merced) reports, "The deal's demise is the latest example of the difficulty any airline faces when it tries a hostile takeover of another carrier. Even friendly deals run into a myriad of problems in combining unions, routes and fleets. The task is even more complex in bankruptcy, where management essentially retains the right to put together a restructuring plan unless a judge decides otherwise, giving even the weakest carriers control over their fate. … So although industry specialists and executives have long predicted that airlines will eventually combine — as perhaps the only way they can achieve consistent profitability — others do not see that happening for the moment. … 'I thought consolidation was a lot more likely a couple of years ago,' when the industry was in the throes of its decline, said Herbert D. Kelleher, chairman and co-founder of Southwest Airlines. … Since then, however, lenders have come forward to help a number of airlines emerge from bankruptcy, including United Airlines, Aloha and Delta, which announced Tuesday that it had arranged $2.5 billion for its exit as soon as this spring."

Express Scripts Seeks More Time For FTC Review Of Caremark Bid. The AP (2/1, French) reports, "Pharmacy benefits manager Express Scripts Inc. of suburban St. Louis maneuvered Wednesday for more time for an antitrust review of its hostile takeover bid for rival Caremark Rx Inc." The AP continues, "Express Scripts said it intends to voluntarily withdraw its existing Hart-Scott-Rodino filing on Friday and will refile it on Tuesday, allowing the Federal Trade Commission another 30 days to review the proposed transaction. Otherwise, the federal agency had to announce by Friday if it had antitrust concerns about the Express Scripts offer." The AP adds, "Nashville-based Caremark, which favors an acquisition offer from by CVS Corp., is the nation's second-largest pharmacy benefits manager. Express Scripts, headquartered in Maryland Heights, Mo., is No. 3. … Woonsocket, R.I.-based CVS, the nation's largest operator of drugstores, announced Nov. 1 that it planned to acquire Caremark for CVS stock, a deal valued currently valued at about $24.6 billion."

Delay Seen As Beneficial For CVS. The Wall Street Journal (2/1, Armstrong, Berman) reports, "Express Scripts Inc. moved to allow federal antitrust regulators more time to review the company's hostile bid for rival pharmacy-benefits manager Caremark Rx Inc., a delay that boosts a competing offer for Caremark by drugstore giant CVS Corp." The Journal

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continues, "The action makes it unlikely that Express Scripts can gain antitrust approval before Caremark shareholders vote on the CVS offer on Feb. 20. Under the new timetable, the Federal Trade Commission doesn't have to act on the Express Scripts matter until March 8. … That uncertainty favors the CVS deal, valued at about $25 billion, since the drugstore chain has already passed a similar FTC review and can close quickly on the deal following shareholder approval. CVS shareholders are slated to vote on the Caremark acquisition on Feb. 23." The Journal adds, "With Express's antitrust case in limbo, the company is under increasing pressure to raise its offer, which yesterday was valued at $58.87 per Caremark share. That is only about 1% greater than CVS's transaction terms, valued at $58.19, which includes a $2 per share dividend once the deal is completed. … That leaves CVS in the driver's seat, given that an Express deal is months away from completion. The exact timing, however, is what is at stake with an FTC decision. And that is why it has become such a hot debate topic among the two feuding sides. … Express Scripts said it planned to withdraw its filing with the FTC on Friday and refile it Tuesday to give the agency another 30 days to review the proposed acquisition. The company said it intends to work with the FTC to clear the transaction without a 'second request' for information, which would further delay regulatory approval."

Sanofi Seen As Well-Positioned For Successful Bristol Myers Bid. The Financial Times (2/1, Bowe, Jack, Strauss) reports, "For pharmaceutical companies considering a bid for Bristol Myers-Squibb of the US, it is the best of times and the worst of times." The Times continues, "BMS, a struggling company with promising new drugs and a good pipeline, has long seen 2007 as a pivotal point in its turnround after a having to cope with a raft of patent expiries on big drugs in recent years and serious legal troubles. It harbours considerable uncertainties for any buyer. … Yet it emerged this week that BMS and its long-standing French partner, Sanofi-Aventis, have held early-stage talks, prompting BMS to beef up its panel of investment banking advisers, adding Lehman Brothers to Citigroup and Morgan Stanley, partly to widen the field of potential interested parties. Sanofi is well placed to act fast and beat rivals to a deal. Barbara Ryan, an analyst at Deutsche Bank, says a formal bid now would be 'opportunistic'. … It would also be intriguing, she says. BMS has been operating for two years under a settlement with federal prosecutors after an accounting scandal. They appointed a corporate monitor to ensure compliance with corporate governance improvements negotiated to avoid criminal charges. This "deferred prosecution agreement" is set to end in June." The Times adds, "BMS has other legal complications, including a US justice department investigation into negotiations last year with the Canadian generic drugmaker Apotex to end a patent dispute over its blockbuster blood-thinning drug Plavix, accounting for more than a third of its earnings. The fall-out led to the firing of Peter Dolan, the chief executive. … The patent challenge over Plavix itself - for which hearings began this month - throws up more uncertainty until a decision, also expected in June. As Morgan Stanley analysts argued this week, the litigation adds to the pressure on BMS's ability to generate new cash to sustain dividend payments and commercialise its late-stage pipeline of future drugs."

Vornado To Raise Bid For Equity Office Properties. The Wall Street Journal (2/1, C2, Chittum, Sender) reports, "An investor group led by Vornado Realty Trust is expected to raise its bid for Equity Office Properties Trust, topping Blackstone Group's bid in one of the biggest buyout fights in history." The Journal continues, "The bid was set to be announced last night or before markets open today. Vornado had a deadline yesterday to complete its fact-finding or "due diligence" on whether to top Blackstone's most recent offer of $54 a share. If Vornado made such a bid, Blackstone could either go higher or claim the high road of discipline, tell investors that the price was too high and walk away with its consolation prize, a $500 million fee that it will share with investors. Equity Office is a real-estate investment trust founded by the Chicago real-estate magnate Samuel Zell." The Journal adds, "The markets had expected a bid to materialize with EOP's stock up 89 cents, or 1.6% yesterday to $55.55 as of 4 p.m. composite on the New York Stock Exchange -- and Vornado's down $1.20, or nearly 1%, to $122.35 on the Big Board. … The latest round in the bidding caps a feverish period in which both sides have been consulting with potential buyers of some of the properties in the Equity Office portfolio, the largest in the U.S. by size and value, to determine how high to go. … The contest started on Nov. 19 when Blackstone agreed to buy Equity Office for $20.1 billion, or $48.50 a share. In July, Equity Office had spurned a then-secret offer by Vornado Chief Executive Steven Roth to merge the two companies. … Vornado struck back on Jan. 17 with two private-equity partners, Starwood Capital and Walton Street Capital, offering $52 a share with 40% payable in Vornado stock and the rest in cash. Blackstone returned the volley eight days later, raising its bid to $54 a share. .. The frenzied back and forth came months after conventional wisdom still held that Equity Office was too big to be taken private. Though its stock had lagged behind its peers since the start of the decade, it was a behemoth with a total capitalization (including debt) of some $36 billion, which would require the largest 'takeout deal' in history."

Nasdaq Warns Of Consequences For LSE Should Takeover Bid Fail. The Financial Times (2/1,

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Cohen) reports that Nasdaq has signaled it is prepared to fight a prolonged battle with the London Stock Exchange. On Wednesday, the US stock market "warned…if its hostile takeover bid failed, it could offer its technology to an LSE rival as part of moves it expects to drive down the exchange's share price." Nasdaq Chief Executive Bob Greifeld "told the Financial Times that Nasdaq could keep its 28.75 per cent stake in the LSE for 18 months." Greifeld indicated he expected the share price to fall in that time. Nasdaq "has refused to raise its offer price from £12.43 a share and looks steeled to seeing its current approach running out of time. LSE shares have stayed stubbornly close to £13, making it highly unlikely the bid will succeed."

ENVIRONMENT/INDIAN AFFAIRS:

UN Panel Report Expected To Predict Warming Of 3 Degrees Celsius By 2100. The Christian Science Monitor (2/1, Spotts, 59K) reports, "By 2100, retired snowbirds will be joined by 'sun birds' – who flee north to escape oppressively hot, humid summers not just in Miami, but Milwaukee as well. ... Welcome to a world where the climate is, on average, 3 degrees Celsius (5.4 degrees Fahrenheit) warmer than today. That projection – more specific than any previous one – is just one element expected to emerge this week as some 500 scientists from around the world gather to put the finishing touches on a major report on the Earth's climate and what the future may hold for it." It is "the first of three volumes set for release this year by the UN-sponsored Intergovernmental Panel on Climate Change." Details "remain closely held until its release Friday morning. Leaks to the press based on earlier drafts, however, suggest that the researchers are projecting temperature increases of between 2 and 4.5 degrees C (3.6 and 8.1 degrees F.) by century's end if carbon-dioxide concentrations in the atmosphere reach twice their preindustrial levels. Their 'most likely' increase is expected to be about 3 degrees C."

US Firms Said To Lag In Climate Change Readiness. The Financial Times (2/1, Birchall) reports, "US companies are lagging behind Europe in their readiness to identify climate-change risks, according to the most comprehensive survey to date of industry awareness of the issues." The Times adds, "Only 47 per cent of the members of the S&P 500 index responded to a request last year for information on their assessment of climate change risk ... . In contrast, 76 per cent of the members of the FT 500 index responded to the same questionnaire." The "report on the responses was prepared for Ceres, a coalition of investors and environmental groups, and Calvert, one of the largest US socially-concerned investment firms. It comes amid growing corporate awareness of climate change risk in the US."

Chirac Says US Must Sign Climate Agreements Or Face Tax. The New York Times (2/1, Bennhold, 1.16M) reports, "President Jacques Chirac has demanded that the United States sign both the Kyoto climate protocol and a future agreement that will take effect when the Kyoto accord runs out in 2012. He said that he welcomed last week's State of the Union address in which President Bush described climate change as a 'serious challenge.'" But "he warned that if the United States did not sign the agreements, a carbon tax across Europe on imports from nations that have not signed the Kyoto treaty could be imposed to try to force compliance." The Times adds, "Trade lawyers have been divided over the legality of a carbon tax, with some saying it would run counter to international trade rules. But Mr. Chirac said other European countries would back it."

Professor Says Climate Change Framework Is Well Established. In a Washington Post (2/1, A15, 690K) op-ed, science history professor Naomi Oreskes writes, "With the release of the new report by the Intergovernmental Panel on Climate Change tomorrow,...many will be looking for what's new." But "from a policy perspective" what matters is "that the broad framework is established beyond a reasonable doubt. Although few people realize it, this framework has been in place for nearly half a century." One "early warning that we 'will modify the heat balance of the atmosphere to such an extent that marked changes in climate . . . could occur' came in 1965 from the Environmental Pollution Board of the President's Science Advisory Committee. While the Bush administration has been loath to accept this reality," the Johnson Administration "accepted it as a statement of scientific fact." In 1992, the UN Framework Convention on Climate Change "called for immediate action to reverse the trend of mounting greenhouse gas emissions. One early signatory was President George H.W. Bush, who called on world leaders to translate the written document into 'concrete action to protect the planet.'" The "treaty was unanimously ratified by the Senate." Oreskes concludes, "In 1965, the concern that greenhouse gases would lead to global warming was a prediction. Today, it is an established scientific fact."

Ethanol Transportation Strains Railroads. The Wall Street Journal (2/1, B1, Brat, Machalaba, 2.04M) reports that "as ethanol producers ramp up production, they are straining railroads already taxed by burgeoning shipments of coal, containers and grain. And they worry that the transportation crunch could make it difficult for ethanol, despite its surge of support in Washington, to compete with energy rivals." Because ethanol cannot be shipped through the pipelines that move gasoline, natural gas and oil, "the ethanol industry has been forced into a marriage with the already groaning railroads." Although few "think the strains will derail the boom," "ethanol's popularity has meant that producers have had to struggle to upgrade their rail yards and

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secure enough tank and grain cars to efficiently ship both ethanol and its byproducts."

Ethanol Imports Soar Despite Tariff. The Wall Street Journal (2/1, B1, Etter, 2.04M) reports, "Even as the U.S. looks to ethanol as a way to wean itself off foreign petroleum supplies, imports of the biofuel are soaring. Despite a sharp tariff levied on most ethanol shipped from abroad, importers are finding they can compete with domestic ethanol on price." The "surge in imports has yet to cause political backlash because U.S. ethanol supplies haven't caught up with demand. But tensions could arise this year as production at a slew of new domestic ethanol plants threatens to outstrip demand." The "ethanol industry benefits from a 51-cent-a-gallon tax credit as well as a 54-cent-a-gallon tariff levied on most imports. The tariff drives up the price of imported ethanol. Neither subsidy is likely to change despite Bush administration hints that it wouldn't mind seeing the tariff disappear."

Wessel Says Bush Plan Would Make Ethanol Tax Credit, Tariff Unnecessary. In his Wall Street Journal (2/1, A4, 2.04M) column, David Wessel evaluates President Bush's energy initiative, writing, "Bush is allergic to anything that smells like a tax. So he opted for a not-very-Republican alternative. He would use the government's muscle to force Americans -- or more precisely, the companies that blend motor fuel -- to consume less gasoline than they otherwise would and more of something else." It "isn't the economists' first choice, but economists don't often run for office. The president's proposal has some logic: The government isn't picking winners, just guaranteeing lasting demand for alternatives to gasoline." Wessel adds, "With all that guaranteed demand, more than makers of corn-based ethanol could ever meet, one might think there was no longer any need for the 51-cent-a-gallon tax credit for ethanol." One "might also think that...there is little reason to continue a 54-cent-a-gallon tariff on imports of sugar-derived ethanol from Brazil." But Bush "didn't say anything about repealing the tax credit" or the tariff. The "reason has little to do with economics, and a lot to do with the politics of corn."

Federal Judge Schedules Near Hearing On "Divine Strake" Challenge. The AP (2/1) reports from Las Vegas, "A federal judge told government lawyers Wednesday he wants to be kept closely informed on plans for a non-nuclear explosion that authorities say would send a mushroom-shaped dust cloud high over the Nevada desert." The AP continues, "With no date set for the test, dubbed 'Divine Strake,' U.S. District Court Judge Lloyd George set another status hearing March 2, and said he wants to see a draft environmental assessment prepared about the Defense Threat Reduction Agency experiment. … 'I'll pay a lot of attention to this case, I assure you,' the judge said." The AP adds, "Justice Department lawyer Caroline Blanco said if a date is picked for the explosion, it will be at least 30 days after the environmental assessment is completed and a finding is made that the explosion would pose no significant threat to the environment or people. … Blanco, speaking by conference call from Washington, D.C., said that until a decision is made to go ahead, it was premature to address opponents' claims that the test will kick up and spread radioactive dust from the Nevada Test Site. … Robert Hager, a Reno-based lawyer representing Western Shoshone tribe members and 'downwinders' in Utah and Nevada, said that he plans to challenge flaws in the environmental assessment. … The document has been the focus of public meetings this month in Nevada, Utah and Idaho, where elected officials have questioned the safety of the experiment. It was postponed last year after Hager filed suit."

Quirk In Law Leaves Many Native Americans Without Counsel. The Wall Street Journal (2/1, A1, Fields) reports, "The right of defendants to legal counsel is guaranteed by the Constitution. But due to a little-known quirk in federal law, Native Americans aren't assured this protection. That's because under U.S. law, Indian tribes are considered sovereign nations, and are not subject to all privileges afforded by the Bill of Rights." The Journal continues, "The country's 560 tribes are largely responsible for funding government services such as schools, police, and hospitals, as well as courts. The tribes have jurisdiction over crimes committed on reservations by the nation's 2.4 million American Indian and Alaska Natives. … Many of these tribal courts, like their federal and state counterparts, have their own prosecutors, tribe-appointed judges and jail facilities. Court proceedings can be judge or jury trials. There are 275 such courts in the U.S., each governed by the laws of an individual tribe or village. According to the U.S. Justice Department, more than 9,200 Native Americans convicted in tribal courts are locked up in tribal facilities or local jails off tribal lands." The Journal adds, "Mostly absent from this parallel justice system are public defenders -- a luxury that many poor tribes say they cannot afford. The defense gap means that accused criminals often end up representing themselves. As a result, many plead guilty and risk exposing themselves to additional charges at the federal and state levels. In some instances, they may be subject to double jeopardy -- two trials, sentences and punishments for the same crime. … The Indian Civil Rights Act, passed in 1968, gave individual tribe members some protections, such as the right to a speedy trial and the right to a trial by jury. But it did not provide the right to counsel for defendants too poor to hire attorneys. … Over the years, various congressional bills have sought to address the problem of tribal defense funding. Last year, Arizona Sen. John McCain, then chair of the Indian

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Affairs Committee, held a hearing to argue for more government assistance. The issue has yet to gain traction."

FBI/DEA/ATF/USMS:

Schumer Proposes Plan To Fight Gang Violence, Drug Dealing Nationwide. The Journal News (1/31) in White Plains reported U.S. Sen. Charles Schumer has "proposed spending more than $1 billion and passing tougher laws to fight a nationwide surge in gang violence and drug dealing. Schumer unveiled a staff report showing a rise in violent crime and drug arrests across New York from 2000 to 2005 as an example for the entire country. The Gang Abatement and Prevention Act of 2007 includes spending $1 billion over five years for law enforcement to fight gangs on the streets and $50 million for police and educational programs in schools."

Empire State News (2/1) reports Schumer "released a new report showing that there has been a 10-percent increase in reports of violent crime and a nearly 20 percent jump in the number of drug arrests in cities and communities across upstate New York. 'Every sheriff, every police commissioner, the DEA, shows that a remarkably high percentage these days of both violent crimes and drug arrests are gang-related.'"

Pro Leagues Face Criticism For Not Requiring HGH Blood Tests For Athletes. The AP (2/1) reports Olympic athletes "soon will have their blood tested for human growth hormone, but the NFL and baseball officials instead are embracing the unproven concept of urine testing in their bid to stop use of the performance-enhancing drug. Critics question whether the pro leagues truly are intent on rooting out HGH, thought to be widely abused because no one currently is testing for it. But baseball and football officials say they are stymied by union contracts that prohibit taking blood from players, and they cite privacy concerns and doubts about the accuracy of blood tests." The World Anti-Doping Agency "plans to test the blood of elite amateur athletes by the end of this year. The agency's chief, Dick Pound, dismissed efforts by the NFL, Major League Baseball and their unions as 'a piddling little amount' spent on unproven technology to combat a major problem."

House Subcommittee Leaders Back Mitchell's Steroids Investigation. The AP (2/1) reports Congress "is monitoring George Mitchell's investigation of steroids in baseball and could intervene if he doesn't get more cooperation. The leaders of a House subcommittee that held hearings on steroids in 2005 pledged their support for Mitchell in a letter sent to him Tuesday and released to the media Wednesday. 'We sincerely hope that all relevant parties will work constructively to facilitate the completion of your investigation and your ongoing efforts to clean up the sport,' wrote House Energy and Commerce Subcommittee on Commerce, Trade, and Consumer Protection chairman Bobby Rush, a Democrat from Illinois, and ranking Republican Cliff Stearns of Florida."

The New York Times (1/31, Curry) reported that by "warning the owners that Congress could again get involved with baseball and steroids, Mitchell is trying to persuade more people within the sport to testify. If nothing else, Mitchell has now succeeded in getting a reaction from Congress. 'We appreciate your warning to team owners and concur with your recommendation for better cooperation with your independent investigation,' Rush and Stearns wrote."

Bush Administration May Shift More Plan Colombia Resources Toward Economic Development. In Bogota, the Miami Herald (2/1) reports the Bush administration "will seek almost $600 million from Congress this year to aid Plan Colombia II, the second phase of a multi-pronged effort to battle drug trafficking and insurgency. The strategy may include shifting more resources to economic development projects, administration officials said Wednesday. … Analysts in Colombia, however, were skeptical that there would be any significant changes to Plan Colombia and considered possible alterations in terms of the Bush administration's efforts to appease the Democrat-controlled Congress in Washington."

Deputy Marshal Pleads Not Guilty To Alleged Mob Leak. The Chicago Tribune (2/1) reports, "A deputy U.S. marshal pleaded not guilty Wednesday to federal charges that he leaked confidential information that a mob hit man was cooperating with the FBI against organized crime." The Tribune continues, "John Ambrose was charged last month with telling a family friend that Nicholas Calabrese, the only member of the Chicago Outfit ever to become a government informant, was releasing details of gangland slayings." The Tribune adds, "Ambrose's alleged role as the inside source came to light in cryptic conversations between imprisoned Outfit boss James Marcello and his brother, Michael, that were secretly recorded by the FBI. … Following Wednesday's arraignment, Ambrose's lawyer, Francis Lipuma, said he has been told that federal officials plan to place Ambrose on unpaid leave from his job, but Lipuma intends to fight the move. He is currently on paid leave."

IMMIGRATION:

US Seeks Dismissal Of Cuban Militant's Bid For Freedom. The AP (2/1, Caldwell) reports from El Paso, "U.S. immigration officials have asked a federal judge to toss

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out Cuban militant Luis Posada Carriles' bid to be set free pending his ordered deportation." The AP continues, "In a four-page motion filed Wednesday in El Paso, the government argued that Posada's lawsuit is moot because he was transferred to the custody of the U.S. Marshals Service after being indicted Jan. 11. He had filed the lawsuit last year after spending nearly a year in a federal detention center on an immigration violation. He has been charged with several counts of lying during an interview and on an application in a bid to become a naturalized U.S. citizen. … Posada, who has pleaded not guilty, is being held without bond at the Otero County jail in New Mexico." The AP adds, "The motion was filed a day before a court-imposed deadline for immigration authorities to justify Posada's continued detention pending his deportation. … A federal immigration judge ruled in 2005 that Posada, a former CIA operative and U.S. Army soldier who had roles in the failed Bay of Pigs invasion of Cuba and the Iran-Contra scandal, had to leave the U.S. But Judge William L. Abbott also ruled that the ailing anti-Castro militant could not be sent to Venezuela, where is a naturalized citizen, or Cuba, where he was born, because of fears that he would be tortured. … Governments of both countries want Posada sent to Venezuela to stand trial on charges that he was in Caracas when he planned the deadly 1976 bombing of a Cuban jetliner. Posada has denied any wrongdoing. … Several countries, including Mexico, have refused to let Posada in and Posada has argued that he should be set free while the government continues efforts to find some place to send him."

Plan To Increase Immigration Fees Draws Criticism. The Washington Post (2/1, A7, Fears, Hsu, 690K) reports, "Sen. Edward M. Kennedy (D-Mass.) joined a chorus of immigrant advocacy groups in condemning the Bush administration's plan to charge legal immigrants significantly more money to obtain green cards, adjust their residency status and bring relatives to the United States." Kennedy said the "drastic increase will price the American dream out of reach for qualified immigrants wanting to be citizens of our country," and "called on Congress to appropriate more money to USCIS, which depends on fees for 99 percent of its budget." The senators "comments were echoed by Kevin Appleby, director of migration and refugee policy for the US Conference of Catholic Bishops: 'This increase reflects a disturbing trend which places the benefits of citizenship on the open market, with only those of a certain economic level able to access it.'"

The Washington Times (2/1, Dinan, 88K) reports CIS "said the increases will pay for more employees and equipment, reducing wait times. Director Emilio Gonzalez said immigrants will 'see the difference' in service." The Times adds, "On the other side of the ledger, Mr. Gonzalez has proposed eliminating the fee for applying for a visa as a victim of human trafficking. The fees would go into effect in about six months, after a public-comment period that begins today. The fees would add $1 billion to the agency's $2 billion annual budget."

McClatchy Newspapers (2/1, Clark, Chardy) reports immigration advocates compared the proposed fee increase "to a 'second wall' that could make it harder for many new arrivals to earn US citizenship." McClatchy also notes Kennedy's opposition to the increase, and adds that Rep. Zoe Lofgren, the chair of the immigration subcommittee, "said she planned to 'carefully examine' the agency's justification for the increases."

TAX:

Massachusetts Man Faces Tax Fraud Charges. The Lowell (MA) Sun (2/1) reports, "A Groton (MA) resident faces charges in U.S. District Court for defrauding the government on his tax returns." The Sun continues, "According to the U.S. Justice Department, Joseph K. Berardi, 50, failed to report his sales to S. Strogoff & Co. a scrap-metal dealer in Chelsea, as taxable income on his federal returns in 1997, 1998 and 1999. He is believed to be one of the parties involved in a conspiracy to defraud the government of tax revenue." The Sun adds, "Yale Strogoff, of Swampscott, pleaded guilty to conspiring to defraud the government in 2004. Strogoff conspired with his customers to pay those customers checks payable to fictitious payees for scrap metal sold to his company. Strogoff also arranged for the banks to cash the checks with no identification required. The customers would then keep the money for themselves instead of recording it as corporate income. … If convicted, Berardi faces up to three years in prison with another year of probation, and a fine of up to $250,000."

Wal-Mart Avoids State Taxes By Paying Itself Rent. The Wall Street Journal (2/1, A1, Drucker) reports, "As the world's biggest retailer, Wal-Mart Stores Inc. pays billions of dollars a year in rent for its stores. Luckily for Wal-Mart, in about 25 states it has been paying most of that rent to itself -- and then deducting that amount from its state taxes." The Journal continues, "The strategy is complex, but the bottom line is simple: It has saved Wal-Mart from paying several hundred million dollars in taxes, according to court records and a person familiar with the matter. And Wal-Mart is far from alone." The Journal adds, "The arrangement takes advantage of a tax loophole that the federal government plugged decades ago, but which many states have been slower to catch. Here's how it works: One Wal-Mart subsidiary pays the rent to a real-estate investment trust, or REIT, which is entitled to a tax break if it pays its profits out in

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dividends. The REIT is 99%-owned by another Wal-Mart subsidiary, which receives the REIT's dividends tax-free. And Wal-Mart gets to deduct the rent from state taxes as a business expense, even though the money has stayed within the company. … Partly thanks to sophisticated financial strategies like these, states' tax collections from companies have been plummeting. On average, Wal-Mart has paid only about half of the statutory state tax rates for the past decade, according to Standard & Poor's Compustat, which collects data from SEC filings. The so-called 'captive REIT' strategy alone cut Wal-Mart's state taxes by about 20% over one four-year period. Now several state regulators are trying to crack down on the strategy, used largely by retailers and banks, and some other states have changed their laws to try to end the practice. Yesterday, New York Gov. Eliot Spitzer included elimination of the loophole as part of his proposed budget, a fix he said would bring the state $83 million a year. … North Carolina tax authorities are challenging Wal-Mart, saying its REIT strategy was intended to 'distort [the company's] true net income,' according to its filings in the case in Superior Court in Raleigh, N.C. … Regulators in at least a half-dozen states are going after companies that have trimmed their taxes through similar arrangements, including Regions Financial Corp.'s AmSouth Bancorp. unit; AutoZone Inc. of Memphis, Tenn.; and two units of Bank of America Corp."

IRS, Consumer Advocates To Promote Earned Income Tax Credit. USA Today (2/1, 4B, Block, 2.27M) reports the IRS, the US Treasurer and "a coalition of consumer groups plan to launch a nationwide initiative today to encourage more low-income families to claim the earned income tax credit, an often-overlooked benefit that's worth up to $4,536 this year." Consumer advocates "and the IRS say they hope the program will also reduce the number of low-income taxpayers who take out refund-anticipation loans — high-interest loans offered by some tax-preparation companies. Though the use of those loans fell by more than 20% in the 2005 tax-filing season, they're still used by about 30% of EITC recipients, says Chi Chi Wu of the National Consumer Law Center."

CONGRESS-ADMINISTRATION:

Bush Touts Economy, Addresses "Income Inequality" In Visit To Wall Street. NBC Nightly News (1/31, story 6, :50, Williams, 9.87M) reported, "President Bush was…in New York today, on Wall Street, where he criticized those giant salaries and bonus us for CEO's. He said corporate boards should take more responsibility to tie executive pay to performance. He was then greeted by spontaneous applause on the trading floor of the New York Stock Exchange. A photo op meant to emphasize an economy that he says is stronger than he gets credit for."

The CBS Evening News (1/31, story 5, :25, Couric, 7.66M) also noted that "in New York, to talk up the economy…Bush surprised traders at the stock exchange by dropping by for an unannounced visit," while ABC World News (1/31, story 3, 2:45, Gibson, 8.78M) said the President "got a very warm welcome. Indeed, feelings were warm all day long, for stock traders." ABC (Stark) added, "The President was back on the offensive again today…steering the conversation…to the economy." Wall Street "is certainly friendly territory. It's hard to imagine a warmer reception than the one the President got today from traders on the floor of the New York Stock Exchange. But his message to the nation's leading capitalists was laced with tough love. At a speech at Federal Hall, he first made a nod to the outrage sparked by CEOs getting giant severance packages after being fired for poor performances." Bush was shown saying, "The salaries and bonuses on CEOs, should be based on success and improving their companies and bringing value to their shareholders. We need to pay attention to the executive compensation packages that you approve." Bush, "for the first time," also "acknowledged that not everyone has shared equally in the recent economic prosperity." Bush: "The fact is that income inequality is real. It's been rising for more than 25 years. And the question is, whether we respond to the income of the inequality we see with policies that help lift people up, or tear others down."

The Washington Post (2/1, A4, Abramowitz, Montgomery, 690K) reports Democrats "said Bush's speech is a reaction to the success of their agenda and to growing anger among voters who feel they are being left behind. 'They recognize the unhappiness voters have with inequity in this country,' said Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee. 'For much of last year, they tried to deny this. But the election finally clinched it. So I guess there's no point in denying it anymore.'" The Post adds, "Bush aides did not deny that Bush was seeking to address Democratic concerns, but they said income inequality has been on the minds of senior administration officials such as Treasury Secretary Henry M. Paulson Jr., who mentioned the subject in his first major address last spring, and chief economic adviser Edward Lazear." The Washington Times (2/1, Dinan, 88K) also focuses on Bush's comments on "income inequality," and describes Bush's message as "markedly populist."

The President's visit to New York was widely reported on by local TV stations throughout the country. The coverage often focused on Bush's comments about executive salaries. In a report typical of much of the local coverage, WCBS-TV New York (1/31, 11:05 pm) said in its broadcast, "Bush was in the city today to talk about the state of the economy and to take large American corporations to task on fat executive

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bonuses." The report added the President "paid a surprise visit to the New York Stock Exchange floor, where he mingled with traders." CLTV-TV Chicago (1/31, 9:55 pm) noted Bush "played up lower inflation, interest rates and rising wages."

A significant number of local TV newscasts across the country showed the President saying, "Government should not decide the compensation for America's corporate executives. But the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders." Among them were WPBN-TV Traverse City, MI (1/31, 11:09 pm), KYMA-TV Yuma, AZ (1/31, 10:01 pm), WWBT-TV Richmond (1/31, 5:35 pm), and WAVE-TV Louisville (1/31, 5:12 pm).

White Bush's visit to Wall Street was mentioned in most reports dealing with yesterday's economic news, most print reports focusing solely on the President largely address his comments on CEO compensation. The AP (2/1, Feller), for example, says he issued "a sharp warning for corporate boards to 'step up to their responsibilities' and tie compensation packages to performance."

The New York Times (2/1, Rutenberg, 1.16M) reports Bush's comments on CEO pay "were met with silence from an otherwise friendly crowd gathered to hear what the White House billed as a 'State of the Economy' speech." However, the Los Angeles Times (2/1, Hamilton, 850K) titled its report "Bush Sides With Corporations On Executive Pay Issue," and says Bush argued "corporate directors, not government officials, should be the ones to judge whether chief executives are earning their keep."

The Wall Street Journal (2/1, A4, McKinnon, Conkey, 2.04M), meanwhile, in a story headlined "Bush Gives Hope To Foes Of Sarbanes-Oxley Law," says that that in his speech, Bush "backed business demands to pare post-Enron reforms, which he called 'costly for businesses.' But he also used the forum to join the chorus of critics questioning lavish executive pay."

USA Today (2/1, Jackson, 2.27M) reports that in his speech yesterday, Bush also "called on Congress to extend tax cuts and renew 'fast track' trade authority, which requires Congress to cast an up-or-down vote on any international trade deal and make no amendments to the agreements." The President "highlighted the economy's growth and low unemployment and noted the earnings gap between the rich and poor is twice what it was in 1980. The president said an improved education system is vital to lifting wages and repeated his call for Congress to renew his No Child Left Behind education law."

The New York Times (2/1, Rutenberg, 1.16M) reports the President "may be buffeted by bad news out of Iraq and record-low poll ratings, but he was buoyed on yesterday by positive economic signals. And he purposely chose Wall Street as the arena for his message that the economy is vibrant, a theme his aides hope can help him rebuild his flagging support. … With Democrats and some Republicans continuing to discuss resolutions critical of his new plan for Iraq in Washington, Mr. Bush used his speech earlier at Federal Hall to flaunt new economic data."

Bush Touts Positive Economic News In Wide-Ranging Interview. Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed Bush yesterday before his visit to the floor of the New York Stock Exchange. In an interview that touched on a variety of subjects, including Iraq, Katrina, and his post-2008 plans, the President was eager to tout the positive economic news released yesterday. Said Bush "War's difficult. It's negative. And, so, I'm not surprised that some of the good economic news is overshadowed by the -- the difficult news out of Iraq." But instead of focusing on negative press, Bush said he was "more concerned about than anything is whether or not people are putting more money in their pocket -- personal income was up by about 5 percent last quarter -- you know, whether people are finding jobs, and -- but, equally importantly, whether or not the policies we're working with Congress on will make this economy good, you know, in the future."

Bush Blasts Rationale For Higher "Taxes On The Rich." In his interview with Fox Your World With Neil Cavuto (1/31, Cavuto), Bush was asked to respond to Democratic claims that tax hikes on "the upper income" were justified by excessive CEO pay packages, Bush said, "That's the old saw, you know, raise the taxes on the rich. And, when you try to raise taxes on the rich, you also raise taxes on small business owners, sole-proprietorships, Subchapter S corporations. You know, it turns out that these tax increases are going to have to reach fairly far down the income level to meet the spending appetite of the Democrats."

Economy Grew At 3.5% Last Quarter. The CBS Evening News (1/31, story 5, :25, Couric, 7.66M) said "the US is economy is picking up after growing just 2% in the third quarter of last year. It gained strength in the final quarter, growing 3.5%." The AP (2/1, Aversa) reports "the economy snapped out of a sluggish spell and grew at a faster-than-expected" rate, adding the data "underscored the resilience of the economy; it has managed to keep on moving despite the ill effects of the residential real-estate bust and an ailing automotive sector." The Washington Post (2/1, A1, Henderson, 690K) says "the US economy turned in a surprisingly strong performance last year, new data show," dispelling "any lingering doubts about the momentum of the economy going into this year. Many economists predict growth will slow this year, but gone are the recession worries of last summer." The Financial Times (2/1, Callan), Wall Street Journal (2/1, Whitehouse, 2.04M), New York Times (2/1, Peters, 1.16M), Christian Science Monitor (2/1, 59K), Washington Times (2/1, 88K) and Los Angeles Times (2/1, Havemann, 850K), among other newspapers, run similar reports.

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Fed Holds Rates Steady, Deliver Positive Economic Assessment. The AP (2/1, Aversa) reports, "Pointing to a revved-up economy and encouraging news on inflation, the Federal Reserve held interest rates steady on Wednesday and extended a half-year breather for US borrowers." Fed Chairman Ben Bernanke "and his central bank colleagues left an important interest rate unchanged at 5.25 percent, the fifth straight meeting without budging the rate. The decision was unanimous." Fed policymakers also "delivered a more positive assessment of the economy than in December, recognizing improvements in economic growth, inflation and even the troubled housing sector. 'Overall, the economy seems likely to expand at a moderate pace over coming quarters,' they said." USA Today (2/1, Hagenbaugh, 2.27M) describes the Fed as "more upbeat economic assessment than in recent months," while the Financial Times (2/1, Guha, Callan, Beales) notes the central bank "signaled growing confidence that the economy was heading for a soft landing." Its report "cited progress on inflation, noting 'readings on core inflation have improved modestly in recent months.'" The New York Times (2/1, Andrews, 1.16M) and Washington Post (2/1, Henderson, 690K) also report the story. The Wall Street Journal (2/1, A2, Ip, Whitehouse, 2.04M), meanwhile, reports there has been growing praise for Bernanke among economists following the last economic reports.

Stocks Soar Following Fed Announcement. NBC Nightly News (1/31, story 7, :15, Williams, 9.87M) reported that after the Fed announcement, the Dow soared "up to 98 points [to close at 12,621.69] to a new record close. NASDAQ was up more that 15 points [to close at 2,463.93] on today's trading." The AP (2/1, Paradis) says the Federal Reserve "answered two of Wall Street's major concerns, indicating that the economy remains healthy and that inflation pressures are easing." The Washington Times/AP (2/1) notes "the Standard & Poor's 500 index rose 9.42, or 0.66 percent." Similar stories on the soaring market appear in USA Today (2/1, 5B, 2.27M), the Wall Street Journal (2/1, C1, McKay, 2.04M) and New York Times (2/1, 1.16M), among other sources. USA Today (2/1, 4B, Shell, 2.27M) also reports that "if January lives up to its reputation as a good predictor of future stock market performance, then 2007 is likely to be another profitable year for stock investors." However, the New York Times (2/1, Bajaj, 1.16M) runs a story titled "What Could Bog Down The Bull," in which it says, "Investors may want to enjoy it while they can. The road ahead promises to be a long, hard slog as corporate profits are starting to slow."

Bush Warns Against Lurch Toward Disengagement, Isolationism. On its editorial page, the Wall Street Journal (2/1, A16, 2.04M) recounts the President's meeting yesterday with the Journal's editorial board, noting, "If Mr. Bush is beaten down by the polls and his party's loss of Congress, he isn't showing it. The President talked about a wide range of subjects, from warrantless wiretaps, to the politics of immigration, to diplomacy with North Korea." But Bush's "biggest theme was pushing back against what he feared might be a national lurch away from engagement with the world." Bush said, "I'm concerned about protectionism, isolationism." The Journal adds, "In his speech yesterday he hit on the need for new trade promotion authority. And in his conversation with us he also stressed his familiar arguments about the stakes of failure in Iraq." Asked about his decision to "change gears" on the NSA warrantless wiretap program, Bush said, "'Scrap the program' is not accurate. The program exists. And now we've had a program ratified by the judiciary which is going to make it easier for a future President to have this program in place. . . . It had nothing to do with diminution of Presidential authority. It had everything to do with getting a second branch of government to support that which I have done." The Journal adds, "It sounds to us as if the President believes he's made a tactical concession in order to achieve what he thinks is a larger strategic victory. Let's hope he's right." The Wall Street Journal (2/1, A16, 2.04M) also ran extensive excerpts of its interview with the Journal's editorial board.

WSJournal Says Those Predicting A Recession Were Wrong. The Wall Street Journal (2/1, 2.04M) editorializes, "If the US economy keeps growing like it is, Rodney Dangerfield is going to have to rise from the dead and file a patent claim. The expansion that gets no respect keeps cruising along -- past $70 oil, above rising interest rates, and now apparently around even the housing and auto slumps. Yesterday's report that fourth quarter GDP rose a healthy 3.5% was merely the most recent repudiation of the media and Beltway bears who have predicted a recession in each of the past four years." The "latest scare came last fall, as the decline in housing accelerated and many of Wall Street's Keynesian forecasters predicted the consumer would slump along with it. (We hope someone offered smelling salts to the economists at Goldman Sachs yesterday.) To the contrary, the consumer remains confident."

Bush Praised For Promoting Free Trade. The Los Angeles Times (2/1, 850K) says in an editorial that Bush "has never worked harder to promote free trade. On Wednesday, he made a powerful case on Wall Street for extending his fast-track trade negotiating authority, though even more impressive was his effort the day before to explain to factory workers in East Peoria, Ill., why they should care about such off-the-radar topics as the Doha round of World Trade Organization talks." The US economy "is as strong as it is because of, not in spite of, the world's increased openness. But this is a message the president has not done an effective job of selling in the past, and it's a message that plenty of Democrats in the new Congress do not embrace, given their ties to narrower interests adversely affected by competition. So Bush now has a tough fight ahead of him."

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Bush Seeks To Cut Farm Program Funds. The AP (2/1, Quaid) reports, "Thousands of the richest farmers would lose their government subsidies under a Bush administration plan to curb spending." Proposals released Wednesday "would reduce agriculture spending by $18 billion over the next five years." They "represent President Bush's vision of a new farm bill: a system of supports that would protect farm income and crop prices and keep food prices stable." The AP notes that anyone "making more than $200,000 in adjusted gross income would be cut off from farm payments under Bush's plan."

The New York Times says that "if approved by Congress, [the farm bill] would also reduce some trade-distorting payments that have gotten the United States into trouble with the World Trade Organization, and might put pressure on the European Union to reduce its own farm subsidies, steps that could restart stalled global trade talks." However, "aspects of the plan, especially the proposal to cut off payments to farmers earning more than $200,000 a year, are already rankling some farm groups." Mary Kay Thatcher, a lobbyist with the American Farm Bureau Federation, "said farmers would have 'serious concerns' about that provision." On the other hand, "the Agriculture Department was able to propose billions in increased spending on some programs because of expectations that prices for commodities like corn, soybeans and wheat would be much higher." For example, "The proposal would increase conservation financing…by $7.8 billion and direct almost $5 billion to … 'specialty' growers. … It would also provide $1.6 billion for research and development on cellulosic ethanol, which comes from agricultural waste and nonfood crops."

In an front page story, the Washington Post (2/1, Morgan, Gaul, 690K) reports, "The administration proposal addressed a number of problems raised last year in a nine-part series in The Washington Post." For example, "The plan would close a major loophole highlighted by The Post that in 2005 allowed corn farmers to receive $3.8 billion more than needed to ensure they got the government-guaranteed price." Farmers "would no longer be able to collect these 'loan deficiency payments' when prices are low and then sell later when prices rise." In reaction to the bill, Senate Agriculture Committee Chairman Tom Harkin (D-Iowa) said "there were 'a number of good ideas' but also complained that the proposal shortchanged a key conservation program he had created as well as spending on biofuels."

Meanwhile, the Wall Street Journal (2/1, Hitt, 2.04M) adds that the proposed spending increases on conservation and direct income payments "are more acceptable than subsidies of specific crops under the World Trade Organization." The Journal notes that the "unveiling of the administration's new farm package came as WTO chief Pascal Lamy signaled that he intends to formally reconvene negotiations in the Doha Round." However, "US Trade Representative Susan Schwab "said the Doha Round is not going to write the farm bill." She asserted that "the changes outlined yesterday should send 'a signal to our trading partners that we care about farm reforms.'" The Washington Times/AP (2/1) and The Hill (2/1, Swanson) also report on the Administration proposals.

House Committee To Probe Bush Signing Statements. The Politico (2/1) reports the House Judiciary Committee "has launched an investigation challenging repeated assertions by President Bush that he need not enforce aspects of laws he deems unconstitutional." Committee members "clashed over the validity of the investigation, which began with a committee hearing on Wednesday. Democrats said Bush is overstepping his executive role and meddling with the legislative process. Republicans maintained the president's assertions are merely guiding interpretations and follow long-term precedent." The investigation "will cover Bush's commentary on bills approved by both congressional chambers that require presidential approval."

McClatchy (2/1, Douglas) reports Bush "has issued 147 signing statements," according to Sen. Arlen Specter, the ranking Republican on the Senate Judiciary Committee." Roll Call (2/1, Yachnin) notes House Judiciary Chairman John Conyers says his investigation "would include both Democratic and Republican staff and will focus on the approximately 150 signing statements issued by Bush, which the American Bar Association estimates have affected more than 1,100 provisions of federal law."

Bush Says He's Found Presidency An "Exhilarating, Joyous Experience." Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed President Bush yesterday. Asked if he was eager for the end of his term, Bush said, "No, not yet. I mean, I'm -- I have got two years to go, and I'm going to sprint to the finish. I have got too much on my mind to worry about, you know, standing in the polls or what life's going to be in 2009. I'm -- this may come as a shock to you, but I have found this to be an exhilarating, joyous experience. I love representing our country."

Hoyer Open To Negotiations On Social Security. Fox Your World With Neil Cavuto (1/31, Cavuto) interviewed House Majority Leader Steny Hoyer, who said, "All of us need to come to the table to solve Social Security without preconditions, without saying you either do this or that or you don't do this or that. I think we can get Social Security on a sound fiscal footing for the foreseeable future if we work together. … I have talked to Secretary Paulson, the secretary

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of the Treasury. He clearly is very focused on accomplishing that objective. And I have indicated that I am willing to work with and look forward to working with him." Asked if raising the Social Security threshold from $97,500 would be raising taxes, Hoyer said, "Is it taking more money from some people? It is. And in that sense, is it raising taxes? Yes, it is. Obviously, that level has been an arbitrary level over time. It's reflected the needs of the Social Security system, so that a number of people have suggested that is one solution, not to raise the tax level but to raise the income subject to the tax. … The issue is, is there a free lunch?"

Democrats Pass $463.5 Billion Spending Bill. USA Today (2/1, 5A, 2.27M) reports, "The House of Representatives passed a $463.5 billion spending bill Wednesday that covers about one-sixth of the federal budget. The vote was 286-140." The bill "would increase spending on education, veterans, health research and grants to state and local law enforcement agencies. The legislation would cut President Bush's budget requests for NASA, foreign aid and aid for communities affected by the latest round of military base closings. The measure heads to the Senate. Bush has signaled he will sign it."

The AP (2/1, Taylor) notes "a sizable chunk of Republicans joined virtually all Democrats in approving spending increases for education, veterans and the AIDS battle in Africa." The vote, "with 57 Republicans voting in favor -- was a pleasant surprise for Democrats who expected far less GOP support. … The winning vote would have been even higher had there not been such hard feelings over how Democrats powered the bill through the House: just an hour of debate time, no amendments allowed." Republicans also "said the measure was not entirely free of parochial 'earmarks,' saying powerful senators such as Ted Stevens, R-Alaska, and Pete Domenici, R-N.M., received special treatment for home-state projects." The White House "has signaled that President Bush would sign the bill despite cuts to his requests for NASA, foreign aid and communities affected by the latest round of military base closings."

In a similar report, the Wall Street Journal (2/1, A4, Rogers, 2.04M) titles its story "House Democrats Show Strength In Passage Of Spending Measure," and calls the vote the "strongest showing yet of their new legislative muscle."

The Washington Post (2/1, A4, Kane, 690K) headlines its report "House Passes $463 Billion Spending Bill After Deleting Earmarks," and calls the measure "an austere plan stripped of billions of dollars worth of special-interest provisions."

The Washington Times (2/1, Miller, 88K), on the other hand, says Democrats "yesterday broke a pledge to strip pork spending from a massive funding resolution that contained about $500 million in what Republicans called questionable projects, including $44.6 million for a rainforest biosphere in Iowa and $50 million for the Hamas-led Palestinian Authority. … Critics said Democrats rammed through the $463.5 billion spending package without a committee hearing, without a committee mark-up process and without accepting amendments on the House floor. 'It is unfortunate that we are going to see a return to the days when you have decisions about how money is appropriated made by bureaucrats and made in smoke-filled rooms,' said Rep. Marsha Blackburn, Tennessee Republican. 'That's the kind of change [Americans] did not vote for when they went to the polls in November.'" The Times adds, "What's more, Republicans said, the legislation was fraught with accounting gimmicks to disguise higher spending. It actually increased spending, and therefore the budget deficit, by more than $6 billion from the last fiscal year, they said."

The Hill (2/1, Kucinich) notes "GOP members again took issue with the way the bill was pushed through the House, saying they had been 'shut out of the process.'"

House Panel To Examine Outside Ethics Enforcer. The AP (2/1, Abrams) reports House leaders "on Wednesday announced a task force to examine whether an outside panel should investigate ethics problems involving House members." Speaker Nancy Pelosi "said in a statement that she and the House Republican leader, Rep. John Boehner, R-Ohio, had agreed that the task force would report by May 1." Rep. Michael Capuano, D-Mass., "will lead the eight-member task force, which has four lawmakers from each party."

NYTimes Says House Democrats Resisting Bundling Disclosure. The New York Times (2/1, 1.16M) says in an editorial, "Now that House Democrats are beyond the spotlight of their ballyhooed first 100 hours, there are signs of foot-dragging on the keystone of their promised lobbying reform: forcing disclosure of the huge sums in campaign donations that lobbyists package to grease privileged access in the Capitol. This practice — called bundling — has lobbyists mass hundreds of donations of a few thousand dollars each into special-interest piñatas of hundreds of thousands. Full disclosure of bundling is the sine qua non of lobbying reform. Speaker Nancy Pelosi cannot let the new House majority backslide."

Pelosi Seeks Routine Use Of Military Aircraft. The Washington Times (2/1, Scarborough, 88K) reports Speaker Nancy Pelosi's office "is pressing the Bush administration for routine access to military aircraft for domestic flights, such as trips back to her San Francisco district, according to sources familiar with the discussions." The sources say Pelosi is "seeking regular military flights not only for herself and her staff, but also for relatives and for other members of the California delegation. A

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knowledgeable source called the request 'carte blanche for an aircraft any time.'" The Times adds Pelosi's "request is not new for a speaker, who is second-in-line in presidential succession. A defense source said the speaker's regular access to a military plane began after the September 11, 2001, attacks. Rep. J. Dennis Hastert, Illinois Republican, who was speaker at the time, started using U.S. Air Force planes for domestic travel to and from his district for security reasons." But a former Hastert aide "said the congressman did not use military planes for political trips or regularly transport his family." Sources "said Mrs. Pelosi's request goes beyond what Mr. Hastert received."

Senate Republicans To Discuss Domestic Agenda. Roll Call (2/1, Billings) reports when GOP Senators "go behind closed doors Friday to plot a unifying strategy for the 110th Congress, they likely will sidestep the one issue occupying most Members' attention: the Iraq War." Instead, Senate Republicans "plan to focus on producing a domestic-heavy agenda, message and game plan for the next two years that positions them to reclaim the Senate majority in 2008. And even though their long-planned retreat lands right in the middle of a Senate debate over Iraq policy, GOP Senators and aides say they are optimistic they will find more togetherness than divisiveness." Republicans "believe that one reason they lost so handily in 2006 is because they lost sight of their defining party principles and didn't effectively lay out their vision to the electorate." Republican Conference Chairman Jon Kyl (Ariz.) is "coordinating the session, which is set to include broad discussions of party principles such as fiscal discipline, national security and personal responsibility. Members also are expected to begin setting their two-year legislative goals on issues such as energy, health care, tax policy, immigration reform and judicial nominations."

GAO Adds Food Safety To List Of Flawed Federal Programs. The Los Angeles Times (2/1, Alonso-Zaldivar, 850K) reports the GAO "on Wednesday added food safety to its list of critically flawed federal programs, saying that splintered jurisdiction among 15 agencies has left the nation vulnerable to outbreaks of food-borne illness or, worse, a terrorist attack. Meanwhile, a senior administration official said President Bush would seek an increase of about $11 million for food safety in the fiscal 2008 budget he is scheduled to release Monday." The GAO said food safety was added to the list "because the system is out-of-date, often unscientific and lacks accountability." Lisa Shames, director of food and agriculture issues at GAO, called it "a collection of 15 agencies trying to administer some 30 laws," adding that the system "results in inefficient use of resources, inconsistent oversight, and overlap and duplication."

Sanchez Resigns From Hispanic Caucus. The Politico (2/1, Hearn) reports Rep. Loretta Sanchez "has quit the Congressional Hispanic Caucus, accusing the chairman, Rep. Joe Baca, of telling people she's a 'whore.' Baca denied the charge." Sanchez also "cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers. The caucus represents 21 Hispanic Democrats in Congress." Sanchez said, "I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here. You treat the women like shit. I have no use for him." The Politico ads Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus (CHC), and has chosen to air baseless statements. Let me be clear; her comments are categorically untrue."

Obama Introduces Election Fraud Bill. The Hill (2/1, Schor) reports Sen. Barack Obama (D-Ill.) "added election fraud to the spectrum of weighty issues he has covered since informally launching his presidential bid, further fleshing out a legislative record that could be an inviting target in the intensifying 2008 campaign." Obama "sought to stay focused on his bill criminalizing voter suppression and deceptive electoral tactics, his third momentum-building effort in two weeks, even as the Republican National Committee drove a wedge through the Democratic field by circulating critical comments made by Sen. Joseph Biden (D-Del.) about his fellow White House hopefuls." Obama's "voter-deception bill, which would allow injunctive relief for individuals targeted by fraudulent flyers and automated phone calls during the run-up to Election Day, earned plaudits from civil-rights groups and the co-sponsorship of Sen. Charles Schumer (N.Y.), the Democratic Caucus's No. 3 and a backer of Sen. Hillary Rodham Clinton (D-N.Y.) in 2008."

Senators Oppose Closure OF FDA Labs. The Washington Post (2/1, A7, Lee, 690K) reports the Food and Drug Administration "should suspend plans to close as many as nine of 13 laboratories that test the safety and effectiveness of food, drugs, cosmetics and medical equipment, a bipartisan group of senators said this week." The network of labs, "run by the agency's Office of Regulatory Affairs, 'could prove particularly vital in rapidly responding to public health crises' during national emergencies, the lawmakers wrote Tuesday to FDA Commissioner Andrew C. von Eschenbach."

FEC Reports Show Lawmakers' Legal Fees. Roll Call (2/1, Murray) reports that as 2006 "came to a close, lawyers' bills continued to pile high for a half-dozen or more House Members widely named in ongoing criminal investigations." Year-end FEC reports "showed that at least

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five Members previously cited as subjects of investigations wrote checks or listed debts to firms with substantial criminal defense practices worth a combined total of more than $200,000 from Nov. 28 to Dec. 31." That's "in addition to ex-Rep. Jim Kolbe (R-Ariz.), who received the FEC's blessing last week to use leftover campaign cash to fend off Justice Department scrutiny." The campaign of former Rep. Mark Foley (R-Fla.), "who currently is under investigation by federal law enforcement for allegedly inappropriate contact with Congressional pages, paid the Washington, D.C.-based law firm of Zuckerman Spaeder nearly $50,000 in mid-December." Rep. Alan Mollohan (D-W.Va.), "who was banished from the ethics panel in 2006 amid a federal probe into earmarks he steered to his home state, doled out $70,000 during the reporting period to Kellogg, Huber, Hansen, Todd, Evans & Figel, an area law firm specializing in white-collar criminal defense. Mollohan reported that he owes the same firm another $20,000."

Insightful Question Lifted Senate Aide's Profile. The Politico (2/1, Lowe) reports Daniel J. Cox Jr. "doesn't look like a troublemaker, but the Senate Armed Services Committee aide knows how to stir things up." Cox, the committee's "principal staff member for Iraq issues…ignited a firestorm when he fed his boss a simple but profound question to ask Gen. Eric Shinseki, the former Army chief of staff, at a 2003 pre-Iraq war hearing." Levin asked, "General Shinseki, could you give us some idea as to the magnitude of the Army's force requirement for an occupation of Iraq following a successful completion of the war?" The Politico adds Shinseki's "candid answer -- that it would take "several hundred thousand soldiers" to pacify Iraq -- still reverberates. It became powerful ammunition for those who see the U.S. occupation as a tableau of preventable blunders. It stoked criticism that the Bush administration low-balled Iraq war needs. And, many believe, it eventually cost Shinseki his job, particularly since his assessment was so publicly dismissed by the Bush administration." The incident "marked a turning point in Cox's career, catapulting him into the center of one of the most controversial conflicts in U.S. history."

Senate Chaplain Backs Out Of Religious Conference. Roll Call (2/1, Stanton) reports Senate Chaplain Barry Black "informed Majority Leader Harry Reid (D-Nev.) Wednesday that he was canceling a planned appearance at a religious conference set for next month after a left-leaning civil liberties organization urged him to pull out due to the organizer's controversial political and religious beliefs, a spokesman said Wednesday." Chaplain spokeswoman Meg Saunders said "Reclaim America originally invited Black to attend in the fall of 2005 and billed the conference as a generic religious meeting. Saunders explained that Black, who attends a number of conferences each year, agreed to participate because it would not conflict with the traditional nonpartisan, nonsectarian role of the Senate chaplain." But "following a review of the group's Web site Wednesday, Black determined it was, in fact, both a political and highly sectarian event and quickly informed the organization and Senate leaders that he was not attending." Founded "by Dr. D. James Kennedy, Reclaim America is an offshoot of Coral Ridge Ministries, one of the largest evangelical organizations in the United States."

GAO Takes HUD, USPS Off "High Risk" List. The Washington Post's (2/1, D4, Barr) "Federal Diary" column reports that HUD and the USPS, two "ugly ducklings of the government -- programs so vulnerable to waste, fraud and mismanagement that they are dubbed 'high risk' by the" GAO, made news "[y]esterday, [when] the GAO announced that "[f]or the first time in 13 years, no HUD program appears on the GAO risk list, which David M. Walker, the head of the GAO, called a 'historic achievement.'" HUD "Secretary Alphonso Jackson said the announcement reflects the progress that HUD has made 'to ensure taxpayer dollars are spent wisely and well.'" The Post adds that during the 1980s, "HUD was buffeted by allegations of corruption and influence-peddling that often masked systemic problems," but the agency "worked through its problems, and, by 2001, had only two programs left on the GAO list -- single-family-housing mortgage insurance and rental-housing assistance." The GAO "put the Postal Service on the high-risk list in 2001 because of a bleak financial outlook that included cash-flow problems and heavy debt. But the post office has increased employee productivity while reducing staff -- and saved $5 billion since 2001, the GAO said."

NFIB President Makes Case For Senate's Minimum Wage Bill. In an op-ed for USA Today (2/1, 10A, 2.27M) Todd Stottlemyer, the president and CEO of the National Federation of Independent Business, the nation's leading small-business advocacy group, says small businesses "operate in a highly competitive, global marketplace and can ill-afford to raise prices on their customers by 40%," the proposed increase in the minimum wage, "and stay competitive." Knowing this, "members of the Senate Finance Committee worked together in true bipartisan fashion to craft a package of proven ways to lessen the impact of a minimum-wage increase on small businesses." Stottlemyer adds, "The Senate bill is fair. It is balanced. The full Senate should pass it, and the House should follow its example."

USA Today (2/1, 10A, 2.27M), disagrees, writing in an editorial, "Voters who thought Democrats were now the unchallenged masters of Capitol Hill got a quick reality check this week as the Senate lurched toward the end of a debate on the minimum wage." Today, the Senate "is expected to

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approve a hybrid bill that raises the minimum wage at last — but ties it to an $8.3 billion package of unnecessary tax cuts for small business." USA Today adds, "Eventually, the House and Senate will have to agree on a final bill. Democrats, along with the five Republican senators and 82 GOP representatives who voted for a clean wage increase -- should hold their ground."

White House Hopeful Budget Will Lead To Serious Negotiations. In his Washington Post column (2/1, A15), David Broder says, "This year, as I learned from conversations with two senior White House officials last week, the president hopes his budget will become a starting point for serious negotiation -- not a partisan football or simple laughingstock." That hope "was encouraged by a letter to the president last week from the Democratic leaders of the House and Senate, Rep. Nancy Pelosi and Sen. Harry M. Reid, and the chairmen of the two budget committees, Rep. John M. Spratt Jr. and Sen. Kent Conrad." The White House officials "with whom I met certainly pledged to make visible the costs of the war and to be specific about the trade-offs needed to maintain budget discipline, both in the short term and the long term. They said that the economic assumptions underlying the president's budget are modest -- if anything, an underestimate of the revenue likely to be produced by a growing economy. And the officials indicated that the president will recommend that, for a second year in a row, overall growth in discretionary domestic spending -- the part separate from Medicare, Medicaid and Social Security -- be held close to zero."

NYTimes Says Congress Should Set Rules For Stranded Plane Passengers. The New York Times (2/1, 1.16M) says in an editorial, "Travelers and airlines have a deal. In exchange for transporting them safely, passengers agree to give up a great deal of freedom of movement." But "several high-profile failures this past holiday travel season suggest that Congress needs to intervene and set some ground rules to enforce this deal for people unreasonably stranded on aircraft. Delays at the gate are a hassle, but extraordinary delays on planes can be dangerous for the handicapped, chronically ill, elderly or small children."

OTHER NEWS:

Judge Adjourns Holocaust Settlement Hearing After Objections. The New York Times (2/1, Treaster) reports, "A federal judge abruptly adjourned a hearing yesterday on the settlement of a dispute over unpaid life insurance policies of Holocaust victims after a Miami lawyer and a survivor of a Nazi concentration camp raised objections." The Times continues, "Judge George B. Daniels of Federal District Court in Manhattan gave no explanation for ending the session that he had convened to determine the fairness of a settlement in which an Italian insurance company agreed to provide several million dollars to Holocaust victims. The company, Assicurazioni Generali, has repeatedly denied allegations that it systematically refused to pay billions of dollars in claims on insurance policies of Holocaust victims." The Times adds, "Lawyers for Generali and others who worked on the settlement said Judge Daniels called them into his chambers during a brief recess to express new concerns. They would not say what was discussed, but said he asked them to try to resolve the concerns over the next week. … One lawyer for the Holocaust survivors, Robert A. Swift, said Judge Daniels asked him and the others 'to renegotiate one provision in the settlement.' … Earlier, Sam J. Dubbin, a Miami lawyer opposing the settlement, had argued that it would prevent tens of thousands of Holocaust survivors from ever knowing whether they were owed money by Generali."

Schumer Sees Middle Class Economic Anxiety As Key Issue. The Washington Post (2/1, D1, Montgomery, 690K) reports Sen. Charles E. Schumer "wants to transform a sleepy congressional committee into a high-profile platform for examining the troubles of" middle class families with the goal of coming up "with a cure for middle-class angst that will carry Democrats into the White House." Schumer is "betting that economic insecurity will replace the Iraq war as the most important issue in the 2008 elections." Schumer said, "The party that can create a model paradigm, a platform that can answer some of these questions, will not only win in 2008 but could create a long-term majority." The Post adds that as Schumer "convened his first hearing as chairman of the Joint Economic Committee, two House panels were also taking testimony on the travails of the middle class."

The Hill (2/1, Heil) reports Sen. Schumer "devotes much of his new book, 'Positively American: Winning Back the Middle-Class Majority One Family at a Time,' to an imaginary family, the Baileys. According to the tome, he runs every policy decision he makes by the average, middle-class, swing-voting family."

Biden's Entry In '08 Race Overshadowed By Furor Over Remarks. The AP (2/1, Fouhy) reports that Delaware Sen. Joe Biden (D) "spent his first day as an official presidential candidate regretting his description of Democratic rival Sen. Barack Obama as 'clean,' and explaining why he had dissed Sen. Hillary Rodham Clinton and John Edwards." Biden, who "formally established his presidential committee Wednesday and launched a campaign Web site," was

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inundated "with questions from reporters in an afternoon conference call, and late in the day, issued a terse statement, saying: 'I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Senator Obama.' In the weekly newspaper's article, published Wednesday, Biden harshly criticized Clinton and Edwards for their proposals to end the Iraq war. He also questioned the credentials of" Obama, "while calling him 'a mainstream African-American who is articulate and bright and clean.'"

In a report titled "A Biden Problem: Foot in Mouth" on the website of ABC News (1/31), reporter Jake Tapper wrote, "Immediately the conservative media establishment -- Rush Limbaugh, the Drudge Report, bloggers -- publicly pounced." For instance, Limbaugh -- on his radio show -- said, "He is a clean African-American? If Biden thinks that Obama is clean then he has to think that others are not clean. Does he mean that he knows that Jesse Jackson is not clean? Does he mean that he knows that Reverend Sharpton is not clean?" Tapper noted, "But it wasn't just conservatives. 'When I heard his comments I thought Joe Biden was referring to a bygone era,' said Donna Brazile, the former campaign manager for Al Gore's 2000 presidential campaign and a prominent African-American political consultant. 'Years ago when white folks referred to black people with education they often used words like articulate. To suggest they were different, they were acceptable. That they were OK as compared to rest of African-Americans. So I think it came across that Joe Biden was referring to Sen. Obama as if he was a candidate running in the 1960s, not in the 21st century.'"

Meanwhile, ABC World News (1/31, story 5, 2:20, Gibson, 8.78M), in a report by Tapper, related, "Obama refused to tell ABC News whether he thought Biden was complimenting him." Sen. Barrack Obama: "I'm not going to…" Tapper: "But in this candid moment, Obama told the senator he was not taking the remarks personally." Sen. Barack Obama: "He just said he didn't mean it." Jesse Jackson: "I know Joe Biden to be a decent man and a smart man. This foot in mouth disease was a mistake."

National political correspondent Gloria Borger reported on the CBS Evening News (1/31, story 6, 2:05, Couric, 7.66M), "This morning, the Senator used the Internet to introduce his presidential campaign the way he really wanted to. But tonight his campaign is doing damage control. But within hours, this audiotape of an interview he gave to the New York Observer talking about Barak Obama was all over the web." Sen. Biden: "You've got the first sort of mainstream African American who is articulate, and bright and clean and nice looking guy. I mean, that's a story book, isn't it?" Borger: "Some people listening to those descriptions of Obama -- 'articulate, clean' -- heard racial overtones. … Biden called Obama and apologized. He said he used the word clean as fresh and new."

The New York Sun (2/1, Gerstein) reports that African-American columnist and commentator Roland Martin said Biden's "description of Mr. Obama as 'articulate' could rankle many blacks. 'Of course, it's offensive,'" Martin, the executive editor of the Chicago Defender, said. He added, "I am sick and tired of individuals coming across an African-American and saying, 'Oh, my goodness, you're so articulate. … 'You never see that kind of statement made about white candidates.'" Martin, "who hosts a radio program, said he expects Mr. Biden to take some heat from black voters. 'I can guarantee you Biden is going to get lit up like Christmas,'" said Martin.

USA Today (2/1, Gaudiano, 2.27M) reports, "During a conference call with reporters, Biden said Obama is 'probably the most exciting candidate that the Democratic or Republican parties have produced' in a long time. His comments reflected his mother's expression: 'Clean as a whistle, sharp as a tack,' he said. He told reporters to call Obama and that Obama understood his meaning when he talked to him earlier. 'I really regret that some have taken totally out of context my use of the word 'clean,'' Biden said."

The New York Times (2/1, Nagourney, 1.16M) leads its coverage of the Biden brouhaha with this line, "In an era of meticulous political choreography, the staging of the kickoff for this presidential candidacy could hardly have gone worse." The Times notes, "Asked about Mr. Biden's comments, Mr. Obama said in an interview, 'I didn't take it personally and I don't think he intended to offend.'" Obama added, "But the way he constructed the statement was probably a little unfortunate." However, "later in the day, with Mr. Biden coming under fire from some black leaders, Mr. Obama issued a statement that approached a condemnation. 'I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate,' he said. 'African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate.'"

The Chicago Tribune (2/1, Zuckman, 617K) reports, "Biden told reporters that he has long enjoyed the support of the African-American community in Delaware and did not intend to cause offense. He also said he did not believe that Sharpton, Jackson or other black leaders would misunderstand his remarks. … In an interview, Jackson called Biden 'a decent man' who had made a verbal gaffe while trying to slight the competition. 'He was saying in effect that Barack is more style than substance, that he is just coming onto the scene,' Jackson said. 'In doing so, he seemed to be dismissive of our 1988 campaign and diminishing Barack's potential campaign.'"

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During an appearance last night on Comedy Central's "The Daily Show With Jon Stewart" (1/31), host Jon Stewart asked Biden to comment on his quote from the Observer article in which Biden said of Obama, "I mean, you got the first mainstream African American who is articulate and bright and clean and a nice-looking guy. I mean, that's a storybook man." Biden: "Well, let me tell you something, I spoke to Barack today --" Stewart: "I bet you did!" Biden: "I also spoke to Jesse and Al Sharpton and -- and I also --" Stewart: "And Michael Jordan and anybody you could get your hands on! The Jackson Five. Who else?!" Biden went on to say "the word that got me in trouble is using the word 'clean.' I should have said fresh. What I meant is he's got new ideas."

Senator's Comments Said To Recall Past Gaffes. The Washington Post (2/1, A6, Balz, 690K), in an article titled "Biden Stumbles at the Starting Gate," reports, "With his remarks about Obama, Biden began his second campaign for the White House much as the first one ended, arguing that his public comments were being misinterpreted. He quit the 1988 campaign after being captured on videotape adopting the rhetoric and in some cases the life story of British Labor Party leader Neil Kinnock."

The Los Angeles Times (2/1, Neuman, 850K), noting that Biden withdrew from the '88 presidential race "amid accusations that he had plagiarized portions of speeches by a British politician," reports, "Asked Wednesday what he learned from the experience, Biden said: 'I took a real gut punch. I learned how to take it, and I got back up.'"

In a report on NBC Nightly News (1/31, lead story, 3:45, Williams, 9.87M), senior White House correspondent David Gregory related, "Biden, who admits he has a tendency to bloviate, has made indelicate remarks before. Last year speaking about Indian Americans." Sen. Joseph Biden: "You cannot go to a Seven Eleven or Dunkin' Doughnuts unless you have an Indian accident." Gregory: "Biden's first presidential run 20 years ago was undone after evidence emerged that he plagiarized a speech from a British politician, Neil Kinnock."

McClatchy Newspapers (2/1, Thomma, Talev) reports, "Rep. Charles Rangel, D-N.Y., chairman of the House Ways and Means Committee and a member of the Congressional Black Caucus, dismissed Biden's comment -- and candidacy -- with a thinly veiled slap at his forced withdrawal from his last presidential campaign. 'I didn't even know he was a candidate, so I don't see how he could have hurt himself,' Rangel deadpanned. 'It probably was something someone else said and he picked it up and used it himself,' he said, adding with emphasis, 'by mistake.'"

The Washington Times (2/1, Bellantoni, 88K) relates that Biden "told the Observer interviewer that" Sen. Clinton's "plan for Iraq is 'a serious mistake.'" And that Biden "jabbed at former Sen. John Edwards of North Carolina: 'I don't think John Edwards knows what the heck he is talking about.'" The Times also points out that Biden "polls in the single digits, well below the Democratic front-runner, Mrs. Clinton, and her two top rivals, Mr. Obama and Mr. Edwards."

Bloomberg (2/1, Salant) notes, "A Gallup Organization poll last month showed Clinton leading among Democratic voters. She got support from 33 percent, followed by Obama with 20 percent and former Vice President Al Gore with 12 percent. Biden was favored by 3 percent."

The Politico (2/1) provides a link to Biden's presidential campaign website where the Senator's announcement speech can be viewed.

On CNN's The Situation Room (1/31), Larry Sabato of the University of Virginia Center for Politics said, "It's classic Joe Biden. It's really history repeating itself."

On CNN's The Situation Room (1/31), Democratic political strategist Donna Brazile said, "I know Joe Biden. I believe his intentions are good. He has a strong civil rights record. But it came across pretty damaging. His first, you know, major event, his announcement, and he stepped on his own story by criticizing Mrs. Clinton, Mr. Edwards, even making some weird remarks about, you know, Al Gore and John Kerry."

On MSNBC's Hardball (1/31, Matthews), Jay Carney of Time said, "We all knew that this would happen to Joe Biden in his presidential campaign. It is a little shocking that it happened on the first day."

On MSNBC's Hardball (1/31, Matthews), Anne Kornblut of the Washington Post said, "This is classic Joe Biden. … He tends toward the hyperbolic often in his speech, and he talks and talks and talks."

On MSNBC's Hardball (1/31, Matthews), Tony Blankley of the Washington Times said, "If a conservative Republican had said this, I think the media would have jumped down his throat. The media is not jumping down Biden's throat. I think he's getting, more or less, a pass from the mainstream media on this. I think he should get a pass, but I think others should get a pass, too, when they stumble."

Rothenberg Says Hillary Clinton Could Win Presidency. In his Roll Call column (2/1), Stuart Rothenberg says Hillary Clinton can win the White House in 2008: "While some of my colleagues doubt that the New York Senator can overcome her high negative ratings and attract a majority of the electorate in her bid for the White House, I've come to the conclusion that she can, as long as she runs the high-quality campaign I think she can." Though not predicting Clinton would win the Democratic nomination, Rothenberg says, "I don't agree with those who have concluded that her negatives are so great that she cannot beat a strong Republican nominee next year."

Barnes Says Democratic Primary Field Forcing Hillary To Run Left. In a Wall Street Journal op-ed (2/1,

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A17), Fred Barnes of the Weekly Standards says, "Mrs. Clinton wants to run as a centrist, not a liberal, in the general election. But there's a problem. She is being tugged to the left in the nomination fight, forced to take positions that may jeopardize her chances later against the Republican candidate." Clinton's "opponents in the Democratic primaries next year don't have this problem. They are unabashed liberals who have done nothing to place themselves near the ideological center of American politics. Mrs. Clinton, however, spent her first term as senator from New York downplaying her image as a staunch liberal. Instead, she has sought with some success to fashion a reputation as a centrist on some several key issues, particularly national security."

Social Issues A Challenge For Giuliani In Seeking GOP Nomination. USA Today (2/1, 1A, Page, 2.27M) reports Rudy Giuliani "would seem to have all the credentials a candidate for president could want: A hero of 9/11, a crime-busting federal prosecutor, a two-term Republican mayor in an overwhelmingly Democratic city and one of the most admired politicians in the country. He's got a big problem, though. First, he has to be nominated by Republicans who don't yet know his views on social issues." The question "is this: Can the thrice-married New Yorker — a supporter of abortion rights, gay rights and gun control — win the nomination of a Republican Party that has become increasingly dependent on and influenced by conservative Christians?" GOP pollster Tony Fabrizio said, "As a presidential candidate, Rudy Giuliani should absolutely be taken seriously. As a contender for the Republican nomination, he should be taken significantly less seriously. He has the stature to be president, but how does he get the Republican nomination? That is the fundamental disconnect."

Franken To Challenge Coleman. The Minneapolis Star Tribune (2/1, Hotakainen, 395K) reports, "Comedian and radio talk show host Al Franken has begun calling Democratic members of Congress and prominent DFLers to tell them he will definitely challenge Republican Sen. Norm Coleman in 2008, the Star Tribune learned Wednesday. On Monday, Franken announced that he is quitting his radio show on Feb. 14, and he told his audience that they'd be the first to know of his decision." But "Franken has been working the phones, telling his political friends he's ready to declare his candidacy."

The AP (2/1, Frommer) reports that "in a statement, Minnesota Republican Party Chairman Ron Carey said he was confident Minnesotans 'will reject Franken's divisive, scorched-earth attacks.' The state Democratic Party declined to comment."

Spitzer Outlines Plan To Reform New York Healthcare Industry. The New York Times (2/1, Hakim, 1.16M) reports that "among several ambitious proposals," New York Gov. Eliot Spitzer (D) "proposed to radically restructure aid to New York's sprawling health care industry in his first budget Wednesday, saying that the system props up failing hospitals and too often overlooks patients' needs, while consuming roughly a third of the state's budget." The Times continues, "To control health care spending, Mr. Spitzer would hold the growth of Medicaid to 1.7 percent, compared to 8 percent growth rates in recent years, by cutting subsidies to hospitals and nursing homes, slashing Medicaid reimbursement rates and by stepping up efforts to combat fraud. Conversely, he outlined a plan to make low-cost health insurance coverage available to the state's 400,000 uninsured children."

In a separate article, the New York Times (2/1, Pérez-Peña, 1.16M) reports that the plan "contains the seeds of an epic battle — $1.2 billion a year in cuts — that could make everything else he wants harder to attain." The Times continues, "The proposed cuts, mostly in Medicaid, the health plan for the poor, pit the governor against the Legislature, health care workers and the hospital industry — powerful camps that welcome some of his ideas, but that fiercely protect their share of Medicaid spending."

More Commentary. The New York Times (2/1, 1.16M) editorializes, "Unions, hospital advocates and politicians have already begun to raise the alarm" over Spitzer's healthcare proposals, "[b]ut the governor is right to fight for a fairer, more cost-effective distribution of public funds."

Union Seeks To Unionize Laborers In Wealthy Florida Enclave. The New York Times (2/1, Porter, 1.16M) reports after "successful campaigns last year to organize janitors and other maintenance workers at several universities in South Florida, the Service Employees International Union has set its sights on Fisher Island, one of the most concentrated pockets of wealth in the nation." Amid "mounting political attention to the substantial widening of the income gap over the last two decades, the service employees union hopes that Fisher Island — where a share in the golf club costs $250,000 and dues run to $20,000 a year while workers tending the grounds or washing linens can make as little as $8.50 an hour — will serve as a rallying cry for low-wage service workers across the nation." But the "union drive, which is just getting under way, might not play out as a straightforward battle pitting the haves against the have-nots. Some residents, of course, oppose the union's arrival. But others are already being courted by the union, which hopes that they will be moved to support it when confronted with the contrast between their affluence and the meager existence of many of their workers."

Mary Cheney Defends Pregnancy. The New York Times (2/1, Seelye, 1.16M) reports Mary Cheney, "the lesbian

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daughter of Vice President Dick Cheney, today for the first time publicly defended her decision to become pregnant and asserted that same-sex couples are equally capable of raising children as heterosexual couples." Ms. Cheney said, "When Heather [Poe, her partner of 15 years] and I decided to have a baby, I knew it wasn't going to be the most popular decision. … This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate, on either side of a political issue. It is my child."

Will Says School Choice Is Expanding. George Will writes in his column for the Washington Post (2/1, A15, 690K), "The public school lobby…lives in fear of competition -- the fear that if parents' choices are expanded, there will be a flight from public schools. But the tide is turning." He cites examples of tax credits for donations "to organizations that provide scholarships" for "children to attend private schools" in Arizona, a similar proposal by Newark, New Jersey Mayor Cory Booker and New York Gov. Eliot L. Spitzer's (D) plan to lift a state cap on charter schools. Finally, he praises New York City Mayor Michael R. Bloomberg (R) for a plan based on the idea "that public money should follow wherever students are attracted by competing schools."

Rice To Push For "Roadmap" Fast-Track At Quartet Meeting. AFP (2/1, Millikin) reports during a meeting of the so-called Quartet Friday, Secretary of State Condoleezza Rice will "push a plan to fast-track" the "Roadmap" plan for Mideast peace. At Friday's meeting, Rice will also "press for renewed efforts to bolster" Palestinian President Mahmoud Abbas "in his power struggle" with Hamas, State Department spokesman Sean McCormack said. Friday's gathering of Russian Foreign Minister Sergei Lavrov, Germany Foreign Minister Frank-Walter Steinmeier, EU foreign policy chief Javier Solana and UN Secretary-General Ban Ki-Moon is "timed to precede a rare three-way meeting between Rice, Abbas and Israeli Prime Minister Ehud Olmert in mid-February, though no firm date or venue for those discussions have been set," officials said.

Timing Of Meeting Questioned. The Christian Science Monitor (2/1, LaFranchi, 59K) says Friday's meeting "comes at what would seem to be a particularly unpromising moment," with Palestinian factions "battl[ing] each other in Gaza, and Israel founders under a weak and scandal-torn government." Neither Israeli Prime Minister Ehud Olmert nor Palestinian President Mahmoud Abbas, it writes, "would seem to be in the kind of position needed to make hard choices and painful compromises. And even before the Quartet meets, cracks are appearing in its position, with Russia calling for a lifting of the freeze on international aid to the Palestinian government."

Envoy Says Regional Crises Will Not Be Eased By Peace Deal. Meanwhile, in an interview with the Washington Times (2/1, A1, Sands, 88K), Israel's Ambassador in Washington, Sallai Meridor, said "foreign-policy crises in Iraq and Iran will not be eased by pressuring Israel to cut a peace deal with the Palestinians." The ambassador said Israel does not "see any connection between our dispute with the Palestinians and the level of violence on Haifa Street in Baghdad. And there is no linkage in my mind between the Israeli-Palestinian question and what Ahmadinejad is planning for the region and the world by pursuing a nuclear weapon." Meridor said "he saw the beginnings of a realignment in the Middle East, linking Israel and the United States with moderate Sunni Muslim Arab states fearful of the rising power of Shi'ite Iran. But he said it was too soon to tell whether an anti-Tehran coalition would form."

Hamas Criticizes US Aid To Abbas. AFP (2/1, El Oun) reports Hamas Wednesday "slammed a multi-million dollar US aid package to bolster security forces loyal to its rival Fatah." Hamas spokesman Ismail Radwan said, "There is no doubt that this is part of American policy aimed at provoking an escalation and a civil war in the service of a Zionist plan." Radwan alleged that "each time the American administration sees that we have arrived, or are on the verge of arriving, at an agreement, it sends Condoleezza Rice to poison the atmosphere or announces financial aid (to President Mahmud Abbas) to maintain tensions among Palestinians."

Former DOD Official To Prison For Selling Equipment To Mideast Buyers. The Washington Times (2/1, Seper, 88K) reports that "a former Defense Reutilization and Marketing Service (DRMS) official," Gayden C. Woodson, "was sentenced yesterday in U.S. District Court in Washington to 33 months in prison and $342,000 in restitution payments for illegally selling stolen surplus military equipment to Middle Eastern buyers." Woodson, who was in charge of disposal "by reuse, sale, transfer or donation -- of excess U.S. military property," was accused by prosecutors of having "willingly joined an ongoing conspiracy among DRMS personnel and local contractors and purchasers to sell surplus military equipment outside regular channels and pocket the proceeds."

Frazer Says Islamic Militants From Somalia Regrouping. In an interview with the Financial Times (2/1, Wallis), Assistant Secretary of State for African affairs, Jendayi Frazer, said the US "believes militant Islamists from the ousted coalition that held sway over parts of southern Somalia may be regrouping in Saudi Arabia, Eritrea and also Yemen." Speaking to the Times in Addis Ababa, Frazer "said it was too early to tell who among the Islamist leadership had survived Ethiopia's invasion last month and subsequent US air strikes on alleged affiliates of al-Qaeda." But she was "very concerned" that extremist elements from among the

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defeated Islamists were "trying to reconstitute themselves either out of Saudi Arabia or Eritrea," and that international jihadist networks would see this as an opportunity. She said the US must "engage with the Saudi government and their services to try to prevent that from happening as well as engage regionally." She also described Eritrea, "with whom the US has deteriorating relations," as a "source of regional instability."

LATimes Says Africa Can Police Itself. In an editorial, the Los Angeles Times (2/1, 850K) writes, "When African leaders met this week in Addis Ababa, Ethiopia, they fell short of their goal to get commitments for 8,000 troops for a peacekeeping mission in Somalia. But what has attracted less attention is that, for the first time, the rest of the world is counting on Africa to police itself -- and the continent is nearly in a position to do it." For example, the African Union's 7,000 peacekeepers in the Darfur, "though grossly undermanned and underfunded, represent the closest thing to security and justice that blighted land knows," the Times says. Going forward, the newspaper says "having AU peacekeepers as an option to stabilize a failed state such as Somalia is a boon to the international community, whose own peacekeepers, from NATO to the United Nations to the US military, are badly overstretched."

US Official Says Talks With Pyongyang Ready To Move Forward. The AP (2/1, Olesen) reports Deputy Assistant Treasury Secretary Daniel Glaser, who concluded two days of talks Wednesday with North Korean officials, "said his agency's suspicions of illegal financial activity involving bank accounts linked to the communist nation were accurate." Glaser "said that he went over bank information of 50 account holders from the Macao-based Banco Delta Asia with his North Korean counterparts in Beijing," adding that US concerns that the bank was being used for money-laundering purposes had "been vindicated" by the discussions. Speaking with reports, Glaser said, "I think we are now in a position after a very lengthy investigation...to start moving forward and trying to bring some resolution to this matter," but did not elaborate.

Russia Warns North Korea Over Nuclear Tests. AFP (2/1, Smith) reports North Korea's nuclear weapons capability "threatens Russian interests," Moscow's chief negotiator at international talks with Pyongyang said Wednesday, "warning the country against carrying out another military test." Alexander Losyukov was quoted by Russia's Interfax news agency as saying, "Our interests are under threat. I think a very negative reaction would follow another test and that tougher measures would probably be taken." Analysts said Losyukov's statement "marked a hardening of the Russian position" on North Korea ahead of February 8 talks in Beijing.

Senate Express Impatience, Threaten Action On Chinese Currency. The Washington Post (2/1, D7, Goodman, 690K) reports, "Since becoming Treasury secretary last summer, Henry M. Paulson Jr. has pleaded for patience on the issue of China's currency." But on Capitol Hill yesterday, Paulson "learned that patience in Washington may be wearing thin" as several senators at a Senate Banking Committee hearing "sharply questioned the value of his talks, and threatened legislative action against China." Committee chairman Christopher Dodd (D-CT) warned, "The Congress is not going to wait and see how this is progressing when they watch 3 million manufacturing jobs leave this country. You are going to get blown by if we don't get a better handle on this." For his part, Paulson "offered assurances that he, too, is disappointed by China's slow movement."

The Washington Times/AP (2/1, Crutsinger) reports Paulson "insisted yesterday that new high-level talks with China offer the greatest chance of success in reducing the soaring US trade deficit," but notes that he "faced a skeptical Senate banking committee where both Democratic and Republican senators said they thought China would listen only if the country faced punitive economic sanctions."

The Wall Street Journal (2/1, C7, Phillips, 2.04M) says Paulson was "grilled for more than two hours by skeptical senators, several of whom complained of the difficulty of explaining benefits of free trade to constituents who have seen their jobs move to China or elsewhere."

UK Arms Deal Charges Would Require Testimony Of Saudi Royals. In an interview with the Financial Times (2/1, Adams, Peel, Burns), UK Attorney General, Lord Peter Henry Goldsmith, said he "believed that senior Saudi royals, possibly even King Abdullah, would have been needed as essential witnesses had a corruption inquiry into the al-Yamamah arms deal led to charges against BAE Systems." However, he "judged it would have been unrealistic to expect the country's rulers to submit themselves to questioning. This, combined with uncertainty over whom to approach in Riyadh, posed 'insuperable' obstacles to a prosecution, he said." During the interview, Goldsmith "spelt out his belief that Saudi Arabia's 'particular constitutional position' was a key reason why" an inquiry into bribery allegations against BAE "was doomed to failure."

UK Concludes Poisoning Probe. The Los Angeles Times (2/1, Murphy, 850K) reports British police said Wednesday they have concluded their investigation into the poisoning of former KGB agent Alexander Litvinenko, "and handed the file to prosecutors for a decision on whether to file charges." Though authorities refused to disclose their findings, sources close to the family "said they believe the

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authorities are leaning toward suspects in Russia as the probable perpetrators." Prosecutors have said they will "review the results of the detectives' work and determine whether it is appropriate to file charges," but "said it would be impossible under Russian law to extradite them to Britain for trial."

Chavez Seen Moving Closer To "Dictatorship." The Washington Times/AP (2/1, Sanchez) reports Venezuelan President Hugo Chavez was granted "free rein yesterday to accelerate changes in broad areas of society by presidential decree -- a move critics said propels Venezuela toward dictatorship." Lawmakers unanimously voted to give Chavez "sweeping powers to legislate by decree and impose his radical vision of a more egalitarian socialist state," which he said he "plans to use…over the next 18 months to transform broad areas of public life, from the economy and the oil industry in particular to 'social matters' and the very structure of the state."

Expert Urges US To Develop Global Social Agenda To Appeal To Poor. Francis Fukuyama, professor of international political economy at the Johns Hopkins School of Advanced International Studies, writes in a Wall Street Journal (2/1, A17, 2.04M) op-ed that what "leaders like Iran's Mahmoud Ahmadinejad, Hezbollah's Hassan Nasrallah and Venezuela's Hugo Chávez all have in common" is their "ability to promise, and to a certain extent deliver on, social policy -- things like education, health and other social services, particularly for the poor." Fukuyama says that "if the US wants to support liberal democracy around the world, it needs to start thinking seriously about a well-designed social agenda that will appeal to the poor," which he says are "desperately need help, and have often been ill-served by the interventions of well-intentioned outsiders."

Expert Urges Partition As Solution To Kosovo. Timothy William Waters, who helped prepare the indictment of Slobodan Milosevic for war crimes in Kosovo, writes in the New York Times (2/1, 1.16M) that now "more than seven years after NATO ended Serbia's brutal dominion over" Kosovo, the international community "is about to impose a solution," which he says is "the wrong one." Waters says the likely plan "gives too little to Albanians and takes too much from Serbs. But there's an alternative, if only the international community would consider it: partition. Flexibility on borders could make a fully independent Kosovo easier to govern, provide more protection for minorities and make a negotiated deal attainable. Partition is possible, and possibly the right thing to do." Conceding that partition" isn't perfect," he says the current plan "will neither resolve Kosovo's uncertain status nor prevent an entire Balkan people from once again taking to the road."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Northern Iraq Seen As Next Front In War."
"Take Valuables With You."
"Prince's Pants Rip? Paydirt!."
"Rousting Of Skid Row Homeless Puts Strain On Surrounding Areas."
"Senate Closer To Rebuke For Troop Increase."
"Libby Trial Shows An Insular, Backbiting Washington."

USA Today:
"Damage Of Exxon Valdez Endures."
"VA. Moves To Apologize For Slavery."
"Giuliani: Can Hero Of 9/11 Win Over His Own Party?."

New York Times:
"German Court Challenges C.I.A. Over Abduction."
"Chirac Unfazed By Nuclear Iran, Then Backtracks."
"Biden Unwraps His Bid For '08 With An Oops!."
"Spitzer's First Budget Assails Health Care System."
"Battle Over School Bus Service In New York."
"Posing As A Family, Sex Offenders Stun A Town."
"Berlusconi Flirts. Wife's Fed Up. Read All About It."
"Island of Moguls Is Latest Front In Labor Battle."

Washington Post:
"Senators Unite On Challenge To Bush's Troop Plan."
"Economy Gained Strength In 2006."
"Police Profiling Found In Georgetown, Adams Morgan."
"Germans Charge 13 CIA Operatives."
"USDA Outlines A Plan To Cut Farm Subsidies."
"O'Malley Pushes 'Shared Agenda,' Notes Budget Challenges."
"Tobacco Giant Reasserts Itself As Calls For VA. Smoking Ban Grow."
"Clocks' Early Spring Forward May Bring About A Few Falls."

Washington Times:
"Bush Assails 'Income Inequality.'"
"British Police Arrest 9 In Plot."
"Speaker Pursues Military Fights."
"Israeli Envoy Rejects Mideast 'Linkage.'"
"Nothing Clean Or Bright In Biden's '08 Opener."
"Miami Hot For Super Bowl."

Detroit Free Press:
"Battered Ford Braces For Dismal Sales Report."
"Dislodged."
"State Apologizes, Clarifies: Abraham To get Aid."

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Atlanta Journal-Constitution:
"Lawmaker Seeks ban Of Red Light Cameras."
"How Delta Won Fight."
"Turner TV Show Prome Scares, Angers Bostonians."
"Campaign Persuades Creditors To Spun Offer."

Story Lineup From Last Night's Network News:
ABC: Biden's Choice Of Words; Campaign '08-Race; Reconstruction Projects-Iraq; Terrorism Scare-England; Terrorism Scare-Boston; Stock Exchange-Bush Visit; Stock Market; Iran Aids Iraq; Airline Travel-Bad Weather; Airport Security; Sydney Sheldon Obit; RLS Treatment.
CBS: UK Terror Attack Thwarted; UK Terror Threat; Boston-Bomb Hoax; Iraq Reconstruction Fraud; Bush-Economy; Biden-Obama Remark; CA-Fish Disappear; Southeast Flights Canceled; Air Pollution-Women; Molly Ivins Obit; LA Teacher-Shakespeare.
NBC: Terrorism Scare-Boston; Terrorism Scare-England; Stock Exchange-Bush Visit; Record Profits; Biden's Choice Of Words; Rebuilding Iraq; 9/11 1st Responders Health; Sidney Sheldon Obit; Super Bowl Commercials.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: MA-Terrorism Hoax; Senate-Compromise On Iraq Resolution; Iraq-US KIA In Al Anbar Province; Obit For Bill Clinton's Stepfather; Harvard Study-Binge Eating; Cancer Death Rates; Shampoos Thought To Cause Breast Growth In Young Boys; Federal Survey On Job Satisfaction.
CBS: MA-Terrorism Hoax; Southeast US-Winter Storm; Senate-Compromise On Iraq Resolution; Casey-Senate Confirmation Hearing For Army Chief Of Staff Position; Federal Reserve-No Interest Rate Change; Wall Street; Super Bowl Ticket Scams; Shampoos Thought To Cause Breast Growth In Young Boys.
NPR: Bush Administration-US Tracking Iranian Involvement In Iraqi Insurgency; Kissinger, Albright-Senate Testimony On Iraq; Mexico-Protest Of Calderon Government; MA-Terrorism Hoax; Ivins Obit; Obit For Adelaide Tambo, Widow Of Anti-Apartheid Hero; Tokyo Stock Exchange; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks at the National Prayer Breakfast, Washington Hilton Hotel; signs the Presidential Proclamation in Honor of American Heart Month, Oval Office, The White House. Note: Mrs. Bush will be present at the signing; signs the Presidential Proclamation in Honor of American Heart Month, Oval Office; President and Mrs. Bush participate in a Meeting on Child Fitness, Roosevelt Room, The White House; attends a meeting on child fitness. Roosevelt Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Speaks at the Woman's Day Red Dress Award presentation. Time Warner Center, New York.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on the Iraq strategy. former National Security Advisers Brent Scowcroft and Zgibniew Brzezinski. Location: Room 216, Hart.

9:30 a.m. ARMED SERVICES _ Full Committgee. Hearing on pending renomination of George Casey Jr. to be Army Chief of Staff. Location: Room 325, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Conference on accelerated biofuels diversity. Location: Room SD-G50, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Hearing on pending nominations. Location: Room 485, Russell.

10 a.m. BUDGET _ Full Committee. Hearing on the current account deficit and the U.S. foreign debt. Fred Bergsten, Institute for International Economics; William Cline, Institute for International Economics; David Malpass, Bear Stearns. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the communications marketplace relating to the FCC. Chairman Kevin J. Martin and commissioners Michael J. Copps, Jonathan S. Adelstein, Deborah Taylor Tate, Robert M. McDowell. Location: Room 253, Russell.

10 a.m. FINANCE _ Full Committee. Hearing on the future of Children's Health Insurance Program. Kim Lee and Craig Bedford and their son Job Timothy Bedford, Baltimore; Kathryn G. Allen, director, Health Care Issues, GAO; Gov. Sonny Perdue, R-Ga.; Cindy Mann, executive director, Center for Children and Families, Georgetown University Health Policy Institute; Anita Smith, chief, Bureau of Medical Supports, Iowa Department of Human Services Location: Room 215, Dirksen.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Government Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on privacy implications of the federal government's health information technology initiative. Rob Kolodner, Department of Health and Human Services; Daniel A. Green, Office of Personnel Management; Mark A. Rothstein, University of Louisville; Paul Feldman, Health Privacy Project; Carol Diamond, Markle Foundation. Location: Room 342, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Holds confirmation hearing for retired Vice Adm. Mike McConnell to be Director of National Intelligence. Location: Room 106, Dirksen.

US House: No Scheduled Events.

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Other: SHERIFF'S ASSOCIATION _ The National Sheriff's Association holds its 2007 Winter Conference. Highlights: 8:30 a.m. FEMA Director David Paulison delivers the keynote address. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

AFFORDABLE HOUSING _ The National Association of Affordable Housing Lenders holds its annual conference. Highlights: 8:30 a.m. Rep. Maxine Waters. 9 a.m. Sen. Jack Reed. 1 p.m. James Lockhart, Director, Office of Federal Housing Enterprise Oversight. Location: Park Hyatt, 1201 24th St. NW.

TAX SYMPOSIUM _ The Tax Council Policy Institute holds its Eighth Annual Tax Council Policy Institute Symposium, ``Understanding the Global Tax Arena: Risk & Regulation." Highlights: 6:15 p.m. Reception, dinner and keynote address by Sen. Michael Crapo, R-Idaho. Location: Ritz Carlton Hotel, 1150 22nd St. NW.

US-CHINA _ The US-China Economic and Security Review Commission holds a public hearing on ``The U.S.-China Relationship: Economics and Security in Perspective." The hearing will examine U.S.-China relations from multiple perspectives to assess this bilateral relationship since the granting of permanent normalized trade relations to China, and the challenges facing the relationship in 2007. It will consider the economic, security, and diplomatic impacts of Chinas accession to the World Trade Organization, and seek to identify trends in U.S.-China relations and opportunities for greater bilateral cooperation and dialogue. Highlights: Location: Room 562, Dirksen Senate Office Building.

DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AVIATION FORUM _ 8 a.m. - 5:45 p.m. The American Bart Association holds a forum on air and space, with Kenneth Feinberg, special master of the federal September 11 Victim's Compensation Fund; John Byerly, with the Department of State; Daniel Calleja, director of the European Commission's Air Transport Directorate; Michael Wholley, NASA's general counsel; and Patricia Grace Smith, administrator for commercial space transportation with the FAA. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

TRANSPORTATION BIOFUELS _ 9:30 a.m. - 5 p.m. The Senate Energy and Natural Resources Committee holds a conference on transportation biofuels. Highlights: Panel 2: Biofuels Today, with the Corn Growers Association; Monsanto; New Mexico Sorghum Producers; Governors Ethanol Colation; and American Trucking Associations. 9:30 a.m. - 10:25 a.m. Panel 1: Issue Overview and Policy Context, with World Resources Institute; Energy Futures Coalition; National Commission on Energy Policy; Securing America's Future Energy; and the Renewablae Fuels Association. 11:30 a.m. - 12:25 p.m. Panel 3: Emerging Biofuels, with Dupont; Imperium; and Niles KLJ Solutions. 2 p.m. - 2:55 p.m. Panel 4: National Infrastructure Integration, with ConocoPhillips; National Petroleum Refiners Association; Magellan; and Ford; and the Coalitioon of E85 Retailers. 3 p.m. - 3:55 p.m. Panel 5: Regional Infrastructure, with Warrenton, Va., Mayor George Fitch; the American Forest and Paper Association; Chevron; VeraSun; Erath Biofuels; and the South Carolina Institute for Energy Studies. 4 p.m. - 5 p.m. Panel 6: Research and Development, with Sandia National Laboratories; National Renewable Energy Laboratory; Auburn University; MIT Laboratory for Energy and Environment; and the Pacific Northwest National Laboratory. Location: Room G-50, Dirksen Senate Office Building.

PENTAGON-COLUMBIA _ 8:15 a.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome Colombian Minister of National Defense Juan Manuel Santos to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

BUDGET BOOK _ 8:30 a.m. There will be a photo op as the President's FY'08 budget is delivered to the General Printing Office. Location: Indpendence and New Jersey Avenues.

TERRORISM _ 8:45 a.m. - 10 a.m. The New America Foundation/American Strategy Program hosts a public affairs forum, ``View of a Concerned and Conservative CEO: Terrorism: A Brief for Americans," on the scope, causes, and means for reducing terrorism, incluidng commentary on Iraq. Participants: Richard Vague, Founding Chairman & CEO, First USA Bank, CEO, Juniper Financial Corp.; Col. Lawrence Wilkerson, Former Chief of Staff, Department of State, Adjunct Professor, College of William & Mary; Michael Lind Whitehead Senior Fellow, New America Foundation, Author, The American Way of Strategy; Afshin Molavi, Fellow, New America Foundation, author, ``The Soul of Iran; and Steven Clemons, Director, American Strategy Program, New America Foundation, and publisher, www.TheWashingtonNote.com. Location: Room SD-628, Dirksen Senate Office Building.

BUDGET BOOKS _ 8:50 a.m. Photo opportunity of OMB Director Rob Portman and GPO senior management inspecting the production of the FY08 budget books. Location: GPO, 732 N. Capitol St.

BUDGET-AVIATION _ 9:30 a.m. Aircraft Owners and Pilots Association President Phil Boyer holds a news conference to discuss possible changes in the FAA's ``user fee" system and possible increases in taxes for aviation users. Location: National Press Club.

NATIONAL SECURITY-BUDGET _ 9:30 a.m. - 11 a.m. The Security Policy Working Group hosts a news briefing at which four security and defense policy experts will release a report card grading the Bush administration on their handling

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of key national security and budget issues. Briefers: Steve Kosiak, director of budget studies for the Center for Strategic and Budgetary Assessments, on ``Has the administration used emergency spending effectively?;" Winslow Wheeler, director of the Center for Defense Informations Straus Military Reform Project, on ``What reforms are needed in the defense budgeting process?;" Cindy Williams, principal research scientist for the Security Studies Program at MIT, on ``Whats the real budget request, and is it practical?;" and Carl Conetta, co-director of the Project on Defense Alternatives, on ``What do the troop 'surge and the Iraq war mean for the budget?" Location: National Press Club, Murrow Room.

PENTAGON MEMORIAL _ 10 a.m. The Pentagon Memorial Fund displays the first prototype of the Pentagon Memorial bench unit Location: South Parking Lot, Pentagon.

LOW INCOME-ENERGY _ 10:30 a.m. National Fuel Funds Network Chairperson Greg Sawyers and Christine Burkins, a federal energy assistance recipient from Baton Rouge, La., hold a news conference in support of increased funding for the Low Income Home Energy Assistance Program. Location: American Gas Association, 400 North Capitol Street, NW, Suite 400.

EDUCATION FUNDING _ 11 a.m. The Committee for Education Funding holds a telephone briefing on the state of federal education funding. Notes: Callin nuymber: 800-349-9121; passcode: 709937.

OBESITY _ 11 a.m. HHS Secretary Mike Leavitt will join DreamWorks Animations Chairman Roger Enrico and the Ad Councils Peggy Conlon to launch a new series of public service advertisements designed to help prevent childhood obesity. Location: Great Hall, HHH Building, 200 Independence Ave. SW.

CLIMATE CHANGE _ 11:30 a.m. Senators Kerry and Snowe hold a press briefing on new climate change legislation. Location: Room S-207, Capitol.

WORKFORCE HOUSING INITIATIVE _ 11:30 a.m. - 12:30 p.m. The Urban Land Institute holds a press briefing on the New Workforce Housing initiative. Location: National Press Club, Zenger Room.

CB0-ECONOMIC OUTLOOK _ 12 p.m. Congressional Budget Office Deputy Director Donald Marron speaks on ``The 2007 Budget and Economic Outlook" at a National Economists Club luncheon. Marrin will present the CBO's annual view of the baseline budget and economic situations. Location: Chinatown Gardens Restaurant, 618 H St. NW.

BUDGET PREVIEW _ 12:15 p.m. The Committee for a Responsible Federal Budget and the New America Foundation hold a discussion on the upcoming federal budget, with William Frenzel, Rudolph Penner and Timothy Penny, all of the committee. Location: 7th floor, 1630 Connecticut Ave. NW.

BUDGET PREVIEW _ 12:15 p.m. - 1:30 p.m. The New New America Foundation hosts a discussion, ``War, Tax Cuts, Entitlement Programs, and a Balanced Budget: Looking Ahead to the Presidents Budget - What to Expect and What to Hope For." Participants: William Frenzel, Guest Scholar, The Brookings Institution,. Former Ranking Member, House Budget Committee, Co-Chair, The Committee for a Responsible Federal Budget; Rudolph G. Penner, Senior Fellow, The Urban Institute, former Director, Congressional Budget Office, Member, The Committee for a Responsible Federal Budget; Timothy Penny, Senior Fellow and Co-Director, Humphrey Institute Policy Forum, Former Member of Congress, D-Minn., Member, The Committee for a Responsible Federal Budget; and Maya MacGuineas, President, Committee for a Responsible Federal Budget, Fiscal Policy Program, New America Foundation. Location: New America Foundation, 1630 Connecticut Ave. NW, 7th floor.

WORKING FAMILIES _ 12:30 p.m. Sen. Christopher Dodd, others, hold a news conference to announce a bill to provide paid family and medical leave for workers. Location: Room SC-115, Capitol.

JOURNALISTS-SUBPOENAS _ 2 p.m. Defend the Press Coalition holds a news conference to discuss the dismissed subpoena of journalists from the US v Watada Court Martial. Participants include Sarah Olson, journalist released from US Army subpoena in Watada court martial; Linda K. Foley, President, The Newspaper Guild-CWA; James Crawley, President of Military Reporters and Editors; John Stauber, author, executive director, Center for Media and Democracy; Scott Goodstein, coordinator, Defend The Press campaign. Location: National Press Club.

DARFUR _ 2:30 p.m. The Center for American Progress, others, hold a discussion on solutions to the crisis in Darfur, with John Prendergast and Colin Thomas-Jensen, both of the International Crisis Group. Location: 1333 H St. NW.

INCOME TAXES _ 2:30 p.m. Treasury Secretary Paulson, IRS Commissioner Mark Everson, Savannah, Ga. Mayor Otis Johnson, others, participate in a news conference on the Earned Income Tax Credit. Location: Room 4121, main Treasury.

CONTRACTING REFORM _ 2:45 p.m. Sens. Byron Dorgan, Sherrod Brown, others, hold a news conference to announce a bill to reform federal contracting rules. Location: Senate Radio-TV Gallery.

KYRGYZSTAN _ 5 p.m. The Central Asia-Caucasus Institute holds Program on Kyrgyzstan with Marat Abdyrazakovich Sultanov, Speakeer of Parliament. Location: Rome Auditorium, 1619 Massachusetts Ave. NW.

CERF-INTERNET _ 6 p.m. Google Vice President and Chief Internet Evangelist Vinton Cerf speaks at an Inter-American Development Bank forum on the Internet in the 21st Century. Location: 1330 New York Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

White House To Share Surveillance With Congress (LAT)

By Richard A. Serrano

The Los Angeles Times, February 1, 2007

WASHINGTON — A two-week standoff over documents in the White House domestic spying program came to an end Wednesday when Atty. Gen. Alberto R. Gonzales agreed to turn over to Congress classified material about secret eavesdropping.

The Bush administration last month said it would put its surveillance of potential terrorist activities under supervision of a federal court but did not disclose details of the revised program. A key Senate panel, newly controlled by Democrats, demanded access to the records to gauge whether the administration was going too far or breaking any laws in tracking terrorism suspects.

The decision to share information with Congress was the latest concession by the Bush administration, which had argued that it had the right to conduct its "war on terror" as it deemed necessary and that secrecy was vital to national security.

The documents, which include applications for electronic wiretaps and orders from the secret Foreign Intelligence Surveillance Act court, will be made available to congressional committees only and not released to the public.

"We obviously would be concerned about the public disclosure that may jeopardize the national security of our country," Gonzales said. "But we're working with the Congress to provide the information that it needs."

Some of the documents were made available to Congress on Wednesday, according to a Capitol Hill source.

Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) said his panel would review the records before "deciding what further oversight or legislative action is necessary." Only then, he said, "can the judiciary committee determine whether the administration has reached the proper balance to protect Americans."

Sen. Arlen Specter (R-Pa.), a moderate who is the ranking Republican on the panel, had joined the Democrats in demanding the records be turned over. At a feisty hearing last month, he sharply criticized the attorney general for his refusal to release the documents even though the FISA court's presiding judge had no objections.

On Wednesday, Specter, while thanking the administration for releasing the records to the committee, added that he might at some point make them public, as long as that would not violate privacy rules or jeopardize legitimate ongoing federal investigations.

"They will not be made public until I've had a chance to see them," he said. But "my own view is that there ought to be the maximum disclosure to the public consistent with national security procedures."

Central to the dispute has been the White House argument that extraordinary steps must be taken to protect Americans from further terrorist plots since the attacks on Sept. 11, 2001, and conflicting concerns among Democrats and civil libertarians that the spying appears to be a wholesale violation of individual freedoms.

Under the Terrorist Surveillance Program, the National Security Agency eavesdropped on telephone and e-mail conversations between people in the U.S. and abroad without first getting a warrant from the FISA court. The program was launched weeks after the Sept. 11 attacks and remained secret until it was exposed in the New York Times in late 2005, creating a public furor.

Now, with the Democrats controlling Capitol Hill, the spying program is likely to become the target of several congressional investigations into operations by the Bush White House.

For instance, House Intelligence Committee Chairman Silvestre Reyes (D-Texas) said Wednesday that his panel members also would read the material, and that he and Rep. Peter Hoekstra of Michigan, the ranking Republican, would have their own questions into "whether the program is effective at tracking terror suspects and whether the program adequately protects the liberties of the American people."

Gonzales said that the Justice Department would cooperate with both committees, and that he hoped the congressional leaders would realize how important the domestic spying program had become to national security.

"It's important for us that they understand what we're doing," the attorney general said. "All they have to do is ask."

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Justice Expands On Spy Program Details (AP)

By Lara Jakes Jordan

AP, February 1, 2007

Attorney General Alberto Gonzales expanded Congress' access Wednesday to classified documents detailing the government's domestic spying program but still didn't satisfy several lawmakers demanding information about surveillance.

Investigators' applications, legal briefs and orders issued by the Foreign Intelligence Surveillance Court are now open to the leaders of the Senate Judiciary Committee and the House and Senate intelligence committees, Gonzales said.

Two weeks ago, the Senate Judiciary Committee — led by Democratic Chairman Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — criticized the attorney general for refusing to answer specific questions about the secret court's new oversight of the controversial program.

"We obviously would be concerned about the public disclosure that may jeopardize the national security of our country," Gonzales told reporters Wednesday. "But we're working with the Congress to provide the information that it needs."

The documents would not be released publicly, the attorney general said. "We're talking about highly classified documents about highly classified activities of the United States government."

Leahy and Specter both said they welcomed the Bush administration's decision to show them the documents, which could give insight on how judges on the secret court consider evidence when approving government requests to spy on people in the United States who have suspected links to al-Qaida.

But Leahy said he will decide after he reviews the papers whether further oversight or legislative action is necessary. Specter stopped short of calling for them to be released publicly but said "there ought to be the maximum disclosure to the public, consistent with national security procedures."

"They will not be made public until I've had a chance to see them," Specter said.

The documents also are available to lawmakers and staffers on the House and Senate intelligence committees, who already were cleared to receive details about the spy program. But several lawmakers accused the Justice Department of still holding back crucial classified documents about the surveillance, including the original presidential order that created it in October 2001.

"We have informed Justice Department officials that the committee's requests for those documents remains in effect," House Intelligence Chairman Silvestre Reyes, D-Texas, said in a statement. "We are hopeful that the administration will comply with those requests in a timely fashion and that further efforts to secure that material will not be necessary."

Congressional aides did not rule out the possibility of issuing a subpoena for those documents.

Justice spokeswoman Tasia Scolinos said the department and Bush administration intelligence officials have provided "numerous documents and many briefings" to help lawmakers oversee the spy program.

The continued demands for more information underscores Congress' suspicions of the spying program, which President Bush secretly authorized after the 2001 terror attacks without court review. It was not revealed until December 2005, and has been a sore point for many lawmakers from both parties, as well as civil libertarians who fear people's privacy rights are being violated.

The warrantless program, run by the National Security Agency, monitors phone calls and e-mails between the United States and other countries that are suspected to be linked to agents of al-Qaida or affiliated terror groups. A federal judge in Detroit last August declared the program unconstitutional, and government lawyers were back in court Wednesday asking a Cincinnati-based appeals panel to drop a civil lawsuit against it.

The Justice Department argued that the American Civil Liberties Union's lawsuit is moot since the surveillance now is monitored by the FISA court. But the ACLU is asking the appeals court to uphold the earlier decision in August, since Bush retains authority to continue warrantless surveillance.

Gonzales described the decision to release the documents to Leahy and Specter as the result of ongoing negotiations between Congress and the administration. He said lawmakers most likely will not have to review the documents at the Justice Department, which keeps a tight grip on classified information, but offered few other details.

"It's important for us that they understand what we're doing," Gonzales said. "All they have to do is ask."

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Records On Spy Program Turned Over To Lawmakers (WP)

By Dan Eggen

The Washington Post, February 1, 2007

The Justice Department turned over documents about the government's controversial domestic spying program to select members of Congress yesterday, ending a two-week standoff that included pointed threats of subpoenas from Democrats.

The deal appears to resolve the latest conflict between Congress and the administration over the National Security Agency's surveillance effort, and it provides new evidence of the administration's more accommodating approach to the Democrats who now control Congress.

The agreement follows the administration's announcement two weeks ago that it was replacing NSA's warrantless surveillance program with a plan approved by the secret court that administers the Foreign Intelligence Surveillance Act, or FISA. The NSA had conducted the domestic spying for more than five years without court oversight.

Under yesterday's accord, announced by Attorney General Alberto R. Gonzales, more than three dozen lawmakers will have access to the secret court orders governing the spying program that were issued Jan. 10 and the applications from the Justice Department that preceded them. The lawmakers include the House and Senate leaders, the members of the two intelligence panels and the heads of the two judiciary committees, officials said.

But Gonzales and other Bush administration officials also indicated that they had no intention of making the orders and related documents available to the public. The lawmakers and staff who view the records will be subject to strict statutes that bar disclosure of classified information. Congressional aides said it was unclear how much new information could be shared with the public.

Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, said the documents would help determine "what further oversight or legislative action is necessary.

"Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while following the law and the principles of checks and balances," Leahy said.

Gonzales -- in remarks to reporters during an unrelated event announcing the formation of a human-trafficking unit at Justice -- played down any conflict with lawmakers. He said: "It's never been the case where we've said we would never provide access."

Gonzales said the orders cannot be released publicly because the subject matter is "highly classified."

One Justice official said Gonzales decided two weeks ago that both of the intelligence panels, along with Leahy and Arlen Specter (Pa.), the ranking Republican on the Judiciary Committee, should have access to the records.

But several congressional aides, who spoke on the condition of anonymity because they are not authorized to discuss the details of the negotiations, described a tense two-week standoff between the administration and lawmakers from both parties over the issue.

The staff members said the push for access was driven by Rep. Silvestre Reyes (D-Tex.) and Sen. John D. Rockefeller IV (D-W.Va.) -- the heads of the House and Senate intelligence panels -- who warned Justice Department officials that they would face congressional subpoenas if they did not turn over the records.

Reyes and other lawmakers said they would continue to push for other documents that the administration has refused to turn over, including the original order that created the NSA program in October 2001.

Shortly after the Sept. 11, 2001, attacks, President Bush authorized the NSA to monitor telephone calls between the United States and overseas without warrants if one of the parties was believed to be linked to al-Qaeda or related groups. The program's existence was disclosed in media reports in December 2005.

Many lawmakers and civil liberties advocates called the program illegal, and a federal judge in Michigan ruled last August that it was unconstitutional and should be stopped. In oral arguments in an appeal of that case yesterday before the U.S. Court of Appeals for the 6th Circuit, in Cincinnati, government lawyers said the lawsuit should be thrown out because of the new FISA orders.

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Administration officials said previously that the NSA program could not be accommodated under FISA and that Bush had the power to authorize it on his own.

The administration abruptly changed course last month, however, by obtaining approval for the spying from an unidentified judge on the FISA court. But the outlines of the new effort remain unclear because the government has refused to release details.

One key question is whether the new approach resembles traditional criminal procedures -- which require the government to obtain a separate warrant for each individual it wants to monitor -- or whether it allows eavesdropping on a more broadly defined group of people. Several sources who have been briefed on the program have described it as a hybrid of the two.

Specter said on the Senate floor yesterday that earlier briefings by Justice "fell short" because the details of the new program were left unclear. "In order to meet the traditional safeguards for establishment of probable cause, there would have to be individual warrants," he said.

Key Lawmakers Getting Files About Surveillance Program (NYT)

By Mark Mazzetti

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — Bowing to bipartisan pressure from lawmakers, the Justice Department announced Wednesday that it was turning over to selected members of Congress secret documents with details of the National Security Agency's eavesdropping program.

The decision was made two weeks after Attorney General Alberto R. Gonzales faced senators' withering questions about why the Bush administration had refused to provide details about the legal underpinnings of the program.

Last week, Representative Silvestre Reyes, the Texas Democrat who is chairman of the House Intelligence Committee, joined other committee members in threatening to subpoena documents related to the program.

Those threats prompted negotiations over the weekend between staff members of the House and Senate intelligence committees and Steven G. Bradbury, who leads the Office of Legal Counsel in the Justice Department.

The decision on the documents, which Mr. Gonzales confirmed Wednesday, will let members of the House and Senate intelligence committees, as well as a few Congressional leaders, review those court orders to determine whether the administration had significantly changed the program by putting it under the authority of the Foreign Intelligence Surveillance Court.

A central question is whether the court will approve requests case by case or issue broad orders giving the government wide leeway to choose targets.

The document package for the lawmakers includes the Justice Department application for surveillance warrants from the special court and the legal briefs before the court approved a request on Jan. 10 for eavesdropping warrants.

Lawmakers from both parties applauded the decision, but promised that the new Congress would continue to scrutinize closely the legality of the program.

"Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while following the law," said Senator Patrick J. Leahy, the Vermont Democrat who is chairman of the Senate Judiciary Committee.

Congressional officials said they were pressing the administration for more documents, including President Bush's original executive order that authorized the program, which was secretly established after the Sept. 11, 2001, attacks and did not require court warrants for certain wiretaps of calls between overseas and the United States.

Administration officials said they continued to want to limit future disclosures to Congress and were not agreeing to a precedent-setting arrangement in which everything that the special court reviewed would also be subject to Congressional review.

Just members of the intelligence committees and certain House and Senate leaders have been briefed on the highly classified program. Mr. Gonzales said a special provision would be made to allow the top members of the Judiciary Committees, who have not received the classified briefings, to review the FISA court documents.

Gonzales To Give Congress Secret Surveillance Papers (WT)

By Jerry Seper

The Washington Times, February 1, 2007

Attorney General Alberto R. Gonzales yesterday agreed to hand over to some members of Congress previously secret documents on the government's domestic terrorist-surveillance program.

Mr. Gonzales, who acknowledged last month that the Foreign Intelligence Surveillance Court had issued orders bringing the program under its jurisdiction, said the documents would be shared with members of the House and Senate intelligence committees and the Senate Judiciary Committee's chairman and ranking Republican.

The documents, which contain classified information, will not be made public.

"We've been working hard and having discussions to reach an appropriate accommodation as to how that access should be provided," Mr. Gonzales told reporters in Washington. "Access will be made available starting today."

The surveillance program, begun in 2001 after the September 11 attacks, gave law-enforcement authorities the ability to monitor telephone calls and e-mails to and from the United States involving people suspected by the government of having terrorist links.

The Bush administration vigorously defended the legality of the program, saying it would be impossible to obtain warrants in time to intercept phone calls of those suspected of belonging to al Qaeda.

The Justice Department has said the program is "essential" in the war on terrorism, adding that it "ensures we have in place an early warning system to detect and prevent a terrorist attack."

Last month, Mr. Gonzales announced that the Foreign Intelligence Surveillance Court would monitor Justice Department intercepts of international calls involving terrorism suspects in this country.

He said an order establishing oversight was issued Jan. 10 and gave the department, which conducts the program through the National Security Agency, the "necessary speed and agility while providing substantial advantages."

The announcement was considered a major concession by President Bush, who has argued since the secret program was publicly disclosed in 2005 that he did not need or want to use the special intelligence court.

During a Jan. 18 hearing before the Senate Judiciary Committee, Mr. Gonzales was challenged by panel members on why the Bush administration had taken more than five years to seek oversight by an independent court for its wiretapping program.

Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, has been critical of the White House for its refusal to disclose details of the surveillance program. He called the policy a "clear-cut violation" of the Foreign Intelligence Surveillance Act (FISA) and said the administration could have moved quicker to get court approval.

"I cannot help but conclude that there hasn't been a sufficient sense of urgency on behalf of the Department of Justice to get this job done faster," he said.

He said yesterday that the documents would "not be made public until I've had a chance to see them."

Rep. Heather A. Wilson, New Mexico Republican and a senior member of the House Permanent Select Committee on Intelligence, said the administration did not intend to release other documents that explain how the FISA court's orders comply with the 1978 surveillance law the court oversees.

"We are playing hide the ball down at the Justice Department," said Mrs. Wilson, who told House intelligence committee Chairman Silvestre Reyes, Texas Democrat, that she would support the issuance of a subpoena if necessary.

Sen. Patrick J. Leahy, Vermont Democrat and Senate Judiciary Committee chairman, said the Bush administration made "the right decision" in changing its course of "unilaterally reauthorizing the warrantless surveillance program."

"Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while following the law and the principles of checks and balances," he said.

Lawmakers Receive Details Of Government Surveillance Program (MCT)

By Greg Gordon, McClatchy Newspapers

McClatchy Newspapers, February 1, 2007

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WASHINGTON - Attorney General Alberto Gonzales Wednesday turned over to key legislators copies of a secret court's "highly classified" orders spelling out how the administration has stopped wiretapping suspected terrorists without warrants and is now spying with judicial supervision.

Gonzales disclosed the decision, which averts a confrontation that might have brought congressional subpoenas, during a news briefing at the Justice Department.

The classified documents lay out details of a secret arrangement approved by a judge on an 11-member national security court that puts the spying program under its jurisdiction. The material was delivered to members of the House and Senate intelligence committees late in the day, congressional aides said.

The documents also will be made available to Democratic Sen. Patrick Leahy of Vermont, the chairman of the Senate Judiciary Committee, and Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, both of whom have asked to review the new arrangement.

Leahy, Specter and members of the intelligence committees have voiced concern that the eavesdropping on some Americans' overseas phone calls and e-mails may have violated their constitutional rights. Leahy and Specter praised President Bush for granting their requests to review details of the latest arrangement.

"The president has made the right decision in changing his previous course of unilaterally reauthorizing the warrantless surveillance program, to now following the law by seeking court approval for these wiretaps," Leahy said.

But he said he would "have to look at the court's order to determine whether the administration has reached that proper balance to protect Americans while following the law."

Specter called the move "a significant step forward" but said he would reserve judgment until he had reviewed the documents.

Those include Justice Department applications for what administration officials have described as a complicated arrangement to expedite the secret Foreign Intelligence Surveillance Court's approval of electronic surveillance on American citizens' overseas phone calls and e-mails. The court was created under a 1978 law to approve warrants in espionage and terrorism investigations.

The administration has said it's eavesdropping only if one party to the communication is likely to be affiliated with al-Qaida or an associated terrorist group.

Gonzales said that the documents being released detail "highly classified activities" and must remain secret because their public disclosure "may jeopardize the national security of our country." He said that other documents on the program are "especially sensitive," and it's still not clear whether they'll be given to Congress.

The National Security Agency started the surveillance program shortly after the Sept. 11 terrorist attacks and ran it for years without warrants or judicial review and in apparent violation of constitutional protections. The New York Times disclosed the program in December 2005, provoking an outcry from civil libertarians and others.

After a federal judge in Detroit ruled the program illegal last summer and Democrats seized control of Congress, Gonzales disclosed in January that the Justice Department had worked out an arrangement under which the FISA court would oversee the program. Justice Department officials said the new arrangement was under way for some time and was unrelated to an American Civil Liberties Union lawsuit that led to a court injunction halting the program or to the Democrats' election victory.

A panel of the 6th U.S. Circuit Court of Appeals heard arguments Wednesday on the government's petition for dismissal of U.S. District Judge Anna Diggs Taylor's ruling last August ordering the government to halt the surveillance program because it was unconstitutional. Administration lawyers argued that that case is now moot, because the surveillance is now under the jurisdiction of the national security court.

But lawyers for the ACLU, representing 10 groups and individuals that contend that they have had to arrange secret meetings to communicate with overseas associates because of the wiretaps, said the case cannot be moot because the administration claims that Bush still has the power to conduct the surveillance without warrants.

Judges Weigh Arguments In U.S. Eavesdropping Case (NYT)

By Adam Liptak

DOJ_NMG_0125254

The New York Times, February 1, 2007

CINCINNATI, Jan. 31 — Three federal judges hearing the first appellate argument about the legality of a National Security Agency domestic surveillance program on Wednesday indicated that they were not that convinced the issue was moot now that the Bush administration had agreed to submit the program to a secret court.

In a series of sharply worded questions to an administration lawyer defending the program, the judges noted that the administration did not promise to continue working with the secret court in the future.

"You could opt out at any time, couldn't you?" asked Judge Ronald L. Gilman of the United States Court of Appeals for the Sixth Circuit.

Deputy Solicitor General Gregory G. Garre acknowledged the possibility.

But the judges pressed Mr. Garre's adversary, Ann Beeson of the American Civil Liberties Union, just as hard on a different point — whether her clients had suffered injuries direct and concrete enough to give them standing to sue.

"Explain to me how we get to a finding of standing?" Judge Julia S. Gibbons asked.

Judge Gibbons repeated the question in similar form several times.

Ms. Beeson said the plaintiffs, who include lawyers and journalists, have had to change the way they communicate with clients and sources in the Middle East because they feared that their discussions would not be confidential.

But Judge Gibbons and Judge Alice M. Batchelder seemed skeptical about whether that sort of general and speculative fear was sufficient.

The government has refused to say whether it eavesdropped on the plaintiffs.

"Telling our enemies who is the subject of surveillance would reveal information that could harm the national security," Mr. Garre said Wednesday.

The A.C.L.U. brought suit last year after an article in The New York Times disclosed the existence of the program, which monitors the international communications of people in the United States without court approval.

In August, Judge Anna Diggs Taylor of the Federal District Court in Detroit ordered the program shut down. The decision has been stayed during the appeal to the Sixth Circuit.

Judge Gilman raised the possibility that the legality of the program might never be adjudicated. "If the plaintiffs here don't have standing," he said, "who would possibly have standing?"

While Mr. Garre urged the court to dismiss the case under threshold questions like mootness and standing, Ms. Beeson tried to steer the judges toward the merits.

"A failure to decide the case will leave it up to the president whether and when to follow the law," Ms. Beeson said.

Over the course of the litigation, the government has refined some of its arguments.

Early statements from various administration officials appeared to concede that the program violated a 1978 law, the Foreign Intelligence Surveillance Act.

But the government's appellate filings say that is an open question and one that cannot be answered without disclosing state secrets.

At several points in the argument, Mr. Garre said that the so-called state secrets privilege was a litigation showstopper. The privilege requires courts to limit or dismiss cases when allowing them to proceed would disclose information harmful to national security.

Several courts have ruled, however, that the administration's general description and defense of the N.S.A. program meant that it was no longer secret and that questions about its legality could be decided without raising national security concerns.

Assuming the court finds a path through the thicket of preliminary objections, it will be left with the question of whether the president was entitled to ignore the 1978 law when he authorized eavesdropping that bypassed warrants.

Mr. Garre said that a 2001 Congressional authorization to use military force after the Sept. 11 attacks overrode the law.

Judge Gilman seemed unconvinced. "I understand your argument," he said. "I'm not sure I agree with it."

The administration has also said that the president has the constitutional power, regardless of what Congress has to say, to conduct foreign intelligence surveillance in wartime.

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Judge Taylor's decision striking down the program was sweeping, and her reasoning, which was in places unorthodox, attracted criticism even from legal scholars who supported her conclusion.

In its public briefs, the government said Judge Taylor had taken "the unprecedented step of permanently enjoining a foreign intelligence gathering program authorized by the commander in chief to protect the nation from foreign attacks in wartime."

The government has also filed classified versions of its briefs and other documents, which are available only to the judges.

Judge Batchelder was appointed by President George Bush, Judge Gilman by President Bill Clinton, and Judge Gibbons by President George W. Bush.

Appeals Court Hears Wiretapping Case (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, February 1, 2007

The ACLU says the program is illegal and has done harm. The Justice Department argues it's both legal and moot.

CINCINNATI — A lawyer for the American Civil Liberties Union urged a federal appeals court on Wednesday to affirm a lower-court decision that the Bush administration's Terrorist Surveillance Program was illegal and show "the president that he has to obey the law."

But a Justice Department lawyer maintained that the program was legal and called on the judges to overturn the ruling, while also arguing that the case was now moot.

A three-judge panel of the U.S. 6th Circuit Court of Appeals peppered the attorneys with questions about broad constitutional principles as well as the issue of whether the ACLU's clients had legal standing to challenge the program.

In a related development in Washington, the administration agreed Wednesday to turn over to Congress classified documents related to the surveillance program.

At the hearing in Cincinnati, Justice Department attorney Gregory Garre said that when Congress authorized the use of military force after the Sept. 11 attacks, it clearly contemplated that the president would have the authority to conduct counterintelligence surveillance of the type used in the program. Garre said it would be unprecedented for a U.S. court to say that a president did not have such power.

In August, U.S. District Judge Anna Diggs Taylor ruled in Detroit that the warrantless domestic surveillance program violated the 1st and 4th amendments to the Constitution and ran afoul of the Foreign Intelligence Surveillance Act. That law was created in 1978 in response to revelations about illegal government surveillance of hundreds of Americans, including the Rev. Martin Luther King Jr.

ACLU attorney Ann Beeson said that the administration's post-Sept. 11 surveillance program clearly violated FISA, which requires a warrant to be issued before surveillance is conducted.

She told the judges that if they accepted Garre's argument, it would, in effect, mean that the FISA law had been overridden without Congress saying that it wished to do so. "To rule for the government" in this case would mean "the president has unbridled power," Beeson told the judges.

"Congress did its part," by passing the FISA statute, Beeson said. Now, after the government acted in "direct violation" of FISA for more than four years, she said, "it is this court's duty to serve as a check on the arbitrary exercise of government power to wiretap American citizens on American soil."

She also asked the court to unseal secret documents the government had filed in the case.

Garre asserted though that the case was moot now because of the Jan. 17 announcement by Atty. Gen. Alberto R. Gonzales that the Bush administration had made an agreement with the FISA court to get surveillance warrants there. "We have eliminated the central premise" of the case, Garre said.

At least two of the judges hearing the appeal — Ronald Lee Gilman, an appointee of President Clinton, and Alice Batchelder, an appointee of the first President Bush — expressed skepticism about that contention.

"The FISA court didn't wake up one morning and call — you went to them," Batchelder said.

"You could opt out of FISA any time, couldn't you?" Gilman asked.

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"That's absolutely true," Garre responded. But he reiterated the central arguments the Justice Department had made since the ACLU filed the suit a year ago on behalf of a group of lawyers, journalists and scholars. He said the suit had to be dismissed because it violated the "state secrets" privilege.

First recognized by the Supreme Court 54 years ago in U.S. vs. Reynolds, the privilege bars disclosure of information in court proceedings when "there is a reasonable danger that the compulsion of the evidence will expose military matters which, in the interest of national security, should not be divulged."

The plaintiffs have not been able to demonstrate that the program concretely harmed them, Garre said. They have alleged only "speculative" harm, and that is insufficient to entitle them to sue, he said. Moreover, the only way the plaintiffs could find out whether they had been the targets of wiretapping was if they obtained information about the surveillance program in violation of the state secrets privilege, Garre said.

"Telling our enemies who is subject to surveillance … would harm national security," he said.

Beeson countered that Garre had overstated the breadth of the state-secrets privilege, and she maintained that her clients had suffered "concrete harm" by having to forego conversations with individuals who they reasonably believed that might be the targets of surveillance.

She noted, for example, that New Mexico defense lawyer Nancy Hollander had to travel to Africa and the Middle East to do research on behalf of clients — work she normally could have done through telephone conversations or e-mail.

Beeson said that hundreds of lawyers had to change their behavior as a result of the surveillance program and that this hampered their ability to effectively represent their clients.

The judges did not indicate when they would rule.

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Warrantless Wiretapping Challenged In US Court (AFP)

AFP, February 1, 2007

President George W. Bush's domestic surveillance program came under fire in a federal appeals court, when opponents challenged it as an unconstitutional abuse of presidential power.

Critics of the program asked the US 6th Circuit Court of Appeals to uphold a lower court decision that the spy program is illegal unless it is subject to court supervision.

They also asked for the appeals court to unseal secret documents filed by the Bush administration in the case, which describe how the program is being administered.

At issue is whether or not the administration will receive blanket approval to spy on its citizens or if every case will be approved individually.

They have the support of Senator Arlen Specter, the ranking Republican on the Senate Judiciary Committee, who accused the Justice Department of "limiting access to key evidence on national security grounds as a means of controlling the outcome of these cases and obstructing the federal courts in their adjudications."

Attorney General Alberto Gonzales said Wednesday that the high ranking senators would have access to the documents in order to oversee the program but refused to declassify them.

Bush started the wiretapping program after the September 11 attacks five years ago and has said he does not need court oversight to authorize the surveillance.

A district court judge ordered Bush to shut down the program on August 17, ruling that there are "no hereditary kings in America and no power not created by the Constitution."

Bush agreed on January 10 to allow that court to oversee the surveillance program, but he maintains he is not obligated to do so.

Government lawyers argued that the case is moot because the president has agreed to court supervision.

The judges, however, suggested a constitutional issue remains, since Bush has said he could resume the program without court oversight in the future.

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"You could opt out at any time, couldn't you?" asked Judge Ronald Lee Gilman.

"That's absolutely true," said Gregory Garre, a deputy solicitor general.

Critics said that's why the 6th Circuit must declare Bush's original program unconstitutional.

"A failure to decide this case would leave it up to the president to decide whether or when to follow the law," said Ann Beeson, an attorney for the American Civil Liberties Union, which sued last year to halt the program.

"It is this court's duty to serve as a check on the arbitrary exercise of government power to wiretap American citizens on American soil."

Government lawyers told the three 6th Circuit judges Wednesday that the ACLU's case compromises national security because it would require the government to publicly discuss the surveillance.

"Telling our enemies who is subject to surveillance ... would harm national security," Garre argued.

The three-judge panel did not decide the case Wednesday and could take months before issuing an opinion.

U.S. Probes Equity Firm Tied To Islamic Investors (WP)

By David Cho

The Washington Post, February 1, 2007

The counterterrorism division of the Justice Department is investigating whether a private equity firm in Boston that manages hundreds of millions of dollars for Muslim investors overseas violated tax laws.

The investigation of Overland Capital Group was disclosed in a filing with U.S. District Court in Boston and reported by the Wall Street Journal yesterday.

The filing claims that Overland and a subsidiary of Dar Al-Maal Al-Islami Trust (DMI), a financial group in Geneva, conducted acts "that implicate potential violation of the Internal Revenue Code." The filing does not mention terrorism , though it was submitted by a U.S. attorney who works in counterterrorism.

Subsidiaries of DMI, an umbrella organization for Islamic financial institutions, have been named as suspects in probes by U.S. counterterrorism agencies. DMI also is a defendant in a civil lawsuit brought by families of victims of the Sept. 11, 2001, attacks, who claim that it funded al-Qaeda. DMI has denied those claims and noted that none of its officials has been charged with terrorism-related crimes.

DMI officials say it has no direct relationship to Overland. But corporate filings in the U.S. show that the firms have a joint venture called First Leasing Bank in Bahrain. The Journal reported that DMI's chief executive headed some of Overland's investment ventures.

DMI was founded in the early 1980s by Prince Mohammed al-Faisal al-Saud, a member of the Saudi royal family. It caters to investors who want to follow the Koran, which prohibits the collection of interest payments.

Overland was founded in October 2001 and has investments worth $1.5 billion, mainly in real estate, according to its Web site. Chief executive James M. Godec said in a written statement yesterday that Overland "followed both the letter and the spirit of the law in every instance" and that he would "vigorously defend our reputation."

The filing came to light through litigation between Overland and a former employee, Laird A. Fairchild, who claimed that he was wrongfully dismissed. Fairchild cooperated with federal investigators after his termination, an act that Overland said violated his confidentiality agreements with the company.

Overland and the DMI subsidiary sued to compel Fairchild to reveal to them what he had told federal investigators. Through its filing in Boston, the Justice Department obtained a court order that allowed Fairchild to remain silent.

Geoffrey Harper, Fairchild's attorney, said yesterday that U.S. attorneys went to "elaborate lengths" to make sure that Fairchild would not reveal what he told government investigators. He said the Justice Department has concerns beyond the tax practices of Overland and DMI.

"It would be inaccurate to suggest that the only thing they are looking at is taxes," Harper said.

Hub Firm Denies Tie To Terror (BOS)

By Sacha Pfeiffer And Steve Bailey, Globe Staff

The Boston Globe, February 1, 2007

DOJ_NMG_0125258

US tax probe studies links to groups that may fund extremists

The chief executive of a Boston private equity firm under federal investigation for its connection to groups that allegedly finance Islamic extremists denied yesterday that his company is linked to terrorism.

"We do everything appropriately and by the book, and we adhere not just to the letter of the law but to the spirit of the law," said James M. Godec of Overland Capital Group. "I am extraordinarily cautious about this kind of stuff."

The US Department of Justice probe centers on alleged criminal tax law violations by Overland. A federal grand jury in Boston is examining suspected tax evasion by the company, according to a filing last week in US District Court in Massachusetts, and Overland's offices at 111 Huntington Ave. in Boston and in Braintree were raided two weeks ago by Internal Revenue Service agents who seized numerous records.

The Justice Department lawyer named in the filing, Corey J. Smith, works in the terrorism financing unit of the department's criminal division; since the Sept. 11, 2001 terrorism attacks, prosecutors have increasingly used tax laws to bring terrorism cases against wealthy Middle Easterners suspected of funneling money to terrorist groups. The investigation was disclosed in yesterday's Wall Street Journal. A Justice Department spokesman declined to comment.

"By policy, we never confirm or deny whether or not there's an investigation into an entity or a person," said the spokesman, Dean Boyd.

Overland, which has more than $1.5 billion in assets under management, was founded in October 2001 by Godec and several other former KeyBank investment professionals. The 23-person firm represents international investors, particularly in Europe and the Middle East, seeking real estate and equipment-leasing investment opportunities in the United States.

The original majority owner of Overland was Islamic Investment Co. of the Gulf Ltd., a unit of Dar Al-Maal Al-Islami Trust, or DMI, a Geneva-based financial group founded by a senior member of the royal family of Saudi Arabia. DMI specializes in Islamic banking, which prohibits paying or receiving interest and dealing in liquor, pork, gambling, or pornography. The US government suspects that terrorist groups sometimes access money with support from people involved in Islamic banking.

A DMI affiliate called Faisal Private Bank was investigated by US counterterrorism agencies in the mid-1990s for suspected connections to extremists, and both DMI and Faisal are defendants in civil litigation in New York brought by families of Sept. 11 victims who claim they funded al Qaeda.

Overland's two primary institutional investment clients are Islamic Investment Co. of the Gulf Ltd. and Shamil Bank of Bahrain, according to Godec. He said Overland, which is audited by KPMG, goes through an extensive due diligence process with its investors, whom he described as "mature, sober, older guys in their 50s and up."

"I know these guys," he said. "I believe in these guys, and I believe in their integrity and honesty.

"I understand and sympathize with what the government needs to do for national security, but I believe in what I do and will stand up in defense of it," added Godec, noting that his family has a long history of military and government service. He said his father was a career member of the US Air Force, his mother was a 25-year IRS employee, and his brother, Robert F. Godec, is US ambassador to Tunisia.

"In my heart, I know what we've done is entirely appropriate and entirely correct," he said.

Godec said he has not been subpoenaed or contacted by prosecutors.

"We'd like to get to the bottom of this, and we have offered to cooperate," he added, "and it would be nice if people would be forthcoming with us so we can have the opportunity to be forthcoming with them."

Godec, 44, who lives in Brookline, left KeyBank in Cleveland to start Overland. He had previously practiced at several Boston law firms, including Bernkopf, Goodman & Baseman; Goodwin Procter; and Rackemann, Sawyer, & Brewster. He has bachelor's and law degrees from the University of Virginia, where he majored in Middle Eastern studies and studied Islam, Islamic history, Arabic, and Farsi.

Last week's filing in Boston federal court, which disclosed the grand jury probe, stemmed from a wrongful termination lawsuit filed by a former Overland employee, Laird Fairchild, who left the firm in March 2004 when Overland closed its Dallas office, according to Fairchild's lawyer, Geoffrey S. Harper. Fairchild, who is now with the Dallas office of Hunter Chase, a real estate private equity firm, did not return a call for comment.

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But according to Harper, "Laird has been identified as a material witness in [the federal] investigation, and he has been providing them documents for the grand jury. . . . He has been working with them for some time."

Harper also said , "Overland wants to know what Laird has been telling the government, and the government doesn't want to answer that question."

Overland also has an office in Clifton Park, N.Y.

Judge Shelves Gitmo Detainee Cases (AP)

AP, February 1, 2007

Sixteen lawsuits by Guantanamo Bay detainees were put on hold Wednesday by a federal judge who said he may no longer have jurisdiction to hear their cases.

U.S. District Court Judge Reggie B. Walton in Washington said the Military Commissions Act, signed into law in October, has left him unable to consider whether the detainees can challenge being held at the Navy facility in Cuba.

An appeals court in Washington is considering whether civilian jurists can rule on those cases. Until that issue is resolved, Walton said, "it is this court's view that it lacks the authority to take any action in these cases."

Walton's six-page order denying the motions challenging detention of the 16 men left open the possibility of refiling the requests if the appeals court decides civilian courts can review detainee cases.

If the appeals panel "concludes that this court retains some degree of jurisdiction over any or all of the above-captioned cases, the matters will be automatically reopened as appropriate," he wrote.

The Justice Department welcomed the ruling, said spokesman Erik Ablin. He called the military tribunals, which can be appealed, "more process than the United States has ever provided to enemy combatants in our past conflicts."

The New York-based Center for Constitutional Rights, which represents the detainees, said Walton's decision will delay justice for an estimated 200 people imprisoned at Guantanamo.

German Court Challenges C.I.A. Over Abduction (NYT)

By Mark Landler

The New York Times, February 1, 2007

FRANKFURT, Jan. 31 — A German court on Wednesday issued an arrest warrant for 13 people in the mistaken kidnapping and jailing of a German citizen of Lebanese descent, in the most serious legal challenge yet to the Central Intelligence Agency's secret transfers of terrorism suspects.

Prosecutors in Munich said the suspects, whom they did not identify, were part of a C.I.A. "abduction team" that seized the man, Khaled el-Masri, in Macedonia in late 2003 and flew him to Afghanistan. He was imprisoned there for five months, during which, he said, he was shackled, beaten and interrogated about alleged ties to Al Qaeda, before being released without charges.

His ordeal is the most extensively documented case of the C.I.A.'s practice of "extraordinary rendition," in which terrorism suspects are seized and sent for interrogation to other countries, including some in which torture is practiced.

"This is a very consequential step," August Stern, the prosecutor in Munich, said in a telephone interview. "It is a necessary step before bringing a criminal case against these people."

The Central Intelligence Agency has never acknowledged any role in Mr. Masri's detention, and a C.I.A. spokesman declined to comment on Wednesday. The German government said it would not comment on the case, except to affirm the independence of the public prosecutor.

Mr. Stern said investigators would seek to establish the true identities of the 13 people, most of whom are believed to use aliases. They include the four pilots of the Boeing 737 that picked up Mr. Masri, a mechanic and several C.I.A. operatives, people familiar with the case said.

Issuing an arrest warrant is a major expansion of the legal challenge to the C.I.A.'s rendition program in Europe. Italian prosecutors are seeking indictments against 25 C.I.A. operatives and Italy's former intelligence chief for the kidnapping of a militant Egyptian cleric in 2003.

In Germany, unlike Italy, defendants cannot be tried in absentia. As a practical matter it is unlikely that the Bush administration will acquiesce in the extradition to Germany of the 13 suspects. But the arrest warrant could further hinder their

ability to move around Europe. The German case also carries more weight, legal experts said, because of the reputation of courts here for painstaking deliberation and because of recent efforts to repair damaged diplomatic ties between Germany and the United States.

It is, in fact, a delicate time for both countries. The Bush administration has faced a drumbeat of criticism because of its antiterrorism policies since the attacks on Sept. 11, 2001, while the German chancellor, Angela Merkel, has been eager to heal rifts over the Iraq war.

"It is unique that a German court would issue warrants against 13 C.I.A. agents," said Hans-Christian Ströbele, a Green Party member of a German parliamentary committee that is investigating the flights.

The arrest warrants, which were first reported in The Los Angeles Times on Wednesday, also have political implications within Germany, where the role of the government in tolerating — or even facilitating — C.I.A. flights has come under increased scrutiny. Frankfurt Airport was reportedly used for many of the flights, as was the American air base at Ramstein.

On Wednesday, a German broadcaster, NDR, published what it said were the names of the 13 people — 11 men and 2 women. Mr. Stern declined to discuss the names, which have been picked up by other German news organizations.

Although the prosecutor's action on Wednesday was the first major legal development in the case, the German news media have been speculating about it for months. In September a television program, "Panorama," tracked down three of those named in North Carolina. They declined to comment on their activities.

For Mr. Masri, who has had to overcome a tide of public skepticism about his account since it was first reported in The New York Times in early 2005, the court's action is a significant step in bolstering the credibility of his claims, said his lawyer, Manfred Gnjidic.

"This is unbelievably important for our case," Mr. Gnjidic said in an interview. "It's the first direct sign of the German government against the C.I.A. that they did the wrong thing."

Mr. Masri, who is unemployed, lives in the southern German city of Neu-Ulm. The lawyer said Mr. Masri had been buoyed by a statement of support from the former German interior minister, Otto Schily.

Mr. Masri is petitioning a federal appeals court in Richmond, Va., to reinstate a lawsuit against the agency. Last May a federal judge threw out a suit brought by Mr. Masri, accepting the government's contention that it would be impossible to hold a trial without disclosing state secrets.

The Justice Department has declined to help the German prosecutors in their investigation, which has made the Germans dependent on information from other sources, including journalists investigating the C.I.A. practice of transferring suspects across international borders.

A major break, Mr. Stern said, came from a Spanish reporter who compiled a list of the names of people said to have been involved in Mr. Masri's abduction from sources in the Civil Guard, a Spanish paramilitary police agency. The C.I.A. used the Spanish island of Majorca as a logistics center for its flights, Mr. Gnjidic said, and the authorities found the names of members of the rendition team on hotel logs there.

Mr. Stern also credited tips from prosecutors in Milan and from Dick Marty, a Swiss senator who conducted an inquiry on the transfer issue on behalf of the Council of Europe.

The nature of Germany's role in Mr. Masri's case, and in other C.I.A. flights, remains murky. Mr. Masri has asserted that he was interrogated three times inside his prison in Kabul, Afghanistan, by a German who identified himself as "Sam."

Germany's foreign minister, Frank-Walter Steinmeier, has said he was not told of the abduction until June 2004, after Mr. Masri had been released in Albania. As chief of staff to Gerhard Schröder, then the chancellor, Mr. Steinmeier oversaw all German intelligence services.

Mr. Steinmeier is facing questions about his role in another case, involving a German-born Turkish man imprisoned for four and a half years at the American military jail in Guantánamo Bay, Cuba.

The man, Murat Kurnaz, was released by the United States last August after lengthy negotiations between Germany and the United States. But internal German intelligence documents indicate that the Germans turned down an offer by the Americans to send Mr. Kurnaz home as early as 2002.

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Mr. Steinmeier has insisted that the Americans never made an official offer to release Mr. Kurnaz. He has also noted that worries about security were running high in the aftermath of the Sept. 11 attacks. German newspapers have been full of speculation about whether the affair will cost Mr. Steinmeier his job.

Germans Charge 13 CIA Operatives (WP)

By Craig Whitlock

The Washington Post, February 1, 2007

BERLIN, Jan. 31 -- The CIA's clandestine program of abducting suspected terrorists and taking them to secret sites for interrogation unraveled further on Wednesday as German prosecutors issued arrest warrants for 13 agency operatives in the kidnapping of a German citizen in the Balkans in December 2003.

The case is the second in which European prosecutors have filed charges against CIA employees involved in counterterrorism operations. Italian prosecutors have charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric on a Milan street in 2003 and taking him to Cairo, where he says he was tortured.

European law enforcement authorities acknowledged that it is highly unlikely that any CIA officers -- most of whom work undercover, using false identities -- would be apprehended or extradited from the United States. But the arrest warrants, filed in Munich, mark yet another case in which CIA activities in Europe since the attacks of Sept. 11, 2001, have strained diplomatic ties and underscored deep differences between the United States and its transatlantic allies over how to fight terrorism.

Christian Schmidt-Sommerfeld, the chief prosecutor in Munich, said the 13 CIA operatives were wanted on suspicion of kidnapping and inflicting bodily harm on Khaled el-Masri, a German citizen of Lebanese descent. Masri has said he was detained by border guards Dec. 31, 2003, while en route to a holiday in Macedonia, and handed over to the CIA, which took him to a secret prison in Afghanistan and interrogated him about his alleged ties to Islamic radicals in Germany.

After five months in detention -- during which, he said, he was physically abused -- Masri was flown back to the Balkans and dumped on a hillside in Albania after his captors apparently decided they had apprehended the wrong man. German prosecutors said they were skeptical when he came to them with his bizarre-sounding story but later corroborated many parts of his account.

Robert Wood, a spokesman for the U.S. Embassy in Berlin, declined to comment on the arrest warrants, as did a State Department spokesman in Washington. The CIA also declined to comment.

German prosecutors said they received a list of CIA operatives suspected of involvement in Masri's disappearance from authorities and a journalist in Spain. According to hotel records and flight logs, the crew of the privately chartered CIA plane that carried Masri from the Balkans to Afghanistan had stopped for a few days beforehand on the Spanish resort island of Palma de Mallorca.

Prosecutors in Munich did not name the suspects publicly and released few other details about the probe. But Schmidt-Sommerfeld said that all of the suspects used aliases and that investigators were still trying to learn their true identities.

"Ongoing analysis will concentrate on, among other things, determining the correct personal details of the suspects," he said.

The German state television network NDR released a list of 11 men and two women it said were named in the arrest warrants. According to the station, some of the suspects worked as pilots for Aero Contractors, an aviation firm based in Smithfield, N.C. Flight data show that Aero operated the Boeing 737 that carried Masri to Kabul on Jan. 24, 2004.

Aero Contractors was named as a defendant in a lawsuit Masri filed in U.S. District Court.

An employee who answered the phone at Aero's headquarters said no one was available to comment on the arrest warrants.

At a news conference in Augsberg, Germany, Masri's attorney called the arrest warrants "a great success" and said his client was "very satisfied" with the outcome of the investigation. At the same time, the lawyer, Manfred Gnjidic, said he realized it was doubtful that German authorities would be able to track down any of the suspects and bring them to trial.

"It is a very clear signal that the German ruling powers will not tolerate this action, this criminal action, against a German citizen and would like to hold those accountable," Gnjidic said.

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German arrest warrants are not legally enforceable in the United States, although the prosecutors in Munich could seek to have the suspects arrested if they traveled to other nations in the European Union.

The German government said it learned of Masri's abduction from Daniel R. Coats, then the U.S. ambassador to Germany, in May 2004. Coats told Otto Schily, then Germany's interior minister, that Masri had been grabbed mistakenly but was paid off to keep quiet, according to German officials. Coats also asked Schily to keep the affair a secret, the officials said. Masri has denied receiving any money.

U.S. officials have not publicly admitted any guilt or responsibility. In December 2005, German Chancellor Angela Merkel said U.S. Secretary of State Condoleezza Rice acknowledged in a meeting in Berlin that Masri had been "erroneously taken." But U.S. diplomats denied she had done so.

A year later, when asked by a reporter in Washington whether the United States owed Masri an apology, Rice declined to offer one. "We have tried to deal with this case in a way that is responsible and -- you know, that's all I'm going to say about this case," she said.

Masri filed suit against the CIA, but his complaint was dismissed in May on grounds that it could damage national security operations. The decision is on appeal.

Some details surrounding Masri's disappearance remain murky. The ponytailed car salesman has said he was interrogated in Afghanistan by a man named "Sam" who was fluent in German and hinted that he worked for German intelligence. The German government has denied any involvement in Masri's kidnapping or detention.

Johannes Jung, a member of a German parliamentary committee that has scrutinized Masri's case, said the arrest warrants would send a strong message to the United States. The committee has investigated the extralegal abductions of two other German residents by U.S. counterterrorism agents, a practice known as "extraordinary rendition."

"This policy of rendition has to be stopped," said Jung, a member of the Social Democratic Party. "It's totally out of control, and the U.S. needs to rethink its policy in this regard. We couldn't imagine that this policy of rendition could really be true, but we have learned that it is true."

Staff writer Glenn Kessler and staff researcher Julie Tate in Washington contributed to this report.

Germany Orders Arrest Of 13 CIA Operatives (LAT)

By Jeffrey Fleishman

The Los Angeles Times, February 1, 2007

BERLIN — A Munich court has ordered the arrest of 13 U.S. intelligence operatives in connection with the kidnapping and beating of a German citizen who was interrogated for five months at a secret prison in Afghanistan, prosecutors announced today.

The suspects belong to a CIA-sponsored team that allegedly flew Khaled Masri, a German citizen of Lebanese descent, from Macedonia to Afghanistan in January 2004. Each of the accused, all but one of whom were identified only by aliases, were charged with kidnapping and causing serious bodily harm.

Police found a "strong suspicion" that the operatives were involved in Masri's disappearance, said a statement released by the Munich prosecutor's office. "According to the information we have, the suspects listed in the arrest warrants are believed to be so-called code names of CIA agents. The investigation will now focus on learning the actual names of the suspects."

Legal experts said it was unlikely the accused, including four pilots, a medic and members of an operations unit, would appear before a German court. CIA and State Department officials have refused to comment in detail about the Masri case, but the Bush administration has said anti-terror laws allow for such covert operations, known as "extraordinary renditions." U.S. officials have denied allegations of torture.

"As far as I know, the German court has never issued an arrest warrant against 13 CIA officials all at once," said Hans-Christian Stroeble, a member of a parliamentary committee investigating the Masri case. His Greens Party has criticized the renditions program as a violation of human rights. "This is a great success."

The intelligence operatives, most of whom are believed to be Americans, are alleged to have been involved in a mission that loaded a bound and drugged Masri onto a Boeing 737 that flew him from Skopje, Macedonia to Afghanistan in the early

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morning of Jan. 24, 2004. Masri had been detained weeks earlier by Macedonian security officials when he attempted to cross the Serbian-Macedonian border. He said while in Macedonian custody he was beaten and photographed naked.

German prosecutors were initially skeptical about Masri's tale of disappearing into a hidden dimension in the fight against terrorism and being held for five months of interrogation and abuse until he was released in the mountains of Albania in May 2004. But German authorities said they concluded that the car salesman and father of four was telling the truth.

German officials believe Masri was the victim of mistaken identity: a man with the same name as a suspected terrorist linked to Al Qaeda. Former Interior Minister Otto Shilly has told a German government committee that U.S. officials privately apologized for the abduction.

U.S. authorities never charged Masri with a crime and German prosecutors have criticized Washington for not cooperating with their investigation. German officials allege that the operatives, many of whom live in North Carolina, work for Aero Contractors, which has links to the CIA. The company is connected to Premier Executive Transport Services Inc., which held the registration for the Boeing that transported Masri, according to European aviation documents.

The case has led to questions within the German government. The parliamentary committee is investigating whether German agents were involved in the abduction and why Foreign Minster Frank-Walter Steinmeier, who then oversaw intelligence agencies for the chancellery, did not immediately disclose his knowledge of the affair.

The case, at times, has agitated the improving relationship between Berlin and Washington. In 2005, after a meeting with Secretary of State Condoleezza Rise, German Chancellor Angela Merkel said she was pleased that the Bush administration "admitted this man [Masri] had been erroneously taken."

But a senior U.S. official quickly denied such a characterization, saying that Masri was released because Washington "no longer had evidence or intelligence to justify" his detention.

Warrants Target 13 CIA Agent Suspects (WT/AP)

By David Rising

The Washington Times, February 1, 2007

BERLIN -- German prosecutors said yesterday that they have issued arrest warrants for 13 CIA agents suspected of abducting a German citizen in an apparent anti-terrorist operation gone wrong.

It was Washington's second European ally to seek the arrest of CIA agents on charges of spiriting away a terrorism suspect. Italian prosecutors want to question 25 agents and one other American in the purported kidnapping of an Egyptian cleric suspected of terrorism.

Prosecutor Christian Schmidt-Sommerfeld said the warrants were issued in the past few days against the 13 on suspicion of false imprisonment and serious bodily harm in connection with the abduction of Khaled el-Masri, a German citizen of Lebanese descent.

Mr. el-Masri maintains he was abducted in December 2003 at the Serbian-Macedonian border and flown by the CIA to a detention center in Kabul, Afghanistan, where he says he was abused.

None of the suspects was identified. But Mr. Schmidt-Sommerfeld later said in a statement that "the personal details contained in the arrest warrants are, according to our current knowledge, aliases of CIA agents."

Germany's NDR television released a list of the names of the 13 -- 11 men and two women -- it said its reporters had obtained.

At the State Department, spokesman Tom Casey said the United States would review the claims. "Certainly, we will take a look at that information once it is actually made available."

But he declined further comment, referring to a lawsuit by Mr. el-Masri against the U.S. government.

Secretary of State Condoleezza Rice and other U.S. officials have declined to address the case. But German Chancellor Angela Merkel has said Washington has acknowledged making a mistake with Mr. el-Masri.

Mr. el-Masri has said he was released in Albania in May 2004 after the CIA discovered they had the wrong person.

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Mr. Schmidt-Sommerfeld said prosecutors in December 2005 received a list of people thought to be involved in the kidnapping. The list was compiled by a Spanish journalist from sources within the country's Civil Guard, a paramilitary police unit.

With help from Spanish authorities, they were then able pursue an investigation against "concrete persons," Mr. Schmidt-Sommerfeld said.

Investigators also received tips from others, including the Milan, Italy, prosecutor's office and Dick Marty, a Swiss senator who led an inquiry into CIA renditions on behalf of the Council of Europe.

The CIA agents are suspected of having flown from the Spanish island of Palma de Mallorca to Macedonia in January 2004 aboard a Boeing 737 to pick up Mr. el-Masri, Munich prosecutor August Stern said.

Mr. el-Masri has asked a federal appeals court in Richmond to reinstate a lawsuit he filed against the CIA. A lower court dismissed the lawsuit in May, ruling that a trial could harm national security by revealing details about CIA activities.

Britain Jails 9 On Terrorism Suspicion (USAT)

By Jeffrey Stinson

USA Today, February 1, 2007

LONDON — British police arrested nine people on suspicion of terrorism Wednesday but declined to confirm media reports that the suspects intended to kidnap and behead a Muslim British soldier and post a video of his execution on the Internet.

Eight of the suspects were picked up in pre-dawn raids on their homes in a predominantly Pakistani neighborhood in Birmingham. The ninth was arrested on a highway in the area.

Police in West Midlands, the county that includes Birmingham, said the nine were arrested on "suspicion of the commission, preparation or instigation of acts of terrorism."

David Shaw, assistant chief constable of the West Midlands Police, did not say whether the suspects were Muslims. In remarks to reporters, though, he went out of his way to thank Birmingham's Muslim community for its help with the arrests.

Shaw would not comment on reports by the BBC, Sky News and other outlets that the suspects intended to kill a British army soldier and post Internet video of the murder.

The 4 a.m. raids were led by the Midlands Counterterrorism Unit, supported by West Midlands Police and London's Metropolitan Police.

Twelve addresses in several Birmingham areas were sealed off for additional searches, according to police. Four commercial sites were among those sealed, Shaw said.

The raids exposed divides in predominantly Pakistani neighborhoods in Birmingham.

"People don't trust their own children anymore," said Shabir Hussain, chairman of the Ludlow Road Mosque in Birmingham. "You feel like you should challenge your son or daughter: 'Where are you going at night? What are you watching on TV? What are you doing on the Internet?' "

Shaw said the investigation could take several days or weeks. "This remains a dynamic, fluid operation," he said. "And this is by no means finished."

Magnus Ranstorp, a terrorism analyst at the Swedish National Defense College, said a plot like that described by British news outlets would signal that terrorists are trying new methods to spread fear in Europe.

"An incident like this would certainly raise the threshold for shock value," he said.

Terrorists, familiar with tactics used by insurgents in Iraq, can be expected to export whatever method they can to induce shock and spread fear, Ranstorp said. "The critical issue is: Are we ahead of the terrorists' innovations?"

Britain's current terrorism threat level is listed as "severe," the second-highest level on the five-stage scale. A "severe" threat means a terrorist attack is "highly likely."

The threat level has remained at severe since the current system was introduced Aug. 1, except for three days after the disclosure Aug. 10 that police had broken up a plot to blow up jets headed to the USA from London's Heathrow Airport. The level was then raised to "critical," the highest on the scale.

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Some of the suspects arrested in the alleged airliner plot were from Birmingham.

Last week, police arrested five people in terrorism investigations in the English cities of Manchester and Halifax. Rizwan Ditta, 29, and Mohammed Dilal, 26, of Halifax were later charged with possession of information of use to terrorists.

The head of Britain's domestic security service, MI5, said last year that the service was tracking 30 suspected terrorism plots involving roughly 1,600 people in about 200 domestic cells. Eliza Manningham-Buller, MI5's director general, said in a speech Nov. 9 that many of the plots could be traced to al-Qaeda.

She said Britain's security services had foiled five major plots since terrorists attacked the London transit system July 7, 2005, killing 52 people and injuring more than 770 others.

Police Hold Nine After Terrorism Sweep (FT)

By Jonathan Guthrie And Jimmy Burns

Financial Times, February 1, 2007

Police in the West Midlands arrested nine people on terrorism charges and raided a number of properties on Wednesday.

The arrests were in connection with an investigation thought to be connected to an alleged plot to kidnap and execute a Muslim British soldier.

On Wednesday night a senior government official said he was taking seriously a plot he believed underlined the extent to which radicalised British-born Muslims were committed to a terrorist war against the west.

The official said the alleged plot suggested a direct challenge to the British army's policy of encouraging the recruitment of Muslims as a way of integrating them into society and countering the negative publicity regarding the army's involvement in Iraq and Afghanistan. In the UK armed forces, 330 Muslims have declared their religion.

Earlier, the police and the Home Office, the department responsible for counter-terrorism, refused to identify the nature of the plot and warned the media against speculation that might be prejudicial to an investigation and any trial.

However, in what they described as a "very major investigation", police raided eight dwellings and arrested eight men, starting at 4am.

They also searched and secured four business premises, including a Muslim bookshop and an internet café. The properties were in Washwood Heath and Sparkhill, areas with big Muslim populations, and in the mainly white area of Edgbaston.

A ninth man was arrested later while driving on a motorway in the Birmingham area.

Assistant Chief Constable David Shaw said police were "at the foothills" of an important investigation that could last for "days and weeks".

Britain Foils Major Kidnapping Plot (AP)

By Rob Harris

AP, February 1, 2007

Police foiled a major kidnapping plot, the first of its kind in Britain, with the arrests Wednesday of nine terror suspects who reportedly planned to torture and behead a British Muslim soldier and broadcast the killing on the Internet.

The alleged plot, said by British media to mirror the brutal executions of foreign hostages in Iraq, was in its final stages and uncovered during a six-month surveillance operation by anti-terror officers in this city of more than 1 million in the heart of England. The arrests came in a pre-dawn raid on homes and businesses in several Birmingham neighborhoods, which were mostly Pakistani.

"The threat from terrorism remains very real," said Assistant Chief Constable David Shaw, who would not confirm reports from the British Broadcasting Corp. and other media outlets that the intended victim was an army soldier to be killed in an "Iraqi-style" execution and broadcast on the Internet.

Britain has been at the heart of several thwarted alleged terror plots, including a scheme by a British Muslim to blow up the New York Stock Exchange and other landmarks, and a plan by Muslim extremists to use liquid explosives to blow up as many as 10 flights between the United States and Britain.

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But the Birmingham kidnapping plot raised fears that a new type of terrorism has reached Britain, one which uses individual victims to send a message through kidnappings and publicized beheadings. Although the motive in the new plot was not disclosed, the announcement coincides with other indications that young British Muslims are becoming increasingly angry over this country's involvement in the American-led wars in Afghanistan and Iraq, and the U.S. detention camp in Guantanamo Bay, Cuba.

The four British Muslims who attacked London's transit system in Europe's first suicide bombings had expressed rage over Britain's role in the wars. Their attack at rush hour on July 7, 2005 killed 52 people.

In the past year, the object of that anger has spilled over to the 330 Muslims who serve in the 180,000-strong British armed forces.

The potential victim of the latest plot was reportedly a British Muslim soldier who was under police protection, British media reported, though the Defense Ministry would not confirm this.

Britain's first Muslim soldier to be killed in Afghanistan last year was from Birmingham, where the death prompted militant Islamist Web sites to denounce Cpl. Jabron Hashmi, 24, as a traitor. One site — that of extremist British sect al-Ghurabaa — posted an image of the soldier surrounded by flames.

Non-Muslim servicemen are also being targeted.

Last year, a London street vendor was sentenced to six years in prison in a plot to kill a decorated British soldier. Abu Baker Mansha was accused of targeting Cpl. Mark Byles, whose address and other materials were found in Mansha's apartment.

Byles was awarded a military cross for bravery following an attack in which several Iraqi insurgents were killed — exploits covered by British newspapers. One of the articles with Byles' name was circled and found in Mansha's apartment.

Twelve houses and four business — including two Muslim book stores and an Internet cafe — were cordoned off in Wednesday's raids.

Mohammed Majid, 30, watched as police barged into a house.

"At 4 a.m. I heard a loud bang. I looked through the window and thought it was a fire. I saw anti-terrorism police with shields and guns. They broke windows and doors and raided the place. They took a (South) Asian man with a beard who was in his 30s away in handcuffs. He looked dazed."

Forensic teams removed items from the house and shot a video of the scene, he said.

Sky TV reported that British investigators contacted Pakistani intelligence agents four days ago about the plot. In Islamabad, Foreign Ministry spokeswoman Tasnim Aslam said, "The British authorities have confirmed to us that there is no Pakistan connection." She gave no other details on the contact between authorities in the two countries.

Still, the raid opened fresh divides in Birmingham's predominantly Pakistani neighborhoods.

"People don't trust their own children any more," said Shabir Hussain, chairman of the Ludlow Road Mosque in Birmingham. "You feel like you should challenge your son or daughter: `Where are you going at night? What are you watching on TV? What are you doing on the Internet?'

Muslims in Birmingham are mindful of the dangers inherent in any raid: Police shot a man in a raid last year in London.

"The police and government seem to be against Muslims and are trying to turn us against one another," said Kadir Mohammad, 18, who lives in one of the raided neighborhoods.

Britain's MI5 has said it set up a network of eight new regional offices across the country in the wake of the Sept. 11 attacks, including a center in the West Midlands. The service had previously had regional branches in Northern Ireland, but uses the new offices to coordinate with police in counterterrorism work.

Counterterrorism experts said Islamic extremists have been looking for new ways to rattle the West with their use of the Web to broadcast propaganda and unsettling images such as the beheadings of Western hostages in Iraq.

One widely publicized case was that of 62-year-old Kenneth Bigley from Liverpool. He was abducted from a Baghdad suburb where he was working in September 2004 and beheaded three weeks later. His death was captured on video.

London's counterterrorism officers had never before dealt with a terrorist plot to abduct and murder, a police spokeswoman said on condition of anonymity because of the ongoing investigation.

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The Irish Republican Army and other Northern Ireland paramilitary groups routinely conducted kidnappings, mainly for the purpose of extortion — often targeting family members of those with access to banks, British military installations and police stations.

"This would be the first case (in Britain) of Islamic extremists using kidnapping as a tactic — but these are not the first terrorist kidnapping threats to Britain. The IRA provided those," said former U.S intelligence officer Bob Ayers, now a security analyst based in London.

A Foiled Plot In Britain May Signal Chilling Tactic (CSM)

By Mark Rice-oxley

The Christian Science Monitor, February 1, 2007

LONDON

British security officials were claiming Wednesday to have foiled a terrorist plot which would have imported for the first time to Britain the grisly Iraq-style tactic of kidnapping a victim, torturing and beheading him and filming the atrocity for broadcast on the Internet.

In what police characterized as "the foothills of a major investigation," at least nine arrests were made at a dozen addresses in and around Birmingham, England, including homes, an Islamic bookshop, and a cybercafe,

The suspects were the latest in a succession of hundreds arrested under terrorism legislation introduced seven years ago. Last August, 21 people were arrested in an alleged plot to blow up transatlantic flights.

But experts said this plot's new tactic, if confirmed, would amount to a significant departure in strategy. Thus far, the public has focused its concern on the possibility of suicide bombers seeking to emulate the perpetrators of the July 7, 2005, bombings that killed 52 people. The prospect of being snatched from the street, paraded before video cameras, and decapitated was considered a horror peculiar only to countries like Iraq.

"A plot to kidnap, torture, and execute an individual in the heart of England, and film the gruesome events on a videotape for posting on the Internet, represents a new chilling escalation in tactics by the global jihadi terror groups and carries grave implications for all western nations," says MJ Gohel, a terrorism expert with the London-based Asia-Pacific Foundation.

"In the past, we have witnessed the brutal beheadings of Western hostages in Pakistan, Saudi Arabia, and Iraq, but for it to happen in a major British city would send shock waves to millions of people throughout Europe and the world."

Debate about extent of 'fear factor'

Mr. Gohel recalled the episodes in Iraq, when American Nicolas Berg and Briton Ken Bigley were subjected to the grim fate, and added that repeating the tactic in the West would be "a massive cold-blooded propaganda tool for intimidating the public and governments. The brutal torture and beheading of an identified individual can psychologically resonate far louder than say a car bombing of unknown or anonymous victims," Gohel says.

Paul Rogers of Bradford University also underscored the potential for a negative psychological impact. "If such a plot were to be targeted against an individual, then it would be a very new development as far as Britain is concerned, but obviously worrying as far as the fear factor is concerned," he said in an interview with Britain's national Press Association news agency.

But Bob Ayres, a security analyst at Chatham House, a London-based think tank, contends that the fear-factor would be limited.

"The vast majority of the UK population doesn't believe they're high-profile enough to warrant being pulled off the street," he says. For most Britons, he adds, "getting blown up on the Underground on the way to work is much more of a concern."

But while kidnapping may not instill greater fear among the public, Mr. Ayres says, its strategic advantage for radicals is prolonged media exposure. With the release of periodic video statements, captors can keep the media's spotlight on them and their message for months, he says.

Tackling home-grown terrorism

At least some of those arrested Wednesday were believed to be young Britons of south Asian origins. The local member of Parliament, Shahid Malik, said he had been told they had been under surveillance for six months. Some of the arrests connected with the alleged planes plot were also made in Birmingham.

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Pakistan, which crucially cooperated with Britain over the aviation threat last year, was again in contact with British security agencies in the run-up to the latest arrests. British media reports claimed that the target was a British Muslim soldier, though police did not confirm this.

The sudden emergence of homegrown terrorists and suspected plotters has forced domestic security services to improve their game, spread the recruiting net wider, and accelerate efforts to infiltrate the cells believed to be planning attacks.

Recently, signs have emerged that counterterrorist forces tracked radicals subsequently involved in plots without detaining them. One of the 7/7 perpetrators, Mohammad Sidique Khan, was known to security services as a radical intent on waging jihad. In the ongoing trial in London of the suspects involved in an alleged plot to bomb the mass transit network two weeks later on July 21, 2005 – a plot that failed – evidence has emerged that suspects were under police surveillance as early as 2004.

Balance of rights and security

Though police believe that the raids and multiple arrests of recent years have foiled major terror attacks, Britain's Muslim minority often complains that rights are trampled over during the police action – and that often charges are not even brought. Two suspects were roughly arrested, and one shot, during a police raid last summer; both were later released without charge. Some in the Muslim community argue that the police action is just driving more disaffected youths into the arms of radicals.

Last year, the head of MI5, Dame Eliza Manningham Buller, warned that the security services had identified 30 major terrorist plots in Britain and more than 1,600 individuals actively engaged in promoting attacks.

New tactic?

But after the 7/7 attack and the failed 7/21 attack, heightened security and a greater police presence, particularly on the London Underground, has arguably persuaded radicals to change their targets. Experts say that mass-transit systems, even airports and aircraft, are easier to defend against than the threat of abduction.

"Kidnapping is a highly cost-efficient strategy for terror groups to deploy because no expensive bomb-making materials or detonators are needed, no skill or training is necessary – all that is required is a terrorist willing to wield a knife on a defenseless hostage," Gohel says.

Terrorism experts said that it was important to establish whether the kidnapping plot, if confirmed, was a one-off action or a new tactic.

Patrick Mercer, Conservative homeland security spokesman, said: "If this proves to be accurate, this is a disturbing departure.

"We have got to learn the lessons of this," he added, "to see what we can do to thwart future attacks."

Britain Arrests 9 In Anti-Terror Raids (WP)

By Mary Jordan And Kevin Sullivan

The Washington Post, February 1, 2007

BIRMINGHAM, England, Jan. 31 -- British police arrested nine people Wednesday in a large counterterrorism sweep reported to involve an alleged Iraq-style plot to kidnap, torture and kill a Muslim soldier serving in the British army and post video of his execution on the Internet.

Such a plot would represent a dramatic turn in tactics by Islamic extremists in Britain -- a single murder rather than a bomb plot designed to kill large numbers of people. It would also be the first known case of radicals in Britain targeting a fellow Muslim for serving in the British army.

Birmingham police did not release the names of the people arrested in pre-dawn raids on eight homes and four businesses in two predominantly Muslim neighborhoods. Neighbors reported that police broke down doors and hauled off suspects beginning about 4:30 a.m.

David Shaw, a top police official, said the arrests were the "culmination of many months of activities" and "a very, very major investigation" that is "by no means finished." At a news conference, he declined to elaborate on the alleged plot or comment on reports by the BBC and many other news organizations that police sources said the plot involved the planned abduction and execution of a particular Muslim soldier. Several reports said the soldier had served in Afghanistan and has been placed under protective custody in Britain.

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The arrests and raids stunned this city of 1 million residents northwest of London where the Muslim population, estimated at 14 percent in the 2001 census, has grown in recent years.

"If it were another bombing plot, I wouldn't be as scared," said Vera Bates, 65, who has lived for 40 years in the Alum Rock neighborhood, a predominantly Muslim area. "But because now they are talking about kidnapping someone off the street, beheading him and putting him on a video -- now that is scary." Her home is near a brick rowhouse and a business, Khan's General Store, that were raided by police.

Many Muslims who gathered at police lines said they viewed the raids as unfairly targeting their community and probably based on false intelligence. "We feel like we are under siege," said Allah Ditta, a businessman in Alum Rock and a member of a mosque a block from Khan's General Store.

Ditta said that he had already felt a backlash from the police operation when several men drove past him in a van and swore at him simply because he was dressed as a Muslim. "We will be picking up the pieces of this raid for years to come," he said.

Police counterterrorism raids have become increasingly common since Islamic extremists killed 52 people on subway trains and a bus in London in July 2005. What police call a virtually identical attack two weeks later failed when the alleged attackers' bombs failed to detonate; six men are on trial in that case.

Eliza Manningham-Buller, head of Britain's MI5 domestic security agency, which was involved in Wednesday's raids, gave a rare public address in November and said British authorities were monitoring as many as 30 potential terrorism plots involving up to 1,600 individuals in 200 radical groups.

"If anyone is involved in terrorist activities, I condemn it," said Shaukat Ali, who lives on Jackson Road, where one of the arrested men lives.

He said he knew the man, describing him as a 28-year-old named Amjad and a father of two, and found it hard to believe he was involved in such a plot. He said the man worked behind the cash register at his father's business, Khan's General Store, from early morning until late at night seven days a week. "Many people knew this hardworking family and we are shocked," Ali said.

Ditta, the Alum Rock businessman and a member of the mosque a block from Khan's General Store, noted that none of the nine men had been charged. Under new anti-terrorism laws, police can hold suspects without charge for up to 28 days. Many times, he said, there have been high-profile raids and then days later the detainees are let go without charge.

He said he believes police could and should make arrests more quietly because these dramatic arrests, with dozens of officers breaking down doors and windows with hammers, are unfairly harming Muslim communities.

Tariq Khan, a Birmingham City Council member who represents the neighborhood, joined the street scene of police, TV cameras and large numbers of neighbors. He said he wanted people to know that "ninety-nine percent of these people are law-abiding citizens."

Others in Birmingham said they supported the police. "If they saved a life, it is certainly worth it," said Paul Hockney, a construction worker. "These raids have become the norm -- how sad is that? Our country is in big trouble."

Several miles from Alum Rock, police were standing guard Wednesday night outside an electronics shop and had shut down an Islamic bookstore. The Maktabah Al Ansaar bookshop has drawn scrutiny for years from British and U.S. counterterrorism investigators.

In 1999, the shop published the autobiography of Dhiren Barot, a Hindu convert to Islam who was arrested in 2004 and charged with plotting to bomb financial targets in New York, New Jersey and Washington on behalf of al-Qaeda. A British judge sentenced him in November to life in prison.

One of the store's former employees is Moazzem Begg, a British citizen who traveled to Afghanistan in 2001 and was arrested in January 2002 and imprisoned at the U.S. military prison at Guantanamo Bay, Cuba. Begg was released in January 2005 without being charged with a crime.

Sullivan reported from London. Correspondent Craig Whitlock in Berlin and special correspondent Karla Adam in London contributed to this report.

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Britain Arrests 9 In Terrorist Kidnapping Plot (NYT)

By Alan Cowell

The New York Times, February 1, 2007

LONDON, Jan. 31 — The British police conducted a series of raids on Wednesday, arresting nine suspects on terrorism charges in what appeared to be a shift in the tactics of terrorism in Britain. The suspects are accused of devising a plot that included plans to kidnap, torture and behead a British Muslim soldier and broadcast video images of his killing on the Internet.

The arrests, in the central city of Birmingham, were part of what the authorities called a major operation involving hundreds of officers after months of preparation. Eight suspects were arrested in eight different homes, and a ninth was seized on a highway near the city, the police said. Four businesses were also searched.

"We are right at the foothills of a very major investigation for us," Assistant Chief Constable David Shaw, the Birmingham police officer leading the inquiry, said at a news conference. He declined to describe any details of the case or identify the suspects by name.

However, the British news media have widely reported details of the supposed plot, which have not been officially denied. If true, the plan would be a marked departure from previous terrorist plots, like the July 7, 2005, London bombings, intended to cause mass fatalities using explosives.

Last August, for instance, British and American investigators said they averted a plot by terrorists to use liquid explosives to blow up trans-Atlantic airliners carrying hundreds of people. A plan of this kind would also support what counterterrorism experts have depicted as the central role of the Internet in modern insurgencies and conspiracies to broadcast propaganda and spread images. Web sites have been widely used to broadcast gruesome images of beheadings in Iraq and to spread militant Islamic views.

"If such a plot were to be targeted against an individual, then it would be a very new development as far as Britain is concerned," said Paul Rogers, an expert on terrorism at the University of Bradford. "The key point is whether this alleged plan was something being encouraged by the wider Al Qaeda movement or was a one-off, independent action."

The target for the attack was reportedly a soldier in his 20s who had served with British forces in Afghanistan and is now hiding in a police safe house in Britain.

The Home Office in London called the arrests "a major counterterrorism operation."

Britain's terrorism laws allow the police to detain suspects for up to 28 days without bringing formal charges. "This remains a dynamic, fluid operation and this is by no means finished," said Assistant Chief Constable Shaw of the Birmingham police. The search of premises, he said, "will take days or possibly weeks."

The police began to move in on the suspects at 4 a.m. in Birmingham, Britain's second largest city, which has a large Muslim minority drawn initially from Pakistani immigrants in the 1960s. The police action spread through the run-down Sparkhill neighborhood and other areas, including raids on the Maktabah Islamic bookstore, the Blades Cyber Cafe and an innocuous-seeming row house. Several vehicles, including a white van, were towed away.

The announcement of another suspected terrorism plot has not surprised many Britons, who are used to regular warnings from the authorities. Six men are currently on trial in connection with four attempted bombings on July 21, 2005, two weeks after the London bombings that killed 52 people and the 4 suicide bombers.

Last November, MI5, the domestic intelligence agency, said it was keeping 1,600 suspects in 200 terrorist cells under surveillance. At the time, Dame Eliza Manningham-Buller, the director of MI5, spoke of around 30 conspiracies that might include "the use of chemicals, bacteriological agents, radioactive materials and even nuclear technology."

The Pakistan Foreign Office acknowledged on Wednesday that British officials had recently inquired about whether some of the nine men arrested in Birmingham had traveled to Pakistan.

Some people in Birmingham said they were skeptical about the raids, particularly in light of a similar high-profile operation last year in Forest Gate, east London, when the police shot and wounded one of two Muslim brothers who were soon released for lack of evidence linking them to terrorism.

Such events have deepened Muslim anxieties.

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"There is a fear about who is next," said Mohammed Naseem, the chairman of Birmingham's Central Mosque, in a telephone interview. "People will need to know the facts, but there is a longstanding perception that this climate of terrorism is being maintained to further the political aims of the government."

Indeed, Salma Yaqoob, a member of the Birmingham City Council representing the antiwar Respect Party, said: "There's a shock and disbelief that these arrests are being made in such a high-profile manner. People are very concerned about the social backlash."

Farooq Haroon, a Birmingham social worker, said that after the raids last year that ended with the suspects being freed without charge, "people are very cynical about these raids."

The Ministry of Defense said there were only about 330 Muslims out of the 180,000 troops in Britain's armed forces. Last July, one British Muslim soldier, Lance Cpl. Jabron Hashmi, was killed in Afghanistan.

Many of Britain's frontline combat units are deployed in Afghanistan and Iraq, and their presence, some Muslim leaders contend, has helped inflame militancy among young British Muslims.

HOMELAND RESPONSE:

9 / 11 Workers Criticize Bush Health Funds (NYT/AP)

By The Associated Press

The New York Times, February 1, 2007

NEW YORK (AP) -- The son of a ground zero rescue worker who died last week from lung disease met with President Bush on Wednesday to urge expanded health services for those who are still sick.

"On behalf of all World Trade Center victims, I expressed the urgency and the desperate need for financial support for health services," said Ceasar Borja Jr., 21.

He said he told the president that the funding should be expanded not just for "the heroes and heroines" who risked their lives to save victims under the twin towers, but also for men, women and children exposed to toxins because they lived or worked in the area.

Borja's father, Cesar Borja, was a police officer who worked 14-hour days in the smoldering pit after the Sept. 11, 2001, terrorist attack. He died at 52 while awaiting a lung transplant.

Bush met Borja, his mother, Eva, his 16-year-old brother, Evan, and 12-year-old sister, Nhia, at Federal Hall in downtown Manhattan, where the president delivered a speech about the economy on Wednesday.

About an hour before the speech, sick 9/11 workers and neighborhood residents gathered nearby at the edge of ground zero to criticize Bush's proposal to spend an additional $25 million to fund a health care program.

"Twenty-five million is absolutely not enough," said Marvin Bethea, 47, pointing out that some legislators, including Sen. Hillary Rodham Clinton, have proposed $1.9 billion in additional funds.

"First responders who need treatment will get the treatment they need," Bush spokesman Tony Snow said Wednesday. "Many are already covered by insurance programs, many through their union; but if there are gaps in that, we're going to do it."

Next week, the Bush administration is expected to propose the additional funding for the Sept. 11-related health care program at New York's Mount Sinai Medical Center, where 19,000 rescue workers have been screened.

About seven out of every 10 responders suffered lung problems, according to a Mount Sinai study. One of study authors has said thousands will likely need long-term care.

White House officials said they would consider providing more money, depending on the findings of a separate government task force.

The programs had been expected to run out of money by the summer. A grant of $75 million made last year was expected to last until then.

International Trusted Traveler Program Sought (USAT)

By Barbara De Lollis

DOJ_NMG_0125272

USA Today, February 1, 2007

WASHINGTON — Believing it would help stem the USA's diminishing appeal to travelers from abroad, the U.S. travel industry asked Congress on Wednesday to launch a special trusted traveler program for international visitors.

Since 9/11, international visits to the USA have fallen by 17%. The decline cost about $43 billion in visitor spending in 2005 alone.

The Discover America Partnership, an offshoot of the trade group Travel Industry Association of America, proposed the new program to the Senate trade and tourism subcommittee as part of a broader package of proposals to boost international visits.

"Our travel system is broken," said Geoffrey Freeman, executive director of the partnership. "What we have outlined today is a detailed road map for Congress to solve the crisis."

The group is also asking the government to spend $300 million to finance its proposals, which include stepped-up tourism marketing and faster customs processing.

Under the trusted traveler proposal, regular visitors from abroad could submit extensive personal and biometric information to the U.S. government.

If approved by the government, foreign travelers could count on predictable airport clearance procedures when they arrive in the USA. The tourism industry says heightened scrutiny of foreign visitors in the last five years has led to unpredictable and inconsistent treatment of foreigners at U.S. airports, and has played a major role in diminishing visits to the USA.

Whether or not Congress or foreign travelers would embrace such a program is unclear. But Sen. Byron Dorgan, D-N.D., who chairs the tourism subcommittee, says he expects the issue will attract bipartisan support. He plans to develop legislation to reverse the slide in foreign tourism.

The domestic version of the trusted traveler program, which expedites members' passage at airport security checkpoints, is only now getting started, more than five years after it was proposed following the 9/11 terror attacks. For an annual fee of about $100, travelers who have provided personal data and been cleared in advance by the government are allowed use of an expedited security line at certain airports. It's in effect now at airports in San Jose, Calif., Cincinnati, Indianapolis, New York (JFK) and Orlando.

The tourism industry proposal also calls for automatically enrolling approved travelers in the U.S. registered traveler program to make flying around the USA easier.

Yves Walravens, 53, a loan broker in Brussels who traveled to the USA twice last year, says the popularity of such a program would hinge on whether travelers can expect confidentiality.

"A lot of us complain about the heavy procedures (entering the USA) and find them completely paranoid," he says. "And that is certainly not good publicity for the USA."

Travel Lobby Moves To Ease U.S. Tourism (WT)

By Jen Haberkorn

The Washington Times, February 1, 2007

Travel industry groups yesterday announced a series of proposals aimed at making it easier for international travelers to visit the United States.

The Discover America Partnership (DAP), a travel industry lobbying group, proposed adding more staff to U.S. Consulates to reduce the time it takes for visitors to acquire visas, setting a goal of processing all foreign travelers through customs in 30 minutes, and implementing a national tourism marketing program.

Other DAP proposals included evaluating U.S. Customs officers on their friendliness, greeting foreign travelers by saying "Welcome to America" and offering foreign visitors customer-service evaluations to fill out when they leave the United States -- proposals aimed at improving America's image abroad.

"We can make travel easier and more secure," Stevan Porter, DAP chairman and president of InterContinental Hotels Group, told reporters yesterday.

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Overseas travel to the United States has declined 17 percent since the September 11, 2001, attacks, amid perceptions that it has become more difficult to get a visa to the United States than to other countries. Some visitors are waiting up to 100 days for a visa interview, DAP estimated.

The group said the proposed changes would cost $300 million and suggested three ways to pay for it: Charge a $5 fee to enter or exit the country; charge a $10 fee for travelers from countries that do not require visas; or issue government bonds.

Sen. Byron L. Dorgan, North Dakota Democrat and chairman of a tourism subcommittee , said during a hearing yesterday that he would like to "find some sort of way" to introduce a bill based on the proposal.

Committee Co-chairmen Sen. Daniel K. Inouye, Hawaii Democrat, and Sen. Ted Stevens, Alaska Republican, also said they supported drafting a bill to boost international tourism.

The State Department has been working on improving the visa process, including many of the issues the DAP addressed, a consular affairs official said yesterday.

The department has added 570 consular positions worldwide and implemented an electronic visa application form, which increases the number of applicants an office can review.

As of last month, 90 percent of the U.S. consulates recorded visa appointment waiting periods of 30 days or less.

An airline industry group expressed doubts about the DAP proposals. Air Transport Association of America President and Chief Executive Officer James C. May said his group was opposed to the idea of an exit fee, which could be tacked on to the price of an airline ticket.

"While I appreciate a warm welcome, it is really hard for me to support charging passengers a $5 fee to purchase a smile and a greeting," he said, adding that visitors to the U.S. paid $50 in airline ticket fees last year.

Boston Devices A Cartoon Publicity Ploy (AP)

By Ken Maguire

AP, February 1, 2007

Several illuminated electronic devices planted at bridges and other spots in Boston threw a scare into the city Wednesday in what turned out to be a publicity campaign for a late-night cable cartoon. Most of the devices depict a character giving the finger.

Peter Berdovsky, 27, of Arlington, and Sean Stevens, 28, of Charlestown, were each arrested Wednesday night on one felony charge of placing a hoax device and one charge of disorderly conduct, state Attorney General Martha Coakley said.

In a news release announcing Stevens' arrest, she said the men worked together to place the devices. At an earlier news conference she said Berdovsky had been hired to place the devices.

Highways, bridges and a section of the Charles River were shut down and bomb squads were sent in before authorities declared the devices were harmless.

Marketing Gimmick Goes Bad In Boston (WP)

By Michael Powell

The Washington Post, February 1, 2007

A guerrilla marketing campaign for a cartoon show about a box of french fries and his milkshake pal set off a scare that nearly shut down Boston's commercial district yesterday, as bomb squads closed highways and two bridges in search of what turned out to be magnetic-light versions of the cartoon characters.

Turner Broadcasting, parent company of the Cartoon Network, said the small electronic circuit boards, which hang from girders and bridges, are part of a 10-city marketing campaign for the animated late-night television show "Aqua Teen Hunger Force." Such guerrilla ad campaigns seek to place products in unexpected corners and count on those who spot the characters to "get" the gag.

But much of Boston was not in on this joke. The packages were discovered near the New England Medical Center, two bridges and a tunnel. Attorney General Martha Coakley said Peter Berdovsky, 29, of Arlington, Mass., had been arrested on a felony charge of placing a hoax device and a charge of disorderly conduct.

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"We regret that they were mistakenly thought to pose any danger," said an e-mail message released by Turner spokeswoman Shirley Powell. "They have been in place for two or three weeks in Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Austin, San Francisco and Philadelphia."

The light boxes portrayed "mooninites," essentially juvenile delinquents from another galaxy making an obscene gesture.

Boston and Massachusetts officials were not amused. A train passenger spied the first magnetic object, which looked like circuit boards with protruding wires, attached to a girder under Interstate 93 in the Charlestown neighborhood of Boston. A police bomb squad responded and blew up the device, leading to the shutdown of a railway station and the highway. For a while, the Coast Guard blocked off a section of the Charles River.

"I am deeply dismayed to learn that many of the devices are a part of a marketing campaign by Turner Broadcasting," Massachusetts Gov. Deval L. Patrick said in a statement, vowing to consult with Coakley.

Boston Mayor Thomas M. Menino told the Associated Press he was ready to sue.

"It is outrageous, in a post-9/11 world, that a company would use this type of marketing scheme," Menino said. "I am prepared to take any and all legal action against Turner Broadcasting and its affiliates for any and all expenses incurred during the response to today's incidents."

Bloggers were the first to notice that the boxes were not bombs but representations of late-night cartoon characters that have been around for six years. The lead character, Frylock, is a box of french fries and plays the straight man. Master Shake is a self-centered milkshake. Meatwad is, well, a wad of meat.

"Anyone recognize that?" asks BStu, who has a MySpace site. "I did. It's a Mooninite from Aqua Teen Hunger Force . . . that's what all this fuss is over."

The scare in Boston called to mind Orson Welles's CBS radio broadcast in 1938 of "War of the Worlds," which panicked listeners and triggered many calls to the police and the military. Some bloggers saw yesterday's events in a similar light, an unfortunate confluence of "idiot sensational media" and the "hilarious police overreaction."

And a corporate liability lawyer, R. Bruce Duffield of Brian Cave LLP in Chicago, argued that corporate free speech is protected and that "we're all too skittish in this post-9/11 era."

But W. David Stephenson, a former public relations executive now working as a homeland security adviser, said the world has changed and police must take such incidents seriously.

"It's amazing to me that Turner Broadcasting would think this is acceptable," Stephenson said. "They put these light boxes on bridges and tunnels, places you would clearly associate with terror attacks.

You just can't trivialize this," he said. "It's one of those moments where you just can't figure out what was going on in the brain of the advertising person."

Film Publicity Stunt Sends Bomb Squads Scrambling (USAT)

By Mimi Hall

USA Today, February 1, 2007

BOSTON — A Cartoon Network publicity stunt gone awry sent police and bomb squads scrambling across Boston Wednesday to investigate at least 10 suspicious devices that turned out to be blinking advertising gimmicks.

Peter Berdovsky, 29, of Arlington, was arrested on one felony charge of placing a hoax device and one charge of disorderly conduct, state Attorney General Martha Coakley said later Wednesday. He had been hired to place the devices, she said.

At least 14 of the devices were found, Coakley said.

Worried that the unidentified items could have been part of a terrorist plot, authorities shut down a major highway, halted subway service and closed off part of the Charles River.

VIDEO: PR stunt sends panic over Boston

But the devices turned out to be harmless circuit boards with magnetic lights — part of an outdoor advertising campaign for a late-night cable TV cartoon called Aqua Teen Hunger Force. The show features a talking milkshake, a box of fries and a meatball.

"It's a hoax — and it's not funny," Massachusetts Gov. Deval Patrick said.

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Turner Broadcasting put out a statement apologizing for the confusion. The statement said the "packages" have been in place for two-to-three weeks in 10 cities: Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Ore., Austin, Philadelphia and San Francisco.

A movie based on the cartoon is scheduled to be released March 23. Characters from the film were pictured on the devices placed around Boston.

Boston police said they received four calls, all around 1 p.m., reporting devices seen at the Boston University Bridge and the Longfellow Bridge, both of which span the Charles River.

Others were spotted at a Boston street corner and at the Tufts-New England Medical Center.

The device near the Boston University Bridge was found attached to a structure beneath the span, police said. Another was found Wednesday evening just north of Fenway Park, police spokesman Eddy Chrispin said.

The Turner Broadcasting statement said the company was "in contact with local and federal law enforcement on the exact locations of the billboards" in question. "We regret that they were mistakenly thought to pose any danger," according to the statement.

Boston Mayor Thomas Menino urged residents to "go about your business" Wednesday.

But he had sharp words for those responsible, warning that anyone involved in a hoax could be punished — by up to five years in prison per item.

Most Boston-area residents weren't fazed. Wanda Higgins, 47, a nurse at Massachusetts General Hospital, watched TV news coverage of the threat while preparing to leave work at 4 p.m.

"I saw the bomb squad guys carrying a paper bag with their bare hands," Higgins said. "I knew it couldn't be too serious."

In Washington, D.C., Homeland Security Department spokesman Russ Knocke said officials closely monitored the day's investigation.

"Whether it was intentional or not, the reality is these types of incidents put an enormous burden on law enforcement and counter-terrorism resources, and there's absolutely no room for that in a post-9/11 world," Knocke said.

Contributing: The Associated Press

TV Promotion Rattles Boston (WSJ)

By Jennifer Levitz

The Wall Street Journal, February 1, 2007

BOSTON -- A bomb scare that brought much of this city to a jittery halt yesterday turned out to be a Cartoon Network promotion gone awry, angering Mayor Thomas Menino, who vowed to make Time Warner Inc.'s Turner Broadcasting Systems pay for the mass disruption.

Major arteries were closed. Commuters were booted off subways, river traffic was halted, and bomb squads combed the streets after nine suspicious blinking objects were found on a bridge, under an interstate, and in crowded public areas.

After hours of suspense and gridlocked traffic that began early in the morning, police declared the objects harmless. In late afternoon, Turner's Cartoon Network issued a statement saying the objects were part of a promotion for a TV show, which is a late-night cartoon with characters that are talking fast-food items.

Last night, Massachusetts Attorney General Martha Coakley announced the arrest of Peter Berdvosky, 27 years old, an Arlington, Mass., artist, on felony charges. Mr. Berdvosky allegedly violated a relatively new state law, enacted after an anthrax scare, that prohibits placing a hoax device in a way that results in public panic. He also was charged with one count of disorderly conduct, Coakley said.

Turner hired a third-party marketing firm, Interference, to place the devices. The New York firm says on its Web site that it specializes in alternative and "guerilla" marketing. Representatives of the company couldn't be reached for comment.

Authorities said the devices were placed on public property without required permits.

The promotion went "haywire," said Turner spokeswoman Shirley Powell. The company said the "packages" are part of an outdoor marketing campaign in 10 cities for Adult Swim's animated television show "Aqua Teen Hunger Force." The devices "have been in place for two to three weeks in Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Austin, San

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Francisco, and Philadelphia," the company said. Phil Kent, chairman and chief executive of Turner, said in a statement last night that "we apologize to the citizens of Boston that part of a marketing campaign was mistaken for a public danger."

Mayor Menino said in a statement that it is "outrageous, in a post 9/11 world, that a company would use this type of marketing scheme."

The boxes held light bulbs, Ms. Powell said. Each was about a foot square, with a top resembling a circuit board. At night, they would project images. One was placed on an overhang about 15 feet up at the busy Sullivan Square subway station in Charlestown. A morning commuter alerted authorities. The Massachusetts Bay Transportation Authority summoned an explosives unit of the transit police, and it shut down the Orange line from 8 a.m. to 10:30 a.m. Police were unable to immediately decide if the device posed danger, and they destroyed it, a spokesman said.

Emergency crews rushed to other scenes -- on bridges over the Charles River and at other locations. Part of Route 93 was closed, and nine agencies, from the Coast Guard to the FBI, were sprung into action.

An Atomic 9/11? (WP)

Washington Post, February 1, 2007

SINCE Sept. 11, 2001, Americans have maintained an understandable preoccupation with securing sensitive sites against airborne attack. Hence the appeal of the petition an advocacy group filed with the U.S. Nuclear Regulatory Commission that, among other things, asks the federal nuclear authority to require plant operators to build protective "beamhenges" -- basically tall (and expensive) steel barriers -- around their power stations. This week the NRC's commissioners rejected the request, saying that there are far more cost-effective measures to secure such targets that plant owners and federal authorities have already applied.

It's a controversial decision. After all, without physical barriers to thwart airborne attacks, couldn't a hijacked plane smashing into a nuclear plant produce a widespread catastrophe?

That's not likely, says commission member Jeffrey S. Merrifield. After a $20 million study on the possible effects of an attempted airborne attack on a nuclear power plant, the NRC concluded that the chances of neighboring communities being exposed to radiological materials are extremely low -- the actual number is classified -- because of the strength of the containment domes that seal nuclear fuel from the outside world and because the chances of an errant plane even having the opportunity to approach a nuclear power plant are small.

Such assurances do not convince long-time critics of the NRC such as Daniel Hirsch, who says that a dangerous meltdown is still possible if terrorists on the ground manage to disrupt reactor cooling systems before a plane crash. It's fair to worry about a worst-case scenario, even if the NRC insists that Mr. Hirsch wildly overestimates the chances of any meltdown occurring. And it is difficult to fully trust the NRC's calculations as long as the study it touts remains classified.

But instead of forcing operators to pay for steel beamhenges, the federal government and others concerned about plant safety should focus on measures likely to be more beneficial. These include ensuring that nuclear power stations are well defended from land attack and that storage units for spent nuclear fuel are robust. Federal authorities must also finally establish a long-term storage facility for the spent fuel that continues to accumulate on nuclear plant sites, which is probably a more dangerous target than nuclear reactors themselves.

WAR NEWS:

Senate Foes Of Troop Buildup Join Forces (AP)

By Anne Flaherty

AP, February 1, 2007

Two senators, a Republican and a Democrat, leading separate efforts to put Congress on record against President Bush's troop buildup in Iraq joined forces Wednesday, agreeing on a nonbinding resolution that would oppose the plan and potentially embarrass the White House.

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Sens. John Warner, R-Va., and Carl Levin, D-Mich., had been sponsoring competing measures opposing Bush's strategy of sending 21,500 more U.S. troops to the war zone, with Warner's less harshly worded version attracting more Republican interest. The new resolution would vow to protect funding for troops while keeping Warner's original language expressing the Senate's opposition to the buildup.

Levin replaced Warner as chairman of the Armed Services Committee when the Democrats took control of the Senate in January. Their resolution could well gain more support from members of both parties than their separate versions had been attracting. It lacks Levin's language saying the troop increase is against the national interest, and it drops an earlier provision by Warner suggesting Senate support for some additional troops.

Senate Majority Leader Harry Reid said he wants to begin debate Monday on the new measure, bypassing committee review. Levin's original resolution would no longer be considered unless offered as an amendment.

"I believe we have a better chance now" of passing a resolution against the president's plan, said Sen. Richard Durbin, D-Ill.

The resolution is likely to pose a threat to the White House because of its potential appeal to Republicans who have grown tired of the nearly four-year war and want a chance to express their concerns. The White House has been hoping to avoid an overwhelming congressional vote criticizing Bush's handling of the war.

"It's been a hard work in progress," Warner said of his resolution, which has been struggling to win support of 60 senators so as to prevent a filibuster.

The agreement comes as several leading Republicans who support the troop buildup said they will give the administration and the Iraqis about six months to show significant improvement. Many other Republicans say they are deeply skeptical additional troops in Iraq, rather than a political settlement, would help calm the sectarian violence.

The widely unpopular war has led to the deaths of more than 3,000 U.S. troops and is blamed for GOP losses in the Nov. 7 elections that handed control of Congress to the Democrats.

The House had planned on waiting for the Senate to vote as a way of testing the waters for Republican support of such a resolution. But according to a Democratic aide, the House may begin the process next week with a committee review. That would set the stage for a House floor debate the week of Feb. 12.

Warner had attracted at least seven other Republicans who were inclined to vote for his resolution. Scrambling to find additional support, Warner added language proposed by Sen. Judd Gregg, R-N.H., that would protect funding for troops.

As of late Wednesday, Gregg had not said whether he would support the revised resolution.

"Colleagues have come up to me and said, 'Can you assure me that this doesn't provide a cutoff of funds?'" Warner said.

Warner's resolution will now rival a proposal by Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., that would identify benchmarks for the Iraqi government. McCain's measure is intended to give Republicans an outlet for expressing that the U.S. commitment in Iraq must not be open-ended, without openly criticizing the president.

McCain's measure also picked up steam Wednesday, with Sens. Pat Roberts, R-Kan., Lisa Murkowski, R-Alaska, Sen. Saxby Chambliss, R-Ga., and GOP leaders saying they might support it.

"I don't think this war can be sustained for more than six months if in fact we don't see some progress," said Roberts. His comments came two days after Senate Minority Leader Mitch McConnell, R-Ky., said the new U.S. military push was the Iraqis' "last chance."

Bush on Wednesday objected to Iraq proposals from Republicans and Democrats alike and acknowledged that "there's a lot of pessimism" in Congress about his troop buildup.

In an interview with Fox News, Bush took issue with McConnell's statement that his plan needs to be successful over the next six to nine months.

"I think it's a mistake to put timetables on difficult missions because an enemy can adjust," Bush said. "On the other hand, I certainly understand the urgency in Mitch's voice. I also understand the skepticism on Capitol Hill. I mean, no doubt, there's a lot of pessimism there today."

In a statement after the president's interview, McConnell avoided mention of a specific time frame, but he stressed that the U.S. commitment in Iraq "is not open-ended."

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"We will know in a relatively short period of time whether or not the Iraqis are committed, and initial results are positive," McConnell said. "Of course we would need to reconsider our strategy if this effort fails."

Bush also criticized a proposal by Sen. Barack Obama, a Democratic presidential candidate from Illinois, to have all U.S. combat forces out of Iraq by spring 2008. "I say that it's important to succeed and that failure in Iraq will cause chaos," Bush said. "My admonition to those who are speaking out is let us back the troops and let us hope for the success" of their mission.

Although deserted by some key Republicans, Bush said: "I don't feel abandoned. ... When times are good, there's millions of authors of the plan. When times are bad, there's one author, and that would be me."

Senate Closer To Rebuke For Troop Increase (LAT)

By Noam N. Levey

The Los Angeles Times, February 1, 2007

WASHINGTON — Senate opponents of President Bush's decision to deploy additional troops in Iraq were unifying Wednesday night behind a single resolution criticizing the plan, increasing the chances that Congress will vote to formally rebuke the White House.

Sen. John W. Warner (R-Va.) announced that he was amending his nonbinding resolution that says the Senate "disagrees" with the buildup, adding clauses opposing any cutoff of funds for troops in the field and calling for written commitments from the Iraqi government to achieve certain goals.

The revised resolution drew the immediate endorsement of Senate Armed Services Committee Chairman Carl Levin (D-Mich.) and Sen. Olympia J. Snowe (R-Maine). Both had been pushing an alternative resolution that more forcefully opposed the president's plan.

And Senate Democratic leaders indicated they would back the Warner proposal as well. "I believe we have a better chance now," said Sen. Richard J. Durbin of Illinois, the No. 2 Democrat.

Senate Majority Leader Harry Reid (D-Nev.) said there was "near unanimity" among Democrats, adding that he wanted to make the Warner proposal the basis for debate Monday, when the Senate is expected to consider the issue.

Reid acknowledged that an alternative resolution sponsored by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), as well as Levin and Snowe, could not garner the GOP support to reach the 60 votes needed to overcome a promised Republican filibuster.

Warner's changes appear designed to win over more Republicans, seven of whom have already expressed support for some legislative critique of the president's intention to increase troop levels by 21,500 to contain sectarian violence between Sunnis and Shiites.

In an apparent nod to many GOP lawmakers who have fretted publicly about Iraqi Prime Minister Nouri Maliki, Warner and his cosponsors strengthened language calling for the prime minister to agree to written benchmarks.

These include deploying additional Iraqi security forces to work with U.S. troops, "ensuring equitable distribution" of oil resources and an end to "political intervention" in the tactical decisions of Iraqi commanders. The resolution does not spell out any consequences if the Iraqis fail to comply.

The amended resolution also includes criticism of the complicated command structure in Baghdad that creates two chains of command for Iraqis and Americans, an issue raised by several former military and government officials in the last week.

And it clarifies language in the resolution that some Democrats complained could be read to imply that the Senate might endorse an increase of fewer than 21,500 troops.

In an interview with Fox News on Wednesday, Bush acknowledged the opposition on Capitol Hill to his plan for a troop increase. But he remained firm.

"I say that it's important to succeed and that failure in Iraq will cause chaos," Bush said. "My admonition to those who are speaking out is let us back the troops and let us hope for the success" of their mission.

Warner, Levin and other lawmakers opposed to the White House plan have been working for more than a week to bridge differences between the Warner proposal and the more toughly worded Biden measure that was passed by the Foreign Relations Committee last week.

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Meanwhile, other GOP lawmakers have been trying to persuade colleagues to vote against any resolution.

"We sure as heck have a responsibility to be for some plan," said Sen. David Vitter (R-La.) who was among a group of Republicans criticizing the resolutions as unproductive earlier Wednesday. Sen. Jim DeMint (R-S.C.), who also was in the group, later acknowledged that he had not read the new Warner proposal.

Other conservative lawmakers have accused Democrats of undermining troop morale in their drive to pass a resolution. And the president has repeatedly said he would not be deterred by congressional opposition.

Drawing on popular dissatisfaction with the Iraqi government, Sen. John McCain (R-Ariz.) also has been developing a resolution that would set benchmarks for Maliki to prove his commitment to reaching a political settlement among Iraq's warring sects.

McCain, who said Wednesday that he plans to finish his resolution by today, had been an outspoken supporter of a troop increase long before the president embraced the idea in a speech Jan. 10.

McCain's proposal has drawn little enthusiasm from Democrats, who have criticized it as a political ploy that would have little effect on the Iraqi government. The measure also does not identify any consequences should Maliki fail to meet his goals.

"This is a very calculated effort by the White House and Republicans to muddy the waters," said Jim Manley, a Reid spokesman. "They want to do anything to peel away the votes for a resolution."

Warner — whose original cosponsors included Sens. Ben Nelson (D-Neb.) and Susan Collins (R-Maine) — has tried to position his effort in the middle ground between the fierce partisans of both parties.

"We want to see our armed forces succeed in Iraq to help bring about greater stability to that country … so the current elected government can take a firmer and firmer hand on the reins of sovereignty," Warner said on the Senate floor, casting his resolution as a tool to improve the chances of victory in Iraq.

The original resolution unveiled last week included language deferring to the president's authority as commander in chief and acknowledging the costs of failure in Iraq, a line often used by Bush and his congressional allies. It also acknowledged the need for additional forces to combat the Sunni insurgency in Al Anbar province.

That helped draw in three more Republican backers — Sens. Norm Coleman of Minnesota, Gordon Smith of Oregon and Sam Brownback of Kansas — as well as several moderate Democrats.

In the modifications announced Wednesday, Warner, a former Navy secretary and Marine who also chaired the Armed Services Committee, seemed to be trying to entice members of his own party who want to distance themselves from recent proposals to begin withdrawing troops.

(On Wednesday, Democratic Sen. Russell D. Feingold of Wisconsin, a leading antiwar critic, introduced legislation that would prohibit funding for most military combat operations in Iraq six months after enactment of his bill.)

The changes to the Warner resolution include the addition of this clause: "Congress should not take any action that will endanger the United States military forces in the field, including the elimination or reduction of funds for troops in the field."

Last week, Sen. Johnny Isakson (R-Ga.) proposed a similar amendment to Biden's resolution. And this week, Sen. Judd Gregg (R-N.H.) circulated the same language that Warner incorporated into his proposal.

Gregg said Wednesday that he appreciated Warner's action but would not say whether he would support the resolution.

Senators Unite On Challenge To Bush's Troop Plan (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, February 1, 2007

Democratic and Republican opponents of President Bush's troop-buildup plan joined forces last night behind the nonbinding resolution with the broadest bipartisan backing: a Republican measure from Sen. John W. Warner of Virginia.

Senate Majority Leader Harry M. Reid (D-Nev.) announced the shift, hoping to unite a large majority of the Senate and thwart efforts by the White House and GOP leaders to derail any congressional resolution of disapproval of Bush's decision to increase U.S. troop levels in Iraq by 21,500.

Although the original Democratic language was popular within the party, it had little appeal among Republicans. Warner's proposal drew support from both sides, and it was retooled last night to maximize both Democratic and Republican votes.

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The revised resolution would express the Senate's opposition to the troop increase but would vow to protect funding for the troops. The resolution does not include the Democratic language saying the Bush plan is against the national interest, but it also drops an earlier provision by Warner suggesting Senate support for some additional troops.

"It's been a hard work in progress," Warner said of the revised resolution, which will require the support of at least 60 senators to prevent a filibuster.

After reviewing the Warner revisions, Reid decided the new text would take the place of the original resolution, by Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.). He said the Senate will begin debating the resolution next week, provided Democrats and Republicans can agree on a way to overcome some procedural hurdles.

House Democratic leaders reached the same decision, ordering committees to draft a resolution next week patterned on Warner's language. But House Speaker Nancy Pelosi (D-Calif.) went further, publicly hinting she will push binding legislation that would begin bringing U.S. troops home from Iraq. "I believe that you'll see initiatives on the floor to this effect: that we have this year in which we should be able to drastically reduce the number of troops," she said in an interview broadcast on National Public Radio yesterday.

In both the House and the Senate, Democratic leaders decided to get the largest possible vote, even if it means embracing weaker language than the original Democratic resolution.

White House spokeswoman Dana Perino responded to the announcement by saying: "The president wants to win in Iraq -- he's proposed a comprehensive plan to do so, and he's asked Congress to give the plan a chance to work. . . . These resolutions send mixed signals to our troops and our enemy."

The Warner and Biden resolutions reach almost identical conclusions, in that they oppose the president's deployment of 21,500 additional troops and call for existing troops to be reassigned to guard Iraq's borders, combat terrorism and train Iraqi security forces. Both measures call for regional diplomacy to draw Iraq's neighbors into a peace process.

But Warner revamped his original proposal, both to win over many reluctant Republicans who thought it was too tough and to reassure Democrats who complained he was not being tough enough on the administration.

He added language specifically opposing a cutoff of funding for U.S. troops in a targeted appeal to Sen. Judd Gregg (R-N.H.), who had offered an identical separate measure.

The changes came after two meetings earlier in the day, involving Warner, Sen. Olympia J. Snowe (R-Maine) and authors of the Biden proposal. Levin was the first of the original authors to join Warner as a co-sponsor, offering a brief endorsement on the Senate floor after Warner unveiled the new version.

In the House, Pelosi suggested yesterday that the chamber may consider binding legislation. In comments aired yesterday by National Public Radio, Pelosi said Iraqi Prime Minister Nouri al-Maliki had told her during her visit to Baghdad last week that, with sufficient funds, his government could stabilize Iraq in four to six months and allow 50,000 U.S. troops to be deployed out of hotbeds of sectarian violence.

"That was his number," she stressed. "The Iraqis must build their own country," she added, "and we have paid a big enough price."

Brendan Daly, Pelosi's spokesman, said no specific decisions had been made related to binding troop withdrawals. Other House leaders said they will not rush toward a legislative confrontation. Rep. Ike Skelton (D-Mo.), chairman of the Armed Services Committee, and Rep. John P. Murtha (D-Pa.), chairman of the Appropriations subcommittee on defense, are holding extensive hearings on the state of the U.S. military and the impact of further deployments, in the hope of building a political case for such a confrontation. But no proposals have emerged from those efforts.

"My position is and has been, we're holding hearings now. We need to hear from Mr. Skelton, Mr. Murtha and others as to . . . their conclusions and recommendations. Until then, the answer is no," House Majority Leader Steny H. Hoyer (D-Md.) said when asked if the House was ready for such legislation.

But Rep. James P. Moran Jr. (D-Va.), a member of Murtha's subcommittee, said the parameters of the legislation are already coming together. Legislative language, to be attached to a forthcoming "supplemental" war spending bill, would stipulate that only troops deemed fully trained and ready could be deployed to Iraq, and that National Guard and reserve troops could be

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deployed only for about a year. Such language would initially restrict Bush's ability to fully man his planned troop increase and over time would force troops to come home.

"We need to finish these hearings and put together our recommendations, so it is a little premature to say how we're going to do this," Moran said. "But when the supplemental comes out, people are going to find the speaker has spoken consistently. I think the American people are going to feel they got exactly what they wanted when they voted in a new Congress. You're going to see some dramatic initiatives."

Many Democrats had already expressed support for Warner's effort and had intended to vote for both resolutions, in the event of a showdown on the Senate floor. "It's less important whose resolution and more important what message we send," said Sen. Jack Reed (R.I.), a senior Democrat on the Armed Services Committee.

Sen. Ben Nelson (Neb.), a conservative Democrat who had concerns about the Biden proposal, predicted that the Warner resolution will "receive very strong bipartisan support" in its modified form.

Although Bush would not be obliged to follow Congress's direction, should both chambers ultimately pass the Warner resolution, the White House has lobbied hard to prevent such a measure from passing. If the current drive succeeds, it will be the first formal, bipartisan affront to the administration's Iraq policy since the war began.

Not all Republicans are expected to sign on, however. Some believe that the buildup is a worthy cause that should be given a chance. "The critics stop short of offering any constructive alternatives," said Sen. John Cornyn (R-Tex.). "All they have done is just criticize." Cornyn was assembling his own proposal that endorses Bush's strategy, while calling on the Iraqi government to assume responsibility for security throughout the country by November.

In Fighting Troop Increase, Senator Finds Few Old Allies (NYT)

By Carl Hulse

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — Senator John W. Warner, a lawmaker often admired for his demeanor and experience, has long wielded influence on military policy given his own years at the Pentagon and his tenure as the Republican chairman of the Armed Services Committee.

So when the Virginian, a senator from central casting who turns 80 next month, offered a bipartisan resolution opposing President Bush's troop buildup in Iraq in more muted terms than one broadly backed by Democrats, people took notice. He appeared to have provided a center of gravity for lawmakers anxious about the war yet unwilling to challenge the White House too harshly.

But while Mr. Warner has won some support from within his party, he has also attracted unusually tough criticism from fellow Republicans who have suggested that he — a World War II veteran and former Navy secretary — is undercutting Mr. Bush, the new military command being installed in Iraq and the troops themselves.

It is a time of transition for Mr. Warner in the Senate. Not only are Republicans now in the minority, but he also lost the top Republican slot on the Armed Services Committee to John McCain of Arizona because of term limits and was not successful in efforts to win the top party seat on another panel. In addition, his fellow Republican, George Allen, lost his reelection bid in Virginia to a Democrat, Senator Jim Webb.

So while Mr. Warner fights to stay relevant in the Iraq debate, he has fewer tools at his disposal even as he considers whether to run for re-election next year.

What some Republicans have said in recent days about Mr. Warner has been particularly harsh.

"It is clearly not an act of leadership," said Senator Jim DeMint of South Carolina, who joined two of his colleagues Wednesday in dismissing Mr. Warner's proposal as they sought to hold off a Senate repudiation of the president's plan.

"To offer nonbinding resolutions which encourage our enemies and undermine our allies and deflate the morale of our troops is, to me, the worst of all possible worlds," said Senator John Cornyn, Republican of Texas.

Mr. Warner's approach has also caused a policy rift with Senators McCain and Lindsey Graham of South Carolina, two Republicans he has often worked closely with on military matters and joined last year in confronting Mr. Bush over the treatment of terrorism detainees.

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"John and I have been friends for more than 30 years, and we just disagree on this," said Mr. McCain, who is arguing for time to let the Bush plan work. "But he has held these concerns for a long time."

Mr. Warner, a fierce protector of the Senate as an institution, says his goal is to get the broadest bipartisan vote possible so the Senate makes a clear expression of its sentiment on Iraq.

"I feel strongly that the institution of the Senate has a responsibility, and I feel very strongly that responsibility can be best fulfilled if we are able to construct a document — be it a resolution or whatever — that is truly, and I underline truly, bipartisan," Mr. Warner said Wednesday.

He shrugs off internal opposition, saying time has made him immune. "Nothing bothers me," he said. "It is the blessing of old age."

Mr. Bush on Wednesday implied once again that those who were seeking to support resolutions critical of his war plan were undercutting the Senate's unanimous vote last week to confirm the nomination of Gen. David H. Petraeus as the new top American commander in Iraq.

"He goes up and testified on Capitol Hill; he says we need more troops," Mr. Bush said of General Petraeus in an interview on Fox News Channel. "The fundamental question is, will they back him up? They voted for him; will they back him up? Will they say, 'sure, we'll give you the support you need'?"

But the president said he did not begrudge fellow Republicans who were considering the resolutions, which could reach a vote next week.

"Look, I understand. It's a difficult time on Capitol Hill," he said. "There are people who are doubtful about whether or not the strategy that I've come up with and decided upon as commander-in-chief will work."

Mr. Warner and his partners in drawing up the resolution fought back Wednesday night, offering a refined proposal that they said had been shaped by new information from recent classified military briefings. The new wording spells out clearly that its backers believe Congress should not cut off or reduce any financing for troops in the field.

Mr. Warner's revised resolution retained language saying that the Senate "disagrees with the 'plan' to augment" American forces but drops what some Democrats had described as a loophole that might have been interpreted as support for a buildup of fewer troops than the 21,500 sought by the president. As Mr. Warner described his changes on the floor, Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee, who has sponsored a competing measure, asked to be listed as a co-sponsor.

Mr. Warner and other authors, clearly hoping to restore some momentum for their plan, also spelled out benchmarks the Iraqi government must meet and directed the Pentagon to clarify who is in command when American and Iraqi forces are working together.

Senator Susan Collins, Republican of Maine and one of the resolution's authors, also took strong issue with suggestions that Mr. Warner was hurting the military.

"It is outrageous for anyone to question his support for our troops," she said. "There is no member of this body who cares more about our troops and the nation's defense than Senator Warner."

As he tried to regain the offensive with the adjustments in his resolution, Mr. Warner said on Wednesday evening that the changes were intended less to "grab votes" than to put forward the best conclusion on such a major issue as the war.

"We feel that if for political reasons all members of the Senate go over to vote with their party and the others go over to vote with their party, we will have lost and failed to provide the leadership that I feel this chamber can provide to the American people," Mr. Warner said.

GOP Members Pressured To Back War (POL)

By John Bresnahan

The Politico, February 1, 2007

House and Senate Republicans with reservations about President Bush's plan to boost U.S. troop strength in Iraq by 21,500 are complaining of harsh criticism from their GOP colleagues. This intra-party squabbling, in some cases, has seen

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Republicans accusing fellow Republicans of undercutting the American effort in Iraq, a charge previously reserved for Democrats.

These lawmakers, several of whom spoke on the condition of anonymity for fear of retribution from party leaders or the White House, are stunned by the hostility expressed by fellow Republicans. They are particularly concerned that anyone who raises questions or challenges the Bush plan will be branded a defeatist who wants to see America lose the war.

They are also worried, especially on the House side, that party leaders haven't prepared their members for the Iraq floor debate that will take place there after the Senate votes on Bush's plan next week.

"We need a full-fledged debate on Iraq within the (House Republican) Conference and we haven't had that so far," said Rep. Ray LaHood, R-Ill. "This is the issue of our times, and so far, we haven't talked about it."

One GOP lawmaker, who declined to be named, said it is "starting to get really ugly" among Republicans when they try to talk about Iraq and the wisdom of the new Bush policy. This lawmaker said when a Republican stands up who has doubts on Iraq, he's immediately "beaten down" by other Republicans who believe that any deviation from the White House position is intolerable.

Said another Republican with concerns about Bush's new strategy: "It's as if we are stabbing the party in the back, and we are only trying to do what we think is right."

Similar passions were on display Tuesday, when Senate Republicans held a closed-door, members-only meeting to talk about Iraq, a debate that took place in front of Vice President Cheney, who has been one of the most strident voices on Iraq within the administration.

"It was contentious. People feel firmly, and many of us very passionately, in support of our position," said Sen. Susan Collins, R-Maine, who is opposed to Bush's surge plan. "What really upsets me is that those of us who (are) opposed to the surge are somehow not supportive of our troops and General Petraeus." Gen. David Petraeus has been named to command U.S. forces in Iraq.

The Senate is preparing to debate a handful of non-binding resolutions on the Bush surge plan, and senior Republicans are still trying to develop a party strategy for the floor fight. The Senate Foreign Relations Committee has approved a resolution drafted by Sens. Joseph R. Biden Jr., D-Del., Chuck Hagel, R-Neb., and Carl Levin, D-Mich., that criticizes Bush's policy.

But a number of Republican senators -- including John McCain of Arizona, John Warner of Virginia and Judd Gregg of New Hampshire -- are drafting their own proposals that, while criticizing the surge, would offer support for the president and the U.S. military campaign in Iraq.

"It is the most serious issue in my career. I don't view it as having gotten personal," said Sen. Mel Martinez, R-Fla. "Like Senator Warner; we have different views, but I am more cajoling him, trying to come to something that brings us together."

Senate Republicans will meet with Bush on Friday at the White House, and the president is expected to reiterate his message that the surge plan is the only way to end sectarian fighting in Baghdad and surrounding regions, as well as providing Iraqi Prime Minister Nouri al-Maliki with time to create a stable political environment.

The Bush plan has infuriated opponents of the Iraq war, and some Democratic senators such as Barack Obama of Illinois, Russ Feingold of Wisconsin and Chris Dodd of Connecticut have introduced their own proposals to block the additional troops from being sent to Iraq or begin an phased "redeployment" of U.S. forces within a certain period.

House Minority Leader John A. Boehner, R-Ohio, has been able to garner only "about 50" Republicans to sign onto his proposed resolution establishing benchmarks to measure the progress of Bush's new strategy for Iraq.

The Boehner proposal is designed to provide political cover to GOP moderates, but senior Republicans admit that rank-and-file lawmakers have not shown much interest in it so far.

That is likely to change soon, though, as Boehner is planning to launch a "full-court press" in the words of one senior GOP lawmaker, to get more Republicans to sign onto the resolution.

Privately, Boehner believes that unless he provides his members with an alternative resolution, Republicans who are skittish about Iraq will sign on to whatever proposal is offered by House Speaker Nancy Pelosi, D-Calif., and the Democratic leadership, according to a top Republican.

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If that were to happen, following the Senate's potential approval of an anti-surge resolution next week, it would be "a huge political blow to the president," said the Republican lawmaker, who would discuss leadership strategy only on the condition of anonymity.

"We have to get these guys to see the light here," the lawmaker said.

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McCain Backs Away From Iraq Statement (AP)

By The Associated Press

AP, February 1, 2007

Sen. John McCain backed away Wednesday from a statement issued on his behalf criticizing the Bush administration for not putting more pressure on the Iraqi government to secure its country.

A statement attributed to McCain, R-Ariz., and Sen. Carl Levin, D-Mich., and quoted Tuesday by The Associated Press said, "America supplying more troops while Iraqi leaders simply supply more promises is not a recipe for success in Iraq."

The statement was issued by the office of Levin, chairman of the Armed Services Committee.

McCain spokeswoman Eileen McMenamin and Levin spokeswoman Tara Andringa said Wednesday that the statement had been erroneously signed off on by a staffer who works for McCain on the Armed Services Committee.

It is unusual for a senator to pull back a statement issued on his behalf. McMenamin said McCain had not seen the statement and did not endorse it.

McCain, the Armed Services Committee's top Republican, supports Bush's plans to send 21,500 additional troops to Iraq to secure Baghdad and the volatile western Anbar province. But he also has been a critic of the Bush administration's handling of the war and is drafting a resolution that would identify benchmarks for the Iraqi government.

Senate Resolution Called 'Disgrace' (WT)

By Charles Hurt

The Washington Times, February 1, 2007

Senate Republicans yesterday said those in Congress who have turned against the war in Iraq are forsaking the troops on the ground and are ensuring defeat with a resolution condemning President Bush's plan to send in reinforcements.

"This resolution is a resolution of defeat and disgrace," said Sen. Jim DeMint, a South Carolina Republican who, as a member of the House, voted in 2002 for the war.

"There's no other way it could come out," Mr. DeMint said of the two resolutions that have been authored. "That is the choice that they're making. That is the decision they're making because we know if we withdraw and leave this to the Iraqis when they're not ready, that we will lose all."

The "nonbinding" resolutions rebuke Mr. Bush and his plan for sending an additional 21,000 troops to Iraq. But neither has any force of law that would require troops to come home or cut off funding.

One resolution was co-authored by Senate Foreign Affairs Committee Chairman Joseph R. Biden Jr., Delaware Democrat, and Sen. Chuck Hagel, Nebraska Republican. A second was authored by Sens. John W. Warner, Virginia Republican; Ben Nelson, Nebraska Democrat; and Susan Collins, Maine Republican. All five senators voted to go to war in 2002.

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Sen. John Cornyn, Texas Republican, was not serving in the Senate for the vote authorizing the war but has been an ardent defender of it. He said Congress is sending mixed messages to the troops, to voters and to the world with a "no confidence" vote that carries no force.

"We can't claim to support the troops and not support their mission," he said in a floor speech yesterday. "If we don't support the mission, we shouldn't be passing nonbinding resolutions. We should be doing everything in our power to stop it."

Instead, Mr. Cornyn said, "we should send them the message that, yes, we believe you can succeed and it's important to our national security that you do." He has been drawing up a resolution to do that.

"That's just nonsense," said Sen. Tom Harkin, Iowa Democrat, who voted for the war in 2002. "What undermines the troops is keeping them fighting in a civil war, to keep them fighting for a mistake."

Republicans said the troops in Iraq want the full support of Congress rather than give up on a mission in which they have lost so many comrades. They pointed to an NBC News clip aired last week that has stormed the Internet.

"One thing I don't like is when people back home say they support the troops but not the war," one soldier interviewed said. "If they're going to support us, support us all the way."

Spc. Tyler Johnson said, "You're not supporting what they do. They died for you. It don't make sense to me."

The clip became one of the most-watched clips on YouTube yesterday with more than 38,000 views. William M. Arkin, a Washingtonpost.com columnist, took offense.

"These soldiers should be grateful that the American public ... do still offer their support to them, and their respect," wrote Mr. Arkin. "Through every Abu Ghraib and Haditha, through every rape and murder, the American public has indulged those in uniform, accepting that the incidents were the product of bad apples or even of some administration or command order."

The NBC report "is just an ugly reminder of the price we pay for a mercenary -- oops sorry, volunteer -- force that thinks it is doing the dirty work," he added.

Late last night, leaders of both parties were negotiating the wording and timing of votes for the resolutions. Mr. Warner made changes to his resolution in an effort to win more Democratic backing, picking up support from Sen. Carl Levin, Michigan Democrat.

The new resolution vows to protect funding for existing troops while being silent on funding for the troop surge. It keeps Mr. Warner's original language expressing the Senate's opposition to the troop buildup but not calling it contrary to the national interest.

Also yesterday, former Secretaries of State Henry Kissinger and Madeleine K. Albright urged Mr. Bush in testimony before the Senate Foreign Relations Committee to develop a regional strategy that goes beyond the Iraq troop surge, including talks with Iran and Syria, and more autonomy for Iraq's rival ethnic and religious factions.

Mr. Kissinger defended the addition of 21,000 U.S. troops, though, calling it "the best way to get the maneuvering room to the changes in deployment and strategy that will be required."

Dems Split On Iraq Bill Strategies (HILL)

By Jonathan E. Kaplan

The Hill, February 1, 2007

Rep. Barbara Lee (D-Calif.), co-chairwoman of the Progressive Caucus, is vowing to use the appropriations process to force lawmakers to vote on separate parts of a resolution calling for the immediate withdrawal of U.S. soldiers from Iraq.

The resolution would pay Iraqis reparations of up to $10,000 for damages caused by the war if they made claims; ban American firms from pumping oil in Iraq; cut off funds to build long-term bases in Iraq; pay for the destruction of landmines; and create a House-Senate select committee to study the origins of the war in Iraq.

Lee and Rep. Lynn Woolsey (D-Calif.), the other co-chair of the House Democratic Progressive Caucus, introduced H.R. 508, and they have signed up 28 co-sponsors. Woolsey says she plans to meet next week with House Armed Services Committee Chairman Ike Skelton (D-Mo.) to ensure the resolution is considered in committee.

“I want to see this move very quickly,” Lee said.

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The start of the appropriations process would be a "turning point" in the debate on Iraq, said Rep. Dennis Kucinich (D-Ohio), a vocal opponent of the war who is running for president.

Meanwhile, debate in the House is shaping up to be just as contentious as it was in the Senate, where lawmakers are considering six resolutions with varying degrees of opposition to President Bush's plan to send 21,500 more soldiers to Iraq.

Speaker Nancy Pelosi (D-Calif.) has let it be known that she is leaning toward a resolution similar to Sen. John Warner's (R-Va.) bill, said a member of the Democratic leadership. Warner's resolution states that the Senate disagrees with Bush's plan to add the soldiers and to come up with "benchmarks" to measure progress so that American forces can leave "expeditiously."

"I think she would like to support a bipartisan resolution that has passed the Senate and is critical of the escalation," said a senior Democratic leadership aide.

Finally, the Blue Dog Coalition, a group of conservative, mostly Southern Democrats, introduced a resolution last week that would create an independent committee modeled on the Truman Committee of World War II to study waste and fraud in government contracting and require the Bush administration to submit quarterly reports on spending in Iraq. The resolution also would ban the administration from using supplemental spending bills to pay for the war.

But the Blue Dogs' bill does not call for a redeployment or withdrawal of forces. Instead, the non-binding legislation asks that the Bush administration "condition further American financial, military and political resources upon steady improvement in Iraqi assumption of principal responsibility for internally policing Iraq."

House Democratic Caucus Chairman Rahm Emanuel (D-Ill.) has proposed that Democrats put together a resolution based on President Bush's words in a speech before the State of the Union Address, and thus force Republican lawmakers either to endorse the "surge" or openly repudiate the president's policy.

If Woolsey's resolution is not considered in committee, it is unlikely that members would have a chance to vote on it on the House floor. The more liberal House Democrats believe that if they don't act quickly and decisively to express their opposition to the Iraq war, they will alienate voters on the biggest issue that propelled them into office.

"Whether we recognize it or not, this Democratic Congress is the House that Iraq built. The Democratic Party will rise or fall on whether we keep faith with the American people," said Kucinich.

Rep. Carol Shea-Porter (N.H.), like many freshman Democrats, campaigned against the war in Iraq and called for a redeployment of troops. She said she would sign on to all the Democratic resolutions and support the strongest one offered.

Asked why the House is waiting for the Senate to finish considering as many as six non-binding resolutions, Woolsey rolled her eyes.

Rep. Maxine Waters (D-Calif.), leader of the Out of Iraq Caucus, said her goal was "to keep [Iraq] on the radar screen and keep a discussion going."

But she also was dismayed by the need to voice strong opposition even after the Democrats had taken control of Congress.

Kissinger, Albright Weigh In On Iraq (AP)

By Barry Schweid

AP, February 1, 2007

Former Secretaries of State Henry Kissinger and Madeleine Albright urged President Bush on Wednesday to go beyond a planned buildup of U.S. forces in Iraq to develop a comprehensive strategy for the area.

They called for wide-ranging talks with Iraq's neighbors, including Iran and Syria, and increased autonomy for clashing Iraqi groups. The administration has brushed aside the proposal to engage Syria and Iran.

Kissinger, who served under Presidents Nixon and Ford, said the planned buildup of 21,500 U.S. troops appears to be "the best way to get the maneuvering room to the changes in deployment and strategy that will be required by the evolving situation."

"I think the focus has been on the surge," he testified. "My focus is the other way around: to explain the surge in terms of the strategy to which we should go."

The two former officials testified before the Senate Foreign Relations Committee.

Kissinger suggested a strategy that would permit large regional autonomy for the various Iraqi groups and a stronger Iraqi army.

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And, he said, "All of this has to be in the context of a willingness to talk to Iran" because of its power, even though he did not think Iran "would help us in Iraq as such."

"What we cannot accept is an Iran that seeks to dominate the region," Kissinger said.

Albright, who was secretary of state under President Clinton, said she might have backed Bush's buildup in Iraq if it "had been tied to a clear and achievable mission, and if we were guaranteed our troops would have the best training and equipment."

"I think we need a surge in diplomacy," she said. But she also told the committee, "We are viewed in the Middle East as a colonial power and our motives are suspect."

Like Kissinger, she supported participation by Iran and Syria along with other nations in talks designed to keep Iraq from slipping into chaos. "One gains by communicating with countries with which one disagrees," Albright said.

She said the United States should avoid Iranian President Mahmoud Ahmadinejad, but "there are ways for us to speak to other people" in Iran.

Kissinger said the U.S. should always be ready to negotiate with governments with which it disagrees.

Their views resonated with the committee, several of whose members have been calling for an international or regional conference on Iraq. Committee Chairman Joseph R. Biden Jr., D-Del., said the heart of the administration's present strategy — building a strong central government — cannot succeed.

"There is not enough trust within the government, no trust of the government by the people, and no capacity of the present government to deliver services and security," Biden said.

The Iraq Study Group, a private panel headed by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., recommended in December that the administration engage in talks with Iran and Syria.

Wherever A Senator's Question Leads, Kissinger Gamely Follows (WP)

By Dana Milbank

The Washington Post, February 1, 2007

So now it can be told: President Bush has a secret plan to end the war in Iraq.

Henry Kissinger, who as Richard Nixon's secretary of state learned something about secret plans, went before the Senate Foreign Relations Committee yesterday to argue that Bush, too, has such a proposal.

"I am convinced, but I cannot base it on any necessary evidence right now," Kissinger told the senators, "that the president will want to move toward a bipartisan consensus" to stabilize Iraq through diplomacy.

Sen. Barack Obama (D-Ill.) was suspicious of such assurances. "Is there any place that you're familiar with where the administration has articulated this strategy?" he asked.

"I don't know any place where the administration has articulated this particular strategy," the octogenarian diplomat admitted. But he added: "From my acquaintances with some of the people, I think it is possible that they will come to this strategy."

Obama asked Kissinger if "you are suggesting that they have some secret strategy that we have not been made privy to."

"I would be disappointed and surprised," he reiterated, "if they did not accept some of the elements of what has been discussed here."

For Kissinger, the floating of a phantom plan for Iraq provided a deft way out of a tricky situation. Like James Baker, who went before the committee Tuesday, Kissinger was inclined to defend Bush's Iraq policy. But Bush had left the two men, both former Republican secretaries of state, with little ammunition.

The administration rejected the core recommendation from Kissinger and from Baker's Iraq Study Group: a massive diplomatic offensive involving Syria and Iran. And yet, neither man was prepared to turn against the White House.

Baker, testifying on Tuesday, acted as if Bush had, in fact, supported his ideas. He mentioned the "common elements" between the Bush and Baker plans and the "very important points of similarity." Rubbing his fingers together and making motions with his mouth as if sucking on a hard candy, Baker pleaded: "Look, the president's plan ought to be given a chance. Give it a chance."

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Kissinger, the master of nuanced phrases such as "not incompatible," provided few such broad pronouncements yesterday. Indeed, he pronounced very little in his low, German-accented rumble.

"I want to make sure I heard you right, because it's hard to hear you, so tell me if I heard you right," Sen. Barbara Boxer (D-Calif.) directed him.

Kissinger responded with a guttural sound that the transcript labeled "(inaudible)."

It must have been a terrifying hearing for stenographers, who recorded Kissinger's utterances with phrases such as "we should avoid its (inaudible) deployment" and "we should work in the direction that will (inaudible) for maximum stability."

But this hardly mattered. The senators heard in Kissinger's testimony whatever they wanted to hear. On the one hand, Kissinger spoke of "an upheaval that goes across the whole region" and an "explosion of violence." On the other hand, he stated that "I do not believe we can withdraw from Iraq" and he provided a lukewarm endorsement for Bush's proposed increase in troops.

That left each senator in the room with the impression that Kissinger was endorsing the lawmaker's own personal plan. And the venerable diplomat, now stooped and wearing a hearing aid but as shrewd as ever, did not disabuse the senators of these impressions.

Sen. Joe Biden (D-Del.), the chairman, pitched his plan for an Iraq split into autonomous regions. "I'm sympathetic to an outcome that permits large regional autonomy," Kissinger concurred.

Sen. Richard Lugar (Ind.), the ranking Republican, asserted that "we cannot be in a situation in which we say 'We're out of there,' " Lugar pointed out.

"I believe very strongly that we cannot withdraw from the region," Kissinger agreed.

Sen. Russ Feingold (D-Wis.) tried to pull the witness in his direction. "I certainly agree with you that we cannot disengage from the region -- but what about redeployment from Iraq?" he asked.

"Of course significant American forces can be withdrawn," Kissinger obliged.

Sen. Norm Coleman (R-Minn.) tugged Kissinger the other way. "Is it your belief that a precipitous withdrawal . . . would have a greater negative long-term impact?"

"That is my conviction," Kissinger said.

"Would you agree," Sen. Bob Menendez (D-N.J.) asked, that "every alternative carries with it some rather grave risks?"

"Absolutely," Kissinger complied.

Sen. Johnny Isakson (R-Ga.) said he hoped Bush's troop buildup would allow for reconciliation and diplomacy. "Am I wrong?"

"The objectives you've stated are compatible with what the president is attempting to do," Kissinger assured him.

The secretary's agreeability had a calming effect. "I think what I'm seeing here is someone testifying and almost everyone on this committee agreeing," observed Sen. Bob Corker (R-Tenn.). "It's an interesting thing to watch."

Maybe that's Bush's secret plan to end the war in Iraq.

The President Has Jumped The Shark (LAT)

By Andy Borowitz

The Los Angeles Times, February 1, 2007

PRESIDENT BUSH'S decision to send additional troops to Iraq has puzzled many pundits. Is the president stubborn, isolated, out of touch with reality? While all three may be true, there is another explanation. George W. Bush has been on television for the last six years, and like many TV shows entering a seventh season, Bush has jumped the shark.

Wikipedia defines "jumping the shark" as "the tipping point at which a TV series is deemed to have passed its peak, or has introduced plot twists that are illogical in terms of everything that has preceded them." Three telltale signs:

Same character, different actor: For the first six seasons of the Bush administration, the character of the secretary of Defense was played by Donald Rumsfeld. Then, without warning (unless you count his preelection comment that Rumsfeld was doing a "fantastic" job), Bush replaced him with former CIA chief Robert Gates. Like the producers of "Bewitched" (two Darrins) or "Roseanne" (two Beckys), Bush may have thought that if he made the casting switch with no explanation, the viewers wouldn't

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notice. Unfortunately for the president, the Rumsfeld-Gates switcheroo was the most jarring since "The Fresh Prince of Bel-Air" (two Aunt Vivs).

New kid in town: Long-of-tooth TV series often resort to adding younger characters in the hope of breathing much-needed life into a moribund enterprise. Although this ploy almost never works, and the new characters usually wind up being reviled (Cousin Oliver on "The Brady Bunch," Stephanie on "All in the Family"), the decider in chief has ignored the lessons of television history and proposed adding not one but 21,500 new characters. Will the "surge" succeed where those other fresh faces didn't? I have just two words for you: Scrappy Doo.

Special guest star: A true sign of desperation is when a wheezing TV show with plunging ratings (in Bush's case, 30%) gives up on its regular cast altogether and tries to revive viewer interest by importing a guest star — often a celebrity from the world of sports who has no plausible relationship to the series regulars. (Reggie Jackson, Kareem Abdul-Jabbar and Muhammad Ali all turned up on "Diff'rent Strokes.") Those who harbored any lingering doubts about Bush's shark-jumping status surely became converts during his State of the Union address, when the president looked up into the gallery of the House and introduced, on national television, Dikembe Mutombo.

Now that it is clear that Bush has jumped the shark, one question remains: Have we seen the worst of the president's bizarre stunts and desperate Hail Marys, or are there more to come? On that front, the news is not good: This week marks the beginning of February sweeps.

U.S.-Iran Tensions Could Trigger War (AP)

By Jim Krane

AP, February 1, 2007

Citing Iranian involvement with Iraqi militias and Tehran's nuclear ambitions, the Bush administration has shifted to offense in its confrontation with Iran — building up the U.S. military in the Persian Gulf and promising more aggressive moves against Iranian operatives in Iraq and Lebanon.

The behind-the-scenes struggle between the two nations could explode into open warfare over a single misstep, analysts and U.S. military officials warn.

Iraq has become a proxy battleground between Washington and Tehran, which is challenging — at least rhetorically — America's dominance of the Gulf. That has worried even Iraq's U.S.-backed Shiite prime minister, who — in a reflection of Iraq's complexity — also has close ties to Iran.

Iran and the United States are already sparring on the ground.

On Jan. 20, militants kidnapped and killed four American soldiers in a raid in Karbala, and a fifth was killed in the firefight. A U.S. defense official said one possibility under study is that Iranian agents either executed or masterminded the attack, a suspicion based on the sophisticated and unusual methods used in the attack, including weapons and uniforms that may have been American.

He spoke on condition of anonymity because the probe is ongoing.

There has been speculation that the Karbala assault may have been in retaliation for the arrest of five Iranians by U.S. troops in northern Iraq.

Those five Iranians, who were arrested in the northern city of Irbil, included two members of an Iranian Revolutionary Guard force that provides weapons, training and other support to Shiite militants in the Middle East, U.S. Ambassador Zalmay Khalilzad said last week. Iraqi and Iranian officials maintain the five were diplomats.

Since the Karbala raid, U.S. saber-rattling has intensified. President Bush said this week that U.S. forces in Iraq would take action against Iranian operatives in the country, while insisting he had no intention of attacking Iran.

"If Iran escalates its military action in Iraq to the detriment of our troops and/or innocent Iraqi people, we will respond firmly," Bush told National Public Radio.

Although little evidence has been made public, U.S. officials have long insisted that Iran was supplying weapons and training to Shiite militias in Iraq, including some that have killed American troops.

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The No. 2 U.S. general in Iraq told USA Today in an interview published Tuesday that Iran was supplying Iraqi Shiite militias with a variety of powerful weapons, including Katyusha rockets and armor-piercing rocket-propelled grenades.

"We have weapons that we know through serial numbers ... trace back to Iran," Lt. Gen. Raymond Odierno said.

The Air Force is considering more forceful patrols on the Iraqi side of the border with Iran to counter the smuggling of weapons and bomb supplies, the Los Angeles Times reported, citing senior Pentagon officials.

The U.S. is also building up its military presence in the Gulf in what it says is a show of strength directed at Iran. A second aircraft carrier is heading for the region, and Patriot missile batteries are being deployed.

Since Bush announced his new Iraq strategy in early January, Iranian officials have raised the alarm repeatedly that the U.S. intends to attack. President Mahmoud Ahmadinejad said Iran is "ready for anything" in its confrontation with the United States.

A newspaper close to Iran's supreme leader Ayatollah Ali Khamenei last week threatened retaliation for any U.S. military action — including stopping oil traffic through the Gulf's strategic Hormuz Straits and attacks on U.S. interests. The top editor of the Kayhan daily warned that Iran will turn the Middle East into "hell" for the United States and Israel if America attacks.

Iran expert Ray Takeyh said the risks are all the greater because Tehran has an "unhealthy" disregard for American power, which "enhances the prospect of a miscalculation."

Prof. Gary Sick, a leading authority on Iran, believes the U.S. is seeking to divert world attention from the crisis in Iraq and organize a coalition of Israel and conservative Sunni Arab states to confront Iran.

"I see this as a very dangerous long-term policy because it promotes the idea that Sunnis and Shiites should be distrustful of each other, and I think that could come back and bite us later on," he said.

Iran and the U.S. also are in dispute over Tehran's nuclear program. The United States accuses Iran of secretly developing atomic weapons — an allegation Tehran denies. Iran's defiant refusal to suspend uranium enrichment prompted the U.N. Security Council to impose limited economic sanctions.

The U.S. has also beefed up support for Lebanon's government in its power struggle with Hezbollah, the Shiite militia that Washington accuses of acting in Iran's interests.

But Lee Feinstein of the Council on Foreign Relations said the U.S. was finding it hard "to calibrate its message" to distinguish "between a stern message and a warning of attack."

The war of words has raised fears among both Democrats and Republicans in Congress that the United States and Iran are drifting toward armed conflict at a time when America is struggling against determined foes in Iraq and Afghanistan.

It has also unnerved the Iraqi government, many of whose members have close ties to Iran.

"We have told the Iranians and the Americans, `We know that you have a problem with each other but we're asking you, please, solve your problems outside of Iraq,'" Prime Minister Nouri al-Maliki, a Shiite, told CNN on Wednesday. "We do not want the American forces to take Iraq as a base to attack Iran ... we will not accept Iran using Iraq to attack American forces. But does this exist? It exists and I assure you it exists."

As the rhetoric grows more strident, a U.S. military official in the Gulf likened the U.S.-Iran standoff to the buildup in hostility in Europe before World War I, when the assassination of the heir to the Austrian throne triggered a tragic war that engulfed a continent.

"A mistake could be made and you could end up in something that neither side ever really wanted, and suddenly it's August 1914 all over again," the U.S. officer said on condition of anonymity, because of the sensitivity of the issue. "I really believe neither side wants a fight."

Iranian coast guard vessels recently veered into territorial waters on the Arab side of the Gulf, an event that could have been viewed as either a mistake or a provocation, the officer said. Both sides are on tenterhooks. "A boat crosses a line ... but what does it mean? You've got to be very careful about overreacting," the officer said.

Even if Iran pulled back from Iraq's conflict, it might not end the country's violence, said Kenneth M. Pollack, research director at the Saban Center for Middle East Policy.

"The truth is that Iraq is a mess. It is in a state of low-level civil war. And all of these groups are largely self-motivated," he said on the Council on Foreign Relations Web site. "But its much easier to blame it on the Iranians."

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In Tehran, political analyst Hermidas Bavand said U.S. force increases were leading many Iranians to believe Washington is looking to pick a fight.

"It's an extremely dangerous situation," Bavand said. "I don't think Tehran wants war under any circumstances. But there might be an accidental event that could escalate into a large confrontation."

U.S. Delays Report On Iranian Role In Iraq (LAT)

By Paul Richter

The Los Angeles Times, February 1, 2007

WASHINGTON — The Bush administration has postponed plans to offer public details of its charges of Iranian meddling inside Iraq amid internal divisions over the strength of the evidence, U.S. officials said.

U.S. officials promised last week to provide evidence of Iranian activities that led President Bush to announce Jan. 10 that U.S. forces would begin taking the offensive against Iranian agents who threatened Americans.

But some officials in Washington are concerned that some of the material may be inconclusive and that other data cannot be released without jeopardizing intelligence sources and methods. They want to avoid repeating the embarrassment that followed the March 2003 invasion of Iraq, when it became clear that information the administration cited to justify the war was incorrect, said the officials, who described the internal discussions on condition of anonymity.

"We don't want a repeat of the situation we had when [then-Secretary of State] Colin L. Powell went before the United Nations," said one U.S. official, referring to Powell's 2003 presentation on then-Iraqi President Saddam Hussein's unconventional weapons program that relied on evidence later found to be false. "People are going to be skeptical."

The current debate pits some U.S. diplomatic and military officials in Iraq, who are seeking to compile an aggressive case on Iran, against other officials in Washington, including Secretary of State Condoleezza Rice, who are urging greater caution, according to the officials, who spoke in the last several days.

The Bush administration has charged repeatedly that Iranian agents and military personnel have been bringing in explosives and other weaponry for use in Iraq by Shiite Muslim militants. U.S. intelligence and military officials have said they have substantial evidence of Iranian involvement, but have not made it public.

The mounting U.S. charges against Iran have been accompanied by the movement of American warships into the Persian Gulf, giving rise to fears of a possible U.S. attack.

U.S. forces arrested a group of Iranians in Baghdad in December and are holding five Iranian officials who were detained Jan. 11 in the northern Iraqi city of Irbil. At the same time, the administration has shunned a proposal by the bipartisan Iraq Study Group to open direct talks with Iran and Syria as part of a plan to quell the violence in Iraq.

The U.S. claims led Tehran's ambassador to Iraq, Hassan Kazemi-Qomi, to challenge American officials last month to show "any shred of evidence" of Iranian meddling.

The U.S. ambassador, Zalmay Khalilzad, promised last week to do so, and American officials initially planned to release their dossier Tuesday.

But the release was delayed, and Sean McCormack, the chief State Department spokesman, declined Wednesday to predict when the report would be issued.

"We'll do this on our own timeline," he told reporters. "And we're going to do it in such a way that it is properly presented, it is clear, and that it is done in such a way that … we don't in any way jeopardize [U.S. officials'] ability to further collect information about these networks."

This week, McCormack denied that U.S. intelligence failures and erroneous pre-Iraq war claims had made the job of preparing the new dossier more difficult.

The administration's quandary is one more indication of the difficulties the United States faces in Iraq as it tries to limit the influence of the Iranians, whom it increasingly views as its chief regional rival. There are thousands of Iranians in Iraq. Some of them have strong ties to the U.S.-backed government.

One former senior U.S. defense official said that preparing such a case would involve trying to cull sensitive data for presentation to a skeptical American public.

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"It's a losing proposition for the administration," said the former official, who declined to be identified when addressing intelligence issues.

U.S. military and embassy officials in Baghdad have been trying to build a case with a variety of evidence, according to officials.

But officials involved in interagency meetings on the issue in Washington, including some in the State Department and intelligence agencies, believe that some of the material overstates murky evidence and casts a negative light on Iranians who may not be guilty.

Another difficulty is that if some of the most sensitive information is withdrawn to protect intelligence sources, the result could be a weak and unconvincing report, the officials said.

The American official who requested anonymity said that although there were differences over the evidence, there was wide agreement within the U.S. government that Iran's actions were a threat and that the United States, while avoiding war, should be more aggressive in confronting Iran in Iraq.

"But that doesn't mean you want to go overboard," the official added. "Everyone at the Iranian Embassy isn't some kind of spy or revolutionary."

The official said that Rice, despite strongly agreeing that the United States should take a more aggressive approach, was urging caution on the tone of the report.

U.S. military officials in Iraq long have been concerned that Iranian Revolutionary Guards and other military and intelligence personnel are present in Iraq, and have been urging a stronger stance against the Iranians. On several occasions, they have requested broader authority to engage the Iranians, the U.S. official said.

This week the No. 2 U.S. military commander in Iraq, Army Lt. Gen. Raymond T. Odierno, said in an interview with USA Today that Iranians were supplying Iraqis with truck-mounted Katyusha rockets, armor-piercing rocket-propelled grenades and armor-piercing roadside bombs.

Odierno said serial numbers linked the rockets to Iran.

The growing hostility is angering Iraqi leaders, who have begun speaking out against the prospect of conflict between the United States and Iran in their country.

Bullying Iran (NYT)

The New York Times, February 1, 2007

Given America's bitter experience in Iraq, one would think that President Bush could finally figure out that threats and brute force aren't a substitute for a reasoned strategy. But Mr. Bush is at it again, this time trying to bully Iran into stopping its meddling inside Iraq.

We have no doubt about Iran's malign intent, just as we have no doubt that Mr. Bush's serial failures in Iraq have made it far easier for Tehran to sow chaos there and spread its influence in the wider region. But more threats and posturing are unlikely to get Iran to back down. If Mr. Bush isn't careful, he could end up talking himself into another disastrous war, and if Congress is not clear in opposing him this time, he could drag the country along.

The drumbeat began during Mr. Bush's recent speech on Iraq, when he vowed to "seek out and destroy" Iranian and Syrian networks he said were arming and training anti-American forces. Mr. Bush also announced that he was sending a second aircraft carrier to the Persian Gulf. Hours earlier, American troops raided an Iranian diplomatic office in Iraq. If anyone missed the point, aides let it be known that the president had authorized the military to kill or capture Iranian operatives in Iraq.

Iran certainly is helping arm and train Shiite militias. But the administration is certainly exaggerating the salutary effect of any cutoff as long as these militias enjoy the protection of Iraq's prime minister, Nuri Kamal al-Maliki. If Mr. Bush is genuinely worried — and he should be — he needs to be as forceful in demanding that Mr. Maliki cut ties to these groups and clear about the consequences if he refuses.

In what passes for grand strategy in this administration, the president's aides say he is betting that bloodying Iranian forces in Iraq, and raising the threat of a wider confrontation, will weaken Tehran's regional standing and force its leaders to rethink their

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nuclear ambitions. Never mind that Mr. Bush's last big idea — that imposing democracy on Iraq would weaken Iran's authoritarians — has had the opposite effect.

Mr. Bush seems to be grossly misreading Iran's domestic politics and ignoring his own recent experience. In a rare moment of subtlety, the Treasury Department has quietly persuaded some banks and investors to rethink their dealings with Tehran. That has made some in Iran's permanent religious elite — already worried about future oil production — express doubts about President Mahmoud Ahmadinejad's defiance of the Security Council.

As ever, the one tactic the administration is refusing to consider is diplomacy. Mr. Bush has resisted calls to convene a meeting of Iraq's neighbors to discuss ways to contain the crisis. There is no guarantee that Mr. Ahmadinejad can be persuaded that Iraq's further implosion is not in Iran's interest. But others in Tehran may have clearer heads. And any hope of driving a wedge between Iran and Syria will have to start by giving Damascus hope that there is a way in from the cold.

Mr. Bush's bullying may play well to his ever shrinking base. But his disastrous war in Iraq has done so much damage to America's credibility — and so strained its resources— that it no longer frightens America's enemies. The only ones really frightened are Americans and America's friends.

Chirac Unfazed By Nuclear Iran, Then Backtracks (NYT)

By Elaine Sciolino And Katrin Bennhold

The New York Times, February 1, 2007

PARIS, Jan. 31 — President Jacques Chirac said this week that if Iran had one or two nuclear weapons, it would not pose a big danger, and that if Iran were to launch a nuclear weapon against a country like Israel, it would lead to the immediate destruction of Tehran.

The remarks, made in an interview on Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a weekly magazine, were vastly different from stated French policy and what Mr. Chirac has often said.

On Tuesday, Mr. Chirac summoned the same journalists back to Élysée Palace to retract many of his remarks.

Mr. Chirac said repeatedly during the second interview that he had spoken casually and quickly the day before because he believed he had been talking about Iran off the record.

"I should rather have paid attention to what I was saying and understood that perhaps I was on the record," he said.

The tape-recorded, on-the-record interview was conducted under an agreement that it would not be published until Thursday, when Le Nouvel Observateur appears on newsstands.

On Monday, Mr. Chirac began by describing as "very dangerous" Iran's refusal to stop producing enriched uranium, which can be used to produce electricity or to make nuclear weapons. Then he made his remarks about a nuclear-armed Iran.

"I would say that what is dangerous about this situation is not the fact of having a nuclear bomb," he said. "Having one or perhaps a second bomb a little later, well, that's not very dangerous.

"But what is very dangerous is proliferation. This means that if Iran continues in the direction it has taken and totally masters nuclear-generated electricity, the danger does not lie in the bomb it will have, and which will be of no use to it."

Mr. Chirac said it would be an act of self-destruction for Iran to use a nuclear weapon against another country.

"Where will it drop it, this bomb? On Israel?" Mr. Chirac asked. "It would not have gone 200 meters into the atmosphere before Tehran would be razed."

It was unclear whether Mr. Chirac's initial remarks reflected what he truly believes. If so, it suggests a growing divide with American policy, which places the highest priority on stopping Iran from gaining the capacity to produce nuclear weapons.

Mr. Chirac has privately expressed the view occasionally in the past year that a nuclear-armed Iran might be inevitable and that it could try to sell the technology to other countries. But publicly the policy has been very different. In fact, Élysée Palace prepared a heavily edited 19-page transcript of the Monday interview that excluded Mr. Chirac's assessment of a nuclear-armed Iran.

The transcript even inserted a line that Mr. Chirac had not said that read, "I do not see what type of scenario could justify Iran's recourse to an atomic bomb."

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There are divisions within the French government — and between Europe and the United States — about how much Iran should be punished for behavior that the outside world might not be able to change. Some French officials worry that the more aggressive course of action by the United States toward Iran will lead to a confrontation like the Iraq war, which France opposed.

In noting the sanctions against Iran that were imposed last month by the Security Council, Mr. Chirac warned Tuesday that escalation of the conflict by both sides was unwise. "Of course we can go further and further, or higher and higher up the scale in the reactions from both sides," he said. "This is certainly not our thinking nor our intention."

Mr. Chirac argued that Iran's possession of a nuclear weapon was less important than the arms race that would ensue.

"It is really very tempting for other countries in the region that have large financial resources to say: 'Well, we too are going to do that; we're going to help others do it,' " he said. "Why wouldn't Saudi Arabia do it? Why wouldn't it help Egypt to do so as well? That is the real danger."

Earlier this month, Mr. Chirac had planned to send his foreign minister to Iran to help resolve the crisis in Lebanon. The venture collapsed after Saudi Arabia and Egypt opposed the trip and members of his own government said it would fail.

Mr. Chirac, who is 74 and months away from ending his second term as president, suffered a neurological episode in 2005 and is said by French officials to have become much less precise in conversation.

In the second interview, Mr. Chirac retracted his comment that Tehran would be destroyed if Iran launched a nuclear weapon. "I retract it, of course, when I said, 'One is going to raze Tehran,' " he said.

He added that any number of third countries would stop an Iranian bomb from ever reaching its target. "It is obvious that this bomb, at the moment it was launched, obviously would be destroyed immediately," Mr. Chirac said. "We have the means — several countries have the means to destroy a bomb."

Mr. Chirac also retracted his prediction that a nuclear Iran could encourage Saudi Arabia and Egypt to follow suit.

"I drifted — because I thought we were off the record — to say that, for example, Saudi Arabia or Egypt could be tempted to follow this example," he said. "I retract it, of course, since neither Saudi Arabia nor Egypt has made the slightest declaration on these subjects, so it is not up to me to make them."

As for his suggestion in the first interview that Israel could be a target of an Iranian attack and could retaliate, Mr. Chirac said: "I don't think I spoke about Israel yesterday. Maybe I did so but I don't think so. I have no recollection of that."

There were other clarifications. In the initial interview, for example, Mr. Chirac referred to the Iranian Islamic Republic as "a bit fragile." In the subsequent interview, he called Iran "a great country" with a "very old culture" that "has an important role to play in the region" as a force for stability.

Mr. Chirac's initial comments contradicted the long-held French policy of deterrence, which holds that Iran must not go nuclear. The thinking is that a nuclear-armed Iran would give Iran the ability to project power throughout the region and threaten its neighbors — as well as encourage others in the region to seek the bomb.

Under Mr. Chirac's presidency, France has joined the United States and other countries in moving to punish Iran for refusing to stop enriching uranium, as demanded by the International Atomic Energy Agency and the United Nations Security Council.

Iran insists that the purpose of its uranium enrichment program is to produce energy; France, along with many other countries, including the United States, is convinced that the program is part of a nuclear weapons project.

The purpose of the initial interview was for Mr. Chirac to talk about climate change and an international conference in Paris later this week that parallels a United Nations conference on the global environment.

The question about Iran followed a comment by Mr. Chirac on the importance of developing nuclear energy programs that are transparent, safe and secure.

In the midst of his initial remarks on Iran, Mr. Chirac's spokesman passed him a handwritten note, which Mr. Chirac read aloud. "Yes, he's telling me that we have to go back to the environment," Mr. Chirac said. He then continued a discussion of Shiite Muslims, who are by far the majority in Iran but a minority in the Muslim world.

"Shiites do not have the reaction of the Sunnis or of Europeans," said Mr. Chirac, who over the years in private meetings has expressed distrust of Shiite Muslims.

The president had a different demeanor during the two encounters.

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In the first interview, which took place in the late morning, he appeared distracted at times, grasping for names and dates and relying on advisers to fill in the blanks. His hands shook slightly. When he spoke about climate change, he read from prepared talking points printed in large letters and highlighted in yellow and pink.

By contrast, in the second interview, which came just after lunch, he appeared both confident and comfortable with the subject matter.

The attempt by Élysée Palace to change the president's remarks in a formal text is not unusual. It is a long-held tradition in French journalism for interview subjects — from the president to business and cultural figures — to be given the opportunity to edit the texts of question-and-answer interviews before publication.

U.S. Cautions Europeans To Avoid Oil, Gas Deals With Iran (WP)

By Steven Mufson

Washington Post, February 1, 2007

The Bush administration is warning European oil and gas companies against investing in Iran, trying to head off a push by Tehran to attract new investment by international petroleum giants.

In the past two weeks, the administration has met with European oil company executives about the Middle East, and during one session a senior State Department official cautioned that the situation with Iran was "hot and is going to get hotter," one executive said.

An executive from another major European company said, "The administration is putting the full-court press on foreign companies and is going all out to impress upon them that it would be a mistake to do anything with" Iran.

Despite the administration's pressure, however, many of the world's biggest oil companies were expected to attend a meeting in Vienna today and tomorrow held by National Iranian Oil Co. to drum up interest in 12 onshore and five offshore blocks. Executives from Royal Dutch Shell PLC, Russia's Lukoil, China's Sinopec International Petroleum Exploration and Production Corp. and Austria's OMV will give presentations.

"Obviously Iran is very interesting oil territory for everybody," said Patricia Marie, spokeswoman for the French oil company Total S.A., which invested about $4 billion in Iran between 1995 and 2002 and is sending a representative to the meeting. As for U.S. admonitions, Marie said, "We are listening. . . . But we respect the French law, the European laws; we are not obliged to respect American law."

Marie said Total will decide this year whether to proceed with a liquefied natural gas (LNG) project in the south of Iran.

Last week, Royal Dutch Shell and the Spanish company Repsol YPF S.A. signed a preliminary agreement with Iran to explore the possible development of another multibillion-dollar LNG project.

Oil company executives and consultants said any reluctance to invest in Iran ultimately has more to do with the stingy terms Iran offers than with arm-twisting by the U.S. government. Generally, Iranian contracts let foreign companies recoup costs and give them enough oil for them to make a small profit before control of the fields is turned over to National Iranian Oil.

"In effect, the Iranians have made our sanctions work better than we have," said Gary G. Sick, an expert on Iran at Columbia University.

One international executive said Iranians usually offer single-digit rates of return for investments in the oil sector, far less than what companies can make elsewhere.

"The Iranians always argue that there is no need for them to offer more because of the very low geological risk in Iran, because they know it's a country with substantial reserves," he said. "But you have to factor in political risk and all sorts of other things."

The struggle over oil investment is part of the Bush administration's campaign to isolate Iran and curtail its funds because of its pursuit of nuclear technology that might help it build nuclear weapons.

U.S. companies are barred from doing business with Iran. In 1995, an executive order stopped them from even bringing Iranian oil to Europe. In 1996, Congress passed the Iran-Libya Sanctions Act, enabling the U.S. government to sanction foreign firms doing business with Iran. Though the United States has issued waivers to European companies involved in Iran's oil sector, one European executive said the Bush administration might change that stance.

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On Monday, State Department spokesman Sean McCormack said of Shell's Iranian negotiations: For investments over a certain level, "policymakers take a look at it and see if there's any further steps that we, as a government, take."

A Shell spokesman said yesterday that "nothing has been decided" and that a decision on the project was "a year or so away."

EU Resisting US Calls To Up Financial Pressure On Iran (AFP)

By Sylvie Lanteaume

AFP, February 1, 2007

US demands to toughen financial sanctions against Iran are opening fault lines in the US-European stand to punish Tehran for defying calls to rein its suspect nuclear program.

Although European countries have agreed with the United States to impose sanctions on Iran in line with a UN resolution adopted in December, they are resisting US calls to go even further and force global financial institutions to sever all ties with the Islamic Republic.

US Under Secretary in charge of fighting terrorist funding, Stuart Levey, has made several whirlwind trips to Europe over the past months to try to persuade European multinationals and banks to stop investing in Iran.

But so far he has run into a brick wall, with European countries maintaining they are not ready to cut off banking links with Iranian companies, arguing that such a move goes beyond the spirit of the UN resolution.

"We are going to do the utmost to apply the content of the resolution. We are not going to go beyond what is in the resolution as states," a senior European official told AFP.

The stand is beginning to frustrate the US administration of President George W. Bush which has accused Tehran of making a covert grab for nuclear weapons under the guise of its civilian atomic energy program.

Iran has scoffed at the suggestions saying its program is merely for peaceful purposes, and has refused to stop its controversial uranium enrichment process despite the UN sanctions.

Iranian officials are even promising to unveil a major advance in its nuclear drive this week as part of the celebrations to mark the anniversary of the 1979 Islamic Revolution.

US officials this week gave vent to their mounting frustration, which comes as Bush has accused Iranian leaders of helping to foment the mounting sectarian violence in Iraq, fuelling fears that the US could be preparing some kind of military response against Tehran.

"The European response on the economic side has been pretty weak," one unnamed senior US official said quoted in The New York Times in an article headlined "Europe Resists US Push to Curb Iran Ties."

"We are telling the Europeans that they need to go way beyond what they've done to maximize pressure on Iran," he added.

However, this position does not seem to completely reflect the view of the US administration.

"I think that the concerns that European governments are expressing have to do with their legal requirements. They have a set of legal requirements that they have to abide by," said State Department spokesman Sean McCormack.

"And I'm not sure I would call that resistance to discussing or cooperating on these various measures."

European Union foreign ministers last week agreed to implement the full raft of UN sanctions against Tehran and deplored "Iran's failure to take the steps repeatedly required by the IAEA board of governors and the United Nations Security Council."

A new EU meeting is planned in mid-February to put in place European regulations on the Iran sanctions which suspend all exports of material and technology to the Islamic Republic.

The UN resolution also freezes Iranian assets abroad and restricts foreign travel by Iranians deemed to be involved in the suspect programs.

Earlier this month the US Treasury Department blacklisted Iran's fifth largest state-owned bank, Bank Sepah, alleging it had helped finance weapons proliferation.

That measure came after another of Iran's largest banks was blacklisted in September because of its "support for terrorism."

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"Bank Saderat facilitates Iran's transfer of hundreds of millions of dollars to Hezbollah and other terrorist organizations each year," Levey said then.

However, neither of the two banks figure on the lists of organizations and people targeted by UN resolution 1737, and Bush had to use a presidential decree to prohibit their financial activities in the US.

Sanctions Rattle Iran, Spur Talk Of Shake-up (WT)

By Iason Athanasiadis

The Washington Times, February 1, 2007

TEHRAN -- The unanimous passage of U.N. Security Council sanctions against Iran in December has shaken the nation's public and ruling elite, prompting talk of a shake-up of top officials and fears of a U.S. attack.

Even before the sanctions were approved, President Mahmoud Ahmadinejad had been weakened by his inability to fulfill campaign promises to stem rising inflation and by doubts over the wisdom of his statements questioning the Holocaust and threatening Israel.

Now, suggestions are being raised that Iran's supreme leader, Ayatollah Ali Khamenei, is to change several key officials, including Ali Larijani, the head of the National Security Council; Foreign Minister Manouchehr Mottaki; and Ambassador to the United Nations Javad Zarif.

"There is a deep concern and uncertainty on behalf of the Iranian leaders about the consequences of the nuclear program of Ahmadinejad's administration," said Hossein Bastani, the former general secretary of the Association of Iranian Journalists.

"In short ... the passage of such a resolution against the Islamic republic caught them by surprise."

Western officials have also noted rising domestic criticism of Mr. Ahmadinejad since the U.N. Security Council approved the relatively mild sanctions, which had been watered down to win the approval of Russia and China.

"You're starting to see voices in Iran that are concerned about the isolation that Iran's president and Iran's program are bringing," Secretary of State Condoleezza Rice said in a German television interview last week.

And French Ambassador to Washington Jean-David Levitte said in an interview with The Washington Times on Monday: "We have noted in the Iranian media the beginning of a debate about the situation that Iran is in now -- more isolation and confrontation."

A senior diplomat from the region, speaking to The Washington Times last week, said after a visit to Tehran that Iranians were troubled less by the specific economic sanctions than by the lineup of countries that had supported them, including Russia and China.

An alliance of reformists and conservative "realists" has emerged to say the president's actions are leading the country to the brink of war.

In recent days, there has been speculation that Ayatollah Khamenei is refusing even to see the president as a signal of his disquiet at Iran's growing isolation.

Reports also say the ayatollah is upset at Mr. Mottaki's inability to win allies among Iran's Arab neighbors at a time when the United States is encouraging moderate Arab states to line up against Iran.

Officials also are concerned that Mr. Larijani, the chief nuclear negotiator, has unnecessarily angered the European Union's foreign-policy chief, Javier Solana, with his inconsistent approach to the talks.

"What Larijani may not have understood is that he cannot treat Solana in that way and expect not to be burned by the European Union," a European diplomat in Tehran said on the condition of anonymity.

Iranians also are giving greater weight to the threat of a U.S. military attack after a former chief of the elite Revolutionary Guards said on the state television monopoly, Sedaosima, last week that Washington had opted for "serious confrontation" with Iran.

"When we saw [Mohsen] Rezai openly say on Sedaosima that the Americans will try to strike and that he's willing to become a martyr, we were shocked," said Sahand, a young Iranian filmmaker who, like some others interviewed asked not to be fully identified. "It was the first time that it was being stated on national television."

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The interview rang alarm bells for well-informed Iranian analysts, who point out that official Iranian news outlets tend not to report much bad news.

"On the night that sanctions were imposed last month, a commentator was telling people that they mean nothing and that Iranians have been through tougher times during the Iraq war," said Leila, a producer for Sedaosima. "I'm scared that Rezai's appearance is ... preparing people for a military strike on Iran."

Public anxiety has been further fed by the build-up of U.S. forces in Iraq and the dispatch of a second aircraft carrier, the USS John C. Stennis, to the Persian Gulf.

The Iranian military has responded with a three-day military drill testing its Zalzal and Fajr-5 missiles in the desert southeast of Tehran.

Last week, Russia completed delivery of 29 advanced TOR-M1 surface-to-air missile-defense systems, which will be deployed around Iran's nuclear facilities in central Iran, said European diplomatic sources in Tehran.

Latest Violence Claims At Least 24 Iraqis (LAT)

By Alexandra Zavis

The Los Angeles Times, February 1, 2007

BAGHDAD — At least 24 Iraqis were killed and dozens injured today in bomb blasts, gunfire and other violence. The heaviest toll was inflicted in Baghdad, where U.S. and Iraqi forces are promising to clear out Sunni Arab insurgents and sectarian militias in a neighborhood-by-neighborhood sweep.

The U.S. military announced the deaths of two soldiers and one Marine in combat in Al Anbar province on Tuesday. At least 3,084 U.S. personnel have been killed since the start of the Iraq war in 2003, according to the website icasualties.org.

In the day's worst attack, a car bomb exploded in a downtown street where a crowd was waiting to catch minibus taxis to areas of Shiite Muslim-dominated east Baghdad. At least five people were killed and 12 injured, police said.

Naim Zamel, a 38-year-old father of three, was delivering goods to a shop across the street when the blast happened.

"The sound and the pressure were hard. Shrapnel was flying all over the place," he said from his bed at the Medical City Hospital, where he was treated for injuries to his neck, ear and leg. "I saw three cars on fire, people injured and shops destroyed."

Onlookers rushed to help the wounded, loading Zamel into the back of a pickup truck and rushing him to hospital before ambulances arrived at the scene.

Another car bomb exploded this morning in the mostly Shiite east Baghdad neighborhood of Amin, killing at least two people and injuring 10, police said.

The bullet-riddled bodies of four missing scholars, all Sunni Arabs, were found in the mostly Shiite neighborhood where they were kidnapped Monday as they left the Naharain University College of Law, university officials said.

Officials at Yarmuk Hospital said they received 10 more unidentified bodies from two mostly Sunni neighborhoods in west Baghdad, apparent victims of sectarian death squads.

North of the capital, a car bomb targeting an Iraqi police convoy exploded on a main road in the city Mosul, killing at least one officer and injuring four people, including a civilian, police and hospital officials said.

Iraqi soldiers confronted a suicide attacker they said was trying to drive an explosives-rigged fuel tanker into a small base in Muqdadiyah. The tanker exploded outside the base, injuring nine soldiers and causing a large fire, the military said.

South of Baghdad, police responding to reports of a car bomb in a mostly Sunni village near Suwayrah were targeted by a roadside bomb, officials said. Three policemen were injured and four suspects detained, they said.

Iraq's army and police are frequent targets of Sunni insurgents, who view them as collaborators with the United States.

A U.S. helicopter fired on four men planting a bomb in the shoulder of a road south of Baghdad, killing two of them, the military said in a statement.

Iraq Prepares For New Security Crackdown (USAT)

USA Today, February 1, 2007

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BAGHDAD — Iraq indefinitely halted all flights to and from Syria and closed a border crossing with Iran as the government prepares for a security crackdown aimed at crushing violence in the capital and surrounding regions, a member of the parliament and an airport official said Wednesday.

The airport official told the Associated Press that flights to and from Syria will be canceled for at least two weeks and that service had been interrupted Tuesday. The official spoke on condition of anonymity because he was not authorized to reveal the information.

Hassan al-Sunneid, a member of the parliament's Defense and Security Committee, said the move "was in preparation for the security plan. The state will decide when the flights will resume."

President Bush recently warned Iran and Syria not to interfere in Iraq's affairs as U.S. and Iraqi forces prepare for the major crackdown on armed groups in the capital.

Across Iraq on Wednesday, at least 47 people were reported killed.

The United States has accused Syria of harboring former Baath Party officials who support the Sunni insurgency and allowing foreign fighters to slip across its border with Iraq. Bush has also complained that Iran smuggles weapons to Shiite extremists who have killed Americans and provides Shiite militias with training and support. Iran denies doing so.

Meanwhile, Iraq's prime minister pleaded Wednesday with Iran and the United States not to use his country as a place to fight each other.

"We have told the Iranians and the Americans: 'We know that you have a problem with each other, but we are asking you, please solve your problems outside Iraq,' " Prime Minister Nouri al-Maliki told CNN.

Bush has authorized U.S. troops to take action against Iranian agents allegedly operating in Iraq.

"We will not accept Iran to use Iraq to attack the American forces," al-Maliki said. However, "we don't want the American forces to take Iraq as a field to attack Iran or Syria," he said.

Iraq Restricts Air, Land Passages To Syria, Iran (WP)

The Washington Post, February 1, 2007

BAGHDAD, Jan. 31 -- Iraq indefinitely halted all flights to and from Syria and closed a border crossing with Iran as the government prepares for a security crackdown, a parliament member and an airport official said Wednesday, the Associated Press reported.

The airport official said that flights to and from Syria would be canceled for at least two weeks and that service had been interrupted on Tuesday, the AP said.

Hassan al-Sunneid, a member of the parliament's defense and security committee, told the AP that the move "was in preparation for the security plan. The state will decide when the flights will resume."

Also on Wednesday, the U.S. military said two soldiers and a Marine died Tuesday in Anbar province from "wounds sustained due to enemy action." A soldier from Task Force Lightning was killed in combat Wednesday in Salahuddin province, the military said in a statement. The service members' names will be released after relatives are notified.

In Baghdad on Wednesday, scholars and students at al-Nahrain University were protesting the kidnapping earlier this week of three law professors when they learned that their bodies had been found in a morgue. "They are innocent professors, good instructors," said Adnan al-Janabi, the director of the university, noting that one was over 70. One of the professor's sons, a student at the university, was also killed, he said.

Also Wednesday, a car bomb exploded southeast of Baghdad, killing four people and injuring nine, according to Col. Hasson Salman, a spokesman for the Interior Ministry.

Elsewhere in the country at least nine people were killed in shootings and mortar attacks, Salman said.

General: Shiite Militia Leaders Leaving Baghdad Strongholds (WP)

By Thomas E. Ricks

The Washington Post, February 1, 2007

Shiite militia leaders already appear to be leaving their strongholds in Baghdad in anticipation of the U.S. and Iraqi plan to increase the troop presence in the Iraqi capital, according to the top U.S. commander in the country.

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"We have seen numerous indications Shia militia leaders will leave, or already have left, Sadr City to avoid capture by Iraqi and coalition security forces," Army Gen. George W. Casey Jr. said in a written statement submitted to the Senate Armed Services Committee as part of his confirmation hearing today to be Army chief of staff.

Casey, who has been the senior U.S. military officer in Iraq since summer 2004, also stated that as part of the campaign to improve security in Baghdad, he expects that U.S. troops will be stationed in Sadr City with Iraqi army and national police units. U.S. plans call for five combat brigades, or about 17,500 troops, to move into Baghdad over the next four months and help occupy about 35 outposts across the city.

Sadr City is the huge slum on the east side of Baghdad that has about 2.5 million inhabitants and also is the home of the Mahdi Army, the most powerful militia in Iraq. The Mahdi Army is largely controlled by Moqtada al-Sadr, a radical cleric who is sharply anti-American.

If Sadr's militia does indeed attempt to wait out the security crackdown, Casey said, that "would clearly present a challenge" to the Iraqi government, which he said underscores the need to have Iraqi forces capable of bringing security to the country. Developing effective Iraqi forces has been a U.S. goal for more than three years. Casey noted earlier in his 46-page statement, which was filed yesterday with the committee, that one of the most significant mistakes that U.S. officials made in Iraq was overestimating the speed with which Iraqi forces could be developed.

While the Shiite militias appear intent on waiting out the Iraqi-American security offensive by moving out of the city and lying low, Sunni insurgents will take a different course, Casey predicted. Sunni leaders are likely to relocate to areas northwest and south of Baghdad, he said, while Sunni fighters "will attempt to go to ground" in the parts of the city where they live.

He said he considers it "unlikely" that violence would spread much beyond greater Baghdad because the battle for the city is "the central struggle" for control of Iraq.

As with other recent nominees appearing before the Armed Services panel, Casey listed a series of mistakes that he believes have been made in Iraq. While some Bush administration officials still cite Iraq's elections as a great success, for example, he said that he thinks they "seem to have promoted increased sectarian divisions within the country."

Lie Low, Fighters Are Told (WP)

By Joshua Partlow And Ernesto Londo?o

The Washington Post, February 1, 2007

BAGHDAD, Jan. 31 -- The instructions delivered by emissaries of anti-American Shiite cleric Moqtada al-Sadr at a recent meeting in Baghdad were clear to militiaman Massan Abdul Hussein.

"They informed us to hide the weapons," Abdul Hussein recalled of the Jan. 21 meeting in the Shula neighborhood. "They said: 'We will not allow anyone to carry any arms, even if it's a pistol under their shirt. This is not acceptable.' "

Abdul Hussein, 30, considers himself a minor figure in the Mahdi Army, the powerful yet amorphous band of thousands of Sadr followers that the Pentagon said in November had "the greatest negative effect on the security situation in Iraq." But Abdul Hussein said the militia's foot soldiers had received a clear message from Sadr's headquarters in southern Iraq as Iraqi and U.S. troops prepared an intensified security crackdown in the capital.

"We should try at all costs to avoid any confrontation with the American forces, and even if they raid our offices or our houses, we should try to avoid a confrontation," he said. "We do not want this to lead to a larger outbreak of violence."

Sadr's followers waged fierce battles against the U.S. military in 2004, but militiamen and Iraqi politicians close to Sadr say this time he wants to avoid violent clashes and maintain a lower profile.

In recent weeks, Mahdi Army leaders have left Baghdad to avoid being targeted, according to Iraqi and U.S. officials. Prime Minister Nouri al-Maliki's office has received reports that some Mahdi Army leaders are moving to Iran and Syria, according to an aide to Maliki who spoke on condition of anonymity.

The U.S. military has stepped up operations against Shiite militias and said recently that 600 Mahdi Army members, including 16 high-level figures, are in detention. The arrest of senior Sadr spokesman Abdul Hadi al-Daraji on Jan. 19 by U.S. and Iraqi forces has concerned Sadr followers, said Nassir al-Saedi, one of 30 parliament members in Sadr's bloc.

"We asked the leadership to leave their houses, because we do not trust the Americans," he said.

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Sadr's followers say publicly that they embrace the new Baghdad security plan and are willing to support the Iraqi government's efforts to impose the rule of law in this chaotic city. But some Iraqi and U.S. officials said they are concerned that the stance is a pose and that Shiite militias intend to lie low only until U.S. forces withdraw.

"There's absolutely no reason to believe that these groups have changed their tune in any significant way" since the 2004 battles, said a U.S. official in Baghdad who spoke on condition of anonymity. "You could make an argument that there's just a level of exhaustion that's set in, but I find that not believable."

A more likely scenario is that the militia leaders believe they can "win the whole thing" if they are not too damaged by the time the United States withdraws, the official said.

Iraqi Deputy Prime Minister Salam al-Zobaee, who oversees security affairs, said he is skeptical of statements by Mahdi Army leaders indicating a passive posture. "The Mahdi Army should hand over its weapons to the government, not put down their weapons or hide them," Zobaee said in an interview Wednesday. "This should go for every armed group. I don't think I can say I see that in the horizon."

Maliki is aware of concerns that the militias may be biding their time rather than sincerely taking peaceful steps, his aide said.

"This is a classic insurgency tactic, to hide when the troops are around and then reappear when the troops are gone," the aide said. "This is very much understood by the government and by the prime minister, and measures are being taken to make it a failure."

A Mahdi Army neighborhood leader from the Dakhil area of Baghdad's Sadr City slum, Ahmed Khawam, said the militias are not making major preparations for the security plan because they do not know what it will entail.

"As for targeting our city, by God's will, this will not happen, because the Imam Mahdi's army is in control of the whole area," he said. "But in case anything happens, we will get ready. We will not let any arrests take place."

For now, he said, the Mahdi Army is primarily concerned with providing services -- food, cooking gas, religion lessons -- to the impoverished people of Sadr City.

Another Mahdi Army member in Sadr City, Laith Abu Baqir, said he is willing to give the Iraqi security forces a chance to impose order and protect his neighborhood. "If they provide security for me from the terrorists, why not?"

"The only threat we have is from the American army," Abu Baqir said. "As for the others, we are not concerned."

Special correspondents Naseer Mehdawi, Naseer Nouri and Saad Sarhan contributed to this report.

North Iraq City Could Be A New Front (LAT)

By Louise Roug

The Los Angeles Times, February 1, 2007

KIRKUK, Iraq — American officials, regional leaders and local residents are increasingly worried that this oil-rich city in northern Iraq could develop into a third front in the country's civil war just as increased numbers of U.S. troops arrive in Baghdad and Al Anbar province as reinforcement for battles there.

Al-Qaida-linked fighters have recently surfaced here, launching a wave of lethal attacks, U.S. and Iraqi officials say. The attacks come amid a rise in communal tensions in the months before a referendum on the status of the city and the surrounding province.

Meanwhile, Kurdish bureaucrats are pushing through little-noticed administrative decisions that will take away the voting rights of tens of thousands of Arabs.

Elsewhere in Iraq, Sunni and Shiite Muslim Arabs are locked in a bitter civil war. Here, the two groups have common cause against the Kurds, a non-Arab minority group that dominates Iraq's far-northern provinces.

The Kurds, Arabs and members of a third minority group, the Turkmens, each want control of this city and its surrounding region. At stake are land, water and control of some of Iraq's richest oil reserves.

None of the groups want war, they say. Yet everyone here appears to be preparing for it.

"They are right when they call it a time bomb," said Sheik Abdel Rahman Obeidi, a prominent Sunni Arab leader in Kirkuk. "We will not leave, and we will not let anyone take Kirkuk. We are ready to fight. We hope we won't have to, but we're ready."

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Kurdish leaders, in turn, warn that they will take the city by law or by force.

"People don't have any more patience," said Kurdish Councilman Rebwar Faiq Talabani, sitting inside Kirkuk's heavily fortified provincial council building. "They are telling the government, 'If you can't get our rights back, we'll do it by ourselves.' "

Neighboring countries, especially Turkey and Iran, fear that if the Kurds do gain control of Kirkuk, Iraq's Kurdish region, which is already semiautonomous, would have the confidence and economic power to move toward independence. That could embolden Kurdish militants in the surrounding countries and further destabilize the region. In recent weeks, Turkish officials have threatened to intervene if the Kurds take over Kirkuk and have warned against efforts to change the city's population balance.

"Turkey cannot stand idly by, watching the efforts to change the demographic structure of Kirkuk," Turkish Prime Minister Recep Tayyip Erdogan said last month, according to the Cihan News Agency.

Against this backdrop of ethnic, political and regional tensions, Iraq's new constitution mandates that a referendum be held by the end of this year on control of Kirkuk. If the vote goes ahead as scheduled, most analysts expect the Kurds to win.

Last year, at least 325 people were killed and 1,390 wounded in this city of about 1 million. During the first three weeks of this year, bombings and assassinations left 23 dead and injured 102, local police say.

"We expect increased violence when we get closer to" the referendum, said Maj. Gen. Anwar Mohammed Amin, the top Iraqi commander in Kirkuk.

The emergence of fighters from two radical Islamic groups with ties to al-Qaida after years of lying low is especially troublesome, officials say. The groups, known as Ansar al Sunna and the Islamic Army in Iraq, have launched a bombing campaign targeting politicians and civilians. Their aim is to foment violence between ethnic and sectarian groups much as they have done in Baghdad and elsewhere, officials say.

Painting Iraq's Sunni Arab guerrillas as al-Qaida associates serves Kurds in their goal of taking control of Kirkuk and its environs by making the aims of their rivals seem less legitimate.

Assassinations, bombings and attacks on Kurdish parties' headquarters by Shiite militias and Sunni groups linked to al-Qaida "are now all part of Kirkuk's violent landscape," said a report last month from the Washington Institute for Near East Policy.

Turkmen and Arab politicians, too, have been targeted in apparent retaliation by Kurds.

"Kirkuk is as likely as Baghdad to produce a calamity that can fracture Iraq," the report's authors wrote, recommending a delay of the referendum. The International Crisis Group, a nonprofit think tank based in Belgium, and the U.S. government's bipartisan Iraq Study Group have also recommended postponement.

But for Kurds, this year presents a historic opportunity they won't part with willingly.

Once a distant dream carried in the heart of Kurdish peshmerga fighters as they battled onetime Iraqi leader Saddam Hussein's army in the mountains, full independence is now tantalizingly within reach.

If the timetable leading to the referendum is not followed, Kirkuk will be thrust into chaos, said Talabani, the provincial councilman. "It will be a civil war," he said. "Worse than Baghdad, because it will be a battle of ethnicities."

For nationalist Arabs and minority Turkmen, meanwhile, Kurdish appropriation of Kirkuk would signify the first step toward Iraq's disintegration. Turkmen do not want to become part of an independent Kurdistan, but they don't want to be controlled by Baghdad either. Most Arabs want to remain part of a unified Iraq.

As both sides maneuver for the coming referendum, the issue of who has the right to vote is emerging as a major flashpoint.

In 1957, the year of Kirkuk's last reliable census, Turkmen made up 40 percent of the population, while Kurds made up 35 percent, Arabs 24 percent and Christians 1 percent. In the surrounding province, Kurds constituted a majority with 55 percent of the inhabitants.

During the 1970s, however, Saddam forcibly removed 250,000 Kurds from Kirkuk, giving their property to Arabs in an effort to "Arabize" the city and its oil. Many of the new residents were Shiites moved here from villages in the south of Iraq.

Since the U.S.-led invasion in 2003, the demographics have shifted again. Thousands of Arabs and Turkmen have left because of political pressure and violence. And as many as 350,000 Kurds have come to Kirkuk, according to Iraqi and U.S. officials. In dilapidated camps throughout the city, thousands of Kurds now wait for property claims to be resolved while Kurdish officials complain that the government in Baghdad is slowing the process.

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The Kurds want Arabs who moved here under Saddam to return to the south, and are pushing through little-noticed administrative decisions that will take away the voting rights of tens of thousands of Arabs before the referendum.

Kurdish officials have recently proposed a cash incentive to Arabs, compensation of about $19,000 to each family who will give up their property and voting rights in the city. The tens of thousands of Arabs affected would be allowed to stay but would not be able to vote on Kirkuk's future, Kurdish officials said.

"I don't believe they have the right to vote in the referendum," said Adnan Mufti, the powerful speaker of Kurdistan's regional parliament. Even Arabs born in Kirkuk to parents who came from the south will be ineligible, he said. "It's the mistake of their fathers."

Arabs and Turkmen accuse Kurdish politicians of gerrymandering and administrative jiu-jitsu.

"Many of the Kurds who returned to Kirkuk are not the original residents of the city," said Abass Ahmed, a 60-year-old Turkman. "They are actually Kurds from other Kurdish regions."

Because of the demographic shifts and the Sunni Arab boycott of the 2005 election, Arabs already have little representation in the city. Kurds control 26 of the 41 provincial council seats as well as the army, police and intelligence services in the city.

"We are all arming ourselves," a politician from Kirkuk recently told the International Crisis Group. "We are afraid. There is talk of civil war. Anything could start it."

A special correspondent in Sulimaniyah contributed to this report.

U.S. Tries To Put Its Best Foot Forward In Kirkuk Province (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, February 1, 2007

A U.S. Army colonel danced the debka at a garden party in this rural village last month, hand in hand with half a dozen former Kurdish guerrillas.

They were a study in contrasts: Col. Patrick Stackpole with crisp fatigues and a blond buzz cut, pistol strapped to his thigh, stomping along with swarthy peshmerga fighters with thick black mustaches, baggy shirwal pants and Muslim prayer beads.

Stackpole's soldiers, based in nearby Kirkuk, joined in or sat cradling automatic rifles as a military interpreter explained the dual purpose of the dance.

"They do it for a wedding or a ceremony, something like that," he said. "Or when they want to go to war."

Resource-rich Kirkuk and its surrounding province are prized by Iraq's various ethnic groups and could soon become another full-blown battleground in the widening civil war. The rolling hills produce 40% of the country's oil and 70% of its natural gas.

This year, Kirkuk residents face landmark votes that military experts say could spark sectarian violence: on how to draw provincial borders, and whether to conduct a census and join the semiautonomous Kurdish regional government.

The party Stackpole attended was held on land that had been seized from a Kurdish family and settled by Shiite Muslims. The property recently was returned to the original owners. Nearby, dozens of other Kurdish refugees are camped out in some of Saddam Hussein's former forts.

Goal of stabilizing area

Stackpole and his troops are attempting to forestall violence with a hearts-and-minds campaign that includes reaching out to both Kurds and Arabs, doling out reconstruction money and reinforcing political parties. And dancing.

"Never in my life did I think I would see a brigade commander from an infantry unit doing this," said Army Maj. Frank Strong, a burly reservist from McLean, Va., before joining the dance party.

The fete in this town, population 20,000, was orchestrated by a politician who has been one of the most receptive to U.S. overtures — provincial council Chairman Rizgar Ali Hamajan.

The Americans are counting on Hamajan, a Kurd and former peshmerga, to hold Kirkuk's provincial council together. Arab and Turkmen politicians are boycotting the council, citing a list of grievances.

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Hamajan meets with them privately to sign off on legislation and the local budget. This month, Hamajan is scheduled to meet with Iraqi Prime Minister Nouri Maliki, President Jalal Talabani, who is Kurdish, and the country's two vice presidents to discuss the upcoming votes, mandated by Iraq's new constitution.

During the party, Hamajan explained to Stackpole why he needed more reconstruction money. Sunni Arab insurgents are scaring off workers and investors, he said.

"We need to have opportunities for young people other than doing bad things, so they have someplace to go; not just the imam from Mosul coming to teach them bad things," Hamajan said as the electricity flickered off and on. "We may have lost the older generation, but we need to work with the younger generation."

Discussion over dumplings

As they sat down to lunch at two long tables laden with freshly grilled lamb kebabs, grilled bass, kifta meat dumplings, bulgur wheat and rice sprinkled with paprika, Hamajan said he was not optimistic that violence could be controlled in Kirkuk. After Hussein's execution in December, he said, attacks by Sunni insurgents started to increase.

"Now, it is chaos in Iraq," Hamajan said. He began eating with his hands; Stackpole followed suit.

After lunch, as the military guests piled back into their Humvees for the convoy back to their base, they pronounced the party an exceptional occasion, a rare chance to speak freely with politicians and learn something about local culture.

Stackpole, who would be taunted mercilessly back at the base about his prowess on the dance floor, declared it "a history lesson of sorts."

Sunnis, Shiites Plan To Form 2 Legislative Blocs (LAT)

By Alexandra Zavis

The Los Angeles Times, February 1, 2007

BAGHDAD, Iraq -- Sunni Arab and Shiite Muslim lawmakers announced plans Wednesday to form two new blocs in Iraq's parliament they hope will break away from the ethnic and religious mold of current alliances and ease sectarian strife.

But while both blocs said they hope eventually to draw in members of all ethnic and religious groups, one initially will be made up entirely of Shiite politicians and the other of Sunnis.

Moderate politicians across the sectarian divide have voiced mounting frustration at parliament's seeming impotence in the face of escalating violence that killed at least 32 Iraqis and injured dozens Wednesday. The U.S. military announced the deaths of three soldiers and one U.S. Marine in fighting north and west of the capital.

A group of mostly independent legislators in the United Iraqi Alliance, the dominant Shiite faction, said that within days they will launch a new "Solidarity bloc" intended to be a voice of moderation within parliament's largest political formation.

Members hope to appeal "to Iraqis' patriotism and not their sect or ethnicity," said Shatha Moussawi, one of Solidarity's founding members.

Organizers claimed the support of at least 10 of the UIA's 128 legislators, but said others had expressed interest in joining them. For now, the group plans to remain within the alliance. But members said they would reach out to representatives of other ethnic and religious blocs and could unite with them in the future.

On the Sunni side, a number of independent lawmakers said they had already broken away from the Iraqi Accordance Front, the largest Sunni bloc in parliament with 44 members. The new "Gathering of Independent Iraqis" is lead by Abid Mutlaq Jabouri, a former major general in Saddam Hussein's army, said Abdullah Eskandar, another founding member.

"We were hoping that the major blocs like the Accordance, the UIA and Kurdish alliance would get us out of this crisis we are facing, but these groups have also turned to sectarianism," Eskandar said. "We are trying to break out of these alliances in order to serve the interests of Iraqis."

He claimed the support of more than 10 Sunni lawmakers, but said the group hopes to become a major opposition party drawing in representatives of other communities.

Disputes both within and between the main blocs have paralyzed parliament for months, blocking final legislation governing key issues such as the division of responsibilities between Iraq's central government and provinces, the re-integration

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of former members of Saddam's regime into the government and security forces, and the distribution of the country's massive oil wealth.

U.S. officials had urged Iraqi politicians to look beyond their traditional formations in hopes of isolating more extreme leaders such as anti-American cleric Muqtada al-Sadr, who controls one of the two largest groups in the leading Shiite alliance and is backed by a powerful militia often blamed in the sectarian violence.

But members of both new blocs insisted U.S. officials had nothing to do with their ventures.

"I really hate that question," said Qassim Daoud, a member of the coming Solidarity bloc. "Our allegiance is to Iraq and the Iraqi people."

Meanwhile, Iraqi officials released new details about an obscure messianic sect they said had been poised to attack Shiite clergy and religious sites in Najaf when it was decimated Sunday in an offensive by U.S. and Iraqi forces.

Brig. Gen. Qais Mamoory, chief of the Babil provincial police force, told reporters that members of the Heaven's Army cult led by Dhyaa Abdul-Zahra, a charismatic man in his 30s, had infiltrated Iraq's security forces and were able to bring advanced weapons into their compound.

"It seemed that they prepared themselves well, and it seemed that they received training outside Iraq," Mamoory said.

The sect's gunmen were organized into snipers and attackers, who fought under the slogan "Victory or Martyrdom," he said.

"They surprised our forces in Najaf and they captured some of our troops and vehicles," he said.

But members of the elite Scorpion force freed 20 of them and retrieved five bodies, he said.

Most of the cult's 1,000 to 1,500 followers came from Kut, Diwanyia and Hillah, he said. They apparently hoped to establish an emirate under another cult leader, Ahmed Alagh, identified by police as an advocate of their Wahhabi of Sunni Islam practiced by al-Qaida. But literature viewed by a journalist inside the compound dismissed both Sunni and Shiite teachings. Abdul-Zahra and Alagh were believed to be killed in the fighting.

At least 2,067 Iraqis were killed in insurgent and sectarian violence in January, according to figures compiled by the ministries of health, defense and health.

The heaviest toll in Wednesday's violence was inflicted in Baghdad, where U.S. and Iraqi forces are promising to clear out Sunni Arab insurgents and sectarian militias in a neighborhood-by-neighborhood sweep.

A car bomb exploded in a downtown street where a crowd was waiting to catch minibus taxis to areas of Shiite Muslim-dominated east Baghdad. At least five people were killed and 12 injured, police said.

A car bomb in a mostly Shiite neighborhood of the capital and mortar attacks on a mostly Sunni area killed at least eight people and injured 28 more.

One U.S. soldier was killed and another injured in combat Wednesday in Salahuddin province, U.S. command said. Two more soldiers and a Marine were reported killed the previous day in al-Anbar province.

At least 3,084 U.S. personnel have been killed since the start of the Iraq war in 2003, according to the Web site icasualties.org.

Times special correspondents in Baghdad, Baqouba, Mosul, Najaf and Hillah contributed to this report.

U.S. Agency Finds New Waste And Fraud In Iraqi Rebuilding Projects (NYT)

By James Glanz

The New York Times, February 1, 2007

BAGHDAD, Jan. 31 — A federal oversight agency reported Wednesday that despite nearly $108 billion that had been budgeted for the reconstruction of Iraq since the 2003 invasion, the country's electrical output and oil production were still below prewar levels and stocks of gasoline and kerosene had plummeted to their lowest levels in at least two years.

The United States alone has accounted for nearly $38 billion of the rebuilding money, according to the agency, the Special Inspector General for Iraq Reconstruction.

Even as the flow of reconstruction money from the United States is coming to an end, the litany of major American contractors that are suspected of having wasted large amounts of the money has lengthened, new investigations by the inspector general have found.

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One of the reports released on Wednesday found that an American company, DynCorp, appeared to act almost independently of its contracting officers at the Department of State at times, billing the United States for millions of dollars of work that was never authorized and starting other jobs before they were requested.

The findings of misconduct against the company, on a $188 million job order to build living quarters and purchase weapons and equipment for the Iraqi police as part of a training program, were serious enough that the inspector general's office began a fraud inquiry.

"As a result of that audit, matters meriting investigation were uncovered," Stuart W. Bowen Jr., who is in charge of the office, said on Wednesday.

Mr. Bowen declined to give further details but said that he was also initiating a countrywide review of DynCorp's work in Iraq. The company has also received major contracts to train police in Afghanistan.

Gregory Lagana, a DynCorp spokesman, said the company would investigate the report's findings. "We are looking into the issues raised by the inspector general with the goal of providing as full an accounting as possible," Mr. Lagana said. "We believe we acted responsibly and with all due concern for the expenditure of public funds."

One major investigation begun by Mr. Bowen's office came to an end on Monday when Robert J. Stein Jr., a former Pentagon contractor who confessed to stealing millions of dollars in a bribery and fraud scheme in the southern Iraqi city of Hilla in 2004, was sentenced to nine years in federal prison.

But Mr. Bowen said Wednesday that his office had 80 active investigations of potential criminal activity in Iraq. Some 23 cases have been handed over to the Justice Department, "and they are making progress on those," he said.

The latest reports by Mr. Bowen's office appear to show that it is not for lack of money that the performance of Iraq's basic infrastructure has fallen to disastrous levels in some cases; if anything, the rebuilding program seems to have been given more money than it has been able to use to any effect.

In a sweeping breakout of financing sources, one analysis, in a quarterly report released Wednesday, shows that Congress has now passed eight bills that have provided $38.2 billion for the rebuilding effort, while Iraq itself has dedicated $50.5 billion to the effort. International donors have pledged $15.2 billion, although only a small portion of that has so far materialized.

One example of the problems Iraq has faced in using those enormous amounts of money can be seen in connection with the $24.8 billion in Iraqi money that the Iraqi government has appropriated for the capital budget of its ministries from 2004 to 2007 — in essence, a homegrown reconstruction budget.

Despite the threadbare state of the oil, electricity, water, transportation and communications infrastructure here, the ministries managed to spend as little as 15 percent of those appropriated funds because of problems finding companies to do the work in dangerous places, a lack of skilled contracting officers and American-sponsored anticorruption programs that have intimidated Iraqi bureaucrats.

Iraq faces those problems as the American money begins to run out. But even though American officials have managed to spend most of this money, its lasting impact on the quality of life in Iraq is highly debatable.

Despite the allocation of more than $4 billion in American taxpayer money to electricity projects in Iraq, the nationwide electricity output recently dipped below the prewar level of about 4,200 megawatts after a brief period above it. The performance is so embarrassing to the United States that late last year, with no formal notice, the State Department eliminated the line indicating prewar output from its weekly report on electricity production in Iraq.

After a rally in the middle of 2006, the inspector general's quarterly report shows, Iraq's crude oil production has also been steadily slipping, a serious concern because oil is the basis of the Iraqi economy.

Al Qaeda 2006: Fighting In Iraq, Regrouping In Afghanistan, Enlisting In Europe (CSM)

By Carol Huang

The Christian Science Monitor, February 1, 2007

In 2006, agents of Al Qaeda, as well as those inspired by its ideology, continued their attacks. Violence in Iraq intensified, and Afghanistan saw its most violent year since 2001.

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Despite worsening chaos on those fronts, counterterrorist forces arrested and killed high-profile terrorists and kept the West free from attack. But these actions don't appear to have weakened the appeal of Al Qaeda's agenda. "Home-grown" militants around the world joined its jihad, as regional fighting heightened perceptions of a global war on Islam.

Here's an assessment of some of the most significant gains and losses for Al Qaeda last year:

Afghanistan

Terrorism experts say that militant jihadists shifted focus to the original Al Qaeda base to utilize experience and tactics gained in Iraq – as reflected in the increase in suicide bombings from 27 in 2005 to 139 in 2006, according to US estimates. Al Qaeda leader Osama bin Laden and his No. 2, Ayman al-Zawahiri, are widely believed to be hiding in the border region between Afghanistan and Pakistan.

Algeria

Algeria's Salafist Group for Preaching and Combat declared an alliance with Al Qaeda in September.

Britain

In August, authorities foiled a terrorist plot with all the hallmarks of an Al Qaeda attack. British security arrested dozens of suspects whom they allege were participating in a plan to bomb up to 10 passenger flights from England to the US.

But Europe's major problem in 2006, experts say, was "home-grown terrorism." Britain's spy chief, Eliza Manningham-Buller, warned in November that the security service MI5 was "working to contend with some 200 groupings or networks, totaling over 1,600 identified individuals."

Europe is a primary recruiting base for Al Qaeda as Muslim communities there have access to wealth and freedom of movement, says Rohan Gunaratna, author of "Inside Al Qaeda: Global Network of Terror."

Islamic militants are "busy recruiting from the Muslim diaspora," adds Paul Wilkinson, chairman of the advisory board of the Centre for the Study of Terrorism and Political Violence at the University of St. Andrews in Scotland. "It's very clear that the organization is still very much in business.... And that recruitment has been going on quite rapidly."

Egypt

An April 24 attack in a Sinai resort town was not claimed by Mr. bin Laden, but the hotel bombings had many similarities to an Al Qaeda strike. The attacks were a sign that the group's tactics have gained a foothold among other radical groups.

Indonesia

Hundreds of members of Jemaah Islamiyah (JI), a major terrorist group linked to Al Qaeda, were arrested, while more radical members split from the group in early 2006 to form Tanzim Qaedat al-Jihad. The biggest blow to counterterrorism efforts was the release of Abu Bakar Bashir from jail in June 2006 after he spent 26 months in prison. The radical Islamic cleric, who is said to lead JI, was cleared of conspiracy charges in December for his role in the 2002 Bali hotel bombings. "Indonesian counterterrorism law is gravely weak," says Mr. Gunaratna. "Abu Bakar Bashir is the leader of the most dangerous group in Southeast Asia. His group has killed more than 250 people."

Iraq

The most violent offshoot of bin Laden's global organization, Al Qaeda in Iraq, seemed to suffer a major blow in 2006 with the killing of former chief Abu Musab al-Zarqawi in June.

But the loss of his leadership may have actually strengthened the group, says Gunaratna. "Zarqawi was a very able and ruthless man," he says, but "not a politician." His successor, Abu Ayyub al-Masri, "is following exactly the instructions of bin Laden and al-Zawahiri."

Al Qaeda in Iraq is small but vicious, says Gunaratna. It was linked to the February bombing of a Shiite shrine in Samarra – the impact of which ratcheted up sectarian killings in 2006.

In January, the UN said that more than 34,000 Iraqi civilians were killed last year, most in Sunni-Shiite violence that Al Qaeda is bent on fomenting.

Pakistan

In September 2006, President Pervez Musharraf arranged his most recent peace deal with pro-Taliban militants in Pakistan's remote Federally Administered Tribal Areas along the Afghan border. Mr. Musharraf's peace-brokering, critics warn, has allowed the Taliban to move freely between Afghanistan and Pakistan. John Negroponte, the first director of national

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intelligence who is expected to be confirmed as deputy secretary of state, said that the deal is allowing Al Qaeda operatives to reorganize in the area and to cultivate "stronger operational connections and relationships that radiate outward from their leaders' secure hideout in Pakistan to affiliates throughout the Middle East, North Africa, and Europe."

Palestinian territories

In March, Israel for the first time charged two Palestinians for being members of a group possibly connected to Al Qaeda. Journalist kidnappings raised concerns that the group was infiltrating the territory or inspiring copycats.

Philippines

The Philippine military killed two top members of the Al Qaeda-linked militant group Abu Sayyaf. Military officials say that the killing of the group's leader, Khadaffy Janjalani, in September 2006, and his deputy Abu Sulaiman, who was killed in January 2007, have rendered the group ineffective. Still, US-trained Philippine soldiers continue to regularly engage Abu Sayyaf militants.

Saudi Arabia

In February, Saudi Arabia thwarted a bombing on an oil-processing plant. Raids and gun battles throughout the country netted more than 100 suspected Al Qaeda militants, but US officials have said that the kingdom could do more to curb terrorism, including stopping the flow of militants and funds across its borders.

Somalia

In June, Islamists suspected of harboring key Al Qaeda operatives overran Mogadishu and took over most of the country except Baidoa, the seat of a weak transitional government. US-backed warlords could not stop the Union of Islamic Courts, which denies charges of ties with Al Qaeda. The country saw its first suicide bombing – which Somali officials blamed on Al Qaeda – on Sept. 19, a failed attempt to kill the interim president. The Islamists fled in the wake of an Ethiopian and Somali offensive that began Dec. 26.

USA

North America saw no Al Qaeda attacks. American security forces working around the world have seen "an awful lot of victories," says Arnaud de Borchgrave, director of the Transnational Threats Project at the Center for Strategic and International Studies in Washington. "The CIA has carte blanche to track terrorists around the world," he says. Critics say that this has led to the use of secret prisons used to interrogate Al Qaeda suspects.

On the domestic front, officials say that they thwarted attacks on Chicago's Sears Tower and New York's transit system over the summer and arrested several people in the process – although it was unclear how serious such plans were.

Yemen

Yemen prevented bomb attacks at two oil facilities on Sept. 15 that were, according to intelligence consulting firm Stratfor, probably commissioned by Al Qaeda. Twenty-three suspected Al Qaeda fighters escaped from prison in February. The government killed or captured many of them, but officials say that those remaining may help Al Qaeda in Yemen to regroup.

The Iraq Syndrome, R.I.P. (NYT)

By David Brooks

The New York Times, February 1, 2007

After Vietnam, Americans turned inward. Having lost faith in their leadership class, many Americans grew suspicious of power politics and hesitant about projecting American might around the world.

The Vietnam syndrome was real. It lasted all of five years — the time between the fall of Saigon and the election of Ronald Reagan.

Today, Americans are disillusioned with the war in Iraq, and many around the world predict that an exhausted America will turn inward again. Some see a nation in permanent decline and an end to American hegemony. At Davos, some Europeans apparently envisioned a post-American world.

Forget about it. Americans are having a debate about how to proceed in Iraq, but we are not having a strategic debate about retracting American power and influence. What's most important about this debate is what doesn't need to be said. No major American leader doubts that America must remain, as Dean Acheson put it, the locomotive of the world.

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Look at the leaders emerging amid this crisis. The two major Republican presidential contenders are John McCain and Rudy Giuliani, the most aggressive internationalists in a party that used to have an isolationist wing.

The Democrats, meanwhile, campaigned for Congress in 2006 by promising to increase the size of the military. The presidential front-runner, Hillary Clinton, is the leader of the party's hawkish wing and recently called for a surge of U.S. troops into Afghanistan. John Edwards, the most "leftward" major presidential contender, just delivered a bare-knuckled speech in which he castigated the Bush administration for not being tough enough with Iran. "To ensure that Iran never gets nuclear weapons, we need to keep all options on the table," Edwards warned.

This is not a country looking to avoid entangling alliances. This is not a country renouncing the threat of force. This is not a country looking to come home again. The Iraq syndrome is over before it even had a chance to begin.

The U.S. has no material need to reconsider its dominant role in the world. The U.S. military still has no serious rivals, even after the strains of Iraq. The economy is humming along nicely.

The U.S. has no cultural need to retrench. Vietnam sparked a broad cultural revolution, a shift in values and a loss of confidence. Iraq has not had the same effect. Many Americans have lost faith in the Bush administration and in this particular venture, but there has been no generalized loss of faith in the American system or in American goodness.

There hasn't even been a broad political shift in favor of the doves. The most important war critics are military types like Jack Murtha, Chuck Hagel and Jim Webb, who hate this particular war but were superhawks in other circumstances.

Finally, there has been no change in America's essential nature. As Robert Kagan writes in his masterful book "Dangerous Nation," America has never really been an isolationist or aloof nation. The United States has always exercised as much power as it could. It has always coupled that power with efforts to spread freedom. And Americans have always fought over how best to fulfill their mission as the vanguard of progress.

What's happening today is just another chapter in that long expansionist story. Today's debate in the Senate flows seamlessly from the history Kagan describes. Most senators agree that the tactical question of sending 20,000 more troops is not the central issue. Their core concern, they say, is finding a new grand strategy to stabilize the region.

Most senators want a much more aggressive diplomatic effort to go along with the military one. (If President Bush said his surge was part of an effort to establish a regional diplomatic conference, he'd have majority support tomorrow.) But they don't question the need for America to play a leading role. They take it for granted that the U.S. is going to be in the Middle East for a long time to come.

When you look further into the future, you see that the next president's big efforts will not be about retrenchment, but about expansion. They'll be about expanding the U.S. military, expanding the diplomatic corps, asking for more shared sacrifice, creating new interagency bureaus that will give America more nation-building capacity.

In short, the U.S. has taken its share of blows over the past few years, but the isolationist dog is not barking. The hegemon will change. The hegemon will do more negotiating. But the hegemon will live.

Pentagon Restructuring May Threaten Special Ops Oversight (HILL)

By Roxana Tiron

The Hill, February 1, 2007

A major reorganization of the Pentagon's policy shop is raising concerns among defense authorizers, who say the move could dilute the efficacy of a congressionally mandated civilian office tasked with oversight and support of special operations.

A report addressing lawmakers' concerns about the overhaul of the Office of the Undersecretary of Defense for Policy is due today to Congress, and a Pentagon spokeswoman said the report is ready and will be delivered by deadline. Several sources, however, have indicated that the report may be delayed because of a long approval process.

The reorganization is meant to bring the office into line with the U.S. military's need to respond to transnational threats, manage international military coalitions and equip partner nations to fight terrorists. The report is expected to address congressional concerns that policy office leadership so far has been unable to alleviate despite several meetings on the Hill.

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"We are less certain about the reorganization," a congressional source said. "Each briefing from [the Pentagon] makes us less comfortable." The source added that policy shop leadership may be casting doubt on its own plan by saying it will be implemented on a one-year trial basis and then re-evaluated.

As part of the overhaul, the restructuring of the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (SO/LIC) could face opposition from the armed services panels, which initially mandated the office's creation. The position was included as part of the Goldwater-Nichols Department of Defense Reorganization Act, which also created the United States Special Operations Command.

The Special Operations Command (SOCOM) oversees each military service's elite warriors, such as the Army's Green Berets, Rangers and Delta Forces, Navy SEALs and Air Force special operators.

The assistant secretary's office, which is run by civilians with extensive special-operations background, was created to ensure that the special-operations forces would receive the attention and resources from the Pentagon deemed necessary by Congress.

Because the Pentagon is keeping SO/LIC as an office rather than eliminating it, it is unclear what members could do legislatively to prevent the office's expanded portfolio.

So far, lawmakers are inclined to listen. Sen. Jack Reed (D-R.I.), chairman of the Armed Services Emerging Threats and Capabilities subcommittee, is planning to meet in the coming days with Ryan Henry, the principal deputy undersecretary of defense for policy and one of the architects of the reorganization.

"We created the position for SO/LIC and we want to go back and see whether these changes are justified," Reed told The Hill. "Certain aspects of the reorganization require some discussion and the whole point is to ask questions."

In the past, under the leadership of Thomas O'Connell, the SO/LIC office oversaw several functions, such as special operations/combating terrorism, counter-narcotics, information operations and so-called stability operations.

Part of the reorganization required congressional approval of a 10th assistant secretary of defense to oversee a new office of global security affairs.

The assistant secretary of defense for global security affairs is taking on the responsibility of overseeing counter-narcotics operations that previously had been under SO/LIC, as well as several other functions such as detainee affairs and security cooperation operations.

For SO/LIC, the overhaul means that the office now would be called SO/LIC Interdependent Capabilities and would oversee special operations, strategic capabilities (nuclear and missile issues), stability operations and forces transformation and resources.

While Congress approved the creation of a 10th assistant secretary of defense to facilitate the reorganization of the policy shop, defense authorizers had some critical questions about the role played by SO/LIC.

Defense authorizers are worried that strategic capabilities (i.e., nuclear and missile issues) require a different skill set and knowledge base and could result in an overall dilution of the statutory mission of the assistant secretary of defense for SO/LIC, which is to supervise special operations and low-intensity conflict activities.

Moreover, authorizers wrote in the report to the 2007 defense authorization bill that moving strategic capabilities away from the office responsible for chemical and biological weapons would affect coordination.

Also, yet another skill set would be needed to oversee transformation. "Placing such responsibilities under the ASD for SOLIC/IC would further divert focus from the statutory mission of this ASD," said the report.

The reorganization may also place the commander of SOCOM in a complicated position.

Although SOCOM by virtue of its covert nature does not welcome much oversight, the lack of a civilian advocate on the Hill and in the Pentagon could detract from Gen. Doug Brown's responsibility as SOCOM commander.

The Afghanistan Surge (WP)

The Washington Post, February 1, 2007

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WHILE THE country debates the Bush administration's "surge" of American troops into Baghdad, a similar American buildup has begun in Afghanistan. As in Iraq, it comes in response to rapidly escalating violence, and in Afghanistan, too, one question is whether the reinforcements are too little or too late.

By extending the deployment of a brigade of the 10th Mountain Division even as the 82nd Airborne begins to arrive, the Pentagon will bring the U.S. troop level to 24,000. That's 50 percent more than at this time last year and about six times the number of American soldiers who were in Afghanistan at the time of the battle for Tora Bora, in early 2002. The administration, led by Vice President Cheney and then-Defense Secretary Donald H. Rumsfeld, stoutly resisted calls for expanding either U.S. or allied forces then. Let the record show: They were terribly wrong. Successful wars begin with a large troop deployment that tapers off as objectives are accomplished and security is restored. In Afghanistan U.S. troop levels started at rock bottom and have steadily risen over the past five years, even as security has worsened.

By most measures, there are still far fewer Afghan and foreign troops than are needed to secure the country. With the increase, the total number of U.S., NATO and other allied troops will be around 45,000, while there are about 40,000 soldiers in the new Afghan army. By contrast there are 146,000 coalition troops in Iraq in advance of the surge, and 134,000 Iraqi army troops. Yet Afghanistan is 50 percent larger than Iraq and has a larger population. What's more, many NATO troops in Afghanistan are constrained by their governments from fighting or even deploying in the areas where the Taliban insurgency is based. Only 80 percent of the troops requested by NATO commanders have been dispatched, and there are shortages of vital equipment such as helicopters.

The relative good news is that the administration is making a significant effort to correct a situation that, though deteriorating, remains far better than that in Iraq. In addition to the extra forces, Secretary of State Condoleezza Rice announced last week that the White House would seek $10.6 billion in new funding for Afghanistan in the upcoming supplemental budget -- a huge addition to the $14 billion in aid that has been spent since 2001. Most of the new money would go toward a big expansion of the Afghan army and police, which would gain 150,000 new personnel, but $2 billion would be used for aid projects in a country where millions of people have yet to see any benefit from the government that replaced the Taliban.

The effort deserves support from Congress. But it's likely to fall short unless other NATO countries are willing to similarly increase their commitments. Though Britain, Canada and the Netherlands carried the burden of the war in southern Afghanistan last year, Germany, France, Italy and Spain are among the countries that have kept their soldiers away from the war zone and tied them down with restrictions. The European Union has pledged just $780 million in aid for Afghanistan over the next four years. Ms. Rice now leads a U.S. campaign to round up more allied commitments over the next several weeks. She can only hope the belated but essential American escalation will give her some leverage.

DOJ:

Top US Prosecutors 'forced Out' (FT)

By Brooke Masters In New York

Financial Times, February 1, 2007

Democratic senators are fighting to halt what they say is a Bush administration campaign to remove forcibly top federal prosecutors, including the US attorneys responsible for key investigations of Congressional corruption and stock options back-dating.

Senator Patrick Leahy, the new chairman of the Judiciary Committee, will hold a hearing next week on whether the justice department is politicising the hiring and firing of top federal prosecutors.

Thirteen of the 93 US attorneys have left since the March 2006 passage of a little-noticed amendment to the Patriot Act that – in effect – allows President George W. Bush to install top prosecutors without Senate confirmation.

Departing attorneys include Kevin Ryan of San Francisco, who was leading the probes of stock options at Apple, and Carol Lam of San Diego, who prosecuted Republican congressman Randy "Duke" Cunningham and was investigating a politically connected defence contractor.

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Democrats say those two as well as US attorneys in New Mexico, Arizona, Arkansas, Washington State and Nevada have been forced out. Mr Ryan has said he left as a result of a "mutually agreeable decision with Washington".

Alberto Gonzales, the attorney-general, denied that the Bush administration was trying to circumvent Senate confirmation. Justice department officials said on Wednesday they would seek Senate confirmation for all replacement attorneys.

Traditionally, the justice department sets policy but the US attorneys have significant discretion in deciding which cases to investigate and prosecute.

The president names US attorneys but permanent US attorneys must be confirmed by the Senate. Until last year, "interim" replacements could serve 120 days and then generally had to seek approval from a state's federal judges to stay on.

However, during 11th-hour negotiations over the re-authorisation of the Patriot Act, Republican Senator Arlen Specter added an amendment that allows the president to make interim appointments that can last indefinitely.

Recently, turnover among US attorneys has been unusual. Although US attorneys serve at the president's pleasure – and are routinely asked to submit resignations when an administration changes – it is unusual for so many to leave at the same time during midterm.

California Senator Dianne Feinstein has introduced a bill to return to the old system. Mr Leahy is a co-sponsor and the Judiciary Committee will consider it as early as next week.

Interim U.S. Attorney For Ariz. Named (AZREP)

By Dennis Wagner, The Arizona Republic

Arizona Republic, February 1, 2007

The Department of Justice, dodging recommendations from Arizona's two U.S. senators, has named veteran federal prosecutor Daniel Knauss as interim U.S. attorney for the District of Arizona.

Republican Sens. John McCain and Jon Kyl had recommended Diane Humetewa, an assistant U.S. attorney and member of the Hopi tribe, for the position vacated by Paul Charlton.

In a news release, the Justice Department announced Wednesday that Attorney General Alberto Gonzales had appointed Knauss, a chief assistant in charge of the U.S. attorney's satellite office in Tucson.

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Kyl, a member of the Senate Judiciary Committee, which must confirm permanent candidates, responded: "Daniel Knauss is a quality lawyer and will make an excellent interim U.S. Attorney. . . . It's our hope that eventually Diane Humetewa will be nominated by the president."

Wyn Hornbuckle, a spokesman for the U.S. Attorney's Office for Arizona, stressed that Knauss' appointment is a temporary measure. He said President Bush has yet to nominate a candidate for Senate approval, and Humetewa is not excluded from that process.

Candidates recommended by senators typically win such assignments, but the attorney general has authority to appoint interim administrators as he sees fit.

Knauss, a 34-year employee of the federal prosecutor's office in Arizona, also filled in as boss during 1993 after the resignation of Linda Akers. His temporary appointment at the time angered Sen. Dennis DeConcini, who had nominated Janet Napolitano for the job, though she was not then a federal prosecutor.

Napolitano later received President Clinton's permanent nomination and served as U.S. attorney before winning elections as Arizona's attorney general, and then governor.

Over the years, Knauss has held three of the most important posts at the U.S. Attorney's Office: first assistant, chief assistant and head of the Criminal Section.

"He will bring a consistency to the office that is critical to its mission and personnel during this transition," Hornbuckle said.

Knauss' assignment comes amid a controversy over the forced resignations of several U.S. attorneys around the nation. Some Democratic lawmakers, who say Gonzales has targeted chief prosecutors for political reasons, plan to conduct a Senate Judiciary Committee hearing on the issue Tuesday. They also complain that the Bush administration is abusing a provision in the USA Patriot Act that allows Gonzales to make interim appointments without congressional confirmation.

Charlton announced his resignation last month, saying he was shifting to private legal practice. He has not commented on speculation that he was directed to quit.

Although the nation's 63 U.S. attorneys serve at the pleasure of the attorney general, resignations generally occur after four-year terms are completed.

Reporter Billy House contributed to this story. Reach the reporter at dennis.wagner@arizonarepublic.com or (602) 444-8874.

Federal Judge Won't Seek U.S. Attorney Post In Los Angeles (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 1, 2007

Dickran Tevrizian, a leading candidate for the L.A. post, is said to have withdrawn his name.

Longtime federal judge Dickran M. Tevrizian has withdrawn his name from consideration as the next U.S. attorney in Los Angeles, it was learned Wednesday.

Though Tevrizian declined to comment, others in the legal community said the 66-year-old jurist had recently notified a search committee for the Justice Department that he no longer was a candidate for the job.

Only days ago, Tevrizian, a U.S. District Court judge, was viewed as one of the leading candidates for the position, which has jurisdiction over federal prosecutions in a seven-county area.

But Tuesday, the judge told attorneys in a case before him that he would not pursue the post, a lawyer said.

"Basically he said he wasn't that interested in the job and had put his name in consideration because others had asked him to," said attorney Dale Rubin.

Rubin is representing one of two men facing the death penalty in Tevrizian's court for a kidnapping and murder rampage.

One day before Tevrizian's disclosure, attorneys for the two defendants had asked him to recuse himself because of the possibility that he might soon be running the very office prosecuting the case, Rubin said.

"It is not that he is biased," Rubin said.

"It was just the appearance of impropriety we were trying to avoid," the attorney said.

Tevrizian referred the motion to another judge for a decision, Rubin said.

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CORPORATE SCANDALS:

Enron Broadband Convictions Overturned (AP)

By Juan A. Lozano, Associated Press Writer

AP, February 1, 2007

Judge Overturns Convictions of Enron Broadband Executive

HOUSTON (AP) -- Just days before he was set to be sentenced, a former Enron Corp. executive's fraud and conspiracy convictions related to the company's broadband unit were overturned Wednesday by a federal judge.

Former broadband unit finance chief Kevin Howard was convicted in May on five counts of fraud, conspiracy and falsifying records after a monthlong trial. Howard had been set to be sentenced Monday.

Former in-house accountant Michael Krautz was acquitted of the same charges in the same trial. Both men were accused of participating in a small piece of the fraud that brought down Enron in 2001.

On Wednesday, U.S. District Judge Vanessa Gilmore vacated the convictions on all five counts Howard had been found guilty of, saying in a 19-page ruling the convictions were tied to a flawed legal theory prosecutors used to explain the fraud and conspiracy charges.

Gilmore based her decision on a ruling in August in which the 5th U.S. Circuit Court of Appeals reversed several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's 1999 sale of mobile power plants to the brokerage to help the energy trader appear to have met earnings targets.

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The appeals court found fault with the government's arguments of criminal liability and deprivation of honest services.

Gilmore said the decision in the Merrill Lynch case compelled her to vacate Howard's convictions.

"An important tenet of our criminal justice system is that a defendant is innocent until proven guilty beyond a reasonable doubt," Gilmore wrote in her ruling. "When it is uncertain whether a defendant was convicted under an appropriate standard, the integrity of the judicial system is undermined."

Jack Zimmermann, one of Howard's attorneys, said his client was gratified with Gilmore's ruling.

"Kevin Howard has maintained faith in the system," he said.

Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury in 2005. Although Enron was primarily an energy trader, the broadband unit was created in 1998 as another growth engine during the dot-com boom.

Howard was accused of conspiring to manufacture earnings for the failing broadband unit in late 2000 by selling an interest in future revenue of a video-on-demand venture that never made a profit. Prosecutors alleged the deal, "Project Braveheart," was a sham because investors were promised to be bought out at a premium, making the sale a disguised loan.

Zimmermann, who defended Howard with attorney Jim Lavine, said prosecutors could still decide to retry him for a third time. A hearing in the case was set for Feb. 20.

"We would hope the government would carefully evaluate their options and decide a third trial is not in the best interests of the taxpayers and the government anymore than it is in the interests of Mr. Howard," Zimmermann said.

A representative from the Justice Department did not immediately return a telephone call Wednesday evening seeking comment.

Prosecutors had conceded the four fraud and conspiracy counts against Howard should have been vacated because of the flawed legal theory.

But they had contended the falsifying records count should remain because trial evidence had proved that through his participation in Project Braveheart, Howard had directly "caused the falsification of Enron's earnings and therefore of its books and records."

Gilmore said she didn't believe such evidence was presented at trial that would have compelled the jury to find Howard guilty of falsifying records without relying on the other flawed counts.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable. The collapse wiped out thousands of jobs, more than $60 billion in market value and more than $2 billion in pension plans.

Judge Throws Out A Conviction In Enron Case (NYT)

By Kate Murphy

The New York Times, February 1, 2007

HOUSTON, Jan. 31 — A federal judge in Houston on Wednesday threw out the conviction of Kevin A. Howard, the former chief financial officer for Enron's Broadband unit, citing a ruling in a similar case in which the jury's verdict was vacated.

The decision was based on a ruling in August by the United States Court of Appeals for the Fifth Circuit, in New Orleans, that essentially exonerates employees who provide so-called honest services while keeping with corporate goals and do not rob their employers of any money.

"We are very pleased," Mr. Howard's lawyer, Jack Zimmerman, said.

The first trial against Mr. Howard lasted three months in 2005 and ended in a hung jury. He was tried along with five other Broadband employees. His conviction on five charges of conspiracy and fraud occurred during a retrial last year.

His only co-defendant in the second trial was Michael W. Krautz, Enron Broadband's former accountant, who was acquitted of all charges because the jury contended he was only following orders.

In a 19-page decision filed on Wednesday, Judge Vanessa Gilmore of Federal District Court said her ruling matched the Fifth Circuit's in another Enron fraud case involving Merrill Lynch and Nigerian barges.

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In that case, the appeals court overturned several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's sale of mobile power plants to the brokerage firm in 1999 to help Enron appear to have met earnings targets.

The court said the government did not prove that defendants had deprived the company of "honest services."

Federal prosecutors had conceded that four of the five convictions against Mr. Howard should be dropped because of the Fifth Circuit's opinion but held that the fifth, for falsifying records, should stand. The judge disagreed because the jury could have relied on the convictions on the other counts to determine his guilt on the final charge.

"Kevin's a very happy man," Mr. Zimmerman said. "We've always told him to have faith in the legal system."

The government can now either accept the ruling, appeal or retry Mr. Howard a third time using a different argument.

"I've learned a long time ago not to anticipate what the government will do," Mr. Zimmerman said.

A spokesmen for the Justice Department, Bryan Sierra said, "We are reviewing our options," but declined to comment further.

Two former Enron Broadband executives, Kenneth Rice and Kevin Hannon, pleaded guilty in 2004 and testified in both of Mr. Howard's trials. They are awaiting sentencing.

Mr. Howard's co-defendants in the first trial — Joseph Hirko, F. Scott Yeager and Rex Shelby — are awaiting retrial.

Mr. Shelby's lawyer, Edwin Tomko, said that while he was pleased with today's decision, "It doesn't really help us because our cases have nothing in common."

As in Mr. Yeager's and Mr. Hirko's cases, the charges against Mr. Shelby include securities fraud, which cannot be defined as "honest services."

New Blow To A Law Firm Under Inquiry (NYT)

By Julie Creswell

The New York Times, February 1, 2007

A few years before he faked the theft of two works of art from his home in Brentwood, Calif., Steven G. Cooperman, a former ophthalmologist, received a personal check from a partner of the law firm Milberg Weiss & Bershad for $175,000 as an "option payment" on one of those works, Picasso's "Nude Before a Mirror."

But court documents filed by federal prosecutors in Los Angeles yesterday said the check was a secret payment made to Mr. Cooperman for acting as a named plaintiff in a class-action lawsuit filed by Milberg Weiss.

The government's agreement with Mr. Cooperman, contained in the documents, in which he agreed to plea guilty to a conspiracy charge, is another blow to Milberg Weiss. The law firm was indicted along with two of its partners last year by a federal grand jury in Los Angeles on charges that it participated in a scheme to make secret payments to numerous plaintiffs.

Mr. Cooperman's plea deal is the latest move by federal prosecutors, who have spent seven years investigating the firm and its tactics. Last year, another former Milberg Weiss plaintiff, Howard J. Vogel, pleaded guilty to making a false declaration to a court in connection with secret payments he received from the firm, court filings state.

Still, prosecutors have been unable to bring charges against their primary targets: Milberg's co-founder, Melvyn I. Weiss, and William S. Lerach, who started his own firm on the West Coast in 2004. People close to the investigation say the two men are identified as "Partner A" and "Partner B," respectively, in court documents.

Mr. Cooperman, however, is a challenging witness for prosecutors. Convicted of insurance fraud in the staged theft of the artworks, Mr. Cooperman cut a deal with prosecutors in 1999, agreeing to provide them information on Milberg Weiss.

While serving a 30-month prison sentence, Mr. Cooperman committed additional crimes, which breached his cooperation agreement, the plea agreement states.

In an e-mailed statement, a lawyer for Milberg Weiss, William W. Taylor III, said Mr. Cooperman's allegations were not new and "have never been credible."

"Rewarding any witness for 'cooperation' is inherently suspect," Mr. Taylor's statement said. "To do so twice, and in the face of crimes he committed blatantly from prison, demonstrates the lack of substance and inherent unfairness of the allegations against the firm."

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According to court filings, Mr. Cooperman received $6.4 million in payments from 1988 to 1999 for serving as a named plaintiff in about 70 class-action and shareholder derivative lawsuits that netted Milberg Weiss more than $133 million in fees.

To conceal the illegal kickbacks, the firm and many of its partners, according to prosecutors, made false and misleading statements in various court documents and often made payments in cash through Mr. Cooperman's lawyers.

In one case, however, Mr. Cooperman's secret payment was disguised as a false "option payment" made by "Partner A," on the Picasso "Nude Before a Mirror," court filings say. In a series of transactions involving Mr. Cooperman's brother-in-law, much of the $175,000 payment was returned to Partner A, while other payments were made to Mr. Cooperman.

A lawyer for Mr. Weiss, Benjamin Brafman, rejected any allegations of wrongdoing by his client and declared the art option agreement "100 percent legitimate," noting that Mr. Weiss is an active collector of Picasso paintings.

"He changed his mind about the painting and it's that simple," Mr. Brafman said. "It has absolutely nothing to do with the allegations in the case."

Former Lead Plaintiff's Guilty Plea May Spell Trouble For Lawyer Lerach (LAW)

By Matthew Hirsch, The Recorder

California Recorder, February 1, 2007

Superstar plaintiffs lawyer William Lerach has remained outside the reach of investigators looking at a kickback scheme at his former firm, Milberg Weiss, but a guilty plea in the case on Wednesday might change that.

Steven Cooperman, a former ophthalmologist previously convicted of insurance fraud, admitted to taking payments for serving as lead plaintiff in class actions filed by Milberg Weiss over 12 years.

Court documents filed Wednesday detail Cooperman's role and also appear to put "Partner B," long believed to be Lerach, at the heart of the lucrative kickback scheme.

Though the charging documents don't identify Lerach by name, one source close to the investigation said Wednesday, "If you look at it, there's an awful lot of facts in there about Bill Lerach."

That Cooperman has helped prosecutors build their case against Milberg Weiss is nothing new. He has been cooperating since its beginning. In fact, he's the one who first told prosecutors about the kickbacks and fingered Lerach.

The problem for the U.S. Attorney's Office has been that Cooperman has a major credibility problem. He offered to cooperate in the Milberg investigation only after he was convicted and sent to prison for orchestrating an insurance scam by claiming some fine art in his Beverly Hills home had been stolen. Because of his past, anything Cooperman could say in trial about Lerach, or anyone else linked to Milberg Weiss, could look like an attempt to escape another stint in the slammer.

But on Wednesday, Cooperman's credibility may have become less of a problem. His plea -- to conspiring with Milberg Weiss and several of its senior partners to obstruct justice and make false statements in class actions -- shows that he's not cutting a deal to get off entirely scot-free.

With the plea, he faces up to five years in prison, with three years of supervised release, plus a fine of either $250,000 or twice the amount he gained in the Milberg scheme.

Generally, a plea deal by a witness with baggage can help the government, but only if prosecutors can independently corroborate the testimony, said Jeffrey Bornstein, a former Assistant U.S. Attorney.

"Why should a jury believe a witness who admits as part of his guilty plea that he lies under oath in other proceedings?" said Bornstein, a partner at Kirkpatrick & Lockhart Preston Gates Ellis.

While Cooperman's credibility may remain questionable, the detailed allegations introduced Wednesday in a 50-page charging document in U.S. v. Cooperman, CR 06-776(A), suggest prosecutors are closing in on Lerach.

Court documents filed in the U.S. District Court for the Central District of California Wednesday are rife with details about the role "Partner B" played in the alleged kickback scheme at Milberg Weiss. Among other things, prosecutors claim that "Partner B" directly paid Cooperman in cash to conceal the scheme.

Neither Lerach, of Lerach Coughlin Stoia Geller Rudman & Robbins, nor his attorney, John Keker of Keker & Van Nest, returned calls on Wednesday.

COOPERMAN COOPERATES

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Cooperman first agreed to cooperate with federal prosecutors in August 2000 after he was found guilty of 18 federal charges in the insurance fraud case. But, while serving time for the insurance fraud convictions, Cooperman committed unspecified "additional crimes" that breached his cooperation agreement with prosecutors, according to a release from the Central District U.S. Attorney's Office.

Cooperman's attorney, Russell Gioiella, of New York's Litman, Asche & Gioiella, confirmed Wednesday that his client was nailed by prosecutors for forging his doctors' signatures on health insurance forms while in prison for the fraud convictions.

"It was an error in judgment, but he didn't intend to or cause any financial harm to anyone," Gioiella said.

Though Cooperman's guilty plea has no explicit cooperation provision, Gioiella said his client will continue to cooperate if asked by prosecutors.

"He's been 100 percent truthful with the government as to Milberg Weiss," Gioiella said. "Nothing has changed in that respect."

Not everyone agrees that Cooperman's plea deal helps federal prosecutors in their case against Milberg.

Joseph Russoniello, who was a U.S. Attorney for eight years until 1990, said the deal might just cause more problems for the government.

"It's kind of a two-edged sword in many ways," said Cooley Godward Kronish's Russoniello. "The conviction puts the onus on a cooperating defendant to be very open, forthcoming and obviously honest, because any perjury or false statements can significantly jeopardize how the court would view [his] cooperation.

"What it does do," he continued, "is it may remove one incentive to give false testimony -- that is, to avoid prosecution -- and substitute a second motive or bias, which is to avoid a long jail term."

Cooperman isn't the first former lead plaintiff tied to Milberg Weiss to plead guilty in the conspiracy probe. Howard Vogel, a retired mortgage broker from Florida, entered a guilty plea last April, just one month before federal prosecutors in Los Angeles indicted the Milberg firm and partner David Bershad and former partner Steven Shulman.

SEC Aggressively Pursuing Options Cases, Chairman Says (AP)

AP, February 1, 2007

WASHINGTON (AP) - The Securities and Exchange Commission's investigations of suspicious timing of stock options grants at more than 100 public companies are proceeding vigorously and the agency continues to work closely with federal prosecutors in pursuing cases, SEC Chairman Christopher Cox said Wednesday.

``This is a very aggressive program," Cox told reporters.

He also said there is no disagreement among him and the four other SEC commissioners over how stringently to penalize companies found to have engaged in improper backdating of grants to executives. Cox was responding to questions about a news report that said the agency's enforcement efforts were stalled because of dissension among the commissioners over whether companies should be fined.

In addition, he said, the SEC is working ``very closely" with the Justice Department in pursuing stock options cases.

The federal prosecutors and the SEC have filed criminal and civil charges, respectively, against former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

Some observers have criticized the pace of the enforcement effort.

SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors.

At issue in many of the investigations is a practice known as backdating: Stock options are issued retroactively to coincide with low points in a company's share price. This fattens profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can violate federal accounting and tax laws.

On the Net:

Securities and Exchange Commission: http://www.sec.gov

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Dell Chief Is Replaced By Founder (NYT)

By Damon Darlin

The New York Times, February 1, 2007

Michael S. Dell has taken back the leadership of the computer company he founded, replacing Kevin B. Rollins after more than a year of mounting problems at Dell.

The company announced yesterday that Mr. Rollins had resigned as chief executive and as a director. Mr. Dell, who is the chairman, immediately assumed Mr. Rollins's duties as well.

The company presented the change, which had been speculated about by Wall Street analysts and industry insiders for more than a year, as a decision by the board, which met earlier this week. Sam Nunn, the former Georgia senator who is the presiding director of Dell's board, was quoted in a company release as saying: "The board believes that Michael's vision and leadership are critical to building Dell's leadership in the technology industry for the long term."

The company also said that it expected fourth-quarter revenue and earnings to fall below the consensus predictions on Wall Street. That was also not an unexpected announcement after industry analysts said several weeks ago that other PC makers had strong sales in the fourth quarter, while Dell's sales lagged.

Mr. Rollins is not entitled to severance or a pension plan. Still, he will walk away with stock options worth about $30 million that he earned during his tenure, according to earlier company filings. According to Equilar, which analyzes executive pay, Mr. Rollins earned $42 million in total direct compensation as the chief executive. A Dell spokeswoman said Mr. Rollins's departure agreement had not yet been completed.

Mr. Dell and Mr. Rollins had a close relationship, sharing an office at company headquarters in Round Rock, Tex., even after Mr. Dell turned over the chief executive job to Mr. Rollins in 2004. Mr. Rollins joined the company 10 years ago as Mr. Dell's top lieutenant and had served as a consultant to Mr. Dell for three years before that.

The question of how long Mr. Rollins would remain in the top job was asked frequently after Dell began disclosing problems, beginning in late 2005. They included slowing revenue growth and, last year, accounting problems that have spurred investigations by the Securities and Exchange Commission and the Justice Department.

Mr. Rollins's departure "is an expression of dissatisfaction with the current status of the company and its rate of change," said A. M. Sacconaghi, an analyst with Sanford C. Bernstein & Company. Wall Street seemed to applaud the news, pushing the company's shares up 3.88 percent, to $25.16, in after-hours trading.

Mr. Dell, who founded the company in 1984, had stood steadfastly by Mr. Rollins. During a company technology conference in New York City in September, he said, "Kevin and I run the business together, so if you want to blame somebody you can blame me, too. But, more importantly, we believe we have a very strong team in our company. Kevin is obviously a key part of that, as am I." He added that speculation about changes at the top of the company was useless, "but feel free to speculate, because everyone else does, but it's not going to happen."

In a brief interview yesterday after the news was announced, Mr. Dell refused to comment on what had changed, and he declined to reflect on the long relationship he had had with Mr. Rollins.

Mr. Dell said he was excited about coming back to run the company. "It feels like 1984 and I am starting over again," he said. "Only this time I have a little more capital."

Mr. Dell said that he intended to push the company to do more in the business of providing consulting services to its larger corporate customers. Services are a high-margin business, but the sector is currently dominated by I.B.M. and business consultants like Electronic Data Systems. Hewlett-Packard, Dell's biggest rival in the computer business, has recently revamped its services business because it sees it as an important way to sell more hardware and software. Dell recently hired Stephen F. Schuckenbrock, an E.D.S. executive, to head its services business.

According to IDC, a market analysis firm, Hewlett-Packard's worldwide share of the PC market increased to 18.1 percent in the fourth quarter, from 15.9 percent a year ago, while Dell's share slipped to 14.7 percent, from 17.5 percent.

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“Consulting and outsourcing would be a departure for Dell,” Mr. Sacconaghi said. But he added that it could make sense “to grow the part of the company that has twice the profit margins of the rest of the business.”

Mr. Dell did not rule out the possibility that the company would be willing to re-examine its direct-sales business model, which he developed to build the company. “It is an interesting question,” he said. “That’s where you’ll see new ideas and some experiments.”

The company recently opened two mall storefronts where Dell products are displayed. The stores do not carry inventory; products are ordered there or online for delivery later.

While the consumer market makes up only about 15 percent of Dell’s overall global business, consumer sales, particularly notebook sales in the United States, have been the strongest segment of the PC industry, growing well over 50 percent in 2006. Dell has not been particularly strong in that segment, hurting its profits.

Samir Bhavnani, research director at the electronics industry analysis firm Current Analysis, blamed Mr. Rollins for missing the industry shift to more distinctive industrial design and for cutting back customer service. The company has made a concerted effort in the last year to fix both problems.

The company “is well positioned to right the ship,” Mr. Bhavnani said.

Dell's Founder Replaces Rollins As Chief Executive (Update4) (BLOOM)

By Connie Guglielmo

Bloomberg, February 1, 2007

Jan. 31 (Bloomberg) -- Dell Inc. Chairman and founder Michael Dell reclaimed the position of chief executive officer, ousting Kevin Rollins after he lost the lead in personal computers and failed to revive earnings growth.

The shares rose 4.3 percent after the Round Rock, Texas- based company said Rollins, 54, resigned effective immediately. The decision to replace him was made earlier this week, said spokesman Bob Pearson, declining to be more specific.

The PC maker said results will miss analysts' estimates for the third time in the past four quarters. Dell already replaced his finance chief and takes over as the company struggles to regain its position as the world's largest PC maker from Hewlett-Packard Co. and faces a government probe into its accounting.

``It's a pretty big surprise," said Robert Lutts, president of Cabot Money Management in Salem, Massachusetts. ``They are going through some growing pains. Him coming back in might reinvigorate the company."

Shares of Dell rose $1.04 to $25.26 in extended Nasdaq Stock Market trading. They slipped 7 cents to $24.22 at 4 p.m. today and have declined 17 percent in the past year.

`Outstanding Executive'

Dell, 41, handed the CEO title to Rollins in 2004 after building the company from his college dorm room with $1,000. He defended Rollins's leadership in recent months as the company's woes mounted, saying in September that the two ran Dell together. He described Rollins as an ``outstanding executive" then.

``We've always been a company able to respond to challenges and opportunities," Dell said in prepared video remarks from the company's headquarters today. ``I'm very excited to be CEO again. I feel the same kind of energy and drive I did when we started the company in 1984."

The company said in August that the U.S. Securities and Exchange Commission had been reviewing its revenue recognition and other financial reporting for a year. That review was elevated into a formal investigation in November. The U.S. Justice Department is also probing the company's accounting.

Last year, Dell missed profit forecasts for two straight quarters, reported its slowest sales growth in four years, announced the recall of 4.1 million notebook batteries and said it planned to invest $150 million to improve customer service.

Dell 2.0

In September, Rollins and Dell, after canceling an annual meeting for financial analysts, announced Dell 2.0, their plan to examine all aspects of the business and make whatever changes necessary to boost sales and profit.

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``Dell 2.0 is a chance for our company to reinvent itself," Dell said. ``We have enormous assets in this company. Some of them have been hidden fairly recently -- our challenge is to bring them out."

Dell didn't provide any figures for fourth-quarter profit or sales. Analysts on average anticipated a profit of 33 cents a share on sales of $15.5 billion, according to estimates in a Bloomberg survey.

Rollins joined Dell in April 1996 after working with the company as a consultant with Bain & Co. He helped extend the direct strategy Dell pioneered in 1984, based on selling lower- priced PCs to consumers by bypassing retailers and distributors.

Dell and Rollins, who shared an office suite at the company's headquarters, streamlined production and manufacturing to be able to undercut rivals on price.

Eroding Advantages

That price advantage has eroded in the past two years as Palo Alto, California-based Hewlett-Packard adopted some of the same cost-cutting measures used by Dell to lower prices.

In the third and fourth quarter, Hewlett-Packard claimed the top spot in the PC market by tapping its retail partners to help sell low-priced notebooks to U.S. consumers.

``What changes to the strategy Michael makes is more important than him being completely in charge," said Nirav Parikh, an analyst with Los Angeles-based TCW Group Inc., which has been reducing its holdings in Dell share since last year. ``The first thing to address is profitable growth."

Rollins's departure caps a series of management changes and follows the December departure of Chief Financial Officer James Schneider, a 10-year Dell veteran. In December, the company hired a head of global services to expand one of its fastest-growing businesses and added a new chief of online sales to boost Internet orders.

This month, Dell promoted two executives to run its U.S. corporate and public sales groups after Joseph Mareng announced his retirement after a decade with the company.

``The company kind of continues to muddle along and there hasn't been a clear plan outlined," said Christopher Meeker, analyst and portfolio manager at Farr Miller & Washington LLC in Washington, which owns 350,000 Dell shares. ``We don't think it can return to the growth rates it used to have."

Sonsini Advised On Apple Options (LAW)

By Justin Scheck, The Recorder

California Recorder, February 1, 2007

When Apple Inc. tried to hammer out a new compensation agreement for iconic CEO Steve Jobs in 2001 -- an agreement now being probed by federal prosecutors -- the company called on Larry Sonsini, the lead partner at Wilson Sonsini Goodrich & Rosati.

People with knowledge of the federal probe say the lawyer -- an expert on corporate governance -- was consulted by Apple's board and legal department on a 7.5 million-share grant that's become the core of the criminal probe by the Securities and Exchange Commission and San Francisco U.S. attorney's office.

Investigators have focused on the grant because a set of falsified meeting minutes was drawn up to make it appear as though the options were granted at an earlier date -- and a more favorable price -- than when the deal was actually finalized. The minutes were fabricated by a low-ranking in-house Apple lawyer, though prosecutors also have been looking over her head -- at ex-GC Nancy Heinen and Apple's former CFO, Fred Anderson.

According to people with knowledge of the investigation, Heinen discussed the options award with Sonsini between its approval by the company's board of directors and her department's completion of the paperwork.

Through a spokesperson, Sonsini declined to comment Wednesday, and people familiar with the probe wouldn't discuss what he told the lawyers at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation.

It's unclear how much Sonsini knew about the grant, including how it was accounted for.

But for the second time in less than a year, a high-profile Silicon Valley scandal may turn on questions about the advice Sonsini did -- or didn't -- give. Just as in the Hewlett-Packard boardroom spying scandal, company officials may point to Sonsini's counsel to explain or defend their actions.

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Heinen, for example, is in a position to argue that her department's role in the problematic award came on orders from the board of directors -- and perhaps Sonsini.

Such a defense would be a logical one for someone in Heinen's position, said Peter Henning, professor at Wayne State University Law School and an expert on white-collar crime. Blaming input from Sonsini and Apple's board could dissipate blame that might otherwise fall on Heinen's shoulders.

She could argue, Henning speculated, that "'I didn't intend to defraud or intend to violate any of the accounting rules because I was told this by the outside lawyer.'"

STEVE NEEDED TO GET PAID

Jobs' compensation was a prickly issue for Apple in 2000. Since he rejoined the floundering company as a director and interim CEO in 1997, Jobs had received only his $1 a year salary. The rest of the company's directors received option grants, but Jobs, a company employee, was ineligible.

After Jobs decided at the end of 1999 to remain as chief executive, the board formed a special CEO compensation committee to award him a big chunk of options. In January 2000, that award was finalized as a 10,000,000-share grant, but a year later, Apple's sinking share price had killed the value of those options. Jobs and the board discussed ways to work out a new, lucrative package.

Relatively new accounting rules made the most logical option -- repricing the 2000 grant -- unattractive to Apple's balance sheet. So Jobs and the board negotiated the size and price of a new options grant, and Sonsini was called to facilitate.

While Sonsini was representing the board as it negotiated with Jobs, the relationships involved were, like so many in Silicon Valley, rather tangled.

Sonsini was close with Jobs, and Apple's board increasingly turned to the lawyer for advice after Jobs returned to the company in 1997, according to a person with knowledge of Apple's situation at the time.

Sonsini's firm also had well-established business relationships with the companies run by at least three of Apple's five independent board members.

SEC filings show that Wilson Sonsini did work for Intuit, where director William Campbell was CEO, and Genentech, where board member Arthur Levinson was CEO and chairman. And according to the firm's Web site, Wilson Sonsini also provided legal services for The Gap, where director Millard Drexler was CEO.

After months of negotiations, the Apple board and Jobs finally agreed in December of 2001 on a grant of 7.5 million option shares, priced at $18.30.

LARRY HAS THE ANSWERS

That Sonsini would be consulted on a big CEO compensation issue is of little surprise to Valley insiders. He was counsel of choice for the boards of several large tech firms and was frequently called upon to resolve tense situations.

Sonsini was a central figure in the HP boardroom conflagration last fall. He'd been consulted when director Thomas Perkins quit to protest tactics used to investigate board leaks to the media.

Sonsini spent five hours in front of Congress last year, and was asked repeatedly why he hadn't advised the company that its use of "pretexting" may have violated the law. Instead, he told Perkins that the investigation appeared to be "well done and within legal limits."

Sonsini explained that his statement was based on legal advice from an outside lawyer representing the company that did the pretexting, and from HP's in-house lawyers.

Though he caught lots of flak for not spotting what turned out to be the key legal issue, he wasn't accused of violating the law.

The Apple case seems to be shaping up in a similar fashion: No one is accusing Sonsini of acting illegally, but people with knowledge of the investigation said that firm billing records and interviews reviewed through Apple's own probe of its options problems make it clear that he was called upon to deal with the sensitive matter of issuing options to the CEO.

KNOWN QUANTITIES

While there may be gaping questions about Sonsini's knowledge of the Apple grant, what's clear is that even in 2001, his firm was aware of the perils of misdating options -- and also of some companies' desire to do so.

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In early 2001, another company, KLA-Tencor, was discussing a large award for a top executive. Questions arose about how the grant would be dated, and that company's general counsel contacted the firm's outside lawyers.

According to several people familiar with KLA's situation, when Wilson partners Bret DiMarco and Roger Stern were asked about the prospect of backdating grants, they sent a very clear message: Don't.

The lawyers told KLA in writing that misdating grants without properly expensing them could lead to major complications, including financial restatements.

Like Apple's, the KLA grants are the subject of an ongoing federal criminal investigation.

Reached Wednesday, DiMarco, who has since left the firm to join the tech firm Coherent, said he couldn't talk about the KLA situation.

Wilson Sonsini spokeswoman Courtney Dorman said she couldn't discuss KLA. As for Apple, she said Wilson continues to have a business relationship with the company.

Over the past few weeks, the federal investigation has slowed somewhat because the lead prosecutor, Christopher Steskal, is preparing to leave the U.S. Attorney's Office for Fenwick & West. And there's further uncertainty because U.S. Attorney Kevin Ryan is on his way out of the office, and the other prosecutor on the Apple case -- Ryan's second-in-command, Eumi Choi -- has been sending her resume to law firms.

The case was recently reassigned to Assistant U.S. Attorney Timothy Crudo, and people involved in the case said they expect an uptick in activity over the next few weeks.

Nacchio Settles Pension Lawsuit For $1.5 Million (RMN)

By Jeff Smith, Rocky Mountain News

Rocky Mountain News, February 1, 2007

Former Qwest Chief Executive Joe Nacchio has agreed to pay $1.5 million to settle a fraud lawsuit filed by one of the country's largest pension funds.

Nacchio's deal - part of a $46.5 million settlement paid to the California State Teachers' Retirement System - is believed to be the largest he's agreed to make with regard to his alleged misdeeds at the Denver telco.

Qwest, several investment banks and former auditor Arthur Andersen will collectively pay about $45 million to settle the suit, filed in December 2002 by CalSTRS.

The settlement was finalized in early January, but terms of the deal weren't disclosed until Wednesday. The case was filed in San Francisco Superior Court.

Nacchio's attorney Herbert Stern couldn't immediately be reached for comment.

In 2003, Nacchio paid $400,000 to two law schools to settle charges by New York state Attorney General Eliot Spitzer that Nacchio improperly made more than $1 million from lucrative initial public offerings provided by Citigroup's Salomon Smith Barney brokerage.

Nacchio still faces securities fraud allegations in a federal class-action case, civil fraud charges by the Securities and Exchange Commission and 42 insider trading counts filed by the Justice Department. He is scheduled to go on trial in Denver on the insider trading charges March 19. He has denied wrongdoing.

Jack Ehnes, CEO of CalSTRS, said the settlement gave members an estimated 30 times more than they would have received if the group had participated in the federal $400 million class-action securities fraud settlement with Qwest.

Ehnes said CalSTRS, which alleged Qwest misled investors, decided to pursue its case separately not only to recover more of its estimated $150 million in losses but "to reinforce our commitment to good corporate governance."

Qwest spokesman Bob Toevs said the company is "pleased to have the matter behind us."

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2 Senators Renew Attacks On S.E.C. Hedge Fund Investigation (NYT)

By Walt Bogdanich

The New York Times, February 1, 2007

DOJ_NMG_0125323

Two prominent Republican senators renewed their criticism yesterday of the way the Securities and Exchange Commission carried out its investigation into a major hedge fund, Pequot Capital Management.

In separate speeches on the Senate floor, the senators, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, said the S.E.C. — which filed no charges against Pequot — had failed to aggressively follow up on investigative leads developed by the lawyer who led the inquiry, Gary J. Aguirre.

Both senators said their statements reflected the findings of an interim report, which is expected to be released today, on their investigation of the S.E.C.'s conduct in the case.

The hedge fund came under regulatory scrutiny in late 2004 when Mr. Aguirre began investigating several profitable trades made by Pequot in advance of mergers or other market-moving news. The Pequot trades were flagged by stock exchange surveillance teams and forwarded to the commission.

The S.E.C. fired Mr. Aguirre in September 2005 after he complained that his investigation had been derailed by outside political influence.

"The S.E.C. should have taken Mr. Aguirre's allegations seriously," Mr. Grassley said. "Instead, it circled the wagons and shot the whistle-blower — an all-too-familiar practice in Washington."

Mr. Specter called on the S.E.C. to reopen its investigation of Pequot, citing what he called "conclusive proof" that political considerations had figured in the agency's decision to delay taking the testimony of an influential Wall Street executive, John J. Mack. The commission did eventually interview Mr. Mack, but only after Mr. Aguirre criticized it in letters to Congress.

"The overwhelming evidence in the matter showed that the testimony should have been taken at a much earlier stage," Mr. Specter said.

The S.E.C. closed its investigation without filing any charges against Mr. Mack or anyone else connected with the Pequot matter.

An S.E.C. spokesman, John Nester, said he had not yet had the chance to read the interim report, but he said the commission would "carefully consider the report's findings and recommendations." Mr. Nester said the commission had cooperated fully with Congressional investigations, a statement echoed by Mr. Grassley.

The S.E.C.'s investigation "was plagued with problems from its beginning to its abrupt conclusion," Mr. Grassley said. "The termination of Mr. Aguirre by the S.E.C. was highly suspect given the timing and circumstances."

Both senators had particularly harsh words for the S.E.C.'s inspector general, Walter J. Stachnik. Mr. Specter said that in all his years in the Senate he could not recall "an I.G. who said less, did less and was thoroughly inadequate in the investigation."

He mocked what he said was the inspector general's defense — that it was not his responsibility to second-guess certain S.E.C. decisions. "Well, that's the purpose of having an I.G.," Senator Specter said.

Mr. Stachnik declined to comment last night.

CRIMINAL LAW:

Jurors May Hear Libby Grand Jury Testimony (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 1, 2007

WASHINGTON -- Special Prosecutor Patrick Fitzgerald appears to be saving NBC newsman Tim Russert as his last witness in the perjury trial of former White House aide I. Lewis "Scooter" Libby.

In the meantime, Fitzgerald may let Libby himself do the talking.

Fitzgerald has said he plans to play excerpts from Libby's grand jury testimony at trial, and the government's next witness, FBI agent Deborah Bond, appears to be Fitzgerald's opportunity. That would give jurors the chance to hear for themselves the testimony that Fitzgerald says is a lie and that Libby says is a product of faulty memory.

The perjury and obstruction trial hinges on whether Libby lied about his conversations with reporters regarding outed CIA operative Valerie Plame.

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Fitzgerald spent the first week of the trial presenting witnesses who said they talked to Libby about Plame, the wife of prominent Iraq war critic Joseph Wilson. Some witnesses, such as officials from the CIA and State Department, said they told Libby about Plame.

Others, such as former White House spokesman Ari Fleischer and journalists Judith Miller and Matthew Cooper, said Libby talked about Plame to them.

Those witnesses undercut Libby's claim that he didn't remember learning about Plame through official channels and was surprised to hear about her during a much later conversation with Russert. Any conversations he had about Plame, Libby said, were just recollections of what he heard from Russert.

Fitzgerald contends Libby concocted that story to avoid embarrassment, prosecution and possibly losing his job.

Libby, ex-chief of staff to Vice President Dick Cheney, is on trial on charges he lied to the FBI and a grand jury about his conversations with reporters about Plame and obstructed the investigation into how her identity leaked to the public in 2003. No one has been charged with the actual leak.

Fitzgerald believes jurors should hear and see Libby's words for themselves. He successfully fought to allow into evidence Libby's full grand jury testimony -- the sworn statements he gave prosecutors during the investigation -- and the prosecutor played a brief clip during his opening statement.

Fitzgerald says he expects to call Russert to testify on Monday or Tuesday, a plan that would make the well-known journalist the last witness jurors hear before the government rests its case. Russert says he did not discuss Plame with Libby, a recollection that is directly at odds with the former aide's testimony.

Defense attorneys say Libby will be his own star witness and will explain to the jury that he was preoccupied with national security issues and simply forgot about his conversations regarding Plame. Attorneys also have indicated they'll call Cheney to testify.

Libby Lawyers Seize On Miller Hesitation (AP)

By Matt Apuzzo

AP, February 1, 2007

Former New York Times reporter Judith Miller acknowledged Wednesday that she had conversations with other government officials and could not be "absolutely, absolutely certain" that she first heard about an outed CIA official from I. Lewis "Scooter" Libby.

Libby's attorneys seized on the hesitation and tried to portray Miller as someone who selectively remembers some conversations and not others.

Miller is a crucial witness against Libby in his perjury and obstruction trial. She says she had two conversations about CIA operative Valerie Plame in mid-2003 with Libby, who was Vice President Dick Cheney's chief of staff. Those conversations are at the heart of the trial because they allegedly occurred well before Libby says he learned Plame's identity from another reporter.

Libby's defense strategy revolves around showing jurors that he didn't lie about his conversations with Miller and others, but simply forgot them. If defense attorneys can cast doubt on Miller's memory and her story, it would bolster Libby's case.

During a sometimes heated cross-examination Wednesday, defense attorneys pressed Miller to acknowledge that she might have heard about Plame elsewhere. In mid-2003, Miller was investigating allegations by Plame's husband, former Ambassador Joseph Wilson, that the Bush administration ignored certain prewar intelligence on Iraq.

Attorney William Jeffress asked Miller to recall the other government officials she spoke to and explain how Wilson's name and phone number got into her notebook prior to the conversation with Libby.

"I don't remember their names. I don't know what you want me to say beyond that," Miller said, adding moments later, "I know I had several conversations but there is no reference to them in my notebook and I have no independent recollection."

Jeffress persisted, showing Miller excerpts from her grand jury testimony in which she said her conversation with Libby was "among the first times" she heard about Plame but couldn't be certain it was the first.

"You're not absolutely certain you first heard that Mr. Wilson's wife worked at the CIA from Mr. Libby?" Jeffress asked.

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"I can't be absolutely, absolutely certain, but I have no recollection of an earlier conversation with anyone else," Miller replied.

Special Prosecutor Patrick Fitzgerald's case began as an investigation into who leaked Plame's name to reporters at a time when her husband was criticizing the administration. Three years later, nobody has been charged with the leak. Libby is accused of obstructing the case and lying to investigators.

Libby's attorneys said Wednesday that they want to know more about another Fitzgerald case involving Miller. Fitzgerald has sought to get Miller's phone records in an investigation into who leaked the details about an investigation into an Islamic charity.

Theodore Wells, another of Libby's attorneys, said he wants to know more about conversations between Miller and Fitzgerald in that case. If Miller feared prosecution in that case, Wells said, it could motivate her to cooperate in Libby's case and thus cast doubt on her testimony.

Journalism organizations have decried this trial, which could see 10 reporters become witnesses. Fitzgerald intends to call Matthew Cooper of Time and NBC's Tim Russert. Jeffress has said that up to seven reporters are on his witness list.

Associated Press Writer Michael J. Sniffen contributed to this report.

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Bush, Dems Have Different Economic Views
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House Approves Huge Spending Bill
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House Leaders Eye Outside Ethics Panel
Justice Expands on Spy Program Details
Homeland Security Rated Low by Workers
Few Fraud Cases Rush to Medicaid Unit
Today's Most Popular
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2. Report: Newsom campaign manager resigns over alleged affair
3. Gonzaga Defeats No. 23 Stanford in 2OT
4. Molly Ivins Dies of Cancer at 62
5. Study: Binging a Common Eating Disorder
6. Senate Foes of Troop Buildup Join Forces
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Former Times Reporter Testimony Is Challenged (NYT)

By Neil A. Lewis

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — A former reporter for The New York Times jousted for nearly two hours on Wednesday with a lawyer for I. Lewis Libby Jr. over her credibility and memory.

They argued over the significantly damaging testimony that the reporter, Judith Miller, had given about three conversations she had with Mr. Libby, the former chief of staff for Vice President Dick Cheney, who is facing perjury and obstruction of justice charges.

Ms. Miller testified on Tuesday that Mr. Libby had told her in those conversations details about the identity of Valerie Wilson, a Central Intelligence Agency operative, days before Mr. Libby said he learned about Ms. Wilson from reporters.

William H. Jeffress Jr., the lawyer for Mr. Libby, asked Ms. Miller what other officials she had spoken with about Ms. Wilson.

"I remember having conversations, sir," she said, casting quick glances at the jury and at her lawyers sitting in the back of the courtroom. But she said she could not remember talking to anybody else about Ms. Wilson, who is also known by her maiden name, Valerie Plame.

Mr. Jeffress then showed a video clip of a television interview with Ms. Miller from Jan. 8, 2006. In the clip, she said she had discussions with "senior government officials and some not-so-senior government officials" about Ms. Wilson and her husband, Joseph C. Wilson IV, who wrote an op-ed article, published July 6, 2003, in The New York Times, accusing the Bush administration of distorting intelligence about Iraq's efforts to buy uranium in Africa to bolster the case for going to war.

Mr. Jeffress also cited an affidavit making a similar assertion that Ms. Miller filed with the court before she went to jail for 85 days after initially refusing to testify before a grand jury.

"Who were these senior government officials?" Mr. Jeffress asked.

Ms. Miller replied, "I was not talking about Joe Wilson," adding, "I was using Joe Wilson as a shorthand" for questions about whether Iraq had tried to buy uranium in Africa.

Mr. Libby is charged with lying to a grand jury and to F.B.I. agents who were investigating the leak of Ms. Wilson's name to reporters.

Pressed by Mr. Jeffress about the conflict between her testimony on Wednesday and the interview and the affidavit, Ms. Miller, who was combative and testy at times, replied: "I don't know what you want me to say beyond what I've said. I don't remember the people I talked to" about the Wilsons.

"That's all I can tell you, sir," she added.

Asked again about such conversations, she said with exasperation: "I just don't remember," then added in a loud voice, "I don't remember."

After Mr. Jeffress concluded his questioning, Ms. Miller regained her composure as she answered more questions, which came from the jury because Judge Reggie M. Walton had allowed jurors to submit written questions.

One juror wanted to know why Ms. Miller had chosen to go to jail. She said it was because of her deeply held principles that journalists should be allowed to protect their sources in order to report on issues government officials hoped to conceal.

She was followed to the witness stand by Matthew Cooper, a former Time magazine reporter who, unlike Ms. Miller, avoided going to jail by agreeing earlier to testify to the grand jury.

Mr. Cooper testified Wednesday that Mr. Libby discussed Ms. Wilson during a telephone interview on July 12. He also recounted how he first learned about Ms. Wilson on July 11 from Karl Rove, the president's chief political strategist.

He said that Mr. Rove told him to be wary of Mr. Wilson's criticisms in The Times. "Don't go too far out on Wilson," Mr. Cooper recalled Mr. Rove saying, warning him that Ms. Wilson worked at "the agency."

Mr. Cooper testified that when he spoke to Libby, he had heard that Mr. Wilson's wife worked at the C.I.A. He said that Mr. Libby responded, "I heard that too."

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The trial hinges largely on whether the jury believes the prosecution account that Mr. Libby lied when he contended he learned of Ms. Wilson's identity from reporters and not from fellow administration officials.

The first six witnesses, present or former government officials, have testified that they had informed Mr. Libby about Ms. Wilson. The two reporters, Ms. Miller and Mr. Cooper, testified that Mr. Libby discussed the information with them.

Mr. Libby's defense is that many of the witnesses do not correctly remember what occurred. In addition, his lawyers are trying to make the case that if Mr. Libby gave inaccurate information to the grand jury and to investigators, it was merely a case of faulty memory.

Patrick J. Fitzgerald, the chief prosecutor, said Wednesday he wanted to introduce evidence to explore one of the case's most intriguing mysteries: a note from Mr. Libby to Ms. Miller giving her permission to testify.

In the September 2005 note, Mr. Libby told Ms. Miller, who was in jail at the time, that she was no longer bound by her pledge of confidentiality and that she should testify before the grand jury. He added, cryptically, that the aspen trees in Colorado change color at the same time because they are bound at the roots.

Mr. Fitzgerald said Wednesday, while conferring with the judge while the jury was out of the room, that the note was an effort to persuade Ms. Miller to lie to the grand jury and back up Mr. Libby's story, saying it demonstrated Mr. Libby's "consciousness of guilt."

Judge Walton pointed out that Ms. Miller's testimony had not helped Mr. Libby, however, and had contributed to the indictment against him.

"We don't think that the letter worked," Mr. Fitzgerald said. "He told her what he wanted her to say."

Judge Walton deferred a decision on whether and when Mr. Fitzgerald could introduce the note to the jury.

Mr. Fitzgerald said he hoped to complete the prosecution's case by early next week, perhaps on Monday.

Two jurors from the original panel of 16 have had to be excused, meaning that if another 3 jurors leave, it would raise the likelihood of a mistrial. Judge Walton asked the jurors on Wednesday to please remain in good health.

Defense lawyers said Wednesday they had subpoenaed Jill Abramson, the managing editor of The Times, to appear as a witness. Ms. Miller testified Tuesday that she had a conversation with Ms. Abramson in July 2003 in which she suggested assigning someone to report on the issue of Mr. Wilson's report and what role, if any, Ms. Wilson played in sending him on the assignment to Africa.

Ms. Abramson has denied that account in an article published in The Times. The article examined Ms. Miller's behavior in the Libby story as well as her pre-war reporting that intelligence officials believed Iraq had amassed a stockpile of weapons of mass destruction.

Ex-Time Reporter Testifies In Libby Trial (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 1, 2007

A former Time magazine reporter said in court yesterday that I. Lewis "Scooter" Libby confided that the wife of an Iraq war critic worked at the CIA, becoming the second journalist to testify that the vice president's then-chief of staff disclosed the identity of undercover CIA officer Valerie Plame.

Matthew Cooper, the magazine's White House reporter in the summer of 2003, told jurors in Libby's perjury trial that President Bush's top political aide, Karl Rove, was the first administration official to privately tell him that former ambassador Joseph C. Wilson IV was married to a CIA officer. The next day, Cooper said, he asked Libby whether Wilson's wife worked at the CIA.

According to Cooper, Libby said "words to the effect, 'Yeah, I've heard that, too,' " though Libby did not name her.

When Libby learned Plame's identity and what he did with that information are pivotal issues in the trial. During a federal investigation into the CIA leak, Libby told FBI agents and a grand jury that he found out about the CIA officer, whose husband was lashing out at the administration's use of Iraq intelligence, during a conversation on July 10, 2003, with NBC's Washington bureau chief, Tim Russert. Libby is charged with lying to investigators, committing perjury and obstructing the investigation.

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Cooper is the third prosecution witness to say that Libby was actively spreading information about Wilson and his wife soon after he sought to learn who they were. It follows testimony yesterday and on Tuesday from former New York Times reporter Judith Miller, who said Libby told her about Wilson's wife twice in the days and weeks before Vice President Cheney's right-hand man at the time contends he ever heard of Plame.

The pair's turn on the witness stand also provided an unflattering portrayal of how some of Washington's most prominent journalists work. If the testimony of half a dozen government officials earlier in the trial exposed infighting at the highest levels of the Bush administration, the testimony of Cooper and Miller exposed jurors -- and the public -- to the sloppy and incomplete note-taking of reporters, their inability to remember crucial interviews and, in Miller's case, important interview notes stuffed into a shopping bag under her desk.

Libby is the only person charged in the federal investigation into how Plame's name was disclosed to journalists, including Robert D. Novak, who revealed Plame's role and name in a syndicated column on July 14, 2003. Novak's column appeared eight days after Wilson published a stinging rebuke that accused the administration of twisting intelligence he had gathered as it tried to justify invading Iraq.

Libby is not charged with the leak itself. He has pleaded not guilty to five felony counts, contending that he innocently misremembered conversations with reporters because they were insignificant amid his work on critical national security matters.

Under questioning by Special Counsel Patrick J. Fitzgerald and cross-examination by defense attorney William Jeffress Jr., Cooper portrayed the revelations to him by Rove and Wilson as part of a strategy to disparage Wilson. In 2002, the former ambassador had been sent by the CIA to Niger to investigate reports that Iraq had tried to buy uranium there for use in its nuclear weapons program. Wilson brought home his conclusion that those reports were unfounded.

Cooper testified that Rove cautioned him on July 11, 2003, not to "lionize" Wilson, because he actually had been sent on the mission by his wife.

The next day, a Saturday, Cooper was waiting for a call from Libby while he raced to finish reporting a story for that Monday's issue of Time. Cooper said he spent the morning at the Chevy Chase Club, where cellphones and BlackBerrys are not allowed, and repeatedly ran to the parking lot to see whether Libby had called. It was in the afternoon while Cooper was sprawled on his bed at home, he said, when Libby called his cellphone twice.

In the first call, he said, Libby read him a statement that Cooper said tried to distance Cheney's office from Wilson's trip and his conclusions. In the second, shorter, call a few minutes later, Cooper said, he slipped in the question about Wilson's wife. Cooper said he asked the question off the record, but nevertheless considered Libby's reply as confirmation. He said Libby also criticized the methods Wilson had used to investigate the uranium reports.

Responding to a question from Jeffress, Cooper acknowledged that he did not ask Libby any follow-up questions about how Libby had learned about Wilson's wife. He said that Libby did not identify her by name or say she worked in an undercover capacity. He said that he did not pursue the issue more deeply because Libby was rushing to end their conversation.

Jeffress sought to suggest that Cooper's memory -- as well as his note-taking -- was faulty and that he could have learned about Plame from his own colleague, former Time magazine reporter John Dickerson. Dickerson was covering a trip Bush took to Africa when White House press secretary Ari Fleischer shared information about Wilson's wife with him and another reporter, Fleischer testified earlier this week.

Also yesterday, Miller -- the former New York Times reporter who was jailed for 85 days after initially refusing to testify about her sources -- told jurors that she heard about Plame from other government officials, in addition to Libby. She said she could not remember who those officials were.

Miller told the jury she believes Libby was, in the summer of 2003, the first person to tell her that Plame worked at the CIA and was married to a critic of the Bush administration's Iraq policies. But she acknowledged: "I can't be absolutely, absolutely certain."

Reporter: Rove First To Leak CIA Info (USAT)

By Richard Willing

USA Today, February 1, 2007

WASHINGTON — White House adviser Karl Rove told a reporter that an administration critic's wife worked at the CIA, days before her name was made public, the reporter testified Wednesday.

Vice presidential aide Lewis "Scooter" Libby then confirmed Valerie Plame's CIA status a day later during an "off-the-record" conversation, former Time magazine reporter Matt Cooper said.

Cooper was the first prosecution witness in the 6-day-old trial to support a specific charge against Libby: that he lied when he told grand jurors he did not confirm Plame's identity when he talked to Cooper.

Libby is being tried for perjury and obstruction of justice during the investigation into who leaked the identity of Plame, a covert CIA operative. Revealing the identity of a classified government agent can be a federal crime.

Libby told investigators he first learned of Plame's identity on July 10, 2003, during a talk with NBC reporter Tim Russert. Seven previous prosecution witnesses have testified that they discussed Plame's CIA status with Libby days or weeks earlier.

In a July 11, 2003, telephone interview, Rove said "(former ambassador Joseph) Wilson's wife" worked in weapons of mass destruction at "the agency," Cooper testified.

Speaking to Libby a day later, Cooper asked whether he had heard rumors that "Wilson's wife" sent him to Africa to pursue a report that Iraq was seeking uranium there.

"Mr. Libby said words to the effect of 'yeah, I heard that too,' " Cooper testified. He said he "took that as confirmation" that Plame was a CIA officer. Time reported that, but only after syndicated columnist Robert Novak had published her name on July 14.

Wilson, a former State Department official, had charged the White House had wrongly claimed that Iraq sought uranium in Africa.

Libby's attorneys attacked Cooper's credibility during cross-examination. Cooper acknowledged that his notes of the Libby interview and a subsequent e-mail to his editors made no reference to Plame's CIA job.

Cooper also said he had not asked how Libby knew where Plame worked.

"I should have," said Cooper, now Washington editor of Portfolio, a magazine that makes its debut in April.

Asked by defense attorney William Jeffress, Cooper could not say why he left Libby's comment about Plame out of his notes.

"Isn't this consistent with the fact that (Libby's offhand comment) wasn't confirmation of anything?" Jeffress asked.

"It is my memory; it is what it is," Cooper answered. "I took it as confirmation."

Cooper said he at first declined to cooperate with prosecutors, relenting after Libby released him from a promise of confidentiality. Another witness, former New York Times reporter Judith Miller, spent 85 days in jail for refusing to testify.

Libby Trial Shows An Insular, Backbiting Washington (LAT)

By Greg Miller

The Los Angeles Times, February 1, 2007

WASHINGTON — With the Bush administration taking a pounding over erroneous prewar claims about Iraq in the summer of 2003, Vice President Dick Cheney's chief of staff consulted his office's top communications advisor on how to strike back.

As they talked by phone, I. Lewis "Scooter" Libby scribbled down a series of Machiavellian suggestions from Cheney's then-communications guru, Mary Matalin: What to do about MSNBC talk show host Chris Matthews and his steady barrage of Iraq war criticism? "Call Tim," Libby wrote, referring to Tim Russert of NBC News. "He hates Chris."

What to make of former Ambassador Joseph C. Wilson IV, who had emerged that summer to challenge the veracity of one of the administration's most alarming claims about Saddam Hussein's regime? "Wilson is a snake," Libby transcribed.

And how best to use the power of the White House to beat back the attacks? The president "should wave his wand," Matalin advised, and quickly declassify portions of intelligence reports that backed up the White House case for war.

Libby is the defendant in the case that brought this page of notes to light Wednesday — a case that centers on whether he lied to federal investigators looking into the leak of an undercover CIA operative's name.

But in many respects, it is the ugly mutual exploitation that goes on every day in Washington between powerful government officials and influential members of the media that is on trial in U.S. District Court in Washington.

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Five days in, the trial has been dominated by testimony from two of the Bush administration's top media handlers — former White House Press Secretary Ari Fleischer and former Cheney communications director Catherine J. Martin — as well as two prominent Washington journalists.

Martin, in particular, offered in her testimony last week an unusually detailed description of how the White House seeks to manipulate the news media.

She described plans to leak stories to certain reporters, including the New York Times' David E. Sanger and the Washington Post's Walter Pincus; freeze out others, such as New York Times columnist Nicholas D. Kristof; book administration officials on talk shows such as Russert's "Meet the Press"; and release bad news on weekends, when it was more likely to be ignored.

Neither side has fared well, with prosecutors accusing the administration of carrying out a smear campaign against Wilson, and defense attorneys scrutinizing everything from the sloppy note-taking practices to the murky ethical terrain of members of the media.

Even jurors seem somewhat appalled by the display. At one point, U.S. District Judge Reggie B. Walton read aloud a question submitted by one member of the panel after former New York Times reporter Judith Miller testified that she remembered details of a crucial meeting with Libby only after discovering a shopping bag full of notebooks under her desk.

"Is this the standard method you used for archiving?" the juror asked.

The trial has cast such a harsh light on the interplay between public officials and the press in part because federal prosecutor Patrick J. Fitzgerald was unusually aggressive in challenging notions that members of the media should be able to protect their sources from public exposure. Miller agreed to testify only after she had spent 85 days in jail for refusing to divulge information on her sources.

The case has also provided a penetrating look into the strategies that top government officials employ to manipulate the media.

In his testimony, former Time magazine reporter Matthew Cooper acknowledged that he had only recently started covering the White House when the CIA leak scandal erupted. Even so, he was quickly granted access to one of the most powerful figures in the Bush White House, political advisor Karl Rove, mainly because the administration was eager to discredit Wilson.

Recounting their conversation, Cooper said Rove cautioned him, "Don't get too far out on Wilson," meaning the credibility of Wilson's criticism, because "a number of things are going to be coming out" on him.

Pressed by Cooper, Rove added that Wilson had not been sent to Africa by Cheney to investigate whether Iraq was seeking to acquire uranium there. Instead, Cheney said it was Wilson's wife who had sent him and that "she worked on WMD at the agency."

"I took that to mean the CIA," Cooper quipped, "not the Environmental Protection Agency."

Some of the most revealing information has come during conferences when jurors are asked to leave the room. The notes that Libby scribbled during his conversation with Matalin, for example, were on a page that Judge Walton declined to be allowed as evidence because Libby hadn't called Wilson a "snake," he had only written down someone else's comments.

To show that to the jury, Walton said, would be "marginally probative but highly prejudicial."

Libby wrote the notes after a senior staff meeting at the White House during which Rove complained that the administration had been too slow in mobilizing a response to Wilson. The former envoy had written in a New York Times opinion piece that his trip to Africa had shown that Iraq wasn't seeking uranium there long before Bush included that claim in a State of the Union speech.

Perhaps on Matalin's advice, Libby went on to have a conversation with Russert, who is expected to testify in the coming days.

The trial has also reinforced stereotypes that reporters in Washington and the officials they cover are part of an elite crowd that has little in common with average readers.

Cooper said he followed up his conversation with Rove by arranging an interview with Libby, Cheney's chief of staff at the time. The logistics were complicated, Cooper said, because the day they were to talk he was swimming at a country club that

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doesn't permit cellphones. He said he "had to keep running out to the parking lot" to check his cellphone and electronic message device "to see when I was going to speak with Mr. Libby."

The trial has also offered jurors a primer on reporting tradecraft, with a great deal of testimony devoted to the various degrees of anonymity reporters grant sources in order to coax information from them. While discussing the differences between such terms as "background" and "off the record," Miller was asked how common it was for government officials to refuse to have their comments attributed to them by name.

Very common, she said, "particularly in this administration."

Jurors' Queries Yield Insights -- And Laughs (WP)

By Carol D. Leonnig

The Washington Post, February 1, 2007

Former New York Times reporter Judith Miller was on the witness stand yesterday and a juror wanted to know why she had decided to go to jail for 85 days before agreeing to testify about her conversations with I. Lewis "Scooter" Libby.

Another juror had a different kind of question for Miller about a her notes from a conversation with Libby: Was storing notebooks in a large shopping bag under her desk her standard method for saving her notes?

So the jurors asked.

It is very unusual for jurors to be able to ask questions during court proceedings, but U.S. District Judge Reggie B. Walton is allowing it as Libby stands trial for allegedly lying to investigators who were trying to determine who leaked the name of CIA officer Valerie Plame after her husband, former ambassador Joseph C. Wilson IV, criticized President Bush's war plans. The 12 jurors and three alternates get to write questions down and pass them to Walton, who reviews them with the attorneys and decides which ones he will ask on their behalf.

Some of the questions have been dead on, showing that the highly educated jurors -- who include an art curator, a retired math teacher and an international health policy adviser -- seem to home in on key evidence or testimony. Other questions have elicited new insights into witnesses' thinking, and still others have evoked a few laughs.

The whole practice has been controversial among attorneys on both sides -- worried about losing control of the points they hope to score with each witness's testimony -- who argue quietly with Walton at the bench over what can be asked.

In answer to yesterday's questions, Miller testified that she went to jail because she had given Libby a promise of confidentiality and that she had stored the notebook in a bag because she was planning to take it and other material home from her office.

Other witnesses have prompted other questions. Last week, several jurors were fixated on CIA briefer Craig Schmall's testimony about notes he had written on the margins of his June 14, 2003, briefing book, which included a reference to Wilson's wife working at the CIA when he briefed Libby on national security issues at Libby's home that Saturday morning.

"The handwritten information -- who would have written that?" Walton asked, reading from one juror's question card.

Schmall said he had written the notes.

"Were those your thoughts or someone else's?" another juror queried.

Schmall explained that he jotted down notes based on questions asked and comments made by the person he was briefing. In other words, the reason he had those notes was that Libby had said something about Wilson's wife -- testimony that supports prosecutors' arguments that Libby had known about Wilson's wife and was talking about her with government officials and reporters weeks before he said he believed he first learned her identity.

Sometimes the jurors' questions have produced as revealing look into a witness's concerns as any interrogation by the veteran lawyers in the courtroom.

For example, how did Vice President Cheney's press aide Cathie Martin deal with her concerns that Cheney had recommended that she cite what she believed was a top-secret document in her rebuttal of Wilson's criticisms?

"If you had concerns, why didn't you take any action?" one juror asked.

"Because the vice president of the United States had told me to say it," Martin responded. "I didn't know where I was going to go with that."

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Another juror asked Martin: "Have there been other opportunities that you thought reporters had not gotten all the facts right?"

"Yes!" Martin said, her eyes rolling. "Reporters often get things incorrect."

While the lawyers may prefer to control the questioning, Walton has told them that it is important for the jurors to be able to probe the things they want answered. He has allowed jurors in his courtroom to ask questions for several years, a rare practice that is slowly becoming more common among some judges.

About 15 percent of state courts and 8 percent of federal courts permit jury questions, and three states require that questions from jurors be allowed: Arizona, Colorado and Indiana.

Though he doesn't use the practice, U.S. District Judge Royce C. Lamberth sees some benefits: It can take more time, but jurors do not have to struggle needlessly about an unanswered question once they begin their deliberations.

"It can tell both sides that something is bothering a juror," Lamberth said, "and you don't want something to bother a juror."

Feds Prepare To Charge Ex-CIA Official, Contractor (AP)

By Allison Hoffman

AP, February 1, 2007

Federal prosecutors are preparing to seek indictments against a former top CIA official and a San Diego defense contractor at the center of the bribery scandal that sent former U.S. Rep. Randy "Duke" Cunningham to prison.

Two government officials familiar with the investigation told The Associated Press on Wednesday that prosecutors plan to ask a San Diego grand jury to return charges of honest services fraud and conspiracy against Kyle "Dusty" Foggo and his close friend, Brent Wilkes, whose lawyers have said he is one of four unidentified co-conspirators described in the 2005 plea agreement for Cunningham, a San Diego Republican.

Honest services fraud is a combination of mail and wire fraud often used in public corruption cases involving officials who have engaged in a pattern of improper activities, such as accepting gifts, trips or promises of future employment from private individuals.

The officials said a second indictment is being prepared that would charge Wilkes and two of the other Cunningham co-conspirators - New York businessman Thomas Kontogiannis and his nephew, John T. Michael - with bribery and several conspiracy counts.

The officials spoke only on condition of anonymity because grand jury proceedings are secret and the charges have not been finalized. Indictments could be returned as early as Thursday, though it's more likely to occur within the next several weeks.

The fourth co-conspirator, Mitchell Wade, is cooperating with prosecutors after pleading guilty in February 2006 to bribing Cunningham in exchange for more than $150 million in government contracts since 2002. Wade is former president of MZM Inc.

Foggo's attorney, Mark MacDougall, said he had not been contacted by the U.S. attorney's office regarding possible indictments and could not comment.

Mark Geragos, an attorney for Wilkes, said he had not been apprised of any imminent criminal charges. "I've reviewed this case and I don't see anything that merits an indictment," he said.

Messages left for Kontogiannis and Michaels were not immediately returned.

Prosecutors in San Diego would not comment about an ongoing investigation.

The grand jury began hearing evidence in 2005 against Cunningham, at the time an eight-term congressman who served on the House Appropriations Defense Subcommittee and the Intelligence Committee. Cunningham's subcommittee assignment made him a key figure in the awarding of defense contracts.

Cunningham agreed to a plea bargain and was sentenced in March 2006 to more than eight years in prison for taking $2.4 million in bribes from defense contractors - including payments for a mansion, a used Rolls-Royce and a yacht he named "Duke-stir" - in return for funneling contracts to certain companies.

Prosecutors allege one of the beneficiaries was Wilkes, whose companies won nearly $100 million in federal contracts over the last decade. Prosecutors claim Wilkes paid Cunningham more than $626,000 in bribes between 2000 and 2004.

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Wilkes, who heads Poway-based Wilkes Corp., grew up with Foggo in the San Diego suburb of Chula Vista. They remained very close into adulthood, naming their sons after each other.

Foggo was the No. 3 official at the CIA, responsible for the agency's day-to-day operations, until resigning in May after his home and office were raided by FBI agents in connection with the Cunningham probe headed by the U.S. attorney's office in San Diego.

Federal law enforcement agencies and intelligence officials have been investigating whether Foggo improperly awarded contracts to Wilkes' companies, including a multimillion-dollar contract to supply bottled water for CIA operations in Iraq.

A House Intelligence Committee report on Cunningham's activities released last November said he steered $70 million in contracts to Wade and Wilkes. The report also said more investigation is needed into Foggo's dealings with the intelligence panel, given his close relationship with former committee aide Brant Bassett.

The House Intelligence, Appropriations and Armed Services committees were subpoenaed in December by prosecutors for documents relating to the Cunningham investigation. A House aide said Wednesday that House lawyers have asked for more time and are working to negotiate a response that satisfies prosecutors so they can withdraw the subpoenas.

Wilkes' business fortunes have suffered since the investigation opened. Wilkes Corp. defaulted in mid-January on $12.1 million owed on its corporate headquarters.

Wilkes has been linked to several other ongoing corruption probes. He has said in interviews that his first mentor in Washington was Bill Lowery, a former U.S. congressman from San Diego whose lobbying firm is being investigated in connection with contracts approved by U.S. Rep. Jerry Lewis, R-San Bernardino, who chaired the Appropriations Committee until Democrats took power last month.

Investigators also have contacted two Washington, D.C.-based escort services in an effort to determine whether Wilkes supplied Cunningham and potentially other lawmakers with prostitutes at poker parties he hosted at the Watergate hotel.

Associated Press Writers Erica Werner and Katherine Shrader in Washington, D.C., contributed to this report.

Former R.I. Lawmaker Gets 2 1/2 Years (NSDY/AP)

By Eric Tucker, Associated Press Writer

Long Island Newsday, February 1, 2007

PROVIDENCE, R.I. -- A once-powerful lawmaker at the center of a corruption scandal was sentenced Wednesday to 2 1/2 years in federal prison for taking payoffs, and prosecutors said their investigation now includes 14 politicians and companies.

A former hospital executive also was sentenced.

John Celona admitted he abused his position as chairman of a key legislative committee to benefit the drugstore chain CVS Corp., Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island.

Prosecutors said the former state senator was paid nearly $320,000 for the favorable treatment.

The sentencing caps a precipitous fall for Celona, a one-time lawnmower salesman who arrived at the Statehouse in 1995. He gave up his Senate seat in 2004 amid questions about his relationship with CVS.

Celona, 53, pleaded guilty in 2005 to three counts of federal mail fraud and cooperated with investigators. He testified as the star witness last fall in a trial that produced convictions of two former hospital executives.

Assistant U.S. Attorney Gerard Sullivan told the judge that Celona's extensive cooperation has led the investigation to seven politicians and seven corporations. Sullivan did not identify anyone being investigated but said FBI agents from other cities have been transferred to Rhode Island to help with the probe.

Before he was sentenced, a teary-eyed Celona apologized inside court to his family, friends, and the citizens of Rhode Island.

"I hope that others who may be tempted learn from my mistakes and make Rhode Island a better place," he said.

Robert Urciuoli, former president and chief executive of Roger Williams, was sentenced Wednesday to three years for his conviction on one count of conspiracy and 35 counts of fraud for paying Celona to advance the hospital's interests in the Legislature. Urciuoli maintained his innocence and said he planned to appeal.

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Frances Driscoll, 67, a former hospital vice president, sobbed after she was sentenced to eight months in prison followed by eight months of home confinement for her conviction on a single fraud count.

Two former executives at CVS Corp. pleaded not guilty Tuesday to federal charges they paid Celona to kill legislation the chain opposed or sponsor bills that favored the company.

Celona has also been indicted on related state corruption charges and faces a separate trial on those counts next month. Last year, the state ethics commission punished him with a record $130,000 civil fine for ethics violations.

Trio Sentenced To Jail (PROJO)

By Mike Stanton, Journal Staff Writer

The Providence Journal, February 1, 2007

In sentencing John A. Celona, Robert A. Urciuoli and Frances P. Driscoll to prison yesterday, Senior U.S. District Judge Ernest C. Torres said that he wanted to send a message to others who might be tempted to follow in their footsteps down the long, gray line of Rhode Island's corrupt past.

And judging from the words of a federal prosecutor, the potential audience is growing.

Assistant U.S. Attorney Gerard B. Sullivan revealed that a federal task force has been assembled that is pursuing 14 "active investigations" of seven politicians and seven corporations for corruption schemes similar to the crimes that ensnared Celona , a former state senator, and Urciuoli and Driscoll, onetime executives at Roger Williams Medical Center.

The investigations have their genesis in the cooperation of Celona, who pleaded guilty to selling his office to Roger Williams, the CVS drugstore chain and Blue Cross & Blue Shield of Rhode Island.

Celona, 53, was sentenced to 2½ years in prison. Urciuoli, 59,received 3 years. And in an emotional conclusion to the day's proceedings, Driscoll, 67, who has health concerns, was sentenced to 8 months in prison plus 8 months home confinement.

Celona must report to prison by noon Friday, March 2. Torres gave Urciuoli and Driscoll 60 days, until April 2, to give them time to appeal.

If not for Celona's acceptance of responsibility and ongoing cooperation, Torres said that he would have sentenced him to 42 months.

"Perhaps your assistance will allow the authorities to dig deeper into this culture of corruption that seems to exist in some quarters," Torres told Celona.

A teary Celona told the judge that he was relieved.

"I'm glad that all of this happened," he said, "because I've become a better husband and a better father and in some respects just a regular person, living in the real world …I lived in a superficial world at the State House, with all the trappings of power … .

"Family and honor are the most important things in life — not politics or glory or power."

Sullivan told Torres that Celona's assistance has provided tips and leads for a growing number of agents. FBI agents have been brought to Providence from New York and Baltimore to work with two Providence agents and the Rhode Island State Police. In addition, agents from the Internal Revenue Service and the U.S. Department of Labor have joined the task force.

Sullivan has relinquished his position as chief of the criminal division in the Providence U.S. Attorney's office to oversee the task force. In an office with 20 prosecutors and 5 legal assistants, Sullivan said, with all the drugs, weapons and other cases they have to handle, one-fifth of the staff has been dedicated to the task force — "a significant response based on the cooperation of Mr. Celona."

Celona pledged to Torres that he would continue to cooperate.

"I wholeheartedly want to clean up our government," said Celona. "I hope that others who might be tempted will learn from my mistakes. I want to make Rhode Island a better place."

Torres noted that Celona is just the latest in a long line of public officials "who have been sentenced in this courthouse and this courtroom," but that for whatever reason — elitism, greed, arrogance — "the message has yet to sink in."

"Your expression of remorse seems genuine," the judge said. "You seem committed to cleaning up what needs to be cleaned up in this state."

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Still, Celona's crimes are serious enough that Torres rejected his request for 18 months in prison.

"What you've done here is not only deprive the public of the right to your honest services," said Torres. "You have tarnished the reputation of other public officials, the vast majority of whom are honest, devoted and do the best they can. Every time one of these cases comes up, one of the worst consequences is the cloud that it casts over honest, hard-working public officials."

Such a cloud, noted Torres, also "deters good people" from becoming involved in politics.

U.S. Attorney Robert Clark Corrente echoed that theme on the courthouse steps.

"One would hope that after a parade of these sentences, people would get the message and stop doing it," said Corrente. "But we haven't hit the bottom of the barrel yet."

Corrente declined to identify any of the parties under investigation, but said that at least some "are known to you."

"If they ever get indicted, you'll know them," he vowed.

Following Celona's sentencing, his family and friends filed out of the small, packed courtroom to be replaced by Urciuoli's family and friends. Urciuoli, the former president of Roger Williams Medical Center, took Celona's place at the defense table, and Torres turned to the other side of the corruption equation.

"Public corruption is a very serious offense and it takes at least two parties," said Torres. "It takes a corrupt office holder and a person who induces that person."

Urciuoli's lawyer, Richard M. Egbert, argued that it was unfair for the government to request a sentence for Celona based on the money he received from Roger Williams, CVS and Blue Cross — about $319,000 — and then seek a much larger prison term for Urciuoli, based on the fact that Celona's efforts helped the hospital gain $5.6 million in disputed reimbursements from Blue Cross.

Based on the $5.6 million, Urciuoli was facing a potential prison term in the range of seven years following his conviction at trial last fall on 1 count of conspiracy and 35 counts of honest-services mail fraud.

"It seems almost to shock the conscience of justice," said Egbert.

Torres agreed. But he rejected Egbert's request to further lower that figure because Celona had also done "legitimate" work promoting the hospital's affiliated assisted-living center.

"Those [legitimate] services were negligible," said Torres. "Senator Celona was hired to use his office to benefit Roger Williams."

Urciuoli now faced a prison term of 41 to 51 months. Prosecutors asked for 46. But Torres had discretion to lower that based on other factors, including a history of community service documented in numerous letters to the court.

Egbert, citing Urciuoli's "extraordinary" service in 35 years at Roger Williams and the fact that the legislation involved in the case did not personally profit Urciuoli, but rather benefited the hospital, requested a prison term of one year and one day.

Urciuoli also pleaded for leniency.

"I'm not perfect. I make mistakes," said Urciuoli. "But if you look back on my life, I'm much more of a giver than a taker. … I have a deep, unbridled love for Roger Williams. I never did anything to enrich myself personally.

"This has been a very painful, humiliating experience for me and my family. …I've lost my job, my reputation, been devastated financially."

Torres said that he was impressed by Urciuoli's appearance as "a law-abiding citizen who has done many good things for the community." And while the crime was serious, Torres said, he was also struck by the fact that "for the most part, what you did was not motivated by personal gain. …but to benefit Roger Williams."

Torres sentenced Urciuoli to three years in prison, followed by two years of supervised release during which he will have to perform eight hours a week of community service. He also fined him $20,000. The judge denied Urciuoli's request to remain free while he appeals, which could take one year.

The last defendant to be sentenced was Driscoll. A former vice president at Roger Williams, she was convicted at trial with Urciuoli of one count of honest-services mail fraud and faced a prison term of 27 to 33 months. Her lawyer, Kevin J. Bristow, argued for a lesser sentence, based on her relatively minor role in the crime, including her initial objections to Urciuoli's desire to hire Celona.

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"She has lost what she worked for her whole life — her reputation," said Bristow. "She has difficulty trying to explain to a grandchild what's going on with grandma."

Torres said that she deserved some consideration, but that she should to go prison for her participation in a crime documented in numerous faxes between her and Celona.

"I never, ever in my worst nightmare thought I would be convicted of a crime, standing before you here today," she told Torres. "But as I look at those faxes, I don't know how I could have allowed that sort of communication to occur. … Reading the black and white of those documents did truly frighten me. I never took time to reconcile the friendly John Celona who wanted to truly help the hospital any way he could with the man who was a paid consultant. For that, I'm truly sorry."

She and Bristow pleaded with Torres to spare her prison and sentence her to home confinement, based on her age and health concerns of herself and her husband of 42 years, Don, for whom she is the primary caretaker. They also cited her numerous good works, documented in dozens of letters to the judge on behalf of the poor, the elderly and students.

"I don't want [my husband] to live out his life in a care center," she said, choking back sobs.

Mobster's Son May Try To Help Convict Ex-FBI Official (NYS)

By Jerry Capeci

New York Sun, February 1, 2007

Brooklyn prosecutors are seeking to line up a star witness for their sensational upcoming trial of a former FBI supervisor, R. Lindley DeVecchio, who is charged with helping legendary mob capo Gregory Scarpa commit four murders.

The prospective witness is none other than Gregory Scarpa Jr., the imprisoned son of the late Colombo crime big, who after his death in 1994 was revealed to have been a much-prized government informant (and whose handler was Mr. DeVecchio). Unfortunately, the would-be witness comes with heavy baggage: He's already been called a perjurer by a federal judge and other authorities.

So far, the matter is still in the talking stages. Gang Land has learned that Scarpa has told prosecutors he wants to testify at the trial. The Brooklyn district attorney's office, which filed the blockbuster charges against Mr. DeVecchio, has been talking to him with a view toward granting his wish.

If so, he would undoubtedly have a lot to say.

Scarpa could give a detailed, shot-by-shot account of the slaying of Mary Bari, a onetime paramour of a top Colombo gangster who was killed in 1984, as well as the 1987 murder of mobster Joseph "Joe Brewster" DeDomenico. According to court records, Scarpa fired the fatal shots at DeDomenico and held down Bari as his father shot her at a mob social club. Mr. DeVecchio is alleged to have alerted Scarpa Sr. that both were potential informants.

Soon after the Joe Brewster slaying, Scarpa became a fugitive, allegedly after Mr. DeVecchio tipped his father that he was going to be arrested on drug charges. Captured later, Scarpa was convicted in 1988 and was in prison when two other murders that Mr. DeVecchio is alleged to have aided — that of Patrick Porco in 1990 and Larry Lampesi in 1992 — took place. If he professes any insight about those killings, it would have to have been acquired secondhand.

Prosecutors have been secretly discussing those events with Scarpa Jr. since December 6 in a secure wing of the Metropolitan Correctional Center.

On that day, according to Bureau of Prison officials, Scarpa Jr., who is serving 40 years for racketeering charges and is slated for release in 2035, was moved to the MCC. Since 1999, he had been at a super-strict Colorado facility that, at latest count, is home to the 465 "most violent" inmates of the 193,643 incarcerated around the country.

The Executive Assistant Warden, Scott Sussman, confirmed that Scarpa, 55, is at the MCC, which primarily houses transient inmates with court proceedings or other official sessions scheduled in the New York area, but declined to provide any reasons for his transfer.

A spokesman for the district attorney's office declined to comment about the matter.

Sources who are familiar with the situation but not involved in the case have told Gang Land that Scarpa and the Brooklyn district attorney's office began weighing the possibility of him serving as a prosecution witness even before he was relocated to the MCC in December.

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It would obviously be a risky move, as the imprisoned mobster, who testified at his own trial and at a hearing for convicted acting Colombo boss Victor "Little Vic" Orena, has been publicly called a liar by federal authorities.

If he were to take the stand against DeVecchio, there is little, if anything, that the state prosecutors could do for Scarpa, who received nothing from the feds for information he provided about terrorists Ramzi Yousef and Terry Nichols.

Sources say that the jailed gangster is willing to testify without any guarantees, and that the DA's office is seriously considering the option.

"He's got nothing to lose," a law enforcement official said. "He's 55 and he'll be in his 80s before he can get out. Things can't get worse; only better. And until his work is done, he's close to home, and can get visits from loved ones, if he has any."

Scarpa wouldn't be the first incarcerated gangster to cooperate with the feds on a wing and a prayer.

Leroy "Nicky" Barnes, the legendary Harlem heroin merchant who was serving life without parole in 1981, got out 17 years later after he turned and helped convict 44 drug dealers and murderers, including a few mob associates, of various crimes. Barnes, by the way, has co-authored a book about his life, "Mr. Untouchable," due out next month.

Speaking of books, Scarpa is writing one with Sandra Harmon, who has given an affidavit to the DA's office containing allegations of wrongdoing by Mr. DeVecchio that she claims to have obtained from the elder Scarpa's former partner, Linda Schiro, while the two women were collaborating on a book project that failed to materialize.

Ms. Harmon told Gang Land she had loyalties to Scarpa and the DA's office and refused to discuss where Scarpa is or whether he and Brooklyn prosecutors have spoken to each other.

"But I know why someone would want to leave Ad Max" she said, using the BOP's shorthand term for the Administrative Maximum facility in Florence, Colo. "It's a hell hole, all about shackles and a 23-hour-a-day lockdown. And he does have children, a brother, and other relatives he loves."

News of Scarpa's willingness to be a prosecution witness came as the judge in the case rejected a prosecution motion to postpone the trial until after Labor Day to enable lead prosecutor Michael Vecchione to try two corruption cases, those of Judge Gerald Garson and Clarence Norman, for the fourth time.

This week, a Supreme Court justice, Gustin Reichbach, told assistant district attorneys Noel Downey and Bryan Wallace that the quadruple homicide case — in which a co-defendant has been held without bail for 11 months — was more pressing. Assuming he rejects voluminous defense motions to dismiss the case, the trial would begin in mid-May, the judge said.

In court papers, defense lawyers Douglas Grover and Mark Bederow charged that the grand jury investigation was tainted by numerous prosecution leaks to Gang Land and others, and by prosecutors' use of evidence that Mr. DeVecchio provided on two occasions when he had been granted immunity.

Reached by Gang Land, Mr. Bederow said he was reluctant to "speculate" about witnesses prosecutors think may be "helpful to their case. But certainly, if they intend on using Gregory Scarpa Jr., we would welcome the opportunity to cross examine him."

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Three decades ago, mob associate Ernest Malizia knew exactly what to do after an undercover operative named Boom Boom busted him in a drug sting and he was sentenced to heavy time and stuck in the old federal detention center on West Street.

On September 22, 1974, with the help of a priest and a $50,000 bribe to a corrupt prison guard, he walked out the front gate and flew to Miami. He lived large for three years until his pursuers collared him and he was sent off to more secure accommodations.

Today, at 74, Malizia suffers a host of debilitating medical problems, is broke, and his last resort against dying in prison the same way his brother did three years ago lies with a Manhattan federal judge, Deborah Batts, his devoted wife, Brenda, says.

"He's had quadruple bypass surgery, needs a defibrillator, has no spleen to help him fight infection and has been rushed to hospitals several times in recent months with infections and heart complications," Malizia's wife, who has joined her husband in filing letters seeking mercy from Judge Batts, says.

After getting paroled from prison in 1994, Ernie was clean for a while. But truth be told, he got popped again for drug dealing, pleaded guilty, was sentenced to eight years, which he completed last year.

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Before he could be released, however, he was hit with parole violations stemming from the same charges for which he had been sentenced, and ordered to serve an additional 12 years. This seems a bit unfair to Brenda Malizia, and Gang Land, too.

This column and other news of organized crime will be available today at ganglandnews.com.

Drug-testing Firm Faces Audit After Accusations (CHIT)

By David Kidwell And John Chase, Tribune Staff Reporters

Chicago Tribune, February 1, 2007

Gov. Rod Blagojevich's office has ordered an audit of no-bid state contracts dating to 1990 with a Chicago drug-testing firm under criminal investigation for alleged billing fraud.

The administration outlined its actions involving K.K. Bio-Science Inc. on Wednesday, a day after Cook County investigators and the FBI searched the company's offices for evidence of fraud, money laundering and a continuing criminal enterprise, according to the search warrant.

The company came under scrutiny last fall when the Tribune disclosed that the governor's wife, Patricia, had earned more than $113,000 as a real estate agent for the company's owner. There is no indication that the fraud investigation has any connection to the real estate deals.

The company's owner, Anita Mahajan, hired prominent Chicago defense attorney Terry Gillespie to represent her in the investigation. Gillespie said he is new to the case and declined to comment Wednesday.

Mahajan and company representatives also have declined to comment on the case, which centers on Mahajan's long-standing annual contracts to conduct urinalysis screenings on clients of the Illinois Department of Children and Family Services.

No criminal charges had been filed as of Wednesday, and law-enforcement officials also remained silent.

A three-page search warrant served at the company's headquarters in downtown Chicago on Tuesday sought "any items or documents which have been used in the commission of, or which constitute evidence of the offenses," including forgery, theft, money laundering, mail fraud, wire fraud and a continuing financial crimes enterprise, according to the warrant.

The company, founded in 1985 by Mahajan's father, abruptly closed down Jan. 19 with no warning to employees. It officially terminated its $739,000 state contract on Jan. 9 amid an inquiry by the child welfare agency's office of inspector general.

The inspector general's office recently turned over its findings to the Cook County state's attorney office, which is leading the investigation. FBI agents also were on hand during Tuesday's search of the company's abandoned headquarters at 220 S. State St.

According to other workers in the building, K.K. Bio-Science representatives spent much of last week tossing computers and files into Dumpsters in the hallway.

The inquiries began after an Oct. 27 Tribune report raised questions about four 2006 real estate deals involving Mahajan and her banker husband, Amrish, in which Patricia Blagojevich earned more than $113,000 in real estate commissions.

The four commissions on the commercial real estate deals accounted for the only ones the first lady earned in the first 10 months of 2006.

The governor's office confirmed Wednesday that it has ordered a comprehensive review of the company's contracts.

"When an [inspector general] uncovers abuses or discovers abuses of taxpayer dollars, we need to look into that as far as we can and as much as we can to understand as much as we can," said Blagojevich spokeswoman Rebecca Rausch. "In this case, the IG discovered some issue with this contract, and we want a full review of this contract and we've directed DCFS to do that."

The governor has portrayed the Tribune's questions about whether it was a potential conflict for his wife to accept commissions from a state contractor as "sexist" and "Neanderthal." And his administration last year denied Tribune requests for records that would document the company's performance, citing an unwarranted invasion of privacy.

But following the Tribune report on the real estate deals, the agency's inspector general quietly opened the contract investigation that allegedly found some problematic billings.

"Our intention is to do a full review of this contract to seek full restitution of any overpayments made," DCFS spokesman Kendall Marlowe said Wednesday.

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Tribune staff reporter Ray Long contributed to this report.
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Execution, If It Occurs, Is Years Away For Killer (NYT)

By Michael Brick
The New York Times, February 1, 2007

Ronell Wilson sits alone in a prison cell near Gowanus Bay in Brooklyn. He has been on suicide watch since his return late Tuesday evening from federal court in Brooklyn, where a jury called for his execution.

"He's holding up well," said one of his lawyers, Ephraim Savitt, "under the circumstances."

On federal death row, he will join 46 other inmates, their cases in varying stages of appeal. If the sentence is carried out one day, Mr. Wilson, 24, will probably die by lethal injection at the federal death chamber in Terre Haute, Ind., where Timothy J. McVeigh, who bombed the Alfred P. Murrah Federal Building in Oklahoma City, and two Texans have preceded him. But Mr. Wilson's lawyers said he will appeal his sentence, an unpredictable and complicated process that could take years.

No other federal trial in New York has produced a death sentence in half a century. Three men have been put to death in federal cases since 1988, when a moratorium on federal capital punishment was lifted. Of these, the two Texans — Juan Raul Garza, convicted of three drug-related murders, and Louis Jones Jr., convicted of rape and murder — were each on death row for about eight years. Mr. McVeigh, who abandoned his appeals after being denied a stay of execution, was executed four years after his sentencing for the bombing.

Mr. Wilson was convicted of 10 crimes in December, chief among them the murder of two undercover detectives during a gun transaction on Staten Island in March 2003. Judge Nicholas G. Garaufis, who was not in his chambers yesterday, must set a formal sentencing date, according to his staff.

On five counts, the judge is bound by the jury's verdict to impose death sentences. But for the other charges, including robbery conspiracy, attempted robbery and use of a firearm, the judge must determine prison terms. Some of the crimes are relatively minor, on the scale of regular business for a federal court in New York City.

Mr. Wilson, for example, was found guilty of planning to rob a clothing store called Oz, near the Stapleton Houses on Staten Island, where his gang was based. The plan, to get a U-Haul truck and cart off the merchandise in broad daylight, was abandoned in the talking phase.

The law calls for a presentence investigation, in which probation officers will interview Mr. Wilson to ascertain his background and present demeanor. They will compile a report for the judge, though it would seem he has already heard every imaginable aspect of Mr. Wilson's biography recounted in the courtroom during the penalty phase of the trial.

"It's a charade at this point," Mr. Savitt said.

Department of Justice officials said that after sentencing, Mr. Wilson will be assigned to a prison.

The choice would seem to be foregone. All federal condemned prisoners are assigned to the United States Penitentiary in Terre Haute, said Felicia Ponce, a spokeswoman for the Bureau of Prisons. According to the Death Penalty Information Center, a private group that tracks capital cases, that institution was modified in 1995 to include an execution chamber and was converted to a death row center in 1999.

Declining to address Mr. Wilson's case in particular, Ms. Ponce said that all inmates, including those bound for death row, are evaluated according to a point system to determine their assignment. So prison officials will study the seriousness of his offense, his criminal record, his projected length of imprisonment and earlier prison sentences. According to bureau policy statements, this process will involve two managers and a counselor, and perhaps an education adviser and a psychology services representative.

Federal marshals will take Mr. Wilson to his assigned facility. He may join other inmates on an airplane, or he may be assigned to a private flight, said Ralph Rosado, a spokesman for the United States Marshals Service in the Eastern District of New York.

"It's very new," Mr. Rosado said. "I'm not sure."

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Mr. Wilson's lawyers must also confront the grim novelty of the circumstances.

"The lawyers went out to an Irish pub," Mr. Savitt said, adding that he had trouble sleeping nonetheless. With the realm of possible motions in this trial exhausted, he said, the next forum for the case is appellate court.

Upon formal sentencing, a convict has 10 days to file a notice of appeal, said Erik Ablin, a spokesman for the Department of Justice. From there, a briefing schedule would be established. After avenues of appeal have been exhausted, meaning the case has been declined by the United States Supreme Court, a prisoner could apply for relief from the court that imposed the sentence.

Mr. Savitt said that grounds for appeal could include the judge's rejection of defense lawyers' efforts to eliminate certain members of the jury, including the foreman. He said the foreman had muttered and rolled his eyes during the closing defense argument.

Other grounds could include the judge's decision to bar testimony on the nature of rap lyrics. Prosecutors had submitted handwritten lyrics they portrayed as a confession, and defense lawyers had hoped to call an expert to depict the lyrics as fantasies.

Should all the appeals fail, Justice Department officials said, the Bureau of Prisons would set an execution date. An example of how that works is available from the case of Bruce Carneil Webster, another Texan, who was convicted of kidnapping resulting in death.

Mr. Webster, who was sentenced to death in 1996, was notified in writing on Dec. 5, 2006, that he would be executed by lethal injection at 7 a.m. on April 16, 2007.

Mr. Wilson's lawyers said they would ask court and prison officials to keep him in the cell in Brooklyn during the next stage of the process.

"We have to consult with him on the appeal," Mr. Savitt said. "This is his life."

Geography And Emotion Helped Sway Jurors' Vote (NYT)

By James Barron

The New York Times, February 1, 2007

They were police detectives, shot at close range, in the backs of their heads. Fellow officers and relatives filled the courtroom, day after day, during the trial of the man accused of pulling the trigger, who mostly kept his emotions to himself.

Add to that where the jurors came from — Brooklyn, Queens, Staten Island and Long Island, but not Manhattan. And that the detectives knew, and were known in, the neighborhood, which gave the case a strong local connection — unlike, say, a case involving terrorist acts overseas.

Taken together, all those elements were so powerful, death-penalty specialists said yesterday, that the jury's verdict seemed almost inevitable. The seven women and five men decided that the defendant, Ronell Wilson, should die.

That made him the first person to face death in a federal case in New York since the 1950s, a fate that other defendants have managed to avoid, even though some of them have been accused of killing far more people. "There was a confluence of factors," said Deborah W. Denno, a professor at Fordham University School of Law. "I think it's highly unlikely there will be another case with all these particular elements anytime soon."

For that reason, she and other lawyers interviewed yesterday said they doubted that the Wilson verdict signaled a shift in public attitudes about the death penalty. Michael Greenberger, a law professor at the University of Maryland, noted that advances in DNA testing have uncovered faulty convictions and made juries nationally more hesitant to impose the death sentence. But he said there were no such doubts in the Wilson case.

"This case is one that shocks the conscience," he said. "The brutal nature of it, I think, aligned the stars for this kind of verdict."

Still, some attitudes may have changed. Several years ago, when Attorney General John Ashcroft ordered United States attorneys to seek the death penalty, he ran into resistance in New York, where some prosecutors feared such a possibility could cause jurors to acquit.

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Counting Mr. Wilson, there are now 47 federal prisoners on death row. But prosecutors in New York have failed to obtain death sentences in recent years, even in closely watched terrorism trials involving embassy bombings in Africa in 1998.

Some death-penalty opponents said that the Wilson case proved the exception because the victims were police officers.

Ronald J. Tabak, a special counsel at the Manhattan law firm of Skadden, Arps, Slate, Meagher & Flom and the president of New York Lawyers Against the Death Penalty, said that when New York changed its law on capital punishment in the 1960s "in what was considered a virtual abolition of the death penalty," the murder of a police officer remained a death-penalty offense.

The last federal inmate to be executed in New York State, Gerhard Puff, in 1954, had been found guilty of killing an F.B.I. agent during a bank robbery. At the state level, no trials involved the killings of police officers between when the death penalty was reinstated in New York in 1995 and when it was invalidated in 2004, according to Kevin Doyle, the New York State criminal defender. Nor did any of the federal cases tried in New York since 2001.

But in the Wilson case, death-penalty lawyers said, the jury could not have missed the large turnout of police officers and relatives.

"It's hard to resist that kind of pressure," said David A. Ruhnke, a lawyer who is representing a convicted drug trafficker in another federal death-penalty case in Brooklyn, that one involving racketeering and murder.

Last week, the judge in that case told the prosecutors that the Justice Department should drop its push for the execution of the defendant, Kenneth McGriff. The judge, Frederic Block, said that pressing on to the penalty phase of the trial would be "absurd" and "a total misappropriation" of taxpayer dollars.

In analyzing the Wilson verdict, some death-penalty lawyers said they had figured that sooner or later, a jury in New York would vote to send a defendant to die. Mr. Tabak said that of the seven state cases that ended in death-penalty verdicts between 1995 and 2004, all but two originated in the area that makes up the federal Eastern District: Brooklyn, Queens and Staten Island, and Nassau and Suffolk Counties on Long Island.

Lawyers consider prospective jurors in those areas more likely to support the death penalty than those in Manhattan. Still, some lawyers said the importance of geography was minimal when compared to the particular circumstances of the Wilson case.

"It was the kind of case that no matter where it tried and no matter where it was brought, the likelihood of a death verdict was high," Mr. Ruhnke said. "Sometimes the facts of a case simply blot out everything else."

Other death-penalty lawyers said the Wilson trial differed from those involving drug dealers accused of killing other drug dealers, or those involving terrorists. Twice in 2001, a federal jury in Manhattan deadlocked over whether to impose the death penalty on three terrorists in the 1998 bombings of the American Embassies in Kenya and Tanzania that killed more than 200 people, including 12 Americans. In the federal courts, a deadlock means the defendant is automatically sentenced to life in prison.

Richard Burr, who was one of Timothy J. McVeigh's lawyers in the Oklahoma City bombing trial, said that a case involving a terrorist attack overseas "is not the sort of immediate, frightening incident that the killing of police officers in your own town is."

"It's not immediate, it's not here, it's not that visceral response," he said.

The Wilson case, which centered on the murders of Detectives James V. Nemorin and Rodney J. Andrews on a Staten Island street in 2003, had an emotional component that the lawyers said had been lacking in other death-penalty trials in New York. This was partly because such violence seemed out of place on Staten Island, and partly because the detectives were the first two officers killed by gunfire on a single day in 15 years.

"The ingredient that this case had that the others have not had was the powerful emotions on the part of the victims' survivors, both their individual families and the police community," said Kevin McNally, a Kentucky lawyer who is director of the Federal Death Penalty Resource Counsel Project, which provides information to defense lawyers in capital cases. "You simply don't see that kind of a packed courtroom in these other trials, and jurors are affected by that."

Nor had juries taken up a case in which the victims were police officers. David Bruck, who runs the Virginia Capital Case Clearinghouse at the Washington and Lee School of Law, said that juries "impose the death penalty to avenge the murders of people with whom they identify."

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"People identify with brave, hard-working, young police officers who lost their lives and had families and people who loved them," he said.

In addition, Professor Denno said the way Mr. Wilson had handled himself during the trial — even sticking out his tongue as the victims' families rejoiced after the verdict — "stands out" among death-penalty defendants in this country.

"I think people expect this from terrorists who are instigated by an ideology that of course we can't fully understand," she said. "But the American public has particular difficulty with a defendant like Ronell Wilson, who showed so little remorse, no remorse."

Fired Kodak Worker In Kickback Case Gets Probation, Fine (NSDY/AP)

Long Island Newsday, February 1, 2007

ROCHESTER, N.Y. (AP) _ A fired Eastman Kodak Co. employee involved in a kickback scheme to defraud the photography company was placed on probation for three years Tuesday and ordered to pay almost $190,000 in restitution.

Roger Benton, 49, pleaded guilty to mail fraud in June for helping to steer inflated contracts to a molding services company, Pro-Mold Ltd., between 1997 and 2000. At sentencing in federal court, he was fined $3,000 and paid $63,058 of the $189,174 he was ordered to return to Kodak.

If convicted, Benton could have drawn up to five years in prison and a $250,000 fine.

Another former Kodak employee implicated in the scheme was sentenced last week to six months of home confinement and ordered to pay back a portion of the stolen money. Roy Mosely, a mechanic, and Pro-Mold conspired to inflate contract bids, then kept a portion of the payments, prosecutors said.

Man Pleads Guilty To Child-porn Charge (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 1, 2007

He faces minimum 10-year sentence for creating illegal images

A Grainger County man with a decade-long history of collecting child pornography admitted Wednesday he has been creating his own illegal images.

David Edward Ratkewicz pleaded guilty before Senior U.S. District Judge Leon Jordan to a federal child pornography possession charge.

As part of his plea, Ratkewicz admitted not only downloading sadistic shots of young children being sexually victimized but also "photographing underage boys in sexually explicit positions and storing the images on his computer," Assistant U.S. Attorney Charles Atchley said.

That fact, coupled with a prior conviction in Florida for possession of child pornography, will put Ratkewicz on a higher rung on the sentencing ladder, Atchley said.

"He is facing enhanced penalties," Atchley said at Wednesday's hearing.

Ratkewicz faces a minimum mandatory prison term of 10 years when he again stands before Jordan in May to learn his sentencing fate.

According to documents filed in the case, the Knoxville Police Department Internet Crimes Against Children Task Force, with help from the Grainger County Sheriff's Department, hit Ratkewicz with a search warrant in August 2004.

Although court records do not make clear why Ratkewicz became a target of the task force, officers such as KPD Officer Melvin Pierce typically go undercover on the Internet, taking on the guise of a child victim or a fellow child pornography aficionado.

Atchley said Ratkewicz agreed to be interviewed by Pierce and other task force officers, including FBI agents.

"He stated that he had collected child pornography for over 10 years," Atchley said.

An examination of Ratkewicz's computer revealed some 50,000 images of child pornography, Atchley said.

Defense attorney Rebecca McCoy asked Jordan to allow Ratkewicz to remain free on bond pending sentencing.

"He is not a flight risk," she said. "He has voluntarily returned here to address these issues."

Atchley balked.

"I think the statute is quite clear," Atchley said. "Mr. Ratkewicz has pleaded guilty to what is a crime of violence. This is not Mr. Ratkewicz's first time in court for an offense like this."

Jordan sided with Atchley and ordered deputy U.S. Marshals to take the Grainger County man into custody.

Jamie Satterfield may be reached at 865-342-6308.

Study: Novel Sentencing Program Really Works (AP)

By Wilson Ring, Associated Press Writer

AP, February 1, 2007

MONTPELIER, Vt. --A woman who stole from a patient in a nursing home where she works was sentenced to making potpourri-filled vases for a senior center.

A man convicted of driving with a suspended license agrees to carve a cane for an elderly person.

An artist convicted of driving under the influence had to paint a painting for an organization whose lawn she drove over.

Those are some of the examples of the unusual sentences crafted by Vermont's ground-breaking Reparative Probation system, under which criminals meet with community volunteers -- and in some cases victims -- to craft their sentences instead of taking them from a judge.

The system works, according to a new survey.

The survey by three college professors that was paid for with a grant from the Justice Department, found that in 9,078 cases handled between 1998 and 2005, offenders were 23 percent less likely to commit another crime while on probation than those sentenced to traditional probation.

And they were 12 percent less likely to commit another crime after probation ended.

"This is a bit of a vindication for Vermont's reparative boards," said Gale Burford, a professor of social work at the University of Vermont and one of the authors of the yet-to-be published survey. He said that in some circles, Vermont was perceived as being soft on crime.

"The people who go to these boards don't regard them as soft, because they are emotional and they are getting faced by people in their community," Burford said. "It is not a soft option."

The people who work with the system every day say its successes go beyond just reducing recidivism.

"Those numbers are important, but I can tell you it works on so many other levels, in terms of the relationships built and the conversations that are had and the new perspectives that people have about their own lives and other peoples' lives," said Cara Gleason, the Community Justice Coordinator for the City of Burlington.

The Corrections Department set up the pioneering program in 1995, when the state was looking for alternatives to traditional corrections.

Reparative probation was part of a package of sentencing alternatives -- such as requiring offenders to complete intensive substance-abuse programs or closely supervised furlough in the community -- made available to Vermont judges.

A number of communities across the country now use some form of reparative justice.

What makes Vermont unusual is that the system was conceived by the Department of Corrections, said Kay Pranis, of St. Paul, Minn., who has worked with restorative justice programs across the country.

"Out of a state agency came an effort that has become a community-based effort and really belongs to the community," said Pranis. "That is a huge accomplishment."

In the reparative probation system, the offender meets with community members and they try to craft a sentence that builds on the interests of the offender and the needs of the victim and the community.

In some cases the victims participate, in some cases they don't.

"I think across the board, almost everyone says that's when it's most transformational is when the person who has been the most affected gets to meet with the person who caused them harm," said Rain Banberg, of the Greater Barre Community Justice Center.

Now, there are 12 community justice centers across the state and many more volunteer boards that meet with the offenders. The volunteer boards are chosen from interested members of the community.

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By design, the hearings lack the structured formality of a court appearance.

And that's how a single mother working in a nursing home comes to see how stealing a ring from a patient affects the victim. So the board builds on the offender's interest in crafts and has her make vases for the senior center.

Or why the man who was driving with a suspended license could agree to use his passion for carving to create a carved cane for a senior citizen. Or the artist convicted a second time for driving under the influence could create a painting for the lawn of, coincidentally, the substance abuse center she drove over, said Lori Baker, the executive director of the Barre Justice Center.

The solutions, by design, are as varied as the crimes.

"It shows that we can involve community volunteers, lay people, in processing a large percentage of our low-level crimes rather than dealing with them more formally either in government supervised probation or the even more expensive option in court," said Burford.

On the Net

Vermont Department of Corrections

http://www.doc.state.vt.us/

City of Burlington

http://www.ci.burlington.vt.us/

Greater Barre Community Justice Center

http://www.gbcjc.org/index.htm

Bush Urged To Pardon Border Patrol Agents Who Shot Immigrant (MCT)

By Dave Montgomery, McClatchy Newspapers

McClatchy Newspapers, February 1, 2007

WASHINGTON - Are they mistreated heroes or rogue lawmen?

That question is at the heart of a nationwide uproar over Border Patrol Agents Ignacio Ramos and Jose Alonso Compean, who are beginning decade-long sentences in federal prison for the non-fatal shooting of a suspected drug smuggler, who was given immunity to testify against them.

Scores of Republican lawmakers, and thousands of grassroots petitioners, have besieged President Bush with demands that the agents be granted an immediate pardon. But to federal prosecutor Johnny Sutton and his defenders, the two Texas-based agents abridged the public trust by attempting to cover up an unauthorized shooting and must face the consequences.

"Prosecutors take cases as they come. We don't get to choose the facts and we don't get to choose the witnesses," the San Antonio-based U.S. attorney said in a telephone interview Wednesday. "We hate the thought of having to prosecute law enforcement because those are the people we work with every day. But nobody is above the law."

In an interview on the Fox television network Wednesday, Bush again said he is bound by strict federal guidelines on pardons and cannot immediately grant a pardon to the two agents.

Bush explained that "there is a series of steps that are analyzed in order for the Justice Department to make a recommendation as to whether or not a president grants a pardon."

And, Bush added, "we're not at that stage yet."

Bush's position is likely to further agitate a growing circle of mostly Republican lawmakers, who have repeatedly pressed the White House to step into the case. Many also blame the Bush administration for the agents' imprisonment, pointing out that it was Bush who appointed Sutton as federal prosecutor in 2001.

"There are so many questions," said Rep. Walter Jones Jr., R-N.C., who has written four letters to Bush requesting a pardon. "The White House should intervene and the president should pardon these men immediately."

Other leading House members in the campaign include Republicans Ted Poe, Michael McCaul and Sam Johnson, all of Texas, and Dana Rohrabacher and Duncan Hunter, of California.

"On the face of it, the administration is taking the side of the bad guys," Rohrabacher said.

The union that represents most non-supervisory Border Patrol agents is also waging a vigorous campaign to obtain a pardon for the two imprisoned agents.

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"The front-line agents, the ones who actually do the work, are extremely upset," said T. J. Bonner, president of the National Border Patrol Council. "They're very concerned that the same thing could happen to them."

The fate of the two agents has inflamed the wider debate over border security and illegal immigration. And while the outcry on behalf of Ramos and Compean has buzzed across the Internet and conservative talk shows, a less vocal circle believes justice may have been done.

"If we take all the political patina from it, the pure issue is what do we want here on the border as far as accountability (in the use) of deadly force," said Kathleen Walker of El Paso, Texas, the incoming president of the American Immigration Lawyers Association. "We've had a clear violation of procedure and that's not something we want to promote as the status quo."

Ramos and Compean were convicted by a federal court jury in El Paso for a Feb. 17, 2005, shooting involving Osvaldo Aldrete-Davila, who was trying to flee back into Mexico after abandoning a van containing 743 pounds of marijuana near Fabens, Texas.

U.S. District Judge Kathleen Cardone of El Paso sentenced the men in October - Ramos to 11 years in federal prison, Compean to 12. They began serving their sentences two weeks ago.

"He's taking it real hard," said Joe Loya, an El Paso insurance agent and Ramos' father-in-law. "These guys were scapegoats. He's not a criminal who belongs behind bars."

The two agents and their families have repeatedly asserted that their only real offense were procedural violations that would normally result in a suspension, at best. But Sutton and his prosecution team say the agents engaged in abusive behavior and overstepped their authority.

In an account of the case released by Sutton's office, neither of the agents knew the van contained marijuana. "The evidence was un-controverted that, at the time the victim was shot, neither agent knew the driver was illegally in the United States or whether a crime had been committed," the statement said. "The only information they had was that the driver had failed to pull over to be identified."

Aldrete-Davila leaped out of the vehicle and tried to run, but stopped and raised his hands to surrender after jumping into a ditch. According to testimony, Compean tried to hit the man with the butt of his shotgun but slipped and fell. Aldrete-Davila began running, and Compean fired 14 shots with his pistol. Ramos fired once, striking Aldrete-Davila in the buttocks.

The fugitive fled to Mexico and sought medical help. In a twist of irony, according to Sutton, Aldrete-Davila's mother mentioned the incident to a friend, whose son-in-law was a Border Patrolman. The agent passed the information to superiors, resulting in an investigation by the Homeland Security Department, the parent department of the border patrol.

The investigation, as presented by prosecutors, found that the agents tried to dispose of empty shell casings and filed a false report. They were convicted of 11 of the 12 charges in the indictment, including assault with a dangerous weapon, assault with serious bodily injury, discharge of a firearm during the commission of a crime of violence and willfully violating Aldrete-Davila's constitutional right to be free from illegal seizure.

Other violations included intentionally defacing the crime scene, lying about the incident and failing to report the truth.

The agents' defenders have attacked Sutton's account as a collection of distortions and said the two lawmen were lawfully performing their duty and believed Aldrete-Davila was armed. Several lawmakers have likened the agents to combatants in Iraq, saying they risked their lives daily to protect America's border.

Among the most explosive elements in the case is Sutton's decision to grant immunity to Aldrete-Davila to enable an apparent drug dealer to testify against two agents with respected records of service - Ramos, at one point, was nominated as agent of the year before the recommendation was withdrawn following the indictment.

The agents' supporters also complain that the trial transcript has not been completed and made public, compounding their efforts to review the case.

Sutton described Aldrete-Davila as "a typical dirt-bag dope dealer" but said prosecutors had no useable evidence to link him to smuggling. Futher, he said, the agents' "bad behavior" at the scene destroyed any chance of making a drug case. After the unreported shooting came to light, he said, prosecutors had no choice but to proceed with a case, using Aldrete-Davila as a key witness.

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Defense, Government Give Closing Arguments In Coke Secrets Case (SDUT/AP)

By Harry R. Weber, Associated Press

The San Diego Union-Tribune, February 1, 2007

ATLANTA – A former Coca-Cola secretary was deeply in debt, unhappy in her job and seeking a big payday, so she conspired to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi, a prosecutor said Wednesday during closing arguments in the woman's trial.

But Joya Williams' lawyer asked jurors to use their common sense and ask themselves if the government has proved its case beyond a reasonable doubt.

"They have absolutely, 100 percent failed to meet that burden," Janice Singer said during her closing argument.

Jurors deliberated Williams' fate for about 3½ hours Wednesday afternoon before being sent home for the day without reaching a verdict. Deliberations were to resume Thursday.

Assistant U.S. Attorney Byung J. Pak said Wednesday that the case against Williams is about cash, ongoing access to documents, lies and acts in furtherance of the crime. He put the words on a screen for the jury, using the first letter of each of the four categories to spell "C-O-L-A."

"This case is about desperate times calling for desperate criminal measures," Pak said.

He added, "Ladies and gentlemen, she is a knowing and willing participant in the conspiracy."

The government has alleged that Williams, 41, stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

Williams was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

During two days on the stand earlier this week, Williams testified that she didn't steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400, and that was after her July 5 arrest.

Williams' credibility will be an issue for the jury to weigh during its deliberations.

Williams' lawyer has suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Pak said during his closing argument Wednesday that the key under the mat claim was another lie told by Williams.

"The fact of the matter was there was no key under the mat," Pak told jurors. "That did not happen. Mr. Dimson had an insider, and that was Ms. Williams."

Defense lawyer Singer told jurors the real liar in the case is Duhaney, when he claimed on the stand that the conspiracy was Williams' idea.

"I think it is clear Mr. Duhaney has no problem lying," Singer said.

She noted Duhaney, an ex-con who met Dimson in federal prison, testified as part of a plea agreement with the government. Dimson had served time on a bank fraud charge, while Duhaney had served time on a cocaine charge.

"It gives him a motive to lie," Singer said of Duhaney, referring to his plea deal in the Coke case. "But Mr. Duhaney doesn't really need a motive to lie. He has a pattern of lying."

Before heading home Wednesday, the jury asked U.S. District Judge J. Owen Forrester whether Williams is married. The jury didn't say why it wanted to know. Williams had testified she is single, though on a form she filled out listing personal

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information on the day she started working at Coke – March. 7, 2005 – she circled "married." Her attorney told reporters outside court that she doesn't know if Williams was married in the past.

Posing As A Family, Sex Offenders Stun A Town (NYT)

By Jennifer Steinhauer

The New York Times, February 1, 2007

EL MIRAGE, Ariz., Jan. 31 — To neighbors, Casey Price was a seventh grader with acne and a baseball cap who lived an unremarkable life among a bevy of male relatives.

He built the occasional skateboard ramp and did wheelies on his bicycle down the streets of this subdivision of stucco homes north of Phoenix.

In nearby Surprise, where Casey was enrolled as a 12-year-old in a public school for four months, he was regarded as a shy, average student with chronic attendance problems. A man identified as his uncle had registered him, attended curriculum night and e-mailed his teachers about homework assignments.

Now Casey is in jail, and his former neighbors and classmates have learned the unthinkable: Not only is Casey not Casey — his real name is Neil H. Rodreick II — but he is also a 29-year-old convicted sex offender who kept a youthful appearance with the aid of razors and makeup.

And the men known as his uncle, grandfather and cousin, who until recently shared a three-bedroom house with him here, were not family at all, but a web of convicted sex offenders and predators, law enforcement officials say, preying in part on one another.

A retracing of Mr. Rodreick's tracks over the past several years shows that he is under investigation in three states. The authorities in four jurisdictions say he repeatedly failed to register as a sex offender, housed a large cache of child pornography in his computer and, based on videos found by the police, had sex with at least one boy.

"Obviously there are a lot of emotions to work through," said Mindy Newlin, the mother of a kindergartener at Imagine Charter School, the school in Surprise where Mr. Rodreick posed as Casey. "We are just shocked."

Robin Kaiser's daughter Kaitlin shared a class with "Casey," but he failed to make an impression, Ms. Kaiser said. "She remembers him, that he was quiet and sat in the back of the classroom," she said. "She said he looked like he had been held back."

Janet R. Lincoln, the public defender for Yavapai County, who represents Mr. Rodreick and the other three men, did not return multiple phone calls. A receptionist in her office said Ms. Lincoln would have no comment. The men have been indicted on numerous counts and are scheduled to appear in court in late February; they have already pleaded not guilty to charges of fraud and failing to register as sex offenders.

Mr. Rodreick spent seven years in prison in Oklahoma for making lewd and indecent proposals to two 6-year-old boys. After being released in 2002, law enforcement officials said, he was able to convince Lonnie Stiffler, 61, and Robert J. Snow, 43, who had been trolling the Internet for boys, that he was a minor.

In 2005, he talked the two men into taking him from Oklahoma to live with them in Arizona, where Mr. Stiffler posed as Mr. Rodreick's grandfather and Mr. Snow as his uncle, and both men regularly had sex with him, the authorities said. Another man living in the house, Brian Nellis, 34, a sex offender Mr. Rodreick had met in prison, is believed to have aided Mr. Rodreick in the ruse, the authorities said.

Mr. Rodreick continued the charade as a minor for nearly two years, the authorities said, registering at four charter schools in Arizona, until this month, when school administrators in Chino Valley called the sheriff.

The police and school officials in each location where "Casey" enrolled said they knew of no children harmed, although the indictment against Mr. Rodreick includes an assault count. The authorities are trying to determine, with the help of videos confiscated from the men, if there were victims in the schools.

"With boys it is a really tough deal," said Lt. Van Gillock of the Police Department in El Reno, Okla., where Mr. Rodreick is believed to have posed as a 12-year-old to ingratiate himself with boys at church. "If they did it voluntarily, they have the stigma of

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homosexuality, and if it is forced, well, boys are supposed to be tough and the things the boys have on them gives them an embarrassment factor."

Though many parents have publicly praised the Surprise school's handling of the deception, Mr. Rodreick's enrollment has raised questions about admissions procedures, which officials at Imagine, one of the state's largest charter schools, said they were reviewing. Arizona, the nation's fastest-growing state, is a leader in charter school enrollment, with more than 450 schools that account for 8 percent of the state's total student body.

"He probably thought that a charter school was easier," said Candace Foth, another parent in Surprise. "It is not really difficult to enroll."

Mr. Rodreick's time in Arizona was the latest episode in a life speckled with disappointment, crimes and estrangement, according to relatives and law enforcement officials.

When he was growing up in Oklahoma, he was sexually abused by neighbors, said his mother's sister, Jan Bautista, with whom he lived briefly after his release from prison in 2002.

He was 18 in 1996 when the authorities in Chickasha, Okla., charged him with making lewd and indecent proposals to two 6-year-old boys. He was sentenced to 10 years in prison and released after serving 7.

From there, Ms. Bautista said, he made his way to San Bernardino County in California, where he stayed with her for about two months. Ms. Bautista said she asked Mr. Rodreick to leave after she found child pornography on her computer and suspected him of lewd acts toward a child. She said she turned her computer over to the sheriff.

"I really hate this man," she said. "I really do. I hope they keep him in prison the rest of his life, because I know he is never going to get well."

Mr. Rodreick next made his way to Kingfisher County in Oklahoma, where, according to the sheriff, Dennis Banther, he registered as a sex offender. Soon, he was joined in his mobile home in a secluded area by Mr. Nellis, who had served three years in prison after a conviction for lewd molestation, Sheriff Banther said. The two gravitated among fast-food restaurant jobs, the sheriff said, and were seen at a school playground, a library and parks.

The two left Kingfisher County in 2003 for El Reno, Okla., and trouble followed. In 2005, Lieutenant Gillock of the El Reno Police Department got a call from a computer rental store that had repossessed a computer Mr. Nellis had rented and found child pornography — more than 1,000 images and 150 videos.

While looking for Mr. Rodreick, Lieutenant Gillock stumbled upon his new life. He learned he had been posing as a 12-year-old named Casey and befriending families at a local church. He had spent the night with at least one boy, the lieutenant said, and traveled to the Grand Canyon, with Mr. Nellis in tow as his uncle, with another boy. And since at least late 2004, he said, Mr. Rodreick had been receiving Western Union money transfers from Mr. Stiffler.

Mr. Stiffler is the only one of the four who has not been convicted of a sexual offense, according to officials in Yavapai County. He spent most of his life in New Jersey, some of it married to a woman named Jill, who died in 1984, and with whom he had a daughter, according to Karen Svecz, his wife's sister.

Mr. Snow, who law enforcement officials say has been convicted of a sexual offense in California, lived mostly there until about 1985, when he moved to Arizona.

When Mr. Rodreick arrived in Arizona, he is believed to have first enrolled at the Shelby School in Peyson, where administrators say he attended under the name of Casy Rodreick for 21 days in 2005.

The next stop was Surprise, where the same "uncle" played the role of enroller again, presenting Mr. Rodreick as a 12-year-old. His concocted name, Casey Price, was that of a child in Oklahoma, the authorities there said.

"He absolutely looked age-appropriate," said Rhonda Cagle, a spokeswoman for Imagine Charter School, of Mr. Rodreick, who is listed on the Oklahoma Department of Corrections Web site as 5 feet 8 inches tall and 120 pounds. "We have several seventh-grade students who are taller and of a larger build than this individual."

Ms. Cagle said he was quiet and participated in no after school activities, eventually being expelled by school officials for poor attendance.

"He took all of the subjects our students take — math, social studies," she said. "By all accounts from the teachers, he was fairly quiet and withdrawn. He turned in homework, certainly didn't come off as brilliant or as someone needing extra help."

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After another effort to enroll in a school in Prescott Valley, the police say, Mr. Rodreick headed a bit north, to the Mingus Springs Charter School in Chino Valley, and this time, his "grandfather," Mr. Stiffler, took him to enroll on Jan. 16 toward the end of the day.

But administrators and staff members quickly grew suspicious, said Dawn Gonzales, the school director.

"The person posing as the child obviously looked older than 12," Ms. Gonzales said, although he was allowed to start class while they looked over his paperwork. Things were not right, there, either. Some records had Casey, others Casy. Different birth dates emerged.

The next day came, and so did Casey. "He did have the demeanor of a kid," Ms. Gonzales said. "He played that part very well. He appeared to be very shy. He kept his head down and spoke softly."

It wasn't working. "Every adult that encountered him said something here is not right," she said. "He just looked older. They kept saying, 'Are you sure he is 12?' "

When information on his enrollment forms turned out to be fiction, school officials, believing they had an abducted older child on their hands, called the Yavapai sheriff's office.

"In my wildest imagination I could not have dreamt up," what was discovered, Ms. Gonzales said.

The authorities said Mr. Stiffler and Mr. Snow were shocked, too, and angry about being duped by an adult posing as a minor.

Ms. Cagle said her school in Surprise learned about their "Casey" on the evening news. "Needless to say, our staff is devastated," she said. "This individual violated a sense of community that we all share. This is something that is bigger than our school. It affects the way we live and the way we look at each other."

US Audit Found More Problems At Crime Lab (BOS)

By Jonathan Saltzman, Globe Staff

The Boston Globe, February 1, 2007

A federal inspection of the State Police crime laboratory completed in September found problems with the handling of DNA evidence that go beyond those that prompted the agency to suspend a civilian administrator and led to two sweeping reviews of the lab.

Auditors from the US Justice Department's Office of the Inspector General concluded that the laboratory entered incomplete genetic profiles into its computerized database in 12 cases of a sample of 100 involving unidentified suspects who left DNA at crimes scenes, making the profiles inadequate.

The auditors also found instances in which laboratory officials entered the same genetic profile under two different ID numbers in the database and failed to follow FBI protocols for analyzing profiles and double-checking results, according to an executive summary of the inspection report.

In addition, the summary said, the laboratory waited nearly eight months to confirm a tentative match between DNA from a crime scene and DNA from a convicted felon whose genetic profile was entered into the database. Federal guidelines call for confirmation within 30 days.

The lab underwent a private inspection for work performed in 2005, but failed to pass the report on to the FBI for almost seven months, not immediately as required. In all, the federal audit cited seven categories of problems. It did not specifically mention the suspended administrator, but did appear to focus on duties he performed.

Apart from those deficiencies, the auditors said the lab "generally complied" with federal standards for labs that participate in the nationwide Combined DNA Index System, or CODIS. That database allows law enforcement officials, seeking to match suspects to crimes, to electronically compare more than 3.1 million DNA profiles.

The State Police had not disclosed the existence of the federal report since Jan. 12, when the agency announced the suspension of Robert E. Pino , the civilian administrator in charge of the state's DNA indexing system.

The State Police said Colonel Mark Delaney, superintendent of the force, launched an internal investigation in mid-November after discovering that Pino mishandled test results in 15 sexual assault cases. In 11 of those cases, the agency has said, Pino failed to report matches to police departments for months, making it impossible for prosecutors to pursue charges.

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The State Police had said the internal investigation began after a Hampden County police officer complained to the lab about receiving late notification of a match.

Kelly A. Nantel , a spokeswoman for the Executive Office of Public Safety, which oversees the State Police, said yesterday the federal inspection played no role in Delaney starting the internal investigation in November.

However, she said, it confirms the need for the comprehensive analysis that the Patrick administration announced last week. It has asked for proposals for an independent management consultant who would be paid up to $250,000 to evaluate all operations at the crime laboratory.

Meanwhile, Delaney has brought in the FBI to review its DNA database. The FBI has downloaded more than 21,000 DNA profiles and is focusing on 622 matches that have been made since 2001, a State Police spokesman has said.

Nantel said the State Police did not mention the federal audit because it was a routine review and added that the agency has addressed the deficiencies cited by the auditors. A State Police spokeswoman said the department had no comment yesterday because it was too busy responding to the series of bomb scares across Boston.

Cynthia A. Schnedar , counselor to the Inspector General, declined to comment on the details of the audit or to characterize the seriousness of the lapses. But she released a document showing her agency performed 18 audits of US crime laboratories with DNA databases in fiscal 2004 and 2005 and found more than a dozen cases in which labs entered genetic profiles that violated federal standards.

DNA matching has become the gold standard for forensic identifications since the late 1980s, but it has not been without problems. Originally, the databases were designed to store genetic profiles of sexual offenders. But many states, including Massachusetts, have expanded them to include samples from all convicted felons, overwhelming laboratory employees and causing mammoth delays. In addition, the Justice Department fails to check to see whether police departments follow up on matches, making it impossible to assess how well the databases are being used.

Carll Ladd , the supervisor of the DNA unit at the Connecticut State Police crime laboratory, said auditors from the inspector general's office are sticklers and will invariably find problems. Nonetheless, he said, some of the lapses highlighted in the Massachusetts lab struck him as unacceptable, including the finding that 12 percent of the genetic profiles sampled by the auditors were incomplete. "I don't believe we have anything like 12 percent of our forensic unknown profiles that are incomplete," he said in a telephone interview yesterday. "I don't think we have any."

The Massachusetts State Police lab, which wrestled with a backlog in DNA analyses that reached 1,000 cases in 2005, has come under fire since the agency said Pino failed to forward DNA matches in 11 sexual assault cases dating to the 1980s to police departments before the 15-year statute of limitations on rape cases had run out.

In addition, Pino prepared reports saying DNA results in four cases matched the genetic material from old rape kits when they had not. No one was arrested in those cases, State Police said, because someone discovered the mistakes.

State lawmakers, who increased funding to the lab from $6.2 million in fiscal 2005 to $16.2 million in fiscal 2007, are demanding answers about the problems.

The lapses at the lab have also prompted defense lawyers and advocates for several well-known convicted felons to scrutinize DNA evidence in their cases. The felons include Edward S. O'Brien , convicted in 1997 for murdering his best friend's mother; Christopher M. McCowen , convicted last year of murdering Truro fashion writer Christa Worthington ; and Benjamin LaGuer , convicted in 1984 of raping a Leominster woman.

Pino, who has been suspended with pay, has denied wrongdoing but said little to reporters. On Monday, he told the Globe that he had hired a lawyer, Michael J. O'Reilly , and looked forward to the hiring of the outside consultant to review all operations at the forensic laboratory.

"When that thing is done, I know my name will be cleared," he said.

A Governor Stands Up (WP)

The Washington Post, February 1, 2007

ABOLISHING Maryland's death penalty did not figure in Martin O'Malley's successful campaign for governor last year or in his announced agenda for this year's session of the state legislature. So the path of least resistance would have been for him to

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say nothing, or very little, in response to opponents of capital punishment, who are clamoring for its repeal. Instead, he has joined their fight. In doing so he has lent his fledgling administration a sense of purpose and moral clarity.

The governor, who has long opposed capital punishment, could probably have achieved his policy goals by doing nothing. In December, Maryland's Court of Appeals effectively halted executions by ruling that the state's procedures for lethal injections were adopted without adequate legislative oversight. In the absence of a legislative remedy to restart what are already infrequent executions, Mr. O'Malley could have sat back and enjoyed four years as governor without having a single death warrant land on his desk for signature.

Instead, he has joined growing calls around the country to do away with state-sponsored killings, which have been shown repeatedly to be error-prone with regard to guilt or innocence; wildly expensive to prosecute; racially tilted against killers whose victims are white; arbitrarily pursued depending on jurisdiction; and ineffective as a deterrent to the most vicious crimes. Across the country, Americans' queasiness with capital punishment has grown steadily, particularly as DNA evidence has pointed to mistaken convictions. The number of executions carried out last year (53) was the lowest in a decade. While most citizens still approve of capital punishment, the support has dwindled. Recent polls suggest a majority would prefer the option of imposing a life sentence in prison without the possibility of parole.

That is what a commission of law enforcement officials and victims' representatives has recently advocated in New Jersey, and that is what would be achieved in Maryland by a bill sponsored by state Sen. Lisa A. Gladden and Del. Samuel I. Rosenberg, Baltimore Democrats. Mr. O'Malley is on record as saying that he favors the bill and will work for its passage.

Although his governorship is just a few weeks old, Mr. O'Malley showed himself as a candidate and a governor-elect to be cautious and reluctant to get out in front on issues. That's not necessarily a bad thing in a public official feeling his way in a new job. But by setting down his marker on the death penalty, on whose merits Marylanders remain divided, Mr. O'Malley has shown political courage and a glimpse of the gritty resolve that he claimed as his legacy as mayor of Baltimore.

CIVIL LAW:

WellPoint Pays $975,000 To Settle U.S. Allegations (Update1) (BLOOM)

By Duncan Moore

Bloomberg, February 1, 2007

Jan. 31 (Bloomberg) -- A unit of WellPoint Inc., the second- biggest U.S. health insurance provider, agreed to pay $975,000 to settle allegations of overcharging the government in Missouri, the U.S. Justice Department said.

The settlement resolves claims that the WellPoint medical insurance unit made false claims against the Federal Employees Health Benefits Program, the government said today in a statement. The U.S. alleged that WellPoint's subsidiary paid higher rates to a network of physicians than the doctors received from other plans, passing the inflated costs to the government.

Ronald Ekstrand, a former WellPoint employee, initiated the case with a whistleblower suit under the Civil War-era False Claims Act. Total U.S. and state recoveries under the law since 1986 exceed $20 billion, with almost $1 billion announced in the first quarter of fiscal 2007, according to Taxpayers Against Fraud, a Washington-based group that tracks the litigation.

The settlement ``should send a signal to all health-care providers who receive federal funds that we are committed to protecting the health-care system from fraud or abuse," said Catherine Hanaway, U.S. attorney for the Eastern District of Missouri, in the statement.

Ekstrand, the whistleblower, will receive $165,750 of the payment under a provision in the False Claims Act intended to encourage private individuals to expose frauds against the government. The government reviews such cases and decides whether to take part.

WellPoint acquired the Missouri subsidiary, St. Louis-based RightChoice Managed Care Inc., in 2002. The unit was renamed Anthem Blue Cross and Blue Shield. WellPoint, based in Indianapolis, operates Blue Cross and Blue Shield plans in 14 states and ranks second in revenue behind Minnetonka, Minnesota- based UnitedHealth Group Inc.

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``The company maintains that fees paid were reasonable and competitive with the fees paid by other health plans in the same market," said Deb Wiethop, spokeswoman for Anthem Blue Cross and Blue Shield in St. Louis, in a telephone interview. ``They also were in full compliance with federal regulations and Office of Personnel Management guidance."

The company settled ``to put the litigation behind us," she added. ``By settling this case, we don't believe it implies that any of our operational practices were improper."

RightCHOICE Settles With U.S. For $975,000 (SLBIZ)

St Louis Business Journal, February 1, 2007

RightChoice Managed Care Inc. agreed to pay $975,000 to resolve allegations that it overcharged the Federal Employees Health Benefits (FEHB) Program, U.S. Attorney Catherine Hanaway and the Justice Department said Wednesday.

The arrangement settles allegations that RightCHOICE violated the False Claims Act in connection with providing health-care benefits to federal employees and their dependents in the state of Missouri.

RightCHOICE does business from the downtown St. Louis offices of Blue Cross Blue Shield of Missouri, located at 1831 Chestnut St.

The government alleged that RightCHOICE, which participates in the FEHB Program as part of the Blue Cross and Blue Shield Service Benefit Plan (SBP), passed on excessive costs to the FEHB Program in connection with compensating a preferred provider network of physicians known as "Alliance." The government contended that RightCHOICE paid higher fees to Alliance physicians for serving patients insured through the SBP than these same physicians were reimbursed for providing the same types of services to patients insured through various other health plans. The government also alleged the physicians passed on these higher rates to the Office of Personnel Management as purportedly "reasonable" costs to the FEHB.

The civil settlement resolves claims brought under the qui tam provisions of the False Claims Act by Ronald Ekstrand against Wellpoint Health Networks Inc., the entity into which RightCHOICE merged in January 2002.

Ekstrand will receive $165,750 of the total recovery as his statutory award for his suit filed in the U.S. District Court for the Eastern District of Missouri. Under the qui tam provisions of the False Claims Act, private individuals can bring whistleblower actions for fraud on behalf of the United States and collect a share of any proceeds recovered by the suit as well as attorney fees.

Indianapolis-based WellPoint (NYSE: WLP) is the parent company of health insurance providers Blue Cross Blue Shield of Missouri, HealthLink and UniCare.

Initial Settlement Proposal For Radio Payola: $10 Million (USAT)

By Paul Davidson

USA Today, February 1, 2007

The nation's four largest radio broadcasters would make payments and other contributions valued at about $10 million under a proposed settlement of a year-long probe by the Federal Communications Commission into pay-for-play claims in the music industry, say FCC officials and others with direct knowledge of the matter.

While the FCC's three Republicans generally have backed less-punitive terms, Democrats Jonathan Adelstein and Michael Copps have been pushing for tougher concessions, FCC officials say. The officials requested anonymity because the proceeding is pending.

The investigation centers on claims that radio stations owned by Clear Channel Communications, CBS Radio, Entercom Communications and Citadel Broadcasting have accepted cash or gifts, known as payola, from major music labels in exchange for playing their releases.

Under settlement terms proposed several weeks ago, the broadcasters would devote $7 million of airtime to independently produced music. The radio giants also would pay $3 million to a fund for the National Association of Broadcasters to provide training to member stations to stop payola.

But some FCC officials are concerned that the agency doesn't have the authority to require such contributions. As a result, the original proposal was expected to be pulled Wednesday night. A new proposal is expected to require the broadcasters to pay a more traditional penalty of $10 million to $15 million to the U.S. Treasury, say people with direct knowledge of the matter. They would not be identified because the proposal is still subject to negotiation.

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In addition, the companies would draft compliance plans detailing which practices are unacceptable. FCC Democrats worried the original proposal did not give the agency sufficient oversight.

The FCC probe grew out of an investigation by former New York attorney general Eliot Spitzer that has yielded settlements with four major music labels, as well as Entercom and CBS Radio, which agreed to pay $4.2 million and $2 million, respectively. Those payments just cover violations by radio stations in New York state.

"I would hope there would be significant penalties" and a long-term commitment to weave independent music into playlists in the FCC deal, says Michael Bracy, of the Future of Music Coalition, which supports independent artists.

Independent artists say payola squeezes them off the radio dial because they can't afford to fork over the goodies. The practice also deceives consumers into believing song selections on the radio are based on their appeal to listeners, Spitzer said last year.

Tobacco Giant Reasserts Itself As Calls For Va. Smoking Ban Grow (WP)

By Amy Gardner

The Washington Post, February 1, 2007

RICHMOND -- Not too many years ago, all tobacco lobbyist Charlie Davis had to do to ensure swift defeat of anti-smoking legislation was to lean into the microphone at a committee hearing and say, "Philip Morris opposes this bill."

Times have changed for Philip Morris USA at the Virginia General Assembly. Lawmakers are voting this week on several bills to restrict smoking in restaurants and other public places, bills that are closer than ever to approval. And Philip Morris, the Richmond-based tobacco giant and emblem of the historic role that the golden leaf has played in Virginia's prosperity, suddenly has something to worry about.

"They're scared, and they should be scared," said Teresa Gregson, a lobbyist for the American Heart Association. "It's just a matter of time before this passes."

For two years, in part to improve a public image tarnished by the ill effects of smoking, Philip Morris announced no position on proposed smoking bans across the nation. But in Virginia this year, Davis and other company representatives are meeting with lawmakers -- in their offices or in the corridors -- to steer them away from the more restrictive proposals, lawmakers said.

"Charlie grabbed me in the hall and asked me where I was," said Del. Ward L. Armstrong (D-Henry), who represents a swath of Southside Virginia once dependent on tobacco. "I told him I think we need to move the ball forward this year, maybe with a restaurant ban."

Davis declined to comment, referring inquiries to Philip Morris. Company spokesman David Sutton confirmed that Philip Morris is "engaging" lawmakers this year to shape what he termed a "reasonable" regulation of smoking in public spaces.

A number of bills are making their way through the legislature. Sutton would not say which proposals are acceptable to the company. A bill banning smoking in most public spaces and workplaces failed in a House subcommittee Friday, and a bill that requires restaurants to display a sign if smoking is permitted was passed.

Another version of the broader bill emerged from the Senate on Wednesday and is headed to the House of Delegates.

In part because of general anti-regulatory views in the legislature, approval of the bans is not assured. But because tobacco-growing regions have less influence than in the past -- and because of growing pressure from such vote-rich suburban regions as Northern Virginia and Hampton Roads -- more and more lawmakers, Republican and Democratic, are seeking smoking bans in workplaces, bars, restaurants and other places.

"I'm a cancer survivor. My father has lung cancer," said John A. Cosgrove (R-Chesapeake), who is promoting the Virginia Indoor Clean Air Act, which would prohibit smoking in most restaurants that open after July 1, 2008. "I don't want to just say that the state's going to step in and make these sweeping changes in one fell swoop. But it's time to do something."

Philip Morris, the world's largest cigarette maker and perhaps the most powerful emblem of Virginia's tobacco heritage, has for years used its considerable resources to protect its interests in the political realm. Last year alone, Philip Morris's parent company, Altria, gave nearly $250,000 to Virginia candidates and committees, according to the nonprofit Virginia Public Access Project.

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The company chose in 2005 and 2006 not to lobby against proposed smoking bans across the nation, said Sutton, the company spokesman. Davis, the lobbyist, stopped attending the committee meetings at which lawmakers took up smoking bans.

It was a dramatic departure, and proposed smoking bans began popping up in greater numbers in Virginia, where lawmakers have historically stood among Philip Morris's most staunch defenders.

Instead of fighting such measures, the company began issuing statements such as this one:

"Philip Morris USA believes people should be able to avoid secondhand smoke, particularly in places where they must go, such as public buildings, public transit and many workplaces. They also should be guided by public health officials regarding the health effects of secondhand smoke."

Even House Majority Leader H. Morgan Griffith, an anti-regulation Republican and self-described libertarian, is sponsoring a bill, the one that would require restaurants that permit smoking to post clearly visible signs near their entrances. Advocates of a ban don't think Griffith's bill would do much. But Griffith said it is a compromise that would spare most employers from burdensome regulation while protecting patrons.

"The people in my district want more restaurants that are smoke-free, and they are somewhat frustrated that a majority of restaurants haven't gone that way without government action," Griffith said.

Bans have gained in popularity more quickly in other states as awareness has grown about the health risks of secondhand smoke. After New York City enacted its ban four years ago, many jurisdictions followed suit, including a number of Maryland counties and the District, which last month extended its smoking ban to bars.

The pressure is growing in Virginia. Doctors, cancer survivors, parents and others are pressuring state lawmakers to do something to protect them. And more and more lawmakers are listening.

"I know that Virginia was founded on tobacco," said Del. Vincent F. Callahan Jr., a Republican from McLean whose wife, a longtime smoker, died several years ago of lung disease. "They came over here looking for gold, and they found tobacco, and it was good for them. It wasn't good for Virginians, though. The time has come to put an end to smoking in restaurants."

With such sentiments more prevalent than ever, Philip Morris is working harder to shape anti-smoking legislation. But even in Richmond, where the crop was once known as King Tobacco and where lawmakers may smoke in their offices, it might not be enough. Change is coming, say even the most stalwart defenders of tobacco, and the most they can do is slow the pace of change.

"At some point, we're going to ban smoking in public places in this state," said Del. Watkins M. Abbitt Jr. (I-Appomattox), who on Friday sported a tie printed with dozens of golden tobacco leaves. "But I'd rather crawl before I walk or I run."

Few Fraud Cases Rush To Medicaid Unit (NYT/AP)

By The Associated Press

The New York Times, February 1, 2007

Filed at 10:36 p.m. ET

WASHINGTON (AP) -- More than half the states are sending few Medicaid fraud cases to special units established to pursue the wrongdoing, averaging less than one referral a month, The Associated Press learned Wednesday.

"These states were rural, urban, small, large, from all regions of the country," the internal watchdog for the Health and Human Services Department found.

Medicaid is the medical insurance program for the poor and is financed by the states and the federal government.

When fraud is suspected, the state Medicaid agency does the initial investigation and is supposed to turn over cases to be pursued to Medicaid Fraud Control Units -- usually part of a state's attorney general's office.

On average, states spend about 18 percent of their own money on Medicaid. It is the second largest program in most state budgets, following elementary and secondary education.

The HHS inspector general, Daniel Levinson, studied the referrals for the three-year period from July 2002 through June 2005. He found:

--Twenty-six of the Medicaid fraud units reported accepting, on average, no more than one referral a month from their state Medicaid agencies. Acceptance means the fraud unit retains the case for further investigation.

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--Twenty-one fraud control units said that in the last year of the study, they received fewer than 12 referrals each from state Medicaid agencies, an average of less than one referral per month.

--In that last year, Arkansas and Connecticut had only two referrals, South Dakota had four, Virginia reported eight and Wyoming 11.

--Only three fraud units received more than 100 referrals in the last year of the study: Florida (215), Arizona (192) and Texas (180). California, with the largest Medicaid program based on enrollment, reported 79.

The report found that while the referrals from state Medicaid agencies increased from 1,161 in 2002-03 to 1,403 and 1,470 in the next two years, the numbers are deceiving. Most of the increase came from one state, Florida.

"In fact, more than half of (the fraud units) actually reported receiving fewer referrals from their respective state Medicaid agency in the last year of our review, compared to the average number of referrals in all three years," the inspector general said.

Jeff Nelligan, spokesman for the Centers for Medicare and Medicaid Services, said, "Fighting fraud in the Medicaid program is exceedingly important to CMS, both in terms of providing better service to our beneficiaries and in saving taxpayer dollars."

He said the federal agency is establishing standards that would allow evaluation of a state's performance in referring fraud cases.

Sen. Charles Grassley of Iowa, ranking Republican on the Senate Finance Committee, was critical of the efforts of some states.

"You can't recover what doesn't get reported," Grassley said. "And if ... state agencies are reporting only part of the fraud, then whistle-blowers and others probably account for a good part of the rest of recoveries that would otherwise be lost to Medicaid fraud."

Grassley has pushed for legislation that would encourage states to reward whistle-blowers financially.

The study excluded seven states:

--Idaho and North Dakota were granted waivers from establishing fraud control units.

--Nebraska established its unit toward the end of the study period.

--Kentucky, New York, Oregon and Utah fraud units responded, but the information provided was not complete enough for analysis.

The report said the federal Medicare and Medicaid agency has not created performance standards for state Medicaid agencies and therefore could not determine how well the state Medicaid agencies performed.

The report attempted to rank the performance of state agencies and did not take into account state budgets, a state's Medicaid expenditures, claims volume or the number of providers and beneficiaries.

CIVIL RIGHTS:

Agency Targets Human Trade (WT)

By Jerry Seper

The Washington Times, February 1, 2007

Attorney General Alberto R. Gonzales yesterday created a Human Trafficking Prosecution Unit and assigned it the task of developing strategies to combat modern-day slavery and expand the Justice Department's anti-trafficking enforcement programs.

"With the creation of the Human Trafficking Prosecution Unit, we will expand and enhance our ability to fight this crime by working together with federal, state and local investigators to tackle the enormous challenges posed by this evil," Mr. Gonzales said. "We will continue to develop new ways to help victims and to bring their captors to justice."

Human trafficking often involves the recruitment and smuggling of foreign nationals into the United States for forced labor and illicit sexual activity.

Mr. Gonzales said the unit will work to enhance the department's investigation and prosecution of significant human trafficking and slavery cases, such as multijurisdictional cases and those involving financial crimes.

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It will be led, he said, by prosecutors who have brought cases against traffickers and "freed hundreds of foreign and domestic victims from sex trafficking in brothels and forced labor in fields, homes and factories."

The prosecutors include Robert Moossy, who will head up the unit, chief counsel Lou de Baca and special litigation counsels Hilary Axam and Andrew Kline, who the attorney general said bring "significant anti-slavery experience to this effort and have been leaders in developing the modern victim-centered approach to human trafficking investigations and prosecutions."

Mr. Gonzales has made combating human trafficking a top priority. In the past six years, the department has increased by sixfold the number of human trafficking cases filed, quadrupled the number of defendants charged and tripled the number of defendants convicted.

In fiscal 2006, the department began 168 investigations, charged 111 defendants in 32 cases and obtained 98 convictions. In fiscal 2007, which began Oct. 1, the department has initiated 60 investigations, charged 26 defendants in eight cases and obtained 36 convictions.

The prosecutions have included:

•An April 2005 case involving Mexican nationals Josue Flores Carreto, Gerardo Flores Carreto and Daniel Perez Alonso, who pleaded guilty to 27 counts relating to a sex trafficking ring. According to an indictment, the men recruited young women from Mexico over a 13-year period, smuggled them into the United States and forced them into prostitution in New York City. The Carreto brothers were sentenced to 50 years in prison, and Alonso received 25 years.

•A November 2006 case involving Jefferson Calimlim Sr. and his wife, Elnora, both doctors in Milwaukee, who were each sentenced to four years in prison for forcing a woman to work as their domestic servant and illegally harboring her for 19 years in their residence. They were convicted of using threats of serious harm and physical restraint against their victim, whom they brought from the Philippines when she was a teenager.

U.S. Intensifies Fight Against Human Trafficking (CNN)

CNN, February 1, 2007

WASHINGTON (CNN) -- The United States has launched hundreds of new investigations to combat human trafficking for prostitution and labor exploitation inside its borders, U.S. authorities have announced.

Calling human trafficking "the equivalent of modern day slavery," U.S. Attorney General Alberto Gonzales vowed on Wednesday to keep the issue a top priority for federal law enforcement agencies.

The Justice Department also has created a unit designed to pursue human trafficking cases, said Assistant U.S. Attorney Wan Kim.

Justice authorities said it would be the first time the Civil Rights Division would have a team of lawyers working exclusively on human trafficking cases.

The unit initially will have four attorneys experienced in prosecuting human trafficking cases, Kim said.

Justice Department and FBI officials said they are using more attorneys and investigators to find and prosecute international human trafficking rings, which lure primarily young women from Asian, Eastern European and Latin American countries to the United States with false promises of jobs and husbands.

"This is a perversion of the American dream. The American dream is used as a lure to attract victims," Assistant U.S. Attorney Kim said.

Kim said the degree of coercion may vary, "But nobody signs up for involuntary servitude."

A senior U.S. Justice Department official estimated about 15,000 victims of human trafficking arrive in the United States annually, some as young as 9 years old, destined for jobs in brothels, as unpaid domestic servants, or in other jobs as virtual slaves.

The victims represent a source of continuing income for the rings that provide them, making human trafficking more attractive than drug smuggling to some criminal syndicates, authorities said.

The FBI said it currently has 212 ongoing human trafficking investigations, and the Justice Department said it had initiated 60 investigations in the past four months.

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Authorities cite a sixfold increase in the number of cases filed compared with the level of five years ago, and say that reflects both a growing problem and an increased federal law enforcement emphasis. Last year, federal prosecutors charged 222 defendants and won 98 convictions.

Kim disputed critics who have contended human trafficking has been pursued at the expense of traditional civil rights cases.

"Most of the victims are women and minorities. I'd quarrel with anyone who says this is not a core civil rights mission," Kim said. "And we've not fallen short on pursuing traditional civil rights cases."

CNN's Terry Frieden contributed to this report.

WASHINGTON IN BRIEF (WP)

The Washington Post, February 1, 2007

New Justice Agency Will Fight Human Trafficking

The Justice Department is creating a unit to pursue human-trafficking cases that often involve foreigners smuggled into the country for forced labor or prostitution, the attorney general said yesterday.

"Human trafficking remains a serious problem here in the United States. I think too many of our citizens believe that this is something only occurring on foreign shores," Attorney General Alberto R. Gonzales said.

"It is a form of modern-day slavery," he told reporters in announcing the new unit within the Justice Department's Civil Rights Division.

Gonzales said it would be the first time that the division would have a team of lawyers working exclusively on human-trafficking cases, an acknowledgment that it has become a serious problem.

The unit initially will have four lawyers experienced in prosecuting such cases.Clones Cannot Be Organic, USDA Says

On the heels of the Food and Drug Administration's determination in December that milk and meat from cloned farm animals is safe to eat, the Agriculture Department weighed in on whether those clones may be deemed organic if they are raised organically.

The National Organic Program, which oversees organic certification for the USDA, announced on its Web site that animal cloning is a non-organic production method and that clones, by definition, cannot be considered organic.

Still unresolved is whether the conventionally conceived offspring of clones -- which are more likely to be milked and slaughtered because the clones themselves are so valuable -- can be deemed organic. USDA and its Organic Standards Board will propose a federal rule to deal with that question, the announcement said.Judge Delays Hearings Of 16 at Guantanamo

Sixteen lawsuits by Guantanamo Bay detainees were put on hold by a federal judge who said he may no longer have jurisdiction to hear their cases.

U.S. District Court Judge Reggie B. Walton in Washington said the Military Commissions Act, signed into law in October, has left him unable to consider whether the detainees can challenge being jailed at the Marine facility in Cuba.

An appeals court in Washington is considering whether civilian jurists can rule on those cases. Until that issue is resolved, Walton said, "it is this court's view that it lacks the authority to take any action in these cases."

Walton's six-page order denying the motions challenging detention of the 16 men left open the possibility of refiling the requests if the appeals court decides civilian courts can review detainee cases.

If the appeals panel "concludes that this court retains some degree of jurisdiction over any or all of the above-captioned cases, the matters will be automatically reopened as appropriate," he wrote.

There was no immediate response from the Justice Department.

The New York-based Center for Constitutional Rights, which represents the detainees, said that Walton's decision will delay justice for an estimated 200 detainees at Guantanamo Bay.

-- From Staff Reports and News Services

Local Woman Guilty In Sex-trafficking Case (MCA)

By Chris Conley

Memphis Commercial Appeal, February 1, 2007

DOJ_NMG_0125358

A key figure in a human-trafficking ring Monday admitted to luring underage girls to West Tennessee from Mexico and forcing them into prostitution.

Cristina Andres Perfecto pleaded guilty in federal court to two counts of commercial sex trafficking, charges that could result in a lifetime prison sentence.

Perfecto and her partner, Juan Mendez, were charged in November after a series of raids and the arrest of several men for running brothels in Memphis. They were using prostitutes they enticed from Latin America and elsewhere.

Mendez remains under indictment on two counts of child sex trafficking and a count of conspiracy to harbor an illegal alien. If convicted, he too faces a sentence of life in prison.

Perfecto admitted that she told two girls, who were 13 and 17, that they would be working at a restaurant in Nashville, all the while knowing that they would be forced into prostitution in Nashville and Memphis.

She said Mendez terrorized the victims and their families to make them engage in prostitution. Perfecto admitted she instructed the girls on the business of sex for money.

Nine other defendants pleaded guilty earlier this month to crimes including child sex trafficking, money laundering conspiracy, enticing an individual to travel interstate for prostitution, and failure to file factual statements about an illegal alien.

Woman Pleads Guilty In Child Trafficking Case (AP)

AP, February 1, 2007

MEMPHIS, Tenn. A woman has admitted in federal court at Memphis to luring young girls from Mexico and forcing them into prostitution in Memphis and Nashville.Prosecutors say Cristina Andres Perfecto was a key figure in their child trafficking case. She entered the plea yesterday (Tuesday) and it could result in her going to prison for life.Perfecto and Juan Mendez were charged in November after several men were arrested for operating brothels in Memphis. Mendez remains under federal indictment.Perfecto said she enticed two girls -- 13 and 17 -- telling them they would be working at a Nashville restaurant. Instead, they were forced into prostitution.Nine other defendants pleaded guilty earlier this month to a list of crimes that included child sex trafficking and enticing girls into insterstate travel for prostitution.

Mass. Residents Sentenced For Child Prostitution (AP)

AP, February 1, 2007

Man To Spend 13 Years In Prison

BOSTON -- A federal judge sentenced two Massachusetts residents who arranged for a child to work as a prostitute in five New England states.

Robert Williams will spend nearly 13 years in prison, while Brooke Denman will serve three years probation.

A third person, Dawn Young, has not yet been sentenced.

All three pleaded guilty to a conspiracy to use a minor for prostitution activities in Massachusetts, Maine, Connecticut, Rhode Island and New Hampshire.

The offenses occurred between October 2000 and September 2002.

They allegedly took some or all of the girl's earnings and helped her obtain false identification documents.

The girl served as a prostitute between the ages of 13 and 15.

Body Identified As Fishing Boat's Captain (BOS)

The Boston Globe, February 1, 2007

The state medical examiner's office has identified the body recovered from the submerged fishing vessel Lady of Grace as that of Antonio Barroqueiro, according to Cape and Island District Attorney Michael Trudeau. Barroqueiro, 50, was captain of the New Bedford commercial dragger, which sank about 12 miles north of Nantucket after it went missing Friday. Divers found Barroqueiro's body Monday in the vessel's wheelhouse, but were unable to search the enclosed areas of the ship because of leaking oil and other hazards, State Police Sergeant Robert Bousquet said. The State Police dive team will make more attempts to recover the remains of the three other fishermen who had been on the sunken boat, Bousquet said.

COLCHESTER, Vt.

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BC professor to lead St. Michael's College John J. Neuhauser, a professor at Boston College, has been named president of St. Michael's College, it was announced yesterday. Neuhauser, 63, a member of the St. Michael's board of trustees since 2001, will take over the reins at the liberal arts college July 1, succeeding retiring president Marc A. vanderHeyden , 68, who will remain on the job until then. A computer scientist and marathon runner, Neuhauser is a former academic vice president, dean of faculties, and management school dean at Boston College. A native of Brooklyn, N.Y., he has a physics degree from Manhattan College and a master's degree and doctorate from Rensselaer Polytechnic Institute in Troy, N.Y . He will be the 16th president in the 103-year history of St. Michael's. (AP)

PALMER

Green-Rainbow's Ross fined for speeding Grace Ross, the former Green-Rainbow Party candidate for governor, appeared in Palmer District Court last week on charges of driving with a suspended license and speeding, The Republican newspaper of Springfield reported. Ross, 45, of Worcester, was pulled over by State Police on Oct. 25 for going 80 in a 65 mile-per-hour zone. Ross later said her license should never have been suspended and attributed it to a problem with the Registry of Motor Vehicles involving insurance coverage, the newspaper reported. Judge Patricia T. Poehler dismissed the suspended license charge but found Ross responsible for speeding. She was fined $50 and charged another $50 in court costs, which she paid, the newspaper reported.

BOSTON

Man sentenced for sex trafficking of child A Revere man was sentenced in federal court Tuesday to 12 years and seven months in prison for arranging for a 13-year-old girl to work as a prostitute in August 2000, then driving her to Maine, New Hampshire, Connecticut, and Rhode Island to perform sexual acts over the next two years. Robert Williams , 49, was sentenced by US District Judge Joseph L. Tauro on charges of conspiracy, transporting a minor in interstate commerce to engage in prostitution, and sex trafficking of children. Brooke Deman , 30, of Lynn, who played a lesser role in the conspiracy, was sentenced yesterday to probation. The FBI and US Department of Justice investigated the case as part of the Innocence Lost initiative, a crackdown on interstate sex trafficking involving children.

Ex-property manager convicted of larceny A Suffolk Superior Court jury convicted Darryl Gately on Tuesday of two counts of larceny over $250, said Jake Wark, a spokesman for Suffolk District Attorney Daniel Conley. Gately, 42, of Winchester, a former property manager, was convicted of taking $110,000 in rent money from people living on Broadway in Cambridge in 2001 and depositing it in his personal bank account. Gately was also convicted of depositing about $73,000 in rent money from tenants on Commonwealth Avenue in Boston in 1999 and 2001 .

NEWTON

Pedestrian is injured in hit-run accident Police were looking yesterday for a driver who fled the scene of an accident in which a pedestrian was hit at the entrance to the Massachusetts Turnpike in Newton Corner. A Newton man suffered internal injuries when he was struck at 7:17 p.m. Tuesday, police said. Witnesses said the victim, 59, was in the crosswalk when a vehicle ran a red light and struck him. The driver stopped then fled westbound on the turnpike. The victim, who was not identified, was taken to Beth Israel Deaconess Medical Center in Boston. Police described the vehicle as a small, older white Toyota Tercel, Nissan Sentra, or Geo Prism. It had a white license plate with a blue heading. Anyone with information is urged to call Newton police at 617-796-2106.

FBI Investigates Fatal Shooting (LONGNJ)

By Sherry Koonce

Longview (TX) News-Journal, February 1, 2007

Family seeks documents; Officials trying to determine if civil rights were violated

The family of a 21-year-old man who was fatally shot by a Gregg County sheriff's deputy on New Year's Eve is calling for the release of documents entered in the case.

At the same time, the FBI is conducting an investigation to determine whether the victim's civil rights were violated.

On Wednesday, Tyler attorney Domingo A. Garcia accused the sheriff's department of stonewalling in its refusal to turn over videotape from the deputy's squad car, witnesses or the deputy's statements.

Sheriff's Officer Roy Nixon has been assigned to administrative duty while investigators look into the shooting death. Abel Jaimes, who has also gone by the name of Abel Jaimes Benitez, died after he was shot by Nixon during a suspected DWI traffic stop at FM 1252 near Liberty city on Dec. 31.

Sheriff Maxey Cerliano said because the shooting was under investigation, no additional information will be released.

"We have released the appropriate amount of information at this time, and will not release any more until the investigation is complete," he said.

Following a press conference Wednesday in Tyler, Garcia said the family had requested that the FBI investigate the case.

Peter Galbraith, supervisory senior resident agent with the Tyler FBI office, said the department had an open civil rights color of law investigation into the case.

Galbraith described the investigation is "pretty standard" when there has been a shooting death by a law enforcement agent.

The department will conduct a preliminary investigation and forward findings to the Department of Justice.

"They will determine whether a civil rights violation has occurred or whether prosecution should go forth," he said.

Garcia said his firm had been retained by the victim's family to investigate numerous questions surrounding the shooting death.

"The family wants to know why are they (the sheriff's department) hiding and keeping these public documents from them and the citizens of Gregg County," Garcia said.

Garcia said the family is awaiting autopsy results that should show whether Jaimes was shot in the front or back.

The next step is to obtain hospital and medical examiners records, Garcia said. If the sheriff's department does not release videotapes, the family has indicated intentions to file a federal civil rights lawsuit, so a judge can subpoena those records.

Nixon is a 10-year law enforcement officer. He had been a Gregg County sheriff's deputy for about six months when the shooting occurred. Prior to that, he served in the Gladewater and Kilgore police departments.

The shooting death is the second in three years involving Gregg County. In October 2003, Roger Lee Crossland, a 19-year-old Longview man, died from a single gunshot wound to the head while fighting with officer Mark Polk over a gun. Polk was cleared of any wrongdoing in the case.

Witnesses' Memories A Challenge In Reopening 1964 Case, Professor Says (AP)

By Emily Wagster Pettus, Associated Press Writer

AP, February 1, 2007

JACKSON - Witnesses' potentially fading memories could present a challenge in the prosecution of a reputed Ku Klux Klansman who faces federal kidnapping charges in the 1964 abduction, beating and drowning of two black teenagers in Mississippi, a law professor says.

Mark A. Godsey, professor at the University of Cincinnati College of Law, said some witnesses might have fading memories, while others might recall details about what happened on May 2, 1964, when prosecutors say two 19-year-old hitchhikers - Charles Eddie Moore and Henry Hezekiah Dee - were seized and killed.

“Something like this doesn't happen every day. It could be something that is very traumatic to witnesses,” said Godsey, who's faculty director and lead counsel for the Lois and Richard Rosenthal Institute for Justice/Ohio Innocence Project, where he represents convicted inmates who seek new trials because evidence such as DNA has emerged.

Reputed Klansman James Ford Seale, 71, has been jailed outside Jackson since federal authorities arrested him last Wednesday in Roxie, the tiny southwest Mississippi town where he lives in a motor home on land owned by his stepdaughter and her husband. He pleaded not guilty Thursday to three charges of kidnapping and conspiracy.

U.S. Magistrate Judge Linda R. Anderson denied Seale bond Monday, saying he was a flight risk because he has no job or property, is a pilot and lives in a vehicle that can be driven away. Anderson also said she had concerns because Seale concealed from federal authorities that he has a brother living in Louisiana.

Seale's trial is set for April 2, but that could be pushed back.

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Paige Fitzgerald, an attorney for the Justice Department's civil rights division, said Seale took part in "a crime so horrific it boggles the mind."

Prosecutors say Klansmen seized Dee and Moore, took them to the Homochitto National Forest and beat them, then drove north to a site near Vicksburg where they tied heavy metal objects to the still living teenagers and tossed them into the Mississippi River. Their bodies were found about two months later as authorities dragged the river in search of three civil-rights workers who had disappeared about 180 miles away in Neshoba County.

Defense attorneys filed a motion to dismiss the charges against Seale, arguing that the statute of limitations has expired.

Godsey, in a telephone interview this week from Ohio, said there might be a constitutional problem in filing charges four decades after a crime is committed "if the prosecution had all the evidence and just sat on it." But the professor said there might not be a problem if new evidence becomes available.

Federal authorities reopened an investigation after The Clarion-Ledger of Jackson published documents in 2000 showing the attack on Dee and Moore took place in a national forest.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards has been cooperating with authorities the past few months.

Seale, wearing an orange jail jumpsuit and shackled at the ankles and wrists, showed little emotion after Anderson denied the bond. About an hour earlier, as he entered the courtroom, he smiled at his wife, seven other relatives and a family pastor who sat on the front row. One female relative blew him a kiss, and Seale waved, barely able to extend his hand because of the chains.

Seale's court-appointed public defenders requested that he be let out of jail without having to put up money for a bond because he has little income and lives off Social Security payments. They cited his lack of a job and a litany of complicated health problems, including a history of high blood pressure, back pain, kidney and bladder cancer, and emphysema so severe that he has to sleep under an oxygen tent.

Seale's wife, Jean, sat with her hands folded in her lap as she testified about her husband's medical problems and about where the couple has lived since they married in 1995 - most of the time in Roxie and part of the time near Demopolis, Ala., where they have relatives.

"He can't walk very far, and a lot of days he can't even get out of the motor home," Jean Seale testified.

She said her husband is under the care of five doctors and has problems with his left leg from having had polio earlier in life.

Fitzgerald asked Jean Seale whether the couple lives in "something you can drive?"

"Well, yeah, he can drive it," she said.

Federal probation officer Mark Quarles testified that during an interview before the bond hearing, Seale mentioned having one brother who's alive and one who has died. Quarles said Seale did not mention another brother, Don Seale, who lives in Louisiana and has been interviewed by FBI agents from New Orleans.

Quarles also said James Ford Seale denied having been in the Klan. Fitzgerald said she had documents showing Seale had been subpoenaed in 1965 to testify before the U.S. House Un-American Activities Committee, and she said the subpoena was served on him while he was at a Klan meeting.

"We're also confident that he is a member of the Ku Klux Klan, basically a terrorist organization," Fitzgerald said, prompting objections from Seale's attorneys.

Defense attorney Kathy Nester said there is "zero evidence to suggest Mr. Seale is currently or even in the immediate past affiliated with a Klan organization."

Victims' Advocates Outraged At Arrest In Fla. (USAT)

By Emily Bazar

USA Today, February 1, 2007

Victims' rights groups in Florida are calling for police to review their policies after a college student was jailed within hours of reporting she had been raped.

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The woman, 21, spent two days in jail after Tampa police discovered a warrant stemming from a crime she committed as a juvenile. Her lawyer said a jail employee refused to give the woman a second dose of emergency contraception because it conflicted with the employee's religious beliefs. The unidentified employee's lawyer, Jennifer D'Angelo, told the Associated Press the employee is prohibited from giving inmates medication without specific orders.

Tampa police apologized. On Tuesday, Chief Steve Hogue announced a policy giving officers discretion on whether to jail people reporting violent crimes who have felony warrants. "The chief was not happy to have a rape victim end up in jail," police spokeswoman Laura McElroy says. "He took very swift action to make sure it doesn't happen again."

"Every rape-crisis program is concerned about this," says Jennifer Dritt executive director of the Florida Council Against Sexual Violence. "I don't know anybody who isn't outraged."

USA TODAY does not identify people who say they were sexually assaulted.

The woman's lawyer, Virlyn "Vic" Moore III, says she was let down by people who were supposed to help her. "She reached out to the system that's supposed to help victims, and the system brutalized her again."

The University of South Florida student told police she was attacked Saturday as she walked to her car. She called police about 3:30 p.m., nearly two hours later, McElroy says.

Police took her to a crisis center, where she was examined and given one dose of emergency contraception. She then tried to help an officer pinpoint the location of the attack, but it was dark, and she could not, McElroy says.

By that time, police had discovered a felony warrant accusing the woman of not paying $4,585 in restitution for a crime committed in 2003, when she was 17. They took her to jail. Moore says the money had been paid.

The next day, Moore says, "She was not allowed to take her morning-after pill that morning, even though she was crying and begging for it. The nurse didn't want to give her the pills because it was against (the worker's) religion."

She got the drug Monday, he says, and was released about 5 p.m.

Police in Kansas City, Mo., also are under scrutiny after the release Tuesday of a videotape showing officers ignoring a pregnant woman in custody who said she was bleeding and needed to go to a hospital. Sofia Salva was held overnight on traffic violations and the next morning had a miscarriage, according to a lawsuit filed Friday in Jackson County Circuit Court.

Study Finds 2 Hot Spots For Profiling (WP)

By Allison Klein

The Washington Post, February 1, 2007

D.C. police officers stopped black and Hispanic pedestrians in Georgetown and Adams Morgan at higher rates than others on the street, according to a year-long study commissioned by the police department.

The review was the department's most ambitious examination yet of racial and ethnic profiling. It found that police appear to be targeting blacks at Wisconsin Avenue and M Street NW, in the heart of Georgetown, and Hispanics and blacks at 17th and Euclid streets, in the Adams Morgan core -- two of the city's biggest commercial and tourist magnets.

An outside consultant reviewed data covering traffic stops and pedestrian stops from February 2005 through January 2006 at 25 intersections across the city. The police stops were made for panhandling, jaywalking, suspicious behavior, attempted car theft and "anything a police officer could stop a pedestrian for," said John C. Lamberth, the author of the study.

The study flagged no problems at 23 locations and identified no concerns about traffic stops. But it raised questions about the pedestrian stops at the two intersections.

At Wisconsin and M, black pedestrians were nearly six times as likely to be stopped as anyone else, the study found.

At 17th and Euclid, Latino and black pedestrians were about twice as likely to be stopped as others.

Lamberth's firm -- Lamberth Consulting, based in West Chester, Pa. -- specializes in racial profiling assessment. Its report said that the findings suggest that a "limited, yet significant" number of D.C. police officers are acting "in a manner consistent with the definition of racial profiling."

The report urged police to bolster training and monitor police activities at the intersections, particularly those where most pedestrians are white. The study was first reported by WTTG-TV (Channel 5).

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Acting Police Chief Cathy L. Lanier said she was pleased with the 23 intersections that showed no racial bias but was concerned with the other two.

"I don't want there to be a higher ratio anywhere," she said. "We're going to take steps to deal with it."

Assistant Chief Peter Newsham, who oversees the police districts that include Georgetown and Adams Morgan, said the department is in the process of improving diversity training for all officers, especially the ones who patrol those intersections. He said the department is considering calling community meetings to discuss the findings.

Former chief Charles H. Ramsey, who stepped down in December, ordered the study as part of the Biased Policing Project, which he started in 2002 to examine whether the force had a problem.

The intersections monitored for racial profiling were in all seven police districts. Twenty were monitored for traffic stops, and five were monitored for pedestrian stops.

The study relied upon "odds ratios" to determine whether racial or ethnic groups were stopped at higher rates than their overall population.

First, researchers studied and counted the population at each intersection. Then, when police officers made stops at those locations, they recorded information about race and ethnicity.

The researchers then compared the numbers and ratios.

According to the survey, the odds ratio is best explained by filling in this blank: "If you are a black motorist, you are X times as likely to be stopped as if you are not a black motorist."

If no racial profiling is occurring, the ratio will be 1.

In Georgetown, police stopped 77 black people at the intersection, resulting in a 5.8 ratio.

In Adams Morgan, police stopped 49 black people, for a 1.8 ratio. At the same intersection, police stopped 52 Hispanic people, for a ratio of 2.

Philip K. Eure, executive director of the watchdog organization Office of Police Complaints, hired an independent consultant to analyze the report. He called attention this week to the Georgetown and Adams Morgan findings and said the study was a first step in looking at racial profiling in the District.

"I think it's a terrible thing for a Latino man or woman or an African American man or woman to think there may be problems with them going into predominantly white areas of the city," Eure said.

Ronald Hampton, executive director of the National Black Police Association and a former D.C. police officer, responded to the findings by saying: "I'm not surprised."

"Black people in Georgetown are seen as being in the wrong place," Hampton said. "If you're driving a nice car, you're not in the right place, because the majority of people who live there are white."

This issue ignited over the summer when British activist Alan Senitt was killed in Georgetown and three black people were charged with the crime. At a Georgetown community meeting, Andy Solberg, the commander of the 2nd Police District, said that "this is not a racial thing to say black people are unusual in Georgetown." He was responding to a resident who asked how to look out for suspicious people.

The comment led to a public outcry, and Solberg was temporarily removed from his post. Solberg publicly apologized, and after people from across the city sent letters supporting him, he was reinstated.

In the Adams Morgan Hispanic community, activists said they have been asking the police department for more Spanish-speaking officers. Eugenio Arene, executive director of the Council of Latino Agencies, said the relationship between Latinos and police has been tense.

Of the police department's 3,800 officers, 256 are Hispanic, according to police.

"You want officers to know the culture and the language," Arene said.

ANTITRUST:

Delta Creditors Reject Merger (WP)

By Del Quentin Wilber

DOJ_NMG_0125364

The Washington Post, February 1, 2007

US Airways lost its aggressive takeover bid for Delta Air Lines yesterday when Delta's creditors rejected the $10 billion offer that would have created the nation's largest carrier.

The decision was a blow to US Airways' chief executive W. Douglas Parker, a blunt and fierce advocate of industry consolidation who led US Airways' merger with America West in 2005 that created the fifth-largest U.S. airline.

A committee of Delta's creditors said in a written statement that it decided against a merger because of the "timing and risks" of concluding a deal. The creditors said they would back Delta's plan to emerge from Chapter 11 bankruptcy protection as a stand-alone airline.

Parker said in a written statement that he was "disappointed" and that the committee was "ignoring its fiduciary obligation" to creditors. He did not respond to interview requests.

"Our proposal would have provided substantially more value to Delta's unsecured creditors than the Delta stand-alone plan," Parker said. "We would have created a better and more financially stable airline that offered more choice to consumers and increased job security."

Delta aggressively fought the proposal on Capitol Hill and in the news media. Delta, the third-largest U.S. carrier, has told creditors that it expects to be worth as much as $12 billion after emerging from Chapter 11.

Delta's chief executive, Gerald Grinstein, also declined a request for an interview. He said in a prepared statement that "this is a proud day for the thousands of Delta people, customers, communities, civic leaders and others who stood up for our stand-alone plan. . . . Our focus now is on the work still before us to emerge from Chapter 11 this spring as a strong, healthy, and vibrant global competitor."

Many analysts and airline executives said a US Airways-Delta merger would have sparked further consolidation in the industry.

Possible combinations included United and Continental airlines and Northwest and American. United and Continental have been in talks. Although Grinstein and other executives denied news reports that Delta was negotiating with Northwest, they have not ruled out considering such a merger.

Executives have said that consolidation is needed to help the industry expand networks, reduce costs and boost profits as carriers continue to recover from the economic downturn after the 2001 terrorist attacks. Analysts and trade groups expect the airlines to collectively report an annual profit for 2006, the first time in six years they will have done so.

Legislators and consumer groups have expressed uneasiness about potential mergers and how they would affect fares and service, particularly to small towns and rural areas. Several senators raised such concerns last week at a hearing. They said a Delta-US Airways combination would cut service to rural areas in such states as Mississippi and Maine.

Analysts said that resistance in Congress, potential trouble in obtaining antitrust approval and difficulties in combining antagonistic workforces probably led creditors to side with Delta's management.

"The US Airways' proposal had more money, but there were a lot of problems too," said Darryl Jenkins, an analyst and consultant. "Creditors saw Delta's plan as having less risk. Delta's management created enough doubt to be able to emerge free, for now."

Parker sought to merge with Delta while it was still under bankruptcy protection to take advantage of rules that make it easier to dump expensive leases on airplanes and other contracts. He said the merger would have allowed him to consolidate routes and reduce Delta's capacity by about 10 percent. He expected those efforts to trim costs by about $1.6 billion.

Analysts said they didn't expect US Airways to suffer much from failing to complete a merger. They noted that the company had been aggressive in controlling costs and raising fares, and they predicted that its stock price would rise.

Delta's Creditors Reject US Airways (USAT)

By Marilyn Adams

USA Today, February 1, 2007

The proposed merger of Delta Air Lines and US Airways fell apart Wednesday when Delta's bankruptcy creditors rejected US Airways' $10 billion takeover offer.

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The committee representing Delta creditors formally rejected the hostile takeover offer and sided with Delta, the USA's No. 3 airline, on its plan to remain independent. Following the announcement, US Airways, which had pursued the creditors since Nov. 15, withdrew its offer.

The decision appears to dampen much of the talk of an impending merger mania in the airline industry, which only recently has returned to profitability after being slammed by terrorism and recession in 2001. Wall Street analyst Ray Neidl of Calyon Securities predicted airlines would not see anymore significant deals for a year.

In the end, the offer of $10 billion in stock and cash did not outweigh the perceived risks. US Airways is a major Delta competitor in the East, and the combination would have created the USA's biggest domestic carrier, eclipsing American Airlines.

Critics of the merger said the Department of Justice could spend months reviewing a pending deal and ultimately block it on antitrust grounds. Delta, meanwhile, told creditors its plan calls for a speedy exit from bankruptcy and that the company would be worth $9.4 billion to $12 billion as a stand-alone airline.

Among the top creditors are Delta's pilots union; the Pension Benefit Guaranty Corp., which assumed responsibility for the pilots' pension plan; Boeing; Coca-Cola; and Bank of New York.

"This is a proud day for the thousands of Delta people, customers, communities, civic leaders and others who stood up for our stand-alone plan," Delta CEO Gerald Grinstein said in a statement.

The creditors' decision was a major victory for Grinstein, who opposed the takeover bid from the outset. Atlanta-based Delta rallied employees, customers and members of Congress. And Delta made major concessions to the committee to fend off the merger.

Delta executives, for example, agreed to a small equity stake in the reorganized company of about 4%, leaving more for creditors. Creditors also won the right to name most directors on the new board.

US Airways CEO Doug Parker was sharply critical of the decision. He said in a statement the committee was "ignoring its fiduciary obligation to those creditors" by choosing to back Delta because his plan was worth more.

With the takeover battle behind it, Delta will file a revised plan of reorganization with the bankruptcy court this week. It plans to exit bankruptcy in the spring. On Tuesday, it announced it had landed $2.5 billion in exit financing from six major lenders.

Delta Fends Off Takeover (WT)

By Sean Lengell

The Washington Times, February 1, 2007

Delta Air Lines has successfully thwarted a hostile takeover attempt by rival US Airways, as the suitor withdrew its almost $10 billion offer yesterday after Delta's creditors endorsed the bankrupt airline's plan to remain independent.

A committee representing Delta's unsecured creditors said the financial risks and the amount of time needed to successfully complete the proposed buyout were too great to support.

The committee said it "has determined that it will support the stand-alone plan of reorganization as finally agreed upon between Delta and the Creditors Committee."

US Airways previously had said it would withdraw its cash-and-stock offer by today if it couldn't win over support of the creditors.

US Airways Chairman and Chief Executive Officer Doug Parker said he was disappointed with the creditors' decision and criticized them for "ignoring its fiduciary obligation." He added that his company's offer was worth substantially more than Delta's stand-alone plan.

"We would have created a better and more financially stable airline that offered more choice to consumers and increased job security to its employees," he said. "Our merger would have been able to be consummated in a reasonable time frame and we would have been able to obtain all requisite regulatory approvals."

But Delta Chief Executive Officer Gerald Grinstein, whose company repeatedly has said it wanted to exit bankruptcy alone, deemed yesterday a proud day for the airline.

"Our focus now is on the work still before us to emerge from Chapter 11 this spring as a strong, healthy and vibrant global competitor," he said.

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The Atlanta airline, which has been operating in bankruptcy protection since September 2005, said it will be worth $9.4 billion to $12 billion upon emerging from bankruptcy.

Delta rejected US Airways' initial offer of $4 billion and 78.5 million shares made public Nov. 15, saying the plan would burden the combined carrier with debt, face insurmountable antitrust issues, and result in job cuts and a loss of flights to smaller cities.

US Airways on Jan. 10 increased its offer to $5 billion in cash and 89.5 million shares. The stake Delta creditors would have held in the merged company rose to 49 percent from 45 percent.

US Airways, based in Tempe, Ariz., itself emerged from bankruptcy protection in September 2005 when low-cost carrier America West Airline bought it as part of a deal that consolidated the airlines.

Airline analyst Darryl Jenkins said he initially predicted Delta creditors would accept the buyout. But a vigorous public relations campaign by Delta turned momentum and public sentiment to the side of the Atlanta carrier.

"In the end Delta did a good job defending itself," he said.

Delta's defense was highlighted at a Senate Commerce, Science and Transportation Committee hearing last week, when dozens of Delta employees packed the meeting hall in support of their airline, and even more supporters lined up outside the building.

Mr. Parker, who urged the panel to "let the market work," was criticized by several senators worried that a consolidated airline would result in cutbacks in service to small communities.

Delta's pilots' union, a large creditor, also supported their company's goal of remaining independent.

Shares of US Airways rose $2.88, or 5.4 percent, to $55.98 yesterday in New York Stock Exchange composite trading. It was the largest one-day gain since US Airways made its Delta offer public on Nov. 15. Delta shares fell 7 cents to $1.09 in over-the-counter trading.

Delta Strategy Pays Off With Victory Hostile Bid By US Airways Fails (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 1, 2007

US Airways withdrew its $10 billion merger proposal — a deal that threatened to move Delta's headquarters to Arizona — after Delta's major bankruptcy creditors refused to get behind the bid.

The creditors' decision came after an efficient campaign by Delta to torpedo the offer both publicly and behind the scenes.

Publicly, employee groups voiced vehement opposition through rallies and "Keep Delta My Delta" buttons. The airline also enlisted political allies who raised questions about whether a merger would survive scrutiny by federal regulators. Both tactics were designed to plant doubts in creditors' minds.

Behind the scenes, the hostile bid lit a fire under Delta's effort to put forth a standalone reorganization plan that the creditors would like better than the merger offer. Delta lined up $2.5 billion in exit financing from six big Wall Street firms, announcing the arrangement just 48 hours before the creditors committee had to make a decision.

Airline experts said Delta's 74-year-old chief executive, Gerald Grinstein, should get credit for rallying Delta — riven by hard times, job cuts and executive pay controversies in recent years — around the cause of independence.

"He's 74 years old, and maybe he'd rather be on a golf course," said Michael Boyd, president of a Colorado-based aviation consulting firm. "But he said what he meant, he wasn't evasive, and employees appreciate his candor. Despite all they've been through, their morale has seldom been higher."

The withdrawal of Tempe, Ariz.-based US Airways' bid clears Delta management to continue its plan to emerge from bankruptcy this spring as an independent airline. A court hearing on Delta's reorganization plan is set for Feb. 7 and could enable Delta to begin seeking creditors' votes for its plan.

It may not end speculation about possible mergers in Delta's future, however. Grinstein himself has said he is not opposed to all mergers, though he considered the US Airways offer fatally flawed because of the substantial overlap in the two airlines' routes.

For now, Grinstein thanked the creditors committee and trumpeted the news as a victory for workers.

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"This is a proud day for the thousands of Delta people, customers, communities, civic leaders and others who stood up for our standalone plan and said, emphatically, 'Keep Delta My Delta.' " Grinstein said in a statement.

From the start, US Airways bid faced an uphill battle because of Delta's hostile reaction to the bid and the daunting labor and regulatory obstacles that have undermined many airline mergers.

To have a chance at pulling it off, US Airways and its 45-year-old chief executive, Doug Parker, needed to convince Delta's official creditors committee that creditors would be better off with a merger. The court-appointed committee includes the biggest suppliers, banks and other groups with claims in Delta's Chapter 11 case, and it must approve any plan to emerge from bankruptcy.

The committee said in a statement that in rejecting the US Airways offer it "considered a variety of factors" including the deal's value, timing and risk factors along with the "likelihood of a successful consummation."

The committee said it plans to "work collaboratively with Delta towards confirmation and consummation" of its standalone Chapter 11 exit plan. A revised version of that plan will be filed later this week, the committee said.

Parker said the creditors committee failed to do its job.

"We are disappointed that the committee, which has been chosen to act on behalf of all Delta creditors, is ignoring its fiduciary obligation to those creditors," he said in a statement Wednesday.

"Our proposal would have provided substantially more value to Delta's unsecured creditors than the Delta stand-alone plan. We would have created a better and more financially stable airline that offered more choice to consumers and increased job security to its employees. Our merger would have been able to be consummated in a reasonable time-frame and we would have been able to obtain all requisite regulatory approvals."

It's not known how the creditors committee voted, but a court filing Wednesday indicated that MacKay Shields, a bond firm that was one of the original nine members, had left the committee. The firm could not be reached for comment.

A second, unofficial creditor group had pushed for a deal and expressed disappointment with Wednesday's news.

Under Delta's plan, creditors will get newly issued stock when it emerges from court. US Airways' proposal would have paid a combination of up-front cash and stock in the merged carrier. Each side claimed its plan was more valuable.

Walter Curchack, a New York bankruptcy attorney who has worked on airline cases, said Delta benefitted from luck and timing as well as shrewd defensive moves. He said official creditors committee members generally have deep relationships with the company and are inclined to stick with management's plan unless things go badly sour.

"Even if the US Airways deal was better all things being equal, everything wasn't equal," said Curchack.

Delta was 15 months into its Chapter 11 bankruptcy case when the US Airways bid arrived, and its recovery plan began gaining traction last year. Delta had already reached debt-payment deals with most of its largest creditors, including several members of the committee.

"I guess you could say Delta played it well and US Airways didn't play it as well," Curchack said. But the bottom line, he added, is "US Airways came to the party too late."

Hartsfield-Jackson International Airport has a non-voting seat on the official creditors committee. Its general manager, Ben DeCosta, said Wednesday: "I'm feeling very good about what has occurred so far and I'm very optimistic about the future of this airline. Delta is now on the path to having adequate financing, coupled with a plan that is already working and a strategy that is winning."

Delta's pilots union, the Air Line Pilots Association has a voting seat on the committee. Its leaders have vocally opposed the merger. In a statement, the union "cautiously noted" US Airways' decision.

"The focus of the union will return to successfully exiting bankruptcy and monitoring the company's restructuring plans while also remaining attentive of any future threat," the union said.

Calyon Securities analyst Ray Neidl said Wednesday that creditors had lost confidence in Parker's predictions that he could pilot the deal through anti-trust review. Delta executives argued that winning such approval from the Justice Department was highly improbable, given the merger's scope and the two carriers' substantial overlap of routes. Without a good chance of approval, they argued, pursuing the US Airways offer was a waste of time and would only delay the case.

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But Neidl said Delta had to give up a large degree of control to creditors to stay in the pilots seat, noting that the airline is expected to have no "poison pill" takeover defenses when after it leaves from Chapter 11. Grinstein — who is expected to pass the controls to a yet-unnamed successor at that point — has denied reports that Delta has talked to Northwest Airlines about a post-bankruptcy merger.

US Airways wanted to merge the two carriers under the Delta name, creating the world's largest airline. A headquarters locale was never disclosed, but it was widely expected it would be in Arizona. That was the home of America West Airlines, which under Parker bought US Airways in 2005 and adopted the larger carrier's name.

That prospect generated many political allies for Delta.

One of the staunchest was U.S. Sen. Johnny Isakson (R-Ga.), who last year helped Delta get legislation passed that enabled it to preserve its main pension plan.

"There was no question this was a united front and our message was heard loud and clear," Isakson said in a joint statement Wednesday with fellow Sen. Saxby Chambliss (R-Ga.).

— Staff writer Dave Hirschman contributed to this report

Delta Air Creditors Reject Hostile Bid By US Airways (WSJ)

By Corey Dade And Susan Carey

The Wall Street Journal, February 1, 2007

With yesterday's collapse of US Airways Group Inc.'s hostile takeover bid for Delta Air Lines Inc., the widely anticipated wave of consolidation in the U.S. airline industry is likely to remain on hold -- at least for now.

The official committee of unsecured creditors for Delta yesterday rejected US Airways' $10 billion offer and formally endorsed the Atlanta airline's plan to exit bankruptcy this spring as an independent company. The publicly traded bonds of Delta and Northwest Airlines Corp., which is also operating under bankruptcy protection, slid as investors and analysts said any major mergers now may not materialize for another year or more.

The failure of the deal "moves consolidation onto the back burner for a while," said Philip Baggaley, Standard & Poor's Corp.'s senior airline analyst. He added there is a "reasonable chance there will be consolidation over the next year or two." People familiar with the situation said there is little chance that discussions regarding any other combination with Delta, including earlier exploratory talks with Northwest and UAL Corp.'s United Airlines that were put on hold, would resume as long as Delta and Northwest remain in bankruptcy court.

Delta management cited a drop in oil prices from last year's highs as well as planes continuing to operate nearly full industrywide as factors that could tamp down the attraction for immediate consolidation. Delta also argued that its lowered cost structure positioned the airline to emerge from Chapter 11 protection as a healthy, competitive player in the industry. Those factors have contributed to a recent upswing after years of losses for airlines. Many others also have shed costs through recent bankruptcy filings.

The committee determined that backing Delta's reorganization plan, which has the airline exiting court protection in the spring, posed less risk than extending Delta's stay in bankruptcy while a merger underwent federal antitrust review, according to people familiar with the situation.

The group worried that Delta management's vehement opposition to the deal would have made the process extremely difficult and potentially derailed it altogether, these people said. That resistance fueled opposition among lawmakers in Washington who might have worked to stall or disrupt the regulatory review, according to these people.

In a statement, the committee said it "considered a variety of factors, including, but not limited to, valuation of, the timing and the risks associated with, and the likelihood of a successful consummation of the US Airways proposal and the [Delta] Plan." Delta officials said in a statement that they used bankruptcy "the right way" and "transformed their company's business model."

In a statement, US Airways Chief Executive Doug Parker said the committee "is ignoring its fiduciary obligation" to Delta creditors. He said the decline in Delta bonds since it became apparent that major creditors were resisting the offer reduced the implied market valuation of what Delta's unsecured creditors can expect to recover by more than $1.5 billion.

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The Tempe, Ariz., carrier's offer would have expired today. US Airways had expressed willingness to add a further $1 billion in cash to the deal if the creditors committee agreed to demand that Delta open its finances to due diligence by US Airways, among other measures.

Ultimately, the creditors committee decided it preferred the opportunity to take a strong hand in the governance of the nation's third-largest airline, which has shed $2 billion in annual costs, and steer it into potentially more lucrative deals in the future. In negotiations with Delta management in recent days, the creditors committee significantly strengthened its influence over Delta once the airline exits bankruptcy.

The most important agreement gives the committee the authority to appoint 10 of 11 directors who will compose Delta's postbankruptcy board, according the people familiar with the matter. Three current directors will be retained, each of whom will be selected by the creditors committee, those people said. The new Delta board is then expected to hire a new chief executive, who will also serve on the board. Current Chief Executive Gerald Grinstein has said he intends to retire after the company emerges from court protection.

The committee plans to install people who embrace consolidation as a strategic option and made clear to Delta in recent days that this was a condition of gaining its approval for the airline's standalone plan, according to knowledgeable people. Delta also agreed to a creditor committee request that the new charter and bylaws exclude any so-called poison-pill provisions that would pose insurmountable obstacles to future mergers, they said.

Delta and the creditors also reached consensus on a compensation plan in which senior Delta management will receive 2.6% of new company's shares, according to people familiar with the situation. An additional 1.4% will be reserved for executives hired in the future, these people said.

US Airways Withdraws Its $10.2 Billion Offer For Delta (NYT)

By Micheline Maynard And Michael J. De La Merced

The New York Times, February 1, 2007

Someday, the long-predicted wave of consolidation in the airline industry could occur.

But for now it will remain just that — a prediction.

The latest chance at a merger ended yesterday, when US Airways withdrew its $10.2 billion offer for Delta Air Lines, after it failed to win the support of Delta's creditors, which included the Boeing Company and the federal pension agency.

The bid, originally made on Nov. 15 and subsequently raised, was scheduled to expire today.

The action was seen as a victory for Delta's chief executive, Gerald A. Grinstein, and its pilots' union, which led employees in a "Keep Delta Our Delta" campaign aimed at preserving the Atlanta-based airline's independence.

Mr. Grinstein, 73, a white-haired industry veteran, had vowed to rejuvenate his tradition-laden airline before he retired. To do so, he had to fend off W. Douglas Parker, 44, who knit together his previous airline, America West, and US Airways to form a nimble national carrier.

The deal's demise is the latest example of the difficulty any airline faces when it tries a hostile takeover of another carrier. Even friendly deals run into a myriad of problems in combining unions, routes and fleets. The task is even more complex in bankruptcy, where management essentially retains the right to put together a restructuring plan unless a judge decides otherwise, giving even the weakest carriers control over their fate.

So although industry specialists and executives have long predicted that airlines will eventually combine — as perhaps the only way they can achieve consistent profitability — others do not see that happening for the moment.

"I thought consolidation was a lot more likely a couple of years ago," when the industry was in the throes of its decline, said Herbert D. Kelleher, chairman and co-founder of Southwest Airlines.

Since then, however, lenders have come forward to help a number of airlines emerge from bankruptcy, including United Airlines, Aloha and Delta, which announced Tuesday that it had arranged $2.5 billion for its exit as soon as this spring.

"The carriers that went into Chapter 11 have done a very good job of getting their costs down and building up a lot of liquidity," Mr. Kelleher said. "They're not as vulnerable as they once were, and you lessen the case for consolidation."

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Yet, some analysts say they believe that Delta will eventually find a partner. The leading candidate is Northwest Airlines, also operating in bankruptcy, which participates in a code-sharing agreement with Delta and Continental Airlines.

In January, Delta and Northwest held talks about a possible alliance or merger, people familiar with Delta's plan said.

Mr. Grinstein has since denied that characterization, saying that the airline hired an investment banker only to gather information from Northwest. Northwest's chief executive, Douglas M. Steenland, said yesterday that his airline would remain independent through the end of this year. Continental has held conversations with United, whose chief executive, Glenn F. Tilton, has repeatedly predicted consolidation will occur.

In a statement, Mr. Parker of US Airways said he continued to believe that a merger would provide more value for Delta's creditors, and suggested that their committee had overstated concerns about such a deal.

A deal would have combined Delta, the third-largest domestic airline by passenger volume, with US Airways, the fourth-largest. While US Airways claimed a merger would produce $1.65 billion in synergies and an airline with a dominant position in East Coast routes, Delta raised concerns about potential antitrust problems and the debt that a combined Delta-US Airways would carry.

Analysts, however, said the antitrust issues raised by Delta might have been overcome.

Philip A. Baggaley, an analyst with Standard & Poor's, said that other merger proposals might not encounter the same level of opposition. But time is running out, given the changing economic and political climate, he added.

"The airlines seeking a merger are not more likely to find a more sympathetic Department of Justice than right now," Mr. Baggaley said. "And there's a lot of money out there, with banks who are willing to finance combinations."

Had Delta's bankruptcy gone on longer, US Airways might have had an easier time persuading creditors to consider its offer, said Fruman Jacobson, a partner with Sonnenschein Nath & Rosenthal in Chicago. He represented the creditors' committee in the United case, which lingered more than three years.

By contrast, Delta may be out of court protection about 20 months after it filed for Chapter 11. "The way they really got the upper hand is that they're ready to come out of bankruptcy," Mr. Jacobson said.

In a statement, Mr. Grinstein thanked the creditors' committee and Delta employees for supporting the airline's plans to remain independent. "Using the bankruptcy process the right way, Delta people have transformed their company's business model," Mr. Grinstein said.

And last night, company executives gathered in Atlanta to reilluminate an airport sign that has long been a landmark there. It reads, "Fly Delta Jets."

Express Scripts Maneuvers For Time For Fed Review Of Caremark Bid (AP)

By Rose French

AP, February 1, 2007

NASHVILLE, Tenn. - Pharmacy benefits manager Express Scripts Inc. of suburban St. Louis maneuvered Wednesday for more time for an antitrust review of its hostile takeover bid for rival Caremark Rx Inc.

Express Scripts said it intends to voluntarily withdraw its existing Hart-Scott-Rodino filing on Friday and will refile it on Tuesday, allowing the Federal Trade Commission another 30 days to review the proposed transaction. Otherwise, the federal agency had to announce by Friday if it had antitrust concerns about the Express Scripts offer.

Nashville-based Caremark, which favors an acquisition offer from by CVS Corp., is the nation's second-largest pharmacy benefits manager. Express Scripts, headquartered in Maryland Heights, Mo., is No. 3.

Woonsocket, R.I.-based CVS, the nation's largest operator of drugstores, announced Nov. 1 that it planned to acquire Caremark for CVS stock, a deal valued currently valued at about $24.6 billion.

Express Scripts launched its own bid for Caremark on Dec. 18, an offer now valued at around $24.6 billion.

But Caremark has since rejected the Express Scripts offer, saying it was inferior to the CVS deal because regulators might not approve it.

The agreement between CVS and Caremark has already received antitrust approval. Caremark shareholders will meet Feb. 20 to consider the CVS deal, and CVS shareholders will meet Feb. 23.

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CVS said in a statement that the decision by Express Scripts to refile is the "clearest indication yet of the substantial antitrust risks inherent in its hostile takeover proposal" and that "3 into 2" mergers are often unsuccessful and almost always delayed by regulators.

The statement also said Express Scripts' refiling "confirms that the FTC staff and the 22 states that are reviewing the merger have identified serious antitrust concerns that, at a minimum, will require in-depth investigation."

Caremark raised the same point in a statement that said, "This is a transparent ploy by Express Scripts to avoid receiving an extensive second request for information and documents at this time from the Federal Trade Commission and to mislead Caremark shareholders into believing that Express Scripts' risky and highly conditional offer may be close to receiving regulatory approval."

Shares of Express Scripts were down 16 cents to $69.75 on the Nasdaq Stock Market in morning trading.

Caremark shares rose 28 cents to $61 while CVS shares rose 32 cents to $33.37 on the New York Stock Exchange.

Constantine Davides, an analyst with Boston-based Susquehanna Financial Group, said it's not surprising Express Scripts is refiling given the size of the deal, which will likely be heavily scrutinized by regulators.

He said many analysts expected Friday to come and either the FTC was going to issue a second request or Express Scripts was going to refile.

"It's a big acquisition," Davides said. "Regulatory approval can still happen, it just probably wasn't going to happen in the first 30 days."

The Caremark-CVS deal is being challenged in separate lawsuits filed by Express Scripts and shareholders, who contend it favors Caremark insiders.

Express Scripts repeated the claim in a response to a Caremark ad published Wednesday urging its shareholders to approve the CVS deal.

"It is outrageous that Caremark would spend stockholder money attempting to defend the lavish payments that its senior management would receive in a combination with CVS.

"We have trouble understanding how a 'merger of equals' could possibly warrant almost $100 million in sweetheart 'change of control' payments to people who will largely continue to be employed by the merged company," the statement reads.

Express Scripts' Delay In Caremark Bid Aids CVS (WSJ)

By David Armstrong And Dennis K. Berman

The Wall Street Journal, February 1, 2007

Express Scripts Inc. moved to allow federal antitrust regulators more time to review the company's hostile bid for rival pharmacy-benefits manager Caremark Rx Inc., a delay that boosts a competing offer for Caremark by drugstore giant CVS Corp.

The action makes it unlikely that Express Scripts can gain antitrust approval before Caremark shareholders vote on the CVS offer on Feb. 20. Under the new timetable, the Federal Trade Commission doesn't have to act on the Express Scripts matter until March 8.

That uncertainty favors the CVS deal, valued at about $25 billion, since the drugstore chain has already passed a similar FTC review and can close quickly on the deal following shareholder approval. CVS shareholders are slated to vote on the Caremark acquisition on Feb. 23.

With Express's antitrust case in limbo, the company is under increasing pressure to raise its offer, which yesterday was valued at $58.87 per Caremark share. That is only about 1% greater than CVS's transaction terms, valued at $58.19, which includes a $2 per share dividend once the deal is completed.

That leaves CVS in the driver's seat, given that an Express deal is months away from completion. The exact timing, however, is what is at stake with an FTC decision. And that is why it has become such a hot debate topic among the two feuding sides.

Express Scripts said it planned to withdraw its filing with the FTC on Friday and refile it Tuesday to give the agency another 30 days to review the proposed acquisition. The company said it intends to work with the FTC to clear the transaction without a "second request" for information, which would further delay regulatory approval.

Express proponents said the deal could be completed as early as May, while CVS argues a closing date is most likely in the third quarter. A person close to Express argued that the pulled filing was a sign of progress in dealing with the FTC. "You don't pull and refile unless you're working with the agency," to satisfy its requests, this person said. He added that Boston Scientific Corp.'s purchase of Guidant Corp. involved two pulled filings -- and no second request from the FTC.

Express Scripts and its advisers in recent days have been evaluating their options. One likely sweetener is a "ticking fee," which will award shareholders interest payments for each month that passes prior to FTC approval. The most important feature remains a sweetened price. Yesterday, shareholders moved Caremark stock up 54 cents to $61.26 in 4 p.m. composite trading on the New York Stock Exchange, 5% higher than the CVS offer and 4% higher than the Express deal.

The antitrust delay, combined with the sweetened offer CVS made two weeks ago that included the $2 per share dividend, makes it likely the "CVS offer will prevail," Goldman Sachs analyst John Heinbockel wrote in a note to clients yesterday.

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Sanofi Well-placed To Beat Rivals To BMS Deal (FT)

By Christopher Bowe, Andrew Jack And Delphine Strauss

Financial Times, February 1, 2007

For pharmaceutical companies considering a bid for Bristol Myers-Squibb of the US, it is the best of times and the worst of times.

BMS, a struggling company with promising new drugs and a good pipeline, has long seen 2007 as a pivotal point in its turnround after a having to cope with a raft of patent expiries on big drugs in recent years and serious legal troubles. It harbours considerable uncertainties for any buyer.

Yet it emerged this week that BMS and its long-standing French partner, Sanofi-Aventis, have held early-stage talks, prompting BMS to beef up its panel of investment banking advisers, adding Lehman Brothers to Citigroup and Morgan Stanley, partly to widen the field of potential interested parties. Sanofi is well placed to act fast and beat rivals to a deal. Barbara Ryan, an analyst at Deutsche Bank, says a formal bid now would be "opportunistic".

It would also be intriguing, she says. BMS has been operating for two years under a settlement with federal prosecutors after an accounting scandal. They appointed a corporate monitor to ensure compliance with corporate governance improvements negotiated to avoid criminal charges. This "deferred prosecution agreement" is set to end in June.

BMS has other legal complications, including a US justice department investigation into negotiations last year with the Canadian generic drugmaker Apotex to end a patent dispute over its blockbuster blood-thinning drug Plavix, accounting for more than a third of its earnings. The fall-out led to the firing of Peter Dolan, the chief executive.

The patent challenge over Plavix itself - for which hearings began this month - throws up more uncertainty until a decision, also expected in June. As Morgan Stanley analysts argued this week, the litigation adds to the pressure on BMS's ability to generate new cash to sustain dividend payments and commercialise its late-stage pipeline of future drugs.

Of all potential suitors for BMS, Sanofi-Aventis has the edge until June, as the developer and joint marketer of Plavix with long-standing links to BMS. As Bernstein Research put it, the "information asymmetries" mean the French company may be the only one willing to bid before the trial is resolved.

In other ways, too, a swift takeover may appeal to Sanofi-Aventis. It has heavy exposure to drugs coming under intensifying European price pressure, and generic competition on others from 2008. There is relatively little overlap with BMS's current or future drugs, and its smaller presence in the US creates cost-cutting opportunities.

But legal experts cautioned that a Sanofi-Aventis and BMS deal could face a hurdle preventing trans-atlantic mergers in the past. It would create "share flowback", whereby US investors seeking to invest in a US drug group are required to sell the new Sanofi-Aventis shares, depressing the French drugmaker's future share price.

Sanofi-Aventis would have liked its own share price to be stronger ahead of a bid, and may have to resort to debt to finance a deal worth more than $50bn. Its hand may have been forced by BMS's deal this month with AstraZeneca on two diabetes drugs, which already diminishes the appeal of an acquisition. Yet if the price is right, early may be better than never.

Vornado To Raise EOP Bid In Latest Shot At Blackstone (WSJ)

DOJ_NMG_0125373

By Ryan Chittum And Henny Sender

The Wall Street Journal, February 1, 2007

An investor group led by Vornado Realty Trust is expected to raise its bid for Equity Office Properties Trust, topping Blackstone Group's bid in one of the biggest buyout fights in history.

The bid was set to be announced last night or before markets open today. Vornado had a deadline yesterday to complete its fact-finding or "due diligence" on whether to top Blackstone's most recent offer of $54 a share. If Vornado made such a bid, Blackstone could either go higher or claim the high road of discipline, tell investors that the price was too high and walk away with its consolation prize, a $500 million fee that it will share with investors. Equity Office is a real-estate investment trust founded by the Chicago real-estate magnate Samuel Zell.

The markets had expected a bid to materialize with EOP's stock up 89 cents, or 1.6% yesterday to $55.55 as of 4 p.m. composite on the New York Stock Exchange -- and Vornado's down $1.20, or nearly 1%, to $122.35 on the Big Board.

The latest round in the bidding caps a feverish period in which both sides have been consulting with potential buyers of some of the properties in the Equity Office portfolio, the largest in the U.S. by size and value, to determine how high to go.

The contest started on Nov. 19 when Blackstone agreed to buy Equity Office for $20.1 billion, or $48.50 a share. In July, Equity Office had spurned a then-secret offer by Vornado Chief Executive Steven Roth to merge the two companies.

Vornado struck back on Jan. 17 with two private-equity partners, Starwood Capital and Walton Street Capital, offering $52 a share with 40% payable in Vornado stock and the rest in cash. Blackstone returned the volley eight days later, raising its bid to $54 a share.

The frenzied back and forth came months after conventional wisdom still held that Equity Office was too big to be taken private. Though its stock had lagged behind its peers since the start of the decade, it was a behemoth with a total capitalization (including debt) of some $36 billion, which would require the largest "takeout deal" in history.

Previously, the biggest REIT deal including debt had been General Growth Properties Inc.'s $12.6 billion purchase of Rouse Co. in 2004.

Equity Office owns 585 buildings in 24 markets across the country, making it by far the largest office landlord in the U.S. Vornado, which primarily owns retail and office property in New York and Washington, D.C., has focused on Equity Office's holdings in those markets, as well as in San Francisco, Los Angeles and Boston.

Commercial real estate has been one of the primary beneficiaries of the extraordinary levels of liquidity washing through global markets in the past few years. Thanks to positive rental and vacancy trends, a solid global economy and low interest rates, the flow of capital has sharply pushed up commercial real-estate prices.

Separately yesterday, Equity Office reported its fourth-quarter earnings, which came in slightly below analysts' consensus estimates. For the fourth quarter, it reported funds from operations -- a key REIT cash-flow measure -- of 54 cents, up from 50 cents in the year-earlier quarter, but two cents below consensus estimates.

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Nasdaq Ready For Long Battle Over LSE (FT)

By Norma Cohen In London

Financial Times, February 1, 2007

Nasdaq has signalled that it is prepared to fight a prolonged battle with the London Stock Exchange.

The US stock market warned on Wednesday that, if its hostile takeover bid failed, it could offer its technology to an LSE rival as part of moves it expects to drive down the exchange's share price.

Bob Greifeld, chief executive, told the Financial Times that Nasdaq could keep its 28.75 per cent stake in the LSE for 18 months.

He expected the share price to fall in that time, he indicated. "In 18 months' time, we will know what is the fair value of the exchange." Nasdaq has refused to raise its offer price from £12.43 a share and looks steeled to seeing its current approach running out of time. LSE shares have stayed stubbornly close to £13, making it highly unlikely the bid will succeed.

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Mr Greifeld defended his refusal to raise the price, saying the LSE had yet to grasp the nature of the fierce competition that European regulations will unleash.

It would take at least 18 months for the effect of the new competitive environment to sink into the London market's collective psyche.

"It is probably the most dramatic transition [for the LSE] in their 300-year-old history, except perhaps for Big Bang. I think it may be even more dramatic than Big Bang," he said, referring to the 1986 law that closed the LSE trading floor that divided banks into brokers and traders.

Nasdaq faces competition from upstarts in the US, including BATS Trading, which has captured 15 per cent of trading in Nasdaq-listed stocks by, in effect, paying people to trade on it.

"This is the competitive dynamic we live with," Mr Greifeld said. "This is the intellectual underpinning for our offer price." In a signal to LSE investors that they should wait for another bidder such as the New York Stock Exchange, Mr Greifeld revealed that Nasdaq last week met representatives of the consortium of banks planning a rival platform, Project Turquoise.

Although Nasdaq had not planned to use its technology to compete with the LSE, it was considering, if its bid failed, licensing it to the consortium. Nasdaq's high-speed INet platform is understood to be on a shortlist of preferred technology providers, according to bankers familiar with the project.

However, he said Nasdaq would seek to hedge at least a portion of its exposure to the LSE, a move which could involve buying put options or selling shares short.

He said Nasdaq would not participate in a move by hedge funds to replace LSE management with one more amenable to approaching a prospective buyer – possibly Nasdaq – with a view to achieving a higher sale price.

ENVIRONMENT/INDIAN AFFAIRS:

A Clearer Global Climate Forecast (CSM)

By Peter N. Spotts

Christian Science Monitor, February 1, 2007

By 2100, retired snowbirds will be joined by "sun birds" – who flee north to escape oppressively hot, humid summers not just in Miami, but Milwaukee as well. In the US West, deep mountain snows – currently a key natural reservoir for fresh water – will virtually vanish. And while the growing season will expand by about a month, urban gardeners will spend more time indoors as higher temperatures help boost smog at ground level.

Welcome to a world where the climate is, on average, 3 degrees Celsius (5.4 degrees Fahrenheit) warmer than today.

That projection – more specific than any previous one – is just one element expected to emerge this week as some 500 scientists from around the world gather to put the finishing touches on a major report on the Earth's climate and what the future may hold for it as humans continue to pump heat-trapping greenhouse gases into the atmosphere.

It's the first of three volumes set for release this year by the UN-sponsored Intergovernmental Panel on Climate Change (IPCC). Details in the document, which focuses on climate change, remain closely held until its release Friday morning. Leaks to the press based on earlier drafts, however, suggest that the researchers are projecting temperature increases of between 2 and 4.5 degrees C (3.6 and 8.1 degrees F.) by century's end if carbon-dioxide concentrations in the atmosphere reach twice their preindustrial levels. Their "most likely" increase is expected to be about 3 degrees C.

"Three degrees is very significant warming," acknowledges Thomas Delworth, a researcher at the National Oceanic and Atmospheric Administration's Geophysical Fluid Dynamics Laboratory in Princeton, N.J.

Of course, projecting future climate is a dicey proposition. High-powered computers are loaded with mind-numbing programs whose math represents a range of key processes in the oceans, atmosphere, and land. Scientists enter a few key numbers at start-up, such as the sun's radiation level and levels of greenhouse gases at a beginning time, then press "enter."

Still, "we're not completely sure of a lot of the physics, and it's hard to build a model for something you don't understand," says William Collins, a modeler at the National Center for Atmospheric Research in Boulder, Colo. "We don't know the trajectory for man-made greenhouse gases over the next century."

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To finesse that issue, the IPCC has developed a range of emissions profiles, based on different assumptions about population and economic growth and the pace of adoption of new technologies to reduce greenhouse-gas emissions. The emissions profile that yields the 3-degree C warming "is fairly optimistic," Dr. Collins says. It assumes rapid economic growth, a rapid influx of new, more efficient technologies, and a world population that peaks mid century, then starts to decline. Based on past and current emissions, many climate scientists say that a doubling of atmospheric CO2 by century's end is a done deal.

One rule of thumb: Wet areas will get wetter and dry areas will get drier. The most rapid warming is expected over the continents. In essence, climate bands move north, giving Wisconsin the kind of summers once limited to places like southern Mississippi. Warming in northern North America and north-central Asia would be largest in winter. Already, disappearing sea ice, melting permafrost, shifts in vegetation, and melting Greenland ice are signaling the changes under way in the far north.

One likely hot spot: coastal areas around the Mediterranean Sea.

"Every model projects strong drying over the Mediterranean, from Spain through the Middle East," Dr. Delworth says. The region could range on average from 4 to 8 degrees F. warmer in the summer than today, sending any remaining beachgoers on the Costa del Sol scrambling for cooler climes. "That's a very profound impact" on a geopolitically important part of the world, he adds.

Another region of concern is Africa's Sahel, which has seen a series of severe droughts over the past 30 years. Yet Delworth acknowledges that the models fail to agree on whether the drying trend of the past 30 years will continue.

For the US, global warming will squeeze more moisture out of the already dry Southwest. "But the consensus among models is not as high," he explains. One reason: Models are still having a hard time capturing the wind patterns that bring seasonal monsoons to the region.

Mountains in the US West will still get precipitation in winter, but it's more likely to be rain than snow. Throughout the country, when it rains, it will pour, as extreme-weather events become more common – raising the likelihood of floods and giving fits to Western water managers.

In one study published last year, researchers from the US and Australia compared projections from several models and found that climate extremes – ranging from more frequent and intense heat waves and fewer frost days to longer dry spells and heavier rainfall – appear around the globe, although consensus among the models begins to evaporate when they tried to look at regional patterns.

One broad area that may receive more scrutiny: the portions of Kansas, Nebraska, and Colorado that host vast expanses of sand dunes. A recent study by researchers at the University of Nebraska and the University of Wisconsin notes that many of these dune systems are on the knife's edge of mobilization, and could begin to wander across the landscape if moisture becomes much more scarce.

US Companies Lag On Climate Issues (FT)

By Jonathan Birchall In New York

Financial Times, February 1, 2007

US companies are lagging behind Europe in their readiness to identify climate-change risks, according to the most comprehensive survey to date of industry awareness of the issues.

Only 47 per cent of the members of the S&P 500 index responded to a request last year for information on their assessment of climate change risk that was signed by 225 international pension funds and investors.

In contrast, 76 per cent of the members of the FT 500 index responded to the same questionnaire, which seeks information on carbon emission policies and other issues such as exposure to physical risk from severe weather.

The report on the responses was prepared for Ceres, a coalition of investors and environmental groups, and Calvert, one of the largest US socially-concerned investment firms.

It comes amid growing corporate awareness of climate change risk in the US. Earlier this month, several leading US corporations, including General Electric, Alcoa and Duke Energy, formed a new alliance to lobby for regulation to control carbon emissions.

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But Mindy Lubber, president of Ceres, said the survey results indicated that "many US companies are still downplaying climate change and its far-reaching business impacts".

In particular, she noted that only 5 out of 14 insurance companies bothered to respond to the survey, despite the industry suffering more than $70bn of losses from the 2005 hurricanes alone.

Many US banks also stated that "climate change had little to do with their business", although the report highlighted the above average level of the responses from both Citigroup and Bank of America.

On carbon emissions, 80 per cent of the 228 companies that responded addressed the need to reduce greenhouse gas emissions, but that only a quarter of them had disclosed measurable emissions reductions targets and specific time frames for reductions.

The report also highlighted the progress on emissions reporting made by Wal-Mart, the world's largest retailer, since it announced its intention to reduce its carbon dioxide emissions of 20.8m tons in October 2005.

"Despite its massive size, the company has managed to produce a comprehensive accounting of its worldwide emissions from refrigerants, on-site combustion, trucks, cars, airplanes, and purchased electricty," the report said.

France Tells U.S. To Sign Climate Pacts Or Face Tax (NYT)

By Katrin Bennhold

New York Times, February 1, 2007

PARIS, Jan. 31 — President Jacques Chirac has demanded that the United States sign both the Kyoto climate protocol and a future agreement that will take effect when the Kyoto accord runs out in 2012.

He said that he welcomed last week's State of the Union address in which President Bush described climate change as a "serious challenge" and acknowledged that a growing number of American politicians now favor emissions cuts.

But he warned that if the United States did not sign the agreements, a carbon tax across Europe on imports from nations that have not signed the Kyoto treaty could be imposed to try to force compliance. The European Union is the largest export market for American goods.

"A carbon tax is inevitable," Mr. Chirac said. "If it is European, and I believe it will be European, then it will all the same have a certain influence because it means that all the countries that do not accept the minimum obligations will be obliged to pay."

Trade lawyers have been divided over the legality of a carbon tax, with some saying it would run counter to international trade rules. But Mr. Chirac said other European countries would back it. "I believe we will have all of the European Union," he said.

Mr. Chirac spoke as scientists from around the world gathered in Paris to discuss an authoritative international report on climate change, portions of which will be released on Friday.

Mr. Chirac's critics say that despite his comments in support of environmental measures, his record as president is far from green. He angered environmentalists across the globe when he conducted nuclear tests in a Pacific atoll within months of coming into office in 1995. He has been a loyal ally of French farmers and their pollution-causing practices, blocking some proposed Europe-wide reforms.

Most recently, France's national plan for allocating carbon emission credits to businesses had to be revised after the European Union rejected it as too generous.

The Long Consensus On Climate Change (WP)

By Naomi Oreskes

Washington Post, February 1, 2007

With the release of the new report by the Intergovernmental Panel on Climate Change tomorrow, the fourth since the organization's founding in 1988, many will be looking for what's new. How have estimates of sea-level rise changed? How soon will we achieve a doubling of carbon dioxide levels?

Scientists and journalists focus on novelty, because both are largely about discovery. But from a policy perspective, what matters is not what's new but what's old. What matters are not the details that may have shifted since the last report, or that may shift again in the next one, but that the broad framework is established beyond a reasonable doubt. Although few people realize it,

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this framework has been in place for nearly half a century, and scientists have been trying to alert us to its importance for almost that long.

Scientific research on carbon dioxide and climate dates to the 19th century, when Irish scientist John Tyndall established that CO2is a greenhouse gas -- meaning that it traps heat and keeps it from escaping to outer space. In the 19th century, this was understood as a fact about our planet, one that made it hospitable to life, but did not have any political implications.

That began to change in the early 20th century, when Swedish geochemist Svante Arrhenius deduced from Tyndall's work that CO2released to the atmosphere by burning fossil fuels could alter Earth's climate. By the 1930s British engineer Guy Callendar had compiled empirical evidence that this effect was already discernible.

Callendar's concern was pursued in the 1950s by numerous American scientists, including oceanographer Roger Revelle, a one-time commander in the U.S. Navy Hydrographic Office, who helped his colleague Charles David Keeling find funds to implement a systematic monitoring program. By the 1960s, Keeling's assiduous measurements at Mauna Loa Observatory in Hawaii demonstrated conclusively that atmospheric carbon dioxide was, indeed, steadily rising. (For this work, President Bush awarded Keeling the National Medal of Science in 2002.) Although these scientists may not be household names, they are well known in the scientific community. However, even most scientists don't know that they -- and others -- have been communicating concerns about global warming to presidents of both parties since the 1960s.

One early warning that we "will modify the heat balance of the atmosphere to such an extent that marked changes in climate . . . could occur" came in 1965 from the Environmental Pollution Board of the President's Science Advisory Committee. While the Bush administration has been loath to accept this reality, an earlier administration accepted it as a statement of scientific fact. In a special message to Congress in February 1965, President Lyndon B. Johnson noted: "This generation has altered the composition of the atmosphere on a global scale through . . . a steady increase in carbon dioxide from the burning of fossil fuels."

A second warning came in 1966 from the U.S. National Academy of Sciences Panel on Weather and Climate Modification, headed by geophysicist Gordon MacDonald, who later served on President Richard Nixon's Council on Environmental Quality. While examining the question of deliberate weather modification, MacDonald's committee concluded that increased carbon dioxide might also lead to "inadvertent weather modification."

In 1974, in the wake of the Arab oil embargo, Alvin Weinberg, director of the Oak Ridge National Laboratory, realized that climatological impacts might limit oil production before geology did. In 1978, Robert M. White, the first administrator of the National Oceanic and Atmospheric Administration and later president of the National Academy of Engineering, put it this way:

"We now understand that industrial wastes, such as carbon dioxide released during the burning of fossil fuels, can have consequences for climate that pose a considerable threat to future society."

In 1979 the subject was addressed by the JASON Committee, the reclusive group of scientists with high-level security clearances who gather annually to advise the U.S. government; its members have included some of the most brilliant scientists of our era.

The JASON scientists predicted that atmospheric carbon dioxide might double by 2035, resulting in mean global temperature increases of 2 to 3 degrees Celsius and polar warming of as much as 10 to 12 degrees. This report reached the Carter White House, where science adviser Frank Press asked the National Academy of Sciences for a second opinion. An academy committee, headed by MIT meteorologist Jule Charney, affirmed the JASON conclusion: "If carbon dioxide continues to increase, [we] find no reason to doubt that climate changes will result, and no reason to believe that these changes will be negligible."

It was these concerns that led to the establishment of the Intergovernmental Panel on Climate Change and, in 1992, to the United Nations Framework Convention on Climate Change, which called for immediate action to reverse the trend of mounting greenhouse gas emissions. One early signatory was President George H.W. Bush, who called on world leaders to translate the written document into "concrete action to protect the planet." Three months later, the treaty was unanimously ratified by the Senate.

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Since then, scientists around the world have worked assiduously to flesh out the details of this broadly affirmed picture. Many details have been adjusted, but the basic parameters have not changed. Well, one thing has. In 1965, the concern that greenhouse gases would lead to global warming was a prediction. Today, it is an established scientific fact.

The writer is a professor of science history at the University of California at San Diego.

Can Ethanol Get A Ticket To Ride? (WSJ)

By Ilan Brat And Daniel Machalaba

The Wall Street Journal, February 1, 2007

Like the corn it's made from, ethanol is largely a product of the small-town Midwest, distilled in places like Nevada, Iowa, and shipped to market by train.

Now, as ethanol producers ramp up production, they are straining railroads already taxed by burgeoning shipments of coal, containers and grain. And they worry that the transportation crunch could make it difficult for ethanol, despite its surge of support in Washington, to compete with energy rivals.

Rail and transportation logistics for the ethanol industry is "the mountain to climb...as we go forward," says Ken Eriksen, a senior vice president of Informa Economics Inc., an agricultural and renewable fuels consulting firm in Memphis, Tenn.

Unlike gasoline, natural gas and oil, ethanol attracts water and other chemicals, so it can't be sent through the long-established pipelines that move those fuels. That means the ethanol industry has been forced into a marriage with the already groaning railroads.

"It's supply and demand," says Walt Wendland, president and CEO of Golden Grain Energy LLC in Mason City, Iowa. "We're a captive market for them."

Few people think the strains will derail the boom, fueled first when it became a popular replacement for the gasoline additive methyl tertiary-butyl ether (MTBE) and boosted by President Bush's call for more homegrown energy alternatives. But ethanol's popularity has meant that producers have had to struggle to upgrade their rail yards and secure enough tank and grain cars to efficiently ship both ethanol and its byproducts. Railroads are prodding them to make the changes while also rushing to expand their own tracks and freight yards to handle the increasing shipments. Even though some parts of the economy have slowed recently, rail freight volumes are still near record highs.

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• Capital: On Energy and Ethanol Politics2

Despite the concern about the rail system, producers aren't flocking to the waterways. Barges are considered too slow to handle ethanol's rush to market, most plants aren't located near bodies of water and other liquid commodities already have soaked up the majority of the tank-barge capacity.

Railroad executives say ethanol, though still a small part of their total freight traffic, promises to be a lucrative growth opportunity. Shipments of ethanol have nearly tripled since 2001 to about 106,000 rail carloads last year and are projected to increase to at least 140,000 in 2007, according to the Association of American Railroads in Washington. Each tank car has a capacity of 30,000 gallons.

"We had a hiccup here and there, absolutely," says David Lawson, vice president of industrial products at Norfolk Southern Corp., a large railroad based in Norfolk, Va. "But we feel like we handled the growth very well."

Railroads have been pushing producers toward shipping by longer, more-efficient trains, called unit trains. Such trains carry 75 to 95 tank cars of ethanol and provide a faster and more economical alternative to shipping a few ethanol cars at a time. Burlington Northern Santa Fe Corp. in October 2003 began running its Ethanol Express to shuttle ethanol to California from the Midwest. It now runs two to three times a week. But some producers have chafed under the industry's initiatives.

After the corn is distilled into ethanol, it's mixed with a small amount of gasoline at the production plant before being shipped by train to a petroleum terminal, where it is blended with gasoline. Large petroleum terminals are accustomed to receiving their product by pipeline and then distributing locally by truck. Most terminals haven't developed the infrastructure of tracks, storage tanks and rapid unloading to receive ethanol by unit trains, says Kevin Kaufman, group vice president of

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agricultural products of BNSF's rail unit. Expanding is difficult because they are sometimes hemmed in by buildings, highways and bodies of water.

On the other end of the line in ethanol country, many of the producing plants aren't large enough or lack the track and facilities to fill unit trains themselves. That is forcing the producers to shell out millions on tracks and equipment they hadn't planned to spend. Engineers from rail giant Union Pacific Corp. in Omaha, Neb., are requiring Mr. Wendland to triple the size of Golden Grain's rail yard even though he is only doubling the size of the 65 million-gallon ethanol plant in land-locked Mason City.

The 24,000-foot track expansion will push him over his $2 million budget by $1.5 million. He also had to purchase 55 acres of nearby land for $500,000. Mr. Wendland says Union Pacific told him their freight yards were too strapped for space to store his cars, so he'll have to store them himself. "It's a huge commitment, to say the least," he says. The railroad confirmed Mr. Wendland's account.

Lately, large railroads have used their newfound market power to raise prices on many commodities they carry. For producers it comes at a time when high corn prices are squeezing their margins.

To cope with the price increases, Rick Brehm has started packing tight every car of distillers dried grain, an ethanol byproduct sold as cattle feed, he ships out. The 50-million-gallon-a-year Lincolnway Energy LLC ethanol plant in Nevada, Iowa, sits beside Union Pacific's mainline. Mr. Brehm is having an employee shovel the grain into every corner of his rail cars. That way he can fill up an extra 3% to 4% of space that was lost to air pockets before.

Union Pacific is ratcheting up investment to expand its own yards and track lines to handle the extra shipments in ethanol producing areas in Iowa, Minnesota and Nebraska. Even small railroads are trying to climb aboard. Iowa Northern Railway Co. is helping to build a new ethanol-storage facility in Manly, Iowa. Trucks will collect ethanol from production plants over hundreds of miles and bring it to Manly, with unit trains heading out from there.

Still, some railroads question the durability of the ethanol boom. Oil prices could drop, corn supplies could dwindle and alternatives could crop up. Ethanol producers are pushing ahead despite their dependence on the railroads.

"We are going to do what it takes to move it," says Dennis Miller, president and CEO of Iowa Interstate Railroad Ltd. in Cedar Rapids, Iowa. "But you just don't bet the farm on something that is volatile and controlled by many different forces."

Meanwhile, Imports Are Rising (WSJ)

By Lauren Etter

Wall Street Journal, February 1, 2007

Even as the U.S. looks to ethanol as a way to wean itself off foreign petroleum supplies, imports of the biofuel are soaring.

Despite a sharp tariff levied on most ethanol shipped from abroad, importers are finding they can compete with domestic ethanol on price. Some foreign suppliers, especially Brazil, also can provide ethanol more easily in some cases because of shipping bottlenecks in some areas of the U.S.

The surge in imports has yet to cause political backlash because U.S. ethanol supplies haven't caught up with demand. But tensions could arise this year as production at a slew of new domestic ethanol plants threatens to outstrip demand. Already, Corn Belt farmers who supply ethanol plants have taken to calling Brazil, the top foreign supplier of ethanol to the U.S., the "Saudi Arabia" of ethanol. "Why should we be trading dependency on one energy source for dependency on another?" asks Matt Hartwig, a spokesman for the Renewable Fuels Association, a trade group for the U.S. ethanol industry.

The U.S. ethanol industry benefits from a 51-cent-a-gallon tax credit as well as a 54-cent-a-gallon tariff levied on most imports. The tariff drives up the price of imported ethanol. Neither subsidy is likely to change despite Bush administration hints that it wouldn't mind seeing the tariff disappear.

While a certain amount of foreign supplies can avoid the tariff if the ethanol is dehydrated in a Caribbean country before it enters the U.S., the amount of duty-free ethanol is capped at 7% of annual U.S. ethanol consumption.

The import surge suggests that users are happy to base their purchases less on where it comes from than cost and convenience. "It all comes down to economics," says Gene Edwards, executive vice president at Texas-based Valero Energy Corp., a major North America oil refiner that blends ethanol into gasoline. "If it's Brazilian sugar cane that makes the ethanol, why should we care?" About 30% of the ethanol that Valero blended last year was imported, according to the company.

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New players are piling into the U.S. ethanol market, including China, the Netherlands and even Pakistan. Through November, total U.S. imports of ethanol used for fuel last year were 616 million gallons, more than four times as much as the 135 million gallons in 2005, according to the U.S. International Trade Commission.

Brazil, which makes its ethanol from sugar cane instead of corn, is one of the world's most efficient producers of the biofuel. U.S. imports of Brazilian ethanol rose to 418 million gallons in the first 11 months of 2006, from 31 million gallons in all of 2005, according to figures from the trade commission. Jamaica was the second-largest exporter to the U.S. last year, followed by China.

Oil companies adopted en masse last year as a clean-burning replacement for another key gasoline additive, methyl tertiary-butyl ether, that was being phased out.

As oil prices soared last year, demand got another shove when President Bush in his State of the Union address called on Americans to start using more renewable fuels, ranging from ethanol to biodiesel, as a way to reduce U.S. dependence on foreign oil. Congress then passed a bill requiring the U.S. oil industry to use 7.5 billion gallons a year of renewable fuels by 2012, most of which is expected to be ethanol. President Bush has since called for the use of 35 billion gallons of alternative fuels, including liquefied natural gas, by 2017 in order to cut gasoline consumption by 20%.

U.S. producers can't yet make enough ethanol to supply domestic needs. Last year about 4.9 billion gallons of ethanol were produced in the U.S., while about 5.5 billion gallons were consumed, according to the Renewable Fuels Association. Imports made up the difference.

Brazilian imports have been attractive because imported ethanol can be about the same price as the U.S. product, and sometimes cheaper. For instance, with corn at about $3.70 a bushel, the wholesale price of a gallon of ethanol -- including transportation and production -- is about $1.90. At current sugar-cane prices, a gallon of ethanol costs about $1.75 a gallon, including transportation from Brazil and the tariff.

Shipping convenience is also a factor. Many of the biggest users of ethanol are on the coasts, while many of the ethanol plants are clustered in the Midwest. For coastal users, it is often simpler and more reliable to have ethanol hauled on a ship from Brazil than on already-strained railroad lines from rural Nebraska or Iowa. Moving the budding ethanol industry "beyond its Midwest roots out to some of the coast routes is a challenge," says Rick Tolman, chief executive of the National Corn Growers Association.

With demand outpacing supply, the growth of imports shouldn't cost U.S. producers much business. But that could change when the dozens of new U.S. ethanol plants projected to come on line in the next year are added to the 100-plus existing plants.

Last month, at the World Economic Forum in Switzerland, Secretary of Energy Samuel Bodman said he believed more imports were going to be needed to meet ethanol demand. "The idea is that at some point in the future all these technologies need to stand the test of the free market," he said.

But farm and ethanol interests are likely to block any move to remove the tariff or let it expire in 2009.

Some American companies clearly see benefits in foreign ethanol, especially that made from sugar cane. Last year, agriculture giant Cargill Inc. of Minneapolis invested in a Brazilian sugar-cane-ethanol plant.

"We think the best way to ensure a strong, growing market domestically is assurance of supply," says Bill Brady, spokesman for Cargill. "That's why we favor a global marketplace when it comes to ethanol."

On Energy And Ethanol Politics (WSJ)

By David Wessel

Wall Street Journal, February 1, 2007

There are at least three ways to look at President Bush's energy initiative. One is knee-jerk: If Mr. Bush proposed it, it must be stupid. A second is to pretend you're king: How would I solve this problem? A third is to ask: Given the administration's stated conviction that markets know best, does the proposal make sense and go far enough?

Partisan critics do the first. Academics do the second. Let's try the third.

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Mr. Bush says the U.S. energy market isn't working well. At current prices, Americans use too much oil and gasoline for our own good. He says he is worried about an imprudent dependence on oil, the price of which is heavily influenced by regimes not always friendly to the U.S., and about global warming.

His solution: "Diversify our nation's energy supply."

The economists' user guide to policy says the most efficient response to a market price that doesn't fully reflect the costs of consuming a good -- in this case, the risk to national security and to life on Earth as we know it -- is a tax. It could be on oil, or on gasoline, or on carbon, a major constituent of fossil fuels. No one inside the Bush camp will say this publicly -- at least until they leave. Gregory Mankiw, the Harvard economist who did a turn as chairman of Mr. Bush's Council of Economic Advisers, now is campaigning for a $1-a-gallon gasoline tax phased in over 10 years.

A tax would raise the price of oil or gasoline or carbon, discourage consumption of gasoline (or whatever was taxed) and create incentives to produce alternatives. The market, not the government, would pick the best alternative.

But Mr. Bush is allergic to anything that smells like a tax. So he opted for a not-very-Republican alternative. He would use the government's muscle to force Americans -- or more precisely, the companies that blend motor fuel -- to consume less gasoline than they otherwise would and more of something else. A lot more. A 2005 law requires blenders to increase their use of alternative fuel, most of it ethanol made from American corn, to 7.5 billion gallons a year by 2012 from the current six billion gallons. Mr. Bush proposes to boost that to 35 billion by 2017. If there isn't enough alternative fuel to go around, blenders will have to pay a tax-like penalty to the government, the size of which hasn't been determined.

OK. It isn't the economists' first choice, but economists don't often run for office. The president's proposal has some logic: The government isn't picking winners, just guaranteeing lasting demand for alternatives to gasoline -- broadly defined -- to stimulate investment and technological progress.

With all that guaranteed demand, more than makers of corn-based ethanol could ever meet, one might think there was no longer any need for the 51-cent-a-gallon tax credit for ethanol, which will cost taxpayers about $2.6 billion next year and more in later years as ethanol production rises. One might also think that, since the goal is to "diversify" the U.S.'s energy sources, there is little reason to continue a 54-cent-a-gallon tariff on imports of sugar-derived ethanol from Brazil.

But Mr. Bush didn't say anything about repealing the tax credit, or about altering it so that the government pays a subsidy only when oil prices are low and ethanol is economically unattractive. Nor did he say anything about repealing the tariff.

The reason has little to do with economics, and a lot to do with the politics of corn. The tax credit was born during the oil-price spike of 1978; the tariff was added to prevent foreign producers from getting U.S. subsidies. The two measures sustained an embryonic ethanol industry in corn-growing states when oil prices were low and there wasn't much government, consumer or Wall Street interest in alternative fuels.

Times have changed, but the folks who benefit don't much like the idea of repealing the credit or tariff. And they have a lot of friends in the Senate -- including Charles Grassley of Iowa, the top Republican on the Senate Finance Committee -- and among presidential candidates, for whom ticking off Iowa's corn farmers would be an exercise in masochism.

Mr. Bush's serious advisers have a hard time defending the tax credit or the tariff. "At some point in the future all these technologies need to stand the test of the free market" says Energy Secretary Samuel Bodman -- or at least a market in which the government puts a floor under demand.

Under current law, the tariff expires in 2009 and the tax credit in 2010. Mr. Bush's advisers figure repealing the measures is politically impossible and hope to persuade Congress to resist pressure to extend them. Yet Mr. Bush, the self-described admirer of markets who won't ever again face voters in Iowa or probably anywhere else, wasn't willing to say even that much in his State of the Union address. * * *

Postscript on last week's column on prizes: A report by the National Research Council, an affiliate of the National Academy of Sciences, last week urged the government to launch "an ambitious program of innovation inducement prize contests" as "a sound investment in strengthening the infrastructure for U.S. innovation."

Federal Judge In Las Vegas Sets New Hearing On 'Divine Strake' (AP)

AP, February 1, 2007

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LAS VEGAS (AP) - A federal judge told government lawyers Wednesday he wants to be kept closely informed on plans for a non-nuclear explosion that authorities say would send a mushroom-shaped dust cloud high over the Nevada desert.

With no date set for the test, dubbed "Divine Strake," U.S. District Court Judge Lloyd George set another status hearing March 2, and said he wants to see a draft environmental assessment prepared about the Defense Threat Reduction Agency experiment.

"I'll pay a lot of attention to this case, I assure you," the judge said.

Justice Department lawyer Caroline Blanco said if a date is picked for the explosion, it will be at least 30 days after the environmental assessment is completed and a finding is made that the explosion would pose no significant threat to the environment or people.

Blanco, speaking by conference call from Washington, D.C., said that until a decision is made to go ahead, it was premature to address opponents' claims that the test will kick up and spread radioactive dust from the Nevada Test Site.

Robert Hager, a Reno-based lawyer representing Western Shoshone tribe members and "downwinders" in Utah and Nevada, said that he plans to challenge flaws in the environmental assessment.

The document has been the focus of public meetings this month in Nevada, Utah and Idaho, where elected officials have questioned the safety of the experiment. It was postponed last year after Hager filed suit.

Critics have called the blast a surrogate for a low-yield nuclear "bunker-buster" bomb, and have expressed fears that it would scatter radioactive dust contaminated by nuclear weapons experiments at the test site from 1951 to 1992.

The experiment would explode 700 tons of fuel oil and fertilizer over an underground tunnel, about 85 miles northwest of Las Vegas.

Government officials have called it important for gathering data about penetrating hardened and deeply buried targets.

DEFENSE RESERVATIONS Native Americans On Trial Often Go Without Counsel (WSJ)

By Gary Fields

The Wall Street Journal, February 1, 2007

SELLS, Ariz. -- As Joseph Juan's May 2005 trial at the Tohono O'Odham Nation Tribal Court began, prosecutor Lisa Stronawski fired off questions, asking potential jurors about their views on drug laws.

At the defense table, there was no lawyer representing Mr. Juan. The 55-year-old tribe member, who faced charges of possession of marijuana with intent to deliver for sale and conspiracy, couldn't afford a lawyer and didn't have one. For most of the trial, his voice, normally a low mumble, went unheard.

The right of defendants to legal counsel is guaranteed by the Constitution. But due to a little-known quirk in federal law, Native Americans aren't assured this protection. That's because under U.S. law, Indian tribes are considered sovereign nations, and are not subject to all privileges afforded by the Bill of Rights.

The country's 560 tribes are largely responsible for funding government services such as schools, police, and hospitals, as well as courts. The tribes have jurisdiction over crimes committed on reservations by the nation's 2.4 million American Indian and Alaska Natives.

Many of these tribal courts, like their federal and state counterparts, have their own prosecutors, tribe-appointed judges and jail facilities. Court proceedings can be judge or jury trials. There are 275 such courts in the U.S., each governed by the laws of an individual tribe or village. According to the U.S. Justice Department, more than 9,200 Native Americans convicted in tribal courts are locked up in tribal facilities or local jails off tribal lands.

Mostly absent from this parallel justice system are public defenders -- a luxury that many poor tribes say they cannot afford. The defense gap means that accused criminals often end up representing themselves. As a result, many plead guilty and risk exposing themselves to additional charges at the federal and state levels. In some instances, they may be subject to double jeopardy -- two trials, sentences and punishments for the same crime.

"The Constitution acts as a floor beneath you that no state can go below. For Native Americans, that floor doesn't exist," says Zig Popko, an Arizona State University law professor and a former federal public defender.

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The Indian Civil Rights Act, passed in 1968, gave individual tribe members some protections, such as the right to a speedy trial and the right to a trial by jury. But it did not provide the right to counsel for defendants too poor to hire attorneys.

Each year, the federal government spends nearly $400 million to subsidize tribal justice systems. The money goes to equipping and training police officers, constructing jails and providing grants to courts, prosecutors and victims programs. Of the total, less than $1 million is made available to tribal public defender offices.

Many tribes never see "a single penny for indigent defense," from the government, says Nick Fontana, director of the defense advocate office for the Pascua Yaqui nation in Arizona. In the decade that the office has existed, he says, the tribe has borne all operational costs.

Over the years, various congressional bills have sought to address the problem of tribal defense funding. Last year, Arizona Sen. John McCain, then chair of the Indian Affairs Committee, held a hearing to argue for more government assistance. The issue has yet to gain traction.

Stretched Resources

Some tribes, such as the Pascua Yaqui Nation outside Tucson and the Tohono O'Odham Nation, have programs to help provide attorneys for the indigent. But stretched resources mean many defendants still go without. Mr. Fontana says problems usually arise when a group of people face arrest.

"We represent them first-come, first-serve," he says. "It's brutal. We have to tell people all the time that we can't represent them because we are representing someone else connected to the case. All I can do is hand them a list of advocates and attorneys who can practice in court here and tell them, 'You will have to pay for it yourself. Good luck.' "

Such limitations left Joseph Juan to defend himself. Mr. Juan was one of four people accused of hauling marijuana across the San Miguel border between Arizona and Mexico in 2005. Arrested by border-patrol officers, he was charged with conspiracy and possession with intent to distribute the 198 pounds found in the truck he was driving.

Mr. Juan didn't act quickly enough to secure an attorney. Although his tribe does have a defense advocate office, a co-defendant sought counsel first, soaking up scant available resources.

The courthouse in Sells, the tribal capital, is about 60 miles southwest of Tucson in a remote area of the state. The main route there, Highway 86, is a narrow, two-lane road marked with 48 memorial crosses erected for members killed along the 21 miles that stretch from the beginning of the Tohono O'Odham boundary to Sells. It is an area where high winds blow constantly, creating dust storms that can lower the visibility to just beyond the hood of a car.

At his trial here, Mr. Juan faced Ms. Stronawski, a tribal-court prosecutor and a University of Pennsylvania law-school graduate. She had five witnesses, including three federal border-patrol agents, a tribal police officer and an Arizona state-police lab examiner. Her supervisor, also an attorney, joined her in the proceedings. Mr. Juan was alone.

"As I recall, he didn't have any family" present, says Ms. Stronawski. "I'm sitting there with my Ivy League law degree, halfway through an advanced law degree.... And my boss, who has been a prosecutor 15 years is sitting next to me. How can that possibly be fair?" Mr. Juan wasn't available for comment.

Despite being asked repeatedly by the judge whether he had problems with any of the evidence in the case, Mr. Juan only raised two objections during his trial. One was to dispute the time of day an incriminating picture provided by the prosecution had been taken. According to tapes of the proceedings, Mr. Juan spoke just over two minutes in his defense, including an 80-second opening statement. He was convicted and sentenced to two years in a tribal jail.

Gaps in the Case

Ms. Stronawski, now a defense attorney with the Pinal County, Ariz., public defender, acknowledges there were gaps in her case against Mr. Juan that she might have exploited as a defense counsel. "In the end I felt he had as fair a trial as could be. I don't feel like I railroaded him," she says. "But going into a courtroom against a defendant without counsel is a hollow case."

Tribal-court judges say they try to compensate for the paucity of public defenders by interacting more with defendants.

"I'll ask them certain questions that would elicit something that would help their defense that they wouldn't think of," says Potawatomi Tribal Court Judge Phil Lujan, who also serves as circuit judge for several other tribes. Normally, says Judge Lujan, it would be the defense attorney's job, but "99.9% of them do not have attorneys."

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A jurisdictional quagmire is partly to blame. The federal government has responsibility for prosecuting major crimes committed by Native Americans on tribal land, such as murder, rape, robbery and arson. But federal prosecutors regularly decline the cases. Instead, they are left to tribal courts where defense offices are limited and judges are restricted in the length of sentences they can hand down.

Cheryl Stein, a Washington, D.C., defense lawyer who is helping Mr. Fontana with research in several of his cases, listened to the taped transcripts of Mr. Juan's trial. She says the judge asking Mr. Juan whether he objected to certain evidence or jury instructions is akin to a "doctor asking a patient whether he objects to the interpretation of the X-ray. He has absolutely no basis on which to make an intelligent answer."

Indian casino operations have enriched some tribes, letting them provide all the services of an independent government, including criminal defense counsel. A few even pay out tens of thousands of dollars annually to each member. But most tribes are not so well off.

Consider, for example, the Tohono O'Odham Nation in Arizona, where Mr. Juan was arrested. With 2.8 million acres of tribal land and 28,000 members, the area is larger than Connecticut and second only to the Navajo nation in land mass. Although the tribe runs three casinos that fund many of the services provided by the tribal government, more than 40% of the members live below poverty level, according to the U.S. Census.

Double Jeopardy

The tribes' quasisovereign status allows defendants to be tried again in state or federal court for the same crime -- without the double-jeopardy protections provided by the Constitution. Defendants who enter guilty pleas in tribal court don't always realize that they are opening themselves up to federal or state charges for the same crime.

Billy Joe Lara, a member of the Turtle Mountain Band of Chippewa, faced this situation when he was arrested for public drunkenness in 2001 by Bureau of Indian Affairs officers at the Spirit Lake Nation Reservation in North Dakota. While being detained, he punched one of the federal officers. Without an attorney, he pleaded guilty the following day in tribal court to that and two other charges. He was sentenced to more than 160 days in a tribal jail.

Two months later, Mr. Lara was indicted on a federal charge of assaulting a federal law enforcement officer. In that case, under federal jurisdiction, he was granted the right to defense counsel. But his attorney, Alexander Reichert, says that the prior guilty plea, entered without any counsel, put his client at a disadvantage. "He just walked in and laid it out in the guilty plea," Mr. Reichert said. "He admitted all the details necessary to bring a federal case against him."

Mr. Lara, who had already spent three months in a tribal jail for the first conviction, went to trial and was also convicted in federal court. He was sentenced to another 10 months in federal prison for his punch.

Mr. Reichert fought the case to the Supreme Court, arguing that his client was charged twice for the same crime. Mr. Lara lost his challenge in 2004 when the high court sided with the government in its 7-to-2 ruling which said the case didn't constitute double jeopardy.

The opinion, written by Justice Stephen Breyer, essentially stated that tribal nations are separate, sovereign governments. Thus, when a defendant commits a crime that violates the laws of two sovereigns -- in this case the tribe and the federal government -- both can bring charges.

In the meantime, Mr. Fontana says he routinely asks area lawyers to assume cases his office cannot take. "I beg defense lawyers," he says. "But some of them have caller ID and they're avoiding taking my calls now."

FBI/DEA/ATF/USMS:

Schumer Proposes $1 Billion War On Violent Street Gangs (Westchester Journal)

By Steve Lieberman

Westchester Journal News, January 31, 2007

U.S. Sen. Charles Schumer today proposed spending more than $1 billion and passing tougher laws to fight a nationwide surge in gang violence and drug dealing.

Schumer unveiled a staff report showing a rise in violent crime and drug arrests across New York from 2000 to 2005 as an example for the entire country.

The Gang Abatement and Prevention Act of 2007 includes spending $1 billion over five years for law enforcement to fight gangs on the streets and $50 million for for police and educational programs in schools.

The package would fund investigations, prosecutions, short-term witness protection programs and gang prevention services. An estimated $100 million alone would go toward hiring prosecutors, staff and technology.

Supporting the package was Rockland District Attorney Michael Bongiorno, the president of the New York State District Attorney's Association.

Street gangs are criminal enterprises and selling drugs finances their operations, Bongiorno said.

The gangs referred to were local groups as well as nationwide organizations like the Bloods, Crips, Latin Kings and MS-13. Those gangs are represented, among others, in the lower Hudson Valley

Read more about this story tomorrow in The Journal News.

Senator Proposes Strong Medicine For Gang Violence (EMPSN)

EmpireStateNews.net, February 1, 2007

Gang violence is “spreading like a virus”, said U.S. Senator Charles Schumer, during a news conference Wednesday. The Democrat senator released a new report showing that there has been a 10 percent increase in reports of violent crime and a nearly 20 percent jump in the number of drug arrests in cities and communities across upstate New York.

“Every sheriff, every police commissioner, the DEA, shows that a remarkably high percentage these days of both violent crimes and drug arrests are gang-related.”

Schumer said part of the medicine is to change federal law, to make gang recruitment a primary offense.

The senator announced two new pieces of legislation that would provide more than $1 billion in new federal funding to combat the rise of gangs and impose tough new penalties for those who participate in gang violence.

“Our bill replaces the current federal laws sentencing enhancement for gang-related conduct. That’s almost never used, and you have to have another predicate crime. This makes it a crime in itself – the recruitment of young people into gangs.”

The legislative package also addresses issues raised by local law enforcement, including money for enhanced witness protection, and grants directly to school district for programs to prevent and respond to violence in elementary and secondary schools.

Blood Or Urine? HGH Testing Feud Simmers (AP)

By The Associated Press

AP, February 1, 2007

SAN FRANCISCO (AP) -- Olympic athletes soon will have their blood tested for human growth hormone, but the NFL and baseball officials instead are embracing the unproven concept of urine testing in their bid to stop use of the performance-enhancing drug.

Critics question whether the pro leagues truly are intent on rooting out HGH, thought to be widely abused because no one currently is testing for it. But baseball and football officials say they are stymied by union contracts that prohibit taking blood from players, and they cite privacy concerns and doubts about the accuracy of blood tests.

The two leagues recently awarded grants worth a combined $1 million to develop a urine test, but even the scientist who received most of the research money concedes an effective urine screen is years away, meaning players can continue using HGH with little fear of getting caught.

"It's a difficult proposition," said Don Catlin, chief of the Olympic Analytical Laboratory at UCLA. "It's going to take a while."

This blood feud over how to root out cheaters has opened a deep schism at the highest levels of amateur and professional sports.

The World Anti-Doping Agency plans to test the blood of elite amateur athletes by the end of this year. The agency's chief, Dick Pound, dismissed efforts by the NFL, Major League Baseball and their unions as "a piddling little amount" spent on unproven technology to combat a major problem.

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"Our view is that it's out there being used with impunity because of the lack of testing," Pound said.

Anti-doping agencies that police amateur athletes around the globe have spent nearly $10 million over the past decade to develop a blood test to detect synthetic growth hormone.

"All the experts we have consulted told us to forget about urine tests," said Olivier Rabin, the anti-doping agency's top scientist. "In urine you will find less than 1 percent of human growth hormone than you will find in the blood."

Human growth hormone occurs naturally in the body and synthetic versions taken by injection are chemically identical, making detection difficult. The new blood tests are designed to find higher-than-normal hormone levels that can be reached only by taking synthetic versions.

Rabin said the blood test can detect the presence of synthetic growth hormone for about two days after it's injected, which requires the agency to conduct unannounced, random samplings.

Some 300 athletes at the 2004 Olympics in Athens underwent blood testing without a positive result. But Rabin says testing deterred human growth hormone use because athletes knew the tests were coming.

An NFL official, however, said that proves the tests were unreliable.

"Our indication is that there are outstanding issues with respect to the availability and the reliability of the blood test," league spokesman Greg Aiello said.

Donald Fehr, head of the baseball players' union, said: "We would have nothing to say about it until it came out and we had an opportunity to review it."

Human growth hormone is produced in the pituitary gland, a pea-sized structure at the base of the brain that controls growth and other functions. In the mid-1980s, scientists at the biotechnology pioneer Genentech Inc. figured out how to produce the hormone by genetically engineering human genes into bacteria.

Since then, the global market for human growth hormone has reached nearly $1 billion annually with seven companies, including Eli Lilly & Co., Pfizer Inc. and Novartis, producing similar versions. Its uses include treating pituitary gland tumors and growth disorders in children.

But black market demand for the drug is strong and growing. It has become the darling of anti-aging advocates and professional athletes looking to boost energy, increase strength and stave off the effects of getting old.

Even without testing, several athletes have been caught. Last year, federal investigators intercepted a package of growth hormone sent to Arizona Diamondbacks pitcher Jason Grimsley.

Grimsley said he began using HGH in order to evade baseball's newly implemented steroids testing program in 2003, according to federal investigators. He also identified several other players who used or supplied drugs, though their names were blacked out of court documents.

Grimsley's case bolstered anti-doping experts' belief that abuse is rampant in baseball and raised public awareness about the drug.

A doctor prescribed human growth hormone to several Carolina Panthers football players during the team's 2003 Super Bowl season, according to court records. During that time, no player was suspended for violating the league's substance-abuse policy. The doctor, James Shortt, was sentenced to a year in prison in December.

Still, the extent of human growth hormone use by athletes is unclear, and might never be known.

"The stuff works and it works well," said Chuck Yesalis, a Penn State expert on performance-enhancing drugs. "I would be in the camp that says it's a pandemic."

Congress Monitors Baseball Steroid Probe (AP)

AP, February 1, 2007

WASHINGTON (AP) -- Congress is monitoring George Mitchell's investigation of steroids in baseball and could intervene if he doesn't get more cooperation, two lawmakers told the former Senate Majority Leader.

The leaders of a House subcommittee that held hearings on steroids in 2005 pledged their support for Mitchell in a letter sent to him Tuesday and released to the media Wednesday.

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"We sincerely hope that all relevant parties will work constructively to facilitate the completion of your investigation and your ongoing efforts to clean up the sport," wrote House Energy and Commerce Subcommittee on Commerce, Trade, and Consumer Protection chairman Bobby Rush, a Democrat from Illinois, and ranking Republican Cliff Stearns of Florida.

Stearns proposed the Drug Free Sports Act in April 2005. That bill called for a two-year suspension for a first offense and a lifetime ban for a second, while leagues that failed to comply would have been fined at least $5 million.

It was one of several pieces of legislation about steroids in pro sports that lawmakers stopped pushing after baseball introduced wider-ranging and more stringent drug rules in November 2005.

"Hopefully, similar legislative initiatives will remain unnecessary," Rush and Stearns wrote.

Mitchell told baseball's owners on Jan. 18 that he intends to interview active players and raised the possibility that Congress could compel testimony -- something he can't do. Mitchell was hired by commissioner Bud Selig last March after more than a year of allegations against Barry Bonds, Mark McGwire and other stars.

"We appreciate your warning to team owners and concur with your recommendation for better cooperation with your independent investigation," the congressmen wrote.

Congressmen Back Up Mitchell's Steroid Warnings (NYT)

By Jack Curry

The New York Times, February 1, 2007

Two weeks after George J. Mitchell warned baseball owners that Congress could become involved in his steroids investigation if he did not receive more cooperation from those within the sport, two congressmen offered their backing for Mitchell's efforts.

In a letter that was sent to Mitchell, who is a former Senate majority leader, the congressmen reinforced the message that Mitchell delivered to the owners. The congressmen were the leaders of a House subcommittee that held hearings on steroids in May 2005.

"We sincerely hope that all relevant parties will work constructively to facilitate the completion of your investigation and your ongoing efforts to clean up the sport," wrote Bobby Rush, a Democrat from Illinois, who is the chairman of the House Energy and Commerce Subcommittee on Commerce, Trade and Consumer Protection, and Cliff Stearns, the ranking Republican from Florida. The letter was made public yesterday.

When Commissioner Bud Selig appointed Mitchell last March to head a commission that would investigate steroid use in baseball, Mitchell's greatest impediment was that he did not have subpoena power to compel players, executives, coaches, medical personnel and owners to speak. Unlike Congress, Mitchell could not require cooperation.

Months after the investigation started, Mitchell asked Selig to consider disciplining those who refused to be interviewed. Mitchell, who is also a former federal prosecutor, acknowledged last December that the investigation would take longer than he expected because of a lack of cooperation.

But by warning the owners that Congress could again get involved with baseball and steroids, Mitchell is trying to persuade more people within the sport to testify. If nothing else, Mitchell has now succeeded in getting a reaction from Congress.

"We appreciate your warning to team owners and concur with your recommendation for better cooperation with your independent investigation," Rush and Stearns wrote.

Stearns was responsible for proposing the Drug Free Sports Act in April 2005. The bill included a two-year suspension the first time a player failed a drug test and a lifetime expulsion for the second offense. In addition, leagues that did not abide by this act would have faced fines of at least $5 million.

In recent years, baseball has twice implemented harsher testing policies for performance-enhancing substances. They now call for a 50-game suspension for a first-time offender and a lifetime ban after the third offense. Baseball has also begun testing for amphetamines for the first time. Congressional leaders seemed satisfied, and stopped lobbying as fervently for the Drug Free Sports Act. But now Mitchell has weighed in. "Hopefully, similar legislative initiatives will remain unnecessary," Rush and Stearns wrote.

More U.S. Aid May Fund Social Projects (MH)

DOJ_NMG_0125388

By Steven Dudley

The Miami Herald, February 1, 2007

BOGOTA - The Bush administration will seek almost $600 million from Congress this year to aid Plan Colombia II, the second phase of a multi-pronged effort to battle drug trafficking and insurgency in this Andean nation.

The strategy may include shifting more resources to economic development projects, administration officials said Wednesday.

"The strategy that the Colombian government is proposing for Plan Colombia II is perfect because it understands that it has to have a strong social component," Thomas Shannon, Assistant Secretary of State for Western Hemispheric Affairs, said in a news conference in Colombia.

Shannon did not specify how much of the aid would go toward economic development, which has traditionally received less than a quarter of the approximately $700 million in annual funds for Colombia since Plan Colombia was launched in 2000.

Despite spending over $4 billion since the effort began and eradicating thousands of acres of coca fields, the raw material for cocaine, Colombia remains the world's largest producer and supplier of the drug.

Leftist guerrillas, as well as remnants of right-wing paramilitaries, the bulk of which demobilized, continue to control supply and distribution lines, which help them fund their illegal wars with the government and each other.

Since taking power in 2002, the government of President Alvaro Uribe has focused most of its efforts on combating the four-decades-old insurgent group, known as the FARC, successfully displacing the rebels from traditional strongholds.

However, the resilient guerrillas have just as often returned to those strongholds and dwindling resources for economic projects have made it hard for the government to maintain the loyalty of local citizens.

In the Caquetá province in the south of the country, for instance, the U.S. government announced last year that it was withdrawing all its resources and personnel because of security concerns and because the economic programs, which included a large rubber tree planting project, were simply not effective in weaning the farmers away from growing coca.

Shannon hinted that some of these resources would be replenished or other areas would receive needed boosts.

"The Colombian government recognizes that when they can establish security, they have to take the next step of ensuring social development," he said. ``And we are looking for funds to help this project."

Analysts in Colombia, however, were skeptical that there would be any significant changes to Plan Colombia and considered possible alterations in terms of the Bush administration's efforts to appease the Democrat-controlled Congress in Washington.

"Although there might be more resources for social programs and alternative development, most of the aid will probably still go towards the armed forces," said Diana Rojas, a political science professor at the National University in Bogotá.

"The way he's presenting it now has more to do with the political climate in the United States," Rojas said.

Shannon's remarks came after a three-day tour of Colombia during which he met with Uribe as well as Colombia's foreign chancellor, María Consuelo Araujo, and visited a number of U.S.-funded projects.

Deputy Enters Plea In Alleged Mob Leak (CHIT)

Chicago Tribune, February 1, 2007

A deputy U.S. marshal pleaded not guilty Wednesday to federal charges that he leaked confidential information that a mob hit man was cooperating with the FBI against organized crime.

John Ambrose was charged last month with telling a family friend that Nicholas Calabrese, the only member of the Chicago Outfit ever to become a government informant, was releasing details of gangland slayings.

Ambrose's alleged role as the inside source came to light in cryptic conversations between imprisoned Outfit boss James Marcello and his brother, Michael, that were secretly recorded by the FBI.

Following Wednesday's arraignment, Ambrose's lawyer, Francis Lipuma, said he has been told that federal officials plan to place Ambrose on unpaid leave from his job, but Lipuma intends to fight the move. He is currently on paid leave.

Ambrose, 38, a 10-year veteran of the U.S. Marshals Service, is free on bail.

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IMMIGRATION:

Feds Ask Court To Toss Cuban Militant's Bid For Release (AP)

By ALICIA A. CALDWELL, Associated Press Writer

AP, February 1, 2007

EL PASO, Texas (AP) -- U.S. immigration officials have asked a federal judge to toss out Cuban militant Luis Posada Carriles' bid to be set free pending his ordered deportation.

In a four-page motion filed Wednesday in El Paso, the government argued that Posada's lawsuit is moot because he was transferred to the custody of the U.S. Marshals Service after being indicted Jan. 11. He had filed the lawsuit last year after spending nearly a year in a federal detention center on an immigration violation. He has been charged with several counts of lying during an interview and on an application in a bid to become a naturalized U.S. citizen.

Posada, who has pleaded not guilty, is being held without bond at the Otero County jail in New Mexico.

The motion was filed a day before a court-imposed deadline for immigration authorities to justify Posada's continued detention pending his deportation.

A federal immigration judge ruled in 2005 that Posada, a former CIA operative and U.S. Army soldier who had roles in the failed Bay of Pigs invasion of Cuba and the Iran-Contra scandal, had to leave the U.S. But Judge William L. Abbott also ruled that the ailing anti-Castro militant could not be sent to Venezuela, where is a naturalized citizen, or Cuba, where he was born, because of fears that he would be tortured.

Governments of both countries want Posada sent to Venezuela to stand trial on charges that he was in Caracas when he planned the deadly 1976 bombing of a Cuban jetliner. Posada has denied any wrongdoing.

Several countries, including Mexico, have refused to let Posada in and Posada has argued that he should be set free while the government continues efforts to find some place to send him.

The motion filed Wednesday argues that because Posada is no longer being held by immigration authorities, the court cannot order them to release him.

Felipe D.J. Millan, Posada's El Paso lawyer, said the motion was a stalling tactic.

"This is an issue that has to be addressed sooner or later," Millan said. "What is the government going to do with Mr. Posada once he is deemed guilty, or not guilty? That's something that needs to be addressed now. It's not a moot issue. He is in marshal custody, we don't dispute that. But at some point he is going to go back to immigration custody."

Millan said Posada's legal team is preparing a response.

Increased Immigration Fees Denounced (WP)

By Darryl Fears And Spencer S. Hsu

The Washington Post, February 1, 2007

Sen. Edward M. Kennedy (D-Mass.) joined a chorus of immigrant advocacy groups in condemning the Bush administration's plan to charge legal immigrants significantly more money to obtain green cards, adjust their residency status and bring relatives to the United States.

Under the plan, announced yesterday by Emilio Gonzalez, director of U.S. Citizenship and Immigration Services, the government would charge $905 -- up from $325 -- to apply for a green card or to adjust residency status. Immigrants with green cards would have to pay $595 to become naturalized citizens, a $265 increase. The cost of bringing a foreign fiance to the United States would more than double, to $455.

"This drastic increase will price the American dream out of reach for qualified immigrants wanting to be citizens of our country," Kennedy said. He called on Congress to appropriate more money to USCIS, which depends on fees for 99 percent of its budget. "We are a nation of immigrants, and Congress should recognize its responsibility to support the vital work of immigration services by appropriating the necessary funds," he said.

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Kennedy's comments were echoed by Kevin Appleby, director of migration and refugee policy for the U.S. Conference of Catholic Bishops: "This increase reflects a disturbing trend which places the benefits of citizenship on the open market, with only those of a certain economic level able to access it."

Gonzalez said the fee increases are necessary to operate his agency more efficiently. "Anytime you have to raise a fee, you understand it's going to affect people," he said. "We also have a necessity to create a system that will process . . . people in a streamlined way."

USCIS has long been plagued by an application backlog, slow processing by poorly trained personnel and an inability to track applications for people. The agency receives no money from Congress and passes on most costs to applicants. A highly critical 2004 Government Accountability Office report said that the agency's fees did not cover its costs.

Gonzalez said the increase would pay for better facilities, more workers and more training so that applications can be processed faster and by a more courteous and professional staff. He said the improvements would help USCIS cope with a guest-worker program should Congress approve some type of comprehensive immigration reform.

The fee increases will be published today in the Federal Register, beginning a two-month comment period. USCIS expects to process nearly 5 million applications in the 2008-2009 fiscal year.

"We've never seen regular fees that were this high," said Fred Tsao, policy director for the Illinois Coalition of Immigrant and Refugee Rights. "I think a lot of people are going to get discouraged."

Immigration Agency Proposes Raising Fees (WT)

By Stephen Dinan

The Washington Times, February 1, 2007

The immigration service yesterday proposed big increases in the fees to apply for immigrant and work visas and for naturalized citizenship, but some lawmakers said it is time for taxpayers to foot part of the bill to ease the cost on potential immigrants.

U.S. Citizenship and Immigration Services, one of the few fee-based agencies in the government, said the current rates don't cover the cost of doing business. It also said the increases will pay for more employees and equipment, reducing wait times.

Director Emilio Gonzalez said immigrants will "see the difference" in service.

"I need these fees to give us the agency that these immigrant communities expect," he said. "They don't want long waits, they don't want to go into dingy buildings, they don't want to meet with rude employees, they don't want to do a lot of things which they are going through now, because we haven't had the resources to make a difference."

But the proposed increases were so steep that Sen. Edward M. Kennedy, Massachusetts Democrat and chairman of the Senate Judiciary immigration, border security and citizenship subcommittee, said it's time to look at spending taxpayer money to help immigrants.

"This drastic increase will price the American dream out of reach for qualified immigrants wanting to be citizens of our country," he said. "We are a nation of immigrants, and Congress should recognize its responsibility to support the vital work of immigration services by appropriating the necessary funds."

That would be a major change for the agency, which funds 99 percent of its operations through fees.

Under the changes, applying for naturalized citizenship would cost $595, up from $330, and the cost for processing fingerprints and other biometric information would increase $10, to $80. The cost of some complicated applications would jump by more than $1,000.

On the other side of the ledger, Mr. Gonzalez has proposed eliminating the fee for applying for a visa as a victim of human trafficking.

The fees would go into effect in about six months, after a public-comment period that begins today. The fees would add $1 billion to the agency's $2 billion annual budget.

Overall, the agency expects to receive about 5 million applications a year.

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The American Immigration Lawyers Association said the cost of applying for citizenship has increased fourfold since 1994, when it was $95.

"Funding an entire agency on the backs of immigrants and their U.S. citizen spouses is beyond the pale," said Carlina Tapia-Ruano, the group's president.

She said she doubts immigrants will get superior services because of the increases, and she echoed Mr. Kennedy's call for Congress to begin footing some of the bill.

Mr. Gonzalez said the Government Accountability Office, Congress' watchdog agency, has deemed the fee increases necessary. He is in the middle of upgrading his agency's technology infrastructure and said the new funds are critical.

The director said the agency also is proposing new rules to do away with inconsistencies, such as when someone can apply for a waiver of fees even though his or her company should be able to pay, and when family-based visa applicants are allowed to apply for waivers even though their families are supposed to certify they can support the applicants.

Advocates Criticize Proposed Hike In Immigration Fees (MCT)

By Lesley Clark And Alfonso Chardy

McClatchy Newspapers, February 1, 2007

WASHINGTON - Immigration advocates likened a Bush administration proposal to hike immigration and naturalization fees to a ``second wall'' that could make it harder for many new arrivals to earn U.S citizenship.

Immigrants applying for citizenship or temporary work permits could pay almost twice as much as they do now under a proposal floated Wednesday by the administration, which says the increase would speed up processing.

Nearly every immigration or naturalization fee would be raised and some of the increases would be substantial, according to figures supplied by U.S. Citizenship and Immigration Services:

_The application fee for citizenship would increase from $330 to $595.

_The fee to apply for status as a legal permanent resident would rise from $325 to $905.

_The cost of work permits would rise from $180 to $340.

_Even the cost of fingerprints would go up $10, to $80.

Some fees, including the $50 application for temporary protected status, would not change and the $270 fee for a temporary visa for victims of human trafficking would be lifted.

The proposed increase will be published in the Federal Register and the agency will take comments from interested parties, starting Thursday. It would not take effect until later this year - likely mid-June, agency director Emilio Gonzalez said.

Immigration officials said the fee hikes are necessary to keep the fee-dependent agency afloat and the increases would close security gaps and improve service.

But the proposal met with considerable resistance from immigration advocates and on Capitol Hill - where Sen. Edward Kennedy, D-Mass., suggested such a ``drastic increase'' would put ``the American Dream out of reach'' for many immigrants.

Kennedy, who chairs a Senate subcommittee on immigration, border security and citizenship, suggested Congress should look for other means of running the agency.

``We are a nation of immigrants and Congress should recognize its responsibility to support the vital work of immigration services by appropriating the necessary funds,'' Kennedy said.

In the House, Rep. Zoe Lofgren, D-Calif., the chair of the immigration subcommittee, said she planned to ``carefully examine'' the agency's justification for the increases.

``Changes in the current fee structure must be fair and reasonable,'' she said.

In Miami, immigration advocates were even more emphatic.

``It's unbelievable,'' said Jose Lagos, head of Honduran Unity, an immigrant rights group that represents Honduran and other Central American immigrants, many of whom rely on permits to be able to work in the United States.

He said the majority of the Central Americans are undocumented and have work and residence permits under temporary protected status. A large number get work permits and renew them regularly to maintain status, he said. Most clean homes or offices for a living and barely make $250 to $300 a week.

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Cheryl Little, executive director for the Miami-based Florida Immigrant Advocacy Center, dubbed the increase ``a second wall'' for immigrants - saying the first is the one the federal government plans to build along portions of the U.S.-Mexican border.

``When you consider that many of our clients work for less than the minimum wage, and that they struggle to put food on the table and clothe their children, this additional expense could actually prevent them from obtaining their green cards,'' she said, noting that the increases could ``pose considerable obstacles for immigrants eligible to legalize their status to become legal residents.''

Lidia Urbina, a Nicaraguan immigrant who arrived illegally in 1998 and now lives and works in Miami under temporary protected status, said she's not sure she would be able to afford the increased cost of work permits because she already has trouble earning the more than $600 a month she needs to afford rent, food and money to send home to her seven children and nine grandchildren.

``I don't know what I'm going to do,'' said Urbina, 50, who cleans homes and offices for a living.

Agency officials defended the proposed increases - the first other than inflation adjustments since 1998, they said - as key to speeding up the processing of applications and strengthening the security of the country's immigration system. The agency processes about 5 million applications a year and the increases would bring in about $1 billion for the agency.

``This better reflects the true cost of doing business,'' said Gonzalez. ``These are not arbitrary prices. We drew them with as much sensitivity as we could.''

He said the increased fees represent a ``fine balance'' between the need to streamline the agency's operation and not put up barriers ``to immigrants who may have trouble coming up with the money.

``It's a necessity for this agency and an opportunity for us to get to where we need to be,'' said Gonzalez.

The agency will retain the option of waiving the fees for those who can't afford them, he said.

The money would be spent on hiring more employees, training and improving the agency's facilities.

``They don't want long waits, dungy buildings and meetings with rude employees,'' he said of the applicants.

TAX:

Groton Man Faces Tax-fraud Charges (LOWSUN)

Lowell (MA) Sun, February 1, 2007

BOSTON -- A Groton resident faces charges in U.S. District Court for defrauding the government on his tax returns.

According to the U.S. Justice Department, Joseph K. Berardi, 50, failed to report his sales to S. Strogoff & Co. a scrap-metal dealer in Chelsea, as taxable income on his federal returns in 1997, 1998 and 1999. He is believed to be one of the parties involved in a conspiracy to defraud the government of tax revenue.

Yale Strogoff, of Swampscott, pleaded guilty to conspiring to defraud the government in 2004. Strogoff conspired with his customers to pay those customers checks payable to fictitious payees for scrap metal sold to his company. Strogoff also arranged for the banks to cash the checks with no identification required. The customers would then keep the money for themselves instead of recording it as corporate income.

If convicted, Berardi faces up to three years in prison with another year of probation, and a fine of up to $250,000.

FRIENDLY LANDLORD Wal-Mart Cuts Taxes By Paying Rent To Itself (WSJ)

By Jesse Drucker

The Wall Street Journal, February 1, 2007

As the world's biggest retailer, Wal-Mart Stores Inc. pays billions of dollars a year in rent for its stores. Luckily for Wal-Mart, in about 25 states it has been paying most of that rent to itself -- and then deducting that amount from its state taxes.

The strategy is complex, but the bottom line is simple: It has saved Wal-Mart from paying several hundred million dollars in taxes, according to court records and a person familiar with the matter. And Wal-Mart is far from alone.

IT'S A DEAL

Below, an excerpt from the lease agreement signed between a Wal-Mart-owned REIT and another Wal-Mart unit.

The arrangement takes advantage of a tax loophole that the federal government plugged decades ago, but which many states have been slower to catch. Here's how it works: One Wal-Mart subsidiary pays the rent to a real-estate investment trust, or REIT, which is entitled to a tax break if it pays its profits out in dividends. The REIT is 99%-owned by another Wal-Mart subsidiary, which receives the REIT's dividends tax-free. And Wal-Mart gets to deduct the rent from state taxes as a business expense, even though the money has stayed within the company.

Partly thanks to sophisticated financial strategies like these, states' tax collections from companies have been plummeting. On average, Wal-Mart has paid only about half of the statutory state tax rates for the past decade, according to Standard & Poor's Compustat, which collects data from SEC filings. The so-called "captive REIT" strategy alone cut Wal-Mart's state taxes by about 20% over one four-year period. Now several state regulators are trying to crack down on the strategy, used largely by retailers and banks, and some other states have changed their laws to try to end the practice. Yesterday, New York Gov. Eliot Spitzer included elimination of the loophole as part of his proposed budget, a fix he said would bring the state $83 million a year.

RELATED DOCUMENTS

In a June 2002 affidavit,1 a Wal-Mart executive laid out the relationship between the REIT and its owner, another Wal-Mart subsidiary. H. Lee Scott Jr., now Wal-Mart's CEO, served as the REIT's "managing trustee," according to a property deed from 19962.

North Carolina tax authorities are challenging Wal-Mart, saying its REIT strategy was intended to "distort [the company's] true net income," according to its filings in the case in Superior Court in Raleigh, N.C. The state calls captive REITs a "high priority corporate tax sheltering issue" and in 2005 ordered Wal-Mart to pay $33 million for back taxes, interest and penalties stemming from the REIT. The company paid it and last year sued the state for a refund.

The structure Wal-Mart is using features some unusual elements. Because REITs must have at least 100 shareholders to gain tax benefits, roughly 100 Wal-Mart executives were enlisted to own a combined total of around 1% of the REIT's shares, without any voting rights. H. Lee Scott Jr., now Wal-Mart's CEO, was listed as the REIT's "managing trustee" from 1996 to 2004.

A single Wal-Mart real-estate official, Tony Fuller, represented the company both as tenant and landlord in its lease with itself. Ernst & Young LLP, the accounting firm that sold the strategy to Wal-Mart, also is the company's outside auditor. In its internal sales training materials, the accounting firm explicitly labeled the strategy as a method to reduce taxes -- a red flag to tax authorities, who often demand that tax shelters have other business purposes.

Wal-Mart attorneys say in court filings that the strategy is perfectly legal and that North Carolina is exceeding its authority. A spokesman for the Bentonville, Ark., company, John Simley, said Wal-Mart "is comfortable with its current structure and is in compliance with federal and state tax laws." He added that the REIT structure was adopted to "more effectively and efficiently manage the company's real-estate portfolio, including the impact on the company's overall state tax planning."

Regulators in at least a half-dozen states are going after companies that have trimmed their taxes through similar arrangements, including Regions Financial Corp.'s AmSouth Bancorp. unit; AutoZone Inc. of Memphis, Tenn.; and two units of Bank of America Corp. In a Massachusetts case against Bank of America unit Fleet Funding Inc., authorities call Fleet's REIT arrangement a "sham" in court filings. They note that Fleet increased the salaries of the roughly 100 employees whom it made REIT shareholders to compensate them for personal income taxes stemming from ownership. The Multistate Tax Commission, an association of state revenue authorities, says it has started examining the use of captive REITs to avoid taxes, alerting states to the issue and proposing legislative fixes to close the loophole.

States collected more than $44 billion last year in corporate income taxes, out of $607 billion in total state tax receipts, according to the Nelson A. Rockefeller Institute of Government, a nonpartisan think tank associated with the State University of New York. But the average effective corporate state and local tax rate has dropped from 6.7% during the 1980s to about 5% during the first half of this decade, according to a recent report by the Congressional Research Service. This is in part because of the proliferation of state and local tax breaks, as well as tax shelters, according to several academic and government studies.

Some corporate state tax planners say arrangements like these are merely smart business, and that the loopholes exploited by companies should be fixed by state legislatures rather than litigated by state lawyers. Critics of the shelters complain they let companies use public services provided by local governments -- such as police and fire protection or new highways -- without having to shoulder their fair share of the costs. Meanwhile, the portion of state taxes borne by individuals is steadily rising.

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Congress created REITs in 1960 as a way to allow smaller investors to put money in a wide portfolio of commercial real estate, spreading their risk. Congress also gave them a tax benefit: REITs aren't subject to corporate income tax on the profits they pay to shareholders as long as they pay out at least 90% of the profits. The shareholders still usually get federally taxed on the dividends, which still count as income for them.

After a boom in REITs in the early 1990s, big accounting firms including Ernst & Young and KPMG LLP figured out that on the state level, they could pair the tax break on REIT dividends with a separate tax rule that allows companies to receive dividends tax-free from their subsidiaries. With the REIT as a subsidiary itself, two rules aimed at avoiding double taxation could be combined to effectively avoid any taxation at all.

The strategy worked especially well if the REIT was owned by a company incorporated, and claiming to do all its business, in a state such as Delaware or Nevada that often wouldn't tax the corporate income anyway. That created an extra hurdle for other states to challenge the practice if they caught onto it.

Ernst & Young early on targeted the banking industry as a possible beneficiary of the captive REIT strategy. Like retailers, banks have branches in many states and often are liable for lots of state-level corporate tax. Ernst & Young targeted at least 30 banks, some of them its audit clients. The SEC generally permits that dual role as long as the firm's fee isn't contingent on the tax savings.

According to documents from a 1995 internal Ernst & Young sales training meeting reviewed by The Wall Street Journal, the accounting firm suggested banks put some of their income-producing assets, such as a portfolio of mortgages, into a REIT subsidiary, then use the double-tax break to "shelter" the income from state taxes. The REIT would issue a tiny number of non-voting shares to bank "officers and directors" to meet the 100-shareholder rule that REIT law requires.

U.S. banks "pay millions of dollars each year in state and local taxes," read the Ernst & Young presentation to its sales force. "The FSI State Tax Financial Product we have developed can significantly reduce or eliminate this heavy tax obligation..." One section of the Ernst & Young sales package featured hypothetical questions from clients about the REIT shelter, and the proposed answers. To pass legal muster, many corporate tax shelters purport to have additional business purposes behind merely saving taxes. Ernst & Young, however, was blunt about the reason for its proposed strategy:

"Q: What's the business purpose?

"A: Reduction in state and local taxes.

"Q: What if the press gets wind of this and portrays us as a 'tax cheat'?

"A: That's a possibility....If you are concerned about possible negative publicity, you can counter it by reinvesting the savings in the community."

An Ernst & Young spokesman declined to comment on its REIT work, saying the firm was "prohibited from commenting on client matters." The spokesman said he could not verify the authenticity of the internal sales training documents based on quotes provided by the Journal. However, he said the "limited language communicated in the internal memo does not reflect the quality and nature of the advice we provide to our clients."

State authorities have had mixed records so far in pursuing back taxes and penalties in captive-REIT cases. AutoZone, the big auto-parts chain, won the right to deduct the dividends from its taxes in Kentucky but lost a preliminary round in Louisiana. The Hawaii Department of Taxation won a case involving a REIT used by Central Pacific Financial Corp., a bank holding company. AmSouth is in litigation with Alabama over tax benefits from its REIT.

Fleet Funding's REIT, on which the company was advised by KPMG, has led Massachusetts to seek more than $42 million in back taxes, interest and penalties. BankBoston Corp. is in similar litigation with Massachusetts. Both banks have been acquired by Bank of America, which declined to comment on the litigation.

Fleet's attorneys have said in court papers that its REITs were legitimate, and the fact that they were partly motivated by tax considerations does not legally undermine their valid business purpose -- to raise capital, they say. A KPMG spokeswoman declined to comment on the Fleet case, but said it had stopped any involvement with "prepackaged tax products" before a 2005 agreement it made with the U.S. Justice Department over improper tax strategies that also led to the indictment of 17 former KPMG officials.

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It's unknown how many disputes have been raised over the strategy used by Wal-Mart and others, because such tax disputes are generally not disclosed unless lawsuits are publicly filed or the company reveals them in SEC filings.

Wal-Mart adopted its captive-REIT structure just as it was unwinding a previous strategy to reduce taxes that states had begun to challenge. For the first half of the 1990s, the retailer used a so-called intangible holdings company structure also used by many other corporations. Wal-Mart transferred its trademarks to a subsidiary called WMR Inc. in Delaware, which does not tax many forms of corporate income. Then it paid the subsidiary for the use of the brands. That allowed Wal-Mart to deduct those payments from its local income taxes in some states, while WMR's income wasn't taxed by Delaware.

Several states won challenges to the strategy, used by various retailers. Wal-Mart settled a dispute over its use of WMR in Louisiana -- the details of the settlement are sealed -- and lost on the main points of a case in New Mexico. Wal-Mart merged with WMR in February of 1997 and its use as a state tax avoidance vehicle was apparently discontinued, according to New Mexico court records.

In the meantime, Wal-Mart set up a new vehicle to control its state tax bill: captive REITs. In the summer and fall of 1996, Delaware corporate records show, Wal-Mart created a new hierarchy of subsidiaries: a REIT called the Wal-Mart Real Estate Business Trust; a Delaware-based parent company for the REIT, called the Wal-Mart Property Co.; and Wal-Mart Stores East Inc., parent of the Delaware firm. Wal-Mart Property owned 99% of the REIT's shares, and 100% of the voting shares, according to Wal-Mart court filings in North Carolina and West Virginia. The company also set up a similar arrangement for its Sam's Club stores.

To meet the 100-shareholder threshold required for REITs, Wal-Mart distributed a minimal amount of nonvoting stock, to approximately 114 Wal-Mart employees, according to a person familiar with the arrangement. The dividend payouts were nominal. The structure involved Wal-Mart's top executive tier. The shareholders were generally executive vice presidents and above. David Glass, then Wal-Mart's president and CEO, was listed as president of Wal-Mart Stores East on the lease agreement, and Paul Carter, then a Wal-Mart executive vice president, was listed as the president of the REIT.

Wal-Mart began transferring to the REIT ownership of the properties -- the land and buildings -- for hundreds of its stores in 27 states, real-estate records show. Then Wal-Mart Stores East signed a 10-year lease agreement with its REIT that took effect on Jan. 31, 1997, agreeing to pay a fixed percentage of the stores'"gross sales" as rent, according to a copy of the arrangement filed in the North Carolina case. Mr. Fuller, the Wal-Mart real-estate official, is listed as the contact for both the tenant and the landlord. The original lease was due to be renewed this week.

Wal-Mart could deduct from its state-taxable income the rent paid by Wal-Mart Stores East to the REIT. The REIT paid the majority of its rental earnings to its 99% owner, Wal-Mart Property Co., in the form of dividends. That company's base in Delaware gave it another way to avoid liability for state taxes, since some states do require that dividends a REIT pays to its corporate owner be taxed, as the federal government does.

The Delaware subsidiary then paid the money back to Wal-Mart Stores East, the same subsidiary that made the payments to the REIT to begin with. Those payments to Wal-Mart Stores East weren't taxed either, because dividends paid to a corporation by a subsidiary normally aren't counted as taxable income for the parent company.

The result of the circuitous transaction: Wal-Mart could effectively turn rental payments to itself into state level tax-deductions in most of the states where the payments have been made. Under typical circumstances, rent paid to a third-party landlord also would reduce taxable income. But that would ordinarily be cash out the door, like most other tax-deductible expenses. Here, the majority of the tax-deductible rental payments came straight back to Wal-Mart.

The national tax savings have been significant. Over a four-year period, from 1998 to 2001, Wal-Mart and Sam's Club paid company-controlled REITs a total of $7.27 billion that eventually came back to Wal-Mart in states across the country, according to a North Carolina Department of Revenue auditor's report filed in court by Wal-Mart. Based on an average state corporate income tax rate of 6.5%, three accounting experts consulted by The Wall Street Journal estimated the REIT payments led to a state tax savings for Wal-Mart of roughly $350 million over just those four years. SEC filings show the company paid $1.18 billion in state taxes during that period. The loss of federal deductions that bigger state tax payments would have triggered brought the company's effective tax savings overall down to about $230 million. Wal-Mart declined to comment on the figures.

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It is not clear how much Wal-Mart has paid to its own REITs in the most recent five years. The yearly rental payments -- on which the tax savings are based -- are pegged to the "gross sales" of the stores, according to the lease agreement.

Underscoring that the rental payments were cashless Wal-Mart accounting moves, an affidavit filed in North Carolina by the company's former controller, James A. Walker Jr., states that the payments were made by simply debiting the account of one subsidiary and then crediting the account of the other. "Wal-Mart Stores, Inc. served, in effect, as a bank for" both sides, the affidavit stated.

In 2005, after an audit, the North Carolina Department of Revenue issued a notice to Wal-Mart challenging the REIT structure. The state is site of about 140 of the company's roughly 3,900 U.S. stores, including Sam's Clubs. Wal-Mart paid the $33 million the state sought, and in March 2006 sued for a refund.

The company argues that the state does not have the authority to essentially combine the results of the subsidiary that did business in North Carolina with those of the Delaware-based unit and the REIT. The Delaware-based subsidiary, the company says, did no business in North Carolina and therefore was not taxable there. The company says in court filings that the REIT was qualified under federal law, that all the deductions were properly taken and that its North Carolina tax returns reflect its "true income."

Earned Income Tax Credit To Get A Push (USAT)

By Sandra Block

USA Today, February 1, 2007

The IRS, the U.S. Treasurer and a coalition of consumer groups plan to launch a nationwide initiative today to encourage more low-income families to claim the earned income tax credit, an often-overlooked benefit that's worth up to $4,536 this year.

Consumer advocates and the IRS say they hope the program will also reduce the number of low-income taxpayers who take out refund-anticipation loans — high-interest loans offered by some tax-preparation companies. Though the use of those loans fell by more than 20% in the 2005 tax-filing season, they're still used by about 30% of EITC recipients, says Chi Chi Wu of the National Consumer Law Center.

Refund-anticipation loans let taxpayers get their money right away — but at a steep price. Fees range from $30 to more than $125, and the effective interest rate can range from 40% to 500%, says the Consumer Federation of America. The federation says the loans are unnecessary because people who file electronically can get their refunds in two weeks or less. Under their initiative, the IRS and consumer groups will promote volunteer sites where low-income taxpayers can have returns prepared and filed electronically for free.

In an interview Wednesday, IRS Commissioner Mark Everson called the refund-anticipation loans "predatory" and said some ads for them are "over the top."

"They're giving tax preparers a bad name," Everson said.

Dan Smith, a spokesman for H&R Block, the nation's largest tax-preparation chain, said it has reduced the cost of refund-anticipation loans by up to 40%. Some taxpayers can't benefit from electronic filing and direct deposit because they have no bank account, Smith said. For those people, he said, H&R Block provides "the lowest-cost short-term option available."

The earned income tax credit is designed to offset Social Security taxes and help families escape poverty. The refund amount is based on income, filing status and the number of qualified children in the family (see box). Even families who owe no taxes may be eligible, said U.S. Treasurer Anna Escobedo Cabral. Yet up to a quarter of eligible taxpayers fail to claim the EITC.

The credit "can transform a family's life," Everson said.

Separately, the IRS said Wednesday that more than a third of taxpayers who have already filed their returns failed to claim the new telephone excise-tax refund, which is worth up to $60. Others who requested the refund are inflating the size of their claims, the IRS said.

The government stopped collecting the tax in August after courts ruled it had been illegally applied to long-distance service. Taxpayers can claim a standard amount, ranging from $30 to $60, or the actual amount of taxes paid from Feb. 28, 2003, to Aug. 1, 2006.

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The IRS said some early filers have requested refunds that seem to be based on their entire phone bill, not just the long-distance excise tax. The IRS is also investigating whether some preparers urged filers to seek larger refunds than they're entitled to, Everson said.

CONGRESS-ADMINISTRATION:

Bush Addresses Income Inequality (WP)

By Michael Abramowitz And Lori Montgomery

The Washington Post, February 1, 2007

NEW YORK, Jan. 31 -- President Bush acknowledged Wednesday that there is growing income inequality in the United States, addressing for the first time a subject that has long concerned Democrats and liberal economists.

"The fact is that income inequality is real -- it's been rising for more than 25 years," Bush said in an address on Wall Street. "The reason is clear: We have an economy that increasingly rewards education and skills because of that education."

In some respects, Bush's remarks were an unremarkable statement of what many economists accept as common wisdom. But they appeared to represent the first time Bush has personally addressed an issue on which his administration has found itself under fierce attack from Democrats. The official White House Web site offers no record of Bush uttering the phrase "income inequality" in a speech or remarks, and aides said they could not recollect such an instance.

The comments came during a generally upbeat economic speech outlining Bush's economic agenda and the state of the economy.

They appeared to be another presidential nod to the evolving political landscape on Capitol Hill, now controlled by Democrats after a campaign that focused in part on their complaints of corporate greed and growing middle-class insecurity. House Democrats have pressed that agenda with legislation to raise the minimum wage, cut interest rates for college loans and reduce prescription drug prices for Medicare recipients.

In three separate hearings Wednesday in Washington, Democrats probed the causes of middle-class angst, focusing on rising income inequality. Meanwhile, the Senate separately has taken aim at executive compensation, adding a provision to the minimum-wage bill that would limit the ability of executives to amass millions of dollars in tax-deferred accounts.

In his remarks, Bush also touched on that hot-button issue, saying the "salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders." While Bush said the government should not set compensation, he told the business executives gathered in the ornate rotunda of Federal Hall that they "need to pay attention to the executive compensation packages that you approve."

Democrats said Bush's speech is a reaction to the success of their agenda and to growing anger among voters who feel they are being left behind.

"They recognize the unhappiness voters have with inequity in this country," said Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee. "For much of last year, they tried to deny this. But the election finally clinched it. So I guess there's no point in denying it anymore."

Bush aides did not deny that Bush was seeking to address Democratic concerns, but they said income inequality has been on the minds of senior administration officials such as Treasury Secretary Henry M. Paulson Jr., who mentioned the subject in his first major address last spring, and chief economic adviser Edward Lazear.

"It's something that obviously the administration has made note of," said presidential counselor Dan Bartlett. The president "understands that there are many Democrats who have spoken to this issue. It is an important time for the Congress and the American people to hear what he says," Bartlett said.

Few economists would disagree that income inequality is real and getting worse. The gap between rich and poor has been growing wider since the 1970s. According to the nonpartisan Congressional Budget Office, the wealthiest 20 percent of households accounted for 45.4 percent of total U.S. income in 1979, but claimed 53.5 percent in 2004. Households in the bottom fifth dropped from 5.8 to 4.1 percent over the same period.

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Democrats have blamed Bush's tax policies for contributing to that trend. Wealthy households reaped the most benefit from tax cuts enacted between 2001 and 2006, according to an analysis by the Tax Policy Center, a project of the Urban Institute and the Brookings Institution. Last year, families making more than $1 million a year saw their after-tax income increase by 6 percent because of the tax cuts, while families making $40,000 to $75,000 saw after-tax income rise by about 2.5 percent.

"Years ago, we used to have a grade at Princeton called 'flagrant neglect.' That's what they should get. Because they're aggressively making the problem worse," said Alan S. Blinder, a Princeton University economist and the former vice chairman of the Federal Reserve Board of Governors.

At the same time, Blinder said, neither Bush nor federal policies in general are responsible for the problem. And Bush is correct, he said, in arguing that the nation's economic losers typically lack sufficient education. "Sometime in the 1970s, the market turned ferociously against the less skilled and the less educated," Blinder told a hearing of the congressional Joint Economic Committee.

But that is likely to change in the future, he said, as globalization and technological advances begin to trigger the same kind of upheaval in the service sector as has hit manufacturing.

Bush cited income inequality in the part of his speech touting the No Child Left Behind Act. He described the bill as "one of the most important economic initiatives" of his presidency because of its role in closing what he terms the "achievement gap" between students.

"The question is whether we respond to the income inequality we see with policies that help lift people up, or tear others down," Bush said. "The key to rising in this economy is skills -- and the government's job is to make sure we have an education system that delivers them."

Bush Assails 'Income Inequality' (WT)

By Stephen Dinan

The Washington Times, February 1, 2007

President Bush yesterday said there is a growing "income inequality" gap between rich and poor Americans, and told companies they should rethink the giant compensation packages they offer top executives.

The markedly populist message, a divergence from the past, in which Mr. Bush has accused critics of practicing class warfare, was all the more noteworthy given his venue -- a speech at Federal Hall in New York, in the middle of Wall Street, the capital of capitalism.

But the president called for conservative market-based answers, including demanding that Congress renew trade-promotion authority, which allows him to negotiate trade agreements then present them to Congress in a take-it-or-leave-it fashion.

Mr. Bush said he expects a bruising debate before his current trade-promotion authority expires July 1.

"Bashing trade can make for good sound bites on the evening news," Mr. Bush said. "But walling off America from world trade would be a disaster for our economy. Congress needs to reject protectionism."

In what was billed as his update on the state of the U.S. economy, Mr. Bush took credit for the 2001 and 2003 tax cuts, promised to submit a budget next week that eliminates the deficit in 2012, and asked Congress to give him a version of line-item veto authority.

"When people across the world look at America's economy, what they see is low inflation, low unemployment and the fastest growth of any major industrialized nation," he said. "There is one undisputed leader in the world in terms of economy, and that's the United States of America."

But Democrats said Mr. Bush's rosy picture of the overall economy was out of focus.

"If you really spend time out in middle-class America -- if you descend from the president's economic view at 30,000 feet to the real communities of Main Street America -- you know that all is not well with the middle class," said Sen. Charles E. Schumer, New York Democrat.

Mr. Bush has spoken of corporate responsibility before, most notably following the accounting scandals that ensnared companies such as Enron early in his administration.

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But yesterday marked the first time he has spoken of a problem of income inequality.

"The fact is that income inequality is real; it's been rising for more than 25 years," he said, adding that he sees the dividing line as between those with good educations and those without.

He also challenged businesses to "step up to their responsibilities."

"They need to pay attention to the executive-compensation packages that you approve. You need to show the world that America's businesses are a model of transparency and good corporate governance," he said.

After his speech, the president made an unannounced stop on the floor of the New York Stock Exchange, getting a warm reception amid the chaos of the room.

But his reception in the new Democrat-controlled Congress has been chilly so far.

The most contentious of the ideas in yesterday's speech is free trade, an issue that used to enjoy the support of a strong bipartisan coalition, but which has seen Democratic support crumble after President Clinton left office.

Mr. Bush yesterday pressed to complete the Doha round of expanded free-trade talks at the World Trade Organization, saying it can help the U.S. economy and also lift millions of people worldwide out of poverty.

"We are dedicated to making sure we have a successful Doha round," he said.

Labor unions, though, called for a break from new trade agreements.

"We need a strategic pause to assess what have been the real and significant costs of our trade policy for working men and women in the U.S. and abroad," said AFL-CIO President John Sweeney.

And Mr. Bush's call for clamping down on lawsuits came under fire from trial lawyers, with the American Association for Justice -- formerly the American Trial Lawyers Association -- accusing him of ignoring the nation's major issues in favor of "corporate bottom lines and a free pass for corporate friends."

Bush: Link Exec Salaries To Performance (AP)

By Ben Feller

AP, February 1, 2007

President Bush took aim Wednesday at lavish salaries and bonuses for corporate executives, standing on Wall Street to issue a sharp warning for corporate boards to "step up to their responsibilities" and tie compensation packages to performance.

Bush's "State of the Economy" speech, delivered from the financial center of the world, was aimed at bringing his economic message out of the shadows of the Iraq war. On his second day in a row focused on the economy, the government reported faster-than-expected growth of 3.5 percent in the final quarter of last year.

The president acknowledged people's continuing nervousness about their financial picture, despite a string of similar reports that provide some reason for optimism. He said some workers are being left behind in the booming economy and the disparity between the rich and the poor is growing.

"The fact is that income inequality is real. It has been rising for more than 25 years," the president said. "The earnings gap is now twice as wide as it was in 1980," Bush said, adding that more education and training can lift peoples' salaries.

The president spoke to an audience of business leaders at the venerable Federal Hall — a symbol of both America's democracy and its economic resilience. Later, he stopped along Broad Street to shake hands with New York police officers and then ducked inside the New York Stock Exchange. The surprise visit caused a frenzy on the already chaotic trading floor. It was so crowded that traders standing just five feet away of Bush had a better view of him on television screens.

In his address, Bush said he realized that stories about the enormous salaries and other perks for CEOs, for instance, create anger and uncertainty that affect the country's investors.

The president does not endorse any government role in reducing those packages. Instead, Bush highlighted new federal rules that the administration thinks are a better path toward wise compensation decisions by companies.

"Government should not decide the compensation for America's corporate executives," he said. "But the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders."

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In effect starting last month, the rules give investors access to clearer and more detailed information from public companies on their top executives' pay packages and perks. Their impact will become apparent as corporations begin issuing 2006 annual reports.

"America's corporate boardrooms must step up to their responsibilities," Bush said. "You need to pay attention to the executive compensation packages that you approve. You need to show the world that America's businesses are a model of transparency and good corporate governance."

Rep. Barney Frank, D-Mass., chairman of the House Financial Services Committee, has said he will push legislation to require shareholder approval of executive compensation plans. And a separate bill before the Senate to raise the minimum wage would fund accompanying tax breaks to ease the burden on small businesses by capping executives' tax-deferred pay packages at $1 million a year.

Still, even Bush's words on pay were met with complete silence from the business crowd he addressed.

Huge salaries and other perks for CEO have drawn investor ire and made splashy headlines. Anger over executive compensation unrelated to performance, even as companies stumble, lay off employees or renege on billions of dollars in pension obligations for workers' retirement, has spread from shareholders to union activists and buttoned-down mutual fund trustees. The chasm between executives' salaries and the pay of rank-and-file employees continues to widen.

Home Depot chief executive Bob Nardelli was earning an average of $25.7 million a year — excluding stock options — before he was forced out in a furor over his hefty pay. He left with a severance package worth about $210 million.

In 2001, General Electric Co. paid chief executive Jack Welch $16.25 million. Welch was replaced that year with Jeffrey Immelt, who earned $3.4 million in total annual compensation in 2005.

The New York Stock Exchange faced an uproar over former CEO Richard Grasso's $187.5 million severance package. Former New York Attorney General Eliot Spitzer, now governor, sued members of the NYSE board over the package given to Grasso when he quit as chairman in 2003.

The annual salary of the president is $400,000.

"The state of our economy is strong," he declared.

Democrats respond that Bush is giving a misleadingly rosy picture about the economy.

"President Bush can deliver all the economic pep talks he wants, but the fact remains that his failed leadership has led to the worst job recovery on record, stagnating household incomes, a rise in poverty and record deficits," said Stacie Paxton, spokeswoman for the Democratic National Committee.

Since Bush took office in 2001, the country has seen one in five manufacturing jobs disappear, a total of 2.96 million lost jobs. The U.S. trade deficit is expected to climb to a fifth consecutive record when final 2006 figures are totaled next month.

Bush Tells Wall St. To Rethink Pay Practices (NYT)

By Jim Rutenberg

The New York Times, February 1, 2007

President Bush yesterday called on corporate boards to hold their chief executives more accountable by tying their pay to performance — a new message from a president who is closely allied to the business community.

Addressing business leaders on Wall Street, Mr. Bush said “the salaries and bonuses of C.E.O.s should be based on their success at improving their companies and bringing value to their shareholders.”

“America’s corporate boardrooms must step up to their responsibilities,” he said. “You need to pay attention to the executive compensation packages that you approve.”

Mr. Bush’s comments, made at one of Wall Street’s great landmarks, Federal Hall National Memorial, were met with silence from an otherwise friendly crowd gathered to hear what the White House billed as a “State of the Economy” speech. It came more than a week after his State of the Union address, and days ahead of the unveiling of his annual budget on Monday.

The president may be buffeted by bad news out of Iraq and record-low poll ratings, but he was buoyed on yesterday by positive economic signals. And he purposely chose Wall Street as the arena for his message that the economy is vibrant, a theme his aides hope can help him rebuild his flagging support.

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The visit included a surprise stop on the floor of the New York Stock Exchange, where his path through the crowd was marked by an audible wake of cheers.

(White House officials said Ronald Reagan was the only other president to visit the stock exchange during trading hours.)

With Democrats and some Republicans continuing to discuss resolutions critical of his new plan for Iraq in Washington, Mr. Bush used his speech earlier at Federal Hall to flaunt new economic data.

Speaking before the Association for a Better New York, a civic group, Mr. Bush invited Democrats to join him in finding a long-term fix for Social Security, warned them against raising taxes and asked lawmakers from both parties to renew his authority to negotiate trade deals and submit them to Congress for straight up or down votes without amendments.

The president's trade authority is set to expire July 1. He indicated that he expected his call for its renewal to prompt a fierce debate with members of Congress who have expressed increasing concern about the effect of global trade deals on American workers — an issue in the 2006 midterm elections and certain to be one again in 2008.

"I know there's going to be a vigorous debate on trade, and bashing trade can make for good sound bites on the evening news," Mr. Bush said. "But walling off America from world trade would be a disaster for our economy. Congress needs to reject protectionism."

Democrats have said that they would seek to include new environmental and labor requirements for future trade deals as a condition for renewing the president's negotiating authority.

His call for closer scrutiny of executive pay seemed to pit him against natural allies in the business community who have supported him throughout his political career.

For the last few years, shareholder advocates and lawmakers have criticized the growing chasm between executive pay and workers' salaries, often in harsh tones. But executive pay continues to rise rapidly.

The average pay for a top executive is now 170 times that of the average worker, according to recent academic research.

White House officials said that Mr. Bush decided to raise the issue out of his own sense of outrage over deals in which executives have left flagging or failed companies with huge compensation packages, as workers and lower-level executives have been left far behind.

But officials said there was also an economic concern: that distrust of corporate executives over their pay had the potential to scare individual investors out of the market.

"Our capital markets are based on trust," said Dan Bartlett, the White House counselor.

Mr. Bush said he did not believe that the government should interfere in corporate governance, a swipe at Democratic plans to push legislation requiring shareholder votes on pay packages. Rather, he said he supported new rules by the Securities and Exchange Commission requiring greater disclosure of executive pay packages.

"I appreciate the fact that the S.E.C. has issued new rules to ensure that there is transparency when it comes to executive pay packages," Mr. Bush said. "The print ought to be big and understandable."

But compensation experts say that better disclosure has often led to even greater paychecks once executives see what their peers make and demand that their boards match or exceed it.

Bush Sides With Corporations On Executive Pay Issue (LAT)

By Walter Hamilton

The Los Angeles Times, February 1, 2007

NEW YORK -- President Bush stepped into the swirling debate over executive pay on Wednesday, saying that corporate directors, not government officials, should be the ones to judge whether chief executives are earning their keep.

"Government should not decide the compensation for America's corporate executives, but the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders," Bush told business leaders gathered at historic Federal Hall here.

"America's corporate boardrooms must step up to their responsibilities," Bush said. "You need to pay attention to the executive compensation packages that you approve."

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The Republican president's comments came a day after the Democratic-led Senate agreed to vote on a measure that would limit the amount of executive pay eligible for tax-free deferral. The bill was introduced amid widening criticism of corporate compensation packages that guarantee huge paychecks, even for executives who don't succeed.

In January, for example, Bob Nardelli was forced out as the chief executive of Home Depot Inc., walking away with stock-based compensation and severance pay valued at $210 million. During his tenure, the company's shares lost 12 percent.

Corporate-governance activists were pleased to hear Bush call on corporate directors to do their jobs, but said his comments were unlikely to stem the trend of rising pay. Bush devoted only a few sentences to the topic at the end of a broad economic speech.

"It's a little late for him to comment on this situation that has caused so much controversy over the past five years," said Paul Hodgson, senior research associate at the Corporate Library, a Maine-based firm that studies executive compensation and related issues. "It's very clear that he's not going to take any legislative action in this area."

Brian Foley, an executive-compensation expert in White Plains, N.Y., agreed with Bush that the government should not set pay levels. But he said the president could have spoken out more forcefully.

"He certainly could have been a little more pointed and used the bully pulpit to say we need more restraint in the corner office," Foley said.

Bush's mention of CEO pay set off a mini-firestorm in executive-compensation circles as consultants and lawyers murmured back and forth about the message the president was conveying. There was so much e-mailing going on, "I was surprised we didn't have a brown-out," said Bob Profusek, a lawyer at Jones Day in New York.

Profusek believes that executive pay is not a problem and that corporate directors work hard to offer fair pay. Others with that belief seemed to think the president had turned on them.

"It was 'can you believe this -- even Bush has jumped on this bandwagon,'" Profusek said.

The president's comments came at the end of a "State of the Economy" address across the street from the New York Stock Exchange at Federal Hall, where George Washington was inaugurated.

"I like to call him George W.," Bush joked.

After dwelling briefly on the economy in his State of the Union speech last week, Bush is trumpeting the economy's strong performance as he stumps for domestic policy goals, such as extending tax cuts.

On Wednesday, Bush laid out policy proposals in four areas -- trade, health care, energy and education.

While praising the economy as vibrant, Bush addressed concerns that globalization and corporate mergers are causing job fears.

"By and large, our dynamic and innovative economy has helped Americans live better and more comfortable lives," Bush said, but he acknowledged that "for many Americans, change means having to find a new job, or to deal with a new boss after a merger or to go back to school to learn new skills for a new career."

Bush also addressed the pay gap between rich and poor.

"The fact is that income inequality is real," Bush said, adding, "The earnings gap is now twice as wide as it was in 1980 -- and it continues to grow."

Bush Gives Hope To Foes Of Sarbanes-Oxley Law (WSJ)

By John D. Mckinnon And Christopher Conkey

The Wall Street Journal, February 1, 2007

President Bush, in a Wall Street speech, backed business demands to pare post-Enron reforms, which he called "costly for businesses." But he also used the forum to join the chorus of critics questioning lavish executive pay.

"Government should not decide the compensation for America's corporate executives," Mr. Bush said, "but the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders." He said corporate directors bear the responsibility for keeping pay in line, adding: "You need to pay attention to the executive compensation packages that you approve."

QUESTION OF THE DAY

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Vote: Are Bush's policies helping or hurting the economy?2

The president addressed business executives yesterday at historic Federal Hall on Wall Street, the site where the federal government began in 1789. He touted the robust U.S. economy while recapping the country's economic comeback after the 2001 terrorist attacks. Mr. Bush spoke on a day the government reported a sharp rebound in economic growth late last year, and more evidence that inflationary threats are receding.

Aides said the White House decided on a separate speech on the economy because last week's State of the Union address focused largely on Iraq and foreign policy, as well as a new outreach to Democrats on domestic policy.

Later, the president made an unscheduled stop at the New York Stock Exchange, touching off a 15-minute frenzy of well-wishing and cellphone picture-taking on the floor. Mr. Bush was the second president to visit the floor during trading hours; President Reagan was the first, White House officials said.

IN THE MONEY

• The News: President Bush went to Wall Street to tout the strength of the nation's economy.

• The Message: Mr. Bush joined calls to soften the 2002 Sarbanes-Oxley law, but also questioned lavish executive compensation.

• What's Next: While the president's attacks on pay are largely rhetorical, Democrats are exploring action.

In his speech, Mr. Bush repeated his view that the 2002 Sarbanes-Oxley law he signed amid a wave of corporate accounting scandals has been a success. But he gave encouragement to the law's critics, saying that one section in particular "may be discouraging companies from listing on our stock exchanges."

He said "we don't need to change the law; we need to change the way the law is implemented," and praised efforts by Treasury Secretary Henry Paulson -- former head of Goldman Sachs Group Inc. -- and Securities and Exchange Commission Chairman Christopher Cox to roll back what they have termed excesses.

Mr. Bush's comments likely will fuel efforts to relax Sarbanes-Oxley, particularly Section 404, which requires companies to assess whether they have adequate controls over their financial reporting. Business groups, especially smaller companies, say the assessments are costly and burdensome, and focus on minor issues such as who has access to office keys, while placing insufficient emphasis on who has access to financial records.

Mr. Cox has already begun watering down the provision, and Mr. Bush's remarks provide him with political cover to go further. Mr. Paulson, chairman of the president's Working Group on Capital Markets, plans to host a conference this spring to examine the competitiveness of U.S. capital markets and may make his own recommendations on some rules.

While giving Wall Street comfort on the regulatory front, Mr. Bush nodded to the political clamor over economic disparity, saying, "The fact is that income inequality is real." While he traced that mainly to gaps in education, the president then turned to the increasingly controversial subject of executive pay, saying: "A free and vibrant economy depends on public trust. Shareholders should know what executive compensation packages look like." He applauded new SEC rules that require more disclosure of pay details.

The new Democratic Congress, however, plans to try to push Mr. Bush further than he has so far seemed willing to go, both on executive pay and on inequality more broadly. The Senate will pass as soon as today legislation that would raise taxes on certain forms of executive compensation.

In an interview, Rep. Barney Frank (D., Mass.), chairman of the House Financial Services Committee, said he plans to push ahead with a measure giving corporate shareholders more power to vote on executive compensation. He said it is "unrealistic to expect boards of directors to serve as a check on CEOs," as Mr. Bush suggested, because "the relationship is too close."

In one of many hearings on Capitol Hill of late exploring challenges middle-class families are facing, the Joint Economic Committee yesterday heard testimony from two former Treasury secretaries under President Clinton, Robert Rubin and Larry Summers. Sen. Charles Schumer of New York, chairman of the committee, said "this administration has simply ignored those new challenges for the last six years."

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Bush Calls On Companies To Uphold Americans' Trust (USAT)

By David Jackson

USA Today, February 1, 2007

NEW YORK — Days before he unveils his budget proposal, President Bush addressed fears about a growing wage gap and called on companies to tie executive compensation to performance.

Bush, speaking from the nation's financial center, pronounced the U.S. economy as strong but noted "income inequality is real." His speech at Federal Hall and a surprise visit to the New York Stock Exchange's trading floor came as the government reported the economy grew 3.5% in the fourth quarter last year.

"When people across the world look at America's economy, what they see is low inflation, low unemployment and the fastest growth of any major industrialized nation," Bush said.

It was Bush's second speech this week focusing on the economy. On Monday, he will unveil his proposed budget for the 2008 fiscal year, which will begin on Oct. 1.

In his remarks, Bush called on Congress to extend tax cuts and renew "fast track" trade authority, which requires Congress to cast an up-or-down vote on any international trade deal and make no amendments to the agreements.

Sen. Sherrod Brown, D-Ohio, and other Democrats have criticized recent trade deals as allowing businesses to move jobs overseas and ignore environmental and labor standards.

Bush highlighted the economy's growth and low unemployment and noted the earnings gap between the rich and poor is twice what it was in 1980. The president said an improved education system is vital to lifting wages and repeated his call for Congress to renew his No Child Left Behind education law.

The president also said "a free and vibrant economy depends on public trust" and called on companies to make clear the details of executive pay packages. "The print ought to be big and understandable," he said.

Bush said government should not decide executive compensation, but he urged corporate boards to "pay attention" to the salaries and bonuses they approve.

"You need to show the world that American businesses are a model of transparency and good corporate governance," he said.

Sen. Charles Schumer, D-N.Y., and other Democrats said Bush's proposals for economic growth are inadequate. Schumer said that when average Americans look at the economy, they see higher prices for fuel, tuition and health care.

"Criticizing CEO pay won't do anything to raise the wages of average Americans," Schumer said.

After his speech to a New York civic group, Bush crossed the street to the New York Stock Exchange, whose record levels Bush also touted. His appearance on the crowded trading floor sparked a frenzy.

Bush also dealt with the lingering effects of the Sept. 11, 2001, terrorist attacks on the World Trade Center. He met privately with Ceasar Borja Jr., 21, the son of a New York police officer who died last week of lung problems. The Borja family attributed his illness to rescue work at Ground Zero in the days after the 9/11 attacks.

Borja attended Bush's State of the Union speech last week with New York Sen. Hillary Rodham Clinton on the same day his father died. He asked Bush for federal assistance to help other responders who have fallen ill after 9/11.

Before the meeting, the White House said it would include $25 million in assistance as part of the budget to be unveiled Monday.

Borja said he was pleased with the president's commitment. "I did feel that he cares," he said, but he added that more money will be needed in the future.

Contributing: The Associated Press

Economy Grows At 3.5 Percent Pace In 4Q (AP)

By Jeannine Aversa

AP, February 1, 2007

The economy snapped out of a sluggish spell and grew at a faster-than-expected 3.5 percent pace in the final quarter of last year as consumers ratcheted up spending despite a painful housing slump.

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The fresh snapshot of business activity, released by the Commerce Department Wednesday, underscored the resilience of the economy; it has managed to keep on moving despite the ill effects of the residential real-estate bust and an ailing automotive sector.

The economy's performance in the October-to-December quarter, which followed two quarters of rather listless activity, exceeded analysts' forecasts for a 3 percent growth rate.

The economy opened 2006 on a strong note, growing at a 5.6 percent pace, the fastest spurt in 2 1/2 years. But it lost steam during the spring and late summer. It grew at a 2.6 percent pace in the second quarter and then a weaker 2 percent pace in the third quarter. The fourth-quarter's rebound ended the year on a positive note.

Against this backdrop, the Federal Reserve on Wednesday left a key interest rate unchanged at 5.25 percent, citing improvements in economic growth and in inflation.

On Wall Street, stocks soared. The Dow Jones industrials gained 98.38 points to close at 12,621.69.

For all of 2006, the gross domestic product (GDP) increased by 3.4 percent. That was an improvement from a 3.2 percent showing in 2005 and was the best performance in two years.

That's even more impressive considering the economy was hit by the housing slump. Investment in home building for all of last year was slashed by 4.2 percent, the most in 15 years.

GDP measures the value of all goods and services produced within the United States and is the best barometer of the country's economic standing.

"Housing and autos hit the economy with their best punch, and the economy is still standing. It is dancing," said Stuart Hoffman, chief economist at PNC Financial Services Group.

The White House pointed to the GDP figures as evidence that the president's policies are working and benefiting most Americans. President Bush, in a trip to New York, to highlight his economic stewardship declared: "The state of our economy is strong."

But Democrats, now in control of Congress for the first time in a dozen years, counter that economic inequality is widening and that it's harder for the middle class to get ahead.

An AP-Ipsos poll in early January found that 55 percent of Americans disapproved of the president's handling of the economy, while 43 percent approved.

In other economic news, employers' costs to hire and retain workers moderated, which could ease concerns about the development of inflation pressures. Wages and benefits rose 0.8 percent in the fourth quarter, down from a 1 percent rise in the third quarter, the Labor Department reported.

Spending on construction projects around the country dropped 0.4 percent in December, after edging up in November, mostly reflecting fallout from the housing slump, the Commerce Department said in another report.

In the GDP report, consumers spent more freely in the fourth quarter, a major factor behind the rebound in overall economic activity. Consumer spending grew at a 4.4 percent annual rate, up from a 2.8 percent pace in the third quarter and the strongest since the opening quarter of 2006.

An improvement in the nation's trade picture helped by stronger U.S. export growth also was a factor in the overall GDP boost.

More brisk government spending also helped the fourth-quarter GDP. Government spending increased at a 3.7 percent pace in the final quarter, up from a 1.7 percent growth rate in the third quarter. Federal spending on national defense rose at a rate of 11.9 percent in the fourth quarter, the most since the spring of 2003, when the country went to war with Iraq.

All those positive contributions to GDP helped to blunt some negative forces.

Investment in home building during the fourth quarter plunged at a rate of 19.2 percent, even worse than the 18.7 percent drop in the prior quarter. Both were the worst drops in 15 years.

The drop in residential building in the fourth quarter shaved 1.16 percentage points off GDP. In the third quarter, it sliced a bigger 1.20 percentage point off of overall economic growth. That led to hope that the damage to the economy from the housing slump might be easing a bit.

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In the troubled automotive sector, a pullback in car and truck production shaved 1.17 percentage points off fourth-quarter GDP.

Businesses, meanwhile, trimmed investment in equipment and software. They also didn't invest as much in building their inventories as they had in the previous quarter.

An inflation gauge tied to the GDP report showed that core prices — excluding food and energy — rose at a rate of 2.1 percent in the final quarter of last year, down from a 2.2 percent pace in the third quarter.

Even with the slight improvement, underlying inflation is running higher than the Federal Reserve would like. For all of 2006, core inflation rose by 2.2 percent, up from 2.1 percent in 2005.

Economy Gained Strength In 2006 (WP)

By Nell Henderson

The Washington Post, February 1, 2007

The U.S. economy turned in a surprisingly strong performance last year, new data show, growing 3.4 percent despite higher interest rates, high oil prices and the sharpest housing downturn in 15 years.

The report from the Commerce Department, showing that economic growth picked up in 2006 from the 3.2 percent growth of 2005, dispelled any lingering doubts about the momentum of the economy going into this year. Many economists predict growth will slow this year, but gone are the recession worries of last summer.

"Nothing, other than an external shock, will derail the economy this year," said Eugenio J. Alem?n, senior economist at Wells Fargo. "The economy's in good shape."

Unemployment and inflation fell last year while wages and salaries rose at their quickest pace in five years, according to a series of recent government reports. The reports suggest that troubles in housing and manufacturing, though painful for many people, have not caused the widespread economic damage that many experts had feared.

Federal Reserve policymakers held short-term interest rates steady yesterday, showing they are content -- at least for now -- with the state of the economy. They left their benchmark rate on overnight loans between banks unchanged at 5.25 percent, where it has been since June. But they indicated that they remain ready to raise borrowing costs if strong economic growth fuels a fresh bout of inflation.

President Bush hailed the news in a speech extolling the strong "state of the economy" on Wall Street, where he was also mobbed visiting the floor of the New York Stock Exchange. "As we begin this New Year, America's businesses and entrepreneurs are creating new jobs every day," he said. "Workers are making more money; their paychecks are going further. Consumers are confident, investors are optimistic."

The bright picture contrasts with the outlook of last summer, when home sales were plummeting and oil was hitting $77 a barrel. Many analysts predicted that consumer spending would stall because of costly gasoline, rising unemployment, and stagnant or falling home prices.

But the economy's buoyancy reflects two little-appreciated facts. First, the economy is less vulnerable to high oil prices than in the past, for several reasons, including improved efficiency.

Second, while the housing boom did give the economy a boost, the housing bust has not damaged the rapidly growing service industries, which employ about 80 percent of U.S. workers. And those jobs fuel consumer spending, which accounts for 70 percent of economic activity.

"This is not your grandfather's economy," said Richard Yamarone, director of economic research at Argus Research. "This is not a smokestack economy. . . . The consumer is the ultimate driver of the economy."

Economic growth did slow sharply in the spring and summer from a torrid 5.6 percent annual rate in the first three months of the year to a 2.6 percent pace in the second quarter and then 2 percent in the third quarter.

Much of the decline was accounted for by home building, which fell at a 19 percent annual rate in both the third and fourth quarters.

Nonetheless, overall economic growth rebounded in the last three months of the year, with gross domestic product, the value of all goods and services produced in the country, rising at a robust 3.5 percent annual rate.

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Unemployment drifted lower through the year, to 4.5 percent in December from 4.9 percent a year earlier. The job market remained tight as employers in health, education, finance and other service industries created many more new jobs than were cut by mortgage lenders, home builders and automakers.

And the economy got a lift as oil prices tumbled to about $61 a barrel by the end of 2006 -- about where they had been a year earlier.

Drivers paying less at the pump had more to spend on shopping during the holiday season. Consumer spending rose at a blistering 4.4 percent annual rate in the last three months of the year, the Commerce Department said yesterday.

Falling oil prices helped shave the nation's import bill at year-end, and strong economic growth overseas boosted demand for U.S. exports. The Commerce Department estimated that the improvement in trade added 1.6 percentage points to the rate of economic growth in the fourth quarter.

Businesses continued to build more offices, factories and other types of nonresidential structures, helping to cushion some of the effect of the housing downturn on construction industries.

And unusually warm weather probably prompted more shopping, hiring and construction than would have occurred in colder conditions, several economists said.

Although some of the year-end momentum reflected such temporary factors, analysts said, the tight labor market bodes well for 2007.

The Commerce Department report "shows you the ability of the economy to ride out the storm of the housing market," said Wells Fargo's Alem?n. "The rest of the economy is so strong." Inflation also cooled slightly last year. Consumer prices rose 2.8 percent, a bit less than the 2.9 percent gain recorded the year before, the agency said.

Many economists seek a sense of underlying inflation by looking at so-called core inflation, which excludes volatile food and fuel prices. Core prices rose 2.1 percent in 2006 after rising 2.2 percent in 2005.

The Fed noted the improvement but said in a statement that "inflation risks remain" because of the possibility that the tight labor market will fan price pressures.

A separate Labor Department report yesterday showed that wages and salaries rose 3.2 percent last year, the fastest rate in five years.

Employers' labor costs -- including both pay and benefits -- rose 3.3 percent in 2006, up from the 3.1 percent gain in 2005.

Several analysts said the gains should not alarm the Fed. "Employers' labor costs remain moderate and do not appear to be generating inflationary pressures," said Jared Bernstein, senior economist at the Economic Policy Institute.

The economy is likely to grow about 2.4 percent this year -- more slowly than last year but at a moderately good pace -- according to the average prediction of economists surveyed by Blue Chip Indicators, a monthly publication.

Housing is likely to remain a drag on growth. Builders are still stuck with bloated inventories of unsold homes. Unemployment may rise this spring when builders break ground on far fewer new homes.

But several analysts said that despite these lingering soft spots, the Fed appears to have achieved the Holy Grail of central banking -- a "soft landing" in which it raised interest rates last year just enough to cool price pressures without triggering a recession.

Now, the central bank is likely to leave interest rates on hold for a while, said Nariman Behravesh, chief economist for Global Insight. "The Fed has the economy where it wants it."

US GDP Grows 3.5% In Fourth Quarter (FT)

By Eoin Callan In Washington

Financial Times, February 1, 2007

The US economy expanded at a fast pace last quarter as consumer demand and exports rose while inflation cooled, government figures published on Wednesday showed.

Gross domestic product increased by 3.5 per cent in the last three months of 2006 after a gain of 2 per cent in the previous quarter, while rises in core prices slowed to a rate of 2.1 per cent from 2.2 per cent, the commerce department said.

DOJ_NMG_0125408

The stronger-than-expected performance comes as investors and economists are radically upgrading their assumptions about the trajectory of the economy to bring them into line with the confident outlook of the Federal Reserve.

The Fed is expected to keep interest rates on hold when it wraps up its monetary policy meeting later on Wednesday, while warning that it remains wary about the risk of rising inflation in the coming year.

Drew Mathus, an economist at Lehman Brothers, said: "The growth figure shows us that 2006 ended with a bang. It also tells us that the first quarter is not likely to be exceptionally weak. We can also see that inflation remains a modest risk."

"On balance the Fed is more likely to raise rates than cute rates this year, although we're currently expecting the Fed to stay on hold for the rest of the year," the economist added.

The figures sent waves through financial markets as the dollar gained against the euro and yen and bond yields rose to five-year highs.

The yield on the 30-year long-bond rose to more than 5 per cent while the yield on the benchmark 10-year Treasury bond rose to 4.9 per cent.

The positive economic data released on Wednesday is broadly in line with the central bank's internal assessment of the economy and is unlikely to alter significantly its outlook for interest rates.

Much of the accelerated growth is attributable to a sharp 4.4 per cent rise in personal consumption, as Americans continue to spend despite the correction in the housing market.

The economy was also strengthened by a 10 per cent rise in exports, compared with an increase of 6.8 per cent in the third quarter.

U.S. Economy Grows 3.5%; Inflation Gauge Falls Sharply (WSJ)

By Mark Whitehouse

The Wall Street Journal, February 1, 2007

If the housing slump has the potential to sink the U.S. economy, that danger wasn't evident in the latest data on economic growth.

In the fourth quarter, consumers did more than enough shopping to offset a sharp drop in housing, propelling the nation's economy to a seasonally and inflation-adjusted growth rate of 3.5%. That was up from 2.0% in the third quarter and 2.6% in the second, the Commerce Department reported yesterday.

ECONOMISTS REACT

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The economy "busted out" in the fourth quarter, one economist said, after the fourth-quarter GDP reading surpassed even raised forecasts. Read economists' reactions2 to the report.

Consumer spending, which makes up more than two-thirds of the U.S. economy, rose at an annualized rate of 4.4.%, contributing 3.1 percentage points to the fourth-quarter growth in gross domestic product. GDP is a broad measure of economic activity.

Residential investment, meanwhile, plummeted an annualized 19.2% as home builders cut back on construction, shaving 1.2 percentage points from fourth-quarter growth.

Though still subject to revisions, the solid GDP report amply exceeded economists' expectations, and adds credence to the idea that the Federal Reserve's inflation-fighting efforts, which some had worried would trigger a recession, haven't broken the economy's momentum. For all of 2006, real GDP grew at a rate of 3.4%, up from 3.2% in 2005 and well above its 20-year average of 3.1%.

"The soft landing is over, and I'm not even sure there was a landing," said Nariman Behravesh, chief economist at consulting firm Global Insight.

Growth in the fourth quarter might have been even stronger than the official figures suggest. That's because an anomalous drop in recorded light-truck prices boosted the government's estimate of inflation-adjusted auto output in the third quarter. Some of that effect unwound in the fourth quarter, contributing to a drop in auto output that shaved 1.2 percentage points off the GDP number.

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Economists attributed the robust growth to a combination of factors. For one, lower fuel prices, rising income and a buoyant stock market encouraged consumers to spend more. Also, the trade picture improved: Strong growth outside the U.S. boosted exports, while imports fell as U.S.-based businesses worked down backlogs of unsold goods instead of buying more stuff from abroad. Finally, some believe construction activity would have fallen more steeply were it not for unusually warm weather, which allowed builders to break ground on more projects than they otherwise would. The Commerce Department said construction spending fell 0.4% in December from November.

Economists warned that some of the drivers of fourth-quarter growth, particularly the weather effect, are likely to reverse themselves in quarters to come. "The return to more-seasonable weather probably means that we're going to see some payback in economic activity, although modest," said Richard Berner, chief U.S. economist at Morgan Stanley in New York. Forecasters tracked by consulting firm Macroeconomic Advisers expect real GDP to grow at an annualized rate of 2.6% in the current quarter.

The GDP report sent mixed signals to investors. In recent months, stock and bond prices have been boosted in part by expectations that the Fed will lower short-term interest rates this year to offset the effects of the housing slump and stimulate the broader economy. But as the economy has proven more resilient than expected, investors have abandoned their hopes for a shot of cheap money. Some have even begun to entertain the possibility that the Fed will lean toward raising rates to keep inflation in check—a bias the central bank reiterated in its monetary-policy statement yesterday.

"All in all the economy appears to be extremely healthy," said David Glocke, senior portfolio manager at The Vanguard Group in Valley Forge, Pa. "The risk is that if inflation doesn't come off as quickly as the Fed anticipates, it might lead to higher interest rates." Immediately after the GDP report, futures markets shifted their forecasts from a slight probability that the Fed will lower rates by July to a slight probability that it will raise rates.

Most measures of inflation, while still above the Fed's comfort range, have shown signs of cooling in recent months. According to the latest GDP report, consumer prices rose at an annualized rate of just 1.5% in the fourth quarter, while prices excluding food and energy -- the Fed's preferred inflation gauge -- rose at an annualized rate of 2.1%.

The Labor Department reported yesterday that its employment-cost index, a measure of compensation that includes salaries and benefits, increased a bit less than economists had expected. It rose 0.8% in the fourth quarter, and was up 3.3% from a year earlier.

Still, with the unemployment rate low and companies hiring, wage pressures haven't gone away. That's evident at Manda Machine Co., a Dallas-based maker of metal parts for aerospace, defense and power generation.

Andy Ellard, the company's president and co-owner, said his total compensation costs rose more than 5% in 2006. "Skilled machinists are very hard to find," he said. "You're going to be stealing them from a competitor, which means you're going to have to offer better compensation."

Higher labor costs can seep into the prices of everything from hamburgers to haircuts, unless businesses compensate by squeezing more output out of each worker -- something the most recent productivity data suggest they haven't been doing as much as in the past. "That's where the risks on inflation lie going forward," said Bruce Kasman, head of economic research at J.P. Morgan Chase & Co. in New York.

Vigorous Consumer Spending Helped Economy Grow 3.5% At The End Of 2006 (NYT)

By Jeremy W. Peters

The New York Times, February 1, 2007

The economy regained momentum at the end of 2006, pulling out of a midyear slowdown as gas prices fell and Americans reached into their wallets with renewed confidence.

The government said yesterday that its broadest and best-known measure of economic growth, the gross domestic product, advanced at an annual rate of 3.5 percent from October through December. That was noticeably stronger than the 2 percent rate of growth during the third quarter and the 2.6 percent measured in the second quarter.

Spending by consumers — on things like food and visits to the doctor — gave the economy the biggest lift. Spending by the federal government, particularly on the military, also added a significant increase. At the same time, goods and services exported to foreign countries increased, helping shrink the nation's trade deficit.

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The swiftness of the expansion in the final months of the year surprised many economists, who were expecting a rate closer to 3 percent. Such strong growth was the latest indication that the economy was showing authentic vigor, despite forecasts of a deeper downturn.

The government also reported yesterday that inflation fell back yesterday on two fronts: in an index of prices that the Federal Reserve watches closely and a separate measure of labor costs.

That seemed to reaffirm the Fed's decision yesterday to hold interest rates steady, though the central bank warned, as it has for many months, that "some inflation risks remain."

The economy's resilience has not been lost on the White House, which has spent the last two days playing up the expansion. President Bush spoke in Manhattan yesterday, noting faster growth in wages and consumer confidence. "The state of our economy is strong," he told an audience at Federal Hall, the site where Congress and the Supreme Court first convened.

But underneath the robust growth numbers, some economists saw signs that the first few months of 2007 might not be as strong as the last few months of 2006. They noted a number of factors that were not likely to repeat, including the spending increase brought about by lower gas prices.

"The boost to consumption in the fourth quarter was all about the fall in oil prices," said Paul Ashworth, senior United States economist with Capital Economics. "That's very much a temporary boost that's now gone."

In addition, businesses cut back investment in equipment and software in the fourth quarter.

Still, the quarter turned out to be much healthier than economists were predicting just two months ago. Many experts thought the slump in the real estate market would have much wider effects on the overall economy. Housing did weigh on overall economic growth. The contraction in residential real estate investment, the sharpest since 1991, subtracted 1.2 percentage points from the overall G.D.P. growth figure in the fourth quarter.

Another significant drag was a slowdown at the nation's auto plants, which took another 1.2 percentage points off the G.D.P.

"Housing and autos, when they're down a lot you're supposed to look for a low number — and they were both down a lot," said Robert Barbera, chief economist with ITG.

But consumers helped offset those effects. The drag on spending that many economists said would come as Americans watched their home values falter has not happened. Instead, consumer spending increased at a 4.4 percent annual rate in the fourth quarter, much faster than in the second or third quarters.

For the full year, the gross domestic product grew 3.4 percent, an improvement on 2005, though not quite matching the 3.9 percent rate of 2004.

Some economists expect the effects of the housing slowdown to remain limited. In its statement yesterday, the Fed noted "some tentative signs of stabilization" in housing.

John Ryding, the chief United States economist at Bear Stearns, said that the residual effects from the housing bust "will disappear and vanish over the next couple of quarters," leading to faster growth. "As those factors dissipate, the underlying growth rate picks up," he said.

For The US Economy, A Surprise Growth Spurt At End Of 2006 (CSM)

By Mark Trumbull

The Christian Science Monitor, February 1, 2007

Rising exports and falling oil prices have kicked the US economy into a higher gear.

This news comes at an opportune time, since it helps to offset continuing weakness in the housing market and raises hopes that America's gaping trade deficit could fall this year.

The nation's output of goods and services grew at a 3.5 percent annual pace in the final quarter of 2006, higher than many economists had predicted.

Just as important, the report on US gross domestic product (GDP) raised no new concern about inflation. Consumer prices, as measured by the report's gauge of personal consumption expenditures, rose at an annual pace of 2.1 percent. That's slightly above the Federal Reserve's comfort zone, but it suggests that the Fed is succeeding in taming inflation pressures.

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"We seem to be having an almost perfect 'soft landing,' " says Rajeev Dhawan, director of the economic forecasting center at Georgia State University in Atlanta. "GDP growth is not too bad, and the inflation numbers have really moderated."

The current economic expansion, which began in 2001, hasn't been a barn-burner in terms of job growth. Like the early 1990s, it was at first dubbed a "jobless recovery." But the economy has marched forward, and the unemployment rate has fallen to just 4.5 percent.

As the expansion gained momentum, the Fed shifted from its stimulative stance on interest rates, raising the short-term rate gradually to its current 5.25 percent. That's designed to pilot the economy for a soft landing – maintaining growth while ensuring that inflation doesn't pick up – and it seems to be doing the trick.

"The Fed has the economy where it wants it," Nariman Behravesh, chief economist of Global Insight in Lexington, Mass., wrote in a report Wednesday.

The GDP news came as the Fed was finishing a two-day policy meeting. The central bank was expected to hold its interest rate steady when the meeting finished, after the Monitor's press time.

Wednesday's report means that GDP grew by 3.4 percent for the full 2006 calendar year, up from 3.2 percent in 2005. Economists generally expect somewhat slower growth this year.

The strong fourth-quarter output came from several factors:

• Exports rose 10 percent.

• Imports fell by 3 percent, which adds to GDP because foreign-made goods are subtracted when the government tallies America's output.

• Consumer spending rose 4.4 percent, a faster pace than in the third quarter.

The improvement in trade reflects a strong global economy. The worrisome US trade deficit – the amount by which imports exceed exports – will begin to shrink for the first time since 1995, predicts Diane Swonk, an economist at Mesirow Financial in Chicago. The record trade gap is one reason Democrats in Congress are pushing for more scrutiny of the impact of globalization on the economy – the subject of a House hearing this week.

President Bush, outlining his economic agenda in a speech on Wall Street Wednesday, touted a strong economy that is benefiting from open trade. "I know there's going to be a vigorous debate on trade, and bashing trade can make for good soundbites on the evening news, but walling off America from world trade would be a disaster for our economy," he said, urging Congress to renew his fast-track authority for negotiating trade agreements.

Business spending on new equipment fell a bit, in Wednesday's report. "If that does not pick up, then that would mean that the future growth of the economy goes away," says Mr. Dhawan. "Investment today means jobs tomorrow."

Consumers Lifted Economy In '06 (WT)

By Patrice Hill

The Washington Times, February 1, 2007

The economy bounced back at the end of last year, growing at a surprisingly strong 3.5 percent rate, after a steep drop in gasoline prices revived consumer purchasing power and spurred a Christmas spending spree.

A report from the Commerce Department yesterday showed that consumers defied expectations and powered a solid performance in the economy all year, shrugging off not only the summer's record-high energy prices but also a collapse in the housing market and sharply higher interest rates. Despite the obstacles, economic growth during the year ticked up to 3.4 percent from a 3.2 percent pace in 2005.

But incomes did not keep up with spending, despite solid growth in jobs during the year, forcing consumers to go deeply into debt and dip into their savings to maintain a robust spending pace. The result was that the savings rate for the year plummeted into negative territory at minus 1 percent -- something not seen since the Great Depression.

"There's nothing stronger than a fully employed American consumer," said Argus Research economist Richard Yamarone, noting the "blistering" 4.4 percent pace of fourth quarter spending startled many on Wall Street. "It's not the value of a home or the level of the stock market, but employment that drives consumer spending and the economy."

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Stocks rallied on the unexpectedly strong economic performance and low inflation seen in the Commerce Department report, which appeared to please the Federal Reserve and enabled the central bank to keep interest rates steady at a meeting of its rate-setting committee yesterday.

The record drop in oil prices during the quarter not only bolstered consumer spending but also caused a rare drop in the value of imports, further boosting growth.

"The economy has clearly caught its second wind," said Bernard Baumohl, managing director of the Economic Outlook Group, an economic advisory firm in Princeton Junction, N.J. "After six months of below-trend growth, the combination of higher real wages, low unemployment and the drop in energy prices ignited the economy's engines once again.

"What's really remarkable about the economy's performance last year is that it successfully dodged so many bullets," he said, attributing that to the flexibility of American consumers, workers and financial markets. "Most other economies in the world would have gone belly up" in the face of the same obstacles.

The Fed said in its statement that stronger growth and tightness in the labor market require it to maintain vigilance against a possible uptick in inflation. But yesterday's growth report put to rest months of rumors on Wall Street that the Fed's next move would be to cut rates amid mounting worries about weakness in the housing market -- weakness that had been expected to spread to consumer spending.

To the contrary, the report showed above-average growth despite a 19 percent drop in home construction in the fourth quarter -- the second such major decline in the once-booming housing market and the biggest losses in 15 years.

The Fed noted "tentative signs of stabilization" in housing, most likely referring to a report from the Mortgage Bankers Association yesterday that showed a small pickup in mortgage applications for home purchases from year-ago levels. Housing continues to benefit from relatively low long-term mortgage rates, which are not directly set by the Fed.

Roger M. Kubarych, economist at UniCredit Markets, said he does not expect a repeat of last quarter's stellar economic performance. Consumers benefited not only from falling oil prices but also from aggressive pre-Christmas price discounting on big-ticket items such as autos and electronics, whose prices fell at a record 8 percent rate, he said.

"That kind of price collapse is not going to be repeated," he said, "nor is the pace of consumption going to be sustained."

Richard Berner, economist at Morgan Stanley, also questioned whether the decline in inflation will last. He said that unusually warm weather may have prompted stronger than normal economic activity this winter and if weather was the stimulant, there will be a "payback" in the form of slower growth in the spring.

Mr. Yamarone said he expects growth to remain impressive in the first quarter because jobs remain plentiful and energy prices have stayed low due to the mild winter.

The danger is that inflation will remain a problem as well, he said, since stronger-than-expected growth in the United States will contribute to pressure on world commodity prices. In addition, the U.S. is likely to suffer from a homegrown problem -- soaring food prices brought on by a shortage of corn for making oil, sweeteners and other common food ingredients as farmers increasingly devote their corn crops to making ethanol.

"We've heard from several companies like Kellogg, General Mills, Tyson Foods, Procter & Gamble and Pepsi about price pass-alongs, and we expect many more to join in," Mr. Yamarone said. A 60 percent jump in corn tortilla prices already has produced a minor crisis in Mexico, which imports much of its corn from the U.S.

Economy Closed '06 With Powerful Rush (LAT)

By Joel Havemann, Times Staff Writer

The Los Angeles Times, February 1, 2007

WASHINGTON — The economy roared back from a midyear slump by growing at an annual rate of 3.5% in the final three months of 2006, the government reported today.

The growth, up from 2% in the three summer months and 2.6% in the spring, was accomplished without an inflationary spurt. Inflation fell from an annual rate of 2.2% in the third quarter of last year to 2.1% in the fourth quarter, the Commerce Department said.

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And in a separate report, the Labor Department said employment costs to businesses increased by 0.8% in the fourth quarter, down from 1% in the previous three months.

The Fed's policy-making Federal Open Market Committee, which had raised interest rates consistently from mid-2004 to mid-2006, left rates unchanged at 5.25% at its meeting that concluded just hours after publication of the new economic growth figures.

In a statement accompanying its decision, the Fed suggested that its next move on interest rates was some time away, but when it does move it seemed to lean in the direction of making an increase designed to slow economic growth and choke off inflation.

"Readings on core inflation [excluding food and energy] have improved modestly in recent months, and inflation pressures seem likely to moderate over time," the committee said. "However, the high level of resource utilization has the potential to sustain inflation pressures.

"The committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

President Bush lost little time broadcasting the economic growth news. In a speech to the Assn. for a Better New York, he said, "America's businesses and entrepreneurs are creating new jobs every day. Workers are making more money — their paychecks are going further. Consumers are confident, investors are optimistic. Just today, we learned that America's economy grew at an annual rate of 3.5% in the fourth quarter of 2006."

The 3.5% growth rate outpaced the predictions of most private economists.

Ian Shepherdson, chief U.S. economist of High Frequency Economics, said the economy owed much of its surprising growth to foreign trade — the U.S. trade deficit, though still enormous, was less than expected.

The biggest drag on economic growth was the housing sector. Residential housing construction fell 30% from the third quarter to the fourth; that had the effect of shaving 1.2 percentage points off overall economic growth in the fourth quarter.

The personal savings rate remained negative, as it has been for the past two years. Americans spent 1% more than they earned in the fourth quarter of last year, the Commerce Department said, a slight improvement from the 1.2% excess of spending over earnings in the third quarter.

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Fed Holds Interest Rates At 5.25 Percent (AP)

By Jeannine Aversa

AP, February 1, 2007

Pointing to a revved-up economy and encouraging news on inflation, the Federal Reserve held interest rates steady on Wednesday and extended a half-year breather for U.S. borrowers. Wall Street surged in response.

Fed Chairman Ben Bernanke and his central bank colleagues left an important interest rate unchanged at 5.25 percent, the fifth straight meeting without budging the rate. The decision was unanimous.

On Wall Street, stocks rose sharply. The Dow Jones industrials gained 98.38 points to close at 12,621.69 in preliminary data.

That means commercial banks' prime interest rate — for certain credit cards, home equity lines of credit and other loans — stays at 8.25 percent, once again giving a break to borrowers who until last summer had endured the pain of two-plus years of rate increases.

Fed policymakers delivered a more positive assessment of the economy than in December, recognizing improvements in economic growth, inflation and even the troubled housing sector.

"Overall, the economy seems likely to expand at a moderate pace over coming quarters," they said.

The Fed also observed that core inflation, which excludes energy and food prices, has "improved modestly in recent months." That was an upgrade from December when policymakers fretted about "elevated" readings on underlying inflation.

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They continued to note that inflation risks remain, keeping open the possibility of a rate increase. Still, with the Fed's fairly upbeat assessment, many economists believe rates are likely to remain where they are for much of this year.

"I think they are taking a slightly softer stance on inflation. They are not as concerned about inflation as they were last year," said Victor Li, associate professor of economics at Villanova School of Business. "I think right now they are taking a wait-and-see approach."

The Fed's announcement came hours after the government reported that the economy snapped out of a sluggish spell and grew at a 3.5 percent pace in the final quarter of last year as consumers ratcheted up spending.

The report also showed that underlying inflation ebbed during the quarter.

The fresh snapshot of business activity, released by the Commerce Department, underscored the resilience of the economy. It has managed to keep moving despite the ill effects of the residential real-estate bust and an ailing automotive sector.

President Bush pointed to the economic figures as evidence that his policies are working. The president, in a New York speech, also sought to calm fears about an economy that is constantly changing.

"By and large, our dynamic and innovative economy has helped Americans live better and more comfortable lives," Bush said. "Yet the same dynamism that is driving economic growth ... also can be unsettling for people. For many Americans, change means having to find a new job, or to deal with a new boss after a merger or to go back to school to learn new skills for a new career."

An AP-Ipsos poll in early January found that 55 percent of people disapproved of the president's handling of the economy, while 43 percent approved.

Democrats, in control of Congress for the first time in a dozen years, argue that the White House hasn't paid attention to widening economic inequality that they say is making it harder for the middle class to succeed. "Middle class families are not struggling to get by, but they are struggling to get ahead," said Sen. Charles Schumer, D-N.Y.

The economy opened 2006 on a strong note, growing at a 5.6 percent pace, the fastest spurt in 2 1/2 years. But it lost steam during the spring and late summer. It grew at a 2.6 percent pace in the second quarter and then a weaker 2 percent pace in the third quarter. The fourth quarter's rebound ended the year on a positive note.

"The economy has clearly caught its second wind," said Bernard Baumohl, managing director of the Economic Outlook Group.

For all of 2006, the economy increased by 3.4 percent. That was an improvement from a 3.2 percent showing in 2005.

That's even more impressive considering the economy was hit by the housing slump. Investment in home building for all of last year was slashed by 4.2 percent, the most in 15 years.

An inflation gauge tied to the report showed that core prices — excluding food and energy — rose at a rate of 2.1 percent in the final quarter of last year, down from a 2.2 percent pace in the third quarter.

To fend off inflation, the Fed had steadily boosted interest rates for two years, the longest stretch in its history.

But since last summer, it has left rates alone. Economists believe the Fed is on course to achieve its goal of slowing the economy sufficiently to thwart inflation but not so much as seriously hurt economic activity.

"The Fed almost seemed to be on the verge of declaring victory," said Joel Naroff, president of Naroff Economic Advisors.

Encouraged Fed Leaves Interest Rates Alone (USAT)

By Barbara Hagenbaugh

USA Today, February 1, 2007

WASHINGTON — The Federal Reserve left interest rates unchanged Wednesday and suggested it was more apt to raise rates in the near-term than cut them.

Fed policymakers also delivered a more upbeat economic assessment than in recent months in a statement reflective of recent data. The government said Wednesday the economy grew in the fourth quarter at the fastest pace since early 2006 while inflation eased.

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In an unanimous vote, Fed officials left their target for short-term interest rates, which influence the cost of borrowing for everything from mortgages to credit cards, at 5.25%, the highest in six years. The Fed has left interest rates alone for five consecutive meetings after raising them 17 times from June 2004 to June 2006.

FED SPEAK: Read the statement

Recent data "have suggested somewhat firmer economic growth, and some tentative signs of stabilization have appeared in the housing market," Fed Chairman Ben Bernanke and his colleagues said.

While the Fed officials repeated previous statements that they expect the economy will expand at a "moderate pace" in the near-term, their wording was far more upbeat than in December, when policymakers pointed to "substantial cooling" in housing.

Fed officials also said price pressures have "improved modestly." Last month, they said inflation had been "elevated." Although Fed officials continued to stress they were more concerned about inflation than about a slowdown in the economy, some economists said the shift in the Fed's wording suggested the central bank would be leaving rates alone for some time.

"They may not be thinking about lowering rates, but this statement tells me they are not thinking hard about raising rates, either," PNC Financial Services chief economist Stuart Hoffman says.

Earlier Wednesday, the government said the economy grew 3.5% at a seasonally adjusted, annualized rate in the fourth quarter vs. 2% in the third quarter. The gain was the biggest since the first quarter and was led by strong growth in consumer spending.

For all of 2006, the economy grew 3.4%, up from 3.2% in 2005, the Commerce Department said.

In the same report, Commerce said the Fed's favorite inflation gauge fell at the end of 2006. Excluding food and energy, inflation slowed to a 2.1% annual rate in the fourth quarter from 2.2% in the third quarter.

With inflation fears ebbing, most economists believe the Fed is done raising interest rates for this cycle and many expect U.S. central bankers will cut rates sometime in 2007, according to a USA TODAY survey of 56 economists conducted Jan. 18-24. But expectations vary widely: Forecasts for the Fed's target interest rate at the end of the year ranged from 2.5% to 6.5%.

The variety of answers shows the uncertainty surrounding the economy. There are many unknowns, most important surrounding housing, National City chief economist Richard DeKaser says. Although recent housing data have been positive, it's unclear if the downturn is over or is pausing before sliding further.

"I could easily imagine the housing market turning out both better or worse than expected," he says.

Fed Sees Progress On Inflation (FT)

By Krishna Guha And Eoin Callan In Washington And Richard Beales In New York

Financial Times, February 1, 2007

The Federal Reserve on Wednesday signalled growing confidence that the economy was heading for a soft landing, triggering a broad rally in the stock market.

The statement issued at the end of the Fed's January policy meeting – which kept interest rates on hold at 5.25 per cent – for the first time raised the possibility that the US housing market could be bottoming out.

At the same time, it cited progress on inflation, noting "readings on core inflation have improved modestly in recent months".

These comments suggest that the Fed is growing comfortable with the outlook for both growth and inflation.

The Fed's encouraging words came after figures showed the US economy grew at an above-trend rate of 3.5 per cent in the fourth quarter, while inflation and wage growth moderated. Consumer spending grew at a blistering rate, while growth was also supported by a surge in US exports.

Stocks and bonds rose in response to the Fed's outlook. The Dow Jones Industrial Average set a record high in afternoon trading, before closing up 0.8 per cent at 12,621.69. Bond prices rallied, with 10-year yields ending the day nearly 5 basis points lower at 4.83 per cent. The dollar slipped against the euro and the yen, while interest rate futures were broadly unchanged.

The Fed acknowledged the strong economic data in its statement, noting that growth looked "somewhat firmer" than it did at the time of the last meeting of the Federal Open Market Committee in October.

However, the Fed hinted that its views on growth had not changed very dramatically since the October meeting.

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It cited only "tentative" signs that housing might be stabilising and altered only slightly its description of how growth was likely to evolve this year.

The Fed said it expected the economy to expand at a "moderate pace over coming quarters" – the same phrase it used in October. This implies that policymakers think the pace of growth will slow from the fourth quarter to the first as the effect of lower oil prices, higher stock prices and mild weather in late 2006 fades.

Wednesday's figures showed gross domestic product rose 3.5 per cent in the last three months of 2006 after a gain of 2 per cent in the previous quarter, while the rate of increase in core prices slowed to 2.1 per cent from 2.2 per cent.

The expansion was led by a 4.4 per cent increase in personal consumption, which showed that Americans continued to spend, in spite of the slowdown in housing.

Exports were also exceptionally strong, rising 10 per cent, compared with an increase of 6.8 per cent in the third period.

Drew Mathus, an economist at Lehman Brothers, said: "The strong growth shows us that 2006 ended with a bang. It also tells us that the first quarter is not likely to be exceptionally weak."

Fed, Leaving Rate At 5.25%, Is Optimistic On Inflation (NYT)

By Edmund L. Andrews

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — The Federal Reserve left interest rates unchanged on Wednesday, as it has since June, but it was more optimistic than in the past that inflationary pressures were ebbing.

The central bank left the federal funds rate on overnight loans between banks at 5.25 percent, as investors had expected. It also repeated its caution that "some inflation risks remain," a sign that it is likely to keep the benchmark rate at current levels for the foreseeable future.

But in its statement announcing the decision, the rate-setting Federal Open Market Committee expressed growing confidence that inflation was running lower — even as growth was slightly stronger than officials had expected just a few months ago.

"Readings on core inflation have improved modestly, and inflation pressures seem likely to moderate over time," the Fed's statement said. At the same time, it acknowledged signs of "somewhat firmer economic growth" and "tentative signs of stabilization" in the housing market.

That cheered stock and bond markets, elevating hopes that healthy economic growth would not prompt a resumption of rate increases. The Dow Jones industrial average rose 98.38 points yesterday, or 0.79 percent, to close at 12,621.69. Yields on Treasury debt declined, with the benchmark 10-year Treasury note settling at 4.81 percent, down from 4.87 percent Tuesday, indicating that the market expected long-term interest rates to move slightly lower.

The Federal Reserve's announcement came hours after the Commerce Department reported that the economy grew at a surprisingly brisk annual pace of 3.5 percent in the fourth quarter of 2006.

Many investors have all but written off expectations that the Fed might actually cut interest rates soon, which it would do to offset an economic slump or rising unemployment, neither of which is occurring.

The Fed statement suggested that policy makers were increasingly confident about achieving an elusive "soft landing" — a mild slowdown in growth that would reduce inflation pressures but not set off a recession.

"What I don't think people were counting on was the Fed, in effect, upgrading their views on the outlook for inflation," said Stuart Hoffman, chief economist at PNC Financial in Pittsburgh. "The way they phrased it, they're really inching toward a balanced risk assessment of inflation versus slower growth."

While Mr. Hoffman still says that a Fed rate cut this summer is possible, most analysts no longer see any need for the central bank to ease rates.

"If there were need for stimulus, the consumer is clearly not asking for it," said Richard Yamarone at Argus Research in New York. "You have more than a handful of reasons to raise rates, but what are the reasons for a cut? There are none."

The Fed repeated verbatim the previous stance of remaining slightly more worried about rising inflation than about slowing growth.

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Several governors, as well as the chairman, Ben S. Bernanke, have said that their “comfort zone” for inflation is an annual rate of 1 to 2 percent, excluding food and energy.

By that measure of core inflation, consumer prices have risen 2.4 percent in the last year. But prices have climbed more slowly in recent months, partly because of pass-through effects from the drop in gasoline prices late last year.

And while the Commerce Department’s new estimate of economic growth last quarter provided additional evidence that the economy was expanding faster than many analysts had expected, it also showed that inflationary pressures remained surprisingly low.

Fed Holds Interest Rates Steady (WP)

By Nell Henderson

The Washington Post, February 1, 2007

Federal Reserve policymakers held short-term interest rates steady today, but indicated they remain ready to raise borrowing costs if strong economic growth fuels inflation pressures.

The central bank's top policymaking committee voted unanimously to leave its benchmark federal funds rate unchanged at 5.25 percent, where it has been since June.

The Fed announced its decision a few hours after the Commerce Department reported that the economy expanded by a strong 3.4 percent last year, despite sharp declines in home building and auto production.

Fed policymakers, in a statement issued after their meeting, noted recent signs of "somewhat firmer economic growth, and some tentative signs of stabilization . . . in the housing market."

They repeated that they expect the economy to expand "at a moderate pace" in coming months.

The Fed raised the federal funds rate, the overnight rate charged on loans between banks, steadily through the first half of last year to keep the lid on inflation. The combination of rising interest rates, climbing fuel prices and the slumping housing market caused economic growth to slow at mid-year.

Inflation surged in the spring and summer as oil prices soared to above $77 a barrel in July. But oil prices tumbled through the end of the year, causing price pressures to ease as well.

Consumer prices rose 2.8 percent last year, a slightly smaller increase than the 2.9 percent gain recorded the year before, the Commerce Department said today.

Many economists seek a sense of underlying inflation by looking at so-called core inflation, which excludes volatile food and energy prices. Core prices rose 2.1 percent in 2006, after rising 2.2 percent in 2005.

The core inflation rate last year exceeded the Fed policymakers' unofficial comfort zone of 1 to 2 percent, but the decline was what they had hoped to engineer.

"Readings on core inflation have improved modestly in recent months, and inflation pressures seem likely to moderate over time," the policymakers said in their statement. However, they added that the tightness in the labor market "has the potential to sustain inflation pressures."

Many analysts predict the rate will remain steady for the rest of this year.

As Fed Holds Steady, Bernanke Gains Praise (WSJ)

By Greg Ip And Mark Whitehouse

The Wall Street Journal, February 1, 2007

As he finishes his first year as Federal Reserve chairman, Ben Bernanke has dispelled early doubts about his ability to steer the world's largest economy. But his biggest challenge -- bringing the economy in for a soft landing -- lies ahead.

Dow Jones Online's Ed Crane interviews WSJ reporter Greg Ip about the Federal Reserve's decision to leave rates unchanged.Hours after the government reported the economy grew at a healthy 3.5% annual rate in the fourth quarter, the Fed yesterday left the target for short-term interest rates at 5.25% for the fifth consecutive meeting. In a post-meeting statement more upbeat about both growth and inflation than December's statement, the central bank said its predominant concern is inflation.

Stock and bond markets rallied. The Dow Jones Industrial Average gained 98.38 points, to end the day at 12621.69. (See markets roundup.)

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"Recent indicators have suggested somewhat firmer economic growth" -- in contrast to December's "mixed" showing, the Fed said. It added that it sees "some tentative signs of stabilization...in the housing market," a distinctly more optimistic view than the previous month's reference to "substantial cooling." Reaffirming its longstanding forecast, it said economic growth is likely to "moderate." (Read the full text of the Fed's statement.)

A decision on whether to raise rates again, the bank said, depends on "incoming data."

The Commerce Department yesterday reported the Fed's preferred inflation gauge -- prices for personal consumption, excluding food and energy -- was up 2.1% at an annual rate in the fourth quarter, only a bit above the 2% level with which many Fed officials are comfortable. "Inflation pressures seem likely to moderate," the Fed statement said, while warning that the nation's low unemployment rate "has the potential to sustain inflation pressures."

One year ago today, Mr. Bernanke took over from Alan Greenspan, who rose to almost superstar status during his 18 years as Fed chief. So far, Mr. Bernanke is getting high marks for his leadership; yesterday's snapshot of fourth-quarter growth added to his luster. "He's had good luck and good skill," said Peter Hooper, chief economist at Deutsche Bank Securities. "Given that a bursting housing bubble that predated Ben is in the works, he's been engineering things relatively well. They've been consistent and right in their forecast."

The fourth quarter's 3.5% growth, much better than 2% in the third and 2.6% in the second, came as consumer purchasing offset a sharp drop in housing. Consumer spending rose at an annualized rate of 4.4.%, contributing 3.1 percentage points to fourth-quarter growth. Residential investment, meanwhile, plummeted an annualized 19.2% as home builders cut back on construction, shaving 1.2 percentage point from fourth-quarter growth.

Fourth-quarter growth might have been even stronger than official figures suggest. An anomalous drop in recorded light-truck prices boosted the government estimate of inflation-adjusted third-quarter auto output. Some of it unwound in the fourth quarter, contributing to an auto-output drop that shaved the growth rate by 1.2 percentage point.

For all of 2006, the economy grew at a rate of 3.4%, up from 3.2% in 2005 and well above its 20-year average of 3.1%.

But Mr. Bernanke's reputation depends less on what has happened than on what will happen in the next couple of years: whether growth slows below 3% in the first half of this year and unemployment moves up a bit, as the Fed expects, helping to bring inflation down to 2% or lower -- in short, the definition of a "soft landing." With unemployment yet to rise, there is a risk inflation could pick up, prompting the Fed to raise rates sharply, increasing the chance of recession.

In his first months on the job, Mr. Bernanke encountered doubts about his inflation-fighting credentials and his attempts to communicate with the markets, avoiding Mr. Greenspan's carefully chosen adjectives and instead specifying a forecast that would guide his interest-rate decisions.

In April, Mr. Bernanke indicated in congressional testimony that he would consider halting increases for a while to monitor the impact of previous rate increases, even as inflation was edging higher. That, and an unscripted comment a few days later that he had been misinterpreted, eroded investor confidence. One measure of the damage: The inflation forecast implicit in the trading of inflation-indexed bonds rose to 2.76% in early May from 2.57%, where it was on Mr. Bernanke's first day on the job. Alarmed by his perceived loss of credibility, Mr. Bernanke pushed the federal-funds rate to 5.25% in June -- then paused in August.

Even then, the decision to pause was contentious. Inflation was running higher than Fed officials were comfortable with. But Mr. Bernanke felt that if inflation didn't recede as he expected, he could resume raising rates later. If he kept raising rates, he reasoned, he risked transforming a nascent downturn in the housing market into a full-fledged collapse that could drag the entire economy into recession.

Five months later, the decision looks wise: The economy has cooled a bit, though not as much as Mr. Bernanke expected. Housing has contracted, but not collapsed. Inflation has edged down, though it is still too high for the Fed's comfort. The inflation forecast reflected in inflation-indexed bond prices is down to 2.46%.

Bruce Kasman, head of U.S. economic research at J.P. Morgan Chase, has argued that the Fed should raise rates further to quell inflation. Yet even he says Mr. Bernanke made the right decision in pausing in August, given the competing risks. "The most important thing for the Fed is to make sure the extremes on both growth and inflation aren't manifested," he says. But less

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benign outcomes will put Mr. Bernanke's decisions in a less flattering light, he says. "If we're sitting here with 3% to 3.5% inflation in a year's time, that will have been a bad policy."

Other analysts argue the housing market's recent stability is a temporary respite because of warm weather and lower mortgage rates. Housing will worsen soon, they say, and the spillover could yet hit consumer spending and raise the risk of recession. Such a result would be seen as evidence that Mr. Bernanke raised rates too far.

Some of Mr. Bernanke's accomplishments are less visible. He has made Fed discussions more freewheeling and collegial, colleagues say. But he has fallen short of his goal of innovating Fed communications. He has wanted to set a public, numeric inflation target, make more-frequent and more-detailed forecasts and issue more descriptive, less formulaic post-meeting statements. But sensitive to colleagues less enthusiastic about such changes, he has subjected debate to an internal review. That review is expected to wrap up this fall.

Dow Ends Up 98 On Fed Economic Comments (AP)

By Tim Paradis

AP, February 1, 2007

Stocks shot higher Wednesday after the Federal Reserve answered two of Wall Street's major concerns, indicating that the economy remains healthy and that inflation pressures are easing. The Dow Jones industrials climbed nearly 100 points to set another trading high, while the Russell 2000 index had its first close above 800.

The Fed, which issued its economic assessment as it decided to leave short-term interest rates unchanged at 5.25 percent, said recent indicators "suggested somewhat firmer economic growth" and tentative signs of stabilization in the housing market. Investors also appeared pleased by the central bank's comments that readings on core inflation had "improved modestly" in recent months.

Wall Street had expected the Fed's Open Market Committee would leave short-term interest rates unchanged for the fifth straight meeting after a string of 17 straight increases that began in 2004. But investors had been uneasy about the central bank's economic assessment statement and whether it would indicate that policy makers were considering raising interest rates in the near future because the economy and/or inflation has been growing too fast.

"They coupled a firmer economic growth scenario with the expectation of moderate growth and they expect the inflation outlook to be improving," John Miller, head of fund management at Nuveen Investments, said of the Fed. "I don't think it makes it any more likely that they would feel compelled to raise rates."

The Dow rose 98.38, or 0.79 percent, to 12,621.69. The Dow came with a few decimal points of a week-old closing high and set a new trading high of 12,657.02. The previous trading high set Jan. 24 was 12,623.45; the Dow's record close remains 12,621.77.

Broader stock indicators also spurted higher. The Standard & Poor's 500 index rose 9.42, or 0.66 percent, to 1,438.24 and the Nasdaq composite index gained 15.29, or 0.62 percent, to finish at 2,463.93.

The Fed's comments pushed the Russell 2000 index of smaller companies above the 800 mark to a record close; it finished up 2.37, or 0.30 percent, at 800.34. Its previous high was Tuesday.

For the first month of the year, the Dow rose 1.27 percent, while the S&P gained 1.41 percent and the tech-dominated Nasdaq added 2.01 percent. Some on Wall Street are fond of noting that as the S&P 500 goes in January, so goes the year. The so-called January barometer has had only five major errors since 1950, for an accuracy rate of 91.1 percent, according to the Stock Trader's Almanac.

Bond prices rose sharply following the Fed's statement, with the yield on the benchmark 10-year Treasury note falling to 4.82 percent from 4.88 percent late Tuesday. The dollar was mixed against other major currencies, while gold prices rose.

Light, sweet crude settled up $1.17 at $58.14 per barrel on the New York Mercantile Exchange.

"We knew the economy was producing better numbers over the past couple of months but they also acknowledged the improved outlook on inflation," Miller said. "I think the description does characterize a soft landing scenario, which appears to be unfolding."

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Stocks, which had been mixed on lighter-than-normal trading ahead of the rate decision, had found some support earlier Wednesday as the economy gave off fresh signs it could sidestep a sharp slowdown. The Commerce Department found the economy, as measured by gross domestic product, grew at 3.5 percent annual rate in the fourth quarter as consumers increased spending despite a pullback in the housing market. Wall Street expected an increase of 3 percent.

"The GDP number was very good for both the stock and the bond markets because it showed better growth and less inflation," said Stuart G. Hoffman, chief economist for PNC Financial Services Group in Pittsburgh.

The Commerce Department also said spending on construction projects fell 0.4 percent in December after rising 0.1 percent in November.

In other economic news, the cost of hiring and retaining workers moderated in the fourth quarter, possibly easing some concern about wage inflation. Wages and benefits rose 0.8 percent in the fourth quarter, down from a 1 percent increase in the third quarter, the Labor Department reported.

A weaker report came from the National Association of Purchasing Management-Chicago index of business conditions in the Midwest; it fell to 48.8 in January from 51.6 in December. A reading below 50 generally signals a pullback in the region's manufacturing, and this was the first time the reading had fallen below 50 since April 2003. The Chicago number is often viewed as an indicator of how the nation's overall manufacturing sector might be holding up. That report is due Thursday.

Hoffman said the Wednesday's data illustrated a dichotomy for the economy. "Manufacturing activity is still pretty weak, particularly for autos, whereas the service economy is still quite strong."

In corporate news, Boeing Co. rose $3.56, or 4.1 percent, to $89.56, giving a boost to the Dow industrials. The aerospace company's fourth-quarter profit more than doubled amid broad strength in its commercial airplane and defense system businesses. Revenue climbed 26 percent to $17.5 billion, coming in well ahead of the $16.5 billion in revenue Wall Street forecast.

SanDisk Corp., which makes flash memory products, fell $2.65 , or 6.2 percent, to $40.18 after it posted a fourth-quarter loss amid big charges related to its acquisition of Israeli flash memory maker M-Systems.

Time Warner Inc. slipped 17 cents to $21.87. The company's fourth-quarter profit jumped 34 percent, aided by the sale of Internet access businesses in Europe and an agreement that brought new subscribers to its cable TV unit.

Homebuilders rose following the Fed's comments on the housing market. Toll Brothers Inc. rose $1.40, or 4.3 percent, to $33.83, while KB Home jumped $2.55, or 4.9 percent to $54.22.

Advancing issues outnumbered decliners by about 2 to 1 on the New York Stock Exchange, where consolidated volume came to 2.96 billion shares compared with 2.69 billion Tuesday.

Overseas, Japan's Nikkei stock average closed down 0.61 percent. Britain's FTSE 100 closed down 0.62 percent, Germany's DAX index finished up 0.01 percent, and France's CAC-40 was down 0.66 percent.

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On the Net:

New York Stock Exchange: http://www.nyse.com

Nasdaq Stock Market: http://www.nasdaq.com

Stocks Go Higher With Fed's Outlook (WT/AP)

The Washington Times, February 1, 2007

NEW YORK (AP) -- Stocks shot higher yesterday after the Federal Reserve answered two of Wall Street's major concerns, indicating that the economy remains healthy and that inflation pressures are easing. The Dow Jones Industrial Average climbed nearly 100 points to set another trading high, while the Russell 2000 Index had its first close above 800.

The Dow rose 98.38, or 0.79 percent, to 12,621.69. The Dow came with a few decimal points of a week-old closing high and set a new trading high of 12,657.02.

The Standard & Poor's 500 index rose 9.42, or 0.66 percent, to 1,438.24 and the Nasdaq Composite Index gained 15.29, or 0.62 percent, to finish at 2,463.93.

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The Russell 2000 Index of smaller companies above the 800 mark to a record close; it finished up 2.37, or 0.30 percent, at 800.34.

For the first month of the year, the Dow rose 1.27 percent, while the S&P gained 1.41 percent and the tech-dominated Nasdaq added 2.01 percent. Some on Wall Street are fond of noting that as the S&P 500 goes in January, so goes the year. The so-called January barometer has had only five major errors since 1950, for an accuracy rate of 91.1 percent, according to the Stock Trader's Almanac.

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Stocks Rally After Fed Keeps Rates Steady (USAT/BLOOM)

USA Today, February 1, 2007

NEW YORK — Stocks ended January with a rally Wednesday, completing the longest stretch of monthly gains in more than a decade, after the Federal Reserve fortified perceptions that economic growth is accelerating without generating faster inflation (stories, 4B).

Shares of Boeing, DuPont and Caterpillar drove the Dow Jones industrial average to within less than a point of a record close. All 10 major industry groups in the Standard & Poor's 500 index advanced, led by retailers Home Depot and Target.

The Dow rose 98.38 points, or 0.8%, to 12,621.69. The S&P added 9.42 points, or 0.7%, to 1438.24. The Nasdaq composite index increased 15.29 points, or 0.6%, to 2463.93.

Fed policymakers left their benchmark lending rate at 5.25% and said the economy is picking up while the pace of price increases has slowed. The statement followed a government report showing gross domestic product rose more than economists forecast and reassured investors who are concerned about higher borrowing costs.

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"The Fed may do nothing here for some time and the market can tolerate that," says Ernie Ankrim, chief investment strategist at Russell Investment Group. "As long as the Fed continues to send signals that their bias is not toward an increase and the next move is perceived to be down, the market will treat that very well."

The market is already doing pretty well. The Dow gained for a seventh-consecutive month, the longest winning streak since 1995, and the S&P 500 rose an eighth month in a row, the best stretch since 1996.

Making the first presidential visit to the New York Stock Exchange during trading hours in more than two decades, President Bush expressed his own bullishness. Traders cheered as Bush walked the floor shaking hands and signing autographs. The stock market's four-year rally can continue "as long as we do the right things in Washington and keep taxes low," Bush said.

Highlights:

Boeing climbed $3.56 to $89.56 after the aerospace company reported fourth-quarter earnings above expectations. Elsewhere in the Dow average, DuPont, the No. 3 U.S. chemical producer, gained $1.18 to $49.56. Meanwhile, Caterpillar, the world's largest maker of earthmoving equipment, rose $1.19 to $64.07.

•Home Depot rose 57 cents to $40.74, and Target added 92 cents to $61.36.

Dow Nears Record As Fed Leaves Rates On Hold (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 1, 2007

The Dow Jones Industrial Average came within a hair's breadth of a record, boosted by soothing words from the Federal Reserve and a report showing surprisingly strong economic growth.

After a two-day meeting, the Fed's policy committee issued a statement hailing steady economic expansion but cautioning about lingering inflation, sounding exactly the note that Wall Street wanted to hear. As widely expected, it left its interest-rate target unchanged at 5.25%.

"Today represented, in a microcosm, what we'd hoped to see for the whole year," said Mark Jordahl, chief investment officer at the asset-management firm FAF Advisors.

He added that the while the Fed's statement wasn't particularly surprising, it allowed for something of a "relief rally." Investors were glad that the central bank didn't sound a more aggressive note about fighting inflation, he said, which would mean higher borrowing costs throughout the economy.

The blue-chip Dow jumped 98.38 points, or 0.8%, to 12621.69, up 1.3% on the year and less than a tenth of a point away from a record. Among the average's 30 components, Boeing led the way, up 4.1% after the aircraft maker reported fourth-quarter profit more than doubled, handily beating analysts' expectations.

The broad Standard & Poor's 500-stock index gained 0.7%, or 9.42 points, to 1438.24, up 1.4% on the year. The technology-stock-heavy Nasdaq Composite Index rallied 0.6%, or 15.29 points, to 2463.93, up 2% on the year.

At the start of the day the Commerce Department released data showing that gross domestic product, a broad measure of U.S. economic output, rose 3.5% in the fourth quarter, better than the 3% reading expected by economists in a Dow Jones Newswires survey.

For all of 2006, GDP grew by 3.4%, faster than the 3.2% expansion in 2005.

That set the stage for the afternoon's Fed announcement. The U.S. central bank has held its rate target steady since June, and many on Wall Street remain antsy about whether the Fed can orchestrate a gradual slowdown in economic growth that still allows for solid corporate profits and consumer spending.

To do that, the Fed would have to avoid excessive rate increases that could choke off growth and perhaps even prompt a recession. At the same time, the bank can't have rates so low that runaway growth results, bringing with it inflation.

Wall Street's confidence that the Fed can pull off a so-called soft landing for the economy was bolstered by minor changes in yesterday's statement from the one issued after December's meeting. The December statement included qualifiers that some investors interpreted as doubt: "Although recent indicators have been mixed, the economy seems likely to expand at a moderate pace on balance over coming quarters."

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Yesterday's statement removed the qualifier, saying instead: "Overall, the economy seems likely to expand at a moderate pace over coming quarters."

The stock rally came in spite of a jump in crude-oil prices to a four-week high. Colder weather in the U.S. Northeast and falling fuel inventories pushed crude contracts for March delivery up $1.17, or 2.1%, to $58.14 a barrel, off 4.8% on the year at the New York Mercantile Exchange.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, dropped 0.1%, or 0.20 point, to 244.33.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.95 billion shares, as 2,243 stocks advanced and 1,079 fell.

Bond prices rose2. The 10-year note gained 13/32 point, or $4.06 for each $1,000 invested, pushing the yield down to 4.824%. The 30-year bond rose 28/32 to yield 4.924%.

The dollar weakened3. Against the Japanese currency, the dollar fell to 120.67 yen, compared with 121.61 yen. The euro rose to $1.3034, compared with $1.2966.

Shares Rally As Fed Eases Fears On Growth And Inflation (NYT/AP)

By The Associated Press

The New York Times, February 1, 2007

Stocks shot higher yesterday after the Federal Reserve answered two of Wall Street's major concerns, indicating that the economy remained healthy and that inflation pressures were easing.

The Dow Jones industrials climbed nearly 100 points and set another intraday trading high, while the Russell 2000 index had its first close above 800.

Wall Street had expected the Fed's Open Market Committee to leave short-term interest rates unchanged at 5.25 percent, as it did, but had been uneasy about whether it would indicate that policy makers were considering raising interest rates soon because the economy or inflation were growing too fast. The Fed's statement said that recent indicators suggested "somewhat firmer growth" and that inflation readings had "improved modestly" in recent months.

The Dow rose 98.38, to 12,621.69. It came within a few decimal points of a week-old closing high and set a new intraday high of 12,657.02.

Broader stock indicators also rose. The Standard & Poor's 500-stock index rose 9.42, to 1,438.24, and the Nasdaq composite index gained 15.29, to finish at 2,463.93.

The Russell 2000 index of smaller companies finished up 2.37, at 800.34.

For the first month of the year, the Dow rose 1.27 percent, while the S.& P. gained 1.41 percent and the tech-dominated Nasdaq added 2.01 percent. Some on Wall Street are fond of noting that as the S.& P. 500 goes in January, so goes the year. The so-called January barometer has had only five major errors since 1950, for an accuracy rate of 91.1 percent, according to The Stock Trader's Almanac.

Light crude settled up $1.17, at $58.14 a barrel, on the New York Mercantile Exchange.

Stocks had been mixed on lighter-than-normal trading ahead of the rate decision, but found some support earlier yesterday when the Commerce Department reported that gross domestic product grew at a 3.5 percent annual rate in the fourth quarter as consumers increased spending.

A weaker report came from the National Association of Purchasing Management-Chicago index of business conditions in the Midwest; it fell to 48.8 in January, from 51.6 in December. A reading below 50 generally signals a pullback in the region's manufacturing, and this was the first time the reading had fallen below 50 since April 2003.

In corporate news, Boeing rose $3.56, to $89.56, giving a boost to the Dow industrials. The company's fourth-quarter profit more than doubled amid broad strength in its commercial airplane and military system businesses. Revenue climbed 26 percent, to $17.5 billion, coming in well ahead of the $16.5 billion Wall Street forecast.

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SanDisk, which makes flash memory products, fell $2.65, to $40.18, after it posted a fourth-quarter loss amid big charges related to its acquisition of the Israeli flash memory maker M-Systems.

Time Warner slipped 17 cents, to $21.87. The company's fourth-quarter profit jumped 34 percent, aided by the sale of Internet access businesses in Europe and an agreement that brought new subscribers to its cable TV unit.

Home builders rose after the Fed commented that there appeared to be evidence of stabilization in the housing market. Toll Brothers rose $1.40, to $33.83, while KB Home jumped $2.55, to $54.22.

Bond prices rose sharply after the Fed's statement. The price of the benchmark 10-year Treasury note was up 15/32, to 9818/32. The yield, which moves in the opposite direction from the price, fell to 4.81 percent, from 4.87 percent.

'January Barometer' Bodes Well For 2007 (USAT)

By Adam Shell

USA Today, February 1, 2007

NEW YORK — If January lives up to its reputation as a good predictor of future stock market performance, then 2007 is likely to be another profitable year for stock investors.

Stocks rallied sharply on January's final day of trading Wednesday, bolstered by a statement released by the Federal Reserve that alleviated inflation fears and noted the economy was in solid shape.

The benchmark Standard & Poor's 500-stock index gained 9.42 points to 1438.24, finishing the month up 1.4%.

That positive return bodes well for stocks going forward. The so-called January Barometer, created by Yale Hirsch of the Stock Trader's Almanac, suggests that "as January goes, so goes the market" for the rest of the year. The Almanac says the barometer has registered only five major errors since 1950 and has a 91% accuracy rate.

More important, an analysis by Banc of America Securities shows that a positive return in January increases the odds that the S&P 500 will post gains in the final 11 months of the year. Since 1926, when the S&P 500 was up in January stocks have delivered gains in the February-through-December period 80% of the time.

"Now that the S&P 500 has posted a gain for the first month of 2007 … it may help fuel a trading rally for a few days," noted Tom McManus, strategist at Banc of America Securities.

The Fed's statement was viewed positively by traders because it jibed with Wall Street's preference for a not-too-hot, not-too-cold economy, often referred to as a "Goldilocks economy."

It also helped assuage fears that the central bank would need to start raising short-term interest rates again to cool the economy. In general, higher rates are bad for stocks because they result in higher borrowing costs for consumers and businesses, resulting in a drag on consumer spending and corporate earnings.

"The Fed calmed some fears," says Todd Leone, head of trading at Cowen & Co. "People were concerned that the Fed would have to raise rates again. But now it looks like going forward the Fed will stand pat. And that is a positive."

Investors who favor blue-chip stocks apparently liked what the Fed had to say. The Dow Jones industrial average rallied more than 98 points to 12,621.69. If it had closed just another 0.09 points higher, the Dow would have topped its all-time closing high a week earlier and notched its 27th record since the end of September.

The January Barometer has earned a strong following throughout the years due to its accuracy.

"Stock market historians love the statistics and seasonal patterns of historical returns because they believe the calendar cycles tend to repeat themselves in a predictable way based on factors such as politics, investor psychology, money flows and taxes," McManus wrote in a report to clients Wednesday.

But history aside, not everybody on Wall Street is convinced the market's performance in January has any bearing on what happens the rest of the year.

"It has little predictive power," writes Ken Fisher in his new book, The Only Three Questions That Count: Investing by Knowing What Others Don't.

What Could Bog Down The Bull (NYT)

By Vikas Bajaj

The New York Times, February 1, 2007

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Stocks surged yesterday afternoon, sending the Dow Jones industrial average to within a hair of a new high, after the Federal Reserve pointed to strength in the economy and a moderation in inflation.

Investors may want to enjoy it while they can.

The road ahead promises to be a long, hard slog as corporate profits are starting to slow.

And while Wall Street focused yesterday on the signs that the Fed will not raise rates anytime soon, there is also the glum realization that no rate cut — a hope that had buoyed stocks as recently as December — is likely to materialize this year. The Fed noted that "some inflation risks remain," as it left short-term rates steady at 5.25 percent.

Earlier, the Commerce Department reported that the gross domestic product grew at a 3.5 percent annual pace in the fourth quarter, far faster than the 2 percent pace in the third quarter and the 3 percent most analysts had expected.

Yet even amid evidence that the economy remains healthy, corporate earnings, which have been growing at a double-digit pace for more than four years, are expected to slip into single digits in the coming months, if they did not already do so in the fourth quarter. As a result, investors are left with a quandary.

"Will there be an inflationary scare or will the economy get very weak?" said Marc D. Stern, the chief investment officer at Bessemer Trust, a money management firm based in New York. "At various times in the year, each side of that debate will look correct. That will lead to sharp rallies and corrections."

Sectors like energy, utilities and financials that had led the stock market on its run-up since the summer have now turned into laggards, and few contenders have emerged to take their place.

This bull market may indeed be weary. The Standard & Poor's 500-stock index has climbed at an average annual pace of 12.7 percent in the last four years — a run that has had no 10 percent correction, something that usually occurs at least once during most long-running bull markets.

But there was clearly life in the bull yesterday: The Standard & Poor's 500-stock index closed up 0.66 percent, or 9.42 points, to 1,438.24, and the Nasdaq composite index closed up 0.62 percent, or 15.29 points, to 2,463.93. The Dow rose 0.79 percent, or 98.38 points, to 12,621.69 — a fraction of a point less than its record high set last week. And more bullish market watchers point to a long string of hopeful signs and developments, including the continuing wave of acquisitions and buyouts, Microsoft's introduction of its Vista operating system and consumers who are still spending despite a slump in the housing market. Personal consumption increased 4.4 percent in the fourth quarter, the Commerce Department reported yesterday.

Many forecasters on Wall Street say these factors, along with stronger growth in sectors like health care, give them confidence that the market will move higher, albeit at a slower and more volatile pace than last year's 13.6 percent advance.

"We are going to have an O.K. year," said Robert C. Doll, vice chairman at Black Rock. "But its not going to be as easy as last year."

The S.& P. 500 is up 1.41 percent for the year, with about half of that coming in yesterday's rally. The Dow Jones industrial average is up 1.27 percent and the Nasdaq composite index is up 2.01 percent. The Russell 2000 index of smaller companies is up 1.61 percent.

Last year, virtually every sector of the market ended up, but the rally had a few strong and distinct leaders. Energy stocks led the way with a 22 percent advance, diversified financial institutions were close behind at 21 percent and utilities were up 17 percent. But as crude oil prices have fallen from a high of $77.03 a barrel and settled in a band from $50 to $60, profits at energy companies have slowed. Stocks in the sector are down about 1.9 percent so far in 2007; utilities are down 0.4 percent.

Many financial companies reported strong fourth-quarter earnings, but analysts expect them to come under increasing pressure from higher long-term rates and rising defaults. Stocks in the diversified financial sector ended January up 1.5 percent.

"The market is looking for new leadership," said Owen B. Fitzpatrick, a managing director at Deutsche Bank's private-wealth management division. "Everyone is watching to see what will lead the market higher."

So far this year, real estate stocks, which did well last year as well, have led the way, with an advance of 9.7 percent largely because of the bidding war over Equity Office Properties Trust, the nation's largest manager of office buildings. But analysts say that surge is unlikely to continue once a deal is set.

The stocks of auto and parts makers, mining and materials companies, consumer services and health care companies are also doing well, but many market specialists are skeptical about the sustainability of the lift in sectors like cars and materials.

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Specialists are more optimistic about consumer services and health care, but the sectors may not completely make up for the role played by last year's leaders.

"The leadership has been shifting by fits and starts," said John A. Carey, a portfolio manager and executive vice president at Pioneer Investments, a Boston-based mutual fund company.

Many forecasters including Mr. Carey say technology companies, which struggled for much of last year but had a good run in the second half, may finally be ready to lead the market again since the sector's bust in 2000. The optimism is pinned in large part to new products and services including Vista, which could prove to be a catalyst that pushes businesses and consumers to purchase computers and related gear.

"The product cycle is in the process of changing," said Jim T. Swanson, chief investment strategist with MFS Investments in Boston. "There is a lot of new software and old equipment."

But it remains to be seen how widely the spoils will be shared across the technology sector. Bellwethers like Dell and Intel are still facing significant competitive challenges, and analysts have been disappointed by their recent earnings reports and the companies' outlooks for the coming year.

Investors have also been forced to rethink their views on interest rates and the broader economy. As recently as the start of December, the futures markets predicted that the Federal Reserve would start lowering short-term rates by April. As of yesterday, investors were betting that the first rate cut would not come until November. The yield on the 10-year Treasury note, which moves in the opposite direction from its price, has risen from 4.39 percent in early December to 4.81 percent yesterday.

"The Fed is on hold in the near term as they watch the data," said Dean M. Maki, chief United States economist at Barclays Bank, who expects the Fed to raise rates to 6 percent this year, beginning in June.

Until late last year, many investors appeared to have convinced themselves that the housing market would have slowed the economy enough to spur the Fed into action by the spring. Their recent shift in thinking seems to have little do with any new statements from Fed officials, who have repeatedly and consistently said they remained more worried about inflation than they were by the prospect for weaker economic growth, a clear indication that policy makers were not ready to lower rates.

Rather, investors have come around to the Fed's view after reports on employment and manufacturing showed that the economy remained resilient in the face of the weakness in housing. Also, falling energy prices and a spell of unseasonably warmer weather early this year bolstered consumer spending and nonresidential construction.

"We could argue that perhaps the market got ahead of itself in projecting rate cuts for early 2007," said Douglas M. Peta, a senior vice president and market strategist with J.& W. Seligman & Company.

Another force that may have restrained American stocks in the last year is investor apathy toward the shares of large domestic corporations relative to the markets for bonds, commodities and foreign stocks, all of which have risen. Investors poured $13.2 billion into funds specializing in domestic equities last year, compared with $138.9 billion in nondomestic stock funds and $75 billion in taxable bond funds, according to AMG Data Services. A far larger sum, $312.7 billion, has been parked in money market funds. Specialists note that the flows are odd given that equities in the United States are cheap on a price-to-earnings basis relative to other assets like commodities and stocks in other developed countries. It appears that at least some of the flow of investments into other areas is driven by a desire on the part of investors to ride more buoyant markets and to take advantage of the weakness in the dollar, which fell 11.4 percent against the euro in 2006. So far this year, the dollar is up 1.45 percent.

In a way, however, specialists say investors' ambivalence toward equities is a good sign that the market has not overextended itself. "It is a good sign to the contrarian," Mr. Peta said. "The market has room to run. It has not gotten out of hand."

Bush On The Record (WSJ)

The Wall Street Journal, February 1, 2007

President Bush came to Wall Street yesterday to tout the continuing good economic news (for more on that see "What Slowdown?1"), and afterward he sat down for 45 minutes with a few members of this newspaper's editorial board. If Mr. Bush is beaten down by the polls and his party's loss of Congress, he isn't showing it.

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The President talked about a wide range of subjects, from warrantless wiretaps, to the politics of immigration, to diplomacy with North Korea, and we reprint notable excerpts2. But Mr. Bush's biggest theme was pushing back against what he feared might be a national lurch away from engagement with the world.

"I'm concerned about protectionism, isolationism," Mr. Bush said as he sat down, and he proceeded to reflect on the oscillations of American policy that in the past produced the anti-immigration backlashes of the 1920s and the anti-free trade legislation of the 1930s. "How do you work with others to see that we don't become isolationist?" So in his speech yesterday he hit on the need for new trade promotion authority. And in his conversation with us he also stressed his familiar arguments about the stakes of failure in Iraq.

With only two years to go in his term, it's clear he's also thinking of how he can solidify his antiterror legacy. On that score, we've been critical of Mr. Bush, notably on his decision to abruptly change gears and subject his NSA warrantless wiretap program to judicial review. So we asked why he had made that decision after 13 months of insisting that those wiretaps were a Presidential prerogative?

"'Scrap the program' is not accurate," he insisted. "The program exists. And now we've had a program ratified by the judiciary which is going to make it easier for a future President to have this program in place. . . . It had nothing to do with diminution of Presidential authority. It had everything to do with getting a second branch of government to support that which I have done."

Well, what if a future President finds that the judges on the FISA court that supervises the wiretaps are less cooperative? "That's way too hypothetical a question. I am pleased with the ruling they made. The program is ongoing, giving me the tools and others in the government the tools necessary to protect us," Mr. Bush said.

It sounds to us as if the President believes he's made a tactical concession in order to achieve what he thinks is a larger strategic victory. Let's hope he's right. * * *

The President was also notably accommodative in conceding Congress's power of the purse to influence war decisions, even such things as where troops can be deployed. "I think they have the authority to defund, use their funding power," he said, even to influence "total deployments in Iraq."

The danger here is that Congress will take him up on this concession and start to micromanage the war. Would he veto such an attempt? "Well," Mr. Bush replied. "I have put forth a plan that will succeed and it needs to be given a chance. So I'll wait and see what they try to do. But I have said to the American people I've analyzed every plan and I think this one has the best chance of success. If you think failure is a disaster then you have an obligation to come up with a plan for success, and this is the one that I think will work."

By contrast, Mr. Bush is more tentative -- or perhaps cagey -- about how best to deal with Iran's nuclear weapons programs. We asked if he thought the deadline on the Iranian nuclear issue would come during his term. "We're watching very carefully," he replied, thus evading a direct reply but also not giving any comfort to the mullahs about the next two years.

As for American leverage with Tehran, the President said, "there are rational people in that country who believe that isolation is not in their interests," noting recent electoral reversals for President Mahmoud Ahmadinejad.

Regarding North Korea, Mr. Bush clearly believes the sanctions on Pyongyang's sources of hard currency have been the key to both the six-party talks and getting the regime's attention. Asked why some in his own government -- that is, the State Department -- want to lift those sanctions, Mr. Bush replied, "Where'd you get that report?" The idea, he added "is to use the sanctions to get North Korea to give up on its weapons programs."

So we're not going to lift the sanctions? Mr. Bush: "They've got to give up their weapons programs."

Mr. Bush also wasn't backing down on his judgments about Russian President Vladimir Putin, whom he has gone out of his way to court over the past six years. The Russian president "has kept his word on everything he's said to me," Mr. Bush said, adding that "Putin is a person who's going to have to make a choice, as will his successors: Whether his interests lie with the West or not. . . . My objective is to convince him that his interests do lay West. But in order to do so, he's got to understand the values that make Western societies move."

One of our goals during the session was to see if Mr. Bush really is entertaining thoughts of raising taxes in order to strike a deal on Social Security reform with Democrats. "I want people to bring their best ideas to the table, and I'm bringing [mine], which

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is you don't have to raise taxes to solve [it]," he said. That's not a categorical rejection of tax increases, but then again it won't encourage Democrats who want Mr. Bush to sign up for new taxes before they even come to the table. * * *

As he weaves between comments both on and off the record, Mr. Bush betrays little doubt about the direction of his policies, regardless of the politics. "Getting hammered," he said, "is what happens when you take tough, principled positions." He used those words in the context of immigration reform, but it might as well apply to the challenge his entire agenda faces over the next two years. Judging from our meeting, he won't be dodging that challenge.

A Chat With The President (WSJ)

The Wall Street Journal, February 1, 2007

The following are excerpts from President George W. Bush's meeting yesterday with the Journal's editorial board: ***

On the new Iraq strategy:

WSJ: Was there a moment in the war when you said we have to make a major change in the way we're doing things in Iraq?

GWB: Yes, there was.

WSJ: When was that?

GWB: September/October.

WSJ: Why?

GWB: Violence. It looked like it was uncontrollable. A young democracy is not going to survive if its capital city is in sectarian violence. I thought for example after the Samarra bombing that we were going to be fine. I thought the Shias had looked into the abyss of a civil war and pulled back. We thought they had, and they didn't.

On congressional opposition:

WSJ: There's a lot of discussion in Congress about putting caps on troop levels or defunding or saying you can't deploy, as commander in chief, troops in Baghdad. Do you think Congress has the constitutional authority . . .

GWB: I think they have the authority to defund, use their funding power . . .

WSJ: You do?

GWB: Oh yeah, they can say 'We won't fund.' That is a constitutional authority of Congress. I find it interesting, however, that on the one hand the Senate listens to the testimony of David Petraeus, who said, send me over with some additional reinforcements and this is the best chance to succeed. And they vote for him 81 to nothing. In other words, they listened to his testimony, appreciated what he had to say, and then they forgot the part about how he said I need the help. There's a contradiction there. . . .

WSJ: Can they put caps on total deployments in Iraq?

GWB: They can . . . through the purse. In others, I don't know if they're going to. And I don't want to predict. But they have the right to try to use the power of the purse to determine policy.

WSJ: But can they put conditions on those funds? Can they say we're only gonna give you the money if you don't send troops to Anbar province?

GWB: They put conditions on funds all the time. Some of those are called earmarks.

WSJ: Would you veto . . .

GWB: Well, . . . I have put forth a plan that will succeed and it needs to be given a chance. So I'll wait and see what they try to do. But I have said [to] the American people I've analyzed every plan and I think this one has the best chance of success. If you think failure is a disaster, then you have an obligation to come up with a plan for success and this is the one that I think will work.

On Iran:

GWB: My theory all along has been to isolate the Iranian regime to determine whether or not there are people in their country who will worry about financial isolation, isolation from trade opportunities. One of the interesting things that we do know about Iran is that there is a large diaspora that is communicating inside Tehran, for example. There are rational people in that country who believe that isolation is not in their interests. And there is enough commerce that if it can be affected through international cooperation, it may cause people to say, 'Wait a minute. We'd better take a look to see who's running this deal.'

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And I can only tell you that I'm encouraged by the fact that others are beginning to question whether Ahmadinejad is capable of leading the country. . . . I happen to believe, and the focus of this administration is really to continue to rally the pressure on their nuclear weapons program. I have said that I believe that they should have a civilian nuclear power plant so long as the materials are provided by and collected by a consortium. . . .

I'm also concerned about Iranian influence into Iraq and have made it clear to the Iranians that if we catch them moving weapons they'll be dealt with. There is a temptation for people to take my comments and say, 'Really what he wants to do is escalate the conflict.' The answer to that is that we can solve this peacefully and we're going to need other partners to help us solve it peacefully. Anyway, that's where we are.

WSJ: Do you believe the deadline on the Iranian nuclear issue is during your term?

GWB: You know, I can't . . . we're watching very carefully is the best way for me to describe it. And I'll be pushing hard to solve this diplomatically.

On Social Security:

WSJ: Can I ask about Social Security? You mentioned it in your speech. You also talked about low taxes being important to the strength of the economy. Would you accept an increase in the Social Security tax income cap from present levels in order to get a [reform] deal?

GWB: I want people to bring their best idea to the table, and I'm bringing my best idea, which is you don't have to raise taxes to solve Social Security.

On immigration:

WSJ: How concerned are you about the issue of immigration dividing the Republican Party?

GWB: Getting hammered is what happens when you take tough, principled positions. I don't want our party to be viewed as anti-anybody. If you get labeled as anti-people, you can't win elections. I believe the philosophy of our party is the most hopeful philosophy. It says to any person from any country: 'You have a chance to succeed.' It relies upon individuals. It empowers individuals to be able to realize their potential, as opposed to saying the government is going to do it for you. I know that sounds trite, but that's how I view the difference of philosophy.

I hope I can get a bill through the Congress so that the issue is dealt with in a rational way, before the election process.

WSJ: Do you think that will be easier with a Democratic Congress?

GWB: I think it's going to be hard either way. I think it's going to be [a] hard bill to get through. And I'll tell you why. The ultimate question is what happens to 12 million people who are here. My view is that you can't kick them out, nor should you grant them automatic citizenship. And so there's got to be rational middle way.

WSJ: What is it about this issue that causes so many conservatives to abandon their free-market principles? Raiding businesses, becoming protectionists, etc.?

GWB: I think raiding a business is more about enforcing the law. And conservatives tend to want to enforce the law. . . . This is an emotional issue. It's interesting. There have been periods in our history where nativism has had a strong appeal. Sometimes nativism, isolationism and protectionism all run hand in hand. We've got to be careful about that in the United States. The 1920s was a period of high tariff, high tax, no immigration. And the lesson of the 1920s ought to be a reminder of what is possible for future presidents.

I'm going to work hard on this. I feel strongly about the issue. I gave a speech from the Oval Office on the issue. And I hope we can get something done. But it's going to be hard. This is an issue where you can distort words and label things. Amnesty. That's all you've got to say. He's for amnesty. Whether it's amnesty or not. So it's a tough debate for us all. We'll see how it goes.

On Vladimir Putin:

WSJ: Do you feel that you misjudged Putin?

GWB: Vladimir Putin has kept his word on everything he's said to me. And my relationship with him is such that I'm able to express our disappointment when for example he deals harshly with the Baltics. Vladimir Putin is a person who's going to have to make a choice, as will his successors: whether or not his interests lie with the West or not. And my objective is to convince him that his interests do lay West. But in order to do so, he's got to understand the values that make Western societies move.

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EDITORIAL: What Slowdown? (WSJ)

The Wall Street Journal, February 1, 2007

If the U.S. economy keeps growing like it is, Rodney Dangerfield is going to have to rise from the dead and file a patent claim. The expansion that gets no respect keeps cruising along -- past $70 oil, above rising interest rates, and now apparently around even the housing and auto slumps.

Yesterday's report that fourth quarter GDP rose a healthy 3.5% was merely the most recent repudiation of the media and Beltway bears who have predicted a recession in each of the past four years. The latest scare came last fall, as the decline in housing accelerated and many of Wall Street's Keynesian forecasters predicted the consumer would slump along with it. (We hope someone offered smelling salts to the economists at Goldman Sachs yesterday.)

To the contrary, the consumer remains confident, clocking in with a strong 4.4% spending growth rate in the quarter. Clearly the strong job market and rising wage levels are offsetting any fear among consumers that their home values have flattened or fallen. Without housing and autos, real GDP rose 5.8%.

At the same time, U.S. exports are booming, as growth elsewhere accelerates. Exports rose 10% in the quarter and a very robust 9.2% for the year, adding 1.64 percentage points to GDP growth. By the way, exports to China alone rose by more than 30% in the first 11 months of last year, even without a major change in China's policy to peg the yuan closely to the U.S. dollar. Members of Congress pounded Treasury Secretary Hank Paulson yesterday for not doing enough to get China to revalue the yuan, but maybe China's growing economy is more important for American exporters than devaluing the greenback. Just a thought.

The most bullish economists yesterday also hailed the GDP report's inflation signals, which were muted. But we're not convinced the current inflation cycle has played itself out -- not with gold back near $650 an ounce, commodities in general rising again and the dollar weak. For its part, the Federal Reserve held its target fed funds rate at 5.25% yesterday, but played inflation down the middle. "Inflation pressures seem likely to moderate over time, its statement said, but "some inflation risks remain." In other words, they have no idea.

Our own view -- which we noted at the time -- is that the Fed would have done better to keep raising rates last year. It's clear today that the economy was fundamentally healthy, and the question now is whether the Fed will decide it has no choice but to raise rates again later this year if inflation reaccelerates. We'd note that even yesterday's benign price data showed that so-called "core inflation," less food and energy, was up 2.1%. The core rate has risen by at least 2% for more than two years. Chairman Ben Bernanke may end up regretting that he hasn't run a tighter policy.

For now, though, the economy remains healthy, defying its many critics at home and abroad. As the chart above shows, growth since the Bush tax cuts passed in mid-2003 has averaged more than 3.6%, helping to drive prosperity around the world but without the U.S. getting any credit for this remarkable performance. By comparison, whenever growth reaches even 2% in Europe these days, they throw a party.

The biggest threats to this expansion aren't the trade deficit, or "global imbalances," or the savings rate, or the yuan-dollar peg, or any of the other bugbears we hear so much about. The threats are policy mistakes -- such as a tax increase or protectionism from the new Democratic Congress, or the discovery by the Fed that it still hasn't lassoed inflation expectations. Let's hope Democrats don't mess with a good thing.

Go Global (LAT)

The Los Angeles Times, February 1, 2007

GEORGE W. BUSH has never worked harder to promote free trade. On Wednesday, he made a powerful case on Wall Street for extending his fast-track trade negotiating authority, though even more impressive was his effort the day before to explain to factory workers in East Peoria, Ill., why they should care about such off-the-radar topics as the Doha round of World Trade Organization talks.

Though much of President Bush's State of the Economy speech Wednesday was a rehash of the energy, healthcare and education proposals he made last month in his State of the Union address, he hit all the right notes in his discussion of trade. The Doha round, aimed at lowering global barriers to trade and creating fair competition for farm products, is important, he said,

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because it could "level the playing field for our goods and services … but it also is a great opportunity to lift millions of people out of poverty around the world."

Bush rightly asked for an extension of his fast-track authority, which allows him to submit to Congress negotiated trade pacts for a straight up-or-down vote, so he can reach a deal on Doha and on separate bilateral measures with countries such as South Korea and Malaysia. It expires June 30 unless Congress extends it.

The U.S. economy is as strong as it is because of, not in spite of, the world's increased openness. But this is a message the president has not done an effective job of selling in the past, and it's a message that plenty of Democrats in the new Congress do not embrace, given their ties to narrower interests adversely affected by competition. So Bush now has a tough fight ahead of him. In the wake of his speech, six Democratic senators signed a letter, written by Sen. Byron Dorgan of North Dakota, saying they wouldn't support extending his fast-track power because he has used it to push through deals without adequate labor or environmental protections. Among the signatories was California Sen. Barbara Boxer, who seems oblivious to the importance of trade to her home state's economy.

Other Democrats do seem nervous about endangering Doha, which if successful would lower prices for U.S. consumers, open markets to U.S. exports and help Third World farmers trade their way out of poverty. Key leaders, such as Sen. Max Baucus (D-Mont.), chairman of the Senate Finance Committee, and Rep. Charles Rangel (D-N.Y.), chair of the House Ways and Means Committee, have signaled a willingness to cut a deal with the president on his trade authority, as long as he'll seek more assistance for U.S. workers and make other concessions. Trade expands the economy and creates more jobs overall but admittedly creates upheaval in concentrated areas and industries. There's plenty of room for compromise here in terms of bolstering assistance programs for workers displaced by global competition.

More voices within the Democratic leadership need to support the president's push to retain his trade promotion authority by rekindling the Clinton administration's belief that globalization is more of an opportunity than a threat.

Bush Seeks To Cut Farm Program Funds (AP)

By Libby Quaid

AP, February 1, 2007

Thousands of the richest farmers would lose their government subsidies under a Bush administration plan to curb spending.

Proposals released Wednesday would reduce agriculture spending by $18 billion over the next five years. They represent President Bush's vision of a new farm bill: a system of supports that would protect farm income and crop prices and keep food prices stable.

Anyone making more than $200,000 in adjusted gross income would be cut off from farm payments under Bush's plan. At that level, "you're the richest guy in the county," Deputy Agriculture Secretary Chuck Conner said.

These producers, about 80,000 in all, are among the top 2.3 percent of taxpayers, officials said. It is hard to know just who would be cut off, said Ken Cook, president of Environmental Working Group, which tracks subsidies. Cook said many high-profile recipients, such as media mogul and CNN founder Ted Turner, probably were cut off in 2002, when Congress imposed the current $2.5 million income cap.

"You end up eliminating absentee owners who have a lot of income they're trying to shelter in agriculture," Cook said. "It could be a small-town lawyer or a business executive in Memphis who's put some money into a cotton plantation."

For everyone else who is eligible, the ceiling on payments would still be $360,000 and there still would be ways some people could collect millions of dollars above the limits.

Most payments go to growers of five major crops — corn, soybeans, wheat, rice and cotton.

In all, the plan is not a radical departure from current farm programs, which Democratic leaders and major farm groups have pushed to maintain.

"I believe so strongly in what farmers said," Agriculture Secretary Mike Johanns said, describing forums he held in dozens of states. "They like the structure of this farm bill, but they have a big vision for the future."

Some proposals, such as payment limits for the wealthy, are touchy subjects on Capitol Hill.

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So, too, could be Bush's idea to pay farmers when revenues drop rather than when prices are low, which the subsidy program does.

"This safety net will actually work better across commodities to provide a true safety net," Johanns said.

Corn growers like the concept. Many other farm groups want to keep things as they are.

Many changes are designed to fend off trade challenges from other countries. The World Trade Organization in 2005 ruled some cotton subsidies illegal, in a case filed by Brazil.

The administration proposes to:

_Reduce spending on loan programs, which are viewed as more vulnerable to trade challenges.

_Boost direct payments and offer additional money to farmers for conservation practices.

_Continue dairy and sugar programs that limit supplies to support prices.

_Eliminate a prohibition keeping fruits and vegetables from being grown on land eligible for subsidies.

_Double purchases of fruits and vegetables for school lunch and other nutrition programs.

_Provide $2.1 billion in loan guarantees for plants that make ethanol fuel from wood chips, grasses and feedstocks other than corn and provide $1.6 billion to research noncorn sources of ethanol.

Johanns promised changes to the Food Stamp program that would make it available to more working poor and elderly people. He said details must wait until Bush releases his budget plan next week.

A name change for the program is also in store: "Food and nutrition programs, or something other than food stamps," Johanns said.

The House Agriculture Committee chairman, Rep. Collin Peterson, D-Minn., said he found some ideas interesting and he would like to pursue them. But, he added, "I don't agree with everything they are suggesting."

His Senate counterpart, Democratic Sen. Tom Harkin of Iowa, said the proposal "takes significant steps in the right direction" but nonetheless "falls short of the investment levels needed to reach our nation's objectives."

Sen. Craig Thomas, R-Wyo., applauded limiting payments but wants to see more focus on conservation programs.

Wheat, rice and dairy producers and nutrition groups said the ideas were not enough; cotton growers worried about limiting payments.

Groups that represent sugar growers, fruit and vegetable farmers, conservation groups and food companies said the plan was a good first step.

The biggest general interest farm group, American Farm Bureau Federation, said it would study the ideas. The National Corn Growers Association withheld judgment.

Johanns' plan would cost $87.3 billion over the next five years, not counting food stamps and other nutrition programs, compared with $105 billion spent on farm programs over the past five years.

The current farm bill, written in 2002, expires at the end of this year. Lawmakers are anticipating having fewer dollars for farm programs; Bush has promised to balance the budget within five years, and the Democratic-run Congress is insisting on budget cuts to pay for new spending.

Agriculture Dept. Urges Big Overhaul In Farm Policy (NYT)

By Alexei Barrionuevo

The New York Times, February 1, 2007

The Bush administration yesterday proposed legislation that would reduce payments to farmers by $10 billion over the next five years and cut off support for wealthy ones entirely.

The measure, which would succeed a five-year agricultural authorization expiring at the end of this year, was described by some critics of current policy as perhaps the most reform-minded farm bill in decades.

If approved by Congress, it would also reduce some trade-distorting payments that have gotten the United States into trouble with the World Trade Organization, and might put pressure on the European Union to reduce its own farm subsidies, steps that could restart stalled global trade talks.

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But aspects of the plan, especially the proposal to cut off payments to farmers earning more than $200,000 a year, are already rankling some farm groups. Mary Kay Thatcher, a lobbyist with the American Farm Bureau Federation, said farmers would have "serious concerns" about that provision.

"You have to get a bigger economy of scale these days to make it in farming," Ms. Thatcher said. "We are all for small farmers, but we are also for what makes economic sense."

She said the federation's figures showed that the provision would affect 75,000 of the 700,000 farmers who have been collecting farm payments.

At a news conference in Washington, Agriculture Secretary Mike Johanns said the reduction in overall spending, to $87.8 billion over five years, reflected the administration's need to tighten the federal budget.

But the Agriculture Department was able to propose billions in increased spending on some programs because of expectations that prices for commodities like corn, soybeans and wheat would be much higher. That would reduce farm subsidies.

The proposal would increase conservation financing, for instance, by $7.8 billion and direct almost $5 billion to fruit, vegetable and other "specialty" growers, who have received little federal assistance in the past. It would also provide $1.6 billion for research and development on cellulosic ethanol, which comes from agricultural waste and nonfood crops.

The proposal would actually increase overall direct payments to farmers by $5.5 billion, or 10 percent, over 10 years.

But it would also reduce large loans that, Brazil and other countries have argued, distort global trade. The United States is already under pressure to respond to Brazil's successful challenge at the World Trade Organization to the American cotton program.

In addition, the proposal would save $3.7 billion over 10 years by adjusting cyclical payments that have been based on low commodity prices. Under the legislation, the payments would be based instead on low yields per acre, a system that could aid drought-afflicted farmers who wind up with little revenue.

The department noted that under the government's current policies, only 9 percent of all American farms collected 54 percent of all government commodity payments.

One critic of those policies, Ken Cook, president of the Environmental Working Group, said that "Secretary Johanns has really planted a flag for reform." Mr. Cook, who in pushing conservation has long been on the attack against federal subsidies to large farmers, said the measure was "the most detailed proposal I have seen in the 30 years I have been working on agriculture issues."

Other groups, including the antipoverty organization Oxfam America, also praised the bill for seeking to cut off the richest growers while emphasizing support for beginning and poor farmers.

But the department faces a tough fight in Congress this spring, with an especially stiff challenge to the provision eliminating payments to wealthy producers. Under the proposal, subsidies would go only to growers who make less than $200,000 in adjusted gross income, a restriction affecting 71,800 farmers of the two million who declared farm income in 2003.

The current income cap is far more — $2.5 million — and it disappears altogether if at least 75 percent of a grower's income is farm-related.

Europe has failed in its efforts to cap farm payments according to income. The European Commission proposed such limits in 2002 but withdrew the proposal when Germany and Britain indicated that they would not support it.

USDA Outlines A Plan To Cut Farm Subsidies (WP)

By Dan Morgan And Gilbert M. Gaul

The Washington Post, February 1, 2007

The Bush administration yesterday proposed ending farm subsidies for an estimated 80,000 wealthy individuals as part of a broad plan that would close loopholes and cut traditional farm programs by $4.5 billion over the next 10 years.

The proposal unveiled by Agriculture Secretary Mike Johanns was the administration's opening move in what will be a lengthy tug of war with Congress over a new multi-year farm bill. The current bill, one of the most generous to farmers in history, expires Sept. 30.

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Debate on the new legislation comes at a time of major changes in agriculture. Booming demand from new ethanol plants has pushed corn prices to near-record levels. At the same time, U.S. trade partners are threatening retaliation unless the United States curbs crop subsidies that are said to promote overproduction here and low prices for farmers abroad.

"Times have changed," Johanns said, adding that commodity prices are strong, exports are up and farmers have the lowest debt-to-asset ratio in history.

The administration proposal addressed a number of problems raised last year in a nine-part series in The Washington Post.

The Post found, for example, that wealthy commercial farmers were easily able to legally avoid the limits on government subsidy payments. The Johanns plan would save $1.5 billion over 10 years by eliminating subsidies to people with adjusted gross incomes of more than $200,000 -- income after subtracting farm expenses and certain deductions. Deputy Agriculture Secretary Charles F. Conner said that if a farmer is at that level "you're the richest guy in the county."

The administration also promised to tighten rules that have enabled distant relatives of a farmer or a friend in a far-off city to collect payments on the farmer's behalf while doing little or no work.

The plan would close a major loophole highlighted by The Post that in 2005 allowed corn farmers to receive $3.8 billion more than needed to ensure they got the government-guaranteed price. Farmers would no longer be able to collect these "loan deficiency payments" when prices are low and then sell later when prices rise.

Johanns also proposed changes in a program that since 2000 has enabled some landowners who do not farm to still collect $1.3 billion in "direct" farm payments. The Post detailed how some Texas homeowners were drawing these payments on back yards once used as rice fields and known as "cowboy starter kits." The new plan reduces the amount of land eligible for the direct payments after farmland is sold.

Offsetting the reductions in traditional subsidies is nearly $10 billion in new spending for conservation, wetlands restoration and the development of new biofuels.

The current farm programs, which favor large growers of a few crops in a handful of states, retain strong backing in the congressional agricultural committees.

"We've got a long way to go to the finish line," Johanns acknowledged.

Senate Agriculture Committee Chairman Tom Harkin (D-Iowa) said in a statement that there were "a number of good ideas" but also complained that the proposal shortchanged a key conservation program he had created as well as spending on biofuels.

The administration plan appeared to be a delicately balanced attempt to parry complaints from U.S. trading partners while at the same time broadening political support in Congress for reforms.

Under the proposal, the safety net for producers of traditional crops such as cotton and corn would be retooled. The new plan would work by increasing income supplements to farmers while reducing price guarantees, which are under attack by Brazil, Canada and other countries.

For example, cotton growers, a key political constituency in Southern states dominated by the Republican Party, would face a reduced price guarantee. But they would be compensated by a 66 percent increase in the annual "direct payment" income supplement from the Agriculture Department.

"This safety net will actually work better across commodities to provide a true safety net," Johanns said. He noted that even in some recent years of soaring farm income, government subsidy payouts were high. The new plan would change that.

At the same time, the plan would offer beefed-up benefits to growers of fruits and vegetables, including $5 billion more through stepped-up government purchases for the school lunch program, as well as more money for research and the development of new markets abroad.

Some voiced concerns about the plan. "It continues to deliver most of the funds to a handful of farmers in a handful of states," said Scott Faber of Environmental Defense.

Steve Ellis of Taxpayers for Common Sense said he had "concerns that the federal government is in the business of providing revenue insurance to farmers."

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The administration's proposal also recommends key changes to the Federal Crop Insurance Corp., one of the largest pieces of the nation's sprawling farm-subsidy system, costing taxpayers more than $20 billion in premium subsidies and losses over the past two decades.

The Post reported that private insurance companies that help administer the program made $927 million in profit in 2005, a record, and received an additional $829 million in fees. In some years, the companies have collected hundreds of millions of dollars in profit even as the USDA lost hundreds of millions.

The proposal recommends giving the USDA authority to renegotiate contracts more frequently with the 16 companies, potentially allowing the government to recoup a larger share of profits when times are flush.

"Changes are necessary to ensure a balance of potential gains and losses," the proposal stated.

Bush Farm Proposal May Snag On Congressional Roadblocks (WSJ)

By Greg Hitt

The Wall Street Journal, February 1, 2007

WASHINGTON -- The Bush administration proposed to make U.S. farm programs more market-oriented, unveiling a package of changes that could give new momentum to the stalled Doha Round of global trade talks, but may face big hurdles on Capitol Hill.

The initiative would put total farm spending over the next five years at $87 billion, down $18 billion from what the U.S. spent in the past five years on basic programs and disaster relief. It would boost spending on conservation and put more emphasis on direct income payments to farmers. Such methods of support are more acceptable than subsidies of specific crops under the World Trade Organization, the body based in Geneva that is shepherding the Doha Round.

At the same time, the administration is proposing to scale back a program that effectively sets a price floor on basic commodities such as rice, wheat and soybeans. It would also trim a separate set of subsidies designed to encourage production of those commodities. Those kinds of subsidies are widely thought to distort the marketplace, at home and abroad, by encouraging American farmers to make business decisions based on the amount of government assistance they get.

The Doha Round was launched in 2001 with the goal of lowering trade barriers and integrating the developing world more closely into the global economy. It stalled last summer because of differences among major trading partners, including the U.S., Brazil and the European Union, over how deeply to cut farm supports. The U.S. has pushed for others to lower agricultural tariffs, in hopes of creating new markets abroad for American farmers. It has come under major pressure to scale back its own subsidy programs, which critics say give U.S. farm goods an unfair advantage in global markets.

The unveiling of the administration's new farm package came as WTO chief Pascal Lamy signaled that he intends to formally reconvene negotiations in the Doha Round.

U.S. Trade Representative Susan Schwab said "the Doha Round is not going to write the farm bill." Ms. Schwab, who has been shuttling around Europe trying to revive the talks, said the changes outlined yesterday should send "a signal to our trading partners that we care about farm reforms."

Oxfam America, a trade advocacy group and frequent critic of the Bush administration, yesterday commended the administration for trying to move U.S. farm policy "in a new direction."

The initiative faces an uncertain future on Capitol Hill and could become a test of how much sway President Bush has over lawmakers in a Democratic Congress. In proposing to scale back farm subsidies, the White House is treading on dangerous political ground, risking a fight with the powerful farm lobby and its allies in the House and Senate.

Even before the Bush proposal came out, the chairmen of the House and Senate agriculture committees signaled their wariness of agreeing to big cuts in farm subsidies without gaining in return significant new market access abroad for American farm products. So far, that has been an elusive U.S. goal in the Doha Round.

The American Farm Bureau Federation, a trade group representing thousands of farmers across the country, vowed to keep "an open mind" on the Bush initiative, but cited concern over the president's proposals to trim commodity subsidies. A federation spokesman said the group would "do our best to make sure that those are not in the final package."

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The Bush proposal would make it harder for farmers to qualify for production subsidies. Under current law, producers with adjusted gross incomes of as much as $2.5 million are eligible to receive subsidy payments. The administration is proposing to lower the income cap to $200,000 and set an annual limit on total subsidy payments of $360,000.

Agriculture Secretary Mike Johanns said the changes would make U.S. subsidy programs "more equitable" and "better able to withstand challenge" within the WTO.

Critics said limiting payments could hurt farmers with much lower actual income. Soybean growers, for example, sometimes wait a year or more to sell part of their crop to get the best price for it, a practice that can artificially inflate income for a single year. "His income may look like it's $200,000 when it really isn't," said Richard Ostlie, president of the American Soybean Association.

Bush Seeks Farm Spending Cut (WT/AP)

The Washington Times, February 1, 2007

The Bush administration yesterday proposed to reduce farm spending by an estimated $18 billion over the next five years.

Agriculture Secretary Mike Johanns is not seeking major changes in the nation's farm subsidy program, which major farm groups and lawmakers in Congress want to retain.

But the administration is seeking, among other things, to eliminate farm payments for wealthy producers, limiting subsidy payments to those making less than $200,000 in adjusted gross income annually. The current income cap is $2.5 million.

That would rule out payments for nearly 80,000 producers who currently are eligible, officials said. Those producers collect about 4.5 percent of overall farm payments. The limit on payments would save an estimated $1.5 billion over 10 years.

"I don't know if there is anywhere in the country you can go where $200,000 adjusted gross net income is not a lot of income," Deputy Secretary Chuck Connor said. "You're the richest guy in the county."

It's difficult to know just who would be cut off, said Ken Cook, president of Environmental Working Group, which tracks subsidies. Mr. Cook said many high-profile recipients, such as media mogul and CNN founder Ted Turner, probably were cut off in 2002, when Congress imposed the $2.5 million income cap.

"You end up eliminating absentee owners who have a lot of income they're trying to shelter in agriculture," Mr. Cook said. "It could be a small-town lawyer or a business executive in Memphis who's put some money into a cotton plantation."

Administration's Farm Bill Plan Quickly Attracts Critics (HILL)

By Ian Swanson

The Hill, February 1, 2007

U.S. Department of Agriculture (USDA) Secretary Mike Johanns kicked off a potentially difficult fight with members of Congress on a 2007 farm bill yesterday by offering administration proposals that would alter all of the main support programs for U.S. crops.

Johanns said the proposals would be about $10 billion less than the cost so far of the 2002 farm bill, which has been heavily criticized internationally for raising U.S. farm subsidies. At the same time, he emphasized that USDA was keeping the basic concepts of the 2002 farm bill, which the administration at one time had threatened to veto.

In calling for changes to the main U.S. farm-support programs, the administration could be stepping into a fight not only with the new Democratic chairmen of the Senate and House agriculture committees, but with one of its longtime allies, the American Farm Bureau Federation (AFBF).

AFBF has adopted policy calling for concepts from the 2002 farm bill to be extended into a new farm bill. In a Jan. 31 statement, AFBF President Bob Stallman said the group would study the administration's proposal, which he said would add to the congressional debate. At the same time, Stallman reiterated that AFBF members from across the country have "repeatedly and strongly emphasized the need to keep the 2007 farm bill consistent and very similar to the concepts in [current law]."

AFBF also opposes payment limitation and income-means testing, which are key parts of the proposals unveiled by Johanns. Some of the $10 billion in savings would come from a proposal to eliminate subsidies for taxpayers with adjusted gross incomes of more than $200,000.

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This is a reduction from the current limit of $2.5 million and would save about $1.5 billion, Johanns said at a press conference. He emphasized that the payment limit would only cut off support for the top 2.3 percent of U.S. taxpayers, according to data from the Internal Revenue Service. However, AFBF has estimated that 78,000 farmers would be affected.

The income limitation would be imposed on farm income and non-farm income, which would prevent subsidies from being granted to movie stars and others whose wealth primarily comes from non-farm sources.

Deputy USDA Secretary Chuck Connor acknowledged USDA will face difficulties in selling its proposals to commodity groups by stating that "change is always difficult." However, he insisted the administration's proposals overall would lead to a better, more equitable farm program.

"There is no practical means by which you can argue that this is not a better safety net," Connor said.

However, a veteran agriculture lobbyist predicted USDA's proposals would not have a major effect on the next farm bill. "I don't think it's dead on arrival, but everyone has said for months that Congress will write a farm bill, and [it] will," the lobbyist said.

Groups that support specific parts of USDA's proposal are likely to pick up those ideas and move forward, and in that way the proposals could have some impact on the next farm bill, the lobbyist said.

One of the most controversial parts of USDA's proposal is its call for lower marketing loan payments that are intended to provide a "safety net" for producers when prices drop. USDA's proposal said this is intended to prevent farmers from gaming the system by holding their crops when prices are low and selling them later in the year when prices rise in order to increase their marketing loan payments.

Johanns also proposed de-linking a second payment program from prices so that farmers would no longer receive greater payments simply because prices for their commodities fall far below target levels set in the farm bill. Johanns instead proposed linking so-called countercyclical payments to a farm's annual revenue, which is a concept that has been advanced by corn growers.

USDA's proposal said the current program overcompensated producers who had large yields but faced low prices, while under-compensating farmers who were not able to harvest crops because of poor weather conditions or other factors. Farmers can only receive counter-cyclical payments if they are able to sell their crops.

The changes to the marketing loan and counter-cyclical payments could also make it easier for the administration to conclude a World Trade Organization (WTO) agreement by giving it more flexibility to reduce limits on U.S. trade-distorting support.

With some of these savings, USDA proposes increases for the third main U.S. support program, known as direct payments. In its proposal, USDA emphasized that this could help U.S. cotton producers, who in contrast to producers of corn and other U.S. commodities are expected to see lower prices in coming years. Direct payments for cotton producers would rise by 66 percent in the first year of the program, a USDA official said.

USDA also proposed the elimination of a provision preventing producers of fruits and vegetables from receiving direct payments, which would help the U.S. comply with a WTO decision that found U.S. subsidies had injured Brazilian producers. The change would also give the U.S. more flexibility to accept subsidy reductions in the current round of WTO talks, since direct payments would not count toward U.S. limits on trade-distorting subsidies under WTO rules.

However, this policy would again run against the wishes of commodity groups and AFBF, which have argued that the U.S. should not change its farm-bill policies until a WTO agreement is reached. Doing otherwise reduces U.S. leverage in the talks, AFBF has argued.

Fruit and vegetable growers have opposed the elimination of the planting prohibition. However, Johanns also proposed significant increases in funding for growers of specialty crops intended to win their support. For example, he proposes a $500 million increase in funding to purchase fruits and vegetables for school meals. The plan also includes new programs intended to help exporters of those crops deal with trade barriers.

House Panel Convenes Hearings On Bush's 'Signing Statements' (POL)

By Carrie Sheffield

The Politico, February 1, 2007

DOJ_NMG_0125438

The House Judiciary Committee has launched an investigation challenging repeated assertions by President Bush that he need not enforce aspects of laws he deems unconstitutional.

Committee members clashed over the validity of the investigation, which began with a committee hearing on Wednesday. Democrats said Bush is overstepping his executive role and meddling with the legislative process. Republicans maintained the president's assertions are merely guiding interpretations and follow long-term precedent.

The investigation will cover Bush's commentary on bills approved by both congressional chambers that require presidential approval. In at least 148 cases, Bush has appended what are known as "signing statements" to his signature. The documents outline specific aspects of the law that he finds unconstitutional and might refuse to enforce.

Committee Chairman John Conyers Jr., D-Mich., said Bush's widespread use of the signings challenge at least 800 provisions in laws passed while he has been in office.

"The administration has engaged in these practices under a veil of secrecy," Conyers said during the hearing. "This is a constitutional issue that no self-respecting federal legislature should tolerate."

The signing statements amount to a line-item veto, according to critics, and frustrate the legislative branch by not giving lawmakers the opportunity to override a presidential veto. They also have said that Bush has failed repeatedly to notify Congress of his intentions and that a collection of his signing statements is not readily accessible to lawmakers or the public.

Conyers said he planned to meet with White House and Justice Department officials to discuss concerns about the statements. Staff members said Wednesday's hearing was part of a new Judiciary Committee investigative unit charged with oversight of alleged administration abuses, headed by Elliot Mincberg, former general counsel for People for the American Way.

Committee members heard from Karen Mathis, president of the American Bar Association, which last summer issued a report recommending the president communicate his concerns about pending bills before they pass and then outright veto those bills if his concerns aren't addressed.

"If a president issues a signing statement that nullifies a provision of a law without following constitutionally proscribed procedures, he or she is usurping the power of the legislative branch," Mathis said.

Bush's signing statements have covered a range of issues, from military rules and affirmative action requirements to immigration and federal research.

Bush supporters have said that he is by no means the first chief executive to issue signing statements. John Elwood, deputy assistant attorney general for the Department of Justice, told committee members that the statements date to the early 19th century and are commonly used by presidents to explain how they plan to enforce laws.

President Bill Clinton issued at least 100 signing statements during his eight years in office, and, according to Elwood, Bush's statements "do not appear to differ substantively from those issued by either presidents Reagan or Clinton."

Republicans said Bush is well within legal and ethical bounds, and ranking member Lamar Smith, R-Texas, said no court has ever considered that the statements hold the weight of law.

"Critics have launched a massive fishing expedition, but they have caught only the reddest of red herrings," he said.

However, opposition to Bush's statements has been bicameral and bipartisan. Sen. Arlen Specter, R-Pa., said on the Senate floor earlier this year that he plans to reintroduce a bill that would give Congress power to sue a president over a signing statement. He specifically cited concerns with Bush's statements on the re-authorized Patriot Act and an anti-torture measure sponsored by Sen. John McCain, R-Ariz.

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by purplemaze on 01.31.2007 at 11:34 PM

Note to Lamar Smith: am I confused or are you? If a signing statement expresses how the statute will be implemented and enforced then that is by definition 'the law' and carries the 'weight of law'. Unimplemented or unenforced it is moot. Can a citizen escape application of or enforcement of a statute one it is defined in one of these signing statements? If not, then it is 'the law'. Obfuscating this activity by the executive behind your 'doesn't hold the weight of law' claim creates an impossible layer of abstraction - and even worse - in this administration - secret abstraction.

If there is objection, then veto. Is the Constitutional foundation for a line-item 'interpretation' any more solid than for a line item veto?

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House Panel Will Probe President's Use Of Bill-signing Statements (MCT)

By William Douglas

McClatchy Newspapers, February 1, 2007

WASHINGTON - New House Judiciary Committee Chairman John Conyers used his first oversight hearing Wednesday to say that he's launching an investigation into President Bush's possible abuse of presidential signing statements.

Democrats and some Republican lawmakers have accused Bush of conducting an imperial presidency by using bill signing statements to declare that he'll interpret legislative provisions his way and will feel free to ignore some terms.

"That conduct threatens to deprive the American people of one of the basic rights of democracy - the right to elect representatives who determine what the law is, subject only to the president's veto," Conyers said as he opened a hearing on signing statements. "That does not mean having a president sign those laws, but then say that he is free to carry them out or not, as only he sees fit."

Though some influential Republicans, such as Sen. Arlen Specter, R-Pa., have railed against Bush's signing statements, several House Judiciary Committee Republicans balked Wednesday, describing Conyers' hearing and vow as political fishing expeditions.

"One has the distinct feeling that this is really a policy debate," said Rep. Lamar Smith, R-Texas, the committee's ranking Republican. "If critics of signing statements agreed with the president on policy, we simply would not be here today."

Some legal experts disagree, saying that Bush's assertion of this arguable executive authority undercuts Congress and enhances the power of the president beyond the limits set by the Constitution.

"The potential for misuse in the issuance of presidential signing statements has reached the point where it poses a real threat to our system of checks and balances and the rule of law," said Karen J. Mathis, president of the American Bar Association. The ABA approved a resolution last August condemning the way Bush uses signing statements and their frequency.

Bush has issued 147 signing statements, according to Specter, the ranking Republican on the Senate Judiciary Committee.

Signing statements don't have the weight of law, but they can influence judicial interpretations of a statute. The statements also send a strong message to executive- branch agencies on how the White House wants them to carry out federal laws.

In written testimony, Assistant Attorney General John P. Elwood said that Bush has never used signing statements as an attempt to "override" enacted laws.

But several legal experts and lawmakers contend that some of the president's signing statements have that potential. Some point to a signing statement regarding the McCain amendment, which forbids U.S. torture of prisoners.

After he signed the amendment into law with fanfare in December 2005, Bush quietly issued a signing statement from his Texas ranch saying that he would view the law "in a manner consistent with the constitutional authority of the president . . . as commander in chief."

He added that his approach "will assist in achieving the shared objective of the Congress and the president . . . of protecting the American people from further terrorist attacks."

The Bush White House maintains that because the nation is in an indefinite war on terror, Bush's constitutional authority as commander in chief has virtually no boundary. His language in the signing statement on the McCain amendment was widely viewed as reserving himself the right to ignore it.

Still, Georgetown University law professor Nicholas Rosenkrantz told the committee that the "brouhaha over presidential signing statements is largely unwarranted." He said previous presidents have issued similar statements, although other scholars have said that none before Bush asserted the right to ignore terms in a law.

The White House rejects assertions that Bush is abusing his authority.

"President Bush's signing statements are consistent with prior administrations' signing statements," Emily Lawrimore, a White House spokeswoman, said in a written statement. "He is exercising a legitimate power in a legitimate way."

Former Rep. Mickey Edwards, R-Okla., urged Congress to fight the White House tooth and nail on the issue.

"Presidential signing statements may not sound like such a big deal, but they are declarations of the right of a president to be above the law, and that is a path that, once taken, will prove ultimately fatal to our democracy," he said.

Judiciary To Probe Signing Statements (RC)

By Jennifer Yachnin

Roll Call, February 1, 2007

Asserting that President Bush's frequent use of "signing statements" to interpret federal laws have allowed the executive branch to effectively thwart Congressional intent, House Judiciary Chairman John Conyers (D-Mich.) said Wednesday that his panel will launch a formal investigation into the practice.

The Michigan lawmaker said the investigation would include both Democratic and Republican staff and will focus on the approximately 150 signing statements issued by Bush, which the American Bar Association estimates have affected more than 1,100 provisions of federal law.

House Democrats have criticized the use of such statements, arguing that they not only undermine the separation of powers of the legislative and executive branches but also threaten legislative authority.

"All too often, the administration has engaged in these practices under a veil of secrecy. This is a constitutional issue that no self-respecting federal legislature should tolerate," Conyers said.

He announced the investigation at the outset of the committee's first oversight hearing of the 110th Congress, which also focused on signing statements.

For the inquiry, Conyers said the committee will seek cooperation from both the Justice Department and the White House to identify every statutory provision that has been the subject of a signing statement.

In addition, the investigation will focus on the consequences of those signing statements, including any related actions taken by the executive branch on laws it determines are unconstitutional.

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"For example, if the president claims he is exempt from the McCain amendment ban on torture, I want to know whether and where he has permitted it," Conyers said, referring to an amendment sponsored last year by Sen. John McCain (R-Ariz.) that put restrictions on torture of detainees in U.S. custody.

Republicans at Wednesday's hearing largely defended the executive branch practice, arguing that federal courts have rarely cited the documents when determining a specific law's constitutionality.

"Presidential signing statements are a non-issue," said Rep. Lamar Smith (R-Texas), the panel's ranking member. He later added: "One has the distinct feeling that this is simply a policy debate."

The Texas lawmaker said in a separate interview that he was unaware of the investigation until the Wednesday hearing, adding that he has yet to make any agreements with the Democratic majority about how the inquiry will go forward.

"If it's about getting some information, I think we did that at the hearing today," Smith said.

Although Conyers asserted the investigation would be aggressive, he declined to discuss in a separate interview whether the panel could issue subpoenas should the White House or the Justice Department prove uncooperative.

"To be blunt, we are not going to take no for an answer," Conyers said at the hearing. "We are a coequal branch of government, and if our system of checks and balances is going to operate, it is imperative that we understand how the executive branch is enforcing — or ignoring — the bills that are signed into law."

Following the hearing, Conyers said the committee may also seek legislation requiring that Congress receive official notice any time the president issues signing statements. Although the declarations are currently printed in the Federal Register, Conyers said that practice is not sufficient notification.

"Dropping it into the Federal Register, you may as well throw it out the window," he said.

Spending Bill Passes House, Goes To Senate (USAT)

USA Today, February 1, 2007

The House of Representatives passed a $463.5 billion spending bill Wednesday that covers about one-sixth of the federal budget. The vote was 286-140.

The bill would increase spending on education, veterans, health research and grants to state and local law enforcement agencies. The legislation would cut President Bush's budget requests for NASA, foreign aid and aid for communities affected by the latest round of military base closings. The measure heads to the Senate. Bush has signaled he will sign it.

Senators join forces against troop buildup

Two senators leading separate efforts to put Congress on record against President Bush's troop buildup in Iraq joined forces, agreeing on a non-binding resolution that would criticize the plan. Sens. John Warner, R-Va., and Carl Levin, D-Mich., had been sponsoring competing measures opposing Bush's strategy of committing 21,500 more U.S. troops to the war zone.

The new resolution would vow to protect funding for troops while keeping Warner's language expressing the Senate's opposition to the troop buildup.

Senators to get spy program documents

Attorney General Alberto Gonzales said he was turning over secret documents outlining the government's domestic surveillance program to congressional leaders who have repeatedly questioned the legality of the operation. He said Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and the panel's ranking Republican, Arlen Specter of Pennsylvania, would get immediate access. The classified information will not be made public, Gonzales said. The material includes the court's rulings in cases involving the National Security Agency's program of eavesdropping on international calls and e-mails of people in the USA when one party may be linked to terrorists. — Kevin Johnson

Comedian Franken to run for Senate

Comedian Al Franken has decided to run for the Senate in Minnesota in 2008, a senior Democratic official from Minnesota told the Associated Press. The official did not want to be identified because Franken has not made an announcement.

House Approves Huge Spending Bill (AP)

By Andrew Taylor

AP, February 1, 2007

DOJ_NMG_0125442

A must-pass bill covering about one-sixth of the federal budget swept through the House on Wednesday. A sizable chunk of Republicans joined virtually all Democrats in approving spending increases for education, veterans and the AIDS battle in Africa.

The 286-140 vote — with 57 Republicans voting in favor — was a pleasant surprise for Democrats who expected far less GOP support. The $463.5 billion spending bill had much to please the rank and file, including Republican moderates, even though it contained no pet projects for their districts.

"The content is a heck of a lot better than most expected we'd come up with," said the chairman of the House Appropriations Committee, Rep. David Obey, D-Wis. He worked with his Senate counterpart, Sen. Robert Byrd, D-W.Va., to add money for initiatives popular with both Democrats and Republicans.

The winning vote would have been even higher had there not been such hard feelings over how Democrats powered the bill through the House: just an hour of debate time, no amendments allowed.

Republicans also said the measure was not entirely free of parochial "earmarks," saying powerful senators such as Ted Stevens, R-Alaska, and Pete Domenici, R-N.M., received special treatment for home-state projects.

The White House has signaled that President Bush would sign the bill despite cuts to his requests for NASA, foreign aid and communities affected by the latest round of military base closings.

But numerous agencies are feeling the crunch from operating for four months at or below last year's levels. So the administration was eager for relief for the FBI, the Census Bureau and the Veterans Affairs Department and others.

Republicans also struggled to find unity. Conservatives pressed for a budget freeze to save about $6 billion.

Other lawmakers, including Reps. Jerry Moran, R-Kan., and Dave Weldon, R-Fla., complained about inadequate spending. Moran pushed in vain for $3.3 billion in more money for farm disaster aid. Weldon complained that a $545 million cut to NASA would jeopardize the agency's plans to send man back to the Moon and on to Mars.

Democrats were not entirely pleased with the bill.

It would grant remarkable flexibility to the administration in determining how to use money within agency accounts — and in awarding grants and other projects to lawmakers' districts and states.

Living within last year's budget cap set by Bush — before Democrats won control of Capitol Hill in the November elections — meant they could not be as generous as they would have liked.

Democrats, nonetheless, provided increases for underperforming schools, health research, and grants to state and local law enforcement agencies.

They were especially pleased with a $260 boost, to $4,310, in the maximum Pell Grant for low-income college students, and with a 40 percent increase, to $4.5 billion, for fighting AIDS, malaria and tuberculosis overseas.

Obey said $3 billion to put the 2005 base closing law in place would be added to an upcoming Iraq war spending bill; that made it easier to bulk up favored domestic accounts.

Republicans contended some money came from phantom savings from highway spending.

In a striking exchange, GOP Rep. David Hobson of Ohio said Democrats bowed to powerful Republicans needed to pass the bill in the Senate.

Hobson said the House wanted to cut $495 million from nuclear weapons accounts, but settled for just $95 million out of deference to Domenici and Senate Majority Leader Harry Reid, D-Nev., whose states are home to numerous Energy Department facilities.

Hobson said Democrats acceded to Senate demands to preserve some home-state projects such as $45 million for a much-ridiculed indoor rainforest research in central Iowa.

"If ever there was low-hanging fruit ... this was it," Hobson said.

Obey said that project, obtained two years ago by Sen. Charles Grassley, R-Iowa, originally was in a bill that Hobson personally negotiated.

The tally for the measure may have been inflated. It contains a provision blocking lawmakers from receiving their annual cost of living pay raise; some members may have been reluctant to appear to cast a vote that could be interpreted of voting themselves more money.

Agencies winning budget relief in the bill include:

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_Veterans Affairs, which would get a $3.6 billion increase for the rapidly growing veterans medical care program.

_The National Institutes of Health, which would receive a $620 million increase for health research grants.

_Amtrak, whose budget would be frozen at $1.3 billion instead of absorbing a $400 million cut proposed by Bush.

_The Census Bureau, which would get money for new computers for field workers conducting the 2010 census.

House Democrats Show Strength In Passage Of Spending Measure (WSJ)

By David Rogers

The Wall Street Journal, February 1, 2007

WASHINGTON -- House Democrats, in the strongest showing yet of their new legislative muscle, pushed through a $463.5 billion spending resolution to fill the gap left by the collapse of the budget process under Republican rule last fall.

With funding for the government running out Feb. 15, both parties and the White House are eager to resolve the fiscal crisis. But the new majority brought the bill to the floor with remarkable speed and no apologies to Republicans for denying them the chance to offer individual amendments.

"You forfeited any right to squawk about how we cleaned up your mess," said House Appropriations Committee Chairman David Obey (D., Wis.). "Somebody had to make the decisions, because you didn't."

Less than a week before Mr. Bush submits his 2008 budget, the action set a clear marker for the new Congress and spending battles ahead. Total funding conforms to caps set by the White House but tilts now toward Democratic priorities in education, health care and law enforcement.

WASHINGTON WIRE

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No pay raise is permitted for lawmakers, and a moratorium is imposed on spending earmarks for home state projects, a practice that has become a symbol of congressional abuse.

"This turns the page on a past that was broken and failed," said Rep. Rahm Emanuel (D., Ill.), chairman of the party caucus. As many as 57 Republicans broke ranks to join in the final 286-140 vote, a showing that surprised many Democrats on the floor and should help expedite action in the Senate.

There the spending bill will inevitably be paired with Senate debate on Mr. Bush's Iraq policy and his decision to add another 21,500 troops to quell sectarian violence in Baghdad.

Here also Republican divisions, combined with the relative unity among Democrats, could be decisive. Last evening, Senate Majority Leader Harry Reid (D., Nev.) predicted his caucus would overwhelmingly support a bipartisan resolution crafted by Sen. John Warner (R., Va.) challenging the troop surge.

The former chairman of the Senate Armed Services Committee, Mr. Warner won the public backing of the new Democratic chairman, Michigan Sen. Carl Levin, and changes made last evening could potentially win the backing of Sen. Judd Gregg. The influential New Hampshire Republican and White House ally said in an interview that he was "considering" supporting Mr. Warner.

The mood of frustration over Iraq among Republicans is striking. Indiana Sen. Richard Lugar, the ranking Republican on the Senate Foreign Relations Committee, has argued that the country must begin to prepare for the likelihood that the troop "surge" will fail. Even Sen. John McCain (R., Ariz.), a White House ally on the war, has found himself hamstrung when writing a proposed alternative to Sen. Warner that would set out benchmarks that the Iraqi government forces must meet.

Asked if there would be any consequence, if the government failed, Mr. McCain said he was reluctant to put any in writing. "I don't know any good option; otherwise, I would suggest it," he said.

Mr. Reid's challenge now is to navigate both through the Iraq and spending debate in the space of two weeks. Since fiscal 2007 began last Oct. 1, most of the government has operated under an interim funding resolution, the latest extension of which expires Feb. 15. Mr. Reid is warning that he can't afford to be "Mr. Nice Guy" but if he treads too heavily, he could lose the Republican support he needs.

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To deny all amendments would be "unfortunate," said Mississippi Sen. Thad Cochran, the ranking Republican on the Senate Appropriations Committee. "I might vote against the bill for that reason."

Nonetheless, the House bill has been negotiated with influential Republican senators in hopes of avoiding conflict, and Mr. Obey pledged that the biggest bone of contention -- funding for scheduled military-base closings -- will be addressed as part of an emergency spending bill for military operations in Iraq and Afghanistan this spring.

House Passes $463 Billion Spending Bill After Deleting Earmarks (WP)

By Paul Kane

The Washington Post, February 1, 2007

The House passed a $463 billion spending measure yesterday that would keep the government operating for the remainder of the fiscal year, an austere plan stripped of billions of dollars worth of special-interest provisions.

The bill, approved 286 to 140, maintains funding for most federal agencies at 2006 levels, but it adds about $16 billion for Democratic priorities, including veterans' health care and Pell grants for higher education. The Senate must pass the continuing resolution by Feb. 15 to avert a partial government shutdown. The White House has indicated that President Bush will sign the measure.

Republicans protested that the bill was not entirely stripped of special-interest funding, or earmarks, as the Democratic leaders asserted, and that they were denied the opportunity to offer amendments.

Rep. Dave Weldon (R-Fla.) complained that funding for NASA would be significantly below the levels requested by Bush and initially approved by the House last year. Under the resolution approved yesterday, the 2007 NASA budget would be $16.2 billion -- about the same as its 2006 budget.

Weldon said that funding for the manned-exploration budget, in particular, would be less than what was expected and that the program to launch a new manned spaceship by 2014 would be delayed as a result.

But more than a quarter of GOP House members supported the resolution, which contains spending provisions for politically popular items, including an additional $1.3 billion for the fight against HIV/AIDS and other diseases. Moreover, half of the House GOP's leadership team in the past two Congresses sided with the Democrats, including Reps. Deborah Pryce (R-Ohio), John T. Doolittle (R-Calif.) and Thomas M. Reynolds (R-N.Y.).

The Senate is expected to take up the measure after it debates and votes on a resolution of disapproval over Bush's decision to send 21,500 more troops to the war in Iraq.

The measure had to be cobbled together because Congress did not finish its work last year and failed to pass nine of 11 spending bills. "Four months into fiscal 2007, we are cleaning up the Republican Party's budget mess," House Majority Leader Steny H. Hoyer (D-Md.) said during the floor debate.

For students, the extra funds for Pell grants would mean an increase of $260 per year, up to $4,310, according to congressional estimates. The National Institutes of Health would have an additional 500 research grants to administer because of almost $620 million in additional funding for the remainder of fiscal 2007, which will end on Sept. 30.

The chairmen of the House and Senate Appropriations committees, Rep. David R. Obey (D-Wis.) and Sen. Robert C. Byrd (D-W. Va.), respectively, announced in early December that they would push to combine and approve all the remaining spending bills but would strip out thousands of earmarks. That decision came after the recent corruption scandals in Congress, which almost all involved earmarks tucked into spending bills, usually with no legislative oversight.

In removing all the earmarks, however, Democrats gave up their ability to direct how government agencies spend billions of dollars.

House Republicans contended that the bill contains nearly $500 million in what amount to earmarks, but Democrats argued that those spending provisions -- including almost $50 million for rain forests in Iowa -- were supported by Republicans or are continuations of projects that had already been allotted millions of dollars in federal funds.

The spending bill does not include the standard cost-of-living adjustment in congressional pay, leaving a rank-and-file member's salary at $165,800.

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Unlike in past years, when both parties adhered to a cease-fire in the use of pay increases as a political issue, many Democratic challengers in last year's election campaign pointed to the many salary boosts incumbents received under GOP rule over the past decade while the minimum wage stayed at $5.15 per hour.

GOP Criticizes Pork In House Spending Bill (WT)

By S.a. Miller

The Washington Times, February 1, 2007

House Democrats yesterday broke a pledge to strip pork spending from a massive funding resolution that contained about $500 million in what Republicans called questionable projects, including $44.6 million for a rainforest biosphere in Iowa and $50 million for the Hamas-led Palestinian Authority.

"We may have made some wrong choices; we undoubtedly did," said Rep. David R. Obey, Wisconsin Democrat and Appropriations Committee chairman. "At least, in contrast to last year, we made the hard choices."

He said the projects authorized in the bill were not pork or earmarks -- hidden spending provisions for lawmakers' home districts or states -- but legitimate budget items left in the lurch when Republicans failed to pass appropriations bills last year.

The resolution passed 286-140, with 57 Republicans joining the majority.

Critics said Democrats rammed through the $463.5 billion spending package without a committee hearing, without a committee mark-up process and without accepting amendments on the House floor.

"It is unfortunate that we are going to see a return to the days when you have decisions about how money is appropriated made by bureaucrats and made in smoke-filled rooms," said Rep. Marsha Blackburn, Tennessee Republican. "That's the kind of change [Americans] did not vote for when they went to the polls in November."

What's more, Republicans said, the legislation was fraught with accounting gimmicks to disguise higher spending. It actually increased spending, and therefore the budget deficit, by more than $6 billion from the last fiscal year, they said.

An aide to House Speaker Nancy Pelosi, California Democrat, said the Republicans were asking for "flat funding" at last year's levels, which could be accomplished only with a $6 billion budget cut.

"There would be no funding for the veterans program," said the aide, referring to the $3.6 billion appropriated for veterans health benefits.

Majority Leader Steny H. Hoyer said the resolution completed the Republican Congress' unfinished business and cleared the way for Democrats to fulfill promises to ban earmarks and reduce the deficit.

"We are doing this so we can move on to that process," the Maryland Democrat said.

Earmarks in the spending package included $94 million to deliver federal services to remote Alaskan communities, $80 million for a canceled program to extend the life of W80 warheads for cruise missiles, and $49.7 million for oil and gas research already funded under the 2005 Energy Policy Act.

Democrats refused to consider a Republican amendment that would have cut the earmarks and used the money for deficit reduction and increased spending on military housing and drug enforcement.

Minority Leader John A. Boehner, Ohio Republican, said he remained eager to work with Democrats, but he vowed to hold them accountable.

"Democrats promised this massive spending bill would be earmark-free but then gave us a bill that includes hundreds of millions of dollars worth of funding for earmarked pork projects," he said.

Democratic leaders insisted the bill "cleaned up" a Republican budget mess and boosted funding for vital programs, including $620 million for medical research to cure cancer and other diseases, $216 million for the FBI and $104 million for Head Start preschools.

"There is nothing new about these Democrats," said Rep. John Campbell, California Republican. "They are the same tax-and-spend Democrats of old, just with a new slogan."

House Dems Pass $464 Billion Spending Bill, Criticized By GOP (HILL)

By Jackie Kucinich

The Hill, February 1, 2007

DOJ_NMG_0125446

House Democrats successfully passed a continuing resolution yesterday to keep the government running until the end of September, despite Republican attempts to force the bill back to committee.

"Now that we are in the majority we are left with unfinished business," Majority Leader Steny Hoyer (D-Md.) said in a floor statement yesterday before the passage of the legislation. "We need to complete last year's undone business … We need to fund the priorities of the American people."

The $463.5 billion bill, which passed 286-140, provides money in lieu of the nine appropriations bills for the 2007 fiscal year that were not enacted as they should have been by the 109th Congress.

Without any action, funding of the federal government would expire Feb. 15 and cause a partial shutdown. Fifty-seven Republicans voted with Democrats on the measure, while only two Democrats, Reps. Dennis Kucinich (D-Ohio) and Paul Kanjorski (D-Pa.) joined Republicans in opposing the continuing resolution.

The Democratic motion to recommit keeps funding levels at much the same level as in the 2006 fiscal year, but allows individual adjustments within the spending bill. Hoyer said the resolution would increase funding for veterans' healthcare, law enforcement, Pell Grants for students, and health-research programs. President Bush's requested funding levels for programs such as NASA space exploration and aid for communities affected by the closure of military bases last year were cut.

The pay increase that members of Congress usually receive yearly in spending bills was excluded this time, freezing the salary of rank-and-file members at $165,200 for fiscal 2007.

Republicans argued that the continuing resolution violated House rules because of the inclusion of what they characterized as earmarks. The GOP dubbed the bill a "CR-omnibus," implying that the Democratic measure broke early promises to ban earmarks for the year.

"It's a CR-omnibus," said Rep. Phil Gingrey (R-Ga.) during a GOP press conference yesterday. "It's a hooker dressed up as a nun."

Minority Leader John Boehner (R-Ohio) said, "This $463.5 billion bill contains earmarks, breaking the Democrats' pledge for no earmarks."

GOP members again took issue with the way the bill was pushed through the House, saying they had been "shut out of the process." Republicans used parliamentary stalling procedures to slow down the process but were ultimately unsuccessful in preventing passage.

Their motion to recommit, which would have sent the bill back to committees, failed by a vote of 228–198, largely along partisan lines.

Debate over the bill became raucous as Appropriations Chairman David Obey (D-Wis.) and ranking member Jerry Lewis (R-Calif.) traded barbs.

"I'm very concerned about the volume of staff direction [on the resolution]," Lewis said.

"We can't correct all of your mistakes," Obey snapped back.

House Leaders Eye Outside Ethics Panel (AP)

By Jim Abrams

AP, February 1, 2007

House leaders on Wednesday announced a task force to examine whether an outside panel should investigate ethics problems involving House members.

Speaker Nancy Pelosi, D-Calif., said in a statement that she and the House Republican leader, Rep. John Boehner, R-Ohio, had agreed that the task force would report by May 1.

Rep. Michael Capuano, D-Mass., will lead the eight-member task force, which has four lawmakers from each party.

Both the House and Senate over the past year have struggled over whether Congress should keep policing itself through the ethics committees in the two chambers or whether an outside office should oversee ethics investigations.

The Senate, in passing an ethics and lobbying overhaul two weeks ago, rejected for a second straight year a proposal to create an Office of Public Integrity. It would have handled some of the investigative functions of the Senate ethics committee.

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The vote was 71-27 against creating the office, with senators arguing that the ethics committee has a good record of pursuing charges against members.

House Democrats cited the ethical legal lapses of the Republican majority in their successful election campaign last November. Now in the majority, Democrats made tighter ethics and lobbying rules their first order of business when the new session began in early January.

The question of an outside office, however, was put aside. The task force will see how similar offices have worked in state legislatures and private entities.

Other Democrats on the panel Reps. Marty Meehan of Massachusetts, Bobby Scott of Virginia and Betty McCollum of Minnesota. The Republicans are Reps. Lamar Smith of Texas, Dave Camp of Michigan, Dave Hobson of Ohio and Todd Tiahrt of Kansas.

Full Disclosure Of Back Scratching (NYT)

The New York Times, February 1, 2007

Now that House Democrats are beyond the spotlight of their ballyhooed first 100 hours, there are signs of foot-dragging on the keystone of their promised lobbying reform: forcing disclosure of the huge sums in campaign donations that lobbyists package to grease privileged access in the Capitol. This practice — called bundling — has lobbyists mass hundreds of donations of a few thousand dollars each into special-interest piñatas of hundreds of thousands. Full disclosure of bundling is the sine qua non of lobbying reform. Speaker Nancy Pelosi cannot let the new House majority backslide.

Senate Democrats have already passed bundling disclosure, but Roll Call, the Capitol newspaper, reports that House colleagues are raising questions about whether they really want to go along. The Senate bill requires quarterly reports from lobbyists detailing their own donations and fund-raising events, plus the mega-sums they solicit, bundle and grandly submit to candidates. According to Roll Call, this provision is stalled by Congressional doubters and K Street lobbyists. Opponents also want to hobble a provision barring Congressional alumni from lobbying for two years, and another forcing disclosure of how lobbyists concoct “grass roots” campaigns to create pressure in Washington.

A bill matching the Senate’s disclosure mandate has been submitted by the Democrats Chris Van Hollen of Maryland and Marty Meehan of Massachusetts. Hesitant Democrats should bear in mind that Mr. Van Hollen, as chairman of their re-election drive, is well aware of how the easy-money culture helped sweep the Republicans from power. The new majority cannot afford to be tagged as hypocrites.

Speaker Pursues Military Flights (WT)

By Rowan Scarborough

The Washington Times, February 1, 2007

The office of House Speaker Nancy Pelosi is pressing the Bush administration for routine access to military aircraft for domestic flights, such as trips back to her San Francisco district, according to sources familiar with the discussions.

The sources, who include those in Congress and in the administration, said the Democrat is seeking regular military flights not only for herself and her staff, but also for relatives and for other members of the California delegation. A knowledgeable source called the request "carte blanche for an aircraft any time."

"They are pressing the point of her succession and that the [Department of Defense] needs to play ball with the speaker's needs," one source said. The request originally went to the Pentagon, which then asked the White House to weigh in.

Mrs. Pelosi's request is not new for a speaker, who is second-in-line in presidential succession. A defense source said the speaker's regular access to a military plane began after the September 11, 2001, attacks. Rep. J. Dennis Hastert, Illinois Republican, who was speaker at the time, started using U.S. Air Force planes for domestic travel to and from his district for security reasons. A former Hastert aide said the congressman did not use military planes for political trips or regularly transport his family.

The defense source said Mr. Hastert requested a plane with good communications so he could conduct legislative business. The military flights increased to the point the speaker used a military plane for many, if not all, flights to his Illinois district, the former aide said.

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Sources said Mrs. Pelosi's request goes beyond what Mr. Hastert received. The speaker's legal counsel is spearheading the talks.

An aide to Mrs. Pelosi, who asked not to be named, confirmed yesterday that discussions are ongoing with the administration. "It would be done for security reasons," said the aide, adding that the speaker has used military aircraft for at least one trip back to San Francisco.

The aide asserted that the administration was using a Washington Times reporter, in effect, to negotiate with the speaker's office by leaking information about Mrs. Pelosi's request. Asked if the speaker was seeking increased access to military planes, the aide took the question, but did not call back.

A Pentagon spokesman referred questions to Mrs. Pelosi's office. A White House spokeswoman said last night she had no information on the request.

The rules for congressional travel on military aircraft are contained in Defense Department Directive 4515.12.

Congressional access to military passenger jets is generally restricted to official trips abroad, or for domestic flights to military bases or events to which the Pentagon invited the lawmaker. Al Qaeda attacks on the U.S. changed the procedure in the case of the speaker.

U.S. Air Force travel for VIPs such as members of Congress is first-rate. The planes are staffed with stewards who serve meals and tend an open bar. Communications suites allow members to conduct business while traveling.

Such flights are one of Congress' cherished perquisites, providing lawmakers a chance to visit foreign lands at government expense. Official duties are often mixed with sightseeing and fine dining.

But trips to war zones are not junkets. Since the September 11 attacks, the Air Force has flown hundreds of congressional delegations, or "co-dels," to various war theaters. Mrs. Pelosi just completed a fact-finding trip to Afghanistan and Iraq.

Upon her return, she repeated her demand that President Bush not send more troops to Iraq.

GOP To Focus On Home Front (RC)

By Erin P. Billings

Roll Call, February 1, 2007

When GOP Senators go behind closed doors Friday to plot a unifying strategy for the 110th Congress, they likely will sidestep the one issue occupying most Members' attention: the Iraq War.

Instead, Senate Republicans plan to focus on producing a domestic-heavy agenda, message and game plan for the next two years that positions them to reclaim the Senate majority in 2008. And even though their long-planned retreat lands right in the middle of a Senate debate over Iraq policy, GOP Senators and aides say they are optimistic they will find more togetherness than divisiveness.

"We're fighting an unpopular war with a president [whose approval rating is] in the 30s — so yeah, it's not ideal," acknowledged a well-placed Senate GOP aide. "But our guys are going to have to come together. We have to look for ways we can come together."

Senators will meet at the Library of Congress on Friday to brainstorm over legislative priorities and agree on the makings of a GOP agenda they hope will serve as a strong alternative to the Democrats. Republicans believe that one reason they lost so handily in 2006 is because they lost sight of their defining party principles and didn't effectively lay out their vision to the electorate.

Republican Conference Chairman Jon Kyl (Ariz.) is coordinating the session, which is set to include broad discussions of party principles such as fiscal discipline, national security and personal responsibility. Members also are expected to begin setting their two-year legislative goals on issues such as energy, health care, tax policy, immigration reform and judicial nominations.

Kyl said Wednesday that while Iraq is at the forefront of Senators' minds this week, he doesn't expect it to trump Friday's largely domestic-related retreat. He said Senators have "an agenda to talk about" and will operate under a set time frame for their discussions.

"We can have a healthy debate [on Iraq] and still be together as a Conference on the bulk of the issues," Kyl said.

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Kyl said one of the features of the Senate is that there always will be issues on which Members differ, but ultimately Senators respect one another's positions and find ways to work together. Kyl said he didn't know whether the retreat would provide a forum for Senators to come together on Iraq , but he said, "the more we talk with each other, the more likely we are to find common ground and mute our differences."

The backdrop to the retreat, however, is the Senate's ongoing debate over President Bush's plan to increase troops in Iraq by 21,500. The proposal has brought some Senate support and scores of critics — including from within the Republican ranks, where several competing nonbinding resolutions criticizing the plan have emerged.

The president's Iraq policy will take an even higher profile next week when Senators take to the floor to formally debate the proposal.

Sen. John Thune (R-S.D.) predicted the topic of Iraq will come up at the Friday meeting, as it has "in all meetings." But he agreed the issue should not become the main focus of the agenda-setting session.

"It's an unusual issue because it is the elephant in the room," Thune said. "On the other hand, we all know Friday is designed to come up with our legislative priorities."

"The timing is what it is," added a senior Republican Senate aide. "But we do have to have a game plan, a blueprint for how we are going to handle this next year."

Republicans say they don't want to waste any time putting together a policy agenda for the year, considering that they must defend 21 GOP-held Senate seats and capture two more to take the majority in 2008.

"Really, there's no better time to chart a course for where we stand on policy," said another senior GOP aide. "For the folks who are up in 2008, we need to show this party's positions on policies that matter to people."

The retreat will span the better part of the day, culminating with a trip by the GOP Senators to the White House for a meeting and reception with President Bush and first lady Laura Bush. White House Press Secretary Tony Snow will make an appearance during the day's events and is expected to talk about GOP communications strategy.

Sen. John Cornyn (Texas), who is leading efforts to rally support among Republicans for Bush's Iraq War plans, acknowledged his party isn't in unison on the proposed surge policy. But he discounted suggestions that Republicans' differences could ultimately hurt them politically.

"We are a diverse party," Cornyn, the GOP Conference vice chairman, said. "People are very independent-minded. That's the way it is."

Cornyn joked, however, that if the president's plan were to succeed, it would be interesting to see how the landscape would shake out, saying: "Success has 1,000 fathers, and failure is an orphan."

Food Safety Makes List Of Flawed Federal Programs (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, February 1, 2007

WASHINGTON — The Government Accountability Office on Wednesday added food safety to its list of critically flawed federal programs, saying that splintered jurisdiction among 15 agencies has left the nation vulnerable to outbreaks of food-borne illness or, worse, a terrorist attack.

Meanwhile, a senior administration official said President Bush would seek an increase of about $11 million for food safety in the fiscal 2008 budget he is scheduled to release Monday. Much of the funding would be aimed at reducing the risk from produce outbreaks, such as the E. coli-contaminated California spinach that caused three deaths and sickened more than 200 last fall.

Consumer and industry groups, however, said the increase would not stop the continued reduction of the Food and Drug Administration's inspection staff. The FDA's budget has not kept pace with the rising cost of federal salaries and benefits, so the agency has had to eliminate hundreds of field inspector jobs, along with scientific and technical positions.

"We are at a critical moment for the nation's food safety," said Rep. Henry A. Waxman (D-Los Angeles), chairman of the House Government Reform Committee. "I could not agree more with GAO's conclusion that we are in need of a fundamental reexamination of our food safety system."

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The GAO, the nonpartisan investigative arm of Congress, said it added food safety to its so-called high-risk list of federal programs because the system is out-of-date, often unscientific and lacks accountability. The list, created in 1990, serves as a kind of tip sheet for Congress, alerting lawmakers and their staffs to problems simmering below the surface of the federal bureaucracy. One agency just off the list: the U.S. Postal Service.

It may be stretching it to refer to a federal food safety "system," a senior GAO official said.

"It is a collection of 15 agencies trying to administer some 30 laws, and that results in inefficient use of resources, inconsistent oversight, and overlap and duplication," said Lisa Shames, director of food and agriculture issues, urging that a solution "be approached system-wide."

The FDA and the Agriculture Department split most of the responsibility for food safety, with the USDA overseeing meat, poultry and processed egg products and the FDA overseeing just about everything else. But each operates under a different set of laws. While the USDA is required to continually inspect slaughterhouses, FDA inspections are infrequent.

Bush administration officials disputed the conclusion that the system is broken, pointing to research from the Centers for Disease Control and Prevention showing a decline in the incidence of food-borne illness since the late 1990s. But most of the progress occurred before 2005, the statistics indicate, and the CDC has concluded that further measures are needed.

Each year about 76 million people contract a food-borne illness; most get better on their own, but about 325,000 are hospitalized and 5,000 die.

The senior administration official said the $11 million in new funding would mainly go to the FDA.

It would be used to bolster the ability to trace the source of outbreaks, develop scientifically sound preventive measures, improve computer systems to keep track of imported produce inspections, and for research.

The funding "will strengthen the FDA's ability to respond to possible food-borne outbreaks, and assist industry to mitigate the risk of increased outbreaks, especially those attributed to fresh produce," said the official, who asked not to be identified because the budget had not been officially released.

But consumer and industry groups say much more money is needed — and it's unclear where that will come from in a tight budget.

"This is a huge food supply system, and $11 million doesn't go very far when it's spread across the entire need," said Pat Verduin, chief science officer for the Grocery Manufacturers Assn., the trade group for the food, beverage and consumer products industry. The FDA's entire food safety budget is about $450 million.

Sanchez Accuses Democrat Of Calling Her A 'Whore,' Resigns From Hispanic Group (POL)

By Josephine Hearn

The Politico, February 1, 2007

Rep. Loretta Sanchez has quit the Congressional Hispanic Caucus, accusing the chairman, Rep. Joe Baca, of telling people she's a "whore."

Baca denied the charge.

In an interview with The Politico Wednesday, Sanchez, a California Democrat as is Baca, also cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers. The caucus represents 21 Hispanic Democrats in Congress.

"I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here," Sanchez said. "You treat the women like shit. I have no use for him."

In a statement to The Politico, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus (CHC), and has chosen to air baseless statements. Let me be clear; her comments are categorically untrue."

The last time lawmakers withdrew from the Hispanic caucus was in the late 1990s when the group's Republican members left over partisan differences.

Sanchez said she had been approached earlier this year to contribute funds from her office budget to support the CHC's shared staff, a requirement for all its members. She refused.

"I told them to take me off the list, take me off the Web site, take me off everything," Sanchez said.

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She said she was surprised and insulted when she learned that Baca had made the disparaging personal comment about her to California Assembly Speaker Fabian Nunez and other legislators last year.

Nunez "is a friend of mine. Did he think he wouldn't tell me?" Sanchez asked.

Sanchez voted against Baca in the election for chairman in November. Four other female lawmakers abstained from the vote, raising concerns about whether the election followed proper procedures.

The Sanchez withdrawal is a blow to Baca and his allies who have been trying to bring the caucus back together after a series of internal spats last year. Many of the more junior members and the women have butted heads with him and senior lawmakers.

Last February, six members withdrew from the group's political action committee after Baca and his allies authorized political contributions to family members who were running for state and local offices.

Sanchez was among that group of defectors, which also included her sister, Rep. Linda Sanchez, D-Calif., and Democratic Reps. Dennis Cardoza of California, Jim Costa of California, Raul M. Grijalva of Arizona and Hilda L. Solis of California.

In recent weeks, Rep. Xavier Becerra, Calif., a CHC member who serves in House leadership as assistant to the speaker, had been trying to persuade the six members to rejoin the political action committee, which is known as the Committee for Hispanic Causes/Building Our Leadership Diversity. So far, it appears those efforts have not succeeded. An invitation for a PAC fundraiser to be held Wednesday night continues to omit the six.

Earlier this month, four female lawmakers wrote Baca asking that the caucus repeat his election as chairman because the earlier vote failed to use secret ballots, as required in the group's bylaws.

Sanchez and other female CHC members have repeatedly complained that Baca and some of his male colleagues do not accord them a high level of respect.

"There is a big rift. Hello? Do they not get this?" Sanchez said.

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by NamVet on 02.01.2007 at 12:16 AM

What a racist organization....once again...multiculturlizm has reared its ugly head....F the hypen crap...either you are an American or not....look at what is happening in Englandstan right now..and Francestanboo...that's what happens when you let other people's culture to run amok....time to get rid of the Black this, the Hispanic that, Asian this, Anglo this and that...all those crappy labels and just try being AMERICANS!!!!!!!!!!!!!

by El Pasoan on 02.01.2007 at 12:16 AM

Regardless of who is right or wrong on this issue, Sanchez/Baca/the "Hispanic Caucus", what a waste of taxpayer's money. If all Congressmen and Congresswomen, and Senators too, were doing their job without politicizing the issues, they wouldn't need a Hispanic, Black, White, Orange, or Green Caucus. Our government is a big monster that we now have to keep feeding it. Term limits does not sound too bad.

by spacerace on 02.01.2007 at 12:14 AM

Well if the shoe fits..... Loretta's married name is Brixey, Sanchez is her maiden name. Loretta had to change from a Republican and change her last name to win her seat against Bob Dornan. She also has a boatload of non citizens who vote for her and her sister everytime. I have witnesses this every election, but noting is ever done at the OC Registars Office. Congress knows this too, but they say that not enough non citizens are voting to change things. Go ahead Loretta change you name back to Brixey and see if you still get those votes. Oh! Do your remember that Camero that you raffled off for latino votes?

by Billy Boy on 02.01.2007 at 12:01 AM

Simple facts..Bob Dornan was screwed out of his seat. Ms. Sanchez is illigetimate. Racists come in all colors. Try being real Americans instead of hyphenated Americans.

by To be ass on 01.31.2007 at 11:56 PM

Let the games begin! We knew it was only a matter of time before the misrable and disgusting dems would start to screw up their kingdom. Honestly didn't think it would be this quickly. But then again, look at her... What a sorry excuse for a politician. It is

comforting though that she was allowed to count all of the illegals who cast votes in her election... The Republicans let that one slip through the cracks!

by aibo on 01.31.2007 at 11:34 PM

Yo ... Politico forum managers ... can you please stop Tancredo's staff - who knows, maybe the man himself - from logging in under different names to post the same tired message on race caucuses?

Thankfully, we've stopped talking about Loretta and her yet unsubstantiated accusation. Wait, now that I think about it ... keep on spewing ignoramus.

by MJW01 on 01.31.2007 at 11:24 PM

So, not only a racist organization, but also sexist?! Should we be surprised?

by VoiceOfReason on 01.31.2007 at 11:11 PM

To this very day, Glenn, the Democrats favor treating people differently on account of race. The preferred colors have changed, but they still don't get it: skin color doesn't mean squat.

by GlennH on 01.31.2007 at 11:05 PM

Doesnt surprise me one bit that democrats perpetuating racism. They were always against equal rights and for segregation back in the day. Just ask Sen. Robert (KKK) Byrd (D) W.V.

by VoiceOfReason on 01.31.2007 at 11:02 PM

"Get a clue - the reason there are minority group caucuses is because minority groups have a tendency in society, govt, work, to be abused, marginalized, murdered. The constitution protects minority rights from the abuses of the majority, hence the term "minority group" without having any power."

Yeah, that's why the Congressional Black Caucus recently decided to deny admission to Rep. Cohen, right? I mean, he represents a majority-black district, he pledged to seek membership as a campaign promise, surely his constituents have the same interests as Rep. Clay's, don't they?

Or don't they? Come to think of it, why *should* commonality of skin color imply commonality of interests? Aren't we supposed to be getting past that whole skin-color thing?

by user1234 on 01.31.2007 at 10:51 PM

I think there actually is a "White Christian Male" caucus, its called the majority of the House of Representatives.

Get a clue - the reason there are minority group caucuses is because minority groups have a tendency in society, govt, work, to be abused, marginalized, murdered. The constitution protects minority rights from the abuses of the majority, hence the term "minority group" without having any power.

"It's amazing to me that everyone ignores the fact that if we had a "White Caucus" there would be a maelstrom cry of "RACISM."

Why is this not so when it involves Hispanic or Black groups? "

by dslinkard on 01.31.2007 at 10:45 PM

This is too funny...how come we haven't heard about this corruption?

by TrueLiberal on 01.31.2007 at 10:41 PM

Wow, democrats acting out as name-calling sexist bores while belonging to racist organizations and using government funds to support family members to latch on the the government teet.

Who would ever have guessed?

by geoffb on 01.31.2007 at 10:25 PM

It's amazing to me that everyone ignores the fact that if we had a "White Caucus" there would be a maelstrom cry of "RACISM."

Why is this not so when it involves Hispanic or Black groups?

by gunjam on 01.31.2007 at 10:24 PM

i am a white republican. years ago, i actually used to live in Baca's district (when he was still a lowly state legislator). I have heard him speak. I have called his office about concerns. He is the man -- Viet Nam vet; former paratrooper; pro-gun; he should

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replace boxer in the senate. So what if he called Sanchez a whore? She isn't trying to say she is a LADY, is she?! I think Sanchez doth protest too much -- because, well, ... because she is a . . . . ;-) -- gunjam

by Truthfrompersonalobservation on 01.31.2007 at 10:24 PM

Sanchez and her sister are idiots and they represent their districts very well. If you think I'm being critical, exercise your status as a citizen and observe them during a hearing. You wouldn't pay anyone to provide that type of service for you at a Hospital, Police Department, et al...

by rdcrisp on 01.31.2007 at 10:20 PM

Why is there a hispanic caucus or for that matter a black caucus? If membership eligibility is in any way tied to the race of the member then it is nothing more than a racist organization.

It surprises me to see democrats perpetuating racism, particularly among our lawmakers.

I'd like to either see these cauci abolished with prejudice or I'd like to see a congressional white caucus formed. What: that would be racist? Yes, that's exactly the point; they are all racist organizations and have no place in a "color blind" society.

Loretta Sanchez did the right thing to resign but for the wrong reason.

by Dave in Sacramento on 01.31.2007 at 10:09 PM

Baca's right. She is a whore.

by Gabriel on 01.31.2007 at 10:03 PM

I'm with Loretta. As far as I'm concerned SHE represents the interests of este Latino, not Mr. Baca.

by twaccb on 01.31.2007 at 09:59 PM

Loretta Sanchez really has incredible nerve, asking if someone was "properly elected" or not. Why don't we call in Bob Dornan to referee?

As far as the other charge is concerned, is it possible to act like a thing without becoming that thing?

Mickey

Before you start composing please note that you will need to be a registered user of Politico.com to "join the conversation". If you are not a member yet, what are you waiting for? Register Now!

Sen. Barack Obama Tries To Flesh Out His Record With An Election-fraud Bill (HILL)

By Elana Schor

The Hill, February 1, 2007

Sen. Barack Obama (D-Ill.) yesterday added election fraud to the spectrum of weighty issues he has covered since informally launching his presidential bid, further fleshing out a legislative record that could be an inviting target in the intensifying 2008 campaign.

Obama sought to stay focused on his bill criminalizing voter suppression and deceptive electoral tactics, his third momentum-building effort in two weeks, even as the Republican National Committee drove a wedge through the Democratic field by circulating critical comments made by Sen. Joseph Biden (D-Del.) about his fellow White House hopefuls.

“I don’t spend too much time worrying about what folks talk about during campaign season,” Obama said yesterday.

Yet he has embraced several politically charged debates this winter, signaling his readiness to compete in the media glare of the primary trail and his ability to project presidential gravitas while displaying Democratic bona fides.

Yesterday’s voter-deception bill, which would allow injunctive relief for individuals targeted by fraudulent flyers and automated phone calls during the run-up to Election Day, earned plaudits from civil-rights groups and the co-sponsorship of Sen. Charles Schumer (N.Y.), the Democratic Caucus’s No. 3 and a backer of Sen. Hillary Rodham Clinton (D-N.Y.) in 2008.

Obama acknowledged the greater megaphone he commands as a presidential contender, observing that the Democrats’ new majority status also allows him to expand his legislative reach with some confidence of floor time and success.

Having openly declared for 2008 makes “you guys [in the media] pay more attention to what we’re dropping,” Obama said, “but it’s gratifying that we can pay attention to critical issues.”

Obama weighed in late Tuesday with an Iraq measure that would require a start to troop withdrawal by May and an end to the process by March 31, 2008 — mere weeks after the presidential showdown of the “Super Tuesday” primaries. That hard date

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for drawdown goes a step beyond Clinton's rhetoric on the war, while matching one of her goals by allowing for troops to move out of Iraq and into Afghanistan.

Obama's Iraq bill is an outgrowth of his November speech at the Chicago Council on Global Affairs, where he called for a timetable to begin pulling out troops but stressed that flexibility to suspend redeployment would be crucial if Congress and the Iraqi government certified that a U.S. presence was still needed. Obama's opening for postponement of troop withdrawal did not stop liberal stalwarts from hailing his bill yesterday.

"His proposal to set a deadline for withdrawal is an important distinction from other proposals that include an open-ended commitment," Tom Mattzie, political director of MoveOn.org, said in a statement. "Without a deadline, it is hard to get out of Iraq."

Civil-rights lions at the People for the American Way (PFAW), the National Association for the Advancement of Colored People and the Lawyers' Committee for Civil Rights (LCCR) also marshaled behind Obama's election-fraud remedy. PFAW will partner with Obama for a voter-suppression event next week, and LCCR executive director Barbara Anwine was glowing in her praise for Obama.

"There are a thousand issues he could highlight, but to really hammer this one will make it at the forefront of the presidential debate," said Anwine, whose passionate call for an end to intimidation tactics that target minority voters earned an "amen" from Obama.

One source close to the Obama campaign said the senator's full plate, topped by Senate testimony Tuesday on global warming, shows voters what is important to him.

"There's an old saying in Chicago politics: Good policy is good politics," the source said.

House Democrats have responded in their own way to Obama's candidacy. Rep. Melissa Bean (D-Ill.) has agreed to serve as a House liaison for Obama, said Brian Herman, her communications director. That role could cover formal events, such as fundraisers and meetings with House Democrats, or focus largely on private outreach.

Another natural House emissary is Rep. Artur Davis (D-Ala.), a close ally of House Majority Leader Steny Hoyer (D-Md.) who applauded Obama's exploratory rollout Jan. 16 with a promise to join the effort. Both Bean and Davis are leaders in the centrist wing of their caucus, which one House Democratic aide said would be invaluable to Obama.

"[Bean] has a great deal of credibility when it comes to certain issues, in terms of knowing what will appeal to the center, and independents in particular," the aide said.

An Illinoisan with strong liberal credentials, Rep. Jan Schakowsky (D), said she is planning a social event in the coming days to introduce Obama to House Democrats whom he may not yet know personally. Schakowsky, who has a large in-state grassroots network, said she wants the gathering to be free of pressure to make a formal endorsement.

"The highlight of the invitation is going to be, 'Meet Barack Obama,'" said Schakowsky, who will co-host with Rep. Jerry Costello (D-Ill.), another longtime Obama supporter. "There may be some people from New York, for example, who have commitments but who would like to get a sense of what he is about."

Obama's busy week, which began with a speech last Thursday calling for universal healthcare by 2012, ended yesterday with a phone call from Biden apologizing if his comments, printed in the New York Observer, came across as disparaging.

"I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Biden was quoted as saying. "I mean, that's a storybook, man."

Obama replied to Biden that there was no need for contrition, Biden told reporters on an afternoon conference call.

Yet Obama will have to determine eventually whether to directly or subtly parry skeptical questions about his legislative experience, such as Biden's judging him "a one-term" in the Observer this week or Dick Morris's false charge in December that Obama "has never introduced a bill."

Obama served as lead sponsor on 66 bills and 86 amendments during the 109th Congress, according to the Library of Congress.

Senators Ask FDA To Keep Regional Labs (WP)

By Christopher Lee

The Washington Post, February 1, 2007

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The Food and Drug Administration should suspend plans to close as many as nine of 13 laboratories that test the safety and effectiveness of food, drugs, cosmetics and medical equipment, a bipartisan group of senators said this week.

The network of labs, run by the agency's Office of Regulatory Affairs, "could prove particularly vital in rapidly responding to public health crises" during national emergencies, the lawmakers wrote Tuesday to FDA Commissioner Andrew C. von Eschenbach.

Any proposed consolidation plan should be reviewed by Congress, wrote the lawmakers, including Sen. Edward M. Kennedy (D-Mass.) and Sen. Arlen Specter (R-Pa.).

"We recognize that FDA faces serious budget constraints that force difficult choices, but it is far from clear that consolidating ORA labs is a reasonable response to these difficult constraints," they wrote.

The 13 labs are in or near Atlanta, Boston, Cincinnati, Denver, Detroit, Kansas City, Little Rock, Los Angeles, New York City, Philadelphia, San Francisco, San Juan and Seattle. The consolidation plan was first disclosed in December by Public Employees for Environmental Responsibility, a nonprofit advocacy group that obtained a Dec. 6 internal e-mail by Margaret Glavin, associate commissioner for regulatory affairs, that mentioned the FDA's plans.

The FDA has not made public which labs it intends to shutter. Jeff Ruch, executive director of the advocacy group, said FDA employees have told his organization that the Cincinnati, Denver, Detroit, Kansas City, Philadelphia, San Francisco and Seattle labs have been mentioned as candidates for closure.

Among the duties of such labs is investigating food-borne illness such as the recent outbreaks of E. coli in lettuce and spinach. Ruch said closing labs would be a mistake at a time of heightened fears that terrorists may try to tamper with drugs or the food supply.

"You compromise capability when you have laboratories removed from the areas of need, such as large food-distribution centers or ports of entry," he said.

FDA spokeswoman Julie Zawisza said the agency would respond to the lawmakers' letter soon.

"FDA needs to make important changes to meet the new challenges we face," she said. "We are very much aware that our field operations are essential to ensuring public safety and to preserving public confidence. As we continue our efforts to optimize the effectiveness of our field force, we remain committed to public safety and to maintaining a state of readiness for potential emergencies."

Colleen M. Kelley, president of the National Treasury Employees Union, which represents 600 of the lab workers, said the consolidation plan was "shortsighted" because many lab scientists would leave federal service rather than relocate.

"They would lose all that expertise and then have to rebuild it," said Kelley, whose union met with FDA officials in November. "The FDA has never made any kind of a business case that this consolidation would lead to better protection for the public and of public health. . . . They just said 'consolidation,' which is code for budget. They think if they have fewer labs they'd save money."

The FDA told the union it planned to close an undetermined number of the labs by April, she said.

Members' Legal Bills Continued To Mount In '06 (RC)

By Matthew Murray

Roll Call, February 1, 2007

As 2006 came to a close, lawyers' bills continued to pile high for a half-dozen or more House Members widely named in ongoing criminal investigations.

Year-end fundraising reports, which were due to be filed with the Federal Election Commission by Wednesday, showed that at least five Members previously cited as subjects of investigations wrote checks or listed debts to firms with substantial criminal defense practices worth a combined total of more than $200,000 from Nov. 28 to Dec. 31.

That's in addition to ex-Rep. Jim Kolbe (R-Ariz.), who received the FEC's blessing last week to use leftover campaign cash to fend off Justice Department scrutiny.

The campaign of former Rep. Mark Foley (R-Fla.), who currently is under investigation by federal law enforcement for allegedly inappropriate contact with Congressional pages, paid the Washington, D.C.-based law firm of Zuckerman Spaeder

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nearly $50,000 in mid-December. According to the firm's Web site, its lawyers specialize in cases "where the government is adversarial to our clients."

Rep. Alan Mollohan (D-W.Va.), who was banished from the ethics panel in 2006 amid a federal probe into earmarks he steered to his home state, doled out $70,000 during the reporting period to Kellogg, Huber, Hansen, Todd, Evans & Figel, an area law firm specializing in white-collar criminal defense. Mollohan reported that he owes the same firm another $20,000.

In late October 2006, media reports indicated the U.S. attorney's office was looking into Rep. Rick Renzi's (R-Ariz.) alleged involvement in an illegal property swap and declined to comment. At the time, Renzi declined comment and directed reporters to his attorney, Grant Woods.

On Dec. 6, Renzi's campaign wrote a check to Woods for $10,000.

Gibson, Dunn & Crutcher, an international firm with offices in Washington, D.C., Los Angeles and San Francisco, received about $75,000 in December from two prominent House Members: California Reps. Jane Harman (D) and Jerry Lewis (R). Harman, whose office declined comment for this story, paid the firm $25,000 on Dec. 11. About six weeks earlier, Time magazine reported that Harman allegedly asked a lobbyist for help in securing the top spot on the House Intelligence panel.

As previously reported in Roll Call, Lewis had paid Gibson Dunn the bulk of $820,000 in legal bills he accrued during in a four-month period last year. Lewis's disclosure late Wednesday now brings his total legal spending for the year to roughly $870,000.

Although some lawmakers start digging into their campaign coffers after investigators arrive on the scene, the largest year-end legal payment — more than $115,000 — was paid to a law firm by Rep. Michael Turner (R-Ohio) to dig up dirt on himself, just to make sure no legal questions went unanswered in an election year when Republicans nationwide were dogged by claims of ethics lapses.

"We worked to ensure that his opponents could not distort or misrepresent his nearly two-decade record of public service," said spokesman Andy Bloom.

As an FEC decision confirmed last week, Senators and House Members may raid their campaign war chests to pay legal fees when the feds come snooping, so long as it's somehow tied to their official duties. Agency lawyers have argued in the past that it is OK to use excess campaign funds, provided that "legal expenses are for ordinary and necessary expenses incurred in connection with duties of the individual as a holder of federal office."

"Members of Congress can use their campaign funds that are associated with their campaign activities, as well as their duties as office holders," said Michael Toner, a Republican-nominated FEC commissioner. "However, the FEC does require that their be a clear nexis between the legal expense and the Members' campaign or office-holder activities."

The Aide Who Wrote The Question (POL)

By Christian Lowe

The Politico, February 1, 2007

Daniel J. Cox Jr. doesn't look like a troublemaker, but the Senate Armed Services Committee aide knows how to stir things up.

The committee's principal staff member for Iraq issues, Cox ignited a firestorm when he fed his boss a simple but profound question to ask Gen. Eric Shinseki, the former Army chief of staff, at a 2003 pre-Iraq war hearing.

"General Shinseki," asked Sen. Carl Levin, Mich., then senior Democrat on the panel, "could you give us some idea as to the magnitude of the Army's force requirement for an occupation of Iraq following a successful completion of the war?"

Shinseki's candid answer -- that it would take "several hundred thousand soldiers" to pacify Iraq -- still reverberates.

It became powerful ammunition for those who see the U.S. occupation as a tableau of preventable blunders. It stoked criticism that the Bush administration low-balled Iraq war needs. And, many believe, it eventually cost Shinseki his job, particularly since his assessment was so publicly dismissed by the Bush administration.

"That was a question I wrote for Levin," said Cox, a 28-year Army veteran, who acknowledged in an interview that it was probably the best -- and most famous -- question he had ever recommended to Levin, who now chairs the committee.

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The incident marked a turning point in Cox's career, catapulting him into the center of one of the most controversial conflicts in U.S. history. An unassuming career armor officer and former helicopter pilot, Cox had patiently worked behind the scenes in the committee's Democratic office since joining the staff in 1997.

Cox said he provides professional insight and a "muddy-boots perspective" on billion-dollar weapons and military policy.

"I've always been interested in coming to Capitol Hill. To me it was the more interesting, more fascinating of the branches of government," Cox said. "The role that it plays in oversight of the executive branch and the checks and balances of the constitutional system was fascinating."

With his experience as a senior Army trainer during Operation Desert Storm, as a West Point professor and as a United Nations peacekeeper in Sarajevo, Cox seemed the perfect choice to become one of Levin's most trusted advisers when the Bush administration was gearing up for a war to topple Saddam Hussein in late 2002.

Throughout the run-up to the Iraq war, the budget and policy battles during the invasion, and the domestic political brawls that have punctuated the violent occupation, Cox has helped his boss shape the debate over a war that Cox feels has tarnished America's image. Though he previously leaned Republican, Cox said the Iraq war soured his view of the GOP and left him frustrated with an administration that he believes "has flat out failed."

"Our position in the world is a lot less than it was before," Cox said. "I think the last six years have damaged our relations with the rest of the world ... At least in my lifetime, I do not think it is going to recover fully."

Now Cox plays a key role in strengthening the intellectual underpinnings of Levin's Iraq strategy, in which he calls for the withdrawal of U.S. troops within months to demonstrate to the Iraqi government that the United States will not remain there indefinitely. Cox also believes that President Bush's troop "surge" won't do much good. And he is worried that the burden of the "war on terrorism" falls disproportionately on the small segment of the population that makes up the volunteer military.

"This country is not mobilized like it could be," Cox said. "There's a lot of the U.S. population that doesn't even know we're at war and doesn't even care."

When he's not working on Iraq issues, Cox focuses on the ground equipment needs of the Army and the Marine Corps, dealing with budget requests and program oversight, and assists the Airland Subcommittee chairman, Sen. Joseph I. Lieberman, I-Conn.

Bruce Hock, a Republican aide who has worked with Cox on Army and Iraq issues for five years, described his counterpart as fiercely protective of soldiers and Marines, particularly in making certain they are well equipped.

But the two have had major differences over the administration's Iraq policy. "When you're on the opposite side, there's a little bit of a distrust there," Hock said.

Soon, Cox will have to shift his focus from the high-profile Iraq hearings to the Pentagon budget, which will likely result in more contentious hearings.

Though he's an avid downhill skier who likes to take at least one trip to the Rocky Mountains each year, the committee schedule may keep Cox from his favorite slopes.

"There's no doubt in my mind that Levin will do everything he possibly can to take a bipartisan approach" to military issues, Cox said. "There will be differences, and they will be debated. But they will be heartfelt debates."

Senate Chaplain Nixes Appearance (RC)

By John Stanton

Roll Call, February 1, 2007

Senate Chaplain Barry Black informed Majority Leader Harry Reid (D-Nev.) Wednesday that he was canceling a planned appearance at a religious conference set for next month after a left-leaning civil liberties organization urged him to pull out due to the organizer's controversial political and religious beliefs, a spokesman said Wednesday.

According to the chaplain's spokeswoman, Meg Saunders, Reclaim America originally invited Black to attend in the fall of 2005 and billed the conference as a generic religious meeting. Saunders explained that Black, who attends a number of conferences each year, agreed to participate because it would not conflict with the traditional nonpartisan, nonsectarian role of the Senate chaplain.

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But following a review of the group's Web site Wednesday, Black determined it was, in fact, both a political and highly sectarian event and quickly informed the organization and Senate leaders that he was not attending.

"He was not happy, particularly in light of the fact that in the beginning ... we were not given the full information," Saunders said, explaining that the original invitation was "very vanilla."

A spokesman for Reclaim America declined to comment.

Americans United for Separation of Church and State Executive Director Barry Lynn, who first questioned Black's decision to attend the Reclaiming America for Christ event in a letter to Black delivered Wednesday, praised the chaplain's speedy decision. "I'm delighted that he's made this decision," Lynn said, adding that "[Black's] office is uniquely designed to provide spiritual guidance across the board" to the Senate community and that Reclaim America is "about as contentious and controversial and extreme as you can get."

Founded by Dr. D. James Kennedy, Reclaim America is an offshoot of Coral Ridge Ministries, one of the largest evangelical organizations in the United States.

According to the group's Web site, which at press time still listed Black as a speaker, the bulk of the speakers are luminaries of the conservative Christian movement, including author Ann Coulter, anti-abortion activist and Catholic priest Frank Pavone, Focus on the Family's Tony Perkins and Eagle Forum Founder Phyllis Schlafly, among others.

Topics to be discussed at the two-day conference include "making America safe for the unborn," "America's Christian moral heritage," "Reclaiming America through evangelism," "How to recruit and mobilize your pastor and church," "Communicating with grassroots" and "Islam and 'future Jihad,'" according to the site.

A brochure for the event extols Christians to attend by warning that "the only thing evil requires for its triumph is for Christians to say and do nothing. ... Once-silent Christians are standing up, speaking out, and rolling up their sleeves to get involved in the civic life of the nation," and describes the conference as a way to become "informed and equipped in the campaign to return America to her godly heritage."

Kennedy's flagship organization, Coral Ridge Ministries, has long been at the center of the so-called culture wars. For instance, the organization last year produced a video that claimed to show proof that Darwin's theory of evolution was responsible for the rise of Adolph Hitler and the Holocaust.

In his letter to Black, Lynn notes that "the Senate chaplain's job is to provide a variety of religious services that recognize the broad diversity of faith in America. Dr. Kennedy's ministry does not recognize or value this diversity. Rather, he argues that certain types of Christians — those who agree with his interpretation of the Bible — are the rightful owners of the country and that the nation must be 'reclaimed.'"

Saunders said that Black was upset that conference organizers had not "revealed" the intent behind the event in their original invitation and said he has been very careful during his tenure as Chaplain to be involved in anything that even hints at partisanship or sectarianism.

After reading the Web site, Black quickly decided to reject the invitation, Saunders added, explaining that because of the "political nature of the [conference], it definitely would jeopardize his standing in the Senate community."

HUD, Postal Service Shed 'High Risk' Label (WP)

By Stephen Barr

Washington Post, February 1, 2007

They are the ugly ducklings of the government -- programs so vulnerable to waste, fraud and mismanagement that they are dubbed "high risk" by the Government Accountability Office.

But transformation, as in the Hans Christian Andersen fairy tale, can happen.

Yesterday, the GAO announced that two large agencies, the Housing and Urban Development Department and the U.S. Postal Service, had shed their troublesome feathers.

For the first time in 13 years, no HUD program appears on the GAO risk list, which David M. Walker, the head of the GAO, called a "historic achievement."

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HUD Secretary Alphonso Jackson said the announcement reflects the progress that HUD has made "to ensure taxpayer dollars are spent wisely and well."

For much of the 1980s, HUD was buffeted by allegations of corruption and influence-peddling that often masked systemic problems caused by poor financial management, inadequate record-keeping and staff shortages.

HUD worked through its problems, and, by 2001, had only two programs left on the GAO list -- single-family-housing mortgage insurance and rental-housing assistance. The GAO said the department has significantly improved its oversight of lenders, appraisers and property management contractors and does a better job of estimating subsidy costs and defaults by borrowers. Walker noted that HUD had cut the amount of improper rent subsidies by 58 percent between 2000 and 2005.

The GAO put the Postal Service on the high-risk list in 2001 because of a bleak financial outlook that included cash-flow problems and heavy debt. But the post office has increased employee productivity while reducing staff -- and saved $5 billion since 2001, the GAO said. A new law, the GAO said, will help the Postal Service address pension and retiree health-care liabilities and should create a more predictable process for setting mail rates for magazine, catalogue, credit card and other companies.

"It's a great day," Postmaster General John E. Potter said. "Going forward, it is incumbent upon us to continue to provide high levels of service" and "make sure every dollar we spend is a dollar that we need to spend."

Still, as a Capitol Hill briefing made clear yesterday, too many ugly ducks in government remain on the high-risk list, which is updated every two years. Even as Walker took HUD and the Postal Service off the list, he added three problem areas, for a total of 27.

The new risk areas are:

Â· Federal oversight of food safety. Fifteen agencies administer at least 30 food-safety laws, and the patchwork nature of such oversight calls into question how the government inspects and responds to outbreaks of contaminated food, the GAO said.

Â· Financing the nation's transportation system. Revenue to support the highway and aviation trust funds are eroding as investment is needed to relieve congestion and keep up with increasing passenger and freight travel, the GAO said.

Â· Protecting technology critical to national security. High-tech weapons and products are targets for theft, espionage and illegal export, and the threats facing the nation have been redefined since the Sept. 11, 2001, attacks. Multiple agencies oversee the transfer and sale of critical technologies for use overseas but often fail to coordinate on security issues, the GAO said.

Walker was joined at the briefing by Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security and Governmental Affairs Committee, and three other senior committee members, Sens. Susan Collins (R-Maine), Daniel K. Akaka (D-Hawaii) and George V. Voinovich (R-Ohio). Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, and Rep. Thomas M. Davis III (R-Va.), the ranking minority committee member, also spoke.

They pointed out that too many programs at the Defense and Homeland Security departments remain on the GAO list. "The first responsibility of our government is to protect the security of our people. It is just unacceptable that so many items on this high-risk list reflect mismanagement in the pursuit of that top priority," Lieberman said.

He said he was especially disappointed that the entire Department of Homeland Security continues to be considered high risk and planned to explore this with Secretary Michael Chertoff at a Feb. 13 hearing.

Lieberman, Collins and Waxman said they were troubled by wasteful practices in federal contracting highlighted by the GAO list. Waxman has scheduled a hearing on contract mismanagement at Homeland Security next week, and Collins said she is drafting legislation to address waste in government contracting, including Iraq war and reconstruction contract problems.

The GAO has posted "High-Risk Series: An Update," on its Web site,http://www.gao.gov. My e-mail address isbarrs@washpost.com.

Don't Kill The Golden Goose (USAT)

By Todd Stottlemyer

USA Today, February 1, 2007

If you ask them, you'll learn that most entrepreneurs hold dear a fundamental, philosophical belief in the power of the free market, and that government shouldn't interfere by artificially setting wages or prices.

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Small-business owners also recognize that increasing the minimum wage has real, proven impact on every facet of the economy, including lost jobs. And no group has consistently demonstrated that it can create jobs better than small business can.

Unlike many large businesses, most small businesses operate on razor-thin profit margins. The proposed increase of $2.10 in the minimum wage is a 40% hike over the current $5.15. All small businesses operate in a highly competitive, global marketplace and can ill-afford to raise prices on their customers by 40% and stay competitive.

Senate Finance Committee Chairman Max Baucus, D-Mont., and ranking member Sen. Charles Grassley, R-Iowa, recognize that the bill passed by the House of Representatives fails to address the very real implications for small businesses of a 40% minimum-wage hike. It simply does not reflect the economic realities faced by these entrepreneurs.

That's why members of the Senate Finance Committee worked together in true bipartisan fashion to craft a package of proven ways to lessen the impact of a minimum-wage increase on small businesses. These proposals provide an incentive for small-business owners to invest in the growth of their business, to create more jobs and further strengthen our economy.

The committee vote was a unanimous, bipartisan endorsement of an approach that recognizes the need to link legislatively what we already know economically — government-mandated wage increases have consequences. The Senate bill is fair. It is balanced. The full Senate should pass it, and the House should follow its example.

Todd Stottlemyer is president and CEO of the National Federation of Independent Business, the nation's leading small-business advocacy group.

Poorest Americans Have Waited Too Long For A Raise (USAT)

USA Today, February 1, 2007

Voters who thought Democrats were now the unchallenged masters of Capitol Hill got a quick reality check this week as the Senate lurched toward the end of a debate on the minimum wage.

In the House, the Democrats had the political muscle to pass a long overdue increase in the minimum wage, which has been stuck at $5.15 an hour for a decade and is now badly eroded by inflation.

In the Senate, though, the Democrats' margin is too narrow to overcome a filibuster by Republicans determined to hold the minimum wage hostage to tax cuts.

Today the Senate is expected to approve a hybrid bill that raises the minimum wage at last — but ties it to an $8.3 billion package of unnecessary tax cuts for small business.

The aggressive tax-cutting that the GOP-led Congress indulged in over the last decade without matching spending cuts has already weakened the Treasury and enriched many who needed little enriching. Last year, GOP leaders tried unsuccessfully to tie a minimum wage increase to cuts in the estate tax, which affects a tiny sliver of the wealthiest Americans.

That was outrageous, but what the newly Democratic Senate is doing is only slightly less unseemly. In the same decade that the poorest working Americans have gone without a raise in the minimum wage, Congress approved an estimated $312 billion in business tax cuts, a substantial chunk of which were for small businesses. The argument that they need more relief now is weak.

Further, while some of the Senate's tax provisions are directed at restaurants and other small businesses that might hire minimum-wage workers, there's little attempt to target tax cuts to those who pay the lowest wages. And — shocking! — some of the tax cuts seem to have little or nothing to do with the minimum wage: capital gains tax treatment for S corporations, tax treatment of bank directors' stock, and so on.

The increase in the minimum wage is already designed to go lightly on businesses that would have to pay it. It would raise the minimum from $5.15 an hour to $7.25 in three 70-cent steps over two years — plenty of time to adjust. Minimum wage workers — at least 5 million by some counts — wouldn't get the full raise until the spring of 2009.

The arguments against the minimum wage are familiar and unpersuasive. Critics argue that it will cost jobs, but the economic literature suggests job losses are a minimal threat. The last increase in 1997 was followed by a surge in low-wage employment.

Some opponents argue that wages should be decided exclusively by the free market.

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But the nation decided otherwise in 1938, when Congress created the minimum wage so the poorest workers would have a chance at a decent living. And it's hard to recall similar free-market complaints about the tax code, which is all about picking winners and losers — homeowners over renters, for example, or investors over workers.

As is usual when there's paralysis at the federal level, states have moved ahead on their own, and more than half now have minimums higher than the federal level — including six whose voters approved the hikes in ballot measures last November.

It's long past time for Congress to do the same and to do it without wasteful tax benefits for the unneedy.

Eventually, the House and Senate will have to agree on a final bill. Democrats, along with the five Republican senators and 82 GOP representatives who voted for a clean wage increase — should hold their ground.

Deficit Day Of Reckoning? (WP)

By David S. Broder

The Washington Post, February 1, 2007

Next Monday is the real day of reckoning for President Bush and this new Democratic Congress. That is the day the president sends his budget for next year up to Capitol Hill, and you really will be able to judge by the reaction what will happen in Washington in the next nine months.

Last year, when the budget came out, Democrats hooted in skepticism and many conservative Republicans expressed dismay at the size of the projected deficits. In the end, the House and Senate could not agree on a budget resolution, and the government went on autopilot in terms of domestic spending, continuing at the same level as the year before.

This year, as I learned from conversations with two senior White House officials last week, the president hopes his budget will become a starting point for serious negotiation -- not a partisan football or simple laughingstock.

That hope was encouraged by a letter to the president last week from the Democratic leaders of the House and Senate, Rep. Nancy Pelosi and Sen. Harry M. Reid, and the chairmen of the two budget committees, Rep. John M. Spratt Jr. and Sen. Kent Conrad.

The first sentence said, "We are writing to express our strong interest in working cooperatively with you to address our nation's fiscal challenges." It acknowledged that as the process unfolds, "Democrats and Republicans will disagree about particular priorities, and we will need to negotiate our differences in deciding how to allocate scarce resources."

But it put forward four principles that could lead to a successful budget outcome this year.

? "The budget should account realistically for projected federal costs," including the billions needed for the wars in Iraq and Afghanistan and the adjustments needed in the alternative minimum tax, which otherwise would punish millions of middle-class families.

? "The budget should realistically project short- and long-term deficits," as objectively as the calculations of the Congressional Budget Office, which show the prospect of very large deficits if current tax and spending policies are unchanged.

? "The budget should provide detail throughout the entire budget period," making clear the hard choices that lie ahead.

? "The budget should be based on fiscal discipline that is sustained over the long term," underlining the fact that it will take years of effort to repair the damage done to our fiscal condition in the past six years.

The House took an important first step in repairing our fiscal health last month by reimposing the "pay-go" rule, requiring any increase in entitlements or tax relief to be balanced with tax increases or spending cuts.

While not endorsing these specific principles, the White House officials with whom I met certainly pledged to make visible the costs of the war and to be specific about the trade-offs needed to maintain budget discipline, both in the short term and the long term.

They said that the economic assumptions underlying the president's budget are modest -- if anything, an underestimate of the revenue likely to be produced by a growing economy. And the officials indicated that the president will recommend that, for a second year in a row, overall growth in discretionary domestic spending -- the part separate from Medicare, Medicaid and Social Security -- be held close to zero.

If Monday's budget fulfills those promises, the stage could be set for a serious effort to put the federal fiscal house in order.

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But the warning voiced in an interview by Rep. David R. Obey of Wisconsin, the chairman of the House Appropriations Committee, must be borne in mind. Obey recalled that when the late Rep. Richard Bolling of Missouri invented the congressional budget process, he said, "It will work only if all the key players -- in Congress and the administration -- use honest figures and make a genuine effort to live within its discipline. Otherwise, the budget process will become a barrier to action."

If the congressional budget process breaks down, two Republicans, Rep. Frank R. Wolf of Virginia and Sen. George V. Voinovich of Ohio, have proposed a commission of legislators and experts to tackle the long-term budget challenges and bring back a plan that Congress would have to vote up or down, or substitute an equally effective blueprint.

One way or the other, this problem must be faced. Monday's budget message could be the first step.

Indefinitely Grounded (NYT)

The New York Times, February 1, 2007

Travelers and airlines have a deal. In exchange for transporting them safely, passengers agree to give up a great deal of freedom of movement. Once aboard a plane, there's no getting off until the crew says so. People have to sit when they're told, buckle up and raise their seatbacks on command. In return, passengers expect the airlines to take care of them.

But several high-profile failures this past holiday travel season suggest that Congress needs to intervene and set some ground rules to enforce this deal for people unreasonably stranded on aircraft. Delays at the gate are a hassle, but extraordinary delays on planes can be dangerous for the handicapped, chronically ill, elderly or small children.

Take the passengers of American Airlines Flight 1348, whose flight from San Francisco to Dallas was diverted by bad weather to Austin, Tex. Obviously, weather is out of human control, and airlines rightly err on the side of safety rather than haste when it comes to bad weather or mechanical difficulties. Flying, particularly around the holidays, invariably entails a risk of delay.

But there is delay, and then there is detention. The passengers on Flight 1348 were trapped on the plane after it landed for another eight hours. They say there was nothing to eat but a box of pretzels, and the toilets began to stink. Passengers say they overflowed. The airline says they didn't. The difference is not worth debating.

Passengers from that flight have revived the idea of a Passengers' Bill of Rights, posting their ideas at www.strandedpassengers.blogspot.com. Among the common-sense notions are procedures to get passengers back to a gate when a plane has been sitting on the tarmac for more than three hours. When delays are that long, passengers' essential needs — food, water, medical attention and sanitation — must be met. These proposals are a good starting point for eventual legislation.

Following a similar incident in 1999, the airlines managed to avoid this sort of law through a voluntary customer service commitment. Congress should hold hearings to revisit their promises — and replace them with some requirements.

OTHER NEWS:

Judge Halts Holocaust Hearing After Objections To Settlement (NYT)

By Joseph B. Treaster

The New York Times, February 1, 2007

A federal judge abruptly adjourned a hearing yesterday on the settlement of a dispute over unpaid life insurance policies of Holocaust victims after a Miami lawyer and a survivor of a Nazi concentration camp raised objections.

Judge George B. Daniels of Federal District Court in Manhattan gave no explanation for ending the session that he had convened to determine the fairness of a settlement in which an Italian insurance company agreed to provide several million dollars to Holocaust victims. The company, Assicurazioni Generali, has repeatedly denied allegations that it systematically refused to pay billions of dollars in claims on insurance policies of Holocaust victims.

Lawyers for Generali and others who worked on the settlement said Judge Daniels called them into his chambers during a brief recess to express new concerns. They would not say what was discussed, but said he asked them to try to resolve the concerns over the next week.

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One lawyer for the Holocaust survivors, Robert A. Swift, said Judge Daniels asked him and the others "to renegotiate one provision in the settlement."

Earlier, Sam J. Dubbin, a Miami lawyer opposing the settlement, had argued that it would prevent tens of thousands of Holocaust survivors from ever knowing whether they were owed money by Generali.

Mr. Dubbin said the insurance company reported paying more than 5,000 claims. But he said that left 105,000 Holocaust-era policies on the lives of Jews unaccounted for.

"History requires a much more thorough examination of the company's conduct," he said.

Both Mr. Swift and Marco E. Schnabl, a lawyer for Generali, disputed Mr. Dubbin's calculations.

Mr. Dubbin told the court that steps were being taken to open long-sealed German warehouses filled with documents that might shed light on the dispute, and he urged Judge Daniels to postpone a decision for up to six months.

The courtroom in Lower Manhattan was crowded with Holocaust survivors and relatives who had hoped to speak against the settlement. But Judge Daniels said he wanted to hear only from the lawyers.

Even so, Alice Burger Fischer, who was imprisoned at the Bergen-Belsen concentration camp as a teenager, rose to say that she had learned about the proposed settlement only on Tuesday despite efforts by Generali to publicize it.

"I don't understand anything about the settlement," she said. Her father bought a Generali policy that has been in dispute for decades. She said he died as he was being marched from a concentration camp.

Democrats Want To Rise With The Middle Class (WP)

By Lori Montgomery

The Washington Post, February 1, 2007

Meet Joe and Eileen Bailey, a politically independent couple from Long Island with three kids in public school, mounting financial anxieties and a flock of Democratic lawmakers clamoring to feel their pain.

The Baileys are fictional -- the creation of Sen. Charles E. Schumer (D-N.Y.), who used the family's worries to help Democrats chart a course to victory in last year's election and claim control of the Senate. Now Schumer wants to transform a sleepy congressional committee into a high-profile platform for examining the troubles of real people like the Baileys. His goal: to come up with a cure for middle-class angst that will carry Democrats into the White House.

"We have big plans," said Schumer, who is betting that economic insecurity will replace the Iraq war as the most important issue in the 2008 elections. "The party that can create a model paradigm, a platform that can answer some of these questions, will not only win in 2008 but could create a long-term majority."

As the third-ranking Democrat in the Senate, the chairman of the Democratic Senatorial Campaign Committee and the author of a new book on the middle class, Schumer is emerging as a key figure in that effort. But he is hardly alone.

Yesterday, as Schumer convened his first hearing as chairman of the Joint Economic Committee, two House panels were also taking testimony on the travails of the middle class. Sen. Edward M. Kennedy (D-Mass.) did the same two weeks ago in the Senate Committee on Health, Education, Labor and Pensions. And economists, academics and think tanks -- not to mention presidential candidates -- are grappling with the problem.

What, exactly, is the problem?

In testimony yesterday, there were almost as many answers as experts. But they cited some common themes, ranging from stagnant wages to rising costs for college and health care.

As President Bush traveled to New York to tout a robust economy with a low jobless rate, low interest rates and low inflation, "this is not what's generally felt out there in America," said Rep. Charles B. Rangel (D-N.Y.), chairman of the House Ways and Means Committee, which yesterday wrapped up a four-part inquiry into economic conditions with a hearing on "economic challenges of the middle class."

"To me, even though you got more compassion for the poor, you've got to pay attention to the middle class. Because they vote," Rangel said. And right now, "the middle class are scared to death they could become poor."

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By any measure, the middle class is not becoming poor. But it has stopped getting ahead quite so rapidly. Over the 15 years ending in 2004, median household net worth grew by 35 percent in the United States, with all income groups showing increases, according to a recent report by the Council on Competitiveness.

But wages in the vast majority of households rose by less than 15 percent when adjusted for inflation, while the top 20 percent had increases twice that large in the 20-year period ending in 2005. For the top 5 percent of earners, the report shows wages jumped by nearly 50 percent, as their average annual salary rose to $281,155.

Rising inequality -- the growing gap between the rich and everyone else -- is often cited as a primary cause of middle-class angst. Republicans yesterday disputed the notion that income inequality has widened during President Bush's years in office, citing Census statistics that show it has been relatively static since 2001.

In testimony before the Joint Economic Committee, Richard Vedder, a visiting scholar at the American Enterprise Institute, argued that income, at any rate, is the wrong measure. Spending is far more important to economic well-being, Vedder said, and "we know that, in any given year, consumer spending is far more equally distributed than income."

That view met with skepticism from other witnesses, who included two former Clinton administration Treasury secretaries, Robert E. Rubin and Lawrence H. Summers, and Princeton University economist Alan S. Blinder, a former vice chairman of the Federal Reserve Board of Governors. All are involved with the Hamilton Project, an initiative at the Brookings Institution that aims to rebuild the social safety net without interfering with international trade and the free market.

"The basic story is very clear," Blinder said. "Inequality was mostly falling for 30 or 35 years or so until the late 1970s and has been mostly rising since then." He offered a vivid example: In 1979, the average taxpayer in the top one-tenth of 1 percent earned about as much as 44 average taxpayers in the bottom half. In 2001, the rich taxpayer earned as much as nearly 160 less affluent people.

So far, Democrats have offered a modest agenda for economically challenged families, pushing bills to raise the federal minimum wage, slash interest rates on college loans and reduce the price of prescription drugs for Medicare recipients.

Schumer and others are pushing for a broader response. In his book, "Positively American: Winning Back the Middle Class Majority One Family at a Time," Schumer acknowledges that he does not know "the eight words that will save the Democratic party." The book proposes to help the fictional Baileys by pursuing such goals as higher federal funding for public schools, a $15,000 tax deduction for college tuition and reduced dependence on foreign oil.

As chairman of the Joint Economic Committee, Schumer plans to look for ways to help Americans become more flexible in their work lives, in part by making it less traumatic to change jobs. Witnesses yesterday proposed making health insurance and pensions more portable, and more closely targeting job retraining programs. Summers also urged the committee to consider "wage insurance that would enable increasingly inevitable economic mobility to take place without significant and painful dislocation."

As for trade, Schumer said in an interview that, "deep in their gut, the average middle-class person knows that protectionism is throwing in the towel. Protectionism doesn't work. But the all-out, total-free-trade model isn't working, either."

Keeping Up With Schumer's Baileys (HILL)

By Emily Heil

The Hill, February 1, 2007

Sen. Charles Schumer (D-N.Y.) devotes much of his new book, "Positively American: Winning Back the Middle-Class Majority One Family at a Time," to an imaginary family, the Baileys. According to the tome, he runs every policy decision he makes by the average, middle-class, swing-voting family.

But the Baileys are unlike many American families in one regard: They've changed their name. When Schumer discussed his imaginary, sounding-board family to The Hill's Jonathan E. Kaplan in June of last year, they were named the O'Reillys.

A Schumer spokeswoman said the senator decided to rename his fictional friends when writing the book to make them appeal to a national audience. "He wanted a name that sounded more national … as opposed to more of a New York name," she said.

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And she denied one reason for the name-switcha former Schumer aide had posited. The aide told a Hill reporter that the book's publisher had ruled O'Reilly "too ethnic" for mass consumption.

"Not true," the Schumer spokeswoman said. "It was the senator's decision."

Fellow lawmakers, gathered at a book bash in Schumer's honor hosted by Sen. Hillary Rodham Clinton (D-N.Y), seemed to think an (Irish) rose by any other name smells just as sweet. The crowd gathered at the Hill's Hunan Dynasty on Tuesday, which included Majority Leader Harry Reid (D-Nev.), Sen. John Kerry (D-Mass.), Sen. Edward Kennedy (D-Mass.), Sen. Arlen Specter (R-Pa.), Sen. Ben Nelson (D-Neb.), Sen. Sheldon Whitehouse (D-R.I.), and Rep. Tom Allen (D-Maine), noshed on spring rolls and sushi while toasting Schumer.

New Englanders trot to Globe party

The accents in the air were as thick as chowdah, as the New England congressional delegations mingled at a "welcome-to-Congress" meet-and-greet at the Boston Globe's D.C. bureau Tuesday night.

Northern lights in attendance included Sen. Edward Kennedy (D-Mass.), who was spotted yukking it up with Sen. John Sununu (R-N.H.) and Sen. John Kerry (D-Mass.), plus a veritable roll call of House folks like Reps. Edward Markey (D-Mass.), Barney Frank (D-Mass.), James McGovern (D-Mass.), John Tierney (D-Mass.), Bernie Sanders (I-Vt.), Richard Neal (D-Mass.), Bill Delahunt (D-Mass.), Peter Welch (D-Vt.), Joe Courtney (D-Conn.), Paul Hodes (D-N.H.) and Carol Shea-Porter (D-N.H.).

"Politics is sort of a regional industry — and really an obsession — in New England," bureau chief Peter Canellos said of the gathering. "So it was great to get the whole crowd under one roof."

Aside from the Globe's D.C. staff, media types in attendance included Globe Editor in Chief Marty Baron and PBS commentator and columnist Mark Shields.

To our southern gal's ears, all those Massachusetts accents floating around the Globe's Connecticut Avenue offices sounded the same, although Markey assured us that there are subtle but definite variations. He was overheard telling guests that he was "tri-lingual" because of his mastery of three of them.

Security warning raises no alarm

It was just another lovely day on Capitol Hill last week: Snow flurries were picturesquely floating past windows, and inside the Dirksen Cafeteria, a packed crowd of serious-minded suits and skirts were eating lunch. The idyllic moment was shattered when suddenly, a woman's voice came on the loud speaker declaring police had discovered an unusual package in the Senate Hart Building.

Staffers and lawmakers were instructed to stay away from the area.

Despite the alarm, no one flinched. Such interruptions are par for the course on Capitol Hill. And as it usually turns out, the package contained nothing dangerous. "It was cleared with negative results," e-mailed Capitol Police Public Information Officer Sgt. Kimberly Schneider. "[It] was a backpack left unattended … nothing hazardous found."

Talk about blasé. One Senate Democratic staffer appeared unmoved during the lunchtime ordeal. "We get those almost once a week," he yawned. "Everyone was unfazed because they are so routine. They never amount to anything significant."

Partying with Heather Graham all in a day's work

Members of Congress may be famous, but even they switch into fan mode when they encounter genuine celebrities of the Hollywood kind. Wednesday night, the Creative Coalition imported some glam left-coasters to lobby members on the groups' issues, including boosting arts funding and thwarting movie piracy.

As of Wednesday, more than 30 members had signed on to be on the "host committee" of a Hollywood-Hill mixer slated to be held at B. Smith's restaurant in Union Station, organizers said. The Creative Coalition's lobbying lineup included starlet of the small and big screen Heather Graham, one of the group's newer additions. She joined old Hill hands like Fran Drescher, Morgan Fairchild, and Joe Pantoliano.

But, lest readers get fooled into thinking that members and aides frolicking with the beautiful people are all play and no work, Creative Coalition Executive Director Robin Bronk says the event is as much about business as it is pleasure. "We call it partying with a purpose," she says. "But it's Washington, so those things get all tangled up."

Ford pulled no punches

That plodding, mild-mannered everyman described in eulogies of President Gerald Ford last month? Forget him.

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New York Daily News Washington bureau chief Tom DeFrank is set to reveal some of Ford's reflections on the Clintons, the Iraq war, Richard Nixon and other topics, and let's just say the former prez can dish, particularly when it comes to Hill and Bill.

DeFrank just inked a deal to publish a book based on private interviews he conducted with Ford over the last 16 years, with the understanding that they would not be made public until after Ford's death. "Ford's comments about the Clintons are juicy, for sure," a source familiar with the interviews tells us.

G.P. Putnam's Sons will release the tell-all this fall.

Biden Fields Questions About '08 Rivals (SFC)

By Beth Fouhy

San Francisco Chronicle, February 1, 2007

Sen. Joe Biden spent his first day as an official presidential candidate regretting his description of Democratic rival Sen. Barack Obama as "clean," and explaining why he had dissed Sen. Hillary Rodham Clinton and John Edwards.

The six-term Delaware lawmaker, who has said for months he'd be a candidate in 2008, formally establish his presidential committee Wednesday and launched a campaign Web site. It's the second presidential bid for Biden, who pursued the White House in 1988.

But the talkative Biden spent the better part of the day trying to quell the furor over his remarks. He was peppered with questions from reporters in an afternoon conference call, and late in the day, issued a terse statement, saying: "I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Senator Obama."

In the weekly newspaper's article, published Wednesday, Biden harshly criticized Clinton and Edwards for their proposals to end the Iraq war. He also questioned the credentials of another leading candidate, Obama, a first-term-senator, while calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden told reporters that he'd used the word "clean" to describe Obama as "fresh and new," and that the choice of words was not meant to disparage other black candidates who'd run for president in the past, such as civil rights leaders Jesse Jackson and Al Sharpton.

Obama, Biden said, "is probably the most exciting candidate the Democratic or Republican parties have produced since I've been around. He's fresh, new, smart, insightful. Lightning in a jar."

Biden also said he'd called Obama after the controversy to patch things up.

"He said, 'Joe, I knew what you meant,'" Biden said.

Obama spokesman Tommy Vietor confirmed the two men had talked. Later, Obama released a statement saying Biden's remarks seemed to undercut past black presidential candidates.

"I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," Obama said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns."

For his part, Jackson said he believed Biden's remark was "a gaffe."

"I know Joe Biden is a smart, decent guy," Jackson said in an interview. "I hope this doesn't diminish the light he brings to future debates."

But, he added, "Next time he should use the words 'fresh and new.' It's subject to less interpretation."

Biden was also grilled about comments he made regarding proposals offered by Clinton and Edwards to stabilize the situation in Iraq.

A 34-year Senate veteran known for his foreign policy expertise, Biden called Clinton's proposal — which would cap American troops and threatens to cut funding to Iraqi security forces — "nothing but disaster." He also criticized Edwards, who has proposed immediately removing 40,000-50,000 U.S. troops from Iraq.

"I don't think John Edwards knows what the heck he is talking about," Biden said.

Pressed to explain, Biden reiterated his claim that his rivals' Iraq plans were a mistake. He also said that while the Democratic field has a number of well-qualified contenders, he was the best qualified to serve as president.

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"I believe I'm the best prepared of all the candidates," he said. "That I can say someone is qualified but can't take issue with their ideas is a strange phenomenon."

Known for his windy oratory and habit of thinking out loud, Biden's mouth has gotten him into trouble before. Last July, he defended his remark that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." Biden said his words had been taken out of context.

And as a candidate for the 1988 Democratic presidential nomination, Biden withdrew from the race in 1987 amid accusations that he had plagiarized passages in a campaign speech from former British Labor Party leader Neil Kinnock.

Asked whether his verbosity would be a handicap on the campaign trail, Biden demurred.

"That's for voters to decide. I don't see it as a problem," he said.

In a video message posted on his new campaign Web site, , Biden criticized President Bush's conduct of the Iraq war and warned that his successor would have no margin for error in resolving the conflict.

"This administration's mishandling of the war in Iraq may be the greatest foreign policy disaster of our times," Biden said. "The next president ... is going to have to be prepared to immediately step in and act without hesitation to end our involvement in Iraq."

Biden voted in 2002 to authorize military intervention in Iraq but has since become a vocal critic of the conflict. He's also proposed a plan for peace in Iraq that would divide the country along ethnic lines.

Biden also spoke of a number of domestic challenges he hoped to tackle as president, including health care, boosting job and retirement security, and tackling the threat of global warming.

Biden will transfer $3 million from his Senate account to his presidential campaign, and said he believed he needed to raise $20 million total to be competitive in next year's early primaries. Analysts believe Clinton and Obama are likely to raise $100 million each this year.

A Biden Problem: Foot In Mouth (ABC News)

By Jake Tapper

ABC News, February 1, 2007

WASHINGTON, Jan. 31, 2007 — Senator Joe Biden, D-Del., the loquacious chairman of the Senate Foreign Relations Committee who launched his presidential campaign today, may be experiencing an ailment not entirely unknown to him: foot in mouth disease.

Biden is taking some heat for comments he made to the New York Observer, in which he said of Sen. Barack Obama, D-Ill., a rival for the nomination: "I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy. I mean, that's a storybook, man."

Immediately the conservative media establishment — Rush Limbaugh, the Drudge Report, bloggers — publicly pounced. At Townhall.com, Mary Katherine Ham wrote: "A clean black man? The first black guy on the American political scene who can both shower regularly and speak properly? Is that really what Biden thinks? If a Republican had said this, we'd have a national outpouring of grief over the residual ignorance and racial insensitivity in our country, and the guy would be in sensitivity training until around about the time John Kerry is elected president."

"'He is a clean African-American'?" Limbaugh asked. "If Biden thinks that Obama is clean then he has to think that others are not clean. Does he mean that he knows that Jesse Jackson is not clean? Does he mean that he knows that Reverend Sharpton is not clean? … See, folks, this is the problem for the libs. Once they get off script they expose their idiocy, they expose their prejudice."

But it wasn't just conservatives.

"When I heard his comments I thought Joe Biden was referring to a bygone era," said Donna Brazile, the former campaign manager for Al Gore's 2000 presidential campaign and a prominent African-American political consultant. "Years ago when white folks referred to black people with education they often used words like articulate. To suggest they were different, they were acceptable. That they were OK as compared to rest of African-Americans. So I think it came across that Joe Biden was referring to Sen. Obama as if he was a candidate running in the 1960s, not in the 21st century."

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"They are loaded words," Rev. Jesse Jackson told ABC News. "And that's why he should interpret what he meant by those loaded words. It was an attempt I thought to diminish Barack's attributes and dismissive of our previous campaigns that made Barack's candidacy possible."

Jackson said Biden's remarks "could be divisive."

Obama Responds

And notably, Obama himself didn't do much to knock the story down.

Asked about the comments at a press conference this afternoon, Obama said, "you'd have to ask Senator Clinton, uh, Senator Biden what he was thinking," initially stumbling by mentioning the name of the Democratic front-runner for the nomination, Sen. Hillary Clinton of New York. "I don't spend too much time worrying about what folks are talking about during a campaign season."

Chavez Gains Free Rein in Venezuela

Most Sent Headlines

Excerpt: 'Sold'

Biden Ignites Furor With Remark On Obama (NYS)

By Josh Gerstein

New York Sun, February 1, 2007

Senator Biden of Delaware launched his White House bid with a vivid demonstration of how his loose tongue could liven up the Democratic field, or perhaps drive him out of it altogether.

Mr. Biden ignited a furor with comments he made discussing the appeal of another likely candidate for the Democratic nomination, Senator Obama of Illinois.

"You got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Mr. Biden said in an interview published online yesterday by the New York Observer. "I mean, that's a storybook, man."

Mr. Biden's remarks, and in particular his use of the word "clean," prompted debate on television news programs and the Internet about his meaning, and whether he was insulting Mr. Obama or other blacks who have run for president.

Mr. Biden said in a conference call with reporters yesterday that he had telephoned Mr. Obama to make sure no offense was taken.

Biden Burned By 'Clean' Language (USAT)

By Fredreka Schouten

USA Today, February 1, 2007

WASHINGTON — Delaware Sen. Joseph Biden spent his first official day as a 2008 presidential candidate defending his description of likely Democratic competitor Barack Obama as the "first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden said he regretted the misunderstanding over his use of the word "clean" in an interview published Wednesday in The New York Observer.

"I really regret that some have taken totally out of context my use of the word 'clean,' " Biden said in an afternoon call with reporters several hours after formally joining the Democratic field.

He said he did not mean to offend the Illinois senator or other African-Americans who have sought the presidency. Obama "understood exactly what I meant, and I have no doubt that Jesse Jackson and every other black leader, Al Sharpton and the rest, will know exactly what I meant," Biden said.

Obama replied in a written statement. "I didn't take Senator Biden's comments personally," the statement said, "but obviously they were historically inaccurate. African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Late in the day, Biden released an apology. "I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Sen. Obama," he said.

Biden is a 34-year veteran of the Senate whose 1988 presidential candidacy ended amid allegations that he plagiarized portions of his speeches.

Others also criticized Biden's remarks. Biden "definitely misspoke and stepped on his announcement," said Donna Brazile, a Democratic strategist who ran Al Gore's 2000 presidential campaign. Biden has a strong civil rights record, she said, but his comments "reflect some old-school thinking."

Jackson said he had called Biden to ask what he meant but had not yet spoken with him. Jackson sought the Democratic nomination in 1984 and 1988. He described Biden's comments as a "diversion from the substantive issues of our time" and said it could be interpreted as attempting to "diminish" the role of his campaigns in the 1980s or to cast Obama as "all style over substance."

Comments by Biden have sparked controversy in the past. During a 2006 trip to New Hampshire, for instance, he said about his state's growing population of Indian immigrants: "You cannot go into a Dunkin' Donuts or a 7-Eleven unless you have a slight Indian accent."

The dustup over Biden's remarks came the same day President Bush also described Obama as "articulate" in an interview on Fox News.

Asked what he thinks troops would feel about a President Obama, Bush said: " He's an attractive guy. He's articulate. I've been impressed with him when I've seen him in person, but he's got a long way to go to be president."

White House spokesman Tony Snow said, "It's silly to compare the comments. What the president said requires no apology or explanation. He issued a compliment — not in code, but in plain English."

Obama spokesman Tommy Vietor said he had no comment on Bush's remarks.

Ron Walters, a University of Maryland political scientist, said Obama is "not the first articulate African-American to come on the scene by any stretch of the imagination."

Other politicians "are trying to account for his sudden rise on the scene," he said, "and they are doing it very badly."

Contributing: David Jackson; Nicole Gaudino of Gannett News Service

Biden Unwraps His Bid For '08 With An Oops! (NYT)

By Adam Nagourney

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — In an era of meticulous political choreography, the staging of the kickoff for this presidential candidacy could hardly have gone worse.

Senator Joseph R. Biden Jr. of Delaware, who announced his candidacy on Wednesday with the hope that he could ride his foreign policy expertise into contention for the Democratic nomination, instead spent the day struggling to explain his description of Senator Barack Obama, the Illinois Democrat running for president, as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

The remark, published Wednesday in The New York Observer, left Mr. Biden's campaign struggling to survive its first hours and injected race more directly into the presidential contest. The day ended, appropriately enough for the way politics is practiced now, with Mr. Biden explaining himself to Jon Stewart on Comedy Central's "The Daily Show."

Earlier, in a decidedly nonpresidential afternoon conference call with reporters that had been intended to announce his candidacy, Mr. Biden, speaking over loud echoes and a blaring television set, said that he had been "quoted accurately." He volunteered that he had called Mr. Obama to express regret that his remarks had been taken "out of context," and that Mr. Obama had assured him he had nothing to explain.

"Barack Obama is probably the most exciting candidate that the Democratic or Republican party has produced at least since I've been around," he said, adding: "Call Senator Obama. He knew what I meant by it. The idea was very straightforward and simple. This guy is something brand new that nobody has seen before."

Asked about Mr. Biden's comments, Mr. Obama said in an interview, "I didn't take it personally and I don't think he intended to offend." Mr. Obama, who serves with Mr. Biden on the Foreign Relations Committee, added, "But the way he constructed the statement was probably a little unfortunate."

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But later in the day, with Mr. Biden coming under fire from some black leaders, Mr. Obama issued a statement that approached a condemnation. "I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," he said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

For Mr. Biden, the chairman of the Senate Foreign Relations Committee, it was an inauspicious beginning to his first presidential campaign since 1988, when he dropped out after acknowledging using without attribution portions of a speech from a British politician. By the end of the day on Wednesday, Democrats were asking only half-jokingly whether Mr. Biden might be remembered for having the shortest-lived presidential campaign in the history of the Republic.

Shortly after 6 p.m., Mr. Biden issued a written statement. "I deeply regret any offense my remark in the New York Observer might have caused anyone," he said. "That was not my intent and I expressed that to Senator Obama."

Under questioning from reporters at his announcement conference call, Mr. Biden was pressed on what he meant in his description of Mr. Obama, particularly in his use of the word clean.

"He understood exactly what I meant," Mr. Biden said. "And I have no doubt that Jesse Jackson and every other black leader — Al Sharpton and the rest — will know exactly what I meant."

When he was asked, again, what he meant, Mr. Biden — known in Washington for his long-winded ways and his love of the microphone and the spotlight — bristled as he struggled over the squawk of feedback and echoes.

"I'm not going to repeat everything I just said," he said. "There is a vote that starts at 2:30, it takes 11 minutes to get to the floor. I can take one more question but not on the subject I have already spoken to."

And after taking one more question, Mr. Biden did something entirely out of character: He announced he was done talking.

Mr. Biden's assurances notwithstanding, both Mr. Jackson and Mr. Sharpton — African-Americans who have run for president — said they had no idea what Mr. Biden meant. And both suggested they felt at least a little offended by the remarks.

Mr. Jackson described Mr. Biden's remarks to the Observer, which also included critical statements about the Iraq positions of two of his Democratic opponents — Senator Hillary Rodham Clinton of New York and former Senator John Edwards of North Carolina — as "blabbering bluster."

A wounded note to his voice, Mr. Jackson pointed out that he had run against Mr. Biden for the 1988 Democratic nomination, and had lasted far longer and drawn more votes than did Mr. Biden. Mr. Biden was forced out in September 1987.

"I am not sure what he means — ask him to explain what he meant," Mr. Jackson said. "I don't know whether it was an attempt to diminish what I had done in '88, or to say Barack is all style and no substance."

Mr. Sharpton said that when Mr. Biden called him to apologize, Mr. Sharpton started off the conversation reassuring Mr. Biden about his hygienic practices. "I told him I take a bath every day," Mr. Sharpton said.

No stranger to electoral intrigue, Mr. Sharpton was quick to offer a political motive: That Mr. Biden was drawing distinctions between Mr. Obama and African-American leaders like Mr. Sharpton and Mr. Jackson, to "discredit Mr. Obama with his base."

At the very least, Mr. Biden's remarks obscured a campaign roll-out in which he said that Mr. Bush had "dug America into a very big hole" with the war in Iraq and that the nation would need a leader experienced in foreign policy to take over during dangerous times. More than that, it seemed sure to harden Mr. Biden's image in political circles as politically undisciplined, an image he had been working scrupulously to change in what has emerged as a long-term political rehabilitation project for him.

In his conference call, Mr. Biden quoted his mother in trying to explain what he meant about Mr. Obama. "My mother has an expression: Clean as a whistle and sharp as a tack," Mr. Biden said, showering more praise on one of his biggest opponents for the nomination.

On Comedy Central, he told Mr. Stewart: "What got me in trouble was using the world clean. I should have said fresh. What I meant was he's got new ideas."

Mr. Biden's comments also focused new attention on remarks he made about Indians last year, when he said, "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent. I'm not joking."

Before he went on television, Mr. Biden found himself sharing a stage with Mr. Obama at a Senate Foreign Relations Committee hearing on Iraq, where he was noticeably solicitous to his new presidential rival as members of the committee

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questioned Henry Kissinger, the former secretary of state. Mr. Biden chastised Senator John Kerry, the Massachusetts Democrat, to keep his comments short ("just one minute, Senator, or we will have everybody else").

But he could not have been more accommodating to Mr. Obama as the senator from Illinois began wrapping up: "I know I'm out of time."

Mr. Biden would have none of that. "That's O.K.," he told Mr. Obama. "You're making a very salient point."

Biden Enters Race Playing Defense (CHIT)

By Jill Zuckman

Chicago Tribune, February 1, 2007

WASHINGTON -- Sen. Joseph Biden of Delaware, a foreign policy expert and Iraq war critic with a propensity for long-winded oratory, entered the Democratic race for president Wednesday with a clumsy comment about Illinois Sen. Barack Obama that was taken by some to be racially insensitive.

Though he touted his foreign affairs experience during a press conference with reporters, Biden was forced to explain why he had described Obama, a rival for the Democratic presidential nomination, as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden made the comments to the New York Observer and said his use of the word "clean" to describe the African American politician was "taken totally out of context."

Obama initially told reporters that they would have to ask Biden what he was thinking when he made the comment: "I don't spend too much time worrying about what folks are talking about during a campaign season."

But by day's end, the senator took a sharper tone, issuing a public rebuke to his more senior colleague.

"I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," Obama said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Biden called Obama to explain his comments and Obama told him directly that he did not take the comments personally, aides to the Illinois senator said.

"This guy is a superstar," Biden said, effusively praising Obama's attributes in what was supposed to be his own presidential debut. "He is probably the most exciting candidate this party has had in a long time."

Even so, Biden released a separate statement last night as he tried to tamp down the spiraling controversy.

"I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Senator Obama," he said.

Biden told reporters that he has long enjoyed the support of the African-American community in Delaware and did not intend to cause offense. He also said he did not believe that Sharpton, Jackson or other black leaders would misunderstand his remarks.

"My mom has an expression, 'clean as a whistle, sharp as a tack.' He is crisp and clear. I think a lot of him," said Biden, describing Obama as "lightning in a bottle" and adding that Obama had captured the imagination of the country like no other politician.

In an interview, Jackson called Biden "a decent man" who had made a verbal gaffe while trying to slight the competition.

"He was saying in effect that Barack is more style than substance, that he is just coming onto the scene," Jackson said. "In doing so, he seemed to be dismissive of our 1988 campaign and diminishing Barack's potential campaign."

Jackson, who spoke with both Obama and Biden by telephone Wednesday, said he would not characterize Biden's comments as racially motivated.

"That is my interpretation and Barack's interpretation," he said, adding that he hoped Biden's campaign would not be harmed by the poor choice of words.

As he kicked off his candidacy, Biden, 64, said he believes he would be a better president than Obama or Sen. Hillary Clinton (D-N.Y.), two of the top candidates in the race.

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"I make no apologies for saying I believe I am the best prepared of all the candidates," said Biden, the chairman of the Foreign Relations Committee who has served in the Senate for the last 34 years.

"The next president, left with the debacle this president will leave us, will have no margin for error and will need a fully thought out, comprehensive notion of what he or she will do with the problems in the world," Biden said.

In some ways, Biden's entry into the race signals the preeminent role that the war in Iraq will play in the 2008 election. The issue dominated the midterm elections as Democrats swept to power in Congress. Now, each of the presidential candidates has detailed positions on how to approach the conflict and the region.

Biden criticized both Clinton's and Obama's positions on Iraq, singling out Clinton's ideas as "incorrect for how to proceed." Clinton would cap American troop levels and has threatened to cut off funding for Iraqi troops.

"From the part of Hillary's proposal, the part that really baffles me is, 'We're going to teach the Iraqis a lesson,'" Biden said. "We're not going to equip them? O.K. Cap our troops and withdraw support from the Iraqis? That's a real good idea," he added sarcasitcally.

The Clinton campaign had no comment on Biden's criticism.

Like Clinton, Biden voted in 2002 to authorize President Bush to use force if necessary in Iraq. Since that time, however, Biden has become an ardent critic of the administration and the war, complaining about poor preparation and field intelligence, as well as insufficient troop levels. His proposal would divide the nation along ethnic lines in order to put an end to the civil strife.

Asked whether his verbosity would hinder his candidacy, Biden was unusually terse: "I'll leave that to the voters to decide."

As a presidential candidate and as a public figure, Biden has a compelling personal story. In 1972, while a young 29-year-old county councilman, he challenged a sitting Republican senator with an anti-Vietnam War platform, winning by a little more than 3,000 votes.

But just five weeks later, his wife and baby daughter were killed in a car accident and his two sons were badly injured. Biden was reluctantly sworn into office by the side of one son's bed. From his first day in the Senate, he has made it a point to commute home by train every day.

Biden Stumbles At The Starting Gate (WP)

By Dan Balz

The Washington Post, February 1, 2007

Sen. Joseph R. Biden Jr. (D-Del.) joined the 2008 race for the White House yesterday, declaring that he has the right skills and experience to extricate the United States from Iraq without destabilizing the Middle East. But he spent much of the day extricating himself from a controversy over his comments about Sen. Barack Obama (D-Ill.), and he eventually issued a statement of regret.

Biden, who unsuccessfully sought the Democratic nomination in 1988, is staking his presidential hopes on more than three decades of experience in the Senate, where he has risen to become chairman of the Foreign Relations Committee and one of the Democratic Party's leading spokesmen on national security and foreign policy.

Biden said he believes he has the unique set of attributes to get the United States out of the most divisive conflict since the Vietnam War without further damaging U.S. interests around the world. "The next president of the United States, because of the policies of this president, is going to have no margin for error," he said on ABC's "Good Morning America," adding, "I think I have the most experience there."

He is a co-sponsor of one of the Senate resolutions opposing President Bush's plan to send 21,500 more troops to Iraq, but also has been critical of other Democrats who have called for what he believes would be a precipitous withdrawal of U.S. forces from the conflict. Last fall, Biden proposed a plan that called for a political settlement in Iraq and for Shiites, Sunnis and Kurds to be given responsibility over specific regions of the country.

Biden sought to highlight his experience on the day he declared his candidacy, but an interview he gave to the New York Observer, a weekly newspaper, overshadowed his announcement.

In the interview, Biden described Obama as "the first mainstream African American [presidential candidate] who is articulate and bright and clean and a nice-looking guy. I mean, that's a storybook, man."

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Asked during an afternoon conference call with reporters to explain his choice of words, Biden said he meant no offense in describing Obama the way he did, then lavished praise on the Illinois senator as a "very special guy" who has caught "lightning in a jar" like no politician he has seen before. "This guy is a superstar," he added.

Biden also said that he had called Obama after the remarks became public and that Obama had taken no offense from them.

Obama later issued a statement that absolved Biden only in part. "I didn't take Senator Biden's comments personally," he said, "but obviously they were historically inaccurate. African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

After Obama's statement, Biden issued a statement further backtracking. "I deeply regret any offense my remark in the New York Observer might have caused anyone," he said. "That was not my intent and I expressed that to Senator Obama."

It was the second time in months that Biden has been forced to explain a comment that some interpreted as racially insensitive. In a videotaped exchange with a supporter last June, he said, "You cannot go to a 7-Eleven or a Dunkin' Donuts [in Delaware] unless you have a slight Indian accent. I'm not joking."

In the Observer interview and in a television interview, Biden also criticized Sen. Hillary Rodham Clinton's proposal to cut funding for Iraqi security forces if the Iraqi government fails to meet a series of benchmarks.

"I think it would be a disaster, if that is her plan," he said of the New York senator on "Good Morning America." "They're the people we're supposed to be training so that we can rely on them to aid us in the efforts that we undertake."

Biden called Clinton "clearly qualified" to be president but told the Observer the fact that so many Democrats do not support her gave him hope that he could win the nomination. "My point was she's known by 100 percent of the people and has had the legitimate and understandable support from her husband, and there are still 60 percent of the people up for grabs," he told reporters.

Biden was also critical of another presidential rival, former North Carolina senator John Edwards. "I don't think John Edwards knows what the heck he is talking about" on Iraq, he said.

With his remarks about Obama, Biden began his second campaign for the White House much as the first one ended, arguing that his public comments were being misinterpreted. He quit the 1988 campaign after being captured on videotape adopting the rhetoric and in some cases the life story of British Labor Party leader Neil Kinnock. The video was sent by the campaign of Michael S. Dukakis to the New York Times and eventually led to Biden's withdrawal.

Biden won election to the Senate in 1972 when he was 29 years old. He turned 30 in time to be sworn in the following January. Tragedy struck almost immediately after the election when his wife and daughter were killed in an automobile accident, leaving Biden with two young sons. He later remarried and still commutes daily between his home in Delaware and the capital.

A gifted orator, Biden has been plagued by a reputation for being windy and verbose, whether while chairing a Senate hearing or speaking at political gatherings around the country.

"I think one of the reasons we're in trouble is we reduce the political discussion to sound bites," he told ABC's Diane Sawyer. "The American public's a lot more sophisticated than we all give them credit for. And on complicated issues, I'm going to give them straight answers. And if it takes more than three minutes, I'm going to do it."

Biden Enters Race For Democratic Nomination (LAT)

By Johanna Neuman

The Los Angeles Times, February 1, 2007

WASHINGTON — Sen. Joseph Biden, D-Del., announced his candidacy for the presidency Wednesday, arguing that when the media buzz fades from candidates such as Senate colleagues Hillary Rodham Clinton, D-N.Y., and Barak Obama, D-Ill., voters will rally around Biden's foreign policy expertise.

"The issue is not whether I can raise as much money or go ahead in the polls," the six-term senator said in a conference call with reporters. "It's my ideas. That's what this campaign is going to get to."

DOJ_NMG_0125474

But Biden, whose 1988 campaign ended in a plagiarism dispute, immediately found himself at the center of a new controversy, having to explain comments he made this week in which he criticized his rivals in the Democratic presidential field.

In an interview with the New York Observer, published Wednesday, Biden sharply attacked Clinton and former Sen. John Edwards, D-N.C., for their plans for Iraq. He drew even more scrutiny for calling Obama "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

By using the word "clean," Biden later explained, he meant only that Obama was "fresh" and "new." But the comment drew calls for an explanation.

"I do not think he meant to say anything intentional that was off-color, but it certainly is highly suggestive," the Rev. Jesse Jackson, himself a former Democratic presidential candidate, said on CNN.

Obama put out a statement challenging another part of Biden's comments.

"I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," Obama said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

By the end of the day, Biden had called Obama "a superstar, the most exciting candidate this party has had in a long time." In a written statement, Biden said that "I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent, and I expressed that to Senator Obama."

Biden, 64, first won election to the Senate in 1972, at the age of 29. A month after his election, his wife and young daughter were killed in a car crash when a tractor-trailer broadsided their car.

Biden, who was in Washington at the time, considered withdrawing from the Senate to take care of his two sons, who were injured in the crash. To this day, he does not drive the 80 miles from Delaware to Washington but commutes by train. He has since remarried.

In the Senate, Biden has built a reputation as a foreign policy specialist. He is chairman of the Foreign Relations Committee and is the author of a Senate resolution opposing President Bush's escalation of troops in Iraq.

Biden ran for the 1988 presidential nomination but withdrew amid accusations that he had plagiarized portions of speeches by a British politician. Asked Wednesday what he learned from the experience, Biden said: "I took a real gut punch. I learned how to take it, and I got back up."

Last year, he was forced to defend a remark that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." He said his words had not been fairly portrayed.

In the New York Observer interview, Biden challenged the foreign policy prescriptions of other Democratic candidates in the 2008 race.

Asked about Edwards's call to immediately withdraw a portion of the U.S. force from Iraq, Biden said: "I don't think John Edwards knows what the heck he is talking about."

He said Clinton's plan to cap the number of U.S. troops and to threaten to cut funds to Iraqi leaders would be "nothing but disaster."

"This administration's mishandling of the war in Iraq may be the greatest foreign policy disaster of our time," Biden said in a video statement on his campaign Web site Wednesday. "Above all else, that's why I'm running for president."

Biden Kicks Off His Presidential Campaign (KCS)

By Steven Thomma And Margaret Talev

The Kansas City Star, February 1, 2007

WASHINGTON - Sen. Joseph Biden of Delaware found the first day of his bid for the 2008 Democratic presidential nomination overshadowed Wednesday by his remarks describing presidential candidate Barack Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden made the comments in an interview with the New York Observer published hours before he declared his candidacy.

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Biden said Wednesday that he meant no insult to the Illinois senator or to other black politicians who might've been slighted by comparison as inarticulate or unclean. Among those who've run for president are the late Shirley Chisholm in 1972, Jesse Jackson in 1984 and 1988, Alan Keyes in 1996 and 2000, and Al Sharpton and Carol Moseley-Braun in 2004.

Biden, who was first elected to the Senate in 1972, on Wednesday called Obama "probably the most exciting candidate the Democratic or Republican parties have produced since I've been around. He's fresh, new, smart, insightful. Lightning in a jar."

He added in a conference call: "I really regret some have taken totally out of context my use of the word `clean.'

"My mother has a saying, `clean as a whistle, sharp as a tack.' That is the context. He is crisp and clear."

Biden said he called Obama to assure him he meant no insult.

"I took no offense," Obama said later. "I think Joe was just making news, being Joe. Joe, I think, certainly didn't intend to offend and I'll leave it at that. He called me. I told him it wasn't necessary. We have more important things to think about. We've got Iraq. We've got health care. We've got energy. This is low on the list. He was very gracious and I have no problems with Joe Biden."

Some other prominent African-Americans were less forgiving.

"It's certainly highly suggestive," Jackson told CNN.

"It came across as a very insensitive thing to say," said Donna Brazile, a Democratic strategist who ran Al Gore's campaign and advised Jesse Jackson's.

"I take him at his word that he meant no harm. But if he didn't have a 100 percent record on civil rights, it would be easy to infer something different. It was almost as though he were thinking of another era, when people thought of smart, articulate African-Americans as different from other African-Americans."

The statement drowned out Biden's hope to launch his long-shot campaign with a focus on his experience in the Senate and familiarity with foreign policy. He's chairman of the Senate Foreign Relations Committee and is trying to use that position to grab the spotlight away from such rivals as Obama and Sen. Hillary Rodham Clinton, D-N.Y., and to remind voters that he's got more government experience than they do.

Yet Biden's Obama comment also served as a reminder of his tendency to talk too much and get himself in trouble - such as the time he was forced to drop his bid for the 1988 nomination after he was caught plagiarizing British Labour Party leader Neil Kinnock. Last year he said his that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent."

Rep. Charles Rangel, D-N.Y., chairman of the House Ways and Means Committee and a member of the Congressional Black Caucus, dismissed Biden's comment - and candidacy - with a thinly veiled slap at his forced withdrawal from his last presidential campaign.

"I didn't even know he was a candidate, so I don't see how he could have hurt himself," Rangel deadpanned. "It probably was something someone else said and he picked it up and used it himself," he said, adding with emphasis, "by mistake."

Freshman Rep. Steve Cohen, D-Tenn., a white lawmaker who represents a largely black district, said Biden "was trying to pay Obama a compliment," but that his word choice was all wrong.

"Shirley Chisholm was obviously clean; Jesse Jackson was clean," Cohen said. But Cohen predicted that Biden's self-inflicted damage would be small because he doesn't have the standing among black voters to lose. "I think in my community, Senator Obama and Senator Clinton will be out in front," he said.

Nothing Clean Or Bright In Biden's '08 Opener (WT)

By Christina Bellantoni

The Washington Times, February 1, 2007

Sen. Joseph R. Biden Jr. of Delaware yesterday made it official that he will seek the Democratic presidential nomination, but stumbled out of the gate with a memorable gaffe that became the focus of his day.

In a critique of the Democratic field, he said of Sen. Barack Obama of Illinois: "I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," he told the New York Observer, a weekly. "I mean, that's a storybook, man."

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The senator, serving his sixth term, tried to highlight his strong foreign-policy credentials, saying he is best equipped to fix the situation in Iraq.

Taking the remark as a slur against Mr. Obama or other black men who have sought the presidency is taking it "totally out of context," Mr. Biden told reporters after the remark was posted on the Drudge Report, a popular Internet site. He said he called Mr. Obama to explain the context. He issued a formal statement saying he deeply regretted if anyone was offended.

"He understood exactly what I meant, and I have no doubt that Jesse Jackson and Al Sharpton and every other black leader will know exactly what I meant," Mr. Biden said.

Mr. Biden told the Observer interviewer that New York Sen. Hillary Rodham Clinton's plan for Iraq is "a serious mistake," but said she "is clearly qualified to be president." He jabbed at former Sen. John Edwards of North Carolina: "I don't think John Edwards knows what the heck he is talking about."

Talk-show hosts and bloggers seized on the Obama comment, but they also invoked criticism from a leading liberal blogger. "Really, if we live in a just world, this will be the end of Joe Biden's political career," read a post on DailyKos.com "It's clear his career has dragged on one election cycle too many."

Mr. Biden, 64, discussed his second presidential bid on a conference call, an event sandwiched between hearings on Iraq as chairman of the Senate Foreign Relations Committee and a television appearance on Comedy Central's "The Daily Show."

In 1988, Mr. Biden withdrew from the presidential race before the nominating contests. Now, he polls in the single digits, well below the Democratic front-runner, Mrs. Clinton, and her two top rivals, Mr. Obama and Mr. Edwards.

Reporters on the conference call peppered Mr. Biden with questions about the Obama remarks, and he said the "clean" word probably came from an old saying his mother used: "Clean as a whistle, sharp as a tack." He described Mr. Obama as "crisp and clear."

Mr. Obama dismissed the remarks as the Delaware senator just "being Joe."

"He certainly didn't intend to offend, and I'll leave it at that," he told reporters who asked whether Mr. Biden had apologized.

"He called me; I told him it wasn't necessary. We have more important things to think about. We've got Iraq; we've got health care; we've got energy," Mr. Obama said. "He was very gracious. I have no problem with Joe Biden."

But later he issued another statement saying the comment was "historically inaccurate."

"African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate," he said.

Mr. Biden yesterday lavished Mr. Obama with compliments, calling him a "superstar," the "most exciting candidate" from either party in decades and giving what sounded like several reasons why he thinks the Illinois senator should be the next president.

"He's fresh, he's new, he's smart, he's insightful," he said. "This guy has touched the nerve and the imagination of the people of this country." He later offered another amendment of remarks. "This is a very special guy. This is like catching lightning in a jar. That was the point of everything I was saying. I think he's great. I think they are all great. I think I'm better."

Even the president said nice things about Mr. Obama. Appearing on Fox News yesterday, President Bush said he is "impressed" by Mr. Obama, whom he finds "attractive" and "articulate."

"But he's got a long way to go to be president."

Mr. Biden said his legislative experience -- more than that of Mrs. Clinton, Mr. Obama and Mr. Edwards combined -- will help him convince voters he can replace Mr. Bush.

He said the president's foreign and domestic policies have put the nation at risk. "I make no apologies for saying I believe I am the best prepared of all the candidates," Mr. Biden said. "President Bush will leave the next president with no margin for error."

A lawyer and professor, Mr. Biden has become a prominent Democratic voice on Iraq policy. As the new chairman of the Senate Foreign Relations Committee, he has held extensive hearings about the best way forward and is a chief critic of Mr. Bush's plan to send 21,500 more troops to Iraq.

His nonbinding resolution denouncing the plan as "not in the national interest" will soon be introduced in the Senate.

DOJ_NMG_0125477

Yesterday, Mr. Biden acknowledged mistakes in his first run, including accusations that he plagiarized stump speeches from other politicians, and said it was his "own fault."

He said he has since learned to take punches. On Sunday's "This Week," host George Stephanopoulos asked Mr. Biden to sum up why he is running in 25 words or less. He required 45.

Democrat Biden Makes It Official For Presidential Run (Update5) (BLOOM)

By Jonathan D. Salant

Bloomberg, February 1, 2007

Jan. 31 (Bloomberg) -- Senator Joe Biden officially joined the race for the 2008 Democratic presidential nomination today, saying he was spurred to run by President George W. Bush's policy failures in Iraq.

``This administration's mishandling of the war in Iraq may be the greatest foreign policy disaster of our time," the Delaware senator said in an announcement on his campaign Web site. ``Above all else, that's why I'm running for president."

Biden, 64, enters a field crowded with Democrats who have declared candidacies or set up exploratory committees: Senators Hillary Rodham Clinton of New York, Barack Obama of Illinois and Chris Dodd of Connecticut; former North Carolina Senator John Edwards; former Iowa Governor Tom Vilsack; New Mexico Governor Bill Richardson and Ohio Representative Dennis Kucinich.

Biden sought to sharpen differences with his rivals, criticizing the Iraq policies of Clinton, Obama and Edwards. ``You didn't hear any of them get in this debate at all until they announced for president," he said in an interview with the New York Observer.

Biden said Clinton's Iraq plan would be ``nothing but disaster," and Edwards didn't know ``what the heck he is talking about." As for Obama, ``I don't recall hearing a word" about Iraq from him, Biden said.

Obama's Candidacy

The Observer also quoted Biden as saying of Obama's presidential candidacy: ``You got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Late today, Biden said he ``deeply" regretted ``any offense" that remark might have caused anyone. ``That was not my intent and I expressed that to Senator Obama," Biden said in an e-mailed statement.

Obama said he didn't take Biden's remarks personally. ``But obviously they were historically inaccurate," Obama said in a statement. ``African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns and no one would call them inarticulate."

Officials at the Edwards and Clinton campaigns declined to comment on Biden's remarks.

1988 Race

First elected to the Senate in 1972, Biden sought the Democratic presidential nomination in 1988 and withdrew after being accused of failing to credit part of a speech that he had adapted from the British Labor Party's then-leader Neil Kinnock.

Biden's announcement today that he filed papers with the Federal Election Commission to seek the presidency in 2008 and begin raising money followed months of saying he planned to run.

Currently chairman of the Foreign Relations Committee, Biden backs a proposal to divide Iraq into three semi-autonomous regions among Sunni and Shiite Muslims and the Kurds.

``There is no possibility of a solution in Iraq that is military," Biden said today in a conference call. ``We should be backing the constitution, which calls for regional autonomy over security and local laws. We should be insisting on a constitutional amendment that shares the oil revenue."

A Gallup Organization poll last month showed Clinton leading among Democratic voters. She got support from 33 percent, followed by Obama with 20 percent and former Vice President Al Gore with 12 percent. Biden was favored by 3 percent.

Republicans who have formed exploratory committees include Senators John McCain of Arizona and Sam Brownback of Kansas; former New York City Mayor Rudy Giuliani; former Governors Mitt Romney of Massachusetts, Tommy Thompson of Wisconsin, Mike Huckabee of Arkansas and Jim Gilmore of Virginia; and Representatives Duncan Hunter of California and Tom Tancredo of Colorado.

Here's Joe (POL)

DOJ_NMG_0125478

The Politico, February 1, 2007

You can watch the Biden announcement video here. It leads with his expertise in Iraq.

Biden, unlike the other Democrats, has a distinct, clear plan not only for withdrawal, but also for Iraq. You've got to think that will amplify his voice this year, even if it doesn't get him votes.

Best line of the video: On Iraq, Biden has been "trying my little best."

Video Library (BFP)

Biden For President, February 1, 2007

Welcome Welcome to JoeBiden.com Get Informed Meet Joe Biden Biden Blog Op-Eds Speeches Get Involved Join The Campaign Recruit Supporters Contribute Issues Iraq Afghanistan and Darfur Energy Jobs MORE » Multimedia Video Library Photo Gallery News Center In The News Press Releases

Update On Boston Security Breach; Iraq Prime Minister Speaks Out; Nancy Pelosi Response To Iraq Trip; Joe Biden Kicks Off Presidential Campaign (CNN)

CNN THE SITUATION ROOM, February 1, 2007

And it is happening now. We're going to have more on this security scare that was happening in Boston. We're expecting to hear from the mayor of Boston. Coming up, we're going to be bringing you his remarks and letting you know what he has to say.

Also this hour, a CNN exclusive -- Iraq's prime minister tells the United States and Iran -- keep your fight with one another out of my country.

Is Nouri Al-Maliki thumbing his nose at President Bush right now?

You're going to want to hear what he told our Michael Ware in Baghdad just a little while ago.

Plus, Mr. Bush is getting an earful from Speaker Nancy Pelosi about her trip to Iraq. She calls the war catastrophic.

Could the same be said about the Democrats' relationship with the White House?

And Senator Joe Biden kicks off his presidential campaign with what his critics are saying is foot and mouth disease.

Did he insult fellow Democrat Barack Obama with a back-handed complement that some are actually seeing as racist?

Stay right here to find out what Biden said and what Senator Obama's response is.

I'm Wolf Blitzer and you're in THE SITUATION ROOM.

We're going to update you on that bomb scare that has been happening over the past few hours in Boston. Several suspicious packages triggered fear, a traffic nightmare.

We're standing by for a news conference. Top city officials, including the mayor of Boston, will detail what's going on. We're going to have that coming up.

Right now, authorities have determined it looks like the whole thing may have been a hoax. All of the devices that were found, for all practical purposes, turned out not, not to be explosives.

Let's -- we'll update you on that as we get more information. But let's turn now to our CNN exclusive.

The Iraqi prime minister's stern message to the United States and Iran to simply keep their would-be war out of his backyard. Nouri Al- Maliki's very, very strong comments today are driving home fears of a wider war in the region.

CNN's Michael Ware is joining us from Baghdad with more on his xvii -- Michael.

MICHAEL WARE, CNN CORRESPONDENT: Wolf, in an xvii today with Prime Minister Nouri Al-Maliki, the Iraqi leader said that Iranian forces had been targeting American troops. And he now worries that his country is becoming a proxy battleground between Tehran and Washington.

(BEGIN VIDEO TAPE)

WARE: Is American intelligence wrong when it says Iran is working to kill American soldiers in your country?

NOURI AL-MALIKI, IRAQI PRIME MINISTER (THROUGH TRANSLATOR): I didn't say it does not exist and the Americans, when they say that their intelligence is saying that Iranians are killing their soldiers, it means their intelligence is based on information that they got. And this is not an obscure thing.

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There is a struggle between Iran and America and we have told the Iranians and the Americans, we know that you have a problem with each other, but we're asking you, please, solve your problems outside of Iraq.

We do not want the American forces to take Iraq as a field to attack Iran or Syria. And we will not accept Iran to use Iraq to attack the American forces.

But does this not exist?

It exists and I assure you it exists. But it's based on the struggle between the two countries. And from our side, we're trying to stop the effort to have a struggle in Iraq. We are always encouraging the two sides to negotiate and to try to find an agreement away from Iraq.

Iran and America -- we are ready to pay efforts to solve the problems between them, if it is possible. But not on the account of Iraq. Iraq has nothing to do with the American-Iranian struggle. And we will not let Iran play a role against the American Army and we will not allow America to play a role against the Iranian Army and everyone should respect the sovereignty of Iraq.

(END VIDEO TAPE)

WARE: Wolf, indeed, the prime minister said that all of Iraq's neighbors -- from Turkey to Syria to Jordan to Saudi Arabia -- want to interfere in Iraq's internal affairs. BLITZER: Michael, were you surprised that the prime minister, Nouri Al-Maliki, was effectively equating the Iranian president, Ahmadinejad, with the U.S. president, George W. Bush?

WARE: Well, the prime minister is certainly a man caught in the middle between these two powers, represented by Washington and Tehran; by two presidents.

He's struggling a very difficult divide. His government exists only through the intervention of the United States. He is propped up by U.S. forces and Washington's support, yet he shares a very important border with Iran.

Iran has enormous strategic interest in this country. And in the past, during Saddam's regime, when the prime minister was in opposition, Iran supported his party and many other Shia opposition parties.

BLITZER: Because, you know, so much of this new U.S. strategy depends on Nouri Al-Maliki cooperating with the U.S. And when so many people here in Washington, including the president's own Republican supporters, hear Nouri Al-Maliki basically say to the United States and to Iran, keep your proxy war out of Iraq. They're going to say why is the United States supporting this guy if, effectively, he's aligning himself, at least in part, with Iran?

WARE: Well, to some degree. I mean this is real politick -- what choice does Prime Minister Maliki have?

And certainly U.S. officials and American commanders here on the ground have been saying since the beginning, since the invasion in 2003, that they recognize that, yes, Iran does have interests in Iraq, given its shared border and the cross-pollination of the Shia people over that border, and that also they would like to foster a healthy relationship between Baghdad and Tehran.

However, what we've seen is this fierce competition for influence being waged between Washington and Tehran. And we're actually seeing it being fought out militarily. So this relationship is veering into very dangerous waters -- Wolf.

BLITZER: Michael Ware reporting for us from Baghdad.

Michael, thanks very much.

And over at the White House right now, President Bush is meeting face-to-face with some of his toughest Democratic critics on Iraq. They include the House speaker, Nancy Pelosi, and Congressman John Murtha.

They're just back from a visit to Baghdad.

At the same time on Capitol Hill, Republicans are fighting among themselves over various resolutions opposing a troop build-up in Iraq.

Our Congressional correspondent, Dana Bash, is standing by. But let's go to Ed Henry at the White House with the latest from there -- Ed.

ED HENRY, CNN CONGRESSIONAL CORRESPONDENT: Wolf, today the president was on Wall Street talking up the economy. He got a rock star reception when he walked on the floor of the New York Stock Exchange. It's sort of a novelty for traders to see him there. It's a rare appearance.

But no such luxury for the president back here at the White House. A much more hostile reception from Democrats and Republicans alike. A lot of pressure, obviously, still on Iraq, even as the president tries to talk about the domestic agenda.

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As you noted, right now, the president huddled here at the White House behind closed doors with Speaker Nancy Pelosi, Democrat John Murtha, other lawmakers who were just on this bipartisan delegation fact finding mission to both Iraq and Afghanistan.

Speaker Pelosi has already called the situation and what she saw on the ground catastrophic. Senior Democratic aides saying that Speaker Pelosi planning to be "blunt but polite to the president" about exactly what she saw.

So he's clearly going to get an earful -- Wolf.

BLITZER: Do we expect the president to be reaching out to Democrats a little bit more assertively in the coming days and weeks?

HENRY: Yes. As we first reported last night, the president finally agreed last night, after a lot of back and forth with Democratic leaders, that he's going to create this sort of bipartisan, informal panel that's going to do more consultation. That had come after the president said he wanted to do more of that but after Democrats said look, there have been meetings here at the White House, but they don't really feel like they're being listened to.

They feel like the president already had his policy to send more troops to Iraq and he wasn't really hearing criticism.

I think given the fact that he's on the defensive now, Democrats are expecting a lot more consultation -- Wolf.

BLITZER: Ed, stand by.

I want to go to Dana Bash up on Capitol Hill.

Republicans seem to be fighting amongst themselves emotionally -- Dana.

DANA BASH, CNN CORRESPONDENT: Very much so.

You know, before November's election, the story line here on Capitol Hill was about Democrats divided over Iraq. Now it is Republicans divided. And the intensity of that disagreement has been pretty much behind closed doors. But, Wolf, today it spilled out into the open.

(BEGIN VIDEO TAPE)

BASH (voice-over): President Bush's allies are so worried that resolutions opposing his Iraq plan could pass, they are not waiting for next week's formal debate to start slamming them.

SEN. DAVID VITTER (R), LOUISIANA: Do you not throw mere words out that have no concrete effect except undermining our troops and emboldening the enemy?

SEN. JIM DEMINT (R), SOUTH CAROLINA: Our responsibility is to sell it to the American people, not just to criticize, not to come up with resolutions that don't mean anything, intended to embarrass the president.

BASH: Preemptive strikes not just aimed at Democrats, but at fellow Republicans, meant to pressure GOP senators not to vote against the president.

SEN. SUSAN COLLINS (R), MAINE: Comments like that are really inappropriate.

BASH: Instead, it is intensifying the deepening discord within the Republican Party.

Susan Collins is one of four GOP senators co-sponsoring a resolution that opposes sending more troops to Iraq.

COLLINS: The vast majority of those of us serving and in leadership roles on this debate feel very strongly, are not motivated by political purposes.

BASH: But when GOP Senator Jim Demint was asked if he thinks fellow Republicans, including former Armed Services Chairman John Warner, are really trying to embarrass the president, he said: "It's clearly not an act of leadership."

Bush allies admit there is less pressure on GOP lawmakers to stand with the president.

SEN. JOHN CORNYN (R), TEXAS: The president has the bully pulpit of the office of president of the United States. But I think in many ways, the American people have sort of chosen up sides on this issue and are not listening.

BASH: Texas Senator John Cornyn has proposed one of several measures supporting a troop increase, as long as Iraqis meet their commitments. John McCain is authoring another intended to lure skeptical Republicans away from condemning the president, a resolution establishing a series of benchmarks for the Iraqis.

(END VIDEO TAPE)

BASH: And while Senator McCain's resolution will lay out benchmarks, it will not provide any introduction of what would happen if the Iraqis don't comply or consequences if they don't, as well.

Now, many Republicans say that they're very, very skeptical of the Iraqi government, therefore they don't think that resolution will have that kind of impact.

But, Wolf, Senator McCain told us today that he is reluctant to put any consequences in his resolution, saying it's too complicated. But he says he's confident he'll be able to assess whether Iraqis would comply with the benchmarks that he intends to lay out -- Wolf.

BLITZER: Dana, thank you for that.

We're going to check back with you, as well.

Lots of commotion up on Capitol Hill right now.

And Dana, by the way, and Ed Henry, as you know, are part of the best political team on television.

And remember, for the latest political news at any time, check out our Political Ticker at cnn.com/ticker.

Let's go to Jack Cafferty.

He's part of the best political team on television, as well -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: Why, thank you, Wolf.

This probably doesn't come as news to you, but it's been confirmed now that the United States has wasted tens of millions of dollars in Iraq reconstruction aid. There's been an audit by a special inspector general.

Get this -- the United States paid $44 million for a police training academy. He's never been used and the building stands empty. It has been for months.

The price included $4 million for 20 VIP trailers and an Olympic- sized swimming pool. These items were ordered by the Iraqi government, never authorized by the United States.

Put an Olympic-sized pool in there while you're doing that.

We have spent $36 million on weapons that we can't account for -- vague invoices and things like that. Body armor, armored vehicles, communications equipment -- we don't know what happened to this stuff, $36 million worth.

You remember the Baghdad police college?

$73 million of your money, my money, down the toilet for that debacle. The construction was so bad that at one point there was raw sewage dripping from the ceiling in the living quarters. This was when the building was brand new.

Four years after the war started and the State Department says it's now working to improve controls.

We're finding out about all of this just as President Bush is ready to ask Congress for another $1.2 billion in reconstruction aid to Iraq. We -- you and I -- have already spent more than $20 billion on reconstruction.

So the question is this -- how can the U.S. avoid wasting millions of dollars in Iraq on things like an unused police academy, an Olympic-sized pool, and unaccounted for weapons?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile -- Wolf.

BLITZER: All right, we'll be anxious for that -- those e-mails.

Jack, thank you very much.

I just want to remind our viewers, we're standing by for a news conference in Boston. We expect to hear from the mayor and some other authorities on what they thought was a bomb scare. It's caused some traffic and security problems in Boston.

We'll give you that news when it's available. It looks like the whole thing may simply be a hoax.

Meanwhile, a presidential launch gone wrong -- Senator Joe Biden finds himself at the center of some controversy over what he said about fellow Democratic Senator Barack Obama.

And also coming up, who's a better speaker, Senator Obama or presidential rival Hillary Clinton?

Democrats take a stand in a brand new poll.

And a new glimpse inside the Bush White House and its relationship with the news media. A reporter who went to jail goes under oath. We're going to share what she's saying.

Stay with us. You're in THE SITUATION ROOM

(COMMERCIAL BREAK)

BLITZER: Welcome back.

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A journalist who went to jail to protect a source inside the Bush White House is testifying against that person once again today, and her credibility is coming under fire.

Let's go to Brian Todd.

He's at the courthouse.

He's joining us now with more of the CIA leak trial that's unfolding -- everyday, Brian, there is more and more drama.

BRIAN TODD, CNN CORRESPONDENT: Absolutely, Wolf. And as you just mentioned, today was all about "Scooter" Libby's team trying to attack the credibility of that key prosecution witness. That witness, former "New York Times" reporter Judith Miller, who today finished her testimony. And the defense spent just about all morning trying to punch holes in Judith Miller's memory, specifically, her memory of the first meeting she had with Louis "Scooter" Libby in which Miller says Libby told her that Ambassador Joe Wilson's wife worked at the CIA.

Now, at that meeting on June 23, 2003, Miller told the court that Libby was agitated, that the CIA was, in his view, back-pedaling on pre-war intelligence.

But the defense came right back at Judith Miller this morning, essentially asking how could she remember those details when she had forgotten to tell the grand jury the first time she testified before the grand jury that she had even had that meeting with "Scooter" Libby.

The defense also asked Judith Miller several times whether she had learned about Wilson's wife from other sources, other than "Scooter" Libby, before that meeting. And Judith Miller's response: "I can't be absolutely, absolutely certain, but I have no recollection of it with anyone else."

Now, that June 23, 2003 meeting is key, Wolf, because that was weeks before Libby claims he heard of Joe Wilson's wife's status for the first time.

Judith Miller, of course, spent 85 days in jail for refusing to cooperate with investigators about her source, revealing her source, which turned out to be "Scooter" Libby -- Wolf.

BLITZER: How many of those reporters, Brian, are being forced to testify about their relationship with "Scooter" Libby?

TODD: Well, Matt Cooper, the former "Time" magazine reporter, is on the stand just as we speak. He came on the stand shortly after noon today. He testified that he first learned of Wilson's wife from White House political adviser Karl Rove and that he later asked "Scooter" Libby if he had heard the same thing and Libby replied to him, "yes, I've heard that, too."

But the defense trying to punch holes in Matt Cooper's credibility, too, talking about what he reported on the record and off, even kind of dissecting his typographical errors in notes. So they're really trying to go after Matt Cooper's credibility.

Also, Wolf, Tim Russert of NBC News scheduled to take the stand very soon, probably this week, and that's very, very key testimony.

BLITZER: It's understandable to punch holes in one or two or even three witnesses. But when you have seven, eight, nine, 10 people, journalists as well as Bush administration officials, basically saying the same thing, that's -- that's a pretty high hurdle.

TODD: It is a high hurdle, Wolf. They are trying to erode the credibility of each and every one of those people who essentially said that Libby shared information with them about Joe Wilson's wife, Valerie Plame Wilson.

But remember that they are going to -- the central defense for "Scooter" Libby is his memory, saying I simply don't remember what I told different people and when.

And so when "Scooter" Libby testifies, that's a big chance for them to kind of rebut that once again.

BLITZER: All right, Brian is going to stay on top of this trial for us.

Thank you, Brian.

And we're also getting more details from Matt Cooper's testimony today online.

Let's go to our Internet reporter, Abbi Tatton -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, there are a handful of bloggers at this trial who are reporting in real time about what is going on. And their sites give you a real look inside what is happening right now.

I've just updated from liberal Firedoglake, which is reporting on Cooper's demeanor. He's been there since about noon, looking a little bored at this point.

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But, of course, they're also following details of his testimony. Cooper describing how on July 12, 2003, he was running in and out of a country club, taking a phone call from "Scooter" Libby on his cell phone in the parking lot.

And we also have details online of the very basis for that conversation. This is the Web site of the office of the special prosecutor. This is where we're getting all the trial exhibits. And there you see one of the latest documents to be uploaded is an e-mail from Matt Cooper to the office of the vice president about some questions he had on Niger.

Many more documents being uploaded here now mounting at this Web site, including a handwritten note here from the vice president. Another one here, a formerly classified document. And we're expecting another batch to be unloaded in the next couple of hours when the courtroom wraps up for the day -- Wolf.

BLITZER: Thanks very much for that.

We'll stay on top of this story, Abbi.

And this just coming into THE SITUATION ROOM.

We're just getting word that Senator and presidential hopeful Hillary Rodham Clinton will postpone a trip to New Hampshire this weekend because of the illness of her stepfather-in-law, Dick Kelley.

We're going to continue to watch this and see her schedule.

We, of course, wish him a speedy recovery.

Just ahead, does Senator Barack Obama think he was insulted by his White House rival, Senator Joe Biden?

New details on this dustup that's muddying Biden's campaign kick- off.

And is Iraq a winning issue for Democrats and a loser for Republicans?

It's trench warfare that could decide the 2008 election.

Much more coming up.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Carol Costello is off for the day.

Fredericka Whitfield is monitoring the wires. She's keeping an eye on the video feeds coming in from around the world.

She's joining us now with a closer look at some other important stories making news -- hi, Fred.

FREDRICKA WHITFIELD, CNN CORRESPONDENT: Hello to you, Wolf.

Well, it could be as early as today that the leaders of the Senate Judiciary Committee get their hands on key documents surrounding the government's so-called warrantless surveillance program. Attorney General Alberto Gonzales today announced plans to turn the information over to Senators Patrick Leahy and Arlen Specter. Leahy and Specter have been demanding for months to see the secret court documents that led to the reversal of the controversial intelligence program.

And this today -- a leading London-based security think tank says Iran is only two or three years away from being able to build a nuclear bomb. The International Institute for Strategic Studies says Iran is on track for producing 3,000 centrifuges to create weapons grade uranium by the end of March. In its annual publication, "The Military Balance," it does say domestic opposition to nuclear development efforts may help to slow the process.

And new movement today in the global war on terror. British police staged a series of early morning raids they say thwarted what they call an Iraq-style abduction. The raids in Birmingham, England netted the arrests of nine men. A source tells CNN the plot centered around the torture and beheading of a British Muslim soldier who recently returned home from Afghanistan. The soldier was not identified. And then this message today from the travel industry to the U.S. government -- tourists are not terrorists and should not be treated as such. Industry leaders, meeting in Washington, called on the Feds to take steps to reverse the steep post-9/11 decline in overseas travel. They say travel to the U.S. has fallen 17 percent in the past five years and U.S. travel abroad is off 9 percent -- Wolf.

BLITZER: All right, thanks very much.

I want to go to Boston right now.

The police chief there is meeting with reporters, explaining what was going on -- a traffic nightmare, as a result of some sort of scare.

Let's listen in.

EDWARD DAVIS, BOSTON POLICE COMMISSIONER: ... as a result of the investigation, I'd like to remind citizens to treat any suspicious devices with care and to call 911 if any such device is found.

I'd like to introduce Governor Patrick.

Governor?

GOV. DEVAL PATRICK (D), MASSACHUSETTS: Commissioner, thank you.

I think we are all relieved that the devices found so far have proven to be hoax devices. We are very gratified by the prompt and professional response of all of law enforcement -- the commissioner and the mayor and his team, the transit police from the T, the state police, working cooperatively with the ATF. And we're very, very gratified that the response has been as prompt, as professional and as cooperative as it has been.

The investigation continues. There is more information to be developed. But I think we feel at this point that there is not a reason for anyone to panic, but there are reasons for us to be vigilant.

And, as I say, we are relieved and pleased that none of the devices have so far been found to pose a threat to public safety.

And I want to commend all of the leaders and members of law enforcement represented here with me and the lieutenant governor and Secretary Burke for the cooperation shown in pursuing today's events.

Mr. Mayor?

MAYOR THOMAS MENINO (D), BOSTON: Thank you.

Thank you, Governor.

Early this morning, I received a call from Commissioner Davis of a suspicious bomb in Sullivan Square in Cambridge. And from that point until right now, the Boston Police, the state police, the ATF and the BRIC, which is the Boston Regional Investigative Service, have been working together investigating all calls that they've got about suspicious bombs being in Boston and in Somerville.

I just want to say that every one of those so far has been investigated, either the Boston police and the federal and state folks are working on those investigations.

I just want to say to the public, you know, public safety officials, both the federal, state and city side, are all working together. Like the governor says, at no time anyone should panic. We believe we have the situation in hand and that to go about your business.

And Commissioner Davis said, we will have additional officers at different locations during the transit time this evening, as people make their way home, just to give the sense that we are out there and doing our jobs.

And it's just about all of us. And the individuals who might have placed these bombs, or these packages, I should say, should be warned that this is a heavy penalty. It's imprisonment, two to five years for each one of them. So, it's not -- we're not playing around. This is about keeping the city on edge.

It's about public safety. When it comes to public safety, we're throwing everything at it.

(CROSSTALK)

QUESTION: Mr. Mayor, we're hearing that Turner Broadcasting is saying...

(CROSSTALK)

MENINO: Well, Joe (ph), I'm not finished yet.

QUESTION: (OFF-MIKE) apologize. We thought you were finished, Mr. Mayor.

MENINO: You're last in questions now.

(LAUGHTER)

MENINO: I just want to say that we're staying -- we will stay focused.

The unified command center will stay open as long as we deem necessary.

And I just want to finish up and say thanks for everyone working together. This is when public safety really rises to the occasion, because public safety, both in the federal, state, and seaside, have been doing their jobs since early in the morning, this morning, and they will continue the rest of the day.

Thank you. QUESTION: Mayor, do you have any idea about who might be behind this?

MENINO: I will ask the commissioner to answer those questions.

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DAVIS: This is a very active investigation. We are following numerous leads right now. And we're confident that those leads will bring us to an individual who was behind this.

(CROSSTALK)

QUESTION: ... connection on some of these devices?

DAVIS: Well, this is part of the ongoing investigation. And I wouldn't make any specific comments at this point in time. This is a very active investigation.

We hope to have additional information for you specifically about individuals or parts of the investigation later this evening.

QUESTION: Did you search...

(CROSSTALK)

DAVIS: We did not.

QUESTION: Commissioner, can you speak to the toll that this has taken on the city, both in police resources and the time and the money in operating the command center, if this is a fact a hoax or some sort of advertising campaign?

DAVIS: This has taken a significant toll on our resources. Emergency deployment teams were sent into the center of the city immediately upon these reports. Bomb squad units from the transit police, the state police and the Boston police were fully deployed.

There were significant shutdowns of not only highways, but rail traffic with the MBTA. And this has created an enormous inconvenience to people in the city. So, we're going to fully investigate this and get to the bottom of it. And, thankfully, none of these devices have proven to be lethal.

(CROSSTALK)

QUESTION: Commissioner, do any of these devices have any common characteristics, or is there any indication at this point that any of the devices are connected in any way?

DAVIS: Yes, several of the devices do have common characteristics. But it's too early to say specifically how many are connected and how many are not.

(CROSSTALK)

QUESTION: ... ease public fears and say either this is definitely not terrorism, this is some whack job, or this is a prank? Can you go in one direction there for us?

DAVIS: There are no indications in the investigation at this point in time that will indicate that this is a terrorist act. But, as to exactly who was behind it, the reasons, the motivations, I can't comment on that right now.

QUESTION: One person though, right, one person?

DAVIS: I can't comment right now.

(CROSSTALK)

QUESTION: ... that someone thought this was funny, that this was a prank?

DAVIS: I would not comment on any of the ongoing investigation.

(CROSSTALK)

UNIDENTIFIED MALE: Last question. Last question, please.

(CROSSTALK)

QUESTION: Commissioner, apparently, Turner Broadcasting has issued a statement saying that this is some sort of marketing campaign for some cartoon. Have you heard this? Are you aware of this?

DAVIS: We're investigating numerous leads, numerous comments that were made that were phoned into us. We're looking at that as a possibility. But we're looking at all sorts of possibilities at this point in time. It really is premature for us to talk about where this investigation is going to go.

I want to make clear that people should not be afraid to come into or leave the city of Boston right now. There is nothing that we have found that indicates any danger to the people who are coming into and out of the city. We have additional police resources out there to make people feel safe. We're working very closely with the other police agencies represented here.

The governor and the mayor have joined us here at the police department. And we're doing everything we can to assure people that they should be safe right.

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(CROSSTALK)

QUESTION: ... commercial interests involved?

(CROSSTALK)

QUESTION: ... any commercial interests who are involved in this in any way...

BLITZER: All right, the police chief up in Boston, Ed Davis, speaking to reporters.

We heard from the mayor. We heard from the governor -- this investigation continuing.

But we're getting some new and significant information coming into THE SITUATION ROOM right now.

Dan Lothian is joining us from Boston.

What are you picking up, Dan?

DAN LOTHIAN, CNN BOSTON BUREAU CHIEF: Well, you heard at the press conference where someone kept asking law enforcement officials if this was part of some kind of advertising campaign. And law enforcement officials said that they did have some leads; they were talking with some people, and that they would have more information later on.

We can report this, a statement from Turner: "The packages in question are magnetic lights that pose no danger. They are part of an outdoor marketing campaign in 10 cities in support of Adult Swim's animated television show "Aqua Teen Hunger Force." They have been in place for two to three weeks in Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Austin, San Francisco, and Philadelphia. Parent company, Turner Broadcasting, is in contact with local and federal law enforcement officials on the exact location of the billboards."

And, then, from Turner Broadcasting, "We regret that they were mistakenly thought to pose any danger."

So, that's the very latest information. Obviously, this is something law enforcement is looking into. And this began this morning, the first incident that occurred this morning just north of downtown Boston, where there was some kind of package device found on I-93. They had to shut down the northbound lanes.

They brought in bomb teams, exploded that device safely -- officials saying at that time that it was not an explosive device. And, then throughout the day, we saw these other devices, at least five of them, if not more, showing up across the city -- Wolf.

BLITZER: So, it looks like this may just be a huge misunderstanding, some advertising devices put out at these billboards in these cities, part of a promotional campaign for the Cartoon Network's Adult Swim animated television programs.

That's what it looks like, based on the statement from our parent company, Turner Broadcasting.

Deb Feyerick is getting some more information as well.

Deb, what are you picking up?

DEBORAH FEYERICK, CNN CORRESPONDENT: Well, Wolf, we can you tell that apparently this was done by a third-party marketing campaign, interference marketing, is what we are being told.

According to intelligence sources, the device itself was a circuit board about 15-by-12 inches long, with a character put together by LED light bulbs, almost like the lite-brites that you may remember. It was powered by four Duracell batteries.

We actually were able to call up an image of that device on a blog, makezine.com. It tells exactly how to make these things. So, whether that was something that was put out by the marketing campaign, but that is the image that was appearing. And when we went on the blog, we even found somebody that said: I saw the same thing up in Seattle.

So, this has been out there for a little while -- that posted about a week ago -- Wolf.

BLITZER: And our parent company, Turner Broadcasting, is in contact right now with federal and local law enforcement to try to work this out -- clearly -- apparently, at least, a major misunderstanding. These packages, as they were described, magnetic lights that pose absolutely no danger, but law enforcement authorities clearly taking no chances whatsoever.

We're going to continue to follow this. But it looks -- looks like a major misunderstanding caused this scenario to unfold in Boston.

Still to come: Senator Biden's underdog race for the White House stumbles out of the gate. Is the chairman of the Foreign Relations Committee suffering from what his critics are calling foot-in-mouth disease? Mary Snow will have a live report.

And will the war in Iraq be the cloud hanging over the GOP's head for generations to come, or will Democrats overplay their hand? Bill Schneider's analysis straight ahead.

Stay with us. You're in THE SITUATION ROOM.

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(COMMERCIAL BREAK)

BLITZER: You can bet this is not the way Senator Joe Biden wanted to get his presidential campaign off the ground. Were his comments about fellow White House hopeful Barack Obama a case of loose lips or worse?

Let's go to CNN's Mary Snow. She's watching the story for us -- Mary.

MARY SNOW, CNN CORRESPONDENT: Biden was eager to talk about foreign policy, but he found himself having to explain comments he made about Senator Barack Obama Obama.

(BEGIN VIDEO CLIP)

SEN. JOSEPH BIDEN (D-DE), SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN: I'm running for president because...

SNOW: On the very day Senator Joseph Biden launched his 2008 presidential campaign, controversy kicked in. In an interview with "The New York Observer," questions were raised when he use the word clean to describe fellow Democratic presidential contender Senator Barack Obama.

Here's what he said.

BIDEN: I mean, you have got the first sort of mainstream African-American, who is articulate and bright and clean and a nice- looking guy. I mean, it's -- that's a storybook, man.

UNIDENTIFIED MALE: Yes.

SNOW: And what does Senator Barack Obama think of that?

SEN. BARACK OBAMA (D), ILLINOIS: I mean, you would have to ask Senator -- Senator Biden what -- what he was thinking. I don't spend too much time worrying about what folks are talking about during the campaign season.

SNOW: But the Reverend Jesse Jackson, who ran against Biden for president in 1988, said Biden's comments called for an explanation.

REVEREND JESSE JACKSON, FOUNDER, RAINBOW/PUSH COALITION: I do not think he meant to say anything intentional that was off-color, but it certainly is highly suggestive.

SNOW: In a conference call, Senator Biden said his comments were taken out of context.

BIDEN: My mother has an expression: clean as a whistle, sharp as a tack. That's the context. He's crisp and clear.

LARRY SABATO, DIRECTOR, UNIVERSITY OF VIRGINIA CENTER FOR POLITICS: It's classic Joe Biden. It's really history repeating itself.

SNOW: Biden dropped out of the 1988 presidential race following charges he plagiarized a speech of a British Labor Party leader. And, just last year, he caused controversy with comments that some had to hear for themselves to believe. The comments are still posted on the Internet.

BIDEN: You cannot go to a 7/Eleven or a Dunkin' Donuts unless you have a slight Indian accent.

SNOW: Biden later explained the comment, saying he was referring to a vibrant Indian-American community in the state of Delaware.

(END VIDEOTAPE)

SNOW: Now, this afternoon, Senator Obama told CNN that Senator Biden called him. He said it unnecessary, that he didn't think Senator Biden intended to offend anyone -- Wolf.

BLITZER: And, in that same interview in "The New York Observer," he was pretty critical of Senator Clinton and former Senator Edwards as well, two rivals for that Democratic presidential nomination. Mary, thanks for that.

Coming up in our "Strategy Session": The speaker, Nancy Pelosi, she is meeting over at the White House with President Bush right now. Is there some tough talk going on, on Iraq in the Oval Office?

Bay Buchanan and Donna Brazile, they are standing by to join us right here. Stay with us.

(COMMERCIAL BREAK)

BLITZER: Let's get some analysis now on Joe Biden announcing formally his run for the White House today in our "Strategy Session" -- Democratic strategist Donna Brazile and her Republican counterpart, Bay Buchanan, the president of American Cause.

What do you make of this? What a way for Joe Biden to formally start his run for the White House.

DONNA BRAZILE, CNN POLITICAL ANALYST: You know, Wolf, I was shocked to read those comments.

Look, I know Joe Biden. I believe his intentions are good. He has a strong civil rights record. But it came across pretty damaging. His first, you know, major event, his announcement, and he stepped on his own story by criticizing Mrs. Clinton, Mr. Edwards, even making some weird remarks about, you know, Al Gore and John Kerry...

(CROSSTALK)

BLITZER: In the interview that appeared today in "The New York Observer."

But it's the comments about Barack Obama, Bay, where he says he's articulate and bright and clean and nice-looking guy, which I'm sure he meant in a good context.

BAY BUCHANAN, CNN POLITICAL ANALYST: I'm sure.

BLITZER: But, to some people, that might be condescending, if you will.

BUCHANAN: There's no question.

If you read it as he said it, there is real question as to what it really means. Now, I agree with Donna. I think what he meant is clean-cut, just like he said he meant. Everything around it was positive.

But it's a major mistake as to, what is he thinking? What is he comparing this to? Was it -- is he different from -- in this way from Al Sharpton and Jesse Jackson, who have run before as black Americans? He really has a lot of the explaining to do.

I think it's enormously damaging to him and it's unfortunate. But, in fairness, he took on every single candidate. (LAUGHTER)

BUCHANAN: He took them all out. His opening interview, he knocks every present and former major Democratic nominee -- candidate.

(CROSSTALK)

BLITZER: How severe of a setback would this be, you think, for Senator Biden?

BRAZILE: I think it's going to continue to play across the board.

Look, I -- when he took on Barack Obama, that's one thing. But, to take on Jesse Jackson, Al Sharpton, to take on those who have also run for the presidency, that's -- they have a lot of support out there.

(CROSSTALK)

BRAZILE: So, I think Senator Biden will clean up his comments.

(CROSSTALK)

BRAZILE: And I believe he's already talked to Barack Obama. And Senator Obama said he's not going to make a lot out of it.

BUCHANAN: But, in fairness, America is looking for nice, candid, honest candidates. We have got one here, who likes to publicly assess his fellow Democrats. I say more credit to him. I'm memorizing all his lines as we go.

BLITZER: How worried are Republicans right now with these various resolutions that are moving forward, because we're hearing that there's really an emotionally driven divide among those Republicans?

BUCHANAN: On both sides. It's extremely emotional, Wolf.

And there's no question those who do not want to see these resolutions go forward make an excellent point, in the sense that they feel that this will indeed hamper, undermine the efforts of General Petraeus over there in Iraq. We -- obviously, no one in this country wants to see that happen.

And if indeed they are correct, I think every single senator should reconsider that vote, because nobody wants to see that happen.

BLITZER: We have got to leave it there, guys.

Thanks very much...

BRAZILE: Thank you.

BLITZER: ... Donna and Bay. And, coming up in our next hour, former Secretary of State Madeleine Albright, she says the president's Iraq plan is more a prayer than a policy statement.

Also coming up: How can the U.S. avoid wasting millions of dollars in Iraq on things like an unused police academy and unaccounted-for weapons? Jack Cafferty with your e-mail right after this.

(COMMERCIAL BREAK)

BLITZER: Jack's back with "The Cafferty File" -- Jack.

CAFFERTY: So, before we get to the question, Wolf, I have a question.

BLITZER: Yes.

CAFFERTY: How long do you think it's going to be before Joe Biden announces he's decided not to run for president?

BLITZER: He's got a little explaining to do. And I'm sure he's working on that overtime right now.

CAFFERTY: You know, last night, here on THE SITUATION ROOM, we could have helped him. We were talking about these guys who train politicians not to stay stupid stuff. I guess Senator Biden wasn't watching last night.

The question, the other question, is: How can the United States avoid wasting millions of dollars in Iraq on things like unused police academy and unaccounted-for weapons?

Jonathan writes, "Well, maybe the first step is stopping the no- bid contracts to Halliburton and other friends of the vice president."

James in Florida: "Congress can do something other than passing nonbinding resolutions and symbolic statements, such as creating a committee that oversees reconstruction in Iraq that Congress actually oversees, you know, do their job."

Dan in Quebec: "Jack, the best way I could suggest managing the funds being grossly misspent in Iraq would be to have your trusted IRS agents do the dirty work. They come after hardworking Americans for a lot less than millions."

Joseph in Miami -- this is poignant -- "Listen, it's this waste that is the business of the war machine. And the only reason the war machine wants war, someone's profiting from all of this waste. The money doesn't really go into a toilet. It goes into someone's pocket. I wouldn't be surprised if that doesn't leak to the administration and its extended cronies, including its Iraq cronies. It's all a business deal. And young kids think their dying is about freedom. Bunk."

Tony in Ohio: "I will answer your question by asking one of my own. What has happened to the premise put forth by the Bush administration at the beginning of the war, that we will use the Iraqi oil to pay for the reconstruction of that country? Where's the oil? And who's making the money from it?"

And Bob in Oklahoma: "Let's send a real decision-maker, Donald Trump, to make some decisions about our construction money" -- Wolf.

BLITZER: A Trump Towers in Baghdad, I can only imagine what that would be like.

(LAUGHTER)

BLITZER: Jack, stand by. We're going to get back to you soon.

Still to come: The war in Iraq, will it hang over the GOP for years to come, or will the Democrats overplay their hand? Bill Schneider's take is coming up.

And Senator Lindsey Graham, he is looking for a way to keep his Republican Party united on the war in Iraq. Senator Graham joins us in the next hour, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: In Iraq right now, lives are on the line, including those of American troops. The political stakes pale by comparison. But they will be a critical part of the legacy of this war and of President Bush.

Our senior political analyst, Bill Schneider, is standing by with more -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, could the Iraq issue change the long-term political landscape? It is a possibility.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Disillusionment with the war in Iraq has produced a dramatic shift in the polls.

"The Washington Post"/ABC News poll asks: Who do you trust to do a better job handling the campaign against terrorism, President Bush or the Democrats? In 2003, President Bush had a 51-point advantage. In 2004, Bush was ahead by 29 points. And now? People say they trust the Democrats more than President Bush on terrorism.

Republicans won the 2002 and 2004 elections as the daddy party, the party that would do a better job protecting the country. But it didn't work in 2006.

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In 2002, Republicans had a 35-point lead over Democrats on handling terrorism. Now the parties are virtually tied. That gives Democrats an opening. But they can't make the same mistakes they made in the 1970s. Then, anti-war sentiment made the Democrats look weak on national security. The loss of Vietnam, followed a few years later by the Iran hostage crisis, made Americans feel vulnerable. Enter Ronald Reagan and a new era of Republican dominance.

Now Democrats are trying to make it clear that opposition to the war in Iraq does not mean weakness in the war on terror. The public no longer believes the war in Iraq is part of the war on terrorism. The best way to fight the war on terror, Democrats argue, is to get out of Iraq.

SEN. RUSS FEINGOLD (D), WISCONSIN: Our Iraq-centric policies are hurting our ability to defeat the enemy that attacked us on 9/11.

(END VIDEOTAPE)

SCHNEIDER: The daddy party may be in trouble.

Political analyst James Pinkerton of the New America Foundation put it this way in an interview with "The San Francisco Chronicle" -- quote -- "In times of war, the instinct is to trust dad more than mom. And the Republicans have benefited from that. But, if dad keeps wrecking the car, there may be reason to change" -- Wolf.

BLITZER: Bill Schneider, reporting, thank you.

Can Sen. Clinton Be Elected To The White House In 2008? (RC)

By Stuart Rothenberg

Roll Call, February 1, 2007

If activists, political insiders and journalists are asking whether former New York Mayor Rudy Giuliani can win the Republican nomination for president, they are equally consumed with the question of whether Sen. Hillary Rodham Clinton (D-N.Y.) can win the White House.

Let's skip the suspense and cut right to the answer: Yes.

While some of my colleagues doubt that the New York Senator can overcome her high negative ratings and attract a majority of the electorate in her bid for the White House, I've come to the conclusion that she can, as long as she runs the high-quality campaign I think she can.

Let me be very clear: I am not predicting that Clinton will win in 2008. I'm not even predicting that she will be the Democratic nominee. What I am saying is that I don't agree with those who have concluded that her negatives are so great that she cannot beat a strong Republican nominee next year.

Every White House hopeful in history — and I am not exaggerating when I say "every" — has begun the race with a number of question marks. For some, the question was experience. For others, ideology. For still others, it was a question of style or substance or ability to connect with real people.

Clinton is not without such questions. Is she "warm" enough to make voters feel comfortable voting for her? Is a majority of the electorate ready to elect a woman? How will she deal with the double-edged sword of her husband, former President Bill Clinton, who simultaneously is an asset and a liability in her White House bid? Did she alienate so many people as first lady that a majority of voters in key states simply will not cast their votes for her?

There is no debate about this: The Senator's campaign will need to address these questions — and others, including the aforementioned electability question — and deal with them successfully if she is going to have a chance of winning the White House. There's no doubt that she has political baggage.

But Sen. Clinton isn't the only hopeful with weaknesses to strengthen and questions to answer. Sen. John McCain (R-Ariz.) will have to answer questions about his age and health, as well as his Iraq position and his wooing of conservatives. Former Massachusetts Gov. Mitt Romney (R) will have to deal with his multiple positions on abortion and, yes, his religion. And Sen. Barack Obama (D-Ill.) will have to deal with his inexperience, just as former Sen. John Edwards (D-N.C.) will have to address his lack of foreign policy experience.

Polling released over the past few weeks doesn't support the argument that Clinton is unelectable.

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A Jan. 18-21 CBS News poll of adults showed that Clinton's favorable and unfavorable ratings are identical at 36 percent. A Jan. 16-19 ABC News/Washington Post survey of adults found that her personal ratings were 54 percent favorable and 44 percent unfavorable. While the Senator's negatives are high, they certainly don't appear high enough to prevent her from wining a presidential election.

A Jan. 5-7 Gallup/USA Today poll of adults found that only 34 percent of Democrats and independents who lean Democratic said they "definitely" would support Clinton for president, while 52 percent said they would "consider" supporting her, and 14 percent said they "definitely" would not support her.

If Clinton had to start a general election having to write off one out of every seven Democrats, she would be in a serious general election hole. But I'm very skeptical about people knowing how they'll feel and how they'll behave a year or two from now. And I expect that some of those who insist they will never vote for her will in fact vote for Clinton if she is the Democratic nominee.

In the meantime, the CBS survey offered some very good news for Clinton. More than two out of three respondents — and 84 percent of Democrats — said Clinton "has strong leadership qualities," and 59 percent said she has "the right kind of experience to be a good president." Finally, a majority of those questioned, 53 percent, said Clinton could win the presidential election if nominated by her party.

When ABC News/Washington Post pollsters asked respondents about hypothetical White House matchups, Clinton beat McCain, 50 percent to 45 percent, and she beat Giuliani, 49 percent to 47 percent. While these ballot tests don't guarantee that Clinton would win those races, they do strongly suggest that it's a mistake to dismiss her as unelectable.

Finally, assertions that Clinton's polarizing reputation and name make her unelectable ignore history. I remember some New York political observers questioning the then-first lady's electability in New York when she announced for the Senate. But she went to the most Republican part of the state — upstate — and won over her skeptics. There is no reason to believe that she couldn't do that in Ohio, Iowa, New Mexico and the handful of other competitive states that Sen. John Kerry (D-Mass.) lost in 2004. Remember, it's irrelevant that Clinton can't carry Mississippi or Utah. She won't need them.

Moreover, elections involve choices, and often those choices involve the lesser of two evils. No matter what personal baggage she carries, the Senator surely would have targets of opportunity in 2008, including the GOP nominee, the outgoing president and the now-damaged Republican Party brand. Her job would be to make the election about Bush and to position herself as a force for change, competence and accomplishment.

Then-Vice President Al Gore and Kerry, Democratic presidential nominees with considerable weaknesses, narrowly lost presidential elections in 2000 and 2004, respectively. Gore even carried the popular vote. Whatever her liabilities, it's hard to see Clinton losing large numbers of voters who were willing to pull the lever for Gore and Kerry. She would lose some, but not many. In my book, that's reason enough for believing that she would have a reasonable chance of wining the White House in 2008.

President Clinton (WSJ)

By Fred Barnes

The Wall Street Journal, February 1, 2007

Senator Hillary Clinton is waging two presidential campaigns at once. She is running for the Democratic presidential nomination while keeping a sharp eye on the general election campaign against the Republican presidential nominee, whoever that turns out to be. Mrs. Clinton wants to run as a centrist, not a liberal, in the general election. But there's a problem. She is being tugged to the left in the nomination fight, forced to take positions that may jeopardize her chances later against the Republican candidate.

Her opponents in the Democratic primaries next year don't have this problem. They are unabashed liberals who have done nothing to place themselves near the ideological center of American politics. Mrs. Clinton, however, spent her first term as senator from New York downplaying her image as a staunch liberal. Instead, she has sought with some success to fashion a reputation as a centrist on some several key issues, particularly national security. And while doing so, she became the undisputed frontrunner for the 2008 Democratic nomination. She became electable.

A glance at the breakdown of red and blue states in the 2004 presidential race shows how little it would take for her to win the general election. If she holds the states won by Democrat John Kerry, she would need to add only one populous red state or

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two smaller ones. And there are numerous Republican states that have drifted toward the Democrats since 2004 -- Ohio, Colorado, Iowa, Montana, Nevada, Arizona and Virginia, just to name a few.

But Mrs. Clinton's ability to pick up one or two of these red states depends on her maintaining credibility as a centrist on key issues. That is a difficult task. Given the pressure from her party's liberal base and from her Democratic opponents for the presidential nomination, it's now very much in doubt whether she can accomplish it. She's already becoming more liberal than it's safe to be in a presidential election in a nation with an enduring center-right majority.

As surprising as this may sound, Mrs. Clinton starts her campaign as the Democratic candidate furthest to the right. The only two Democrats who might have gotten to her right -- Sen. Evan Bayh of Indiana and former Gov. Mark Warner of Virginia -- dropped out of the race. So she faces competition from a phalanx of liberals, two of whom -- Sen. Barack Obama of Illinois and former Democratic vice presidential candidate John Edwards -- are formidable opponents.

In her six years in the Senate, Mrs. Clinton has gone a good ways toward achieving the threshold requirement for a female candidate for president: making herself believable as a commander in chief. She did this by spending long hours at Senate Armed Services Committee hearings, forging a supportive relationship with Donald Rumsfeld, and voting in 2002 to authorize the invasion of Iraq.

She became conversant on defense issues. At a breakfast with reporters in late 2003, I asked her if there had been good reason to believe, as President Bush did, that Saddam Hussein had weapons of mass destruction. "The intelligence from Bush 1 to Clinton to Bush 2 was consistent," she said, in concluding Saddam had chemical and biological weapons and was developing nuclear weapons.

Mrs. Clinton had done her own "due diligence," she went on, by attending classified briefings on Capitol Hill and at the White House and the Pentagon, and also by consulting national security officials from the Clinton administration whom she trusted. All agreed Saddam had WMD. Now, an investigation was needed on how everyone had been "so misled," Mrs. Clinton said. But she declined to endorse the theory of Sen. Edward Kennedy that the existence of WMD was a "fraud" cooked up by Mr. Bush to justify the war in Iraq.

It was a strong answer and I was impressed. Mrs. Clinton further burnished her credentials as a serious person on national security affairs by refusing once the war turned unpopular to repudiate her vote, as Mr. Edwards had. (Mr. Obama, as a state legislator, had opposed the war from the outset.) She criticized the conduct of the postwar occupation and suggested there might never have been a vote to go to war had it been known Saddam had no WMD. But this was the standard sort of second-guessing by a senator, Democrat or Republican.

Then came January 2007 and two events: the sudden effort by Democrats to compel Mr. Bush to bring the Iraq war to an end and the just-as-sudden acceleration of the presidential race. Mrs. Clinton joined the stampede to cast the president and the war in the most pessimistic light. She dramatically escalated her criticism.

First, after a trip to Iraq, she called for a cap on American troops in Iraq at the current level of 137,000, thus no "surge" in the number of troops. At a Senate hearing a few days later, Mrs. Clinton lectured Gen. David Petraeus, the new Iraq commander, on the appropriate counterinsurgency strategy in Baghdad; she asked the general, the Army's foremost expert on counterinsurgency, no questions. Then during her first campaign trip to Iowa, she demanded Mr. Bush "extricate our country" from Iraq before he leaves office.

It was as if all the pressure had gotten to Mrs. Clinton and she'd forgotten her need to remain resolute on national security. Rather than acting like a potential president, she acted like a bickering senator. She put the reputation she'd earned for seriousness on national security at risk. That the Iraq war was unpopular in 2006 and early 2007 probably won't help her in 2008, when Mr. Bush is stepping down.

The question now is whether Mrs. Clinton will stand up to the political pressure to move left on other issues. In 2005, she boldly reached out to pro-lifers, calling abortion "a sad, even tragic choice to many, many women." She said both sides in the abortion debate should seek "common ground." Will she repeat that when she and the other Democrats appear before groups like Naral Pro-Choice America?

And on health care, Mrs. Clinton insists she's learned from her painful experience of authoring a failed national plan in 1993 that relied heavily on government mandates. Lobbyists for health-care groups say she speaks approvingly now of injecting

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free-market incentives into the system. But will she advocate them as part of a centrist health-care initiative in the Democratic primaries?

Presidential campaigns are unfair to liberals. The American electorate prefers presidents to be centrists (Bill Clinton, the elder George Bush) or conservatives (Ronald Reagan, the younger George Bush). Voters usually opt for a presidential candidate who is tough-minded, rather than wavering or vulnerable to fleeting passions, on one issue above all, national security. Hillary Clinton was well on her way to becoming such a candidate. Until now.

Mr. Barnes, executive editor of the Weekly Standard, is the author of "Rebel-in-Chief" (Crown Forum, 2006).

Giuliani: Can Hero Of 9/11 Win Over His Own Party? (USAT)

By Susan Page

USA Today, February 1, 2007

BRETTON WOODS, N.H. — Rudy Giuliani would seem to have all the credentials a candidate for president could want: A hero of 9/11, a crime-busting federal prosecutor, a two-term Republican mayor in an overwhelmingly Democratic city and one of the most admired politicians in the country.

He's got a big problem, though. First, he has to be nominated by Republicans who don't yet know his views on social issues.

"People remember how he provided leadership at a time the city needed it and the country needed it," coin-company executive Jeff Marsh, 41, says as he waits to greet Giuliani at the annual dinner of the Littleton (N.H.) Chamber of Commerce. While Marsh's admiration of Giuliani the man is evident, his support for Giuliani the presidential candidate is no sure thing. Giuliani's advocacy of abortion rights gives him "some pause," Marsh says ruefully.

The question is this: Can the thrice-married New Yorker — a supporter of abortion rights, gay rights and gun control — win the nomination of a Republican Party that has become increasingly dependent on and influenced by conservative Christians?

Maybe not, says Tony Fabrizio, a GOP pollster who advised Bob Dole's 1996 presidential campaign.

"As a presidential candidate, Rudy Giuliani should absolutely be taken seriously," Fabrizio says. "As a contender for the Republican nomination, he should be taken significantly less seriously. He has the stature to be president, but how does he get the Republican nomination? That is the fundamental disconnect."

Republicans tend to stick with front-runners. In each of the last nine presidential elections, the GOP contender who led the field the year before the election has won the nomination. Despite Giuliani's edge at the starting line, however, there is widespread skepticism among insiders such as Fabrizio whether he'll be there at the finish.

With the war in Iraq raging and terrorism a global threat, Giuliani's campaign could measure just how powerful social issues continue to be in the GOP. "He may be the candidate to test that proposition," says former Republican national chairman Ed Gillespie, now the party's state chairman in Virginia.

At least at the moment, Giuliani leads the Republican field, a USA TODAY/Gallup Poll finds. He holds a narrow advantage over Arizona Sen. John McCain, who is often identified as the party's front-runner. In January, 31% of Republicans and Republican-leaning independents said Giuliani was their likely preference for president; 27% chose McCain. Former House speaker Newt Gingrich was third at 10%.

In a head-to-head contest, Giuliani beat McCain 50%-42%.

Giuliani, who declined to be interviewed for this story, also shows appeal beyond the GOP.

Dubbed "America's mayor" after he led New York City's response to the Sept. 11 attacks, Giuliani had a nearly 4-1 favorable rating among all those polled. McCain had a 2-1 favorable rating, and the rating for Democratic hopeful Hillary Rodham Clinton was only a bit more positive than negative.

"I have great admiration for how he handled everything in New York," says Jan Mercieri, an independent married to Littleton's fire chief. She's brought a book profiling first responders who died during 9/11 for Giuliani to autograph before he speaks to the dinner. It's being held at the Mount Washington Hotel here, where the Bretton Woods monetary conference convened after World War II. ("God bless you for your service to our people and God bless America," he writes.)

"I think it touched everybody," she says of his take-charge actions on that day, tears welling in her eyes even now.

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As fondly remembered as Giuliani is for responding to Sept. 11, however, most Americans don't know much else about him. Barely one in five Republicans knew that he supports abortion rights and civil unions for same-sex couples, the USA TODAY poll found. Nearly as many thought he was "pro-life" as said he was "pro-choice."

When they were told about his stance on those issues, his star dimmed. One in five Republicans said his views would "rule him out as a candidate" they could support. That included one-third of those who attend church every week, an important base of the GOP that makes up a third of party loyalists.

Another 25% of Republicans said his views made them less likely to support him, nearly double the proportion who said they made them more likely to support him.

Even some Republicans who see Giuliani as a stronger general-election candidate question if he can be nominated. A Gallup Poll taken Friday through Sunday showed Republicans split evenly over whether Giuliani or McCain had a better chance of winning the nomination, though by 17 percentage points they thought Giuliani had a better shot at defeating the Democratic candidate in November.

"He's a fine guy, and he certainly has a sterling record as mayor of New York," George Lovejoy, 75 and courtly, says the next morning. The former New Hampshire state senator, a real estate agent in Barrington, applauds politely as Giuliani addresses the annual state GOP meeting in Manchester. Could he be the presidential nominee?

"I don't think it's likely," Lovejoy says. He is backing former Massachusetts governor Mitt Romney, who now opposes abortion rights after supporting them earlier in his career. "Our strong focus as Republicans has been on social issues as well as tax-and-spend issues. That's what's made us strong."

Tony Perkins, president of the Family Research Council, calls Giuliani "unacceptable" as a nominee. Conservative Christian leaders haven't targeted him because they assume "he's not going to go anywhere" once the campaign begins in earnest — but Perkins says they're ready to mobilize against him if he seems to gain traction.

Giuliani's strategists recognize his vulnerabilities. A campaign memo leaked to the New York Daily News last month and acknowledged as authentic by spokeswoman Sunny Mindel listed some of them: questions about his private-sector businesses, which have made him a millionaire and entangled him with clients from thoroughbred racing to the energy industry. Controversies around his current and former wives, a soap-opera saga played out in public. His stance on social issues, to the left of any major GOP contender since the party adopted an unyielding anti-abortion line in its 1980 platform.

"Probs (problems) that are insurm (insurmountable)?" asks the memo. "Does any of it cause RWG (Giuliani) to lose his lustre?"

In New Hampshire, Giuliani tries a response, portraying himself as a strong leader who can be trusted despite differences he may have with a voter on a particular issue.

"The single most important part of leadership … is to figure out what you believe, figure out what's important, have convictions, stand for something," he says in his speech here, stepping to the side of the podium to get closer to the audience and punching his hand in the air for emphasis. "I would prefer to support for president or head of a corporation, mayor, head of an anything — somebody who stands for something, even if I don't agree with them completely."

He cites a bipartisan trio — Abraham Lincoln, Franklin Roosevelt and Ronald Reagan — as great presidents who earned support even from those who might have disagreed with them on this or that. "I don't even agree with myself on everything," he jokes.

Famously combative as mayor, he tries to convey a warmer side on the stump. He repeatedly refers to his wife, Judith, a petite woman in a black turtleneck and oversized pearls who smiles from the audience; they walk out of the ballroom hand-in-hand. They were married in 2003 after his messy divorce from Donna Hanover, who says she learned they were separating when he announced it at a news conference. Giuliani's first marriage was annulled after 14 years.

Giuliani has honed his skills as a motivational speaker in considerable demand since 9/11; Forbes magazine estimates he charges $100,000 a speech, though he declines to accept even travel expenses from the New Hampshire group. He wears a tailored pinstriped suit, crisp shirt and glossy blue tie. His manner is conversational and occasionally self-deprecating — mentioning, for instance, that he was knighted by Queen Elizabeth but then adding that he doesn't bring that up in Brooklyn.

"Did you know I was from New York?" he asks to laughter.

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Actually, his hometown may turn out to be yet another vulnerability. Not since DeWitt Clinton won the governorship in 1817 has a New York mayor been elected to a higher office. Not even Clinton, the Federalist presidential candidate in 1812, managed to make it to the White House.

Giuliani backed away from a tough contest before. In 2000, he had formed an exploratory committee and begun raising money for a Senate campaign against Hillary Clinton but then abandoned it after he was diagnosed with prostate cancer. He is now recovered.

This time, he's formed an exploratory committee and started fundraising with a goal of $25 million by March 31, when Federal Election Commission reports will provide a comparison among presidential contenders. He's begun hiring campaign staffers in Iowa and New Hampshire, which hold the opening caucuses and first primary. He heads this weekend to South Carolina, site of the second primary.

Republicans in the Palmetto State will judge the contenders based on "the entire package, not a single issue," Katon Dawson, South Carolina's Republican chairman, says when asked about Giuliani's views on abortion and gay rights. Still, he adds: "Those are issues important to the core of our party."

A Giuliani game plan might go like this: Finish in the top tier of candidates in Iowa, then win or at least finish second in New Hampshire, a Northeast state with a libertarian streak. (That would mean besting McCain, who won the primary over George W. Bush in 2000, and/or Romney, the former governor of neighboring Massachusetts.) Then Giuliani would need to survive in South Carolina, a Deep South state with a solidly conservative electorate.

If all that happens, he could be well positioned for the unprecedented crush of primaries on Feb. 5 that may include California, Florida, Illinois and New Jersey.

"We feel very good about the consolidation of primaries on an early date," says Michael DuHaime, a former political director of the Republican National Committee who is poised to run Giuliani's campaign. Contests in those big states would favor candidates with high name identification and deep pockets — that is, candidates like him.

Some Republicans believe Giuliani would be better able than McCain to deal with anti-Washington sentiment and the anti-GOP tide that cost the party control of Congress in November's elections.

"I'll tell you who's going to win the nomination," declares Bill Williams, 72, of Franconia, head of the New Hampshire Rural Development Corp. and a former congressional aide who was attending the Littleton dinner. "It's going to be a non-federally employed individual — a governor or a mayor."

The next day, before heading to Providence for a fundraiser, Giuliani and his wife drop by Blake's Diner in Manchester to shake hands with local residents and share lunch. He orders a pita stuffed with chicken fajita ingredients after a fellow patron recommends it. She gets a bacon cheeseburger.

The reception in New Hampshire has been "encouraging," he tells a few reporters as he leaves. The retail campaigning demanded in New Hampshire feels "familiar," like a mayor's race. He says Republicans, downbeat after congressional setbacks in November, need the sort of encouragement and optimism that he's ready to provide.

"So why wouldn't you run?" Anita Siegfriedt of Fox News asks.

"That's a good question," he says, and laughs.

Franken Saying He'll Run For Senate (MINNST)

By Rob Hotakainen

Minneapolis Star Tribune, February 1, 2007

Star Tribune WASHINGTON - Comedian and radio talk show host Al Franken has begun calling Democratic members of Congress and prominent DFLers to tell them he will definitely challenge Republican Sen. Norm Coleman in 2008, the Star Tribune learned Wednesday.

On Monday, Franken announced that he is quitting his radio show on Feb. 14, and he told his audience that they'd be the first to know of his decision. But Franken has been working the phones, telling his political friends he's ready to declare his candidacy.

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Franken made calls to at least two members of the Minnesota congressional delegation in Washington and one member of the Legislature to break the news. The sources spoke on the condition of anonymity, not wanting to be identified as pre-empting Franken's announcement.

"From his voice to my ears, he's running," said one House member, who relayed the remark via his press secretary.

"I can tell you we got one of those calls," said a top-ranked aide for another House member.

A long-time DFL state House member said she was happy to receive a call from Franken. "He said he's in and he just wanted to let me know."

Franken declined to be interviewed.

"He's not going to comment on his private conversations," said Andy Barr, his spokesman. But he added that Franken has "made no secret" of his interest in Coleman's seat.

No other big-name Democrats have announced plans to challenge Coleman, who's expected to be among the most vulnerable GOP incumbents next year.

Franken, who grew up in St. Louis Park, achieved fame in New York as a comedy writer for NBC-TV's "Saturday Night Live" and went on to become a best-selling author. He moved his radio show to Minneapolis last year and has become increasingly active in Minnesota and national politics.

His Midwest Values political action committee raised more than $1.1 million and he distributed checks of $10,000 each last year to Democratic Sens. Amy Klobuchar of Minnesota and Claire McCaskill of Missouri and to Rep. Tim Walz, D-Minn.; he gave smaller amounts to dozens of other national and state candidates.

After seeing an account of Franken's calls on the Star Tribune website, Minnesota Republican Party Chairman Ron Carey issued a statement criticizing Franken's "anger and slash-and-burn partisanship."

Coleman himself has had little to say about Franken, but in an interview last year he said he expected him to be "a very strong voice for the far left" and a strong fundraiser. Republicans will try to exploit Franken's ties to Hollywood: Contributors to his political action committee have included Barbra Streisand, Phil Donahue, Larry Hagman and Norman Lear from the entertainment industry, as well as former Minnesota Gov. Wendell Anderson and Minneapolis attorney Sam Kaplan.

Franken expects his years in New York to be an issue in the campaign but has had a ready line as he promotes himself to Minnesota audiences: "If I do run against Norm Coleman in '08, I'll be the only New York Jew in the race who actually grew up in Minnesota."

Coleman grew up in New York and moved to Minnesota as an adult.

Comedian Al Franken To Run For Senate (AP)

By Frederic J. Frommer

AP, February 1, 2007

Comedian Al Franken has decided to run for the U.S. Senate from Minnesota in 2008, a senior Democratic official from Minnesota said Wednesday.

Franken told the official, who did not want to be identified because Franken has not made an announcement, that he had decided to run in a recent conversation.

Andy Barr, the political director of Franken's Midwest Values Political Action Committee, declined to comment.

The news was not unexpected. Franken has been calling members of the Minnesota congressional delegation to get their input on a run, and he announced this week that he would be leaving his show on Air America Radio on Feb. 14. He told listeners he would be making a decision on a race soon.

In a statement, Minnesota Republican Party Chairman Ron Carey said he was confident Minnesotans "will reject Franken's divisive, scorched-earth attacks." The state Democratic Party declined to comment.

Should he win the Democratic primary in Minnesota, Franken would take on Republican Norm Coleman, a first-term senator who is among the Democrats' top targets. Coleman declined to comment Wednesday.

Franken, 55, was born in New York City, like Coleman, but grew up in St. Louis Park, a suburb of Minneapolis. He was a performer and writer on television's "Saturday Night Live" before writing best-selling books combining humor and politics.

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His PAC raised nearly $1 million last year. Although Franken can't use that money for his Senate campaign, it shows he shouldn't have a problem raising money.

Coleman reported about $1.7 million in his bank account as of Dec. 31.

Franken faces major challenges, said Larry Jacobs, a political science professor at the University of Minnesota. Besides needing to establish himself as a serious candidate, Franken has staked out left-wing policies that make it questionable whether he can win independent voters, Jacobs said.

Spitzer's First Budget Assails Health Care System (NYT)

By Danny Hakim

The New York Times, February 1, 2007

ALBANY, Jan. 31 — Gov. Eliot Spitzer proposed to radically restructure aid to New York's sprawling health care industry in his first budget Wednesday, saying that the system props up failing hospitals and too often overlooks patients' needs, while consuming roughly a third of the state's budget.

The health care changes were among several ambitious proposals that the new governor outlined in his $120.6 billion budget, which would increase overall spending by 6.3 percent — about double the rate of inflation — and cut $1.2 billion from existing health care programs. The cuts would offset billions of dollars worth of proposed property tax cuts and increased education aid.

Many of the governor's ideas, which followed up on his campaign pledge to toss aside the conventional way of doing business in Albany, would indeed reshape the way the state operates. But they face tough going in the Legislature, where Mr. Spitzer's brash style has already put him on a collision course with the top legislative leaders, prematurely ending the political honeymoon that often greets newly elected governors. [News analysis, Page B5.]

To control health care spending, Mr. Spitzer would hold the growth of Medicaid to 1.7 percent, compared to 8 percent growth rates in recent years, by cutting subsidies to hospitals and nursing homes, slashing Medicaid reimbursement rates and by stepping up efforts to combat fraud. Conversely, he outlined a plan to make low-cost health insurance coverage available to the state's 400,000 uninsured children.

His budget also called for several other major measures.

One was an education plan that would increase state aid to schools by $7 billion annually within four years and throw out the complex formula used to distribute school aid around the state. New York City would receive $3.17 billion more annually within four years, with the expectation that the city stick to Mayor Michael Bloomberg's plan to increase its own spending by $2.2 billion annually within four years.

But a new municipal-aid formula would favor impoverished cities and take nearly $350 million a year away from New York City.

The budget also includes a $1,000- per-child tax deduction for private school tuition. Similar proposals failed to pass under the previous governor.

Another was a $6 billion, three-year property tax relief plan that would focus new aid on middle-class homeowners, granting an average of $920 in relief for such families in the New York suburbs and an average of $512 upstate. The Senate has proposed distributing the same amount of money in two years in a more broadly based manner.

A third major proposal would increase the state work force by nearly 2,500, including 355 workers who would carry out new policies on civil commitment of sexually violent predators. The governor also proposed creating 166 new environmental and conservation jobs, and create an office specializing in climate change to look at ways to reduce global warming.

Mr. Spitzer, readying for a fight over the health care cuts and school aid, told lawmakers on Wednesday morning that he would take his case to the public. Polls show the governor is far more popular than the Legislature.

"I'm going to be out there talking to voters, citizens, homeowners, taxpayers, editorial boards," the governor said in his speech to lawmakers. "I'm going to be speaking to anybody who will listen. This is not a debate that will be cloistered in the halls of this building. This is a debate that I plan to bring to the people."

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The Republican Senate majority leader, Joseph L. Bruno, a frequent ally of the health care industry, said he had "serious differences" with the governor's proposals, and also took aim at his style.

"When you're governing, it's all about compromise," he added. People who "draw lines in the sand don't get on-time budgets. They don't get results."

In taking on the health care system, Mr. Spitzer is confronting the nation's costliest Medicaid program, one that helps support an expansive but money-losing hospital industry with arcane financing rules often designed to keep state aid in place, no matter the effect on patient care.

The health care proposals drew a sharp and immediate response from two politically powerful interest groups, the Greater New York Hospital Association and 1199 S.E.I.U., the health care workers' union, which, in a joint statement, said the governor's health proposals were "riddled with inaccuracies."

Those two groups have cultivated close ties to legislators and spent millions on political contributions, and in the past have defeated similar proposed cuts by saturating the airwaves with television commercials explaining their viewpoint.

The governor's Medicaid proposals would freeze reimbursement rates to hospitals and nursing homes, lower reimbursements to pharmacies and overhaul payments to hospitals to help them increase salaries.

But many advocacy groups were supportive, saying the proposals brought needed reform to a byzantine system of paying for health care. Michael Kink, legislative counsel of Housing Works, an advocacy and service organization for people with AIDS, said the governor "moves health care money towards patients and front-line care providers, and away from big institutions that don't serve many Medicaid beneficiaries."

For his part, the governor contended that "every patient will come out ahead in the long run," adding that large hospitals and nursing homes "can afford it."

"They are the ones who have received almost an unending supply of capital and cash over the last 10 or 15 years," he said. "They will have to rationalize their own operations to make themselves accountable for those dollars they are getting."

Kenneth E. Raske, the president of the Greater New York Hospital Association, said the cuts could hurt patient care. "He cuts us and we have to cut into the operations of the hospitals, particularly since no one has helped us by putting a freeze on our cost of doing business," he said.

The governor's proposed spending increases exceeded former Gov. George E. Pataki's proposals in his executive budget a year ago — which were just over 4 percent for the total budget. But in his speech, Mr. Spitzer emphasized that his proposals were far lower than the final budget that the Legislature enacted, which increased spending overall by more than 9 percent.

Dealing just with the state's spending of its own money, not federal aid, the governor is proposing to increase total state spending 7.8 percent, to $83.6 billion, or about three times the rate of inflation projected for the state.

Edmund J. McMahon, the director of the Empire Center for New York State Policy, an affiliate of the conservative policy group the Manhattan Institute, called the proposed spending increase the largest in an executive budget "since Pataki's first election-year budget."

"Unless the normal law of physics is suspended, it lays the groundwork for a big increase," in spending, he said.

The governor said he was not proposing any new taxes, but Republicans disagreed, pointing to $449 million in business-tax loopholes that the governor is proposing to close and $67.7 million in new or higher fees in the budget. The governor also said he would create a special commission to explore whether some of the state's prisons can be closed.

The governor warned lawmakers not to spend more than he was proposing, a notion that made some lawmakers roll their eyes.

"I think it's kind of naïve to think you're going to give this budget to the Legislature and they're not going to enhance it in some way," said James Tedisco, the leader of Republicans in the Assembly.

A Health Care Plan Both Ambitious And Contentious (NYT)

By Richard Pérez-peña

The New York Times, February 1, 2007

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The budget Gov. Eliot Spitzer laid out yesterday represents the first stages of an ambitious health care agenda, including covering hundreds of thousands of uninsured people with government health plans, and broadly revising how Medicaid money is distributed.

It also contains the seeds of an epic battle — $1.2 billion a year in cuts — that could make everything else he wants harder to attain. The proposed cuts, mostly in Medicaid, the health plan for the poor, pit the governor against the Legislature, health care workers and the hospital industry — powerful camps that welcome some of his ideas, but that fiercely protect their share of Medicaid spending.

Mr. Spitzer proposed setting the nation's most generous boundaries for state-subsidized children's health insurance. He would raise the income ceiling for families to cover children, at little cost, through Child Health Plus, to about $82,000 from about $51,000.

That would make affordable insurance available to nearly all of New York State's 400,000 uninsured children, his administration says. In addition, Mr. Spitzer called for simpler rules for renewing Medicaid coverage, which his assistants said would increase enrollment by 100,000, by keeping eligible people from dropping out.

For now, the attention is on proposed cuts that would reduce hospitals' overall income by about 1 percent, a significant hit for a money-losing industry that may face other cuts from Washington. But New York has the nation's largest Medicaid program by far, at $46.5 billion, and the governor's proposals would merely restrain its growth to $1.1 billion during the next year.

"The most significant piece of the budget, the one program that's become, and rightly so, the evidence of spiraling and unwieldy spending, is our Medicaid system," Mr. Spitzer said.

But the governor and members of his staff say they are after something more subtle and audacious than cost-cutting. The goal, they say, is to make Medicaid make sense — starting with revising old financing formulas that no longer reflect reality.

Eventually, Mr. Spitzer said, the state will make Medicaid more uniform and efficient by taking over local government's role in running it, and it will conduct a top-to-bottom review of what Medicaid pays for each service, adjusting prices to correct shortages of some services and gluts of others.

None of that consoles 1199 S.E.I.U. United Health Care Workers East, the main hospital and nursing home workers' union, or the Greater New York Hospital Association. They praised some of the governor's plans, but said that his cuts would do real harm.

"We're basically at break-even, so this cuts into operations," said Kenneth E. Raske, president of the hospital group.

Former Gov. George E. Pataki proposed similar cuts year after year, usually unsuccessfully, and eventually they came to be seen as mere opening bids in budget talks. But 1199 and the industry have reacted heatedly to Mr. Spitzer's plans, protesting that he has not met with them, and objecting to his spoiling-for-a-fight tone.

Mr. Spitzer has publicly blamed the union and hospitals t for out-of-control spending. Yesterday, he talked about institutions that,"through a combination of persuasive argument, political strength and effective presence here in Albany," drive state spending.

Dennis Rivera, president of 1199, called that "an attack on each and every one of 600,000 health care workers in New York State." He and Mr. Raske control a rich political action fund that can be used to finance attacks against politicians, but they have not yet threatened to go that route.

Mr. Rivera noted that the union and the industry recently accepted a state plan to close and merge a number of hospitals. "After doing that, to turn around and attack us as entrenched interest groups" is unfair, he said.

Mr. Spitzer proposed a one-year freeze on Medicaid payments to hospitals and nursing homes, eliminating an expected increase worth $182 million.

In other areas, he would cut the money and rearrange it, creating a set of winners and losers that Mr. Raske and his group are still sorting out.

Mr. Spitzer would end the practice of paying hospitals to train young doctors, paying each hospital based in part on how many doctors a hospital had in 1981, even if the number has declined sharply. He proposed cutting $96 million from that program, about 6 percent of the total.

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He called for a $40 million reduction in money to boost the salaries of low-wage workers — many of them 1199 members — and train them for new jobs. And again, he would rearrange the money, to favor hospitals that treat mostly Medicaid patients.

Other proposals would not directly affect the hospital industry, like tighter restrictions on which drugs Medicaid patients get, for a savings of more than $200 million, and more aggressive antifraud measures.

Governor Spitzer's Pivotal Budget (NYT)

The New York Times, February 1, 2007

Gov. Eliot Spitzer described his first New York State budget yesterday as a "pivot" from the old way of doing things. He wants to turn away from a financial system that rewards political favorites to one that focuses on what regular people — students, patients, taxpayers, workers — actually get when New York spends a stunning $120 billion. That emphasis has resulted in one of the boldest, bravest budget proposals in Albany in many years.

Mr. Spitzer's most innovative move throws out the calcified state education formula, which cheats poor, urban school districts, and directs substantially more money to the schools that need it most. He is proposing universal prekindergarten care, which is critical to helping the most disadvantaged children, and he wants to build in accountability to ensure the money is well spent.

It would be difficult to get the new formula through the Legislature without something to win over suburban and upstate lawmakers. Mr. Spitzer has offered to cut property taxes by $6 billion statewide over the next three years, with the biggest cuts going to the middle class.

He also wants to overhaul the $45 billion Medicaid system, which spends more per capita than any other state. The Spitzer solution would shift money away from hospitals and nursing homes and toward expanded health care, including health insurance for all New York children. Unions, hospital advocates and politicians have already begun to raise the alarm. But the governor is right to fight for a fairer, more cost-effective distribution of public funds.

Mr. Spitzer has chosen other worthwhile battles. He proposes pay increases for judges — long overdue — and rightly decouples them from raises for the Legislature.

The question now is whether legislators will join Mr. Spitzer in moving the state forward. The Assembly speaker, Sheldon Silver, and the Senate majority leader, Joseph Bruno, both rushed to offer some praise but also to note their "concerns" about the governor's health care proposals. Mr. Spitzer's budget will need a thorough vetting, but any wheedling from legislators should focus on the interests of regular New Yorkers, not political supporters.

This first budget makes good on Mr. Spitzer's promise to start upending the ailing culture in Albany. Legislators are integral to the budget process, and they should weigh in now with their own ideas — but only the ones that really make the budget better.

Island Of Moguls Is Latest Front In Labor Battle (NYT)

By Eduardo Porter

The New York Times, February 1, 2007

FISHER ISLAND, Fla., Jan 26 — The class struggle is coming to paradise.

It's hard to tell from the Bentleys and the Jaguars debarking from the ferry, tooling past the pink flamingos in the pond and the peacocks sashaying along the exquisitely coiffed lawn, but this exclusive enclave of the moneyed is bracing for an unexpected test of its decades-old insulation from the outside world: a labor union is trying to organize its workers.

After successful campaigns last year to organize janitors and other maintenance workers at several universities in South Florida, the Service Employees International Union has set its sights on Fisher Island, one of the most concentrated pockets of wealth in the nation.

Amid mounting political attention to the substantial widening of the income gap over the last two decades, the service employees union hopes that Fisher Island — where a share in the golf club costs $250,000 and dues run to $20,000 a year while workers tending the grounds or washing linens can make as little as $8.50 an hour — will serve as a rallying cry for low-wage service workers across the nation.

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"This is a symbol of what's wrong and a beacon of what could be right," said Stephen Lerner, director of the union's property services division. "There's a growing feeling in the country that something is a little out of balance when workers live in poverty in the middle of incredible wealth, and it can and should be fixed."

But the union drive, which is just getting under way, might not play out as a straightforward battle pitting the haves against the have-nots. Some residents, of course, oppose the union's arrival. But others are already being courted by the union, which hopes that they will be moved to support it when confronted with the contrast between their affluence and the meager existence of many of their workers.

Even among employees interested in joining the union, resentment of the rich does not seem to be the prime motivation.

"I'm not bothered by their wealth," said Christiana Monestime, a Haitian immigrant working in the club's laundry room for $8.76 an hour. "They earned what they have. We just need to earn more than we earn."

Representatives of Fisher Island's community association and of the golf club, the two main employers with a combined payroll of about 600 workers, say that their wages and benefits are above the area average. They say they pay 80 percent of the cost of individual health insurance, offer a 401(k) plan with a company match, and provide paid vacations and an allowance of $60 a month to buy food from vending machines in the workers' cafeteria.

"I am not sure if there are any advantages" from having a union, said Gaële C. Silva, vice president for legal and government affairs at Fisher Island Holdings, the island's developer, which controls the community association. "Unions are needed usually when pay, benefits or working standards are below the usual norms."

Still, to the union, the local wage comparisons are almost beside the point. The chasm between the fortunes of the 750 or so families that call Fisher Island home and the workers toiling in its restaurants and laundry rooms is so striking that it makes for a potent image. Fisher Island, organizers say, is a microcosm of the nation's increasing social and economic divide.

A 216-acre nub of land sliced from the tip of Miami in 1905 when the government dredged out a sea-lane from Biscayne Bay, Fisher Island was acquired in 1925 by William K. Vanderbilt II, scion of the robber-baron railroad clan, to build his winter mansion.

It epitomizes wealth to this day. The island is home at least part of the year to an assortment of magnates, like the investment guru Martin Zweig, the car dealership mogul Robert Potamkin and the financier Bennet S. LeBow, of tobacco fame. Celebrities like Oprah Winfrey and Mel Brooks have owned winter homes here.

According to the Census Bureau, Fisher Island was the richest enclave in America in 1999, with an average income per capita of about $236,000 — more than double the $91,000 average on the Upper East Side of Manhattan. Residents say the real figures are actually far higher, partly because of the difficulty in gathering income data on part-time residents.

Indeed, from the imported Bahamian sand coating the beaches to the marble and mahogany-encrusted Vanderbilt mansion and the 186-foot, $250,000-a-week chartered yacht bobbing in the marina just outside, everything bespeaks luxury. The gilded trappings are a potent reminder of the great income gap that prevailed when Mr. Vanderbilt used to alight his hydroplane in the inviting waters offshore, in the early decades of the 20th century, a gap that has re-emerged today.

Elena Bluntzer, a longtime real estate agent on the island who owns a condominium here, said that Fisher Island was comfortably insulated by its wealth, even from the chill affecting the housing market in nearby Miami Beach and elsewhere.

New condos are being offered for $4.5 million to $9.1 million. Resale units can go for much more. One that Ms. Bluntzer is trying to sell, 8,300 square feet of oceanfront luxury adorned with coral rock from Santo Domingo, stained glass by Frank Lloyd Wright and sheepskin-covered bathroom walls, is listed for $17.5 million. Maintenance will exceed $7,000 a month.

"Everything above six million is doing extremely well," Ms. Bluntzer confided.

Fisher Island's workers live in a more frugal universe, with laundry workers at the club or landscaper tending the grounds earning as little as $8.50 an hour.

Several months ago Ms. Monestime's workweek in the laundry was cut from 40 hours to 24, forcing her to drop the health plan that cost her $22 every two weeks. "We have to fight," Ms. Monestime said. "Everybody has a family to support."

Abraham Guevara, a Honduran immigrant who has worked 18 years as a landscaper on the island and makes $14.42 an hour, said he was generally content with his employers. Still, he thought a union might help workers push for a better deal.

"I have never been in a union," he said, "but it might be a good idea."

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This is not the first time organized labor has tried to land on Fisher Island. In 2005, the Teamsters dropped their attempt to unionize workers after they lost a representation election against fierce opposition from the developer, John Melk.

During that drive, Mr. Melk warned that "I will not agree to any changes that will cost Fisher Island more money." The union complained to the National Labor Relations Board, arguing that Mr. Melk had threatened workers, but lost the case on appeal.

Management of the community association changed after Mr. Melk sold to the investment fund Euro Fund Properties. The S.E.I.U. is trying a different strategy from that of the Teamsters, hoping to draw some of the prosperous residents to its side. "There's plenty of wealth around to lift workers out of poverty," Mr. Lerner said. "The issue here is not to get rid of rich people."

This month, a local organization of religious leaders that is allied with the union sent a letter to all residents, alerting them to "serious and tragic poverty within your midst."

"A great invisible work force, unseen by many, maintains your condominiums, golf courses and tennis courts, prepares and serves your food, cleans your rooms and common areas, and maintains the critical equipment that keeps the air-conditioning and other mechanics of the island running smoothly," the letter says. "Their stories are chilling."

Residents on the island are some of its biggest employers; they control the club and they run the individual condos, which contract for maintenance and cleaning work among several companies.

Some Fisher Island residents appear sympathetic. Harold Ford Sr., the former congressman who is now a Washington lobbyist and lives part time on the island, said he paid a house-worker more than $20 an hour, plus health insurance. "It's really the club that employs the people," he said. "I just live here."

Yet others were taken aback by the charge that workers earn too little. "We don't need a union," said Suzanne B. Irving, a resident who manages her condo association at Seaside Villas. "We are really taking care of our workers."

The condo contracts with an outside firm for three workers who clean and maintain two small buildings. Ms. Irving said the two cleaners made $9 to $10 an hour, plus health insurance and a 401(k) plan. The maintenance worker makes $15 to $18 an hour.

"It's not in our interest to get the cheapest worker," she said. "You teach them; you put so much effort into them; so you want to keep them."

Some residents say that comparing the income of residents to that of their workers is pointless. Ms. Bluntzer argued that the nation's superwealthy have become so rich because they created businesses that were generating enormous wealth, which is ultimately good for all.

"What's fair is fair," Ms. Bluntzer said. "Everyone needs to be compensated for the job they are doing. But it's unfair to pay all the same."

And residents argue that they care about the downtrodden. Several pointed to the island's philanthropic fund, which raised $550,000 to $600,000 last year for donations to several children's charities in the area.

"Fisher Island," Ms. Irving said, "is not the story about rich people who don't care about the poor."

Mary Cheney Publicly Defends Her Pregnancy (NYT)

By Katharine Q. Seelye

The New York Times, February 1, 2007

Mary Cheney, the lesbian daughter of Vice President Dick Cheney, today for the first time publicly defended her decision to become pregnant and asserted that same-sex couples are equally capable of raising children as heterosexual couples.

"When Heather and I decided to have a baby, I knew it wasn't going to be the most popular decision," Ms. Cheney said, referring to her partner of 15 years, Heather Poe. She then gestured to her middle — any bulge disguised by a boxy jacket — and asserted: "This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate, on either side of a political issue. It is my child."

Ms. Cheney, 37, was speaking at a panel discussion sponsored by Glamour magazine at Barnard College in Manhattan. The baby, whose sex she has not publicly disclosed, is due this spring and will be the sixth grandchild for the vice president and his wife. Ms. Cheney, who is vice president of consumer advocacy for AOL and lives in Virginia, has not said how she became pregnant.

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Her father became testy last week during a CNN interview when the host Wolf Blitzer asked what he thought of conservatives — specifically James C. Dobson, founder of Focus on the Family— who are critical of his daughter Mary's pregnancy.

In refusing to answer, Mr. Cheney told Mr. Blitzer that he was "over the line."

Ms. Cheney said in a brief interview after the panel that she was not speaking for her father, but that when she saw the interview, she also felt Mr. Blitzer had crossed a line. "He was trying to get a rise out of my father," she said.

Today at the panel discussion, inside a stuffy room decorated by portraits of stern-looking former Barnard presidents, Cindi Leive, the editor of Glamour, asked Ms. Cheney if she had anything to say to critics like Mr. Dobson.

Mr. Dobson wrote in Time magazine last month that years of social research "indicates that children do best on every measure of well-being when raised by their married mother and father." He also wrote that his group believes that "birth and adoption are the purview of married heterosexual couples." (Two of the researchers whom Mr. Dobson cited in his article have complained that Mr. Dobson distorted their views and said they disagreed with his conclusions.)

Ms. Cheney noted Mr. Dobson's distortions of the research he cited and added: "Every piece of remotely responsible research that has been done in the last 20 years has shown there is no difference between children raised by same-sex parents and children raised by opposite-sex parents; what matters is being raised in a stable, loving environment."

She said Mr. Dobson was entitled to his opinion, "but he's not someone whose endorsement I have ever drastically sought."

A Tide For School Choice (WP)

By George F. Will

The Washington Post, February 1, 2007

Fifty-seven years later, Sumner Elementary School in Topeka is back in the news. That city's board of education is still wrongly preventing the right people from getting into that building. Two educators wanted to use Sumner for a charter school, a public school entitled to operate outside the confinements of dictated curricula and free from many work rules written by teachers unions. Their school would have been a back-to-basics academy from kindergarten through fifth grade, designed to attack Topeka's 23-point gap between the reading proficiency of black and Hispanic third-graders and that of whites.

When the school board rejected the application of the two educators -- African American women -- but praised their dedication to children, one of the women was not mollified: "A bleeding heart does nothing but ruin the carpet."

Sumner is a National Historic Landmark because in 1950 Oliver Brown walked with his 7-year-old daughter Linda the seven blocks from their home to Sumner, where he unsuccessfully tried to enroll her. But Topeka's schools were segregated, so Linda went to the school for blacks 21 blocks from her home, and her father went to court. Four years later came Brown v. Board of Education of Topeka.

Sumner, which has been closed for years, would have needed costly repairs. Still, clearly one reason for the rejection was the usual resistance of public educators to innovations that challenge the status quo, meaning centralized control of schools.

In Arizona, some amazingly persistent and mostly liberal people are demonstrating the tenacity with which some interests fight to prevent parents of modest means from having education choices like those available to most Americans. In 1999, Arizona's Supreme Court upheld a program whereby individuals receive tax credits for donations they make to organizations that provide scholarships to enable children to attend private schools, religious and secular. More than 22,500 children have benefited from the program in a decade. Thousands of families are on waiting lists for scholarships because 600 Arizona schools have failed to meet federal academic requirements.

In 2000, Arizona opponents of school choice, in a lawsuit filed by the American Civil Liberties Union, attacked the program in a federal court. They failed again, in a ruling issued in 2005, which was not surprising, given that in 2002 the Supreme Court held that there is no constitutional infirmity in government-sponsored and administered programs that involve "true private choice" by giving government aid directly to parents, who use it at their discretion for sectarian or nonsectarian schools.

Now Arizona opponents of school choice, thirsting for a third defeat, are challenging what Arizona's legislature enacted last year. Noting the success of the individual tax credit for scholarship contributions, the legislature has authorized corporate donors

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a dollar-for-dollar tax credit for contributions to private, nonprofit school tuition organizations. So opponents of school choice are trudging back to court, where they will recycle twice-rejected arguments.

Doing the same thing repeatedly while expecting different results is a sign of insanity, but what really defines the plaintiffs is banality. This is about the control of schools by bureaucrats, about work rules negotiated by unions and, not least, about money -- not allowing any to flow away from the usual channels.

The public school lobby, which apparently has little confidence in its product, lives in fear of competition -- the fear that if parents' choices are expanded, there will be a flight from public schools. But the tide is turning:

Newark's mayor, Cory Booker, a member of the board of the national Alliance for School Choice, proposes a scholarship program similar to Arizona's. New Jersey corporations could get tax credits totaling $20 million a year collectively for scholarships for low-income students in five cities with especially troubled schools.

New York's new Democratic governor, Eliot L. Spitzer, proposes lifting the cap that restricts the state to a mere 100 charter schools. This common-sense idea -- lowering a barrier the government has erected to limit innovative schools that compete with the government's existing system -- is welcome, but it is not as bold as what Mayor Michael R. Bloomberg is doing with the nation's largest school system, New York City's, with 1.1 million pupils.

He is dividing large schools into smaller ones, emancipating many principals to be educational entrepreneurs under a system that holds them accountable for cognitive results. The logic is that public money should follow wherever students are attracted by competing schools. So school choice is gaining ground in the city that has historically been ground zero for collectivist, centralizing liberalism.

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Rice To Press For Faster 'Roadmap' Plan For Israeli-Palestinian Peace (AFP)

By David Millikin

AFP, February 1, 2007

US Secretary of State Condoleezza Rice meets her Russian, European and UN counterparts to push a plan to fast-track their stalled "roadmap" for achieving Israeli-Palestinian peace.

At the meeting here of the so-called Quartet of Middle East mediators, Rice will also press for renewed efforts to bolster moderate Palestinian president Mahmud Abbas in his power struggle with the Iranian-backed Hamas movement, her spokesman Sean McCormack said.

Friday's gathering will include Russian Foreign Minister Sergei Lavrov, Germany Foreign Minister Frank-Walter Steinmeier, EU foreign policy chief Javier Solana and UN Secretary-General Ban Ki-Moon.

The talks are timed to precede a rare three-way meeting between Rice, Abbas and Israeli Prime Minister Ehud Olmert in mid-February, though no firm date or venue for those discussions have been set, officials said.

Rice announced the meetings during a tour of the Middle East in mid-January focussed on garnering Arab support for President George W. Bush's new strategy in Iraq and on countering the growing regional influence of Iran.

Under strong pressure from European and Arab allies alike, Bush has also signalled a renewed interest in breaking the deadlock in Israeli-Palestinian peace efforts -- something his administration has been accused of neglecting as it focussed on the crisis in Iraq.

The Quartet, which has not met formally since September, issued a "roadmap" for achieving Israeli-Palestinian peace in 2003, but the three-stage plan that should have led to the creation of a Palestinian state by 2005 has since languished.

Continuing attacks on Israel by Palestinian militants and the surprise election victory a year ago that gave Hamas control over the Palestinian government have blocked movement along the Quartet route.

The plan's phased implementation meant crucial "final status" issues like the borders and powers of a Palestinian state and the fate of Palestinian refugees could not be tackled until Israel's security was guaranteed -- handing violent militants a virtual veto power over progress.

Rice has rejected suggestions the plan be dropped in favor of an all-at-once approach embodied in a Saudi peace plan calling for creation of a Palestinian state in tandem with a broad peace deal between Israel and the Arab world.

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Instead, she has proposed an "accelerated" roadmap that would deal in parallel with the security problems and with final status issues that have not been broached since the peace process broke down in 2001.

"They haven't talked about any of these issues for going on six years now, so they can start to have those conversations while they also work on the very practical, real-world current issues" of security, McCormack said, adding that he expected the other Quartet members to back Rice's initiative.

"The fact that they're getting together is a demonstration that they support what is being done by us as well as others," he said.

For Washington, the first step is strengthening Abbas in his showdown with Hamas and this week Bush announced the US was providing 86 million dollars in aid to security forces dominated by his secular Fatah party.

McCormack said Friday's meeting would discuss "a division of labor" in helping Abbas as he tries to wrest control of government from Hamas, with Washington focussing on the build-up of pro-Abbas security forces and the Europeans on strengthening government institutions.

US officials though played down expectations the Quartet meeting would produce any major new initiatives.

"In large part this is an exercise in demonstrating political and diplomatic support for efforts that are currently underway," he said.

A major obstacle to progress is the political weakness of both Abbas and Olmert, whose popularity has sunk since Israel's mismanaged war against the Lebanese Islamic militia Hezbollah last year.

Abbas for his part has failed to convince Hamas to join in a unity government that would meet Quartet conditions for ending a devastating aid boycott it has imposed on the Hamas-led administration.

Hamas has so far rejected the Quartet's requirements of recognizing Israel, renouncing violence and agreeing to honor past peace agreements with the Jewish state.

Is Now The Time To Talk Peace In The Mideast? (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 1, 2007

WASHINGTON

The Quartet of powers seeking to resolve the Israeli-Palestinian conflict ends a hiatus in peacemaking efforts with a meeting in Washington on Friday. But it comes at what would seem to be a particularly unpromising moment.

Secretary of State Condoleezza Rice will host the European Union, Russia, and the United Nations for talks on how to get negotiations toward a final settlement moving again – even as rival Palestinian factions battle each other in Gaza, and Israel founders under a weak and scandal-torn government.

Neither Israeli Prime Minister Ehud Olmert nor Palestinian President Mahmoud Abbas – who is locked in battle with a government run by the militant Hamas organization – would seem to be in the kind of position needed to make hard choices and painful compromises.

And even before the Quartet meets, cracks are appearing in its position, with Russia calling for a lifting of the freeze on international aid to the Palestinian government. The freeze was a response to Hamas's election victory last year and was designed to pressure Hamas to recognize Israel, give up violence, and accept past peace-process accords.

Yet Secretary Rice and other Western leaders, including German Chancellor Angela Merkel, insist this is a moment of opportunity. Rice, just back from a Middle East trip, speaks of a "change of environment" and "realignment" that "clarifies" the way forward, separating the advocates for peace from the forces for turmoil.

In particular, she and other US officials speak of a new willingness of Sunni Arab regimes – increasingly alarmed by Shiite Iran's growing clout in the region – to work together and with Israel to push the peace process forward.

But many experts in the region, while applauding any renewed effort to resolve the conflict, don't see the opening some leaders are talking about, and they worry that the timing is based more on the tangential needs of players such as the Bush administration.

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"Nothing has changed over recent weeks or months to suggest any hopes for a major breakthrough, so I can't see that [the calling of the Quartet meeting] has anything to do with improved prospects," says Bernard Reich, a Middle East expert at George Washington University in Washington. "But the Palestinian issue remains connected to everything else in the region, so we have no option but to try to do something about it."

Others see the current US push for progress as responding more to political motivations than to encouraging facts on the ground.

"The motivation for [moving] now is that this administration is in its last two years, and the question is, What has it accomplished for US foreign policy?" says Stephen Cohen, national scholar at the Israel Policy Forum in New York. "This is particularly important for Condoleezza Rice, who wants to have a future in US foreign policy and politics."

Indeed, for most of its first term and into the second, the Bush administration said the Israeli-Palestinian conflict was not "ripe" for dedicated US diplomacy. President Bush did call for a Palestinian state "living side by side in peace" with Israel in 2002, but horizons for achieving that goal have been pushed off into the distance.

Now the United States is not just playing catch-up as it revives the peace process, analysts say, but is acting from a more difficult position.

"If they had really focused on this back in 2002 and moved with some vigor and balance on the Palestinian situation, there would have been a better chance for progress," says Michael Hudson, an expert in US regional diplomacy at the Center for Contemporary Arab Studies at Georgetown University in Washington.

"It's a pretty terrible moment for any progress," he says, noting the difficult straits the Israeli and Palestinian leaderships are in, and the perceived weakness of the US. "Bush is not seen to be in a position to press ahead for something to get done, and the Democrats also tend to be uncritically pro-Israel on this issue."

Beyond that, Mr. Hudson says the US is now encumbered by a much worse image in the region. "The US is seen so broadly as an expansionist colonial power as the result of Iraq that its good offices are not to be trusted," he says.

The controversy over Israel's use of US-supplied cluster bombs in last summer's war with Hizbullah in Lebanon is one current example of the kinds of issues that continue to tarnish the US standing in the region, analysts say. Such issues also complicate the domestic political environments for the region's Sunni Arab regimes that might be open to greater cooperation with the US and Israel, they add.

The emergence of such a "coalition" will depend on US actions, says Mr. Cohen of the Israel Policy Forum. "We need to be careful to make a distinction between potential coalitions and actual," he says. "Whether it happens depends on US behavior."

For example, he says Sunni Arab regimes are watching not just for US action in the Israeli-Palestinian conflict, but for assurances that the US will not forsake Sunni Arabs in Iraq.

Even more skeptical, Mr. Reich of George Washington University says the scenario of Sunni Arabs teaming up with Israel over Iran may be what Rice considers "logical," but not what Sunni regimes are ready for. "The Saudis, for one," he says, "aren't just going to set up the alliance implied in this 'realignment.' "

Israeli Envoy Rejects Mideast 'Linkage' (WT)

By David R. Sands

The Washington Times, February 1, 2007

Foreign-policy crises in Iraq and Iran will not be eased by pressuring Israel to cut a peace deal with the Palestinians, Israeli Ambassador Sallai Meridor said in an interview yesterday.

Mr. Meridor, in a luncheon with editors and reporters at The Washington Times, firmly rejected the idea pushed by Arab allies of the U.S. that an Israeli-Palestinian accord would reduce ethnic and sectarian violence in Iraq or slow Iran's quest for a nuclear bomb.

"Frankly, we don't see any connection between our dispute with the Palestinians and the level of violence on Haifa Street in Baghdad," said Mr. Meridor, who assumed his post in early December.

"And there is no linkage in my mind between the Israeli-Palestinian question and what Ahmadinejad is planning for the region and the world by pursuing a nuclear weapon."

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Meanwhile, Israeli Deputy Prime Minister Shimon Peres said this week that Israel does not intend to use military force against Iran, which Israel suspects is building nuclear bombs.

In addition to Iran's nuclear program, Israel considers the Islamic republic a threat because of repeated declarations by Mr. Ahmadinejad that the Jewish state should be wiped off the map.

Mr. Peres spoke Tuesday during "the Doha Debates," a project in which world leaders discuss current events with students in the Persian Gulf sheikdom of Qatar.The central role of Israel's disputes with its Arab neighbors in fueling regional tensions was a key finding of the Iraq Study Group, the bipartisan panel led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, Indiana Democrat.

Mr. Meridor said in the interview that he saw the beginnings of a realignment in the Middle East, linking Israel and the United States with moderate Sunni Muslim Arab states fearful of the rising power of Shi'ite Iran. But he said it was too soon to tell whether an anti-Tehran coalition would form.

"We think that, yes, there is a convergence of interests of many Arab countries in the region and Israel today in recognition of the threat to the entire region from Iran," he said. "Whether that can be translated into action and a new alliance, we will have to see."

Moderate Arab governments have long argued that the Israeli-Palestinian dispute has fueled tensions throughout the Muslim world, providing popular support to extremist groups.

"The continued denial of Palestinian rights is a fire starter," Jordan's King Abdullah II told the World Economic Forum in Davos, Switzerland, earlier this week. "If you don't fix the Israeli-Palestinian conflict, you can't have stability in the region."

The Iraq Study Group recommended renewed U.S. pressure on Israel to deal directly with the Palestinians, with Syria over the Golan Heights, and with Lebanon over the threat posed by the Shi'ite militant group Hezbollah.

"The United States will not be able to achieve its goals in the Middle East unless the United States deals directly with the Arab-Israeli conflict," the panel concluded.

Israel has long feared pressure from Washington to make major concessions to the Palestinians to further other U.S. foreign-policy goals in the region. Mr. Meridor said a push for a peace deal now is complicated by the deep political divisions within the Palestinian territories.

"Nobody is more interested in a real two-state compromise than Israel, as we have demonstrated time and time again," Mr. Meridor said.

"The real problem is that, right now, we don't have a real interlocutor on the Palestinian side willing and capable of delivering an agreement that meets basic international principles," he said.

The Israeli envoy said his country was taking a "calculated risk" in allowing the buildup of security forces of Palestinian Authority President Mahmoud Abbas, locked in a bloody power struggle with the elected Hamas government.

Iran-backed Hamas, which the U.S. government and many European countries consider a terrorist movement, has refused to recognize Israel's right to exist and has claimed responsibility for terrorist attacks in Israel.

The Bush administration also is considering expanded aid to Mr. Abbas' national security force, to beef up its firepower as clashes with Hamas supporters escalate, Western and Palestinian officials said yesterday.

But Mr. Meridor made it clear that the greatest threat to Israel, the region and the world was Iran's suspected quest for a nuclear bomb.

Mr. Meridor said an Iranian bomb would embolden the Islamic regime, change the balance of power in the region and risk a Middle East nuclear-arms race.

"The world not just Israel, not just the Middle East is facing its biggest security crisis since the 1930s," he warned.

Meridor

Hamas Slams US Aid To Abbas As Truce Holds (AFP)

By Sakher Abu El Oun

AFP, February 1, 2007

DOJ_NMG_0125508

Hamas has slammed a multi-million dollar US aid package to bolster security forces loyal to its rival Fatah, as the two Palestinian factions consolidated a two-day-old truce by releasing hostages.

"There is no doubt that this is part of American policy aimed at provoking an escalation and a civil war in the service of a Zionist plan," said Ismail Radwan, a spokesman for Islamist movement Hamas, which heads the government.

"Each time the American administration sees that we have arrived, or are on the verge of arriving, at an agreement, it sends (US Secretary of State) Condoleezza Rice to poison the atmosphere or announces financial aid (to president Mahmud Abbas) to maintain tensions among Palestinians," he said Wednesday.

US President George W. Bush has ordered the transfer of about 86 million dollars in aid to strengthen security forces loyal to the moderate president and Fatah party leader, the White House announced on Tuesday.

The aid was declared as a truce between Fatah and Hamas took effect in Gaza following the deadliest bout of inter-Palestinian violence in a year and a day after a Palestinian suicide bomber killed three people in southern Israel.

The truce was largely holding for a second day Wednesday, as the groups swapped hostages. Medics, however, said unknown gunmen shot and wounded a presidential guard officer, one day after a Hamas militant was killed.

"Last night, we started to implement the agreement between Fatah and Hamas and the hostages on both sides have been exchanged," said Radwan.

"Dozens of hostages have been released on both sides," confirmed the Fatah spokesman in the Gaza Strip, Tawfiq Abu Khussa.

But while the Fatah spokesman said the general atmosphere had improved, he complained that an "executive force" controlled by Hamas was causing "tensions and not helping the restoration of confidence" between the groups.

The ceasefire was brokered amid increasing international pressure on the factions to resolve their differences and negotiate a power-sharing agreement after months of broken talks and collapsed ceasefires.

The US aid is part of a broader US push to revive peace negotiations between Abbas and Israel, with the four Middle East peace sponsors -- the European Union, Russia, United Nations and United States -- to meet in Washington on Friday.

US officials said the aid, which includes training, vehicles and uniforms, would theoretically help Abbas counter militant attacks against Israel such as Monday's suicide bombing in the popular Red Sea resort of Eilat.

"The idea is to build the legitimate security forces, to help provide law and order in Gaza and the West Bank, fight terror and to facilitate movement and access," said national security spokesman Gordon Johndroe.

The European Union and United States cut off aid to the Palestinians after Hamas routed long-dominant Fatah in polls last January, dominating parliament and forming a government, consigning Fatah's hold on power to the presidency.

Fatah and Hamas, which have very different political outlooks, have tried for months to form a national unity government in the hope of resuming Western aid payments and reversing an unprecedented economic crisis.

Hamas has steadfastly refused to accept Western conditions to renounce violence, recognize Israel or abide by past peace deals.

The political showdown turned violent after Abbas announced in December that he would call new elections in the hope of wresting control from Hamas.

Thirty-five people have been killed and around 100 wounded in the latest bout of internecine violence.

Scheme To Sell Military Gear In Mideast Nets Prison Term (WT)

By Jerry Seper

The Washington Times, February 1, 2007

A former Defense Reutilization and Marketing Service (DRMS) official was sentenced yesterday in U.S. District Court in Washington to 33 months in prison and $342,000 in restitution payments for illegally selling stolen surplus military equipment to Middle Eastern buyers.

In pronouncing a sentence on Gayden C. Woodson, U.S. District Judge James Robertson said, "The word needs to get out to people who are representing this country in the field and in far-flung places that if the cookie jar is open, it doesn't mean they can steal from it."

DOJ_NMG_0125509

Woodson, 46, of North Ogden, Utah, was convicted on charges that included selling militarized high-mobility multi-wheeled vehicles. He had been employed for 27 years by the DRMS, which is responsible for managing the disposal -- by reuse, sale, transfer or donation -- of excess U.S. military property.

U.S. Attorney Jeffrey A. Taylor said that after arriving in the Middle East, Woodson willingly joined an ongoing conspiracy among DRMS personnel and local contractors and purchasers to sell surplus military equipment outside regular channels and pocket the proceeds.

Woodson admitted that he alone obtained nearly $350,000 through this illegal scheme. Among the equipment he admitted to selling in this way were the high-mobility vehicles, which regulations require to be demilitarized before disposal and that if not demilitarized may not be sold to foreign nationals without a validated export license issued by the State Department.

Mr. Taylor said some of the vehicles illegally sold by Woodson and his criminal associates have been traced to, and some recovered from, dealers in Europe, but the whereabouts of most are not known.

He said Woodson admitted he was recruited to the conspiracy by another DRMS official, Ronald W. Wiseman, 60, of New Boston, Texas, who previously pleaded guilty to his part in the scheme. After cooperating with the investigation, Wiseman was sentenced to serve 18 months in prison.

"These men abused their positions of public trust to line their own pockets at the expense of our U.S. military services," Mr. Taylor said. "It is particularly offensive that in that process they put excess military equipment into the unregulated stream of international commerce -- including militarized vehicles which could make their way into the hands of adversaries and endanger our fighting troops abroad."

DRMS operations at U.S. military facilities overseas are carried out by personnel authorized to conduct local sales for certain usable excess U.S. property, through sealed bid, auction or retail fixed-price sales to qualified purchasers.

From 2000 to 2006, Mr. Taylor said, Woodson served as a DRMS property disposal specialist assigned to Southwest Asia, covering Oman, Kuwait, Saudi Arabia, Qatar and other countries.

US In Warning On Somali Militants (FT)

By William Wallis

Financial Times, February 1, 2007

The US believes militant Islamists from the ousted coalition that held sway over parts of southern Somalia may be regrouping in Saudi Arabia, Eritrea and also Yemen, Jendayi Frazer, US assistant secretary of state for Africa, said yesterday.

Speaking to the Financial Times in Addis Ababa, Ms Frazer said it was too early to tell who among the Islamist leadership had survived Ethiopia's invasion last month and subsequent US air strikes on alleged affiliates of al-Qaeda.

"It is going to take some time for the fog of war to clear up and we have an ability to see who is still operating and how they are operating," she said.

But she was "very concerned" that extremist elements from among the defeated Islamists were "trying to reconstitute themselves either out of Saudi Arabia or Eritrea", and that international jihadist networks would see this as an opportunity.

"We have to engage with the Saudi government and their services to try to prevent that from happening as well as engage regionally."

Ms Frazer described Eritrea, with whom the US has deteriorating relations, asa "source of regional instability".

This had been "very clearly exposed" during recent events in Somalia.

Ethiopia, the US's principle ally in the Horn of Africa, alleges that Eritrea supported hardline elements within the ousted Islamists by supplying arms, fighters and military advice.

"Eventually Eritrea will see the limits of its actions to destabilise the Horn," said Ms Frazer.

Ms Frazer said the key to ensuring Somalia did not provide a haven for international terrorist networks now lay with the Transitional Federal Government, which emerged from peace talks in Kenya in 2004.

"They have to do it by reaching out. They have to do it through inclusive dialogue," she said.

Africa's In-house Cops (LAT)

The Los Angeles Times, February 1, 2007

DOJ_NMG_0125510

WHEN AFRICAN leaders met this week in Addis Ababa, Ethiopia, they fell short of their goal to get commitments for 8,000 troops for a peacekeeping mission in Somalia. But what has attracted less attention is that, for the first time, the rest of the world is counting on Africa to police itself — and the continent is nearly in a position to do it.

The African Union's 7,000 peacekeepers in the Darfur region of Sudan, though grossly undermanned and underfunded, represent the closest thing to security and justice that blighted land knows. The AU has encouraged better governance through its peer-review mechanism in countries such as Rwanda and Uganda and headed off violence in turbulent regions such as the Democratic Republic of Congo. And now the organization is the best hope for averting a security implosion in Somalia, where Ethiopian troops are on the verge of pulling out after sweeping an Islamist movement out of power in December.

Not too bad for a group that's less than 5 years old and is on shaky financial and administrative footing. Perhaps the best evidence to date that the AU is building legitimacy and effectiveness came Monday, when members deftly dodged a leadership crisis. Sudan's president, Lt. Gen. Omar Hassan Ahmed Bashir, who has presided over a genocidal campaign of ethnic cleansing in Darfur, expected to be first in line for the AU chairmanship after being put off last year. As expected, Bashir made a strong push in Addis Ababa for the chairmanship, only to be snubbed once again.

To declare the AU a success because it didn't choose a mass murderer as its leader sets the bar pretty low. Yet it's a major change from the days when its predecessor, the Organization of African Unity, was steered by the likes of Ugandan dictator Idi Amin. And the nature of the man the AU chose is significant. Ghanaian President John Kufuor is a legitimately elected leader whose country last year won the largest grant to date from President Bush's Millennium Challenge Corp., meaning that it passed a test for transparency and good governance that few other Third World regimes have managed. Kufuor is an ideal choice.

Having AU peacekeepers as an option to stabilize a failed state such as Somalia is a boon to the international community, whose own peacekeepers, from NATO to the United Nations to the U.S. military, are badly overstretched. The organization might still have a long way to go, but the distance it has come in its short history is striking.

U.S. Suspects N. Korea Laundering Money (AP)

By Alexa Olesen

AP, February 1, 2007

A U.S. Treasury envoy who on Wednesday wrapped up two days of talks with North Korean officials said his agency's suspicions of illegal financial activity involving bank accounts linked to the communist nation were accurate.

Deputy Assistant Treasury Secretary Daniel Glaser said that he went over bank information of 50 account holders from the Macao-based Banco Delta Asia with his North Korean counterparts in Beijing, adding that U.S. concerns that the bank was being used for money-laundering purposes had "been vindicated" by the discussions.

"I think we are now in a position after a very lengthy investigation ... to start moving forward and trying to bring some resolution to this matter," Glaser said. He did not elaborate.

The financial talks are linked to continuing talks between North Korea and five other nations aimed at getting Pyongyang to dismantle its nuclear programs. China said Tuesday that those talks — the latest round of which ended in December with no breakthrough — will resume next week.

Glaser said the two sides planned to meet again to talk further about U.S. financial restrictions imposed due to Pyongyang's alleged smuggling and counterfeiting, but no date had been set.

Washington took action against the Banco Delta Asia in 2005, accusing the bank of complicity in North Korea's alleged illegal financial activity such as counterfeiting and money-laundering.

The move has caused other banks to steer clear of North Korean business for fear of losing access to the U.S. market, hampering the North's access to the international financial system.

The North says the restrictions are evidence of U.S. hostility.

U.S. officials have indicated that North Korea is demanding the financial issues be dealt with before progress can be made on the nuclear talks, involving the two Koreas, the United States, China, Japan and Russia.

Pyongyang wants Washington to first end the financial isolation campaign, and to lift a freeze on $24 million in accounts at Banco Delta Asia.

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Russia Warns North Korea Over Nukes 'Threat' (AFP)

By Sebastian Smith

AFP, February 1, 2007

North Korea's nuclear weapons capability threatens Russian interests, Moscow's chief negotiator at international talks with Pyongyang said Wednesday, warning the country against carrying out another military test.

"Our interests are under threat," Alexander Losyukov was quoted as saying by Interfax news agency, also cautioning North Korea against a repeat of last October's atomic bomb test.

"I think a very negative reaction would follow another test and that tougher measures would probably be taken," he said.

Analysts said Losyukov's statement marked a hardening of the Russian position on North Korea ahead of February 8 talks in Beijing -- involving China, Japan, South and North Korea, Russia and the United States -- to try to persuade Pyongyang to give up its military nuclear programme.

According to Losyukov, "concrete" results are unlikely in Beijing, but "it could be possible to lay out quite precisely the route toward achieving them."

Reflecting the growing flurry of diplomatic activity ahead of next week's negotiations, Russian Foreign Minister Sergei Lavrov talked by telephone with his South Korean counterpart Song Min-Soon to discuss "resolving the nuclear problem on the Korean peninsula," Interfax reported.

South Korea's negotiator to the six-nation talks, Deputy Minister Chun Young-Woo, was due to meet with Losyukov in Moscow on Thursday to discuss a "road map" plan on the issue.

The last round of talks in China in December ended in deadlock after Pyongyang demanded the lifting of US sanctions imposed for alleged money laundering and counterfeiting.

The talks have continued intermittently since 2003, but gained new urgency when North Korea conducted its atomic test.

Viktor Kremenyuk, deputy director at the USA-Canada think tank, said that Losyukov's message indicated that Russia was cutting back on longtime diplomatic support for North Korea.

"Russia's position has shifted and that could help push North Korea into a deal. They will see that no one is fighting for them," he said.

Another analyst, Anatoly Dyakov, head of the Centre for Study of Disarmament, Energy, and Ecology, said that Russia was right to toughen its stance.

"If Korea continues its nuclear programme, that will push the region out of control. Japan will be next, then Taiwan, and so on. Russia and China are worried."

Earlier this week Losyukov expressed "cautious optimism," saying that "simply the agreement to hold a new round shows that encouraging signs have appeared regarding the movement of different participants' positions."

He repeated this Wednesday, adding that both North Korea and the United States, the two countries most at loggerheads, were "now coming out with the biggest optimism."

However he tempered this with warnings about the effect of negotiations dragging on for too long with too little result.

"I personally think that this (weapon) test very much complicated the situation in the region and set back the process of the six-sided talks. The result is that we lose time and the process of nuclearisation on the peninsula goes further."

Senators Vent On Chinese Currency (WP)

By Peter S. Goodman

The Washington Post, February 1, 2007

Since becoming Treasury secretary last summer, Henry M. Paulson Jr. has pleaded for patience on the issue of China's currency. Using the high-level contacts he made as chairman of the global investment bank Goldman Sachs, he sought ways to get Chinese leaders to move.

But on Capitol Hill yesterday, Paulson learned that patience in Washington may be wearing thin. Several senators at a Senate Banking Committee hearing sharply questioned the value of his talks, and threatened legislative action against China.

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"The Congress is not going to wait and see how this is progressing when they watch 3 million manufacturing jobs leave this country," said the committee chairman, Christopher J. Dodd (D-Conn.). "You are going to get blown by if we don't get a better handle on this."

Paulson offered assurances that he, too, is disappointed by China's slow movement toward allowing the market to set the value of the yuan, its currency.

"I would like to see China showing much more flexibility, and I'm going to be frustrated until they do," Paulson said, adding that he has been "pressing them hard."

Paulson was responding to criticism from some members of the committee for not accusing China of manipulating its currency in a recent Treasury report on international exchange rates. That would have triggered consultations with China and raised the possibility of trade sanctions.

U.S. manufacturers accuse China of maintaining its currency at 20 to 40 percent below its market value, making China's products unfairly cheap on world markets and taking sales from U.S. companies.

China asserts that it is moving on its own timetable toward allowing the yuan to trade freely, while also arguing that it has unfairly been made a scapegoat for the loss of manufacturing jobs in the United States.

The yuan has strengthened against the dollar by about 6.5 percent since July 2005, when China allowed its currency to move more freely than in years past.

Paulson's arrival as Treasury secretary last summer raised hope that his business experience in China would help him persuade Beijing to move faster. But two well publicized trips to China in recent months accomplished little. With the U.S. trade deficit with China expanding to a record high and voters in last November's elections expressing anxiety about globalization, Paulson faces intensifying pressure to deliver.

"All the jawboning and talking you are doing with the Chinese is not going to affect one iota that steelworker" who lost his job to overseas competition, said Sen. Jim Bunning (R-Ky).

Paulson Urges Talks With China (WT/AP)

By Martin Crutsinger

The Washington Times, February 1, 2007

Treasury Secretary Henry M. Paulson Jr. insisted yesterday that new high-level talks with China offer the greatest chance of success in reducing the soaring U.S. trade deficit.

He faced a skeptical Senate banking committee where both Democratic and Republican senators said they thought China would listen only if the country faced punitive economic sanctions.

The lawmakers said nearly 3 million manufacturing jobs have been lost since early 2001, a period during which the trade deficit has hit records for five straight years and the imbalance with China has soared to a new high.

"All the jawboning and talking you are doing with the Chinese is not going to affect one iota that steelworker" who has lost his job to unfair foreign competition, Sen. Jim Bunning, Kentucky Republican, told Mr. Paulson.

Many senators said they were upset that the Bush administration did not cite China as a currency manipulator in a report it sent Congress in December.

Such a designation would have triggered negotiations with the Chinese and could have led to punitive sanctions against imports if the United States had won a case before the World Trade Organization.

Mr. Paulson said he thought a better approach was the new Strategic Economic Dialogue he began with the Chinese in December involving seven members of the Bush Cabinet in meetings with top Chinese officials in Beijing.

He said those twice-a-year discussions offered the best hope for persuading China to make the types of economic changes that would reduce the U.S.-China trade gap. He said he would make these discussions a top priority in the two years left in the Bush administration. The next meeting is scheduled for May in Washington.

"I really believe we have a plan in place that gives us the best chance of making progress," Mr. Paulson said while conceding that at the end of two years "we could still be frustrated because we would like to see more progress."

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Mr. Paulson said pursuing economic sanctions against China could cause the Chinese government to abandon reform efforts for fear they would be seen as caving to foreign pressure.

Senate banking committee Chairman Christopher J. Dodd, Connecticut Democrat, said he thought events could quickly overtake Mr. Paulson's effort given the level of unhappiness in the U.S. over trade deficits and lost jobs.

"The Congress is not going to wait and see how this is progressing when they watch 3 million manufacturing jobs leave this country," Mr. Dodd told Mr. Paulson. "You are going to get blown by if we don't get a better handle on this."

Senators on the panel pressed Mr. Paulson to outline exactly how the administration planned to persuade China to move more quickly.

Mr. Paulson did not say whether the administration would support economic sanctions although he did not rule out future WTO cases. He said he would be pressing the Chinese to allow the value of the yuan to rise by larger amounts on a daily basis and to allow currency markets rather than government intervention to play more of a role in setting the yuan's value.

U.S. manufacturers contend that China is manipulating its currency to keep it undervalued against the U.S. dollar by 20 percent or more. Such an action makes Chinese goods cheaper for American consumers and U.S. products more expensive in China.

Paulson Lays Out His Yuan Wish List (WSJ)

By Michael M. Phillips

The Wall Street Journal, February 1, 2007

WASHINGTON -- Faced with relentless, bipartisan China-bashing on Capitol Hill, Treasury Secretary Henry Paulson laid out a series of economic changes he expects Beijing to undertake before President Bush leaves office.

Mr. Paulson, who has staked his tenure on his extensive experience and ambitious agenda with China, told senators that he will measure his own success by how far and fast Beijing moves, especially in loosening its grip on its currency, the yuan.

"My goal is to make significant progress toward a fully market-determined, floating Chinese currency," Mr. Paulson, a former Goldman Sachs chief executive, told the Senate Banking Committee.

Mr. Paulson and his Treasury predecessors have consistently urged the Chinese to allow the yuan to rise against the dollar; U.S. manufacturers complain that an artificially weak yuan makes competing against Chinese companies unfairly difficult. But yesterday's Senate hearing was the first time since he took office last year that Mr. Paulson has set out markers for progress other than percentage-point moves in the yuan-dollar exchange rate.

The secretary identified four steps China should take on the road to a freely floating exchange rate:

Widen the trading band within which the yuan is allowed to move.

WSJ's Ian McDonald discusses2 the bullish Chinese markets.

Reduce central-bank purchases of dollars.

Develop a bond market to absorb foreign-exchange flows and provide instruments to hedge against currency risks.

Establish clear central-bank policy targets to avoid inflation and build confidence in the yuan's value.

While the Chinese authorities "agree they need to introduce currency flexibility and move to a floating exchange rate, they are not moving quickly enough for the United States or the rest of the global community," Mr. Paulson testified. "And they are not moving quickly enough for their own good."

The yuan has appreciated 6.51% against the dollar since the Chinese began to allow it to move in July 2005.

Mr. Paulson was grilled for more than two hours by skeptical senators, several of whom complained of the difficulty of explaining benefits of free trade to constituents who have seen their jobs move to China or elsewhere.

"We meet our constituents, and they are livid," Sen. Chris Dodd (D., Conn.) told Mr. Paulson. "Congress isn't going to wait necessarily for us to get some sort of vague definitions of how this is progressing when they watch three million manufacturing jobs leave this country."

Write to Michael M. Phillips at michael.phillips@wsj.com5

Goldsmith Reveals Saudi Royal Dilemma (FT)

By Christopher Adams, Michael Peel and Jimmy Burns

DOJ_NMG_0125514

Financial Times, February 1, 2007

Lord Goldsmith, the attorney-general, believed that Senior Saudi royals, possibly even King Abdullah, would have been needed as essential witnesses had a corruption inquiry into the al-Yamamah arms deal led to charges against BAE Systems.

But he judged it would have been unrealistic to expect the country's rulers to submit themselves to questioning. This, combined with uncertainty over whom to approach in Riyadh, posed "insuperable" obstacles to a prosecution, he said.

In an interview with the Financial Times, he spelt out his belief that Saudi Arabia's "particular constitutional position" was a key reason why a Serious Fraud Office inquiry into bribery allegations against BAE was doomed to failure.

His comments put him further at odds with investigators, who have said it was impossible to reach such a firm view about the case's prospects until the probe was over.

Saudi Arabia had threatened to cease all security and intelligence co-operation after it emerged the SFO was poised to gain access to secret Swiss bank accounts belonging, it is believed, to the royals.

The corruption inquiry into Britain's biggest export agreement was abandoned in December after intervention by Tony Blair. The government cited fears for national security. Britain, though, has been accused of ignoring its anti-bribery commitments to save a fighter jet deal with the Saudis.

In an account of his role, the attorney-general defended the decision to scrap the inquiry. He said the main obstacle was the difficulty of proving corruption under current laws. These require prosecutors to show the person receiving bribes – the "agent" – was acting without the approval of their boss – the "principal".

"Normally to produce a corruption case you ... will call somebody senior from the company to say: 'Good heavens, I never knew the marketing director was taking used £50 notes, or getting a free subscription to the golf club, or having his roof done', or whatever it may be. That's the first person you call," said Lord Goldsmith.

"The reason I was concerned was because of the particular constitutional position of Saudi Arabia ... And, indeed, how, in this context, do you ever succeed in showing that? BAE were asserting that the payments had been authorised at the highest level [in Saudi Arabia]," he said.

BAE has always declined to comment on the investigation, except to reject the allegations it bribed Saudi officials. Lord Goldsmith believed the company's assertion would probably have meant questioning senior members of Saudi Arabia's royal family. Whitehall insiders said the royals were unlikely to agree to appear in a witness box.

A source close to the Saudi ambassador in London declined to comment.

The Liberal Democrats will on Thursday attack the government's move to abandon the Serious Fraud Office investigation into BAE Systems' dealings in Saudi Arabia, in a House of Lords debate.

British Police Finish Inquiry In Poisoning Case (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, February 1, 2007

Sources close to the family of a dead former KGB agent say they believe people in Russia are suspected.

LONDON — British police said Wednesday that they had concluded their investigation of the poisoning of former KGB agent Alexander Litvinenko, and handed the case to prosecutors for a decision on whether to file charges.

Though authorities refused to disclose their findings, people close to Litvinenko's family said they believed authorities were leaning toward suspects in Russia as the probable perpetrators.

"From my understanding, they know where and who and how. They know exactly what happened," said one source, who had not been formally briefed on the police findings.

Prosecutors have said they will review the results of the detectives' work and determine whether it is appropriate to file charges. But if the results identify suspects in Russia, it might be moot; authorities there have already said it would be impossible under Russian law to extradite them to Britain for trial.

Litvinenko, a former colonel with the Russian security services who resigned and became a dissident in London, was killed with a massive dose of radioactive polonium-210. The poison appears to have been administered Nov. 1 in tea he drank at a

London hotel while with two businessmen from Russia, Andrei Lugovoy and Dmitry Kovtun, both of whom formerly had ties to the Russian security services.

Lugovoy and Kovtun have denied any role in the poisoning and have said they consider themselves victims in the case.

In an interview Wednesday in his London office, exiled Russian tycoon Boris Berezovsky said he met with Lugovoy a day before Litvinenko was poisoned. Berezovsky formerly employed Lugovoy and Litvinenko and believes the Russian security services were behind the poisoning.

"Mr. Lugovoy, who now is suspected to be the killer, he was sitting in this room in front of me, and we drank wine with him. And he had not less chances to poison me in this office where we are present now than to do the same in the hotel, putting polonium to a cup of tea of my friend Alexander," Berezovsky said.

He said he had a "more or less clear answer" to why he was not targeted for poisoning, but had pledged to the police that he would not discuss the case in detail until the investigation was concluded.

"I think the main point for the British government today is that until they find all the rings of [the] chain, how it happened, starting from the place where the polonium was taken until it reached the cup of tea of Alexander, no one British is able to feel protected," Berezovsky said. "The problem now is whether this government is able to protect the population of this country from the same plot again."

Many in Russia have suggested that Berezovsky could have poisoned his friend in an effort to discredit Russian President Vladimir V. Putin.

The BBC television program "Panorama" reported last week that authorities think Litvinenko may have been poisoned not once, but twice, and may have received an initial dose two weeks before his Nov. 1 meeting at the hotel. Litvinenko had also met Lugovoy and Kovtun on Oct. 16 at a sushi restaurant near Piccadilly Circus, which later was found to have significant traces of polonium-210, the program said.

The restaurant was the same one at which Litvinenko met Italian contact Mario Scaramella on Nov. 1, but Scaramella told the BBC that the polonium had been found at a table other than the one at which he sat with Litvinenko.

Lugovoy attorney Andrei Romashov said his client had not been informed that he was anything other than a witness.

"If the investigation is over and the case is transferred to the prosecutors, a witness should be informed about it, especially if his status has changed. We know nothing about any change in status," he said.

He said Lugovoy, whose family traveled with him on the trip to London during which he met Litvinenko, would never have knowingly exposed his family.

"It is absurd to think that a person who wants to commit such a serious and socially dangerous crime would bring his entire family, wife and children, along. This doesn't make sense," Romashov said.

Russian officials also have launched an inquiry in the case and have discussed traveling to London to interview witnesses. A number of Russian citizens charged or suspected of crimes in Russia have sought political asylum in Britain, including Berezovsky, and Russian investigators have signaled their interest in questioning some of them as part of their own inquiry.

Dmitry Oreshkin, senior political analyst with the Russian Academy of Sciences' Institute of Geography in Moscow, said it appeared certain that Russia would place insurmountable roadblocks in the way of any notion of Russian suspects being tried in Britain, even if the suspects volunteered to go.

"I think Lugovoy may come out and make a statement to the effect that he is ready to go to London and face the trial, but that statement will most likely be accompanied by a number of hard-to-fulfill demands, like for instance the desire of the Russian Prosecutor's Office to interrogate about 100 people in Britain, including dozens of persons related to Yukos," Oreshkin said, referring to an oil company dismantled as part of a government tax case and whose chief executive has been imprisoned.

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Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Chavez Wins Move To 'Dictatorship' (WT/AP)

By Fabiola Sanchez

The Washington Times, February 1, 2007

CARACAS, Venezuela -- President Hugo Chavez was granted free rein yesterday to accelerate changes in broad areas of society by presidential decree -- a move critics said propels Venezuela toward dictatorship.

Convening in a downtown plaza in a session that resembled a political rally, lawmakers unanimously gave Mr. Chavez sweeping powers to legislate by decree and impose his radical vision of a more egalitarian socialist state.

"Long live the sovereign people. Long live President Hugo Chavez. Long live socialism," National Assembly President Cilia Flores said as she proclaimed the "enabling law" approved by a show of hands. "Fatherland, socialism or death. We will prevail."

The law gives Mr. Chavez, who is beginning a fresh six-year term, more power than he has ever had in eight years as president, and he plans to use it over the next 18 months to transform broad areas of public life, from the economy and the oil industry in particular to "social matters" and the very structure of the state.

His critics call it a radical lurch toward authoritarianism by a leader with unchecked power, similar to how Fidel Castro monopolized leadership in Cuba.

"If you have all the power, why do you need more power?" said Luis Gonzalez, a high school teacher who paused to watch in the plaza, calling it a "media show" intended to give legitimacy to a repugnant move. "We're headed toward a dictatorship, disguised as a democracy."

Hundreds of Chavez supporters wearing ruling-party red gathered in the plaza, waving signs reading "Socialism is democracy," as lawmakers read out passages of the law giving the president special powers to transform 11 areas of Venezuelan law.

Vice President Jorge Rodriguez publicly ridiculed the idea that the law is an abuse of power and argued that democracy is flourishing. He thanked the National Assembly for providing "gasoline" to start up the "engine" of societal changes.

"Dictatorship is what there used to be," Mr. Rodriguez said. "We want to impose the dictatorship of a true democracy."

After the vote, Mr. Chavez remained out of public view but announced plans for a press conference today at the presidential palace.

Mr. Chavez, a former paratroop commander re-elected with 63 percent of the vote in December, has said he will decree nationalization of Venezuela's largest telecommunications company and the electricity sector, slap new taxes on the rich, and impose greater state control over the oil and natural gas industries.

The law also allows Mr. Chavez to dictate unspecified measures to transform state institutions; reform banking, tax, insurance and financial regulations; decide on security and defense matters such as gun regulations and military organization; and "adapt" legislation to ensure "the equal distribution of wealth" as part of a new "social and economic model."

Historian Ines Quintero said that with the new powers, Mr. Chavez will achieve a level of "hegemony" that is unprecedented in the nation's nearly five decades of democratic history.

The top U.S. diplomat for Latin America said the law isn't an issue for the United States.

"The enabling law isn't anything new in Venezuela. It's something valid under the constitution," Tom Shannon, the assistant secretary of state for Western Hemisphere affairs, told reporters in Colombia.

"As with any tool of democracy, it depends how it is used," he added. "At the end of the day, it's not a question for the United States or for other countries, but for Venezuela."

Keeping Up With The Chávezes (WSJ)

By Francis Fukuyama

The Wall Street Journal, February 1, 2007

What is it that leaders like Iran's Mahmoud Ahmadinejad, Hezbollah's Hassan Nasrallah and Venezuela's Hugo Chávez have in common that vastly increases their local appeal? A foreign policy built around anti-Americanism is, of course, a core component. But what has allowed them to win elections and build support in their societies is less their foreign-policy stances than their ability to promise, and to a certain extent deliver on, social policy -- things like education, health and other social services, particularly for the poor.

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Mr. Chávez has opened clinics staffed with Cuban doctors in poor barrios throughout Venezuela; Hezbollah has provided social services for years and is now in the business of using Iranian money to rebuild homes in the devastated south of Lebanon. Hamas in Palestine, the Muslim Brotherhood in Egypt and Evo Morales in Bolivia all have active social agendas. Organizations like Hezbollah and Hamas do not merely lobby the government to provide social services; they run schools and clinics directly.

The U.S. and the political groups that it tends to support around the world, by contrast, have relatively little to offer in this regard. Washington stresses democracy and human rights -- that is, procedural safeguards that institutionalize popular sovereignty and limited government -- as well as free trade, with its promise of economic growth. This is a good agenda in line with American values, and it has worked well in Eastern Europe and East Asia. But it tends to appeal to middle-class, educated constituents. In those parts of the developing world that suffer from deep social cleavages and inequalities, free elections and free trade have relatively little resonance for the great majority of the population that is poor.

The reason that Washington has so little to offer in the social sphere is that American politics itself has focused on cutting back on the state sector and social services in the past generation. From the New Deal through the Great Society, the American welfare state grew enormously. Ronald Reagan came into office promising to cut back on entitlements and "big government," which he argued was an obstacle to economic growth. In the context of U.S. politics this made a lot of sense. America's freer labor markets and deregulated economy laid the groundwork for more than two decades of sustained productivity growth. Britain went through a similar revolution in late 1970s and '80s under Margaret Thatcher; the failure of continental Europe to follow suit has saddled it with an unsustainable welfare state and entitlement crisis.

But the legacy of the shift toward "smaller government" has meant that there has been little new thinking in the U.S. on social policy. The Democrats returning to power are loath to offer proposals for ambitious new social programs, sticking with penny-ante proposals like raising the minimum wage or student loans. Washington has lots of advice to give developing countries on economic policy, in terms of deregulation, privatization, reduction of tariff barriers and the like. But apart from Hernando de Soto's pioneering work on property rights for the poor, there is no clear agenda on how to help Bolivia, Pakistan or Egypt improve their primary education systems or get health services delivered more efficiently in poor neighborhoods.

Part of the problem is that while social policy is popular, it has many pitfalls and is very hard to do well. Badly designed social programs don't achieve their primary purposes, and retard economic growth in the long run. Social safety nets have a habit of becoming entrenched entitlements, controlled by powerful lobbies that benefit directly from public spending and use their power to expand the rents they receive. In Argentina and Mexico, public education is controlled by centralized teachers' unions whose main interest is in protecting the interests of the adults in the system rather than the children.

As was the case with the American welfare system, cash transfers breed dependence and moral hazard. In the case of the Depression-era Aid to Families with Dependent Children (AFDC), the program had the unexpected consequence of encouraging out-of-wedlock births. Post World War II housing programs for the poor took no account of existing social capital in poor neighborhoods and created vertical slums that were soon taken over by drugs and gangs. It was for these reasons that AFDC was abolished by Congress in 1996, and housing projects like the Robert Taylor homes in Chicago have been dynamited. In developing countries with deeply dysfunctional public sectors, the World Bank can finance the building of schools and clinics, but has a much harder time incentivizing teachers and health-care workers to show up for work.

Some of the newest and most innovative social policy has been designed by economists who, taking these earlier experiences into account, have tried to design programs that also take incentives into account from the get-go. For example, the Mexican Progresa program of conditional cash transfers pays poor people a stipend on the condition that they send their children to school, recognizing the fact that many poor families see greater benefit in putting their children to work rather than educating them. Built into the program was a way of empirically testing its effects, by deliberately creating control groups that could be used to benchmark its impact. There are by now a host of econometric studies documenting how Progresa raised school attendance rates dramatically, though its final impact on long-term educational outcomes is less certain. Early success led to the program being extended broadly across Mexico as the Oportunidades program, where it now reaches into urban neighborhoods.

Progresa's success has led to it being copied in other parts of Latin America, like the Red de Protección Social program in Nicaragua, the Programa de Asignación Familiar in Honduras and the Bolsa Família in Brazil. The Bolsa Família now reaches

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some 15 million poor Brazilians, and appears to have had an actual impact in lowering that country's Gini coefficient (a measure of income inequality), Brazil's being one of the highest in the world.

What is fascinating about these new social programs is that they were initiated not by leftist politicians, but by pro-free-market leaders on the conservative side of the spectrum. Progresa was started by Ernesto Zedillo of the dominant Institutional Revolutionary Party (PRI) during the 1990s, and greatly expanded by the National Action Party's Vicente Fox over the past six years. There is some evidence that the current president, conservative Felipe Calderón, may owe his razor-thin victory over leftist Andrés Manuel López Obrador to a substantial number of poor voters who supported him out of gratitude for Mr. Fox's Oportunidades. The Bolsa Família was initiated in Brazil by pro-market President Fernando Henrique Cardoso, and only later expanded by his leftist successor Ignacio Lula da Silva.

If the U.S. wants to support liberal democracy around the world, it needs to start thinking seriously about a well-designed social agenda that will appeal to the poor. There is both an inherent and an instrumental reason for this. In itself, the world's poor desperately need help, and have often been ill-served by the interventions of well-intentioned outsiders.

And if true supporters of liberal democracy and free markets are ever to compete successfully with the Islamists and populists of the world, they need to have a social agenda that gives some hope not just to the middle-class and educated, but to those who are isolated and excluded as well. Above all, we need to stop seeing this issue through the old left-right ideological lens of American domestic politics, and recognize that our influence is dependent in large measure on our ability to offer people around the world what they want, and not what we think they should want.

Mr. Fukuyama is professor of international political economy at the Johns Hopkins School of Advanced International Studies and editorial chairman of the American Interest.

A Separate Peace (NYT)

By Timothy William Waters

The New York Times, February 1, 2007

Washington

JUST a few years ago, there was guarded optimism about Kosovo's future. Checkpoints were dismantled; the process to establish governance standards was under way. But that was before the communal riots in 2004, and before Albanians' and Serbs' incompatible visions for Kosovo led to deadlock last year in talks over the province's final status. And so now, more than seven years after NATO ended Serbia's brutal dominion over the province, the international community is about to impose a solution.

Too bad it's the wrong one. The likely plan gives too little to Albanians and takes too much from Serbs. But there's an alternative, if only the international community would consider it: partition. Flexibility on borders could make a fully independent Kosovo easier to govern, provide more protection for minorities and make a negotiated deal attainable. Partition is possible, and possibly the right thing to do.

Yet every proposal assumes partition must be ruled out. The United Nations plan, due to be presented Friday to the Serbian and Kosovo governments but whose details leaked last week, follows the conventional wisdom. It offers a half-state on the whole territory: Kosovo will get most of the powers of a sovereign state without full independence, and with no revision of its borders. But that combination is unacceptable to Albanians and Serbs: Albanians suffered horribly under Serbian rule and deserve full independence, yet any separate status for Kosovo poses a threat to non-Albanian minorities there.

The international community's all-Kosovo fixation has forced it to concoct complex power-sharing schemes to accommodate two mistrustful populations before considering independence. The costs of this ''standards before status'' approach have been predictable: an uncertain investment environment, frustrated expectations and a fragility that destabilizes the region.

It would be one thing if these mutually suspicious populations were inextricably linked, but they aren't. The majority of Serbs in Kosovo live in a small strip in the far north. Partition would allow them to continue living in Serbia. The remaining pockets would be less threatening to Albanians, making Kosovo more governable, and the small, remaining Serbian population safer.

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Partition could break the negotiating deadlock. The Albanian leadership in Pristina might give up the Serb-populated north in exchange for immediate recognition and streamlined governance without international supervision. And Serbia might relax its resistance to Kosovo's independence if it could retain the northern bit — which would ease international approval, since Russia has vowed to veto any plan that Serbia doesn't accept.

Objections to partition are many, but not compelling. Some observers assume re-examining borders would destabilize other states. But suppressing talk about partition can have the same effect. Imagine the passions that would ignite if we opposed Kosovo's separation from Serbia.

Others worry that partition would deprive Kosovo of the factories and mines in Trepca, in northern Kosovo. But far more necessary for the landlocked province are tolerable relations with Serbia and security of investment, neither of which is likely to follow from the United Nations solution.

Still others assert that letting Serbia keep part of Kosovo rewards ethnic cleansing. Yet everyone agrees we are justified in reducing Serbia's control over Albanian areas; the real question is how much intrusion on Serbia's sovereignty is necessary.

There is nothing magic or moral about Kosovo's borders. They are an artifact of Tito's Yugoslavia, and they never corresponded to ethnicity or contributed to social peace. If borders fail to ensure security or promote welfare, they should be changed. That's why we favored separating Kosovo from Serbia in the first place. That is a partition, too. So why is severing a smaller part of Serbia inherently wrong?

Kosovo's Albanians deserve real independence, and while Serbia must pay that price, individual Serbs should not suffer unnecessarily. Changing the border — reducing the partition we are undertaking — could make full, fair independence possible.

Partition isn't perfect; it's painful and carries risks. But the current plan will neither resolve Kosovo's uncertain status nor prevent an entire Balkan people from once again taking to the road. Surely it would be better to move the border than the people trapped within it. That sounds like a moral argument for putting partition back on the table.

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White House To Share Surveillance With Congress (LAT)

By Richard A. Serrano
The Los Angeles Times, February 1, 2007

WASHINGTON — A two-week standoff over documents in the White House domestic spying program came to an end Wednesday when Atty. Gen. Alberto R. Gonzales agreed to turn over to Congress classified material about secret eavesdropping.

The Bush administration last month said it would put its surveillance of potential terrorist activities under supervision of a federal court but did not disclose details of the revised program. A key Senate panel, newly controlled by Democrats, demanded access to the records to gauge whether the administration was going too far or breaking any laws in tracking terrorism suspects.

The decision to share information with Congress was the latest concession by the Bush administration, which had argued that it had the right to conduct its "war on terror" as it deemed necessary and that secrecy was vital to national security.

The documents, which include applications for electronic wiretaps and orders from the secret Foreign Intelligence Surveillance Act court, will be made available to congressional committees only and not released to the public.

"We obviously would be concerned about the public disclosure that may jeopardize the national security of our country," Gonzales said. "But we're working with the Congress to provide the information that it needs."

Some of the documents were made available to Congress on Wednesday, according to a Capitol Hill source.

Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) said his panel would review the records before "deciding what further oversight or legislative action is necessary." Only then, he said, "can the judiciary committee determine whether the administration has reached the proper balance to protect Americans."

Sen. Arlen Specter (R-Pa.), a moderate who is the ranking Republican on the panel, had joined the Democrats in demanding the records be turned over. At a feisty hearing last month, he sharply criticized the attorney general for his refusal to release the documents even though the FISA court's presiding judge had no objections.

On Wednesday, Specter, while thanking the administration for releasing the records to the committee, added that he might at some point make them public, as long as that would not violate privacy rules or jeopardize legitimate ongoing federal investigations.

"They will not be made public until I've had a chance to see them," he said. But "my own view is that there ought to be the maximum disclosure to the public consistent with national security procedures."

Central to the dispute has been the White House argument that extraordinary steps must be taken to protect Americans from further terrorist plots since the attacks on Sept. 11, 2001, and conflicting concerns among Democrats and civil libertarians that the spying appears to be a wholesale violation of individual freedoms.

Under the Terrorist Surveillance Program, the National Security Agency eavesdropped on telephone and e-mail conversations between people in the U.S. and abroad without first getting a warrant from the FISA court. The program was launched weeks after the Sept. 11 attacks and remained secret until it was exposed in the New York Times in late 2005, creating a public furor.

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Now, with the Democrats controlling Capitol Hill, the spying program is likely to become the target of several congressional investigations into operations by the Bush White House.

For instance, House Intelligence Committee Chairman Silvestre Reyes (D-Texas) said Wednesday that his panel members also would read the material, and that he and Rep. Peter Hoekstra of Michigan, the ranking Republican, would have their own questions into "whether the program is effective at tracking terror suspects and whether the program adequately protects the liberties of the American people."

Gonzales said that the Justice Department would cooperate with both committees, and that he hoped the congressional leaders would realize how important the domestic spying program had become to national security.

"It's important for us that they understand what we're doing," the attorney general said. "All they have to do is ask."

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Justice Expands On Spy Program Details (AP)

By Lara Jakes Jordan

AP, February 1, 2007

Attorney General Alberto Gonzales expanded Congress' access Wednesday to classified documents detailing the government's domestic spying program but still didn't satisfy several lawmakers demanding information about surveillance.

Investigators' applications, legal briefs and orders issued by the Foreign Intelligence Surveillance Court are now open to the leaders of the Senate Judiciary Committee and the House and Senate intelligence committees, Gonzales said.

Two weeks ago, the Senate Judiciary Committee — led by Democratic Chairman Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania — criticized the attorney general for refusing to answer specific questions about the secret court's new oversight of the controversial program.

"We obviously would be concerned about the public disclosure that may jeopardize the national security of our country," Gonzales told reporters Wednesday. "But we're working with the Congress to provide the information that it needs."

The documents would not be released publicly, the attorney general said. "We're talking about highly classified documents about highly classified activities of the United States government."

Leahy and Specter both said they welcomed the Bush administration's decision to show them the documents, which could give insight on how judges on the secret court consider evidence when approving government requests to spy on people in the United States who have suspected links to al-Qaida.

But Leahy said he will decide after he reviews the papers whether further oversight or legislative action is necessary. Specter stopped short of calling for them to be released publicly but said "there ought to be the maximum disclosure to the public, consistent with national security procedures."

"They will not be made public until I've had a chance to see them," Specter said.

The documents also are available to lawmakers and staffers on the House and Senate intelligence committees, who already were cleared to receive details about the spy program. But several lawmakers accused the Justice Department of still holding back crucial classified documents about the surveillance, including the original presidential order that created it in October 2001.

"We have informed Justice Department officials that the committee's requests for those documents remains in effect," House Intelligence Chairman Silvestre Reyes, D-Texas, said in a statement. "We are hopeful that the administration will comply with those requests in a timely fashion and that further efforts to secure that material will not be necessary."

Congressional aides did not rule out the possibility of issuing a subpoena for those documents.

Justice spokeswoman Tasia Scolinos said the department and Bush administration intelligence officials have provided "numerous documents and many briefings" to help lawmakers oversee the spy program.

The continued demands for more information underscores Congress' suspicions of the spying program, which President Bush secretly authorized after the 2001 terror attacks without court review. It was not revealed until December 2005, and has been a sore point for many lawmakers from both parties, as well as civil libertarians who fear people's privacy rights are being violated.

The warrantless program, run by the National Security Agency, monitors phone calls and e-mails between the United States and other countries that are suspected to be linked to agents of al-Qaida or affiliated terror groups. A federal judge in Detroit last August declared the program unconstitutional, and government lawyers were back in court Wednesday asking a Cincinnati-based appeals panel to drop a civil lawsuit against it.

The Justice Department argued that the American Civil Liberties Union's lawsuit is moot since the surveillance now is monitored by the FISA court. But the ACLU is asking the appeals court to uphold the earlier decision in August, since Bush retains authority to continue warrantless surveillance.

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Gonzales described the decision to release the documents to Leahy and Specter as the result of ongoing negotiations between Congress and the administration. He said lawmakers most likely will not have to review the documents at the Justice Department, which keeps a tight grip on classified information, but offered few other details.

"It's important for us that they understand what we're doing," Gonzales said. "All they have to do is ask."

Records On Spy Program Turned Over To Lawmakers (WP)

By Dan Eggen

The Washington Post, February 1, 2007

The Justice Department turned over documents about the government's controversial domestic spying program to select members of Congress yesterday, ending a two-week standoff that included pointed threats of subpoenas from Democrats.

The deal appears to resolve the latest conflict between Congress and the administration over the National Security Agency's surveillance effort, and it provides new evidence of the administration's more accommodating approach to the Democrats who now control Congress.

The agreement follows the administration's announcement two weeks ago that it was replacing NSA's warrantless surveillance program with a plan approved by the secret court that administers the Foreign Intelligence Surveillance Act, or FISA. The NSA had conducted the domestic spying for more than five years without court oversight.

Under yesterday's accord, announced by Attorney General Alberto R. Gonzales, more than three dozen lawmakers will have access to the secret court orders governing the spying program that were issued Jan. 10 and the applications from the Justice Department that preceded them. The lawmakers include the House and Senate leaders, the members of the two intelligence panels and the heads of the two judiciary committees, officials said.

But Gonzales and other Bush administration officials also indicated that they had no intention of making the orders and related documents available to the public. The lawmakers and staff who view the records will be subject to strict statutes that bar disclosure of classified information. Congressional aides said it was unclear how much new information could be shared with the public.

Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, said the documents would help determine "what further oversight or legislative action is necessary.

"Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while following the law and the principles of checks and balances," Leahy said.

Gonzales -- in remarks to reporters during an unrelated event announcing the formation of a human-trafficking unit at Justice -- played down any conflict with lawmakers. He said: "It's never been the case where we've said we would never provide access."

Gonzales said the orders cannot be released publicly because the subject matter is "highly classified."

One Justice official said Gonzales decided two weeks ago that both of the intelligence panels, along with Leahy and Arlen Specter (Pa.), the ranking Republican on the Judiciary Committee, should have access to the records.

But several congressional aides, who spoke on the condition of anonymity because they are not authorized to discuss the details of the negotiations, described a tense two-week standoff between the administration and lawmakers from both parties over the issue.

The staff members said the push for access was driven by Rep. Silvestre Reyes (D-Tex.) and Sen. John D. Rockefeller IV (D-W.Va.) -- the heads of the House and Senate intelligence panels -- who warned Justice Department officials that they would face congressional subpoenas if they did not turn over the records.

Reyes and other lawmakers said they would continue to push for other documents that the administration has refused to turn over, including the original order that created the NSA program in October 2001.

Shortly after the Sept. 11, 2001, attacks, President Bush authorized the NSA to monitor telephone calls between the United States and overseas without warrants if one of the parties was believed to be linked to al-Qaeda or related groups. The program's existence was disclosed in media reports in December 2005.

Many lawmakers and civil liberties advocates called the program illegal, and a federal judge in Michigan ruled last August that it was unconstitutional and should be stopped. In oral arguments in an appeal of that case yesterday before the U.S. Court of Appeals for the 6th Circuit, in Cincinnati, government lawyers said the lawsuit should be thrown out because of the new FISA orders.

Administration officials said previously that the NSA program could not be accommodated under FISA and that Bush had the power to authorize it on his own.

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The administration abruptly changed course last month, however, by obtaining approval for the spying from an unidentified judge on the FISA court. But the outlines of the new effort remain unclear because the government has refused to release details.

One key question is whether the new approach resembles traditional criminal procedures -- which require the government to obtain a separate warrant for each individual it wants to monitor -- or whether it allows eavesdropping on a more broadly defined group of people. Several sources who have been briefed on the program have described it as a hybrid of the two.

Specter said on the Senate floor yesterday that earlier briefings by Justice "fell short" because the details of the new program were left unclear. "In order to meet the traditional safeguards for establishment of probable cause, there would have to be individual warrants," he said.

Key Lawmakers Getting Files About Surveillance Program (NYT)

By Mark Mazzetti

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — Bowing to bipartisan pressure from lawmakers, the Justice Department announced Wednesday that it was turning over to selected members of Congress secret documents with details of the National Security Agency's eavesdropping program.

The decision was made two weeks after Attorney General Alberto R. Gonzales faced senators' withering questions about why the Bush administration had refused to provide details about the legal underpinnings of the program.

Last week, Representative Silvestre Reyes, the Texas Democrat who is chairman of the House Intelligence Committee, joined other committee members in threatening to subpoena documents related to the program.

Those threats prompted negotiations over the weekend between staff members of the House and Senate intelligence committees and Steven G. Bradbury, who leads the Office of Legal Counsel in the Justice Department.

The decision on the documents, which Mr. Gonzales confirmed Wednesday, will let members of the House and Senate intelligence committees, as well as a few Congressional leaders, review those court orders to determine whether the administration had significantly changed the program by putting it under the authority of the Foreign Intelligence Surveillance Court.

A central question is whether the court will approve requests case by case or issue broad orders giving the government wide leeway to choose targets.

The document package for the lawmakers includes the Justice Department application for surveillance warrants from the special court and the legal briefs before the court approved a request on Jan. 10 for eavesdropping warrants.

Lawmakers from both parties applauded the decision, but promised that the new Congress would continue to scrutinize closely the legality of the program.

"Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while following the law," said Senator Patrick J. Leahy, the Vermont Democrat who is chairman of the Senate Judiciary Committee.

Congressional officials said they were pressing the administration for more documents, including President Bush's original executive order that authorized the program, which was secretly established after the Sept. 11, 2001, attacks and did not require court warrants for certain wiretaps of calls between overseas and the United States.

Administration officials said they continued to want to limit future disclosures to Congress and were not agreeing to a precedent-setting arrangement in which everything that the special court reviewed would also be subject to Congressional review.

Just members of the intelligence committees and certain House and Senate leaders have been briefed on the highly classified program. Mr. Gonzales said a special provision would be made to allow the top members of the Judiciary Committees, who have not received the classified briefings, to review the FISA court documents.

Gonzales To Give Congress Secret Surveillance Papers (WT)

By Jerry Seper

The Washington Times, February 1, 2007

Attorney General Alberto R. Gonzales yesterday agreed to hand over to some members of Congress previously secret documents on the government's domestic terrorist-surveillance program.

Mr. Gonzales, who acknowledged last month that the Foreign Intelligence Surveillance Court had issued orders bringing the program under its jurisdiction, said the documents would be shared with members of the House and Senate intelligence committees and the Senate Judiciary Committee's chairman and ranking Republican.

The documents, which contain classified information, will not be made public.

"We've been working hard and having discussions to reach an appropriate accommodation as to how that access should be provided," Mr. Gonzales told reporters in Washington. "Access will be made available starting today."

The surveillance program, begun in 2001 after the September 11 attacks, gave law-enforcement authorities the ability to monitor telephone calls and e-mails to and from the United States involving people suspected by the government of having terrorist links.

The Bush administration vigorously defended the legality of the program, saying it would be impossible to obtain warrants in time to intercept phone calls of those suspected of belonging to al Qaeda.

The Justice Department has said the program is "essential" in the war on terrorism, adding that it "ensures we have in place an early warning system to detect and prevent a terrorist attack."

Last month, Mr. Gonzales announced that the Foreign Intelligence Surveillance Court would monitor Justice Department intercepts of international calls involving terrorism suspects in this country.

He said an order establishing oversight was issued Jan. 10 and gave the department, which conducts the program through the National Security Agency, the "necessary speed and agility while providing substantial advantages."

The announcement was considered a major concession by President Bush, who has argued since the secret program was publicly disclosed in 2005 that he did not need or want to use the special intelligence court.

During a Jan. 18 hearing before the Senate Judiciary Committee, Mr. Gonzales was challenged by panel members on why the Bush administration had taken more than five years to seek oversight by an independent court for its wiretapping program.

Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, has been critical of the White House for its refusal to disclose details of the surveillance program. He called the policy a "clear-cut violation" of the Foreign Intelligence Surveillance Act (FISA) and said the administration could have moved quicker to get court approval.

"I cannot help but conclude that there hasn't been a sufficient sense of urgency on behalf of the Department of Justice to get this job done faster," he said.

He said yesterday that the documents would "not be made public until I've had a chance to see them."

Rep. Heather A. Wilson, New Mexico Republican and a senior member of the House Permanent Select Committee on Intelligence, said the administration did not intend to release other documents that explain how the FISA court's orders comply with the 1978 surveillance law the court oversees.

"We are playing hide the ball down at the Justice Department," said Mrs. Wilson, who told House intelligence committee Chairman Silvestre Reyes, Texas Democrat, that she would support the issuance of a subpoena if necessary.

Sen. Patrick J. Leahy, Vermont Democrat and Senate Judiciary Committee chairman, said the Bush administration made "the right decision" in changing its course of "unilaterally reauthorizing the warrantless surveillance program."

"Only with an understanding of the contours of the wiretapping program and the scope of the court's orders can the Judiciary Committee determine whether the administration has reached the proper balance to protect Americans while following the law and the principles of checks and balances," he said.

Lawmakers Receive Details Of Government Surveillance Program (MCT)

By Greg Gordon, McClatchy Newspapers

McClatchy Newspapers, February 1, 2007

WASHINGTON - Attorney General Alberto Gonzales Wednesday turned over to key legislators copies of a secret court's "highly classified" orders spelling out how the administration has stopped wiretapping suspected terrorists without warrants and is now spying with judicial supervision.

Gonzales disclosed the decision, which averts a confrontation that might have brought congressional subpoenas, during a news briefing at the Justice Department.

The classified documents lay out details of a secret arrangement approved by a judge on an 11-member national security court that puts the spying program under its jurisdiction. The material was delivered to members of the House and Senate intelligence committees late in the day, congressional aides said.

The documents also will be made available to Democratic Sen. Patrick Leahy of Vermont, the chairman of the Senate Judiciary Committee, and Pennsylvania Sen. Arlen Specter, the panel's ranking Republican, both of whom have asked to review the new arrangement.

Leahy, Specter and members of the intelligence committees have voiced concern that the eavesdropping on some Americans' overseas phone calls and e-mails may have violated their constitutional rights. Leahy and Specter praised President Bush for granting their requests to review details of the latest arrangement.

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"The president has made the right decision in changing his previous course of unilaterally reauthorizing the warrantless surveillance program, to now following the law by seeking court approval for these wiretaps," Leahy said.

But he said he would "have to look at the court's order to determine whether the administration has reached that proper balance to protect Americans while following the law."

Specter called the move "a significant step forward" but said he would reserve judgment until he had reviewed the documents.

Those include Justice Department applications for what administration officials have described as a complicated arrangement to expedite the secret Foreign Intelligence Surveillance Court's approval of electronic surveillance on American citizens' overseas phone calls and e-mails. The court was created under a 1978 law to approve warrants in espionage and terrorism investigations.

The administration has said it's eavesdropping only if one party to the communication is likely to be affiliated with al-Qaida or an associated terrorist group.

Gonzales said that the documents being released detail "highly classified activities" and must remain secret because their public disclosure "may jeopardize the national security of our country." He said that other documents on the program are "especially sensitive," and it's still not clear whether they'll be given to Congress.

The National Security Agency started the surveillance program shortly after the Sept. 11 terrorist attacks and ran it for years without warrants or judicial review and in apparent violation of constitutional protections. The New York Times disclosed the program in December 2005, provoking an outcry from civil libertarians and others.

After a federal judge in Detroit ruled the program illegal last summer and Democrats seized control of Congress, Gonzales disclosed in January that the Justice Department had worked out an arrangement under which the FISA court would oversee the program. Justice Department officials said the new arrangement was under way for some time and was unrelated to an American Civil Liberties Union lawsuit that led to a court injunction halting the program or to the Democrats' election victory.

A panel of the 6th U.S. Circuit Court of Appeals heard arguments Wednesday on the government's petition for dismissal of U.S. District Judge Anna Diggs Taylor's ruling last August ordering the government to halt the surveillance program because it was unconstitutional. Administration lawyers argued that that case is now moot, because the surveillance is now under the jurisdiction of the national security court.

But lawyers for the ACLU, representing 10 groups and individuals that contend that they have had to arrange secret meetings to communicate with overseas associates because of the wiretaps, said the case cannot be moot because the administration claims that Bush still has the power to conduct the surveillance without warrants.

Judges Weigh Arguments In U.S. Eavesdropping Case (NYT)

By Adam Liptak

The New York Times, February 1, 2007

CINCINNATI, Jan. 31 — Three federal judges hearing the first appellate argument about the legality of a National Security Agency domestic surveillance program on Wednesday indicated that they were not that convinced the issue was moot now that the Bush administration had agreed to submit the program to a secret court.

In a series of sharply worded questions to an administration lawyer defending the program, the judges noted that the administration did not promise to continue working with the secret court in the future.

“You could opt out at any time, couldn’t you?” asked Judge Ronald L. Gilman of the United States Court of Appeals for the Sixth Circuit.

Deputy Solicitor General Gregory G. Garre acknowledged the possibility.

But the judges pressed Mr. Garre’s adversary, Ann Beeson of the American Civil Liberties Union, just as hard on a different point — whether her clients had suffered injuries direct and concrete enough to give them standing to sue.

“Explain to me how we get to a finding of standing?” Judge Julia S. Gibbons asked.

Judge Gibbons repeated the question in similar form several times.

Ms. Beeson said the plaintiffs, who include lawyers and journalists, have had to change the way they communicate with clients and sources in the Middle East because they feared that their discussions would not be confidential.

But Judge Gibbons and Judge Alice M. Batchelder seemed skeptical about whether that sort of general and speculative fear was sufficient.

The government has refused to say whether it eavesdropped on the plaintiffs.

“Telling our enemies who is the subject of surveillance would reveal information that could harm the national security,” Mr. Garre said Wednesday.

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The A.C.L.U. brought suit last year after an article in The New York Times disclosed the existence of the program, which monitors the international communications of people in the United States without court approval.

In August, Judge Anna Diggs Taylor of the Federal District Court in Detroit ordered the program shut down. The decision has been stayed during the appeal to the Sixth Circuit.

Judge Gilman raised the possibility that the legality of the program might never be adjudicated. “If the plaintiffs here don’t have standing,” he said, “who would possibly have standing?”

While Mr. Garre urged the court to dismiss the case under threshold questions like mootness and standing, Ms. Beeson tried to steer the judges toward the merits.

“A failure to decide the case will leave it up to the president whether and when to follow the law,” Ms. Beeson said.

Over the course of the litigation, the government has refined some of its arguments.

Early statements from various administration officials appeared to concede that the program violated a 1978 law, the Foreign Intelligence Surveillance Act.

But the government’s appellate filings say that is an open question and one that cannot be answered without disclosing state secrets.

At several points in the argument, Mr. Garre said that the so-called state secrets privilege was a litigation showstopper. The privilege requires courts to limit or dismiss cases when allowing them to proceed would disclose information harmful to national security.

Several courts have ruled, however, that the administration’s general description and defense of the N.S.A. program meant that it was no longer secret and that questions about its legality could be decided without raising national security concerns.

Assuming the court finds a path through the thicket of preliminary objections, it will be left with the question of whether the president was entitled to ignore the 1978 law when he authorized eavesdropping that bypassed warrants.

Mr. Garre said that a 2001 Congressional authorization to use military force after the Sept. 11 attacks overrode the law.

Judge Gilman seemed unconvinced. “I understand your argument,” he said. “I’m not sure I agree with it.”

The administration has also said that the president has the constitutional power, regardless of what Congress has to say, to conduct foreign intelligence surveillance in wartime.

Judge Taylor’s decision striking down the program was sweeping, and her reasoning, which was in places unorthodox, attracted criticism even from legal scholars who supported her conclusion.

In its public briefs, the government said Judge Taylor had taken “the unprecedented step of permanently enjoining a foreign intelligence gathering program authorized by the commander in chief to protect the nation from foreign attacks in wartime.”

The government has also filed classified versions of its briefs and other documents, which are available only to the judges.

Judge Batchelder was appointed by President George Bush, Judge Gilman by President Bill Clinton, and Judge Gibbons by President George W. Bush.

Appeals Court Hears Wiretapping Case (LAT)

By Henry Weinstein, Times Staff Writer

The Los Angeles Times, February 1, 2007

The ACLU says the program is illegal and has done harm. The Justice Department argues it's both legal and moot.

CINCINNATI — A lawyer for the American Civil Liberties Union urged a federal appeals court on Wednesday to affirm a lower-court decision that the Bush administration's Terrorist Surveillance Program was illegal and show "the president that he has to obey the law."

But a Justice Department lawyer maintained that the program was legal and called on the judges to overturn the ruling, while also arguing that the case was now moot.

A three-judge panel of the U.S. 6th Circuit Court of Appeals peppered the attorneys with questions about broad constitutional principles as well as the issue of whether the ACLU's clients had legal standing to challenge the program.

In a related development in Washington, the administration agreed Wednesday to turn over to Congress classified documents related to the surveillance program.

At the hearing in Cincinnati, Justice Department attorney Gregory Garre said that when Congress authorized the use of military force after the Sept. 11 attacks, it clearly contemplated that the president would have the authority to conduct counterintelligence surveillance of the type used in the program. Garre said it would be unprecedented for a U.S. court to say that a president did not have such power.

In August, U.S. District Judge Anna Diggs Taylor ruled in Detroit that the warrantless domestic surveillance program violated the 1st and 4th amendments to the Constitution and ran afoul of the Foreign Intelligence Surveillance Act. That law was

created in 1978 in response to revelations about illegal government surveillance of hundreds of Americans, including the Rev. Martin Luther King Jr.

ACLU attorney Ann Beeson said that the administration's post-Sept. 11 surveillance program clearly violated FISA, which requires a warrant to be issued before surveillance is conducted.

She told the judges that if they accepted Garre's argument, it would, in effect, mean that the FISA law had been overridden without Congress saying that it wished to do so. "To rule for the government" in this case would mean "the president has unbridled power," Beeson told the judges.

"Congress did its part," by passing the FISA statute, Beeson said. Now, after the government acted in "direct violation" of FISA for more than four years, she said, "it is this court's duty to serve as a check on the arbitrary exercise of government power to wiretap American citizens on American soil."

She also asked the court to unseal secret documents the government had filed in the case.

Garre asserted though that the case was moot now because of the Jan. 17 announcement by Atty. Gen. Alberto R. Gonzales that the Bush administration had made an agreement with the FISA court to get surveillance warrants there. "We have eliminated the central premise" of the case, Garre said.

At least two of the judges hearing the appeal — Ronald Lee Gilman, an appointee of President Clinton, and Alice Batchelder, an appointee of the first President Bush — expressed skepticism about that contention.

"The FISA court didn't wake up one morning and call — you went to them," Batchelder said.

"You could opt out of FISA any time, couldn't you?" Gilman asked.

"That's absolutely true," Garre responded. But he reiterated the central arguments the Justice Department had made since the ACLU filed the suit a year ago on behalf of a group of lawyers, journalists and scholars. He said the suit had to be dismissed because it violated the "state secrets" privilege.

First recognized by the Supreme Court 54 years ago in U.S. vs. Reynolds, the privilege bars disclosure of information in court proceedings when "there is a reasonable danger that the compulsion of the evidence will expose military matters which, in the interest of national security, should not be divulged."

The plaintiffs have not been able to demonstrate that the program concretely harmed them, Garre said. They have alleged only "speculative" harm, and that is insufficient to entitle them to sue, he said. Moreover, the only way the plaintiffs could find out whether they had been the targets of wiretapping was if they obtained information about the surveillance program in violation of the state secrets privilege, Garre said.

"Telling our enemies who is subject to surveillance … would harm national security," he said.

Beeson countered that Garre had overstated the breadth of the state-secrets privilege, and she maintained that her clients had suffered "concrete harm" by having to forego conversations with individuals who they reasonably believed that might be the targets of surveillance.

She noted, for example, that New Mexico defense lawyer Nancy Hollander had to travel to Africa and the Middle East to do research on behalf of clients — work she normally could have done through telephone conversations or e-mail.

Beeson said that hundreds of lawyers had to change their behavior as a result of the surveillance program and that this hampered their ability to effectively represent their clients.

The judges did not indicate when they would rule.

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Warrantless Wiretapping Challenged In US Court (AFP)

AFP, February 1, 2007

President George W. Bush's domestic surveillance program came under fire in a federal appeals court, when opponents challenged it as an unconstitutional abuse of presidential power.

Critics of the program asked the US 6th Circuit Court of Appeals to uphold a lower court decision that the spy program is illegal unless it is subject to court supervision.

They also asked for the appeals court to unseal secret documents filed by the Bush administration in the case, which describe how the program is being administered.

At issue is whether or not the administration will receive blanket approval to spy on its citizens or if every case will be approved individually.

They have the support of Senator Arlen Specter, the ranking Republican on the Senate Judiciary Committee, who accused the Justice Department of "limiting access to key evidence on national security grounds as a means of controlling the outcome of these cases and obstructing the federal courts in their adjudications."

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Attorney General Alberto Gonzales said Wednesday that the high ranking senators would have access to the documents in order to oversee the program but refused to declassify them.

Bush started the wiretapping program after the September 11 attacks five years ago and has said he does not need court oversight to authorize the surveillance.

A district court judge ordered Bush to shut down the program on August 17, ruling that there are "no hereditary kings in America and no power not created by the Constitution."

Bush agreed on January 10 to allow that court to oversee the surveillance program, but he maintains he is not obligated to do so.

Government lawyers argued that the case is moot because the president has agreed to court supervision.

The judges, however, suggested a constitutional issue remains, since Bush has said he could resume the program without court oversight in the future.

"You could opt out at any time, couldn't you?" asked Judge Ronald Lee Gilman.

"That's absolutely true," said Gregory Garre, a deputy solicitor general.

Critics said that's why the 6th Circuit must declare Bush's original program unconstitutional.

"A failure to decide this case would leave it up to the president to decide whether or when to follow the law," said Ann Beeson, an attorney for the American Civil Liberties Union, which sued last year to halt the program.

"It is this court's duty to serve as a check on the arbitrary exercise of government power to wiretap American citizens on American soil."

Government lawyers told the three 6th Circuit judges Wednesday that the ACLU's case compromises national security because it would require the government to publicly discuss the surveillance.

"Telling our enemies who is subject to surveillance ... would harm national security," Garre argued.

The three-judge panel did not decide the case Wednesday and could take months before issuing an opinion.

U.S. Probes Equity Firm Tied To Islamic Investors (WP)

By David Cho

The Washington Post, February 1, 2007

The counterterrorism division of the Justice Department is investigating whether a private equity firm in Boston that manages hundreds of millions of dollars for Muslim investors overseas violated tax laws.

The investigation of Overland Capital Group was disclosed in a filing with U.S. District Court in Boston and reported by the Wall Street Journal yesterday.

The filing claims that Overland and a subsidiary of Dar Al-Maal Al-Islami Trust (DMI), a financial group in Geneva, conducted acts "that implicate potential violation of the Internal Revenue Code." The filing does not mention terrorism, though it was submitted by a U.S. attorney who works in counterterrorism.

Subsidiaries of DMI, an umbrella organization for Islamic financial institutions, have been named as suspects in probes by U.S. counterterrorism agencies. DMI also is a defendant in a civil lawsuit brought by families of victims of the Sept. 11, 2001, attacks, who claim that it funded al-Qaeda. DMI has denied those claims and noted that none of its officials has been charged with terrorism-related crimes.

DMI officials say it has no direct relationship to Overland. But corporate filings in the U.S. show that the firms have a joint venture called First Leasing Bank in Bahrain. The Journal reported that DMI's chief executive headed some of Overland's investment ventures.

DMI was founded in the early 1980s by Prince Mohammed al-Faisal al-Saud, a member of the Saudi royal family. It caters to investors who want to follow the Koran, which prohibits the collection of interest payments.

Overland was founded in October 2001 and has investments worth $1.5 billion, mainly in real estate, according to its Web site. Chief executive James M. Godec said in a written statement yesterday that Overland "followed both the letter and the spirit of the law in every instance" and that he would "vigorously defend our reputation."

The filing came to light through litigation between Overland and a former employee, Laird A. Fairchild, who claimed that he was wrongfully dismissed. Fairchild cooperated with federal investigators after his termination, an act that Overland said violated his confidentiality agreements with the company.

Overland and the DMI subsidiary sued to compel Fairchild to reveal to them what he had told federal investigators. Through its filing in Boston, the Justice Department obtained a court order that allowed Fairchild to remain silent.

Geoffrey Harper, Fairchild's attorney, said yesterday that U.S. attorneys went to "elaborate lengths" to make sure that Fairchild would not reveal what he told government investigators. He said the Justice Department has concerns beyond the tax practices of Overland and DMI.

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"It would be inaccurate to suggest that the only thing they are looking at is taxes," Harper said.

Hub Firm Denies Tie To Terror (BOS)

By Sacha Pfeiffer And Steve Bailey, Globe Staff

The Boston Globe, February 1, 2007

US tax probe studies links to groups that may fund extremists

The chief executive of a Boston private equity firm under federal investigation for its connection to groups that allegedly finance Islamic extremists denied yesterday that his company is linked to terrorism.

"We do everything appropriately and by the book, and we adhere not just to the letter of the law but to the spirit of the law," said James M. Godec of Overland Capital Group. "I am extraordinarily cautious about this kind of stuff."

The US Department of Justice probe centers on alleged criminal tax law violations by Overland. A federal grand jury in Boston is examining suspected tax evasion by the company, according to a filing last week in US District Court in Massachusetts, and Overland's offices at 111 Huntington Ave. in Boston and in Braintree were raided two weeks ago by Internal Revenue Service agents who seized numerous records.

The Justice Department lawyer named in the filing, Corey J. Smith, works in the terrorism financing unit of the department's criminal division; since the Sept. 11, 2001 terrorism attacks, prosecutors have increasingly used tax laws to bring terrorism cases against wealthy Middle Easterners suspected of funneling money to terrorist groups. The investigation was disclosed in yesterday's Wall Street Journal. A Justice Department spokesman declined to comment.

"By policy, we never confirm or deny whether or not there's an investigation into an entity or a person," said the spokesman, Dean Boyd.

Overland, which has more than $1.5 billion in assets under management, was founded in October 2001 by Godec and several other former KeyBank investment professionals. The 23-person firm represents international investors, particularly in Europe and the Middle East, seeking real estate and equipment-leasing investment opportunities in the United States.

The original majority owner of Overland was Islamic Investment Co. of the Gulf Ltd., a unit of Dar Al-Maal Al-Islami Trust, or DMI, a Geneva-based financial group founded by a senior member of the royal family of Saudi Arabia. DMI specializes in Islamic banking, which prohibits paying or receiving interest and dealing in liquor, pork, gambling, or pornography. The US government suspects that terrorist groups sometimes access money with support from people involved in Islamic banking.

A DMI affiliate called Faisal Private Bank was investigated by US counterterrorism agencies in the mid-1990s for suspected connections to extremists, and both DMI and Faisal are defendants in civil litigation in New York brought by families of Sept. 11 victims who claim they funded al Qaeda.

Overland's two primary institutional investment clients are Islamic Investment Co. of the Gulf Ltd. and Shamil Bank of Bahrain, according to Godec. He said Overland, which is audited by KPMG, goes through an extensive due diligence process with its investors, whom he described as "mature, sober, older guys in their 50s and up."

"I know these guys," he said. "I believe in these guys, and I believe in their integrity and honesty.

"I understand and sympathize with what the government needs to do for national security, but I believe in what I do and will stand up in defense of it," added Godec, noting that his family has a long history of military and government service. He said his father was a career member of the US Air Force, his mother was a 25-year IRS employee, and his brother, Robert F. Godec, is US ambassador to Tunisia.

"In my heart, I know what we've done is entirely appropriate and entirely correct," he said.

Godec said he has not been subpoenaed or contacted by prosecutors.

"We'd like to get to the bottom of this, and we have offered to cooperate," he added, "and it would be nice if people would be forthcoming with us so we can have the opportunity to be forthcoming with them."

Godec, 44, who lives in Brookline, left KeyBank in Cleveland to start Overland. He had previously practiced at several Boston law firms, including Bernkopf, Goodman & Baseman; Goodwin Procter; and Rackemann, Sawyer, & Brewster. He has bachelor's and law degrees from the University of Virginia, where he majored in Middle Eastern studies and studied Islam, Islamic history, Arabic, and Farsi.

Last week's filing in Boston federal court, which disclosed the grand jury probe, stemmed from a wrongful termination lawsuit filed by a former Overland employee, Laird Fairchild, who left the firm in March 2004 when Overland closed its Dallas office, according to Fairchild's lawyer, Geoffrey S. Harper. Fairchild, who is now with the Dallas office of Hunter Chase, a real estate private equity firm, did not return a call for comment.

But according to Harper, "Laird has been identified as a material witness in [the federal] investigation, and he has been providing them documents for the grand jury. . . . He has been working with them for some time."

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Harper also said , "Overland wants to know what Laird has been telling the government, and the government doesn't want to answer that question."

Overland also has an office in Clifton Park, N.Y.

Judge Shelves Gitmo Detainee Cases (AP)

AP, February 1, 2007

Sixteen lawsuits by Guantanamo Bay detainees were put on hold Wednesday by a federal judge who said he may no longer have jurisdiction to hear their cases.

U.S. District Court Judge Reggie B. Walton in Washington said the Military Commissions Act, signed into law in October, has left him unable to consider whether the detainees can challenge being held at the Navy facility in Cuba.

An appeals court in Washington is considering whether civilian jurists can rule on those cases. Until that issue is resolved, Walton said, "it is this court's view that it lacks the authority to take any action in these cases."

Walton's six-page order denying the motions challenging detention of the 16 men left open the possibility of refiling the requests if the appeals court decides civilian courts can review detainee cases.

If the appeals panel "concludes that this court retains some degree of jurisdiction over any or all of the above-captioned cases, the matters will be automatically reopened as appropriate," he wrote.

The Justice Department welcomed the ruling, said spokesman Erik Ablin. He called the military tribunals, which can be appealed, "more process than the United States has ever provided to enemy combatants in our past conflicts."

The New York-based Center for Constitutional Rights, which represents the detainees, said Walton's decision will delay justice for an estimated 200 people imprisoned at Guantanamo.

German Court Challenges C.I.A. Over Abduction (NYT)

By Mark Landler

The New York Times, February 1, 2007

FRANKFURT, Jan. 31 — A German court on Wednesday issued an arrest warrant for 13 people in the mistaken kidnapping and jailing of a German citizen of Lebanese descent, in the most serious legal challenge yet to the Central Intelligence Agency's secret transfers of terrorism suspects.

Prosecutors in Munich said the suspects, whom they did not identify, were part of a C.I.A. "abduction team" that seized the man, Khaled el-Masri, in Macedonia in late 2003 and flew him to Afghanistan. He was imprisoned there for five months, during which, he said, he was shackled, beaten and interrogated about alleged ties to Al Qaeda, before being released without charges.

His ordeal is the most extensively documented case of the C.I.A.'s practice of "extraordinary rendition," in which terrorism suspects are seized and sent for interrogation to other countries, including some in which torture is practiced.

"This is a very consequential step," August Stern, the prosecutor in Munich, said in a telephone interview. "It is a necessary step before bringing a criminal case against these people."

The Central Intelligence Agency has never acknowledged any role in Mr. Masri's detention, and a C.I.A. spokesman declined to comment on Wednesday. The German government said it would not comment on the case, except to affirm the independence of the public prosecutor.

Mr. Stern said investigators would seek to establish the true identities of the 13 people, most of whom are believed to use aliases. They include the four pilots of the Boeing 737 that picked up Mr. Masri, a mechanic and several C.I.A. operatives, people familiar with the case said.

Issuing an arrest warrant is a major expansion of the legal challenge to the C.I.A.'s rendition program in Europe. Italian prosecutors are seeking indictments against 25 C.I.A. operatives and Italy's former intelligence chief for the kidnapping of a militant Egyptian cleric in 2003.

In Germany, unlike Italy, defendants cannot be tried in absentia. As a practical matter it is unlikely that the Bush administration will acquiesce in the extradition to Germany of the 13 suspects. But the arrest warrant could further hinder their ability to move around Europe. The German case also carries more weight, legal experts said, because of the reputation of courts here for painstaking deliberation and because of recent efforts to repair damaged diplomatic ties between Germany and the United States.

It is, in fact, a delicate time for both countries. The Bush administration has faced a drumbeat of criticism because of its antiterrorism policies since the attacks on Sept. 11, 2001, while the German chancellor, Angela Merkel, has been eager to heal rifts over the Iraq war.

"It is unique that a German court would issue warrants against 13 C.I.A. agents," said Hans-Christian Ströbele, a Green Party member of a German parliamentary committee that is investigating the flights.

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The arrest warrants, which were first reported in The Los Angeles Times on Wednesday, also have political implications within Germany, where the role of the government in tolerating — or even facilitating — C.I.A. flights has come under increased scrutiny. Frankfurt Airport was reportedly used for many of the flights, as was the American air base at Ramstein.

On Wednesday, a German broadcaster, NDR, published what it said were the names of the 13 people — 11 men and 2 women. Mr. Stern declined to discuss the names, which have been picked up by other German news organizations.

Although the prosecutor's action on Wednesday was the first major legal development in the case, the German news media have been speculating about it for months. In September a television program, "Panorama," tracked down three of those named in North Carolina. They declined to comment on their activities.

For Mr. Masri, who has had to overcome a tide of public skepticism about his account since it was first reported in The New York Times in early 2005, the court's action is a significant step in bolstering the credibility of his claims, said his lawyer, Manfred Gnjidic.

"This is unbelievably important for our case," Mr. Gnjidic said in an interview. "It's the first direct sign of the German government against the C.I.A. that they did the wrong thing."

Mr. Masri, who is unemployed, lives in the southern German city of Neu-Ulm. The lawyer said Mr. Masri had been buoyed by a statement of support from the former German interior minister, Otto Schily.

Mr. Masri is petitioning a federal appeals court in Richmond, Va., to reinstate a lawsuit against the agency. Last May a federal judge threw out a suit brought by Mr. Masri, accepting the government's contention that it would be impossible to hold a trial without disclosing state secrets.

The Justice Department has declined to help the German prosecutors in their investigation, which has made the Germans dependent on information from other sources, including journalists investigating the C.I.A. practice of transferring suspects across international borders.

A major break, Mr. Stern said, came from a Spanish reporter who compiled a list of the names of people said to have been involved in Mr. Masri's abduction from sources in the Civil Guard, a Spanish paramilitary police agency. The C.I.A. used the Spanish island of Majorca as a logistics center for its flights, Mr. Gnjidic said, and the authorities found the names of members of the rendition team on hotel logs there.

Mr. Stern also credited tips from prosecutors in Milan and from Dick Marty, a Swiss senator who conducted an inquiry on the transfer issue on behalf of the Council of Europe.

The nature of Germany's role in Mr. Masri's case, and in other C.I.A. flights, remains murky. Mr. Masri has asserted that he was interrogated three times inside his prison in Kabul, Afghanistan, by a German who identified himself as "Sam."

Germany's foreign minister, Frank-Walter Steinmeier, has said he was not told of the abduction until June 2004, after Mr. Masri had been released in Albania. As chief of staff to Gerhard Schröder, then the chancellor, Mr. Steinmeier oversaw all German intelligence services.

Mr. Steinmeier is facing questions about his role in another case, involving a German-born Turkish man imprisoned for four and a half years at the American military jail in Guantánamo Bay, Cuba.

The man, Murat Kurnaz, was released by the United States last August after lengthy negotiations between Germany and the United States. But internal German intelligence documents indicate that the Germans turned down an offer by the Americans to send Mr. Kurnaz home as early as 2002.

Mr. Steinmeier has insisted that the Americans never made an official offer to release Mr. Kurnaz. He has also noted that worries about security were running high in the aftermath of the Sept. 11 attacks. German newspapers have been full of speculation about whether the affair will cost Mr. Steinmeier his job.

Germans Charge 13 CIA Operatives (WP)

By Craig Whitlock

The Washington Post, February 1, 2007

BERLIN, Jan. 31 -- The CIA's clandestine program of abducting suspected terrorists and taking them to secret sites for interrogation unraveled further on Wednesday as German prosecutors issued arrest warrants for 13 agency operatives in the kidnapping of a German citizen in the Balkans in December 2003.

The case is the second in which European prosecutors have filed charges against CIA employees involved in counterterrorism operations. Italian prosecutors have charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric on a Milan street in 2003 and taking him to Cairo, where he says he was tortured.

European law enforcement authorities acknowledged that it is highly unlikely that any CIA officers -- most of whom work undercover, using false identities -- would be apprehended or extradited from the United States. But the arrest warrants, filed in

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Munich, mark yet another case in which CIA activities in Europe since the attacks of Sept. 11, 2001, have strained diplomatic ties and underscored deep differences between the United States and its transatlantic allies over how to fight terrorism.

Christian Schmidt-Sommerfeld, the chief prosecutor in Munich, said the 13 CIA operatives were wanted on suspicion of kidnapping and inflicting bodily harm on Khaled el-Masri, a German citizen of Lebanese descent. Masri has said he was detained by border guards Dec. 31, 2003, while en route to a holiday in Macedonia, and handed over to the CIA, which took him to a secret prison in Afghanistan and interrogated him about his alleged ties to Islamic radicals in Germany.

After five months in detention -- during which, he said, he was physically abused -- Masri was flown back to the Balkans and dumped on a hillside in Albania after his captors apparently decided they had apprehended the wrong man. German prosecutors said they were skeptical when he came to them with his bizarre-sounding story but later corroborated many parts of his account.

Robert Wood, a spokesman for the U.S. Embassy in Berlin, declined to comment on the arrest warrants, as did a State Department spokesman in Washington. The CIA also declined to comment.

German prosecutors said they received a list of CIA operatives suspected of involvement in Masri's disappearance from authorities and a journalist in Spain. According to hotel records and flight logs, the crew of the privately chartered CIA plane that carried Masri from the Balkans to Afghanistan had stopped for a few days beforehand on the Spanish resort island of Palma de Mallorca.

Prosecutors in Munich did not name the suspects publicly and released few other details about the probe. But Schmidt-Sommerfeld said that all of the suspects used aliases and that investigators were still trying to learn their true identities.

"Ongoing analysis will concentrate on, among other things, determining the correct personal details of the suspects," he said.

The German state television network NDR released a list of 11 men and two women it said were named in the arrest warrants. According to the station, some of the suspects worked as pilots for Aero Contractors, an aviation firm based in Smithfield, N.C. Flight data show that Aero operated the Boeing 737 that carried Masri to Kabul on Jan. 24, 2004.

Aero Contractors was named as a defendant in a lawsuit Masri filed in U.S. District Court.

An employee who answered the phone at Aero's headquarters said no one was available to comment on the arrest warrants.

At a news conference in Augsberg, Germany, Masri's attorney called the arrest warrants "a great success" and said his client was "very satisfied" with the outcome of the investigation. At the same time, the lawyer, Manfred Gnjidic, said he realized it was doubtful that German authorities would be able to track down any of the suspects and bring them to trial.

"It is a very clear signal that the German ruling powers will not tolerate this action, this criminal action, against a German citizen and would like to hold those accountable," Gnjidic said.

German arrest warrants are not legally enforceable in the United States, although the prosecutors in Munich could seek to have the suspects arrested if they traveled to other nations in the European Union.

The German government said it learned of Masri's abduction from Daniel R. Coats, then the U.S. ambassador to Germany, in May 2004. Coats told Otto Schily, then Germany's interior minister, that Masri had been grabbed mistakenly but was paid off to keep quiet, according to German officials. Coats also asked Schily to keep the affair a secret, the officials said. Masri has denied receiving any money.

U.S. officials have not publicly admitted any guilt or responsibility. In December 2005, German Chancellor Angela Merkel said U.S. Secretary of State Condoleezza Rice acknowledged in a meeting in Berlin that Masri had been "erroneously taken." But U.S. diplomats denied she had done so.

A year later, when asked by a reporter in Washington whether the United States owed Masri an apology, Rice declined to offer one. "We have tried to deal with this case in a way that is responsible and -- you know, that's all I'm going to say about this case," she said.

Masri filed suit against the CIA, but his complaint was dismissed in May on grounds that it could damage national security operations. The decision is on appeal.

Some details surrounding Masri's disappearance remain murky. The ponytailed car salesman has said he was interrogated in Afghanistan by a man named "Sam" who was fluent in German and hinted that he worked for German intelligence. The German government has denied any involvement in Masri's kidnapping or detention.

Johannes Jung, a member of a German parliamentary committee that has scrutinized Masri's case, said the arrest warrants would send a strong message to the United States. The committee has investigated the extralegal abductions of two other German residents by U.S. counterterrorism agents, a practice known as "extraordinary rendition."

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"This policy of rendition has to be stopped," said Jung, a member of the Social Democratic Party. "It's totally out of control, and the U.S. needs to rethink its policy in this regard. We couldn't imagine that this policy of rendition could really be true, but we have learned that it is true."

Staff writer Glenn Kessler and staff researcher Julie Tate in Washington contributed to this report.

Germany Orders Arrest Of 13 CIA Operatives (LAT)

By Jeffrey Fleishman

The Los Angeles Times, February 1, 2007

BERLIN — A Munich court has ordered the arrest of 13 U.S. intelligence operatives in connection with the kidnapping and beating of a German citizen who was interrogated for five months at a secret prison in Afghanistan, prosecutors announced today.

The suspects belong to a CIA-sponsored team that allegedly flew Khaled Masri, a German citizen of Lebanese descent, from Macedonia to Afghanistan in January 2004. Each of the accused, all but one of whom were identified only by aliases, were charged with kidnapping and causing serious bodily harm.

Police found a "strong suspicion" that the operatives were involved in Masri's disappearance, said a statement released by the Munich prosecutor's office. "According to the information we have, the suspects listed in the arrest warrants are believed to be so-called code names of CIA agents. The investigation will now focus on learning the actual names of the suspects."

Legal experts said it was unlikely the accused, including four pilots, a medic and members of an operations unit, would appear before a German court. CIA and State Department officials have refused to comment in detail about the Masri case, but the Bush administration has said anti-terror laws allow for such covert operations, known as "extraordinary renditions." U.S. officials have denied allegations of torture.

"As far as I know, the German court has never issued an arrest warrant against 13 CIA officials all at once," said Hans-Christian Stroeble, a member of a parliamentary committee investigating the Masri case. His Greens Party has criticized the renditions program as a violation of human rights. "This is a great success."

The intelligence operatives, most of whom are believed to be Americans, are alleged to have been involved in a mission that loaded a bound and drugged Masri onto a Boeing 737 that flew him from Skopje, Macedonia to Afghanistan in the early morning of Jan. 24, 2004. Masri had been detained weeks earlier by Macedonian security officials when he attempted to cross the Serbian-Macedonian border. He said while in Macedonian custody he was beaten and photographed naked.

German prosecutors were initially skeptical about Masri's tale of disappearing into a hidden dimension in the fight against terrorism and being held for five months of interrogation and abuse until he was released in the mountains of Albania in May 2004. But German authorities said they concluded that the car salesman and father of four was telling the truth.

German officials believe Masri was the victim of mistaken identity: a man with the same name as a suspected terrorist linked to Al Qaeda. Former Interior Minister Otto Shilly has told a German government committee that U.S. officials privately apologized for the abduction.

U.S. authorities never charged Masri with a crime and German prosecutors have criticized Washington for not cooperating with their investigation. German officials allege that the operatives, many of whom live in North Carolina, work for Aero Contractors, which has links to the CIA. The company is connected to Premier Executive Transport Services Inc., which held the registration for the Boeing that transported Masri, according to European aviation documents.

The case has led to questions within the German government. The parliamentary committee is investigating whether German agents were involved in the abduction and why Foreign Minster Frank-Walter Steinmeier, who then oversaw intelligence agencies for the chancellery, did not immediately disclose his knowledge of the affair.

The case, at times, has agitated the improving relationship between Berlin and Washington. In 2005, after a meeting with Secretary of State Condoleezza Rise, German Chancellor Angela Merkel said she was pleased that the Bush administration "admitted this man [Masri] had been erroneously taken."

But a senior U.S. official quickly denied such a characterization, saying that Masri was released because Washington "no longer had evidence or intelligence to justify" his detention.

Warrants Target 13 CIA Agent Suspects (WT/AP)

By David Rising

The Washington Times, February 1, 2007

BERLIN -- German prosecutors said yesterday that they have issued arrest warrants for 13 CIA agents suspected of abducting a German citizen in an apparent anti-terrorist operation gone wrong.

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It was Washington's second European ally to seek the arrest of CIA agents on charges of spiriting away a terrorism suspect. Italian prosecutors want to question 25 agents and one other American in the purported kidnapping of an Egyptian cleric suspected of terrorism.

Prosecutor Christian Schmidt-Sommerfeld said the warrants were issued in the past few days against the 13 on suspicion of false imprisonment and serious bodily harm in connection with the abduction of Khaled el-Masri, a German citizen of Lebanese descent.

Mr. el-Masri maintains he was abducted in December 2003 at the Serbian-Macedonian border and flown by the CIA to a detention center in Kabul, Afghanistan, where he says he was abused.

None of the suspects was identified. But Mr. Schmidt-Sommerfeld later said in a statement that "the personal details contained in the arrest warrants are, according to our current knowledge, aliases of CIA agents."

Germany's NDR television released a list of the names of the 13 -- 11 men and two women -- it said its reporters had obtained.

At the State Department, spokesman Tom Casey said the United States would review the claims. "Certainly, we will take a look at that information once it is actually made available."

But he declined further comment, referring to a lawsuit by Mr. el-Masri against the U.S. government.

Secretary of State Condoleezza Rice and other U.S. officials have declined to address the case. But German Chancellor Angela Merkel has said Washington has acknowledged making a mistake with Mr. el-Masri.

Mr. el-Masri has said he was released in Albania in May 2004 after the CIA discovered they had the wrong person.

Mr. Schmidt-Sommerfeld said prosecutors in December 2005 received a list of people thought to be involved in the kidnapping. The list was compiled by a Spanish journalist from sources within the country's Civil Guard, a paramilitary police unit.

With help from Spanish authorities, they were then able pursue an investigation against "concrete persons," Mr. Schmidt-Sommerfeld said.

Investigators also received tips from others, including the Milan, Italy, prosecutor's office and Dick Marty, a Swiss senator who led an inquiry into CIA renditions on behalf of the Council of Europe.

The CIA agents are suspected of having flown from the Spanish island of Palma de Mallorca to Macedonia in January 2004 aboard a Boeing 737 to pick up Mr. el-Masri, Munich prosecutor August Stern said.

Mr. el-Masri has asked a federal appeals court in Richmond to reinstate a lawsuit he filed against the CIA. A lower court dismissed the lawsuit in May, ruling that a trial could harm national security by revealing details about CIA activities.

Britain Jails 9 On Terrorism Suspicion (USAT)

By Jeffrey Stinson

USA Today, February 1, 2007

LONDON — British police arrested nine people on suspicion of terrorism Wednesday but declined to confirm media reports that the suspects intended to kidnap and behead a Muslim British soldier and post a video of his execution on the Internet.

Eight of the suspects were picked up in pre-dawn raids on their homes in a predominantly Pakistani neighborhood in Birmingham. The ninth was arrested on a highway in the area.

Police in West Midlands, the county that includes Birmingham, said the nine were arrested on "suspicion of the commission, preparation or instigation of acts of terrorism."

David Shaw, assistant chief constable of the West Midlands Police, did not say whether the suspects were Muslims. In remarks to reporters, though, he went out of his way to thank Birmingham's Muslim community for its help with the arrests.

Shaw would not comment on reports by the BBC, Sky News and other outlets that the suspects intended to kill a British army soldier and post Internet video of the murder.

The 4 a.m. raids were led by the Midlands Counterterrorism Unit, supported by West Midlands Police and London's Metropolitan Police.

Twelve addresses in several Birmingham areas were sealed off for additional searches, according to police. Four commercial sites were among those sealed, Shaw said.

The raids exposed divides in predominantly Pakistani neighborhoods in Birmingham.

"People don't trust their own children anymore," said Shabir Hussain, chairman of the Ludlow Road Mosque in Birmingham. "You feel like you should challenge your son or daughter: 'Where are you going at night? What are you watching on TV? What are you doing on the Internet?' "

Shaw said the investigation could take several days or weeks. "This remains a dynamic, fluid operation," he said. "And this is by no means finished."

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Magnus Ranstorp, a terrorism analyst at the Swedish National Defense College, said a plot like that described by British news outlets would signal that terrorists are trying new methods to spread fear in Europe.

"An incident like this would certainly raise the threshold for shock value," he said.

Terrorists, familiar with tactics used by insurgents in Iraq, can be expected to export whatever method they can to induce shock and spread fear, Ranstorp said. "The critical issue is: Are we ahead of the terrorists' innovations?"

Britain's current terrorism threat level is listed as "severe," the second-highest level on the five-stage scale. A "severe" threat means a terrorist attack is "highly likely."

The threat level has remained at severe since the current system was introduced Aug. 1, except for three days after the disclosure Aug. 10 that police had broken up a plot to blow up jets headed to the USA from London's Heathrow Airport. The level was then raised to "critical," the highest on the scale.

Some of the suspects arrested in the alleged airliner plot were from Birmingham.

Last week, police arrested five people in terrorism investigations in the English cities of Manchester and Halifax. Rizwan Ditta, 29, and Mohammed Dilal, 26, of Halifax were later charged with possession of information of use to terrorists.

The head of Britain's domestic security service, MI5, said last year that the service was tracking 30 suspected terrorism plots involving roughly 1,600 people in about 200 domestic cells. Eliza Manningham-Buller, MI5's director general, said in a speech Nov. 9 that many of the plots could be traced to al-Qaeda.

She said Britain's security services had foiled five major plots since terrorists attacked the London transit system July 7, 2005, killing 52 people and injuring more than 770 others.

Police Hold Nine After Terrorism Sweep (FT)

By Jonathan Guthrie And Jimmy Burns

Financial Times, February 1, 2007

Police in the West Midlands arrested nine people on terrorism charges and raided a number of properties on Wednesday.

The arrests were in connection with an investigation thought to be connected to an alleged plot to kidnap and execute a Muslim British soldier.

On Wednesday night a senior government official said he was taking seriously a plot he believed underlined the extent to which radicalised British-born Muslims were committed to a terrorist war against the west.

The official said the alleged plot suggested a direct challenge to the British army's policy of encouraging the recruitment of Muslims as a way of integrating them into society and countering the negative publicity regarding the army's involvement in Iraq and Afghanistan. In the UK armed forces, 330 Muslims have declared their religion.

Earlier, the police and the Home Office, the department responsible for counter-terrorism, refused to identify the nature of the plot and warned the media against speculation that might be prejudicial to an investigation and any trial.

However, in what they described as a "very major investigation", police raided eight dwellings and arrested eight men, starting at 4am.

They also searched and secured four business premises, including a Muslim bookshop and an internet café. The properties were in Washwood Heath and Sparkhill, areas with big Muslim populations, and in the mainly white area of Edgbaston.

A ninth man was arrested later while driving on a motorway in the Birmingham area.

Assistant Chief Constable David Shaw said police were "at the foothills" of an important investigation that could last for "days and weeks".

Britain Foils Major Kidnapping Plot (AP)

By Rob Harris

AP, February 1, 2007

Police foiled a major kidnapping plot, the first of its kind in Britain, with the arrests Wednesday of nine terror suspects who reportedly planned to torture and behead a British Muslim soldier and broadcast the killing on the Internet.

The alleged plot, said by British media to mirror the brutal executions of foreign hostages in Iraq, was in its final stages and uncovered during a six-month surveillance operation by anti-terror officers in this city of more than 1 million in the heart of England. The arrests came in a pre-dawn raid on homes and businesses in several Birmingham neighborhoods, which were mostly Pakistani.

"The threat from terrorism remains very real," said Assistant Chief Constable David Shaw, who would not confirm reports from the British Broadcasting Corp. and other media outlets that the intended victim was an army soldier to be killed in an "Iraqi-style" execution and broadcast on the Internet.

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Britain has been at the heart of several thwarted alleged terror plots, including a scheme by a British Muslim to blow up the New York Stock Exchange and other landmarks, and a plan by Muslim extremists to use liquid explosives to blow up as many as 10 flights between the United States and Britain.

But the Birmingham kidnapping plot raised fears that a new type of terrorism has reached Britain, one which uses individual victims to send a message through kidnappings and publicized beheadings. Although the motive in the new plot was not disclosed, the announcement coincides with other indications that young British Muslims are becoming increasingly angry over this country's involvement in the American-led wars in Afghanistan and Iraq, and the U.S. detention camp in Guantanamo Bay, Cuba.

The four British Muslims who attacked London's transit system in Europe's first suicide bombings had expressed rage over Britain's role in the wars. Their attack at rush hour on July 7, 2005 killed 52 people.

In the past year, the object of that anger has spilled over to the 330 Muslims who serve in the 180,000-strong British armed forces.

The potential victim of the latest plot was reportedly a British Muslim soldier who was under police protection, British media reported, though the Defense Ministry would not confirm this.

Britain's first Muslim soldier to be killed in Afghanistan last year was from Birmingham, where the death prompted militant Islamist Web sites to denounce Cpl. Jabron Hashmi, 24, as a traitor. One site — that of extremist British sect al-Ghurabaa — posted an image of the soldier surrounded by flames.

Non-Muslim servicemen are also being targeted.

Last year, a London street vendor was sentenced to six years in prison in a plot to kill a decorated British soldier. Abu Baker Mansha was accused of targeting Cpl. Mark Byles, whose address and other materials were found in Mansha's apartment.

Byles was awarded a military cross for bravery following an attack in which several Iraqi insurgents were killed — exploits covered by British newspapers. One of the articles with Byles' name was circled and found in Mansha's apartment.

Twelve houses and four business — including two Muslim book stores and an Internet cafe — were cordoned off in Wednesday's raids.

Mohammed Majid, 30, watched as police barged into a house.

"At 4 a.m. I heard a loud bang. I looked through the window and thought it was a fire. I saw anti-terrorism police with shields and guns. They broke windows and doors and raided the place. They took a (South) Asian man with a beard who was in his 30s away in handcuffs. He looked dazed."

Forensic teams removed items from the house and shot a video of the scene, he said.

Sky TV reported that British investigators contacted Pakistani intelligence agents four days ago about the plot. In Islamabad, Foreign Ministry spokeswoman Tasnim Aslam said, "The British authorities have confirmed to us that there is no Pakistan connection." She gave no other details on the contact between authorities in the two countries.

Still, the raid opened fresh divides in Birmingham's predominantly Pakistani neighborhoods.

"People don't trust their own children any more," said Shabir Hussain, chairman of the Ludlow Road Mosque in Birmingham. "You feel like you should challenge your son or daughter: `Where are you going at night? What are you watching on TV? What are you doing on the Internet?'

Muslims in Birmingham are mindful of the dangers inherent in any raid: Police shot a man in a raid last year in London.

"The police and government seem to be against Muslims and are trying to turn us against one another," said Kadir Mohammad, 18, who lives in one of the raided neighborhoods.

Britain's MI5 has said it set up a network of eight new regional offices across the country in the wake of the Sept. 11 attacks, including a center in the West Midlands. The service had previously had regional branches in Northern Ireland, but uses the new offices to coordinate with police in counterterrorism work.

Counterterrorism experts said Islamic extremists have been looking for new ways to rattle the West with their use of the Web to broadcast propaganda and unsettling images such as the beheadings of Western hostages in Iraq.

One widely publicized case was that of 62-year-old Kenneth Bigley from Liverpool. He was abducted from a Baghdad suburb where he was working in September 2004 and beheaded three weeks later. His death was captured on video.

London's counterterrorism officers had never before dealt with a terrorist plot to abduct and murder, a police spokeswoman said on condition of anonymity because of the ongoing investigation.

The Irish Republican Army and other Northern Ireland paramilitary groups routinely conducted kidnappings, mainly for the purpose of extortion — often targeting family members of those with access to banks, British military installations and police stations.

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"This would be the first case (in Britain) of Islamic extremists using kidnapping as a tactic — but these are not the first terrorist kidnapping threats to Britain. The IRA provided those," said former U.S intelligence officer Bob Ayers, now a security analyst based in London.

A Foiled Plot In Britain May Signal Chilling Tactic (CSM)

By Mark Rice-oxley

The Christian Science Monitor, February 1, 2007

LONDON

British security officials were claiming Wednesday to have foiled a terrorist plot which would have imported for the first time to Britain the grisly Iraq-style tactic of kidnapping a victim, torturing and beheading him and filming the atrocity for broadcast on the Internet.

In what police characterized as "the foothills of a major investigation," at least nine arrests were made at a dozen addresses in and around Birmingham, England, including homes, an Islamic bookshop, and a cybercafe,

The suspects were the latest in a succession of hundreds arrested under terrorism legislation introduced seven years ago. Last August, 21 people were arrested in an alleged plot to blow up transatlantic flights.

But experts said this plot's new tactic, if confirmed, would amount to a significant departure in strategy. Thus far, the public has focused its concern on the possibility of suicide bombers seeking to emulate the perpetrators of the July 7, 2005, bombings that killed 52 people. The prospect of being snatched from the street, paraded before video cameras, and decapitated was considered a horror peculiar only to countries like Iraq.

"A plot to kidnap, torture, and execute an individual in the heart of England, and film the gruesome events on a videotape for posting on the Internet, represents a new chilling escalation in tactics by the global jihadi terror groups and carries grave implications for all western nations," says MJ Gohel, a terrorism expert with the London-based Asia-Pacific Foundation.

"In the past, we have witnessed the brutal beheadings of Western hostages in Pakistan, Saudi Arabia, and Iraq, but for it to happen in a major British city would send shock waves to millions of people throughout Europe and the world."

Debate about extent of 'fear factor'

Mr. Gohel recalled the episodes in Iraq, when American Nicolas Berg and Briton Ken Bigley were subjected to the grim fate, and added that repeating the tactic in the West would be "a massive cold-blooded propaganda tool for intimidating the public and governments. The brutal torture and beheading of an identified individual can psychologically resonate far louder than say a car bombing of unknown or anonymous victims," Gohel says.

Paul Rogers of Bradford University also underscored the potential for a negative psychological impact. "If such a plot were to be targeted against an individual, then it would be a very new development as far as Britain is concerned, but obviously worrying as far as the fear factor is concerned," he said in an interview with Britain's national Press Association news agency.

But Bob Ayres, a security analyst at Chatham House, a London-based think tank, contends that the fear-factor would be limited.

"The vast majority of the UK population doesn't believe they're high-profile enough to warrant being pulled off the street," he says. For most Britons, he adds, "getting blown up on the Underground on the way to work is much more of a concern."

But while kidnapping may not instill greater fear among the public, Mr. Ayres says, its strategic advantage for radicals is prolonged media exposure. With the release of periodic video statements, captors can keep the media's spotlight on them and their message for months, he says.

Tackling home-grown terrorism

At least some of those arrested Wednesday were believed to be young Britons of south Asian origins. The local member of Parliament, Shahid Malik, said he had been told they had been under surveillance for six months. Some of the arrests connected with the alleged planes plot were also made in Birmingham.

Pakistan, which crucially cooperated with Britain over the aviation threat last year, was again in contact with British security agencies in the run-up to the latest arrests. British media reports claimed that the target was a British Muslim soldier, though police did not confirm this.

The sudden emergence of homegrown terrorists and suspected plotters has forced domestic security services to improve their game, spread the recruiting net wider, and accelerate efforts to infiltrate the cells believed to be planning attacks.

Recently, signs have emerged that counterterrorist forces tracked radicals subsequently involved in plots without detaining them. One of the 7/7 perpetrators, Mohammad Sidique Khan, was known to security services as a radical intent on waging jihad. In the ongoing trial in London of the suspects involved in an alleged plot to bomb the mass transit network two weeks later on July 21, 2005 – a plot that failed – evidence has emerged that suspects were under police surveillance as early as 2004.

Balance of rights and security

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Though police believe that the raids and multiple arrests of recent years have foiled major terror attacks, Britain's Muslim minority often complains that rights are trampled over during the police action – and that often charges are not even brought. Two suspects were roughly arrested, and one shot, during a police raid last summer; both were later released without charge. Some in the Muslim community argue that the police action is just driving more disaffected youths into the arms of radicals.

Last year, the head of MI5, Dame Eliza Manningham Buller, warned that the security services had identified 30 major terrorist plots in Britain and more than 1,600 individuals actively engaged in promoting attacks.

New tactic?

But after the 7/7 attack and the failed 7/21 attack, heightened security and a greater police presence, particularly on the London Underground, has arguably persuaded radicals to change their targets. Experts say that mass-transit systems, even airports and aircraft, are easier to defend against than the threat of abduction.

"Kidnapping is a highly cost-efficient strategy for terror groups to deploy because no expensive bomb-making materials or detonators are needed, no skill or training is necessary – all that is required is a terrorist willing to wield a knife on a defenseless hostage," Gohel says.

Terrorism experts said that it was important to establish whether the kidnapping plot, if confirmed, was a one-off action or a new tactic.

Patrick Mercer, Conservative homeland security spokesman, said: "If this proves to be accurate, this is a disturbing departure.

"We have got to learn the lessons of this," he added, "to see what we can do to thwart future attacks."

Britain Arrests 9 In Anti-Terror Raids (WP)

By Mary Jordan And Kevin Sullivan

The Washington Post, February 1, 2007

BIRMINGHAM, England, Jan. 31 -- British police arrested nine people Wednesday in a large counterterrorism sweep reported to involve an alleged Iraq-style plot to kidnap, torture and kill a Muslim soldier serving in the British army and post video of his execution on the Internet.

Such a plot would represent a dramatic turn in tactics by Islamic extremists in Britain -- a single murder rather than a bomb plot designed to kill large numbers of people. It would also be the first known case of radicals in Britain targeting a fellow Muslim for serving in the British army.

Birmingham police did not release the names of the people arrested in pre-dawn raids on eight homes and four businesses in two predominantly Muslim neighborhoods. Neighbors reported that police broke down doors and hauled off suspects beginning about 4:30 a.m.

David Shaw, a top police official, said the arrests were the "culmination of many months of activities" and "a very, very major investigation" that is "by no means finished." At a news conference, he declined to elaborate on the alleged plot or comment on reports by the BBC and many other news organizations that police sources said the plot involved the planned abduction and execution of a particular Muslim soldier. Several reports said the soldier had served in Afghanistan and has been placed under protective custody in Britain.

The arrests and raids stunned this city of 1 million residents northwest of London where the Muslim population, estimated at 14 percent in the 2001 census, has grown in recent years.

"If it were another bombing plot, I wouldn't be as scared," said Vera Bates, 65, who has lived for 40 years in the Alum Rock neighborhood, a predominantly Muslim area. "But because now they are talking about kidnapping someone off the street, beheading him and putting him on a video -- now that is scary." Her home is near a brick rowhouse and a business, Khan's General Store, that were raided by police.

Many Muslims who gathered at police lines said they viewed the raids as unfairly targeting their community and probably based on false intelligence. "We feel like we are under siege," said Allah Ditta, a businessman in Alum Rock and a member of a mosque a block from Khan's General Store.

Ditta said that he had already felt a backlash from the police operation when several men drove past him in a van and swore at him simply because he was dressed as a Muslim. "We will be picking up the pieces of this raid for years to come," he said.

Police counterterrorism raids have become increasingly common since Islamic extremists killed 52 people on subway trains and a bus in London in July 2005. What police call a virtually identical attack two weeks later failed when the alleged attackers' bombs failed to detonate; six men are on trial in that case.

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Eliza Manningham-Buller, head of Britain's MI5 domestic security agency, which was involved in Wednesday's raids, gave a rare public address in November and said British authorities were monitoring as many as 30 potential terrorism plots involving up to 1,600 individuals in 200 radical groups.

"If anyone is involved in terrorist activities, I condemn it," said Shaukat Ali, who lives on Jackson Road, where one of the arrested men lives.

He said he knew the man, describing him as a 28-year-old named Amjad and a father of two, and found it hard to believe he was involved in such a plot. He said the man worked behind the cash register at his father's business, Khan's General Store, from early morning until late at night seven days a week. "Many people knew this hardworking family and we are shocked," Ali said.

Ditta, the Alum Rock businessman and a member of the mosque a block from Khan's General Store, noted that none of the nine men had been charged. Under new anti-terrorism laws, police can hold suspects without charge for up to 28 days. Many times, he said, there have been high-profile raids and then days later the detainees are let go without charge.

He said he believes police could and should make arrests more quietly because these dramatic arrests, with dozens of officers breaking down doors and windows with hammers, are unfairly harming Muslim communities.

Tariq Khan, a Birmingham City Council member who represents the neighborhood, joined the street scene of police, TV cameras and large numbers of neighbors. He said he wanted people to know that "ninety-nine percent of these people are law-abiding citizens."

Others in Birmingham said they supported the police. "If they saved a life, it is certainly worth it," said Paul Hockney, a construction worker. "These raids have become the norm -- how sad is that? Our country is in big trouble."

Several miles from Alum Rock, police were standing guard Wednesday night outside an electronics shop and had shut down an Islamic bookstore. The Maktabah Al Ansaar bookshop has drawn scrutiny for years from British and U.S. counterterrorism investigators.

In 1999, the shop published the autobiography of Dhiren Barot, a Hindu convert to Islam who was arrested in 2004 and charged with plotting to bomb financial targets in New York, New Jersey and Washington on behalf of al-Qaeda. A British judge sentenced him in November to life in prison.

One of the store's former employees is Moazzem Begg, a British citizen who traveled to Afghanistan in 2001 and was arrested in January 2002 and imprisoned at the U.S. military prison at Guantanamo Bay, Cuba. Begg was released in January 2005 without being charged with a crime.

Sullivan reported from London. Correspondent Craig Whitlock in Berlin and special correspondent Karla Adam in London contributed to this report.

Britain Arrests 9 In Terrorist Kidnapping Plot (NYT)

By Alan Cowell

The New York Times, February 1, 2007

LONDON, Jan. 31 — The British police conducted a series of raids on Wednesday, arresting nine suspects on terrorism charges in what appeared to be a shift in the tactics of terrorism in Britain. The suspects are accused of devising a plot that included plans to kidnap, torture and behead a British Muslim soldier and broadcast video images of his killing on the Internet.

The arrests, in the central city of Birmingham, were part of what the authorities called a major operation involving hundreds of officers after months of preparation. Eight suspects were arrested in eight different homes, and a ninth was seized on a highway near the city, the police said. Four businesses were also searched.

“We are right at the foothills of a very major investigation for us,” Assistant Chief Constable David Shaw, the Birmingham police officer leading the inquiry, said at a news conference. He declined to describe any details of the case or identify the suspects by name.

However, the British news media have widely reported details of the supposed plot, which have not been officially denied. If true, the plan would be a marked departure from previous terrorist plots, like the July 7, 2005, London bombings, intended to cause mass fatalities using explosives.

Last August, for instance, British and American investigators said they averted a plot by terrorists to use liquid explosives to blow up trans-Atlantic airliners carrying hundreds of people. A plan of this kind would also support what counterterrorism experts have depicted as the central role of the Internet in modern insurgencies and conspiracies to broadcast propaganda and spread images. Web sites have been widely used to broadcast gruesome images of beheadings in Iraq and to spread militant Islamic views.

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"If such a plot were to be targeted against an individual, then it would be a very new development as far as Britain is concerned," said Paul Rogers, an expert on terrorism at the University of Bradford. "The key point is whether this alleged plan was something being encouraged by the wider Al Qaeda movement or was a one-off, independent action."

The target for the attack was reportedly a soldier in his 20s who had served with British forces in Afghanistan and is now hiding in a police safe house in Britain.

The Home Office in London called the arrests "a major counterterrorism operation."

Britain's terrorism laws allow the police to detain suspects for up to 28 days without bringing formal charges. "This remains a dynamic, fluid operation and this is by no means finished," said Assistant Chief Constable Shaw of the Birmingham police. The search of premises, he said, "will take days or possibly weeks."

The police began to move in on the suspects at 4 a.m. in Birmingham, Britain's second largest city, which has a large Muslim minority drawn initially from Pakistani immigrants in the 1960s. The police action spread through the run-down Sparkhill neighborhood and other areas, including raids on the Maktabah Islamic bookstore, the Blades Cyber Cafe and an innocuous-seeming row house. Several vehicles, including a white van, were towed away.

The announcement of another suspected terrorism plot has not surprised many Britons, who are used to regular warnings from the authorities. Six men are currently on trial in connection with four attempted bombings on July 21, 2005, two weeks after the London bombings that killed 52 people and the 4 suicide bombers.

Last November, MI5, the domestic intelligence agency, said it was keeping 1,600 suspects in 200 terrorist cells under surveillance. At the time, Dame Eliza Manningham-Buller, the director of MI5, spoke of around 30 conspiracies that might include "the use of chemicals, bacteriological agents, radioactive materials and even nuclear technology."

The Pakistan Foreign Office acknowledged on Wednesday that British officials had recently inquired about whether some of the nine men arrested in Birmingham had traveled to Pakistan.

Some people in Birmingham said they were skeptical about the raids, particularly in light of a similar high-profile operation last year in Forest Gate, east London, when the police shot and wounded one of two Muslim brothers who were soon released for lack of evidence linking them to terrorism.

Such events have deepened Muslim anxieties.

"There is a fear about who is next," said Mohammed Naseem, the chairman of Birmingham's Central Mosque, in a telephone interview. "People will need to know the facts, but there is a longstanding perception that this climate of terrorism is being maintained to further the political aims of the government."

Indeed, Salma Yaqoob, a member of the Birmingham City Council representing the antiwar Respect Party, said: "There's a shock and disbelief that these arrests are being made in such a high-profile manner. People are very concerned about the social backlash."

Farooq Haroon, a Birmingham social worker, said that after the raids last year that ended with the suspects being freed without charge, "people are very cynical about these raids."

The Ministry of Defense said there were only about 330 Muslims out of the 180,000 troops in Britain's armed forces. Last July, one British Muslim soldier, Lance Cpl. Jabron Hashmi, was killed in Afghanistan.

Many of Britain's frontline combat units are deployed in Afghanistan and Iraq, and their presence, some Muslim leaders contend, has helped inflame militancy among young British Muslims.

HOMELAND RESPONSE:

9 / 11 Workers Criticize Bush Health Funds (NYT/AP)

By The Associated Press

The New York Times, February 1, 2007

NEW YORK (AP) -- The son of a ground zero rescue worker who died last week from lung disease met with President Bush on Wednesday to urge expanded health services for those who are still sick.

"On behalf of all World Trade Center victims, I expressed the urgency and the desperate need for financial support for health services," said Ceasar Borja Jr., 21.

He said he told the president that the funding should be expanded not just for "the heroes and heroines" who risked their lives to save victims under the twin towers, but also for men, women and children exposed to toxins because they lived or worked in the area.

Borja's father, Cesar Borja, was a police officer who worked 14-hour days in the smoldering pit after the Sept. 11, 2001, terrorist attack. He died at 52 while awaiting a lung transplant.

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Bush met Borja, his mother, Eva, his 16-year-old brother, Evan, and 12-year-old sister, Nhia, at Federal Hall in downtown Manhattan, where the president delivered a speech about the economy on Wednesday.

About an hour before the speech, sick 9/11 workers and neighborhood residents gathered nearby at the edge of ground zero to criticize Bush's proposal to spend an additional $25 million to fund a health care program.

"Twenty-five million is absolutely not enough," said Marvin Bethea, 47, pointing out that some legislators, including Sen. Hillary Rodham Clinton, have proposed $1.9 billion in additional funds.

"First responders who need treatment will get the treatment they need," Bush spokesman Tony Snow said Wednesday. "Many are already covered by insurance programs, many through their union; but if there are gaps in that, we're going to do it."

Next week, the Bush administration is expected to propose the additional funding for the Sept. 11-related health care program at New York's Mount Sinai Medical Center, where 19,000 rescue workers have been screened.

About seven out of every 10 responders suffered lung problems, according to a Mount Sinai study. One of study authors has said thousands will likely need long-term care.

White House officials said they would consider providing more money, depending on the findings of a separate government task force.

The programs had been expected to run out of money by the summer. A grant of $75 million made last year was expected to last until then.

International Trusted Traveler Program Sought (USAT)

By Barbara De Lollis

USA Today, February 1, 2007

WASHINGTON — Believing it would help stem the USA's diminishing appeal to travelers from abroad, the U.S. travel industry asked Congress on Wednesday to launch a special trusted traveler program for international visitors.

Since 9/11, international visits to the USA have fallen by 17%. The decline cost about $43 billion in visitor spending in 2005 alone.

The Discover America Partnership, an offshoot of the trade group Travel Industry Association of America, proposed the new program to the Senate trade and tourism subcommittee as part of a broader package of proposals to boost international visits.

"Our travel system is broken," said Geoffrey Freeman, executive director of the partnership. "What we have outlined today is a detailed road map for Congress to solve the crisis."

The group is also asking the government to spend $300 million to finance its proposals, which include stepped-up tourism marketing and faster customs processing.

Under the trusted traveler proposal, regular visitors from abroad could submit extensive personal and biometric information to the U.S. government.

If approved by the government, foreign travelers could count on predictable airport clearance procedures when they arrive in the USA. The tourism industry says heightened scrutiny of foreign visitors in the last five years has led to unpredictable and inconsistent treatment of foreigners at U.S. airports, and has played a major role in diminishing visits to the USA.

Whether or not Congress or foreign travelers would embrace such a program is unclear. But Sen. Byron Dorgan, D-N.D., who chairs the tourism subcommittee, says he expects the issue will attract bipartisan support. He plans to develop legislation to reverse the slide in foreign tourism.

The domestic version of the trusted traveler program, which expedites members' passage at airport security checkpoints, is only now getting started, more than five years after it was proposed following the 9/11 terror attacks. For an annual fee of about $100, travelers who have provided personal data and been cleared in advance by the government are allowed use of an expedited security line at certain airports. It's in effect now at airports in San Jose, Calif., Cincinnati, Indianapolis, New York (JFK) and Orlando.

The tourism industry proposal also calls for automatically enrolling approved travelers in the U.S. registered traveler program to make flying around the USA easier.

Yves Walravens, 53, a loan broker in Brussels who traveled to the USA twice last year, says the popularity of such a program would hinge on whether travelers can expect confidentiality.

"A lot of us complain about the heavy procedures (entering the USA) and find them completely paranoid," he says. "And that is certainly not good publicity for the USA."

Travel Lobby Moves To Ease U.S. Tourism (WT)

By Jen Haberkorn

DOJ_NMG_0125545

The Washington Times, February 1, 2007

Travel industry groups yesterday announced a series of proposals aimed at making it easier for international travelers to visit the United States.

The Discover America Partnership (DAP), a travel industry lobbying group, proposed adding more staff to U.S. Consulates to reduce the time it takes for visitors to acquire visas, setting a goal of processing all foreign travelers through customs in 30 minutes, and implementing a national tourism marketing program.

Other DAP proposals included evaluating U.S. Customs officers on their friendliness, greeting foreign travelers by saying "Welcome to America" and offering foreign visitors customer-service evaluations to fill out when they leave the United States -- proposals aimed at improving America's image abroad.

"We can make travel easier and more secure," Stevan Porter, DAP chairman and president of InterContinental Hotels Group, told reporters yesterday.

Overseas travel to the United States has declined 17 percent since the September 11, 2001, attacks, amid perceptions that it has become more difficult to get a visa to the United States than to other countries. Some visitors are waiting up to 100 days for a visa interview, DAP estimated.

The group said the proposed changes would cost $300 million and suggested three ways to pay for it: Charge a $5 fee to enter or exit the country; charge a $10 fee for travelers from countries that do not require visas; or issue government bonds.

Sen. Byron L. Dorgan, North Dakota Democrat and chairman of a tourism subcommittee , said during a hearing yesterday that he would like to "find some sort of way" to introduce a bill based on the proposal.

Committee Co-chairmen Sen. Daniel K. Inouye, Hawaii Democrat, and Sen. Ted Stevens, Alaska Republican, also said they supported drafting a bill to boost international tourism.

The State Department has been working on improving the visa process, including many of the issues the DAP addressed, a consular affairs official said yesterday.

The department has added 570 consular positions worldwide and implemented an electronic visa application form, which increases the number of applicants an office can review.

As of last month, 90 percent of the U.S. consulates recorded visa appointment waiting periods of 30 days or less.

An airline industry group expressed doubts about the DAP proposals. Air Transport Association of America President and Chief Executive Officer James C. May said his group was opposed to the idea of an exit fee, which could be tacked on to the price of an airline ticket.

"While I appreciate a warm welcome, it is really hard for me to support charging passengers a $5 fee to purchase a smile and a greeting," he said, adding that visitors to the U.S. paid $50 in airline ticket fees last year.

Boston Devices A Cartoon Publicity Ploy (AP)

By Ken Maguire

AP, February 1, 2007

Several illuminated electronic devices planted at bridges and other spots in Boston threw a scare into the city Wednesday in what turned out to be a publicity campaign for a late-night cable cartoon. Most of the devices depict a character giving the finger.

Peter Berdovsky, 27, of Arlington, and Sean Stevens, 28, of Charlestown, were each arrested Wednesday night on one felony charge of placing a hoax device and one charge of disorderly conduct, state Attorney General Martha Coakley said.

In a news release announcing Stevens' arrest, she said the men worked together to place the devices. At an earlier news conference she said Berdovsky had been hired to place the devices.

Highways, bridges and a section of the Charles River were shut down and bomb squads were sent in before authorities declared the devices were harmless.

Marketing Gimmick Goes Bad In Boston (WP)

By Michael Powell

The Washington Post, February 1, 2007

A guerrilla marketing campaign for a cartoon show about a box of french fries and his milkshake pal set off a scare that nearly shut down Boston's commercial district yesterday, as bomb squads closed highways and two bridges in search of what turned out to be magnetic-light versions of the cartoon characters.

Turner Broadcasting, parent company of the Cartoon Network, said the small electronic circuit boards, which hang from girders and bridges, are part of a 10-city marketing campaign for the animated late-night television show "Aqua Teen Hunger

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Force." Such guerrilla ad campaigns seek to place products in unexpected corners and count on those who spot the characters to "get" the gag.

But much of Boston was not in on this joke. The packages were discovered near the New England Medical Center, two bridges and a tunnel. Attorney General Martha Coakley said Peter Berdovsky, 29, of Arlington, Mass., had been arrested on a felony charge of placing a hoax device and a charge of disorderly conduct.

"We regret that they were mistakenly thought to pose any danger," said an e-mail message released by Turner spokeswoman Shirley Powell. "They have been in place for two or three weeks in Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Austin, San Francisco and Philadelphia."

The light boxes portrayed "mooninites," essentially juvenile delinquents from another galaxy making an obscene gesture.

Boston and Massachusetts officials were not amused. A train passenger spied the first magnetic object, which looked like circuit boards with protruding wires, attached to a girder under Interstate 93 in the Charlestown neighborhood of Boston. A police bomb squad responded and blew up the device, leading to the shutdown of a railway station and the highway. For a while, the Coast Guard blocked off a section of the Charles River.

"I am deeply dismayed to learn that many of the devices are a part of a marketing campaign by Turner Broadcasting," Massachusetts Gov. Deval L. Patrick said in a statement, vowing to consult with Coakley.

Boston Mayor Thomas M. Menino told the Associated Press he was ready to sue.

"It is outrageous, in a post-9/11 world, that a company would use this type of marketing scheme," Menino said. "I am prepared to take any and all legal action against Turner Broadcasting and its affiliates for any and all expenses incurred during the response to today's incidents."

Bloggers were the first to notice that the boxes were not bombs but representations of late-night cartoon characters that have been around for six years. The lead character, Frylock, is a box of french fries and plays the straight man. Master Shake is a self-centered milkshake. Meatwad is, well, a wad of meat.

"Anyone recognize that?" asks BStu, who has a MySpace site. "I did. It's a Mooninite from Aqua Teen Hunger Force . . . that's what all this fuss is over."

The scare in Boston called to mind Orson Welles's CBS radio broadcast in 1938 of "War of the Worlds," which panicked listeners and triggered many calls to the police and the military. Some bloggers saw yesterday's events in a similar light, an unfortunate confluence of "idiot sensational media" and the "hilarious police overreaction."

And a corporate liability lawyer, R. Bruce Duffield of Brian Cave LLP in Chicago, argued that corporate free speech is protected and that "we're all too skittish in this post-9/11 era."

But W. David Stephenson, a former public relations executive now working as a homeland security adviser, said the world has changed and police must take such incidents seriously.

"It's amazing to me that Turner Broadcasting would think this is acceptable," Stephenson said. "They put these light boxes on bridges and tunnels, places you would clearly associate with terror attacks.

You just can't trivialize this," he said. "It's one of those moments where you just can't figure out what was going on in the brain of the advertising person."

Film Publicity Stunt Sends Bomb Squads Scrambling (USAT)

By Mimi Hall

USA Today, February 1, 2007

BOSTON — A Cartoon Network publicity stunt gone awry sent police and bomb squads scrambling across Boston Wednesday to investigate at least 10 suspicious devices that turned out to be blinking advertising gimmicks.

Peter Berdovsky, 29, of Arlington, was arrested on one felony charge of placing a hoax device and one charge of disorderly conduct, state Attorney General Martha Coakley said later Wednesday. He had been hired to place the devices, she said.

At least 14 of the devices were found, Coakley said.

Worried that the unidentified items could have been part of a terrorist plot, authorities shut down a major highway, halted subway service and closed off part of the Charles River.

VIDEO: PR stunt sends panic over Boston

But the devices turned out to be harmless circuit boards with magnetic lights — part of an outdoor advertising campaign for a late-night cable TV cartoon called Aqua Teen Hunger Force. The show features a talking milkshake, a box of fries and a meatball.

"It's a hoax — and it's not funny," Massachusetts Gov. Deval Patrick said.

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Turner Broadcasting put out a statement apologizing for the confusion. The statement said the "packages" have been in place for two-to-three weeks in 10 cities: Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Ore., Austin, Philadelphia and San Francisco.

A movie based on the cartoon is scheduled to be released March 23. Characters from the film were pictured on the devices placed around Boston.

Boston police said they received four calls, all around 1 p.m., reporting devices seen at the Boston University Bridge and the Longfellow Bridge, both of which span the Charles River.

Others were spotted at a Boston street corner and at the Tufts-New England Medical Center.

The device near the Boston University Bridge was found attached to a structure beneath the span, police said. Another was found Wednesday evening just north of Fenway Park, police spokesman Eddy Chrispin said.

The Turner Broadcasting statement said the company was "in contact with local and federal law enforcement on the exact locations of the billboards" in question. "We regret that they were mistakenly thought to pose any danger," according to the statement.

Boston Mayor Thomas Menino urged residents to "go about your business" Wednesday.

But he had sharp words for those responsible, warning that anyone involved in a hoax could be punished — by up to five years in prison per item.

Most Boston-area residents weren't fazed. Wanda Higgins, 47, a nurse at Massachusetts General Hospital, watched TV news coverage of the threat while preparing to leave work at 4 p.m.

"I saw the bomb squad guys carrying a paper bag with their bare hands," Higgins said. "I knew it couldn't be too serious."

In Washington, D.C., Homeland Security Department spokesman Russ Knocke said officials closely monitored the day's investigation.

"Whether it was intentional or not, the reality is these types of incidents put an enormous burden on law enforcement and counter-terrorism resources, and there's absolutely no room for that in a post-9/11 world," Knocke said.

Contributing: The Associated Press

TV Promotion Rattles Boston (WSJ)

By Jennifer Levitz

The Wall Street Journal, February 1, 2007

BOSTON -- A bomb scare that brought much of this city to a jittery halt yesterday turned out to be a Cartoon Network promotion gone awry, angering Mayor Thomas Menino, who vowed to make Time Warner Inc.'s Turner Broadcasting Systems pay for the mass disruption.

Major arteries were closed. Commuters were booted off subways, river traffic was halted, and bomb squads combed the streets after nine suspicious blinking objects were found on a bridge, under an interstate, and in crowded public areas.

After hours of suspense and gridlocked traffic that began early in the morning, police declared the objects harmless. In late afternoon, Turner's Cartoon Network issued a statement saying the objects were part of a promotion for a TV show, which is a late-night cartoon with characters that are talking fast-food items.

Last night, Massachusetts Attorney General Martha Coakley announced the arrest of Peter Berdvosky, 27 years old, an Arlington, Mass., artist, on felony charges. Mr. Berdvosky allegedly violated a relatively new state law, enacted after an anthrax scare, that prohibits placing a hoax device in a way that results in public panic. He also was charged with one count of disorderly conduct, Coakley said.

Turner hired a third-party marketing firm, Interference, to place the devices. The New York firm says on its Web site that it specializes in alternative and "guerilla" marketing. Representatives of the company couldn't be reached for comment.

Authorities said the devices were placed on public property without required permits.

The promotion went "haywire," said Turner spokeswoman Shirley Powell. The company said the "packages" are part of an outdoor marketing campaign in 10 cities for Adult Swim's animated television show "Aqua Teen Hunger Force." The devices "have been in place for two to three weeks in Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Austin, San Francisco, and Philadelphia," the company said. Phil Kent, chairman and chief executive of Turner, said in a statement last night that "we apologize to the citizens of Boston that part of a marketing campaign was mistaken for a public danger."

Mayor Menino said in a statement that it is "outrageous, in a post 9/11 world, that a company would use this type of marketing scheme."

The boxes held light bulbs, Ms. Powell said. Each was about a foot square, with a top resembling a circuit board. At night, they would project images. One was placed on an overhang about 15 feet up at the busy Sullivan Square subway station in Charlestown. A morning commuter alerted authorities. The Massachusetts Bay Transportation Authority summoned an

explosives unit of the transit police, and it shut down the Orange line from 8 a.m. to 10:30 a.m. Police were unable to immediately decide if the device posed danger, and they destroyed it, a spokesman said.

Emergency crews rushed to other scenes -- on bridges over the Charles River and at other locations. Part of Route 93 was closed, and nine agencies, from the Coast Guard to the FBI, were sprung into action.

An Atomic 9/11? (WP)

Washington Post, February 1, 2007

SINCE Sept. 11, 2001, Americans have maintained an understandable preoccupation with securing sensitive sites against airborne attack. Hence the appeal of the petition an advocacy group filed with the U.S. Nuclear Regulatory Commission that, among other things, asks the federal nuclear authority to require plant operators to build protective "beamhenges" -- basically tall (and expensive) steel barriers -- around their power stations. This week the NRC's commissioners rejected the request, saying that there are far more cost-effective measures to secure such targets that plant owners and federal authorities have already applied.

It's a controversial decision. After all, without physical barriers to thwart airborne attacks, couldn't a hijacked plane smashing into a nuclear plant produce a widespread catastrophe?

That's not likely, says commission member Jeffrey S. Merrifield. After a $20 million study on the possible effects of an attempted airborne attack on a nuclear power plant, the NRC concluded that the chances of neighboring communities being exposed to radiological materials are extremely low -- the actual number is classified -- because of the strength of the containment domes that seal nuclear fuel from the outside world and because the chances of an errant plane even having the opportunity to approach a nuclear power plant are small.

Such assurances do not convince long-time critics of the NRC such as Daniel Hirsch, who says that a dangerous meltdown is still possible if terrorists on the ground manage to disrupt reactor cooling systems before a plane crash. It's fair to worry about a worst-case scenario, even if the NRC insists that Mr. Hirsch wildly overestimates the chances of any meltdown occurring. And it is difficult to fully trust the NRC's calculations as long as the study it touts remains classified.

But instead of forcing operators to pay for steel beamhenges, the federal government and others concerned about plant safety should focus on measures likely to be more beneficial. These include ensuring that nuclear power stations are well defended from land attack and that storage units for spent nuclear fuel are robust. Federal authorities must also finally establish a long-term storage facility for the spent fuel that continues to accumulate on nuclear plant sites, which is probably a more dangerous target than nuclear reactors themselves.

WAR NEWS:

Senate Foes Of Troop Buildup Join Forces (AP)

By Anne Flaherty

AP, February 1, 2007

Two senators, a Republican and a Democrat, leading separate efforts to put Congress on record against President Bush's troop buildup in Iraq joined forces Wednesday, agreeing on a nonbinding resolution that would oppose the plan and potentially embarrass the White House.

Sens. John Warner, R-Va., and Carl Levin, D-Mich., had been sponsoring competing measures opposing Bush's strategy of sending 21,500 more U.S. troops to the war zone, with Warner's less harshly worded version attracting more Republican interest. The new resolution would vow to protect funding for troops while keeping Warner's original language expressing the Senate's opposition to the buildup.

Levin replaced Warner as chairman of the Armed Services Committee when the Democrats took control of the Senate in January. Their resolution could well gain more support from members of both parties than their separate versions had been attracting. It lacks Levin's language saying the troop increase is against the national interest, and it drops an earlier provision by Warner suggesting Senate support for some additional troops.

Senate Majority Leader Harry Reid said he wants to begin debate Monday on the new measure, bypassing committee review. Levin's original resolution would no longer be considered unless offered as an amendment.

"I believe we have a better chance now" of passing a resolution against the president's plan, said Sen. Richard Durbin, D-Ill.

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The resolution is likely to pose a threat to the White House because of its potential appeal to Republicans who have grown tired of the nearly four-year war and want a chance to express their concerns. The White House has been hoping to avoid an overwhelming congressional vote criticizing Bush's handling of the war.

"It's been a hard work in progress," Warner said of his resolution, which has been struggling to win support of 60 senators so as to prevent a filibuster.

The agreement comes as several leading Republicans who support the troop buildup said they will give the administration and the Iraqis about six months to show significant improvement. Many other Republicans say they are deeply skeptical additional troops in Iraq, rather than a political settlement, would help calm the sectarian violence.

The widely unpopular war has led to the deaths of more than 3,000 U.S. troops and is blamed for GOP losses in the Nov. 7 elections that handed control of Congress to the Democrats.

The House had planned on waiting for the Senate to vote as a way of testing the waters for Republican support of such a resolution. But according to a Democratic aide, the House may begin the process next week with a committee review. That would set the stage for a House floor debate the week of Feb. 12.

Warner had attracted at least seven other Republicans who were inclined to vote for his resolution. Scrambling to find additional support, Warner added language proposed by Sen. Judd Gregg, R-N.H., that would protect funding for troops.

As of late Wednesday, Gregg had not said whether he would support the revised resolution.

"Colleagues have come up to me and said, 'Can you assure me that this doesn't provide a cutoff of funds?'" Warner said.

Warner's resolution will now rival a proposal by Sens. John McCain, R-Ariz., and Lindsey Graham, R-S.C., that would identify benchmarks for the Iraqi government. McCain's measure is intended to give Republicans an outlet for expressing that the U.S. commitment in Iraq must not be open-ended, without openly criticizing the president.

McCain's measure also picked up steam Wednesday, with Sens. Pat Roberts, R-Kan., Lisa Murkowski, R-Alaska, Sen. Saxby Chambliss, R-Ga., and GOP leaders saying they might support it.

"I don't think this war can be sustained for more than six months if in fact we don't see some progress," said Roberts. His comments came two days after Senate Minority Leader Mitch McConnell, R-Ky., said the new U.S. military push was the Iraqis' "last chance."

Bush on Wednesday objected to Iraq proposals from Republicans and Democrats alike and acknowledged that "there's a lot of pessimism" in Congress about his troop buildup.

In an interview with Fox News, Bush took issue with McConnell's statement that his plan needs to be successful over the next six to nine months.

"I think it's a mistake to put timetables on difficult missions because an enemy can adjust," Bush said. "On the other hand, I certainly understand the urgency in Mitch's voice. I also understand the skepticism on Capitol Hill. I mean, no doubt, there's a lot of pessimism there today."

In a statement after the president's interview, McConnell avoided mention of a specific time frame, but he stressed that the U.S. commitment in Iraq "is not open-ended."

"We will know in a relatively short period of time whether or not the Iraqis are committed, and initial results are positive," McConnell said. "Of course we would need to reconsider our strategy if this effort fails."

Bush also criticized a proposal by Sen. Barack Obama, a Democratic presidential candidate from Illinois, to have all U.S. combat forces out of Iraq by spring 2008. "I say that it's important to succeed and that failure in Iraq will cause chaos," Bush said. "My admonition to those who are speaking out is let us back the troops and let us hope for the success" of their mission.

Although deserted by some key Republicans, Bush said: "I don't feel abandoned. ... When times are good, there's millions of authors of the plan. When times are bad, there's one author, and that would be me."

Senate Closer To Rebuke For Troop Increase (LAT)

By Noam N. Levey

The Los Angeles Times, February 1, 2007

WASHINGTON — Senate opponents of President Bush's decision to deploy additional troops in Iraq were unifying Wednesday night behind a single resolution criticizing the plan, increasing the chances that Congress will vote to formally rebuke the White House.

Sen. John W. Warner (R-Va.) announced that he was amending his nonbinding resolution that says the Senate "disagrees" with the buildup, adding clauses opposing any cutoff of funds for troops in the field and calling for written commitments from the Iraqi government to achieve certain goals.

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The revised resolution drew the immediate endorsement of Senate Armed Services Committee Chairman Carl Levin (D-Mich.) and Sen. Olympia J. Snowe (R-Maine). Both had been pushing an alternative resolution that more forcefully opposed the president's plan.

And Senate Democratic leaders indicated they would back the Warner proposal as well. "I believe we have a better chance now," said Sen. Richard J. Durbin of Illinois, the No. 2 Democrat.

Senate Majority Leader Harry Reid (D-Nev.) said there was "near unanimity" among Democrats, adding that he wanted to make the Warner proposal the basis for debate Monday, when the Senate is expected to consider the issue.

Reid acknowledged that an alternative resolution sponsored by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), as well as Levin and Snowe, could not garner the GOP support to reach the 60 votes needed to overcome a promised Republican filibuster.

Warner's changes appear designed to win over more Republicans, seven of whom have already expressed support for some legislative critique of the president's intention to increase troop levels by 21,500 to contain sectarian violence between Sunnis and Shiites.

In an apparent nod to many GOP lawmakers who have fretted publicly about Iraqi Prime Minister Nouri Maliki, Warner and his cosponsors strengthened language calling for the prime minister to agree to written benchmarks.

These include deploying additional Iraqi security forces to work with U.S. troops, "ensuring equitable distribution" of oil resources and an end to "political intervention" in the tactical decisions of Iraqi commanders. The resolution does not spell out any consequences if the Iraqis fail to comply.

The amended resolution also includes criticism of the complicated command structure in Baghdad that creates two chains of command for Iraqis and Americans, an issue raised by several former military and government officials in the last week.

And it clarifies language in the resolution that some Democrats complained could be read to imply that the Senate might endorse an increase of fewer than 21,500 troops.

In an interview with Fox News on Wednesday, Bush acknowledged the opposition on Capitol Hill to his plan for a troop increase. But he remained firm.

"I say that it's important to succeed and that failure in Iraq will cause chaos," Bush said. "My admonition to those who are speaking out is let us back the troops and let us hope for the success" of their mission.

Warner, Levin and other lawmakers opposed to the White House plan have been working for more than a week to bridge differences between the Warner proposal and the more toughly worded Biden measure that was passed by the Foreign Relations Committee last week.

Meanwhile, other GOP lawmakers have been trying to persuade colleagues to vote against any resolution.

"We sure as heck have a responsibility to be for some plan," said Sen. David Vitter (R-La.) who was among a group of Republicans criticizing the resolutions as unproductive earlier Wednesday. Sen. Jim DeMint (R-S.C.), who also was in the group, later acknowledged that he had not read the new Warner proposal.

Other conservative lawmakers have accused Democrats of undermining troop morale in their drive to pass a resolution. And the president has repeatedly said he would not be deterred by congressional opposition.

Drawing on popular dissatisfaction with the Iraqi government, Sen. John McCain (R-Ariz.) also has been developing a resolution that would set benchmarks for Maliki to prove his commitment to reaching a political settlement among Iraq's warring sects.

McCain, who said Wednesday that he plans to finish his resolution by today, had been an outspoken supporter of a troop increase long before the president embraced the idea in a speech Jan. 10.

McCain's proposal has drawn little enthusiasm from Democrats, who have criticized it as a political ploy that would have little effect on the Iraqi government. The measure also does not identify any consequences should Maliki fail to meet his goals.

"This is a very calculated effort by the White House and Republicans to muddy the waters," said Jim Manley, a Reid spokesman. "They want to do anything to peel away the votes for a resolution."

Warner — whose original cosponsors included Sens. Ben Nelson (D-Neb.) and Susan Collins (R-Maine) — has tried to position his effort in the middle ground between the fierce partisans of both parties.

"We want to see our armed forces succeed in Iraq to help bring about greater stability to that country … so the current elected government can take a firmer and firmer hand on the reins of sovereignty," Warner said on the Senate floor, casting his resolution as a tool to improve the chances of victory in Iraq.

The original resolution unveiled last week included language deferring to the president's authority as commander in chief and acknowledging the costs of failure in Iraq, a line often used by Bush and his congressional allies. It also acknowledged the need for additional forces to combat the Sunni insurgency in Al Anbar province.

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That helped draw in three more Republican backers — Sens. Norm Coleman of Minnesota, Gordon Smith of Oregon and Sam Brownback of Kansas — as well as several moderate Democrats.

In the modifications announced Wednesday, Warner, a former Navy secretary and Marine who also chaired the Armed Services Committee, seemed to be trying to entice members of his own party who want to distance themselves from recent proposals to begin withdrawing troops.

(On Wednesday, Democratic Sen. Russell D. Feingold of Wisconsin, a leading antiwar critic, introduced legislation that would prohibit funding for most military combat operations in Iraq six months after enactment of his bill.)

The changes to the Warner resolution include the addition of this clause: "Congress should not take any action that will endanger the United States military forces in the field, including the elimination or reduction of funds for troops in the field."

Last week, Sen. Johnny Isakson (R-Ga.) proposed a similar amendment to Biden's resolution. And this week, Sen. Judd Gregg (R-N.H.) circulated the same language that Warner incorporated into his proposal.

Gregg said Wednesday that he appreciated Warner's action but would not say whether he would support the resolution.

Senators Unite On Challenge To Bush's Troop Plan (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, February 1, 2007

Democratic and Republican opponents of President Bush's troop-buildup plan joined forces last night behind the nonbinding resolution with the broadest bipartisan backing: a Republican measure from Sen. John W. Warner of Virginia.

Senate Majority Leader Harry M. Reid (D-Nev.) announced the shift, hoping to unite a large majority of the Senate and thwart efforts by the White House and GOP leaders to derail any congressional resolution of disapproval of Bush's decision to increase U.S. troop levels in Iraq by 21,500.

Although the original Democratic language was popular within the party, it had little appeal among Republicans. Warner's proposal drew support from both sides, and it was retooled last night to maximize both Democratic and Republican votes.

The revised resolution would express the Senate's opposition to the troop increase but would vow to protect funding for the troops. The resolution does not include the Democratic language saying the Bush plan is against the national interest, but it also drops an earlier provision by Warner suggesting Senate support for some additional troops.

"It's been a hard work in progress," Warner said of the revised resolution, which will require the support of at least 60 senators to prevent a filibuster.

After reviewing the Warner revisions, Reid decided the new text would take the place of the original resolution, by Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.), Armed Services Committee Chairman Carl M. Levin (D-Mich.) and Sen. Chuck Hagel (R-Neb.). He said the Senate will begin debating the resolution next week, provided Democrats and Republicans can agree on a way to overcome some procedural hurdles.

House Democratic leaders reached the same decision, ordering committees to draft a resolution next week patterned on Warner's language. But House Speaker Nancy Pelosi (D-Calif.) went further, publicly hinting she will push binding legislation that would begin bringing U.S. troops home from Iraq. "I believe that you'll see initiatives on the floor to this effect: that we have this year in which we should be able to drastically reduce the number of troops," she said in an interview broadcast on National Public Radio yesterday.

In both the House and the Senate, Democratic leaders decided to get the largest possible vote, even if it means embracing weaker language than the original Democratic resolution.

White House spokeswoman Dana Perino responded to the announcement by saying: "The president wants to win in Iraq -- he's proposed a comprehensive plan to do so, and he's asked Congress to give the plan a chance to work. . . . These resolutions send mixed signals to our troops and our enemy."

The Warner and Biden resolutions reach almost identical conclusions, in that they oppose the president's deployment of 21,500 additional troops and call for existing troops to be reassigned to guard Iraq's borders, combat terrorism and train Iraqi security forces. Both measures call for regional diplomacy to draw Iraq's neighbors into a peace process.

But Warner revamped his original proposal, both to win over many reluctant Republicans who thought it was too tough and to reassure Democrats who complained he was not being tough enough on the administration.

He added language specifically opposing a cutoff of funding for U.S. troops in a targeted appeal to Sen. Judd Gregg (R-N.H.), who had offered an identical separate measure.

The changes came after two meetings earlier in the day, involving Warner, Sen. Olympia J. Snowe (R-Maine) and authors of the Biden proposal. Levin was the first of the original authors to join Warner as a co-sponsor, offering a brief endorsement on the Senate floor after Warner unveiled the new version.

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In the House, Pelosi suggested yesterday that the chamber may consider binding legislation. In comments aired yesterday by National Public Radio, Pelosi said Iraqi Prime Minister Nouri al-Maliki had told her during her visit to Baghdad last week that, with sufficient funds, his government could stabilize Iraq in four to six months and allow 50,000 U.S. troops to be deployed out of hotbeds of sectarian violence.

"That was his number," she stressed. "The Iraqis must build their own country," she added, "and we have paid a big enough price."

Brendan Daly, Pelosi's spokesman, said no specific decisions had been made related to binding troop withdrawals. Other House leaders said they will not rush toward a legislative confrontation. Rep. Ike Skelton (D-Mo.), chairman of the Armed Services Committee, and Rep. John P. Murtha (D-Pa.), chairman of the Appropriations subcommittee on defense, are holding extensive hearings on the state of the U.S. military and the impact of further deployments, in the hope of building a political case for such a confrontation. But no proposals have emerged from those efforts.

"My position is and has been, we're holding hearings now. We need to hear from Mr. Skelton, Mr. Murtha and others as to . . . their conclusions and recommendations. Until then, the answer is no," House Majority Leader Steny H. Hoyer (D-Md.) said when asked if the House was ready for such legislation.

But Rep. James P. Moran Jr. (D-Va.), a member of Murtha's subcommittee, said the parameters of the legislation are already coming together. Legislative language, to be attached to a forthcoming "supplemental" war spending bill, would stipulate that only troops deemed fully trained and ready could be deployed to Iraq, and that National Guard and reserve troops could be deployed only for about a year. Such language would initially restrict Bush's ability to fully man his planned troop increase and over time would force troops to come home.

"We need to finish these hearings and put together our recommendations, so it is a little premature to say how we're going to do this," Moran said. "But when the supplemental comes out, people are going to find the speaker has spoken consistently. I think the American people are going to feel they got exactly what they wanted when they voted in a new Congress. You're going to see some dramatic initiatives."

Many Democrats had already expressed support for Warner's effort and had intended to vote for both resolutions, in the event of a showdown on the Senate floor. "It's less important whose resolution and more important what message we send," said Sen. Jack Reed (R.I.), a senior Democrat on the Armed Services Committee.

Sen. Ben Nelson (Neb.), a conservative Democrat who had concerns about the Biden proposal, predicted that the Warner resolution will "receive very strong bipartisan support" in its modified form.

Although Bush would not be obliged to follow Congress's direction, should both chambers ultimately pass the Warner resolution, the White House has lobbied hard to prevent such a measure from passing. If the current drive succeeds, it will be the first formal, bipartisan affront to the administration's Iraq policy since the war began.

Not all Republicans are expected to sign on, however. Some believe that the buildup is a worthy cause that should be given a chance. "The critics stop short of offering any constructive alternatives," said Sen. John Cornyn (R-Tex.). "All they have done is just criticize." Cornyn was assembling his own proposal that endorses Bush's strategy, while calling on the Iraqi government to assume responsibility for security throughout the country by November.

In Fighting Troop Increase, Senator Finds Few Old Allies (NYT)

By Carl Hulse

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — Senator John W. Warner, a lawmaker often admired for his demeanor and experience, has long wielded influence on military policy given his own years at the Pentagon and his tenure as the Republican chairman of the Armed Services Committee.

So when the Virginian, a senator from central casting who turns 80 next month, offered a bipartisan resolution opposing President Bush's troop buildup in Iraq in more muted terms than one broadly backed by Democrats, people took notice. He appeared to have provided a center of gravity for lawmakers anxious about the war yet unwilling to challenge the White House too harshly.

But while Mr. Warner has won some support from within his party, he has also attracted unusually tough criticism from fellow Republicans who have suggested that he — a World War II veteran and former Navy secretary — is undercutting Mr. Bush, the new military command being installed in Iraq and the troops themselves.

It is a time of transition for Mr. Warner in the Senate. Not only are Republicans now in the minority, but he also lost the top Republican slot on the Armed Services Committee to John McCain of Arizona because of term limits and was not successful in efforts to win the top party seat on another panel. In addition, his fellow Republican, George Allen, lost his reelection bid in Virginia to a Democrat, Senator Jim Webb.

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So while Mr. Warner fights to stay relevant in the Iraq debate, he has fewer tools at his disposal even as he considers whether to run for re-election next year.

What some Republicans have said in recent days about Mr. Warner has been particularly harsh.

"It is clearly not an act of leadership," said Senator Jim DeMint of South Carolina, who joined two of his colleagues Wednesday in dismissing Mr. Warner's proposal as they sought to hold off a Senate repudiation of the president's plan.

"To offer nonbinding resolutions which encourage our enemies and undermine our allies and deflate the morale of our troops is, to me, the worst of all possible worlds," said Senator John Cornyn, Republican of Texas.

Mr. Warner's approach has also caused a policy rift with Senators McCain and Lindsey Graham of South Carolina, two Republicans he has often worked closely with on military matters and joined last year in confronting Mr. Bush over the treatment of terrorism detainees.

"John and I have been friends for more than 30 years, and we just disagree on this," said Mr. McCain, who is arguing for time to let the Bush plan work. "But he has held these concerns for a long time."

Mr. Warner, a fierce protector of the Senate as an institution, says his goal is to get the broadest bipartisan vote possible so the Senate makes a clear expression of its sentiment on Iraq.

"I feel strongly that the institution of the Senate has a responsibility, and I feel very strongly that responsibility can be best fulfilled if we are able to construct a document — be it a resolution or whatever — that is truly, and I underline truly, bipartisan," Mr. Warner said Wednesday.

He shrugs off internal opposition, saying time has made him immune. "Nothing bothers me," he said. "It is the blessing of old age."

Mr. Bush on Wednesday implied once again that those who were seeking to support resolutions critical of his war plan were undercutting the Senate's unanimous vote last week to confirm the nomination of Gen. David H. Petraeus as the new top American commander in Iraq.

"He goes up and testified on Capitol Hill; he says we need more troops," Mr. Bush said of General Petraeus in an interview on Fox News Channel. "The fundamental question is, will they back him up? They voted for him; will they back him up? Will they say, 'sure, we'll give you the support you need'?"

But the president said he did not begrudge fellow Republicans who were considering the resolutions, which could reach a vote next week.

"Look, I understand. It's a difficult time on Capitol Hill," he said. "There are people who are doubtful about whether or not the strategy that I've come up with and decided upon as commander-in-chief will work."

Mr. Warner and his partners in drawing up the resolution fought back Wednesday night, offering a refined proposal that they said had been shaped by new information from recent classified military briefings. The new wording spells out clearly that its backers believe Congress should not cut off or reduce any financing for troops in the field.

Mr. Warner's revised resolution retained language saying that the Senate "disagrees with the 'plan' to augment" American forces but drops what some Democrats had described as a loophole that might have been interpreted as support for a buildup of fewer troops than the 21,500 sought by the president. As Mr. Warner described his changes on the floor, Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee, who has sponsored a competing measure, asked to be listed as a co-sponsor.

Mr. Warner and other authors, clearly hoping to restore some momentum for their plan, also spelled out benchmarks the Iraqi government must meet and directed the Pentagon to clarify who is in command when American and Iraqi forces are working together.

Senator Susan Collins, Republican of Maine and one of the resolution's authors, also took strong issue with suggestions that Mr. Warner was hurting the military.

"It is outrageous for anyone to question his support for our troops," she said. "There is no member of this body who cares more about our troops and the nation's defense than Senator Warner."

As he tried to regain the offensive with the adjustments in his resolution, Mr. Warner said on Wednesday evening that the changes were intended less to "grab votes" than to put forward the best conclusion on such a major issue as the war.

"We feel that if for political reasons all members of the Senate go over to vote with their party and the others go over to vote with their party, we will have lost and failed to provide the leadership that I feel this chamber can provide to the American people," Mr. Warner said.

GOP Members Pressured To Back War (POL)

By John Bresnahan

The Politico, February 1, 2007

DOJ_NMG_0125554

House and Senate Republicans with reservations about President Bush's plan to boost U.S. troop strength in Iraq by 21,500 are complaining of harsh criticism from their GOP colleagues. This intra-party squabbling, in some cases, has seen Republicans accusing fellow Republicans of undercutting the American effort in Iraq, a charge previously reserved for Democrats.

These lawmakers, several of whom spoke on the condition of anonymity for fear of retribution from party leaders or the White House, are stunned by the hostility expressed by fellow Republicans. They are particularly concerned that anyone who raises questions or challenges the Bush plan will be branded a defeatist who wants to see America lose the war.

They are also worried, especially on the House side, that party leaders haven't prepared their members for the Iraq floor debate that will take place there after the Senate votes on Bush's plan next week.

"We need a full-fledged debate on Iraq within the (House Republican) Conference and we haven't had that so far," said Rep. Ray LaHood, R-Ill. "This is the issue of our times, and so far, we haven't talked about it."

One GOP lawmaker, who declined to be named, said it is "starting to get really ugly" among Republicans when they try to talk about Iraq and the wisdom of the new Bush policy. This lawmaker said when a Republican stands up who has doubts on Iraq, he's immediately "beaten down" by other Republicans who believe that any deviation from the White House position is intolerable.

Said another Republican with concerns about Bush's new strategy: "It's as if we are stabbing the party in the back, and we are only trying to do what we think is right."

Similar passions were on display Tuesday, when Senate Republicans held a closed-door, members-only meeting to talk about Iraq, a debate that took place in front of Vice President Cheney, who has been one of the most strident voices on Iraq within the administration.

"It was contentious. People feel firmly, and many of us very passionately, in support of our position," said Sen. Susan Collins, R-Maine, who is opposed to Bush's surge plan. "What really upsets me is that those of us who (are) opposed to the surge are somehow not supportive of our troops and General Petraeus." Gen. David Petraeus has been named to command U.S. forces in Iraq.

The Senate is preparing to debate a handful of non-binding resolutions on the Bush surge plan, and senior Republicans are still trying to develop a party strategy for the floor fight. The Senate Foreign Relations Committee has approved a resolution drafted by Sens. Joseph R. Biden Jr., D-Del., Chuck Hagel, R-Neb., and Carl Levin, D-Mich., that criticizes Bush's policy.

But a number of Republican senators -- including John McCain of Arizona, John Warner of Virginia and Judd Gregg of New Hampshire -- are drafting their own proposals that, while criticizing the surge, would offer support for the president and the U.S. military campaign in Iraq.

"It is the most serious issue in my career. I don't view it as having gotten personal," said Sen. Mel Martinez, R-Fla. "Like Senator Warner; we have different views, but I am more cajoling him, trying to come to something that brings us together."

Senate Republicans will meet with Bush on Friday at the White House, and the president is expected to reiterate his message that the surge plan is the only way to end sectarian fighting in Baghdad and surrounding regions, as well as providing Iraqi Prime Minister Nouri al-Maliki with time to create a stable political environment.

The Bush plan has infuriated opponents of the Iraq war, and some Democratic senators such as Barack Obama of Illinois, Russ Feingold of Wisconsin and Chris Dodd of Connecticut have introduced their own proposals to block the additional troops from being sent to Iraq or begin an phased "redeployment" of U.S. forces within a certain period.

House Minority Leader John A. Boehner, R-Ohio, has been able to garner only "about 50" Republicans to sign onto his proposed resolution establishing benchmarks to measure the progress of Bush's new strategy for Iraq.

The Boehner proposal is designed to provide political cover to GOP moderates, but senior Republicans admit that rank-and-file lawmakers have not shown much interest in it so far.

That is likely to change soon, though, as Boehner is planning to launch a "full-court press" in the words of one senior GOP lawmaker, to get more Republicans to sign onto the resolution.

Privately, Boehner believes that unless he provides his members with an alternative resolution, Republicans who are skittish about Iraq will sign on to whatever proposal is offered by House Speaker Nancy Pelosi, D-Calif., and the Democratic leadership, according to a top Republican.

If that were to happen, following the Senate's potential approval of an anti-surge resolution next week, it would be "a huge political blow to the president," said the Republican lawmaker, who would discuss leadership strategy only on the condition of anonymity.

"We have to get these guys to see the light here," the lawmaker said.

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McCain Backs Away From Iraq Statement (AP)

By The Associated Press

AP, February 1, 2007

Sen. John McCain backed away Wednesday from a statement issued on his behalf criticizing the Bush administration for not putting more pressure on the Iraqi government to secure its country.

A statement attributed to McCain, R-Ariz., and Sen. Carl Levin, D-Mich., and quoted Tuesday by The Associated Press said, "America supplying more troops while Iraqi leaders simply supply more promises is not a recipe for success in Iraq."

The statement was issued by the office of Levin, chairman of the Armed Services Committee.

McCain spokeswoman Eileen McMenamin and Levin spokeswoman Tara Andringa said Wednesday that the statement had been erroneously signed off on by a staffer who works for McCain on the Armed Services Committee.

It is unusual for a senator to pull back a statement issued on his behalf. McMenamin said McCain had not seen the statement and did not endorse it.

McCain, the Armed Services Committee's top Republican, supports Bush's plans to send 21,500 additional troops to Iraq to secure Baghdad and the volatile western Anbar province. But he also has been a critic of the Bush administration's handling of the war and is drafting a resolution that would identify benchmarks for the Iraqi government.

Senate Resolution Called 'Disgrace' (WT)

By Charles Hurt

The Washington Times, February 1, 2007

Senate Republicans yesterday said those in Congress who have turned against the war in Iraq are forsaking the troops on the ground and are ensuring defeat with a resolution condemning President Bush's plan to send in reinforcements.

"This resolution is a resolution of defeat and disgrace," said Sen. Jim DeMint, a South Carolina Republican who, as a member of the House, voted in 2002 for the war.

"There's no other way it could come out," Mr. DeMint said of the two resolutions that have been authored. "That is the choice that they're making. That is the decision they're making because we know if we withdraw and leave this to the Iraqis when they're not ready, that we will lose all."

The "nonbinding" resolutions rebuke Mr. Bush and his plan for sending an additional 21,000 troops to Iraq. But neither has any force of law that would require troops to come home or cut off funding.

One resolution was co-authored by Senate Foreign Affairs Committee Chairman Joseph R. Biden Jr., Delaware Democrat, and Sen. Chuck Hagel, Nebraska Republican. A second was authored by Sens. John W. Warner, Virginia Republican; Ben Nelson, Nebraska Democrat; and Susan Collins, Maine Republican. All five senators voted to go to war in 2002.

Sen. John Cornyn, Texas Republican, was not serving in the Senate for the vote authorizing the war but has been an ardent defender of it. He said Congress is sending mixed messages to the troops, to voters and to the world with a "no confidence" vote that carries no force.

"We can't claim to support the troops and not support their mission," he said in a floor speech yesterday. "If we don't support the mission, we shouldn't be passing nonbinding resolutions. We should be doing everything in our power to stop it."

Instead, Mr. Cornyn said, "we should send them the message that, yes, we believe you can succeed and it's important to our national security that you do." He has been drawing up a resolution to do that.

"That's just nonsense," said Sen. Tom Harkin, Iowa Democrat, who voted for the war in 2002. "What undermines the troops is keeping them fighting in a civil war, to keep them fighting for a mistake."

Republicans said the troops in Iraq want the full support of Congress rather than give up on a mission in which they have lost so many comrades. They pointed to an NBC News clip aired last week that has stormed the Internet.

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"One thing I don't like is when people back home say they support the troops but not the war," one soldier interviewed said. "If they're going to support us, support us all the way."

Spc. Tyler Johnson said, "You're not supporting what they do. They died for you. It don't make sense to me."

The clip became one of the most-watched clips on YouTube yesterday with more than 38,000 views. William M. Arkin, a Washingtonpost.com columnist, took offense.

"These soldiers should be grateful that the American public ... do still offer their support to them, and their respect," wrote Mr. Arkin. "Through every Abu Ghraib and Haditha, through every rape and murder, the American public has indulged those in uniform, accepting that the incidents were the product of bad apples or even of some administration or command order."

The NBC report "is just an ugly reminder of the price we pay for a mercenary -- oops sorry, volunteer -- force that thinks it is doing the dirty work," he added.

Late last night, leaders of both parties were negotiating the wording and timing of votes for the resolutions. Mr. Warner made changes to his resolution in an effort to win more Democratic backing, picking up support from Sen. Carl Levin, Michigan Democrat.

The new resolution vows to protect funding for existing troops while being silent on funding for the troop surge. It keeps Mr. Warner's original language expressing the Senate's opposition to the troop buildup but not calling it contrary to the national interest.

Also yesterday, former Secretaries of State Henry Kissinger and Madeleine K. Albright urged Mr. Bush in testimony before the Senate Foreign Relations Committee to develop a regional strategy that goes beyond the Iraq troop surge, including talks with Iran and Syria, and more autonomy for Iraq's rival ethnic and religious factions.

Mr. Kissinger defended the addition of 21,000 U.S. troops, though, calling it "the best way to get the maneuvering room to the changes in deployment and strategy that will be required."

Dems Split On Iraq Bill Strategies (HILL)

By Jonathan E. Kaplan

The Hill, February 1, 2007

Rep. Barbara Lee (D-Calif.), co-chairwoman of the Progressive Caucus, is vowing to use the appropriations process to force lawmakers to vote on separate parts of a resolution calling for the immediate withdrawal of U.S. soldiers from Iraq.

The resolution would pay Iraqis reparations of up to $10,000 for damages caused by the war if they made claims; ban American firms from pumping oil in Iraq; cut off funds to build long-term bases in Iraq; pay for the destruction of landmines; and create a House-Senate select committee to study the origins of the war in Iraq.

Lee and Rep. Lynn Woolsey (D-Calif.), the other co-chair of the House Democratic Progressive Caucus, introduced H.R. 508, and they have signed up 28 co-sponsors. Woolsey says she plans to meet next week with House Armed Services Committee Chairman Ike Skelton (D-Mo.) to ensure the resolution is considered in committee.

“I want to see this move very quickly,” Lee said.

The start of the appropriations process would be a “turning point” in the debate on Iraq, said Rep. Dennis Kucinich (D-Ohio), a vocal opponent of the war who is running for president.

Meanwhile, debate in the House is shaping up to be just as contentious as it was in the Senate, where lawmakers are considering six resolutions with varying degrees of opposition to President Bush’s plan to send 21,500 more soldiers to Iraq.

Speaker Nancy Pelosi (D-Calif.) has let it be known that she is leaning toward a resolution similar to Sen. John Warner’s (R-Va.) bill, said a member of the Democratic leadership. Warner’s resolution states that the Senate disagrees with Bush’s plan to add the soldiers and to come up with “benchmarks” to measure progress so that American forces can leave “expeditiously.”

“I think she would like to support a bipartisan resolution that has passed the Senate and is critical of the escalation,” said a senior Democratic leadership aide.

Finally, the Blue Dog Coalition, a group of conservative, mostly Southern Democrats, introduced a resolution last week that would create an independent committee modeled on the Truman Committee of World War II to study waste and fraud in government contracting and require the Bush administration to submit quarterly reports on spending in Iraq. The resolution also would ban the administration from using supplemental spending bills to pay for the war.

But the Blue Dogs’ bill does not call for a redeployment or withdrawal of forces. Instead, the non-binding legislation asks that the Bush administration “condition further American financial, military and political resources upon steady improvement in Iraqi assumption of principal responsibility for internally policing Iraq.”

House Democratic Caucus Chairman Rahm Emanuel (D-Ill.) has proposed that Democrats put together a resolution based on President Bush’s words in a speech before the State of the Union Address, and thus force Republican lawmakers either to endorse the “surge” or openly repudiate the president’s policy.

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If Woolsey's resolution is not considered in committee, it is unlikely that members would have a chance to vote on it on the House floor. The more liberal House Democrats believe that if they don't act quickly and decisively to express their opposition to the Iraq war, they will alienate voters on the biggest issue that propelled them into office.

"Whether we recognize it or not, this Democratic Congress is the House that Iraq built. The Democratic Party will rise or fall on whether we keep faith with the American people," said Kucinich.

Rep. Carol Shea-Porter (N.H.), like many freshman Democrats, campaigned against the war in Iraq and called for a redeployment of troops. She said she would sign on to all the Democratic resolutions and support the strongest one offered.

Asked why the House is waiting for the Senate to finish considering as many as six non-binding resolutions, Woolsey rolled her eyes.

Rep. Maxine Waters (D-Calif.), leader of the Out of Iraq Caucus, said her goal was "to keep [Iraq] on the radar screen and keep a discussion going."

But she also was dismayed by the need to voice strong opposition even after the Democrats had taken control of Congress.

Kissinger, Albright Weigh In On Iraq (AP)

By Barry Schweid

AP, February 1, 2007

Former Secretaries of State Henry Kissinger and Madeleine Albright urged President Bush on Wednesday to go beyond a planned buildup of U.S. forces in Iraq to develop a comprehensive strategy for the area.

They called for wide-ranging talks with Iraq's neighbors, including Iran and Syria, and increased autonomy for clashing Iraqi groups. The administration has brushed aside the proposal to engage Syria and Iran.

Kissinger, who served under Presidents Nixon and Ford, said the planned buildup of 21,500 U.S. troops appears to be "the best way to get the maneuvering room to the changes in deployment and strategy that will be required by the evolving situation."

"I think the focus has been on the surge," he testified. "My focus is the other way around: to explain the surge in terms of the strategy to which we should go."

The two former officials testified before the Senate Foreign Relations Committee.

Kissinger suggested a strategy that would permit large regional autonomy for the various Iraqi groups and a stronger Iraqi army.

And, he said, "All of this has to be in the context of a willingness to talk to Iran" because of its power, even though he did not think Iran "would help us in Iraq as such."

"What we cannot accept is an Iran that seeks to dominate the region," Kissinger said.

Albright, who was secretary of state under President Clinton, said she might have backed Bush's buildup in Iraq if it "had been tied to a clear and achievable mission, and if we were guaranteed our troops would have the best training and equipment."

"I think we need a surge in diplomacy," she said. But she also told the committee, "We are viewed in the Middle East as a colonial power and our motives are suspect."

Like Kissinger, she supported participation by Iran and Syria along with other nations in talks designed to keep Iraq from slipping into chaos. "One gains by communicating with countries with which one disagrees," Albright said.

She said the United States should avoid Iranian President Mahmoud Ahmadinejad, but "there are ways for us to speak to other people" in Iran.

Kissinger said the U.S. should always be ready to negotiate with governments with which it disagrees.

Their views resonated with the committee, several of whose members have been calling for an international or regional conference on Iraq. Committee Chairman Joseph R. Biden Jr., D-Del., said the heart of the administration's present strategy — building a strong central government — cannot succeed.

"There is not enough trust within the government, no trust of the government by the people, and no capacity of the present government to deliver services and security," Biden said.

The Iraq Study Group, a private panel headed by former Secretary of State James A. Baker III and former Rep. Lee Hamilton, D-Ind., recommended in December that the administration engage in talks with Iran and Syria.

Wherever A Senator's Question Leads, Kissinger Gamely Follows (WP)

By Dana Milbank

The Washington Post, February 1, 2007

So now it can be told: President Bush has a secret plan to end the war in Iraq.

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Henry Kissinger, who as Richard Nixon's secretary of state learned something about secret plans, went before the Senate Foreign Relations Committee yesterday to argue that Bush, too, has such a proposal.

"I am convinced, but I cannot base it on any necessary evidence right now," Kissinger told the senators, "that the president will want to move toward a bipartisan consensus" to stabilize Iraq through diplomacy.

Sen. Barack Obama (D-Ill.) was suspicious of such assurances. "Is there any place that you're familiar with where the administration has articulated this strategy?" he asked.

"I don't know any place where the administration has articulated this particular strategy," the octogenarian diplomat admitted. But he added: "From my acquaintances with some of the people, I think it is possible that they will come to this strategy."

Obama asked Kissinger if "you are suggesting that they have some secret strategy that we have not been made privy to."

"I would be disappointed and surprised," he reiterated, "if they did not accept some of the elements of what has been discussed here."

For Kissinger, the floating of a phantom plan for Iraq provided a deft way out of a tricky situation. Like James Baker, who went before the committee Tuesday, Kissinger was inclined to defend Bush's Iraq policy. But Bush had left the two men, both former Republican secretaries of state, with little ammunition.

The administration rejected the core recommendation from Kissinger and from Baker's Iraq Study Group: a massive diplomatic offensive involving Syria and Iran. And yet, neither man was prepared to turn against the White House.

Baker, testifying on Tuesday, acted as if Bush had, in fact, supported his ideas. He mentioned the "common elements" between the Bush and Baker plans and the "very important points of similarity." Rubbing his fingers together and making motions with his mouth as if sucking on a hard candy, Baker pleaded: "Look, the president's plan ought to be given a chance. Give it a chance."

Kissinger, the master of nuanced phrases such as "not incompatible," provided few such broad pronouncements yesterday. Indeed, he pronounced very little in his low, German-accented rumble.

"I want to make sure I heard you right, because it's hard to hear you, so tell me if I heard you right," Sen. Barbara Boxer (D-Calif.) directed him.

Kissinger responded with a guttural sound that the transcript labeled "(inaudible)."

It must have been a terrifying hearing for stenographers, who recorded Kissinger's utterances with phrases such as "we should avoid its (inaudible) deployment" and "we should work in the direction that will (inaudible) for maximum stability."

But this hardly mattered. The senators heard in Kissinger's testimony whatever they wanted to hear. On the one hand, Kissinger spoke of "an upheaval that goes across the whole region" and an "explosion of violence." On the other hand, he stated that "I do not believe we can withdraw from Iraq" and he provided a lukewarm endorsement for Bush's proposed increase in troops.

That left each senator in the room with the impression that Kissinger was endorsing the lawmaker's own personal plan. And the venerable diplomat, now stooped and wearing a hearing aid but as shrewd as ever, did not disabuse the senators of these impressions.

Sen. Joe Biden (D-Del.), the chairman, pitched his plan for an Iraq split into autonomous regions. "I'm sympathetic to an outcome that permits large regional autonomy," Kissinger concurred.

Sen. Richard Lugar (Ind.), the ranking Republican, asserted that "we cannot be in a situation in which we say 'We're out of there,' " Lugar pointed out.

"I believe very strongly that we cannot withdraw from the region," Kissinger agreed.

Sen. Russ Feingold (D-Wis.) tried to pull the witness in his direction. "I certainly agree with you that we cannot disengage from the region -- but what about redeployment from Iraq?" he asked.

"Of course significant American forces can be withdrawn," Kissinger obliged.

Sen. Norm Coleman (R-Minn.) tugged Kissinger the other way. "Is it your belief that a precipitous withdrawal . . . would have a greater negative long-term impact?"

"That is my conviction," Kissinger said.

"Would you agree," Sen. Bob Menendez (D-N.J.) asked, that "every alternative carries with it some rather grave risks?"

"Absolutely," Kissinger complied.

Sen. Johnny Isakson (R-Ga.) said he hoped Bush's troop buildup would allow for reconciliation and diplomacy. "Am I wrong?"

"The objectives you've stated are compatible with what the president is attempting to do," Kissinger assured him.

The secretary's agreeability had a calming effect. "I think what I'm seeing here is someone testifying and almost everyone on this committee agreeing," observed Sen. Bob Corker (R-Tenn.). "It's an interesting thing to watch."

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Maybe that's Bush's secret plan to end the war in Iraq.

The President Has Jumped The Shark (LAT)

By Andy Borowitz

The Los Angeles Times, February 1, 2007

PRESIDENT BUSH'S decision to send additional troops to Iraq has puzzled many pundits. Is the president stubborn, isolated, out of touch with reality? While all three may be true, there is another explanation. George W. Bush has been on television for the last six years, and like many TV shows entering a seventh season, Bush has jumped the shark.

Wikipedia defines "jumping the shark" as "the tipping point at which a TV series is deemed to have passed its peak, or has introduced plot twists that are illogical in terms of everything that has preceded them." Three telltale signs:

Same character, different actor: For the first six seasons of the Bush administration, the character of the secretary of Defense was played by Donald Rumsfeld. Then, without warning (unless you count his preelection comment that Rumsfeld was doing a "fantastic" job), Bush replaced him with former CIA chief Robert Gates. Like the producers of "Bewitched" (two Darrins) or "Roseanne" (two Beckys), Bush may have thought that if he made the casting switch with no explanation, the viewers wouldn't notice. Unfortunately for the president, the Rumsfeld-Gates switcheroo was the most jarring since "The Fresh Prince of Bel-Air" (two Aunt Vivs).

New kid in town: Long-of-tooth TV series often resort to adding younger characters in the hope of breathing much-needed life into a moribund enterprise. Although this ploy almost never works, and the new characters usually wind up being reviled (Cousin Oliver on "The Brady Bunch," Stephanie on "All in the Family"), the decider in chief has ignored the lessons of television history and proposed adding not one but 21,500 new characters. Will the "surge" succeed where those other fresh faces didn't? I have just two words for you: Scrappy Doo.

Special guest star: A true sign of desperation is when a wheezing TV show with plunging ratings (in Bush's case, 30%) gives up on its regular cast altogether and tries to revive viewer interest by importing a guest star — often a celebrity from the world of sports who has no plausible relationship to the series regulars. (Reggie Jackson, Kareem Abdul-Jabbar and Muhammad Ali all turned up on "Diff'rent Strokes.") Those who harbored any lingering doubts about Bush's shark-jumping status surely became converts during his State of the Union address, when the president looked up into the gallery of the House and introduced, on national television, Dikembe Mutombo.

Now that it is clear that Bush has jumped the shark, one question remains: Have we seen the worst of the president's bizarre stunts and desperate Hail Marys, or are there more to come? On that front, the news is not good: This week marks the beginning of February sweeps.

U.S.-Iran Tensions Could Trigger War (AP)

By Jim Krane

AP, February 1, 2007

Citing Iranian involvement with Iraqi militias and Tehran's nuclear ambitions, the Bush administration has shifted to offense in its confrontation with Iran — building up the U.S. military in the Persian Gulf and promising more aggressive moves against Iranian operatives in Iraq and Lebanon.

The behind-the-scenes struggle between the two nations could explode into open warfare over a single misstep, analysts and U.S. military officials warn.

Iraq has become a proxy battleground between Washington and Tehran, which is challenging — at least rhetorically — America's dominance of the Gulf. That has worried even Iraq's U.S.-backed Shiite prime minister, who — in a reflection of Iraq's complexity — also has close ties to Iran.

Iran and the United States are already sparring on the ground.

On Jan. 20, militants kidnapped and killed four American soldiers in a raid in Karbala, and a fifth was killed in the firefight. A U.S. defense official said one possibility under study is that Iranian agents either executed or masterminded the attack, a suspicion based on the sophisticated and unusual methods used in the attack, including weapons and uniforms that may have been American.

He spoke on condition of anonymity because the probe is ongoing.

There has been speculation that the Karbala assault may have been in retaliation for the arrest of five Iranians by U.S. troops in northern Iraq.

Those five Iranians, who were arrested in the northern city of Irbil, included two members of an Iranian Revolutionary Guard force that provides weapons, training and other support to Shiite militants in the Middle East, U.S. Ambassador Zalmay Khalilzad said last week. Iraqi and Iranian officials maintain the five were diplomats.

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Since the Karbala raid, U.S. saber-rattling has intensified. President Bush said this week that U.S. forces in Iraq would take action against Iranian operatives in the country, while insisting he had no intention of attacking Iran.

"If Iran escalates its military action in Iraq to the detriment of our troops and/or innocent Iraqi people, we will respond firmly," Bush told National Public Radio.

Although little evidence has been made public, U.S. officials have long insisted that Iran was supplying weapons and training to Shiite militias in Iraq, including some that have killed American troops.

The No. 2 U.S. general in Iraq told USA Today in an interview published Tuesday that Iran was supplying Iraqi Shiite militias with a variety of powerful weapons, including Katyusha rockets and armor-piercing rocket-propelled grenades.

"We have weapons that we know through serial numbers ... trace back to Iran," Lt. Gen. Raymond Odierno said.

The Air Force is considering more forceful patrols on the Iraqi side of the border with Iran to counter the smuggling of weapons and bomb supplies, the Los Angeles Times reported, citing senior Pentagon officials.

The U.S. is also building up its military presence in the Gulf in what it says is a show of strength directed at Iran. A second aircraft carrier is heading for the region, and Patriot missile batteries are being deployed.

Since Bush announced his new Iraq strategy in early January, Iranian officials have raised the alarm repeatedly that the U.S. intends to attack. President Mahmoud Ahmadinejad said Iran is "ready for anything" in its confrontation with the United States.

A newspaper close to Iran's supreme leader Ayatollah Ali Khamenei last week threatened retaliation for any U.S. military action — including stopping oil traffic through the Gulf's strategic Hormuz Straits and attacks on U.S. interests. The top editor of the Kayhan daily warned that Iran will turn the Middle East into "hell" for the United States and Israel if America attacks.

Iran expert Ray Takeyh said the risks are all the greater because Tehran has an "unhealthy" disregard for American power, which "enhances the prospect of a miscalculation."

Prof. Gary Sick, a leading authority on Iran, believes the U.S. is seeking to divert world attention from the crisis in Iraq and organize a coalition of Israel and conservative Sunni Arab states to confront Iran.

"I see this as a very dangerous long-term policy because it promotes the idea that Sunnis and Shiites should be distrustful of each other, and I think that could come back and bite us later on," he said.

Iran and the U.S. also are in dispute over Tehran's nuclear program. The United States accuses Iran of secretly developing atomic weapons — an allegation Tehran denies. Iran's defiant refusal to suspend uranium enrichment prompted the U.N. Security Council to impose limited economic sanctions.

The U.S. has also beefed up support for Lebanon's government in its power struggle with Hezbollah, the Shiite militia that Washington accuses of acting in Iran's interests.

But Lee Feinstein of the Council on Foreign Relations said the U.S. was finding it hard "to calibrate its message" to distinguish "between a stern message and a warning of attack."

The war of words has raised fears among both Democrats and Republicans in Congress that the United States and Iran are drifting toward armed conflict at a time when America is struggling against determined foes in Iraq and Afghanistan.

It has also unnerved the Iraqi government, many of whose members have close ties to Iran.

"We have told the Iranians and the Americans, `We know that you have a problem with each other but we're asking you, please, solve your problems outside of Iraq,'" Prime Minister Nouri al-Maliki, a Shiite, told CNN on Wednesday. "We do not want the American forces to take Iraq as a base to attack Iran ... we will not accept Iran using Iraq to attack American forces. But does this exist? It exists and I assure you it exists."

As the rhetoric grows more strident, a U.S. military official in the Gulf likened the U.S.-Iran standoff to the buildup in hostility in Europe before World War I, when the assassination of the heir to the Austrian throne triggered a tragic war that engulfed a continent.

"A mistake could be made and you could end up in something that neither side ever really wanted, and suddenly it's August 1914 all over again," the U.S. officer said on condition of anonymity, because of the sensitivity of the issue. "I really believe neither side wants a fight."

Iranian coast guard vessels recently veered into territorial waters on the Arab side of the Gulf, an event that could have been viewed as either a mistake or a provocation, the officer said. Both sides are on tenterhooks. "A boat crosses a line ... but what does it mean? You've got to be very careful about overreacting," the officer said.

Even if Iran pulled back from Iraq's conflict, it might not end the country's violence, said Kenneth M. Pollack, research director at the Saban Center for Middle East Policy.

"The truth is that Iraq is a mess. It is in a state of low-level civil war. And all of these groups are largely self-motivated," he said on the Council on Foreign Relations Web site. "But its much easier to blame it on the Iranians."

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In Tehran, political analyst Hermidas Bavand said U.S. force increases were leading many Iranians to believe Washington is looking to pick a fight.

"It's an extremely dangerous situation," Bavand said. "I don't think Tehran wants war under any circumstances. But there might be an accidental event that could escalate into a large confrontation."

U.S. Delays Report On Iranian Role In Iraq (LAT)

By Paul Richter

The Los Angeles Times, February 1, 2007

WASHINGTON — The Bush administration has postponed plans to offer public details of its charges of Iranian meddling inside Iraq amid internal divisions over the strength of the evidence, U.S. officials said.

U.S. officials promised last week to provide evidence of Iranian activities that led President Bush to announce Jan. 10 that U.S. forces would begin taking the offensive against Iranian agents who threatened Americans.

But some officials in Washington are concerned that some of the material may be inconclusive and that other data cannot be released without jeopardizing intelligence sources and methods. They want to avoid repeating the embarrassment that followed the March 2003 invasion of Iraq, when it became clear that information the administration cited to justify the war was incorrect, said the officials, who described the internal discussions on condition of anonymity.

"We don't want a repeat of the situation we had when [then-Secretary of State] Colin L. Powell went before the United Nations," said one U.S. official, referring to Powell's 2003 presentation on then-Iraqi President Saddam Hussein's unconventional weapons program that relied on evidence later found to be false. "People are going to be skeptical."

The current debate pits some U.S. diplomatic and military officials in Iraq, who are seeking to compile an aggressive case on Iran, against other officials in Washington, including Secretary of State Condoleezza Rice, who are urging greater caution, according to the officials, who spoke in the last several days.

The Bush administration has charged repeatedly that Iranian agents and military personnel have been bringing in explosives and other weaponry for use in Iraq by Shiite Muslim militants. U.S. intelligence and military officials have said they have substantial evidence of Iranian involvement, but have not made it public.

The mounting U.S. charges against Iran have been accompanied by the movement of American warships into the Persian Gulf, giving rise to fears of a possible U.S. attack.

U.S. forces arrested a group of Iranians in Baghdad in December and are holding five Iranian officials who were detained Jan. 11 in the northern Iraqi city of Irbil. At the same time, the administration has shunned a proposal by the bipartisan Iraq Study Group to open direct talks with Iran and Syria as part of a plan to quell the violence in Iraq.

The U.S. claims led Tehran's ambassador to Iraq, Hassan Kazemi-Qomi, to challenge American officials last month to show "any shred of evidence" of Iranian meddling.

The U.S. ambassador, Zalmay Khalilzad, promised last week to do so, and American officials initially planned to release their dossier Tuesday.

But the release was delayed, and Sean McCormack, the chief State Department spokesman, declined Wednesday to predict when the report would be issued.

"We'll do this on our own timeline," he told reporters. "And we're going to do it in such a way that it is properly presented, it is clear, and that it is done in such a way that … we don't in any way jeopardize [U.S. officials'] ability to further collect information about these networks."

This week, McCormack denied that U.S. intelligence failures and erroneous pre-Iraq war claims had made the job of preparing the new dossier more difficult.

The administration's quandary is one more indication of the difficulties the United States faces in Iraq as it tries to limit the influence of the Iranians, whom it increasingly views as its chief regional rival. There are thousands of Iranians in Iraq. Some of them have strong ties to the U.S.-backed government.

One former senior U.S. defense official said that preparing such a case would involve trying to cull sensitive data for presentation to a skeptical American public.

"It's a losing proposition for the administration," said the former official, who declined to be identified when addressing intelligence issues.

U.S. military and embassy officials in Baghdad have been trying to build a case with a variety of evidence, according to officials.

But officials involved in interagency meetings on the issue in Washington, including some in the State Department and intelligence agencies, believe that some of the material overstates murky evidence and casts a negative light on Iranians who may not be guilty.

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Another difficulty is that if some of the most sensitive information is withdrawn to protect intelligence sources, the result could be a weak and unconvincing report, the officials said.

The American official who requested anonymity said that although there were differences over the evidence, there was wide agreement within the U.S. government that Iran's actions were a threat and that the United States, while avoiding war, should be more aggressive in confronting Iran in Iraq.

"But that doesn't mean you want to go overboard," the official added. "Everyone at the Iranian Embassy isn't some kind of spy or revolutionary."

The official said that Rice, despite strongly agreeing that the United States should take a more aggressive approach, was urging caution on the tone of the report.

U.S. military officials in Iraq long have been concerned that Iranian Revolutionary Guards and other military and intelligence personnel are present in Iraq, and have been urging a stronger stance against the Iranians. On several occasions, they have requested broader authority to engage the Iranians, the U.S. official said.

This week the No. 2 U.S. military commander in Iraq, Army Lt. Gen. Raymond T. Odierno, said in an interview with USA Today that Iranians were supplying Iraqis with truck-mounted Katyusha rockets, armor-piercing rocket-propelled grenades and armor-piercing roadside bombs.

Odierno said serial numbers linked the rockets to Iran.

The growing hostility is angering Iraqi leaders, who have begun speaking out against the prospect of conflict between the United States and Iran in their country.

Bullying Iran (NYT)

The New York Times, February 1, 2007

Given America's bitter experience in Iraq, one would think that President Bush could finally figure out that threats and brute force aren't a substitute for a reasoned strategy. But Mr. Bush is at it again, this time trying to bully Iran into stopping its meddling inside Iraq.

We have no doubt about Iran's malign intent, just as we have no doubt that Mr. Bush's serial failures in Iraq have made it far easier for Tehran to sow chaos there and spread its influence in the wider region. But more threats and posturing are unlikely to get Iran to back down. If Mr. Bush isn't careful, he could end up talking himself into another disastrous war, and if Congress is not clear in opposing him this time, he could drag the country along.

The drumbeat began during Mr. Bush's recent speech on Iraq, when he vowed to "seek out and destroy" Iranian and Syrian networks he said were arming and training anti-American forces. Mr. Bush also announced that he was sending a second aircraft carrier to the Persian Gulf. Hours earlier, American troops raided an Iranian diplomatic office in Iraq. If anyone missed the point, aides let it be known that the president had authorized the military to kill or capture Iranian operatives in Iraq.

Iran certainly is helping arm and train Shiite militias. But the administration is certainly exaggerating the salutary effect of any cutoff as long as these militias enjoy the protection of Iraq's prime minister, Nuri Kamal al-Maliki. If Mr. Bush is genuinely worried — and he should be — he needs to be as forceful in demanding that Mr. Maliki cut ties to these groups and clear about the consequences if he refuses.

In what passes for grand strategy in this administration, the president's aides say he is betting that bloodying Iranian forces in Iraq, and raising the threat of a wider confrontation, will weaken Tehran's regional standing and force its leaders to rethink their nuclear ambitions. Never mind that Mr. Bush's last big idea — that imposing democracy on Iraq would weaken Iran's authoritarians — has had the opposite effect.

Mr. Bush seems to be grossly misreading Iran's domestic politics and ignoring his own recent experience. In a rare moment of subtlety, the Treasury Department has quietly persuaded some banks and investors to rethink their dealings with Tehran. That has made some in Iran's permanent religious elite — already worried about future oil production — express doubts about President Mahmoud Ahmadinejad's defiance of the Security Council.

As ever, the one tactic the administration is refusing to consider is diplomacy. Mr. Bush has resisted calls to convene a meeting of Iraq's neighbors to discuss ways to contain the crisis. There is no guarantee that Mr. Ahmadinejad can be persuaded that Iraq's further implosion is not in Iran's interest. But others in Tehran may have clearer heads. And any hope of driving a wedge between Iran and Syria will have to start by giving Damascus hope that there is a way in from the cold.

Mr. Bush's bullying may play well to his ever shrinking base. But his disastrous war in Iraq has done so much damage to America's credibility — and so strained its resources— that it no longer frightens America's enemies. The only ones really frightened are Americans and America's friends.

Chirac Unfazed By Nuclear Iran, Then Backtracks (NYT)

By Elaine Sciolino And Katrin Bennhold

The New York Times, February 1, 2007

PARIS, Jan. 31 — President Jacques Chirac said this week that if Iran had one or two nuclear weapons, it would not pose a big danger, and that if Iran were to launch a nuclear weapon against a country like Israel, it would lead to the immediate destruction of Tehran.

The remarks, made in an interview on Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a weekly magazine, were vastly different from stated French policy and what Mr. Chirac has often said.

On Tuesday, Mr. Chirac summoned the same journalists back to Élysée Palace to retract many of his remarks.

Mr. Chirac said repeatedly during the second interview that he had spoken casually and quickly the day before because he believed he had been talking about Iran off the record.

"I should rather have paid attention to what I was saying and understood that perhaps I was on the record," he said.

The tape-recorded, on-the-record interview was conducted under an agreement that it would not be published until Thursday, when Le Nouvel Observateur appears on newsstands.

On Monday, Mr. Chirac began by describing as "very dangerous" Iran's refusal to stop producing enriched uranium, which can be used to produce electricity or to make nuclear weapons. Then he made his remarks about a nuclear-armed Iran.

"I would say that what is dangerous about this situation is not the fact of having a nuclear bomb," he said. "Having one or perhaps a second bomb a little later, well, that's not very dangerous.

"But what is very dangerous is proliferation. This means that if Iran continues in the direction it has taken and totally masters nuclear-generated electricity, the danger does not lie in the bomb it will have, and which will be of no use to it."

Mr. Chirac said it would be an act of self-destruction for Iran to use a nuclear weapon against another country.

"Where will it drop it, this bomb? On Israel?" Mr. Chirac asked. "It would not have gone 200 meters into the atmosphere before Tehran would be razed."

It was unclear whether Mr. Chirac's initial remarks reflected what he truly believes. If so, it suggests a growing divide with American policy, which places the highest priority on stopping Iran from gaining the capacity to produce nuclear weapons.

Mr. Chirac has privately expressed the view occasionally in the past year that a nuclear-armed Iran might be inevitable and that it could try to sell the technology to other countries. But publicly the policy has been very different. In fact, Élysée Palace prepared a heavily edited 19-page transcript of the Monday interview that excluded Mr. Chirac's assessment of a nuclear-armed Iran.

The transcript even inserted a line that Mr. Chirac had not said that read, "I do not see what type of scenario could justify Iran's recourse to an atomic bomb."

There are divisions within the French government — and between Europe and the United States — about how much Iran should be punished for behavior that the outside world might not be able to change. Some French officials worry that the more aggressive course of action by the United States toward Iran will lead to a confrontation like the Iraq war, which France opposed.

In noting the sanctions against Iran that were imposed last month by the Security Council, Mr. Chirac warned Tuesday that escalation of the conflict by both sides was unwise. "Of course we can go further and further, or higher and higher up the scale in the reactions from both sides," he said. "This is certainly not our thinking nor our intention."

Mr. Chirac argued that Iran's possession of a nuclear weapon was less important than the arms race that would ensue.

"It is really very tempting for other countries in the region that have large financial resources to say: 'Well, we too are going to do that; we're going to help others do it,' " he said. "Why wouldn't Saudi Arabia do it? Why wouldn't it help Egypt to do so as well? That is the real danger."

Earlier this month, Mr. Chirac had planned to send his foreign minister to Iran to help resolve the crisis in Lebanon. The venture collapsed after Saudi Arabia and Egypt opposed the trip and members of his own government said it would fail.

Mr. Chirac, who is 74 and months away from ending his second term as president, suffered a neurological episode in 2005 and is said by French officials to have become much less precise in conversation.

In the second interview, Mr. Chirac retracted his comment that Tehran would be destroyed if Iran launched a nuclear weapon. "I retract it, of course, when I said, 'One is going to raze Tehran,' " he said.

He added that any number of third countries would stop an Iranian bomb from ever reaching its target. "It is obvious that this bomb, at the moment it was launched, obviously would be destroyed immediately," Mr. Chirac said. "We have the means — several countries have the means to destroy a bomb."

Mr. Chirac also retracted his prediction that a nuclear Iran could encourage Saudi Arabia and Egypt to follow suit.

"I drifted — because I thought we were off the record — to say that, for example, Saudi Arabia or Egypt could be tempted to follow this example," he said. "I retract it, of course, since neither Saudi Arabia nor Egypt has made the slightest declaration on these subjects, so it is not up to me to make them."

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As for his suggestion in the first interview that Israel could be a target of an Iranian attack and could retaliate, Mr. Chirac said: “I don’t think I spoke about Israel yesterday. Maybe I did so but I don’t think so. I have no recollection of that.”

There were other clarifications. In the initial interview, for example, Mr. Chirac referred to the Iranian Islamic Republic as “a bit fragile.” In the subsequent interview, he called Iran “a great country” with a “very old culture” that “has an important role to play in the region” as a force for stability.

Mr. Chirac’s initial comments contradicted the long-held French policy of deterrence, which holds that Iran must not go nuclear. The thinking is that a nuclear-armed Iran would give Iran the ability to project power throughout the region and threaten its neighbors — as well as encourage others in the region to seek the bomb.

Under Mr. Chirac’s presidency, France has joined the United States and other countries in moving to punish Iran for refusing to stop enriching uranium, as demanded by the International Atomic Energy Agency and the United Nations Security Council.

Iran insists that the purpose of its uranium enrichment program is to produce energy; France, along with many other countries, including the United States, is convinced that the program is part of a nuclear weapons project.

The purpose of the initial interview was for Mr. Chirac to talk about climate change and an international conference in Paris later this week that parallels a United Nations conference on the global environment.

The question about Iran followed a comment by Mr. Chirac on the importance of developing nuclear energy programs that are transparent, safe and secure.

In the midst of his initial remarks on Iran, Mr. Chirac’s spokesman passed him a handwritten note, which Mr. Chirac read aloud. “Yes, he’s telling me that we have to go back to the environment,” Mr. Chirac said. He then continued a discussion of Shiite Muslims, who are by far the majority in Iran but a minority in the Muslim world.

“Shiites do not have the reaction of the Sunnis or of Europeans,” said Mr. Chirac, who over the years in private meetings has expressed distrust of Shiite Muslims.

The president had a different demeanor during the two encounters.

In the first interview, which took place in the late morning, he appeared distracted at times, grasping for names and dates and relying on advisers to fill in the blanks. His hands shook slightly. When he spoke about climate change, he read from prepared talking points printed in large letters and highlighted in yellow and pink.

By contrast, in the second interview, which came just after lunch, he appeared both confident and comfortable with the subject matter.

The attempt by Élysée Palace to change the president’s remarks in a formal text is not unusual. It is a long-held tradition in French journalism for interview subjects — from the president to business and cultural figures — to be given the opportunity to edit the texts of question-and-answer interviews before publication.

U.S. Cautions Europeans To Avoid Oil, Gas Deals With Iran (WP)

By Steven Mufson

Washington Post, February 1, 2007

The Bush administration is warning European oil and gas companies against investing in Iran, trying to head off a push by Tehran to attract new investment by international petroleum giants.

In the past two weeks, the administration has met with European oil company executives about the Middle East, and during one session a senior State Department official cautioned that the situation with Iran was "hot and is going to get hotter," one executive said.

An executive from another major European company said, "The administration is putting the full-court press on foreign companies and is going all out to impress upon them that it would be a mistake to do anything with" Iran.

Despite the administration's pressure, however, many of the world's biggest oil companies were expected to attend a meeting in Vienna today and tomorrow held by National Iranian Oil Co. to drum up interest in 12 onshore and five offshore blocks. Executives from Royal Dutch Shell PLC, Russia's Lukoil, China's Sinopec International Petroleum Exploration and Production Corp. and Austria's OMV will give presentations.

"Obviously Iran is very interesting oil territory for everybody," said Patricia Marie, spokeswoman for the French oil company Total S.A., which invested about $4 billion in Iran between 1995 and 2002 and is sending a representative to the meeting. As for U.S. admonitions, Marie said, "We are listening. . . . But we respect the French law, the European laws; we are not obliged to respect American law."

Marie said Total will decide this year whether to proceed with a liquefied natural gas (LNG) project in the south of Iran.

Last week, Royal Dutch Shell and the Spanish company Repsol YPF S.A. signed a preliminary agreement with Iran to explore the possible development of another multibillion-dollar LNG project.

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Oil company executives and consultants said any reluctance to invest in Iran ultimately has more to do with the stingy terms Iran offers than with arm-twisting by the U.S. government. Generally, Iranian contracts let foreign companies recoup costs and give them enough oil for them to make a small profit before control of the fields is turned over to National Iranian Oil.

"In effect, the Iranians have made our sanctions work better than we have," said Gary G. Sick, an expert on Iran at Columbia University.

One international executive said Iranians usually offer single-digit rates of return for investments in the oil sector, far less than what companies can make elsewhere.

"The Iranians always argue that there is no need for them to offer more because of the very low geological risk in Iran, because they know it's a country with substantial reserves," he said. "But you have to factor in political risk and all sorts of other things."

The struggle over oil investment is part of the Bush administration's campaign to isolate Iran and curtail its funds because of its pursuit of nuclear technology that might help it build nuclear weapons.

U.S. companies are barred from doing business with Iran. In 1995, an executive order stopped them from even bringing Iranian oil to Europe. In 1996, Congress passed the Iran-Libya Sanctions Act, enabling the U.S. government to sanction foreign firms doing business with Iran. Though the United States has issued waivers to European companies involved in Iran's oil sector, one European executive said the Bush administration might change that stance.

On Monday, State Department spokesman Sean McCormack said of Shell's Iranian negotiations: For investments over a certain level, "policymakers take a look at it and see if there's any further steps that we, as a government, take."

A Shell spokesman said yesterday that "nothing has been decided" and that a decision on the project was "a year or so away."

EU Resisting US Calls To Up Financial Pressure On Iran (AFP)

By Sylvie Lanteaume

AFP, February 1, 2007

US demands to toughen financial sanctions against Iran are opening fault lines in the US-European stand to punish Tehran for defying calls to rein its suspect nuclear program.

Although European countries have agreed with the United States to impose sanctions on Iran in line with a UN resolution adopted in December, they are resisting US calls to go even further and force global financial institutions to sever all ties with the Islamic Republic.

US Under Secretary in charge of fighting terrorist funding, Stuart Levey, has made several whirlwind trips to Europe over the past months to try to persuade European multinationals and banks to stop investing in Iran.

But so far he has run into a brick wall, with European countries maintaining they are not ready to cut off banking links with Iranian companies, arguing that such a move goes beyond the spirit of the UN resolution.

"We are going to do the utmost to apply the content of the resolution. We are not going to go beyond what is in the resolution as states," a senior European official told AFP.

The stand is beginning to frustrate the US administration of President George W. Bush which has accused Tehran of making a covert grab for nuclear weapons under the guise of its civilian atomic energy program.

Iran has scoffed at the suggestions saying its program is merely for peaceful purposes, and has refused to stop its controversial uranium enrichment process despite the UN sanctions.

Iranian officials are even promising to unveil a major advance in its nuclear drive this week as part of the celebrations to mark the anniversary of the 1979 Islamic Revolution.

US officials this week gave vent to their mounting frustration, which comes as Bush has accused Iranian leaders of helping to foment the mounting sectarian violence in Iraq, fuelling fears that the US could be preparing some kind of military response against Tehran.

"The European response on the economic side has been pretty weak," one unnamed senior US official said quoted in The New York Times in an article headlined "Europe Resists US Push to Curb Iran Ties."

"We are telling the Europeans that they need to go way beyond what they've done to maximize pressure on Iran," he added.

However, this position does not seem to completely reflect the view of the US administration.

"I think that the concerns that European governments are expressing have to do with their legal requirements. They have a set of legal requirements that they have to abide by," said State Department spokesman Sean McCormack.

"And I'm not sure I would call that resistance to discussing or cooperating on these various measures."

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European Union foreign ministers last week agreed to implement the full raft of UN sanctions against Tehran and deplored "Iran's failure to take the steps repeatedly required by the IAEA board of governors and the United Nations Security Council."

A new EU meeting is planned in mid-February to put in place European regulations on the Iran sanctions which suspend all exports of material and technology to the Islamic Republic.

The UN resolution also freezes Iranian assets abroad and restricts foreign travel by Iranians deemed to be involved in the suspect programs.

Earlier this month the US Treasury Department blacklisted Iran's fifth largest state-owned bank, Bank Sepah, alleging it had helped finance weapons proliferation.

That measure came after another of Iran's largest banks was blacklisted in September because of its "support for terrorism."

"Bank Saderat facilitates Iran's transfer of hundreds of millions of dollars to Hezbollah and other terrorist organizations each year," Levey said then.

However, neither of the two banks figure on the lists of organizations and people targeted by UN resolution 1737, and Bush had to use a presidential decree to prohibit their financial activities in the US.

Sanctions Rattle Iran, Spur Talk Of Shake-up (WT)

By Iason Athanasiadis

The Washington Times, February 1, 2007

TEHRAN -- The unanimous passage of U.N. Security Council sanctions against Iran in December has shaken the nation's public and ruling elite, prompting talk of a shake-up of top officials and fears of a U.S. attack.

Even before the sanctions were approved, President Mahmoud Ahmadinejad had been weakened by his inability to fulfill campaign promises to stem rising inflation and by doubts over the wisdom of his statements questioning the Holocaust and threatening Israel.

Now, suggestions are being raised that Iran's supreme leader, Ayatollah Ali Khamenei, is to change several key officials, including Ali Larijani, the head of the National Security Council; Foreign Minister Manouchehr Mottaki; and Ambassador to the United Nations Javad Zarif.

"There is a deep concern and uncertainty on behalf of the Iranian leaders about the consequences of the nuclear program of Ahmadinejad's administration," said Hossein Bastani, the former general secretary of the Association of Iranian Journalists.

"In short ... the passage of such a resolution against the Islamic republic caught them by surprise."

Western officials have also noted rising domestic criticism of Mr. Ahmadinejad since the U.N. Security Council approved the relatively mild sanctions, which had been watered down to win the approval of Russia and China.

"You're starting to see voices in Iran that are concerned about the isolation that Iran's president and Iran's program are bringing," Secretary of State Condoleezza Rice said in a German television interview last week.

And French Ambassador to Washington Jean-David Levitte said in an interview with The Washington Times on Monday: "We have noted in the Iranian media the beginning of a debate about the situation that Iran is in now -- more isolation and confrontation."

A senior diplomat from the region, speaking to The Washington Times last week, said after a visit to Tehran that Iranians were troubled less by the specific economic sanctions than by the lineup of countries that had supported them, including Russia and China.

An alliance of reformists and conservative "realists" has emerged to say the president's actions are leading the country to the brink of war.

In recent days, there has been speculation that Ayatollah Khamenei is refusing even to see the president as a signal of his disquiet at Iran's growing isolation.

Reports also say the ayatollah is upset at Mr. Mottaki's inability to win allies among Iran's Arab neighbors at a time when the United States is encouraging moderate Arab states to line up against Iran.

Officials also are concerned that Mr. Larijani, the chief nuclear negotiator, has unnecessarily angered the European Union's foreign-policy chief, Javier Solana, with his inconsistent approach to the talks.

"What Larijani may not have understood is that he cannot treat Solana in that way and expect not to be burned by the European Union," a European diplomat in Tehran said on the condition of anonymity.

Iranians also are giving greater weight to the threat of a U.S. military attack after a former chief of the elite Revolutionary Guards said on the state television monopoly, Sedaosima, last week that Washington had opted for "serious confrontation" with Iran.

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"When we saw [Mohsen] Rezai openly say on Sedaosima that the Americans will try to strike and that he's willing to become a martyr, we were shocked," said Sahand, a young Iranian filmmaker who, like some others interviewed asked not to be fully identified. "It was the first time that it was being stated on national television."

The interview rang alarm bells for well-informed Iranian analysts, who point out that official Iranian news outlets tend not to report much bad news.

"On the night that sanctions were imposed last month, a commentator was telling people that they mean nothing and that Iranians have been through tougher times during the Iraq war," said Leila, a producer for Sedaosima. "I'm scared that Rezai's appearance is ... preparing people for a military strike on Iran."

Public anxiety has been further fed by the build-up of U.S. forces in Iraq and the dispatch of a second aircraft carrier, the USS John C. Stennis, to the Persian Gulf.

The Iranian military has responded with a three-day military drill testing its Zalzal and Fajr-5 missiles in the desert southeast of Tehran.

Last week, Russia completed delivery of 29 advanced TOR-M1 surface-to-air missile-defense systems, which will be deployed around Iran's nuclear facilities in central Iran, said European diplomatic sources in Tehran.

Latest Violence Claims At Least 24 Iraqis (LAT)

By Alexandra Zavis

The Los Angeles Times, February 1, 2007

BAGHDAD — At least 24 Iraqis were killed and dozens injured today in bomb blasts, gunfire and other violence. The heaviest toll was inflicted in Baghdad, where U.S. and Iraqi forces are promising to clear out Sunni Arab insurgents and sectarian militias in a neighborhood-by-neighborhood sweep.

The U.S. military announced the deaths of two soldiers and one Marine in combat in Al Anbar province on Tuesday. At least 3,084 U.S. personnel have been killed since the start of the Iraq war in 2003, according to the website icasualties.org.

In the day's worst attack, a car bomb exploded in a downtown street where a crowd was waiting to catch minibus taxis to areas of Shiite Muslim-dominated east Baghdad. At least five people were killed and 12 injured, police said.

Naim Zamel, a 38-year-old father of three, was delivering goods to a shop across the street when the blast happened.

"The sound and the pressure were hard. Shrapnel was flying all over the place," he said from his bed at the Medical City Hospital, where he was treated for injuries to his neck, ear and leg. "I saw three cars on fire, people injured and shops destroyed."

Onlookers rushed to help the wounded, loading Zamel into the back of a pickup truck and rushing him to hospital before ambulances arrived at the scene.

Another car bomb exploded this morning in the mostly Shiite east Baghdad neighborhood of Amin, killing at least two people and injuring 10, police said.

The bullet-riddled bodies of four missing scholars, all Sunni Arabs, were found in the mostly Shiite neighborhood where they were kidnapped Monday as they left the Naharain University College of Law, university officials said.

Officials at Yarmuk Hospital said they received 10 more unidentified bodies from two mostly Sunni neighborhoods in west Baghdad, apparent victims of sectarian death squads.

North of the capital, a car bomb targeting an Iraqi police convoy exploded on a main road in the city Mosul, killing at least one officer and injuring four people, including a civilian, police and hospital officials said.

Iraqi soldiers confronted a suicide attacker they said was trying to drive an explosives-rigged fuel tanker into a small base in Muqdadiyah. The tanker exploded outside the base, injuring nine soldiers and causing a large fire, the military said.

South of Baghdad, police responding to reports of a car bomb in a mostly Sunni village near Suwayrah were targeted by a roadside bomb, officials said. Three policemen were injured and four suspects detained, they said.

Iraq's army and police are frequent targets of Sunni insurgents, who view them as collaborators with the United States.

A U.S. helicopter fired on four men planting a bomb in the shoulder of a road south of Baghdad, killing two of them, the military said in a statement.

Iraq Prepares For New Security Crackdown (USAT)

USA Today, February 1, 2007

BAGHDAD — Iraq indefinitely halted all flights to and from Syria and closed a border crossing with Iran as the government prepares for a security crackdown aimed at crushing violence in the capital and surrounding regions, a member of the parliament and an airport official said Wednesday.

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The airport official told the Associated Press that flights to and from Syria will be canceled for at least two weeks and that service had been interrupted Tuesday. The official spoke on condition of anonymity because he was not authorized to reveal the information.

Hassan al-Sunneid, a member of the parliament's Defense and Security Committee, said the move "was in preparation for the security plan. The state will decide when the flights will resume."

President Bush recently warned Iran and Syria not to interfere in Iraq's affairs as U.S. and Iraqi forces prepare for the major crackdown on armed groups in the capital.

Across Iraq on Wednesday, at least 47 people were reported killed.

The United States has accused Syria of harboring former Baath Party officials who support the Sunni insurgency and allowing foreign fighters to slip across its border with Iraq. Bush has also complained that Iran smuggles weapons to Shiite extremists who have killed Americans and provides Shiite militias with training and support. Iran denies doing so.

Meanwhile, Iraq's prime minister pleaded Wednesday with Iran and the United States not to use his country as a place to fight each other.

"We have told the Iranians and the Americans: 'We know that you have a problem with each other, but we are asking you, please solve your problems outside Iraq,' " Prime Minister Nouri al-Maliki told CNN.

Bush has authorized U.S. troops to take action against Iranian agents allegedly operating in Iraq.

"We will not accept Iran to use Iraq to attack the American forces," al-Maliki said. However, "we don't want the American forces to take Iraq as a field to attack Iran or Syria," he said.

Iraq Restricts Air, Land Passages To Syria, Iran (WP)

The Washington Post, February 1, 2007

BAGHDAD, Jan. 31 -- Iraq indefinitely halted all flights to and from Syria and closed a border crossing with Iran as the government prepares for a security crackdown, a parliament member and an airport official said Wednesday, the Associated Press reported.

The airport official said that flights to and from Syria would be canceled for at least two weeks and that service had been interrupted on Tuesday, the AP said.

Hassan al-Sunneid, a member of the parliament's defense and security committee, told the AP that the move "was in preparation for the security plan. The state will decide when the flights will resume."

Also on Wednesday, the U.S. military said two soldiers and a Marine died Tuesday in Anbar province from "wounds sustained due to enemy action." A soldier from Task Force Lightning was killed in combat Wednesday in Salahuddin province, the military said in a statement. The service members' names will be released after relatives are notified.

In Baghdad on Wednesday, scholars and students at al-Nahrain University were protesting the kidnapping earlier this week of three law professors when they learned that their bodies had been found in a morgue. "They are innocent professors, good instructors," said Adnan al-Janabi, the director of the university, noting that one was over 70. One of the professor's sons, a student at the university, was also killed, he said.

Also Wednesday, a car bomb exploded southeast of Baghdad, killing four people and injuring nine, according to Col. Hasson Salman, a spokesman for the Interior Ministry.

Elsewhere in the country at least nine people were killed in shootings and mortar attacks, Salman said.

General: Shiite Militia Leaders Leaving Baghdad Strongholds (WP)

By Thomas E. Ricks

The Washington Post, February 1, 2007

Shiite militia leaders already appear to be leaving their strongholds in Baghdad in anticipation of the U.S. and Iraqi plan to increase the troop presence in the Iraqi capital, according to the top U.S. commander in the country.

"We have seen numerous indications Shia militia leaders will leave, or already have left, Sadr City to avoid capture by Iraqi and coalition security forces," Army Gen. George W. Casey Jr. said in a written statement submitted to the Senate Armed Services Committee as part of his confirmation hearing today to be Army chief of staff.

Casey, who has been the senior U.S. military officer in Iraq since summer 2004, also stated that as part of the campaign to improve security in Baghdad, he expects that U.S. troops will be stationed in Sadr City with Iraqi army and national police units. U.S. plans call for five combat brigades, or about 17,500 troops, to move into Baghdad over the next four months and help occupy about 35 outposts across the city.

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Sadr City is the huge slum on the east side of Baghdad that has about 2.5 million inhabitants and also is the home of the Mahdi Army, the most powerful militia in Iraq. The Mahdi Army is largely controlled by Moqtada al-Sadr, a radical cleric who is sharply anti-American.

If Sadr's militia does indeed attempt to wait out the security crackdown, Casey said, that "would clearly present a challenge" to the Iraqi government, which he said underscores the need to have Iraqi forces capable of bringing security to the country. Developing effective Iraqi forces has been a U.S. goal for more than three years. Casey noted earlier in his 46-page statement, which was filed yesterday with the committee, that one of the most significant mistakes that U.S. officials made in Iraq was overestimating the speed with which Iraqi forces could be developed.

While the Shiite militias appear intent on waiting out the Iraqi-American security offensive by moving out of the city and lying low, Sunni insurgents will take a different course, Casey predicted. Sunni leaders are likely to relocate to areas northwest and south of Baghdad, he said, while Sunni fighters "will attempt to go to ground" in the parts of the city where they live.

He said he considers it "unlikely" that violence would spread much beyond greater Baghdad because the battle for the city is "the central struggle" for control of Iraq.

As with other recent nominees appearing before the Armed Services panel, Casey listed a series of mistakes that he believes have been made in Iraq. While some Bush administration officials still cite Iraq's elections as a great success, for example, he said that he thinks they "seem to have promoted increased sectarian divisions within the country."

Lie Low, Fighters Are Told (WP)

By Joshua Partlow And Ernesto Londo?o

The Washington Post, February 1, 2007

BAGHDAD, Jan. 31 -- The instructions delivered by emissaries of anti-American Shiite cleric Moqtada al-Sadr at a recent meeting in Baghdad were clear to militiaman Massan Abdul Hussein.

"They informed us to hide the weapons," Abdul Hussein recalled of the Jan. 21 meeting in the Shula neighborhood. "They said: 'We will not allow anyone to carry any arms, even if it's a pistol under their shirt. This is not acceptable.' "

Abdul Hussein, 30, considers himself a minor figure in the Mahdi Army, the powerful yet amorphous band of thousands of Sadr followers that the Pentagon said in November had "the greatest negative effect on the security situation in Iraq." But Abdul Hussein said the militia's foot soldiers had received a clear message from Sadr's headquarters in southern Iraq as Iraqi and U.S. troops prepared an intensified security crackdown in the capital.

"We should try at all costs to avoid any confrontation with the American forces, and even if they raid our offices or our houses, we should try to avoid a confrontation," he said. "We do not want this to lead to a larger outbreak of violence."

Sadr's followers waged fierce battles against the U.S. military in 2004, but militiamen and Iraqi politicians close to Sadr say this time he wants to avoid violent clashes and maintain a lower profile.

In recent weeks, Mahdi Army leaders have left Baghdad to avoid being targeted, according to Iraqi and U.S. officials. Prime Minister Nouri al-Maliki's office has received reports that some Mahdi Army leaders are moving to Iran and Syria, according to an aide to Maliki who spoke on condition of anonymity.

The U.S. military has stepped up operations against Shiite militias and said recently that 600 Mahdi Army members, including 16 high-level figures, are in detention. The arrest of senior Sadr spokesman Abdul Hadi al-Daraji on Jan. 19 by U.S. and Iraqi forces has concerned Sadr followers, said Nassir al-Saedi, one of 30 parliament members in Sadr's bloc.

"We asked the leadership to leave their houses, because we do not trust the Americans," he said.

Sadr's followers say publicly that they embrace the new Baghdad security plan and are willing to support the Iraqi government's efforts to impose the rule of law in this chaotic city. But some Iraqi and U.S. officials said they are concerned that the stance is a pose and that Shiite militias intend to lie low only until U.S. forces withdraw.

"There's absolutely no reason to believe that these groups have changed their tune in any significant way" since the 2004 battles, said a U.S. official in Baghdad who spoke on condition of anonymity. "You could make an argument that there's just a level of exhaustion that's set in, but I find that not believable."

A more likely scenario is that the militia leaders believe they can "win the whole thing" if they are not too damaged by the time the United States withdraws, the official said.

Iraqi Deputy Prime Minister Salam al-Zobaee, who oversees security affairs, said he is skeptical of statements by Mahdi Army leaders indicating a passive posture. "The Mahdi Army should hand over its weapons to the government, not put down their weapons or hide them," Zobaee said in an interview Wednesday. "This should go for every armed group. I don't think I can say I see that in the horizon."

Maliki is aware of concerns that the militias may be biding their time rather than sincerely taking peaceful steps, his aide said.

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"This is a classic insurgency tactic, to hide when the troops are around and then reappear when the troops are gone," the aide said. "This is very much understood by the government and by the prime minister, and measures are being taken to make it a failure."

A Mahdi Army neighborhood leader from the Dakhil area of Baghdad's Sadr City slum, Ahmed Khawam, said the militias are not making major preparations for the security plan because they do not know what it will entail.

"As for targeting our city, by God's will, this will not happen, because the Imam Mahdi's army is in control of the whole area," he said. "But in case anything happens, we will get ready. We will not let any arrests take place."

For now, he said, the Mahdi Army is primarily concerned with providing services -- food, cooking gas, religion lessons -- to the impoverished people of Sadr City.

Another Mahdi Army member in Sadr City, Laith Abu Baqir, said he is willing to give the Iraqi security forces a chance to impose order and protect his neighborhood. "If they provide security for me from the terrorists, why not?"

"The only threat we have is from the American army," Abu Baqir said. "As for the others, we are not concerned."

Special correspondents Naseer Mehdawi, Naseer Nouri and Saad Sarhan contributed to this report.

North Iraq City Could Be A New Front (LAT)

By Louise Roug

The Los Angeles Times, February 1, 2007

KIRKUK, Iraq — American officials, regional leaders and local residents are increasingly worried that this oil-rich city in northern Iraq could develop into a third front in the country's civil war just as increased numbers of U.S. troops arrive in Baghdad and Al Anbar province as reinforcement for battles there.

Al-Qaida-linked fighters have recently surfaced here, launching a wave of lethal attacks, U.S. and Iraqi officials say. The attacks come amid a rise in communal tensions in the months before a referendum on the status of the city and the surrounding province.

Meanwhile, Kurdish bureaucrats are pushing through little-noticed administrative decisions that will take away the voting rights of tens of thousands of Arabs.

Elsewhere in Iraq, Sunni and Shiite Muslim Arabs are locked in a bitter civil war. Here, the two groups have common cause against the Kurds, a non-Arab minority group that dominates Iraq's far-northern provinces.

The Kurds, Arabs and members of a third minority group, the Turkmens, each want control of this city and its surrounding region. At stake are land, water and control of some of Iraq's richest oil reserves.

None of the groups want war, they say. Yet everyone here appears to be preparing for it.

"They are right when they call it a time bomb," said Sheik Abdel Rahman Obeidi, a prominent Sunni Arab leader in Kirkuk. "We will not leave, and we will not let anyone take Kirkuk. We are ready to fight. We hope we won't have to, but we're ready."

Kurdish leaders, in turn, warn that they will take the city by law or by force.

"People don't have any more patience," said Kurdish Councilman Rebwar Faiq Talabani, sitting inside Kirkuk's heavily fortified provincial council building. "They are telling the government, 'If you can't get our rights back, we'll do it by ourselves.' "

Neighboring countries, especially Turkey and Iran, fear that if the Kurds do gain control of Kirkuk, Iraq's Kurdish region, which is already semiautonomous, would have the confidence and economic power to move toward independence. That could embolden Kurdish militants in the surrounding countries and further destabilize the region. In recent weeks, Turkish officials have threatened to intervene if the Kurds take over Kirkuk and have warned against efforts to change the city's population balance.

"Turkey cannot stand idly by, watching the efforts to change the demographic structure of Kirkuk," Turkish Prime Minister Recep Tayyip Erdogan said last month, according to the Cihan News Agency.

Against this backdrop of ethnic, political and regional tensions, Iraq's new constitution mandates that a referendum be held by the end of this year on control of Kirkuk. If the vote goes ahead as scheduled, most analysts expect the Kurds to win.

Last year, at least 325 people were killed and 1,390 wounded in this city of about 1 million. During the first three weeks of this year, bombings and assassinations left 23 dead and injured 102, local police say.

"We expect increased violence when we get closer to" the referendum, said Maj. Gen. Anwar Mohammed Amin, the top Iraqi commander in Kirkuk.

The emergence of fighters from two radical Islamic groups with ties to al-Qaida after years of lying low is especially troublesome, officials say. The groups, known as Ansar al Sunna and the Islamic Army in Iraq, have launched a bombing campaign targeting politicians and civilians. Their aim is to foment violence between ethnic and sectarian groups much as they have done in Baghdad and elsewhere, officials say.

Painting Iraq's Sunni Arab guerrillas as al-Qaida associates serves Kurds in their goal of taking control of Kirkuk and its environs by making the aims of their rivals seem less legitimate.

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Assassinations, bombings and attacks on Kurdish parties' headquarters by Shiite militias and Sunni groups linked to al-Qaida "are now all part of Kirkuk's violent landscape," said a report last month from the Washington Institute for Near East Policy.

Turkmen and Arab politicians, too, have been targeted in apparent retaliation by Kurds.

"Kirkuk is as likely as Baghdad to produce a calamity that can fracture Iraq," the report's authors wrote, recommending a delay of the referendum. The International Crisis Group, a nonprofit think tank based in Belgium, and the U.S. government's bipartisan Iraq Study Group have also recommended postponement.

But for Kurds, this year presents a historic opportunity they won't part with willingly.

Once a distant dream carried in the heart of Kurdish peshmerga fighters as they battled onetime Iraqi leader Saddam Hussein's army in the mountains, full independence is now tantalizingly within reach.

If the timetable leading to the referendum is not followed, Kirkuk will be thrust into chaos, said Talabani, the provincial councilman. "It will be a civil war," he said. "Worse than Baghdad, because it will be a battle of ethnicities."

For nationalist Arabs and minority Turkmen, meanwhile, Kurdish appropriation of Kirkuk would signify the first step toward Iraq's disintegration. Turkmen do not want to become part of an independent Kurdistan, but they don't want to be controlled by Baghdad either. Most Arabs want to remain part of a unified Iraq.

As both sides maneuver for the coming referendum, the issue of who has the right to vote is emerging as a major flashpoint.

In 1957, the year of Kirkuk's last reliable census, Turkmen made up 40 percent of the population, while Kurds made up 35 percent, Arabs 24 percent and Christians 1 percent. In the surrounding province, Kurds constituted a majority with 55 percent of the inhabitants.

During the 1970s, however, Saddam forcibly removed 250,000 Kurds from Kirkuk, giving their property to Arabs in an effort to "Arabize" the city and its oil. Many of the new residents were Shiites moved here from villages in the south of Iraq.

Since the U.S.-led invasion in 2003, the demographics have shifted again. Thousands of Arabs and Turkmen have left because of political pressure and violence. And as many as 350,000 Kurds have come to Kirkuk, according to Iraqi and U.S. officials. In dilapidated camps throughout the city, thousands of Kurds now wait for property claims to be resolved while Kurdish officials complain that the government in Baghdad is slowing the process.

The Kurds want Arabs who moved here under Saddam to return to the south, and are pushing through little-noticed administrative decisions that will take away the voting rights of tens of thousands of Arabs before the referendum.

Kurdish officials have recently proposed a cash incentive to Arabs, compensation of about $19,000 to each family who will give up their property and voting rights in the city. The tens of thousands of Arabs affected would be allowed to stay but would not be able to vote on Kirkuk's future, Kurdish officials said.

"I don't believe they have the right to vote in the referendum," said Adnan Mufti, the powerful speaker of Kurdistan's regional parliament. Even Arabs born in Kirkuk to parents who came from the south will be ineligible, he said. "It's the mistake of their fathers."

Arabs and Turkmen accuse Kurdish politicians of gerrymandering and administrative jiu-jitsu.

"Many of the Kurds who returned to Kirkuk are not the original residents of the city," said Abass Ahmed, a 60-year-old Turkman. "They are actually Kurds from other Kurdish regions."

Because of the demographic shifts and the Sunni Arab boycott of the 2005 election, Arabs already have little representation in the city. Kurds control 26 of the 41 provincial council seats as well as the army, police and intelligence services in the city.

"We are all arming ourselves," a politician from Kirkuk recently told the International Crisis Group. "We are afraid. There is talk of civil war. Anything could start it."

A special correspondent in Sulimaniyah contributed to this report.

U.S. Tries To Put Its Best Foot Forward In Kirkuk Province (LAT)

By Molly Hennessy-fiske

The Los Angeles Times, February 1, 2007

A U.S. Army colonel danced the debka at a garden party in this rural village last month, hand in hand with half a dozen former Kurdish guerrillas.

They were a study in contrasts: Col. Patrick Stackpole with crisp fatigues and a blond buzz cut, pistol strapped to his thigh, stomping along with swarthy peshmerga fighters with thick black mustaches, baggy shirwal pants and Muslim prayer beads.

Stackpole's soldiers, based in nearby Kirkuk, joined in or sat cradling automatic rifles as a military interpreter explained the dual purpose of the dance.

"They do it for a wedding or a ceremony, something like that," he said. "Or when they want to go to war."

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Resource-rich Kirkuk and its surrounding province are prized by Iraq's various ethnic groups and could soon become another full-blown battleground in the widening civil war. The rolling hills produce 40% of the country's oil and 70% of its natural gas.

This year, Kirkuk residents face landmark votes that military experts say could spark sectarian violence: on how to draw provincial borders, and whether to conduct a census and join the semiautonomous Kurdish regional government.

The party Stackpole attended was held on land that had been seized from a Kurdish family and settled by Shiite Muslims. The property recently was returned to the original owners. Nearby, dozens of other Kurdish refugees are camped out in some of Saddam Hussein's former forts.

Goal of stabilizing area

Stackpole and his troops are attempting to forestall violence with a hearts-and-minds campaign that includes reaching out to both Kurds and Arabs, doling out reconstruction money and reinforcing political parties. And dancing.

"Never in my life did I think I would see a brigade commander from an infantry unit doing this," said Army Maj. Frank Strong, a burly reservist from McLean, Va., before joining the dance party.

The fete in this town, population 20,000, was orchestrated by a politician who has been one of the most receptive to U.S. overtures — provincial council Chairman Rizgar Ali Hamajan.

The Americans are counting on Hamajan, a Kurd and former peshmerga, to hold Kirkuk's provincial council together. Arab and Turkmen politicians are boycotting the council, citing a list of grievances.

Hamajan meets with them privately to sign off on legislation and the local budget. This month, Hamajan is scheduled to meet with Iraqi Prime Minister Nouri Maliki, President Jalal Talabani, who is Kurdish, and the country's two vice presidents to discuss the upcoming votes, mandated by Iraq's new constitution.

During the party, Hamajan explained to Stackpole why he needed more reconstruction money. Sunni Arab insurgents are scaring off workers and investors, he said.

"We need to have opportunities for young people other than doing bad things, so they have someplace to go; not just the imam from Mosul coming to teach them bad things," Hamajan said as the electricity flickered off and on. "We may have lost the older generation, but we need to work with the younger generation."

Discussion over dumplings

As they sat down to lunch at two long tables laden with freshly grilled lamb kebabs, grilled bass, kifta meat dumplings, bulgur wheat and rice sprinkled with paprika, Hamajan said he was not optimistic that violence could be controlled in Kirkuk. After Hussein's execution in December, he said, attacks by Sunni insurgents started to increase.

"Now, it is chaos in Iraq," Hamajan said. He began eating with his hands; Stackpole followed suit.

After lunch, as the military guests piled back into their Humvees for the convoy back to their base, they pronounced the party an exceptional occasion, a rare chance to speak freely with politicians and learn something about local culture.

Stackpole, who would be taunted mercilessly back at the base about his prowess on the dance floor, declared it "a history lesson of sorts."

Sunnis, Shiites Plan To Form 2 Legislative Blocs (LAT)

By Alexandra Zavis

The Los Angeles Times, February 1, 2007

BAGHDAD, Iraq -- Sunni Arab and Shiite Muslim lawmakers announced plans Wednesday to form two new blocs in Iraq's parliament they hope will break away from the ethnic and religious mold of current alliances and ease sectarian strife.

But while both blocs said they hope eventually to draw in members of all ethnic and religious groups, one initially will be made up entirely of Shiite politicians and the other of Sunnis.

Moderate politicians across the sectarian divide have voiced mounting frustration at parliament's seeming impotence in the face of escalating violence that killed at least 32 Iraqis and injured dozens Wednesday. The U.S. military announced the deaths of three soldiers and one U.S. Marine in fighting north and west of the capital.

A group of mostly independent legislators in the United Iraqi Alliance, the dominant Shiite faction, said that within days they will launch a new "Solidarity bloc" intended to be a voice of moderation within parliament's largest political formation.

Members hope to appeal "to Iraqis' patriotism and not their sect or ethnicity," said Shatha Moussawi, one of Solidarity's founding members.

Organizers claimed the support of at least 10 of the UIA's 128 legislators, but said others had expressed interest in joining them. For now, the group plans to remain within the alliance. But members said they would reach out to representatives of other ethnic and religious blocs and could unite with them in the future.

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On the Sunni side, a number of independent lawmakers said they had already broken away from the Iraqi Accordance Front, the largest Sunni bloc in parliament with 44 members. The new "Gathering of Independent Iraqis" is lead by Abid Mutlaq Jabouri, a former major general in Saddam Hussein's army, said Abdullah Eskandar, another founding member.

"We were hoping that the major blocs like the Accordance, the UIA and Kurdish alliance would get us out of this crisis we are facing, but these groups have also turned to sectarianism," Eskandar said. "We are trying to break out of these alliances in order to serve the interests of Iraqis."

He claimed the support of more than 10 Sunni lawmakers, but said the group hopes to become a major opposition party drawing in representatives of other communities.

Disputes both within and between the main blocs have paralyzed parliament for months, blocking final legislation governing key issues such as the division of responsibilities between Iraq's central government and provinces, the re-integration of former members of Saddam's regime into the government and security forces, and the distribution of the country's massive oil wealth.

U.S. officials had urged Iraqi politicians to look beyond their traditional formations in hopes of isolating more extreme leaders such as anti-American cleric Muqtada al-Sadr, who controls one of the two largest groups in the leading Shiite alliance and is backed by a powerful militia often blamed in the sectarian violence.

But members of both new blocs insisted U.S. officials had nothing to do with their ventures.

"I really hate that question," said Qassim Daoud, a member of the coming Solidarity bloc. "Our allegiance is to Iraq and the Iraqi people."

Meanwhile, Iraqi officials released new details about an obscure messianic sect they said had been poised to attack Shiite clergy and religious sites in Najaf when it was decimated Sunday in an offensive by U.S. and Iraqi forces.

Brig. Gen. Qais Mamoory, chief of the Babil provincial police force, told reporters that members of the Heaven's Army cult led by Dhyaa Abdul-Zahra, a charismatic man in his 30s, had infiltrated Iraq's security forces and were able to bring advanced weapons into their compound.

"It seemed that they prepared themselves well, and it seemed that they received training outside Iraq," Mamoory said.

The sect's gunmen were organized into snipers and attackers, who fought under the slogan "Victory or Martyrdom," he said.

"They surprised our forces in Najaf and they captured some of our troops and vehicles," he said.

But members of the elite Scorpion force freed 20 of them and retrieved five bodies, he said.

Most of the cult's 1,000 to 1,500 followers came from Kut, Diwanyia and Hillah, he said. They apparently hoped to establish an emirate under another cult leader, Ahmed Alagh, identified by police as an advocate of their Wahhabi of Sunni Islam practiced by al-Qaida. But literature viewed by a journalist inside the compound dismissed both Sunni and Shiite teachings. Abdul-Zahra and Alagh were believed to be killed in the fighting.

At least 2,067 Iraqis were killed in insurgent and sectarian violence in January, according to figures compiled by the ministries of health, defense and health.

The heaviest toll in Wednesday's violence was inflicted in Baghdad, where U.S. and Iraqi forces are promising to clear out Sunni Arab insurgents and sectarian militias in a neighborhood-by-neighborhood sweep.

A car bomb exploded in a downtown street where a crowd was waiting to catch minibus taxis to areas of Shiite Muslim-dominated east Baghdad. At least five people were killed and 12 injured, police said.

A car bomb in a mostly Shiite neighborhood of the capital and mortar attacks on a mostly Sunni area killed at least eight people and injured 28 more.

One U.S. soldier was killed and another injured in combat Wednesday in Salahuddin province, U.S. command said. Two more soldiers and a Marine were reported killed the previous day in al-Anbar province.

At least 3,084 U.S. personnel have been killed since the start of the Iraq war in 2003, according to the Web site icasualties.org.

Times special correspondents in Baghdad, Baqouba, Mosul, Najaf and Hillah contributed to this report.

U.S. Agency Finds New Waste And Fraud In Iraqi Rebuilding Projects (NYT)

By James Glanz

The New York Times, February 1, 2007

BAGHDAD, Jan. 31 — A federal oversight agency reported Wednesday that despite nearly $108 billion that had been budgeted for the reconstruction of Iraq since the 2003 invasion, the country's electrical output and oil production were still below prewar levels and stocks of gasoline and kerosene had plummeted to their lowest levels in at least two years.

The United States alone has accounted for nearly $38 billion of the rebuilding money, according to the agency, the Special Inspector General for Iraq Reconstruction.

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Even as the flow of reconstruction money from the United States is coming to an end, the litany of major American contractors that are suspected of having wasted large amounts of the money has lengthened, new investigations by the inspector general have found.

One of the reports released on Wednesday found that an American company, DynCorp, appeared to act almost independently of its contracting officers at the Department of State at times, billing the United States for millions of dollars of work that was never authorized and starting other jobs before they were requested.

The findings of misconduct against the company, on a $188 million job order to build living quarters and purchase weapons and equipment for the Iraqi police as part of a training program, were serious enough that the inspector general's office began a fraud inquiry.

"As a result of that audit, matters meriting investigation were uncovered," Stuart W. Bowen Jr., who is in charge of the office, said on Wednesday.

Mr. Bowen declined to give further details but said that he was also initiating a countrywide review of DynCorp's work in Iraq. The company has also received major contracts to train police in Afghanistan.

Gregory Lagana, a DynCorp spokesman, said the company would investigate the report's findings. "We are looking into the issues raised by the inspector general with the goal of providing as full an accounting as possible," Mr. Lagana said. "We believe we acted responsibly and with all due concern for the expenditure of public funds."

One major investigation begun by Mr. Bowen's office came to an end on Monday when Robert J. Stein Jr., a former Pentagon contractor who confessed to stealing millions of dollars in a bribery and fraud scheme in the southern Iraqi city of Hilla in 2004, was sentenced to nine years in federal prison.

But Mr. Bowen said Wednesday that his office had 80 active investigations of potential criminal activity in Iraq. Some 23 cases have been handed over to the Justice Department, "and they are making progress on those," he said.

The latest reports by Mr. Bowen's office appear to show that it is not for lack of money that the performance of Iraq's basic infrastructure has fallen to disastrous levels in some cases; if anything, the rebuilding program seems to have been given more money than it has been able to use to any effect.

In a sweeping breakout of financing sources, one analysis, in a quarterly report released Wednesday, shows that Congress has now passed eight bills that have provided $38.2 billion for the rebuilding effort, while Iraq itself has dedicated $50.5 billion to the effort. International donors have pledged $15.2 billion, although only a small portion of that has so far materialized.

One example of the problems Iraq has faced in using those enormous amounts of money can be seen in connection with the $24.8 billion in Iraqi money that the Iraqi government has appropriated for the capital budget of its ministries from 2004 to 2007 — in essence, a homegrown reconstruction budget.

Despite the threadbare state of the oil, electricity, water, transportation and communications infrastructure here, the ministries managed to spend as little as 15 percent of those appropriated funds because of problems finding companies to do the work in dangerous places, a lack of skilled contracting officers and American-sponsored anticorruption programs that have intimidated Iraqi bureaucrats.

Iraq faces those problems as the American money begins to run out. But even though American officials have managed to spend most of this money, its lasting impact on the quality of life in Iraq is highly debatable.

Despite the allocation of more than $4 billion in American taxpayer money to electricity projects in Iraq, the nationwide electricity output recently dipped below the prewar level of about 4,200 megawatts after a brief period above it. The performance is so embarrassing to the United States that late last year, with no formal notice, the State Department eliminated the line indicating prewar output from its weekly report on electricity production in Iraq.

After a rally in the middle of 2006, the inspector general's quarterly report shows, Iraq's crude oil production has also been steadily slipping, a serious concern because oil is the basis of the Iraqi economy.

Al Qaeda 2006: Fighting In Iraq, Regrouping In Afghanistan, Enlisting In Europe (CSM)

By Carol Huang

The Christian Science Monitor, February 1, 2007

In 2006, agents of Al Qaeda, as well as those inspired by its ideology, continued their attacks. Violence in Iraq intensified, and Afghanistan saw its most violent year since 2001.

Despite worsening chaos on those fronts, counterterrorist forces arrested and killed high-profile terrorists and kept the West free from attack. But these actions don't appear to have weakened the appeal of Al Qaeda's agenda. "Home-grown" militants around the world joined its jihad, as regional fighting heightened perceptions of a global war on Islam.

Here's an assessment of some of the most significant gains and losses for Al Qaeda last year:

Afghanistan

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Terrorism experts say that militant jihadists shifted focus to the original Al Qaeda base to utilize experience and tactics gained in Iraq – as reflected in the increase in suicide bombings from 27 in 2005 to 139 in 2006, according to US estimates. Al Qaeda leader Osama bin Laden and his No. 2, Ayman al-Zawahiri, are widely believed to be hiding in the border region between Afghanistan and Pakistan.

Algeria

Algeria's Salafist Group for Preaching and Combat declared an alliance with Al Qaeda in September.

Britain

In August, authorities foiled a terrorist plot with all the hallmarks of an Al Qaeda attack. British security arrested dozens of suspects whom they allege were participating in a plan to bomb up to 10 passenger flights from England to the US.

But Europe's major problem in 2006, experts say, was "home-grown terrorism." Britain's spy chief, Eliza Manningham-Buller, warned in November that the security service MI5 was "working to contend with some 200 groupings or networks, totaling over 1,600 identified individuals."

Europe is a primary recruiting base for Al Qaeda as Muslim communities there have access to wealth and freedom of movement, says Rohan Gunaratna, author of "Inside Al Qaeda: Global Network of Terror."

Islamic militants are "busy recruiting from the Muslim diaspora," adds Paul Wilkinson, chairman of the advisory board of the Centre for the Study of Terrorism and Political Violence at the University of St. Andrews in Scotland. "It's very clear that the organization is still very much in business.... And that recruitment has been going on quite rapidly."

Egypt

An April 24 attack in a Sinai resort town was not claimed by Mr. bin Laden, but the hotel bombings had many similarities to an Al Qaeda strike. The attacks were a sign that the group's tactics have gained a foothold among other radical groups.

Indonesia

Hundreds of members of Jemaah Islamiyah (JI), a major terrorist group linked to Al Qaeda, were arrested, while more radical members split from the group in early 2006 to form Tanzim Qaedat al-Jihad. The biggest blow to counterterrorism efforts was the release of Abu Bakar Bashir from jail in June 2006 after he spent 26 months in prison. The radical Islamic cleric, who is said to lead JI, was cleared of conspiracy charges in December for his role in the 2002 Bali hotel bombings. "Indonesian counterterrorism law is gravely weak," says Mr. Gunaratna. "Abu Bakar Bashir is the leader of the most dangerous group in Southeast Asia. His group has killed more than 250 people."

Iraq

The most violent offshoot of bin Laden's global organization, Al Qaeda in Iraq, seemed to suffer a major blow in 2006 with the killing of former chief Abu Musab al-Zarqawi in June.

But the loss of his leadership may have actually strengthened the group, says Gunaratna. "Zarqawi was a very able and ruthless man," he says, but "not a politician." His successor, Abu Ayyub al-Masri, "is following exactly the instructions of bin Laden and al-Zawahiri."

Al Qaeda in Iraq is small but vicious, says Gunaratna. It was linked to the February bombing of a Shiite shrine in Samarra – the impact of which ratcheted up sectarian killings in 2006.

In January, the UN said that more than 34,000 Iraqi civilians were killed last year, most in Sunni-Shiite violence that Al Qaeda is bent on fomenting.

Pakistan

In September 2006, President Pervez Musharraf arranged his most recent peace deal with pro-Taliban militants in Pakistan's remote Federally Administered Tribal Areas along the Afghan border. Mr. Musharraf's peace-brokering, critics warn, has allowed the Taliban to move freely between Afghanistan and Pakistan. John Negroponte, the first director of national intelligence who is expected to be confirmed as deputy secretary of state, said that the deal is allowing Al Qaeda operatives to reorganize in the area and to cultivate "stronger operational connections and relationships that radiate outward from their leaders' secure hideout in Pakistan to affiliates throughout the Middle East, North Africa, and Europe."

Palestinian territories

In March, Israel for the first time charged two Palestinians for being members of a group possibly connected to Al Qaeda. Journalist kidnappings raised concerns that the group was infiltrating the territory or inspiring copycats.

Philippines

The Philippine military killed two top members of the Al Qaeda-linked militant group Abu Sayyaf. Military officials say that the killing of the group's leader, Khadaffy Janjalani, in September 2006, and his deputy Abu Sulaiman, who was killed in January 2007, have rendered the group ineffective. Still, US-trained Philippine soldiers continue to regularly engage Abu Sayyaf militants.

Saudi Arabia

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In February, Saudi Arabia thwarted a bombing on an oil-processing plant. Raids and gun battles throughout the country netted more than 100 suspected Al Qaeda militants, but US officials have said that the kingdom could do more to curb terrorism, including stopping the flow of militants and funds across its borders.

Somalia

In June, Islamists suspected of harboring key Al Qaeda operatives overran Mogadishu and took over most of the country except Baidoa, the seat of a weak transitional government. US-backed warlords could not stop the Union of Islamic Courts, which denies charges of ties with Al Qaeda. The country saw its first suicide bombing – which Somali officials blamed on Al Qaeda – on Sept. 19, a failed attempt to kill the interim president. The Islamists fled in the wake of an Ethiopian and Somali offensive that began Dec. 26.

USA

North America saw no Al Qaeda attacks. American security forces working around the world have seen "an awful lot of victories," says Arnaud de Borchgrave, director of the Transnational Threats Project at the Center for Strategic and International Studies in Washington. "The CIA has carte blanche to track terrorists around the world," he says. Critics say that this has led to the use of secret prisons used to interrogate Al Qaeda suspects.

On the domestic front, officials say that they thwarted attacks on Chicago's Sears Tower and New York's transit system over the summer and arrested several people in the process – although it was unclear how serious such plans were.

Yemen

Yemen prevented bomb attacks at two oil facilities on Sept. 15 that were, according to intelligence consulting firm Stratfor, probably commissioned by Al Qaeda. Twenty-three suspected Al Qaeda fighters escaped from prison in February. The government killed or captured many of them, but officials say that those remaining may help Al Qaeda in Yemen to regroup.

The Iraq Syndrome, R.I.P. (NYT)

By David Brooks

The New York Times, February 1, 2007

After Vietnam, Americans turned inward. Having lost faith in their leadership class, many Americans grew suspicious of power politics and hesitant about projecting American might around the world.

The Vietnam syndrome was real. It lasted all of five years — the time between the fall of Saigon and the election of Ronald Reagan.

Today, Americans are disillusioned with the war in Iraq, and many around the world predict that an exhausted America will turn inward again. Some see a nation in permanent decline and an end to American hegemony. At Davos, some Europeans apparently envisioned a post-American world.

Forget about it. Americans are having a debate about how to proceed in Iraq, but we are not having a strategic debate about retracting American power and influence. What's most important about this debate is what doesn't need to be said. No major American leader doubts that America must remain, as Dean Acheson put it, the locomotive of the world.

Look at the leaders emerging amid this crisis. The two major Republican presidential contenders are John McCain and Rudy Giuliani, the most aggressive internationalists in a party that used to have an isolationist wing.

The Democrats, meanwhile, campaigned for Congress in 2006 by promising to increase the size of the military. The presidential front-runner, Hillary Clinton, is the leader of the party's hawkish wing and recently called for a surge of U.S. troops into Afghanistan. John Edwards, the most "leftward" major presidential contender, just delivered a bare-knuckled speech in which he castigated the Bush administration for not being tough enough with Iran. "To ensure that Iran never gets nuclear weapons, we need to keep all options on the table," Edwards warned.

This is not a country looking to avoid entangling alliances. This is not a country renouncing the threat of force. This is not a country looking to come home again. The Iraq syndrome is over before it even had a chance to begin.

The U.S. has no material need to reconsider its dominant role in the world. The U.S. military still has no serious rivals, even after the strains of Iraq. The economy is humming along nicely.

The U.S. has no cultural need to retrench. Vietnam sparked a broad cultural revolution, a shift in values and a loss of confidence. Iraq has not had the same effect. Many Americans have lost faith in the Bush administration and in this particular venture, but there has been no generalized loss of faith in the American system or in American goodness.

There hasn't even been a broad political shift in favor of the doves. The most important war critics are military types like Jack Murtha, Chuck Hagel and Jim Webb, who hate this particular war but were superhawks in other circumstances.

Finally, there has been no change in America's essential nature. As Robert Kagan writes in his masterful book "Dangerous Nation," America has never really been an isolationist or aloof nation. The United States has always exercised as much power as

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it could. It has always coupled that power with efforts to spread freedom. And Americans have always fought over how best to fulfill their mission as the vanguard of progress.

What's happening today is just another chapter in that long expansionist story. Today's debate in the Senate flows seamlessly from the history Kagan describes. Most senators agree that the tactical question of sending 20,000 more troops is not the central issue. Their core concern, they say, is finding a new grand strategy to stabilize the region.

Most senators want a much more aggressive diplomatic effort to go along with the military one. (If President Bush said his surge was part of an effort to establish a regional diplomatic conference, he'd have majority support tomorrow.) But they don't question the need for America to play a leading role. They take it for granted that the U.S. is going to be in the Middle East for a long time to come.

When you look further into the future, you see that the next president's big efforts will not be about retrenchment, but about expansion. They'll be about expanding the U.S. military, expanding the diplomatic corps, asking for more shared sacrifice, creating new interagency bureaus that will give America more nation-building capacity.

In short, the U.S. has taken its share of blows over the past few years, but the isolationist dog is not barking. The hegemon will change. The hegemon will do more negotiating. But the hegemon will live.

Pentagon Restructuring May Threaten Special Ops Oversight (HILL)

By Roxana Tiron

The Hill, February 1, 2007

A major reorganization of the Pentagon's policy shop is raising concerns among defense authorizers, who say the move could dilute the efficacy of a congressionally mandated civilian office tasked with oversight and support of special operations.

A report addressing lawmakers' concerns about the overhaul of the Office of the Undersecretary of Defense for Policy is due today to Congress, and a Pentagon spokeswoman said the report is ready and will be delivered by deadline. Several sources, however, have indicated that the report may be delayed because of a long approval process.

The reorganization is meant to bring the office into line with the U.S. military's need to respond to transnational threats, manage international military coalitions and equip partner nations to fight terrorists. The report is expected to address congressional concerns that policy office leadership so far has been unable to alleviate despite several meetings on the Hill.

"We are less certain about the reorganization," a congressional source said. "Each briefing from [the Pentagon] makes us less comfortable." The source added that policy shop leadership may be casting doubt on its own plan by saying it will be implemented on a one-year trial basis and then re-evaluated.

As part of the overhaul, the restructuring of the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (SO/LIC) could face opposition from the armed services panels, which initially mandated the office's creation. The position was included as part of the Goldwater-Nichols Department of Defense Reorganization Act, which also created the United States Special Operations Command.

The Special Operations Command (SOCOM) oversees each military service's elite warriors, such as the Army's Green Berets, Rangers and Delta Forces, Navy SEALs and Air Force special operators.

The assistant secretary's office, which is run by civilians with extensive special-operations background, was created to ensure that the special-operations forces would receive the attention and resources from the Pentagon deemed necessary by Congress.

Because the Pentagon is keeping SO/LIC as an office rather than eliminating it, it is unclear what members could do legislatively to prevent the office's expanded portfolio.

So far, lawmakers are inclined to listen. Sen. Jack Reed (D-R.I.), chairman of the Armed Services Emerging Threats and Capabilities subcommittee, is planning to meet in the coming days with Ryan Henry, the principal deputy undersecretary of defense for policy and one of the architects of the reorganization.

"We created the position for SO/LIC and we want to go back and see whether these changes are justified," Reed told The Hill. "Certain aspects of the reorganization require some discussion and the whole point is to ask questions."

In the past, under the leadership of Thomas O'Connell, the SO/LIC office oversaw several functions, such as special operations/combating terrorism, counter-narcotics, information operations and so-called stability operations.

Part of the reorganization required congressional approval of a 10th assistant secretary of defense to oversee a new office of global security affairs.

The assistant secretary of defense for global security affairs is taking on the responsibility of overseeing counter-narcotics operations that previously had been under SO/LIC, as well as several other functions such as detainee affairs and security cooperation operations.

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For SO/LIC, the overhaul means that the office now would be called SO/LIC Interdependent Capabilities and would oversee special operations, strategic capabilities (nuclear and missile issues), stability operations and forces transformation and resources.

While Congress approved the creation of a 10th assistant secretary of defense to facilitate the reorganization of the policy shop, defense authorizers had some critical questions about the role played by SO/LIC.

Defense authorizers are worried that strategic capabilities (i.e., nuclear and missile issues) require a different skill set and knowledge base and could result in an overall dilution of the statutory mission of the assistant secretary of defense for SO/LIC, which is to supervise special operations and low-intensity conflict activities.

Moreover, authorizers wrote in the report to the 2007 defense authorization bill that moving strategic capabilities away from the office responsible for chemical and biological weapons would affect coordination.

Also, yet another skill set would be needed to oversee transformation. “Placing such responsibilities under the ASD for SOLIC/IC would further divert focus from the statutory mission of this ASD,” said the report.

The reorganization may also place the commander of SOCOM in a complicated position.

Although SOCOM by virtue of its covert nature does not welcome much oversight, the lack of a civilian advocate on the Hill and in the Pentagon could detract from Gen. Doug Brown’s responsibility as SOCOM commander.

The Afghanistan Surge (WP)

The Washington Post, February 1, 2007

WHILE THE country debates the Bush administration's "surge" of American troops into Baghdad, a similar American buildup has begun in Afghanistan. As in Iraq, it comes in response to rapidly escalating violence, and in Afghanistan, too, one question is whether the reinforcements are too little or too late.

By extending the deployment of a brigade of the 10th Mountain Division even as the 82nd Airborne begins to arrive, the Pentagon will bring the U.S. troop level to 24,000. That's 50 percent more than at this time last year and about six times the number of American soldiers who were in Afghanistan at the time of the battle for Tora Bora, in early 2002. The administration, led by Vice President Cheney and then-Defense Secretary Donald H. Rumsfeld, stoutly resisted calls for expanding either U.S. or allied forces then. Let the record show: They were terribly wrong. Successful wars begin with a large troop deployment that tapers off as objectives are accomplished and security is restored. In Afghanistan U.S. troop levels started at rock bottom and have steadily risen over the past five years, even as security has worsened.

By most measures, there are still far fewer Afghan and foreign troops than are needed to secure the country. With the increase, the total number of U.S., NATO and other allied troops will be around 45,000, while there are about 40,000 soldiers in the new Afghan army. By contrast there are 146,000 coalition troops in Iraq in advance of the surge, and 134,000 Iraqi army troops. Yet Afghanistan is 50 percent larger than Iraq and has a larger population. What's more, many NATO troops in Afghanistan are constrained by their governments from fighting or even deploying in the areas where the Taliban insurgency is based. Only 80 percent of the troops requested by NATO commanders have been dispatched, and there are shortages of vital equipment such as helicopters.

The relative good news is that the administration is making a significant effort to correct a situation that, though deteriorating, remains far better than that in Iraq. In addition to the extra forces, Secretary of State Condoleezza Rice announced last week that the White House would seek $10.6 billion in new funding for Afghanistan in the upcoming supplemental budget -- a huge addition to the $14 billion in aid that has been spent since 2001. Most of the new money would go toward a big expansion of the Afghan army and police, which would gain 150,000 new personnel, but $2 billion would be used for aid projects in a country where millions of people have yet to see any benefit from the government that replaced the Taliban.

The effort deserves support from Congress. But it's likely to fall short unless other NATO countries are willing to similarly increase their commitments. Though Britain, Canada and the Netherlands carried the burden of the war in southern Afghanistan last year, Germany, France, Italy and Spain are among the countries that have kept their soldiers away from the war zone and tied them down with restrictions. The European Union has pledged just $780 million in aid for Afghanistan over the next four years. Ms. Rice now leads a U.S. campaign to round up more allied commitments over the next several weeks. She can only hope the belated but essential American escalation will give her some leverage.

DOJ:

Top US Prosecutors ‘forced Out’ (FT)

By Brooke Masters In New York

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Financial Times, February 1, 2007

Democratic senators are fighting to halt what they say is a Bush administration campaign to remove forcibly top federal prosecutors, including the US attorneys responsible for key investigations of Congressional corruption and stock options back-dating.

Senator Patrick Leahy, the new chairman of the Judiciary Committee, will hold a hearing next week on whether the justice department is politicising the hiring and firing of top federal prosecutors.

Thirteen of the 93 US attorneys have left since the March 2006 passage of a little-noticed amendment to the Patriot Act that – in effect – allows President George W. Bush to install top prosecutors without Senate confirmation.

Departing attorneys include Kevin Ryan of San Francisco, who was leading the probes of stock options at Apple, and Carol Lam of San Diego, who prosecuted Republican congressman Randy "Duke" Cunningham and was investigating a politically connected defence contractor.

Democrats say those two as well as US attorneys in New Mexico, Arizona, Arkansas, Washington State and Nevada have been forced out. Mr Ryan has said he left as a result of a "mutually agreeable decision with Washington".

Alberto Gonzales, the attorney-general, denied that the Bush administration was trying to circumvent Senate confirmation. Justice department officials said on Wednesday they would seek Senate confirmation for all replacement attorneys.

Traditionally, the justice department sets policy but the US attorneys have significant discretion in deciding which cases to investigate and prosecute.

The president names US attorneys but permanent US attorneys must be confirmed by the Senate. Until last year, "interim" replacements could serve 120 days and then generally had to seek approval from a state's federal judges to stay on.

However, during 11th-hour negotiations over the re-authorisation of the Patriot Act, Republican Senator Arlen Specter added an amendment that allows the president to make interim appointments that can last indefinitely.

Recently, turnover among US attorneys has been unusual. Although US attorneys serve at the president's pleasure – and are routinely asked to submit resignations when an administration changes – it is unusual for so many to leave at the same time during midterm.

California Senator Dianne Feinstein has introduced a bill to return to the old system. Mr Leahy is a co-sponsor and the Judiciary Committee will consider it as early as next week.

Interim U.S. Attorney For Ariz. Named (AZREP)

By Dennis Wagner, The Arizona Republic

Arizona Republic, February 1, 2007

The Department of Justice, dodging recommendations from Arizona's two U.S. senators, has named veteran federal prosecutor Daniel Knauss as interim U.S. attorney for the District of Arizona.

Republican Sens. John McCain and Jon Kyl had recommended Diane Humetewa, an assistant U.S. attorney and member of the Hopi tribe, for the position vacated by Paul Charlton.

In a news release, the Justice Department announced Wednesday that Attorney General Alberto Gonzales had appointed Knauss, a chief assistant in charge of the U.S. attorney's satellite office in Tucson.

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Kyl, a member of the Senate Judiciary Committee, which must confirm permanent candidates, responded: "Daniel Knauss is a quality lawyer and will make an excellent interim U.S. Attorney. . . . It's our hope that eventually Diane Humetewa will be nominated by the president."

Wyn Hornbuckle, a spokesman for the U.S. Attorney's Office for Arizona, stressed that Knauss' appointment is a temporary measure. He said President Bush has yet to nominate a candidate for Senate approval, and Humetewa is not excluded from that process.

Candidates recommended by senators typically win such assignments, but the attorney general has authority to appoint interim administrators as he sees fit.

Knauss, a 34-year employee of the federal prosecutor's office in Arizona, also filled in as boss during 1993 after the resignation of Linda Akers. His temporary appointment at the time angered Sen. Dennis DeConcini, who had nominated Janet Napolitano for the job, though she was not then a federal prosecutor.

Napolitano later received President Clinton's permanent nomination and served as U.S. attorney before winning elections as Arizona's attorney general, and then governor.

Over the years, Knauss has held three of the most important posts at the U.S. Attorney's Office: first assistant, chief assistant and head of the Criminal Section.

"He will bring a consistency to the office that is critical to its mission and personnel during this transition," Hornbuckle said.

Knauss' assignment comes amid a controversy over the forced resignations of several U.S. attorneys around the nation. Some Democratic lawmakers, who say Gonzales has targeted chief prosecutors for political reasons, plan to conduct a Senate Judiciary Committee hearing on the issue Tuesday. They also complain that the Bush administration is abusing a provision in the USA Patriot Act that allows Gonzales to make interim appointments without congressional confirmation.

Charlton announced his resignation last month, saying he was shifting to private legal practice. He has not commented on speculation that he was directed to quit.

Although the nation's 63 U.S. attorneys serve at the pleasure of the attorney general, resignations generally occur after four-year terms are completed.

Reporter Billy House contributed to this story. Reach the reporter at dennis.wagner@arizonarepublic.com or (602) 444-8874.

Federal Judge Won't Seek U.S. Attorney Post In Los Angeles (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 1, 2007

Dickran Tevrizian, a leading candidate for the L.A. post, is said to have withdrawn his name.

Longtime federal judge Dickran M. Tevrizian has withdrawn his name from consideration as the next U.S. attorney in Los Angeles, it was learned Wednesday.

Though Tevrizian declined to comment, others in the legal community said the 66-year-old jurist had recently notified a search committee for the Justice Department that he no longer was a candidate for the job.

Only days ago, Tevrizian, a U.S. District Court judge, was viewed as one of the leading candidates for the position, which has jurisdiction over federal prosecutions in a seven-county area.

But Tuesday, the judge told attorneys in a case before him that he would not pursue the post, a lawyer said.

"Basically he said he wasn't that interested in the job and had put his name in consideration because others had asked him to," said attorney Dale Rubin.

Rubin is representing one of two men facing the death penalty in Tevrizian's court for a kidnapping and murder rampage.

One day before Tevrizian's disclosure, attorneys for the two defendants had asked him to recuse himself because of the possibility that he might soon be running the very office prosecuting the case, Rubin said.

"It is not that he is biased," Rubin said.

"It was just the appearance of impropriety we were trying to avoid," the attorney said.

Tevrizian referred the motion to another judge for a decision, Rubin said.

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CORPORATE SCANDALS:

Enron Broadband Convictions Overturned (AP)

By Juan A. Lozano, Associated Press Writer

AP, February 1, 2007

Judge Overturns Convictions of Enron Broadband Executive

HOUSTON (AP) -- Just days before he was set to be sentenced, a former Enron Corp. executive's fraud and conspiracy convictions related to the company's broadband unit were overturned Wednesday by a federal judge.

Former broadband unit finance chief Kevin Howard was convicted in May on five counts of fraud, conspiracy and falsifying records after a monthlong trial. Howard had been set to be sentenced Monday.

Former in-house accountant Michael Krautz was acquitted of the same charges in the same trial. Both men were accused of participating in a small piece of the fraud that brought down Enron in 2001.

On Wednesday, U.S. District Judge Vanessa Gilmore vacated the convictions on all five counts Howard had been found guilty of, saying in a 19-page ruling the convictions were tied to a flawed legal theory prosecutors used to explain the fraud and conspiracy charges.

Gilmore based her decision on a ruling in August in which the 5th U.S. Circuit Court of Appeals reversed several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's 1999 sale of mobile power plants to the brokerage to help the energy trader appear to have met earnings targets.

The appeals court found fault with the government's arguments of criminal liability and deprivation of honest services.

Gilmore said the decision in the Merrill Lynch case compelled her to vacate Howard's convictions.

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"An important tenet of our criminal justice system is that a defendant is innocent until proven guilty beyond a reasonable doubt," Gilmore wrote in her ruling. "When it is uncertain whether a defendant was convicted under an appropriate standard, the integrity of the judicial system is undermined."

Jack Zimmermann, one of Howard's attorneys, said his client was gratified with Gilmore's ruling.

"Kevin Howard has maintained faith in the system," he said.

Howard and Krautz were the first of five broadband executives to be retried in separate cases after the original trial of the entire group ended in a hung jury in 2005. Although Enron was primarily an energy trader, the broadband unit was created in 1998 as another growth engine during the dot-com boom.

Howard was accused of conspiring to manufacture earnings for the failing broadband unit in late 2000 by selling an interest in future revenue of a video-on-demand venture that never made a profit. Prosecutors alleged the deal, "Project Braveheart," was a sham because investors were promised to be bought out at a premium, making the sale a disguised loan.

Zimmermann, who defended Howard with attorney Jim Lavine, said prosecutors could still decide to retry him for a third time. A hearing in the case was set for Feb. 20.

"We would hope the government would carefully evaluate their options and decide a third trial is not in the best interests of the taxpayers and the government anymore than it is in the interests of Mr. Howard," Zimmermann said.

A representative from the Justice Department did not immediately return a telephone call Wednesday evening seeking comment.

Prosecutors had conceded the four fraud and conspiracy counts against Howard should have been vacated because of the flawed legal theory.

But they had contended the falsifying records count should remain because trial evidence had proved that through his participation in Project Braveheart, Howard had directly "caused the falsification of Enron's earnings and therefore of its books and records."

Gilmore said she didn't believe such evidence was presented at trial that would have compelled the jury to find Howard guilty of falsifying records without relying on the other flawed counts.

Enron, once the nation's seventh-largest company, crumbled into bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable. The collapse wiped out thousands of jobs, more than $60 billion in market value and more than $2 billion in pension plans.

Judge Throws Out A Conviction In Enron Case (NYT)

By Kate Murphy

The New York Times, February 1, 2007

HOUSTON, Jan. 31 — A federal judge in Houston on Wednesday threw out the conviction of Kevin A. Howard, the former chief financial officer for Enron's Broadband unit, citing a ruling in a similar case in which the jury's verdict was vacated.

The decision was based on a ruling in August by the United States Court of Appeals for the Fifth Circuit, in New Orleans, that essentially exonerates employees who provide so-called honest services while keeping with corporate goals and do not rob their employers of any money.

"We are very pleased," Mr. Howard's lawyer, Jack Zimmerman, said.

The first trial against Mr. Howard lasted three months in 2005 and ended in a hung jury. He was tried along with five other Broadband employees. His conviction on five charges of conspiracy and fraud occurred during a retrial last year.

His only co-defendant in the second trial was Michael W. Krautz, Enron Broadband's former accountant, who was acquitted of all charges because the jury contended he was only following orders.

In a 19-page decision filed on Wednesday, Judge Vanessa Gilmore of Federal District Court said her ruling matched the Fifth Circuit's in another Enron fraud case involving Merrill Lynch and Nigerian barges.

In that case, the appeals court overturned several convictions against four former Merrill Lynch executives found guilty of helping engineer Enron's sale of mobile power plants to the brokerage firm in 1999 to help Enron appear to have met earnings targets.

The court said the government did not prove that defendants had deprived the company of "honest services."

Federal prosecutors had conceded that four of the five convictions against Mr. Howard should be dropped because of the Fifth Circuit's opinion but held that the fifth, for falsifying records, should stand. The judge disagreed because the jury could have relied on the convictions on the other counts to determine his guilt on the final charge.

"Kevin's a very happy man," Mr. Zimmerman said. "We've always told him to have faith in the legal system."

The government can now either accept the ruling, appeal or retry Mr. Howard a third time using a different argument.

"I've learned a long time ago not to anticipate what the government will do," Mr. Zimmerman said.

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A spokesmen for the Justice Department, Bryan Sierra said, "We are reviewing our options," but declined to comment further.

Two former Enron Broadband executives, Kenneth Rice and Kevin Hannon, pleaded guilty in 2004 and testified in both of Mr. Howard's trials. They are awaiting sentencing.

Mr. Howard's co-defendants in the first trial — Joseph Hirko, F. Scott Yeager and Rex Shelby — are awaiting retrial.

Mr. Shelby's lawyer, Edwin Tomko, said that while he was pleased with today's decision, "It doesn't really help us because our cases have nothing in common."

As in Mr. Yeager's and Mr. Hirko's cases, the charges against Mr. Shelby include securities fraud, which cannot be defined as "honest services."

New Blow To A Law Firm Under Inquiry (NYT)

By Julie Creswell

The New York Times, February 1, 2007

A few years before he faked the theft of two works of art from his home in Brentwood, Calif., Steven G. Cooperman, a former ophthalmologist, received a personal check from a partner of the law firm Milberg Weiss & Bershad for $175,000 as an "option payment" on one of those works, Picasso's "Nude Before a Mirror."

But court documents filed by federal prosecutors in Los Angeles yesterday said the check was a secret payment made to Mr. Cooperman for acting as a named plaintiff in a class-action lawsuit filed by Milberg Weiss.

The government's agreement with Mr. Cooperman, contained in the documents, in which he agreed to plea guilty to a conspiracy charge, is another blow to Milberg Weiss. The law firm was indicted along with two of its partners last year by a federal grand jury in Los Angeles on charges that it participated in a scheme to make secret payments to numerous plaintiffs.

Mr. Cooperman's plea deal is the latest move by federal prosecutors, who have spent seven years investigating the firm and its tactics. Last year, another former Milberg Weiss plaintiff, Howard J. Vogel, pleaded guilty to making a false declaration to a court in connection with secret payments he received from the firm, court filings state.

Still, prosecutors have been unable to bring charges against their primary targets: Milberg's co-founder, Melvyn I. Weiss, and William S. Lerach, who started his own firm on the West Coast in 2004. People close to the investigation say the two men are identified as "Partner A" and "Partner B," respectively, in court documents.

Mr. Cooperman, however, is a challenging witness for prosecutors. Convicted of insurance fraud in the staged theft of the artworks, Mr. Cooperman cut a deal with prosecutors in 1999, agreeing to provide them information on Milberg Weiss.

While serving a 30-month prison sentence, Mr. Cooperman committed additional crimes, which breached his cooperation agreement, the plea agreement states.

In an e-mailed statement, a lawyer for Milberg Weiss, William W. Taylor III, said Mr. Cooperman's allegations were not new and "have never been credible."

"Rewarding any witness for 'cooperation' is inherently suspect," Mr. Taylor's statement said. "To do so twice, and in the face of crimes he committed blatantly from prison, demonstrates the lack of substance and inherent unfairness of the allegations against the firm."

According to court filings, Mr. Cooperman received $6.4 million in payments from 1988 to 1999 for serving as a named plaintiff in about 70 class-action and shareholder derivative lawsuits that netted Milberg Weiss more than $133 million in fees.

To conceal the illegal kickbacks, the firm and many of its partners, according to prosecutors, made false and misleading statements in various court documents and often made payments in cash through Mr. Cooperman's lawyers.

In one case, however, Mr. Cooperman's secret payment was disguised as a false "option payment" made by "Partner A," on the Picasso "Nude Before a Mirror," court filings say. In a series of transactions involving Mr. Cooperman's brother-in-law, much of the $175,000 payment was returned to Partner A, while other payments were made to Mr. Cooperman.

A lawyer for Mr. Weiss, Benjamin Brafman, rejected any allegations of wrongdoing by his client and declared the art option agreement "100 percent legitimate," noting that Mr. Weiss is an active collector of Picasso paintings.

"He changed his mind about the painting and it's that simple," Mr. Brafman said. "It has absolutely nothing to do with the allegations in the case."

Former Lead Plaintiff's Guilty Plea May Spell Trouble For Lawyer Lerach (LAW)

By Matthew Hirsch, The Recorder

California Recorder, February 1, 2007

Superstar plaintiffs lawyer William Lerach has remained outside the reach of investigators looking at a kickback scheme at his former firm, Milberg Weiss, but a guilty plea in the case on Wednesday might change that.

Steven Cooperman, a former ophthalmologist previously convicted of insurance fraud, admitted to taking payments for serving as lead plaintiff in class actions filed by Milberg Weiss over 12 years.

Court documents filed Wednesday detail Cooperman's role and also appear to put "Partner B," long believed to be Lerach, at the heart of the lucrative kickback scheme.

Though the charging documents don't identify Lerach by name, one source close to the investigation said Wednesday, "If you look at it, there's an awful lot of facts in there about Bill Lerach."

That Cooperman has helped prosecutors build their case against Milberg Weiss is nothing new. He has been cooperating since its beginning. In fact, he's the one who first told prosecutors about the kickbacks and fingered Lerach.

The problem for the U.S. Attorney's Office has been that Cooperman has a major credibility problem. He offered to cooperate in the Milberg investigation only after he was convicted and sent to prison for orchestrating an insurance scam by claiming some fine art in his Beverly Hills home had been stolen. Because of his past, anything Cooperman could say in trial about Lerach, or anyone else linked to Milberg Weiss, could look like an attempt to escape another stint in the slammer.

But on Wednesday, Cooperman's credibility may have become less of a problem. His plea -- to conspiring with Milberg Weiss and several of its senior partners to obstruct justice and make false statements in class actions -- shows that he's not cutting a deal to get off entirely scot-free.

With the plea, he faces up to five years in prison, with three years of supervised release, plus a fine of either $250,000 or twice the amount he gained in the Milberg scheme.

Generally, a plea deal by a witness with baggage can help the government, but only if prosecutors can independently corroborate the testimony, said Jeffrey Bornstein, a former Assistant U.S. Attorney.

"Why should a jury believe a witness who admits as part of his guilty plea that he lies under oath in other proceedings?" said Bornstein, a partner at Kirkpatrick & Lockhart Preston Gates Ellis.

While Cooperman's credibility may remain questionable, the detailed allegations introduced Wednesday in a 50-page charging document in U.S. v. Cooperman, CR 06-776(A), suggest prosecutors are closing in on Lerach.

Court documents filed in the U.S. District Court for the Central District of California Wednesday are rife with details about the role "Partner B" played in the alleged kickback scheme at Milberg Weiss. Among other things, prosecutors claim that "Partner B" directly paid Cooperman in cash to conceal the scheme.

Neither Lerach, of Lerach Coughlin Stoia Geller Rudman & Robbins, nor his attorney, John Keker of Keker & Van Nest, returned calls on Wednesday.

COOPERMAN COOPERATES

Cooperman first agreed to cooperate with federal prosecutors in August 2000 after he was found guilty of 18 federal charges in the insurance fraud case. But, while serving time for the insurance fraud convictions, Cooperman committed unspecified "additional crimes" that breached his cooperation agreement with prosecutors, according to a release from the Central District U.S. Attorney's Office.

Cooperman's attorney, Russell Gioiella, of New York's Litman, Asche & Gioiella, confirmed Wednesday that his client was nailed by prosecutors for forging his doctors' signatures on health insurance forms while in prison for the fraud convictions.

"It was an error in judgment, but he didn't intend to or cause any financial harm to anyone," Gioiella said.

Though Cooperman's guilty plea has no explicit cooperation provision, Gioiella said his client will continue to cooperate if asked by prosecutors.

"He's been 100 percent truthful with the government as to Milberg Weiss," Gioiella said. "Nothing has changed in that respect."

Not everyone agrees that Cooperman's plea deal helps federal prosecutors in their case against Milberg.

Joseph Russoniello, who was a U.S. Attorney for eight years until 1990, said the deal might just cause more problems for the government.

"It's kind of a two-edged sword in many ways," said Cooley Godward Kronish's Russoniello. "The conviction puts the onus on a cooperating defendant to be very open, forthcoming and obviously honest, because any perjury or false statements can significantly jeopardize how the court would view [his] cooperation.

"What it does do," he continued, "is it may remove one incentive to give false testimony -- that is, to avoid prosecution -- and substitute a second motive or bias, which is to avoid a long jail term."

Cooperman isn't the first former lead plaintiff tied to Milberg Weiss to plead guilty in the conspiracy probe. Howard Vogel, a retired mortgage broker from Florida, entered a guilty plea last April, just one month before federal prosecutors in Los Angeles indicted the Milberg firm and partner David Bershad and former partner Steven Shulman.

SEC Aggressively Pursuing Options Cases, Chairman Says (AP)

AP, February 1, 2007

WASHINGTON (AP) - The Securities and Exchange Commission's investigations of suspicious timing of stock options grants at more than 100 public companies are proceeding vigorously and the agency continues to work closely with federal prosecutors in pursuing cases, SEC Chairman Christopher Cox said Wednesday.

``This is a very aggressive program,'' Cox told reporters.

He also said there is no disagreement among him and the four other SEC commissioners over how stringently to penalize companies found to have engaged in improper backdating of grants to executives. Cox was responding to questions about a news report that said the agency's enforcement efforts were stalled because of dissension among the commissioners over whether companies should be fined.

In addition, he said, the SEC is working ``very closely'' with the Justice Department in pursuing stock options cases.

The federal prosecutors and the SEC have filed criminal and civil charges, respectively, against former officials of two technology companies, Brocade Communications Systems Inc. and Comverse Technology Inc.

Some observers have criticized the pace of the enforcement effort.

SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors.

At issue in many of the investigations is a practice known as backdating: Stock options are issued retroactively to coincide with low points in a company's share price. This fattens profits for options recipients when they sell their shares at higher market prices.

Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can violate federal accounting and tax laws.

On the Net:

Securities and Exchange Commission: http://www.sec.gov

More technology news and opinion at www.siliconvalley.com

Dell Chief Is Replaced By Founder (NYT)

By Damon Darlin

The New York Times, February 1, 2007

Michael S. Dell has taken back the leadership of the computer company he founded, replacing Kevin B. Rollins after more than a year of mounting problems at Dell.

The company announced yesterday that Mr. Rollins had resigned as chief executive and as a director. Mr. Dell, who is the chairman, immediately assumed Mr. Rollins's duties as well.

The company presented the change, which had been speculated about by Wall Street analysts and industry insiders for more than a year, as a decision by the board, which met earlier this week. Sam Nunn, the former Georgia senator who is the presiding director of Dell's board, was quoted in a company release as saying: "The board believes that Michael's vision and leadership are critical to building Dell's leadership in the technology industry for the long term."

The company also said that it expected fourth-quarter revenue and earnings to fall below the consensus predictions on Wall Street. That was also not an unexpected announcement after industry analysts said several weeks ago that other PC makers had strong sales in the fourth quarter, while Dell's sales lagged.

Mr. Rollins is not entitled to severance or a pension plan. Still, he will walk away with stock options worth about $30 million that he earned during his tenure, according to earlier company filings. According to Equilar, which analyzes executive pay, Mr. Rollins earned $42 million in total direct compensation as the chief executive. A Dell spokeswoman said Mr. Rollins's departure agreement had not yet been completed.

Mr. Dell and Mr. Rollins had a close relationship, sharing an office at company headquarters in Round Rock, Tex., even after Mr. Dell turned over the chief executive job to Mr. Rollins in 2004. Mr. Rollins joined the company 10 years ago as Mr. Dell's top lieutenant and had served as a consultant to Mr. Dell for three years before that.

The question of how long Mr. Rollins would remain in the top job was asked frequently after Dell began disclosing problems, beginning in late 2005. They included slowing revenue growth and, last year, accounting problems that have spurred investigations by the Securities and Exchange Commission and the Justice Department.

Mr. Rollins's departure "is an expression of dissatisfaction with the current status of the company and its rate of change," said A. M. Sacconaghi, an analyst with Sanford C. Bernstein & Company. Wall Street seemed to applaud the news, pushing the company's shares up 3.88 percent, to $25.16, in after-hours trading.

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Mr. Dell, who founded the company in 1984, had stood steadfastly by Mr. Rollins. During a company technology conference in New York City in September, he said, “Kevin and I run the business together, so if you want to blame somebody you can blame me, too. But, more importantly, we believe we have a very strong team in our company. Kevin is obviously a key part of that, as am I.” He added that speculation about changes at the top of the company was useless, “but feel free to speculate, because everyone else does, but it’s not going to happen.”

In a brief interview yesterday after the news was announced, Mr. Dell refused to comment on what had changed, and he declined to reflect on the long relationship he had had with Mr. Rollins.

Mr. Dell said he was excited about coming back to run the company. “It feels like 1984 and I am starting over again,” he said. “Only this time I have a little more capital.”

Mr. Dell said that he intended to push the company to do more in the business of providing consulting services to its larger corporate customers. Services are a high-margin business, but the sector is currently dominated by I.B.M. and business consultants like Electronic Data Systems. Hewlett-Packard, Dell’s biggest rival in the computer business, has recently revamped its services business because it sees it as an important way to sell more hardware and software. Dell recently hired Stephen F. Schuckenbrock, an E.D.S. executive, to head its services business.

According to IDC, a market analysis firm, Hewlett-Packard’s worldwide share of the PC market increased to 18.1 percent in the fourth quarter, from 15.9 percent a year ago, while Dell’s share slipped to 14.7 percent, from 17.5 percent.

“Consulting and outsourcing would be a departure for Dell,” Mr. Sacconaghi said. But he added that it could make sense “to grow the part of the company that has twice the profit margins of the rest of the business.”

Mr. Dell did not rule out the possibility that the company would be willing to re-examine its direct-sales business model, which he developed to build the company. “It is an interesting question,” he said. “That’s where you’ll see new ideas and some experiments.”

The company recently opened two mall storefronts where Dell products are displayed. The stores do not carry inventory; products are ordered there or online for delivery later.

While the consumer market makes up only about 15 percent of Dell’s overall global business, consumer sales, particularly notebook sales in the United States, have been the strongest segment of the PC industry, growing well over 50 percent in 2006. Dell has not been particularly strong in that segment, hurting its profits.

Samir Bhavnani, research director at the electronics industry analysis firm Current Analysis, blamed Mr. Rollins for missing the industry shift to more distinctive industrial design and for cutting back customer service. The company has made a concerted effort in the last year to fix both problems.

The company “is well positioned to right the ship,” Mr. Bhavnani said.

Dell's Founder Replaces Rollins As Chief Executive (Update4) (BLOOM)

By Connie Guglielmo

Bloomberg, February 1, 2007

Jan. 31 (Bloomberg) -- Dell Inc. Chairman and founder Michael Dell reclaimed the position of chief executive officer, ousting Kevin Rollins after he lost the lead in personal computers and failed to revive earnings growth.

The shares rose 4.3 percent after the Round Rock, Texas- based company said Rollins, 54, resigned effective immediately. The decision to replace him was made earlier this week, said spokesman Bob Pearson, declining to be more specific.

The PC maker said results will miss analysts' estimates for the third time in the past four quarters. Dell already replaced his finance chief and takes over as the company struggles to regain its position as the world's largest PC maker from Hewlett-Packard Co. and faces a government probe into its accounting.

``It's a pretty big surprise,'' said Robert Lutts, president of Cabot Money Management in Salem, Massachusetts. ``They are going through some growing pains. Him coming back in might reinvigorate the company.''

Shares of Dell rose $1.04 to $25.26 in extended Nasdaq Stock Market trading. They slipped 7 cents to $24.22 at 4 p.m. today and have declined 17 percent in the past year.

`Outstanding Executive'

Dell, 41, handed the CEO title to Rollins in 2004 after building the company from his college dorm room with $1,000. He defended Rollins's leadership in recent months as the company's woes mounted, saying in September that the two ran Dell together. He described Rollins as an ``outstanding executive'' then.

``We've always been a company able to respond to challenges and opportunities,'' Dell said in prepared video remarks from the company's headquarters today. ``I'm very excited to be CEO again. I feel the same kind of energy and drive I did when we started the company in 1984.''

The company said in August that the U.S. Securities and Exchange Commission had been reviewing its revenue recognition and other financial reporting for a year. That review was elevated into a formal investigation in November. The U.S. Justice Department is also probing the company's accounting.

Last year, Dell missed profit forecasts for two straight quarters, reported its slowest sales growth in four years, announced the recall of 4.1 million notebook batteries and said it planned to invest $150 million to improve customer service.

Dell 2.0

In September, Rollins and Dell, after canceling an annual meeting for financial analysts, announced Dell 2.0, their plan to examine all aspects of the business and make whatever changes necessary to boost sales and profit.

``Dell 2.0 is a chance for our company to reinvent itself," Dell said. ``We have enormous assets in this company. Some of them have been hidden fairly recently -- our challenge is to bring them out."

Dell didn't provide any figures for fourth-quarter profit or sales. Analysts on average anticipated a profit of 33 cents a share on sales of $15.5 billion, according to estimates in a Bloomberg survey.

Rollins joined Dell in April 1996 after working with the company as a consultant with Bain & Co. He helped extend the direct strategy Dell pioneered in 1984, based on selling lower- priced PCs to consumers by bypassing retailers and distributors.

Dell and Rollins, who shared an office suite at the company's headquarters, streamlined production and manufacturing to be able to undercut rivals on price.

Eroding Advantages

That price advantage has eroded in the past two years as Palo Alto, California-based Hewlett-Packard adopted some of the same cost-cutting measures used by Dell to lower prices.

In the third and fourth quarter, Hewlett-Packard claimed the top spot in the PC market by tapping its retail partners to help sell low-priced notebooks to U.S. consumers.

``What changes to the strategy Michael makes is more important than him being completely in charge," said Nirav Parikh, an analyst with Los Angeles-based TCW Group Inc., which has been reducing its holdings in Dell share since last year. ``The first thing to address is profitable growth."

Rollins's departure caps a series of management changes and follows the December departure of Chief Financial Officer James Schneider, a 10-year Dell veteran. In December, the company hired a head of global services to expand one of its fastest-growing businesses and added a new chief of online sales to boost Internet orders.

This month, Dell promoted two executives to run its U.S. corporate and public sales groups after Joseph Mareng announced his retirement after a decade with the company.

``The company kind of continues to muddle along and there hasn't been a clear plan outlined," said Christopher Meeker, analyst and portfolio manager at Farr Miller & Washington LLC in Washington, which owns 350,000 Dell shares. ``We don't think it can return to the growth rates it used to have."

Sonsini Advised On Apple Options (LAW)

By Justin Scheck, The Recorder

California Recorder, February 1, 2007

When Apple Inc. tried to hammer out a new compensation agreement for iconic CEO Steve Jobs in 2001 -- an agreement now being probed by federal prosecutors -- the company called on Larry Sonsini, the lead partner at Wilson Sonsini Goodrich & Rosati.

People with knowledge of the federal probe say the lawyer -- an expert on corporate governance -- was consulted by Apple's board and legal department on a 7.5 million-share grant that's become the core of the criminal probe by the Securities and Exchange Commission and San Francisco U.S. attorney's office.

Investigators have focused on the grant because a set of falsified meeting minutes was drawn up to make it appear as though the options were granted at an earlier date -- and a more favorable price -- than when the deal was actually finalized. The minutes were fabricated by a low-ranking in-house Apple lawyer, though prosecutors also have been looking over her head -- at ex-GC Nancy Heinen and Apple's former CFO, Fred Anderson.

According to people with knowledge of the investigation, Heinen discussed the options award with Sonsini between its approval by the company's board of directors and her department's completion of the paperwork.

Through a spokesperson, Sonsini declined to comment Wednesday, and people familiar with the probe wouldn't discuss what he told the lawyers at Quinn Emanuel Urquhart Oliver & Hedges who conducted Apple's internal investigation.

It's unclear how much Sonsini knew about the grant, including how it was accounted for.

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But for the second time in less than a year, a high-profile Silicon Valley scandal may turn on questions about the advice Sonsini did -- or didn't -- give. Just as in the Hewlett-Packard boardroom spying scandal, company officials may point to Sonsini's counsel to explain or defend their actions.

Heinen, for example, is in a position to argue that her department's role in the problematic award came on orders from the board of directors -- and perhaps Sonsini.

Such a defense would be a logical one for someone in Heinen's position, said Peter Henning, professor at Wayne State University Law School and an expert on white-collar crime. Blaming input from Sonsini and Apple's board could dissipate blame that might otherwise fall on Heinen's shoulders.

She could argue, Henning speculated, that "'I didn't intend to defraud or intend to violate any of the accounting rules because I was told this by the outside lawyer.'"

STEVE NEEDED TO GET PAID

Jobs' compensation was a prickly issue for Apple in 2000. Since he rejoined the floundering company as a director and interim CEO in 1997, Jobs had received only his $1 a year salary. The rest of the company's directors received option grants, but Jobs, a company employee, was ineligible.

After Jobs decided at the end of 1999 to remain as chief executive, the board formed a special CEO compensation committee to award him a big chunk of options. In January 2000, that award was finalized as a 10,000,000-share grant, but a year later, Apple's sinking share price had killed the value of those options. Jobs and the board discussed ways to work out a new, lucrative package.

Relatively new accounting rules made the most logical option -- repricing the 2000 grant -- unattractive to Apple's balance sheet. So Jobs and the board negotiated the size and price of a new options grant, and Sonsini was called to facilitate.

While Sonsini was representing the board as it negotiated with Jobs, the relationships involved were, like so many in Silicon Valley, rather tangled.

Sonsini was close with Jobs, and Apple's board increasingly turned to the lawyer for advice after Jobs returned to the company in 1997, according to a person with knowledge of Apple's situation at the time.

Sonsini's firm also had well-established business relationships with the companies run by at least three of Apple's five independent board members.

SEC filings show that Wilson Sonsini did work for Intuit, where director William Campbell was CEO, and Genentech, where board member Arthur Levinson was CEO and chairman. And according to the firm's Web site, Wilson Sonsini also provided legal services for The Gap, where director Millard Drexler was CEO.

After months of negotiations, the Apple board and Jobs finally agreed in December of 2001 on a grant of 7.5 million option shares, priced at $18.30.

LARRY HAS THE ANSWERS

That Sonsini would be consulted on a big CEO compensation issue is of little surprise to Valley insiders. He was counsel of choice for the boards of several large tech firms and was frequently called upon to resolve tense situations.

Sonsini was a central figure in the HP boardroom conflagration last fall. He'd been consulted when director Thomas Perkins quit to protest tactics used to investigate board leaks to the media.

Sonsini spent five hours in front of Congress last year, and was asked repeatedly why he hadn't advised the company that its use of "pretexting" may have violated the law. Instead, he told Perkins that the investigation appeared to be "well done and within legal limits."

Sonsini explained that his statement was based on legal advice from an outside lawyer representing the company that did the pretexting, and from HP's in-house lawyers.

Though he caught lots of flak for not spotting what turned out to be the key legal issue, he wasn't accused of violating the law.

The Apple case seems to be shaping up in a similar fashion: No one is accusing Sonsini of acting illegally, but people with knowledge of the investigation said that firm billing records and interviews reviewed through Apple's own probe of its options problems make it clear that he was called upon to deal with the sensitive matter of issuing options to the CEO.

KNOWN QUANTITIES

While there may be gaping questions about Sonsini's knowledge of the Apple grant, what's clear is that even in 2001, his firm was aware of the perils of misdating options -- and also of some companies' desire to do so.

In early 2001, another company, KLA-Tencor, was discussing a large award for a top executive. Questions arose about how the grant would be dated, and that company's general counsel contacted the firm's outside lawyers.

According to several people familiar with KLA's situation, when Wilson partners Bret DiMarco and Roger Stern were asked about the prospect of backdating grants, they sent a very clear message: Don't.

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The lawyers told KLA in writing that misdating grants without properly expensing them could lead to major complications, including financial restatements.

Like Apple's, the KLA grants are the subject of an ongoing federal criminal investigation.

Reached Wednesday, DiMarco, who has since left the firm to join the tech firm Coherent, said he couldn't talk about the KLA situation.

Wilson Sonsini spokeswoman Courtney Dorman said she couldn't discuss KLA. As for Apple, she said Wilson continues to have a business relationship with the company.

Over the past few weeks, the federal investigation has slowed somewhat because the lead prosecutor, Christopher Steskal, is preparing to leave the U.S. Attorney's Office for Fenwick & West. And there's further uncertainty because U.S. Attorney Kevin Ryan is on his way out of the office, and the other prosecutor on the Apple case -- Ryan's second-in-command, Eumi Choi -- has been sending her resume to law firms.

The case was recently reassigned to Assistant U.S. Attorney Timothy Crudo, and people involved in the case said they expect an uptick in activity over the next few weeks.

Nacchio Settles Pension Lawsuit For $1.5 Million (RMN)

By Jeff Smith, Rocky Mountain News

Rocky Mountain News, February 1, 2007

Former Qwest Chief Executive Joe Nacchio has agreed to pay $1.5 million to settle a fraud lawsuit filed by one of the country's largest pension funds.

Nacchio's deal - part of a $46.5 million settlement paid to the California State Teachers' Retirement System - is believed to be the largest he's agreed to make with regard to his alleged misdeeds at the Denver telco.

Qwest, several investment banks and former auditor Arthur Andersen will collectively pay about $45 million to settle the suit, filed in December 2002 by CalSTRS.

The settlement was finalized in early January, but terms of the deal weren't disclosed until Wednesday. The case was filed in San Francisco Superior Court.

Nacchio's attorney Herbert Stern couldn't immediately be reached for comment.

In 2003, Nacchio paid $400,000 to two law schools to settle charges by New York state Attorney General Eliot Spitzer that Nacchio improperly made more than $1 million from lucrative initial public offerings provided by Citigroup's Salomon Smith Barney brokerage.

Nacchio still faces securities fraud allegations in a federal class-action case, civil fraud charges by the Securities and Exchange Commission and 42 insider trading counts filed by the Justice Department. He is scheduled to go on trial in Denver on the insider trading charges March 19. He has denied wrongdoing.

Jack Ehnes, CEO of CalSTRS, said the settlement gave members an estimated 30 times more than they would have received if the group had participated in the federal $400 million class-action securities fraud settlement with Qwest.

Ehnes said CalSTRS, which alleged Qwest misled investors, decided to pursue its case separately not only to recover more of its estimated $150 million in losses but "to reinforce our commitment to good corporate governance."

Qwest spokesman Bob Toevs said the company is "pleased to have the matter behind us."

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2 Senators Renew Attacks On S.E.C. Hedge Fund Investigation (NYT)

By Walt Bogdanich

The New York Times, February 1, 2007

Two prominent Republican senators renewed their criticism yesterday of the way the Securities and Exchange Commission carried out its investigation into a major hedge fund, Pequot Capital Management.

In separate speeches on the Senate floor, the senators, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, said the S.E.C. — which filed no charges against Pequot — had failed to aggressively follow up on investigative leads developed by the lawyer who led the inquiry, Gary J. Aguirre.

Both senators said their statements reflected the findings of an interim report, which is expected to be released today, on their investigation of the S.E.C.'s conduct in the case.

The hedge fund came under regulatory scrutiny in late 2004 when Mr. Aguirre began investigating several profitable trades made by Pequot in advance of mergers or other market-moving news. The Pequot trades were flagged by stock exchange surveillance teams and forwarded to the commission.

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The S.E.C. fired Mr. Aguirre in September 2005 after he complained that his investigation had been derailed by outside political influence.

"The S.E.C. should have taken Mr. Aguirre's allegations seriously," Mr. Grassley said. "Instead, it circled the wagons and shot the whistle-blower — an all-too-familiar practice in Washington."

Mr. Specter called on the S.E.C. to reopen its investigation of Pequot, citing what he called "conclusive proof" that political considerations had figured in the agency's decision to delay taking the testimony of an influential Wall Street executive, John J. Mack. The commission did eventually interview Mr. Mack, but only after Mr. Aguirre criticized it in letters to Congress.

"The overwhelming evidence in the matter showed that the testimony should have been taken at a much earlier stage," Mr. Specter said.

The S.E.C. closed its investigation without filing any charges against Mr. Mack or anyone else connected with the Pequot matter.

An S.E.C. spokesman, John Nester, said he had not yet had the chance to read the interim report, but he said the commission would "carefully consider the report's findings and recommendations." Mr. Nester said the commission had cooperated fully with Congressional investigations, a statement echoed by Mr. Grassley.

The S.E.C.'s investigation "was plagued with problems from its beginning to its abrupt conclusion," Mr. Grassley said. "The termination of Mr. Aguirre by the S.E.C. was highly suspect given the timing and circumstances."

Both senators had particularly harsh words for the S.E.C.'s inspector general, Walter J. Stachnik. Mr. Specter said that in all his years in the Senate he could not recall "an I.G. who said less, did less and was thoroughly inadequate in the investigation."

He mocked what he said was the inspector general's defense — that it was not his responsibility to second-guess certain S.E.C. decisions. "Well, that's the purpose of having an I.G.," Senator Specter said.

Mr. Stachnik declined to comment last night.

CRIMINAL LAW:

Jurors May Hear Libby Grand Jury Testimony (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 1, 2007

WASHINGTON -- Special Prosecutor Patrick Fitzgerald appears to be saving NBC newsman Tim Russert as his last witness in the perjury trial of former White House aide I. Lewis "Scooter" Libby.

In the meantime, Fitzgerald may let Libby himself do the talking.

Fitzgerald has said he plans to play excerpts from Libby's grand jury testimony at trial, and the government's next witness, FBI agent Deborah Bond, appears to be Fitzgerald's opportunity. That would give jurors the chance to hear for themselves the testimony that Fitzgerald says is a lie and that Libby says is a product of faulty memory.

The perjury and obstruction trial hinges on whether Libby lied about his conversations with reporters regarding outed CIA operative Valerie Plame.

Fitzgerald spent the first week of the trial presenting witnesses who said they talked to Libby about Plame, the wife of prominent Iraq war critic Joseph Wilson. Some witnesses, such as officials from the CIA and State Department, said they told Libby about Plame.

Others, such as former White House spokesman Ari Fleischer and journalists Judith Miller and Matthew Cooper, said Libby talked about Plame to them.

Those witnesses undercut Libby's claim that he didn't remember learning about Plame through official channels and was surprised to hear about her during a much later conversation with Russert. Any conversations he had about Plame, Libby said, were just recollections of what he heard from Russert.

Fitzgerald contends Libby concocted that story to avoid embarrassment, prosecution and possibly losing his job.

Libby, ex-chief of staff to Vice President Dick Cheney, is on trial on charges he lied to the FBI and a grand jury about his conversations with reporters about Plame and obstructed the investigation into how her identity leaked to the public in 2003. No one has been charged with the actual leak.

Fitzgerald believes jurors should hear and see Libby's words for themselves. He successfully fought to allow into evidence Libby's full grand jury testimony -- the sworn statements he gave prosecutors during the investigation -- and the prosecutor played a brief clip during his opening statement.

Fitzgerald says he expects to call Russert to testify on Monday or Tuesday, a plan that would make the well-known journalist the last witness jurors hear before the government rests its case. Russert says he did not discuss Plame with Libby, a recollection that is directly at odds with the former aide's testimony.

Defense attorneys say Libby will be his own star witness and will explain to the jury that he was preoccupied with national security issues and simply forgot about his conversations regarding Plame. Attorneys also have indicated they'll call Cheney to testify.

Libby Lawyers Seize On Miller Hesitation (AP)

By Matt Apuzzo

AP, February 1, 2007

Former New York Times reporter Judith Miller acknowledged Wednesday that she had conversations with other government officials and could not be "absolutely, absolutely certain" that she first heard about an outed CIA official from I. Lewis "Scooter" Libby.

Libby's attorneys seized on the hesitation and tried to portray Miller as someone who selectively remembers some conversations and not others.

Miller is a crucial witness against Libby in his perjury and obstruction trial. She says she had two conversations about CIA operative Valerie Plame in mid-2003 with Libby, who was Vice President Dick Cheney's chief of staff. Those conversations are at the heart of the trial because they allegedly occurred well before Libby says he learned Plame's identity from another reporter.

Libby's defense strategy revolves around showing jurors that he didn't lie about his conversations with Miller and others, but simply forgot them. If defense attorneys can cast doubt on Miller's memory and her story, it would bolster Libby's case.

During a sometimes heated cross-examination Wednesday, defense attorneys pressed Miller to acknowledge that she might have heard about Plame elsewhere. In mid-2003, Miller was investigating allegations by Plame's husband, former Ambassador Joseph Wilson, that the Bush administration ignored certain prewar intelligence on Iraq.

Attorney William Jeffress asked Miller to recall the other government officials she spoke to and explain how Wilson's name and phone number got into her notebook prior to the conversation with Libby.

"I don't remember their names. I don't know what you want me to say beyond that," Miller said, adding moments later, "I know I had several conversations but there is no reference to them in my notebook and I have no independent recollection."

Jeffress persisted, showing Miller excerpts from her grand jury testimony in which she said her conversation with Libby was "among the first times" she heard about Plame but couldn't be certain it was the first.

"You're not absolutely certain you first heard that Mr. Wilson's wife worked at the CIA from Mr. Libby?" Jeffress asked.

"I can't be absolutely, absolutely certain, but I have no recollection of an earlier conversation with anyone else," Miller replied.

Special Prosecutor Patrick Fitzgerald's case began as an investigation into who leaked Plame's name to reporters at a time when her husband was criticizing the administration. Three years later, nobody has been charged with the leak. Libby is accused of obstructing the case and lying to investigators.

Libby's attorneys said Wednesday that they want to know more about another Fitzgerald case involving Miller. Fitzgerald has sought to get Miller's phone records in an investigation into who leaked the details about an investigation into an Islamic charity.

Theodore Wells, another of Libby's attorneys, said he wants to know more about conversations between Miller and Fitzgerald in that case. If Miller feared prosecution in that case, Wells said, it could motivate her to cooperate in Libby's case and thus cast doubt on her testimony.

Journalism organizations have decried this trial, which could see 10 reporters become witnesses. Fitzgerald intends to call Matthew Cooper of Time and NBC's Tim Russert. Jeffress has said that up to seven reporters are on his witness list.

Associated Press Writer Michael J. Sniffen contributed to this report.

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Bush, Dems Have Different Economic Views
General Who Led Iraq War Faces Scrutiny
Rep. Sanchez Quits Hispanic Caucus
House Approves Huge Spending Bill
Judge Shelves Gitmo Detainee Cases
FCC Chairs to Face Heat Over AT&T Merger

House Leaders Eye Outside Ethics Panel
Justice Expands on Spy Program Details
Homeland Security Rated Low by Workers
Few Fraud Cases Rush to Medicaid Unit
Today's Most Popular
1. Boston Publicity Ploy Leads to 2 Arrests
2. Report: Newsom campaign manager resigns over alleged affair
3. Gonzaga Defeats No. 23 Stanford in 2OT
4. Molly Ivins Dies of Cancer at 62
5. Study: Binging a Common Eating Disorder
6. Senate Foes of Troop Buildup Join Forces
7. Blog - Tapscott's Copy Desk
8. U.S. Lags on Family-Oriented Job Rules
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Former Times Reporter Testimony Is Challenged (NYT)

By Neil A. Lewis
The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — A former reporter for The New York Times jousted for nearly two hours on Wednesday with a lawyer for I. Lewis Libby Jr. over her credibility and memory.

They argued over the significantly damaging testimony that the reporter, Judith Miller, had given about three conversations she had with Mr. Libby, the former chief of staff for Vice President Dick Cheney, who is facing perjury and obstruction of justice charges.

Ms. Miller testified on Tuesday that Mr. Libby had told her in those conversations details about the identity of Valerie Wilson, a Central Intelligence Agency operative, days before Mr. Libby said he learned about Ms. Wilson from reporters.

William H. Jeffress Jr., the lawyer for Mr. Libby, asked Ms. Miller what other officials she had spoken with about Ms. Wilson.

“I remember having conversations, sir,” she said, casting quick glances at the jury and at her lawyers sitting in the back of the courtroom. But she said she could not remember talking to anybody else about Ms. Wilson, who is also known by her maiden name, Valerie Plame.

Mr. Jeffress then showed a video clip of a television interview with Ms. Miller from Jan. 8, 2006. In the clip, she said she had discussions with “senior government officials and some not-so-senior government officials” about Ms. Wilson and her husband, Joseph C. Wilson IV, who wrote an op-ed article, published July 6, 2003, in The New York Times, accusing the Bush administration of distorting intelligence about Iraq’s efforts to buy uranium in Africa to bolster the case for going to war.

Mr. Jeffress also cited an affidavit making a similar assertion that Ms. Miller filed with the court before she went to jail for 85 days after initially refusing to testify before a grand jury.

“Who were these senior government officials?” Mr. Jeffress asked.

Ms. Miller replied, “I was not talking about Joe Wilson,” adding, “I was using Joe Wilson as a shorthand” for questions about whether Iraq had tried to buy uranium in Africa.

Mr. Libby is charged with lying to a grand jury and to F.B.I. agents who were investigating the leak of Ms. Wilson’s name to reporters.

Pressed by Mr. Jeffress about the conflict between her testimony on Wednesday and the interview and the affidavit, Ms. Miller, who was combative and testy at times, replied: "I don't know what you want me to say beyond what I've said. I don't remember the people I talked to" about the Wilsons.

"That's all I can tell you, sir," she added.

Asked again about such conversations, she said with exasperation: "I just don't remember," then added in a loud voice, "I don't remember."

After Mr. Jeffress concluded his questioning, Ms. Miller regained her composure as she answered more questions, which came from the jury because Judge Reggie M. Walton had allowed jurors to submit written questions.

One juror wanted to know why Ms. Miller had chosen to go to jail. She said it was because of her deeply held principles that journalists should be allowed to protect their sources in order to report on issues government officials hoped to conceal.

She was followed to the witness stand by Matthew Cooper, a former Time magazine reporter who, unlike Ms. Miller, avoided going to jail by agreeing earlier to testify to the grand jury.

Mr. Cooper testified Wednesday that Mr. Libby discussed Ms. Wilson during a telephone interview on July 12. He also recounted how he first learned about Ms. Wilson on July 11 from Karl Rove, the president's chief political strategist.

He said that Mr. Rove told him to be wary of Mr. Wilson's criticisms in The Times. "Don't go too far out on Wilson," Mr. Cooper recalled Mr. Rove saying, warning him that Ms. Wilson worked at "the agency."

Mr. Cooper testified that when he spoke to Libby, he had heard that Mr. Wilson's wife worked at the C.I.A. He said that Mr. Libby responded, "I heard that too."

The trial hinges largely on whether the jury believes the prosecution account that Mr. Libby lied when he contended he learned of Ms. Wilson's identity from reporters and not from fellow administration officials.

The first six witnesses, present or former government officials, have testified that they had informed Mr. Libby about Ms. Wilson. The two reporters, Ms. Miller and Mr. Cooper, testified that Mr. Libby discussed the information with them.

Mr. Libby's defense is that many of the witnesses do not correctly remember what occurred. In addition, his lawyers are trying to make the case that if Mr. Libby gave inaccurate information to the grand jury and to investigators, it was merely a case of faulty memory.

Patrick J. Fitzgerald, the chief prosecutor, said Wednesday he wanted to introduce evidence to explore one of the case's most intriguing mysteries: a note from Mr. Libby to Ms. Miller giving her permission to testify.

In the September 2005 note, Mr. Libby told Ms. Miller, who was in jail at the time, that she was no longer bound by her pledge of confidentiality and that she should testify before the grand jury. He added, cryptically, that the aspen trees in Colorado change color at the same time because they are bound at the roots.

Mr. Fitzgerald said Wednesday, while conferring with the judge while the jury was out of the room, that the note was an effort to persuade Ms. Miller to lie to the grand jury and back up Mr. Libby's story, saying it demonstrated Mr. Libby's "consciousness of guilt."

Judge Walton pointed out that Ms. Miller's testimony had not helped Mr. Libby, however, and had contributed to the indictment against him.

"We don't think that the letter worked," Mr. Fitzgerald said. "He told her what he wanted her to say."

Judge Walton deferred a decision on whether and when Mr. Fitzgerald could introduce the note to the jury.

Mr. Fitzgerald said he hoped to complete the prosecution's case by early next week, perhaps on Monday.

Two jurors from the original panel of 16 have had to be excused, meaning that if another 3 jurors leave, it would raise the likelihood of a mistrial. Judge Walton asked the jurors on Wednesday to please remain in good health.

Defense lawyers said Wednesday they had subpoenaed Jill Abramson, the managing editor of The Times, to appear as a witness. Ms. Miller testified Tuesday that she had a conversation with Ms. Abramson in July 2003 in which she suggested assigning someone to report on the issue of Mr. Wilson's report and what role, if any, Ms. Wilson played in sending him on the assignment to Africa.

Ms. Abramson has denied that account in an article published in The Times. The article examined Ms. Miller's behavior in the Libby story as well as her pre-war reporting that intelligence officials believed Iraq had amassed a stockpile of weapons of mass destruction.

Ex-Time Reporter Testifies In Libby Trial (WP)

By Amy Goldstein And Carol D. Leonnig
The Washington Post, February 1, 2007

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A former Time magazine reporter said in court yesterday that I. Lewis "Scooter" Libby confided that the wife of an Iraq war critic worked at the CIA, becoming the second journalist to testify that the vice president's then-chief of staff disclosed the identity of undercover CIA officer Valerie Plame.

Matthew Cooper, the magazine's White House reporter in the summer of 2003, told jurors in Libby's perjury trial that President Bush's top political aide, Karl Rove, was the first administration official to privately tell him that former ambassador Joseph C. Wilson IV was married to a CIA officer. The next day, Cooper said, he asked Libby whether Wilson's wife worked at the CIA.

According to Cooper, Libby said "words to the effect, 'Yeah, I've heard that, too,' " though Libby did not name her.

When Libby learned Plame's identity and what he did with that information are pivotal issues in the trial. During a federal investigation into the CIA leak, Libby told FBI agents and a grand jury that he found out about the CIA officer, whose husband was lashing out at the administration's use of Iraq intelligence, during a conversation on July 10, 2003, with NBC's Washington bureau chief, Tim Russert. Libby is charged with lying to investigators, committing perjury and obstructing the investigation.

Cooper is the third prosecution witness to say that Libby was actively spreading information about Wilson and his wife soon after he sought to learn who they were. It follows testimony yesterday and on Tuesday from former New York Times reporter Judith Miller, who said Libby told her about Wilson's wife twice in the days and weeks before Vice President Cheney's right-hand man at the time contends he ever heard of Plame.

The pair's turn on the witness stand also provided an unflattering portrayal of how some of Washington's most prominent journalists work. If the testimony of half a dozen government officials earlier in the trial exposed infighting at the highest levels of the Bush administration, the testimony of Cooper and Miller exposed jurors -- and the public -- to the sloppy and incomplete note-taking of reporters, their inability to remember crucial interviews and, in Miller's case, important interview notes stuffed into a shopping bag under her desk.

Libby is the only person charged in the federal investigation into how Plame's name was disclosed to journalists, including Robert D. Novak, who revealed Plame's role and name in a syndicated column on July 14, 2003. Novak's column appeared eight days after Wilson published a stinging rebuke that accused the administration of twisting intelligence he had gathered as it tried to justify invading Iraq.

Libby is not charged with the leak itself. He has pleaded not guilty to five felony counts, contending that he innocently misremembered conversations with reporters because they were insignificant amid his work on critical national security matters.

Under questioning by Special Counsel Patrick J. Fitzgerald and cross-examination by defense attorney William Jeffress Jr., Cooper portrayed the revelations to him by Rove and Wilson as part of a strategy to disparage Wilson. In 2002, the former ambassador had been sent by the CIA to Niger to investigate reports that Iraq had tried to buy uranium there for use in its nuclear weapons program. Wilson brought home his conclusion that those reports were unfounded.

Cooper testified that Rove cautioned him on July 11, 2003, not to "lionize" Wilson, because he actually had been sent on the mission by his wife.

The next day, a Saturday, Cooper was waiting for a call from Libby while he raced to finish reporting a story for that Monday's issue of Time. Cooper said he spent the morning at the Chevy Chase Club, where cellphones and BlackBerrys are not allowed, and repeatedly ran to the parking lot to see whether Libby had called. It was in the afternoon while Cooper was sprawled on his bed at home, he said, when Libby called his cellphone twice.

In the first call, he said, Libby read him a statement that Cooper said tried to distance Cheney's office from Wilson's trip and his conclusions. In the second, shorter, call a few minutes later, Cooper said, he slipped in the question about Wilson's wife. Cooper said he asked the question off the record, but nevertheless considered Libby's reply as confirmation. He said Libby also criticized the methods Wilson had used to investigate the uranium reports.

Responding to a question from Jeffress, Cooper acknowledged that he did not ask Libby any follow-up questions about how Libby had learned about Wilson's wife. He said that Libby did not identify her by name or say she worked in an undercover capacity. He said that he did not pursue the issue more deeply because Libby was rushing to end their conversation.

Jeffress sought to suggest that Cooper's memory -- as well as his note-taking -- was faulty and that he could have learned about Plame from his own colleague, former Time magazine reporter John Dickerson. Dickerson was covering a trip Bush took to Africa when White House press secretary Ari Fleischer shared information about Wilson's wife with him and another reporter, Fleischer testified earlier this week.

Also yesterday, Miller -- the former New York Times reporter who was jailed for 85 days after initially refusing to testify about her sources -- told jurors that she heard about Plame from other government officials, in addition to Libby. She said she could not remember who those officials were.

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Miller told the jury she believes Libby was, in the summer of 2003, the first person to tell her that Plame worked at the CIA and was married to a critic of the Bush administration's Iraq policies. But she acknowledged: "I can't be absolutely, absolutely certain."

Reporter: Rove First To Leak CIA Info (USAT)

By Richard Willing

USA Today, February 1, 2007

WASHINGTON — White House adviser Karl Rove told a reporter that an administration critic's wife worked at the CIA, days before her name was made public, the reporter testified Wednesday.

Vice presidential aide Lewis "Scooter" Libby then confirmed Valerie Plame's CIA status a day later during an "off-the-record" conversation, former Time magazine reporter Matt Cooper said.

Cooper was the first prosecution witness in the 6-day-old trial to support a specific charge against Libby: that he lied when he told grand jurors he did not confirm Plame's identity when he talked to Cooper.

Libby is being tried for perjury and obstruction of justice during the investigation into who leaked the identity of Plame, a covert CIA operative. Revealing the identity of a classified government agent can be a federal crime.

Libby told investigators he first learned of Plame's identity on July 10, 2003, during a talk with NBC reporter Tim Russert. Seven previous prosecution witnesses have testified that they discussed Plame's CIA status with Libby days or weeks earlier.

In a July 11, 2003, telephone interview, Rove said "(former ambassador Joseph) Wilson's wife" worked in weapons of mass destruction at "the agency," Cooper testified.

Speaking to Libby a day later, Cooper asked whether he had heard rumors that "Wilson's wife" sent him to Africa to pursue a report that Iraq was seeking uranium there.

"Mr. Libby said words to the effect of 'yeah, I heard that too,' " Cooper testified. He said he "took that as confirmation" that Plame was a CIA officer. Time reported that, but only after syndicated columnist Robert Novak had published her name on July 14.

Wilson, a former State Department official, had charged the White House had wrongly claimed that Iraq sought uranium in Africa.

Libby's attorneys attacked Cooper's credibility during cross-examination. Cooper acknowledged that his notes of the Libby interview and a subsequent e-mail to his editors made no reference to Plame's CIA job.

Cooper also said he had not asked how Libby knew where Plame worked.

"I should have," said Cooper, now Washington editor of Portfolio, a magazine that makes its debut in April.

Asked by defense attorney William Jeffress, Cooper could not say why he left Libby's comment about Plame out of his notes.

"Isn't this consistent with the fact that (Libby's offhand comment) wasn't confirmation of anything?" Jeffress asked.

"It is my memory; it is what it is," Cooper answered. "I took it as confirmation."

Cooper said he at first declined to cooperate with prosecutors, relenting after Libby released him from a promise of confidentiality. Another witness, former New York Times reporter Judith Miller, spent 85 days in jail for refusing to testify.

Libby Trial Shows An Insular, Backbiting Washington (LAT)

By Greg Miller

The Los Angeles Times, February 1, 2007

WASHINGTON — With the Bush administration taking a pounding over erroneous prewar claims about Iraq in the summer of 2003, Vice President Dick Cheney's chief of staff consulted his office's top communications advisor on how to strike back.

As they talked by phone, I. Lewis "Scooter" Libby scribbled down a series of Machiavellian suggestions from Cheney's then-communications guru, Mary Matalin: What to do about MSNBC talk show host Chris Matthews and his steady barrage of Iraq war criticism? "Call Tim," Libby wrote, referring to Tim Russert of NBC News. "He hates Chris."

What to make of former Ambassador Joseph C. Wilson IV, who had emerged that summer to challenge the veracity of one of the administration's most alarming claims about Saddam Hussein's regime? "Wilson is a snake," Libby transcribed.

And how best to use the power of the White House to beat back the attacks? The president "should wave his wand," Matalin advised, and quickly declassify portions of intelligence reports that backed up the White House case for war.

Libby is the defendant in the case that brought this page of notes to light Wednesday — a case that centers on whether he lied to federal investigators looking into the leak of an undercover CIA operative's name.

But in many respects, it is the ugly mutual exploitation that goes on every day in Washington between powerful government officials and influential members of the media that is on trial in U.S. District Court in Washington.

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Five days in, the trial has been dominated by testimony from two of the Bush administration's top media handlers — former White House Press Secretary Ari Fleischer and former Cheney communications director Catherine J. Martin — as well as two prominent Washington journalists.

Martin, in particular, offered in her testimony last week an unusually detailed description of how the White House seeks to manipulate the news media.

She described plans to leak stories to certain reporters, including the New York Times' David E. Sanger and the Washington Post's Walter Pincus; freeze out others, such as New York Times columnist Nicholas D. Kristof; book administration officials on talk shows such as Russert's "Meet the Press"; and release bad news on weekends, when it was more likely to be ignored.

Neither side has fared well, with prosecutors accusing the administration of carrying out a smear campaign against Wilson, and defense attorneys scrutinizing everything from the sloppy note-taking practices to the murky ethical terrain of members of the media.

Even jurors seem somewhat appalled by the display. At one point, U.S. District Judge Reggie B. Walton read aloud a question submitted by one member of the panel after former New York Times reporter Judith Miller testified that she remembered details of a crucial meeting with Libby only after discovering a shopping bag full of notebooks under her desk.

"Is this the standard method you used for archiving?" the juror asked.

The trial has cast such a harsh light on the interplay between public officials and the press in part because federal prosecutor Patrick J. Fitzgerald was unusually aggressive in challenging notions that members of the media should be able to protect their sources from public exposure. Miller agreed to testify only after she had spent 85 days in jail for refusing to divulge information on her sources.

The case has also provided a penetrating look into the strategies that top government officials employ to manipulate the media.

In his testimony, former Time magazine reporter Matthew Cooper acknowledged that he had only recently started covering the White House when the CIA leak scandal erupted. Even so, he was quickly granted access to one of the most powerful figures in the Bush White House, political advisor Karl Rove, mainly because the administration was eager to discredit Wilson.

Recounting their conversation, Cooper said Rove cautioned him, "Don't get too far out on Wilson," meaning the credibility of Wilson's criticism, because "a number of things are going to be coming out" on him.

Pressed by Cooper, Rove added that Wilson had not been sent to Africa by Cheney to investigate whether Iraq was seeking to acquire uranium there. Instead, Cheney said it was Wilson's wife who had sent him and that "she worked on WMD at the agency."

"I took that to mean the CIA," Cooper quipped, "not the Environmental Protection Agency."

Some of the most revealing information has come during conferences when jurors are asked to leave the room. The notes that Libby scribbled during his conversation with Matalin, for example, were on a page that Judge Walton declined to be allowed as evidence because Libby hadn't called Wilson a "snake," he had only written down someone else's comments.

To show that to the jury, Walton said, would be "marginally probative but highly prejudicial."

Libby wrote the notes after a senior staff meeting at the White House during which Rove complained that the administration had been too slow in mobilizing a response to Wilson. The former envoy had written in a New York Times opinion piece that his trip to Africa had shown that Iraq wasn't seeking uranium there long before Bush included that claim in a State of the Union speech.

Perhaps on Matalin's advice, Libby went on to have a conversation with Russert, who is expected to testify in the coming days.

The trial has also reinforced stereotypes that reporters in Washington and the officials they cover are part of an elite crowd that has little in common with average readers.

Cooper said he followed up his conversation with Rove by arranging an interview with Libby, Cheney's chief of staff at the time. The logistics were complicated, Cooper said, because the day they were to talk he was swimming at a country club that doesn't permit cellphones. He said he "had to keep running out to the parking lot" to check his cellphone and electronic message device "to see when I was going to speak with Mr. Libby."

The trial has also offered jurors a primer on reporting tradecraft, with a great deal of testimony devoted to the various degrees of anonymity reporters grant sources in order to coax information from them. While discussing the differences between such terms as "background" and "off the record," Miller was asked how common it was for government officials to refuse to have their comments attributed to them by name.

Very common, she said, "particularly in this administration."

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Jurors' Queries Yield Insights -- And Laughs (WP)

By Carol D. Leonnig

The Washington Post, February 1, 2007

Former New York Times reporter Judith Miller was on the witness stand yesterday and a juror wanted to know why she had decided to go to jail for 85 days before agreeing to testify about her conversations with I. Lewis "Scooter" Libby.

Another juror had a different kind of question for Miller about a her notes from a conversation with Libby: Was storing notebooks in a large shopping bag under her desk her standard method for saving her notes?

So the jurors asked.

It is very unusual for jurors to be able to ask questions during court proceedings, but U.S. District Judge Reggie B. Walton is allowing it as Libby stands trial for allegedly lying to investigators who were trying to determine who leaked the name of CIA officer Valerie Plame after her husband, former ambassador Joseph C. Wilson IV, criticized President Bush's war plans. The 12 jurors and three alternates get to write questions down and pass them to Walton, who reviews them with the attorneys and decides which ones he will ask on their behalf.

Some of the questions have been dead on, showing that the highly educated jurors -- who include an art curator, a retired math teacher and an international health policy adviser -- seem to home in on key evidence or testimony. Other questions have elicited new insights into witnesses' thinking, and still others have evoked a few laughs.

The whole practice has been controversial among attorneys on both sides -- worried about losing control of the points they hope to score with each witness's testimony -- who argue quietly with Walton at the bench over what can be asked.

In answer to yesterday's questions, Miller testified that she went to jail because she had given Libby a promise of confidentiality and that she had stored the notebook in a bag because she was planning to take it and other material home from her office.

Other witnesses have prompted other questions. Last week, several jurors were fixated on CIA briefer Craig Schmall's testimony about notes he had written on the margins of his June 14, 2003, briefing book, which included a reference to Wilson's wife working at the CIA when he briefed Libby on national security issues at Libby's home that Saturday morning.

"The handwritten information -- who would have written that?" Walton asked, reading from one juror's question card.

Schmall said he had written the notes.

"Were those your thoughts or someone else's?" another juror queried.

Schmall explained that he jotted down notes based on questions asked and comments made by the person he was briefing. In other words, the reason he had those notes was that Libby had said something about Wilson's wife -- testimony that supports prosecutors' arguments that Libby had known about Wilson's wife and was talking about her with government officials and reporters weeks before he said he believed he first learned her identity.

Sometimes the jurors' questions have produced as revealing look into a witness's concerns as any interrogation by the veteran lawyers in the courtroom.

For example, how did Vice President Cheney's press aide Cathie Martin deal with her concerns that Cheney had recommended that she cite what she believed was a top-secret document in her rebuttal of Wilson's criticisms?

"If you had concerns, why didn't you take any action?" one juror asked.

"Because the vice president of the United States had told me to say it," Martin responded. "I didn't know where I was going to go with that."

Another juror asked Martin: "Have there been other opportunities that you thought reporters had not gotten all the facts right?"

"Yes!" Martin said, her eyes rolling. "Reporters often get things incorrect."

While the lawyers may prefer to control the questioning, Walton has told them that it is important for the jurors to be able to probe the things they want answered. He has allowed jurors in his courtroom to ask questions for several years, a rare practice that is slowly becoming more common among some judges.

About 15 percent of state courts and 8 percent of federal courts permit jury questions, and three states require that questions from jurors be allowed: Arizona, Colorado and Indiana.

Though he doesn't use the practice, U.S. District Judge Royce C. Lamberth sees some benefits: It can take more time, but jurors do not have to struggle needlessly about an unanswered question once they begin their deliberations.

"It can tell both sides that something is bothering a juror," Lamberth said, "and you don't want something to bother a juror."

Feds Prepare To Charge Ex-CIA Official, Contractor (AP)

By Allison Hoffman

DOJ_NMG_0125597

AP, February 1, 2007

Federal prosecutors are preparing to seek indictments against a former top CIA official and a San Diego defense contractor at the center of the bribery scandal that sent former U.S. Rep. Randy "Duke" Cunningham to prison.

Two government officials familiar with the investigation told The Associated Press on Wednesday that prosecutors plan to ask a San Diego grand jury to return charges of honest services fraud and conspiracy against Kyle "Dusty" Foggo and his close friend, Brent Wilkes, whose lawyers have said he is one of four unidentified co-conspirators described in the 2005 plea agreement for Cunningham, a San Diego Republican.

Honest services fraud is a combination of mail and wire fraud often used in public corruption cases involving officials who have engaged in a pattern of improper activities, such as accepting gifts, trips or promises of future employment from private individuals.

The officials said a second indictment is being prepared that would charge Wilkes and two of the other Cunningham co-conspirators - New York businessman Thomas Kontogiannis and his nephew, John T. Michael - with bribery and several conspiracy counts.

The officials spoke only on condition of anonymity because grand jury proceedings are secret and the charges have not been finalized. Indictments could be returned as early as Thursday, though it's more likely to occur within the next several weeks.

The fourth co-conspirator, Mitchell Wade, is cooperating with prosecutors after pleading guilty in February 2006 to bribing Cunningham in exchange for more than $150 million in government contracts since 2002. Wade is former president of MZM Inc.

Foggo's attorney, Mark MacDougall, said he had not been contacted by the U.S. attorney's office regarding possible indictments and could not comment.

Mark Geragos, an attorney for Wilkes, said he had not been apprised of any imminent criminal charges. "I've reviewed this case and I don't see anything that merits an indictment," he said.

Messages left for Kontogiannis and Michaels were not immediately returned.

Prosecutors in San Diego would not comment about an ongoing investigation.

The grand jury began hearing evidence in 2005 against Cunningham, at the time an eight-term congressman who served on the House Appropriations Defense Subcommittee and the Intelligence Committee. Cunningham's subcommittee assignment made him a key figure in the awarding of defense contracts.

Cunningham agreed to a plea bargain and was sentenced in March 2006 to more than eight years in prison for taking $2.4 million in bribes from defense contractors - including payments for a mansion, a used Rolls-Royce and a yacht he named "Duke-stir" - in return for funneling contracts to certain companies.

Prosecutors allege one of the beneficiaries was Wilkes, whose companies won nearly $100 million in federal contracts over the last decade. Prosecutors claim Wilkes paid Cunningham more than $626,000 in bribes between 2000 and 2004.

Wilkes, who heads Poway-based Wilkes Corp., grew up with Foggo in the San Diego suburb of Chula Vista. They remained very close into adulthood, naming their sons after each other.

Foggo was the No. 3 official at the CIA, responsible for the agency's day-to-day operations, until resigning in May after his home and office were raided by FBI agents in connection with the Cunningham probe headed by the U.S. attorney's office in San Diego.

Federal law enforcement agencies and intelligence officials have been investigating whether Foggo improperly awarded contracts to Wilkes' companies, including a multimillion-dollar contract to supply bottled water for CIA operations in Iraq.

A House Intelligence Committee report on Cunningham's activities released last November said he steered $70 million in contracts to Wade and Wilkes. The report also said more investigation is needed into Foggo's dealings with the intelligence panel, given his close relationship with former committee aide Brant Bassett.

The House Intelligence, Appropriations and Armed Services committees were subpoenaed in December by prosecutors for documents relating to the Cunningham investigation. A House aide said Wednesday that House lawyers have asked for more time and are working to negotiate a response that satisfies prosecutors so they can withdraw the subpoenas.

Wilkes' business fortunes have suffered since the investigation opened. Wilkes Corp. defaulted in mid-January on $12.1 million owed on its corporate headquarters.

Wilkes has been linked to several other ongoing corruption probes. He has said in interviews that his first mentor in Washington was Bill Lowery, a former U.S. congressman from San Diego whose lobbying firm is being investigated in connection with contracts approved by U.S. Rep. Jerry Lewis, R-San Bernardino, who chaired the Appropriations Committee until Democrats took power last month.

Investigators also have contacted two Washington, D.C.-based escort services in an effort to determine whether Wilkes supplied Cunningham and potentially other lawmakers with prostitutes at poker parties he hosted at the Watergate hotel.

Associated Press Writers Erica Werner and Katherine Shrader in Washington, D.C., contributed to this report.

Former R.I. Lawmaker Gets 2 1/2 Years (NSDY/AP)

By Eric Tucker, Associated Press Writer

Long Island Newsday, February 1, 2007

PROVIDENCE, R.I. -- A once-powerful lawmaker at the center of a corruption scandal was sentenced Wednesday to 2 1/2 years in federal prison for taking payoffs, and prosecutors said their investigation now includes 14 politicians and companies.

A former hospital executive also was sentenced.

John Celona admitted he abused his position as chairman of a key legislative committee to benefit the drugstore chain CVS Corp., Roger Williams Medical Center and Blue Cross and Blue Shield of Rhode Island.

Prosecutors said the former state senator was paid nearly $320,000 for the favorable treatment.

The sentencing caps a precipitous fall for Celona, a one-time lawnmower salesman who arrived at the Statehouse in 1995. He gave up his Senate seat in 2004 amid questions about his relationship with CVS.

Celona, 53, pleaded guilty in 2005 to three counts of federal mail fraud and cooperated with investigators. He testified as the star witness last fall in a trial that produced convictions of two former hospital executives.

Assistant U.S. Attorney Gerard Sullivan told the judge that Celona's extensive cooperation has led the investigation to seven politicians and seven corporations. Sullivan did not identify anyone being investigated but said FBI agents from other cities have been transferred to Rhode Island to help with the probe.

Before he was sentenced, a teary-eyed Celona apologized inside court to his family, friends, and the citizens of Rhode Island.

"I hope that others who may be tempted learn from my mistakes and make Rhode Island a better place," he said.

Robert Urciuoli, former president and chief executive of Roger Williams, was sentenced Wednesday to three years for his conviction on one count of conspiracy and 35 counts of fraud for paying Celona to advance the hospital's interests in the Legislature. Urciuoli maintained his innocence and said he planned to appeal.

Frances Driscoll, 67, a former hospital vice president, sobbed after she was sentenced to eight months in prison followed by eight months of home confinement for her conviction on a single fraud count.

Two former executives at CVS Corp. pleaded not guilty Tuesday to federal charges they paid Celona to kill legislation the chain opposed or sponsor bills that favored the company.

Celona has also been indicted on related state corruption charges and faces a separate trial on those counts next month. Last year, the state ethics commission punished him with a record $130,000 civil fine for ethics violations.

Trio Sentenced To Jail (PROJO)

By Mike Stanton, Journal Staff Writer

The Providence Journal, February 1, 2007

In sentencing John A. Celona, Robert A. Urciuoli and Frances P. Driscoll to prison yesterday, Senior U.S. District Judge Ernest C. Torres said that he wanted to send a message to others who might be tempted to follow in their footsteps down the long, gray line of Rhode Island's corrupt past.

And judging from the words of a federal prosecutor, the potential audience is growing.

Assistant U.S. Attorney Gerard B. Sullivan revealed that a federal task force has been assembled that is pursuing 14 "active investigations" of seven politicians and seven corporations for corruption schemes similar to the crimes that ensnared Celona, a former state senator, and Urciuoli and Driscoll, onetime executives at Roger Williams Medical Center.

The investigations have their genesis in the cooperation of Celona, who pleaded guilty to selling his office to Roger Williams, the CVS drugstore chain and Blue Cross & Blue Shield of Rhode Island.

Celona, 53, was sentenced to 2½ years in prison. Urciuoli, 59,received 3 years. And in an emotional conclusion to the day's proceedings, Driscoll, 67, who has health concerns, was sentenced to 8 months in prison plus 8 months home confinement.

Celona must report to prison by noon Friday, March 2. Torres gave Urciuoli and Driscoll 60 days, until April 2, to give them time to appeal.

If not for Celona's acceptance of responsibility and ongoing cooperation, Torres said that he would have sentenced him to 42 months.

"Perhaps your assistance will allow the authorities to dig deeper into this culture of corruption that seems to exist in some quarters," Torres told Celona.

A teary Celona told the judge that he was relieved.

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"I'm glad that all of this happened," he said, "because I've become a better husband and a better father and in some respects just a regular person, living in the real world …I lived in a superficial world at the State House, with all the trappings of power … .

"Family and honor are the most important things in life — not politics or glory or power."

Sullivan told Torres that Celona's assistance has provided tips and leads for a growing number of agents. FBI agents have been brought to Providence from New York and Baltimore to work with two Providence agents and the Rhode Island State Police. In addition, agents from the Internal Revenue Service and the U.S. Department of Labor have joined the task force.

Sullivan has relinquished his position as chief of the criminal division in the Providence U.S. Attorney's office to oversee the task force. In an office with 20 prosecutors and 5 legal assistants, Sullivan said, with all the drugs, weapons and other cases they have to handle, one-fifth of the staff has been dedicated to the task force — "a significant response based on the cooperation of Mr. Celona."

Celona pledged to Torres that he would continue to cooperate.

"I wholeheartedly want to clean up our government," said Celona. "I hope that others who might be tempted will learn from my mistakes. I want to make Rhode Island a better place."

Torres noted that Celona is just the latest in a long line of public officials "who have been sentenced in this courthouse and this courtroom," but that for whatever reason — elitism, greed, arrogance — "the message has yet to sink in."

"Your expression of remorse seems genuine," the judge said. "You seem committed to cleaning up what needs to be cleaned up in this state."

Still, Celona's crimes are serious enough that Torres rejected his request for 18 months in prison.

"What you've done here is not only deprive the public of the right to your honest services," said Torres. "You have tarnished the reputation of other public officials, the vast majority of whom are honest, devoted and do the best they can. Every time one of these cases comes up, one of the worst consequences is the cloud that it casts over honest, hard-working public officials."

Such a cloud, noted Torres, also "deters good people" from becoming involved in politics.

U.S. Attorney Robert Clark Corrente echoed that theme on the courthouse steps.

"One would hope that after a parade of these sentences, people would get the message and stop doing it," said Corrente. "But we haven't hit the bottom of the barrel yet."

Corrente declined to identify any of the parties under investigation, but said that at least some "are known to you."

"If they ever get indicted, you'll know them," he vowed.

Following Celona's sentencing, his family and friends filed out of the small, packed courtroom to be replaced by Urciuoli's family and friends. Urciuoli, the former president of Roger Williams Medical Center, took Celona's place at the defense table, and Torres turned to the other side of the corruption equation.

"Public corruption is a very serious offense and it takes at least two parties," said Torres. "It takes a corrupt office holder and a person who induces that person."

Urciuoli's lawyer, Richard M. Egbert, argued that it was unfair for the government to request a sentence for Celona based on the money he received from Roger Williams, CVS and Blue Cross — about $319,000 — and then seek a much larger prison term for Urciuoli, based on the fact that Celona's efforts helped the hospital gain $5.6 million in disputed reimbursements from Blue Cross.

Based on the $5.6 million, Urciuoli was facing a potential prison term in the range of seven years following his conviction at trial last fall on 1 count of conspiracy and 35 counts of honest-services mail fraud.

"It seems almost to shock the conscience of justice," said Egbert.

Torres agreed. But he rejected Egbert's request to further lower that figure because Celona had also done "legitimate" work promoting the hospital's affiliated assisted-living center.

"Those [legitimate] services were negligible," said Torres. "Senator Celona was hired to use his office to benefit Roger Williams."

Urciuoli now faced a prison term of 41 to 51 months. Prosecutors asked for 46. But Torres had discretion to lower that based on other factors, including a history of community service documented in numerous letters to the court.

Egbert, citing Urciuoli's "extraordinary" service in 35 years at Roger Williams and the fact that the legislation involved in the case did not personally profit Urciuoli, but rather benefited the hospital, requested a prison term of one year and one day.

Urciuoli also pleaded for leniency.

"I'm not perfect. I make mistakes," said Urciuoli. "But if you look back on my life, I'm much more of a giver than a taker. …I have a deep, unbridled love for Roger Williams. I never did anything to enrich myself personally.

"This has been a very painful, humiliating experience for me and my family. …I've lost my job, my reputation, been devastated financially."

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Torres said that he was impressed by Urciuoli's appearance as "a law-abiding citizen who has done many good things for the community." And while the crime was serious, Torres said, he was also struck by the fact that "for the most part, what you did was not motivated by personal gain. …but to benefit Roger Williams."

Torres sentenced Urciuoli to three years in prison, followed by two years of supervised release during which he will have to perform eight hours a week of community service. He also fined him $20,000. The judge denied Urciuoli's request to remain free while he appeals, which could take one year.

The last defendant to be sentenced was Driscoll. A former vice president at Roger Williams, she was convicted at trial with Urciuoli of one count of honest-services mail fraud and faced a prison term of 27 to 33 months. Her lawyer, Kevin J. Bristow, argued for a lesser sentence, based on her relatively minor role in the crime, including her initial objections to Urciuoli's desire to hire Celona.

"She has lost what she worked for her whole life — her reputation," said Bristow. "She has difficulty trying to explain to a grandchild what's going on with grandma."

Torres said that she deserved some consideration, but that she should to go prison for her participation in a crime documented in numerous faxes between her and Celona.

"I never, ever in my worst nightmare thought I would be convicted of a crime, standing before you here today," she told Torres. "But as I look at those faxes, I don't know how I could have allowed that sort of communication to occur. … Reading the black and white of those documents did truly frighten me. I never took time to reconcile the friendly John Celona who wanted to truly help the hospital any way he could with the man who was a paid consultant. For that, I'm truly sorry."

She and Bristow pleaded with Torres to spare her prison and sentence her to home confinement, based on her age and health concerns of herself and her husband of 42 years, Don, for whom she is the primary caretaker. They also cited her numerous good works, documented in dozens of letters to the judge on behalf of the poor, the elderly and students.

"I don't want [my husband] to live out his life in a care center," she said, choking back sobs.

Mobster's Son May Try To Help Convict Ex-FBI Official (NYS)

By Jerry Capeci

New York Sun, February 1, 2007

Brooklyn prosecutors are seeking to line up a star witness for their sensational upcoming trial of a former FBI supervisor, R. Lindley DeVecchio, who is charged with helping legendary mob capo Gregory Scarpa commit four murders.

The prospective witness is none other than Gregory Scarpa Jr., the imprisoned son of the late Colombo crime big, who after his death in 1994 was revealed to have been a much-prized government informant (and whose handler was Mr. DeVecchio). Unfortunately, the would-be witness comes with heavy baggage: He's already been called a perjurer by a federal judge and other authorities.

So far, the matter is still in the talking stages. Gang Land has learned that Scarpa has told prosecutors he wants to testify at the trial. The Brooklyn district attorney's office, which filed the blockbuster charges against Mr. DeVecchio, has been talking to him with a view toward granting his wish.

If so, he would undoubtedly have a lot to say.

Scarpa could give a detailed, shot-by-shot account of the slaying of Mary Bari, a onetime paramour of a top Colombo gangster who was killed in 1984, as well as the 1987 murder of mobster Joseph "Joe Brewster" DeDomenico. According to court records, Scarpa fired the fatal shots at DeDomenico and held down Bari as his father shot her at a mob social club. Mr. DeVecchio is alleged to have alerted Scarpa Sr. that both were potential informants.

Soon after the Joe Brewster slaying, Scarpa became a fugitive, allegedly after Mr. DeVecchio tipped his father that he was going to be arrested on drug charges. Captured later, Scarpa was convicted in 1988 and was in prison when two other murders that Mr. DeVecchio is alleged to have aided — that of Patrick Porco in 1990 and Larry Lampesi in 1992 — took place. If he professes any insight about those killings, it would have to have been acquired secondhand.

Prosecutors have been secretly discussing those events with Scarpa Jr. since December 6 in a secure wing of the Metropolitan Correctional Center.

On that day, according to Bureau of Prison officials, Scarpa Jr., who is serving 40 years for racketeering charges and is slated for release in 2035, was moved to the MCC. Since 1999, he had been at a super-strict Colorado facility that, at latest count, is home to the 465 "most violent" inmates of the 193,643 incarcerated around the country.

The Executive Assistant Warden, Scott Sussman, confirmed that Scarpa, 55, is at the MCC, which primarily houses transient inmates with court proceedings or other official sessions scheduled in the New York area, but declined to provide any reasons for his transfer.

A spokesman for the district attorney's office declined to comment about the matter.

Sources who are familiar with the situation but not involved in the case have told Gang Land that Scarpa and the Brooklyn district attorney's office began weighing the possibility of him serving as a prosecution witness even before he was relocated to the MCC in December.

It would obviously be a risky move, as the imprisoned mobster, who testified at his own trial and at a hearing for convicted acting Colombo boss Victor "Little Vic" Orena, has been publicly called a liar by federal authorities.

If he were to take the stand against DeVecchio, there is little, if anything, that the state prosecutors could do for Scarpa, who received nothing from the feds for information he provided about terrorists Ramzi Yousef and Terry Nichols.

Sources say that the jailed gangster is willing to testify without any guarantees, and that the DA's office is seriously considering the option.

"He's got nothing to lose," a law enforcement official said. "He's 55 and he'll be in his 80s before he can get out. Things can't get worse; only better. And until his work is done, he's close to home, and can get visits from loved ones, if he has any."

Scarpa wouldn't be the first incarcerated gangster to cooperate with the feds on a wing and a prayer.

Leroy "Nicky" Barnes, the legendary Harlem heroin merchant who was serving life without parole in 1981, got out 17 years later after he turned and helped convict 44 drug dealers and murderers, including a few mob associates, of various crimes. Barnes, by the way, has co-authored a book about his life, "Mr. Untouchable," due out next month.

Speaking of books, Scarpa is writing one with Sandra Harmon, who has given an affidavit to the DA's office containing allegations of wrongdoing by Mr. DeVecchio that she claims to have obtained from the elder Scarpa's former partner, Linda Schiro, while the two women were collaborating on a book project that failed to materialize.

Ms. Harmon told Gang Land she had loyalties to Scarpa and the DA's office and refused to discuss where Scarpa is or whether he and Brooklyn prosecutors have spoken to each other.

"But I know why someone would want to leave Ad Max" she said, using the BOP's shorthand term for the Administrative Maximum facility in Florence, Colo. "It's a hell hole, all about shackles and a 23-hour-a-day lockdown. And he does have children, a brother, and other relatives he loves."

News of Scarpa's willingness to be a prosecution witness came as the judge in the case rejected a prosecution motion to postpone the trial until after Labor Day to enable lead prosecutor Michael Vecchione to try two corruption cases, those of Judge Gerald Garson and Clarence Norman, for the fourth time.

This week, a Supreme Court justice, Gustin Reichbach, told assistant district attorneys Noel Downey and Bryan Wallace that the quadruple homicide case — in which a co-defendant has been held without bail for 11 months — was more pressing. Assuming he rejects voluminous defense motions to dismiss the case, the trial would begin in mid-May, the judge said.

In court papers, defense lawyers Douglas Grover and Mark Bederow charged that the grand jury investigation was tainted by numerous prosecution leaks to Gang Land and others, and by prosecutors' use of evidence that Mr. DeVecchio provided on two occasions when he had been granted immunity.

Reached by Gang Land, Mr. Bederow said he was reluctant to "speculate" about witnesses prosecutors think may be "helpful to their case. But certainly, if they intend on using Gregory Scarpa Jr., we would welcome the opportunity to cross examine him."

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Three decades ago, mob associate Ernest Malizia knew exactly what to do after an undercover operative named Boom Boom busted him in a drug sting and he was sentenced to heavy time and stuck in the old federal detention center on West Street.

On September 22, 1974, with the help of a priest and a $50,000 bribe to a corrupt prison guard, he walked out the front gate and flew to Miami. He lived large for three years until his pursuers collared him and he was sent off to more secure accommodations.

Today, at 74, Malizia suffers a host of debilitating medical problems, is broke, and his last resort against dying in prison the same way his brother did three years ago lies with a Manhattan federal judge, Deborah Batts, his devoted wife, Brenda, says.

"He's had quadruple bypass surgery, needs a defibrillator, has no spleen to help him fight infection and has been rushed to hospitals several times in recent months with infections and heart complications," Malizia's wife, who has joined her husband in filing letters seeking mercy from Judge Batts, says.

After getting paroled from prison in 1994, Ernie was clean for a while. But truth be told, he got popped again for drug dealing, pleaded guilty, was sentenced to eight years, which he completed last year.

Before he could be released, however, he was hit with parole violations stemming from the same charges for which he had been sentenced, and ordered to serve an additional 12 years. This seems a bit unfair to Brenda Malizia, and Gang Land, too.

This column and other news of organized crime will be available today at ganglandnews.com.

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Drug-testing Firm Faces Audit After Accusations (CHIT)

By David Kidwell And John Chase, Tribune Staff Reporters

Chicago Tribune, February 1, 2007

Gov. Rod Blagojevich's office has ordered an audit of no-bid state contracts dating to 1990 with a Chicago drug-testing firm under criminal investigation for alleged billing fraud.

The administration outlined its actions involving K.K. Bio-Science Inc. on Wednesday, a day after Cook County investigators and the FBI searched the company's offices for evidence of fraud, money laundering and a continuing criminal enterprise, according to the search warrant.

The company came under scrutiny last fall when the Tribune disclosed that the governor's wife, Patricia, had earned more than $113,000 as a real estate agent for the company's owner. There is no indication that the fraud investigation has any connection to the real estate deals.

The company's owner, Anita Mahajan, hired prominent Chicago defense attorney Terry Gillespie to represent her in the investigation. Gillespie said he is new to the case and declined to comment Wednesday.

Mahajan and company representatives also have declined to comment on the case, which centers on Mahajan's long-standing annual contracts to conduct urinalysis screenings on clients of the Illinois Department of Children and Family Services.

No criminal charges had been filed as of Wednesday, and law-enforcement officials also remained silent.

A three-page search warrant served at the company's headquarters in downtown Chicago on Tuesday sought "any items or documents which have been used in the commission of, or which constitute evidence of the offenses," including forgery, theft, money laundering, mail fraud, wire fraud and a continuing financial crimes enterprise, according to the warrant.

The company, founded in 1985 by Mahajan's father, abruptly closed down Jan. 19 with no warning to employees. It officially terminated its $739,000 state contract on Jan. 9 amid an inquiry by the child welfare agency's office of inspector general.

The inspector general's office recently turned over its findings to the Cook County state's attorney office, which is leading the investigation. FBI agents also were on hand during Tuesday's search of the company's abandoned headquarters at 220 S. State St.

According to other workers in the building, K.K. Bio-Science representatives spent much of last week tossing computers and files into Dumpsters in the hallway.

The inquiries began after an Oct. 27 Tribune report raised questions about four 2006 real estate deals involving Mahajan and her banker husband, Amrish, in which Patricia Blagojevich earned more than $113,000 in real estate commissions.

The four commissions on the commercial real estate deals accounted for the only ones the first lady earned in the first 10 months of 2006.

The governor's office confirmed Wednesday that it has ordered a comprehensive review of the company's contracts.

"When an [inspector general] uncovers abuses or discovers abuses of taxpayer dollars, we need to look into that as far as we can and as much as we can to understand as much as we can," said Blagojevich spokeswoman Rebecca Rausch. "In this case, the IG discovered some issue with this contract, and we want a full review of this contract and we've directed DCFS to do that."

The governor has portrayed the Tribune's questions about whether it was a potential conflict for his wife to accept commissions from a state contractor as "sexist" and "Neanderthal." And his administration last year denied Tribune requests for records that would document the company's performance, citing an unwarranted invasion of privacy.

But following the Tribune report on the real estate deals, the agency's inspector general quietly opened the contract investigation that allegedly found some problematic billings.

"Our intention is to do a full review of this contract to seek full restitution of any overpayments made," DCFS spokesman Kendall Marlowe said Wednesday.

Tribune staff reporter Ray Long contributed to this report.

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Execution, If It Occurs, Is Years Away For Killer (NYT)

By Michael Brick

The New York Times, February 1, 2007

Ronell Wilson sits alone in a prison cell near Gowanus Bay in Brooklyn. He has been on suicide watch since his return late Tuesday evening from federal court in Brooklyn, where a jury called for his execution.

“He’s holding up well,” said one of his lawyers, Ephraim Savitt, “under the circumstances.”

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On federal death row, he will join 46 other inmates, their cases in varying stages of appeal. If the sentence is carried out one day, Mr. Wilson, 24, will probably die by lethal injection at the federal death chamber in Terre Haute, Ind., where Timothy J. McVeigh, who bombed the Alfred P. Murrah Federal Building in Oklahoma City, and two Texans have preceded him. But Mr. Wilson's lawyers said he will appeal his sentence, an unpredictable and complicated process that could take years.

No other federal trial in New York has produced a death sentence in half a century. Three men have been put to death in federal cases since 1988, when a moratorium on federal capital punishment was lifted. Of these, the two Texans — Juan Raul Garza, convicted of three drug-related murders, and Louis Jones Jr., convicted of rape and murder — were each on death row for about eight years. Mr. McVeigh, who abandoned his appeals after being denied a stay of execution, was executed four years after his sentencing for the bombing.

Mr. Wilson was convicted of 10 crimes in December, chief among them the murder of two undercover detectives during a gun transaction on Staten Island in March 2003. Judge Nicholas G. Garaufis, who was not in his chambers yesterday, must set a formal sentencing date, according to his staff.

On five counts, the judge is bound by the jury's verdict to impose death sentences. But for the other charges, including robbery conspiracy, attempted robbery and use of a firearm, the judge must determine prison terms. Some of the crimes are relatively minor, on the scale of regular business for a federal court in New York City.

Mr. Wilson, for example, was found guilty of planning to rob a clothing store called Oz, near the Stapleton Houses on Staten Island, where his gang was based. The plan, to get a U-Haul truck and cart off the merchandise in broad daylight, was abandoned in the talking phase.

The law calls for a presentence investigation, in which probation officers will interview Mr. Wilson to ascertain his background and present demeanor. They will compile a report for the judge, though it would seem he has already heard every imaginable aspect of Mr. Wilson's biography recounted in the courtroom during the penalty phase of the trial.

"It's a charade at this point," Mr. Savitt said.

Department of Justice officials said that after sentencing, Mr. Wilson will be assigned to a prison.

The choice would seem to be foregone. All federal condemned prisoners are assigned to the United States Penitentiary in Terre Haute, said Felicia Ponce, a spokeswoman for the Bureau of Prisons. According to the Death Penalty Information Center, a private group that tracks capital cases, that institution was modified in 1995 to include an execution chamber and was converted to a death row center in 1999.

Declining to address Mr. Wilson's case in particular, Ms. Ponce said that all inmates, including those bound for death row, are evaluated according to a point system to determine their assignment. So prison officials will study the seriousness of his offense, his criminal record, his projected length of imprisonment and earlier prison sentences. According to bureau policy statements, this process will involve two managers and a counselor, and perhaps an education adviser and a psychology services representative.

Federal marshals will take Mr. Wilson to his assigned facility. He may join other inmates on an airplane, or he may be assigned to a private flight, said Ralph Rosado, a spokesman for the United States Marshals Service in the Eastern District of New York.

"It's very new," Mr. Rosado said. "I'm not sure."

Mr. Wilson's lawyers must also confront the grim novelty of the circumstances.

"The lawyers went out to an Irish pub," Mr. Savitt said, adding that he had trouble sleeping nonetheless. With the realm of possible motions in this trial exhausted, he said, the next forum for the case is appellate court.

Upon formal sentencing, a convict has 10 days to file a notice of appeal, said Erik Ablin, a spokesman for the Department of Justice. From there, a briefing schedule would be established. After avenues of appeal have been exhausted, meaning the case has been declined by the United States Supreme Court, a prisoner could apply for relief from the court that imposed the sentence.

Mr. Savitt said that grounds for appeal could include the judge's rejection of defense lawyers' efforts to eliminate certain members of the jury, including the foreman. He said the foreman had muttered and rolled his eyes during the closing defense argument.

Other grounds could include the judge's decision to bar testimony on the nature of rap lyrics. Prosecutors had submitted handwritten lyrics they portrayed as a confession, and defense lawyers had hoped to call an expert to depict the lyrics as fantasies.

Should all the appeals fail, Justice Department officials said, the Bureau of Prisons would set an execution date. An example of how that works is available from the case of Bruce Carneil Webster, another Texan, who was convicted of kidnapping resulting in death.

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Mr. Webster, who was sentenced to death in 1996, was notified in writing on Dec. 5, 2006, that he would be executed by lethal injection at 7 a.m. on April 16, 2007.

Mr. Wilson's lawyers said they would ask court and prison officials to keep him in the cell in Brooklyn during the next stage of the process.

"We have to consult with him on the appeal," Mr. Savitt said. "This is his life."

Geography And Emotion Helped Sway Jurors' Vote (NYT)

By James Barron

The New York Times, February 1, 2007

They were police detectives, shot at close range, in the backs of their heads. Fellow officers and relatives filled the courtroom, day after day, during the trial of the man accused of pulling the trigger, who mostly kept his emotions to himself.

Add to that where the jurors came from — Brooklyn, Queens, Staten Island and Long Island, but not Manhattan. And that the detectives knew, and were known in, the neighborhood, which gave the case a strong local connection — unlike, say, a case involving terrorist acts overseas.

Taken together, all those elements were so powerful, death-penalty specialists said yesterday, that the jury's verdict seemed almost inevitable. The seven women and five men decided that the defendant, Ronell Wilson, should die.

That made him the first person to face death in a federal case in New York since the 1950s, a fate that other defendants have managed to avoid, even though some of them have been accused of killing far more people. "There was a confluence of factors," said Deborah W. Denno, a professor at Fordham University School of Law. "I think it's highly unlikely there will be another case with all these particular elements anytime soon."

For that reason, she and other lawyers interviewed yesterday said they doubted that the Wilson verdict signaled a shift in public attitudes about the death penalty. Michael Greenberger, a law professor at the University of Maryland, noted that advances in DNA testing have uncovered faulty convictions and made juries nationally more hesitant to impose the death sentence. But he said there were no such doubts in the Wilson case.

"This case is one that shocks the conscience," he said. "The brutal nature of it, I think, aligned the stars for this kind of verdict."

Still, some attitudes may have changed. Several years ago, when Attorney General John Ashcroft ordered United States attorneys to seek the death penalty, he ran into resistance in New York, where some prosecutors feared such a possibility could cause jurors to acquit.

Counting Mr. Wilson, there are now 47 federal prisoners on death row. But prosecutors in New York have failed to obtain death sentences in recent years, even in closely watched terrorism trials involving embassy bombings in Africa in 1998.

Some death-penalty opponents said that the Wilson case proved the exception because the victims were police officers.

Ronald J. Tabak, a special counsel at the Manhattan law firm of Skadden, Arps, Slate, Meagher & Flom and the president of New York Lawyers Against the Death Penalty, said that when New York changed its law on capital punishment in the 1960s "in what was considered a virtual abolition of the death penalty," the murder of a police officer remained a death-penalty offense.

The last federal inmate to be executed in New York State, Gerhard Puff, in 1954, had been found guilty of killing an F.B.I. agent during a bank robbery. At the state level, no trials involved the killings of police officers between when the death penalty was reinstated in New York in 1995 and when it was invalidated in 2004, according to Kevin Doyle, the New York State criminal defender. Nor did any of the federal cases tried in New York since 2001.

But in the Wilson case, death-penalty lawyers said, the jury could not have missed the large turnout of police officers and relatives.

"It's hard to resist that kind of pressure," said David A. Ruhnke, a lawyer who is representing a convicted drug trafficker in another federal death-penalty case in Brooklyn, that one involving racketeering and murder.

Last week, the judge in that case told the prosecutors that the Justice Department should drop its push for the execution of the defendant, Kenneth McGriff. The judge, Frederic Block, said that pressing on to the penalty phase of the trial would be "absurd" and "a total misappropriation" of taxpayer dollars.

In analyzing the Wilson verdict, some death-penalty lawyers said they had figured that sooner or later, a jury in New York would vote to send a defendant to die. Mr. Tabak said that of the seven state cases that ended in death-penalty verdicts between 1995 and 2004, all but two originated in the area that makes up the federal Eastern District: Brooklyn, Queens and Staten Island, and Nassau and Suffolk Counties on Long Island.

Lawyers consider prospective jurors in those areas more likely to support the death penalty than those in Manhattan. Still, some lawyers said the importance of geography was minimal when compared to the particular circumstances of the Wilson case.

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"It was the kind of case that no matter where it tried and no matter where it was brought, the likelihood of a death verdict was high," Mr. Ruhnke said. "Sometimes the facts of a case simply blot out everything else."

Other death-penalty lawyers said the Wilson trial differed from those involving drug dealers accused of killing other drug dealers, or those involving terrorists. Twice in 2001, a federal jury in Manhattan deadlocked over whether to impose the death penalty on three terrorists in the 1998 bombings of the American Embassies in Kenya and Tanzania that killed more than 200 people, including 12 Americans. In the federal courts, a deadlock means the defendant is automatically sentenced to life in prison.

Richard Burr, who was one of Timothy J. McVeigh's lawyers in the Oklahoma City bombing trial, said that a case involving a terrorist attack overseas "is not the sort of immediate, frightening incident that the killing of police officers in your own town is."

"It's not immediate, it's not here, it's not that visceral response," he said.

The Wilson case, which centered on the murders of Detectives James V. Nemorin and Rodney J. Andrews on a Staten Island street in 2003, had an emotional component that the lawyers said had been lacking in other death-penalty trials in New York. This was partly because such violence seemed out of place on Staten Island, and partly because the detectives were the first two officers killed by gunfire on a single day in 15 years.

"The ingredient that this case had that the others have not had was the powerful emotions on the part of the victims' survivors, both their individual families and the police community," said Kevin McNally, a Kentucky lawyer who is director of the Federal Death Penalty Resource Counsel Project, which provides information to defense lawyers in capital cases. "You simply don't see that kind of a packed courtroom in these other trials, and jurors are affected by that."

Nor had juries taken up a case in which the victims were police officers. David Bruck, who runs the Virginia Capital Case Clearinghouse at the Washington and Lee School of Law, said that juries "impose the death penalty to avenge the murders of people with whom they identify."

"People identify with brave, hard-working, young police officers who lost their lives and had families and people who loved them," he said.

In addition, Professor Denno said the way Mr. Wilson had handled himself during the trial — even sticking out his tongue as the victims' families rejoiced after the verdict — "stands out" among death-penalty defendants in this country.

"I think people expect this from terrorists who are instigated by an ideology that of course we can't fully understand," she said. "But the American public has particular difficulty with a defendant like Ronell Wilson, who showed so little remorse, no remorse."

Fired Kodak Worker In Kickback Case Gets Probation, Fine (NSDY/AP)

Long Island Newsday, February 1, 2007

ROCHESTER, N.Y. (AP) _ A fired Eastman Kodak Co. employee involved in a kickback scheme to defraud the photography company was placed on probation for three years Tuesday and ordered to pay almost $190,000 in restitution.

Roger Benton, 49, pleaded guilty to mail fraud in June for helping to steer inflated contracts to a molding services company, Pro-Mold Ltd., between 1997 and 2000. At sentencing in federal court, he was fined $3,000 and paid $63,058 of the $189,174 he was ordered to return to Kodak.

If convicted, Benton could have drawn up to five years in prison and a $250,000 fine.

Another former Kodak employee implicated in the scheme was sentenced last week to six months of home confinement and ordered to pay back a portion of the stolen money. Roy Mosely, a mechanic, and Pro-Mold conspired to inflate contract bids, then kept a portion of the payments, prosecutors said.

Man Pleads Guilty To Child-porn Charge (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 1, 2007

He faces minimum 10-year sentence for creating illegal images

A Grainger County man with a decade-long history of collecting child pornography admitted Wednesday he has been creating his own illegal images.

David Edward Ratkewicz pleaded guilty before Senior U.S. District Judge Leon Jordan to a federal child pornography possession charge.

As part of his plea, Ratkewicz admitted not only downloading sadistic shots of young children being sexually victimized but also "photographing underage boys in sexually explicit positions and storing the images on his computer," Assistant U.S. Attorney Charles Atchley said.

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That fact, coupled with a prior conviction in Florida for possession of child pornography, will put Ratkewicz on a higher rung on the sentencing ladder, Atchley said.

"He is facing enhanced penalties," Atchley said at Wednesday's hearing.

Ratkewicz faces a minimum mandatory prison term of 10 years when he again stands before Jordan in May to learn his sentencing fate.

According to documents filed in the case, the Knoxville Police Department Internet Crimes Against Children Task Force, with help from the Grainger County Sheriff's Department, hit Ratkewicz with a search warrant in August 2004.

Although court records do not make clear why Ratkewicz became a target of the task force, officers such as KPD Officer Melvin Pierce typically go undercover on the Internet, taking on the guise of a child victim or a fellow child pornography aficionado.

Atchley said Ratkewicz agreed to be interviewed by Pierce and other task force officers, including FBI agents.

"He stated that he had collected child pornography for over 10 years," Atchley said.

An examination of Ratkewicz's computer revealed some 50,000 images of child pornography, Atchley said.

Defense attorney Rebecca McCoy asked Jordan to allow Ratkewicz to remain free on bond pending sentencing.

"He is not a flight risk," she said. "He has voluntarily returned here to address these issues."

Atchley balked.

"I think the statute is quite clear," Atchley said. "Mr. Ratkewicz has pleaded guilty to what is a crime of violence. This is not Mr. Ratkewicz's first time in court for an offense like this."

Jordan sided with Atchley and ordered deputy U.S. Marshals to take the Grainger County man into custody.

Jamie Satterfield may be reached at 865-342-6308.

Study: Novel Sentencing Program Really Works (AP)

By Wilson Ring, Associated Press Writer

AP, February 1, 2007

MONTPELIER, Vt. --A woman who stole from a patient in a nursing home where she works was sentenced to making potpourri-filled vases for a senior center.

A man convicted of driving with a suspended license agrees to carve a cane for an elderly person.

An artist convicted of driving under the influence had to paint a painting for an organization whose lawn she drove over.

Those are some of the examples of the unusual sentences crafted by Vermont's ground-breaking Reparative Probation system, under which criminals meet with community volunteers -- and in some cases victims -- to craft their sentences instead of taking them from a judge.

The system works, according to a new survey.

The survey by three college professors that was paid for with a grant from the Justice Department, found that in 9,078 cases handled between 1998 and 2005, offenders were 23 percent less likely to commit another crime while on probation than those sentenced to traditional probation.

And they were 12 percent less likely to commit another crime after probation ended.

"This is a bit of a vindication for Vermont's reparative boards," said Gale Burford, a professor of social work at the University of Vermont and one of the authors of the yet-to-be published survey. He said that in some circles, Vermont was perceived as being soft on crime.

"The people who go to these boards don't regard them as soft, because they are emotional and they are getting faced by people in their community," Burford said. "It is not a soft option."

The people who work with the system every day say its successes go beyond just reducing recidivism.

"Those numbers are important, but I can tell you it works on so many other levels, in terms of the relationships built and the conversations that are had and the new perspectives that people have about their own lives and other peoples' lives," said Cara Gleason, the Community Justice Coordinator for the City of Burlington.

The Corrections Department set up the pioneering program in 1995, when the state was looking for alternatives to traditional corrections.

Reparative probation was part of a package of sentencing alternatives -- such as requiring offenders to complete intensive substance-abuse programs or closely supervised furlough in the community -- made available to Vermont judges.

A number of communities across the country now use some form of reparative justice.

What makes Vermont unusual is that the system was conceived by the Department of Corrections, said Kay Pranis, of St. Paul, Minn., who has worked with restorative justice programs across the country.

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"Out of a state agency came an effort that has become a community-based effort and really belongs to the community," said Pranis. "That is a huge accomplishment."

In the reparative probation system, the offender meets with community members and they try to craft a sentence that builds on the interests of the offender and the needs of the victim and the community.

In some cases the victims participate, in some cases they don't.

"I think across the board, almost everyone says that's when it's most transformational is when the person who has been the most affected gets to meet with the person who caused them harm," said Rain Banberg, of the Greater Barre Community Justice Center.

Now, there are 12 community justice centers across the state and many more volunteer boards that meet with the offenders. The volunteer boards are chosen from interested members of the community.

By design, the hearings lack the structured formality of a court appearance.

And that's how a single mother working in a nursing home comes to see how stealing a ring from a patient affects the victim. So the board builds on the offender's interest in crafts and has her make vases for the senior center.

Or why the man who was driving with a suspended license could agree to use his passion for carving to create a carved cane for a senior citizen. Or the artist convicted a second time for driving under the influence could create a painting for the lawn of, coincidentally, the substance abuse center she drove over, said Lori Baker, the executive director of the Barre Justice Center.

The solutions, by design, are as varied as the crimes.

"It shows that we can involve community volunteers, lay people, in processing a large percentage of our low-level crimes rather than dealing with them more formally either in government supervised probation or the even more expensive option in court," said Burford.

On the Net

Vermont Department of Corrections

http://www.doc.state.vt.us/

City of Burlington

http://www.ci.burlington.vt.us/

Greater Barre Community Justice Center

http://www.gbcjc.org/index.htm

Bush Urged To Pardon Border Patrol Agents Who Shot Immigrant (MCT)

By Dave Montgomery, McClatchy Newspapers

McClatchy Newspapers, February 1, 2007

WASHINGTON - Are they mistreated heroes or rogue lawmen?

That question is at the heart of a nationwide uproar over Border Patrol Agents Ignacio Ramos and Jose Alonso Compean, who are beginning decade-long sentences in federal prison for the non-fatal shooting of a suspected drug smuggler, who was given immunity to testify against them.

Scores of Republican lawmakers, and thousands of grassroots petitioners, have besieged President Bush with demands that the agents be granted an immediate pardon. But to federal prosecutor Johnny Sutton and his defenders, the two Texas-based agents abridged the public trust by attempting to cover up an unauthorized shooting and must face the consequences.

"Prosecutors take cases as they come. We don't get to choose the facts and we don't get to choose the witnesses," the San Antonio-based U.S. attorney said in a telephone interview Wednesday. "We hate the thought of having to prosecute law enforcement because those are the people we work with every day. But nobody is above the law."

In an interview on the Fox television network Wednesday, Bush again said he is bound by strict federal guidelines on pardons and cannot immediately grant a pardon to the two agents.

Bush explained that "there is a series of steps that are analyzed in order for the Justice Department to make a recommendation as to whether or not a president grants a pardon."

And, Bush added, "we're not at that stage yet."

Bush's position is likely to further agitate a growing circle of mostly Republican lawmakers, who have repeatedly pressed the White House to step into the case. Many also blame the Bush administration for the agents' imprisonment, pointing out that it was Bush who appointed Sutton as federal prosecutor in 2001.

"There are so many questions," said Rep. Walter Jones Jr., R-N.C., who has written four letters to Bush requesting a pardon. "The White House should intervene and the president should pardon these men immediately."

Other leading House members in the campaign include Republicans Ted Poe, Michael McCaul and Sam Johnson, all of Texas, and Dana Rohrabacher and Duncan Hunter, of California.

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"On the face of it, the administration is taking the side of the bad guys," Rohrabacher said.

The union that represents most non-supervisory Border Patrol agents is also waging a vigorous campaign to obtain a pardon for the two imprisoned agents.

"The front-line agents, the ones who actually do the work, are extremely upset," said T. J. Bonner, president of the National Border Patrol Council. "They're very concerned that the same thing could happen to them."

The fate of the two agents has inflamed the wider debate over border security and illegal immigration. And while the outcry on behalf of Ramos and Compean has buzzed across the Internet and conservative talk shows, a less vocal circle believes justice may have been done.

"If we take all the political patina from it, the pure issue is what do we want here on the border as far as accountability (in the use) of deadly force," said Kathleen Walker of El Paso, Texas, the incoming president of the American Immigration Lawyers Association. "We've had a clear violation of procedure and that's not something we want to promote as the status quo."

Ramos and Compean were convicted by a federal court jury in El Paso for a Feb. 17, 2005, shooting involving Osvaldo Aldrete-Davila, who was trying to flee back into Mexico after abandoning a van containing 743 pounds of marijuana near Fabens, Texas.

U.S. District Judge Kathleen Cardone of El Paso sentenced the men in October - Ramos to 11 years in federal prison, Compean to 12. They began serving their sentences two weeks ago.

"He's taking it real hard," said Joe Loya, an El Paso insurance agent and Ramos' father-in-law. "These guys were scapegoats. He's not a criminal who belongs behind bars."

The two agents and their families have repeatedly asserted that their only real offense were procedural violations that would normally result in a suspension, at best. But Sutton and his prosecution team say the agents engaged in abusive behavior and overstepped their authority.

In an account of the case released by Sutton's office, neither of the agents knew the van contained marijuana. "The evidence was un-controverted that, at the time the victim was shot, neither agent knew the driver was illegally in the United States or whether a crime had been committed," the statement said. "The only information they had was that the driver had failed to pull over to be identified."

Aldrete-Davila leaped out of the vehicle and tried to run, but stopped and raised his hands to surrender after jumping into a ditch. According to testimony, Compean tried to hit the man with the butt of his shotgun but slipped and fell. Aldrete-Davila began running, and Compean fired 14 shots with his pistol. Ramos fired once, striking Aldrete-Davila in the buttocks.

The fugitive fled to Mexico and sought medical help. In a twist of irony, according to Sutton, Aldrete-Davila's mother mentioned the incident to a friend, whose son-in-law was a Border Patrolman. The agent passed the information to superiors, resulting in an investigation by the Homeland Security Department, the parent department of the border patrol.

The investigation, as presented by prosecutors, found that the agents tried to dispose of empty shell casings and filed a false report. They were convicted of 11 of the 12 charges in the indictment, including assault with a dangerous weapon, assault with serious bodily injury, discharge of a firearm during the commission of a crime of violence and willfully violating Aldrete-Davila's constitutional right to be free from illegal seizure.

Other violations included intentionally defacing the crime scene, lying about the incident and failing to report the truth.

The agents' defenders have attacked Sutton's account as a collection of distortions and said the two lawmen were lawfully performing their duty and believed Aldrete-Davila was armed. Several lawmakers have likened the agents to combatants in Iraq, saying they risked their lives daily to protect America's border.

Among the most explosive elements in the case is Sutton's decision to grant immunity to Aldrete-Davila to enable an apparent drug dealer to testify against two agents with respected records of service - Ramos, at one point, was nominated as agent of the year before the recommendation was withdrawn following the indictment.

The agents' supporters also complain that the trial transcript has not been completed and made public, compounding their efforts to review the case.

Sutton described Aldrete-Davila as "a typical dirt-bag dope dealer" but said prosecutors had no useable evidence to link him to smuggling. Futher, he said, the agents' "bad behavior" at the scene destroyed any chance of making a drug case. After the unreported shooting came to light, he said, prosecutors had no choice but to proceed with a case, using Aldrete-Davila as a key witness.

Defense, Government Give Closing Arguments In Coke Secrets Case (SDUT/AP)

By Harry R. Weber, Associated Press

The San Diego Union-Tribune, February 1, 2007

DOJ_NMG_0125609

ATLANTA – A former Coca-Cola secretary was deeply in debt, unhappy in her job and seeking a big payday, so she conspired to steal trade secrets from the beverage giant in an effort to sell them to rival Pepsi, a prosecutor said Wednesday during closing arguments in the woman's trial.

But Joya Williams' lawyer asked jurors to use their common sense and ask themselves if the government has proved its case beyond a reasonable doubt.

"They have absolutely, 100 percent failed to meet that burden," Janice Singer said during her closing argument.

Jurors deliberated Williams' fate for about 3½ hours Wednesday afternoon before being sent home for the day without reaching a verdict. Deliberations were to resume Thursday.

Assistant U.S. Attorney Byung J. Pak said Wednesday that the case against Williams is about cash, ongoing access to documents, lies and acts in furtherance of the crime. He put the words on a screen for the jury, using the first letter of each of the four categories to spell "C-O-L-A."

"This case is about desperate times calling for desperate criminal measures," Pak said.

He added, "Ladies and gentlemen, she is a knowing and willing participant in the conspiracy."

The government has alleged that Williams, 41, stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

Williams was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

During two days on the stand earlier this week, Williams testified that she didn't steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400, and that was after her July 5 arrest.

Williams' credibility will be an issue for the jury to weigh during its deliberations.

Williams' lawyer has suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Pak said during his closing argument Wednesday that the key under the mat claim was another lie told by Williams.

"The fact of the matter was there was no key under the mat," Pak told jurors. "That did not happen. Mr. Dimson had an insider, and that was Ms. Williams."

Defense lawyer Singer told jurors the real liar in the case is Duhaney, when he claimed on the stand that the conspiracy was Williams' idea.

"I think it is clear Mr. Duhaney has no problem lying," Singer said.

She noted Duhaney, an ex-con who met Dimson in federal prison, testified as part of a plea agreement with the government. Dimson had served time on a bank fraud charge, while Duhaney had served time on a cocaine charge.

"It gives him a motive to lie," Singer said of Duhaney, referring to his plea deal in the Coke case. "But Mr. Duhaney doesn't really need a motive to lie. He has a pattern of lying."

Before heading home Wednesday, the jury asked U.S. District Judge J. Owen Forrester whether Williams is married. The jury didn't say why it wanted to know. Williams had testified she is single, though on a form she filled out listing personal information on the day she started working at Coke – March. 7, 2005 – she circled "married." Her attorney told reporters outside court that she doesn't know if Williams was married in the past.

Posing As A Family, Sex Offenders Stun A Town (NYT)

By Jennifer Steinhauer

The New York Times, February 1, 2007

EL MIRAGE, Ariz., Jan. 31 — To neighbors, Casey Price was a seventh grader with acne and a baseball cap who lived an unremarkable life among a bevy of male relatives.

He built the occasional skateboard ramp and did wheelies on his bicycle down the streets of this subdivision of stucco homes north of Phoenix.

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In nearby Surprise, where Casey was enrolled as a 12-year-old in a public school for four months, he was regarded as a shy, average student with chronic attendance problems. A man identified as his uncle had registered him, attended curriculum night and e-mailed his teachers about homework assignments.

Now Casey is in jail, and his former neighbors and classmates have learned the unthinkable: Not only is Casey not Casey — his real name is Neil H. Rodreick II — but he is also a 29-year-old convicted sex offender who kept a youthful appearance with the aid of razors and makeup.

And the men known as his uncle, grandfather and cousin, who until recently shared a three-bedroom house with him here, were not family at all, but a web of convicted sex offenders and predators, law enforcement officials say, preying in part on one another.

A retracing of Mr. Rodreick's tracks over the past several years shows that he is under investigation in three states. The authorities in four jurisdictions say he repeatedly failed to register as a sex offender, housed a large cache of child pornography in his computer and, based on videos found by the police, had sex with at least one boy.

"Obviously there are a lot of emotions to work through," said Mindy Newlin, the mother of a kindergartener at Imagine Charter School, the school in Surprise where Mr. Rodreick posed as Casey. "We are just shocked."

Robin Kaiser's daughter Kaitlin shared a class with "Casey," but he failed to make an impression, Ms. Kaiser said. "She remembers him, that he was quiet and sat in the back of the classroom," she said. "She said he looked like he had been held back."

Janet R. Lincoln, the public defender for Yavapai County, who represents Mr. Rodreick and the other three men, did not return multiple phone calls. A receptionist in her office said Ms. Lincoln would have no comment. The men have been indicted on numerous counts and are scheduled to appear in court in late February; they have already pleaded not guilty to charges of fraud and failing to register as sex offenders.

Mr. Rodreick spent seven years in prison in Oklahoma for making lewd and indecent proposals to two 6-year-old boys. After being released in 2002, law enforcement officials said, he was able to convince Lonnie Stiffler, 61, and Robert J. Snow, 43, who had been trolling the Internet for boys, that he was a minor.

In 2005, he talked the two men into taking him from Oklahoma to live with them in Arizona, where Mr. Stiffler posed as Mr. Rodreick's grandfather and Mr. Snow as his uncle, and both men regularly had sex with him, the authorities said. Another man living in the house, Brian Nellis, 34, a sex offender Mr. Rodreick had met in prison, is believed to have aided Mr. Rodreick in the ruse, the authorities said.

Mr. Rodreick continued the charade as a minor for nearly two years, the authorities said, registering at four charter schools in Arizona, until this month, when school administrators in Chino Valley called the sheriff.

The police and school officials in each location where "Casey" enrolled said they knew of no children harmed, although the indictment against Mr. Rodreick includes an assault count. The authorities are trying to determine, with the help of videos confiscated from the men, if there were victims in the schools.

"With boys it is a really tough deal," said Lt. Van Gillock of the Police Department in El Reno, Okla., where Mr. Rodreick is believed to have posed as a 12-year-old to ingratiate himself with boys at church. "If they did it voluntarily, they have the stigma of homosexuality, and if it is forced, well, boys are supposed to be tough and the things the boys have on them gives them an embarrassment factor."

Though many parents have publicly praised the Surprise school's handling of the deception, Mr. Rodreick's enrollment has raised questions about admissions procedures, which officials at Imagine, one of the state's largest charter schools, said they were reviewing. Arizona, the nation's fastest-growing state, is a leader in charter school enrollment, with more than 450 schools that account for 8 percent of the state's total student body.

"He probably thought that a charter school was easier," said Candace Foth, another parent in Surprise. "It is not really difficult to enroll."

Mr. Rodreick's time in Arizona was the latest episode in a life speckled with disappointment, crimes and estrangement, according to relatives and law enforcement officials.

When he was growing up in Oklahoma, he was sexually abused by neighbors, said his mother's sister, Jan Bautista, with whom he lived briefly after his release from prison in 2002.

He was 18 in 1996 when the authorities in Chickasha, Okla., charged him with making lewd and indecent proposals to two 6-year-old boys. He was sentenced to 10 years in prison and released after serving 7.

From there, Ms. Bautista said, he made his way to San Bernardino County in California, where he stayed with her for about two months. Ms. Bautista said she asked Mr. Rodreick to leave after she found child pornography on her computer and suspected him of lewd acts toward a child. She said she turned her computer over to the sheriff.

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"I really hate this man," she said. "I really do. I hope they keep him in prison the rest of his life, because I know he is never going to get well."

Mr. Rodreick next made his way to Kingfisher County in Oklahoma, where, according to the sheriff, Dennis Banther, he registered as a sex offender. Soon, he was joined in his mobile home in a secluded area by Mr. Nellis, who had served three years in prison after a conviction for lewd molestation, Sheriff Banther said. The two gravitated among fast-food restaurant jobs, the sheriff said, and were seen at a school playground, a library and parks.

The two left Kingfisher County in 2003 for El Reno, Okla., and trouble followed. In 2005, Lieutenant Gillock of the El Reno Police Department got a call from a computer rental store that had repossessed a computer Mr. Nellis had rented and found child pornography — more than 1,000 images and 150 videos.

While looking for Mr. Rodreick, Lieutenant Gillock stumbled upon his new life. He learned he had been posing as a 12-year-old named Casey and befriending families at a local church. He had spent the night with at least one boy, the lieutenant said, and traveled to the Grand Canyon, with Mr. Nellis in tow as his uncle, with another boy. And since at least late 2004, he said, Mr. Rodreick had been receiving Western Union money transfers from Mr. Stiffler.

Mr. Stiffler is the only one of the four who has not been convicted of a sexual offense, according to officials in Yavapai County. He spent most of his life in New Jersey, some of it married to a woman named Jill, who died in 1984, and with whom he had a daughter, according to Karen Svecz, his wife's sister.

Mr. Snow, who law enforcement officials say has been convicted of a sexual offense in California, lived mostly there until about 1985, when he moved to Arizona.

When Mr. Rodreick arrived in Arizona, he is believed to have first enrolled at the Shelby School in Peyson, where administrators say he attended under the name of Casy Rodreick for 21 days in 2005.

The next stop was Surprise, where the same "uncle" played the role of enroller again, presenting Mr. Rodreick as a 12-year-old. His concocted name, Casey Price, was that of a child in Oklahoma, the authorities there said.

"He absolutely looked age-appropriate," said Rhonda Cagle, a spokeswoman for Imagine Charter School, of Mr. Rodreick, who is listed on the Oklahoma Department of Corrections Web site as 5 feet 8 inches tall and 120 pounds. "We have several seventh-grade students who are taller and of a larger build than this individual."

Ms. Cagle said he was quiet and participated in no after school activities, eventually being expelled by school officials for poor attendance.

"He took all of the subjects our students take — math, social studies," she said. "By all accounts from the teachers, he was fairly quiet and withdrawn. He turned in homework, certainly didn't come off as brilliant or as someone needing extra help."

After another effort to enroll in a school in Prescott Valley, the police say, Mr. Rodreick headed a bit north, to the Mingus Springs Charter School in Chino Valley, and this time, his "grandfather," Mr. Stiffler, took him to enroll on Jan. 16 toward the end of the day.

But administrators and staff members quickly grew suspicious, said Dawn Gonzales, the school director.

"The person posing as the child obviously looked older than 12," Ms. Gonzales said, although he was allowed to start class while they looked over his paperwork. Things were not right, there, either. Some records had Casey, others Casy. Different birth dates emerged.

The next day came, and so did Casey. "He did have the demeanor of a kid," Ms. Gonzales said. "He played that part very well. He appeared to be very shy. He kept his head down and spoke softly."

It wasn't working. "Every adult that encountered him said something here is not right," she said. "He just looked older. They kept saying, 'Are you sure he is 12?' "

When information on his enrollment forms turned out to be fiction, school officials, believing they had an abducted older child on their hands, called the Yavapai sheriff's office.

"In my wildest imagination I could not have dreamt up," what was discovered, Ms. Gonzales said.

The authorities said Mr. Stiffler and Mr. Snow were shocked, too, and angry about being duped by an adult posing as a minor.

Ms. Cagle said her school in Surprise learned about their "Casey" on the evening news. "Needless to say, our staff is devastated," she said. "This individual violated a sense of community that we all share. This is something that is bigger than our school. It affects the way we live and the way we look at each other."

US Audit Found More Problems At Crime Lab (BOS)

By Jonathan Saltzman, Globe Staff
The Boston Globe, February 1, 2007

DOJ_NMG_0125612

A federal inspection of the State Police crime laboratory completed in September found problems with the handling of DNA evidence that go beyond those that prompted the agency to suspend a civilian administrator and led to two sweeping reviews of the lab.

Auditors from the US Justice Department's Office of the Inspector General concluded that the laboratory entered incomplete genetic profiles into its computerized database in 12 cases of a sample of 100 involving unidentified suspects who left DNA at crimes scenes, making the profiles inadequate.

The auditors also found instances in which laboratory officials entered the same genetic profile under two different ID numbers in the database and failed to follow FBI protocols for analyzing profiles and double-checking results, according to an executive summary of the inspection report.

In addition, the summary said, the laboratory waited nearly eight months to confirm a tentative match between DNA from a crime scene and DNA from a convicted felon whose genetic profile was entered into the database. Federal guidelines call for confirmation within 30 days.

The lab underwent a private inspection for work performed in 2005, but failed to pass the report on to the FBI for almost seven months, not immediately as required. In all, the federal audit cited seven categories of problems. It did not specifically mention the suspended administrator, but did appear to focus on duties he performed.

Apart from those deficiencies, the auditors said the lab "generally complied" with federal standards for labs that participate in the nationwide Combined DNA Index System, or CODIS. That database allows law enforcement officials, seeking to match suspects to crimes, to electronically compare more than 3.1 million DNA profiles.

The State Police had not disclosed the existence of the federal report since Jan. 12, when the agency announced the suspension of Robert E. Pino , the civilian administrator in charge of the state's DNA indexing system.

The State Police said Colonel Mark Delaney, superintendent of the force, launched an internal investigation in mid-November after discovering that Pino mishandled test results in 15 sexual assault cases. In 11 of those cases, the agency has said, Pino failed to report matches to police departments for months, making it impossible for prosecutors to pursue charges. The State Police had said the internal investigation began after a Hampden County police officer complained to the lab about receiving late notification of a match.

Kelly A. Nantel , a spokeswoman for the Executive Office of Public Safety, which oversees the State Police, said yesterday the federal inspection played no role in Delaney starting the internal investigation in November.

However, she said, it confirms the need for the comprehensive analysis that the Patrick administration announced last week. It has asked for proposals for an independent management consultant who would be paid up to $250,000 to evaluate all operations at the crime laboratory.

Meanwhile, Delaney has brought in the FBI to review its DNA database. The FBI has downloaded more than 21,000 DNA profiles and is focusing on 622 matches that have been made since 2001, a State Police spokesman has said.

Nantel said the State Police did not mention the federal audit because it was a routine review and added that the agency has addressed the deficiencies cited by the auditors. A State Police spokeswoman said the department had no comment yesterday because it was too busy responding to the series of bomb scares across Boston.

Cynthia A. Schnedar , counselor to the Inspector General, declined to comment on the details of the audit or to characterize the seriousness of the lapses. But she released a document showing her agency performed 18 audits of US crime laboratories with DNA databases in fiscal 2004 and 2005 and found more than a dozen cases in which labs entered genetic profiles that violated federal standards.

DNA matching has become the gold standard for forensic identifications since the late 1980s, but it has not been without problems. Originally, the databases were designed to store genetic profiles of sexual offenders. But many states, including Massachusetts, have expanded them to include samples from all convicted felons, overwhelming laboratory employees and causing mammoth delays. In addition, the Justice Department fails to check to see whether police departments follow up on matches, making it impossible to assess how well the databases are being used.

Carll Ladd , the supervisor of the DNA unit at the Connecticut State Police crime laboratory, said auditors from the inspector general's office are sticklers and will invariably find problems. Nonetheless, he said, some of the lapses highlighted in the Massachusetts lab struck him as unacceptable, including the finding that 12 percent of the genetic profiles sampled by the auditors were incomplete. "I don't believe we have anything like 12 percent of our forensic unknown profiles that are incomplete," he said in a telephone interview yesterday. "I don't think we have any."

The Massachusetts State Police lab, which wrestled with a backlog in DNA analyses that reached 1,000 cases in 2005, has come under fire since the agency said Pino failed to forward DNA matches in 11 sexual assault cases dating to the 1980s to police departments before the 15-year statute of limitations on rape cases had run out.

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In addition, Pino prepared reports saying DNA results in four cases matched the genetic material from old rape kits when they had not. No one was arrested in those cases, State Police said, because someone discovered the mistakes.

State lawmakers, who increased funding to the lab from $6.2 million in fiscal 2005 to $16.2 million in fiscal 2007, are demanding answers about the problems.

The lapses at the lab have also prompted defense lawyers and advocates for several well-known convicted felons to scrutinize DNA evidence in their cases. The felons include Edward S. O'Brien , convicted in 1997 for murdering his best friend's mother; Christopher M. McCowen , convicted last year of murdering Truro fashion writer Christa Worthington ; and Benjamin LaGuer , convicted in 1984 of raping a Leominster woman.

Pino, who has been suspended with pay, has denied wrongdoing but said little to reporters. On Monday, he told the Globe that he had hired a lawyer, Michael J. O'Reilly , and looked forward to the hiring of the outside consultant to review all operations at the forensic laboratory.

"When that thing is done, I know my name will be cleared," he said.

A Governor Stands Up (WP)

The Washington Post, February 1, 2007

ABOLISHING Maryland's death penalty did not figure in Martin O'Malley's successful campaign for governor last year or in his announced agenda for this year's session of the state legislature. So the path of least resistance would have been for him to say nothing, or very little, in response to opponents of capital punishment, who are clamoring for its repeal. Instead, he has joined their fight. In doing so he has lent his fledgling administration a sense of purpose and moral clarity.

The governor, who has long opposed capital punishment, could probably have achieved his policy goals by doing nothing. In December, Maryland's Court of Appeals effectively halted executions by ruling that the state's procedures for lethal injections were adopted without adequate legislative oversight. In the absence of a legislative remedy to restart what are already infrequent executions, Mr. O'Malley could have sat back and enjoyed four years as governor without having a single death warrant land on his desk for signature.

Instead, he has joined growing calls around the country to do away with state-sponsored killings, which have been shown repeatedly to be error-prone with regard to guilt or innocence; wildly expensive to prosecute; racially tilted against killers whose victims are white; arbitrarily pursued depending on jurisdiction; and ineffective as a deterrent to the most vicious crimes. Across the country, Americans' queasiness with capital punishment has grown steadily, particularly as DNA evidence has pointed to mistaken convictions. The number of executions carried out last year (53) was the lowest in a decade. While most citizens still approve of capital punishment, the support has dwindled. Recent polls suggest a majority would prefer the option of imposing a life sentence in prison without the possibility of parole.

That is what a commission of law enforcement officials and victims' representatives has recently advocated in New Jersey, and that is what would be achieved in Maryland by a bill sponsored by state Sen. Lisa A. Gladden and Del. Samuel I. Rosenberg, Baltimore Democrats. Mr. O'Malley is on record as saying that he favors the bill and will work for its passage.

Although his governorship is just a few weeks old, Mr. O'Malley showed himself as a candidate and a governor-elect to be cautious and reluctant to get out in front on issues. That's not necessarily a bad thing in a public official feeling his way in a new job. But by setting down his marker on the death penalty, on whose merits Marylanders remain divided, Mr. O'Malley has shown political courage and a glimpse of the gritty resolve that he claimed as his legacy as mayor of Baltimore.

CIVIL LAW:

WellPoint Pays $975,000 To Settle U.S. Allegations (Update1) (BLOOM)

By Duncan Moore

Bloomberg, February 1, 2007

Jan. 31 (Bloomberg) -- A unit of WellPoint Inc., the second- biggest U.S. health insurance provider, agreed to pay $975,000 to settle allegations of overcharging the government in Missouri, the U.S. Justice Department said.

The settlement resolves claims that the WellPoint medical insurance unit made false claims against the Federal Employees Health Benefits Program, the government said today in a statement. The U.S. alleged that WellPoint's subsidiary paid higher rates to a network of physicians than the doctors received from other plans, passing the inflated costs to the government.

Ronald Ekstrand, a former WellPoint employee, initiated the case with a whistleblower suit under the Civil War-era False Claims Act. Total U.S. and state recoveries under the law since 1986 exceed $20 billion, with almost $1 billion announced in the first quarter of fiscal 2007, according to Taxpayers Against Fraud, a Washington-based group that tracks the litigation.

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The settlement ``should send a signal to all health-care providers who receive federal funds that we are committed to protecting the health-care system from fraud or abuse," said Catherine Hanaway, U.S. attorney for the Eastern District of Missouri, in the statement.

Ekstrand, the whistleblower, will receive $165,750 of the payment under a provision in the False Claims Act intended to encourage private individuals to expose frauds against the government. The government reviews such cases and decides whether to take part.

WellPoint acquired the Missouri subsidiary, St. Louis-based RightChoice Managed Care Inc., in 2002. The unit was renamed Anthem Blue Cross and Blue Shield. WellPoint, based in Indianapolis, operates Blue Cross and Blue Shield plans in 14 states and ranks second in revenue behind Minnetonka, Minnesota- based UnitedHealth Group Inc.

``The company maintains that fees paid were reasonable and competitive with the fees paid by other health plans in the same market," said Deb Wiethop, spokeswoman for Anthem Blue Cross and Blue Shield in St. Louis, in a telephone interview. ``They also were in full compliance with federal regulations and Office of Personnel Management guidance."

The company settled ``to put the litigation behind us," she added. ``By settling this case, we don't believe it implies that any of our operational practices were improper."

RightCHOICE Settles With U.S. For $975,000 (SLBIZ)

St Louis Business Journal, February 1, 2007

RightChoice Managed Care Inc. agreed to pay $975,000 to resolve allegations that it overcharged the Federal Employees Health Benefits (FEHB) Program, U.S. Attorney Catherine Hanaway and the Justice Department said Wednesday.

The arrangement settles allegations that RightCHOICE violated the False Claims Act in connection with providing health-care benefits to federal employees and their dependents in the state of Missouri.

RightCHOICE does business from the downtown St. Louis offices of Blue Cross Blue Shield of Missouri, located at 1831 Chestnut St.

The government alleged that RightCHOICE, which participates in the FEHB Program as part of the Blue Cross and Blue Shield Service Benefit Plan (SBP), passed on excessive costs to the FEHB Program in connection with compensating a preferred provider network of physicians known as "Alliance." The government contended that RightCHOICE paid higher fees to Alliance physicians for serving patients insured through the SBP than these same physicians were reimbursed for providing the same types of services to patients insured through various other health plans. The government also alleged the physicians passed on these higher rates to the Office of Personnel Management as purportedly "reasonable" costs to the FEHB.

The civil settlement resolves claims brought under the qui tam provisions of the False Claims Act by Ronald Ekstrand against Wellpoint Health Networks Inc., the entity into which RightCHOICE merged in January 2002.

Ekstrand will receive $165,750 of the total recovery as his statutory award for his suit filed in the U.S. District Court for the Eastern District of Missouri. Under the qui tam provisions of the False Claims Act, private individuals can bring whistleblower actions for fraud on behalf of the United States and collect a share of any proceeds recovered by the suit as well as attorney fees.

Indianapolis-based WellPoint (NYSE: WLP) is the parent company of health insurance providers Blue Cross Blue Shield of Missouri, HealthLink and UniCare.

Initial Settlement Proposal For Radio Payola: $10 Million (USAT)

By Paul Davidson

USA Today, February 1, 2007

The nation's four largest radio broadcasters would make payments and other contributions valued at about $10 million under a proposed settlement of a year-long probe by the Federal Communications Commission into pay-for-play claims in the music industry, say FCC officials and others with direct knowledge of the matter.

While the FCC's three Republicans generally have backed less-punitive terms, Democrats Jonathan Adelstein and Michael Copps have been pushing for tougher concessions, FCC officials say. The officials requested anonymity because the proceeding is pending.

The investigation centers on claims that radio stations owned by Clear Channel Communications, CBS Radio, Entercom Communications and Citadel Broadcasting have accepted cash or gifts, known as payola, from major music labels in exchange for playing their releases.

Under settlement terms proposed several weeks ago, the broadcasters would devote $7 million of airtime to independently produced music. The radio giants also would pay $3 million to a fund for the National Association of Broadcasters to provide training to member stations to stop payola.

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But some FCC officials are concerned that the agency doesn't have the authority to require such contributions. As a result, the original proposal was expected to be pulled Wednesday night. A new proposal is expected to require the broadcasters to pay a more traditional penalty of $10 million to $15 million to the U.S. Treasury, say people with direct knowledge of the matter. They would not be identified because the proposal is still subject to negotiation.

In addition, the companies would draft compliance plans detailing which practices are unacceptable. FCC Democrats worried the original proposal did not give the agency sufficient oversight.

The FCC probe grew out of an investigation by former New York attorney general Eliot Spitzer that has yielded settlements with four major music labels, as well as Entercom and CBS Radio, which agreed to pay $4.2 million and $2 million, respectively. Those payments just cover violations by radio stations in New York state.

"I would hope there would be significant penalties" and a long-term commitment to weave independent music into playlists in the FCC deal, says Michael Bracy, of the Future of Music Coalition, which supports independent artists.

Independent artists say payola squeezes them off the radio dial because they can't afford to fork over the goodies. The practice also deceives consumers into believing song selections on the radio are based on their appeal to listeners, Spitzer said last year.

Tobacco Giant Reasserts Itself As Calls For Va. Smoking Ban Grow (WP)

By Amy Gardner

The Washington Post, February 1, 2007

RICHMOND -- Not too many years ago, all tobacco lobbyist Charlie Davis had to do to ensure swift defeat of anti-smoking legislation was to lean into the microphone at a committee hearing and say, "Philip Morris opposes this bill."

Times have changed for Philip Morris USA at the Virginia General Assembly. Lawmakers are voting this week on several bills to restrict smoking in restaurants and other public places, bills that are closer than ever to approval. And Philip Morris, the Richmond-based tobacco giant and emblem of the historic role that the golden leaf has played in Virginia's prosperity, suddenly has something to worry about.

"They're scared, and they should be scared," said Teresa Gregson, a lobbyist for the American Heart Association. "It's just a matter of time before this passes."

For two years, in part to improve a public image tarnished by the ill effects of smoking, Philip Morris announced no position on proposed smoking bans across the nation. But in Virginia this year, Davis and other company representatives are meeting with lawmakers -- in their offices or in the corridors -- to steer them away from the more restrictive proposals, lawmakers said.

"Charlie grabbed me in the hall and asked me where I was," said Del. Ward L. Armstrong (D-Henry), who represents a swath of Southside Virginia once dependent on tobacco. "I told him I think we need to move the ball forward this year, maybe with a restaurant ban."

Davis declined to comment, referring inquiries to Philip Morris. Company spokesman David Sutton confirmed that Philip Morris is "engaging" lawmakers this year to shape what he termed a "reasonable" regulation of smoking in public spaces.

A number of bills are making their way through the legislature. Sutton would not say which proposals are acceptable to the company. A bill banning smoking in most public spaces and workplaces failed in a House subcommittee Friday, and a bill that requires restaurants to display a sign if smoking is permitted was passed.

Another version of the broader bill emerged from the Senate on Wednesday and is headed to the House of Delegates.

In part because of general anti-regulatory views in the legislature, approval of the bans is not assured. But because tobacco-growing regions have less influence than in the past -- and because of growing pressure from such vote-rich suburban regions as Northern Virginia and Hampton Roads -- more and more lawmakers, Republican and Democratic, are seeking smoking bans in workplaces, bars, restaurants and other places.

"I'm a cancer survivor. My father has lung cancer," said John A. Cosgrove (R-Chesapeake), who is promoting the Virginia Indoor Clean Air Act, which would prohibit smoking in most restaurants that open after July 1, 2008. "I don't want to just say that the state's going to step in and make these sweeping changes in one fell swoop. But it's time to do something."

Philip Morris, the world's largest cigarette maker and perhaps the most powerful emblem of Virginia's tobacco heritage, has for years used its considerable resources to protect its interests in the political realm. Last year alone, Philip Morris's parent company, Altria, gave nearly $250,000 to Virginia candidates and committees, according to the nonprofit Virginia Public Access Project.

The company chose in 2005 and 2006 not to lobby against proposed smoking bans across the nation, said Sutton, the company spokesman. Davis, the lobbyist, stopped attending the committee meetings at which lawmakers took up smoking bans.

It was a dramatic departure, and proposed smoking bans began popping up in greater numbers in Virginia, where lawmakers have historically stood among Philip Morris's most staunch defenders.

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Instead of fighting such measures, the company began issuing statements such as this one:

"Philip Morris USA believes people should be able to avoid secondhand smoke, particularly in places where they must go, such as public buildings, public transit and many workplaces. They also should be guided by public health officials regarding the health effects of secondhand smoke."

Even House Majority Leader H. Morgan Griffith, an anti-regulation Republican and self-described libertarian, is sponsoring a bill, the one that would require restaurants that permit smoking to post clearly visible signs near their entrances. Advocates of a ban don't think Griffith's bill would do much. But Griffith said it is a compromise that would spare most employers from burdensome regulation while protecting patrons.

"The people in my district want more restaurants that are smoke-free, and they are somewhat frustrated that a majority of restaurants haven't gone that way without government action," Griffith said.

Bans have gained in popularity more quickly in other states as awareness has grown about the health risks of secondhand smoke. After New York City enacted its ban four years ago, many jurisdictions followed suit, including a number of Maryland counties and the District, which last month extended its smoking ban to bars.

The pressure is growing in Virginia. Doctors, cancer survivors, parents and others are pressuring state lawmakers to do something to protect them. And more and more lawmakers are listening.

"I know that Virginia was founded on tobacco," said Del. Vincent F. Callahan Jr., a Republican from McLean whose wife, a longtime smoker, died several years ago of lung disease. "They came over here looking for gold, and they found tobacco, and it was good for them. It wasn't good for Virginians, though. The time has come to put an end to smoking in restaurants."

With such sentiments more prevalent than ever, Philip Morris is working harder to shape anti-smoking legislation. But even in Richmond, where the crop was once known as King Tobacco and where lawmakers may smoke in their offices, it might not be enough. Change is coming, say even the most stalwart defenders of tobacco, and the most they can do is slow the pace of change.

"At some point, we're going to ban smoking in public places in this state," said Del. Watkins M. Abbitt Jr. (I-Appomattox), who on Friday sported a tie printed with dozens of golden tobacco leaves. "But I'd rather crawl before I walk or I run."

Few Fraud Cases Rush To Medicaid Unit (NYT/AP)

By The Associated Press

The New York Times, February 1, 2007

Filed at 10:36 p.m. ET

WASHINGTON (AP) -- More than half the states are sending few Medicaid fraud cases to special units established to pursue the wrongdoing, averaging less than one referral a month, The Associated Press learned Wednesday.

"These states were rural, urban, small, large, from all regions of the country," the internal watchdog for the Health and Human Services Department found.

Medicaid is the medical insurance program for the poor and is financed by the states and the federal government.

When fraud is suspected, the state Medicaid agency does the initial investigation and is supposed to turn over cases to be pursued to Medicaid Fraud Control Units -- usually part of a state's attorney general's office.

On average, states spend about 18 percent of their own money on Medicaid. It is the second largest program in most state budgets, following elementary and secondary education.

The HHS inspector general, Daniel Levinson, studied the referrals for the three-year period from July 2002 through June 2005. He found:

--Twenty-six of the Medicaid fraud units reported accepting, on average, no more than one referral a month from their state Medicaid agencies. Acceptance means the fraud unit retains the case for further investigation.

--Twenty-one fraud control units said that in the last year of the study, they received fewer than 12 referrals each from state Medicaid agencies, an average of less than one referral per month.

--In that last year, Arkansas and Connecticut had only two referrals, South Dakota had four, Virginia reported eight and Wyoming 11.

--Only three fraud units received more than 100 referrals in the last year of the study: Florida (215), Arizona (192) and Texas (180). California, with the largest Medicaid program based on enrollment, reported 79.

The report found that while the referrals from state Medicaid agencies increased from 1,161 in 2002-03 to 1,403 and 1,470 in the next two years, the numbers are deceiving. Most of the increase came from one state, Florida.

"In fact, more than half of (the fraud units) actually reported receiving fewer referrals from their respective state Medicaid agency in the last year of our review, compared to the average number of referrals in all three years," the inspector general said.

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Jeff Nelligan, spokesman for the Centers for Medicare and Medicaid Services, said, "Fighting fraud in the Medicaid program is exceedingly important to CMS, both in terms of providing better service to our beneficiaries and in saving taxpayer dollars."

He said the federal agency is establishing standards that would allow evaluation of a state's performance in referring fraud cases.

Sen. Charles Grassley of Iowa, ranking Republican on the Senate Finance Committee, was critical of the efforts of some states.

"You can't recover what doesn't get reported," Grassley said. "And if ... state agencies are reporting only part of the fraud, then whistle-blowers and others probably account for a good part of the rest of recoveries that would otherwise be lost to Medicaid fraud."

Grassley has pushed for legislation that would encourage states to reward whistle-blowers financially.

The study excluded seven states:

--Idaho and North Dakota were granted waivers from establishing fraud control units.

--Nebraska established its unit toward the end of the study period.

--Kentucky, New York, Oregon and Utah fraud units responded, but the information provided was not complete enough for analysis.

The report said the federal Medicare and Medicaid agency has not created performance standards for state Medicaid agencies and therefore could not determine how well the state Medicaid agencies performed.

The report attempted to rank the performance of state agencies and did not take into account state budgets, a state's Medicaid expenditures, claims volume or the number of providers and beneficiaries.

CIVIL RIGHTS:

Agency Targets Human Trade (WT)

By Jerry Seper

The Washington Times, February 1, 2007

Attorney General Alberto R. Gonzales yesterday created a Human Trafficking Prosecution Unit and assigned it the task of developing strategies to combat modern-day slavery and expand the Justice Department's anti-trafficking enforcement programs.

"With the creation of the Human Trafficking Prosecution Unit, we will expand and enhance our ability to fight this crime by working together with federal, state and local investigators to tackle the enormous challenges posed by this evil," Mr. Gonzales said. "We will continue to develop new ways to help victims and to bring their captors to justice."

Human trafficking often involves the recruitment and smuggling of foreign nationals into the United States for forced labor and illicit sexual activity.

Mr. Gonzales said the unit will work to enhance the department's investigation and prosecution of significant human trafficking and slavery cases, such as multijurisdictional cases and those involving financial crimes.

It will be led, he said, by prosecutors who have brought cases against traffickers and "freed hundreds of foreign and domestic victims from sex trafficking in brothels and forced labor in fields, homes and factories."

The prosecutors include Robert Moossy, who will head up the unit, chief counsel Lou de Baca and special litigation counsels Hilary Axam and Andrew Kline, who the attorney general said bring "significant anti-slavery experience to this effort and have been leaders in developing the modern victim-centered approach to human trafficking investigations and prosecutions."

Mr. Gonzales has made combating human trafficking a top priority. In the past six years, the department has increased by sixfold the number of human trafficking cases filed, quadrupled the number of defendants charged and tripled the number of defendants convicted.

In fiscal 2006, the department began 168 investigations, charged 111 defendants in 32 cases and obtained 98 convictions. In fiscal 2007, which began Oct. 1, the department has initiated 60 investigations, charged 26 defendants in eight cases and obtained 36 convictions.

The prosecutions have included:

·An April 2005 case involving Mexican nationals Josue Flores Carreto, Gerardo Flores Carreto and Daniel Perez Alonso, who pleaded guilty to 27 counts relating to a sex trafficking ring. According to an indictment, the men recruited young women from Mexico over a 13-year period, smuggled them into the United States and forced them into prostitution in New York City. The Carreto brothers were sentenced to 50 years in prison, and Alonso received 25 years.

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·A November 2006 case involving Jefferson Calimlim Sr. and his wife, Elnora, both doctors in Milwaukee, who were each sentenced to four years in prison for forcing a woman to work as their domestic servant and illegally harboring her for 19 years in their residence. They were convicted of using threats of serious harm and physical restraint against their victim, whom they brought from the Philippines when she was a teenager.

U.S. Intensifies Fight Against Human Trafficking (CNN)

CNN, February 1, 2007

WASHINGTON (CNN) -- The United States has launched hundreds of new investigations to combat human trafficking for prostitution and labor exploitation inside its borders, U.S. authorities have announced.

Calling human trafficking "the equivalent of modern day slavery," U.S. Attorney General Alberto Gonzales vowed on Wednesday to keep the issue a top priority for federal law enforcement agencies.

The Justice Department also has created a unit designed to pursue human trafficking cases, said Assistant U.S. Attorney Wan Kim.

Justice authorities said it would be the first time the Civil Rights Division would have a team of lawyers working exclusively on human trafficking cases.

The unit initially will have four attorneys experienced in prosecuting human trafficking cases, Kim said.

Justice Department and FBI officials said they are using more attorneys and investigators to find and prosecute international human trafficking rings, which lure primarily young women from Asian, Eastern European and Latin American countries to the United States with false promises of jobs and husbands.

"This is a perversion of the American dream. The American dream is used as a lure to attract victims," Assistant U.S. Attorney Kim said.

Kim said the degree of coercion may vary, "But nobody signs up for involuntary servitude."

A senior U.S. Justice Department official estimated about 15,000 victims of human trafficking arrive in the United States annually, some as young as 9 years old, destined for jobs in brothels, as unpaid domestic servants, or in other jobs as virtual slaves.

The victims represent a source of continuing income for the rings that provide them, making human trafficking more attractive than drug smuggling to some criminal syndicates, authorities said.

The FBI said it currently has 212 ongoing human trafficking investigations, and the Justice Department said it had initiated 60 investigations in the past four months.

Authorities cite a sixfold increase in the number of cases filed compared with the level of five years ago, and say that reflects both a growing problem and an increased federal law enforcement emphasis. Last year, federal prosecutors charged 222 defendants and won 98 convictions.

Kim disputed critics who have contended human trafficking has been pursued at the expense of traditional civil rights cases.

"Most of the victims are women and minorities. I'd quarrel with anyone who says this is not a core civil rights mission," Kim said. "And we've not fallen short on pursuing traditional civil rights cases."

CNN's Terry Frieden contributed to this report.

WASHINGTON IN BRIEF (WP)

The Washington Post, February 1, 2007

New Justice Agency Will Fight Human Trafficking

The Justice Department is creating a unit to pursue human-trafficking cases that often involve foreigners smuggled into the country for forced labor or prostitution, the attorney general said yesterday.

"Human trafficking remains a serious problem here in the United States. I think too many of our citizens believe that this is something only occurring on foreign shores," Attorney General Alberto R. Gonzales said.

"It is a form of modern-day slavery," he told reporters in announcing the new unit within the Justice Department's Civil Rights Division.

Gonzales said it would be the first time that the division would have a team of lawyers working exclusively on human-trafficking cases, an acknowledgment that it has become a serious problem.

The unit initially will have four lawyers experienced in prosecuting such cases.Clones Cannot Be Organic, USDA Says

On the heels of the Food and Drug Administration's determination in December that milk and meat from cloned farm animals is safe to eat, the Agriculture Department weighed in on whether those clones may be deemed organic if they are raised organically.

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The National Organic Program, which oversees organic certification for the USDA, announced on its Web site that animal cloning is a non-organic production method and that clones, by definition, cannot be considered organic.

Still unresolved is whether the conventionally conceived offspring of clones -- which are more likely to be milked and slaughtered because the clones themselves are so valuable -- can be deemed organic. USDA and its Organic Standards Board will propose a federal rule to deal with that question, the announcement said.Judge Delays Hearings Of 16 at Guantanamo

Sixteen lawsuits by Guantanamo Bay detainees were put on hold by a federal judge who said he may no longer have jurisdiction to hear their cases.

U.S. District Court Judge Reggie B. Walton in Washington said the Military Commissions Act, signed into law in October, has left him unable to consider whether the detainees can challenge being jailed at the Marine facility in Cuba.

An appeals court in Washington is considering whether civilian jurists can rule on those cases. Until that issue is resolved, Walton said, "it is this court's view that it lacks the authority to take any action in these cases."

Walton's six-page order denying the motions challenging detention of the 16 men left open the possibility of refiling the requests if the appeals court decides civilian courts can review detainee cases.

If the appeals panel "concludes that this court retains some degree of jurisdiction over any or all of the above-captioned cases, the matters will be automatically reopened as appropriate," he wrote.

There was no immediate response from the Justice Department.

The New York-based Center for Constitutional Rights, which represents the detainees, said that Walton's decision will delay justice for an estimated 200 detainees at Guantanamo Bay.

-- From Staff Reports and News Services

Local Woman Guilty In Sex-trafficking Case (MCA)

By Chris Conley

Memphis Commercial Appeal, February 1, 2007

A key figure in a human-trafficking ring Monday admitted to luring underage girls to West Tennessee from Mexico and forcing them into prostitution.

Cristina Andres Perfecto pleaded guilty in federal court to two counts of commercial sex trafficking, charges that could result in a lifetime prison sentence.

Perfecto and her partner, Juan Mendez, were charged in November after a series of raids and the arrest of several men for running brothels in Memphis. They were using prostitutes they enticed from Latin America and elsewhere.

Mendez remains under indictment on two counts of child sex trafficking and a count of conspiracy to harbor an illegal alien. If convicted, he too faces a sentence of life in prison.

Perfecto admitted that she told two girls, who were 13 and 17, that they would be working at a restaurant in Nashville, all the while knowing that they would be forced into prostitution in Nashville and Memphis.

She said Mendez terrorized the victims and their families to make them engage in prostitution. Perfecto admitted she instructed the girls on the business of sex for money.

Nine other defendants pleaded guilty earlier this month to crimes including child sex trafficking, money laundering conspiracy, enticing an individual to travel interstate for prostitution, and failure to file factual statements about an illegal alien.

Woman Pleads Guilty In Child Trafficking Case (AP)

AP, February 1, 2007

MEMPHIS, Tenn. A woman has admitted in federal court at Memphis to luring young girls from Mexico and forcing them into prostitution in Memphis and Nashville.Prosecutors say Cristina Andres Perfecto was a key figure in their child trafficking case. She entered the plea yesterday (Tuesday) and it could result in her going to prison for life.Perfecto and Juan Mendez were charged in November after several men were arrested for operating brothels in Memphis. Mendez remains under federal indictment.Perfecto said she enticed two girls -- 13 and 17 -- telling them they would be working at a Nashville restaurant. Instead, they were forced into prostitution.Nine other defendants pleaded guilty earlier this month to a list of crimes that included child sex trafficking and enticing girls into insterstate travel for prostitution.

Mass. Residents Sentenced For Child Prostitution (AP)

AP, February 1, 2007

Man To Spend 13 Years In Prison

BOSTON -- A federal judge sentenced two Massachusetts residents who arranged for a child to work as a prostitute in five New England states.

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Robert Williams will spend nearly 13 years in prison, while Brooke Denman will serve three years probation.

A third person, Dawn Young, has not yet been sentenced.

All three pleaded guilty to a conspiracy to use a minor for prostitution activities in Massachusetts, Maine, Connecticut, Rhode Island and New Hampshire.

The offenses occurred between October 2000 and September 2002.

They allegedly took some or all of the girl's earnings and helped her obtain false identification documents.

The girl served as a prostitute between the ages of 13 and 15.

Body Identified As Fishing Boat's Captain (BOS)

The Boston Globe, February 1, 2007

The state medical examiner's office has identified the body recovered from the submerged fishing vessel Lady of Grace as that of Antonio Barroqueiro, according to Cape and Island District Attorney Michael Trudeau. Barroqueiro, 50, was captain of the New Bedford commercial dragger, which sank about 12 miles north of Nantucket after it went missing Friday. Divers found Barroqueiro's body Monday in the vessel's wheelhouse, but were unable to search the enclosed areas of the ship because of leaking oil and other hazards, State Police Sergeant Robert Bousquet said. The State Police dive team will make more attempts to recover the remains of the three other fishermen who had been on the sunken boat, Bousquet said.

COLCHESTER, Vt.

BC professor to lead St. Michael's College John J. Neuhauser, a professor at Boston College, has been named president of St. Michael's College, it was announced yesterday. Neuhauser, 63, a member of the St. Michael's board of trustees since 2001, will take over the reins at the liberal arts college July 1, succeeding retiring president Marc A. vanderHeyden , 68, who will remain on the job until then. A computer scientist and marathon runner, Neuhauser is a former academic vice president, dean of faculties, and management school dean at Boston College. A native of Brooklyn, N.Y., he has a physics degree from Manhattan College and a master's degree and doctorate from Rensselaer Polytechnic Institute in Troy, N.Y . He will be the 16th president in the 103-year history of St. Michael's. (AP)

PALMER

Green-Rainbow's Ross fined for speeding Grace Ross, the former Green-Rainbow Party candidate for governor, appeared in Palmer District Court last week on charges of driving with a suspended license and speeding, The Republican newspaper of Springfield reported. Ross, 45, of Worcester, was pulled over by State Police on Oct. 25 for going 80 in a 65 mile-per-hour zone. Ross later said her license should never have been suspended and attributed it to a problem with the Registry of Motor Vehicles involving insurance coverage, the newspaper reported. Judge Patricia T. Poehler dismissed the suspended license charge but found Ross responsible for speeding. She was fined $50 and charged another $50 in court costs, which she paid, the newspaper reported.

BOSTON

Man sentenced for sex trafficking of child A Revere man was sentenced in federal court Tuesday to 12 years and seven months in prison for arranging for a 13-year-old girl to work as a prostitute in August 2000, then driving her to Maine, New Hampshire, Connecticut, and Rhode Island to perform sexual acts over the next two years. Robert Williams , 49, was sentenced by US District Judge Joseph L. Tauro on charges of conspiracy, transporting a minor in interstate commerce to engage in prostitution, and sex trafficking of children. Brooke Deman , 30, of Lynn, who played a lesser role in the conspiracy, was sentenced yesterday to probation. The FBI and US Department of Justice investigated the case as part of the Innocence Lost initiative, a crackdown on interstate sex trafficking involving children.

Ex-property manager convicted of larceny A Suffolk Superior Court jury convicted Darryl Gately on Tuesday of two counts of larceny over $250, said Jake Wark, a spokesman for Suffolk District Attorney Daniel Conley. Gately, 42, of Winchester, a former property manager, was convicted of taking $110,000 in rent money from people living on Broadway in Cambridge in 2001 and depositing it in his personal bank account. Gately was also convicted of depositing about $73,000 in rent money from tenants on Commonwealth Avenue in Boston in 1999 and 2001 .

NEWTON

Pedestrian is injured in hit-run accident Police were looking yesterday for a driver who fled the scene of an accident in which a pedestrian was hit at the entrance to the Massachusetts Turnpike in Newton Corner. A Newton man suffered internal injuries when he was struck at 7:17 p.m. Tuesday, police said. Witnesses said the victim, 59, was in the crosswalk when a vehicle ran a red light and struck him. The driver stopped then fled westbound on the turnpike. The victim, who was not identified, was taken to Beth Israel Deaconess Medical Center in Boston. Police described the vehicle as a small, older white Toyota Tercel, Nissan Sentra, or Geo Prism. It had a white license plate with a blue heading. Anyone with information is urged to call Newton police at 617-796-2106.

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FBI Investigates Fatal Shooting (LONGNJ)

By Sherry Koonce

Longview (TX) News-Journal, February 1, 2007

Family seeks documents; Officials trying to determine if civil rights were violated

The family of a 21-year-old man who was fatally shot by a Gregg County sheriff's deputy on New Year's Eve is calling for the release of documents entered in the case.

At the same time, the FBI is conducting an investigation to determine whether the victim's civil rights were violated.

On Wednesday, Tyler attorney Domingo A. Garcia accused the sheriff's department of stonewalling in its refusal to turn over videotape from the deputy's squad car, witnesses or the deputy's statements.

Sheriff's Officer Roy Nixon has been assigned to administrative duty while investigators look into the shooting death. Abel Jaimes, who has also gone by the name of Abel Jaimes Benitez, died after he was shot by Nixon during a suspected DWI traffic stop at FM 1252 near Liberty city on Dec. 31.

Sheriff Maxey Cerliano said because the shooting was under investigation, no additional information will be released.

"We have released the appropriate amount of information at this time, and will not release any more until the investigation is complete," he said.

Following a press conference Wednesday in Tyler, Garcia said the family had requested that the FBI investigate the case.

Peter Galbraith, supervisory senior resident agent with the Tyler FBI office, said the department had an open civil rights color of law investigation into the case.

Galbraith described the investigation is "pretty standard" when there has been a shooting death by a law enforcement agent.

The department will conduct a preliminary investigation and forward findings to the Department of Justice.

"They will determine whether a civil rights violation has occurred or whether prosecution should go forth," he said.

Garcia said his firm had been retained by the victim's family to investigate numerous questions surrounding the shooting death.

"The family wants to know why are they (the sheriff's department) hiding and keeping these public documents from them and the citizens of Gregg County," Garcia said.

Garcia said the family is awaiting autopsy results that should show whether Jaimes was shot in the front or back.

The next step is to obtain hospital and medical examiners records, Garcia said. If the sheriff's department does not release videotapes, the family has indicated intentions to file a federal civil rights lawsuit, so a judge can subpoena those records.

Nixon is a 10-year law enforcement officer. He had been a Gregg County sheriff's deputy for about six months when the shooting occurred. Prior to that, he served in the Gladewater and Kilgore police departments.

The shooting death is the second in three years involving Gregg County. In October 2003, Roger Lee Crossland, a 19-year-old Longview man, died from a single gunshot wound to the head while fighting with officer Mark Polk over a gun. Polk was cleared of any wrongdoing in the case.

Witnesses' Memories A Challenge In Reopening 1964 Case, Professor Says (AP)

By Emily Wagster Pettus, Associated Press Writer

AP, February 1, 2007

JACKSON - Witnesses' potentially fading memories could present a challenge in the prosecution of a reputed Ku Klux Klansman who faces federal kidnapping charges in the 1964 abduction, beating and drowning of two black teenagers in Mississippi, a law professor says.

Mark A. Godsey, professor at the University of Cincinnati College of Law, said some witnesses might have fading memories, while others might recall details about what happened on May 2, 1964, when prosecutors say two 19-year-old hitchhikers - Charles Eddie Moore and Henry Hezekiah Dee - were seized and killed.

“Something like this doesn't happen every day. It could be something that is very traumatic to witnesses,” said Godsey, who's faculty director and lead counsel for the Lois and Richard Rosenthal Institute for Justice/Ohio Innocence Project, where he represents convicted inmates who seek new trials because evidence such as DNA has emerged.

Reputed Klansman James Ford Seale, 71, has been jailed outside Jackson since federal authorities arrested him last Wednesday in Roxie, the tiny southwest Mississippi town where he lives in a motor home on land owned by his stepdaughter and her husband. He pleaded not guilty Thursday to three charges of kidnapping and conspiracy.

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U.S. Magistrate Judge Linda R. Anderson denied Seale bond Monday, saying he was a flight risk because he has no job or property, is a pilot and lives in a vehicle that can be driven away. Anderson also said she had concerns because Seale concealed from federal authorities that he has a brother living in Louisiana.

Seale's trial is set for April 2, but that could be pushed back.

Paige Fitzgerald, an attorney for the Justice Department's civil rights division, said Seale took part in “a crime so horrific it boggles the mind.”

Prosecutors say Klansmen seized Dee and Moore, took them to the Homochitto National Forest and beat them, then drove north to a site near Vicksburg where they tied heavy metal objects to the still living teenagers and tossed them into the Mississippi River. Their bodies were found about two months later as authorities dragged the river in search of three civil-rights workers who had disappeared about 180 miles away in Neshoba County.

Defense attorneys filed a motion to dismiss the charges against Seale, arguing that the statute of limitations has expired.

Godsey, in a telephone interview this week from Ohio, said there might be a constitutional problem in filing charges four decades after a crime is committed “if the prosecution had all the evidence and just sat on it.” But the professor said there might not be a problem if new evidence becomes available.

Federal authorities reopened an investigation after The Clarion-Ledger of Jackson published documents in 2000 showing the attack on Dee and Moore took place in a national forest.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards has been cooperating with authorities the past few months.

Seale, wearing an orange jail jumpsuit and shackled at the ankles and wrists, showed little emotion after Anderson denied the bond. About an hour earlier, as he entered the courtroom, he smiled at his wife, seven other relatives and a family pastor who sat on the front row. One female relative blew him a kiss, and Seale waved, barely able to extend his hand because of the chains.

Seale's court-appointed public defenders requested that he be let out of jail without having to put up money for a bond because he has little income and lives off Social Security payments. They cited his lack of a job and a litany of complicated health problems, including a history of high blood pressure, back pain, kidney and bladder cancer, and emphysema so severe that he has to sleep under an oxygen tent.

Seale's wife, Jean, sat with her hands folded in her lap as she testified about her husband's medical problems and about where the couple has lived since they married in 1995 - most of the time in Roxie and part of the time near Demopolis, Ala., where they have relatives.

“He can't walk very far, and a lot of days he can't even get out of the motor home,” Jean Seale testified.

She said her husband is under the care of five doctors and has problems with his left leg from having had polio earlier in life.

Fitzgerald asked Jean Seale whether the couple lives in “something you can drive?”

“Well, yeah, he can drive it,” she said.

Federal probation officer Mark Quarles testified that during an interview before the bond hearing, Seale mentioned having one brother who's alive and one who has died. Quarles said Seale did not mention another brother, Don Seale, who lives in Louisiana and has been interviewed by FBI agents from New Orleans.

Quarles also said James Ford Seale denied having been in the Klan. Fitzgerald said she had documents showing Seale had been subpoenaed in 1965 to testify before the U.S. House Un-American Activities Committee, and she said the subpoena was served on him while he was at a Klan meeting.

“We're also confident that he is a member of the Ku Klux Klan, basically a terrorist organization,” Fitzgerald said, prompting objections from Seale's attorneys.

Defense attorney Kathy Nester said there is “zero evidence to suggest Mr. Seale is currently or even in the immediate past affiliated with a Klan organization.”

Victims' Advocates Outraged At Arrest In Fla. (USAT)

By Emily Bazar

USA Today, February 1, 2007

Victims' rights groups in Florida are calling for police to review their policies after a college student was jailed within hours of reporting she had been raped.

The woman, 21, spent two days in jail after Tampa police discovered a warrant stemming from a crime she committed as a juvenile. Her lawyer said a jail employee refused to give the woman a second dose of emergency contraception because it

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conflicted with the employee's religious beliefs. The unidentified employee's lawyer, Jennifer D'Angelo, told the Associated Press the employee is prohibited from giving inmates medication without specific orders.

Tampa police apologized. On Tuesday, Chief Steve Hogue announced a policy giving officers discretion on whether to jail people reporting violent crimes who have felony warrants. "The chief was not happy to have a rape victim end up in jail," police spokeswoman Laura McElroy says. "He took very swift action to make sure it doesn't happen again."

"Every rape-crisis program is concerned about this," says Jennifer Dritt executive director of the Florida Council Against Sexual Violence. "I don't know anybody who isn't outraged."

USA TODAY does not identify people who say they were sexually assaulted.

The woman's lawyer, Virlyn "Vic" Moore III, says she was let down by people who were supposed to help her. "She reached out to the system that's supposed to help victims, and the system brutalized her again."

The University of South Florida student told police she was attacked Saturday as she walked to her car. She called police about 3:30 p.m., nearly two hours later, McElroy says.

Police took her to a crisis center, where she was examined and given one dose of emergency contraception. She then tried to help an officer pinpoint the location of the attack, but it was dark, and she could not, McElroy says.

By that time, police had discovered a felony warrant accusing the woman of not paying $4,585 in restitution for a crime committed in 2003, when she was 17. They took her to jail. Moore says the money had been paid.

The next day, Moore says, "She was not allowed to take her morning-after pill that morning, even though she was crying and begging for it. The nurse didn't want to give her the pills because it was against (the worker's) religion."

She got the drug Monday, he says, and was released about 5 p.m.

Police in Kansas City, Mo., also are under scrutiny after the release Tuesday of a videotape showing officers ignoring a pregnant woman in custody who said she was bleeding and needed to go to a hospital. Sofia Salva was held overnight on traffic violations and the next morning had a miscarriage, according to a lawsuit filed Friday in Jackson County Circuit Court.

Study Finds 2 Hot Spots For Profiling (WP)

By Allison Klein

The Washington Post, February 1, 2007

D.C. police officers stopped black and Hispanic pedestrians in Georgetown and Adams Morgan at higher rates than others on the street, according to a year-long study commissioned by the police department.

The review was the department's most ambitious examination yet of racial and ethnic profiling. It found that police appear to be targeting blacks at Wisconsin Avenue and M Street NW, in the heart of Georgetown, and Hispanics and blacks at 17th and Euclid streets, in the Adams Morgan core -- two of the city's biggest commercial and tourist magnets.

An outside consultant reviewed data covering traffic stops and pedestrian stops from February 2005 through January 2006 at 25 intersections across the city. The police stops were made for panhandling, jaywalking, suspicious behavior, attempted car theft and "anything a police officer could stop a pedestrian for," said John C. Lamberth, the author of the study.

The study flagged no problems at 23 locations and identified no concerns about traffic stops. But it raised questions about the pedestrian stops at the two intersections.

At Wisconsin and M, black pedestrians were nearly six times as likely to be stopped as anyone else, the study found.

At 17th and Euclid, Latino and black pedestrians were about twice as likely to be stopped as others.

Lamberth's firm -- Lamberth Consulting, based in West Chester, Pa. -- specializes in racial profiling assessment. Its report said that the findings suggest that a "limited, yet significant" number of D.C. police officers are acting "in a manner consistent with the definition of racial profiling."

The report urged police to bolster training and monitor police activities at the intersections, particularly those where most pedestrians are white. The study was first reported by WTTG-TV (Channel 5).

Acting Police Chief Cathy L. Lanier said she was pleased with the 23 intersections that showed no racial bias but was concerned with the other two.

"I don't want there to be a higher ratio anywhere," she said. "We're going to take steps to deal with it."

Assistant Chief Peter Newsham, who oversees the police districts that include Georgetown and Adams Morgan, said the department is in the process of improving diversity training for all officers, especially the ones who patrol those intersections. He said the department is considering calling community meetings to discuss the findings.

Former chief Charles H. Ramsey, who stepped down in December, ordered the study as part of the Biased Policing Project, which he started in 2002 to examine whether the force had a problem.

The intersections monitored for racial profiling were in all seven police districts. Twenty were monitored for traffic stops, and five were monitored for pedestrian stops.

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The study relied upon "odds ratios" to determine whether racial or ethnic groups were stopped at higher rates than their overall population.

First, researchers studied and counted the population at each intersection. Then, when police officers made stops at those locations, they recorded information about race and ethnicity.

The researchers then compared the numbers and ratios.

According to the survey, the odds ratio is best explained by filling in this blank: "If you are a black motorist, you are X times as likely to be stopped as if you are not a black motorist."

If no racial profiling is occurring, the ratio will be 1.

In Georgetown, police stopped 77 black people at the intersection, resulting in a 5.8 ratio.

In Adams Morgan, police stopped 49 black people, for a 1.8 ratio. At the same intersection, police stopped 52 Hispanic people, for a ratio of 2.

Philip K. Eure, executive director of the watchdog organization Office of Police Complaints, hired an independent consultant to analyze the report. He called attention this week to the Georgetown and Adams Morgan findings and said the study was a first step in looking at racial profiling in the District.

"I think it's a terrible thing for a Latino man or woman or an African American man or woman to think there may be problems with them going into predominantly white areas of the city," Eure said.

Ronald Hampton, executive director of the National Black Police Association and a former D.C. police officer, responded to the findings by saying: "I'm not surprised."

"Black people in Georgetown are seen as being in the wrong place," Hampton said. "If you're driving a nice car, you're not in the right place, because the majority of people who live there are white."

This issue ignited over the summer when British activist Alan Senitt was killed in Georgetown and three black people were charged with the crime. At a Georgetown community meeting, Andy Solberg, the commander of the 2nd Police District, said that "this is not a racial thing to say black people are unusual in Georgetown." He was responding to a resident who asked how to look out for suspicious people.

The comment led to a public outcry, and Solberg was temporarily removed from his post. Solberg publicly apologized, and after people from across the city sent letters supporting him, he was reinstated.

In the Adams Morgan Hispanic community, activists said they have been asking the police department for more Spanish-speaking officers. Eugenio Arene, executive director of the Council of Latino Agencies, said the relationship between Latinos and police has been tense.

Of the police department's 3,800 officers, 256 are Hispanic, according to police.

"You want officers to know the culture and the language," Arene said.

ANTITRUST:

Delta Creditors Reject Merger (WP)

By Del Quentin Wilber

The Washington Post, February 1, 2007

US Airways lost its aggressive takeover bid for Delta Air Lines yesterday when Delta's creditors rejected the $10 billion offer that would have created the nation's largest carrier.

The decision was a blow to US Airways' chief executive W. Douglas Parker, a blunt and fierce advocate of industry consolidation who led US Airways' merger with America West in 2005 that created the fifth-largest U.S. airline.

A committee of Delta's creditors said in a written statement that it decided against a merger because of the "timing and risks" of concluding a deal. The creditors said they would back Delta's plan to emerge from Chapter 11 bankruptcy protection as a stand-alone airline.

Parker said in a written statement that he was "disappointed" and that the committee was "ignoring its fiduciary obligation" to creditors. He did not respond to interview requests.

"Our proposal would have provided substantially more value to Delta's unsecured creditors than the Delta stand-alone plan," Parker said. "We would have created a better and more financially stable airline that offered more choice to consumers and increased job security."

Delta aggressively fought the proposal on Capitol Hill and in the news media. Delta, the third-largest U.S. carrier, has told creditors that it expects to be worth as much as $12 billion after emerging from Chapter 11.

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Delta's chief executive, Gerald Grinstein, also declined a request for an interview. He said in a prepared statement that "this is a proud day for the thousands of Delta people, customers, communities, civic leaders and others who stood up for our stand-alone plan. . . . Our focus now is on the work still before us to emerge from Chapter 11 this spring as a strong, healthy, and vibrant global competitor."

Many analysts and airline executives said a US Airways-Delta merger would have sparked further consolidation in the industry.

Possible combinations included United and Continental airlines and Northwest and American. United and Continental have been in talks. Although Grinstein and other executives denied news reports that Delta was negotiating with Northwest, they have not ruled out considering such a merger.

Executives have said that consolidation is needed to help the industry expand networks, reduce costs and boost profits as carriers continue to recover from the economic downturn after the 2001 terrorist attacks. Analysts and trade groups expect the airlines to collectively report an annual profit for 2006, the first time in six years they will have done so.

Legislators and consumer groups have expressed uneasiness about potential mergers and how they would affect fares and service, particularly to small towns and rural areas. Several senators raised such concerns last week at a hearing. They said a Delta-US Airways combination would cut service to rural areas in such states as Mississippi and Maine.

Analysts said that resistance in Congress, potential trouble in obtaining antitrust approval and difficulties in combining antagonistic workforces probably led creditors to side with Delta's management.

"The US Airways' proposal had more money, but there were a lot of problems too," said Darryl Jenkins, an analyst and consultant. "Creditors saw Delta's plan as having less risk. Delta's management created enough doubt to be able to emerge free, for now."

Parker sought to merge with Delta while it was still under bankruptcy protection to take advantage of rules that make it easier to dump expensive leases on airplanes and other contracts. He said the merger would have allowed him to consolidate routes and reduce Delta's capacity by about 10 percent. He expected those efforts to trim costs by about $1.6 billion.

Analysts said they didn't expect US Airways to suffer much from failing to complete a merger. They noted that the company had been aggressive in controlling costs and raising fares, and they predicted that its stock price would rise.

Delta's Creditors Reject US Airways (USAT)

By Marilyn Adams

USA Today, February 1, 2007

The proposed merger of Delta Air Lines and US Airways fell apart Wednesday when Delta's bankruptcy creditors rejected US Airways' $10 billion takeover offer.

The committee representing Delta creditors formally rejected the hostile takeover offer and sided with Delta, the USA's No. 3 airline, on its plan to remain independent. Following the announcement, US Airways, which had pursued the creditors since Nov. 15, withdrew its offer.

The decision appears to dampen much of the talk of an impending merger mania in the airline industry, which only recently has returned to profitability after being slammed by terrorism and recession in 2001. Wall Street analyst Ray Neidl of Calyon Securities predicted airlines would not see anymore significant deals for a year.

In the end, the offer of $10 billion in stock and cash did not outweigh the perceived risks. US Airways is a major Delta competitor in the East, and the combination would have created the USA's biggest domestic carrier, eclipsing American Airlines.

Critics of the merger said the Department of Justice could spend months reviewing a pending deal and ultimately block it on antitrust grounds. Delta, meanwhile, told creditors its plan calls for a speedy exit from bankruptcy and that the company would be worth $9.4 billion to $12 billion as a stand-alone airline.

Among the top creditors are Delta's pilots union; the Pension Benefit Guaranty Corp., which assumed responsibility for the pilots' pension plan; Boeing; Coca-Cola; and Bank of New York.

"This is a proud day for the thousands of Delta people, customers, communities, civic leaders and others who stood up for our stand-alone plan," Delta CEO Gerald Grinstein said in a statement.

The creditors' decision was a major victory for Grinstein, who opposed the takeover bid from the outset. Atlanta-based Delta rallied employees, customers and members of Congress. And Delta made major concessions to the committee to fend off the merger.

Delta executives, for example, agreed to a small equity stake in the reorganized company of about 4%, leaving more for creditors. Creditors also won the right to name most directors on the new board.

US Airways CEO Doug Parker was sharply critical of the decision. He said in a statement the committee was "ignoring its fiduciary obligation to those creditors" by choosing to back Delta because his plan was worth more.

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With the takeover battle behind it, Delta will file a revised plan of reorganization with the bankruptcy court this week. It plans to exit bankruptcy in the spring. On Tuesday, it announced it had landed $2.5 billion in exit financing from six major lenders.

Delta Fends Off Takeover (WT)

By Sean Lengell

The Washington Times, February 1, 2007

Delta Air Lines has successfully thwarted a hostile takeover attempt by rival US Airways, as the suitor withdrew its almost $10 billion offer yesterday after Delta's creditors endorsed the bankrupt airline's plan to remain independent.

A committee representing Delta's unsecured creditors said the financial risks and the amount of time needed to successfully complete the proposed buyout were too great to support.

The committee said it "has determined that it will support the stand-alone plan of reorganization as finally agreed upon between Delta and the Creditors Committee."

US Airways previously had said it would withdraw its cash-and-stock offer by today if it couldn't win over support of the creditors.

US Airways Chairman and Chief Executive Officer Doug Parker said he was disappointed with the creditors' decision and criticized them for "ignoring its fiduciary obligation." He added that his company's offer was worth substantially more than Delta's stand-alone plan.

"We would have created a better and more financially stable airline that offered more choice to consumers and increased job security to its employees," he said. "Our merger would have been able to be consummated in a reasonable time frame and we would have been able to obtain all requisite regulatory approvals."

But Delta Chief Executive Officer Gerald Grinstein, whose company repeatedly has said it wanted to exit bankruptcy alone, deemed yesterday a proud day for the airline.

"Our focus now is on the work still before us to emerge from Chapter 11 this spring as a strong, healthy and vibrant global competitor," he said.

The Atlanta airline, which has been operating in bankruptcy protection since September 2005, said it will be worth $9.4 billion to $12 billion upon emerging from bankruptcy.

Delta rejected US Airways' initial offer of $4 billion and 78.5 million shares made public Nov. 15, saying the plan would burden the combined carrier with debt, face insurmountable antitrust issues, and result in job cuts and a loss of flights to smaller cities.

US Airways on Jan. 10 increased its offer to $5 billion in cash and 89.5 million shares. The stake Delta creditors would have held in the merged company rose to 49 percent from 45 percent.

US Airways, based in Tempe, Ariz., itself emerged from bankruptcy protection in September 2005 when low-cost carrier America West Airline bought it as part of a deal that consolidated the airlines.

Airline analyst Darryl Jenkins said he initially predicted Delta creditors would accept the buyout. But a vigorous public relations campaign by Delta turned momentum and public sentiment to the side of the Atlanta carrier.

"In the end Delta did a good job defending itself," he said.

Delta's defense was highlighted at a Senate Commerce, Science and Transportation Committee hearing last week, when dozens of Delta employees packed the meeting hall in support of their airline, and even more supporters lined up outside the building.

Mr. Parker, who urged the panel to "let the market work," was criticized by several senators worried that a consolidated airline would result in cutbacks in service to small communities.

Delta's pilots' union, a large creditor, also supported their company's goal of remaining independent.

Shares of US Airways rose $2.88, or 5.4 percent, to $55.98 yesterday in New York Stock Exchange composite trading. It was the largest one-day gain since US Airways made its Delta offer public on Nov. 15. Delta shares fell 7 cents to $1.09 in over-the-counter trading.

Delta Strategy Pays Off With Victory Hostile Bid By US Airways Fails (AJC)

By Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 1, 2007

US Airways withdrew its $10 billion merger proposal — a deal that threatened to move Delta's headquarters to Arizona — after Delta's major bankruptcy creditors refused to get behind the bid.

The creditors' decision came after an efficient campaign by Delta to torpedo the offer both publicly and behind the scenes.

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Publicly, employee groups voiced vehement opposition through rallies and "Keep Delta My Delta" buttons. The airline also enlisted political allies who raised questions about whether a merger would survive scrutiny by federal regulators. Both tactics were designed to plant doubts in creditors' minds.

Behind the scenes, the hostile bid lit a fire under Delta's effort to put forth a standalone reorganization plan that the creditors would like better than the merger offer. Delta lined up $2.5 billion in exit financing from six big Wall Street firms, announcing the arrangement just 48 hours before the creditors committee had to make a decision.

Airline experts said Delta's 74-year-old chief executive, Gerald Grinstein, should get credit for rallying Delta — riven by hard times, job cuts and executive pay controversies in recent years — around the cause of independence.

"He's 74 years old, and maybe he'd rather be on a golf course," said Michael Boyd, president of a Colorado-based aviation consulting firm. "But he said what he meant, he wasn't evasive, and employees appreciate his candor. Despite all they've been through, their morale has seldom been higher."

The withdrawal of Tempe, Ariz.-based US Airways' bid clears Delta management to continue its plan to emerge from bankruptcy this spring as an independent airline. A court hearing on Delta's reorganization plan is set for Feb. 7 and could enable Delta to begin seeking creditors' votes for its plan.

It may not end speculation about possible mergers in Delta's future, however. Grinstein himself has said he is not opposed to all mergers, though he considered the US Airways offer fatally flawed because of the substantial overlap in the two airlines' routes.

For now, Grinstein thanked the creditors committee and trumpeted the news as a victory for workers.

"This is a proud day for the thousands of Delta people, customers, communities, civic leaders and others who stood up for our standalone plan and said, emphatically, 'Keep Delta My Delta.' " Grinstein said in a statement.

From the start, US Airways bid faced an uphill battle because of Delta's hostile reaction to the bid and the daunting labor and regulatory obstacles that have undermined many airline mergers.

To have a chance at pulling it off, US Airways and its 45-year-old chief executive, Doug Parker, needed to convince Delta's official creditors committee that creditors would be better off with a merger. The court-appointed committee includes the biggest suppliers, banks and other groups with claims in Delta's Chapter 11 case, and it must approve any plan to emerge from bankruptcy.

The committee said in a statement that in rejecting the US Airways offer it "considered a variety of factors" including the deal's value, timing and risk factors along with the "likelihood of a successful consummation."

The committee said it plans to "work collaboratively with Delta towards confirmation and consummation" of its standalone Chapter 11 exit plan. A revised version of that plan will be filed later this week, the committee said.

Parker said the creditors committee failed to do its job.

"We are disappointed that the committee, which has been chosen to act on behalf of all Delta creditors, is ignoring its fiduciary obligation to those creditors," he said in a statement Wednesday.

"Our proposal would have provided substantially more value to Delta's unsecured creditors than the Delta stand-alone plan. We would have created a better and more financially stable airline that offered more choice to consumers and increased job security to its employees. Our merger would have been able to be consummated in a reasonable time-frame and we would have been able to obtain all requisite regulatory approvals."

It's not known how the creditors committee voted, but a court filing Wednesday indicated that MacKay Shields, a bond firm that was one of the original nine members, had left the committee. The firm could not be reached for comment.

A second, unofficial creditor group had pushed for a deal and expressed disappointment with Wednesday's news.

Under Delta's plan, creditors will get newly issued stock when it emerges from court. US Airways' proposal would have paid a combination of up-front cash and stock in the merged carrier. Each side claimed its plan was more valuable.

Walter Curchack, a New York bankruptcy attorney who has worked on airline cases, said Delta benefitted from luck and timing as well as shrewd defensive moves. He said official creditors committee members generally have deep relationships with the company and are inclined to stick with management's plan unless things go badly sour.

"Even if the US Airways deal was better all things being equal, everything wasn't equal," said Curchack.

Delta was 15 months into its Chapter 11 bankruptcy case when the US Airways bid arrived, and its recovery plan began gaining traction last year. Delta had already reached debt-payment deals with most of its largest creditors, including several members of the committee.

"I guess you could say Delta played it well and US Airways didn't play it as well," Curchack said. But the bottom line, he added, is "US Airways came to the party too late."

Hartsfield-Jackson International Airport has a non-voting seat on the official creditors committee. Its general manager, Ben DeCosta, said Wednesday: "I'm feeling very good about what has occurred so far and I'm very optimistic about the future of this

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airline. Delta is now on the path to having adequate financing, coupled with a plan that is already working and a strategy that is winning."

Delta's pilots union, the Air Line Pilots Association has a voting seat on the committee. Its leaders have vocally opposed the merger. In a statement, the union "cautiously noted" US Airways' decision.

"The focus of the union will return to successfully exiting bankruptcy and monitoring the company's restructuring plans while also remaining attentive of any future threat," the union said.

Calyon Securities analyst Ray Neidl said Wednesday that creditors had lost confidence in Parker's predictions that he could pilot the deal through anti-trust review. Delta executives argued that winning such approval from the Justice Department was highly improbable, given the merger's scope and the two carriers' substantial overlap of routes. Without a good chance of approval, they argued, pursuing the US Airways offer was a waste of time and would only delay the case.

But Neidl said Delta had to give up a large degree of control to creditors to stay in the pilots seat, noting that the airline is expected to have no "poison pill" takeover defenses when after it leaves from Chapter 11. Grinstein — who is expected to pass the controls to a yet-unnamed successor at that point — has denied reports that Delta has talked to Northwest Airlines about a post-bankruptcy merger.

US Airways wanted to merge the two carriers under the Delta name, creating the world's largest airline. A headquarters locale was never disclosed, but it was widely expected it would be in Arizona. That was the home of America West Airlines, which under Parker bought US Airways in 2005 and adopted the larger carrier's name.

That prospect generated many political allies for Delta.

One of the staunchest was U.S. Sen. Johnny Isakson (R-Ga.), who last year helped Delta get legislation passed that enabled it to preserve its main pension plan.

"There was no question this was a united front and our message was heard loud and clear," Isakson said in a joint statement Wednesday with fellow Sen. Saxby Chambliss (R-Ga.).

— Staff writer Dave Hirschman contributed to this report

Delta Air Creditors Reject Hostile Bid By US Airways (WSJ)

By Corey Dade And Susan Carey

The Wall Street Journal, February 1, 2007

With yesterday's collapse of US Airways Group Inc.'s hostile takeover bid for Delta Air Lines Inc., the widely anticipated wave of consolidation in the U.S. airline industry is likely to remain on hold -- at least for now.

The official committee of unsecured creditors for Delta yesterday rejected US Airways' $10 billion offer and formally endorsed the Atlanta airline's plan to exit bankruptcy this spring as an independent company. The publicly traded bonds of Delta and Northwest Airlines Corp., which is also operating under bankruptcy protection, slid as investors and analysts said any major mergers now may not materialize for another year or more.

The failure of the deal "moves consolidation onto the back burner for a while," said Philip Baggaley, Standard & Poor's Corp.'s senior airline analyst. He added there is a "reasonable chance there will be consolidation over the next year or two." People familiar with the situation said there is little chance that discussions regarding any other combination with Delta, including earlier exploratory talks with Northwest and UAL Corp.'s United Airlines that were put on hold, would resume as long as Delta and Northwest remain in bankruptcy court.

Delta management cited a drop in oil prices from last year's highs as well as planes continuing to operate nearly full industrywide as factors that could tamp down the attraction for immediate consolidation. Delta also argued that its lowered cost structure positioned the airline to emerge from Chapter 11 protection as a healthy, competitive player in the industry. Those factors have contributed to a recent upswing after years of losses for airlines. Many others also have shed costs through recent bankruptcy filings.

The committee determined that backing Delta's reorganization plan, which has the airline exiting court protection in the spring, posed less risk than extending Delta's stay in bankruptcy while a merger underwent federal antitrust review, according to people familiar with the situation.

The group worried that Delta management's vehement opposition to the deal would have made the process extremely difficult and potentially derailed it altogether, these people said. That resistance fueled opposition among lawmakers in Washington who might have worked to stall or disrupt the regulatory review, according to these people.

In a statement, the committee said it "considered a variety of factors, including, but not limited to, valuation of, the timing and the risks associated with, and the likelihood of a successful consummation of the US Airways proposal and the [Delta] Plan." Delta officials said in a statement that they used bankruptcy "the right way" and "transformed their company's business model."

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In a statement, US Airways Chief Executive Doug Parker said the committee "is ignoring its fiduciary obligation" to Delta creditors. He said the decline in Delta bonds since it became apparent that major creditors were resisting the offer reduced the implied market valuation of what Delta's unsecured creditors can expect to recover by more than $1.5 billion.

The Tempe, Ariz., carrier's offer would have expired today. US Airways had expressed willingness to add a further $1 billion in cash to the deal if the creditors committee agreed to demand that Delta open its finances to due diligence by US Airways, among other measures.

Ultimately, the creditors committee decided it preferred the opportunity to take a strong hand in the governance of the nation's third-largest airline, which has shed $2 billion in annual costs, and steer it into potentially more lucrative deals in the future. In negotiations with Delta management in recent days, the creditors committee significantly strengthened its influence over Delta once the airline exits bankruptcy.

The most important agreement gives the committee the authority to appoint 10 of 11 directors who will compose Delta's postbankruptcy board, according the people familiar with the matter. Three current directors will be retained, each of whom will be selected by the creditors committee, those people said. The new Delta board is then expected to hire a new chief executive, who will also serve on the board. Current Chief Executive Gerald Grinstein has said he intends to retire after the company emerges from court protection.

The committee plans to install people who embrace consolidation as a strategic option and made clear to Delta in recent days that this was a condition of gaining its approval for the airline's standalone plan, according to knowledgeable people. Delta also agreed to a creditor committee request that the new charter and bylaws exclude any so-called poison-pill provisions that would pose insurmountable obstacles to future mergers, they said.

Delta and the creditors also reached consensus on a compensation plan in which senior Delta management will receive 2.6% of new company's shares, according to people familiar with the situation. An additional 1.4% will be reserved for executives hired in the future, these people said.

US Airways Withdraws Its $10.2 Billion Offer For Delta (NYT)

By Micheline Maynard And Michael J. De La Merced

The New York Times, February 1, 2007

Someday, the long-predicted wave of consolidation in the airline industry could occur.

But for now it will remain just that — a prediction.

The latest chance at a merger ended yesterday, when US Airways withdrew its $10.2 billion offer for Delta Air Lines, after it failed to win the support of Delta's creditors, which included the Boeing Company and the federal pension agency.

The bid, originally made on Nov. 15 and subsequently raised, was scheduled to expire today.

The action was seen as a victory for Delta's chief executive, Gerald A. Grinstein, and its pilots' union, which led employees in a "Keep Delta Our Delta" campaign aimed at preserving the Atlanta-based airline's independence.

Mr. Grinstein, 73, a white-haired industry veteran, had vowed to rejuvenate his tradition-laden airline before he retired. To do so, he had to fend off W. Douglas Parker, 44, who knit together his previous airline, America West, and US Airways to form a nimble national carrier.

The deal's demise is the latest example of the difficulty any airline faces when it tries a hostile takeover of another carrier. Even friendly deals run into a myriad of problems in combining unions, routes and fleets. The task is even more complex in bankruptcy, where management essentially retains the right to put together a restructuring plan unless a judge decides otherwise, giving even the weakest carriers control over their fate.

So although industry specialists and executives have long predicted that airlines will eventually combine — as perhaps the only way they can achieve consistent profitability — others do not see that happening for the moment.

"I thought consolidation was a lot more likely a couple of years ago," when the industry was in the throes of its decline, said Herbert D. Kelleher, chairman and co-founder of Southwest Airlines.

Since then, however, lenders have come forward to help a number of airlines emerge from bankruptcy, including United Airlines, Aloha and Delta, which announced Tuesday that it had arranged $2.5 billion for its exit as soon as this spring.

"The carriers that went into Chapter 11 have done a very good job of getting their costs down and building up a lot of liquidity," Mr. Kelleher said. "They're not as vulnerable as they once were, and you lessen the case for consolidation."

Yet, some analysts say they believe that Delta will eventually find a partner. The leading candidate is Northwest Airlines, also operating in bankruptcy, which participates in a code-sharing agreement with Delta and Continental Airlines.

In January, Delta and Northwest held talks about a possible alliance or merger, people familiar with Delta's plan said.

Mr. Grinstein has since denied that characterization, saying that the airline hired an investment banker only to gather information from Northwest. Northwest's chief executive, Douglas M. Steenland, said yesterday that his airline would remain

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independent through the end of this year. Continental has held conversations with United, whose chief executive, Glenn F. Tilton, has repeatedly predicted consolidation will occur.

In a statement, Mr. Parker of US Airways said he continued to believe that a merger would provide more value for Delta's creditors, and suggested that their committee had overstated concerns about such a deal.

A deal would have combined Delta, the third-largest domestic airline by passenger volume, with US Airways, the fourth-largest. While US Airways claimed a merger would produce $1.65 billion in synergies and an airline with a dominant position in East Coast routes, Delta raised concerns about potential antitrust problems and the debt that a combined Delta-US Airways would carry.

Analysts, however, said the antitrust issues raised by Delta might have been overcome.

Philip A. Baggaley, an analyst with Standard & Poor's, said that other merger proposals might not encounter the same level of opposition. But time is running out, given the changing economic and political climate, he added.

"The airlines seeking a merger are not more likely to find a more sympathetic Department of Justice than right now," Mr. Baggaley said. "And there's a lot of money out there, with banks who are willing to finance combinations."

Had Delta's bankruptcy gone on longer, US Airways might have had an easier time persuading creditors to consider its offer, said Fruman Jacobson, a partner with Sonnenschein Nath & Rosenthal in Chicago. He represented the creditors' committee in the United case, which lingered more than three years.

By contrast, Delta may be out of court protection about 20 months after it filed for Chapter 11. "The way they really got the upper hand is that they're ready to come out of bankruptcy," Mr. Jacobson said.

In a statement, Mr. Grinstein thanked the creditors' committee and Delta employees for supporting the airline's plans to remain independent. "Using the bankruptcy process the right way, Delta people have transformed their company's business model," Mr. Grinstein said.

And last night, company executives gathered in Atlanta to reilluminate an airport sign that has long been a landmark there. It reads, "Fly Delta Jets."

Express Scripts Maneuvers For Time For Fed Review Of Caremark Bid (AP)

By Rose French

AP, February 1, 2007

NASHVILLE, Tenn. - Pharmacy benefits manager Express Scripts Inc. of suburban St. Louis maneuvered Wednesday for more time for an antitrust review of its hostile takeover bid for rival Caremark Rx Inc.

Express Scripts said it intends to voluntarily withdraw its existing Hart-Scott-Rodino filing on Friday and will refile it on Tuesday, allowing the Federal Trade Commission another 30 days to review the proposed transaction. Otherwise, the federal agency had to announce by Friday if it had antitrust concerns about the Express Scripts offer.

Nashville-based Caremark, which favors an acquisition offer from by CVS Corp., is the nation's second-largest pharmacy benefits manager. Express Scripts, headquartered in Maryland Heights, Mo., is No. 3.

Woonsocket, R.I.-based CVS, the nation's largest operator of drugstores, announced Nov. 1 that it planned to acquire Caremark for CVS stock, a deal valued currently valued at about $24.6 billion.

Express Scripts launched its own bid for Caremark on Dec. 18, an offer now valued at around $24.6 billion.

But Caremark has since rejected the Express Scripts offer, saying it was inferior to the CVS deal because regulators might not approve it.

The agreement between CVS and Caremark has already received antitrust approval. Caremark shareholders will meet Feb. 20 to consider the CVS deal, and CVS shareholders will meet Feb. 23.

CVS said in a statement that the decision by Express Scripts to refile is the "clearest indication yet of the substantial antitrust risks inherent in its hostile takeover proposal" and that "3 into 2" mergers are often unsuccessful and almost always delayed by regulators.

The statement also said Express Scripts' refiling "confirms that the FTC staff and the 22 states that are reviewing the merger have identified serious antitrust concerns that, at a minimum, will require in-depth investigation."

Caremark raised the same point in a statement that said, "This is a transparent ploy by Express Scripts to avoid receiving an extensive second request for information and documents at this time from the Federal Trade Commission and to mislead Caremark shareholders into believing that Express Scripts' risky and highly conditional offer may be close to receiving regulatory approval."

Shares of Express Scripts were down 16 cents to $69.75 on the Nasdaq Stock Market in morning trading.

Caremark shares rose 28 cents to $61 while CVS shares rose 32 cents to $33.37 on the New York Stock Exchange.

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Constantine Davides, an analyst with Boston-based Susquehanna Financial Group, said it's not surprising Express Scripts is refiling given the size of the deal, which will likely be heavily scrutinized by regulators.

He said many analysts expected Friday to come and either the FTC was going to issue a second request or Express Scripts was going to refile.

"It's a big acquisition," Davides said. "Regulatory approval can still happen, it just probably wasn't going to happen in the first 30 days."

The Caremark-CVS deal is being challenged in separate lawsuits filed by Express Scripts and shareholders, who contend it favors Caremark insiders.

Express Scripts repeated the claim in a response to a Caremark ad published Wednesday urging its shareholders to approve the CVS deal.

"It is outrageous that Caremark would spend stockholder money attempting to defend the lavish payments that its senior management would receive in a combination with CVS.

"We have trouble understanding how a 'merger of equals' could possibly warrant almost $100 million in sweetheart 'change of control' payments to people who will largely continue to be employed by the merged company," the statement reads.

Express Scripts' Delay In Caremark Bid Aids CVS (WSJ)

By David Armstrong And Dennis K. Berman

The Wall Street Journal, February 1, 2007

Express Scripts Inc. moved to allow federal antitrust regulators more time to review the company's hostile bid for rival pharmacy-benefits manager Caremark Rx Inc., a delay that boosts a competing offer for Caremark by drugstore giant CVS Corp.

The action makes it unlikely that Express Scripts can gain antitrust approval before Caremark shareholders vote on the CVS offer on Feb. 20. Under the new timetable, the Federal Trade Commission doesn't have to act on the Express Scripts matter until March 8.

That uncertainty favors the CVS deal, valued at about $25 billion, since the drugstore chain has already passed a similar FTC review and can close quickly on the deal following shareholder approval. CVS shareholders are slated to vote on the Caremark acquisition on Feb. 23.

With Express's antitrust case in limbo, the company is under increasing pressure to raise its offer, which yesterday was valued at $58.87 per Caremark share. That is only about 1% greater than CVS's transaction terms, valued at $58.19, which includes a $2 per share dividend once the deal is completed.

That leaves CVS in the driver's seat, given that an Express deal is months away from completion. The exact timing, however, is what is at stake with an FTC decision. And that is why it has become such a hot debate topic among the two feuding sides.

Express Scripts said it planned to withdraw its filing with the FTC on Friday and refile it Tuesday to give the agency another 30 days to review the proposed acquisition. The company said it intends to work with the FTC to clear the transaction without a "second request" for information, which would further delay regulatory approval.

Express proponents said the deal could be completed as early as May, while CVS argues a closing date is most likely in the third quarter. A person close to Express argued that the pulled filing was a sign of progress in dealing with the FTC. "You don't pull and refile unless you're working with the agency," to satisfy its requests, this person said. He added that Boston Scientific Corp.'s purchase of Guidant Corp. involved two pulled filings -- and no second request from the FTC.

Express Scripts and its advisers in recent days have been evaluating their options. One likely sweetener is a "ticking fee," which will award shareholders interest payments for each month that passes prior to FTC approval. The most important feature remains a sweetened price. Yesterday, shareholders moved Caremark stock up 54 cents to $61.26 in 4 p.m. composite trading on the New York Stock Exchange, 5% higher than the CVS offer and 4% higher than the Express deal.

The antitrust delay, combined with the sweetened offer CVS made two weeks ago that included the $2 per share dividend, makes it likely the "CVS offer will prevail," Goldman Sachs analyst John Heinbockel wrote in a note to clients yesterday.

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Sanofi Well-placed To Beat Rivals To BMS Deal (FT)

By Christopher Bowe, Andrew Jack And Delphine Strauss

Financial Times, February 1, 2007

For pharmaceutical companies considering a bid for Bristol Myers-Squibb of the US, it is the best of times and the worst of times.

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BMS, a struggling company with promising new drugs and a good pipeline, has long seen 2007 as a pivotal point in its turnround after a having to cope with a raft of patent expiries on big drugs in recent years and serious legal troubles. It harbours considerable uncertainties for any buyer.

Yet it emerged this week that BMS and its long-standing French partner, Sanofi-Aventis, have held early-stage talks, prompting BMS to beef up its panel of investment banking advisers, adding Lehman Brothers to Citigroup and Morgan Stanley, partly to widen the field of potential interested parties. Sanofi is well placed to act fast and beat rivals to a deal. Barbara Ryan, an analyst at Deutsche Bank, says a formal bid now would be "opportunistic".

It would also be intriguing, she says. BMS has been operating for two years under a settlement with federal prosecutors after an accounting scandal. They appointed a corporate monitor to ensure compliance with corporate governance improvements negotiated to avoid criminal charges. This "deferred prosecution agreement" is set to end in June.

BMS has other legal complications, including a US justice department investigation into negotiations last year with the Canadian generic drugmaker Apotex to end a patent dispute over its blockbuster blood-thinning drug Plavix, accounting for more than a third of its earnings. The fall-out led to the firing of Peter Dolan, the chief executive.

The patent challenge over Plavix itself - for which hearings began this month - throws up more uncertainty until a decision, also expected in June. As Morgan Stanley analysts argued this week, the litigation adds to the pressure on BMS's ability to generate new cash to sustain dividend payments and commercialise its late-stage pipeline of future drugs.

Of all potential suitors for BMS, Sanofi-Aventis has the edge until June, as the developer and joint marketer of Plavix with long-standing links to BMS. As Bernstein Research put it, the "information asymmetries" mean the French company may be the only one willing to bid before the trial is resolved.

In other ways, too, a swift takeover may appeal to Sanofi-Aventis. It has heavy exposure to drugs coming under intensifying European price pressure, and generic competition on others from 2008. There is relatively little overlap with BMS's current or future drugs, and its smaller presence in the US creates cost-cutting opportunities.

But legal experts cautioned that a Sanofi-Aventis and BMS deal could face a hurdle preventing trans-atlantic mergers in the past. It would create "share flowback", whereby US investors seeking to invest in a US drug group are required to sell the new Sanofi-Aventis shares, depressing the French drugmaker's future share price.

Sanofi-Aventis would have liked its own share price to be stronger ahead of a bid, and may have to resort to debt to finance a deal worth more than $50bn. Its hand may have been forced by BMS's deal this month with AstraZeneca on two diabetes drugs, which already diminishes the appeal of an acquisition. Yet if the price is right, early may be better than never.

Vornado To Raise EOP Bid In Latest Shot At Blackstone (WSJ)

By Ryan Chittum And Henny Sender

The Wall Street Journal, February 1, 2007

An investor group led by Vornado Realty Trust is expected to raise its bid for Equity Office Properties Trust, topping Blackstone Group's bid in one of the biggest buyout fights in history.

The bid was set to be announced last night or before markets open today. Vornado had a deadline yesterday to complete its fact-finding or "due diligence" on whether to top Blackstone's most recent offer of $54 a share. If Vornado made such a bid, Blackstone could either go higher or claim the high road of discipline, tell investors that the price was too high and walk away with its consolation prize, a $500 million fee that it will share with investors. Equity Office is a real-estate investment trust founded by the Chicago real-estate magnate Samuel Zell.

The markets had expected a bid to materialize with EOP's stock up 89 cents, or 1.6% yesterday to $55.55 as of 4 p.m. composite on the New York Stock Exchange -- and Vornado's down $1.20, or nearly 1%, to $122.35 on the Big Board.

The latest round in the bidding caps a feverish period in which both sides have been consulting with potential buyers of some of the properties in the Equity Office portfolio, the largest in the U.S. by size and value, to determine how high to go.

The contest started on Nov. 19 when Blackstone agreed to buy Equity Office for $20.1 billion, or $48.50 a share. In July, Equity Office had spurned a then-secret offer by Vornado Chief Executive Steven Roth to merge the two companies.

Vornado struck back on Jan. 17 with two private-equity partners, Starwood Capital and Walton Street Capital, offering $52 a share with 40% payable in Vornado stock and the rest in cash. Blackstone returned the volley eight days later, raising its bid to $54 a share.

The frenzied back and forth came months after conventional wisdom still held that Equity Office was too big to be taken private. Though its stock had lagged behind its peers since the start of the decade, it was a behemoth with a total capitalization (including debt) of some $36 billion, which would require the largest "takeout deal" in history.

Previously, the biggest REIT deal including debt had been General Growth Properties Inc.'s $12.6 billion purchase of Rouse Co. in 2004.

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Equity Office owns 585 buildings in 24 markets across the country, making it by far the largest office landlord in the U.S. Vornado, which primarily owns retail and office property in New York and Washington, D.C., has focused on Equity Office's holdings in those markets, as well as in San Francisco, Los Angeles and Boston.

Commercial real estate has been one of the primary beneficiaries of the extraordinary levels of liquidity washing through global markets in the past few years. Thanks to positive rental and vacancy trends, a solid global economy and low interest rates, the flow of capital has sharply pushed up commercial real-estate prices.

Separately yesterday, Equity Office reported its fourth-quarter earnings, which came in slightly below analysts' consensus estimates. For the fourth quarter, it reported funds from operations -- a key REIT cash-flow measure -- of 54 cents, up from 50 cents in the year-earlier quarter, but two cents below consensus estimates.

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Nasdaq Ready For Long Battle Over LSE (FT)

By Norma Cohen In London

Financial Times, February 1, 2007

Nasdaq has signalled that it is prepared to fight a prolonged battle with the London Stock Exchange.

The US stock market warned on Wednesday that, if its hostile takeover bid failed, it could offer its technology to an LSE rival as part of moves it expects to drive down the exchange's share price.

Bob Greifeld, chief executive, told the Financial Times that Nasdaq could keep its 28.75 per cent stake in the LSE for 18 months.

He expected the share price to fall in that time, he indicated. "In 18 months' time, we will know what is the fair value of the exchange." Nasdaq has refused to raise its offer price from £12.43 a share and looks steeled to seeing its current approach running out of time. LSE shares have stayed stubbornly close to £13, making it highly unlikely the bid will succeed.

Mr Greifeld defended his refusal to raise the price, saying the LSE had yet to grasp the nature of the fierce competition that European regulations will unleash.

It would take at least 18 months for the effect of the new competitive environment to sink into the London market's collective psyche.

"It is probably the most dramatic transition [for the LSE] in their 300-year-old history, except perhaps for Big Bang. I think it may be even more dramatic than Big Bang," he said, referring to the 1986 law that closed the LSE trading floor that divided banks into brokers and traders.

Nasdaq faces competition from upstarts in the US, including BATS Trading, which has captured 15 per cent of trading in Nasdaq-listed stocks by, in effect, paying people to trade on it.

"This is the competitive dynamic we live with," Mr Greifeld said. "This is the intellectual underpinning for our offer price." In a signal to LSE investors that they should wait for another bidder such as the New York Stock Exchange, Mr Greifeld revealed that Nasdaq last week met representatives of the consortium of banks planning a rival platform, Project Turquoise.

Although Nasdaq had not planned to use its technology to compete with the LSE, it was considering, if its bid failed, licensing it to the consortium. Nasdaq's high-speed INet platform is understood to be on a shortlist of preferred technology providers, according to bankers familiar with the project.

However, he said Nasdaq would seek to hedge at least a portion of its exposure to the LSE, a move which could involve buying put options or selling shares short.

He said Nasdaq would not participate in a move by hedge funds to replace LSE management with one more amenable to approaching a prospective buyer – possibly Nasdaq – with a view to achieving a higher sale price.

ENVIRONMENT/INDIAN AFFAIRS:

A Clearer Global Climate Forecast (CSM)

By Peter N. Spotts

Christian Science Monitor, February 1, 2007

By 2100, retired snowbirds will be joined by "sun birds" – who flee north to escape oppressively hot, humid summers not just in Miami, but Milwaukee as well. In the US West, deep mountain snows – currently a key natural reservoir for fresh water – will virtually vanish. And while the growing season will expand by about a month, urban gardeners will spend more time indoors as higher temperatures help boost smog at ground level.

Welcome to a world where the climate is, on average, 3 degrees Celsius (5.4 degrees Fahrenheit) warmer than today.

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That projection – more specific than any previous one – is just one element expected to emerge this week as some 500 scientists from around the world gather to put the finishing touches on a major report on the Earth's climate and what the future may hold for it as humans continue to pump heat-trapping greenhouse gases into the atmosphere.

It's the first of three volumes set for release this year by the UN-sponsored Intergovernmental Panel on Climate Change (IPCC). Details in the document, which focuses on climate change, remain closely held until its release Friday morning. Leaks to the press based on earlier drafts, however, suggest that the researchers are projecting temperature increases of between 2 and 4.5 degrees C (3.6 and 8.1 degrees F.) by century's end if carbon-dioxide concentrations in the atmosphere reach twice their preindustrial levels. Their "most likely" increase is expected to be about 3 degrees C.

"Three degrees is very significant warming," acknowledges Thomas Delworth, a researcher at the National Oceanic and Atmospheric Administration's Geophysical Fluid Dynamics Laboratory in Princeton, N.J.

Of course, projecting future climate is a dicey proposition. High-powered computers are loaded with mind-numbing programs whose math represents a range of key processes in the oceans, atmosphere, and land. Scientists enter a few key numbers at start-up, such as the sun's radiation level and levels of greenhouse gases at a beginning time, then press "enter."

Still, "we're not completely sure of a lot of the physics, and it's hard to build a model for something you don't understand," says William Collins, a modeler at the National Center for Atmospheric Research in Boulder, Colo. "We don't know the trajectory for man-made greenhouse gases over the next century."

To finesse that issue, the IPCC has developed a range of emissions profiles, based on different assumptions about population and economic growth and the pace of adoption of new technologies to reduce greenhouse-gas emissions. The emissions profile that yields the 3-degree C warming "is fairly optimistic," Dr. Collins says. It assumes rapid economic growth, a rapid influx of new, more efficient technologies, and a world population that peaks mid century, then starts to decline. Based on past and current emissions, many climate scientists say that a doubling of atmospheric CO2 by century's end is a done deal.

One rule of thumb: Wet areas will get wetter and dry areas will get drier. The most rapid warming is expected over the continents. In essence, climate bands move north, giving Wisconsin the kind of summers once limited to places like southern Mississippi. Warming in northern North America and north-central Asia would be largest in winter. Already, disappearing sea ice, melting permafrost, shifts in vegetation, and melting Greenland ice are signaling the changes under way in the far north.

One likely hot spot: coastal areas around the Mediterranean Sea.

"Every model projects strong drying over the Mediterranean, from Spain through the Middle East," Dr. Delworth says. The region could range on average from 4 to 8 degrees F. warmer in the summer than today, sending any remaining beachgoers on the Costa del Sol scrambling for cooler climes. "That's a very profound impact" on a geopolitically important part of the world, he adds.

Another region of concern is Africa's Sahel, which has seen a series of severe droughts over the past 30 years. Yet Delworth acknowledges that the models fail to agree on whether the drying trend of the past 30 years will continue.

For the US, global warming will squeeze more moisture out of the already dry Southwest. "But the consensus among models is not as high," he explains. One reason: Models are still having a hard time capturing the wind patterns that bring seasonal monsoons to the region.

Mountains in the US West will still get precipitation in winter, but it's more likely to be rain than snow. Throughout the country, when it rains, it will pour, as extreme-weather events become more common – raising the likelihood of floods and giving fits to Western water managers.

In one study published last year, researchers from the US and Australia compared projections from several models and found that climate extremes – ranging from more frequent and intense heat waves and fewer frost days to longer dry spells and heavier rainfall – appear around the globe, although consensus among the models begins to evaporate when they tried to look at regional patterns.

One broad area that may receive more scrutiny: the portions of Kansas, Nebraska, and Colorado that host vast expanses of sand dunes. A recent study by researchers at the University of Nebraska and the University of Wisconsin notes that many of these dune systems are on the knife's edge of mobilization, and could begin to wander across the landscape if moisture becomes much more scarce.

US Companies Lag On Climate Issues (FT)

By Jonathan Birchall In New York

Financial Times, February 1, 2007

US companies are lagging behind Europe in their readiness to identify climate-change risks, according to the most comprehensive survey to date of industry awareness of the issues.

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Only 47 per cent of the members of the S&P 500 index responded to a request last year for information on their assessment of climate change risk that was signed by 225 international pension funds and investors.

In contrast, 76 per cent of the members of the FT 500 index responded to the same questionnaire, which seeks information on carbon emission policies and other issues such as exposure to physical risk from severe weather.

The report on the responses was prepared for Ceres, a coalition of investors and environmental groups, and Calvert, one of the largest US socially-concerned investment firms.

It comes amid growing corporate awareness of climate change risk in the US. Earlier this month, several leading US corporations, including General Electric, Alcoa and Duke Energy, formed a new alliance to lobby for regulation to control carbon emissions.

But Mindy Lubber, president of Ceres, said the survey results indicated that "many US companies are still downplaying climate change and its far-reaching business impacts".

In particular, she noted that only 5 out of 14 insurance companies bothered to respond to the survey, despite the industry suffering more than $70bn of losses from the 2005 hurricanes alone.

Many US banks also stated that "climate change had little to do with their business", although the report highlighted the above average level of the responses from both Citigroup and Bank of America.

On carbon emissions, 80 per cent of the 228 companies that responded addressed the need to reduce greenhouse gas emissions, but that only a quarter of them had disclosed measurable emissions reductions targets and specific time frames for reductions.

The report also highlighted the progress on emissions reporting made by Wal-Mart, the world's largest retailer, since it announced its intention to reduce its carbon dioxide emissions of 20.8m tons in October 2005.

"Despite its massive size, the company has managed to produce a comprehensive accounting of its worldwide emissions from refrigerants, on-site combustion, trucks, cars, airplanes, and purchased electricty," the report said.

France Tells U.S. To Sign Climate Pacts Or Face Tax (NYT)

By Katrin Bennhold

New York Times, February 1, 2007

PARIS, Jan. 31 — President Jacques Chirac has demanded that the United States sign both the Kyoto climate protocol and a future agreement that will take effect when the Kyoto accord runs out in 2012.

He said that he welcomed last week's State of the Union address in which President Bush described climate change as a "serious challenge" and acknowledged that a growing number of American politicians now favor emissions cuts.

But he warned that if the United States did not sign the agreements, a carbon tax across Europe on imports from nations that have not signed the Kyoto treaty could be imposed to try to force compliance. The European Union is the largest export market for American goods.

"A carbon tax is inevitable," Mr. Chirac said. "If it is European, and I believe it will be European, then it will all the same have a certain influence because it means that all the countries that do not accept the minimum obligations will be obliged to pay."

Trade lawyers have been divided over the legality of a carbon tax, with some saying it would run counter to international trade rules. But Mr. Chirac said other European countries would back it. "I believe we will have all of the European Union," he said.

Mr. Chirac spoke as scientists from around the world gathered in Paris to discuss an authoritative international report on climate change, portions of which will be released on Friday.

Mr. Chirac's critics say that despite his comments in support of environmental measures, his record as president is far from green. He angered environmentalists across the globe when he conducted nuclear tests in a Pacific atoll within months of coming into office in 1995. He has been a loyal ally of French farmers and their pollution-causing practices, blocking some proposed Europe-wide reforms.

Most recently, France's national plan for allocating carbon emission credits to businesses had to be revised after the European Union rejected it as too generous.

The Long Consensus On Climate Change (WP)

By Naomi Oreskes

Washington Post, February 1, 2007

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With the release of the new report by the Intergovernmental Panel on Climate Change tomorrow, the fourth since the organization's founding in 1988, many will be looking for what's new. How have estimates of sea-level rise changed? How soon will we achieve a doubling of carbon dioxide levels?

Scientists and journalists focus on novelty, because both are largely about discovery. But from a policy perspective, what matters is not what's new but what's old. What matters are not the details that may have shifted since the last report, or that may shift again in the next one, but that the broad framework is established beyond a reasonable doubt. Although few people realize it, this framework has been in place for nearly half a century, and scientists have been trying to alert us to its importance for almost that long.

Scientific research on carbon dioxide and climate dates to the 19th century, when Irish scientist John Tyndall established that CO2is a greenhouse gas -- meaning that it traps heat and keeps it from escaping to outer space. In the 19th century, this was understood as a fact about our planet, one that made it hospitable to life, but did not have any political implications.

That began to change in the early 20th century, when Swedish geochemist Svante Arrhenius deduced from Tyndall's work that CO2released to the atmosphere by burning fossil fuels could alter Earth's climate. By the 1930s British engineer Guy Callendar had compiled empirical evidence that this effect was already discernible.

Callendar's concern was pursued in the 1950s by numerous American scientists, including oceanographer Roger Revelle, a one-time commander in the U.S. Navy Hydrographic Office, who helped his colleague Charles David Keeling find funds to implement a systematic monitoring program. By the 1960s, Keeling's assiduous measurements at Mauna Loa Observatory in Hawaii demonstrated conclusively that atmospheric carbon dioxide was, indeed, steadily rising. (For this work, President Bush awarded Keeling the National Medal of Science in 2002.) Although these scientists may not be household names, they are well known in the scientific community. However, even most scientists don't know that they -- and others -- have been communicating concerns about global warming to presidents of both parties since the 1960s.

One early warning that we "will modify the heat balance of the atmosphere to such an extent that marked changes in climate . . . could occur" came in 1965 from the Environmental Pollution Board of the President's Science Advisory Committee. While the Bush administration has been loath to accept this reality, an earlier administration accepted it as a statement of scientific fact. In a special message to Congress in February 1965, President Lyndon B. Johnson noted: "This generation has altered the composition of the atmosphere on a global scale through . . . a steady increase in carbon dioxide from the burning of fossil fuels."

A second warning came in 1966 from the U.S. National Academy of Sciences Panel on Weather and Climate Modification, headed by geophysicist Gordon MacDonald, who later served on President Richard Nixon's Council on Environmental Quality. While examining the question of deliberate weather modification, MacDonald's committee concluded that increased carbon dioxide might also lead to "inadvertent weather modification."

In 1974, in the wake of the Arab oil embargo, Alvin Weinberg, director of the Oak Ridge National Laboratory, realized that climatological impacts might limit oil production before geology did. In 1978, Robert M. White, the first administrator of the National Oceanic and Atmospheric Administration and later president of the National Academy of Engineering, put it this way:

"We now understand that industrial wastes, such as carbon dioxide released during the burning of fossil fuels, can have consequences for climate that pose a considerable threat to future society."

In 1979 the subject was addressed by the JASON Committee, the reclusive group of scientists with high-level security clearances who gather annually to advise the U.S. government; its members have included some of the most brilliant scientists of our era.

The JASON scientists predicted that atmospheric carbon dioxide might double by 2035, resulting in mean global temperature increases of 2 to 3 degrees Celsius and polar warming of as much as 10 to 12 degrees. This report reached the Carter White House, where science adviser Frank Press asked the National Academy of Sciences for a second opinion. An academy committee, headed by MIT meteorologist Jule Charney, affirmed the JASON conclusion: "If carbon dioxide continues to increase, [we] find no reason to doubt that climate changes will result, and no reason to believe that these changes will be negligible."

It was these concerns that led to the establishment of the Intergovernmental Panel on Climate Change and, in 1992, to the United Nations Framework Convention on Climate Change, which called for immediate action to reverse the trend of mounting greenhouse gas emissions. One early signatory was President George H.W. Bush, who called on world leaders to translate the written document into "concrete action to protect the planet." Three months later, the treaty was unanimously ratified by the Senate.

Since then, scientists around the world have worked assiduously to flesh out the details of this broadly affirmed picture. Many details have been adjusted, but the basic parameters have not changed. Well, one thing has. In 1965, the concern that greenhouse gases would lead to global warming was a prediction. Today, it is an established scientific fact.

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The writer is a professor of science history at the University of California at San Diego.

Can Ethanol Get A Ticket To Ride? (WSJ)

By Ilan Brat And Daniel Machalaba

The Wall Street Journal, February 1, 2007

Like the corn it's made from, ethanol is largely a product of the small-town Midwest, distilled in places like Nevada, Iowa, and shipped to market by train.

Now, as ethanol producers ramp up production, they are straining railroads already taxed by burgeoning shipments of coal, containers and grain. And they worry that the transportation crunch could make it difficult for ethanol, despite its surge of support in Washington, to compete with energy rivals.

Rail and transportation logistics for the ethanol industry is "the mountain to climb...as we go forward," says Ken Eriksen, a senior vice president of Informa Economics Inc., an agricultural and renewable fuels consulting firm in Memphis, Tenn.

Unlike gasoline, natural gas and oil, ethanol attracts water and other chemicals, so it can't be sent through the long-established pipelines that move those fuels. That means the ethanol industry has been forced into a marriage with the already groaning railroads.

"It's supply and demand," says Walt Wendland, president and CEO of Golden Grain Energy LLC in Mason City, Iowa. "We're a captive market for them."

Few people think the strains will derail the boom, fueled first when it became a popular replacement for the gasoline additive methyl tertiary-butyl ether (MTBE) and boosted by President Bush's call for more homegrown energy alternatives. But ethanol's popularity has meant that producers have had to struggle to upgrade their rail yards and secure enough tank and grain cars to efficiently ship both ethanol and its byproducts. Railroads are prodding them to make the changes while also rushing to expand their own tracks and freight yards to handle the increasing shipments. Even though some parts of the economy have slowed recently, rail freight volumes are still near record highs.

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Despite the concern about the rail system, producers aren't flocking to the waterways. Barges are considered too slow to handle ethanol's rush to market, most plants aren't located near bodies of water and other liquid commodities already have soaked up the majority of the tank-barge capacity.

Railroad executives say ethanol, though still a small part of their total freight traffic, promises to be a lucrative growth opportunity. Shipments of ethanol have nearly tripled since 2001 to about 106,000 rail carloads last year and are projected to increase to at least 140,000 in 2007, according to the Association of American Railroads in Washington. Each tank car has a capacity of 30,000 gallons.

"We had a hiccup here and there, absolutely," says David Lawson, vice president of industrial products at Norfolk Southern Corp., a large railroad based in Norfolk, Va. "But we feel like we handled the growth very well."

Railroads have been pushing producers toward shipping by longer, more-efficient trains, called unit trains. Such trains carry 75 to 95 tank cars of ethanol and provide a faster and more economical alternative to shipping a few ethanol cars at a time. Burlington Northern Santa Fe Corp. in October 2003 began running its Ethanol Express to shuttle ethanol to California from the Midwest. It now runs two to three times a week. But some producers have chafed under the industry's initiatives.

After the corn is distilled into ethanol, it's mixed with a small amount of gasoline at the production plant before being shipped by train to a petroleum terminal, where it is blended with gasoline. Large petroleum terminals are accustomed to receiving their product by pipeline and then distributing locally by truck. Most terminals haven't developed the infrastructure of tracks, storage tanks and rapid unloading to receive ethanol by unit trains, says Kevin Kaufman, group vice president of agricultural products of BNSF's rail unit. Expanding is difficult because they are sometimes hemmed in by buildings, highways and bodies of water.

On the other end of the line in ethanol country, many of the producing plants aren't large enough or lack the track and facilities to fill unit trains themselves. That is forcing the producers to shell out millions on tracks and equipment they hadn't planned to spend. Engineers from rail giant Union Pacific Corp. in Omaha, Neb., are requiring Mr. Wendland to triple the size of Golden Grain's rail yard even though he is only doubling the size of the 65 million-gallon ethanol plant in land-locked Mason City.

The 24,000-foot track expansion will push him over his $2 million budget by $1.5 million. He also had to purchase 55 acres of nearby land for $500,000. Mr. Wendland says Union Pacific told him their freight yards were too strapped for space to store his cars, so he'll have to store them himself. "It's a huge commitment, to say the least," he says. The railroad confirmed Mr. Wendland's account.

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Lately, large railroads have used their newfound market power to raise prices on many commodities they carry. For producers it comes at a time when high corn prices are squeezing their margins.

To cope with the price increases, Rick Brehm has started packing tight every car of distillers dried grain, an ethanol byproduct sold as cattle feed, he ships out. The 50-million-gallon-a-year Lincolnway Energy LLC ethanol plant in Nevada, Iowa, sits beside Union Pacific's mainline. Mr. Brehm is having an employee shovel the grain into every corner of his rail cars. That way he can fill up an extra 3% to 4% of space that was lost to air pockets before.

Union Pacific is ratcheting up investment to expand its own yards and track lines to handle the extra shipments in ethanol producing areas in Iowa, Minnesota and Nebraska. Even small railroads are trying to climb aboard. Iowa Northern Railway Co. is helping to build a new ethanol-storage facility in Manly, Iowa. Trucks will collect ethanol from production plants over hundreds of miles and bring it to Manly, with unit trains heading out from there.

Still, some railroads question the durability of the ethanol boom. Oil prices could drop, corn supplies could dwindle and alternatives could crop up. Ethanol producers are pushing ahead despite their dependence on the railroads.

"We are going to do what it takes to move it," says Dennis Miller, president and CEO of Iowa Interstate Railroad Ltd. in Cedar Rapids, Iowa. "But you just don't bet the farm on something that is volatile and controlled by many different forces."

Meanwhile, Imports Are Rising (WSJ)

By Lauren Etter

Wall Street Journal, February 1, 2007

Even as the U.S. looks to ethanol as a way to wean itself off foreign petroleum supplies, imports of the biofuel are soaring.

Despite a sharp tariff levied on most ethanol shipped from abroad, importers are finding they can compete with domestic ethanol on price. Some foreign suppliers, especially Brazil, also can provide ethanol more easily in some cases because of shipping bottlenecks in some areas of the U.S.

The surge in imports has yet to cause political backlash because U.S. ethanol supplies haven't caught up with demand. But tensions could arise this year as production at a slew of new domestic ethanol plants threatens to outstrip demand. Already, Corn Belt farmers who supply ethanol plants have taken to calling Brazil, the top foreign supplier of ethanol to the U.S., the "Saudi Arabia" of ethanol. "Why should we be trading dependency on one energy source for dependency on another?" asks Matt Hartwig, a spokesman for the Renewable Fuels Association, a trade group for the U.S. ethanol industry.

The U.S. ethanol industry benefits from a 51-cent-a-gallon tax credit as well as a 54-cent-a-gallon tariff levied on most imports. The tariff drives up the price of imported ethanol. Neither subsidy is likely to change despite Bush administration hints that it wouldn't mind seeing the tariff disappear.

While a certain amount of foreign supplies can avoid the tariff if the ethanol is dehydrated in a Caribbean country before it enters the U.S., the amount of duty-free ethanol is capped at 7% of annual U.S. ethanol consumption.

The import surge suggests that users are happy to base their purchases less on where it comes from than cost and convenience. "It all comes down to economics," says Gene Edwards, executive vice president at Texas-based Valero Energy Corp., a major North America oil refiner that blends ethanol into gasoline. "If it's Brazilian sugar cane that makes the ethanol, why should we care?" About 30% of the ethanol that Valero blended last year was imported, according to the company.

New players are piling into the U.S. ethanol market, including China, the Netherlands and even Pakistan. Through November, total U.S. imports of ethanol used for fuel last year were 616 million gallons, more than four times as much as the 135 million gallons in 2005, according to the U.S. International Trade Commission.

Brazil, which makes its ethanol from sugar cane instead of corn, is one of the world's most efficient producers of the biofuel. U.S. imports of Brazilian ethanol rose to 418 million gallons in the first 11 months of 2006, from 31 million gallons in all of 2005, according to figures from the trade commission. Jamaica was the second-largest exporter to the U.S. last year, followed by China.

Oil companies adopted en masse last year as a clean-burning replacement for another key gasoline additive, methyl tertiary-butyl ether, that was being phased out.

As oil prices soared last year, demand got another shove when President Bush in his State of the Union address called on Americans to start using more renewable fuels, ranging from ethanol to biodiesel, as a way to reduce U.S. dependence on foreign oil. Congress then passed a bill requiring the U.S. oil industry to use 7.5 billion gallons a year of renewable fuels by 2012, most of which is expected to be ethanol. President Bush has since called for the use of 35 billion gallons of alternative fuels, including liquefied natural gas, by 2017 in order to cut gasoline consumption by 20%.

U.S. producers can't yet make enough ethanol to supply domestic needs. Last year about 4.9 billion gallons of ethanol were produced in the U.S., while about 5.5 billion gallons were consumed, according to the Renewable Fuels Association. Imports made up the difference.

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Brazilian imports have been attractive because imported ethanol can be about the same price as the U.S. product, and sometimes cheaper. For instance, with corn at about $3.70 a bushel, the wholesale price of a gallon of ethanol -- including transportation and production -- is about $1.90. At current sugar-cane prices, a gallon of ethanol costs about $1.75 a gallon, including transportation from Brazil and the tariff.

Shipping convenience is also a factor. Many of the biggest users of ethanol are on the coasts, while many of the ethanol plants are clustered in the Midwest. For coastal users, it is often simpler and more reliable to have ethanol hauled on a ship from Brazil than on already-strained railroad lines from rural Nebraska or Iowa. Moving the budding ethanol industry "beyond its Midwest roots out to some of the coast routes is a challenge," says Rick Tolman, chief executive of the National Corn Growers Association.

With demand outpacing supply, the growth of imports shouldn't cost U.S. producers much business. But that could change when the dozens of new U.S. ethanol plants projected to come on line in the next year are added to the 100-plus existing plants.

Last month, at the World Economic Forum in Switzerland, Secretary of Energy Samuel Bodman said he believed more imports were going to be needed to meet ethanol demand. "The idea is that at some point in the future all these technologies need to stand the test of the free market," he said.

But farm and ethanol interests are likely to block any move to remove the tariff or let it expire in 2009.

Some American companies clearly see benefits in foreign ethanol, especially that made from sugar cane. Last year, agriculture giant Cargill Inc. of Minneapolis invested in a Brazilian sugar-cane-ethanol plant.

"We think the best way to ensure a strong, growing market domestically is assurance of supply," says Bill Brady, spokesman for Cargill. "That's why we favor a global marketplace when it comes to ethanol."

On Energy And Ethanol Politics (WSJ)

By David Wessel

Wall Street Journal, February 1, 2007

There are at least three ways to look at President Bush's energy initiative. One is knee-jerk: If Mr. Bush proposed it, it must be stupid. A second is to pretend you're king: How would I solve this problem? A third is to ask: Given the administration's stated conviction that markets know best, does the proposal make sense and go far enough?

Partisan critics do the first. Academics do the second. Let's try the third.

Mr. Bush says the U.S. energy market isn't working well. At current prices, Americans use too much oil and gasoline for our own good. He says he is worried about an imprudent dependence on oil, the price of which is heavily influenced by regimes not always friendly to the U.S., and about global warming.

His solution: "Diversify our nation's energy supply."

The economists' user guide to policy says the most efficient response to a market price that doesn't fully reflect the costs of consuming a good -- in this case, the risk to national security and to life on Earth as we know it -- is a tax. It could be on oil, or on gasoline, or on carbon, a major constituent of fossil fuels. No one inside the Bush camp will say this publicly -- at least until they leave. Gregory Mankiw, the Harvard economist who did a turn as chairman of Mr. Bush's Council of Economic Advisers, now is campaigning for a $1-a-gallon gasoline tax phased in over 10 years.

A tax would raise the price of oil or gasoline or carbon, discourage consumption of gasoline (or whatever was taxed) and create incentives to produce alternatives. The market, not the government, would pick the best alternative.

But Mr. Bush is allergic to anything that smells like a tax. So he opted for a not-very-Republican alternative. He would use the government's muscle to force Americans -- or more precisely, the companies that blend motor fuel -- to consume less gasoline than they otherwise would and more of something else. A lot more. A 2005 law requires blenders to increase their use of alternative fuel, most of it ethanol made from American corn, to 7.5 billion gallons a year by 2012 from the current six billion gallons. Mr. Bush proposes to boost that to 35 billion by 2017. If there isn't enough alternative fuel to go around, blenders will have to pay a tax-like penalty to the government, the size of which hasn't been determined.

OK. It isn't the economists' first choice, but economists don't often run for office. The president's proposal has some logic: The government isn't picking winners, just guaranteeing lasting demand for alternatives to gasoline -- broadly defined -- to stimulate investment and technological progress.

With all that guaranteed demand, more than makers of corn-based ethanol could ever meet, one might think there was no longer any need for the 51-cent-a-gallon tax credit for ethanol, which will cost taxpayers about $2.6 billion next year and more in later years as ethanol production rises. One might also think that, since the goal is to "diversify" the U.S.'s energy sources, there is little reason to continue a 54-cent-a-gallon tariff on imports of sugar-derived ethanol from Brazil.

But Mr. Bush didn't say anything about repealing the tax credit, or about altering it so that the government pays a subsidy only when oil prices are low and ethanol is economically unattractive. Nor did he say anything about repealing the tariff.

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The reason has little to do with economics, and a lot to do with the politics of corn. The tax credit was born during the oil-price spike of 1978; the tariff was added to prevent foreign producers from getting U.S. subsidies. The two measures sustained an embryonic ethanol industry in corn-growing states when oil prices were low and there wasn't much government, consumer or Wall Street interest in alternative fuels.

Times have changed, but the folks who benefit don't much like the idea of repealing the credit or tariff. And they have a lot of friends in the Senate -- including Charles Grassley of Iowa, the top Republican on the Senate Finance Committee -- and among presidential candidates, for whom ticking off Iowa's corn farmers would be an exercise in masochism.

Mr. Bush's serious advisers have a hard time defending the tax credit or the tariff. "At some point in the future all these technologies need to stand the test of the free market" says Energy Secretary Samuel Bodman -- or at least a market in which the government puts a floor under demand.

Under current law, the tariff expires in 2009 and the tax credit in 2010. Mr. Bush's advisers figure repealing the measures is politically impossible and hope to persuade Congress to resist pressure to extend them. Yet Mr. Bush, the self-described admirer of markets who won't ever again face voters in Iowa or probably anywhere else, wasn't willing to say even that much in his State of the Union address. * * *

Postscript on last week's column on prizes: A report by the National Research Council, an affiliate of the National Academy of Sciences, last week urged the government to launch "an ambitious program of innovation inducement prize contests" as "a sound investment in strengthening the infrastructure for U.S. innovation."

Federal Judge In Las Vegas Sets New Hearing On 'Divine Strake' (AP)

AP, February 1, 2007

LAS VEGAS (AP) - A federal judge told government lawyers Wednesday he wants to be kept closely informed on plans for a non-nuclear explosion that authorities say would send a mushroom-shaped dust cloud high over the Nevada desert.

With no date set for the test, dubbed "Divine Strake," U.S. District Court Judge Lloyd George set another status hearing March 2, and said he wants to see a draft environmental assessment prepared about the Defense Threat Reduction Agency experiment.

"I'll pay a lot of attention to this case, I assure you," the judge said.

Justice Department lawyer Caroline Blanco said if a date is picked for the explosion, it will be at least 30 days after the environmental assessment is completed and a finding is made that the explosion would pose no significant threat to the environment or people.

Blanco, speaking by conference call from Washington, D.C., said that until a decision is made to go ahead, it was premature to address opponents' claims that the test will kick up and spread radioactive dust from the Nevada Test Site.

Robert Hager, a Reno-based lawyer representing Western Shoshone tribe members and "downwinders" in Utah and Nevada, said that he plans to challenge flaws in the environmental assessment.

The document has been the focus of public meetings this month in Nevada, Utah and Idaho, where elected officials have questioned the safety of the experiment. It was postponed last year after Hager filed suit.

Critics have called the blast a surrogate for a low-yield nuclear "bunker-buster" bomb, and have expressed fears that it would scatter radioactive dust contaminated by nuclear weapons experiments at the test site from 1951 to 1992.

The experiment would explode 700 tons of fuel oil and fertilizer over an underground tunnel, about 85 miles northwest of Las Vegas.

Government officials have called it important for gathering data about penetrating hardened and deeply buried targets.

DEFENSE RESERVATIONS Native Americans On Trial Often Go Without Counsel (WSJ)

By Gary Fields

The Wall Street Journal, February 1, 2007

SELLS, Ariz. -- As Joseph Juan's May 2005 trial at the Tohono O'Odham Nation Tribal Court began, prosecutor Lisa Stronawski fired off questions, asking potential jurors about their views on drug laws.

At the defense table, there was no lawyer representing Mr. Juan. The 55-year-old tribe member, who faced charges of possession of marijuana with intent to deliver for sale and conspiracy, couldn't afford a lawyer and didn't have one. For most of the trial, his voice, normally a low mumble, went unheard.

The right of defendants to legal counsel is guaranteed by the Constitution. But due to a little-known quirk in federal law, Native Americans aren't assured this protection. That's because under U.S. law, Indian tribes are considered sovereign nations, and are not subject to all privileges afforded by the Bill of Rights.

The country's 560 tribes are largely responsible for funding government services such as schools, police, and hospitals, as well as courts. The tribes have jurisdiction over crimes committed on reservations by the nation's 2.4 million American Indian and Alaska Natives.

Many of these tribal courts, like their federal and state counterparts, have their own prosecutors, tribe-appointed judges and jail facilities. Court proceedings can be judge or jury trials. There are 275 such courts in the U.S., each governed by the laws of an individual tribe or village. According to the U.S. Justice Department, more than 9,200 Native Americans convicted in tribal courts are locked up in tribal facilities or local jails off tribal lands.

Mostly absent from this parallel justice system are public defenders -- a luxury that many poor tribes say they cannot afford. The defense gap means that accused criminals often end up representing themselves. As a result, many plead guilty and risk exposing themselves to additional charges at the federal and state levels. In some instances, they may be subject to double jeopardy -- two trials, sentences and punishments for the same crime.

"The Constitution acts as a floor beneath you that no state can go below. For Native Americans, that floor doesn't exist," says Zig Popko, an Arizona State University law professor and a former federal public defender.

The Indian Civil Rights Act, passed in 1968, gave individual tribe members some protections, such as the right to a speedy trial and the right to a trial by jury. But it did not provide the right to counsel for defendants too poor to hire attorneys.

Each year, the federal government spends nearly $400 million to subsidize tribal justice systems. The money goes to equipping and training police officers, constructing jails and providing grants to courts, prosecutors and victims programs. Of the total, less than $1 million is made available to tribal public defender offices.

Many tribes never see "a single penny for indigent defense," from the government, says Nick Fontana, director of the defense advocate office for the Pascua Yaqui nation in Arizona. In the decade that the office has existed, he says, the tribe has borne all operational costs.

Over the years, various congressional bills have sought to address the problem of tribal defense funding. Last year, Arizona Sen. John McCain, then chair of the Indian Affairs Committee, held a hearing to argue for more government assistance. The issue has yet to gain traction.

Stretched Resources

Some tribes, such as the Pascua Yaqui Nation outside Tucson and the Tohono O'Odham Nation, have programs to help provide attorneys for the indigent. But stretched resources mean many defendants still go without. Mr. Fontana says problems usually arise when a group of people face arrest.

"We represent them first-come, first-serve," he says. "It's brutal. We have to tell people all the time that we can't represent them because we are representing someone else connected to the case. All I can do is hand them a list of advocates and attorneys who can practice in court here and tell them, 'You will have to pay for it yourself. Good luck.' "

Such limitations left Joseph Juan to defend himself. Mr. Juan was one of four people accused of hauling marijuana across the San Miguel border between Arizona and Mexico in 2005. Arrested by border-patrol officers, he was charged with conspiracy and possession with intent to distribute the 198 pounds found in the truck he was driving.

Mr. Juan didn't act quickly enough to secure an attorney. Although his tribe does have a defense advocate office, a co-defendant sought counsel first, soaking up scant available resources.

The courthouse in Sells, the tribal capital, is about 60 miles southwest of Tucson in a remote area of the state. The main route there, Highway 86, is a narrow, two-lane road marked with 48 memorial crosses erected for members killed along the 21 miles that stretch from the beginning of the Tohono O'Odham boundary to Sells. It is an area where high winds blow constantly, creating dust storms that can lower the visibility to just beyond the hood of a car.

At his trial here, Mr. Juan faced Ms. Stronawski, a tribal-court prosecutor and a University of Pennsylvania law-school graduate. She had five witnesses, including three federal border-patrol agents, a tribal police officer and an Arizona state-police lab examiner. Her supervisor, also an attorney, joined her in the proceedings. Mr. Juan was alone.

"As I recall, he didn't have any family" present, says Ms. Stronawski. "I'm sitting there with my Ivy League law degree, halfway through an advanced law degree.... And my boss, who has been a prosecutor 15 years is sitting next to me. How can that possibly be fair?" Mr. Juan wasn't available for comment.

Despite being asked repeatedly by the judge whether he had problems with any of the evidence in the case, Mr. Juan only raised two objections during his trial. One was to dispute the time of day an incriminating picture provided by the prosecution had been taken. According to tapes of the proceedings, Mr. Juan spoke just over two minutes in his defense, including an 80-second opening statement. He was convicted and sentenced to two years in a tribal jail.

Gaps in the Case

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Ms. Stronawski, now a defense attorney with the Pinal County, Ariz., public defender, acknowledges there were gaps in her case against Mr. Juan that she might have exploited as a defense counsel. "In the end I felt he had as fair a trial as could be. I don't feel like I railroaded him," she says. "But going into a courtroom against a defendant without counsel is a hollow case."

Tribal-court judges say they try to compensate for the paucity of public defenders by interacting more with defendants.

"I'll ask them certain questions that would elicit something that would help their defense that they wouldn't think of," says Potawatomi Tribal Court Judge Phil Lujan, who also serves as circuit judge for several other tribes. Normally, says Judge Lujan, it would be the defense attorney's job, but "99.9% of them do not have attorneys."

A jurisdictional quagmire is partly to blame. The federal government has responsibility for prosecuting major crimes committed by Native Americans on tribal land, such as murder, rape, robbery and arson. But federal prosecutors regularly decline the cases. Instead, they are left to tribal courts where defense offices are limited and judges are restricted in the length of sentences they can hand down.

Cheryl Stein, a Washington, D.C., defense lawyer who is helping Mr. Fontana with research in several of his cases, listened to the taped transcripts of Mr. Juan's trial. She says the judge asking Mr. Juan whether he objected to certain evidence or jury instructions is akin to a "doctor asking a patient whether he objects to the interpretation of the X-ray. He has absolutely no basis on which to make an intelligent answer."

Indian casino operations have enriched some tribes, letting them provide all the services of an independent government, including criminal defense counsel. A few even pay out tens of thousands of dollars annually to each member. But most tribes are not so well off.

Consider, for example, the Tohono O'Odham Nation in Arizona, where Mr. Juan was arrested. With 2.8 million acres of tribal land and 28,000 members, the area is larger than Connecticut and second only to the Navajo nation in land mass. Although the tribe runs three casinos that fund many of the services provided by the tribal government, more than 40% of the members live below poverty level, according to the U.S. Census.

Double Jeopardy

The tribes' quasisovereign status allows defendants to be tried again in state or federal court for the same crime -- without the double-jeopardy protections provided by the Constitution. Defendants who enter guilty pleas in tribal court don't always realize that they are opening themselves up to federal or state charges for the same crime.

Billy Joe Lara, a member of the Turtle Mountain Band of Chippewa, faced this situation when he was arrested for public drunkenness in 2001 by Bureau of Indian Affairs officers at the Spirit Lake Nation Reservation in North Dakota. While being detained, he punched one of the federal officers. Without an attorney, he pleaded guilty the following day in tribal court to that and two other charges. He was sentenced to more than 160 days in a tribal jail.

Two months later, Mr. Lara was indicted on a federal charge of assaulting a federal law enforcement officer. In that case, under federal jurisdiction, he was granted the right to defense counsel. But his attorney, Alexander Reichert, says that the prior guilty plea, entered without any counsel, put his client at a disadvantage. "He just walked in and laid it out in the guilty plea," Mr. Reichert said. "He admitted all the details necessary to bring a federal case against him."

Mr. Lara, who had already spent three months in a tribal jail for the first conviction, went to trial and was also convicted in federal court. He was sentenced to another 10 months in federal prison for his punch.

Mr. Reichert fought the case to the Supreme Court, arguing that his client was charged twice for the same crime. Mr. Lara lost his challenge in 2004 when the high court sided with the government in its 7-to-2 ruling which said the case didn't constitute double jeopardy.

The opinion, written by Justice Stephen Breyer, essentially stated that tribal nations are separate, sovereign governments. Thus, when a defendant commits a crime that violates the laws of two sovereigns -- in this case the tribe and the federal government -- both can bring charges.

In the meantime, Mr. Fontana says he routinely asks area lawyers to assume cases his office cannot take. "I beg defense lawyers," he says. "But some of them have caller ID and they're avoiding taking my calls now."

FBI/DEA/ATF/USMS:

Schumer Proposes $1 Billion War On Violent Street Gangs (Westchester Journal)

By Steve Lieberman

Westchester Journal News, January 31, 2007

U.S. Sen. Charles Schumer today proposed spending more than $1 billion and passing tougher laws to fight a nationwide surge in gang violence and drug dealing.

Schumer unveiled a staff report showing a rise in violent crime and drug arrests across New York from 2000 to 2005 as an example for the entire country.

The Gang Abatement and Prevention Act of 2007 includes spending $1 billion over five years for law enforcement to fight gangs on the streets and $50 million for for police and educational programs in schools.

The package would fund investigations, prosecutions, short-term witness protection programs and gang prevention services. An estimated $100 million alone would go toward hiring prosecutors, staff and technology.

Supporting the package was Rockland District Attorney Michael Bongiorno, the president of the New York State District Attorney's Association.

Street gangs are criminal enterprises and selling drugs finances their operations, Bongiorno said.

The gangs referred to were local groups as well as nationwide organizations like the Bloods, Crips, Latin Kings and MS-13. Those gangs are represented, among others, in the lower Hudson Valley

Read more about this story tomorrow in The Journal News.

Senator Proposes Strong Medicine For Gang Violence (EMPSN)

EmpireStateNews.net, February 1, 2007

Gang violence is “spreading like a virus”, said U.S. Senator Charles Schumer, during a news conference Wednesday. The Democrat senator released a new report showing that there has been a 10 percent increase in reports of violent crime and a nearly 20 percent jump in the number of drug arrests in cities and communities across upstate New York.

“Every sheriff, every police commissioner, the DEA, shows that a remarkably high percentage these days of both violent crimes and drug arrests are gang-related.”

Schumer said part of the medicine is to change federal law, to make gang recruitment a primary offense.

The senator announced two new pieces of legislation that would provide more than $1 billion in new federal funding to combat the rise of gangs and impose tough new penalties for those who participate in gang violence.

“Our bill replaces the current federal laws sentencing enhancement for gang-related conduct. That’s almost never used, and you have to have another predicate crime. This makes it a crime in itself – the recruitment of young people into gangs.”

The legislative package also addresses issues raised by local law enforcement, including money for enhanced witness protection, and grants directly to school district for programs to prevent and respond to violence in elementary and secondary schools.

Blood Or Urine? HGH Testing Feud Simmers (AP)

By The Associated Press

AP, February 1, 2007

SAN FRANCISCO (AP) -- Olympic athletes soon will have their blood tested for human growth hormone, but the NFL and baseball officials instead are embracing the unproven concept of urine testing in their bid to stop use of the performance-enhancing drug.

Critics question whether the pro leagues truly are intent on rooting out HGH, thought to be widely abused because no one currently is testing for it. But baseball and football officials say they are stymied by union contracts that prohibit taking blood from players, and they cite privacy concerns and doubts about the accuracy of blood tests.

The two leagues recently awarded grants worth a combined $1 million to develop a urine test, but even the scientist who received most of the research money concedes an effective urine screen is years away, meaning players can continue using HGH with little fear of getting caught.

"It's a difficult proposition," said Don Catlin, chief of the Olympic Analytical Laboratory at UCLA. "It's going to take a while."

This blood feud over how to root out cheaters has opened a deep schism at the highest levels of amateur and professional sports.

The World Anti-Doping Agency plans to test the blood of elite amateur athletes by the end of this year. The agency's chief, Dick Pound, dismissed efforts by the NFL, Major League Baseball and their unions as "a piddling little amount" spent on unproven technology to combat a major problem.

"Our view is that it's out there being used with impunity because of the lack of testing," Pound said.

Anti-doping agencies that police amateur athletes around the globe have spent nearly $10 million over the past decade to develop a blood test to detect synthetic growth hormone.

"All the experts we have consulted told us to forget about urine tests," said Olivier Rabin, the anti-doping agency's top scientist. "In urine you will find less than 1 percent of human growth hormone than you will find in the blood."

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Human growth hormone occurs naturally in the body and synthetic versions taken by injection are chemically identical, making detection difficult. The new blood tests are designed to find higher-than-normal hormone levels that can be reached only by taking synthetic versions.

Rabin said the blood test can detect the presence of synthetic growth hormone for about two days after it's injected, which requires the agency to conduct unannounced, random samplings.

Some 300 athletes at the 2004 Olympics in Athens underwent blood testing without a positive result. But Rabin says testing deterred human growth hormone use because athletes knew the tests were coming.

An NFL official, however, said that proves the tests were unreliable.

"Our indication is that there are outstanding issues with respect to the availability and the reliability of the blood test," league spokesman Greg Aiello said.

Donald Fehr, head of the baseball players' union, said: "We would have nothing to say about it until it came out and we had an opportunity to review it."

Human growth hormone is produced in the pituitary gland, a pea-sized structure at the base of the brain that controls growth and other functions. In the mid-1980s, scientists at the biotechnology pioneer Genentech Inc. figured out how to produce the hormone by genetically engineering human genes into bacteria.

Since then, the global market for human growth hormone has reached nearly $1 billion annually with seven companies, including Eli Lilly & Co., Pfizer Inc. and Novartis, producing similar versions. Its uses include treating pituitary gland tumors and growth disorders in children.

But black market demand for the drug is strong and growing. It has become the darling of anti-aging advocates and professional athletes looking to boost energy, increase strength and stave off the effects of getting old.

Even without testing, several athletes have been caught. Last year, federal investigators intercepted a package of growth hormone sent to Arizona Diamondbacks pitcher Jason Grimsley.

Grimsley said he began using HGH in order to evade baseball's newly implemented steroids testing program in 2003, according to federal investigators. He also identified several other players who used or supplied drugs, though their names were blacked out of court documents.

Grimsley's case bolstered anti-doping experts' belief that abuse is rampant in baseball and raised public awareness about the drug.

A doctor prescribed human growth hormone to several Carolina Panthers football players during the team's 2003 Super Bowl season, according to court records. During that time, no player was suspended for violating the league's substance-abuse policy. The doctor, James Shortt, was sentenced to a year in prison in December.

Still, the extent of human growth hormone use by athletes is unclear, and might never be known.

"The stuff works and it works well," said Chuck Yesalis, a Penn State expert on performance-enhancing drugs. "I would be in the camp that says it's a pandemic."

Congress Monitors Baseball Steroid Probe (AP)

AP, February 1, 2007

WASHINGTON (AP) -- Congress is monitoring George Mitchell's investigation of steroids in baseball and could intervene if he doesn't get more cooperation, two lawmakers told the former Senate Majority Leader.

The leaders of a House subcommittee that held hearings on steroids in 2005 pledged their support for Mitchell in a letter sent to him Tuesday and released to the media Wednesday.

"We sincerely hope that all relevant parties will work constructively to facilitate the completion of your investigation and your ongoing efforts to clean up the sport," wrote House Energy and Commerce Subcommittee on Commerce, Trade, and Consumer Protection chairman Bobby Rush, a Democrat from Illinois, and ranking Republican Cliff Stearns of Florida.

Stearns proposed the Drug Free Sports Act in April 2005. That bill called for a two-year suspension for a first offense and a lifetime ban for a second, while leagues that failed to comply would have been fined at least $5 million.

It was one of several pieces of legislation about steroids in pro sports that lawmakers stopped pushing after baseball introduced wider-ranging and more stringent drug rules in November 2005.

"Hopefully, similar legislative initiatives will remain unnecessary," Rush and Stearns wrote.

Mitchell told baseball's owners on Jan. 18 that he intends to interview active players and raised the possibility that Congress could compel testimony -- something he can't do. Mitchell was hired by commissioner Bud Selig last March after more than a year of allegations against Barry Bonds, Mark McGwire and other stars.

"We appreciate your warning to team owners and concur with your recommendation for better cooperation with your independent investigation," the congressmen wrote.

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Congressmen Back Up Mitchell's Steroid Warnings (NYT)

By Jack Curry

The New York Times, February 1, 2007

Two weeks after George J. Mitchell warned baseball owners that Congress could become involved in his steroids investigation if he did not receive more cooperation from those within the sport, two congressmen offered their backing for Mitchell's efforts.

In a letter that was sent to Mitchell, who is a former Senate majority leader, the congressmen reinforced the message that Mitchell delivered to the owners. The congressmen were the leaders of a House subcommittee that held hearings on steroids in May 2005.

"We sincerely hope that all relevant parties will work constructively to facilitate the completion of your investigation and your ongoing efforts to clean up the sport," wrote Bobby Rush, a Democrat from Illinois, who is the chairman of the House Energy and Commerce Subcommittee on Commerce, Trade and Consumer Protection, and Cliff Stearns, the ranking Republican from Florida. The letter was made public yesterday.

When Commissioner Bud Selig appointed Mitchell last March to head a commission that would investigate steroid use in baseball, Mitchell's greatest impediment was that he did not have subpoena power to compel players, executives, coaches, medical personnel and owners to speak. Unlike Congress, Mitchell could not require cooperation.

Months after the investigation started, Mitchell asked Selig to consider disciplining those who refused to be interviewed. Mitchell, who is also a former federal prosecutor, acknowledged last December that the investigation would take longer than he expected because of a lack of cooperation.

But by warning the owners that Congress could again get involved with baseball and steroids, Mitchell is trying to persuade more people within the sport to testify. If nothing else, Mitchell has now succeeded in getting a reaction from Congress.

"We appreciate your warning to team owners and concur with your recommendation for better cooperation with your independent investigation," Rush and Stearns wrote.

Stearns was responsible for proposing the Drug Free Sports Act in April 2005. The bill included a two-year suspension the first time a player failed a drug test and a lifetime expulsion for the second offense. In addition, leagues that did not abide by this act would have faced fines of at least $5 million.

In recent years, baseball has twice implemented harsher testing policies for performance-enhancing substances. They now call for a 50-game suspension for a first-time offender and a lifetime ban after the third offense. Baseball has also begun testing for amphetamines for the first time. Congressional leaders seemed satisfied, and stopped lobbying as fervently for the Drug Free Sports Act. But now Mitchell has weighed in. "Hopefully, similar legislative initiatives will remain unnecessary," Rush and Stearns wrote.

More U.S. Aid May Fund Social Projects (MH)

By Steven Dudley

The Miami Herald, February 1, 2007

BOGOTA - The Bush administration will seek almost $600 million from Congress this year to aid Plan Colombia II, the second phase of a multi-pronged effort to battle drug trafficking and insurgency in this Andean nation.

The strategy may include shifting more resources to economic development projects, administration officials said Wednesday.

"The strategy that the Colombian government is proposing for Plan Colombia II is perfect because it understands that it has to have a strong social component," Thomas Shannon, Assistant Secretary of State for Western Hemispheric Affairs, said in a news conference in Colombia.

Shannon did not specify how much of the aid would go toward economic development, which has traditionally received less than a quarter of the approximately $700 million in annual funds for Colombia since Plan Colombia was launched in 2000.

Despite spending over $4 billion since the effort began and eradicating thousands of acres of coca fields, the raw material for cocaine, Colombia remains the world's largest producer and supplier of the drug.

Leftist guerrillas, as well as remnants of right-wing paramilitaries, the bulk of which demobilized, continue to control supply and distribution lines, which help them fund their illegal wars with the government and each other.

Since taking power in 2002, the government of President Alvaro Uribe has focused most of its efforts on combating the four-decades-old insurgent group, known as the FARC, successfully displacing the rebels from traditional strongholds.

However, the resilient guerrillas have just as often returned to those strongholds and dwindling resources for economic projects have made it hard for the government to maintain the loyalty of local citizens.

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In the Caquetá province in the south of the country, for instance, the U.S. government announced last year that it was withdrawing all its resources and personnel because of security concerns and because the economic programs, which included a large rubber tree planting project, were simply not effective in weaning the farmers away from growing coca.

Shannon hinted that some of these resources would be replenished or other areas would receive needed boosts.

"The Colombian government recognizes that when they can establish security, they have to take the next step of ensuring social development," he said. ``And we are looking for funds to help this project."

Analysts in Colombia, however, were skeptical that there would be any significant changes to Plan Colombia and considered possible alterations in terms of the Bush administration's efforts to appease the Democrat-controlled Congress in Washington.

"Although there might be more resources for social programs and alternative development, most of the aid will probably still go towards the armed forces," said Diana Rojas, a political science professor at the National University in Bogotá.

"The way he's presenting it now has more to do with the political climate in the United States," Rojas said.

Shannon's remarks came after a three-day tour of Colombia during which he met with Uribe as well as Colombia's foreign chancellor, María Consuelo Araujo, and visited a number of U.S.-funded projects.

Deputy Enters Plea In Alleged Mob Leak (CHIT)

Chicago Tribune, February 1, 2007

A deputy U.S. marshal pleaded not guilty Wednesday to federal charges that he leaked confidential information that a mob hit man was cooperating with the FBI against organized crime.

John Ambrose was charged last month with telling a family friend that Nicholas Calabrese, the only member of the Chicago Outfit ever to become a government informant, was releasing details of gangland slayings.

Ambrose's alleged role as the inside source came to light in cryptic conversations between imprisoned Outfit boss James Marcello and his brother, Michael, that were secretly recorded by the FBI.

Following Wednesday's arraignment, Ambrose's lawyer, Francis Lipuma, said he has been told that federal officials plan to place Ambrose on unpaid leave from his job, but Lipuma intends to fight the move. He is currently on paid leave.

Ambrose, 38, a 10-year veteran of the U.S. Marshals Service, is free on bail.

IMMIGRATION:

Feds Ask Court To Toss Cuban Militant's Bid For Release (AP)

By ALICIA A. CALDWELL, Associated Press Writer

AP, February 1, 2007

EL PASO, Texas (AP) -- U.S. immigration officials have asked a federal judge to toss out Cuban militant Luis Posada Carriles' bid to be set free pending his ordered deportation.

In a four-page motion filed Wednesday in El Paso, the government argued that Posada's lawsuit is moot because he was transferred to the custody of the U.S. Marshals Service after being indicted Jan. 11. He had filed the lawsuit last year after spending nearly a year in a federal detention center on an immigration violation. He has been charged with several counts of lying during an interview and on an application in a bid to become a naturalized U.S. citizen.

Posada, who has pleaded not guilty, is being held without bond at the Otero County jail in New Mexico.

The motion was filed a day before a court-imposed deadline for immigration authorities to justify Posada's continued detention pending his deportation.

A federal immigration judge ruled in 2005 that Posada, a former CIA operative and U.S. Army soldier who had roles in the failed Bay of Pigs invasion of Cuba and the Iran-Contra scandal, had to leave the U.S. But Judge William L. Abbott also ruled that the ailing anti-Castro militant could not be sent to Venezuela, where is a naturalized citizen, or Cuba, where he was born, because of fears that he would be tortured.

Governments of both countries want Posada sent to Venezuela to stand trial on charges that he was in Caracas when he planned the deadly 1976 bombing of a Cuban jetliner. Posada has denied any wrongdoing.

Several countries, including Mexico, have refused to let Posada in and Posada has argued that he should be set free while the government continues efforts to find some place to send him.

The motion filed Wednesday argues that because Posada is no longer being held by immigration authorities, the court cannot order them to release him.

Felipe D.J. Millan, Posada's El Paso lawyer, said the motion was a stalling tactic.

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"This is an issue that has to be addressed sooner or later," Millan said. "What is the government going to do with Mr. Posada once he is deemed guilty, or not guilty? That's something that needs to be addressed now. It's not a moot issue. He is in marshal custody, we don't dispute that. But at some point he is going to go back to immigration custody."

Millan said Posada's legal team is preparing a response.

Increased Immigration Fees Denounced (WP)

By Darryl Fears And Spencer S. Hsu

The Washington Post, February 1, 2007

Sen. Edward M. Kennedy (D-Mass.) joined a chorus of immigrant advocacy groups in condemning the Bush administration's plan to charge legal immigrants significantly more money to obtain green cards, adjust their residency status and bring relatives to the United States.

Under the plan, announced yesterday by Emilio Gonzalez, director of U.S. Citizenship and Immigration Services, the government would charge $905 -- up from $325 -- to apply for a green card or to adjust residency status. Immigrants with green cards would have to pay $595 to become naturalized citizens, a $265 increase. The cost of bringing a foreign fiance to the United States would more than double, to $455.

"This drastic increase will price the American dream out of reach for qualified immigrants wanting to be citizens of our country," Kennedy said. He called on Congress to appropriate more money to USCIS, which depends on fees for 99 percent of its budget. "We are a nation of immigrants, and Congress should recognize its responsibility to support the vital work of immigration services by appropriating the necessary funds," he said.

Kennedy's comments were echoed by Kevin Appleby, director of migration and refugee policy for the U.S. Conference of Catholic Bishops: "This increase reflects a disturbing trend which places the benefits of citizenship on the open market, with only those of a certain economic level able to access it."

Gonzalez said the fee increases are necessary to operate his agency more efficiently. "Anytime you have to raise a fee, you understand it's going to affect people," he said. "We also have a necessity to create a system that will process . . . people in a streamlined way."

USCIS has long been plagued by an application backlog, slow processing by poorly trained personnel and an inability to track applications for people. The agency receives no money from Congress and passes on most costs to applicants. A highly critical 2004 Government Accountability Office report said that the agency's fees did not cover its costs.

Gonzalez said the increase would pay for better facilities, more workers and more training so that applications can be processed faster and by a more courteous and professional staff. He said the improvements would help USCIS cope with a guest-worker program should Congress approve some type of comprehensive immigration reform.

The fee increases will be published today in the Federal Register, beginning a two-month comment period. USCIS expects to process nearly 5 million applications in the 2008-2009 fiscal year.

"We've never seen regular fees that were this high," said Fred Tsao, policy director for the Illinois Coalition of Immigrant and Refugee Rights. "I think a lot of people are going to get discouraged."

Immigration Agency Proposes Raising Fees (WT)

By Stephen Dinan

The Washington Times, February 1, 2007

The immigration service yesterday proposed big increases in the fees to apply for immigrant and work visas and for naturalized citizenship, but some lawmakers said it is time for taxpayers to foot part of the bill to ease the cost on potential immigrants.

U.S. Citizenship and Immigration Services, one of the few fee-based agencies in the government, said the current rates don't cover the cost of doing business. It also said the increases will pay for more employees and equipment, reducing wait times.

Director Emilio Gonzalez said immigrants will "see the difference" in service.

"I need these fees to give us the agency that these immigrant communities expect," he said. "They don't want long waits, they don't want to go into dingy buildings, they don't want to meet with rude employees, they don't want to do a lot of things which they are going through now, because we haven't had the resources to make a difference."

But the proposed increases were so steep that Sen. Edward M. Kennedy, Massachusetts Democrat and chairman of the Senate Judiciary immigration, border security and citizenship subcommittee, said it's time to look at spending taxpayer money to help immigrants.

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"This drastic increase will price the American dream out of reach for qualified immigrants wanting to be citizens of our country," he said. "We are a nation of immigrants, and Congress should recognize its responsibility to support the vital work of immigration services by appropriating the necessary funds."

That would be a major change for the agency, which funds 99 percent of its operations through fees.

Under the changes, applying for naturalized citizenship would cost $595, up from $330, and the cost for processing fingerprints and other biometric information would increase $10, to $80. The cost of some complicated applications would jump by more than $1,000.

On the other side of the ledger, Mr. Gonzalez has proposed eliminating the fee for applying for a visa as a victim of human trafficking.

The fees would go into effect in about six months, after a public-comment period that begins today. The fees would add $1 billion to the agency's $2 billion annual budget.

Overall, the agency expects to receive about 5 million applications a year.

The American Immigration Lawyers Association said the cost of applying for citizenship has increased fourfold since 1994, when it was $95.

"Funding an entire agency on the backs of immigrants and their U.S. citizen spouses is beyond the pale," said Carlina Tapia-Ruano, the group's president.

She said she doubts immigrants will get superior services because of the increases, and she echoed Mr. Kennedy's call for Congress to begin footing some of the bill.

Mr. Gonzalez said the Government Accountability Office, Congress' watchdog agency, has deemed the fee increases necessary. He is in the middle of upgrading his agency's technology infrastructure and said the new funds are critical.

The director said the agency also is proposing new rules to do away with inconsistencies, such as when someone can apply for a waiver of fees even though his or her company should be able to pay, and when family-based visa applicants are allowed to apply for waivers even though their families are supposed to certify they can support the applicants.

Advocates Criticize Proposed Hike In Immigration Fees (MCT)

By Lesley Clark And Alfonso Chardy

McClatchy Newspapers, February 1, 2007

WASHINGTON - Immigration advocates likened a Bush administration proposal to hike immigration and naturalization fees to a ``second wall'' that could make it harder for many new arrivals to earn U.S citizenship.

Immigrants applying for citizenship or temporary work permits could pay almost twice as much as they do now under a proposal floated Wednesday by the administration, which says the increase would speed up processing.

Nearly every immigration or naturalization fee would be raised and some of the increases would be substantial, according to figures supplied by U.S. Citizenship and Immigration Services:

_The application fee for citizenship would increase from $330 to $595.

_The fee to apply for status as a legal permanent resident would rise from $325 to $905.

_The cost of work permits would rise from $180 to $340.

_Even the cost of fingerprints would go up $10, to $80.

Some fees, including the $50 application for temporary protected status, would not change and the $270 fee for a temporary visa for victims of human trafficking would be lifted.

The proposed increase will be published in the Federal Register and the agency will take comments from interested parties, starting Thursday. It would not take effect until later this year - likely mid-June, agency director Emilio Gonzalez said.

Immigration officials said the fee hikes are necessary to keep the fee-dependent agency afloat and the increases would close security gaps and improve service.

But the proposal met with considerable resistance from immigration advocates and on Capitol Hill - where Sen. Edward Kennedy, D-Mass., suggested such a ``drastic increase'' would put ``the American Dream out of reach'' for many immigrants.

Kennedy, who chairs a Senate subcommittee on immigration, border security and citizenship, suggested Congress should look for other means of running the agency.

``We are a nation of immigrants and Congress should recognize its responsibility to support the vital work of immigration services by appropriating the necessary funds,'' Kennedy said.

In the House, Rep. Zoe Lofgren, D-Calif., the chair of the immigration subcommittee, said she planned to ``carefully examine'' the agency's justification for the increases.

``Changes in the current fee structure must be fair and reasonable,'' she said.

In Miami, immigration advocates were even more emphatic.

``It's unbelievable," said Jose Lagos, head of Honduran Unity, an immigrant rights group that represents Honduran and other Central American immigrants, many of whom rely on permits to be able to work in the United States.

He said the majority of the Central Americans are undocumented and have work and residence permits under temporary protected status. A large number get work permits and renew them regularly to maintain status, he said. Most clean homes or offices for a living and barely make $250 to $300 a week.

Cheryl Little, executive director for the Miami-based Florida Immigrant Advocacy Center, dubbed the increase ``a second wall" for immigrants - saying the first is the one the federal government plans to build along portions of the U.S.-Mexican border.

``When you consider that many of our clients work for less than the minimum wage, and that they struggle to put food on the table and clothe their children, this additional expense could actually prevent them from obtaining their green cards," she said, noting that the increases could ``pose considerable obstacles for immigrants eligible to legalize their status to become legal residents."

Lidia Urbina, a Nicaraguan immigrant who arrived illegally in 1998 and now lives and works in Miami under temporary protected status, said she's not sure she would be able to afford the increased cost of work permits because she already has trouble earning the more than $600 a month she needs to afford rent, food and money to send home to her seven children and nine grandchildren.

``I don't know what I'm going to do," said Urbina, 50, who cleans homes and offices for a living.

Agency officials defended the proposed increases - the first other than inflation adjustments since 1998, they said - as key to speeding up the processing of applications and strengthening the security of the country's immigration system. The agency processes about 5 million applications a year and the increases would bring in about $1 billion for the agency.

``This better reflects the true cost of doing business," said Gonzalez. ``These are not arbitrary prices. We drew them with as much sensitivity as we could."

He said the increased fees represent a ``fine balance" between the need to streamline the agency's operation and not put up barriers ``to immigrants who may have trouble coming up with the money.

``It's a necessity for this agency and an opportunity for us to get to where we need to be," said Gonzalez.

The agency will retain the option of waiving the fees for those who can't afford them, he said.

The money would be spent on hiring more employees, training and improving the agency's facilities.

``They don't want long waits, dungy buildings and meetings with rude employees," he said of the applicants.

TAX:

Groton Man Faces Tax-fraud Charges (LOWSUN)

Lowell (MA) Sun, February 1, 2007

BOSTON -- A Groton resident faces charges in U.S. District Court for defrauding the government on his tax returns.

According to the U.S. Justice Department, Joseph K. Berardi, 50, failed to report his sales to S. Strogoff & Co. a scrap-metal dealer in Chelsea, as taxable income on his federal returns in 1997, 1998 and 1999. He is believed to be one of the parties involved in a conspiracy to defraud the government of tax revenue.

Yale Strogoff, of Swampscott, pleaded guilty to conspiring to defraud the government in 2004. Strogoff conspired with his customers to pay those customers checks payable to fictitious payees for scrap metal sold to his company. Strogoff also arranged for the banks to cash the checks with no identification required. The customers would then keep the money for themselves instead of recording it as corporate income.

If convicted, Berardi faces up to three years in prison with another year of probation, and a fine of up to $250,000.

FRIENDLY LANDLORD Wal-Mart Cuts Taxes By Paying Rent To Itself (WSJ)

By Jesse Drucker

The Wall Street Journal, February 1, 2007

As the world's biggest retailer, Wal-Mart Stores Inc. pays billions of dollars a year in rent for its stores. Luckily for Wal-Mart, in about 25 states it has been paying most of that rent to itself -- and then deducting that amount from its state taxes.

The strategy is complex, but the bottom line is simple: It has saved Wal-Mart from paying several hundred million dollars in taxes, according to court records and a person familiar with the matter. And Wal-Mart is far from alone.

IT'S A DEAL

Below, an excerpt from the lease agreement signed between a Wal-Mart-owned REIT and another Wal-Mart unit.

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The arrangement takes advantage of a tax loophole that the federal government plugged decades ago, but which many states have been slower to catch. Here's how it works: One Wal-Mart subsidiary pays the rent to a real-estate investment trust, or REIT, which is entitled to a tax break if it pays its profits out in dividends. The REIT is 99%-owned by another Wal-Mart subsidiary, which receives the REIT's dividends tax-free. And Wal-Mart gets to deduct the rent from state taxes as a business expense, even though the money has stayed within the company.

Partly thanks to sophisticated financial strategies like these, states' tax collections from companies have been plummeting. On average, Wal-Mart has paid only about half of the statutory state tax rates for the past decade, according to Standard & Poor's Compustat, which collects data from SEC filings. The so-called "captive REIT" strategy alone cut Wal-Mart's state taxes by about 20% over one four-year period. Now several state regulators are trying to crack down on the strategy, used largely by retailers and banks, and some other states have changed their laws to try to end the practice. Yesterday, New York Gov. Eliot Spitzer included elimination of the loophole as part of his proposed budget, a fix he said would bring the state $83 million a year.

RELATED DOCUMENTS

In a June 2002 affidavit,1 a Wal-Mart executive laid out the relationship between the REIT and its owner, another Wal-Mart subsidiary. H. Lee Scott Jr., now Wal-Mart's CEO, served as the REIT's "managing trustee," according to a property deed from 19962.

North Carolina tax authorities are challenging Wal-Mart, saying its REIT strategy was intended to "distort [the company's] true net income," according to its filings in the case in Superior Court in Raleigh, N.C. The state calls captive REITs a "high priority corporate tax sheltering issue" and in 2005 ordered Wal-Mart to pay $33 million for back taxes, interest and penalties stemming from the REIT. The company paid it and last year sued the state for a refund.

The structure Wal-Mart is using features some unusual elements. Because REITs must have at least 100 shareholders to gain tax benefits, roughly 100 Wal-Mart executives were enlisted to own a combined total of around 1% of the REIT's shares, without any voting rights. H. Lee Scott Jr., now Wal-Mart's CEO, was listed as the REIT's "managing trustee" from 1996 to 2004.

A single Wal-Mart real-estate official, Tony Fuller, represented the company both as tenant and landlord in its lease with itself. Ernst & Young LLP, the accounting firm that sold the strategy to Wal-Mart, also is the company's outside auditor. In its internal sales training materials, the accounting firm explicitly labeled the strategy as a method to reduce taxes -- a red flag to tax authorities, who often demand that tax shelters have other business purposes.

Wal-Mart attorneys say in court filings that the strategy is perfectly legal and that North Carolina is exceeding its authority. A spokesman for the Bentonville, Ark., company, John Simley, said Wal-Mart "is comfortable with its current structure and is in compliance with federal and state tax laws." He added that the REIT structure was adopted to "more effectively and efficiently manage the company's real-estate portfolio, including the impact on the company's overall state tax planning."

Regulators in at least a half-dozen states are going after companies that have trimmed their taxes through similar arrangements, including Regions Financial Corp.'s AmSouth Bancorp. unit; AutoZone Inc. of Memphis, Tenn.; and two units of Bank of America Corp. In a Massachusetts case against Bank of America unit Fleet Funding Inc., authorities call Fleet's REIT arrangement a "sham" in court filings. They note that Fleet increased the salaries of the roughly 100 employees whom it made REIT shareholders to compensate them for personal income taxes stemming from ownership. The Multistate Tax Commission, an association of state revenue authorities, says it has started examining the use of captive REITs to avoid taxes, alerting states to the issue and proposing legislative fixes to close the loophole.

States collected more than $44 billion last year in corporate income taxes, out of $607 billion in total state tax receipts, according to the Nelson A. Rockefeller Institute of Government, a nonpartisan think tank associated with the State University of New York. But the average effective corporate state and local tax rate has dropped from 6.7% during the 1980s to about 5% during the first half of this decade, according to a recent report by the Congressional Research Service. This is in part because of the proliferation of state and local tax breaks, as well as tax shelters, according to several academic and government studies.

Some corporate state tax planners say arrangements like these are merely smart business, and that the loopholes exploited by companies should be fixed by state legislatures rather than litigated by state lawyers. Critics of the shelters complain they let companies use public services provided by local governments -- such as police and fire protection or new highways -- without having to shoulder their fair share of the costs. Meanwhile, the portion of state taxes borne by individuals is steadily rising.

Congress created REITs in 1960 as a way to allow smaller investors to put money in a wide portfolio of commercial real estate, spreading their risk. Congress also gave them a tax benefit: REITs aren't subject to corporate income tax on the profits they pay to shareholders as long as they pay out at least 90% of the profits. The shareholders still usually get federally taxed on the dividends, which still count as income for them.

After a boom in REITs in the early 1990s, big accounting firms including Ernst & Young and KPMG LLP figured out that on the state level, they could pair the tax break on REIT dividends with a separate tax rule that allows companies to receive

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dividends tax-free from their subsidiaries. With the REIT as a subsidiary itself, two rules aimed at avoiding double taxation could be combined to effectively avoid any taxation at all.

The strategy worked especially well if the REIT was owned by a company incorporated, and claiming to do all its business, in a state such as Delaware or Nevada that often wouldn't tax the corporate income anyway. That created an extra hurdle for other states to challenge the practice if they caught onto it.

Ernst & Young early on targeted the banking industry as a possible beneficiary of the captive REIT strategy. Like retailers, banks have branches in many states and often are liable for lots of state-level corporate tax. Ernst & Young targeted at least 30 banks, some of them its audit clients. The SEC generally permits that dual role as long as the firm's fee isn't contingent on the tax savings.

According to documents from a 1995 internal Ernst & Young sales training meeting reviewed by The Wall Street Journal, the accounting firm suggested banks put some of their income-producing assets, such as a portfolio of mortgages, into a REIT subsidiary, then use the double-tax break to "shelter" the income from state taxes. The REIT would issue a tiny number of non-voting shares to bank "officers and directors" to meet the 100-shareholder rule that REIT law requires.

U.S. banks "pay millions of dollars each year in state and local taxes," read the Ernst & Young presentation to its sales force. "The FSI State Tax Financial Product we have developed can significantly reduce or eliminate this heavy tax obligation..." One section of the Ernst & Young sales package featured hypothetical questions from clients about the REIT shelter, and the proposed answers. To pass legal muster, many corporate tax shelters purport to have additional business purposes behind merely saving taxes. Ernst & Young, however, was blunt about the reason for its proposed strategy:

"Q: What's the business purpose?

"A: Reduction in state and local taxes.

"Q: What if the press gets wind of this and portrays us as a 'tax cheat'?

"A: That's a possibility....If you are concerned about possible negative publicity, you can counter it by reinvesting the savings in the community."

An Ernst & Young spokesman declined to comment on its REIT work, saying the firm was "prohibited from commenting on client matters." The spokesman said he could not verify the authenticity of the internal sales training documents based on quotes provided by the Journal. However, he said the "limited language communicated in the internal memo does not reflect the quality and nature of the advice we provide to our clients."

State authorities have had mixed records so far in pursuing back taxes and penalties in captive-REIT cases. AutoZone, the big auto-parts chain, won the right to deduct the dividends from its taxes in Kentucky but lost a preliminary round in Louisiana. The Hawaii Department of Taxation won a case involving a REIT used by Central Pacific Financial Corp., a bank holding company. AmSouth is in litigation with Alabama over tax benefits from its REIT.

Fleet Funding's REIT, on which the company was advised by KPMG, has led Massachusetts to seek more than $42 million in back taxes, interest and penalties. BankBoston Corp. is in similar litigation with Massachusetts. Both banks have been acquired by Bank of America, which declined to comment on the litigation.

Fleet's attorneys have said in court papers that its REITs were legitimate, and the fact that they were partly motivated by tax considerations does not legally undermine their valid business purpose -- to raise capital, they say. A KPMG spokeswoman declined to comment on the Fleet case, but said it had stopped any involvement with "prepackaged tax products" before a 2005 agreement it made with the U.S. Justice Department over improper tax strategies that also led to the indictment of 17 former KPMG officials.

It's unknown how many disputes have been raised over the strategy used by Wal-Mart and others, because such tax disputes are generally not disclosed unless lawsuits are publicly filed or the company reveals them in SEC filings.

Wal-Mart adopted its captive-REIT structure just as it was unwinding a previous strategy to reduce taxes that states had begun to challenge. For the first half of the 1990s, the retailer used a so-called intangible holdings company structure also used by many other corporations. Wal-Mart transferred its trademarks to a subsidiary called WMR Inc. in Delaware, which does not tax many forms of corporate income. Then it paid the subsidiary for the use of the brands. That allowed Wal-Mart to deduct those payments from its local income taxes in some states, while WMR's income wasn't taxed by Delaware.

Several states won challenges to the strategy, used by various retailers. Wal-Mart settled a dispute over its use of WMR in Louisiana -- the details of the settlement are sealed -- and lost on the main points of a case in New Mexico. Wal-Mart merged with WMR in February of 1997 and its use as a state tax avoidance vehicle was apparently discontinued, according to New Mexico court records.

In the meantime, Wal-Mart set up a new vehicle to control its state tax bill: captive REITs. In the summer and fall of 1996, Delaware corporate records show, Wal-Mart created a new hierarchy of subsidiaries: a REIT called the Wal-Mart Real Estate Business Trust; a Delaware-based parent company for the REIT, called the Wal-Mart Property Co.; and Wal-Mart Stores East

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Inc., parent of the Delaware firm. Wal-Mart Property owned 99% of the REIT's shares, and 100% of the voting shares, according to Wal-Mart court filings in North Carolina and West Virginia. The company also set up a similar arrangement for its Sam's Club stores.

To meet the 100-shareholder threshold required for REITs, Wal-Mart distributed a minimal amount of nonvoting stock, to approximately 114 Wal-Mart employees, according to a person familiar with the arrangement. The dividend payouts were nominal. The structure involved Wal-Mart's top executive tier. The shareholders were generally executive vice presidents and above. David Glass, then Wal-Mart's president and CEO, was listed as president of Wal-Mart Stores East on the lease agreement, and Paul Carter, then a Wal-Mart executive vice president, was listed as the president of the REIT.

Wal-Mart began transferring to the REIT ownership of the properties -- the land and buildings -- for hundreds of its stores in 27 states, real-estate records show. Then Wal-Mart Stores East signed a 10-year lease agreement with its REIT that took effect on Jan. 31, 1997, agreeing to pay a fixed percentage of the stores'"gross sales" as rent, according to a copy of the arrangement filed in the North Carolina case. Mr. Fuller, the Wal-Mart real-estate official, is listed as the contact for both the tenant and the landlord. The original lease was due to be renewed this week.

Wal-Mart could deduct from its state-taxable income the rent paid by Wal-Mart Stores East to the REIT. The REIT paid the majority of its rental earnings to its 99% owner, Wal-Mart Property Co., in the form of dividends. That company's base in Delaware gave it another way to avoid liability for state taxes, since some states do require that dividends a REIT pays to its corporate owner be taxed, as the federal government does.

The Delaware subsidiary then paid the money back to Wal-Mart Stores East, the same subsidiary that made the payments to the REIT to begin with. Those payments to Wal-Mart Stores East weren't taxed either, because dividends paid to a corporation by a subsidiary normally aren't counted as taxable income for the parent company.

The result of the circuitous transaction: Wal-Mart could effectively turn rental payments to itself into state level tax-deductions in most of the states where the payments have been made. Under typical circumstances, rent paid to a third-party landlord also would reduce taxable income. But that would ordinarily be cash out the door, like most other tax-deductible expenses. Here, the majority of the tax-deductible rental payments came straight back to Wal-Mart.

The national tax savings have been significant. Over a four-year period, from 1998 to 2001, Wal-Mart and Sam's Club paid company-controlled REITs a total of $7.27 billion that eventually came back to Wal-Mart in states across the country, according to a North Carolina Department of Revenue auditor's report filed in court by Wal-Mart. Based on an average state corporate income tax rate of 6.5%, three accounting experts consulted by The Wall Street Journal estimated the REIT payments led to a state tax savings for Wal-Mart of roughly $350 million over just those four years. SEC filings show the company paid $1.18 billion in state taxes during that period. The loss of federal deductions that bigger state tax payments would have triggered brought the company's effective tax savings overall down to about $230 million. Wal-Mart declined to comment on the figures.

It is not clear how much Wal-Mart has paid to its own REITs in the most recent five years. The yearly rental payments -- on which the tax savings are based -- are pegged to the "gross sales" of the stores, according to the lease agreement.

Underscoring that the rental payments were cashless Wal-Mart accounting moves, an affidavit filed in North Carolina by the company's former controller, James A. Walker Jr., states that the payments were made by simply debiting the account of one subsidiary and then crediting the account of the other. "Wal-Mart Stores, Inc. served, in effect, as a bank for" both sides, the affidavit stated.

In 2005, after an audit, the North Carolina Department of Revenue issued a notice to Wal-Mart challenging the REIT structure. The state is site of about 140 of the company's roughly 3,900 U.S. stores, including Sam's Clubs. Wal-Mart paid the $33 million the state sought, and in March 2006 sued for a refund.

The company argues that the state does not have the authority to essentially combine the results of the subsidiary that did business in North Carolina with those of the Delaware-based unit and the REIT. The Delaware-based subsidiary, the company says, did no business in North Carolina and therefore was not taxable there. The company says in court filings that the REIT was qualified under federal law, that all the deductions were properly taken and that its North Carolina tax returns reflect its "true income."

Earned Income Tax Credit To Get A Push (USAT)

By Sandra Block

USA Today, February 1, 2007

The IRS, the U.S. Treasurer and a coalition of consumer groups plan to launch a nationwide initiative today to encourage more low-income families to claim the earned income tax credit, an often-overlooked benefit that's worth up to $4,536 this year.

Consumer advocates and the IRS say they hope the program will also reduce the number of low-income taxpayers who take out refund-anticipation loans — high-interest loans offered by some tax-preparation companies. Though the use of those

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loans fell by more than 20% in the 2005 tax-filing season, they're still used by about 30% of EITC recipients, says Chi Chi Wu of the National Consumer Law Center.

Refund-anticipation loans let taxpayers get their money right away — but at a steep price. Fees range from $30 to more than $125, and the effective interest rate can range from 40% to 500%, says the Consumer Federation of America. The federation says the loans are unnecessary because people who file electronically can get their refunds in two weeks or less. Under their initiative, the IRS and consumer groups will promote volunteer sites where low-income taxpayers can have returns prepared and filed electronically for free.

In an interview Wednesday, IRS Commissioner Mark Everson called the refund-anticipation loans "predatory" and said some ads for them are "over the top."

"They're giving tax preparers a bad name," Everson said.

Dan Smith, a spokesman for H&R Block, the nation's largest tax-preparation chain, said it has reduced the cost of refund-anticipation loans by up to 40%. Some taxpayers can't benefit from electronic filing and direct deposit because they have no bank account, Smith said. For those people, he said, H&R Block provides "the lowest-cost short-term option available."

The earned income tax credit is designed to offset Social Security taxes and help families escape poverty. The refund amount is based on income, filing status and the number of qualified children in the family (see box). Even families who owe no taxes may be eligible, said U.S. Treasurer Anna Escobedo Cabral. Yet up to a quarter of eligible taxpayers fail to claim the EITC.

The credit "can transform a family's life," Everson said.

Separately, the IRS said Wednesday that more than a third of taxpayers who have already filed their returns failed to claim the new telephone excise-tax refund, which is worth up to $60. Others who requested the refund are inflating the size of their claims, the IRS said.

The government stopped collecting the tax in August after courts ruled it had been illegally applied to long-distance service. Taxpayers can claim a standard amount, ranging from $30 to $60, or the actual amount of taxes paid from Feb. 28, 2003, to Aug. 1, 2006.

The IRS said some early filers have requested refunds that seem to be based on their entire phone bill, not just the long-distance excise tax. The IRS is also investigating whether some preparers urged filers to seek larger refunds than they're entitled to, Everson said.

CONGRESS-ADMINISTRATION:

Bush Addresses Income Inequality (WP)

By Michael Abramowitz And Lori Montgomery

The Washington Post, February 1, 2007

NEW YORK, Jan. 31 -- President Bush acknowledged Wednesday that there is growing income inequality in the United States, addressing for the first time a subject that has long concerned Democrats and liberal economists.

"The fact is that income inequality is real -- it's been rising for more than 25 years," Bush said in an address on Wall Street. "The reason is clear: We have an economy that increasingly rewards education and skills because of that education."

In some respects, Bush's remarks were an unremarkable statement of what many economists accept as common wisdom. But they appeared to represent the first time Bush has personally addressed an issue on which his administration has found itself under fierce attack from Democrats. The official White House Web site offers no record of Bush uttering the phrase "income inequality" in a speech or remarks, and aides said they could not recollect such an instance.

The comments came during a generally upbeat economic speech outlining Bush's economic agenda and the state of the economy.

They appeared to be another presidential nod to the evolving political landscape on Capitol Hill, now controlled by Democrats after a campaign that focused in part on their complaints of corporate greed and growing middle-class insecurity. House Democrats have pressed that agenda with legislation to raise the minimum wage, cut interest rates for college loans and reduce prescription drug prices for Medicare recipients.

In three separate hearings Wednesday in Washington, Democrats probed the causes of middle-class angst, focusing on rising income inequality. Meanwhile, the Senate separately has taken aim at executive compensation, adding a provision to the minimum-wage bill that would limit the ability of executives to amass millions of dollars in tax-deferred accounts.

In his remarks, Bush also touched on that hot-button issue, saying the "salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders." While Bush said the government should not

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set compensation, he told the business executives gathered in the ornate rotunda of Federal Hall that they "need to pay attention to the executive compensation packages that you approve."

Democrats said Bush's speech is a reaction to the success of their agenda and to growing anger among voters who feel they are being left behind.

"They recognize the unhappiness voters have with inequity in this country," said Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee. "For much of last year, they tried to deny this. But the election finally clinched it. So I guess there's no point in denying it anymore."

Bush aides did not deny that Bush was seeking to address Democratic concerns, but they said income inequality has been on the minds of senior administration officials such as Treasury Secretary Henry M. Paulson Jr., who mentioned the subject in his first major address last spring, and chief economic adviser Edward Lazear.

"It's something that obviously the administration has made note of," said presidential counselor Dan Bartlett. The president "understands that there are many Democrats who have spoken to this issue. It is an important time for the Congress and the American people to hear what he says," Bartlett said.

Few economists would disagree that income inequality is real and getting worse. The gap between rich and poor has been growing wider since the 1970s. According to the nonpartisan Congressional Budget Office, the wealthiest 20 percent of households accounted for 45.4 percent of total U.S. income in 1979, but claimed 53.5 percent in 2004. Households in the bottom fifth dropped from 5.8 to 4.1 percent over the same period.

Democrats have blamed Bush's tax policies for contributing to that trend. Wealthy households reaped the most benefit from tax cuts enacted between 2001 and 2006, according to an analysis by the Tax Policy Center, a project of the Urban Institute and the Brookings Institution. Last year, families making more than $1 million a year saw their after-tax income increase by 6 percent because of the tax cuts, while families making $40,000 to $75,000 saw after-tax income rise by about 2.5 percent.

"Years ago, we used to have a grade at Princeton called 'flagrant neglect.' That's what they should get. Because they're aggressively making the problem worse," said Alan S. Blinder, a Princeton University economist and the former vice chairman of the Federal Reserve Board of Governors.

At the same time, Blinder said, neither Bush nor federal policies in general are responsible for the problem. And Bush is correct, he said, in arguing that the nation's economic losers typically lack sufficient education. "Sometime in the 1970s, the market turned ferociously against the less skilled and the less educated," Blinder told a hearing of the congressional Joint Economic Committee.

But that is likely to change in the future, he said, as globalization and technological advances begin to trigger the same kind of upheaval in the service sector as has hit manufacturing.

Bush cited income inequality in the part of his speech touting the No Child Left Behind Act. He described the bill as "one of the most important economic initiatives" of his presidency because of its role in closing what he terms the "achievement gap" between students.

"The question is whether we respond to the income inequality we see with policies that help lift people up, or tear others down," Bush said. "The key to rising in this economy is skills -- and the government's job is to make sure we have an education system that delivers them."

Bush Assails 'Income Inequality' (WT)

By Stephen Dinan

The Washington Times, February 1, 2007

President Bush yesterday said there is a growing "income inequality" gap between rich and poor Americans, and told companies they should rethink the giant compensation packages they offer top executives.

The markedly populist message, a divergence from the past, in which Mr. Bush has accused critics of practicing class warfare, was all the more noteworthy given his venue -- a speech at Federal Hall in New York, in the middle of Wall Street, the capital of capitalism.

But the president called for conservative market-based answers, including demanding that Congress renew trade-promotion authority, which allows him to negotiate trade agreements then present them to Congress in a take-it-or-leave-it fashion.

Mr. Bush said he expects a bruising debate before his current trade-promotion authority expires July 1.

"Bashing trade can make for good sound bites on the evening news," Mr. Bush said. "But walling off America from world trade would be a disaster for our economy. Congress needs to reject protectionism."

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In what was billed as his update on the state of the U.S. economy, Mr. Bush took credit for the 2001 and 2003 tax cuts, promised to submit a budget next week that eliminates the deficit in 2012, and asked Congress to give him a version of line-item veto authority.

"When people across the world look at America's economy, what they see is low inflation, low unemployment and the fastest growth of any major industrialized nation," he said. "There is one undisputed leader in the world in terms of economy, and that's the United States of America."

But Democrats said Mr. Bush's rosy picture of the overall economy was out of focus.

"If you really spend time out in middle-class America -- if you descend from the president's economic view at 30,000 feet to the real communities of Main Street America -- you know that all is not well with the middle class," said Sen. Charles E. Schumer, New York Democrat.

Mr. Bush has spoken of corporate responsibility before, most notably following the accounting scandals that ensnared companies such as Enron early in his administration.

But yesterday marked the first time he has spoken of a problem of income inequality.

"The fact is that income inequality is real; it's been rising for more than 25 years," he said, adding that he sees the dividing line as between those with good educations and those without.

He also challenged businesses to "step up to their responsibilities."

"They need to pay attention to the executive-compensation packages that you approve. You need to show the world that America's businesses are a model of transparency and good corporate governance," he said.

After his speech, the president made an unannounced stop on the floor of the New York Stock Exchange, getting a warm reception amid the chaos of the room.

But his reception in the new Democrat-controlled Congress has been chilly so far.

The most contentious of the ideas in yesterday's speech is free trade, an issue that used to enjoy the support of a strong bipartisan coalition, but which has seen Democratic support crumble after President Clinton left office.

Mr. Bush yesterday pressed to complete the Doha round of expanded free-trade talks at the World Trade Organization, saying it can help the U.S. economy and also lift millions of people worldwide out of poverty.

"We are dedicated to making sure we have a successful Doha round," he said.

Labor unions, though, called for a break from new trade agreements.

"We need a strategic pause to assess what have been the real and significant costs of our trade policy for working men and women in the U.S. and abroad," said AFL-CIO President John Sweeney.

And Mr. Bush's call for clamping down on lawsuits came under fire from trial lawyers, with the American Association for Justice -- formerly the American Trial Lawyers Association -- accusing him of ignoring the nation's major issues in favor of "corporate bottom lines and a free pass for corporate friends."

Bush: Link Exec Salaries To Performance (AP)

By Ben Feller

AP, February 1, 2007

President Bush took aim Wednesday at lavish salaries and bonuses for corporate executives, standing on Wall Street to issue a sharp warning for corporate boards to "step up to their responsibilities" and tie compensation packages to performance.

Bush's "State of the Economy" speech, delivered from the financial center of the world, was aimed at bringing his economic message out of the shadows of the Iraq war. On his second day in a row focused on the economy, the government reported faster-than-expected growth of 3.5 percent in the final quarter of last year.

The president acknowledged people's continuing nervousness about their financial picture, despite a string of similar reports that provide some reason for optimism. He said some workers are being left behind in the booming economy and the disparity between the rich and the poor is growing.

"The fact is that income inequality is real. It has been rising for more than 25 years," the president said. "The earnings gap is now twice as wide as it was in 1980," Bush said, adding that more education and training can lift peoples' salaries.

The president spoke to an audience of business leaders at the venerable Federal Hall — a symbol of both America's democracy and its economic resilience. Later, he stopped along Broad Street to shake hands with New York police officers and then ducked inside the New York Stock Exchange. The surprise visit caused a frenzy on the already chaotic trading floor. It was so crowded that traders standing just five feet away of Bush had a better view of him on television screens.

In his address, Bush said he realized that stories about the enormous salaries and other perks for CEOs, for instance, create anger and uncertainty that affect the country's investors.

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The president does not endorse any government role in reducing those packages. Instead, Bush highlighted new federal rules that the administration thinks are a better path toward wise compensation decisions by companies.

"Government should not decide the compensation for America's corporate executives," he said. "But the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders."

In effect starting last month, the rules give investors access to clearer and more detailed information from public companies on their top executives' pay packages and perks. Their impact will become apparent as corporations begin issuing 2006 annual reports.

"America's corporate boardrooms must step up to their responsibilities," Bush said. "You need to pay attention to the executive compensation packages that you approve. You need to show the world that America's businesses are a model of transparency and good corporate governance."

Rep. Barney Frank, D-Mass., chairman of the House Financial Services Committee, has said he will push legislation to require shareholder approval of executive compensation plans. And a separate bill before the Senate to raise the minimum wage would fund accompanying tax breaks to ease the burden on small businesses by capping executives' tax-deferred pay packages at $1 million a year.

Still, even Bush's words on pay were met with complete silence from the business crowd he addressed.

Huge salaries and other perks for CEO have drawn investor ire and made splashy headlines. Anger over executive compensation unrelated to performance, even as companies stumble, lay off employees or renege on billions of dollars in pension obligations for workers' retirement, has spread from shareholders to union activists and buttoned-down mutual fund trustees. The chasm between executives' salaries and the pay of rank-and-file employees continues to widen.

Home Depot chief executive Bob Nardelli was earning an average of $25.7 million a year — excluding stock options — before he was forced out in a furor over his hefty pay. He left with a severance package worth about $210 million.

In 2001, General Electric Co. paid chief executive Jack Welch $16.25 million. Welch was replaced that year with Jeffrey Immelt, who earned $3.4 million in total annual compensation in 2005.

The New York Stock Exchange faced an uproar over former CEO Richard Grasso's $187.5 million severance package. Former New York Attorney General Eliot Spitzer, now governor, sued members of the NYSE board over the package given to Grasso when he quit as chairman in 2003.

The annual salary of the president is $400,000.

"The state of our economy is strong," he declared.

Democrats respond that Bush is giving a misleadingly rosy picture about the economy.

"President Bush can deliver all the economic pep talks he wants, but the fact remains that his failed leadership has led to the worst job recovery on record, stagnating household incomes, a rise in poverty and record deficits," said Stacie Paxton, spokeswoman for the Democratic National Committee.

Since Bush took office in 2001, the country has seen one in five manufacturing jobs disappear, a total of 2.96 million lost jobs. The U.S. trade deficit is expected to climb to a fifth consecutive record when final 2006 figures are totaled next month.

Bush Tells Wall St. To Rethink Pay Practices (NYT)

By Jim Rutenberg

The New York Times, February 1, 2007

President Bush yesterday called on corporate boards to hold their chief executives more accountable by tying their pay to performance — a new message from a president who is closely allied to the business community.

Addressing business leaders on Wall Street, Mr. Bush said “the salaries and bonuses of C.E.O.s should be based on their success at improving their companies and bringing value to their shareholders.”

“America’s corporate boardrooms must step up to their responsibilities,” he said. “You need to pay attention to the executive compensation packages that you approve.”

Mr. Bush’s comments, made at one of Wall Street’s great landmarks, Federal Hall National Memorial, were met with silence from an otherwise friendly crowd gathered to hear what the White House billed as a “State of the Economy” speech. It came more than a week after his State of the Union address, and days ahead of the unveiling of his annual budget on Monday.

The president may be buffeted by bad news out of Iraq and record-low poll ratings, but he was buoyed on yesterday by positive economic signals. And he purposely chose Wall Street as the arena for his message that the economy is vibrant, a theme his aides hope can help him rebuild his flagging support.

The visit included a surprise stop on the floor of the New York Stock Exchange, where his path through the crowd was marked by an audible wake of cheers.

(White House officials said Ronald Reagan was the only other president to visit the stock exchange during trading hours.)

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With Democrats and some Republicans continuing to discuss resolutions critical of his new plan for Iraq in Washington, Mr. Bush used his speech earlier at Federal Hall to flaunt new economic data.

Speaking before the Association for a Better New York, a civic group, Mr. Bush invited Democrats to join him in finding a long-term fix for Social Security, warned them against raising taxes and asked lawmakers from both parties to renew his authority to negotiate trade deals and submit them to Congress for straight up or down votes without amendments.

The president's trade authority is set to expire July 1. He indicated that he expected his call for its renewal to prompt a fierce debate with members of Congress who have expressed increasing concern about the effect of global trade deals on American workers — an issue in the 2006 midterm elections and certain to be one again in 2008.

"I know there's going to be a vigorous debate on trade, and bashing trade can make for good sound bites on the evening news," Mr. Bush said. "But walling off America from world trade would be a disaster for our economy. Congress needs to reject protectionism."

Democrats have said that they would seek to include new environmental and labor requirements for future trade deals as a condition for renewing the president's negotiating authority.

His call for closer scrutiny of executive pay seemed to pit him against natural allies in the business community who have supported him throughout his political career.

For the last few years, shareholder advocates and lawmakers have criticized the growing chasm between executive pay and workers' salaries, often in harsh tones. But executive pay continues to rise rapidly.

The average pay for a top executive is now 170 times that of the average worker, according to recent academic research.

White House officials said that Mr. Bush decided to raise the issue out of his own sense of outrage over deals in which executives have left flagging or failed companies with huge compensation packages, as workers and lower-level executives have been left far behind.

But officials said there was also an economic concern: that distrust of corporate executives over their pay had the potential to scare individual investors out of the market.

"Our capital markets are based on trust," said Dan Bartlett, the White House counselor.

Mr. Bush said he did not believe that the government should interfere in corporate governance, a swipe at Democratic plans to push legislation requiring shareholder votes on pay packages. Rather, he said he supported new rules by the Securities and Exchange Commission requiring greater disclosure of executive pay packages.

"I appreciate the fact that the S.E.C. has issued new rules to ensure that there is transparency when it comes to executive pay packages," Mr. Bush said. "The print ought to be big and understandable."

But compensation experts say that better disclosure has often led to even greater paychecks once executives see what their peers make and demand that their boards match or exceed it.

Bush Sides With Corporations On Executive Pay Issue (LAT)

By Walter Hamilton

The Los Angeles Times, February 1, 2007

NEW YORK -- President Bush stepped into the swirling debate over executive pay on Wednesday, saying that corporate directors, not government officials, should be the ones to judge whether chief executives are earning their keep.

"Government should not decide the compensation for America's corporate executives, but the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders," Bush told business leaders gathered at historic Federal Hall here.

"America's corporate boardrooms must step up to their responsibilities," Bush said. "You need to pay attention to the executive compensation packages that you approve."

The Republican president's comments came a day after the Democratic-led Senate agreed to vote on a measure that would limit the amount of executive pay eligible for tax-free deferral. The bill was introduced amid widening criticism of corporate compensation packages that guarantee huge paychecks, even for executives who don't succeed.

In January, for example, Bob Nardelli was forced out as the chief executive of Home Depot Inc., walking away with stock-based compensation and severance pay valued at $210 million. During his tenure, the company's shares lost 12 percent.

Corporate-governance activists were pleased to hear Bush call on corporate directors to do their jobs, but said his comments were unlikely to stem the trend of rising pay. Bush devoted only a few sentences to the topic at the end of a broad economic speech.

"It's a little late for him to comment on this situation that has caused so much controversy over the past five years," said Paul Hodgson, senior research associate at the Corporate Library, a Maine-based firm that studies executive compensation and related issues. "It's very clear that he's not going to take any legislative action in this area."

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Brian Foley, an executive-compensation expert in White Plains, N.Y., agreed with Bush that the government should not set pay levels. But he said the president could have spoken out more forcefully.

"He certainly could have been a little more pointed and used the bully pulpit to say we need more restraint in the corner office," Foley said.

Bush's mention of CEO pay set off a mini-firestorm in executive-compensation circles as consultants and lawyers murmured back and forth about the message the president was conveying. There was so much e-mailing going on, "I was surprised we didn't have a brown-out," said Bob Profusek, a lawyer at Jones Day in New York.

Profusek believes that executive pay is not a problem and that corporate directors work hard to offer fair pay. Others with that belief seemed to think the president had turned on them.

"It was 'can you believe this -- even Bush has jumped on this bandwagon,'" Profusek said.

The president's comments came at the end of a "State of the Economy" address across the street from the New York Stock Exchange at Federal Hall, where George Washington was inaugurated.

"I like to call him George W.," Bush joked.

After dwelling briefly on the economy in his State of the Union speech last week, Bush is trumpeting the economy's strong performance as he stumps for domestic policy goals, such as extending tax cuts.

On Wednesday, Bush laid out policy proposals in four areas -- trade, health care, energy and education.

While praising the economy as vibrant, Bush addressed concerns that globalization and corporate mergers are causing job fears.

"By and large, our dynamic and innovative economy has helped Americans live better and more comfortable lives," Bush said, but he acknowledged that "for many Americans, change means having to find a new job, or to deal with a new boss after a merger or to go back to school to learn new skills for a new career."

Bush also addressed the pay gap between rich and poor.

"The fact is that income inequality is real," Bush said, adding, "The earnings gap is now twice as wide as it was in 1980 -- and it continues to grow."

Bush Gives Hope To Foes Of Sarbanes-Oxley Law (WSJ)

By John D. Mckinnon And Christopher Conkey

The Wall Street Journal, February 1, 2007

President Bush, in a Wall Street speech, backed business demands to pare post-Enron reforms, which he called "costly for businesses." But he also used the forum to join the chorus of critics questioning lavish executive pay.

"Government should not decide the compensation for America's corporate executives," Mr. Bush said, "but the salaries and bonuses of CEOs should be based on their success at improving their companies and bringing value to their shareholders." He said corporate directors bear the responsibility for keeping pay in line, adding: "You need to pay attention to the executive compensation packages that you approve."

QUESTION OF THE DAY

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Vote: Are Bush's policies helping or hurting the economy?2

The president addressed business executives yesterday at historic Federal Hall on Wall Street, the site where the federal government began in 1789. He touted the robust U.S. economy while recapping the country's economic comeback after the 2001 terrorist attacks. Mr. Bush spoke on a day the government reported a sharp rebound in economic growth late last year, and more evidence that inflationary threats are receding.

Aides said the White House decided on a separate speech on the economy because last week's State of the Union address focused largely on Iraq and foreign policy, as well as a new outreach to Democrats on domestic policy.

Later, the president made an unscheduled stop at the New York Stock Exchange, touching off a 15-minute frenzy of well-wishing and cellphone picture-taking on the floor. Mr. Bush was the second president to visit the floor during trading hours; President Reagan was the first, White House officials said.

IN THE MONEY

· The News: President Bush went to Wall Street to tout the strength of the nation's economy.

· The Message: Mr. Bush joined calls to soften the 2002 Sarbanes-Oxley law, but also questioned lavish executive compensation.

· What's Next: While the president's attacks on pay are largely rhetorical, Democrats are exploring action.

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In his speech, Mr. Bush repeated his view that the 2002 Sarbanes-Oxley law he signed amid a wave of corporate accounting scandals has been a success. But he gave encouragement to the law's critics, saying that one section in particular "may be discouraging companies from listing on our stock exchanges."

He said "we don't need to change the law; we need to change the way the law is implemented," and praised efforts by Treasury Secretary Henry Paulson -- former head of Goldman Sachs Group Inc. -- and Securities and Exchange Commission Chairman Christopher Cox to roll back what they have termed excesses.

Mr. Bush's comments likely will fuel efforts to relax Sarbanes-Oxley, particularly Section 404, which requires companies to assess whether they have adequate controls over their financial reporting. Business groups, especially smaller companies, say the assessments are costly and burdensome, and focus on minor issues such as who has access to office keys, while placing insufficient emphasis on who has access to financial records.

Mr. Cox has already begun watering down the provision, and Mr. Bush's remarks provide him with political cover to go further. Mr. Paulson, chairman of the president's Working Group on Capital Markets, plans to host a conference this spring to examine the competitiveness of U.S. capital markets and may make his own recommendations on some rules.

While giving Wall Street comfort on the regulatory front, Mr. Bush nodded to the political clamor over economic disparity, saying, "The fact is that income inequality is real." While he traced that mainly to gaps in education, the president then turned to the increasingly controversial subject of executive pay, saying: "A free and vibrant economy depends on public trust. Shareholders should know what executive compensation packages look like." He applauded new SEC rules that require more disclosure of pay details.

The new Democratic Congress, however, plans to try to push Mr. Bush further than he has so far seemed willing to go, both on executive pay and on inequality more broadly. The Senate will pass as soon as today legislation that would raise taxes on certain forms of executive compensation.

In an interview, Rep. Barney Frank (D., Mass.), chairman of the House Financial Services Committee, said he plans to push ahead with a measure giving corporate shareholders more power to vote on executive compensation. He said it is "unrealistic to expect boards of directors to serve as a check on CEOs," as Mr. Bush suggested, because "the relationship is too close."

In one of many hearings on Capitol Hill of late exploring challenges middle-class families are facing, the Joint Economic Committee yesterday heard testimony from two former Treasury secretaries under President Clinton, Robert Rubin and Larry Summers. Sen. Charles Schumer of New York, chairman of the committee, said "this administration has simply ignored those new challenges for the last six years."

Bush Calls On Companies To Uphold Americans' Trust (USAT)

By David Jackson

USA Today, February 1, 2007

NEW YORK — Days before he unveils his budget proposal, President Bush addressed fears about a growing wage gap and called on companies to tie executive compensation to performance.

Bush, speaking from the nation's financial center, pronounced the U.S. economy as strong but noted "income inequality is real." His speech at Federal Hall and a surprise visit to the New York Stock Exchange's trading floor came as the government reported the economy grew 3.5% in the fourth quarter last year.

"When people across the world look at America's economy, what they see is low inflation, low unemployment and the fastest growth of any major industrialized nation," Bush said.

It was Bush's second speech this week focusing on the economy. On Monday, he will unveil his proposed budget for the 2008 fiscal year, which will begin on Oct. 1.

In his remarks, Bush called on Congress to extend tax cuts and renew "fast track" trade authority, which requires Congress to cast an up-or-down vote on any international trade deal and make no amendments to the agreements.

Sen. Sherrod Brown, D-Ohio, and other Democrats have criticized recent trade deals as allowing businesses to move jobs overseas and ignore environmental and labor standards.

Bush highlighted the economy's growth and low unemployment and noted the earnings gap between the rich and poor is twice what it was in 1980. The president said an improved education system is vital to lifting wages and repeated his call for Congress to renew his No Child Left Behind education law.

The president also said "a free and vibrant economy depends on public trust" and called on companies to make clear the details of executive pay packages. "The print ought to be big and understandable," he said.

Bush said government should not decide executive compensation, but he urged corporate boards to "pay attention" to the salaries and bonuses they approve.

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"You need to show the world that American businesses are a model of transparency and good corporate governance," he said.

Sen. Charles Schumer, D-N.Y., and other Democrats said Bush's proposals for economic growth are inadequate. Schumer said that when average Americans look at the economy, they see higher prices for fuel, tuition and health care.

"Criticizing CEO pay won't do anything to raise the wages of average Americans," Schumer said.

After his speech to a New York civic group, Bush crossed the street to the New York Stock Exchange, whose record levels Bush also touted. His appearance on the crowded trading floor sparked a frenzy.

Bush also dealt with the lingering effects of the Sept. 11, 2001, terrorist attacks on the World Trade Center. He met privately with Ceasar Borja Jr., 21, the son of a New York police officer who died last week of lung problems. The Borja family attributed his illness to rescue work at Ground Zero in the days after the 9/11 attacks.

Borja attended Bush's State of the Union speech last week with New York Sen. Hillary Rodham Clinton on the same day his father died. He asked Bush for federal assistance to help other responders who have fallen ill after 9/11.

Before the meeting, the White House said it would include $25 million in assistance as part of the budget to be unveiled Monday.

Borja said he was pleased with the president's commitment. "I did feel that he cares," he said, but he added that more money will be needed in the future.

Contributing: The Associated Press

Economy Grows At 3.5 Percent Pace In 4Q (AP)

By Jeannine Aversa

AP, February 1, 2007

The economy snapped out of a sluggish spell and grew at a faster-than-expected 3.5 percent pace in the final quarter of last year as consumers ratcheted up spending despite a painful housing slump.

The fresh snapshot of business activity, released by the Commerce Department Wednesday, underscored the resilience of the economy; it has managed to keep on moving despite the ill effects of the residential real-estate bust and an ailing automotive sector.

The economy's performance in the October-to-December quarter, which followed two quarters of rather listless activity, exceeded analysts' forecasts for a 3 percent growth rate.

The economy opened 2006 on a strong note, growing at a 5.6 percent pace, the fastest spurt in 2 1/2 years. But it lost steam during the spring and late summer. It grew at a 2.6 percent pace in the second quarter and then a weaker 2 percent pace in the third quarter. The fourth-quarter's rebound ended the year on a positive note.

Against this backdrop, the Federal Reserve on Wednesday left a key interest rate unchanged at 5.25 percent, citing improvements in economic growth and in inflation.

On Wall Street, stocks soared. The Dow Jones industrials gained 98.38 points to close at 12,621.69.

For all of 2006, the gross domestic product (GDP) increased by 3.4 percent. That was an improvement from a 3.2 percent showing in 2005 and was the best performance in two years.

That's even more impressive considering the economy was hit by the housing slump. Investment in home building for all of last year was slashed by 4.2 percent, the most in 15 years.

GDP measures the value of all goods and services produced within the United States and is the best barometer of the country's economic standing.

"Housing and autos hit the economy with their best punch, and the economy is still standing. It is dancing," said Stuart Hoffman, chief economist at PNC Financial Services Group.

The White House pointed to the GDP figures as evidence that the president's policies are working and benefiting most Americans. President Bush, in a trip to New York, to highlight his economic stewardship declared: "The state of our economy is strong."

But Democrats, now in control of Congress for the first time in a dozen years, counter that economic inequality is widening and that it's harder for the middle class to get ahead.

An AP-Ipsos poll in early January found that 55 percent of Americans disapproved of the president's handling of the economy, while 43 percent approved.

In other economic news, employers' costs to hire and retain workers moderated, which could ease concerns about the development of inflation pressures. Wages and benefits rose 0.8 percent in the fourth quarter, down from a 1 percent rise in the third quarter, the Labor Department reported.

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Spending on construction projects around the country dropped 0.4 percent in December, after edging up in November, mostly reflecting fallout from the housing slump, the Commerce Department said in another report.

In the GDP report, consumers spent more freely in the fourth quarter, a major factor behind the rebound in overall economic activity. Consumer spending grew at a 4.4 percent annual rate, up from a 2.8 percent pace in the third quarter and the strongest since the opening quarter of 2006.

An improvement in the nation's trade picture helped by stronger U.S. export growth also was a factor in the overall GDP boost.

More brisk government spending also helped the fourth-quarter GDP. Government spending increased at a 3.7 percent pace in the final quarter, up from a 1.7 percent growth rate in the third quarter. Federal spending on national defense rose at a rate of 11.9 percent in the fourth quarter, the most since the spring of 2003, when the country went to war with Iraq.

All those positive contributions to GDP helped to blunt some negative forces.

Investment in home building during the fourth quarter plunged at a rate of 19.2 percent, even worse than the 18.7 percent drop in the prior quarter. Both were the worst drops in 15 years.

The drop in residential building in the fourth quarter shaved 1.16 percentage points off GDP. In the third quarter, it sliced a bigger 1.20 percentage point off of overall economic growth. That led to hope that the damage to the economy from the housing slump might be easing a bit.

In the troubled automotive sector, a pullback in car and truck production shaved 1.17 percentage points off fourth-quarter GDP.

Businesses, meanwhile, trimmed investment in equipment and software. They also didn't invest as much in building their inventories as they had in the previous quarter.

An inflation gauge tied to the GDP report showed that core prices — excluding food and energy — rose at a rate of 2.1 percent in the final quarter of last year, down from a 2.2 percent pace in the third quarter.

Even with the slight improvement, underlying inflation is running higher than the Federal Reserve would like. For all of 2006, core inflation rose by 2.2 percent, up from 2.1 percent in 2005.

Economy Gained Strength In 2006 (WP)

By Nell Henderson

The Washington Post, February 1, 2007

The U.S. economy turned in a surprisingly strong performance last year, new data show, growing 3.4 percent despite higher interest rates, high oil prices and the sharpest housing downturn in 15 years.

The report from the Commerce Department, showing that economic growth picked up in 2006 from the 3.2 percent growth of 2005, dispelled any lingering doubts about the momentum of the economy going into this year. Many economists predict growth will slow this year, but gone are the recession worries of last summer.

"Nothing, other than an external shock, will derail the economy this year," said Eugenio J. Alem?n, senior economist at Wells Fargo. "The economy's in good shape."

Unemployment and inflation fell last year while wages and salaries rose at their quickest pace in five years, according to a series of recent government reports. The reports suggest that troubles in housing and manufacturing, though painful for many people, have not caused the widespread economic damage that many experts had feared.

Federal Reserve policymakers held short-term interest rates steady yesterday, showing they are content -- at least for now -- with the state of the economy. They left their benchmark rate on overnight loans between banks unchanged at 5.25 percent, where it has been since June. But they indicated that they remain ready to raise borrowing costs if strong economic growth fuels a fresh bout of inflation.

President Bush hailed the news in a speech extolling the strong "state of the economy" on Wall Street, where he was also mobbed visiting the floor of the New York Stock Exchange. "As we begin this New Year, America's businesses and entrepreneurs are creating new jobs every day," he said. "Workers are making more money; their paychecks are going further. Consumers are confident, investors are optimistic."

The bright picture contrasts with the outlook of last summer, when home sales were plummeting and oil was hitting $77 a barrel. Many analysts predicted that consumer spending would stall because of costly gasoline, rising unemployment, and stagnant or falling home prices.

But the economy's buoyancy reflects two little-appreciated facts. First, the economy is less vulnerable to high oil prices than in the past, for several reasons, including improved efficiency.

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Second, while the housing boom did give the economy a boost, the housing bust has not damaged the rapidly growing service industries, which employ about 80 percent of U.S. workers. And those jobs fuel consumer spending, which accounts for 70 percent of economic activity.

"This is not your grandfather's economy," said Richard Yamarone, director of economic research at Argus Research. "This is not a smokestack economy. . . . The consumer is the ultimate driver of the economy."

Economic growth did slow sharply in the spring and summer from a torrid 5.6 percent annual rate in the first three months of the year to a 2.6 percent pace in the second quarter and then 2 percent in the third quarter.

Much of the decline was accounted for by home building, which fell at a 19 percent annual rate in both the third and fourth quarters.

Nonetheless, overall economic growth rebounded in the last three months of the year, with gross domestic product, the value of all goods and services produced in the country, rising at a robust 3.5 percent annual rate.

Unemployment drifted lower through the year, to 4.5 percent in December from 4.9 percent a year earlier. The job market remained tight as employers in health, education, finance and other service industries created many more new jobs than were cut by mortgage lenders, home builders and automakers.

And the economy got a lift as oil prices tumbled to about $61 a barrel by the end of 2006 -- about where they had been a year earlier.

Drivers paying less at the pump had more to spend on shopping during the holiday season. Consumer spending rose at a blistering 4.4 percent annual rate in the last three months of the year, the Commerce Department said yesterday.

Falling oil prices helped shave the nation's import bill at year-end, and strong economic growth overseas boosted demand for U.S. exports. The Commerce Department estimated that the improvement in trade added 1.6 percentage points to the rate of economic growth in the fourth quarter.

Businesses continued to build more offices, factories and other types of nonresidential structures, helping to cushion some of the effect of the housing downturn on construction industries.

And unusually warm weather probably prompted more shopping, hiring and construction than would have occurred in colder conditions, several economists said.

Although some of the year-end momentum reflected such temporary factors, analysts said, the tight labor market bodes well for 2007.

The Commerce Department report "shows you the ability of the economy to ride out the storm of the housing market," said Wells Fargo's Alem?n. "The rest of the economy is so strong." Inflation also cooled slightly last year. Consumer prices rose 2.8 percent, a bit less than the 2.9 percent gain recorded the year before, the agency said.

Many economists seek a sense of underlying inflation by looking at so-called core inflation, which excludes volatile food and fuel prices. Core prices rose 2.1 percent in 2006 after rising 2.2 percent in 2005.

The Fed noted the improvement but said in a statement that "inflation risks remain" because of the possibility that the tight labor market will fan price pressures.

A separate Labor Department report yesterday showed that wages and salaries rose 3.2 percent last year, the fastest rate in five years.

Employers' labor costs -- including both pay and benefits -- rose 3.3 percent in 2006, up from the 3.1 percent gain in 2005.

Several analysts said the gains should not alarm the Fed. "Employers' labor costs remain moderate and do not appear to be generating inflationary pressures," said Jared Bernstein, senior economist at the Economic Policy Institute.

The economy is likely to grow about 2.4 percent this year -- more slowly than last year but at a moderately good pace -- according to the average prediction of economists surveyed by Blue Chip Indicators, a monthly publication.

Housing is likely to remain a drag on growth. Builders are still stuck with bloated inventories of unsold homes. Unemployment may rise this spring when builders break ground on far fewer new homes.

But several analysts said that despite these lingering soft spots, the Fed appears to have achieved the Holy Grail of central banking -- a "soft landing" in which it raised interest rates last year just enough to cool price pressures without triggering a recession.

Now, the central bank is likely to leave interest rates on hold for a while, said Nariman Behravesh, chief economist for Global Insight. "The Fed has the economy where it wants it."

US GDP Grows 3.5% In Fourth Quarter (FT)

By Eoin Callan In Washington
Financial Times, February 1, 2007

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The US economy expanded at a fast pace last quarter as consumer demand and exports rose while inflation cooled, government figures published on Wednesday showed.

Gross domestic product increased by 3.5 per cent in the last three months of 2006 after a gain of 2 per cent in the previous quarter, while rises in core prices slowed to a rate of 2.1 per cent from 2.2 per cent, the commerce department said.

The stronger-than-expected performance comes as investors and economists are radically upgrading their assumptions about the trajectory of the economy to bring them into line with the confident outlook of the Federal Reserve.

The Fed is expected to keep interest rates on hold when it wraps up its monetary policy meeting later on Wednesday, while warning that it remains wary about the risk of rising inflation in the coming year.

Drew Mathus, an economist at Lehman Brothers, said: "The growth figure shows us that 2006 ended with a bang. It also tells us that the first quarter is not likely to be exceptionally weak. We can also see that inflation remains a modest risk."

"On balance the Fed is more likely to raise rates than cute rates this year, although we're currently expecting the Fed to stay on hold for the rest of the year," the economist added.

The figures sent waves through financial markets as the dollar gained against the euro and yen and bond yields rose to five-year highs.

The yield on the 30-year long-bond rose to more than 5 per cent while the yield on the benchmark 10-year Treasury bond rose to 4.9 per cent.

The positive economic data released on Wednesday is broadly in line with the central bank's internal assessment of the economy and is unlikely to alter significantly its outlook for interest rates.

Much of the accelerated growth is attributable to a sharp 4.4 per cent rise in personal consumption, as Americans continue to spend despite the correction in the housing market.

The economy was also strengthened by a 10 per cent rise in exports, compared with an increase of 6.8 per cent in the third quarter.

U.S. Economy Grows 3.5%; Inflation Gauge Falls Sharply (WSJ)

By Mark Whitehouse

The Wall Street Journal, February 1, 2007

If the housing slump has the potential to sink the U.S. economy, that danger wasn't evident in the latest data on economic growth.

In the fourth quarter, consumers did more than enough shopping to offset a sharp drop in housing, propelling the nation's economy to a seasonally and inflation-adjusted growth rate of 3.5%. That was up from 2.0% in the third quarter and 2.6% in the second, the Commerce Department reported yesterday.

ECONOMISTS REACT

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The economy "busted out" in the fourth quarter, one economist said, after the fourth-quarter GDP reading surpassed even raised forecasts. Read economists' reactions2 to the report.

Consumer spending, which makes up more than two-thirds of the U.S. economy, rose at an annualized rate of 4.4.%, contributing 3.1 percentage points to the fourth-quarter growth in gross domestic product. GDP is a broad measure of economic activity.

Residential investment, meanwhile, plummeted an annualized 19.2% as home builders cut back on construction, shaving 1.2 percentage points from fourth-quarter growth.

Though still subject to revisions, the solid GDP report amply exceeded economists' expectations, and adds credence to the idea that the Federal Reserve's inflation-fighting efforts, which some had worried would trigger a recession, haven't broken the economy's momentum. For all of 2006, real GDP grew at a rate of 3.4%, up from 3.2% in 2005 and well above its 20-year average of 3.1%.

"The soft landing is over, and I'm not even sure there was a landing," said Nariman Behravesh, chief economist at consulting firm Global Insight.

Growth in the fourth quarter might have been even stronger than the official figures suggest. That's because an anomalous drop in recorded light-truck prices boosted the government's estimate of inflation-adjusted auto output in the third quarter. Some of that effect unwound in the fourth quarter, contributing to a drop in auto output that shaved 1.2 percentage points off the GDP number.

Economists attributed the robust growth to a combination of factors. For one, lower fuel prices, rising income and a buoyant stock market encouraged consumers to spend more. Also, the trade picture improved: Strong growth outside the U.S. boosted exports, while imports fell as U.S.-based businesses worked down backlogs of unsold goods instead of buying more stuff from

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abroad. Finally, some believe construction activity would have fallen more steeply were it not for unusually warm weather, which allowed builders to break ground on more projects than they otherwise would. The Commerce Department said construction spending fell 0.4% in December from November.

Economists warned that some of the drivers of fourth-quarter growth, particularly the weather effect, are likely to reverse themselves in quarters to come. "The return to more-seasonable weather probably means that we're going to see some payback in economic activity, although modest," said Richard Berner, chief U.S. economist at Morgan Stanley in New York. Forecasters tracked by consulting firm Macroeconomic Advisers expect real GDP to grow at an annualized rate of 2.6% in the current quarter.

The GDP report sent mixed signals to investors. In recent months, stock and bond prices have been boosted in part by expectations that the Fed will lower short-term interest rates this year to offset the effects of the housing slump and stimulate the broader economy. But as the economy has proven more resilient than expected, investors have abandoned their hopes for a shot of cheap money. Some have even begun to entertain the possibility that the Fed will lean toward raising rates to keep inflation in check—a bias the central bank reiterated in its monetary-policy statement yesterday.

"All in all the economy appears to be extremely healthy," said David Glocke, senior portfolio manager at The Vanguard Group in Valley Forge, Pa. "The risk is that if inflation doesn't come off as quickly as the Fed anticipates, it might lead to higher interest rates." Immediately after the GDP report, futures markets shifted their forecasts from a slight probability that the Fed will lower rates by July to a slight probability that it will raise rates.

Most measures of inflation, while still above the Fed's comfort range, have shown signs of cooling in recent months. According to the latest GDP report, consumer prices rose at an annualized rate of just 1.5% in the fourth quarter, while prices excluding food and energy -- the Fed's preferred inflation gauge -- rose at an annualized rate of 2.1%.

The Labor Department reported yesterday that its employment-cost index, a measure of compensation that includes salaries and benefits, increased a bit less than economists had expected. It rose 0.8% in the fourth quarter, and was up 3.3% from a year earlier.

Still, with the unemployment rate low and companies hiring, wage pressures haven't gone away. That's evident at Manda Machine Co., a Dallas-based maker of metal parts for aerospace, defense and power generation.

Andy Ellard, the company's president and co-owner, said his total compensation costs rose more than 5% in 2006. "Skilled machinists are very hard to find," he said. "You're going to be stealing them from a competitor, which means you're going to have to offer better compensation."

Higher labor costs can seep into the prices of everything from hamburgers to haircuts, unless businesses compensate by squeezing more output out of each worker -- something the most recent productivity data suggest they haven't been doing as much as in the past. "That's where the risks on inflation lie going forward," said Bruce Kasman, head of economic research at J.P. Morgan Chase & Co. in New York.

Vigorous Consumer Spending Helped Economy Grow 3.5% At The End Of 2006 (NYT)

By Jeremy W. Peters

The New York Times, February 1, 2007

The economy regained momentum at the end of 2006, pulling out of a midyear slowdown as gas prices fell and Americans reached into their wallets with renewed confidence.

The government said yesterday that its broadest and best-known measure of economic growth, the gross domestic product, advanced at an annual rate of 3.5 percent from October through December. That was noticeably stronger than the 2 percent rate of growth during the third quarter and the 2.6 percent measured in the second quarter.

Spending by consumers — on things like food and visits to the doctor — gave the economy the biggest lift. Spending by the federal government, particularly on the military, also added a significant increase. At the same time, goods and services exported to foreign countries increased, helping shrink the nation's trade deficit.

The swiftness of the expansion in the final months of the year surprised many economists, who were expecting a rate closer to 3 percent. Such strong growth was the latest indication that the economy was showing authentic vigor, despite forecasts of a deeper downturn.

The government also reported yesterday that inflation fell back yesterday on two fronts: in an index of prices that the Federal Reserve watches closely and a separate measure of labor costs.

That seemed to reaffirm the Fed's decision yesterday to hold interest rates steady, though the central bank warned, as it has for many months, that "some inflation risks remain."

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The economy's resilience has not been lost on the White House, which has spent the last two days playing up the expansion. President Bush spoke in Manhattan yesterday, noting faster growth in wages and consumer confidence. "The state of our economy is strong," he told an audience at Federal Hall, the site where Congress and the Supreme Court first convened.

But underneath the robust growth numbers, some economists saw signs that the first few months of 2007 might not be as strong as the last few months of 2006. They noted a number of factors that were not likely to repeat, including the spending increase brought about by lower gas prices.

"The boost to consumption in the fourth quarter was all about the fall in oil prices," said Paul Ashworth, senior United States economist with Capital Economics. "That's very much a temporary boost that's now gone."

In addition, businesses cut back investment in equipment and software in the fourth quarter.

Still, the quarter turned out to be much healthier than economists were predicting just two months ago. Many experts thought the slump in the real estate market would have much wider effects on the overall economy. Housing did weigh on overall economic growth. The contraction in residential real estate investment, the sharpest since 1991, subtracted 1.2 percentage points from the overall G.D.P. growth figure in the fourth quarter.

Another significant drag was a slowdown at the nation's auto plants, which took another 1.2 percentage points off the G.D.P.

"Housing and autos, when they're down a lot you're supposed to look for a low number — and they were both down a lot," said Robert Barbera, chief economist with ITG.

But consumers helped offset those effects. The drag on spending that many economists said would come as Americans watched their home values falter has not happened. Instead, consumer spending increased at a 4.4 percent annual rate in the fourth quarter, much faster than in the second or third quarters.

For the full year, the gross domestic product grew 3.4 percent, an improvement on 2005, though not quite matching the 3.9 percent rate of 2004.

Some economists expect the effects of the housing slowdown to remain limited. In its statement yesterday, the Fed noted "some tentative signs of stabilization" in housing.

John Ryding, the chief United States economist at Bear Stearns, said that the residual effects from the housing bust "will disappear and vanish over the next couple of quarters," leading to faster growth. "As those factors dissipate, the underlying growth rate picks up," he said.

For The US Economy, A Surprise Growth Spurt At End Of 2006 (CSM)

By Mark Trumbull

The Christian Science Monitor, February 1, 2007

Rising exports and falling oil prices have kicked the US economy into a higher gear.

This news comes at an opportune time, since it helps to offset continuing weakness in the housing market and raises hopes that America's gaping trade deficit could fall this year.

The nation's output of goods and services grew at a 3.5 percent annual pace in the final quarter of 2006, higher than many economists had predicted.

Just as important, the report on US gross domestic product (GDP) raised no new concern about inflation. Consumer prices, as measured by the report's gauge of personal consumption expenditures, rose at an annual pace of 2.1 percent. That's slightly above the Federal Reserve's comfort zone, but it suggests that the Fed is succeeding in taming inflation pressures.

"We seem to be having an almost perfect 'soft landing,' " says Rajeev Dhawan, director of the economic forecasting center at Georgia State University in Atlanta. "GDP growth is not too bad, and the inflation numbers have really moderated."

The current economic expansion, which began in 2001, hasn't been a barn-burner in terms of job growth. Like the early 1990s, it was at first dubbed a "jobless recovery." But the economy has marched forward, and the unemployment rate has fallen to just 4.5 percent.

As the expansion gained momentum, the Fed shifted from its stimulative stance on interest rates, raising the short-term rate gradually to its current 5.25 percent. That's designed to pilot the economy for a soft landing – maintaining growth while ensuring that inflation doesn't pick up – and it seems to be doing the trick.

"The Fed has the economy where it wants it," Nariman Behravesh, chief economist of Global Insight in Lexington, Mass., wrote in a report Wednesday.

The GDP news came as the Fed was finishing a two-day policy meeting. The central bank was expected to hold its interest rate steady when the meeting finished, after the Monitor's press time.

Wednesday's report means that GDP grew by 3.4 percent for the full 2006 calendar year, up from 3.2 percent in 2005. Economists generally expect somewhat slower growth this year.

The strong fourth-quarter output came from several factors:

· Exports rose 10 percent.

· Imports fell by 3 percent, which adds to GDP because foreign-made goods are subtracted when the government tallies America's output.

· Consumer spending rose 4.4 percent, a faster pace than in the third quarter.

The improvement in trade reflects a strong global economy. The worrisome US trade deficit – the amount by which imports exceed exports – will begin to shrink for the first time since 1995, predicts Diane Swonk, an economist at Mesirow Financial in Chicago. The record trade gap is one reason Democrats in Congress are pushing for more scrutiny of the impact of globalization on the economy – the subject of a House hearing this week.

President Bush, outlining his economic agenda in a speech on Wall Street Wednesday, touted a strong economy that is benefiting from open trade. "I know there's going to be a vigorous debate on trade, and bashing trade can make for good soundbites on the evening news, but walling off America from world trade would be a disaster for our economy," he said, urging Congress to renew his fast-track authority for negotiating trade agreements.

Business spending on new equipment fell a bit, in Wednesday's report. "If that does not pick up, then that would mean that the future growth of the economy goes away," says Mr. Dhawan. "Investment today means jobs tomorrow."

Consumers Lifted Economy In '06 (WT)

By Patrice Hill

The Washington Times, February 1, 2007

The economy bounced back at the end of last year, growing at a surprisingly strong 3.5 percent rate, after a steep drop in gasoline prices revived consumer purchasing power and spurred a Christmas spending spree.

A report from the Commerce Department yesterday showed that consumers defied expectations and powered a solid performance in the economy all year, shrugging off not only the summer's record-high energy prices but also a collapse in the housing market and sharply higher interest rates. Despite the obstacles, economic growth during the year ticked up to 3.4 percent from a 3.2 percent pace in 2005.

But incomes did not keep up with spending, despite solid growth in jobs during the year, forcing consumers to go deeply into debt and dip into their savings to maintain a robust spending pace. The result was that the savings rate for the year plummeted into negative territory at minus 1 percent -- something not seen since the Great Depression.

"There's nothing stronger than a fully employed American consumer," said Argus Research economist Richard Yamarone, noting the "blistering" 4.4 percent pace of fourth quarter spending startled many on Wall Street. "It's not the value of a home or the level of the stock market, but employment that drives consumer spending and the economy."

Stocks rallied on the unexpectedly strong economic performance and low inflation seen in the Commerce Department report, which appeared to please the Federal Reserve and enabled the central bank to keep interest rates steady at a meeting of its rate-setting committee yesterday.

The record drop in oil prices during the quarter not only bolstered consumer spending but also caused a rare drop in the value of imports, further boosting growth.

"The economy has clearly caught its second wind," said Bernard Baumohl, managing director of the Economic Outlook Group, an economic advisory firm in Princeton Junction, N.J. "After six months of below-trend growth, the combination of higher real wages, low unemployment and the drop in energy prices ignited the economy's engines once again.

"What's really remarkable about the economy's performance last year is that it successfully dodged so many bullets," he said, attributing that to the flexibility of American consumers, workers and financial markets. "Most other economies in the world would have gone belly up" in the face of the same obstacles.

The Fed said in its statement that stronger growth and tightness in the labor market require it to maintain vigilance against a possible uptick in inflation. But yesterday's growth report put to rest months of rumors on Wall Street that the Fed's next move would be to cut rates amid mounting worries about weakness in the housing market -- weakness that had been expected to spread to consumer spending.

To the contrary, the report showed above-average growth despite a 19 percent drop in home construction in the fourth quarter -- the second such major decline in the once-booming housing market and the biggest losses in 15 years.

The Fed noted "tentative signs of stabilization" in housing, most likely referring to a report from the Mortgage Bankers Association yesterday that showed a small pickup in mortgage applications for home purchases from year-ago levels. Housing continues to benefit from relatively low long-term mortgage rates, which are not directly set by the Fed.

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Roger M. Kubarych, economist at UniCredit Markets, said he does not expect a repeat of last quarter's stellar economic performance. Consumers benefited not only from falling oil prices but also from aggressive pre-Christmas price discounting on big-ticket items such as autos and electronics, whose prices fell at a record 8 percent rate, he said.

"That kind of price collapse is not going to be repeated," he said, "nor is the pace of consumption going to be sustained."

Richard Berner, economist at Morgan Stanley, also questioned whether the decline in inflation will last. He said that unusually warm weather may have prompted stronger than normal economic activity this winter and if weather was the stimulant, there will be a "payback" in the form of slower growth in the spring.

Mr. Yamarone said he expects growth to remain impressive in the first quarter because jobs remain plentiful and energy prices have stayed low due to the mild winter.

The danger is that inflation will remain a problem as well, he said, since stronger-than-expected growth in the United States will contribute to pressure on world commodity prices. In addition, the U.S. is likely to suffer from a homegrown problem -- soaring food prices brought on by a shortage of corn for making oil, sweeteners and other common food ingredients as farmers increasingly devote their corn crops to making ethanol.

"We've heard from several companies like Kellogg, General Mills, Tyson Foods, Procter & Gamble and Pepsi about price pass-alongs, and we expect many more to join in," Mr. Yamarone said. A 60 percent jump in corn tortilla prices already has produced a minor crisis in Mexico, which imports much of its corn from the U.S.

Economy Closed '06 With Powerful Rush (LAT)

By Joel Havemann, Times Staff Writer

The Los Angeles Times, February 1, 2007

WASHINGTON — The economy roared back from a midyear slump by growing at an annual rate of 3.5% in the final three months of 2006, the government reported today.

The growth, up from 2% in the three summer months and 2.6% in the spring, was accomplished without an inflationary spurt. Inflation fell from an annual rate of 2.2% in the third quarter of last year to 2.1% in the fourth quarter, the Commerce Department said.

And in a separate report, the Labor Department said employment costs to businesses increased by 0.8% in the fourth quarter, down from 1% in the previous three months.

The Fed's policy-making Federal Open Market Committee, which had raised interest rates consistently from mid-2004 to mid-2006, left rates unchanged at 5.25% at its meeting that concluded just hours after publication of the new economic growth figures.

In a statement accompanying its decision, the Fed suggested that its next move on interest rates was some time away, but when it does move it seemed to lean in the direction of making an increase designed to slow economic growth and choke off inflation.

"Readings on core inflation [excluding food and energy] have improved modestly in recent months, and inflation pressures seem likely to moderate over time," the committee said. "However, the high level of resource utilization has the potential to sustain inflation pressures.

"The committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information."

President Bush lost little time broadcasting the economic growth news. In a speech to the Assn. for a Better New York, he said, "America's businesses and entrepreneurs are creating new jobs every day. Workers are making more money — their paychecks are going further. Consumers are confident, investors are optimistic. Just today, we learned that America's economy grew at an annual rate of 3.5% in the fourth quarter of 2006."

The 3.5% growth rate outpaced the predictions of most private economists.

Ian Shepherdson, chief U.S. economist of High Frequency Economics, said the economy owed much of its surprising growth to foreign trade — the U.S. trade deficit, though still enormous, was less than expected.

The biggest drag on economic growth was the housing sector. Residential housing construction fell 30% from the third quarter to the fourth; that had the effect of shaving 1.2 percentage points off overall economic growth in the fourth quarter.

The personal savings rate remained negative, as it has been for the past two years. Americans spent 1% more than they earned in the fourth quarter of last year, the Commerce Department said, a slight improvement from the 1.2% excess of spending over earnings in the third quarter.

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Fed Holds Interest Rates At 5.25 Percent (AP)

By Jeannine Aversa

AP, February 1, 2007

Pointing to a revved-up economy and encouraging news on inflation, the Federal Reserve held interest rates steady on Wednesday and extended a half-year breather for U.S. borrowers. Wall Street surged in response.

Fed Chairman Ben Bernanke and his central bank colleagues left an important interest rate unchanged at 5.25 percent, the fifth straight meeting without budging the rate. The decision was unanimous.

On Wall Street, stocks rose sharply. The Dow Jones industrials gained 98.38 points to close at 12,621.69 in preliminary data.

That means commercial banks' prime interest rate — for certain credit cards, home equity lines of credit and other loans — stays at 8.25 percent, once again giving a break to borrowers who until last summer had endured the pain of two-plus years of rate increases.

Fed policymakers delivered a more positive assessment of the economy than in December, recognizing improvements in economic growth, inflation and even the troubled housing sector.

"Overall, the economy seems likely to expand at a moderate pace over coming quarters," they said.

The Fed also observed that core inflation, which excludes energy and food prices, has "improved modestly in recent months." That was an upgrade from December when policymakers fretted about "elevated" readings on underlying inflation.

They continued to note that inflation risks remain, keeping open the possibility of a rate increase. Still, with the Fed's fairly upbeat assessment, many economists believe rates are likely to remain where they are for much of this year.

"I think they are taking a slightly softer stance on inflation. They are not as concerned about inflation as they were last year," said Victor Li, associate professor of economics at Villanova School of Business. "I think right now they are taking a wait-and-see approach."

The Fed's announcement came hours after the government reported that the economy snapped out of a sluggish spell and grew at a 3.5 percent pace in the final quarter of last year as consumers ratcheted up spending.

The report also showed that underlying inflation ebbed during the quarter.

The fresh snapshot of business activity, released by the Commerce Department, underscored the resilience of the economy. It has managed to keep moving despite the ill effects of the residential real-estate bust and an ailing automotive sector.

President Bush pointed to the economic figures as evidence that his policies are working. The president, in a New York speech, also sought to calm fears about an economy that is constantly changing.

"By and large, our dynamic and innovative economy has helped Americans live better and more comfortable lives," Bush said. "Yet the same dynamism that is driving economic growth ... also can be unsettling for people. For many Americans, change means having to find a new job, or to deal with a new boss after a merger or to go back to school to learn new skills for a new career."

An AP-Ipsos poll in early January found that 55 percent of people disapproved of the president's handling of the economy, while 43 percent approved.

Democrats, in control of Congress for the first time in a dozen years, argue that the White House hasn't paid attention to widening economic inequality that they say is making it harder for the middle class to succeed. "Middle class families are not struggling to get by, but they are struggling to get ahead," said Sen. Charles Schumer, D-N.Y.

The economy opened 2006 on a strong note, growing at a 5.6 percent pace, the fastest spurt in 2 1/2 years. But it lost steam during the spring and late summer. It grew at a 2.6 percent pace in the second quarter and then a weaker 2 percent pace in the third quarter. The fourth quarter's rebound ended the year on a positive note.

"The economy has clearly caught its second wind," said Bernard Baumohl, managing director of the Economic Outlook Group.

For all of 2006, the economy increased by 3.4 percent. That was an improvement from a 3.2 percent showing in 2005.

That's even more impressive considering the economy was hit by the housing slump. Investment in home building for all of last year was slashed by 4.2 percent, the most in 15 years.

An inflation gauge tied to the report showed that core prices — excluding food and energy — rose at a rate of 2.1 percent in the final quarter of last year, down from a 2.2 percent pace in the third quarter.

To fend off inflation, the Fed had steadily boosted interest rates for two years, the longest stretch in its history.

But since last summer, it has left rates alone. Economists believe the Fed is on course to achieve its goal of slowing the economy sufficiently to thwart inflation but not so much as seriously hurt economic activity.

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"The Fed almost seemed to be on the verge of declaring victory," said Joel Naroff, president of Naroff Economic Advisors.

Encouraged Fed Leaves Interest Rates Alone (USAT)

By Barbara Hagenbaugh

USA Today, February 1, 2007

WASHINGTON — The Federal Reserve left interest rates unchanged Wednesday and suggested it was more apt to raise rates in the near-term than cut them.

Fed policymakers also delivered a more upbeat economic assessment than in recent months in a statement reflective of recent data. The government said Wednesday the economy grew in the fourth quarter at the fastest pace since early 2006 while inflation eased.

In an unanimous vote, Fed officials left their target for short-term interest rates, which influence the cost of borrowing for everything from mortgages to credit cards, at 5.25%, the highest in six years. The Fed has left interest rates alone for five consecutive meetings after raising them 17 times from June 2004 to June 2006.

FED SPEAK: Read the statement

Recent data "have suggested somewhat firmer economic growth, and some tentative signs of stabilization have appeared in the housing market," Fed Chairman Ben Bernanke and his colleagues said.

While the Fed officials repeated previous statements that they expect the economy will expand at a "moderate pace" in the near-term, their wording was far more upbeat than in December, when policymakers pointed to "substantial cooling" in housing.

Fed officials also said price pressures have "improved modestly." Last month, they said inflation had been "elevated." Although Fed officials continued to stress they were more concerned about inflation than about a slowdown in the economy, some economists said the shift in the Fed's wording suggested the central bank would be leaving rates alone for some time.

"They may not be thinking about lowering rates, but this statement tells me they are not thinking hard about raising rates, either," PNC Financial Services chief economist Stuart Hoffman says.

Earlier Wednesday, the government said the economy grew 3.5% at a seasonally adjusted, annualized rate in the fourth quarter vs. 2% in the third quarter. The gain was the biggest since the first quarter and was led by strong growth in consumer spending.

For all of 2006, the economy grew 3.4%, up from 3.2% in 2005, the Commerce Department said.

In the same report, Commerce said the Fed's favorite inflation gauge fell at the end of 2006. Excluding food and energy, inflation slowed to a 2.1% annual rate in the fourth quarter from 2.2% in the third quarter.

With inflation fears ebbing, most economists believe the Fed is done raising interest rates for this cycle and many expect U.S. central bankers will cut rates sometime in 2007, according to a USA TODAY survey of 56 economists conducted Jan. 18-24. But expectations vary widely: Forecasts for the Fed's target interest rate at the end of the year ranged from 2.5% to 6.5%.

The variety of answers shows the uncertainty surrounding the economy. There are many unknowns, most important surrounding housing, National City chief economist Richard DeKaser says. Although recent housing data have been positive, it's unclear if the downturn is over or is pausing before sliding further.

"I could easily imagine the housing market turning out both better or worse than expected," he says.

Fed Sees Progress On Inflation (FT)

By Krishna Guha And Eoin Callan In Washington And Richard Beales In New York

Financial Times, February 1, 2007

The Federal Reserve on Wednesday signalled growing confidence that the economy was heading for a soft landing, triggering a broad rally in the stock market.

The statement issued at the end of the Fed's January policy meeting – which kept interest rates on hold at 5.25 per cent – for the first time raised the possibility that the US housing market could be bottoming out.

At the same time, it cited progress on inflation, noting "readings on core inflation have improved modestly in recent months".

These comments suggest that the Fed is growing comfortable with the outlook for both growth and inflation.

The Fed's encouraging words came after figures showed the US economy grew at an above-trend rate of 3.5 per cent in the fourth quarter, while inflation and wage growth moderated. Consumer spending grew at a blistering rate, while growth was also supported by a surge in US exports.

Stocks and bonds rose in response to the Fed's outlook. The Dow Jones Industrial Average set a record high in afternoon trading, before closing up 0.8 per cent at 12,621.69. Bond prices rallied, with 10-year yields ending the day nearly 5 basis points lower at 4.83 per cent. The dollar slipped against the euro and the yen, while interest rate futures were broadly unchanged.

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The Fed acknowledged the strong economic data in its statement, noting that growth looked "somewhat firmer" than it did at the time of the last meeting of the Federal Open Market Committee in October.

However, the Fed hinted that its views on growth had not changed very dramatically since the October meeting.

It cited only "tentative" signs that housing might be stabilising and altered only slightly its description of how growth was likely to evolve this year.

The Fed said it expected the economy to expand at a "moderate pace over coming quarters" – the same phrase it used in October. This implies that policymakers think the pace of growth will slow from the fourth quarter to the first as the effect of lower oil prices, higher stock prices and mild weather in late 2006 fades.

Wednesday's figures showed gross domestic product rose 3.5 per cent in the last three months of 2006 after a gain of 2 per cent in the previous quarter, while the rate of increase in core prices slowed to 2.1 per cent from 2.2 per cent.

The expansion was led by a 4.4 per cent increase in personal consumption, which showed that Americans continued to spend, in spite of the slowdown in housing.

Exports were also exceptionally strong, rising 10 per cent, compared with an increase of 6.8 per cent in the third period.

Drew Mathus, an economist at Lehman Brothers, said: "The strong growth shows us that 2006 ended with a bang. It also tells us that the first quarter is not likely to be exceptionally weak."

Fed, Leaving Rate At 5.25%, Is Optimistic On Inflation (NYT)

By Edmund L. Andrews

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — The Federal Reserve left interest rates unchanged on Wednesday, as it has since June, but it was more optimistic than in the past that inflationary pressures were ebbing.

The central bank left the federal funds rate on overnight loans between banks at 5.25 percent, as investors had expected. It also repeated its caution that "some inflation risks remain," a sign that it is likely to keep the benchmark rate at current levels for the foreseeable future.

But in its statement announcing the decision, the rate-setting Federal Open Market Committee expressed growing confidence that inflation was running lower — even as growth was slightly stronger than officials had expected just a few months ago.

"Readings on core inflation have improved modestly, and inflation pressures seem likely to moderate over time," the Fed's statement said. At the same time, it acknowledged signs of "somewhat firmer economic growth" and "tentative signs of stabilization" in the housing market.

That cheered stock and bond markets, elevating hopes that healthy economic growth would not prompt a resumption of rate increases. The Dow Jones industrial average rose 98.38 points yesterday, or 0.79 percent, to close at 12,621.69. Yields on Treasury debt declined, with the benchmark 10-year Treasury note settling at 4.81 percent, down from 4.87 percent Tuesday, indicating that the market expected long-term interest rates to move slightly lower.

The Federal Reserve's announcement came hours after the Commerce Department reported that the economy grew at a surprisingly brisk annual pace of 3.5 percent in the fourth quarter of 2006.

Many investors have all but written off expectations that the Fed might actually cut interest rates soon, which it would do to offset an economic slump or rising unemployment, neither of which is occurring.

The Fed statement suggested that policy makers were increasingly confident about achieving an elusive "soft landing" — a mild slowdown in growth that would reduce inflation pressures but not set off a recession.

"What I don't think people were counting on was the Fed, in effect, upgrading their views on the outlook for inflation," said Stuart Hoffman, chief economist at PNC Financial in Pittsburgh. "The way they phrased it, they're really inching toward a balanced risk assessment of inflation versus slower growth."

While Mr. Hoffman still says that a Fed rate cut this summer is possible, most analysts no longer see any need for the central bank to ease rates.

"If there were need for stimulus, the consumer is clearly not asking for it," said Richard Yamarone at Argus Research in New York. "You have more than a handful of reasons to raise rates, but what are the reasons for a cut? There are none."

The Fed repeated verbatim the previous stance of remaining slightly more worried about rising inflation than about slowing growth.

Several governors, as well as the chairman, Ben S. Bernanke, have said that their "comfort zone" for inflation is an annual rate of 1 to 2 percent, excluding food and energy.

By that measure of core inflation, consumer prices have risen 2.4 percent in the last year. But prices have climbed more slowly in recent months, partly because of pass-through effects from the drop in gasoline prices late last year.

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And while the Commerce Department's new estimate of economic growth last quarter provided additional evidence that the economy was expanding faster than many analysts had expected, it also showed that inflationary pressures remained surprisingly low.

Fed Holds Interest Rates Steady (WP)

By Nell Henderson

The Washington Post, February 1, 2007

Federal Reserve policymakers held short-term interest rates steady today, but indicated they remain ready to raise borrowing costs if strong economic growth fuels inflation pressures.

The central bank's top policymaking committee voted unanimously to leave its benchmark federal funds rate unchanged at 5.25 percent, where it has been since June.

The Fed announced its decision a few hours after the Commerce Department reported that the economy expanded by a strong 3.4 percent last year, despite sharp declines in home building and auto production.

Fed policymakers, in a statement issued after their meeting, noted recent signs of "somewhat firmer economic growth, and some tentative signs of stabilization . . . in the housing market."

They repeated that they expect the economy to expand "at a moderate pace" in coming months.

The Fed raised the federal funds rate, the overnight rate charged on loans between banks, steadily through the first half of last year to keep the lid on inflation. The combination of rising interest rates, climbing fuel prices and the slumping housing market caused economic growth to slow at mid-year.

Inflation surged in the spring and summer as oil prices soared to above $77 a barrel in July. But oil prices tumbled through the end of the year, causing price pressures to ease as well.

Consumer prices rose 2.8 percent last year, a slightly smaller increase than the 2.9 percent gain recorded the year before, the Commerce Department said today.

Many economists seek a sense of underlying inflation by looking at so-called core inflation, which excludes volatile food and energy prices. Core prices rose 2.1 percent in 2006, after rising 2.2 percent in 2005.

The core inflation rate last year exceeded the Fed policymakers' unofficial comfort zone of 1 to 2 percent, but the decline was what they had hoped to engineer.

"Readings on core inflation have improved modestly in recent months, and inflation pressures seem likely to moderate over time," the policymakers said in their statement. However, they added that the tightness in the labor market "has the potential to sustain inflation pressures."

Many analysts predict the rate will remain steady for the rest of this year.

As Fed Holds Steady, Bernanke Gains Praise (WSJ)

By Greg Ip And Mark Whitehouse

The Wall Street Journal, February 1, 2007

As he finishes his first year as Federal Reserve chairman, Ben Bernanke has dispelled early doubts about his ability to steer the world's largest economy. But his biggest challenge -- bringing the economy in for a soft landing -- lies ahead.

Dow Jones Online's Ed Crane interviews WSJ reporter Greg Ip about the Federal Reserve's decision to leave rates unchanged.Hours after the government reported the economy grew at a healthy 3.5% annual rate in the fourth quarter, the Fed yesterday left the target for short-term interest rates at 5.25% for the fifth consecutive meeting. In a post-meeting statement more upbeat about both growth and inflation than December's statement, the central bank said its predominant concern is inflation.

Stock and bond markets rallied. The Dow Jones Industrial Average gained 98.38 points, to end the day at 12621.69. (See markets roundup.)

"Recent indicators have suggested somewhat firmer economic growth" -- in contrast to December's "mixed" showing, the Fed said. It added that it sees "some tentative signs of stabilization...in the housing market," a distinctly more optimistic view than the previous month's reference to "substantial cooling." Reaffirming its longstanding forecast, it said economic growth is likely to "moderate." (Read the full text of the Fed's statement.)

A decision on whether to raise rates again, the bank said, depends on "incoming data."

The Commerce Department yesterday reported the Fed's preferred inflation gauge -- prices for personal consumption, excluding food and energy -- was up 2.1% at an annual rate in the fourth quarter, only a bit above the 2% level with which many Fed officials are comfortable. "Inflation pressures seem likely to moderate," the Fed statement said, while warning that the nation's low unemployment rate "has the potential to sustain inflation pressures."

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One year ago today, Mr. Bernanke took over from Alan Greenspan, who rose to almost superstar status during his 18 years as Fed chief. So far, Mr. Bernanke is getting high marks for his leadership; yesterday's snapshot of fourth-quarter growth added to his luster. "He's had good luck and good skill," said Peter Hooper, chief economist at Deutsche Bank Securities. "Given that a bursting housing bubble that predated Ben is in the works, he's been engineering things relatively well. They've been consistent and right in their forecast."

The fourth quarter's 3.5% growth, much better than 2% in the third and 2.6% in the second, came as consumer purchasing offset a sharp drop in housing. Consumer spending rose at an annualized rate of 4.4.%, contributing 3.1 percentage points to fourth-quarter growth. Residential investment, meanwhile, plummeted an annualized 19.2% as home builders cut back on construction, shaving 1.2 percentage point from fourth-quarter growth.

Fourth-quarter growth might have been even stronger than official figures suggest. An anomalous drop in recorded light-truck prices boosted the government estimate of inflation-adjusted third-quarter auto output. Some of it unwound in the fourth quarter, contributing to an auto-output drop that shaved the growth rate by 1.2 percentage point.

For all of 2006, the economy grew at a rate of 3.4%, up from 3.2% in 2005 and well above its 20-year average of 3.1%.

But Mr. Bernanke's reputation depends less on what has happened than on what will happen in the next couple of years: whether growth slows below 3% in the first half of this year and unemployment moves up a bit, as the Fed expects, helping to bring inflation down to 2% or lower -- in short, the definition of a "soft landing." With unemployment yet to rise, there is a risk inflation could pick up, prompting the Fed to raise rates sharply, increasing the chance of recession.

In his first months on the job, Mr. Bernanke encountered doubts about his inflation-fighting credentials and his attempts to communicate with the markets, avoiding Mr. Greenspan's carefully chosen adjectives and instead specifying a forecast that would guide his interest-rate decisions.

In April, Mr. Bernanke indicated in congressional testimony that he would consider halting increases for a while to monitor the impact of previous rate increases, even as inflation was edging higher. That, and an unscripted comment a few days later that he had been misinterpreted, eroded investor confidence. One measure of the damage: The inflation forecast implicit in the trading of inflation-indexed bonds rose to 2.76% in early May from 2.57%, where it was on Mr. Bernanke's first day on the job. Alarmed by his perceived loss of credibility, Mr. Bernanke pushed the federal-funds rate to 5.25% in June -- then paused in August.

Even then, the decision to pause was contentious. Inflation was running higher than Fed officials were comfortable with. But Mr. Bernanke felt that if inflation didn't recede as he expected, he could resume raising rates later. If he kept raising rates, he reasoned, he risked transforming a nascent downturn in the housing market into a full-fledged collapse that could drag the entire economy into recession.

Five months later, the decision looks wise: The economy has cooled a bit, though not as much as Mr. Bernanke expected. Housing has contracted, but not collapsed. Inflation has edged down, though it is still too high for the Fed's comfort. The inflation forecast reflected in inflation-indexed bond prices is down to 2.46%.

Bruce Kasman, head of U.S. economic research at J.P. Morgan Chase, has argued that the Fed should raise rates further to quell inflation. Yet even he says Mr. Bernanke made the right decision in pausing in August, given the competing risks. "The most important thing for the Fed is to make sure the extremes on both growth and inflation aren't manifested," he says. But less benign outcomes will put Mr. Bernanke's decisions in a less flattering light, he says. "If we're sitting here with 3% to 3.5% inflation in a year's time, that will have been a bad policy."

Other analysts argue the housing market's recent stability is a temporary respite because of warm weather and lower mortgage rates. Housing will worsen soon, they say, and the spillover could yet hit consumer spending and raise the risk of recession. Such a result would be seen as evidence that Mr. Bernanke raised rates too far.

Some of Mr. Bernanke's accomplishments are less visible. He has made Fed discussions more freewheeling and collegial, colleagues say. But he has fallen short of his goal of innovating Fed communications. He has wanted to set a public, numeric inflation target, make more-frequent and more-detailed forecasts and issue more descriptive, less formulaic post-meeting statements. But sensitive to colleagues less enthusiastic about such changes, he has subjected debate to an internal review. That review is expected to wrap up this fall.

Dow Ends Up 98 On Fed Economic Comments (AP)

By Tim Paradis

AP, February 1, 2007

Stocks shot higher Wednesday after the Federal Reserve answered two of Wall Street's major concerns, indicating that the economy remains healthy and that inflation pressures are easing. The Dow Jones industrials climbed nearly 100 points to set another trading high, while the Russell 2000 index had its first close above 800.

DOJ_NMG_0125673

The Fed, which issued its economic assessment as it decided to leave short-term interest rates unchanged at 5.25 percent, said recent indicators "suggested somewhat firmer economic growth" and tentative signs of stabilization in the housing market. Investors also appeared pleased by the central bank's comments that readings on core inflation had "improved modestly" in recent months.

Wall Street had expected the Fed's Open Market Committee would leave short-term interest rates unchanged for the fifth straight meeting after a string of 17 straight increases that began in 2004. But investors had been uneasy about the central bank's economic assessment statement and whether it would indicate that policy makers were considering raising interest rates in the near future because the economy and/or inflation has been growing too fast.

"They coupled a firmer economic growth scenario with the expectation of moderate growth and they expect the inflation outlook to be improving," John Miller, head of fund management at Nuveen Investments, said of the Fed. "I don't think it makes it any more likely that they would feel compelled to raise rates."

The Dow rose 98.38, or 0.79 percent, to 12,621.69. The Dow came with a few decimal points of a week-old closing high and set a new trading high of 12,657.02. The previous trading high set Jan. 24 was 12,623.45; the Dow's record close remains 12,621.77.

Broader stock indicators also spurted higher. The Standard & Poor's 500 index rose 9.42, or 0.66 percent, to 1,438.24 and the Nasdaq composite index gained 15.29, or 0.62 percent, to finish at 2,463.93.

The Fed's comments pushed the Russell 2000 index of smaller companies above the 800 mark to a record close; it finished up 2.37, or 0.30 percent, at 800.34. Its previous high was Tuesday.

For the first month of the year, the Dow rose 1.27 percent, while the S&P gained 1.41 percent and the tech-dominated Nasdaq added 2.01 percent. Some on Wall Street are fond of noting that as the S&P 500 goes in January, so goes the year. The so-called January barometer has had only five major errors since 1950, for an accuracy rate of 91.1 percent, according to the Stock Trader's Almanac.

Bond prices rose sharply following the Fed's statement, with the yield on the benchmark 10-year Treasury note falling to 4.82 percent from 4.88 percent late Tuesday. The dollar was mixed against other major currencies, while gold prices rose.

Light, sweet crude settled up $1.17 at $58.14 per barrel on the New York Mercantile Exchange.

"We knew the economy was producing better numbers over the past couple of months but they also acknowledged the improved outlook on inflation," Miller said. "I think the description does characterize a soft landing scenario, which appears to be unfolding."

Stocks, which had been mixed on lighter-than-normal trading ahead of the rate decision, had found some support earlier Wednesday as the economy gave off fresh signs it could sidestep a sharp slowdown. The Commerce Department found the economy, as measured by gross domestic product, grew at 3.5 percent annual rate in the fourth quarter as consumers increased spending despite a pullback in the housing market. Wall Street expected an increase of 3 percent.

"The GDP number was very good for both the stock and the bond markets because it showed better growth and less inflation," said Stuart G. Hoffman, chief economist for PNC Financial Services Group in Pittsburgh.

The Commerce Department also said spending on construction projects fell 0.4 percent in December after rising 0.1 percent in November.

In other economic news, the cost of hiring and retaining workers moderated in the fourth quarter, possibly easing some concern about wage inflation. Wages and benefits rose 0.8 percent in the fourth quarter, down from a 1 percent increase in the third quarter, the Labor Department reported.

A weaker report came from the National Association of Purchasing Management-Chicago index of business conditions in the Midwest; it fell to 48.8 in January from 51.6 in December. A reading below 50 generally signals a pullback in the region's manufacturing, and this was the first time the reading had fallen below 50 since April 2003. The Chicago number is often viewed as an indicator of how the nation's overall manufacturing sector might be holding up. That report is due Thursday.

Hoffman said the Wednesday's data illustrated a dichotomy for the economy. "Manufacturing activity is still pretty weak, particularly for autos, whereas the service economy is still quite strong."

In corporate news, Boeing Co. rose $3.56, or 4.1 percent, to $89.56, giving a boost to the Dow industrials. The aerospace company's fourth-quarter profit more than doubled amid broad strength in its commercial airplane and defense system businesses. Revenue climbed 26 percent to $17.5 billion, coming in well ahead of the $16.5 billion in revenue Wall Street forecast.

SanDisk Corp., which makes flash memory products, fell $2.65 , or 6.2 percent, to $40.18 after it posted a fourth-quarter loss amid big charges related to its acquisition of Israeli flash memory maker M-Systems.

Time Warner Inc. slipped 17 cents to $21.87. The company's fourth-quarter profit jumped 34 percent, aided by the sale of Internet access businesses in Europe and an agreement that brought new subscribers to its cable TV unit.

DOJ_NMG_0125674

Homebuilders rose following the Fed's comments on the housing market. Toll Brothers Inc. rose $1.40, or 4.3 percent, to $33.83, while KB Home jumped $2.55, or 4.9 percent to $54.22.

Advancing issues outnumbered decliners by about 2 to 1 on the New York Stock Exchange, where consolidated volume came to 2.96 billion shares compared with 2.69 billion Tuesday.

Overseas, Japan's Nikkei stock average closed down 0.61 percent. Britain's FTSE 100 closed down 0.62 percent, Germany's DAX index finished up 0.01 percent, and France's CAC-40 was down 0.66 percent.

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On the Net:

New York Stock Exchange: http://www.nyse.com

Nasdaq Stock Market: http://www.nasdaq.com

Stocks Go Higher With Fed's Outlook (WT/AP)

The Washington Times, February 1, 2007

NEW YORK (AP) -- Stocks shot higher yesterday after the Federal Reserve answered two of Wall Street's major concerns, indicating that the economy remains healthy and that inflation pressures are easing. The Dow Jones Industrial Average climbed nearly 100 points to set another trading high, while the Russell 2000 Index had its first close above 800.

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The Standard & Poor's 500 index rose 9.42, or 0.66 percent, to 1,438.24 and the Nasdaq Composite Index gained 15.29, or 0.62 percent, to finish at 2,463.93.

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Stocks Rally After Fed Keeps Rates Steady (USAT/BLOOM)

USA Today, February 1, 2007

NEW YORK — Stocks ended January with a rally Wednesday, completing the longest stretch of monthly gains in more than a decade, after the Federal Reserve fortified perceptions that economic growth is accelerating without generating faster inflation (stories, 4B).

Shares of Boeing, DuPont and Caterpillar drove the Dow Jones industrial average to within less than a point of a record close. All 10 major industry groups in the Standard & Poor's 500 index advanced, led by retailers Home Depot and Target.

The Dow rose 98.38 points, or 0.8%, to 12,621.69. The S&P added 9.42 points, or 0.7%, to 1438.24. The Nasdaq composite index increased 15.29 points, or 0.6%, to 2463.93.

Fed policymakers left their benchmark lending rate at 5.25% and said the economy is picking up while the pace of price increases has slowed. The statement followed a government report showing gross domestic product rose more than economists forecast and reassured investors who are concerned about higher borrowing costs.

"The Fed may do nothing here for some time and the market can tolerate that," says Ernie Ankrim, chief investment strategist at Russell Investment Group. "As long as the Fed continues to send signals that their bias is not toward an increase and the next move is perceived to be down, the market will treat that very well."

The market is already doing pretty well. The Dow gained for a seventh-consecutive month, the longest winning streak since 1995, and the S&P 500 rose an eighth month in a row, the best stretch since 1996.

Making the first presidential visit to the New York Stock Exchange during trading hours in more than two decades, President Bush expressed his own bullishness. Traders cheered as Bush walked the floor shaking hands and signing autographs. The stock market's four-year rally can continue "as long as we do the right things in Washington and keep taxes low," Bush said.

Highlights:

Boeing climbed $3.56 to $89.56 after the aerospace company reported fourth-quarter earnings above expectations. Elsewhere in the Dow average, DuPont, the No. 3 U.S. chemical producer, gained $1.18 to $49.56. Meanwhile, Caterpillar, the world's largest maker of earthmoving equipment, rose $1.19 to $64.07.

·Home Depot rose 57 cents to $40.74, and Target added 92 cents to $61.36.

Dow Nears Record As Fed Leaves Rates On Hold (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 1, 2007

The Dow Jones Industrial Average came within a hair's breadth of a record, boosted by soothing words from the Federal Reserve and a report showing surprisingly strong economic growth.

After a two-day meeting, the Fed's policy committee issued a statement hailing steady economic expansion but cautioning about lingering inflation, sounding exactly the note that Wall Street wanted to hear. As widely expected, it left its interest-rate target unchanged at 5.25%.

"Today represented, in a microcosm, what we'd hoped to see for the whole year," said Mark Jordahl, chief investment officer at the asset-management firm FAF Advisors.

He added that the while the Fed's statement wasn't particularly surprising, it allowed for something of a "relief rally." Investors were glad that the central bank didn't sound a more aggressive note about fighting inflation, he said, which would mean higher borrowing costs throughout the economy.

The blue-chip Dow jumped 98.38 points, or 0.8%, to 12621.69, up 1.3% on the year and less than a tenth of a point away from a record. Among the average's 30 components, Boeing led the way, up 4.1% after the aircraft maker reported fourth-quarter profit more than doubled, handily beating analysts' expectations.

The broad Standard & Poor's 500-stock index gained 0.7%, or 9.42 points, to 1438.24, up 1.4% on the year. The technology-stock-heavy Nasdaq Composite Index rallied 0.6%, or 15.29 points, to 2463.93, up 2% on the year.

At the start of the day the Commerce Department released data showing that gross domestic product, a broad measure of U.S. economic output, rose 3.5% in the fourth quarter, better than the 3% reading expected by economists in a Dow Jones Newswires survey.

For all of 2006, GDP grew by 3.4%, faster than the 3.2% expansion in 2005.

That set the stage for the afternoon's Fed announcement. The U.S. central bank has held its rate target steady since June, and many on Wall Street remain antsy about whether the Fed can orchestrate a gradual slowdown in economic growth that still allows for solid corporate profits and consumer spending.

To do that, the Fed would have to avoid excessive rate increases that could choke off growth and perhaps even prompt a recession. At the same time, the bank can't have rates so low that runaway growth results, bringing with it inflation.

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Wall Street's confidence that the Fed can pull off a so-called soft landing for the economy was bolstered by minor changes in yesterday's statement from the one issued after December's meeting. The December statement included qualifiers that some investors interpreted as doubt: "Although recent indicators have been mixed, the economy seems likely to expand at a moderate pace on balance over coming quarters."

Yesterday's statement removed the qualifier, saying instead: "Overall, the economy seems likely to expand at a moderate pace over coming quarters."

The stock rally came in spite of a jump in crude-oil prices to a four-week high. Colder weather in the U.S. Northeast and falling fuel inventories pushed crude contracts for March delivery up $1.17, or 2.1%, to $58.14 a barrel, off 4.8% on the year at the New York Mercantile Exchange.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, dropped 0.1%, or 0.20 point, to 244.33.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.95 billion shares, as 2,243 stocks advanced and 1,079 fell.

Bond prices rose2. The 10-year note gained 13/32 point, or $4.06 for each $1,000 invested, pushing the yield down to 4.824%. The 30-year bond rose 28/32 to yield 4.924%.

The dollar weakened3. Against the Japanese currency, the dollar fell to 120.67 yen, compared with 121.61 yen. The euro rose to $1.3034, compared with $1.2966.

Shares Rally As Fed Eases Fears On Growth And Inflation (NYT/AP)

By The Associated Press

The New York Times, February 1, 2007

Stocks shot higher yesterday after the Federal Reserve answered two of Wall Street's major concerns, indicating that the economy remained healthy and that inflation pressures were easing.

The Dow Jones industrials climbed nearly 100 points and set another intraday trading high, while the Russell 2000 index had its first close above 800.

Wall Street had expected the Fed's Open Market Committee to leave short-term interest rates unchanged at 5.25 percent, as it did, but had been uneasy about whether it would indicate that policy makers were considering raising interest rates soon because the economy or inflation were growing too fast. The Fed's statement said that recent indicators suggested "somewhat firmer growth" and that inflation readings had "improved modestly" in recent months.

The Dow rose 98.38, to 12,621.69. It came within a few decimal points of a week-old closing high and set a new intraday high of 12,657.02.

Broader stock indicators also rose. The Standard & Poor's 500-stock index rose 9.42, to 1,438.24, and the Nasdaq composite index gained 15.29, to finish at 2,463.93.

The Russell 2000 index of smaller companies finished up 2.37, at 800.34.

For the first month of the year, the Dow rose 1.27 percent, while the S.& P. gained 1.41 percent and the tech-dominated Nasdaq added 2.01 percent. Some on Wall Street are fond of noting that as the S.& P. 500 goes in January, so goes the year. The so-called January barometer has had only five major errors since 1950, for an accuracy rate of 91.1 percent, according to The Stock Trader's Almanac.

Light crude settled up $1.17, at $58.14 a barrel, on the New York Mercantile Exchange.

Stocks had been mixed on lighter-than-normal trading ahead of the rate decision, but found some support earlier yesterday when the Commerce Department reported that gross domestic product grew at a 3.5 percent annual rate in the fourth quarter as consumers increased spending.

A weaker report came from the National Association of Purchasing Management-Chicago index of business conditions in the Midwest; it fell to 48.8 in January, from 51.6 in December. A reading below 50 generally signals a pullback in the region's manufacturing, and this was the first time the reading had fallen below 50 since April 2003.

In corporate news, Boeing rose $3.56, to $89.56, giving a boost to the Dow industrials. The company's fourth-quarter profit more than doubled amid broad strength in its commercial airplane and military system businesses. Revenue climbed 26 percent, to $17.5 billion, coming in well ahead of the $16.5 billion Wall Street forecast.

SanDisk, which makes flash memory products, fell $2.65, to $40.18, after it posted a fourth-quarter loss amid big charges related to its acquisition of the Israeli flash memory maker M-Systems.

Time Warner slipped 17 cents, to $21.87. The company's fourth-quarter profit jumped 34 percent, aided by the sale of Internet access businesses in Europe and an agreement that brought new subscribers to its cable TV unit.

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Home builders rose after the Fed commented that there appeared to be evidence of stabilization in the housing market. Toll Brothers rose $1.40, to $33.83, while KB Home jumped $2.55, to $54.22.

Bond prices rose sharply after the Fed's statement. The price of the benchmark 10-year Treasury note was up 15/32, to 9818/32. The yield, which moves in the opposite direction from the price, fell to 4.81 percent, from 4.87 percent.

'January Barometer' Bodes Well For 2007 (USAT)

By Adam Shell

USA Today, February 1, 2007

NEW YORK — If January lives up to its reputation as a good predictor of future stock market performance, then 2007 is likely to be another profitable year for stock investors.

Stocks rallied sharply on January's final day of trading Wednesday, bolstered by a statement released by the Federal Reserve that alleviated inflation fears and noted the economy was in solid shape.

The benchmark Standard & Poor's 500-stock index gained 9.42 points to 1438.24, finishing the month up 1.4%.

That positive return bodes well for stocks going forward. The so-called January Barometer, created by Yale Hirsch of the Stock Trader's Almanac, suggests that "as January goes, so goes the market" for the rest of the year. The Almanac says the barometer has registered only five major errors since 1950 and has a 91% accuracy rate.

More important, an analysis by Banc of America Securities shows that a positive return in January increases the odds that the S&P 500 will post gains in the final 11 months of the year. Since 1926, when the S&P 500 was up in January stocks have delivered gains in the February-through-December period 80% of the time.

"Now that the S&P 500 has posted a gain for the first month of 2007 … it may help fuel a trading rally for a few days," noted Tom McManus, strategist at Banc of America Securities.

The Fed's statement was viewed positively by traders because it jibed with Wall Street's preference for a not-too-hot, not-too-cold economy, often referred to as a "Goldilocks economy."

It also helped assuage fears that the central bank would need to start raising short-term interest rates again to cool the economy. In general, higher rates are bad for stocks because they result in higher borrowing costs for consumers and businesses, resulting in a drag on consumer spending and corporate earnings.

"The Fed calmed some fears," says Todd Leone, head of trading at Cowen & Co. "People were concerned that the Fed would have to raise rates again. But now it looks like going forward the Fed will stand pat. And that is a positive."

Investors who favor blue-chip stocks apparently liked what the Fed had to say. The Dow Jones industrial average rallied more than 98 points to 12,621.69. If it had closed just another 0.09 points higher, the Dow would have topped its all-time closing high a week earlier and notched its 27th record since the end of September.

The January Barometer has earned a strong following throughout the years due to its accuracy.

"Stock market historians love the statistics and seasonal patterns of historical returns because they believe the calendar cycles tend to repeat themselves in a predictable way based on factors such as politics, investor psychology, money flows and taxes," McManus wrote in a report to clients Wednesday.

But history aside, not everybody on Wall Street is convinced the market's performance in January has any bearing on what happens the rest of the year.

"It has little predictive power," writes Ken Fisher in his new book, The Only Three Questions That Count: Investing by Knowing What Others Don't.

What Could Bog Down The Bull (NYT)

By Vikas Bajaj

The New York Times, February 1, 2007

Stocks surged yesterday afternoon, sending the Dow Jones industrial average to within a hair of a new high, after the Federal Reserve pointed to strength in the economy and a moderation in inflation.

Investors may want to enjoy it while they can.

The road ahead promises to be a long, hard slog as corporate profits are starting to slow.

And while Wall Street focused yesterday on the signs that the Fed will not raise rates anytime soon, there is also the glum realization that no rate cut — a hope that had buoyed stocks as recently as December — is likely to materialize this year. The Fed noted that "some inflation risks remain," as it left short-term rates steady at 5.25 percent.

Earlier, the Commerce Department reported that the gross domestic product grew at a 3.5 percent annual pace in the fourth quarter, far faster than the 2 percent pace in the third quarter and the 3 percent most analysts had expected.

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Yet even amid evidence that the economy remains healthy, corporate earnings, which have been growing at a double-digit pace for more than four years, are expected to slip into single digits in the coming months, if they did not already do so in the fourth quarter. As a result, investors are left with a quandary.

"Will there be an inflationary scare or will the economy get very weak?" said Marc D. Stern, the chief investment officer at Bessemer Trust, a money management firm based in New York. "At various times in the year, each side of that debate will look correct. That will lead to sharp rallies and corrections."

Sectors like energy, utilities and financials that had led the stock market on its run-up since the summer have now turned into laggards, and few contenders have emerged to take their place.

This bull market may indeed be weary. The Standard & Poor's 500-stock index has climbed at an average annual pace of 12.7 percent in the last four years — a run that has had no 10 percent correction, something that usually occurs at least once during most long-running bull markets.

But there was clearly life in the bull yesterday: The Standard & Poor's 500-stock index closed up 0.66 percent, or 9.42 points, to 1,438.24, and the Nasdaq composite index closed up 0.62 percent, or 15.29 points, to 2,463.93. The Dow rose 0.79 percent, or 98.38 points, to 12,621.69 — a fraction of a point less than its record high set last week. And more bullish market watchers point to a long string of hopeful signs and developments, including the continuing wave of acquisitions and buyouts, Microsoft's introduction of its Vista operating system and consumers who are still spending despite a slump in the housing market. Personal consumption increased 4.4 percent in the fourth quarter, the Commerce Department reported yesterday.

Many forecasters on Wall Street say these factors, along with stronger growth in sectors like health care, give them confidence that the market will move higher, albeit at a slower and more volatile pace than last year's 13.6 percent advance.

"We are going to have an O.K. year," said Robert C. Doll, vice chairman at Black Rock. "But its not going to be as easy as last year."

The S.& P. 500 is up 1.41 percent for the year, with about half of that coming in yesterday's rally. The Dow Jones industrial average is up 1.27 percent and the Nasdaq composite index is up 2.01 percent. The Russell 2000 index of smaller companies is up 1.61 percent.

Last year, virtually every sector of the market ended up, but the rally had a few strong and distinct leaders. Energy stocks led the way with a 22 percent advance, diversified financial institutions were close behind at 21 percent and utilities were up 17 percent. But as crude oil prices have fallen from a high of $77.03 a barrel and settled in a band from $50 to $60, profits at energy companies have slowed. Stocks in the sector are down about 1.9 percent so far in 2007; utilities are down 0.4 percent.

Many financial companies reported strong fourth-quarter earnings, but analysts expect them to come under increasing pressure from higher long-term rates and rising defaults. Stocks in the diversified financial sector ended January up 1.5 percent.

"The market is looking for new leadership," said Owen B. Fitzpatrick, a managing director at Deutsche Bank's private-wealth management division. "Everyone is watching to see what will lead the market higher."

So far this year, real estate stocks, which did well last year as well, have led the way, with an advance of 9.7 percent largely because of the bidding war over Equity Office Properties Trust, the nation's largest manager of office buildings. But analysts say that surge is unlikely to continue once a deal is set.

The stocks of auto and parts makers, mining and materials companies, consumer services and health care companies are also doing well, but many market specialists are skeptical about the sustainability of the lift in sectors like cars and materials. Specialists are more optimistic about consumer services and health care, but the sectors may not completely make up for the role played by last year's leaders.

"The leadership has been shifting by fits and starts," said John A. Carey, a portfolio manager and executive vice president at Pioneer Investments, a Boston-based mutual fund company.

Many forecasters including Mr. Carey say technology companies, which struggled for much of last year but had a good run in the second half, may finally be ready to lead the market again since the sector's bust in 2000. The optimism is pinned in large part to new products and services including Vista, which could prove to be a catalyst that pushes businesses and consumers to purchase computers and related gear.

"The product cycle is in the process of changing," said Jim T. Swanson, chief investment strategist with MFS Investments in Boston. "There is a lot of new software and old equipment."

But it remains to be seen how widely the spoils will be shared across the technology sector. Bellwethers like Dell and Intel are still facing significant competitive challenges, and analysts have been disappointed by their recent earnings reports and the companies' outlooks for the coming year.

Investors have also been forced to rethink their views on interest rates and the broader economy. As recently as the start of December, the futures markets predicted that the Federal Reserve would start lowering short-term rates by April. As of

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yesterday, investors were betting that the first rate cut would not come until November. The yield on the 10-year Treasury note, which moves in the opposite direction from its price, has risen from 4.39 percent in early December to 4.81 percent yesterday.

"The Fed is on hold in the near term as they watch the data," said Dean M. Maki, chief United States economist at Barclays Bank, who expects the Fed to raise rates to 6 percent this year, beginning in June.

Until late last year, many investors appeared to have convinced themselves that the housing market would have slowed the economy enough to spur the Fed into action by the spring. Their recent shift in thinking seems to have little do with any new statements from Fed officials, who have repeatedly and consistently said they remained more worried about inflation than they were by the prospect for weaker economic growth, a clear indication that policy makers were not ready to lower rates.

Rather, investors have come around to the Fed's view after reports on employment and manufacturing showed that the economy remained resilient in the face of the weakness in housing. Also, falling energy prices and a spell of unseasonably warmer weather early this year bolstered consumer spending and nonresidential construction.

"We could argue that perhaps the market got ahead of itself in projecting rate cuts for early 2007," said Douglas M. Peta, a senior vice president and market strategist with J.& W. Seligman & Company.

Another force that may have restrained American stocks in the last year is investor apathy toward the shares of large domestic corporations relative to the markets for bonds, commodities and foreign stocks, all of which have risen. Investors poured $13.2 billion into funds specializing in domestic equities last year, compared with $138.9 billion in nondomestic stock funds and $75 billion in taxable bond funds, according to AMG Data Services. A far larger sum, $312.7 billion, has been parked in money market funds. Specialists note that the flows are odd given that equities in the United States are cheap on a price-to-earnings basis relative to other assets like commodities and stocks in other developed countries. It appears that at least some of the flow of investments into other areas is driven by a desire on the part of investors to ride more buoyant markets and to take advantage of the weakness in the dollar, which fell 11.4 percent against the euro in 2006. So far this year, the dollar is up 1.45 percent.

In a way, however, specialists say investors' ambivalence toward equities is a good sign that the market has not overextended itself. "It is a good sign to the contrarian," Mr. Peta said. "The market has room to run. It has not gotten out of hand."

Bush On The Record (WSJ)

The Wall Street Journal, February 1, 2007

President Bush came to Wall Street yesterday to tout the continuing good economic news (for more on that see "What Slowdown?1"), and afterward he sat down for 45 minutes with a few members of this newspaper's editorial board. If Mr. Bush is beaten down by the polls and his party's loss of Congress, he isn't showing it.

The President talked about a wide range of subjects, from warrantless wiretaps, to the politics of immigration, to diplomacy with North Korea, and we reprint notable excerpts2. But Mr. Bush's biggest theme was pushing back against what he feared might be a national lurch away from engagement with the world.

"I'm concerned about protectionism, isolationism," Mr. Bush said as he sat down, and he proceeded to reflect on the oscillations of American policy that in the past produced the anti-immigration backlashes of the 1920s and the anti-free trade legislation of the 1930s. "How do you work with others to see that we don't become isolationist?" So in his speech yesterday he hit on the need for new trade promotion authority. And in his conversation with us he also stressed his familiar arguments about the stakes of failure in Iraq.

With only two years to go in his term, it's clear he's also thinking of how he can solidify his antiterror legacy. On that score, we've been critical of Mr. Bush, notably on his decision to abruptly change gears and subject his NSA warrantless wiretap program to judicial review. So we asked why he had made that decision after 13 months of insisting that those wiretaps were a Presidential prerogative?

"'Scrap the program' is not accurate," he insisted. "The program exists. And now we've had a program ratified by the judiciary which is going to make it easier for a future President to have this program in place. . . . It had nothing to do with diminution of Presidential authority. It had everything to do with getting a second branch of government to support that which I have done."

Well, what if a future President finds that the judges on the FISA court that supervises the wiretaps are less cooperative? "That's way too hypothetical a question. I am pleased with the ruling they made. The program is ongoing, giving me the tools and others in the government the tools necessary to protect us," Mr. Bush said.

It sounds to us as if the President believes he's made a tactical concession in order to achieve what he thinks is a larger strategic victory. Let's hope he's right. * * *

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The President was also notably accommodative in conceding Congress's power of the purse to influence war decisions, even such things as where troops can be deployed. "I think they have the authority to defund, use their funding power," he said, even to influence "total deployments in Iraq."

The danger here is that Congress will take him up on this concession and start to micromanage the war. Would he veto such an attempt? "Well," Mr. Bush replied. "I have put forth a plan that will succeed and it needs to be given a chance. So I'll wait and see what they try to do. But I have said to the American people I've analyzed every plan and I think this one has the best chance of success. If you think failure is a disaster then you have an obligation to come up with a plan for success, and this is the one that I think will work."

By contrast, Mr. Bush is more tentative -- or perhaps cagey -- about how best to deal with Iran's nuclear weapons programs. We asked if he thought the deadline on the Iranian nuclear issue would come during his term. "We're watching very carefully," he replied, thus evading a direct reply but also not giving any comfort to the mullahs about the next two years.

As for American leverage with Tehran, the President said, "there are rational people in that country who believe that isolation is not in their interests," noting recent electoral reversals for President Mahmoud Ahmadinejad.

Regarding North Korea, Mr. Bush clearly believes the sanctions on Pyongyang's sources of hard currency have been the key to both the six-party talks and getting the regime's attention. Asked why some in his own government -- that is, the State Department -- want to lift those sanctions, Mr. Bush replied, "Where'd you get that report?" The idea, he added "is to use the sanctions to get North Korea to give up on its weapons programs."

So we're not going to lift the sanctions? Mr. Bush: "They've got to give up their weapons programs."

Mr. Bush also wasn't backing down on his judgments about Russian President Vladimir Putin, whom he has gone out of his way to court over the past six years. The Russian president "has kept his word on everything he's said to me," Mr. Bush said, adding that "Putin is a person who's going to have to make a choice, as will his successors: Whether his interests lie with the West or not. . . . My objective is to convince him that his interests do lay West. But in order to do so, he's got to understand the values that make Western societies move."

One of our goals during the session was to see if Mr. Bush really is entertaining thoughts of raising taxes in order to strike a deal on Social Security reform with Democrats. "I want people to bring their best ideas to the table, and I'm bringing [mine], which is you don't have to raise taxes to solve [it]," he said. That's not a categorical rejection of tax increases, but then again it won't encourage Democrats who want Mr. Bush to sign up for new taxes before they even come to the table. * * *

As he weaves between comments both on and off the record, Mr. Bush betrays little doubt about the direction of his policies, regardless of the politics. "Getting hammered," he said, "is what happens when you take tough, principled positions." He used those words in the context of immigration reform, but it might as well apply to the challenge his entire agenda faces over the next two years. Judging from our meeting, he won't be dodging that challenge.

A Chat With The President (WSJ)

The Wall Street Journal, February 1, 2007

The following are excerpts from President George W. Bush's meeting yesterday with the Journal's editorial board: ***

On the new Iraq strategy:

WSJ: Was there a moment in the war when you said we have to make a major change in the way we're doing things in Iraq?

GWB: Yes, there was.

WSJ: When was that?

GWB: September/October.

WSJ: Why?

GWB: Violence. It looked like it was uncontrollable. A young democracy is not going to survive if its capital city is in sectarian violence. I thought for example after the Samarra bombing that we were going to be fine. I thought the Shias had looked into the abyss of a civil war and pulled back. We thought they had, and they didn't.

On congressional opposition:

WSJ: There's a lot of discussion in Congress about putting caps on troop levels or defunding or saying you can't deploy, as commander in chief, troops in Baghdad. Do you think Congress has the constitutional authority . . .

GWB: I think they have the authority to defund, use their funding power . . .

WSJ: You do?

GWB: Oh yeah, they can say 'We won't fund.' That is a constitutional authority of Congress. I find it interesting, however, that on the one hand the Senate listens to the testimony of David Petraeus, who said, send me over with some additional reinforcements and this is the best chance to succeed. And they vote for him 81 to nothing. In other words, they listened to his

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testimony, appreciated what he had to say, and then they forgot the part about how he said I need the help. There's a contradiction there. . . .

WSJ: Can they put caps on total deployments in Iraq?

GWB: They can . . . through the purse. In others, I don't know if they're going to. And I don't want to predict. But they have the right to try to use the power of the purse to determine policy.

WSJ: But can they put conditions on those funds? Can they say we're only gonna give you the money if you don't send troops to Anbar province?

GWB: They put conditions on funds all the time. Some of those are called earmarks.

WSJ: Would you veto . . .

GWB: Well, . . . I have put forth a plan that will succeed and it needs to be given a chance. So I'll wait and see what they try to do. But I have said [to] the American people I've analyzed every plan and I think this one has the best chance of success. If you think failure is a disaster, then you have an obligation to come up with a plan for success and this is the one that I think will work.

On Iran:

GWB: My theory all along has been to isolate the Iranian regime to determine whether or not there are people in their country who will worry about financial isolation, isolation from trade opportunities. One of the interesting things that we do know about Iran is that there is a large diaspora that is communicating inside Tehran, for example. There are rational people in that country who believe that isolation is not in their interests. And there is enough commerce that if it can be affected through international cooperation, it may cause people to say, 'Wait a minute. We'd better take a look to see who's running this deal.'

And I can only tell you that I'm encouraged by the fact that others are beginning to question whether Ahmadinejad is capable of leading the country. . . . I happen to believe, and the focus of this administration is really to continue to rally the pressure on their nuclear weapons program. I have said that I believe that they should have a civilian nuclear power plant so long as the materials are provided by and collected by a consortium. . . .

I'm also concerned about Iranian influence into Iraq and have made it clear to the Iranians that if we catch them moving weapons they'll be dealt with. There is a temptation for people to take my comments and say, 'Really what he wants to do is escalate the conflict.' The answer to that is that we can solve this peacefully and we're going to need other partners to help us solve it peacefully. Anyway, that's where we are.

WSJ: Do you believe the deadline on the Iranian nuclear issue is during your term?

GWB: You know, I can't . . . we're watching very carefully is the best way for me to describe it. And I'll be pushing hard to solve this diplomatically.

On Social Security:

WSJ: Can I ask about Social Security? You mentioned it in your speech. You also talked about low taxes being important to the strength of the economy. Would you accept an increase in the Social Security tax income cap from present levels in order to get a [reform] deal?

GWB: I want people to bring their best idea to the table, and I'm bringing my best idea, which is you don't have to raise taxes to solve Social Security.

On immigration:

WSJ: How concerned are you about the issue of immigration dividing the Republican Party?

GWB: Getting hammered is what happens when you take tough, principled positions. I don't want our party to be viewed as anti-anybody. If you get labeled as anti-people, you can't win elections. I believe the philosophy of our party is the most hopeful philosophy. It says to any person from any country: 'You have a chance to succeed.' It relies upon individuals. It empowers individuals to be able to realize their potential, as opposed to saying the government is going to do it for you. I know that sounds trite, but that's how I view the difference of philosophy.

I hope I can get a bill through the Congress so that the issue is dealt with in a rational way, before the election process.

WSJ: Do you think that will be easier with a Democratic Congress?

GWB: I think it's going to be hard either way. I think it's going to be [a] hard bill to get through. And I'll tell you why. The ultimate question is what happens to 12 million people who are here. My view is that you can't kick them out, nor should you grant them automatic citizenship. And so there's got to be rational middle way.

WSJ: What is it about this issue that causes so many conservatives to abandon their free-market principles? Raiding businesses, becoming protectionists, etc.?

GWB: I think raiding a business is more about enforcing the law. And conservatives tend to want to enforce the law. . . . This is an emotional issue. It's interesting. There have been periods in our history where nativism has had a strong appeal. Sometimes nativism, isolationism and protectionism all run hand in hand. We've got to be careful about that in the United States.

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The 1920s was a period of high tariff, high tax, no immigration. And the lesson of the 1920s ought to be a reminder of what is possible for future presidents.

I'm going to work hard on this. I feel strongly about the issue. I gave a speech from the Oval Office on the issue. And I hope we can get something done. But it's going to be hard. This is an issue where you can distort words and label things. Amnesty. That's all you've got to say. He's for amnesty. Whether it's amnesty or not. So it's a tough debate for us all. We'll see how it goes.

On Vladimir Putin:

WSJ: Do you feel that you misjudged Putin?

GWB: Vladimir Putin has kept his word on everything he's said to me. And my relationship with him is such that I'm able to express our disappointment when for example he deals harshly with the Baltics. Vladimir Putin is a person who's going to have to make a choice, as will his successors: whether or not his interests lie with the West or not. And my objective is to convince him that his interests do lay West. But in order to do so, he's got to understand the values that make Western societies move.

EDITORIAL: What Slowdown? (WSJ)

The Wall Street Journal, February 1, 2007

If the U.S. economy keeps growing like it is, Rodney Dangerfield is going to have to rise from the dead and file a patent claim. The expansion that gets no respect keeps cruising along -- past $70 oil, above rising interest rates, and now apparently around even the housing and auto slumps.

Yesterday's report that fourth quarter GDP rose a healthy 3.5% was merely the most recent repudiation of the media and Beltway bears who have predicted a recession in each of the past four years. The latest scare came last fall, as the decline in housing accelerated and many of Wall Street's Keynesian forecasters predicted the consumer would slump along with it. (We hope someone offered smelling salts to the economists at Goldman Sachs yesterday.)

To the contrary, the consumer remains confident, clocking in with a strong 4.4% spending growth rate in the quarter. Clearly the strong job market and rising wage levels are offsetting any fear among consumers that their home values have flattened or fallen. Without housing and autos, real GDP rose 5.8%.

At the same time, U.S. exports are booming, as growth elsewhere accelerates. Exports rose 10% in the quarter and a very robust 9.2% for the year, adding 1.64 percentage points to GDP growth. By the way, exports to China alone rose by more than 30% in the first 11 months of last year, even without a major change in China's policy to peg the yuan closely to the U.S. dollar. Members of Congress pounded Treasury Secretary Hank Paulson yesterday for not doing enough to get China to revalue the yuan, but maybe China's growing economy is more important for American exporters than devaluing the greenback. Just a thought.

The most bullish economists yesterday also hailed the GDP report's inflation signals, which were muted. But we're not convinced the current inflation cycle has played itself out -- not with gold back near $650 an ounce, commodities in general rising again and the dollar weak. For its part, the Federal Reserve held its target fed funds rate at 5.25% yesterday, but played inflation down the middle. "Inflation pressures seem likely to moderate over time, its statement said, but "some inflation risks remain." In other words, they have no idea.

Our own view -- which we noted at the time -- is that the Fed would have done better to keep raising rates last year. It's clear today that the economy was fundamentally healthy, and the question now is whether the Fed will decide it has no choice but to raise rates again later this year if inflation reaccelerates. We'd note that even yesterday's benign price data showed that so-called "core inflation," less food and energy, was up 2.1%. The core rate has risen by at least 2% for more than two years. Chairman Ben Bernanke may end up regretting that he hasn't run a tighter policy.

For now, though, the economy remains healthy, defying its many critics at home and abroad. As the chart above shows, growth since the Bush tax cuts passed in mid-2003 has averaged more than 3.6%, helping to drive prosperity around the world but without the U.S. getting any credit for this remarkable performance. By comparison, whenever growth reaches even 2% in Europe these days, they throw a party.

The biggest threats to this expansion aren't the trade deficit, or "global imbalances," or the savings rate, or the yuan-dollar peg, or any of the other bugbears we hear so much about. The threats are policy mistakes -- such as a tax increase or protectionism from the new Democratic Congress, or the discovery by the Fed that it still hasn't lassoed inflation expectations. Let's hope Democrats don't mess with a good thing.

Go Global (LAT)

The Los Angeles Times, February 1, 2007

GEORGE W. BUSH has never worked harder to promote free trade. On Wednesday, he made a powerful case on Wall Street for extending his fast-track trade negotiating authority, though even more impressive was his effort the day before to

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explain to factory workers in East Peoria, Ill., why they should care about such off-the-radar topics as the Doha round of World Trade Organization talks.

Though much of President Bush's State of the Economy speech Wednesday was a rehash of the energy, healthcare and education proposals he made last month in his State of the Union address, he hit all the right notes in his discussion of trade. The Doha round, aimed at lowering global barriers to trade and creating fair competition for farm products, is important, he said, because it could "level the playing field for our goods and services … but it also is a great opportunity to lift millions of people out of poverty around the world."

Bush rightly asked for an extension of his fast-track authority, which allows him to submit to Congress negotiated trade pacts for a straight up-or-down vote, so he can reach a deal on Doha and on separate bilateral measures with countries such as South Korea and Malaysia. It expires June 30 unless Congress extends it.

The U.S. economy is as strong as it is because of, not in spite of, the world's increased openness. But this is a message the president has not done an effective job of selling in the past, and it's a message that plenty of Democrats in the new Congress do not embrace, given their ties to narrower interests adversely affected by competition. So Bush now has a tough fight ahead of him. In the wake of his speech, six Democratic senators signed a letter, written by Sen. Byron Dorgan of North Dakota, saying they wouldn't support extending his fast-track power because he has used it to push through deals without adequate labor or environmental protections. Among the signatories was California Sen. Barbara Boxer, who seems oblivious to the importance of trade to her home state's economy.

Other Democrats do seem nervous about endangering Doha, which if successful would lower prices for U.S. consumers, open markets to U.S. exports and help Third World farmers trade their way out of poverty. Key leaders, such as Sen. Max Baucus (D-Mont.), chairman of the Senate Finance Committee, and Rep. Charles Rangel (D-N.Y.), chair of the House Ways and Means Committee, have signaled a willingness to cut a deal with the president on his trade authority, as long as he'll seek more assistance for U.S. workers and make other concessions. Trade expands the economy and creates more jobs overall but admittedly creates upheaval in concentrated areas and industries. There's plenty of room for compromise here in terms of bolstering assistance programs for workers displaced by global competition.

More voices within the Democratic leadership need to support the president's push to retain his trade promotion authority by rekindling the Clinton administration's belief that globalization is more of an opportunity than a threat.

Bush Seeks To Cut Farm Program Funds (AP)

By Libby Quaid

AP, February 1, 2007

Thousands of the richest farmers would lose their government subsidies under a Bush administration plan to curb spending.

Proposals released Wednesday would reduce agriculture spending by $18 billion over the next five years. They represent President Bush's vision of a new farm bill: a system of supports that would protect farm income and crop prices and keep food prices stable.

Anyone making more than $200,000 in adjusted gross income would be cut off from farm payments under Bush's plan. At that level, "you're the richest guy in the county," Deputy Agriculture Secretary Chuck Conner said.

These producers, about 80,000 in all, are among the top 2.3 percent of taxpayers, officials said. It is hard to know just who would be cut off, said Ken Cook, president of Environmental Working Group, which tracks subsidies. Cook said many high-profile recipients, such as media mogul and CNN founder Ted Turner, probably were cut off in 2002, when Congress imposed the current $2.5 million income cap.

"You end up eliminating absentee owners who have a lot of income they're trying to shelter in agriculture," Cook said. "It could be a small-town lawyer or a business executive in Memphis who's put some money into a cotton plantation."

For everyone else who is eligible, the ceiling on payments would still be $360,000 and there still would be ways some people could collect millions of dollars above the limits.

Most payments go to growers of five major crops — corn, soybeans, wheat, rice and cotton.

In all, the plan is not a radical departure from current farm programs, which Democratic leaders and major farm groups have pushed to maintain.

"I believe so strongly in what farmers said," Agriculture Secretary Mike Johanns said, describing forums he held in dozens of states. "They like the structure of this farm bill, but they have a big vision for the future."

Some proposals, such as payment limits for the wealthy, are touchy subjects on Capitol Hill.

So, too, could be Bush's idea to pay farmers when revenues drop rather than when prices are low, which the subsidy program does.

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"This safety net will actually work better across commodities to provide a true safety net," Johanns said.

Corn growers like the concept. Many other farm groups want to keep things as they are.

Many changes are designed to fend off trade challenges from other countries. The World Trade Organization in 2005 ruled some cotton subsidies illegal, in a case filed by Brazil.

The administration proposes to:

_Reduce spending on loan programs, which are viewed as more vulnerable to trade challenges.

_Boost direct payments and offer additional money to farmers for conservation practices.

_Continue dairy and sugar programs that limit supplies to support prices.

_Eliminate a prohibition keeping fruits and vegetables from being grown on land eligible for subsidies.

_Double purchases of fruits and vegetables for school lunch and other nutrition programs.

_Provide $2.1 billion in loan guarantees for plants that make ethanol fuel from wood chips, grasses and feedstocks other than corn and provide $1.6 billion to research noncorn sources of ethanol.

Johanns promised changes to the Food Stamp program that would make it available to more working poor and elderly people. He said details must wait until Bush releases his budget plan next week.

A name change for the program is also in store: "Food and nutrition programs, or something other than food stamps," Johanns said.

The House Agriculture Committee chairman, Rep. Collin Peterson, D-Minn., said he found some ideas interesting and he would like to pursue them. But, he added, "I don't agree with everything they are suggesting."

His Senate counterpart, Democratic Sen. Tom Harkin of Iowa, said the proposal "takes significant steps in the right direction" but nonetheless "falls short of the investment levels needed to reach our nation's objectives."

Sen. Craig Thomas, R-Wyo., applauded limiting payments but wants to see more focus on conservation programs.

Wheat, rice and dairy producers and nutrition groups said the ideas were not enough; cotton growers worried about limiting payments.

Groups that represent sugar growers, fruit and vegetable farmers, conservation groups and food companies said the plan was a good first step.

The biggest general interest farm group, American Farm Bureau Federation, said it would study the ideas. The National Corn Growers Association withheld judgment.

Johanns' plan would cost $87.3 billion over the next five years, not counting food stamps and other nutrition programs, compared with $105 billion spent on farm programs over the past five years.

The current farm bill, written in 2002, expires at the end of this year. Lawmakers are anticipating having fewer dollars for farm programs; Bush has promised to balance the budget within five years, and the Democratic-run Congress is insisting on budget cuts to pay for new spending.

Agriculture Dept. Urges Big Overhaul In Farm Policy (NYT)

By Alexei Barrionuevo

The New York Times, February 1, 2007

The Bush administration yesterday proposed legislation that would reduce payments to farmers by $10 billion over the next five years and cut off support for wealthy ones entirely.

The measure, which would succeed a five-year agricultural authorization expiring at the end of this year, was described by some critics of current policy as perhaps the most reform-minded farm bill in decades.

If approved by Congress, it would also reduce some trade-distorting payments that have gotten the United States into trouble with the World Trade Organization, and might put pressure on the European Union to reduce its own farm subsidies, steps that could restart stalled global trade talks.

But aspects of the plan, especially the proposal to cut off payments to farmers earning more than $200,000 a year, are already rankling some farm groups. Mary Kay Thatcher, a lobbyist with the American Farm Bureau Federation, said farmers would have “serious concerns” about that provision.

“You have to get a bigger economy of scale these days to make it in farming,” Ms. Thatcher said. “We are all for small farmers, but we are also for what makes economic sense.”

She said the federation’s figures showed that the provision would affect 75,000 of the 700,000 farmers who have been collecting farm payments.

At a news conference in Washington, Agriculture Secretary Mike Johanns said the reduction in overall spending, to $87.8 billion over five years, reflected the administration’s need to tighten the federal budget.

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But the Agriculture Department was able to propose billions in increased spending on some programs because of expectations that prices for commodities like corn, soybeans and wheat would be much higher. That would reduce farm subsidies.

The proposal would increase conservation financing, for instance, by $7.8 billion and direct almost $5 billion to fruit, vegetable and other "specialty" growers, who have received little federal assistance in the past. It would also provide $1.6 billion for research and development on cellulosic ethanol, which comes from agricultural waste and nonfood crops.

The proposal would actually increase overall direct payments to farmers by $5.5 billion, or 10 percent, over 10 years.

But it would also reduce large loans that, Brazil and other countries have argued, distort global trade. The United States is already under pressure to respond to Brazil's successful challenge at the World Trade Organization to the American cotton program.

In addition, the proposal would save $3.7 billion over 10 years by adjusting cyclical payments that have been based on low commodity prices. Under the legislation, the payments would be based instead on low yields per acre, a system that could aid drought-afflicted farmers who wind up with little revenue.

The department noted that under the government's current policies, only 9 percent of all American farms collected 54 percent of all government commodity payments.

One critic of those policies, Ken Cook, president of the Environmental Working Group, said that "Secretary Johanns has really planted a flag for reform." Mr. Cook, who in pushing conservation has long been on the attack against federal subsidies to large farmers, said the measure was "the most detailed proposal I have seen in the 30 years I have been working on agriculture issues."

Other groups, including the antipoverty organization Oxfam America, also praised the bill for seeking to cut off the richest growers while emphasizing support for beginning and poor farmers.

But the department faces a tough fight in Congress this spring, with an especially stiff challenge to the provision eliminating payments to wealthy producers. Under the proposal, subsidies would go only to growers who make less than $200,000 in adjusted gross income, a restriction affecting 71,800 farmers of the two million who declared farm income in 2003.

The current income cap is far more — $2.5 million — and it disappears altogether if at least 75 percent of a grower's income is farm-related.

Europe has failed in its efforts to cap farm payments according to income. The European Commission proposed such limits in 2002 but withdrew the proposal when Germany and Britain indicated that they would not support it.

USDA Outlines A Plan To Cut Farm Subsidies (WP)

By Dan Morgan And Gilbert M. Gaul

The Washington Post, February 1, 2007

The Bush administration yesterday proposed ending farm subsidies for an estimated 80,000 wealthy individuals as part of a broad plan that would close loopholes and cut traditional farm programs by $4.5 billion over the next 10 years.

The proposal unveiled by Agriculture Secretary Mike Johanns was the administration's opening move in what will be a lengthy tug of war with Congress over a new multi-year farm bill. The current bill, one of the most generous to farmers in history, expires Sept. 30.

Debate on the new legislation comes at a time of major changes in agriculture. Booming demand from new ethanol plants has pushed corn prices to near-record levels. At the same time, U.S. trade partners are threatening retaliation unless the United States curbs crop subsidies that are said to promote overproduction here and low prices for farmers abroad.

"Times have changed," Johanns said, adding that commodity prices are strong, exports are up and farmers have the lowest debt-to-asset ratio in history.

The administration proposal addressed a number of problems raised last year in a nine-part series in The Washington Post.

The Post found, for example, that wealthy commercial farmers were easily able to legally avoid the limits on government subsidy payments. The Johanns plan would save $1.5 billion over 10 years by eliminating subsidies to people with adjusted gross incomes of more than $200,000 -- income after subtracting farm expenses and certain deductions. Deputy Agriculture Secretary Charles F. Conner said that if a farmer is at that level "you're the richest guy in the county."

The administration also promised to tighten rules that have enabled distant relatives of a farmer or a friend in a far-off city to collect payments on the farmer's behalf while doing little or no work.

The plan would close a major loophole highlighted by The Post that in 2005 allowed corn farmers to receive $3.8 billion more than needed to ensure they got the government-guaranteed price. Farmers would no longer be able to collect these "loan deficiency payments" when prices are low and then sell later when prices rise.

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Johanns also proposed changes in a program that since 2000 has enabled some landowners who do not farm to still collect $1.3 billion in "direct" farm payments. The Post detailed how some Texas homeowners were drawing these payments on back yards once used as rice fields and known as "cowboy starter kits." The new plan reduces the amount of land eligible for the direct payments after farmland is sold.

Offsetting the reductions in traditional subsidies is nearly $10 billion in new spending for conservation, wetlands restoration and the development of new biofuels.

The current farm programs, which favor large growers of a few crops in a handful of states, retain strong backing in the congressional agricultural committees.

"We've got a long way to go to the finish line," Johanns acknowledged.

Senate Agriculture Committee Chairman Tom Harkin (D-Iowa) said in a statement that there were "a number of good ideas" but also complained that the proposal shortchanged a key conservation program he had created as well as spending on biofuels.

The administration plan appeared to be a delicately balanced attempt to parry complaints from U.S. trading partners while at the same time broadening political support in Congress for reforms.

Under the proposal, the safety net for producers of traditional crops such as cotton and corn would be retooled. The new plan would work by increasing income supplements to farmers while reducing price guarantees, which are under attack by Brazil, Canada and other countries.

For example, cotton growers, a key political constituency in Southern states dominated by the Republican Party, would face a reduced price guarantee. But they would be compensated by a 66 percent increase in the annual "direct payment" income supplement from the Agriculture Department.

"This safety net will actually work better across commodities to provide a true safety net," Johanns said. He noted that even in some recent years of soaring farm income, government subsidy payouts were high. The new plan would change that.

At the same time, the plan would offer beefed-up benefits to growers of fruits and vegetables, including $5 billion more through stepped-up government purchases for the school lunch program, as well as more money for research and the development of new markets abroad.

Some voiced concerns about the plan. "It continues to deliver most of the funds to a handful of farmers in a handful of states," said Scott Faber of Environmental Defense.

Steve Ellis of Taxpayers for Common Sense said he had "concerns that the federal government is in the business of providing revenue insurance to farmers."

The administration's proposal also recommends key changes to the Federal Crop Insurance Corp., one of the largest pieces of the nation's sprawling farm-subsidy system, costing taxpayers more than $20 billion in premium subsidies and losses over the past two decades.

The Post reported that private insurance companies that help administer the program made $927 million in profit in 2005, a record, and received an additional $829 million in fees. In some years, the companies have collected hundreds of millions of dollars in profit even as the USDA lost hundreds of millions.

The proposal recommends giving the USDA authority to renegotiate contracts more frequently with the 16 companies, potentially allowing the government to recoup a larger share of profits when times are flush.

"Changes are necessary to ensure a balance of potential gains and losses," the proposal stated.

Bush Farm Proposal May Snag On Congressional Roadblocks (WSJ)

By Greg Hitt

The Wall Street Journal, February 1, 2007

WASHINGTON -- The Bush administration proposed to make U.S. farm programs more market-oriented, unveiling a package of changes that could give new momentum to the stalled Doha Round of global trade talks, but may face big hurdles on Capitol Hill.

The initiative would put total farm spending over the next five years at $87 billion, down $18 billion from what the U.S. spent in the past five years on basic programs and disaster relief. It would boost spending on conservation and put more emphasis on direct income payments to farmers. Such methods of support are more acceptable than subsidies of specific crops under the World Trade Organization, the body based in Geneva that is shepherding the Doha Round.

At the same time, the administration is proposing to scale back a program that effectively sets a price floor on basic commodities such as rice, wheat and soybeans. It would also trim a separate set of subsidies designed to encourage production of those commodities. Those kinds of subsidies are widely thought to distort the marketplace, at home and abroad, by encouraging American farmers to make business decisions based on the amount of government assistance they get.

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The Doha Round was launched in 2001 with the goal of lowering trade barriers and integrating the developing world more closely into the global economy. It stalled last summer because of differences among major trading partners, including the U.S., Brazil and the European Union, over how deeply to cut farm supports. The U.S. has pushed for others to lower agricultural tariffs, in hopes of creating new markets abroad for American farmers. It has come under major pressure to scale back its own subsidy programs, which critics say give U.S. farm goods an unfair advantage in global markets.

The unveiling of the administration's new farm package came as WTO chief Pascal Lamy signaled that he intends to formally reconvene negotiations in the Doha Round.

U.S. Trade Representative Susan Schwab said "the Doha Round is not going to write the farm bill." Ms. Schwab, who has been shuttling around Europe trying to revive the talks, said the changes outlined yesterday should send "a signal to our trading partners that we care about farm reforms."

Oxfam America, a trade advocacy group and frequent critic of the Bush administration, yesterday commended the administration for trying to move U.S. farm policy "in a new direction."

The initiative faces an uncertain future on Capitol Hill and could become a test of how much sway President Bush has over lawmakers in a Democratic Congress. In proposing to scale back farm subsidies, the White House is treading on dangerous political ground, risking a fight with the powerful farm lobby and its allies in the House and Senate.

Even before the Bush proposal came out, the chairmen of the House and Senate agriculture committees signaled their wariness of agreeing to big cuts in farm subsidies without gaining in return significant new market access abroad for American farm products. So far, that has been an elusive U.S. goal in the Doha Round.

The American Farm Bureau Federation, a trade group representing thousands of farmers across the country, vowed to keep "an open mind" on the Bush initiative, but cited concern over the president's proposals to trim commodity subsidies. A federation spokesman said the group would "do our best to make sure that those are not in the final package."

The Bush proposal would make it harder for farmers to qualify for production subsidies. Under current law, producers with adjusted gross incomes of as much as $2.5 million are eligible to receive subsidy payments. The administration is proposing to lower the income cap to $200,000 and set an annual limit on total subsidy payments of $360,000.

Agriculture Secretary Mike Johanns said the changes would make U.S. subsidy programs "more equitable" and "better able to withstand challenge" within the WTO.

Critics said limiting payments could hurt farmers with much lower actual income. Soybean growers, for example, sometimes wait a year or more to sell part of their crop to get the best price for it, a practice that can artificially inflate income for a single year. "His income may look like it's $200,000 when it really isn't," said Richard Ostlie, president of the American Soybean Association.

Bush Seeks Farm Spending Cut (WT/AP)

The Washington Times, February 1, 2007

The Bush administration yesterday proposed to reduce farm spending by an estimated $18 billion over the next five years.

Agriculture Secretary Mike Johanns is not seeking major changes in the nation's farm subsidy program, which major farm groups and lawmakers in Congress want to retain.

But the administration is seeking, among other things, to eliminate farm payments for wealthy producers, limiting subsidy payments to those making less than $200,000 in adjusted gross income annually. The current income cap is $2.5 million.

That would rule out payments for nearly 80,000 producers who currently are eligible, officials said. Those producers collect about 4.5 percent of overall farm payments. The limit on payments would save an estimated $1.5 billion over 10 years.

"I don't know if there is anywhere in the country you can go where $200,000 adjusted gross net income is not a lot of income," Deputy Secretary Chuck Connor said. "You're the richest guy in the county."

It's difficult to know just who would be cut off, said Ken Cook, president of Environmental Working Group, which tracks subsidies. Mr. Cook said many high-profile recipients, such as media mogul and CNN founder Ted Turner, probably were cut off in 2002, when Congress imposed the $2.5 million income cap.

"You end up eliminating absentee owners who have a lot of income they're trying to shelter in agriculture," Mr. Cook said. "It could be a small-town lawyer or a business executive in Memphis who's put some money into a cotton plantation."

Administration's Farm Bill Plan Quickly Attracts Critics (HILL)

By Ian Swanson

The Hill, February 1, 2007

DOJ_NMG_0125688

U.S. Department of Agriculture (USDA) Secretary Mike Johanns kicked off a potentially difficult fight with members of Congress on a 2007 farm bill yesterday by offering administration proposals that would alter all of the main support programs for U.S. crops.

Johanns said the proposals would be about $10 billion less than the cost so far of the 2002 farm bill, which has been heavily criticized internationally for raising U.S. farm subsidies. At the same time, he emphasized that USDA was keeping the basic concepts of the 2002 farm bill, which the administration at one time had threatened to veto.

In calling for changes to the main U.S. farm-support programs, the administration could be stepping into a fight not only with the new Democratic chairmen of the Senate and House agriculture committees, but with one of its longtime allies, the American Farm Bureau Federation (AFBF).

AFBF has adopted policy calling for concepts from the 2002 farm bill to be extended into a new farm bill. In a Jan. 31 statement, AFBF President Bob Stallman said the group would study the administration's proposal, which he said would add to the congressional debate. At the same time, Stallman reiterated that AFBF members from across the country have "repeatedly and strongly emphasized the need to keep the 2007 farm bill consistent and very similar to the concepts in [current law]."

AFBF also opposes payment limitation and income-means testing, which are key parts of the proposals unveiled by Johanns. Some of the $10 billion in savings would come from a proposal to eliminate subsidies for taxpayers with adjusted gross incomes of more than $200,000.

This is a reduction from the current limit of $2.5 million and would save about $1.5 billion, Johanns said at a press conference. He emphasized that the payment limit would only cut off support for the top 2.3 percent of U.S. taxpayers, according to data from the Internal Revenue Service. However, AFBF has estimated that 78,000 farmers would be affected.

The income limitation would be imposed on farm income and non-farm income, which would prevent subsidies from being granted to movie stars and others whose wealth primarily comes from non-farm sources.

Deputy USDA Secretary Chuck Connor acknowledged USDA will face difficulties in selling its proposals to commodity groups by stating that "change is always difficult." However, he insisted the administration's proposals overall would lead to a better, more equitable farm program.

"There is no practical means by which you can argue that this is not a better safety net," Connor said.

However, a veteran agriculture lobbyist predicted USDA's proposals would not have a major effect on the next farm bill. "I don't think it's dead on arrival, but everyone has said for months that Congress will write a farm bill, and [it] will," the lobbyist said.

Groups that support specific parts of USDA's proposal are likely to pick up those ideas and move forward, and in that way the proposals could have some impact on the next farm bill, the lobbyist said.

One of the most controversial parts of USDA's proposal is its call for lower marketing loan payments that are intended to provide a "safety net" for producers when prices drop. USDA's proposal said this is intended to prevent farmers from gaming the system by holding their crops when prices are low and selling them later in the year when prices rise in order to increase their marketing loan payments.

Johanns also proposed de-linking a second payment program from prices so that farmers would no longer receive greater payments simply because prices for their commodities fall far below target levels set in the farm bill. Johanns instead proposed linking so-called countercyclical payments to a farm's annual revenue, which is a concept that has been advanced by corn growers.

USDA's proposal said the current program overcompensated producers who had large yields but faced low prices, while under-compensating farmers who were not able to harvest crops because of poor weather conditions or other factors. Farmers can only receive counter-cyclical payments if they are able to sell their crops.

The changes to the marketing loan and counter-cyclical payments could also make it easier for the administration to conclude a World Trade Organization (WTO) agreement by giving it more flexibility to reduce limits on U.S. trade-distorting support.

With some of these savings, USDA proposes increases for the third main U.S. support program, known as direct payments. In its proposal, USDA emphasized that this could help U.S. cotton producers, who in contrast to producers of corn and other U.S. commodities are expected to see lower prices in coming years. Direct payments for cotton producers would rise by 66 percent in the first year of the program, a USDA official said.

USDA also proposed the elimination of a provision preventing producers of fruits and vegetables from receiving direct payments, which would help the U.S. comply with a WTO decision that found U.S. subsidies had injured Brazilian producers. The change would also give the U.S. more flexibility to accept subsidy reductions in the current round of WTO talks, since direct payments would not count toward U.S. limits on trade-distorting subsidies under WTO rules.

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However, this policy would again run against the wishes of commodity groups and AFBF, which have argued that the U.S. should not change its farm-bill policies until a WTO agreement is reached. Doing otherwise reduces U.S. leverage in the talks, AFBF has argued.

Fruit and vegetable growers have opposed the elimination of the planting prohibition. However, Johanns also proposed significant increases in funding for growers of specialty crops intended to win their support. For example, he proposes a $500 million increase in funding to purchase fruits and vegetables for school meals. The plan also includes new programs intended to help exporters of those crops deal with trade barriers.

House Panel Convenes Hearings On Bush's 'Signing Statements' (POL)

By Carrie Sheffield

The Politico, February 1, 2007

The House Judiciary Committee has launched an investigation challenging repeated assertions by President Bush that he need not enforce aspects of laws he deems unconstitutional.

Committee members clashed over the validity of the investigation, which began with a committee hearing on Wednesday. Democrats said Bush is overstepping his executive role and meddling with the legislative process. Republicans maintained the president's assertions are merely guiding interpretations and follow long-term precedent.

The investigation will cover Bush's commentary on bills approved by both congressional chambers that require presidential approval. In at least 148 cases, Bush has appended what are known as "signing statements" to his signature. The documents outline specific aspects of the law that he finds unconstitutional and might refuse to enforce.

Committee Chairman John Conyers Jr., D-Mich., said Bush's widespread use of the signings challenge at least 800 provisions in laws passed while he has been in office.

"The administration has engaged in these practices under a veil of secrecy," Conyers said during the hearing. "This is a constitutional issue that no self-respecting federal legislature should tolerate."

The signing statements amount to a line-item veto, according to critics, and frustrate the legislative branch by not giving lawmakers the opportunity to override a presidential veto. They also have said that Bush has failed repeatedly to notify Congress of his intentions and that a collection of his signing statements is not readily accessible to lawmakers or the public.

Conyers said he planned to meet with White House and Justice Department officials to discuss concerns about the statements. Staff members said Wednesday's hearing was part of a new Judiciary Committee investigative unit charged with oversight of alleged administration abuses, headed by Elliot Mincberg, former general counsel for People for the American Way.

Committee members heard from Karen Mathis, president of the American Bar Association, which last summer issued a report recommending the president communicate his concerns about pending bills before they pass and then outright veto those bills if his concerns aren't addressed.

"If a president issues a signing statement that nullifies a provision of a law without following constitutionally proscribed procedures, he or she is usurping the power of the legislative branch," Mathis said.

Bush's signing statements have covered a range of issues, from military rules and affirmative action requirements to immigration and federal research.

Bush supporters have said that he is by no means the first chief executive to issue signing statements. John Elwood, deputy assistant attorney general for the Department of Justice, told committee members that the statements date to the early 19th century and are commonly used by presidents to explain how they plan to enforce laws.

President Bill Clinton issued at least 100 signing statements during his eight years in office, and, according to Elwood, Bush's statements "do not appear to differ substantively from those issued by either presidents Reagan or Clinton."

Republicans said Bush is well within legal and ethical bounds, and ranking member Lamar Smith, R-Texas, said no court has ever considered that the statements hold the weight of law.

"Critics have launched a massive fishing expedition, but they have caught only the reddest of red herrings," he said.

However, opposition to Bush's statements has been bicameral and bipartisan. Sen. Arlen Specter, R-Pa., said on the Senate floor earlier this year that he plans to reintroduce a bill that would give Congress power to sue a president over a signing statement. He specifically cited concerns with Bush's statements on the re-authorized Patriot Act and an anti-torture measure sponsored by Sen. John McCain, R-Ariz.

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by purplemaze on 01.31.2007 at 11:34 PM

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Note to Lamar Smith: am I confused or are you? If a signing statement expresses how the statute will be implemented and enforced then that is by definition 'the law' and carries the 'weight of law'. Unimplemented or unenforced it is moot. Can a citizen escape application of or enforcement of a statute one it is defined in one of these signing statements? If not, then it is 'the law'. Obfuscating this activity by the executive behind your 'doesn't hold the weight of law' claim creates an impossible layer of abstraction - and even worse - in this administration - secret abstraction.

If there is objection, then veto. Is the Constitutional foundation for a line-item 'interpretation' any more solid than for a line item veto?

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House Panel Will Probe President's Use Of Bill-signing Statements (MCT)

By William Douglas

McClatchy Newspapers, February 1, 2007

WASHINGTON - New House Judiciary Committee Chairman John Conyers used his first oversight hearing Wednesday to say that he's launching an investigation into President Bush's possible abuse of presidential signing statements.

Democrats and some Republican lawmakers have accused Bush of conducting an imperial presidency by using bill signing statements to declare that he'll interpret legislative provisions his way and will feel free to ignore some terms.

"That conduct threatens to deprive the American people of one of the basic rights of democracy - the right to elect representatives who determine what the law is, subject only to the president's veto," Conyers said as he opened a hearing on signing statements. "That does not mean having a president sign those laws, but then say that he is free to carry them out or not, as only he sees fit."

Though some influential Republicans, such as Sen. Arlen Specter, R-Pa., have railed against Bush's signing statements, several House Judiciary Committee Republicans balked Wednesday, describing Conyers' hearing and vow as political fishing expeditions.

"One has the distinct feeling that this is really a policy debate," said Rep. Lamar Smith, R-Texas, the committee's ranking Republican. "If critics of signing statements agreed with the president on policy, we simply would not be here today."

Some legal experts disagree, saying that Bush's assertion of this arguable executive authority undercuts Congress and enhances the power of the president beyond the limits set by the Constitution.

"The potential for misuse in the issuance of presidential signing statements has reached the point where it poses a real threat to our system of checks and balances and the rule of law," said Karen J. Mathis, president of the American Bar Association. The ABA approved a resolution last August condemning the way Bush uses signing statements and their frequency.

Bush has issued 147 signing statements, according to Specter, the ranking Republican on the Senate Judiciary Committee.

Signing statements don't have the weight of law, but they can influence judicial interpretations of a statute. The statements also send a strong message to executive- branch agencies on how the White House wants them to carry out federal laws.

In written testimony, Assistant Attorney General John P. Elwood said that Bush has never used signing statements as an attempt to "override" enacted laws.

But several legal experts and lawmakers contend that some of the president's signing statements have that potential. Some point to a signing statement regarding the McCain amendment, which forbids U.S. torture of prisoners.

After he signed the amendment into law with fanfare in December 2005, Bush quietly issued a signing statement from his Texas ranch saying that he would view the law "in a manner consistent with the constitutional authority of the president . . . as commander in chief."

He added that his approach "will assist in achieving the shared objective of the Congress and the president . . . of protecting the American people from further terrorist attacks."

The Bush White House maintains that because the nation is in an indefinite war on terror, Bush's constitutional authority as commander in chief has virtually no boundary. His language in the signing statement on the McCain amendment was widely viewed as reserving himself the right to ignore it.

Still, Georgetown University law professor Nicholas Rosenkrantz told the committee that the "brouhaha over presidential signing statements is largely unwarranted." He said previous presidents have issued similar statements, although other scholars have said that none before Bush asserted the right to ignore terms in a law.

The White House rejects assertions that Bush is abusing his authority.

"President Bush's signing statements are consistent with prior administrations' signing statements," Emily Lawrimore, a White House spokeswoman, said in a written statement. "He is exercising a legitimate power in a legitimate way."

Former Rep. Mickey Edwards, R-Okla., urged Congress to fight the White House tooth and nail on the issue.

"Presidential signing statements may not sound like such a big deal, but they are declarations of the right of a president to be above the law, and that is a path that, once taken, will prove ultimately fatal to our democracy," he said.

Judiciary To Probe Signing Statements (RC)

By Jennifer Yachnin

Roll Call, February 1, 2007

Asserting that President Bush's frequent use of "signing statements" to interpret federal laws have allowed the executive branch to effectively thwart Congressional intent, House Judiciary Chairman John Conyers (D-Mich.) said Wednesday that his panel will launch a formal investigation into the practice.

The Michigan lawmaker said the investigation would include both Democratic and Republican staff and will focus on the approximately 150 signing statements issued by Bush, which the American Bar Association estimates have affected more than 1,100 provisions of federal law.

House Democrats have criticized the use of such statements, arguing that they not only undermine the separation of powers of the legislative and executive branches but also threaten legislative authority.

"All too often, the administration has engaged in these practices under a veil of secrecy. This is a constitutional issue that no self-respecting federal legislature should tolerate," Conyers said.

He announced the investigation at the outset of the committee's first oversight hearing of the 110th Congress, which also focused on signing statements.

For the inquiry, Conyers said the committee will seek cooperation from both the Justice Department and the White House to identify every statutory provision that has been the subject of a signing statement.

In addition, the investigation will focus on the consequences of those signing statements, including any related actions taken by the executive branch on laws it determines are unconstitutional.

"For example, if the president claims he is exempt from the McCain amendment ban on torture, I want to know whether and where he has permitted it," Conyers said, referring to an amendment sponsored last year by Sen. John McCain (R-Ariz.) that put restrictions on torture of detainees in U.S. custody.

Republicans at Wednesday's hearing largely defended the executive branch practice, arguing that federal courts have rarely cited the documents when determining a specific law's constitutionality.

"Presidential signing statements are a non-issue," said Rep. Lamar Smith (R-Texas), the panel's ranking member. He later added: "One has the distinct feeling that this is simply a policy debate."

The Texas lawmaker said in a separate interview that he was unaware of the investigation until the Wednesday hearing, adding that he has yet to make any agreements with the Democratic majority about how the inquiry will go forward.

"If it's about getting some information, I think we did that at the hearing today," Smith said.

Although Conyers asserted the investigation would be aggressive, he declined to discuss in a separate interview whether the panel could issue subpoenas should the White House or the Justice Department prove uncooperative.

"To be blunt, we are not going to take no for an answer," Conyers said at the hearing. "We are a coequal branch of government, and if our system of checks and balances is going to operate, it is imperative that we understand how the executive branch is enforcing — or ignoring — the bills that are signed into law."

Following the hearing, Conyers said the committee may also seek legislation requiring that Congress receive official notice any time the president issues signing statements. Although the declarations are currently printed in the Federal Register, Conyers said that practice is not sufficient notification.

"Dropping it into the Federal Register, you may as well throw it out the window," he said.

Spending Bill Passes House, Goes To Senate (USAT)

USA Today, February 1, 2007

The House of Representatives passed a $463.5 billion spending bill Wednesday that covers about one-sixth of the federal budget. The vote was 286-140.

The bill would increase spending on education, veterans, health research and grants to state and local law enforcement agencies. The legislation would cut President Bush's budget requests for NASA, foreign aid and aid for communities affected by the latest round of military base closings. The measure heads to the Senate. Bush has signaled he will sign it.

Senators join forces against troop buildup

Two senators leading separate efforts to put Congress on record against President Bush's troop buildup in Iraq joined forces, agreeing on a non-binding resolution that would criticize the plan. Sens. John Warner, R-Va., and Carl Levin, D-Mich., had been sponsoring competing measures opposing Bush's strategy of committing 21,500 more U.S. troops to the war zone.

The new resolution would vow to protect funding for troops while keeping Warner's language expressing the Senate's opposition to the troop buildup.

Senators to get spy program documents

Attorney General Alberto Gonzales said he was turning over secret documents outlining the government's domestic surveillance program to congressional leaders who have repeatedly questioned the legality of the operation. He said Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and the panel's ranking Republican, Arlen Specter of Pennsylvania, would get immediate access. The classified information will not be made public, Gonzales said. The material includes the court's rulings in cases involving the National Security Agency's program of eavesdropping on international calls and e-mails of people in the USA when one party may be linked to terrorists. — Kevin Johnson

Comedian Franken to run for Senate

Comedian Al Franken has decided to run for the Senate in Minnesota in 2008, a senior Democratic official from Minnesota told the Associated Press. The official did not want to be identified because Franken has not made an announcement.

House Approves Huge Spending Bill (AP)

By Andrew Taylor

AP, February 1, 2007

A must-pass bill covering about one-sixth of the federal budget swept through the House on Wednesday. A sizable chunk of Republicans joined virtually all Democrats in approving spending increases for education, veterans and the AIDS battle in Africa.

The 286-140 vote — with 57 Republicans voting in favor — was a pleasant surprise for Democrats who expected far less GOP support. The $463.5 billion spending bill had much to please the rank and file, including Republican moderates, even though it contained no pet projects for their districts.

"The content is a heck of a lot better than most expected we'd come up with," said the chairman of the House Appropriations Committee, Rep. David Obey, D-Wis. He worked with his Senate counterpart, Sen. Robert Byrd, D-W.Va., to add money for initiatives popular with both Democrats and Republicans.

The winning vote would have been even higher had there not been such hard feelings over how Democrats powered the bill through the House: just an hour of debate time, no amendments allowed.

Republicans also said the measure was not entirely free of parochial "earmarks," saying powerful senators such as Ted Stevens, R-Alaska, and Pete Domenici, R-N.M., received special treatment for home-state projects.

The White House has signaled that President Bush would sign the bill despite cuts to his requests for NASA, foreign aid and communities affected by the latest round of military base closings.

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But numerous agencies are feeling the crunch from operating for four months at or below last year's levels. So the administration was eager for relief for the FBI, the Census Bureau and the Veterans Affairs Department and others.

Republicans also struggled to find unity. Conservatives pressed for a budget freeze to save about $6 billion.

Other lawmakers, including Reps. Jerry Moran, R-Kan., and Dave Weldon, R-Fla., complained about inadequate spending. Moran pushed in vain for $3.3 billion in more money for farm disaster aid. Weldon complained that a $545 million cut to NASA would jeopardize the agency's plans to send man back to the Moon and on to Mars.

Democrats were not entirely pleased with the bill.

It would grant remarkable flexibility to the administration in determining how to use money within agency accounts — and in awarding grants and other projects to lawmakers' districts and states.

Living within last year's budget cap set by Bush — before Democrats won control of Capitol Hill in the November elections — meant they could not be as generous as they would have liked.

Democrats, nonetheless, provided increases for underperforming schools, health research, and grants to state and local law enforcement agencies.

They were especially pleased with a $260 boost, to $4,310, in the maximum Pell Grant for low-income college students, and with a 40 percent increase, to $4.5 billion, for fighting AIDS, malaria and tuberculosis overseas.

Obey said $3 billion to put the 2005 base closing law in place would be added to an upcoming Iraq war spending bill; that made it easier to bulk up favored domestic accounts.

Republicans contended some money came from phantom savings from highway spending.

In a striking exchange, GOP Rep. David Hobson of Ohio said Democrats bowed to powerful Republicans needed to pass the bill in the Senate.

Hobson said the House wanted to cut $495 million from nuclear weapons accounts, but settled for just $95 million out of deference to Domenici and Senate Majority Leader Harry Reid, D-Nev., whose states are home to numerous Energy Department facilities.

Hobson said Democrats acceded to Senate demands to preserve some home-state projects such as $45 million for a much-ridiculed indoor rainforest research in central Iowa.

"If ever there was low-hanging fruit ... this was it," Hobson said.

Obey said that project, obtained two years ago by Sen. Charles Grassley, R-Iowa, originally was in a bill that Hobson personally negotiated.

The tally for the measure may have been inflated. It contains a provision blocking lawmakers from receiving their annual cost of living pay raise; some members may have been reluctant to appear to cast a vote that could be interpreted of voting themselves more money.

Agencies winning budget relief in the bill include:

_Veterans Affairs, which would get a $3.6 billion increase for the rapidly growing veterans medical care program.

_The National Institutes of Health, which would receive a $620 million increase for health research grants.

_Amtrak, whose budget would be frozen at $1.3 billion instead of absorbing a $400 million cut proposed by Bush.

_The Census Bureau, which would get money for new computers for field workers conducting the 2010 census.

House Democrats Show Strength In Passage Of Spending Measure (WSJ)

By David Rogers

The Wall Street Journal, February 1, 2007

WASHINGTON -- House Democrats, in the strongest showing yet of their new legislative muscle, pushed through a $463.5 billion spending resolution to fill the gap left by the collapse of the budget process under Republican rule last fall.

With funding for the government running out Feb. 15, both parties and the White House are eager to resolve the fiscal crisis. But the new majority brought the bill to the floor with remarkable speed and no apologies to Republicans for denying them the chance to offer individual amendments.

"You forfeited any right to squawk about how we cleaned up your mess," said House Appropriations Committee Chairman David Obey (D., Wis.). "Somebody had to make the decisions, because you didn't."

Less than a week before Mr. Bush submits his 2008 budget, the action set a clear marker for the new Congress and spending battles ahead. Total funding conforms to caps set by the White House but tilts now toward Democratic priorities in education, health care and law enforcement.

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No pay raise is permitted for lawmakers, and a moratorium is imposed on spending earmarks for home state projects, a practice that has become a symbol of congressional abuse.

"This turns the page on a past that was broken and failed," said Rep. Rahm Emanuel (D., Ill.), chairman of the party caucus. As many as 57 Republicans broke ranks to join in the final 286-140 vote, a showing that surprised many Democrats on the floor and should help expedite action in the Senate.

There the spending bill will inevitably be paired with Senate debate on Mr. Bush's Iraq policy and his decision to add another 21,500 troops to quell sectarian violence in Baghdad.

Here also Republican divisions, combined with the relative unity among Democrats, could be decisive. Last evening, Senate Majority Leader Harry Reid (D., Nev.) predicted his caucus would overwhelmingly support a bipartisan resolution crafted by Sen. John Warner (R., Va.) challenging the troop surge.

The former chairman of the Senate Armed Services Committee, Mr. Warner won the public backing of the new Democratic chairman, Michigan Sen. Carl Levin, and changes made last evening could potentially win the backing of Sen. Judd Gregg. The influential New Hampshire Republican and White House ally said in an interview that he was "considering" supporting Mr. Warner.

The mood of frustration over Iraq among Republicans is striking. Indiana Sen. Richard Lugar, the ranking Republican on the Senate Foreign Relations Committee, has argued that the country must begin to prepare for the likelihood that the troop "surge" will fail. Even Sen. John McCain (R., Ariz.), a White House ally on the war, has found himself hamstrung when writing a proposed alternative to Sen. Warner that would set out benchmarks that the Iraqi government forces must meet.

Asked if there would be any consequence, if the government failed, Mr. McCain said he was reluctant to put any in writing. "I don't know any good option; otherwise, I would suggest it," he said.

Mr. Reid's challenge now is to navigate both through the Iraq and spending debate in the space of two weeks. Since fiscal 2007 began last Oct. 1, most of the government has operated under an interim funding resolution, the latest extension of which expires Feb. 15. Mr. Reid is warning that he can't afford to be "Mr. Nice Guy" but if he treads too heavily, he could lose the Republican support he needs.

To deny all amendments would be "unfortunate," said Mississippi Sen. Thad Cochran, the ranking Republican on the Senate Appropriations Committee. "I might vote against the bill for that reason."

Nonetheless, the House bill has been negotiated with influential Republican senators in hopes of avoiding conflict, and Mr. Obey pledged that the biggest bone of contention -- funding for scheduled military-base closings -- will be addressed as part of an emergency spending bill for military operations in Iraq and Afghanistan this spring.

House Passes $463 Billion Spending Bill After Deleting Earmarks (WP)

By Paul Kane

The Washington Post, February 1, 2007

The House passed a $463 billion spending measure yesterday that would keep the government operating for the remainder of the fiscal year, an austere plan stripped of billions of dollars worth of special-interest provisions.

The bill, approved 286 to 140, maintains funding for most federal agencies at 2006 levels, but it adds about $16 billion for Democratic priorities, including veterans' health care and Pell grants for higher education. The Senate must pass the continuing resolution by Feb. 15 to avert a partial government shutdown. The White House has indicated that President Bush will sign the measure.

Republicans protested that the bill was not entirely stripped of special-interest funding, or earmarks, as the Democratic leaders asserted, and that they were denied the opportunity to offer amendments.

Rep. Dave Weldon (R-Fla.) complained that funding for NASA would be significantly below the levels requested by Bush and initially approved by the House last year. Under the resolution approved yesterday, the 2007 NASA budget would be $16.2 billion -- about the same as its 2006 budget.

Weldon said that funding for the manned-exploration budget, in particular, would be less than what was expected and that the program to launch a new manned spaceship by 2014 would be delayed as a result.

But more than a quarter of GOP House members supported the resolution, which contains spending provisions for politically popular items, including an additional $1.3 billion for the fight against HIV/AIDS and other diseases. Moreover, half of the House GOP's leadership team in the past two Congresses sided with the Democrats, including Reps. Deborah Pryce (R-Ohio), John T. Doolittle (R-Calif.) and Thomas M. Reynolds (R-N.Y.).

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The Senate is expected to take up the measure after it debates and votes on a resolution of disapproval over Bush's decision to send 21,500 more troops to the war in Iraq.

The measure had to be cobbled together because Congress did not finish its work last year and failed to pass nine of 11 spending bills. "Four months into fiscal 2007, we are cleaning up the Republican Party's budget mess," House Majority Leader Steny H. Hoyer (D-Md.) said during the floor debate.

For students, the extra funds for Pell grants would mean an increase of $260 per year, up to $4,310, according to congressional estimates. The National Institutes of Health would have an additional 500 research grants to administer because of almost $620 million in additional funding for the remainder of fiscal 2007, which will end on Sept. 30.

The chairmen of the House and Senate Appropriations committees, Rep. David R. Obey (D-Wis.) and Sen. Robert C. Byrd (D-W. Va.), respectively, announced in early December that they would push to combine and approve all the remaining spending bills but would strip out thousands of earmarks. That decision came after the recent corruption scandals in Congress, which almost all involved earmarks tucked into spending bills, usually with no legislative oversight.

In removing all the earmarks, however, Democrats gave up their ability to direct how government agencies spend billions of dollars.

House Republicans contended that the bill contains nearly $500 million in what amount to earmarks, but Democrats argued that those spending provisions -- including almost $50 million for rain forests in Iowa -- were supported by Republicans or are continuations of projects that had already been allotted millions of dollars in federal funds.

The spending bill does not include the standard cost-of-living adjustment in congressional pay, leaving a rank-and-file member's salary at $165,800.

Unlike in past years, when both parties adhered to a cease-fire in the use of pay increases as a political issue, many Democratic challengers in last year's election campaign pointed to the many salary boosts incumbents received under GOP rule over the past decade while the minimum wage stayed at $5.15 per hour.

GOP Criticizes Pork In House Spending Bill (WT)

By S.a. Miller

The Washington Times, February 1, 2007

House Democrats yesterday broke a pledge to strip pork spending from a massive funding resolution that contained about $500 million in what Republicans called questionable projects, including $44.6 million for a rainforest biosphere in Iowa and $50 million for the Hamas-led Palestinian Authority.

"We may have made some wrong choices; we undoubtedly did," said Rep. David R. Obey, Wisconsin Democrat and Appropriations Committee chairman. "At least, in contrast to last year, we made the hard choices."

He said the projects authorized in the bill were not pork or earmarks -- hidden spending provisions for lawmakers' home districts or states -- but legitimate budget items left in the lurch when Republicans failed to pass appropriations bills last year.

The resolution passed 286-140, with 57 Republicans joining the majority.

Critics said Democrats rammed through the $463.5 billion spending package without a committee hearing, without a committee mark-up process and without accepting amendments on the House floor.

"It is unfortunate that we are going to see a return to the days when you have decisions about how money is appropriated made by bureaucrats and made in smoke-filled rooms," said Rep. Marsha Blackburn, Tennessee Republican. "That's the kind of change [Americans] did not vote for when they went to the polls in November."

What's more, Republicans said, the legislation was fraught with accounting gimmicks to disguise higher spending. It actually increased spending, and therefore the budget deficit, by more than $6 billion from the last fiscal year, they said.

An aide to House Speaker Nancy Pelosi, California Democrat, said the Republicans were asking for "flat funding" at last year's levels, which could be accomplished only with a $6 billion budget cut.

"There would be no funding for the veterans program," said the aide, referring to the $3.6 billion appropriated for veterans health benefits.

Majority Leader Steny H. Hoyer said the resolution completed the Republican Congress' unfinished business and cleared the way for Democrats to fulfill promises to ban earmarks and reduce the deficit.

"We are doing this so we can move on to that process," the Maryland Democrat said.

Earmarks in the spending package included $94 million to deliver federal services to remote Alaskan communities, $80 million for a canceled program to extend the life of W80 warheads for cruise missiles, and $49.7 million for oil and gas research already funded under the 2005 Energy Policy Act.

Democrats refused to consider a Republican amendment that would have cut the earmarks and used the money for deficit reduction and increased spending on military housing and drug enforcement.

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Minority Leader John A. Boehner, Ohio Republican, said he remained eager to work with Democrats, but he vowed to hold them accountable.

"Democrats promised this massive spending bill would be earmark-free but then gave us a bill that includes hundreds of millions of dollars worth of funding for earmarked pork projects," he said.

Democratic leaders insisted the bill "cleaned up" a Republican budget mess and boosted funding for vital programs, including $620 million for medical research to cure cancer and other diseases, $216 million for the FBI and $104 million for Head Start preschools.

"There is nothing new about these Democrats," said Rep. John Campbell, California Republican. "They are the same tax-and-spend Democrats of old, just with a new slogan."

House Dems Pass $464 Billion Spending Bill, Criticized By GOP (HILL)

By Jackie Kucinich

The Hill, February 1, 2007

House Democrats successfully passed a continuing resolution yesterday to keep the government running until the end of September, despite Republican attempts to force the bill back to committee.

"Now that we are in the majority we are left with unfinished business," Majority Leader Steny Hoyer (D-Md.) said in a floor statement yesterday before the passage of the legislation. "We need to complete last year's undone business … We need to fund the priorities of the American people."

The $463.5 billion bill, which passed 286-140, provides money in lieu of the nine appropriations bills for the 2007 fiscal year that were not enacted as they should have been by the 109th Congress.

Without any action, funding of the federal government would expire Feb. 15 and cause a partial shutdown. Fifty-seven Republicans voted with Democrats on the measure, while only two Democrats, Reps. Dennis Kucinich (D-Ohio) and Paul Kanjorski (D-Pa.) joined Republicans in opposing the continuing resolution.

The Democratic motion to recommit keeps funding levels at much the same level as in the 2006 fiscal year, but allows individual adjustments within the spending bill. Hoyer said the resolution would increase funding for veterans' healthcare, law enforcement, Pell Grants for students, and health-research programs. President Bush's requested funding levels for programs such as NASA space exploration and aid for communities affected by the closure of military bases last year were cut.

The pay increase that members of Congress usually receive yearly in spending bills was excluded this time, freezing the salary of rank-and-file members at $165,200 for fiscal 2007.

Republicans argued that the continuing resolution violated House rules because of the inclusion of what they characterized as earmarks. The GOP dubbed the bill a "CR-omnibus," implying that the Democratic measure broke early promises to ban earmarks for the year.

"It's a CR-omnibus," said Rep. Phil Gingrey (R-Ga.) during a GOP press conference yesterday. "It's a hooker dressed up as a nun."

Minority Leader John Boehner (R-Ohio) said, "This $463.5 billion bill contains earmarks, breaking the Democrats' pledge for no earmarks."

GOP members again took issue with the way the bill was pushed through the House, saying they had been "shut out of the process." Republicans used parliamentary stalling procedures to slow down the process but were ultimately unsuccessful in preventing passage.

Their motion to recommit, which would have sent the bill back to committees, failed by a vote of 228–198, largely along partisan lines.

Debate over the bill became raucous as Appropriations Chairman David Obey (D-Wis.) and ranking member Jerry Lewis (R-Calif.) traded barbs.

"I'm very concerned about the volume of staff direction [on the resolution]," Lewis said.

"We can't correct all of your mistakes," Obey snapped back.

House Leaders Eye Outside Ethics Panel (AP)

By Jim Abrams

AP, February 1, 2007

House leaders on Wednesday announced a task force to examine whether an outside panel should investigate ethics problems involving House members.

Speaker Nancy Pelosi, D-Calif., said in a statement that she and the House Republican leader, Rep. John Boehner, R-Ohio, had agreed that the task force would report by May 1.

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Rep. Michael Capuano, D-Mass., will lead the eight-member task force, which has four lawmakers from each party.

Both the House and Senate over the past year have struggled over whether Congress should keep policing itself through the ethics committees in the two chambers or whether an outside office should oversee ethics investigations.

The Senate, in passing an ethics and lobbying overhaul two weeks ago, rejected for a second straight year a proposal to create an Office of Public Integrity. It would have handled some of the investigative functions of the Senate ethics committee.

The vote was 71-27 against creating the office, with senators arguing that the ethics committee has a good record of pursuing charges against members.

House Democrats cited the ethical legal lapses of the Republican majority in their successful election campaign last November. Now in the majority, Democrats made tighter ethics and lobbying rules their first order of business when the new session began in early January.

The question of an outside office, however, was put aside. The task force will see how similar offices have worked in state legislatures and private entities.

Other Democrats on the panel Reps. Marty Meehan of Massachusetts, Bobby Scott of Virginia and Betty McCollum of Minnesota. The Republicans are Reps. Lamar Smith of Texas, Dave Camp of Michigan, Dave Hobson of Ohio and Todd Tiahrt of Kansas.

Full Disclosure Of Back Scratching (NYT)

The New York Times, February 1, 2007

Now that House Democrats are beyond the spotlight of their ballyhooed first 100 hours, there are signs of foot-dragging on the keystone of their promised lobbying reform: forcing disclosure of the huge sums in campaign donations that lobbyists package to grease privileged access in the Capitol. This practice — called bundling — has lobbyists mass hundreds of donations of a few thousand dollars each into special-interest piñatas of hundreds of thousands. Full disclosure of bundling is the sine qua non of lobbying reform. Speaker Nancy Pelosi cannot let the new House majority backslide.

Senate Democrats have already passed bundling disclosure, but Roll Call, the Capitol newspaper, reports that House colleagues are raising questions about whether they really want to go along. The Senate bill requires quarterly reports from lobbyists detailing their own donations and fund-raising events, plus the mega-sums they solicit, bundle and grandly submit to candidates. According to Roll Call, this provision is stalled by Congressional doubters and K Street lobbyists. Opponents also want to hobble a provision barring Congressional alumni from lobbying for two years, and another forcing disclosure of how lobbyists concoct “grass roots” campaigns to create pressure in Washington.

A bill matching the Senate’s disclosure mandate has been submitted by the Democrats Chris Van Hollen of Maryland and Marty Meehan of Massachusetts. Hesitant Democrats should bear in mind that Mr. Van Hollen, as chairman of their re-election drive, is well aware of how the easy-money culture helped sweep the Republicans from power. The new majority cannot afford to be tagged as hypocrites.

Speaker Pursues Military Flights (WT)

By Rowan Scarborough

The Washington Times, February 1, 2007

The office of House Speaker Nancy Pelosi is pressing the Bush administration for routine access to military aircraft for domestic flights, such as trips back to her San Francisco district, according to sources familiar with the discussions.

The sources, who include those in Congress and in the administration, said the Democrat is seeking regular military flights not only for herself and her staff, but also for relatives and for other members of the California delegation. A knowledgeable source called the request "carte blanche for an aircraft any time."

"They are pressing the point of her succession and that the [Department of Defense] needs to play ball with the speaker's needs," one source said. The request originally went to the Pentagon, which then asked the White House to weigh in.

Mrs. Pelosi's request is not new for a speaker, who is second-in-line in presidential succession. A defense source said the speaker's regular access to a military plane began after the September 11, 2001, attacks. Rep. J. Dennis Hastert, Illinois Republican, who was speaker at the time, started using U.S. Air Force planes for domestic travel to and from his district for security reasons. A former Hastert aide said the congressman did not use military planes for political trips or regularly transport his family.

The defense source said Mr. Hastert requested a plane with good communications so he could conduct legislative business. The military flights increased to the point the speaker used a military plane for many, if not all, flights to his Illinois district, the former aide said.

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Sources said Mrs. Pelosi's request goes beyond what Mr. Hastert received. The speaker's legal counsel is spearheading the talks.

An aide to Mrs. Pelosi, who asked not to be named, confirmed yesterday that discussions are ongoing with the administration. "It would be done for security reasons," said the aide, adding that the speaker has used military aircraft for at least one trip back to San Francisco.

The aide asserted that the administration was using a Washington Times reporter, in effect, to negotiate with the speaker's office by leaking information about Mrs. Pelosi's request. Asked if the speaker was seeking increased access to military planes, the aide took the question, but did not call back.

A Pentagon spokesman referred questions to Mrs. Pelosi's office. A White House spokeswoman said last night she had no information on the request.

The rules for congressional travel on military aircraft are contained in Defense Department Directive 4515.12.

Congressional access to military passenger jets is generally restricted to official trips abroad, or for domestic flights to military bases or events to which the Pentagon invited the lawmaker. Al Qaeda attacks on the U.S. changed the procedure in the case of the speaker.

U.S. Air Force travel for VIPs such as members of Congress is first-rate. The planes are staffed with stewards who serve meals and tend an open bar. Communications suites allow members to conduct business while traveling.

Such flights are one of Congress' cherished perquisites, providing lawmakers a chance to visit foreign lands at government expense. Official duties are often mixed with sightseeing and fine dining.

But trips to war zones are not junkets. Since the September 11 attacks, the Air Force has flown hundreds of congressional delegations, or "co-dels," to various war theaters. Mrs. Pelosi just completed a fact-finding trip to Afghanistan and Iraq.

Upon her return, she repeated her demand that President Bush not send more troops to Iraq.

GOP To Focus On Home Front (RC)

By Erin P. Billings

Roll Call, February 1, 2007

When GOP Senators go behind closed doors Friday to plot a unifying strategy for the 110th Congress, they likely will sidestep the one issue occupying most Members' attention: the Iraq War.

Instead, Senate Republicans plan to focus on producing a domestic-heavy agenda, message and game plan for the next two years that positions them to reclaim the Senate majority in 2008. And even though their long-planned retreat lands right in the middle of a Senate debate over Iraq policy, GOP Senators and aides say they are optimistic they will find more togetherness than divisiveness.

"We're fighting an unpopular war with a president [whose approval rating is] in the 30s — so yeah, it's not ideal," acknowledged a well-placed Senate GOP aide. "But our guys are going to have to come together. We have to look for ways we can come together."

Senators will meet at the Library of Congress on Friday to brainstorm over legislative priorities and agree on the makings of a GOP agenda they hope will serve as a strong alternative to the Democrats. Republicans believe that one reason they lost so handily in 2006 is because they lost sight of their defining party principles and didn't effectively lay out their vision to the electorate.

Republican Conference Chairman Jon Kyl (Ariz.) is coordinating the session, which is set to include broad discussions of party principles such as fiscal discipline, national security and personal responsibility. Members also are expected to begin setting their two-year legislative goals on issues such as energy, health care, tax policy, immigration reform and judicial nominations.

Kyl said Wednesday that while Iraq is at the forefront of Senators' minds this week, he doesn't expect it to trump Friday's largely domestic-related retreat. He said Senators have "an agenda to talk about" and will operate under a set time frame for their discussions.

"We can have a healthy debate [on Iraq] and still be together as a Conference on the bulk of the issues," Kyl said.

Kyl said one of the features of the Senate is that there always will be issues on which Members differ, but ultimately Senators respect one another's positions and find ways to work together. Kyl said he didn't know whether the retreat would provide a forum for Senators to come together on Iraq , but he said, "the more we talk with each other, the more likely we are to find common ground and mute our differences."

The backdrop to the retreat, however, is the Senate's ongoing debate over President Bush's plan to increase troops in Iraq by 21,500. The proposal has brought some Senate support and scores of critics — including from within the Republican ranks, where several competing nonbinding resolutions criticizing the plan have emerged.

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The president's Iraq policy will take an even higher profile next week when Senators take to the floor to formally debate the proposal.

Sen. John Thune (R-S.D.) predicted the topic of Iraq will come up at the Friday meeting, as it has "in all meetings." But he agreed the issue should not become the main focus of the agenda-setting session.

"It's an unusual issue because it is the elephant in the room," Thune said. "On the other hand, we all know Friday is designed to come up with our legislative priorities."

"The timing is what it is," added a senior Republican Senate aide. "But we do have to have a game plan, a blueprint for how we are going to handle this next year."

Republicans say they don't want to waste any time putting together a policy agenda for the year, considering that they must defend 21 GOP-held Senate seats and capture two more to take the majority in 2008.

"Really, there's no better time to chart a course for where we stand on policy," said another senior GOP aide. "For the folks who are up in 2008, we need to show this party's positions on policies that matter to people."

The retreat will span the better part of the day, culminating with a trip by the GOP Senators to the White House for a meeting and reception with President Bush and first lady Laura Bush. White House Press Secretary Tony Snow will make an appearance during the day's events and is expected to talk about GOP communications strategy.

Sen. John Cornyn (Texas), who is leading efforts to rally support among Republicans for Bush's Iraq War plans, acknowledged his party isn't in unison on the proposed surge policy. But he discounted suggestions that Republicans' differences could ultimately hurt them politically.

"We are a diverse party," Cornyn, the GOP Conference vice chairman, said. "People are very independent-minded. That's the way it is."

Cornyn joked, however, that if the president's plan were to succeed, it would be interesting to see how the landscape would shake out, saying: "Success has 1,000 fathers, and failure is an orphan."

Food Safety Makes List Of Flawed Federal Programs (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, February 1, 2007

WASHINGTON — The Government Accountability Office on Wednesday added food safety to its list of critically flawed federal programs, saying that splintered jurisdiction among 15 agencies has left the nation vulnerable to outbreaks of food-borne illness or, worse, a terrorist attack.

Meanwhile, a senior administration official said President Bush would seek an increase of about $11 million for food safety in the fiscal 2008 budget he is scheduled to release Monday. Much of the funding would be aimed at reducing the risk from produce outbreaks, such as the E. coli-contaminated California spinach that caused three deaths and sickened more than 200 last fall.

Consumer and industry groups, however, said the increase would not stop the continued reduction of the Food and Drug Administration's inspection staff. The FDA's budget has not kept pace with the rising cost of federal salaries and benefits, so the agency has had to eliminate hundreds of field inspector jobs, along with scientific and technical positions.

"We are at a critical moment for the nation's food safety," said Rep. Henry A. Waxman (D-Los Angeles), chairman of the House Government Reform Committee. "I could not agree more with GAO's conclusion that we are in need of a fundamental reexamination of our food safety system."

The GAO, the nonpartisan investigative arm of Congress, said it added food safety to its so-called high-risk list of federal programs because the system is out-of-date, often unscientific and lacks accountability. The list, created in 1990, serves as a kind of tip sheet for Congress, alerting lawmakers and their staffs to problems simmering below the surface of the federal bureaucracy. One agency just off the list: the U.S. Postal Service.

It may be stretching it to refer to a federal food safety "system," a senior GAO official said.

"It is a collection of 15 agencies trying to administer some 30 laws, and that results in inefficient use of resources, inconsistent oversight, and overlap and duplication," said Lisa Shames, director of food and agriculture issues, urging that a solution "be approached system-wide."

The FDA and the Agriculture Department split most of the responsibility for food safety, with the USDA overseeing meat, poultry and processed egg products and the FDA overseeing just about everything else. But each operates under a different set of laws. While the USDA is required to continually inspect slaughterhouses, FDA inspections are infrequent.

Bush administration officials disputed the conclusion that the system is broken, pointing to research from the Centers for Disease Control and Prevention showing a decline in the incidence of food-borne illness since the late 1990s. But most of the progress occurred before 2005, the statistics indicate, and the CDC has concluded that further measures are needed.

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Each year about 76 million people contract a food-borne illness; most get better on their own, but about 325,000 are hospitalized and 5,000 die.

The senior administration official said the $11 million in new funding would mainly go to the FDA.

It would be used to bolster the ability to trace the source of outbreaks, develop scientifically sound preventive measures, improve computer systems to keep track of imported produce inspections, and for research.

The funding "will strengthen the FDA's ability to respond to possible food-borne outbreaks, and assist industry to mitigate the risk of increased outbreaks, especially those attributed to fresh produce," said the official, who asked not to be identified because the budget had not been officially released.

But consumer and industry groups say much more money is needed — and it's unclear where that will come from in a tight budget.

"This is a huge food supply system, and $11 million doesn't go very far when it's spread across the entire need," said Pat Verduin, chief science officer for the Grocery Manufacturers Assn., the trade group for the food, beverage and consumer products industry. The FDA's entire food safety budget is about $450 million.

Sanchez Accuses Democrat Of Calling Her A 'Whore,' Resigns From Hispanic Group (POL)

By Josephine Hearn

The Politico, February 1, 2007

Rep. Loretta Sanchez has quit the Congressional Hispanic Caucus, accusing the chairman, Rep. Joe Baca, of telling people she's a "whore."

Baca denied the charge.

In an interview with The Politico Wednesday, Sanchez, a California Democrat as is Baca, also cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers. The caucus represents 21 Hispanic Democrats in Congress.

"I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here," Sanchez said. "You treat the women like shit. I have no use for him."

In a statement to The Politico, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus (CHC), and has chosen to air baseless statements. Let me be clear; her comments are categorically untrue."

The last time lawmakers withdrew from the Hispanic caucus was in the late 1990s when the group's Republican members left over partisan differences.

Sanchez said she had been approached earlier this year to contribute funds from her office budget to support the CHC's shared staff, a requirement for all its members. She refused.

"I told them to take me off the list, take me off the Web site, take me off everything," Sanchez said.

She said she was surprised and insulted when she learned that Baca had made the disparaging personal comment about her to California Assembly Speaker Fabian Nunez and other legislators last year.

Nunez "is a friend of mine. Did he think he wouldn't tell me?" Sanchez asked.

Sanchez voted against Baca in the election for chairman in November. Four other female lawmakers abstained from the vote, raising concerns about whether the election followed proper procedures.

The Sanchez withdrawal is a blow to Baca and his allies who have been trying to bring the caucus back together after a series of internal spats last year. Many of the more junior members and the women have butted heads with him and senior lawmakers.

Last February, six members withdrew from the group's political action committee after Baca and his allies authorized political contributions to family members who were running for state and local offices.

Sanchez was among that group of defectors, which also included her sister, Rep. Linda Sanchez, D-Calif., and Democratic Reps. Dennis Cardoza of California, Jim Costa of California, Raul M. Grijalva of Arizona and Hilda L. Solis of California.

In recent weeks, Rep. Xavier Becerra, Calif., a CHC member who serves in House leadership as assistant to the speaker, had been trying to persuade the six members to rejoin the political action committee, which is known as the Committee for Hispanic Causes/Building Our Leadership Diversity. So far, it appears those efforts have not succeeded. An invitation for a PAC fundraiser to be held Wednesday night continues to omit the six.

Earlier this month, four female lawmakers wrote Baca asking that the caucus repeat his election as chairman because the earlier vote failed to use secret ballots, as required in the group's bylaws.

Sanchez and other female CHC members have repeatedly complained that Baca and some of his male colleagues do not accord them a high level of respect.

"There is a big rift. Hello? Do they not get this?" Sanchez said.

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by NamVet on 02.01.2007 at 12:16 AM

What a racist organization....once again...multiculturlizm has reared its ugly head....F the hypen crap...either you are an American or not....look at what is happening in Englandstan right now..and Francestanboo...that's what happens when you let other people's culture to run amok....time to get rid of the Black this, the Hispanic that, Asian this, Anglo this and that...all those crappy labels and just try being AMERICANS!!!!!!!!!!!!!

by El Pasoan on 02.01.2007 at 12:16 AM

Regardless of who is right or wrong on this issue, Sanchez/Baca/the "Hispanic Caucus", what a waste of taxpayer's money. If all Congressmen and Congresswomen, and Senators too, were doing their job without politicizing the issues, they wouldn't need a Hispanic, Black, White, Orange, or Green Caucus. Our government is a big monster that we now have to keep feeding it. Term limits does not sound too bad.

by spacerace on 02.01.2007 at 12:14 AM

Well if the shoe fits..... Loretta's married name is Brixey, Sanchez is her maiden name. Loretta had to change from a Republican and change her last name to win her seat against Bob Dornan. She also has a boatload of non citizens who vote for her and her sister everytime. I have witnesses this every election, but noting is ever done at the OC Registars Office. Congress knows this too, but they say that not enough non citizens are voting to change things. Go ahead Loretta change you name back to Brixey and see if you still get those votes. Oh! Do your remember that Camero that you raffled off for latino votes?

by Billy Boy on 02.01.2007 at 12:01 AM

Simple facts..Bob Dornan was screwed out of his seat. Ms. Sanchez is illigetimate. Racists come in all colors. Try being real Americans instead of hyphenated Americans.

by To be ass on 01.31.2007 at 11:56 PM

Let the games begin! We knew it was only a matter of time before the misrable and disgusting dems would start to screw up their kingdom. Honestly didn't think it would be this quickly. But then again, look at her... What a sorry excuse for a politician. It is comforting though that she was allowed to count all of the illegals who cast votes in her election... The Republicans let that one slip through the cracks!

by aibo on 01.31.2007 at 11:34 PM

Yo ... Politico forum managers ... can you please stop Tancredo's staff - who knows, maybe the man himself - from logging in under different names to post the same tired message on race caucuses?

Thankfully, we've stopped talking about Loretta and her yet unsubstantiated accusation. Wait, now that I think about it ... keep on spewing ignoramus.

by MJW01 on 01.31.2007 at 11:24 PM

So, not only a racist organization, but also sexist?! Should we be surprised?

by VoiceOfReason on 01.31.2007 at 11:11 PM

To this very day, Glenn, the Democrats favor treating people differently on account of race. The preferred colors have changed, but they still don't get it: skin color doesn't mean squat.

by GlennH on 01.31.2007 at 11:05 PM

Doesnt surprise me one bit that democrats perpetuating racism. They were always against equal rights and for segregation back in the day. Just ask Sen. Robert (KKK) Byrd (D) W.V.

by VoiceOfReason on 01.31.2007 at 11:02 PM

"Get a clue - the reason there are minority group caucuses is because minority groups have a tendency in society, govt, work, to be abused, marginalized, murdered. The constitution protects minority rights from the abuses of the majority, hence the term "minority group" without having any power."

Yeah, that's why the Congressional Black Caucus recently decided to deny admission to Rep. Cohen, right? I mean, he represents a majority-black district, he pledged to seek membership as a campaign promise, surely his constituents have the same interests as Rep. Clay's, don't they?

Or don't they? Come to think of it, why *should* commonality of skin color imply commonality of interests? Aren't we supposed to be getting past that whole skin-color thing?

by user1234 on 01.31.2007 at 10:51 PM

I think there actually is a "White Christian Male" caucus, its called the majority of the House of Representatives.

Get a clue - the reason there are minority group caucuses is because minority groups have a tendency in society, govt, work, to be abused, marginalized, murdered. The constitution protects minority rights from the abuses of the majority, hence the term "minority group" without having any power.

"It's amazing to me that everyone ignores the fact that if we had a "White Caucus" there would be a maelstrom cry of "RACISM."

Why is this not so when it involves Hispanic or Black groups? "

by dslinkard on 01.31.2007 at 10:45 PM

This is too funny...how come we haven't heard about this corruption?

by TrueLiberal on 01.31.2007 at 10:41 PM

Wow, democrats acting out as name-calling sexist bores while belonging to racist organizations and using government funds to support family members to latch on the the government teet.

Who would ever have guessed?

by geoffb on 01.31.2007 at 10:25 PM

It's amazing to me that everyone ignores the fact that if we had a "White Caucus" there would be a maelstrom cry of "RACISM."

Why is this not so when it involves Hispanic or Black groups?

by gunjam on 01.31.2007 at 10:24 PM

i am a white republican. years ago, i actually used to live in Baca's district (when he was still a lowly state legislator). I have heard him speak. I have called his office about concerns. He is the man -- Viet Nam vet; former paratrooper; pro-gun; he should replace boxer in the senate. So what if he called Sanchez a whore? She isn't trying to say she is a LADY, is she?! I think Sanchez doth protest too much -- because, well, ... because she is a . . . . ;-) -- gunjam

by Truthfrompersonalobservation on 01.31.2007 at 10:24 PM

Sanchez and her sister are idiots and they represent their districts very well. If you think I'm being critical, exercise your status as a citizen and observe them during a hearing. You wouldn't pay anyone to provide that type of service for you at a Hospital, Police Department, et al...

by rdcrisp on 01.31.2007 at 10:20 PM

Why is there a hispanic caucus or for that matter a black caucus? If membership eligibility is in any way tied to the race of the member then it is nothing more than a racist organization.

It surprises me to see democrats perpetuating racism, particularly among our lawmakers.

I'd like to either see these cauci abolished with prejudice or I'd like to see a congressional white caucus formed. What: that would be racist? Yes, that's exactly the point; they are all racist organizations and have no place in a "color blind" society.

Loretta Sanchez did the right thing to resign but for the wrong reason.

by Dave in Sacramento on 01.31.2007 at 10:09 PM

Baca's right. She is a whore.

by Gabriel on 01.31.2007 at 10:03 PM

I'm with Loretta. As far as I'm concerned SHE represents the interests of este Latino, not Mr. Baca.

by twaccb on 01.31.2007 at 09:59 PM

Loretta Sanchez really has incredible nerve, asking if someone was "properly elected" or not. Why don't we call in Bob Dornan to referee?

As far as the other charge is concerned, is it possible to act like a thing without becoming that thing?

Mickey

Before you start composing please note that you will need to be a registered user of Politico.com to "join the conversation". If you are not a member yet, what are you waiting for? Register Now!

Sen. Barack Obama Tries To Flesh Out His Record With An Election-fraud Bill (HILL)

By Elana Schor

The Hill, February 1, 2007

Sen. Barack Obama (D-Ill.) yesterday added election fraud to the spectrum of weighty issues he has covered since informally launching his presidential bid, further fleshing out a legislative record that could be an inviting target in the intensifying 2008 campaign.

Obama sought to stay focused on his bill criminalizing voter suppression and deceptive electoral tactics, his third momentum-building effort in two weeks, even as the Republican National Committee drove a wedge through the Democratic field by circulating critical comments made by Sen. Joseph Biden (D-Del.) about his fellow White House hopefuls.

"I don't spend too much time worrying about what folks talk about during campaign season," Obama said yesterday.

Yet he has embraced several politically charged debates this winter, signaling his readiness to compete in the media glare of the primary trail and his ability to project presidential gravitas while displaying Democratic bona fides.

Yesterday's voter-deception bill, which would allow injunctive relief for individuals targeted by fraudulent flyers and automated phone calls during the run-up to Election Day, earned plaudits from civil-rights groups and the co-sponsorship of Sen. Charles Schumer (N.Y.), the Democratic Caucus's No. 3 and a backer of Sen. Hillary Rodham Clinton (D-N.Y.) in 2008.

Obama acknowledged the greater megaphone he commands as a presidential contender, observing that the Democrats' new majority status also allows him to expand his legislative reach with some confidence of floor time and success.

Having openly declared for 2008 makes "you guys [in the media] pay more attention to what we're dropping," Obama said, "but it's gratifying that we can pay attention to critical issues."

Obama weighed in late Tuesday with an Iraq measure that would require a start to troop withdrawal by May and an end to the process by March 31, 2008 — mere weeks after the presidential showdown of the "Super Tuesday" primaries. That hard date for drawdown goes a step beyond Clinton's rhetoric on the war, while matching one of her goals by allowing for troops to move out of Iraq and into Afghanistan.

Obama's Iraq bill is an outgrowth of his November speech at the Chicago Council on Global Affairs, where he called for a timetable to begin pulling out troops but stressed that flexibility to suspend redeployment would be crucial if Congress and the Iraqi government certified that a U.S. presence was still needed. Obama's opening for postponement of troop withdrawal did not stop liberal stalwarts from hailing his bill yesterday.

"His proposal to set a deadline for withdrawal is an important distinction from other proposals that include an open-ended commitment," Tom Mattzie, political director of MoveOn.org, said in a statement. "Without a deadline, it is hard to get out of Iraq."

Civil-rights lions at the People for the American Way (PFAW), the National Association for the Advancement of Colored People and the Lawyers' Committee for Civil Rights (LCCR) also marshaled behind Obama's election-fraud remedy. PFAW will partner with Obama for a voter-suppression event next week, and LCCR executive director Barbara Anwine was glowing in her praise for Obama.

"There are a thousand issues he could highlight, but to really hammer this one will make it at the forefront of the presidential debate," said Anwine, whose passionate call for an end to intimidation tactics that target minority voters earned an "amen" from Obama.

One source close to the Obama campaign said the senator's full plate, topped by Senate testimony Tuesday on global warming, shows voters what is important to him.

"There's an old saying in Chicago politics: Good policy is good politics," the source said.

House Democrats have responded in their own way to Obama's candidacy. Rep. Melissa Bean (D-Ill.) has agreed to serve as a House liaison for Obama, said Brian Herman, her communications director. That role could cover formal events, such as fundraisers and meetings with House Democrats, or focus largely on private outreach.

Another natural House emissary is Rep. Artur Davis (D-Ala.), a close ally of House Majority Leader Steny Hoyer (D-Md.) who applauded Obama's exploratory rollout Jan. 16 with a promise to join the effort. Both Bean and Davis are leaders in the centrist wing of their caucus, which one House Democratic aide said would be invaluable to Obama.

"[Bean] has a great deal of credibility when it comes to certain issues, in terms of knowing what will appeal to the center, and independents in particular," the aide said.

An Illinoisan with strong liberal credentials, Rep. Jan Schakowsky (D), said she is planning a social event in the coming days to introduce Obama to House Democrats whom he may not yet know personally. Schakowsky, who has a large in-state grassroots network, said she wants the gathering to be free of pressure to make a formal endorsement.

"The highlight of the invitation is going to be, 'Meet Barack Obama,'" said Schakowsky, who will co-host with Rep. Jerry Costello (D-Ill.), another longtime Obama supporter. "There may be some people from New York, for example, who have commitments but who would like to get a sense of what he is about."

Obama's busy week, which began with a speech last Thursday calling for universal healthcare by 2012, ended yesterday with a phone call from Biden apologizing if his comments, printed in the New York Observer, came across as disparaging.

"I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Biden was quoted as saying. "I mean, that's a storybook, man."

Obama replied to Biden that there was no need for contrition, Biden told reporters on an afternoon conference call.

Yet Obama will have to determine eventually whether to directly or subtly parry skeptical questions about his legislative experience, such as Biden's judging him "a one-term" in the Observer this week or Dick Morris's false charge in December that Obama "has never introduced a bill."

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Obama served as lead sponsor on 66 bills and 86 amendments during the 109th Congress, according to the Library of Congress.

Senators Ask FDA To Keep Regional Labs (WP)

By Christopher Lee

The Washington Post, February 1, 2007

The Food and Drug Administration should suspend plans to close as many as nine of 13 laboratories that test the safety and effectiveness of food, drugs, cosmetics and medical equipment, a bipartisan group of senators said this week.

The network of labs, run by the agency's Office of Regulatory Affairs, "could prove particularly vital in rapidly responding to public health crises" during national emergencies, the lawmakers wrote Tuesday to FDA Commissioner Andrew C. von Eschenbach.

Any proposed consolidation plan should be reviewed by Congress, wrote the lawmakers, including Sen. Edward M. Kennedy (D-Mass.) and Sen. Arlen Specter (R-Pa.).

"We recognize that FDA faces serious budget constraints that force difficult choices, but it is far from clear that consolidating ORA labs is a reasonable response to these difficult constraints," they wrote.

The 13 labs are in or near Atlanta, Boston, Cincinnati, Denver, Detroit, Kansas City, Little Rock, Los Angeles, New York City, Philadelphia, San Francisco, San Juan and Seattle. The consolidation plan was first disclosed in December by Public Employees for Environmental Responsibility, a nonprofit advocacy group that obtained a Dec. 6 internal e-mail by Margaret Glavin, associate commissioner for regulatory affairs, that mentioned the FDA's plans.

The FDA has not made public which labs it intends to shutter. Jeff Ruch, executive director of the advocacy group, said FDA employees have told his organization that the Cincinnati, Denver, Detroit, Kansas City, Philadelphia, San Francisco and Seattle labs have been mentioned as candidates for closure.

Among the duties of such labs is investigating food-borne illness such as the recent outbreaks of E. coli in lettuce and spinach. Ruch said closing labs would be a mistake at a time of heightened fears that terrorists may try to tamper with drugs or the food supply.

"You compromise capability when you have laboratories removed from the areas of need, such as large food-distribution centers or ports of entry," he said.

FDA spokeswoman Julie Zawisza said the agency would respond to the lawmakers' letter soon.

"FDA needs to make important changes to meet the new challenges we face," she said. "We are very much aware that our field operations are essential to ensuring public safety and to preserving public confidence. As we continue our efforts to optimize the effectiveness of our field force, we remain committed to public safety and to maintaining a state of readiness for potential emergencies."

Colleen M. Kelley, president of the National Treasury Employees Union, which represents 600 of the lab workers, said the consolidation plan was "shortsighted" because many lab scientists would leave federal service rather than relocate.

"They would lose all that expertise and then have to rebuild it," said Kelley, whose union met with FDA officials in November. "The FDA has never made any kind of a business case that this consolidation would lead to better protection for the public and of public health. . . . They just said 'consolidation,' which is code for budget. They think if they have fewer labs they'd save money."

The FDA told the union it planned to close an undetermined number of the labs by April, she said.

Members' Legal Bills Continued To Mount In '06 (RC)

By Matthew Murray

Roll Call, February 1, 2007

As 2006 came to a close, lawyers' bills continued to pile high for a half-dozen or more House Members widely named in ongoing criminal investigations.

Year-end fundraising reports, which were due to be filed with the Federal Election Commission by Wednesday, showed that at least five Members previously cited as subjects of investigations wrote checks or listed debts to firms with substantial criminal defense practices worth a combined total of more than $200,000 from Nov. 28 to Dec. 31.

That's in addition to ex-Rep. Jim Kolbe (R-Ariz.), who received the FEC's blessing last week to use leftover campaign cash to fend off Justice Department scrutiny.

The campaign of former Rep. Mark Foley (R-Fla.), who currently is under investigation by federal law enforcement for allegedly inappropriate contact with Congressional pages, paid the Washington, D.C.-based law firm of Zuckerman Spaeder

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nearly $50,000 in mid-December. According to the firm's Web site, its lawyers specialize in cases "where the government is adversarial to our clients."

Rep. Alan Mollohan (D-W.Va.), who was banished from the ethics panel in 2006 amid a federal probe into earmarks he steered to his home state, doled out $70,000 during the reporting period to Kellogg, Huber, Hansen, Todd, Evans & Figel, an area law firm specializing in white-collar criminal defense. Mollohan reported that he owes the same firm another $20,000.

In late October 2006, media reports indicated the U.S. attorney's office was looking into Rep. Rick Renzi's (R-Ariz.) alleged involvement in an illegal property swap and declined to comment. At the time, Renzi declined comment and directed reporters to his attorney, Grant Woods.

On Dec. 6, Renzi's campaign wrote a check to Woods for $10,000.

Gibson, Dunn & Crutcher, an international firm with offices in Washington, D.C., Los Angeles and San Francisco, received about $75,000 in December from two prominent House Members: California Reps. Jane Harman (D) and Jerry Lewis (R). Harman, whose office declined comment for this story, paid the firm $25,000 on Dec. 11. About six weeks earlier, Time magazine reported that Harman allegedly asked a lobbyist for help in securing the top spot on the House Intelligence panel.

As previously reported in Roll Call, Lewis had paid Gibson Dunn the bulk of $820,000 in legal bills he accrued during in a four-month period last year. Lewis's disclosure late Wednesday now brings his total legal spending for the year to roughly $870,000.

Although some lawmakers start digging into their campaign coffers after investigators arrive on the scene, the largest year-end legal payment — more than $115,000 — was paid to a law firm by Rep. Michael Turner (R-Ohio) to dig up dirt on himself, just to make sure no legal questions went unanswered in an election year when Republicans nationwide were dogged by claims of ethics lapses.

"We worked to ensure that his opponents could not distort or misrepresent his nearly two-decade record of public service," said spokesman Andy Bloom.

As an FEC decision confirmed last week, Senators and House Members may raid their campaign war chests to pay legal fees when the feds come snooping, so long as it's somehow tied to their official duties. Agency lawyers have argued in the past that it is OK to use excess campaign funds, provided that "legal expenses are for ordinary and necessary expenses incurred in connection with duties of the individual as a holder of federal office."

"Members of Congress can use their campaign funds that are associated with their campaign activities, as well as their duties as office holders," said Michael Toner, a Republican-nominated FEC commissioner. "However, the FEC does require that their be a clear nexis between the legal expense and the Members' campaign or office-holder activities."

The Aide Who Wrote The Question (POL)

By Christian Lowe

The Politico, February 1, 2007

Daniel J. Cox Jr. doesn't look like a troublemaker, but the Senate Armed Services Committee aide knows how to stir things up.

The committee's principal staff member for Iraq issues, Cox ignited a firestorm when he fed his boss a simple but profound question to ask Gen. Eric Shinseki, the former Army chief of staff, at a 2003 pre-Iraq war hearing.

"General Shinseki," asked Sen. Carl Levin, Mich., then senior Democrat on the panel, "could you give us some idea as to the magnitude of the Army's force requirement for an occupation of Iraq following a successful completion of the war?"

Shinseki's candid answer -- that it would take "several hundred thousand soldiers" to pacify Iraq -- still reverberates.

It became powerful ammunition for those who see the U.S. occupation as a tableau of preventable blunders. It stoked criticism that the Bush administration low-balled Iraq war needs. And, many believe, it eventually cost Shinseki his job, particularly since his assessment was so publicly dismissed by the Bush administration.

"That was a question I wrote for Levin," said Cox, a 28-year Army veteran, who acknowledged in an interview that it was probably the best -- and most famous -- question he had ever recommended to Levin, who now chairs the committee.

The incident marked a turning point in Cox's career, catapulting him into the center of one of the most controversial conflicts in U.S. history. An unassuming career armor officer and former helicopter pilot, Cox had patiently worked behind the scenes in the committee's Democratic office since joining the staff in 1997.

Cox said he provides professional insight and a "muddy-boots perspective" on billion-dollar weapons and military policy.

"I've always been interested in coming to Capitol Hill. To me it was the more interesting, more fascinating of the branches of government," Cox said. "The role that it plays in oversight of the executive branch and the checks and balances of the constitutional system was fascinating."

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With his experience as a senior Army trainer during Operation Desert Storm, as a West Point professor and as a United Nations peacekeeper in Sarajevo, Cox seemed the perfect choice to become one of Levin's most trusted advisers when the Bush administration was gearing up for a war to topple Saddam Hussein in late 2002.

Throughout the run-up to the Iraq war, the budget and policy battles during the invasion, and the domestic political brawls that have punctuated the violent occupation, Cox has helped his boss shape the debate over a war that Cox feels has tarnished America's image. Though he previously leaned Republican, Cox said the Iraq war soured his view of the GOP and left him frustrated with an administration that he believes "has flat out failed."

"Our position in the world is a lot less than it was before," Cox said. "I think the last six years have damaged our relations with the rest of the world ... At least in my lifetime, I do not think it is going to recover fully."

Now Cox plays a key role in strengthening the intellectual underpinnings of Levin's Iraq strategy, in which he calls for the withdrawal of U.S. troops within months to demonstrate to the Iraqi government that the United States will not remain there indefinitely. Cox also believes that President Bush's troop "surge" won't do much good. And he is worried that the burden of the "war on terrorism" falls disproportionately on the small segment of the population that makes up the volunteer military.

"This country is not mobilized like it could be," Cox said. "There's a lot of the U.S. population that doesn't even know we're at war and doesn't even care."

When he's not working on Iraq issues, Cox focuses on the ground equipment needs of the Army and the Marine Corps, dealing with budget requests and program oversight, and assists the Airland Subcommittee chairman, Sen. Joseph I. Lieberman, I-Conn.

Bruce Hock, a Republican aide who has worked with Cox on Army and Iraq issues for five years, described his counterpart as fiercely protective of soldiers and Marines, particularly in making certain they are well equipped.

But the two have had major differences over the administration's Iraq policy. "When you're on the opposite side, there's a little bit of a distrust there," Hock said.

Soon, Cox will have to shift his focus from the high-profile Iraq hearings to the Pentagon budget, which will likely result in more contentious hearings.

Though he's an avid downhill skier who likes to take at least one trip to the Rocky Mountains each year, the committee schedule may keep Cox from his favorite slopes.

"There's no doubt in my mind that Levin will do everything he possibly can to take a bipartisan approach" to military issues, Cox said. "There will be differences, and they will be debated. But they will be heartfelt debates."

Senate Chaplain Nixes Appearance (RC)

By John Stanton

Roll Call, February 1, 2007

Senate Chaplain Barry Black informed Majority Leader Harry Reid (D-Nev.) Wednesday that he was canceling a planned appearance at a religious conference set for next month after a left-leaning civil liberties organization urged him to pull out due to the organizer's controversial political and religious beliefs, a spokesman said Wednesday.

According to the chaplain's spokeswoman, Meg Saunders, Reclaim America originally invited Black to attend in the fall of 2005 and billed the conference as a generic religious meeting. Saunders explained that Black, who attends a number of conferences each year, agreed to participate because it would not conflict with the traditional nonpartisan, nonsectarian role of the Senate chaplain.

But following a review of the group's Web site Wednesday, Black determined it was, in fact, both a political and highly sectarian event and quickly informed the organization and Senate leaders that he was not attending.

"He was not happy, particularly in light of the fact that in the beginning ... we were not given the full information," Saunders said, explaining that the original invitation was "very vanilla."

A spokesman for Reclaim America declined to comment.

Americans United for Separation of Church and State Executive Director Barry Lynn, who first questioned Black's decision to attend the Reclaiming America for Christ event in a letter to Black delivered Wednesday, praised the chaplain's speedy decision. "I'm delighted that he's made this decision," Lynn said, adding that "[Black's] office is uniquely designed to provide spiritual guidance across the board" to the Senate community and that Reclaim America is "about as contentious and controversial and extreme as you can get."

Founded by Dr. D. James Kennedy, Reclaim America is an offshoot of Coral Ridge Ministries, one of the largest evangelical organizations in the United States.

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According to the group's Web site, which at press time still listed Black as a speaker, the bulk of the speakers are luminaries of the conservative Christian movement, including author Ann Coulter, anti-abortion activist and Catholic priest Frank Pavone, Focus on the Family's Tony Perkins and Eagle Forum Founder Phyllis Schlafly, among others.

Topics to be discussed at the two-day conference include "making America safe for the unborn," "America's Christian moral heritage," "Reclaiming America through evangelism," "How to recruit and mobilize your pastor and church," "Communicating with grassroots" and "Islam and 'future Jihad,'" according to the site.

A brochure for the event extols Christians to attend by warning that "the only thing evil requires for its triumph is for Christians to say and do nothing. ... Once-silent Christians are standing up, speaking out, and rolling up their sleeves to get involved in the civic life of the nation," and describes the conference as a way to become "informed and equipped in the campaign to return America to her godly heritage."

Kennedy's flagship organization, Coral Ridge Ministries, has long been at the center of the so-called culture wars. For instance, the organization last year produced a video that claimed to show proof that Darwin's theory of evolution was responsible for the rise of Adolph Hitler and the Holocaust.

In his letter to Black, Lynn notes that "the Senate chaplain's job is to provide a variety of religious services that recognize the broad diversity of faith in America. Dr. Kennedy's ministry does not recognize or value this diversity. Rather, he argues that certain types of Christians — those who agree with his interpretation of the Bible — are the rightful owners of the country and that the nation must be 'reclaimed.'"

Saunders said that Black was upset that conference organizers had not "revealed" the intent behind the event in their original invitation and said he has been very careful during his tenure as Chaplain to be involved in anything that even hints at partisanship or sectarianism.

After reading the Web site, Black quickly decided to reject the invitation, Saunders added, explaining that because of the "political nature of the [conference], it definitely would jeopardize his standing in the Senate community."

HUD, Postal Service Shed 'High Risk' Label (WP)

By Stephen Barr

Washington Post, February 1, 2007

They are the ugly ducklings of the government -- programs so vulnerable to waste, fraud and mismanagement that they are dubbed "high risk" by the Government Accountability Office.

But transformation, as in the Hans Christian Andersen fairy tale, can happen.

Yesterday, the GAO announced that two large agencies, the Housing and Urban Development Department and the U.S. Postal Service, had shed their troublesome feathers.

For the first time in 13 years, no HUD program appears on the GAO risk list, which David M. Walker, the head of the GAO, called a "historic achievement."

HUD Secretary Alphonso Jackson said the announcement reflects the progress that HUD has made "to ensure taxpayer dollars are spent wisely and well."

For much of the 1980s, HUD was buffeted by allegations of corruption and influence-peddling that often masked systemic problems caused by poor financial management, inadequate record-keeping and staff shortages.

HUD worked through its problems, and, by 2001, had only two programs left on the GAO list -- single-family-housing mortgage insurance and rental-housing assistance. The GAO said the department has significantly improved its oversight of lenders, appraisers and property management contractors and does a better job of estimating subsidy costs and defaults by borrowers. Walker noted that HUD had cut the amount of improper rent subsidies by 58 percent between 2000 and 2005.

The GAO put the Postal Service on the high-risk list in 2001 because of a bleak financial outlook that included cash-flow problems and heavy debt. But the post office has increased employee productivity while reducing staff -- and saved $5 billion since 2001, the GAO said. A new law, the GAO said, will help the Postal Service address pension and retiree health-care liabilities and should create a more predictable process for setting mail rates for magazine, catalogue, credit card and other companies.

"It's a great day," Postmaster General John E. Potter said. "Going forward, it is incumbent upon us to continue to provide high levels of service" and "make sure every dollar we spend is a dollar that we need to spend."

Still, as a Capitol Hill briefing made clear yesterday, too many ugly ducks in government remain on the high-risk list, which is updated every two years. Even as Walker took HUD and the Postal Service off the list, he added three problem areas, for a total of 27.

The new risk areas are:

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Â· Federal oversight of food safety. Fifteen agencies administer at least 30 food-safety laws, and the patchwork nature of such oversight calls into question how the government inspects and responds to outbreaks of contaminated food, the GAO said.

Â· Financing the nation's transportation system. Revenue to support the highway and aviation trust funds are eroding as investment is needed to relieve congestion and keep up with increasing passenger and freight travel, the GAO said.

Â· Protecting technology critical to national security. High-tech weapons and products are targets for theft, espionage and illegal export, and the threats facing the nation have been redefined since the Sept. 11, 2001, attacks. Multiple agencies oversee the transfer and sale of critical technologies for use overseas but often fail to coordinate on security issues, the GAO said.

Walker was joined at the briefing by Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security and Governmental Affairs Committee, and three other senior committee members, Sens. Susan Collins (R-Maine), Daniel K. Akaka (D-Hawaii) and George V. Voinovich (R-Ohio). Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, and Rep. Thomas M. Davis III (R-Va.), the ranking minority committee member, also spoke.

They pointed out that too many programs at the Defense and Homeland Security departments remain on the GAO list. "The first responsibility of our government is to protect the security of our people. It is just unacceptable that so many items on this high-risk list reflect mismanagement in the pursuit of that top priority," Lieberman said.

He said he was especially disappointed that the entire Department of Homeland Security continues to be considered high risk and planned to explore this with Secretary Michael Chertoff at a Feb. 13 hearing.

Lieberman, Collins and Waxman said they were troubled by wasteful practices in federal contracting highlighted by the GAO list. Waxman has scheduled a hearing on contract mismanagement at Homeland Security next week, and Collins said she is drafting legislation to address waste in government contracting, including Iraq war and reconstruction contract problems.

The GAO has posted "High-Risk Series: An Update," on its Web site,http://www.gao.gov. My e-mail address isbarrs@washpost.com.

Don't Kill The Golden Goose (USAT)

By Todd Stottlemyer

USA Today, February 1, 2007

If you ask them, you'll learn that most entrepreneurs hold dear a fundamental, philosophical belief in the power of the free market, and that government shouldn't interfere by artificially setting wages or prices.

Small-business owners also recognize that increasing the minimum wage has real, proven impact on every facet of the economy, including lost jobs. And no group has consistently demonstrated that it can create jobs better than small business can.

Unlike many large businesses, most small businesses operate on razor-thin profit margins. The proposed increase of $2.10 in the minimum wage is a 40% hike over the current $5.15. All small businesses operate in a highly competitive, global marketplace and can ill-afford to raise prices on their customers by 40% and stay competitive.

Senate Finance Committee Chairman Max Baucus, D-Mont., and ranking member Sen. Charles Grassley, R-Iowa, recognize that the bill passed by the House of Representatives fails to address the very real implications for small businesses of a 40% minimum-wage hike. It simply does not reflect the economic realities faced by these entrepreneurs.

That's why members of the Senate Finance Committee worked together in true bipartisan fashion to craft a package of proven ways to lessen the impact of a minimum-wage increase on small businesses. These proposals provide an incentive for small-business owners to invest in the growth of their business, to create more jobs and further strengthen our economy.

The committee vote was a unanimous, bipartisan endorsement of an approach that recognizes the need to link legislatively what we already know economically — government-mandated wage increases have consequences. The Senate bill is fair. It is balanced. The full Senate should pass it, and the House should follow its example.

Todd Stottlemyer is president and CEO of the National Federation of Independent Business, the nation's leading small-business advocacy group.

Poorest Americans Have Waited Too Long For A Raise (USAT)

USA Today, February 1, 2007

Voters who thought Democrats were now the unchallenged masters of Capitol Hill got a quick reality check this week as the Senate lurched toward the end of a debate on the minimum wage.

In the House, the Democrats had the political muscle to pass a long overdue increase in the minimum wage, which has been stuck at $5.15 an hour for a decade and is now badly eroded by inflation.

In the Senate, though, the Democrats' margin is too narrow to overcome a filibuster by Republicans determined to hold the minimum wage hostage to tax cuts.

Today the Senate is expected to approve a hybrid bill that raises the minimum wage at last — but ties it to an $8.3 billion package of unnecessary tax cuts for small business.

The aggressive tax-cutting that the GOP-led Congress indulged in over the last decade without matching spending cuts has already weakened the Treasury and enriched many who needed little enriching. Last year, GOP leaders tried unsuccessfully to tie a minimum wage increase to cuts in the estate tax, which affects a tiny sliver of the wealthiest Americans.

That was outrageous, but what the newly Democratic Senate is doing is only slightly less unseemly. In the same decade that the poorest working Americans have gone without a raise in the minimum wage, Congress approved an estimated $312 billion in business tax cuts, a substantial chunk of which were for small businesses. The argument that they need more relief now is weak.

Further, while some of the Senate's tax provisions are directed at restaurants and other small businesses that might hire minimum-wage workers, there's little attempt to target tax cuts to those who pay the lowest wages. And — shocking! — some of the tax cuts seem to have little or nothing to do with the minimum wage: capital gains tax treatment for S corporations, tax treatment of bank directors' stock, and so on.

The increase in the minimum wage is already designed to go lightly on businesses that would have to pay it. It would raise the minimum from $5.15 an hour to $7.25 in three 70-cent steps over two years — plenty of time to adjust. Minimum wage workers — at least 5 million by some counts — wouldn't get the full raise until the spring of 2009.

The arguments against the minimum wage are familiar and unpersuasive. Critics argue that it will cost jobs, but the economic literature suggests job losses are a minimal threat. The last increase in 1997 was followed by a surge in low-wage employment.

Some opponents argue that wages should be decided exclusively by the free market.

But the nation decided otherwise in 1938, when Congress created the minimum wage so the poorest workers would have a chance at a decent living. And it's hard to recall similar free-market complaints about the tax code, which is all about picking winners and losers — homeowners over renters, for example, or investors over workers.

As is usual when there's paralysis at the federal level, states have moved ahead on their own, and more than half now have minimums higher than the federal level — including six whose voters approved the hikes in ballot measures last November.

It's long past time for Congress to do the same and to do it without wasteful tax benefits for the unneedy.

Eventually, the House and Senate will have to agree on a final bill. Democrats, along with the five Republican senators and 82 GOP representatives who voted for a clean wage increase — should hold their ground.

Deficit Day Of Reckoning? (WP)

By David S. Broder

The Washington Post, February 1, 2007

Next Monday is the real day of reckoning for President Bush and this new Democratic Congress. That is the day the president sends his budget for next year up to Capitol Hill, and you really will be able to judge by the reaction what will happen in Washington in the next nine months.

Last year, when the budget came out, Democrats hooted in skepticism and many conservative Republicans expressed dismay at the size of the projected deficits. In the end, the House and Senate could not agree on a budget resolution, and the government went on autopilot in terms of domestic spending, continuing at the same level as the year before.

This year, as I learned from conversations with two senior White House officials last week, the president hopes his budget will become a starting point for serious negotiation -- not a partisan football or simple laughingstock.

That hope was encouraged by a letter to the president last week from the Democratic leaders of the House and Senate, Rep. Nancy Pelosi and Sen. Harry M. Reid, and the chairmen of the two budget committees, Rep. John M. Spratt Jr. and Sen. Kent Conrad.

The first sentence said, "We are writing to express our strong interest in working cooperatively with you to address our nation's fiscal challenges." It acknowledged that as the process unfolds, "Democrats and Republicans will disagree about particular priorities, and we will need to negotiate our differences in deciding how to allocate scarce resources."

But it put forward four principles that could lead to a successful budget outcome this year.

? "The budget should account realistically for projected federal costs," including the billions needed for the wars in Iraq and Afghanistan and the adjustments needed in the alternative minimum tax, which otherwise would punish millions of middle-class families.

? "The budget should realistically project short- and long-term deficits," as objectively as the calculations of the Congressional Budget Office, which show the prospect of very large deficits if current tax and spending policies are unchanged.

? "The budget should provide detail throughout the entire budget period," making clear the hard choices that lie ahead.

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? "The budget should be based on fiscal discipline that is sustained over the long term," underlining the fact that it will take years of effort to repair the damage done to our fiscal condition in the past six years.

The House took an important first step in repairing our fiscal health last month by reimposing the "pay-go" rule, requiring any increase in entitlements or tax relief to be balanced with tax increases or spending cuts.

While not endorsing these specific principles, the White House officials with whom I met certainly pledged to make visible the costs of the war and to be specific about the trade-offs needed to maintain budget discipline, both in the short term and the long term.

They said that the economic assumptions underlying the president's budget are modest -- if anything, an underestimate of the revenue likely to be produced by a growing economy. And the officials indicated that the president will recommend that, for a second year in a row, overall growth in discretionary domestic spending -- the part separate from Medicare, Medicaid and Social Security -- be held close to zero.

If Monday's budget fulfills those promises, the stage could be set for a serious effort to put the federal fiscal house in order.

But the warning voiced in an interview by Rep. David R. Obey of Wisconsin, the chairman of the House Appropriations Committee, must be borne in mind. Obey recalled that when the late Rep. Richard Bolling of Missouri invented the congressional budget process, he said, "It will work only if all the key players -- in Congress and the administration -- use honest figures and make a genuine effort to live within its discipline. Otherwise, the budget process will become a barrier to action."

If the congressional budget process breaks down, two Republicans, Rep. Frank R. Wolf of Virginia and Sen. George V. Voinovich of Ohio, have proposed a commission of legislators and experts to tackle the long-term budget challenges and bring back a plan that Congress would have to vote up or down, or substitute an equally effective blueprint.

One way or the other, this problem must be faced. Monday's budget message could be the first step.

Indefinitely Grounded (NYT)

The New York Times, February 1, 2007

Travelers and airlines have a deal. In exchange for transporting them safely, passengers agree to give up a great deal of freedom of movement. Once aboard a plane, there's no getting off until the crew says so. People have to sit when they're told, buckle up and raise their seatbacks on command. In return, passengers expect the airlines to take care of them.

But several high-profile failures this past holiday travel season suggest that Congress needs to intervene and set some ground rules to enforce this deal for people unreasonably stranded on aircraft. Delays at the gate are a hassle, but extraordinary delays on planes can be dangerous for the handicapped, chronically ill, elderly or small children.

Take the passengers of American Airlines Flight 1348, whose flight from San Francisco to Dallas was diverted by bad weather to Austin, Tex. Obviously, weather is out of human control, and airlines rightly err on the side of safety rather than haste when it comes to bad weather or mechanical difficulties. Flying, particularly around the holidays, invariably entails a risk of delay.

But there is delay, and then there is detention. The passengers on Flight 1348 were trapped on the plane after it landed for another eight hours. They say there was nothing to eat but a box of pretzels, and the toilets began to stink. Passengers say they overflowed. The airline says they didn't. The difference is not worth debating.

Passengers from that flight have revived the idea of a Passengers' Bill of Rights, posting their ideas at www.strandedpassengers.blogspot.com. Among the common-sense notions are procedures to get passengers back to a gate when a plane has been sitting on the tarmac for more than three hours. When delays are that long, passengers' essential needs — food, water, medical attention and sanitation — must be met. These proposals are a good starting point for eventual legislation.

Following a similar incident in 1999, the airlines managed to avoid this sort of law through a voluntary customer service commitment. Congress should hold hearings to revisit their promises — and replace them with some requirements.

OTHER NEWS:

Judge Halts Holocaust Hearing After Objections To Settlement (NYT)

By Joseph B. Treaster

The New York Times, February 1, 2007

A federal judge abruptly adjourned a hearing yesterday on the settlement of a dispute over unpaid life insurance policies of Holocaust victims after a Miami lawyer and a survivor of a Nazi concentration camp raised objections.

Judge George B. Daniels of Federal District Court in Manhattan gave no explanation for ending the session that he had convened to determine the fairness of a settlement in which an Italian insurance company agreed to provide several million

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dollars to Holocaust victims. The company, Assicurazioni Generali, has repeatedly denied allegations that it systematically refused to pay billions of dollars in claims on insurance policies of Holocaust victims.

Lawyers for Generali and others who worked on the settlement said Judge Daniels called them into his chambers during a brief recess to express new concerns. They would not say what was discussed, but said he asked them to try to resolve the concerns over the next week.

One lawyer for the Holocaust survivors, Robert A. Swift, said Judge Daniels asked him and the others "to renegotiate one provision in the settlement."

Earlier, Sam J. Dubbin, a Miami lawyer opposing the settlement, had argued that it would prevent tens of thousands of Holocaust survivors from ever knowing whether they were owed money by Generali.

Mr. Dubbin said the insurance company reported paying more than 5,000 claims. But he said that left 105,000 Holocaust-era policies on the lives of Jews unaccounted for.

"History requires a much more thorough examination of the company's conduct," he said.

Both Mr. Swift and Marco E. Schnabl, a lawyer for Generali, disputed Mr. Dubbin's calculations.

Mr. Dubbin told the court that steps were being taken to open long-sealed German warehouses filled with documents that might shed light on the dispute, and he urged Judge Daniels to postpone a decision for up to six months.

The courtroom in Lower Manhattan was crowded with Holocaust survivors and relatives who had hoped to speak against the settlement. But Judge Daniels said he wanted to hear only from the lawyers.

Even so, Alice Burger Fischer, who was imprisoned at the Bergen-Belsen concentration camp as a teenager, rose to say that she had learned about the proposed settlement only on Tuesday despite efforts by Generali to publicize it.

"I don't understand anything about the settlement," she said. Her father bought a Generali policy that has been in dispute for decades. She said he died as he was being marched from a concentration camp.

Democrats Want To Rise With The Middle Class (WP)

By Lori Montgomery

The Washington Post, February 1, 2007

Meet Joe and Eileen Bailey, a politically independent couple from Long Island with three kids in public school, mounting financial anxieties and a flock of Democratic lawmakers clamoring to feel their pain.

The Baileys are fictional -- the creation of Sen. Charles E. Schumer (D-N.Y.), who used the family's worries to help Democrats chart a course to victory in last year's election and claim control of the Senate. Now Schumer wants to transform a sleepy congressional committee into a high-profile platform for examining the troubles of real people like the Baileys. His goal: to come up with a cure for middle-class angst that will carry Democrats into the White House.

"We have big plans," said Schumer, who is betting that economic insecurity will replace the Iraq war as the most important issue in the 2008 elections. "The party that can create a model paradigm, a platform that can answer some of these questions, will not only win in 2008 but could create a long-term majority."

As the third-ranking Democrat in the Senate, the chairman of the Democratic Senatorial Campaign Committee and the author of a new book on the middle class, Schumer is emerging as a key figure in that effort. But he is hardly alone.

Yesterday, as Schumer convened his first hearing as chairman of the Joint Economic Committee, two House panels were also taking testimony on the travails of the middle class. Sen. Edward M. Kennedy (D-Mass.) did the same two weeks ago in the Senate Committee on Health, Education, Labor and Pensions. And economists, academics and think tanks -- not to mention presidential candidates -- are grappling with the problem.

What, exactly, is the problem?

In testimony yesterday, there were almost as many answers as experts. But they cited some common themes, ranging from stagnant wages to rising costs for college and health care.

As President Bush traveled to New York to tout a robust economy with a low jobless rate, low interest rates and low inflation, "this is not what's generally felt out there in America," said Rep. Charles B. Rangel (D-N.Y.), chairman of the House Ways and Means Committee, which yesterday wrapped up a four-part inquiry into economic conditions with a hearing on "economic challenges of the middle class."

"To me, even though you got more compassion for the poor, you've got to pay attention to the middle class. Because they vote," Rangel said. And right now, "the middle class are scared to death they could become poor."

By any measure, the middle class is not becoming poor. But it has stopped getting ahead quite so rapidly. Over the 15 years ending in 2004, median household net worth grew by 35 percent in the United States, with all income groups showing increases, according to a recent report by the Council on Competitiveness.

But wages in the vast majority of households rose by less than 15 percent when adjusted for inflation, while the top 20 percent had increases twice that large in the 20-year period ending in 2005. For the top 5 percent of earners, the report shows wages jumped by nearly 50 percent, as their average annual salary rose to $281,155.

Rising inequality -- the growing gap between the rich and everyone else -- is often cited as a primary cause of middle-class angst. Republicans yesterday disputed the notion that income inequality has widened during President Bush's years in office, citing Census statistics that show it has been relatively static since 2001.

In testimony before the Joint Economic Committee, Richard Vedder, a visiting scholar at the American Enterprise Institute, argued that income, at any rate, is the wrong measure. Spending is far more important to economic well-being, Vedder said, and "we know that, in any given year, consumer spending is far more equally distributed than income."

That view met with skepticism from other witnesses, who included two former Clinton administration Treasury secretaries, Robert E. Rubin and Lawrence H. Summers, and Princeton University economist Alan S. Blinder, a former vice chairman of the Federal Reserve Board of Governors. All are involved with the Hamilton Project, an initiative at the Brookings Institution that aims to rebuild the social safety net without interfering with international trade and the free market.

"The basic story is very clear," Blinder said. "Inequality was mostly falling for 30 or 35 years or so until the late 1970s and has been mostly rising since then." He offered a vivid example: In 1979, the average taxpayer in the top one-tenth of 1 percent earned about as much as 44 average taxpayers in the bottom half. In 2001, the rich taxpayer earned as much as nearly 160 less affluent people.

So far, Democrats have offered a modest agenda for economically challenged families, pushing bills to raise the federal minimum wage, slash interest rates on college loans and reduce the price of prescription drugs for Medicare recipients.

Schumer and others are pushing for a broader response. In his book, "Positively American: Winning Back the Middle Class Majority One Family at a Time," Schumer acknowledges that he does not know "the eight words that will save the Democratic party." The book proposes to help the fictional Baileys by pursuing such goals as higher federal funding for public schools, a $15,000 tax deduction for college tuition and reduced dependence on foreign oil.

As chairman of the Joint Economic Committee, Schumer plans to look for ways to help Americans become more flexible in their work lives, in part by making it less traumatic to change jobs. Witnesses yesterday proposed making health insurance and pensions more portable, and more closely targeting job retraining programs. Summers also urged the committee to consider "wage insurance that would enable increasingly inevitable economic mobility to take place without significant and painful dislocation."

As for trade, Schumer said in an interview that, "deep in their gut, the average middle-class person knows that protectionism is throwing in the towel. Protectionism doesn't work. But the all-out, total-free-trade model isn't working, either."

Keeping Up With Schumer's Baileys (HILL)

By Emily Heil

The Hill, February 1, 2007

Sen. Charles Schumer (D-N.Y.) devotes much of his new book, "Positively American: Winning Back the Middle-Class Majority One Family at a Time," to an imaginary family, the Baileys. According to the tome, he runs every policy decision he makes by the average, middle-class, swing-voting family.

But the Baileys are unlike many American families in one regard: They've changed their name. When Schumer discussed his imaginary, sounding-board family to The Hill's Jonathan E. Kaplan in June of last year, they were named the O'Reillys.

A Schumer spokeswoman said the senator decided to rename his fictional friends when writing the book to make them appeal to a national audience. "He wanted a name that sounded more national … as opposed to more of a New York name," she said.

And she denied one reason for the name-switcha former Schumer aide had posited. The aide told a Hill reporter that the book's publisher had ruled O'Reilly "too ethnic" for mass consumption.

"Not true," the Schumer spokeswoman said. "It was the senator's decision."

Fellow lawmakers, gathered at a book bash in Schumer's honor hosted by Sen. Hillary Rodham Clinton (D-N.Y), seemed to think an (Irish) rose by any other name smells just as sweet. The crowd gathered at the Hill's Hunan Dynasty on Tuesday, which included Majority Leader Harry Reid (D-Nev.), Sen. John Kerry (D-Mass.), Sen. Edward Kennedy (D-Mass.), Sen. Arlen Specter (R-Pa.), Sen. Ben Nelson (D-Neb.), Sen. Sheldon Whitehouse (D-R.I.), and Rep. Tom Allen (D-Maine), noshed on spring rolls and sushi while toasting Schumer.

New Englanders trot to Globe party

The accents in the air were as thick as chowdah, as the New England congressional delegations mingled at a "welcome-to-Congress" meet-and-greet at the Boston Globe's D.C. bureau Tuesday night.

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Northern lights in attendance included Sen. Edward Kennedy (D-Mass.), who was spotted yukking it up with Sen. John Sununu (R-N.H.) and Sen. John Kerry (D-Mass.), plus a veritable roll call of House folks like Reps. Edward Markey (D-Mass.), Barney Frank (D-Mass.), James McGovern (D-Mass.), John Tierney (D-Mass.), Bernie Sanders (I-Vt.), Richard Neal (D-Mass.), Bill Delahunt (D-Mass.), Peter Welch (D-Vt.), Joe Courtney (D-Conn.), Paul Hodes (D-N.H.) and Carol Shea-Porter (D-N.H.).

"Politics is sort of a regional industry — and really an obsession — in New England," bureau chief Peter Canellos said of the gathering. "So it was great to get the whole crowd under one roof."

Aside from the Globe's D.C. staff, media types in attendance included Globe Editor in Chief Marty Baron and PBS commentator and columnist Mark Shields.

To our southern gal's ears, all those Massachusetts accents floating around the Globe's Connecticut Avenue offices sounded the same, although Markey assured us that there are subtle but definite variations. He was overheard telling guests that he was "tri-lingual" because of his mastery of three of them.

Security warning raises no alarm

It was just another lovely day on Capitol Hill last week: Snow flurries were picturesquely floating past windows, and inside the Dirksen Cafeteria, a packed crowd of serious-minded suits and skirts were eating lunch. The idyllic moment was shattered when suddenly, a woman's voice came on the loud speaker declaring police had discovered an unusual package in the Senate Hart Building.

Staffers and lawmakers were instructed to stay away from the area.

Despite the alarm, no one flinched. Such interruptions are par for the course on Capitol Hill. And as it usually turns out, the package contained nothing dangerous. "It was cleared with negative results," e-mailed Capitol Police Public Information Officer Sgt. Kimberly Schneider. "[It] was a backpack left unattended … nothing hazardous found."

Talk about blasé. One Senate Democratic staffer appeared unmoved during the lunchtime ordeal. "We get those almost once a week," he yawned. "Everyone was unfazed because they are so routine. They never amount to anything significant."

Partying with Heather Graham all in a day's work

Members of Congress may be famous, but even they switch into fan mode when they encounter genuine celebrities of the Hollywood kind. Wednesday night, the Creative Coalition imported some glam left-coasters to lobby members on the groups' issues, including boosting arts funding and thwarting movie piracy.

As of Wednesday, more than 30 members had signed on to be on the "host committee" of a Hollywood-Hill mixer slated to be held at B. Smith's restaurant in Union Station, organizers said. The Creative Coalition's lobbying lineup included starlet of the small and big screen Heather Graham, one of the group's newer additions. She joined old Hill hands like Fran Drescher, Morgan Fairchild, and Joe Pantoliano.

But, lest readers get fooled into thinking that members and aides frolicking with the beautiful people are all play and no work, Creative Coalition Executive Director Robin Bronk says the event is as much about business as it is pleasure. "We call it partying with a purpose," she says. "But it's Washington, so those things get all tangled up."

Ford pulled no punches

That plodding, mild-mannered everyman described in eulogies of President Gerald Ford last month? Forget him.

New York Daily News Washington bureau chief Tom DeFrank is set to reveal some of Ford's reflections on the Clintons, the Iraq war, Richard Nixon and other topics, and let's just say the former prez can dish, particularly when it comes to Hill and Bill.

DeFrank just inked a deal to publish a book based on private interviews he conducted with Ford over the last 16 years, with the understanding that they would not be made public until after Ford's death. "Ford's comments about the Clintons are juicy, for sure," a source familiar with the interviews tells us.

G.P. Putnam's Sons will release the tell-all this fall.

Biden Fields Questions About '08 Rivals (SFC)

By Beth Fouhy

San Francisco Chronicle, February 1, 2007

Sen. Joe Biden spent his first day as an official presidential candidate regretting his description of Democratic rival Sen. Barack Obama as "clean," and explaining why he had dissed Sen. Hillary Rodham Clinton and John Edwards.

The six-term Delaware lawmaker, who has said for months he'd be a candidate in 2008, formally establish his presidential committee Wednesday and launched a campaign Web site. It's the second presidential bid for Biden, who pursued the White House in 1988.

But the talkative Biden spent the better part of the day trying to quell the furor over his remarks. He was peppered with questions from reporters in an afternoon conference call, and late in the day, issued a terse statement, saying: "I deeply regret

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any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Senator Obama."

In the weekly newspaper's article, published Wednesday, Biden harshly criticized Clinton and Edwards for their proposals to end the Iraq war. He also questioned the credentials of another leading candidate, Obama, a first-term-senator, while calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden told reporters that he'd used the word "clean" to describe Obama as "fresh and new," and that the choice of words was not meant to disparage other black candidates who'd run for president in the past, such as civil rights leaders Jesse Jackson and Al Sharpton.

Obama, Biden said, "is probably the most exciting candidate the Democratic or Republican parties have produced since I've been around. He's fresh, new, smart, insightful. Lightning in a jar."

Biden also said he'd called Obama after the controversy to patch things up.

"He said, 'Joe, I knew what you meant,'" Biden said.

Obama spokesman Tommy Vietor confirmed the two men had talked. Later, Obama released a statement saying Biden's remarks seemed to undercut past black presidential candidates.

"I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," Obama said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns."

For his part, Jackson said he believed Biden's remark was "a gaffe."

"I know Joe Biden is a smart, decent guy," Jackson said in an interview. "I hope this doesn't diminish the light he brings to future debates."

But, he added, "Next time he should use the words 'fresh and new.' It's subject to less interpretation."

Biden was also grilled about comments he made regarding proposals offered by Clinton and Edwards to stabilize the situation in Iraq.

A 34-year Senate veteran known for his foreign policy expertise, Biden called Clinton's proposal — which would cap American troops and threatens to cut funding to Iraqi security forces — "nothing but disaster." He also criticized Edwards, who has proposed immediately removing 40,000-50,000 U.S. troops from Iraq.

"I don't think John Edwards knows what the heck he is talking about," Biden said.

Pressed to explain, Biden reiterated his claim that his rivals' Iraq plans were a mistake. He also said that while the Democratic field has a number of well-qualified contenders, he was the best qualified to serve as president.

"I believe I'm the best prepared of all the candidates," he said. "That I can say someone is qualified but can't take issue with their ideas is a strange phenomenon."

Known for his windy oratory and habit of thinking out loud, Biden's mouth has gotten him into trouble before. Last July, he defended his remark that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." Biden said his words had been taken out of context.

And as a candidate for the 1988 Democratic presidential nomination, Biden withdrew from the race in 1987 amid accusations that he had plagiarized passages in a campaign speech from former British Labor Party leader Neil Kinnock.

Asked whether his verbosity would be a handicap on the campaign trail, Biden demurred.

"That's for voters to decide. I don't see it as a problem," he said.

In a video message posted on his new campaign Web site, , Biden criticized President Bush's conduct of the Iraq war and warned that his successor would have no margin for error in resolving the conflict.

"This administration's mishandling of the war in Iraq may be the greatest foreign policy disaster of our times," Biden said. "The next president ... is going to have to be prepared to immediately step in and act without hesitation to end our involvement in Iraq."

Biden voted in 2002 to authorize military intervention in Iraq but has since become a vocal critic of the conflict. He's also proposed a plan for peace in Iraq that would divide the country along ethnic lines.

Biden also spoke of a number of domestic challenges he hoped to tackle as president, including health care, boosting job and retirement security, and tackling the threat of global warming.

Biden will transfer $3 million from his Senate account to his presidential campaign, and said he believed he needed to raise $20 million total to be competitive in next year's early primaries. Analysts believe Clinton and Obama are likely to raise $100 million each this year.

A Biden Problem: Foot In Mouth (ABC News)

By Jake Tapper

DOJ_NMG_0125715

ABC News, February 1, 2007

WASHINGTON, Jan. 31, 2007 — Senator Joe Biden, D-Del., the loquacious chairman of the Senate Foreign Relations Committee who launched his presidential campaign today, may be experiencing an ailment not entirely unknown to him: foot in mouth disease.

Biden is taking some heat for comments he made to the New York Observer, in which he said of Sen. Barack Obama, D-Ill., a rival for the nomination: "I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy. I mean, that's a storybook, man."

Immediately the conservative media establishment — Rush Limbaugh, the Drudge Report, bloggers — publicly pounced. At Townhall.com, Mary Katherine Ham wrote: "A clean black man? The first black guy on the American political scene who can both shower regularly and speak properly? Is that really what Biden thinks? If a Republican had said this, we'd have a national outpouring of grief over the residual ignorance and racial insensitivity in our country, and the guy would be in sensitivity training until around about the time John Kerry is elected president."

"'He is a clean African-American'?" Limbaugh asked. "If Biden thinks that Obama is clean then he has to think that others are not clean. Does he mean that he knows that Jesse Jackson is not clean? Does he mean that he knows that Reverend Sharpton is not clean? … See, folks, this is the problem for the libs. Once they get off script they expose their idiocy, they expose their prejudice."

But it wasn't just conservatives.

"When I heard his comments I thought Joe Biden was referring to a bygone era," said Donna Brazile, the former campaign manager for Al Gore's 2000 presidential campaign and a prominent African-American political consultant. "Years ago when white folks referred to black people with education they often used words like articulate. To suggest they were different, they were acceptable. That they were OK as compared to rest of African-Americans. So I think it came across that Joe Biden was referring to Sen. Obama as if he was a candidate running in the 1960s, not in the 21st century."

"They are loaded words," Rev. Jesse Jackson told ABC News. "And that's why he should interpret what he meant by those loaded words. It was an attempt I thought to diminish Barack's attributes and dismissive of our previous campaigns that made Barack's candidacy possible."

Jackson said Biden's remarks "could be divisive."

Obama Responds

And notably, Obama himself didn't do much to knock the story down.

Asked about the comments at a press conference this afternoon, Obama said, "you'd have to ask Senator Clinton, uh, Senator Biden what he was thinking," initially stumbling by mentioning the name of the Democratic front-runner for the nomination, Sen. Hillary Clinton of New York. "I don't spend too much time worrying about what folks are talking about during a campaign season."

Chavez Gains Free Rein in Venezuela

Most Sent Headlines

Excerpt: 'Sold'

Biden Ignites Furor With Remark On Obama (NYS)

By Josh Gerstein

New York Sun, February 1, 2007

Senator Biden of Delaware launched his White House bid with a vivid demonstration of how his loose tongue could liven up the Democratic field, or perhaps drive him out of it altogether.

Mr. Biden ignited a furor with comments he made discussing the appeal of another likely candidate for the Democratic nomination, Senator Obama of Illinois.

"You got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Mr. Biden said in an interview published online yesterday by the New York Observer. "I mean, that's a storybook, man."

Mr. Biden's remarks, and in particular his use of the word "clean," prompted debate on television news programs and the Internet about his meaning, and whether he was insulting Mr. Obama or other blacks who have run for president.

Mr. Biden said in a conference call with reporters yesterday that he had telephoned Mr. Obama to make sure no offense was taken.

Biden Burned By 'Clean' Language (USAT)

By Fredreka Schouten

USA Today, February 1, 2007

DOJ_NMG_0125716

WASHINGTON — Delaware Sen. Joseph Biden spent his first official day as a 2008 presidential candidate defending his description of likely Democratic competitor Barack Obama as the "first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden said he regretted the misunderstanding over his use of the word "clean" in an interview published Wednesday in The New York Observer.

"I really regret that some have taken totally out of context my use of the word 'clean,' " Biden said in an afternoon call with reporters several hours after formally joining the Democratic field.

He said he did not mean to offend the Illinois senator or other African-Americans who have sought the presidency. Obama "understood exactly what I meant, and I have no doubt that Jesse Jackson and every other black leader, Al Sharpton and the rest, will know exactly what I meant," Biden said.

Obama replied in a written statement. "I didn't take Senator Biden's comments personally," the statement said, "but obviously they were historically inaccurate. African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Late in the day, Biden released an apology. "I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Sen. Obama," he said.

Biden is a 34-year veteran of the Senate whose 1988 presidential candidacy ended amid allegations that he plagiarized portions of his speeches.

Others also criticized Biden's remarks. Biden "definitely misspoke and stepped on his announcement," said Donna Brazile, a Democratic strategist who ran Al Gore's 2000 presidential campaign. Biden has a strong civil rights record, she said, but his comments "reflect some old-school thinking."

Jackson said he had called Biden to ask what he meant but had not yet spoken with him. Jackson sought the Democratic nomination in 1984 and 1988. He described Biden's comments as a "diversion from the substantive issues of our time" and said it could be interpreted as attempting to "diminish" the role of his campaigns in the 1980s or to cast Obama as "all style over substance."

Comments by Biden have sparked controversy in the past. During a 2006 trip to New Hampshire, for instance, he said about his state's growing population of Indian immigrants: "You cannot go into a Dunkin' Donuts or a 7-Eleven unless you have a slight Indian accent."

The dustup over Biden's remarks came the same day President Bush also described Obama as "articulate" in an interview on Fox News.

Asked what he thinks troops would feel about a President Obama, Bush said: " He's an attractive guy. He's articulate. I've been impressed with him when I've seen him in person, but he's got a long way to go to be president."

White House spokesman Tony Snow said, "It's silly to compare the comments. What the president said requires no apology or explanation. He issued a compliment — not in code, but in plain English."

Obama spokesman Tommy Vietor said he had no comment on Bush's remarks.

Ron Walters, a University of Maryland political scientist, said Obama is "not the first articulate African-American to come on the scene by any stretch of the imagination."

Other politicians "are trying to account for his sudden rise on the scene," he said, "and they are doing it very badly."

Contributing: David Jackson; Nicole Gaudino of Gannett News Service

Biden Unwraps His Bid For '08 With An Oops! (NYT)

By Adam Nagourney

The New York Times, February 1, 2007

WASHINGTON, Jan. 31 — In an era of meticulous political choreography, the staging of the kickoff for this presidential candidacy could hardly have gone worse.

Senator Joseph R. Biden Jr. of Delaware, who announced his candidacy on Wednesday with the hope that he could ride his foreign policy expertise into contention for the Democratic nomination, instead spent the day struggling to explain his description of Senator Barack Obama, the Illinois Democrat running for president, as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

The remark, published Wednesday in The New York Observer, left Mr. Biden's campaign struggling to survive its first hours and injected race more directly into the presidential contest. The day ended, appropriately enough for the way politics is practiced now, with Mr. Biden explaining himself to Jon Stewart on Comedy Central's "The Daily Show."

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Earlier, in a decidedly nonpresidential afternoon conference call with reporters that had been intended to announce his candidacy, Mr. Biden, speaking over loud echoes and a blaring television set, said that he had been "quoted accurately." He volunteered that he had called Mr. Obama to express regret that his remarks had been taken "out of context," and that Mr. Obama had assured him he had nothing to explain.

"Barack Obama is probably the most exciting candidate that the Democratic or Republican party has produced at least since I've been around," he said, adding: "Call Senator Obama. He knew what I meant by it. The idea was very straightforward and simple. This guy is something brand new that nobody has seen before."

Asked about Mr. Biden's comments, Mr. Obama said in an interview, "I didn't take it personally and I don't think he intended to offend." Mr. Obama, who serves with Mr. Biden on the Foreign Relations Committee, added, "But the way he constructed the statement was probably a little unfortunate."

But later in the day, with Mr. Biden coming under fire from some black leaders, Mr. Obama issued a statement that approached a condemnation. "I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," he said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

For Mr. Biden, the chairman of the Senate Foreign Relations Committee, it was an inauspicious beginning to his first presidential campaign since 1988, when he dropped out after acknowledging using without attribution portions of a speech from a British politician. By the end of the day on Wednesday, Democrats were asking only half-jokingly whether Mr. Biden might be remembered for having the shortest-lived presidential campaign in the history of the Republic.

Shortly after 6 p.m., Mr. Biden issued a written statement. "I deeply regret any offense my remark in the New York Observer might have caused anyone," he said. "That was not my intent and I expressed that to Senator Obama."

Under questioning from reporters at his announcement conference call, Mr. Biden was pressed on what he meant in his description of Mr. Obama, particularly in his use of the word clean.

"He understood exactly what I meant," Mr. Biden said. "And I have no doubt that Jesse Jackson and every other black leader — Al Sharpton and the rest — will know exactly what I meant."

When he was asked, again, what he meant, Mr. Biden — known in Washington for his long-winded ways and his love of the microphone and the spotlight — bristled as he struggled over the squawk of feedback and echoes.

"I'm not going to repeat everything I just said," he said. "There is a vote that starts at 2:30, it takes 11 minutes to get to the floor. I can take one more question but not on the subject I have already spoken to."

And after taking one more question, Mr. Biden did something entirely out of character: He announced he was done talking.

Mr. Biden's assurances notwithstanding, both Mr. Jackson and Mr. Sharpton — African-Americans who have run for president — said they had no idea what Mr. Biden meant. And both suggested they felt at least a little offended by the remarks.

Mr. Jackson described Mr. Biden's remarks to the Observer, which also included critical statements about the Iraq positions of two of his Democratic opponents — Senator Hillary Rodham Clinton of New York and former Senator John Edwards of North Carolina — as "blabbering bluster."

A wounded note to his voice, Mr. Jackson pointed out that he had run against Mr. Biden for the 1988 Democratic nomination, and had lasted far longer and drawn more votes than did Mr. Biden. Mr. Biden was forced out in September 1987.

"I am not sure what he means — ask him to explain what he meant," Mr. Jackson said. "I don't know whether it was an attempt to diminish what I had done in '88, or to say Barack is all style and no substance."

Mr. Sharpton said that when Mr. Biden called him to apologize, Mr. Sharpton started off the conversation reassuring Mr. Biden about his hygienic practices. "I told him I take a bath every day," Mr. Sharpton said.

No stranger to electoral intrigue, Mr. Sharpton was quick to offer a political motive: That Mr. Biden was drawing distinctions between Mr. Obama and African-American leaders like Mr. Sharpton and Mr. Jackson, to "discredit Mr. Obama with his base."

At the very least, Mr. Biden's remarks obscured a campaign roll-out in which he said that Mr. Bush had "dug America into a very big hole" with the war in Iraq and that the nation would need a leader experienced in foreign policy to take over during dangerous times. More than that, it seemed sure to harden Mr. Biden's image in political circles as politically undisciplined, an image he had been working scrupulously to change in what has emerged as a long-term political rehabilitation project for him.

In his conference call, Mr. Biden quoted his mother in trying to explain what he meant about Mr. Obama. "My mother has an expression: Clean as a whistle and sharp as a tack," Mr. Biden said, showering more praise on one of his biggest opponents for the nomination.

On Comedy Central, he told Mr. Stewart: "What got me in trouble was using the world clean. I should have said fresh. What I meant was he's got new ideas."

Mr. Biden's comments also focused new attention on remarks he made about Indians last year, when he said, "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent. I'm not joking."

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Before he went on television, Mr. Biden found himself sharing a stage with Mr. Obama at a Senate Foreign Relations Committee hearing on Iraq, where he was noticeably solicitous to his new presidential rival as members of the committee questioned Henry Kissinger, the former secretary of state. Mr. Biden chastised Senator John Kerry, the Massachusetts Democrat, to keep his comments short ("just one minute, Senator, or we will have everybody else").

But he could not have been more accommodating to Mr. Obama as the senator from Illinois began wrapping up: "I know I'm out of time."

Mr. Biden would have none of that. "That's O.K.," he told Mr. Obama. "You're making a very salient point."

Biden Enters Race Playing Defense (CHIT)

By Jill Zuckman

Chicago Tribune, February 1, 2007

WASHINGTON -- Sen. Joseph Biden of Delaware, a foreign policy expert and Iraq war critic with a propensity for long-winded oratory, entered the Democratic race for president Wednesday with a clumsy comment about Illinois Sen. Barack Obama that was taken by some to be racially insensitive.

Though he touted his foreign affairs experience during a press conference with reporters, Biden was forced to explain why he had described Obama, a rival for the Democratic presidential nomination, as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden made the comments to the New York Observer and said his use of the word "clean" to describe the African American politician was "taken totally out of context."

Obama initially told reporters that they would have to ask Biden what he was thinking when he made the comment: "I don't spend too much time worrying about what folks are talking about during a campaign season."

But by day's end, the senator took a sharper tone, issuing a public rebuke to his more senior colleague.

"I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," Obama said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Biden called Obama to explain his comments and Obama told him directly that he did not take the comments personally, aides to the Illinois senator said.

"This guy is a superstar," Biden said, effusively praising Obama's attributes in what was supposed to be his own presidential debut. "He is probably the most exciting candidate this party has had in a long time."

Even so, Biden released a separate statement last night as he tried to tamp down the spiraling controversy.

"I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent and I expressed that to Senator Obama," he said.

Biden told reporters that he has long enjoyed the support of the African-American community in Delaware and did not intend to cause offense. He also said he did not believe that Sharpton, Jackson or other black leaders would misunderstand his remarks.

"My mom has an expression, 'clean as a whistle, sharp as a tack.' He is crisp and clear. I think a lot of him," said Biden, describing Obama as "lightning in a bottle" and adding that Obama had captured the imagination of the country like no other politician.

In an interview, Jackson called Biden "a decent man" who had made a verbal gaffe while trying to slight the competition.

"He was saying in effect that Barack is more style than substance, that he is just coming onto the scene," Jackson said. "In doing so, he seemed to be dismissive of our 1988 campaign and diminishing Barack's potential campaign."

Jackson, who spoke with both Obama and Biden by telephone Wednesday, said he would not characterize Biden's comments as racially motivated.

"That is my interpretation and Barack's interpretation," he said, adding that he hoped Biden's campaign would not be harmed by the poor choice of words.

As he kicked off his candidacy, Biden, 64, said he believes he would be a better president than Obama or Sen. Hillary Clinton (D-N.Y.), two of the top candidates in the race.

"I make no apologies for saying I believe I am the best prepared of all the candidates," said Biden, the chairman of the Foreign Relations Committee who has served in the Senate for the last 34 years.

"The next president, left with the debacle this president will leave us, will have no margin for error and will need a fully thought out, comprehensive notion of what he or she will do with the problems in the world," Biden said.

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In some ways, Biden's entry into the race signals the preeminent role that the war in Iraq will play in the 2008 election. The issue dominated the midterm elections as Democrats swept to power in Congress. Now, each of the presidential candidates has detailed positions on how to approach the conflict and the region.

Biden criticized both Clinton's and Obama's positions on Iraq, singling out Clinton's ideas as "incorrect for how to proceed." Clinton would cap American troop levels and has threatened to cut off funding for Iraqi troops.

"From the part of Hillary's proposal, the part that really baffles me is, 'We're going to teach the Iraqis a lesson,'" Biden said. "We're not going to equip them? O.K. Cap our troops and withdraw support from the Iraqis? That's a real good idea," he added sarcasitcally.

The Clinton campaign had no comment on Biden's criticism.

Like Clinton, Biden voted in 2002 to authorize President Bush to use force if necessary in Iraq. Since that time, however, Biden has become an ardent critic of the administration and the war, complaining about poor preparation and field intelligence, as well as insufficient troop levels. His proposal would divide the nation along ethnic lines in order to put an end to the civil strife.

Asked whether his verbosity would hinder his candidacy, Biden was unusually terse: "I'll leave that to the voters to decide."

As a presidential candidate and as a public figure, Biden has a compelling personal story. In 1972, while a young 29-year-old county councilman, he challenged a sitting Republican senator with an anti-Vietnam War platform, winning by a little more than 3,000 votes.

But just five weeks later, his wife and baby daughter were killed in a car accident and his two sons were badly injured. Biden was reluctantly sworn into office by the side of one son's bed. From his first day in the Senate, he has made it a point to commute home by train every day.

Biden Stumbles At The Starting Gate (WP)

By Dan Balz

The Washington Post, February 1, 2007

Sen. Joseph R. Biden Jr. (D-Del.) joined the 2008 race for the White House yesterday, declaring that he has the right skills and experience to extricate the United States from Iraq without destabilizing the Middle East. But he spent much of the day extricating himself from a controversy over his comments about Sen. Barack Obama (D-Ill.), and he eventually issued a statement of regret.

Biden, who unsuccessfully sought the Democratic nomination in 1988, is staking his presidential hopes on more than three decades of experience in the Senate, where he has risen to become chairman of the Foreign Relations Committee and one of the Democratic Party's leading spokesmen on national security and foreign policy.

Biden said he believes he has the unique set of attributes to get the United States out of the most divisive conflict since the Vietnam War without further damaging U.S. interests around the world. "The next president of the United States, because of the policies of this president, is going to have no margin for error," he said on ABC's "Good Morning America," adding, "I think I have the most experience there."

He is a co-sponsor of one of the Senate resolutions opposing President Bush's plan to send 21,500 more troops to Iraq, but also has been critical of other Democrats who have called for what he believes would be a precipitous withdrawal of U.S. forces from the conflict. Last fall, Biden proposed a plan that called for a political settlement in Iraq and for Shiites, Sunnis and Kurds to be given responsibility over specific regions of the country.

Biden sought to highlight his experience on the day he declared his candidacy, but an interview he gave to the New York Observer, a weekly newspaper, overshadowed his announcement.

In the interview, Biden described Obama as "the first mainstream African American [presidential candidate] who is articulate and bright and clean and a nice-looking guy. I mean, that's a storybook, man."

Asked during an afternoon conference call with reporters to explain his choice of words, Biden said he meant no offense in describing Obama the way he did, then lavished praise on the Illinois senator as a "very special guy" who has caught "lightning in a jar" like no politician he has seen before. "This guy is a superstar," he added.

Biden also said that he had called Obama after the remarks became public and that Obama had taken no offense from them.

Obama later issued a statement that absolved Biden only in part. "I didn't take Senator Biden's comments personally," he said, "but obviously they were historically inaccurate. African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

After Obama's statement, Biden issued a statement further backtracking. "I deeply regret any offense my remark in the New York Observer might have caused anyone," he said. "That was not my intent and I expressed that to Senator Obama."

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It was the second time in months that Biden has been forced to explain a comment that some interpreted as racially insensitive. In a videotaped exchange with a supporter last June, he said, "You cannot go to a 7-Eleven or a Dunkin' Donuts [in Delaware] unless you have a slight Indian accent. I'm not joking."

In the Observer interview and in a television interview, Biden also criticized Sen. Hillary Rodham Clinton's proposal to cut funding for Iraqi security forces if the Iraqi government fails to meet a series of benchmarks.

"I think it would be a disaster, if that is her plan," he said of the New York senator on "Good Morning America." "They're the people we're supposed to be training so that we can rely on them to aid us in the efforts that we undertake."

Biden called Clinton "clearly qualified" to be president but told the Observer the fact that so many Democrats do not support her gave him hope that he could win the nomination. "My point was she's known by 100 percent of the people and has had the legitimate and understandable support from her husband, and there are still 60 percent of the people up for grabs," he told reporters.

Biden was also critical of another presidential rival, former North Carolina senator John Edwards. "I don't think John Edwards knows what the heck he is talking about" on Iraq, he said.

With his remarks about Obama, Biden began his second campaign for the White House much as the first one ended, arguing that his public comments were being misinterpreted. He quit the 1988 campaign after being captured on videotape adopting the rhetoric and in some cases the life story of British Labor Party leader Neil Kinnock. The video was sent by the campaign of Michael S. Dukakis to the New York Times and eventually led to Biden's withdrawal.

Biden won election to the Senate in 1972 when he was 29 years old. He turned 30 in time to be sworn in the following January. Tragedy struck almost immediately after the election when his wife and daughter were killed in an automobile accident, leaving Biden with two young sons. He later remarried and still commutes daily between his home in Delaware and the capital.

A gifted orator, Biden has been plagued by a reputation for being windy and verbose, whether while chairing a Senate hearing or speaking at political gatherings around the country.

"I think one of the reasons we're in trouble is we reduce the political discussion to sound bites," he told ABC's Diane Sawyer. "The American public's a lot more sophisticated than we all give them credit for. And on complicated issues, I'm going to give them straight answers. And if it takes more than three minutes, I'm going to do it."

Biden Enters Race For Democratic Nomination (LAT)

By Johanna Neuman

The Los Angeles Times, February 1, 2007

WASHINGTON — Sen. Joseph Biden, D-Del., announced his candidacy for the presidency Wednesday, arguing that when the media buzz fades from candidates such as Senate colleagues Hillary Rodham Clinton, D-N.Y., and Barak Obama, D-Ill., voters will rally around Biden's foreign policy expertise.

"The issue is not whether I can raise as much money or go ahead in the polls," the six-term senator said in a conference call with reporters. "It's my ideas. That's what this campaign is going to get to."

But Biden, whose 1988 campaign ended in a plagiarism dispute, immediately found himself at the center of a new controversy, having to explain comments he made this week in which he criticized his rivals in the Democratic presidential field.

In an interview with the New York Observer, published Wednesday, Biden sharply attacked Clinton and former Sen. John Edwards, D-N.C., for their plans for Iraq. He drew even more scrutiny for calling Obama "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

By using the word "clean," Biden later explained, he meant only that Obama was "fresh" and "new." But the comment drew calls for an explanation.

"I do not think he meant to say anything intentional that was off-color, but it certainly is highly suggestive," the Rev. Jesse Jackson, himself a former Democratic presidential candidate, said on CNN.

Obama put out a statement challenging another part of Biden's comments.

"I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," Obama said. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

By the end of the day, Biden had called Obama "a superstar, the most exciting candidate this party has had in a long time." In a written statement, Biden said that "I deeply regret any offense my remark in the New York Observer might have caused anyone. That was not my intent, and I expressed that to Senator Obama."

Biden, 64, first won election to the Senate in 1972, at the age of 29. A month after his election, his wife and young daughter were killed in a car crash when a tractor-trailer broadsided their car.

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Biden, who was in Washington at the time, considered withdrawing from the Senate to take care of his two sons, who were injured in the crash. To this day, he does not drive the 80 miles from Delaware to Washington but commutes by train. He has since remarried.

In the Senate, Biden has built a reputation as a foreign policy specialist. He is chairman of the Foreign Relations Committee and is the author of a Senate resolution opposing President Bush's escalation of troops in Iraq.

Biden ran for the 1988 presidential nomination but withdrew amid accusations that he had plagiarized portions of speeches by a British politician. Asked Wednesday what he learned from the experience, Biden said: "I took a real gut punch. I learned how to take it, and I got back up."

Last year, he was forced to defend a remark that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." He said his words had not been fairly portrayed.

In the New York Observer interview, Biden challenged the foreign policy prescriptions of other Democratic candidates in the 2008 race.

Asked about Edwards's call to immediately withdraw a portion of the U.S. force from Iraq, Biden said: "I don't think John Edwards knows what the heck he is talking about."

He said Clinton's plan to cap the number of U.S. troops and to threaten to cut funds to Iraqi leaders would be "nothing but disaster."

"This administration's mishandling of the war in Iraq may be the greatest foreign policy disaster of our time," Biden said in a video statement on his campaign Web site Wednesday. "Above all else, that's why I'm running for president."

Biden Kicks Off His Presidential Campaign (KCS)

By Steven Thomma And Margaret Talev

The Kansas City Star, February 1, 2007

WASHINGTON - Sen. Joseph Biden of Delaware found the first day of his bid for the 2008 Democratic presidential nomination overshadowed Wednesday by his remarks describing presidential candidate Barack Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

Biden made the comments in an interview with the New York Observer published hours before he declared his candidacy.

Biden said Wednesday that he meant no insult to the Illinois senator or to other black politicians who might've been slighted by comparison as inarticulate or unclean. Among those who've run for president are the late Shirley Chisholm in 1972, Jesse Jackson in 1984 and 1988, Alan Keyes in 1996 and 2000, and Al Sharpton and Carol Moseley-Braun in 2004.

Biden, who was first elected to the Senate in 1972, on Wednesday called Obama "probably the most exciting candidate the Democratic or Republican parties have produced since I've been around. He's fresh, new, smart, insightful. Lightning in a jar."

He added in a conference call: "I really regret some have taken totally out of context my use of the word `clean.'

"My mother has a saying, `clean as a whistle, sharp as a tack.' That is the context. He is crisp and clear."

Biden said he called Obama to assure him he meant no insult.

"I took no offense," Obama said later. "I think Joe was just making news, being Joe. Joe, I think, certainly didn't intend to offend and I'll leave it at that. He called me. I told him it wasn't necessary. We have more important things to think about. We've got Iraq. We've got health care. We've got energy. This is low on the list. He was very gracious and I have no problems with Joe Biden."

Some other prominent African-Americans were less forgiving.

"It's certainly highly suggestive," Jackson told CNN.

"It came across as a very insensitive thing to say," said Donna Brazile, a Democratic strategist who ran Al Gore's campaign and advised Jesse Jackson's.

"I take him at his word that he meant no harm. But if he didn't have a 100 percent record on civil rights, it would be easy to infer something different. It was almost as though he were thinking of another era, when people thought of smart, articulate African-Americans as different from other African-Americans."

The statement drowned out Biden's hope to launch his long-shot campaign with a focus on his experience in the Senate and familiarity with foreign policy. He's chairman of the Senate Foreign Relations Committee and is trying to use that position to grab the spotlight away from such rivals as Obama and Sen. Hillary Rodham Clinton, D-N.Y., and to remind voters that he's got more government experience than they do.

Yet Biden's Obama comment also served as a reminder of his tendency to talk too much and get himself in trouble - such as the time he was forced to drop his bid for the 1988 nomination after he was caught plagiarizing British Labour Party leader Neil Kinnock. Last year he said his that "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent."

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Rep. Charles Rangel, D-N.Y., chairman of the House Ways and Means Committee and a member of the Congressional Black Caucus, dismissed Biden's comment - and candidacy - with a thinly veiled slap at his forced withdrawal from his last presidential campaign.

"I didn't even know he was a candidate, so I don't see how he could have hurt himself," Rangel deadpanned. "It probably was something someone else said and he picked it up and used it himself," he said, adding with emphasis, "by mistake."

Freshman Rep. Steve Cohen, D-Tenn., a white lawmaker who represents a largely black district, said Biden "was trying to pay Obama a compliment," but that his word choice was all wrong.

"Shirley Chisholm was obviously clean; Jesse Jackson was clean," Cohen said. But Cohen predicted that Biden's self-inflicted damage would be small because he doesn't have the standing among black voters to lose. "I think in my community, Senator Obama and Senator Clinton will be out in front," he said.

Nothing Clean Or Bright In Biden's '08 Opener (WT)

By Christina Bellantoni

The Washington Times, February 1, 2007

Sen. Joseph R. Biden Jr. of Delaware yesterday made it official that he will seek the Democratic presidential nomination, but stumbled out of the gate with a memorable gaffe that became the focus of his day.

In a critique of the Democratic field, he said of Sen. Barack Obama of Illinois: "I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," he told the New York Observer, a weekly. "I mean, that's a storybook, man."

The senator, serving his sixth term, tried to highlight his strong foreign-policy credentials, saying he is best equipped to fix the situation in Iraq.

Taking the remark as a slur against Mr. Obama or other black men who have sought the presidency is taking it "totally out of context," Mr. Biden told reporters after the remark was posted on the Drudge Report, a popular Internet site. He said he called Mr. Obama to explain the context. He issued a formal statement saying he deeply regretted if anyone was offended.

"He understood exactly what I meant, and I have no doubt that Jesse Jackson and Al Sharpton and every other black leader will know exactly what I meant," Mr. Biden said.

Mr. Biden told the Observer interviewer that New York Sen. Hillary Rodham Clinton's plan for Iraq is "a serious mistake," but said she "is clearly qualified to be president." He jabbed at former Sen. John Edwards of North Carolina: "I don't think John Edwards knows what the heck he is talking about."

Talk-show hosts and bloggers seized on the Obama comment, but they also invoked criticism from a leading liberal blogger. "Really, if we live in a just world, this will be the end of Joe Biden's political career," read a post on DailyKos.com "It's clear his career has dragged on one election cycle too many."

Mr. Biden, 64, discussed his second presidential bid on a conference call, an event sandwiched between hearings on Iraq as chairman of the Senate Foreign Relations Committee and a television appearance on Comedy Central's "The Daily Show."

In 1988, Mr. Biden withdrew from the presidential race before the nominating contests. Now, he polls in the single digits, well below the Democratic front-runner, Mrs. Clinton, and her two top rivals, Mr. Obama and Mr. Edwards.

Reporters on the conference call peppered Mr. Biden with questions about the Obama remarks, and he said the "clean" word probably came from an old saying his mother used: "Clean as a whistle, sharp as a tack." He described Mr. Obama as "crisp and clear."

Mr. Obama dismissed the remarks as the Delaware senator just "being Joe."

"He certainly didn't intend to offend, and I'll leave it at that," he told reporters who asked whether Mr. Biden had apologized.

"He called me; I told him it wasn't necessary. We have more important things to think about. We've got Iraq; we've got health care; we've got energy," Mr. Obama said. "He was very gracious. I have no problem with Joe Biden."

But later he issued another statement saying the comment was "historically inaccurate."

"African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate," he said.

Mr. Biden yesterday lavished Mr. Obama with compliments, calling him a "superstar," the "most exciting candidate" from either party in decades and giving what sounded like several reasons why he thinks the Illinois senator should be the next president.

"He's fresh, he's new, he's smart, he's insightful," he said. "This guy has touched the nerve and the imagination of the people of this country." He later offered another amendment of remarks. "This is a very special guy. This is like catching lightning in a jar. That was the point of everything I was saying. I think he's great. I think they are all great. I think I'm better."

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Even the president said nice things about Mr. Obama. Appearing on Fox News yesterday, President Bush said he is "impressed" by Mr. Obama, whom he finds "attractive" and "articulate."

"But he's got a long way to go to be president."

Mr. Biden said his legislative experience -- more than that of Mrs. Clinton, Mr. Obama and Mr. Edwards combined -- will help him convince voters he can replace Mr. Bush.

He said the president's foreign and domestic policies have put the nation at risk. "I make no apologies for saying I believe I am the best prepared of all the candidates," Mr. Biden said. "President Bush will leave the next president with no margin for error."

A lawyer and professor, Mr. Biden has become a prominent Democratic voice on Iraq policy. As the new chairman of the Senate Foreign Relations Committee, he has held extensive hearings about the best way forward and is a chief critic of Mr. Bush's plan to send 21,500 more troops to Iraq.

His nonbinding resolution denouncing the plan as "not in the national interest" will soon be introduced in the Senate.

Yesterday, Mr. Biden acknowledged mistakes in his first run, including accusations that he plagiarized stump speeches from other politicians, and said it was his "own fault."

He said he has since learned to take punches. On Sunday's "This Week," host George Stephanopoulos asked Mr. Biden to sum up why he is running in 25 words or less. He required 45.

Democrat Biden Makes It Official For Presidential Run (Update5) (BLOOM)

By Jonathan D. Salant

Bloomberg, February 1, 2007

Jan. 31 (Bloomberg) -- Senator Joe Biden officially joined the race for the 2008 Democratic presidential nomination today, saying he was spurred to run by President George W. Bush's policy failures in Iraq.

``This administration's mishandling of the war in Iraq may be the greatest foreign policy disaster of our time," the Delaware senator said in an announcement on his campaign Web site. ``Above all else, that's why I'm running for president."

Biden, 64, enters a field crowded with Democrats who have declared candidacies or set up exploratory committees: Senators Hillary Rodham Clinton of New York, Barack Obama of Illinois and Chris Dodd of Connecticut; former North Carolina Senator John Edwards; former Iowa Governor Tom Vilsack; New Mexico Governor Bill Richardson and Ohio Representative Dennis Kucinich.

Biden sought to sharpen differences with his rivals, criticizing the Iraq policies of Clinton, Obama and Edwards. ``You didn't hear any of them get in this debate at all until they announced for president," he said in an interview with the New York Observer.

Biden said Clinton's Iraq plan would be ``nothing but disaster," and Edwards didn't know ``what the heck he is talking about." As for Obama, ``I don't recall hearing a word" about Iraq from him, Biden said.

Obama's Candidacy

The Observer also quoted Biden as saying of Obama's presidential candidacy: ``You got the first mainstream African-American who is articulate and bright and clean and a nice- looking guy."

Late today, Biden said he ``deeply" regretted ``any offense" that remark might have caused anyone. ``That was not my intent and I expressed that to Senator Obama," Biden said in an e-mailed statement.

Obama said he didn't take Biden's remarks personally. ``But obviously they were historically inaccurate," Obama said in a statement. ``African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns and no one would call them inarticulate."

Officials at the Edwards and Clinton campaigns declined to comment on Biden's remarks.

1988 Race

First elected to the Senate in 1972, Biden sought the Democratic presidential nomination in 1988 and withdrew after being accused of failing to credit part of a speech that he had adapted from the British Labor Party's then-leader Neil Kinnock.

Biden's announcement today that he filed papers with the Federal Election Commission to seek the presidency in 2008 and begin raising money followed months of saying he planned to run.

Currently chairman of the Foreign Relations Committee, Biden backs a proposal to divide Iraq into three semi-autonomous regions among Sunni and Shiite Muslims and the Kurds.

``There is no possibility of a solution in Iraq that is military," Biden said today in a conference call. ``We should be backing the constitution, which calls for regional autonomy over security and local laws. We should be insisting on a constitutional amendment that shares the oil revenue."

A Gallup Organization poll last month showed Clinton leading among Democratic voters. She got support from 33 percent, followed by Obama with 20 percent and former Vice President Al Gore with 12 percent. Biden was favored by 3 percent.

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Republicans who have formed exploratory committees include Senators John McCain of Arizona and Sam Brownback of Kansas; former New York City Mayor Rudy Giuliani; former Governors Mitt Romney of Massachusetts, Tommy Thompson of Wisconsin, Mike Huckabee of Arkansas and Jim Gilmore of Virginia; and Representatives Duncan Hunter of California and Tom Tancredo of Colorado.

Here's Joe (POL)

The Politico, February 1, 2007

You can watch the Biden announcement video here. It leads with his expertise in Iraq.

Biden, unlike the other Democrats, has a distinct, clear plan not only for withdrawal, but also for Iraq. You've got to think that will amplify his voice this year, even if it doesn't get him votes.

Best line of the video: On Iraq, Biden has been "trying my little best."

Video Library (BFP)

Biden For President, February 1, 2007

Welcome Welcome to JoeBiden.com Get Informed Meet Joe Biden Biden Blog Op-Eds Speeches Get Involved Join The Campaign Recruit Supporters Contribute Issues Iraq Afghanistan and Darfur Energy Jobs MORE » Multimedia Video Library Photo Gallery News Center In The News Press Releases

Update On Boston Security Breach; Iraq Prime Minister Speaks Out; Nancy Pelosi Response To Iraq Trip; Joe Biden Kicks Off Presidential Campaign (CNN)

CNN THE SITUATION ROOM, February 1, 2007

And it is happening now. We're going to have more on this security scare that was happening in Boston. We're expecting to hear from the mayor of Boston. Coming up, we're going to be bringing you his remarks and letting you know what he has to say.

Also this hour, a CNN exclusive -- Iraq's prime minister tells the United States and Iran -- keep your fight with one another out of my country.

Is Nouri Al-Maliki thumbing his nose at President Bush right now?

You're going to want to hear what he told our Michael Ware in Baghdad just a little while ago.

Plus, Mr. Bush is getting an earful from Speaker Nancy Pelosi about her trip to Iraq. She calls the war catastrophic.

Could the same be said about the Democrats' relationship with the White House?

And Senator Joe Biden kicks off his presidential campaign with what his critics are saying is foot and mouth disease.

Did he insult fellow Democrat Barack Obama with a back-handed complement that some are actually seeing as racist?

Stay right here to find out what Biden said and what Senator Obama's response is.

I'm Wolf Blitzer and you're in THE SITUATION ROOM.

We're going to update you on that bomb scare that has been happening over the past few hours in Boston. Several suspicious packages triggered fear, a traffic nightmare.

We're standing by for a news conference. Top city officials, including the mayor of Boston, will detail what's going on. We're going to have that coming up.

Right now, authorities have determined it looks like the whole thing may have been a hoax. All of the devices that were found, for all practical purposes, turned out not, not to be explosives.

Let's -- we'll update you on that as we get more information. But let's turn now to our CNN exclusive.

The Iraqi prime minister's stern message to the United States and Iran to simply keep their would-be war out of his backyard. Nouri Al- Maliki's very, very strong comments today are driving home fears of a wider war in the region.

CNN's Michael Ware is joining us from Baghdad with more on his xvii -- Michael.

MICHAEL WARE, CNN CORRESPONDENT: Wolf, in an xvii today with Prime Minister Nouri Al-Maliki, the Iraqi leader said that Iranian forces had been targeting American troops. And he now worries that his country is becoming a proxy battleground between Tehran and Washington.

(BEGIN VIDEO TAPE)

WARE: Is American intelligence wrong when it says Iran is working to kill American soldiers in your country?

NOURI AL-MALIKI, IRAQI PRIME MINISTER (THROUGH TRANSLATOR): I didn't say it does not exist and the Americans, when they say that their intelligence is saying that Iranians are killing their soldiers, it means their intelligence is based on information that they got. And this is not an obscure thing.

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There is a struggle between Iran and America and we have told the Iranians and the Americans, we know that you have a problem with each other, but we're asking you, please, solve your problems outside of Iraq.

We do not want the American forces to take Iraq as a field to attack Iran or Syria. And we will not accept Iran to use Iraq to attack the American forces.

But does this not exist?

It exists and I assure you it exists. But it's based on the struggle between the two countries. And from our side, we're trying to stop the effort to have a struggle in Iraq. We are always encouraging the two sides to negotiate and to try to find an agreement away from Iraq.

Iran and America -- we are ready to pay efforts to solve the problems between them, if it is possible. But not on the account of Iraq. Iraq has nothing to do with the American-Iranian struggle. And we will not let Iran play a role against the American Army and we will not allow America to play a role against the Iranian Army and everyone should respect the sovereignty of Iraq.

(END VIDEO TAPE)

WARE: Wolf, indeed, the prime minister said that all of Iraq's neighbors -- from Turkey to Syria to Jordan to Saudi Arabia -- want to interfere in Iraq's internal affairs. BLITZER: Michael, were you surprised that the prime minister, Nouri Al-Maliki, was effectively equating the Iranian president, Ahmadinejad, with the U.S. president, George W. Bush?

WARE: Well, the prime minister is certainly a man caught in the middle between these two powers, represented by Washington and Tehran; by two presidents.

He's struggling a very difficult divide. His government exists only through the intervention of the United States. He is propped up by U.S. forces and Washington's support, yet he shares a very important border with Iran.

Iran has enormous strategic interest in this country. And in the past, during Saddam's regime, when the prime minister was in opposition, Iran supported his party and many other Shia opposition parties.

BLITZER: Because, you know, so much of this new U.S. strategy depends on Nouri Al-Maliki cooperating with the U.S. And when so many people here in Washington, including the president's own Republican supporters, hear Nouri Al-Maliki basically say to the United States and to Iran, keep your proxy war out of Iraq. They're going to say why is the United States supporting this guy if, effectively, he's aligning himself, at least in part, with Iran?

WARE: Well, to some degree. I mean this is real politick -- what choice does Prime Minister Maliki have?

And certainly U.S. officials and American commanders here on the ground have been saying since the beginning, since the invasion in 2003, that they recognize that, yes, Iran does have interests in Iraq, given its shared border and the cross-pollination of the Shia people over that border, and that also they would like to foster a healthy relationship between Baghdad and Tehran.

However, what we've seen is this fierce competition for influence being waged between Washington and Tehran. And we're actually seeing it being fought out militarily. So this relationship is veering into very dangerous waters -- Wolf.

BLITZER: Michael Ware reporting for us from Baghdad.

Michael, thanks very much.

And over at the White House right now, President Bush is meeting face-to-face with some of his toughest Democratic critics on Iraq. They include the House speaker, Nancy Pelosi, and Congressman John Murtha.

They're just back from a visit to Baghdad.

At the same time on Capitol Hill, Republicans are fighting among themselves over various resolutions opposing a troop build-up in Iraq.

Our Congressional correspondent, Dana Bash, is standing by. But let's go to Ed Henry at the White House with the latest from there -- Ed.

ED HENRY, CNN CONGRESSIONAL CORRESPONDENT: Wolf, today the president was on Wall Street talking up the economy. He got a rock star reception when he walked on the floor of the New York Stock Exchange. It's sort of a novelty for traders to see him there. It's a rare appearance.

But no such luxury for the president back here at the White House. A much more hostile reception from Democrats and Republicans alike. A lot of pressure, obviously, still on Iraq, even as the president tries to talk about the domestic agenda.

As you noted, right now, the president huddled here at the White House behind closed doors with Speaker Nancy Pelosi, Democrat John Murtha, other lawmakers who were just on this bipartisan delegation fact finding mission to both Iraq and Afghanistan.

Speaker Pelosi has already called the situation and what she saw on the ground catastrophic. Senior Democratic aides saying that Speaker Pelosi planning to be "blunt but polite to the president" about exactly what she saw.

So he's clearly going to get an earful -- Wolf.

BLITZER: Do we expect the president to be reaching out to Democrats a little bit more assertively in the coming days and weeks?

HENRY: Yes. As we first reported last night, the president finally agreed last night, after a lot of back and forth with Democratic leaders, that he's going to create this sort of bipartisan, informal panel that's going to do more consultation. That had come after the president said he wanted to do more of that but after Democrats said look, there have been meetings here at the White House, but they don't really feel like they're being listened to.

They feel like the president already had his policy to send more troops to Iraq and he wasn't really hearing criticism.

I think given the fact that he's on the defensive now, Democrats are expecting a lot more consultation -- Wolf.

BLITZER: Ed, stand by.

I want to go to Dana Bash up on Capitol Hill.

Republicans seem to be fighting amongst themselves emotionally -- Dana.

DANA BASH, CNN CORRESPONDENT: Very much so.

You know, before November's election, the story line here on Capitol Hill was about Democrats divided over Iraq. Now it is Republicans divided. And the intensity of that disagreement has been pretty much behind closed doors. But, Wolf, today it spilled out into the open.

(BEGIN VIDEO TAPE)

BASH (voice-over): President Bush's allies are so worried that resolutions opposing his Iraq plan could pass, they are not waiting for next week's formal debate to start slamming them.

SEN. DAVID VITTER (R), LOUISIANA: Do you not throw mere words out that have no concrete effect except undermining our troops and emboldening the enemy?

SEN. JIM DEMINT (R), SOUTH CAROLINA: Our responsibility is to sell it to the American people, not just to criticize, not to come up with resolutions that don't mean anything, intended to embarrass the president.

BASH: Preemptive strikes not just aimed at Democrats, but at fellow Republicans, meant to pressure GOP senators not to vote against the president.

SEN. SUSAN COLLINS (R), MAINE: Comments like that are really inappropriate.

BASH: Instead, it is intensifying the deepening discord within the Republican Party.

Susan Collins is one of four GOP senators co-sponsoring a resolution that opposes sending more troops to Iraq.

COLLINS: The vast majority of those of us serving and in leadership roles on this debate feel very strongly, are not motivated by political purposes.

BASH: But when GOP Senator Jim Demint was asked if he thinks fellow Republicans, including former Armed Services Chairman John Warner, are really trying to embarrass the president, he said: "It's clearly not an act of leadership."

Bush allies admit there is less pressure on GOP lawmakers to stand with the president.

SEN. JOHN CORNYN (R), TEXAS: The president has the bully pulpit of the office of president of the United States. But I think in many ways, the American people have sort of chosen up sides on this issue and are not listening.

BASH: Texas Senator John Cornyn has proposed one of several measures supporting a troop increase, as long as Iraqis meet their commitments. John McCain is authoring another intended to lure skeptical Republicans away from condemning the president, a resolution establishing a series of benchmarks for the Iraqis.

(END VIDEO TAPE)

BASH: And while Senator McCain's resolution will lay out benchmarks, it will not provide any introduction of what would happen if the Iraqis don't comply or consequences if they don't, as well.

Now, many Republicans say that they're very, very skeptical of the Iraqi government, therefore they don't think that resolution will have that kind of impact.

But, Wolf, Senator McCain told us today that he is reluctant to put any consequences in his resolution, saying it's too complicated. But he says he's confident he'll be able to assess whether Iraqis would comply with the benchmarks that he intends to lay out -- Wolf.

BLITZER: Dana, thank you for that.

We're going to check back with you, as well.

Lots of commotion up on Capitol Hill right now.

And Dana, by the way, and Ed Henry, as you know, are part of the best political team on television.

And remember, for the latest political news at any time, check out our Political Ticker at cnn.com/ticker.

Let's go to Jack Cafferty.

He's part of the best political team on television, as well -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: Why, thank you, Wolf.

This probably doesn't come as news to you, but it's been confirmed now that the United States has wasted tens of millions of dollars in Iraq reconstruction aid. There's been an audit by a special inspector general.

Get this -- the United States paid $44 million for a police training academy. He's never been used and the building stands empty. It has been for months.

The price included $4 million for 20 VIP trailers and an Olympic- sized swimming pool. These items were ordered by the Iraqi government, never authorized by the United States.

Put an Olympic-sized pool in there while you're doing that.

We have spent $36 million on weapons that we can't account for -- vague invoices and things like that. Body armor, armored vehicles, communications equipment -- we don't know what happened to this stuff, $36 million worth.

You remember the Baghdad police college?

$73 million of your money, my money, down the toilet for that debacle. The construction was so bad that at one point there was raw sewage dripping from the ceiling in the living quarters. This was when the building was brand new.

Four years after the war started and the State Department says it's now working to improve controls.

We're finding out about all of this just as President Bush is ready to ask Congress for another $1.2 billion in reconstruction aid to Iraq. We -- you and I -- have already spent more than $20 billion on reconstruction.

So the question is this -- how can the U.S. avoid wasting millions of dollars in Iraq on things like an unused police academy, an Olympic-sized pool, and unaccounted for weapons?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile -- Wolf.

BLITZER: All right, we'll be anxious for that -- those e-mails.

Jack, thank you very much.

I just want to remind our viewers, we're standing by for a news conference in Boston. We expect to hear from the mayor and some other authorities on what they thought was a bomb scare. It's caused some traffic and security problems in Boston.

We'll give you that news when it's available. It looks like the whole thing may simply be a hoax.

Meanwhile, a presidential launch gone wrong -- Senator Joe Biden finds himself at the center of some controversy over what he said about fellow Democratic Senator Barack Obama.

And also coming up, who's a better speaker, Senator Obama or presidential rival Hillary Clinton?

Democrats take a stand in a brand new poll.

And a new glimpse inside the Bush White House and its relationship with the news media. A reporter who went to jail goes under oath. We're going to share what she's saying.

Stay with us. You're in THE SITUATION ROOM

(COMMERCIAL BREAK)

BLITZER: Welcome back.

A journalist who went to jail to protect a source inside the Bush White House is testifying against that person once again today, and her credibility is coming under fire.

Let's go to Brian Todd.

He's at the courthouse.

He's joining us now with more of the CIA leak trial that's unfolding -- everyday, Brian, there is more and more drama.

BRIAN TODD, CNN CORRESPONDENT: Absolutely, Wolf. And as you just mentioned, today was all about "Scooter" Libby's team trying to attack the credibility of that key prosecution witness. That witness, former "New York Times" reporter Judith Miller, who today finished her testimony. And the defense spent just about all morning trying to punch holes in Judith Miller's memory, specifically, her memory of the first meeting she had with Louis "Scooter" Libby in which Miller says Libby told her that Ambassador Joe Wilson's wife worked at the CIA.

Now, at that meeting on June 23, 2003, Miller told the court that Libby was agitated, that the CIA was, in his view, back-pedaling on pre-war intelligence.

But the defense came right back at Judith Miller this morning, essentially asking how could she remember those details when she had forgotten to tell the grand jury the first time she testified before the grand jury that she had even had that meeting with "Scooter" Libby.

The defense also asked Judith Miller several times whether she had learned about Wilson's wife from other sources, other than "Scooter" Libby, before that meeting. And Judith Miller's response: "I can't be absolutely, absolutely certain, but I have no recollection of it with anyone else."

Now, that June 23, 2003 meeting is key, Wolf, because that was weeks before Libby claims he heard of Joe Wilson's wife's status for the first time.

Judith Miller, of course, spent 85 days in jail for refusing to cooperate with investigators about her source, revealing her source, which turned out to be "Scooter" Libby -- Wolf.

BLITZER: How many of those reporters, Brian, are being forced to testify about their relationship with "Scooter" Libby?

TODD: Well, Matt Cooper, the former "Time" magazine reporter, is on the stand just as we speak. He came on the stand shortly after noon today. He testified that he first learned of Wilson's wife from White House political adviser Karl Rove and that he later asked "Scooter" Libby if he had heard the same thing and Libby replied to him, "yes, I've heard that, too."

But the defense trying to punch holes in Matt Cooper's credibility, too, talking about what he reported on the record and off, even kind of dissecting his typographical errors in notes. So they're really trying to go after Matt Cooper's credibility.

Also, Wolf, Tim Russert of NBC News scheduled to take the stand very soon, probably this week, and that's very, very key testimony.

BLITZER: It's understandable to punch holes in one or two or even three witnesses. But when you have seven, eight, nine, 10 people, journalists as well as Bush administration officials, basically saying the same thing, that's -- that's a pretty high hurdle.
TODD: It is a high hurdle, Wolf. They are trying to erode the credibility of each and every one of those people who essentially said that Libby shared information with them about Joe Wilson's wife, Valerie Plame Wilson.

But remember that they are going to -- the central defense for "Scooter" Libby is his memory, saying I simply don't remember what I told different people and when.

And so when "Scooter" Libby testifies, that's a big chance for them to kind of rebut that once again.

BLITZER: All right, Brian is going to stay on top of this trial for us.

Thank you, Brian.

And we're also getting more details from Matt Cooper's testimony today online.

Let's go to our Internet reporter, Abbi Tatton -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, there are a handful of bloggers at this trial who are reporting in real time about what is going on. And their sites give you a real look inside what is happening right now.

I've just updated from liberal Firedoglake, which is reporting on Cooper's demeanor. He's been there since about noon, looking a little bored at this point.

But, of course, they're also following details of his testimony. Cooper describing how on July 12, 2003, he was running in and out of a country club, taking a phone call from "Scooter" Libby on his cell phone in the parking lot.

And we also have details online of the very basis for that conversation. This is the Web site of the office of the special prosecutor. This is where we're getting all the trial exhibits. And there you see one of the latest documents to be uploaded is an e-mail from Matt Cooper to the office of the vice president about some questions he had on Niger.

Many more documents being uploaded here now mounting at this Web site, including a handwritten note here from the vice president. Another one here, a formerly classified document. And we're expecting another batch to be unloaded in the next couple of hours when the courtroom wraps up for the day -- Wolf.

BLITZER: Thanks very much for that.

We'll stay on top of this story, Abbi.

And this just coming into THE SITUATION ROOM.

We're just getting word that Senator and presidential hopeful Hillary Rodham Clinton will postpone a trip to New Hampshire this weekend because of the illness of her stepfather-in-law, Dick Kelley.

We're going to continue to watch this and see her schedule.

We, of course, wish him a speedy recovery.

Just ahead, does Senator Barack Obama think he was insulted by his White House rival, Senator Joe Biden?

New details on this dustup that's muddying Biden's campaign kick- off.

And is Iraq a winning issue for Democrats and a loser for Republicans?

It's trench warfare that could decide the 2008 election.

Much more coming up.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Carol Costello is off for the day.

Fredericka Whitfield is monitoring the wires. She's keeping an eye on the video feeds coming in from around the world.

She's joining us now with a closer look at some other important stories making news -- hi, Fred.

FREDRICKA WHITFIELD, CNN CORRESPONDENT: Hello to you, Wolf.

Well, it could be as early as today that the leaders of the Senate Judiciary Committee get their hands on key documents surrounding the government's so-called warrantless surveillance program. Attorney General Alberto Gonzales today announced plans to turn the information over to Senators Patrick Leahy and Arlen Specter. Leahy and Specter have been demanding for months to see the secret court documents that led to the reversal of the controversial intelligence program.

And this today -- a leading London-based security think tank says Iran is only two or three years away from being able to build a nuclear bomb. The International Institute for Strategic Studies says Iran is on track for producing 3,000 centrifuges to create weapons grade uranium by the end of March. In its annual publication, "The Military Balance," it does say domestic opposition to nuclear development efforts may help to slow the process.

And new movement today in the global war on terror. British police staged a series of early morning raids they say thwarted what they call an Iraq-style abduction. The raids in Birmingham, England netted the arrests of nine men. A source tells CNN the plot centered around the torture and beheading of a British Muslim soldier who recently returned home from Afghanistan. The soldier was not identified. And then this message today from the travel industry to the U.S. government -- tourists are not terrorists and should not be treated as such. Industry leaders, meeting in Washington, called on the Feds to take steps to reverse the steep post-9/11 decline in overseas travel. They say travel to the U.S. has fallen 17 percent in the past five years and U.S. travel abroad is off 9 percent -- Wolf.

BLITZER: All right, thanks very much.

I want to go to Boston right now.

The police chief there is meeting with reporters, explaining what was going on -- a traffic nightmare, as a result of some sort of scare.

Let's listen in.

EDWARD DAVIS, BOSTON POLICE COMMISSIONER: ... as a result of the investigation, I'd like to remind citizens to treat any suspicious devices with care and to call 911 if any such device is found.

I'd like to introduce Governor Patrick.

Governor?

GOV. DEVAL PATRICK (D), MASSACHUSETTS: Commissioner, thank you.

I think we are all relieved that the devices found so far have proven to be hoax devices. We are very gratified by the prompt and professional response of all of law enforcement -- the commissioner and the mayor and his team, the transit police from the T, the state police, working cooperatively with the ATF. And we're very, very gratified that the response has been as prompt, as professional and as cooperative as it has been.

The investigation continues. There is more information to be developed. But I think we feel at this point that there is not a reason for anyone to panic, but there are reasons for us to be vigilant.

And, as I say, we are relieved and pleased that none of the devices have so far been found to pose a threat to public safety.

And I want to commend all of the leaders and members of law enforcement represented here with me and the lieutenant governor and Secretary Burke for the cooperation shown in pursuing today's events.

Mr. Mayor?

MAYOR THOMAS MENINO (D), BOSTON: Thank you.

Thank you, Governor.

Early this morning, I received a call from Commissioner Davis of a suspicious bomb in Sullivan Square in Cambridge. And from that point until right now, the Boston Police, the state police, the ATF and the BRIC, which is the Boston Regional Investigative Service, have been working together investigating all calls that they've got about suspicious bombs being in Boston and in Somerville.

I just want to say that every one of those so far has been investigated, either the Boston police and the federal and state folks are working on those investigations.

I just want to say to the public, you know, public safety officials, both the federal, state and city side, are all working together. Like the governor says, at no time anyone should panic. We believe we have the situation in hand and that to go about your business.

And Commissioner Davis said, we will have additional officers at different locations during the transit time this evening, as people make their way home, just to give the sense that we are out there and doing our jobs.

And it's just about all of us. And the individuals who might have placed these bombs, or these packages, I should say, should be warned that this is a heavy penalty. It's imprisonment, two to five years for each one of them. So, it's not -- we're not playing around. This is about keeping the city on edge.

It's about public safety. When it comes to public safety, we're throwing everything at it.

(CROSSTALK)

QUESTION: Mr. Mayor, we're hearing that Turner Broadcasting is saying...

(CROSSTALK)

MENINO: Well, Joe (ph), I'm not finished yet.

QUESTION: (OFF-MIKE) apologize. We thought you were finished, Mr. Mayor.

MENINO: You're last in questions now.

(LAUGHTER)

MENINO: I just want to say that we're staying -- we will stay focused.

The unified command center will stay open as long as we deem necessary.

And I just want to finish up and say thanks for everyone working together. This is when public safety really rises to the occasion, because public safety, both in the federal, state, and seaside, have been doing their jobs since early in the morning, this morning, and they will continue the rest of the day.

Thank you. QUESTION: Mayor, do you have any idea about who might be behind this?

MENINO: I will ask the commissioner to answer those questions.

DAVIS: This is a very active investigation. We are following numerous leads right now. And we're confident that those leads will bring us to an individual who was behind this.

(CROSSTALK)

QUESTION: ... connection on some of these devices?

DAVIS: Well, this is part of the ongoing investigation. And I wouldn't make any specific comments at this point in time. This is a very active investigation.

We hope to have additional information for you specifically about individuals or parts of the investigation later this evening.

QUESTION: Did you search...

(CROSSTALK)

DAVIS: We did not.

QUESTION: Commissioner, can you speak to the toll that this has taken on the city, both in police resources and the time and the money in operating the command center, if this is a fact a hoax or some sort of advertising campaign?

DAVIS: This has taken a significant toll on our resources. Emergency deployment teams were sent into the center of the city immediately upon these reports. Bomb squad units from the transit police, the state police and the Boston police were fully deployed.

There were significant shutdowns of not only highways, but rail traffic with the MBTA. And this has created an enormous inconvenience to people in the city. So, we're going to fully investigate this and get to the bottom of it. And, thankfully, none of these devices have proven to be lethal.

(CROSSTALK)

QUESTION: Commissioner, do any of these devices have any common characteristics, or is there any indication at this point that any of the devices are connected in any way?

DAVIS: Yes, several of the devices do have common characteristics. But it's too early to say specifically how many are connected and how many are not.

(CROSSTALK)

QUESTION: ... ease public fears and say either this is definitely not terrorism, this is some whack job, or this is a prank? Can you go in one direction there for us?

DAVIS: There are no indications in the investigation at this point in time that will indicate that this is a terrorist act. But, as to exactly who was behind it, the reasons, the motivations, I can't comment on that right now.

QUESTION: One person though, right, one person?

DAVIS: I can't comment right now.

(CROSSTALK)

QUESTION: ... that someone thought this was funny, that this was a prank?

DAVIS: I would not comment on any of the ongoing investigation.

(CROSSTALK)

UNIDENTIFIED MALE: Last question. Last question, please.

(CROSSTALK)

QUESTION: Commissioner, apparently, Turner Broadcasting has issued a statement saying that this is some sort of marketing campaign for some cartoon. Have you heard this? Are you aware of this?

DAVIS: We're investigating numerous leads, numerous comments that were made that were phoned into us. We're looking at that as a possibility. But we're looking at all sorts of possibilities at this point in time. It really is premature for us to talk about where this investigation is going to go.

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I want to make clear that people should not be afraid to come into or leave the city of Boston right now. There is nothing that we have found that indicates any danger to the people who are coming into and out of the city. We have additional police resources out there to make people feel safe. We're working very closely with the other police agencies represented here.

The governor and the mayor have joined us here at the police department. And we're doing everything we can to assure people that they should be safe right.

(CROSSTALK)

QUESTION: ... commercial interests involved?

(CROSSTALK)

QUESTION: ... any commercial interests who are involved in this in any way...

BLITZER: All right, the police chief up in Boston, Ed Davis, speaking to reporters.

We heard from the mayor. We heard from the governor -- this investigation continuing.

But we're getting some new and significant information coming into THE SITUATION ROOM right now.

Dan Lothian is joining us from Boston.

What are you picking up, Dan?

DAN LOTHIAN, CNN BOSTON BUREAU CHIEF: Well, you heard at the press conference where someone kept asking law enforcement officials if this was part of some kind of advertising campaign. And law enforcement officials said that they did have some leads; they were talking with some people, and that they would have more information later on.

We can report this, a statement from Turner: "The packages in question are magnetic lights that pose no danger. They are part of an outdoor marketing campaign in 10 cities in support of Adult Swim's animated television show "Aqua Teen Hunger Force." They have been in place for two to three weeks in Boston, New York, Los Angeles, Chicago, Atlanta, Seattle, Portland, Austin, San Francisco, and Philadelphia. Parent company, Turner Broadcasting, is in contact with local and federal law enforcement officials on the exact location of the billboards."

And, then, from Turner Broadcasting, "We regret that they were mistakenly thought to pose any danger."

So, that's the very latest information. Obviously, this is something law enforcement is looking into. And this began this morning, the first incident that occurred this morning just north of downtown Boston, where there was some kind of package device found on I-93. They had to shut down the northbound lanes.

They brought in bomb teams, exploded that device safely -- officials saying at that time that it was not an explosive device. And, then throughout the day, we saw these other devices, at least five of them, if not more, showing up across the city -- Wolf.

BLITZER: So, it looks like this may just be a huge misunderstanding, some advertising devices put out at these billboards in these cities, part of a promotional campaign for the Cartoon Network's Adult Swim animated television programs.

That's what it looks like, based on the statement from our parent company, Turner Broadcasting.

Deb Feyerick is getting some more information as well.

Deb, what are you picking up?

DEBORAH FEYERICK, CNN CORRESPONDENT: Well, Wolf, we can you tell that apparently this was done by a third-party marketing campaign, interference marketing, is what we are being told.

According to intelligence sources, the device itself was a circuit board about 15-by-12 inches long, with a character put together by LED light bulbs, almost like the lite-brites that you may remember. It was powered by four Duracell batteries.

We actually were able to call up an image of that device on a blog, makezine.com. It tells exactly how to make these things. So, whether that was something that was put out by the marketing campaign, but that is the image that was appearing. And when we went on the blog, we even found somebody that said: I saw the same thing up in Seattle.

So, this has been out there for a little while -- that posted about a week ago -- Wolf.

BLITZER: And our parent company, Turner Broadcasting, is in contact right now with federal and local law enforcement to try to work this out -- clearly -- apparently, at least, a major misunderstanding. These packages, as they were described, magnetic lights that pose absolutely no danger, but law enforcement authorities clearly taking no chances whatsoever.

We're going to continue to follow this. But it looks -- looks like a major misunderstanding caused this scenario to unfold in Boston.

Still to come: Senator Biden's underdog race for the White House stumbles out of the gate. Is the chairman of the Foreign Relations Committee suffering from what his critics are calling foot-in-mouth disease? Mary Snow will have a live report.

And will the war in Iraq be the cloud hanging over the GOP's head for generations to come, or will Democrats overplay their hand? Bill Schneider's analysis straight ahead.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

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BLITZER: You can bet this is not the way Senator Joe Biden wanted to get his presidential campaign off the ground. Were his comments about fellow White House hopeful Barack Obama a case of loose lips or worse?

Let's go to CNN's Mary Snow. She's watching the story for us -- Mary.

MARY SNOW, CNN CORRESPONDENT: Biden was eager to talk about foreign policy, but he found himself having to explain comments he made about Senator Barack Obama Obama.

(BEGIN VIDEO CLIP)

SEN. JOSEPH BIDEN (D-DE), SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN: I'm running for president because...

SNOW: On the very day Senator Joseph Biden launched his 2008 presidential campaign, controversy kicked in. In an interview with "The New York Observer," questions were raised when he use the word clean to describe fellow Democratic presidential contender Senator Barack Obama.

Here's what he said.

BIDEN: I mean, you have got the first sort of mainstream African-American, who is articulate and bright and clean and a nice- looking guy. I mean, it's -- that's a storybook, man.

UNIDENTIFIED MALE: Yes.

SNOW: And what does Senator Barack Obama think of that?

SEN. BARACK OBAMA (D), ILLINOIS: I mean, you would have to ask Senator -- Senator Biden what -- what he was thinking. I don't spend too much time worrying about what folks are talking about during the campaign season.

SNOW: But the Reverend Jesse Jackson, who ran against Biden for president in 1988, said Biden's comments called for an explanation.

REVEREND JESSE JACKSON, FOUNDER, RAINBOW/PUSH COALITION: I do not think he meant to say anything intentional that was off-color, but it certainly is highly suggestive.

SNOW: In a conference call, Senator Biden said his comments were taken out of context.

BIDEN: My mother has an expression: clean as a whistle, sharp as a tack. That's the context. He's crisp and clear.

LARRY SABATO, DIRECTOR, UNIVERSITY OF VIRGINIA CENTER FOR POLITICS: It's classic Joe Biden. It's really history repeating itself.

SNOW: Biden dropped out of the 1988 presidential race following charges he plagiarized a speech of a British Labor Party leader. And, just last year, he caused controversy with comments that some had to hear for themselves to believe. The comments are still posted on the Internet.

BIDEN: You cannot go to a 7/Eleven or a Dunkin' Donuts unless you have a slight Indian accent.

SNOW: Biden later explained the comment, saying he was referring to a vibrant Indian-American community in the state of Delaware.

(END VIDEOTAPE)

SNOW: Now, this afternoon, Senator Obama told CNN that Senator Biden called him. He said it unnecessary, that he didn't think Senator Biden intended to offend anyone -- Wolf.

BLITZER: And, in that same interview in "The New York Observer," he was pretty critical of Senator Clinton and former Senator Edwards as well, two rivals for that Democratic presidential nomination. Mary, thanks for that.

Coming up in our "Strategy Session": The speaker, Nancy Pelosi, she is meeting over at the White House with President Bush right now. Is there some tough talk going on, on Iraq in the Oval Office?

Bay Buchanan and Donna Brazile, they are standing by to join us right here. Stay with us.

(COMMERCIAL BREAK)

BLITZER: Let's get some analysis now on Joe Biden announcing formally his run for the White House today in our "Strategy Session" -- Democratic strategist Donna Brazile and her Republican counterpart, Bay Buchanan, the president of American Cause.

What do you make of this? What a way for Joe Biden to formally start his run for the White House.

DONNA BRAZILE, CNN POLITICAL ANALYST: You know, Wolf, I was shocked to read those comments.

Look, I know Joe Biden. I believe his intentions are good. He has a strong civil rights record. But it came across pretty damaging. His first, you know, major event, his announcement, and he stepped on his own story by criticizing Mrs. Clinton, Mr. Edwards, even making some weird remarks about, you know, Al Gore and John Kerry...

(CROSSTALK)

BLITZER: In the interview that appeared today in "The New York Observer."

But it's the comments about Barack Obama, Bay, where he says he's articulate and bright and clean and nice-looking guy, which I'm sure he meant in a good context.

BAY BUCHANAN, CNN POLITICAL ANALYST: I'm sure.

BLITZER: But, to some people, that might be condescending, if you will.

BUCHANAN: There's no question.

If you read it as he said it, there is real question as to what it really means. Now, I agree with Donna. I think what he meant is clean-cut, just like he said he meant. Everything around it was positive.

But it's a major mistake as to, what is he thinking? What is he comparing this to? Was it -- is he different from -- in this way from Al Sharpton and Jesse Jackson, who have run before as black Americans? He really has a lot of the explaining to do.

I think it's enormously damaging to him and it's unfortunate. But, in fairness, he took on every single candidate. (LAUGHTER)

BUCHANAN: He took them all out. His opening interview, he knocks every present and former major Democratic nominee -- candidate.

(CROSSTALK)

BLITZER: How severe of a setback would this be, you think, for Senator Biden?

BRAZILE: I think it's going to continue to play across the board.

Look, I -- when he took on Barack Obama, that's one thing. But, to take on Jesse Jackson, Al Sharpton, to take on those who have also run for the presidency, that's -- they have a lot of support out there.

(CROSSTALK)

BRAZILE: So, I think Senator Biden will clean up his comments.

(CROSSTALK)

BRAZILE: And I believe he's already talked to Barack Obama. And Senator Obama said he's not going to make a lot out of it.

BUCHANAN: But, in fairness, America is looking for nice, candid, honest candidates. We have got one here, who likes to publicly assess his fellow Democrats. I say more credit to him. I'm memorizing all his lines as we go.

BLITZER: How worried are Republicans right now with these various resolutions that are moving forward, because we're hearing that there's really an emotionally driven divide among those Republicans?

BUCHANAN: On both sides. It's extremely emotional, Wolf.

And there's no question those who do not want to see these resolutions go forward make an excellent point, in the sense that they feel that this will indeed hamper, undermine the efforts of General Petraeus over there in Iraq. We -- obviously, no one in this country wants to see that happen.

And if indeed they are correct, I think every single senator should reconsider that vote, because nobody wants to see that happen.

BLITZER: We have got to leave it there, guys.

Thanks very much...

BRAZILE: Thank you.

BLITZER: ... Donna and Bay. And, coming up in our next hour, former Secretary of State Madeleine Albright, she says the president's Iraq plan is more a prayer than a policy statement.

Also coming up: How can the U.S. avoid wasting millions of dollars in Iraq on things like an unused police academy and unaccounted-for weapons? Jack Cafferty with your e-mail right after this.

(COMMERCIAL BREAK)

BLITZER: Jack's back with "The Cafferty File" -- Jack.

CAFFERTY: So, before we get to the question, Wolf, I have a question.

BLITZER: Yes.

CAFFERTY: How long do you think it's going to be before Joe Biden announces he's decided not to run for president?

BLITZER: He's got a little explaining to do. And I'm sure he's working on that overtime right now.

CAFFERTY: You know, last night, here on THE SITUATION ROOM, we could have helped him. We were talking about these guys who train politicians not to stay stupid stuff. I guess Senator Biden wasn't watching last night.

The question, the other question, is: How can the United States avoid wasting millions of dollars in Iraq on things like unused police academy and unaccounted-for weapons?

Jonathan writes, "Well, maybe the first step is stopping the no- bid contracts to Halliburton and other friends of the vice president."

James in Florida: "Congress can do something other than passing nonbinding resolutions and symbolic statements, such as creating a committee that oversees reconstruction in Iraq that Congress actually oversees, you know, do their job."

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Dan in Quebec: "Jack, the best way I could suggest managing the funds being grossly misspent in Iraq would be to have your trusted IRS agents do the dirty work. They come after hardworking Americans for a lot less than millions."

Joseph in Miami -- this is poignant -- "Listen, it's this waste that is the business of the war machine. And the only reason the war machine wants war, someone's profiting from all of this waste. The money doesn't really go into a toilet. It goes into someone's pocket. I wouldn't be surprised if that doesn't leak to the administration and its extended cronies, including its Iraq cronies. It's all a business deal. And young kids think their dying is about freedom. Bunk."

Tony in Ohio: "I will answer your question by asking one of my own. What has happened to the premise put forth by the Bush administration at the beginning of the war, that we will use the Iraqi oil to pay for the reconstruction of that country? Where's the oil? And who's making the money from it?"

And Bob in Oklahoma: "Let's send a real decision-maker, Donald Trump, to make some decisions about our construction money" -- Wolf.

BLITZER: A Trump Towers in Baghdad, I can only imagine what that would be like.

(LAUGHTER)

BLITZER: Jack, stand by. We're going to get back to you soon.

Still to come: The war in Iraq, will it hang over the GOP for years to come, or will the Democrats overplay their hand? Bill Schneider's take is coming up.

And Senator Lindsey Graham, he is looking for a way to keep his Republican Party united on the war in Iraq. Senator Graham joins us in the next hour, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: In Iraq right now, lives are on the line, including those of American troops. The political stakes pale by comparison. But they will be a critical part of the legacy of this war and of President Bush.

Our senior political analyst, Bill Schneider, is standing by with more -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, could the Iraq issue change the long-term political landscape? It is a possibility.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Disillusionment with the war in Iraq has produced a dramatic shift in the polls.

"The Washington Post"/ABC News poll asks: Who do you trust to do a better job handling the campaign against terrorism, President Bush or the Democrats? In 2003, President Bush had a 51-point advantage. In 2004, Bush was ahead by 29 points. And now? People say they trust the Democrats more than President Bush on terrorism.

Republicans won the 2002 and 2004 elections as the daddy party, the party that would do a better job protecting the country. But it didn't work in 2006.

In 2002, Republicans had a 35-point lead over Democrats on handling terrorism. Now the parties are virtually tied. That gives Democrats an opening. But they can't make the same mistakes they made in the 1970s. Then, anti-war sentiment made the Democrats look weak on national security. The loss of Vietnam, followed a few years later by the Iran hostage crisis, made Americans feel vulnerable. Enter Ronald Reagan and a new era of Republican dominance.

Now Democrats are trying to make it clear that opposition to the war in Iraq does not mean weakness in the war on terror. The public no longer believes the war in Iraq is part of the war on terrorism. The best way to fight the war on terror, Democrats argue, is to get out of Iraq.

SEN. RUSS FEINGOLD (D), WISCONSIN: Our Iraq-centric policies are hurting our ability to defeat the enemy that attacked us on 9/11.

(END VIDEOTAPE)

SCHNEIDER: The daddy party may be in trouble.

Political analyst James Pinkerton of the New America Foundation put it this way in an interview with "The San Francisco Chronicle" -- quote -- "In times of war, the instinct is to trust dad more than mom. And the Republicans have benefited from that. But, if dad keeps wrecking the car, there may be reason to change" -- Wolf.

BLITZER: Bill Schneider, reporting, thank you.

Can Sen. Clinton Be Elected To The White House In 2008? (RC)

By Stuart Rothenberg

Roll Call, February 1, 2007

If activists, political insiders and journalists are asking whether former New York Mayor Rudy Giuliani can win the Republican nomination for president, they are equally consumed with the question of whether Sen. Hillary Rodham Clinton (D-N.Y.) can win the White House.

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Let's skip the suspense and cut right to the answer: Yes.

While some of my colleagues doubt that the New York Senator can overcome her high negative ratings and attract a majority of the electorate in her bid for the White House, I've come to the conclusion that she can, as long as she runs the high-quality campaign I think she can.

Let me be very clear: I am not predicting that Clinton will win in 2008. I'm not even predicting that she will be the Democratic nominee. What I am saying is that I don't agree with those who have concluded that her negatives are so great that she cannot beat a strong Republican nominee next year.

Every White House hopeful in history — and I am not exaggerating when I say "every" — has begun the race with a number of question marks. For some, the question was experience. For others, ideology. For still others, it was a question of style or substance or ability to connect with real people.

Clinton is not without such questions. Is she "warm" enough to make voters feel comfortable voting for her? Is a majority of the electorate ready to elect a woman? How will she deal with the double-edged sword of her husband, former President Bill Clinton, who simultaneously is an asset and a liability in her White House bid? Did she alienate so many people as first lady that a majority of voters in key states simply will not cast their votes for her?

There is no debate about this: The Senator's campaign will need to address these questions — and others, including the aforementioned electability question — and deal with them successfully if she is going to have a chance of winning the White House. There's no doubt that she has political baggage.

But Sen. Clinton isn't the only hopeful with weaknesses to strengthen and questions to answer. Sen. John McCain (R-Ariz.) will have to answer questions about his age and health, as well as his Iraq position and his wooing of conservatives. Former Massachusetts Gov. Mitt Romney (R) will have to deal with his multiple positions on abortion and, yes, his religion. And Sen. Barack Obama (D-Ill.) will have to deal with his inexperience, just as former Sen. John Edwards (D-N.C.) will have to address his lack of foreign policy experience.

Polling released over the past few weeks doesn't support the argument that Clinton is unelectable.

A Jan. 18-21 CBS News poll of adults showed that Clinton's favorable and unfavorable ratings are identical at 36 percent. A Jan. 16-19 ABC News/Washington Post survey of adults found that her personal ratings were 54 percent favorable and 44 percent unfavorable. While the Senator's negatives are high, they certainly don't appear high enough to prevent her from wining a presidential election.

A Jan. 5-7 Gallup/USA Today poll of adults found that only 34 percent of Democrats and independents who lean Democratic said they "definitely" would support Clinton for president, while 52 percent said they would "consider" supporting her, and 14 percent said they "definitely" would not support her.

If Clinton had to start a general election having to write off one out of every seven Democrats, she would be in a serious general election hole. But I'm very skeptical about people knowing how they'll feel and how they'll behave a year or two from now. And I expect that some of those who insist they will never vote for her will in fact vote for Clinton if she is the Democratic nominee.

In the meantime, the CBS survey offered some very good news for Clinton. More than two out of three respondents — and 84 percent of Democrats — said Clinton "has strong leadership qualities," and 59 percent said she has "the right kind of experience to be a good president." Finally, a majority of those questioned, 53 percent, said Clinton could win the presidential election if nominated by her party.

When ABC News/Washington Post pollsters asked respondents about hypothetical White House matchups, Clinton beat McCain, 50 percent to 45 percent, and she beat Giuliani, 49 percent to 47 percent. While these ballot tests don't guarantee that Clinton would win those races, they do strongly suggest that it's a mistake to dismiss her as unelectable.

Finally, assertions that Clinton's polarizing reputation and name make her unelectable ignore history. I remember some New York political observers questioning the then-first lady's electability in New York when she announced for the Senate. But she went to the most Republican part of the state — upstate — and won over her skeptics. There is no reason to believe that she couldn't do that in Ohio, Iowa, New Mexico and the handful of other competitive states that Sen. John Kerry (D-Mass.) lost in 2004. Remember, it's irrelevant that Clinton can't carry Mississippi or Utah. She won't need them.

Moreover, elections involve choices, and often those choices involve the lesser of two evils. No matter what personal baggage she carries, the Senator surely would have targets of opportunity in 2008, including the GOP nominee, the outgoing president and the now-damaged Republican Party brand. Her job would be to make the election about Bush and to position herself as a force for change, competence and accomplishment.

Then-Vice President Al Gore and Kerry, Democratic presidential nominees with considerable weaknesses, narrowly lost presidential elections in 2000 and 2004, respectively. Gore even carried the popular vote. Whatever her liabilities, it's hard to see

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Clinton losing large numbers of voters who were willing to pull the lever for Gore and Kerry. She would lose some, but not many. In my book, that's reason enough for believing that she would have a reasonable chance of wining the White House in 2008.

President Clinton (WSJ)

By Fred Barnes

The Wall Street Journal, February 1, 2007

Senator Hillary Clinton is waging two presidential campaigns at once. She is running for the Democratic presidential nomination while keeping a sharp eye on the general election campaign against the Republican presidential nominee, whoever that turns out to be. Mrs. Clinton wants to run as a centrist, not a liberal, in the general election. But there's a problem. She is being tugged to the left in the nomination fight, forced to take positions that may jeopardize her chances later against the Republican candidate.

Her opponents in the Democratic primaries next year don't have this problem. They are unabashed liberals who have done nothing to place themselves near the ideological center of American politics. Mrs. Clinton, however, spent her first term as senator from New York downplaying her image as a staunch liberal. Instead, she has sought with some success to fashion a reputation as a centrist on some several key issues, particularly national security. And while doing so, she became the undisputed frontrunner for the 2008 Democratic nomination. She became electable.

A glance at the breakdown of red and blue states in the 2004 presidential race shows how little it would take for her to win the general election. If she holds the states won by Democrat John Kerry, she would need to add only one populous red state or two smaller ones. And there are numerous Republican states that have drifted toward the Democrats since 2004 -- Ohio, Colorado, Iowa, Montana, Nevada, Arizona and Virginia, just to name a few.

But Mrs. Clinton's ability to pick up one or two of these red states depends on her maintaining credibility as a centrist on key issues. That is a difficult task. Given the pressure from her party's liberal base and from her Democratic opponents for the presidential nomination, it's now very much in doubt whether she can accomplish it. She's already becoming more liberal than it's safe to be in a presidential election in a nation with an enduring center-right majority.

As surprising as this may sound, Mrs. Clinton starts her campaign as the Democratic candidate furthest to the right. The only two Democrats who might have gotten to her right -- Sen. Evan Bayh of Indiana and former Gov. Mark Warner of Virginia -- dropped out of the race. So she faces competition from a phalanx of liberals, two of whom -- Sen. Barack Obama of Illinois and former Democratic vice presidential candidate John Edwards -- are formidable opponents.

In her six years in the Senate, Mrs. Clinton has gone a good ways toward achieving the threshold requirement for a female candidate for president: making herself believable as a commander in chief. She did this by spending long hours at Senate Armed Services Committee hearings, forging a supportive relationship with Donald Rumsfeld, and voting in 2002 to authorize the invasion of Iraq.

She became conversant on defense issues. At a breakfast with reporters in late 2003, I asked her if there had been good reason to believe, as President Bush did, that Saddam Hussein had weapons of mass destruction. "The intelligence from Bush 1 to Clinton to Bush 2 was consistent," she said, in concluding Saddam had chemical and biological weapons and was developing nuclear weapons.

Mrs. Clinton had done her own "due diligence," she went on, by attending classified briefings on Capitol Hill and at the White House and the Pentagon, and also by consulting national security officials from the Clinton administration whom she trusted. All agreed Saddam had WMD. Now, an investigation was needed on how everyone had been "so misled," Mrs. Clinton said. But she declined to endorse the theory of Sen. Edward Kennedy that the existence of WMD was a "fraud" cooked up by Mr. Bush to justify the war in Iraq.

It was a strong answer and I was impressed. Mrs. Clinton further burnished her credentials as a serious person on national security affairs by refusing once the war turned unpopular to repudiate her vote, as Mr. Edwards had. (Mr. Obama, as a state legislator, had opposed the war from the outset.) She criticized the conduct of the postwar occupation and suggested there might never have been a vote to go to war had it been known Saddam had no WMD. But this was the standard sort of second-guessing by a senator, Democrat or Republican.

Then came January 2007 and two events: the sudden effort by Democrats to compel Mr. Bush to bring the Iraq war to an end and the just-as-sudden acceleration of the presidential race. Mrs. Clinton joined the stampede to cast the president and the war in the most pessimistic light. She dramatically escalated her criticism.

First, after a trip to Iraq, she called for a cap on American troops in Iraq at the current level of 137,000, thus no "surge" in the number of troops. At a Senate hearing a few days later, Mrs. Clinton lectured Gen. David Petraeus, the new Iraq commander, on the appropriate counterinsurgency strategy in Baghdad; she asked the general, the Army's foremost expert on

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counterinsurgency, no questions. Then during her first campaign trip to Iowa, she demanded Mr. Bush "extricate our country" from Iraq before he leaves office.

It was as if all the pressure had gotten to Mrs. Clinton and she'd forgotten her need to remain resolute on national security. Rather than acting like a potential president, she acted like a bickering senator. She put the reputation she'd earned for seriousness on national security at risk. That the Iraq war was unpopular in 2006 and early 2007 probably won't help her in 2008, when Mr. Bush is stepping down.

The question now is whether Mrs. Clinton will stand up to the political pressure to move left on other issues. In 2005, she boldly reached out to pro-lifers, calling abortion "a sad, even tragic choice to many, many women." She said both sides in the abortion debate should seek "common ground." Will she repeat that when she and the other Democrats appear before groups like Naral Pro-Choice America?

And on health care, Mrs. Clinton insists she's learned from her painful experience of authoring a failed national plan in 1993 that relied heavily on government mandates. Lobbyists for health-care groups say she speaks approvingly now of injecting free-market incentives into the system. But will she advocate them as part of a centrist health-care initiative in the Democratic primaries?

Presidential campaigns are unfair to liberals. The American electorate prefers presidents to be centrists (Bill Clinton, the elder George Bush) or conservatives (Ronald Reagan, the younger George Bush). Voters usually opt for a presidential candidate who is tough-minded, rather than wavering or vulnerable to fleeting passions, on one issue above all, national security. Hillary Clinton was well on her way to becoming such a candidate. Until now.

Mr. Barnes, executive editor of the Weekly Standard, is the author of "Rebel-in-Chief" (Crown Forum, 2006).

Giuliani: Can Hero Of 9/11 Win Over His Own Party? (USAT)

By Susan Page

USA Today, February 1, 2007

BRETTON WOODS, N.H. — Rudy Giuliani would seem to have all the credentials a candidate for president could want: A hero of 9/11, a crime-busting federal prosecutor, a two-term Republican mayor in an overwhelmingly Democratic city and one of the most admired politicians in the country.

He's got a big problem, though. First, he has to be nominated by Republicans who don't yet know his views on social issues.

"People remember how he provided leadership at a time the city needed it and the country needed it," coin-company executive Jeff Marsh, 41, says as he waits to greet Giuliani at the annual dinner of the Littleton (N.H.) Chamber of Commerce. While Marsh's admiration of Giuliani the man is evident, his support for Giuliani the presidential candidate is no sure thing. Giuliani's advocacy of abortion rights gives him "some pause," Marsh says ruefully.

The question is this: Can the thrice-married New Yorker — a supporter of abortion rights, gay rights and gun control — win the nomination of a Republican Party that has become increasingly dependent on and influenced by conservative Christians?

Maybe not, says Tony Fabrizio, a GOP pollster who advised Bob Dole's 1996 presidential campaign.

"As a presidential candidate, Rudy Giuliani should absolutely be taken seriously," Fabrizio says. "As a contender for the Republican nomination, he should be taken significantly less seriously. He has the stature to be president, but how does he get the Republican nomination? That is the fundamental disconnect."

Republicans tend to stick with front-runners. In each of the last nine presidential elections, the GOP contender who led the field the year before the election has won the nomination. Despite Giuliani's edge at the starting line, however, there is widespread skepticism among insiders such as Fabrizio whether he'll be there at the finish.

With the war in Iraq raging and terrorism a global threat, Giuliani's campaign could measure just how powerful social issues continue to be in the GOP. "He may be the candidate to test that proposition," says former Republican national chairman Ed Gillespie, now the party's state chairman in Virginia.

At least at the moment, Giuliani leads the Republican field, a USA TODAY/Gallup Poll finds. He holds a narrow advantage over Arizona Sen. John McCain, who is often identified as the party's front-runner. In January, 31% of Republicans and Republican-leaning independents said Giuliani was their likely preference for president; 27% chose McCain. Former House speaker Newt Gingrich was third at 10%.

In a head-to-head contest, Giuliani beat McCain 50%-42%.

Giuliani, who declined to be interviewed for this story, also shows appeal beyond the GOP.

Dubbed "America's mayor" after he led New York City's response to the Sept. 11 attacks, Giuliani had a nearly 4-1 favorable rating among all those polled. McCain had a 2-1 favorable rating, and the rating for Democratic hopeful Hillary Rodham Clinton was only a bit more positive than negative.

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"I have great admiration for how he handled everything in New York," says Jan Mercieri, an independent married to Littleton's fire chief. She's brought a book profiling first responders who died during 9/11 for Giuliani to autograph before he speaks to the dinner. It's being held at the Mount Washington Hotel here, where the Bretton Woods monetary conference convened after World War II. ("God bless you for your service to our people and God bless America," he writes.)

"I think it touched everybody," she says of his take-charge actions on that day, tears welling in her eyes even now.

As fondly remembered as Giuliani is for responding to Sept. 11, however, most Americans don't know much else about him. Barely one in five Republicans knew that he supports abortion rights and civil unions for same-sex couples, the USA TODAY poll found. Nearly as many thought he was "pro-life" as said he was "pro-choice."

When they were told about his stance on those issues, his star dimmed. One in five Republicans said his views would "rule him out as a candidate" they could support. That included one-third of those who attend church every week, an important base of the GOP that makes up a third of party loyalists.

Another 25% of Republicans said his views made them less likely to support him, nearly double the proportion who said they made them more likely to support him.

Even some Republicans who see Giuliani as a stronger general-election candidate question if he can be nominated. A Gallup Poll taken Friday through Sunday showed Republicans split evenly over whether Giuliani or McCain had a better chance of winning the nomination, though by 17 percentage points they thought Giuliani had a better shot at defeating the Democratic candidate in November.

"He's a fine guy, and he certainly has a sterling record as mayor of New York," George Lovejoy, 75 and courtly, says the next morning. The former New Hampshire state senator, a real estate agent in Barrington, applauds politely as Giuliani addresses the annual state GOP meeting in Manchester. Could he be the presidential nominee?

"I don't think it's likely," Lovejoy says. He is backing former Massachusetts governor Mitt Romney, who now opposes abortion rights after supporting them earlier in his career. "Our strong focus as Republicans has been on social issues as well as tax-and-spend issues. That's what's made us strong."

Tony Perkins, president of the Family Research Council, calls Giuliani "unacceptable" as a nominee. Conservative Christian leaders haven't targeted him because they assume "he's not going to go anywhere" once the campaign begins in earnest — but Perkins says they're ready to mobilize against him if he seems to gain traction.

Giuliani's strategists recognize his vulnerabilities. A campaign memo leaked to the New York Daily News last month and acknowledged as authentic by spokeswoman Sunny Mindel listed some of them: questions about his private-sector businesses, which have made him a millionaire and entangled him with clients from thoroughbred racing to the energy industry. Controversies around his current and former wives, a soap-opera saga played out in public. His stance on social issues, to the left of any major GOP contender since the party adopted an unyielding anti-abortion line in its 1980 platform.

"Probs (problems) that are insurm (insurmountable)?" asks the memo. "Does any of it cause RWG (Giuliani) to lose his lustre?"

In New Hampshire, Giuliani tries a response, portraying himself as a strong leader who can be trusted despite differences he may have with a voter on a particular issue.

"The single most important part of leadership … is to figure out what you believe, figure out what's important, have convictions, stand for something," he says in his speech here, stepping to the side of the podium to get closer to the audience and punching his hand in the air for emphasis. "I would prefer to support for president or head of a corporation, mayor, head of an anything — somebody who stands for something, even if I don't agree with them completely."

He cites a bipartisan trio — Abraham Lincoln, Franklin Roosevelt and Ronald Reagan — as great presidents who earned support even from those who might have disagreed with them on this or that. "I don't even agree with myself on everything," he jokes.

Famously combative as mayor, he tries to convey a warmer side on the stump. He repeatedly refers to his wife, Judith, a petite woman in a black turtleneck and oversized pearls who smiles from the audience; they walk out of the ballroom hand-in-hand. They were married in 2003 after his messy divorce from Donna Hanover, who says she learned they were separating when he announced it at a news conference. Giuliani's first marriage was annulled after 14 years.

Giuliani has honed his skills as a motivational speaker in considerable demand since 9/11; Forbes magazine estimates he charges $100,000 a speech, though he declines to accept even travel expenses from the New Hampshire group. He wears a tailored pinstriped suit, crisp shirt and glossy blue tie. His manner is conversational and occasionally self-deprecating — mentioning, for instance, that he was knighted by Queen Elizabeth but then adding that he doesn't bring that up in Brooklyn.

"Did you know I was from New York?" he asks to laughter.

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Actually, his hometown may turn out to be yet another vulnerability. Not since DeWitt Clinton won the governorship in 1817 has a New York mayor been elected to a higher office. Not even Clinton, the Federalist presidential candidate in 1812, managed to make it to the White House.

Giuliani backed away from a tough contest before. In 2000, he had formed an exploratory committee and begun raising money for a Senate campaign against Hillary Clinton but then abandoned it after he was diagnosed with prostate cancer. He is now recovered.

This time, he's formed an exploratory committee and started fundraising with a goal of $25 million by March 31, when Federal Election Commission reports will provide a comparison among presidential contenders. He's begun hiring campaign staffers in Iowa and New Hampshire, which hold the opening caucuses and first primary. He heads this weekend to South Carolina, site of the second primary.

Republicans in the Palmetto State will judge the contenders based on "the entire package, not a single issue," Katon Dawson, South Carolina's Republican chairman, says when asked about Giuliani's views on abortion and gay rights. Still, he adds: "Those are issues important to the core of our party."

A Giuliani game plan might go like this: Finish in the top tier of candidates in Iowa, then win or at least finish second in New Hampshire, a Northeast state with a libertarian streak. (That would mean besting McCain, who won the primary over George W. Bush in 2000, and/or Romney, the former governor of neighboring Massachusetts.) Then Giuliani would need to survive in South Carolina, a Deep South state with a solidly conservative electorate.

If all that happens, he could be well positioned for the unprecedented crush of primaries on Feb. 5 that may include California, Florida, Illinois and New Jersey.

"We feel very good about the consolidation of primaries on an early date," says Michael DuHaime, a former political director of the Republican National Committee who is poised to run Giuliani's campaign. Contests in those big states would favor candidates with high name identification and deep pockets — that is, candidates like him.

Some Republicans believe Giuliani would be better able than McCain to deal with anti-Washington sentiment and the anti-GOP tide that cost the party control of Congress in November's elections.

"I'll tell you who's going to win the nomination," declares Bill Williams, 72, of Franconia, head of the New Hampshire Rural Development Corp. and a former congressional aide who was attending the Littleton dinner. "It's going to be a non-federally employed individual — a governor or a mayor."

The next day, before heading to Providence for a fundraiser, Giuliani and his wife drop by Blake's Diner in Manchester to shake hands with local residents and share lunch. He orders a pita stuffed with chicken fajita ingredients after a fellow patron recommends it. She gets a bacon cheeseburger.

The reception in New Hampshire has been "encouraging," he tells a few reporters as he leaves. The retail campaigning demanded in New Hampshire feels "familiar," like a mayor's race. He says Republicans, downbeat after congressional setbacks in November, need the sort of encouragement and optimism that he's ready to provide.

"So why wouldn't you run?" Anita Siegfriedt of Fox News asks.

"That's a good question," he says, and laughs.

Franken Saying He'll Run For Senate (MINNST)

By Rob Hotakainen

Minneapolis Star Tribune, February 1, 2007

Star Tribune WASHINGTON - Comedian and radio talk show host Al Franken has begun calling Democratic members of Congress and prominent DFLers to tell them he will definitely challenge Republican Sen. Norm Coleman in 2008, the Star Tribune learned Wednesday.

On Monday, Franken announced that he is quitting his radio show on Feb. 14, and he told his audience that they'd be the first to know of his decision. But Franken has been working the phones, telling his political friends he's ready to declare his candidacy.

Franken made calls to at least two members of the Minnesota congressional delegation in Washington and one member of the Legislature to break the news. The sources spoke on the condition of anonymity, not wanting to be identified as pre-empting Franken's announcement.

"From his voice to my ears, he's running," said one House member, who relayed the remark via his press secretary.

"I can tell you we got one of those calls," said a top-ranked aide for another House member.

A long-time DFL state House member said she was happy to receive a call from Franken. "He said he's in and he just wanted to let me know."

Franken declined to be interviewed.

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"He's not going to comment on his private conversations," said Andy Barr, his spokesman. But he added that Franken has "made no secret" of his interest in Coleman's seat.

No other big-name Democrats have announced plans to challenge Coleman, who's expected to be among the most vulnerable GOP incumbents next year.

Franken, who grew up in St. Louis Park, achieved fame in New York as a comedy writer for NBC-TV's "Saturday Night Live" and went on to become a best-selling author. He moved his radio show to Minneapolis last year and has become increasingly active in Minnesota and national politics.

His Midwest Values political action committee raised more than $1.1 million and he distributed checks of $10,000 each last year to Democratic Sens. Amy Klobuchar of Minnesota and Claire McCaskill of Missouri and to Rep. Tim Walz, D-Minn.; he gave smaller amounts to dozens of other national and state candidates.

After seeing an account of Franken's calls on the Star Tribune website, Minnesota Republican Party Chairman Ron Carey issued a statement criticizing Franken's "anger and slash-and-burn partisanship."

Coleman himself has had little to say about Franken, but in an interview last year he said he expected him to be "a very strong voice for the far left" and a strong fundraiser. Republicans will try to exploit Franken's ties to Hollywood: Contributors to his political action committee have included Barbra Streisand, Phil Donahue, Larry Hagman and Norman Lear from the entertainment industry, as well as former Minnesota Gov. Wendell Anderson and Minneapolis attorney Sam Kaplan.

Franken expects his years in New York to be an issue in the campaign but has had a ready line as he promotes himself to Minnesota audiences: "If I do run against Norm Coleman in '08, I'll be the only New York Jew in the race who actually grew up in Minnesota."

Coleman grew up in New York and moved to Minnesota as an adult.

Comedian Al Franken To Run For Senate (AP)

By Frederic J. Frommer

AP, February 1, 2007

Comedian Al Franken has decided to run for the U.S. Senate from Minnesota in 2008, a senior Democratic official from Minnesota said Wednesday.

Franken told the official, who did not want to be identified because Franken has not made an announcement, that he had decided to run in a recent conversation.

Andy Barr, the political director of Franken's Midwest Values Political Action Committee, declined to comment.

The news was not unexpected. Franken has been calling members of the Minnesota congressional delegation to get their input on a run, and he announced this week that he would be leaving his show on Air America Radio on Feb. 14. He told listeners he would be making a decision on a race soon.

In a statement, Minnesota Republican Party Chairman Ron Carey said he was confident Minnesotans "will reject Franken's divisive, scorched-earth attacks." The state Democratic Party declined to comment.

Should he win the Democratic primary in Minnesota, Franken would take on Republican Norm Coleman, a first-term senator who is among the Democrats' top targets. Coleman declined to comment Wednesday.

Franken, 55, was born in New York City, like Coleman, but grew up in St. Louis Park, a suburb of Minneapolis. He was a performer and writer on television's "Saturday Night Live" before writing best-selling books combining humor and politics.

His PAC raised nearly $1 million last year. Although Franken can't use that money for his Senate campaign, it shows he shouldn't have a problem raising money.

Coleman reported about $1.7 million in his bank account as of Dec. 31.

Franken faces major challenges, said Larry Jacobs, a political science professor at the University of Minnesota. Besides needing to establish himself as a serious candidate, Franken has staked out left-wing policies that make it questionable whether he can win independent voters, Jacobs said.

Spitzer's First Budget Assails Health Care System (NYT)

By Danny Hakim

The New York Times, February 1, 2007

ALBANY, Jan. 31 — Gov. Eliot Spitzer proposed to radically restructure aid to New York's sprawling health care industry in his first budget Wednesday, saying that the system props up failing hospitals and too often overlooks patients' needs, while consuming roughly a third of the state's budget.

The health care changes were among several ambitious proposals that the new governor outlined in his $120.6 billion budget, which would increase overall spending by 6.3 percent — about double the rate of inflation — and cut $1.2 billion from

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existing health care programs. The cuts would offset billions of dollars worth of proposed property tax cuts and increased education aid.

Many of the governor's ideas, which followed up on his campaign pledge to toss aside the conventional way of doing business in Albany, would indeed reshape the way the state operates. But they face tough going in the Legislature, where Mr. Spitzer's brash style has already put him on a collision course with the top legislative leaders, prematurely ending the political honeymoon that often greets newly elected governors. [News analysis, Page B5.]

To control health care spending, Mr. Spitzer would hold the growth of Medicaid to 1.7 percent, compared to 8 percent growth rates in recent years, by cutting subsidies to hospitals and nursing homes, slashing Medicaid reimbursement rates and by stepping up efforts to combat fraud. Conversely, he outlined a plan to make low-cost health insurance coverage available to the state's 400,000 uninsured children.

His budget also called for several other major measures.

One was an education plan that would increase state aid to schools by $7 billion annually within four years and throw out the complex formula used to distribute school aid around the state. New York City would receive $3.17 billion more annually within four years, with the expectation that the city stick to Mayor Michael Bloomberg's plan to increase its own spending by $2.2 billion annually within four years.

But a new municipal-aid formula would favor impoverished cities and take nearly $350 million a year away from New York City.

The budget also includes a $1,000- per-child tax deduction for private school tuition. Similar proposals failed to pass under the previous governor.

Another was a $6 billion, three-year property tax relief plan that would focus new aid on middle-class homeowners, granting an average of $920 in relief for such families in the New York suburbs and an average of $512 upstate. The Senate has proposed distributing the same amount of money in two years in a more broadly based manner.

A third major proposal would increase the state work force by nearly 2,500, including 355 workers who would carry out new policies on civil commitment of sexually violent predators. The governor also proposed creating 166 new environmental and conservation jobs, and create an office specializing in climate change to look at ways to reduce global warming.

Mr. Spitzer, readying for a fight over the health care cuts and school aid, told lawmakers on Wednesday morning that he would take his case to the public. Polls show the governor is far more popular than the Legislature.

"I'm going to be out there talking to voters, citizens, homeowners, taxpayers, editorial boards," the governor said in his speech to lawmakers. "I'm going to be speaking to anybody who will listen. This is not a debate that will be cloistered in the halls of this building. This is a debate that I plan to bring to the people."

The Republican Senate majority leader, Joseph L. Bruno, a frequent ally of the health care industry, said he had "serious differences" with the governor's proposals, and also took aim at his style.

"When you're governing, it's all about compromise," he added. People who "draw lines in the sand don't get on-time budgets. They don't get results."

In taking on the health care system, Mr. Spitzer is confronting the nation's costliest Medicaid program, one that helps support an expansive but money-losing hospital industry with arcane financing rules often designed to keep state aid in place, no matter the effect on patient care.

The health care proposals drew a sharp and immediate response from two politically powerful interest groups, the Greater New York Hospital Association and 1199 S.E.I.U., the health care workers' union, which, in a joint statement, said the governor's health proposals were "riddled with inaccuracies."

Those two groups have cultivated close ties to legislators and spent millions on political contributions, and in the past have defeated similar proposed cuts by saturating the airwaves with television commercials explaining their viewpoint.

The governor's Medicaid proposals would freeze reimbursement rates to hospitals and nursing homes, lower reimbursements to pharmacies and overhaul payments to hospitals to help them increase salaries.

But many advocacy groups were supportive, saying the proposals brought needed reform to a byzantine system of paying for health care. Michael Kink, legislative counsel of Housing Works, an advocacy and service organization for people with AIDS, said the governor "moves health care money towards patients and front-line care providers, and away from big institutions that don't serve many Medicaid beneficiaries."

For his part, the governor contended that "every patient will come out ahead in the long run," adding that large hospitals and nursing homes "can afford it."

"They are the ones who have received almost an unending supply of capital and cash over the last 10 or 15 years," he said. "They will have to rationalize their own operations to make themselves accountable for those dollars they are getting."

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Kenneth E. Raske, the president of the Greater New York Hospital Association, said the cuts could hurt patient care. "He cuts us and we have to cut into the operations of the hospitals, particularly since no one has helped us by putting a freeze on our cost of doing business," he said.

The governor's proposed spending increases exceeded former Gov. George E. Pataki's proposals in his executive budget a year ago — which were just over 4 percent for the total budget. But in his speech, Mr. Spitzer emphasized that his proposals were far lower than the final budget that the Legislature enacted, which increased spending over all by more than 9 percent.

Dealing just with the state's spending of its own money, not federal aid, the governor is proposing to increase total state spending 7.8 percent, to $83.6 billion, or about three times the rate of inflation projected for the state.

Edmund J. McMahon, the director of the Empire Center for New York State Policy, an affiliate of the conservative policy group the Manhattan Institute, called the proposed spending increase the largest in an executive budget "since Pataki's first election-year budget."

"Unless the normal law of physics is suspended, it lays the groundwork for a big increase," in spending, he said.

The governor said he was not proposing any new taxes, but Republicans disagreed, pointing to $449 million in business-tax loopholes that the governor is proposing to close and $67.7 million in new or higher fees in the budget. The governor also said he would create a special commission to explore whether some of the state's prisons can be closed.

The governor warned lawmakers not to spend more than he was proposing, a notion that made some lawmakers roll their eyes.

"I think it's kind of naïve to think you're going to give this budget to the Legislature and they're not going to enhance it in some way," said James Tedisco, the leader of Republicans in the Assembly.

A Health Care Plan Both Ambitious And Contentious (NYT)

By Richard Pérez-peña

The New York Times, February 1, 2007

The budget Gov. Eliot Spitzer laid out yesterday represents the first stages of an ambitious health care agenda, including covering hundreds of thousands of uninsured people with government health plans, and broadly revising how Medicaid money is distributed.

It also contains the seeds of an epic battle — $1.2 billion a year in cuts — that could make everything else he wants harder to attain. The proposed cuts, mostly in Medicaid, the health plan for the poor, pit the governor against the Legislature, health care workers and the hospital industry — powerful camps that welcome some of his ideas, but that fiercely protect their share of Medicaid spending.

Mr. Spitzer proposed setting the nation's most generous boundaries for state-subsidized children's health insurance. He would raise the income ceiling for families to cover children, at little cost, through Child Health Plus, to about $82,000 from about $51,000.

That would make affordable insurance available to nearly all of New York State's 400,000 uninsured children, his administration says. In addition, Mr. Spitzer called for simpler rules for renewing Medicaid coverage, which his assistants said would increase enrollment by 100,000, by keeping eligible people from dropping out.

For now, the attention is on proposed cuts that would reduce hospitals' overall income by about 1 percent, a significant hit for a money-losing industry that may face other cuts from Washington. But New York has the nation's largest Medicaid program by far, at $46.5 billion, and the governor's proposals would merely restrain its growth to $1.1 billion during the next year.

"The most significant piece of the budget, the one program that's become, and rightly so, the evidence of spiraling and unwieldy spending, is our Medicaid system," Mr. Spitzer said.

But the governor and members of his staff say they are after something more subtle and audacious than cost-cutting. The goal, they say, is to make Medicaid make sense — starting with revising old financing formulas that no longer reflect reality.

Eventually, Mr. Spitzer said, the state will make Medicaid more uniform and efficient by taking over local government's role in running it, and it will conduct a top-to-bottom review of what Medicaid pays for each service, adjusting prices to correct shortages of some services and gluts of others.

None of that consoles 1199 S.E.I.U. United Health Care Workers East, the main hospital and nursing home workers' union, or the Greater New York Hospital Association. They praised some of the governor's plans, but said that his cuts would do real harm.

"We're basically at break-even, so this cuts into operations," said Kenneth E. Raske, president of the hospital group.

Former Gov. George E. Pataki proposed similar cuts year after year, usually unsuccessfully, and eventually they came to be seen as mere opening bids in budget talks. But 1199 and the industry have reacted heatedly to Mr. Spitzer's plans, protesting that he has not met with them, and objecting to his spoiling-for-a-fight tone.

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Mr. Spitzer has publicly blamed the union and hospitals t for out-of-control spending. Yesterday, he talked about institutions that,"through a combination of persuasive argument, political strength and effective presence here in Albany," drive state spending.

Dennis Rivera, president of 1199, called that "an attack on each and every one of 600,000 health care workers in New York State." He and Mr. Raske control a rich political action fund that can be used to finance attacks against politicians, but they have not yet threatened to go that route.

Mr. Rivera noted that the union and the industry recently accepted a state plan to close and merge a number of hospitals. "After doing that, to turn around and attack us as entrenched interest groups" is unfair, he said.

Mr. Spitzer proposed a one-year freeze on Medicaid payments to hospitals and nursing homes, eliminating an expected increase worth $182 million.

In other areas, he would cut the money and rearrange it, creating a set of winners and losers that Mr. Raske and his group are still sorting out.

Mr. Spitzer would end the practice of paying hospitals to train young doctors, paying each hospital based in part on how many doctors a hospital had in 1981, even if the number has declined sharply. He proposed cutting $96 million from that program, about 6 percent of the total.

He called for a $40 million reduction in money to boost the salaries of low-wage workers — many of them 1199 members — and train them for new jobs. And again, he would rearrange the money, to favor hospitals that treat mostly Medicaid patients.

Other proposals would not directly affect the hospital industry, like tighter restrictions on which drugs Medicaid patients get, for a savings of more than $200 million, and more aggressive antifraud measures.

Governor Spitzer's Pivotal Budget (NYT)

The New York Times, February 1, 2007

Gov. Eliot Spitzer described his first New York State budget yesterday as a "pivot" from the old way of doing things. He wants to turn away from a financial system that rewards political favorites to one that focuses on what regular people — students, patients, taxpayers, workers — actually get when New York spends a stunning $120 billion. That emphasis has resulted in one of the boldest, bravest budget proposals in Albany in many years.

Mr. Spitzer's most innovative move throws out the calcified state education formula, which cheats poor, urban school districts, and directs substantially more money to the schools that need it most. He is proposing universal prekindergarten care, which is critical to helping the most disadvantaged children, and he wants to build in accountability to ensure the money is well spent.

It would be difficult to get the new formula through the Legislature without something to win over suburban and upstate lawmakers. Mr. Spitzer has offered to cut property taxes by $6 billion statewide over the next three years, with the biggest cuts going to the middle class.

He also wants to overhaul the $45 billion Medicaid system, which spends more per capita than any other state. The Spitzer solution would shift money away from hospitals and nursing homes and toward expanded health care, including health insurance for all New York children. Unions, hospital advocates and politicians have already begun to raise the alarm. But the governor is right to fight for a fairer, more cost-effective distribution of public funds.

Mr. Spitzer has chosen other worthwhile battles. He proposes pay increases for judges — long overdue — and rightly decouples them from raises for the Legislature.

The question now is whether legislators will join Mr. Spitzer in moving the state forward. The Assembly speaker, Sheldon Silver, and the Senate majority leader, Joseph Bruno, both rushed to offer some praise but also to note their "concerns" about the governor's health care proposals. Mr. Spitzer's budget will need a thorough vetting, but any wheedling from legislators should focus on the interests of regular New Yorkers, not political supporters.

This first budget makes good on Mr. Spitzer's promise to start upending the ailing culture in Albany. Legislators are integral to the budget process, and they should weigh in now with their own ideas — but only the ones that really make the budget better.

Island Of Moguls Is Latest Front In Labor Battle (NYT)

By Eduardo Porter

The New York Times, February 1, 2007

FISHER ISLAND, Fla., Jan 26 — The class struggle is coming to paradise.

It's hard to tell from the Bentleys and the Jaguars debarking from the ferry, tooling past the pink flamingos in the pond and the peacocks sashaying along the exquisitely coiffed lawn, but this exclusive enclave of the moneyed is bracing for an unexpected test of its decades-old insulation from the outside world: a labor union is trying to organize its workers.

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After successful campaigns last year to organize janitors and other maintenance workers at several universities in South Florida, the Service Employees International Union has set its sights on Fisher Island, one of the most concentrated pockets of wealth in the nation.

Amid mounting political attention to the substantial widening of the income gap over the last two decades, the service employees union hopes that Fisher Island — where a share in the golf club costs $250,000 and dues run to $20,000 a year while workers tending the grounds or washing linens can make as little as $8.50 an hour — will serve as a rallying cry for low-wage service workers across the nation.

"This is a symbol of what's wrong and a beacon of what could be right," said Stephen Lerner, director of the union's property services division. "There's a growing feeling in the country that something is a little out of balance when workers live in poverty in the middle of incredible wealth, and it can and should be fixed."

But the union drive, which is just getting under way, might not play out as a straightforward battle pitting the haves against the have-nots. Some residents, of course, oppose the union's arrival. But others are already being courted by the union, which hopes that they will be moved to support it when confronted with the contrast between their affluence and the meager existence of many of their workers.

Even among employees interested in joining the union, resentment of the rich does not seem to be the prime motivation.

"I'm not bothered by their wealth," said Christiana Monestime, a Haitian immigrant working in the club's laundry room for $8.76 an hour. "They earned what they have. We just need to earn more than we earn."

Representatives of Fisher Island's community association and of the golf club, the two main employers with a combined payroll of about 600 workers, say that their wages and benefits are above the area average. They say they pay 80 percent of the cost of individual health insurance, offer a 401(k) plan with a company match, and provide paid vacations and an allowance of $60 a month to buy food from vending machines in the workers' cafeteria.

"I am not sure if there are any advantages" from having a union, said Gaële C. Silva, vice president for legal and government affairs at Fisher Island Holdings, the island's developer, which controls the community association. "Unions are needed usually when pay, benefits or working standards are below the usual norms."

Still, to the union, the local wage comparisons are almost beside the point. The chasm between the fortunes of the 750 or so families that call Fisher Island home and the workers toiling in its restaurants and laundry rooms is so striking that it makes for a potent image. Fisher Island, organizers say, is a microcosm of the nation's increasing social and economic divide.

A 216-acre nub of land sliced from the tip of Miami in 1905 when the government dredged out a sea-lane from Biscayne Bay, Fisher Island was acquired in 1925 by William K. Vanderbilt II, scion of the robber-baron railroad clan, to build his winter mansion.

It epitomizes wealth to this day. The island is home at least part of the year to an assortment of magnates, like the investment guru Martin Zweig, the car dealership mogul Robert Potamkin and the financier Bennet S. LeBow, of tobacco fame. Celebrities like Oprah Winfrey and Mel Brooks have owned winter homes here.

According to the Census Bureau, Fisher Island was the richest enclave in America in 1999, with an average income per capita of about $236,000 — more than double the $91,000 average on the Upper East Side of Manhattan. Residents say the real figures are actually far higher, partly because of the difficulty in gathering income data on part-time residents.

Indeed, from the imported Bahamian sand coating the beaches to the marble and mahogany-encrusted Vanderbilt mansion and the 186-foot, $250,000-a-week chartered yacht bobbing in the marina just outside, everything bespeaks luxury. The gilded trappings are a potent reminder of the great income gap that prevailed when Mr. Vanderbilt used to alight his hydroplane in the inviting waters offshore, in the early decades of the 20th century, a gap that has re-emerged today.

Elena Bluntzer, a longtime real estate agent on the island who owns a condominium here, said that Fisher Island was comfortably insulated by its wealth, even from the chill affecting the housing market in nearby Miami Beach and elsewhere.

New condos are being offered for $4.5 million to $9.1 million. Resale units can go for much more. One that Ms. Bluntzer is trying to sell, 8,300 square feet of oceanfront luxury adorned with coral rock from Santo Domingo, stained glass by Frank Lloyd Wright and sheepskin-covered bathroom walls, is listed for $17.5 million. Maintenance will exceed $7,000 a month.

"Everything above six million is doing extremely well," Ms. Bluntzer confided.

Fisher Island's workers live in a more frugal universe, with laundry workers at the club or landscaper tending the grounds earning as little as $8.50 an hour.

Several months ago Ms. Monestime's workweek in the laundry was cut from 40 hours to 24, forcing her to drop the health plan that cost her $22 every two weeks. "We have to fight," Ms. Monestime said. "Everybody has a family to support."

Abraham Guevara, a Honduran immigrant who has worked 18 years as a landscaper on the island and makes $14.42 an hour, said he was generally content with his employers. Still, he thought a union might help workers push for a better deal.

"I have never been in a union," he said, "but it might be a good idea."

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This is not the first time organized labor has tried to land on Fisher Island. In 2005, the Teamsters dropped their attempt to unionize workers after they lost a representation election against fierce opposition from the developer, John Melk.

During that drive, Mr. Melk warned that "I will not agree to any changes that will cost Fisher Island more money." The union complained to the National Labor Relations Board, arguing that Mr. Melk had threatened workers, but lost the case on appeal.

Management of the community association changed after Mr. Melk sold to the investment fund Euro Fund Properties. The S.E.I.U. is trying a different strategy from that of the Teamsters, hoping to draw some of the prosperous residents to its side. "There's plenty of wealth around to lift workers out of poverty," Mr. Lerner said. "The issue here is not to get rid of rich people."

This month, a local organization of religious leaders that is allied with the union sent a letter to all residents, alerting them to "serious and tragic poverty within your midst."

"A great invisible work force, unseen by many, maintains your condominiums, golf courses and tennis courts, prepares and serves your food, cleans your rooms and common areas, and maintains the critical equipment that keeps the air-conditioning and other mechanics of the island running smoothly," the letter says. "Their stories are chilling."

Residents on the island are some of its biggest employers; they control the club and they run the individual condos, which contract for maintenance and cleaning work among several companies.

Some Fisher Island residents appear sympathetic. Harold Ford Sr., the former congressman who is now a Washington lobbyist and lives part time on the island, said he paid a house-worker more than $20 an hour, plus health insurance. "It's really the club that employs the people," he said. "I just live here."

Yet others were taken aback by the charge that workers earn too little. "We don't need a union," said Suzanne B. Irving, a resident who manages her condo association at Seaside Villas. "We are really taking care of our workers."

The condo contracts with an outside firm for three workers who clean and maintain two small buildings. Ms. Irving said the two cleaners made $9 to $10 an hour, plus health insurance and a 401(k) plan. The maintenance worker makes $15 to $18 an hour.

"It's not in our interest to get the cheapest worker," she said. "You teach them; you put so much effort into them; so you want to keep them."

Some residents say that comparing the income of residents to that of their workers is pointless. Ms. Bluntzer argued that the nation's superwealthy have become so rich because they created businesses that were generating enormous wealth, which is ultimately good for all.

"What's fair is fair," Ms. Bluntzer said. "Everyone needs to be compensated for the job they are doing. But it's unfair to pay all the same."

And residents argue that they care about the downtrodden. Several pointed to the island's philanthropic fund, which raised $550,000 to $600,000 last year for donations to several children's charities in the area.

"Fisher Island," Ms. Irving said, "is not the story about rich people who don't care about the poor."

Mary Cheney Publicly Defends Her Pregnancy (NYT)

By Katharine Q. Seelye

The New York Times, February 1, 2007

Mary Cheney, the lesbian daughter of Vice President Dick Cheney, today for the first time publicly defended her decision to become pregnant and asserted that same-sex couples are equally capable of raising children as heterosexual couples.

"When Heather and I decided to have a baby, I knew it wasn't going to be the most popular decision," Ms. Cheney said, referring to her partner of 15 years, Heather Poe. She then gestured to her middle — any bulge disguised by a boxy jacket — and asserted: "This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate, on either side of a political issue. It is my child."

Ms. Cheney, 37, was speaking at a panel discussion sponsored by Glamour magazine at Barnard College in Manhattan. The baby, whose sex she has not publicly disclosed, is due this spring and will be the sixth grandchild for the vice president and his wife. Ms. Cheney, who is vice president of consumer advocacy for AOL and lives in Virginia, has not said how she became pregnant.

Her father became testy last week during a CNN interview when the host Wolf Blitzer asked what he thought of conservatives — specifically James C. Dobson, founder of Focus on the Family— who are critical of his daughter Mary's pregnancy.

In refusing to answer, Mr. Cheney told Mr. Blitzer that he was "over the line."

Ms. Cheney said in a brief interview after the panel that she was not speaking for her father, but that when she saw the interview, she also felt Mr. Blitzer had crossed a line. "He was trying to get a rise out of my father," she said.

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Today at the panel discussion, inside a stuffy room decorated by portraits of stern-looking former Barnard presidents, Cindi Leive, the editor of Glamour, asked Ms. Cheney if she had anything to say to critics like Mr. Dobson.

Mr. Dobson wrote in Time magazine last month that years of social research "indicates that children do best on every measure of well-being when raised by their married mother and father." He also wrote that his group believes that "birth and adoption are the purview of married heterosexual couples." (Two of the researchers whom Mr. Dobson cited in his article have complained that Mr. Dobson distorted their views and said they disagreed with his conclusions.)

Ms. Cheney noted Mr. Dobson's distortions of the research he cited and added: "Every piece of remotely responsible research that has been done in the last 20 years has shown there is no difference between children raised by same-sex parents and children raised by opposite-sex parents; what matters is being raised in a stable, loving environment."

She said Mr. Dobson was entitled to his opinion, "but he's not someone whose endorsement I have ever drastically sought."

A Tide For School Choice (WP)

By George F. Will

The Washington Post, February 1, 2007

Fifty-seven years later, Sumner Elementary School in Topeka is back in the news. That city's board of education is still wrongly preventing the right people from getting into that building. Two educators wanted to use Sumner for a charter school, a public school entitled to operate outside the confinements of dictated curricula and free from many work rules written by teachers unions. Their school would have been a back-to-basics academy from kindergarten through fifth grade, designed to attack Topeka's 23-point gap between the reading proficiency of black and Hispanic third-graders and that of whites.

When the school board rejected the application of the two educators -- African American women -- but praised their dedication to children, one of the women was not mollified: "A bleeding heart does nothing but ruin the carpet."

Sumner is a National Historic Landmark because in 1950 Oliver Brown walked with his 7-year-old daughter Linda the seven blocks from their home to Sumner, where he unsuccessfully tried to enroll her. But Topeka's schools were segregated, so Linda went to the school for blacks 21 blocks from her home, and her father went to court. Four years later came Brown v. Board of Education of Topeka.

Sumner, which has been closed for years, would have needed costly repairs. Still, clearly one reason for the rejection was the usual resistance of public educators to innovations that challenge the status quo, meaning centralized control of schools.

In Arizona, some amazingly persistent and mostly liberal people are demonstrating the tenacity with which some interests fight to prevent parents of modest means from having education choices like those available to most Americans. In 1999, Arizona's Supreme Court upheld a program whereby individuals receive tax credits for donations they make to organizations that provide scholarships to enable children to attend private schools, religious and secular. More than 22,500 children have benefited from the program in a decade. Thousands of families are on waiting lists for scholarships because 600 Arizona schools have failed to meet federal academic requirements.

In 2000, Arizona opponents of school choice, in a lawsuit filed by the American Civil Liberties Union, attacked the program in a federal court. They failed again, in a ruling issued in 2005, which was not surprising, given that in 2002 the Supreme Court held that there is no constitutional infirmity in government-sponsored and administered programs that involve "true private choice" by giving government aid directly to parents, who use it at their discretion for sectarian or nonsectarian schools.

Now Arizona opponents of school choice, thirsting for a third defeat, are challenging what Arizona's legislature enacted last year. Noting the success of the individual tax credit for scholarship contributions, the legislature has authorized corporate donors a dollar-for-dollar tax credit for contributions to private, nonprofit school tuition organizations. So opponents of school choice are trudging back to court, where they will recycle twice-rejected arguments.

Doing the same thing repeatedly while expecting different results is a sign of insanity, but what really defines the plaintiffs is banality. This is about the control of schools by bureaucrats, about work rules negotiated by unions and, not least, about money -- not allowing any to flow away from the usual channels.

The public school lobby, which apparently has little confidence in its product, lives in fear of competition -- the fear that if parents' choices are expanded, there will be a flight from public schools. But the tide is turning:

Newark's mayor, Cory Booker, a member of the board of the national Alliance for School Choice, proposes a scholarship program similar to Arizona's. New Jersey corporations could get tax credits totaling $20 million a year collectively for scholarships for low-income students in five cities with especially troubled schools.

New York's new Democratic governor, Eliot L. Spitzer, proposes lifting the cap that restricts the state to a mere 100 charter schools. This common-sense idea -- lowering a barrier the government has erected to limit innovative schools that compete with

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the government's existing system -- is welcome, but it is not as bold as what Mayor Michael R. Bloomberg is doing with the nation's largest school system, New York City's, with 1.1 million pupils.

He is dividing large schools into smaller ones, emancipating many principals to be educational entrepreneurs under a system that holds them accountable for cognitive results. The logic is that public money should follow wherever students are attracted by competing schools. So school choice is gaining ground in the city that has historically been ground zero for collectivist, centralizing liberalism.

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Rice To Press For Faster 'Roadmap' Plan For Israeli-Palestinian Peace (AFP)

By David Millikin

AFP, February 1, 2007

US Secretary of State Condoleezza Rice meets her Russian, European and UN counterparts to push a plan to fast-track their stalled "roadmap" for achieving Israeli-Palestinian peace.

At the meeting here of the so-called Quartet of Middle East mediators, Rice will also press for renewed efforts to bolster moderate Palestinian president Mahmud Abbas in his power struggle with the Iranian-backed Hamas movement, her spokesman Sean McCormack said.

Friday's gathering will include Russian Foreign Minister Sergei Lavrov, Germany Foreign Minister Frank-Walter Steinmeier, EU foreign policy chief Javier Solana and UN Secretary-General Ban Ki-Moon.

The talks are timed to precede a rare three-way meeting between Rice, Abbas and Israeli Prime Minister Ehud Olmert in mid-February, though no firm date or venue for those discussions have been set, officials said.

Rice announced the meetings during a tour of the Middle East in mid-January focussed on garnering Arab support for President George W. Bush's new strategy in Iraq and on countering the growing regional influence of Iran.

Under strong pressure from European and Arab allies alike, Bush has also signalled a renewed interest in breaking the deadlock in Israeli-Palestinian peace efforts -- something his administration has been accused of neglecting as it focussed on the crisis in Iraq.

The Quartet, which has not met formally since September, issued a "roadmap" for achieving Israeli-Palestinian peace in 2003, but the three-stage plan that should have led to the creation of a Palestinian state by 2005 has since languished.

Continuing attacks on Israel by Palestinian militants and the surprise election victory a year ago that gave Hamas control over the Palestinian government have blocked movement along the Quartet route.

The plan's phased implementation meant crucial "final status" issues like the borders and powers of a Palestinian state and the fate of Palestinian refugees could not be tackled until Israel's security was guaranteed -- handing violent militants a virtual veto power over progress.

Rice has rejected suggestions the plan be dropped in favor of an all-at-once approach embodied in a Saudi peace plan calling for creation of a Palestinian state in tandem with a broad peace deal between Israel and the Arab world.

Instead, she has proposed an "accelerated" roadmap that would deal in parallel with the security problems and with final status issues that have not been broached since the peace process broke down in 2001.

"They haven't talked about any of these issues for going on six years now, so they can start to have those conversations while they also work on the very practical, real-world current issues" of security, McCormack said, adding that he expected the other Quartet members to back Rice's initiative.

"The fact that they're getting together is a demonstration that they support what is being done by us as well as others," he said.

For Washington, the first step is strengthening Abbas in his showdown with Hamas and this week Bush announced the US was providing 86 million dollars in aid to security forces dominated by his secular Fatah party.

McCormack said Friday's meeting would discuss "a division of labor" in helping Abbas as he tries to wrest control of government from Hamas, with Washington focussing on the build-up of pro-Abbas security forces and the Europeans on strengthening government institutions.

US officials though played down expectations the Quartet meeting would produce any major new initiatives.

"In large part this is an exercise in demonstrating political and diplomatic support for efforts that are currently underway," he said.

A major obstacle to progress is the political weakness of both Abbas and Olmert, whose popularity has sunk since Israel's mismanaged war against the Lebanese Islamic militia Hezbollah last year.

Abbas for his part has failed to convince Hamas to join in a unity government that would meet Quartet conditions for ending a devastating aid boycott it has imposed on the Hamas-led administration.

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Hamas has so far rejected the Quartet's requirements of recognizing Israel, renouncing violence and agreeing to honor past peace agreements with the Jewish state.

Is Now The Time To Talk Peace In The Mideast? (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 1, 2007

WASHINGTON

The Quartet of powers seeking to resolve the Israeli-Palestinian conflict ends a hiatus in peacemaking efforts with a meeting in Washington on Friday. But it comes at what would seem to be a particularly unpromising moment.

Secretary of State Condoleezza Rice will host the European Union, Russia, and the United Nations for talks on how to get negotiations toward a final settlement moving again – even as rival Palestinian factions battle each other in Gaza, and Israel founders under a weak and scandal-torn government.

Neither Israeli Prime Minister Ehud Olmert nor Palestinian President Mahmoud Abbas – who is locked in battle with a government run by the militant Hamas organization – would seem to be in the kind of position needed to make hard choices and painful compromises.

And even before the Quartet meets, cracks are appearing in its position, with Russia calling for a lifting of the freeze on international aid to the Palestinian government. The freeze was a response to Hamas's election victory last year and was designed to pressure Hamas to recognize Israel, give up violence, and accept past peace-process accords.

Yet Secretary Rice and other Western leaders, including German Chancellor Angela Merkel, insist this is a moment of opportunity. Rice, just back from a Middle East trip, speaks of a "change of environment" and "realignment" that "clarifies" the way forward, separating the advocates for peace from the forces for turmoil.

In particular, she and other US officials speak of a new willingness of Sunni Arab regimes – increasingly alarmed by Shiite Iran's growing clout in the region – to work together and with Israel to push the peace process forward.

But many experts in the region, while applauding any renewed effort to resolve the conflict, don't see the opening some leaders are talking about, and they worry that the timing is based more on the tangential needs of players such as the Bush administration.

"Nothing has changed over recent weeks or months to suggest any hopes for a major breakthrough, so I can't see that [the calling of the Quartet meeting] has anything to do with improved prospects," says Bernard Reich, a Middle East expert at George Washington University in Washington. "But the Palestinian issue remains connected to everything else in the region, so we have no option but to try to do something about it."

Others see the current US push for progress as responding more to political motivations than to encouraging facts on the ground.

"The motivation for [moving] now is that this administration is in its last two years, and the question is, What has it accomplished for US foreign policy?" says Stephen Cohen, national scholar at the Israel Policy Forum in New York. "This is particularly important for Condoleezza Rice, who wants to have a future in US foreign policy and politics."

Indeed, for most of its first term and into the second, the Bush administration said the Israeli-Palestinian conflict was not "ripe" for dedicated US diplomacy. President Bush did call for a Palestinian state "living side by side in peace" with Israel in 2002, but horizons for achieving that goal have been pushed off into the distance.

Now the United States is not just playing catch-up as it revives the peace process, analysts say, but is acting from a more difficult position.

"If they had really focused on this back in 2002 and moved with some vigor and balance on the Palestinian situation, there would have been a better chance for progress," says Michael Hudson, an expert in US regional diplomacy at the Center for Contemporary Arab Studies at Georgetown University in Washington.

"It's a pretty terrible moment for any progress," he says, noting the difficult straits the Israeli and Palestinian leaderships are in, and the perceived weakness of the US. "Bush is not seen to be in a position to press ahead for something to get done, and the Democrats also tend to be uncritically pro-Israel on this issue."

Beyond that, Mr. Hudson says the US is now encumbered by a much worse image in the region. "The US is seen so broadly as an expansionist colonial power as the result of Iraq that its good offices are not to be trusted," he says.

The controversy over Israel's use of US-supplied cluster bombs in last summer's war with Hizbullah in Lebanon is one current example of the kinds of issues that continue to tarnish the US standing in the region, analysts say. Such issues also complicate the domestic political environments for the region's Sunni Arab regimes that might be open to greater cooperation with the US and Israel, they add.

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The emergence of such a "coalition" will depend on US actions, says Mr. Cohen of the Israel Policy Forum. "We need to be careful to make a distinction between potential coalitions and actual," he says. "Whether it happens depends on US behavior."

For example, he says Sunni Arab regimes are watching not just for US action in the Israeli-Palestinian conflict, but for assurances that the US will not forsake Sunni Arabs in Iraq.

Even more skeptical, Mr. Reich of George Washington University says the scenario of Sunni Arabs teaming up with Israel over Iran may be what Rice considers "logical," but not what Sunni regimes are ready for. "The Saudis, for one," he says, "aren't just going to set up the alliance implied in this 'realignment.' "

Israeli Envoy Rejects Mideast 'Linkage' (WT)

By David R. Sands

The Washington Times, February 1, 2007

Foreign-policy crises in Iraq and Iran will not be eased by pressuring Israel to cut a peace deal with the Palestinians, Israeli Ambassador Sallai Meridor said in an interview yesterday.

Mr. Meridor, in a luncheon with editors and reporters at The Washington Times, firmly rejected the idea pushed by Arab allies of the U.S. that an Israeli-Palestinian accord would reduce ethnic and sectarian violence in Iraq or slow Iran's quest for a nuclear bomb.

"Frankly, we don't see any connection between our dispute with the Palestinians and the level of violence on Haifa Street in Baghdad," said Mr. Meridor, who assumed his post in early December.

"And there is no linkage in my mind between the Israeli-Palestinian question and what Ahmadinejad is planning for the region and the world by pursuing a nuclear weapon."

Meanwhile, Israeli Deputy Prime Minister Shimon Peres said this week that Israel does not intend to use military force against Iran, which Israel suspects is building nuclear bombs.

In addition to Iran's nuclear program, Israel considers the Islamic republic a threat because of repeated declarations by Mr. Ahmadinejad that the Jewish state should be wiped off the map.

Mr. Peres spoke Tuesday during "the Doha Debates," a project in which world leaders discuss current events with students in the Persian Gulf sheikdom of Qatar.The central role of Israel's disputes with its Arab neighbors in fueling regional tensions was a key finding of the Iraq Study Group, the bipartisan panel led by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, Indiana Democrat.

Mr. Meridor said in the interview that he saw the beginnings of a realignment in the Middle East, linking Israel and the United States with moderate Sunni Muslim Arab states fearful of the rising power of Shi'ite Iran. But he said it was too soon to tell whether an anti-Tehran coalition would form.

"We think that, yes, there is a convergence of interests of many Arab countries in the region and Israel today in recognition of the threat to the entire region from Iran," he said. "Whether that can be translated into action and a new alliance, we will have to see."

Moderate Arab governments have long argued that the Israeli-Palestinian dispute has fueled tensions throughout the Muslim world, providing popular support to extremist groups.

"The continued denial of Palestinian rights is a fire starter," Jordan's King Abdullah II told the World Economic Forum in Davos, Switzerland, earlier this week. "If you don't fix the Israeli-Palestinian conflict, you can't have stability in the region."

The Iraq Study Group recommended renewed U.S. pressure on Israel to deal directly with the Palestinians, with Syria over the Golan Heights, and with Lebanon over the threat posed by the Shi'ite militant group Hezbollah.

"The United States will not be able to achieve its goals in the Middle East unless the United States deals directly with the Arab-Israeli conflict," the panel concluded.

Israel has long feared pressure from Washington to make major concessions to the Palestinians to further other U.S. foreign-policy goals in the region. Mr. Meridor said a push for a peace deal now is complicated by the deep political divisions within the Palestinian territories.

"Nobody is more interested in a real two-state compromise than Israel, as we have demonstrated time and time again," Mr. Meridor said.

"The real problem is that, right now, we don't have a real interlocutor on the Palestinian side willing and capable of delivering an agreement that meets basic international principles," he said.

The Israeli envoy said his country was taking a "calculated risk" in allowing the buildup of security forces of Palestinian Authority President Mahmoud Abbas, locked in a bloody power struggle with the elected Hamas government.

Iran-backed Hamas, which the U.S. government and many European countries consider a terrorist movement, has refused to recognize Israel's right to exist and has claimed responsibility for terrorist attacks in Israel.

The Bush administration also is considering expanded aid to Mr. Abbas' national security force, to beef up its firepower as clashes with Hamas supporters escalate, Western and Palestinian officials said yesterday.

But Mr. Meridor made it clear that the greatest threat to Israel, the region and the world was Iran's suspected quest for a nuclear bomb.

Mr. Meridor said an Iranian bomb would embolden the Islamic regime, change the balance of power in the region and risk a Middle East nuclear-arms race.

"The world not just Israel, not just the Middle East is facing its biggest security crisis since the 1930s," he warned.

Meridor

Hamas Slams US Aid To Abbas As Truce Holds (AFP)

By Sakher Abu El Oun

AFP, February 1, 2007

Hamas has slammed a multi-million dollar US aid package to bolster security forces loyal to its rival Fatah, as the two Palestinian factions consolidated a two-day-old truce by releasing hostages.

"There is no doubt that this is part of American policy aimed at provoking an escalation and a civil war in the service of a Zionist plan," said Ismail Radwan, a spokesman for Islamist movement Hamas, which heads the government.

"Each time the American administration sees that we have arrived, or are on the verge of arriving, at an agreement, it sends (US Secretary of State) Condoleezza Rice to poison the atmosphere or announces financial aid (to president Mahmud Abbas) to maintain tensions among Palestinians," he said Wednesday.

US President George W. Bush has ordered the transfer of about 86 million dollars in aid to strengthen security forces loyal to the moderate president and Fatah party leader, the White House announced on Tuesday.

The aid was declared as a truce between Fatah and Hamas took effect in Gaza following the deadliest bout of inter-Palestinian violence in a year and a day after a Palestinian suicide bomber killed three people in southern Israel.

The truce was largely holding for a second day Wednesday, as the groups swapped hostages. Medics, however, said unknown gunmen shot and wounded a presidential guard officer, one day after a Hamas militant was killed.

"Last night, we started to implement the agreement between Fatah and Hamas and the hostages on both sides have been exchanged," said Radwan.

"Dozens of hostages have been released on both sides," confirmed the Fatah spokesman in the Gaza Strip, Tawfiq Abu Khussa.

But while the Fatah spokesman said the general atmosphere had improved, he complained that an "executive force" controlled by Hamas was causing "tensions and not helping the restoration of confidence" between the groups.

The ceasefire was brokered amid increasing international pressure on the factions to resolve their differences and negotiate a power-sharing agreement after months of broken talks and collapsed ceasefires.

The US aid is part of a broader US push to revive peace negotiations between Abbas and Israel, with the four Middle East peace sponsors -- the European Union, Russia, United Nations and United States -- to meet in Washington on Friday.

US officials said the aid, which includes training, vehicles and uniforms, would theoretically help Abbas counter militant attacks against Israel such as Monday's suicide bombing in the popular Red Sea resort of Eilat.

"The idea is to build the legitimate security forces, to help provide law and order in Gaza and the West Bank, fight terror and to facilitate movement and access," said national security spokesman Gordon Johndroe.

The European Union and United States cut off aid to the Palestinians after Hamas routed long-dominant Fatah in polls last January, dominating parliament and forming a government, consigning Fatah's hold on power to the presidency.

Fatah and Hamas, which have very different political outlooks, have tried for months to form a national unity government in the hope of resuming Western aid payments and reversing an unprecedented economic crisis.

Hamas has steadfastly refused to accept Western conditions to renounce violence, recognize Israel or abide by past peace deals.

The political showdown turned violent after Abbas announced in December that he would call new elections in the hope of wresting control from Hamas.

Thirty-five people have been killed and around 100 wounded in the latest bout of internecine violence.

Scheme To Sell Military Gear In Mideast Nets Prison Term (WT)

By Jerry Seper

The Washington Times, February 1, 2007

DOJ_NMG_0125751

A former Defense Reutilization and Marketing Service (DRMS) official was sentenced yesterday in U.S. District Court in Washington to 33 months in prison and $342,000 in restitution payments for illegally selling stolen surplus military equipment to Middle Eastern buyers.

In pronouncing a sentence on Gayden C. Woodson, U.S. District Judge James Robertson said, "The word needs to get out to people who are representing this country in the field and in far-flung places that if the cookie jar is open, it doesn't mean they can steal from it."

Woodson, 46, of North Ogden, Utah, was convicted on charges that included selling militarized high-mobility multi-wheeled vehicles. He had been employed for 27 years by the DRMS, which is responsible for managing the disposal -- by reuse, sale, transfer or donation -- of excess U.S. military property.

U.S. Attorney Jeffrey A. Taylor said that after arriving in the Middle East, Woodson willingly joined an ongoing conspiracy among DRMS personnel and local contractors and purchasers to sell surplus military equipment outside regular channels and pocket the proceeds.

Woodson admitted that he alone obtained nearly $350,000 through this illegal scheme. Among the equipment he admitted to selling in this way were the high-mobility vehicles, which regulations require to be demilitarized before disposal and that if not demilitarized may not be sold to foreign nationals without a validated export license issued by the State Department.

Mr. Taylor said some of the vehicles illegally sold by Woodson and his criminal associates have been traced to, and some recovered from, dealers in Europe, but the whereabouts of most are not known.

He said Woodson admitted he was recruited to the conspiracy by another DRMS official, Ronald W. Wiseman, 60, of New Boston, Texas, who previously pleaded guilty to his part in the scheme. After cooperating with the investigation, Wiseman was sentenced to serve 18 months in prison.

"These men abused their positions of public trust to line their own pockets at the expense of our U.S. military services," Mr. Taylor said. "It is particularly offensive that in that process they put excess military equipment into the unregulated stream of international commerce -- including militarized vehicles which could make their way into the hands of adversaries and endanger our fighting troops abroad."

DRMS operations at U.S. military facilities overseas are carried out by personnel authorized to conduct local sales for certain usable excess U.S. property, through sealed bid, auction or retail fixed-price sales to qualified purchasers.

From 2000 to 2006, Mr. Taylor said, Woodson served as a DRMS property disposal specialist assigned to Southwest Asia, covering Oman, Kuwait, Saudi Arabia, Qatar and other countries.

US In Warning On Somali Militants (FT)

By William Wallis

Financial Times, February 1, 2007

The US believes militant Islamists from the ousted coalition that held sway over parts of southern Somalia may be regrouping in Saudi Arabia, Eritrea and also Yemen, Jendayi Frazer, US assistant secretary of state for Africa, said yesterday.

Speaking to the Financial Times in Addis Ababa, Ms Frazer said it was too early to tell who among the Islamist leadership had survived Ethiopia's invasion last month and subsequent US air strikes on alleged affiliates of al-Qaeda.

"It is going to take some time for the fog of war to clear up and we have an ability to see who is still operating and how they are operating," she said.

But she was "very concerned" that extremist elements from among the defeated Islamists were "trying to reconstitute themselves either out of Saudi Arabia or Eritrea", and that international jihadist networks would see this as an opportunity.

"We have to engage with the Saudi government and their services to try to prevent that from happening as well as engage regionally."

Ms Frazer described Eritrea, with whom the US has deteriorating relations, asa "source of regional instability".

This had been "very clearly exposed" during recent events in Somalia.

Ethiopia, the US's principle ally in the Horn of Africa, alleges that Eritrea supported hardline elements within the ousted Islamists by supplying arms, fighters and military advice.

"Eventually Eritrea will see the limits of its actions to destabilise the Horn," said Ms Frazer.

Ms Frazer said the key to ensuring Somalia did not provide a haven for international terrorist networks now lay with the Transitional Federal Government, which emerged from peace talks in Kenya in 2004.

"They have to do it by reaching out. They have to do it through inclusive dialogue," she said.

Africa's In-house Cops (LAT)

The Los Angeles Times, February 1, 2007

DOJ_NMG_0125752

WHEN AFRICAN leaders met this week in Addis Ababa, Ethiopia, they fell short of their goal to get commitments for 8,000 troops for a peacekeeping mission in Somalia. But what has attracted less attention is that, for the first time, the rest of the world is counting on Africa to police itself — and the continent is nearly in a position to do it.

The African Union's 7,000 peacekeepers in the Darfur region of Sudan, though grossly undermanned and underfunded, represent the closest thing to security and justice that blighted land knows. The AU has encouraged better governance through its peer-review mechanism in countries such as Rwanda and Uganda and headed off violence in turbulent regions such as the Democratic Republic of Congo. And now the organization is the best hope for averting a security implosion in Somalia, where Ethiopian troops are on the verge of pulling out after sweeping an Islamist movement out of power in December.

Not too bad for a group that's less than 5 years old and is on shaky financial and administrative footing. Perhaps the best evidence to date that the AU is building legitimacy and effectiveness came Monday, when members deftly dodged a leadership crisis. Sudan's president, Lt. Gen. Omar Hassan Ahmed Bashir, who has presided over a genocidal campaign of ethnic cleansing in Darfur, expected to be first in line for the AU chairmanship after being put off last year. As expected, Bashir made a strong push in Addis Ababa for the chairmanship, only to be snubbed once again.

To declare the AU a success because it didn't choose a mass murderer as its leader sets the bar pretty low. Yet it's a major change from the days when its predecessor, the Organization of African Unity, was steered by the likes of Ugandan dictator Idi Amin. And the nature of the man the AU chose is significant. Ghanaian President John Kufuor is a legitimately elected leader whose country last year won the largest grant to date from President Bush's Millennium Challenge Corp., meaning that it passed a test for transparency and good governance that few other Third World regimes have managed. Kufuor is an ideal choice.

Having AU peacekeepers as an option to stabilize a failed state such as Somalia is a boon to the international community, whose own peacekeepers, from NATO to the United Nations to the U.S. military, are badly overstretched. The organization might still have a long way to go, but the distance it has come in its short history is striking.

U.S. Suspects N. Korea Laundering Money (AP)

By Alexa Olesen

AP, February 1, 2007

A U.S. Treasury envoy who on Wednesday wrapped up two days of talks with North Korean officials said his agency's suspicions of illegal financial activity involving bank accounts linked to the communist nation were accurate.

Deputy Assistant Treasury Secretary Daniel Glaser said that he went over bank information of 50 account holders from the Macao-based Banco Delta Asia with his North Korean counterparts in Beijing, adding that U.S. concerns that the bank was being used for money-laundering purposes had "been vindicated" by the discussions.

"I think we are now in a position after a very lengthy investigation ... to start moving forward and trying to bring some resolution to this matter," Glaser said. He did not elaborate.

The financial talks are linked to continuing talks between North Korea and five other nations aimed at getting Pyongyang to dismantle its nuclear programs. China said Tuesday that those talks — the latest round of which ended in December with no breakthrough — will resume next week.

Glaser said the two sides planned to meet again to talk further about U.S. financial restrictions imposed due to Pyongyang's alleged smuggling and counterfeiting, but no date had been set.

Washington took action against the Banco Delta Asia in 2005, accusing the bank of complicity in North Korea's alleged illegal financial activity such as counterfeiting and money-laundering.

The move has caused other banks to steer clear of North Korean business for fear of losing access to the U.S. market, hampering the North's access to the international financial system.

The North says the restrictions are evidence of U.S. hostility.

U.S. officials have indicated that North Korea is demanding the financial issues be dealt with before progress can be made on the nuclear talks, involving the two Koreas, the United States, China, Japan and Russia.

Pyongyang wants Washington to first end the financial isolation campaign, and to lift a freeze on $24 million in accounts at Banco Delta Asia.

Russia Warns North Korea Over Nukes 'Threat' (AFP)

By Sebastian Smith

AFP, February 1, 2007

North Korea's nuclear weapons capability threatens Russian interests, Moscow's chief negotiator at international talks with Pyongyang said Wednesday, warning the country against carrying out another military test.

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"Our interests are under threat," Alexander Losyukov was quoted as saying by Interfax news agency, also cautioning North Korea against a repeat of last October's atomic bomb test.

"I think a very negative reaction would follow another test and that tougher measures would probably be taken," he said.

Analysts said Losyukov's statement marked a hardening of the Russian position on North Korea ahead of February 8 talks in Beijing -- involving China, Japan, South and North Korea, Russia and the United States -- to try to persuade Pyongyang to give up its military nuclear programme.

According to Losyukov, "concrete" results are unlikely in Beijing, but "it could be possible to lay out quite precisely the route toward achieving them."

Reflecting the growing flurry of diplomatic activity ahead of next week's negotiations, Russian Foreign Minister Sergei Lavrov talked by telephone with his South Korean counterpart Song Min-Soon to discuss "resolving the nuclear problem on the Korean peninsula," Interfax reported.

South Korea's negotiator to the six-nation talks, Deputy Minister Chun Young-Woo, was due to meet with Losyukov in Moscow on Thursday to discuss a "road map" plan on the issue.

The last round of talks in China in December ended in deadlock after Pyongyang demanded the lifting of US sanctions imposed for alleged money laundering and counterfeiting.

The talks have continued intermittently since 2003, but gained new urgency when North Korea conducted its atomic test.

Viktor Kremenyuk, deputy director at the USA-Canada think tank, said that Losyukov's message indicated that Russia was cutting back on longtime diplomatic support for North Korea.

"Russia's position has shifted and that could help push North Korea into a deal. They will see that no one is fighting for them," he said.

Another analyst, Anatoly Dyakov, head of the Centre for Study of Disarmament, Energy, and Ecology, said that Russia was right to toughen its stance.

"If Korea continues its nuclear programme, that will push the region out of control. Japan will be next, then Taiwan, and so on. Russia and China are worried."

Earlier this week Losyukov expressed "cautious optimism," saying that "simply the agreement to hold a new round shows that encouraging signs have appeared regarding the movement of different participants' positions."

He repeated this Wednesday, adding that both North Korea and the United States, the two countries most at loggerheads, were "now coming out with the biggest optimism."

However he tempered this with warnings about the effect of negotiations dragging on for too long with too little result.

"I personally think that this (weapon) test very much complicated the situation in the region and set back the process of the six-sided talks. The result is that we lose time and the process of nuclearisation on the peninsula goes further."

Senators Vent On Chinese Currency (WP)

By Peter S. Goodman

The Washington Post, February 1, 2007

Since becoming Treasury secretary last summer, Henry M. Paulson Jr. has pleaded for patience on the issue of China's currency. Using the high-level contacts he made as chairman of the global investment bank Goldman Sachs, he sought ways to get Chinese leaders to move.

But on Capitol Hill yesterday, Paulson learned that patience in Washington may be wearing thin. Several senators at a Senate Banking Committee hearing sharply questioned the value of his talks, and threatened legislative action against China.

"The Congress is not going to wait and see how this is progressing when they watch 3 million manufacturing jobs leave this country," said the committee chairman, Christopher J. Dodd (D-Conn.). "You are going to get blown by if we don't get a better handle on this."

Paulson offered assurances that he, too, is disappointed by China's slow movement toward allowing the market to set the value of the yuan, its currency.

"I would like to see China showing much more flexibility, and I'm going to be frustrated until they do," Paulson said, adding that he has been "pressing them hard."

Paulson was responding to criticism from some members of the committee for not accusing China of manipulating its currency in a recent Treasury report on international exchange rates. That would have triggered consultations with China and raised the possibility of trade sanctions.

U.S. manufacturers accuse China of maintaining its currency at 20 to 40 percent below its market value, making China's products unfairly cheap on world markets and taking sales from U.S. companies.

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China asserts that it is moving on its own timetable toward allowing the yuan to trade freely, while also arguing that it has unfairly been made a scapegoat for the loss of manufacturing jobs in the United States.

The yuan has strengthened against the dollar by about 6.5 percent since July 2005, when China allowed its currency to move more freely than in years past.

Paulson's arrival as Treasury secretary last summer raised hope that his business experience in China would help him persuade Beijing to move faster. But two well publicized trips to China in recent months accomplished little. With the U.S. trade deficit with China expanding to a record high and voters in last November's elections expressing anxiety about globalization, Paulson faces intensifying pressure to deliver.

"All the jawboning and talking you are doing with the Chinese is not going to affect one iota that steelworker" who lost his job to overseas competition, said Sen. Jim Bunning (R-Ky).

Paulson Urges Talks With China (WT/AP)

By Martin Crutsinger

The Washington Times, February 1, 2007

Treasury Secretary Henry M. Paulson Jr. insisted yesterday that new high-level talks with China offer the greatest chance of success in reducing the soaring U.S. trade deficit.

He faced a skeptical Senate banking committee where both Democratic and Republican senators said they thought China would listen only if the country faced punitive economic sanctions.

The lawmakers said nearly 3 million manufacturing jobs have been lost since early 2001, a period during which the trade deficit has hit records for five straight years and the imbalance with China has soared to a new high.

"All the jawboning and talking you are doing with the Chinese is not going to affect one iota that steelworker" who has lost his job to unfair foreign competition, Sen. Jim Bunning, Kentucky Republican, told Mr. Paulson.

Many senators said they were upset that the Bush administration did not cite China as a currency manipulator in a report it sent Congress in December.

Such a designation would have triggered negotiations with the Chinese and could have led to punitive sanctions against imports if the United States had won a case before the World Trade Organization.

Mr. Paulson said he thought a better approach was the new Strategic Economic Dialogue he began with the Chinese in December involving seven members of the Bush Cabinet in meetings with top Chinese officials in Beijing.

He said those twice-a-year discussions offered the best hope for persuading China to make the types of economic changes that would reduce the U.S.-China trade gap. He said he would make these discussions a top priority in the two years left in the Bush administration. The next meeting is scheduled for May in Washington.

"I really believe we have a plan in place that gives us the best chance of making progress," Mr. Paulson said while conceding that at the end of two years "we could still be frustrated because we would like to see more progress."

Mr. Paulson said pursuing economic sanctions against China could cause the Chinese government to abandon reform efforts for fear they would be seen as caving to foreign pressure.

Senate banking committee Chairman Christopher J. Dodd, Connecticut Democrat, said he thought events could quickly overtake Mr. Paulson's effort given the level of unhappiness in the U.S. over trade deficits and lost jobs.

"The Congress is not going to wait and see how this is progressing when they watch 3 million manufacturing jobs leave this country," Mr. Dodd told Mr. Paulson. "You are going to get blown by if we don't get a better handle on this."

Senators on the panel pressed Mr. Paulson to outline exactly how the administration planned to persuade China to move more quickly.

Mr. Paulson did not say whether the administration would support economic sanctions although he did not rule out future WTO cases. He said he would be pressing the Chinese to allow the value of the yuan to rise by larger amounts on a daily basis and to allow currency markets rather than government intervention to play more of a role in setting the yuan's value.

U.S. manufacturers contend that China is manipulating its currency to keep it undervalued against the U.S. dollar by 20 percent or more. Such an action makes Chinese goods cheaper for American consumers and U.S. products more expensive in China.

Paulson Lays Out His Yuan Wish List (WSJ)

By Michael M. Phillips

The Wall Street Journal, February 1, 2007

WASHINGTON -- Faced with relentless, bipartisan China-bashing on Capitol Hill, Treasury Secretary Henry Paulson laid out a series of economic changes he expects Beijing to undertake before President Bush leaves office.

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Mr. Paulson, who has staked his tenure on his extensive experience and ambitious agenda with China, told senators that he will measure his own success by how far and fast Beijing moves, especially in loosening its grip on its currency, the yuan.

"My goal is to make significant progress toward a fully market-determined, floating Chinese currency," Mr. Paulson, a former Goldman Sachs chief executive, told the Senate Banking Committee.

Mr. Paulson and his Treasury predecessors have consistently urged the Chinese to allow the yuan to rise against the dollar; U.S. manufacturers complain that an artificially weak yuan makes competing against Chinese companies unfairly difficult. But yesterday's Senate hearing was the first time since he took office last year that Mr. Paulson has set out markers for progress other than percentage-point moves in the yuan-dollar exchange rate.

The secretary identified four steps China should take on the road to a freely floating exchange rate:

Widen the trading band within which the yuan is allowed to move.

WSJ's Ian McDonald discusses2 the bullish Chinese markets.

Reduce central-bank purchases of dollars.

Develop a bond market to absorb foreign-exchange flows and provide instruments to hedge against currency risks.

Establish clear central-bank policy targets to avoid inflation and build confidence in the yuan's value.

While the Chinese authorities "agree they need to introduce currency flexibility and move to a floating exchange rate, they are not moving quickly enough for the United States or the rest of the global community," Mr. Paulson testified. "And they are not moving quickly enough for their own good."

The yuan has appreciated 6.51% against the dollar since the Chinese began to allow it to move in July 2005.

Mr. Paulson was grilled for more than two hours by skeptical senators, several of whom complained of the difficulty of explaining benefits of free trade to constituents who have seen their jobs move to China or elsewhere.

"We meet our constituents, and they are livid," Sen. Chris Dodd (D., Conn.) told Mr. Paulson. "Congress isn't going to wait necessarily for us to get some sort of vague definitions of how this is progressing when they watch three million manufacturing jobs leave this country."

Write to Michael M. Phillips at michael.phillips@wsj.com5

Goldsmith Reveals Saudi Royal Dilemma (FT)

By Christopher Adams, Michael Peel and Jimmy Burns

Financial Times, February 1, 2007

Lord Goldsmith, the attorney-general, believed that Senior Saudi royals, possibly even King Abdullah, would have been needed as essential witnesses had a corruption inquiry into the al-Yamamah arms deal led to charges against BAE Systems.

But he judged it would have been unrealistic to expect the country's rulers to submit themselves to questioning. This, combined with uncertainty over whom to approach in Riyadh, posed "insuperable" obstacles to a prosecution, he said.

In an interview with the Financial Times, he spelt out his belief that Saudi Arabia's "particular constitutional position" was a key reason why a Serious Fraud Office inquiry into bribery allegations against BAE was doomed to failure.

His comments put him further at odds with investigators, who have said it was impossible to reach such a firm view about the case's prospects until the probe was over.

Saudi Arabia had threatened to cease all security and intelligence co-operation after it emerged the SFO was poised to gain access to secret Swiss bank accounts belonging, it is believed, to the royals.

The corruption inquiry into Britain's biggest export agreement was abandoned in December after intervention by Tony Blair. The government cited fears for national security. Britain, though, has been accused of ignoring its anti-bribery commitments to save a fighter jet deal with the Saudis.

In an account of his role, the attorney-general defended the decision to scrap the inquiry. He said the main obstacle was the difficulty of proving corruption under current laws. These require prosecutors to show the person receiving bribes – the "agent" – was acting without the approval of their boss – the "principal".

"Normally to produce a corruption case you ... will call somebody senior from the company to say: 'Good heavens, I never knew the marketing director was taking used £50 notes, or getting a free subscription to the golf club, or having his roof done', or whatever it may be. That's the first person you call," said Lord Goldsmith.

"The reason I was concerned was because of the particular constitutional position of Saudi Arabia ... And, indeed, how, in this context, do you ever succeed in showing that? BAE were asserting that the payments had been authorised at the highest level [in Saudi Arabia]," he said.

BAE has always declined to comment on the investigation, except to reject the allegations it bribed Saudi officials. Lord Goldsmith believed the company's assertion would probably have meant questioning senior members of Saudi Arabia's royal family. Whitehall insiders said the royals were unlikely to agree to appear in a witness box.

A source close to the Saudi ambassador in London declined to comment.

The Liberal Democrats will on Thursday attack the government's move to abandon the Serious Fraud Office investigation into BAE Systems' dealings in Saudi Arabia, in a House of Lords debate.

British Police Finish Inquiry In Poisoning Case (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, February 1, 2007

Sources close to the family of a dead former KGB agent say they believe people in Russia are suspected.

LONDON — British police said Wednesday that they had concluded their investigation of the poisoning of former KGB agent Alexander Litvinenko, and handed the case to prosecutors for a decision on whether to file charges.

Though authorities refused to disclose their findings, people close to Litvinenko's family said they believed authorities were leaning toward suspects in Russia as the probable perpetrators.

"From my understanding, they know where and who and how. They know exactly what happened," said one source, who had not been formally briefed on the police findings.

Prosecutors have said they will review the results of the detectives' work and determine whether it is appropriate to file charges. But if the results identify suspects in Russia, it might be moot; authorities there have already said it would be impossible under Russian law to extradite them to Britain for trial.

Litvinenko, a former colonel with the Russian security services who resigned and became a dissident in London, was killed with a massive dose of radioactive polonium-210. The poison appears to have been administered Nov. 1 in tea he drank at a London hotel while with two businessmen from Russia, Andrei Lugovoy and Dmitry Kovtun, both of whom formerly had ties to the Russian security services.

Lugovoy and Kovtun have denied any role in the poisoning and have said they consider themselves victims in the case.

In an interview Wednesday in his London office, exiled Russian tycoon Boris Berezovsky said he met with Lugovoy a day before Litvinenko was poisoned. Berezovsky formerly employed Lugovoy and Litvinenko and believes the Russian security services were behind the poisoning.

"Mr. Lugovoy, who now is suspected to be the killer, he was sitting in this room in front of me, and we drank wine with him. And he had not less chances to poison me in this office where we are present now than to do the same in the hotel, putting polonium to a cup of tea of my friend Alexander," Berezovsky said.

He said he had a "more or less clear answer" to why he was not targeted for poisoning, but had pledged to the police that he would not discuss the case in detail until the investigation was concluded.

"I think the main point for the British government today is that until they find all the rings of [the] chain, how it happened, starting from the place where the polonium was taken until it reached the cup of tea of Alexander, no one British is able to feel protected," Berezovsky said. "The problem now is whether this government is able to protect the population of this country from the same plot again."

Many in Russia have suggested that Berezovsky could have poisoned his friend in an effort to discredit Russian President Vladimir V. Putin.

The BBC television program "Panorama" reported last week that authorities think Litvinenko may have been poisoned not once, but twice, and may have received an initial dose two weeks before his Nov. 1 meeting at the hotel. Litvinenko had also met Lugovoy and Kovtun on Oct. 16 at a sushi restaurant near Piccadilly Circus, which later was found to have significant traces of polonium-210, the program said.

The restaurant was the same one at which Litvinenko met Italian contact Mario Scaramella on Nov. 1, but Scaramella told the BBC that the polonium had been found at a table other than the one at which he sat with Litvinenko.

Lugovoy attorney Andrei Romashov said his client had not been informed that he was anything other than a witness.

"If the investigation is over and the case is transferred to the prosecutors, a witness should be informed about it, especially if his status has changed. We know nothing about any change in status," he said.

He said Lugovoy, whose family traveled with him on the trip to London during which he met Litvinenko, would never have knowingly exposed his family.

"It is absurd to think that a person who wants to commit such a serious and socially dangerous crime would bring his entire family, wife and children, along. This doesn't make sense," Romashov said.

Russian officials also have launched an inquiry in the case and have discussed traveling to London to interview witnesses. A number of Russian citizens charged or suspected of crimes in Russia have sought political asylum in Britain, including Berezovsky, and Russian investigators have signaled their interest in questioning some of them as part of their own inquiry.

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Dmitry Oreshkin, senior political analyst with the Russian Academy of Sciences' Institute of Geography in Moscow, said it appeared certain that Russia would place insurmountable roadblocks in the way of any notion of Russian suspects being tried in Britain, even if the suspects volunteered to go.

"I think Lugovoy may come out and make a statement to the effect that he is ready to go to London and face the trial, but that statement will most likely be accompanied by a number of hard-to-fulfill demands, like for instance the desire of the Russian Prosecutor's Office to interrogate about 100 people in Britain, including dozens of persons related to Yukos," Oreshkin said, referring to an oil company dismantled as part of a government tax case and whose chief executive has been imprisoned.

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Times staff writer Sergei L. Loiko in Moscow contributed to this report.

Chavez Wins Move To 'Dictatorship' (WT/AP)

By Fabiola Sanchez

The Washington Times, February 1, 2007

CARACAS, Venezuela -- President Hugo Chavez was granted free rein yesterday to accelerate changes in broad areas of society by presidential decree -- a move critics said propels Venezuela toward dictatorship.

Convening in a downtown plaza in a session that resembled a political rally, lawmakers unanimously gave Mr. Chavez sweeping powers to legislate by decree and impose his radical vision of a more egalitarian socialist state.

"Long live the sovereign people. Long live President Hugo Chavez. Long live socialism," National Assembly President Cilia Flores said as she proclaimed the "enabling law" approved by a show of hands. "Fatherland, socialism or death. We will prevail."

The law gives Mr. Chavez, who is beginning a fresh six-year term, more power than he has ever had in eight years as president, and he plans to use it over the next 18 months to transform broad areas of public life, from the economy and the oil industry in particular to "social matters" and the very structure of the state.

His critics call it a radical lurch toward authoritarianism by a leader with unchecked power, similar to how Fidel Castro monopolized leadership in Cuba.

"If you have all the power, why do you need more power?" said Luis Gonzalez, a high school teacher who paused to watch in the plaza, calling it a "media show" intended to give legitimacy to a repugnant move. "We're headed toward a dictatorship, disguised as a democracy."

Hundreds of Chavez supporters wearing ruling-party red gathered in the plaza, waving signs reading "Socialism is democracy," as lawmakers read out passages of the law giving the president special powers to transform 11 areas of Venezuelan law.

Vice President Jorge Rodriguez publicly ridiculed the idea that the law is an abuse of power and argued that democracy is flourishing. He thanked the National Assembly for providing "gasoline" to start up the "engine" of societal changes.

"Dictatorship is what there used to be," Mr. Rodriguez said. "We want to impose the dictatorship of a true democracy."

After the vote, Mr. Chavez remained out of public view but announced plans for a press conference today at the presidential palace.

Mr. Chavez, a former paratroop commander re-elected with 63 percent of the vote in December, has said he will decree nationalization of Venezuela's largest telecommunications company and the electricity sector, slap new taxes on the rich, and impose greater state control over the oil and natural gas industries.

The law also allows Mr. Chavez to dictate unspecified measures to transform state institutions; reform banking, tax, insurance and financial regulations; decide on security and defense matters such as gun regulations and military organization; and "adapt" legislation to ensure "the equal distribution of wealth" as part of a new "social and economic model."

Historian Ines Quintero said that with the new powers, Mr. Chavez will achieve a level of "hegemony" that is unprecedented in the nation's nearly five decades of democratic history.

The top U.S. diplomat for Latin America said the law isn't an issue for the United States.

"The enabling law isn't anything new in Venezuela. It's something valid under the constitution," Tom Shannon, the assistant secretary of state for Western Hemisphere affairs, told reporters in Colombia.

"As with any tool of democracy, it depends how it is used," he added. "At the end of the day, it's not a question for the United States or for other countries, but for Venezuela."

Keeping Up With The Chávezes (WSJ)

By Francis Fukuyama

The Wall Street Journal, February 1, 2007

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What is it that leaders like Iran's Mahmoud Ahmadinejad, Hezbollah's Hassan Nasrallah and Venezuela's Hugo Chávez have in common that vastly increases their local appeal? A foreign policy built around anti-Americanism is, of course, a core component. But what has allowed them to win elections and build support in their societies is less their foreign-policy stances than their ability to promise, and to a certain extent deliver on, social policy -- things like education, health and other social services, particularly for the poor.

Mr. Chávez has opened clinics staffed with Cuban doctors in poor barrios throughout Venezuela; Hezbollah has provided social services for years and is now in the business of using Iranian money to rebuild homes in the devastated south of Lebanon. Hamas in Palestine, the Muslim Brotherhood in Egypt and Evo Morales in Bolivia all have active social agendas. Organizations like Hezbollah and Hamas do not merely lobby the government to provide social services; they run schools and clinics directly.

The U.S. and the political groups that it tends to support around the world, by contrast, have relatively little to offer in this regard. Washington stresses democracy and human rights -- that is, procedural safeguards that institutionalize popular sovereignty and limited government -- as well as free trade, with its promise of economic growth. This is a good agenda in line with American values, and it has worked well in Eastern Europe and East Asia. But it tends to appeal to middle-class, educated constituents. In those parts of the developing world that suffer from deep social cleavages and inequalities, free elections and free trade have relatively little resonance for the great majority of the population that is poor.

The reason that Washington has so little to offer in the social sphere is that American politics itself has focused on cutting back on the state sector and social services in the past generation. From the New Deal through the Great Society, the American welfare state grew enormously. Ronald Reagan came into office promising to cut back on entitlements and "big government," which he argued was an obstacle to economic growth. In the context of U.S. politics this made a lot of sense. America's freer labor markets and deregulated economy laid the groundwork for more than two decades of sustained productivity growth. Britain went through a similar revolution in late 1970s and '80s under Margaret Thatcher; the failure of continental Europe to follow suit has saddled it with an unsustainable welfare state and entitlement crisis.

But the legacy of the shift toward "smaller government" has meant that there has been little new thinking in the U.S. on social policy. The Democrats returning to power are loath to offer proposals for ambitious new social programs, sticking with penny-ante proposals like raising the minimum wage or student loans. Washington has lots of advice to give developing countries on economic policy, in terms of deregulation, privatization, reduction of tariff barriers and the like. But apart from Hernando de Soto's pioneering work on property rights for the poor, there is no clear agenda on how to help Bolivia, Pakistan or Egypt improve their primary education systems or get health services delivered more efficiently in poor neighborhoods.

Part of the problem is that while social policy is popular, it has many pitfalls and is very hard to do well. Badly designed social programs don't achieve their primary purposes, and retard economic growth in the long run. Social safety nets have a habit of becoming entrenched entitlements, controlled by powerful lobbies that benefit directly from public spending and use their power to expand the rents they receive. In Argentina and Mexico, public education is controlled by centralized teachers' unions whose main interest is in protecting the interests of the adults in the system rather than the children.

As was the case with the American welfare system, cash transfers breed dependence and moral hazard. In the case of the Depression-era Aid to Families with Dependent Children (AFDC), the program had the unexpected consequence of encouraging out-of-wedlock births. Post World War II housing programs for the poor took no account of existing social capital in poor neighborhoods and created vertical slums that were soon taken over by drugs and gangs. It was for these reasons that AFDC was abolished by Congress in 1996, and housing projects like the Robert Taylor homes in Chicago have been dynamited. In developing countries with deeply dysfunctional public sectors, the World Bank can finance the building of schools and clinics, but has a much harder time incentivizing teachers and health-care workers to show up for work.

Some of the newest and most innovative social policy has been designed by economists who, taking these earlier experiences into account, have tried to design programs that also take incentives into account from the get-go. For example, the Mexican Progresa program of conditional cash transfers pays poor people a stipend on the condition that they send their children to school, recognizing the fact that many poor families see greater benefit in putting their children to work rather than educating them. Built into the program was a way of empirically testing its effects, by deliberately creating control groups that could be used to benchmark its impact. There are by now a host of econometric studies documenting how Progresa raised school attendance rates dramatically, though its final impact on long-term educational outcomes is less certain. Early success led to the program being extended broadly across Mexico as the Oportunidades program, where it now reaches into urban neighborhoods.

Progresa's success has led to it being copied in other parts of Latin America, like the Red de Protección Social program in Nicaragua, the Programa de Asignación Familiar in Honduras and the Bolsa Família in Brazil. The Bolsa Família now reaches some 15 million poor Brazilians, and appears to have had an actual impact in lowering that country's Gini coefficient (a measure of income inequality), Brazil's being one of the highest in the world.

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What is fascinating about these new social programs is that they were initiated not by leftist politicians, but by pro-free-market leaders on the conservative side of the spectrum. Progresa was started by Ernesto Zedillo of the dominant Institutional Revolutionary Party (PRI) during the 1990s, and greatly expanded by the National Action Party's Vicente Fox over the past six years. There is some evidence that the current president, conservative Felipe Calderón, may owe his razor-thin victory over leftist Andrés Manuel López Obrador to a substantial number of poor voters who supported him out of gratitude for Mr. Fox's Oportunidades. The Bolsa Família was initiated in Brazil by pro-market President Fernando Henrique Cardoso, and only later expanded by his leftist successor Ignacio Lula da Silva.

If the U.S. wants to support liberal democracy around the world, it needs to start thinking seriously about a well-designed social agenda that will appeal to the poor. There is both an inherent and an instrumental reason for this. In itself, the world's poor desperately need help, and have often been ill-served by the interventions of well-intentioned outsiders.

And if true supporters of liberal democracy and free markets are ever to compete successfully with the Islamists and populists of the world, they need to have a social agenda that gives some hope not just to the middle-class and educated, but to those who are isolated and excluded as well. Above all, we need to stop seeing this issue through the old left-right ideological lens of American domestic politics, and recognize that our influence is dependent in large measure on our ability to offer people around the world what they want, and not what we think they should want.

Mr. Fukuyama is professor of international political economy at the Johns Hopkins School of Advanced International Studies and editorial chairman of the American Interest.

A Separate Peace (NYT)

By Timothy William Waters

The New York Times, February 1, 2007

Washington

JUST a few years ago, there was guarded optimism about Kosovo's future. Checkpoints were dismantled; the process to establish governance standards was under way. But that was before the communal riots in 2004, and before Albanians' and Serbs' incompatible visions for Kosovo led to deadlock last year in talks over the province's final status. And so now, more than seven years after NATO ended Serbia's brutal dominion over the province, the international community is about to impose a solution.

Too bad it's the wrong one. The likely plan gives too little to Albanians and takes too much from Serbs. But there's an alternative, if only the international community would consider it: partition. Flexibility on borders could make a fully independent Kosovo easier to govern, provide more protection for minorities and make a negotiated deal attainable. Partition is possible, and possibly the right thing to do.

Yet every proposal assumes partition must be ruled out. The United Nations plan, due to be presented Friday to the Serbian and Kosovo governments but whose details leaked last week, follows the conventional wisdom. It offers a half-state on the whole territory: Kosovo will get most of the powers of a sovereign state without full independence, and with no revision of its borders. But that combination is unacceptable to Albanians and Serbs: Albanians suffered horribly under Serbian rule and deserve full independence, yet any separate status for Kosovo poses a threat to non-Albanian minorities there.

The international community's all-Kosovo fixation has forced it to concoct complex power-sharing schemes to accommodate two mistrustful populations before considering independence. The costs of this "standards before status" approach have been predictable: an uncertain investment environment, frustrated expectations and a fragility that destabilizes the region.

It would be one thing if these mutually suspicious populations were inextricably linked, but they aren't. The majority of Serbs in Kosovo live in a small strip in the far north. Partition would allow them to continue living in Serbia. The remaining pockets would be less threatening to Albanians, making Kosovo more governable, and the small, remaining Serbian population safer.

Partition could break the negotiating deadlock. The Albanian leadership in Pristina might give up the Serb-populated north in exchange for immediate recognition and streamlined governance without international supervision. And Serbia might relax its resistance to Kosovo's independence if it could retain the northern bit — which would ease international approval, since Russia has vowed to veto any plan that Serbia doesn't accept.

Objections to partition are many, but not compelling. Some observers assume re-examining borders would destabilize other states. But suppressing talk about partition can have the same effect. Imagine the passions that would ignite if we opposed Kosovo's separation from Serbia.

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Others worry that partition would deprive Kosovo of the factories and mines in Trepca, in northern Kosovo. But far more necessary for the landlocked province are tolerable relations with Serbia and security of investment, neither of which is likely to follow from the United Nations solution.

Still others assert that letting Serbia keep part of Kosovo rewards ethnic cleansing. Yet everyone agrees we are justified in reducing Serbia's control over Albanian areas; the real question is how much intrusion on Serbia's sovereignty is necessary.

There is nothing magic or moral about Kosovo's borders. They are an artifact of Tito's Yugoslavia, and they never corresponded to ethnicity or contributed to social peace. If borders fail to ensure security or promote welfare, they should be changed. That's why we favored separating Kosovo from Serbia in the first place. That is a partition, too. So why is severing a smaller part of Serbia inherently wrong?

Kosovo's Albanians deserve real independence, and while Serbia must pay that price, individual Serbs should not suffer unnecessarily. Changing the border — reducing the partition we are undertaking — could make full, fair independence possible.

Partition isn't perfect; it's painful and carries risks. But the current plan will neither resolve Kosovo's uncertain status nor prevent an entire Balkan people from once again taking to the road. Surely it would be better to move the border than the people trapped within it. That sounds like a moral argument for putting partition back on the table.

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Miller, Charles S

From: Miller, Charles S
Sent: Thursday, February 1, 2007 10:43 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M. (CIV); Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Senger, Jeffrey M; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 2/1/07 Civil Division News

Judges Weigh Arguments in U.S. Eavesdropping Case

Bush wiretaps scrutinized; Federal circuit court hearing ACLU's challenge

Chronology of lawsuit against Bush program

U.S. immigration officials ask court to toss out Cuban militant's bid for release

New Hicks terror charges likely by end of week

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Press Release: The American Small Business League Wins Legal Battle With NASA Over Small Business Data

New York Times

February 1, 2007

Judges Weigh Arguments in U.S. Eavesdropping Case

By ADAM LIPTAK

CINCINNATI, Jan. 31 — Three federal judges hearing the first appellate argument about the legality of a

National Security Agency domestic surveillance program on Wednesday indicated that they were not that convinced the issue was moot now that the Bush administration had agreed to submit the program to a secret court.

In a series of sharply worded questions to an administration lawyer defending the program, the judges noted that the administration did not promise to continue working with the secret court in the future.

“You could opt out at any time, couldn’t you?” asked Judge Ronald L. Gilman of the United States Court of Appeals for the Sixth Circuit.

Deputy Solicitor General Gregory G. Garre acknowledged the possibility.

But the judges pressed Mr. Garre’s adversary, Ann Beeson of the American Civil Liberties Union, just as hard on a different point — whether her clients had suffered injuries direct and concrete enough to give them standing to sue.

“Explain to me how we get to a finding of standing?” Judge Julia S. Gibbons asked.

Judge Gibbons repeated the question in similar form several times.

Ms. Beeson said the plaintiffs, who include lawyers and journalists, have had to change the way they communicate with clients and sources in the Middle East because they feared that their discussions would not be confidential.

But Judge Gibbons and Judge Alice M. Batchelder seemed skeptical about whether that sort of general and speculative fear was sufficient.

The government has refused to say whether it eavesdropped on the plaintiffs.

“Telling our enemies who is the subject of surveillance would reveal information that could harm the national security,” Mr. Garre said Wednesday.

The A.C.L.U. brought suit last year after an article in The New York Times disclosed the existence of the program, which monitors the international communications of people in the United States without court approval.

In August, Judge Anna Diggs Taylor of the Federal District Court in Detroit ordered the program shut down. The decision has been stayed during the appeal to the Sixth Circuit.

Judge Gilman raised the possibility that the legality of the program might never be adjudicated. “If the plaintiffs here don’t have standing,” he said, “who would possibly have standing?”

While Mr. Garre urged the court to dismiss the case under threshold questions like mootness and standing, Ms. Beeson tried to steer the judges toward the merits.

“A failure to decide the case will leave it up to the president whether and when to follow the law,” Ms. Beeson said.

Over the course of the litigation, the government has refined some of its arguments.

Early statements from various administration officials appeared to concede that the program violated a 1978 law, the Foreign Intelligence Surveillance Act.

But the government’s appellate filings say that is an open question and one that cannot be answered without disclosing state secrets.

At several points in the argument, Mr. Garre said that the so-called state secrets privilege was a litigation showstopper. The privilege requires courts to limit or dismiss cases when allowing them to proceed would

disclose information harmful to national security.

Several courts have ruled, however, that the administration's general description and defense of the N.S.A. program meant that it was no longer secret and that questions about its legality could be decided without raising national security concerns.

Assuming the court finds a path through the thicket of preliminary objections, it will be left with the question of whether the president was entitled to ignore the 1978 law when he authorized eavesdropping that bypassed warrants.

Mr. Garre said that a 2001 Congressional authorization to use military force after the Sept. 11 attacks overrode the law.

Judge Gilman seemed unconvinced. "I understand your argument," he said. "I'm not sure I agree with it."

The administration has also said that the president has the constitutional power, regardless of what Congress has to say, to conduct foreign intelligence surveillance in wartime.

Judge Taylor's decision striking down the program was sweeping, and her reasoning, which was in places unorthodox, attracted criticism even from legal scholars who supported her conclusion.

In its public briefs, the government said Judge Taylor had taken "the unprecedented step of permanently enjoining a foreign intelligence gathering program authorized by the commander in chief to protect the nation from foreign attacks in wartime."

The government has also filed classified versions of its briefs and other documents, which are available only to the judges.

Judge Batchelder was appointed by President George Bush, Judge Gilman by President Bill Clinton, and Judge Gibbons by President George W. Bush.

END

Cincinnati Enquirer

February 1, 2007

Bush wiretaps scrutinized; Federal circuit court hearing ACLU's challenge

BY DAN HORN

President Bush's domestic surveillance program faced its biggest test yet Wednesday when opponents asked a federal court in Cincinnati to declare the program an illegal abuse of presidential power.

The American Civil Liberties Union says Bush broke the law when he authorized wiretaps without court oversight after the Sept. 11 terror attacks.

Bush agreed to some court oversight of the program Jan. 10, but maintains he is not required to do so.

The ACLU asked the U.S. 6th Circuit Court of Appeals on Wednesday to demand court supervision in every case.

"It is this court's duty to serve as a check on the arbitrary exercise of government power to wiretap American citizens on American soil," said Ann Beeson, an ACLU attorney.

She said the program, run by the National Security Agency, is unconstitutional because it gives the president exclusive authority to wiretap without the consent of Congress or the courts.

Beeson said the spying also broke a law - the Foreign Intelligence Surveillance Act - which requires the government to get approval from a secret federal court before eavesdropping on conversations.

"When Congress enacts a law, the president must follow it. Even during wartime," Beeson said.

Government lawyers said the president did nothing wrong and asked the 6th Circuit not to interfere.

"The president has the inherent constitutional authority to engage in foreign intelligence gathering," said Gregory Garre, a deputy solicitor general. He said allowing the ACLU's legal challenge to continue could compromise national security because it would require the government to publicly discuss surveillance operations.

The program allows the government to monitor calls to or from the United States if one of the parties is suspected of terrorist activity.

"Telling our enemies who is subject to surveillance ... would harm national security," Garre said. He said the case also should be dismissed because Bush agreed to court supervision as required by FISA, making the ACLU's arguments moot.

But the three 6th Circuit judges suggested constitutional issues might remain since Bush has said he could resume the program without court oversight.

"You could opt out at any time, couldn't you?" asked Judge Ronald Lee Gilman.

"That's absolutely true," Garre said.

A federal judge in Detroit last year declared the program unconstitutional, but Garre described that ruling as "fundamentally flawed" and asked the 6th Circuit to overturn it.

He said the ACLU's clients, including journalists and lawyers, are not entitled to help from the federal courts because they cannot prove they have been harmed by the program.

Beeson said her clients have been harmed. She said defense lawyer Nancy Hollander has traveled to the Middle East to interview people face-to-face rather than risk being wiretapped in phone conversations.

Hollander said she represents a man detained because of suspected ties to terrorists.

"I have every reason to believe the government has a tape recorder on and the government is listening," Hollander said after the hearing. "We don't know what the president's program includes. We don't know how far-reaching it is."

END

AP

January 31, 2007

Chronology of lawsuit against Bush program

By The Associated Press

A chronology of the American Civil Liberties Union lawsuit against the Bush administration's warrantless spying program, now in the 6th U.S. Circuit Court of Appeals in Cincinnati:

Jan. 17, 2006 _ ACLU suit filed in Detroit seeks to end the National Security Agency eavesdropping program, saying it is illegal, after a New York Times report the previous month disclosed its existence. The program was secretly authorized by President Bush soon after the Sept. 11, 2001, terrorist attacks.

Aug. 17, 2006 _ U.S. District Judge Anna Diggs Taylor orders the program ended, saying it violates constitutional rights to privacy and freedom of speech and the separation of powers.

Oct. 4, 2006 _ A three-judge 6th Circuit panel says the government can continue the program while it appeals.

Jan. 17, 2007 _ Attorney General Alberto Gonzales says the surveillance is now being conducted subject to approval of the Foreign Intelligence Surveillance Court, established by a 1978 law.

Jan. 31, 2007 _ Oral arguments scheduled in the 6th Circuit.

END

AP

February 1, 2007

U.S. immigration officials ask court to toss out Cuban militant's bid for release

By ALICIA A. CALDWELL

Associated Press Writer

EL PASO, Texas_U.S. immigration officials have asked a federal judge to toss out Cuban militant Luis Posada Carriles' bid to be set free pending his ordered deportation .

In a four-page motion filed Wednesday in El Paso, the government argued that Posada's lawsuit is moot because he was transferred to the custody of the U.S. Marshals Service after being indicted Jan. 11. He had filed the lawsuit last year after spending nearly a year in a federal detention center on an immigration violation.

Posada, 78, was indicted on charges that he made several false statements about how he made it into the U.S. in 2005. Posada, a former CIA operative and U.S. Army soldier, is accused by Cuba and Venezuela of masterminding the 1976 bombing of a Cuban jetliner that killed 73 people.

Posada, a longtime opponent of Cuban leader Fidel Castro who trained for the failed 1961 Bay of Pigs invasion of Cuba, has pleaded not guilty. He is being held without bond at the Otero County jail in New Mexico.

The motion was filed a day before a court-imposed deadline for immigration authorities to justify Posada's continued detention pending his deportation.

A federal immigration judge ruled in 2005 that Posada, a former CIA operative and U.S. Army soldier who also played a role in the 1980s Iran-Contra scandal, had to leave the U.S. But Judge William L. Abbott also ruled that the ailing anti-Castro militant could not be sent to Venezuela, where is a naturalized citizen, or Cuba, where he was born, because of fears that he would be tortured.

Governments of both countries want Posada sent to Venezuela to stand trial on charges that he was in Caracas when he planned the deadly 1976 bombing of a Cuban jetliner. Posada has denied any wrongdoing.

Several countries, including Mexico, have refused to let Posada in and Posada has argued that he should be set free while the government continues efforts to find some place to send him.

The motion filed Wednesday argues that because Posada is no longer being held by immigration authorities, the court cannot order them to release him.

Felipe D.J. Millan, Posada's El Paso lawyer, said the motion was a stalling tactic.

"This is an issue that has to be addressed sooner or later," Millan said. "What is the government going to do with Mr. Posada once he is deemed guilty, or not guilty? That's something that needs to be addressed now. It's not a moot issue. He is in marshal custody, we don't dispute that. But at some point he is going to go back to immigration custody."

Millan said Posada's legal team is preparing a response.

END

Advertiser (Australia)

February 1, 2007

New Hicks terror charges likely by end of week

MARK KENNY, POLITICAL EDITOR, CANBERRA

TERROR suspect David Hicks could be charged with fresh offences by the end of the week.

Speaking from the United States, Colonel Mo Davis, who is preparing the case against Hicks, told ABC radio he was in the final stages of drafting charges which take account of new U.S. Government guidelines released recently.

``So just adapting everything to the new rules and the new format, you know, takes a little bit of time but I'm confident that by Friday, we'll have everything in order and be ready to swear the charges" he said.

Last week, Prime Minister John Howard announced he had written to the Bush Administration requesting that fresh charges be laid by mid-February. While he would not specify what action, if any, would be taken if the deadline was not met, it seems likely the additional pressure may have pushed U.S. military authorities to swifter action.

Hicks has been held at the U.S. military facility at Guantanamo Bay since early 2002, having been captured in Afghanistan in late 2001 only weeks after the September 11 attacks in the U.S.

Previous charges against Hicks were dropped after the U.S Supreme Court ruled the military commissions set up to try terror suspects, were unlawful.

Col. Davis said the reconstituted military commissions required charges to be re-formated but they were likley to be substantially similar. Pressure has been mounting on the Australian Government to achieve some kind of resolution to the long-running Hicks saga with a recent poll showing it was emerging as a

political negative for the Howard Government.

Yesterday, Foreign Affairs Minister Alexander Downer was again forced to defend the Government's handling of the case amid allegations he was chained to the floor and received other cruel treatment.

``Well my understanding is he isn't shackled in his cell . . . there isn't any evidence he's been shackled in his cell'' he said.

Opposition legal matters spokesman Kelvin Thomson said Hick's health was a genuine concern.

``What is required is an independent health assessment carried out by a recognised expert'' he said.

END

Ottawa Citizen

February 1, 2007

The lessons learned will be Maher Arar's legacy

David Ljunggren

Maher Arar says he sometimes logs on to Google to check what people are writing about him on the Internet. I hope he has spare time to burn because at last count there were about 1,200,000 entries for his name, including this memorable quote from then-Canadian Alliance MP Diane Ablonczy on Nov. 18, 2002.

"Arar was given dual Syrian and Canadian citizenship by the government. It did not pick up on his terrorist links and the U.S. had to clue it in. How is it that the U.S. could uncover this man's background so quickly when the government's screening system failed to find his al-Qaeda links?" she asked in the House of Commons. That same day, Alliance leader Stephen Harper said Liberal Foreign Minister Bill Graham had "participated in high-level consultations to defend a suspected terrorist." Prime Minister Stephen Harper last week formally apologized to Arar and announced compensation.

Rarely can the case of one man have caused so much in the way of political wreckage, regrets and ruined reputations. And yet as a Canadian citizen and voter, I take some heart from the way this tale unfolded after Arar returned home in 2003. Even the most cursory examination of the affair revealed a host of unnerving questions, so many that the government eventually ordered an official inquiry. Justice Dennis O'Connor's final report contained several conclusions to keep us all awake at night, but some good should come from this. We all have a better idea of what actually happened and how we can ensure public servants of all kinds are doing their jobs as efficiently as possible.

I don't know about you, but if a police unit looking for terror suspects in Canada after the 9/11 attacks was largely comprised of officers more used to combating financial fraud, I want to know about it. The same goes for the police handing over personal information to foreign counterparts while ignoring rules designed to avoid abuses. The revelations may be painful but once they're in the open at least there's a reasonable chance they will be fixed.

You can understand why today's Mounties might be chastened and a lot unhappier than they were before the report came out, but I'd also like to think they are operating along better lines. The government of the day took months to flex enough political muscle to press Damascus for Arar's release, in part because of disagreements between various agencies as to how much of a threat he posed. Co-ordination is likely to

be better in the future.

Plenty of other people also learned some important lessons from the Arar affair, like the need to think twice before talking about an alleged evildoer when you don't have all the facts. I imagine the media outlets that published leaks about Arar might be less eager to do so next time without demanding more details. This is not to paint myself as Mr. Perfect by any means, since I too have written stories about people in foreign jails that were based only on anonymous sources. In one particular instance a few years ago, I came to realize that an article of mine had given at best a highly incomplete picture of what was really going on. It accurately reflected what I had been told by officials, but as we've seen, that doesn't always matter. So I've been there, done that.

There are likely to be more uncomfortable times ahead for Canada's law enforcement bodies now that former Supreme Court justice Frank Iacobucci is probing what exactly happened to three other men who say they were tortured by the Syrians as a result of information passed on by Ottawa. The Canadian Security Intelligence Service didn't play a major role in the Arar inquiry report, but I have a hunch that members of the spy agency might not be pronouncing Iacobucci's name with much fondness when he produces his final conclusions, assuming we're allowed to hear them. CSIS will also undoubtedly star in an unflattering way when the Air India probe reminds us again that agents destroyed surveillance tapes.

So there will be more embarrassments and headaches to come and not much in the way of political aspirin. Yet I'd rather sit through the inquiries and wince when witnesses speak of crisis and incompetence than be left with doubts and suspicions that a really big problem was being hidden from us. When things go wrong, they need to be fixed and if a painstaking and painful public investigation is the only way to achieve that goal, so be it.

Maher Arar says he doesn't want anyone else to have to endure what he did. That may be too optimistic a target, but Canada has surely learned enough to avoid at least some of these calamities again. And that's what I call progress, despite the price Arar had to pay to open our eyes.

END

St. Louis Business Journal

February 1, 2007

RightCHOICE settles with U.S. for $975,000

RightChoice Managed Care Inc. agreed to pay $975,000 to resolve allegations that it overcharged the Federal Employees Health Benefits (FEHB) Program, U.S. Attorney Catherine Hanaway and the Justice Department said Wednesday.

The arrangement settles allegations that RightCHOICE violated the False Claims Act in connection with providing health-care benefits to federal employees and their dependents in the state of Missouri.

RightCHOICE does business from the downtown St. Louis offices of Blue Cross Blue Shield of Missouri, located at 1831 Chestnut St.

The government alleged that RightCHOICE, which participates in the FEHB Program as part of the Blue Cross and Blue Shield Service Benefit Plan (SBP), passed on excessive costs to the FEHB Program in connection with compensating a preferred provider network of physicians known as "Alliance." The government contended that RightCHOICE paid higher fees to Alliance physicians for serving patients insured through the SBP than these same physicians were reimbursed for providing the same types of services to patients insured through various other health plans. The government also alleged the

physicians passed on these higher rates to the Office of Personnel Management as purportedly "reasonable" costs to the FEHB.

The civil settlement resolves claims brought under the qui tam provisions of the False Claims Act by Ronald Ekstrand against Wellpoint Health Networks Inc., the entity into which RightCHOICE merged in January 2002.

Ekstrand will receive $165,750 of the total recovery as his statutory award for his suit filed in the U.S. District Court for the Eastern District of Missouri. Under the qui tam provisions of the False Claims Act, private individuals can bring whistleblower actions for fraud on behalf of the United States and collect a share of any proceeds recovered by the suit as well as attorney fees.

Indianapolis-based WellPoint (NYSE: WLP) is the parent company of health insurance providers Blue Cross Blue Shield of Missouri, HealthLink and UniCare.

END

Business Wire

February 1, 2007

Press Release: The American Small Business League Wins Legal Battle With NASA Over Small Business Data

PETALUMA, Calif.--(BUSINESS WIRE)--Feb. 1, 2007--The American Small Business League has announced that the National Aeronautics and Space Administration has lost an 18-month legal battle with the California-based trade group, forcing NASA to provide detailed information that proved the agency had exaggerated its small business contracting statistics for 2002, 2003 and 2004.

The ASBL filed the suit in San Francisco federal court after NASA refused to comply with a Freedom of Information Act request as well as a second formal appeal for information that revealed billions of dollars in contracts that NASA had reported as going to small businesses actually went to many of the nation's largest defense and aerospace contractors, such as Lockheed Martin and Boeing.

Federal law mandates a minimum of 23 percent of the total value of federal contracts and subcontracts be awarded to small businesses. However, since 2003, 13 federal investigations have found federal agencies and prime contractors like NASA have allowed billions in federal small business contracts to wind up on the desks of corporate giants. Even though some of the federal investigations revealed fraud was responsible for this diversion, Congress has failed to enact any legislation to stop it.

"The SBA's own Inspector General has called this one of the biggest problems facing the nation today," said Lloyd Chapman, president of the ASBL. "Yet I don't think you can find a single piece of legislation currently being proposed by either party to stop it."

The ASBL has won a series of federal lawsuits against the Small Business Administration that proved the SBA was aware NASA and other federal agencies were diverting government small business contracts to Fortune 500 firms. In December, new SBA Administrator Steven Preston proposed a federal policy that experts agree would allow these fraudulent practices to continue until the year 2012.

Based on information obtained through its legal campaign and the Freedom of Information Act, ASBL president Lloyd Chapman estimates that over $200 million a day in federal small business contracts are actually going to the top 2 percent of firms in the United States.

"I plan to file several more federal law suits against the SBA, NASA, General Service Administration and the Department of Defense to uncover the blatant fraud, abuse and corruption that has been allowed to go unchecked in federal small business contracting programs," said Chapman. "This new Congress needs to realize there are 23 million small businesses in this country; they pay their taxes, they vote and they are sick and tired of being cheated. This congress needs to come through with its promise to end fraud and corruption in government."

END

USDOJ- Office of Public Affairs

From: USDOJ- Office of Public Affairs

Sent: Friday, February 02, 2007 8:17 AM

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TERRORISM NEWS:

4th Circuit Panel Questions Administration's Detainee Policy. The New York Times (2/2, Liptak) reports, "In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants." The Times continues, "The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University. … 'What would prevent you from plucking up anyone and saying, "You are an enemy combatant?"' Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons. … Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. 'A citizen, no less than an alien, can be an enemy combatant,' he added." The Times adds, "Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen 'who has been determined by the United States to have been properly detained as an enemy combatant.' … But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made."

The Washington Post (2/2, A6, Horwitz) reports, "Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges. … If the government is right, said lawyer Jonathan Hafetz, 'they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people.'" The Post reports that "administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations." The Post adds, "Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States. … Motz said that she is concerned about giving the government broad authority 'to pluck up anyone from the streets of the United States' and added: 'We don't want other nations to do that to our people.' … But Judge Roger L. Gregory suggested that Congress knew it was dealing with an 'amorphous enemy' when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status."

The Financial Times (2/2, Sevastopulo, Virginia) reports, "Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud. … Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful 'enemy combatant' in the 'war on terror'. He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as 'enemy combatants'. … But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. 'The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen,' said Jonathan Hafetz, a New York University lawyer representing Mr Marri." The Times notes, "Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants. … In court on Thursday, the Justice Department argued the battlefield in the 'war on terror' included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration's argument, saying while Congress could have given Mr Bush the ability to declare

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legal residents and citizens as 'enemy combatants', it was unclear it had done so."

Federal Jury Acquits Two In Hamas Funding Trial. The Washington Post (2/2, A1, Eggen) reports, "A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups." The Post continues, "Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious allegation against them and could have drawn life sentences for each. … But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit." The Post adds, "The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995."

The Chicago Tribune (2/2, Bush, Coen) reports, "Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June." The Tribune continues, "The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation. … Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups. … But Salah's lawyers said their win shows the government was overreaching. … 'It's a huge victory—what's left is a relatively minor charge,' said Salah's lawyer, Michael Deutsch. 'I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.,' he said. 'It's a stretch.'" The Tribune notes, "Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here. … 'This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases,' said Gary Shapiro, first assistant U.S. attorney in Chicago"

The New York Times (2/2, Sander) reports that "after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel." The Times continues, "Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms. … 'The government has tried to turn the Israeli-Palestinian conflict into something criminal,' said William Moffitt, who is Dr. Ashqar's lawyer. 'Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States.'" The Times notes, "Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial. … 'This was about an organization that has publicly claimed credit over and over and over again for terrorist acts,' said Gary S. Shapiro, the first assistant United States attorney in Chicago, 'not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed.'"

The AP (2/2, Robinson) reports, "Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government. … Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr." The AP adds, "Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have

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made no secret of their dislike of the occupation of the West Bank and Gaza."

DOJ Officials Brief Senators On Arar Case. The Canadian Press (2/2) reports, "Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions. … But Democrat Patrick Leahy and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes. … They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight." The CP continues, "The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada. … Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list." The CP adds, "Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States."

CNN The Situation Room (2/1, 4:29 p.m.) broadcasted, "It was one of the most heated confrontations we've seen in the US Senate in quite a while. It was when the Senate judiciary committee Patrick Leahy went after the Attorney General Alberto Gonzales. The whole debate focuses on a man named Arar," who "was held by the United States and deported to Syria on the suspicion he had terrorist tiles." After he was released he said "he was held and tortured for ten months," and Senator Leahy "was angry why that happened." Today, Leahy got a "briefing today from the attorney general," but the "only problem he couldn't say much about it, claiming it was all classified." Leahy said, "The conclusion I reached from the briefing today is that we've only begun to ask the questions and we have more questions that have to be asked." Just recently, the US "told Canada that the man remains under a US Watch List. However, Justice "will not talk about this."

Chinese Official Issues Rebuke Of Bush's "Unilateral" War On Terror. The New York Times (2/2, A6, Kahn, 1.16M) reports a senior Chinese government official issued "a rare public rebuke" of President Bush Thursday, "accusing him of waging a 'unilateral' battle against terrorists that had worsened global tensions." Ye Xiaowen, director of China's State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People's Daily that Bush's "past references to a 'crusade' and to 'Islamic fascism' were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war." Partly as a result, he said, the United States "had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks." Ye wrote that Bush had "effectively 'hijacked' one religion, Christianity, to engage in a battle against another one, Islam."

Guantanamo Detainees Complain About Saddam Execution Poster. The New York Times (2/2, Rohde, 1.16M) reports that "military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there." The poster was described by a detainee to his lawyers as a "7-by-3-foot poster, in a small recreation area for prisoners" that "featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, 'Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed.'" In response, Cmdr. Robert Durand, "chief military spokesman in Guantánamo…said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording" saying "the intent of this poster was to show that the Iraqi people are making progress and have delivered justice." Detainees also were provided news articles describing Hussein's execution and the "accidental decapitation of a Hussein co-defendant in a subsequent hanging" which their lawyers have described as "psychological warfare and for mental torture and intimidation."

CIA Agents Sought By Germany Tracked Due To Stay In Resort Island. The Washington Post (2/2, A11, Whitlock, 690K) reports from Berlin, "If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors." German "investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents,

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which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004. … It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels."

British Terror Suspects Brought To Court. The CBS Evening News (2/1, story 11, :20, Couric, 7.66M) reported, "Security was very tight today in Britain as nine terror suspects were brought to court," arriving "in a convoy of police vehicles. The nine, believed to be of Pakistani descent, are suspected of plotting to kidnap and behead a Muslim British soldier and then show it on the Internet."

Suspects' Neighbors Skeptical Of Charges. The New York Times (2/2, Perlez, 1.16M) reports many residents in the area of Birmingham, England, where the arrests were made, "said Thursday that they were unconvinced" of the accusations against the suspects. By most neighborhood accounts, "for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs." Because of this and because of "recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said."

European Bank Told To Stop Sharing Data With US Antiterror Investigators. The New York Times/AFP (2/2) reports the European Data Protection Supervisor told the European Central Bank Thursday that it "must take action by April to stop the transfer of personal information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations." The agency "told the bank to come up with measures 'to make its payment operations fully compliant with data-protection legislation,' urging it to 'take appropriate measures as soon as possible.'" AFP adds that Swift "has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees."

LATimes Calls For End To Renditions. The Los Angeles Times (2/2, 850K) says in an editorial, "There are plenty of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale." The Administration "needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris."

HOMELAND RESPONSE:

NID Nominee Says He Would Resist Attempts To Politicize Intelligence. USA Today (2/2, Willing, 2.27M) reports, "President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes. 'There have been a number of occasions in my career when I had to not be popular but to speak truth to power,' J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination. 'I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do,' he said." McConnell's comments "came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003. If confirmed, McConnell said, he would inform committee members if that occurs."

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Judge Explains Dismissal Of Anthrax Defamation Lawsuit. The New York Times (2/2, Labaton, 1.16M) reports, "A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information. In an opinion released Thursday," US District Judge Claude M. Hilton "laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill," but defense lawyer Mark A. Grannis "said Judge Hilton's opinion was unsurprising and was not the last word in the case."

The Washington Post (2/2, A8, Jerry, Lengel, 690K) reports, "Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about…Hatfill were false," Hilton said. "Although the columns identified Hatfill as a 'likely culprit' in the deadly anthrax-spore mailings, Kristof 'made efforts to avoid implicating his guilt,' Hilton wrote. 'Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question.'"

Changes To Armed-Pilot Program Intended To Boost Participation. The Washington Times (2/2, Hudson, 88K) reports, "Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate. Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and US officials will seek to expand the program for overseas flights." Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said that a proposal to phase out air marshals in favor of the armed pilots in order to cut costs "is 'absolutely not' under consideration. … However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal. 'It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now,' the source said."

Survey Finds Poorest Gulf Coast Residents Still Struggling To Recover From Katrina. The New York Times (2/2, Dewan, 1.16M) reports a new study by the Mailman School of Public Health at Columbia University and the Children's Health Fund has found that many of "the poorest families" displaced by Hurricane Katrina "still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children. The study, conducted in the Gulf Coast region of Mississippi a year after the storm," consisted of "face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous. 'For all practical purposes, these FEMA trailer parks are in fact internal refugee camps,' Dr. Redlener said."

The CBS Evening News (2/1, story 10, 2:55, Keteyian, 7.66M) reported that the study's "most startling finding" was that "as many as 10,000 displaced children across the Gulf are now suffering from clinically diagnosed depression, a 400% increase from before the storm." Redlener was shown saying, "The loss of hope is a very powerful factor here." Gil Jamieson, the deputy director for Gulf Coast recovery for FEMA was shown saying, "We have families living with children. We're doing all that we can do to move those people into a permanent housing alternative as quickly as we can." Keteyian: "All you can do?" Jamieson: "We are." Keteyian: "That's not what I'm hearing in the camps and trailer parks. You know there's a great deal of anger." Jamieson: "Sure." Keteyian: "A great deal of hopelessness in those sites right now." Jamieson: "There is, indeed, and I think you need to look at that against the context of what we have accomplished." Keteyian: "FEMA has found emergency housing for more than 80% of those displaced by the hurricane, but that's little comfort to the residents still stuck in this trailer camp, ironically named Renaissance Village. FEMA recently signed a new four-year contract with the company that provides security here."

WSJournal Says Insurers Being Made "Scapegoats For Acts Of God." The Wall Street Journal (2/2, A18, 2.04M) editorializes, "Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if

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you live near the coast." The Journal states that the "populist opportunism" of Mississippi Attorney General Jim Hood, who "has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims," is also seen in "Florida, where legislators have passed a 'reform' that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market." The Journal continues, "More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God."

WPost Says Coast Guard Guilty Of Poor Contract Management. The Washington Post (2/2, A14, 690K) editorializes, "Though some of it is overblown," recent criticism of the Coast Guard's Deepwater modernization program "is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste." Coast Guard chief Adm. Thad W. Allen's statements in front of "an irate House oversight panel," where he "took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process" were "a start." The Post says, "After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted."

WAR NEWS:

Senate Debate To Pit McCain Versus Warner Resolutions. The Los Angeles Times (2/2, Levey, Gaouette, 850K) reports, "The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup. After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of 'full support' against one introduced by Sen. John W. Warner (R-Va.) that 'disagrees' with the president's proposal." But "how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions." The Times adds, "Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber." Meanwhile, "McCain and other senators escalated their attacks on the Warner measure and its supporters."

The Wall Street Journal (2/2, A4, Rogers, 2.04M) says Bush's "Senate allies want a vote next week calling on the Baghdad government to 'make visible concrete progress' toward 11 political, military and economic benchmarks." The McCain resolution "is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee." Sen. Joseph Lieberman, "the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans" led by McCain. The Journal notes "a handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy." And GOP Sen. Judd Gregg, "an ally of the White House, had surprised many this week when he said he was 'considering' supporting the Warner language." Yesterday, he said "he had decided not to vote for the measure."

The New York Times (2/2, Hulse, 1.16M) says the "shifting allegiances -- and the intense procedural gamesmanship preceding votes next week on Iraq policy -- left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board."

McClatchy (2/2, Talev, Schoof) notes "some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. 'I'm always working,' he said." Majority Leader Harry Reid "left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward. 'We'll have to see. He's doing very well,' Reid said in a brief interview with McClatchy Newspapers." But "Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week. While Reid

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stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains."

The Washington Post (2/2, A4, Weisman, Murray, 690K) says "Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans." But "defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500." The Post adds, "Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution."

The Washington Times (2/2, Hurt, 88K) headlines its report "Majority In Senate Support 'Stay The Course' Resolution," and says "a bipartisan majority in the Senate yesterday united behind a firm 'stay the course' resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war." The resolution "is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war. … Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States 'should continue vigorous operations' in parts of Iraq and that early withdrawal 'would present a threat to regional and world peace.'"

The network newscasts largely ignored the McCain resolution. Instead, they focused on Warner's, and suggested it is gathering strong bipartisan backing. NBC Nightly News (2/1, story 2, 1:40, Williams, 9.87M) reported on "an unusual joining of forces on Capitol Hill over the war. Senators in both parties seem to have agreed on a single one of those resolutions opposing the President's troop buildup." NBC (Reid) added, "A big development in the Senate today. A compromise between two groups of senators opposed to sending more troops to Iraq. One group is led by Democrat Joe Biden and Republican Chuck Hagel. The other by Republican John Warner who felt the Biden-Hagel resolution was too harsh. Today the two groups joined forces for the most part adopting Warner's language. Now on the eve of a major showdown, the Senate breaks down into three major factions. First, nearly all Democrats and at least half a dozen Republicans plan to vote for a nonbinding resolution opposing the President's troop buildup. The second faction, most Senate Republicans, who intend to support the President's plan. And third, a small number of liberal Democrats who say they won't vote for any nonbinding resolution."

ABC World News (2/1, lead story, 3:15, Tapper, 8.78M) reported passage of a Senate resolution "with a bipartisan majority…would be a harsh political blow to the President. But the worst thing for the White House is the man putting together the compromise legislation" is Warner, "a leading Republican." The resolution "has a good chance of winning a bipartisan majority. … To win Republicans, the bill now states that funding for troops in the field should not be cut. But that provision may cause defections by the Democrats' liberal wing, who are frustrated that a non-binding resolution does not actually do anything. And want to use the power of the purse to force the President to change course." Also on ABC World News (2/1, story 2, 1:30, 8.78M), George Stephanopoulos said, "This would be the first time the Senate would be on record opposing the President's policy. That has great moral and political force. It also puts the Senate and Congress one step closer to using their constitutional power to restrict funding for the war effort if the situation doesn't improve on the ground in Baghdad. There would be no more intermediate steps."

The Senate debate was extensively covered by local TV. Like the network reports, local broadcasts also focused on the Warner measure. Some examples: ABC affiliate WSET-TV (2/2, 11:22 pm) in Roanoke said "there seems to be little doubt that the Senate will pass a resolution opposing the measure. The questions are how tough the language will be and how many Republicans will go along. … A new compromise resolution, designed to win over more Republicans, gained momentum Thursday and will most likely be voted on early next week. … The Bush Administration has resigned itself to the fact that there will be a vote voicing opposition to the President's policy." Almost identical stories ran on many other ABC affiliates, including KFBB-TV Great Falls, MT (2/1, 10:13 pm), WJET-TV Erie (2/1, 5:18 pm), KXXV-TV Waco (2/2, 5:05 pm), and KABC-TV Los Angeles (2/1, 5:02 pm).

WFXW-TV Terre Haute (2/2, 10:02 pm) reported, "The Senate may be on the verge of a final agreement to oppose the President's surge plan, and the resolution getting support has been brought to the table by a Republican, Virginia Senator John Warner. It appears to satisfy some Republicans who were concerned that a strongly worded resolution could

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send the wrong message to the troops," but it also "meets the demands of many Democrats who had sponsored their own resolutions to stop the troop surge."

KTVU-TV San Francisco (2/1, 5:15 pm) reported, "A bipartisan, nonbinding resolution offered by Democrat Carl Levin and Republican John Warner gained attention as it brought together important elements of earlier proposals. Key to some Republicans, it makes clear that funding for our troops will not be cut, and for Democrats, a strong call not to build up troop levels. But the White House says it's not a true solution."

On CNN's The Situation Room (2/1, Blitzer), DNC Chairman Howard Dean said, "The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words. I think this is a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive."

CNN's The Situation Room (2/1, Blitzer) interviewed Sen. Levin, who said, "There's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the President's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course."

On MSNBC's Hardball (2/1, Matthews), Rep. Jack Murtha, who has just returned from a trip to Iraq with Speaker Nancy Pelosi, said, "One of the things we found in Iraq confirming the things we've been saying, we can't win it militarily. We don't think so. In our opinion, there's got to be some negotiations between the Shias and the Sunnis. And that doesn't look like it's going to happen. As a matter of fact, I told the Prime Minister of Iraq I wasn't about to recommend funding $5 billion for their equipment if they weren't more cooperative and if they didn't do some negotiations because I think that may help. I don't think it's going to win the war, but I think it will certainly help." Murtha said the Administration "understand[s] that the appropriation process -- we're building a case to actually divert some money from the surge to the resupplying and resetting our equipment."

On Fox News' Special Report roundtable (2/1), Morton Kondracke of Roll Call said, "Senator [Christopher] Dodd is exactly right. This is a resolution says we disagree with what the President wants to do, we want to oppose the status quo, and we're not going to do anything about it. We do not want them to increase the number of troops, we're not going to call for withdrawal of any troops. We're not going to cut off funds. So, it really is the status quo. And everybody acknowledges that the status quo is not working. So, I do not know what they think they're going to get done here, but it is a way of demonstrating dissatisfaction with the president, and that's the political impetus behind it."

Bush To Discuss Iraq With GOP Senators Today. USA Today (2/2, Kiely, 2.27M) reports, "As the Senate prepares to debate his plan to increase troop levels in Iraq…Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party. Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception." USA Today adds, "It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq. Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday. Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota -- one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 -- expressed exasperation with Bush's policies in Iraq at a hearing earlier this week."

Making Case On Senate Vote, Snow Notes Bin Laden's Words About Lack Of US Resolve. CNN's The Situation Room (2/1, Blitzer) reported White House press secretary Tony Snow "is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist." Snow was shown saying, "Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

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On Fox News' Special Report roundtable (2/1), Juan Williams of National Public Radio said, "At moment, the White House is involved in a very aggressive campaign to try to hold the line. They say to people, give us time, don't hurt the president, don't hurt the troops. That's the way they're posturing it. But, I mean, they're going against a tidal wave of public sentiment."

"Surge" Could Involve 48,000 US Troops, Cost Nearly Triple Bush's Price Tag. CQ (2/2, Oliveri) reports, "Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers." The report by the Congressional Budget Office "found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed." McClatchy (2/2, Rosen) says the surge "could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge," according to the CBO. If "the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion."

NIE Estimate Sees Strong Chance Of Further Deterioration, With Little US Control Of Outcome. The Washington Post (2/2, A1, Deyoung, Pincus, 690K) reports, "A long-awaited National Intelligence Estimate on Iraq, presented to…Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document." The NIE "comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption." The document "emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to US goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus."

"Element Of Principle" In Feingold's Move To Cut Off Funding Praised. In a Wall Street Journal column (2/2), Kimberly A. Strassel writes, "The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party." Sen. Russ Feingold "held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war. … For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin."

Casey Says Bush's "Surge" Calls For More Soldiers Than Needed To Pacify Baghdad.

The AP (2/2, Espo) reports, "The outgoing top US general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad." Casey "quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could 'either reinforce success, maintain momentum or put more forces in a place where the plans are not working.'" USA Today (2/2, Brook, 2.27M) reports White House spokesman Tony Snow "said the president has talked to Casey, and 'Gen. Casey supports the plan.'" In fact, McClatchy (2/2, Schoof) says "Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility."

The Washington Times (2/2, Scarborough, 88K) also says Casey "broke with his superiors, including…Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing. 'I do not agree that we have a failed policy,'" he said.

Much of the coverage of Casey's testimony focuses on the strongly worded criticism he faced from senators,

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particularly Republican John McCain. ABC World News (2/1, story 3, 1:25, Gibson, 8.78M) said Casey "did not get much support on Capitol Hill today. Testifying before senators, he found himself under attack. Unusual to find a commanding general subjected to such criticism." McCain: "General I don't question your honorable service. I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy." Casey: "Senator, I do not agree that we have a failed policy. I believe the President's new strategy will enhance the policy that we have." Sen. Lindsey Graham: "In what percentage of the country would it be impossible for an American to walk down the street without being afraid of being shot at or killed?" Casey: "Probably about half, actually, Senator." Graham: "Here we are, two and a half years later. Half the country, no American can walk down the street." Casey "was on Capitol Hill because he's been nominated to be Army chief of staff. Despite the clashes and criticism General Casey is expected to be confirmed by a wide margin." The Washington Post (2/2, A4, Ricks, 690K) says that "summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey."

NBC Nightly News (2/1, lead story, 3:35, Williams, 9.87M) reported Casey "was grilled by members of the Senate. It was verbal combat and it got heated." NBC (Miklaszewski) added, "This was an unprecedented public reprimand of a senior US military official over the war in Iraq." And the CBS Evening News (2/1, story 5, 2:25, Martin, 7.66M) noted that "if he is confirmed, Casey will be responsible for providing all those extra troops he didn't want to send to Iraq."

Focusing on McCain's criticism, the Washington Post (2/2, A13, 690K) reports that though the senator "has been a firm supporter of the Iraq war and of…Bush's plan to send an additional 21,500 troops to Baghdad in the coming months," yesterday "he expressed stark concerns about the war." Said McCain, "Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing."

The New York Times (2/2, Cloud, 1.16M) refers to "withering criticism from some Senate Republicans," and says the exchanges "underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq." The Los Angeles Times (2/2, Barnes, 850K) reports Casey was "was berated by leading Senate critics," and describes the general as "an unenthusiastic supporter of the new strategy."

Suicide Attack Kills 45 At Baghdad Market.

The CBS Evening News (2/1, story 4, :15, Couric, 7.66M) reported that in Iraq yesterday, "45 people were killed…when suicide bombers attacked a market 60 miles south of Baghdad. And in the capital, six Iraqis were killed and a dozen others hurt when a car bomb went off near a busy shopping area." NBC Nightly News (2/1, story 3, :25, Williams, 9.87M) reported "one Iraqi official says 1,990 civilians were killed in the month of January alone."

USA Today/AP (2/2, 6A) reports that in the market, two blasts "hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded." The Washington Post (2/2, A1, Londono, Sarhan, 690K) says the first explosion "sent a throng of shoppers at the covered market rushing toward another exit. There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said."

The New York Times (2/2, Glanz, 1.16M) reports "the explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. … The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite."

Baghdad Sees First Signs Of Security Crackdown. The AP (2/2, Hurst) reports, "US Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown." American and Iraqi commanders "are pulling together a force that numbers -- on paper at least -- about 90,000 troops for what many see as a last-chance drive to

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curb the debilitating violence that has turned Baghdad into a battleground and killed -- according to the United Nations -- more than 34,000 civilians last year alone. … Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims. It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers."

The CBS Evening News (2/1, story 6, :15, Couric, 7.66M) reported, "Iraq's government is gearing up for that upcoming security crackdown. Today it closed a key border crossing with Iran and also suspended flights to and from Syria."

American Troops Strive To Provide Positive Image To Iraqis Amid "Chaos Of War." The Los Angeles Times (2/2, Perry, 850K) reports that "a new batch of troops is trying to win the hearts and minds of the public" in Iraq. Marines face a challenge due to recent transgressions of a few soldiers as well as occasions when "insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans." Along with "dozens of deaths…suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous." Rumors and tales of mistakes about Marines in the region are "tragic but understandable in the chaos of war," according to one Haditha resident.

Krauthammer Says US "Midwifed" Iraq's "Freedom," But Iraqis "Chose Civil War." In the Washington Post (2/2, A15, 690K), Charles Krauthammer writes, "Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. 'We did not give them a republic,' insists Newsweek's Fareed Zakaria. 'We gave them a civil war.'" Adds Krauthammer, "Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain 'give' India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda? We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?" The argument "infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war."

Administration Delays Release Of Evidence Backing Claims On Iran. The New York Times (2/2, A13, Sanger, Mazzetti, 1.16M) reports President Bush's national security advisers "have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq," senior administration officials said Thursday. The decision was described by officials "who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence." Some administration officials said there was "a continuing debate about how well the information proved the Bush administration's case." One official who has reviewed elements of the briefing "said the decision to delay it -- made by [Secretary] Rice, Defense Secretary Robert M. Gates and [NSA] Stephen J. Hadley -- was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces."

US Says It Won't Block Iran's Moves To Establish Banks In Iraq. The Wall Street Journal (2/2, A8, Solomon, Dreazen, 2.04M) reports senior Bush administration officials said the US "won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in US efforts to limit Iranian influence there." US approval of Iran's "economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq." US officials had "initially reacted coolly" to the Iranian plans, but in interviews yesterday, senior Bush administration officials 'said the US accepted the Iranian economic moves and would make no effort to block them."

Iraq Fears Being Caught In Middle Of US-Iran Tensions. The Chicago Tribune (2/2, Sly, 617K) reports, "Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies." The Bush administration's increased

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rhetoric towards Iran "has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the US," Iraqi officials say. Iraqi government spokesman, Ali al- Dabbagh, told a news conference Thursday in Baghdad, "We want to maintain good relations with our neighbors, especially Iran. We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others." Iraq "also wants to maintain good relations with the US," he added, "stressing that Iraq does not condone attacks against US forces in Iraq."

The Los Angeles Times (2/2, Richter, Roug, 850K) reports that "the Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs." Although the US has yet to receive and invite from the Iraqi government, "the meeting is intended to 'promote support for the government of Iraq on security and other issues,' said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States." According to Sumaidy, this summit is "part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10." This summit "comes at a time when U.S. officials have accused Iran of meddling in Iraq" and "the Bush administration…has complained that Syria is allowing foreign fighters to cross into Iraq."

Brzezinski Warns Iraq War Will Lead To Other Conflicts. The AP (2/2, Schweid) reports former national security adviser Zbigniew Brzezinski warned Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world. Appearing before the Senate Foreign Relations Committee, Brzezinski said, "If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large."

Military Source Says Israel Preparing To Attack Iran's Nuclear Sites. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, that "a military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities." Sources say "the Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers" explaining their recent purchase "U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities." While "the Bush administration is hardening its position on Iran" it "is holding Israel in check from attacking" although this has not stopped Israel from acting unilaterally with its military before.

Ahmadinejad Calls UN Sanctions Ineffective. The New York Times (2/2, A10, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad "said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program." Speaking to reporters, he said Iran is "rapidly becoming a superpower," and its "strength does not come from military weapons or an economic capability." Ahmadinejad's comments come "as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the [UNSC] over Iran's nuclear program could have dangerous consequences."

The AP (2/2, Dareini) reports Ahmadinejad also "suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz." The installation would be "a major jump in Iran's uranium enrichment program, though it could take months to" complete. Meanwhile, AFP (2/2, Adler) quotes a Vienna-based diplomat as saying Iran has already begun installing centrifuges at the Natanz site.

Russia Calls For Delay In Imposing Sanctions. The Wall Street Journal/AP (2/2, A8) reports Russia Thursday "signaled that it backs a 'time-out' proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment." The Foreign Ministry said in a statement, "We believe the initiative put forward by the IAEA head...suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention."

Russia May Seek Gas Accord With Tehran. The New York Times (2/2, A10, Myers, 1.16M) reports, "Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas."

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He "stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations." At the same time Putin also reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks "underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions."

On its front page, the Wall Street Journal (2/2, A1, Gold, White, 2.04M) notes that "while there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the US, which still gets most of its gas within North America." The Journal also writes that the "prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever."

Chirac Again Seeks To Clarify Remarks On Iran. The New York Times (2/2, Bennhold, 1.16M) reports French President Jacques Chirac, "seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power." The statement was issued "within hours" of the publication of an interview in which Chirac "said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran." The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The Washington Times/AP (2/2, Keaten) questions whether the comments reflect that Chirac "at age 74 and in the waning months of his second and likely last term" is "losing his political touch" or "even his mental vigor?"

In an editorial, the Wall Street Journal (2/2, A18, 2.04M) writes, "They're certainly going to miss [Chirac] in Tehran" after his term ends later this year. The Journal notes that Chirac" won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse."

Regime Change Urged In Iran. Author Amir Taheri writes in the Wall Street Journal (2/2, A19, 2.04M) that the question in Tehran "these days" is "Will they hit or not?" The question is "wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite." In addition, the Khomeinist leadership is "divided over the reality of the threat, and over ways of dealing with it." While President Ahmadinejad "claims that the US is in no position to do much damage," the "bulk of the Khomeinist leadership, including the 'Supreme Guide' Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic." Taheri warns the international community about being "duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior." Instead, he says, "what is needed is a change in the nature of the regime."

Friedman Urges Oil Conservation To Undermine Iranian Regime. In his New York Times (2/2, 1.16M) column, Thomas L. Friedman writes that "getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union -- it overdosed on oil -- and it could end up being the real story of Iran, if we're smart." The "sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad -- and then the collapse in prices in the '80s helped bring down the overextended empire." Iran has been spending billions on subsidies "to buy off interest groups. ... So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends." The "best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours."

Afghan Parliament Urges Amnesty For Citizens From Past Wars. The New York Times (2/2, Gall, 1.16M) reports that "Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the

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government to grant immunity to all Afghans involved in the wars of the last 25 years." This resolution "brought protests on Thursday from human rights advocates and the United Nations…who had been working with the government on a plan to address the many abuses over the last three decades." Afghan lawmakers remain firm and support the resolution "in the interest of peace and stability" which "was approved just days after President Hamid Karzai began work on the government's reconciliation plan," including proposed "talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban."

US Military Makes Arms And Equipment Donation To Afghan Army. The AP (2/2, Faiez) reports that "the United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents. The donation included "800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back" after the more modern technology enables the Afghan National Army to evolve into "a well equipped, well-trained, well-led, self-sustaining army," according to U.S. Maj. Gen. Robert Durbin at the donation ceremony at a military base in Kabul. During the ceremony, Afghan President Karzai "thanked the U.S. officials and said that such donations and further training would enable Afghans 'to stand on our own feet.'

Rising Drug Trade Linked To Terrorism In Afghanistan. The New York Times (2/2, Risen, 1.16M) reports in detail the US deal with known Afghani drug lord and Taliban ally Haji Bashir Noorzai. After years of deals with Mr. Noorzai in an attempt to collect counter-terrorism knowledge all of the negotiations went sour resulting in his recent arrest in New York. "In Afghanistan, finding terrorists has always trumped chasing drug traffickers," according to Bobby Charles, "the former top counternarcotics official at the State Department." Illustrating the complex issues involved "in fighting the war on terrorism," when "government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful" although "it is often not clear whether the benefits outweigh the costs."

Pentagon Reorganizes Non-Fatal Casualty Statistics On Web Page. The New York Times (2/2, Grady, 1.16M) reports that "statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan." According to Dr. Michael Kilpatrick, the deputy director of force health protection and readiness at the Defense Department, "the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were." The change was motivated when "public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 'nonmortal woundings' in Iraq and Afghanistan." That number was a miscalculated mistake "from a Web page posted by public affairs employees at the Department of Veterans Affairs" who combined "combat and noncombat injuries as well as illnesses and labeling them all 'woundings' instead of casualties." Now both web sites have been changed.

DOJ:

DOJ Concedes Prosecutorial Misconduct In MA Mob Slaying Case. The Boston Globe (2/2, Murphy) reports, "An internal Justice Department investigation concluded that a federal prosecutor in Boston 'engaged in professional misconduct and exercised poor judgment' while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday." The Globe continues, "In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that 'disciplinary action' had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone. … Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying. … Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases." The Globe notes, "In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was 'preparing a more detailed response' to an earlier letter from Wolf. … Samantha Martin , a spokeswoman for US Attorney

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Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, 'We are prohibited from commenting on any internal personnel matters beyond what is available in the public record.' … Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate."

Massachusetts Federal Prosecutor Heading To Main Justice. The Worcester (MA) Telegram & Gazette (2/2, Hammel) reports, "Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC." The T&G continues, "Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members." The T&G adds, "The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy. … The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here. … Mr. Casey said of his new assignment, 'I'm honored that they asked me.'" The T&G notes, "Son of a Swampscott police officer, Mr. Casey said, 'I like to prosecute violent guys. I think there's a federal interest in keeping the community safe. … In part because of the employment of his father, who died in the early 1990s, he said, 'I've always loved working with police departments.' … That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe."

CORPORATE SCANDALS:

Senate Report Finds SEC Mishandled Pequot Probe. The New York Times (2/2, Bogdanich) reports, "The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday." The Times continues, "The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management. … The report did not cite examples of what testimony might have been false." The Times adds, "The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations. … Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run. … 'At best, the picture shows extraordinarily lax enforcement by the S.E.C.,' Senate investigators concluded. 'At worse, the picture is colored with overtones of a possible cover-up.' … The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were 'deeply troubled' by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly. … The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing. … The S.E.C. closed its inquiry without charging anyone in connection with the Pequot inquiry."

Investors Sue Dell Alleging Improper Accounting. The Wall Street Journal (2/2, A14, Clark, Lawton, Wilke) reports, "Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip

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maker Intel Corp." the Journal continues, "The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as 'secret and likely illegal' kickbacks by Intel to ensure that Dell use no other chip supplier." The Journal adds, "In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors. … Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would 'move quickly' to defend itself. … The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins."

DOJ Probes Siemens For Possible Bribery. The Financial Times (2/2, Milne) reports, "Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal." The Times continues, "The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report." The Times adds, "The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact. … Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers." The Times notes, "Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said. … The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations."

AOL Case Heads To Jury After Three Months Of Trial. The Washington Post (2/2, D1, Johnson) reports, "An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001." The Post continues, "The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday." The Post adds, "Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the 'rocket docket' for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to 'look away from the facts' but instead to remember 'a lesson we all learned from the time we were children: Simply tell the truth.' … Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said. … 'These guys would rather cheat than fail,' Assistant U.S. Attorney Adam Reeves told the jury Tuesday." The Post notes, "U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo."

LATimes Criticizes Bid To Crack Down On CEO Pay. The Los Angeles Times (2/2, 850K) says in an

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editorial, "In 1993, outrage over sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore." The Clinton-era "rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques." The "issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock."

CRIMINAL LAW:

FBI Agent Testifies At Libby Trial, Casting Doubt On Libby's Veracity. In a widely-distributed story, the AP (2/2, Apuzzo) reports, "In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis 'Scooter' Libby to be: not very. … Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later. 'He said that?' defense attorney Theodore Wells asked. 'That's what he claimed,' Bond replied. 'He said it,' Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in. … Bond didn't flinch: 'He told us that, yes,' she said."

Fox News' Special Report (2/1, Herridge) reported Bond "testified that…Libby told agents that Dick Cheney was his source. … However, according to the prosecution, Libby told the grand jury that he first heard the Plame information from journalist Tim Russert…a full month after Libby said he talked to the Vice President. The question is whether Libby lied or his memory failed him." MSNBC's Hardball (2/1, Shuster) noted that Bond's testimony "was dramatic, and it was all about Vice President Cheney. … This is a huge deal politically, as far as the vice president is concerned. It's also very big deal legally, as far as Scooter Libby is contend, because it's yet another nail in the coffin for prosecutors to show that Scooter Libby had motive to lie about his statements about where he learned information about Valerie Wilson."

Under the headline "Libby Left Out Some Facts In Interviews, FBI Agent Says," the Washington Post (2/2, A8, Goldstein, Leonnig, 690K) reports, "Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information." The Post adds, "During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12."

Under the headline "F.B.I. Agent Says Libby Denied Being Leak Source," the New York Times (2/2, Lewis, 1.16M) reports, "In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson's criticisms. The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters."

Jurors See Video Of McClellan Saying Libby "Had Nothing To Do" With Leak. USA Today (2/2, Willing, 2.27M) reports, "Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis 'Scooter' Libby 'had nothing to do' with leaking information about the wife of a Bush administration critic. … After McClellan spoke, Libby 'couldn't walk back from his story' without risking being fired," Special Prosecutor Patrick Fitzgerald argued. "The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton," and "Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — 'had nothing to do with the situation.'"

In its story focusing on FBI Special Agent Deborah Bond's testimony yesterday, the Washington Post (2/2, A8,

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Goldstein, Leonnig, 690K) notes that before allowing jurors to see the video excerpts, Walton "expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom…Walton said that argument was undercut by evidence that…McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame." Under the headline "Video Undercuts Libby's Defense," the Los Angeles Times (2/2, Schmitt, 850K) also reports that the McClellan video "dealt a blow" to Libby's "contention that he was made a scapegoat to protect White House political strategist Karl Rove." The Times also briefly notes Bond's testimony about Libby's conversation with Cheney about Plame.

Ignatius Says Cheney, Libby Attempted "Cover-Up." In a Washington Post (2/2, 690K) column titled "A Failed Cover-Up," David Ignatius writes, "Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb?" The Libby "trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA." After reviewing "the documentary evidence" from the trial, Ignatius concludes, "Let me say it again: This trial is about a cover-up that failed."

Crackdown On Online Gambling Freezes Funds. USA Today (2/2, Swartz) reports, "The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services." USA continues, "The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry. … And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers." USA adds, "Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved. … 'The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place,' says Michael Tew, principal of gaming consultant CapitalHQ. 'This could take years.' Funds from other gambling sites are not tied up, Tew and others say." USA notes, "Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. … Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling. … Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business."

Jury Convicts New York Drug Kingpin Of Rivals' Murder Plot. The AP (2/2, Hays) reports, "A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 to have two rivals gunned down in 2001." The AP continues, "A jury deliberated five days before finding Kenneth 'Supreme' McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued." The AP adds, "In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent. … The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv 'Gotti' Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. … Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate. … 'That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens,' prosecutor Carolyn Pokorney said

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during closing arguments. 'And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue.'" The AP notes, "The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole. … U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an 'absurd' waste of time and money. The prosecutors told him this week the officials had not changed their minds."

The New York Times (2/2, Rashbaum) reports, "Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer." The Times adds, "The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years."

Judge Revokes Bail Of Former UN Official Charged With Bribery. In a widely-distributed story, the AP (2/2, Neumeister) reports, "A judge revoked the bail of a former senior United Nations official and ordered him detained until his trial on bribery charges. Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. … Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial." The AP adds, "Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States. The judge said his immigration status was 'precarious' but not illegal."

Coke Trial Jury Deadlocked, But Judge Says To Continue Deliberations. In a widely-distributed story, the AP (2/2, Weber) reports, "A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision." US District Judge J. Owen Forrester "did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams."

FBI, New Jersey AG Investigating Nonprofit's Land Deal. The Camden Courier-Post (2/2, Walsh) reports, "State and federal investigators are probing a private nonprofit organization run by Randy Primas," former Camden chief executive. "The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes. The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year." The Courier-Post notes Primas "previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group."

The Philadelphia Inquirer (2/2, Ott, Moroz, 385K) reports, "Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday. The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families."

South Florida Genovese Capo Pleads Guilty To RICO Charges. In a widely-distributed story, the AP (2/2, Anderson) reports, "The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison. Renaldi 'Ray' Ruggiero, 73, admitted in a plea agreement that he was a 'capo' in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property." The AP notes, "The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130

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other undercover recordings that provide details about the group's plots and crimes. Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending."

The South Florida Sun-Sentinel (2/2, Blum, 237K) reports, "The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved. Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew 'broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect.' Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent."

Phoenix FBI Agents Arrest Priest Wanted For Assault In Nevada. In a widely-distributed story, the AP (2/2, Myers) reports, "A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said. The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix." The federal unlawful flight "charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said." The AP notes, "In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine."

Indiana Man Pleads Guilty To Katrina Relief Fraud. The Fort Wayne News-Sentinel/AP (2/1) reported Alan King of Bloomington "pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college loans, federal authorities said. … Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005."

Mississippi Women Charged With FEMA Relief Fraud. The Biloxi Sun Herald/AP (2/1) reported, "Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina. Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26." The AP notes, "Indictments…say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005."

Massachusetts Man Sentenced To Four Years In Prison For Defrauding Cisco. The Boston Herald (1/31, Fitzgerald, 184K) reported, "A Pepperell man and former worker at Hanscom Air Force Base was sentenced" Tuesday "to more than four years in prison for scamming Cisco Systems out of more than $4.7 million." Nicholas Stoupis, "who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment." The AP (1/31) also reported on the sentencing.

Judge Revokes Bail Of Alleged Pennsylvania Child Pornographer. The Philadelphia Inquirer (2/2, Shiffman, 385K) reports, "A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography. Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl." The Inquirer notes, "Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children. In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail."

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Report Warns Of Increasing Deaths, Imprisonment Of Reporters. The AP (2/2, Yen) reports, "The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday." The AP continues, "The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia." The AP adds, "In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links. … 'There has never been a more dangerous time to be a journalist,' said Lucie Morillon, Washington director of Reporters Without Borders. 'But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate.'" The AP notes, "The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S. … At least 60 people are in prison worldwide for posting criticism of their governments online. … China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said. … In the U.S., the report said journalists and bloggers' 'freedom of expression' is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike. … Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course. … Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism."

Inmate Who Escaped With Official's Wife Is Sentenced. The New York Times (2/2, Blumenthal) reports from Mangum, OK, "A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping. … Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember." The Times continues, "The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living together in a trailer on a chicken farm in East Texas in April 2005. … Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live. … But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying."

Mother Reunited With Abducted Boy. The Washington Times (2/2, Wagner) reports from Linthicum, MD, "A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national. … 'My grandma told me we would never find him,' said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport." The Times continues, "Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale. … Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status." The Times adds, "Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother. … She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children."

DC Transit Police Cracking Down On Metro Robberies. The Washington Post (2/2, B3, Sun) reports, "The number of robberies throughout the Metro transit system

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increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday." The Post continues, "The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies. … Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said." The Post adds, "In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell. … Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said."

"Failure To Appear" Charges Face Opposition In Connecticut. The New York Times (2/2, Cowan) reports from Norwalk, CT, "Some call the 'failure to appear' charge a prosecutor's best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms." The Times continues, "Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison." The times adds, "Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back. … It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge. … She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance." The Times notes, "Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield. … At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge. … Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls 'other offenses.'"

Kaine Questions Expansion Of Death Penalty In Virginia. The Washington Post (2/2, B5, Shear, 690K) reports Virginia Gov. Timothy M. Kaine, "who ran for office pledging to enforce the death penalty despite his personal opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment." Speaking to Washington Post reporters and editors, Kaine "questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges." Kaine said, "I do not look at the expansion of the death penalty with a favorable eye. … I would not say that the problem in Virginia is that the death penalty is not applied enough." The Post adds Kaine also "discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs."

CIVIL LAW:

FEC To Examine 527 Group Activities. The Washington Post (2/2, A13, Mosk, 690K) reports the Federal Election Commission "said yesterday that it will police '527' groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for

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contributions, how they describe themselves, and how they spend their money." If the groups "make clear that they are advocating for or against a specific candidate, the FEC would regulate them." FEC Chairman Robert D. Lenhard said, "We're providing clear guidance. This makes it clear that the existing rules will be enforced." The Post adds the FEC "filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups."

CIVIL RIGHTS:

DOJ Suit Claims Pennsylvania Apartments' No-Dog Policy Discriminates Against Blind. The AP (2/2) reports, "The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster (PA) apartment complex, alleging their rental policies discriminate against the visually impaired." The AP continues, 'The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides." The AP adds, "Department of Justice officials posing as potential renters conducted the investigation into the complex's policies. … The investigation found the apartments use discriminatory housing practices by 'refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling,' the complaint said." The AP notes, "The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected. … 'The services of guide dogs are essential to individuals with visual impairments,' Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. 'Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment.'"

DOJ Settles Voting Rights Allegations With New Mexico County. The AP (2/2) reports from Grants, NM, "The U.S. Department of Justice has settled voting rights claims against Cibola County (NM). … The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday." The AP continues, "Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county. … The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge. … 'I felt that the county had been complying but the Justice Department felt there were a few problems' that warranted the extension, Diaz said." The AP adds, "American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said. … Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it. … The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls."

Mississippi Voting Rights Trial To Resume February 15. The AP (2/2) reports from Jackson, MS, "A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections." The AP continues, "Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites. … Noxubee County is a rural area along the Alabama line with a majority black population." The AP adds, "On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice. … Lee, who is hearing the case without a jury, has not indicated when he might rule. … The trial began Jan. 16 in federal court in Jackson." The AP notes, "Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

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… The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority. … However, Justice Department expert Theodore Arrington said Brown and his 'political machine' have exploited the election process to ensure blacks control the county."

Alabama Appeals DOJ Ruling On County Commissioner's Appointment. The Mobile Press-Register (AL) (2/2, Murtaugh) reports, "The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision 'an affront to the state's sovereignty and federalism itself.'" The Press-Register continues, "In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang. … The Justice Department's decision 'invites chaos into state governmental functioning,' the letter stated." The Press-Register adds, "Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it 'appears to diminish the opportunity of minority voters to elect a representative of their choice.' … The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace." The Press-Register notes, "Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters. … A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking."

Texas Deputy At Center Of Furor Over Convicted Border Agents. The Washington Times (2/2, Seper) reports, "A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States." The Times continues, "The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month. … The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year – 'followed the letter of the law' in defending himself in the April 2005 incident and questioned why the government brought charges. … 'This is a fine young man, and I just don't believe he committed the wrong of which he was accused,' Sheriff Letsinger said. 'I have never had anything hurt me so badly as this prosecution. We've got to make this right.'" The Times notes, "Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as 'Gilmer,' 'another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America.' … 'Once again, our government is on the wrong side of the border war,' Mr. Poe said." The Times notes, "The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills. … U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away 'knowing it was occupied with the nine individuals,' at least seven of whom were illegal aliens -- some of whom later were called to testify for the government. … Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating 'under the color of law' the civil rights of Maricela Rodriguez-Garcia, a Mexican national."

DC Hairdresser Sued For Sexual Harassment. The Washington Post/AP (2/2, C07) reports, "Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months." The AP continues, "An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia." The AP adds, "Lawyers for Chreky and his salon denied Barrett's allegations. Chreky is fighting similar charges

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by another former employee, Jennifer Thong, who sued in September. … Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving."

Florida To Abandon Touch-Screen Voting Machines. The New York Times (2/2, Goodnough, Drew, 1.16M) reports Florida Gov. Charlie Crist "announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election." Voting experts "said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count."

55% Say Military Should Let Gays, Lesbians Serve Openly. The Wall Street Journal (2/2, 2.04M) reports a "new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military." By comparison, "19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve 'only if they keep their sexual orientation a secret,' and 18% said they should 'not be allowed to serve in the military at all.'" The survey, "conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's 'Don't Ask, Don't tell' policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military." Forty-six percent "said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%)."

ANTITRUST:

US Subpoenas PackerKiss Securities In Bond Probe. Bloomberg (2/2, Cataldo) reports, "PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market." Bloomberg continues, "The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week. … 'As a registered broker dealer we are required to maintain all the files and records that the subpoena requested,' said Mary Packer, the company's president, in a telephone interview. 'We fully cooperated in supplying these in the full knowledge they were complete and absolute.'" Bloomberg adds, "PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding. … U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial."

Microsoft Plans To License Instructions In Bid To Pacify EU. The AP (2/2) reports, "In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers." The AP continues, "The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate." The AP adds, "EU regulators fined Microsoft in July for failing to submit the 'complete and accurate' data it said was needed for rival server software to

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work with Microsoft's ubiquitous Windows desktop operating system. … Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols. … Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive."

United Airlines CEO Sees Mergers As Still Viable. USA Today (2/2, 3B, Adams) reports, "US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for other airline mergers, United Airlines CEO Glenn Tilton said Thursday." USA continues, "Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines 'would be different if the two companies and the boards agreed.' … A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers." USA adds, "He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues. … His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have 'ground to a halt.' … US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer."

ENVIRONMENT:

Report Expected To Heighten Pressure On Governments To Reduce Emissions. The CBS Evening News (2/1, story 8, 2:40, Couric, 7.66M) reported, "The world's leading scientists will release their highly anticipated study on global warming tomorrow, and the news is not good." CBS (Phillips) added, "The grim report to be issued [in Paris] tomorrow by the world's top climate scientists is expected to go further than ever before in laying the blame for global warming on human activity." Phillips: "In the same way as the US took a long time to accept the realities of global warming and its human causes, the Bush Administration is now stressing a very different response to most countries in how to respond to it." The US "is counting on future science. It's funding a study to see if millions of reflective plates launched into space and positioned between the earth and the sun could reflect enough energy away to limit the warming, a giant space sunscreen that even the man studying it says is a hugely expensive, desperate idea." Pressure on the US to reduce greenhouse gases "will continue to rise, just like the temperature of the planet."

The Wall Street Journal (2/2, A4, Naik, Ball, 2.04M) says the report, to be published today by the Intergovernmental Panel on Climate Change, "is expected to increase pressure on governments and companies to reduce fossil-fuel emissions." A summary of the report "is expected to assert that human activity is 'very likely' the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions." The "document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change." EPA Administrator Steve Johnson "hailed the IPCC report, saying, 'Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us.'"

USA Today (2/2, 6A, O'Driscoll, 2.27M) reports, "Numerous scientists who had seen previous drafts or participated in the global project have told USA TODAY and other news agencies in recent days that the report foresees worse heat waves and droughts, more powerful storms, heavier rain and gradually rising sea levels as temperatures rise and polar ice continues to melt." The "White House said it would review the report. 'The president has long said that humans are playing a role in global warming, and he's put forward programs to address it,' White House spokesman Tony Fratto said."

The Los Angeles Times (2/2, Maugh, 850K) reports the panel says warming "has become a runaway train that cannot be stopped. The warming of Earth and increases in sea level

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'would continue for centuries ... even if greenhouse gas concentrations were to be stabilized," according to a 20-page summary of the report that was leaked to wire services.'" The Times adds, "Many scientists had argued during the editing process that the report should say it is a "virtually certain" that human activities are causing global warming. That would indicate a 99% certainty. But the change was strongly resisted by China, among other nations, because of its reliance on fossil fuels to help build its economy."

USA Today Urges US To Confront Global Warming. In an editorial, USA Today (2/2, 8A, 2.27M) writes that today's report "makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps." The "political climate for change appears to be improving, perhaps radically, despite the cost. ... Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address." States "have started responding out of frustration at the mismatch between federal inaction and the severity of the problem." The US "has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming."

Cato Scholar Warns Against Wasting Billions In Futile Attempt To Curb Warming. In a USA Today (2/2, 8A, 2.27M) op-ed, reports, Patrick J. Michaels of the Cato Institute writes, "Climatically, Kyoto would do nothing." The "stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and -- a truth that everyone must know -- we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming." The "best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future." Instead of "burning our capital now for no environmental gain (did someone say 'ethanol?'), let's encourage economic development so people can invest and profit in our more efficient future."

Judge Mulls Release Of Material From Rocky Flats Grand Jury. The AP (2/2, Sarche) reports from Denver, "A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant. … But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released 'cast us adrift in uncharted waters.'" The AP continues, "Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released. … Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules." The AP adds, "The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released. … In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future. … Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released. … 'These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious,' Matsch said."

CDC Issues Guidelines For Battling Flu Pandemics. The Washington Post (2/2, A3, Brown, 690K) reports the Centers for Disease Control and Prevention issued guidelines for battling flu pandemics yesterday afternoon, as noted in yesterday's briefing. The guidelines recommend that states "be prepared to keep children out of school for three months," and businesses "should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work." The 106-page document also outlines "'non-pharmaceutical interventions' against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness." Moreover, "states and metropolitan areas would decide when

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to invoke various measures, such as, closing schools and banning concerts and sporting events." But the guidance "did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged." "'We don't expect we would be able to protect everybody,' the CDC's director, Julie L. Gerberding, said at a news conference" in Washington, D.C.

The AP (2/2, Stobbe) reports that "Federal officials say they don't expect a vaccine will be available" for a pandemic virus "until at least six months into a pandemic" and "on Thursday, Mr. Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus." Under Leavitt's declaration, "all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010." The Journal notes that "although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300-million residents become ill."

The New York Times (2/2, McNeil, 1.16M) reports that while "[h]ealth officials acknowledged that such [flu pandemic] measures would hugely disrupt public life," they "argued that these measure would buy the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months." Dr. Martin Cetron, director of global migration and quarantine for the Centers for Disease Control and Prevention, in releasing the guidelines, said, "We have to be prepared for a Category 5 pandemic. It's not easy. The only thing that's harder is facing the consequences. That will be intolerable."

Army Corps Releases Locations Of 122 Substandard Levees. USA Today (2/2, 1A, Eisler, 2.27M) reports on its front page that the Army Corps of Engineers bowed "to demands from news organizations" Thursday and "revealed the locations…of 122 levees nationwide that are so poorly maintained they could fail in a major flood. Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people." Maj. Gen. Don Riley, director of civil works for the corps, "said communities have one year to fix the problems." USA Today adds, "Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees."

ABC World News (2/1, story 6, 2:35, Gibson, 8.78M) reported, "In most communities, the strength and solidity of…levees are taken for granted. … Today, a new report says 122 levees all around the nation are in danger of failing, and the report says government at all levels has been lax in maintaining the flood walls." ABC (Stark) added, "This list may be the tip of the iceberg. There are other levees also in trouble for structural problems. Local officials are pleading for federal dollars to help."

The New York Times (2/2, 1.16M) reports, "In most cases, the corps built the levees and handed them over to local communities to maintain them. The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said. There is more work to be done, he said, adding, 'It is a concern.'"

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years. The AP (2/2) reports from Tampa, FL, "A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said." The AP continues, "Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said. … Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering." The AP adds, "During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest. … 'The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort,' said U.S. Attorney Paul I. Perez. 'The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue.'"

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"Operation Dawg Pound" Targets Bloods Gang In New Jersey. The New York Times (2/2, Kocieniewski) reports police on Thursday "arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey. Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as 'Money, Sex, Murder,' are considered the state's most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005."

The AP (2/2) reports, "Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids. … Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print." Newsday, WINS Radio in New York, and the Carlisle Pennsylvania Sentinel are among the news outlets that used the AP story.

The Philadelphia Inquirer (2/2) reports, "Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder. … County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol."

The Trenton (NJ) Times (2/2) reports, "By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang."

Neptune, New Jersey's Asbury Park Press (2/1) reported state, federal and local law enforcement officials "arrested 17 adults in a new offensive against the Bloods street gang. Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons."

The Cherry Hill (NJ) Courier-Post (2/1) reported the raids "were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison."

The Newark (NJ) Star-Ledger (2/2, Hepp) reports authorities yesterday "arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs. More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. … [Bobby] Williams…was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant."

On its Web site, WPVI-TV, Philadelphia (2/1) reports, "Among those arrested…at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang. After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community."

WABC-TV, New York (2/2) reports on its Web site that state police "say this is a major assault on the 'Bloods' street gang, which have become notorious across the state for drug activity and gun violence."

Federal Officials' Handling Of Afghan "Drug Lord" Case Scrutinized. The New York Times (2/2, Risen) reports that in April 2005, federal law enforcement officials "summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch...the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York. Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging. … In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs."

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The Times adds, "Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command."

St. Kitts Man Gets 11-Year Sentence In Cocaine-Smuggling Case. The Sun St. Kitts/Nevis (2/1) reported that in about 11 years, Glenroy "Bobo" Matthew "could be released from a U.S. federal prison to be reunited with his family in St. Kitts. Earlier this week, Matthew was sentenced by U.S. District Court Judge K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release. The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States." The case "was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts."

Georgia Man Faces Attempted Murder Charges Following Drug Investigation In New York. The AP (2/2) reports a drug suspect from Georgia "was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room. A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine. … The agents closed the hotel room door and after a few minutes talked [Colin] Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room." Georgia's Columbus Ledger-Enquirer and WSTM-TV in Syracuse used the AP story.

Former Maryland Teacher Gets 6-Year Sentence In Meth Case. The Columbia (MD) Flier (2/1) reported a former River Hill High School social studies teacher "was sentenced in January to six and a-half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine. On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release. Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police."

ATF, FBI Probing Similar Bombs Found In Kansas City, Chicago. The Kansas City Star (2/2, Morris) reports, "Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected." The Star continues, "Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service. … It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's mail facility, she said." The Star adds, "A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as 'threatening.' … The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials." The Star notes, "Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured. … Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads."

13 In San Diego Charged With Weapons Violations In "Operation Colt .45." The San Diego Union-Tribune (2/2, Soto, 324K) reports, "Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday. … They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years. The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office. 'San Diego gang members routinely buy and sell firearms as a commodity,' he said, noting several of the guns had been

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stolen in other states." The Union-Tribune notes, "The investigation was called 'Operation Colt .45' and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives."

Connecticut Gun Dealer Pleads Guilty To Federal Violation. The Connecticut Post (2/2, Mayko) reports from Bridgeport, KT, "Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, 'I'm glad it's over.' … With one word – 'guilty' -- D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford." The Post continues, "Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device. … The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices. … But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out." The Post adds, "Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001. … Yet, they also sought his help as a witness in some federal prosecutions. … It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted."

ATF Gang Probe Leads To Drug Charges Against Two In Washington. The Seattle Post-Intelligencer (2/2, Gutierrez) reports, "Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday." The P-I continues, "Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said. … The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation." The P-I adds, "This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office. … 'Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact,' said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office." The P-I notes, "The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court."

IMMIGRATION:

Judge Rules Louisiana Law Banning Illegal Immigrants From Driving Unconstitutional. The AP (2/2) reports from Gretna, LA, "A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional." The AP continues, "In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002, illegally steps on federal immigration law. … The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans." The AP adds, "The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said. … Under the law, any 'alien student' or 'nonresident alien' who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000. … The law also requires state authorities to report violators to the federal Immigration and Naturalization Service." The AP notes, "Grant said the definition of 'alien student' or 'nonresident alien' was different from that contained in federal law. The identification requirement 'exceeds the standard contemplated by federal immigration law,' the judge wrote. … Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history

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of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said."

Texas Immigration Raid Nets 53 Arrests. The AP (2/2) reports, "Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said." The AP continues, "U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua." The AP adds, "Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said. … The company has yet to learn why some workers were arrested, Flower said." The AP notes, "Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week."

Martinez Endorses Guest-Worker Measure. The Washington Times (2/2, Lambro, 88K) reports, "Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with 'earned citizenship' requirements for illegal aliens." Martinez, "whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, 'I don't support deporting these people because I don't believe that's a realistic approach.'" In an interview with The Washington Times, he "acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, 'My views on immigration are not well understood.'" Added Martinez, "I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things. … But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here."

End Of Catch And Release Said To Have Placed Strain On Immigrant Detention System. In a front page article, the Washington Post (2/2, A1, Hsu, Moreno, 690K) reports the "futuristic tent city" in Raymondville, Texas, built "to keep pace with Washington's increasing demand for stronger enforcement of immigration laws." It "marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home." The change "has led to a dramatic decline in border crossings by non-Mexicans, according to the US Immigration and Customs Enforcement agency. But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams," with detainees "confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. … Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville 'a modern, clean facility' that meets federal standards – 'which we believe are among the highest you'll find anywhere.'"

TAX:

Protective Order Granted In Nebraska Tax Case. The North Platte (NE) Telegraph (2/2, Lindenberger) reports that attorneys representing "Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte." The Telegraph continues, "Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload." The Telegraph adds, "The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners. … Those who were scheduled to appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden." The Telegraph notes, "Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return. … The

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Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS."

Judge Rejects Tax Shelter Once Sold By KPMG. The New York Times (2/2, Browning) reports, "A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters." The Times continues, "The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders." The Times adds, "The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure. … It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio." The Times notes, "Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998. … Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002. … Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips."

CONGRESS-ADMINISTRATION:

Bush To Seek $70 Billion Savings From Medicare, Medicaid. The New York Times (2/2, Pear, 1.16M) reports President Bush will "ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday." The proposals, "part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats." Bush is "also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level."

Bush To Propose Large Boost In Pell Grants. The Washington Post (2/2, A5, Paley, 690K) reports, "The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable." U.S. Secretary of Education Margaret Spellings announced during a speech at North Carolina State University in Raleigh yesterday the proposed increase in the maximum Pell grant by $550 to $4,600. In response, "advocates for students hailed the proposed expansion" but "cautioned that it would be meaningless if offset by cuts to other federal aid programs." Massachusetts Sen. Edward M. Kennedy (D) said that "he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years."

The New York Times (2/2, Pear, 1.16M) reports, "Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100."

The Washington Times (2/2, Fagan, 88K) reports the administration is proposing to "increase the grants to $5,400

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over five years, the largest five-year increase ever." The plan is expected to "meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education. But the government has been under pressure to help more because rising college costs are making it increasingly difficult for some to attend college."

The AP (2/2, Pope) reports, "Education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs." Spellings said that it "would be paid for with increased revenues and 'efficiencies' that she declined to specify, saying details would be released with the president's budget announcement Monday." While, Sen. Kennedy said the proposal "shows how a Democratic Congress is changing the nation's priorities," "increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education."

Portman Defends Bush Budget Plans. In a New York Times letter to the editor (2/2), Office of Management and Budget director Rob Portman says, "In 'The Budget Illusion' (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency. On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012. The editorial specifically warns against 'pie in the sky' revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious."

Labor Department Official's Email Highlights Budget's "Weaknesses." In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs." David James, 'an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled 'DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out.'" One "part of the e-mail highlighted 'Vulnerabilities/Democrat Attacks.' One budget proposal is to 'consolidate and streamline' four training programs, the e-mail said, but 'Democrats portray this as simply a cut on worker training' and oppose it." Another proposal "calls for 'a reduction in the budget' for the Bureau of International Labor Affairs and having 'other federal entities' take over the bureau's 'grant-making function.' 'This will be attacked as neglecting international child labor programs,' James's e-mail said."

"Emergency" Bill Expected To Include Unneeded Spending. USA Today (2/2, Yaukey, 2.27M) reports the Bush Administration next week "is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan." The spending bill is "supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007." But military budget analysts "and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well."

Democrats Put Imprint On 2007 Spending Measure. The Christian Science Monitor (2/2, Chaddock, 59K) reports after "blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy." It is the "first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities." In a "bid to move quickly, House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one. The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for 'unmet needs,' including veterans' healthcare, low-income housing, education, and some 500 research programs." In "Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class." Their "targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing

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schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention."

OMB Deputy Director Suggests There Has Been Too Little Congressional Oversight. The AP (2/2, Ben Feller) reports, "A White House management official said Thursday there is 'very little real accountability' in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress. 'There cannot be enough accountability in the federal government,' said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. 'There is very little today. Very little real accountability.'" However, "Johnson challenged Democratic lawmakers to help solve problems -- not just hold hearings about them." He also "said Democrats can expect candor and cooperation."

OMB Wants Agency Employees To Make Federal Programs More Effective. Under the headline, "A Tale Of Mice Illustrates How To Save Money," the Washington Post's (2/2, D4, Barr) "Federal Diary" column reports, "For an example of how federal employees can make a difference," OMB "offered up the story of feeder mice. When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails." Clay Johnson called the "feeder mice 'my favorite example' of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important." The OMB "wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices." The Post adds, "Federal employees are key to making programs more effective, Johnson said."

Bush Approval Edges Up To 38% In Fox News Poll. Fox News' Special Report (2/1, Hume) reported, "The latest Fox News/Opinion Dynamics Poll finds Americans feeling slightly more favorable about President Bush. His job approval rating rose to 38 percent, that's from 35 percent just two weeks ago. Not great, but better. Congress, however, seems to still be in the doghouse with Americans; 33 percent now approve of the job Congress is doing, about the same as those asked in mid January."

Bush Says Cheney Optimistic, Not Out Of Touch. In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Vice President Cheney has taken a pounding in the biased liberal media for touting the 'enormous successes' in Iraq. He's been called 'a little crazy,' 'crazy as a loon,' 'a compulsive liar' and 'deranged.'" But President Bush, "who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is 'a person reflecting a half-glass-full mentality,' which translated into English means he sees the glass half-full, not half-empty." Bush, "making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. 'And there is distrust in Washington,' he told NPR's Juan Williams on Monday. 'I am surprised, frankly, at the amount of distrust that exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it.'"

Senate Passes Minimum Wage Hike With Business Tax Cuts. The CBS Evening News (2/1, story 2, :20, Couric, 7.66M) reported, "The country's lowest paid workers may finally be get a raise. The Senate voted today to increase the Federal minimum wage for the first time in a decade. The jump from the current $5.15 an hour to $7.25 would be phased in over two years. The House has also voted for a wage hike, but the Senate bill includes some controversial tax provisions and it may take months to work out a compromise." The NBC Nightly News (2/1, story 5, :30, Williams, 9.87M) noted the Senate "linked the wage hike to tax cuts for small businesses. … The two houses have to agree on a final version before anything can be sent to the President."

USA Today (2/2, 5A, 2.27M) reports the Senate tally was 94-3, and says Majority Leader Harry Reid "raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to…Bush." The Wall Street Journal (2/2, A4, Lueck, 2.04M) also notes Reid "questioned whether 'we need all these business pieces of sugar' in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-

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wage increase could emerge from a House-Senate conference without the tax breaks. 'If we go through the process and go through a conference and the message comes back, "You can have the minimum wage stripped down or not at all," then we'll face another vote,' Mr. Durbin said. 'We need Republicans to pass it. If they continue to oppose it, then it will not pass.'"

The New York Times (2/2, Zernike, 1.16M), however, reports that although Reid "said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try," his office "later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations."

The AP (2/2, Kuhnhenn) says "the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress." Now "the measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff." House Speaker Nancy Pelosi "has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill." In a statement, President Bush "encouraged House Democrats to accept the Senate version of the bill. 'The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth,' Bush said." But "AFL-CIO President John Sweeney vowed to 'turn up the volume' to pass a bill without tax breaks." The three senators voting against the bill were Republicans "Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina."

The Washington Post (2/2, D1, Montgomery, 690K) reports, "As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases." It "would extend for five years a tax credit for employers who hire welfare recipients and 'high-risk youth' and expand the provision to include disabled military veterans. To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty." McClatchy (2/2, Talev) notes Sen. Ted Kennedy, "the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the 'least offensive' possible because it includes incentives for hiring minorities and disadvantaged Americans."

The Washington Times (2/2, Miller, 88K) reports "Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version. … Ways and Means Committee spokesman Matthew Beck said Republicans were 'holding hostage' the wage increase."

Minimum Wage Hike Seen As Not Enough To Help Poor. In a Washington Post op-ed (2/2, A15), former Clinton adviser Thomas Z. Freedman says the US should "raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford." On its own, "the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough." It would "take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be." A "better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC)."

Bush Says Healthful Diet Is Individual, Not Government Responsibility. The Washington Post (2/2, A5, Abramowitz, 690K) reports "President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns." However, "[a]s described by those present, the meeting was cordial" but "the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as, banning the marketing of junk food to children or requiring

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more detailed nutritional labeling." Bush told the "executives that it is an individual's responsibility to maintain a healthful diet, not the government's."

USA Today/AP (2/2) also covers the Bush meeting, noting that "more than 10-million school-age children in the US -- about 18% -- are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12." The New York Times (2/2, 1.16M) also carries the AP story.

Democrats Rescue Bush Global Health Package. The New York Times (2/2, Dugger, 1.16M) reports, "At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year. That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans."

Bush Administration To Give Vaccine Companies Immunity From Avian Flu Suits. The Wall Street Journal (2/2, A12, Zhang, 2.04M) reports, "The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain. The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health." HHS invoked the clause last week in a directive that cited "a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

FDA Reform Proposals Contain "Bitter Pills" For Pharmaceutical Companies. The Wall Street Journal (2/2, Mathews, 2.04M) reports, that "big reforms" Congress may pass for the FDA "could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines." The Journal continues, "Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising." The Journal adds, "Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans."

Congress Moves Quickly On Children's Health Insurance Program. The AP (2/2, Freking) reports that while Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage," it is "moving more quickly to renew" the State Children's Health Insurance Program, "a program that now provides coverage to 6 million people, mostly children," and expires Sept. 30. The AP continues, "When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector."

Senate Democrats Urge Stricter FCC Rule Enforcement. The New York Times (2/2, Labaton, 1.16M) reports, "Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees." In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the FCC chairman, "and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T." Lawmakers also "questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review." The Times adds "the aggressive questioning by the panel's senior Democrats -- including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and

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Barbara Boxer of California -- suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission."

The Washington Post (2/2, D2, Babington, 690K) reports "several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership," said Dorgan, have been "a spectacular failure." Dorgan "railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city."

USA Today (2/2, Davidson, 2.27M) notes Martin "faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger." Inouye the chairman "did not intend to 'stand by the deal' and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions." The Washington Times/Cox News Service (2/2) runs a similar story.

Frank To Push For Data Privacy Laws. The Washington Post (2/2, D3, Krebs, 690K) reports, "Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest" from House Financial Services Committee Chairman Barney Frank, who says "he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands. Frank also said he wants retailers to be held more accountable for data breaches. … While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation."

Two More Lawmakers Criticize Baca, But Don't Resign From Hispanic Caucus. The Los Angeles Times (2/2, Simon, 850K) reports, "The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women. Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign." Rep. Hilda L. Solis "complained about the 'lack of respect afforded to women members of the Hispanic Caucus.'" And Rep. Linda T. Sanchez "stood by her sister and fellow congresswoman, saying: 'I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members.'" On Wednesday, Loretta Sanchez "told the Politico, a new Capitol Hill newspaper, that Baca had called her a 'whore.'" Baca "denied the charges Thursday, saying, 'These accusations are categorically untrue.'" This morning, The Politico (2/2) notes that in a statement, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements."

The AP (2/2, Werner) reports, "Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November." Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez "subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats." The AP adds, "Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups."

NYTimes Calls For More Protection For Federal Judges. The New York Times (2/2, 1.16M) says in an editorial, "One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack."

OTHER NEWS:

Bush, Democrats Painting Dramatically Different Economic Pictures. The AP (2/2, Raum) reports, "The booming economy that President Bush paints is

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a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college. The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right -- and wrong. It just depends on what numbers you summon." The AP adds, "Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months. Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady. But hold on." Presidential candidates John Edwards and Barack Obama have argued the country is seeing an increasing "rich-poor" divide. Obama has "cited 'skyrocketing health care bills,' lost pensions and struggles to pay for college." Also, "the cutback in building has led to thousands of layoffs in the construction industry, Democrats note."

Strength of Job Market Led Fed To Decide Against Rates Cuts. The Wall Street Journal (2/2, C1, Hilsenrath, 2.04M) reports, "Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market. Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster." The unemployment rate "fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ." In a story titled "Fed's Inflation Dilemma," the Wall Street Journal (2/2, A2, lp, 2.04M) also examines the debate inside the Fed about "an explicit target for inflation," in which some prefer "an implicit, or 'soft' target." The debate "reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises. Currently, the Fed's…doesn't specify what rate or range of inflation it thinks would fulfill that goal."

Americans Have A Negative Savings Rate. ABC World News (2/1, story 4, 2:40, Gibson, 8.78M) reported, "There was a revealing and some might say alarming report about what Americans are doing with their paychecks. They now have a negative savings rate. They spent 1% more last year than they earned. That represents the lowest personal savings rate since the great depression. Betsy Stark joins us now. It sounds frightening when you say Americans are spending more than they earn." The CBS Evening News (2/1, lead story, 2:30, Couric, 7.66M) said, "There is no way around it, we Americans are addicted, addicted to spending. And we're spending more than we're earning."

Dow Soars To New Record. NBC Nightly News (2/1, story 6, :20, Williams, 9.87M) reported, "On Wall Street here in New York today, another record close for blue chip stocks. The Dow gained just under 52 points [to close at 12,673.68] on this day to finish at a new record of 12, 673 at the close. NASDAQ was up more than 4 points [to close at 2,468.38] on the day." The Washington Post/AP (2/2, D5) notes the Standard & Poor's 500-stock index "rose 7.70, or 0.54 percent, to 1445.94." The Wall Street Journal (2/2, C1, McKay, 2.04M), among other newspapers, also reports the stock numbers.

Manufacturing Activity Down In January. The Wall Street Journal (2/2, A2, Conkey, 2.04M) reports, "Dogged by excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer." The Institute for Supply Management "said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December. Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries." The slowdown "follows a four-year growth spurt in the manufacturing sector." The Financial Times (2/2, Callan), taking a more negative view, says "the US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey. … The poor performance underlined economists' fears that the sector could be sliding into recession."

GOP Fundraising Slow Since Election Defeat. The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning, "Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican

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National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million."

Sharpton Grills Biden Over Remarks On Obama. The AP (2/2, Fouhy) reports, "Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama 'articulate' and 'clean,' questioning how the description reflects on other blacks." Biden "spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is 'the first mainstream African-American who is articulate and bright and clean.' Speaking "by telephone on Sharpton's radio show,'" Biden "told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton," and the Rev. Jesse Jackson. However, "Sharpton told Biden: 'A lot of people took it from you that because [Obama] is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community.' Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer -- a controversy that was widely believed to have cost Allen re-election. 'George Allen got 'macaca' -- this might be a step past that,' Sharpton warned. Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country."

Of Remarks On Obama, Biden Says He "Was Complementing A Colleague." On MSNBC's Hardball (2/1, Matthews), host Chris Matthews asked Sen. Joe Biden about his remark that Sen. Barack Obama is "the first mainstream African-American who's articulate and bright and clean and a nice-looking guy." Biden said, "I wasn't making a historical statement. I was trying to complement a colleague. I was complementing a colleague." Biden added, "There's not a single politician in either party who wouldn't like to be positioned where he is at this point. That was the point I was making when I said he's clean -- what I meant to say was fresh, that he was new, he's exciting."

Robinson Sees Racial Overtones In Use Of "Articulate" To Describe Obama, Other Blacks. In his column in the Washington Post (2/2, A15, 690K) Eugene Robinson weighs in on the controversy surrounding Biden's comments, writing, "For my part, I never made it past 'articulate,' a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. 'He's an attractive guy. He's articulate,' Bush told Fox News. Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses." Robinson adds, "Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across. Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all."

On MSNBC's Hardball (2/1, Matthews), Eugene Robinson said he thought Sen. Biden meant "not articulate in being eloquent, but articulate -- what do white people mean when they call black people articulate? This is a -- this is a -- this is something I have always wanted to know. It seems to me that it means: Kind of like us. Talks kind of like us. Gives off the right kind of social cues of -- of being one of us. It's used for Barack Obama. It's used for Condi Rice. It's not used for Jesse Jackson. It's not used for Al Sharpton, even though they are both eloquent speakers."

Morris Criticizes Biden's Comments. On Fox's "The O'Reilly Factor" (2/1, O'Reilly), Dick Morris said, "Every political grave has to have a tombstone with an epitaph on it and this would be his. Actually his second epitaph. There was one in '88. I think that gaffes like this only are important if people believe that, despite the denials, it reveals a window into the politician's real thinking. … At a certain level, Biden was reflecting the establishment opinion of white politicians on Capitol Hill, which I do not share, which is to disparage the African-American members, to say that there's a lot of corruption, that there's a lot of cronyism, and to -- to say that they really -- there really hasn't been a clean, articulate, bright black to emerge on the national stage. I think it's wrong."

Obama's Multicultural Background A Sticking Point For Some African-Americans. The New York Times (2/2, Swarns, 1.16M) reports, "He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House. So why are some black voters so uneasy about Senator Barack Obama? The

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black author and essayist Debra J. Dickerson recently declared that 'Obama isn't black' in an American racial context. Some polls suggest that Mr. Obama trails" New York Sen. Hillary Clinton (D) "in the battle for African-American support." Obama "is the American-born son of a black father from Kenya and a white mother from Kansas." And "many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines." But "Obama's melting pot background…remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, 'When black Americans refer to Obama as 'one of us,' I do not know what they are talking about." And Dickerson said, "His father was African. His mother was a white woman. He grew up with white grandparents. … He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Clinton Asking Top Donors To Raise At Least $1 Million. The New York Times (2/2, Healy, Zeleny, 1.16M) reports that New York Sen. Hillary Clinton (D) "is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters. That million-dollar benchmark is 10 times the amount that President Bush's 'Pioneers' were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable. Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said." the Times notes, "Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 -- in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis. 'It will be almost impossible for any other candidate to raise the money that the Clintons can raise,' said John Catsimatidis, a New York fund-raiser for Mrs. Clinton."

Morris Says Clinton Would Raise Taxes, Reintroduce Healthcare Plan. On Fox's "The Big Story Will John Gibson" (2/1, Gibson), Dick Morris said, "I think that" Rudy Giuliani "is the only Republican candidate that could really defeat" Hillary Clinton. Morris continued, "The first three things that I think Hillary will do as president are raise taxes, and by that I mean repeal the income tax cuts and the Bush package, certainly for the top and maybe for the middle bracket. It's going to go back up to 39 or 40 percent that her husband put it at. I think she repeals the capital gains tax cut. I think that she cancels the attempts to take down the estate tax. And she will have a Democratic majority with her that will make it possible for her to pass it. Secondly, I think she changes welfare reform so she makes things like job training and going to school and answering a matchbook ad for a truck driver school acceptable alternatives to employment to get welfare benefits, ruining the program. And thirdly, I think she reintroduces her health care plan that she has never repudiated. But this time it passes because the Fortune 500 companies will get behind it because they want to get rid of the health care burden."

Simon Says Edwards Emphasizing Sacrifice To Demonstrate Authenticity. On MSNBC's "Tucker" (2/1), Roger Simon of The Politico said, "John Edwards is stressing sacrifice as his way of showing he is authentic. He's not doing the political expedient thing. He's not promising not to raise taxes. He is promising, in fact, that gasoline is going to cost more under his presidency, we're going to have to pay more for universal healthcare under his presidency, and that Americans are going to have to sacrifice to eradicate poverty in America in our lifetimes. That's all very tough stuff. And people, when you interview them in crowds after a speech, they all say, I want to be asked to sacrifice for my country. And they always mention John F. Kennedy. And I think he is going for that constituency."

McCain, Giuliani No-Shows At Some Conservative Events. The Politico (2/2, Martin) reports, "A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up. Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event,

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and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members, this weekend in Baltimore." Meanwhile, "Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington. David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. 'I frankly don't get it,' Keene shrugged in an interview Wednesday. 'On the one hand,' he said, McCain has been 'trying to court the right, but on the other, he seems to be dissing them.'"

Giuliani Tops McCain In Fox News Poll. Fox News' Special Report (2/1, Hume) reported that in the 2008 presidential campaign, the latest Fox News/Opinion Dynamics poll shows that "among Republicans, former New York Mayor Rudy Giuliani holds a commanding lead, with 34 percent, followed by Senator John McCain at 22, former House Speaker Newt Gingrich with 15. Among Democrats, Hillary Rodham Clinton draws 43 percent. Senator Barack Obama trails her with only 15 percent. And former Senator John Edwards gets support from 12 percent of those whom we asked. The rest, you can see, well back."

Pawlenty Praises McCain. The Politico (2/2, patch) reports that Minnesota Gov. Tim Pawlenty (R) "said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz. 'The marketplace just told Republicans something,'" Pawlenty said, adding, "It told them that we are choosing for now to select the products and services of your opponent.'" Speaking "with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty," who is serving as Minnesota co-chair of McCain's presidential exploratory panel, "took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses. 'I believe he's in a league of his own,' he said. … Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is 'sufficiently conservative.' Pawlenty's comeback: 'If you hold any of these candidates to a purity litmus test, with the possible exception of [Kansas Sen.] Sam Brownback, we'll have nobody left,' Pawlenty said."

California Primary Change Could Prove Detrimental To McCain. The Washington Times (2/2, Hallow, 88K) reports, "Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year. 'If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain,'" said Orange County state Assemblyman Chuck DeVore. The plan "backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento. An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5." The Times notes that "many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain. 'The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda,' Mr. DeVore said."

'08 Hopeful Hunter Targeting Social Conservatives. USA Today (2/2, Welch, 2.27M) reports that CA52 Rep. Duncan Hunter (R) "sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative." Hunter, "who chaired the House Armed Services Committee for the last four" years, "made his presidential candidacy official last month, basing it on three principles: •A hard line on illegal immigration. •Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies. •Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops. 'Over the next five to 10 years, clearly national security is going to be a major focus for our country,' Hunter says after being asked why he is running. 'I've concentrated on that function of government for the last 26 years in the House of Representatives.' … 'He's very much a long shot,'

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says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. 'He sees a niche for a social conservative with a strong defense background,' he says. 'He's putting a steel beam on the beach and hoping lightning will strike.'"

Gore Nominated For Nobel Peace Prize. The Los Angeles Times/AP (2/2) reports former Vice President Al Gore "was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday." Conservative Member of Parliament Boerge Brende said, "A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference." Brende said "he joined political opponent Heidi Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday."

Oil Price Stability Said To Be Key To Energy Security. In a New York Times (2/2, 1.16M) op-ed, Ronald E. Minsk, who was a special assistant for economic policy to President Bill Clinton, writes, "As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil." Minsk adds, "In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market." Minsk concludes, "There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable."

Lindsey Criticizes Move To Ease Union Representation. In a Wall Street Journal op-ed (2/2, A19), Lawrence B. Lindsey says, "Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called 'Employee Free Choice Act' is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system." But "sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that 'empowers' workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers."

Teaching Said To Be Among Better Paid Professions. Jay P. Greene and Marcus A. Winters of the Manhattan Institute write in the Wall Street Journal (2/2, A19, 2.04M) that public school teachers are "better paid" than architects, economists "and many other professionals" with an hourly wage of $34.06 which is "36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker." Increased pay for teachers accounts "for the bulk of public school spending increases over the last four decades." Yet "higher teacher pay seems to have no effect on raising student achievement." Instead, "the way we pay teachers is more important" because "providing bonuses to teachers who improve the performance of their students does raise academic proficiency."

NYTimes Calls For Bipartisan Trade Consensus. The New York Times (2/2, 1.16M) says in an editorial, "The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty." Now that the Democrats "control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers."

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WSJournal Urges Utah To Adopt School Voucher Plan. The Wall Street Journal (2/2, A18, 2.04M) writes in an editorial, "Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America. The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman." The program "would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income." And "the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools." The projected "$9 million cost of the program is about 0.5% of total school spending." So "let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try."

Rice To Seek Support For Renewed Mideast Peace Push. The Washington Post (2/2, A11, Kessler, 690K) reports Secretary of State Condoleezza Rice will launch "a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting" of the Quartet, which "has played a largely backstage role in the long-stalled peace process." However, Germany, which currently holds the rotating presidency of the EU, "has pressed to revive the role of the international group -- and US officials decided that an endorsement would help bolster Rice's planned return to the region this month" to host a meeting between Israeli and Palestinian leaders. European officials say that Rice's decision to hold the meeting in Washington "signals the administration's determination to make progress with just two years left in President Bush's term." Behind the scenes, the Post says there are "tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas." The Russians, in particular, "have pressed for an end to the embargo," while the Europeans last year "won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions." The aid ban, however, "has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas," the Post writes.

Ban Wants Progress "On The Ground," Not Just Statements From Meeting. AFP (2/2) reports UN Secretary-General Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday "to strive for progress on the ground rather than merely making statements," his spokeswoman said. Spokeswoman Michele Montas told reporters Thursday, Ban "hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," noting that he is "fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process."

Palestinian Ceasefire Breaks Down Amid Growing Violence. The New York Times (2/2, A8, Myre, 1.16M) reports the "fragile truce" between Palestinian factions in Gaza "broke down" Thursday "when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50." The Los Angeles Times (2/2, Ellingwood, 850K) reports Hamas believed the ambushed convoy was "carrying arms from Egypt destined for" Fatah, however, Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas…denied the trucks were carrying arms."

Street Protests Pose Challenge To Lebanese Army. The Wall Street Journal (2/2, A12, Simpson, 2.04M) reports, "For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets." This new job is "severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis," current and former army leaders warn, "street violence like last week's could spiral beyond the military's ability to contain it."

US Considers Re-Establishing Relations With Somalia. The Washington Times (2/2, Kralev, 88K) reports the State Department said Thursday it is "considering re-establishing a diplomatic presence in Somalia for the first time since US troops withdrew from the African country in 1994." However, officials cautioned that "even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not

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reopen the US Embassy," but will "most likely set up a small presence post." The Times notes that during a trip to the region last month, Jendayi Frazer, assistant secretary of state for African affairs, pledged $40 million in financial assistance and said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

Sectarian Violence Rising In Pakistan. The Christian Science Monitor (2/2, Montero, 59K) reports a recent rash of attacks in Pakistan against its Shiite minority "has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war." The answer is important, analysts say, "because Pakistan's 30 million Shiites -- numbering more than Iraq's -- could become a flash point if sectarian violence spreads. … Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles."

US Expresses Hopes For Progress On Deal With Pyongyang. The AP (2/2) reports Assistant Secretary of State Christopher Hill said Thursday "he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons." His comments "could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks," which would be "a significant breakthrough for a bargaining process that has achieved little since it began in August 2003."

Pyongyang Looks To Giant Rabbits To Curb Famine. The Washington Post (2/2, A10, Whitlock, 690K) reports that officials in Pyongyang have approached a German rabbit breeder known for producing some of the words largest animals as "a possible solution to their nation's endemic food shortage." But "how, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear." An official at the North Korean Embassy in Berlin "confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program."

Debate Over Gibraltar Delays Ban On Luxury Goods To North Korea. The Financial Times (2/2, Parker, Mulligan) reports Kim Jong-il "may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain. The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang."

US Suspends Space Ventures With China. On its front page, the Washington Times (2/2, A1, Gertz, 88K) reports the Bush administration has "suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening US and foreign satellites." NASA spokesman Jason Sharp "said the weapon test undermined an agreement" reached between President Bush and Chinese President Hu Jintao during an April summit," and that "China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation." Bush administration officials said the suspension is "meant to signal US displeasure" with the test, "as well as Beijing's failure to provide an explanation for its space arms program."

Kyl Says US "Seems To Lack The Will To Implement" Space Defense. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, that "the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead" bring to light the issue of whether the US has the "will to implement" space defense of US satellites, according to Senator Jon Kyl, a Arizona Republican and veteran of the Senate intelligence committee.

UN Hopes China's HU Will Push For Resolution On Darfur During Visit. The AP (2/2, De Montesquiou) reports he United Nations hopes Chinese President Hu Jintao "will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil." In what is seen as "an unusual foray

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into the field of human rights," Chinese officials have "called on Sudan to cooperate with the United Nations in finding a solution in Darfur."

Under the headline "Pressure On China As President Heads To Sudan," AFP (2/2, Saeed) says "international pressure" is on China, because "no other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime."

The Christian Science Monitor (2/2, Baldauf, 59K), meanwhile, reports from Khartoum that if Hu "announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached. Whatever happens, Hu's visit to Sudan will be historic."

Some In Africa Resent China's Growing Influence. The Wall Street Journal (2/2, A1, Trofimov, 2.04M) reports from Chambishi, Zambia that "Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent." But "there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest." Chambishi "was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. … Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent."

China's New Rules On Foreign Investment Spark Concern. The Washington Post (2/2, D1, Cha, 690K) reports, "Since the mid-1990s, China has aggressively courted foreign investment," but "in recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China." While some believe the new restrictions "may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising." As a result, "several US firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China."

Russian TV Aids Putin In Anointing Successor. On its front page, the Washington Post (2/2, A1, Finn, 690K) reports, "[T]wo favorites of President Vladimir Putin play prominent supporting roles on a television game show called 'Happy Bus.' ... Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives. Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev." The "opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister." But the program "is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves...to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished." The Post adds, "Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said."

Putin Defends Energy Policies Toward Neighbors. The Financial Times (2/2, Buckley) reports, "Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours." Putin said, "We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" He "added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed 'precisely at ensuring the interests of key consumers' in western Europe, despite temporary disruptions to supplies last month and in January 2006."

Police Interview Blair About Cash-For-Honors Scandal. The New York Times (2/2, Cowell,

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1.16M) reports, "After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions." Blair "is said by British political analysts to be the first prime minister to be interviewed by the police while still in office." The Times adds, "The prime minister's office said in a statement on Thursday that Mr. Blair had been 'briefly interviewed by the police as a witness."

The Washington Post (2/2, A12, Sullivan, 690K) reports, "Police interviewed Blair for about 45 minutes last Friday but asked Blair's office 'for operational reasons' to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was 'interviewed as a witness, not as a suspect and cooperated fully' in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal." The Post adds, "Blair…announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner."

Gutierrez Says US Willing To Help Cuba Transition. The AP (2/2, Carl) reports Commerce Secretary Carlos Gutierrez Thursday said Washington "is willing to help Cuba make the transition to a more open, democratic society." Speaking to reporters during a one-day visit to Mexico, Gutierrez said the US supports a "peaceful transition to democracy." Gutierrez said the United States "does not plan to meddle in Cuban politics, but wants to see the country make the transition to democracy." Gutierrez did not elaborate, "but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy."

European Commission Critical Of US Farm Proposals. The Wall Street Journal (2/2, Von Reppert-Bismarck, 2.04M) reports, "The European Commission expressed disappointment at a US plan to overhaul subsidies to its farmers, saying 'more ambitious cuts' are required to relaunch a stalled round of global trade talks. The White House's proposal to Congress on how to overhaul the US Farm Bill will make 'extremely modest' cuts to loan-deficiency payments and keep payments to dairy and sugar farmers 'virtually untouched,' said EU farm spokesman Michael Mann." Mann added, "The U.S. will need to propose more ambitious cuts and disciplines. … We had hoped the administration's proposal for the new farm bill would signal this more clearly."

The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning that the Administration "faces skeptics at home and abroad about farm-subsidy cuts." In addition to EC criticism, the Journal says "the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support."

WPost Urges Bush Not To "Go Wobbly" On Kosovo. The Washington Post (2/2, A14, 690K) editorializes, "Today UN envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. … All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia." The Bush Administration "is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness." US "firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran." If Russian President Vladimir Putin "decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly."

NYTimes Urges Ulster's Paisley To Support Peace Process. The New York Times (2/2, 1.16M) editorializes, "Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call 'the troubles.' One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future -- or to stand in the way. That

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man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them. … This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"U.N. Says There's No Stopping Global Warming."
"Milena's Mentor Stays On The Case."
"Costly L.A. River Plan Contains A Raft Of New Ideas."
"Marines Battle Their Past In An Iraqi city."
"Senators Castigate General On Iraq strategy."

USA Today:

"Sites Of Risky Levees Listed."
"Drastic Plans Unveiled To Fight Pandemic."
"Milestone Resonates Beyond NFL."

New York Times:

"Florida Shifting To Voting System With Paper Trail."
"An Afghan's Path From Ally Of US. To drug Suspect."
"General Parries Senate Attacks On Iraq Record."
"So Far, Obama Can't Take Black Vote For Granted."
"Democracy Rules, And Pop Culture Depends On It."
"Dark Days Follow Hard-Hitting Career In N.F.L."
"Late for Court: Connecticut Case Draws Scrutiny."

Washington Post:

"Border Policy's Success Strains Resources."
"Iraq at Risk Of Further Strife, Intelligence Report Warns."
"Va. Transportation Deal Withers In Senate Panel."
"Two Men Acquitted Of Conspiracy To Fund Hamas Activities in Israel."
"Russian TV Shines Warmly On A Likely Successor To Putin."
"Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another."

Washington Times:

"New RNC Chief Backs Bill With Guest-Worker Plan."
"Casey Refutes Iraq Pessimism."
"U.S. Halts China Space Ventures."
"Katrina Vehicles Flood This Area."
"Abducted Boy, Mom Reunited."

Detroit Free Press:

"Governor To Push Free Tuition."
"Michiganders Doubt President."
"Historic Low: Ford 4th With U.S. Buyers."
"'The Room Was So Full Of…Forgiveness' For Abraham."

Atlanta Journal-Constitution:

"Medicare Cuts Reach Deep Into Hospitals."
"Nation Bemused As Network Appeases Boston Over Stunt."
"Apology Asked For Sterilizations State Required."
"Jury Told To Keep At It In Clinton Secret Case."
"Bill Will Allow Consumers To Order Wine Shipped Directly From Maker."

Houston Chronicle:

"Minimum-Wage Hikes Clears One Hurdle, Faces Another."
"Report: Global Warning To Last For Centuries."
"Casey Says Demand For Troops Excessive."
"Democrats Rip State Agency For Hiring D.C. Lobbyist."
"Giuliani Mines For Texas Gold."

Story Lineup From Last Night's Network News:

ABC: Senate Resolution-Iraq; Senate Resolution-Analysis; Gen. Casey-Senate Hearings; Americans Saving Less; Economic News; Army Corps Report The Levees; Terror Scare Boston-Aftermath; Italian Spat; Schools In Cambodia.
CBS: Negative Savings Rate; Senate-Minimum Wage; Exxon Profits; Iraq Violence; Casey-Surge; Iraq-Security Crackdown; Syria-Anti-US Propaganda; Climate Change Report; Southeast-Winter Weather; Katrina Victims-Depression; UK Terror Suspects; Boston Terror Scare; Democrats-Work Week; Super Bowl Ads.
NBC: Gen. Casey-Hearings; Senate Resolution-Iraq Surge; Iraq Sectarian Violence; Terror Scare Boston-Aftermath; Minimum Wage Increase; Stock Market; Exxon Profits; Binge Eating; Winter Weather-Colorado Cattle; Richard Kelly Obit; National Prayer Breakfast; Italian Spat.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: UN Global Warming Report; Super Bowl-Security Preparations; Senate-Minimum Wage; Savings Rates For Americans Down; PA-Strike At Harley-Davidson Plant.
CBS: UN Global Warming Report; Army Corps Of Engineers-Levees; Report Of US Chopper Going Down North Of Baghdad; Senate-Iraq Resolution; Senate-Minimum Wage Bill; Presidential Candidates To Attend Democratic National

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Committee Meeting; Exxon Oil-Record Profits; Ford Sales Down, Toyota Sales Up.

NPR: Tony Snow-Iraq Surge Plan; Casey-Confirmation Hearing; Mississippi River-Barge Accident; EU Calling For Worldwide Moratorium On Death Penalty; Tokyo Stock Exchange; Philippines-Truck Explosion; World Intellectual Property Organization-Counterfeiting Costs; Groundhog Day Forecast.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Photo opportunity with the Carolina Hurricanes. East Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable discussion with cardiologists, survivors and partners. Bryant Park Hotel, New York; attends the Heart Truth 2007 Fashio Show. Bryant Park, New York.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CONSUMER ASSEMBLY _ The Consumer Federation of America holds its Consumer Assembly Conference. Highlights: 10:15 a.m. FTC Chairman Deborah Platt Majoras. 11:30 a.m. Michael Jacobson, Executive Director, Center for Science in the Public Interest. Location: Washington Plaza Hotel, 10 Thomas Circle.

PANDEMIC FLU _ Influenza experts hold a two-day meeting to assess the current level of US preparedness for a possible bird flu pandemic. Highlights: 8 a.m. Session on influenza planning, with CDC Director Julie Gerberding, others. 12:05 p.m. Luncheon speaker - Rajeev Venkayya speaks on national preparedness for pandemic influenza. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington.

TAX SYMPOSIUM _ The Tax Council Policy Institute holds its Eighth Annual Tax Council Policy Institute Symposium, ``Understanding the Global Tax Arena: Risk & Regulation." Location: Ritz Carlton Hotel, 1150 22nd St. NW.

US-CHINA _ The US-China Economic and Security Review Commission holds a public hearing on ``The US-China Relationship: Economics and Security in Perspective." The hearing will examine US-China relations from multiple perspectives to assess this bilateral relationship since the granting of permanent normalized trade relations to China, and the challenges facing the relationship in 2007. It will consider the economic, security, and diplomatic impacts of Chinas accession to the World Trade Organization, and seek to identify trends in US-China relations and opportunities for greater bilateral cooperation and dialogue. Highlights: 8:30 a.m. - 12 p.m. The hearing continues with an examination of the US-China military and security relationship and the prospects for US-China political cooperation and diplomacy. The Commission will hear testimony from Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Christensen, Deputy Assistant Secretary of Treasury for International Affairs, Asia, Robert Dohner, as well as scholars and policy experts. Location: Room 562, Dirksen Senate Office Building.

WORKING FAMILIES-SECURITY _ The National Academy of Social Insurance holds a conference on how policymakers can ease insecurity for working families and strengthen economic security for all Americans. Highlights: 10 a.m. Session on the 9/11 Victim Compensation Fund, with Kenneth Feinberg, Special Master. 1:15 p.m. Luncheon speaker - former CMS Administrator Mark McClellan. Location: National Press Club.

DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Highlights: 9 a.m. General Session, with General Session. Speakers in order of appearance: Senate Majority Leader Senator Harry Reid; DNC Chairman Howard Dean; Senator Christopher Dodd; Senator Barack Obama; General Wesley Clark; Senator John Edwards; Representative Dennis Kucinich; Senator Hillary Rodham Clinton. 6:30 p.m. Executive Committee meeting with Governor Janet Napolitano of Arizona; Mayor Adrian Fenty of Washington, D.C; Mayor Shirley Franklin of Atlanta, Ga.; DNC Vice Chair & ASDC President Mark Brewer. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. The Pentagon holds its regular briefing on Iraq. Location: DOD Studio, 2E781, Pentagon.

PRESTON-SMALL BUSINESS _ 9:30 a.m. SBA Administrator Preston discusses the Disaster Assistance Program and Reform Agenda along with economic growth and issues affecting Americas small businesses. Location: National Press Club.

PENTAGON ROUNDTABLE _ 9:55 a.m. Secretary of Defense Robert M. Gates and Chairman, Joint Chiefs of Staff

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Gen. Peter Pace will conduct an on the record media roundtable. Location: DOD Briefing Room, Pentagon 2E579.

ECONOMIC BRIEFING _ 10 a.m. Treasury Assistant Secretary Phillip Swagel holds a briefing for economic media. Location: Room 4121, main Treasury.

SWAGEL-EMPLOYMENT _ 10 a.m. Treasury Department Assistant Secretary for Economic Policy Phillip Swagel hold an economic media briefing to discuss January 2007 employment numbers and the state of the US economy. Location: Treasury Department.

US-CLIMATE CHANGE _ 10 a.m. Environmental Protection Agency (EPA) Administrator Stephen L. Johnson joins U.S. Secretary of Energy Samuel W. Bodman, and National Oceanic and National Oceanic and Atmospheric Administration (NOAA) Administrator Vice Admiral Conrad Lautenbacher for a media availability to discuss the U.S. contribution to the Intergovernmental Panel on Climate Change (IPCC) Working Group 1 report and U.S. investments to advance climate science and clean energy technology research. Location: U.S. Department of Energy, 1000 Independence Ave. SW, Small Auditorium GJ-015.

HEALTH CARE _ 11:45 a.m. The Blue Cross and Blue Shield Association hold a briefing on BCBSA's 2007 federal legislative priorities and to give an overview of state legislative healthcare and insurance issues. Location: 12th floor, 1310 G St. NW.

AMERICA-FUTURE _ 12 p.m. Sen. Charles Schumer and former House Speaker Newt Gingrich discuss America's Future, sponsored by the National Press Club. Location: National Press Club.

CLIMATE CHANGE _ 12 p.m. The University Corporation for Atmospheric Research holds a telephone briefing on the Intergovernmental Panel on Climate Change, with U.S. scientists who helped write the report (released today in Paris). Notes: Callin number: 877-804-1919; verbal passcode: NCAR.

HEALTH INSURANCE-DEDUCTIONS _ 12 p.m. The Cato Institute holds a briefing to discuss the possibility of giving a standard income tax deducation for health insurance costs, with Council of Economic Advisers member Katherine Baicker, Leonard Burman of the Urban-Brookings Tax Policy Center, and Michael Cannon of the institute. Location: Room B-338, Rayburn.

MARINE CORPS _ 12 p.m. The US Marine Corps will hold a background briefing for reporters on the proposed increase in the end strength of the Marine Corps Location: Pentagon briefing studio, room 2E781.

IRAQ-EUROPE _ 12:15 p.m. The New America Foundation holds a discussion, ``Integration vs. Confrontation: Or Why Europe Likes the Iraq Study Group Report More than the White House," with Michael Backfisch of Handelsblatt and Steve Clemens of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

OBAMA _ 1 p.m. Sen. Barack Obama, D-Ill., speaks at ``Yes We Can!," a rally organized by Students for Barack Obama, a national student group committed to supporting Obama. Location: Johnson Hall, George Mason University, Fairfax. Va.

GOVERNORS _ 2 p.m. The Center for American Progress holds a discussion with governors Janet Napolitano of Arizona and Kathleen Sebelius of Kansas. Location: 10th floor, 1333 H St. NW.

GUATEMALA _ 2 p.m. The Alliance to End Hunger and InterAction hold an information session about Guatemala's efforts to meet the First Millennium Development Goal, with Andris Botran, Secretary of Food Security and Nutrition for the Government of Guatemala, and chair of the Guatemalan Alliance Against Hunger. Location: Suite 500, 50 G St. NW.

IRAQ _ 2 p.m. The Wilson International Center for Scholars holds a discussion on new politics in Iraq with David Satterfield, the State Department's senior adviser and coordinator for Iraq. Location: 6th floor Flom Auditorium, Reagan Trade Center.

SAUDI ARABIA _ 2 p.m. Georgetown University holds a screening of the film ``Abdulaziz and a panel discussion on King Abdulaziz of the building of the modern Saudi Arabia, with Saudi Amb. Prince Turki Al-Faisal, others. Location: Bunn Intercultural Center Auditorium, on campus.

GOP LEADERSHIP _ 3:15 p.m. Members of the Senate Republican leadership will be available following the Senate Republican Conference Retreat to discuss the days activities and outline their legislative priorities for the 110th Congress. Participants: Senators Mitch McConnell, Trent Lott, Jon Kyl, John Cornyn, and Kay Bailey Hutchison. What: Media Availability with Senator Mitch McConnell, Senator Trent Lott, Senator Jon Kyl, Senator John Cornyn, and Senator Kay Bailey Hutchison. Location: Library of Congress, Thomas Jefferson Building, exhibit area between the Great Hall and Members Room.

IMMIGRANT RIGHTS _ 4 p.m. The DC Committee for Immigrants' Rights holds a news conference to discuss the

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Virginia General Assembly actions regarding illegal immigrants. Location: In front of ICE offices, 425 Eye St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

4th Circuit Panel Questions Administration's Detainee Policy. The New York Times (2/2, Liptak) reports, "In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants." The Times continues, "The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University. … 'What would prevent you from plucking up anyone and saying, "You are an enemy combatant?"' Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons. … Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. 'A citizen, no less than an alien, can be an enemy combatant,' he added." The Times adds, "Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen 'who has been determined by the United States to have been properly detained as an enemy combatant.' … But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made."

The Washington Post (2/2, A6, Horwitz) reports, "Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges. … If the government is right, said lawyer Jonathan Hafetz, 'they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people.'" The Post reports that "administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations." The Post adds, "Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States. … Motz said that she is concerned about giving the government broad authority 'to pluck up anyone from the streets of the United States' and added: 'We don't want other nations to do that to our people.' … But Judge Roger L. Gregory suggested that Congress knew it was dealing with an 'amorphous enemy' when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status."

The Financial Times (2/2, Sevastopulo, Virginia) reports, "Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud. … Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful 'enemy combatant' in the 'war on terror'. He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as 'enemy combatants'. … But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. 'The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen,' said Jonathan Hafetz, a New York University lawyer representing Mr Marri." The Times notes, "Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants. … In court on Thursday, the Justice Department argued the battlefield in the 'war on terror' included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration's argument, saying while Congress could have given Mr Bush the ability to declare legal residents and citizens as 'enemy combatants', it was unclear it had done so."

Federal Jury Acquits Two In Hamas Funding Trial. The Washington Post (2/2, A1, Eggen) reports, "A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups." The Post continues, "Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious

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allegation against them and could have drawn life sentences for each. … But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit." The Post adds, "The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995."

The Chicago Tribune (2/2, Bush, Coen) reports, "Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June." The Tribune continues, "The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation. … Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups. … But Salah's lawyers said their win shows the government was overreaching. … 'It's a huge victory—what's left is a relatively minor charge,' said Salah's lawyer, Michael Deutsch. 'I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.,' he said. 'It's a stretch.'" The Tribune notes, "Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here. … 'This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases,' said Gary Shapiro, first assistant U.S. attorney in Chicago"

The New York Times (2/2, Sander) reports that "after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel." The Times continues, "Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms. … 'The government has tried to turn the Israeli-Palestinian conflict into something criminal,' said William Moffitt, who is Dr. Ashqar's lawyer. 'Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States.'" The Times notes, "Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial. … 'This was about an organization that has publicly claimed credit over and over and over again for terrorist acts,' said Gary S. Shapiro, the first assistant United States attorney in Chicago, 'not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed.'"

The AP (2/2, Robinson) reports, "Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government. … Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr." The AP adds, "Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have made no secret of their dislike of the occupation of the West Bank and Gaza."

DOJ Officials Brief Senators On Arar Case. The Canadian Press (2/2) reports, "Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions. … But Democrat Patrick Leahy and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes. … They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight." The CP continues, "The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada. … Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list." The CP adds, "Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States."

CNN The Situation Room (2/1, 4:29 p.m.) broadcasted, "It was one of the most heated confrontations we've seen in the US Senate in quite a while. It was when the Senate judiciary committee Patrick Leahy went after the Attorney General Alberto Gonzales. The whole debate focuses on a man named Arar," who "was held by the United States and

deported to Syria on the suspicion he had terrorist tiles." After he was released he said "he was held and tortured for ten months," and Senator Leahy "was angry why that happened." Today, Leahy got a "briefing today from the attorney general," but the "only problem he couldn't say much about it, claiming it was all classified." Leahy said, "The conclusion I reached from the briefing today is that we've only begun to ask the questions and we have more questions that have to be asked." Just recently, the US "told Canada that the man remains under a US Watch List. However, Justice "will not talk about this."

Chinese Official Issues Rebuke Of Bush's "Unilateral" War On Terror. The New York Times (2/2, A6, Kahn, 1.16M) reports a senior Chinese government official issued "a rare public rebuke" of President Bush Thursday, "accusing him of waging a 'unilateral' battle against terrorists that had worsened global tensions." Ye Xiaowen, director of China's State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People's Daily that Bush's "past references to a 'crusade' and to 'Islamic fascism' were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war." Partly as a result, he said, the United States "had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks." Ye wrote that Bush had "effectively 'hijacked' one religion, Christianity, to engage in a battle against another one, Islam."

Guantanamo Detainees Complain About Saddam Execution Poster. The New York Times (2/2, Rohde, 1.16M) reports that "military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there." The poster was described by a detainee to his lawyers as a "7-by-3-foot poster, in a small recreation area for prisoners" that "featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, 'Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed.'" In response, Cmdr. Robert Durand, "chief military spokesman in Guantánamo…said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording" saying "the intent of this poster was to show that the Iraqi people are making progress and have delivered justice." Detainees also were provided news articles describing Hussein's execution and the "accidental decapitation of a Hussein co-defendant in a subsequent hanging" which their lawyers have described as "psychological warfare and for mental torture and intimidation."

CIA Agents Sought By Germany Tracked Due To Stay In Resort Island. The Washington Post (2/2, A11, Whitlock, 690K) reports from Berlin, "If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors." German "investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents, which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004. … It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels."

British Terror Suspects Brought To Court. The CBS Evening News (2/1, story 11, :20, Couric, 7.66M) reported, "Security was very tight today in Britain as nine terror suspects were brought to court," arriving "in a convoy of police vehicles. The nine, believed to be of Pakistani descent, are suspected of plotting to kidnap and behead a Muslim British soldier and then show it on the Internet."

Suspects' Neighbors Skeptical Of Charges. The New York Times (2/2, Perlez, 1.16M) reports many residents in the area of Birmingham, England, where the arrests were made, "said Thursday that they were unconvinced" of the accusations against the suspects. By most neighborhood accounts, "for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs." Because of this and because of "recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said."

European Bank Told To Stop Sharing Data With US Antiterror Investigators. The New York Times/AFP (2/2) reports the European Data Protection Supervisor told the European Central Bank Thursday that it "must take action by April to stop the transfer of personal

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information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations." The agency "told the bank to come up with measures 'to make its payment operations fully compliant with data-protection legislation,' urging it to 'take appropriate measures as soon as possible.'" AFP adds that Swift "has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees."

LATimes Calls For End To Renditions. The Los Angeles Times (2/2, 850K) says in an editorial, "There are plenty of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale." The Administration "needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris."

HOMELAND RESPONSE:

NID Nominee Says He Would Resist Attempts To Politicize Intelligence. USA Today (2/2, Willing, 2.27M) reports, "President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes. 'There have been a number of occasions in my career when I had to not be popular but to speak truth to power,' J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination. 'I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do,' he said." McConnell's comments "came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003. If confirmed, McConnell said, he would inform committee members if that occurs."

Judge Explains Dismissal Of Anthrax Defamation Lawsuit. The New York Times (2/2, Labaton, 1.16M) reports, "A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information. In an opinion released Thursday," US District Judge Claude M. Hilton "laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill," but defense lawyer Mark A. Grannis "said Judge Hilton's opinion was unsurprising and was not the last word in the case."

The Washington Post (2/2, A8, Jerry, Lengel, 690K) reports, "Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about…Hatfill were false," Hilton said. "Although the columns identified Hatfill as a 'likely culprit' in the deadly anthrax-spore mailings, Kristof 'made efforts to avoid implicating his guilt,' Hilton wrote. 'Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question.'"

Changes To Armed-Pilot Program Intended To Boost Participation. The Washington Times (2/2, Hudson, 88K) reports, "Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate. Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and US officials will seek to expand the program for overseas flights." Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said that a proposal to phase out air marshals in favor of the armed pilots in order to cut costs "is 'absolutely not' under consideration. … However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal. 'It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now,' the source said."

Survey Finds Poorest Gulf Coast Residents Still Struggling To Recover From Katrina. The New York Times (2/2, Dewan, 1.16M) reports a new study by the Mailman School of Public Health at Columbia University and the Children's Health Fund has found that many of "the poorest families" displaced by Hurricane Katrina "still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children. The study, conducted in the Gulf Coast region of Mississippi a year after

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the storm," consisted of "face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous. 'For all practical purposes, these FEMA trailer parks are in fact internal refugee camps,' Dr. Redlener said."

The CBS Evening News (2/1, story 10, 2:55, Keteyian, 7.66M) reported that the study's "most startling finding" was that "as many as 10,000 displaced children across the Gulf are now suffering from clinically diagnosed depression, a 400% increase from before the storm." Redlener was shown saying, "The loss of hope is a very powerful factor here." Gil Jamieson, the deputy director for Gulf Coast recovery for FEMA was shown saying, "We have families living with children. We're doing all that we can do to move those people into a permanent housing alternative as quickly as we can." Keteyian: "All you can do?" Jamieson: "We are." Keteyian: "That's not what I'm hearing in the camps and trailer parks. You know there's a great deal of anger." Jamieson: "Sure." Keteyian: "A great deal of hopelessness in those sites right now." Jamieson: "There is, indeed, and I think you need to look at that against the context of what we have accomplished." Keteyian: "FEMA has found emergency housing for more than 80% of those displaced by the hurricane, but that's little comfort to the residents still stuck in this trailer camp, ironically named Renaissance Village. FEMA recently signed a new four-year contract with the company that provides security here."

WSJournal Says Insurers Being Made "Scapegoats For Acts Of God." The Wall Street Journal (2/2, A18, 2.04M) editorializes, "Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if you live near the coast." The Journal states that the "populist opportunism" of Mississippi Attorney General Jim Hood, who "has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims," is also seen in "Florida, where legislators have passed a 'reform' that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market." The Journal continues, "More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God."

WPost Says Coast Guard Guilty Of Poor Contract Management. The Washington Post (2/2, A14, 690K) editorializes, "Though some of it is overblown," recent criticism of the Coast Guard's Deepwater modernization program "is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste." Coast Guard chief Adm. Thad W. Allen's statements in front of "an irate House oversight panel," where he "took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process" were "a start." The Post says, "After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted."

WAR NEWS:

Senate Debate To Pit McCain Versus Warner Resolutions. The Los Angeles Times (2/2, Levey, Gaouette, 850K) reports, "The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup. After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of 'full support' against one introduced by Sen. John W. Warner (R-Va.) that 'disagrees' with the president's proposal." But "how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions." The Times adds, "Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber." Meanwhile, "McCain and other senators escalated their attacks on the Warner measure and its supporters."

The Wall Street Journal (2/2, A4, Rogers, 2.04M) says Bush's "Senate allies want a vote next week calling on the Baghdad government to 'make visible concrete progress' toward 11 political, military and economic benchmarks." The McCain resolution "is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee." Sen. Joseph Lieberman, "the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans" led by McCain. The Journal notes "a handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy." And GOP Sen. Judd Gregg, "an ally of the White House, had

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surprised many this week when he said he was 'considering' supporting the Warner language." Yesterday, he said "he had decided not to vote for the measure."

The New York Times (2/2, Hulse, 1.16M) says the "shifting allegiances -- and the intense procedural gamesmanship preceding votes next week on Iraq policy -- left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board."

McClatchy (2/2, Talev, Schoof) notes "some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. 'I'm always working,' he said." Majority Leader Harry Reid "left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward. 'We'll have to see. He's doing very well,' Reid said in a brief interview with McClatchy Newspapers." But "Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week. While Reid stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains."

The Washington Post (2/2, A4, Weisman, Murray, 690K) says "Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans." But "defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500." The Post adds, "Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution."

The Washington Times (2/2, Hurt, 88K) headlines its report "Majority In Senate Support 'Stay The Course' Resolution," and says "a bipartisan majority in the Senate yesterday united behind a firm 'stay the course' resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war." The resolution "is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war. … Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States 'should continue vigorous operations' in parts of Iraq and that early withdrawal 'would present a threat to regional and world peace.'"

The network newscasts largely ignored the McCain resolution. Instead, they focused on Warner's, and suggested it is gathering strong bipartisan backing. NBC Nightly News (2/1, story 2, 1:40, Williams, 9.87M) reported on "an unusual joining of forces on Capitol Hill over the war. Senators in both parties seem to have agreed on a single one of those resolutions opposing the President's troop buildup." NBC (Reid) added, "A big development in the Senate today. A compromise between two groups of senators opposed to sending more troops to Iraq. One group is led by Democrat Joe Biden and Republican Chuck Hagel. The other by Republican John Warner who felt the Biden-Hagel resolution was too harsh. Today the two groups joined forces for the most part adopting Warner's language. Now on the eve of a major showdown, the Senate breaks down into three major factions. First, nearly all Democrats and at least half a dozen Republicans plan to vote for a nonbinding resolution opposing the President's troop buildup. The second faction, most Senate Republicans, who intend to support the President's plan. And third, a small number of liberal Democrats who say they won't vote for any nonbinding resolution."

ABC World News (2/1, lead story, 3:15, Tapper, 8.78M) reported passage of a Senate resolution "with a bipartisan majority…would be a harsh political blow to the President. But the worst thing for the White House is the man putting together the compromise legislation" is Warner, "a leading Republican." The resolution "has a good chance of winning a bipartisan majority. … To win Republicans, the bill now states that funding for troops in the field should not be cut. But that provision may cause defections by the Democrats' liberal wing, who are frustrated that a non-binding resolution does not actually do anything. And want to use the power of the purse to force the President to change course." Also on ABC World News (2/1, story 2, 1:30, 8.78M), George Stephanopoulos said, "This would be the first time the Senate would be on record opposing the President's policy. That has great moral and political force. It also puts the Senate and Congress one step closer to using their constitutional power to restrict funding for the war effort if the situation doesn't improve on the ground in Baghdad. There would be no more intermediate steps."

The Senate debate was extensively covered by local TV. Like the network reports, local broadcasts also focused on the Warner measure. Some examples: ABC affiliate WSET-TV (2/2, 11:22 pm) in Roanoke said "there seems to be little doubt that the Senate will pass a resolution opposing the measure. The questions are how tough the language will be and how many Republicans will go along. … A new compromise resolution, designed to win over more Republicans, gained momentum Thursday and will most likely be voted on early next week. … The Bush Administration has resigned itself to the fact that there will be

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a vote voicing opposition to the President's policy." Almost identical stories ran on many other ABC affiliates, including KFBB-TV Great Falls, MT (2/1, 10:13 pm), WJET-TV Erie (2/1, 5:18 pm), KXXV-TV Waco (2/2, 5:05 pm), and KABC-TV Los Angeles (2/1, 5:02 pm).

WFXW-TV Terre Haute (2/2, 10:02 pm) reported, "The Senate may be on the verge of a final agreement to oppose the President's surge plan, and the resolution getting support has been brought to the table by a Republican, Virginia Senator John Warner. It appears to satisfy some Republicans who were concerned that a strongly worded resolution could send the wrong message to the troops," but it also "meets the demands of many Democrats who had sponsored their own resolutions to stop the troop surge."

KTVU-TV San Francisco (2/1, 5:15 pm) reported, "A bipartisan, nonbinding resolution offered by Democrat Carl Levin and Republican John Warner gained attention as it brought together important elements of earlier proposals. Key to some Republicans, it makes clear that funding for our troops will not be cut, and for Democrats, a strong call not to build up troop levels. But the White House says it's not a true solution."

On CNN's The Situation Room (2/1, Blitzer), DNC Chairman Howard Dean said, "The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words. I think this is a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive."

CNN's The Situation Room (2/1, Blitzer) interviewed Sen. Levin, who said, "There's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the President's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course."

On MSNBC's Hardball (2/1, Matthews), Rep. Jack Murtha, who has just returned from a trip to Iraq with Speaker Nancy Pelosi, said, "One of the things we found in Iraq confirming the things we've been saying, we can't win it militarily. We don't think so. In our opinion, there's got to be some negotiations between the Shias and the Sunnis. And that doesn't look like it's going to happen. As a matter of fact, I told the Prime Minister of Iraq I wasn't about to recommend funding $5 billion for their equipment if they weren't more cooperative and if they didn't do some negotiations because I think that may help. I don't think it's going to win the war, but I think it will certainly help." Murtha said the Administration "understand[s] that the appropriation process -- we're building a case to actually divert some money from the surge to the resupplying and resetting our equipment."

On Fox News' Special Report roundtable (2/1), Morton Kondracke of Roll Call said, "Senator [Christopher] Dodd is exactly right. This is a resolution says we disagree with what the President wants to do, we want to oppose the status quo, and we're not going to do anything about it. We do not want them to increase the number of troops, we're not going to call for withdrawal of any troops. We're not going to cut off funds. So, it really is the status quo. And everybody acknowledges that the status quo is not working. So, I do not know what they think they're going to get done here, but it is a way of demonstrating dissatisfaction with the president, and that's the political impetus behind it."

Bush To Discuss Iraq With GOP Senators Today. USA Today (2/2, Kiely, 2.27M) reports, "As the Senate prepares to debate his plan to increase troop levels in Iraq…Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party. Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception." USA Today adds, "It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq. Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday. Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota -- one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 -- expressed exasperation with Bush's policies in Iraq at a hearing earlier this week."

Making Case On Senate Vote, Snow Notes Bin Laden's Words About Lack Of US Resolve. CNN's The Situation Room (2/1, Blitzer) reported White House press secretary Tony Snow "is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist." Snow was shown saying, "Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

On Fox News' Special Report roundtable (2/1), Juan Williams of National Public Radio said, "At moment, the White

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House is involved in a very aggressive campaign to try to hold the line. They say to people, give us time, don't hurt the president, don't hurt the troops. That's the way they're posturing it. But, I mean, they're going against a tidal wave of public sentiment."

"Surge" Could Involve 48,000 US Troops, Cost Nearly Triple Bush's Price Tag. CQ (2/2, Oliveri) reports, "Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers." The report by the Congressional Budget Office "found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed." McClatchy (2/2, Rosen) says the surge "could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge," according to the CBO. If "the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion."

NIE Estimate Sees Strong Chance Of Further Deterioration, With Little US Control Of Outcome. The Washington Post (2/2, A1, Deyoung, Pincus, 690K) reports, "A long-awaited National Intelligence Estimate on Iraq, presented to…Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document." The NIE "comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption." The document "emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to US goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus."

"Element Of Principle" In Feingold's Move To Cut Off Funding Praised. In a Wall Street Journal column (2/2), Kimberly A. Strassel writes, "The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party." Sen. Russ Feingold "held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war. … For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin."

Casey Says Bush's "Surge" Calls For More Soldiers Than Needed To Pacify Baghdad. The AP (2/2, Espo) reports, "The outgoing top US general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad." Casey "quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could 'either reinforce success, maintain momentum or put more forces in a place where the plans are not working.'" USA Today (2/2, Brook, 2.27M) reports White House spokesman Tony Snow "said the president has talked to Casey, and 'Gen. Casey supports the plan.'" In fact, McClatchy (2/2, Schoof) says "Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility."

The Washington Times (2/2, Scarborough, 88K) also says Casey "broke with his superiors, including…Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing. 'I do not agree that we have a failed policy,'" he said.

Much of the coverage of Casey's testimony focuses on the strongly worded criticism he faced from senators, particularly Republican John McCain. ABC World News (2/1, story 3, 1:25, Gibson, 8.78M) said Casey "did not get much support on Capitol Hill today. Testifying before senators, he found himself under attack. Unusual to find a commanding general subjected to such criticism." McCain: "General I don't question your honorable service. I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy." Casey: "Senator, I do not agree that we have a failed policy. I believe the President's new strategy will enhance the policy that we have." Sen. Lindsey Graham: "In what percentage of the country would it be impossible for an American to walk down the street without being afraid of being shot at or

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killed?" Casey: "Probably about half, actually, Senator." Graham: "Here we are, two and a half years later. Half the country, no American can walk down the street." Casey "was on Capitol Hill because he's been nominated to be Army chief of staff. Despite the clashes and criticism General Casey is expected to be confirmed by a wide margin." The Washington Post (2/2, A4, Ricks, 690K) says that "summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey."

NBC Nightly News (2/1, lead story, 3:35, Williams, 9.87M) reported Casey "was grilled by members of the Senate. It was verbal combat and it got heated." NBC (Miklaszewski) added, "This was an unprecedented public reprimand of a senior US military official over the war in Iraq." And the CBS Evening News (2/1, story 5, 2:25, Martin, 7.66M) noted that "if he is confirmed, Casey will be responsible for providing all those extra troops he didn't want to send to Iraq."

Focusing on McCain's criticism, the Washington Post (2/2, A13, 690K) reports that though the senator "has been a firm supporter of the Iraq war and of…Bush's plan to send an additional 21,500 troops to Baghdad in the coming months," yesterday "he expressed stark concerns about the war." Said McCain, "Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing."

The New York Times (2/2, Cloud, 1.16M) refers to "withering criticism from some Senate Republicans," and says the exchanges "underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq." The Los Angeles Times (2/2, Barnes, 850K) reports Casey was "was berated by leading Senate critics," and describes the general as "an unenthusiastic supporter of the new strategy."

Suicide Attack Kills 45 At Baghdad Market. The CBS Evening News (2/1, story 4, :15, Couric, 7.66M) reported that in Iraq yesterday, "45 people were killed…when suicide bombers attacked a market 60 miles south of Baghdad. And in the capital, six Iraqis were killed and a dozen others hurt when a car bomb went off near a busy shopping area." NBC Nightly News (2/1, story 3, :25, Williams, 9.87M) reported "one Iraqi official says 1,990 civilians were killed in the month of January alone."

USA Today/AP (2/2, 6A) reports that in the market, two blasts "hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded." The Washington Post (2/2, A1, Londono, Sarhan, 690K) says the first explosion "sent a throng of shoppers at the covered market rushing toward another exit. There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said."

The New York Times (2/2, Glanz, 1.16M) reports "the explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. … The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite."

Baghdad Sees First Signs Of Security Crackdown. The AP (2/2, Hurst) reports, "US Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown." American and Iraqi commanders "are pulling together a force that numbers -- on paper at least -- about 90,000 troops for what many see as a last-chance drive to curb the debilitating violence that has turned Baghdad into a battleground and killed -- according to the United Nations -- more than 34,000 civilians last year alone. … Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims. It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers."

The CBS Evening News (2/1, story 6, :15, Couric, 7.66M) reported, "Iraq's government is gearing up for that upcoming security crackdown. Today it closed a key border crossing with Iran and also suspended flights to and from Syria."

American Troops Strive To Provide Positive Image To Iraqis Amid "Chaos Of War." The Los Angeles Times (2/2, Perry, 850K) reports that "a new batch of troops is trying to win the hearts and minds of the public" in Iraq. Marines face a challenge due to recent transgressions of a few soldiers as well as occasions when "insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans." Along with "dozens of deaths…suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous." Rumors and tales of mistakes about Marines in the region are "tragic but understandable in the chaos of war," according to one Haditha resident.

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Krauthammer Says US "Midwifed" Iraq's "Freedom," But Iraqis "Chose Civil War." In the Washington Post (2/2, A15, 690K), Charles Krauthammer writes, "Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. 'We did not give them a republic,' insists Newsweek's Fareed Zakaria. 'We gave them a civil war.'" Adds Krauthammer, "Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain 'give' India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda? We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?" The argument "infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war."

Administration Delays Release Of Evidence Backing Claims On Iran. The New York Times (2/2, A13, Sanger, Mazzetti, 1.16M) reports President Bush's national security advisers "have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq," senior administration officials said Thursday. The decision was described by officials "who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence." Some administration officials said there was "a continuing debate about how well the information proved the Bush administration's case." One official who has reviewed elements of the briefing "said the decision to delay it -- made by [Secretary] Rice, Defense Secretary Robert M. Gates and [NSA] Stephen J. Hadley -- was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces."

US Says It Won't Block Iran's Moves To Establish Banks In Iraq. The Wall Street Journal (2/2, A8, Solomon, Dreazen, 2.04M) reports senior Bush administration officials said the US "won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in US efforts to limit Iranian influence there." US approval of Iran's "economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq." US officials had "initially reacted coolly" to the Iranian plans, but in interviews yesterday, senior Bush administration officials 'said the US accepted the Iranian economic moves and would make no effort to block them."

Iraq Fears Being Caught In Middle Of US-Iran Tensions. The Chicago Tribune (2/2, Sly, 617K) reports, "Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies." The Bush administration's increased rhetoric towards Iran "has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the US," Iraqi officials say. Iraqi government spokesman, Ali al- Dabbagh, told a news conference Thursday in Baghdad, "We want to maintain good relations with our neighbors, especially Iran. We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others." Iraq "also wants to maintain good relations with the US," he added, "stressing that Iraq does not condone attacks against US forces in Iraq."

The Los Angeles Times (2/2, Richter, Roug, 850K) reports that "the Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs." Although the US has yet to receive and invite from the Iraqi government, "the meeting is intended to 'promote support for the government of Iraq on security and other issues,' said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States." According to Sumaidy, this summit is "part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10." This summit "comes at a time when U.S. officials have accused Iran of meddling in Iraq" and "the Bush administration…has complained that Syria is allowing foreign fighters to cross into Iraq."

Brzezinski Warns Iraq War Will Lead To Other Conflicts. The AP (2/2, Schweid) reports former national security adviser Zbigniew Brzezinski warned Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world. Appearing before the Senate Foreign Relations Committee, Brzezinski said, "If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large."

Military Source Says Israel Preparing To Attack Iran's Nuclear Sites. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column,

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that "a military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities." Sources say "the Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers" explaining their recent purchase "U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities." While "the Bush administration is hardening its position on Iran" it "is holding Israel in check from attacking" although this has not stopped Israel from acting unilaterally with its military before.

Ahmadinejad Calls UN Sanctions Ineffective. The New York Times (2/2, A10, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad "said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program." Speaking to reporters, he said Iran is "rapidly becoming a superpower," and its "strength does not come from military weapons or an economic capability." Ahmadinejad's comments come "as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the [UNSC] over Iran's nuclear program could have dangerous consequences."

The AP (2/2, Dareini) reports Ahmadinejad also "suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz." The installation would be "a major jump in Iran's uranium enrichment program, though it could take months to" complete. Meanwhile, AFP (2/2, Adler) quotes a Vienna-based diplomat as saying Iran has already begun installing centrifuges at the Natanz site.

Russia Calls For Delay In Imposing Sanctions. The Wall Street Journal/AP (2/2, A8) reports Russia Thursday "signaled that it backs a 'time-out' proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment." The Foreign Ministry said in a statement, "We believe the initiative put forward by the IAEA head...suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention."

Russia May Seek Gas Accord With Tehran. The New York Times (2/2, A10, Myers, 1.16M) reports, "Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas." He "stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations." At the same time Putin also reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks "underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions."

On its front page, the Wall Street Journal (2/2, A1, Gold, White, 2.04M) notes that "while there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the US, which still gets most of its gas within North America." The Journal also writes that the "prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever."

Chirac Again Seeks To Clarify Remarks On Iran. The New York Times (2/2, Bennhold, 1.16M) reports French President Jacques Chirac, "seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power." The statement was issued "within hours" of the publication of an interview in which Chirac "said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran." The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The Washington Times/AP (2/2, Keaten) questions whether the comments reflect that Chirac "at age 74 and in the waning months of his second and likely last term" is "losing his political touch" or "even his mental vigor?"

In an editorial, the Wall Street Journal (2/2, A18, 2.04M) writes, "They're certainly going to miss [Chirac] in Tehran" after his term ends later this year. The Journal notes that Chirac" won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse."

Regime Change Urged In Iran. Author Amir Taheri writes in the Wall Street Journal (2/2, A19, 2.04M) that the question in Tehran "these days" is "Will they hit or not?" The question is "wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite." In addition, the Khomeinist leadership is "divided over the reality of the threat, and over ways of dealing with it." While

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President Ahmadinejad "claims that the US is in no position to do much damage," the "bulk of the Khomeinist leadership, including the 'Supreme Guide' Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic." Taheri warns the international community about being "duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior." Instead, he says, "what is needed is a change in the nature of the regime."

Friedman Urges Oil Conservation To Undermine Iranian Regime. In his New York Times (2/2, 1.16M) column, Thomas L. Friedman writes that "getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union -- it overdosed on oil -- and it could end up being the real story of Iran, if we're smart." The "sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad -- and then the collapse in prices in the '80s helped bring down the overextended empire." Iran has been spending billions on subsidies "to buy off interest groups. ... So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends." The "best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours."

Afghan Parliament Urges Amnesty For Citizens From Past Wars. The New York Times (2/2, Gall, 1.16M) reports that "Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the government to grant immunity to all Afghans involved in the wars of the last 25 years." This resolution "brought protests on Thursday from human rights advocates and the United Nations…who had been working with the government on a plan to address the many abuses over the last three decades." Afghan lawmakers remain firm and support the resolution "in the interest of peace and stability" which "was approved just days after President Hamid Karzai began work on the government's reconciliation plan," including proposed "talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban."

US Military Makes Arms And Equipment Donation To Afghan Army. The AP (2/2, Faiez) reports that "the United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents. The donation included "800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back" after the more modern technology enables the Afghan National Army to evolve into "a well equipped, well-trained, well-led, self-sustaining army," according to U.S. Maj. Gen. Robert Durbin at the donation ceremony at a military base in Kabul. During the ceremony, Afghan President Karzai "thanked the U.S. officials and said that such donations and further training would enable Afghans 'to stand on our own feet.'

Rising Drug Trade Linked To Terrorism In Afghanistan. The New York Times (2/2, Risen, 1.16M) reports in detail the US deal with known Afghani drug lord and Taliban ally Haji Bashir Noorzai. After years of deals with Mr. Noorzai in an attempt to collect counter-terrorism knowledge all of the negotiations went sour resulting in his recent arrest in New York. "In Afghanistan, finding terrorists has always trumped chasing drug traffickers," according to Bobby Charles, "the former top counternarcotics official at the State Department." Illustrating the complex issues involved "in fighting the war on terrorism," when "government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful" although "it is often not clear whether the benefits outweigh the costs."

Pentagon Reorganizes Non-Fatal Casualty Statistics On Web Page. The New York Times (2/2, Grady, 1.16M) reports that "statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan." According to Dr. Michael Kilpatrick, the deputy director of force health protection and readiness at the Defense Department, "the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were." The change was motivated when "public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 'nonmortal woundings' in Iraq and Afghanistan." That number was a miscalculated mistake "from a Web page posted by public affairs employees at the Department of Veterans Affairs" who combined "combat and noncombat injuries as well as illnesses and labeling them all 'woundings' instead of casualties." Now both web sites have been changed.

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DOJ Concedes Prosecutorial Misconduct In MA Mob Slaying Case. The Boston Globe (2/2, Murphy)

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reports, "An internal Justice Department investigation concluded that a federal prosecutor in Boston 'engaged in professional misconduct and exercised poor judgment' while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday." The Globe continues, "In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that 'disciplinary action' had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone. … Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying. … Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases." The Globe notes, "In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was 'preparing a more detailed response' to an earlier letter from Wolf. … Samantha Martin , a spokeswoman for US Attorney Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, 'We are prohibited from commenting on any internal personnel matters beyond what is available in the public record.' … Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate."

Massachusetts Federal Prosecutor Heading To Main Justice. The Worcester (MA) Telegram & Gazette (2/2, Hammel) reports, "Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC." The T&G continues, "Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members." The T&G adds, "The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy. … The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here. … Mr. Casey said of his new assignment, 'I'm honored that they asked me.'" The T&G notes, "Son of a Swampscott police officer, Mr. Casey said, 'I like to prosecute violent guys. I think there's a federal interest in keeping the community safe. … In part because of the employment of his father, who died in the early 1990s, he said, 'I've always loved working with police departments.' … That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe."

CORPORATE SCANDALS:

Senate Report Finds SEC Mishandled Pequot Probe. The New York Times (2/2, Bogdanich) reports, "The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday." The Times continues, "The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management. … The report did not cite examples of what testimony might have been false." The Times adds, "The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations. … Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run. … 'At best, the picture shows extraordinarily lax enforcement by the S.E.C.,' Senate investigators concluded. 'At worse, the picture is colored with overtones of a possible cover-up.' … The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were 'deeply troubled' by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly. … The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing. … The S.E.C. closed its

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inquiry without charging anyone in connection with the Pequot inquiry."

Investors Sue Dell Alleging Improper Accounting. The Wall Street Journal (2/2, A14, Clark, Lawton, Wilke) reports, "Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip maker Intel Corp." the Journal continues, "The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as 'secret and likely illegal' kickbacks by Intel to ensure that Dell use no other chip supplier." The Journal adds, "In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors. … Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would 'move quickly' to defend itself. … The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins."

DOJ Probes Siemens For Possible Bribery. The Financial Times (2/2, Milne) reports, "Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal." The Times continues, "The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report." The Times adds, "The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact. … Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers." The Times notes, "Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said. … The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations."

AOL Case Heads To Jury After Three Months Of Trial. The Washington Post (2/2, D1, Johnson) reports, "An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001." The Post continues, "The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday." The Post adds, "Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the 'rocket docket' for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to 'look away from the facts' but instead to remember 'a lesson we all learned from the time we were children: Simply tell the truth.' … Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said. … 'These guys would rather cheat than fail,' Assistant U.S. Attorney Adam Reeves told the jury Tuesday." The Post notes, "U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo."

LATimes Criticizes Bid To Crack Down On CEO Pay. The Los Angeles Times (2/2, 850K) says in an editorial, "In 1993, outrage over sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate

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taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore." The Clinton-era "rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques." The "issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock."

CRIMINAL LAW:

FBI Agent Testifies At Libby Trial, Casting Doubt On Libby's Veracity. In a widely-distributed story, the AP (2/2, Apuzzo) reports, "In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis 'Scooter' Libby to be: not very. … Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later. 'He said that?' defense attorney Theodore Wells asked. 'That's what he claimed,' Bond replied. 'He said it,' Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in. … Bond didn't flinch: 'He told us that, yes,' she said."

Fox News' Special Report (2/1, Herridge) reported Bond "testified that…Libby told agents that Dick Cheney was his source. … However, according to the prosecution, Libby told the grand jury that he first heard the Plame information from journalist Tim Russert…a full month after Libby said he talked to the Vice President. The question is whether Libby lied or his memory failed him." MSNBC's Hardball (2/1, Shuster) noted that Bond's testimony "was dramatic, and it was all about Vice President Cheney. … This is a huge deal politically, as far as the vice president is concerned. It's also very big deal legally, as far as Scooter Libby is contend, because it's yet another nail in the coffin for prosecutors to show that Scooter Libby had motive to lie about his statements about where he learned information about Valerie Wilson."

Under the headline "Libby Left Out Some Facts In Interviews, FBI Agent Says," the Washington Post (2/2, A8, Goldstein, Leonnig, 690K) reports, "Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information." The Post adds, "During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12."

Under the headline "F.B.I. Agent Says Libby Denied Being Leak Source," the New York Times (2/2, Lewis, 1.16M) reports, "In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson's criticisms. The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters."

Jurors See Video Of McClellan Saying Libby "Had Nothing To Do" With Leak. USA Today (2/2, Willing, 2.27M) reports, "Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis 'Scooter' Libby 'had nothing to do' with leaking information about the wife of a Bush administration critic. … After McClellan spoke, Libby 'couldn't walk back from his story' without risking being fired," Special Prosecutor Patrick Fitzgerald argued. "The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton," and "Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — 'had nothing to do with the situation.'"

In its story focusing on FBI Special Agent Deborah Bond's testimony yesterday, the Washington Post (2/2, A8, Goldstein, Leonnig, 690K) notes that before allowing jurors to see the video excerpts, Walton "expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom…Walton said that argument was undercut by evidence that…McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame." Under the headline "Video Undercuts Libby's Defense," the Los Angeles Times (2/2, Schmitt, 850K) also reports that the McClellan video "dealt a blow" to Libby's "contention that he was made a scapegoat to protect White House political strategist Karl Rove." The Times also briefly notes Bond's testimony about Libby's conversation with Cheney about Plame.

Ignatius Says Cheney, Libby Attempted "Cover-Up." In a Washington Post (2/2, 690K) column titled "A

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Failed Cover-Up," David Ignatius writes, "Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb?" The Libby "trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA." After reviewing "the documentary evidence" from the trial, Ignatius concludes, "Let me say it again: This trial is about a cover-up that failed."

Crackdown On Online Gambling Freezes Funds. USA Today (2/2, Swartz) reports, "The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services." USA continues, "The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry. … And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers." USA adds, "Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved. … 'The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place,' says Michael Tew, principal of gaming consultant CapitalHQ. 'This could take years.' Funds from other gambling sites are not tied up, Tew and others say." USA notes, "Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. … Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling. … Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business."

Jury Convicts New York Drug Kingpin Of Rivals' Murder Plot. The AP (2/2, Hays) reports, "A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 to have two rivals gunned down in 2001." The AP continues, "A jury deliberated five days before finding Kenneth 'Supreme' McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued." The AP adds, "In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent. … The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv 'Gotti' Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. … Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate. … 'That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens,' prosecutor Carolyn Pokorney said during closing arguments. 'And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue.'" The AP notes, "The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole. … U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an 'absurd' waste of time and money. The prosecutors told him this week the officials had not changed their minds."

The New York Times (2/2, Rashbaum) reports, "Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer." The Times adds, "The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years."

Judge Revokes Bail Of Former UN Official Charged With Bribery. In a widely-distributed story, the AP (2/2, Neumeister) reports, "A judge revoked the bail of a

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former senior United Nations official and ordered him detained until his trial on bribery charges. Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. … Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial." The AP adds, "Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States. The judge said his immigration status was 'precarious' but not illegal."

Coke Trial Jury Deadlocked, But Judge Says To Continue Deliberations. In a widely-distributed story, the AP (2/2, Weber) reports, "A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision." US District Judge J. Owen Forrester "did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams."

FBI, New Jersey AG Investigating Nonprofit's Land Deal. The Camden Courier-Post (2/2, Walsh) reports, "State and federal investigators are probing a private nonprofit organization run by Randy Primas," former Camden chief executive. "The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes. The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year." The Courier-Post notes Primas "previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group."

The Philadelphia Inquirer (2/2, Ott, Moroz, 385K) reports, "Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday. The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families."

South Florida Genovese Capo Pleads Guilty To RICO Charges. In a widely-distributed story, the AP (2/2, Anderson) reports, "The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison. Renaldi 'Ray' Ruggiero, 73, admitted in a plea agreement that he was a 'capo' in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property." The AP notes, "The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130 other undercover recordings that provide details about the group's plots and crimes. Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending."

The South Florida Sun-Sentinel (2/2, Blum, 237K) reports, "The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved. Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew 'broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect.' Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent."

Phoenix FBI Agents Arrest Priest Wanted For Assault In Nevada. In a widely-distributed story, the AP (2/2, Myers) reports, "A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said. The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix." The federal unlawful flight "charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said." The AP notes, "In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine."

Indiana Man Pleads Guilty To Katrina Relief Fraud. The Fort Wayne News-Sentinel/AP (2/1) reported Alan King of Bloomington "pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college

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loans, federal authorities said. … Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005."

Mississippi Women Charged With FEMA Relief Fraud. The Biloxi Sun Herald/AP (2/1) reported, "Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina. Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26." The AP notes, "Indictments…say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005."

Massachusetts Man Sentenced To Four Years In Prison For Defrauding Cisco. The Boston Herald (1/31, Fitzgerald, 184K) reported, "A Pepperell man and former worker at Hanscom Air Force Base was sentenced" Tuesday "to more than four years in prison for scamming Cisco Systems out of more than $4.7 million." Nicholas Stoupis, "who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment." The AP (1/31) also reported on the sentencing.

Judge Revokes Bail Of Alleged Pennsylvania Child Pornographer. The Philadelphia Inquirer (2/2, Shiffman, 385K) reports, "A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography. Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl." The Inquirer notes, "Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children. In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail."

Report Warns Of Increasing Deaths, Imprisonment Of Reporters. The AP (2/2, Yen) reports, "The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday." The AP continues, "The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia." The AP adds, "In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links. … 'There has never been a more dangerous time to be a journalist,' said Lucie Morillon, Washington director of Reporters Without Borders. 'But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate.'" The AP notes, "The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S. … At least 60 people are in prison worldwide for posting criticism of their governments online. … China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said. … In the U.S., the report said journalists and bloggers' 'freedom of expression' is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike. … Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course. … Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism."

Inmate Who Escaped With Official's Wife Is Sentenced. The New York Times (2/2, Blumenthal) reports from Mangum, OK, "A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping. … Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember." The Times continues, "The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living

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together in a trailer on a chicken farm in East Texas in April 2005. … Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live. … But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying."

Mother Reunited With Abducted Boy. The Washington Times (2/2, Wagner) reports from Linthicum, MD, "A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national. … 'My grandma told me we would never find him,' said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport." The Times continues, "Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale. … Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status." The Times adds, "Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother. … She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children."

DC Transit Police Cracking Down On Metro Robberies. The Washington Post (2/2, B3, Sun) reports, "The number of robberies throughout the Metro transit system increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday." The Post continues, "The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies. … Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said." The Post adds, "In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell. … Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said."

"Failure To Appear" Charges Face Opposition In Connecticut. The New York Times (2/2, Cowan) reports from Norwalk, CT, "Some call the 'failure to appear' charge a prosecutor's best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms." The Times continues, "Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison." The times adds, "Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back. … It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge. … She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance." The Times notes, "Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield. … At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge. … Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls 'other offenses.'"

Kaine Questions Expansion Of Death Penalty In Virginia. The Washington Post (2/2, B5, Shear, 690K) reports Virginia Gov. Timothy M. Kaine, "who ran for office pledging to enforce the death penalty despite his personal

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opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment." Speaking to Washington Post reporters and editors, Kaine "questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges." Kaine said, "I do not look at the expansion of the death penalty with a favorable eye. … I would not say that the problem in Virginia is that the death penalty is not applied enough." The Post adds Kaine also "discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs."

CIVIL LAW:

FEC To Examine 527 Group Activities. The Washington Post (2/2, A13, Mosk, 690K) reports the Federal Election Commission "said yesterday that it will police '527' groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for contributions, how they describe themselves, and how they spend their money." If the groups "make clear that they are advocating for or against a specific candidate, the FEC would regulate them." FEC Chairman Robert D. Lenhard said, "We're providing clear guidance. This makes it clear that the existing rules will be enforced." The Post adds the FEC "filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups."

CIVIL RIGHTS:

DOJ Suit Claims Pennsylvania Apartments' No-Dog Policy Discriminates Against Blind. The AP (2/2) reports, "The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster (PA) apartment complex, alleging their rental policies discriminate against the visually impaired." The AP continues, 'The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides." The AP adds, "Department of Justice officials posing as potential renters conducted the investigation into the complex's policies. … The investigation found the apartments use discriminatory housing practices by 'refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling,' the complaint said." The AP notes, "The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected. … 'The services of guide dogs are essential to individuals with visual impairments,' Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. 'Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment.'"

DOJ Settles Voting Rights Allegations With New Mexico County. The AP (2/2) reports from Grants, NM, "The U.S. Department of Justice has settled voting rights claims against Cibola County (NM). … The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday." The AP continues, "Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county. … The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge. … 'I felt that the county had been complying but the Justice Department felt there were a few problems' that warranted the extension, Diaz said." The AP adds, "American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said. … Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it. … The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls."

Mississippi Voting Rights Trial To Resume February 15. The AP (2/2) reports from Jackson, MS, "A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections." The AP continues, "Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial

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minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites. … Noxubee County is a rural area along the Alabama line with a majority black population." The AP adds, "On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice. … Lee, who is hearing the case without a jury, has not indicated when he might rule. … The trial began Jan. 16 in federal court in Jackson." The AP notes, "Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped. … The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority. … However, Justice Department expert Theodore Arrington said Brown and his 'political machine' have exploited the election process to ensure blacks control the county."

Alabama Appeals DOJ Ruling On County Commissioner's Appointment. The Mobile Press-Register (AL) (2/2, Murtaugh) reports, "The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision 'an affront to the state's sovereignty and federalism itself.'" The Press-Register continues, "In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang. … The Justice Department's decision 'invites chaos into state governmental functioning,' the letter stated." The Press-Register adds, "Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it 'appears to diminish the opportunity of minority voters to elect a representative of their choice.' … The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace." The Press-Register notes, "Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters. … A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking."

Texas Deputy At Center Of Furor Over Convicted Border Agents. The Washington Times (2/2, Seper) reports, "A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States." The Times continues, "The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month. … The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year – 'followed the letter of the law' in defending himself in the April 2005 incident and questioned why the government brought charges. … 'This is a fine young man, and I just don't believe he committed the wrong of which he was accused,' Sheriff Letsinger said. 'I have never had anything hurt me so badly as this prosecution. We've got to make this right.'" The Times notes, "Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as 'Gilmer,' 'another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America.' … 'Once again, our government is on the wrong side of the border war,' Mr. Poe said." The Times notes, "The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills. … U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away 'knowing it was occupied with the nine individuals,' at least seven of whom were illegal aliens -- some of whom later were called to testify for the government. … Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating 'under the color of law' the civil rights of Maricela Rodriguez-Garcia, a Mexican national."

DC Hairdresser Sued For Sexual Harassment. The Washington Post/AP (2/2, C07) reports, "Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months." The AP continues, "An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia." The AP adds, "Lawyers for Chreky and his salon denied Barrett's

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allegations. Chreky is fighting similar charges by another former employee, Jennifer Thong, who sued in September. … Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving."

Florida To Abandon Touch-Screen Voting Machines. The New York Times (2/2, Goodnough, Drew, 1.16M) reports Florida Gov. Charlie Crist "announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election." Voting experts "said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count."

55% Say Military Should Let Gays, Lesbians Serve Openly. The Wall Street Journal (2/2, 2.04M) reports a "new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military." By comparison, "19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve 'only if they keep their sexual orientation a secret,' and 18% said they should 'not be allowed to serve in the military at all.'" The survey, "conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's 'Don't Ask, Don't tell' policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military." Forty-six percent "said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%)."

ANTITRUST:

US Subpoenas PackerKiss Securities In Bond Probe. Bloomberg (2/2, Cataldo) reports, "PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market." Bloomberg continues, "The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week. … 'As a registered broker dealer we are required to maintain all the files and records that the subpoena requested,' said Mary Packer, the company's president, in a telephone interview. 'We fully cooperated in supplying these in the full knowledge they were complete and absolute.'" Bloomberg adds, "PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding. … U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial."

Microsoft Plans To License Instructions In Bid To Pacify EU. The AP (2/2) reports, "In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers." The AP continues, "The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate." The AP adds, "EU regulators fined Microsoft in July for failing to submit the 'complete and accurate' data it said was needed for rival server software to work with Microsoft's ubiquitous Windows desktop operating system. … Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols. … Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive."

United Airlines CEO Sees Mergers As Still Viable. USA Today (2/2, 3B, Adams) reports, "US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for

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other airline mergers, United Airlines CEO Glenn Tilton said Thursday." USA continues, "Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines 'would be different if the two companies and the boards agreed.' … A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers." USA adds, "He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues. … His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have 'ground to a halt.' … US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer."

ENVIRONMENT:

Report Expected To Heighten Pressure On Governments To Reduce Emissions. The CBS Evening News (2/1, story 8, 2:40, Couric, 7.66M) reported, "The world's leading scientists will release their highly anticipated study on global warming tomorrow, and the news is not good." CBS (Phillips) added, "The grim report to be issued [in Paris] tomorrow by the world's top climate scientists is expected to go further than ever before in laying the blame for global warming on human activity." Phillips: "In the same way as the US took a long time to accept the realities of global warming and its human causes, the Bush Administration is now stressing a very different response to most countries in how to respond to it." The US "is counting on future science. It's funding a study to see if millions of reflective plates launched into space and positioned between the earth and the sun could reflect enough energy away to limit the warming, a giant space sunscreen that even the man studying it says is a hugely expensive, desperate idea." Pressure on the US to reduce greenhouse gases "will continue to rise, just like the temperature of the planet."

The Wall Street Journal (2/2, A4, Naik, Ball, 2.04M) says the report, to be published today by the Intergovernmental Panel on Climate Change, "is expected to increase pressure on governments and companies to reduce fossil-fuel emissions." A summary of the report "is expected to assert that human activity is 'very likely' the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions." The "document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change." EPA Administrator Steve Johnson "hailed the IPCC report, saying, 'Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us.'"

USA Today (2/2, 6A, O'Driscoll, 2.27M) reports, "Numerous scientists who had seen previous drafts or participated in the global project have told USA TODAY and other news agencies in recent days that the report foresees worse heat waves and droughts, more powerful storms, heavier rain and gradually rising sea levels as temperatures rise and polar ice continues to melt." The "White House said it would review the report. 'The president has long said that humans are playing a role in global warming, and he's put forward programs to address it,' White House spokesman Tony Fratto said."

The Los Angeles Times (2/2, Maugh, 850K) reports the panel says warming "has become a runaway train that cannot be stopped. The warming of Earth and increases in sea level 'would continue for centuries ... even if greenhouse gas concentrations were to be stabilized," according to a 20-page summary of the report that was leaked to wire services.'" The Times adds, "Many scientists had argued during the editing process that the report should say it is a "virtually certain" that human activities are causing global warming. That would indicate a 99% certainty. But the change was strongly resisted by China, among other nations, because of its reliance on fossil fuels to help build its economy."

USA Today Urges US To Confront Global Warming. In an editorial, USA Today (2/2, 8A, 2.27M) writes that today's report "makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps." The "political climate for change appears to be improving, perhaps radically, despite the cost. ... Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address." States "have started responding out of frustration at the mismatch between federal inaction and the severity of the problem." The US "has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming."

Cato Scholar Warns Against Wasting Billions In Futile Attempt To Curb Warming. In a USA Today (2/2, 8A,

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2.27M) op-ed, reports, Patrick J. Michaels of the Cato Institute writes, "Climatically, Kyoto would do nothing." The "stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and -- a truth that everyone must know -- we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming." The "best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future." Instead of "burning our capital now for no environmental gain (did someone say 'ethanol?'), let's encourage economic development so people can invest and profit in our more efficient future."

Judge Mulls Release Of Material From Rocky Flats Grand Jury. The AP (2/2, Sarche) reports from Denver, "A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant. … But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released 'cast us adrift in uncharted waters.'" The AP continues, "Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released. … Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules." The AP adds, "The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released. … In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future. … Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released. … 'These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious,' Matsch said."

CDC Issues Guidelines For Battling Flu Pandemics. The Washington Post (2/2, A3, Brown, 690K) reports the Centers for Disease Control and Prevention issued guidelines for battling flu pandemics yesterday afternoon, as noted in yesterday's briefing. The guidelines recommend that states "be prepared to keep children out of school for three months," and businesses "should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work." The 106-page document also outlines "'non-pharmaceutical interventions' against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness." Moreover, "states and metropolitan areas would decide when to invoke various measures, such as, closing schools and banning concerts and sporting events." But the guidance "did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged." "'We don't expect we would be able to protect everybody,' the CDC's director, Julie L. Gerberding, said at a news conference" in Washington, D.C.

The AP (2/2, Stobbe) reports that "Federal officials say they don't expect a vaccine will be available" for a pandemic virus "until at least six months into a pandemic" and "on Thursday, Mr. Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus." Under Leavitt's declaration, "all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010." The Journal notes that "although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300-million residents become ill."

The New York Times (2/2, McNeil, 1.16M) reports that while "[h]ealth officials acknowledged that such [flu pandemic] measures would hugely disrupt public life," they "argued that these measure would buy the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months." Dr. Martin Cetron, director of global migration and quarantine for the Centers for Disease Control and Prevention, in releasing the guidelines, said, "We have to be prepared for a Category 5 pandemic. It's not easy. The only thing that's harder is facing the consequences. That will be intolerable."

Army Corps Releases Locations Of 122 Substandard Levees. USA Today (2/2, 1A, Eisler, 2.27M) reports on its front page that the Army Corps of Engineers bowed "to demands from news organizations"

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Thursday and "revealed the locations…of 122 levees nationwide that are so poorly maintained they could fail in a major flood. Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people." Maj. Gen. Don Riley, director of civil works for the corps, "said communities have one year to fix the problems." USA Today adds, "Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees."

ABC World News (2/1, story 6, 2:35, Gibson, 8.78M) reported, "In most communities, the strength and solidity of…levees are taken for granted. … Today, a new report says 122 levees all around the nation are in danger of failing, and the report says government at all levels has been lax in maintaining the flood walls." ABC (Stark) added, "This list may be the tip of the iceberg. There are other levees also in trouble for structural problems. Local officials are pleading for federal dollars to help."

The New York Times (2/2, 1.16M) reports, "In most cases, the corps built the levees and handed them over to local communities to maintain them. The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said. There is more work to be done, he said, adding, 'It is a concern.'"

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years. The AP (2/2) reports from Tampa, FL, "A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said." The AP continues, "Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said. … Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering." The AP adds, "During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest. … 'The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort,' said U.S. Attorney Paul I. Perez. 'The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue.'"

"Operation Dawg Pound" Targets Bloods Gang In New Jersey. The New York Times (2/2, Kocieniewski) reports police on Thursday "arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey. Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as 'Money, Sex, Murder,' are considered the state's most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005."

The AP (2/2) reports, "Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids. … Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print." Newsday, WINS Radio in New York, and the Carlisle Pennsylvania Sentinel are among the news outlets that used the AP story.

The Philadelphia Inquirer (2/2) reports, "Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder. … County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol."

The Trenton (NJ) Times (2/2) reports, "By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang."

Neptune, New Jersey's Asbury Park Press (2/1) reported state, federal and local law enforcement officials "arrested 17 adults in a new offensive against the Bloods street gang. Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons."

The Cherry Hill (NJ) Courier-Post (2/1) reported the raids "were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who

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authorities said were directing gang activities from inside state prison."

The Newark (NJ) Star-Ledger (2/2, Hepp) reports authorities yesterday "arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs. More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. … [Bobby] Williams…was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant."

On its Web site, WPVI-TV, Philadelphia (2/1) reports, "Among those arrested…at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang. After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community."

WABC-TV, New York (2/2) reports on its Web site that state police "say this is a major assault on the 'Bloods' street gang, which have become notorious across the state for drug activity and gun violence."

Federal Officials' Handling Of Afghan "Drug Lord" Case Scrutinized. The New York Times (2/2, Risen) reports that in April 2005, federal law enforcement officials "summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch...the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York. Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging. … In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs." The Times adds, "Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command."

St. Kitts Man Gets 11-Year Sentence In Cocaine-Smuggling Case. The Sun St. Kitts/Nevis (2/1) reported that in about 11 years, Glenroy "Bobo" Matthew "could be released from a U.S. federal prison to be reunited with his family in St. Kitts. Earlier this week, Matthew was sentenced by U.S. District Court Judge K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release. The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States." The case "was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts."

Georgia Man Faces Attempted Murder Charges Following Drug Investigation In New York. The AP (2/2) reports a drug suspect from Georgia "was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room. A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine. … The agents closed the hotel room door and after a few minutes talked [Colin] Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room." Georgia's Columbus Ledger-Enquirer and WSTM-TV in Syracuse used the AP story.

Former Maryland Teacher Gets 6-Year Sentence In Meth Case. The Columbia (MD) Flier (2/1) reported a former River Hill High School social studies teacher "was sentenced in January to six and a-half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine. On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release. Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police."

ATF, FBI Probing Similar Bombs Found In Kansas City, Chicago. The Kansas City Star (2/2, Morris) reports, "Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected." The Star continues, "Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service. … It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's

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mail facility, she said." The Star adds, "A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as 'threatening.' … The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials." The Star notes, "Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured. … Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads."

13 In San Diego Charged With Weapons Violations In "Operation Colt .45." The San Diego Union-Tribune (2/2, Soto, 324K) reports, "Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday. … They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years. The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office. 'San Diego gang members routinely buy and sell firearms as a commodity,' he said, noting several of the guns had been stolen in other states." The Union-Tribune notes, "The investigation was called 'Operation Colt .45' and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives."

Connecticut Gun Dealer Pleads Guilty To Federal Violation. The Connecticut Post (2/2, Mayko) reports from Bridgeport, KT, "Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, 'I'm glad it's over.' … With one word – 'guilty' -- D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford." The Post continues, "Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device. … The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices. … But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out." The Post adds, "Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001. … Yet, they also sought his help as a witness in some federal prosecutions. … It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted."

ATF Gang Probe Leads To Drug Charges Against Two In Washington. The Seattle Post-Intelligencer (2/2, Gutierrez) reports, "Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday." The P-I continues, "Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said. … The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation." The P-I adds, "This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office. … 'Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact,' said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office." The P-I notes, "The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court."

IMMIGRATION:

Judge Rules Louisiana Law Banning Illegal Immigrants From Driving Unconstitutional. The AP (2/2) reports from Gretna, LA, "A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional." The AP continues, "In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002,

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illegally steps on federal immigration law. … The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans." The AP adds, "The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said. … Under the law, any 'alien student' or 'nonresident alien' who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000. … The law also requires state authorities to report violators to the federal Immigration and Naturalization Service." The AP notes, "Grant said the definition of 'alien student' or 'nonresident alien' was different from that contained in federal law. The identification requirement 'exceeds the standard contemplated by federal immigration law,' the judge wrote. … Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said."

Texas Immigration Raid Nets 53 Arrests. The AP (2/2) reports, "Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said." The AP continues, "U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua." The AP adds, "Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said. … The company has yet to learn why some workers were arrested, Flower said." The AP notes, "Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week."

Martinez Endorses Guest-Worker Measure. The Washington Times (2/2, Lambro, 88K) reports, "Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with 'earned citizenship' requirements for illegal aliens." Martinez, "whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, 'I don't support deporting these people because I don't believe that's a realistic approach.'" In an interview with The Washington Times, he "acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, 'My views on immigration are not well understood.'" Added Martinez, "I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things. … But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here."

End Of Catch And Release Said To Have Placed Strain On Immigrant Detention System. In a front page article, the Washington Post (2/2, A1, Hsu, Moreno, 690K) reports the "futuristic tent city" in Raymondville, Texas, built "to keep pace with Washington's increasing demand for stronger enforcement of immigration laws." It "marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home." The change "has led to a dramatic decline in border crossings by non-Mexicans, according to the US Immigration and Customs Enforcement agency. But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams," with detainees "confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. … Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville 'a modern, clean facility' that meets federal standards – 'which we believe are among the highest you'll find anywhere.'"

TAX:

Protective Order Granted In Nebraska Tax Case. The North Platte (NE) Telegraph (2/2, Lindenberger) reports that attorneys representing "Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte." The Telegraph continues, "Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload." The Telegraph adds, "The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners. … Those who were scheduled to

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appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden." The Telegraph notes, "Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return. … The Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS."

Judge Rejects Tax Shelter Once Sold By KPMG. The New York Times (2/2, Browning) reports, "A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters." The Times continues, "The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders." The Times adds, "The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure. … It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio." The Times notes, "Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998. … Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002. … Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips."

CONGRESS-ADMINISTRATION:

Bush To Seek $70 Billion Savings From Medicare, Medicaid. The New York Times (2/2, Pear, 1.16M) reports President Bush will "ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday." The proposals, "part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats." Bush is "also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level."

Bush To Propose Large Boost In Pell Grants. The Washington Post (2/2, A5, Paley, 690K) reports, "The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable." U.S. Secretary of Education Margaret Spellings announced during a speech at North Carolina State University in Raleigh yesterday the proposed increase in the maximum Pell grant by $550 to $4,600. In response, "advocates for students hailed the proposed expansion" but "cautioned that it would be meaningless if offset by cuts to other federal aid programs." Massachusetts Sen. Edward M. Kennedy (D) said that "he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years."

The New York Times (2/2, Pear, 1.16M) reports, "Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100."

The Washington Times (2/2, Fagan, 88K) reports the administration is proposing to "increase the grants to $5,400 over five years, the largest five-year increase ever." The plan is expected to "meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education. But the government has been under pressure to help more because

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rising college costs are making it increasingly difficult for some to attend college."

The AP (2/2, Pope) reports, "Education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs." Spellings said that it "would be paid for with increased revenues and 'efficiencies' that she declined to specify, saying details would be released with the president's budget announcement Monday." While, Sen. Kennedy said the proposal "shows how a Democratic Congress is changing the nation's priorities," "increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education."

Portman Defends Bush Budget Plans. In a New York Times letter to the editor (2/2), Office of Management and Budget director Rob Portman says, "In 'The Budget Illusion' (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency. On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012. The editorial specifically warns against 'pie in the sky' revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious."

Labor Department Official's Email Highlights Budget's "Weaknesses." In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs." David James, 'an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled 'DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out.'" One "part of the e-mail highlighted 'Vulnerabilities/Democrat Attacks.' One budget proposal is to 'consolidate and streamline' four training programs, the e-mail said, but 'Democrats portray this as simply a cut on worker training' and oppose it." Another proposal "calls for 'a reduction in the budget' for the Bureau of International Labor Affairs and having 'other federal entities' take over the bureau's 'grant-making function.' 'This will be attacked as neglecting international child labor programs,' James's e-mail said."

"Emergency" Bill Expected To Include Unneeded Spending. USA Today (2/2, Yaukey, 2.27M) reports the Bush Administration next week "is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan." The spending bill is "supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007." But military budget analysts "and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well."

Democrats Put Imprint On 2007 Spending Measure. The Christian Science Monitor (2/2, Chaddock, 59K) reports after "blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy." It is the "first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities." In a "bid to move quickly, House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one. The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for 'unmet needs,' including veterans' healthcare, low-income housing, education, and some 500 research programs." In "Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class." Their "targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention."

OMB Deputy Director Suggests There Has Been Too Little Congressional Oversight. The AP (2/2, Ben Feller) reports, "A White House management official said Thursday there is 'very little real accountability' in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress. 'There cannot be enough accountability in the federal government,' said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. 'There is very little today. Very little real accountability.'" However, "Johnson challenged Democratic lawmakers to help solve problems -- not just hold hearings about them." He also "said Democrats can expect candor and cooperation."

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OMB Wants Agency Employees To Make Federal Programs More Effective. Under the headline, "A Tale Of Mice Illustrates How To Save Money," the Washington Post's (2/2, D4, Barr) "Federal Diary" column reports, "For an example of how federal employees can make a difference," OMB "offered up the story of feeder mice. When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails." Clay Johnson called the "feeder mice 'my favorite example' of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important." The OMB "wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices." The Post adds, "Federal employees are key to making programs more effective, Johnson said."

Bush Approval Edges Up To 38% In Fox News Poll. Fox News' Special Report (2/1, Hume) reported, "The latest Fox News/Opinion Dynamics Poll finds Americans feeling slightly more favorable about President Bush. His job approval rating rose to 38 percent, that's from 35 percent just two weeks ago. Not great, but better. Congress, however, seems to still be in the doghouse with Americans; 33 percent now approve of the job Congress is doing, about the same as those asked in mid January."

Bush Says Cheney Optimistic, Not Out Of Touch. In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Vice President Cheney has taken a pounding in the biased liberal media for touting the 'enormous successes' in Iraq. He's been called 'a little crazy,' 'crazy as a loon,' 'a compulsive liar' and 'deranged.'" But President Bush, "who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is 'a person reflecting a half-glass-full mentality,' which translated into English means he sees the glass half-full, not half-empty." Bush, "making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. 'And there is distrust in Washington,' he told NPR's Juan Williams on Monday. 'I am surprised, frankly, at the amount of distrust that exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it.'"

Senate Passes Minimum Wage Hike With Business Tax Cuts. The CBS Evening News (2/1, story 2, :20, Couric, 7.66M) reported, "The country's lowest paid workers may finally be get a raise. The Senate voted today to increase the Federal minimum wage for the first time in a decade. The jump from the current $5.15 an hour to $7.25 would be phased in over two years. The House has also voted for a wage hike, but the Senate bill includes some controversial tax provisions and it may take months to work out a compromise." The NBC Nightly News (2/1, story 5, :30, Williams, 9.87M) noted the Senate "linked the wage hike to tax cuts for small businesses. … The two houses have to agree on a final version before anything can be sent to the President."

USA Today (2/2, 5A, 2.27M) reports the Senate tally was 94-3, and says Majority Leader Harry Reid "raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to…Bush." The Wall Street Journal (2/2, A4, Lueck, 2.04M) also notes Reid "questioned whether 'we need all these business pieces of sugar' in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-wage increase could emerge from a House-Senate conference without the tax breaks. 'If we go through the process and go through a conference and the message comes back, "You can have the minimum wage stripped down or not at all," then we'll face another vote,' Mr. Durbin said. 'We need Republicans to pass it. If they continue to oppose it, then it will not pass.'"

The New York Times (2/2, Zernike, 1.16M), however, reports that although Reid "said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try," his office "later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations."

The AP (2/2, Kuhnhenn) says "the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress." Now "the measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff." House Speaker Nancy Pelosi "has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill." In a statement, President Bush "encouraged House Democrats to accept the Senate version of the bill. 'The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued

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economic growth,' Bush said." But "AFL-CIO President John Sweeney vowed to 'turn up the volume' to pass a bill without tax breaks." The three senators voting against the bill were Republicans "Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina."

The Washington Post (2/2, D1, Montgomery, 690K) reports, "As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases." It "would extend for five years a tax credit for employers who hire welfare recipients and 'high-risk youth' and expand the provision to include disabled military veterans. To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty." McClatchy (2/2, Talev) notes Sen. Ted Kennedy, "the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the 'least offensive' possible because it includes incentives for hiring minorities and disadvantaged Americans."

The Washington Times (2/2, Miller, 88K) reports "Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version. … Ways and Means Committee spokesman Matthew Beck said Republicans were 'holding hostage' the wage increase."

Minimum Wage Hike Seen As Not Enough To Help Poor. In a Washington Post op-ed (2/2, A15), former Clinton adviser Thomas Z. Freedman says the US should "raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford." On its own, "the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough." It would "take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be." A "better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC)."

Bush Says Healthful Diet Is Individual, Not Government Responsibility. The Washington Post (2/2, A5, Abramowitz, 690K) reports "President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns." However, "[a]s described by those present, the meeting was cordial" but "the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as, banning the marketing of junk food to children or requiring more detailed nutritional labeling." Bush told the "executives that it is an individual's responsibility to maintain a healthful diet, not the government's."

USA Today/AP (2/2) also covers the Bush meeting, noting that "more than 10-million school-age children in the US -- about 18% -- are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12." The New York Times (2/2, 1.16M) also carries the AP story.

Democrats Rescue Bush Global Health Package. The New York Times (2/2, Dugger, 1.16M) reports, "At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year. That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans."

Bush Administration To Give Vaccine Companies Immunity From Avian Flu Suits. The Wall Street Journal (2/2, A12, Zhang, 2.04M) reports, "The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain. The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health." HHS invoked the clause last week in a directive that cited "a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

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FDA Reform Proposals Contain "Bitter Pills" For Pharmaceutical Companies. The Wall Street Journal (2/2, Mathews, 2.04M) reports, that "big reforms" Congress may pass for the FDA "could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines." The Journal continues, "Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising." The Journal adds, "Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans."

Congress Moves Quickly On Children's Health Insurance Program. The AP (2/2, Freking) reports that while Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage," it is "moving more quickly to renew" the State Children's Health Insurance Program, "a program that now provides coverage to 6 million people, mostly children," and expires Sept. 30. The AP continues, "When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector."

Senate Democrats Urge Stricter FCC Rule Enforcement. The New York Times (2/2, Labaton, 1.16M) reports, "Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees." In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the FCC chairman, "and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T." Lawmakers also "questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review." The Times adds "the aggressive questioning by the panel's senior Democrats -- including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and Barbara Boxer of California -- suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission."

The Washington Post (2/2, D2, Babington, 690K) reports "several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership," said Dorgan, have been "a spectacular failure." Dorgan "railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city."

USA Today (2/2, Davidson, 2.27M) notes Martin "faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger." Inouye the chairman "did not intend to 'stand by the deal' and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions." The Washington Times/Cox News Service (2/2) runs a similar story.

Frank To Push For Data Privacy Laws. The Washington Post (2/2, D3, Krebs, 690K) reports, "Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest" from House Financial Services Committee Chairman Barney Frank, who says "he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands. Frank also said he wants retailers to be held more accountable for data breaches. … While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation."

Two More Lawmakers Criticize Baca, But Don't Resign From Hispanic Caucus. The Los Angeles Times (2/2, Simon, 850K) reports, "The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women. Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign." Rep. Hilda L. Solis "complained about the 'lack of respect afforded to women members of the Hispanic Caucus.'" And Rep. Linda T. Sanchez "stood by her sister and fellow congresswoman,

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saying: 'I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members.'" On Wednesday, Loretta Sanchez "told the Politico, a new Capitol Hill newspaper, that Baca had called her a 'whore.'" Baca "denied the charges Thursday, saying, 'These accusations are categorically untrue.'" This morning, The Politico (2/2) notes that in a statement, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements."

The AP (2/2, Werner) reports, "Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November." Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez "subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats." The AP adds, "Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups."

NYTimes Calls For More Protection For Federal Judges. The New York Times (2/2, 1.16M) says in an editorial, "One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack."

OTHER NEWS:

Bush, Democrats Painting Dramatically Different Economic Pictures. The AP (2/2, Raum) reports, "The booming economy that President Bush paints is a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college. The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right -- and wrong. It just depends on what numbers you summon." The AP adds, "Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months. Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady. But hold on." Presidential candidates John Edwards and Barack Obama have argued the country is seeing an increasing "rich-poor" divide. Obama has "cited 'skyrocketing health care bills,' lost pensions and struggles to pay for college." Also, "the cutback in building has led to thousands of layoffs in the construction industry, Democrats note."

Strength of Job Market Led Fed To Decide Against Rates Cuts. The Wall Street Journal (2/2, C1, Hilsenrath, 2.04M) reports, "Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market. Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster." The unemployment rate "fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ." In a story titled "Fed's Inflation Dilemma," the Wall Street Journal (2/2, A2, Ip, 2.04M) also examines the debate inside the Fed about "an explicit target for inflation," in which some prefer "an implicit, or 'soft' target." The debate "reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises. Currently, the Fed's…doesn't specify what rate or range of inflation it thinks would fulfill that goal."

Americans Have A Negative Savings Rate. ABC World News (2/1, story 4, 2:40, Gibson, 8.78M) reported, "There was a revealing and some might say alarming report about what Americans are doing with their paychecks. They now have a negative savings rate. They spent 1% more last year than they earned. That represents the lowest personal savings rate since the great depression. Betsy Stark joins us now. It sounds frightening when you say Americans are spending more than they earn." The CBS Evening News (2/1, lead story, 2:30, Couric, 7.66M) said, "There is no way around it, we Americans are addicted, addicted to spending. And we're spending more than we're earning."

Dow Soars To New Record. NBC Nightly News (2/1, story 6, :20, Williams, 9.87M) reported, "On Wall Street here in New York today, another record close for blue chip stocks. The Dow gained just under 52 points [to close at 12,673.68] on this day to finish at a new record of 12, 673 at the close. NASDAQ was up more than 4 points [to close at 2,468.38] on the day." The Washington Post/AP (2/2, D5) notes the Standard & Poor's 500-stock index "rose 7.70, or 0.54 percent, to 1445.94." The Wall Street Journal (2/2, C1, McKay, 2.04M), among other newspapers, also reports the stock numbers.

Manufacturing Activity Down In January. The Wall Street Journal (2/2, A2, Conkey, 2.04M) reports, "Dogged by

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excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer." The Institute for Supply Management "said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December. Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries." The slowdown "follows a four-year growth spurt in the manufacturing sector." The Financial Times (2/2, Callan), taking a more negative view, says "the US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey. … The poor performance underlined economists' fears that the sector could be sliding into recession."

GOP Fundraising Slow Since Election Defeat. The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning, "Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million."

Sharpton Grills Biden Over Remarks On Obama. The AP (2/2, Fouhy) reports, "Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama 'articulate' and 'clean,' questioning how the description reflects on other blacks." Biden "spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is 'the first mainstream African-American who is articulate and bright and clean.' Speaking "by telephone on Sharpton's radio show,'" Biden "told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton," and the Rev. Jesse Jackson. However, "Sharpton told Biden: 'A lot of people took it from you that because [Obama] is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community.' Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer -- a controversy that was widely believed to have cost Allen re-election. 'George Allen got 'macaca' -- this might be a step past that,' Sharpton warned. Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country."

Of Remarks On Obama, Biden Says He "Was Complementing A Colleague." On MSNBC's Hardball (2/1, Matthews), host Chris Matthews asked Sen. Joe Biden about his remark that Sen. Barack Obama is "the first mainstream African-American who's articulate and bright and clean and a nice-looking guy." Biden said, "I wasn't making a historical statement. I was trying to complement a colleague. I was complementing a colleague." Biden added, "There's not a single politician in either party who wouldn't like to be positioned where he is at this point. That was the point I was making when I said he's clean -- what I meant to say was fresh, that he was new, he's exciting."

Robinson Sees Racial Overtones In Use Of "Articulate" To Describe Obama, Other Blacks. In his column in the Washington Post (2/2, A15, 690K) Eugene Robinson weighs in on the controversy surrounding Biden's comments, writing, "For my part, I never made it past 'articulate,' a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. 'He's an attractive guy. He's articulate,' Bush told Fox News. Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses." Robinson adds, "Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across. Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all."

On MSNBC's Hardball (2/1, Matthews), Eugene Robinson said he thought Sen. Biden meant "not articulate in being eloquent, but articulate -- what do white people mean when they call black people articulate? This is a -- this is a -- this is something I have always wanted to know. It seems to me that it means: Kind of like us. Talks kind of like us. Gives off the right kind of social cues of -- of being one of us. It's used for Barack Obama. It's used for Condi Rice. It's not used for Jesse Jackson. It's not used for Al Sharpton, even though they are both eloquent speakers."

Morris Criticizes Biden's Comments. On Fox's "The O'Reilly Factor" (2/1, O'Reilly), Dick Morris said, "Every political grave has to have a tombstone with an epitaph on it and this would be his. Actually his second epitaph. There was one in '88. I think that gaffes like this only are important if people believe that, despite the denials, it reveals a window into the politician's real thinking. … At a certain level, Biden was reflecting the establishment opinion of white politicians on Capitol Hill, which I do not share, which is to disparage the African-American members, to say that there's a lot of

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corruption, that there's a lot of cronyism, and to -- to say that they really -- there really hasn't been a clean, articulate, bright black to emerge on the national stage. I think it's wrong."

Obama's Multicultural Background A Sticking Point For Some African-Americans. The New York Times (2/2, Swarns, 1.16M) reports, "He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House. So why are some black voters so uneasy about Senator Barack Obama? The black author and essayist Debra J. Dickerson recently declared that 'Obama isn't black' in an American racial context. Some polls suggest that Mr. Obama trails" New York Sen. Hillary Clinton (D) "in the battle for African-American support." Obama "is the American-born son of a black father from Kenya and a white mother from Kansas." And "many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines." But "Obama's melting pot background…remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, 'When black Americans refer to Obama as 'one of us,' I do not know what they are talking about." And Dickerson said, "His father was African. His mother was a white woman. He grew up with white grandparents. … He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Clinton Asking Top Donors To Raise At Least $1 Million. The New York Times (2/2, Healy, Zeleny, 1.16M) reports that New York Sen. Hillary Clinton (D) "is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters. That million-dollar benchmark is 10 times the amount that President Bush's 'Pioneers' were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable. Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said." the Times notes, "Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 -- in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis. 'It will be almost impossible for any other candidate to raise the money that the Clintons can raise,' said John Catsimatidis, a New York fund-raiser for Mrs. Clinton."

Morris Says Clinton Would Raise Taxes, Reintroduce Healthcare Plan. On Fox's "The Big Story Will John Gibson" (2/1, Gibson), Dick Morris said, "I think that" Rudy Giuliani "is the only Republican candidate that could really defeat" Hillary Clinton. Morris continued, "The first three things that I think Hillary will do as president are raise taxes, and by that I mean repeal the income tax cuts and the Bush package, certainly for the top and maybe for the middle bracket. It's going to go back up to 39 or 40 percent that her husband put it at. I think she repeals the capital gains tax cut. I think that she cancels the attempts to take down the estate tax. And she will have a Democratic majority with her that will make it possible for her to pass it. Secondly, I think she changes welfare reform so she makes things like job training and going to school and answering a matchbook ad for a truck driver school acceptable alternatives to employment to get welfare benefits, ruining the program. And thirdly, I think she reintroduces her health care plan that she has never repudiated. But this time it passes because the Fortune 500 companies will get behind it because they want to get rid of the health care burden."

Simon Says Edwards Emphasizing Sacrifice To Demonstrate Authenticity. On MSNBC's "Tucker" (2/1), Roger Simon of The Politico said, "John Edwards is stressing sacrifice as his way of showing he is authentic. He's not doing the political expedient thing. He's not promising not to raise taxes. He is promising, in fact, that gasoline is going to cost more under his presidency, we're going to have to pay more for universal healthcare under his presidency, and that Americans are going to have to sacrifice to eradicate poverty in America in our lifetimes. That's all very tough stuff. And people, when you interview them in crowds after a speech, they all say, I want to be asked to sacrifice for my country. And they always mention John F. Kennedy. And I think he is going for that constituency."

McCain, Giuliani No-Shows At Some Conservative Events. The Politico (2/2, Martin) reports, "A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up. Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event, and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members,

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this weekend in Baltimore." Meanwhile, "Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington. David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. 'I frankly don't get it,' Keene shrugged in an interview Wednesday. 'On the one hand,' he said, McCain has been 'trying to court the right, but on the other, he seems to be dissing them.'"

Giuliani Tops McCain In Fox News Poll. Fox News' Special Report (2/1, Hume) reported that in the 2008 presidential campaign, the latest Fox News/Opinion Dynamics poll shows that "among Republicans, former New York Mayor Rudy Giuliani holds a commanding lead, with 34 percent, followed by Senator John McCain at 22, former House Speaker Newt Gingrich with 15. Among Democrats, Hillary Rodham Clinton draws 43 percent. Senator Barack Obama trails her with only 15 percent. And former Senator John Edwards gets support from 12 percent of those whom we asked. The rest, you can see, well back."

Pawlenty Praises McCain. The Politico (2/2, patch) reports that Minnesota Gov. Tim Pawlenty (R) "said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz. 'The marketplace just told Republicans something,'" Pawlenty said, adding, "It told them that we are choosing for now to select the products and services of your opponent.'" Speaking "with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty," who is serving as Minnesota co-chair of McCain's presidential exploratory panel, "took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses. 'I believe he's in a league of his own,' he said. … Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is 'sufficiently conservative.' Pawlenty's comeback: 'If you hold any of these candidates to a purity litmus test, with the possible exception of [Kansas Sen.] Sam Brownback, we'll have nobody left,' Pawlenty said."

California Primary Change Could Prove Detrimental To McCain. The Washington Times (2/2, Hallow, 88K) reports, "Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year. 'If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain,'" said Orange County state Assemblyman Chuck DeVore. The plan "backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento. An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5." The Times notes that "many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain. 'The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda,' Mr. DeVore said."

'08 Hopeful Hunter Targeting Social Conservatives. USA Today (2/2, Welch, 2.27M) reports that CA52 Rep. Duncan Hunter (R) "sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative." Hunter, "who chaired the House Armed Services Committee for the last four" years, "made his presidential candidacy official last month, basing it on three principles: ·A hard line on illegal immigration. ·Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies. ·Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops. 'Over the next five to 10 years, clearly national security is going to be a major focus for our country,' Hunter says after being asked why he is running. 'I've concentrated on that function of government for the last 26 years in the House of Representatives.' … 'He's very much a long shot,' says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. 'He sees a niche for a social conservative with a strong defense background,' he says. 'He's putting a steel beam on the beach and hoping lightning will strike.'"

Gore Nominated For Nobel Peace Prize. The Los Angeles Times/AP (2/2) reports former Vice President Al Gore "was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday." Conservative Member of Parliament Boerge Brende said, "A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference." Brende said "he joined political opponent Heidi

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Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday."

Oil Price Stability Said To Be Key To Energy Security. In a New York Times (2/2, 1.16M) op-ed, Ronald E. Minsk, who was a special assistant for economic policy to President Bill Clinton, writes, "As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil." Minsk adds, "In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market." Minsk concludes, "There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable."

Lindsey Criticizes Move To Ease Union Representation. In a Wall Street Journal op-ed (2/2, A19), Lawrence B. Lindsey says, "Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called 'Employee Free Choice Act' is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system." But "sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that 'empowers' workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers."

Teaching Said To Be Among Better Paid Professions. Jay P. Greene and Marcus A. Winters of the Manhattan Institute write in the Wall Street Journal (2/2, A19, 2.04M) that public school teachers are "better paid" than architects, economists "and many other professionals" with an hourly wage of $34.06 which is "36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker." Increased pay for teachers accounts "for the bulk of public school spending increases over the last four decades." Yet "higher teacher pay seems to have no effect on raising student achievement." Instead, "the way we pay teachers is more important" because "providing bonuses to teachers who improve the performance of their students does raise academic proficiency."

NYTimes Calls For Bipartisan Trade Consensus. The New York Times (2/2, 1.16M) says in an editorial, "The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty." Now that the Democrats "control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers."

WSJournal Urges Utah To Adopt School Voucher Plan. The Wall Street Journal (2/2, A18, 2.04M) writes in an editorial, "Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America. The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman." The program "would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income." And "the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools." The projected "$9 million cost of the program is about 0.5% of total school spending." So "let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try."

Rice To Seek Support For Renewed Mideast Peace Push. The Washington Post (2/2, A11, Kessler, 690K) reports Secretary of State Condoleezza Rice will launch "a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting" of the Quartet, which "has played a largely backstage role in the long-stalled peace process." However, Germany, which currently holds the rotating presidency of the EU, "has pressed to revive the role of the international group -- and US

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officials decided that an endorsement would help bolster Rice's planned return to the region this month" to host a meeting between Israeli and Palestinian leaders. European officials say that Rice's decision to hold the meeting in Washington "signals the administration's determination to make progress with just two years left in President Bush's term." Behind the scenes, the Post says there are "tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas." The Russians, in particular, "have pressed for an end to the embargo," while the Europeans last year "won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions." The aid ban, however, "has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas," the Post writes.

Ban Wants Progress "On The Ground," Not Just Statements From Meeting. AFP (2/2) reports UN Secretary-General Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday "to strive for progress on the ground rather than merely making statements," his spokeswoman said. Spokeswoman Michele Montas told reporters Thursday, Ban "hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," noting that he is "fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process."

Palestinian Ceasefire Breaks Down Amid Growing Violence. The New York Times (2/2, A8, Myre, 1.16M) reports the "fragile truce" between Palestinian factions in Gaza "broke down" Thursday "when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50." The Los Angeles Times (2/2, Ellingwood, 850K) reports Hamas believed the ambushed convoy was "carrying arms from Egypt destined for" Fatah, however, Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas…denied the trucks were carrying arms."

Street Protests Pose Challenge To Lebanese Army. The Wall Street Journal (2/2, A12, Simpson, 2.04M) reports, "For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets." This new job is "severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis," current and former army leaders warn, "street violence like last week's could spiral beyond the military's ability to contain it."

US Considers Re-Establishing Relations With Somalia. The Washington Times (2/2, Kralev, 88K) reports the State Department said Thursday it is "considering re-establishing a diplomatic presence in Somalia for the first time since US troops withdrew from the African country in 1994." However, officials cautioned that "even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not reopen the US Embassy," but will "most likely set up a small presence post." The Times notes that during a trip to the region last month, Jendayi Frazer, assistant secretary of state for African affairs, pledged $40 million in financial assistance and said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

Sectarian Violence Rising In Pakistan. The Christian Science Monitor (2/2, Montero, 59K) reports a recent rash of attacks in Pakistan against its Shiite minority "has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war." The answer is important, analysts say, "because Pakistan's 30 million Shiites -- numbering more than Iraq's -- could become a flash point if sectarian violence spreads. … Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles."

US Expresses Hopes For Progress On Deal With Pyongyang. The AP (2/2) reports Assistant Secretary of State Christopher Hill said Thursday "he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons." His comments "could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks," which would be "a significant breakthrough for a bargaining process that has achieved little since it began in August 2003."

Pyongyang Looks To Giant Rabbits To Curb Famine. The Washington Post (2/2, A10, Whitlock, 690K) reports that officials in Pyongyang have approached a German rabbit breeder known for producing some of the words largest animals as "a possible solution to their nation's

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endemic food shortage." But "how, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear." An official at the North Korean Embassy in Berlin "confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program."

Debate Over Gibraltar Delays Ban On Luxury Goods To North Korea. The Financial Times (2/2, Parker, Mulligan) reports Kim Jong-il "may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain. The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang."

US Suspends Space Ventures With China. On its front page, the Washington Times (2/2, A1, Gertz, 88K) reports the Bush administration has "suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening US and foreign satellites." NASA spokesman Jason Sharp "said the weapon test undermined an agreement" reached between President Bush and Chinese President Hu Jintao during an April summit," and that "China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation." Bush administration officials said the suspension is "meant to signal US displeasure" with the test, "as well as Beijing's failure to provide an explanation for its space arms program."

Kyl Says US "Seems To Lack The Will To Implement" Space Defense. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, that "the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead" bring to light the issue of whether the US has the "will to implement" space defense of US satellites, according to Senator Jon Kyl, a Arizona Republican and veteran of the Senate intelligence committee.

UN Hopes China's HU Will Push For Resolution On Darfur During Visit. The AP (2/2, De Montesquiou) reports he United Nations hopes Chinese President Hu Jintao "will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil." In what is seen as "an unusual foray into the field of human rights," Chinese officials have "called on Sudan to cooperate with the United Nations in finding a solution in Darfur."

Under the headline "Pressure On China As President Heads To Sudan," AFP (2/2, Saeed) says "international pressure" is on China, because "no other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime."

The Christian Science Monitor (2/2, Baldauf, 59K), meanwhile, reports from Khartoum that if Hu "announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached. Whatever happens, Hu's visit to Sudan will be historic."

Some In Africa Resent China's Growing Influence. The Wall Street Journal (2/2, A1, Trofimov, 2.04M) reports from Chambishi, Zambia that "Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent." But "there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest." Chambishi "was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. … Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent."

China's New Rules On Foreign Investment Spark Concern. The Washington Post (2/2, D1, Cha, 690K) reports, "Since the mid-1990s, China has aggressively courted foreign investment," but "in recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China." While some believe the new restrictions "may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising." As a result, "several US firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China."

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Russian TV Aids Putin In Anointing Successor. On its front page, the Washington Post (2/2, A1, Finn, 690K) reports, "[T]wo favorites of President Vladimir Putin play prominent supporting roles on a television game show called 'Happy Bus.' ... Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives. Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev." The "opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister." But the program "is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves...to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished." The Post adds, "Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said."

Putin Defends Energy Policies Toward Neighbors. The Financial Times (2/2, Buckley) reports, "Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours." Putin said, "We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" He "added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed 'precisely at ensuring the interests of key consumers' in western Europe, despite temporary disruptions to supplies last month and in January 2006."

Police Interview Blair About Cash-For-Honors Scandal. The New York Times (2/2, Cowell, 1.16M) reports, "After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions." Blair "is said by British political analysts to be the first prime minister to be interviewed by the police while still in office." The Times adds, "The prime minister's office said in a statement on Thursday that Mr. Blair had been 'briefly interviewed by the police as a witness."

The Washington Post (2/2, A12, Sullivan, 690K) reports, "Police interviewed Blair for about 45 minutes last Friday but asked Blair's office 'for operational reasons' to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was 'interviewed as a witness, not as a suspect and cooperated fully' in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal." The Post adds, "Blair…announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner."

Gutierrez Says US Willing To Help Cuba Transition. The AP (2/2, Carl) reports Commerce Secretary Carlos Gutierrez Thursday said Washington "is willing to help Cuba make the transition to a more open, democratic society." Speaking to reporters during a one-day visit to Mexico, Gutierrez said the US supports a "peaceful transition to democracy." Gutierrez said the United States "does not plan to meddle in Cuban politics, but wants to see the country make the transition to democracy." Gutierrez did not elaborate, "but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy."

European Commission Critical Of US Farm Proposals. The Wall Street Journal (2/2, Von Reppert-Bismarck, 2.04M) reports, "The European Commission expressed disappointment at a US plan to overhaul subsidies to its farmers, saying 'more ambitious cuts' are required to relaunch a stalled round of global trade talks. The White House's proposal to Congress on how to overhaul the US Farm Bill will make 'extremely modest' cuts to loan-deficiency payments and keep payments to dairy and sugar farmers 'virtually untouched,' said EU farm spokesman Michael Mann." Mann added, "The U.S. will need to propose more ambitious cuts and disciplines. … We had hoped the administration's proposal for the new farm bill would signal this more clearly."

The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning that the Administration "faces skeptics at home and abroad about farm-subsidy cuts." In addition to EC criticism, the Journal says "the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support."

WPost Urges Bush Not To "Go Wobbly" On Kosovo. The Washington Post (2/2, A14, 690K) editorializes, "Today UN envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. … All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been

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whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia." The Bush Administration "is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness." US "firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran." If Russian President Vladimir Putin "decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly."

NYTimes Urges Ulster's Paisley To Support Peace Process. The New York Times (2/2, 1.16M) editorializes, "Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call 'the troubles.' One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future -- or to stand in the way. That man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them. … This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"U.N. Says There's No Stopping Global Warming."
"Milena's Mentor Stays On The Case."
"Costly L.A. River Plan Contains A Raft Of New Ideas."
"Marines Battle Their Past In An Iraqi city."
"Senators Castigate General On Iraq strategy."

USA Today:
"Sites Of Risky Levees Listed."
"Drastic Plans Unveiled To Fight Pandemic."
"Milestone Resonates Beyond NFL."

New York Times:
"Florida Shifting To Voting System With Paper Trail."
"An Afghan's Path From Ally Of US. To drug Suspect."
"General Parries Senate Attacks On Iraq Record."
"So Far, Obama Can't Take Black Vote For Granted."
"Democracy Rules, And Pop Culture Depends On It."
"Dark Days Follow Hard-Hitting Career In N.F.L."
"Late for Court: Connecticut Case Draws Scrutiny."

Washington Post:
"Border Policy's Success Strains Resources."
"Iraq at Risk Of Further Strife, Intelligence Report Warns."
"Va. Transportation Deal Withers In Senate Panel."
"Two Men Acquitted Of Conspiracy To Fund Hamas Activities in Israel."
"Russian TV Shines Warmly On A Likely Successor To Putin."
"Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another."

Washington Times:
"New RNC Chief Backs Bill With Guest-Worker Plan."
"Casey Refutes Iraq Pessimism."
"U.S. Halts China Space Ventures."
"Katrina Vehicles Flood This Area."
"Abducted Boy, Mom Reunited."

Detroit Free Press:
"Governor To Push Free Tuition."
"Michiganders Doubt President."
"Historic Low: Ford 4th With U.S. Buyers."
"'The Room Was So Full Of…Forgiveness' For Abraham."

Atlanta Journal-Constitution:
"Medicare Cuts Reach Deep Into Hospitals."
"Nation Bemused As Network Appeases Boston Over Stunt."
"Apology Asked For Sterilizations State Required."
"Jury Told To Keep At It In Clinton Secret Case."
"Bill Will Allow Consumers To Order Wine Shipped Directly From Maker."

Houston Chronicle:
"Minimum-Wage Hikes Clears One Hurdle, Faces Another."
"Report: Global Warning To Last For Centuries."
"Casey Says Demand For Troops Excessive."
"Democrats Rip State Agency For Hiring D.C. Lobbyist."
"Giuliani Mines For Texas Gold."

Story Lineup From Last Night's Network News:
ABC: Senate Resolution-Iraq; Senate Resolution-Analysis; Gen. Casey-Senate Hearings; Americans Saving Less; Economic News; Army Corps Report The Levees; Terror Scare Boston-Aftermath; Italian Spat; Schools In Cambodia.
CBS: Negative Savings Rate; Senate-Minimum Wage; Exxon Profits; Iraq Violence; Casey-Surge; Iraq-Security Crackdown; Syria-Anti-US Propaganda; Climate Change Report; Southeast-Winter Weather; Katrina Victims-

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Depression; UK Terror Suspects; Boston Terror Scare; Democrats-Work Week; Super Bowl Ads.
NBC: Gen. Casey-Hearings; Senate Resolution-Iraq Surge; Iraq Sectarian Violence; Terror Scare Boston-Aftermath; Minimum Wage Increase; Stock Market; Exxon Profits; Binge Eating; Winter Weather-Colorado Cattle; Richard Kelly Obit; National Prayer Breakfast; Italian Spat.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: UN Global Warming Report; Super Bowl-Security Preparations; Senate-Minimum Wage; Savings Rates For Americans Down; PA-Strike At Harley-Davidson Plant.
CBS: UN Global Warming Report; Army Corps Of Engineers-Levees; Report Of US Chopper Going Down North Of Baghdad; Senate-Iraq Resolution; Senate-Minimum Wage Bill; Presidential Candidates To Attend Democratic National Committee Meeting; Exxon Oil-Record Profits; Ford Sales Down, Toyota Sales Up.
NPR: Tony Snow-Iraq Surge Plan; Casey-Confirmation Hearing; Mississippi River-Barge Accident; EU Calling For Worldwide Moratorium On Death Penalty; Tokyo Stock Exchange; Philippines-Truck Explosion; World Intellectual Property Organization-Counterfeiting Costs; Groundhog Day Forecast.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Photo opportunity with the Carolina Hurricanes. East Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable discussion with cardiologists, survivors and partners. Bryant Park Hotel, New York; attends the Heart Truth 2007 Fashio Show. Bryant Park, New York.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CONSUMER ASSEMBLY _ The Consumer Federation of America holds its Consumer Assembly Conference. Highlights: 10:15 a.m. FTC Chairman Deborah Platt Majoras. 11:30 a.m. Michael Jacobson, Executive Director, Center for Science in the Public Interest. Location: Washington Plaza Hotel, 10 Thomas Circle.

PANDEMIC FLU _ Influenza experts hold a two-day meeting to assess the current level of US preparedness for a possible bird flu pandemic. Highlights: 8 a.m. Session on influenza planning, with CDC Director Julie Gerberding, others. 12:05 p.m. Luncheon speaker - Rajeev Venkayya speaks on national preparedness for pandemic influenza. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington.

TAX SYMPOSIUM _ The Tax Council Policy Institute holds its Eighth Annual Tax Council Policy Institute Symposium, ``Understanding the Global Tax Arena: Risk & Regulation." Location: Ritz Carlton Hotel, 1150 22nd St. NW.

US-CHINA _ The US-China Economic and Security Review Commission holds a public hearing on ``The US-China Relationship: Economics and Security in Perspective." The hearing will examine US-China relations from multiple perspectives to assess this bilateral relationship since the granting of permanent normalized trade relations to China, and the challenges facing the relationship in 2007. It will consider the economic, security, and diplomatic impacts of Chinas accession to the World Trade Organization, and seek to identify trends in US-China relations and opportunities for greater bilateral cooperation and dialogue. Highlights: 8:30 a.m. - 12 p.m. The hearing continues with an examination of the US-China military and security relationship and the prospects for US-China political cooperation and diplomacy. The Commission will hear testimony from Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Christensen, Deputy Assistant Secretary of Treasury for International Affairs, Asia, Robert Dohner, as well as scholars and policy experts. Location: Room 562, Dirksen Senate Office Building.

WORKING FAMILIES-SECURITY _ The National Academy of Social Insurance holds a conference on how policymakers can ease insecurity for working families and strengthen economic security for all Americans. Highlights: 10 a.m. Session on the 9/11 Victim Compensation Fund, with Kenneth Feinberg, Special Master. 1:15 p.m. Luncheon speaker - former CMS Administrator Mark McClellan. Location: National Press Club.

DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Highlights: 9 a.m. General Session, with General Session. Speakers in order of appearance: Senate Majority Leader Senator Harry Reid; DNC Chairman Howard Dean; Senator Christopher Dodd; Senator Barack Obama; General Wesley Clark; Senator John Edwards; Representative Dennis Kucinich; Senator Hillary Rodham Clinton. 6:30 p.m. Executive Committee meeting with Governor Janet Napolitano of Arizona; Mayor Adrian Fenty of Washington, D.C; Mayor Shirley Franklin of Atlanta, Ga.; DNC Vice Chair & ASDC President Mark Brewer. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. The Pentagon holds its regular briefing on Iraq. Location: DOD Studio, 2E781, Pentagon.

PRESTON-SMALL BUSINESS _ 9:30 a.m. SBA Administrator Preston discusses the Disaster Assistance Program and Reform Agenda along with economic growth

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and issues affecting Americas small businesses. Location: National Press Club.

PENTAGON ROUNDTABLE _ 9:55 a.m. Secretary of Defense Robert M. Gates and Chairman, Joint Chiefs of Staff Gen. Peter Pace will conduct an on the record media roundtable. Location: DOD Briefing Room, Pentagon 2E579.

ECONOMIC BRIEFING _ 10 a.m. Treasury Assistant Secretary Phillip Swagel holds a briefing for economic media. Location: Room 4121, main Treasury.

SWAGEL-EMPLOYMENT _ 10 a.m. Treasury Department Assistant Secretary for Economic Policy Phillip Swagel hold an economic media briefing to discuss January 2007 employment numbers and the state of the US economy. Location: Treasury Department.

US-CLIMATE CHANGE _ 10 a.m. Environmental Protection Agency (EPA) Administrator Stephen L. Johnson joins U.S. Secretary of Energy Samuel W. Bodman, and National Oceanic and National Oceanic and Atmospheric Administration (NOAA) Administrator Vice Admiral Conrad Lautenbacher for a media availability to discuss the U.S. contribution to the Intergovernmental Panel on Climate Change (IPCC) Working Group 1 report and U.S. investments to advance climate science and clean energy technology research. Location: U.S. Department of Energy, 1000 Independence Ave. SW, Small Auditorium GJ-015.

HEALTH CARE _ 11:45 a.m. The Blue Cross and Blue Shield Association hold a briefing on BCBSA's 2007 federal legislative priorities and to give an overview of state legislative healthcare and insurance issues. Location: 12th floor, 1310 G St. NW.

AMERICA-FUTURE _ 12 p.m. Sen. Charles Schumer and former House Speaker Newt Gingrich discuss America's Future, sponsored by the National Press Club. Location: National Press Club.

CLIMATE CHANGE _ 12 p.m. The University Corporation for Atmospheric Research holds a telephone briefing on the Intergovernmental Panel on Climate Change, with U.S. scientists who helped write the report (released today in Paris). Notes: Callin number: 877-804-1919; verbal passcode: NCAR.

HEALTH INSURANCE-DEDUCTIONS _ 12 p.m. The Cato Institute holds a briefing to discuss the possibility of giving a standard income tax deducation for health insurance costs, with Council of Economic Advisers member Katherine Baicker, Leonard Burman of the Urban-Brookings Tax Policy Center, and Michael Cannon of the institute. Location: Room B-338, Rayburn.

MARINE CORPS _ 12 p.m. The US Marine Corps will hold a background briefing for reporters on the proposed increase in the end strength of the Marine Corps Location: Pentagon briefing studio, room 2E781.

IRAQ-EUROPE _ 12:15 p.m. The New America Foundation holds a discussion, ``Integration vs. Confrontation: Or Why Europe Likes the Iraq Study Group Report More than the White House," with Michael Backfisch of Handelsblatt and Steve Clemens of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

OBAMA _ 1 p.m. Sen. Barack Obama, D-Ill., speaks at ``Yes We Can!," a rally organized by Students for Barack Obama, a national student group committed to supporting Obama. Location: Johnson Hall, George Mason University, Fairfax. Va.

GOVERNORS _ 2 p.m. The Center for American Progress holds a discussion with governors Janet Napolitano of Arizona and Kathleen Sebelius of Kansas. Location: 10th floor, 1333 H St. NW.

GUATEMALA _ 2 p.m. The Alliance to End Hunger and InterAction hold an information session about Guatemala's efforts to meet the First Millennium Development Goal, with Andris Botran, Secretary of Food Security and Nutrition for the Government of Guatemala, and chair of the Guatemalan Alliance Against Hunger. Location: Suite 500, 50 G St. NW.

IRAQ _ 2 p.m. The Wilson International Center for Scholars holds a discussion on new politics in Iraq with David Satterfield, the State Department's senior adviser and coordinator for Iraq. Location: 6th floor Flom Auditorium, Reagan Trade Center.

SAUDI ARABIA _ 2 p.m. Georgetown University holds a screening of the film ``Abdulaziz and a panel discussion on King Abdulaziz of the building of the modern Saudi Arabia, with Saudi Amb. Prince Turki Al-Faisal, others. Location: Bunn Intercultural Center Auditorium, on campus.

GOP LEADERSHIP _ 3:15 p.m. Members of the Senate Republican leadership will be available following the Senate Republican Conference Retreat to discuss the days activities and outline their legislative priorities for the 110th Congress. Participants: Senators Mitch McConnell, Trent Lott, Jon Kyl, John Cornyn, and Kay Bailey Hutchison. What: Media Availability with Senator Mitch McConnell, Senator Trent Lott, Senator Jon Kyl, Senator John Cornyn, and Senator Kay Bailey Hutchison. Location: Library of Congress, Thomas Jefferson Building, exhibit area between the Great Hall and Members Room.

IMMIGRANT RIGHTS _ 4 p.m. The DC Committee for Immigrants' Rights holds a news conference to discuss the Virginia General Assembly actions regarding illegal immigrants. Location: In front of ICE offices, 425 Eye St. NW.

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TERRORISM NEWS:

Judges Pose Questions On Bush Detainee Policy (NYT)

By Adam Liptak

The New York Times, February 2, 2007

RICHMOND, Va., Feb. 1 — In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants.

The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University.

"What would prevent you from plucking up anyone and saying, 'You are an enemy combatant?' " Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons.

Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. "A citizen, no less than an alien, can be an enemy combatant," he added.

Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen "who has been determined by the United States to have been properly detained as an enemy combatant."

But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made.

Judge Motz asked, for instance, about the broader implications of the government's position that the United States is at war with Al Qaeda and that people affiliated with it may be subject to military detention rather than criminal prosecution.

"Nations have wars against each other," Judge Motz said. "People have quarrels or fights. Individuals can be terrorists. Individuals don't make war."

Mr. Salmons responded that a 2001 Congressional authorization to use military force after the Sept. 11 attacks had granted the president the power to detain Mr. Marri.

Judge Motz asked a series of hypothetical questions about whether the president could designate someone affiliated with People for the Ethical Treatment of Animals, or PETA, as an enemy combatant. "Could the president declare war on PETA?" she asked.

Mr. Salmons said the hypothetical was unrealistic, but he stopped short of categorically rejecting the idea. "The representative of PETA can sleep well at night," he said, because the executive branch's determination of who is an enemy combatant is a careful one.

Judge Motz also suggested that the criminal justice system could handle people like Mr. Marri.

"That doesn't mean he doesn't get punished," Judge Motz said. "Perhaps he gets punished worse, under the criminal process."

Mr. Marri was in fact charged with credit card fraud and lying to federal agents after his arrest in 2001, and he was on the verge of trial when he was moved into military detention in 2003.

The third judge, Henry E. Hudson, visiting from the Federal District Court for the Eastern District of Virginia, asked relatively few questions, most of them centered on the adequacy of the hearing Mr. Marri received in the trial court.

Judge Gregory, by contrast, subjected both lawyers to tough questioning.

"Do you agree," he asked Jonathan Hafetz, a lawyer for Mr. Marri with the Brennan Center for Justice at New York University School of Law, "that Congress gave the president broad power after Sept. 11 to wage the war on terrorism?"

"Certainly, your honor," Mr. Hafetz responded. "Broad, but not unlimited."

Judge Motz indicated that the government's shifting legal tactics in other cases had lost it a measure of credibility. It moved Jose Padilla, once labeled an enemy combatant, into the criminal justice system as the United States Supreme Court was considering whether to hear his challenge to that designation.

"Often the government in these cases has a late-breaking development," Judge Motz said. "Is there any late-breaking development here?"

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Mr. Salmons said no.

Judges Motz and Gregory were appointed by President Bill Clinton, and Judge Hudson by President Bush.

Detainee Rights At Center Of Fight (WP)

By Sari Horwitz

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- The Bush administration argued Thursday that a Qatari national who it says was an al-Qaeda sleeper agent sent to the United States for a second wave of terrorist attacks has no right to challenge in court his status as an enemy combatant.

Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges.

If the government is right, said lawyer Jonathan Hafetz, "they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people."

In arguments before a three-judge panel of the U.S. Court of Appeals for the 4th Circuit in Richmond, Bush administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations.

Assistant Solicitor General David B. Salmons said Marri met in 2001 with Osama bin Laden and accused Sept. 11 mastermind Khalid Sheik Mohammed and received training from al-Qaeda in Afghanistan in the use of poisons.

The government contends that Marri was sent to help other al-Qaeda operatives carry out subsequent terrorist attacks and had been told by al-Qaeda to explore computer-hacking methods to disrupt the U.S. banking system. "This is not a close case," Salmons said. "Al-Marri is clearly an al-Qaeda operative."

Marri, 41, is the only accused enemy combatant still held in the United States. Yaser Esam Hamdi, a U.S. citizen, was freed and sent to Saudi Arabia after the Supreme Court upheld his right to challenge his detention; Jose Padilla, another U.S. citizen, was transferred to the civilian justice system last year. Marri, who took up residence in Peoria, Ill., on a student visa in 2001, was arrested there.

Marri was arrested by the FBI in December 2001 and charged with credit card fraud and lying to federal agents. He was accused of denying that he had repeatedly tried to call a man in the United Arab Emirates who was the paymaster for the Sept. 11 hijackers. The charges were dropped in June 2003 when President Bush declared Marri an enemy combatant and moved him to military control.

Thursday, the judges focused their questions not on whether Marri is an al-Qaeda operative but on whether he was properly designated an enemy combatant.

Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States.

Motz said that she is concerned about giving the government broad authority "to pluck up anyone from the streets of the United States" and added: "We don't want other nations to do that to our people."

But Judge Roger L. Gregory suggested that Congress knew it was dealing with an "amorphous enemy" when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status.

The provision of the act that denies access to U.S. courts to foreign nationals deemed enemy combatants was aimed primarily at Guantanamo Bay detainees. Attorneys for those prisoners have filed a challenge to that provision, arguing that it violates constitutional guarantees against being detained without the right to contest the charges in court.

Bush's War Powers Further Scrutinised (FT)

By Demetri Sevastopulo In Richmond, Virginia

Financial Times, February 2, 2007

The battle to define presidential powers in the "war on terror" came under renewed scrutiny on Thursday when a foreign prisoner held in the US on suspicion of being an al-Qaeda "sleeper agent" asked a court to declare his detention unconstitutional.

Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud.

Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful "enemy combatant" in the "war on terror". He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has

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remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as "enemy combatants".

But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. "The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen," said Jonathan Hafetz, a New York University lawyer representing Mr Marri.

The Justice Department argued that Congress gave Mr Bush the authority to declare Mr Marri an enemy combatant when it gave him the ability to use force to prosecute the "war on terror" after September 11.

Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants.

"If the government prevails, any one of the 11.6m legal permanent residents in the US could – on the president's say-so...be held indefinitely as an 'unlawful enemy combatant' with no right to challenge his or her imprisonment in court," said Human Rights Watch.

In court on Thursday, the Justice Department argued the battlefield in the "war on terror" included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration's argument, saying while Congress could have given Mr Bush the ability to declare legal residents and citizens as "enemy combatants", it was unclear it had done so.

But Congress may again tackle the debate over habeas, which could have implications for the case of Mr al-Marri and the several hundred detainees still imprisoned at Guantánamo.

Senators Patrick Leahy and Arlen Specter, the top Democrat and Republican on the Senate judiciary committee, last week said they would work to reinstate the right of habeas corpus for all detainees.

"The great writ of habeas corpus was done horrible damage by the Congress in a law the president signed last year," Sen Leahy told Alberto Gonzales, the US attorney-general last week.

"I just want to put everybody on notice: as chairman of this committee, I will do everything possible to restore all the rights under the write of habeas corpus that were there before we passed the [MCA] legislation," he said.

Two Men Acquitted Of Conspiracy To Fund Hamas Activities In Israel (WP)

By Dan Eggen

The Washington Post, February 2, 2007

A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups.

Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious allegation against them and could have drawn life sentences for each.

But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit.

The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995.

Salah, a U.S. citizen, was accused of helping funnel hundreds of thousands of dollars to militant groups in the West Bank and Gaza. He was captured by the Israelis with $100,000 in cash in 1993 and allegedly confessed to being a military commander in Hamas. Ashqar was alleged to have helped launder money and facilitate communications for Hamas.

Neither man denied that he helped move money for Palestinian causes. But both said what they did was aimed at helping the Palestinian people and not to promote terrorism. In addition, Salah said his confession was the result of torture by Israeli officials.

In Chicago yesterday, the defendants and their attorneys immediately characterized the verdicts as a victory and said they showed that the government had overreached by trying to punish legitimate opposition to Israeli policies.

"It was better than we thought," a tearful Salah told reporters in Chicago. "We are good people, not terrorists."

Salah's attorney, Michael Deutsch, called the verdict "a tremendous victory" and said his client "may not even go to prison at all."

"This rejects the idea we can criminalize someone for resisting an illegal occupation in another country," Deutsch said.

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The Justice Department in Washington declined to comment. First Assistant U.S. Attorney Gary S. Shapiro told reporters in Chicago: "We've convicted them. It's hard to say that we're disappointed."

The prosecution of Ashqar and Salah was deemed so important to the Justice Department that the 2004 indictments were announced in a news conference by then-Attorney General John D. Ashcroft. But the outcome of the three-month trial is decidedly mixed.

In December 2005, a jury in Florida acquitted former computer professor Sami al-Arian of eight terrorism charges and deadlocked on nine others. Arian eventually pleaded guilty to supporting members of the Palestinian Islamic Jihad and is slated to be deported after finishing a short prison term.

One of Arian's attorneys, William Moffit, also represented Ashqar in Chicago.

The case was prosecuted by the office of U.S. Attorney Patrick J. Fitzgerald, who is in the spotlight as the special counsel in the trial of I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff.

The Hamas prosecution also featured another central player in the Libby saga: former New York Times reporter Judith Miller, who testified on behalf of prosecutors in Chicago about an Israeli interrogation session with Salah that she witnessed in the early 1990s.

Salah and his attorney argued that much of the evidence against him, including a confession, should be disregarded because it was obtained under torture when he was in Israeli custody. Miller testified that she saw no evidence of mistreatment when she witnessed an interrogation of Salah and -- in an unprecedented twist for a U.S. courtroom -- two Israeli interrogators testified under aliases that Salah was treated well.

Prosecutors also presented recorded conversations in which Ashqar discussed violent operations by Hamas. But Moffit said his client was never recorded planning any attacks or recruiting anyone to carry them out.

One other defendant remains under indictment in the case: Mousa Abu Marzook, Hamas's deputy political bureau chief, who was deported from the United States in 1997 and is now a fugitive living in Damascus, Syria.

Staff writer Kari Lydersen in Chicago and staff researcher Julie Tate in Washington contributed to this report.

Two Found Not Guilty Of Supporting Hamas (CHIT)

By Rudolph Bush And Jeff Coen

Chicago Tribune, February 2, 2007

In a legal defeat for the Bush administration's domestic war on terror, a federal jury Thursday acquitted two men of being leading members of the Palestinian extremist group Hamas and conspiring to support terrorism from the United States.

Bridgeview businessman Muhammad Salah swallowed hard and visibly fought back tears of joy as the jury acquitted him and co-defendant Abdelhaleem Ashqar of the most serious charges in the landmark case.

Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June.

Salah hugged his family and supporters and raised his arms in victory as he left the Dirksen U.S. Courthouse to applause.

"The terrorism theory is defeated," he said as he left. "We are not terrorists, and everyone can see it."

The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation.

Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups.

But Salah's lawyers said their win shows the government was overreaching.

"It's a huge victory—what's left is a relatively minor charge," said Salah's lawyer, Michael Deutsch. "I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.," he said. "It's a stretch."

Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here.

"This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases," said Gary Shapiro, first assistant U.S. attorney in Chicago

That includes the unprecedented use of Israeli agents to testify against defendants, as they did against Salah and Ashqar.

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"We don't believe we would have received guilty verdicts on all the other counts if it had not been for their testimony, which put all the conduct of the defendants into perspective," he said.

Jurors deliberated for 14 days over three weeks before finding Salah, a 53-year-old grocer, not guilty of conspiring to provide funding, recruiting, training and other aid to Hamas, a group responsible for dozens of terrorist attacks in Israel, Gaza and the West Bank. He was convicted of obstruction for lying under oath when questioned in a civil suit filed by the family of David Boim, an American student killed in a Hamas shooting.

$156 million awarded

In 2004, a federal jury awarded Boim's parents $156 million after finding that Salah provided support to Hamas.

Ashqar, 48, had been accused of archiving and distributing key documents and acting as a kind of switchboard who connected Hamas members across the globe to one another through his home telephone. He was convicted of obstruction and criminal contempt for refusing in 1998 to testify before a grand jury

Jurors said they were not divided, and simply applied the evidence presented in the three-month trial to the law they were given.

"There was a lot of evidence to go through, a lot of documentary evidence to go through," said juror Max Lapertosa, a lawyer for Access Living, a disabilities advocacy and services organization in Chicago. "The law was complex. In the end I think we came up with an unanimous verdict that is as fair as we could have possibly rendered."

That evidence included the confession of Salah, an American citizen, provided in 1993 while in the custody of Israel, as well as bank records showing he had received nearly $1 million from top Hamas leader Mousa Abu Marzook.

And the evidence included a trove of documents and wiretaps collected by federal agents in 1993 and 1994 under the Foreign Intelligence Surveillance Act, or FISA. The act permits electronic surveillance for the purpose of gathering intelligence domestically against people suspected of being foreign agents.

Some of the wiretaps and documents captured under the FISA order were entered as evidence against Salah and Ashqar in a process facilitated by the much-scrutinized Patriot Act.

The case had so many unusual elements that it's not possible to generalize from the results, Shapiro said.

But he said this was not a case about someone innocently sending or taking money overseas to aid charitable events. One of the defense positions in the case was that fundraising efforts were meant to support hospitals and education in the West Bank.

Prosecution cites terror acts

"The evidence in this case was pretty substantial that the money went overseas to aid the military wing of Hamas, and that that money went at least for the ostensible purpose of killing the Israeli military and engaging in other terrorist acts which killed civilians," Shapiro said.

Salah's lawyers also had contended that he was tortured into confessing while in Israeli custody. The prosecution had rejected that claim, and had even brought in former New York Times reporter Judith Miller—who had seen some of the interrogation—to testify about Salah's condition.

At the Mosque Foundation in Bridgeview on Thursday, Muslims who worship with Salah celebrated the verdict. They said it shows Muslims can find justice in the American legal system.

"Our community will no longer have to be afraid," said Amira Daoud. "I'm so glad that American people—his peers—gave a verdict that shows he couldn't have done this."

Leaders of Jewish advocacy groups expressed disappointment over the acquittals on the most serious charges.

"The fact that the charges were not sustained is a setback for the international fight against terrorism, plus for the public's understanding of how terrorist organizations can take advantage of the openness of democratic societies," said Yehudit Barsky of the American Jewish Committee in New York.

But they took some consolation in Salah's conviction for lying under oath in the Boim litigation.

"There is no escaping the fact that both of these individuals [Salah and Ashqar] were deeply involved with Hamas," said lawyer Steve Landes, who represented the Boim family at the trial.

Notified of the verdict, Boim's father, Stanley, said he was "at a loss for words."

"We have to hope that for people who do evil, justice will be done," he said from Jerusalem.

Salah relatives pleased

Salah's relatives said the jury's verdict shows Salah and Ashqar were only engaged in legal conduct, supporting Hamas' charitable work in gatherings protected by the U.S. Constitution.

Salah was forced to talk to Israeli interrogators and give a handwritten statement admitting he acted as the military commander of Hamas from his home in Bridgeview, they said.

Prosecutors had argued that Salah's confession to Israeli authorities was voluntary and included corroborating facts.

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"They were basically trying to do Israel's work," Salah's cousin, Abdullah Salah, said of the government. "They were using Israeli agents, [coerced] confessions, in an American courtroom. It's un-American."

"We are not terrorists. We are not bad people," said Mahmoud Salah, Salah's brother. "We came to this country to be free.

"Now we thank God because it is over."

2 Men Cleared Of Charges Of Aiding Hamas Violence (NYT)

By Libby Sander

The New York Times, February 2, 2007

CHICAGO, Feb. 1 — Two men were acquitted Thursday of federal charges that they provided money and other aid to the Palestinian organization Hamas in the early 1990s.

The racketeering case against the men, Muhammad Salah, 53, a onetime grocer from suburban Chicago, and Abdelhaleem Ashqar, 48, a former university professor from suburban Washington, was announced with much fanfare in 2004 by the United States attorney general at the time, John Ashcroft, as an important part of the government's fight against terrorism.

But Thursday afternoon, after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel.

The jury convicted the men of lesser charges, including obstruction of justice and, for Dr. Ashqar, criminal contempt.

Both men smiled and wept after the verdict, hugging and thanking family members and supporters in the packed and heavily secured downtown courtroom. "We are not terrorists," Mr. Salah told reporters in the lobby of the courthouse, his young son perched on his shoulders.

Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms.

"The government has tried to turn the Israeli-Palestinian conflict into something criminal," said William Moffitt, who is Dr. Ashqar's lawyer. "Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States."

Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial.

"This was about an organization that has publicly claimed credit over and over and over again for terrorist acts," said Gary S. Shapiro, the first assistant United States attorney in Chicago, "not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed."

Prosecutors based their accusations against Mr. Salah on a 1993 confession he made while in the custody of the Israeli secret police, who arrested him at a checkpoint in the Gaza Strip and found $97,000 in his hotel room. Mr. Salah told the Israeli police that he had met with top Hamas military officials and given them money. He spent nearly five years in an Israeli prison.

Defense lawyers argued that the confession was false and obtained only after Mr. Salah endured weeks of torture by the Israeli agents.

The case against Dr. Ashqar centered on recorded telephone conversations he had with Hamas officials and records seized in the early 1990s from his home in Oxford, Miss., while he was a graduate student at the University of Mississippi.

Throughout the trial, both defendants denied membership in Hamas, which they pointed out had not been designated a terrorist organization by the United States government until 1997. They maintained that their interactions with the organization were humanitarian in nature, intended only to finance charities and help impoverished Palestinians living under Israeli occupation.

Federal Jury In Chicago Acquits 2 Men Of Racketeering Conspiracy In Hamas Trial (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, February 2, 2007

(AP) - CHICAGO-Two men accused of furnishing money and fresh recruits to the militant Palestinian group Hamas were acquitted Thursday of racketeering but convicted on lesser charges.

The two men beamed broadly at the split verdict and defense attorneys immediately declared victory in the three-month trial that the government had described as a major component in its war on terrorism.

"We are not terrorists," former grocer Muhammad Salah told reporters as he left the courthouse with his 8-year-old son, Ibrahim, on his shoulders. "I feel good," he said as he was hugged by relatives and well wishers. "I thank God and I hope justice will prevail."

"This is a great day for justice," said Salah's attorney, Michael E. Deutsch.

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Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government.

Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr.

Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have made no secret of their dislike of the occupation of the West Bank and Gaza.

Salah was convicted of obstruction of justice for providing false answers to questions in a civil suit filed by parents of an American teenager who was shot and killed by Hamas terrorists at an Israeli bus stop.

Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify before a federal grand jury after receiving immunity from prosecution for anything that he might have revealed.

The jury delivered the verdict amid heavy security in the courtroom after deliberating for 14 days.

"We've convicted them - it's hard to say that we're disappointed," First Assistant U.S. Attorney Gary Shapiro said.

Defense attorneys said they hoped to have the convictions reversed on appeal but added that, at worst, the men would likely serve comparatively short sentences.

Also charged in the case is Abu Mousa Marzook, described as one of the top leaders of Hamas. Prosecutors said it was Marzook who sent Salah on his mission to Israel and supplied him with money to give to Hamas leaders.

FBI agents also intercepted phone calls between Ashqar and Marzook.

Marzook is currently living in Damascus, Syria, and is classified by the government as a fugitive.

U.S. Senators Briefed On Arar But Say They Have A Lot More Questions (CP)

Canadian Press, February 2, 2007

WASHINGTON (CP) - Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions.

But Democrat Patrick Leahy and and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes.

They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight.

The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada.

Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list.

Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States.

Chinese Official Publishes Rebuke Of Bush (NYT)

By Joseph Kahn

The New York Times, February 2, 2007

BEIJING, Feb. 1 — A senior Chinese government official issued a rare public rebuke of President Bush on Thursday, accusing him of waging a “unilateral” battle against terrorists that had worsened global tensions.

The official, Ye Xiaowen, director of China’s State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People’s Daily that Mr. Bush’s past references to a “crusade” and to “Islamic fascism” were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war.

Partly as a result, he said, the United States had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks.

“The more they oppose terrorism, the more terror they produce,” Mr. Ye said in the article. “How many more troops will they send to die in the meat grinder” of Iraq.

Mr. Ye wrote that Mr. Bush had effectively “hijacked” one religion, Christianity, to engage in a battle against another one, Islam. That has strengthened Islamic fundamentalists and made the war unwinnable, he contended.

“Unilateralism and terrorism breed each other, but neither can overcome the other,” he wrote.

While such assessments of Mr. Bush’s leadership are not new among his opponents in the United States and abroad, Chinese officials generally take pains to maintain cordial relations with Washington. Beijing remained on the sidelines when the

United States invaded Iraq, and Chinese officials have refrained from commenting extensively on the difficulties the American military has faced there.

Even when China opposes American policies, it is rare for a sitting official to cast aspersions on an American president by name, a step often considered a breach of diplomatic etiquette.

It is unclear if Mr. Ye cleared his comments with other top leaders before publishing them in the overseas edition of the newspaper, the Communist Party's most authoritative publication.

Mr. Ye's bureau manages China's official Christian, Buddhist and Islamic associations. The associations regulate religious practice in China, which is officially atheist.

In the past, Mr. Ye has clashed with American officials who have pressed China to allow greater religious freedom, and he has tended to speak bluntly when defending religious policies.

The American Embassy in Beijing did not offer any immediate response to Mr. Ye's article.

Beijing at least initially embraced the American-led fight against terrorists. Human rights groups say China has used Mr. Bush's policies to justify a broader crackdown on its Muslim Uighur population in the western region of Xinjiang, where it says separatist groups operate.

Yet even as that crackdown has continued, the Chinese religious authorities have sought to improve relations with Islamic nations and Islamic religious leaders at home and abroad.

Last year, the Foreign Ministry officially condemned Danish cartoons that Muslims considered an insult to the Prophet Muhammad. This year, Chinese propaganda officials have ordered the Chinese news media to play down images or references to pigs ahead of the Year of the Pig in the Chinese zodiac, because China's Hui Muslim minority considers pigs offensive.

Mr. Ye suggested that Mr. Bush follow China's more accommodating approach. Mr. Bush should "abandon unilateralism" and "respect that differences can exist in harmony," Mr. Ye wrote.

Poster Of Hussein At Guantánamo Draws Detainee Complaints (NYT)

By David Rohde

The New York Times, February 2, 2007

Military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there.

Lawyers for the detainee said the 7-by-3-foot poster, in a small recreation area for prisoners, featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, "Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed."

The chief military spokesman in Guantánamo, Cmdr. Robert Durand, said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording.

"A recent poster showed Saddam Hussein's capture, court appearances and sentencing," Commander Durand said in an e-mail message. "The intent of this poster was to show that the Iraqi people are making progress and have delivered justice."

Commander Durand said that the poster had been removed and that the military regretted that the "language of this poster appeared insensitive."

Lawyers for the detainee who complained, David Hicks, an Australian who was captured in Afghanistan in 2001, said news articles about Mr. Hussein's execution were also displayed in the recreation area. Other articles described the accidental decapitation of a Hussein co-defendant in a subsequent hanging.

"I have no doubt that those were put up for a particular reason," said Joshua L. Dratel, one of Mr. Hicks's lawyers. "For psychological warfare and for mental torture and intimidation."

Commander Durand said the articles had not been intended to intimidate prisoners. "The news photos that appear in the stories are neither graphic nor sensational," he said. "A BBC news article describing Saddam Hussein's execution, with a photo of him prior to his hanging, was included in the camp news."

Since the camp's opening, American military officials have displayed posters they created in Arabic and other languages that conveyed news events. Lawyers for the detainees said they focused on the arrests of terrorism suspects and the deaths of Iraqi and Afghan insurgents. Military officials described the posters as balanced.

In the past, military officials barred lawyers for the prisoners from describing outside events to them or giving them news articles.

The articles on Mr. Hussein were displayed under a new policy in which the American military posts a weekly collection of news reports in recreation areas around the prison, Commander Durand said.

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Travel Logs Aid Germans' Kidnap Probe (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

BERLIN, Feb. 1 -- If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors.

German investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents, which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004.

On Wednesday, prosecutors in Munich announced that a German court had issued arrest warrants for 13 people it named as CIA operatives involved in the Masri kidnapping. While most of the people used aliases and their true identities remain unclear, German authorities said the Spanish records provided a critical break and kept the investigation alive.

"It made it possible for us to identify specific individuals and to connect them with the kidnapping case," said Christian Schmidt-Sommerfeld, the chief Munich prosecutor, in a statement disclosing the warrants. "This information as well as other investigative evidence now leads to the grounds of suspicion against these 13 distinctly identifiable individuals."

It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels.

Records of the other team's stopovers at Palma de Mallorca were gathered by the Guardia Civil, a Spanish police agency that has investigated the CIA's use of the island as a staging ground for other counterterrorism operations in Europe and North Africa. Some of the records were provided to The Washington Post by Human Rights Watch, a New York-based advocacy group that has investigated extralegal abductions by CIA counterterrorism squads.

A CIA spokesman at headquarters in Langley, Va., declined comment for this article.

Aviation records show that the CIA operatives arrived at Palma de Mallorca at 10 p.m. Jan. 22, 2004, from Algiers. They spent the night at the Marriott Son Antem Golf Resort and Spa, paying $175 each for a room, including breakfast. One male member of the team, who stayed in Room 216, was billed for $85 worth of massages and a $23 bar tab. He and the others paid with their Visa cards.

The next day, the CIA crew departed in a privately chartered Boeing 737 for Skopje, Macedonia, where Masri had been detained secretly for three weeks by Macedonian security agents on suspicion of involvement with a terrorist network, according to German prosecutors. The plane stayed on the ground for less than six hours before departing with Masri on board, heading first to Baghdad and then to Kabul.

Masri, a German citizen of Lebanese descent, said he was kept in a secret CIA prison that was known as the Salt Pit and interrogated about Islamic radicals in Germany before his captors realized they had the wrong man. He said he was flown back to the Balkans five months later, released on a hillside in Albania and warned to keep his mouth shut.

After delivering him to Afghanistan, the CIA operatives flew back to Palma de Mallorca after a brief stopover in Romania, aviation records show. The team spent three more nights on the Spanish island before returning to Washington. For the flight home, they ordered a shrimp cocktail for the pilot and two bottles of Pesquera red wine, according to invoices from the ground services crew at the Palma airport.

John Sifton, a senior researcher on counterterrorism for Human Rights Watch, said the operatives may have taken a carefree approach because they assumed they were being protected by European intelligence partners. Masri, for instance, was handed over to the CIA by Macedonian security agents. And in the Milan kidnapping case, top officials with the Italian military intelligence agency known as Sismi have been charged with conspiring with the CIA.

"I suppose they never expected there would be a flap about all this or else they would have been more cautious," Sifton said. "When you think a local government is cooperating with you in your criminal activities, you're probably less careful."

U.S. officials have never publicly admitted guilt or responsibility in the Masri case, and the U.S. Justice Department has refused to cooperate with requests for information from German prosecutors.

Masri sued the CIA for damages in U.S. District Court in Virginia. His complaint was dismissed in May on grounds that the lawsuit could generate revelations that would damage national security. Masri is appealing. His attorneys said the recent revelations from Europe show that the secrecy concerns are moot.

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"It renders even more far-fetched the argument that every single development in this case is a state secret," said Ben Wizner, an ACLU lawyer who is representing Masri in his lawsuit.

Staff researcher Julie Tate in Washington contributed to this report.

Neighbors Of British Terror Suspects Skeptical Of Charges (NYT)

By Jane Perlez

The New York Times, February 2, 2007

BIRMINGHAM, England, Feb. 1 — Many residents in the area where nine people were arrested and accused of planning to kidnap, torture and behead a British Muslim soldier said Thursday that they were unconvinced of the accusations against them.

By most neighborhood accounts, for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs.

He is cleanshaven, wears jeans and, like some young men in the Alum Rock section of this diverse city, seems more secular than religious, people who know him said. He rarely attended the mosque a block away from his house, they said.

For those reasons, and because of recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said.

In what the British authorities called a joint operation by the security service MI5, a newly formed West Midlands counterterrorism team and West Midlands police, the nine men were arrested in raids in poor, mainly South Asian neighborhoods of Birmingham, Britain's second-largest city, with one million people.

Pakistanis, Bangladeshis, Kashmiris and, recently, Somalis dominate the areas where the men were arrested. Birmingham, where a central area of recent urban redevelopment contrasts with the poor ethnic areas, is 14.3 percent Muslim, seventh highest among areas measured in Britain, according to the Office of National Statistics.

The neighborhoods of Sparkhill and Alum Rock are lined with often run-down but still neat Victorian-era two-story row houses that show pride with limited means. Some boast carved stone lintels, and many are decorated with lace-trimmed white curtains in their front windows.

The police shut and searched the Maktabah al-Ansar Islamic bookstore, a purveyor of radical Islamic books and tapes. They also closed the Blades Cyber Cafe and the Khan General Store. The police did not release the names of those arrested. Newspaper reports here described one of the suspects as the owner of a pizza shop.

A neighbor of Mr. Mahmood's said it was possible that Mr. Mahmood, whose father came to Britain from Pakistan, became the "victim of a bunch of bad lads."

"He had quite a few Arab friends, that's the only thing, looking back on it," said the neighbor, Amad Altaf, 30, a university student.

There seemed to be surprise in the neighborhoods that the supposed plot involved killing a British Muslim soldier. Indeed, a British Muslim soldier, Lance Cpl. Jabron Hashmi, 24, was killed in fighting against the Taliban in Afghanistan last year. Since the arrests, British television has shown pictures of a Lance Corporal Hashmi, and some newspaper reports said a commemoration of his death was held last week.

About 330 Muslims serve among the 180,000 members of the British armed forces. In an effort to increase the proportion, the army has held recruitment drives in recent years in South Asian neighborhoods, though to little effect, people here said.

Under British terrorism laws, police can detain suspects for up to 28 days without bringing formal charges.

Mohammad Khan, a friend of one of the suspects who is a lecturer in the department of education at the University of Birmingham, said that he had hired a lawyer for his friend and that the lawyer had visited the suspect in custody on Thursday. Mr. Khan declined to identify the suspect, saying only that he was "a very caring person" who had helped in antidrug programs.

Mr. Khan said the arrests put a spotlight on the lack of government services in the South Asian neighborhoods.

According to a survey by the Birmingham Voluntary Services Council, the Alum Rock and Sparkhill neighborhoods ranked highest on the "inequality index," Mr. Khan said.

The Sparkhill area where the Maktabah bookshop is located had the highest rate of unemployed university graduates in Birmingham, he said. That meant, he said, "You jump through all the hoops and you don't go anywhere."

The Labor government has poured money into religiously based community organizations since the terrorist bombings in July 2005 that killed 56 people, including 4 bombers, Mr. Kahn said. But the grants were unevenly distributed if the goal was to improve livelihoods in mainly poor and Muslim areas, he said. The grants went to 900 Christian groups, 400 interfaith groups and fewer than 300 Muslim organizations, he said.

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"They fund according to old relationships," said Mr. Kahn, who was invited by the American Embassy in London to visit the United States last year as part of a State Department program on conflict resolution. "They need to encourage Muslim organizations that offer something other than representation."

More effort should be put into promoting scholarships for Muslim youth, and offering counseling services, he said. There were almost no youth centers in the areas, he said.

A prototype of what can be done opened recently in the Sparkbrook neighborhood not far from Alum Rock: a gym for women run by women. Called Saheli Women's Group Gym — saheli means "best friend" in the Urdu language — the gym serves women who had nowhere to go outside their homes, said Naseem Akhtar, its founder. Many of the women who used the gym were conservative in their Islamic beliefs, wearing black robes and veils that showed only their eyes, she said.

Until the arrests on Wednesday, Birmingham had escaped the notoriety that has befallen a number of Muslim areas in Britain since the Sept. 11 attacks in the United States and the July 2005 bombing in London.

Last year, for example, in dramatic raids conducted by 250 policemen in the neighborhood of Forest Gate in East London, two Muslim men were arrested on suspicion of planning a terrorist attack. One was shot and had to be hospitalized. But both were released after no evidence was found to justify formal charges.

The chairman of the Birmingham Central Mosque, Mohammed Naseem, said the attention from the arrests was unwelcome because it was based on what he called the un-British notion of arresting people on the basis of suspicion.

But Dr. Naseem, 82, an outspoken critic of American foreign policy who confronted the American ambassador, Robert H. Tuttle, on Iraq during the ambassador's visit to the mosque last year, said he was concerned about "Muslim nationalism." This "Muslim nationalism" had developed among some of his constituents since 9/11 and was based "not on morality, but my nation right or wrong," he said. "That's the dangerous element, and we're trying to counteract it."

Bank Group Is Told To Halt Flow Of Data To U.S. Officials (NYT)

By Agence France-presse

The New York Times, February 2, 2007

BRUSSELS, Feb. 1 (Agence France-Presse) — The European Central Bank must take action by April to stop the transfer of personal information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations, a regulatory agency said Thursday.

The agency, the European Data Protection Supervisor, told the bank to come up with measures "to make its payment operations fully compliant with data-protection legislation," urging it to "take appropriate measures as soon as possible."

Swift, the Society for Worldwide Interbank Financial Telecommunication, deals with trillions of dollars in global transactions daily between nearly 8,000 financial institutions in more than 200 countries.

It has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees.

The Bush administration has defended the once-secret program, which began after the Sept. 11, 2001, attacks in the United States. But critics in Europe contend that it places American security interests ahead of European civil liberties.

Under European Union rules, information on money transfers can be used only for banking purposes and not for other uses, like combating terrorism.

No More Renditions (LAT)

The Los Angeles Times, February 2, 2007

THERE ARE PLENTY of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale.

After the disgrace of Abu Ghraib and the ongoing international furor over the indefinite detentions at Guantanamo Bay, the Bush administration cannot afford further self-inflicted damage to it's prestige. But this week, the bills for rendition came due when a German court issued arrest warrants for 13 Americans accused in the Keystone Kops kidnapping of a German citizen — the wrong man, as it turned out. Khaled Masri was imprisoned and abused in Afghanistan for five months before being released without charge.

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In Italy, prosecutors are also reportedly seeking to indict 25 CIA operatives for kidnapping an Islamic cleric in Milan and sending him to Egypt for alleged torture. Sweden too has been burned by cooperating with U.S. renditions. In December 2001, it handed over to CIA operatives two asylum-seekers accused of terrorism. They were sent back to Egypt where, despite promises to Sweden that they would be properly treated, both also were allegedly tortured.

Continental opposition to U.S. foreign policy is hardly breaking news. But that doesn't mean in this case that the furious European electorates are wrong. Due process remains a fundamental Western value, and outrage about violations is a sign of democratic health, not political opportunism. It did not smooth matters that the White House initially denied that any such practices were being used.

It's not as if the Bush administration can claim that renditions from Western Europe have produced life-saving intelligence. (We would have probably heard about the successes by now, if a plausible case could be made.) Even if they had, it's unlikely that the positive effects would outweigh the negative impact of having Washington's most important law enforcement allies — countries that have large Muslim populations known to periodically shelter and incubate terrorists — turn sour on collective policing and prevention efforts.

The administration needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris.

HOMELAND RESPONSE:

Intelligence Pick Says He'd Fight Manipulation (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes.

"There have been a number of occasions in my career when I had to not be popular but to speak truth to power," J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination.

"I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do," he said.

McConnell's comments came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003.

If confirmed, McConnell said, he would inform committee members if that occurs.

McConnell was nominated last month to replace John Negroponte as the overseer of all 16 federal agencies that collect or analyze intelligence. The 2-year-old position was created as part of changes recommended by a presidential commission that examined government failures that preceded the 9/11 attacks.

On other issues, McConnell promised to:

• Review security rules from the World War II and Cold War eras that make it difficult for intelligence agencies to hire foreign-language specialists whose families include non-citizens.

• Consider a first-of-its-kind audit of spending by individual agencies.

• Not use outside contractors in sensitive jobs such as interrogators.

• Support the committee's attempts to get documents that would test conclusions of intelligence agencies.

McConnell, 63, served 29 years as a Navy intelligence officer, including serving as intelligence officer to the Joint Chiefs of Staff during the 1991 Persian Gulf War. From 1992 until his retirement in 1996, McConnell directed the National Security Agency, which performs satellite spying as well as electronic surveillance.

Judge Explains His Dismissal Of Scientist's Suit Against Times (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information.

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In an opinion released Thursday, the judge, Claude M. Hilton of the Federal District Court in Alexandria, Va., laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill, a specialist in biological weapons. Dr. Hatfill's lawsuit said a series of columns by Nicholas D. Kristof about the anthrax mailings had defamed him.

Mark A. Grannis, a lawyer for Dr. Hatfill, said Judge Hilton's opinion was unsurprising and was not the last word in the case.

"The opinion is more or less what we expected, given the judge's earlier statements," Mr. Grannis said. "We will appeal, and we expect to prevail."

Mr. Kristof wrote about a government scientist whom he initially identified as Mr. Z, saying this scientist had become the overwhelming focus of the investigation into the anthrax attacks. Then, in August 2002, Mr. Kristof wrote that Dr. Hatfill, formerly with the Army bioweapons center at Fort Detrick, Md., had come forward to identify himself as Mr. Z and say the news media had treated him unfairly.

Five people died in the anthrax attacks. Federal authorities identified Dr. Hatfill as a "person of interest" in the investigation but never charged him with any crime. The attacks remain unsolved.

Judge Hilton's opinion, which was dated Tuesday, said Dr. Hatfill could be considered both a "public official" and a "public figure" and therefore would have to meet a higher burden of proof than would a private figure in order to prevail in a defamation suit. Under that higher burden, a public figure bringing suit must demonstrate that the writer acted with "actual malice" — that is, either knew that what he was writing was false or had "a high degree of awareness" that it probably was.

The judge said Dr. Hatfill was a public official because even after he left his formal government position, he continued to perform official functions as a federal contractor. At the time Mr. Kristof wrote about the case, Dr. Hatfill was receiving federal money to work on national defense programs, the judge said.

The opinion said Dr. Hatfill was also a public figure, holding himself out as an expert on bioterrorism and granting interviews to a variety of news organizations.

Judge Hilton described at length the government's inquiry into the case and its focus on Dr. Hatfill. He disclosed that the F.B.I. had searched Dr. Hatfill's car and a condominium owned by his girlfriend and had seized several items, including "notes regarding the anthrax mailings, a spinner flask of anthrax stimulant and a container of Cipro." A spinner flask could be used to study the properties of anthrax, and Cipro is an antibiotic used to treat a variety of ailments, including anthrax poisoning.

Judge Explains Tossing Out Suit Against N.Y. Times (WP)

By Jerry Markon And Allan Lengel

The Washington Post, February 2, 2007

A series of New York Times columns that explored whether a former Army scientist was responsible for the 2001 anthrax attacks were "cautiously worded" and asserted that the scientist could be innocent, a federal judge wrote in explaining why he decided to dismiss a lawsuit against the paper.

Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about Steven J. Hatfill were false, according to the opinion by U.S. District Judge Claude M. Hilton in Alexandria. Last month, Hilton said he would throw out -- for the second time -- the defamation suit Hatfill filed against the paper. An opinion explaining his reasoning was released Tuesday.

Although the columns identified Hatfill as a "likely culprit" in the deadly anthrax-spore mailings, Kristof "made efforts to avoid implicating his guilt," Hilton wrote. "Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question."

The opinion weighs heavily on the side of Kristof, who has been fighting the lawsuit that Hatfill filed in 2004. Hatfill accused the paper of defaming him and ruining his reputation in the columns. Authorities have identified Hatfill as a "person of interest" in the anthrax mailings that killed five people and sickened 17, but no one has been charged.

Kristof said last night that he was "really pleased that the judge recognized the importance of this kind of reporting" and called it "terrific to have a judgment that protects journalism at a time when the press has had a fair number of rulings against it."

The columnist said he was surprised at the "burden" of fighting a lawsuit. "There are just hundreds of hours that I've had to spend and vast amounts of money the Times has had to spend," he said.

Mark A. Grannis, an attorney for Hatfill, said the opinion "is more or less what we expected, given the judge's earlier statements." He said Hatfill will appeal and "expects to prevail."

Hilton's opinion recounted parts of the government's investigation of Hatfill and said FBI searches of his apartment, his car and a condominium owned by his girlfriend recovered among other things "a spinner flask of anthrax stimulant" and a container of Cipro, an antibiotic commonly prescribed for anthrax. Hatfill had previously said the Cipro was for a lingering sinus infection.

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Another attorney for Hatfill, Thomas Connolly, said yesterday that the stimulant was "a pesticide that can be purchased at any hardware store in America" and that Hatfill used it to train first responders in identifying a biological agent like anthrax. Hatfill had provided briefings to government officials and law enforcement agencies about biological weapons.

In the 2002 columns, Kristof said the FBI had failed to aggressively pursue a scientist he first identified as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z and wrote that Hatfill deserved the "presumption of innocence."

Hilton first threw out the case in 2004, ruling that Kristof accurately reported that the scientist was a focus of the FBI probe.

The U.S. Court of Appeals for the 4th Circuit reinstated the suit in 2005 and said Kristof's columns could be read as blaming Hatfill for the attacks.

Homeland Security Moves To Increase Armed Pilots (WT)

By Audrey Hudson

The Washington Times, February 2, 2007

Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate.

Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and U.S. officials will seek to expand the program for overseas flights.

Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said the changes are in response to a working group that has been meeting for months to address pilots' concerns.

"We recognize there is a need to carry a weapon on international flights, but we have to work it out with host countries; it's not up to us," Mr. Bruce said.

But David Mackett, director of the Airline Pilots Security Alliance, doesn't expect a quick fix for a program that has attracted less than 10 percent of pilots.

"Maybe at some point, we will protect a handful of international flights, but the public should not feel secure that it will happen any time soon," Mr. Mackett said.

"Changes are coming at a glacial pace, and there seems to be no sense of urgency. The terrorist clock is ticking, and we need to be doing this now, not a year from now."

Federal air marshals, who number about 2,000, say they are concerned the agency will cut back their numbers as a cost-saving measure and instead turn to pilots to protect the aircraft.

Mr. Bruce said such a proposal is "absolutely not" under consideration.

Pilots are "an enhancement, not a replacement, they have totally separately and unique jobs," he said.

However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal.

"It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now," the source said.

"The air marshals are too elite of a group to be used like security guards," the source said.

One burden lifted is the rule that pilots commuting or "deadheading" on a flight no longer must pack their weapon separately in a lock box in the cargo hold.

Mr. Bruce declined to specify the rule, citing security reasons.

Little Progress Seen For Poorest After Hurricane (NYT)

By Shaila Dewan

The New York Times, February 2, 2007

ATLANTA, Feb. 1 — The recovery from Hurricane Katrina has stagnated for the poorest families displaced by the storm, a new study shows. Many still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children.

The study, conducted in the Gulf Coast region of Mississippi a year after the storm by the Mailman School of Public Health at Columbia University and the Children's Health Fund, showed no improvement since a survey in Louisiana six months earlier.

Among the new study's findings are that more than a third of working families earning less than $20,000 a year before the storm have not regained their previous income level; almost twice as many families are dependent on public assistance; and diagnoses of depression and anxiety among children have increased fourfold.

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School absenteeism remains high, with more than a third of children missing 10 or more days of class in April, May or June of 2006. Families with specific needs like food or household items found help far more easily than those who needed legal help, child care or mental health care.

Among adults, the rate of hypertension diagnoses increased by more than a third after the storm in August 2005, and more than 44 percent of parents or guardians tested "very low" on a basic mental health test. About 13 percent said they were coping "not very well or not at all" with the daily demands of parenting, significantly higher than the 1.5 percent who chose that answer in the 2003 National Survey of Children's Health, which the researchers used as a benchmark.

Nearly 40 percent of the respondents said they had been working before the storm but were now unemployed.

Dr. Irwin Redlener, the director of the National Center for Disaster Preparedness at the Mailman school and co-founder of the Children's Health Fund, said the survey results showed a lack of leadership in a relief effort marked by scattershot private efforts that resulted in an uneven distribution of help. For example, he said, the Children's Health Fund runs three mobile clinics, far from enough to meet the need.

"It's not a lack of money," Dr. Redlener said. "It's a lack of structure; it's a lack of distribution of the resources. We have a completely dysfunctional distribution system, and a great deal of bureaucracy."

The survey was conducted in face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous.

"For all practical purposes, these FEMA trailer parks are in fact internal refugee camps," Dr. Redlener said. "Families are mired in these horrendous conditions with no sense of when this is going to be over, either in the minds of the families or in the officials responsible for them."

David Abramson, the study's principal investigator, identified what he called the "poverty penalty," pointing out that the working poor were far more likely to have lost income since the storm. More than half of those who made less than $10,000 a year in wages or salaries lost that income, compared with 15 percent of those who made $35,000 or more before the storm. Half of those living in FEMA trailer parks had a bank account, and 16 percent had a usable credit card, according to the study.

There were significant differences between the people studied in Mississippi and those in Louisiana. In the new study, 43 percent of the respondents were Mississippi natives, compared to more than 80 percent of the Louisianians. In the FEMA trailer sites in Mississippi, just under half those surveyed were black, compared with nearly 80 percent in Louisiana trailer parks.

Robin Hoods (commentary) (WSJ)

The Wall Street Journal, February 2, 2007

Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if you live near the coast.

In Mississippi, Attorney General Jim Hood has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims. His populist opportunism is matched by Florida, where legislators have passed a "reform" that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market.

Mr. Hood has been on a campaign to loot insurers from the first days after Katrina. His complaint is that it is "unconscionable" that insurers have refused to pay for flood damage. Never mind that their contracts specifically contain flood exclusions even as they pay tens of millions for wind damage. This water exclusion has been well known among homeowners and state regulators for years, which is why the federal government offers flood insurance. Mr. Hood nonetheless filed a civil suit and began a criminal probe.

The insurance industry has won a few of these legal skirmishes. But that changed last month when a judge told State Farm to pay a Mississippi couple a $232,000 claim and a jury awarded $2.5 million in punitive damages (since reduced by a judge to $1 million). State Farm is the nation's largest home insurer and has already paid $1.1 billion in Katrina claims in Mississippi alone. But the company looked at its hundreds of other pending suits, did the math, and threw itself on the mercy of Mr. Hood. State Farm agreed to re-open some 35,000 claims it had already settled and to pay at least $50 million more. The insurer also agreed to hand over $80 million to some 640 households represented by tort kingpin Dickie Scruggs.

The one bit of good news is that Federal Judge L.T. Senter Jr. blocked the settlement last week. The judge recognized the deal as an "arbitrary" publicity payout -- long on glory for Mr. Hood but short on the specifics of who would get money. The judge might also have wondered if Mr. Scruggs and his legal team were going to ride off with as much as $46 million.

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The bad news is that the judge left the door open for a revised settlement, which is likely and would do unpleasant things to the state insurance market. Other insurers will feel pressure to follow State Farm's lead and pay the flood ransom. The obvious way to finance these unexpected claims will be to raise premiums for other policy holders, while refusing to sell policies in certain high-risk areas. Mr. Hood is basically stealing from future policy holders in order to pay off his current constituents.

As for Florida, insurers are understandably trying to build up their reserves against the likelihood of larger future payouts. Forecasters are predicting more frequent hurricanes for the state, which could mean hundreds of billions of dollars in claims. So premiums have been rising.

Florida legislators and new GOP Governor Charlie Crist have responded with one of the more un-Republican reforms on Florida's books. The measure mandates a reduction in homeowner premiums from private insurers by 5% to 25%, which means that companies are likely to be even less prepared to cover future damages. The legislation will also force insurers that write home and auto policies in other states to offer home insurance in Florida -- or be banned from the Sunshine State.

Another charming twist is that the new Florida law will allow the state-run Citizen's Property Insurance to begin competing with private insurers. This was done in the name of "competition," but it will have precisely the opposite effect. Citizens was designed as an insurer of last resort, but as a government company it will not have to worry about profits and other capitalist details. It will be able to offer lower prices because it has an implicit taxpayer guarantee, a la Fannie Mae. These arrangements typically end badly for the taxpayer, who in this case will be absorbing future hurricane risk without even realizing it.

Some insurers have already responded to all this by cancelling policies. And Governor Crist this week issued an "emergency" order freezing premiums and barring cancellations. So not only is the state imposing price controls, it is forcing companies to do business. Where'd the Governor learn economics -- Caracas?

More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God. The insurance industry has spent billions of dollars to assist the recovery after Katrina. Who's going to pay when the next storm hits?

Off Guard (WP)

The Washington Post, February 2, 2007

AFTER DECADES of service, the Coast Guard's fleet of planes, helicopters and cutters is aging, just as the service is trying to recast its mission to emphasize demanding new anti-terrorism efforts. But the Department of Homeland Security's inspector general reported last week that, to date, a scheduled retooling of the Coast Guard fleet has hit more than a few expensive and time-consuming snags, including a slew of basic design errors in the service's new flagship vessel. A congressional roasting of Coast Guard chief Adm. Thad W. Allen followed this week, along with a number of stinging news reports.

Though some of it is overblown, the criticism is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste.

The problem dates to a contract the Coast Guard signed in 2002 with government mega-contractors Lockheed Martin and Northrop Grumman to manage the fleet's upgrade project and build needed new craft. The centerpiece of the Coast Guard's brand-new force was to be the National Security Cutter, a 425-foot ship capable of operating far from the American shoreline. According to the inspector general, though, the plans for the cutter contained a series of design flaws that could lead to cracks in the hull or deck and require the early retirement of the vessels. On top of that, the contractors botched the $100 million retrofitting of eight smaller cutters, rendering those craft essentially useless to the Coast Guard.

Before an irate House oversight panel, Adm. Allen took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process. That's a start. Beyond administrative shakeups, the big challenge will be keeping costs down and ensuring the quality of the rest of the work that the Coast Guard's contractors have to complete, including the repair of the two National Security Cutters already under construction and the eight smaller cutters that the Coast Guard had to suspend from service. After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted.

WAR NEWS:

Senate Talks On Iraq Take A New Form (LAT)

By Noam N. Levey And Nicole Gaouette

DOJ_NMG_0125898

The Los Angeles Times, February 2, 2007

WASHINGTON — The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup.

After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of "full support" against one introduced by Sen. John W. Warner (R-Va.) that "disagrees" with the president's proposal.

But how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions.

Two Democratic senators who oppose Bush's plan broke with their leaders and said they would not back Warner's measure, which was designed to unify opponents of the troop buildup.

And Republicans wrestled with the sharp divisions in their ranks exposed by the looming war debate next week. "The debate in my caucus has been very passionate on both sides," said Sen. Susan Collins (R-Maine), who has signed on to Warner's resolution. "Feelings are running high."

Seven GOP lawmakers have expressed support for Warner's resolution. Opponents of the buildup are trying to recruit seven or eight more Republicans to reach the 60 votes that would be needed to overcome a promised GOP filibuster.

And pressure is mounting on undecided Republican senators, particularly moderates and those running for reelection in 2008.

Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber.

Meanwhile, McCain and other senators escalated their attacks on the Warner measure and its supporters.

"Where is the intellectual honesty if you think that you're sending young Americans into harm's way in a futile effort?" McCain asked. "I know if I felt that way, I would say, 'My resolution is a binding resolution that cuts off funding.' That's the intellectually honest approach."

McCain, a former naval aviator who spent more than five years as a prisoner of war in Vietnam, unveiled his alternative resolution Thursday afternoon with co-sponsors Lindsey Graham (R-S.C.) and Joe Lieberman (I-Conn.). Lieberman still caucuses with the Democrats.

Warner's measure is nonbinding and urges the president to consider alternatives to sending more U.S. troops into Baghdad to halt the sectarian fighting.

Wednesday evening, Warner and his co-sponsors specifically added language opposing any funding cutoff, in an effort to woo more Republicans. So far, no additional GOP senators have joined him.

Democratic leaders, including Senate Armed Services Committee Chairman Carl Levin of Michigan, have lined up behind the Warner resolution.

On Thursday, Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), who had been pushing an alternative resolution with Levin that was more critical of the White House plan, abandoned their measure and backed Warner's.

Even Moveon.org, an antiwar grass-roots organization, praised the Senate's move toward a vote on the Warner resolution, saying, "This is an important first step toward Congress blocking the escalation and stopping the war."

But Democratic hopes of holding their caucus together behind the Warner resolution were dashed when Sens. Russell D. Feingold (D-Wis.) and Christopher J. Dodd (D-Conn.) announced they would vote against the measure.

"The Warner-Levin legislation does not explicitly oppose the escalation, [and] it doesn't contemplate the phased redeployment from Iraq," Dodd said.

He and Feingold advocate immediate steps to start withdrawing U.S. forces from Iraq. Feingold proposed legislation Wednesday that would mandate a withdrawal from Iraq within six months after the bill is passed.

Other antiwar Democrats — including Sens. Barbara Boxer of California and Barack Obama of Illinois — said Thursday they were still reviewing the language in the eight-page Warner measure. California's other senator, Democrat Dianne Feinstein, said she would support it.

McCain and other GOP leaders meanwhile pushed forward with their drive to round up the undecided Republicans who could determine which resolution, if either, emerges from the Senate debate next week.

The McCain measure, which is also nonbinding, explicitly states that U.S. forces "should receive from Congress the full support necessary to carry out the United States mission in Iraq."

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It does acknowledge past mistakes and lists 11 "benchmarks" for Iraqis, a nod to lawmakers who complain that the Bush administration is not demanding enough of the Iraqi government. These include deploying sufficient forces to help U.S. troops, disarming militias, spending more on reconstruction, and devising a plan to share oil profits between the nation's major sects.

The measure does not spell out any consequences should the government of Prime Minister Nouri Maliki fail to meet these goals. And it conspicuously does not set any timelines.

"The day you say, 'When you fail to do them by a date certain,' you might as well fold up the tent and go home because the enemy knows exactly what they have to do," Graham said.

Some senators and Middle East experts believe that without outlining specific consequences, the U.S. will never succeed in pushing Iraqi leaders to take the difficult political steps they have avoided for years.

But Senate Republican leaders have managed to prevent any new defections to the anti-buildup camp all week and were sounding defiant Thursday.

"I'm trying to get 60 votes for something other than Warner," said Sen. Trent Lott (R-Miss.), the ebullient No. 2 leader in the caucus.

Bush Senate Allies To Seek Iraq Benchmarks (WSJ)

By David Rogers

The Wall Street Journal, February 2, 2007

WASHINGTON -- Trying to stem defections over Iraq, President Bush's Senate allies want a vote next week calling on the Baghdad government to "make visible concrete progress" toward 11 political, military and economic benchmarks.

The resolution, announced at a hastily called press conference late yesterday, is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee.

Sen. Joseph Lieberman, the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans led by Sen. John McCain (R., Ariz.). As recently as Wednesday, Mr. McCain's office had expected no announcement of an alternative Iraq measure so soon. But with the Warner proposal becoming a serious threat, waiting until next week was no longer feasible. "We want to make sure that it's out there," Mr. McCain said.

The Senate floor debate, due to begin Monday, reflects broad discomfort in both parties over Mr. Bush's plan to increase U.S. troop levels in Iraq by 21,500, chiefly to quell sectarian violence in Baghdad.

Army Gen. George Casey, the departing top commander in Iraq, told a Senate panel yesterday that he had initially requested about half that number before the president adopted a more ambitious approach. At the same time, a new report by the Congressional Budget Office says the number could be higher than 21,500 once additional support personnel are counted.

By the CBO's estimate, the full commitment could run as high as 35,000 troops, costing $9 billion to $20 billion, depending on whether the peak deployment lasts four months or 12 months. But the Pentagon and congressional staff familiar with the military's request disputed the CBO's analysis and said the 21,500 total included support staff to complement those already on the ground in Iraq.

Sen. McCain has criticized Gen. Casey, who is now being succeeded in Iraq by Gen. David Petraeus, for not being more aggressive in waging the war and seeking more U.S. troops. But his own resolution reflects the conflict that Gen. Casey described in his testimony: how to balance the U.S. military might with the need to prod the Iraqi forces to take more of the lead.

First among Mr. McCain's benchmarks is a major commitment of "new Iraqi security forces to partner" with the larger number of U.S. troops. Other requirements include "disarming individual militias as circumstances warrant," distributing oil resources and building an independent judiciary.

The resolution doesn't spell out what options the U.S. should pursue if Prime Minister Nouri al-Maliki fails to meet the benchmarks. And a recent meeting in Baghdad between a House delegation and Iraqi officials including Mr. Maliki showed the limits of Congress's power to pressure the Iraqi government.

Rep. John Murtha (D., Pa.), chairman of the House Appropriations panel that oversees funding for Iraq, said he warned that unless more progress was made, Congress would be reluctant to fund new equipment for the Iraqi forces. Mr. Murtha and others in the delegation said the Iraqi reply was that the Maliki government would then secure it elsewhere. "I was stunned," Mr. Murtha said.

A handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy. But at this stage, the Virginian has a strong chance of commanding a solid majority in the Senate; even among the Republicans reluctant to join him, there is little contentment with the direction of the war.

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Sen. Judd Gregg (R., N.H.), an ally of the White House, had surprised many this week when he said he was "considering" supporting the Warner language. Mr. Gregg said yesterday he had decided not to vote for the measure, concerned that the debate is more "a political exercise than a substantive exercise" and that he didn't want to be part of a public rebuke of the president. But Mr. Gregg said he continues to have "serious reservations" about the administration's policy.

Compromise Senate Measure Rebuffing Bush's Iraq Buildup Gathers Support (NYT)

By Carl Hulse

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A revised Senate resolution criticizing President Bush's troop buildup in Iraq drew new support Thursday as two authors of a sterner resolution of disapproval said they would accept the compromise, fashioned by Senator John W. Warner.

Senators Joseph R. Biden Jr., Democrat of Delaware, and Chuck Hagel, Republican of Nebraska, said they would back Mr. Warner's alternative, which declares that "the Senate disagrees with the 'plan' to augment our forces by 21,500," calls on the president to consider other alternatives and urges him to limit the American role in countering sectarian violence.

"The bottom line of our resolutions is the same: Mr. President, don't send more Americans into the middle of civil war," said Mr. Biden, one of the authors of the initial resolution, which was approved last week by the Foreign Relations Committee, which he leads.

Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee, was the third author of that plan, favored by the Democratic leadership; on Wednesday night he, too, agreed to support Mr. Warner, a Virginia Republican who has worked with Mr. Levin in the past on major military policy.

But at least two Democrats, Senators Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin, said they would oppose the new compromise, objecting to its symbolic nature and to wording they said could tie the hands of war critics on potential future votes over military spending. The Warner resolution says Congress should not reduce financing for troops in the field.

"I regret we are not doing something that has more bite to it," said Mr. Dodd, one of the 2008 presidential contenders in the Senate whose positions on the Iraq resolution will figure into their emerging campaign themes.

The shifting allegiances — and the intense procedural gamesmanship preceding votes next week on Iraq policy — left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board.

The Senate Republican leaders intend to mount vigorous resistance to any plan that rejects Mr. Bush's troop buildup and were contemplating their options on Thursday.

"The chessboard changed last night," said Senator Trent Lott of Mississippi, the Republican whip. "We had them checkmated, but now everybody has to go back and look at the board."

The White House spokesman, Tony Snow, said Mr. Bush "will continue to exercise his responsibilities as commander in chief" even if the Senate — with House action expected to follow — approved a resolution opposing the buildup. He reiterated the administration view that a clear split between Congress and the president on Iraq could embolden the nation's enemies.

"Osama bin Laden thought that a lack of American resolve was a key reason why he could inspire people to come after us on September 11th," he said. "I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

With the framework of the Senate debate still being set, House Democrats pounced on a new Congressional Budget Office estimate that the addition of 20,000 combat troops could require an additional 15,000 to 28,000 related support troops to be deployed.

Representative Martin T. Meehan, a Massachusetts Democrat who was among lawmakers requesting the estimate, noted the numbers exceeded administration projections. He said the report "only confirms what we already know: the president has continually tried to hide the true costs of this war, both in terms of money spent and lives affected."

The first significant Senate vote on the Iraq resolution is scheduled to occur Monday evening, when supporters of Mr. Warner's proposal will seek Senate approval to open the debate — a request that could require 60 votes.

Democrats said they were hoping that they could muster that many votes or reach an agreement with Republicans on the terms of the debate, allowing it to get under way. Then lawmakers would be given a few days to lay out their views before a more crucial cloture vote, which would also require 60 votes, on limiting the debate and moving toward a final vote.

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Many of the senators from both parties who represented potential swing votes on the Warner resolution said they would be reviewing it over the next few days before taking a stand. The latest draft includes 22 paragraphs of findings, 12 more expressing the “sense of the Congress” on the best options, and 2 requiring periodic progress reports.

Republicans were meeting privately on Friday at a policy retreat and the Iraq resolution was certain to be a major topic.

A few prominent Democrats quickly came out for the Warner plan, which was written with Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, even as they expressed reservations.

Senator Hillary Rodham Clinton, Democrat of New York and a leading presidential contender, said that while she did not support all the provisions in the resolution, she would support it. “It makes the point, which is important,” she said. “We’re trying to get the attention of this president, to change course.”

But the outcome remained unsettled. As Senator Mary L. Landrieu of Louisiana walked from the closed-door meeting of fellow Democratic senators, she declared, “It’s still not a done deal.”

While some Democrats argued that the Iraq resolution was too accommodating to the administration and were weighing opposition, she disagreed. “It sends a very powerful signal to the president,” she said.

Senate Prepares To Debate Opposition To Bush's Iraq Policy (MCT)

By Margaret Talev And Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The Senate will begin formal debate Monday on legislation opposing President Bush's plan to send more troops to Iraq, but Democrats aren't sure that they've got the 60 votes they'll need to break Republican obstruction and move to a final vote.

Senate Majority Leader Harry Reid, D-Nev., and his leadership team said Thursday afternoon that they didn't have a firm vote count for the bipartisan resolution that the leadership has decided to support. It effectively declares no confidence in Bush's plan to send more U.S. troops to Baghdad and urges him to reconsider. They acknowledged that they could fall short because liberal Democrats consider the resolution too weak.

Senate Democrats met behind closed doors Thursday afternoon as their leaders assured them that the nonbinding bipartisan resolution was only a first step and that stronger measures to bring the war to a close would follow.

"It's a first step," said Sen. John Kerry, D-Mass., "and a second step is following very quickly afterward where we're going to try to do something binding."

The bipartisan resolution was developed by Sen. John Warner, R-Va., a respected centrist who's long been influential on military matters and is World War II veteran and a former Navy secretary. Democratic leaders chose to endorse his plan and drop a more critical version sponsored by Sens. Joseph Biden, D-Del., and Chuck Hagel, R-Neb., because they feel it has a better chance of winning enough votes to break obstruction from Republicans who back Bush's plan.

Warner's resolution opposes Bush's 17,500 troop buildup for Baghdad but supports the 4,000 troop increase against Sunni Muslim insurgents and al-Qaida in Anbar province. It also declares that it would be wrong to cut off funding for troops in the field. Some Democrats oppose those last two provisions.

Sen. Russ Feingold, D-Wis., said he opposes Warner's resolution, and he hasn't ruled out joining Republicans to block a final vote on it.

"I don't know why people, especially those who voted against this war in the first place, would at this terrible stage want to vote for something that essentially reauthorizes this action and even intensifies it in places like al Anbar province, where most of our people are dying," Feingold said. "That strikes me as an odd strategy for people who want to end the war."

Sen. Christopher Dodd, D-Conn., also said he opposes the resolution, but said he wouldn't vote to block it. Biden and Sen. Edward Kennedy, D-Mass., said they could accept Warner's approach for now.

Some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. "I'm always working," he said.

Senate Republicans huddle in a retreat on Friday, when their leaders plan to pressure wavering members to stick behind Bush. The president will apply pressure, too, when he meets with Senate Republicans at the White House in the afternoon and entertains them and their wives at a reception.

Reid left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward.

"We'll have to see. He's doing very well," Reid said in a brief interview with McClatchy Newspapers.

But Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week.

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While Reid stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains.

Most Senate Democrats are backing the Warner approach as their best bet to build a large bipartisan majority behind a no-confidence vote in Bush's plan. They got potentially important grass-roots support Thursday when the anti-war group Moveon.org issued a statement calling the Warner plan an "important first step" toward stopping the war.

The group also assured liberal lawmakers who were on the fence that "the compromise language would not constrain the Congress from using all of its powers to stop the escalation and force President Bush to implement an exit plan."

Sen. Norm Coleman, R-Minn., who opposes a troop buildup, joked that Moveon's position was making him second-guess his own inclination to back Warner. He said of many Democrats: "I think they're just so intent on criticizing the president that they probably see this as a vehicle. That's unfortunate."

Meanwhile, some lawmakers continued to propose other resolutions, although none appeared to have as much support as Warner's does.

Sen. Joseph Lieberman, I-Conn., joined with Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina to introduce a resolution that supports Bush but also tells the Iraqi government that it must meet performance benchmarks for the United States to continue its engagement long term.

Sen. Robert Byrd, D-W.Va., chairman of the Appropriations Committee, said he'll introduce a resolution that proposes to end the 2002 congressional authorization for the war.

Senate Democrats Split On Measure Opposing Bush (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, February 2, 2007

Senate Democratic leaders who decided to back a Republican resolution against President Bush's Iraq war plan in hopes of winning broad bipartisan support ran into stiff resistance yesterday from an unexpected quarter -- fellow Democrats.

The Democratic dust-up came on a day when opponents of the president's policies received some unexpected ammunition. The nonpartisan Congressional Budget Office reported that Bush's plan to deploy roughly 20,000 additional U.S. combat troops to Iraq is likely to require at least 15,000 support personnel, and possibly as many as 28,000.

That could mean the plan would involve up to 48,000 troops and contractors, at a cost of between $9 billion and $13 billion for the first four months and up to $27 billion for the first year.

The compromise resolution states that the Senate disagrees with the president's plan and urges Bush to instead consider all other options for achieving his strategic goals.

Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans. But defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500.

Two Democratic senators, Christopher J. Dodd (Conn.) and Russell Feingold (Wis.), came out forcefully against the compromise, saying the newly worded resolution goes too far toward GOP positions. Dodd called it "essentially an endorsement of the status quo" in Iraq, while Feingold denounced it as "a deal with the devil."

"This is the United States Senate. This is not some city council somewhere," Dodd said. "It seems to me sending something down that engages the president, that forces the administration to pay attention is something we ought to be considering."

Several other Democrats said they remain undecided; many of them are pushing binding legislation to cap troop levels, force a new vote to authorize the war or begin bringing troops home.

For days, two groups of senators had backed competing resolutions of opposition: a sharply worded version by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), and a more conciliatory resolution by Sen. John W. Warner (R-Va.). The stalemate was broken Wednesday night when Senate Majority Leader Harry M. Reid (D-Nev.) backed a revised version of Warner's resolution.

Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution when it is brought to a vote next week. The first showdown will come Monday afternoon, when the Senate will vote on whether to proceed to the debate. At least seven Republicans, and possibly more than 10, could back the compromise, worked out by Warner and Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.). If, as expected, Democratic opponents of the resolution side with their leaders to break a filibuster, the measure would have close to the necessary 60 votes, but it is not there yet.

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If the Senate does break the filibuster, only to see half a dozen Democrats oppose the resolution, Democratic leaders could still pass the measure but would be deprived of the broad, bipartisan vote they want to send a clear signal to the White House.

Gen. George W. Casey Jr., who led the war effort in Iraq before being nominated as Army chief of staff, confirmed that the 21,500 troops in Bush's plan is not the total, as indicated in yesterday's CBO report. In written answers to the Senate Armed Services Committee, he said that "certain additional combat support and combat service support capabilities" would be required. They include "logistical enablers, intelligence assets, military police, and a command/control node," although the numbers would be "minimal."

Democrats said those answers directly contradict statements made by the current Army chief of staff just a week ago.

"The CBO report only confirms what we already know: The president has continually tried to hide the true costs of this war," said Rep. Martin T. Meehan (D-Mass.), chairman of the House Armed Services subcommittee on oversight and investigations.

Army and White House officials said they are reviewing the CBO report and have not yet determined the number of support personnel needed.

During a confirmation hearing yesterday, Warner pressed Casey on why he had asked for fewer than half the additional troops Bush now wants -- two combat brigades instead of five.

"I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission," Casey responded.

To opponents of the Senate resolution, such developments only bolstered their resolve to demand stronger action.

"A political victory is not more important than ending this war," Feingold said.

At issue are three clauses in a resolution that is now 11 pages long.

Of particular concern to some Democrats is a clause stating, "The Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field." That provision was added to win GOP support. Levin said it would not prevent binding legislative action to stop further deployments.

But some Democrats took offense at equating a cutoff of funds with the endangerment of troops and said it would bind their hands in the coming months.

They also objected to a call for continued "vigorous operations in Anbar province," where U.S. forces have been battling al-Qaeda-linked Sunni extremists.

Another phrase saying that the resolution "should not be interpreted as precipitating any immediate reduction in" present troop levels was seen by some as an endorsement of the status quo.

Majority In Senate Support 'Stay The Course' Resolution (WT)

By Charles Hurt

The Washington Times, February 2, 2007

A bipartisan majority in the Senate yesterday united behind a firm "stay the course" resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war.

The resolution is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war.

"Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field, as such an action with respect to funding would undermine their safety or harm their effectiveness in pursuing their assigned missions," says the resolution, authored mainly by Sen. John W. Warner, Virginia Republican.

Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States "should continue vigorous operations" in parts of Iraq and that early withdrawal "would present a threat to regional and world peace."

Sen. Russ Feingold, the Wisconsin Democrat who has always opposed the war, called the resolution weak and misguided.

"The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another," he said. "The American people have rejected the president's Iraq strategy, and it's time for Congress to end our military involvement in this war."

Sen. Christopher J. Dodd, Connecticut Democrat, also said yesterday that he would oppose the resolution because it doesn't call for withdrawing the troops quickly enough.

"I strongly oppose the Warner-Levin legislation," said Mr. Dodd, who voted in 2002 in favor of the war. "It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq, and the need for meaningful action now."

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Debate over the resolution angered some anti-war voters who were crucial to Democrats' victory in the November midterm elections.

"The whole reason so many of us worked for Democratic candidates was so that they would get a majority in Congress and bring the troops home," said Tina Richards, who described herself as a lifelong Republican from Missouri whose opposition to the Iraq war turned her into a Democrat. "They're in the majority now, but they won't bring the troops home."

She said her son is a Marine reservist who expects to be called up as part of Mr. Bush's plan to send 21,500 more troops to Iraq.

"It's pointless. These are nonbinding resolutions, and they won't do a thing to bring our troops home," Mrs. Richards said. "This is the definition of insanity; they're banging their heads against the wall and expecting a different result."

But the nonbinding resolution was embraced yesterday by several key members of both parties, including Sens. Joseph R. Biden Jr., Delaware Democrat, and Chuck Hagel, Nebraska Republican. Both men, like Mr. Warner, voted in 2002 to go to war with Iraq. Senate Armed Services Committee Chairman Carl Levin, a Michigan Democrat who opposed the war, also signed on to the Warner resolution.

Although both sides agree that there is a majority of support to approve the resolution, there is far less certainty about whether it has the 60 votes needed to overcome any filibuster.

Approval of the resolution will have no real effect on war policy because it's nonbinding, said Sen. Jon Kyl, Arizona Republican, adding that its criticism of the administration's policy serves only to undermine the war effort.

"We are not simply speaking to the president," Mr. Kyl said. "Everyone else in the world will get that message. ... Those are the words that will resonate around the world."

Is Iran Fighting Proxy War With U.S. In Iraq?; Interview With Howard Dean (CNN)

CNN THE SITUATION ROOM, February 2, 2007

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WOLF BLITZER, HOST: And to our viewers, you're in THE SITUATION ROOM and it's happening right now.

As bombs go off across Iraq, the top U.S. military commander, up for a promotion, gets a grilling about the violence he left behind.

Is Iran using Shiite militants to fight a proxy war with U.S. troops in Iraq?

CNN's Christiane Amanpour will tell us what they're saying in Tehran. That's where she is right now.

And Democrats divided -- first, Joe Biden's attack on rival presidential candidates. Now shocking allegations from female members of a Congressional Caucus. I'll talk with the Democratic National Committee chairman, Howard Dean, this hour.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Market shoppers and bus passengers blown up by bombs. Students and teachers shot dead.

As fresh violence ripped through Iraq today, the outgoing U.S. military commander there was in the hot seat up on Capitol Hill, where there's a debate on whether he should get the top job in the U.S. Army.

CNN's Michael Ware is in Baghdad.

Christiane Amanpour is in Tehran.

But let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie.

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, Wolf, several senators say they have not yet made up their mind if they will vote for the confirmation of General George Casey to be the Army chief of staff. Among them, one of his sharpest critics, Senator John McCain.

(BEGIN VIDEO TAPE)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

MCINTYRE (voice-over): Casey's critics fault him for failing to adapt as the war took a turn for the worse and only asking for more troops in December, after President Bush ordered an overhaul of Iraq strategy.

GENERAL GEORGE CASEY, U.S. ARMY: I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission.

MCINTYRE: Armed Services Committee Chairman Carl Levin pressed Casey on President Bush's comment that Iraq was headed to a slow failure until the president himself stepped in.

CASEY: I actually don't see it as slow failure. I actually see it as slow progress.

MCINTYRE: In fact, Casey says he still feels only two brigades of additional U.S. troops are needed in Iraq, not the five the president ultimately ordered. And he stubbornly defended his strategy.

CASEY: It may not have produced the results on the time lines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq.

(END VIDEO TAPE)

MCINTYRE: General Casey does not appear to be headed for the unanimous endorsement that his replacement, General Petraeus, got from the U.S. Senate. But he may be confirmed.

Among people who said they would vote for him, last hour on your show, Wolf, Senator Carl Levin said he would vote for him even though he had made some mistakes, because he didn't hold him responsible for what he called the bigger policy mistakes of the Bush administration -- Wolf.

BLITZER: And Senator Levin is the chairman of the Armed Services Committee, so he has some sway.

Thank you, Jamie, for that.

Meanwhile, there's new word today that the troop increase in Iraq could cost $27 billion for a year long deployment. A Congressional Budget Office report says it could also mean thousands of support troops being sent, in addition to the roughly 21,000 combat troops called for in the Pentagon's deployment plan.

In Iraq today, two suicide bombers blew themselves up in a crowded market in the town of Hillah. That's south of Baghdad. Sixty-one people were killed, 150 others wounded. In Diyala Province, the U.S. military says Iraqi troops stopped a suicide truck bomber at the gates of an Iraqi Army compound. The driver was shot dead but the vehicle blew up, wounding 13 Iraqi soldiers.

Police imposed a strict curfew tonight in the southern province of Najaf, where a bloody battle this week pitted Iraqi and U.S. forces against hundreds of gunmen from what Iraqi officials described as a Messianic killer cult. We're now learning new details of that clash.

And joining us now in Baghdad, our correspondent, Michael Ware -- you know, we've seen this phone video now of these bodies from that battle in Najaf the other day. I know you're investigating -- Michael, what went on?

It's very confusing. The only thing we know for sure, there are a lot of dead people there.

What are you picking up?

MICHAEL WARE, CNN CORRESPONDENT: Well, Wolf, what we do finally know is that on Sunday just gone, there was a major engagement, a major battle just north of the holy city of Najaf, south of the capital, Baghdad.

Now, according to the Iraqi government, at the center of this battle was this apocalyptic death cult. I mean, this group who believe that a messiah was among them and had returned.

The government claims that part of their plan, that this sect's intention was to enter the holy city and assassinate the Shia religious sect leadership. They believed that this was part of a prophecy.

Now, this is what the government says, and they say that this group of about 600 or 700 strong had taken land north of the holy city, dug entrenchments, gun positions. They had heavy weapons and that essentially they were approaching zero hour in their deadly plan and government forces intervened.

Beyond that, what we actually do know is that a battle did took place, that government forces did engage irregular forces north of the capital. We also know that Iraqi Army units with American advisers attached became involved. They were quickly enveloped. The American advisers called in two Apache helicopter gunships, one of which went down during the fight. As the battle raged throughout the evening, F- 16s were called in. A-10 and AC-130 gunships and aircraft were also called in. A Stryker unit and some infantry from the American forces, several hundred troops in total, were also brought in.

Now, according to U.S. officials, at the end of this blazing battle, there was at least 250 dead and they've hauled in 400 detainees or more so far.

Now, the Americans, however, are a little bit more cautious about just who they were fighting. Military intelligence -- military spokesmen described them as a Shia breakaway group.

Now, they're saying the jury is still out on whether it was actually this apocalyptic cult, although some officers refer to it as a David Koresh like organization, the American cult leader in Waco, Texas some years ago.

However, there's other stories, that this is a faction upon faction among the Shia militias; that this was a massacre of anti-Iranian forces; that this was a tribal dispute.

Basically, at the end of the day, Wolf, no one saw this battle. No one really knows how it began. And the facts are still emerging from the ruins of this engagement.

BLITZER: I know you'll stay on top of the story for us, as you always do.

Michael, thanks very much.

WARE: Thank you, Wolf.

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BLITZER: And a stunning new report today says that on average, more than 1,000 Iraqis were displaced from their homes every day in 2006, since last February's bombing of a Shiite holy site in Samarra. The International Organization for Migration says more than 330,000 Iraqis have been displaced since that attack, which triggered an all out round of sectarian violence. And it's still raging in Iraq.

Iran today began celebrations -- anniversary celebrations, that is -- for its Islamic Revolutionary, which brought hard-line clerics to power a generation ago.

But is Iran exporting that revolution to neighboring Iraq by aiding Shiite militants?

And joining us now from Tehran is our chief international correspondent, Christiane Amanpour.

A rare opportunity for us to get insight -- what are they saying to you, Iranians, about these very serious U.S. allegations, Christiane, that the Iranians are helping foment this insurgency inside Iraq?

CHRISTIANE AMANPOUR, CNN CORRESPONDENT: Well, officially, they're not saying anything, except for veiled comments today on the 28th anniversary of the Islamic Revolution to remain united against "U.S. conspiracies."

Unofficially, sources with very intimate knowledge of the government and government policy have told me that they are really surprised to hear these allegations, that they would not be overtly attacking or urging attacks against American soldiers there, that they want a stable Iraq because it's in their interests. And while they admit that they have a struggle with the United States over issues such as the nuclear issue and regional influence, that they wish they could work with the United States, as they did in Afghanistan, to resolve the situation inside Iraq.

BLITZER: The Americans insist that the Iranians are providing sophisticated equipment, including improvised explosive devices of a new generation, capable of penetrating the best U.S. armor.

Have you had a chance to ask them if they're providing this kind of equipment to Iraqis?

AMANPOUR: Yes, I have. I've asked them. And I've asked them, this is not new, these allegations. And I've asked them over the many times that I've been here and when I've met government officials.

And they always deny it. And their answer is always the same, that our interest is in a stable Iraq, that we want a democratic and free Iraqi government, which there is right now, the Shiite dominated Iraqi government, and that, yes, we would like "occupying forces out of Iraq," but once the conditions are set for them to leave Iraq. Because if not, they say, these sources, then Iraq will Iraq will be in an even bigger mess than it is right now.

BLITZER: What about the Iranian nuclear program that the U.S. and others -- the Europeans -- suspect is designed to build a bomb? How does this tension, the current tension between the U.S. and Iran, play into that bigger issue of Iran and a potential nuclear bomb?

AMANPOUR: Well, it certainly does. And, of course, while the West and many in the media talk about a nuclear bomb, here they are insistent, as they always have been, that that is not what they're pursuing. And they always point to the IAEA, which said it does not have evidence to anything other than a nuclear program.

They said that they are going to be announcing some kind of new development in their nuclear program over the next 10 days. We don't know what this is or whether it will happen. But we do know that they're taking journalists to one of the facilities this weekend. Among those journalists will be me and a cameraman from CNN, Mark Phillips (ph).

So maybe we'll know a little bit more over the weekend.

BLITZER: Our chief international correspondent, Christiane Amanpour, inside Iran.

Christiane, we're going to stay in close touch with you.

And will the American people support the Bush administration if it decides to get tough with Iran?

Coming up, I'll speak about that and more with Undersecretary of State Nicholas Burns. He's over at the State Department right now.

Jack Cafferty is in New York with The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: It doesn't get much better than that, you know? You've got Michael Ware in Baghdad. You've got Christiane Amanpour in Tehran. I mean I don't know why you'd want to watch anybody else for news about what's going on in the Middle East, do you?

BLITZER: No. I totally agree.

CAFFERTY: And it isn't in my nature to be sucking up to the management around here, but that's pretty good stuff.

BLITZER: Yes.

CAFFERTY: $75,000 a minute, Wolf -- that's even more than you make. That's how much money Exxon Mobil earned every minute of last year. The oil giant today reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion.

The company topped its own past record of $36.1 billion back in 2005. That wasn't such a good year.

Keep in mind that last year oil prices did hit a record high of $77 a barrel. Gasoline hit $3 a gallon.

Now, then gas prices spiked, a lot of politicians were quick to start calling for a windfall profit tax on the oil companies. Some of them even suggested breaking up the biggest oil companies, like Exxon.

But the talk died down once gas fell back to closer to $2 a gallon.

Oil company executives insist that oil prices go through boom and bust cycles, so their profit margins are about average compared with other industries. They also say they need to keep their large profits and size in order to compete against big foreign oil companies.

So here's our question -- what's your reaction to Exxon energy $75,000 a minute every single minute for an entire year last year?

E-mail us at caffertyfile@cnn.com or go to cnn.com/caffertyfile.

BLITZER: That adds up pretty quickly.

CAFFERTY: Yes, it does.

BLITZER: We're talking billions and billions.

CAFFERTY: Oh, yes.

BLITZER: Thank you very much, Jack.

Up ahead, accusations rocking the Congressional Hispanic Caucus and pitting two California Democratic lawmakers against each other in an increasingly public feud.

Also, the controversy over presidential candidate Senator Joe Biden's remarks about his potential rival, Senator Barack Obama. I'll talk about it with the Democratic Party chairman, Howard Dean. And love and politics Italian style. We're going to show you how a marital spat wound up making headlines and captivating a country. You're going to want to see what's going on in Italy right now.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: New developments in the bomb scares that paralyzed parts of Boston yesterday. Two men have now been charged in what turned out be a promotion for a TV show on a network owned by CNN's parent company, Turner Broadcasting.

But the story took another strange twist in front of the TV cameras earlier today.

Let's go to Boston.

CNN's Dan Lothian joining us with more on this -- Dan.

DAN LOTHIAN, CNN CORRESPONDENT: Hello, Wolf.

Well, the two men accused of placing those devices across the Boston area and causing a security scare were in court today. At their arraignment, they're facing some very serious charges. But afterward, they didn't appear to be taking it all very seriously.

(BEGIN VIDEO TAPE)

LOTHIAN (voice-over): Just released on $2,500 bail each, Sean Stevens and Peter Berdovsky hugged supporters then launched into an odd rant about haircuts and hairstyles.

PETER BERDOVSKY, DEFENDANT: For example, Afro, I think, comes kind of from the '70s. But then again, there's other styles, like the greased up hair, when they actually use grease.

LOTHIAN: Despite repeated attempts by reporters to get serious comments, the two men did not stray from their unusual performance.

SEAN STEVENS, DEFENDANT: I'm getting sort of more due to -- to get a haircut because it's getting in my bangs now.

LOTHIAN: Earlier, not guilty pleas were entered on charges of placing a hoax device and disorderly conduct. The two were conducting a marketing campaign for an ad agency hired by The Cartoon Network, which is owned by CNN's parent company, Turner Broadcasting.

It led to a massive bomb scare across the Boston area. Blinking electronic signs were found under bridges, highways and other locations.

JOHN GROSSMAN, MASSACHUSETTS ASSISTANT ATTORNEY GENERAL: It's clear that by placing a bomb like device where they did, the intent was to get that attention, at least initially, by causing fear, unrest, that there was a bomb located in this location. MICHAEL RICH, DEFENSE ATTORNEY: I don't think that anybody had -- had any intent to -- to raise fear, concern or alarm.

LOTHIAN: Outside the courthouse, supporters said authorities over reacted.

JAYSON PALM, SUPPORTER: They were just doing their jobs, really. This was part of an advertising campaign. They were getting paid to do this.

(END VIDEO TAPE)

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LOTHIAN: I asked the defense attorney about the odd behavior of his clients. He said they were "performing." He went on to say that they're still getting over their shock of what has happened to them over the past 24 hours -- Wolf.

BLITZER: I don't think I've ever seen a news conference like that during my years covering these kinds of stories.

Have you, Dan?

LOTHIAN: I have not. It was quite bizarre. I didn't know what was happening when it was happening at the time. And even after viewing it, it was still shocking.

BLITZER: Yes. I was watching it on TV and I was saying whoa, whoa, these guys are something.

All right, Dan, thank you very much.

The Internet, by the way, played a very important role in uncovering the background of those light installations placed around Boston.

let's get some more details on this promotion gone wrong.

Our Internet reporter, Jacki Schechner, has that -- Jacki.

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, these promotional ads weren't just all over Boston and cities around the country, but there were photos of them all over the Internet. It's something that some blogs picked up on yesterday.

We asked the Boston police whether they've got any tips from bloggers, and they said that their investigative unit was monitoring blogs.

We want to give you an example of what has been online. This is Todd Venderlin's photo he uploaded to Flicker.com. He took this photograph more than two weeks ago. And it shows right here that promotional ad underneath a bridge in South Boston. You can get a closer up look of it there. And then he took it down and you can see what it looks like on the under side.

There's also another woman named Riga Murthy (ph), who took this photograph and uploaded it on January 21st. She says that she thought, when she first saw it, it was part of a popular street game that somebody posted in the comments, that it was, in fact, a Mooninite from the "Aqua Teen Hunger Force" show on The Cartoon Network.

Now, these things are big fodder online now. They're up on eBay. You can bid on them. This one was a starting bid of $2,000. It's a guy named Jack who says he got it outside a bar in Philadelphia. He was a big fan of the show and was going to hang onto it, Wolf. But he says now he thinks he can make some money off of it.

BLITZER: Two grand, nothing to sneeze at.

Thanks very much for that, Jacki.

Coming up, intra-party warfare leading one California Democrat to quit the Congressional Hispanic Caucus. We're going to have details of an increasingly ugly feud.

Plus, my interview with the Democratic Party chairman, Howard Dean. I'll ask him about presidential candidate Joe Biden's controversial remarks about possible White House contender, Barack Obama, and more.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: The Senate has gone forward and raised the federal minimum wage.

Let's go to our Carol Costello.

She's got the latest details -- Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Yes, we just got word a couple of minutes ago, Wolf.

It looks like we're moving closer to an increase in the minimum wage. The Senate just passed, by a vote of 94-3, a bill to raise the minimum wage to $7.25 an hour. The Senate's legislation includes tax cuts for small businesses.

Now, before the bill goes to the president's desk, the differences between the House and Senate versions will have to be ironed out. That will happen in a conference committee. Of course, we'll be following that for you.

Infighting spread today in Gaza despite a three-day-old cease- fire. Hamas militants opened fire in a raid on the Fatah Preventive Security Building in the northern Gaza town of Beit Lahiya. Elsewhere, in central Gaza, Hamas gunmen ambushed a convoy purportedly carrying arms to Mahmoud Abbas' presidential guard. Fatah says the convoy was carrying humanitarian aid. Today's fighting left five dead and dozens injured. It violates a cease-fire which went into effect on Tuesday. More on that thwarted execution plot in Birmingham, England. British police say they're seeking further detention of nine people arrested in a series of raids yesterday. Under British law, police must apply with Magistrate's Court for permission to hold suspects up to 28 days before charging them. The detainees are suspected of plotting to kidnap a British Muslim soldier then torture and behead him. The soldier has not been named.

And British police are confirming that Prime Minister Tony Blair was recently questioned over allegations that his Labor Party tried to reward political donors with titles of nobility. It is the second time police have interviewed Mr. Blair about these

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allegations. They say he is not a suspect and cooperated fully. Four people, including Mr. Blair's senior political adviser, have been arrested in connection to this scandal.

That's a look at the headlines right now -- Wolf.

BLITZER: They've got scandals all over the world happening right now.

We're going to have another one in Italy.

That's coming up, as well.

Carol, thank you.

Also coming up, when it comes to Iran meddling the United States in Iraq, where is the evidence?

We're going to ask the undersecretary of state Nicholas Burns. He's standing by live.

Plus, my interview with the Democratic Party chairman, Howard Dean. We'll talk about politics, what's going on in the presidential race. That's coming up, as well.

Also, details of the feud that's unfolding right now among Democrats that's rocking the Congressional Hispanic Caucus. It's getting very ugly.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Happening now, the former top U.S. military commander in Iraq grilled at his confirmation hearing by senators critical of the way he executed the troubled U.S. military mission in Iraq. General George Casey now up for Army chief of staff. He told the Armed Services Committee President Bush's troop increase will give commanders greater flexibility.

The Congressional Budget Office now says that increase could cost up to $27 billion over the next year. Also, sources telling CNN members of Congress will get a look at the latest National Intelligence Estimate tomorrow and that the so- called key judgment section will be made public. But the sources say the rest of the Estimate remains classified.

And scandal rocking San Francisco's city hall. Mayor Gavin Newsom admitting to an affair with the wife of his former reelection campaign manager. The man reportedly confronted Newsom and he then resigned. The mayor is apologizing, saying he's deeply sorry for what he calls a lapse of judgment.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

A storm is brewing on Capitol Hill within the Congressional Hispanic Caucus and it's getting ugly. Its leader is coming under growing fire from within the ranks.

CNN's Brian Todd is standing by with all the details -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, until recently, Congressman Joe Baca was not well known, even in this town. Now, he is under extreme pressure and may not be able to hold his fractious group of legislators together.

(BEGIN VIDEOTAPE)

TODD (voice over): The leader of the Congressional Hispanic Caucus now under heavy fire, accused of not treating the six women in that group fairly. Congresswoman Loretta Sanchez, who just resigned from the caucus, goes further, telling the online publication politico.com that some months ago, caucus chairman Joe Baca told a California politician she was a whore.

Sanchez would not speak to CNN. Her office issuing a statement saying she resigned because of her "... strong opposition to Mr. Baca's chairmanship..."

"The Politico" reporter who interviewed Sanchez says she confronted Baca late last year about the remark.

JOSEPHINE HEARN, POLITICO.COM: This was a closed-door meeting. There were no staff there. It was just members of Congress. And in that meeting he denied having ever made the remark. But quite an argument ensued, as I understand it.

TODD: We couldn't reach Joe Baca directly for comment, but a statement from his office calls Sanchez's accusation "...baseless..." and "... categorically untrue..."

CNN has tried to confirm this account first hand. Congressional observers and Hill staffers tell CNN there have long been tensions in the caucus over the perception that Baca gives more favorable treatment to the men in the group.

Today, Congresswoman Hilda Solis from California gave a statement to CNN saying she shares Loretta Sanchez' sentiment about "... the lack of respect afforded to women members of the Hispanic Caucus."

CNN asked the Democratic Party leader about this upheaval.

HOWARD DEAN, DNC CHAIRMAN: This is something that we have made some calls back and forth into the caucus on. They will resolve it. They have good leadership.

(END VIDEOTAPE)

TODD: We repeatedly called and e-mailed Joe Baca's office for response to those broader accusations that women are not accorded equal treatment in his caucus. As of now, we have not heard back -- Wolf.

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BLITZER: All right. Thank you very much, Brian, for that.

And the race is clearly on for the White House. Democrats are already jockeying for power. But is the party threatened by some new splits among those powerful personalities?

(BEGIN VIDEOTAPE)

BLITZER: And joining us now, the chairman of the Democratic Party, Governor Howard Dean.

Governor, thanks very much for coming in.

DEAN: My pleasure. Thank you, Wolf.

BLITZER: It looks like you have got some division -- this is not a surprise -- among Democrats, but let's go through some of them and as chairman, see what you have to say.

First of all, Joe Biden. He had some really blunt comments about fellow Democrats, presidential candidates. First of all, going back, he said of Al Gore and John Kerry, he said, "Democrats nominated the perfect blow-dried candidates in 2000 and 2004... and they couldn't connect."

Now, on John Edwards, he's saying, "I don't think John Edwards knows what the heck he's talking about."

Also some disparaging remarks about Senator Clinton. And, as you know, listen to what he said about Barack Obama.

(BEGIN VIDEO CLIP)

SEN. JOSEPH BIDEN (D), DELAWARE: I mean, you got the fist mainstream African-American who is articulate and bright and clean and a nice-looking guy... I mean, that's a storybook, man."

(END VIDEO CLIP)

BLITZER: What do you make of this?

DEAN: Well, you know, as you well know, Wolf, there are going be a thousand comments of this kind that are controversial and so forth as we go forward. I'm not going to make a practice of commenting on them.

In this particular case, the principals have talked about it, they have resolved their differences. And so I'm not going to get into it at all.

I'm going to be the referee. We're going to have a fair process. The only time I'm going to get into it is if I think things are going on that are really unfair and below the belt. But the media is going to sort this one, and the principals have already talked, Senator Obama and Senator Biden. So there's no need -- no need for me to get involved.

BLITZER: Well, at what point thought do you make a phone call or do you call Senator Biden, for example, and say, "Joe, maybe you should cut back a little bit on the rhetoric"?

DEAN: You know, I think there's been a lot of people probably giving him that advice publicly. And he certainly doesn't need to hear it from me publicly or privately.

Again, my job is to be the referee. I have to be very careful in this campaign. I want the DNC to be the place where every single candidate can feel they can come to, if they feel something else needs to be done differently and they're going to get a fair hearing.

And so you won't hear me commenting about who's the front-runner and who isn't and who said what last week and who said what yesterday and all that kind of stuff. I'm just not going to do that kind of public analysis.

BLITZER: Because your job is to get Democrats elected, Democrats locally, statewide and in the White House.

DEAN: That's right.

BLITZER: And if you have Democrats fighting each other, that's going to make your job a lot more difficult.

DEAN: Well, there's difference between controversial comments that get resolved in a couple of days and really serious stuff. And I'm going the save my comments and interventions for the really serious stuff that isn't going to get resolved between the principals. If the principals can resolve this stuff on their own, they certainly don't need me to help, and I'm going to be -- look, we had great year in 2006.

We've got all the momentum on our side. This presidential Iraq policy is about to be disavowed by the majority of the Senate, including Republicans.

This presidential race is something that we ought to win. We've kept our promises. I think Speaker Pelosi and Leader Reid have done a great job. You know, when was the last time you can remember that people made six promises before they got elected and they kept them on time?

I think it's a great record. And I think we ought to focus -- I want to focus on the positive things the Democrats are doing.

BLITZER: What about the split that the Democrats in the Senate are having now in whether or not they should go along with a modified, a watered-down. symbolic resolution complaining about the extra troops going to the Iraq? You've got Levin and Biden on one side, you've got Russ Feingold on another side saying use the power of the purse.

This another problem you potentially have to get involved in.

DEAN: No, this is not a problem. The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words.

I think this s a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive.

Look, we're doing what Americans elected us to do. The American people do not believe we belong in Iraq. The president is going in exactly the opposite direction that the American people asked him to go to. It's not a surprise to me that any United States senator, Republican or Democrat, might want to listen to their constituents before they listen to a president who's taking us in the wrong direction, despite what the American people voted for.

So, I think you're going to see a unified vote. I think you're going to see unified Democrats.

The question will be, which I'm not going to go into and speculate about, but the question will be, what happens when the House and the Senate disavow the president's wrong-headed actions in Iraq, ask him not to do it, and he does it anyway? Then I think you're going to see more discussions about what the alternatives are in addition to this.

But this is first step, it's the right step. Again, I think both Nancy Pelosi and Harry Reid are doing exactly the right thing on the right timetable, and I think you're going to see overwhelming Democratic support for these resolutions condemning the president's actions in Iraq to escalate the war.

BLITZER: One final quick question. Al Gore, he supported you back in 2004 when you were running for president. Now he's expected to win an Oscar. He's being nominated for a Nobel prize. Should he get back into this presidential race?

DEAN: Again, I'm not going to get into that, but I certainly think he deserves the Oscar and Nobel Prize.

Look, this guy, who is a good friend, a wonderful friend, a courageous friend, has done more to affect public policy than anybody I can think of in the last few years. Al Gore and the people who helped him make that movie -- and it wasn't just Al, but it was others -- have -- have totally changed the way Americans look at global warming.

The president of the United States has tried to pretend that global warming hasn't existed for six years. He has bullied scientists who are concerned about this, as has his administration. And because of the efforts led by Al Gore, we are really doing -- dealing with the issue that may be the most important issue to face this planet as long as humankind has existed on it.

So I think he deserves whatever awards he gets for doing that.

BLITZER: Governor Howard Dean, the chairman of the Democratic Party.

Thanks very much.

DEAN: Thanks for having me on.

(END VIDEOTAPE)

BLITZER: And still ahead, Italians they're spellbound by a very public airing of lover's quarrel involving one of the country's most powerful couples. We're going to have the report from Rome.

But first, the Bush administration leveling some very serious allegations at Iran. Does the administration have the credibility right now to convince the American people it knows the real story?

We're going to be joined here in THE SITUATION ROOM by one of American's top diplomats. Nick Burns, he's standing by live at the State Department.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: We're getting word now, a statement the president has just issued in connection with the Senate going ahead and passing a federal minimum wage increase. The House did that a couple weeks ago.

"Today, the Senate has passed significant legislation," the president's statement says, "that will benefit America's workers and small businesses. By working in a bipartisan way to match a minimum wage increase with tax relief for small businesses, the Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth. I strongly encourage the House to support this combined minimum wage increase and small business tax relief."

As you know, the House version -- House version did not contain the tax credits for small businesses. The House and Senate versions are going to have to be reconciled in what's called a conference committee before it goes to the president for signature.

The Bush administration has been blasting Iran for aiding Shiite militants in Iraq and for a nuclear program that U.S. officials maintain is aimed at building a bomb. If the administration decides to get tough with Iran, what would it make the case to the American people with given the experience in Iraq?

Joining us now, the undersecretary of state, Nicholas Burns.

Mr. Secretary, thanks very much for coming in.

NICHOLAS BURNS, UNDERSECRETARY OF STATE: Thank you, Wolf.

BLITZER: What evidence do you have, for example, that the Iranians are involved in killing American troops in Iraq?

BURNS: Well, Wolf, I think there's incontrovertible evidence that the Iranians have been giving very sophisticated explosive technology to Shia insurgent groups for the better part of the last year and half. Those groups have used that technology, some of which is armor-piercing -- to attack American soldiers and British soldiers and to kill them. It's a very, very serious development.

Now, we have warned the Iranian government in past about this. We had not received an adequate response from them. And you have seen now President Bush, over the several weeks, having decided that we will detain those military and intelligence officials in Iraq who are responsible for this.

Obviously, we wish Iran to cease and desist. Iran is not playing the type of role that most other countries are in Iraq.

Most countries like the United States want to see Iraq stayed together as unitary state. They want to see the problems between the Shia and the Sunni be resolved. But Iran seems to be stoking those problems, igniting them.

And so that's the basic -- that's the basic allegation that we're making against the Iranians. And we hope they're going to have a change of mind.

BLITZER: And the State Department, I take it, is putting together a dossier, a full report that will be declassified and made public going through your arguments, your evidence? Is that right?

BURNS: Well, obviously, we have been making the case for the last several weeks and will continue to make the case to the American people and to the international public that this is a problem. There really is no doubt about it.

You saw an interview, an extraordinary interview, when the ambassador of Iran in Iraq admitted that there are Iranian security operatives on the soil. Now, here's difference between the U.S. and Iran, Wolf. The United States military forces are there under U.N. authorization. Iran has no right and no authorization to have its military operatives or its intelligence on the soil of Iraq.

BLITZER: Although yesterday we heard -- we heard Nouri al- Maliki, the prime minister of Iraq, yesterday in an interview with our own Michael Ware, basically equate Iran and the United States, saying he wants both of them to fight what he called their proxy out of Iraq.

BURNS: Well, you know, I think, Wolf, there's no question that the Iraqi government has to maintain relations with the Iranian government because they're neighbors. We would just hope that the Iranians would choose to have a positive influence and not a negative influence. And right now they're exercising a very negative influence.

BLITZER: Your former boss, the former secretary of state, Madeleine Albright, was here in THE SITUATION ROOM yesterday. You're a career diplomat. You've served for many years over at the State Department. She says the administration has a credibility problem right now on Iran, the evidence you say you have on Iran, because of the failures of intelligence that now have been evident involving Iraq.

Listen to what she said.

(BEGIN VIDEO CLIP)

MADELEINE ALBRIGHT, FMR. SECRETARY OF STATE: Because of the decision failures leading to the war in Iraq. And basically, that we were told a variety of things and something else was going on. Now, there may be all the terrible things going on in Iran that we are being told by the administration, but who is to say?

(END VIDEO CLIP)

BLITZER: You acknowledge you have this serious problem of credibility?

BURNS: Well, Wolf, I respectfully disagree. I have been working on this problem of Iran's nuclear ambitions for the better part of two years. We now have a united coalition, the United States, China, Russian, the European countries, supported by India and Brazil and Egypt. All of us believe that Iran's nuclear research program and its plant at Natanz is intended to give Iran in several years a nuclear weapons capability.

There is no doubt about that in the international community. And there are no states, with the possible exception of Syria and Cuba and Venezuela, that believe that Iran's nuclear research program is benign.

And so, we're not in a situation that is analogous to what we were in in 2002 and '03 in Iraq, when there was a great international debate about the issue of weapons of mass destruction in Iraq. There is unanimity across the world that Iran should not have a nuclear weapons capability, that it is trying to create one, and that the goal of our international effort should be to stop them from doing so.

You've seen us pass a Security Council resolution just before Christmas. There will be another Council resolution passed in February and March unless Iran agrees to negotiate with us, and that's what we're trying to do, Wolf. We're trying to negotiate this with Iran. BLITZER: So, bottom line -- bottom line, it's diplomatic and economic pressure. You're not planning on going to war against Iran, at least not now, is that right?

BURNS: Wolf, we are on a diplomatic track. We believe that diplomacy can succeed. And we don't believe that a military conflict is inevitable or even likely.

The fact is that the United States is protecting its interests by detaining those Iranian paramilitary officials in Iraq because they're attacking our soldiers. And we're protecting our interests in the Gulf by deploying our carrier battle groups.

We have been in the Gulf since 1949. And we have an historic responsibility to protect the security of the Gulf Arab states.

So we're not acting in a provocative way. We're actually acting for stability and for peace in the region. We have to ask Iran now to adjust its policies and to be willing to meet us at the negotiating table on the nuclear issue. They have turned us down on that issue, Wolf, as you know.

BLITZER: Nick Burns, the undersecretary of state.

Mr. Secretary, thanks for coming in.

BURNS: Thank you, Wolf.

BLITZER: And Lou Dobbs is getting ready for his program that begins in a few minutes, right at the top of the hour. He's going to tell us what he's working on -- Lou.

LOU DOBBS, HOST, "LOU DOBBS TONIGHT": Wolf, thank you.

Coming up at 6:00 p.m. Eastern here on CNN tonight, we're going to be telling you about the pro-illegal alien open-border lobby. They're using shocking language, even by their standards, now to blast our federal agents trying to enforce U.S. immigration laws.

They're using words such as "terror" and "ethnic cleansing." And what is the president and the federal government saying in response? Nothing.

We'll have that special report.

Also tonight, troubling concerns that radical Islamist terrorists may be using Venezuela as a base for attacks against the United States, with the full support of Venezuela's president, Hugo Chavez.

We'll have that report tonight.

And House Speaker Nancy Pelosi, she apparently believes she has the right to use a military aircraft at taxpayer expense to fly herself, members of her family, other lawmakers in California, all around the country. We'll have that report.

And we'll also be examining the rising Iranian nuclear terrorist threat to this country.

And Terry McAuliffe, the Democratic strategist leading Hillary Clinton's presidential election campaign is among our guests.

We hope you'll join us at the top of the hour here on CNN.

Wolf, back to you.

BLITZER: Did you think the undersecretary of state made a good case as far a Iran is concerned?

DOBBS: I don't -- at this point, I thought it was interesting, your discussion about credibility. I think that it's time for a lot of discussion about the U.S. policy in the Middle East, period. And there's very high bar, I think -- I think -- I'm hardly alone in feeling this way -- but a very high bar for this administration to reach in putting forth evidence that would require a direct action against Iran, either diplomatically or militarily, beyond the sanctions that are already in place by the United Nations.

BLITZER: Lou's coming up in 10 minutes.

We'll be watching.

Thanks, Lou.

DOBBS: You bet. Thanks, Wolf.

BLITZER: And still ahead here in THE SITUATION ROOM, a rising star in the Democratic Party admits to a personal lapse of judgment. Much more on that during our 7:00 p.m. Eastern hour here in THE SITUATION ROOM.

And in Italy, a very public couple has a very public spat. We're going to tell you what's happening in Rome right now. You're going to want to see this.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty in New York -- Jack.

JACK CAFFERTY, CNN ANCHOR: ExxonMobil reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion last year. So we asked: What's your reaction to Exxon earning $75,000 a minute for the whole year?" That's -- if you do the math, that's what it comes out to.

Arlene in Folsom, California, "My reaction to big oil making those gigantic profits happen last year when they made so much dough: I sold my car, began walking and taking public transportation everywhere. I got even for the over-inflated car prices, the insurance prices and the gas-gouging. I save $900 to $1,000 every month and I can now take a vacation."

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Mark in Anchorage, Alaska, "Jack, I'm a sourdough Alaskan and to hear that ExxonMobil made $39 billion in profits frosts me as they still owe Alaska billions of dollars for the damage done by the Exxon Valdez spill in 1989. Jerks!"

Mark, "Bully for them. It will allow a great American company to remain great. Additionally, the earnings will allow them to conduct further exploration for new reserves of oil and gas."

Linda, "I don't care how much Exxon makes. I care how much the Saudis make. I care how much the Kuwaitis make and how much all the other countries who fund Islamic terrorists make when selling us their barrels of crude oil."

J.B. in Connecticut, "Jack, the middle class in this country will lament the exorbitant (or is that extorted?) profits by ExxonMobil and other big oil, drug. and insurance companies. But the people in this country that control the laws are the upper class and their paid lobbyists who take good care of our elected representatives. And the upper class makes big money when the big companies make big profits."

"So, who's going to fix this problem? No one."

John writes, "Jack, Exxon makes $75,000 a minute in profits. I wonder if they could spare a minute or two for you or me, Jack."

If you didn't see your e-mail here, you can go to cnn.com/caffertyfile and read more of these online -- Wolf.

BLITZER: You know what they say, Jack. Rich or poor, it's good to have money.

CAFFERTY: That's right. On the whole, I'd rather be rich. I've been rich, I've been poor, and on the whole I'd rather be rich.

BLITZER: Good. See you in an hour, Jack. Thanks very much.

Up next, love and politics, Italian-style. A former prime minister and his wife, they're battling it out in public. You're going to want to see this when we come back.

(COMMERCIAL BREAK)

BLITZER: Italy is being riveted right now by a very public spat between former prime minister Silvio Berlusconi and his wife.

CNN's Alessio Vinci is joining us from Rome with details -- Alessio.

ALESSIO VINCI, CNN CORRESPONDENT: Wolf, Italian politics is perhaps best known for how crazy it is or, at times, for being plain boring. But Italians witnessed something they have never seen before, an open letter on the front page of a national daily, written by Silvio Berlusconi's wife, fed up with her husband's flirting.

(BEGIN VIDEOTAPE)

VINCI (voice over): The letter demanded a public apology by the former prime minister for sexist comments he allegedly made to a group of women during a dinner party, telling one of them he would marry her and another he would go with her anywhere.

"These are comments I consider damaging to my dignity," she wrote. "The can be reduced to jokes." Such a bold and unexpected move by a woman known for staying out of the limelight had the nation spellbound for a day.

Newscasts, newspapers, blogs all devoted a huge amount of space to the saga. And by late afternoon, Berlusconi was ready to apologize, saying, "Forgive me. Accept this public display of public pride as an act of love, one of many."

(END VIDEOTAPE)

VINCI: Had all this played out in the U.S., the outcome may well have been the end of a political career. But here in Italy, it all ended with a nice family dinner at Berlusconi's estate near Milan -- children included -- Wolf.

BLITZER: All right, Alessio. Thanks very much. Always interesting in Rome.

We're here in THE SITUATION ROOM, back in an hour.

Let's go to Lou in New York.

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Will Politicians Unite Against Troop Build Up?; Interview With Carl Levin; Sex And Scandal In San Francisco; Mary Cheney Reacts To Political Fallout (CNN)

CNN THE SITUATION ROOM, February 2, 2007

WOLF BLITZER, CNN ANCHOR: Happening now, a top Republican and Democrat are working together against the troop build-up in Iraq and against President Bush.

Will they get the bipartisan backing they want or just rile up the left and the right?

I'll talk to one of the senators behind the new deal, the Armed Services Committee chairman, Carl Levin.

Also this hour, sex and scandal in San Francisco -- Mayor Gavin Newsom goes before reporters to say he's sorry. It's not just that he had an affair, it's whom he had an affair with.

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Plus, Mary Cheney talks openly about the subject her father refused to talk about with me, the subject of the baby she's having with her lesbian partner. The vice president's daughter opens up about her pregnancy and the political fallout.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Frustrations over the war in Iraq are being laid bare on Capitol Hill right now. Senators of both parties have been grilling the president's top commander in Iraq about failures in the war. General George Casey being considered for a new job. That would be the Army chief of staff.

The hearing comes just hours after top Senate Democrats threw their support behind a Republican resolution disagreeing with the troop build-up. They're hoping to build bipartisan support and send the strongest message possible to President Bush.

In the war zone, a source in Iraq's Interior Ministry tells CNN nearly 2,000 civilians were killed in violence in that country in January alone. More than 60 people died in suicide bombings in a crowded market in Hillah today.

Our senior Pentagon correspondent, Jamie McIntyre, is standing by.

But let's go to Capitol Hill.

Our Congressional correspondent, Dana Bash, with the latest -- Dana.

DANA BASH, CNN CORRESPONDENT: Well, Wolf, we're waiting this hour for a press conference with Senator John McCain. He's going to formally unveil his resolution to set up benchmarks for the Iraqis.

Now, Republican leaders hope that will be an alternative to appeals to the GOP rank and file, who don't -- who are skeptical of the president's plan to send more troops to Iraq but don't necessarily want to outright condemn him.

Now, that is just part of the intense behind the scenes maneuvering today after last night's blockbuster bipartisan deal.

(BEGIN VIDEO TAPE)

BASH (voice-over): The morning after Senate Democrats joined forces with leading Republicans to oppose the president's Iraq strategy, Bush allies scrambled to prevent more GOP defections, lashing out at fellow Republicans who would support any measure opposing a troop increase in Iraq.

SEN. JIM BUNNING (R), KENTUCKY: And I believe they send a dangerous message to our enemies.

BASH: Others pleaded for patience.

SEN. JON KYL (R-AZ), INTELLIGENCE COMMITTEE: Years ago, I used to see bumper stickers that said, "Give peace a chance." And I think today we need to dust off some of those bumper stickers and write a couple of extra words in -- give the president's plan for peace a chance.

BASH: That as anti-war protesters walked the halls of Congress, delivering petitions pushing senators to oppose more troops in Iraq.

UNIDENTIFIED FEMALE: We really need to bring an end to this war.

SEN. JOSEPH BIDEN (D-DW), FOREIGN RELATIONS COMMITTEE: The quickest, most effective way to get the president to change his course is to demonstrate to him that his policy has little or no support in this body.

BASH: Democratic leaders signed onto the less confrontational Republican resolution with the goal of attracting the GOP votes they need to actually pass a bipartisan rebuke of the president.

But in the process, Democrats lost some support on their left flank.

Wisconsin's Russ Feingold says he'll oppose it because it contradicts the goal of withdrawing U.S. troops from Iraq.

Democratic presidential candidate Chris Dodd agrees.

SEN. CHRIS DODD (D), CONNECTICUT: I don't know how you can vote for this resolution and vote for that language and then simultaneously be for a redeployment of forces.

(END VIDEO TAPE)

BASH: Now other Democrats on the left say they actually will support this resolution. Ted Kennedy, Tom Harkin, for example.

Now, we understand that Democrats just came out of a closed door meeting and that they have decided that they do have the votes to at least proceed to the debate when they get to that point. And, Wolf, that will be the first incredibly important test vote, when they get to that motion to proceed to debate on this issue -- Wolf.

BLITZER: And so when it plays out on the floor, we expect that to start next week, is that right?

BASH: We expect it to -- what is going on right now is a big question mark, to be honest with you.

Republicans are trying to figure out their next move; Democrats, as well. They're talking to each other behind-the-scenes.

What we can look for, though, what's really important to look for is something that's going to happen tomorrow, Wolf, and that is Senate Republicans are going to have an all day retreat. It's been long planned. And afterward, they're going to go to the White House and have a meeting, face-to-face time with the president.

And we understand from Demo -- from Senate Republicans, rather, who are undecided about this, that they are going to use that time to really discuss this with the president.

And we understand from a senior administration official, Mr. Bush is going to do the same, something he really hasn't done -- personal lobbying -- since this whole issue of resolutions really got underway a couple of weeks ago.

BLITZER: We'll watch it play out, Dana.

Thank you.

Over at the White House today, the press secretary, Tony Snow, is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist.

Listen to this.

(BEGIN VIDEO CLIP)

TONY SNOW, WHITE HOUSE PRESS SECRETARY: Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP) BLITZER: Now to the president's top commander in Iraq, under fire from both sides today, even as he interviews for a new job.

Let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie, what's the latest on this front?

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, General Casey got the roughest treatment from one of his toughest critics, Senator John McCain, who ripped Casey for his past rosy predictions and slammed him for his failure to ask for reinforcements until things were really getting bad in Iraq late last year.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

And I'd be very happy to hear your response, General.

GENERAL GEORGE CASEY: Senator, I don't think there is any question that the situation in the center of the country, particularly in the capital, is bad. And we are working very hard to rectify that.

(END VIDEO CLIP)

MCINTYRE: Critics -- Casey's critics fault him for not asking for more troops until President Bush stepped in and ordered an overhaul of the policy in December. But he said he sticks by the strategy. He said: "It may not have produced the results that everybody hoped, but he does think it's laid the foundation for success."

That was met somewhat skeptically by other members of the committee, including Senator Carl Levin, the chairman of the Armed Services Committee. He asked Casey if he wouldn't agree with President Bush's own assessment that Iraq was headed for a slow failure until the president personally stepped in. And Casey again disagreed, saying that he thought what they were seeing was slow progress -- Wolf.

BLITZER: I'm speaking to Senator Levin momentarily. We'll ask him what he thinks about this nomination.

Jamie, thanks for that.

We're going to have a lot more coming up on the battle on Capitol Hill and what's happening in Iraq.

But I want to move to a different story right now, a very different story -- a sex scandal going public in San Francisco right now.

The mayor, Gavin Newsom, went before reporters just a little while ago to apologize for having a sexual relationship with his former campaign manager's wife.

Alex Tourk resigned yesterday as Newsom's reelection chief after confronting his boss about the affair. Tourk's wife Ruby once worked as Mayor Newsom's appointment secretary.

Newsom didn't answer reporters questions about calls for him to resign, but he did say this.

(BEGIN VIDEO CLIP)

MAYOR GAVIN NEWSOM, SAN FRANCISCO: Everything you've heard and read is true and I am deeply sorry about that. I've hurt someone I care deeply about, Alex Tourk and his friends and family, and that is something that I have to live with and something that I am deeply sorry for.

I'm also sorry that I've let the people of San Francisco down. They expect a lot of their mayor and my personal lapse of judgment aside, I am committed to restoring their trust.

(END VIDEO CLIP)

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BLITZER: We're going to have a lot more on this story coming up in the next hour right here in THE SITUATION ROOM.

Clearly, an awkward, very embarrassing moment for the mayor of San Francisco.

Let's go to New York and Jack Cafferty for The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: Biden blows it -- Biden stumbles at the starting gate. Biden unwraps his bid for '08 with an "Oops!" and "Senator Stupid." Not exactly the kind of headlines you're looking for the day after you kick off a presidential campaign.

But that's what the Delaware senator, Joe Biden, got, after describing Senator Barack Obama as "the first mainstream African- American who is articulate and bright and clean and a nice looking guy."

The Democratic White House hopeful apologized yesterday. He called Obama. He told reporters he regretted that his comments were taken out of context. He said he meant to say Obama was fresh and an exciting candidate.

But the damage may already have been done. Biden's comments about Obama bring back attention to something he said about Indians last year: "You can't go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." And he later said that comment was taken out of context, too.

And then there was the senator's first presidential bid in 1988. He was forced to drop out of that race after it was revealed that he was stealing parts of his speeches from a British politician without attribution, something called plagiarism. So, here's the question -- should Senator Joe Biden withdraw from the presidential race?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile.

The newspapers took no prisoners, Wolf.

"Senator Stupid" -- big, black headline in the "New York Daily News" today.

BLITZER: I saw him on "The Daily Show" with Jon Stewart last night. He's not dropping out yet and we expect to have him here in THE SITUATION ROOM tomorrow. He told our staff earlier in the week he'll be here. We hope to interview him tomorrow, but we're anxious to hear what our viewers think, as well.

Thank you, Jack, for that.

Coming up, he's one of the most powerful Senate voices on Iraq right now, the Armed Services Committee chairman, Carl Levin.

Is he alienating the Democratic Party's base by making a deal with Republicans?

I'll ask him in a few minutes.

Also coming up, something's missing from the race for the White House. Hard to believe, with 18 candidates running or exploring. But our Bill Schneider says it's true.

And she's being applauded by gay rights groups and criticized by some in the Christian right. Now the vice president's daughter, Mary Cheney, speaking publicly about her pregnancy for the first time.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: The chairman of the Senate Armed Services Committee, he's on Capitol Hill.

He's standing by.

We're going to speak to him in a moment.

But first, as the White House and the Senate head into a showdown over U.S. policy in Iraq, activists around the country are pressuring their senators to take sides in this debate, and it's all taking place -- at least a lot of it -- online.

Let's go to our Internet reporter, Abbi Tatton, with the latest -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, this counter at the Web site of the liberal Moveon.org is right now keeping track of the people all over the country who are calling Senate offices to voice their opposition to President Bush's troop increase. The number is approaching 700,000. Those are the people who are joining what Moveon labels a virtual march on Washington.

There are online tools to help people, to direct people to who the people they should be calling. The group also delivered signatures to Senate offices today, 600,000 of them. Moveon calls the Warner-Levin resolution an important first step.

On the other side -- (AUDIO GAP).

Lights back, no computer. But on the other side, there's been a conservative push to influence Republican senators to oppose this kind of resolution, led by conservative blogger and radio talk show host Hugh Hewitt. He's been urging people to sign an online pledge, telling people that "I will not contribute to any Republican senator who votes for a resolution of this kind."

And that online pledge, Wolf, right now having over 30,000 signatures -- Wolf.

BLITZER: Abbi, thanks very much.

Someone flipped the switch for a second, but we're back.

Joining us now, a power player in this debate over Iraq and the new deal on a resolution against the troop build-up.

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That would be Senator Carl Levin, Democrat of Michigan.

He's the chairman of the Armed Services Committee.

Mr. Chairman, thanks very much for coming in.

SEN. CARL LEVIN (D-MI), CHAIRMAN, ARMED SERVICES COMMITTEE: Thank you, Wolf.

BLITZER: You're being criticized by the left and the right for this deal you worked out with the ranking Republican, John Warner.

Listen to your friend, Chris Dodd, Democrat of Connecticut, a presidential candidate.

(BEGIN VIDEO CLIP)

DODD: This is not three years ago or two years ago. We're being asked to send 21,000 young Americans into a cauldron. And we ought to be able to do better than a resolution here that really brings 70 people together that doesn't have any effect on whether or not they're going to be put in that situation or not.

(END VIDEO CLIP)

BLITZER: All right, what do you say to Senator Dodd?

LEVIN: Well, first of all, I think that there -- there's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the president's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course.

This is the best way, we believe, that we can get a change of course, with a bipartisan resolution disagreeing with the president.

And one other thing. Your -- your reporter there made reference to Moveon.org. Moveon.org is a pretty -- has pretty much of a cross section across the Democratic Party. And as she said, Moveon.org supports, as they put it, the Warner-Levin language because it is an important first step toward Congress blocking the escalation.

So Moveon.org, it seems to me, is a pretty good indicator of where an awful lot of Democrats and others in this country are.

BLITZER: On the right, though, a lot of your critics are saying you know what your doing, senator?

You're giving aid and comfort to the enemy and you're undermining the U.S. military in -- in Iraq, who are serving there right now.

I want you to listen to the White House press secretary, Tony Snow.

(BEGIN VIDEO CLIP)

SNOW: Osama bin Laden thought the lack of American resolve was the key reason why he could inspire people to come after us on September 11. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP)

BLITZER: All right, have you thought about the impact your resolution will have?

LEVIN: We sure have. We sure have. Our troops deserve everything. They deserve our support. They deserve our equipment, the best. They deserve to have their families supported. They deserve the best training in the world. They deserve a reliable ally. They also deserve our best thinking and when 60 senators, which is probably the number we have -- or close -- believe that this additional 21,000 is not going to contribute to success in Iraq, but the opposite -- it's going to contribute to an escalation of the military presence in Iraq. And Saddam Hussein is -- excuse me. Bin Laden is perfectly content. Bin Laden is very content to have American forces stay there occupying a Muslim country.

So, yes, we've given a lot of thought to this question. And we think the current course, which is not working, is a road to failure and we've got to change this course, increase the chances of success by pressing the Iraqi political leaders to take responsibility for their own country and make the necessary political compromises.

BLITZER: I know there's a lot of concern, Mr. Chairman, that the insurgents have a new generation of improvised explosive devices that penetrate even the best U.S. armor on the sides of the Humvees and the other vehicles. And there's concern, there's deep concern you're sending these additional troops, as well as the troops who are already there, into what could be a disaster because they're not going to be as protected as they should be. This came up at your hearing today.

LEVIN: It did, indeed. And we are determined that we're going to give our troops, while they're there, the best possible equipment. This has been an ongoing battle against the insurgents to try to stay ahead of them and we've continued to change technologies. We have told our military and our research and development people we will put all the funds necessary. You've got a blank check when it comes to protecting our troops.

That is the way we feel and we're going to keep working the technologies to try to respond to, but more importantly, keep a step ahead of the insurgents and the terrorists.

BLITZER: Are you -- do you have confidence that General George Casey is the best person to be the new Army chief of staff?

LEVIN: I have confidence that he is a qualified person to be the Army chief of staff. He was the vice chief of staff. And I don't think it's right that would put on his shoulders the policy failures in Iraq. There are some who point to the policy failures in Iraq, which have been major, including disbanding the Iraqi Army, not having a plan for the aftermath and other policy failures.

He shouldn't bear responsibility for the civilian decisions made by this administration. He's made mistakes, by the way, but they're not the major policy mistakes which have put us into the box that we're in.

BLITZER: So you'll vote to confirm him?

LEVIN: I will.

BLITZER: Senator, thanks very much for coming in.

LEVIN: Thank you, Wolf.

BLITZER: Carl Levin is the chairman of the Armed Services Committee.

And still ahead, Vice President Cheney's pregnant daughter speaking out for the first time since my interview with her father.

What does she think about the criticism she's getting from some in the Christian right?

And later, an Oscar nomination, a Nobel nomination -- could Al Gore go for the Democratic presidential nomination, as well?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Happening right now, the top U.S. commander in Iraq says he asked for fewer than half the extra troops President Bush is sending to the war zone. General George Casey is testifying before a Senate committee considering his nomination to be the Army chief of staff.

Meantime, the president's Senate allies are trying to stop more Republican defections after a bipartisan deal was struck on a resolution opposing a troop build-up.

Also on Capitol Hill, the leader of the Congressional Hispanic Caucus is under fire. Joe Baca is accused of not treating six women in that group fairly. And wait until you hear what one congresswoman claims he said about her -- that story coming up in our next hour.

Also coming up: the charges that Iran is behind some of the bloodshed and the chaos in Iraq. Our chief international correspondent, Christiane Amanpour, has Iran's response to accusations from the United States that it's meddling and possibly provoking a wider war.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

It was one of the most heated confrontations we have seen in the U.S. Senate in quite a while, the Senate Judiciary Committee chairman, Patrick Leahy, going after the attorney general, Alberto Gonzales. People are still talking about it.

I want you to listen to that exchange.

(BEGIN VIDEO CLIP)

SEN. PATRICK LEAHY (D), VERMONT: He would be held. He would be investigated. We also knew damn well, if he went to Syria, he would be tortured. And it's beneath the dignity of this country, a country that's always been a beacon of human rights, to send somebody to another country to be tortured. You know and I know that has happened a number of times in the past five years by this country.

ALBERTO GONZALES, ATTORNEY GENERAL: Before you get more upset, perhaps you should wait to receive the briefing...

LEAHY: How long?

GONZALES: I'm hoping that we can get the information next week.

(END VIDEO CLIP)

BLITZER: And, today, there are new developments involving that case Senator Leahy was so angry about.

Let's turn to our justice correspondent, Kelli Arena. She is here to explain -- Kelli.

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Wolf, that whole debate focuses on a man named Maher Arar.

Now, he holds both Canadian and Syrian citizenship. He was detained by the United States back in 2002, later deported to Syria, on suspicion that he had terrorist tiles. Well, after he was released, Arar said that he was held and tortured for 10 months.

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Now, Senator Leahy was angry, wanted to know why that happened. Why not send him to Canada, where the laws are very similar as they are here in the United States? So, he asked the attorney general for a briefing. He got one today.

The only problem, Wolf, he couldn't say much about it, claiming that it was all classified.

(BEGIN VIDEO CLIP)

LEAHY: The conclusion I have reached from the briefing today is that we have only begun to ask the questions, and we have more questions that have to be asked.

(END VIDEO CLIP)

ARENA: Now, Wolf, this whole story is really very confusing.

Last year, a Canadian commission found no evidence to support that Arar posed any threat. And the government actually apologized publicly, paid him millions of dollars in compensation.

But the U.S. just recently told Canada that Arar remains on a U.S. watch list. So, in one country, he is roaming free, but he can't even get into the other country.

Now, Justice will not talk about this. As you heard, the senators won't talk about it. But at least the GAO is doing a study how people actually get put on watch lists. So, maybe then we will get some answers.

BLITZER: The Canadian government, as you know, gave him about $10 million...

ARENA: That's right. Mm-hmm.

BLITZER: ... in compensation for this entire matter.

ARENA: That's right.

BLITZER: All right, Kelli, I know you are going to stay on top of this story for us.

Other news we're following, this time on the road to the White House, it's a real traffic jam these days, with so many contenders. Some might argue enough is enough. Then, again, others might argue, not necessarily. Let's go to our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, we have got 18 well-known candidates running or exploring the race for president next year. Do we really need more? Maybe.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Two big question marks hanging over the race for president: Al Gore and Newt Gingrich. Gore has described himself as a recovering politician, adding, you have to worry about a relapse.

Here is Gore on Gore.

AL GORE, FORMER VICE PRESIDENT OF THE UNITED STATES: I'm not planning to be a candidate again.

SCHNEIDER: Gingrich is devoting himself to finding what he calls a new generation of solutions to big problems, like energy, immigration, and health care.

Here is Gingrich on Gingrich.

NEWT GINGRICH, FORMER SPEAKER OF THE HOUSE: If the best way to help launch the solutions is to run, I will.

SCHNEIDER: Here is Gingrich on Gore.

GINGRICH: I think it's still possible that Al Gore will get in the race, because he has the resources and name I.D. to be very formidable.

SCHNEIDER: And the issues -- Gore has become a fierce critic of George W. Bush...

GORE: The president of the United States has been breaking the law, repeatedly and insistently.

(CHEERING AND APPLAUSE)

SCHNEIDER: ... and a passionate advocate of environmental action.

(BEGIN VIDEO CLIP, "AN INCONVENIENT TRUTH")

GORE: This is Patagonia 75 years ago, and the same glacier today.

(END VIDEO CLIP)

SCHNEIDER: This news from Oslo: Gore could win this year's Nobel Peace Prize. He's been nominated by two members of the Norwegian parliament.

And this from Hollywood: Gore's movie, "An Inconvenient Truth," is the front-runner for the Academy Award for best documentary.

Gingrich, too, is a passionate advocate.

GINGRICH: The Republican Party has forgotten what made it a majority. Republicanism did not make conservatives a majority. Conservatism made the Republicans a majority.

SCHNEIDER: If conservatives are looking for someone to carry their banner, Gingrich could be the guy.

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Do Democrats want to see Gore run for president? We asked. They do. Do Republicans want to see Gingrich run for president? We asked. They're not sure.

(END VIDEOTAPE)

SCHNEIDER: With 18 well-known candidates, why is there still interest in Gore and Gingrich? Because there are doubts about the leading contenders in both parties: Can they win? Are they ready? Are they really one of us? Maybe we should go with someone we know better -- Wolf.

BLITZER: Bill Schneider reporting -- thank you, Bill.

On our "Political Radar" this Thursday: a talent contest of sorts for three of the Democratic Party's top presidential hopefuls. A new Gallup poll asked Democrats and independents who lean Democratic to rate Senators Hillary Clinton and Barack Obama and former Senator John Edwards.

Who did they say was most qualified? Senator Clinton, hands down. Who is the most likable? Senator Barack Obama wins that category. Who is the best public speaker? Obama narrowly edges out Senator Clinton for that title. Who is the best on the issues? Senator Clinton trumps Edwards and Obama on every issue listed, excepted for one. That would be moral values. Senator Obama gets top ratings in that category.

And, finally, who has the best chance of winning the Democratic presidential nomination? Senator Clinton comes out on top again, more than 35 points ahead of her nearest rival on that question. That would be Senator Edwards.

And, remember, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.

And, remember, also, that CNN is a partner with WMUR-TV and "The New Hampshire Union Leader" for the very first presidential debates of the campaign season, two of them, Democratic and Republican, April 4 and 5. It's an unprecedented early kickoff to the race for the White House. You will want to see it right here on CNN.

Coming up: The vice president's daughter delivers a message about her qualifications to be a mother. Our Mary Snow is standing by with the story. And the mayor of San Francisco admits to having an affair with his campaign manager's wife. Is his career in politics done? That's coming up in our "Strategy Session." James Carville and J.C. Watts, they're here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Vice President Dick Cheney told me the other day that questions about his daughter's pregnancy were out of line. But now Mary Cheney herself is speaking publicly about the baby she is having with her lesbian partner.

Let's go to CNN's Mary Snow. She is standing by in New York with what Mary had to say -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, these are Mary Cheney's first public comments about her pregnancy.

She spoke at a forum held here in New York on Wednesday, saying that her pregnancy is not a political statement.

(BEGIN VIDEOTAPE)

MARY CHENEY, DAUGHTER OF VICE PRESIDENT DICK CHENEY: I knew, when Heather and I decided to have a baby, that it was going to be not the most popular decision ever.

SNOW (voice-over): It was a panel hosted and videotaped by "Glamour" magazine. The topic? Success at 20, 30, and 40.

But, for Mary Cheney, the questions turned to her pregnancy with longtime partner Heather Poe.

M. CHENEY: This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate by people on either side of any issue.

SNOW: But her pregnancy has generated debate. Some say she put herself into the political spotlight when she worked on her father Dick Cheney's reelection campaign in 2004 -- this as President Bush supported a constitutional amendment to ban same-sex marriage.

Gay family advocates say they want to hear more from her.

JENNIFER CHRISLER, EXECUTIVE DIRECTOR, FAMILY PRIDE: You can't have one foot in and one foot out when you're talking about this issue. And she sort of dipped her toe in the water on this topic.

SNOW: On the other side of the spectrum came criticism from James Dobson, founder of the conservative group Focus on the Family. The group said Cheney's pregnancy raised questions about what is best for the child.

That's something Vice President Dick Cheney did not want to address when the question was asked during an interview with Wolf Blitzer in THE SITUATION ROOM. BLITZER: I have interviewed her.

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: I'm delighted -- I'm delighted I'm about to have a sixth grandchild, Wolf, and obviously think the world of both of my daughters and all of my grandchildren.

And I think, frankly, you're out of line with that question.

(END VIDEOTAPE)

SNOW: Now, asked about her father's response, Mary Cheney was quoted by a "New York Times" reporter as saying she felt the question crossed a line.

The head of Family Pride, however, which works to secure gay rights, disagrees, saying the question was not off limits -- Wolf.

BLITZER: Mary, thank you for that.

And up next in the "Strategy Session," we will get to other politics, including Mayor Newsom of San Francisco. He now admits to hurting his friend and constituents by having an affair with his campaign manager's wife. Can this once rising star in the Democratic Party make a comeback?

And how close is the U.S. going to war with Iran? We will talk with Nick Burns. He's a key aide to Secretary of State Condoleezza Rice. He will be here live in THE SITUATION ROOM in the next hour.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: A rocky road lately for the Democrats lately -- one of the party's rising stars may go dim after owning up to an illicit affair. And there's also some discord now among the rank-and-file over a resolution protesting President Bush's proposed troop buildup in Iraq.

Joining us now in our "Strategy Session," Democratic strategist James Carville and Republican strategist J.C. Watts.

Gavin Newsom, the mayor of San Francisco, went before the press in San Francisco just a little while ago and, among other things, acknowledged he had an affair with the wife of his campaign manager.

And he said this.

(BEGIN VIDEO CLIP)

GAVIN NEWSOM (D), MAYOR OF SAN FRANCISCO: Everything you have heard and read is true. And I am deeply sorry about that. I have hurt someone I care deeply about, Alex Tourk, his friends and family. And that is something that I have to live with and something that I am deeply sorry for. (END VIDEO CLIP)

BLITZER: That's -- that's a political problem.

What do you think?

JAMES CARVILLE, CNN POLITICAL ANALYST: Yes. I mean, I think it's a political problem. I don't...

(CROSSTALK)

BLITZER: Is it a career -- is it a career-ender?

CARVILLE: Probably not. I have seen bigger problems than that not big career-enders. But I think, to the extent that he could handle it, that was probably as good an answer as he could given under the circumstances. But he's probably not going to rise very far in national politics for some time now.

BLITZER: What do you think?

J.C. WATTS, CNN POLITICAL ANALYST: I -- in San Francisco, Wolf, I don't know. I don't have a good pulse of how things work out there. Interesting things go on.

But national politics, it's over. He probably didn't have any national ambitions. I would even say state politics, it probably hurts him.

But, you know, I -- I admire the fact that he came clean. And there is an old saying: Confession is good for the soul, but bad for the reputation.

(LAUGHTER)

WATTS: So, we will see how it plays out.

(CROSSTALK)

BLITZER: If you were advising him right now -- he is single -- he's divorced.

CARVILLE: Right.

BLITZER: But he, obviously, admits to having had an affair with this other married woman. What advice would you give him, as a Democratic strategist?

CARVILLE: Well, first of all, I would say, based on what I have seen so far, you're -- you're doing fine.

And the big thing is, talk about what you have accomplished for the city: We all have our failings. I will do better.

And, you know, get married, and, 20 years later, run for anything that you want to. But you are going to have to spend a little time in -- in the cooler here.

BLITZER: Yes, J.C.

WATTS: And, Wolf, the thing is, voters, regardless of -- San Francisco voters may see it differently than I would or maybe than James would or you.

But the fact is, voters will always have a way of dealing with these things. And I think he's gone and he's faced the voters. And now they will have to deal with it whatever way they do.

CARVILLE: But they like the kind of mayor he has been. He -- because he is very popular out there. He may very well win reelection.

Like I said, it's going to be hard. He's going to have to say -- some time, some distance between before he can -- you know, and I don't know how much of a future he had in national politics anyway. He's a nice-looking, articulate guy, but he is the mayor of San Francisco.

Dianne Feinstein was the mayor of San Francisco. She got to be a United States senator.

BLITZER: Yes.

(CROSSTALK)

CARVILLE: So, you know, who knows.

BLITZER: Let's talk a little bit about another Democrat who has got some political problems right now. That would be Senator Joe Biden.

What do you make of the controversial comments he made in that interview in "The New York Observer" and the way he has dealt with it?

CARVILLE: You know, when I read it, and saw what he said, it was -- I said, oh, this is a problem.

(LAUGHTER)

CARVILLE: And, if I didn't know Senator Biden -- and people know him. They like him. And they're smart.

But I am not -- am I surprised that he got into trouble for something he says? No. Because he says so much. And we have to remember, there are so many candidates running for president over such a long period of time. This is going to be the first of many. It's not going to stop. It's not going to stop.

WATTS: That's right.

(LAUGHTER)

CARVILLE: I mean, but it was a -- it was something that required him to address. I think he could have addressed it a little bit force -- more forcefully.

BLITZER: What did you think?

WATTS: Well, there is another old saying that said -- that says, because you have the right to say it doesn't mean it's the right thing to say.

And I'm a little offended that he didn't think that I'm a mainstream African-American and articulate and...

WATTS: I took a shower this morning.

(CROSSTALK)

(LAUGHTER)

BLITZER: But you're not running for president.

CARVILLE: No.

WATTS: But I'm not running for president. That's right.

No, I -- I -- like Jim, I -- like James, I like Joe Biden.

CARVILLE: Right.

WATTS: But Joe likes to talk.

(LAUGHTER)

WATTS: And we -- you know, we had the same problem with Newt. We would always say -- you know, some of us would say -- well, we would hope -- we would wish that Newt would understand, there's sometimes wisdom in silence, you know? You don't have to address every single issue.

And, of course, 18 months to go before the election, as I said before, I want the popcorn and Coke concessions, because it's going to be very entertaining over the next 18 months.

(CROSSTALK)

CARVILLE: ... the glory of the unspoken thought.

WATTS: Yes. That's right.

BLITZER: He went on "The Daily Show With Jon Stewart" on Comedy Central last night.

Let's play a little clip. CARVILLE: All right.

(BEGIN VIDEO CLIP, "THE DAILY SHOW WITH JON STEWART")

SEN. JOSEPH BIDEN (D-DE), SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN: I spoke to Barack today.

JON STEWART, HOST, THE DAILY SHOW: I bet you did.

(LAUGHTER)
BIDEN: I also spoke to Jesse, and Al Sharpton.
(LAUGHTER)
BIDEN: And I also spoke...
(CROSSTALK)
STEWART: And Michael Jordan and anybody you could get your hands on.
(LAUGHTER)
(END VIDEO CLIP)
BLITZER: The Jackson 5.
WATTS: Didn't call me, Joe.
(LAUGHTER)
BLITZER: He -- you know, I guess he has got to have a sense of humor to try to deal with that. That could be one strategy.
CARVILLE: You know, he's a good guy. He's a very smart man.
And, when you see that, and people -- and everybody likes Senator Biden. I think most of the other senators like him. And I think the press likes him. And people like him. And they just wince, because they know that he's smarter than he shows.
And that was -- and, on his announcement day, he -- he steps in it.
BLITZER: Briefly, on this resolution, this bipartisan resolution now dealing with Iraq, you have got Senator Levin, the chairman of the Senate Armed Services Committee, Senator Warner, the ranking Republican, they have reached a deal. The Democrats, a lot of them, at least, like it. And some Republicans like it as well.
What does the White House do, the strategy? If the White House was trying to derail this, even though it's a nonbinding, symbolic resolution, they clearly are not happy it's going to go forward.
WATTS: Well, I think the fact that it's nonbinding, it has no, you know, effect or weight involved.
BLITZER: It does send a political message out there, though.
WATTS: But I don't think this president is concerned about the politics of it.
I mean, how much more damage can the president do or can he have executed against him? I think the president, again, he is focused on saying: How do we win this? Do we want to make these political statements or do we want to win?
I think the resolution is bad for the troops. And I think it says that, you know, we're going to tolerate -- if we withdraw, we're going to tolerate them killing Americans home and abroad, and we're going to learn to live with it.
BLITZER: James...
WATTS: I think that's a horrible message.
CARVILLE: I think that the Senate has about had enough.
And I don't think that senators like Jim Webb, who has won the Navy Cross, who has a son in Iraq, and senators like Chuck Hagel, who's very brave, served his country very honorably, need Tony Snow or the White House talking about, this is this to Osama bin Laden, or this and that.
The truth is, there is great angst over this. There's great angst about this decision. The United States Senate is the place that -- that it's going to manifest itself. They are going to have a debate on this. And, you know, we're in a democracy. And they may not like it, but these people are trying to do the best for their country with this resolution.
BLITZER: We have got to leave it there, guys, unfortunately. But we will continue this conversation down the road.
James Carville, J.C. Watts, thanks very much for that.
And, remember, they are part of the best political team on television.
And, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.
Up ahead, this hour, at least -- excuse me -- next hour, the Democratic Party chairman, Howard Dean, what does he think about the divisions in his own party over Iraq? Also coming up next: "The Cafferty File." Should Senator Biden withdraw from the presidential race? That is Jack's question this hour -- Jack with your e-mail right after this.
(COMMERCIAL BREAK)
BLITZER: Here is a look at some of the "Hot Shots" coming in from our friends over at the Associated Press, pictures likely to be in your newspaper tomorrow.
In Boston, protesters hold signs in support of two men charged in yesterday's bomb scare.
In Idaho, fire rages through Middleton High School, consuming at least half of the building.
In South Carolina, a Clemson University student gets pushed through the snow in a kayak.
And in Huron Township, Ohio, sumo wrestlers jump into a swimming pool to celebrate the expansion of a water park -- some of today's "Hot Shots," pictures often worth 1,000 words.

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Nice pictures to go to Jack Cafferty with -- Jack.

CAFFERTY: Do we have a correspondent on that sumo thing? We should have a reporter out there.

BLITZER: We have a string -- a stringer there, not a full-time correspondent.

(CROSSTALK)

CAFFERTY: ... do a live -- live report on the opening of that water park.

BLITZER: Yes.

CAFFERTY: Should Senator Joe Biden withdraw from the presidential race?

G. in Montreal: "Joe Biden withdraw? From what? He never entered the 2008 campaign. After all, he explores or runs for president every 20 years for five minutes, like in 1987, and yesterday, in 2007. To hell with withdrawing. He should just keep exploring for 20 more years, and announce in 2027. By then, he will be articulate enough to run."

Norman in Kingfisher, Oklahoma: "I listened carefully, not only to what he had to say about Barack Obama, but the way he said it. And it's transparently obvious that, despite his unfortunate choice of words, he was paying his colleague a very gracious and heartfelt compliment. There's no reason for him to withdraw."

Dicky, Corpus Christi, Texas: "Joe can forget about it. He never had much of a chance anyway. And now, well, it's over. It would be better for him to spend his millions in his campaign war chest on Katrina restoration or something like that. He would then at least be remembered more favorably. Stick a fork in Biden. He's done."

Dave writes: "Of course Biden should not withdraw. We need not sacrifice another politician to the winds of political correctness. I accept his explanation about what he intended when he said that Barack Obama was clean. And I strongly wish that the other candidates for president were as clean as Biden and Obama."

Steven in Los Angeles: "Yes, he's through. He's got brains and heart. But, sadly, style counts in presidential politics, about as much as it counts in professional ice-skating. And this guy fell on his butt while trying to execute a fairly simple maneuver."

Bob in Bear, Delaware: "As a Delaware resident, I wish Joe would drop out tomorrow and get back to doing what he does well, which is being our senior senator. On the bright side, I picked January 31 in the Biden-blows-it pool."

Troop Increase Is A Tough Sale For GOP Senators On '08 Ballot (USAT)

By Kathy Kiely

USA Today, February 2, 2007

WASHINGTON — As the Senate prepares to debate his plan to increase troop levels in Iraq, President Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party.

Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception.

It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq.

Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday.

Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota — one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 — expressed exasperation with Bush's policies in Iraq at a hearing earlier this week. "I don't think there is any lack of appetite for clashing with the executive in both parties," Coleman said.

He will be on the ballot in a state where Sen. Amy Klobuchar, a freshman Democrat, scored a surprisingly lopsided victory in November after a campaign in which she emphasized her opposition to the war in Iraq. Already one celebrity has expressed interest in taking on Coleman: comedian Al Franken.

Tim Penny, a former independent Minnesota congressman who remains close to lawmakers in both parties, predicted that Bush "will get an earful" this afternoon from the senators who are reflecting the unease of their constituents:

•In Virginia's conservative Shenandoah Valley, Twila Decker, who wears a yellow ribbon for the troops, said she's not upset that her senator has decided to oppose Bush's plan. "John Warner is a very smart man, and I would back up John Warner before I would back up the president," she said.

•In Nashville, Donald Oldham said he initially supported the war. Now, like his senior senator, Lamar Alexander, he's unhappy with the plan. "We don't need any more soldiers to die. We don't know what this war is about any more."

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•In Oregon, retired college administrator Jim Treanor backed Sen. Gordon Smith's opposition to Bush's plan. "I don't believe that there's been any basis shown by the Iraqi government that it really wants to take the steps that are needed in order to quell militia violence," Treanor said.

Some voters say they support an alternative resolution in support of the president's plan that is being offered by Sens. John McCain, R-Ariz., Joe Lieberman, I-Conn., and Lindsey Graham, R-S.C. Graham is up for re-election next year.

"I'm not a big supporter of Iraq, but I think in general I do support Lindsey Graham and President Bush," said Marlin Alford, a former Army National Guardsman who works for aerospace contractor Lockheed Martin in Simpsonville, S.C. "I think we made a mistake. It's just not that easy to get out."

Contributing: Tracy Loew, The (Salem, Ore.) Statesman Journal; Jennie Coughlin, The (Staunton, Va.) Daily News Leader; Leon Alligood, The (Nashville) Tennessean; Ron Barnett, The Greenville (S.C.) News; and the Associated Press.

Troop Surge Could Be Up To 48,000 (CQ)

By Frank Oliveri

Congressional Quarterly, February 2, 2007

Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers.

The report by the Congressional Budget Office (CBO) found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed.

The Senate expects to launch its long-awaited debate of Bush's new strategy on Feb. 5, and the CBO report is certain to complicate the deliberations.

Some lawmakers questioned the value of the debate if they do not have an accurate account from the administration on the size and costs of the troop increase.

"There is no way that the American people can have a meaningful debate about the troop escalation without understanding the full costs of sending more troops to Iraq," Rep. Martin T. Meehan, D-Mass., who chairs the Armed Services Subcommittee on Oversight and Investigations, said in a statement. "Frankly, it is irresponsible for the administration to roll out a so-called 'new' strategy in Iraq without telling the public what that plan will entail."

Others used the CBO report to buttress their arguments against Bush's troop increase.

The report "puts the cost of the President's decision in even starker terms," House Speaker Nancy Pelosi, D-Calif., said in a statement. "If the President proceeds with his plan, thousands more U.S. troops will be at risk, billions more dollars will be required, and there will be a much more severe impact on our military's readiness."

Sen. Ted Stevens of Alaska, the ranking Republican on the Defense Appropriations subcommittee, said he also was concerned about the higher cost estimates in the CBO estimates, but not so much when compared to the cost of failure in Iraq.

"What's the cost of doing it the other way around?" he said.

Raising Questions

CBO Director Peter R. Orszag provided the new estimates on troop levels and costs in response to an inquiry from Meehan and fellow Democrats John M. Spratt Jr. of South Carolina, who chairs the House Budget Committee, and Ike Skelton of Missouri, who chairs the House Armed Services Committee.

The Pentagon has identified only the combat units involved in the troop increase order.

"However, U.S. military operations also require substantial support forces, including personnel to staff headquarters . . . military police, and provide communications, contracting, engineering, intelligence, medical and other services," Orszag said.

Skelton said the CBO report raised questions about what Bush has been telling Congress and the nation about the troop increase.

"I am disturbed that the administration's figures may not be fully accounting for what a true force increase will entail," he said.

Skelton added that his committee was seeking clarification from the administration on "just how big the president's troop increase really is."

In a White House briefing Jan. 10, the day Bush announced his new strategy, a senior administration official said the "incremental" added cost for the surge would be "$5.6 [billion] on the military side," to be included in the war supplemental spending request that Bush will submit to Congress this month.

The following day, a Pentagon announcement about the "force adjustments" in Iraq contained a one-sentence clue that the number of troops involved would be greater than just the additional combat forces.

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"Other combat-support and combat service-support units may also be deployed as necessary once new requirements are assessed," the Pentagon said.

The U.S. military command in Iraq did not respond Thursday to questions about the numbers of support personnel it would need.

The CBO report also noted that the Pentagon "has not yet indicated which support units will be deployed along with the added combat forces, or how many additional troops will be involved."

Regardless of the final count, the report said, "those units would still represent a significant additional number of military personnel" beyond the 21,500 figure.

Orszag said the CBO took into account Pentagon practices to date in assessing the likely impact of deploying additional combat forces to Iraq.

The report estimated costs for several battlefield scenarios. With the current deployment of about 20,000 additional troops reaching peak strength in May, the CBO estimated that the cost of sustaining such a troop strength for four months — including support troops — would range from $7 billion to $9 billion, depending on the size of the support contingent.

If the extra combat forces and their support units remain in Iraq for a full year, the added costs would total between $20 billion and $27 billion, again depending on how many support troops are needed, CBO said.

Over the past few years, the Defense Department has sent combat brigades totaling 9,500 soldiers to Iraq, of which 4,000 are actually combat troops.

Orszag said Army and Pentagon officials have indicated that it would be "both possible and desirable" to deploy fewer support troops "than historical practices would indicate."

But even if the number is lower than the full normal complement, the CBO said there would still be a "significant additional number of military personnel."

Using the historical force proportions in Iraq, adding 20,000 combat troops would require 28,000 more support troops, for a total deployment of 48,000 troops. CBO also provided an alternative scenario that envisioned 15,000 support troops, for a total increase of about 35,000.

CBO's cost estimates were based on appropriations that Congress provided in fiscal 2006 for operations in Iraq. Those amounted to $89 billion for combat troops and their support units.

Surge Could Cost Triple Bush Projection, CBO Says (MCT)

By James Rosen

McClatchy Newspapers, February 2, 2007

WASHINGTON - President Bush's decision to send more American troops to Iraq could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge, the Congressional Budget Office said Thursday,

If the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion. And under traditional staging formulas, the added combat troops could require up to 28,000 support personnel, at a cost of another $12 billion through next year.

"Thus far, the Department of Defense has identified only combat units for deployment," the CBO said. "However, U.S. military operations also require substantial support forces, including personnel to staff headquarters, serve as military police and provide communications, contracting, engineering, intelligence, medical and other services."

The Pentagon says it can undertake the surge with a smaller support contingent.

"CBO's report concludes that the cost of the president's plan to surge troops will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, D-S.C., the House Budget Committee chairman.

Sean Kevelighan, a White House budget office spokesman, disputed the CBO cost projection.

"We are still reviewing the report but maintain that additional brigades will cost $5.6 billion through `07," he said.

Kevelighan's figure was up from the $3.2 billion estimate that Bush aides had provided previously.

Congress already has appropriated $349 billion for the Iraq war, Spratt said. Bush is expected to send lawmakers an emergency spending bill next week seeking $100 billion more for the fighting in Iraq and Afghanistan, $80 billion of that for Iraq. He also will send his budget plan for the 2008 fiscal year next week, seeking tens of billions of dollars more for the wars.

The supplemental appropriations measure won't include money for the 21,500 new troops now en route to Iraq.

The new report on the cost of the surge comes as many Democratic lawmakers and some Republicans question the wisdom of sending more U.S. troops to Iraq.

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Some Democrats have talked of trying to cut off money for more troops, but the party's congressional leaders so far have said they won't do so. Administration officials maintain that no extra money is needed because the added costs can be handled from existing Pentagon funds.

Spratt requested the CBO report along with Reps. Ike Skelton, D-Mo., the House Armed Services Committee chairman, and Martin Meehan, D-Mass., who heads the oversight and investigations subcommittee of the armed services panel.

White House Press Secretary Tony Snow reiterated the Bush administration's assertion that it can pay for the surge with money already appropriated to the Defense Department.

"The money is in the budget now for the five brigades into Baghdad and the 4,000 Marines into Anbar (province), and we would encourage everybody to take a look at what happens," Snow said.

That claim didn't satisfy Skelton.

"Because the president's advisers have indicated that they will pay for the troop increase from funds already provided to the Department of Defense, we were concerned that the full financial cost of the escalation would never be made clear to the American people," he said.

The Congressional Budget Office said the troop increase would cost more because thousands of support personnel would have to accompany those sent into combat.

It projected a range of costs tied to four scenarios for the surge, from one peaking at 35,000 troops and lasting 10 months to one peaking at 48,000 troops and lasting 18 months.

Whether fewer or more troops are dispatched, the increase will take three months to reach full force and three months for a withdrawal, the CBO said.

The agency gave cost projections for 48,000 new troops being in Iraq for four months at peak strength and for the same number for one year at peak strength; it made similar projections for 35,000 more troops over the same periods if fewer support personnel are needed as the Pentagon claims.

Snow, Bush's chief spokesman, said it was "tricky" to try to predict how long the additional troops would be needed.

"I won't give you an absolute timetable, but obviously the next six to eight months are going to be times when people expect to see something happening," he said. "But I would be very wary about trying to assign a specific date to it."

Iraq At Risk Of Further Strife, Intelligence Report Warns (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, February 2, 2007

A long-awaited National Intelligence Estimate on Iraq, presented to President Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document.

In a discussion of whether Iraq has reached a state of civil war, the 90-page classified NIE comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption.

The document emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus.

Completion of the estimate, which projects events in Iraq over the next 18 months, comes amid intensifying debate and skepticism on Capitol Hill about the administration's war policy. In a series of contentious hearings over the past two weeks, legislators have sharply questioned Bush's new plan for the deployment of 21,500 additional U.S. troops and the administration's dependence on the government of Iraqi Prime Minister Nouri al-Maliki.

In acid remarks yesterday to Gen. George W. Casey Jr., the departing U.S. commander in Iraq, Sen. John McCain (R-Ariz.) noted that "things have gotten markedly and progressively worse" during Casey's 2 1/2 -year tenure, "and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing." Casey was appearing before the Senate Armed Services Committee on his nomination to be Army chief of staff.

Although McCain supports the additional troop deployments, he has proposed a Senate resolution including stringent benchmarks to gauge the progress of the Iraqi government and military. McCain's resolution and other nonbinding, bipartisan proposals that would express varying degrees of disapproval of Bush's plan will be debated on the Senate floor next week.

Legislators have been equally critical of the intelligence community, repeatedly recalling that most of the key judgments in the October 2002 NIE on Iraq's weapons of mass destruction were wrong. That assessment concluded that Saddam Hussein

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had amassed chemical and biological weapons and was "reconstituting" his nuclear weapons program. It became the foundation of the Bush administration's case -- and congressional authorization -- for invading Iraq.

"One of the sort of deeply held rumors around here is that the intelligence community gives an administration or a president what he wants by way of intelligence," Sen. Dianne Feinstein (D-Calif.) told Navy Vice Adm. John M. McConnell, Bush's nominee to be director of national intelligence, during McConnell's confirmation hearing yesterday.

Without directly accepting Feinstein's premise, McConnell replied that the intelligence community had learned "meaningful" lessons over the past several years and that "there's very intense focus on independence." McConnell and others made clear that the new NIE on Iraq had been subjected to extensive competitive analysis to test its conclusions.

One senior congressional aide said the NIE had been described to him as "unpleasant but very detailed." A source familiar with its language said it contained several dissents that are prominently displayed so that policymakers understand any disagreements within the intelligence community -- a significant change from the 2002 document, which listed most key dissents in small-type footnotes.

Sen. Christopher S. Bond (R-Mo.), vice chairman of the Senate intelligence committee, pointedly told McConnell that "we are not going to accept national security issue judgment[s] without examining the intelligence underlying the judgments, and I believe this committee has an obligation to perform due diligence on such important documents." Previous committee attempts to obtain material to back up a 2005 NIE on Iran, Bond said, had "run into resistance."

The outgoing director of national intelligence, John D. Negroponte, briefed the president on the Iraq NIE yesterday, and the document will be made available to Congress early today. A two-page declassified version of its key judgments will then be posted on the DNI Web site.

Sources familiar with the closely held estimate agreed to discuss it in general terms yesterday on the condition that they remain anonymous and not be directly quoted. But Negroponte and others in the intelligence community have made frequent references to its conclusions in recent testimony.

On Tuesday, Negroponte referred to the NIE in testimony before the Senate Foreign Relations Committee. "Iraq is at a precarious juncture. That means the situation could deteriorate, but there are prospects for increasing stability" that depend on the commitment of Iraqi government and political leaders to take steps to end Sunni-Shiite violence and "the willingness of Iraqi security forces to pursue extremist elements of all kinds," he said.

Congress, which requested the Iraq NIE last August, has pressured the intelligence community to complete it in time for consideration of Bush's new strategy. Intelligence officials have insisted that their best experts were working on the project at the same time they were meeting the demands of policymakers for current intelligence reports.

NIEs comprise input from across the community and are written by the National Intelligence Council.

Potomac Watch Senator Feingold's Sin (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, February 2, 2007

The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party.

Sen. Russ Feingold held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war.

Mr. Feingold's reward for honesty was to preside over what might have been the least-attended hearing so far in the Iraq debate. And those of his Senate colleagues who did bother to show up looked like they couldn't wait to hit an exit door. "If Congress doesn't stop this war, it's not because it doesn't have the power. It's because it doesn't have the will," declared Mr. Feingold. Ted Kennedy -- one of two Democrats who put in an appearance -- could be seen shifting uncomfortably in his seat.

That's because Sen. Feingold is coming uncomfortably close to unmasking the political charade playing on the Senate stage. Critics of President Bush want an unhappy public to see them taking action on the war. So we have the Biden-Warner compromise resolution condemning the plan to increase the forces. There is also talk of capping troops, of requiring redeployments to Afghanistan, of benchmarks and progress reports.

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All these proposals have one overriding thing in common: While they may hurt the war effort, none are significant enough for Congress to take responsibility when Iraq is irrevocably lost. This is President Bush's war, and his critics won't take any step that puts them on the hook as well. Sen. Feingold's sin is to suggest that Congress do something more than play politics.

It's a delicate high-wire act, made more complex by the opponents' need to reassure the public that their actions, which will surely encourage the enemy and deflate troop morale, won't, in fact, encourage the enemy or deflate troop morale. This has led to the spectacle of the Senate one day unanimously voting to confirm Gen. David Petraeus, and the next taking up resolutions that would kneecap his plan for success. John Warner and Chuck Hagel are all for the troops, just not for letting them win. Very courageous indeed.

Meanwhile, back in the distasteful department, Sen. Feingold's hearing also drew attention (darn him!) to the other pachyderm in the room: the Constitution. The Senate next week may well pass a resolution that criticizes the Iraq troop buildup, yet notably it will be "non-binding." Should the president ignore it -- which he will have the legal and moral right to do -- pressure will increase for Congress to take real steps to micromanage the war, say with a troop ceiling.

But as constitutional scholars testified at the hearing, Congress (even one worried about its political backside) does not have an unfettered right to be commander in chief. The Founders specifically chose not to give Congress the right to "make" war, worried that this term might allow legislators to conduct military engagements. Instead, Congress was restricted to "declaring" war, which is what it did when it authorized President Bush to invade Iraq. Another constitutional power is to end war, by refusing to appropriate money. But "in the conduct of war, in the conduct of foreign affairs, the president is in fact the decider," said University of Virginia professor Robert Turner.

It is thus dawning on senators that any plans for tinkering with Iraq might not prove so easy. Mr. Feingold largely focused on the question of cutting off funds, but the three or four other war opponents present were eager to coax the assembled witnesses into giving them constitutional cover for other actions.

Sen. Dick Durbin floated the latest brainstorm: Since Congress's authorization of the Iraq war was premised on finding WMD and deposing Saddam Hussein -- and since we never found WMD and Saddam is now gone -- doesn't Congress have the constitutional right to revisit the war authorization? Even the liberal scholars, who'd been picked for their willingness to testify that Congress can do whatever it wants, looked peaky at the idea. That included one-time assistant-attorney general Walter Dellinger, who felt so strongly about executive power in the 1990s that he advised President Clinton to invade Haiti without congressional authority, but today believes the Republican in the Oval Office is getting away with too much.

The pesky constitution is a new hitch for the war critics, whose strategy was to briefly act as backseat generals, get the headlines, and then wait for President Bush to take the fall. Instead, Sen. Arlen Specter was gauche enough at the Feingold hearing to worry out loud that Congress was setting down a path that may lead to a "confrontation" between the two branches.

He might well worry. If one thing has defined the Bush years, it has been the president's willingness to exert his executive authority in defense of America. He's done it with detainees, with wiretaps, with military commissions. And he fervently believes success in Iraq is crucial to American security. In any thorny debate over just how much authority Congress has to interfere, it's a good bet Mr. Bush's own legal team will be pointing out the strong constitutional case that only the president has the right to decide where and how to deploy troops, as well as noting the peril of ceding any of that authority to 535 mini-me commanders in Congress.

What happens then? What happens if President Bush ignores Congress's attempt to direct the war? A few in the Democratic Party would love for an excuse to commence impeachment proceedings, but the rest understand that's political suicide. Then there's court. If liberals were unhappy about the Supremes deciding the 2000 election, imagine the theater of nine black robes deciding the outcome of the Iraq war.

Whatever comes, Congress is to blame. For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin.

Casey: Only Half Of Troop Boost Needed (AP)

By David Espo

AP, February 2, 2007

The outgoing top U.S. general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad.

Gen. George Casey quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could "either reinforce success, maintain momentum or put more forces in a place where the plans are not working."

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The latest National Intelligence Estimate on Iraq, delivered to the White House on Thursday, described an increasingly perilous situation in which the U.S. has little control and further deterioration is possible, The Washington Post reported. A two-page summary of the report was scheduled to be released publicly on Friday.

The 90-page classified report comes to no conclusion over the question of whether civil war has engulfed Iraq, unidentified sources familiar with the document told the Post. It says that al-Qaida activities remain a problem but cites Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals, the Post reported in its Friday editions.

While optimistic at times about improvement in Iraq, the report casts uncertainty over whether Iraqi leaders will be effective in fighting sectarian interests and extremists, establish effective national institutions and stop corruption, the Post said.

As Casey spoke at a confirmation hearing into his nomination to become Army chief of staff, the full Senate lurched toward a widely anticipated debate on the administration's policy, the first since midterm elections in which public opposition to the war helped install a new Democratic majority.

One day after critics of Bush's revised war strategy merged two competing Senate measures, the White House worked to hold down the number of GOP defections while two liberal Democrats attacked the compromise as too weak. An early test vote on the issue is tentatively set for Monday.

"It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq and the need for meaningful action now," said Sen. Christopher Dodd of Connecticut, who is seeking the 2008 Democratic presidential nomination.

Casey endured occasional sharp criticism as he appeared before the Senate Armed Services Committee.

"I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you have made over the past two and a half years as commander of Multi-National Forces in Iraq," said Sen. John McCain, R-Ariz. "During that time, things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating."

So far, no senators have announced plans to oppose Casey's elevation to chief of staff, although McCain, as well as Sens. Lindsey Graham, R-S.C. and Joseph Lieberman, I-Conn., said they were undecided how to vote.

In the peculiar politics surrounding the Iraq war, the three lawmakers are among the strongest critics of the nonbinding legislation. It would criticize the president's decision to increase troop levels as a way of stabilizing Baghdad nearly four years after Saddam Hussein was forced from power.

They said they intend to advance an alternative measure setting out the goals that should be met by the Iraqi government, and pledging whatever resources Petraeus requests. "We've come to the conclusion that the Petraeus strategy ... to buy some time for political reconciliation is our best chance for victory," said Graham.

Critics of the war, including most Senate Democrats and several Republicans, appeared to be coalescing around a revised measure advanced by Sen. John Warner, R-Va., and a group of lawmakers of both parties. It says the Senate "disagrees with the `plan' to augment our forces by 21,500, and urges the president instead to consider all options and alternatives."

Many Democrats had been supporters of a stronger measure, one declaring that Bush's plan for more troops was "not in the national interest."

That criticism was jettisoned Wednesday night as Majority Leader Harry Reid of Nevada maneuvered to pick up Republican votes. Additionally, the new measure says Congress "should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field," a provision that Republicans said was designed to outflank Democrats eager to rein in Bush's policy.

Several officials said Reid told a closed-door caucus during the day that lawmakers would have an opportunity to vote for binding restrictions on Bush's war policy in the coming months.

"For me it was a reassurance" that the Senate's hands would not be tied to end the war but troops would still be protected, said James Webb, a Virginia Democrat elected last fall as a critic of the war.

Two veteran liberals, Edward M. Kennedy, D-Mass., and presidential hopeful Joseph Biden, D-Del., were among Democrats who said they were ready to accept the watered-down nonbinding measure as a first step.

Not so Dodd and Sen. Russell Feingold.

Feingold, D-Wis., issued a statement saying the measure "misunderstands the situation in Iraq and shortchanges our national security interests. The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another."

Two other presidential hopefuls, Sens. Barack Obama of Illinois and Hillary Rodham Clinton of New York, said they were undecided on whether to support the measure. Both favor binding legislation to force a change in policy toward Iraq.

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Separately, the Congressional Budget Office said Bush's plans would cost $9 billion to $14 billion for a four-month deployment, depending on the number of support troops required. It said that based on experience, each 4,000-troop combat brigade would be accompanied by 5,500 support personnel — 28,000 more than Bush is sending. A Pentagon spokesman, Paul Boyce, dismissed the estimate as too high, but he declined to offer his own estimate.

Casey's comments marked a rarity, a four-star general pulling back the veil on high-level differences expressed in advance of a presidential decision.

The White House seemed unperturbed. "What General Casey was talking about is some suggestions he'd made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey," said presidential spokesman Tony Snow.

The remarks drew skepticism in Congress, though.

"I'm not certain five additional brigades in Baghdad and one more in Anbar province are sufficient to do the job," said McCain. "I am certain, however, that the job cannot be done with just two additional brigades, as you, General Casey, had advocated."

At his own confirmation hearing last month, Petraeus testified that he wanted all 21,500 troops moved "as rapidly as possible" into Iraq.

Casey: Fewer Troops Can Do Baghdad Job (USAT)

By Tom Vanden Brook

USA Today, February 2, 2007

WASHINGTON — Curbing insurgent-led violence in Baghdad can be done with fewer troops than the 17,500 extra proposed by President Bush, Gen. George Casey told a Senate panel Thursday during a confirmation hearing on his nomination as Army chief of staff.

Bush is sending the extra troops to Baghdad as part of an overall increase of 21,500 troops in Iraq, but "I believe that the job in Baghdad … can be done with less than that," Casey said.

"But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility," he said.

Lt. Gen. David Petraeus is Casey's replacement as the top U.S. commander in Iraq.

White House spokesman Tony Snow said the president has talked to Casey, and "Gen. Casey supports the plan."

Casey, who was nominated to succeed Gen. Peter Schoomaker as Army chief of staff, was criticized by senators of both parties for his record in Iraq.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

McCain also challenged Casey on what he called overly "rosy" predictions of success in Iraq over the past two years. He referred to a statement in December 2004 in which Casey predicted that Iraqi security forces would be able to maintain order in Iraq by the end of 2005.

"That obviously has not panned out," Casey said.

Casey said he did "not believe we have a failed policy." Rather, "I believe the president's new strategy will enhance the policy that we have."

Sen. John Warner, R-Va., who has co-authored a non-binding resolution opposing the troop increase, said Iraqi troops should bear greater responsibility for security there.

Casey has supported turning over security responsibilities to Iraqi forces more quickly. He said Thursday that Iraqis were willing, but not ready, to take over.

"The struggle in Iraq is winnable," Casey said, adding that it will take patience and will.

As the Senate committee debated Casey's nomination, the Congressional Budget Office (CBO) released a report that says Bush's plan for more troops could also require an extra 28,000 support troops.

The CBO report says the Pentagon's "practice has been to deploy a total of about 9,500 personnel per combat brigade to the Iraq theater, including about 4,000 combat troops and about 5,500 supporting troops."

Adding the new troops will add an additional $13 billion for four months to the current costs in Iraq, the report says. If the higher troop levels were maintained for a full year, it will cost $27 billion more.

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The CBO report shows the costs of Bush's plan "will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, a South Carolina Democrat and chairman of the House Budget Committee.

Casey Defends Iraq War Effort (MCT)

By Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The U.S. can win in Iraq and American policy there hasn't failed, Gen. George Casey said Thursday in response to a sharp condemnation from Sen. John McCain, who questioned Casey's judgment in his 2 { years as the top American commander in Iraq.

Casey defended his record at a Senate Armed Services Committee hearing on his nomination to become the next Army chief of staff. He stood by his recommendation that Baghdad needed fewer extra troops than President Bush had proposed, said calls for a U.S. withdrawal from Baghdad could hurt the new commander's flexibility and denied that the strain of the Iraq war has broken the Army.

McCain, R-Ariz., a potential presidential candidate, said that Casey had called for adding too few troops and failed to prevent an escalation of sectarian violence.

"I question seriously the judgment that was employed and your execution of your responsibilities in Iraq, and we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy," McCain said.

"Senator, I do not agree that we have a failed policy," Casey said. "I believe the president's new strategy will enhance the policy that we have."

Casey defended his decision to call for only two additional American brigades for Baghdad, saying his principle was to not add a single additional soldier or Marine more than needed.

McCain said he was "not certain" that Bush's plan to add five brigades (about 17,500 troops) was enough, but he was sure that "the job cannot be done with just two additional brigades."

Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility.

Sen. Carl Levin, D-Mich., the committee chairman, pressed Casey on why he changed his mind between mid-November, when he said no increase in troops was needed, and December, when he called for an increase of two brigades.

Casey said what changed was that the Iraqi government developed a new plan that called for increased forces.

He also said that political reconciliation among Iraqi factions - including a system of sharing political power and oil revenues - was essential for stability. He argued that Iraqis must take responsibility for security as soon as possible, but added, "They're not quite ready.

"The struggle in Iraq is winnable," Casey said, but it will "take patience and will."

He said that Iraqi Prime Minister Nouri al-Maliki on Jan. 6 agreed to target anyone breaking the law, regardless of sect, and "so far the results have been heartening." But he also said that al-Maliki had denied that he'd agreed to any benchmarks and that the Shiite prime minister "leans toward" not wanting the troop increase that Bush ordered.

Sen. Joseph Lieberman, I-Conn., who supports the troop increase, said that some senators support a timetable for withdrawal from combat duty in Baghdad.

"As the commander, I would resist any type of mandated timetables that would limit my flexibility to deal with the situation on the ground," Casey said.

Casey also rejected the view of critics who say that the Army is broken by strains from the wars in Afghanistan and Iraq. He said he saw a "splendid Army" in Iraq.

Casey was born in an Army hospital in Japan while his father was serving in the U.S. occupation forces there. Sen. John Warner, R-Va., noted that Casey's father was killed in the line of duty in Vietnam, where he was a two-star general commanding the 1st Infantry Division.

As he began his testimony, Casey thanked his "bride of 36 years" - Sheila, who sat behind him with their two adult sons - "for her courage, grace and support over the last two-and-a-half years."

He said that military families "make tremendous sacrifices on behalf of their loved ones a half a world away," adding, "courage is not reserved for the battlefield."

Casey Refutes Iraq Pessimism (WT)

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By Rowan Scarborough

The Washington Times, February 2, 2007

The outgoing U.S. commander in Baghdad yesterday broke with his superiors, including President Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing.

"I do not agree that we have a failed policy," Army Gen. George Casey told the Senate Armed Services Committee in confirmation hearings for him to be the next Army chief of staff.

Questioned by Sen. John McCain, Arizona Republican, Gen. Casey repeatedly defended his 21/2-year command, conceding that Baghdad fell into cycles of relentless killing during his term and that "the situation is definitely deteriorating in Baghdad." But he said much of Iraq has made progress.

"I believe the president's new strategy will enhance the policy that we have," he said of Mr. Bush's Jan. 10 plan to send 21,500 additional troops into Iraq, most to Baghdad.

As Gen. Casey testified, a bipartisan group of senators put the finishing touches on a nonbinding resolution opposing Mr. Bush's troop boost. Sponsored by Sen. John W. Warner, Virginia Republican, and backed by Sen. Carl Levin, Michigan Democrat and Armed Services Committee chairman, the measure would also oppose a cutoff of war funds, an action demanded by some anti-war liberals.

It was not clear yesterday whether Mr. Warner has the 60 votes needed to clear the resolution for a floor vote.

Gen. Casey broke with comments by Defense Secretary Robert M. Gates, who has said the United States is not winning, and with Navy Adm. William Fallon, who told the same committee this week that the strategy was not working. Adm. Fallon is to be the next Middle East commander.

The general did not stop there. Asked about Mr. Bush's assessment that his Iraq policy was headed to "slow failure," Gen. Casey said, "I actually don't see it as a slow failure. I actually see it as slow progress."

Mr. McCain announced he had strong reservations about confirming Gen. Casey. First, he said the four-star officer continued to give him optimistic assessments on Iraq violence, only to see bloodshed increase each time. Second, he said both of Gen. Casey's campaigns to bring down violence in the capital failed in the summer and last fall because troops did not hold the neighborhoods they cleared of Shi'ite and Sunni insurgents.

"The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity," the senator said.

When Mr. McCain read a 2004 quote from Gen. Casey saying Iraq forces would be able to take over security and curb violence by December 2005, the witness responded, "That obviously has not panned out."

The general defended himself repeatedly. He said some of his favorable predictions came before al Qaeda bombed the Shi'ite golden dome mosque in Samara a year ago. U.S. commanders blame the attack for provoking Shi'ite reprisals, and then Sunni counterattacks that swelled into constant killings in and around Baghdad.

The senator also clashed with the general on troop strength.

Gen. Casey, who last fall opposed any troop increase because he wanted the Iraqis to take over security, said he recommended only two additional brigades during the White House review. Mr. Bush opted for five.

But he endorsed the ultimate plan, saying, "I believe that this five-brigade plan gives great flexibility" to his successor, Army Lt. Gen. David Petraeus.

He said he does not consider Iraq a failure because all but three of 18 provinces -- Baghdad, Anbar and Diyala -- experience relatively low levels of violence. He also said the Iraqi Security Force has taken control of some regions.

"We just have a fundamental disagreement, General Casey, with facts on the ground and with what has happened in Iraq over now one of the longest wars in our history and where we are today," said Mr. McCain, who advocated an even bigger troop increase than the Bush plan.

Gen. Casey also differed with Adm. Fallon, who is to oversee Iraq as commander of U.S. Central Command, on whether the central question of whether the new strategy will work.

"I believe that it can work," he told Sen. Joe Lieberman, Connecticut independent and a hawk on Iraq.

Adm. Fallon had specifically declined to endorse the plan during his confirmation hearing.

As Army chief of staff, Gen. Casey would switch from commanding troops in the field to making sure they are recruited and equipped. He would take over an Army that has been hard-pressed to fight in Afghanistan since 2001 and in Iraq since March 2003.

Pressed by commanders, Mr. Bush has approved increasing the active Army to 540,000 soldiers and adding billions of dollars to replace worn-out weapon systems.

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"But from what I see in Iraq, senator, the Army is far from broken," said Gen. Casey. He was the Army's No. 2 general when tapped by then-Defense Secretary Donald H. Rumsfeld as the first four-star officer to run Iraq.

"I have mentored three Iraqi prime ministers in political-military interactions. I've dealt with three different ambassadors, four coalition corps commanders. I have learned an awful lot about strategic leadership," Gen. Casey said.

Senators Challenge Gen. Casey On Iraq War (WP)

By Thomas E. Ricks

The Washington Post, February 2, 2007

Army Gen. George W. Casey Jr., the Bush administration's nominee to be the Army chief of staff, got an unusually harsh reception yesterday from some members of the Senate Armed Services Committee for his performance as the top U.S. commander in Iraq over the past 30 months, but he still appears likely to be confirmed to lead the Army.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers and why your predictions of future success have been so unrealistically rosy," said Sen. John McCain (R-Ariz.). "I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

It is rare for a nomination for a military service chief to be even mildly controversial, but Casey is leaving a job as top U.S. commander in Iraq just as Congress is debating the war effort more intensely than it has since before the invasion of the country in March 2003. Democratic members of the committee left the argument largely in the hands of the panel's Republicans, who are deeply split over Iraq policy.

McCain and Sen. Lindsey O. Graham (R-S.C.) expressed skepticism about Casey, but several other GOP members -- James M. Inhofe (Okla.), Jeff Sessions (Ala.) and John W. Warner (Va.) -- showed support for him. Sessions argued that Casey's time in command in Iraq would make him a "more effective, sensitive, knowledgeable chief of staff for the Army."

Casey pushed back hard, disputing gloomy assessments of the situation in Iraq and standing by his own relatively optimistic view. "I do not agree that we have a failed policy," he said. He also said he still expects Iraqi security forces to assume responsibility for keeping order across the country by the end of this year. McCain sharply reminded him that in 2004 he made a similar prediction about the end of 2005.

When Graham used the term "last chance" to characterize the Bush administration's plan to bring security to Baghdad by doubling the number of U.S. troops there and having some of them live in outposts across the city, Casey objected. "I don't think it is the absolute last chance, but it certainly is the best chance right now that we have," he said.

He also told skeptical committee members that "the situation in Iraq is winnable. It's very winnable."

He disagreed with some senators' assessment of the strained state of the Army. "From what I see in Iraq . . . the Army is far from broken," he said.

Despite their dissatisfaction with Casey's handling of Iraq, most committee members appear inclined to vote for him, mainly out of the belief that he inherited a difficult and deteriorating situation when he became the top officer in Iraq in July 2004. "The consequences of what I believe has been a failed strategy should be shared at far higher level," said Sen. James Webb (D-Va.), a Vietnam War veteran who was Navy secretary during the Reagan administration.

Summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey. "He should not be held responsible for the key mistakes which were made going into the Iraq war, and the way policy was set by civilian leaders," Levin said in explaining the views of the majority.

Casey also expressed a careful opinion about a previous Army chief of staff, Gen. Eric K. Shinseki, who ran afoul of the Bush administration in the spring of 2003 for saying that the Pentagon's plan to occupy Iraq lacked sufficient troops. Shinseki was publicly rebuked by then-Deputy Defense Secretary Paul D. Wolfowitz, and a year later retired still angry. "I don't think he was treated well," Casey said.

"I think he was treated miserably," responded Levin, who had asked Shinseki at a February 2003 hearing how many troops would be needed to occupy Iraq.

War Supporter McCain Laments 'Missteps' In Iraq (WP)

The Washington Post, February 2, 2007

Sen. John McCain (R-Ariz.) has been a firm supporter of the Iraq war and of President Bush's plan to send an additional 21,500 troops to Baghdad in the coming months. In comments at yesterday's confirmation hearing for Gen. George W. Casey Jr. to be the Army chief of staff, however, he expressed stark concerns about the war. An excerpt:

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Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing.

The bombing of the Golden Mosque in Samarra last February sparked sectarian violence throughout Iraq, and Baghdad in particular. Yet in the face of this dramatic change in the Iraqi security environment, our military strategy remained essentially unchanged. Instead of conducting a traditional counterinsurgency campaign, our troops focused on training and equipping Iraqis, hoping in vain that they could do the job. After repeated elections and political events demonstrated that the democratic process would not on its own bring down the level of violence, our troops did not begin focusing on protecting the population. Instead, coalition and Iraqi forces launched Operation Together Freedom in June 2006. This operation aimed at securing Baghdad failed, yet the coalition launched Operation Together Forward II in August in a very similar fashion. The result, predictably, was a similar failure.

The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity.

General Parries Senate Attacks On Iraq Record (NYT)

By David S. Cloud

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The departing American commander in Iraq defended his record on Thursday against withering criticism from some Senate Republicans and said Baghdad could be stabilized with far fewer additional troops than President Bush planned to send.

The appearance by the commander, Gen. George W. Casey Jr., before the Senate Armed Services Committee underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq.

Republicans who had lauded General Casey for most of his tenure in Iraq criticized what they described as his overly optimistic projections and his unwillingness to admit sooner that the American strategy in Iraq was not working.

General Casey spoke as the Senate moved toward a vote early next week on a nonbinding but significant resolution expressing disagreement with Mr. Bush's decision to send more troops to Iraq. [Page A11.]

The general appeared before the committee as part of the confirmation process following his nomination to be the Army's chief of staff.

In a series of sharp exchanges, Senator John McCain of Arizona, the top Republican on the panel, criticized General Casey for what he said had been an overly narrow focus on training and equipping Iraqi troops and for the general's reluctance to ask for additional forces.

"While I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you've made over the past two and a half years," said Mr. McCain, long an advocate of sending more troops to Iraq.

But General Casey stood his ground, saying that he believed that the plan to secure Baghdad could probably be accomplished with only two additional American brigades, not the five sought by Mr. Bush. Other troops should be sent only if the new American commander in Iraq, Lt. Gen. David H. Petraeus, determines that they are needed, he said.

General Casey also said he disagreed with Mr. Bush's characterization of the Iraq effort last month as "maybe a slow failure."

"I actually don't see it as a slow failure; I see it as slow progress," said General Casey, whom Mr. Bush replaced to underscore a shift in strategy in Iraq and then nominated to fill the Army chief of staff position.

Mr. McCain and another Republican, Lindsey Graham of South Carolina, are leading the opposition to the resolutions criticizing the Bush plan, but key Democrats threw their support on Thursday behind a proposal by Senator John W. Warner, the Virginia Republican, that could put the Senate on record against the White House strategy.

The tough questioning of General Casey came not just from some Republicans but from Democrats seeking to blame what they described as the administration's faulty strategy for the lack of progress in Iraq. But General Casey said that administration officials like former Defense Secretary Donald H. Rumsfeld, who shared his belief in holding down troop levels, had never blocked him from asking for more forces.

"The strategy that I articulated here today is my strategy, and I believe in it," he said. "It may not have produced the results on the timelines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq." Mr. McCain and Mr. Graham proved to be General Casey's sharpest critics on the panel, taking issue with his performance since

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he took command in 2004 and noting that the Bush administration's decision to dispatch more troops to Iraq to secure Baghdad represented a rejection of the general's recommendations.

Mr. McCain, a candidate for the Republican presidential nomination in 2008, also criticized General Casey for giving what he called "optimistic and rosy scenarios" about progress in Iraq.

In response, General Casey conceded that the situation in Baghdad now was "definitely deteriorating." He said he supported the new Bush strategy, which he described as an "enhancement" of his approach, and noted that he had asked for and received additional troops at least six times.

But he said that his guiding philosophy, one that was widely shared until recently by senior administration officials, had been to ask for the minimum number of American forces, both to hold down casualties and to avoid deterring Iraq's government from taking responsibility for its own security.

The White House spokesman, Tony Snow, said General Casey's comments about wanting only two brigades, or about 7,000 troops, to secure Baghdad, reflected his initial views last year in discussions with the White House.

"There were a number of conversations, and the president — after talking with General Casey and other commanders — came to the conclusion that he preferred to have five brigades into Baghdad and 4,000 marines into Anbar," Mr. Snow said. "What General Casey was talking about is some suggestions he'd made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey."

Senator Carl Levin, the Michigan Democrat who is the committee chairman, told reporters after the hearing that General Casey had his support and that of a majority of members. A committee vote on his nomination is likely next week, Mr. Levin said.

A Congressional Budget Office estimate released Thursday concluded that sending additional troops to Iraq could cost $20 billion if the forces remained for a year but $9 billion if the forces stayed for only four months. As much as $15 billion would pay for the 15,000 support troops that the budget office assumed might be needed along with the 21,500 troops in combat units being sent by the Bush administration.

The budget office said it reached the estimate by looking at the ratio of combat troops to support troops already in Iraq. But an Army official said the estimate overstated the cost of the deployment because, with a large contingent of Army support troops already in Iraq and Kuwait, only about 3,000 support troops were likely to be required. The official said the Army did not have its own estimate of the costs.

Meanwhile, Michael McConnell, the Bush administration's nominee to be the next director of national intelligence, said that a long-awaited intelligence analysis about Iraq would be delivered to lawmakers on Friday. The so-called national intelligence estimate will give the assessment of America's 16 intelligence agencies about the sectarian violence and prospects in Iraq.

Casey's Iraq Leadership Is Criticized At Hearing (LAT)

By Julian E. Barnes

The Los Angeles Times, February 2, 2007

WASHINGTON — The U.S. general responsible for the Army's Iraq war strategy for the past two years was berated by leading Senate critics Thursday for American military failures in Iraq and was accused of providing unduly optimistic assessments of progress as U.S. fortunes sagged.

Army Gen. George W. Casey Jr. appeared before the Senate panel weighing his nomination to be the next Army chief of staff in a hearing that was unusually tense at times as senators who support the troop increase recently ordered by President Bush took Casey to task for his leadership of the war.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R.-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

Casey has long been a skeptic of increasing the size of the U.S. force in Iraq, and his testimony before the Senate Armed Services Committee amounted to a tepid endorsement at best of Bush's new strategy.

But Casey's appearance reflected the split within the military over Bush's war plan. Many younger commanders and rising officers support the new strategy, with its emphasis on counterinsurgency methods. But some senior military leaders remain skeptical about the ability of U.S. forces to end the sectarian violence.

Although Casey is an unenthusiastic supporter of the new strategy, the White House nominated him to become the chief of staff of the Army in part to recognize his long service in Baghdad. While his new post represents a nominal promotion, it also removes him from the chain of command and limits his direct influence over Iraq policy.

Sen. Lindsey Graham, R-S.C., a supporter of the troop increase, asked Casey if Iraq was secure enough for him to visit downtown Fallujah.

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"You could," Casey said.

"Well," Graham shot back, "I asked to go, and they wouldn't let me."

A majority of committee members appeared to support Casey's nomination. Sen. Carl Levin, D-Mich., the chairman, said he expected a vote on Casey next week.

"I think he is qualified to be chief of staff of the Army," Levin said, "and he should not be held responsible for the key mistakes that were made in Iraq and the way policy was set by civilians."

Casey said he supported the president's new approach and acknowledged some past mistakes. But he continued to emphasize the importance of training the Iraqis and said that the military might not need all of the 21,500 troops Bush is sending to Baghdad.

In December, Casey said he asked for two extra brigades -- about 7,000 soldiers -- to improve security in Baghdad. When Bush offered five brigades, Casey said the remaining three could serve elsewhere as a flexible reserve force.

That contrasts sharply with the plan laid out by his successor, Gen. David H. Petraeus, who is expected to move all five brigades into Baghdad once he assumes his new command in Iraq, a move expected soon.

Attempting to head off perceptions that top commanders disagree with the president, White House spokesman Tony Snow said Thursday that Casey supports the Bush plan.

"What General Casey was talking about is some suggestions he'd made earlier," Snow said. "The president has made his decision, and it does reflect the wisdom of a number of combatant commanders. And again, it does have the assent of General Casey."

On several occasions, Casey described the new strategy as an "Iraqi plan." "They came up with the plan," Casey said. "They will lead the plan."

But it was clear in questioning that the Americans had drafted or at least heavily influenced development of the "Iraqi plan."

Casey said he came to the conclusion that a buildup was needed in mid-November, after he had asked Lt. Gen. Raymond T. Odierno, the day-to-day military commander, for a reassessment of security operations in Baghdad. That analysis suggested the need for the two additional brigades.

The Iraqis presented a rough security plan when Bush and Iraqi Prime Minister Nouri al-Maliki met in Jordan in November. However, Casey said there was no talk of extra troops.

"There was not a long discussion about the plan that they presented. They basically passed it across the table," Casey said. "And it was actually quite a short discussion."

When pressed by Levin, Casey acknowledged that al-Maliki was not enthusiastic about the American troop increase.

"He leans toward not wanting to have to bring in more coalition forces," Casey said.

Casey said he still thought two additional brigades would be enough to improve security in Baghdad. But the three additional Brigades being called to Iraq would give military commanders "flexibility," Casey said.

"I said, in my mind, the other three brigades should be called forward after an assessment has been made of the situation on the ground and whether or not there has been success in the mission in the Baghdad area," Casey said.

A year-long buildup of 20,000 additional troops in Iraq would cost $11 billion for the combat forces alone and could reach $27 billion if additional support personnel are included, the Congressional Budget Office said in an estimate issued Thursday.

The estimates, which came at the request of leading Democrats on the House Armed Services Committee, raised concerns among war critics, who said the figures were much higher than the administration had been claiming since the buildup was announced last month.

Casey faced the toughest questioning from McCain, who has long been a critic of the generals' refusal to commit more troops to restive western Iraq or to request more forces for the fight in Iraq.

However, Casey insisted that his strategy had been on the right track, angering members of the committee who support the troop increase. McCain took issue with what he said was Casey's overly optimistic portrayal.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers," McCain said, "and why your predictions of future success have been so unrealistically rosy."

In recent weeks, Bush's top military advisers and new nominees have offered dire assessments of Iraq and have cataloged what they see as mistakes.

"So you disagree with the secretary of Defense, the chairman of the Joint Chiefs of Staff and Admiral Fallon that we had a failed policy?" McCain asked Casey.

"I do, senator," Casey responded. "I do not believe that the current policy has failed."

Later in the hearing, Levin took up the same line of questioning, asking Casey if he would dispute Bush's statement that the strategy followed last year was leading to "a slow failure."

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Casey insisted that things were improving under his watch.

"I actually don't see it as slow failure," Casey said. "I actually see it as slow progress."

Suicide Bombers Attack Busy Market, Killing 45 (USAT/AP)

USA Today, February 2, 2007

BAGHDAD — A pair of suicide bombers detonated explosives among shoppers in a crowded outdoor market Thursday in a Shiite city south of Baghdad. The attack killed 45 people and wounded 150.

Separately, bombs and a mortar attack killed at least 17 others in both Shiite and Sunni areas of Baghdad.

The two bombers strolled into the Maktabat market in the center of Hillah around 6 p.m., when the area was packed with shoppers buying food for the evening meal.

One of the bombers detonated his explosives when he was approached by police, and the other blew himself up moments later, according to a police spokesman, Capt. Muthanna Khaled, who gave the casualty figures.

The blasts hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded.

Mohammed Diya of Hillah General Hospital said some of the wounded were in critical condition.

Qassim Abed Sadah, 33, a bookseller, said the first explosion blew him out of his chair. He raced to the door of his shop as the second blast occurred. "People were flying in the air," he said.

Pools of blood were scattered along the market streets, along with bits of fruits and vegetables. Paramedics wearing white gloves roamed through the area removing body parts.

No group claimed responsibility for the attack in Hillah, a Shiite city in a religiously mixed province.

Sectarian violence flared in both Shiite and Sunni areas of Baghdad, where U.S. and Iraqi forces prepared for a major security crackdown — the third in a year.

Six people died and 12 were wounded when a car bomb exploded on Rashid Street in the mostly Shiite heart of the capital.

A bomb on a public bus killed six and wounded eight in the Shiite commercial district of Karradah.

Mortar rounds slammed into the Sunni district of Azamiyah, killing five people and wounding 12.

"What have we done to be attacked like this almost every day?" asked Saad Abdul-Karim, 50, whose son was wounded when a mortar round struck their home.

Police found the bullet-riddled bodies of 33 men scattered across the Iraqi capital.

Elsewhere, a U.S. soldier died Thursday of wounds suffered two days ago in Anbar province. Three civilians were killed in separate shootings in the city of Mosul, and a policeman died in a car bombing in the city of Qaim.

Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another (WP)

By Ernesto Londono And Saad Sarhan

The Washington Post, February 2, 2007

BAGHDAD, Feb. 1 -- The man looked suspicious.

Without speaking a word, police officer Ahmed Eid Majood, guarding one of the entrances to the bazaar in the southern Iraqi city of Hilla, lunged toward the man and wrapped his arms around his body.

At that moment, the man detonated a belt packed with explosives, killing the officer and dozens of other people Thursday afternoon, a police spokesman said. The blast sent a throng of shoppers at the covered market rushing toward another exit.

There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said.

The bombers killed at least 63 people and injured more than 150, but Ahmed and hospital officials said the death toll could rise because many of the injuries being treated Thursday night were life-threatening. More than 40 Iraqi civilians and police died in other violence across the country, officials said.

The twin bombings in Hilla were the latest mass killing of Shiite Muslims in recent weeks, raising the possibility that Shiite militias would increase their retaliatory attacks against Sunnis. The U.S. and Iraqi governments are in the early stages of a new security plan intended to pacify Baghdad and some other parts of the country.

In Hilla, "people were going up and down the market as usual," said Mohammed Saaid, 39, who was working in his sweets shop. "Suddenly there was thunder and lightning, and corpses were everywhere, and people were cut into pieces."

The explosions came about a minute apart, police and witnesses said. They shattered windows and destroyed dozens of small shops that dot the marketplace near the Euphrates River.

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"I was confused and terrified," Saaid said in a telephone interview shortly after the attack. "I went out of my shop to check on my neighbors, and I saw a flood of blood. Men, women, children -- all dead."

Hilla, which is about 60 miles south of Baghdad, has experienced violence since the war began, but it is one of the least scarred cities in the country. The bazaar has been targeted twice before, by a suicide bomber and an improvised explosive device, each attack killing a handful of people.

Dozens of wounded were taken to nearby Hilla Hospital, where doctors devised additional operating rooms. Scores of seriously injured people were turned away to give priority to those in more dire condition.

"We are prepared, but not for such an amount of patients," Talib Ali, a doctor at the hospital, said in a telephone interview. "We had to call doctors who are on vacation and those who had already left for their houses."

Violence broke out at the hospital entrance as police clashed with survivors and relatives struggling to get into the seven-story building, witnesses and medical personnel said.

"Most of the wounded are in critical condition, and it's possible that many of them will die," the doctor said. "We have a shortage of bandages, and some of the wounds are being cleaned with Kleenex."

After the morgue filled up, hospital staffers laid the corpses outside in body bags, the supply of which also ran out.

Laith Shahid, 34, who owns a pickle store in the bazaar, suffered burns on his arms and serious cuts on both legs from flying debris. He was quickly examined at the hospital.

"They gave me two tubes of ointment and sent me home," he told a local journalist who relayed the comments to The Washington Post but asked that her name be withheld for security reasons.

People who live near the market began walking toward the hospital to donate blood, a witness said.

Ali Dabbagh, a spokesman for Prime Minister Nouri al-Maliki, said Thursday that Iraq will host a regional security conference next month that will include Syria and Iran -- two neighboring countries with which the United States has declined to engage as part of its diplomatic and military efforts to secure and stabilize Iraq.

Dabbagh said at a news conference that a suspension of flights between Baghdad and Damascus, the Syrian capital, was unrelated to the security plan. Officials had said Wednesday that the suspension was a preliminary step in security efforts designed to tighten control of the borders. Dabbagh said the company that charters the flights fell behind on paperwork and would resume operations within days.

Other attacks were reported Thursday in various parts of the country. A car bomb exploded near the entrance to the law school at Salahaddin University in Tikrit, killing seven and wounding 23, according to Saad Salman, an Interior Ministry spokesman.

In Baghdad, a bomb was detonated inside a small bus in the commercial Karrada area, killing eight people and wounding 12.

In Qaim, near the Syrian border, a suicide bomber attacked near a police checkpoint, killing one officer, according to Hameed Ataallah, a doctor who treated people injured in the blast. It was the third attack on police since the U.S. military turned over control of security to local officials a month ago.

At least 25 other people were slain in mortar attacks, shootings and bombings elsewhere in the country, the ministry spokesman said.

Also Thursday, the U.S. military announced the death in combat Tuesday of a soldier in Anbar province in western Iraq. His name will be released after relatives are informed.

Special correspondents Naseer Nouri and Saad al-Izzi contributed to this report.

Iraq Suicide Bombers Kill 60 And Wound 150 In Market In Southern City (NYT)

By James Glanz

The New York Times, February 2, 2007

BAGHDAD, Feb. 1 — Twin suicide bombers struck a market jammed with people in the southern Iraqi town of Hilla on Thursday, killing at least 60, wounding 150 and spraying body parts so far that the police were still scouring rooftops for them late in the night.

Residents there were catching up on their shopping after the Shiite holiday of Ashura. A student at a local high school, Ali Mohammad, said he and two friends had just left the school gym and were about to make some purchases when the first bomb went off at a checkpoint on the edge of the market. The leader of a local commando unit said the bomber set off a suicide vest when a policeman at the checkpoint discovered it during a search.

Seconds later, a second bomb went off. “I was hit in the leg, a small wound,” Mr. Mohammad said. “I was so scared, I didn’t help my friends. I just left them in the area and went home.”

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Later he found them both in a local hospital, one dead, one with a leg blown off. The commando leader said the hospital was so overwhelmed with casualties that it was forced to turn some people away after dispensing whatever medicine was available.

The explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. Besides Hilla, the regional capital, the belt contains the Shiite holy cities of Najaf and Karbala.

The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite.

In Baghdad, which sometimes resembles a deadly dartboard where citizens can die at any time, relentless shelling, bombing and other violence killed at least 46 people. Mortar shells rained down in the Adhamiya, Qahira and Khadamiya neighborhoods, killing at least five and wounding 33, an Interior Ministry official said.

Elsewhere in the city, a suicide bomber detonated the minibus he was driving near St. Raphael Hospital in the Karada neighborhood, killing 6 and wounding 12. A parked car blew up in Rusafa Square in central Baghdad, killing three and wounding nine. The official said 30 bodies of unidentified people had been found dumped around Baghdad on Thursday, apparently the victims of death squads.

Outside Baghdad, two carloads of gunmen stormed a college at Diyala University and killed the dean and his son before driving off. And a car bomb attack on an Iraqi police and Army convoy in Qaim, a town on the Syrian border in the desert province of Anbar, killed three and wounded six.

The American military said a soldier died Thursday “from wounds due to enemy action” in Anbar. Following standard procedure, the military gave no details.

The double bombing in Hilla took place only a few hundred yards from the spot where in February 2005 a car bomb killed at least 125 people in the third-deadliest atrocity since the American-led invasion in 2003, according to tabulations kept by The Associated Press.

Suspicion later fell on a young Jordanian man who had apparently been recruited by Al Qaeda as a suicide bomber, but the connection was never proved.

Last summer, a bomb struck the same market, killing at least half a dozen people. Near the Hilla River and called the maktabat or bookstores market, the place now sells everything from vegetables to school supplies, with vendors spreading their wares on carpets and small tables in an elongated area that runs north to south.

Because of the earlier bombings, tall concrete blast walls now surround the market, gates prevent cars from entering and policemen frisk shoppers at checkpoints before they are allowed in. It was at one of those checkpoints that the first bomb exploded about 6 p.m., said Mr. Mohammad, the local student.

As people in the market frantically tried to leave — greatly constrained by the blast walls and checkpoints — the second bomber was waiting where people were funneled through one of the main gates, Mr. Mohammad said.

Huge Force Readying Crackdown In Baghdad (AP)

By Steven R. Hurst

AP, February 2, 2007

U.S. Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown.

American and Iraqi commanders are pulling together a force that numbers — on paper at least — about 90,000 troops for what many see as a last-chance drive to curb the debilitating violence that has turned Baghdad into a battleground and killed — according to the United Nations — more than 34,000 civilians last year alone.

"This will be a difficult mission and time is not on our side," Lt. Gen. David Petraeus, who will soon take over the U.S. command in Iraq, said in written testimony to the Senate Armed Services Committee last month.

In the past eight months, two U.S.-Iraqi security missions have failed to rout gunmen, bombers, suicide attackers and the death squads that haunt Baghdad's streets after dark. The U.S. military blamed Iraq's Shiite-dominated government for its inability to muster sufficient troops.

Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims.

It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers.

This operation to sweep the capital of Sunni insurgents and Shiite militiamen was widely expected to begin early this month. But a senior Iraqi general told The Associated Press this week that "preparations are not complete."

The general refused to say how many of an expected influx of about 8,000 Iraqi forces had arrived — as advertised — from the Kurdish north, the Shiite south or Fallujah, in the insurgent stronghold of Anbar province west of Baghdad.

Local commanders, however, said only about 2,000 of the additional troops had reached Baghdad or were nearby. The general and the commanders all spoke on condition of anonymity because of security reasons.

The Baghdad security plan, announced Jan. 6 by Prime Minister Nouri al-Maliki and four days later by President Bush, includes an infusion of 21,500 additional American troops to Iraq, 17,500 of them to Baghdad.

The U.S. Congress, with a new Democratic majority, has been embroiled for weeks in debate about sending more Americans to a conflict that already has stretched to nearly four years and taken the lives of nearly 3,100 U.S. service members and hundreds more American contract workers.

And departing U.S. commander Gen. George Casey told a Senate panel Thursday he didn't think such a large additional force was necessary.

"I believe that the job in Baghdad, as it's designed now, can be done with less than that," Casey said. "But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility."

U.S. and Iraqi officials say the United States plans to have about 41,000 troops in Baghdad and the region when all additional 17,500 American forces arrive by late spring. There are currently about 15,000 in and around the capital and an estimated 8,500 were expected to arrive from other parts of the country.

The Iraqis say they have about 22,000 troops in the capital, more than half at the airport and in two nearby towns. There about 20,000 police and Interior Ministry troops and commandos also in the city, according the Defense and Interior ministries. The additional 8,000 scheduled to arrive from elsewhere would put the total Iraqi forces at about 50,000.

But the overall Iraq troop count is an extrapolation from the number of battalions deployed or on the way. Experience has shown far fewer troops show up.

"The Iraqi numbers are probably inflated. Battalions that should contain 800 men usually have no more than 200-300, if that," said retired Army Col. Douglas Macgregor, an adviser to former Defense Secretary Donald H. Rumsfeld in 2003.

An Iraqi army brigade from Irbil, about 3,000 men in principle, will have at most 1,500 men when it finally arrives in Baghdad. The commander says 95 percent of the men don't speak Arabic. A brigade from Sulaimaniyah, also in the Kurdish north, has reached the Muthana Airport in central Baghdad, but it is only 1,000-men strong, not the expected 3,000.

Three brigades each were expected from the 8th and 10th army divisions in the south of the country. Some of the troops have reached positions outside Baghdad, but their force-strength was not known.

U.S. military officials have said that about one-third of any Iraqi unit is missing at any given time because soldiers must return to their home towns and villages to deliver their paychecks to families. Iraq's banking system is too primitive to allow the electronic transfer of money.

And those absences do not include soldiers missing because they don't want to serve in a particular mission. There are no laws against failure to muster for the country's new, volunteer force.

But U.S. preparations were moving ahead in Baghdad.

In the tough Ghazaliyah neighborhood, a Sunni enclave in northwest Baghdad, Army engineers put up the concrete blast walls topped with razor wire to enclose a region where six homes were cleared. The area, including open space surrounding the structures, will house the 1st Cavalry Division's Company C, 2nd Battalion, 12th Cavalry Regiment.

"Command Outpost Wildcard is under construction to allow soldiers to quickly respond to violence and crime in the area. The former residents of the homes were paid to vacate the area homes and have relocated," the military said in a statement. It could not be learned what compensation was paid to those who surrendered their homes.

A brigade of the 82nd Airborne has arrived in Baghdad as part of the Bush-ordered infusion of troops. Four more brigades were to arrive between now and the end of May. The next arriving unit was to be the 4th Brigade, 1st Infantry Division, based at Ft. Riley, Kan., which will deploy in February.

The 3rd Brigade, 3rd Infantry Division, based at Ft. Benning, Ga., will deploy in March. The 4th Stryker Brigade, 2nd Infantry Division, based at Ft. Lewis, Wash., in April, and the 2nd Brigade, 3rd Infantry Division, based at Ft. Stewart, Ga., in May.

The Marine Corps will extend two reinforced infantry battalions for approximately 60 days. Additionally, the 15th Marine Expeditionary Unit (Special Operations Capable) will remain in Iraq for approximately 45 additional days. The 1st Brigade, 34th Infantry Division, Minnesota Army National Guard, will be extended in its current mission for up to 125 days and will redeploy not later than August.

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Marines Battle Their Past In An Iraqi City (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, February 2, 2007

A new batch of troops tries to win over Haditha, where 24 civilians were slain by their predecessors.

HADITHA, IRAQ — More than a year after two dozen civilians were killed here in what prosecutors call an appalling case of wanton murder by four Marines, a new batch of troops is trying to win the hearts and minds of the public.

But as they patrol the narrow, winding streets and try to protect themselves from a deadly, unseen enemy, the November 2005 incident hangs like dust in the air.

"I think about it because I want to give them the right image about Americans," said Lance Cpl. Bryan Bates, 21, of Tucson, who has picked up a working knowledge of Arabic. "I know some of them feel scared because of what happened. I try to be more friendly."

Complicating the situation is the fact that many residents don't even consider the case, which involves the most serious charges levied against Marines in Iraq, the worst transgression by U.S. forces in Haditha since the 2003 U.S.-led invasion.

On two occasions, Marines assigned to build trust and goodwill in Haditha were moved to the larger city of Fallouja to participate in major offensives against Sunni Arab insurgents. While the Marines were gone, insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans.

The dozens of deaths have resulted in suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous.

"The betrayal [by the U.S.] of the tribes and the local leadership … has created a climate that we've struggled mightily to make right," said Capt. Matt Tracy, commander of Echo Company of the Hawaii-based 2nd Battalion, 3rd Marine Regiment, which occupies a former school near the town center.

When Echo Company arrived in September, the Marines found themselves under constant attack. The company was averaging a casualty a day in its first 45 days.

"I looked at the numbers and said, 'None of us are going to survive at this rate,' " Tracy said. "I realized we had to fight a different way."

The new methods include berms around the city, controlled access points and a car registration program. If people are caught driving without registration, their keys and car batteries are confiscated.

Officers remind Haditha-bound troops to follow the rules of engagement and the laws of war, both of which call for protection of civilians. A general also lectures them on not being slow to protect themselves against an enemy that is well-armed and known to hide among women and children.

Navy corpsman Patrick Horgan, 36, of Aurora, Colo., said the 2005 case had made troops more cautious.

"Everybody knows to be smart about it and make sure you can take a shot safely," he said. "What happened here has definitely increased awareness about the rules, which I think is important."

But there is also a feeling that only troops who have patrolled the streets of Haditha can understand the pressures the Marines experienced in 2005.

"They were set up for an ambush, it wasn't a massacre," said Cpl. Paul Brodner, 20, of San Diego. "No Marine would do anything like that except if he were fighting for his life."

An Iraqi interpreter working for the Marines, who was with the troops in 2005, says he hopes more information about the slayings will come out during court-martials.

"The Marines were attacked and they responded," said the interpreter, who asked that he be identified only as John. "They made mistakes, but they did what you do when you're ambushed."

Lt. Col. Jim Donnellan said it was only natural that Marines now on patrol think about those members of the Camp Pendleton-based 3rd Battalion, 1st Marine Regiment, who face criminal charges.

"When a Marine reads about Marines of the same age, and operating in the same city, accused of such heinous things, he can't help but have that in the back of his mind," Donnellan said.

Officers also accused

Courts-martial, which could be held this summer, will also determine the fate of four Marine officers accused of failing to thoroughly investigate the slayings. Military lawyers were in Haditha last month questioning witnesses.

Prosecutors allege that the Marines went on a rampage after one comrade was killed and two were wounded by a roadside bomb. Defense attorneys say the troops were following regulations that allow for throwing fragmentation grenades into a room where armed insurgents are thought to be hiding.

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In the months after the invasion of Iraq, the Marines had been making headway in Haditha, a community of about 50,000 along the Euphrates River where many of the male residents worked on the railroad, the hydroelectric dam and the phosphate and concrete plants, which are largely shut down now. Officials and police teamed up with the Americans to provide intelligence about the insurgency.

In April 2004, the Marines were ordered to attack Fallouja after a mob killed four American private security contractors. The men's bodies were burned and two were hung from a bridge.

After the Marines left Haditha, insurgents killed several local officials, rounded up a dozen police officers and killed them before a crowd at a soccer field. They also kidnapped a group of police recruits and beheaded nine of them.

The Marines returned after the White House halted the assault on Fallouja. But the fight was renewed in November 2004, and again the Marines left for the larger city about 100 miles down the Euphrates.

For a second time, murder and brutality ensued in Haditha, including an attack on a female doctor whose hands were chopped off because she wore a short-sleeved blouse.

When the Marines returned in 2005, doors were closed to them and the insurgents were in control.

Police Chief Col. Farouk Tayh Hardan is a former army officer whose brother was among the police recruits kidnapped. He's a hard-liner who would prefer to kill insurgents without such niceties as arrests and trials.

The 2005 case, he said, was tragic but understandable in the chaos of war. Many Haditha residents, he noted, are former Iraqi military officers.

"They know that any military makes mistakes, including with innocent children," he said. "We hope it never happens again, particularly with women and children."

Since the berms went up and the car registration effort began, attacks against U.S. troops have dropped sharply. Sheiks have encouraged tribe members to join the police force and hundreds have done so.

Roadside bombing

Still, duty in Haditha and two smaller cities remains one of the most dangerous assignments in Iraq. Since September, Donnellan's 900-man battalion has suffered 19 deaths, and 132 troops have been wounded. The relative peace was shattered in mid-January when two Marines were severely wounded by a roadside bomb while on a walking patrol.

The 2nd Battalion is scheduled to leave in early spring and another Marine unit has been assigned to take its place. But the long-term prospects for Marines in Haditha are unclear, as the White House reevaluates its strategy for Baghdad and Al Anbar province.

"The last thing any Marine wants is to leave prematurely and see these people suffer, again," Capt. Tracy said.

What happened on Nov. 19, 2005, may also have exacerbated a tendency among Haditha residents to believe tales about Marine misconduct, some thought to be circulated by insurgents or their sympathizers.

Each week Donnellan holds an open meeting with sheiks and others. Much of it is devoted to dispelling rumors or, if one seems plausible, promising to investigate.

Among the recent rumors: The Marines forced women to kneel before them, the Marines shot and killed an Iraqi police officer, the Marines threw oranges at women, an Iraqi police officer shot a colleague and the Marines have done nothing.

"I listen and realize some of it is just … hyperbole that is part of their culture, but some of it is that there is really something bothering them," Donnellan said. "There's a lot of history here, and a lot of it is bad."

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Who's To Blame For The Killing (WP)

By Charles Krauthammer

The Washington Post, February 2, 2007

This week the internecine warfare in Iraq, already bewildering -- Sunni vs. Shiite, Kurd vs. Arab, jihadist vs. infidel, with various Iranians, Syrians and assorted freelancers thrown into the maelstrom -- went bizarre. In one of the biggest battles of the war, Iraqi troops reinforced by Americans wiped out a heavily armed, well-entrenched millenarian Shiite sect preparing to take over Najaf, kill the moderate Shiite clergy (including Grand Ayatollah Ali Sistani) and proclaim its leader the returned messiah.

The battle was a success -- 263 extremists killed, 502 captured. But the sight of the United States caught within a Shiite-Shiite fight within the larger Shiite-Sunni civil war can lead only to further discouragement of Americans, who are already deeply dismayed at the notion of being caught in the middle of endless civil strife.

There are, of course, many reasons for these schisms. Some, like the fundamental division between Sunni and Shiite, are ancient. Some of the wounds are more contemporary, most notably the social devastation and political ruin brought upon the country by 30 years of Saddamist totalitarianism and its particularly sadistic persecution of Shiites and Kurds.

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America comes and liberates them from the tyrant who kept everyone living in fear, and the ancient animosities and more recent resentments begin to play themselves out to deadly effect. Tens of thousands of Iraqis have died, the overwhelming majority of them killed by Sunni insurgents, Baathist dead-enders and their al-Qaeda allies who carry on the Saddamist pogroms.

Much of their killing -- the murder of innocent Shiites in their mosques and markets -- is bereft of politics. It is meant to satisfy instead an atavistic hatred of the Shiite heresy. The late al-Qaeda leader in Iraq, Abu Musab al-Zarqawi, was even chided by headquarters in Afghanistan for his relish in killing Shiites for the sport of it.

Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. "We did not give them a republic," insists Newsweek's Fareed Zakaria. "We gave them a civil war."

Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain "give" India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda?

We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?

Thousands of brave American soldiers have died trying to counter, put down and prevent civil strife. They fight Sunni insurgents in Fallujah, Ramadi and Baghdad, trying to keep them from sending yet one more suicide bomber into a crowded Shiite market. They hunt Shiite death squads in Baghdad to keep them from rounding up random Sunnis and torturing them to death. Just this week, we lost two helicopter pilots who were supporting the troops on the ground fighting the "Soldiers of Heaven" outside Najaf to prevent the slaughter of innocents in a Shiite-Shiite war within a war.

Our entire strategy has been to fight one side and then the other to try to prevent sectarian violence -- a policy that has been one of the leading reasons Americans are ready to quit and walk away. They can understand one-front wars, but they can't understand two-, three- and four-front wars, with Americans fighting any and all in sequence and sometimes in combination.

And at the political level, we've been doing everything we can to bring reconciliation. We got the Sunnis to participate in elections and then in parliament. Who is pushing the Shiite-Kurdish coalition for a law that would distribute oil revenue to the Sunnis? Who is pushing for a more broadly based government to exclude Moqtada al-Sadr and his sectarian Mahdi Army?

We have made a lot of mistakes in Iraq. But when Arabs kill Arabs and Shiites kill Shiites and Sunnis kill all in a spasm of violence that is blind and furious and has roots in hatreds born long before America was even a republic, to place the blame on the one player, the one country, the one military that has done more than any other to try to separate the combatants and bring conciliation is simply perverse.

It infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war.

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U.S. Says Iran Meddles In Iraq But Is Delaying Release Of Data (NYT)

By David E. Sanger And Mark Mazzetti

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush's national security advisers have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq, senior administration officials said Thursday.

The decision was described by officials who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence.

Some administration officials said there was a continuing debate about how well the information proved the Bush administration's case.

One official who has reviewed elements of the briefing said the decision to delay it — made by Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and Stephen J. Hadley, the national security adviser — was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces.

Ten days ago the American ambassador to Iraq, Zalmay Khalilzad, told reporters that within a few days the United States would disclose its evidence that Iran was supplying the militias. He had been angered by an accusation by the Iranian ambassador in Baghdad that Washington had no evidence of illicit Iranian activity.

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That event was put off, rescheduled for the middle of this week. The briefing was to have consisted of a PowerPoint presentation showing weapons picked up in Iraq, their serial numbers and other evidence tying them to manufacture in Iran.

But on Thursday American officials said that the briefing in Baghdad had been postponed again, until next week at the earliest, and that it had been reduced in size. For example, they said, it will not include details of evidence gathered when Iranians were seized in a raid in Baghdad at the end of December.

Some American allies who have seen some of the evidence say it still falls short of an air-tight case. But the main reason for the delay appears to be rooted in the delicate politics of dealing with Iran.

"We don't want to create the impression that we are steaming toward confrontation," said one senior State Department official familiar with the debate. "Some people are worried about how quickly the rhetoric has ratcheted up."

President Bush, in an interview on Wednesday with The Wall Street Journal editorial board, said the United States had "made it clear to the Iranians that if we catch them moving weapons, they'll be dealt with." But he quickly added that he was not seeking to "escalate the conflict," and said he was certain "we can solve this peacefully."

During an interview on NPR on Thursday, R. Nicholas Burns, an under secretary of state, said that the United States had been tracking Iran's support for Shiite militias in Iraq for approximately two years, and that "there's been increased evidence over that time that Iran has given this kind of assistance to the Shia insurgency groups."

The debate about how, when and whether to release the claims about Iran's activities in Iraq is also an echo of Washington's continuing debate about whether the administration has the credibility to make public evidence about Iran's nuclear program — including data that it has shared with allies but not with the public.

In the most recent case, State Department officials have cautioned that the evidence must be rock-solid. The Pentagon has pressed for its release, to make clear why it is aggressively pursuing Iranians with military or paramilitary connections in Iraq.

The result has been a scramble, in which intelligence agencies have been trying to vet the Pentagon's presentation to ensure that it does not contain claims that are not backed by solid evidence.

"We are trying to scrub this document, because the last thing we want to be accused of is cherry-picking," said one American official familiar with the intelligence about Iran.

Some administration officials admit they are in a bind: on one hand, the longer the White House issues heated statements aimed at Iran without backing them up with facts, the more the administration's case is called into question.

At the same time, rushing to produce a flimsy case that is ultimately discredited could be more damaging in the long run, as was the case with Colin L. Powell's speech to the United Nations Security Council in February 2003, when he was secretary of state, outlining what he portrayed as irrefutable evidence that Iraq possessed chemical and biological weapons.

Curbing Iran In Iraq Gets Trickier (WSJ)

By Jay Solomon And Yochi J. Dreazen

The Wall Street Journal, February 2, 2007

WASHINGTON -- Senior Bush administration officials said the U.S. won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in U.S. efforts to limit Iranian influence there.

U.S. approval of Iran's economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq.

U.S. officials said they are investigating some American and Iraqi claims that Tehran may have played a role in the killings last month of five U.S. soldiers in the Iraqi city of Karbala.

The administration's tough new posture toward Iran is alarming many lawmakers, intelligence officials and military officers, who worry that the White House is exaggerating Iran's connection to attacks inside Iraq in order to justify a future military assault against Iran.

Senior U.S. officials acknowledged yesterday that they had no direct evidence to support this claim, and Iran has long denied accusations that it is supplying weapons to Shiite groups in Iraq or that it has expanded its paramilitary operations inside the country.

The Bush administration has made such charges before but has never been able to provide clear evidence substantiating the allegations. Pentagon and State Department officials this week said they would make public some information proving the connection between Tehran and Iraqi militias, but they have yet to do so.

These officials said the complexity and brazenness of the Karbala attack, in which the assailants disguised themselves in U.S. uniforms in order to enter a compound and abduct American soldiers, is raising suspicions of Iranian involvement.

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"It looked like five Americans were taken [in exchange for] for five Iranians," said one U.S. intelligence official working on Iran. Last month, American troops arrested five Iranian diplomats in Irbil, Iraq, on charges they were supplying explosives to Shiite militias -- a charge Tehran denies.

On the economic front, however, U.S. officials said yesterday they aren't going to attempt to prevent Iran from expanding its trade and financial ties with Iraq.

In late January, Iran's ambassador to Iraq surprised U.S. officials by telling the New York Times that Tehran was preparing to significantly increase its financial and trade ties to Iraq. This would include the establishment of at least one branch of Iran's national bank in Iraq, the diplomat said.

U.S. officials had initially reacted coolly to the Iranian plans, but in interviews yesterday, senior Bush administration officials said the U.S. accepted the Iranian economic moves and would make no effort to block them.

Expanded Iranian trade and finance ties with Iraq could help spur economic development and growth in Iraq, the officials said. They also noted that the two countries have the potential to become significant trading partners.

"We want the Iraqis to have cooperative, fruitful relations with their neighbors," one official said. "We have no problem with a bank and economic relations. That's fine."

The willingness to allow Iranian banks to operate in Iraq comes as the U.S. is trying to shut down Iranian financial activity elsewhere in an effort to pressure Tehran to abandon its alleged nuclear-weapons program.

This senior official cautioned, however, that the administration would oppose any effort by Iran to expand its military assistance to Iraq's government and security forces. Iranian officials in Baghdad in recent days have discussed sending weapons, equipment and military trainers to Iraq in an effort to underpin the government of Prime Minister Nouri al-Maliki, a Shiite.

U.S. charges of Iranian involvement in the Karbala attack come as the administration tries to rally public support behind its increasingly aggressive military posture toward Iran. In recent weeks, the U.S. has deployed a second aircraft-carrier battle group to the Persian Gulf and erected Patriot antiballistic-missile batteries in the region, both as warnings to Tehran.

U.S. officials said the two largest Shiite militias in Iraq -- the Badr Brigades, linked to the Supreme Council for Islamic Revolution in Iraq, and the Mahdi Army of radical cleric Moqtada al-Sadr -- were receiving sophisticated, late-model rocket-propelled-grenade launchers and roadside bombs from Iran. These weapons have been used in lethal attacks on U.S. and British forces in southern Iraq, U.S. officials said.

"What we're finding in terms of stockpiles and weapons -- you can connect the dots back to Iran," one official said.

The Pentagon and U.S. intelligence agencies are particularly focused on the movement of representatives of the Iranian Revolutionary Guard Corps' elite Qods Force, which focuses on operations outside Iran's borders. Many U.S. intelligence officials believe that it is the Qods Force specifically that has been providing arms and funding to Shiite militias in Iraq. Some intelligence officials also believe the Qods Force has established paramilitary camps inside Iraq to teach Shiite militants how to use advanced weaponry and how to conduct sophisticated types of ambushes, kidnappings and assassinations.

The arrests of Iranian officials in Irbil last month and in Baghdad in December directly targeted the Revolutionary Guards and Qods Force, said U.S. officials. The Pentagon continues to hold the five Iranians detained in Irbil, though the four others detained in Baghdad have been returned to Tehran.

Iraq Fears Being Caught In Middle Of U.S.-Iran Tensions (CHIT)

By Liz Sly

Chicago Tribune, February 2, 2007

BAGHDAD -- Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies.

In the past week, the Bush administration has ratcheted up pressure on Iran, saying it has evidence that Tehran is arming Iraqi insurgents and pledging to hunt down Iranian agents operating in Iraq. That has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the U.S., Iraqi officials say.

Iraq's Shiite-led government has warm relations with neighboring Iran, and it does not want that relationship compromised by an increasingly strident posture by Washington toward Tehran, Iraqi officials say.

"We want to maintain good relations with our neighbors, especially Iran," Iraqi government spokesman Ali al- Dabbagh told a news conference Thursday in Baghdad's heavily fortified Green Zone. "We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others."

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Iraq also wants to maintain good relations with the U.S., he added, stressing that Iraq does not condone attacks against U.S. forces in Iraq. "We want good relations with everyone, whether Iran or the U.S.," he said. "The problems between the U.S. and Iran must not get solved in Iraq."

Tensions between the U.S. and Iran have escalated sharply in recent weeks, with the dispatch of additional U.S. warships to the Persian Gulf and the deployment of upgraded Patriot missiles to Gulf Arab countries, fueling speculation across the region that the U.S. is gearing up for a war with Iran.

Bush administration officials insist they do not intend to go to war with Iran. They have defended the targetting of Iranians in Iraq and other moves in the region as necessary to counter Tehran's backing of Iraqi insurgents, which coincides with U.S. efforts to stop Iran from developing a nuclear weapon.

"We've been very clear we don't intend to strike into Iran, in terms of what we're doing in Iraq," Undersecretary of State Nicholas Burns told National Public Radio Thursday.

But Iraq's concern is that the U.S. is taking advantage of its presence in Iraqi territory to rein in Iran's rising influence in the region, Iraqi officials say. Earlier this week, the Los Angeles Times reported that the U.S. Air Force is preparing to undertake more aggressive patrols along the Iraq-Iran border to disrupt insurgent supply lines.

"Any escalation between Iran and the U.S. will be negative for us," said Mahmoud Othman, a Kurdish legislator. "If you exclude the Sunnis, the majority of Iraqis think of Iran as a friend."

Many members of Iraq's Shiite-led government sought refuge in Iran from persecution during the Saddam Hussein era and Iraqi officials regularly visit Tehran. Iran's ambassador to Iraq told The New York Times earlier this week that Iran is preparing a major new military and economic assistance package for Iraq—paralleling the Bush administration's strategy to stabilize Iraq by building up the Iraqi army and police while re-energizing its reconstruction effort.

In many ways, Iraq is already serving as a proxy front in the rivalry for regional influence between Tehran and Washington. The U.S. military raided a diplomatic compound in Erbil last month, detaining five Iranians they accused of being Iranian agents aiding insurgents in Iraq. The Bush administration says it is examining a "mountain of evidence" that Iran is arming Shiite militias to attack U.S. forces.

"To the extent that anybody, including Iranians, are smuggling weapons, bringing in fighters, killing Americans, trying to destabilize the democracy in Iraq, we will take appropriate measures to defend our troops and also to defend the mission," White House spokesman Tony Snow warned this week.

Bush first announced a more aggressive stance toward Iran and also Syria when he unveiled his new strategy for Iraq last month, accusing the two countries of aiding Iraq's insurgency and implicitly rejecting recommendations by the Iraq Study Group that the U.S. open a dialogue with Iran.

Plans to announce further evidence of Iran's support for Iraqi insurgents this week have been postponed, amid reports of disputes among U.S. officials over the quality of the evidence.

The Iraqi government has also tried to make it clear that it does not support Iranian meddling in Iraq. When Iraqi Prime Minister Nouri al-Maliki visited Tehran last fall, he urged his hosts not to intervene in Iraqi affairs.

In an interview with CNN Wednesday, al-Maliki said he had asked both Tehran and Washington to resolve their differences elsewhere.

"We have told the Iranians and the Americans, 'We know that you have a problem with each other, but we are asking you: Please solve your problems outside Iraq,'" said al-Maliki. "We don't want the American forces to take Iraq as a field to attack Iran or Syria."

Any conflict between Iran and the U.S. would put Iraq's government in a difficult position, forced to choose between its two main benefactors, said Othman.

"There's a contradiction because America sees Iran as an enemy, whereas the Iraqi government sees Iran as a friend," he said. "The most important country with influence in Iraq right now is Iran, and these issues should be well and thoroughly discussed between America and Iraq."

The increasingly tough rhetoric from Washington has strained Iraq's relationship with the U.S. at the very moment when the two countries are supposed to be working together to implement Bush's new strategy to stabilize Iraq.

An additional 21,500 U.S. troops are headed for Baghdad and western Anbar province to bolster a new security plan aimed at quelling the steadily escalating sectarian conflict between the city's Shiites and Sunnis and combating the anti-U.S. insurgency.

Support for al-Maliki's government lies at the core of Bush's new strategy, but Washington does not consult with the Iraqi government on its threats to pursue Iranians in Iraq, complained Akram Hakim, State Minister of National Reconciliation, who belongs to the ruling Shiite coalition, the United Iraqi Alliance.

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"President Bush says he supports the Iraqi government and he says he supports Prime Minister al-Maliki, but I think that going over the head of the Iraqi government on issues like this is not compatible with those statements," he said.

"When there's a contradiction between what he's doing and what he's saying, it will weaken the Iraqi government and weaken the position of the U.S. administration as well."

"For some time, we in the Iraqi government have been warning about turning Iraq into a battlefield between the U.S. and Iran," he added. "There are many problems between the U.S. and Iran, the U.S. and Syria and the U.S. and Al Qaeda, and we don't want them to make Iraq the battlefield for these problems."

Iraq Plans Summit With Iran And Syria (LAT)

By Paul Richter And Louise Roug

The Los Angeles Times, February 2, 2007

BAGHDAD — The Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs.

Iraqi officials have not invited the United States to the meeting, which also could include Iraq's other neighbors, the United Nations and the Arab League. The meeting is intended to "promote support for the government of Iraq on security and other issues," said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States.

Sumaidy, speaking in Washington, said the summit was part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10.

The meeting comes at a time when U.S. officials have accused Iran of meddling in Iraq. The Bush administration also has complained that Syria is allowing foreign fighters to cross into Iraq, and it is urging Sunni Arab neighbors to help stabilize the country by applying pressure on their Sunni Muslim allies in Iraq.

U.S. welcomes meeting

But U.S. officials, who have encouraged the Iraqi government to try to work through security issues and to try to win more economic and political support from its neighbors, reacted positively to the summit announcement Thursday.

"We support such an effort by the Iraqi government," said Lou Fintor, a spokesman for the U.S. Embassy in Baghdad. "We have ourselves worked with many of Iraq's neighbors to encourage them to support Iraq, diplomatically and politically."

Iraqi officials, while acknowledging that some Iranians have been involved in violence in Iraq, have said they do not want their country to become a military theater in the rivalries of foreign powers.

"The United States is clearly helping us with our security issues," Sumaidy said. But he added, "We don't want to be the battleground for anyone else's fighting each other, or confronting each other."

U.S. and Iraqi military officials are in discussions about American plans to go on the offensive against Iranian agents who are seen as threatening U.S. troops or Iraqis, the Iraqi ambassador said.

Iraqi forces want "maximum coordination" with the American troops on the issue, Sumaidy said. He said U.S. and Iraqi leaders, including Army Gen. David H. Petraeus, the new U.S. commander in Iraq, might decide that they need to conduct each operation jointly, or at least that the Iraqis be informed of each mission.

The Bush administration has delayed the release of information it says will show Iran is meddling in Iraq, raising concern from some quarters that the evidence is inconclusive.

"Iran is kind of the culprit of the week or the month," said James Dobbins, an international security expert at Rand Corp., who said the Bush administration had produced little compelling evidence that Iran was actively encouraging attacks on U.S. troops in Iraq.

U.S. officials said they were investigating a Jan. 20 insurgent raid in the Shiite Muslim city of Karbala, in which a U.S. soldier was slain and four others were captured before being killed, but have not said whether they believed Iranians were involved.

Some U.S. officials have suspected foreign involvement in the sophisticated attack on a U.S.-Iraqi security compound, which witnesses said was carried out by men wearing American-style uniforms.

"The attack is troubling," Pentagon spokesman Bryan Whitman said, adding that an inquiry was continuing. "There was a level of sophistication to the attack that was concerning."

Whitman would not say who might have been behind the attack. "I know there has been speculation," he said, "but let's let the investigation conclude."

'Very serious' threat seen

In an interview with National Public Radio on Thursday, R. Nicholas Burns, the U.S. undersecretary of State for political affairs, said that Iran posed a "very serious" threat to American interests in Iraq.

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Referring to the Karbala attack, Burns said the United States would "try to find those who are responsible and hold them accountable. But right now it's not possible to say exactly who those people were."

President Bush said in his Iraq policy speech Jan. 10 that U.S. forces would go after Iranian agents who threatened Americans. The next day, U.S. troops detained five Iranians during a raid on their office in Irbil, a major city in Iraq's Kurdish north.

Iranian officials long have operated in northern Iraq and have close business ties with Kurdish leaders there. Iranian and Iraqi officials have said the Iranian office issued travel permits and provided other services to Iraqi traders and tourists going to Iran. Iraqi leaders are trying to secure the release of the five men, Iraqi officials have said.

Despite the public face-off, Burns said military conflict with Iran was not inevitable.

"I think that if we're patient and we're skillful, we can have a diplomatic solution to these problems," he said. "We are trying for that diplomatic solution."

Although U.S. officials refuse to open talks with Syria or Iran, other diplomatic contacts in the region have intensified. This week, Zalmay Khalilzad, the outgoing U.S. ambassador to Iraq, traveled to Saudi Arabia, which sent envoys to Iran last month.

Ex-advisers Offer Revised Iraq Plans (AP)

By Barry Schweid

AP, February 2, 2007

President Carter's national security adviser said Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world.

Zbigniew Brzezinski also told the Senate Foreign Relations Committee that Bush administration policy was driven by "imperial hubris" and has proved to be a disaster on historic, strategic and moral grounds.

"If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large," Brzezinski said.

Brent Scowcroft, national security adviser to Presidents Ford and George H.W. Bush, said a buildup of U.S. troops in Iraq "might be a positive blip" if it helped stabilize Baghdad. But he said it would not lead to fundamental changes in the situation.

"It is a tactic, not a strategy," he said.

Brzezinski set out as a plausible scenario for military collision: Iraq fails to meet benchmarks set by the U.S., followed by accusations that Iran is responsible for the failure and then a terrorist act or some provocation blamed on Iran. This scenario, he said, would play out with a defensive U.S. military action against Iran.

That, Brzezinski said, would plunge the United States into a quagmire that eventually would range across Iraq, Iran, Afghanistan and Pakistan.

Proposing a massive shift in policy, Brzezinski said the U.S. should announce with no ambiguity its determination to leave Iraq "in a reasonably short period of time."

Brzezinski, a professor at the School for Advanced International Studies, said the U.S. should set with Iraqi leaders a date for the completion of the U.S. military disengagement.

Scowcroft recommended that U.S. troops gradually be deployed away from sectarian conflicts in Iraq, which should Iraqis should handle "however well or badly they are able to handle it."

U.S. troops should concentrate on training the Iraqi army, combating insurgents, limiting outside intervention and helping to protect Iraqi institutions, he said.

"That does not mean that the American presence should be reduced," Scowcroft said. "That should follow success in our efforts, not the calendar or the performance of others."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, February 2, 2007

Night stalkers

One of the ways U.S. forces in Iraq prevent the placement of an improvised explosive device (IED) is to watch the roads.

For surveillance, they use several systems, including the slow-moving AC-130 gunship. The aircraft's cannons, machine guns and night-sight capability are the perfect systems for locating and killing IED-placing insurgents.

A video we've seen shows an AC-130 crew spotting two men who converge in their vehicles on a stretch of isolated road in Iraq. The two look around, and then one carries a weapon into a field, methodically walking off into the distance. It would appear

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he is calibrating how far to place the IED so our soldiers cannot see it, but close enough so the bomb kills them. The man in the second vehicle follows the same procedure.

In the meantime, the gunship's crew is describing what it sees and seeks permission to fire. A voice says, "Smoke 'em." Gunfire hits the first man, then the second. A third emerges from under one of the vehicles and is killed.

Commanders have said the best way to defeat IEDs is to prevent their placement in the first place. IEDs are responsible for 80 percent of Army casualties.

ASAT silence

Sen. Jon Kyl gave a speech to the Heritage Foundation earlier this week and discussed the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead.

The Arizona Republican and veteran of the Senate intelligence committee said the Bush administration has the policy to conduct space defense of U.S. satellites but seems to lack the will.

"The question is whether we have the will to implement it," he said.

"And some recent examples that I'll cite here point to a flagging enthusiasm, I would put it, for space security," Mr. Kyl said. "Look to the administration reaction to the Chinese ASAT test. Since the test was reported, there has been no public statement by the president or any Cabinet official, no mention during the State of the Union speech, no congressional hearings have yet been scheduled, no indication has come out of the Pentagon that the space budget is being in any way revisited. The State Department has provided no specific information about what our diplomats are or are not saying in response to the Chinese provocation."

Mr. Kyl then noted a comment from a State Department spokesman, who questioned what China's "intentions" were in the test.

"Why do we need to hear from the Chinese exactly what their intentions are?" Mr. Kyl asked. "What intention could possibly be behind the test, save for the capability to blow up satellites in space? Would the State Department believe any alternative explanation if it were given to it?"

White House National Security Council spokesman Gordon Johndroe confirmed that the administration decided on a low-profile response. "We've had Cabinet-level discussions with the Chinese on this that, we think, have been the best course of action," he said.

Israel's Iran worries

A military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities.

The Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers.

The Israelis in recent months have purchased large numbers of U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities.

Our source said the Israelis know that their attack on Iran would be far bloodier and much more difficult than the daring 1981 bombing attack against Iraq's Osirak nuclear reactor.

"They will have to strike during the day to make sure they get the technicians and scientists," the source told us.

Also, an anti-nuclear military strike will cause collateral damage because many of the Iranian nuclear facilities are located close to civilian population centers.

At least 13 Iranian nuclear facilities are known and can be located publicly on Google Earth mapping software. They include facilities at Tehran, Natanz, Arak, Lashkar-Abad, Isfahan, Ardekan, Bushehr and Gachin. Most are underground and have advanced air defense missiles for protection.

Key targets: the Natanz nuclear facility, a military plant about 200 miles south of Tehran that is the location of at least one centrifuge cascade that is thought to be where nuclear fuel for weapons is being developed.

The Bushehr nuclear reactor on the Persian Gulf coast also will be a key target, and any bombing there risks killing scores of Russians who are part of construction crews for the reactor facility.

The Bush administration is hardening its position on Iran but is holding Israel in check from attacking. That said, in 1981, the United States had no warning of the Osirak raid until after the F-16s and F-15s were in the air.

Iranian enigma

Our colleague David R. Sands traveled last month with Defense Secretary Robert M. Gates to Iraq and Afghanistan. He filed this report:

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It seems our British cousins are having as much trouble as the Pentagon in trying to figure out the Iranians. Two senior British military officers in the Middle East, briefing reporters traveling with Mr. Gates, painted two very different pictures of Tehran's recent record.

The Royal Navy's Commodore Keith Winstanley, Britain's senior naval commander in the region from Jordan to India and deputy commander of the U.S.-led coalition fleet in the Persian Gulf, said there has been no sign of an Iranian reaction in the Gulf to President Bush's decision to dispatch a second carrier strike group to the region, a move widely seen as a warning to Tehran.

"We are not seeing any change in Iranian behavior since the president's announcement," said Commodore Winstanley. "Much of what their naval forces do appears to be defensive in nature.

"If all you do is listen to the rhetoric of [Iranian President Mahmoud] Ahmadinejad, you would think the Iranians are very forward-leading militarily, but it's not so. Our everyday interactions with them in the Gulf are actually extremely cordial."

But Maj. Chris Ormond-King, a spokesman for the British military deployment in Basra, southern Iraq's largest city, said Iranian meddling is palpable among the Shi'ite militias there, even if conclusive evidence is difficult to come by.

"We know that Iranian influence is here, even if we can't prove it. It's money, it's technical support, it's equipment. Our gut feeling is that, yes, there is Iranian influence here."

The major added, "It's like when you see a car going down the road. You may not be able to prove it's speeding, but when it gets from one place to another so quickly, you can tell."

Iran Leader Calls Nuclear Sanctions Ineffective (NYT)

By Nazila Fathi

The New York Times, February 2, 2007

TEHRAN, Feb. 1 — President Mahmoud Ahmadinejad of Iran, under increasing criticism at home, said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program.

“We are rapidly becoming a superpower,” Mr. Ahmadinejad told reporters after laying flowers on the tomb of Ayatollah Ruhollah Khomeini on the 28th anniversary of the revolution he led in 1979.

“Our strength does not come from military weapons or an economic capability,” the ISNA news agency quoted him as saying. “Our power comes from our capability to influence the hearts and souls of people, and this scares them,” he added, referring to the West.

“That’s why they are using psychological warfare and impose sanctions. But the language of sanctions belongs to the past.”

He made no reference to contradictory remarks this week by President Jacques Chirac of France about whether it would be acceptable for Iran to have a nuclear program.

Mr. Ahmadinejad spoke as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the United Nations Security Council over Iran’s nuclear program could have dangerous consequences. The Security Council resolution, passed on Dec. 23, prohibits trade in goods and technology related to Iran’s nuclear program. The measure is aimed at curbing Iran’s uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European countries contend is for making nuclear weapons.

The recent criticism of Mr. Ahmadinejad has led to speculation that Ayatollah Ali Khamenei, the supreme religious leader who has the ultimate authority on all state matters, is allowing such talk in an effort to contain him.

In his only reference to the resolution, Ayatollah Khamenei said Iran would not give up its right to a nuclear program.

Dozens of moderate politicians and several conservatives gathered last week at the office of Mehdi Karroubi, a former speaker of Parliament, to discuss their concerns over the future of Iran.

“Those who don’t worry are either unaware of what is happening” or showing that they lack wisdom, said Ismail Gerami Moghadam, a member of Parliament who was at the meeting, the independent daily Etemad Melli reported.

The state-run daily Keyhan joined critics of Mr. Ahmadinejad last week and said “any threat should be taken seriously.” The newspaper, which had repeatedly suggested that Iran withdraw from the Nuclear Nonproliferation Treaty and proceed with its nuclear program, would be expected to support the president’s position.

On Thursday in Vienna, headquarters of the International Atomic Energy Agency, diplomats said Iran had begun installing centrifuges at its uranium enrichment plant at Natanz, Agence France-Presse reported. Iran has said that it plans to install 3,000 of the machines at Natanz soon.

Mr. Ahmadinejad has promised an announcement on the nuclear program during the 10-day anniversary celebration.

Iran President Vows To Push Nuke Program (AP)

By Ali Akbar Dareini

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AP, February 2, 2007

President Mahmoud Ahmadinejad launched anniversary celebrations Thursday for Iran's Islamic Revolution with a defiant promise to push ahead with the country's controversial nuclear program.

Ahmadinejad suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz that the U.S. has warned could bring further sanctions against the country.

The Iranian leader said his government is determined to continue with its nuclear program, despite U.N. Security Council sanctions imposed over its refusal to halt uranium enrichment, a process that can produce fuel to generate electricity or for the fissile core of an atomic bomb.

Kicking off 10 days of celebrations to mark the 28th anniversary of the 1979 Islamic revolution that brought hard-line clerics to power, Ahmadinejad said Iran will celebrate next week "the stabilization and the establishment of its full right" to enrich uranium at the facility.

The chief of the U.N. nuclear watchdog agency, Mohamed ElBaradei, said last week that he expected Iran to announce "they are going to build up their 3,000 centrifuge facility" in February. There had been speculation the announcement could come during the revolution anniversary.

U.S. Undersecretary of State Nicholas Burns said Iran would face "universal international opposition" over the step. "If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken," Burns said last week

The installation would be a major jump in Iran's uranium enrichment program, though it could take months to set up the 3,000 centrifuges and get them working. In the process, uranium gas is spun at supersonic speeds in a connected array of centrifuges to purify it. Uranium enriched to around 5 percent is used for fuel for a nuclear reactor; enriched to 95 percent, it can be used to build a warhead.

Iran now has two cascades of 164 centrifuges each. Tens of thousands are needed for a continuous program. The status of the new centrifuges has been unclear as Iranian officials gave contradictory statements over the past month. Tehran originally said last year that the installation would begin by the end of 2006, but January came and there was no word the work had started.

On Sunday, an Iranian lawmaker said installation had begun, but he was quickly contradicted by officials from the country's Atomic Energy Organization. Mohammad Saeedi, the agency's deputy head, said, "If we begin to install centrifuges, we will publicly announce it."

Ahmadinejad's remarks Thursday signaled that Iran would begin the installation before Feb. 11 — the final day of nationwide celebrations in memory of the Islamic revolution. He has also called people to the streets that day to show support for the nuclear program.

"Enemies of the Iranian nation ... must know that their wrongful beliefs will be revealed once again during Feb. 11 rallies by the great Iranian nation," he said, according to the state-run news agency.

The United States and many Western countries accuse Iran of seeking to develop nuclear weapons, a charge Tehran denies. The Security Council has threatened to impose further sanctions on Iran if it continues to refuse to roll back its program.

Iran insists its program is peaceful. It ultimately plans to expand it to 54,000 centrifuges, a large operation enriching more uranium within a shorter period of time.

So far, its two linked chains of 164 machines have been operating sporadically at the above-ground portion of the Natanz facility, producing small quantities of non-weapons grade enriched uranium, International Atomic Energy Agency inspectors say.

Two smaller assemblies underground have been "dry testing" — without gas — since November, they say.

Iranian officials have turned down a request from IAEA inspectors to install cameras in the underground Natanz facility, a U.N. official familiar with Iran's nuclear dossier said in Vienna.

Ahmadinejad, whose hard-line tactics have faced criticism from both reformists and conservatives at home, also hinted Thursday that key decisions in Iran are made by Supreme Leader Ayatollah Ali Khamenei, not him.

"The general policies of the system are made by the Exalted Supreme Leader, and the government is required to carry them out," the state news agency quoted Ahmadinejad as saying. "The president, as the head of the country's executive body, pursues and announces the nuclear position."

Iran Has Begun Assembling Centrifuges At Natanz Site: Diplomats (AFP)

By Michael Adler

AFP, February 2, 2007

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Iran has begun installing centrifuges at the Natanz site where it plans 3,000 of the machines to enrich uranium in defiance of UN demands to halt this sensitive nuclear activity, diplomats said.

And at the same time it is stopping UN inspectors from installing surveillance cameras in the huge underground hall where the production lines, or cascades, of centrifuges are being set up, the diplomats said.

Both moves mark an escalation in the international showdown with Iran over a nuclear programme which the United States and others suspect is hiding secret development of an atom bomb, and on which the UN Security Council has levied sanctions to force Tehran to halt enrichment.

A diplomat in Vienna, where the UN watchdog International Atomic Energy Agency (IAEA) is based, told AFP "construction has started (at the underground Natanz facility) but the cascades have not yet been assembled."

Another diplomat said bringing in centrifuge parts had started last week.

But Iran has not yet assembled a complete cascade, the basic unit for beginning actual enrichment, said the diplomats, who asked not to be named due to the confidentiality of the information.

Uranium enrichment uses centrifuges to make fuel for civilian nuclear reactors but can also produce the explosive material for atom bombs.

IAEA spokeswoman Melissa Fleming refused to comment.

Iran had last weekend given conflicting signals on its disputed nuclear work.

The Islamic republic's atomic energy agency denied the Iranians had started to install the 3,000 centrifuges, shortly after the head of parliament's foreign affairs and national security commission said they had.

Iran is building cascades in units of 164 centrifuges each.

Iran already has two such cascades running above-ground at a pilot enrichment plant at Natanz which would only produce small amounts of enriched uranium.

But the underground plant, protected in a bunker from possible air attack, could if running full tilt produce enough highly enriched uranium for one bomb in nine to 11 months, the London think tank the International Institute for Strategic Studies (IISS) has said.

Diplomats said Iran was stopping UN inspectors, who are currently at Natanz, from installing surveillance cameras at the underground site.

The Iranians are "not allowing the IAEA to install the cameras inside the (underground) cascade halls (for centrifuges) in Natanz and are causing further delays in the inspectors' activity," a diplomat who closely monitors IAEA verification work told AFP.

The IAEA monitors the above-ground pilot site with cameras and visits by inspectors and is entitled under the nuclear Non-Proliferation Treaty to the same sort of presence at the underground facility, as the agency is mandated to monitor the use of nuclear material.

But the Iranians "have not yet introduced nuclear material (feedstock uranium gas) into the centrifuges at the underground site, so there is still time," a second diplomat said.

Another diplomat said: "The game is not over."

The first diplomat said: "The Iranians are now willing to accept the installation of cameras only outside the cascade halls, which will not enable the IAEA to monitor the entire uranium enrichment process."

But another diplomat said that "verification goals can be achieved from inside or outside cascade halls."

A fourth diplomat said: "Whenever something new is done, normally it takes time," referring to problems the IAEA has had in setting up verification equipment in other countries.

The IAEA has been investigating Iran since February 2003 after it was revealed that Tehran had hidden sensitive nuclear activities for 18 years.

But the atomic agency has been unable to conclude its inquest due to what it says is a lack of full cooperation from Iran.

The UN Security Council passed a resolution in December imposing sanctions on Iran for its refusal to halt uranium enrichment.

Iranian leaders have said Iran would make a major announcement on its nuclear programme during the 10 days of celebrations to mark the 28th anniversary of the Islamic revolution starting Thursday.

Iran could be only two or three years away from being able to produce a nuclear weapon, IISS director John Chipman said Wednesday.

Meanwhile, although US President George W. Bush has said the United States has no plans to invade Iran, Washington is isolating the Iranian regime over nuclear suspicions and allegations of complicity in attacks on US troops in Iraq.

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Russia Supports A Break For Iran (WSJ/AP)

The Wall Street Journal, February 2, 2007

MOSCOW -- Russia yesterday signaled that it backs a "time-out" proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment.

"We believe the initiative put forward by the IAEA head ... suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention," the Foreign Ministry said.

Mohamed ElBaradei, head of the International Atomic Energy Agency, proposed the plan at the World Economic Forum in Switzerland to end the standoff between the West and Iran over Iran's suspect nuclear program.

Iran said Sunday that it needed time to review the plan. The Security Council voted unanimously in December to impose limited sanctions on Iran after it ignored demands to halt enrichment.

Moscow May Seek Accord With Tehran On Gas Supply (NYT)

By Steven Lee Myers

New York Times, February 2, 2007

MOSCOW, Feb. 1 — Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas. He stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations.

Mr. Putin reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions.

"We think that the people of Iran should have access to modern technologies, including nuclear ones," he said, adding that "they should choose a variant that will guarantee Iran access to nuclear energy" while complying with their commitment not to build weapons under the Nuclear Nonproliferation Treaty.

Mr. Putin's remarks were delivered as part of his annual winter news conference, an affair that offers journalists an exhaustive, unconstrained opportunity to press him on the issues of the day. He answered 66 questions over the course of three and a half hours, largely without the rancor or prickly defensiveness that has characterized previous sessions.

In the realm of foreign affairs, he denied that Russia used its natural resources as a political tool, and he expressed new opposition to the expansion of NATO, though mildly. He criticized American negotiations to construct components of a national missile defense system in Poland and the Czech Republic, even as he confidently said Russia now possessed the missiles to thwart such defenses.

He also made his most extensive remarks on the poisoning of Alexander V. Litvinenko, the former secret service officer who died of radioactive poisoning in London in November and accused Mr. Putin himself in a deathbed statement.

He dismissed Mr. Litvinenko as a low-level officer in the "convoy troops" who "did not protect any secrets" and who had been fired after being convicted of abusing his office by beating detainees.

"Whatever he could say negatively about his service, he said it a long time ago," he said, suggesting that Mr. Litvinenko's repeated accusations of nefarious activities by Russia's secret services were baseless inventions. The question of his murderer, he said, was a matter for investigators, but he dismissed accusations by some of his own aides that Mr. Putin's enemies had killed Mr. Litvinenko in an attempt to discredit the Kremlin. "I do not believe in conspiracy theories," he said.

On issues at home, he vowed that Russia would hold democratic elections for Parliament in December and for his successor when he steps down in 2008, though he remained coy about whom, if anyone, he would support. Exuding confidence, he touted the country's economic growth and several times emphasized its progress toward democracy, a picture starkly at odds with accusations of his critics, here and abroad, that he had steadily eroded basic freedoms.

He mentioned the killing of Paul Klebnikov, the Russian-American editor of the local edition of Forbes, saying he agreed with a statement that the journalist, shot to death in 2004, had died fighting "for a democratic Russia." He also offered respect, if not praise exactly, for another slain journalist, Anna Politkovskaya, who was killed in October. He said she had "criticized the authorities fairly acutely, which is good."

Mr. Putin also sidestepped a question about a comment made this week by Mayor Yuri M. Luzhkov of Moscow that a gay rights parade proposed by activists would have been "a satanic event."

Mr. Putin said his attitude toward gay men and lesbians involved his concern about Russia's declining population, suggesting that those who did not bear children were not helping the problem.

"Having said that," he went on, "I respect and will respect the freedoms of all shades of people, of all shades of those freedoms."

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On Iran, Russia has held out for a negotiated compromise, a position at odds with the Bush administration's efforts to turn Iran's leadership into political and economic pariahs.

Mr. Putin's senior aide, Igor S. Ivanov, visited Iran last week and discussed the nuclear issue, as well as potential energy cooperation with Iran, which has reserves of natural gas second only to Russia's. Mr. Putin said he hoped the visit would "remove any suspicions on the international community about Iran's alleged plans to build nuclear weapons."

Mr. Putin also endorsed an idea floated last week by the atomic energy agency's director, Mohamed ElBaradei, to suspend sanctions if Iran agreed to a suspension of uranium enrichment.

During Mr. Ivanov's visit, Iran's supreme leader, Ayatollah Ali Khamenei, was quoted by news agencies as saying Russia and Iran could establish "an organization of gas cooperation like OPEC." Mr. Putin responded by calling it "an interesting idea."

He went on to say that Russia opposed creating a price-setting cartel — something that European and other countries fear — but that "to coordinate our activities would be worthwhile, with an eye to the solution of the main goal of unconditionally and securely supplying the main consumers of energy resources."

Russia And Iran Discuss A Cartel For Natural Gas (WSJ)

By Russell Gold And Gregory L. White

Wall Street Journal, February 2, 2007

Russia and Iran -- which hold nearly half the world's natural-gas reserves -- are talking about creating an OPEC-like organization for gas, a move that has the potential to unsettle energy markets and redraw geopolitical alignments.

Gas accounts for a growing share of global energy use, but the nations that produce most of it don't work together to influence markets. That's a stark contrast to the oil market, in which members of the Organization of Petroleum Exporting Countries manage output to keep prices at levels they favor.

During his annual news conference in the Kremlin yesterday, Russian President Vladimir Putin said "a gas OPEC is an interesting idea. We will think about it." His comment comes days after Iranian Supreme Leader Ayatollah Ali Khamenei publicly called on a visiting Kremlin official to establish a group of natural-gas producers similar to OPEC. Russia and Iran are the world's largest and second-largest holders of gas reserves, respectively.

While there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the U.S., which still gets most of its gas within North America.

Still, over time, the market is becoming more internationally flexible as shipments of liquefied natural gas rise. U.S. imports of LNG have more than doubled since 2002, though they still account for a small fraction of gas consumption here. Other Western countries are seeing demand for the clean-burning fuel climb even as their home-grown supply of gas declines. These shifts have turned gas in the last few years from a humdrum commodity into a prized fuel increasingly subject to geopolitical spats.

Comparing gas prices is difficult because until recently, there hasn't been a global market for the fuel. Asian gas-delivery contracts have tended to be pegged to the price of crude oil, while in the U.S., spot gas prices are typically set by trading at a Louisiana pipeline hub. U.S. gas cost between $2 and $3 per thousand cubic feet in the 1990s, but has averaged more than twice that in recent years. A contract for the delivery of gas in March closed yesterday on the New York Mercantile Exchange at $7.54 per thousand cubic feet, up over the past few weeks due to the cold weather.

The prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever. Early last year, state-controlled gas giant OAO Gazprom cut off supplies of natural gas to neighboring Ukraine in a pricing dispute that briefly reduced the volumes delivered further down the pipeline in Europe.

Together Russia and Iran hold more than 40% of the world's known gas reserves, according to the BP Statistical Review of World Energy. Moscow has cultivated relations with Tehran in recent years, building a nuclear-power plant in Iran and last year selling it air-defense missiles. Moscow has also resisted efforts to increase international pressure on Iran over concerns about Tehran's nuclear ambitions.

In his remarks yesterday, Mr. Putin rejected charges that Russia uses energy as a political weapon and he downplayed any price-fixing rationale for creating an OPEC-like structure. "We do not intend to set up a cartel, but I think it's right to coordinate our activities," he said, "bearing in mind the key goal of absolutely reliable supplies to the main consumers of energy."

A previous effort to create an organization of gas exporters fizzled, and many are doubtful this one would succeed. The Gas Exporting Countries Forum, which included Russia, Iran and Qatar, was formed in 2001 but hasn't met since 2005. "At the moment, they haven't gotten it together to even meet, much less coordinate anything," says Jonathan Stern, director of gas

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research at the Oxford Institute for Energy Studies in Britain. As for talk by Russia and Iran of a gas OPEC, he says: "I'm unexcited by it."

It isn't known exactly how a gas cartel would operate, but OPEC has been a huge market force for decades. For a period in the 1970s, OPEC members set prices for their oil, and Western countries paid up. But oil demand eventually fell because of the high prices. In response, OPEC started cutting back output to influence prices and let market forces do the rest. That is still the strategy it employs today: In recent months, alarmed about falling oil prices, OPEC announced production cuts totaling 1.7 million barrels a day.

Talk of creating a gas cartel appears partly to be an outcome of dissatisfaction among gas suppliers with the emerging international gas market. After investing billions of dollars into boosting output over the past five years, "it's difficult to place all of this gas in the market at a price that they're comfortable with," says Ira Joseph, executive director of international gas at PIRA Energy, a New York-based energy consultant. The discussion of a cartel, he says, is "in large part a reflection of that."

India and China, both growing importers of tankers full of liquefied natural gas, have used their huge demand potential as leverage in negotiating long-term pricing. There is concern among gas suppliers that other Asian buyers, in particular Japanese and Korean utilities, may seek similar pricing when numerous long-term contracts begin to expire in coming years.

While oil is traded in a global marketplace, gas is bought and sold in fragmented markets. The U.S., for instance, gets most of its gas from domestic sources as well as Canada and Trinidad. Europe gets most of its gas from the North Sea, Russia and exporters from North Africa and the Middle East.

Russia's interest in pooling its gas supply would be unusual, given that it never joined OPEC, despite being the world's second-largest oil exporter, perhaps because it didn't want to submit to quotas set by other countries. It has resisted past calls to curtail output to support prices.

Still, Mr. Putin has been working to strengthen Moscow's ties with other major gas producers. After he visited Algeria last year, Gazprom last month reached a series of cooperation agreements with Algeria's Sonatrach, Europe's No. 3 supplier. European Union Energy Commissioner Andris Piebalgs called for an explanation from Algeria and Russia, since they could use their 35% share of the European market to potentially fix prices.

Next week, Mr. Putin travels to the Persian Gulf on a trip that will include the first-ever visit by a Russian leader to Qatar, which controls the world's third-largest gas reserves.

Iran state television quoted Mr. Khamenei as saying on Monday: "Iran and Russia can establish the structure for an organization of gas cooperation like OPEC, as half of the world's gas reserves are in Russia and Iran."

Earlier this week, Qatari Oil Minister Hamad al-Attiya said on television that he thought it would be difficult to form a gas producers' organization, but didn't rule it out. He pointed out that most gas-supply contracts are typically long term because of LNG'S up-front production costs, extending more than 20 years. That would undercut any concerted effort to make short-term adjustments to production or otherwise influence prices.

In Uproar, Chirac Again Retracts Remarks On Nuclear Iran (NYT)

By Katrin Bennhold

The New York Times, February 2, 2007

PARIS, Feb. 1 — President Jacques Chirac, seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power.

The statement was issued within hours of the publication of an interview in which Mr. Chirac said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran.

The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The remarks, made in an interview on Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a weekly magazine, differed vastly from stated French policy and from what Mr. Chirac has often said.

On Tuesday, Mr. Chirac summoned the same journalists back to Élysée Palace to retract many of his remarks.

"France, along with the international community, cannot accept the prospect of a nuclear-armed Iran," said a statement from his office issued on Thursday. "The Iranian nuclear program is opaque and therefore dangerous for the region in terms of proliferation and an arms race."

Along with Britain and Germany, France has been spearheading diplomatic efforts to persuade Iran to abandon parts of its nuclear program. In December, it joined the United States and other countries in passing a United Nations Security Council resolution calling for sanctions on Iran for its refusal to stop enriching uranium.

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Despite the statement on Thursday from Élysée Palace, Le Monde called Mr. Chirac's remarks on Iran a "radical turnaround that comes at a bad moment" and argued that they also risked diminishing France's credibility on the international stage.

"When the international community will reconvene in New York and again threaten Iran, people will question how credible the French position is," the newspaper said in an editorial.

Several of France's main allies in the negotiations with Iran said Thursday, at least officially, that they were reassured by the president's swift self-correction.

Reacting to the notion that a nuclear-armed Iran would not be highly dangerous, the British foreign secretary, Margaret Beckett, said, "It is not a sentiment I share, and from what I understand, the French president doesn't share it anymore, either."

A German diplomat said he was confident that French policy on Iran was unchanged, while the State Department said it was satisfied that this was the case.

Less than three months before Mr. Chirac's second term runs out, some French diplomats said privately that they were concerned that he could make unilateral diplomatic overtures to Tehran in an effort to strengthen his legacy.

Mr. Chirac recently irritated other Western leaders when he made plans to send his foreign minister to Iran to try to help resolve the crisis in Lebanon. The venture collapsed after Saudi Arabia and Egypt opposed the trip and members of his own government said it would fail.

Mr. Chirac's comments also made waves in the French presidential campaign.

The team of Nicolas Sarkozy, the interior minister and candidate for Mr. Chirac's center-right party, the UMP, was careful not to attack the president directly. Mr. Sarkozy is also one of Mr. Chirac's main rivals.

"The position of Nicolas Sarkozy is that Iran should not have access to nuclear weapons," said Pierre Lellouche, Mr. Sarkozy's foreign policy and defense adviser. "I'm not going to comment on what Mr. Chirac said; he is still the head of state."

By contrast, the opposition Socialist Party was happy to enter the fray, not least because its candidate, Ségolène Royal, was recently criticized over her stance on Iran. She had suggested that Iran should not even be given access to civilian nuclear energy.

"It is incomprehensible that a senior French politician could speak as if Iran already had a nuclear bomb," said Jack Lang, Ms. Royal's foreign policy adviser.

François Hollande, the Socialist Party leader and Ms. Royal's partner, struck a slightly different tone. "I understand that Jacques Chirac is retracting his words," Mr. Hollande was quoted as saying in Le Monde.

Chirac Assertions On Iran Force Retraction (WT/AP)

By Jamey Keaten

The Washington Times, February 2, 2007

PARIS -- Did French President Jacques Chirac misspeak? Is he, at age 74 and in the waning months of his second and likely last term, losing his political touch, even his mental vigor? Or did he simply voice a fear that a nuclear-armed Iran may be a foregone conclusion?

An astounded world asked those questions after the French leader asserted it would not be "very dangerous" if Iran had one or two nuclear weapons, and that its capital, Tehran, would be "razed" if it used them on Israel -- assertions that forced Mr. Chirac into an embarrassing retraction.

Mr. Chirac, who was hospitalized for a week in 2005 for a suspected minor stroke, appeared distracted at times, grasping for names and dates, during an interview Monday, according to the International Herald Tribune, the New York Times and a French magazine, Le Nouvel Observateur.

The newspapers said his hands shook slightly and that he read from prepared, large-print notes when discussing climate change, the interview's planned main focus.

Mr. Chirac's office switched to damage control yesterday, as foreign governments asked for official clarification, opposition politicians howled in protest and experts speculated he was either joking, being brutally honest, irresponsible or simply speaking off the cuff.

The president called reporters back a day after the interview to try to have his quotes retracted. The three publications said the interview was tape-recorded and on the record.

"Sometimes one can drift off, when one believes there are no consequences. ... I honestly believed that the questions aside from the environment were off the record," Mr. Chirac said in the second interview.

On Monday, Mr. Chirac said of Iran and its nuclear program: "I would say that what is dangerous about this situation is not the fact of having a nuclear bomb. Having one or perhaps a second bomb a little later, well, that's not very dangerous."

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Rather, Mr. Chirac said, the danger lies in the chances of proliferation or an arms race in the Middle East, should Iran build a nuclear bomb.

"Where will [Iran] drop it, this bomb? On Israel?" Mr. Chirac asked. "It would not have gone 200 meters into the atmosphere before Tehran would be razed."

Mr. Chirac reversed course in the second interview.

"I retract it, of course, when I said, 'One is going to raze Tehran.' It was of course a manner of speaking in my mind. I don't imagine that we could raze Tehran," he said.

Yesterday, his office released a statement saying France, "along with the international community, cannot accept the prospect of an Iran equipped with a nuclear weapon."

Leading candidates to replace Mr. Chirac in presidential elections in April and May quickly sought to distance themselves from the president.

Bombing In Paris (WSJ)

The Wall Street Journal, February 2, 2007

Barring a surprise, Jacques Chirac's 45-year run in politics is likely to end later this year when the French elect a new leader. They're certainly going to miss him in Tehran.

The French president gave a fitting valedictory in an interview published yesterday in the New York Times, International Herald Tribune and Le Nouvel Observateur. Speaking Monday, Mr. Chirac reversed years of public rhetoric by proclaiming himself indifferent to a nuclear-armed Iran. "Having one [atomic bomb], maybe a second one a little later, well, that's not very dangerous," Mr. Chirac said. "Where will [Iran] drop it, this bomb? On Israel? It would not have gone 200 meters into the atmosphere before Tehran would be razed to the ground."

His aides quickly realized their man had committed the gaffe of saying what everyone thought he really believed, and so left out those passages from an official interview transcript. The journalists also got a return call from the president on Tuesday, in which he noted that "I should have paid better attention to what I was saying and understood that perhaps I was on the record."

We can guess they needed no such clarification in Tehran. On or off the record, Mr. Chirac was merely confirming what the mullahs have long believed, which is that the Europeans simply aren't serious about preventing them from going nuclear.

Monsieur le president's version of mutual assured nuclear destruction could also stand some parsing. He seems to think that Tehran would never launch an attack for fear it would be annihilated in return. But assuming Israel were destroyed first, what other country would risk a counterattack itself by nuking millions of Iranian civilians to avenge Israel? France? The same country that wouldn't even let U.S. jets fly over its territory to drop a few conventional bombs on Libya? We doubt many Israelis will share Mr. Chirac's faith in nuclear deterrence against Islamists who prize martyrdom.

Mr. Chirac won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse.

Between State And Revolution (WSJ)

By Amir Taheri

The Wall Street Journal, February 2, 2007

"Mizanan, ya na?" (Will they hit or not?) In Tehran these days, this question is the talk of the town. The "they" is seldom spelled out. Yet everyone knows that it refers to the United States.

The question is wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite. Many in Tehran expect the Security Council to decree even tougher sanctions in March when the ultimatum for the Islamic Republic to halt its uranium enrichment program will end.

The Khomeinist leadership is divided over the reality of the threat, and over ways of dealing with it. President Mahmoud Ahmadinejad claims that the U.S. is in no position to do much damage, and counts on the new Democratic majority in Washington -- he calls them "the wise people" -- to restrain George W. Bush.

The bulk of the Khomeinist leadership, including the "Supreme Guide" Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic. The American naval build-up in the Persian Gulf, the new U.S. offensive against Iran's agents and armed clients in Iraq, Tehran's failure to seize power in Beirut through its Hezbollah proxy, and plummeting oil prices are all cited by Ayatollah Khamenei's entourage as reasons why a climb-down might be necessary.

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Sometime in the next few weeks, Iran is likely to offer a "compromise formula" under which it would suspend its enrichment program, as demanded by the Security Council, in exchange for a suspension of sanctions. This will be accompanied by noises from Tehran about readiness to help the U.S. in Iraq, plus possible concessions in Lebanon and over the Palestine-Israel issue.

The expected climb-down is sure to bring back the Baker-Hamilton "realists" with fresh calls for offering the mullahs a seat at the high table. It would also prompt the guilt-ridden "idealists," who blame the U.S. for whatever goes wrong in the world, to urge "Bush the warmonger" to engage the Islamic Republic in a constructive dialogue, whatever that might mean. The French and the Russians would applaud the mullahs and urge the Americans to be "reasonable."

So, what should the Bush administration do when, and if, the mullahs unveil their compromise formula? First is to see the mullahs' move as deja vu all over again. Each time the mullahs are in trouble they become the essence of sweet reasonableness. They deploy their traditional tactics of taqiyah (obfuscation), kitman (dissimulation) and ehtiat (caution) to confuse the "infidels" and divide their ranks. The Iranian leadership did this in the early days of the Khomeinist revolution in 1979 by persuading the clueless Jimmy Carter that the ayatollah was the only force capable of preventing Iran from falling into communist hands. In 1984 and '85, they seduced the Reagan administration with an offer of releasing the American hostages in Beirut in exchange for the secret U.S. arms deliveries Iran needed to stop the Iraqi advance. In 1987 they stopped their attacks on Kuwaiti oil tankers in the Persian Gulf after an American task force sunk the Revolutionary Guard's navy in a 10-hour battle.

In 1988, fear of an even bigger U.S. military attack persuaded Ayatollah Khomeini to "drink the cup of poison" by agreeing to end his eight-year war with Iraq. In 1998, the mullahs offered a "grand bargain" to the Clinton administration as a means of averting U.S. retaliation for the Iranian-sponsored killing of 19 American soldiers in an attack in Khobar, Saudi Arabia.

The second point to bear in mind is that a suspension of uranium enrichment will cost the Islamic Republic nothing. Iran does not have any nuclear power plants, and thus does not need enriched uranium anyway. Even if the country does not have secret parallel nuclear facilities, it could always resume weapons-making activities once it is no longer under pressure.

Successive U.S. administrations have assumed that the problem with the Khomeinist regime lies in its behavior, which they hoped to modify through traditional carrot-and-stick diplomacy. The problem with the regime, however, is its nature, its totalitarian ambitions and messianic claims. Being an enemy of the U.S., indeed of all democracies, is in its political DNA. A scorpion stings because it is programmed by nature to do so. A regime that is the enemy of its own people cannot be a friend of others.

The threat that Khomeinism poses to stability in the Middle East and, beyond it, to international peace, will not be removed until Iran once again becomes a normal nation-state with the interests and ambitions of normal nation-states.

For more than a quarter of a century, Iran has suffered from an affliction faced by most countries that experience revolution. The conflict between state and revolution makes the development and practice of moderate domestic and foreign policies difficult, if not impossible. Leading a revolution is like riding a bicycle: One keeps going for as long as one continues to pedal, regardless of the destination. To stop pedaling means to fall.

As a nation-state, Iran may be a rival and competitor for other nations. But it would not be an existential threat. As a revolution, however, Iran can, indeed must, be such a threat not only to its neighbors but also to a world that it regards as "the handiwork of Jews and Crusaders."

The Khomeinist revolution has not succeeded in destroying the plurimillennial idea of Iran as a nation-state. But each time the Khomeinist revolution found itself on the defensive, the Western powers, including the U.S., helped it restore its legitimacy and regain its breath. The same illusions that produced the détente, which arguably prolonged the life of the Soviet Union, have also helped the Khomeinist revolution survive long after its sell-by date.

Today, Iran is once again facing the schizophrenia imposed on it through the conflict between state and revolution. A majority of Iranians, including many in the ruling elite, wish Iran to re-emerge as a nation-state.

The U.S. has no interest in helping the Khomeinist revolution escape the consequences of its misdeeds. This does not mean that there should be no diplomatic contact with Tehran or that pressure should be exerted for the sake of it. Nor does it mean that military action, "to hit or not to hit," is the only question worth pondering with regard to the Islamic Republic.

No one should be duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior. What is needed is a change in the nature of the regime. The chances of setting such change in motion have never been as good, and the current showdown should be used to communicate a clear message: As a nation-state, Iran can and will be a friend. As a revolution, it would always remain a foe.

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

The Oil-Addicted Ayatollahs (NYT)

By Thomas L. Friedman

The New York Times, February 2, 2007

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MOSCOW

There may be only one thing dumber than getting addicted to consuming oil as a country — and that is getting addicted to selling it. Because getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union — it overdosed on oil — and it could end up being the real story of Iran, if we're smart.

It is hard to come to Moscow and not notice what the last five years of high oil prices have done for middle-class consumption here. Five years ago, it took me 35 minutes to drive from the Kremlin to Moscow's airport. On Monday, it took me two and half hours. There was one long traffic jam from central Moscow to the airport, because a city built for 30,000 cars, which 10 years ago had 300,000 cars, today has three million cars and a ring of new suburbs.

How Russia deals with its oil and gas windfall is going to be a huge issue. But today I'd like to focus on how the Soviet Union was killed, in part, by its addiction to oil, and on how we might get leverage with Iran, based on its own addiction.

Economists have long studied this phenomenon, but I got focused on it here in Moscow after chatting with Vladimir Mau, the president of Russia's Academy of National Economy. I mentioned to him that surely the Soviet Union died because oil fell to $10 a barrel shortly after Mikhail Gorbachev took office, not because of anything Ronald Reagan did. Actually, Professor Mau said, it was "high oil prices" that killed the Soviet Union. The sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad — and then the collapse in prices in the '80s helped bring down the overextended empire.

Here's the story: The inefficient Soviet economy survived in its early decades, Professor Mau explained, thanks to cheap agriculture, from peasants forced into collective farms, and cheap prison labor, used to erect state industries. Beginning in the 1960s, however, even these cheap inputs weren't enough, and the Kremlin had to start importing, rather than exporting, grain. Things could have come unstuck then. But the 1973 Arab oil embargo and the sharp upsurge in oil prices — Russia was the world's second-largest producer after Saudi Arabia — gave the Soviet Union a 15-year lease on life from a third source of cheap resources: "oil and gas," Professor Mau said.

The oil windfall gave the Brezhnev government "money to buy the support of different interest groups, like the agrarians, import some goods and buy off the military-industrial complex," Professor Mau said. "The share of oil in total exports went from 10-to-15 percent to 40 percent." This made the Soviet Union only more sclerotic. "The more oil you have, the less policy you need," he noted.

In the 1970s, Russia exported oil and gas and "used this money to import food, consumer goods and machines for extracting oil and gas," Professor Mau said. By the early 1980s, though, oil prices had started to sink — thanks in part to conservation efforts by the U.S. "One alternative for the Soviets was to decrease consumption, but the Kremlin couldn't do that — it had been buying off all these constituencies," Professor Mau explained. So "it started borrowing from abroad, using the money mostly for consumption and subsidies, to maintain popularity and stability." Oil prices and production kept falling as Mr. Gorbachev tried reforming communism, but by then it was too late.

The parallel with Iran, Professor Mau said, is that the shah used Iran's oil windfall after 1973 to push major modernization onto a still traditional Iranian society. The social backlash produced the ayatollahs of 1979. The ayatollahs used Iran's oil windfall to lock themselves into power.

In 2005, Bloomberg.com reported, Iran's government earned $44.6 billion from oil and spent $25 billion on subsidies — for housing, jobs, food and 34-cents-a-gallon gasoline — to buy off interest groups. Iran's current populist president has further increased the goods and services being subsidized.

So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends. "Just look at the history of the Soviet Union," Professor Mau said.

In short, the best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours.

Afghans Urge Legal Amnesty For Those Involved In Wars (NYT)

By Carlotta Gall

The New York Times, February 2, 2007

KABUL, Afghanistan, Feb. 1 — Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the government to grant immunity to all Afghans involved in the wars of the last 25 years.

The move brought protests on Thursday from human rights advocates and the United Nations mission in Afghanistan, who had been working with the government on a plan to address the many abuses over the last three decades.

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Lawmakers said the resolution was passed in the interest of peace and stability and was intended to include even the fugitive Taliban leader, Mullah Muhammad Omar, and the renegade mujahedeen leader Gulbuddin Hekmatyar.

It was approved just days after President Hamid Karzai began work on the government's reconciliation plan. He said he was ready to hold talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban, who were ousted from power in late 2001.

The lower house of Parliament, which includes many former militants and mujahedeen commanders and a handful of former members of the Taliban government and the earlier Communist leadership, passed the 12-point resolution, called the Peace and Reconciliation Charter, by a show of hands on Wednesday.

The resolution had been proposed by a group of former mujahedeen leaders and Nur ul-Hag Ulumi, a former Communist general who served during the Soviet occupation. A small number of liberal and democratic legislators left the chamber in protest before the vote.

The resolution is not a law. It was not scheduled to proceed to the upper house of Parliament or to the president. But it is a public expression of the views of those who advocate one approach to reconciliation as Afghanistan continues to grapple with an insurgency in the south and east, legislators said.

"The main point of this scheme is how long should we fight and how long would we have violence?" Mr. Ulumi said. Despite the language about immunity, he said the resolution was not intended to advocate pardoning criminals. "This is just an invitation for peace," he said.

The measure says that those who took up arms in the past should be free from prosecution and that those who had fought the current government should be allowed to join the reconciliation process if they accept the Constitution and the laws of the land.

The resolution also denounced recent comments by the New York-based Human Rights Watch. The group, which is based in New York, named several members of Parliament who it said had been implicated in war crimes and rights abuses.

The United Nations Assistance Mission in Afghanistan, which has a mandate to monitor human rights issues, quickly issued a statement questioning the impartiality of a resolution passed by political and factional leaders.

"For any process of national reconciliation to succeed, the suffering of victims must be acknowledged and impunity tackled," the statement said. "No one has the right to forgive those responsible for human rights violations other than the victims themselves." It said it wanted to ensure that "the rights of victims remain at the heart of this debate."

Human Rights Watch has called for the Afghan government to honor promises it made a year ago to develop a five-year Action Plan for Peace, Reconciliation and Justice, a process that Mr. Karzai officially initiated last month.

The parliamentary resolution, which was passed soon after the assembly returned from its winter break, may have been a reaction to Mr. Karzai's move. Several of the most powerful militant leaders who now hold seats in Parliament have been blamed for causing civilian suffering during the civil war of the 1990s. Members of the Communist governments, ousted in 1989, have been blamed for disappearances and torture in prisons, and indiscriminate bombing of rural areas. Members of the Taliban rule have been accused of killings and forcing many people from their homes.

"After three decades of suffering abuses, Afghans have repeatedly called for accountability for those responsible for serious human rights abuses, whether Communists, warlords, or the Taliban," Sam Zarifi, Asia research director at Human Rights Watch, said in a statement this week. "There can be no sustainable peace and security in Afghanistan without respect for the rule of law."

U.S. Donates Vehicles, Arms To Afghan Army (AP)

By Rahim Faiez

AP, February 2, 2007

The United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents.

The donation of 800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back.

"These modern technologies are a step toward the vision of the Afghan National Army: a well equipped, well-trained, well-led, self-sustaining army," U.S. Maj. Gen. Robert Durbin, who heads the training of the new force, said at a handover ceremony on a sprawling military base near the capital, Kabul.

More than 200 freshly painted Humvees, trucks and other armored vehicles were on display alongside samples of the light and heavy weapons handed over. There were also socks, underwear and gloves for the Afghan soldiers.

The donation comes ahead of the arrival of spring, when Taliban militants and other insurgents are expected to resume attacks on Afghan and foreign troops to undermine President Hamid Karzai's U.S.-backed government.

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It also follows last week's announcement by U.S. officials that President Bush will ask Congress for an extra $10.6 billion to help Afghanistan strengthen its security forces and rebuild following years of war.

The money would be in addition to $14.2 billion in aid the United States has already given Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

Karzai, attending Thursday's ceremony, thanked the U.S. officials and said that such donations and further training would enable Afghans "to stand on our own feet."

The United States and other Western nations hope Afghan security forces will eventually be strong enough to allow them to withdraw thousands of foreign troops currently providing security.

The Afghan army is currently 40,000 strong and U.S. commanders say it is playing an increasingly important role in countering militants, often in joint operations with foreign troops.

However, officials expect it to reach its planned full strength of 70,000 only by the end of 2008 — at least two years behind an earlier target.

Last year, insurgents launched a record number of attacks in Afghanistan, and some 4,000 people, most of them militants, died in the violence. Fighting traditionally surges in the spring when warmer weather melts snow from mountain passes and makes it easier for militants to move around.

An Afghan's Path From Ally Of U.S. To Drug Suspect (NYT)

By James Risen

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — In April 2005, federal law enforcement officials summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch — the Asian counterpart of the Colombian cocaine legend Pablo Escobar — the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York.

Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging.

Soon after the invasion of Afghanistan in 2001, Mr. Noorzai agreed to cooperate with American officials, who hoped he could lead them to hidden Taliban weapons and leaders, according to current and former government officials and Mr. Noorzai's American lawyer. The relationship soured, but American officials tried to renew it in 2004. A year later, Mr. Noorzai was secretly indicted and lured to New York, where he was arrested after nearly two weeks of talks with law enforcement and counterterrorism officials in a hotel.

In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs.

The government's shifting views of Mr. Noorzai — from sought-after ally to notorious global criminal — parallels its evolving perspective on Afghanistan's heroin trade.

In the first years after the United States invasion in late 2001, military and intelligence officials mostly chose to ignore opium production and instead dealt freely with warlords, including drug traffickers who promised information about members of the Taliban and Al Qaeda or offered security in the chaotic countryside. But in more recent years, as poppy production has soared and financed a revived Taliban insurgency that is threatening the country's stability, the Americans have begun to take some more aggressive steps.

"In Afghanistan, finding terrorists has always trumped chasing drug traffickers," said Bobby Charles, the former top counternarcotics official at the State Department.

He and other officials acknowledge that the United States initially may have had little choice other than to turn to tribal leaders with murky motives for help in bringing order to an essentially lawless society. But Mr. Charles pushed for the Bush administration to recognize suspected drug lords like Mr. Noorzai as a long-term security issue. "If we do not now take a hard second look at counternarcotics," he said, "we will not get a third look."

Administration officials say that they are working to develop a more effective drug strategy in Afghanistan, which now accounts for 82 percent of the world's opium cultivation, according to a United Nations report last September. That could include broader eradication programs, alternative crop development and cracking down on drug lords, but any such efforts are complicated by fears that they could increase instability.

Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command.

Mr. Noorzai, who has been held in a New York jail for nearly two years, has pleaded not guilty to charges that he smuggled heroin into New York and denies any involvement in drug trafficking. His New York lawyer, Ivan Fisher, argues that the arrest hurt the government's ability to gain information about the escalating Taliban insurgency.

"Haji Bashir has been making efforts to reach working agreements with the Americans in Afghanistan since the 1990s," Mr. Fisher said.

Several intelligence, counterterrorism and law enforcement officials confirm that American officials met repeatedly with Mr. Noorzai over the years. Because they provided few details about the substance of the talks, it is difficult to determine how useful Mr. Noorzai's cooperation proved to be. He was not paid for his information, and the relationship was considered more informal, the officials said.

At times, there was confusion within the government about what to do with Mr. Noorzai. In 2002, while he was talking to the American officials in Afghanistan, a team at C.I.A. headquarters assigned to identify targets to capture or kill in Afghanistan wanted to put him on its list, one former intelligence official said. Like others, he would only speak on condition of anonymity because such discussions were classified.

The C.I.A. team was blocked, the former official recalled. Although he never received an explanation, the former official said that the Defense Department officials and American military commanders viewed counternarcotics efforts in Afghanistan at the time as a form of "mission creep" that would distract from the fight against terrorism.

Mr. Noorzai, a wealthy tribal leader in his mid-40s who lived with three wives and 13 children in Quetta, Pakistan, and also owns homes in Afghanistan and the United Arab Emirates, is from the same region that helped produce the Taliban. A native of Kandahar Province, he was a mujahedeen commander fighting the Soviet occupation of Afghanistan in the 1980s. In 1990, according to his lawyer, he agreed to help track down Stinger missiles provided to the Afghan resistance by the C.I.A.; agency officials were worried about their possible use by terrorists.

D.E.A. officials say that at the same time, Mr. Noorzai was a major figure in the Afghan drug trade, controlling poppy fields that supplied a significant share of the world's heroin. He was also an early financial backer of the Taliban. Agency officials say he provided demolition materials, weapons and manpower in exchange for protection for his opium crops, heroin labs, smuggling routes and followers.

Mr. Noorzai was in Quetta when the Sept. 11 attacks occurred, and he returned soon after to Afghanistan, according to his lawyer. In November 2001, he met with men he described as American military officials at Spinboldak, near the Afghan-Pakistani border, Mr. Fisher said. Small teams of United States Special Forces and intelligence officers were in Afghanistan at the time, seeking the support of tribal leaders.

Mr. Noorzai was taken to Kandahar, where he was detained and questioned for six days by the Americans about Taliban officials and operations, his lawyer said. He agreed to work with them and was freed, and in late January 2002 he handed over 15 truckloads of weapons, including about 400 antiaircraft missiles, that had been hidden by the Taliban in his tribe's territory, Mr. Fisher said.

Mr. Noorzai also offered to act as an intermediary between Taliban leaders and the Americans, his lawyer said. Mr. Noorzai said he helped persuade the Taliban's former foreign minister, Wakil Ahmad Mutawakil — the son of the mullah in Mr. Noorzai's hometown — to meet with the Americans. In February 2002, the Taliban official surrendered after what press accounts described as extensive negotiations and was sent to the prison at Guantánamo Bay, Cuba. He was freed in 2005.

Mr. Noorzai also persuaded a local tribal figure, Haji Birqet, to return to Afghanistan from Pakistan, the lawyer said. But he said the Americans, falsely warned that Mr. Birqet and Mr. Noorzai were plotting to attack United States forces, killed Mr. Birqet and wounded several family members in a raid on his compound.

Saying that his credibility had been hurt by the imprisonment of Mr. Mutawakil and that he was angered by the attack on Mr. Birqet, Mr. Noorzai broke off contact with the Americans and fled to his home in Pakistan, according to Mr. Fisher.

The government officials could not confirm whether Mr. Noorzai had in fact played a role in those negotiations. There may be another explanation for his exile, however. In May 2002, one of his tribal commanders was killed in an American raid along a drug-smuggling route that the Americans suspected was used to help the Taliban, and Mr. Noorzai may have feared for his own safety.

Nearly two years later, in January 2004, Mr. Charles, the State Department official, proposed placing him on President Bush's list of foreign narcotics kingpins, for the most wanted drug lords around the world.

At that time, Mr. Charles recalled in an interview, no Afghan heroin traffickers were on the list, which he thought was a glaring omission. He suggested three names, including Mr. Noorzai's, but said his recommendation was met with an awkward silence during an interagency meeting. He said there was resistance to placing Afghans on the list because countering the drug

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trade there was not an administration priority. Mr. Charles persisted, and in June 2004, Mr. Noorzai became the first Afghan on the list.

Two months later, a team of American contractors working for the Federal Bureau of Investigation contacted Mr. Noorzai and arranged a series of meetings with him in Pakistan and Dubai, according to several government officials and Mr. Noorzai's lawyer. They wanted to win his cooperation and learn about Al Qaeda's financial network and perhaps the whereabouts of the former Taliban leader Mullah Muhammad Omar. The Americans met with Mr. Noorzai, but the talks fizzled because F.B.I. agents who were supposed to join them were unable to do so, one official said.

In 2005, the contractors, by then working for the D.E.A., reconnected with Mr. Noorzai and once again met with him in Dubai.

This time, however, the objective had changed. Mr. Noorzai had secretly been indicted by a federal grand jury in New York on drug smuggling charges in January 2005. Now the contractors needed to persuade Mr. Noorzai to come to the United States.

Mr. Fisher said the Americans were particularly interested in gaining Mr. Noorzai's help in tracking the flow of money to the Taliban and Al Qaeda. They were seeking information about Mullah Omar and other Taliban figures. The Americans asked Mr. Noorzai to come to the United States to meet with their superiors, he added.

Mr. Noorzai's lawyer said his client agreed to make the trip only after receiving assurances that he would not be arrested. Mr. Fisher also says that he has obtained transcripts from tape recordings made by the government at the sessions.

Mr. Noorzai flew to New York in April 2005 and was taken to an Embassy Suites hotel, where he was questioned for 13 days before being arrested, his lawyer said.

Mr. Noorzai has been charged with conspiring to import more than $50 million worth of heroin from Afghanistan and Pakistan into the United States and other countries. The indictment says that he imported heroin to New York in the late 1990s and that unnamed co-conspirators also did so in 2001 and 2002.

U.S. Reconfigures The Way Casualty Totals Are Given (NYT)

By Denise Grady

The New York Times, February 2, 2007

Statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan.

Dr. Michael Kilpatrick, deputy director of force health protection and readiness at the Defense Department, said the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were.

The old method lumped many problems under the label "casualties," including illnesses, minor injuries and injuries from accidents, as well as wounds sustained in combat. But the public may assume that every casualty is a war wound, Dr. Kilpatrick said, so the site was changed to avoid misunderstandings.

On Monday, the bottom line of the Defense Department's Web page on casualties in Iraq listed a total of 47,657 "nonmortal casualties."

By Tuesday, the same page no longer showed a total for nonmortal casualties. The bottom line is now "total — medical air transported," and the figure is 31,493.

The new total excludes 16,164 troops who were wounded but did not require medical air transport because their injuries were minor. The total does include combat wounds, nonhostile injuries and diseases serious enough for medical transport.

Half the nonhostile injuries are from vehicle accidents, and a third are sports injuries from activities like basketball, Dr. Kilpatrick said. About 50 disease categories — including mental problems and gastrointestinal illnesses — have led to medical evacuations. Dr. Kilpatrick said that 85 percent of those who were flown out for medical reasons eventually returned to duty.

"It may be a few weeks, or it may be a year or more," he said.

Concern at the Pentagon about public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 "nonmortal woundings" in Iraq and Afghanistan. That number came from a Web page posted by public affairs employees at the Department of Veterans Affairs.

But officials from both agencies said that figure had been posted by mistake, lumping combat and noncombat injuries as well as illnesses and labeling them all "woundings" instead of casualties.

"If public affairs people at the V.A. misunderstood, we thought the public would misunderstand it, too," Dr. Kilpatrick said.

Both Web sites were changed.

Paul Sullivan, director of research and analysis of Veterans for America, said the changes actually meant the Pentagon was trying to conceal the rising toll of injuries and illness.

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Mr. Sullivan, formerly a project manager at the Department of Veterans Affairs, also said that the department was not prepared to provide the health care that returning veterans would need for mental and physical disabilities.

DOJ:

US Admits Misconduct In Mob Slaying Case (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, February 2, 2007

Says prosecutor was disciplined

An internal Justice Department investigation concluded that a federal prosecutor in Boston "engaged in professional misconduct and exercised poor judgment" while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday.

In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that "disciplinary action" had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone .

Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying.

Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases.

In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was "preparing a more detailed response" to an earlier letter from Wolf.

Auerhahn did not return calls from the Globe yesterday seeking comment.

Samantha Martin , a spokeswoman for US Attorney Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, "We are prohibited from commenting on any internal personnel matters beyond what is available in the public record."

Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate.

"How are they going to give Patsy Barone back the 10 years he served on a clearly unconstitutional conviction?" Grossberg asked. "Did they find [Auerhahn's] conduct was deliberate? In order for there to be some closure, if at all, you have to know what the disciplinary action was."

Barone pleaded guilty to manslaughter in state court for the 1985 North End slaying of his friend Vincent "Jimmy" Limoli and was sentenced to five years. But the government's allegation that the slaying was carried out at the behest of the Mafia -- and Ferrara, in particular -- led to Barone's 1993 federal conviction of murder in aid of racketeering. He was sentenced to life in prison.

Just as Ferrara and four reputed mobsters, including New England Mafia boss Raymond "Junior" Patriarca, were ready to go to trial on federal racketeering charges in 1992, they agreed to plead guilty to various charges under deals that spared them even longer sentences. As part of his plea, Ferrara admitted that he had ordered Limoli's slaying, yet he later insisted he was innocent of that charge. He was sentenced to 22 years in prison.

In 2003 Wolf found that Auerhahn had improperly and possibly illegally withheld key evidence from defense lawyers by failing to disclose that a witness had recanted his claim that Ferrara ordered Limoli's murder. The judge concluded that the convictions were tainted and cut the sentences of both men, leading to Barone's release in 2003 and Ferrara's release two years later.

A federal appeals court affirmed Wolf's findings last year, calling Auerhahn's conduct "outrageous."

In a highly critical letter to Attorney General Alberto R. Gonzales in December, Wolf said he had been assured by Sullivan in 2003 that the Justice Department would investigate Auerhahn's alleged misconduct and yet had heard nothing of the outcome of the probe.

"The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts," Wolf wrote.

In his response, Margolis wrote, "The attorney general shares your interest in the fair and impartial administration of justice, and in maintaining the tradition of integrity at the Department of Justice."

Top Fed Heads To Duty In D.C. (WT&G)

By Lee Hammel, TELEGRAM & GAZETTE STAFF

Worcester (MA) Telegram & Gazette, February 2, 2007

Casey expects one-year stint

WORCESTER— Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC.

Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members.

The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy.

The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here.

Mr. Casey said of his new assignment, "I'm honored that they asked me."

Son of a Swampscott police officer, Mr. Casey said, "I like to prosecute violent guys. I think there's a federal interest in keeping the community safe."

In part because of the employment of his father, who died in the early 1990s, he said, "I've always loved working with police departments."

That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe.

Mr. Casey is well-known to community activists who have agitated to get local violent criminals removed from the streets for longer periods of time. Mr. Casey prosecuted the Aghapour brothers, William and Nicholas, whose crimes were long the target of local activists.

He is proud of the sentences -— many of them in excess of 10 years — that the targets of his prosecutions, many from Fitchburg or Worcester, have received. Even if it's a type of case that traditionally has been handled by state rather than federal prosecutors, Mr. Casey said his attitude is, "If there's a significant violent history, let's do him."

"I was drawn to the more violent guys. I embrace those kinds of prosecutions," Mr. Casey said.

Mr. Casey, who worked in prosecutors' offices across the county, said the best part of his job is the relationships he has here. He mentioned the Worcester district attorney's office and the state police attached to it, the Worcester and Fitchburg police departments, and those in the offices of the Drug Enforcement Administration, Alcohol, Tobacco, Firearms and Explosives, and the FBI in this region.

Mr. Casey came to the Worcester office from the U.S. attorney's office in northern Illinois. Prior to that he was a deputy chief in the Illinois state attorney general's office and was a King County prosecutor from 1990 to 1995 in Seattle.

He received his law degree in 1990 from Boston University and a bachelor's degree from Wittenberg University in Springfield, Ohio, where he was captain of the varsity baseball team.

CORPORATE SCANDALS:

Senate Report Says S.E.C. Botched Hedge Fund Inquiry (NYT)

By Walt Bogdanich

The New York Times, February 2, 2007

The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday.

The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management.

The report did not cite examples of what testimony might have been false.

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The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations.

Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run.

"At best, the picture shows extraordinarily lax enforcement by the S.E.C.," Senate investigators concluded. "At worse, the picture is colored with overtones of a possible cover-up."

The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were "deeply troubled" by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly.

"The I.G. spoke only to Aguirre's supervisors, accepted everything they said at face value and reviewed only documents identified by those supervisors," the report concluded. "We believe the S.E.C. must take corrective and preventative action to ensure that future investigations, internal and external, do not follow the same path as the Pequot matter."

The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing.

The S.E.C. closed its inquiry without charging anyone in connection with the Pequot inquiry.

John J. Nester, a spokesman for the S.E.C., said in a statement that because the matter was under review by other federal entities, which he did not name, the commission would have no comment.

The report, which is based largely on Senate interviews with 19 crucial witnesses and thousands of pages of internal S.E.C. records, is a victory for Mr. Aguirre, who was fired in September 2005, just days after receiving a merit pay increase.

At a Senate hearing in December, senior S.E.C. officials sought to justify his firing, arguing that he had done a poor job running the Pequot investigation and that he had been difficult to get along with. The officials asserted that Mr. Aguirre had once issued flawed subpoenas and that he had been unprofessional in the way he conducted an interview with Pequot's founder, Arthur J. Samberg.

There was scant documentary evidence to back up those charges, the report concluded. "We have noted the considerable lack of contemporaneous documents corroborating the concerns they raised," it said.

S.E.C. officials said the flawed subpoenas had seriously undermined their confidence in Mr. Aguirre. But, the report noted, those officials "produced no documents to the committees suggesting that they viewed it that way at the time."

The same held true for the examination of Mr. Samberg. In fact, the report states, one longtime S.E.C. investigator told the committee that he planned to use Mr. Aguirre's examination "as a model for how to take testimony in his training of new S.E.C. attorneys."

The report called Mr. Aguirre "a smart, hardworking, aggressive attorney who was passionately dedicated to the Pequot investigation."

Mr. Aguirre testified that his troubles at the S.E.C. began when he asked for permission to examine John J. Mack, an influential Wall Street executive who was a close friend of Mr. Samberg. After initially supporting Mr. Aguirre's decision, senior S.E.C. officials abruptly changed course, the report notes.

"What is troubling is how this enthusiasm waned after public reports on June 23, 2005, that Morgan Stanley was considering hiring Mack as its new C.E.O.," the report concludes.

Mr. Aguirre was told that since he had no evidence linking Mr. Mack to suspected insider trading by Pequot, calling in Mr. Mack for an interview would not be justified.

"The purpose of taking investigative testimony is not to confront a witness with accusations of wrongdoing, as Aguirre's supervisors seem to believe," the report states. "Rather it is to gather information that helps confirm or rule out working theories."

Mr. Mack and Mr. Samberg have repeatedly denied any improper conduct.

Mr. Mack's testimony was eventually taken in August 2006, more than a year after Mr. Aguirre proposed doing so.

"We are concerned about the circumstances under which it was done," investigators said. "Mack's testimony was taken five days after the statute of limitations expired, and only a few months after we initiated our inquiry into this matter."

The report concludes that the S.E.C. finally interviewed Mr. Mack to deflect public criticism for not having done it earlier.

Dell's Woes Mount As Investors File Improper-Accounting Suit (WSJ)

By Don Clark, Christopher Lawton And John R. Wilke

The Wall Street Journal, February 2, 2007

SAN FRANCISCO -- Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip maker Intel Corp.

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The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as "secret and likely illegal" kickbacks by Intel to ensure that Dell use no other chip supplier.

In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors.

Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would "move quickly" to defend itself.

The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins.

Messrs. Dell and Rollins were among 16 individuals named in the suit. The company declined to make them available for comment.

Dell's accounting firm, PricewaterhouseCoopers LLP, also was named as a defendant. Company officials did not immediately return calls seeking comment. The suit seeks class-action status on behalf of purchasers of Dell stock between February 2003 and September 2006.

Dell has been struggling with problems that include stalled sales in its core U.S. and corporate markets and changing buying habits in the PC industry. In August, Dell also disclosed that the Securities and Exchange Commission had been informally investigating the company over its revenue-recognition practices, and said it launched its own investigation into its financial accounting.

By September, the company said the probe had expanded to unspecified issues "relating to accruals, reserves and other balance sheet items." Dell said it is working with its audit committee and independent auditors to determine whether it has to restate its prior results.

Dell also said it has been subpoenaed by the U.S. attorney for the Southern District of New York over its financial reporting. In November, Dell was forced to delay its fiscal third-quarter earnings due to the complexity surrounding the SEC investigation.

The company's stock, which traded in late 2005 at more than $40 a share, has fallen significantly since then. The shares fell 42 cents yesterday at 4 p.m. at $23.80 in 4 p.m. Nasdaq Stock Market trading.

Several suits seeking class-action status were filed in Austin after Dell disclosed the federal investigations of its accounting practices. The latest complaint adds allegations that focus on Dell's long-standing practice of buying microprocessor chips only from Intel, which ended last year when Dell finally emulated competitors and began also using AMD chips. Some of the charges echo those contained in AMD's 2005 antitrust suit, which also attacked rebates and subsidies paid by Intel to computer makers.

The complaint alleges that Dell received "e-Cap payments" -- standing for "exception to corporate average pricing" -- from Intel for not doing business with AMD. The approximately $1 billion a year that Dell received in such payments was spread out unevenly over the four quarters, money that would be applied to reduce the portion of Dell's expenses known as cost of goods sold, the complaint states.

Dell became very dependent upon these payments, which were made by Intel at or near the end of the Dell's quarters and had a "direct, material impact" on the computer maker's reported operating profits or profit margins, the complaint alleges.

Information about the rebates was limited to about 15 senior people at Dell, the complaint states. Intel insisted that Dell maintain secrecy about the program because it feared that if these payments became known, antitrust officials in various countries would likely take legal action against Intel, the complaint alleges.

Despite Dell's reputation as a stalwart Intel customer, the complaint asserts that Dell after 1999 each year secretly designed computers based on AMD chips. But those computers would be put on hold at varying stages of their developments, as Intel and Dell negotiated privately over terms of their relationship, the suit states.

Intel, whose business practices are being investigated by antitrust authorities in the European Union, has said its rebate programs and other tactics are fair and legal. Chuck Mulloy, an Intel spokesman, declined comment on the specific points raised in the investor complaint.

But he added: "We have conducted a preliminary review of the complaint. At first glance it appears that some of the allegations with respect to Intel appear to have been completely made up."

US Probes Siemens Bribery Scandal (FT)

By Richard Milne In Frankfurt

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Financial Times, February 2, 2007

Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal.

The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report.

The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact.

Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers.

Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said.

The German conglomerate declined further comment.

The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations.

Siemens has repeatedly said that prosecutors view the company as a witness in the probe, not a suspect, and that it has been the victim of a rogue group of employees. Those Siemens employees detained and questioned allege that bribery was a normal business practice at Siemens, their lawyers say.

An informal inquiry by the SEC is the first step in a process that can lead to a formal investigation and civil penalties if the regulator believes they have found suspect information.

The two probes come as Siemens has taken a number of steps in an attempt to show it is taking the allegations seriously. It has Deloitte as a forensic accountant as well as taking on Michael Hershman, a former Watergate investigator, as an anti-corruption consultant.

Klaus Kleinfeld, Siemens' chief executive, told the FT in mid-December that the group's lawyers had been in weekly contact with the SEC with conversations on November 22, early December and then on December 6 and 13.

Prosecutors believe sham consulting contracts may have been used to divert money into slush funds that were then used to bribe officials in countries including Saudi Arabia and Nigeria to win telecoms contracts. Siemens says as much as €420m in payments in the last seven years are suspicious.

Long-Running AOL Trial Heads To Jury (WP)

By Carrie Johnson

The Washington Post, February 2, 2007

An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001.

The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday.

Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the "rocket docket" for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to "look away from the facts" but instead to remember "a lesson we all learned from the time we were children: Simply tell the truth."

Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said.

"These guys would rather cheat than fail," Assistant U.S. Attorney Adam Reeves told the jury Tuesday.

U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo.

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That means each of the defendants faces two charges: conspiracy and aiding and abetting PurchasePro's founder, Charles E. Johnson Jr., to commit securities fraud. They assert their innocence, but only Wakeford testified in his own defense and tried to distance himself from Johnson.

An outsized, colorful character accused of directing subordinates to forge documents and destroy computers, Johnson split from the case last fall after his lawyer resigned for reasons that remain secret. He will be retried later. The judge urged jurors this week to neither speculate about the reasons for Johnson's departure nor consider him in their efforts to reach a verdict.

That may be difficult if prosecutors have their way. Johnson's alleged misdeeds permeated their closing argument. They essentially sought to convict Johnson in absentia and to use him to tar the three remaining defendants, each of whom carefully avoided sitting at the empty table where Johnson once sat.

The defense teams strived to portray their clients as scapegoats in a government investigation that fell short of catching high-ranking former AOL executives who may have engineered accounting tricks and sham deals. AOL ultimately paid more than $500 million to resolve federal charges.

Mark J. Hulkower, a lawyer for Tuli, told jurors that "there has been a complete failure of proof" in the government case. He attacked government witnesses' memory and branded a key cooperator who is serving more than four years in prison as a pathological liar whose testimony could not be believed.

Terrance Reed, a lawyer for Benyo, stressed his client's unfamiliarity with PurchasePro's accounting practices and his low rank in the corporate hierarchy. Reed urged the jury to "set yourself and Mr. Benyo free" from a trial that had been expected to conclude before Christmas.

"Obviously things are running later than usual," the judge said late Tuesday as the clock ticked. "It wouldn't be this trial if that didn't happen."

Henry W. Asbill, a lawyer for Wakeford, told jurors that his client was "stuck in the middle" between overbearing bosses and trying clients. Asbill asserted that Wakeford did not have authority to enter into major deals and that he did not benefit financially from the PurchasePro transactions. His client, he argued, was left at the defense table because "the prosecution couldn't figure out a way to charge, much less convict, any AOL senior executives who had to be the real targets during this investigation."

Prosecutors tried to protect themselves from that argument by entreating the jury that blaming the boss is not a defense. "They could be bit players and still be guilty," Reeves told the jury.

CEO Whack-a-mole (LAT)

The Los Angeles Times, February 2, 2007

IN 1993, OUTRAGE OVER sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore.

The Clinton-era rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques.

As part of a bill to gradually raise the minimum wage from $5.15 to $7.25 an hour, the Finance Committee proposed an annual cap on the amount of surtax-free salary that employees could delay receiving until after they left a company. The cap would be $1 million, or the executive's average pay for the previous five years, whichever is lower. Anyone who exceeded the cap would face a sizable penalty: They'd have to pay income taxes and a 20% surtax on the deferred money even before they received it.

Deferred compensation has become an extremely popular benefit, with more than 900 of the 1,000 largest corporations reportedly using it. It typically helps high-paid executives save more for their retirements than their company's pension or 401(k) plans allow.

The issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock. When the 1993 law capped the deductible portion of salary at $1 million, companies diverted compensation into still-deductible forms such as bonuses, stock options, deferred payments and other performance-related packages that were harder to quantify and prone to abuse. (The ongoing options backdating scandal is Exhibit A.)

There's every reason to believe that the proposed cap on deferred compensation will lead to similar shenanigans, making it harder for shareholders and even corporate directors to tell what executives are being paid, let alone whether they're earning their keep. Rather than giving corporate accountants a reason to muddy the waters again, lawmakers should undo the damage

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caused in 1993 by lifting the cap on deductions for executive pay. This year, new Securities and Exchange Commission rules will force firms to release easy-to-understand summaries of what executives are being paid. That kind transparency should be the goal, not the casualty, of federal tax policy.

CRIMINAL LAW:

FBI Agent Shows Doubts For Libby's Story (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 2, 2007

WASHINGTON -- In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis "Scooter" Libby to be: not very.

Bond testified Thursday about interviewing Libby in 2003 about the leak of CIA operative Valerie Plame's identity and the 19-year FBI veteran refused to even use the word "said" to describe Libby's statements.

Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later.

"He said that?" defense attorney Theodore Wells asked.

"That's what he claimed," Bond replied.

"He said it," Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in.

"Did he say that?" Walton asked.

Bond didn't flinch: "He told us that, yes," she said.

Bond was the first Justice Department official to testify in the trial and is scheduled to return to the witness stand Monday.

The FBI spent three years investigating the leak of Plame's identity to the press. Nobody was charged with the leak but prosecutors say Libby obstructed the case by concocting a story he believed would shield him from prosecution.

Bond is one of the final witnesses in Special Prosecutor Patrick Fitzgerald's case. He plans to play more than eight hours of Libby's grand jury testimony in court Monday and part of Tuesday.

NBC News reporter Tim Russert, who Libby said told him that Plame worked at the CIA, is expected to testify Tuesday as Fitzgerald's final witness. Russert said Plame's identity did not come up in their conversation.

Fitzgerald is expected to rest his case as early as late Tuesday afternoon. Defense attorneys say they'll call Libby and Cheney to testify.

Libby Left Out Some Facts In Interviews, FBI Agent Says (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 2, 2007

One of the FBI agents who interviewed I. Lewis "Scooter" Libby during the CIA leak investigation testified yesterday that the vice president's then-chief of staff did not acknowledge disclosing the identity of undercover CIA officer Valerie Plame to reporters, asserting that he was surprised when another journalist later told him about her.

FBI agent Deborah S. Bond also testified that Libby said that, while he was preparing to be interviewed by investigators in the fall of 2003, he came across a handwritten note he had made during a phone conversation with Vice President Cheney. The note made it clear that, shortly before June 12, 2003, Cheney had told Libby that Plame worked at the CIA's counterproliferation division and was married to an outspoken critic of the Iraq war.

Libby's conversation with Cheney took place nearly a month before Libby telephoned Tim Russert, NBC's Washington bureau chief. According to Bond, Libby said that, during that call, Russert mentioned that "all the reporters" knew that former ambassador Joseph C. Wilson IV's wife worked at the CIA. Libby told the investigators that "it was as if it was the first time he heard it," Bond said.

Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information.

The version of events Libby related to the FBI conflicts with the accounts of several government officials and journalists who have already testified at the trial. Russert is scheduled to be the prosecution's final witness early next week.

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Libby is charged with lying to FBI agents and a grand jury in the investigation of the leak of Plame's name to the news media. He is not charged with the leak itself. Special Counsel Patrick J. Fitzgerald contends that the CIA officer's identity was disclosed as part of a White House campaign to discredit her husband.

In 2002, the CIA dispatched Wilson to Africa to investigate reports that Iraq had recently tried to buy material there for making nuclear weapons. In June 2003, shortly after the Iraq war began and days before his wife's identity was leaked, Wilson publicly accused President Bush of trying to justify the war by twisting the intelligence Wilson had brought home.

Libby has pleaded not guilty to all five felony counts. He and his attorneys contend that he misremembered the conversations he had with reporters about Plame amid the crush of his work on national security issues.

Yesterday, Bond told jurors that, during the FBI interviews, Libby did not mention several significant aspects of his interactions with journalists. He told investigators about a July 8, 2003, breakfast meeting with then-New York Times reporter Judith Miller, Bond said, but did not mention another meeting with Miller two weeks earlier.

Bond said Libby also did not say that he had sought information about Plame from government officials and discussed the matter with Miller and, soon after, with Matthew Cooper, then a reporter for Time magazine.

According to Bond, Libby told her that he did not recall discussing Wilson's wife with Miller. In Cooper's case, Bond testified, Libby said he had simply told Cooper that other reporters were saying that Wilson's wife worked at the CIA but that Libby did not know whether that was true.

Bond also said Libby "adamantly denied" that he had told then-White House press secretary Ari Fleischer about Plame. Fleischer testified earlier this week that Libby did reveal that information.

During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12.

Earlier yesterday, the judge presiding over the trial expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom, U.S. District Judge Reggie B. Walton said that argument was undercut by evidence that then-White House press secretary Scott McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame.

Walton allowed the prosecution to play small portions of videotapes of briefings from early October 2003, by McClellan, who had, by then, succeeded Fleischer as Bush's press secretary.

Libby had complained to Cheney that McClellan had, days earlier, cleared senior White House adviser Karl Rove but not Libby, according to witnesses and trial documents. Cheney then called the White House to urge McClellan to do the same for Libby, suggesting some phrases that Libby and Cheney had worked out together. According to one exhibit, Cheney scribbled on a note: "Has to happen today."

Jurors watched snippets of three McClellan briefings. In one, a few days before Libby's first FBI interview, McClellan was asked whether Libby or two other administration officials had leaked Plame's name. The videotape shows McClellan replying: "I spoke with them so I could come back and say to you, they were not involved."

Yesterday, Walton ruled that Libby's attorneys are not entitled to look at Miller's notebooks for evidence that she had spoken with sources other than Libby about Plame or Wilson.

F.B.I. Agent Says Libby Denied Being Leak Source (NYT)

By Neil A. Lewis

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — An F.B.I. agent told a jury Thursday that I. Lewis Libby Jr. “claimed” during formal interviews she conducted that he had not disclosed to two reporters the identity of Valerie Wilson, a Central Intelligence Agency operative.

The testimony from Deborah S. Bond of the Federal Bureau of Investigation came at the beginning of prosecution efforts to close the circle in its case against Mr. Libby, the former chief of staff to Vice President Dick Cheney. Mr. Libby is charged with lying to federal agents and to a grand jury investigating the leak of Ms. Wilson’s name.

By the time Ms. Bond took the stand Thursday afternoon, the jury had already heard from the two reporters — Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine. Ms. Miller testified that Mr. Libby had told her in detail about Ms. Wilson; Mr. Cooper said that Mr. Libby had been more terse, but that he had confirmed she worked at the C.I.A.

In flat, unemotional tones, Ms. Bond recounted two interviews that she and other agents conducted with Mr. Libby in the Old Executive Office Building in October and November of 2003. In them, Mr. Libby gave answers that directly conflicted with the reporters' accounts.

At the time, the Justice Department was in the early stages of its investigation into how Ms. Wilson's name was leaked to the press and whether the leak was part of an effort to retaliate against her husband, Joseph C. Wilson IV. Mr. Wilson had written an Op-Ed article published in The New York Times on July 6, 2003, asserting that the Bush administration had willfully distorted intelligence to justify invading Iraq.

"Mr. Libby said he had no recollection of discussing Joe Wilson's wife with Ms. Miller" at a July 8, 2003, meeting at a Washington hotel, Ms. Bond testified. In fact, she said, "Mr. Libby claimed he had no knowledge of Joe Wilson's wife during that time."

Ms. Bond, a 19-year veteran of the bureau, testified that Mr. Libby had "claimed" he told Mr. Cooper he heard about Ms. Wilson from other reporters.

In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson's criticisms.

The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters.

Patrick J. Fitzgerald, the chief prosecutor, who has said he probably will end his presentation by Tuesday, also tried to lay the groundwork to counter the bold argument put forward at the trial's beginning by Mr. Libby's defense team: that White House officials made him a scapegoat to protect Karl Rove, President Bush's chief political strategist.

On Thursday jurors also saw videotape from July 2003 showing Scott McClellan, then the White House press secretary, telling reporters that Mr. Libby had no involvement in the leak of Ms. Wilson's name. Mr. McClellan had initially declined to do so, but was ordered by Mr. Cheney to provide the same exculpatory comments he had given earlier for Mr. Rove.

In a discussion outside the presence of the jury, Mr. Fitzgerald said: "This rebuts the idea that Mr. Libby was thrown under the White House bus. The White House went out to clear him."

Judge Reggie M. Walton appeared to agree. "At this point there hasn't been any substantial evidence that was in play," Judge Walton said of the defense contention that Mr. Libby was a scapegoat.

The comments were made as both sides argued over to how much of Mr. McClellan's news conferences could be shown to the jury on videotape and how much needed to be read.

In the end, the jury was given what might have been a confusing mix; they saw Mr. McClellan's answers on a television screen. The reporters' questions that elicited the comments were read by Kathleen Kedian, a prosecutor, because the judge agreed with Mr. Libby's lawyers that the tone of the reporters was cynical and negative.

Portions Of White House Briefing Tapes Played At Libby Trial (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis "Scooter" Libby "had nothing to do" with leaking information about the wife of a Bush administration critic.

Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes showed that Libby had a motive for lying to investigators and grand jurors when he said a reporter had told him that Valerie Plame worked at the CIA. Prosecutors say Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said.

After McClellan spoke, Libby "couldn't walk back from his story" without risking being fired, Fitzgerald said. That was Libby's motive to lie, the prosecutor said.

Plame is the wife of former State Department official Joseph Wilson. In 2003, Wilson publicly accused the administration of "twisting" intelligence about Iraq's nuclear program to justify the invasion in March 2003. Administration officials told reporters he had been sent on a mission to explore Iraq's attempts to buy uranium in the African nation of Niger at the request of his CIA-based wife.

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The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton, because they might suggest to jurors that Libby had leaked classified information when he spoke about Plame. Although revealing the identity of a CIA officer such as Plame can be a crime, Libby is not charged with that.

Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — "had nothing to do with the situation."

Later in the clips, McClellan modified his statement, saying only that Libby did not leak classified information. Libby was Vice President Cheney's chief of staff.

Wednesday, former Time magazine reporter Matt Cooper testified that Rove, a key adviser to President Bush, had told him in July 2003 that Wilson's wife worked at the CIA.

Days earlier, Wilson had written a column published in The New York Times that criticized the administration for "twisting" intelligence about Iraq.

Fitzgerald has signaled that after the clips are played, he will attempt to play audio transcripts of Libby's grand jury testimony. He also told the judge Thursday that he will attempt to introduce an agreement Libby signed before going to work for the vice president in which he promised not to disclose classified information.

No testimony is scheduled for Friday. Fitzgerald has said he plans to conclude his case Monday by calling an unnamed witness and NBC reporter Tim Russert.

Libby told the grand jury he first learned of Plame's identity in a conversation with Russert on July 10, 2003.

Russert has denied it. Eight prosecution witnesses have said they discussed Plame's CIA job with Libby before July 10, 2003.

Video Undercuts Libby's Defense (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, February 2, 2007

His assertion that he was a scapegoat clashes with the White House stance that he had no role in leaking a CIA operative's identity.

WASHINGTON — Former vice presidential aide I. Lewis "Scooter" Libby's defense in his perjury trial relies on his contention that he was made a scapegoat to protect White House political strategist Karl Rove from charges of leaking the name of a CIA officer.

But that assertion was dealt a blow Thursday, when jurors were shown videotapes from 2003 of White House spokesman Scott McClellan telling reporters that Libby was not the source of the leak.

"There's no evidence of an effort to throw him under the bus," prosecutor Patrick J. Fitzgerald told U.S. District Judge Reggie B. Walton, arguing — in the absence of the jury — that the tapes should be played.

Libby is accused of lying to investigators probing whether government officials illegally disclosed the identity of CIA arms-proliferation specialist Valerie Plame in the summer of 2003, soon after her husband, former Ambassador Joseph C. Wilson IV, accused the Bush administration of twisting prewar intelligence in Iraq.

His lawyers have told the jury that Libby, who was then chief of staff for Vice President Dick Cheney, feared he was being made a scapegoat to shield Rove, one of President Bush's most trusted advisors, from legal problems.

But that argument, Fitzgerald told Walton on Thursday, was undercut by the fact that McClellan told reporters that Libby wasn't involved in the leak. Over the objections of Libby's lawyers, Walton allowed the prosecution to play brief excerpts of the tapes.

McClellan ardently defended the White House during a series of briefings in early October 2003. At the time, the Justice Department was just beginning a criminal investigation into the leak, and questions were swirling about the possible involvement of administration insiders. McClellan initially told reporters that Rove had engaged in no misconduct, but the spokesman declined to be drawn into a discussion of the possible roles of others.

Libby, his lawyers have said, saw that initial reluctance as a sign that unnamed officials were conspiring to have him take the fall so Rove would emerge unscathed. Libby complained to Cheney, the lawyers have said, and a few days later McClellan changed his message, exonerating Libby and a third White House official as well as Rove.

"I spoke with those individuals … and those individuals assured me they were not involved in this," McClellan told reporters Oct. 10. When asked what "this" was, he replied: "The leaking of classified information."

On Thursday, Walton questioned defense lawyer Theodore Wells about the scapegoat theory, asking how, given the videos, "you make out a case that somehow the White House was putting his head on a platter…. I don't understand how that connection is going to be made."

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Fitzgerald has alleged that Libby was involved in helping craft McClellan's language. But he noted that the statement publicly clearing Libby also put him in a private bind: Libby was concerned that he had leaked classified information about Plame, so he set out to construct a story that would insulate him from being charged with that crime, Fitzgerald said.

During his first interview with the FBI, which came four days after McClellan's last mention of the leak, Libby told investigators that he had discussed Plame with journalists and others, but he said that he was only passing on information he had heard from reporters, including Tim Russert of NBC News.

In fact, the government has alleged that Libby heard about Plame from a number of official sources — initially from Cheney himself, as well as from officials from the CIA and the State Department. Unlike passing along tips from reporters, passing along tips about Plame from official sources could constitute a crime.

"He has got to tell a story consistent with what the White House has told the world," Fitzgerald said Thursday. "He is locked in with his feet planted in cement.

"The cleanest way to take himself off the hook is to say, 'I heard it from reporters,' that 'I did not know it was true.' "

Wells has said that Libby did not lie at all, and that any misstatements to investigators were the product of memory lapses and the stress of his involvement in life-and-death national security issues.

After playing snippets of the videotapes for the jury, Fitzgerald called an FBI agent, Deborah Bond, to the stand to recount details of two interviews Libby gave to investigators.

According to Bond, Libby acknowledged that Cheney had told him in a phone conversation around June 12, 2003, that Wilson's wife worked for the CIA, but Libby added that he had forgotten the conversation by the time he talked with journalists about Plame a few weeks later.

Bond testified that Libby also said that he and Cheney may have discussed telling reporters that Wilson's wife worked at the CIA, but that he could not be sure.

And, she added, "Mr. Libby told us he believed that the vice president had learned this information from the [then-]director of Central Intelligence, George Tenet."

The trial is adjourned until Monday. The government is expected to call Russert before resting its case early next week.

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A Failed Cover-Up (WP)

By David Ignatius

The Washington Post, February 2, 2007

Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb? That's the big question that runs through the many little details that have emerged in the perjury trial of Vice President Cheney's former top aide, Lewis "Scooter" Libby.

The trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA.

The truth began to emerge on July 11, 2003, when CIA Director George Tenet issued a public statement disclosing that the agency had tried to warn the White House off the Niger allegations. In that sense, the Libby trial is about a cover-up that failed.

What helped start the whole brouhaha was a 2003 op-ed article by former ambassador Joseph Wilson, disclosing that his fact-finding trip to Niger the previous year had yielded no evidence of Iraqi uranium purchases. His piece opened with a devastating question: "Did the Bush administration manipulate intelligence about Saddam Hussein's weapons programs to justify an invasion of Iraq?" A frantic White House tried to rebut Wilson's criticism by leaking the fact that his wife, Valerie Plame, worked at the CIA and had suggested sending him to Niger -- as if the CIA connection somehow contaminated Wilson's allegations and made the White House less culpable.

To understand the Libby case, it's important to look at the documentary evidence, which has been usefully compiled by washingtonpost.com.

The record begins with a Feb. 13, 2002, memo from a CIA briefer who had been "tasked" by Cheney on the uranium issue: "The VP was shown an assessment (he thought from DIA) that Iraq is purchasing uranium from Africa. He would like our assessment of that transaction and its implications for Iraq's nuclear program." The CIA briefer responded the next day with a comment that should have aroused skepticism on whether Iraq needed to buy any more uranium: Iraq already had 550 tons of "yellowcake" ore -- 200 tons of it from Niger. But the CIA, eager to please, asked Wilson a few days later to go to Niger to investigate the claim.

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A glimpse of the pressure coming from the vice president's office emerges from a memo from CIA briefer Craig R. Schmall, after he was interviewed in January 2004 by FBI agents investigating the leak of Plame's covert identity: "I mentioned also to the agents that Libby was in charge within the administration (or at least the White House side) for producing papers arguing the case for Iraqi WMD and ties between Iraq and al Qaeda, which explains Libby's and the Vice President's interest in the Iraq/Niger/Uranium case."

CIA and State Department documents show that analysts at both agencies became increasingly skeptical about the Niger allegation and tried to warn the White House. A memo from Schmall to Eric Edelman, then Cheney's national security adviser, recalled: "CIA on several occasions has cautioned . . . that available information on this issue was fragmentary and unconfirmed." A memo from Carl W. Ford Jr., then head of the State Department's intelligence bureau, noted that his analysts had found the Niger claims "highly dubious."

The Niger issue wasn't included in Secretary of State Colin Powell's famous U.N. speech on Iraqi weapons of mass destruction, according to Ford, "due to CIA concerns raised during the coordination regarding the veracity of the information on the alleged Iraq-Niger agreement." But despite CIA warnings, Bush referred to uranium purchases from Africa in his January 2003 State of the Union address, attributing it to British sources.

So we begin to understand why the White House was worried about the CIA in the summer of 2003: It feared the agency would breach the wall of silence about the claims regarding weapons of mass destruction. Robert Grenier, a CIA official who was the agency's Iraq mission manager, told colleagues that he remembered "a series of insistent phone calls" that month from Libby, who wanted the CIA to tell reporters that "other community elements such as State and DOD" had encouraged Wilson's Niger trip, not just Cheney.

The bottom line? Grenier was asked in court last week to explain the White House's 2003 machinations. Here's what he said: "I think they were trying to avoid blame for not providing [the truth] about whether or not Iraq had attempted to buy uranium." Let me say it again: This trial is about a cover-up that failed.

Net-betting Crackdown Freezes Funds (USAT)

By Jon Swartz, Usa Today

USA Today, February 2, 2007

SAN FRANCISCO — The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services.

The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry.

And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers.

Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved.

"The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place," says Michael Tew, principal of gaming consultant CapitalHQ. "This could take years." Funds from other gambling sites are not tied up, Tew and others say.

Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. An attorney representing the company declined to comment.

Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling.

Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business.

Neteller offers few instructions for customers trying to cash out their accounts. "We are working to resolve all withdrawal issues, but in the meantime we continue to maintain these funds in trust on your behalf," says a posting on the company's website.

Neteller declined to comment. The company processed more than $7 billion in online gambling transactions in its 2005 fiscal year. FBI Agent Neil Donovan says funds from Neteller are being held in court as potential evidence. Some customers may get their money back, but he did not provide a timetable.

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A law signed by President Bush in October bans the use of credit cards, checks and electronic fund transfers for Internet gaming. U.S. residents place more than half of all bets to major offshore casinos.

BetOnSports has settled civil charges with the Justice Department, but not criminal charges. Carruthers' case is separate.

Notorious NYC Crack Kingpin Convicted Of Murder For Paying To Have Rivals Killed (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, February 2, 2007

(AP) - NEW YORK-A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 (â,¬38,400) to have two rivals gunned down in 2001.

A jury deliberated five days before finding Kenneth "Supreme" McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued.

In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent.

The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label.

Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million (â,¬770,000) in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate.

"That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens," prosecutor Carolyn Pokorney said during closing arguments. "And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue."

The defense told jurors that both victims were known thugs who were armed when killed. It also argued that the government had built its case on the false testimony of admitted criminals hoping to see their prison time reduced.

The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole.

U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an "absurd" waste of time and money. The prosecutors told him this week the officials had not changed their minds.

Defense lawyer David Ruhnke said that though he was disappointed with the verdict, "We're pretty confident this jury will spare his life."

The mother of one of the victims, Karen Cameron, told reporters outside court that she opposed a death sentence for McGriff. "Death is not the answer," she said.

McGriff was originally indicted along with Lorenzo and Lorenzo's brother Chris, a Murder Inc. executive. After being granted a separate trial, the brothers were acquitted in 2005 of money-laundering charges.

McGriff succeeded in making a straight-to-video film, "Crime Partners 2000," that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

At the Supreme Team's peak, McGriff and his nephew, Gerald "Prince" Miller, employed scores of crack dealers in and around a Queens housing project and took in $200,000 (â,¬153,600) a day, authorities said.

The team used rooftop sentinels with two-way radios to thwart police. It inflicted violence against rivals and traitors, resulting in at least eight murders in 1987 alone, authorities said.

McGriff's was among three death penalty trials occurring simultaneously at the same federal courthouse.

Last month, a jury spared the life of a gang member convicted of murder. Earlier this week, a jury sentenced to death the killer of two undercover police detectives - the first federal defendant sentenced to death in New York City since 1954.

Man Convicted In 2 Killings; U.S. To Pursue The Death Penalty (NYT)

By William K. Rashbaum

The New York Times, February 2, 2007

DOJ_NMG_0125979

A jury in federal court in Brooklyn yesterday convicted a notorious crack kingpin with ties to the rap music industry of hiring a hit team from Harlem to murder two rivals in 2001, crimes for which he could face the death penalty.

Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer.

The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years.

In the case decided yesterday, the jury, after a three-week trial, found the convicted trafficker, Kenneth McGriff, guilty of racketeering, conspiracy to distribute narcotics and other crimes. The jury acquitted him of murder in aid of racketeering and gun charges.

During the roughly 10 minutes it took for the jury forewoman to read out the verdicts on each of the 17 counts against him, Mr. McGriff, wearing a dark olive green vest and trousers, white shirt and tie, appeared relaxed and unmoved. He leaned back in his chair several times, then watched intently as the court clerk polled each juror.

After the panel, which had deliberated for three and a half days, left the courtroom, Mr. McGriff smiled broadly at friends and family members in the courtroom gallery and pursed his lips together as if to blow kisses.

The aunt of one of the victims wept as she left the courtroom.

Minutes later, standing in a hallway waiting for the elevator, the mothers of the two victims, still breathless and appearing shaken by the jury's verdict, suggested that they hoped the panel would spare Mr. McGriff's life.

"Death is not the answer — there's been enough death," said Karen Cameron, whose son, Eric Smith, was one of the men slain by the hit team Mr. McGriff hired six years ago for $25,000 for each killing.

"I don't want anybody's death on my hands," said Bessie Singleton, the mother of the other man, Troy Singleton.

The assistant United States attorneys who prosecuted the case — Carolyn Pokorny, Jason Jones and Jeffrey Rabkin — had presented evidence that Mr. Smith was killed in retaliation for the slaying of Mr. McGriff's friend, Culbert Johnson. They alleged that Mr. Singleton was slain because Mr. McGriff feared he would retaliate for the killing of Mr. Smith.

Beginning Tuesday, the jury will hear evidence in the penalty phase, and will then weigh whether to vote to execute Mr. McGriff or sentence him to life without parole.

One of his lawyers, David A. Ruhnke, said he was disappointed with the verdict but was "pretty confident" the panel would spare his client's life.

"We're certainly grateful to learn that the victim's families are not interested in a death sentence in this case, and we'll be discussing with the government whether that changes their minds," Mr. Ruhnke said later.

The verdict came a week after the judge in the case, Frederic Block, in unusually blunt remarks from the bench, called the government's effort to seek the death penalty "absurd" and a waste of taxpayers' money. Outside the presence of the jury, he urged the prosecutors to forward his remarks to their Justice Department superiors in Washington and to ask them to abandon the endeavor.

The prosecutors told the judge earlier this week that they had passed on his concerns to the United States attorney general, Alberto Gonzales, but that they were going to pursue the death penalty.

The defense had argued that Mr. McGriff, after serving a federal prison term of six years, had abandoned crime and drugs and sought to produce music and movies with Irving and Chris Lorenzo, two rap producers for the Murder Inc. label who were known professionally as Irv and Chris Gotti.

Mr. McGriff was originally indicted in January 2005 along with the Lorenzos, who were charged with laundering drug money through the label. Their cases were separated from Mr. McGriff's, and they were acquitted in December 2005.

Chris Lorenzo was in court yesterday, and after the verdict said only, "I was here for a friend I'm supporting."

Ex-U.N. Official Jailed Pending Trial (AP)

By Larry Neumeister, The Associated Press

AP, February 2, 2007

NEW YORK (AP) — A judge revoked the bail of a former senior United Nations official and ordered him detained until his trial on bribery charges.

Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. His trial is expected to begin as early as next month.

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Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial. Part of his collateral included Manhattan apartments Bahel was alleged to have purchased at a discount as a reward for awarding contracts.

The man accused of offering the bribes, Nishan Kohli, has pleaded guilty and admitted that he made cash payments and real estate deals with Bahel to benefit himself and the companies he represented.

Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States.

The judge said his immigration status was "precarious" but not illegal.

Hung Jury In Coca-Cola Conspiracy Trial (NSDY/AP)

By Harry R. Weber, Ap Business Writer

Long Island Newsday, February 2, 2007

ATLANTA -- A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision.

"We are a hung jury, have taken several polls and we feel we are unable to reach a decision," the foreperson said in a note to U.S. District Judge J. Owen Forrester.

Forrester did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams.

The jury already has deliberated nine hours over two days.

Williams, who faces up to 10 years in prison if convicted, was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

The government says Williams was deeply in debt, unhappy in her job and seeking a big payday, so she embarked on the scheme to steal trade secrets.

Defense lawyer Janice Singer urged jurors to use their common sense. She argued that prosecutors did not prove their case beyond a reasonable doubt.

Singer suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified earlier this week she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Assistant U.S. Attorney Byung J. Pak said during his closing argument Wednesday that the key under the mat claim was one of many lies told by Williams.

During two days on the stand, Williams testified that she didn't steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400, and that was after her July 5 arrest.

Williams' credibility has been an issue for the jury to weigh during its deliberations.

Camden Redevelopment Corp. Records Subpoenaed (CAMCP)

By Jim Walsh, Courier-Post Staff

Camden Courier-Post, February 2, 2007

CAMDEN -- State and federal investigators are probing a private nonprofit organization run by Randy Primas, the city's former chief executive, an official said Thursday.

The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes.

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The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year.

Primas could not be reached Thursday evening.

He previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group.

The subpoenas were served to the Camden Redevelopment Agency and the Municipal Clerk's office, which retains city records, Fuentes said.

"We will cooperate fully," said the council president, who added he was unaware of the specific documents requested.

Fuentes said Theodore Z. Davis, a retired state Superior Court judge who succeeded Primas as the city's chief operating officer, "is in full support." Davis could not be reached.

David Wald, a spokesman for the state Attorney General's Office, said the agency does not confirm or deny investigations. An FBI spokesperson echoed the same comment.

The chief operating officer, who is appointed by the governor, is the city's most powerful official under a state-funded turnaround program. Primas left the $175,000 job on Dec. 8.

City Council members in November voted unanimously to approve the land sale as part of a planned $18.5 million affordable housing project by Michaels Development Co. of Marlton.

Michaels is to build the apartments and manage the project, said Joel Silver, the firm's vice president. The nonprofit organization is to own the land and lease it to Michaels for 98 years.

A majority of council members have said they did not know Primas was the nonprofit's chairman or that his organization would receive $30,000.

Arijit De, former executive director of the city's redevelopment agency and former secretary of the private nonprofit, has said the private organization received no special treatment. He could not be reached Thursday.

At a legislative hearing on Camden's turnaround effort on Tuesday, Primas said he resents the implication "that somehow I'm self-dealing. I'm not."

But, he said, "Perhaps, in hindsight, we probably wouldn't do it that way again."

Fuentes said all city administrator are to undergo mandatory ethics training in the near future. The training, to be provided by the state, is required under an ordinance that was recently approved by council, he said.

Separately, state and federal grand juries are investigating legal fees paid by the Camden Redevelopment Agency to state Sen. Wayne Bryant, D-Lawnside.

Reach Jim Walsh at (856) 486-2646 or jwalsh@courierpostonline.com

More Subpoenas Focus On Camden Redevelopment (PHI)

By Dwight Ott And Jennifer Moroz

The Philadelphia Inquirer, February 2, 2007

Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday.

The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families.

"I think it may have to do with Cramer Hill," said Theodore Z. Davis, Camden's acting state-appointed chief operating officer, referring to the latest subpoenas.

Davis and agency attorney Martin McKernan referred questions about the subpoenas to the Redevelopment Agency's new executive director, John Kromer. Kromer was out of town yesterday and could not be reached.

The Redevelopment Agency directs Camden's state-financed recovery and is the focal point for any Camden development plans.

The new request for records comes at a time when the agency has been under fire for a deal brokered by a private nonprofit corporation headed by former Camden chief operating officer Melvin R. "Randy" Primas Jr. and the former Redevelopment Agency executive director, Arijit De.

In the deal, the nonprofit Camden City Redevelopment Corp. - headed by Primas and De - partnered with the Michael's Development Co. to obtain six Camden properties. Those properties were then turned over to the city and leased from the Redevelopment Agency by Michael's for $477,000, according to Kromer. Primas' corporation was paid a $30,000 administrative fee.

The land in question was part of an $18.5 million affordable-housing project of 78 apartments for low- to moderate-income people in Cramer Hill.

The deal raised questions because Primas served as chairman of both the Redevelopment Agency and the nonprofit corporation.

Kromer said earlier this week that the Redevelopment Agency was reflecting on the ethics of the arrangement. Still, he said, other redevelopment deals in Camden have long used similar practices.

"In the future it won't be done," Kromer added.

Kromer recently replaced De, who quit as the agency's chief in December. Primas resigned as Camden's chief operating officer in November. Davis replaced him until the governor names a permanent replacement.

Mafia Boss Pleads Guilty To Racketeering (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 2, 2007

FORT LAUDERDALE, Fla. -- The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison.

Renaldi "Ray" Ruggiero, 73, admitted in a plea agreement that he was a "capo" in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property.

"I plead guilty, your honor," Ruggiero told U.S. District Judge James Cohn.

Sentencing was set for April 27 for Ruggiero, who could also be fined $25,000. Ruggiero pleaded guilty to racketeering conspiracy, but did not agree to cooperate with federal Mafia investigators in his deal.

The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130 other undercover recordings that provide details about the group's plots and crimes.

Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending.

One of the pending cases is that of 96-year-old Albert "Chinky" Facchiano. He is also a "made" member of the Genovese family and has a long criminal history dating to the 1930s, according to federal prosecutors.

Ruggiero, who has a home in Palm Beach Gardens, had never been arrested before last June on the federal charges, according to the FBI. He became the top Genovese boss in South Florida in 2003, court documents show.

Facchiano is also named in a New York federal grand jury indictment against numerous other Genovese family members. His attorneys have filed papers asking that the New York and Florida cases be consolidated in Florida for a possible plea agreement.

Suspect Pleads Guilty To Racketeering (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 2, 2007

The Palm Beach Gardens grandfather accused of running South Florida operations for the Genovese crime family pleaded guilty to racketeering conspiracy Thursday in Fort Lauderdale federal court.

Renaldi Ruggiero, 73, faces up to 20 years in prison for his role in organized criminal activities that include robberies, extortion, money laundering and loan sharking between 1994 and 2006. Sentencing is set for April 27.

Another mob figure charged in the case, 96-year-old Albert "The Old Man" Facchiano, is set to plead guilty in coming weeks. The two men, who prosecutors described as members of La Cosa Nostra, and four alleged Genovese associates were charged in June. The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved.

Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew "broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect."

Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent.

A November 2003 search of Ruggiero's home turned up records of about 40 loans made by Ruggiero at annual interest rates ranging from 52 percent to 156 percent, prosecutors said.

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The loans were made with the understanding that any delay in paying them back could result in violence, according to authorities.

In addition to those records, the government's evidence against Ruggiero included thousands of recorded phone calls and tapes made by two undercover agents.

On Jan. 24, a federal magistrate upheld the wiretap evidence, rejecting a bid from Ruggiero's attorney to have it thrown out.

Lawyer Michael Salnick said the legal setback and serious heart problems convinced Ruggiero to enter a plea deal with the government.

Ruggiero did not agree to cooperate with investigators, Salnick said.

Salnick bristled at prosecutors' description of his client as a "capo."

"That's a TV movie term as far as I'm concerned," Salnick said. "He has admitted his involvement in certain criminal acts."

Priest Suspected In Attack Arrested (NSDY/AP)

By Amanda Lee Myers, Associated Press Writer

Long Island Newsday, February 2, 2007

PHOENIX -- A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said.

The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix.

He was being held in a county jail in Phoenix on a federal charge of unlawful flight to avoid prosecution. But that charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said.

Chaanine has been a fugitive since the alleged Jan. 26 assault of 54-year-old office worker at the Our Lady of Las Vegas parish, where the priest was an administrator.

The woman told Las Vegas police that she was sitting at her desk when Chaanine broke a full bottle of wine over her head, grabbed her by the hair and dragged her down a hall toward his office.

She fought back, lost consciousness, and awoke with Chaanine touching her private parts, according to the police report. She continued fighting until Chaanine straddled her and grabbed her throat. She told detectives she began to pray for her life before the attack suddenly stopped.

The woman told police that after the attack Chaanine muttered that he was going to kill himself. He said he would call an ambulance, and left the church, she told police.

Chaanine has been suspended with pay from his position as church administrative pastor.

In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine.

"We are relieved that Father Chaanine has been found and now justice can be served through the legal process," Pepe said. "We have worked closely with the authorities and are hopeful that the information we provided proved helpful."

Chaanine, a native of Lebanon, was ordained in 1996 and worked at churches in Detroit, Youngstown, Ohio, El Paso, Texas, and Wheeling, W.Va., before beginning work at Our Lady of Las Vegas in 2004, the diocese said.

* —

Associated Press writers Ryan Nakashima, Kathleen Hennessey and Ken Ritter in Las Vegas contributed to this report.

Hoosier Admits Katrina Fund Fraud (FWNS)

The Fort Wayne News-Sentinel, February 2, 2007

INDIANAPOLIS — A Bloomington man pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college loans, federal authorities said. Alan King, 29, was charged with theft of government money, loan fraud, false use of Social Security numbers and student financial aid fraud.

Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005.

2 Saucier Women Arrested In Katrina Fraud Cases (BSH)

Biloxi Sun Herald, February 2, 2007

GULFPORT, Miss. - Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina.

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Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26. The charges carry maximum penalties of 25 years in prison and $500,000 in fines.

Indictments say the women claimed to live at neighboring addresses along Mississippi 67 in Saucier when the hurricane hit, though they did not live there. It also says both women claimed their homes and personal possessions were damaged.

Indictments also say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005.

Man Sentenced In Cisco Scam (BOSH)

By Jay Fitzgerald, Boston Herald General Economics Reporter

Boston Herald, February 2, 2007

A Pepperell man and former worker at Hanscom Air Force Base was sentenced yesterday to more than four years in prison for scamming Cisco Systems out of more than $4.7 million.

Nicholas Stoupis, 36, who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment.

Stoupis, who last year pleaded guilty to four counts of mail and wire fraud, would set up bogus e-mail accounts with Hanscom addresses, according to a press release issued yesterday by U.S. Attorney Michael J. Sullivan.

Stoupis would then monitor Cisco's site for any recalled products, such as computer networking equipment, and ask that replacement materials be sent to his home. The products would then be sold on the Internet by Stoupis, who claimed they were previously used by the military.

Man Sentenced In Military Contract Fraud (BOS)

The Boston Globe, February 2, 2007

BOSTON --A man who worked as a military contractor at Hanscom Air Force Base was sentenced Tuesday to four years and three months in prison after pleading guilty to charges he ran a scheme to steal $4.7 million worth of products from Cisco Systems, Inc.

U.S. District Judge Richard G. Stearns also ordered Nicholas Stoupis, 36, of Pepperell, to pay $3.1 million in restitution to the California-based company, according to the U.S. Attorney's office. Stoupis also was ordered to serve three years of supervised release after his prison term.

Stoupis pleaded guilty Oct. 5 to two counts of mail fraud and two counts of wire fraud.

Prosecutors said he carried out the scheme from July 2004 through March 2006, creating e-mail accounts in the name of fictitious people using a Hanscom address, and using them to order replacements for recalled products that had been sold to the military or to contractors.

Stoupis had the goods sent to his home, then sold them over the Internet, prosecutors said.

Stoupis' attorney, Robert F. Casey Jr., did not immediately return an after-hours message seeking comment.

Woman's Bail Revoked In Child Pornography Case (PHI)

By John Shiffman

The Philadelphia Inquirer, February 2, 2007

A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography.

Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl.

Prawdzik's lawyer, Regina Coyne, did not deny the encounter, but said Prawdzik suffered from depression and memory loss, and did not recall the incident until confronted by investigators.

Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children.

In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail.

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Afterward, Worman's lawyer, S. Lee Ruslander, said he did not know if his client could get a fair trial in Philadelphia, given the publicity surrounding the case. He also questioned why Worman was held on state charges for nearly a year before a federal grand jury indictment was brought.

Federal sentences for child pornography are typically stiffer than state charges. If convicted of more than one of the 51 counts in the federal indictment, Worman faces a minimum mandatory sentence of 25 years. The advisory federal guidelines also recommend an even longer sentence: life in prison.

Prawdzik and another former Worman girlfriend, Concetta Jackson, face at least 15 years in prison if convicted of just one count of aiding him.

Assistant U.S. Attorney Michael Levy said Jackson, 44, "effectively ran a day-care center... and she bascially allowed Mr. Worman to have unsupervised control over the female children."

"Her statements to the FBI and Delaware County law enforcement officers were that she would occasionally go upstairs to check on the children because she had this uncomfortable feeling, but basically allowed it to happen."

Jackson's lawyer, Mark Wilson, said, "No one is denying that she was aware that he was taking pictures that might be inappropriate. The question is whether that knowledge is sufficient to meet criminal liability."

Wilson added: "There is no evidence that she molested anyone or that she saw it happen."

Jackson is a disabled former convenience-story employee who divorced her abusive husband in 1999, her lawyer said. She met Worman in 2002, when her landlord sent him to inspect her home. They began to date and he moved into the home in 2003.

"He became abusive toward her and essentially had her under his thumb," Wilson said.

Since the indictment, Wilson said, neighbors have yelled at her and thrown bricks and eggs at her home.

U.S. District Judge Lawrence F. Stengel, who presided over hundreds of sexual-abuse cases as a state judge in Lancaster, ordered Jackson confined to her home pending trial.

In an unrelated case, Stengel yesterday sentenced a 58-year-old married father of three from Reading to 18 months in prison for possessing child pornography.

Edward E. Williams had pleaded guilty to possessing 159 images of child pornography on his computer. Williams told Stengel that he had been abused as a child and did not get sexual satisfcation from viewing the images, but looked at them to try to understand why others would.

Also yesterday, a Missouri man, Mark Wagemann, was sentenced to five years in prison for traveling to Philadelphia to meet for sex a girl he believed to be 14. He met her online.

The "girl" was an undercover FBI agent. When Wagemann was arrested at Philadelphia International Airport, Wagemann was carrying Viagra, bubble bath and a poem.

Journalists Pay Deadly Toll In Reporting News (AP)

By Hope Yen

AP, February 2, 2007

WASHINGTON — The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday.

The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia.

In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links.

"There has never been a more dangerous time to be a journalist," said Lucie Morillon, Washington director of Reporters Without Borders. "But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate."

The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S.

At least 60 people are in prison worldwide for posting criticism of their governments online.

China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said.

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In the U.S., the report said journalists and bloggers' "freedom of expression" is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike.

Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course.

Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism.

"It has become vital to examine new technology from a moral standpoint and understand the secondary effects of it," the report said. "If firms and democratic countries continue to duck the issue ... we shall soon be in a world where all our communications are spied on."

Iraq was the most deadly country for journalists last year, with 39 reporters and 26 other media workers killed. Among them were two Americans — Paul Douglas of CBS and his sound man James Brolan, while the rest were Iraqis.

At least 30 journalists were arrested by Iraqi security forces during 2006. The U.S. Army arrested eight media workers, including AP reporter Bilal Hussein, who was taken into custody in April and has yet to be charged.

During the international uproar over cartoons of the Prophet Muhammad, countries did little to help journalists who were threatened or arrested, the report said.

"It was as if, fearing a fight with Arab and Muslim regimes, Europe, for one, renounced all desire to make itself heard," the report said.

The Muhammad drawings were first published in September 2005 in the Danish newspaper Jyllands-Posten and were reprinted four months later by a range of Western publications, triggering massive protests from Morocco to Indonesia and some attacks on Danish embassies.

Inmate Who Fled With Official's Wife Is Sentenced For Escape (NYT)

By Ralph Blumenthal

The New York Times, February 2, 2007

MANGUM, Okla., Feb. 1 — A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping.

Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember.

The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living together in a trailer on a chicken farm in East Texas in April 2005.

"I took her with me," Mr. Dial testified under cross-examination after offering a rambling account from the witness stand of what he portrayed as plots by prison authorities to kill him.

"Did she help you or assist you?" asked an assistant district attorney, Eric Yarborough.

"I don't know," Mr. Dial responded, after acknowledging that the couple had driven off together in Ms. Parker's van. To follow-up questions, he also replied, "I don't remember."

Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live.

But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying.

"He'll never live to see daylight out in the world again," said the lawyer, Jim Hines.

Correction officials refused to allow Mr. Dial to shake hands with one of his nine children, Roxanne Dial, 24, who was in court. In a pre-sentencing statement, Mr. Dial said he escaped in fear of his life after being put in prison with an African-American gay man he thought might have AIDS and after a leader of a white supremacist group "informed me I would be decapitated for dealing with a n-word person."

"I'll tell you what I did. I left town in 24 hours," Mr. Dial testified.

He also said Ms. Parker had told him perhaps 50 times while they were together that "if I ever came back I would be killed" and that "her husband would see to it."

The husband, Randy Parker, to whom Ms. Parker returned after she and Mr. Dial were found, dismissed the account as a fabrication. Mr. Parker said he believed his wife's account that she had been abducted and held against her will in fear of Mr. Dial's underworld connections. Mr. Parker is now facility security operations director for the Oklahoma Department of Corrections.

The case began in 1981 when a martial arts instructor, Kelly D. Hogan, was shot to death in Broken Arrow, Okla. The murder remained unsolved until 1986, when Mr. Dial confessed that he was the killer. He said in court Thursday that he had mistakenly believed that Mr. Hogan might have sold drugs to one of his children.

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Mr. Dial ended up in a series of prisons. At the reformatory in Granite, he said he helped the warden design a wellness center, where, he said, he met Ms. Parker and ended up working on art projects at the Parker home.

He said security was so lax that after he and Ms. Parker drove away in her van on Aug. 30, 1994, his absence was not discovered until Ms. Parker called her mother that evening.

On Nov. 9, 2001, Mr. Dial called a Tulsa author and former homicide detective, Charles W. Sasser, who had written a book about him, "At Large." Mr. Sasser in a later postscript to his book said Mr. Dial put Ms. Parker on the phone and she said, "I'm fine; I'm happy."

Mr. Sasser said he told the F.B.I. about the call, but the pair remained elusive until April 4, 2005, when agents and Texas Rangers, acting on a tip from the television program "America's Most Wanted," surprised Mr. Dial in his trailer. Investigators said it was clear that the two had been sharing a bedroom, and they found letters the two had exchanged. Ms. Parker, it turned out, had called 911 when Mr. Dial suffered a heart attack and rode with him in the ambulance to the hospital.

Mr. Yarborough, the prosecutor, citing the pre-sentence report, dismissed Mr. Dial as not to be believed.

"The defendant definitely spins a good yarn," he quoted from the report. "It's difficult to tell where reality ends and fantasy begins."

Abducted Boy, Mom Reunited (WT)

By Arlo Wagner

The Washington Times, February 2, 2007

LINTHICUM, Md. -- A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national.

"My grandma told me we would never find him," said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport.

Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale.

Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status.

Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother.

"I couldn't be away from my child that long," said Mrs. Baldwin, 29, who then began searching the Internet for clues. "My heart told me I had to find [the mother of] this child. If I'm an overprotective mother, that's what I'll be."

She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children.

"I knew it was him," said Mrs. Baldwin, who was at the reunion and also has children.

Abraham clutched a tan, wool teddy bear but showed no emotion upon reuniting with his mother.

"I thought he had gone to Mexico," said Miss Debrodie, who started crying again when she said her grandmother died last month. "My grandma is proud of me right now."

Mrs. Baldwin said she saw Mr. Monroy and the boy in a red car. She wrote the car's tag number on her hand, then called police.

With help from state police Sgt. Ron Riggin, authorities took the boy, who his mom nicknamed Dakota, into protective custody.

"Mrs. Baldwin and Sgt. Riggin have brought these happy results," said the agency's Sgt. Russell Newell, who arranged the reunion and for the boy to fly back to Missouri with his mother.

"This is good," Sgt. Riggin said. "There are a lot of bittersweet endings in these cases."

The reunion was postponed nearly two hours because social services workers were delayed in delivering the boy to the airport.

Miss Debrodie presented to her son the blue-and-pink baby blanket he carried with him while in Jefferson City.

"I asked him if he wanted to go to the house and he said 'Yes,' " Miss Debrodie said. "He wanted to go home. We're going to have a welcome-home party tonight. ...I've never been in Maryland before. I want to go back home."

Miss Debrodie said she also has two daughters, including 3-month-old Gicana, whom the boy has never seen.

While Miss Debrodie was awaiting the arrival of her son, American Airlines official Nicole Summann heard her say the trip home would end late last night because they would have to wait in Chicago for a flight to St. Louis. So Mrs. Summann arranged for an earlier flight directly to St. Louis from Ronald Reagan Washington National Airport.

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"It was the thing to do," she said.

Transit Police Try To Crack Down On Robbers (WP)

By Lena H. Sun

The Washington Post, February 2, 2007

The number of robberies throughout the Metro transit system increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday.

The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies.

Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said.

In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell.

Transit Police Chief Polly Hanson said in a statement that she was "extremely proud" of the robbery unit and would keep it going in 2007. Also last year, a Metro police officer joined an FBI-sponsored regional robbery task force and will continue to share intelligence and tips with other area law enforcement agencies, Metro officials said.

Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said.

"Sometimes they're in casual clothes; sometimes they're at observation points," Foxwell said. "They use a number of deployment methods."

Robberies also rose in the region last year. In Montgomery County, they were up significantly in the first half of 2006, with 584 robberies through June 30, a 37 percent increase over the same period in 2005. Preliminary 2006 figures in Fairfax County showed an increase in robberies of at least 6 percent, while the District's preliminary figures showed that robberies were down about 5 percent from 2005.

Metro's crime report revealed that the total number of serious crimes rose to 1,270 in 2006, up about 11 percent from 1,145 in 2005. Serious crimes include aggravated assault and robberies as well as motor vehicle theft and larceny.

The figures also showed more serious crimes taking place in parking lots, with 812 crimes reported in 2006, an increase of 14 percent from the 714 reported in 2005. Foxwell said most of the crimes in parking lots are vehicle thefts and thefts from vehicles.

Late For Court: Connecticut Case Draws Scrutiny (NYT)

By Alison Leigh Cowan

The New York Times, February 2, 2007

NORWALK, Conn., Feb. 1 — Some call the “failure to appear” charge a prosecutor’s best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms.

Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison.

Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back.

It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge.

She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance.

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Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield.

"We thought it set a bad example," said John A. East III, a senior assistant state's attorney, who argued in court papers that rather than rely on her boyfriend to rouse her, Ms. Khadijah should have set an alarm or perhaps brewed herself a strong cup of coffee.

But Gerald B. Lefcourt, a past president of the National Association of Criminal Defense Lawyers, said the case "is really right out of Catch-22." "There's no way to win when you have a system that is so inflexible and so lacking in understanding," he said.

At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge.

Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls "other offenses."

New York State's Division of Criminal Justice Services said its records showed 444 convictions on bail-jumping last year and 465 the year before — a fraction of Connecticut's 6,539 in 2006, and fewer even than the 596 in Norwalk (these numbers include those related to motor-vehicle charges).

Asked why New York's figures were so much lower than those across the state line, a spokesman for the agency, Mark Bonacquist, said he was "not making any comment as to whether our statutes are similar to Connecticut."

Here in Norwalk, some lawyers contend that prosecutors and judges are overusing the charge to solve all manner of other problems. Norwalk ranks sixth among Connecticut's 35 courts — including many that are far larger and busier — for the total number of failure-to-appear cases disposed of last year, and had by far the highest rate of conviction on such cases, just shy of 55 percent, of the courts with the highest volumes.

"Failure to appear should be a last resort," complained Jon L. Schoenhorn, a Hartford lawyer who is the president of the Connecticut's Criminal Defense Lawyers Association. "You can only put so much pressure on parties to move cases along before the pressure is seen as an abuse of discretion."

Alfred Blumstein, a criminologist at Carnegie Mellon University, called the Connecticut situation "mind-boggling."

"Showing up late for court is certainly inappropriate but to be convicted of it as a felony sounds so extreme," he said. If a defendant is not there when called, he wondered of the courts, "Can't they juggle their schedules a little bit?'"

Ms. Khadijah, who twice went to prison in the 1990s on drug and other charges, said she did not set out to take on the criminal justice system. Rather, she said, her focus over the last decade has been on supporting herself and her daughter, now 5, of whom she once lost custody.

"Because I'm a felon, it's hard to get a job," said Ms. Khadijah, a high school graduate who worked in a factory packing Nivea skin cream, delivered pizzas, and worked at a law firm. She has also been evicted for failure to pay rent, and sought bankruptcy protection in 2005 to cancel the $30,000 she owed her criminal lawyer, Sam Kretzmer.

The missed court date stemmed from a February 2002 police raid of the Round Tree Inn on Westport Road, where Ms. Khadijah was living. She was charged with possession of narcotics and risk of injury to a child, though she accused the police of entering her room without a warrant and claimed that the drugs they found were not hers. Court records show Ms. Khadijah kept 20 court dates over the next 18 months without a hitch.

She knows the drill cold. Dress respectfully, so court officials see that you understand the severity of the charges. Arrive early, leaving plenty of time to clear the metal detectors. Sit politely, even if you must wait all day to be called.

"We used to be there at 9 a.m. and leave at 5 p.m. every day, just like I worked there," Ms. Khadijah said of herself and her boyfriend, Darri Woodhouse, a co-defendant in the drug case.

According to her testimony in the failure to appear case, Ms. Khadijah arrived home from her Norwalk Hour paper route at 8 a.m. on Aug. 13, 2003, the second day of jury selection for the drug trial. She sat on the couch and told Mr. Woodhouse to wake her if she dozed. He didn't.

Instead she was roused by a telephone call from her lawyer about 11 a.m., 15 minutes after she had been instructed to arrive. Ms. Khadijah raced to the courthouse full of apologies, getting there at about 11:30 — minutes after Judge Susan Reynolds had dismissed jurors and ordered her charged with failure to appear in the first degree.

Ms. Kretzmer had assured the judge that her client was on her way and asked for five minutes' grace. "This is not a cocktail party," the judge replied. "This is the most important thing in her life, and she's 45 minutes late."

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The judge offered to vacate the arrest if Ms. Khadijah entered a guilty plea instead of going to trial, an offer her lawyer rejected. The charges were dismissed five months later by a different judge, who agreed that the police had erred by entering without a warrant.

So prosecutors pressed on to trial in January 2004 on the lone remaining offense — failure to appear.

"It's like hitting an ant with a hammer," said Mary Anne Royle, a lawyer who has been helping Ms. Khadijah with her appeals. Mr. Schoenhorn, the leader of the state's criminal defense bar, called the decision to continue the prosecution after the drug charges disappeared "a sour-grapes type of vindictive act."

But Mr. East, the prosecutor, said "we have to be aggressive" in pursuing such cases.

"Failures to appear are a big problem in our courts," he said. "They clog up the docket and cost the state a lot of money."

Ms. Khadijah was convicted of failure to appear once before, 16 years ago, a misdemeanor that led to the first of her two stints at the York Correctional Institute in Niantic and that she said was a proper response by the system.

That conviction was used to cast doubt on her testimony in her recent failure-to-appear case.

As that case undergoes further review, both sides acknowledge that precedents on the subject are skimpy, since the issue rarely gets litigated. Both sides cite a 19-year-old Washington, D.C., case about a habitually late lawyer who overslept one day, called the court to say he would not be coming and went back to bed, according to the appellate panel's summary.

Connecticut prosecutors note that the resulting contempt charge stood on appeal, while Ms. Khadijah's lawyers use the case to highlight the contrast between the lawyer's response and her efforts to race to court once awakened.

Other lawyers reached back 23 years to find a Connecticut case, Gionfrido v. Wharf Realty, in which a plaintiff's lawyer left Middletown for Hartford on a lunch break to retrieve a file and was 26 minutes late returning to court because he "lost track of time" and hit traffic.

The Middletown judge dismissed the lawsuit moments after the lunch break ended when the plaintiff's lawyer did not show up. The Connecticut Supreme Court called the dismissal "harsh" but ruled that the lower court had not abused its discretion in light of the need to process cases "in a timely and efficient manner."

The treatment of tardy defendants is hardly uniform. On a recent morning here, some no-shows got a pass, in the form of a letter reminding them of their obligation to appear in court. Others had their bond increased. At least one was ordered rearrested.

Neatly dressed in a cowl-neck sweater, flowing skirt and brown wig to hide hair loss she said stems from stress, Ms. Khadijah arrived promptly for a 10 a.m. appearance on her most recent arrest, in December, in which she was accused of reckless driving and criminal mischief in a vacant lot. "Because I've been in trouble before, I'm an easy catch," she said afterwards of her seeming inability to stay out of court.

After 73 other names and nearly three hours, Ms. Khadijah's name was called. She stood.

The exchange took less than one minute.

"Are you Ayanna Khadijah?" Judge Reynolds asked, as if they were meeting for the first time.

"Yes," said the defendant.

The judge instructed the prosecution to talk to other people involved in the December case. Ms. Khadijah was told to return in four weeks for another appearance.

Kaine Dubious On Death Penalty Expansion (WP)

By Michael D. Shear

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- Virginia Gov. Timothy M. Kaine, who ran for office pledging to enforce the death penalty despite his personal opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment.

Kaine (D), speaking to Washington Post reporters and editors, questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges.

"I do not look at the expansion of the death penalty with a favorable eye," Kaine said of legislation moving through both houses. Noting that Virginia is second to Texas in the number of executions, Kaine said, "I would not say that the problem in Virginia is that the death penalty is not applied enough."

Kaine made the comments during a wide-ranging two-hour interview Wednesday evening in which he also discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs.

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The governor said he does not intend to revisit the idea of constructing a Metro tunnel under Tysons, despite efforts by community and business groups that fear the traffic and development effects of an elevated track. Although the tunnel is the best option, Kaine said, he thinks that pursuing that option would risk the loss of nearly $1 billion from the Federal Transit Administration, which would kill the project.

"Unless [the tunnel advocates] were to get the FTA to say, 'We'll give you the $900 million either way,' we're just going to be delay, delay, delay," Kaine said. "And then potentially not get the money. . . . Time is not our friend on this."

Scott Monett, head of a McLean-based group pushing for a tunnel, disputed this, saying that the FTA has not said outright that reconsidering a tunnel would cause the loss of federal funding. The timing issue is less pressing, he said, because his group has paid $3.5 million to produce engineering plans for a tunnel.

In the debate over plans for a 240-mile power line through rural Frederick, Warren, Fauquier, Prince William and Loudoun counties, Kaine said Dominion should "absolutely" find a place to build the $1.4 billion line other than the proposed route, which has provoked anger from many residents and environmental groups.

Kaine was reluctant to suggest an alternative. Asked where the route should go, the governor paused, chuckled and said: "Well, yeah. Darn."

But then Kaine said he is encouraged by a new proposal in which Dominion could build the line along existing power lines, using a circuitous route that avoids the most sensitive parts of the countryside.

"I have spoken with the Dominion folks, and I have spoken with the folks up in Northern Virginia," Kaine said. "The notion of following some existing right-of-ways . . . might actually be a real possible one."

But the Piedmont Environmental Council, the main group opposing the line, argues that Dominion has failed to prove that Virginia needs the additional electricity and does not support any of the alternatives proposed by the company. "Our position is and has been that pushing it into someone else's back yard isn't a solution," said Robert W. Lazaro Jr., the group's spokesman.

The death penalty has been a sensitive subject for Kaine since he took office about a year ago.

During the campaign against former attorney general Jerry W. Kilgore (R), Kaine pledged to carry out executions even though he said his Catholic faith leads him to oppose it. Kaine has let three executions stand and has granted one stay of execution.

"Fidelity to the rule of law is a very important moral virtue," Kaine said in the interview. "Wrestling with how you balance these things out, there's no easy answer to that."

Kaine noted that Muhammad, the convicted sniper, still received the death penalty under a terrorism statute even though prosecutors didn't prove that he pulled the trigger.

"I go back to my question: 'Where's the problem' " with the application of capital punishment? Kaine asked. "It's like how many ways can you ban gay marriage? Virginia would like to do it nine times rather than eight times. The death penalty statute is kind of the same way."

Del. C. Todd Gilbert (R-Shenandoah), sponsor of the bill to repeal the law that makes only the person who carries out a killing eligible for execution, said a Kaine veto would be "a direct affront to victims" of crimes that involve more than one perpetrator. "When you have two people committing an act that brutal and heinous, they should be treated the same by law," Gilbert said.

Despite his skepticism about the need for an expansion of the death penalty, Kaine said it is possible that he could be persuaded to sign one of the bills this session.

He said, for example, that he might be able to accept the argument that judges are members of the law enforcement community and that killers of judges should be treated the same as killers of police officers.

"Are there really instances where there have been murder of judicial professionals but they haven't been able to be charged with capital crimes because they . . . are not law enforcement professionals?" Kaine asked. "If there is some weird gap that wasn't intended, I could see someone saying, 'See, this is a problem.' "

But, he added, "You know, I've got to be convinced there is a problem, and I've got to be convinced that the bill fixes a problem."

Staff writers Tim Craig, Alec MacGillis and Sandhya Somashekhar contributed to this report.

CIVIL LAW:

FEC To Police '527' Groups' Campaign Activities (WP)

By Matthew Mosk

The Washington Post, February 2, 2007

The Federal Election Commission said yesterday that it will police "527" groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for contributions, how they describe themselves, and how they spend their money.

If the groups make clear that they are advocating for or against a specific candidate, the FEC would regulate them.

"We're providing clear guidance," said FEC Chairman Robert D. Lenhard. "This makes it clear that the existing rules will be enforced."

The FEC filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups.

Some of the groups, which are called 527s because of their designation in the tax code, raised and spent large sums of money to pay for nuanced political ads that appeared to be intended to skirt the new federal rules.

The objective of the lawsuit, filed in 2004, "was to get the FEC to issue regulations to make clear to 527 groups when they would be required to register and report as political committees" and, as a result, be limited to raising much smaller sums from individual donors, said Fred Wertheimer, an advocate of campaign finance reform who is working on the case.

The FEC said that it will continue to resist issuing specific regulations. It noted that recent fines imposed on 527 groups such as MoveOn.org and Swift Boat Veterans for Truth made clear that the agency will not tolerate 527 organizations engaging in campaign activity aimed at promoting or tearing down a presidential candidate.

Wertheimer and representatives of the Campaign Legal Center, who have been challenging the FEC on its approach, declined to react to the court filing yesterday, but said that they will be back in federal court next week to schedule a formal response.

CIVIL RIGHTS:

Lawsuit Says Apartments' No-dog Policy Biased Against The Blind (AP)

AP, February 2, 2007

PHILADELPHIA - The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster apartment complex, alleging their rental policies discriminate against the visually impaired.

The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides.

Department of Justice officials posing as potential renters conducted the investigation into the complex's policies.

The investigation found the apartments use discriminatory housing practices by "refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling," the complaint said.

The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected.

"The services of guide dogs are essential to individuals with visual impairments," Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. "Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment."

Justice Department Settles Cibola County Voting Rights Claim (AP)

AP, February 2, 2007

GRANTS, N.M. (AP) - The U.S. Department of Justice has settled voting rights claims against Cibola County.

The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday.

Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county.

The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge.

"I felt that the county had been complying but the Justice Department felt there were a few problems" that warranted the extension, Diaz said.

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American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said.

"Voting is the most sacred thing that all of us have," he said. "The commissioners and the clerk wanted to make sure things are done right. She (Clerk Eileen Martinez) didn't mind the Justice Department looking over her shoulder for another two years."

Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it.

The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls. Provisional ballots are counted after the election once officials determine the person is a qualified voter.

Miss. Voting Rights Trial On Break, Resumes Feb. 15 (AP)

AP, February 2, 2007

JACKSON, Miss. - A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections.

Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites.

Noxubee County is a rural area along the Alabama line with a majority black population.

On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice.

Lee, who is hearing the case without a jury, has not indicated when he might rule.

The trial began Jan. 16 in federal court in Jackson.

Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority.

"White voters clearly prefer white candidates over African-American candidates, and they frequently are on the losing end of the elections because their candidate preferences are not shared by the African-American voters," Engstrom wrote in a report he did for the Noxubee County Democrats.

However, Justice Department expert Theodore Arrington said Brown and his "political machine" have exploited the election process to ensure blacks control the county.

"Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of ... elections in Noxubee County," Arrington testified last month. "And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud."

Engstrom is a consultant at the University of North Carolina School of Law's Center for Civil Rights in Chapel Hill, N.C.

Arrington is chairman of the political science department at the University of North Carolina in Charlotte, N.C.

In letting Engstrom testify for the Democrats, Lee overruled a federal magistrate who had earlier barred the expert's testimony because he came too late into the case.

Lee said Engstrom should be heard "in the interest of fairness" for letting both sides fully present their cases.

State Appeals Justice Ruling On Chastang (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), February 2, 2007

The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision "an affront to the state's sovereignty and federalism itself."

In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang.

The Justice Department's decision "invites chaos into state governmental functioning," the letter stated.

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Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it "appears to diminish the opportunity of minority voters to elect a representative of their choice."

The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace.

Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters.

"Where state government makes a change that is regressive as far as the voting rights of minorities are concerned, that's the purpose of the Voting Rights Act itself," he said.

A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking.

State Reps. Yvonne Kennedy, James Buskey and Bill Clark filed the suit in 2005 in response to the Republican governor appointing the conservative Chastang to fill the commission seat vacated when Sam Jones was elected mayor of Mobile.

Chastang's district has historically elected Democrats to the commission.

If nothing else, the appeal makes it likely that Chastang will be in office at least for the immediate future. Gonzalez has 60 days to rule on the request for reconsideration, and if he doesn't overturn the ruling, the state could appeal to the U.S. District Court for the District of Columbia, a "time-consuming" process, King wrote.

Chastang said he is pleased with the state's efforts to keep him in office. He blamed local politics for creating the problem in the first place.

"Politics is playing a big part in this situation," Chastang said. "It's a shame we can't all get along and try to serve the people and do what's right for the people."

In his letter, King goes through 155 years of Mobile County government history in an effort to show that Riley's appointment should be ruled valid.

In 1852, the state code noted that any vacancy in the Court of County Commissioners in Mobile County would be filled by a gubernatorial appointment.

That arrangement lasted for more than 130 years, until the state passed a 1985 law allowing vacancies on the Mobile County Commission to be filled by special election. The state had that law pre-cleared by the Justice Department, as is necessitated by the 1965 federal Voting Rights Act.

In 1987, the new law came into effect, and Jones won a special election to fill a vacancy for the District 1 seat on the commission.

After that election, the new law was targeted in a lawsuit and in 1988 was ruled unconstitutional by the State Supreme Court, which said it conflicted with a general law giving the governor appointment power for such vacancies.

Then-Gov. Guy Hunt appointed Jones to the seat he had held for more than a year, and Jones kept it for the next five elections.

In 2004, the state passed a new law allowing counties to have special elections to fill vacancies, as long as a local law is passed to establish those elections.

When Jones left office in 2005, local Democrats argued that the 2004 law meant a special election should be held to fill the seat, as dictated by the 1985 local law.

Riley, however said the 2004 state law did not revive the previous local law, and he still had appointment power in Mobile County. The Alabama Supreme Court sided with him, and he appointed Chastang.

That's when Kennedy, Buskey and Clark filed the federal lawsuit, which argued that the appointment violated the Voting Rights Act because the state never pre-cleared a change back to gubernatorial appointments after the 1985 law was ruled unconstitutional.

The federal court agreed, and forced the state to seek Justice Department pre-clearance to return to gubernatorial appointment. The Justice Department denied that request last month.

King argued that because the 1985 special election law was only used once, and then was declared unconstitutional, the pre-clearance it received should be invalidated, which would make Riley's appointment compliant with federal law.

King also attacks the Justice Department ruling on other grounds. He criticizes the logic that the appointment disenfranchised the majority-black district because Riley was elected by a majority-white population, saying that the Justice Department should look at the demographics of the entire county, which is majority-white.

Also, he writes, the Justice Department ruling "fails to acknowledge that Samuel L. Jones and Juan Chastang are African American."

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King also poked fun at a section of the Justice Department ruling that said the state did not prove the voters in District 1 would have elected Chastang in a special election.

"It is not clear how the state could prove such a thing," King wrote. "(U)nknown is the identity, if any, of Mr. Chastang's fictional opponent. In our experience, the results in elections frequently turn on the identity of the candidates."

Texas Deputy To Pay Price For Defending Self (WT)

By Jerry Seper

The Washington Times, February 2, 2007

A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States.

The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month.

The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year -- "followed the letter of the law" in defending himself in the April 2005 incident and questioned why the government brought charges.

"This is a fine young man, and I just don't believe he committed the wrong of which he was accused," Sheriff Letsinger said. "I have never had anything hurt me so badly as this prosecution. We've got to make this right."

Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as "Gilmer," "another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America."

"Once again, our government is on the wrong side of the border war," Mr. Poe said.

The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills.

Hernandez, 25, and his wife, Ashley, have a 4-month-old daughter.

"The town is outraged that this has happened to our deputy," said the Rev. Albert Green, pastor at the First Baptist Church. "Those people were in this country illegally, and they tried to run him down. They were the criminals, but the prosecutors made our deputy out to be the criminal.

"I do not know a single person who doesn't feel Gilmer was prosecuted for doing his job," said Mr. Green, who is the deputy's pastor. "I do not know a finer, more well-behaved gentleman. He would not purposely or willfully hurt anyone."

U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away "knowing it was occupied with the nine individuals," at least seven of whom were illegal aliens -- some of whom later were called to testify for the government.

Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating "under the color of law" the civil rights of Maricela Rodriguez-Garcia, a Mexican national.

The woman was struck in the lip by bullet or other metal fragments after an 11:50 p.m. traffic stop in Rocksprings in April 2005. Reports said Hernandez fired shots at the blue Chevrolet Suburban's rear tires as it sped off after being stopped for running a red light.

Acquitted on a second count regarding injury to another passenger, he will be sentenced March 12 at the Del Rio court.

Assistant U.S. Attorney Bill Baumann, who prosecuted the case, told reporters that the law does not give law-enforcement officers the right to use "deadly force to stop a car unless it poses an imminent threat to the officer or another person. If the car is going away from you, it's not even a close call."

Mr. Sutton's office convicted Border Patrol agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in a crime of violence and a civil rights violation. They were sentenced to 11 and 12 years, respectively.

Shana Jones, spokeswoman for Mr. Sutton, did not return calls for comment yesterday.

Sheriff Letsinger said an investigation found that Hernandez approached the vehicle and found only the driver was sitting upright and suspected the others were illegal aliens. He said the driver, after being asked to step out of the vehicle, pulled forward and turned into Hernandez -- fleeing from what the sheriff described as the deputy's "legal stop."

Thinking the driver had tried to run him over, he said Hernandez fired at the vehicle's rear tires. He said at least one of the people inside the vehicle confirmed that the driver had turned it into the deputy.

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Sheriff Letsinger, with three deputies to handle all law-enforcement matters in a 2,000-square-mile county, called the Texas Rangers after the incident to investigate what happened. He said he also called the Mexican Consulate because Mexican nationals were involved, and the consulate later notified the FBI.

The Rangers' incident report, the sheriff said, noted that after firing shots, Hernandez returned to his patrol car, notified dispatch and pursued the vehicle until it crashed into a fence -- at which time the occupants, except for Mrs. Rodriguez-Garcia, fled.

Mrs. Rodriguez-Garcia, Ivonne Hernandez Morales and Candido Garcia Perez, all occupants in the vehicle, told investigators that they paid $2,000 to be taken across the Rio Grande from Acuna, Mexico. They said they later met the vehicle's driver and a guide, who were to take them to Austin and Dallas.

Sheriff Letsinger also said the Rangers and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) agents, using dogs and metal detectors, found four shell casings at the traffic stop site but none at the crash site -- discounting claims by two of the vehicle's occupants that Hernandez fired shots at them as they fled the vehicle.

The Texas Rangers did not respond to calls yesterday.

Noting that prosecutors offered the deputy probation in exchange for a guilty plea, the sheriff said, "This young man didn't do anything wrong and wasn't about to say he had. I think that speaks to his character."

In the Border Patrol case, Ramos and Compean testified that they shot Osbaldo Aldrete-Davila in the buttocks only after he assaulted Compean and pointed a weapon at both of them. Prosecutors and later a federal jury in El Paso disagreed. Aldrete-Davila abandoned 743 pounds of marijuana before fleeing back into Mexico.

Hairdresser To The Elite Faces New Lawsuit (WP/AP)

Associated Press

The Washington Post, February 2, 2007

Andre Chreky Accused by a Second Former Employee of Sexual Harassment

Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months.

An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia.

Lawyers for Chreky and his salon denied Barrett's allegations. Chreky is fighting similar charges by another former employee, Jennifer Thong, who sued in September.

Barrett claims Chreky repeatedly told her that if she wanted to go to the White House or have contact with President Bush or his family, she would have to come to the salon early in the morning, before other employees arrived. Barrett "understood this to be . . . a thinly veiled threat that if she wanted to advance in her career she needed to accede to his sexual demands," according to the lawsuit.

Barrett says that the advances and inappropriate comments began in 2003, shortly after she returned to the salon, where she had worked in the 1990s. She was fired in December 2005.

Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving.

A lawyer for Chreky, David J. Sullivan, said in an e-mail that Barrett's account of events "simply never happened."

"Hundreds of clients and scores of employees -- as well as Mr. Chreky's wife, who manages the salon's business -- are in and out of every square foot of the salon all day long," he said.

Florida Shifting To Voting System With Paper Trail (NYT)

By Abby Goodnough And Christopher Drew

The New York Times, February 2, 2007

DELRAY BEACH, Fla., Feb. 1 — Gov. Charlie Crist announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election.

Voting experts said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million

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cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count.

Several counties around the country, including Cuyahoga in Ohio and Sarasota in Florida, are moving toward exchanging touch-screen machines for ones that provide a paper trail. But Florida could become the first state that invested heavily in the recent rush to touch screens to reject them so sweepingly.

"Florida is like a synonym for election problems; it's the Bermuda Triangle of elections," said Warren Stewart, policy director of VoteTrust USA, a nonprofit group that says optical scanners are more reliable than touch screens. "For Florida to be clearly contemplating moving away from touch screens to the greatest extent possible is truly significant."

Other states that rushed to buy the touch-screen machines are also abandoning them. Earlier this week, the Virginia Senate passed a bill that would phase out the machines as they wore out, and replace them with optical scanners. The Maryland legislature also seems determined to order a switch from the paperless touch screens, though it is not clear yet if it will require the use of optical scanners or just allow paper printers to be added to the touch screens.

On Monday, Representative Rush D. Holt, Democrat of New Jersey, plans to introduce a bill in Congress that would require all voting machines nationwide to produce paper records through which voters can verify that their ballots were recorded correctly. A majority of House members have endorsed the proposal, and the changes have strong support among Senate Democrats. Mr. Holt's bill would also substantially toughen the requirements for the touch-screen machines that have printers, and experts say this could give even more impetus to the shift toward the optical scanning systems.

Mr. Crist, a Republican, at times drew whoops and applause when he announced his plan at the South County Civic Center in Palm Beach County, the epicenter of the 2000 election standoff and home of the infamous "butterfly ballot" that confused many voters. The touch screens had replaced the punch-card systems that caused widespread problems that year.

"You should, when you go vote, be able to have a record of it," Mr. Crist told a few hundred mostly older citizens at the civic center, in Delray Beach, where many residents said they accidentally voted for Patrick J. Buchanan in 2000 instead of Al Gore because of the confusing ballot design. "That's all we're proposing today. It's not very complicated; it is in fact common sense. Most importantly, it is the right thing to do."

Mr. Crist's renunciation of touch-screen voting one month after he replaced Jeb Bush as governor of the nation's fourth-most-populous state, suggested that the fight for paper voting records, long a pet project of Democrats, might become more bipartisan. Mr. Crist made the announcement with Representative Robert Wexler, a Democrat from Delray Beach who has ardently led the movement for a paper trail and has attacked Republicans along the way.

"I support this plan 100 percent," Mr. Wexler said before introducing Mr. Crist. "This governor means what he says, and he's coming to Tallahassee and he's spreading the message throughout Florida that this isn't about Republican or Democrat, it's not about this ideology or that; it's about unifying people and doing what's right for the people of Florida."

The 15 Florida counties that have adopted touch-screen voting in recent years, including Miami-Dade, Broward, Palm Beach and Hillsborough, would move to optical-scan voting under the proposal before the presidential election of 2008. The plan would give them the option, however, of using touch-screen machines during the state's two-week early voting period that precedes Election Day, if the machines are modified to provide a paper trail. Those counties represent 54 percent of the state's registered voters. Broward County alone has bought about 6,000 touch-screen machines in recent years, and Palm Beach County has about 4,500.

Mr. Crist said county election supervisors would explore how to make optical-scan voting easier for blind people and for those who speak foreign languages. In some cases, they have been able to vote without assistance on the touch-screen machines.

Asked how he felt about discarding tens of millions of dollars worth of touch-screen machines just years after they were acquired, Mr. Crist said, "The price of freedom is not cheap. The importance of a democratic system of voting that we can trust, that we can have confidence in, is incredibly important."

Election experts estimate that paperless electronic machines were used by about 30 percent of voters nationwide in 2006. But their reliability has increasingly come under scrutiny, as has the difficulty of doing recounts without a paper trail. Federal technology experts concluded late last year that paperless touch-screen machines could not be secured from tampering.

Some states had bought early versions of the paperless machines before the 2000 recount, and one of them, New Mexico, switched last year to optical scanners. But most of the machines in other states were purchased with federal money provided under a 2002 law that required states to upgrade from old punch-card and lever systems.

New York is planning to buy either screens with printers or optical scanners, New Jersey is adding paper trails to its touch screens and Connecticut is buying the optical scanners. A recent survey by Election Data Services, a Washington consulting firm,

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estimated that 36 percent of the nation's counties have bought electronic machines, including some with printers attached, while 56 percent have the optical scan systems.

Mr. Holt said his bill would require the return to paper ballots by next year's presidential primaries, and it would authorize $300 million in federal money to upgrade the machines. Some state and county election officials say it could be difficult to make such sweeping changes by then.

But, Mr. Holt said, "it depends on how badly we want to do it. The public is getting very impatient here."

In Sarasota County last November, more than 18,000 voters who used touch-screen machines did not have their votes recorded in the close Congressional race between Vern Buchanan, the Republican, and Christine Jennings, the Democrat. Mr. Buchanan took office last month after a recount gave him a 369-vote victory, but Ms. Jennings has sued.

Former Governor Bush, President Bush's younger brother, generally defended touch-screen voting during his tenure and said skeptics had fallen prey to "conspiracy theories." But leading up to the 2004 presidential election, the Republican Party of Florida sent out fliers urging voters to use absentee ballots because of the absence of a paper trail.

Experts say the optical scanners are less expensive than the touch-screen systems. But Kimball W. Brace, the president of Election Data Services, said optical scanning systems had had a slightly higher rate of voter error than touch screens.

Gays Should Be Allowed To Serve Openly In Military, Poll Finds (WSJ)

The Wall Street Journal, February 2, 2007

A new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military.

By comparison, 19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve "only if they keep their sexual orientation a secret," and 18% said they should "not be allowed to serve in the military at all."

The survey, conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's "Don't Ask, Don't tell" policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military.

Forty-six percent of respondents said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%). And among political parties, Republicans are more likely to support this policy (51%) than Democrats (25%) or Independents (31%), while 18% of Americans remain undecided about the policy.

The poll also asked whether Americans agree with comments by John M. Shalikashvili, the former Chairman of the Joint Chiefs of Staff, who wrote in a recent New York Times editorial that if gays and lesbians served openly in the U.S. military, they would not undermine the efficacy of the armed forces. Fifty-seven percent of respondents said they agree with his comments, compared with 31% who disagree.

ANTITRUST:

Municipal Broker Receives Subpoenas In U.S. Probe (Update3) (BLOOM)

By Adam L. Cataldo

Bloomberg, February 2, 2007

Feb. 1 (Bloomberg) -- PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market.

The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week.

``As a registered broker dealer we are required to maintain all the files and records that the subpoena requested," said Mary Packer, the company's president, in a telephone interview. ``We fully cooperated in supplying these in the full knowledge they were complete and absolute."

PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding.

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U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial.

Request for Information

New Jersey required firms to describe any pending litigation or ``federal or state investigations or audits, subpoenas or other information requests" they have received since 2002, according to the state's Dec. 18 questionnaire.

In its response, PackerKiss said it received subpoenas that ``largely request information related to transactions involving the investment or reinvestment of the proceeds of tax-exempt bonds. The company, its principals or employees have not been identified as a target of any government inquiry or investigation."

The U.S. Department of Justice's Antitrust Division and the Securities and Exchange Commission issued the grand jury subpoenas, according to PackerKiss. They were served on or about Nov. 15.

First Southwest in its response said the company is cooperating with the U.S. investigation and acknowledged ``providing requested documents and information." The firm didn't specifically acknowledge receiving a subpoena, though Hill Feinberg, Southwest's chairman and chief executive, has said the firm got one.

Most Qualified

Tom Vincz, a spokesman state Treasurer Bradley Abelow, said in a statement that the Office of Public Finance evaluated all of the responses, and recommended Southwest because it was the most qualified. The state sold the $3.6 billion of so-called tobacco debt last week and will use proceeds to pay off existing higher-cost bonds.

Sound Capital Management, based in Eden Prairie, Minnesota, Bond Logistix LLC, based in New York, and First Albany Cos., based in Albany, New York, also applied for the New Jersey reinvestment job.

Sound Capital, one of three brokers raided by U.S. investigators in November as part of the probe, said it is ``part of" of the investigation. The company didn't provide further information except to say that no sanctions or penalties had been brought against the firm or its employees.

Sound attorney John Lundquist, a lawyer with Fredrikson & Byron PA in Minneapolis, said the company wouldn't comment.

Bond Logistix said it is unaware of any administrative proceedings, audits, investigations, or subpoenas involving the firm, its owners, or employees. First Albany said that to its knowledge, neither the firm nor its owners, principals or employees were involved in any litigation of a ``material nature."

Calls to Ken Gibbs, First Albany's executive managing director, and managing directors Edward Flynn and William Torsiglieri weren't returned.

Microsoft Plans To License Instructions (AP)

AP, February 2, 2007

BRUSSELS, Belgium -- In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers.

The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate.

EU regulators fined Microsoft in July for failing to submit the "complete and accurate" data it said was needed for rival server software to work with Microsoft's ubiquitous Windows desktop operating system.

Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols.

Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive.

The EU hasn't asked for those specific materials, only for Microsoft to enable competitors' software to be compatible. An EU spokesman couldn't be reached for comment.

United CEO Says Mergers Still Viable (USAT)

By Marilyn Adams

USA Today, February 2, 2007

WASHINGTON — US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for other airline mergers, United Airlines CEO Glenn Tilton said Thursday.

Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines "would be different if the two companies and the boards agreed."

A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers.

He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues.

His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have "ground to a halt."

US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer.

Tilton spoke to an American Bar Association meeting on the first anniversary of United's exit from bankruptcy reorganization. Chicago-based United, the USA's No. 2 carrier, reported a $25 million profit for February through December.

Tilton said continuing resistance in Washington to industry consolidation remains an obstacle. He cited a hearing last week before the Senate Commerce Committee, where several senators questioned the potentially negative effect of a US Airways-Delta merger on fares, air service and jobs.

Tilton called on the U.S. government to make it easier for airlines to compete with foreign carriers. Now that airlines are cutting their costs in and out of bankruptcy, the government should "finish the job of deregulation" so airlines can compete globally as do other industries, he said.

Tilton is a former executive of Texaco, which merged with Chevron in 2001.

In Europe, Air France merged with Dutch airline KLM in 2004 to become the world's largest airline in terms of revenue.

"Our international competitors are merging across borders, expanding, growing more profitable, investing in new aircraft," he said.

Tilton said the U.S. government should loosen restrictions on foreign investment in U.S. airlines. He urged restrictions on flights between the USA and big foreign markets be removed. Restrictions still exist, for example, on air service between the USA and the United Kingdom and mainland China.

ENVIRONMENT:

U.N. Report Adds Pressure To Global-Warming Fight (WSJ)

By Gautam Naik, Jeffrey Ball

Wall Street Journal, February 2, 2007

A report being published today that more authoritatively and explicitly links human activity to global warming is expected to increase pressure on governments and companies to reduce fossil-fuel emissions.

A summary of the new report -- put together by hundreds of scientists and backed by more than 100 governments -- is expected to assert that human activity is "very likely" the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions.

The new document contains "a strengthening of findings, a narrowing of uncertainty and filling up of the gaps" linking human activity to long-term warming trends, said Rajendra Pachauri, chairman of the Intergovernmental Panel on Climate Change, which is publishing the report today. The IPCC was formed by the World Meteorological Organization and the United Nations Environment Program.

This summary document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change.

Already, governments and companies are acting. The European Union two years ago began imposing emission constraints on several big industries and is in the process of tightening those restrictions. A similar battle is brewing in the U.S., where Democrats -- who recently gained control of Congress -- are discussing plans to cap greenhouse-gas emissions. U.S. electric utilities emit large quantities of carbon dioxide and are likely to be the first to be regulated.

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One reason for the growing political consensus is that the data linking fossil-fuel emissions to rising temperatures are becoming more reliable. President Bush, in his State of the Union address last month, implicitly endorsed the notion that fossil-fuel emissions contribute to global warming. After laying out a series of policy proposals to encourage oil alternatives such as ethanol, he said such technologies will, in addition to curbing U.S. dependence on foreign oil, "help us to confront the serious challenge of global climate change."

Steve Johnson, the administrator of the U.S. Environmental Protection Agency, hailed the IPCC report, saying, "Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us." Similarly, Exxon Mobil Corp., which has in the past made strong public statements about remaining uncertainties in global-warming science, now says climate science is growing more robust. Exxon says it has stopped funding several groups that questioned the validity of concerns about global warming.

The new report raises a key estimate of how much the earth is likely to warm as a result of an increase in greenhouse gases. It also predicts that human-induced warming will increase the intensity of hurricanes, an issue of particular interest to the insurance industry.

The assessment states that there is a 90% chance that global warming is caused by humans, according to a person familiar with the document. The previous IPCC report, published in 2001, had said humans were "likely" the trigger for warming trends, which indicated a 66% probability of a link.

The new report also says a doubling of greenhouse gases will likely raise the planet's temperature by more than two degrees Centigrade, at a minimum, the person said. The assessment six years ago said the temperature would likely rise by a minimum of 1.4 degrees Centigrade.

The assessment states that human activity is leading to warmer oceans, which in turn is likely to give rise to more intense and damaging hurricanes.

Political Climate Shifts As Verdict On Warming Arrives (USAT)

USA Today, February 2, 2007

Perhaps it's a sign of confidence that a group of the world's top climatologists would issue a global warming report on Groundhog Day, rather than some time in July. A few years ago such a report, released just as frigid air surged into North America, might have produced some chuckles or shrugs. But not this time. Too many of the world's leaders, in government and business, see the same things as these scientists do.

Indeed, today's report by the Intergovernmental Panel on Climate Change, created nine years ago by the United Nations, makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps.

The more daunting questions, though, are what can be done about global warming, and whether it can be done soon enough to matter. So far, political resistance has prevented dramatic action. The 1997 Kyoto Protocol, which assigns mandatory greenhouse reductions, was never signed by the United States and is too lenient on developing countries such as China and India, sources of much of the growth in greenhouse gases.

Further, the window to begin fixing the problem is narrow — perhaps as little as a decade, according to NASA scientist James Hansen — while the cost of fixing it would be felt by nearly everyone. Energy prices would have to rise, and habits would need to change.

Posed against those familiar obstacles is something newer and more interesting: The political climate for change appears to be improving, perhaps radically, despite the cost.

No longer is concern limited to scientists and environmental groups. Business leaders are joining the fray as well. Last month, 10 major companies, including General Electric, DuPont and BP, called on Congress to take action. Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address.

Across Europe, global warming is now a top priority among governments and the public. In the United States, individual states have started responding out of frustration at the mismatch between federal inaction and the severity of the problem.

A rise of a few degrees in the world temperature would likely cause more severe extremes in weather, a decrease in freshwater supplies and increased coastal flooding. In the USA, where more than half of the population lives within 50 miles of a coast, that is a disturbing prospect.

This awakening is particularly encouraging because it echoes trends that have overcome severe, expensive environmental problems in the past. Odd as it might sound now, water pollution was so bad in 1969 that the Cuyahoga River in Cleveland

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caught fire. Air in major cities was unpleasant to breathe. Both problems were seen as enormously costly to fix. Neither proved unaffordable. The same is true for acid rain and the ozone hole.

Addressing global warming needn't bankrupt U.S. motorists. At least in the initial phases of global warming plans, the biggest change is likely to be in a reduction in the use of coal, because that fuel produces far more carbon dioxide per unit of power than other fuels.

The most commonly cited approaches are cap-and-trade system, which would impose mandatory limits and allow companies to trade them. Another is a tax on fuels based on the amount of carbon dioxide they emit.

The biggest challenge, now that so many opinion leaders in the West recognize the problem, is bringing along the developing world. Countries such as China and India have a right to the fruits of economic growth long enjoyed elsewhere. But if only the developed world adopts strict policies, then some of the most polluting industries might simply migrate abroad.

Technology holds the key. Developing countries needn't make all of the environmental mistakes made in the West if they have better technologies for power generation and transportation.

Higher energy prices would certainly have broad economic impact. But they would have benefits as well. Energy-tax revenues could be used to reduce other taxes. Reductions in greenhouse gases would likely reduce other pollutants as well.

The United States has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming. Even if it means getting started in the middle of a cold wave.

Live With Climate Change (USAT)

By Patrick J. Michaels

USA Today, February 2, 2007

It's hardly news that human beings have had a hand in the planetary warming that began more than 30 years ago. For nearly a century, scientists have known that increasing atmospheric carbon dioxide would eventually result in warming that was most pronounced in winter, especially on winter's coldest days, and a cooling of the stratosphere. All of these have been observed.

However, actually "doing something" about warming is a daunting endeavor. The journal Geophysical Research Letters estimated in 1997 that if every nation on Earth lived up to the United Nations' Kyoto Protocol on global warming, it would prevent no more than 0.126°F of warming every 50 years. Global temperature varies by more than that from year to year, so that's not even enough to measure. Climatically, Kyoto would do nothing.

In the past four years, the Senate has voted twice against "cap-and-trade" legislation — sponsored by New Mexico senators Jeff Bingaman, a Democrat, and Pete Domenici, a Republican — that would set quotas on carbon emissions and let companies buy and sell them. If adopted, their cap-and-trade law would reduce emissions by less than the Kyoto Protocol specifies. In other words, the Senate has been loath to even adopt something that does less than nothing.

The stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and — a truth that everyone must know — we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming.

Consequently, the best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future.

Fortunately, we have more time than the alarmists suggest. The warming path of the planet falls at the lowest end of today's U.N. projections. In aggregate, our computer models tell us that once warming is established, it tends to take place at a constant, not an increasing, rate. Reassuringly, the rate has been remarkably constant, at 0.324°F per decade, since warming began around 1975. The notion that we must do "something in 10 years," repeated by a small but vocal band of extremists, enjoys virtually no support in the truly peer reviewed scientific literature.

Rather than burning our capital now for no environmental gain (did someone say "ethanol?"), let's encourage economic development so people can invest and profit in our more efficient future.

People who invested in automobile companies that developed hybrid technology have been rewarded handsomely in the past few years, and there's no reason to think environmental speculators won't be rewarded in the future, too.

Patrick J. Michaels is senior fellow in environmental studies at the Cato Institute and author of Meltdown: The Predictable Distortion of Global Warming by Scientists, Politicians, and the Media.

Judge Looking To Release Material From Rocky Flats Grand Jury (AP)

By Jon Sarche, The Associated Press

AP, February 2, 2007

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DENVER - A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant.

But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released "cast us adrift in uncharted waters."

Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released.

Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules.

The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released.

In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future.

Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released.

"These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious," Matsch said.

Attorney Kenneth Peck, a former grand juror who is pursuing his case separately from the other 17 former grand jurors, said it was "ludicrous" that he and other grand jurors were prohibited from reporting what he said were possibly criminal acts by prosecutors.

Details of the allegations by the former grand jurors are sealed. But attorney Jonathan Turley, who represents 17 former grand jurors, said releasing information about the allegations could spark congressional and criminal investigations.

Rocky Flats, about 10 miles northwest of Denver, made plutonium bomb triggers from the 1950s until it was shut down in 1989. The Energy Department has said a seven-year cleanup of the site is complete, and portions are to become a wildlife refuge.

From 1989 to 1992, the grand jury reviewed evidence and heard testimony from more than 100 witnesses about alleged environmental crimes. The grand jury recommended indictments against two corporations and eight people.

Prosecutors refused to sign the indictments and instead reached a plea agreement with former plant operator Rockwell International, now part of aerospace giant Boeing Co., calling for the company to pay an $18.5 million fine.

In 1996, 18 members of the grand jury asked Matsch to release them from secrecy rules. At the time, Turley said he wanted the judge to determine if prosecutors had deliberately undermined the case to protect a government contractor.

He said the alleged misconduct should be punished, and said the grand jurors wanted to use the information to counter public statements that former prosecutors made about them after the grand jury was disbanded.

Turley submitted a sealed document in 1997 detailing the allegations, and interviewed former grand jurors under oath in closed hearings that year. He said Thursday that he was most interested in winning the release of that document and transcripts of the grand jurors' testimony.

"You have a grand jury accusing prosecutors of serious misconduct including possibly lying to Congress," Turley told Matsch. "I believe the people of the state of Colorado and of the United States have a right to know what it is that has motivated (my clients) for so long."

Peck wants Matsch to allow him to submit to legal regulators and investigative agencies an affidavit he submitted under seal detailing his allegations of prosecutorial misconduct.

Henry Solano, who was U.S. attorney for Colorado when the grand jury was working, has denied the allegations by the former grand jurors.

CDC Issues Guidelines For Battling Flu Pandemic (WP)

By David Brown

The Washington Post, February 2, 2007

ATLANTA, Feb. 1 -- States should be prepared to keep children out of school for three months, businesses should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work and cobble together rickety child-care arrangements.

That was the picture sketched Thursday by federal officials in a guidance for communities on how to fight pandemic influenza in the months before a vaccine becomes available -- if one ever does.

"We have tools in our tool kit that we can use now to slow down pandemic flu," said Martin S. Cetron, the director of global migration and quarantine at the Centers for Disease Control and Prevention, the country's chief public health agency. "These are tools we just are not used to using in recent decades, when all the attention has been on magic bullets."

The 106-page document issued by the CDC outlines "non-pharmaceutical interventions" against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness.

States and metropolitan areas would decide when to invoke various measures, such as closing schools and banning concerts and sporting events. The guidance, notably, did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged.

Nevertheless, without a vaccine, it will be a scary and dangerous time.

"We don't expect we would be able to protect everybody," the CDC's director, Julie L. Gerberding, said at a news conference here.

Pandemic America would be an old-fashioned place. People would spend most of their time with close relatives and a few neighbors. They wouldn't go to the movies, run to the supermarket on a whim, or hug people they barely know. The sick would be cared for at home unless they were near death. Everyone would shun the houses of the ill.

At the same time, many of today's habits and capabilities would remain.

Many adults would telecommute to work in a season of near-endless "snow days." Children would probably turn in homework over the Internet. Prescription drugs would be prescribed liberally as preventive medicines. A government-woven safety net would probably provide food, personal care and financial assistance to people who couldn't cope on their own.

The use of face masks -- popular during the epochal "Spanish influenza" of 1918 -- wasn't addressed in the "Community Strategy for Pandemic Influenza Mitigation" booklet. CDC planners are still doing research -- both experimental and historical -- to figure out how useful masks might be. They will provide guidance on their use later.

To help states, cities and towns decide when to invoke various measures, the new document outlines a five-category system for estimating a pandemic's danger. The gauge is analogous to the one used for hurricanes, although "case fatality ratio," not wind speed, is the key variable.

Case fatality ratio is the fraction of ill people who die. In the Spanish flu, which killed about 50 million people worldwide, the ratio in the United States was about 2.2 percent. (It was 10 times as high in some other parts of the world.) Spanish flu in modern America would kill about 1.8 million people; it is Category 5.

The case fatality ratio was less than 0.5 percent in 1957 and 1968, the two most recent pandemics, which rank as Category 2. In the current sputtering outbreak of H5N1 "bird flu" in Southeast Asia, the ratio is above 50 percent. But that virus doesn't have the ability to spread easily among people -- the essential feature of a pandemic strain.

Schools are society's most densely populated environments -- in square feet per person, eight times as dense as offices and more than 10 times as dense as single-family homes. In 1918, closing schools was the most effective tool for slowing the virus. Some cities experienced a roller-coaster ride of infection as schools were closed, opened and closed again.

A 2003 study found that children in day-care centers were 2.2 times as likely to get upper respiratory infections as children cared for at home. Day-care centers would be among the first institutions to close. But arrangements in which five or fewer children were cared for by a couple of families might still be safe, the study found.

Cetron warned that ignoring a pandemic's potential for societal disruption is futile. In 1918, schools eventually closed in most American cities, but it was too late in many to blunt the epidemic's mortality.

"It's not like those things are going to go away; we're just going to face them unprepared in a Category 5 event," he said. He added, invoking the memory of Hurricane Katrina, "And we all know what happens when we aren't prepared for a Category 5 event."

Flu Advice Would Vary Under U.S. Plan (WP/AP)

By Mike Stobbe

The Washington Post, February 2, 2007

ATLANTA -- In the worst case of a global flu epidemic, schools would close for three months and public events would be canceled.

In the most optimistic scenario, people merely would be told to wash their hands and stay home if they feel sick.

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Those are the options the government plans to consider depending on the strength of a possible deadly flu epidemic. And the options would be graded like hurricanes: The worst case would be Category 5. The least-threatening outlook, Category 1.

Federal officials on Thursday released a grading system for flu pandemics. The steps were taken to give the public some help in deciding how anxious to get if a deadly new flu appears in the United States.

The government also is releasing a wave of radio and TV spots to remind people not to be complacent about a potential contagion.

"As avian influenza slips from the headlines, people may begin to believe that the threat is no longer real," said U.S. Secretary of Health and Human Services Mike Leavitt, in a Thursday press conference in Atlanta.

The system has been eagerly awaited by state and local health officials, who will have to make many of the decisions about how to control the impact of the next pandemic flu.

Federal officials say they don't expect a vaccine will be available for such a virus until at least six months into a pandemic. On Thursday, Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus.

Under his declaration, all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010.

And although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300 million residents becomes ill.

So health officials plan to rely on old-fashioned measures ranging from home quarantine to closing schools and postponing sporting events. But those measures can increase a pandemic's economic fallout, and even have unintended consequences. Closing schools, for example, can keep adults home from work to care for children. And it doesn't help if older kids are sneezing on each other at the mall.

The new guidelines, from the U.S. Centers for Disease Control and Prevention, don't spell out exactly what infection-control steps states should take. But they do give an idea.

For example, in a Category 1 pandemic, there's no need to dismiss schools. But in a 2 or 3, states should consider dismissing students for up to four weeks. In a 4 or 5, they should consider closing the schools for up to 12 weeks.

CDC officials said categories are important because until now many people have thought of pandemic flu in black and white terms: Either a deadly contagion is upon is, or it isn't.

"Not all pandemics are equally severe," Dr. Julie Gerberding, the CDC's director, said Thursday in unveiling the new guidelines.

The CDC copied the nation's hurricane ranking system to help people size up the situation and to help communities make what Gerberding called "real tough decisions" about when and how to cut back normal activities.

But not everything is covered in the new guidance. For example, it says little about whether sick people or healthy people should wear masks, and if they do, what kinds.

"It's not a simple matter," Gerberding said, adding that more detailed advice on masks should be coming out soon.

Flu pandemics can strike when a mutating flu virus shifts to a strain that people never have experienced. Scientists cannot predict when the next pandemic will arrive, although concern is rising that the Asian bird flu might trigger one if it starts spreading easily from person to person.

Most planning until now has focused on the worst-case scenario of an outbreak as severe as in 1918, when 50 million people worldwide died. But the 20th century's other two pandemics, in 1957 and 1968, were far less severe, claiming 2 million and 1 million lives, respectively.

The 1918 pandemic was a primary model for current pandemic flu planning. Dr. Howard Markel, a University of Michigan health historian, said he believes the government's new grading system might have made a difference back then.

Federal health officials put out guidance then, too, but cities varied on what steps they took, said Markel.

States still have leeway, of course, and neighboring states may institute different measures in a new pandemic. But if the government comes out with clear advice, it will probably be followed more closely than it was in 1918, when governmental power was more local, he said.

"The federal government telling a local or state health board to do something was not met with warmly," he said.

Closings And Cancellations Top Advice On Flu Outbreak (NYT)

By Donald G. Mcneil Jr.

The New York Times, February 2, 2007

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ATLANTA, Feb. 1 — In the event of a severe flu outbreak, schools should close for up to three months, ballgames and movies should be canceled, and working hours should be staggered so subways and buses are less crowded, the federal government said Thursday in issuing new pandemic flu guidelines to states and cities.

Health officials acknowledged that such measures would greatly disrupt public life, but argued that they would provide the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months.

"We have to be prepared for a Category 5 pandemic," said Dr. Martin S. Cetron, director of global migration and quarantine for the federal Centers for Disease Control and Prevention, in releasing the guidelines. "It's not easy. The only thing that's harder is facing the consequences. That will be intolerable."

Officials are, for the first time, modeling the new guidelines on the five levels of hurricanes.

Category 1 assumes that 90,000 Americans would die, Glen J. Nowak, a spokesman for the disease centers, said. (About 36,000 Americans die of flu in an average year.) Category 5, which assumes 1.8 million dead, is the equivalent of the 1918 Spanish flu pandemic. That flu killed about 2 percent of those infected; the H5N1 flu now circulating in Asia has killed more than 50 percent of those infected but is not easily transmitted.

The new guidelines advocate having sick people and their families — even apparently healthy members — stay home for 7 to 10 days. They advise against closing state borders or airports because crucial deliveries, including food, would stop.

The report urges communities to think about ways to continue services like transportation and meal service to particularly vulnerable groups like the elderly and those who live alone.

The guidelines are only advisory, since the authority for measures like school closings rests with state and city officials, but many local officials have asked for guidance, Dr. Cetron said. The federal government has taken primary responsibility for developing and stockpiling vaccines and antiviral drugs, as well as masks and some other supplies.

The new guidelines are partly based on a recent study of how 44 cities fared in the 1918 epidemic conducted jointly by the disease centers and the University of Michigan's medical school. Historians and epidemiologists pored over hospital records and newspaper clippings, trying to determine what factors contributed to the varying impact.

A few small towns escaped the epidemic entirely by cutting off all contact with the outside, but most cities took less drastic measures. Those included isolating the sick and quarantining homes and rooming houses; closing schools, churches, bars and other gathering places; canceling parades, ballgames and other public events; staggering factory hours; discouraging use of public transport; and encouraging use of face masks.

The most effective approach seemed to be moving early and quickly. "No matter how you set up the model," Dr. Howard Markel, a leader of the study, said, "the cities that acted earlier and with more layered protective measures fared better."

Any pandemic is expected to move faster than a new vaccine can be produced; current experimental H5N1 vaccines are in short supply and are based on strains isolated in 2004 or 2005. Although the government is creating a $4 billion stockpile of the vaccine Tamiflu, it is useful only when taken within the first 48 hours, and Tamiflu-resistant strains of the flu have already been found in Vietnam and in Egypt.

"No one's arguing that by closing all the schools you're going to prevent the spread," Dr. Markel added. "But if you can cut cases by 10 or 20 or 30 percent and it's your family that's spared, that's a big deal."

School closings can be controversial, and picking the right moment is hard because it must be done before cases soar.

Several public health experts praised the guidelines, though there were objections to some aspects.

Dr. Michael T. Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota, said he saw no point in worrying about exactly when to close schools, because his experience in meningitis outbreaks convinced him that anxious parents would keep children at home anyway.

"I don't think we'll have to pull that trigger," Dr. Osterholm said. "The hard part is going to be unpulling it. How do the principals know when schools should open again?"

Other experts said that children out of school often behaved in ways that still put them at risk. Youngsters are sent to day care centers, and teenagers gather in malls or at one another's houses.

"We'll be facing the same problem, but without the teaching," said Dr. Irwin Redlener, director of the National Center for Disaster Preparedness at the Mailman School of Public Health at Columbia University. "They might as well be in class."

Dr. Cetron said that caring for children in groups of six or fewer would cut the risks of transmission. He also said that parents would keep many children from gathering.

"My kids aren't going to be going to the mall," he said.

The historian John M. Barry, author of "The Great Influenza" (Viking Adult, 2004), questioned an idea underpinning the study's conclusions. There is evidence, Mr. Barry said, that some cities with low rates of sickness and death in 1918, including St.

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Louis and Cincinnati, were first hit by a milder spring wave of the virus. That would have, in effect, inoculated their citizens against the more severe fall wave, and might have been more important than their public health measures.

Sites Of Risky Levees Listed (USAT)

By Peter Eisler

USA Today, February 2, 2007

WASHINGTON — Bowing to demands from news organizations, the Army Corps of Engineers revealed the locations Thursday of 122 levees nationwide that are so poorly maintained they could fail in a major flood.

Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people.

Maj. Gen. Don Riley, director of civil works for the corps, said he does not know how many people live near the levees or what the required repairs might cost. He said communities have one year to fix the problems.

If a levee's deficiencies are not corrected, people living nearby might have to buy flood insurance.

Some local officials said they need more time to find ways to pay for the repairs, which typically cost millions of dollars.

"A year may be too short for folks to respond and to have the resources to respond," said Susan Gilson, who heads the National Association of Flood & Stormwater Management Agencies, which represents local levee operators.

In many cases, the levees were built by the corps and turned over to local communities, which are responsible for maintenance. In those cases, Gilson said, "there should be a commitment at the federal level to share costs."

Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees.

USA TODAY and the Associated Press then requested the list under the Freedom of Information Act.

The full list can be seen at news.usatoday.com.

Riley said the corps wanted to wait to release the list until it finished notifying all communities responsible for maintaining those levees. He noted that 24 levees were dropped from the earlier count because some communities have corrected the problems. He said that the corps "will likely find more (levees) that are deficient" when additional inspections and reviews are done in the coming months.

Most of the levee problems found by the corps stemmed from tree and brush growth, animal burrows and erosion, Riley said.

"What we're doing at this point is making sure the maintenance requirements are met and having meetings with the levee owners … to make sure they understand what they need to do," Riley said.

If the levees aren't fixed:

•The corps could remove the levees from its inspection and rehabilitation program. That means the communities that own the levees would be ineligible for federal assistance to repair any damage the levees might suffer in a major flood.

•The Federal Emergency Management Agency could decide not to consider the levees adequate flood controls. Properties behind those levees would then be deemed high risks for flooding, and owners could be required to buy flood insurance policies costing hundreds of dollars a year or more.

Engineers Say 120 Levees Are Flood Risk (NYT)

By The New York Times

The New York Times, February 2, 2007

More than 120 levees around the country could fail in a major flood and need to be better maintained, the Army Corps of Engineers said yesterday.

The problems that led to what the corps called “unacceptable maintenance ratings” included erosion, tree growth on or too near levees, animal burrows and shifting soil.

California has the largest number of problems, 37, and Washington State has 19. Louisiana has no levees on the list, said Maj. Gen. Don T. Riley, director of civil works for the corps, because those on the Mississippi River are well maintained and those around New Orleans are being rebuilt and strengthened after Hurricane Katrina.

The list and more information are at www.hq.usace.army.mil /cepa/releases/leveesafety.htm.

In most cases, the corps built the levees and handed them over to local communities to maintain them.

The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said.

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There is more work to be done, he said, adding, “It is a concern.”

General Riley said the corps would send the information to the Federal Emergency Management Agency, which runs the National Flood Insurance Program.

If the program determines that the levees are not adequate, flood insurance rates for people living near them could increase.

The corps is looking at 2,000 levees.

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years In Prison (AP)

AP, February 2, 2007

TAMPA, Fla. -- A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said.

Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said.

Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering.

During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest.

"The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort," said U.S. Attorney Paul I. Perez. "The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue."

Telephone messages left after hours at the offices of Valencia-Trujillo's attorneys were not immediately returned.

20 Members Of Violent Street Gang Arrested In New Jersey Raids (NYT)

By David Kocieniewski

The New York Times, February 2, 2007

WEST TRENTON, N.J., Feb. 1 — Staging a series of raids that ranged from the suburbs of Philadelphia to the Jersey Shore, the police on Thursday arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey, the authorities said.

Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as “Money, Sex, Murder,” are considered the state’s most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005.

The raids on Thursday, which began before dawn and ended about 9:30 a.m., produced 300 grams of crack cocaine, 3 pounds of powdered cocaine and 9 illegal weapons, including a loaded Mac-11 submachine gun equipped with a silencer, the authorities said.

Most of those apprehended in the raids face charges of racketeering, conspiracy, extortion, money laundering or drug crimes; two were charged with murder. The authorities said that at least five other suspects were still being sought.

Gang members — many of them with prominently displayed dog paw tattoos on their necks and faces — were also believed to be at the center of a five-day shooting spree in March and April 2006 that left 15 people in Trenton wounded. The shootings, with one victim a 7-year-old girl who was wounded in the face, brought an outcry from community leaders.

The raids were the second major wave of arrests the New Jersey State Police have conducted since adopting a new strategy that focuses resources of more than a dozen state and federal law enforcement agencies not on the most visible gangs, but on the most violent.

“The not-so-subtle message is this,” Colonel Fuentes said. “The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors.”

New Jersey has seen a significant rise in gang violence in recent years as small groups of local drug dealers and street criminals have banded together in cities, suburbs and small towns across the state. While many have adopted the rules, rituals and violent street code of established national gangs, most operate independently. Lt. Col. Frank E. Rodgers, the state police

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deputy superintendent of investigations, said New Jersey was now home to at least 700 gangs with 20,000 members, many of whom were brought into the organizations while in prison.

In many crime-ridden neighborhoods, teenagers say they feel pressured to join gangs to protect themselves from street violence, and are then forced to commit crimes to maintain their status within the groups. The problem has become so pervasive that some communities, like the Trenton suburb of Hamilton, have enacted ordinances that make it a crime to recruit gang members near schools.

In July, the authorities carried out the largest gang-related operation in state history, arresting more than 60 members of the "Nine-Tre" set of the Bloods, who operated across the state. Evidence seized in that case led to the arrests on Thursday.

Gregory A. Paw, director of the criminal justice division in the state attorney general's office, said the Money, Sex, Murder gang used a sophisticated structure to manage a lucrative drug and cocaine business and was quick to use violence to protect and expand its operations.

Trenton's police director, Joseph J. Santiago, said that the arrests would help reduce some violence, but that the city was still plagued by far too many street gangs.

"We're going to keep coming after them," he said.

State, Federal Authorities Round Up Suspected Bloods Gang Members (NSDY/AP)

By Angela Delli Santi, Associated Press Writer

Long Island Newsday, February 2, 2007

TRENTON, N.J. -- State and federal agents rounded up 17 members of the Bloods street gang in a series of raids Thursday that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Fairless Hills, Pa., after a 10-month investigation. They are suspected members of the Sex Money Murder set of the Bloods, whose major source of money was drug trafficking.

Attorney General Stuart Rabner said the operation, the second major anti-gang initiative in seven months, is part of "a new, aggressive law enforcement model that we're using to take down the most violent street gangs."

"This enforcement angle is a critical component of an overarching gang strategy," Rabner said.

The strategy will emphasize ways to prevent at-risk youth from joining gangs, and for those who do, a focus on their re-entry into society when leaving jail after long sentences, he said.

Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing. Bails were set from $350,000 to $1 million. The suspects face a variety of drug charges, and two suspected gang leaders are also charged with conspiracy to commit murder.

Warrants have been issued for six additional gang members, Rabner said, and four others who hadn't been identified previously were swept up in the raids.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print.

State Police Superintendent Col. Rick Fuentes said the investigation was triggered by 19 gang-related murders in Trenton in 2005 and a five-day shooting spree in the city last March and April that wounded 15 people including a 7-year-old.

"The not-so-subtle message from us here in this room to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors.

"This has been our strategy in previous gang investigations," Fuentes said. "It's a strategy that works."

Authorities said 11 of those arrested were part of the Trenton gang, while the rest belonged to the Monmouth-Ocean gang.

Thursday's raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

Fuentes said information gathered during that investigation helped launch Operation Dawg Pound.

Municipal police in the Monmouth and Ocean county towns of Asbury Park, Dover Township, Ewing, Freehold Borough, Jackson Township, Lakewood and Long Branch participated in the raids.

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Bloods Targeted In Series Of Raids (PHI)

By George Anastasia

The Philadelphia Inquirer, February 2, 2007

More than a dozen suspected members of the Bloods street gang were arrested yesterday, and six others already in jail were served warrants, as state, county and local police completed a series of raids in Mercer, Monmouth and Ocean Counties.

Police also arrested one suspect in Fairless Hills as part of the New Jersey State Police Operation "Dawg Pound," the latest salvo in a crackdown on local members of one of the most notorious gangs in the country.

In all, 25 reputed gang members were targeted in yesterday's action. Five were listed as fugitives last night.

"The message is: The more you shoot, the more we fire back" with intense investigations, said Col. Rick Fuentes, superintendent of the New Jersey State Police.

Fuentes and New Jersey Attorney General Stuart Rabner announced the arrests during a news conference at state police headquarters in West Trenton attended by representatives of most of the 17 federal, state, county and local law enforcement agencies that took part in the investigation or yesterday's roundup.

Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder, Rabner said.

Rabner said the investigation focused on two "sets," or local branches, of the gang - one based in Trenton and the other in the Freehold area of Monmouth County.

Eleven members of the Trenton organization, which used the slogan "Sex Money Murder," and six members of the Monmouth County group were arrested or served warrants during yesterday's action. Three other people were also charged during the raids with related offenses, police said.

The five fugitives are members of the Trenton set, authorities said.

County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol.

Rabner said the gangs were structured, disciplined, and heavily involved in narcotics trafficking. He said yesterday's raids, the result of intelligence gathering, analysis, and cooperation and collaboration among law enforcement agencies, was an example of how authorities intend to "attack and dismantle" street gangs.

The operation was dubbed "Dawg Pound" because members of the Bloods traditionally sport a tattoo of a dog's paw, authorities said.

Fuentes said the investigation grew out of intelligence gathered during and after another state police operation that targeted the Nine-Trey set of Bloods in Trenton last year.

Police have attributed 19 of the 31 reported homicides in Trenton in 2005 to the Bloods and say the Bloods were behind a five-day shooting spree in the spring of 2006 in which 15 people, including a 7-year-old, were wounded.

Those charged yesterday included Antonio Merritt and Bobby Williams, both 27, who were identified as the leaders of the Trenton set. Merritt was served a warrant in the Mercer County Correctional Facility, where he is awaiting trial on separate charges related to gang activity.

Williams was picked up in Fairless Hills. He also faces a federal drug-trafficking charge, Rabner said.

Most of those arrested yesterday were in custody, with bails ranging from $250,000 to $1 million. Three juveniles picked up during the raids were to be released to the custody of their parents.

Gang Probe Brings Arrests (TTNJ)

By Kevin Shea

Trenton Times (NJ), February 2, 2007

15 suspects rounded up across three counties

When a gang's bullet slashed through both of 7-year-old Tajahni que Lee's cheeks March 31 last year as she rode her bike in front of her Trenton home, the crime not only shattered a little girl's smile but ripped through the city as well, which was still reeling from a record 31 murders in 2005.

Lee's wounding and a preceding series of gang shootings unsettled the city, but those clouds had a silver lining that that was revealed yesterday when local, county, state and federal authorities announced the end of a 10-month investigation of the gang suspected of the crimes, the Sex Money Murder Bloods.

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Starting at dawn yesterday, more than 150 law enforcement officers set out in Mercer, Monmouth and Ocean counties with a stack of arrest warrants charging about two dozen suspected members with everything from racketeering to drug charges to weapon possession violations.

By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang.

The suspects will have their first court appearances today in state Superior Court in Mercer County where prosecutors will press for a minimum of $500,000 bail for each, and in some cases $1 million, Rabner said. The suspects will come into court in handcuffs and likely leave wearing them as well, a sight Rabner wishes all young people who emulate gangsters or are thinking of joining a gang could see.

"To see the reality of what life in a gang really is," he said.

The probe was called Operation Dawg Pound, since Bloods gangsters refer to themselves as "dawgs" and favor tattoos that il lustrate dog paw markings.

The state police have led several similar gang operations in the past several years as gang violence has risen across the state. This one, Rabner and state police Superintendent Col. Rick Fuentes said, specifically came from the Lee shooting and Trenton events of March 2006. Trenton police played a leading role in the investigation, he said.

The probe would eventually confirm that the Sex Money Murder Bloods had spread to areas of Monmouth and Ocean counties, like Asbury Park, Neptune, Long Branch and Lakewood, all which have seen a rise in gang-related shootings in the past few months.

Rabner said gangs operated separate sets in the Trenton and Monmouth/Ocean areas. Antonio Merritt, 27, of Trenton, is the Original Gangster or O.G., of the Tren ton set. Valdo Thompson, 21, of Jackson is the O.G. of the Monmouth/Ocean set.

Merritt, who is in the Mercer County Corrections Center on other charges, faces charges he led an organized crime syndicate, a narcotics trafficking network and related racketeering charges.

Also snared in the probe was Bobby Williams, 27, of Southard Street, Trenton, who was appre hended early yesterday at a Falls, Pa., residence. Williams has Sex Money Murder gang affiliations, but his main impact is as a drug importer and seller authorities described as a "hybrid drug dealer" who would sell to other gang sets.

Rabner reiterated that gangs, while they are about power, colors and turf, and have an organized, hierarchical code of conduct, are fundamentally drug dealers. "They establish a network to sell this poison on our streets," he said.

U.S. Drug Enforcement Administration agents arrested Williams, who will be charged with federal drug crimes, officials said.

As for the Trenton beginnings of the investigation, Police Director Joseph Santiago said the successful overall operation amounted to a partial victory in the Lee case, which initially crumbled after city police arrested two Sex Money Murder suspects. Days after their arrests, prosecutors dismissed the case against them for lack of evi dence amid allegations that police rushed the case because of political pressure to solve it.

One of the suspects charged in Operation Dawg Pound, 23-year-old Reginald Jackson of Chesnut Street in Trenton, is be lieved to have been involved in the Lee shooting, but was not charged last year, Santiago said. He is charged with racketeering and drug charges in this case, not the Lee shooting, officials said.

"Even though the individuals were not brought to justice for that," Santiago said of the Lee shooting, "they were brought to justice in other ways," he said, referring to the operation and Jackson.

"In some sense, we have a little bit of closure," Santiago said.

Informed of the fact that Lee's shooting prompted such a massive targeting of the gang, Tajahnique's great-grandmother, Candy Lee, said, "That's great news."

Standing inside her home on Coolidge Avenue, where the girl was shot outside, Candy Lee confirmed the now 8-year-old no longer lives at the residence, and she would not comment on where she is. Saying the matter is personal, Lee referred all questions to the family's spokesman, Emmanuel Av raham, who did not immediately return phone calls yesterday seek ing comment.

The overall message to gangsters, Fuentes said is, "The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors." The colonel said he'd like to stop standing at podiums, announcing such operations.

"All the gangs have to do is quiet down ... and not commit crimes," he said.

Contact Kevin Shea at kshea@nj times.com.

17 Arrested In Bloods Gang Sweep (APP)

DOJ_NMG_0126012

Asbury Park Press, February 1, 2007

EWING — State, federal and local law enforcement officials arrested 17 adults in a new offensive against the Bloods street gang today.

Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons.

Among those arrested were Zachery Butts of Freehold, who had been previously arrested by Lakewood police in December. A handgun possessed by Butts seized in the Lakewood arrest was traced to the murder of Keith T. Mason in Long Branch, police said. Butts was out on bail when he was arrested this morning. Charges against Butts include illegal transfer of weapons.

Evidence seized in this morning's action supported the murder charges previously filed against Valdo Thompson Jr. of Jackson and Carl Holdren of Lakewood for their role in the November 2006 slaying of Michael Montgomery in Long Branch, according to authorities.

Also arrested this morning were Wesley Kelly of Ocean Grove and Michael Gunther of Howell, both on drug charges. Two juveniles from Ocean County were also taken into custody on drug charges.

The arrests were announced by state Attorney General Stuart Rabner; State Police Superintendent Colonel Rick Fuentes; Criminal Justice Director Gregory Paw; and Gerard P. McAleer, U.S. Drug Enforcement Administration Special Agent in Charge. The announcment took place in the newly opened Regional Operations Intelligence Center at State Police headquarters.

"Today's operation reflects a new, aggressive law enforcement model that we're using to take down the most violent street gangs," Rabner said. "It's a model that starts with effective intelligence gathering by the State Police and other agencies, and brings in state prosecutors at the outset, to ensure that we dismantle the hierarchy of these gangs with solid cases. We will continue to work with our many law enforcement partners to target gangs terrorizing our communities."

Suspected Bloods Rounded Up In Pa., N.J. (CHCP)

Cherry Hill (NJ) Courier-Post, February 1, 2007

TRENTON — State and federal agents rounded up 20 members of the Bloods street gang in a series of raids today that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Bristol, Pa. They are suspected members of the Sex Money Murder set of the Bloods.

Nine weapons were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing.

Warrants have been issued for five additional gang members, authorities said.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dog Pound.

A briefing on the operation was scheduled for this afternoon at the state police's Regional Operations Intelligence Center, known as The Rock, at the West Trenton headquarters.

The raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

Troopers Arrest 17 In Effort To Dismantle A Violent Gang (NSL)

By Rick Hepp, Star-ledger Staff

Newark Star-Ledger (NJ), February 2, 2007

State Police yesterday arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs.

More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. While operating mainly in Trenton, Asbury Park and Long Branch, the chapters also trafficked cocaine and heroin in suburban towns like Dover, Ewing, Freehold, Jackson and Lakewood.

The State Police launched the investigation following a five-day shooting spree in Trenton last spring that left 15 people wounded, including a 7-year-old girl, State Police Superintendent Rick Fuentes said. Detectives quickly identified the Sex Money Murder chapters as the main gang threat in the state's capital.

"The not-so-subtle message to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors," Fuentes said.

DOJ_NMG_0126013

The suspects arrested yesterday include Antonio Merritt and Bobby Williams, both 26, both from Tren ton, whom Attorney General Stu art Rabner identified as the heads of the two chapters. Both are charged with racketeering, leading a narcotics trafficking network, leading an organized crime syndi cate and distribution of narcotics.

Merritt, who has been accused of threatening the lives of police officers in the past, was being held in the Mercer County Correctional Facility on separate drug charges when he was served yesterday with an arrest warrant, Rabner said.

Williams, meanwhile, also was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant. Rabner said his office asked the DEA to file the charges in federal court because the counts carry a potential life sentence for Williams if convicted.

As troopers conducted the investigation with assistance from various federal, county and local law enforcement agencies, they uncovered the gang's tendency to use murder, assaults and threats to protect their narcotics operation, Fuentes said.

Some of that evidence led to murder charges being filed against Sex Money Murder members Valdo Thompson, 21, of Jackson and Carl Holdren, 18, of Lakewood in the Nov. 21 slaying of Michael Montgomery, who was gunned down in Long Branch, according to the superintendent.

Thompson and Holdren, who have been held at the Monmouth County jail since their arrests, also were accused yesterday of conspir ing with fellow gang member Zach ery Butts to kill a rival gangster Dec. 28, authorities said. Troopers were able to disrupt the attempted murder before it occurred.

The investigation also connected a handgun seized from Butts with the murder of a 28-year-old Long Branch man, Keith Mason, who was found shot to death Dec. 14 inside his home. Three other members of Sex Money Murder have been charged in that murder.

The investigation is the second by State Police using its new "intelligence-led policing" strategy, which mixes police street smarts with computer databases to determine which criminal elements to target based on the threats they pose.

In July, the State Police ar rested 41 suspected leaders of the 9 Tre Gangsters, which was considered the state's bloodiest and most-feared street gang and sold heroin, cocaine and guns in communities from one end of New Jersey to the other.

Sex Money Murder "was No. 2 on the list" of most dangerous gangs in the state behind 9 Tre, said Lt. Col. Frank E. Rodgers, who commands the State Police investigations branch.

"I would argue that when we took them (9 Tre) off the list, then Sex Money Murder were the most violent," he said. "But we wiped these two sets out, they're gone now."

Rick Hepp may be reached at rhepp@starledger.com or (609) 989-0398.

State Police Arrest 25 Suspected Gang Members (WPVI)

WPVI-TV,, February 1, 2007

Police conducted a large-scale raid across our area Thursday morning that captured 25 suspected Blood gang members at 5 different locations in two states.

"The arrests are not just street level dealers; we have the leadership of these sets under arrest," said NJ Attorney General Stewart Rabner.

One by one, more than two-dozen gang members and associates were hauled in by police from 18 different agencies. They were arrested in early morning raids for a laundry list of offenses stemming from the sale of drugs.

Lt. Col. Frank Rodgers of the NJ State Police said, "These folks are charged with racketeering to include homicide. They'll stop at nothing."

Among those arrested today at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang.

After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community.

Trenton Police Director Joseph Santiago tells Action News, "We knew who we were going after, we knew what they were involved in."

Residents are glad Police are taking action.

Authorities admit that these arrests will not stop gang activity.

"If there are drugs there is money and its gonna to keep the gangs going so it's a never ending struggle," Ocean County Prosecutor Tom Kelaher told reporters.

But State Police have a message for the gangs that continue the violence.

Col. Rick Fuentes had a message for gang member: "So long as you engage in criminal activity, so longs as you go to the waist band and use that gun, we're going to continue to chase you down."

DOJ_NMG_0126014

Major Gang Crackdown In The Garden State (WABC)

WABC-TV,, February 2, 2007

New Jersey authorities spent the morning executing raids and arresting dozens of suspected members in several cities.

New Jersey reporter Anthony Johnson is live in Hamilton with the story.

All of the alleged gang members were brought to the state police processing center.

After the early morning raids that took place in places like Monmouth County, Ocean County, and Mercer County. Specifically in places like, Asbury Park and Trenton, New Jersey.

State police say this is a major assault on the "Bloods" street gang, which have become notorious across the state for drug activity and gun violence.

Police are planning a news conference this afternoon in West Trenton, New Jersey. They will have all of the details about this gang arrest all across New Jersey.

'BOBO' GETS 11 YEARS ... Kittitian Man Put Away In US Jail (SKN)

Sun St.Kitts/Nevis, February 1, 2007

In about 11 years' time, Glenroy 'Bobo' Matthew could be released from a US Federal prison to be reunited with his family in St. Kitts.

Earlier this week, Matthew was sentenced by US District Court Judge, K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release.

The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States.

According to a press release posted on the Web site of the United States Attorney's Office of the District of Florida, Matthew was the last of four defendants to be sentenced for participating in a conspiracy that was led by former Jamaican Shower Posse leader Charles "Little Nut" Miller.

"The case was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts. Acosta commended the tremendous investigative efforts of the ICE, DEA, Serious Crime Group New Scotland Yard and The Royal St. Christopher and Nevis Police. The case was prosecuted by Assistant United States Attorneys Russell R. Killinger and Todd Mestepey," the release added.

Matthew along with Noel 'Zambo' Heath were both extradited to the US last March in respect of charges of conspiracy to supply and to import cocaine into that country – Heath into New York and Matthew into Florida.

Heath and Matthew were picked up in the early morning hours of 22 December, 2005 and were both committed to prison to await their surrender to the government of the US to stand trial, in agreement with a Privy Council ruling that the appellants be committed without further delay.

The extradition process of Heath and Matthew began in 1996 when Prime Minister, Dr. Denzil Douglas, was then minister of foreign affairs and it was at that time too, that the case was passed over to the court for consideration.

Heath and Matthew's extradition to the US came after a 10-year legal battle which was heard at every level of the judicial structure, right up to the Privy Council which is the country's highest and final court.

According to Dr. Douglas, the extradition order took effect on 2 March, 2006 when the men were handed over to officials of the Drug Enforcement Agency of the United States.

"This court ruled that these two nationals should be extradited to answer the charges that have been laid against them in the United States.

A final review of certain issues not related to the interpretation of the law raised on behalf of Heath and Matthew by their lawyer, was conducted by the relevant ministry and this government made a decision to obey the order of the court.

"It is never a happy circumstance for a country to turn its nationals over to another country for trial in a foreign court.

"My government looked at this situation long and hard and concluded that it was in the national interest that the law, deriving from international undertakings which we had solemnly agreed to be obeyed," Dr. Douglas said.

Douglas reiterated that his government has done its duty to protect the interest of its nationals after allowing Heath and Matthew to fully exhaust their rights before the courts.

Heath's fate will be decided later.

Georgia Man Arrested For Attempted Murder In Drug Raid In New York (AP)

AP, February 2, 2007

BUFFALO, N.Y. (AP) A drug suspect from Georgia was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room.

A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine.

One of the room's occupants, Colin Greenaway of Buffalo, at first opened the door but tried to slam it shut when an agent identified himself, according to court papers.

After the agent wedged his foot in the door to hold it open, he and the two other agents ``then observed an arm holding a black handgun extend into the hallway from behind the door and sweep from side to side," an affidavit by one of the agents said.

Two of the agents said they heard two clicks as if the gun's trigger was depressed twice, the affidavit said.

The agents closed the hotel room door and after a few minutes talked Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room.

Griffin told authorities that he drove to Buffalo from Atlanta and was expecting a shipment of the drug Ecstasy, coordinated by Greenaway, to be delivered to him from Canada. He also acknowledged pointing the gun at agents, but said he thought they were going to rob him, the affidavit said.

In addition to attempted murder of federal agents, Griffin was charged with using a gun to interfere with DEA agents and using a gun for attempted murder. He would face up to 20 years in prison if convicted.

He and Greenaway were charged with conspiring to possess and distribute Ecstasy, and possession of a gun during a drug crime.

Greenaway also was charged with unlawfully disposing of marijuana prior to it being seized by DEA agents. Authorities said Greenaway admitted flushing marijuana down the toilet while agents were outside the door.

A third man who was at the hotel, Andre Bennett, was charged in the indictment with lying to federal agents. He identified himself as a childhood friend of Greenaway from New York City.

Former River Hill Teacher Sentenced In Drug Case (COLFL)

Columbia Flier, February 2, 2007

A former River Hill High School social studies teacher was sentenced in January to six and a half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine.

On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release, said Marcia Murphy, a spokeswoman for Rod Rosenstein, the U.S. Attorney for the District of Maryland.

Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police.

Authorities arrested Hartlove after he accepted a package with $50,000 worth of methamphetamine from a middleman working with agents and police, a DEA agent and spokesman said at the time of Hartlove's arrest.

In addition, a search of Hartlove's Baltimore residence turned up methamphetamine, Ecstasy, marijuana and a quart of GHB, a substance known as the "date rape drug," the agent said.

In April 2006, Hartlove pleaded guilty to charges that he conspired to distribute the methamphetamine.

School officials terminated Hartlove's contract with the school system in November 2005. While at River Hill, Hartlove taught Advanced Placement courses, coached the debate team and served as an adviser to the school's Gay Straight Alliance.

--ÊJennifer Surface

Man pleads guilty in July Columbia stabbing

A 26-year-old Baltimore man this week pleaded guilty to assault charges in connection with a July 2006 stabbing that occurred near the Columbia mall.

At a Jan. 29 hearing before Howard County Circuit Court Judge Diane Leasure, Montaque Edward Butler pleaded guilty to first-degree assault in the July 11, 2006 incident.

A crew working in the mall parking lot called police at about 3:30 a.m. July 11 to attend to a man who was suffering from multiple stab wounds, according to police.

The man, Leonard Marvin Brooks, of the 10200 block of Sherman Heights Place, in Columbia, had that morning fled his house following a domestic argument with his longtime friend, Butler, in which Butler stabbed Brooks in the neck and arm with a large kitchen knife, according to a statement read into the court record by Howard County Assistant State's Attorney David Lank.

DOJ_NMG_0126016

Butler attacked Brooks inside Brooks' townhouse, which is near the mall, after which Brooks ran to the mall parking lot calling for help, according to the statement. Brooks was transported to the University of Maryland Shock Trauma Center in Baltimore, where he was treated and released.

Howard County police arrested Butler at about 4 a.m. July 11, after he was observed walking near the intersection of Route 29 and Broken Land Parkway, in Columbia, with blood stains on his hands and clothing, police said.

Leasure is scheduled to sentence Butler March 5, said Wayne Kirwan, the spokesman for Howard County State's Attorney Timothy McCrone.

Prosecutors will seek a 15-year term for Butler, according to the statement Lank read in court.

-- Jennifer Surface

CA board to discuss president's contract

The Columbia Association Board of Directors will discuss CA President Maggie Brown's contract renewal at a closed meeting on Saturday, Feb. 3, board members said this week.

The meeting is closed because it involves a personnel matter.

The 10-member board is facing a 5-5 split on whether to give Brown --Êwho has been CA's president since 2001 --Êa three-year contract extension or to limit the extension to a year.

Brown's contract, which currently pays her $183,000 annually, expires April 30. Any decision on her renewal would need to receive a majority of votes from board members.

However, board vice chairman Philip Marcus, of Kings Contrivance, and members Philip Kirsch, of Wilde Lake; Gail Broida, of Town Center; Barbara Russell, of Oakland Mills; and Cynthia Coyle, of Harper's Choice, have said they will not approve extending Brown's contract for more than a year.

The five say they favor hiring someone who is better trained in certain management skills they believe the president needs, Marcus said.

On the other hand, board chairman Tom O'Connor, of Dorsey's Search, and members Henry Dagenais, of Long Reach; Pearl Atkinson-Stewart, of Owen Brown; Patrick von Schlag, of River Hill; and Miles Coffman, of Hickory Ridge, support renewing Brown's contract for a three-year term because they believe Brown's performance has been strong.

Von Schlag requested at the board's Jan. 25 meeting that O'Connor call the special closed session, and other board members agreed. The session is needed to allow the board a chance to hammer out a compromise on Brown's contract, Von Schlag said.

--ÊAndrei Blakely

Senior centers getting faster Internet service

Howard County's nine senior centers and four senior-plus sites now have faster Web service for seniors who take classes using the computer.

The upgrades came after county technology office staff linked the senior centers into the county's existing service, said Ira Levy, the county's director of technology.

The sites were previously user dial-up Internet service, which is much slower, Levy said.

"It was a big issue because some teachers were reluctant to teach courses that require images," he said.

For example, in a genealogy class it would take 20 minutes to load one document, Levy said.

The new technology will make it easier for seniors to shop and communicate with friends and family, he said.

"With a senior community that has challenges with transportation and mobility, this teaches them to be more self-sufficient," he said.

--Nate Sandstrom

County GOP seeks Board of Elections members

The Howard County Republican Central Committee is seeking two Republicans interested in serving on the Howard County Board of Elections.

As minority party, Republicans are entitled to nominate one regular board member and one alternate member. Alternate members vote at monthly meetings at which regular members can not attend.

As majority party, Democrats have two regular board memberships and one alternate member.

To qualify, a nominee must have been a registered voter in Howard County for the last five years. Board of Elections members are not allowed to participate in political activity during their four-year terms.

Republicans interested in serving can submit questions or a resume, including the reasons they are interested in the positions by e-mailing Trent Kittleman at trentkittleman@comcast.net no later than 5 p.m. on Feb. 5.

--Nate Sandstrom

DOJ_NMG_0126017

Similar Bombs In KC, Chicago (KCS)

By Mark Morris, The Kansas City Star

The Kansas City Star, February 2, 2007

A federal investigation is searching for possible ties between the explosive devices.

Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected.

Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service.

It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's mail facility, she said.

A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as "threatening."

The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials.

Dan Taylor, a regional spokesman for postal inspectors in St. Louis, said investigators were searching for links between this week's bombs.

"Any type of mail bomb complaint or investigation is the highest priority case the postal inspection service looks at," Taylor said.

The Chicago bomb was at a business at 311 South Wacker Drive, a 65-story skyscraper near the Sears Tower, Shipp said.

Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured.

In Kansas City, three federal law enforcement agencies continued working the case of the pipe bomb discovered Wednesday at an American Century Investments postal facility.

Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads.

"The guys are working on it feverishly," Obritsch said. "It's a big deal to us."

An alert American Century mail handler discovered the bomb about 11 a.m. Wednesday. Employees at the mail facility near 34th Street and Broadway opened a package and saw a "threatening note and what appeared to be a suspicious device," said FBI spokesman Jeff Lanza.

Police were called, and a bomb squad defused the weapon, Lanza said.

American Century spokesman Chris Doyle said the company was back to normal Thursday but was considering ways to enhance safety procedures.

"The security and safety of our employees is the most important thing," Doyle said. "We're going to do what it takes to keep our employees safe."

Though Obritsch described Wednesday's bomb as an "actual I.E.D., improvised explosive device," he said it appeared more designed to frighten than kill.

"This was the real deal, but it was not primed to go off," Obritsch said. "To some extent, it was a device meant to scare people."

Michael P. Schmitz, an ATF spokesman, said that even if the sender didn't intend for the bomb to go off, it still posed a threat.

"If the components were there, it's dangerous," said Schmitz. "It could have blown up at a postal facility because it got too hot or there was too much friction. The fact that this didn't explode doesn't make it less of a case or a violation."

Lanza said law enforcement is not ready to comment on whether the bomb was addressed to an individual or the company. Obritsch said that investigators have not established a clear motive.

Those interested in learning more about how to screen suspicious mail or packages can call the Postal Inspection Service's local office at (913) 266-2400 or go to www.usps.com/postalinspectors.

Gang Members, Others Arrested On Gun Violations (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, February 2, 2007

SAN DIEGO – Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday.

DOJ_NMG_0126018

Eleven men were arrested Thursday. The other two were at Richard J. Donovan Correctional Facility in Otay Mesa on parole violations, officials said.

They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years.

The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office.

“San Diego gang members routinely buy and sell firearms as a commodity,” he said, noting several of the guns had been stolen in other states.

Ballistics testing linked one of the weapons to an East County homicide, investigators said, but would not give any details on that killing.

The weapons included semi-automatic pistols, revolvers, sawed-off shotguns and rifles.

The investigation was called “Operation Colt .45” and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Onell Soto: (619) 293-1280; onell.soto@uniontrib.com

Gun Dealer Pleads Guilty To Violation (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, February 2, 2007

Weapons charge could lead to jail term

BRIDGEPORT — Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, "I'm glad it's over."

With one word — "guilty" — D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford.

Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device.

The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices.

But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out.

Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001.

Yet, they also sought his help as a witness in some federal prosecutions.

It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted.

It began with the April 2005 audit of D'Andrea's Gun Case on Barnum Avenue. They found numerous record-keeping problems, including the unreported loss or theft of 74 firearms. That investigation led to a bigger probe in which one man was prepared to testify that he bought at least 18 guns for convicted felons at D'Andrea's store. Another, Frankie "The Terminator" Estrada, once Bridgeport's most violent and richest drug dealer, was ready to tell a jury he paid people to buy AK-47s, AR-15s, Streetsweepers and pistols from the store to arm his operation.

It continued in September 2005, when O'Connor had a billboard reading "Buy A Gun for a Criminal, Go To Federal Prison" installed just doors away from the Barnum Avenue store.

"Gun store operators are the first line of defense for helping to control the flow of illegal guns onto the streets," O'Connor said. "Those who blatantly disregard federal firearms possession and reporting laws will be investigated and prosecuted."

A resulting indictment accused D'Andrea of conducting faulty background checks; failing to report multiple sales to the same person and obstructing justice by shipping guns out of state to avoid their detection during the ATF audit.

In court papers, Reynolds said Estrada told authorities that two of the guns bought from D'Andrea's store were used to commit murders. Additionally, the drug lord now serving 29 years in prison said any guns used in shootings were sent to New York for drugs or cash.

Estrada told authorities that D'Andrea advised him how to structure the sales. This included having the people who bought the guns and filled out the paperwork pay cash for them, instead of Estrada. O'Connor claimed a third man told authorities he purchased 177 firearms from D'Andrea's store in a year. Several of those guns turned up in searches, the U.S. attorney said.

Following his guilty plea, the usually talkative D'Andrea looked worn from the courtroom battle and another with prostate cancer.

Alan Sobol, D'Andrea's lawyer, said his client spends much of his days volunteering in the food pantry at the Sterling House in Stratford and at Bunnell High School.

Feds Investigate Gang, Charge Two For Cocaine (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, February 2, 2007

Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday.

Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said.

The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation.

This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office.

"Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact," said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office.

The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court.

On Jan. 18, investigators arrested the two men at a Lake Stevens home in Snohomish County, where the two men had arranged to meet. The two defendants entered the home with a large paper bag, which concealed bricks of cocaine, federal officials said. A handgun and an Uzi semi-automatic gun also were confiscated.

Each defendant faces a mandatory prison term of 10 years.

Scott Gutierrez can be reached at 206-448-8334 or scottgutierrez@seattlepi.com.

IMMIGRATION:

Judge Nixes Louisiana State Law Banning Illegal Immigrants From Driving (FINDLAW/AP)

AP, February 2, 2007

(AP) - GRETNA, Louisiana-A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional.

In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002, illegally steps on federal immigration law.

The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans.

The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said.

Under the law, any "alien student" or "nonresident alien" who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000 (â,¬768) fine.

The law also requires state authorities to report violators to the federal Immigration and Naturalization Service.

Grant said the definition of "alien student" or "nonresident alien" was different from that contained in federal law. The identification requirement "exceeds the standard contemplated by federal immigration law," the judge wrote.

Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said.

"We don't know if they pull someone over because they look Latino or if they are pulling over a bunch of people for traffic offenses," Crow said.

Immigration Raid Nets 53 In Texas (FINDLAW/AP)

AP, February 2, 2007

DOJ_NMG_0126020

(AP) - HOUSTON-Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said.

U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua.

Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said.

The company has yet to learn why some workers were arrested, Flower said.

"It could be as simple as they came to work without their green card," he said.

Republic Services had immigration problems in 2005 that resulted in a change of management at the plant.

"We believe we are in compliance with all applicable laws, rules and regulations," Flower said.

Those arrested could also face federal charges for violations that include re-entering the country after deportation and using fraudulent documents to gain employment, immigration authorities said.

Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week.

New RNC Chief Backs Bill With Guest-worker Plan (WT)

By Donald Lambro

The Washington Times, February 2, 2007

Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with "earned citizenship" requirements for illegal aliens.

Mr. Martinez, whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, "I don't support deporting these people because I don't believe that's a realistic approach."

In an interview with The Washington Times, his first since taking the helm of the RNC, he acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, "My views on immigration are not well understood."

"I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things," he said.

"But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here," he said.

Asked what he would consider the ideal immigration bill, Mr. Martinez said he was working with Sen. Jon Kyl of Arizona and other conservative Republicans on a compromise that would call for a temporary-worker system along the lines that President Bush has proposed. "We're trying to see if something can be worked out," he said.

"I think it is important for people who would like to be American citizens, if they come here illegally, to pay some penalties for breaking the law, to undergo background checks, to see that they pass English proficiency tests and some sort of citizenship lesson, pay back taxes -- all the things that I think would be sensible for someone to earn a path to citizenship but not an immediate citizenship," he said.

Mr. Martinez said he realizes that any earned citizenship plan triggers opposition among many in his party but he hopes that a compromise can be reached around which the party can unite.

"I respect the right of some people to differ on whether I was the right person for the job or not. I was delighted that the opposition was as small as it was. I respect them, but then we move on," he said. "My election to the RNC was not about immigration. It's about the president's belief that my voice could help the party win elections."

Mr. Martinez also said the Republicans' internal political battle over immigration has alienated much of the Hispanic community, but he believes the fast-growing minority voter bloc is "absolutely not a lost cause" in the 2008 elections.

"We've done very well with Hispanic voters in the past. It's about reaching out and explaining our policies and what our party stands for," he said.

Mr. Martinez -- who fled communist Cuba as a youngster, a story that plays a central role in his political appeal -- outlined an ambitious Hispanic outreach effort that he said he will lead as party chairman over the next two years.

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"I'll be speaking to Spanish media on radio and television, webcasts, podcasts and Hispanic groups, as [former RNC Chairman] Ken Mehlman did. We'll reach out very strongly. We're going to organize in the states in a way that will allow Hispanics to play a role in our party's politics," he said.

But the one thing that worries him the most is the residual anger and discontent at the party's base that he says led to the House and Senate losses in November and represents a major challenge for Republicans to overcome in the 2008 elections.

"There is some anger out there at our party's grass roots. We have to show them we've heard their message loud and clear and that we understand it," he said. "We lost our path, our way. We didn't adhere to the Republican principles that made us very successful. We lost the optimism of Ronald Reagan and the idea of fiscal restraint, and obviously the Iraq war played a part as well."

But he said he is under no illusions about Republicans making a comeback in the next elections, noting that the party will have 21 senators up for re-election to only 12 for the Democrats.

"It's going to be a tough cycle, but we'll hold some and pick up some," he said.

Border Policy's Success Strains Resources (WP)

By Spencer S. Hsu And Sylvia Moreno

The Washington Post, February 2, 2007

RAYMONDVILLE, Tex. -- Ringed by barbed wire, a futuristic tent city rises from the Rio Grande Valley in the remote southern tip of Texas, the largest camp in a federal detention system rapidly gearing up to keep pace with Washington's increasing demand for stronger enforcement of immigration laws.

About 2,000 illegal immigrants, part of a record 26,500 held across the United States by federal authorities, will call the 10 giant tents home for weeks, months and perhaps years before they are removed from the United States and sent back to their home countries.

The $65 million tent city, built hastily last summer between a federal prison and a county jail, marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home. Previously, most such detainees were released into the United States before hearings, and a majority simply disappeared.

The new policy has led to a dramatic decline in border crossings by non-Mexicans, according to the U.S. Immigration and Customs Enforcement agency.

But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams. In the Texas facility, they say, illegal immigrants are confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. Many are transferred from the East Coast, 1,500 miles from relatives and lawyers, virtually cutting off access to counsel.

"I call it 'Ritmo' -- like Gitmo, but it's in Raymondville," said Jodi Goodwin, an immigration lawyer from nearby Harlingen.

An inspector general's report last month on a sampling of five U.S. immigration detention facilities found inhumane and unsafe conditions, including inadequate health care, the presence of vermin, limited access to clean underwear and undercooked poultry. Although ICE standards require that immigrants have access to phones and pro bono law offices, investigators found phones missing, not working or connected to non-working numbers.

With roughly 1.6 million illegal immigrants in some stage of immigration proceedings, ICE holds more inmates a night than Clarion hotels have guests, operates nearly as many vehicles as Greyhound has buses and flies more people each day than do many small U.S. airlines.

Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville "a modern, clean facility" that meets federal standards -- "which we believe are among the highest you'll find anywhere." Mead added: "We think the conditions of confinement there are both humane and consistent with all the rights they should be entitled to."

Despite its spartan conditions, the facility in Willacy County, 260 miles south of Austin, is a key to President Bush's drive to create a channel for temporary foreign workers and a path toward legalization for as many as 12 million illegal immigrants living in the United States.

To do so, the government must convince skeptics that it can credibly enforce laws aimed at illegal immigrants and their employers, and can hold and deport those caught by the U.S. Border Patrol. At the same time, the administration and its allies argue that even additional detention beds will be overwhelmed without new channels for legal immigration.

Accordingly, the United States has embarked on a huge prison building and contracting campaign, increasing the number of illegal immigrants detained from 19,718 a day in 2005 to about 26,500 now, and a projected 32,000 this summer.

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About 80 percent of ICE's beds are rented at 300 local and state jails nationwide, concentrated in the South and Southwest, or at eight sites run by contractors such as the Corrections Corporation of America and Geo Group Inc., in places such as Houston, San Diego and Aurora, Colo.

ICE recently added a 1,524-bed facility in Stewart County, Ga., and a 512-bed center in Taylor, Tex., for immigrant families, both run by Corrections Corp.

With the new beds, the administration has imprisoned and deported virtually 100 percent of non-Mexicans caught since August, under faster proceedings that deny hearings to all but asylum seekers.

The administration says this has deterred many others. After quadrupling over four years, the number of non-Mexicans apprehended fell 35 percent in 2006, to 108,026.

But immigration experts and U.S. authorities say the impact of the prison boom will be hard to sustain and still is absorbing only a drop in the bucket of illegal immigration. The Border Patrol made 1.1 million apprehensions last year -- mostly Mexicans who were promptly returned across the border -- but estimates 500,000 people evaded capture or entered legally and then overstayed visas.

An additional 630,000 are at large, ignoring deportation orders, and 300,000 more who entered state and local prisons for committing crimes are to be deported but will probably slip through the cracks after completing their sentences.

U.S. authorities acknowledge that gains from the latest crackdown will be fleeting without the major changes the president wants.

"The short answer is, it is not sustainable," Mead said. "There comes a point where we can't detain any more people. Hopefully, prior to getting there, the deterrence factor will kick in."

The increased tempo of operations is a strain. ICE has no modern nationwide system to track its facilities' populations. It relies on an antiquated computer system created in 1984.

Every day since July, six officers have manually tracked and transferred detained immigrants among 24 regional offices, matching bodies to vacant beds and airplane seats in a Detention Operations Coordination Center, Mead said. "We have all of the information," he said. "It's a question of automation."

Legal advocates contend that some of the older facilities where immigrants are housed are in deplorable condition and that growing pains afflict even new facilities.

Under fire in Taylor, for example, ICE has expanded hours of daily schooling for children from one to seven hours to meet Texas guidelines.

In Willacy County, one of the country's poorest, ICE has set up 10 huge tents on concrete pads, surrounded by 14-foot-high chain-link fences looped with barbed wire. Each "sprung structure" holds about 200 men or women, divided into four "pods." Similar temporary buildings were used for troop recreational facilities in Iraq.

The center is part of a chain of facilities in South Texas with 6,700 new immigration detention beds. At a cost of $78 a night per bed (compared with an ICE average of $95 a bed), the Willacy facility is not only cheaper than any bricks-and-mortar prison but also faster to construct, move or dismantle, Mead said.

Detainees are subject to penal system practices, such as group punishment for disciplinary infractions. The tents are windowless and the walls are blank, and no partitions or doors separate the five toilets, five sinks, five shower heads and eating areas. Lacking utensils on some days, detainees eat with their hands.

Because lights are on around the clock, a visitor finds many occupants buried in their blankets throughout the day. The stillness and torpor of the pod's communal room, where 50 to 60 people dwell, are noticeable.

Goodwin described a group of women who huddled in a recreation yard on a recent 40-degree day with a 25-mph wind. "They had no blanket, no sweat shirt, no jacket," she said. "Officers were wearing earmuffs, and detainees were outside for an hour with short-sleeved polyester uniforms and shower shoes and not necessarily socks."

Perhaps more troubling, lawyers said, large numbers of immigrants have been transferred from Boston, New York, New Jersey and Florida, far from their families and lawyers. Because some immigration judges do not permit hearings by teleconference, detainees are essentially deprived of counsel.

Immigration violators in the United States are held on civil grounds and have no right to appointed lawyers. But federal guidelines call for providing them law libraries, telephones and phone numbers for legal aid.

Joining a lawsuit last week, the American Civil Liberties Union alleged that severe overcrowding at a Corrections Corp. facility in San Diego poses an unconstitutional risk to detainees' health and safety, arguing that as administrative detainees, illegal immigrants should be treated better than convicted criminals.

The National Lawyers Guild and five other groups petitioned the Department of Homeland Security last month to set binding regulations for detention sites, saying U.S. standards set in 2000 are not enforceable.

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And the New Jersey Civil Rights Defense Committee has announced a campaign to stop ICE's use of county jails.

"The standards are there," said David A. Martin, a former general counsel of the Immigration and Naturalization Service, ICE's predecessor agency, who advocates concentrating detention centers in perhaps 10 cities to ensure access to lawyers and oversight. "But there are some real indicators federal standards are not well monitored or policed. We ought to do better."

TAX:

Protective Order Granted (NPLATTET)

By John Lindenberger

North Platte (NE) Telegraph, February 2, 2007

Attorney's representing Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte.

Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload.

The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners.

Those who were scheduled to appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden.

Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return.

The Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS.

Baisden's attorneys requested the protective order because they claim the Justice Department did not give reasonable notice. They were reportedly notified just one week prior to the depositions, which were scheduled for Jan. 26.

The attorneys representing Baisden indicated that the Justice Department had plenty of time to schedule these depositions since the motion for a preliminary injunction was filed four months ago.

Attorneys for the Justice Department opposed the protective order, stating the depositions are needed to clarify contradictory statements made by Baisden and that provisions were made for the defense to cross-examine by phone.

In addition to preventing the depositions from being used at the hearing, Baisden's attorneys have filed a supplement to their opposition against the preliminary injunction, claiming the Justice Department's case relies heavily on irrelevant facts and hearsay.

They also claim the Justice Department fails to provide proper expert opinion, offering the hearsay declarations of several of its IRS agents instead of declarations from Baisden's own clients.

"By contrast, Baisden has submitted various declarations (from himself and several of his clients) which lay out specifics demonstrating that he complied with internal revenue laws and regulations," the court document states.

The supplemental documents also provide further information on the corporation that Baisden helped establish for Drs. Walter and Deborah Weaver of North Platte to show that the purpose of this action was not to save taxes.

According to declarations from both Walter and Deborah Weaver, the couple purchased 2,200 acres of canyon land near Maxwell in 2003 at a cost of $357,837. This land has been used for cattle grazing and is being improved for recreational use as hunting ground.

The court documents state the Weavers have made significant improvements to the property and have hired a manager who handles contracts and other issues with the ranchers and other tenants.

The Weavers also purchased 90 acres of river ground in Sutherland in 2000 and are developing this property. In 2003, the couple formed the Axehandle Corporation in Nevada to develop and operate the two properties.

In their declarations, the Weavers state Axehandle was formed to produce income from real estate purchases and development, as well as for asset protection since the exposure to malpractice and civil suits is high for doctors.

However, the Weavers both reported that the corporation was not formed for the purpose of tax savings. They further claim Baisden never suggested that the purpose of the corporation was to hide assets or income from the government.

Baisden's attorneys report there was little net tax difference between reporting the Weavers' income on an individual return and reporting some activity on a corporate return and some on an individual return.

"A preliminary calculation of the Weavers' 2003 net tax savings from operating their business in the same corporation versus as a sole proprietorship yields less than $27,000 of tax savings," the court documents state.

Court Rejects Tax Shelter Once Sold By KPMG (NYT)

By Lynnley Browning

The New York Times, February 2, 2007

A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters.

The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders.

The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure.

It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio.

Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998.

Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002.

Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips.

Judge Ward ruled that Mr. Nix and Mr. Patterson genuinely thought that what they were making a legitimate investment, that they learned only later of the tax benefits and that they reasonably relied upon the advice and opinions of their accountants and lawyers, including George A. Hrdlicka, a prominent Houston lawyer who told them that Blips was "above the board."

An I.R.S. spokesman, Terry Lemons, said, "We're reviewing the decision."

Blips, one of the most widely used aggressive shelters of the late 1990s through recent years, was sold to wealthy investors as a three-year, seven-stage investment that revolved around bank loans and trading of foreign currencies and securities.

But Judge Ward, echoing arguments made by Manhattan prosecutors pursuing Deutsche Bank and the KPMG group, found that Blips was not a real investment at all, that its loans were fake and that it had no economic substance or genuine business purpose — hallmarks of a bogus tax shelter.

Instead, investors in Blips always got out of the deals after around 60 days and shifted artificial losses from the fake loans to partnerships that were then used to improperly claim tax deductions.

The judge's ruling may also draw yet more companies into the widening criminal investigation, because it details how NatWest, a British bank now owned by Royal Bank of Scotland, knowingly provided the fake loans for Mr. Nix's and Mr. Patterson's shelters.

"NatWest and Presidio viewed the loan transactions as involving zero credit risks," Judge Ward wrote. "In truth, NatWest did not make any loans." NatWest, which is headquartered in London, could not be reached immediately for comment.

Another German bank, HVB Group, reached a $29 million deferred-prosecution agreement with the Justice Department in February 2006 after admitting to criminal wrongdoing in providing fake loans for Blips and other aggressive shelters. KPMG also admitted to criminal wrongdoing with Blips and three other shelters in its $456 million deferred-prosecution agreement in mid-2005.

In an earlier procedural decision last July, Judge Ward ruled that the I.R.S. had merely overstepped its authority when it retroactively applied tougher Treasury Department rules to liabilities like those used in Blips.

CONGRESS-ADMINISTRATION:

Bush Seeks Big Medicare And Medicaid Saving (NYT)

By Robert Pear

DOJ_NMG_0126025

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush will ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday.

The proposals, part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats.

Mr. Bush is also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level. Under federal guidelines, a family of four is considered poor if its annual income is less than $20,650.

The child health proposal, like those for Medicare and Medicaid, is likely to touch off a fight on Capitol Hill. Senator Hillary Rodham Clinton of New York and other Democrats are seeking major expansions of the children's health program, though they have not said how they would pay for the changes.

One measure of the political difficulty facing the president's plan for Medicare and Medicaid is that he sought $20 billion less in savings from the two programs last year, when Republicans controlled Congress, and few of those proposals were adopted.

Representative Charles B. Rangel, the New York Democrat who heads the House Ways and Means Committee, said Thursday: "There is a large area for potential compromise and agreement, but with these latest Medicare proposals, the president is just asking for controversy. He still acts as if Republicans were in complete control and Democrats had lost the election."

Mr. Bush has repeatedly said that Medicare has serious long-term financial problems, and many experts share his concern.

"If you want to balance the budget eventually and you do not want tax increases," said Joseph R. Antos, an economist at the American Enterprise Institute, "you have no choice but to propose substantial reductions in Medicare. The president's budget is an opening bid, the start of negotiations with Democrats over health care and other programs."

Taken together, Medicare and Medicaid cover more than one in four Americans. Federal spending for the two programs totaled $554 billion last year, or about 21 percent of all federal spending — a little more than Social Security. With no change in existing law, spending on the two health programs is expected to rise at a brisk pace, averaging more than 7 percent a year in the next decade.

Representative Jim McCrery of Louisiana, the senior Republican on the Ways and Means Committee, said: "The current rate of growth in Medicare, fueled by rising health costs and an aging population, is unsustainable. If Congress does not undertake sensible reforms soon, the system will be swamped as the baby boom generation begins to retire. Taxes will rise, benefits will be cut, and the entire economy will suffer."

Under the president's plan, some Medicare beneficiaries would shoulder added costs. At present, about 4 percent of the 43 million beneficiaries must pay more than the standard monthly premium — it is $93.50 this year — because they have high incomes: more than $80,000 for individuals and $160,000 for married couples. The president's budget would require more people to pay the higher premiums, but administration officials would not immediately provide details.

Most of the proposed savings, however, would come from health care providers. Mr. Bush is expected to propose freezing Medicare payments to home health agencies and reducing the inflation allowance paid to hospitals, nursing homes and other providers.

Hospitals plan to fight the president with lobbying and advertising. "Two-thirds of hospitals already lose money treating Medicare beneficiaries," said Richard J. Pollack, executive vice president of the American Hospital Association.

The president's budget also assumes that Medicare payments to doctors will be cut at least 8 percent next year, as provided under a formula in existing law.

Administration officials said Mr. Bush would not try to curb payments to private managed care plans, which currently enroll more than eight million Medicare beneficiaries. But many Democrats in Congress want to do so, because, they maintain, Medicare overpays the plans, which they see as a step toward privatizing the program.

Insurance companies are mobilizing beneficiaries to lobby against any cuts in Medicare payments to private plans. Mohit M. Ghose, a spokesman for America's Health Insurance Plans, a trade group, said, "Any cuts would take away benefits from millions of low-income people and members of minority groups, who enroll in private plans because they cannot afford the high out-of-pocket costs in the traditional Medicare program."

Budget Asks Rise in Pell Grants

The president's budget will propose raising the maximum Pell grant — the federal grant for low- and middle-income students to attend college — to $4,600, Education Secretary Margaret Spellings announced Thursday.

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The announcement followed by only a day the Democratic-controlled House's passage of a $260 increase in the current maximum grant, to $4,310, under a catchall spending bill needed to address budget matters remaining from last year.

Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100.

The last substantial increase was in 2001.

Bush's 2008 Budget Calls For Boost To Pell Grant (WP)

By Amit R. Paley

The Washington Post, February 2, 2007

The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable.

The president's 2008 budget, which will be unveiled next week, would increase the annual Pell grant next year by $550, to a maximum of $4,600, Education Secretary Margaret Spellings said yesterday. Grants, unlike student loans, do not need to be repaid.

"As costs skyrocket, it becomes increasingly difficult for middle-class families to afford college," Spelling said in a speech at North Carolina State University in Raleigh. "And for low-income, mostly minority students, college is becoming virtually unattainable. States, institutions and the federal government--we all must increase need-based aid."

Advocates for students hailed the proposed expansion of the Pell grant but cautioned that it would be meaningless if offset by cuts to other federal aid programs in the president's budget. Spellings did not say how the president would pay for the increase.

"We can't be robbing Peter to pay Pell," said Luke Swarthout, an advocate for the U.S. Public Interest Research Group's Higher Education Project. "But this is clearly a step in the right direction on college affordability."

Democratic leaders said the president's plan was a response to their recent moves in Congress to reduce the rising costs of higher education. The House voted Wednesday to increase the maximum Pell grant this year from $4,050 to $4,310; Senate Democrats have proposed raising it immediately to $5,100.

Sen. Edward M. Kennedy (D-Mass.), chairman of the education committee, said he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years.

Pell grants, given each year to 5.3 million students with family incomes less than $40,000, have lost much of their buying power in recent years. Twenty years ago, the maximum grant covered about 60 percent of the cost of a four-year public university, but last school year it covered just one-third of that cost, according to the College Board.

Congress is also debating a host of other measures to increase college affordability. The House voted last month to cut interest rates on subsidized loans for students, and the Senate is soon expected to take up a similar measure.

Yesterday, Kennedy and Sen. Richard J. Durbin (D-Ill.) introduced a bill, the Student Loan Sunshine Act, which they said would "protect students and parents from exploitation by private lenders and lenders who offer gifts to colleges as a way to secure loan business."

The measure would ban schools from receiving gifts from private lending companies and require disclosure of financial relationships between higher education institutions and lenders.

Bush To Seek Record Boost To Pell Grants (WT)

By Amy Fagan

The Washington Times, February 2, 2007

The federal Pell Grant program, which provides college money to low-income families, would receive the largest boost in funding in more than 30 years under President Bush's 2008 budget plan to be released Monday.

Mr. Bush is proposing to raise the maximum grant level awarded by $550 next year to $4,600, the biggest one-time boost since the program was created in the mid-1970s. His proposal would increase the grants to $5,400 over five years, the largest five-year increase ever.

"Higher education costs have made it more difficult for low- and middle-income families to afford college," Education Secretary Margaret Spellings said yesterday. "States, institutions and the federal government must work together to increase need-based aid. The president's call for a Pell Grant increase will achieve this goal."

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The proposal probably will meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education.

But the government has been under pressure to help more because rising college costs are making it increasingly difficult for some to attend college. Unlike student loans, the grants do not have to be repaid.

Democrats and some Republicans have long called for such a sizable Pell Grant increase. Sen. Edward M. Kennedy praised Mr. Bush's proposed increase but said it's only happening because Democrats are now in charge of Capitol Hill.

"This welcome development shows how a Democratic Congress is changing the nation's priorities," said the Massachusetts Democrat, who leads the Senate's education panel. "For the past five years of Republican control, Congress failed to hold the president accountable for his broken promise to increase Pell Grants."

Mr. Kennedy said he sent a letter to the administration in October, demanding a Pell Grant increase and complaining that it hadn't been increased in five years. He also pointed out his own proposal to immediately boost the maximum Pell Grant level to $5,100.

The House earlier this week approved a massive spending bill left over from last year, that also includes a boost for the maximum Pell Grant award -- by $260 to $4,310 -- which Mr. Bush's proposal exceeds.

Administration officials wouldn't say how much their Pell proposal is estimated to cost for five years, indicating that information would be available Monday when the budget is released.

About 5.2 million students receive Pell Grants each year, but the amount of each grant varies by need.

One House Republican aide said Mr. Bush's Pell proposal will probably be "embraced" by most Republicans, but that ultimately, Congress must find a way to curb the rising cost of college or no amount of financial aid will be enough.

Mrs. Spellings agrees and has been touting reforms recommended by her bipartisan Commission on the Future of Higher Education. She'll convene a summit next month to discuss the topic and said yesterday that part of reform is demanding more transparency and accountability from colleges and universities.

Bush Budget Calls For Pell Grant Boost (AP)

By Justin Pope

AP, February 2, 2007

RALEIGH, N.C. -- President Bush's 2008 budget will include a proposal for the biggest hike in Pell grants for low-income college students in three decades.

Education Secretary Margaret Spellings said Thursday that the budget will contain a proposed increase of $550, to a maximum award of $4,600. That would exceed the $260 increase passed Wednesday by the House.

Democrats have introduced a proposal in the Senate, currently before committee, that calls for an immediate increase to $5,100.

All told, low-income students seem likely to get their first increase in maximum Pell awards in five years. But education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs.

"If this represents an actual increase in total need-based student aid, it will be great news," said Terry Hartle, senior vice president of the American Council on Education, an umbrella group of colleges and universities. But if supplemental grant programs are cut, "it's quite possible ... individual students could be less well off."

Spellings, after announcing the proposal at an education conference at North Carolina State University, said the Pell increase would be paid for with increased revenues and "efficiencies" that she declined to specify, saying details would be released with the president's budget announcement Monday.

The grants _ which students don't have to pay back _ are the federal government's main direct financial aid program for low-income families.

But as college costs have skyrocketed, the grants' buying power has eroded sharply. Twenty years ago, maximum Pell Grants covered about 60 percent of the average published price of attending a public four-year university, according to figures compiled in a report last year by the College Board. In 2005-2006, the maximum grant covered just one-third of that cost.

Increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education.

The problem of college affordability "has become a raging fire in American higher education," Spellings said Thursday. College "has now become virtually out of reach for many American families, and that's why it's so important that we focus on Pell as the first place to go," she said.

Democratic Sen. Edward Kennedy, who chairs the committee overseeing education issues, issued a statement calling the announcement a "welcome development" that "shows how a Democratic Congress is changing the nation's priorities."

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Bush had proposed a $100 increase in the value of maximum Pell grants in his 2006 budget, but no increase was passed by Congress that year.

Luke Swarthout, higher education advocate at the U.S. PIRG, a public interest group, applauded the announcement but also said it's important to see how the increase will be paid for.

"Provided that the administration is not robbing Peter to pay 'Pell,' this could be a very meaningful increase for low-income students all across the country," he said.

A Realistic Budget (1 Letter) (NYT)

The New York Times, February 2, 2007

In "The Budget Illusion" (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency.

On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012.

The editorial specifically warns against "pie in the sky" revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious.

Your skepticism about the president's balanced budget plan is very similar to skepticism expressed in February 2004, when the president set a goal to cut the deficit in half in five years. The New York Times joined others in questioning whether this goal could be achieved without raising taxes. In fact, the goal was accomplished three years ahead of schedule, while keeping taxes low.

Through reasonable restraint on spending and continued pro-growth policies, we can achieve balance, which better prepares us for the longer term fiscal challenges posed by the unsustainable growth in entitlement spending.

In The Loop: Aide At Labor Found Budget's Weaknesses, So Democrats Don't Have To (WP)

By Al Kamen

Washington Post, February 2, 2007

Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs.

So David James, an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled "DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out."

One part of the e-mail highlighted "Vulnerabilities/Democrat Attacks." One budget proposal is to "consolidate and streamline" four training programs, the e-mail said, but "Democrats portray this as simply a cut on worker training" and oppose it.

Another proposal calls for "a reduction in the budget" for the Bureau of International Labor Affairs and having "other federal entities" take over the bureau's "grant-making function." "This will be attacked as neglecting international child labor programs," James's e-mail said.

The disability employment office "has had a large grant-making function" of late and should "focus on its core mission," he wrote. "This will be attacked as shortchanging the needs of the disabled."

The Mine Safety and Health Administration is getting fewer employees than were there in the Clinton administration. "(possible antagonistic question: is this agency getting the support it needs from the administration to protect miners?)"

Chief of staff Paul Conway sent a reply e-mail to James with a note: "David -- Please make certain the secretary is provided with a copy of this."

And a colleague here at The Post got a copy, too, just in case James forget to send one to Chao.

Bush Calls Cheney Optimistic, Not Delusional

Vice President Cheney has taken a pounding in the biased liberal media for touting the "enormous successes" in Iraq. He's been called "a little crazy," "crazy as a loon," "a compulsive liar" and "deranged."

But President Bush, who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is "a person reflecting a half-glass-full mentality," which translated into English means he sees the glass half-full, not half-empty. (See illustration at right.)

Ah, yes, that Dick Cheney, the quintessential optimist, a most cheerful fellow who's been known to wander about the White House whistling "Always Look on the Bright Side of Life."

Bush, making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. "And there is distrust in Washington," he told NPR's Juan Williams on Monday. "I am surprised, frankly, at the amount of distrust that

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exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it." As Bush said in the same interview, "I'm not that good at pronouncing words."

Bush told Fox News's Neil Cavuto that, despite his dismal polls, "I'm going to sprint to the finish" in his final two years and that he has had one whale of a fun time being president.

"I've got too much on my mind to worry about, you know, standing in the polls or what life's going to be in 2009," he said. "This may come as a shock to you, but I have found this to be an exhilarating, joyous experience."

Even though he had to give up jogging? Almost died chewing that pretzel? Got that thumpin' a couple months ago?

Nuclear Security: Don't Need It or Don't Have It

The Nuclear Regulatory Commission ruled this week that the country's 103 nuclear power plants don't need to protect themselves from possible attacks by terrorists flying airplanes into them.

That saved plant operators billions of dollars. But it probably didn't do much to make folks living near those plants feel much safer.

Meanwhile, people who live near nuclear weapons plants are finding out that those highly trained bomb-sniffing dogs the Department of Energy uses to detect explosives and to catch intruders aren't exactly up to snuff.

In fact, "half of the canine teams we observed failed the explosive detection portion of the operational evaluations," the DOE inspector general reported this week after visiting three DOE sites.

What's more, "each of the canines we observed in suspect apprehension demonstrations failed to respond to at least one of the handler's commands," the report found, and the dogs "were not receiving the minimum number of hours of weekly training for explosives detection." The IG said the DOE canine programs should be reviewed, given that "explosives are a terrorist's weapon of choice" these days.

A Florida Republican? He'll Feel Right at Home.

Good news from the 100 block of D Street SE on Capitol Hill! This storied block was once a GOP bastion and home to six Republican House members. Four lost in November; one, Porter Goss (Fla.), went to run the CIA and was bounced from there; and the sixth was another Floridian, Mark Foley.

But Republicans still appear attracted to the neighborhood. Our colleague Mary Ann Akers reports in her blog -- http://www.washingtonpost.com/sleuth-- that incoming Rep. Vern Buchanan (R-Fla.), apparently unaware of the D Street jinx, has bought former Florida GOP congressman Clay Shaw's house there, pretty much sight unseen.

Treasury and Transportation Losing Top Aides

Taking off . . . Treasury Undersecretary for International Affairs Tim Adams-- chief of staff at the agency for the first three years of the administration, policy director on the 2004 reelection campaign and in his present job since early 2005 -- is calling it quits. Too much travel -- more than a third of 2006 on the road -- and three little kids getting older every day. No departure date set yet.

Veteran GOP operative Maria Cino is leaving March 2 "after two terrific years" as deputy secretary of transportation, she announced last week in an internal memo. She said she was "pleased to have had the opportunity to be acting secretary" -- fleetingly. She is reported to be headed north to Minneapolis to manage the 2008 Republican National Convention.

Soaring War Funding Raises Concerns About Scope Of Spending (USAT)

By John Yaukey

USA Today, February 2, 2007

WASHINGTON — Next week, the Bush administration is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan.

It's supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007.

But military budget analysts and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well.

A recent memo by Deputy Defense Secretary Gordon England raised red flags by recommending that the various armed services use the upcoming emergency appropriation not only to fund operating expenses in the two wars, but also to go after money for "overall efforts related to the global war on terror."

That was an invitation to a feeding frenzy, say analysts who track military spending.

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"These supplemental requests are very slushy," said Chris Hellman, a defense analyst with the Center for Arms Control. "You don't have anywhere near the amount of scrutiny and oversight with these as you do with the regular budget so you can get away with a lot."

Critics of emergency spending to fund the military also say it hides the true financial costs of the wars from the public by separating them out from the regular budget.

Since 2001, the year U.S. forces invaded Afghanistan, Congress has approved $383 billion in extra military spending on top of the Pentagon's growing annual baseline budget.

Changes ahead

The upcoming supplemental bill is intended to be the last for the Pentagon. Under pressure from Congress, the Pentagon henceforth is supposed to be calculating what its wars will cost and request the money in the annual base budget.

While budget hawks say getting rid of the military supplementals is a step in the right direction, the readjustment will make for some eye-popping dollar figures next week as the budget process gets underway. That's because the upcoming emergency funding request for the rest of fiscal 2007 will coincide with the Bush administration's 2008 budget proposal, which will include the war costs normally dealt with down the road in supplementals.

The net affect will be requests for defense spending that will total as much as three-quarters of a trillion dollars.

"You will see some whopping numbers next week — no question about it," said Steve Ellis, vice president of Taxpayers for Common Sense, a Washington, D.C., watchdog organization.

Lawmakers argue that major purchases such as weapons systems and new cutting-edge equipment should be requested in the annual budget because they can be tracked more closely there and cut it if necessary.

The Pentagon's annual budget request comes with hundreds of pages of explanatory notes while supplemental requests contain scant information about how the money will be spent.

One 2006 emergency request for $68 billion included five pages explaining how $33 billion in the request for military and operations and maintenance costs would be spent.

England argues that supplementals make sense because it's much easier to pay for a war periodically rather than try and project the costs two years into the future, which the regular budget process would require.

"Wars are highly dynamic and when circumstances change, we need a mechanism to handle it," he said. "Supplementals capture the reality of warfare."

Loading up

They're also a magnet for political pork once lawmakers get a hold of them during the approval process.

Once Congress got done with a 2005 emergency supplemental request, it included $24 million for maintenance of forest roads in California, $10 million for wastewater facilities in Pennsylvania, $2 million for a desalination facility in New Mexico, $2 million for a chemistry lab at Drew University in New Jersey and much more.

Sometimes, Congress and the Pentagon work together to lard these supplementals.

In an emergency request last spring, the Pentagon asked for 12 C-17 transport jets, which defense analysts said should have been paid for with the base budget.

Lawmakers not only approved the request but also bumped it up by 10 jets.

That was a boon to the community of Long Beach where 6,500 Californians are employed helping to make the jets — all thanks to a powerful senator who sits on the committee that oversees spending.

"I hope that this funding is the first step in ensuring that more C-17s will be built in the coming years," Sen. Dianne Feinstein, D-Calif., told her constituents in a news release.

How Democrats Work With Tight Purse (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 2, 2007

WASHINGTON

After blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy.

It's the first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities.

Lawmakers face tough deadlines: Money to run the government for fiscal year (FY) 2007 dries up on Feb. 15 unless Congress acts, and President Bush's budget for FY 2008 arrives at the Capitol this Monday morning. In a bid to move quickly,

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House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one.

The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for "unmet needs," including veterans' healthcare, low-income housing, education, and some 500 research programs.

Not included were any new earmarks, or member projects, funding for a new round of military base closures, and the annual congressional pay raise. Republicans, who were not allowed to propose amendments on the Democratic bill, complained that they had been left out of the process, but more than one-quarter of the House GOP caucus voted for the bill.

"This is a process that was required by the failure of the last Congress to do its work," said House majority leader Steny Hoyer, before Wednesday's vote.

As the 109th Congress prepared to leave town in December, Rep. David Obey (D) of Wisconsin, who now chairs the House Appropriations Committee, warned that by their "act of abdication" as the majority party, Republicans had "given up any right to criticize in any way whatever devices we have to use in order to dispose of the unfinished business of this Congress."

In Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class.

"It doesn't take a lot of money to get a lock on this issue. It takes some well-publicized votes," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J. "It's an indication of where their heads and their hearts are. In the arcane world of symbolic politics, they really hit pay dirt."

Their targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention.

This deal combines features of an omnibus spending bill, which rolls all unfinished spending bills into one, and a continuing resolution, which funds current programs at the level of the previous fiscal year.

Another selling point for voters is a ban on new congressional earmarks, which have figured in recent corruption cases involving members of Congress. "This is an earmark-free bill," says Rep. Rahm Emanuel (D) of Illinois, who chairs the Democratic Caucus. "To get this done with 57 Republican votes, that's a big deal."

But critics note the bill does not "turn off" some 28 earmarks that were funded in FY 2006, including $185 million for agricultural research projects and $50 million provided in FY 2004 to build a rain forest in Iowa. The prairie rainforest, arguably the most controversial after Alaska's $223 million "bridge to nowhere," has until Dec. 31, 2007, to find matching funds, a prospect that critics say is not likely to happen. In all, ongoing earmarks add up to at least $70 million, according to the Republican Study Committee, which represents conservative Republicans.

Still, anti-earmark groups praise Democrats for nixing all new earmarks, at least for a year. "It's a good thing to show that the country can survive without earmarks, but there's a danger that members of Congress may lobby agencies directly to get projects funded. That's a less transparent process than we already have," says Tom Finnegan, a spokesman for the watchdog group Citizens Against Government Waste.

"I can point to project after project in my district that is gone, but they're certainly not gone in West Virginia and Nevada," says Rep. Tom Cole (R) of Oklahoma, referring to the home states of Senate appropriations committee chairman Robert Byrd and majority leader Harry Reid.

On the Senate side, Republicans say they want to amend and debate the bill. "Republicans aren't going to shut down the government, but there will need to be an opportunity for Republican views on this," says Sen. Jon Kyl (R) of Arizona. Senate Democrats aim to wrap up this bill before the Feb.15 deadline.

White House Welcomes Tougher Oversight (AP)

By Ben Feller

AP, February 2, 2007

A White House management official said Thursday there is "very little real accountability" in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress.

"There cannot be enough accountability in the federal government," said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. "There is very little today. Very little real accountability."

Yet Johnson challenged Democratic lawmakers to help solve problems — not just hold hearings about them.

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Democrats now control Congress for the first time in Bush's presidency, and they are promising more investigation into matters of fraud and abuse. Key examples include spending on Iraq, homeland security and efforts to help the Gulf Coast recover from Hurricane Katrina.

Johnson, previewing Bush's management agenda for 2007, said Democrats can expect candor and cooperation. He said his agency's intention is not, as one reporter asked him, to step up its internal reviews to keep Congress at bay.

"Keeping Congress at bay suggests, 'Let's make them think that everything is just fantastic here.' They know better, and we'd be crazy to suggest that," Johnson said. "We want things to work better and it begins with an honest, candid, transparent assessment of what we know now. And out of that comes the fact that a lot of really good things are going on here."

He added that Democrats who run congressional hearings should do more than just draw public attention to problems. "Let's focus on things that aren't working like we want them to, but let's make sure we're focused on fixing them — not just identifying them," he said.

On that front, so far so good, Johnson said.

He said he has had cooperative meetings with Sen. Joseph Lieberman, I-Conn., chairman of the Homeland Security and Governmental Affairs Committee, and Rep. Henry Waxman, D-Calif., chairman of the House Oversight and Government Reform Committee.

The White House under Bush has taken steps to become more accountable to the public. One of them is a Web site, http://www.expectmore.gov, which singles out government programs that work well and ones that don't.

Bush has an ongoing management agenda that grades Cabinet departments on their performance in areas such as financial practices, implementing electronic government plans and competitive sourcing. Overall, scores are on the way up, Johnson said Thursday.

"The average agency today has more management capability than the best agency did five years ago," he said.

Yet this week, federal programs involving food safety, transportation spending and technology security were added to a congressional "high risk" list. That means their inefficiencies leave them vulnerable to fraud, waste and abuse.

Among those, the Homeland Security Department was criticized for not doing enough since its post 9/11 creation to coordinate work and share information among its different components. Johnson said there was no higher federal priority than improving that department.

FEDERAL DIARY: A Tale Of Mice Illustrates How To Save Money (WP)

By Stephen Barr

Washington Post, February 2, 2007

For an example of how federal employees can make a difference, the Office of Management and Budget yesterday offered up the story of feeder mice.

When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails.

This budgetary morsel is featured on a Bush administration Web site (http://www.results.gov) that has been revamped to provide information about how federal programs can be made more effective.

Clay Johnson III, deputy director for management at the OMB, called the feeder mice "my favorite example" of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important.

Johnson unveiled the Results Web site at a briefing. The site, originally designed to educate Bush administration political appointees on the president's priorities in federal management, is being redirected toward federal employees, congressional staff aides and groups interested in government performance, he said.

The OMB wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices. "The American people know we are not performing on all cylinders," Johnson said.

Federal employees are key to making programs more effective, Johnson said. He said he hopes the revamped site will attract suggestions from them on how to improve programs and on any laws or rules that should be changed because they hamper agencies.

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But Johnson acknowledged that most federal employees outside the Beltway "don't get the word" about administration efforts to make programs more effective. "Their knowledge of these things is less than I would like it to be, and [outside Washington] is where 90 percent of the work is done."

With Democrats in control of Congress, it seems unlikely that presidential management initiatives will get much attention on the Hill, in part because congressional committees plan to step up oversight of government contracting and other areas deemed at "high risk" by the Government Accountability Office.

Johnson said he has met with the two chairmen of the government oversight committees, Sen. Joseph I. Lieberman (I-Conn.) and Rep. Henry A. Waxman (D-Calif.), and told them he would welcome hearings that focus on how "to fix things."

He said Lieberman expressed interest in a comprehensive review of government, including how it is organized, and Johnson said he suggested staff consultations to weigh whether a reorganization commission should be created.

Johnson also said the OMB is paying closer attention to the GAO's list of programs that are vulnerable to waste, fraud and mismanagement. He noted that "good progress" has been made in some areas and said he would push to get them off the list in the next two years.

Problem areas that might be able to get off the GAO risk list, he said, include the Defense Department's cumbersome process for granting security clearances, Defense's systems for supplying troops with weapons and goods, the project to upgrade the air traffic control system, the government's management of surplus property and building maintenance, the government's strategy for personnel management, and the ability of intelligence agencies to share information about terrorism.

The highest priority, Johnson said, is pulling together the Homeland Security Department, which has been wracked by financial and contracting problems and where employee morale appears low. The department, which was created from the merger of 22 agencies, has been deemed at high risk by the GAO.

Sen. George V. Voinovich (R-Ohio), who has an interest in federal workforce issues, has asked for a Homeland Security plan "on what they intend to do between now and January 2009," Johnson said. "It is a priority for us here to make sure the plan is good, the plan is realistically aggressive."Talk Shows

Art Gordon, president of the Federal Law Enforcement Officers Association, and Jon Adler, executive vice president, will be the guests on "FEDtalk" at 11 a.m. today on http://Federalnewsradio.com and WFED radio (1050 AM).

George M. Gray, associate administrator for research and development at the Environmental Protection Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Senate OKs Higher Minimum-wage Bill (USAT)

USA Today, February 2, 2007

The Senate, by a vote of 94-3, on Thursday passed its version of legislation to increase the federal minimum wage from $5.15 an hour to $7.25 an hour. The bill includes a package of tax breaks for small businesses.

Majority Leader Harry Reid, D-Nev., raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to President Bush. A House version passed last month contains no business incentives. Both versions would phase in the increase in the minimum wage over a two-year period.

Prosecutor: Videos reveal Libby's motive

At former vice presidential aide Lewis "Scooter" Libby's trial Thursday, the jury was shown video clips of a White House spokesman telling reporters that Libby "had nothing to do" with leaking information about the wife of a Bush administration critic. Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes show Libby had a motive for lying to investigators and grand jurors when he said a reporter told him that Valerie Plame worked at the CIA. Prosecutors say it was the other way around — that Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said. Theodore Wells, Libby's attorney, argued the videos are "highly prejudicial" to his client because they might suggest he leaked classified information. No testimony is scheduled for today. — Richard Willing

Capitol workers raise safety concerns

Falling slabs of concrete and exposed asbestos are two reasons a federal agency should investigate passages under the U.S. Capitol complex, a group of tunnel workers said. They have asked the National Institute for Occupational Safety and Health for an evaluation.

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The 10 workers who raised this issue are responsible for maintaining the plumbing that provides steam and chilled water to Congress, the Library of Congress, the Supreme Court and other federal buildings. A spokeswoman for the Architect of the Capitol did not immediately return a request for comment.

Senate's Minimum-Wage Rise To Face Test In House (WSJ)

By Sarah Lueck

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Senate overwhelmingly approved a $2.10 increase in the federal minimum wage, but the business tax breaks paired with it face hurdles in the House.

On a 94-3 vote, the Senate backed the boost in pay for low-wage workers, as well as about $8 billion over 10 years in tax breaks for businesses, such as restaurants, that could be affected by the higher wage. To pay for the sweeteners -- a condition of support for many Senate Republicans -- the bill would limit the use of certain tax shelters, close loopholes and increase taxes on executive compensation.

MINIMUM WAGE DEBATE

1

See an interactive map2 examining current state minimums, average salaries and poverty rates.

The offsets have spurred criticism from business groups, which hope to persuade lawmakers to change or drop some provisions during House-Senate negotiations. Business lobbyists may be helped by some House Democrats, who say the tax breaks are unnecessary or too large, or who take issue with some offset provisions.

The minimum-wage bill illustrates the Democrats discovering, just as Republicans did before them, that moving their agenda through the House is only a first step. While the House swiftly passed a slew of legislation as part of the Democrats'"100 Hours" agenda, many of the provisions face hurdles or slower passage in the Senate, where Democrats have a slim majority and procedural rules give more power to the minority.

Despite strong support for the minimum-wage increase, members of the House and Senate haven't laid out yet how to resolve their differences. Senators say they are confident they will be able to deal with a constitutional precedent requiring tax legislation to originate in the House, possibly by attaching the minimum-wage package to a separate, House-passed tax measure. But the question remains: How will the House and Senate work out the impasse over tax breaks?

The House passed its minimum-wage increase by a wide margin and without the tax breaks in the Senate version. Rep. Charles Rangel, the New York Democrat who is chairman of the House Ways and Means panel, has criticized the tax breaks. "I'm not authorized to pay that much money for it," Mr. Rangel said after a meeting Tuesday with Senate Finance Committee Chairman Max Baucus (D., Mont.) on this and other issues. Mr. Rangel said he wants to let the issue "stew" in the Senate.

After the vote yesterday, Mr. Baucus said the House and Senate would be able to "harmonize" their bills. "I'm confident that our dedication to a minimum-wage increase is stronger than any differences between our two bills," he said.

Senate Majority Leader Harry Reid (D., Nev.) yesterday questioned whether "we need all these business pieces of sugar" in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-wage increase could emerge from a House-Senate conference without the tax breaks.

"If we go through the process and go through a conference and the message comes back, 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," Mr. Durbin said. "We need Republicans to pass it. If they continue to oppose it, then it will not pass."

The stalemate over the minimum wage is a contrast with the swift action in the House last month during the new majority's first 100 hours in charge. House Democrats reduced restrictions on federal funding for embryonic stem-cell research, strengthened House ethics rules and agreed to a pay-go requirement that new spending and tax breaks shouldn't increase the deficit. They rescinded tax breaks for oil and gas companies and required the federal government to negotiate with drug makers over prices in the Medicare health program, among other bills.

Some of the "100 Hours" items have a good chance of getting to the president's desk, though they will take time to wend their way through committees. Senate Democrats have indicated they support strengthening pay-go requirements, for example, and also want to reduce the cost of student loans. On other issues, such as fulfilling certain 9-11 Commission recommendations, the Senate may have other ideas.

On Medicare price negotiation, the Senate may take a different tack than the House. Mr. Baucus has said he supports removing from current law a prohibition on government negotiation with drug companies, while the House version requires the government to do such bargaining. It is unclear what Mr. Baucus might pursue in the Finance Committee and whether a softer approach would do anything to temper what Senate Republicans have promised will be strong opposition.

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Senate Passes Wage Bill, But Obstacles Await (NYT)

By Kate Zernike

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The Senate voted overwhelmingly Thursday to increase the minimum wage and give $8.3 billion in tax cuts to small businesses.

The increase in the wage, the first in 10 years, was a victory for Democrats, who had made it a key plank in their successful midterm election campaign to gain control of Congress.

But despite the huge margin of the Senate vote, 94 to 3, the increase — to $7.25 from $5.15 — must clear several hurdles before it becomes law. Democratic leaders in the Senate face their first big conflict with their counterparts in the House as the two chambers try to negotiate differences between the Senate bill and the one the House passed last month.

House Democrats promised that if they gained the majority they would pass the increase in the minimum wage, along with ethics reform and other measures, in their first 100 hours of legislating, and they succeeded.

But the House bill did not include the tax breaks. House Democratic leaders have said they want a "clean" bill that simply raises the minimum wage.

That approach failed in the Senate last week. Democratic leaders there say that they cannot get the Republican support they need without adding the tax provisions.

That leaves it to the Democratic leader in the Senate, Harry Reid of Nevada, to negotiate with the House speaker, Nancy Pelosi of California, and Representative Charles B. Rangel of New York, the chairman of the Ways and Means Committee.

The House could block consideration of the bill or strip out the tax provisions and send it back for another Senate vote.

Mr. Reid said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try. But his office later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations.

"It's not exactly clear what road we're going to take," said Senator Max Baucus, Democrat of Montana and chairman of the Finance Committee. But, Mr. Baucus added, "the desire to get the minimum wage passed is going to trump" any concerns or delays in negotiations.

Senator Edward M. Kennedy, Democrat of Massachusetts, who has championed the bill, said it was "unrealistic" to expect that it would simply go through the House.

Still, Mr. Kennedy said: "The minimum wage is going to go up. I wish it was going to be tonight or tomorrow that we get it to the president's desk, but it is going to increase, and the only question is whether it's going to take perhaps a week or it's going to take two and a half, two weeks or so."

Senate Republicans continued to insist that the bill would not pass without tax breaks.

"No one should be mistaken," said Senator Charles E. Grassley of Iowa, the ranking Republican on the Finance Committee. "It is House Democrats, not Senate Republicans, who are delaying passage of the minimum wage."

"The easiest and quickest way to send a minimum wage bill to the president," Mr. Grassley said, "would be for the House to send the Senate a bill identical to the Senate-passed bill."

In a statement, President Bush encouraged the House to support the increase and the tax cuts, saying it would "maintain a strong and dynamic labor market" and promote "continued economic growth."

Republicans argue that Democrats agreed to similar tax breaks the last time Congress raised the minimum wage, and that they should go along with them now to offset the costs of an increase to small businesses.

"It's not a clean issue," said Senator Michael B. Enzi of Wyoming, the ranking Republican on the Health, Education, Labor and Pensions Committee. "It's a complicated issue."

Senate Ups Wage To $7.25 Over Two Years (AP)

By Jim Kuhnhenn

AP, February 2, 2007

The Senate voted overwhelmingly Thursday to boost the federal minimum wage by $2.10 to $7.25 an hour over two years, but packaged the increase with small business tax cuts and limits on corporate pay that could complicate its path to become law.

The increase in the minimum wage, the first in a decade, was approved 94-3, capping a nine-day debate over how to balance the wage hike with the needs of businesses that employ low-wage workers.

A top priority of Democrats, the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress.

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"Passing this wage hike represents a small but necessary step to help lift America's working poor out of the ditches of poverty and onto the road toward economic prosperity," said Sen. Edward Kennedy, D-Mass.

Republicans stressed the importance of the bill's business tax breaks, though it was a significantly smaller tax package than Republicans had sought during previous attempts to raise the minimum wage.

"The Senate's reasonable approach recognizes that small businesses have been the steady engine of our growing economy and that they have been a source of new job creation, a source of job training," said Sen. Michael Enzi, R-Wyo., who helped manage the debate for the GOP.

The bill must now be reconciled with the House version passed Jan. 10 that contained no tax provisions. House Democrats have insisted they want a minimum wage bill with no strings attached, though some have conceded the difficulty of passing the legislation in the Senate without tax breaks.

The measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff.

House Speaker Nancy Pelosi, D-Calif., has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill.

In a statement, President Bush encouraged House Democrats to accept the Senate version of the bill. "The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth," Bush said.

But AFL-CIO President John Sweeney vowed to "turn up the volume" to pass a bill without tax breaks.

"Minimum wage workers in this country have waited far too long for a raise," Sweeney said in a statement after the vote. "It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

The three senators voting against the bill were Republicans Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina. Absent from the vote were Democrats Tim Johnson of South Dakota and Charles Schumer of New York and Republican James Inhofe of Oklahoma.

The legislation would raise the minimum wage in three steps. It would go to $5.85 an hour upon taking effect 60 days after the president signs it into law, then to $6.55 an hour a year later, and to $7.25 an hour a year after that.

An effort by the Senate last week to end debate on the House version of the bill failed when Democrats were unable to get the 60 votes needed. But many Democrats in the House and Senate would like to challenge Republicans to vote against a clean bill with no tax provisions.

"If we go through the process ... and the message comes back: 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," said Sen. Richard Durbin, D-Ill., the assistant majority leader. "We need Republicans to pass it. If they continue to oppose it then it will not pass."

Senate Majority Leader Harry Reid, D-Nev., said Thursday he did not believe the business incentives were necessary. "The minimum wage will be increased," he said. "The question is do we need all these business pieces of sugar or not. We will see."

A spokesman for Reid said the tax breaks are needed to overcome a potential GOP filibuster.

"Of course, Democrats would prefer to pass a clean increase in the minimum wage," said the spokesman, Jim Manley. "The fact is that Republicans have made it very clear that the only way we will pass a modest increase in the minimum wage is with tax breaks for small business."

Besides increasing the minimum wage from the current $5.15 an hour, the bill would extend for five years a tax credit for businesses that hire the disadvantaged and provide expensing and depreciation advantages to small firms. The tax breaks would be paid for by closing loopholes on offshore tax shelters, capping deferred compensation payments to corporate executives and removing the deductibility of punitive damage payments and fines.

Senators also adopted an amendment that would bar companies that hire illegal immigrants from obtaining federal contracts. That measure was designed to encourage companies to participate in an employee identification program that can weed out undocumented workers.

While the tax breaks have won the support of small business groups as well as retailers and restaurant owners, they have drawn opposition from larger businesses that would bear the brunt of the revenue provisions. Several business groups also opposed the immigration measure.

After the House passed its bill on Jan. 10, the White House issued a statement insisting that final legislation include small business tax breaks. It subsequently issued a statement supporting the Senate version, but said the revenue measures were not necessary.

According to the Labor Department, 479,000 workers earned exactly $5.15 an hour in 2005, the most recent estimate available. Most are young and unmarried and more likely to be women, minorities and part-time workers. According to the liberal

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Economic Policy Institute, the wage increase would affect 5.6 million people who make less than the proposed minimum of $7.25.

More than two dozen states and the District of Columbia have minimum wages higher than the federal level. The issue proved to be potent last November when six states raised their minimums in statewide votes.

Senate Adds Tax Breaks To Minimum Wage Bill (WP)

By Lori Montgomery

The Washington Post, February 2, 2007

The Senate voted overwhelmingly yesterday to increase the federal minimum wage for the first time in nearly a decade, but added small-business tax breaks that are unacceptable to House leaders, preventing Democrats from claiming a quick victory on one of their top legislative priorities.

The Senate voted 94 to 3 in favor of the measure, which would raise the minimum wage to $7.25 an hour from $5.15 over two years.

To attract Republican support, Senate leaders agreed to extend tax credits and expand deductions for businesses that would be hit hardest by the minimum-wage increase. Those tax breaks, worth $8.3 billion over 10 years, are coupled with a proposal to raise taxes by a similar amount on corporations, their chief executives and other highly paid workers.

Senate Republicans praised the measure as a responsible package that would help workers who earn the minimum wage and the businesses that employ them. They implored House leaders to accept the compromise and send it to President Bush, who put out a statement yesterday praising the Senate bill.

"I want to reiterate our hope that the House will not derail this bipartisan approach," said Sen. Mike Enzi (R-Wyo.) "Middle-class relief is in their hands."

Democrats were less effusive. After the vote, presidential candidates Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) lined up at a news conference with the bill's sponsor, Sen. Edward M. Kennedy (D-Mass.), and bemoaned the complications. Earlier, Majority Leader Harry Reid (D-Nev.) said he would prefer to pass a minimum-wage increase without "all these business pieces of sugar."

The Senate action sets the stage for potentially lengthy negotiations between the two chambers, as the new Democratic majority works through one of its first significant tests. After winning control of Congress in a campaign that emphasized middle-class anxiety and corporate greed, Democrats pushed the minimum wage to the top of their agenda, noting that it had fallen to its lowest value, when adjusted for inflation, in more than 50 years.

The House quickly approved the measure after just a few hours of debate. But the Senate took days, tacking on an amendment to ban companies that hire illegal immigrants from receiving government contracts for 10 years in addition to the tax package.

As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases. It would extend for five years a tax credit for employers who hire welfare recipients and "high-risk youth" and expand the provision to include disabled military veterans.

To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty.

House leaders have demanded that the tax measures be stripped from the bill. They argue that business needs no additional help after six years of breaks from the Bush administration and that, in any case, procedural rules require revenue bills to originate in the House.

That power is particularly important this year, because House Democrats have vowed to offset tax cuts and some spending increases with spending cuts or tax increases of equal value. Rep. Charles B. Rangel (D-N.Y.), chairman of the tax-writing House Ways and Means Committee, said he may have other plans for the $8.3 billion that the Senate would use for business tax breaks.

Yesterday, it was unclear how Democrats would proceed. Reid predicted that the differences would be worked out by a conference committee. "The minimum wage will be increased," he said.

Senate Votes To Raise Minimum Wage (MCT)

By Margaret Talev

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McClatchy Newspapers, February 2, 2007

WASHINGTON - Democrats promised last year to raise the federal minimum wage for the first time in a decade if voters gave them control of Congress, but now they're holding it up in a game of chicken between the party's purists and pragmatists.

The Senate voted 94-3 Thursday to increase the minimum wage to $7.25 an hour, from $5.15. The House of Representatives approved such a raise weeks earlier. The sticking point between the two versions is $8.3 billion in Republican-backed tax breaks for small businesses in the Senate version.

House liberals argue that now that they're in charge they shouldn't have to cut deals with the Republicans. Senate Democrats have said that without the tax breaks they can't pass the bill because they don't have a big enough majority to overcome Republican obstruction. And President Bush said that the tax breaks are the price of his support for raising the minimum wage.

"I strongly encourage the House to support this combined minimum-wage increase and small-business tax relief," Bush said in a statement released by the White House after the Senate vote.

AFL-CIO President John Sweeney issued a statement saying, "It's disgraceful that the Senate is still holding the minimum wage hostage to tax cuts for business. . . . In the last 10 years, the Republican-led Congress provided corporations with a whopping $276 billion in tax cuts and provided small businesses with another $36 billion in dedicated tax breaks, while America's lowest paid workers have gotten nothing. . . . It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

Yet if House and Senate Democrats don't compromise, the minimum-wage increase might die.

Even Sen. Ted Kennedy, D-Mass., the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the "least offensive" possible because it includes incentives for hiring minorities and disadvantaged Americans.

Raising the minimum wage would benefit an estimated 5.6 million workers directly. The annual salary for a full-time minimum-wage employee would rise from about $11,000 a year to about $15,000. Experts say 7 million more who earn slightly more than the minimum wage could benefit from a ripple effect.

The tax-break package contains several provisions. Small businesses would enjoy more liberal rules for depreciating capital improvements, including equipment. Small businesses that can file individual income taxes rather than corporate income taxes would get new breaks. And the Work Opportunity Tax Credit, which offers subsidies for hiring welfare recipients and other disadvantaged Americans, would be expanded.

Democratic leaders say they'll probably keep the legislation in the Senate until some compromise emerges. Meanwhile, minimum-wage workers will get no raise.

"We haven't resolved anything," said Rep. Charles Rangel, D-N.Y., chairman of the tax-writing Ways and Means Committee. Rangel opposes including the tax breaks as part of a minimum-wage increase.

The posturing and uncertainty are frustrating to a broad coalition of organized labor, community and religious activists, which has agitated for years for a wage increase.

But that coalition, too, is splintered over how to react.

"We are so concerned that the minimum wage be raised in support of low-wage working people and families, that although we would prefer a clean bill, we believe this (Senate) bill should be supported," said the Rev. Paul Sherry, the national coordinator of Let Justice Roll, in a telephone interview.

Soon after, Sherry called back to clarify that "we will support reluctantly the $8.3 billion tax package, but if they tack anything else on, we're in a different ballgame."

In a third call, he said he could no longer say with absolute certainty what position his coalition would take. "We haven't been able to make a decision yet," he said.

Senate Majority Leader Harry Reid, D-Nev., hinted Thursday that once House and Senate Democratic leaders sit down together, they may decide to go for broke, strip the tax provisions and dare Republicans to kill the bill.

"The minimum wage will be increased," Reid said. "The question is, do we need all these business pieces of sugar or not? We will see." Asked whether he thought the "sugar" was necessary, Reid said, "No."

As long as the Democrats are fighting among themselves and delaying action on their own campaign pledge, Senate Republicans have little motivation to bargain.

Sen. Charles Grassley, R-Iowa, the ranking minority member of the tax-writing Senate Finance Committee, said the tax package is "peanuts" compared with provisions that President Clinton signed into law a decade ago in the last minimum-wage deal.

"And yet we're having this harangue about it," Grassley said. "Aren't we having a win-win situation in a bipartisan way?"

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Senate Passes Wage Bill; House To Fight Tax Relief (WT)

By S.a. Miller

The Washington Times, February 2, 2007

The Senate overwhelmingly passed a bill yesterday that would raise the federal minimum wage to $7.25 an hour, but the fight for its survival has just begun.

House Democrats have threatened to invoke a parliamentary rule that would disqualify the legislation because of a Republican-sponsored provision that would provide some tax relief to small businesses. The measure aims to help employers absorb the higher payroll cost.

Senate Majority Leader Harry Reid, Nevada Democrat, is expected to delay sending the bill to the House, which passed its version last month, while the two chambers negotiate.

The talks could last weeks, said Democratic aides in both chambers.

"We've had a period of tax cuts after tax cuts after tax cuts," said Drew Hammill, spokesman for House Speaker Nancy Pelosi, California Democrat. "American workers are earning less, and it's long overdue that this raise happens."

Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version.

Senate Democrats had balked at the tax-relief measure, but their slim majority forced them to accept it to gain Republican votes needed to pass the bill 94-3. Mrs. Pelosi and Mr. Rangel now face a similar bargain.

Ways and Means Committee spokesman Matthew Beck said Republicans were "holding hostage" the wage increase.

Congress has not increased the minimum wage since 1997, the longest stretch without a raise since a minimum wage was established in 1938 at 25 cents per hour.

"The message is the Senate of the United States listened to the people," said Sen. Edward M. Kennedy, Massachusetts Democrat, who managed the bill. "That's the powerful message that is out there tonight."

He said the tax measures would help small businesses create jobs and were the "least offensive" additions to the bill.

The tax package would save small businesses $8.3 billion, a fraction of the $268 billion in tax cuts Republicans proposed for a minimum-wage bill last year.

Sen. Michael B. Enzi, Wyoming Republican and ranking member of the Health, Education, Labor and Pensions Committee, called on the House not to "derail this bipartisan approach."

"Passing the Senate's bipartisan minimum wage and small business relief is good for low-skilled workers, and it is good for the middle-class working families of America," Mr. Enzi said.

Both chambers passed bills that would raise the minimum wage by $2.10 over two years, from $5.15 to $7.25 an hour.

Sen. Benjamin L. Cardin, Maryland Democrat, who spent years on the House Ways and Means Committee before elected senator in November, said the bill would pass once the House "put its stamp on it."

"I don't think they will take the tax provisions out. They might try that, but at the end of the day, I think the tax provisions are going to be in the bill," he said.

The increase would be phased in starting with a raise to $5.85 at 60 days after enactment, to $6.55 a year later and to $7.25 the next year.

How To Really Help Low-Wage Workers (WP)

By Thomas Z. Freedman

The Washington Post, February 2, 2007

If the House and Senate are able to agree on a minimum-wage hike and the president signs the bill, some may say we will have done enough to help low-income workers. It's true that low-wage workers urgently need a raise, that millions of Americans work full time and still live below the poverty line. But while an increase in the minimum wage is better than nothing, alone it is an incomplete instrument for really making work pay.

We should raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford.

Published statistics for 2004, the most recent year with solid available data, show that about 3.5 million full-time workers earned less than poverty-level wages. Factoring in government benefits, about 2.6 percent of full-time workers live below the poverty line. That is about 2.7 million Americans. And these struggling workers frequently support families, meaning millions more depend on them.

On its own, the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough. Even the plan to raise it to $7.25 an hour has been a political struggle, with success now likely but not

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guaranteed. It would take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be. The last increase was 10 years ago, and some full-time workers have fallen further below the poverty line since then. Even with a new raise, workers will once again slip into poverty if a decade or more goes by between increases.

A better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC). This program, signed into law by President Gerald Ford and greatly expanded and popularized by President Bill Clinton, is designed specifically to reward work. It is one of the country's most successful anti-poverty programs.

The EITC program, however, has substantial shortcomings. It does not cover childless workers younger than 25, and the credit does not help meet the costs of raising additional children after a family's second child. Further, many people who are eligible don't apply for the credit. These holes have significant consequences.

How many reforms are enacted would affect the cost of the credit. Increasing the EITC for families with three or more children -- more than half of all poor children live in such families -- would help an estimated 3 million families and cost about $3 billion. Crucial actions such as improved outreach or removing a built-in marriage penalty could each be done for about $1 billion; more complete reforms that would also help those living barely above the poverty line could cost 10 times that or more. But this is the best time in a decade to make this bargain with low-wage workers. An increased minimum wage will help millions of poor people; combining it with a new commitment to the earned-income tax credit could take them the rest of the way out of poverty.

Arguably, supporting those who are working hard and playing by the rules is as important a societal good as tax breaks for companies or even encouraging home ownership. The question ultimately is about our nation's priorities. The federal budget is more than $2 trillion, and Congress's pork-barrel projects have been estimated at $47 billion. Home mortgage deductions -- a benefit for mostly middle-class Americans -- average about $9,500 a year per homeowner. By comparison, the cap on EITC payments last year was $4,400. The average EITC benefit in 2005 was only $1,872.

The issue of whether to make such a policy change is timely with a presidential contest looming. It's not unreasonable to hope that some candidate will want the world's richest country to make a new bargain with its poorest workers. We need to raise the minimum wage. But we should also make a larger commitment. If you work hard year-round, we will make sure you are not living below the official poverty line. You may not be rich, but you'll know that in America work pays.

The writer was a senior adviser to President Bill Clinton and is a visiting fellow at the Progressive Policy Institute.

Bush Urges Stepped-Up Campaign Against Childhood Obesity (WP)

By Michael Abramowitz

Washington Post, February 2, 2007

President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns.

Among those at the morning meeting in the White House Roosevelt Room were the president of McDonald's USA, purveyor of the Happy Meal; a senior executive of Kraft Foods, which sells macaroni and cheese in the shapes of popular children's characters; and the chief executive of PepsiCo., maker of soft drinks and Doritos, among other products.

"Childhood obesity is a costly problem for the country," Bush said before starting the private meeting, which also included first lady Laura Bush. "We believe it is necessary to come up with a coherent strategy to help folks all throughout our country cope with the issue."

As described by those present, the meeting was cordial and the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as banning the marketing of junk food to children or requiring more detailed nutritional labeling. Bush told the executives that it is an individual's responsibility to maintain a healthful diet, not the government's. The meeting also included executives of entertainment companies involved with marketing to children.

Peggy Conlon, president of the Advertising Council, which has been working with the government on public service campaign on childhood obesity, said the president is very interested in the efforts some of the companies have been making to offer more healthful choices to Americans. McDonald's, for instance, has been adding salads and other alternative products to its menu and giving people the option of substituting apple slices for french fries in Happy Meals.

"He was curious," Conlon said of Bush. "They talked a lot about their movement to healthier product choices."

The group also played for the president a public service announcement developed by Dreamworks and the Ad Council featuring the characters from the hit movie "Shrek" urging kids to get outside and play.

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Childhood obesity has been identified by public health advocates as a serious and growing problem, with roughly 15 to 18 percent of children and teenagers considered overweight, according to government data. A 2005 report from the Institute of Medicine concluded that marketing practices from the food and beverage industry is "a direct threat to the health prospects of the next generation."

Former Food and Drug Administration commissioner David A. Kessler, who crusaded against the tobacco industry, applauded the president's initiative to discuss the issue but said: "That still leaves the question of what to do. Talking about it is a first step. It is a very large public health challenge, the consequences of which we have only begun to understand. In some ways we have all been AWOL on this issue, including this administration."

Michael Jacobson, executive director of the Center for Science in the Public Interest, was more skeptical. "It is a feel-good event for a beleaguered White House, and it's great for some of the companies that have been major contributors to childhood obesity." But he added: "The government needs to put some muscle into [the campaign] and maybe step on some toes."

Bush Urges Parents To Get Kids Outdoors To Fight Childhood Obesity (USAT/AP)

USA Today, February 2, 2007

WASHINGTON (AP) — President Bush said Thursday that childhood obesity is a costly problem for the country and puts stress on American families.

"One way for this nation to cope with the issue of obesity is to get people outside — whether it be through sports or hiking or conservation," Bush said while meeting with business leaders working to encourage exercise and healthy food choices through advertising.

He said first lady Laura Bush was on her way to New York to kick off Friday's "Wear Red Day" for the National Heart, Lung and Blood Institute's Red Dress Project to increase awareness that women are at risk for heart disease. Bush signed a proclamation making February American Heart Month.

"Mothers are the ones, a lot of times, who make choices for their children," the first lady said. "They make their choices on the foods they eat. They're the ones at home, many times, who encourage their children to exercise."

Earlier, the president and Mrs. Bush attended the 55th national prayer breakfast at a Washington hotel where he prayed for the safety of U.S. troops, saying: "During this time of war, we thank God that we are part of a nation that produces courageous men and women who volunteer to defend us."

In the Roosevelt Room, the president and Mrs. Bush met with executives from the food, beverage and entertainment industries to talk about improving healthy food offerings and encouraging physical fitness in their marketing and advertising campaigns.

More than 10 million school-age children in the United States — about 18% — are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12. This increases their risk for adult heart disease and diabetes, lowers life expectancy and creates additional health care costs.

Following the meeting, Health and Human Services Secretary Mike Leavitt was to work with Roger Enrico, chairman of DreamWorks Animation SKG, and Peggy Conlon, president and chief executive officer of The Advertising Council, to launch a public awareness campaign to help prevent childhood obesity. The campaign will include ads featuring characters from the Shrek animated movies encouraging children to "Be a Player" and get up and play for an hour a day.

Representatives from General Mills, Coca-Cola North America, Univision Communications Inc., Kraft Foods Inc., Kellogg Co., PepsiCo Inc., Subway Franchisee Advertising Fund Trust, McDonalds USA and Nickelodeon Television also were at the meeting.

Bush Urges Parents To Get Kids Outdoors (NYT/AP)

By The Associated Press

The New York Times, February 2, 2007

Filed at 9:50 p.m. ET

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Bush Gets Aid Of Democrats In Fighting Pandemics (NYT)

By Celia W. Dugger

The New York Times, February 2, 2007

At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year.

That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans.

"We're in a different world now," said Representative Nita M. Lowey, Democrat of New York, who heads the appropriations subcommittee that oversees foreign aid. "This is the first time since Sept. 11 we've had a power split in Washington, and there's a growing recognition among the public and policy makers that foreign assistance is critical to stability around the world."

The administration's drive for a rapid strengthening of programs to prevent and treat AIDS and malaria had been caught in limbo. The departing Republican-led Congress had failed to pass spending bills to finance most federal agencies this fiscal year, which began Oct. 1, including those that administer foreign aid.

But the new Democratic leadership agreed this week to give the administration $4.5 billion this year to combat the big three global pandemics, $500 million more than the president himself had requested and over $1 billion more than if the undertakings had been required to continue at the previous year's spending levels.

The House on Wednesday approved the global health financing as part of an omnibus budget measure. The Senate is expected to take up the bill as early as next week.

Under Mr. Bush, aid to Africa has risen to more than twice the level of any previous administration and more than triple that achieved during the Clinton administration, according to an analysis by the Center for Global Development, a nonprofit research group in Washington.

But Mr. Bush will need the Democrats to sustain the growth. And while Congress has embraced increased global health spending, it was not as generous to Mr. Bush's other foreign aid innovation: the Millennium Challenge Corporation, an agency that aims to reduce poverty through grants to well-governed developing countries. It approved continuing last year's spending level of $1.75 billion for the agency, far short of the $3 billion Mr. Bush requested for this year. Some Democrats in Congress have complained that the agency has been too slow to spend the money it has and to show results.

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"The politics of aid in this country probably has shifted on push-button issues like H.I.V./AIDS," said Todd Moss, a senior fellow at the Center for Global Development. "It's the longer-term development that's much harder to do and build political backing for. Those are the things that will come under pressure in a Washington with a split government."

Still, this week's progress on global health provides a marker of how much both parties have changed since the Clinton years. Then, the Republican Senator Jesse Helms attacked foreign aid as money poured down a rathole before he had a change of heart. President Clinton, now a leading advocate for global AIDS treatment and prevention programs, failed to muster an American response commensurate with the scale of the dying, many critics say.

Now, both parties compete to claim the mantle of leadership. Patrick J. Leahy, Democrat of Vermont, who heads the Senate appropriations subcommittee on foreign aid, said Democrats in Congress had pushed even harder in recent months than the White House for AIDS spending.

Tim Rieser, who has been the lead Democratic staff member on the same Senate subcommittee since 1995, said: "When Clinton was president, he didn't make AIDS the priority he should have. President Bush saw the opportunity and deserves credit for that. But it's not like he owns the issue. We all — Democrats and Republicans — have urged that much more be done."

Vaccine Firms Get Immunity From The U.S. (WSJ)

By Jane Zhang

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain.

The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health. In a directive dated last week, HHS invoked that clause, "based on a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

Bill Hall, an HHS spokesman, said that the agency's declaration "allows us to remove the remaining barrier to building up our domestic capacity to manufacturers of vaccines in a flu pandemic." He denied that the move reflected heightened concern about the avian flu. Rather, he said, "It was a precautionary step."

The HHS action comes at a time when fresh cases of avian flu are cropping up in Asia, Russia, Nigeria and parts of Europe, and some in Congress are expressing renewed concern about the threat. Recently, Democratic Sen. Tom Harkin of Iowa held a hearing to question senior administration officials on what they are doing to prepare for a possible pandemic in the U.S.

Some saw the HHS action as a reflection of increased concern. "This is probably the loudest pronouncement by the federal government to date that the threat of an avian flu pandemic is real," says John Clerici, a partner at McKenna Long & Aldridge in Washington, D.C., a law firm whose clients have included vaccine makers.

The U.S. has long been concerned about a shortage of vaccines, both for seasonal influenza and to combat the H5N1 bird-flu strain and other potentially lethal strains. As part of a plan to encourage development of experimental vaccines and other countermeasures against public health and bioterrorism threats, Congress passed in late 2005 a bill that provided liability protection to those vaccine makers. The measure, signed by President Bush in December 2005, was roundly criticized by trial lawyers and other critics as a giveaway to drug companies. Sen. Edward Kennedy (D., Mass.) demanded a generous compensation scheme for victims of potential side effects of the vaccines. But as part of the defense appropriations bill, the measure had no funds provided.

Drug Industry Faces Bitter Pill (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, February 2, 2007

Congress is kicking off efforts to pass big reforms of the Food and Drug Administration, and that could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines.

Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising. The bill also would require registration of clinical drug trials and their results in public databases.

Meanwhile, Sen. Chris Dodd of Connecticut, a Democrat, and Sen. Charles Grassley of Iowa, a Republican, on Wednesday introduced their own drug-safety bills, which would restructure the FDA to create a center to oversee the safety of drugs after they go on the market.

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Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans. And they're getting support from some Republicans upset by a series of high-profile drug-safety problems, including the 2004 withdrawal of the painkiller Vioxx.

Also, lawmakers have a ready-made vehicle for the changes: legislation that must be approved this year to renew the deal under which the industry pays fees to fund much of the FDA's drug-review process. The current user-fee agreement expires later this year.

"It's pretty clear we have drug-safety problems, and it's clear we need to address those matters," says Rep. John Dingell (D., Mich.), chairman of the House Energy and Commerce Committee, which has jurisdiction over the FDA. Several lawmakers say the agency's latest drug-safety initiatives, announced Tuesday, need to be bolstered with new legislation.

While these bills are now stand-alone measures, many on Capitol Hill expect that whatever safety legislation moves forward will be combined with the user-fee bill. That legislation also might end up linked to proposals to create a pathway for FDA approval of generic versions of biotech drugs -- which proponents argue would rein in the cost of such medicines -- and allow imports of medication from overseas. Both provisions are opposed by the drug industry, which is pressing for a "clean" user-fee bill.

STRONG MEDICINE

• What's New: Members of Congress propose to increase the FDA's drug-safety oversight and create a path for the agency to approve generic biotech drugs.

• The Issue: The drug industry is concerned about the effect of such legislation.

• What's Next: Proposals to change the FDA may be included in legislation authorizing fees that fund many agency operations.

"We're concerned that it not become a Christmas tree," loaded with legislative extras, says Billy Tauzin, chief executive of the Pharmaceutical Research and Manufacturers of America, the industry's main lobbying group. But, he says, "we appreciate that the odds are that people are going to load it up."

In an effort to defuse controversial issues and lay the foundation for the user-fee bill, the pharmaceutical industry and the FDA struck a deal, unveiled a few weeks ago, that would provide the agency with $393 million in industry user fees for the next fiscal year. That is an increase of about one-third from the current year.

The pact would grant the FDA substantially more money for safety monitoring, and fund more staff to review pharmaceutical ads. That dovetails with voluntary campaigns by companies to submit their ads to the FDA and include their studies in public registries.

Mr. Tauzin says the industry "has real concerns" about what the Kennedy-Enzi bill might do, and opposes Sens. Grassley and Dodd's proposal to create an FDA drug-safety center: "Is this needed legislation, or is it going to create some new authorities that are problematic?"

If Congress doesn't pass the FDA fee legislation by late summer, it risks shutting down much of the agency's drug-regulation activity. Complicating matters, other FDA-related laws also must be renewed this year, including the fees that fund the agency's regulation of medical devices.

Mr. Dingell says he doesn't want to "bog down" the user-fee bill with procedural fights over provisions that aren't germane, but he also wants to step up drug safety. Later this month, his committee is expected to hold a hearing on drug safety that will include Sen. Grassley, an exacting FDA watchdog. Mr. Dingell calls the proposal to create a drug-safety center at the FDA an "intriguing idea," but says he wants to learn more before endorsing a plan.

Another focus for Congress: drug ads. Mr. Dingell says his reservations about such consumer advertising "have only grown with the passage of time." Democratic Rep. Frank Pallone of New Jersey, chairman of the Energy and Commerce health subcommittee, says the issue "could be part of the reauthorization" of the fee bill, but leaders will "see where there's a consensus" before deciding.

Another House Democrat, Henry Waxman of California, says he plans a drug-safety bill that will largely mirror the Kennedy-Enzi proposal. "The FDA does not have the authority it should have and that our legislation would give them," he says.

The Kennedy-Enzi bill would strengthen the FDA's oversight of drugs after they go on the market, by requiring that drugs be approved with programs to manage their risks. Those programs might be very limited, but they could also include an array of provisions the FDA doesn't currently have the explicit power to impose, including mandatory safety studies, restrictions on who can prescribe or dispense a drug, and an initial ban on consumer ads. A Kennedy staffer says that while the bill initially will be separate from user-fee legislation, "we imagine the process is one where all of these things end up being joined at some point."

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The biggest concern for the biotech industry is legislation planned by Mr. Waxman, which would create a path for generic versions of biotech drugs. Sen. Hillary Clinton (D., N.Y.), a member of the health committee, plans to tie that effort to the user-fee legislation. "Linking it to [the user-fee bill] would be a good idea, because that's must-pass legislation," says another New York Democrat, Sen. Charles Schumer, who will be the generic biotech bill's lead Senate sponsor.

James Greenwood, chief executive of the Biotechnology Industry Organization, says the issue is too complex and scientifically delicate to be examined and resolved in time to link it to the user-fee legislation. "There's barely enough time to have the members of the House and the Senate understand what's in the [user-fee bill]," he says.

Lawmakers Eye Child Insurance Program (AP)

By Kevin Freking

AP, February 2, 2007

Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage. Lawmakers, however, are moving more quickly to renew a program that now provides coverage to 6 million people, mostly children.

The State Children's Health Insurance Program expires Sept. 30. Democrats and Republicans say they want to swiftly reauthorize the program.

"There is no greater priority for the Finance Committee in the health arena this year," said Sen. Max Baucus, the committee's new chairman. "It's No. 1."

When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector.

Job Bedford, 13, of Baltimore, told Baucus' committee Thursday that being in the program means he can take his asthma medicine with him wherever he goes, which makes him feel safer.

"Asthma attacks are kind of scary. They are very unpredictable and there is always the worry in the back of my mind that I might just die," he said.

Interest groups and trade associations are lobbying for a major expansion of the program as a way to reduce the ranks of the uninsured, now estimated at 46.6 million.

But some senators sought to temper expectations.

Sen. Charles Grassley, R-Iowa, noted the program will require Congress to find $12 billion to $15 billion over the next five years just to serve the existing population. That is above the $25 billion that Congress would spend under the current money formula.

Grassley said he has not heard any advocacy groups say how Congress should pay for expanding the program. He does not consider raising taxes an option.

"A critical part of the discussion needs to be about how we are going to pay for the existing services before we can discuss expanding services," Grassley said.

Committee Republicans said restricting the number of adults eligible to participate could allow more children to be covered.

Some states use their share of the grant money to expand insurance coverage for adults. Arizona, Wisconsin and others even cover more adults than children.

Gov. Sonny Perdue, R-Ga., told lawmakers his state will run out of federal money for its children's health insurance program by March. That would affect 273,000 children.

But even as some states struggle with shortfalls, others get enough money to cover populations that were never the intended recipients of the program, Perdue said.

Several Republicans agreed with Perdue's assessment that the program's resources should be focused on children.

"The SCHIP program is for kids," Grassley said. "The C stands for children. There is no A is SCHIP."

Overall, about 639,000 adults get health insurance through the program.

Congress recently provided $283 million to prevent states from experiencing shortfalls in health insurance funding. It also prohibited states from using their program money to provide coverage to adults without children. An exception was allowed for those states already given permission to extend coverage to adults.

But Cindy Mann, executive director of the Center for Children and Families, said removing adults from the program would not free up significant money for children.

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"The adults covered through this initiative are very low income. We're talking about people who work at minimum wage or at $7 or $8 an hour," Mann said. "They don't have other options, so the ramification of dropping them would be to increase the number of uninsured people. That would be an ironic result of SCHIP reauthorization."

Baucus, D-Mont., said after the hearing that he does not want to just renew the program, but expand it.

"Were going to need more money for CHIP," he said. "And we need to move fast to find it to keep kids from losing coverage this year."

Christina Pearson, a spokeswoman for the Health and Human Services Department, said Secretary Mike Leavitt is committed to renewing the program. She declined to cite specifics on how much money the administration would seek in the president's 2008 budget proposal to be submitted to Congress on Monday.

On the House side, Democrats have said they would seek money for expanding children's insurance coverage and for improving outreach.

Senate Democrats Warn F.C.C. Of Tough New Oversight (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees.

In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the agency's chairman, and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T.

The lawmakers also questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review.

Their questions and comments indicated that there was no political consensus on a range of recent legislative proposals. Most telecommunications policy issues do not break cleanly along party lines. So-called Net neutrality bills have been introduced to prevent high-speed Internet companies from charging content providers for priority access, and other measures are expected that would prevent the commission from making it easier for media companies to grow larger through acquisitions.

But the aggressive questioning by the panel's senior Democrats — including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and Barbara Boxer of California — suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission.

That could, at the least, temper any deregulatory action that Mr. Martin and his fellow Republican commissioners have been contemplating, particularly as they prepare to consider measures that would make it easier for media conglomerates to own newspapers and television stations in the same cities.

On Thursday, Mr. Martin yielded virtually no policy ground, saying for example that the conditions that two Democratic commissioners forced the agency to impose on AT&T to gain approval of its acquisition of Bell South would not be applied to the rest of the industry. Republicans hold a 3-to-2 majority on the commission, although a Republican recusal allowed the Democrats to play a decisive role in December in the AT&T-BellSouth review.

In addition to a "Net neutrality" pledge, AT&T offered to sell certain wireless spectrum and phone lines and pledged to upgrade its telephone network so it could provide high-speed Internet service to most of its service area.

Mr. Martin also declined to consider a more rigorous license-renewal process for the stations, although he said that he might favor rules that would require the stations to disclose more information about how they fulfilled their public-interest obligations.

Sensing the new climate, Mr. Martin in his opening statement steered clear of many difficult issues, including the debate over Internet discrimination legislation, decency standards, media-ownership rules, universal service fees paid by telephone users, and agency policies on consolidation in the phone industry.

Instead, Mr. Martin presented a rosy picture of the industries he regulates, noting that telephone prices had been declining, broadband use increasing and innovation vibrant.

"I am pleased to report that the state of the communications industry is strong," he said. "As you no doubt remember, in the year 2000 the communications industry began a precipitous and far-reaching decline. Capital spending by companies followed this market decline, innovation disappeared and companies went out of business, taking jobs with them. What a difference six years make."

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But the Democrats on the commission, as well as those on the Senate committee, said that a digital divide had been deepening between those who could afford, and were being offered, high-speed Internet access and other technologies, and those who could not; and that the agency's deregulatory approach had contributed to what they said were the steadily declining standards of broadcasters.

"One change of this last election," Mr. Rockefeller, the committee's second-ranking Democrat, said "is that there will be a lot more attention on the F.C.C. and what they are doing in the critical area of public oversight."

He excoriated the agency for what he said was the abandonment of "its core responsibility to the public interest" by failing to take steps to reduce sex and violence on television, and for failing to seriously review license renewals by radio and television stations.

"The process of review is so pro forma that it's known as postcard renewal," he said.

Mr. Dorgan urged Mr. Martin to begin proceedings that would give some teeth to the vaguely worded public-interest standards that the law requires the agency to apply to license renewals and mergers. He accused the agency of a "spectacular failure" in its review of media ownership rules.

And Ms. Boxer attacked the commission for what she called a "pervasive culture of secrecy" that several years ago resulted in the suppression of government reports that contradicted the agency's official line on media ownership.

Mr. Martin responded that, after learning of those reports, he had ordered the F.C.C. to search its files and make any other similar reports part of the record of the current proceedings.

Democrats Urge Tighter FCC Rules (WP)

By Charles Babington

The Washington Post, February 2, 2007

Senate Democrats pressed the Republican-controlled Federal Communications Commission yesterday to slap tighter controls on media ownership, public-interest broadcasting and television violence.

Several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership, said Sen. Byron L. Dorgan (D-N.D.), have been "a spectacular failure."

He railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city. "More concentration means less competition," Dorgan said. "The public-interest standards have been nearly completely emasculated."

But FCC Chairman Kevin J. Martin, who has close ties to the Bush White House, defended the agency's policies.

"The commission has tried to make decisions based on a fundamental belief that a robust, competitive marketplace, not regulation, is ultimately the greatest protector of the public interest," Martin said. He told Dorgan, "I'm not convinced yet we need to have the kind of requirements" for local TV and radio programming that some advocates have championed.

Flexing their muscles at Congress's first oversight hearing of the FCC since taking control of the House and Senate last month, Democrats lectured and sometimes scolded FCC members, saying the agency needs more teeth in its regulation of broadcast outlets, telephones, the Internet and other services.

"The change of this last election," said Sen. John D. Rockefeller IV (D-W.Va.), "is that there's going to be a lot more attention on the FCC. . . . It has abandoned its core responsibility to the public interest."

While the two-hour hearing didn't result in any mandates, it was more than a rhetorical venting, said Tamara Lipper, a spokeswoman for Martin.

"The commissioners are informed by the hearings," she said, and the lawmakers' comments "become part of the record."

As such, scores of lobbyists and interest group members filled long hallways and stairwells in the Russell Senate Office Building before crowding into an overflow room to watch the proceedings on TV monitors. The FCC's two Democratic commissioners often endorsed the senators' complaints, while their three GOP colleagues gently pushed back.

Democratic Commissioner Michael J. Copps told Dorgan that the FCC needs tougher requirements for broadcast outlets seeking license renewals and more detailed descriptions of locally produced content that would serve "the public interest."

Rockefeller called on the agency to put more pressure on cable and broadcast TV outlets to reduce the amount of televised violence. "Commercial television is in the worst state I've ever seen," he said.

Even sharper was Sen. Barbara Boxer (D-Calif.), who questioned whether Martin had aggressively looked into "the suppression" of two reports -- drafted by FCC staff members -- that reflected badly on the agency's media-ownership policies. "A culture of secrecy is still pervasive at the FCC," Boxer said.

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Martin, whose voice never rose above a soft drawl, said he made all the documents public as soon as he learned of them last fall.

Senators Bristle At FCC Chief's Enforcement Of AT&T-BellSouth Merger (USAT)

By Paul Davidson

USA Today, February 2, 2007

The chairman of the Federal Communications Commission faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger.

At a Senate Commerce Committee hearing Thursday, Committee Chairman Daniel Inouye, D-Hawaii, suggested FCC Chairman Kevin Martin, a Republican, did not intend to "stand by the deal" and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions.

The $86 billion merger — the largest in telecom history — was approved in December by a 4-0 vote after weeks of negotiations between the commission's two Democrats and two Republicans.

The condition in question would require the combined company to slash the rates it charges competitors and big businesses to lease private, high-speed data lines in deregulated markets.

It was among a laundry list of concessions pushed by the FCC's two Democrats to win their votes, and it stands to have perhaps the biggest impact on AT&T's bottom line, costing it a projected $500 million over four years.

But in agreeing to the requirement, AT&T said it would not slash the prices it charges Verizon and Qwest, two of its largest rivals, unless the two local phone giants lower the lease rates they charge AT&T in their territories. AT&T, Verizon and Qwest all have long-distance units that serve big businesses outside their regions.

Verizon and Qwest say they will not cut their prices for AT&T.

In a statement released when the FCC approved the deal, Martin and Republican Commissioner Deborah Tate suggested they would not enforce the condition because it improperly imposed obligations on other carriers. They also said if Verizon and Qwest can't get the low rates, the concession would conflict with FCC rules that require wholesale services to be offered to all carriers on equal terms.

On Thursday, Martin told Inouye he was abiding by the deal but that while AT&T could submit tariffs, which are legal documents detailing its reduced prices, he would not approve them.

"You're not allowed to discriminate among the different companies in terms of who you offer discounted prices to," Martin said. "Where the commission would have to take affirmative action, we said no, we would have hesitation doing that."

Democratic Commissioner Jonathan Adelstein told lawmakers he was unaware of Martin's concerns until after the vote. "It's hard for me to understand how we cannot implement something that was (voted for) unanimously," he said.

He also said FCC rules bar only unreasonable price discrimination and that offering different prices in this case would be "reasonable."

In a letter to Martin on Wednesday, Reps. John Dingell, D-Mich., and Ed Markey, D-Mass., also pressed him about his comments. He's expected to be grilled about them again at a House hearing Markey will chair on Feb. 15.

FCC Told To Focus On Public Interest (WT)

The Washington Times, February 2, 2007

COX NEWS SERVICE

Senate Democrats served notice to members of the Federal Communications Commission yesterday that their top priority is protecting the public interest, not boosting corporate profits.

Under Republican leadership, the FCC has "abandoned its core responsibility" to act in the public interest, Sen. John D. Rockefeller IV, West Virginia Democrat, said at a packed hearing of the Senate Commerce, Science and Transportation Committee. As a result, he said, broadcasters put on news programs that are filled with "junk, sex, scandals" and other content that fails to inform the public about important issues.

Sen. Byron L. Dorgan, North Dakota Democrat, said the agency's review of media-ownership rules was a "spectacular failure" that didn't do enough to protect the public.

Sen. Barbara Boxer, California Democrat, criticized FCC Chairman Kevin J. Martin for what she called his agency's "culture of secrecy."

Mr. Martin, who was appointed by President Bush, defended the agency's performance.

He noted that more Americans are getting high-speed Internet access at lower costs and that "the communications industry is strong," especially compared with the late years of the Clinton administration.

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"In the year 2000, the communications industry began a precipitous and far-reaching decline," he said. "What a difference six years make."

But Mr. Martin's optimistic assessment was undercut by the commission's two Democrats.

Commissioner Michael J. Copps said that while profits may be good for many in the communications industry, the public interest is not being well served. For example, broadcasters are presenting far too much "gratuitously violent programming," he said.

In addition, telecommunications companies are not doing enough to provide high-speed Internet connections for Americans living in rural areas and inner cities, he said.

Committee members also pressed Mr. Martin and fellow Republican Commissioner Deborah Taylor Tate on their willingness to vigorously enforce the conditions that allowed AT&T complete its takeover of BellSouth.

After lengthy negotiations with the commission's two Democrats, AT&T agreed in late December to a set of conditions that cleared the way for a unanimous approval of the merger on Dec. 29.

But afterward, Mr. Martin and Mrs. Tate issued a joint statement saying some of the conditions were "discriminatory and run contrary to commission policy and precedent."

Commerce committee Chairman Daniel K. Inouye, Hawaii Democrat, asked if that statement means "you won't stand by the deal that was reached."

Mr. Martin said he would enforce the conditions, but said he intended to signal that it would be illegal to force AT&T's main competitors, Verizon and Qwest, to match those wholesale rates for business Internet service.

Data Privacy Bill Expected To Target Retailers, Banks (WP)

By Brian Krebs

The Washington Post, February 2, 2007

Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest from the new chairman of the House Financial Services Committee.

Panel Chairman Barney Frank (D-Mass.) said he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands.

Frank also said he wants retailers to be held more accountable for data breaches. Last month, TJX, the Massachusetts-based parent of discount retailers TJ Maxx and Marshalls, disclosed that hackers had broken into its credit card processing network, possibly exposing financial details on millions of customers.

This week, the Massachusetts Bankers Association said that some of its member banks have reported fraudulent transactions associated with the TJX data breach. Credit card issuers have contacted at least 60 banks affected by the break-in, the MBA said.

While more than 30 states have laws requiring companies to alert residents of data breaches, most of the statutes let the affected company delay notifying banks while law enforcement agencies investigate. Frank said retailers should be required to notify banks that issued the compromised credit card accounts so that financial institutions can issue customers new cards before fraud occurs.

"For too long, retailers have been immunized from having to own up when it's their mistake through contractual protection from Visa and MasterCard," he said.

Mallory Duncan, senior vice president and general counsel of the National Retail Federation, said Frank's proposal was an effort by some smaller banks to shift more of the costs of fraud to retailers. "Most of the larger banks have very sophisticated, round-the-clock fraud monitoring systems in place, but a lot of the smaller institutions don't have those systems," he said.

There have been more than 100 million instances in which Americans have had their personal data compromised due to data breaches or mishaps, according to the Privacy Rights Clearinghouse, a consumer group in San Diego.

The data breach bill that got the most support from industry and consumer groups last year -- offered by Sen. Dianne Feinstein (D-Calif.) -- would require any organization holding personal data to notify consumers upon learning of a data breach. She has revised the bill, and it was among the first to be reintroduced this year.

The measure would preempt many tougher state laws and contains fairly broad exemptions, including not requiring entities to disclose a breach if a risk assessment concludes there is "no significant risk that the breach has resulted or will result in harm" to consumers.

While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy

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protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation.

"The question with this issue -- as with others -- becomes, is this an area where dueling interest groups will make it difficult for Congress to come to an effective solution, or is it something that's moving so fast that anything Congress is likely to do will end up obsolete a year or two from now?" he said.

Consumer groups also expect corporate- and government-backed data mining practices to receive scrutiny from Congress, in part because the Senate Judiciary Committee is headed by Sen. Patrick J. Leahy (D-Vt.), known for his staunch advocacy on consumer privacy matters.

The Bush administration has come under heavy fire from privacy advocates for its data mining initiatives and for pressuring Internet service providers to dramatically extend the length of time that they retain records of their customers' online activities.

Sanchez Quits Hispanic Caucus (LAT)

By Richard Simon

The Los Angeles Times, February 2, 2007

WASHINGTON — The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women.

Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign.

Rep. Hilda L. Solis (D-El Monte) complained about the "lack of respect afforded to women members of the Hispanic Caucus."

And Rep. Linda T. Sanchez (D-Lakewood) stood by her sister and fellow congresswoman, saying: "I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members."

"Latinas are the fastest-growing segment of the minority population," the Lakewood congresswoman said. "And their perspective deserves to be represented, not denigrated."

On Wednesday, Loretta Sanchez told the Politico, a new Capitol Hill newspaper, that Baca had called her a "whore." She has not responded to requests for an interview since then.

Baca denied the charges Thursday, saying, "These accusations are categorically untrue."

The Orange County congresswoman's resignation comes after six caucus members last year cut their ties to the group's political action committee after it made campaign contributions to relatives of caucus members — including Baca's sons Joe Jr. and Jeremy, who ran unsuccessfully for state Senate and Assembly respectively.

"At a time when the public is crying out for a more ethical government, we should be taking every step to avoid any appearance of preferential treatment for relatives," Solis said in a statement Thursday.

Some female caucus members also complained earlier this year that Baca's election as chairman was not conducted by secret ballot as required.

In her resignation announcement Wednesday, Sanchez cited her concern about the election as her only reason. "I and other members of the caucus voiced our strong opposition to Mr. Baca's chairmanship due to a violation of election rules," she said.

Baca dismissed these complaints Thursday, noting: "These issues have been discussed, reported, and laid to rest."

Sanchez told the Politico that she heard Baca had made the demeaning remark about her to California Assembly Speaker Fabian Nuñez.

But at a news conference Thursday in Sacramento, Nuñez said, "I have no recollection of any conversation with anybody about a dispute between Congressman Baca and Congresswoman Sanchez."

He added that he would "rather not be dragged into the mud" of a congressional fight.

Sanchez also told the Politico that when the caucus had approached her earlier this year to pay her contribution to support the caucus staff, she asked to be removed from the list of members.

"There's a big rift here," she told the newspaper. Using a vulgarity to describe how Baca treated women, she concluded, "I have no use for him."

Baca, in a statement Wednesday, called Sanchez's resignation "unfortunate." But in his statement Thursday, he implicitly criticized her, saying: "This 'controversy' is of the most disrespectful nature to our constituents and to our colleagues in the House because it is based on untruths."

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A congressional staffer, who was not authorized to speak on the matter and requested anonymity, said that some of the male members of the caucus were often disrespectful of the women — talking, laughing or making jokes while they were trying to speak at caucus meetings.

"This is a serious rift; it's bad for the community," the aide said. "If other women follow her lead, it looks bad for CHC. They let internal bickering override what they can do as a key bloc in Congress."

Breaking News: Two More Reps. Complain About Treatment Of Women In Hispanic Caucus (POL)

By Josephine Hearn

The Politico, February 2, 2007

A day after Rep. Loretta Sanchez resigned from the Hispanic Caucus charging its chairman had called her a "whore,'' a pair of Democratic congresswomen from California spoke out in support of Sanchez's sweeping complaints that chairman Joe Baca did not respect the women in the caucus.

In an increasingly bitter spat dividing the 21-member caucus, Sanchez also had charged that her follow California Democrat, Baca, had treated the women in the group "like shit."

On Thursday, the two other California congresswomen bolstered Sanchez's remarks.

Rep. Hilda L. Solis said she shared "Sanchez's sentiment about the lack of respect afforded to women members of the Hispanic Caucus.'' And Loretta Sanchez's sister, Rep. Linda Sanchez, said she supported her sibling's decision to resign in protest of Baca's alleged remark, which he has "categorically'' denied.

On Thursday, Baca repeated his denial to Fox News, saying there was no rift within the caucus.

"There is none, absolutely none,'' Baca said. "Everybody is working together."

In her statement Thursday, Linda Sanchez said she was "waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members.''

"Latinas are the fastest growing segment of the minority population,'' she added, "and their perspective deserves to be represented, not denigrated."

If the Hispanic Caucus "is to be truly representative of the Latino community," Solis said, "it must give equal treatment to all its members, regardless of gender or seniority."

Solis also reiterated concerns about the political arm of the caucus, BOLDPAC, which came under fire last year after Baca and his allies authorized political contributions to their relatives. Solis, the Sanchez sisters and three other lawmakers then withdrew from BOLDPAC.

"At a time when the public is crying out for a more ethical government,'' Solis said, "we should be taking every step to avoid any appearance of preferential treatment for relatives."

In an interview with The Politico Wednesday, Loretta Sanchez also cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers.

"I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here," Sanchez said. "You treat the women like shit. I have no use for him."

In a statement Wednesday, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements.''

"Let me be clear,'' he declared, "her comments are categorically untrue."

The last time lawmakers withdrew from the Hispanic caucus was in the late 1990s when its Republican members left over partisan differences.

Sanchez said she had rebuffed an approach earlier this year to contribute funds from her office budget to support the caucus' shared staff, a requirement for all its members.

"I told them to take me off the list, take me off the Web site, take me off everything," Sanchez said.

She said she was surprised and insulted when she learned that Baca had made the disparaging personal comment about her to California Assembly Speaker Fabian Nunez and other legislators last year.

Nunez "is a friend of mine. Did he think he wouldn't tell me?" Sanchez asked.

On Thursday, a spokesman for Nunez said the state speaker would have no comment on the flap. But Nunez said at a news conference in California that he did not recall the comment.

"I'm not going to confirm that," he said, according to a posting on the Los Angeles Times blog, Political Muscle. "I have no recollection of being at" a meeting where "anything disrespectful" was said of a Hispanic caucus member.

"Somebody is going to have to refresh my memory,'' Nunez said. "I have no recollection."

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Sanchez voted against Baca in the Hispanic Caucus election for chairman in November. Four other female lawmakers abstained from the vote, raising concerns about whether the election followed proper procedures.

The Sanchez withdrawal is another blow to Baca and his allies who have been trying to bring the caucus back together after a series of internal spats last year. Many of the more junior members and the women have butted heads with him and senior lawmakers.

In recent weeks, Rep. Xavier Becerra, Calif., a caucus member who serves in House leadership as assistant to Speaker Nancy Pelosi, D-Calif., had been trying to persuade the six members to rejoin the political action committee, which is known as the Committee for Hispanic Causes/Building Our Leadership Diversity.

Four female lawmakers have written Baca asking that the caucus repeat his election as chairman because the earlier vote failed to use secret ballots, as required in the group's bylaws.

Sanchez and other female CHC members have repeatedly complained that Baca and some of his male colleagues do not accord them a high level of respect.

"There is a big rift. Hello? Do they not get this?" Sanchez said.

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by WorriedInPA on 02.02.2007 at 12:39 AM

How can I get on Loretta Sanchez' Xmas mailing list?

by sequoia on 02.01.2007 at 08:48 PM

RE: Cela & OC_Voter messages: Sanchez' poor taste in Christmas cards.

I have to laugh, my mother gets those borderline porn-like cards from Loretta Sanchez' office. The one sent out a couple of years back with her in a skin tight leather micro mini perched on top of a desk, again with a cat (P***y?) in the picture, was disgusting. You can actually see right up her skirt, she was wearing black underwear, or maybe not? .... pulling a Brittany? The holiday greeting was also in poor taste. Loretta Sanchez, what can you say about her but what Baca said to Nunez about her. She is no class act, that's for sure. Loretta Sanchez has the reputation she has earned.

by Hughie on 02.01.2007 at 07:49 PM

Who the hell cares what Baca called Sanchez ? This Baca rep could have called her an m' f' ing ho-bag-piece- 'o crap and she can do NOTHING about such a slur. Why? She's not in the private sector and the offending representative, like her, is immune to such harassment laws. So, Sanchez baby, it's your bed, you made it, now sleep in it and shut your pie hole.

by theduke on 02.01.2007 at 07:28 PM

It saddens me to see subterranean actions and reactions by people; where is our self-respect and our cultural teaching?gone? We as Americans (Hispanic) have forgotten how hard our fights have been fought by our American heritage. We now war over Nada! For God Shakes, let?s not forget the nature of politics and what it means to be head of politics and the vitriol associated with-it. What I see is: females banding together in the hopes of finding strength in numbers and the refocus in destroying their own party from with-in. I am a Republication, but have no joy in seeing people engulfed with jingoistic and hubris behavior, not to mention the weakness it displays: dissension and trifle engagement?Si being called a ?Puta? is not the nicest of names, but I am sure this name is compassionate opposed to the political strategy employed to gain office?We are quailing over dirty dresses. I am shamed by my hermanos y hermanas whom have forgotten the political gains granted to use by those who have fought for our political causes?it is sickening to see our gains marginalized by name calling and the inability to recognize obtuseness. Stop all this, antes de usted deshonra todos nosotros!

Hispanic Caucus Members Toil Over Insult (AP)

By Erica Werner

AP, February 2, 2007

Three female members of the Congressional Hispanic Caucus accused the organization's male leaders Thursday of treating women unfairly. Rep. Loretta Sanchez said the caucus chairman called her a "whore."

Rep. Joe Baca denied uttering the insult, which Sanchez cited among grievances that led her to announce this week she was quitting the group.

"Let me be clear: Her comments are categorically untrue," said Baca, who like Sanchez is a California Democrat.

"He said it. For him to deny it is just a silly thing," Sanchez said in an interview.

She and Rep. Hilda Solis, D-Calif., said Baca made the comment at an event in Sacramento, Calif., over the summer and that it was repeated to them by people they declined to identify.

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"Name-calling never helps anything," said Sanchez, adding she confronted Baca about the comment. "He just shook for awhile and then he said, 'That's a lie.'"

The controversy, which became public with a report Wednesday on the Web site politico.com about the "whore" comment, was the latest evidence of conflict between men in the growing caucus and a smaller, mostly female contingent.

Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November. Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez of New York subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats.

Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups.

There also is a perception among female caucus members that their concerns are given short shrift in a caucus that — like the Congress as a whole — remains overwhelmingly male, despite high profile advances by women in Congress.

"I think there tends to be the sentiment that there has to be more work done to improve relationships in the caucus and the treatment of women in the caucus," Solis said in an interview.

"I am waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members," said Linda Sanchez, whose district is near her older sister's in Southern California.

Better Security For Judges (NYT)

The New York Times, February 2, 2007

One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack.

The need for strong security measures for judges should be self-evident. Since the Sept. 11 attacks, federal judges have played a very visible role in the trials of suspected terrorists. Many of the most serious threats they face, though, are domestic. This was tragically underscored two years ago by the murder of the husband and mother of Judge Joan Lefkow of Chicago by a man upset with her ruling in a malpractice lawsuit. After those killings, Congress passed a law that, among other things, paid for home security systems for judges. More still needs to be done.

The Court Security and Improvement Act of 2007 includes new criminal penalties for misusing personal information to threaten serious harm to judges or their families, and increased sanctions for retaliating against witnesses. It allocates more resources to the United States marshals, who are charged with protecting federal judges. And it requires the marshals' director to consult with the Judicial Conference of the United States so judges have a greater voice in their own security.

In the last Congress, a similar bill was passed by the Senate, but House leaders blocked it. With the Democrats now in control, the current bipartisan bill — which has the support of the Democratic chairmen and the ranking Republican members of the Judiciary Committees in both the House and the Senate — should pass easily.

One of the best ways Democratic and Republican leaders can set a new tone in Washington is by jettisoning the heated anti-judge posturing and replacing it with sensible measures to protect the safety of the federal judiciary.

OTHER NEWS:

Bush, Dems Have Different Economic Views (AP)

By Tom Raum

AP, February 2, 2007

The booming economy that President Bush paints is a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college.

The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right — and wrong. It just depends on what numbers you summon.

Bush is trying to nudge the national focus away from Iraq and is offering a rosy picture of the economy ahead of his presentation Monday of a financial blueprint he says will lead to a balanced budget by 2012.

Congressional Democrats have embraced the same timetable. The course the rival camps chart to get there is bound to be the domestic-policy battle royal of the current congressional session.

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"Workers are making more money. Their paychecks are going further. Consumers are confident. Investors are optimistic," Bush said in a speech Wednesday at Federal Hall on Wall Street. It was his second on the economy in as many days.

"I'm not surprised that some of the good economic news is overshadowed by the difficult news out of Iraq," Bush told Fox News later Wednesday.

The president credits his first-term tax cuts for much of the upbeat news, ignoring the $10 billion-a-month drain on the government's balance sheets from the unpopular war in Iraq and military actions in Afghanistan and elsewhere to fight terrorism.

Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months.

Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady.

But hold on.

Here comes this from Sen. John Edwards of North Carolina, reprising the "two Americas" rich-poor divide he depicted in 2004 as a presidential and vice presidential candidate: "We cannot stand by and watch 37 million people wake up and not know how to feed and clothe their children."

Other Democratic presidential hopefuls are echoing the theme.

Also, freshman Sen. James Webb, D-Va., built on it when he gave his party's response to Bush's State of the Union address last month. "It's almost as if we are living in two different countries," Webb said.

To William Galston, a domestic policy adviser in the Clinton administration who now is the Brookings Institution, "We have the president's story of the economic aggregates and we have Jim Webb's story of economic anxiety and inequality.

"That tale of two economies will be argued out, not only between the parties but within the parties," he said.

The Democratic contenders are not shy about weighing in.

"There's something wrong when you have more bankruptcies in America last year than college graduates," Sen. Hillary Clinton of New York said in Iowa.

A 2008 rival, Sen. Barack Obama of Illinois, said, "Our economy is changing rapidly, and that means profound changes for working people." He cited "skyrocketing health care bills," lost pensions and struggles to pay for college.

The cutback in building has led to thousands of layoffs in the construction industry, Democrats note.

Such observations conflict with the glowing picture Bush and his aides present of a vibrant economy humming along at near-full employment.

"They've both got a point, and they're both trying to make their case" said Mark Zandi, chief economist at Moody's Economy.com.

"The president is right. The economy in aggregate is performing very well. So he's right to claim that the economy, looking from above, looks very good," Zandi said. "Democrats are also right. The fruits of this strong economy have largely accrued to higher income wealthier households."

The multifaceted state of the economy was reflected in a mixed bag of government economic reports issued Thursday.

The Commerce Department reported that people spent more than they made last year, resulting in a negative 1 percent personal savings rate — the lowest since the Great Depression. Meanwhile, the Labor Department reported a 20,000 drop in claims by newly laid off workers for unemployment benefits, a sign of a healthy labor market.

David Wyss, chief economist at Standard & Poor's in New York, said that "any rational way you look at this, the economy is doing pretty decently. You've got a 4.5 percent unemployment rate, productivity growth is solid. And inflation is by historical standards pretty reasonable."

Still, Wyss said, "We've got a couple of big problems out there, and some long-term imbalances. The top 20 percent is doing fairly well and the bottom 20 percent is doing better. If there's a hole, it's in the middle, which frankly are those old blue-collar jobs that the Democrats say are leaving the country. And they're right."

The president's approval on handling the economy was at 43 percent in early January's AP-Ipsos poll, up from December and higher than his overall job approval of 36 percent. The economy, along with Iraq, terrorism and health care are all seen as important issues by the public.

The White House and Democrats battled with dueling economic "fact sheets."

The Democratic headlines: worst job recovery on record; manufacturing jobs continue to disappear at historical levels; share of national income going to wages and salaries see record lows; household income declined by nearly $1,300 under Bush.

On the White House list: The economy has created more than 7.2 million jobs since August 2003; the unemployment rate was 4.5 percent in December; real wages rose 1.7 percent during 2006; real after-tax personal income per person has increased over $2,800 — or 9.6 percent — during this administration.

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The president did concede a point to Democratic rhetoric on Wednesday.

After Webb emphasized the growing and yawning gulf between salaries of chief executive officers and rank-and-file workers in his Jan. 23 Democratic response, Bush took aim at lavish salaries and bonuses for corporate executives. Corporate boards should "step up to their responsibilities" and tie compensation packages to performance, he said in his Wall Street speech.

Job Market Was A Key To Fed's Call (WSJ)

By Jon Hilsenrath

The Wall Street Journal, February 2, 2007

Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market.

Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster. The unemployment rate fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ.

This matters to the folks who dictate short-term interest-rate levels at the Federal Reserve. Recessions are always accompanied by job-market weakness. A healthy job market means the Fed has less reason to goose the economy with lower rates. It also has a big impact on the Fed's inflation call. Fed officials want as much as anybody to see Americans fully employed. But a falling unemployment rate can signal reduced job-market slack, which could lead to wage pressure and inflation, something Fed officials don't want.

A debate is bubbling at the Fed now about how to read the job market, something San Francisco Fed President Janet Yellen has spoken about. If output has slowed but employment remains robust, it could mean businesses are getting less out of workers. It also could mean output numbers understated the economy's strength.

Either way, the bottom line is simple. Economists expect the Labor Department to report today that payrolls grew another 167,000 in January and the unemployment rate remained 4.5%. Warm January weather will muddy the numbers, as will annual data revisions, which should also point up. But as long as the job market looks this strong, the Fed has little incentive to alter its inclination to push rates higher still.

Where Big is Better: Why Oil Shares Stay High

Investors who bet that Big Oil would get whiplashed by slumping oil prices have been whipped themselves.

Oil prices have dropped 26% since they hit $77.03 a barrel on July 14, hitting the bottom line of large oil companies. But their shares haven't followed suit. Exxon Mobil's profits slowed from a record run in the final months of 2006, falling 4.3% in the fourth quarter from a year earlier. Still its shares have gained 16% since oil peaked. Shares of Chevron, which reports earnings today, are up 12%. Analysts surveyed by Thomson Financial expect Chevron to report a 7% drop in fourth-quarter earnings per share today.

Why the disconnect? Oil companies are relatively cheap. Energy companies in the S&P 500 trade at 9.8 times their projected 2007 earnings per share, compared with about 15 for the entire index. Moreover, the companies are flush with cash they can use to support their shares. Exxon's dividends and share buybacks surged 41% in 2006 to $32.6 billion.

Not all oil companies have fared well, suggesting the advance of the supermajors is also a flight to quality. Shares of smaller oil producers such as Occidental Petroleum and Murphy Oil have taken their lumps since oil prices peaked. Sometimes big is better.

Fed's Inflation Dilemma (WSJ)

By Greg Ip

The Wall Street Journal, February 2, 2007

WASHINGTON -- Federal Reserve officials, in debating whether to adopt an explicit target for inflation, have discussed whether an implicit, or "soft" target, might be preferable.

The continuing debate reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises.

Currently, the Fed's official aim is to achieve "price stability," but it doesn't specify what rate or range of inflation it thinks would fulfill that goal.

Mr. Bernanke has long favored setting an explicit inflation target, an increasingly common practice among foreign central banks. Many of those banks strive to keep inflation at or near 2%.

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Proponents of this approach say that adopting an explicit inflation target for the U.S. would reassure Americans, discouraging self-fulfilling inflationary expectations if, for example, the economy overheated or energy prices jumped. It also would give financial markets a better indication of the Fed's likely response to shifting economic conditions.

At Mr. Bernake's behest, the Fed's policy-making Federal Open Market Committee has been studying possible changes in how it communicates its forecasts, statements and meeting minutes. While the 19-member panel has also considered adopting an inflation target, Fed officials emphasize that such a move is far from certain.

Among the drawbacks to an explicit target is potential resistance on Capitol Hill, and internal discord over what, if any, number should be picked. That has prompted Fed officials to take a look at an implicit target, which would communicate the Fed's preferred inflation rate without having the force of an official goal.

Fed officials say one form of implicit targeting would be to extend the horizon of the Fed's economic forecasts beyond the current two years, with the inflation forecast for the last year of the period representing the Fed's implicit target. Another would be to poll all 19 FOMC members on their personal definition of price stability and publish the resulting range, rather than forcing them to agree on a single number or range.

But officials have significant misgivings about both approaches, primarily because they sacrifice clarity and accountability, the very benefits that targets are meant to achieve.

The Federal Reserve Act defines the Fed's goals as both price stability and maximum employment. Mr. Bernanke has long argued that a target is consistent with that "dual mandate." He argues that a target stabilizes the public's expectations of inflation, which enables the Fed to lower interest rates during a slump with less fear of setting off a run-up in prices.

But some Fed officials fear that argument is too subtle for many in Congress, who might contend that an inflation target elevates price stability's importance over that of employment. Barney Frank, the new Democratic chairman of the House Financial Services Committee, opposes an inflation target, while acknowledging that the FOMC has the authority to adopt one.

"There is a little bit of concern that the mandate doesn't extend to picking any particular number," said Ken Kuttner, an economist at Oberlin College in Ohio who wrote about inflation targets while on the staff of the Federal Reserve Bank of New York. "There would naturally be people saying, 'Hey, I'm reading your mandate here guys, give us your [target] number for full employment.' And nobody wants to do that. A lot of the gains from ambiguity have to do with finessing that kind of situation."

Another drawback of an explicit target is the continued disagreement within the Fed over both the wisdom of adopting one, and over what the number should be if one were adopted.

One way to minimize both problems would be for the FOMC, rather than announcing a target, to lengthen its current semiannual forecast -- a range of forecasts by individual FOMC members -- to three or four years from the current two. Because that would ordinarily be long enough for the Fed's interest-rate actions to achieve any inflation rate the central bank desired, the fourth-year forecast could be construed as a target without being called one.

A shortcoming of this approach is that if a big shock, such as a jump in energy prices, drove inflation up sharply, it could take more than four years to get it back to the target, unless the Fed was willing to drive unemployment sharply higher. Another is that the forecast would include unemployment, and Congress might see that as an implicit target for which the Fed should be held accountable.

Another approach would be to poll all FOMC members on what constituted price stability, and to publish the results. The Bank of Japan adopted a similar approach last year and announced that its nine policy board members' views ranged from zero to 2% inflation.

But officials say that despite the appeal of the approaches, both are flawed and thus may not be much better than the status quo. If the FOMC claims its target is only a forecast, it would be less accountable for missing it, and that means the public, and investors, would be less likely to incorporate it into their own behavior.

The polling approach suffers from the fact the target could change every year with the composition and inclination of the FOMC's members. Without agreement on a single target, policy makers could respond differently to the same inflation picture.

Dow, Russell 2000 Close At New Highs As Economic Data Bolster Confidence (WP/AP)

The Washington Post, February 2, 2007

NEW YORK, Feb. 1 -- Stocks climbed for the third straight day Thursday as an already buoyant Wall Street embraced robust consumer spending figures and largely overcame disappointment over Google's earnings report. Both the Dow Jones industrial average and the Russell 2000 index of smaller companies closed at new highs.

The Dow advanced 51.99, or 0.41 percent, to 12,673.68. That marks the blue-chip average's 27th record close since October. It came in well above the record of 12,621.77 set Jan. 24. A new trading high of 12,682.57 topped a day-old record of 12,657.02.

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The Standard & Poor's 500-stock index rose 7.70, or 0.54 percent, to 1445.94, and the Nasdaq composite index was up 4.45, or 0.18 percent, at 2468.38.

The Russell 2000 rose 7.43, or 0.93 percent, to 807.77. The index first broke the 800 mark Wednesday.

The gains followed Wall Street's best day of the year on Wednesday, when it advanced sharply after the Federal Reserve signaled that the economy remained solid and that inflation was mostly in check. The central bank's comments, which followed its decision to leave short-term interest rates unchanged, injected a bit of confidence into an uncertain market.

Economic data continued to play a big role in trading, as it has all week. As expected, consumer spending in December showed its biggest increase in five months, rising 0.7 percent.

The Labor Department reported the number of newly laid off workers seeking unemployment benefits fell by 20,000 last week, to 307,000.Movers

Google fell $19.75, to $481.75. Though it posted a sharp increase in profit, investors accustomed to outsized gains were not wowed.

Exxon rose 98 cents, to $75.08, after announcing a 2006 profit of $39.5 billion, the largest ever for a U.S. company.

Archer Daniels Midland rose $3.47, to $35.47, after it said profit jumped 20 percent.

Comcast fell $1.43, to $42.92, after its fourth-quarter profit came up short of Wall Street's forecast.

Boeing reached a record high of $92.24 before closing up $1.49, at $91.05, after reporting strong results Wednesday.

Dow Rises 51.99 To A Record On Exxon Mobil's Results (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 2, 2007

The Dow Jones Industrial Average rose for a fourth straight day, hitting a new record, aided by strong earnings from Exxon Mobil.

The Dow climbed 51.99 points, or 0.4%, to 12673.68, its 27th record finish since October. So far this year, the Dow is up 1.7%.

Shares of Exxon Mobil, a Dow component, gained 1.3% after the energy giant announced that fourth-quarter net income fell 4.3% from a year earlier but still beat analysts' expectations. For all of 2006, Exxon Mobil posted the biggest annual profit in U.S. history, $39.5 billion, up 9.3% from 2005.

The broad Standard & Poor's 500-stock index rallied 0.5%, or 7.70 points, to 1445.94, up 1.9% on the year. The technology-stock-led Nasdaq Composite Index edged up 0.2%, or 4.45 points, to 2468.38, up 2.2% on the year.

Economic data were mixed, which reinforced many investors' impression of a relatively benign slowdown in U.S. economic growth. Many investing pros have been saying lately that conflicting data allow them to rule out two dire, but very different, scenarios: inflation and recession.

"A lot of people are thinking we're back to a Goldilocks economy," neither too hot nor too cold, said strategist Mark Keller, of A.G. Edwards & Sons.

Mr. Keller said his firm expects the U.S. economy to grow about 2.2% this year. That's a modest pace in historic terms, but still enough to sustain growth in corporate profits, which in turn should help the stock market.

The Commerce Department reported its measure of prices for consumer goods, excluding volatile food and energy, rose 0.1% in December, up 2.2% from a year earlier.

Most analysts believe the Federal Reserve views this index of personal consumption expenditures as a key inflation indicator, with annual growth above 2% less than ideal.

The higher December reading normally might signal risk of a Fed interest-rate increase. Luckily for stock investors, fresh manufacturing data signaled just the opposite.

The Institute for Supply Management's manufacturing index, a broad measure of activity in the sector, fell to 49.3 in January, contrary to economists' expectation for a reading of 52. Any reading below 50 signals contraction in the manufacturing sector.

In energy trading, crude-oil futures contracts for March delivery slid 84 cents, or 1.4%, to $57.30 a barrel, off 6.1% so far this year at the New York Mercantile Exchange.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks on the NYSE was 2.89 billion shares; 2,454 issues rose and 889 fell.

Bond prices fell2. The 10-year note slipped 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.837%.

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The dollar strengthened3. Against the Japanese currency, the dollar rose to 120.71 yen, compared with 120.67 yen. The euro fell to $1.3020, compared with $1.3034.

Manufacturing Activity Drops (WSJ)

By Christopher Conkey

The Wall Street Journal, February 2, 2007

WASHINGTON -- Dogged by excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer.

The Institute for Supply Management, a trade group representing corporate purchasing managers, said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December.

Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries.

The slowdown follows a four-year growth spurt in the manufacturing sector. Consumers began to scale back their purchases of homes and American-made cars last year, but many manufacturers have been slow to recognize the need to reduce inventories, according to Norbert Ore, who oversees the ISM survey.

Fear of a Surge

"Everybody's afraid to pull the trigger and cut inventories because they're afraid there will be another surge, and they'll be caught short," said Mr. Ore, who is also Georgia-Pacific Corp.'s procurement director. He said the manufacturing sector will remain sluggish over the next few months as businesses draw down their stockpiles of unsold goods.

Meantime, large inventories continued to take a toll on manufacturers' results. Late Wednesday, Pulte Homes Inc., Bloomfield Hills, Mich., reported a fourth-quarter loss, with the home builder citing an inventory charge and a high cancellation rate as contributing factors. Volterra Semiconductor Corp., Fremont, Calif., warned its first-quarter revenue would fall from fourth-quarter levels because of a customer's excess inventory.

Last month, however, there were signs manufacturers were getting serious about reducing inventories. The ISM reading on inventories plunged to 39.9 in January from 48.5 in December. Mr. Ore said it was the biggest monthly drop in more than 20 years. Readings on new orders and production also fell. The employment index in the sector remained in negative territory, and the measure of prices paid rose.

Beyond the soft manufacturing sector, though, the economy still is growing, thanks in large part to a strong labor market that is supporting consumer spending. More evidence of this came in a separate Commerce Department report that showed personal income rose 0.5% in December, following a 0.3% gain in November. Spending climbed 0.7% in December, following a 0.5% gain the previous month.

American consumers showed a willingness to spend beyond their immediate means, as the nation's savings rate -- or personal savings as a percentage of after-tax income -- fell to negative 1.2% in December from negative 1.0% in November.

Many Take On Debt

Economists often warn that consumers should save more, particularly with baby boomers approaching retirement, but many remain willing to take on credit-card debt or tap investment gains. The savings rate for all of 2006 was negative 1.0%, the lowest annual rate since 1933.

The index of personal-consumption expenditures, excluding food and energy -- the Federal Reserve's preferred inflation measure -- rose 0.1% in December, suggesting price gains continue to moderate, and the Fed will leave interest rates steady for now.

The National Association of Realtors said pending home sales rose 4.9% in December after four straight months of declines in another sign of stabilization.

Separately, the Labor Department said 307,000 people filed initial claims for unemployment benefits last week, down 20,000 from the week before and indicative of solid job creation.

US Manufacturing 'on Brink Of Recession' (FT)

By Eoin Callan In Washington

Financial Times, February 2, 2007

The US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey.

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The Institute for Supply Management said its manufacturing index fell into negative territory in January as it slipped below the 50 mark to 49.3.

The poor performance underlined economists' fears that the sector could be sliding into recession.

Industry leaders have been predicting a recovery this year after a weak performance in recent months. But a fall in new orders in January suggests further weakness ahead, economists said.

Richard Iley, an economist at BNP Paribas, said: "The ISM manufacturing index was weaker than expected and dovetails with our assessment that the manufacturing sector is really very weak and on the brink of recession."

Investors largely shrugged off the poor factory performance as US stock markets touched new highs, sustaining a rally that began this week after the Federal Reserve expressed increasing confidence in the economy.

Investors were encouraged by separate data released on Thursday that showed personal incomes rose 0.5 per cent last month.

The gain adds to recent increases in Americans' disposable income, which has lifted consumer spending and was the main driver of economic growth of 3.5 per cent in the fourth quarter.

The government figures also showed inflation pressures remained "moderate", according to Haseeb Ahmed, an economist at JPMorgan.

The core price index rose 0.1 per cent, following an unchanged reading in November and a 0.2 per cent rise in October.

Some Lawmakers Shun Big Game Pass (WSJ)

The Wall Street Journal, February 2, 2007

ETHICS RULES HAVE fewer lawmakers doing the Super Bowl shuffle.

Most lawmakers from Illinois and Indiana, fearing adverse publicity and new rules, shun Bears-Colts clash in Miami. Politicians and aides can accept tickets from corporations for face-value price, but Chicago-area Reps. Emanuel and Kirk opt to remain home.

"Folks are real wary," a Democratic aide says. A senior Republican strategist predicts new rules will eventually escalate stadium contacts between politicians and donors, since lawmakers can visit skyboxes free for fund-raising events.

Miami Democratic Rep. Meek's fund-raiser, $5,000 a head, includes game tickets.

DEMOCRATS ALLIED with auto makers shift trade debate to Japan.

While most manufacturers blast China for keeping the yuan weak against the dollar, Rep. Dingell of Michigan presses Treasury on yen values. Japan has kept currency weak "to gain an advantage with the U.S. market," the Energy and Commerce chairman writes Paulson.

Though the yen has weakened against the dollar, Treasury Secretary sees no evidence Japanese officials are trying to soften the currency; he notes absence of intervention in foreign-exchange markets since 2004. It is weak, Paulson says, because of Japanese economic problems.

ADMINISTRATION FACES skeptics at home and abroad about farm-subsidy cuts.

Agriculture Secretary Johanns travels to push administration proposal in Mississippi, Iowa, California and Tennessee. Trade expert Susan Sechler praises plan for allowing U.S. to resume Doha trade talks "with a straight face."

"The question really becomes....how far the U.S. will go," adds former Agriculture Secretary and trade representative Yeutter. Much further, says European Union, demanding "more ambitious cuts." But the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support.

Former Massachusetts Gov. Romney is noncommittal and keeping "an open mind," a spokesman says.

NEW BOSSES? Former Democratic congressional aides form lobby group with connections to Baucus of Montana and Rangel of New York, now presiding over Senate and House tax-writing committees. Their firm, Capitol Counsel, including five Democratic alumni of tax panels, will give corporations "the best opportunity to present their case," says principal John Raffaelli.

NEW EXPERTISE: Reshuffle of House appropriations panel, creating financial services subcommittee, elevates lawmaker from the Bronx to chairmanship with clout over SEC and issues affecting Wall Street. "I'm looking forward to ringing the bell" on the New York Stock Exchange," says Rep. Serrano, a native of Puerto Rico.

ENVIRONMENTALISTS press Bush administration to back ban on trade in mercury at global diplomatic gathering in Nairobi next week. EU seeks to stop sale of the toxic pollutant, and Democratic presidential hopeful Obama has raised the subject. State Department says it is still mulling the issue.

BEAR MARKET: Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million.

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BUSH'S BUDGET faces push-back from Congress.

Some lawmakers fear State Department's plan for $86 million to help Palestinian Authority security forces could aid Israel's enemies. Lt. Gen. Keith Dayton, top U.S. adviser to Palestinian military, assures congressional staffers of safeguards; money wouldn't go for guns or lethal assistance.

Lobbyists expect Bush to propose a five-year reduction in Medicare spending of $65 billion to $70 billion. That includes reducing the premium Medicare pays for drugs administered by physicians to 4% above the sales price, from 6%.

Pharmaceutical cuts are expected to draw opposition from oncologists, since cancer drugs often are administered by doctors.

MINOR MEMOS: Costly Christmas: Ex-House Majority Leader DeLay, facing Texas money-laundering charges, spent $454,000 on legal fees in final two months of 2006....New White House executive pastry chef William Yosses, as co-author of "Desserts for Dummies," included chapter called "A Real Cake Walk."

Sharpton Takes Biden To Task On Remarks (AP)

By Beth Fouhy

AP, February 2, 2007

Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama "articulate" and "clean," questioning how the description reflects on other blacks.

Biden, still trying to deal with the fallout from his remarks, spoke by telephone on Sharpton's radio show. The Delaware lawmaker spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is "the first mainstream African-American who is articulate and bright and clean."

Biden told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton, Jesse Jackson and the late New York Rep. Shirley Chisholm, who sought the Democratic presidential nomination in 1972.

But Sharpton told Biden: "A lot of people took it from you that because (Obama) is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community."

Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer — a controversy that was widely believed to have cost Allen re-election.

"George Allen got 'macaca' — this might be a step past that," Sharpton warned.

Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country.

"I have overwhelming respect for what you did. I have an overwhelming respect for what Jesse did, and what Shirley Chisholm did," Biden told Sharpton. "I didn't know anyone tougher or straighter than Shirley Chisholm. I worked with her, I knew her."

The two men agreed that the best way for Biden to make up for his remarks was to stress issues of concern to the black community in his campaign, such as poverty eradication and speeding up the rebuilding of storm-ravaged New Orleans.

Sharpton, who ran a long-shot but spirited campaign for the Democratic nomination in 2004, is considering running again this time. He met last week in Washington with Biden and several other candidates, including Obama, Sen. Hillary Rodham Clinton and Sen. Chris Dodd, to determine whether they would sufficiently commit to urban issues.

Biden's interview was reminiscent of Sen. Trent Lott's 2002 appearance on Black Entertainment Television, where he apologized for praising Sen. Strom Thurmond, who ran for president in 1948 as a segregationist. Lott subsequently stepped down from Senate leadership.

An Inarticulate Kickoff (WP)

By Eugene Robinson

The Washington Post, February 2, 2007

What is it, exactly, that white people mean when they call a black person "articulate"?

I'll leave it to Joe Biden to explain (or figure out) why he used "clean" as one of a logorrheic string of adjectives describing his Senate colleague Barack Obama. I'm not sure his initial revision and extension of his remarks -- that he meant "clean as a whistle" -- get him off the hook. Just a suggestion, but Biden might fall back to "clean as the Board of Health," meaning sharply dressed; the last time I saw Obama he was, indeed, wearing an impeccable navy suit.

For anyone who missed it, Biden explained Obama's appeal as a presidential candidate by calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy." He was talking to a reporter for the New York Observer, who recorded the interview; an audio clip was soon posted on the Internet.

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There was a sharp reaction, mostly focused on Biden's incomprehensible reference to personal hygiene. The Rev. Al Sharpton, a one-time presidential candidate, said that when Biden called him to apologize, " I told him I take a bath every day."

For my part, I never made it past "articulate," a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. "He's an attractive guy. He's articulate," Bush told Fox News.

Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses.

It's interesting that Obama's reaction dealt solely with the A-word. "I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," he said in a statement. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Maybe he heard the screech on the blackboard, too.

Yes, I'm ranting a bit. But before you accuse me of being hypersensitive, try to think of the last time you heard a white public figure described as articulate. Acclaimed white orators such as Bill Clinton and John Edwards are more often described as eloquent.

What's intriguing is that Jackson and Sharpton are praised as eloquent, too -- both men are captivating speakers who calibrate their words with great precision. But neither is often described as, quote, articulate. Apparently, something disqualifies them.

Condi Rice is another story. Regular readers know that I think this administration's foreign policy is wrongheaded and dangerous. But I leap to Rice's defense when I hear people say, in the most patronizing tone, that she's soooooo articulate. What on earth do they expect? The woman has served as provost of Stanford University, national security adviser and secretary of state. Think maybe she ought to be able to speak in complete sentences?

I realize the word is intended as a compliment, but it's being used to connote a lot more than the ability to express one's thoughts clearly. It's being used to say more, even, than "here's a black person who speaks standard English without a trace of Ebonics."

The word articulate is being used to encompass not just speech but a whole range of cultural cues -- dress, bearing, education, golf handicap. It's being used to describe a black person around whom white people can be comfortable, a black person who not only speaks white America's language but is fluent in its body language as well.

And the word is often pronounced with an air of surprise, as if it's an improbable and wondrous thing that a black person has somehow cracked the code. I can't help but think of the famous quote from Samuel Johnson: "Sir, a woman preaching is like a dog's walking on his hind legs. It is not done well; but you are surprised to find it done at all."

Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across.

Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all.

So Far, Obama Can't Take Black Vote For Granted (NYT)

By Rachel L. Swarns

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House.

So why are some black voters so uneasy about Senator Barack Obama?

The black author and essayist Debra J. Dickerson recently declared that "Obama isn't black" in an American racial context. Some polls suggest that Mr. Obama trails one of his rivals for the Democratic nomination, Senator Hillary Rodham Clinton, in the battle for African-American support.

And at the Shepherd Park Barber Shop here, where the hair clippers hummed and the television blared, Calvin Lanier summed up the simmering ambivalence. Mr. Lanier pointed to Mr. Obama's heritage — he is the American-born son of a black father from Kenya and a white mother from Kansas — and the fact that he did not embody the experiences of most African-Americans whose ancestors endured slavery, segregation and the bitter struggle for civil rights.

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"When you think of a president, you think of an American," said Mr. Lanier, a 58-year-old barber who is still considering whether to support Mr. Obama. "We've been taught that a president should come from right here, born, raised, bred, fed in America. To go outside and bring somebody in from another nationality, now that doesn't feel right to some people."

On Wednesday, the question of race took center stage in the presidential campaign because of remarks that Senator Joseph R. Biden Jr., Democrat of Delaware, made about Mr. Obama. Mr. Biden characterized Mr. Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy" and then spent the day — his first as an official presidential candidate, explaining and apologizing for his remarks.

But among many blacks, the awkward and painful debate about race, immigrant heritage and the presidency has been bubbling for months.

Mr. Obama certainly has prominent black supporters and many shake their heads with exasperation at such talk about a man they see as the first African-American with a real shot at the presidency.

His supporters say his background only enhances his appeal as someone who has addressed the concerns of black Americans as a community organizer in Chicago, a state legislator in Illinois and a senator in Washington.

"He has a track record for being concerned about people who are poor, and it seems to be genuine," said Carol M. Swain, a black professor of political science at Vanderbilt University who has written about black politics. "Not only do I think that black Americans will embrace Barack Obama, but I think they will do it with enthusiasm."

Indeed, many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines.

But while many whites embrace Mr. Obama's melting pot background, it remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, "When black Americans refer to Obama as 'one of us,' I do not know what they are talking about."

Ms. Dickerson echoed that sentiment.

"I've got nothing but love for the brother, but we don't have anything in common," said Ms. Dickerson, who wrote recently about Mr. Obama in Salon, the online magazine. "His father was African. His mother was a white woman. He grew up with white grandparents.

"Now, I'm willing to adopt him," Ms. Dickerson continued. "He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Mr. Obama's strategists are keenly aware of the gap and are trying to address it. On Martin Luther King's Birthday, he spoke at a scholarship breakfast alongside the Rev. Jesse Jackson. Mr. Jackson introduced him by saying, a "new president is in the house."

Mr. Obama and his wife, Michelle, who is an African-American, were also on the February cover of Ebony.

Mr. Jackson and the Rev. Al Sharpton, both former black presidential candidates, have declined to formally endorse Mr. Obama so far.

But Julian Bond, the chairman of the National Association for the Advancement of Colored People, has described him as "tremendously appealing." Several black Democrats in Congress, including Representatives John Lewis, the civil rights pioneer from Georgia; Jesse L. Jackson Jr. of Illinois, the son of Jesse Jackson, and Artur Davis of Alabama, have supported his presidential bid.

His supporters, who note that he carried the black vote in his Senate race, say they are unperturbed by a recent Washington Post-ABC News poll that found that 20 percent of black voters surveyed supported Mr. Obama while 60 percent supported Ms. Clinton. The survey had a margin of sampling error of plus or minus nine percentage points.

Emil Jones Jr., the president of the Illinois state senate and one of Mr. Obama's early mentors, says he is frustrated by black voters who question Mr. Obama's Kenyan heritage. As a state legislator, Mr. Obama had the support of voters in his district, which is 67 percent black.

"He doesn't share the same kind of background as most African-Americans, but he's addressed those issues that related to underprivileged communities throughout Illinois," said Mr. Jones, who is black.

Mr. Obama describes himself as an African-American, and as a young man, he has said, he yearned to be accepted by black Americans.

Mr. Obama declined to be interviewed, but in his memoir, published in 1995, he acknowledged being dogged by "the constant, crippling fear that I didn't belong somehow, that unless I dodged and hid and pretended to be something I wasn't, I would forever remain an outsider, with the rest of the world, black and white, always standing in judgment."

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Still, Mr. Biden's remarks this week only heightened concerns among some blacks who believe that Mr. Obama, as the son of a black Kenyan, is more politically palatable to white voters because he is viewed as less confrontational and less focused on redress for past racial injustices than many black Americans descended from slaves. In that context, he resembles the last black man deemed to be a powerful presidential contender, Colin L. Powell, who flirted with a White House bid in 1995.

Discussing his appeal to white voters at the time, Mr. Powell, the light-skinned son of Jamaican parents, noted that he spoke English well and was not confrontational. He concluded by saying, "I ain't that black."

Philip Kasinitz, a sociologist at the City University Graduate Center, said such a description might as easily apply to Mr. Obama. "He's identifiably black, but in many ways he's outside of normal race relations," said Mr. Kasinitz, who has studied black immigrants in New York City politics. "He's a black politician for whom whites don't have to feel guilty."

Ronald Walters, who advised Mr. Jackson's presidential campaigns, said Mr. Obama's campaign "evokes something which is very much in vogue, this notion of diversity that is not rooted in a compensatory concept."

"He's going to have to win over some African-Americans," said Mr. Walters, who is black and heads the African-American Leadership Institute at the University of Maryland. "They have a right to be somewhat suspicious of people who come into the country and don't share their experience."

In the 1990s, the number of blacks with recent roots in sub-Saharan Africa nearly tripled while the number of blacks with origins in the Caribbean grew by more than 60 percent, according to the State University of New York at Albany. By 2000, foreign-born blacks constituted 30 percent of the blacks in New York City and 28 percent of the blacks in Boston, according to demographers at Queens College.

Several leaders of the civil rights era had immigrant roots, including Stokely Carmichael, who was born in Trinidad; and Shirley Chisholm, the former presidential candidate and the first black woman to be elected to Congress. Her father was born in Guyana and her mother in Barbados.

Donna Brazile, who ran Al Gore's presidential campaign, said she believed that Mr. Obama could woo black voters.

"Barack will tell us that we don't have to go back to being just a white America or a black America, that we can now become something else, together," said Ms. Brazile, who is unaffiliated with any presidential candidate.

"That's the promise of his campaign," she said, "and his challenge."

Clinton Setting A $1 Million Goal For Donors (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Senator Hillary Rodham Clinton is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters.

That million-dollar benchmark is 10 times the amount that President Bush's "Pioneers" were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable.

Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said.

Precise fund-raising goals and numbers of donors are not yet known by the campaign, with the major meeting of the finance team planned for next Wednesday.

Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 — in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis.

"It will be almost impossible for any other candidate to raise the money that the Clintons can raise," said John Catsimatidis, a New York fund-raiser for Mrs. Clinton.

The names for each category are under discussion, advisers said, but designations like "Hillraisers" and "Pathfinders" have been proposed.

On Wednesday, a leading Clinton supporter in New York, Alan Patricof, convened a meeting of about 15 donors with Mrs. Clinton's finance director, Jonathan Mantz. Attendees described it as a "talk to the troops" session, with fund-raising dates being worked out. A major New York gala is tentatively set for March 18.

Other Democratic candidates are also moving to post significant fund-raising numbers for the first quarter of 2007, which ends March 31. Former Senator John Edwards of North Carolina has scheduled 24 fund-raisers over 19 days in February.

As a lawyer, too, he is reaching out to fellow trial lawyers — as he did when he ran for president in 2004.

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“Fund-raising has been a lot easier than we thought it would be,” said Jennifer Palmieri, an Edwards spokeswoman. She predicted that he would raise more than $7.4 million in this quarter — more than he took in during the first quarter of 2003.

“We fully expect that Hillary and Obama will raise more — her a lot more, and him certainly more,” she added.

Howard Wolfson, a spokesman for the Clinton campaign, responded: “No one plays the expectations game better than the Edwards team. For two years, they have been telling their extensive network of donors to hold off giving him money so they could collect at least $20 million in the first filing period. And Senator Obama might well double that. They will have all they need.”

Senator Barack Obama of Illinois has not yet established fund-raising tiers, though he has said he will not raise money or accept bundled contributions from registered federal lobbyists.

He accepted about $125,000 from lobbyists last year. He has no plans to return that money, a spokesman said, nor does he plan to transfer money from his 2006 federal Senate account to his presidential explor atory committee account.

Advisers say the Clinton campaign has no plans to adopt a similar prohibition on money from lobbyists.

McCain, Giuliani Skipping Some Conservative Events (POL)

By Jonathan Martin

The Politico, February 2, 2007

A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up.

Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event, and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members, this weekend in Baltimore.

Rep. Jeb Hensarling of Texas, the RSC chairman, is "looking forward to hearing Mitt Romney and believes that the RSC retreat offers a unique opportunity for some of the top minds in the conservative movement to come together to strategize, discuss and be heard," said Brad Dayspring, a spokesman for the group.

Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington.

David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. "I frankly don't get it," Keene shrugged in an interview Wednesday. "On the one hand," he said, McCain has been "trying to court the right, but on the other, he seems to be dissing them."

Keene, who has not picked a candidate, readily admits that he has his differences with the maverick senator, but suggested that McCain has pluses that would resonate before a conservative audience, notably his hawkish stance on government spending and the Iraq war.

Asked to explain why they would pass on an opportunity to make their case before such influential audiences, members of McCain's camp said they don't have as much to prove.

"It's important to keep in mind that the senator has served as a conservative for over 20 years in Congress," said campaign spokesman Danny Diaz. "These people know him, they know his pro-life record, his fiscal conservatism, his stance on the war on terror. The same can't be said for others in the race."

When McCain cannot attend an event, he has sent surrogates, Diaz said. Conservative activist Bob Heckman was at the National Review conference, and former Sen. Phil Gramm is standing in for him at the RSC meeting in Baltimore. As for the CPAC gathering in March, Diaz said a decision would be made in the "coming days and weeks."

Giuliani's team excuses his absence from National Review and RSC by pointing out that he is speaking to conservative audiences in places that will have considerable sway in deciding the next nominee. The former mayor was in New Hampshire last weekend addressing the Republican convention, said Giuliani spokeswoman Katie Levinson. "This weekend he's down in South Carolina at the invitation of the state party." He'll also speak to the state party's executive committee.

Reaching out to Republicans across the board is important to Giuliani, she said, and is something he'll continue to do aggressively.

A decision has not been made on if Giuliani will attend CPAC, but he plans to speak before the board of the conservative Hoover Institution when it meets for a conference next month in Washington.

As with McCain, ACU's Keene predicts Giuliani would get a decent reaction should he also make it to CPAC in part because he's a celebrity of sorts. "Many conservatives admire his performance in NYC on crime, taxes and after 9/11," he said.

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To Romney's camp, there is truth to Woody Allen's maxim about the importance of just showing up.

"As the old saying goes, a true friend is the person who walks into the room when all the others get up and walk out," quipped Kevin Madden, a spokesman for the former governor. "As a conservative Republican who wants to lead our party to victory and champion our ideals, Governor Romney prefers to reach out to these important groups as opposed to ignoring them."

Join The Conversation

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by edofarrell on 02.01.2007 at 03:13 PM

Bush has been the worst president we've ever had in this country. In 2000 or 2004 we could have (and actually did in 200) elected better people to the White House. Now, with six years of corruption, ineptitude, lying and plain stupidity the Republicans still want to whine. You had your chance to make all the changes you could ever have wanted to make with control of the House, the Senate and the WH. Instead you were corrupt, ran up a huge deficit and got us involved in another Vietnam. Take your medicine boys, it's only going to get worse as the truth starts to filter out of the congressional hearins now underway.

by Kearney on 02.01.2007 at 01:26 PM

As far as deficits, we're in a WAR. We've never fought a war without running them, and frankly we'd be foolish if we ever did. We didn't ask for this war (not even Iraq, contrary to myth), but since we're in it, we'd better be serious about funding it. I agree with your implicit criticism that Bush hasn't cut government enough, and believe especially that a lot of spending and agencies should be eliminated as a war economy measure, but that's not Bush's style and never was.

As for "taxing health plans", Bush's proposal is the most profoundly free-market reform idea for health care in decades. It seeks to cut the tie between employment and health insurance, and give individuals a huge tax CUT if they buy their own health insurance. Nobody gets their auto insurance or homeowner's insurance through their employer; why health insurance? Because during World War 2, government freezes on salary levels (mistakenly thought to be an effective inflation-fighting mechanism) caused employers, desperate to attract talent in an extremely tight job market (with 11 million men in uniform), to pile on fringe benefits like health insurance. That distortion is still going on via inertia and tax code disparities to this day, and because nobody pays attention to the cost of health care and doesn't shop intelligently for it, has contributed mightily to exploding health costs.

by Kearney on 02.01.2007 at 01:18 PM

Bush never campaigned as a movement conservative in 2000; he was the leftmost candidate in the GOP field, not counting quick flameouts like Liddy Dole and Orrin hatch. With his talk of "compassionate conservatism" and his condemnation of a technical change in EITC benefits championed by DeLay as "balancing the budget on the backs of the poor," Bush made it clear he wanted distance between him and the conservative core. Although the frontrunner and winner of pluralities, he was overwhelmingly rejected by the majority of straw poll attendees, caucus voters, and primary goers until the field shook out later in the campaign, due almost solely to being not trusted to be conservative enough.

His general election campaign hinged almost solely on the notion that the Clinton years were wasted frivolity and that a serious effort to help the poor was necessary, especially helping black and Hispanic children get a good education. While Bush has an overall conservative lean, he is not, and never ha been, interested in cutting government, certainly not as an end in itself, and never sold himself as such.

Point being, it's not like conservative can complain about being 'betrayed' or 'sold a bill of goods'. The right went with Bush in 2000 as the better of two options, and especially out of fear and loathing of Al Gore. After 9/11, and after the Democrats nominated a man the right saw (correctly) as someone who would be less forceful on terror at home or abroad if, say, the French or Hollywood disapproved, the Right went with Bush again, almost overwhelmingly on national security grounds.

by B Frank on 02.01.2007 at 11:52 AM

Conservatives, look what you've done to yourselves by giving Bush a blank check and the republican congress taking the last 6 years off while Bush and his cronies run things. Now, all you have for frontrunners are Rockefeller republicans. Anyone to the right of them like Brownback will never be able to get elected. The American people have had enough rightwing selfrighteousness. For people who supposedly want smaller government we have bigger deficits, more spending and nation building. Almost sounds like the Democrats doesn't it? Not Bush is talking about raising taxes by taxing health plans. This is conservative? Look like all you rightwingers have been had.

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Pawlenty Boosts McCain (POL)

By Jeff Patch

DOJ_NMG_0126066

The Politico, February 2, 2007

Minnesota Gov. Tim Pawlenty said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz.

"The marketplace just told Republicans something," said Pawlenty, who will take the reigns of the Republican Governors Association this summer. "It told them that we are choosing for now to select the products and services of your opponent."

In a session with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty outlined his position and legislative outlook on several topics, including the economy, energy, health care and immigration. But the buzz of the conversation, hosted by former Minnesota Republican congressman Vin Weber, centered on Pawlenty's role as Minnesota co-chair of the exploratory committee of McCain,. Weber supports former Massachusetts governor Mitt Romney, who Pawlenty will replace at the RGA.

Pawlenty took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses.

"I believe he's in a league of his own," he said, also dismissing concerns that McCain will lose credibility by supporting President Bush's troop boost in Iraq.

Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is "sufficiently conservative." Pawlenty's comeback: "If you hold any of these candidates to a purity litmus test, with the possible exception of (Kansas Sen.) Sam Brownback, we'll have nobody left," Pawlenty said.

"Senator Brownback also fails, too" chimed in Kate O'Beirne, the Washington editor of the National Review, a conservative weekly.

Minnesota's chief executive also had a simple, if glib, answer for what President Bush should do now that the Democrats gained power in Congress, similar to Democratic gains in Minnesota.

"Pray."

The second-term governor, who pledged to focus on Minnesota and eschew higher office during the 2008 cycle, also took a shot at Democratic Senate hopeful Al Franken, the liberal comedian.

"I don't think he'd be right for Minnesota," Pawlenty said, nonetheless conceding Minnesota's penchant for oddball elections. "You'd be hard-pressed to point to what he's done that would lead you to the conclusion that he should be helping -- be in the United States Senate at this time."

California Primary Shift Seen Hindering McCain (WT)

By Ralph Z. Hallow

The Washington Times, February 2, 2007

Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year.

"If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain," Orange County state Assemblyman Chuck DeVore told The Washington Times.

The proposal backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento.

An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5.

Florida is also expected to move its Republican primary to Feb. 5. Florida Gov. Charlie Crist, a Republican, is expected to put his statewide campaign machinery at the disposal of Mr. McCain for the presidential primary in that delegate-rich state.

Several other states are also planning to move up their primaries to early 2008, which political analysts predict would mean that nominees of both parties will be known after the votes are counted on Feb. 5.

California officials say moving the presidential primaries up to February -- while leaving the primary elections for other offices as scheduled for June -- will cost state taxpayers an extra $90 million.

"DeVore's plan would save taxpayers $90 million and give the Republican Party here a big say in who our presidential nominee is and do it without an unneeded primary election in February," said Republican state Assemblyman Doug LaMalfa.

The real reason the Legislature wants to change the primary date, Mr. DeVore said, is to get on the ballot an extension of term limits, adding six more years for Assembly members and four more years for state Senate members.

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"This election has two purposes: To impact the presidential nomination process and to place a term-limit extension initiative on the ballot in time for some lawmakers to run for re-election during the regularly scheduled June 2008 primary," Mr. DeVore said.

Mr. LaMalfa said he is "inclined to help" get the DeVore plan taken up by the state party convention meeting less than two weeks from now.

Mr. McCain is widely viewed as the 2008 Republican presidential nomination front-runner nationally. In California, he is expected to benefit from the tacit support and perhaps formal endorsement of Mr. Schwarzenegger. But many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain.

"The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda," Mr. DeVore said. "Senator McCain seems to be more a product of the New York Times than of the party of Ronald Reagan."

California Republicans note that several top Schwarzenegger operatives -- including Steve Schmidt, a former spokesman for the Bush-Cheney 2004 campaign and most recently campaign manager of Mr. Schwarzenegger's successful re-election bid -- have joined Mr. McCain's operation as senior advisers.

Hunter Out To Capture White House (USAT)

By William M. Welch

USA Today, February 2, 2007

LOS ANGELES — Rep. Duncan Hunter sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative.

"I believe strongly in this nation that we can have a new American sunrise of opportunity, faith and freedom," he says. "I think this is a time for the type of leadership I can offer."

Hunter, 58, is a veteran congressman from eastern San Diego County who chaired the House Armed Services Committee for the last four of the dozen years that Republicans controlled the House of Representatives.

That job made him well-known to Capitol insiders and a favorite of defense contractors, who found in him a staunch supporter of the Pentagon and of high-tech weapons systems.

He lost his chairmanship when Democrats won control of the House in November. He made his presidential candidacy official last month, basing it on three principles:

•A hard line on illegal immigration.

•Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies.

•Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops.

"Over the next five to 10 years, clearly national security is going to be a major focus for our country," Hunter says after being asked why he is running. "I've concentrated on that function of government for the last 26 years in the House of Representatives."

Hunter announced his candidacy last week in South Carolina, one of the earliest primary states. With a big military presence and an apparel and textile industry hit hard by foreign competition, South Carolina will probably be a place where Hunter must do well to gain entry to the top tier of GOP hopefuls.

"He's very much a long shot," says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. "He sees a niche for a social conservative with a strong defense background," he says. "He's putting a steel beam on the beach and hoping lightning will strike."

Hunter has solid claim to his conservative credentials. He was one of the sponsors of a law Congress passed last year authorizing construction of 700 miles of fencing along much of the U.S.-Mexican border, and he claims credit for fencing already in place along the border at San Diego. He says the millions of immigrants in the USA illegally should be sent home and told to apply for visas if they want to come back.

"As president, I will complete the border fence in six months," he says.

On trade, he accuses China of devaluing its currency to make its goods cheaper in the USA. He says he would tear up trade deals with China and demand more favorable ones. He sees China as a security threat, too.

"China is arming, and they're doing it with American trade dollars," he says.

On Iraq, he firmly supports Bush's decision to go to war. "I think going in was the right thing to do," he says.

Hunter grew up in Riverside, Calif., the son of a conservative activist and home builder who worked for Barry Goldwater's and Richard Nixon's campaigns and lost his own race for Congress in 1968.

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In 1980, at age 32, Hunter defeated a Democratic House incumbent as the GOP picked up more than 30 House seats in the election that put Ronald Reagan in the White House.

Hunter dropped out of high school to join the Marines and earned a Bronze Star as helicopter pilot in the Vietnam War. He became a lawyer after leaving the service. A son, Marine 1st Lt. Duncan Duane Hunter, recently returned from a second tour of duty in Iraq.

Al Gore Nominated For Nobel Peace Prize (LAT/AP)

From The Associated Press

The Los Angeles Times, February 2, 2007

Oslo, Norway — Former Vice President Al Gore was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday.

"A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference," Conservative Member of Parliament Boerge Brende, a former minister of environment and then of trade, told The Associated Press.

Brende said he joined political opponent Heidi Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday.

"Al Gore, like no other, has put climate change on the agenda. Gore uses his position to get politicians to understand, while Sheila works from the ground up," Brende said.

During eight years as Bill Clinton's vice president, Gore pushed for climate measures, including for the Kyoto Treaty. Since leaving office in 2001 he has campaigned worldwide, including with his Oscar-nominated documentary on climate change called "An Inconvenient Truth."

Norwegian lawmakers are among the thousands of people and groups with rights to nominate Nobel candidates. Others include members of national governments, past laureates, members of the awards committee and its staff, and many university professors.

The winner is traditionally announced in mid-October, with the prize always presented on the Dec. 10 anniversary of the death of its creator, Swedish industrialist Alfred Nobel.

Praying At The Pump (NYT)

By Ronald E. Minsk

The New York Times, February 2, 2007

Washington

ONCE again, the price of oil is making Americans nervous. After falling by more than one-third since peaking above $75 per barrel last summer, the price has rebounded to $58 with the re-emergence of cold weather and news of a production cut by OPEC. As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil.

When we talk about energy “dependence” or “security,” we really mean oil. We do not import coal or wind or the sun or geothermal steam, and we import only a tiny percentage of the natural gas we consume from anywhere other than Canada. Thus there is virtually no geopolitical risk in using any of these sources.

This is why energy policy statements frequently begin with the goal of “eliminating the import of Middle East oil.” Such aims presume that our insecurity derives from oil imports, and reflect our distaste of being beholden to autocratic regimes in the Middle East and elsewhere that we perceive as sharing neither our interests nor our values. This presumption, however, is wrong.

Simply put, our oil addiction undermines our well-being because the volatility of oil prices threatens our economy. Because we spend so much on oil and there are no short-term substitutes, price spikes wreck household, business and government budgets alike. Our sense of insecurity is magnified because volatility is both unpredictable and generally beyond our control.

If we could predict future oil prices, we could plan for them. But few people can adjust their lifestyles to reduce their oil consumption significantly in response to price spikes. Likewise, businesses may be reluctant to invest in efficiency or alternative fuels because the higher oil prices that make such investments cost-effective could collapse virtually overnight.

It is important to remember that our insecurity is related to price volatility and not to the source of the oil. If OPEC members suspended exports but the price of oil mysteriously did not rise, we would not care about the interruption. It is only because a supply interruption always affects price that we care about oil’s uninterrupted flow.

Yes, the oil market does care where oil comes from, because the political and economic stability of the supplier informs the market about its reliability as a producer. And because there is a world market for oil, supply interruptions anywhere affect the

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price of oil everywhere. Even if we imported oil only from the most stable countries (or eliminated imports altogether), so long as unstable countries and regions supply the world market, we would be exposed to the risks of a volatile market. It is precisely the economic risk posed by price fluctuations that forces us to spend diplomatic and military capital in oil-producing regions.

This means that the percentage of oil we import is relatively unimportant. Even the use of alternative liquid fuel instead of oil-derived gasoline will not allow us to escape this volatility, because as direct substitutes for each other, gasoline and alternative fuels will be similarly priced, just as gasoline sold by different oil companies or at different gas stations is similarly priced today.

Accordingly, while the domestic production of oil or alternative liquid fuels may be critically important for other reasons — it can create jobs, stimulate development of new technology, reduce the trade deficit, protect our environment and lower the baseline price of oil — it won't do much to end oil price fluctuations.

It's true that we can help mitigate the effects of oil price volatility by increasing fuel economy standards on cars and trucks. In fact, the more efficient use we make of oil today as opposed to 25 years ago has certainly reduced some of the effects of recent price fluctuations. But tighter fuel standards cannot eliminate the effects of volatility, because new business and governmental budgets already assume increased efficiency; nor would they protect us from price spikes brought on by, say, a new military conflict in the Middle East.

The only way to truly address price instability is to find ways to, in a crisis, quickly and substantially increase fuel production, or to develop some means by which consumers could quickly switch from liquid transportation fuels to other fuels. Not only would it be remarkably difficult to develop these new abilities to such an extent that they could offset the effects of the largest foreseeable supply interruption, but achieving them might have an unexpectedly negative effect: undermining incentives to increase oil production and decrease demand.

In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market.

When Americans fill up the tank, they do not care where their gasoline comes from — they just want a stable price. And the fact that we import so much oil does not, in itself, cause its price to fluctuate so wildly or promote inflation. There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable.

Abrogating Workers' Rights (WSJ)

By Lawrence B. Lindsey

The Wall Street Journal, February 2, 2007

Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called "Employee Free Choice Act" is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system.

Under the act, once a union gets a majority of the workers to sign a card expressing a desire for a union, that union is automatically certified as the bargaining representative of, and empowered to negotiate on behalf of, all workers. In the 28 states that do not have right-to-work laws, all employees would typically end up having to join the union or pay the equivalent of union dues whether or not they signed the card. Moreover, under the act, the bargaining process would be shortened, with mandatory use of the Federal Mediation Service after 90 days and an imposed contract through binding arbitration 30 days after that.

I am sympathetic to the argument that strengthening the negotiating position of workers is good public policy, and that expanding the choices available to them is the best way to accomplish that. So, for example, pension portability unlocks the golden handcuffs that financially bind workers to jobs they may become dissatisfied with after they have become vested. Health savings accounts are an important first step to liberating people from jobs they put up with only because they fear a disruption in health-care coverage.

When it comes to unions, it doesn't take a very deep appreciation of game theory to understand that a worker's best position comes when a nonunion company has a union knocking on the door. Indeed, one allegation about "union busting" by supporters of the bill is that, during union certification elections, one employer in five "gave illegal previously unscheduled wage increases while a similar number made some kind of illegal unilateral change in benefits or working conditions."

In other words, they made workers better off. But, never fear, the Employee Free Choice Act will limit these unconscionable increases in pay, benefits and working conditions by imposing fines of up to $20,000 against employers who make such "unilateral changes." Similar penalties will be assessed against employers who caution that unionization may cause them to shut down or move production elsewhere.

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Sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that "empowers" workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers.

The unions allege that companies use unfair election campaign tactics and that a pro-employer National Labor Relations Board doesn't punish them. But statistics cited by the leftwing Web site, Daily Kos, on behalf of this allegation come from 1998 and 1999 -- when the entire NLRB had been appointed by President Clinton. In any event, roughly half the injunctions brought against companies by the NLRB were overturned by federal courts: This does not suggest under-enforcement of the law by the NLRB.

All of this does not mean that there are no legitimate complaints about the union certification process. Companies have been found that fired workers for union organizing activities. One careful examination of NLRB data found that there were 62 such cases in fiscal 2005. This is not a large number in a work force of 140 million, or in a year where there were more than 2,300 certification elections. But it is 62 too many, and it would be reasonable to stiffen the penalties for employers who break the law. But it is hard to think of offering more pay or better worker conditions as something that should be punished with draconian penalties, as the Employee Free Choice Act does.

Most important, it is totally unreasonable to deny all 140 million American workers the right to a secret ballot election because some employers break the law. Not only is such a remedy disproportionate, it is counterproductive -- if one's goal is worker empowerment. How can a worker be better off if both his employer and his prospective union boss know his views on the union when the secret ballot is replaced with a public card signing? For the worker it is the ultimate example of being caught between a rock and a hard place.

The political rhetoric in support of this bill is a willful exercise in obfuscation. For example, on the presidential campaign stump John Edwards says, "if you can join the Republican Party by just signing a card, you should be able to join a union by just signing a card." The fact is, you -- and everyone else -- can join any union you want by just signing a card, and paying union dues and meeting any other obligations imposed by the union. But, under this bill, contrary to Mr. Edwards's false analogy, signing a card to join the Republican Party does not oblige you to vote for the Republican ticket in a secret ballot election. The Employee Free Choice Act would take care of that by abolishing such elections. If the Edwards principle was applied to the political process in the 28 non-right-to-work states, Karl Rove and Republican Party organizers could force all Democrats and independents to become Republicans and pay dues to the party if a majority of voters signed Republican Party cards. That is free choice?

The final proof that this bill is about union power, and not worker choice, is revealed by its treatment of the flip side of unionization: decertification elections. These are secret ballot elections in which workers get to decide that they have had enough of the union. So under the Employee Free Choice Act can a majority of workers decertify the union by signing a card? Not on your life. Here unions want the chance to engage in a campaign to give workers both sides of the story -- and maybe do a better job of representing them -- before the union's fate is decided, by a secret-ballot vote.

No one has ever argued that secret-ballot elections are a perfect mechanism, either in politics or in deciding unionization. But they are far and away the best mechanism we have devised to minimize intimidation and maximize the power of the people who really matter, whether citizen or worker. Congress should think a lot harder before it decides to do away with workers' right to vote.

Mr. Lindsey is president and CEO of the Lindsey Group.

Is $34.06 Per Hour 'Underpaid'? (WSJ)

By Jay P. Greene And Marcus A. Winters

The Wall Street Journal, February 2, 2007

Who, on average, is better paid -- public school teachers or architects? How about teachers or economists? You might be surprised to learn that public school teachers are better paid than these and many other professionals. According to the Bureau of Labor Statistics, public school teachers earned $34.06 per hour in 2005, 36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker.

In the popular imagination, however, public school teachers are underpaid. "Salaries are too low. We all know that," noted First Lady Laura Bush, expressing the consensus view. "We need to figure out a way to pay teachers more." Indeed, our efforts to hire more teachers and raise their salaries account for the bulk of public school spending increases over the last four decades.

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During that time per-pupil spending, adjusted for inflation, has more than doubled; overall we now annually spend more than $500 billion on public education.

The perception that we underpay teachers is likely to play a significant role in the debate to reauthorize No Child Left Behind. The new Democratic majority intends to push for greater education funding, much of which would likely go toward increasing teacher compensation. It would be beneficial if the debate focused on the actual salaries teachers are already paid.

It would also be beneficial if the debate touched on the correlation between teacher pay and actual results. To wit, higher teacher pay seems to have no effect on raising student achievement. Metropolitan areas with higher teacher pay do not graduate a higher percentage of their students than areas with lower teacher pay.

In fact, the urban areas with the highest teacher pay are famous for their abysmal outcomes. Metro Detroit leads the nation, paying its public school teachers, on average, $47.28 per hour. That's 61% more than the average white-collar worker in the Detroit area and 36% more than the average professional worker. In metro New York, public school teachers make $45.79 per hour, 20% more than the average professional worker in that area. And in Los Angeles teachers earn $44.03 per hour, 23% higher than other professionals in the area.

Evidence suggests that the way we pay teachers is more important than simply what they take home. Currently salaries are determined almost entirely by seniority -- the number of years in the classroom -- and the number of advanced degrees accumulated. Neither has much to do with student improvement.

There is evidence that providing bonuses to teachers who improve the performance of their students does raise academic proficiency. With our colleagues at the University of Arkansas we found that a Little Rock program providing bonuses to teachers based on student gains on standardized tests substantially increased math proficiency. Researchers at the University of Florida recently found similar results in a nationwide evaluation.

Of course, public school teacher earnings look less impressive when viewed on an annual basis than on an hourly basis. This is because teachers tend to work fewer hours per year, with breaks during the summer, winter and spring. But comparing earnings on an annual basis would be inappropriate when teachers work significantly fewer hours than do other workers. Teachers can use that time to be with family, to engage in activities that they enjoy, or to earn additional money from other employment. That time off is worth money and cannot simply be ignored when comparing earnings. The appropriate way to compare earnings in this circumstance is to focus on hourly rates.

Moreover, the earnings data reported here, which are taken directly from the National Compensation Survey conducted by the Bureau of Labor Statistics, do not include retirement and health benefits, which tend to be quite generous for public school teachers relative to other workers. Nor do they include the nonmonetary benefit of greater job security due to the tenure that most public school teachers enjoy.

Educators sometimes object that hourly earnings calculations do not capture the additional hours they work outside of school, but this objection is not very compelling. First, the National Compensation Survey is designed to capture all hours actually worked. And teachers are hardly the only wage earners who take work home with them.

The fact is that teachers are better paid than most other professionals. What matters is the way that we pay public school teachers, not the amount. The next time politicians call for tax increases to address the problem of terribly underpaid public school teachers, they might be reminded of these facts.

Jay P. Greene holds the endowed chair of education reform at the University of Arkansas and is a senior fellow at the Manhattan Institute, where Marcus A. Winters is a senior research associate. Their report, "How Much Are Public School Teachers Paid?," was released this week.

A Bipartisan Trade Policy (NYT)

The New York Times, February 2, 2007

The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty.

There are some quick steps the White House and Congress should be able to agree on. To reassure workers at home, they could expand federal assistance to anyone thrown out of a job because of trade. At the same time, new tariff benefits for the least-developed countries, like Bangladesh and Cambodia, would send a positive signal to the rest of the world.

Over all, trade has been very good to the United States, which is still the world's largest exporter of goods and services. The trade liberalization measures put in place after World War II produce now, by one estimate, an additional $1 trillion in income for Americans annually, and millions of new jobs. The inexpensive foreign goods that arrive here because of free trade keep

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prices down. Low prices are good for consumers, and by keeping inflation and interest rates in check, they encourage economic growth and job creation.

Still, there is no question that the hundreds of thousands of workers who lose their jobs to trade-related dislocations each year are paying the price. The government has not done enough to take care of these displaced workers, and much of the blame lies with the economic policies of the White House and the last Congress, which was led by Republicans.

Now that the Democrats control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers.

To win Democrats' support, the White House will have to accept some of their demands for stronger labor provisions in future trade accords. Bans on forced labor and child labor, and similar mandates, are laudable goals. But Democrats who propose minimum-wage rules have to recognize that what is low pay for Americans may pull a family out of poverty in a less-developed country.

The administration's proposed farm legislation looks like a decent first step toward reducing subsidies and bringing American agricultural policy into line with our trade commitments. Now, if the administration can put together a solid plan for proceeding with negotiations for the Doha round of global trade talks, Congress should renew the president's fast-track negotiating authority. But if the global talks cannot be jump-started, the White House and Congress should move ahead with bilateral agreements with Peru, Panama and Korea.

Democrats are right to insist that the trade agenda advance the interests of all Americans, not just large corporations. But they need to acknowledge that putting the brakes on global growth is still the surest path to losing American jobs.

Free To Choose In Utah (WSJ)

The Wall Street Journal, February 2, 2007

Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America.

The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman. It would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income. While Utah is known for its Mormon population, the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools.

As usual, local school boards and the state teachers union (the Utah Education Association) are fighting the idea, claiming that it will "drain" money from public schools. This hardly seems likely because the $9 million cost of the program is about 0.5% of total school spending. And the voucher maximum of $3,000 is less than half the state per child public-school spending average of $6,325. The voucher bill also allows Utah public schools to keep the difference between the voucher amount paid out to students who leave and the $6,325 per pupil average.

Vouchers are working in a handful of cities, such as Cleveland, Milwaukee, and Washington, D.C. Former Florida Governor Jeb Bush also promoted a statewide plan, until a liberal state court invented constitutional objections. The evidence on student performance has mostly been favorable in these schools, and research by Harvard economist Carolyn Hoxby has found that the presence of vouchers has caused the public schools to improve their performance as well.

So let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try. "For the unions, this vote is about protecting their monopoly," House Speaker Greg Curtis says. "They don't like vouchers for the same reason blacksmiths didn't welcome the Model T."

Rice To Seek Support For Mideast Effort (WP)

By Glenn Kessler

The Washington Post, February 2, 2007

Secretary of State Condoleezza Rice will launch a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting of a high-level group that monitors Middle East peace.

The Quartet, made up of the United States, the European Union, Russia and the United Nations, has played a largely backstage role in the long-stalled peace process. But Germany, which currently holds the rotating presidency of the E.U., has pressed to revive the role of the international group -- and U.S. officials decided that an endorsement would help bolster Rice's planned return to the region this month to host a meeting between Israeli and Palestinian leaders.

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European officials say that Rice's decision to hold the meeting in Washington signals the administration's determination to make progress with just two years left in President Bush's term. "This sends a clear message that the United States is reengaged," one European official said yesterday.

Rice maintains that the prospects for peace have suddenly turned brighter, even though Israeli Prime Minister Ehud Olmert has dwindling support among Israelis and Palestinian Authority President Mahmoud Abbas has struggled against the Hamas-led legislature. In a series of recent trips to the region, Rice has tried to unite what she calls "mainstream" Arabs against extremist forces that she says include Iran, Hamas and Hezbollah. She suggests that the strategic interests of Israel and its neighbors have begun to overlap, making it easier to win Arab support for and interest in a peace deal.

Accepting an approach long urged by Europeans and Palestinians, Rice will push Olmert and Abbas to discuss the contours of a final peace deal, even though they have made little progress in implementing the initial steps of a peace plan promoted by the administration for the past four years.

Previously, the administration argued that such negotiations would be premature until the Palestinians met basic security requirements and Israel ended its settlement expansion. Now, Rice suggests that sketching a "political horizon" will boost the confidence of the two sides to take those initial steps -- and to ultimately give Abbas the leverage to defeat Hamas.

But turmoil in the Palestinian territories has increased in recent days. A tentative cease-fire collapsed yesterday as Hamas and forces loyal to Abbas's Fatah party engaged in an intense gunfight in the Gaza Strip that killed six people and wounded at least 50. The administration is pressing a $100 million plan to bolster and train Abbas's security forces.

Behind the scenes, there are tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas, which the State Department considers a terrorist organization. The Russians, in particular, have pressed for an end to the embargo. The Europeans last year won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions. The aid ban, however, has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas.

A senior administration official, speaking on the condition of anonymity because the group's communique was still being drafted, said that "we need to review the mechanisms in place" for aiding the Palestinians. He said the administration views the aid ban on Hamas to be "a relative success," but he acknowledged that others might argue that it has not succeeded because Hamas still refuses to recognize Israel.

He noted that overall aid to the Palestinians has increased in the past year, and that "apocalyptical visions" of Palestinian suffering because of the aid ban have not materialized.

Over the past six years, the administration has promoted several peace initiatives, only to back off in the face of setbacks. One senior European official who recently met with Rice said he is impressed by her apparent determination to achieve a breakthrough. Asked why he believes this time is different, he smiled and said: "One must always be an optimist."

UN Chief Wants More Energetic Mideast Peace Quartet (AFP)

AFP, February 2, 2007

UN chief Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday to strive for progress on the ground rather than merely making statements, his spokeswoman said.

Ban, who took office on January 1, will attend his first meeting of the diplomatic Quartet -- which includes the United States, United Nations, European Union and Russia -- in Washington Friday.

"He hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," his spokeswoman, Michele Montas, told reporters Thursday.

"He is fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process," Montas said.

She added that Ban "believes the Quartet should reach out to the parties and also all the key regional partners for a more systematic dialogue and involvement in the Quartet's deliberations."

In an AFP interview Wednesday in Nairobi, Ban expressed hope that Friday's meeting will yield a detailed agreement on how to implement the Quartet's blueprint for the creation of a viable Palestinian state.

"It's encouraging that we are now able to re-energize this Quartet process," Ban told AFP before traveling to Washington.

"The Middle East question has been too long unresolved, which has been having a negative impact on this regional situation," he said. "I hope we will be able to agree in a detailed manner on the implementation of the roadmap."

The Quartet, which has not met formally since September, issued a "roadmap" for achieving Israeli-Palestinian peace in 2003, but the three-stage plan that should have led to the creation of a Palestinian state by 2005 has since languished.

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The plan's phased implementation meant crucial "final status" issues like the borders and powers of a Palestinian state and the fate of Palestinian refugees could not be tackled until Israel's security was guaranteed -- allowing militants to stymie progress with continued attacks.

Friday's gathering will include Ban, US Secretary of State Condoleezza Rice, Russian Foreign Minister Sergei Lavrov, German Foreign Minister Frank-Walter Steinmeier and EU foreign policy chief Javier Solana.

Shootout In Gaza Deepens Bitter Split (NYT)

By Greg Myre

The New York Times, February 2, 2007

JERUSALEM, Feb. 1 — A fragile truce between Palestinian factions in Gaza broke down Thursday when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50.

In the West Bank on Thursday, Israeli troops shot dead four Palestinians in three confrontations.

In the Gaza episode, Hamas members of the Palestinian security forces shot at what Hamas said was a truck convoy delivering weapons to the Presidential Guard, a security force that protects the Palestinian Authority president, Mahmoud Abbas, who is a member of Fatah.

The trucks entered Gaza from Israel at the Kerem Shalom crossing, near the spot where the borders of Gaza, Israel and Egypt converge.

The convoy reached central Gaza before it was stopped by the Executive Force, a security agency made up mostly of Hamas supporters, said Islam Shahwan, a spokesman for the force. The Fatah men refused to allow any searches, and the shooting soon erupted, he said.

Mr. Shahwan said the convoy was stopped because “we have witnessed Fatah using new weapons and believe they were bringing in more.”

Fatah officials said the convoy was hauling generators, medical equipment and tents, and accused Hamas of violating the latest truce, which took effect on Tuesday and had brought relative calm for two days.

But Thursday’s shootout, near the Bureij refugee camp, claimed six lives, and at least four of them were security force members. Also, about 50 people were injured in central Gaza and in fighting elsewhere, according to doctors at Shifa Hospital in Gaza City.

Hamas, the radical Islamic group, controls most of the Palestinian government and the Executive Force, which Hamas established after coming to power last year. But Mr. Abbas also has a range of powers, and most members of the security forces are considered supporters of Fatah.

More than 60 Palestinians have died in the internal Gaza fighting over the past two months, and talks to establish a national unity government have again collapsed.

In the West Bank violence, the Israeli troops shot and killed three militants in clashes in Nablus and Tulkarm, the military and Palestinian residents said.

The Israelis also shot and killed a 17-year-old Palestinian who was trying to cut through a fence that is part of Israel’s separation barrier near Ramallah.

In another development on Thursday, Prime Minister Ehud Olmert testified for five hours before a commission investigating how Israel conducted its war last summer against Hezbollah in Lebanon.

Mr. Olmert was the last of dozens of political and military figures to give testimony at the closed-door sessions.

An Israeli official, who spoke on condition of anonymity but was briefed on the testimony, said Mr. Olmert gave a detailed explanation of the entire conflict and did not seek to assign blame. The commission questioned Mr. Olmert at some length about the ground offensive in the final days of the fighting, which resulted in heavy Israeli casualties.

Many Israelis feel the inconclusive war was mismanaged, and Mr. Olmert’s popularity fell sharply after the war. The commission is expected to issue an interim report in March.

Also, Defense Minister Amir Peretz selected the Israeli arms maker Rafael to develop a missile defense system designed to shoot down the short-range rockets that Palestinian militants and Hezbollah have directed at Israel.

Mr. Peretz chose Rafael’s “iron dome” system over a number of competitors, including the Lockheed Martin Corporation, the big American military contractor. The Rafael system will provide an answer to rockets with a range of several dozen kilometers, Mr. Peretz’s office said in a statement, and is expected to be ready for deployment in about two years.

6 Dead In Gaza After Renewed Palestinian In-fighting (LAT)

By Ken Ellingwood

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The Los Angeles Times, February 2, 2007

JERUSALEM — Renewed violence between rival Palestinian factions in the Gaza Strip left at least six people dead today, despite a three-day-old cease-fire agreement.

Clashes broke out around the coastal strip after gunmen from the ruling Hamas movement ambushed a convoy of trucks they said were carrying arms from Egypt destined for its main rival, Fatah. Four members of Palestinian security forces and two bystanders died in the fighting and more than 40 others were injured.

Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas, who belongs to Fatah, denied the trucks were carrying arms. They said the cargo was supplies for a presidential guard compound in Gaza.

The two sides called the truce following clashes that killed about 30 people last week. On-and-off again violence kicked up in December after Abbas called for new elections to break a political deadlock.

Hamas, which unseated Fatah in parliamentary elections a year ago, sees early elections as part of a coup attempt and accuses the United States of backing Fatah in the escalating violence.

The Bush administration plans to provide $86 million in what it describes as nonlethal aid to Abbas' security forces. Egypt has shipped weapons to bolster his forces in Gaza, with what Israeli officials say is their permission.

Hamas and Fatah have negotiated for months over terms of a coalition government aimed at breaking an international aid embargo against Hamas. But the talks have repeatedly faltered, mainly over the distribution of Cabinet portfolios and Hamas' refusal to recognize Israel.

Western nations cut aid because they consider Hamas a terrorist group, and set three conditions for a renewal: the Palestinian government must recognize Israel, renounce violence and agree to abide by past agreements between Israel and the Palestinians.

How Lebanon's Army Could Hold Key To Peace (WSJ)

By Cam Simpson

The Wall Street Journal, February 2, 2007

BEIRUT, Lebanon -- For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets where the civil war that still haunts Lebanon raged two decades ago.

The job is severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis that has paralyzed the government since November, current and former army leaders warn, street violence like last week's could spiral beyond the military's ability to contain it.

"The unity of the army is the only thing that keeps this country from meeting the definition of a 'failed state,' " says Elias Hanna, a retired general in the Lebanese army and a strategic analyst.

About 6,000 soldiers have been patrolling the capital since December. That is when government opponents, led by Hezbollah, the Shiite Muslim political, social and militia group, flooded downtown Beirut in an effort to topple the U.S.-backed government. They contend it lacks constitutional legitimacy given the resignations of six ministers, including five Shiites, in November.

Tensions peaked last week when Hezbollah called a general strike, and its supporters burned tires and blocked roads to Beirut's airport. Although some members of the current government wanted the army to break through the barricades, commanders decided to let the protests play out, hoping they would relieve pressure, according to current and former senior officers.

By Jan. 25, the wisdom of that strategy was clouded by doubt, as a cafeteria brawl between Shiite and Sunni Muslims at a Beirut university spilled into the streets. Ensuing violence spread, leaving four dead and about 200 wounded. Clashes flared across the city and beyond in scenes reminiscent of Lebanon's civil war, complete with rooftop snipers.

About 20 soldiers, including three officers, were among the wounded, according to a senior commander who isn't authorized to speak officially. With perhaps one exception, soldiers helped contain the violence by not returning fire; they were under strict orders to avoid actions that could cause the fighting to escalate, the senior commander said. In the days that followed last week's clashes, all sides seemed to breathe easier.

Many fear the calm is temporary. They say the army's ability to maintain order can't last forever, making a political resolution urgent. Nizar Abdel-Kader, a retired senior army general, and others close to the current army leadership say senior

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officers warned rival political factions last week that soldiers couldn't keep the peace on Beirut's sidewalks forever. "The tension was raised to a degree where it is now too risky to believe that the army can continue with the same effectiveness in quelling these clashes," says Mr. Abdel-Kader, who is a columnist for the Lebanese Arabic-language newspaper Ad-Diar.

Since last week's violence, the army's efforts on Beirut's streets seem to be most intense after sunset. Soldiers man mobile checkpoints, often stopping each passing car. Some are waved through quickly, while others are closely screened to be certain they aren't ferrying armed men -- another echo of Lebanon's past.

In the tent city near Martyrs Square, where government opponents have camped for weeks, protesters are nervous about who may be plotting against them -- but thankful for the presence of soldiers throughout the city. "We will lift our hats and bow in front of them," says Mohammad Kawar, a 46-year-old cab driver and Hezbollah supporter. The group's leader, Hassan Nasrallah, has pledged that his followers won't push Lebanon into civil war even if 1,000 of them are killed.

If street violence does resume, there are other factors that could make it difficult for the army to minimize. The soldiers in Beirut include members of special-forces and "intervention" units, men trained to respond aggressively to any threat. (Members of Lebanon's Internal Security Force, who are better prepared for a mission of this type, remained in their barracks last week. Their participation might prove combustible, since their leaders are viewed by some as being too close to the government.) The soldiers also are drawn from the same ethnic and religious groups now in conflict.

"The army reflects the fabric of this society," Gen. Hanna says. He and others also note that the integration since the early 1990s of each unit -- Sunnis, Shiites, Christians and others serve side by side -- is a major benefit.

The entire 60,000-man force also has endured the physical stress of a high alert for months, since the summer war between Israel and Hezbollah. And under the United Nations Security Council resolution that ended that conflict, the Lebanese Army, in tandem with a beefed-up U.N. force, is responsible for patrolling Hezbollah's stronghold in the south to deter renewed fighting.

Mr. Abdel-Kader says the Beirut mission is the most physically, psychologically and emotionally draining for any soldier. "After all," he says, "you are facing your own people."

U.S. Eyes Re-establishing Relations (WT)

By Nicholas Kralev

The Washington Times, February 2, 2007

The State Department said yesterday it is considering re-establishing a diplomatic presence in Somalia for the first time since U.S. troops withdrew from the African country in 1994 after an unsuccessful U.N. humanitarian operation amid a bloody civil war.

Even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not reopen the U.S. Embassy, which has been closed since 1991, but will most likely set up a small presence post, officials said.

"It's something that's being actively examined right now," department spokesman Sean McCormack told reporters. "We are going to take a look, obviously, at what is appropriate in terms of security [and] political presence ... in Somalia."

Although the United States never formally severed diplomatic relations with a Somali nation that dissolved into near anarchy from 1991 on, it closed its embassy there.

About a month ago, Somalia's weak transitional government, backed by troops and weapons from Ethiopia, drove out Islamists who had controlled the capital, Mogadishu, and much of the country's south for six months.

Since then, the security situation has improved, although there have been attacks in Mogadishu.

"There aren't any final decisions" about sending U.S. diplomats to Somalia, Mr. McCormack said. However, he added that if the situation continues to improve, the department could send diplomats.

Jendayi Frazer, assistant secretary of state for African affairs, considered visiting Somalia during a trip to the region early last month, but the State Department's Diplomatic Security Service decided it was not safe, a senior official said.

The U.S. Embassy in Kenya is responsible for watching developments in Somalia, but the lack of diplomatic presence on the ground limits the knowledge and potential influence of the United States, officials said.

In Mogadishu yesterday, mortar bombs and rockets killed at least three persons, wire reports quoted witnesses as saying. It was not immediately clear who was behind the attack. On Tuesday, a series of blasts rocked the capital's northern part, in an area where Ethiopian troops were based before they began a pullback withdrawal last month.

Officials have blamed remnants of the Islamist movement, who fled to the south after their defeat, for some of the attacks.

Miss Frazer pledged $40 million in financial assistance for Somalia during her trip.

She said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

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"It is very important that the peacekeeping force is led by Africans, especially participation by Muslim countries," she said in a Jan. 17 speech at the Center for Strategic and International Studies.

In 1993, Somali clan militiamen shot down two Black Hawk helicopters and killed 18 U.S. soldiers. The bodies of two of them were dragged through the streets of Mogadishu.

Shiite-Sunni Conflict Rises In Pakistan (CSM)

By David Montero

The Christian Science Monitor, February 2, 2007

MULTAN, PAKISTAN

In this Punjabi city of shrines, Shiites and Sunnis prayed side by side during Ashura this week, the holiest holiday for the world's 150 million Shiite Muslims. But a province away, suicide bombers attempted to strike Shiite processions throughout Pakistan's Northwest Frontier Province, leaving as many as 21 dead and more than 40 injured in three separate incidents, including two suicide attacks.

The violence, the latest in a sharp uptick against Pakistan's Shiite minority, has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war.

The answer is important, analysts say, because Pakistan's 30 million Shiites – numbering more than Iraq's – could become a flash point if sectarian violence spreads.

"In Pakistan, it is not a battle like in Iraq. But in Pakistan, you have the same violence ... driving the conflict," says Vali Nasr, author of The Shia Revivial, a study of global Sunni-Shiite conflicts. "We are going to see increasing occurrences of the bombings like we've seen over the weekend." [Editor's note: The original version incorrectly titled Vali Nasr's book.]

It is said that Shiite Islam in Pakistan began here, in this dusty corner of Punjab, more than 200 years ago. Shiites, who constitute only 20 percent of Pakistan's 165 million people, have found themselves beleaguered ever since. As many as 4,000 people are estimated to have died in sectarian fighting in Pakistan in the last two decades, 300 in the last year alone. One of the largest attacks took place here in Multan, when a car bomb killed 40 members of an extremist Sunni organization in 2004. A Shiite militant was later tried and sentenced to death for the attack.

Multan's discord closely mirrors the age-old schisms in Saudi Arabia, Bahrain, and elsewhere which, taken together, constitute a Shiite-belt stretching from the Gulf to Pakistan.

"Will the newly empowered Shiite majority in Iraq use its power to tame its sectarian radicals like Moqtada al-Sadr and make an accommodation with the Sunni minority, or will it pursue a politics of resentment and revenge and try to impose sectarian dominance? The outcome will profoundly affect the actions of other governments and of oppressed Shiites in Pakistan and elsewhere," writes John Brenkman, an international affairs analyst at the City University of New York, in an e-mail.

Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles.

"When you ask Pakistanis about Iraq, they identify with Iraqis – not with Shiites or Sunnis," says Samina Ahmed, the South Asia Project Director of the International Crisis Group (ICG), a Brussels-based think tank.

That is certainly the feeling of Shiites in Multan, who make up 40 percent of the city's roughly 4 million people. Sitting around plates of food together, Sunnis and Shiites insist there is no conflict among them, and that foreign powers both here and in Iraq are trying to sow discord.

Even without Iraq, though, some fear Pakistan is particularly vulnerable because of the Taliban resurgence in its backyard. "We tend only to think of [the Taliban] in terms of Afghan politics. We don't think of it as being a resurgence of a Salafi extremist force in Afghanistan. The ideological implications fall on the Shiites," says Mr. Nasr.

For some, Al Qaeda's war against Shiites has already ignited tensions in Pakistan. Editorials in leading newspapers – particularly after this week's suicide bombings – speak of a "new anti-Shiite wave that is radiating from Iraq ..." and President Pervez Musharraf has warned of the need to diffuse sectarianism "not just for the country's security, but for the entire Muslim world."

Such fears may be well grounded, even though the number of sectarian killings is down when compared with the past. In January, police investigators in Karachi announced that Al Qaeda worked with local sectarian groups to carry out some of the largest suicide attacks against sectarian targets last year, which left more than 60 dead, according to local news reports. And this past week's suicide attacks bore the signature of Al Qaeda in Iraq and Afghanistan, observers say.

Whether or not it spells a war emanating from Iraq, the West should pay heed, say analysts.

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"People tend to dismiss the sectarian groups ... because they're not targeting you. But they always could," says Christine Fair, a South Asia counterterrorism expert at the US Institute of Peace, a Congressionally funded think tank in Washington, D.C.

Ms. Fair and others point out that extremist groups cross-pollinate: Those who attack Shiites today are the ones who attack Western targets tomorrow.

In January, Karachi investigators determined just that: A suicide attack last March, which killed an American diplomat, was carried out by Lashkar-i-Jhangvi, a sectarian group working with Al Qaeda.

"They have multiple goals. It's an external jihad. It's an internal jihad," says Ahmed of ICG, adding that Pakistan and the West have to address both sides of the coin.

But, say residents in Multan, Sunnis and Shiites enjoy strong family-to-family bonds for the most part, and interfaith boards and education have helped blunt sectarianism's impact.

If there is a growing global conflict, Malik Naseem Labar, a local Sunni politician, could not see it through the throngs during Ashura this week.

"We respect [Ashura]. All these young boys – they are all Sunnis," says Mr. Labar, gesturing toward swaths of young men mingling freely with Shiites. "I am Sunni, but I am here."

U.S. Hopes For Progress On N. Korea Deal (AP)

AP, February 2, 2007

The top U.S. negotiator on North Korea's nuclear program said Thursday he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons.

The comments by Assistant Secretary of State Christopher Hill could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks.

This would be a significant breakthrough for a bargaining process that has achieved little since it began in August 2003.

Meeting with reporters on the eve of his departure for South Korea, Hill declined to say what specific actions he expects when the six nations convene for their sixth round of talks in 3 1/2 years. Participants are the United States, the two Koreas, China, Japan and Russia.

"We will not achieve full denuclearization but we hope get a substantial start," Hill said.

A December meeting of the six made little headway but the State Department has been hinting for days that the next round should be different.

A Colossal Leap Of Faith In Fight Against Famine (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

EBERSWALDE, Germany -- Few people raise bigger bunny rabbits than Karl Szmolinsky, who has been producing long-eared whoppers since 1964. His favorite breed, German gray giants, are the size of a full-grown beagle and so fat they can barely hop.

Last year, after the retired chauffeur entered some of his monsters in an agricultural fair, word of his breeding skills spread to the North Korean Embassy in Berlin. Diplomats looked past the cute, furry faces with the twitching noses and saw a possible solution to their nation's endemic food shortage: an enormous bunny in every Korean pot.

The North Koreans approached Szmolinsky in November and asked whether he'd advise them on how to start a rabbit breeding program to help "feed the population," the 67-year-old pensioner recalled in an interview at his home in Eberswalde, an eastern German town a few miles from the Polish border. Sympathetic to the Koreans' plight, he agreed to sell some of his best stock at a steep discount and volunteered to travel to the hermetic nation as a consultant.

"They liked what they saw, and they liked how big they were," he said, as he showed off other bunnies that he raises in weathered hutches in his back yard. "It's harder than you think to raise them. They need a varied diet, but they have to be fed like pigs, basically, to get that big."

In December, Szmolinsky stuffed six of his rabbits into modified dog carriers and took them to the airport in Berlin, where they boarded a flight for Pyongyang, via Frankfurt, Germany, and Beijing. Robert, a 23-pounder, was the largest of the bunch, which included four female rabbits and one other male carefully selected for their breeding potential.

How, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear.

An official at the North Korean Embassy in Berlin, who would not give his name, confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program.

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In the hands of a skilled butcher, a German gray giant can yield up to 15 pounds of meat, according to Szmolinsky. "There's not much fat, and it's very tender." Their gray-and-white pelts are soft and supple but are generally worthless on the European market, he said.

The breeder said he was notified by an attache at the North Korean Embassy that Robert and the other rabbits from Eberswalde had arrived safely at their destination. But he allowed that he was a little concerned their new masters might not know how to care for them properly. He said he hopes to travel to North Korea in April to inspect their living conditions.

"If they aren't able to feed them the way I do here, I won't send them any more," he said. "I don't want them to be half-starved."

The Koreans' choice of rabbits has other German breeders scratching their heads.

Karl-Heinz Heitz, chairman of the State Association of Rabbit Breeders in Berlin-Brandenburg, said that German gray giants are hard to beat for size but that they aren't cheap to fatten up. It takes wheelbarrow-loads of hay, vegetables and rabbit chow to bring them to maturity.

"Let me say this: There are certainly breeds that are more economically profitable; I do not know why the North Koreans wanted this one," said Heitz, who introduced the Korean officials to Szmolinsky.

Breeds such as New Zealand red or big light silver or Vienna blue are only half as big but are more cost-effective to raise. "You do not have to put in as much to get out a fair amount of meat," Heitz said.

For whatever reason, the German gray giants appear to hold a special allure in Asia.

A North Korean television crew visited Eberswalde last year to film Szmolinsky's rabbits for a children's program. And a couple of Chinese visitors showed up unannounced at his doorstep the other day, asking if they could buy some of his critters.

"I had to get rid of them," he said of the Chinese. He's not parting with any of his 14 remaining adult rabbits until he can breed some more.

Special correspondent Shannon Smiley contributed to this report.

N Korea Leader Finds Life's Luxuries In Gibraltar (FT)

By George Parker And Mark Mulligan

Financial Times, February 2, 2007

Kim Jong-il, North Korea's idiosyncratic leader, may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain.

The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang.

The ban was agreed by the United Nations last October as one of a number of sanctions against North Korea, following its testing of a nuclear device.

The aim was to deprive Mr Kim and his supporters of some of the finer things in life, including thoroughbred horses, luxury vehicles, watches, pearls and musical instruments.

The sanctions were adopted by EU foreign ministers in November, but they are still not in force across the bloc.

If Mr Kim is wondering why, he need look no further than the War of the Spanish Succession and the 1713 Treaty of Utrecht that ended it – handing Gibraltar to Britain.

Problems arose when Madrid spotted that the EU regulation needed to implement the sanctions contained a reference to the "competent authorities" responsible for enforcing them: listed in the small print was Gibraltar.

Spain's foreign ministry wants the reference to Gibraltar deleted before the EU regulation can come into force. "We do not recognise Gibraltar's authority in international policy," it said. "The UK is the only competent authority in this respect."

British diplomats say there would be a legal hole in the sanctions if Gibraltar was not included. Both sides are trying to resolve the dispute and insist it is a hiccup in improving relations over the colony.

In September the two countries, along with Gibraltar, signed an agreement on airport access, telecoms and border controls, hailed as the beginning of a new era of co-operation.

While the wrangling continues, European countries can apply the sanctions unilaterally, but Brussels diplomats say the matter must be dealt with at an EU level to ensure they are applied uniformly and enforced.

U.S. Halts China Space Ventures (WT)

By Bill Gertz

The Washington Times, February 2, 2007

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The Bush administration has suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening U.S. and foreign satellites.

National Aeronautics and Space Administration spokesman Jason Sharp said the weapon test undermined an agreement reached between President Bush and Chinese President Hu Jintao during an April summit.

"We believe China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation," Mr. Sharp said.

He said there were "some initial discussions looking at where there were mutual interests where we could cooperate with the Chinese," but there are no plans for future discussions. The two presidents had hoped to work on joint moon exploration and space-debris avoidance.

Bush administration officials said the suspension is meant to signal U.S. displeasure with the anti-satellite weapon (ASAT) test, as well as Beijing's failure to provide an explanation for its space arms program.

"Clearly it makes it more difficult to go down the path of cooperation when they're testing ASAT weapons," one official said.

China fired a missile on Jan. 11 that released a nonexplosive warhead that destroyed a Chinese weather satellite 530 miles above the Earth by ramming it at high speed. Thousands of pieces of the destroyed satellite are in orbit and could damage or destroy some of the hundreds of U.S. and foreign satellites, U.S. officials said.

In Beijing yesterday, amid growing criticism over the ASAT test, a Chinese spokesman repeated Beijing's past call for an agreement banning space weapons, a proposal that has been rejected by the Bush administration.

"Since other countries care about this question and are opposed to weaponization of space and an arms race in space, then let us join hands to realize this goal," said Foreign Ministry spokeswoman Jiang Yu when asked about U.S. and Japanese criticism of the test.

Both China and Russia in 2002 proposed adopting a treaty to ban deployment of space weapons during a session of the U.N. Conference on Disarmament in Geneva. Until last year, U.S. space cooperation with China was curbed over China's human rights abuses, including the 1989 Tiananmen massacre, and national security worries in the Pentagon that space technology transfers would boost China's military.

Robert Joseph, undersecretary of state for arms control and the administration's point man for space security policy, said yesterday that the space weapons test was a shock. It shows space is a "contested environment" and that "countries are developing capabilities to put at risk our assets for which we are dependent," he said.

"This is a wake-up call," Mr. Joseph said, noting that the United States needs "to ensure that we take the steps necessary to protect the space assets and the right to unfettered access to space."

Also, the space arms test should be viewed in the context of China's large-scale buildup of both strategic and conventional forces, not just their space weapons, he said.

Mr. Joseph said he is surprised by the muted international response to the test. "I think there has been very little outrage expressed," he said. "Just imagine the international reaction if the U.S. had conducted such a test."

On Capitol Hill, Rep. Ellen O. Tauscher, California Democrat and chairman of the House Armed Services strategic forces subcommittee, said China's action poses a "major problem and something the world community needs to address."

"We're now stuck with hundreds of pieces of this Chinese satellite for a hundred years, and it's having an impact on the entire global commons," she said, noting that there needs to be "common norms and acceptable rules of behavior in space."

Mrs. Tauscher called for engaging the Chinese and others in talks on space weapons, saying that while Beijing's ASAT test was "irresponsible and unacceptable ... sticking our heads in the sand isn't going to make it better; it will only make it worse."

U.S. intelligence officials said China has sought to obtain U.S. military space technology through espionage and other covert means but has been curbed by U.S. security measures.

"They've had trouble getting it through the back door so they decided to come in through the front," a defense official said.

Among the technologies sought by the Chinese are dual-use civilian and military goods used in maneuvering spacecraft, including propulsion and battery know-how, which have applications for anti-satellite guidance systems, the defense official said.

Joint U.S.-China space cooperation was first raised last spring by China's deputy space agency administrator, Luo Ge, shortly before the summit. He said China wanted to take part in the International Space Station, including making modifications on the orbiting station that would allow Chinese spacecraft to dock.

China launched its first manned spacecraft last year and has embarked on a major space program, that, unlike the NASA's program, is run entirely by the Chinese military.

U.N. Hopes China Pushes For Darfur End (AP)

DOJ_NMG_0126081

By Alfred De Montesquiou
AP, February 2, 2007

The United Nations hopes the Chinese president will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil.

The road to Khartoum's airport was lined with the red banners of communist China and the flag of Sudan's Muslim fundamentalist regime on Thursday ahead of Hu Jintao's two-day visit, the first by a Chinese president to Sudan.

China, which is the biggest foreign investor in Sudan and buys two-thirds of the country's oil exports, has used its veto-wielding status at the U.N. Security Council to prevent harsh measures against Sudan over the Darfur conflict.

But Beijing has raised expectations that Hu may pressure Khartoum to show flexibility in ending Darfur's bloodshed.

In an unusual foray into the field of human rights, Chinese officials have called on Sudan to cooperate with the United Nations in finding a solution in Darfur. China usually avoids such public pronouncements under its proclaimed policy of refusing to interfere in what it considers other countries' internal affairs.

More than 200,000 people have been killed and 2.5 million chased from their homes in Sudan's remote western region since 2003, when ethnic African rebels rose up against the central government. On Thursday, an African Union peacekeeper was killed by unidentified gunmen in a Darfur refugee camp, the 11th peacekeeper to be slain in the conflict.

Sudan has resisted demands that it allow U.N. peacekeepers into the region, calling the deployment "neocolonial."

Khartoum has sought to keep the focus of Hu's visit on the two nations' booming economic ties. "This visit is going to be a great boost for the distinguished Sudanese-Chinese relations in various fields," Sudanese President Omar al-Bashir said, according to the official SUNA news agency.

Al-Bashir "commended the various Chinese investments in the Sudan, particularly in the domains of oil, agriculture and dams," said SUNA after the president met Thursday with the Chinese National Petroleum Corp.'s head of operations in Sudan.

The Sudanese economy grew by 12 percent last year according to the International Monetary Fund. Chinese investment has helped boost production of the country's prime resource — oil — which has risen to an output of 500,000 barrels a day.

China is also funding large projects such as the $1.8 billion Merowe hydroelectric complex. Hundreds of Chinese engineers and workers are believed to be living in Sudan, though no one at China's embassy was available to confirm figures.

"We like it here, it's promising for business," said Daisy Wan Chu, an employee at Mr. Wang, one of the flourishing Chinese restaurants that offer a rare alternative to Sudanese cuisine in Khartoum.

Hu's visit came amid signs that the Sudanese leadership was grudgingly moving toward acceptance of a compromise deal for U.N. troops to merge with the African Union force and form a joint peacekeeping mission.

U.N. Secretary-General Ban Ki-moon urged China to help persuade Sudan to accept U.N. peacekeepers during a meeting with Chinese U.N. Ambassador Wang Guangya last week.

"We certainly hope Hu will deploy his substantial influence in order for Khartoum to have a more constructive approach to international efforts," said Lawrence Rossin of the Save Darfur Coalition, a grouping of humanitarian and rights organizations.

Khartoum is accused of responding to the insurgency with indiscriminate killings, and by unleashing the janjaweed militias of Arab nomads. The janjaweed are blamed for the worst atrocities in the conflict, which the White House and others have labeled genocide.

The government denies these charges, and denounces as neocolonial the U.N. Security Council plan to replace an overwhelmed African Union force in the region with some 22,000 U.N. peacekeepers.

In a phone interview, Rossin pointed to Chinese officials' recent comments on Darfur and to the fact that news about the crisis are now regularly allowed to appear in China's government-controlled media as signs that Beijing may be willing to press Sudan on the issue.

Diplomatic circles also sense that China's patience "is growing thin" with Khartoum on the Darfur issue, said Sudan expert Colin Thomas-Jensen of the International Crisis Group, a New York-based think tank.

He said China gave the impression it wants to become "part of the solution" to the crisis.

"But if Sudan follows its usual pattern of saying 'yes' to the international community and then doing 'no,' we don't know how China will react," he said.

Pressure On China As President Heads To Sudan (AFP)

By Mohammed Ali Saeed
AFP, February 2, 2007

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International pressure was on China to try its hand at peace diplomacy as Chinese President Hu Jintao headed to war-racked Sudan, the highlight of an eight-nation tour of Africa.

China's energy-hungry economy -- the fourth largest in the world -- is badly in need of Sudan and other African countries' resources and Beijing is for the first time showing willingness to use its influence to solve the Darfur crisis.

During his two-day visit to Khartoum, Hu was expected to hold talks with President Omar al-Beshir on the situation in the western region of Darfur, where a conflict between the government and rebels has been raging unabated.

"I believe this visit will not only boost bilateral ties, but also peace and stability in this region," Assistant Foreign Minister Zhai Jun told journalists before Hu set off on his tour.

No other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime.

Led by Washington, the international community has been pressing Khartoum to accept the deployment of UN peacekeepers in Darfur, where African Union troops have failed to quell the bloodshed.

But Beshir has consistently rejected such a move, accusing the United Nations and western powers of seeking to invade his country and plunder its resources.

"If the Chinese put some pressure on Khartoum, it might have some potential," said the Save Darfur coalition's Larry Rossin, who recently travelled to Khartoum with US envoy Bill Richardson.

"I hope they can use their influence... to press President Omar al-Beshir to implement in good faith the hybrid peacekeeping agreement," Rossin told AFP.

Khartoum has yet to approve the final phase of a three-stage plan for UN forces to supplement the African contingent.

"It is encouraging that the Chinese government has been trying to have a very cooperative partnership and relationship with all African countries," UN Secretary General Ban Ki-moon said, according to the Chinese agency Xinhua.

At least 200,000 people have been killed and more than two million displaced in Darfur since fighting broke out four years ago.

China has had deep economic ties with Sudan since the 1990s, when other foreign companies pulled out because of the raging north-south civil war.

The China National Petroleum Corporation has huge stakes in Sudan's oil industry, producing around 500,000 barrels per day. China is also building a dam on the Nile, which is currently Africa's largest hydro-electric project.

Trade deals are expected to be signed during Hu's visit, further boosting bilateral trade that reached 2.9 billion dollars in the first 11 months of 2006.

Hu received a warm welcome Thursday in Liberia, the second leg of his tour of the continent.

He began his tour Tuesday in Cameroon, where he approved grants and loans worth more than 54 million dollars, signing a draft agreement on scrapping Cameroon's debt to China and a series of health and educational accords.

Emphasising its commitment to Africa, China said this week it would write off debts owed by 33 African countries as part of a multi-billion-dollar pledge made last year.

Hu's Trip To Sudan Tests China-Africa Ties (CSM)

By Scott Baldauf

The Christian Science Monitor, February 2, 2007

KHARTOUM, SUDAN

Chinese President Hu Jintao's arrival in Sudan Friday could well mark a turning point in China's growing relationship with Africa.

If Mr. Hu announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached.

Whatever happens, Hu's visit to Sudan will be historic.

"It is a true partnership, and the Chinese are probably not getting the biggest share of it," says Abdul Rahim Ali Mohammad Ibrahim, a pro-Sudanese government analyst and director of the Institute of Arabic Language Study in Khartoum. "The Chinese are using it as a showpiece. It would be easy for China to tell other African countries, 'Come see what we've done in Sudan.' "

With the global race for African resources well under way, Mr. Hu's eight-nation Africa tour caps a portentous week, coming on the heels of the African Union summit in Ethiopia, and new UN Secretary-General Ban Ki Moon's five-day Africa visit.

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Chinese investment has become the new driving force for economic development in Africa – with African-Chinese trade reaching $40 billion and Chinese aid expected to reach $10 billion in 2009 – and many African countries see China as their ticket to prosperity. Chinese aid is especially attractive, because it comes without all the troublesome conditions that Western donors tend to place on clean governance and human rights.

Nowhere is this more true than in Sudan. As a recipient of Chinese aid since 1959, and a close trading partner since Chinese investment jumpstarted Sudan's dormant oil industry in the late 1990s, Sudan has always felt that its friendship with China extended beyond economics.

Pressure over Darfur

Now with the UN pushing Sudan to halt the humanitarian crisis in its Darfur region – a three-year civil conflict that has claimed the lives of more than 200,000 civilians and displaced 2.5 million more – and to accept UN peacekeepers, Sudan looks to China for high-level diplomatic support.

It's an expectation that Sudanese observers say may be increasingly hard to match.

"I don't think Sudan will benefit from the visit of the Chinese president," says Khalid Tijani El-Nour, a political commentator and editor in chief of the Sudanese business weekly Elaff. "China has huge economic relations with the United States ... so China is not supporting Sudan 100 percent. China has never promised to use its veto [to block UN action against Sudan over Darfur]. They have advised the Sudan government to be flexible, to find a political solution for Darfur."

The best China can do is "bridge the gap and minimize pressure on Sudan," adds Mr. Tijani. "China is a very important power, so this trip gives us some relief, but on the other hand, Sudan is facing a challenge in its relations with China. There are other African countries asking China to come in. Nigeria and Angola are also producing oil. We have to wake up. We are not the only players on the ground."

Lure of oil trumps stability concerns

Despite Sudan's political turmoil, and history of decades of civil war, the lure of oil and other natural resources, and access to the third largest country in Africa, has proved irresistible for China. In addition to Chinese investment in Sudan's oil industry, which supplied China with 7 percent of its energy needs last year, China has also invested $2 billion in the Merowe hydropower dam project. When it opens in 2008, the Merowe will meet Sudan's entire demand for electricity, and allow it to sell the excess to other African neighbors.

Sudan's oil fields, mainly in the southern region, today produce an estimated 500,000 barrels a day, up from 300,000 barrels last year. But that same southern oil belt is a land where a 50-year civil war between the Arab-dominated Sudanese government and Christian and animist black African minorities ended two years ago with a peace agreement.

Almost immediately after the North-South war ended, the conflict in the western region of Darfur began.

"China was more interested in doing business with the government of Sudan, to the detriment of the people of Darfur," writes Ali Trayo the spokesman for the Darfur rebel group, the Sudanese Liberation Army, in an e-mail. "It is in the general interest of the people of Sudan, and Darfur in particular, and that of China itself to exert pressure on the government of Sudan."

While Darfur rebel groups welcome the world's attention, one senior opposition leader says that the West's preoccupation with Darfur could be counterproductive, and even dangerous.

"I consider the West naive," says the opposition leader, speaking on the condition of anonymity from his home in Khartoum. "Instead of being involved in the oil business, and putting pressure on the dictator of the day, they have abandoned us. And believe me, when you abandon us to the hands of the Chinese, you are leaving Sudan quite naked."

The more the West pushes Sudan into a corner over Darfur, the more the Sudanese people will learn to hate the West, says Professor Ibrahim. "In my opinion, neither the US nor the Europeans can compete with China on its trade and development policies, so they want to push China out."

But that's not likely to happen any time soon. China's famous reluctance to intrude on other countries' sovereignty and its long-term investment approach allows it to overlook disagreements with the current government, says Ibrahim.

"China is very farsighted. Nothing is lost because of their cooperation with one regime. If that regime is overthrown, they work with the next government, too. They may offer advice, but they continue to invest, and this sustainability is the result."

In Africa, China's Expansion Begins To Stir Resentment (WSJ)

By Yaroslav Trofimov

The Wall Street Journal, February 2, 2007

CHAMBISHI, Zambia -- Chinese President Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent.

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But there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest.

Set amid rolling hills in Zambia's copper belt, Chambishi was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. In 2005, dozens of locals were killed in a blast at the Chinese explosives facility serving the mine -- the worst industrial disaster in Zambia's history. Then, the following year, protesting Zambian employees were sprayed with gunfire. "The Chinese, they don't even consider us to be human beings," complains Albert Mwanaumo, a former Chambishi miner who says he was shot by a Chinese supervisor. "They think they have the right to rule us."

Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent. African leaders still hail China's burgeoning involvement as a solution to Africa's woes and a welcome alternative to the West. But among ordinary Africans, appreciation of this unprecedented influx of Chinese investments, products and settlers isn't nearly as uniform. Recognizing this opinion shift, South African President Thabo Mbeki has repeatedly cautioned in recent weeks that China risks replicating in Africa a "colonial relationship" of the kind that existed under white rule.

These concerns testify to China's maturing as a global economic and political superpower, a force that's beginning to challenge world-wide influence of the U.S. and Europe. That's especially true here in Africa, a continent dismissed by many Westerners as a hopeless case, and treated by Beijing as a high-priority area of national interest.

Nowhere has this grass-roots backlash been stronger than in Zambia. In elections last fall, opposition leader Michael Sata ran for president on a platform of outright China-bashing, unleashing against Beijing the same kind of fury that populist radicals in Latin America or the Middle East direct at the U.S. "Zambia is becoming a province -- no, a district -- of China," he thundered. "We've removed one foreign power and we don't want another foreign power here, especially one that is not a democracy."

Widespread Support

Though Mr. Sata failed to dislodge the China-backed incumbent, his Patriotic Front movement secured widespread support: It now controls Zambia's capital city Lusaka and most municipal governments in the nation's copper-rich mining areas. Following the Zambian campaign, similar political sentiments came to the open in neighboring countries, such as Namibia, Zimbabwe, Angola and Lesotho.

"Among ordinary people, a very strong resentment, bordering on racism, is emerging against the Chinese," says Henning Melber, a former activist in Namibia's struggle for majority rule who now heads the Dag Hammarskjöld Foundation think tank in Sweden. "It's because the Chinese are seen as backing the [African] governments in oppressing their own people."

China's hunger for raw materials is the main reason why it's become so involved in African affairs. Sino-African trade in 2006 more than quadrupled to more than $55 billion since 2002, and is expected to hit $100 billion by 2010. Angola has overtaken Saudi Arabia as China's main source of oil, with large-scale supplies also flowing from Sudan and Nigeria. Chinese companies have sought Guinea's bauxite, Namibia's uranium, and the assortment of rare metals that are found in the Congo, formerly known as Zaire.

In Zambia, a landlocked country of 11.5 million, the main draw for China is copper -- and the recent outcry is rooted in the tragic events that followed China's investment at the mine in Chambishi. China Non-Ferrous Metal Mining purchased the mine, which had been shuttered since 1987, for $20 million. It stepped forward after a Canadian company that had initially won the tender pulled out of the deal. Investing more than $100 million in the property, the Chinese conglomerate's Zambian unit, called NFC Africa Mining PLC, restarted production in late 2001, ramping up output to reach 50,000 metric tons of copper concentrate last year.

Dozens of Chinese managers and supervisors settled in the township, a maze of trash-strewn dirt alleys set across the paved road from the mine. Inside the mine itself, a red Chinese flag was hoisted above a wall covered with inspirational words of Wu Bangguo, chairman of the standing committee of the National People's Congress: "To Rouse Yourself in Vigorous Efforts to Make the Company Prosperous!"

As part of its prosperity plan, the mine's management paid Zambian employees less than the minimum wage, currently $67 a month, and strictly prohibited union activity, according to employees and union officials. A 2004 memo to staff, which still hangs inside NFC Africa offices, warned of "severe punishment" for anyone attending meetings of the "so-called action group [of union organizers], which is illegal." People suspected of union involvement were fired on the spot, says Gillian Mubanga, the current union leader at the mine.

To drive up production and save on costs, NFC also established on the Chambishi property a joint venture with the Beijing General Research Institute of Mining and Metallurgy. Dubbed BGRIMM Explosives Ltd., it set out to manufacture cheap

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explosives for the region's mining industry. "BGRIMM -- Turning Your Rocks Into Gold," boasted advertisement billboards that still dot the roadsides across Zambia's Copper Belt region.

Then, one sunny morning in April 2005, Chambishi was rocked by a huge blast. Earth shook and windowpanes broke in nearby houses. A runaway chemical reaction turned the BGRIMM facility into a giant fireball, pulverizing the entire structure. A total of 46 Zambian employees of BGRIMM were killed, their charred body parts strewn around the smoldering crater. Eyewitnesses say the Chinese staff had hurriedly driven away from the site shortly before this explosion occurred. Local residents theorize that the Chinese realized something was about to happen and didn't bother warning African employees before fleeing themselves.

Anger Intensifies

Unable to identify individual remains, the victims' families have had to bury plastic bags packed with flesh randomly collected at the site. Anger against the Chinese was intensified by widespread belief that safety rules had been flouted in pursuit of profit at the plant. "The Chinese didn't care about our children -- they just sacrificed them," said Iris Chibuye, a grieving mother whose 24-year-old son Sledge and 27-year-old daughter Vennie, a computer technician educated in Britain, both died in the BGRIMM disaster.

Though the Chinese government sent condolences to victims' families, and eventually paid compensation of about $10,000 per killed employee, the anger didn't abate. As the Zambian government began an inquiry into the accident, the absence of union oversight was cited as the key cause of safety failures at BGRIMM. Public pressure made it impossible for the mine's management to continue prohibiting union activity any longer.

In November 2005, NFC Africa deputy CEO Wang Xiaowei shook hands with Zambia's National Union of Miners and Allied Workers leader Albert Mando, and signed a collective agreement that finally installed new safety measures and promised a salary increase. Assuring that the company treats its Zambian workers as "family members," Mr. Wang also urged the union "to understand that the high operational costs may often compromise the working conditions of employees," according to NFC Africa's in-house newsletter.

After drawn-out negotiations with the unions, NFC Africa set July 25, 2006, as the date for giving its workers back pay, in accordance with the new agreements. Miners had been expecting payments of as much as $500 each -- but were told on payday that they would receive only a few dollars, and in some cases even owe money to the company. On the evening of July 24, night-shift miners, stunned to hear that they wouldn't be getting the expected cash, stopped work, vandalized equipment and beat up a Chinese supervisor. The following day, furious morning-shift employees blocked the main road in Chambishi with tree trunks and stones, marching toward the mine.

As a scuffle broke out at the gate, mine security fired at one of the protesters, wounding him. According to witnesses, as false rumors that he had been killed spread across Chambishi, another group of about 40 NFC Africa miners from a later shift rushed toward the residential compound of Chinese employees, set on a winding road inside the township.

At the white-and-blue gate into the walled compound, a Chinese supervisor, known to the Zambian miners simply as Mr. Qui, took out a shotgun and opened fire as the crowd approached, according to witness accounts. Hit by the shots, three demonstrators collapsed on the ground, blood gushing out. Mr. Mwanaumo, a 34-year-old jackhammer operator who says he didn't take part in the initial protest, ran to the site after hearing that a close friend had been shot. As Mr. Mwanaumo pulled his injured comrade away, a new volley of fire burrowed into his back. According to his medical report, two lead fragments are still lodged in his body, too close to the vital organs to be safely extracted in the local hospital.

A day after these shootings, Mr. Qui hastily left Chambishi. Mr. Mwanaumo, like the other wounded workers, was fired. Feeling too sick to work, he spends his days in a tiny, dark hut set amid sewage-soaked mud, hoping that relatives and friends will collect enough money to file a compensation lawsuit.

Investigation Continues

The Zambian government investigation into the incident is still continuing, as is the inquiry into the 2005 BGRIMM disaster. Xu Riyong, NFC Africa's company secretary and manager of administration, declined to discuss the details of these events, or elaborate on Mr. Qui's status, saying that the company has already made a comprehensive report to the Zambian government on the matter.

"By complying with the laws of Zambia, we are confident that no problems will come to us," said Mr. Xu, the only NFC Africa official who agreed to be interviewed for this story. "We will do our best to run this mine successfully. We have to keep quiet and to keep working. Why should we fear?"

The Zambian government has so far apportioned no blame for the Chambishi tragedy. In an interview, Zambia's minister of mines, Kalombo Mwansa, declined to forecast when the investigations into the explosion and the shootings at the mine might be concluded, when the report will be released, and whether any penalties might be levied against the Chinese company. In the

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meantime, he said, NFC Africa's BGRIMM affiliate has been allowed to rebuild and reopen an explosives factory at the site of the 2005 tragedy. NFC Africa has also announced that it will invest $220 million into a crude-copper smelting plant in Chambishi. President Hu was scheduled to visit Chambishi this weekend to lay the cornerstone for the smelter -- but, according to Zambian officials, this part of his schedule was called off because of planned protests by miners and families of BGRIMM explosion victims.

The risks in Chambishi are real. Sitting next to Mr. Mwanaumo, the worker who was shot in July, a friend currently employed by NFC Africa warned of even bloodier unrest to come at the mine. "There will be a strike soon if they don't improve our salary, and a lot of people will die," he said. "This time the police won't be able to contain us." The management seems to be getting the message. On a recent afternoon, workers were busy at the Chinese staff's Chambishi residential compound. Perched on the perimeter wall, they reinforced fortifications, installing a new row of high-voltage fencing atop an existing layer of spiky glass shards.

China Gets Cold Feet For Foreign Investment (WP)

By Ariana Eunjung Cha

The Washington Post, February 2, 2007

SHANGHAI -- "I know you don't know that you don't know."

Those insulting words, thrown out by a Chinese man to a Westerner, are the punchline of an Internet commercial that ends with a beautiful Chinese bride jilting her confused Western fiance for the Chinese hero.

The wildly popular video was created by Baidu, a Chinese search engine, to poke fun at its U.S. competitor, Google. It is but one of the growing signs that China is rethinking its stance on foreign companies and investment within its borders.

Since the mid-1990s, China has aggressively courted foreign investment, crediting capital from abroad with helping it become a world economic power. In recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China.

While some believe the new restrictions -- which affect several sectors, including real estate, retailing, shipbuilding, banking and insurance -- may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising.

"A mood of self-questioning has swept over China," said Barry Naughton, an economist at the University of California at San Diego. In a report published in the China Leadership Monitor, Naughton said he believes the regulations are a response to government fears of a "loss of economic sovereignty."

China's shifting policies on foreign companies have prompted several U.S. firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China.

Last month, eBay said it would close its Web site in China, saying it was facing difficulties because Chinese regulations limit the types of financial transactions foreign companies can conduct. In November, Warner Bros. International Cinemas, part of Time Warner, which had been planning a massive expansion in China, abruptly announced plans to close operations in the country. It cited a recent policy change that no longer allowed foreign companies to control domestic theaters except in a handful of large cities.

The Chinese government steadfastly maintains that it still embraces the policy known as gaige kaifang-- literally, reform and opening up -- initiated by Deng Xiaoping in 1979. However, several Chinese officials have in recent months called foreign investment "malicious" and promised "severe measures to curb and punish hostile takeovers aiming to monopolize the Chinese market."

China remains the largest recipient of foreign direct investment among developing economies. But after a decade when heavy capital flows from abroad were credited with bringing the country out of poverty, that investment is leveling off.

According to the Commerce Ministry, foreign investment in 2006 decreased 4 percent from the year before, to $69.5 billion. The United States' piece of that dropped 6.4 percent, to $2.87 billion. (China receives additional investment from American companies that, for tax purposes, have their headquarters in places like the Virgin Islands.)

The significance of the new regulations has been debated at the highest levels -- U.S. Commerce Secretary Carlos M. Gutierrez said it was a key subject of the Cabinet-level talks with Beijing in November -- and on Internet bulletin boards where the Baidu-Google video has been distributed under the headline "economic nationalism."

Negative publicity on blogs and chat rooms linked to by popular Chinese portals Sina.com and Sohu.com is credited with fueling criticism of several high-profile deals.

For instance, the District's Carlyle Group tried in 2005 to buy an 85 percent stake in Xugong Construction Machinery, a market leader. Xiang Wenbo, chief executive of a state-owned rival company, wrote on his personal blog that the government

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shouldn't permit the sale of valuable strategic assets like Xugong. After he and other opponents waged a months-long online campaign against the deal, Carlyle scaled back its offer, taking a 50 percent stake.

Albert Keidel, a former U.S. Treasury official now at the Carnegie Endowment for International Peace, said there seemed to be a sense among ordinary Chinese citizens of "how much are we going to allow foreign companies to continue to take advantage of us?"

Egged on by a public concerned about the growing influence of foreign companies, the Chinese government in July placed restrictions on the purchase of real estate by foreign individuals and institutions. The next month, it put a moratorium on foreign acquisitions of brokerages and limited the competitiveness of foreign-funded retail companies.

In November, the government issued new guidelines for cross-border mergers and acquisitions, making it more difficult for foreign companies to be involved in deals with companies related to "national economic security" or those that have a "famous trademark" or "traditional brand."

In a report issued last month, the Organization for Economic Cooperation and Development complained that the new regulations were so vague that they "may have a serious unintended discouraging effect on investments."

Some economists, however, say fears about Chinese nationalism and protectionism are overblown. Zhao Xijun, a professor of economics at Renmin University, said that rather than being seen as a hostile move against foreigners, the restrictions should be seen as "progress to a mature market."

Kenneth Louie, a visiting professor of economics at the Johns Hopkins-Nanjing University Center for Chinese and American Studies, points out that the United States limits technology transfers to China and restricts foreign purchases in defense industries.

"There are certain sectors China believes are vital to economic security, and there is a fear of a high level of foreign intrusion. The United States also has similar fears," he said.

Keidel said China has in a short period moved from a closed economy where foreign capital was not allowed to one that welcomes it, particularly in such areas as financial services, one of the key conditions China agreed to when it acceded to the World Trade Organization.

The conditions China ratified were quite specific and provided an industry-by-industry timetable. The new foreign-investment regulations do not seem to violate the letter of these conditions, Keidel said, though some parties have complained that they go against the spirit of the WTO agreement.

Richard Ji of Morgan Stanley Hong Kong said some companies have used China's new rules as an excuse for their own marketing or strategic shortcomings. He said that in the cases of Google and eBay, the companies' challenges have had more to do with failure to tailor the content of their Web sites to Chinese tastes and needs.

In the Baidu commercial about Google, the Western man begins by saying "I know" repeatedly as he stands, smirking confidently, next to his bride-to-be. But after the Chinese man bursts on the scene and the two get into a war of words, the Westerner becomes confused. By mistake, he says, "I know I don't know that I don't know" -- at which point the disgusted bride runs away.

So the commercial is "not about nationalism and protectionism," Ji said. "It says that it's localization that gives success. If you localize services, it means you understand the people you are selling to."

Russian TV Shines Warmly On A Likely Successor To Putin (WP)

By Peter Finn

The Washington Post, February 2, 2007

MOSCOW, Feb. 1 -- Every Sunday morning, two favorites of President Vladimir Putin play prominent supporting roles on a television game show called "Happy Bus." In sunny clips spliced into the show's airtime, Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives.

Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev. The opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister.

But "Happy Bus" is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves -- even the most trifling show -- to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished. "Happy Bus" debuted in May on NTV, a network owned by a Gazprom subsidiary.

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With the centralization of power in the Kremlin, Russian politics has become ever more tightly scripted, and genuine electoral competition has withered. Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said.

"Putin, Medvedev and Ivanov are the three main heroes, the three main characters on the news," said Anna Kachkayeva, a professor of broadcast journalism at Moscow State University. "It's a command from the administration."

Producers at Russian television stations, including the makers of "Happy Bus," declined to discuss coverage of Ivanov and Medvedev.

In presidential politics, Russia has an electoral college of one -- Putin. When Vladimir Ustinov, the former prosecutor general and a perceived favorite of the security services, started making some very president-in-waiting noises last year, Putin fired him. He was rehired as justice minister, a much less influential position.

Putin himself denies he is the decider. "There will be no successors. There will be candidates for the post of president of Russia," he said Thursday at his annual news conference, which this year ran to three hours and 30 minutes and was attended by about 1,200 journalists. "I reserve the right to express my preference. But I will only do it once the election campaign begins."

Since the reelection of Boris Yeltsin in 1996, when a group of media tycoons threw the full weight of their television stations behind his faltering candidacy and demonized his Communist opponent, tight management of broadcast journalism has been a critical instrument in Russian presidential elections, including Putin's two campaigns.

But unlike in 1996, when the power of television was wielded by wealthy businessmen, today those media assets are controlled by the state or companies loyal to the Kremlin.

Ivanov, 54, has long been well known both at home and abroad as minister of defense. Medvedev, 41, was an obscure figure until 15 months ago.

In November 2005, Medvedev and Ivanov were simultaneously made first deputy prime ministers, in addition to their other titles. Since then, Medvedev's public image, down to his haircut (shorter and more stylish), weight (he's clearly lost a few pounds) and choice of clothes (more casual), has been carefully refashioned.

The makeover has become the talk of the town. The wooden, cautious and loyal official of a year ago has become a self-confident and assertive politician tinged with some very Putinesque characteristics -- in particular, his occasionally brusque scoldings, sometimes directed at other ministers, delivered with the colloquial phrases and tightly coiled physicality that many Russians love in their president.

Speaking in November about improving health care and access to drugs, Medvedev said: "There are swindlers who manufacture pharmaceuticals. Then there are other swindlers who sell those pharmaceuticals, and there are still other swindlers who act as intermediaries using state funds. The situation in the pharmaceutical industry is disgusting."

Medvedev, who is married and has one child, is a lawyer by training and first worked with Putin in the city administration of St. Petersburg in the 1990s. Putin brought him to the Kremlin, where he became chief of staff in the presidential administration. He is regarded as a relatively liberal counterweight to the staffers around Putin who served in the security services. Medvedev has no background in the KGB or its successor agencies.

He never publicly criticizes Putin, however. And he defends Gazprom, where the Kremlin placed him in charge in 2002, from charges that it is secretive, bloated and inefficient, and is used by the state as a political weapon to punish neighboring countries. On television recently, he called Gazprom a "crucial Russian company" and noted that its capitalization has jumped from $10 billion to $225 billion under state control.

Increasingly, Medvedev speaks of his modest background. "Just like everyone else, I lived in the kinds of apartments that used to be given to Soviet citizens, first a communal one and later a cramped apartment in St. Petersburg," he said in a television interview in November. "And like everyone else, I went, and still go, to a polyclinic," the state-run outpatient facilities that many Russians avoid.

For all the campaign-style insights he offers into his background, Medvedev remains studiously ambiguous about his ambitions. "I find it distressing that I have been made a participant in some sort of race," he said.

Nonetheless, he is now the second-most-popular politician in Russia after Putin, according to opinion polls and analysts.

In a poll conducted in November by the independent Levada Center, 38 percent of respondents said they would vote for Medvedev for president, making him the leading candidate. Ivanov trailed with 23 percent. Little more than a year ago, Medvedev's rating was barely above zero.

While image-building is not unique to Russia, and Medvedev's new position in government ensured he would get more news coverage, the almost universally friendly treatment he has received on Russian television has been striking.

Among 2,064 news stories on Medvedev in 2006, there was not a single negative report on the news broadcasts of six television channels, including the three major national stations, according to a survey by Medialogia, an analytical group in

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Moscow. There were 17 negative reports on Ivanov, most of them centered on a brutal hazing incident in the military to which he was slow to respond, according to Medialogia.

Other potential candidates are not treated so kindly. In the same period, there was not a single positive report on Mikhail Kasyanov, a former prime minister and Putin critic who has said he may seek the presidency. Of the 40 stories in which Kasyanov was the main subject, 60 percent were negative and the balance neutral, according to Medialogia statistics.

The Kremlin declined a request to allow a Washington Post reporter to accompany Medvedev on a typical daily event; he is normally covered by a small pool of reporters.

Assigned as a frontman for the government's spending priorities -- generous social programs to revamp health care, education and housing and reverse a population decline -- Medvedev has been transformed into Santa Claus in the public mind, according to Vyacheslav Nikonov, a political analyst with close ties to the Kremlin.

"He has good PR, doing good, practical things for the country," Nikonov said. "Every image is deliberately cultivated, but that is not different than what goes on at the White House."

Last week was typical. Three of the national channels, ORT, RTR and NTV, ran expansive reports Wednesday night on a meeting chaired by Medvedev in which he talked about raising the birthrate and other projects. Medvedev held up a certificate that will guarantee cash payments to women who have a second child, and his remarks were spliced with images of cooing babies in maternity wards.

No critic of the management of the so-called National Projects was quoted on any of those news reports.

"The National Projects are an imitation of activity," Ivan Melnikov, deputy chairman of the Communist Party, said in parliament last month. "Upbeat TV pictures that we see practically every day have nothing to do with the real state of things."

"He is being built up, and he is changing himself," said Igor Bunin, head of the Center for Political Technologies in Moscow, referring to Medvedev. "The first task was to get people to recognize him. . . . The next task was to associate him with most pleasant things from the state. He cuts all the ribbons now.

"At the beginning, he was soft, like a teddy bear, but now he seems much stronger. Like Putin, he can summon up some thunder and lightning when he criticizes incompetent officials."

Bunin added, "There may be no final decision, but he is candidate number one, with Ivanov in reserve."

Putin Denies Using Energy As A Weapon (FT)

By Neil Buckley

Financial Times, February 2, 2007

Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours.

In a three-and-a-half hour annual press conference – much of it on live television – Mr Putin insisted Russia had helped safeguard the sovereignty of newly-independent states after the collapse of the Soviet Union. But he said subsidies could not go on for ever.

"We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" he said.

He added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed "precisely at ensuring the interests of key consumers" in western Europe, despite temporary disruptions to supplies last month and in January 2006.

He said "experts" understood what Russia was doing, and should be thankful to Moscow.

"But instead, we can see unfair attitudes to interpretation of those events. Naturally, this has been done by those who are not well disposed to Russia. I am not saying that this has been done on a national scale, but there are such forces. Those who write about it, they are the ill-wishers," the Russian president said.

Mr Putin also insisted the transition to his successor, when he stands down as president in 2008, would be democratic and not orchestrated. He stressed several times during the press conference that "the Russian people will make their choice".

He hinted he would indicate which candidate he favoured as a successor – but only after the presidential campaign had begun.

"I reserve the right to express my preferences. But I will do it only once the election campaign starts," Mr Putin said.

Dmitry Medvedev and Sergei Ivanov, both promoted to the rank of first deputy prime minister in late 2005, are seen as vying to be the favoured candidate to succeed Mr Putin. But speculation has been intensifying about how and when the Russian president will mark out his choice.

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Any successor, he added, would face the task of maintaining rapid economic growth, which Mr Putin said was expected to come out at 6.7 to 6.9 per cent last year, and which delivered 13 per cent increases in average wages and retail sales. But other big challenges were to narrow the yawning gap between the richest and poorest Russians, and diversify the economy away from reliance on natural resources.

Asked about the murder of Alexander Litvinenko, the former KGB officer, Mr Putin said only the courts and investigators could determine who was responsible. But he reiterated comments by other senior officials that Mr Litvinenko had been an insignificant figure not considered a threat by the Russian authorities.

"He was not privy to any secrets, he had been convicted in the Russian Federation for abuse of office, specifically, for beating people when arresting them when he was a security man and for stealing explosives," Mr Putin said. "All the negative things he could have said about his previous employer, he had already said a long time ago."

Blair Gives 2nd Interview In Inquiry About Graft (NYT)

By Alan Cowell

The New York Times, February 2, 2007

LONDON, Feb. 1 — After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions.

The interview itself was unusual, as was the decision to cloak it in secrecy. Mr. Blair is said by British political analysts to be the first prime minister to be interviewed by the police while still in office. Only on Wednesday, Mr. Blair's official spokesman was asked at a routine briefing for reporters whether the prime minister had been approached by the police a second time and he replied that "nothing had changed," according to the prime minister's Web site (www.pm.gov.uk).

But the broader impact of the development was to cast an ever darker shadow over the closing days of Mr. Blair's almost 10 years in office — a period that began with his promises that the Labor administration, in contrast to its Conservative predecessor, would be "purer than pure."

Mr. Blair has been questioned by the police as a witness, not as a suspect. The first interview was in December. After that a senior aide, Ruth Turner, was formally arrested and questioned not only in the honors inquiry but also on suspicion of failing to cooperate with or trying to frustrate the investigation.

Then, earlier this week, Lord Levy, the prime minister's chief fund-raiser, Middle East envoy and tennis partner, was arrested for a second time to be questioned in relation to the same offense, known in Britain as perverting the course of justice.

Around 90 people have been questioned in the inquiry, which concerns payments equivalent to $27 million made as loans to the Labor Party before the May 2005 national election. At that time, campaign financing arrangements offered as loans did not require public disclosure. Mr. Blair's critics have charged that the money was made available in return for promises of knighthoods or seats in the unelected and prestigious House of Lords.

The prime minister's office said in a statement on Thursday that Mr. Blair had been "briefly interviewed by the police as a witness. At the request of the police this was kept utterly confidential and, as a result, the press and communications team in Downing Street were not informed. As far as they were concerned nothing had changed."

In a separate statement, the police said that they had requested secrecy for unspecified operational reasons, and that the meeting with the prime minister had been sought "to clarify points emerging from the ongoing investigation." All of the politicians drawn into the inquiry have denied wrongdoing.

Mr. Blair was interviewed shortly before he flew to Davos, Switzerland, to attend the World Economic Forum, where he seemed untroubled by events back home as he rubbed shoulders with the rich, the powerful and the famous. For all that, his adversaries pounced on Thursday's announcement as evidence that the emerging scandal could stain Mr. Blair's final months in office before he redeems a pledge made last fall to relinquish power this year. "It is clear that this inquiry is going to haunt Tony Blair throughout his last months in office and beyond," said Sir Menzies Campbell, leader of the smaller opposition Liberal Democrats.

For Blair, Round 2 Of Police Questions (WP)

By Kevin Sullivan

The Washington Post, February 2, 2007

LONDON, Feb. 1 -- Prime Minister Tony Blair has been interviewed for a second time by police investigating allegations that his Labor Party offered seats in the House of Lords and other government honors in exchange for cash, police and Blair's office said Thursday.

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Police interviewed Blair for about 45 minutes last Friday but asked Blair's office "for operational reasons" to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was "interviewed as a witness, not as a suspect and cooperated fully" in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal.

Known here as the "cash-for-honors" probe, it has further damaged a leader whose approval ratings have been badly hurt by his enthusiastic support of the U.S.-led wars in Iraq and Afghanistan. Blair was first questioned by police in December at his 10 Downing Street office, the first time a sitting British prime minister had been questioned by police in a criminal inquiry.

"Blair's position is looking more and more difficult as each day goes by," said Iain McLean, professor of politics at Oxford University.

Blair, who took office in May 1997, announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner.

David Cameron, leader of the opposition Conservative Party, directly challenged Blair in Parliament on Wednesday at the weekly Prime Minister's Questions session when he said that Blair's authority to lead was "draining away" and that he should resign immediately "in the national interest."

"When is Mr. Blair going to realize it is all over?" Cameron asked.

Since at least last April, police have been investigating allegations that Blair's government has enticed political donors with promises of appointments to the House of Lords, the upper house of Parliament. Blair and other Labor officials have denied those allegations, but four people have been arrested either on suspicion of offering honors for cash or for "perverting the course of justice" -- which has led political opponents to allege a coverup.

No one has been charged with a crime, and police have stressed that the investigation is a "cross-party" probe into campaign finance irregularities.

But only Labor supporters have been arrested. Blair's chief fundraiser, Michael Levy, has been detained twice. A top Downing Street aide, Ruth Turner, has also been arrested, as have Christopher Evans, an entrepreneur and major Labor Party donor, and Des Smith, a Labor government adviser. All were later released and have denied wrongdoing.

Chancellor Gordon Brown, Blair's presumed successor, this week urged people not to rush to judgment about allegations of wrongdoing or coverup. "I believe when people see the full facts, then they will be satisfied," Brown said.

Official Says U.S. Willing To Help Cuba (AP)

By Traci Carl

AP, February 2, 2007

U.S. Commerce Secretary Carlos Gutierrez said Thursday that Washington is willing to help Cuba make the transition to a more open, democratic society.

Speaking to reporters during a one-day visit to Mexico, Gutierrez said the U.S. supports a "peaceful transition to democracy."

Ailing Cuban leader Fidel Castro has been seen only in government-released videos and photos since ceded power to his brother Raul in late July while he recovers from intestinal surgery.

On Tuesday, Cuban state television released images of a stronger-looking Castro meeting with Venezuelan President Hugo Chavez, a close ally.

Gutierrez, who was born in Cuba, said the United States does not plan to meddle in Cuban politics but wants to see the country make the transition to democracy.

"The future of Cuba is in Cuba," he said, but added that "if we can be of help, we are ready to help in that transition."

Gutierrez did not elaborate, but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy.

Gutierrez also said Thursday that President Bush's administration is working to pass an immigration reform that would allow the United States to protect its borders while recognizing the millions of people who already work illegally in the country.

"Unless we tackle the problem in a comprehensive fashion, it is just going to get worse," he said.

He said the U.S. must find a middle ground between "amnesty" and "animosity" and he spoke out against mass deportations, saying: "That's not humane or moral."

Gutierrez also praised a recent anti-drug crackdown launched by new President Felipe Calderon and said he expects Calderon to take action against Mexican industries that have been accused of monopolistic practices, such as telecommunications and television.

"We believe President Calderon is off to a strong start, and he'll need time to do what he needs to do," Gutierrez said.

Europe Faults U.S. Farm Proposal (WSJ)

By Juliane Von Reppert-bismarck

The Wall Street Journal, February 2, 2007

BRUSSELS -- The European Commission expressed disappointment at a U.S. plan to overhaul subsidies to its farmers, saying "more ambitious cuts" are required to relaunch a stalled round of global trade talks.

The White House's proposal to Congress on how to overhaul the U.S. Farm Bill will make "extremely modest" cuts to loan-deficiency payments and keep payments to dairy and sugar farmers "virtually untouched," said EU farm spokesman Michael Mann.

The U.S. initiative, presented to Congress Wednesday, foresees cutting total farm spending to $87 billion over the next five years, down $18 billion from the total spent by the U.S. on basic programs and disaster assistance during the past five years.

Much of this is based on the assumption that farm prices remain at their current high levels, Mr. Mann said. A reversal of price trends will see trade-distorting farm support rise once again, he said.

"The U.S. will need to propose more ambitious cuts and disciplines," Mr. Mann said. "We had hoped the administration's proposal for the new farm bill would signal this more clearly," he said.

Global trade talks at the World Trade Organization ground to a halt in the summer, largely over the unwillingness of wealthy countries to cut protective measures for their farmers. Most trading nations now say it is up to the U.S. to revive the talks with a promise of deep and lasting subsidy cuts.

WTO spokesman Keith Rockwell said officials were still studying the 183-page document, but added, "it is a positive first step."

The plan, announced by U.S. Agriculture Secretary Mike Johanns, still needs approval by Congress. Analysts expect key aspects to come under attack, notably a $360,000 subsidy ceiling for U.S. farmers.

EU officials and diplomats warned an overhaul that makes limited cuts to market-distorting payouts sends a bad signal to negotiators at the WTO. Yet Washington has pointed out that if a palatable deal can be struck at the WTO, commitments made there will override any domestic farm plan.

Farm products account for less than 7% of world trade, and for 4.5% of U.S. exports. Political sensitivities over the sector in rich countries, and dependence on the sector in the developing world, have nonetheless placed it at the heart of a global trade round expected to tear down trade barriers and boost global wealth.

EU farmers slammed the plan, which they said paves the way for farm supports to increase.

"Either the U.S. is simply not serious about wanting a WTO agreement or it wants one at the expense of all farmers in the world except its own," Rudolf Schwarzboeck and Donal Cashman, presidents of Europe's leading farm lobby, said in a joint statement.

The White House plan would increase spending on farm projects that boost conservation and the environment -- a method of cutting direct production subsidies employed by the EU in its own farm-payment cuts. It would also put more emphasis on making payments to farmers that aren't tied to production.

Trade and development advocacy group Oxfam Wednesday praised the Bush administration for attempting to steer U.S. farm policy "in a new direction." The farm plan also foresees allowing farmers to grow fruit and vegetables on land eligible for subsidies.

The plan, which underlines an increasing desire in Washington to cut U.S. dependence on fossil fuels and simultaneously guarantee farmer income, reserves $2.1 billion in loan guarantees for plants that make ethanol fuel from wood chips, grasses and feed stocks other than corn and provides $1.6 billion to research noncorn sources of ethanol.

Solution For Kosovo (WP)

The Washington Post, February 2, 2007

TODAY U.N. envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. It's been eight years since the United States led a NATO military operation to stop an ethnic cleansing campaign by Serbia against Kosovo's Albanian majority; since then the Connecticut-size territory of 2 million has been governed by the United Nations. NATO troops, including Americans, are still there.

All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia.

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The Bush administration is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness.

A measure of the deftness has already been supplied by Mr. Ahtisaari, a former Finnish president who has been working on the issue for more than a year. Recognizing that Serbia and its ally Russia would strongly oppose a U.N. resolution explicitly granting Kosovo full independence, the envoy will propose that the Security Council adopt a measure ending the current U.N. regime but not mentioning independence.

The province would continue under international supervision, with the European Union to be given a major role, but would be allowed to join the United Nations and other international organizations. Once the Security Council approved these terms, Kosovo's Albanian-led government could declare independence and would win quick recognition from the United States and most European countries. Serbia could object but not stop the new arrangement.

The pitfalls along this winding course are easily spotted. Serb militants in Kosovo could respond violently to an independence declaration, as could Albanian nationalists disappointed that independence is not complete. Would-be Serb splinter states could appear in northern Kosovo or neighboring Bosnia. Russian President Vladimir Putin could trigger a crisis by vetoing the U.N. resolution. Or he could accept the resolution and cynically use it as a precedent to recognize the independence of Moscow-backed separatist regions in pro-Western Georgia or Moldova.

That's where U.S. firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran.

If Mr. Putin decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly.

Ulster's Last Holdout (NYT)

The New York Times, February 2, 2007

Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call "the troubles." One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future — or to stand in the way. That man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them.

To say that Mr. Paisley has not built his long career on compromise would be a breathtaking understatement. But in the past he could point to the maddeningly ambiguous declarations of his foes — the Irish Republican Army and its political arm, Sinn Fein — to justify his unyielding stubbornness. Not any more. Over the past two years, the republican side has taken the decisive steps it had long dodged.

The I.R.A. has destroyed its weapons. According to the independent commission set up to monitor Northern Ireland's paramilitary groups, it has followed through on its commitments to dismantle its clandestine apparatus and end all organizational involvement in criminal activities. This week, Sinn Fein voted to cooperate with Northern Ireland's reformed police service, a historic turnabout for a movement that once considered itself at war with the old Protestant-dominated police force.

Yet Mr. Paisley has so far seemed unable to acknowledge these historic changes. He needs to state plainly that his party's conditions for forming a power-sharing cabinet with Sinn Fein, as called for by the 1998 Northern Ireland peace agreement, have now been met. In the hope that Mr. Paisley will eventually do the right thing, Britain's prime minister, Tony Blair, has called new Northern Ireland elections for next month.

This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame.

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TERRORISM NEWS:

Judges Pose Questions On Bush Detainee Policy (NYT)

By Adam Liptak

The New York Times, February 2, 2007

RICHMOND, Va., Feb. 1 — In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants.

The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University.

"What would prevent you from plucking up anyone and saying, 'You are an enemy combatant?' " Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons.

Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. "A citizen, no less than an alien, can be an enemy combatant," he added.

Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen "who has been determined by the United States to have been properly detained as an enemy combatant."

But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made.

Judge Motz asked, for instance, about the broader implications of the government's position that the United States is at war with Al Qaeda and that people affiliated with it may be subject to military detention rather than criminal prosecution.

"Nations have wars against each other," Judge Motz said. "People have quarrels or fights. Individuals can be terrorists. Individuals don't make war."

Mr. Salmons responded that a 2001 Congressional authorization to use military force after the Sept. 11 attacks had granted the president the power to detain Mr. Marri.

Judge Motz asked a series of hypothetical questions about whether the president could designate someone affiliated with People for the Ethical Treatment of Animals, or PETA, as an enemy combatant. "Could the president declare war on PETA?" she asked.

Mr. Salmons said the hypothetical was unrealistic, but he stopped short of categorically rejecting the idea. "The representative of PETA can sleep well at night," he said, because the executive branch's determination of who is an enemy combatant is a careful one.

Judge Motz also suggested that the criminal justice system could handle people like Mr. Marri.

"That doesn't mean he doesn't get punished," Judge Motz said. "Perhaps he gets punished worse, under the criminal process."

Mr. Marri was in fact charged with credit card fraud and lying to federal agents after his arrest in 2001, and he was on the verge of trial when he was moved into military detention in 2003.

The third judge, Henry E. Hudson, visiting from the Federal District Court for the Eastern District of Virginia, asked relatively few questions, most of them centered on the adequacy of the hearing Mr. Marri received in the trial court.

Judge Gregory, by contrast, subjected both lawyers to tough questioning.

"Do you agree," he asked Jonathan Hafetz, a lawyer for Mr. Marri with the Brennan Center for Justice at New York University School of Law, "that Congress gave the president broad power after Sept. 11 to wage the war on terrorism?"

"Certainly, your honor," Mr. Hafetz responded. "Broad, but not unlimited."

Judge Motz indicated that the government's shifting legal tactics in other cases had lost it a measure of credibility. It moved Jose Padilla, once labeled an enemy combatant, into the criminal justice system as the United States Supreme Court was considering whether to hear his challenge to that designation.

"Often the government in these cases has a late-breaking development," Judge Motz said. "Is there any late-breaking development here?"

Mr. Salmons said no.

Judges Motz and Gregory were appointed by President Bill Clinton, and Judge Hudson by President Bush.

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Detainee Rights At Center Of Fight (WP)

By Sari Horwitz

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- The Bush administration argued Thursday that a Qatari national who it says was an al-Qaeda sleeper agent sent to the United States for a second wave of terrorist attacks has no right to challenge in court his status as an enemy combatant.

Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges.

If the government is right, said lawyer Jonathan Hafetz, "they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people."

In arguments before a three-judge panel of the U.S. Court of Appeals for the 4th Circuit in Richmond, Bush administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations.

Assistant Solicitor General David B. Salmons said Marri met in 2001 with Osama bin Laden and accused Sept. 11 mastermind Khalid Sheik Mohammed and received training from al-Qaeda in Afghanistan in the use of poisons.

The government contends that Marri was sent to help other al-Qaeda operatives carry out subsequent terrorist attacks and had been told by al-Qaeda to explore computer-hacking methods to disrupt the U.S. banking system. "This is not a close case," Salmons said. "Al-Marri is clearly an al-Qaeda operative."

Marri, 41, is the only accused enemy combatant still held in the United States. Yaser Esam Hamdi, a U.S. citizen, was freed and sent to Saudi Arabia after the Supreme Court upheld his right to challenge his detention; Jose Padilla, another U.S. citizen, was transferred to the civilian justice system last year. Marri, who took up residence in Peoria, Ill., on a student visa in 2001, was arrested there.

Marri was arrested by the FBI in December 2001 and charged with credit card fraud and lying to federal agents. He was accused of denying that he had repeatedly tried to call a man in the United Arab Emirates who was the paymaster for the Sept. 11 hijackers. The charges were dropped in June 2003 when President Bush declared Marri an enemy combatant and moved him to military control.

Thursday, the judges focused their questions not on whether Marri is an al-Qaeda operative but on whether he was properly designated an enemy combatant.

Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States.

Motz said that she is concerned about giving the government broad authority "to pluck up anyone from the streets of the United States" and added: "We don't want other nations to do that to our people."

But Judge Roger L. Gregory suggested that Congress knew it was dealing with an "amorphous enemy" when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status.

The provision of the act that denies access to U.S. courts to foreign nationals deemed enemy combatants was aimed primarily at Guantanamo Bay detainees. Attorneys for those prisoners have filed a challenge to that provision, arguing that it violates constitutional guarantees against being detained without the right to contest the charges in court.

Bush's War Powers Further Scrutinised (FT)

By Demetri Sevastopulo In Richmond, Virginia

Financial Times, February 2, 2007

The battle to define presidential powers in the "war on terror" came under renewed scrutiny on Thursday when a foreign prisoner held in the US on suspicion of being an al-Qaeda "sleeper agent" asked a court to declare his detention unconstitutional.

Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud.

Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful "enemy combatant" in the "war on terror". He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as "enemy combatants".

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But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. “The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen,” said Jonathan Hafetz, a New York University lawyer representing Mr Marri.

The Justice Department argued that Congress gave Mr Bush the authority to declare Mr Marri an enemy combatant when it gave him the ability to use force to prosecute the “war on terror” after September 11.

Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants.

“If the government prevails, any one of the 11.6m legal permanent residents in the US could – on the president’s say-so...be held indefinitely as an ‘unlawful enemy combatant’ with no right to challenge his or her imprisonment in court,” said Human Rights Watch.

In court on Thursday, the Justice Department argued the battlefield in the “war on terror” included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration’s argument, saying while Congress could have given Mr Bush the ability to declare legal residents and citizens as “enemy combatants”, it was unclear it had done so.

But Congress may again tackle the debate over habeas, which could have implications for the case of Mr al-Marri and the several hundred detainees still imprisoned at Guantánamo.

Senators Patrick Leahy and Arlen Specter, the top Democrat and Republican on the Senate judiciary committee, last week said they would work to reinstate the right of habeas corpus for all detainees.

“The great writ of habeas corpus was done horrible damage by the Congress in a law the president signed last year,” Sen Leahy told Alberto Gonzales, the US attorney-general last week.

“I just want to put everybody on notice: as chairman of this committee, I will do everything possible to restore all the rights under the write of habeas corpus that were there before we passed the [MCA] legislation,” he said.

Two Men Acquitted Of Conspiracy To Fund Hamas Activities In Israel (WP)

By Dan Eggen

The Washington Post, February 2, 2007

A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups.

Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious allegation against them and could have drawn life sentences for each.

But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit.

The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995.

Salah, a U.S. citizen, was accused of helping funnel hundreds of thousands of dollars to militant groups in the West Bank and Gaza. He was captured by the Israelis with $100,000 in cash in 1993 and allegedly confessed to being a military commander in Hamas. Ashqar was alleged to have helped launder money and facilitate communications for Hamas.

Neither man denied that he helped move money for Palestinian causes. But both said what they did was aimed at helping the Palestinian people and not to promote terrorism. In addition, Salah said his confession was the result of torture by Israeli officials.

In Chicago yesterday, the defendants and their attorneys immediately characterized the verdicts as a victory and said they showed that the government had overreached by trying to punish legitimate opposition to Israeli policies.

"It was better than we thought," a tearful Salah told reporters in Chicago. "We are good people, not terrorists."

Salah's attorney, Michael Deutsch, called the verdict "a tremendous victory" and said his client "may not even go to prison at all."

"This rejects the idea we can criminalize someone for resisting an illegal occupation in another country," Deutsch said.

The Justice Department in Washington declined to comment. First Assistant U.S. Attorney Gary S. Shapiro told reporters in Chicago: "We've convicted them. It's hard to say that we're disappointed."

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The prosecution of Ashqar and Salah was deemed so important to the Justice Department that the 2004 indictments were announced in a news conference by then-Attorney General John D. Ashcroft. But the outcome of the three-month trial is decidedly mixed.

In December 2005, a jury in Florida acquitted former computer professor Sami al-Arian of eight terrorism charges and deadlocked on nine others. Arian eventually pleaded guilty to supporting members of the Palestinian Islamic Jihad and is slated to be deported after finishing a short prison term.

One of Arian's attorneys, William Moffit, also represented Ashqar in Chicago.

The case was prosecuted by the office of U.S. Attorney Patrick J. Fitzgerald, who is in the spotlight as the special counsel in the trial of I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff.

The Hamas prosecution also featured another central player in the Libby saga: former New York Times reporter Judith Miller, who testified on behalf of prosecutors in Chicago about an Israeli interrogation session with Salah that she witnessed in the early 1990s.

Salah and his attorney argued that much of the evidence against him, including a confession, should be disregarded because it was obtained under torture when he was in Israeli custody. Miller testified that she saw no evidence of mistreatment when she witnessed an interrogation of Salah and -- in an unprecedented twist for a U.S. courtroom -- two Israeli interrogators testified under aliases that Salah was treated well.

Prosecutors also presented recorded conversations in which Ashqar discussed violent operations by Hamas. But Moffit said his client was never recorded planning any attacks or recruiting anyone to carry them out.

One other defendant remains under indictment in the case: Mousa Abu Marzook, Hamas's deputy political bureau chief, who was deported from the United States in 1997 and is now a fugitive living in Damascus, Syria.

Staff writer Kari Lydersen in Chicago and staff researcher Julie Tate in Washington contributed to this report.

Two Found Not Guilty Of Supporting Hamas (CHIT)

By Rudolph Bush And Jeff Coen

Chicago Tribune, February 2, 2007

In a legal defeat for the Bush administration's domestic war on terror, a federal jury Thursday acquitted two men of being leading members of the Palestinian extremist group Hamas and conspiring to support terrorism from the United States.

Bridgeview businessman Muhammad Salah swallowed hard and visibly fought back tears of joy as the jury acquitted him and co-defendant Abdelhaleem Ashqar of the most serious charges in the landmark case.

Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June.

Salah hugged his family and supporters and raised his arms in victory as he left the Dirksen U.S. Courthouse to applause.

"The terrorism theory is defeated," he said as he left. "We are not terrorists, and everyone can see it."

The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation.

Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups.

But Salah's lawyers said their win shows the government was overreaching.

"It's a huge victory—what's left is a relatively minor charge," said Salah's lawyer, Michael Deutsch. "I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.," he said. "It's a stretch."

Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here.

"This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases," said Gary Shapiro, first assistant U.S. attorney in Chicago

That includes the unprecedented use of Israeli agents to testify against defendants, as they did against Salah and Ashqar.

"We don't believe we would have received guilty verdicts on all the other counts if it had not been for their testimony, which put all the conduct of the defendants into perspective," he said.

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Jurors deliberated for 14 days over three weeks before finding Salah, a 53-year-old grocer, not guilty of conspiring to provide funding, recruiting, training and other aid to Hamas, a group responsible for dozens of terrorist attacks in Israel, Gaza and the West Bank. He was convicted of obstruction for lying under oath when questioned in a civil suit filed by the family of David Boim, an American student killed in a Hamas shooting.

$156 million awarded

In 2004, a federal jury awarded Boim's parents $156 million after finding that Salah provided support to Hamas.

Ashqar, 48, had been accused of archiving and distributing key documents and acting as a kind of switchboard who connected Hamas members across the globe to one another through his home telephone. He was convicted of obstruction and criminal contempt for refusing in 1998 to testify before a grand jury

Jurors said they were not divided, and simply applied the evidence presented in the three-month trial to the law they were given.

"There was a lot of evidence to go through, a lot of documentary evidence to go through," said juror Max Lapertosa, a lawyer for Access Living, a disabilities advocacy and services organization in Chicago. "The law was complex. In the end I think we came up with an unanimous verdict that is as fair as we could have possibly rendered."

That evidence included the confession of Salah, an American citizen, provided in 1993 while in the custody of Israel, as well as bank records showing he had received nearly $1 million from top Hamas leader Mousa Abu Marzook.

And the evidence included a trove of documents and wiretaps collected by federal agents in 1993 and 1994 under the Foreign Intelligence Surveillance Act, or FISA. The act permits electronic surveillance for the purpose of gathering intelligence domestically against people suspected of being foreign agents.

Some of the wiretaps and documents captured under the FISA order were entered as evidence against Salah and Ashqar in a process facilitated by the much-scrutinized Patriot Act.

The case had so many unusual elements that it's not possible to generalize from the results, Shapiro said.

But he said this was not a case about someone innocently sending or taking money overseas to aid charitable events. One of the defense positions in the case was that fundraising efforts were meant to support hospitals and education in the West Bank.

Prosecution cites terror acts

"The evidence in this case was pretty substantial that the money went overseas to aid the military wing of Hamas, and that that money went at least for the ostensible purpose of killing the Israeli military and engaging in other terrorist acts which killed civilians," Shapiro said.

Salah's lawyers also had contended that he was tortured into confessing while in Israeli custody. The prosecution had rejected that claim, and had even brought in former New York Times reporter Judith Miller—who had seen some of the interrogation—to testify about Salah's condition.

At the Mosque Foundation in Bridgeview on Thursday, Muslims who worship with Salah celebrated the verdict. They said it shows Muslims can find justice in the American legal system.

"Our community will no longer have to be afraid," said Amira Daoud. "I'm so glad that American people—his peers—gave a verdict that shows he couldn't have done this."

Leaders of Jewish advocacy groups expressed disappointment over the acquittals on the most serious charges.

"The fact that the charges were not sustained is a setback for the international fight against terrorism, plus for the public's understanding of how terrorist organizations can take advantage of the openness of democratic societies," said Yehudit Barsky of the American Jewish Committee in New York.

But they took some consolation in Salah's conviction for lying under oath in the Boim litigation.

"There is no escaping the fact that both of these individuals [Salah and Ashqar] were deeply involved with Hamas," said lawyer Steve Landes, who represented the Boim family at the trial.

Notified of the verdict, Boim's father, Stanley, said he was "at a loss for words."

"We have to hope that for people who do evil, justice will be done," he said from Jerusalem.

Salah relatives pleased

Salah's relatives said the jury's verdict shows Salah and Ashqar were only engaged in legal conduct, supporting Hamas' charitable work in gatherings protected by the U.S. Constitution.

Salah was forced to talk to Israeli interrogators and give a handwritten statement admitting he acted as the military commander of Hamas from his home in Bridgeview, they said.

Prosecutors had argued that Salah's confession to Israeli authorities was voluntary and included corroborating facts.

"They were basically trying to do Israel's work," Salah's cousin, Abdullah Salah, said of the government. "They were using Israeli agents, [coerced] confessions, in an American courtroom. It's un-American."

"We are not terrorists. We are not bad people," said Mahmoud Salah, Salah's brother. "We came to this country to be free.

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"Now we thank God because it is over."

2 Men Cleared Of Charges Of Aiding Hamas Violence (NYT)

By Libby Sander

The New York Times, February 2, 2007

CHICAGO, Feb. 1 — Two men were acquitted Thursday of federal charges that they provided money and other aid to the Palestinian organization Hamas in the early 1990s.

The racketeering case against the men, Muhammad Salah, 53, a onetime grocer from suburban Chicago, and Abdelhaleem Ashqar, 48, a former university professor from suburban Washington, was announced with much fanfare in 2004 by the United States attorney general at the time, John Ashcroft, as an important part of the government's fight against terrorism.

But Thursday afternoon, after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel.

The jury convicted the men of lesser charges, including obstruction of justice and, for Dr. Ashqar, criminal contempt.

Both men smiled and wept after the verdict, hugging and thanking family members and supporters in the packed and heavily secured downtown courtroom. "We are not terrorists," Mr. Salah told reporters in the lobby of the courthouse, his young son perched on his shoulders.

Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms.

"The government has tried to turn the Israeli-Palestinian conflict into something criminal," said William Moffitt, who is Dr. Ashqar's lawyer. "Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States."

Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial.

"This was about an organization that has publicly claimed credit over and over and over again for terrorist acts," said Gary S. Shapiro, the first assistant United States attorney in Chicago, "not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed."

Prosecutors based their accusations against Mr. Salah on a 1993 confession he made while in the custody of the Israeli secret police, who arrested him at a checkpoint in the Gaza Strip and found $97,000 in his hotel room. Mr. Salah told the Israeli police that he had met with top Hamas military officials and given them money. He spent nearly five years in an Israeli prison.

Defense lawyers argued that the confession was false and obtained only after Mr. Salah endured weeks of torture by the Israeli agents.

The case against Dr. Ashqar centered on recorded telephone conversations he had with Hamas officials and records seized in the early 1990s from his home in Oxford, Miss., while he was a graduate student at the University of Mississippi.

Throughout the trial, both defendants denied membership in Hamas, which they pointed out had not been designated a terrorist organization by the United States government until 1997. They maintained that their interactions with the organization were humanitarian in nature, intended only to finance charities and help impoverished Palestinians living under Israeli occupation.

Federal Jury In Chicago Acquits 2 Men Of Racketeering Conspiracy In Hamas Trial (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, February 2, 2007

(AP) - CHICAGO-Two men accused of furnishing money and fresh recruits to the militant Palestinian group Hamas were acquitted Thursday of racketeering but convicted on lesser charges.

The two men beamed broadly at the split verdict and defense attorneys immediately declared victory in the three-month trial that the government had described as a major component in its war on terrorism.

"We are not terrorists," former grocer Muhammad Salah told reporters as he left the courthouse with his 8-year-old son, Ibrahim, on his shoulders. "I feel good," he said as he was hugged by relatives and well wishers. "I thank God and I hope justice will prevail."

"This is a great day for justice," said Salah's attorney, Michael E. Deutsch.

Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government.

DOJ_NMG_0126103

Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr.

Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have made no secret of their dislike of the occupation of the West Bank and Gaza.

Salah was convicted of obstruction of justice for providing false answers to questions in a civil suit filed by parents of an American teenager who was shot and killed by Hamas terrorists at an Israeli bus stop.

Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify before a federal grand jury after receiving immunity from prosecution for anything that he might have revealed.

The jury delivered the verdict amid heavy security in the courtroom after deliberating for 14 days.

"We've convicted them - it's hard to say that we're disappointed," First Assistant U.S. Attorney Gary Shapiro said.

Defense attorneys said they hoped to have the convictions reversed on appeal but added that, at worst, the men would likely serve comparatively short sentences.

Also charged in the case is Abu Mousa Marzook, described as one of the top leaders of Hamas. Prosecutors said it was Marzook who sent Salah on his mission to Israel and supplied him with money to give to Hamas leaders.

FBI agents also intercepted phone calls between Ashqar and Marzook.

Marzook is currently living in Damascus, Syria, and is classified by the government as a fugitive.

U.S. Senators Briefed On Arar But Say They Have A Lot More Questions (CP)

Canadian Press, February 2, 2007

WASHINGTON (CP) - Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions.

But Democrat Patrick Leahy and and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes.

They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight.

The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada.

Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list.

Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States.

Chinese Official Publishes Rebuke Of Bush (NYT)

By Joseph Kahn

The New York Times, February 2, 2007

BEIJING, Feb. 1 — A senior Chinese government official issued a rare public rebuke of President Bush on Thursday, accusing him of waging a “unilateral” battle against terrorists that had worsened global tensions.

The official, Ye Xiaowen, director of China’s State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People’s Daily that Mr. Bush’s past references to a “crusade” and to “Islamic fascism” were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war.

Partly as a result, he said, the United States had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks.

“The more they oppose terrorism, the more terror they produce,” Mr. Ye said in the article. “How many more troops will they send to die in the meat grinder” of Iraq.

Mr. Ye wrote that Mr. Bush had effectively “hijacked” one religion, Christianity, to engage in a battle against another one, Islam. That has strengthened Islamic fundamentalists and made the war unwinnable, he contended.

“Unilateralism and terrorism breed each other, but neither can overcome the other,” he wrote.

While such assessments of Mr. Bush’s leadership are not new among his opponents in the United States and abroad, Chinese officials generally take pains to maintain cordial relations with Washington. Beijing remained on the sidelines when the United States invaded Iraq, and Chinese officials have refrained from commenting extensively on the difficulties the American military has faced there.

Even when China opposes American policies, it is rare for a sitting official to cast aspersions on an American president by name, a step often considered a breach of diplomatic etiquette.

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It is unclear if Mr. Ye cleared his comments with other top leaders before publishing them in the overseas edition of the newspaper, the Communist Party's most authoritative publication.

Mr. Ye's bureau manages China's official Christian, Buddhist and Islamic associations. The associations regulate religious practice in China, which is officially atheist.

In the past, Mr. Ye has clashed with American officials who have pressed China to allow greater religious freedom, and he has tended to speak bluntly when defending religious policies.

The American Embassy in Beijing did not offer any immediate response to Mr. Ye's article.

Beijing at least initially embraced the American-led fight against terrorists. Human rights groups say China has used Mr. Bush's policies to justify a broader crackdown on its Muslim Uighur population in the western region of Xinjiang, where it says separatist groups operate.

Yet even as that crackdown has continued, the Chinese religious authorities have sought to improve relations with Islamic nations and Islamic religious leaders at home and abroad.

Last year, the Foreign Ministry officially condemned Danish cartoons that Muslims considered an insult to the Prophet Muhammad. This year, Chinese propaganda officials have ordered the Chinese news media to play down images or references to pigs ahead of the Year of the Pig in the Chinese zodiac, because China's Hui Muslim minority considers pigs offensive.

Mr. Ye suggested that Mr. Bush follow China's more accommodating approach. Mr. Bush should "abandon unilateralism" and "respect that differences can exist in harmony," Mr. Ye wrote.

Poster Of Hussein At Guantánamo Draws Detainee Complaints (NYT)

By David Rohde

The New York Times, February 2, 2007

Military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there.

Lawyers for the detainee said the 7-by-3-foot poster, in a small recreation area for prisoners, featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, "Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed."

The chief military spokesman in Guantánamo, Cmdr. Robert Durand, said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording.

"A recent poster showed Saddam Hussein's capture, court appearances and sentencing," Commander Durand said in an e-mail message. "The intent of this poster was to show that the Iraqi people are making progress and have delivered justice."

Commander Durand said that the poster had been removed and that the military regretted that the "language of this poster appeared insensitive."

Lawyers for the detainee who complained, David Hicks, an Australian who was captured in Afghanistan in 2001, said news articles about Mr. Hussein's execution were also displayed in the recreation area. Other articles described the accidental decapitation of a Hussein co-defendant in a subsequent hanging.

"I have no doubt that those were put up for a particular reason," said Joshua L. Dratel, one of Mr. Hicks's lawyers. "For psychological warfare and for mental torture and intimidation."

Commander Durand said the articles had not been intended to intimidate prisoners. "The news photos that appear in the stories are neither graphic nor sensational," he said. "A BBC news article describing Saddam Hussein's execution, with a photo of him prior to his hanging, was included in the camp news."

Since the camp's opening, American military officials have displayed posters they created in Arabic and other languages that conveyed news events. Lawyers for the detainees said they focused on the arrests of terrorism suspects and the deaths of Iraqi and Afghan insurgents. Military officials described the posters as balanced.

In the past, military officials barred lawyers for the prisoners from describing outside events to them or giving them news articles.

The articles on Mr. Hussein were displayed under a new policy in which the American military posts a weekly collection of news reports in recreation areas around the prison, Commander Durand said.

Travel Logs Aid Germans' Kidnap Probe (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

DOJ_NMG_0126105

BERLIN, Feb. 1 -- If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors.

German investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents, which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004.

On Wednesday, prosecutors in Munich announced that a German court had issued arrest warrants for 13 people it named as CIA operatives involved in the Masri kidnapping. While most of the people used aliases and their true identities remain unclear, German authorities said the Spanish records provided a critical break and kept the investigation alive.

"It made it possible for us to identify specific individuals and to connect them with the kidnapping case," said Christian Schmidt-Sommerfeld, the chief Munich prosecutor, in a statement disclosing the warrants. "This information as well as other investigative evidence now leads to the grounds of suspicion against these 13 distinctly identifiable individuals."

It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels.

Records of the other team's stopovers at Palma de Mallorca were gathered by the Guardia Civil, a Spanish police agency that has investigated the CIA's use of the island as a staging ground for other counterterrorism operations in Europe and North Africa. Some of the records were provided to The Washington Post by Human Rights Watch, a New York-based advocacy group that has investigated extralegal abductions by CIA counterterrorism squads.

A CIA spokesman at headquarters in Langley, Va., declined comment for this article.

Aviation records show that the CIA operatives arrived at Palma de Mallorca at 10 p.m. Jan. 22, 2004, from Algiers. They spent the night at the Marriott Son Antem Golf Resort and Spa, paying $175 each for a room, including breakfast. One male member of the team, who stayed in Room 216, was billed for $85 worth of massages and a $23 bar tab. He and the others paid with their Visa cards.

The next day, the CIA crew departed in a privately chartered Boeing 737 for Skopje, Macedonia, where Masri had been detained secretly for three weeks by Macedonian security agents on suspicion of involvement with a terrorist network, according to German prosecutors. The plane stayed on the ground for less than six hours before departing with Masri on board, heading first to Baghdad and then to Kabul.

Masri, a German citizen of Lebanese descent, said he was kept in a secret CIA prison that was known as the Salt Pit and interrogated about Islamic radicals in Germany before his captors realized they had the wrong man. He said he was flown back to the Balkans five months later, released on a hillside in Albania and warned to keep his mouth shut.

After delivering him to Afghanistan, the CIA operatives flew back to Palma de Mallorca after a brief stopover in Romania, aviation records show. The team spent three more nights on the Spanish island before returning to Washington. For the flight home, they ordered a shrimp cocktail for the pilot and two bottles of Pesquera red wine, according to invoices from the ground services crew at the Palma airport.

John Sifton, a senior researcher on counterterrorism for Human Rights Watch, said the operatives may have taken a carefree approach because they assumed they were being protected by European intelligence partners. Masri, for instance, was handed over to the CIA by Macedonian security agents. And in the Milan kidnapping case, top officials with the Italian military intelligence agency known as Sismi have been charged with conspiring with the CIA.

"I suppose they never expected there would be a flap about all this or else they would have been more cautious," Sifton said. "When you think a local government is cooperating with you in your criminal activities, you're probably less careful."

U.S. officials have never publicly admitted guilt or responsibility in the Masri case, and the U.S. Justice Department has refused to cooperate with requests for information from German prosecutors.

Masri sued the CIA for damages in U.S. District Court in Virginia. His complaint was dismissed in May on grounds that the lawsuit could generate revelations that would damage national security. Masri is appealing. His attorneys said the recent revelations from Europe show that the secrecy concerns are moot.

"It renders even more far-fetched the argument that every single development in this case is a state secret," said Ben Wizner, an ACLU lawyer who is representing Masri in his lawsuit.

Staff researcher Julie Tate in Washington contributed to this report.

Neighbors Of British Terror Suspects Skeptical Of Charges (NYT)

By Jane Perlez

The New York Times, February 2, 2007

BIRMINGHAM, England, Feb. 1 — Many residents in the area where nine people were arrested and accused of planning to kidnap, torture and behead a British Muslim soldier said Thursday that they were unconvinced of the accusations against them.

By most neighborhood accounts, for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs.

He is cleanshaven, wears jeans and, like some young men in the Alum Rock section of this diverse city, seems more secular than religious, people who know him said. He rarely attended the mosque a block away from his house, they said.

For those reasons, and because of recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said.

In what the British authorities called a joint operation by the security service MI5, a newly formed West Midlands counterterrorism team and West Midlands police, the nine men were arrested in raids in poor, mainly South Asian neighborhoods of Birmingham, Britain's second-largest city, with one million people.

Pakistanis, Bangladeshis, Kashmiris and, recently, Somalis dominate the areas where the men were arrested. Birmingham, where a central area of recent urban redevelopment contrasts with the poor ethnic areas, is 14.3 percent Muslim, seventh highest among areas measured in Britain, according to the Office of National Statistics.

The neighborhoods of Sparkhill and Alum Rock are lined with often run-down but still neat Victorian-era two-story row houses that show pride with limited means. Some boast carved stone lintels, and many are decorated with lace-trimmed white curtains in their front windows.

The police shut and searched the Maktabah al-Ansar Islamic bookstore, a purveyor of radical Islamic books and tapes. They also closed the Blades Cyber Cafe and the Khan General Store. The police did not release the names of those arrested. Newspaper reports here described one of the suspects as the owner of a pizza shop.

A neighbor of Mr. Mahmood's said it was possible that Mr. Mahmood, whose father came to Britain from Pakistan, became the "victim of a bunch of bad lads."

"He had quite a few Arab friends, that's the only thing, looking back on it," said the neighbor, Amad Altaf, 30, a university student.

There seemed to be surprise in the neighborhoods that the supposed plot involved killing a British Muslim soldier. Indeed, a British Muslim soldier, Lance Cpl. Jabron Hashmi, 24, was killed in fighting against the Taliban in Afghanistan last year. Since the arrests, British television has shown pictures of a Lance Corporal Hashmi, and some newspaper reports said a commemoration of his death was held last week.

About 330 Muslims serve among the 180,000 members of the British armed forces. In an effort to increase the proportion, the army has held recruitment drives in recent years in South Asian neighborhoods, though to little effect, people here said.

Under British terrorism laws, police can detain suspects for up to 28 days without bringing formal charges.

Mohammad Khan, a friend of one of the suspects who is a lecturer in the department of education at the University of Birmingham, said that he had hired a lawyer for his friend and that the lawyer had visited the suspect in custody on Thursday. Mr. Khan declined to identify the suspect, saying only that he was "a very caring person" who had helped in antidrug programs.

Mr. Khan said the arrests put a spotlight on the lack of government services in the South Asian neighborhoods.

According to a survey by the Birmingham Voluntary Services Council, the Alum Rock and Sparkhill neighborhoods ranked highest on the "inequality index," Mr. Khan said.

The Sparkhill area where the Maktabah bookshop is located had the highest rate of unemployed university graduates in Birmingham, he said. That meant, he said, "You jump through all the hoops and you don't go anywhere."

The Labor government has poured money into religiously based community organizations since the terrorist bombings in July 2005 that killed 56 people, including 4 bombers, Mr. Kahn said. But the grants were unevenly distributed if the goal was to improve livelihoods in mainly poor and Muslim areas, he said. The grants went to 900 Christian groups, 400 interfaith groups and fewer than 300 Muslim organizations, he said.

"They fund according to old relationships," said Mr. Kahn, who was invited by the American Embassy in London to visit the United States last year as part of a State Department program on conflict resolution. "They need to encourage Muslim organizations that offer something other than representation."

More effort should be put into promoting scholarships for Muslim youth, and offering counseling services, he said. There were almost no youth centers in the areas, he said.

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A prototype of what can be done opened recently in the Sparkbrook neighborhood not far from Alum Rock: a gym for women run by women. Called Saheli Women's Group Gym — saheli means "best friend" in the Urdu language — the gym serves women who had nowhere to go outside their homes, said Naseem Akhtar, its founder. Many of the women who used the gym were conservative in their Islamic beliefs, wearing black robes and veils that showed only their eyes, she said.

Until the arrests on Wednesday, Birmingham had escaped the notoriety that has befallen a number of Muslim areas in Britain since the Sept. 11 attacks in the United States and the July 2005 bombing in London.

Last year, for example, in dramatic raids conducted by 250 policemen in the neighborhood of Forest Gate in East London, two Muslim men were arrested on suspicion of planning a terrorist attack. One was shot and had to be hospitalized. But both were released after no evidence was found to justify formal charges.

The chairman of the Birmingham Central Mosque, Mohammed Naseem, said the attention from the arrests was unwelcome because it was based on what he called the un-British notion of arresting people on the basis of suspicion.

But Dr. Naseem, 82, an outspoken critic of American foreign policy who confronted the American ambassador, Robert H. Tuttle, on Iraq during the ambassador's visit to the mosque last year, said he was concerned about "Muslim nationalism." This "Muslim nationalism" had developed among some of his constituents since 9/11 and was based "not on morality, but my nation right or wrong," he said. "That's the dangerous element, and we're trying to counteract it."

Bank Group Is Told To Halt Flow Of Data To U.S. Officials (NYT)

By Agence France-presse

The New York Times, February 2, 2007

BRUSSELS, Feb. 1 (Agence France-Presse) — The European Central Bank must take action by April to stop the transfer of personal information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations, a regulatory agency said Thursday.

The agency, the European Data Protection Supervisor, told the bank to come up with measures "to make its payment operations fully compliant with data-protection legislation," urging it to "take appropriate measures as soon as possible."

Swift, the Society for Worldwide Interbank Financial Telecommunication, deals with trillions of dollars in global transactions daily between nearly 8,000 financial institutions in more than 200 countries.

It has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees.

The Bush administration has defended the once-secret program, which began after the Sept. 11, 2001, attacks in the United States. But critics in Europe contend that it places American security interests ahead of European civil liberties.

Under European Union rules, information on money transfers can be used only for banking purposes and not for other uses, like combating terrorism.

No More Renditions (LAT)

The Los Angeles Times, February 2, 2007

THERE ARE PLENTY of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale.

After the disgrace of Abu Ghraib and the ongoing international furor over the indefinite detentions at Guantanamo Bay, the Bush administration cannot afford further self-inflicted damage to it's prestige. But this week, the bills for rendition came due when a German court issued arrest warrants for 13 Americans accused in the Keystone Kops kidnapping of a German citizen — the wrong man, as it turned out. Khaled Masri was imprisoned and abused in Afghanistan for five months before being released without charge.

In Italy, prosecutors are also reportedly seeking to indict 25 CIA operatives for kidnapping an Islamic cleric in Milan and sending him to Egypt for alleged torture. Sweden too has been burned by cooperating with U.S. renditions. In December 2001, it handed over to CIA operatives two asylum-seekers accused of terrorism. They were sent back to Egypt where, despite promises to Sweden that they would be properly treated, both also were allegedly tortured.

Continental opposition to U.S. foreign policy is hardly breaking news. But that doesn't mean in this case that the furious European electorates are wrong. Due process remains a fundamental Western value, and outrage about violations is a sign of

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democratic health, not political opportunism. It did not smooth matters that the White House initially denied that any such practices were being used.

It's not as if the Bush administration can claim that renditions from Western Europe have produced life-saving intelligence. (We would have probably heard about the successes by now, if a plausible case could be made.) Even if they had, it's unlikely that the positive effects would outweigh the negative impact of having Washington's most important law enforcement allies — countries that have large Muslim populations known to periodically shelter and incubate terrorists — turn sour on collective policing and prevention efforts.

The administration needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris.

HOMELAND RESPONSE:

Intelligence Pick Says He'd Fight Manipulation (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes.

"There have been a number of occasions in my career when I had to not be popular but to speak truth to power," J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination.

"I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do," he said.

McConnell's comments came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003.

If confirmed, McConnell said, he would inform committee members if that occurs.

McConnell was nominated last month to replace John Negroponte as the overseer of all 16 federal agencies that collect or analyze intelligence. The 2-year-old position was created as part of changes recommended by a presidential commission that examined government failures that preceded the 9/11 attacks.

On other issues, McConnell promised to:

· Review security rules from the World War II and Cold War eras that make it difficult for intelligence agencies to hire foreign-language specialists whose families include non-citizens.

· Consider a first-of-its-kind audit of spending by individual agencies.

· Not use outside contractors in sensitive jobs such as interrogators.

· Support the committee's attempts to get documents that would test conclusions of intelligence agencies.

McConnell, 63, served 29 years as a Navy intelligence officer, including serving as intelligence officer to the Joint Chiefs of Staff during the 1991 Persian Gulf War. From 1992 until his retirement in 1996, McConnell directed the National Security Agency, which performs satellite spying as well as electronic surveillance.

Judge Explains His Dismissal Of Scientist's Suit Against Times (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information.

In an opinion released Thursday, the judge, Claude M. Hilton of the Federal District Court in Alexandria, Va., laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill, a specialist in biological weapons. Dr. Hatfill's lawsuit said a series of columns by Nicholas D. Kristof about the anthrax mailings had defamed him.

Mark A. Grannis, a lawyer for Dr. Hatfill, said Judge Hilton's opinion was unsurprising and was not the last word in the case.

"The opinion is more or less what we expected, given the judge's earlier statements," Mr. Grannis said. "We will appeal, and we expect to prevail."

Mr. Kristof wrote about a government scientist whom he initially identified as Mr. Z, saying this scientist had become the overwhelming focus of the investigation into the anthrax attacks. Then, in August 2002, Mr. Kristof wrote that Dr. Hatfill, formerly

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with the Army bioweapons center at Fort Detrick, Md., had come forward to identify himself as Mr. Z and say the news media had treated him unfairly.

Five people died in the anthrax attacks. Federal authorities identified Dr. Hatfill as a “person of interest” in the investigation but never charged him with any crime. The attacks remain unsolved.

Judge Hilton’s opinion, which was dated Tuesday, said Dr. Hatfill could be considered both a “public official” and a “public figure” and therefore would have to meet a higher burden of proof than would a private figure in order to prevail in a defamation suit. Under that higher burden, a public figure bringing suit must demonstrate that the writer acted with “actual malice” — that is, either knew that what he was writing was false or had “a high degree of awareness” that it probably was.

The judge said Dr. Hatfill was a public official because even after he left his formal government position, he continued to perform official functions as a federal contractor. At the time Mr. Kristof wrote about the case, Dr. Hatfill was receiving federal money to work on national defense programs, the judge said.

The opinion said Dr. Hatfill was also a public figure, holding himself out as an expert on bioterrorism and granting interviews to a variety of news organizations.

Judge Hilton described at length the government’s inquiry into the case and its focus on Dr. Hatfill. He disclosed that the F.B.I. had searched Dr. Hatfill’s car and a condominium owned by his girlfriend and had seized several items, including “notes regarding the anthrax mailings, a spinner flask of anthrax stimulant and a container of Cipro.” A spinner flask could be used to study the properties of anthrax, and Cipro is an antibiotic used to treat a variety of ailments, including anthrax poisoning.

Judge Explains Tossing Out Suit Against N.Y. Times (WP)

By Jerry Markon And Allan Lengel

The Washington Post, February 2, 2007

A series of New York Times columns that explored whether a former Army scientist was responsible for the 2001 anthrax attacks were "cautiously worded" and asserted that the scientist could be innocent, a federal judge wrote in explaining why he decided to dismiss a lawsuit against the paper.

Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about Steven J. Hatfill were false, according to the opinion by U.S. District Judge Claude M. Hilton in Alexandria. Last month, Hilton said he would throw out -- for the second time -- the defamation suit Hatfill filed against the paper. An opinion explaining his reasoning was released Tuesday.

Although the columns identified Hatfill as a "likely culprit" in the deadly anthrax-spore mailings, Kristof "made efforts to avoid implicating his guilt," Hilton wrote. "Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question."

The opinion weighs heavily on the side of Kristof, who has been fighting the lawsuit that Hatfill filed in 2004. Hatfill accused the paper of defaming him and ruining his reputation in the columns. Authorities have identified Hatfill as a "person of interest" in the anthrax mailings that killed five people and sickened 17, but no one has been charged.

Kristof said last night that he was "really pleased that the judge recognized the importance of this kind of reporting" and called it "terrific to have a judgment that protects journalism at a time when the press has had a fair number of rulings against it."

The columnist said he was surprised at the "burden" of fighting a lawsuit. "There are just hundreds of hours that I've had to spend and vast amounts of money the Times has had to spend," he said.

Mark A. Grannis, an attorney for Hatfill, said the opinion "is more or less what we expected, given the judge's earlier statements." He said Hatfill will appeal and "expects to prevail."

Hilton's opinion recounted parts of the government's investigation of Hatfill and said FBI searches of his apartment, his car and a condominium owned by his girlfriend recovered among other things "a spinner flask of anthrax stimulant" and a container of Cipro, an antibiotic commonly prescribed for anthrax. Hatfill had previously said the Cipro was for a lingering sinus infection.

Another attorney for Hatfill, Thomas Connolly, said yesterday that the stimulant was "a pesticide that can be purchased at any hardware store in America" and that Hatfill used it to train first responders in identifying a biological agent like anthrax. Hatfill had provided briefings to government officials and law enforcement agencies about biological weapons.

In the 2002 columns, Kristof said the FBI had failed to aggressively pursue a scientist he first identified as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z and wrote that Hatfill deserved the "presumption of innocence."

Hilton first threw out the case in 2004, ruling that Kristof accurately reported that the scientist was a focus of the FBI probe.

The U.S. Court of Appeals for the 4th Circuit reinstated the suit in 2005 and said Kristof's columns could be read as blaming Hatfill for the attacks.

Homeland Security Moves To Increase Armed Pilots (WT)

By Audrey Hudson

The Washington Times, February 2, 2007

Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate.

Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and U.S. officials will seek to expand the program for overseas flights.

Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said the changes are in response to a working group that has been meeting for months to address pilots' concerns.

"We recognize there is a need to carry a weapon on international flights, but we have to work it out with host countries; it's not up to us," Mr. Bruce said.

But David Mackett, director of the Airline Pilots Security Alliance, doesn't expect a quick fix for a program that has attracted less than 10 percent of pilots.

"Maybe at some point, we will protect a handful of international flights, but the public should not feel secure that it will happen any time soon," Mr. Mackett said.

"Changes are coming at a glacial pace, and there seems to be no sense of urgency. The terrorist clock is ticking, and we need to be doing this now, not a year from now."

Federal air marshals, who number about 2,000, say they are concerned the agency will cut back their numbers as a cost-saving measure and instead turn to pilots to protect the aircraft.

Mr. Bruce said such a proposal is "absolutely not" under consideration.

Pilots are "an enhancement, not a replacement, they have totally separately and unique jobs," he said.

However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal.

"It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now," the source said.

"The air marshals are too elite of a group to be used like security guards," the source said.

One burden lifted is the rule that pilots commuting or "deadheading" on a flight no longer must pack their weapon separately in a lock box in the cargo hold.

Mr. Bruce declined to specify the rule, citing security reasons.

Little Progress Seen For Poorest After Hurricane (NYT)

By Shaila Dewan

The New York Times, February 2, 2007

ATLANTA, Feb. 1 — The recovery from Hurricane Katrina has stagnated for the poorest families displaced by the storm, a new study shows. Many still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children.

The study, conducted in the Gulf Coast region of Mississippi a year after the storm by the Mailman School of Public Health at Columbia University and the Children's Health Fund, showed no improvement since a survey in Louisiana six months earlier.

Among the new study's findings are that more than a third of working families earning less than $20,000 a year before the storm have not regained their previous income level; almost twice as many families are dependent on public assistance; and diagnoses of depression and anxiety among children have increased fourfold.

School absenteeism remains high, with more than a third of children missing 10 or more days of class in April, May or June of 2006. Families with specific needs like food or household items found help far more easily than those who needed legal help, child care or mental health care.

Among adults, the rate of hypertension diagnoses increased by more than a third after the storm in August 2005, and more than 44 percent of parents or guardians tested "very low" on a basic mental health test. About 13 percent said they were coping "not very well or not at all" with the daily demands of parenting, significantly higher than the 1.5 percent who chose that answer in the 2003 National Survey of Children's Health, which the researchers used as a benchmark.

Nearly 40 percent of the respondents said they had been working before the storm but were now unemployed.

Dr. Irwin Redlener, the director of the National Center for Disaster Preparedness at the Mailman school and co-founder of the Children's Health Fund, said the survey results showed a lack of leadership in a relief effort marked by scattershot private efforts that resulted in an uneven distribution of help. For example, he said, the Children's Health Fund runs three mobile clinics, far from enough to meet the need.

"It's not a lack of money," Dr. Redlener said. "It's a lack of structure; it's a lack of distribution of the resources. We have a completely dysfunctional distribution system, and a great deal of bureaucracy."

The survey was conducted in face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous.

"For all practical purposes, these FEMA trailer parks are in fact internal refugee camps," Dr. Redlener said. "Families are mired in these horrendous conditions with no sense of when this is going to be over, either in the minds of the families or in the officials responsible for them."

David Abramson, the study's principal investigator, identified what he called the "poverty penalty," pointing out that the working poor were far more likely to have lost income since the storm. More than half of those who made less than $10,000 a year in wages or salaries lost that income, compared with 15 percent of those who made $35,000 or more before the storm. Half of those living in FEMA trailer parks had a bank account, and 16 percent had a usable credit card, according to the study.

There were significant differences between the people studied in Mississippi and those in Louisiana. In the new study, 43 percent of the respondents were Mississippi natives, compared to more than 80 percent of the Louisianians. In the FEMA trailer sites in Mississippi, just under half those surveyed were black, compared with nearly 80 percent in Louisiana trailer parks.

Robin Hoods (commentary) (WSJ)

The Wall Street Journal, February 2, 2007

Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if you live near the coast.

In Mississippi, Attorney General Jim Hood has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims. His populist opportunism is matched by Florida, where legislators have passed a "reform" that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market.

Mr. Hood has been on a campaign to loot insurers from the first days after Katrina. His complaint is that it is "unconscionable" that insurers have refused to pay for flood damage. Never mind that their contracts specifically contain flood exclusions even as they pay tens of millions for wind damage. This water exclusion has been well known among homeowners and state regulators for years, which is why the federal government offers flood insurance. Mr. Hood nonetheless filed a civil suit and began a criminal probe.

The insurance industry has won a few of these legal skirmishes. But that changed last month when a judge told State Farm to pay a Mississippi couple a $232,000 claim and a jury awarded $2.5 million in punitive damages (since reduced by a judge to $1 million). State Farm is the nation's largest home insurer and has already paid $1.1 billion in Katrina claims in Mississippi alone. But the company looked at its hundreds of other pending suits, did the math, and threw itself on the mercy of Mr. Hood. State Farm agreed to re-open some 35,000 claims it had already settled and to pay at least $50 million more. The insurer also agreed to hand over $80 million to some 640 households represented by tort kingpin Dickie Scruggs.

The one bit of good news is that Federal Judge L.T. Senter Jr. blocked the settlement last week. The judge recognized the deal as an "arbitrary" publicity payout -- long on glory for Mr. Hood but short on the specifics of who would get money. The judge might also have wondered if Mr. Scruggs and his legal team were going to ride off with as much as $46 million.

The bad news is that the judge left the door open for a revised settlement, which is likely and would do unpleasant things to the state insurance market. Other insurers will feel pressure to follow State Farm's lead and pay the flood ransom. The obvious way to finance these unexpected claims will be to raise premiums for other policy holders, while refusing to sell policies in certain high-risk areas. Mr. Hood is basically stealing from future policy holders in order to pay off his current constituents.

As for Florida, insurers are understandably trying to build up their reserves against the likelihood of larger future payouts. Forecasters are predicting more frequent hurricanes for the state, which could mean hundreds of billions of dollars in claims. So premiums have been rising.

Florida legislators and new GOP Governor Charlie Crist have responded with one of the more un-Republican reforms on Florida's books. The measure mandates a reduction in homeowner premiums from private insurers by 5% to 25%, which means that companies are likely to be even less prepared to cover future damages. The legislation will also force insurers that write home and auto policies in other states to offer home insurance in Florida -- or be banned from the Sunshine State.

Another charming twist is that the new Florida law will allow the state-run Citizen's Property Insurance to begin competing with private insurers. This was done in the name of "competition," but it will have precisely the opposite effect. Citizens was designed as an insurer of last resort, but as a government company it will not have to worry about profits and other capitalist details. It will be able to offer lower prices because it has an implicit taxpayer guarantee, a la Fannie Mae. These arrangements typically end badly for the taxpayer, who in this case will be absorbing future hurricane risk without even realizing it.

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Some insurers have already responded to all this by cancelling policies. And Governor Crist this week issued an "emergency" order freezing premiums and barring cancellations. So not only is the state imposing price controls, it is forcing companies to do business. Where'd the Governor learn economics -- Caracas?

More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God. The insurance industry has spent billions of dollars to assist the recovery after Katrina. Who's going to pay when the next storm hits?

Off Guard (WP)

The Washington Post, February 2, 2007

AFTER DECADES of service, the Coast Guard's fleet of planes, helicopters and cutters is aging, just as the service is trying to recast its mission to emphasize demanding new anti-terrorism efforts. But the Department of Homeland Security's inspector general reported last week that, to date, a scheduled retooling of the Coast Guard fleet has hit more than a few expensive and time-consuming snags, including a slew of basic design errors in the service's new flagship vessel. A congressional roasting of Coast Guard chief Adm. Thad W. Allen followed this week, along with a number of stinging news reports.

Though some of it is overblown, the criticism is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste.

The problem dates to a contract the Coast Guard signed in 2002 with government mega-contractors Lockheed Martin and Northrop Grumman to manage the fleet's upgrade project and build needed new craft. The centerpiece of the Coast Guard's brand-new force was to be the National Security Cutter, a 425-foot ship capable of operating far from the American shoreline. According to the inspector general, though, the plans for the cutter contained a series of design flaws that could lead to cracks in the hull or deck and require the early retirement of the vessels. On top of that, the contractors botched the $100 million retrofitting of eight smaller cutters, rendering those craft essentially useless to the Coast Guard.

Before an irate House oversight panel, Adm. Allen took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process. That's a start. Beyond administrative shakeups, the big challenge will be keeping costs down and ensuring the quality of the rest of the work that the Coast Guard's contractors have to complete, including the repair of the two National Security Cutters already under construction and the eight smaller cutters that the Coast Guard had to suspend from service. After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted.

WAR NEWS:

Senate Talks On Iraq Take A New Form (LAT)

By Noam N. Levey And Nicole Gaouette

The Los Angeles Times, February 2, 2007

WASHINGTON — The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup.

After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of "full support" against one introduced by Sen. John W. Warner (R-Va.) that "disagrees" with the president's proposal.

But how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions.

Two Democratic senators who oppose Bush's plan broke with their leaders and said they would not back Warner's measure, which was designed to unify opponents of the troop buildup.

And Republicans wrestled with the sharp divisions in their ranks exposed by the looming war debate next week. "The debate in my caucus has been very passionate on both sides," said Sen. Susan Collins (R-Maine), who has signed on to Warner's resolution. "Feelings are running high."

Seven GOP lawmakers have expressed support for Warner's resolution. Opponents of the buildup are trying to recruit seven or eight more Republicans to reach the 60 votes that would be needed to overcome a promised GOP filibuster.

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And pressure is mounting on undecided Republican senators, particularly moderates and those running for reelection in 2008.

Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber.

Meanwhile, McCain and other senators escalated their attacks on the Warner measure and its supporters.

"Where is the intellectual honesty if you think that you're sending young Americans into harm's way in a futile effort?" McCain asked. "I know if I felt that way, I would say, 'My resolution is a binding resolution that cuts off funding.' That's the intellectually honest approach."

McCain, a former naval aviator who spent more than five years as a prisoner of war in Vietnam, unveiled his alternative resolution Thursday afternoon with co-sponsors Lindsey Graham (R-S.C.) and Joe Lieberman (I-Conn.). Lieberman still caucuses with the Democrats.

Warner's measure is nonbinding and urges the president to consider alternatives to sending more U.S. troops into Baghdad to halt the sectarian fighting.

Wednesday evening, Warner and his co-sponsors specifically added language opposing any funding cutoff, in an effort to woo more Republicans. So far, no additional GOP senators have joined him.

Democratic leaders, including Senate Armed Services Committee Chairman Carl Levin of Michigan, have lined up behind the Warner resolution.

On Thursday, Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), who had been pushing an alternative resolution with Levin that was more critical of the White House plan, abandoned their measure and backed Warner's.

Even Moveon.org, an antiwar grass-roots organization, praised the Senate's move toward a vote on the Warner resolution, saying, "This is an important first step toward Congress blocking the escalation and stopping the war."

But Democratic hopes of holding their caucus together behind the Warner resolution were dashed when Sens. Russell D. Feingold (D-Wis.) and Christopher J. Dodd (D-Conn.) announced they would vote against the measure.

"The Warner-Levin legislation does not explicitly oppose the escalation, [and] it doesn't contemplate the phased redeployment from Iraq," Dodd said.

He and Feingold advocate immediate steps to start withdrawing U.S. forces from Iraq. Feingold proposed legislation Wednesday that would mandate a withdrawal from Iraq within six months after the bill is passed.

Other antiwar Democrats — including Sens. Barbara Boxer of California and Barack Obama of Illinois — said Thursday they were still reviewing the language in the eight-page Warner measure. California's other senator, Democrat Dianne Feinstein, said she would support it.

McCain and other GOP leaders meanwhile pushed forward with their drive to round up the undecided Republicans who could determine which resolution, if either, emerges from the Senate debate next week.

The McCain measure, which is also nonbinding, explicitly states that U.S. forces "should receive from Congress the full support necessary to carry out the United States mission in Iraq."

It does acknowledge past mistakes and lists 11 "benchmarks" for Iraqis, a nod to lawmakers who complain that the Bush administration is not demanding enough of the Iraqi government. These include deploying sufficient forces to help U.S. troops, disarming militias, spending more on reconstruction, and devising a plan to share oil profits between the nation's major sects.

The measure does not spell out any consequences should the government of Prime Minister Nouri Maliki fail to meet these goals. And it conspicuously does not set any timelines.

"The day you say, 'When you fail to do them by a date certain,' you might as well fold up the tent and go home because the enemy knows exactly what they have to do," Graham said.

Some senators and Middle East experts believe that without outlining specific consequences, the U.S. will never succeed in pushing Iraqi leaders to take the difficult political steps they have avoided for years.

But Senate Republican leaders have managed to prevent any new defections to the anti-buildup camp all week and were sounding defiant Thursday.

"I'm trying to get 60 votes for something other than Warner," said Sen. Trent Lott (R-Miss.), the ebullient No. 2 leader in the caucus.

Bush Senate Allies To Seek Iraq Benchmarks (WSJ)

By David Rogers

The Wall Street Journal, February 2, 2007

WASHINGTON -- Trying to stem defections over Iraq, President Bush's Senate allies want a vote next week calling on the Baghdad government to "make visible concrete progress" toward 11 political, military and economic benchmarks.

The resolution, announced at a hastily called press conference late yesterday, is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee.

Sen. Joseph Lieberman, the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans led by Sen. John McCain (R., Ariz.). As recently as Wednesday, Mr. McCain's office had expected no announcement of an alternative Iraq measure so soon. But with the Warner proposal becoming a serious threat, waiting until next week was no longer feasible. "We want to make sure that it's out there," Mr. McCain said.

The Senate floor debate, due to begin Monday, reflects broad discomfort in both parties over Mr. Bush's plan to increase U.S. troop levels in Iraq by 21,500, chiefly to quell sectarian violence in Baghdad.

Army Gen. George Casey, the departing top commander in Iraq, told a Senate panel yesterday that he had initially requested about half that number before the president adopted a more ambitious approach. At the same time, a new report by the Congressional Budget Office says the number could be higher than 21,500 once additional support personnel are counted.

By the CBO's estimate, the full commitment could run as high as 35,000 troops, costing $9 billion to $20 billion, depending on whether the peak deployment lasts four months or 12 months. But the Pentagon and congressional staff familiar with the military's request disputed the CBO's analysis and said the 21,500 total included support staff to complement those already on the ground in Iraq.

Sen. McCain has criticized Gen. Casey, who is now being succeeded in Iraq by Gen. David Petraeus, for not being more aggressive in waging the war and seeking more U.S. troops. But his own resolution reflects the conflict that Gen. Casey described in his testimony: how to balance the U.S. military might with the need to prod the Iraqi forces to take more of the lead.

First among Mr. McCain's benchmarks is a major commitment of "new Iraqi security forces to partner" with the larger number of U.S. troops. Other requirements include "disarming individual militias as circumstances warrant," distributing oil resources and building an independent judiciary.

The resolution doesn't spell out what options the U.S. should pursue if Prime Minister Nouri al-Maliki fails to meet the benchmarks. And a recent meeting in Baghdad between a House delegation and Iraqi officials including Mr. Maliki showed the limits of Congress's power to pressure the Iraqi government.

Rep. John Murtha (D., Pa.), chairman of the House Appropriations panel that oversees funding for Iraq, said he warned that unless more progress was made, Congress would be reluctant to fund new equipment for the Iraqi forces. Mr. Murtha and others in the delegation said the Iraqi reply was that the Maliki government would then secure it elsewhere. "I was stunned," Mr. Murtha said.

A handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy. But at this stage, the Virginian has a strong chance of commanding a solid majority in the Senate; even among the Republicans reluctant to join him, there is little contentment with the direction of the war.

Sen. Judd Gregg (R., N.H.), an ally of the White House, had surprised many this week when he said he was "considering" supporting the Warner language. Mr. Gregg said yesterday he had decided not to vote for the measure, concerned that the debate is more "a political exercise than a substantive exercise" and that he didn't want to be part of a public rebuke of the president. But Mr. Gregg said he continues to have "serious reservations" about the administration's policy.

Compromise Senate Measure Rebuffing Bush's Iraq Buildup Gathers Support (NYT)

By Carl Hulse

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A revised Senate resolution criticizing President Bush's troop buildup in Iraq drew new support Thursday as two authors of a sterner resolution of disapproval said they would accept the compromise, fashioned by Senator John W. Warner.

Senators Joseph R. Biden Jr., Democrat of Delaware, and Chuck Hagel, Republican of Nebraska, said they would back Mr. Warner's alternative, which declares that "the Senate disagrees with the 'plan' to augment our forces by 21,500," calls on the president to consider other alternatives and urges him to limit the American role in countering sectarian violence.

"The bottom line of our resolutions is the same: Mr. President, don't send more Americans into the middle of civil war," said Mr. Biden, one of the authors of the initial resolution, which was approved last week by the Foreign Relations Committee, which he leads.

Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee, was the third author of that plan, favored by the Democratic leadership; on Wednesday night he, too, agreed to support Mr. Warner, a Virginia Republican who has worked with Mr. Levin in the past on major military policy.

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But at least two Democrats, Senators Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin, said they would oppose the new compromise, objecting to its symbolic nature and to wording they said could tie the hands of war critics on potential future votes over military spending. The Warner resolution says Congress should not reduce financing for troops in the field.

"I regret we are not doing something that has more bite to it," said Mr. Dodd, one of the 2008 presidential contenders in the Senate whose positions on the Iraq resolution will figure into their emerging campaign themes.

The shifting allegiances — and the intense procedural gamesmanship preceding votes next week on Iraq policy — left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board.

The Senate Republican leaders intend to mount vigorous resistance to any plan that rejects Mr. Bush's troop buildup and were contemplating their options on Thursday.

"The chessboard changed last night," said Senator Trent Lott of Mississippi, the Republican whip. "We had them checkmated, but now everybody has to go back and look at the board."

The White House spokesman, Tony Snow, said Mr. Bush "will continue to exercise his responsibilities as commander in chief" even if the Senate — with House action expected to follow — approved a resolution opposing the buildup. He reiterated the administration view that a clear split between Congress and the president on Iraq could embolden the nation's enemies.

"Osama bin Laden thought that a lack of American resolve was a key reason why he could inspire people to come after us on September 11th," he said. "I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

With the framework of the Senate debate still being set, House Democrats pounced on a new Congressional Budget Office estimate that the addition of 20,000 combat troops could require an additional 15,000 to 28,000 related support troops to be deployed.

Representative Martin T. Meehan, a Massachusetts Democrat who was among lawmakers requesting the estimate, noted the numbers exceeded administration projections. He said the report "only confirms what we already know: the president has continually tried to hide the true costs of this war, both in terms of money spent and lives affected."

The first significant Senate vote on the Iraq resolution is scheduled to occur Monday evening, when supporters of Mr. Warner's proposal will seek Senate approval to open the debate — a request that could require 60 votes.

Democrats said they were hoping that they could muster that many votes or reach an agreement with Republicans on the terms of the debate, allowing it to get under way. Then lawmakers would be given a few days to lay out their views before a more crucial cloture vote, which would also require 60 votes, on limiting the debate and moving toward a final vote.

Many of the senators from both parties who represented potential swing votes on the Warner resolution said they would be reviewing it over the next few days before taking a stand. The latest draft includes 22 paragraphs of findings, 12 more expressing the "sense of the Congress" on the best options, and 2 requiring periodic progress reports.

Republicans were meeting privately on Friday at a policy retreat and the Iraq resolution was certain to be a major topic.

A few prominent Democrats quickly came out for the Warner plan, which was written with Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, even as they expressed reservations.

Senator Hillary Rodham Clinton, Democrat of New York and a leading presidential contender, said that while she did not support all the provisions in the resolution, she would support it. "It makes the point, which is important," she said. "We're trying to get the attention of this president, to change course."

But the outcome remained unsettled. As Senator Mary L. Landrieu of Louisiana walked from the closed-door meeting of fellow Democratic senators, she declared, "It's still not a done deal."

While some Democrats argued that the Iraq resolution was too accommodating to the administration and were weighing opposition, she disagreed. "It sends a very powerful signal to the president," she said.

Senate Prepares To Debate Opposition To Bush's Iraq Policy (MCT)

By Margaret Talev And Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The Senate will begin formal debate Monday on legislation opposing President Bush's plan to send more troops to Iraq, but Democrats aren't sure that they've got the 60 votes they'll need to break Republican obstruction and move to a final vote.

Senate Majority Leader Harry Reid, D-Nev., and his leadership team said Thursday afternoon that they didn't have a firm vote count for the bipartisan resolution that the leadership has decided to support. It effectively declares no confidence in Bush's

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plan to send more U.S. troops to Baghdad and urges him to reconsider. They acknowledged that they could fall short because liberal Democrats consider the resolution too weak.

Senate Democrats met behind closed doors Thursday afternoon as their leaders assured them that the nonbinding bipartisan resolution was only a first step and that stronger measures to bring the war to a close would follow.

"It's a first step," said Sen. John Kerry, D-Mass., "and a second step is following very quickly afterward where we're going to try to do something binding."

The bipartisan resolution was developed by Sen. John Warner, R-Va., a respected centrist who's long been influential on military matters and is World War II veteran and a former Navy secretary. Democratic leaders chose to endorse his plan and drop a more critical version sponsored by Sens. Joseph Biden, D-Del., and Chuck Hagel, R-Neb., because they feel it has a better chance of winning enough votes to break obstruction from Republicans who back Bush's plan.

Warner's resolution opposes Bush's 17,500 troop buildup for Baghdad but supports the 4,000 troop increase against Sunni Muslim insurgents and al-Qaida in Anbar province. It also declares that it would be wrong to cut off funding for troops in the field. Some Democrats oppose those last two provisions.

Sen. Russ Feingold, D-Wis., said he opposes Warner's resolution, and he hasn't ruled out joining Republicans to block a final vote on it.

"I don't know why people, especially those who voted against this war in the first place, would at this terrible stage want to vote for something that essentially reauthorizes this action and even intensifies it in places like al Anbar province, where most of our people are dying," Feingold said. "That strikes me as an odd strategy for people who want to end the war."

Sen. Christopher Dodd, D-Conn., also said he opposes the resolution, but said he wouldn't vote to block it. Biden and Sen. Edward Kennedy, D-Mass., said they could accept Warner's approach for now.

Some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. "I'm always working," he said.

Senate Republicans huddle in a retreat on Friday, when their leaders plan to pressure wavering members to stick behind Bush. The president will apply pressure, too, when he meets with Senate Republicans at the White House in the afternoon and entertains them and their wives at a reception.

Reid left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward.

"We'll have to see. He's doing very well," Reid said in a brief interview with McClatchy Newspapers.

But Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week.

While Reid stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains.

Most Senate Democrats are backing the Warner approach as their best bet to build a large bipartisan majority behind a no-confidence vote in Bush's plan. They got potentially important grass-roots support Thursday when the anti-war group Moveon.org issued a statement calling the Warner plan an "important first step" toward stopping the war.

The group also assured liberal lawmakers who were on the fence that "the compromise language would not constrain the Congress from using all of its powers to stop the escalation and force President Bush to implement an exit plan."

Sen. Norm Coleman, R-Minn., who opposes a troop buildup, joked that Moveon's position was making him second-guess his own inclination to back Warner. He said of many Democrats: "I think they're just so intent on criticizing the president that they probably see this as a vehicle. That's unfortunate."

Meanwhile, some lawmakers continued to propose other resolutions, although none appeared to have as much support as Warner's does.

Sen. Joseph Lieberman, I-Conn., joined with Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina to introduce a resolution that supports Bush but also tells the Iraqi government that it must meet performance benchmarks for the United States to continue its engagement long term.

Sen. Robert Byrd, D-W.Va., chairman of the Appropriations Committee, said he'll introduce a resolution that proposes to end the 2002 congressional authorization for the war.

Senate Democrats Split On Measure Opposing Bush (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, February 2, 2007

Senate Democratic leaders who decided to back a Republican resolution against President Bush's Iraq war plan in hopes of winning broad bipartisan support ran into stiff resistance yesterday from an unexpected quarter -- fellow Democrats.

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The Democratic dust-up came on a day when opponents of the president's policies received some unexpected ammunition. The nonpartisan Congressional Budget Office reported that Bush's plan to deploy roughly 20,000 additional U.S. combat troops to Iraq is likely to require at least 15,000 support personnel, and possibly as many as 28,000.

That could mean the plan would involve up to 48,000 troops and contractors, at a cost of between $9 billion and $13 billion for the first four months and up to $27 billion for the first year.

The compromise resolution states that the Senate disagrees with the president's plan and urges Bush to instead consider all other options for achieving his strategic goals.

Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans. But defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500.

Two Democratic senators, Christopher J. Dodd (Conn.) and Russell Feingold (Wis.), came out forcefully against the compromise, saying the newly worded resolution goes too far toward GOP positions. Dodd called it "essentially an endorsement of the status quo" in Iraq, while Feingold denounced it as "a deal with the devil."

"This is the United States Senate. This is not some city council somewhere," Dodd said. "It seems to me sending something down that engages the president, that forces the administration to pay attention is something we ought to be considering."

Several other Democrats said they remain undecided; many of them are pushing binding legislation to cap troop levels, force a new vote to authorize the war or begin bringing troops home.

For days, two groups of senators had backed competing resolutions of opposition: a sharply worded version by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), and a more conciliatory resolution by Sen. John W. Warner (R-Va.). The stalemate was broken Wednesday night when Senate Majority Leader Harry M. Reid (D-Nev.) backed a revised version of Warner's resolution.

Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution when it is brought to a vote next week. The first showdown will come Monday afternoon, when the Senate will vote on whether to proceed to the debate. At least seven Republicans, and possibly more than 10, could back the compromise, worked out by Warner and Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.). If, as expected, Democratic opponents of the resolution side with their leaders to break a filibuster, the measure would have close to the necessary 60 votes, but it is not there yet.

If the Senate does break the filibuster, only to see half a dozen Democrats oppose the resolution, Democratic leaders could still pass the measure but would be deprived of the broad, bipartisan vote they want to send a clear signal to the White House.

Gen. George W. Casey Jr., who led the war effort in Iraq before being nominated as Army chief of staff, confirmed that the 21,500 troops in Bush's plan is not the total, as indicated in yesterday's CBO report. In written answers to the Senate Armed Services Committee, he said that "certain additional combat support and combat service support capabilities" would be required. They include "logistical enablers, intelligence assets, military police, and a command/control node," although the numbers would be "minimal."

Democrats said those answers directly contradict statements made by the current Army chief of staff just a week ago.

"The CBO report only confirms what we already know: The president has continually tried to hide the true costs of this war," said Rep. Martin T. Meehan (D-Mass.), chairman of the House Armed Services subcommittee on oversight and investigations.

Army and White House officials said they are reviewing the CBO report and have not yet determined the number of support personnel needed.

During a confirmation hearing yesterday, Warner pressed Casey on why he had asked for fewer than half the additional troops Bush now wants -- two combat brigades instead of five.

"I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission," Casey responded.

To opponents of the Senate resolution, such developments only bolstered their resolve to demand stronger action.

"A political victory is not more important than ending this war," Feingold said.

At issue are three clauses in a resolution that is now 11 pages long.

Of particular concern to some Democrats is a clause stating, "The Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field." That provision was added to win GOP support. Levin said it would not prevent binding legislative action to stop further deployments.

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But some Democrats took offense at equating a cutoff of funds with the endangerment of troops and said it would bind their hands in the coming months.

They also objected to a call for continued "vigorous operations in Anbar province," where U.S. forces have been battling al-Qaeda-linked Sunni extremists.

Another phrase saying that the resolution "should not be interpreted as precipitating any immediate reduction in" present troop levels was seen by some as an endorsement of the status quo.

Majority In Senate Support 'Stay The Course' Resolution (WT)

By Charles Hurt

The Washington Times, February 2, 2007

A bipartisan majority in the Senate yesterday united behind a firm "stay the course" resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war.

The resolution is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war.

"Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field, as such an action with respect to funding would undermine their safety or harm their effectiveness in pursuing their assigned missions," says the resolution, authored mainly by Sen. John W. Warner, Virginia Republican.

Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States "should continue vigorous operations" in parts of Iraq and that early withdrawal "would present a threat to regional and world peace."

Sen. Russ Feingold, the Wisconsin Democrat who has always opposed the war, called the resolution weak and misguided.

"The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another," he said. "The American people have rejected the president's Iraq strategy, and it's time for Congress to end our military involvement in this war."

Sen. Christopher J. Dodd, Connecticut Democrat, also said yesterday that he would oppose the resolution because it doesn't call for withdrawing the troops quickly enough.

"I strongly oppose the Warner-Levin legislation," said Mr. Dodd, who voted in 2002 in favor of the war. "It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq, and the need for meaningful action now."

Debate over the resolution angered some anti-war voters who were crucial to Democrats' victory in the November midterm elections.

"The whole reason so many of us worked for Democratic candidates was so that they would get a majority in Congress and bring the troops home," said Tina Richards, who described herself as a lifelong Republican from Missouri whose opposition to the Iraq war turned her into a Democrat. "They're in the majority now, but they won't bring the troops home."

She said her son is a Marine reservist who expects to be called up as part of Mr. Bush's plan to send 21,500 more troops to Iraq.

"It's pointless. These are nonbinding resolutions, and they won't do a thing to bring our troops home," Mrs. Richards said. "This is the definition of insanity; they're banging their heads against the wall and expecting a different result."

But the nonbinding resolution was embraced yesterday by several key members of both parties, including Sens. Joseph R. Biden Jr., Delaware Democrat, and Chuck Hagel, Nebraska Republican. Both men, like Mr. Warner, voted in 2002 to go to war with Iraq. Senate Armed Services Committee Chairman Carl Levin, a Michigan Democrat who opposed the war, also signed on to the Warner resolution.

Although both sides agree that there is a majority of support to approve the resolution, there is far less certainty about whether it has the 60 votes needed to overcome any filibuster.

Approval of the resolution will have no real effect on war policy because it's nonbinding, said Sen. Jon Kyl, Arizona Republican, adding that its criticism of the administration's policy serves only to undermine the war effort.

"We are not simply speaking to the president," Mr. Kyl said. "Everyone else in the world will get that message. ... Those are the words that will resonate around the world."

Is Iran Fighting Proxy War With U.S. In Iraq?; Interview With Howard Dean (CNN)

CNN THE SITUATION ROOM, February 2, 2007

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WOLF BLITZER, HOST: And to our viewers, you're in THE SITUATION ROOM and it's happening right now.

As bombs go off across Iraq, the top U.S. military commander, up for a promotion, gets a grilling about the violence he left behind.

Is Iran using Shiite militants to fight a proxy war with U.S. troops in Iraq?

CNN's Christiane Amanpour will tell us what they're saying in Tehran. That's where she is right now.

And Democrats divided -- first, Joe Biden's attack on rival presidential candidates. Now shocking allegations from female members of a Congressional Caucus. I'll talk with the Democratic National Committee chairman, Howard Dean, this hour.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Market shoppers and bus passengers blown up by bombs. Students and teachers shot dead.

As fresh violence ripped through Iraq today, the outgoing U.S. military commander there was in the hot seat up on Capitol Hill, where there's a debate on whether he should get the top job in the U.S. Army.

CNN's Michael Ware is in Baghdad.

Christiane Amanpour is in Tehran.

But let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie.

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, Wolf, several senators say they have not yet made up their mind if they will vote for the confirmation of General George Casey to be the Army chief of staff. Among them, one of his sharpest critics, Senator John McCain.

(BEGIN VIDEO TAPE)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

MCINTYRE (voice-over): Casey's critics fault him for failing to adapt as the war took a turn for the worse and only asking for more troops in December, after President Bush ordered an overhaul of Iraq strategy.

GENERAL GEORGE CASEY, U.S. ARMY: I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission.

MCINTYRE: Armed Services Committee Chairman Carl Levin pressed Casey on President Bush's comment that Iraq was headed to a slow failure until the president himself stepped in.

CASEY: I actually don't see it as slow failure. I actually see it as slow progress.

MCINTYRE: In fact, Casey says he still feels only two brigades of additional U.S. troops are needed in Iraq, not the five the president ultimately ordered. And he stubbornly defended his strategy.

CASEY: It may not have produced the results on the time lines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq.

(END VIDEO TAPE)

MCINTYRE: General Casey does not appear to be headed for the unanimous endorsement that his replacement, General Petraeus, got from the U.S. Senate. But he may be confirmed.

Among people who said they would vote for him, last hour on your show, Wolf, Senator Carl Levin said he would vote for him even though he had made some mistakes, because he didn't hold him responsible for what he called the bigger policy mistakes of the Bush administration -- Wolf.

BLITZER: And Senator Levin is the chairman of the Armed Services Committee, so he has some sway.

Thank you, Jamie, for that.

Meanwhile, there's new word today that the troop increase in Iraq could cost $27 billion for a year long deployment. A Congressional Budget Office report says it could also mean thousands of support troops being sent, in addition to the roughly 21,000 combat troops called for in the Pentagon's deployment plan.

In Iraq today, two suicide bombers blew themselves up in a crowded market in the town of Hillah. That's south of Baghdad. Sixty-one people were killed, 150 others wounded. In Diyala Province, the U.S. military says Iraqi troops stopped a suicide truck bomber at the gates of an Iraqi Army compound. The driver was shot dead but the vehicle blew up, wounding 13 Iraqi soldiers.

Police imposed a strict curfew tonight in the southern province of Najaf, where a bloody battle this week pitted Iraqi and U.S. forces against hundreds of gunmen from what Iraqi officials described as a Messianic killer cult. We're now learning new details of that clash.

And joining us now in Baghdad, our correspondent, Michael Ware -- you know, we've seen this phone video now of these bodies from that battle in Najaf the other day. I know you're investigating -- Michael, what went on?

It's very confusing. The only thing we know for sure, there are a lot of dead people there.

What are you picking up?

MICHAEL WARE, CNN CORRESPONDENT: Well, Wolf, what we do finally know is that on Sunday just gone, there was a major engagement, a major battle just north of the holy city of Najaf, south of the capital, Baghdad.

Now, according to the Iraqi government, at the center of this battle was this apocalyptic death cult. I mean, this group who believe that a messiah was among them and had returned.

The government claims that part of their plan, that this sect's intention was to enter the holy city and assassinate the Shia religious sect leadership. They believed that this was part of a prophecy.

Now, this is what the government says, and they say that this group of about 600 or 700 strong had taken land north of the holy city, dug entrenchments, gun positions. They had heavy weapons and that essentially they were approaching zero hour in their deadly plan and government forces intervened.

Beyond that, what we actually do know is that a battle did took place, that government forces did engage irregular forces north of the capital. We also know that Iraqi Army units with American advisers attached became involved. They were quickly enveloped. The American advisers called in two Apache helicopter gunships, one of which went down during the fight. As the battle raged throughout the evening, F- 16s were called in. A-10 and AC-130 gunships and aircraft were also called in. A Stryker unit and some infantry from the American forces, several hundred troops in total, were also brought in.

Now, according to U.S. officials, at the end of this blazing battle, there was at least 250 dead and they've hauled in 400 detainees or more so far.

Now, the Americans, however, are a little bit more cautious about just who they were fighting. Military intelligence -- military spokesmen described them as a Shia breakaway group.

Now, they're saying the jury is still out on whether it was actually this apocalyptic cult, although some officers refer to it as a David Koresh like organization, the American cult leader in Waco, Texas some years ago.

However, there's other stories, that this is a faction upon faction among the Shia militias; that this was a massacre of anti-Iranian forces; that this was a tribal dispute.

Basically, at the end of the day, Wolf, no one saw this battle. No one really knows how it began. And the facts are still emerging from the ruins of this engagement.

BLITZER: I know you'll stay on top of the story for us, as you always do.

Michael, thanks very much.

WARE: Thank you, Wolf.

BLITZER: And a stunning new report today says that on average, more than 1,000 Iraqis were displaced from their homes every day in 2006, since last February's bombing of a Shiite holy site in Samarra. The International Organization for Migration says more than 330,000 Iraqis have been displaced since that attack, which triggered an all out round of sectarian violence. And it's still raging in Iraq.

Iran today began celebrations -- anniversary celebrations, that is -- for its Islamic Revolutionary, which brought hard-line clerics to power a generation ago.

But is Iran exporting that revolution to neighboring Iraq by aiding Shiite militants?

And joining us now from Tehran is our chief international correspondent, Christiane Amanpour.

A rare opportunity for us to get insight -- what are they saying to you, Iranians, about these very serious U.S. allegations, Christiane, that the Iranians are helping foment this insurgency inside Iraq?

CHRISTIANE AMANPOUR, CNN CORRESPONDENT: Well, officially, they're not saying anything, except for veiled comments today on the 28th anniversary of the Islamic Revolution to remain united against "U.S. conspiracies."

Unofficially, sources with very intimate knowledge of the government and government policy have told me that they are really surprised to hear these allegations, that they would not be overtly attacking or urging attacks against American soldiers there, that they want a stable Iraq because it's in their interests. And while they admit that they have a struggle with the United States over issues such as the nuclear issue and regional influence, that they wish they could work with the United States, as they did in Afghanistan, to resolve the situation inside Iraq.

BLITZER: The Americans insist that the Iranians are providing sophisticated equipment, including improvised explosive devices of a new generation, capable of penetrating the best U.S. armor.

Have you had a chance to ask them if they're providing this kind of equipment to Iraqis?

AMANPOUR: Yes, I have. I've asked them. And I've asked them, this is not new, these allegations. And I've asked them over the many times that I've been here and when I've met government officials.

And they always deny it. And their answer is always the same, that our interest is in a stable Iraq, that we want a democratic and free Iraqi government, which there is right now, the Shiite dominated Iraqi government, and that, yes, we would

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like "occupying forces out of Iraq," but once the conditions are set for them to leave Iraq. Because if not, they say, these sources, then Iraq will Iraq will be in an even bigger mess than it is right now.

BLITZER: What about the Iranian nuclear program that the U.S. and others -- the Europeans -- suspect is designed to build a bomb? How does this tension, the current tension between the U.S. and Iran, play into that bigger issue of Iran and a potential nuclear bomb?

AMANPOUR: Well, it certainly does. And, of course, while the West and many in the media talk about a nuclear bomb, here they are insistent, as they always have been, that that is not what they're pursuing. And they always point to the IAEA, which said it does not have evidence to anything other than a nuclear program.

They said that they are going to be announcing some kind of new development in their nuclear program over the next 10 days. We don't know what this is or whether it will happen. But we do know that they're taking journalists to one of the facilities this weekend. Among those journalists will be me and a cameraman from CNN, Mark Phillips (ph).

So maybe we'll know a little bit more over the weekend.

BLITZER: Our chief international correspondent, Christiane Amanpour, inside Iran.

Christiane, we're going to stay in close touch with you.

And will the American people support the Bush administration if it decides to get tough with Iran?

Coming up, I'll speak about that and more with Undersecretary of State Nicholas Burns. He's over at the State Department right now.

Jack Cafferty is in New York with The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: It doesn't get much better than that, you know? You've got Michael Ware in Baghdad. You've got Christiane Amanpour in Tehran. I mean I don't know why you'd want to watch anybody else for news about what's going on in the Middle East, do you?

BLITZER: No. I totally agree.

CAFFERTY: And it isn't in my nature to be sucking up to the management around here, but that's pretty good stuff.

BLITZER: Yes.

CAFFERTY: $75,000 a minute, Wolf -- that's even more than you make. That's how much money Exxon Mobil earned every minute of last year. The oil giant today reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion.

The company topped its own past record of $36.1 billion back in 2005. That wasn't such a good year.

Keep in mind that last year oil prices did hit a record high of $77 a barrel. Gasoline hit $3 a gallon.

Now, then gas prices spiked, a lot of politicians were quick to start calling for a windfall profit tax on the oil companies. Some of them even suggested breaking up the biggest oil companies, like Exxon.

But the talk died down once gas fell back to closer to $2 a gallon.

Oil company executives insist that oil prices go through boom and bust cycles, so their profit margins are about average compared with other industries. They also say they need to keep their large profits and size in order to compete against big foreign oil companies.

So here's our question -- what's your reaction to Exxon energy $75,000 a minute every single minute for an entire year last year?

E-mail us at caffertyfile@cnn.com or go to cnn.com/caffertyfile.

BLITZER: That adds up pretty quickly.

CAFFERTY: Yes, it does.

BLITZER: We're talking billions and billions.

CAFFERTY: Oh, yes.

BLITZER: Thank you very much, Jack.

Up ahead, accusations rocking the Congressional Hispanic Caucus and pitting two California Democratic lawmakers against each other in an increasingly public feud.

Also, the controversy over presidential candidate Senator Joe Biden's remarks about his potential rival, Senator Barack Obama. I'll talk about it with the Democratic Party chairman, Howard Dean. And love and politics Italian style. We're going to show you how a marital spat wound up making headlines and captivating a country. You're going to want to see what's going on in Italy right now.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: New developments in the bomb scares that paralyzed parts of Boston yesterday. Two men have now been charged in what turned out be a promotion for a TV show on a network owned by CNN's parent company, Turner Broadcasting.

But the story took another strange twist in front of the TV cameras earlier today.

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Let's go to Boston.

CNN's Dan Lothian joining us with more on this -- Dan.

DAN LOTHIAN, CNN CORRESPONDENT: Hello, Wolf.

Well, the two men accused of placing those devices across the Boston area and causing a security scare were in court today. At their arraignment, they're facing some very serious charges. But afterward, they didn't appear to be taking it all very seriously.

(BEGIN VIDEO TAPE)

LOTHIAN (voice-over): Just released on $2,500 bail each, Sean Stevens and Peter Berdovsky hugged supporters then launched into an odd rant about haircuts and hairstyles.

PETER BERDOVSKY, DEFENDANT: For example, Afro, I think, comes kind of from the '70s. But then again, there's other styles, like the greased up hair, when they actually use grease.

LOTHIAN: Despite repeated attempts by reporters to get serious comments, the two men did not stray from their unusual performance.

SEAN STEVENS, DEFENDANT: I'm getting sort of more due to -- to get a haircut because it's getting in my bangs now.

LOTHIAN: Earlier, not guilty pleas were entered on charges of placing a hoax device and disorderly conduct. The two were conducting a marketing campaign for an ad agency hired by The Cartoon Network, which is owned by CNN's parent company, Turner Broadcasting.

It led to a massive bomb scare across the Boston area. Blinking electronic signs were found under bridges, highways and other locations.

JOHN GROSSMAN, MASSACHUSETTS ASSISTANT ATTORNEY GENERAL: It's clear that by placing a bomb like device where they did, the intent was to get that attention, at least initially, by causing fear, unrest, that there was a bomb located in this location. MICHAEL RICH, DEFENSE ATTORNEY: I don't think that anybody had -- had any intent to -- to raise fear, concern or alarm.

LOTHIAN: Outside the courthouse, supporters said authorities over reacted.

JAYSON PALM, SUPPORTER: They were just doing their jobs, really. This was part of an advertising campaign. They were getting paid to do this.

(END VIDEO TAPE)

LOTHIAN: I asked the defense attorney about the odd behavior of his clients. He said they were "performing." He went on to say that they're still getting over their shock of what has happened to them over the past 24 hours -- Wolf.

BLITZER: I don't think I've ever seen a news conference like that during my years covering these kinds of stories.

Have you, Dan?

LOTHIAN: I have not. It was quite bizarre. I didn't know what was happening when it was happening at the time. And even after viewing it, it was still shocking.

BLITZER: Yes. I was watching it on TV and I was saying whoa, whoa, these guys are something.

All right, Dan, thank you very much.

The Internet, by the way, played a very important role in uncovering the background of those light installations placed around Boston.

let's get some more details on this promotion gone wrong.

Our Internet reporter, Jacki Schechner, has that -- Jacki.

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, these promotional ads weren't just all over Boston and cities around the country, but there were photos of them all over the Internet. It's something that some blogs picked up on yesterday.

We asked the Boston police whether they've got any tips from bloggers, and they said that their investigative unit was monitoring blogs.

We want to give you an example of what has been online. This is Todd Venderlin's photo he uploaded to Flicker.com. He took this photograph more than two weeks ago. And it shows right here that promotional ad underneath a bridge in South Boston. You can get a closer up look of it there. And then he took it down and you can see what it looks like on the under side.

There's also another woman named Riga Murthy (ph), who took this photograph and uploaded it on January 21st. She says that she thought, when she first saw it, it was part of a popular street game that somebody posted in the comments, that it was, in fact, a Mooninite from the "Aqua Teen Hunger Force" show on The Cartoon Network.

Now, these things are big fodder online now. They're up on eBay. You can bid on them. This one was a starting bid of $2,000. It's a guy named Jack who says he got it outside a bar in Philadelphia. He was a big fan of the show and was going to hang onto it, Wolf. But he says now he thinks he can make some money off of it.

BLITZER: Two grand, nothing to sneeze at.

Thanks very much for that, Jacki.

Coming up, intra-party warfare leading one California Democrat to quit the Congressional Hispanic Caucus. We're going to have details of an increasingly ugly feud.

Plus, my interview with the Democratic Party chairman, Howard Dean. I'll ask him about presidential candidate Joe Biden's controversial remarks about possible White House contender, Barack Obama, and more.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: The Senate has gone forward and raised the federal minimum wage.

Let's go to our Carol Costello.

She's got the latest details -- Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Yes, we just got word a couple of minutes ago, Wolf.

It looks like we're moving closer to an increase in the minimum wage. The Senate just passed, by a vote of 94-3, a bill to raise the minimum wage to $7.25 an hour. The Senate's legislation includes tax cuts for small businesses.

Now, before the bill goes to the president's desk, the differences between the House and Senate versions will have to be ironed out. That will happen in a conference committee. Of course, we'll be following that for you.

Infighting spread today in Gaza despite a three-day-old cease- fire. Hamas militants opened fire in a raid on the Fatah Preventive Security Building in the northern Gaza town of Beit Lahiya. Elsewhere, in central Gaza, Hamas gunmen ambushed a convoy purportedly carrying arms to Mahmoud Abbas' presidential guard. Fatah says the convoy was carrying humanitarian aid. Today's fighting left five dead and dozens injured. It violates a cease-fire which went into effect on Tuesday. More on that thwarted execution plot in Birmingham, England. British police say they're seeking further detention of nine people arrested in a series of raids yesterday. Under British law, police must apply with Magistrate's Court for permission to hold suspects up to 28 days before charging them. The detainees are suspected of plotting to kidnap a British Muslim soldier then torture and behead him. The soldier has not been named.

And British police are confirming that Prime Minister Tony Blair was recently questioned over allegations that his Labor Party tried to reward political donors with titles of nobility. It is the second time police have interviewed Mr. Blair about these allegations. They say he is not a suspect and cooperated fully. Four people, including Mr. Blair's senior political adviser, have been arrested in connection to this scandal.

That's a look at the headlines right now -- Wolf.

BLITZER: They've got scandals all over the world happening right now.

We're going to have another one in Italy.

That's coming up, as well.

Carol, thank you.

Also coming up, when it comes to Iran meddling the United States in Iraq, where is the evidence?

We're going to ask the undersecretary of state Nicholas Burns. He's standing by live.

Plus, my interview with the Democratic Party chairman, Howard Dean. We'll talk about politics, what's going on in the presidential race. That's coming up, as well.

Also, details of the feud that's unfolding right now among Democrats that's rocking the Congressional Hispanic Caucus. It's getting very ugly.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Happening now, the former top U.S. military commander in Iraq grilled at his confirmation hearing by senators critical of the way he executed the troubled U.S. military mission in Iraq. General George Casey now up for Army chief of staff. He told the Armed Services Committee President Bush's troop increase will give commanders greater flexibility.

The Congressional Budget Office now says that increase could cost up to $27 billion over the next year. Also, sources telling CNN members of Congress will get a look at the latest National Intelligence Estimate tomorrow and that the so- called key judgment section will be made public. But the sources say the rest of the Estimate remains classified.

And scandal rocking San Francisco's city hall. Mayor Gavin Newsom admitting to an affair with the wife of his former reelection campaign manager. The man reportedly confronted Newsom and he then resigned. The mayor is apologizing, saying he's deeply sorry for what he calls a lapse of judgment.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

A storm is brewing on Capitol Hill within the Congressional Hispanic Caucus and it's getting ugly. Its leader is coming under growing fire from within the ranks.

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CNN's Brian Todd is standing by with all the details -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, until recently, Congressman Joe Baca was not well known, even in this town. Now, he is under extreme pressure and may not be able to hold his fractious group of legislators together.

(BEGIN VIDEOTAPE)

TODD (voice over): The leader of the Congressional Hispanic Caucus now under heavy fire, accused of not treating the six women in that group fairly. Congresswoman Loretta Sanchez, who just resigned from the caucus, goes further, telling the online publication politico.com that some months ago, caucus chairman Joe Baca told a California politician she was a whore.

Sanchez would not speak to CNN. Her office issuing a statement saying she resigned because of her "... strong opposition to Mr. Baca's chairmanship..."

"The Politico" reporter who interviewed Sanchez says she confronted Baca late last year about the remark.

JOSEPHINE HEARN, POLITICO.COM: This was a closed-door meeting. There were no staff there. It was just members of Congress. And in that meeting he denied having ever made the remark. But quite an argument ensued, as I understand it.

TODD: We couldn't reach Joe Baca directly for comment, but a statement from his office calls Sanchez's accusation "...baseless..." and "... categorically untrue..."

CNN has tried to confirm this account first hand. Congressional observers and Hill staffers tell CNN there have long been tensions in the caucus over the perception that Baca gives more favorable treatment to the men in the group.

Today, Congresswoman Hilda Solis from California gave a statement to CNN saying she shares Loretta Sanchez' sentiment about "... the lack of respect afforded to women members of the Hispanic Caucus."

CNN asked the Democratic Party leader about this upheaval.

HOWARD DEAN, DNC CHAIRMAN: This is something that we have made some calls back and forth into the caucus on. They will resolve it. They have good leadership.

(END VIDEOTAPE)

TODD: We repeatedly called and e-mailed Joe Baca's office for response to those broader accusations that women are not accorded equal treatment in his caucus. As of now, we have not heard back -- Wolf.

BLITZER: All right. Thank you very much, Brian, for that.

And the race is clearly on for the White House. Democrats are already jockeying for power. But is the party threatened by some new splits among those powerful personalities?

(BEGIN VIDEOTAPE)

BLITZER: And joining us now, the chairman of the Democratic Party, Governor Howard Dean.

Governor, thanks very much for coming in.

DEAN: My pleasure. Thank you, Wolf.

BLITZER: It looks like you have got some division -- this is not a surprise -- among Democrats, but let's go through some of them and as chairman, see what you have to say.

First of all, Joe Biden. He had some really blunt comments about fellow Democrats, presidential candidates. First of all, going back, he said of Al Gore and John Kerry, he said, "Democrats nominated the perfect blow-dried candidates in 2000 and 2004... and they couldn't connect."

Now, on John Edwards, he's saying, "I don't think John Edwards knows what the heck he's talking about."

Also some disparaging remarks about Senator Clinton. And, as you know, listen to what he said about Barack Obama.

(BEGIN VIDEO CLIP)

SEN. JOSEPH BIDEN (D), DELAWARE: I mean, you got the fist mainstream African-American who is articulate and bright and clean and a nice-looking guy... I mean, that's a storybook, man."

(END VIDEO CLIP)

BLITZER: What do you make of this?

DEAN: Well, you know, as you well know, Wolf, there are going be a thousand comments of this kind that are controversial and so forth as we go forward. I'm not going to make a practice of commenting on them.

In this particular case, the principals have talked about it, they have resolved their differences. And so I'm not going to get into it at all.

I'm going to be the referee. We're going to have a fair process. The only time I'm going to get into it is if I think things are going on that are really unfair and below the belt. But the media is going to sort this one, and the principals have already talked, Senator Obama and Senator Biden. So there's no need -- no need for me to get involved.

BLITZER: Well, at what point thought do you make a phone call or do you call Senator Biden, for example, and say, "Joe, maybe you should cut back a little bit on the rhetoric"?

DEAN: You know, I think there's been a lot of people probably giving him that advice publicly. And he certainly doesn't need to hear it from me publicly or privately.

Again, my job is to be the referee. I have to be very careful in this campaign. I want the DNC to be the place where every single candidate can feel they can come to, if they feel something else needs to be done differently and they're going to get a fair hearing.

And so you won't hear me commenting about who's the front-runner and who isn't and who said what last week and who said what yesterday and all that kind of stuff. I'm just not going to do that kind of public analysis.

BLITZER: Because your job is to get Democrats elected, Democrats locally, statewide and in the White House.

DEAN: That's right.

BLITZER: And if you have Democrats fighting each other, that's going to make your job a lot more difficult.

DEAN: Well, there's difference between controversial comments that get resolved in a couple of days and really serious stuff. And I'm going the save my comments and interventions for the really serious stuff that isn't going to get resolved between the principals. If the principals can resolve this stuff on their own, they certainly don't need me to help, and I'm going to be -- look, we had great year in 2006.

We've got all the momentum on our side. This presidential Iraq policy is about to be disavowed by the majority of the Senate, including Republicans.

This presidential race is something that we ought to win. We've kept our promises. I think Speaker Pelosi and Leader Reid have done a great job. You know, when was the last time you can remember that people made six promises before they got elected and they kept them on time?

I think it's a great record. And I think we ought to focus -- I want to focus on the positive things the Democrats are doing.

BLITZER: What about the split that the Democrats in the Senate are having now in whether or not they should go along with a modified, a watered-down. symbolic resolution complaining about the extra troops going to the Iraq? You've got Levin and Biden on one side, you've got Russ Feingold on another side saying use the power of the purse.

This another problem you potentially have to get involved in.

DEAN: No, this is not a problem. The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words.

I think this s a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive.

Look, we're doing what Americans elected us to do. The American people do not believe we belong in Iraq. The president is going in exactly the opposite direction that the American people asked him to go to. It's not a surprise to me that any United States senator, Republican or Democrat, might want to listen to their constituents before they listen to a president who's taking us in the wrong direction, despite what the American people voted for.

So, I think you're going to see a unified vote. I think you're going to see unified Democrats.

The question will be, which I'm not going to go into and speculate about, but the question will be, what happens when the House and the Senate disavow the president's wrong-headed actions in Iraq, ask him not to do it, and he does it anyway? Then I think you're going to see more discussions about what the alternatives are in addition to this.

But this is first step, it's the right step. Again, I think both Nancy Pelosi and Harry Reid are doing exactly the right thing on the right timetable, and I think you're going to see overwhelming Democratic support for these resolutions condemning the president's actions in Iraq to escalate the war.

BLITZER: One final quick question. Al Gore, he supported you back in 2004 when you were running for president. Now he's expected to win an Oscar. He's being nominated for a Nobel prize. Should he get back into this presidential race?

DEAN: Again, I'm not going to get into that, but I certainly think he deserves the Oscar and Nobel Prize.

Look, this guy, who is a good friend, a wonderful friend, a courageous friend, has done more to affect public policy than anybody I can think of in the last few years. Al Gore and the people who helped him make that movie -- and it wasn't just Al, but it was others -- have -- have totally changed the way Americans look at global warming.

The president of the United States has tried to pretend that global warming hasn't existed for six years. He has bullied scientists who are concerned about this, as has his administration. And because of the efforts led by Al Gore, we are really doing -- dealing with the issue that may be the most important issue to face this planet as long as humankind has existed on it.

So I think he deserves whatever awards he gets for doing that.

BLITZER: Governor Howard Dean, the chairman of the Democratic Party.

Thanks very much.

DEAN: Thanks for having me on.

(END VIDEOTAPE)

BLITZER: And still ahead, Italians they're spellbound by a very public airing of lover's quarrel involving one of the country's most powerful couples. We're going to have the report from Rome.

But first, the Bush administration leveling some very serious allegations at Iran. Does the administration have the credibility right now to convince the American people it knows the real story?

We're going to be joined here in THE SITUATION ROOM by one of American's top diplomats. Nick Burns, he's standing by live at the State Department.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: We're getting word now, a statement the president has just issued in connection with the Senate going ahead and passing a federal minimum wage increase. The House did that a couple weeks ago.

"Today, the Senate has passed significant legislation," the president's statement says, "that will benefit America's workers and small businesses. By working in a bipartisan way to match a minimum wage increase with tax relief for small businesses, the Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth. I strongly encourage the House to support this combined minimum wage increase and small business tax relief."

As you know, the House version -- House version did not contain the tax credits for small businesses. The House and Senate versions are going to have to be reconciled in what's called a conference committee before it goes to the president for signature.

The Bush administration has been blasting Iran for aiding Shiite militants in Iraq and for a nuclear program that U.S. officials maintain is aimed at building a bomb. If the administration decides to get tough with Iran, what would it make the case to the American people with given the experience in Iraq?

Joining us now, the undersecretary of state, Nicholas Burns.

Mr. Secretary, thanks very much for coming in.

NICHOLAS BURNS, UNDERSECRETARY OF STATE: Thank you, Wolf.

BLITZER: What evidence do you have, for example, that the Iranians are involved in killing American troops in Iraq?

BURNS: Well, Wolf, I think there's incontrovertible evidence that the Iranians have been giving very sophisticated explosive technology to Shia insurgent groups for the better part of the last year and half. Those groups have used that technology, some of which is armor-piercing -- to attack American soldiers and British soldiers and to kill them. It's a very, very serious development.

Now, we have warned the Iranian government in past about this. We had not received an adequate response from them. And you have seen now President Bush, over the several weeks, having decided that we will detain those military and intelligence officials in Iraq who are responsible for this.

Obviously, we wish Iran to cease and desist. Iran is not playing the type of role that most other countries are in Iraq.

Most countries like the United States want to see Iraq stayed together as unitary state. They want to see the problems between the Shia and the Sunni be resolved. But Iran seems to be stoking those problems, igniting them.

And so that's the basic -- that's the basic allegation that we're making against the Iranians. And we hope they're going to have a change of mind.

BLITZER: And the State Department, I take it, is putting together a dossier, a full report that will be declassified and made public going through your arguments, your evidence? Is that right?

BURNS: Well, obviously, we have been making the case for the last several weeks and will continue to make the case to the American people and to the international public that this is a problem. There really is no doubt about it.

You saw an interview, an extraordinary interview, when the ambassador of Iran in Iraq admitted that there are Iranian security operatives on the soil. Now, here's difference between the U.S. and Iran, Wolf. The United States military forces are there under U.N. authorization. Iran has no right and no authorization to have its military operatives or its intelligence on the soil of Iraq.

BLITZER: Although yesterday we heard -- we heard Nouri al- Maliki, the prime minister of Iraq, yesterday in an interview with our own Michael Ware, basically equate Iran and the United States, saying he wants both of them to fight what he called their proxy out of Iraq.

BURNS: Well, you know, I think, Wolf, there's no question that the Iraqi government has to maintain relations with the Iranian government because they're neighbors. We would just hope that the Iranians would choose to have a positive influence and not a negative influence. And right now they're exercising a very negative influence.

BLITZER: Your former boss, the former secretary of state, Madeleine Albright, was here in THE SITUATION ROOM yesterday. You're a career diplomat. You've served for many years over at the State Department. She says the administration

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has a credibility problem right now on Iran, the evidence you say you have on Iran, because of the failures of intelligence that now have been evident involving Iraq.

Listen to what she said.

(BEGIN VIDEO CLIP)

MADELEINE ALBRIGHT, FMR. SECRETARY OF STATE: Because of the decision failures leading to the war in Iraq. And basically, that we were told a variety of things and something else was going on. Now, there may be all the terrible things going on in Iran that we are being told by the administration, but who is to say?

(END VIDEO CLIP)

BLITZER: You acknowledge you have this serious problem of credibility?

BURNS: Well, Wolf, I respectfully disagree. I have been working on this problem of Iran's nuclear ambitions for the better part of two years. We now have a united coalition, the United States, China, Russian, the European countries, supported by India and Brazil and Egypt. All of us believe that Iran's nuclear research program and its plant at Natanz is intended to give Iran in several years a nuclear weapons capability.

There is no doubt about that in the international community. And there are no states, with the possible exception of Syria and Cuba and Venezuela, that believe that Iran's nuclear research program is benign.

And so, we're not in a situation that is analogous to what we were in in 2002 and '03 in Iraq, when there was a great international debate about the issue of weapons of mass destruction in Iraq. There is unanimity across the world that Iran should not have a nuclear weapons capability, that it is trying to create one, and that the goal of our international effort should be to stop them from doing so.

You've seen us pass a Security Council resolution just before Christmas. There will be another Council resolution passed in February and March unless Iran agrees to negotiate with us, and that's what we're trying to do, Wolf. We're trying to negotiate this with Iran. BLITZER: So, bottom line -- bottom line, it's diplomatic and economic pressure. You're not planning on going to war against Iran, at least not now, is that right?

BURNS: Wolf, we are on a diplomatic track. We believe that diplomacy can succeed. And we don't believe that a military conflict is inevitable or even likely.

The fact is that the United States is protecting its interests by detaining those Iranian paramilitary officials in Iraq because they're attacking our soldiers. And we're protecting our interests in the Gulf by deploying our carrier battle groups.

We have been in the Gulf since 1949. And we have an historic responsibility to protect the security of the Gulf Arab states.

So we're not acting in a provocative way. We're actually acting for stability and for peace in the region. We have to ask Iran now to adjust its policies and to be willing to meet us at the negotiating table on the nuclear issue. They have turned us down on that issue, Wolf, as you know.

BLITZER: Nick Burns, the undersecretary of state.

Mr. Secretary, thanks for coming in.

BURNS: Thank you, Wolf.

BLITZER: And Lou Dobbs is getting ready for his program that begins in a few minutes, right at the top of the hour. He's going to tell us what he's working on -- Lou.

LOU DOBBS, HOST, "LOU DOBBS TONIGHT": Wolf, thank you.

Coming up at 6:00 p.m. Eastern here on CNN tonight, we're going to be telling you about the pro-illegal alien open-border lobby. They're using shocking language, even by their standards, now to blast our federal agents trying to enforce U.S. immigration laws.

They're using words such as "terror" and "ethnic cleansing." And what is the president and the federal government saying in response? Nothing.

We'll have that special report.

Also tonight, troubling concerns that radical Islamist terrorists may be using Venezuela as a base for attacks against the United States, with the full support of Venezuela's president, Hugo Chavez.

We'll have that report tonight.

And House Speaker Nancy Pelosi, she apparently believes she has the right to use a military aircraft at taxpayer expense to fly herself, members of her family, other lawmakers in California, all around the country. We'll have that report.

And we'll also be examining the rising Iranian nuclear terrorist threat to this country.

And Terry McAuliffe, the Democratic strategist leading Hillary Clinton's presidential election campaign is among our guests.

We hope you'll join us at the top of the hour here on CNN.

Wolf, back to you.

BLITZER: Did you think the undersecretary of state made a good case as far a Iran is concerned?

DOBBS: I don't -- at this point, I thought it was interesting, your discussion about credibility. I think that it's time for a lot of discussion about the U.S. policy in the Middle East, period. And there's very high bar, I think -- I think -- I'm hardly alone in feeling this way -- but a very high bar for this administration to reach in putting forth evidence that would require a direct action against Iran, either diplomatically or militarily, beyond the sanctions that are already in place by the United Nations.

BLITZER: Lou's coming up in 10 minutes.

We'll be watching.

Thanks, Lou.

DOBBS: You bet. Thanks, Wolf.

BLITZER: And still ahead here in THE SITUATION ROOM, a rising star in the Democratic Party admits to a personal lapse of judgment. Much more on that during our 7:00 p.m. Eastern hour here in THE SITUATION ROOM.

And in Italy, a very public couple has a very public spat. We're going to tell you what's happening in Rome right now. You're going to want to see this.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty in New York -- Jack.

JACK CAFFERTY, CNN ANCHOR: ExxonMobil reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion last year. So we asked: What's your reaction to Exxon earning $75,000 a minute for the whole year?" That's -- if you do the math, that's what it comes out to.

Arlene in Folsom, California, "My reaction to big oil making those gigantic profits happen last year when they made so much dough: I sold my car, began walking and taking public transportation everywhere. I got even for the over-inflated car prices, the insurance prices and the gas-gouging. I save $900 to $1,000 every month and I can now take a vacation."

Mark in Anchorage, Alaska, "Jack, I'm a sourdough Alaskan and to hear that ExxonMobil made $39 billion in profits frosts me as they still owe Alaska billions of dollars for the damage done by the Exxon Valdez spill in 1989. Jerks!"

Mark, "Bully for them. It will allow a great American company to remain great. Additionally, the earnings will allow them to conduct further exploration for new reserves of oil and gas."

Linda, "I don't care how much Exxon makes. I care how much the Saudis make. I care how much the Kuwaitis make and how much all the other countries who fund Islamic terrorists make when selling us their barrels of crude oil."

J.B. in Connecticut, "Jack, the middle class in this country will lament the exorbitant (or is that extorted?) profits by ExxonMobil and other big oil, drug. and insurance companies. But the people in this country that control the laws are the upper class and their paid lobbyists who take good care of our elected representatives. And the upper class makes big money when the big companies make big profits."

"So, who's going to fix this problem? No one."

John writes, "Jack, Exxon makes $75,000 a minute in profits. I wonder if they could spare a minute or two for you or me, Jack."

If you didn't see your e-mail here, you can go to cnn.com/caffertyfile and read more of these online -- Wolf.

BLITZER: You know what they say, Jack. Rich or poor, it's good to have money.

CAFFERTY: That's right. On the whole, I'd rather be rich. I've been rich, I've been poor, and on the whole I'd rather be rich.

BLITZER: Good. See you in an hour, Jack. Thanks very much.

Up next, love and politics, Italian-style. A former prime minister and his wife, they're battling it out in public. You're going to want to see this when we come back.

(COMMERCIAL BREAK)

BLITZER: Italy is being riveted right now by a very public spat between former prime minister Silvio Berlusconi and his wife.

CNN's Alessio Vinci is joining us from Rome with details -- Alessio.

ALESSIO VINCI, CNN CORRESPONDENT: Wolf, Italian politics is perhaps best known for how crazy it is or, at times, for being plain boring. But Italians witnessed something they have never seen before, an open letter on the front page of a national daily, written by Silvio Berlusconi's wife, fed up with her husband's flirting.

(BEGIN VIDEOTAPE)

VINCI (voice over): The letter demanded a public apology by the former prime minister for sexist comments he allegedly made to a group of women during a dinner party, telling one of them he would marry her and another he would go with her anywhere.

"These are comments I consider damaging to my dignity," she wrote. "The can be reduced to jokes." Such a bold and unexpected move by a woman known for staying out of the limelight had the nation spellbound for a day.

Newscasts, newspapers, blogs all devoted a huge amount of space to the saga. And by late afternoon, Berlusconi was ready to apologize, saying, "Forgive me. Accept this public display of public pride as an act of love, one of many."

(END VIDEOTAPE)

VINCI: Had all this played out in the U.S., the outcome may well have been the end of a political career. But here in Italy, it all ended with a nice family dinner at Berlusconi's estate near Milan -- children included -- Wolf.

BLITZER: All right, Alessio. Thanks very much. Always interesting in Rome.

We're here in THE SITUATION ROOM, back in an hour.

Let's go to Lou in New York.

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Will Politicians Unite Against Troop Build Up?; Interview With Carl Levin; Sex And Scandal In San Francisco; Mary Cheney Reacts To Political Fallout (CNN)

CNN THE SITUATION ROOM, February 2, 2007

WOLF BLITZER, CNN ANCHOR: Happening now, a top Republican and Democrat are working together against the troop build-up in Iraq and against President Bush.

Will they get the bipartisan backing they want or just rile up the left and the right?

I'll talk to one of the senators behind the new deal, the Armed Services Committee chairman, Carl Levin.

Also this hour, sex and scandal in San Francisco -- Mayor Gavin Newsom goes before reporters to say he's sorry. It's not just that he had an affair, it's whom he had an affair with.

Plus, Mary Cheney talks openly about the subject her father refused to talk about with me, the subject of the baby she's having with her lesbian partner. The vice president's daughter opens up about her pregnancy and the political fallout.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Frustrations over the war in Iraq are being laid bare on Capitol Hill right now. Senators of both parties have been grilling the president's top commander in Iraq about failures in the war. General George Casey being considered for a new job. That would be the Army chief of staff.

The hearing comes just hours after top Senate Democrats threw their support behind a Republican resolution disagreeing with the troop build-up. They're hoping to build bipartisan support and send the strongest message possible to President Bush.

In the war zone, a source in Iraq's Interior Ministry tells CNN nearly 2,000 civilians were killed in violence in that country in January alone. More than 60 people died in suicide bombings in a crowded market in Hillah today.

Our senior Pentagon correspondent, Jamie McIntyre, is standing by.

But let's go to Capitol Hill.

Our Congressional correspondent, Dana Bash, with the latest -- Dana.

DANA BASH, CNN CORRESPONDENT: Well, Wolf, we're waiting this hour for a press conference with Senator John McCain. He's going to formally unveil his resolution to set up benchmarks for the Iraqis.

Now, Republican leaders hope that will be an alternative to appeals to the GOP rank and file, who don't -- who are skeptical of the president's plan to send more troops to Iraq but don't necessarily want to outright condemn him.

Now, that is just part of the intense behind the scenes maneuvering today after last night's blockbuster bipartisan deal.

(BEGIN VIDEO TAPE)

BASH (voice-over): The morning after Senate Democrats joined forces with leading Republicans to oppose the president's Iraq strategy, Bush allies scrambled to prevent more GOP defections, lashing out at fellow Republicans who would support any measure opposing a troop increase in Iraq.

SEN. JIM BUNNING (R), KENTUCKY: And I believe they send a dangerous message to our enemies.

BASH: Others pleaded for patience.

SEN. JON KYL (R-AZ), INTELLIGENCE COMMITTEE: Years ago, I used to see bumper stickers that said, "Give peace a chance." And I think today we need to dust off some of those bumper stickers and write a couple of extra words in -- give the president's plan for peace a chance.

BASH: That as anti-war protesters walked the halls of Congress, delivering petitions pushing senators to oppose more troops in Iraq.

UNIDENTIFIED FEMALE: We really need to bring an end to this war.

SEN. JOSEPH BIDEN (D-DW), FOREIGN RELATIONS COMMITTEE: The quickest, most effective way to get the president to change his course is to demonstrate to him that his policy has little or no support in this body.

BASH: Democratic leaders signed onto the less confrontational Republican resolution with the goal of attracting the GOP votes they need to actually pass a bipartisan rebuke of the president.

But in the process, Democrats lost some support on their left flank.

Wisconsin's Russ Feingold says he'll oppose it because it contradicts the goal of withdrawing U.S. troops from Iraq.

Democratic presidential candidate Chris Dodd agrees.

SEN. CHRIS DODD (D), CONNECTICUT: I don't know how you can vote for this resolution and vote for that language and then simultaneously be for a redeployment of forces.

(END VIDEO TAPE)

BASH: Now other Democrats on the left say they actually will support this resolution. Ted Kennedy, Tom Harkin, for example.

Now, we understand that Democrats just came out of a closed door meeting and that they have decided that they do have the votes to at least proceed to the debate when they get to that point. And, Wolf, that will be the first incredibly important test vote, when they get to that motion to proceed to debate on this issue -- Wolf.

BLITZER: And so when it plays out on the floor, we expect that to start next week, is that right?

BASH: We expect it to -- what is going on right now is a big question mark, to be honest with you.

Republicans are trying to figure out their next move; Democrats, as well. They're talking to each other behind-the-scenes.

What we can look for, though, what's really important to look for is something that's going to happen tomorrow, Wolf, and that is Senate Republicans are going to have an all day retreat. It's been long planned. And afterward, they're going to go to the White House and have a meeting, face-to-face time with the president.

And we understand from Demo -- from Senate Republicans, rather, who are undecided about this, that they are going to use that time to really discuss this with the president.

And we understand from a senior administration official, Mr. Bush is going to do the same, something he really hasn't done -- personal lobbying -- since this whole issue of resolutions really got underway a couple of weeks ago.

BLITZER: We'll watch it play out, Dana.

Thank you.

Over at the White House today, the press secretary, Tony Snow, is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist.

Listen to this.

(BEGIN VIDEO CLIP)

TONY SNOW, WHITE HOUSE PRESS SECRETARY: Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP) BLITZER: Now to the president's top commander in Iraq, under fire from both sides today, even as he interviews for a new job.

Let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie, what's the latest on this front?

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, General Casey got the roughest treatment from one of his toughest critics, Senator John McCain, who ripped Casey for his past rosy predictions and slammed him for his failure to ask for reinforcements until things were really getting bad in Iraq late last year.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

And I'd be very happy to hear your response, General.

GENERAL GEORGE CASEY: Senator, I don't think there is any question that the situation in the center of the country, particularly in the capital, is bad. And we are working very hard to rectify that.

(END VIDEO CLIP)

MCINTYRE: Critics -- Casey's critics fault him for not asking for more troops until President Bush stepped in and ordered an overhaul of the policy in December. But he said he sticks by the strategy. He said: "It may not have produced the results that everybody hoped, but he does think it's laid the foundation for success."

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That was met somewhat skeptically by other members of the committee, including Senator Carl Levin, the chairman of the Armed Services Committee. He asked Casey if he wouldn't agree with President Bush's own assessment that Iraq was headed for a slow failure until the president personally stepped in. And Casey again disagreed, saying that he thought what they were seeing was slow progress -- Wolf.

BLITZER: I'm speaking to Senator Levin momentarily. We'll ask him what he thinks about this nomination.

Jamie, thanks for that.

We're going to have a lot more coming up on the battle on Capitol Hill and what's happening in Iraq.

But I want to move to a different story right now, a very different story -- a sex scandal going public in San Francisco right now.

The mayor, Gavin Newsom, went before reporters just a little while ago to apologize for having a sexual relationship with his former campaign manager's wife.

Alex Tourk resigned yesterday as Newsom's reelection chief after confronting his boss about the affair. Tourk's wife Ruby once worked as Mayor Newsom's appointment secretary.

Newsom didn't answer reporters questions about calls for him to resign, but he did say this.

(BEGIN VIDEO CLIP)

MAYOR GAVIN NEWSOM, SAN FRANCISCO: Everything you've heard and read is true and I am deeply sorry about that. I've hurt someone I care deeply about, Alex Tourk and his friends and family, and that is something that I have to live with and something that I am deeply sorry for.

I'm also sorry that I've let the people of San Francisco down. They expect a lot of their mayor and my personal lapse of judgment aside, I am committed to restoring their trust.

(END VIDEO CLIP)

BLITZER: We're going to have a lot more on this story coming up in the next hour right here in THE SITUATION ROOM.

Clearly, an awkward, very embarrassing moment for the mayor of San Francisco.

Let's go to New York and Jack Cafferty for The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: Biden blows it -- Biden stumbles at the starting gate. Biden unwraps his bid for '08 with an "Oops!" and "Senator Stupid." Not exactly the kind of headlines you're looking for the day after you kick off a presidential campaign.

But that's what the Delaware senator, Joe Biden, got, after describing Senator Barack Obama as "the first mainstream African- American who is articulate and bright and clean and a nice looking guy."

The Democratic White House hopeful apologized yesterday. He called Obama. He told reporters he regretted that his comments were taken out of context. He said he meant to say Obama was fresh and an exciting candidate.

But the damage may already have been done. Biden's comments about Obama bring back attention to something he said about Indians last year: "You can't go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." And he later said that comment was taken out of context, too.

And then there was the senator's first presidential bid in 1988. He was forced to drop out of that race after it was revealed that he was stealing parts of his speeches from a British politician without attribution, something called plagiarism. So, here's the question -- should Senator Joe Biden withdraw from the presidential race?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile.

The newspapers took no prisoners, Wolf.

"Senator Stupid" -- big, black headline in the "New York Daily News" today.

BLITZER: I saw him on "The Daily Show" with Jon Stewart last night. He's not dropping out yet and we expect to have him here in THE SITUATION ROOM tomorrow. He told our staff earlier in the week he'll be here. We hope to interview him tomorrow, but we're anxious to hear what our viewers think, as well.

Thank you, Jack, for that.

Coming up, he's one of the most powerful Senate voices on Iraq right now, the Armed Services Committee chairman, Carl Levin.

Is he alienating the Democratic Party's base by making a deal with Republicans?

I'll ask him in a few minutes.

Also coming up, something's missing from the race for the White House. Hard to believe, with 18 candidates running or exploring. But our Bill Schneider says it's true.

And she's being applauded by gay rights groups and criticized by some in the Christian right. Now the vice president's daughter, Mary Cheney, speaking publicly about her pregnancy for the first time.

Stay with us. You're in THE SITUATION ROOM.

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(COMMERCIAL BREAK)

BLITZER: The chairman of the Senate Armed Services Committee, he's on Capitol Hill.

He's standing by.

We're going to speak to him in a moment.

But first, as the White House and the Senate head into a showdown over U.S. policy in Iraq, activists around the country are pressuring their senators to take sides in this debate, and it's all taking place -- at least a lot of it -- online.

Let's go to our Internet reporter, Abbi Tatton, with the latest -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, this counter at the Web site of the liberal Moveon.org is right now keeping track of the people all over the country who are calling Senate offices to voice their opposition to President Bush's troop increase. The number is approaching 700,000. Those are the people who are joining what Moveon labels a virtual march on Washington.

There are online tools to help people, to direct people to who the people they should be calling. The group also delivered signatures to Senate offices today, 600,000 of them. Moveon calls the Warner-Levin resolution an important first step.

On the other side -- (AUDIO GAP).

Lights back, no computer. But on the other side, there's been a conservative push to influence Republican senators to oppose this kind of resolution, led by conservative blogger and radio talk show host Hugh Hewitt. He's been urging people to sign an online pledge, telling people that "I will not contribute to any Republican senator who votes for a resolution of this kind."

And that online pledge, Wolf, right now having over 30,000 signatures -- Wolf.

BLITZER: Abbi, thanks very much.

Someone flipped the switch for a second, but we're back.

Joining us now, a power player in this debate over Iraq and the new deal on a resolution against the troop build-up.

That would be Senator Carl Levin, Democrat of Michigan.

He's the chairman of the Armed Services Committee.

Mr. Chairman, thanks very much for coming in.

SEN. CARL LEVIN (D-MI), CHAIRMAN, ARMED SERVICES COMMITTEE: Thank you, Wolf.

BLITZER: You're being criticized by the left and the right for this deal you worked out with the ranking Republican, John Warner.

Listen to your friend, Chris Dodd, Democrat of Connecticut, a presidential candidate.

(BEGIN VIDEO CLIP)

DODD: This is not three years ago or two years ago. We're being asked to send 21,000 young Americans into a cauldron. And we ought to be able to do better than a resolution here that really brings 70 people together that doesn't have any effect on whether or not they're going to be put in that situation or not.

(END VIDEO CLIP)

BLITZER: All right, what do you say to Senator Dodd?

LEVIN: Well, first of all, I think that there -- there's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the president's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course.

This is the best way, we believe, that we can get a change of course, with a bipartisan resolution disagreeing with the president.

And one other thing. Your -- your reporter there made reference to Moveon.org. Moveon.org is a pretty -- has pretty much of a cross section across the Democratic Party. And as she said, Moveon.org supports, as they put it, the Warner-Levin language because it is an important first step toward Congress blocking the escalation.

So Moveon.org, it seems to me, is a pretty good indicator of where an awful lot of Democrats and others in this country are.

BLITZER: On the right, though, a lot of your critics are saying you know what your doing, senator?

You're giving aid and comfort to the enemy and you're undermining the U.S. military in -- in Iraq, who are serving there right now.

I want you to listen to the White House press secretary, Tony Snow.

(BEGIN VIDEO CLIP)

SNOW: Osama bin Laden thought the lack of American resolve was the key reason why he could inspire people to come after us on September 11. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP)

BLITZER: All right, have you thought about the impact your resolution will have?

LEVIN: We sure have. We sure have. Our troops deserve everything. They deserve our support. They deserve our equipment, the best. They deserve to have their families supported. They deserve the best training in the world. They deserve a reliable ally. They also deserve our best thinking and when 60 senators, which is probably the number we have -- or close -- believe that this additional 21,000 is not going to contribute to success in Iraq, but the opposite -- it's going to contribute to an escalation of the military presence in Iraq. And Saddam Hussein is -- excuse me. Bin Laden is perfectly content. Bin Laden is very content to have American forces stay there occupying a Muslim country.

So, yes, we've given a lot of thought to this question. And we think the current course, which is not working, is a road to failure and we've got to change this course, increase the chances of success by pressing the Iraqi political leaders to take responsibility for their own country and make the necessary political compromises.

BLITZER: I know there's a lot of concern, Mr. Chairman, that the insurgents have a new generation of improvised explosive devices that penetrate even the best U.S. armor on the sides of the Humvees and the other vehicles. And there's concern, there's deep concern you're sending these additional troops, as well as the troops who are already there, into what could be a disaster because they're not going to be as protected as they should be. This came up at your hearing today.

LEVIN: It did, indeed. And we are determined that we're going to give our troops, while they're there, the best possible equipment. This has been an ongoing battle against the insurgents to try to stay ahead of them and we've continued to change technologies. We have told our military and our research and development people we will put all the funds necessary. You've got a blank check when it comes to protecting our troops.

That is the way we feel and we're going to keep working the technologies to try to respond to, but more importantly, keep a step ahead of the insurgents and the terrorists.

BLITZER: Are you -- do you have confidence that General George Casey is the best person to be the new Army chief of staff?

LEVIN: I have confidence that he is a qualified person to be the Army chief of staff. He was the vice chief of staff. And I don't think it's right that would put on his shoulders the policy failures in Iraq. There are some who point to the policy failures in Iraq, which have been major, including disbanding the Iraqi Army, not having a plan for the aftermath and other policy failures.

He shouldn't bear responsibility for the civilian decisions made by this administration. He's made mistakes, by the way, but they're not the major policy mistakes which have put us into the box that we're in.

BLITZER: So you'll vote to confirm him?

LEVIN: I will.

BLITZER: Senator, thanks very much for coming in.

LEVIN: Thank you, Wolf.

BLITZER: Carl Levin is the chairman of the Armed Services Committee.

And still ahead, Vice President Cheney's pregnant daughter speaking out for the first time since my interview with her father.

What does she think about the criticism she's getting from some in the Christian right?

And later, an Oscar nomination, a Nobel nomination -- could Al Gore go for the Democratic presidential nomination, as well?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Happening right now, the top U.S. commander in Iraq says he asked for fewer than half the extra troops President Bush is sending to the war zone. General George Casey is testifying before a Senate committee considering his nomination to be the Army chief of staff.

Meantime, the president's Senate allies are trying to stop more Republican defections after a bipartisan deal was struck on a resolution opposing a troop build-up.

Also on Capitol Hill, the leader of the Congressional Hispanic Caucus is under fire. Joe Baca is accused of not treating six women in that group fairly. And wait until you hear what one congresswoman claims he said about her -- that story coming up in our next hour.

Also coming up: the charges that Iran is behind some of the bloodshed and the chaos in Iraq. Our chief international correspondent, Christiane Amanpour, has Iran's response to accusations from the United States that it's meddling and possibly provoking a wider war.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

It was one of the most heated confrontations we have seen in the U.S. Senate in quite a while, the Senate Judiciary Committee chairman, Patrick Leahy, going after the attorney general, Alberto Gonzales. People are still talking about it.

I want you to listen to that exchange.

(BEGIN VIDEO CLIP)

SEN. PATRICK LEAHY (D), VERMONT: He would be held. He would be investigated. We also knew damn well, if he went to Syria, he would be tortured. And it's beneath the dignity of this country, a country that's always been a beacon of human rights, to send somebody to another country to be tortured. You know and I know that has happened a number of times in the past five years by this country.

ALBERTO GONZALES, ATTORNEY GENERAL: Before you get more upset, perhaps you should wait to receive the briefing...

LEAHY: How long?

GONZALES: I'm hoping that we can get the information next week.

(END VIDEO CLIP)

BLITZER: And, today, there are new developments involving that case Senator Leahy was so angry about.

Let's turn to our justice correspondent, Kelli Arena. She is here to explain -- Kelli.

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Wolf, that whole debate focuses on a man named Maher Arar.

Now, he holds both Canadian and Syrian citizenship. He was detained by the United States back in 2002, later deported to Syria, on suspicion that he had terrorist tiles. Well, after he was released, Arar said that he was held and tortured for 10 months.

Now, Senator Leahy was angry, wanted to know why that happened. Why not send him to Canada, where the laws are very similar as they are here in the United States? So, he asked the attorney general for a briefing. He got one today.

The only problem, Wolf, he couldn't say much about it, claiming that it was all classified.

(BEGIN VIDEO CLIP)

LEAHY: The conclusion I have reached from the briefing today is that we have only begun to ask the questions, and we have more questions that have to be asked.

(END VIDEO CLIP)

ARENA: Now, Wolf, this whole story is really very confusing.

Last year, a Canadian commission found no evidence to support that Arar posed any threat. And the government actually apologized publicly, paid him millions of dollars in compensation.

But the U.S. just recently told Canada that Arar remains on a U.S. watch list. So, in one country, he is roaming free, but he can't even get into the other country.

Now, Justice will not talk about this. As you heard, the senators won't talk about it. But at least the GAO is doing a study how people actually get put on watch lists. So, maybe then we will get some answers.

BLITZER: The Canadian government, as you know, gave him about $10 million...

ARENA: That's right. Mm-hmm.

BLITZER: ... in compensation for this entire matter.

ARENA: That's right.

BLITZER: All right, Kelli, I know you are going to stay on top of this story for us.

Other news we're following, this time on the road to the White House, it's a real traffic jam these days, with so many contenders. Some might argue enough is enough. Then, again, others might argue, not necessarily. Let's go to our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, we have got 18 well-known candidates running or exploring the race for president next year. Do we really need more? Maybe.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Two big question marks hanging over the race for president: Al Gore and Newt Gingrich. Gore has described himself as a recovering politician, adding, you have to worry about a relapse.

Here is Gore on Gore.

AL GORE, FORMER VICE PRESIDENT OF THE UNITED STATES: I'm not planning to be a candidate again.

SCHNEIDER: Gingrich is devoting himself to finding what he calls a new generation of solutions to big problems, like energy, immigration, and health care.

Here is Gingrich on Gingrich.

NEWT GINGRICH, FORMER SPEAKER OF THE HOUSE: If the best way to help launch the solutions is to run, I will.

SCHNEIDER: Here is Gingrich on Gore.

GINGRICH: I think it's still possible that Al Gore will get in the race, because he has the resources and name I.D. to be very formidable.

SCHNEIDER: And the issues -- Gore has become a fierce critic of George W. Bush...

GORE: The president of the United States has been breaking the law, repeatedly and insistently.

(CHEERING AND APPLAUSE)

SCHNEIDER: ... and a passionate advocate of environmental action.

(BEGIN VIDEO CLIP, "AN INCONVENIENT TRUTH")

GORE: This is Patagonia 75 years ago, and the same glacier today.

(END VIDEO CLIP)

SCHNEIDER: This news from Oslo: Gore could win this year's Nobel Peace Prize. He's been nominated by two members of the Norwegian parliament.

And this from Hollywood: Gore's movie, "An Inconvenient Truth," is the front-runner for the Academy Award for best documentary.

Gingrich, too, is a passionate advocate.

GINGRICH: The Republican Party has forgotten what made it a majority. Republicanism did not make conservatives a majority. Conservatism made the Republicans a majority.

SCHNEIDER: If conservatives are looking for someone to carry their banner, Gingrich could be the guy.

Do Democrats want to see Gore run for president? We asked. They do. Do Republicans want to see Gingrich run for president? We asked. They're not sure.

(END VIDEOTAPE)

SCHNEIDER: With 18 well-known candidates, why is there still interest in Gore and Gingrich? Because there are doubts about the leading contenders in both parties: Can they win? Are they ready? Are they really one of us? Maybe we should go with someone we know better -- Wolf.

BLITZER: Bill Schneider reporting -- thank you, Bill.

On our "Political Radar" this Thursday: a talent contest of sorts for three of the Democratic Party's top presidential hopefuls. A new Gallup poll asked Democrats and independents who lean Democratic to rate Senators Hillary Clinton and Barack Obama and former Senator John Edwards.

Who did they say was most qualified? Senator Clinton, hands down. Who is the most likable? Senator Barack Obama wins that category. Who is the best public speaker? Obama narrowly edges out Senator Clinton for that title. Who is the best on the issues? Senator Clinton trumps Edwards and Obama on every issue listed, excepted for one. That would be moral values. Senator Obama gets top ratings in that category.

And, finally, who has the best chance of winning the Democratic presidential nomination? Senator Clinton comes out on top again, more than 35 points ahead of her nearest rival on that question. That would be Senator Edwards.

And, remember, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.

And, remember, also, that CNN is a partner with WMUR-TV and "The New Hampshire Union Leader" for the very first presidential debates of the campaign season, two of them, Democratic and Republican, April 4 and 5. It's an unprecedented early kickoff to the race for the White House. You will want to see it right here on CNN.

Coming up: The vice president's daughter delivers a message about her qualifications to be a mother. Our Mary Snow is standing by with the story. And the mayor of San Francisco admits to having an affair with his campaign manager's wife. Is his career in politics done? That's coming up in our "Strategy Session." James Carville and J.C. Watts, they're here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Vice President Dick Cheney told me the other day that questions about his daughter's pregnancy were out of line. But now Mary Cheney herself is speaking publicly about the baby she is having with her lesbian partner.

Let's go to CNN's Mary Snow. She is standing by in New York with what Mary had to say -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, these are Mary Cheney's first public comments about her pregnancy.

She spoke at a forum held here in New York on Wednesday, saying that her pregnancy is not a political statement.

(BEGIN VIDEOTAPE)

MARY CHENEY, DAUGHTER OF VICE PRESIDENT DICK CHENEY: I knew, when Heather and I decided to have a baby, that it was going to be not the most popular decision ever.

SNOW (voice-over): It was a panel hosted and videotaped by "Glamour" magazine. The topic? Success at 20, 30, and 40.

But, for Mary Cheney, the questions turned to her pregnancy with longtime partner Heather Poe.

M. CHENEY: This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate by people on either side of any issue.

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SNOW: But her pregnancy has generated debate. Some say she put herself into the political spotlight when she worked on her father Dick Cheney's reelection campaign in 2004 -- this as President Bush supported a constitutional amendment to ban same-sex marriage.

Gay family advocates say they want to hear more from her.

JENNIFER CHRISLER, EXECUTIVE DIRECTOR, FAMILY PRIDE: You can't have one foot in and one foot out when you're talking about this issue. And she sort of dipped her toe in the water on this topic.

SNOW: On the other side of the spectrum came criticism from James Dobson, founder of the conservative group Focus on the Family. The group said Cheney's pregnancy raised questions about what is best for the child.

That's something Vice President Dick Cheney did not want to address when the question was asked during an interview with Wolf Blitzer in THE SITUATION ROOM. BLITZER: I have interviewed her.

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: I'm delighted -- I'm delighted I'm about to have a sixth grandchild, Wolf, and obviously think the world of both of my daughters and all of my grandchildren.

And I think, frankly, you're out of line with that question.

(END VIDEOTAPE)

SNOW: Now, asked about her father's response, Mary Cheney was quoted by a "New York Times" reporter as saying she felt the question crossed a line.

The head of Family Pride, however, which works to secure gay rights, disagrees, saying the question was not off limits -- Wolf.

BLITZER: Mary, thank you for that.

And up next in the "Strategy Session," we will get to other politics, including Mayor Newsom of San Francisco. He now admits to hurting his friend and constituents by having an affair with his campaign manager's wife. Can this once rising star in the Democratic Party make a comeback?

And how close is the U.S. going to war with Iran? We will talk with Nick Burns. He's a key aide to Secretary of State Condoleezza Rice. He will be here live in THE SITUATION ROOM in the next hour.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: A rocky road lately for the Democrats lately -- one of the party's rising stars may go dim after owning up to an illicit affair. And there's also some discord now among the rank-and-file over a resolution protesting President Bush's proposed troop buildup in Iraq.

Joining us now in our "Strategy Session," Democratic strategist James Carville and Republican strategist J.C. Watts.

Gavin Newsom, the mayor of San Francisco, went before the press in San Francisco just a little while ago and, among other things, acknowledged he had an affair with the wife of his campaign manager.

And he said this.

(BEGIN VIDEO CLIP)

GAVIN NEWSOM (D), MAYOR OF SAN FRANCISCO: Everything you have heard and read is true. And I am deeply sorry about that. I have hurt someone I care deeply about, Alex Tourk, his friends and family. And that is something that I have to live with and something that I am deeply sorry for. (END VIDEO CLIP)

BLITZER: That's -- that's a political problem.

What do you think?

JAMES CARVILLE, CNN POLITICAL ANALYST: Yes. I mean, I think it's a political problem. I don't...

(CROSSTALK)

BLITZER: Is it a career -- is it a career-ender?

CARVILLE: Probably not. I have seen bigger problems than that not big career-enders. But I think, to the extent that he could handle it, that was probably as good an answer as he could given under the circumstances. But he's probably not going to rise very far in national politics for some time now.

BLITZER: What do you think?

J.C. WATTS, CNN POLITICAL ANALYST: I -- in San Francisco, Wolf, I don't know. I don't have a good pulse of how things work out there. Interesting things go on.

But national politics, it's over. He probably didn't have any national ambitions. I would even say state politics, it probably hurts him.

But, you know, I -- I admire the fact that he came clean. And there is an old saying: Confession is good for the soul, but bad for the reputation.

(LAUGHTER)

WATTS: So, we will see how it plays out.

(CROSSTALK)

BLITZER: If you were advising him right now -- he is single -- he's divorced.

CARVILLE: Right.

BLITZER: But he, obviously, admits to having had an affair with this other married woman. What advice would you give him, as a Democratic strategist?

CARVILLE: Well, first of all, I would say, based on what I have seen so far, you're -- you're doing fine.

And the big thing is, talk about what you have accomplished for the city: We all have our failings. I will do better.

And, you know, get married, and, 20 years later, run for anything that you want to. But you are going to have to spend a little time in -- in the cooler here.

BLITZER: Yes, J.C.

WATTS: And, Wolf, the thing is, voters, regardless of -- San Francisco voters may see it differently than I would or maybe than James would or you.

But the fact is, voters will always have a way of dealing with these things. And I think he's gone and he's faced the voters. And now they will have to deal with it whatever way they do.

CARVILLE: But they like the kind of mayor he has been. He -- because he is very popular out there. He may very well win reelection.

Like I said, it's going to be hard. He's going to have to say -- some time, some distance between before he can -- you know, and I don't know how much of a future he had in national politics anyway. He's a nice-looking, articulate guy, but he is the mayor of San Francisco.

Dianne Feinstein was the mayor of San Francisco. She got to be a United States senator.

BLITZER: Yes.

(CROSSTALK)

CARVILLE: So, you know, who knows.

BLITZER: Let's talk a little bit about another Democrat who has got some political problems right now. That would be Senator Joe Biden.

What do you make of the controversial comments he made in that interview in "The New York Observer" and the way he has dealt with it?

CARVILLE: You know, when I read it, and saw what he said, it was -- I said, oh, this is a problem.

(LAUGHTER)

CARVILLE: And, if I didn't know Senator Biden -- and people know him. They like him. And they're smart.

But I am not -- am I surprised that he got into trouble for something he says? No. Because he says so much. And we have to remember, there are so many candidates running for president over such a long period of time. This is going to be the first of many. It's not going to stop. It's not going to stop.

WATTS: That's right.

(LAUGHTER)

CARVILLE: I mean, but it was a -- it was something that required him to address. I think he could have addressed it a little bit force -- more forcefully.

BLITZER: What did you think?

WATTS: Well, there is another old saying that said -- that says, because you have the right to say it doesn't mean it's the right thing to say.

And I'm a little offended that he didn't think that I'm a mainstream African-American and articulate and...

WATTS: I took a shower this morning.

(CROSSTALK)

(LAUGHTER)

BLITZER: But you're not running for president.

CARVILLE: No.

WATTS: But I'm not running for president. That's right.

No, I -- I -- like Jim, I -- like James, I like Joe Biden.

CARVILLE: Right.

WATTS: But Joe likes to talk.

(LAUGHTER)

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WATTS: And we -- you know, we had the same problem with Newt. We would always say -- you know, some of us would say -- well, we would hope -- we would wish that Newt would understand, there's sometimes wisdom in silence, you know? You don't have to address every single issue.

And, of course, 18 months to go before the election, as I said before, I want the popcorn and Coke concessions, because it's going to be very entertaining over the next 18 months.

(CROSSTALK)

CARVILLE: ... the glory of the unspoken thought.

WATTS: Yes. That's right.

BLITZER: He went on "The Daily Show With Jon Stewart" on Comedy Central last night.

Let's play a little clip. CARVILLE: All right.

(BEGIN VIDEO CLIP, "THE DAILY SHOW WITH JON STEWART")

SEN. JOSEPH BIDEN (D-DE), SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN: I spoke to Barack today.

JON STEWART, HOST, THE DAILY SHOW: I bet you did.

(LAUGHTER)

BIDEN: I also spoke to Jesse, and Al Sharpton.

(LAUGHTER)

BIDEN: And I also spoke...

(CROSSTALK)

STEWART: And Michael Jordan and anybody you could get your hands on.

(LAUGHTER)

(END VIDEO CLIP)

BLITZER: The Jackson 5.

WATTS: Didn't call me, Joe.

(LAUGHTER)

BLITZER: He -- you know, I guess he has got to have a sense of humor to try to deal with that. That could be one strategy.

CARVILLE: You know, he's a good guy. He's a very smart man.

And, when you see that, and people -- and everybody likes Senator Biden. I think most of the other senators like him. And I think the press likes him. And people like him. And they just wince, because they know that he's smarter than he shows.

And that was -- and, on his announcement day, he -- he steps in it.

BLITZER: Briefly, on this resolution, this bipartisan resolution now dealing with Iraq, you have got Senator Levin, the chairman of the Senate Armed Services Committee, Senator Warner, the ranking Republican, they have reached a deal. The Democrats, a lot of them, at least, like it. And some Republicans like it as well.

What does the White House do, the strategy? If the White House was trying to derail this, even though it's a nonbinding, symbolic resolution, they clearly are not happy it's going to go forward.

WATTS: Well, I think the fact that it's nonbinding, it has no, you know, effect or weight involved.

BLITZER: It does send a political message out there, though.

WATTS: But I don't think this president is concerned about the politics of it.

I mean, how much more damage can the president do or can he have executed against him? I think the president, again, he is focused on saying: How do we win this? Do we want to make these political statements or do we want to win?

I think the resolution is bad for the troops. And I think it says that, you know, we're going to tolerate -- if we withdraw, we're going to tolerate them killing Americans home and abroad, and we're going to learn to live with it.

BLITZER: James...

WATTS: I think that's a horrible message.

CARVILLE: I think that the Senate has about had enough.

And I don't think that senators like Jim Webb, who has won the Navy Cross, who has a son in Iraq, and senators like Chuck Hagel, who's very brave, served his country very honorably, need Tony Snow or the White House talking about, this is this to Osama bin Laden, or this and that.

The truth is, there is great angst over this. There's great angst about this decision. The United States Senate is the place that -- that it's going to manifest itself. They are going to have a debate on this. And, you know, we're in a democracy. And they may not like it, but these people are trying to do the best for their country with this resolution.

BLITZER: We have got to leave it there, guys, unfortunately. But we will continue this conversation down the road.

James Carville, J.C. Watts, thanks very much for that.

And, remember, they are part of the best political team on television.

And, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.

Up ahead, this hour, at least -- excuse me -- next hour, the Democratic Party chairman, Howard Dean, what does he think about the divisions in his own party over Iraq? Also coming up next: "The Cafferty File." Should Senator Biden withdraw from the presidential race? That is Jack's question this hour -- Jack with your e-mail right after this.

(COMMERCIAL BREAK)

BLITZER: Here is a look at some of the "Hot Shots" coming in from our friends over at the Associated Press, pictures likely to be in your newspaper tomorrow.

In Boston, protesters hold signs in support of two men charged in yesterday's bomb scare.

In Idaho, fire rages through Middleton High School, consuming at least half of the building.

In South Carolina, a Clemson University student gets pushed through the snow in a kayak.

And in Huron Township, Ohio, sumo wrestlers jump into a swimming pool to celebrate the expansion of a water park -- some of today's "Hot Shots," pictures often worth 1,000 words.

Nice pictures to go to Jack Cafferty with -- Jack.

CAFFERTY: Do we have a correspondent on that sumo thing? We should have a reporter out there.

BLITZER: We have a string -- a stringer there, not a full-time correspondent.

(CROSSTALK)

CAFFERTY: ... do a live -- live report on the opening of that water park.

BLITZER: Yes.

CAFFERTY: Should Senator Joe Biden withdraw from the presidential race?

G. in Montreal: "Joe Biden withdraw? From what? He never entered the 2008 campaign. After all, he explores or runs for president every 20 years for five minutes, like in 1987, and yesterday, in 2007. To hell with withdrawing. He should just keep exploring for 20 more years, and announce in 2027. By then, he will be articulate enough to run."

Norman in Kingfisher, Oklahoma: "I listened carefully, not only to what he had to say about Barack Obama, but the way he said it. And it's transparently obvious that, despite his unfortunate choice of words, he was paying his colleague a very gracious and heartfelt compliment. There's no reason for him to withdraw."

Dicky, Corpus Christi, Texas: "Joe can forget about it. He never had much of a chance anyway. And now, well, it's over. It would be better for him to spend his millions in his campaign war chest on Katrina restoration or something like that. He would then at least be remembered more favorably. Stick a fork in Biden. He's done."

Dave writes: "Of course Biden should not withdraw. We need not sacrifice another politician to the winds of political correctness. I accept his explanation about what he intended when he said that Barack Obama was clean. And I strongly wish that the other candidates for president were as clean as Biden and Obama."

Steven in Los Angeles: "Yes, he's through. He's got brains and heart. But, sadly, style counts in presidential politics, about as much as it counts in professional ice-skating. And this guy fell on his butt while trying to execute a fairly simple maneuver."

Bob in Bear, Delaware: "As a Delaware resident, I wish Joe would drop out tomorrow and get back to doing what he does well, which is being our senior senator. On the bright side, I picked January 31 in the Biden-blows-it pool."

Troop Increase Is A Tough Sale For GOP Senators On '08 Ballot (USAT)

By Kathy Kiely

USA Today, February 2, 2007

WASHINGTON — As the Senate prepares to debate his plan to increase troop levels in Iraq, President Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party.

Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception.

It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq.

Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday.

Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota — one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 — expressed exasperation with Bush's policies in Iraq at a hearing earlier this week. "I don't think there is any lack of appetite for clashing with the executive in both parties," Coleman said.

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He will be on the ballot in a state where Sen. Amy Klobuchar, a freshman Democrat, scored a surprisingly lopsided victory in November after a campaign in which she emphasized her opposition to the war in Iraq. Already one celebrity has expressed interest in taking on Coleman: comedian Al Franken.

Tim Penny, a former independent Minnesota congressman who remains close to lawmakers in both parties, predicted that Bush "will get an earful" this afternoon from the senators who are reflecting the unease of their constituents:

·In Virginia's conservative Shenandoah Valley, Twila Decker, who wears a yellow ribbon for the troops, said she's not upset that her senator has decided to oppose Bush's plan. "John Warner is a very smart man, and I would back up John Warner before I would back up the president," she said.

·In Nashville, Donald Oldham said he initially supported the war. Now, like his senior senator, Lamar Alexander, he's unhappy with the plan. "We don't need any more soldiers to die. We don't know what this war is about any more."

·In Oregon, retired college administrator Jim Treanor backed Sen. Gordon Smith's opposition to Bush's plan. "I don't believe that there's been any basis shown by the Iraqi government that it really wants to take the steps that are needed in order to quell militia violence," Treanor said.

Some voters say they support an alternative resolution in support of the president's plan that is being offered by Sens. John McCain, R-Ariz., Joe Lieberman, I-Conn., and Lindsey Graham, R-S.C. Graham is up for re-election next year.

"I'm not a big supporter of Iraq, but I think in general I do support Lindsey Graham and President Bush," said Marlin Alford, a former Army National Guardsman who works for aerospace contractor Lockheed Martin in Simpsonville, S.C. "I think we made a mistake. It's just not that easy to get out."

Contributing: Tracy Loew, The (Salem, Ore.) Statesman Journal; Jennie Coughlin, The (Staunton, Va.) Daily News Leader; Leon Alligood, The (Nashville) Tennessean; Ron Barnett, The Greenville (S.C.) News; and the Associated Press.

Troop Surge Could Be Up To 48,000 (CQ)

By Frank Oliveri

Congressional Quarterly, February 2, 2007

Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers.

The report by the Congressional Budget Office (CBO) found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed.

The Senate expects to launch its long-awaited debate of Bush's new strategy on Feb. 5, and the CBO report is certain to complicate the deliberations.

Some lawmakers questioned the value of the debate if they do not have an accurate account from the administration on the size and costs of the troop increase.

"There is no way that the American people can have a meaningful debate about the troop escalation without understanding the full costs of sending more troops to Iraq," Rep. Martin T. Meehan, D-Mass., who chairs the Armed Services Subcommittee on Oversight and Investigations, said in a statement. "Frankly, it is irresponsible for the administration to roll out a so-called 'new' strategy in Iraq without telling the public what that plan will entail."

Others used the CBO report to buttress their arguments against Bush's troop increase.

The report "puts the cost of the President's decision in even starker terms," House Speaker Nancy Pelosi, D-Calif., said in a statement. "If the President proceeds with his plan, thousands more U.S. troops will be at risk, billions more dollars will be required, and there will be a much more severe impact on our military's readiness."

Sen. Ted Stevens of Alaska, the ranking Republican on the Defense Appropriations subcommittee, said he also was concerned about the higher cost estimates in the CBO estimates, but not so much when compared to the cost of failure in Iraq.

"What's the cost of doing it the other way around?" he said.

Raising Questions

CBO Director Peter R. Orszag provided the new estimates on troop levels and costs in response to an inquiry from Meehan and fellow Democrats John M. Spratt Jr. of South Carolina, who chairs the House Budget Committee, and Ike Skelton of Missouri, who chairs the House Armed Services Committee.

The Pentagon has identified only the combat units involved in the troop increase order.

"However, U.S. military operations also require substantial support forces, including personnel to staff headquarters . . . military police, and provide communications, contracting, engineering, intelligence, medical and other services," Orszag said.

Skelton said the CBO report raised questions about what Bush has been telling Congress and the nation about the troop increase.

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"I am disturbed that the administration's figures may not be fully accounting for what a true force increase will entail," he said.

Skelton added that his committee was seeking clarification from the administration on "just how big the president's troop increase really is."

In a White House briefing Jan. 10, the day Bush announced his new strategy, a senior administration official said the "incremental" added cost for the surge would be "$5.6 [billion] on the military side," to be included in the war supplemental spending request that Bush will submit to Congress this month.

The following day, a Pentagon announcement about the "force adjustments" in Iraq contained a one-sentence clue that the number of troops involved would be greater than just the additional combat forces.

"Other combat-support and combat service-support units may also be deployed as necessary once new requirements are assessed," the Pentagon said.

The U.S. military command in Iraq did not respond Thursday to questions about the numbers of support personnel it would need.

The CBO report also noted that the Pentagon "has not yet indicated which support units will be deployed along with the added combat forces, or how many additional troops will be involved."

Regardless of the final count, the report said, "those units would still represent a significant additional number of military personnel" beyond the 21,500 figure.

Orszag said the CBO took into account Pentagon practices to date in assessing the likely impact of deploying additional combat forces to Iraq.

The report estimated costs for several battlefield scenarios. With the current deployment of about 20,000 additional troops reaching peak strength in May, the CBO estimated that the cost of sustaining such a troop strength for four months — including support troops — would range from $7 billion to $9 billion, depending on the size of the support contingent.

If the extra combat forces and their support units remain in Iraq for a full year, the added costs would total between $20 billion and $27 billion, again depending on how many support troops are needed, CBO said.

Over the past few years, the Defense Department has sent combat brigades totaling 9,500 soldiers to Iraq, of which 4,000 are actually combat troops.

Orszag said Army and Pentagon officials have indicated that it would be "both possible and desirable" to deploy fewer support troops "than historical practices would indicate."

But even if the number is lower than the full normal complement, the CBO said there would still be a "significant additional number of military personnel."

Using the historical force proportions in Iraq, adding 20,000 combat troops would require 28,000 more support troops, for a total deployment of 48,000 troops. CBO also provided an alternative scenario that envisioned 15,000 support troops, for a total increase of about 35,000.

CBO's cost estimates were based on appropriations that Congress provided in fiscal 2006 for operations in Iraq. Those amounted to $89 billion for combat troops and their support units.

Surge Could Cost Triple Bush Projection, CBO Says (MCT)

By James Rosen

McClatchy Newspapers, February 2, 2007

WASHINGTON - President Bush's decision to send more American troops to Iraq could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge, the Congressional Budget Office said Thursday,

If the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion. And under traditional staging formulas, the added combat troops could require up to 28,000 support personnel, at a cost of another $12 billion through next year.

"Thus far, the Department of Defense has identified only combat units for deployment," the CBO said. "However, U.S. military operations also require substantial support forces, including personnel to staff headquarters, serve as military police and provide communications, contracting, engineering, intelligence, medical and other services."

The Pentagon says it can undertake the surge with a smaller support contingent.

"CBO's report concludes that the cost of the president's plan to surge troops will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, D-S.C., the House Budget Committee chairman.

Sean Kevelighan, a White House budget office spokesman, disputed the CBO cost projection.

"We are still reviewing the report but maintain that additional brigades will cost $5.6 billion through `07," he said.

Kevelighan's figure was up from the $3.2 billion estimate that Bush aides had provided previously.

Congress already has appropriated $349 billion for the Iraq war, Spratt said. Bush is expected to send lawmakers an emergency spending bill next week seeking $100 billion more for the fighting in Iraq and Afghanistan, $80 billion of that for Iraq. He also will send his budget plan for the 2008 fiscal year next week, seeking tens of billions of dollars more for the wars.

The supplemental appropriations measure won't include money for the 21,500 new troops now en route to Iraq.

The new report on the cost of the surge comes as many Democratic lawmakers and some Republicans question the wisdom of sending more U.S. troops to Iraq.

Some Democrats have talked of trying to cut off money for more troops, but the party's congressional leaders so far have said they won't do so. Administration officials maintain that no extra money is needed because the added costs can be handled from existing Pentagon funds.

Spratt requested the CBO report along with Reps. Ike Skelton, D-Mo., the House Armed Services Committee chairman, and Martin Meehan, D-Mass., who heads the oversight and investigations subcommittee of the armed services panel.

White House Press Secretary Tony Snow reiterated the Bush administration's assertion that it can pay for the surge with money already appropriated to the Defense Department.

"The money is in the budget now for the five brigades into Baghdad and the 4,000 Marines into Anbar (province), and we would encourage everybody to take a look at what happens," Snow said.

That claim didn't satisfy Skelton.

"Because the president's advisers have indicated that they will pay for the troop increase from funds already provided to the Department of Defense, we were concerned that the full financial cost of the escalation would never be made clear to the American people," he said.

The Congressional Budget Office said the troop increase would cost more because thousands of support personnel would have to accompany those sent into combat.

It projected a range of costs tied to four scenarios for the surge, from one peaking at 35,000 troops and lasting 10 months to one peaking at 48,000 troops and lasting 18 months.

Whether fewer or more troops are dispatched, the increase will take three months to reach full force and three months for a withdrawal, the CBO said.

The agency gave cost projections for 48,000 new troops being in Iraq for four months at peak strength and for the same number for one year at peak strength; it made similar projections for 35,000 more troops over the same periods if fewer support personnel are needed as the Pentagon claims.

Snow, Bush's chief spokesman, said it was "tricky" to try to predict how long the additional troops would be needed.

"I won't give you an absolute timetable, but obviously the next six to eight months are going to be times when people expect to see something happening," he said. "But I would be very wary about trying to assign a specific date to it."

Iraq At Risk Of Further Strife, Intelligence Report Warns (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, February 2, 2007

A long-awaited National Intelligence Estimate on Iraq, presented to President Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document.

In a discussion of whether Iraq has reached a state of civil war, the 90-page classified NIE comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption.

The document emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus.

Completion of the estimate, which projects events in Iraq over the next 18 months, comes amid intensifying debate and skepticism on Capitol Hill about the administration's war policy. In a series of contentious hearings over the past two weeks, legislators have sharply questioned Bush's new plan for the deployment of 21,500 additional U.S. troops and the administration's dependence on the government of Iraqi Prime Minister Nouri al-Maliki.

In acid remarks yesterday to Gen. George W. Casey Jr., the departing U.S. commander in Iraq, Sen. John McCain (R-Ariz.) noted that "things have gotten markedly and progressively worse" during Casey's 2 1/2 -year tenure, "and the situation in

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Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing." Casey was appearing before the Senate Armed Services Committee on his nomination to be Army chief of staff.

Although McCain supports the additional troop deployments, he has proposed a Senate resolution including stringent benchmarks to gauge the progress of the Iraqi government and military. McCain's resolution and other nonbinding, bipartisan proposals that would express varying degrees of disapproval of Bush's plan will be debated on the Senate floor next week.

Legislators have been equally critical of the intelligence community, repeatedly recalling that most of the key judgments in the October 2002 NIE on Iraq's weapons of mass destruction were wrong. That assessment concluded that Saddam Hussein had amassed chemical and biological weapons and was "reconstituting" his nuclear weapons program. It became the foundation of the Bush administration's case -- and congressional authorization -- for invading Iraq.

"One of the sort of deeply held rumors around here is that the intelligence community gives an administration or a president what he wants by way of intelligence," Sen. Dianne Feinstein (D-Calif.) told Navy Vice Adm. John M. McConnell, Bush's nominee to be director of national intelligence, during McConnell's confirmation hearing yesterday.

Without directly accepting Feinstein's premise, McConnell replied that the intelligence community had learned "meaningful" lessons over the past several years and that "there's very intense focus on independence." McConnell and others made clear that the new NIE on Iraq had been subjected to extensive competitive analysis to test its conclusions.

One senior congressional aide said the NIE had been described to him as "unpleasant but very detailed." A source familiar with its language said it contained several dissents that are prominently displayed so that policymakers understand any disagreements within the intelligence community -- a significant change from the 2002 document, which listed most key dissents in small-type footnotes.

Sen. Christopher S. Bond (R-Mo.), vice chairman of the Senate intelligence committee, pointedly told McConnell that "we are not going to accept national security issue judgment[s] without examining the intelligence underlying the judgments, and I believe this committee has an obligation to perform due diligence on such important documents." Previous committee attempts to obtain material to back up a 2005 NIE on Iran, Bond said, had "run into resistance."

The outgoing director of national intelligence, John D. Negroponte, briefed the president on the Iraq NIE yesterday, and the document will be made available to Congress early today. A two-page declassified version of its key judgments will then be posted on the DNI Web site.

Sources familiar with the closely held estimate agreed to discuss it in general terms yesterday on the condition that they remain anonymous and not be directly quoted. But Negroponte and others in the intelligence community have made frequent references to its conclusions in recent testimony.

On Tuesday, Negroponte referred to the NIE in testimony before the Senate Foreign Relations Committee. "Iraq is at a precarious juncture. That means the situation could deteriorate, but there are prospects for increasing stability" that depend on the commitment of Iraqi government and political leaders to take steps to end Sunni-Shiite violence and "the willingness of Iraqi security forces to pursue extremist elements of all kinds," he said.

Congress, which requested the Iraq NIE last August, has pressured the intelligence community to complete it in time for consideration of Bush's new strategy. Intelligence officials have insisted that their best experts were working on the project at the same time they were meeting the demands of policymakers for current intelligence reports.

NIEs comprise input from across the community and are written by the National Intelligence Council.

Potomac Watch Senator Feingold's Sin (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, February 2, 2007

The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party.

Sen. Russ Feingold held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war.

Mr. Feingold's reward for honesty was to preside over what might have been the least-attended hearing so far in the Iraq debate. And those of his Senate colleagues who did bother to show up looked like they couldn't wait to hit an exit door. "If Congress doesn't stop this war, it's not because it doesn't have the power. It's because it doesn't have the will," declared Mr. Feingold. Ted Kennedy -- one of two Democrats who put in an appearance -- could be seen shifting uncomfortably in his seat.

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That's because Sen. Feingold is coming uncomfortably close to unmasking the political charade playing on the Senate stage. Critics of President Bush want an unhappy public to see them taking action on the war. So we have the Biden-Warner compromise resolution condemning the plan to increase the forces. There is also talk of capping troops, of requiring redeployments to Afghanistan, of benchmarks and progress reports.

All these proposals have one overriding thing in common: While they may hurt the war effort, none are significant enough for Congress to take responsibility when Iraq is irrevocably lost. This is President Bush's war, and his critics won't take any step that puts them on the hook as well. Sen. Feingold's sin is to suggest that Congress do something more than play politics.

It's a delicate high-wire act, made more complex by the opponents' need to reassure the public that their actions, which will surely encourage the enemy and deflate troop morale, won't, in fact, encourage the enemy or deflate troop morale. This has led to the spectacle of the Senate one day unanimously voting to confirm Gen. David Petraeus, and the next taking up resolutions that would kneecap his plan for success. John Warner and Chuck Hagel are all for the troops, just not for letting them win. Very courageous indeed.

Meanwhile, back in the distasteful department, Sen. Feingold's hearing also drew attention (darn him!) to the other pachyderm in the room: the Constitution. The Senate next week may well pass a resolution that criticizes the Iraq troop buildup, yet notably it will be "non-binding." Should the president ignore it -- which he will have the legal and moral right to do -- pressure will increase for Congress to take real steps to micromanage the war, say with a troop ceiling.

But as constitutional scholars testified at the hearing, Congress (even one worried about its political backside) does not have an unfettered right to be commander in chief. The Founders specifically chose not to give Congress the right to "make" war, worried that this term might allow legislators to conduct military engagements. Instead, Congress was restricted to "declaring" war, which is what it did when it authorized President Bush to invade Iraq. Another constitutional power is to end war, by refusing to appropriate money. But "in the conduct of war, in the conduct of foreign affairs, the president is in fact the decider," said University of Virginia professor Robert Turner.

It is thus dawning on senators that any plans for tinkering with Iraq might not prove so easy. Mr. Feingold largely focused on the question of cutting off funds, but the three or four other war opponents present were eager to coax the assembled witnesses into giving them constitutional cover for other actions.

Sen. Dick Durbin floated the latest brainstorm: Since Congress's authorization of the Iraq war was premised on finding WMD and deposing Saddam Hussein -- and since we never found WMD and Saddam is now gone -- doesn't Congress have the constitutional right to revisit the war authorization? Even the liberal scholars, who'd been picked for their willingness to testify that Congress can do whatever it wants, looked peaky at the idea. That included one-time assistant-attorney general Walter Dellinger, who felt so strongly about executive power in the 1990s that he advised President Clinton to invade Haiti without congressional authority, but today believes the Republican in the Oval Office is getting away with too much.

The pesky constitution is a new hitch for the war critics, whose strategy was to briefly act as backseat generals, get the headlines, and then wait for President Bush to take the fall. Instead, Sen. Arlen Specter was gauche enough at the Feingold hearing to worry out loud that Congress was setting down a path that may lead to a "confrontation" between the two branches.

He might well worry. If one thing has defined the Bush years, it has been the president's willingness to exert his executive authority in defense of America. He's done it with detainees, with wiretaps, with military commissions. And he fervently believes success in Iraq is crucial to American security. In any thorny debate over just how much authority Congress has to interfere, it's a good bet Mr. Bush's own legal team will be pointing out the strong constitutional case that only the president has the right to decide where and how to deploy troops, as well as noting the peril of ceding any of that authority to 535 mini-me commanders in Congress.

What happens then? What happens if President Bush ignores Congress's attempt to direct the war? A few in the Democratic Party would love for an excuse to commence impeachment proceedings, but the rest understand that's political suicide. Then there's court. If liberals were unhappy about the Supremes deciding the 2000 election, imagine the theater of nine black robes deciding the outcome of the Iraq war.

Whatever comes, Congress is to blame. For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin.

Casey: Only Half Of Troop Boost Needed (AP)

By David Espo

AP, February 2, 2007

The outgoing top U.S. general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad.

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Gen. George Casey quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could "either reinforce success, maintain momentum or put more forces in a place where the plans are not working."

The latest National Intelligence Estimate on Iraq, delivered to the White House on Thursday, described an increasingly perilous situation in which the U.S. has little control and further deterioration is possible, The Washington Post reported. A two-page summary of the report was scheduled to be released publicly on Friday.

The 90-page classified report comes to no conclusion over the question of whether civil war has engulfed Iraq, unidentified sources familiar with the document told the Post. It says that al-Qaida activities remain a problem but cites Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals, the Post reported in its Friday editions.

While optimistic at times about improvement in Iraq, the report casts uncertainty over whether Iraqi leaders will be effective in fighting sectarian interests and extremists, establish effective national institutions and stop corruption, the Post said.

As Casey spoke at a confirmation hearing into his nomination to become Army chief of staff, the full Senate lurched toward a widely anticipated debate on the administration's policy, the first since midterm elections in which public opposition to the war helped install a new Democratic majority.

One day after critics of Bush's revised war strategy merged two competing Senate measures, the White House worked to hold down the number of GOP defections while two liberal Democrats attacked the compromise as too weak. An early test vote on the issue is tentatively set for Monday.

"It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq and the need for meaningful action now," said Sen. Christopher Dodd of Connecticut, who is seeking the 2008 Democratic presidential nomination.

Casey endured occasional sharp criticism as he appeared before the Senate Armed Services Committee.

"I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you have made over the past two and a half years as commander of Multi-National Forces in Iraq," said Sen. John McCain, R-Ariz. "During that time, things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating."

So far, no senators have announced plans to oppose Casey's elevation to chief of staff, although McCain, as well as Sens. Lindsey Graham, R-S.C. and Joseph Lieberman, I-Conn., said they were undecided how to vote.

In the peculiar politics surrounding the Iraq war, the three lawmakers are among the strongest critics of the nonbinding legislation. It would criticize the president's decision to increase troop levels as a way of stabilizing Baghdad nearly four years after Saddam Hussein was forced from power.

They said they intend to advance an alternative measure setting out the goals that should be met by the Iraqi government, and pledging whatever resources Petraeus requests. "We've come to the conclusion that the Petraeus strategy ... to buy some time for political reconciliation is our best chance for victory," said Graham.

Critics of the war, including most Senate Democrats and several Republicans, appeared to be coalescing around a revised measure advanced by Sen. John Warner, R-Va., and a group of lawmakers of both parties. It says the Senate "disagrees with the `plan' to augment our forces by 21,500, and urges the president instead to consider all options and alternatives."

Many Democrats had been supporters of a stronger measure, one declaring that Bush's plan for more troops was "not in the national interest."

That criticism was jettisoned Wednesday night as Majority Leader Harry Reid of Nevada maneuvered to pick up Republican votes. Additionally, the new measure says Congress "should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field," a provision that Republicans said was designed to outflank Democrats eager to rein in Bush's policy.

Several officials said Reid told a closed-door caucus during the day that lawmakers would have an opportunity to vote for binding restrictions on Bush's war policy in the coming months.

"For me it was a reassurance" that the Senate's hands would not be tied to end the war but troops would still be protected, said James Webb, a Virginia Democrat elected last fall as a critic of the war.

Two veteran liberals, Edward M. Kennedy, D-Mass., and presidential hopeful Joseph Biden, D-Del., were among Democrats who said they were ready to accept the watered-down nonbinding measure as a first step.

Not so Dodd and Sen. Russell Feingold.

Feingold, D-Wis., issued a statement saying the measure "misunderstands the situation in Iraq and shortchanges our national security interests. The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another."

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Two other presidential hopefuls, Sens. Barack Obama of Illinois and Hillary Rodham Clinton of New York, said they were undecided on whether to support the measure. Both favor binding legislation to force a change in policy toward Iraq.

Separately, the Congressional Budget Office said Bush's plans would cost $9 billion to $14 billion for a four-month deployment, depending on the number of support troops required. It said that based on experience, each 4,000-troop combat brigade would be accompanied by 5,500 support personnel — 28,000 more than Bush is sending. A Pentagon spokesman, Paul Boyce, dismissed the estimate as too high, but he declined to offer his own estimate.

Casey's comments marked a rarity, a four-star general pulling back the veil on high-level differences expressed in advance of a presidential decision.

The White House seemed unperturbed. "What General Casey was talking about is some suggestions he'd made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey," said presidential spokesman Tony Snow.

The remarks drew skepticism in Congress, though.

"I'm not certain five additional brigades in Baghdad and one more in Anbar province are sufficient to do the job," said McCain. "I am certain, however, that the job cannot be done with just two additional brigades, as you, General Casey, had advocated."

At his own confirmation hearing last month, Petraeus testified that he wanted all 21,500 troops moved "as rapidly as possible" into Iraq.

Casey: Fewer Troops Can Do Baghdad Job (USAT)

By Tom Vanden Brook

USA Today, February 2, 2007

WASHINGTON — Curbing insurgent-led violence in Baghdad can be done with fewer troops than the 17,500 extra proposed by President Bush, Gen. George Casey told a Senate panel Thursday during a confirmation hearing on his nomination as Army chief of staff.

Bush is sending the extra troops to Baghdad as part of an overall increase of 21,500 troops in Iraq, but "I believe that the job in Baghdad … can be done with less than that," Casey said.

"But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility," he said.

Lt. Gen. David Petraeus is Casey's replacement as the top U.S. commander in Iraq.

White House spokesman Tony Snow said the president has talked to Casey, and "Gen. Casey supports the plan."

Casey, who was nominated to succeed Gen. Peter Schoomaker as Army chief of staff, was criticized by senators of both parties for his record in Iraq.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

McCain also challenged Casey on what he called overly "rosy" predictions of success in Iraq over the past two years. He referred to a statement in December 2004 in which Casey predicted that Iraqi security forces would be able to maintain order in Iraq by the end of 2005.

"That obviously has not panned out," Casey said.

Casey said he did "not believe we have a failed policy." Rather, "I believe the president's new strategy will enhance the policy that we have."

Sen. John Warner, R-Va., who has co-authored a non-binding resolution opposing the troop increase, said Iraqi troops should bear greater responsibility for security there.

Casey has supported turning over security responsibilities to Iraqi forces more quickly. He said Thursday that Iraqis were willing, but not ready, to take over.

"The struggle in Iraq is winnable," Casey said, adding that it will take patience and will.

As the Senate committee debated Casey's nomination, the Congressional Budget Office (CBO) released a report that says Bush's plan for more troops could also require an extra 28,000 support troops.

The CBO report says the Pentagon's "practice has been to deploy a total of about 9,500 personnel per combat brigade to the Iraq theater, including about 4,000 combat troops and about 5,500 supporting troops."

Adding the new troops will add an additional $13 billion for four months to the current costs in Iraq, the report says. If the higher troop levels were maintained for a full year, it will cost $27 billion more.

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The CBO report shows the costs of Bush's plan "will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, a South Carolina Democrat and chairman of the House Budget Committee.

Casey Defends Iraq War Effort (MCT)

By Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The U.S. can win in Iraq and American policy there hasn't failed, Gen. George Casey said Thursday in response to a sharp condemnation from Sen. John McCain, who questioned Casey's judgment in his 2 { years as the top American commander in Iraq.

Casey defended his record at a Senate Armed Services Committee hearing on his nomination to become the next Army chief of staff. He stood by his recommendation that Baghdad needed fewer extra troops than President Bush had proposed, said calls for a U.S. withdrawal from Baghdad could hurt the new commander's flexibility and denied that the strain of the Iraq war has broken the Army.

McCain, R-Ariz., a potential presidential candidate, said that Casey had called for adding too few troops and failed to prevent an escalation of sectarian violence.

"I question seriously the judgment that was employed and your execution of your responsibilities in Iraq, and we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy," McCain said.

"Senator, I do not agree that we have a failed policy," Casey said. "I believe the president's new strategy will enhance the policy that we have."

Casey defended his decision to call for only two additional American brigades for Baghdad, saying his principle was to not add a single additional soldier or Marine more than needed.

McCain said he was "not certain" that Bush's plan to add five brigades (about 17,500 troops) was enough, but he was sure that "the job cannot be done with just two additional brigades."

Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility.

Sen. Carl Levin, D-Mich., the committee chairman, pressed Casey on why he changed his mind between mid-November, when he said no increase in troops was needed, and December, when he called for an increase of two brigades.

Casey said what changed was that the Iraqi government developed a new plan that called for increased forces.

He also said that political reconciliation among Iraqi factions - including a system of sharing political power and oil revenues - was essential for stability. He argued that Iraqis must take responsibility for security as soon as possible, but added, "They're not quite ready.

"The struggle in Iraq is winnable," Casey said, but it will "take patience and will."

He said that Iraqi Prime Minister Nouri al-Maliki on Jan. 6 agreed to target anyone breaking the law, regardless of sect, and "so far the results have been heartening." But he also said that al-Maliki had denied that he'd agreed to any benchmarks and that the Shiite prime minister "leans toward" not wanting the troop increase that Bush ordered.

Sen. Joseph Lieberman, I-Conn., who supports the troop increase, said that some senators support a timetable for withdrawal from combat duty in Baghdad.

"As the commander, I would resist any type of mandated timetables that would limit my flexibility to deal with the situation on the ground," Casey said.

Casey also rejected the view of critics who say that the Army is broken by strains from the wars in Afghanistan and Iraq. He said he saw a "splendid Army" in Iraq.

Casey was born in an Army hospital in Japan while his father was serving in the U.S. occupation forces there. Sen. John Warner, R-Va., noted that Casey's father was killed in the line of duty in Vietnam, where he was a two-star general commanding the 1st Infantry Division.

As he began his testimony, Casey thanked his "bride of 36 years" - Sheila, who sat behind him with their two adult sons - "for her courage, grace and support over the last two-and-a-half years."

He said that military families "make tremendous sacrifices on behalf of their loved ones a half a world away," adding, "courage is not reserved for the battlefield."

Casey Refutes Iraq Pessimism (WT)

By Rowan Scarborough

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The Washington Times, February 2, 2007

The outgoing U.S. commander in Baghdad yesterday broke with his superiors, including President Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing.

"I do not agree that we have a failed policy," Army Gen. George Casey told the Senate Armed Services Committee in confirmation hearings for him to be the next Army chief of staff.

Questioned by Sen. John McCain, Arizona Republican, Gen. Casey repeatedly defended his 21/2-year command, conceding that Baghdad fell into cycles of relentless killing during his term and that "the situation is definitely deteriorating in Baghdad." But he said much of Iraq has made progress.

"I believe the president's new strategy will enhance the policy that we have," he said of Mr. Bush's Jan. 10 plan to send 21,500 additional troops into Iraq, most to Baghdad.

As Gen. Casey testified, a bipartisan group of senators put the finishing touches on a nonbinding resolution opposing Mr. Bush's troop boost. Sponsored by Sen. John W. Warner, Virginia Republican, and backed by Sen. Carl Levin, Michigan Democrat and Armed Services Committee chairman, the measure would also oppose a cutoff of war funds, an action demanded by some anti-war liberals.

It was not clear yesterday whether Mr. Warner has the 60 votes needed to clear the resolution for a floor vote.

Gen. Casey broke with comments by Defense Secretary Robert M. Gates, who has said the United States is not winning, and with Navy Adm. William Fallon, who told the same committee this week that the strategy was not working. Adm. Fallon is to be the next Middle East commander.

The general did not stop there. Asked about Mr. Bush's assessment that his Iraq policy was headed to "slow failure," Gen. Casey said, "I actually don't see it as a slow failure. I actually see it as slow progress."

Mr. McCain announced he had strong reservations about confirming Gen. Casey. First, he said the four-star officer continued to give him optimistic assessments on Iraq violence, only to see bloodshed increase each time. Second, he said both of Gen. Casey's campaigns to bring down violence in the capital failed in the summer and last fall because troops did not hold the neighborhoods they cleared of Shi'ite and Sunni insurgents.

"The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity," the senator said.

When Mr. McCain read a 2004 quote from Gen. Casey saying Iraq forces would be able to take over security and curb violence by December 2005, the witness responded, "That obviously has not panned out."

The general defended himself repeatedly. He said some of his favorable predictions came before al Qaeda bombed the Shi'ite golden dome mosque in Samara a year ago. U.S. commanders blame the attack for provoking Shi'ite reprisals, and then Sunni counterattacks that swelled into constant killings in and around Baghdad.

The senator also clashed with the general on troop strength.

Gen. Casey, who last fall opposed any troop increase because he wanted the Iraqis to take over security, said he recommended only two additional brigades during the White House review. Mr. Bush opted for five.

But he endorsed the ultimate plan, saying, "I believe that this five-brigade plan gives great flexibility" to his successor, Army Lt. Gen. David Petraeus.

He said he does not consider Iraq a failure because all but three of 18 provinces -- Baghdad, Anbar and Diyala -- experience relatively low levels of violence. He also said the Iraqi Security Force has taken control of some regions.

"We just have a fundamental disagreement, General Casey, with facts on the ground and with what has happened in Iraq over now one of the longest wars in our history and where we are today," said Mr. McCain, who advocated an even bigger troop increase than the Bush plan.

Gen. Casey also differed with Adm. Fallon, who is to oversee Iraq as commander of U.S. Central Command, on whether the central question of whether the new strategy will work.

"I believe that it can work," he told Sen. Joe Lieberman, Connecticut independent and a hawk on Iraq.

Adm. Fallon had specifically declined to endorse the plan during his confirmation hearing.

As Army chief of staff, Gen. Casey would switch from commanding troops in the field to making sure they are recruited and equipped. He would take over an Army that has been hard-pressed to fight in Afghanistan since 2001 and in Iraq since March 2003.

Pressed by commanders, Mr. Bush has approved increasing the active Army to 540,000 soldiers and adding billions of dollars to replace worn-out weapon systems.

"But from what I see in Iraq, senator, the Army is far from broken," said Gen. Casey. He was the Army's No. 2 general when tapped by then-Defense Secretary Donald H. Rumsfeld as the first four-star officer to run Iraq.

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"I have mentored three Iraqi prime ministers in political-military interactions. I've dealt with three different ambassadors, four coalition corps commanders. I have learned an awful lot about strategic leadership," Gen. Casey said.

Senators Challenge Gen. Casey On Iraq War (WP)

By Thomas E. Ricks

The Washington Post, February 2, 2007

Army Gen. George W. Casey Jr., the Bush administration's nominee to be the Army chief of staff, got an unusually harsh reception yesterday from some members of the Senate Armed Services Committee for his performance as the top U.S. commander in Iraq over the past 30 months, but he still appears likely to be confirmed to lead the Army.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers and why your predictions of future success have been so unrealistically rosy," said Sen. John McCain (R-Ariz.). "I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

It is rare for a nomination for a military service chief to be even mildly controversial, but Casey is leaving a job as top U.S. commander in Iraq just as Congress is debating the war effort more intensely than it has since before the invasion of the country in March 2003. Democratic members of the committee left the argument largely in the hands of the panel's Republicans, who are deeply split over Iraq policy.

McCain and Sen. Lindsey O. Graham (R-S.C.) expressed skepticism about Casey, but several other GOP members -- James M. Inhofe (Okla.), Jeff Sessions (Ala.) and John W. Warner (Va.) -- showed support for him. Sessions argued that Casey's time in command in Iraq would make him a "more effective, sensitive, knowledgeable chief of staff for the Army."

Casey pushed back hard, disputing gloomy assessments of the situation in Iraq and standing by his own relatively optimistic view. "I do not agree that we have a failed policy," he said. He also said he still expects Iraqi security forces to assume responsibility for keeping order across the country by the end of this year. McCain sharply reminded him that in 2004 he made a similar prediction about the end of 2005.

When Graham used the term "last chance" to characterize the Bush administration's plan to bring security to Baghdad by doubling the number of U.S. troops there and having some of them live in outposts across the city, Casey objected. "I don't think it is the absolute last chance, but it certainly is the best chance right now that we have," he said.

He also told skeptical committee members that "the situation in Iraq is winnable. It's very winnable."

He disagreed with some senators' assessment of the strained state of the Army. "From what I see in Iraq . . . the Army is far from broken," he said.

Despite their dissatisfaction with Casey's handling of Iraq, most committee members appear inclined to vote for him, mainly out of the belief that he inherited a difficult and deteriorating situation when he became the top officer in Iraq in July 2004. "The consequences of what I believe has been a failed strategy should be shared at far higher level," said Sen. James Webb (D-Va.), a Vietnam War veteran who was Navy secretary during the Reagan administration.

Summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey. "He should not be held responsible for the key mistakes which were made going into the Iraq war, and the way policy was set by civilian leaders," Levin said in explaining the views of the majority.

Casey also expressed a careful opinion about a previous Army chief of staff, Gen. Eric K. Shinseki, who ran afoul of the Bush administration in the spring of 2003 for saying that the Pentagon's plan to occupy Iraq lacked sufficient troops. Shinseki was publicly rebuked by then-Deputy Defense Secretary Paul D. Wolfowitz, and a year later retired still angry. "I don't think he was treated well," Casey said.

"I think he was treated miserably," responded Levin, who had asked Shinseki at a February 2003 hearing how many troops would be needed to occupy Iraq.

War Supporter McCain Laments 'Missteps' In Iraq (WP)

The Washington Post, February 2, 2007

Sen. John McCain (R-Ariz.) has been a firm supporter of the Iraq war and of President Bush's plan to send an additional 21,500 troops to Baghdad in the coming months. In comments at yesterday's confirmation hearing for Gen. George W. Casey Jr. to be the Army chief of staff, however, he expressed stark concerns about the war. An excerpt:

Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing.

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The bombing of the Golden Mosque in Samarra last February sparked sectarian violence throughout Iraq, and Baghdad in particular. Yet in the face of this dramatic change in the Iraqi security environment, our military strategy remained essentially unchanged. Instead of conducting a traditional counterinsurgency campaign, our troops focused on training and equipping Iraqis, hoping in vain that they could do the job. After repeated elections and political events demonstrated that the democratic process would not on its own bring down the level of violence, our troops did not begin focusing on protecting the population. Instead, coalition and Iraqi forces launched Operation Together Freedom in June 2006. This operation aimed at securing Baghdad failed, yet the coalition launched Operation Together Forward II in August in a very similar fashion. The result, predictably, was a similar failure.

The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity.

General Parries Senate Attacks On Iraq Record (NYT)

By David S. Cloud

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The departing American commander in Iraq defended his record on Thursday against withering criticism from some Senate Republicans and said Baghdad could be stabilized with far fewer additional troops than President Bush planned to send.

The appearance by the commander, Gen. George W. Casey Jr., before the Senate Armed Services Committee underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq.

Republicans who had lauded General Casey for most of his tenure in Iraq criticized what they described as his overly optimistic projections and his unwillingness to admit sooner that the American strategy in Iraq was not working.

General Casey spoke as the Senate moved toward a vote early next week on a nonbinding but significant resolution expressing disagreement with Mr. Bush's decision to send more troops to Iraq. [Page A11.]

The general appeared before the committee as part of the confirmation process following his nomination to be the Army's chief of staff.

In a series of sharp exchanges, Senator John McCain of Arizona, the top Republican on the panel, criticized General Casey for what he said had been an overly narrow focus on training and equipping Iraqi troops and for the general's reluctance to ask for additional forces.

"While I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you've made over the past two and a half years," said Mr. McCain, long an advocate of sending more troops to Iraq.

But General Casey stood his ground, saying that he believed that the plan to secure Baghdad could probably be accomplished with only two additional American brigades, not the five sought by Mr. Bush. Other troops should be sent only if the new American commander in Iraq, Lt. Gen. David H. Petraeus, determines that they are needed, he said.

General Casey also said he disagreed with Mr. Bush's characterization of the Iraq effort last month as "maybe a slow failure."

"I actually don't see it as a slow failure; I see it as slow progress," said General Casey, whom Mr. Bush replaced to underscore a shift in strategy in Iraq and then nominated to fill the Army chief of staff position.

Mr. McCain and another Republican, Lindsey Graham of South Carolina, are leading the opposition to the resolutions criticizing the Bush plan, but key Democrats threw their support on Thursday behind a proposal by Senator John W. Warner, the Virginia Republican, that could put the Senate on record against the White House strategy.

The tough questioning of General Casey came not just from some Republicans but from Democrats seeking to blame what they described as the administration's faulty strategy for the lack of progress in Iraq. But General Casey said that administration officials like former Defense Secretary Donald H. Rumsfeld, who shared his belief in holding down troop levels, had never blocked him from asking for more forces.

"The strategy that I articulated here today is my strategy, and I believe in it," he said. "It may not have produced the results on the timelines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq." Mr. McCain and Mr. Graham proved to be General Casey's sharpest critics on the panel, taking issue with his performance since he took command in 2004 and noting that the Bush administration's decision to dispatch more troops to Iraq to secure Baghdad represented a rejection of the general's recommendations.

Mr. McCain, a candidate for the Republican presidential nomination in 2008, also criticized General Casey for giving what he called "optimistic and rosy scenarios" about progress in Iraq.

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In response, General Casey conceded that the situation in Baghdad now was “definitely deteriorating.” He said he supported the new Bush strategy, which he described as an “enhancement” of his approach, and noted that he had asked for and received additional troops at least six times.

But he said that his guiding philosophy, one that was widely shared until recently by senior administration officials, had been to ask for the minimum number of American forces, both to hold down casualties and to avoid deterring Iraq’s government from taking responsibility for its own security.

The White House spokesman, Tony Snow, said General Casey’s comments about wanting only two brigades, or about 7,000 troops, to secure Baghdad, reflected his initial views last year in discussions with the White House.

“There were a number of conversations, and the president — after talking with General Casey and other commanders — came to the conclusion that he preferred to have five brigades into Baghdad and 4,000 marines into Anbar,” Mr. Snow said. “What General Casey was talking about is some suggestions he’d made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey.”

Senator Carl Levin, the Michigan Democrat who is the committee chairman, told reporters after the hearing that General Casey had his support and that of a majority of members. A committee vote on his nomination is likely next week, Mr. Levin said.

A Congressional Budget Office estimate released Thursday concluded that sending additional troops to Iraq could cost $20 billion if the forces remained for a year but $9 billion if the forces stayed for only four months. As much as $15 billion would pay for the 15,000 support troops that the budget office assumed might be needed along with the 21,500 troops in combat units being sent by the Bush administration.

The budget office said it reached the estimate by looking at the ratio of combat troops to support troops already in Iraq. But an Army official said the estimate overstated the cost of the deployment because, with a large contingent of Army support troops already in Iraq and Kuwait, only about 3,000 support troops were likely to be required. The official said the Army did not have its own estimate of the costs.

Meanwhile, Michael McConnell, the Bush administration’s nominee to be the next director of national intelligence, said that a long-awaited intelligence analysis about Iraq would be delivered to lawmakers on Friday. The so-called national intelligence estimate will give the assessment of America’s 16 intelligence agencies about the sectarian violence and prospects in Iraq.

Casey's Iraq Leadership Is Criticized At Hearing (LAT)

By Julian E. Barnes

The Los Angeles Times, February 2, 2007

WASHINGTON — The U.S. general responsible for the Army's Iraq war strategy for the past two years was berated by leading Senate critics Thursday for American military failures in Iraq and was accused of providing unduly optimistic assessments of progress as U.S. fortunes sagged.

Army Gen. George W. Casey Jr. appeared before the Senate panel weighing his nomination to be the next Army chief of staff in a hearing that was unusually tense at times as senators who support the troop increase recently ordered by President Bush took Casey to task for his leadership of the war.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R.-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

Casey has long been a skeptic of increasing the size of the U.S. force in Iraq, and his testimony before the Senate Armed Services Committee amounted to a tepid endorsement at best of Bush's new strategy.

But Casey's appearance reflected the split within the military over Bush's war plan. Many younger commanders and rising officers support the new strategy, with its emphasis on counterinsurgency methods. But some senior military leaders remain skeptical about the ability of U.S. forces to end the sectarian violence.

Although Casey is an unenthusiastic supporter of the new strategy, the White House nominated him to become the chief of staff of the Army in part to recognize his long service in Baghdad. While his new post represents a nominal promotion, it also removes him from the chain of command and limits his direct influence over Iraq policy.

Sen. Lindsey Graham, R-S.C., a supporter of the troop increase, asked Casey if Iraq was secure enough for him to visit downtown Fallujah.

"You could," Casey said.

"Well," Graham shot back, "I asked to go, and they wouldn't let me."

A majority of committee members appeared to support Casey's nomination. Sen. Carl Levin, D-Mich., the chairman, said he expected a vote on Casey next week.

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"I think he is qualified to be chief of staff of the Army," Levin said, "and he should not be held responsible for the key mistakes that were made in Iraq and the way policy was set by civilians."

Casey said he supported the president's new approach and acknowledged some past mistakes. But he continued to emphasize the importance of training the Iraqis and said that the military might not need all of the 21,500 troops Bush is sending to Baghdad.

In December, Casey said he asked for two extra brigades -- about 7,000 soldiers -- to improve security in Baghdad. When Bush offered five brigades, Casey said the remaining three could serve elsewhere as a flexible reserve force.

That contrasts sharply with the plan laid out by his successor, Gen. David H. Petraeus, who is expected to move all five brigades into Baghdad once he assumes his new command in Iraq, a move expected soon.

Attempting to head off perceptions that top commanders disagree with the president, White House spokesman Tony Snow said Thursday that Casey supports the Bush plan.

"What General Casey was talking about is some suggestions he'd made earlier," Snow said. "The president has made his decision, and it does reflect the wisdom of a number of combatant commanders. And again, it does have the assent of General Casey."

On several occasions, Casey described the new strategy as an "Iraqi plan." "They came up with the plan," Casey said. "They will lead the plan."

But it was clear in questioning that the Americans had drafted or at least heavily influenced development of the "Iraqi plan."

Casey said he came to the conclusion that a buildup was needed in mid-November, after he had asked Lt. Gen. Raymond T. Odierno, the day-to-day military commander, for a reassessment of security operations in Baghdad. That analysis suggested the need for the two additional brigades.

The Iraqis presented a rough security plan when Bush and Iraqi Prime Minister Nouri al-Maliki met in Jordan in November. However, Casey said there was no talk of extra troops.

"There was not a long discussion about the plan that they presented. They basically passed it across the table," Casey said. "And it was actually quite a short discussion."

When pressed by Levin, Casey acknowledged that al-Maliki was not enthusiastic about the American troop increase.

"He leans toward not wanting to have to bring in more coalition forces," Casey said.

Casey said he still thought two additional brigades would be enough to improve security in Baghdad. But the three additional Brigades being called to Iraq would give military commanders "flexibility," Casey said.

"I said, in my mind, the other three brigades should be called forward after an assessment has been made of the situation on the ground and whether or not there has been success in the mission in the Baghdad area," Casey said.

A year-long buildup of 20,000 additional troops in Iraq would cost $11 billion for the combat forces alone and could reach $27 billion if additional support personnel are included, the Congressional Budget Office said in an estimate issued Thursday.

The estimates, which came at the request of leading Democrats on the House Armed Services Committee, raised concerns among war critics, who said the figures were much higher than the administration had been claiming since the buildup was announced last month.

Casey faced the toughest questioning from McCain, who has long been a critic of the generals' refusal to commit more troops to restive western Iraq or to request more forces for the fight in Iraq.

However, Casey insisted that his strategy had been on the right track, angering members of the committee who support the troop increase. McCain took issue with what he said was Casey's overly optimistic portrayal.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers," McCain said, "and why your predictions of future success have been so unrealistically rosy."

In recent weeks, Bush's top military advisers and new nominees have offered dire assessments of Iraq and have cataloged what they see as mistakes.

"So you disagree with the secretary of Defense, the chairman of the Joint Chiefs of Staff and Admiral Fallon that we had a failed policy?" McCain asked Casey.

"I do, senator," Casey responded. "I do not believe that the current policy has failed."

Later in the hearing, Levin took up the same line of questioning, asking Casey if he would dispute Bush's statement that the strategy followed last year was leading to "a slow failure."

Casey insisted that things were improving under his watch.

"I actually don't see it as slow failure," Casey said. "I actually see it as slow progress."

Suicide Bombers Attack Busy Market, Killing 45 (USAT/AP)

USA Today, February 2, 2007

DOJ_NMG_0126153

BAGHDAD — A pair of suicide bombers detonated explosives among shoppers in a crowded outdoor market Thursday in a Shiite city south of Baghdad. The attack killed 45 people and wounded 150.

Separately, bombs and a mortar attack killed at least 17 others in both Shiite and Sunni areas of Baghdad.

The two bombers strolled into the Maktabat market in the center of Hillah around 6 p.m., when the area was packed with shoppers buying food for the evening meal.

One of the bombers detonated his explosives when he was approached by police, and the other blew himself up moments later, according to a police spokesman, Capt. Muthanna Khaled, who gave the casualty figures.

The blasts hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded.

Mohammed Diya of Hillah General Hospital said some of the wounded were in critical condition.

Qassim Abed Sadah, 33, a bookseller, said the first explosion blew him out of his chair. He raced to the door of his shop as the second blast occurred. "People were flying in the air," he said.

Pools of blood were scattered along the market streets, along with bits of fruits and vegetables. Paramedics wearing white gloves roamed through the area removing body parts.

No group claimed responsibility for the attack in Hillah, a Shiite city in a religiously mixed province.

Sectarian violence flared in both Shiite and Sunni areas of Baghdad, where U.S. and Iraqi forces prepared for a major security crackdown — the third in a year.

Six people died and 12 were wounded when a car bomb exploded on Rashid Street in the mostly Shiite heart of the capital.

A bomb on a public bus killed six and wounded eight in the Shiite commercial district of Karradah.

Mortar rounds slammed into the Sunni district of Azamiyah, killing five people and wounding 12.

"What have we done to be attacked like this almost every day?" asked Saad Abdul-Karim, 50, whose son was wounded when a mortar round struck their home.

Police found the bullet-riddled bodies of 33 men scattered across the Iraqi capital.

Elsewhere, a U.S. soldier died Thursday of wounds suffered two days ago in Anbar province. Three civilians were killed in separate shootings in the city of Mosul, and a policeman died in a car bombing in the city of Qaim.

Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another (WP)

By Ernesto Londono And Saad Sarhan

The Washington Post, February 2, 2007

BAGHDAD, Feb. 1 -- The man looked suspicious.

Without speaking a word, police officer Ahmed Eid Majood, guarding one of the entrances to the bazaar in the southern Iraqi city of Hilla, lunged toward the man and wrapped his arms around his body.

At that moment, the man detonated a belt packed with explosives, killing the officer and dozens of other people Thursday afternoon, a police spokesman said. The blast sent a throng of shoppers at the covered market rushing toward another exit.

There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said.

The bombers killed at least 63 people and injured more than 150, but Ahmed and hospital officials said the death toll could rise because many of the injuries being treated Thursday night were life-threatening. More than 40 Iraqi civilians and police died in other violence across the country, officials said.

The twin bombings in Hilla were the latest mass killing of Shiite Muslims in recent weeks, raising the possibility that Shiite militias would increase their retaliatory attacks against Sunnis. The U.S. and Iraqi governments are in the early stages of a new security plan intended to pacify Baghdad and some other parts of the country.

In Hilla, "people were going up and down the market as usual," said Mohammed Saaid, 39, who was working in his sweets shop. "Suddenly there was thunder and lightning, and corpses were everywhere, and people were cut into pieces."

The explosions came about a minute apart, police and witnesses said. They shattered windows and destroyed dozens of small shops that dot the marketplace near the Euphrates River.

"I was confused and terrified," Saaid said in a telephone interview shortly after the attack. "I went out of my shop to check on my neighbors, and I saw a flood of blood. Men, women, children -- all dead."

Hilla, which is about 60 miles south of Baghdad, has experienced violence since the war began, but it is one of the least scarred cities in the country. The bazaar has been targeted twice before, by a suicide bomber and an improvised explosive device, each attack killing a handful of people.

Dozens of wounded were taken to nearby Hilla Hospital, where doctors devised additional operating rooms. Scores of seriously injured people were turned away to give priority to those in more dire condition.

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"We are prepared, but not for such an amount of patients," Talib Ali, a doctor at the hospital, said in a telephone interview. "We had to call doctors who are on vacation and those who had already left for their houses."

Violence broke out at the hospital entrance as police clashed with survivors and relatives struggling to get into the seven-story building, witnesses and medical personnel said.

"Most of the wounded are in critical condition, and it's possible that many of them will die," the doctor said. "We have a shortage of bandages, and some of the wounds are being cleaned with Kleenex."

After the morgue filled up, hospital staffers laid the corpses outside in body bags, the supply of which also ran out.

Laith Shahid, 34, who owns a pickle store in the bazaar, suffered burns on his arms and serious cuts on both legs from flying debris. He was quickly examined at the hospital.

"They gave me two tubes of ointment and sent me home," he told a local journalist who relayed the comments to The Washington Post but asked that her name be withheld for security reasons.

People who live near the market began walking toward the hospital to donate blood, a witness said.

Ali Dabbagh, a spokesman for Prime Minister Nouri al-Maliki, said Thursday that Iraq will host a regional security conference next month that will include Syria and Iran -- two neighboring countries with which the United States has declined to engage as part of its diplomatic and military efforts to secure and stabilize Iraq.

Dabbagh said at a news conference that a suspension of flights between Baghdad and Damascus, the Syrian capital, was unrelated to the security plan. Officials had said Wednesday that the suspension was a preliminary step in security efforts designed to tighten control of the borders. Dabbagh said the company that charters the flights fell behind on paperwork and would resume operations within days.

Other attacks were reported Thursday in various parts of the country. A car bomb exploded near the entrance to the law school at Salahaddin University in Tikrit, killing seven and wounding 23, according to Saad Salman, an Interior Ministry spokesman.

In Baghdad, a bomb was detonated inside a small bus in the commercial Karrada area, killing eight people and wounding 12.

In Qaim, near the Syrian border, a suicide bomber attacked near a police checkpoint, killing one officer, according to Hameed Ataallah, a doctor who treated people injured in the blast. It was the third attack on police since the U.S. military turned over control of security to local officials a month ago.

At least 25 other people were slain in mortar attacks, shootings and bombings elsewhere in the country, the ministry spokesman said.

Also Thursday, the U.S. military announced the death in combat Tuesday of a soldier in Anbar province in western Iraq. His name will be released after relatives are informed.

Special correspondents Naseer Nouri and Saad al-Izzi contributed to this report.

Iraq Suicide Bombers Kill 60 And Wound 150 In Market In Southern City (NYT)

By James Glanz

The New York Times, February 2, 2007

BAGHDAD, Feb. 1 — Twin suicide bombers struck a market jammed with people in the southern Iraqi town of Hilla on Thursday, killing at least 60, wounding 150 and spraying body parts so far that the police were still scouring rooftops for them late in the night.

Residents there were catching up on their shopping after the Shiite holiday of Ashura. A student at a local high school, Ali Mohammad, said he and two friends had just left the school gym and were about to make some purchases when the first bomb went off at a checkpoint on the edge of the market. The leader of a local commando unit said the bomber set off a suicide vest when a policeman at the checkpoint discovered it during a search.

Seconds later, a second bomb went off. “I was hit in the leg, a small wound,” Mr. Mohammad said. “I was so scared, I didn’t help my friends. I just left them in the area and went home.”

Later he found them both in a local hospital, one dead, one with a leg blown off. The commando leader said the hospital was so overwhelmed with casualties that it was forced to turn some people away after dispensing whatever medicine was available.

The explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. Besides Hilla, the regional capital, the belt contains the Shiite holy cities of Najaf and Karbala.

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The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite.

In Baghdad, which sometimes resembles a deadly dartboard where citizens can die at any time, relentless shelling, bombing and other violence killed at least 46 people. Mortar shells rained down in the Adhamiya, Qahira and Khadamiya neighborhoods, killing at least five and wounding 33, an Interior Ministry official said.

Elsewhere in the city, a suicide bomber detonated the minibus he was driving near St. Raphael Hospital in the Karada neighborhood, killing 6 and wounding 12. A parked car blew up in Rusafa Square in central Baghdad, killing three and wounding nine. The official said 30 bodies of unidentified people had been found dumped around Baghdad on Thursday, apparently the victims of death squads.

Outside Baghdad, two carloads of gunmen stormed a college at Diyala University and killed the dean and his son before driving off. And a car bomb attack on an Iraqi police and Army convoy in Qaim, a town on the Syrian border in the desert province of Anbar, killed three and wounded six.

The American military said a soldier died Thursday “from wounds due to enemy action” in Anbar. Following standard procedure, the military gave no details.

The double bombing in Hilla took place only a few hundred yards from the spot where in February 2005 a car bomb killed at least 125 people in the third-deadliest atrocity since the American-led invasion in 2003, according to tabulations kept by The Associated Press.

Suspicion later fell on a young Jordanian man who had apparently been recruited by Al Qaeda as a suicide bomber, but the connection was never proved.

Last summer, a bomb struck the same market, killing at least half a dozen people. Near the Hilla River and called the maktabat or bookstores market, the place now sells everything from vegetables to school supplies, with vendors spreading their wares on carpets and small tables in an elongated area that runs north to south.

Because of the earlier bombings, tall concrete blast walls now surround the market, gates prevent cars from entering and policemen frisk shoppers at checkpoints before they are allowed in. It was at one of those checkpoints that the first bomb exploded about 6 p.m., said Mr. Mohammad, the local student.

As people in the market frantically tried to leave — greatly constrained by the blast walls and checkpoints — the second bomber was waiting where people were funneled through one of the main gates, Mr. Mohammad said.

Huge Force Readying Crackdown In Baghdad (AP)

By Steven R. Hurst

AP, February 2, 2007

U.S. Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown.

American and Iraqi commanders are pulling together a force that numbers — on paper at least — about 90,000 troops for what many see as a last-chance drive to curb the debilitating violence that has turned Baghdad into a battleground and killed — according to the United Nations — more than 34,000 civilians last year alone.

"This will be a difficult mission and time is not on our side," Lt. Gen. David Petraeus, who will soon take over the U.S. command in Iraq, said in written testimony to the Senate Armed Services Committee last month.

In the past eight months, two U.S.-Iraqi security missions have failed to rout gunmen, bombers, suicide attackers and the death squads that haunt Baghdad's streets after dark. The U.S. military blamed Iraq's Shiite-dominated government for its inability to muster sufficient troops.

Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims.

It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers.

This operation to sweep the capital of Sunni insurgents and Shiite militiamen was widely expected to begin early this month. But a senior Iraqi general told The Associated Press this week that "preparations are not complete."

The general refused to say how many of an expected influx of about 8,000 Iraqi forces had arrived — as advertised — from the Kurdish north, the Shiite south or Fallujah, in the insurgent stronghold of Anbar province west of Baghdad.

Local commanders, however, said only about 2,000 of the additional troops had reached Baghdad or were nearby. The general and the commanders all spoke on condition of anonymity because of security reasons.

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The Baghdad security plan, announced Jan. 6 by Prime Minister Nouri al-Maliki and four days later by President Bush, includes an infusion of 21,500 additional American troops to Iraq, 17,500 of them to Baghdad.

The U.S. Congress, with a new Democratic majority, has been embroiled for weeks in debate about sending more Americans to a conflict that already has stretched to nearly four years and taken the lives of nearly 3,100 U.S. service members and hundreds more American contract workers.

And departing U.S. commander Gen. George Casey told a Senate panel Thursday he didn't think such a large additional force was necessary.

"I believe that the job in Baghdad, as it's designed now, can be done with less than that," Casey said. "But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility."

U.S. and Iraqi officials say the United States plans to have about 41,000 troops in Baghdad and the region when all additional 17,500 American forces arrive by late spring. There are currently about 15,000 in and around the capital and an estimated 8,500 were expected to arrive from other parts of the country.

The Iraqis say they have about 22,000 troops in the capital, more than half at the airport and in two nearby towns. There about 20,000 police and Interior Ministry troops and commandos also in the city, according the Defense and Interior ministries. The additional 8,000 scheduled to arrive from elsewhere would put the total Iraqi forces at about 50,000.

But the overall Iraq troop count is an extrapolation from the number of battalions deployed or on the way. Experience has shown far fewer troops show up.

"The Iraqi numbers are probably inflated. Battalions that should contain 800 men usually have no more than 200-300, if that," said retired Army Col. Douglas Macgregor, an adviser to former Defense Secretary Donald H. Rumsfeld in 2003.

An Iraqi army brigade from Irbil, about 3,000 men in principle, will have at most 1,500 men when it finally arrives in Baghdad. The commander says 95 percent of the men don't speak Arabic. A brigade from Sulaimaniyah, also in the Kurdish north, has reached the Muthana Airport in central Baghdad, but it is only 1,000-men strong, not the expected 3,000.

Three brigades each were expected from the 8th and 10th army divisions in the south of the country. Some of the troops have reached positions outside Baghdad, but their force-strength was not known.

U.S. military officials have said that about one-third of any Iraqi unit is missing at any given time because soldiers must return to their home towns and villages to deliver their paychecks to families. Iraq's banking system is too primitive to allow the electronic transfer of money.

And those absences do not include soldiers missing because they don't want to serve in a particular mission. There are no laws against failure to muster for the country's new, volunteer force.

But U.S. preparations were moving ahead in Baghdad.

In the tough Ghazaliyah neighborhood, a Sunni enclave in northwest Baghdad, Army engineers put up the concrete blast walls topped with razor wire to enclose a region where six homes were cleared. The area, including open space surrounding the structures, will house the 1st Cavalry Division's Company C, 2nd Battalion, 12th Cavalry Regiment.

"Command Outpost Wildcard is under construction to allow soldiers to quickly respond to violence and crime in the area. The former residents of the homes were paid to vacate the area homes and have relocated," the military said in a statement. It could not be learned what compensation was paid to those who surrendered their homes.

A brigade of the 82nd Airborne has arrived in Baghdad as part of the Bush-ordered infusion of troops. Four more brigades were to arrive between now and the end of May. The next arriving unit was to be the 4th Brigade, 1st Infantry Division, based at Ft. Riley, Kan., which will deploy in February.

The 3rd Brigade, 3rd Infantry Division, based at Ft. Benning, Ga., will deploy in March. The 4th Stryker Brigade, 2nd Infantry Division, based at Ft. Lewis, Wash., in April, and the 2nd Brigade, 3rd Infantry Division, based at Ft. Stewart, Ga., in May.

The Marine Corps will extend two reinforced infantry battalions for approximately 60 days. Additionally, the 15th Marine Expeditionary Unit (Special Operations Capable) will remain in Iraq for approximately 45 additional days. The 1st Brigade, 34th Infantry Division, Minnesota Army National Guard, will be extended in its current mission for up to 125 days and will redeploy not later than August.

Marines Battle Their Past In An Iraqi City (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, February 2, 2007

A new batch of troops tries to win over Haditha, where 24 civilians were slain by their predecessors.

HADITHA, IRAQ — More than a year after two dozen civilians were killed here in what prosecutors call an appalling case of wanton murder by four Marines, a new batch of troops is trying to win the hearts and minds of the public.

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But as they patrol the narrow, winding streets and try to protect themselves from a deadly, unseen enemy, the November 2005 incident hangs like dust in the air.

"I think about it because I want to give them the right image about Americans," said Lance Cpl. Bryan Bates, 21, of Tucson, who has picked up a working knowledge of Arabic. "I know some of them feel scared because of what happened. I try to be more friendly."

Complicating the situation is the fact that many residents don't even consider the case, which involves the most serious charges levied against Marines in Iraq, the worst transgression by U.S. forces in Haditha since the 2003 U.S.-led invasion.

On two occasions, Marines assigned to build trust and goodwill in Haditha were moved to the larger city of Fallouja to participate in major offensives against Sunni Arab insurgents. While the Marines were gone, insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans.

The dozens of deaths have resulted in suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous.

"The betrayal [by the U.S.] of the tribes and the local leadership … has created a climate that we've struggled mightily to make right," said Capt. Matt Tracy, commander of Echo Company of the Hawaii-based 2nd Battalion, 3rd Marine Regiment, which occupies a former school near the town center.

When Echo Company arrived in September, the Marines found themselves under constant attack. The company was averaging a casualty a day in its first 45 days.

"I looked at the numbers and said, 'None of us are going to survive at this rate,' " Tracy said. "I realized we had to fight a different way."

The new methods include berms around the city, controlled access points and a car registration program. If people are caught driving without registration, their keys and car batteries are confiscated.

Officers remind Haditha-bound troops to follow the rules of engagement and the laws of war, both of which call for protection of civilians. A general also lectures them on not being slow to protect themselves against an enemy that is well-armed and known to hide among women and children.

Navy corpsman Patrick Horgan, 36, of Aurora, Colo., said the 2005 case had made troops more cautious.

"Everybody knows to be smart about it and make sure you can take a shot safely," he said. "What happened here has definitely increased awareness about the rules, which I think is important."

But there is also a feeling that only troops who have patrolled the streets of Haditha can understand the pressures the Marines experienced in 2005.

"They were set up for an ambush, it wasn't a massacre," said Cpl. Paul Brodner, 20, of San Diego. "No Marine would do anything like that except if he were fighting for his life."

An Iraqi interpreter working for the Marines, who was with the troops in 2005, says he hopes more information about the slayings will come out during court-martials.

"The Marines were attacked and they responded," said the interpreter, who asked that he be identified only as John. "They made mistakes, but they did what you do when you're ambushed."

Lt. Col. Jim Donnellan said it was only natural that Marines now on patrol think about those members of the Camp Pendleton-based 3rd Battalion, 1st Marine Regiment, who face criminal charges.

"When a Marine reads about Marines of the same age, and operating in the same city, accused of such heinous things, he can't help but have that in the back of his mind," Donnellan said.

Officers also accused

Courts-martial, which could be held this summer, will also determine the fate of four Marine officers accused of failing to thoroughly investigate the slayings. Military lawyers were in Haditha last month questioning witnesses.

Prosecutors allege that the Marines went on a rampage after one comrade was killed and two were wounded by a roadside bomb. Defense attorneys say the troops were following regulations that allow for throwing fragmentation grenades into a room where armed insurgents are thought to be hiding.

In the months after the invasion of Iraq, the Marines had been making headway in Haditha, a community of about 50,000 along the Euphrates River where many of the male residents worked on the railroad, the hydroelectric dam and the phosphate and concrete plants, which are largely shut down now. Officials and police teamed up with the Americans to provide intelligence about the insurgency.

In April 2004, the Marines were ordered to attack Fallouja after a mob killed four American private security contractors. The men's bodies were burned and two were hung from a bridge.

After the Marines left Haditha, insurgents killed several local officials, rounded up a dozen police officers and killed them before a crowd at a soccer field. They also kidnapped a group of police recruits and beheaded nine of them.

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The Marines returned after the White House halted the assault on Fallouja. But the fight was renewed in November 2004, and again the Marines left for the larger city about 100 miles down the Euphrates.

For a second time, murder and brutality ensued in Haditha, including an attack on a female doctor whose hands were chopped off because she wore a short-sleeved blouse.

When the Marines returned in 2005, doors were closed to them and the insurgents were in control.

Police Chief Col. Farouk Tayh Hardan is a former army officer whose brother was among the police recruits kidnapped. He's a hard-liner who would prefer to kill insurgents without such niceties as arrests and trials.

The 2005 case, he said, was tragic but understandable in the chaos of war. Many Haditha residents, he noted, are former Iraqi military officers.

"They know that any military makes mistakes, including with innocent children," he said. "We hope it never happens again, particularly with women and children."

Since the berms went up and the car registration effort began, attacks against U.S. troops have dropped sharply. Sheiks have encouraged tribe members to join the police force and hundreds have done so.

Roadside bombing

Still, duty in Haditha and two smaller cities remains one of the most dangerous assignments in Iraq. Since September, Donnellan's 900-man battalion has suffered 19 deaths, and 132 troops have been wounded. The relative peace was shattered in mid-January when two Marines were severely wounded by a roadside bomb while on a walking patrol.

The 2nd Battalion is scheduled to leave in early spring and another Marine unit has been assigned to take its place. But the long-term prospects for Marines in Haditha are unclear, as the White House reevaluates its strategy for Baghdad and Al Anbar province.

"The last thing any Marine wants is to leave prematurely and see these people suffer, again," Capt. Tracy said.

What happened on Nov. 19, 2005, may also have exacerbated a tendency among Haditha residents to believe tales about Marine misconduct, some thought to be circulated by insurgents or their sympathizers.

Each week Donnellan holds an open meeting with sheiks and others. Much of it is devoted to dispelling rumors or, if one seems plausible, promising to investigate.

Among the recent rumors: The Marines forced women to kneel before them, the Marines shot and killed an Iraqi police officer, the Marines threw oranges at women, an Iraqi police officer shot a colleague and the Marines have done nothing.

"I listen and realize some of it is just … hyperbole that is part of their culture, but some of it is that there is really something bothering them," Donnellan said. "There's a lot of history here, and a lot of it is bad."

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Who's To Blame For The Killing (WP)

By Charles Krauthammer

The Washington Post, February 2, 2007

This week the internecine warfare in Iraq, already bewildering -- Sunni vs. Shiite, Kurd vs. Arab, jihadist vs. infidel, with various Iranians, Syrians and assorted freelancers thrown into the maelstrom -- went bizarre. In one of the biggest battles of the war, Iraqi troops reinforced by Americans wiped out a heavily armed, well-entrenched millenarian Shiite sect preparing to take over Najaf, kill the moderate Shiite clergy (including Grand Ayatollah Ali Sistani) and proclaim its leader the returned messiah.

The battle was a success -- 263 extremists killed, 502 captured. But the sight of the United States caught within a Shiite-Shiite fight within the larger Shiite-Sunni civil war can lead only to further discouragement of Americans, who are already deeply dismayed at the notion of being caught in the middle of endless civil strife.

There are, of course, many reasons for these schisms. Some, like the fundamental division between Sunni and Shiite, are ancient. Some of the wounds are more contemporary, most notably the social devastation and political ruin brought upon the country by 30 years of Saddamist totalitarianism and its particularly sadistic persecution of Shiites and Kurds.

America comes and liberates them from the tyrant who kept everyone living in fear, and the ancient animosities and more recent resentments begin to play themselves out to deadly effect. Tens of thousands of Iraqis have died, the overwhelming majority of them killed by Sunni insurgents, Baathist dead-enders and their al-Qaeda allies who carry on the Saddamist pogroms.

Much of their killing -- the murder of innocent Shiites in their mosques and markets -- is bereft of politics. It is meant to satisfy instead an atavistic hatred of the Shiite heresy. The late al-Qaeda leader in Iraq, Abu Musab al-Zarqawi, was even chided by headquarters in Afghanistan for his relish in killing Shiites for the sport of it.

Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. "We did not give them a republic," insists Newsweek's Fareed Zakaria. "We gave them a civil war."

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Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain "give" India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda?

We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?

Thousands of brave American soldiers have died trying to counter, put down and prevent civil strife. They fight Sunni insurgents in Fallujah, Ramadi and Baghdad, trying to keep them from sending yet one more suicide bomber into a crowded Shiite market. They hunt Shiite death squads in Baghdad to keep them from rounding up random Sunnis and torturing them to death. Just this week, we lost two helicopter pilots who were supporting the troops on the ground fighting the "Soldiers of Heaven" outside Najaf to prevent the slaughter of innocents in a Shiite-Shiite war within a war.

Our entire strategy has been to fight one side and then the other to try to prevent sectarian violence -- a policy that has been one of the leading reasons Americans are ready to quit and walk away. They can understand one-front wars, but they can't understand two-, three- and four-front wars, with Americans fighting any and all in sequence and sometimes in combination.

And at the political level, we've been doing everything we can to bring reconciliation. We got the Sunnis to participate in elections and then in parliament. Who is pushing the Shiite-Kurdish coalition for a law that would distribute oil revenue to the Sunnis? Who is pushing for a more broadly based government to exclude Moqtada al-Sadr and his sectarian Mahdi Army?

We have made a lot of mistakes in Iraq. But when Arabs kill Arabs and Shiites kill Shiites and Sunnis kill all in a spasm of violence that is blind and furious and has roots in hatreds born long before America was even a republic, to place the blame on the one player, the one country, the one military that has done more than any other to try to separate the combatants and bring conciliation is simply perverse.

It infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war.

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U.S. Says Iran Meddles In Iraq But Is Delaying Release Of Data (NYT)

By David E. Sanger And Mark Mazzetti

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush's national security advisers have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq, senior administration officials said Thursday.

The decision was described by officials who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence.

Some administration officials said there was a continuing debate about how well the information proved the Bush administration's case.

One official who has reviewed elements of the briefing said the decision to delay it — made by Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and Stephen J. Hadley, the national security adviser — was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces.

Ten days ago the American ambassador to Iraq, Zalmay Khalilzad, told reporters that within a few days the United States would disclose its evidence that Iran was supplying the militias. He had been angered by an accusation by the Iranian ambassador in Baghdad that Washington had no evidence of illicit Iranian activity.

That event was put off, rescheduled for the middle of this week. The briefing was to have consisted of a PowerPoint presentation showing weapons picked up in Iraq, their serial numbers and other evidence tying them to manufacture in Iran.

But on Thursday American officials said that the briefing in Baghdad had been postponed again, until next week at the earliest, and that it had been reduced in size. For example, they said, it will not include details of evidence gathered when Iranians were seized in a raid in Baghdad at the end of December.

Some American allies who have seen some of the evidence say it still falls short of an air-tight case. But the main reason for the delay appears to be rooted in the delicate politics of dealing with Iran.

"We don't want to create the impression that we are steaming toward confrontation," said one senior State Department official familiar with the debate. "Some people are worried about how quickly the rhetoric has ratcheted up."

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President Bush, in an interview on Wednesday with The Wall Street Journal editorial board, said the United States had "made it clear to the Iranians that if we catch them moving weapons, they'll be dealt with." But he quickly added that he was not seeking to "escalate the conflict," and said he was certain "we can solve this peacefully."

During an interview on NPR on Thursday, R. Nicholas Burns, an under secretary of state, said that the United States had been tracking Iran's support for Shiite militias in Iraq for approximately two years, and that "there's been increased evidence over that time that Iran has given this kind of assistance to the Shia insurgency groups."

The debate about how, when and whether to release the claims about Iran's activities in Iraq is also an echo of Washington's continuing debate about whether the administration has the credibility to make public evidence about Iran's nuclear program — including data that it has shared with allies but not with the public.

In the most recent case, State Department officials have cautioned that the evidence must be rock-solid. The Pentagon has pressed for its release, to make clear why it is aggressively pursuing Iranians with military or paramilitary connections in Iraq.

The result has been a scramble, in which intelligence agencies have been trying to vet the Pentagon's presentation to ensure that it does not contain claims that are not backed by solid evidence.

"We are trying to scrub this document, because the last thing we want to be accused of is cherry-picking," said one American official familiar with the intelligence about Iran.

Some administration officials admit they are in a bind: on one hand, the longer the White House issues heated statements aimed at Iran without backing them up with facts, the more the administration's case is called into question.

At the same time, rushing to produce a flimsy case that is ultimately discredited could be more damaging in the long run, as was the case with Colin L. Powell's speech to the United Nations Security Council in February 2003, when he was secretary of state, outlining what he portrayed as irrefutable evidence that Iraq possessed chemical and biological weapons.

Curbing Iran In Iraq Gets Trickier (WSJ)

By Jay Solomon And Yochi J. Dreazen

The Wall Street Journal, February 2, 2007

WASHINGTON -- Senior Bush administration officials said the U.S. won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in U.S. efforts to limit Iranian influence there.

U.S. approval of Iran's economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq.

U.S. officials said they are investigating some American and Iraqi claims that Tehran may have played a role in the killings last month of five U.S. soldiers in the Iraqi city of Karbala.

The administration's tough new posture toward Iran is alarming many lawmakers, intelligence officials and military officers, who worry that the White House is exaggerating Iran's connection to attacks inside Iraq in order to justify a future military assault against Iran.

Senior U.S. officials acknowledged yesterday that they had no direct evidence to support this claim, and Iran has long denied accusations that it is supplying weapons to Shiite groups in Iraq or that it has expanded its paramilitary operations inside the country.

The Bush administration has made such charges before but has never been able to provide clear evidence substantiating the allegations. Pentagon and State Department officials this week said they would make public some information proving the connection between Tehran and Iraqi militias, but they have yet to do so.

These officials said the complexity and brazenness of the Karbala attack, in which the assailants disguised themselves in U.S. uniforms in order to enter a compound and abduct American soldiers, is raising suspicions of Iranian involvement.

"It looked like five Americans were taken [in exchange for] for five Iranians," said one U.S. intelligence official working on Iran. Last month, American troops arrested five Iranian diplomats in Irbil, Iraq, on charges they were supplying explosives to Shiite militias -- a charge Tehran denies.

On the economic front, however, U.S. officials said yesterday they aren't going to attempt to prevent Iran from expanding its trade and financial ties with Iraq.

In late January, Iran's ambassador to Iraq surprised U.S. officials by telling the New York Times that Tehran was preparing to significantly increase its financial and trade ties to Iraq. This would include the establishment of at least one branch of Iran's national bank in Iraq, the diplomat said.

U.S. officials had initially reacted coolly to the Iranian plans, but in interviews yesterday, senior Bush administration officials said the U.S. accepted the Iranian economic moves and would make no effort to block them.

Expanded Iranian trade and finance ties with Iraq could help spur economic development and growth in Iraq, the officials said. They also noted that the two countries have the potential to become significant trading partners.

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"We want the Iraqis to have cooperative, fruitful relations with their neighbors," one official said. "We have no problem with a bank and economic relations. That's fine."

The willingness to allow Iranian banks to operate in Iraq comes as the U.S. is trying to shut down Iranian financial activity elsewhere in an effort to pressure Tehran to abandon its alleged nuclear-weapons program.

This senior official cautioned, however, that the administration would oppose any effort by Iran to expand its military assistance to Iraq's government and security forces. Iranian officials in Baghdad in recent days have discussed sending weapons, equipment and military trainers to Iraq in an effort to underpin the government of Prime Minister Nouri al-Maliki, a Shiite.

U.S. charges of Iranian involvement in the Karbala attack come as the administration tries to rally public support behind its increasingly aggressive military posture toward Iran. In recent weeks, the U.S. has deployed a second aircraft-carrier battle group to the Persian Gulf and erected Patriot antiballistic-missile batteries in the region, both as warnings to Tehran.

U.S. officials said the two largest Shiite militias in Iraq -- the Badr Brigades, linked to the Supreme Council for Islamic Revolution in Iraq, and the Mahdi Army of radical cleric Moqtada al-Sadr -- were receiving sophisticated, late-model rocket-propelled-grenade launchers and roadside bombs from Iran. These weapons have been used in lethal attacks on U.S. and British forces in southern Iraq, U.S. officials said.

"What we're finding in terms of stockpiles and weapons -- you can connect the dots back to Iran," one official said.

The Pentagon and U.S. intelligence agencies are particularly focused on the movement of representatives of the Iranian Revolutionary Guard Corps' elite Qods Force, which focuses on operations outside Iran's borders. Many U.S. intelligence officials believe that it is the Qods Force specifically that has been providing arms and funding to Shiite militias in Iraq. Some intelligence officials also believe the Qods Force has established paramilitary camps inside Iraq to teach Shiite militants how to use advanced weaponry and how to conduct sophisticated types of ambushes, kidnappings and assassinations.

The arrests of Iranian officials in Irbil last month and in Baghdad in December directly targeted the Revolutionary Guards and Qods Force, said U.S. officials. The Pentagon continues to hold the five Iranians detained in Irbil, though the four others detained in Baghdad have been returned to Tehran.

Iraq Fears Being Caught In Middle Of U.S.-Iran Tensions (CHIT)

By Liz Sly

Chicago Tribune, February 2, 2007

BAGHDAD -- Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies.

In the past week, the Bush administration has ratcheted up pressure on Iran, saying it has evidence that Tehran is arming Iraqi insurgents and pledging to hunt down Iranian agents operating in Iraq. That has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the U.S., Iraqi officials say.

Iraq's Shiite-led government has warm relations with neighboring Iran, and it does not want that relationship compromised by an increasingly strident posture by Washington toward Tehran, Iraqi officials say.

"We want to maintain good relations with our neighbors, especially Iran," Iraqi government spokesman Ali al- Dabbagh told a news conference Thursday in Baghdad's heavily fortified Green Zone. "We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others."

Iraq also wants to maintain good relations with the U.S., he added, stressing that Iraq does not condone attacks against U.S. forces in Iraq. "We want good relations with everyone, whether Iran or the U.S.," he said. "The problems between the U.S. and Iran must not get solved in Iraq."

Tensions between the U.S. and Iran have escalated sharply in recent weeks, with the dispatch of additional U.S. warships to the Persian Gulf and the deployment of upgraded Patriot missiles to Gulf Arab countries, fueling speculation across the region that the U.S. is gearing up for a war with Iran.

Bush administration officials insist they do not intend to go to war with Iran. They have defended the targetting of Iranians in Iraq and other moves in the region as necessary to counter Tehran's backing of Iraqi insurgents, which coincides with U.S. efforts to stop Iran from developing a nuclear weapon.

"We've been very clear we don't intend to strike into Iran, in terms of what we're doing in Iraq," Undersecretary of State Nicholas Burns told National Public Radio Thursday.

But Iraq's concern is that the U.S. is taking advantage of its presence in Iraqi territory to rein in Iran's rising influence in the region, Iraqi officials say. Earlier this week, the Los Angeles Times reported that the U.S. Air Force is preparing to undertake more aggressive patrols along the Iraq-Iran border to disrupt insurgent supply lines.

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"Any escalation between Iran and the U.S. will be negative for us," said Mahmoud Othman, a Kurdish legislator. "If you exclude the Sunnis, the majority of Iraqis think of Iran as a friend."

Many members of Iraq's Shiite-led government sought refuge in Iran from persecution during the Saddam Hussein era and Iraqi officials regularly visit Tehran. Iran's ambassador to Iraq told The New York Times earlier this week that Iran is preparing a major new military and economic assistance package for Iraq—paralleling the Bush administration's strategy to stabilize Iraq by building up the Iraqi army and police while re-energizing its reconstruction effort.

In many ways, Iraq is already serving as a proxy front in the rivalry for regional influence between Tehran and Washington. The U.S. military raided a diplomatic compound in Erbil last month, detaining five Iranians they accused of being Iranian agents aiding insurgents in Iraq. The Bush administration says it is examining a "mountain of evidence" that Iran is arming Shiite militias to attack U.S. forces.

"To the extent that anybody, including Iranians, are smuggling weapons, bringing in fighters, killing Americans, trying to destabilize the democracy in Iraq, we will take appropriate measures to defend our troops and also to defend the mission," White House spokesman Tony Snow warned this week.

Bush first announced a more aggressive stance toward Iran and also Syria when he unveiled his new strategy for Iraq last month, accusing the two countries of aiding Iraq's insurgency and implicitly rejecting recommendations by the Iraq Study Group that the U.S. open a dialogue with Iran.

Plans to announce further evidence of Iran's support for Iraqi insurgents this week have been postponed, amid reports of disputes among U.S. officials over the quality of the evidence.

The Iraqi government has also tried to make it clear that it does not support Iranian meddling in Iraq. When Iraqi Prime Minister Nouri al-Maliki visited Tehran last fall, he urged his hosts not to intervene in Iraqi affairs.

In an interview with CNN Wednesday, al-Maliki said he had asked both Tehran and Washington to resolve their differences elsewhere.

"We have told the Iranians and the Americans, 'We know that you have a problem with each other, but we are asking you: Please solve your problems outside Iraq,'" said al-Maliki. "We don't want the American forces to take Iraq as a field to attack Iran or Syria."

Any conflict between Iran and the U.S. would put Iraq's government in a difficult position, forced to choose between its two main benefactors, said Othman.

"There's a contradiction because America sees Iran as an enemy, whereas the Iraqi government sees Iran as a friend," he said. "The most important country with influence in Iraq right now is Iran, and these issues should be well and thoroughly discussed between America and Iraq."

The increasingly tough rhetoric from Washington has strained Iraq's relationship with the U.S. at the very moment when the two countries are supposed to be working together to implement Bush's new strategy to stabilize Iraq.

An additional 21,500 U.S. troops are headed for Baghdad and western Anbar province to bolster a new security plan aimed at quelling the steadily escalating sectarian conflict between the city's Shiites and Sunnis and combating the anti-U.S. insurgency.

Support for al-Maliki's government lies at the core of Bush's new strategy, but Washington does not consult with the Iraqi government on its threats to pursue Iranians in Iraq, complained Akram Hakim, State Minister of National Reconciliation, who belongs to the ruling Shiite coalition, the United Iraqi Alliance.

"President Bush says he supports the Iraqi government and he says he supports Prime Minister al-Maliki, but I think that going over the head of the Iraqi government on issues like this is not compatible with those statements," he said.

"When there's a contradiction between what he's doing and what he's saying, it will weaken the Iraqi government and weaken the position of the U.S. administration as well."

"For some time, we in the Iraqi government have been warning about turning Iraq into a battlefield between the U.S. and Iran," he added. "There are many problems between the U.S. and Iran, the U.S. and Syria and the U.S. and Al Qaeda, and we don't want them to make Iraq the battlefield for these problems."

Iraq Plans Summit With Iran And Syria (LAT)

By Paul Richter And Louise Roug

The Los Angeles Times, February 2, 2007

BAGHDAD — The Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs.

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Iraqi officials have not invited the United States to the meeting, which also could include Iraq's other neighbors, the United Nations and the Arab League. The meeting is intended to "promote support for the government of Iraq on security and other issues," said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States.

Sumaidy, speaking in Washington, said the summit was part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10.

The meeting comes at a time when U.S. officials have accused Iran of meddling in Iraq. The Bush administration also has complained that Syria is allowing foreign fighters to cross into Iraq, and it is urging Sunni Arab neighbors to help stabilize the country by applying pressure on their Sunni Muslim allies in Iraq.

U.S. welcomes meeting

But U.S. officials, who have encouraged the Iraqi government to try to work through security issues and to try to win more economic and political support from its neighbors, reacted positively to the summit announcement Thursday.

"We support such an effort by the Iraqi government," said Lou Fintor, a spokesman for the U.S. Embassy in Baghdad. "We have ourselves worked with many of Iraq's neighbors to encourage them to support Iraq, diplomatically and politically."

Iraqi officials, while acknowledging that some Iranians have been involved in violence in Iraq, have said they do not want their country to become a military theater in the rivalries of foreign powers.

"The United States is clearly helping us with our security issues," Sumaidy said. But he added, "We don't want to be the battleground for anyone else's fighting each other, or confronting each other."

U.S. and Iraqi military officials are in discussions about American plans to go on the offensive against Iranian agents who are seen as threatening U.S. troops or Iraqis, the Iraqi ambassador said.

Iraqi forces want "maximum coordination" with the American troops on the issue, Sumaidy said. He said U.S. and Iraqi leaders, including Army Gen. David H. Petraeus, the new U.S. commander in Iraq, might decide that they need to conduct each operation jointly, or at least that the Iraqis be informed of each mission.

The Bush administration has delayed the release of information it says will show Iran is meddling in Iraq, raising concern from some quarters that the evidence is inconclusive.

"Iran is kind of the culprit of the week or the month," said James Dobbins, an international security expert at Rand Corp., who said the Bush administration had produced little compelling evidence that Iran was actively encouraging attacks on U.S. troops in Iraq.

U.S. officials said they were investigating a Jan. 20 insurgent raid in the Shiite Muslim city of Karbala, in which a U.S. soldier was slain and four others were captured before being killed, but have not said whether they believed Iranians were involved.

Some U.S. officials have suspected foreign involvement in the sophisticated attack on a U.S.-Iraqi security compound, which witnesses said was carried out by men wearing American-style uniforms.

"The attack is troubling," Pentagon spokesman Bryan Whitman said, adding that an inquiry was continuing. "There was a level of sophistication to the attack that was concerning."

Whitman would not say who might have been behind the attack. "I know there has been speculation," he said, "but let's let the investigation conclude."

'Very serious' threat seen

In an interview with National Public Radio on Thursday, R. Nicholas Burns, the U.S. undersecretary of State for political affairs, said that Iran posed a "very serious" threat to American interests in Iraq.

Referring to the Karbala attack, Burns said the United States would "try to find those who are responsible and hold them accountable. But right now it's not possible to say exactly who those people were."

President Bush said in his Iraq policy speech Jan. 10 that U.S. forces would go after Iranian agents who threatened Americans. The next day, U.S. troops detained five Iranians during a raid on their office in Irbil, a major city in Iraq's Kurdish north.

Iranian officials long have operated in northern Iraq and have close business ties with Kurdish leaders there. Iranian and Iraqi officials have said the Iranian office issued travel permits and provided other services to Iraqi traders and tourists going to Iran. Iraqi leaders are trying to secure the release of the five men, Iraqi officials have said.

Despite the public face-off, Burns said military conflict with Iran was not inevitable.

"I think that if we're patient and we're skillful, we can have a diplomatic solution to these problems," he said. "We are trying for that diplomatic solution."

Although U.S. officials refuse to open talks with Syria or Iran, other diplomatic contacts in the region have intensified. This week, Zalmay Khalilzad, the outgoing U.S. ambassador to Iraq, traveled to Saudi Arabia, which sent envoys to Iran last month.

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Ex-advisers Offer Revised Iraq Plans (AP)

By Barry Schweid

AP, February 2, 2007

President Carter's national security adviser said Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world.

Zbigniew Brzezinski also told the Senate Foreign Relations Committee that Bush administration policy was driven by "imperial hubris" and has proved to be a disaster on historic, strategic and moral grounds.

"If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large," Brzezinski said.

Brent Scowcroft, national security adviser to Presidents Ford and George H.W. Bush, said a buildup of U.S. troops in Iraq "might be a positive blip" if it helped stabilize Baghdad. But he said it would not lead to fundamental changes in the situation.

"It is a tactic, not a strategy," he said.

Brzezinski set out as a plausible scenario for military collision: Iraq fails to meet benchmarks set by the U.S., followed by accusations that Iran is responsible for the failure and then a terrorist act or some provocation blamed on Iran. This scenario, he said, would play out with a defensive U.S. military action against Iran.

That, Brzezinski said, would plunge the United States into a quagmire that eventually would range across Iraq, Iran, Afghanistan and Pakistan.

Proposing a massive shift in policy, Brzezinski said the U.S. should announce with no ambiguity its determination to leave Iraq "in a reasonably short period of time."

Brzezinski, a professor at the School for Advanced International Studies, said the U.S. should set with Iraqi leaders a date for the completion of the U.S. military disengagement.

Scowcroft recommended that U.S. troops gradually be deployed away from sectarian conflicts in Iraq, which should Iraqis should handle "however well or badly they are able to handle it."

U.S. troops should concentrate on training the Iraqi army, combating insurgents, limiting outside intervention and helping to protect Iraqi institutions, he said.

"That does not mean that the American presence should be reduced," Scowcroft said. "That should follow success in our efforts, not the calendar or the performance of others."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, February 2, 2007

Night stalkers

One of the ways U.S. forces in Iraq prevent the placement of an improvised explosive device (IED) is to watch the roads.

For surveillance, they use several systems, including the slow-moving AC-130 gunship. The aircraft's cannons, machine guns and night-sight capability are the perfect systems for locating and killing IED-placing insurgents.

A video we've seen shows an AC-130 crew spotting two men who converge in their vehicles on a stretch of isolated road in Iraq. The two look around, and then one carries a weapon into a field, methodically walking off into the distance. It would appear he is calibrating how far to place the IED so our soldiers cannot see it, but close enough so the bomb kills them. The man in the second vehicle follows the same procedure.

In the meantime, the gunship's crew is describing what it sees and seeks permission to fire. A voice says, "Smoke 'em." Gunfire hits the first man, then the second. A third emerges from under one of the vehicles and is killed.

Commanders have said the best way to defeat IEDs is to prevent their placement in the first place. IEDs are responsible for 80 percent of Army casualties.

ASAT silence

Sen. Jon Kyl gave a speech to the Heritage Foundation earlier this week and discussed the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead.

The Arizona Republican and veteran of the Senate intelligence committee said the Bush administration has the policy to conduct space defense of U.S. satellites but seems to lack the will.

"The question is whether we have the will to implement it," he said.

"And some recent examples that I'll cite here point to a flagging enthusiasm, I would put it, for space security," Mr. Kyl said. "Look to the administration reaction to the Chinese ASAT test. Since the test was reported, there has been no public statement

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by the president or any Cabinet official, no mention during the State of the Union speech, no congressional hearings have yet been scheduled, no indication has come out of the Pentagon that the space budget is being in any way revisited. The State Department has provided no specific information about what our diplomats are or are not saying in response to the Chinese provocation."

Mr. Kyl then noted a comment from a State Department spokesman, who questioned what China's "intentions" were in the test.

"Why do we need to hear from the Chinese exactly what their intentions are?" Mr. Kyl asked. "What intention could possibly be behind the test, save for the capability to blow up satellites in space? Would the State Department believe any alternative explanation if it were given to it?"

White House National Security Council spokesman Gordon Johndroe confirmed that the administration decided on a low-profile response. "We've had Cabinet-level discussions with the Chinese on this that, we think, have been the best course of action," he said.

Israel's Iran worries

A military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities.

The Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers.

The Israelis in recent months have purchased large numbers of U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities.

Our source said the Israelis know that their attack on Iran would be far bloodier and much more difficult than the daring 1981 bombing attack against Iraq's Osirak nuclear reactor.

"They will have to strike during the day to make sure they get the technicians and scientists," the source told us.

Also, an anti-nuclear military strike will cause collateral damage because many of the Iranian nuclear facilities are located close to civilian population centers.

At least 13 Iranian nuclear facilities are known and can be located publicly on Google Earth mapping software. They include facilities at Tehran, Natanz, Arak, Lashkar-Abad, Isfahan, Ardekan, Bushehr and Gachin. Most are underground and have advanced air defense missiles for protection.

Key targets: the Natanz nuclear facility, a military plant about 200 miles south of Tehran that is the location of at least one centrifuge cascade that is thought to be where nuclear fuel for weapons is being developed.

The Bushehr nuclear reactor on the Persian Gulf coast also will be a key target, and any bombing there risks killing scores of Russians who are part of construction crews for the reactor facility.

The Bush administration is hardening its position on Iran but is holding Israel in check from attacking. That said, in 1981, the United States had no warning of the Osirak raid until after the F-16s and F-15s were in the air.

Iranian enigma

Our colleague David R. Sands traveled last month with Defense Secretary Robert M. Gates to Iraq and Afghanistan. He filed this report:

It seems our British cousins are having as much trouble as the Pentagon in trying to figure out the Iranians. Two senior British military officers in the Middle East, briefing reporters traveling with Mr. Gates, painted two very different pictures of Tehran's recent record.

The Royal Navy's Commodore Keith Winstanley, Britain's senior naval commander in the region from Jordan to India and deputy commander of the U.S.-led coalition fleet in the Persian Gulf, said there has been no sign of an Iranian reaction in the Gulf to President Bush's decision to dispatch a second carrier strike group to the region, a move widely seen as a warning to Tehran.

"We are not seeing any change in Iranian behavior since the president's announcement," said Commodore Winstanley. "Much of what their naval forces do appears to be defensive in nature.

"If all you do is listen to the rhetoric of [Iranian President Mahmoud] Ahmadinejad, you would think the Iranians are very forward-leading militarily, but it's not so. Our everyday interactions with them in the Gulf are actually extremely cordial."

But Maj. Chris Ormond-King, a spokesman for the British military deployment in Basra, southern Iraq's largest city, said Iranian meddling is palpable among the Shi'ite militias there, even if conclusive evidence is difficult to come by.

"We know that Iranian influence is here, even if we can't prove it. It's money, it's technical support, it's equipment. Our gut feeling is that, yes, there is Iranian influence here."

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The major added, "It's like when you see a car going down the road. You may not be able to prove it's speeding, but when it gets from one place to another so quickly, you can tell."

Iran Leader Calls Nuclear Sanctions Ineffective (NYT)

By Nazila Fathi

The New York Times, February 2, 2007

TEHRAN, Feb. 1 — President Mahmoud Ahmadinejad of Iran, under increasing criticism at home, said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program.

"We are rapidly becoming a superpower," Mr. Ahmadinejad told reporters after laying flowers on the tomb of Ayatollah Ruhollah Khomeini on the 28th anniversary of the revolution he led in 1979.

"Our strength does not come from military weapons or an economic capability," the ISNA news agency quoted him as saying. "Our power comes from our capability to influence the hearts and souls of people, and this scares them," he added, referring to the West.

"That's why they are using psychological warfare and impose sanctions. But the language of sanctions belongs to the past."

He made no reference to contradictory remarks this week by President Jacques Chirac of France about whether it would be acceptable for Iran to have a nuclear program.

Mr. Ahmadinejad spoke as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the United Nations Security Council over Iran's nuclear program could have dangerous consequences. The Security Council resolution, passed on Dec. 23, prohibits trade in goods and technology related to Iran's nuclear program. The measure is aimed at curbing Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European countries contend is for making nuclear weapons.

The recent criticism of Mr. Ahmadinejad has led to speculation that Ayatollah Ali Khamenei, the supreme religious leader who has the ultimate authority on all state matters, is allowing such talk in an effort to contain him.

In his only reference to the resolution, Ayatollah Khamenei said Iran would not give up its right to a nuclear program.

Dozens of moderate politicians and several conservatives gathered last week at the office of Mehdi Karroubi, a former speaker of Parliament, to discuss their concerns over the future of Iran.

"Those who don't worry are either unaware of what is happening" or showing that they lack wisdom, said Ismail Gerami Moghadam, a member of Parliament who was at the meeting, the independent daily Etemad Melli reported.

The state-run daily Keyhan joined critics of Mr. Ahmadinejad last week and said "any threat should be taken seriously." The newspaper, which had repeatedly suggested that Iran withdraw from the Nuclear Nonproliferation Treaty and proceed with its nuclear program, would be expected to support the president's position.

On Thursday in Vienna, headquarters of the International Atomic Energy Agency, diplomats said Iran had begun installing centrifuges at its uranium enrichment plant at Natanz, Agence France-Presse reported. Iran has said that it plans to install 3,000 of the machines at Natanz soon.

Mr. Ahmadinejad has promised an announcement on the nuclear program during the 10-day anniversary celebration.

Iran President Vows To Push Nuke Program (AP)

By Ali Akbar Dareini

AP, February 2, 2007

President Mahmoud Ahmadinejad launched anniversary celebrations Thursday for Iran's Islamic Revolution with a defiant promise to push ahead with the country's controversial nuclear program.

Ahmadinejad suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz that the U.S. has warned could bring further sanctions against the country.

The Iranian leader said his government is determined to continue with its nuclear program, despite U.N. Security Council sanctions imposed over its refusal to halt uranium enrichment, a process that can produce fuel to generate electricity or for the fissile core of an atomic bomb.

Kicking off 10 days of celebrations to mark the 28th anniversary of the 1979 Islamic revolution that brought hard-line clerics to power, Ahmadinejad said Iran will celebrate next week "the stabilization and the establishment of its full right" to enrich uranium at the facility.

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The chief of the U.N. nuclear watchdog agency, Mohamed ElBaradei, said last week that he expected Iran to announce "they are going to build up their 3,000 centrifuge facility" in February. There had been speculation the announcement could come during the revolution anniversary.

U.S. Undersecretary of State Nicholas Burns said Iran would face "universal international opposition" over the step. "If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken," Burns said last week

The installation would be a major jump in Iran's uranium enrichment program, though it could take months to set up the 3,000 centrifuges and get them working. In the process, uranium gas is spun at supersonic speeds in a connected array of centrifuges to purify it. Uranium enriched to around 5 percent is used for fuel for a nuclear reactor; enriched to 95 percent, it can be used to build a warhead.

Iran now has two cascades of 164 centrifuges each. Tens of thousands are needed for a continuous program. The status of the new centrifuges has been unclear as Iranian officials gave contradictory statements over the past month. Tehran originally said last year that the installation would begin by the end of 2006, but January came and there was no word the work had started.

On Sunday, an Iranian lawmaker said installation had begun, but he was quickly contradicted by officials from the country's Atomic Energy Organization. Mohammad Saeedi, the agency's deputy head, said, "If we begin to install centrifuges, we will publicly announce it."

Ahmadinejad's remarks Thursday signaled that Iran would begin the installation before Feb. 11 — the final day of nationwide celebrations in memory of the Islamic revolution. He has also called people to the streets that day to show support for the nuclear program.

"Enemies of the Iranian nation ... must know that their wrongful beliefs will be revealed once again during Feb. 11 rallies by the great Iranian nation," he said, according to the state-run news agency.

The United States and many Western countries accuse Iran of seeking to develop nuclear weapons, a charge Tehran denies. The Security Council has threatened to impose further sanctions on Iran if it continues to refuse to roll back its program.

Iran insists its program is peaceful. It ultimately plans to expand it to 54,000 centrifuges, a large operation enriching more uranium within a shorter period of time.

So far, its two linked chains of 164 machines have been operating sporadically at the above-ground portion of the Natanz facility, producing small quantities of non-weapons grade enriched uranium, International Atomic Energy Agency inspectors say.

Two smaller assemblies underground have been "dry testing" — without gas — since November, they say.

Iranian officials have turned down a request from IAEA inspectors to install cameras in the underground Natanz facility, a U.N. official familiar with Iran's nuclear dossier said in Vienna.

Ahmadinejad, whose hard-line tactics have faced criticism from both reformists and conservatives at home, also hinted Thursday that key decisions in Iran are made by Supreme Leader Ayatollah Ali Khamenei, not him.

"The general policies of the system are made by the Exalted Supreme Leader, and the government is required to carry them out," the state news agency quoted Ahmadinejad as saying. "The president, as the head of the country's executive body, pursues and announces the nuclear position."

Iran Has Begun Assembling Centrifuges At Natanz Site: Diplomats (AFP)

By Michael Adler

AFP, February 2, 2007

Iran has begun installing centrifuges at the Natanz site where it plans 3,000 of the machines to enrich uranium in defiance of UN demands to halt this sensitive nuclear activity, diplomats said.

And at the same time it is stopping UN inspectors from installing surveillance cameras in the huge underground hall where the production lines, or cascades, of centrifuges are being set up, the diplomats said.

Both moves mark an escalation in the international showdown with Iran over a nuclear programme which the United States and others suspect is hiding secret development of an atom bomb, and on which the UN Security Council has levied sanctions to force Tehran to halt enrichment.

A diplomat in Vienna, where the UN watchdog International Atomic Energy Agency (IAEA) is based, told AFP "construction has started (at the underground Natanz facility) but the cascades have not yet been assembled."

Another diplomat said bringing in centrifuge parts had started last week.

But Iran has not yet assembled a complete cascade, the basic unit for beginning actual enrichment, said the diplomats, who asked not to be named due to the confidentiality of the information.

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Uranium enrichment uses centrifuges to make fuel for civilian nuclear reactors but can also produce the explosive material for atom bombs.

IAEA spokeswoman Melissa Fleming refused to comment.

Iran had last weekend given conflicting signals on its disputed nuclear work.

The Islamic republic's atomic energy agency denied the Iranians had started to install the 3,000 centrifuges, shortly after the head of parliament's foreign affairs and national security commission said they had.

Iran is building cascades in units of 164 centrifuges each.

Iran already has two such cascades running above-ground at a pilot enrichment plant at Natanz which would only produce small amounts of enriched uranium.

But the underground plant, protected in a bunker from possible air attack, could if running full tilt produce enough highly enriched uranium for one bomb in nine to 11 months, the London think tank the International Institute for Strategic Studies (IISS) has said.

Diplomats said Iran was stopping UN inspectors, who are currently at Natanz, from installing surveillance cameras at the underground site.

The Iranians are "not allowing the IAEA to install the cameras inside the (underground) cascade halls (for centrifuges) in Natanz and are causing further delays in the inspectors' activity," a diplomat who closely monitors IAEA verification work told AFP.

The IAEA monitors the above-ground pilot site with cameras and visits by inspectors and is entitled under the nuclear Non-Proliferation Treaty to the same sort of presence at the underground facility, as the agency is mandated to monitor the use of nuclear material.

But the Iranians "have not yet introduced nuclear material (feedstock uranium gas) into the centrifuges at the underground site, so there is still time," a second diplomat said.

Another diplomat said: "The game is not over."

The first diplomat said: "The Iranians are now willing to accept the installation of cameras only outside the cascade halls, which will not enable the IAEA to monitor the entire uranium enrichment process."

But another diplomat said that "verification goals can be achieved from inside or outside cascade halls."

A fourth diplomat said: "Whenever something new is done, normally it takes time," referring to problems the IAEA has had in setting up verification equipment in other countries.

The IAEA has been investigating Iran since February 2003 after it was revealed that Tehran had hidden sensitive nuclear activities for 18 years.

But the atomic agency has been unable to conclude its inquest due to what it says is a lack of full cooperation from Iran.

The UN Security Council passed a resolution in December imposing sanctions on Iran for its refusal to halt uranium enrichment.

Iranian leaders have said Iran would make a major announcement on its nuclear programme during the 10 days of celebrations to mark the 28th anniversary of the Islamic revolution starting Thursday.

Iran could be only two or three years away from being able to produce a nuclear weapon, IISS director John Chipman said Wednesday.

Meanwhile, although US President George W. Bush has said the United States has no plans to invade Iran, Washington is isolating the Iranian regime over nuclear suspicions and allegations of complicity in attacks on US troops in Iraq.

Russia Supports A Break For Iran (WSJ/AP)

The Wall Street Journal, February 2, 2007

MOSCOW -- Russia yesterday signaled that it backs a "time-out" proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment.

"We believe the initiative put forward by the IAEA head ... suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention," the Foreign Ministry said.

Mohamed ElBaradei, head of the International Atomic Energy Agency, proposed the plan at the World Economic Forum in Switzerland to end the standoff between the West and Iran over Iran's suspect nuclear program.

Iran said Sunday that it needed time to review the plan. The Security Council voted unanimously in December to impose limited sanctions on Iran after it ignored demands to halt enrichment.

Moscow May Seek Accord With Tehran On Gas Supply (NYT)

By Steven Lee Myers

DOJ_NMG_0126169

New York Times, February 2, 2007

MOSCOW, Feb. 1 — Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas. He stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations.

Mr. Putin reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions.

"We think that the people of Iran should have access to modern technologies, including nuclear ones," he said, adding that "they should choose a variant that will guarantee Iran access to nuclear energy" while complying with their commitment not to build weapons under the Nuclear Nonproliferation Treaty.

Mr. Putin's remarks were delivered as part of his annual winter news conference, an affair that offers journalists an exhaustive, unconstrained opportunity to press him on the issues of the day. He answered 66 questions over the course of three and a half hours, largely without the rancor or prickly defensiveness that has characterized previous sessions.

In the realm of foreign affairs, he denied that Russia used its natural resources as a political tool, and he expressed new opposition to the expansion of NATO, though mildly. He criticized American negotiations to construct components of a national missile defense system in Poland and the Czech Republic, even as he confidently said Russia now possessed the missiles to thwart such defenses.

He also made his most extensive remarks on the poisoning of Alexander V. Litvinenko, the former secret service officer who died of radioactive poisoning in London in November and accused Mr. Putin himself in a deathbed statement.

He dismissed Mr. Litvinenko as a low-level officer in the "convoy troops" who "did not protect any secrets" and who had been fired after being convicted of abusing his office by beating detainees.

"Whatever he could say negatively about his service, he said it a long time ago," he said, suggesting that Mr. Litvinenko's repeated accusations of nefarious activities by Russia's secret services were baseless inventions. The question of his murderer, he said, was a matter for investigators, but he dismissed accusations by some of his own aides that Mr. Putin's enemies had killed Mr. Litvinenko in an attempt to discredit the Kremlin. "I do not believe in conspiracy theories," he said.

On issues at home, he vowed that Russia would hold democratic elections for Parliament in December and for his successor when he steps down in 2008, though he remained coy about whom, if anyone, he would support. Exuding confidence, he touted the country's economic growth and several times emphasized its progress toward democracy, a picture starkly at odds with accusations of his critics, here and abroad, that he had steadily eroded basic freedoms.

He mentioned the killing of Paul Klebnikov, the Russian-American editor of the local edition of Forbes, saying he agreed with a statement that the journalist, shot to death in 2004, had died fighting "for a democratic Russia." He also offered respect, if not praise exactly, for another slain journalist, Anna Politkovskaya, who was killed in October. He said she had "criticized the authorities fairly acutely, which is good."

Mr. Putin also sidestepped a question about a comment made this week by Mayor Yuri M. Luzhkov of Moscow that a gay rights parade proposed by activists would have been "a satanic event."

Mr. Putin said his attitude toward gay men and lesbians involved his concern about Russia's declining population, suggesting that those who did not bear children were not helping the problem.

"Having said that," he went on, "I respect and will respect the freedoms of all shades of people, of all shades of those freedoms."

On Iran, Russia has held out for a negotiated compromise, a position at odds with the Bush administration's efforts to turn Iran's leadership into political and economic pariahs.

Mr. Putin's senior aide, Igor S. Ivanov, visited Iran last week and discussed the nuclear issue, as well as potential energy cooperation with Iran, which has reserves of natural gas second only to Russia's. Mr. Putin said he hoped the visit would "remove any suspicions on the international community about Iran's alleged plans to build nuclear weapons."

Mr. Putin also endorsed an idea floated last week by the atomic energy agency's director, Mohamed ElBaradei, to suspend sanctions if Iran agreed to a suspension of uranium enrichment.

During Mr. Ivanov's visit, Iran's supreme leader, Ayatollah Ali Khamenei, was quoted by news agencies as saying Russia and Iran could establish "an organization of gas cooperation like OPEC." Mr. Putin responded by calling it "an interesting idea."

He went on to say that Russia opposed creating a price-setting cartel — something that European and other countries fear — but that "to coordinate our activities would be worthwhile, with an eye to the solution of the main goal of unconditionally and securely supplying the main consumers of energy resources."

Russia And Iran Discuss A Cartel For Natural Gas (WSJ)

By Russell Gold And Gregory L. White

Wall Street Journal, February 2, 2007

Russia and Iran -- which hold nearly half the world's natural-gas reserves -- are talking about creating an OPEC-like organization for gas, a move that has the potential to unsettle energy markets and redraw geopolitical alignments.

Gas accounts for a growing share of global energy use, but the nations that produce most of it don't work together to influence markets. That's a stark contrast to the oil market, in which members of the Organization of Petroleum Exporting Countries manage output to keep prices at levels they favor.

During his annual news conference in the Kremlin yesterday, Russian President Vladimir Putin said "a gas OPEC is an interesting idea. We will think about it." His comment comes days after Iranian Supreme Leader Ayatollah Ali Khamenei publicly called on a visiting Kremlin official to establish a group of natural-gas producers similar to OPEC. Russia and Iran are the world's largest and second-largest holders of gas reserves, respectively.

While there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the U.S., which still gets most of its gas within North America.

Still, over time, the market is becoming more internationally flexible as shipments of liquefied natural gas rise. U.S. imports of LNG have more than doubled since 2002, though they still account for a small fraction of gas consumption here. Other Western countries are seeing demand for the clean-burning fuel climb even as their home-grown supply of gas declines. These shifts have turned gas in the last few years from a humdrum commodity into a prized fuel increasingly subject to geopolitical spats.

Comparing gas prices is difficult because until recently, there hasn't been a global market for the fuel. Asian gas-delivery contracts have tended to be pegged to the price of crude oil, while in the U.S., spot gas prices are typically set by trading at a Louisiana pipeline hub. U.S. gas cost between $2 and $3 per thousand cubic feet in the 1990s, but has averaged more than twice that in recent years. A contract for the delivery of gas in March closed yesterday on the New York Mercantile Exchange at $7.54 per thousand cubic feet, up over the past few weeks due to the cold weather.

The prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever. Early last year, state-controlled gas giant OAO Gazprom cut off supplies of natural gas to neighboring Ukraine in a pricing dispute that briefly reduced the volumes delivered further down the pipeline in Europe.

Together Russia and Iran hold more than 40% of the world's known gas reserves, according to the BP Statistical Review of World Energy. Moscow has cultivated relations with Tehran in recent years, building a nuclear-power plant in Iran and last year selling it air-defense missiles. Moscow has also resisted efforts to increase international pressure on Iran over concerns about Tehran's nuclear ambitions.

In his remarks yesterday, Mr. Putin rejected charges that Russia uses energy as a political weapon and he downplayed any price-fixing rationale for creating an OPEC-like structure. "We do not intend to set up a cartel, but I think it's right to coordinate our activities," he said, "bearing in mind the key goal of absolutely reliable supplies to the main consumers of energy."

A previous effort to create an organization of gas exporters fizzled, and many are doubtful this one would succeed. The Gas Exporting Countries Forum, which included Russia, Iran and Qatar, was formed in 2001 but hasn't met since 2005. "At the moment, they haven't gotten it together to even meet, much less coordinate anything," says Jonathan Stern, director of gas research at the Oxford Institute for Energy Studies in Britain. As for talk by Russia and Iran of a gas OPEC, he says: "I'm unexcited by it."

It isn't known exactly how a gas cartel would operate, but OPEC has been a huge market force for decades. For a period in the 1970s, OPEC members set prices for their oil, and Western countries paid up. But oil demand eventually fell because of the high prices. In response, OPEC started cutting back output to influence prices and let market forces do the rest. That is still the strategy it employs today: In recent months, alarmed about falling oil prices, OPEC announced production cuts totaling 1.7 million barrels a day.

Talk of creating a gas cartel appears partly to be an outcome of dissatisfaction among gas suppliers with the emerging international gas market. After investing billions of dollars into boosting output over the past five years, "it's difficult to place all of this gas in the market at a price that they're comfortable with," says Ira Joseph, executive director of international gas at PIRA Energy, a New York-based energy consultant. The discussion of a cartel, he says, is "in large part a reflection of that."

India and China, both growing importers of tankers full of liquefied natural gas, have used their huge demand potential as leverage in negotiating long-term pricing. There is concern among gas suppliers that other Asian buyers, in particular Japanese and Korean utilities, may seek similar pricing when numerous long-term contracts begin to expire in coming years.

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While oil is traded in a global marketplace, gas is bought and sold in fragmented markets. The U.S., for instance, gets most of its gas from domestic sources as well as Canada and Trinidad. Europe gets most of its gas from the North Sea, Russia and exporters from North Africa and the Middle East.

Russia's interest in pooling its gas supply would be unusual, given that it never joined OPEC, despite being the world's second-largest oil exporter, perhaps because it didn't want to submit to quotas set by other countries. It has resisted past calls to curtail output to support prices.

Still, Mr. Putin has been working to strengthen Moscow's ties with other major gas producers. After he visited Algeria last year, Gazprom last month reached a series of cooperation agreements with Algeria's Sonatrach, Europe's No. 3 supplier. European Union Energy Commissioner Andris Piebalgs called for an explanation from Algeria and Russia, since they could use their 35% share of the European market to potentially fix prices.

Next week, Mr. Putin travels to the Persian Gulf on a trip that will include the first-ever visit by a Russian leader to Qatar, which controls the world's third-largest gas reserves.

Iran state television quoted Mr. Khamenei as saying on Monday: "Iran and Russia can establish the structure for an organization of gas cooperation like OPEC, as half of the world's gas reserves are in Russia and Iran."

Earlier this week, Qatari Oil Minister Hamad al-Attiya said on television that he thought it would be difficult to form a gas producers' organization, but didn't rule it out. He pointed out that most gas-supply contracts are typically long term because of LNG'S up-front production costs, extending more than 20 years. That would undercut any concerted effort to make short-term adjustments to production or otherwise influence prices.

In Uproar, Chirac Again Retracts Remarks On Nuclear Iran (NYT)

By Katrin Bennhold

The New York Times, February 2, 2007

PARIS, Feb. 1 — President Jacques Chirac, seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power.

The statement was issued within hours of the publication of an interview in which Mr. Chirac said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran.

The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The remarks, made in an interview on Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a weekly magazine, differed vastly from stated French policy and from what Mr. Chirac has often said.

On Tuesday, Mr. Chirac summoned the same journalists back to Élysée Palace to retract many of his remarks.

"France, along with the international community, cannot accept the prospect of a nuclear-armed Iran," said a statement from his office issued on Thursday. "The Iranian nuclear program is opaque and therefore dangerous for the region in terms of proliferation and an arms race."

Along with Britain and Germany, France has been spearheading diplomatic efforts to persuade Iran to abandon parts of its nuclear program. In December, it joined the United States and other countries in passing a United Nations Security Council resolution calling for sanctions on Iran for its refusal to stop enriching uranium.

Despite the statement on Thursday from Élysée Palace, Le Monde called Mr. Chirac's remarks on Iran a "radical turnaround that comes at a bad moment" and argued that they also risked diminishing France's credibility on the international stage.

"When the international community will reconvene in New York and again threaten Iran, people will question how credible the French position is," the newspaper said in an editorial.

Several of France's main allies in the negotiations with Iran said Thursday, at least officially, that they were reassured by the president's swift self-correction.

Reacting to the notion that a nuclear-armed Iran would not be highly dangerous, the British foreign secretary, Margaret Beckett, said, "It is not a sentiment I share, and from what I understand, the French president doesn't share it anymore, either."

A German diplomat said he was confident that French policy on Iran was unchanged, while the State Department said it was satisfied that this was the case.

Less than three months before Mr. Chirac's second term runs out, some French diplomats said privately that they were concerned that he could make unilateral diplomatic overtures to Tehran in an effort to strengthen his legacy.

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Mr. Chirac recently irritated other Western leaders when he made plans to send his foreign minister to Iran to try to help resolve the crisis in Lebanon. The venture collapsed after Saudi Arabia and Egypt opposed the trip and members of his own government said it would fail.

Mr. Chirac's comments also made waves in the French presidential campaign.

The team of Nicolas Sarkozy, the interior minister and candidate for Mr. Chirac's center-right party, the UMP, was careful not to attack the president directly. Mr. Sarkozy is also one of Mr. Chirac's main rivals.

"The position of Nicolas Sarkozy is that Iran should not have access to nuclear weapons," said Pierre Lellouche, Mr. Sarkozy's foreign policy and defense adviser. "I'm not going to comment on what Mr. Chirac said; he is still the head of state."

By contrast, the opposition Socialist Party was happy to enter the fray, not least because its candidate, Ségolène Royal, was recently criticized over her stance on Iran. She had suggested that Iran should not even be given access to civilian nuclear energy.

"It is incomprehensible that a senior French politician could speak as if Iran already had a nuclear bomb," said Jack Lang, Ms. Royal's foreign policy adviser.

François Hollande, the Socialist Party leader and Ms. Royal's partner, struck a slightly different tone. "I understand that Jacques Chirac is retracting his words," Mr. Hollande was quoted as saying in Le Monde.

Chirac Assertions On Iran Force Retraction (WT/AP)

By Jamey Keaten

The Washington Times, February 2, 2007

PARIS -- Did French President Jacques Chirac misspeak? Is he, at age 74 and in the waning months of his second and likely last term, losing his political touch, even his mental vigor? Or did he simply voice a fear that a nuclear-armed Iran may be a foregone conclusion?

An astounded world asked those questions after the French leader asserted it would not be "very dangerous" if Iran had one or two nuclear weapons, and that its capital, Tehran, would be "razed" if it used them on Israel -- assertions that forced Mr. Chirac into an embarrassing retraction.

Mr. Chirac, who was hospitalized for a week in 2005 for a suspected minor stroke, appeared distracted at times, grasping for names and dates, during an interview Monday, according to the International Herald Tribune, the New York Times and a French magazine, Le Nouvel Observateur.

The newspapers said his hands shook slightly and that he read from prepared, large-print notes when discussing climate change, the interview's planned main focus.

Mr. Chirac's office switched to damage control yesterday, as foreign governments asked for official clarification, opposition politicians howled in protest and experts speculated he was either joking, being brutally honest, irresponsible or simply speaking off the cuff.

The president called reporters back a day after the interview to try to have his quotes retracted. The three publications said the interview was tape-recorded and on the record.

"Sometimes one can drift off, when one believes there are no consequences. ... I honestly believed that the questions aside from the environment were off the record," Mr. Chirac said in the second interview.

On Monday, Mr. Chirac said of Iran and its nuclear program: "I would say that what is dangerous about this situation is not the fact of having a nuclear bomb. Having one or perhaps a second bomb a little later, well, that's not very dangerous."

Rather, Mr. Chirac said, the danger lies in the chances of proliferation or an arms race in the Middle East, should Iran build a nuclear bomb.

"Where will [Iran] drop it, this bomb? On Israel?" Mr. Chirac asked. "It would not have gone 200 meters into the atmosphere before Tehran would be razed."

Mr. Chirac reversed course in the second interview.

"I retract it, of course, when I said, 'One is going to raze Tehran.' It was of course a manner of speaking in my mind. I don't imagine that we could raze Tehran," he said.

Yesterday, his office released a statement saying France, "along with the international community, cannot accept the prospect of an Iran equipped with a nuclear weapon."

Leading candidates to replace Mr. Chirac in presidential elections in April and May quickly sought to distance themselves from the president.

Bombing In Paris (WSJ)

The Wall Street Journal, February 2, 2007

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Barring a surprise, Jacques Chirac's 45-year run in politics is likely to end later this year when the French elect a new leader. They're certainly going to miss him in Tehran.

The French president gave a fitting valedictory in an interview published yesterday in the New York Times, International Herald Tribune and Le Nouvel Observateur. Speaking Monday, Mr. Chirac reversed years of public rhetoric by proclaiming himself indifferent to a nuclear-armed Iran. "Having one [atomic bomb], maybe a second one a little later, well, that's not very dangerous," Mr. Chirac said. "Where will [Iran] drop it, this bomb? On Israel? It would not have gone 200 meters into the atmosphere before Tehran would be razed to the ground."

His aides quickly realized their man had committed the gaffe of saying what everyone thought he really believed, and so left out those passages from an official interview transcript. The journalists also got a return call from the president on Tuesday, in which he noted that "I should have paid better attention to what I was saying and understood that perhaps I was on the record."

We can guess they needed no such clarification in Tehran. On or off the record, Mr. Chirac was merely confirming what the mullahs have long believed, which is that the Europeans simply aren't serious about preventing them from going nuclear.

Monsieur le president's version of mutual assured nuclear destruction could also stand some parsing. He seems to think that Tehran would never launch an attack for fear it would be annihilated in return. But assuming Israel were destroyed first, what other country would risk a counterattack itself by nuking millions of Iranian civilians to avenge Israel? France? The same country that wouldn't even let U.S. jets fly over its territory to drop a few conventional bombs on Libya? We doubt many Israelis will share Mr. Chirac's faith in nuclear deterrence against Islamists who prize martyrdom.

Mr. Chirac won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse.

Between State And Revolution (WSJ)

By Amir Taheri

The Wall Street Journal, February 2, 2007

"Mizanan, ya na?" (Will they hit or not?) In Tehran these days, this question is the talk of the town. The "they" is seldom spelled out. Yet everyone knows that it refers to the United States.

The question is wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite. Many in Tehran expect the Security Council to decree even tougher sanctions in March when the ultimatum for the Islamic Republic to halt its uranium enrichment program will end.

The Khomeinist leadership is divided over the reality of the threat, and over ways of dealing with it. President Mahmoud Ahmadinejad claims that the U.S. is in no position to do much damage, and counts on the new Democratic majority in Washington -- he calls them "the wise people" -- to restrain George W. Bush.

The bulk of the Khomeinist leadership, including the "Supreme Guide" Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic. The American naval build-up in the Persian Gulf, the new U.S. offensive against Iran's agents and armed clients in Iraq, Tehran's failure to seize power in Beirut through its Hezbollah proxy, and plummeting oil prices are all cited by Ayatollah Khamenei's entourage as reasons why a climb-down might be necessary.

Sometime in the next few weeks, Iran is likely to offer a "compromise formula" under which it would suspend its enrichment program, as demanded by the Security Council, in exchange for a suspension of sanctions. This will be accompanied by noises from Tehran about readiness to help the U.S. in Iraq, plus possible concessions in Lebanon and over the Palestine-Israel issue.

The expected climb-down is sure to bring back the Baker-Hamilton "realists" with fresh calls for offering the mullahs a seat at the high table. It would also prompt the guilt-ridden "idealists," who blame the U.S. for whatever goes wrong in the world, to urge "Bush the warmonger" to engage the Islamic Republic in a constructive dialogue, whatever that might mean. The French and the Russians would applaud the mullahs and urge the Americans to be "reasonable."

So, what should the Bush administration do when, and if, the mullahs unveil their compromise formula? First is to see the mullahs' move as deja vu all over again. Each time the mullahs are in trouble they become the essence of sweet reasonableness. They deploy their traditional tactics of taqiyah (obfuscation), kitman (dissimulation) and ehtiat (caution) to confuse the "infidels" and divide their ranks. The Iranian leadership did this in the early days of the Khomeinist revolution in 1979 by persuading the clueless Jimmy Carter that the ayatollah was the only force capable of preventing Iran from falling into communist hands. In 1984 and '85, they seduced the Reagan administration with an offer of releasing the American hostages in

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Beirut in exchange for the secret U.S. arms deliveries Iran needed to stop the Iraqi advance. In 1987 they stopped their attacks on Kuwaiti oil tankers in the Persian Gulf after an American task force sunk the Revolutionary Guard's navy in a 10-hour battle.

In 1988, fear of an even bigger U.S. military attack persuaded Ayatollah Khomeini to "drink the cup of poison" by agreeing to end his eight-year war with Iraq. In 1998, the mullahs offered a "grand bargain" to the Clinton administration as a means of averting U.S. retaliation for the Iranian-sponsored killing of 19 American soldiers in an attack in Khobar, Saudi Arabia.

The second point to bear in mind is that a suspension of uranium enrichment will cost the Islamic Republic nothing. Iran does not have any nuclear power plants, and thus does not need enriched uranium anyway. Even if the country does not have secret parallel nuclear facilities, it could always resume weapons-making activities once it is no longer under pressure.

Successive U.S. administrations have assumed that the problem with the Khomeinist regime lies in its behavior, which they hoped to modify through traditional carrot-and-stick diplomacy. The problem with the regime, however, is its nature, its totalitarian ambitions and messianic claims. Being an enemy of the U.S., indeed of all democracies, is in its political DNA. A scorpion stings because it is programmed by nature to do so. A regime that is the enemy of its own people cannot be a friend of others.

The threat that Khomeinism poses to stability in the Middle East and, beyond it, to international peace, will not be removed until Iran once again becomes a normal nation-state with the interests and ambitions of normal nation-states.

For more than a quarter of a century, Iran has suffered from an affliction faced by most countries that experience revolution. The conflict between state and revolution makes the development and practice of moderate domestic and foreign policies difficult, if not impossible. Leading a revolution is like riding a bicycle: One keeps going for as long as one continues to pedal, regardless of the destination. To stop pedaling means to fall.

As a nation-state, Iran may be a rival and competitor for other nations. But it would not be an existential threat. As a revolution, however, Iran can, indeed must, be such a threat not only to its neighbors but also to a world that it regards as "the handiwork of Jews and Crusaders."

The Khomeinist revolution has not succeeded in destroying the plurimillennial idea of Iran as a nation-state. But each time the Khomeinist revolution found itself on the defensive, the Western powers, including the U.S., helped it restore its legitimacy and regain its breath. The same illusions that produced the détente, which arguably prolonged the life of the Soviet Union, have also helped the Khomeinist revolution survive long after its sell-by date.

Today, Iran is once again facing the schizophrenia imposed on it through the conflict between state and revolution. A majority of Iranians, including many in the ruling elite, wish Iran to re-emerge as a nation-state.

The U.S. has no interest in helping the Khomeinist revolution escape the consequences of its misdeeds. This does not mean that there should be no diplomatic contact with Tehran or that pressure should be exerted for the sake of it. Nor does it mean that military action, "to hit or not to hit," is the only question worth pondering with regard to the Islamic Republic.

No one should be duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior. What is needed is a change in the nature of the regime. The chances of setting such change in motion have never been as good, and the current showdown should be used to communicate a clear message: As a nation-state, Iran can and will be a friend. As a revolution, it would always remain a foe.

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

The Oil-Addicted Ayatollahs (NYT)

By Thomas L. Friedman

The New York Times, February 2, 2007

MOSCOW

There may be only one thing dumber than getting addicted to consuming oil as a country — and that is getting addicted to selling it. Because getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union — it overdosed on oil — and it could end up being the real story of Iran, if we're smart.

It is hard to come to Moscow and not notice what the last five years of high oil prices have done for middle-class consumption here. Five years ago, it took me 35 minutes to drive from the Kremlin to Moscow's airport. On Monday, it took me two and half hours. There was one long traffic jam from central Moscow to the airport, because a city built for 30,000 cars, which 10 years ago had 300,000 cars, today has three million cars and a ring of new suburbs.

How Russia deals with its oil and gas windfall is going to be a huge issue. But today I'd like to focus on how the Soviet Union was killed, in part, by its addiction to oil, and on how we might get leverage with Iran, based on its own addiction.

Economists have long studied this phenomenon, but I got focused on it here in Moscow after chatting with Vladimir Mau, the president of Russia's Academy of National Economy. I mentioned to him that surely the Soviet Union died because oil fell to $10 a barrel shortly after Mikhail Gorbachev took office, not because of anything Ronald Reagan did. Actually, Professor Mau

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said, it was "high oil prices" that killed the Soviet Union. The sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad — and then the collapse in prices in the '80s helped bring down the overextended empire.

Here's the story: The inefficient Soviet economy survived in its early decades, Professor Mau explained, thanks to cheap agriculture, from peasants forced into collective farms, and cheap prison labor, used to erect state industries. Beginning in the 1960s, however, even these cheap inputs weren't enough, and the Kremlin had to start importing, rather than exporting, grain. Things could have come unstuck then. But the 1973 Arab oil embargo and the sharp upsurge in oil prices — Russia was the world's second-largest producer after Saudi Arabia — gave the Soviet Union a 15-year lease on life from a third source of cheap resources: "oil and gas," Professor Mau said.

The oil windfall gave the Brezhnev government "money to buy the support of different interest groups, like the agrarians, import some goods and buy off the military-industrial complex," Professor Mau said. "The share of oil in total exports went from 10-to-15 percent to 40 percent." This made the Soviet Union only more sclerotic. "The more oil you have, the less policy you need," he noted.

In the 1970s, Russia exported oil and gas and "used this money to import food, consumer goods and machines for extracting oil and gas," Professor Mau said. By the early 1980s, though, oil prices had started to sink — thanks in part to conservation efforts by the U.S. "One alternative for the Soviets was to decrease consumption, but the Kremlin couldn't do that — it had been buying off all these constituencies," Professor Mau explained. So "it started borrowing from abroad, using the money mostly for consumption and subsidies, to maintain popularity and stability." Oil prices and production kept falling as Mr. Gorbachev tried reforming communism, but by then it was too late.

The parallel with Iran, Professor Mau said, is that the shah used Iran's oil windfall after 1973 to push major modernization onto a still traditional Iranian society. The social backlash produced the ayatollahs of 1979. The ayatollahs used Iran's oil windfall to lock themselves into power.

In 2005, Bloomberg.com reported, Iran's government earned $44.6 billion from oil and spent $25 billion on subsidies — for housing, jobs, food and 34-cents-a-gallon gasoline — to buy off interest groups. Iran's current populist president has further increased the goods and services being subsidized.

So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends. "Just look at the history of the Soviet Union," Professor Mau said.

In short, the best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours.

Afghans Urge Legal Amnesty For Those Involved In Wars (NYT)

By Carlotta Gall

The New York Times, February 2, 2007

KABUL, Afghanistan, Feb. 1 — Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the government to grant immunity to all Afghans involved in the wars of the last 25 years.

The move brought protests on Thursday from human rights advocates and the United Nations mission in Afghanistan, who had been working with the government on a plan to address the many abuses over the last three decades.

Lawmakers said the resolution was passed in the interest of peace and stability and was intended to include even the fugitive Taliban leader, Mullah Muhammad Omar, and the renegade mujahedeen leader Gulbuddin Hekmatyar.

It was approved just days after President Hamid Karzai began work on the government's reconciliation plan. He said he was ready to hold talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban, who were ousted from power in late 2001.

The lower house of Parliament, which includes many former militants and mujahedeen commanders and a handful of former members of the Taliban government and the earlier Communist leadership, passed the 12-point resolution, called the Peace and Reconciliation Charter, by a show of hands on Wednesday.

The resolution had been proposed by a group of former mujahedeen leaders and Nur ul-Hag Ulumi, a former Communist general who served during the Soviet occupation. A small number of liberal and democratic legislators left the chamber in protest before the vote.

The resolution is not a law. It was not scheduled to proceed to the upper house of Parliament or to the president. But it is a public expression of the views of those who advocate one approach to reconciliation as Afghanistan continues to grapple with an insurgency in the south and east, legislators said.

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"The main point of this scheme is how long should we fight and how long would we have violence?" Mr. Ulumi said. Despite the language about immunity, he said the resolution was not intended to advocate pardoning criminals. "This is just an invitation for peace," he said.

The measure says that those who took up arms in the past should be free from prosecution and that those who had fought the current government should be allowed to join the reconciliation process if they accept the Constitution and the laws of the land.

The resolution also denounced recent comments by the New York-based Human Rights Watch. The group, which is based in New York, named several members of Parliament who it said had been implicated in war crimes and rights abuses.

The United Nations Assistance Mission in Afghanistan, which has a mandate to monitor human rights issues, quickly issued a statement questioning the impartiality of a resolution passed by political and factional leaders.

"For any process of national reconciliation to succeed, the suffering of victims must be acknowledged and impunity tackled," the statement said. "No one has the right to forgive those responsible for human rights violations other than the victims themselves." It said it wanted to ensure that "the rights of victims remain at the heart of this debate."

Human Rights Watch has called for the Afghan government to honor promises it made a year ago to develop a five-year Action Plan for Peace, Reconciliation and Justice, a process that Mr. Karzai officially initiated last month.

The parliamentary resolution, which was passed soon after the assembly returned from its winter break, may have been a reaction to Mr. Karzai's move. Several of the most powerful militant leaders who now hold seats in Parliament have been blamed for causing civilian suffering during the civil war of the 1990s. Members of the Communist governments, ousted in 1989, have been blamed for disappearances and torture in prisons, and indiscriminate bombing of rural areas. Members of the Taliban rule have been accused of killings and forcing many people from their homes.

"After three decades of suffering abuses, Afghans have repeatedly called for accountability for those responsible for serious human rights abuses, whether Communists, warlords, or the Taliban," Sam Zarifi, Asia research director at Human Rights Watch, said in a statement this week. "There can be no sustainable peace and security in Afghanistan without respect for the rule of law."

U.S. Donates Vehicles, Arms To Afghan Army (AP)

By Rahim Faiez

AP, February 2, 2007

The United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents.

The donation of 800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back.

"These modern technologies are a step toward the vision of the Afghan National Army: a well equipped, well-trained, well-led, self-sustaining army," U.S. Maj. Gen. Robert Durbin, who heads the training of the new force, said at a handover ceremony on a sprawling military base near the capital, Kabul.

More than 200 freshly painted Humvees, trucks and other armored vehicles were on display alongside samples of the light and heavy weapons handed over. There were also socks, underwear and gloves for the Afghan soldiers.

The donation comes ahead of the arrival of spring, when Taliban militants and other insurgents are expected to resume attacks on Afghan and foreign troops to undermine President Hamid Karzai's U.S.-backed government.

It also follows last week's announcement by U.S. officials that President Bush will ask Congress for an extra $10.6 billion to help Afghanistan strengthen its security forces and rebuild following years of war.

The money would be in addition to $14.2 billion in aid the United States has already given Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

Karzai, attending Thursday's ceremony, thanked the U.S. officials and said that such donations and further training would enable Afghans "to stand on our own feet."

The United States and other Western nations hope Afghan security forces will eventually be strong enough to allow them to withdraw thousands of foreign troops currently providing security.

The Afghan army is currently 40,000 strong and U.S. commanders say it is playing an increasingly important role in countering militants, often in joint operations with foreign troops.

However, officials expect it to reach its planned full strength of 70,000 only by the end of 2008 — at least two years behind an earlier target.

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Last year, insurgents launched a record number of attacks in Afghanistan, and some 4,000 people, most of them militants, died in the violence. Fighting traditionally surges in the spring when warmer weather melts snow from mountain passes and makes it easier for militants to move around.

An Afghan's Path From Ally Of U.S. To Drug Suspect (NYT)

By James Risen

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — In April 2005, federal law enforcement officials summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch — the Asian counterpart of the Colombian cocaine legend Pablo Escobar — the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York.

Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging.

Soon after the invasion of Afghanistan in 2001, Mr. Noorzai agreed to cooperate with American officials, who hoped he could lead them to hidden Taliban weapons and leaders, according to current and former government officials and Mr. Noorzai's American lawyer. The relationship soured, but American officials tried to renew it in 2004. A year later, Mr. Noorzai was secretly indicted and lured to New York, where he was arrested after nearly two weeks of talks with law enforcement and counterterrorism officials in a hotel.

In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs.

The government's shifting views of Mr. Noorzai — from sought-after ally to notorious global criminal — parallels its evolving perspective on Afghanistan's heroin trade.

In the first years after the United States invasion in late 2001, military and intelligence officials mostly chose to ignore opium production and instead dealt freely with warlords, including drug traffickers who promised information about members of the Taliban and Al Qaeda or offered security in the chaotic countryside. But in more recent years, as poppy production has soared and financed a revived Taliban insurgency that is threatening the country's stability, the Americans have begun to take some more aggressive steps.

"In Afghanistan, finding terrorists has always trumped chasing drug traffickers," said Bobby Charles, the former top counternarcotics official at the State Department.

He and other officials acknowledge that the United States initially may have had little choice other than to turn to tribal leaders with murky motives for help in bringing order to an essentially lawless society. But Mr. Charles pushed for the Bush administration to recognize suspected drug lords like Mr. Noorzai as a long-term security issue. "If we do not now take a hard second look at counternarcotics," he said, "we will not get a third look."

Administration officials say that they are working to develop a more effective drug strategy in Afghanistan, which now accounts for 82 percent of the world's opium cultivation, according to a United Nations report last September. That could include broader eradication programs, alternative crop development and cracking down on drug lords, but any such efforts are complicated by fears that they could increase instability.

Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command.

Mr. Noorzai, who has been held in a New York jail for nearly two years, has pleaded not guilty to charges that he smuggled heroin into New York and denies any involvement in drug trafficking. His New York lawyer, Ivan Fisher, argues that the arrest hurt the government's ability to gain information about the escalating Taliban insurgency.

"Haji Bashir has been making efforts to reach working agreements with the Americans in Afghanistan since the 1990s," Mr. Fisher said.

Several intelligence, counterterrorism and law enforcement officials confirm that American officials met repeatedly with Mr. Noorzai over the years. Because they provided few details about the substance of the talks, it is difficult to determine how useful Mr. Noorzai's cooperation proved to be. He was not paid for his information, and the relationship was considered more informal, the officials said.

At times, there was confusion within the government about what to do with Mr. Noorzai. In 2002, while he was talking to the American officials in Afghanistan, a team at C.I.A. headquarters assigned to identify targets to capture or kill in Afghanistan wanted to put him on its list, one former intelligence official said. Like others, he would only speak on condition of anonymity because such discussions were classified.

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The C.I.A. team was blocked, the former official recalled. Although he never received an explanation, the former official said that the Defense Department officials and American military commanders viewed counternarcotics efforts in Afghanistan at the time as a form of "mission creep" that would distract from the fight against terrorism.

Mr. Noorzai, a wealthy tribal leader in his mid-40s who lived with three wives and 13 children in Quetta, Pakistan, and also owns homes in Afghanistan and the United Arab Emirates, is from the same region that helped produce the Taliban. A native of Kandahar Province, he was a mujahedeen commander fighting the Soviet occupation of Afghanistan in the 1980s. In 1990, according to his lawyer, he agreed to help track down Stinger missiles provided to the Afghan resistance by the C.I.A.; agency officials were worried about their possible use by terrorists.

D.E.A. officials say that at the same time, Mr. Noorzai was a major figure in the Afghan drug trade, controlling poppy fields that supplied a significant share of the world's heroin. He was also an early financial backer of the Taliban. Agency officials say he provided demolition materials, weapons and manpower in exchange for protection for his opium crops, heroin labs, smuggling routes and followers.

Mr. Noorzai was in Quetta when the Sept. 11 attacks occurred, and he returned soon after to Afghanistan, according to his lawyer. In November 2001, he met with men he described as American military officials at Spinboldak, near the Afghan-Pakistani border, Mr. Fisher said. Small teams of United States Special Forces and intelligence officers were in Afghanistan at the time, seeking the support of tribal leaders.

Mr. Noorzai was taken to Kandahar, where he was detained and questioned for six days by the Americans about Taliban officials and operations, his lawyer said. He agreed to work with them and was freed, and in late January 2002 he handed over 15 truckloads of weapons, including about 400 antiaircraft missiles, that had been hidden by the Taliban in his tribe's territory, Mr. Fisher said.

Mr. Noorzai also offered to act as an intermediary between Taliban leaders and the Americans, his lawyer said. Mr. Noorzai said he helped persuade the Taliban's former foreign minister, Wakil Ahmad Mutawakil — the son of the mullah in Mr. Noorzai's hometown — to meet with the Americans. In February 2002, the Taliban official surrendered after what press accounts described as extensive negotiations and was sent to the prison at Guantánamo Bay, Cuba. He was freed in 2005.

Mr. Noorzai also persuaded a local tribal figure, Haji Birqet, to return to Afghanistan from Pakistan, the lawyer said. But he said the Americans, falsely warned that Mr. Birqet and Mr. Noorzai were plotting to attack United States forces, killed Mr. Birqet and wounded several family members in a raid on his compound.

Saying that his credibility had been hurt by the imprisonment of Mr. Mutawakil and that he was angered by the attack on Mr. Birqet, Mr. Noorzai broke off contact with the Americans and fled to his home in Pakistan, according to Mr. Fisher.

The government officials could not confirm whether Mr. Noorzai had in fact played a role in those negotiations. There may be another explanation for his exile, however. In May 2002, one of his tribal commanders was killed in an American raid along a drug-smuggling route that the Americans suspected was used to help the Taliban, and Mr. Noorzai may have feared for his own safety.

Nearly two years later, in January 2004, Mr. Charles, the State Department official, proposed placing him on President Bush's list of foreign narcotics kingpins, for the most wanted drug lords around the world.

At that time, Mr. Charles recalled in an interview, no Afghan heroin traffickers were on the list, which he thought was a glaring omission. He suggested three names, including Mr. Noorzai's, but said his recommendation was met with an awkward silence during an interagency meeting. He said there was resistance to placing Afghans on the list because countering the drug trade there was not an administration priority. Mr. Charles persisted, and in June 2004, Mr. Noorzai became the first Afghan on the list.

Two months later, a team of American contractors working for the Federal Bureau of Investigation contacted Mr. Noorzai and arranged a series of meetings with him in Pakistan and Dubai, according to several government officials and Mr. Noorzai's lawyer. They wanted to win his cooperation and learn about Al Qaeda's financial network and perhaps the whereabouts of the former Taliban leader Mullah Muhammad Omar. The Americans met with Mr. Noorzai, but the talks fizzled because F.B.I. agents who were supposed to join them were unable to do so, one official said.

In 2005, the contractors, by then working for the D.E.A., reconnected with Mr. Noorzai and once again met with him in Dubai.

This time, however, the objective had changed. Mr. Noorzai had secretly been indicted by a federal grand jury in New York on drug smuggling charges in January 2005. Now the contractors needed to persuade Mr. Noorzai to come to the United States.

Mr. Fisher said the Americans were particularly interested in gaining Mr. Noorzai's help in tracking the flow of money to the Taliban and Al Qaeda. They were seeking information about Mullah Omar and other Taliban figures. The Americans asked Mr. Noorzai to come to the United States to meet with their superiors, he added.

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Mr. Noorzai's lawyer said his client agreed to make the trip only after receiving assurances that he would not be arrested. Mr. Fisher also says that he has obtained transcripts from tape recordings made by the government at the sessions.

Mr. Noorzai flew to New York in April 2005 and was taken to an Embassy Suites hotel, where he was questioned for 13 days before being arrested, his lawyer said.

Mr. Noorzai has been charged with conspiring to import more than $50 million worth of heroin from Afghanistan and Pakistan into the United States and other countries. The indictment says that he imported heroin to New York in the late 1990s and that unnamed co-conspirators also did so in 2001 and 2002.

U.S. Reconfigures The Way Casualty Totals Are Given (NYT)

By Denise Grady

The New York Times, February 2, 2007

Statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan.

Dr. Michael Kilpatrick, deputy director of force health protection and readiness at the Defense Department, said the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were.

The old method lumped many problems under the label "casualties," including illnesses, minor injuries and injuries from accidents, as well as wounds sustained in combat. But the public may assume that every casualty is a war wound, Dr. Kilpatrick said, so the site was changed to avoid misunderstandings.

On Monday, the bottom line of the Defense Department's Web page on casualties in Iraq listed a total of 47,657 "nonmortal casualties."

By Tuesday, the same page no longer showed a total for nonmortal casualties. The bottom line is now "total — medical air transported," and the figure is 31,493.

The new total excludes 16,164 troops who were wounded but did not require medical air transport because their injuries were minor. The total does include combat wounds, nonhostile injuries and diseases serious enough for medical transport.

Half the nonhostile injuries are from vehicle accidents, and a third are sports injuries from activities like basketball, Dr. Kilpatrick said. About 50 disease categories — including mental problems and gastrointestinal illnesses — have led to medical evacuations. Dr. Kilpatrick said that 85 percent of those who were flown out for medical reasons eventually returned to duty.

"It may be a few weeks, or it may be a year or more," he said.

Concern at the Pentagon about public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 "nonmortal woundings" in Iraq and Afghanistan. That number came from a Web page posted by public affairs employees at the Department of Veterans Affairs.

But officials from both agencies said that figure had been posted by mistake, lumping combat and noncombat injuries as well as illnesses and labeling them all "woundings" instead of casualties.

"If public affairs people at the V.A. misunderstood, we thought the public would misunderstand it, too," Dr. Kilpatrick said.

Both Web sites were changed.

Paul Sullivan, director of research and analysis of Veterans for America, said the changes actually meant the Pentagon was trying to conceal the rising toll of injuries and illness.

Mr. Sullivan, formerly a project manager at the Department of Veterans Affairs, also said that the department was not prepared to provide the health care that returning veterans would need for mental and physical disabilities.

DOJ:

US Admits Misconduct In Mob Slaying Case (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, February 2, 2007

Says prosecutor was disciplined

An internal Justice Department investigation concluded that a federal prosecutor in Boston "engaged in professional misconduct and exercised poor judgment" while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday.

In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that "disciplinary action" had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone .

Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying.

Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases.

In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was "preparing a more detailed response" to an earlier letter from Wolf.

Auerhahn did not return calls from the Globe yesterday seeking comment.

Samantha Martin , a spokeswoman for US Attorney Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, "We are prohibited from commenting on any internal personnel matters beyond what is available in the public record."

Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate.

"How are they going to give Patsy Barone back the 10 years he served on a clearly unconstitutional conviction?" Grossberg asked. "Did they find [Auerhahn's] conduct was deliberate? In order for there to be some closure, if at all, you have to know what the disciplinary action was."

Barone pleaded guilty to manslaughter in state court for the 1985 North End slaying of his friend Vincent "Jimmy" Limoli and was sentenced to five years. But the government's allegation that the slaying was carried out at the behest of the Mafia -- and Ferrara, in particular -- led to Barone's 1993 federal conviction of murder in aid of racketeering. He was sentenced to life in prison.

Just as Ferrara and four reputed mobsters, including New England Mafia boss Raymond "Junior" Patriarca, were ready to go to trial on federal racketeering charges in 1992, they agreed to plead guilty to various charges under deals that spared them even longer sentences. As part of his plea, Ferrara admitted that he had ordered Limoli's slaying, yet he later insisted he was innocent of that charge. He was sentenced to 22 years in prison.

In 2003 Wolf found that Auerhahn had improperly and possibly illegally withheld key evidence from defense lawyers by failing to disclose that a witness had recanted his claim that Ferrara ordered Limoli's murder. The judge concluded that the convictions were tainted and cut the sentences of both men, leading to Barone's release in 2003 and Ferrara's release two years later.

A federal appeals court affirmed Wolf's findings last year, calling Auerhahn's conduct "outrageous."

In a highly critical letter to Attorney General Alberto R. Gonzales in December, Wolf said he had been assured by Sullivan in 2003 that the Justice Department would investigate Auerhahn's alleged misconduct and yet had heard nothing of the outcome of the probe.

"The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts," Wolf wrote.

In his response, Margolis wrote, "The attorney general shares your interest in the fair and impartial administration of justice, and in maintaining the tradition of integrity at the Department of Justice."

Top Fed Heads To Duty In D.C. (WT&G)

By Lee Hammel, TELEGRAM & GAZETTE STAFF

Worcester (MA) Telegram & Gazette, February 2, 2007

Casey expects one-year stint

WORCESTER— Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC.

Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members.

The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy.

The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here.

Mr. Casey said of his new assignment, "I'm honored that they asked me."

Son of a Swampscott police officer, Mr. Casey said, "I like to prosecute violent guys. I think there's a federal interest in keeping the community safe."

In part because of the employment of his father, who died in the early 1990s, he said, "I've always loved working with police departments."

That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe.

Mr. Casey is well-known to community activists who have agitated to get local violent criminals removed from the streets for longer periods of time. Mr. Casey prosecuted the Aghapour brothers, William and Nicholas, whose crimes were long the target of local activists.

He is proud of the sentences — many of them in excess of 10 years — that the targets of his prosecutions, many from Fitchburg or Worcester, have received. Even if it's a type of case that traditionally has been handled by state rather than federal prosecutors, Mr. Casey said his attitude is, "If there's a significant violent history, let's do him."

"I was drawn to the more violent guys. I embrace those kinds of prosecutions," Mr. Casey said.

Mr. Casey, who worked in prosecutors' offices across the county, said the best part of his job is the relationships he has here. He mentioned the Worcester district attorney's office and the state police attached to it, the Worcester and Fitchburg police departments, and those in the offices of the Drug Enforcement Administration, Alcohol, Tobacco, Firearms and Explosives, and the FBI in this region.

Mr. Casey came to the Worcester office from the U.S. attorney's office in northern Illinois. Prior to that he was a deputy chief in the Illinois state attorney general's office and was a King County prosecutor from 1990 to 1995 in Seattle.

He received his law degree in 1990 from Boston University and a bachelor's degree from Wittenberg University in Springfield, Ohio, where he was captain of the varsity baseball team.

CORPORATE SCANDALS:

Senate Report Says S.E.C. Botched Hedge Fund Inquiry (NYT)

By Walt Bogdanich

The New York Times, February 2, 2007

The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday.

The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management.

The report did not cite examples of what testimony might have been false.

The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations.

Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run.

"At best, the picture shows extraordinarily lax enforcement by the S.E.C.," Senate investigators concluded. "At worse, the picture is colored with overtones of a possible cover-up."

The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were "deeply troubled" by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly.

"The I.G. spoke only to Aguirre's supervisors, accepted everything they said at face value and reviewed only documents identified by those supervisors," the report concluded. "We believe the S.E.C. must take corrective and preventative action to ensure that future investigations, internal and external, do not follow the same path as the Pequot matter."

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The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing.

The S.E.C. closed its inquiry without charging anyone in connection with the Pequot inquiry.

John J. Nester, a spokesman for the S.E.C., said in a statement that because the matter was under review by other federal entities, which he did not name, the commission would have no comment.

The report, which is based largely on Senate interviews with 19 crucial witnesses and thousands of pages of internal S.E.C. records, is a victory for Mr. Aguirre, who was fired in September 2005, just days after receiving a merit pay increase.

At a Senate hearing in December, senior S.E.C. officials sought to justify his firing, arguing that he had done a poor job running the Pequot investigation and that he had been difficult to get along with. The officials asserted that Mr. Aguirre had once issued flawed subpoenas and that he had been unprofessional in the way he conducted an interview with Pequot's founder, Arthur J. Samberg.

There was scant documentary evidence to back up those charges, the report concluded. "We have noted the considerable lack of contemporaneous documents corroborating the concerns they raised," it said.

S.E.C. officials said the flawed subpoenas had seriously undermined their confidence in Mr. Aguirre. But, the report noted, those officials "produced no documents to the committees suggesting that they viewed it that way at the time."

The same held true for the examination of Mr. Samberg. In fact, the report states, one longtime S.E.C. investigator told the committee that he planned to use Mr. Aguirre's examination "as a model for how to take testimony in his training of new S.E.C. attorneys."

The report called Mr. Aguirre "a smart, hardworking, aggressive attorney who was passionately dedicated to the Pequot investigation."

Mr. Aguirre testified that his troubles at the S.E.C. began when he asked for permission to examine John J. Mack, an influential Wall Street executive who was a close friend of Mr. Samberg. After initially supporting Mr. Aguirre's decision, senior S.E.C. officials abruptly changed course, the report notes.

"What is troubling is how this enthusiasm waned after public reports on June 23, 2005, that Morgan Stanley was considering hiring Mack as its new C.E.O.," the report concludes.

Mr. Aguirre was told that since he had no evidence linking Mr. Mack to suspected insider trading by Pequot, calling in Mr. Mack for an interview would not be justified.

"The purpose of taking investigative testimony is not to confront a witness with accusations of wrongdoing, as Aguirre's supervisors seem to believe," the report states. "Rather it is to gather information that helps confirm or rule out working theories."

Mr. Mack and Mr. Samberg have repeatedly denied any improper conduct.

Mr. Mack's testimony was eventually taken in August 2006, more than a year after Mr. Aguirre proposed doing so.

"We are concerned about the circumstances under which it was done," investigators said. "Mack's testimony was taken five days after the statute of limitations expired, and only a few months after we initiated our inquiry into this matter."

The report concludes that the S.E.C. finally interviewed Mr. Mack to deflect public criticism for not having done it earlier.

Dell's Woes Mount As Investors File Improper-Accounting Suit (WSJ)

By Don Clark, Christopher Lawton And John R. Wilke

The Wall Street Journal, February 2, 2007

SAN FRANCISCO -- Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip maker Intel Corp.

The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as "secret and likely illegal" kickbacks by Intel to ensure that Dell use no other chip supplier.

In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors.

Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would "move quickly" to defend itself.

The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins.

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Messrs. Dell and Rollins were among 16 individuals named in the suit. The company declined to make them available for comment.

Dell's accounting firm, PricewaterhouseCoopers LLP, also was named as a defendant. Company officials did not immediately return calls seeking comment. The suit seeks class-action status on behalf of purchasers of Dell stock between February 2003 and September 2006.

Dell has been struggling with problems that include stalled sales in its core U.S. and corporate markets and changing buying habits in the PC industry. In August, Dell also disclosed that the Securities and Exchange Commission had been informally investigating the company over its revenue-recognition practices, and said it launched its own investigation into its financial accounting.

By September, the company said the probe had expanded to unspecified issues "relating to accruals, reserves and other balance sheet items." Dell said it is working with its audit committee and independent auditors to determine whether it has to restate its prior results.

Dell also said it has been subpoenaed by the U.S. attorney for the Southern District of New York over its financial reporting. In November, Dell was forced to delay its fiscal third-quarter earnings due to the complexity surrounding the SEC investigation.

The company's stock, which traded in late 2005 at more than $40 a share, has fallen significantly since then. The shares fell 42 cents yesterday at 4 p.m. at $23.80 in 4 p.m. Nasdaq Stock Market trading.

Several suits seeking class-action status were filed in Austin after Dell disclosed the federal investigations of its accounting practices. The latest complaint adds allegations that focus on Dell's long-standing practice of buying microprocessor chips only from Intel, which ended last year when Dell finally emulated competitors and began also using AMD chips. Some of the charges echo those contained in AMD's 2005 antitrust suit, which also attacked rebates and subsidies paid by Intel to computer makers.

The complaint alleges that Dell received "e-Cap payments" -- standing for "exception to corporate average pricing" -- from Intel for not doing business with AMD. The approximately $1 billion a year that Dell received in such payments was spread out unevenly over the four quarters, money that would be applied to reduce the portion of Dell's expenses known as cost of goods sold, the complaint states.

Dell became very dependent upon these payments, which were made by Intel at or near the end of the Dell's quarters and had a "direct, material impact" on the computer maker's reported operating profits or profit margins, the complaint alleges.

Information about the rebates was limited to about 15 senior people at Dell, the complaint states. Intel insisted that Dell maintain secrecy about the program because it feared that if these payments became known, antitrust officials in various countries would likely take legal action against Intel, the complaint alleges.

Despite Dell's reputation as a stalwart Intel customer, the complaint asserts that Dell after 1999 each year secretly designed computers based on AMD chips. But those computers would be put on hold at varying stages of their developments, as Intel and Dell negotiated privately over terms of their relationship, the suit states.

Intel, whose business practices are being investigated by antitrust authorities in the European Union, has said its rebate programs and other tactics are fair and legal. Chuck Mulloy, an Intel spokesman, declined comment on the specific points raised in the investor complaint.

But he added: "We have conducted a preliminary review of the complaint. At first glance it appears that some of the allegations with respect to Intel appear to have been completely made up."

US Probes Siemens Bribery Scandal (FT)

By Richard Milne In Frankfurt

Financial Times, February 2, 2007

Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal.

The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report.

The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact.

Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers.

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Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said.

The German conglomerate declined further comment.

The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations.

Siemens has repeatedly said that prosecutors view the company as a witness in the probe, not a suspect, and that it has been the victim of a rogue group of employees. Those Siemens employees detained and questioned allege that bribery was a normal business practice at Siemens, their lawyers say.

An informal inquiry by the SEC is the first step in a process that can lead to a formal investigation and civil penalties if the regulator believes they have found suspect information.

The two probes come as Siemens has taken a number of steps in an attempt to show it is taking the allegations seriously. It has Deloitte as a forensic accountant as well as taking on Michael Hershman, a former Watergate investigator, as an anti-corruption consultant.

Klaus Kleinfeld, Siemens' chief executive, told the FT in mid-December that the group's lawyers had been in weekly contact with the SEC with conversations on November 22, early December and then on December 6 and 13.

Prosecutors believe sham consulting contracts may have been used to divert money into slush funds that were then used to bribe officials in countries including Saudi Arabia and Nigeria to win telecoms contracts. Siemens says as much as €420m in payments in the last seven years are suspicious.

Long-Running AOL Trial Heads To Jury (WP)

By Carrie Johnson

The Washington Post, February 2, 2007

An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001.

The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday.

Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the "rocket docket" for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to "look away from the facts" but instead to remember "a lesson we all learned from the time we were children: Simply tell the truth."

Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said.

"These guys would rather cheat than fail," Assistant U.S. Attorney Adam Reeves told the jury Tuesday.

U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo.

That means each of the defendants faces two charges: conspiracy and aiding and abetting PurchasePro's founder, Charles E. Johnson Jr., to commit securities fraud. They assert their innocence, but only Wakeford testified in his own defense and tried to distance himself from Johnson.

An outsized, colorful character accused of directing subordinates to forge documents and destroy computers, Johnson split from the case last fall after his lawyer resigned for reasons that remain secret. He will be retried later. The judge urged jurors this week to neither speculate about the reasons for Johnson's departure nor consider him in their efforts to reach a verdict.

That may be difficult if prosecutors have their way. Johnson's alleged misdeeds permeated their closing argument. They essentially sought to convict Johnson in absentia and to use him to tar the three remaining defendants, each of whom carefully avoided sitting at the empty table where Johnson once sat.

The defense teams strived to portray their clients as scapegoats in a government investigation that fell short of catching high-ranking former AOL executives who may have engineered accounting tricks and sham deals. AOL ultimately paid more than $500 million to resolve federal charges.

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Mark J. Hulkower, a lawyer for Tuli, told jurors that "there has been a complete failure of proof" in the government case. He attacked government witnesses' memory and branded a key cooperator who is serving more than four years in prison as a pathological liar whose testimony could not be believed.

Terrance Reed, a lawyer for Benyo, stressed his client's unfamiliarity with PurchasePro's accounting practices and his low rank in the corporate hierarchy. Reed urged the jury to "set yourself and Mr. Benyo free" from a trial that had been expected to conclude before Christmas.

"Obviously things are running later than usual," the judge said late Tuesday as the clock ticked. "It wouldn't be this trial if that didn't happen."

Henry W. Asbill, a lawyer for Wakeford, told jurors that his client was "stuck in the middle" between overbearing bosses and trying clients. Asbill asserted that Wakeford did not have authority to enter into major deals and that he did not benefit financially from the PurchasePro transactions. His client, he argued, was left at the defense table because "the prosecution couldn't figure out a way to charge, much less convict, any AOL senior executives who had to be the real targets during this investigation."

Prosecutors tried to protect themselves from that argument by entreating the jury that blaming the boss is not a defense. "They could be bit players and still be guilty," Reeves told the jury.

CEO Whack-a-mole (LAT)

The Los Angeles Times, February 2, 2007

IN 1993, OUTRAGE OVER sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore.

The Clinton-era rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques.

As part of a bill to gradually raise the minimum wage from $5.15 to $7.25 an hour, the Finance Committee proposed an annual cap on the amount of surtax-free salary that employees could delay receiving until after they left a company. The cap would be $1 million, or the executive's average pay for the previous five years, whichever is lower. Anyone who exceeded the cap would face a sizable penalty: They'd have to pay income taxes and a 20% surtax on the deferred money even before they received it.

Deferred compensation has become an extremely popular benefit, with more than 900 of the 1,000 largest corporations reportedly using it. It typically helps high-paid executives save more for their retirements than their company's pension or 401(k) plans allow.

The issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock. When the 1993 law capped the deductible portion of salary at $1 million, companies diverted compensation into still-deductible forms such as bonuses, stock options, deferred payments and other performance-related packages that were harder to quantify and prone to abuse. (The ongoing options backdating scandal is Exhibit A.)

There's every reason to believe that the proposed cap on deferred compensation will lead to similar shenanigans, making it harder for shareholders and even corporate directors to tell what executives are being paid, let alone whether they're earning their keep. Rather than giving corporate accountants a reason to muddy the waters again, lawmakers should undo the damage caused in 1993 by lifting the cap on deductions for executive pay. This year, new Securities and Exchange Commission rules will force firms to release easy-to-understand summaries of what executives are being paid. That kind transparency should be the goal, not the casualty, of federal tax policy.

CRIMINAL LAW:

FBI Agent Shows Doubts For Libby's Story (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 2, 2007

WASHINGTON -- In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis "Scooter" Libby to be: not very.

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Bond testified Thursday about interviewing Libby in 2003 about the leak of CIA operative Valerie Plame's identity and the 19-year FBI veteran refused to even use the word "said" to describe Libby's statements.

Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later.

"He said that?" defense attorney Theodore Wells asked.

"That's what he claimed," Bond replied.

"He said it," Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in.

"Did he say that?" Walton asked.

Bond didn't flinch: "He told us that, yes," she said.

Bond was the first Justice Department official to testify in the trial and is scheduled to return to the witness stand Monday.

The FBI spent three years investigating the leak of Plame's identity to the press. Nobody was charged with the leak but prosecutors say Libby obstructed the case by concocting a story he believed would shield him from prosecution.

Bond is one of the final witnesses in Special Prosecutor Patrick Fitzgerald's case. He plans to play more than eight hours of Libby's grand jury testimony in court Monday and part of Tuesday.

NBC News reporter Tim Russert, who Libby said told him that Plame worked at the CIA, is expected to testify Tuesday as Fitzgerald's final witness. Russert said Plame's identity did not come up in their conversation.

Fitzgerald is expected to rest his case as early as late Tuesday afternoon. Defense attorneys say they'll call Libby and Cheney to testify.

Libby Left Out Some Facts In Interviews, FBI Agent Says (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 2, 2007

One of the FBI agents who interviewed I. Lewis "Scooter" Libby during the CIA leak investigation testified yesterday that the vice president's then-chief of staff did not acknowledge disclosing the identity of undercover CIA officer Valerie Plame to reporters, asserting that he was surprised when another journalist later told him about her.

FBI agent Deborah S. Bond also testified that Libby said that, while he was preparing to be interviewed by investigators in the fall of 2003, he came across a handwritten note he had made during a phone conversation with Vice President Cheney. The note made it clear that, shortly before June 12, 2003, Cheney had told Libby that Plame worked at the CIA's counterproliferation division and was married to an outspoken critic of the Iraq war.

Libby's conversation with Cheney took place nearly a month before Libby telephoned Tim Russert, NBC's Washington bureau chief. According to Bond, Libby said that, during that call, Russert mentioned that "all the reporters" knew that former ambassador Joseph C. Wilson IV's wife worked at the CIA. Libby told the investigators that "it was as if it was the first time he heard it," Bond said.

Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information.

The version of events Libby related to the FBI conflicts with the accounts of several government officials and journalists who have already testified at the trial. Russert is scheduled to be the prosecution's final witness early next week.

Libby is charged with lying to FBI agents and a grand jury in the investigation of the leak of Plame's name to the news media. He is not charged with the leak itself. Special Counsel Patrick J. Fitzgerald contends that the CIA officer's identity was disclosed as part of a White House campaign to discredit her husband.

In 2002, the CIA dispatched Wilson to Africa to investigate reports that Iraq had recently tried to buy material there for making nuclear weapons. In June 2003, shortly after the Iraq war began and days before his wife's identity was leaked, Wilson publicly accused President Bush of trying to justify the war by twisting the intelligence Wilson had brought home.

Libby has pleaded not guilty to all five felony counts. He and his attorneys contend that he misremembered the conversations he had with reporters about Plame amid the crush of his work on national security issues.

Yesterday, Bond told jurors that, during the FBI interviews, Libby did not mention several significant aspects of his interactions with journalists. He told investigators about a July 8, 2003, breakfast meeting with then-New York Times reporter Judith Miller, Bond said, but did not mention another meeting with Miller two weeks earlier.

Bond said Libby also did not say that he had sought information about Plame from government officials and discussed the matter with Miller and, soon after, with Matthew Cooper, then a reporter for Time magazine.

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According to Bond, Libby told her that he did not recall discussing Wilson's wife with Miller. In Cooper's case, Bond testified, Libby said he had simply told Cooper that other reporters were saying that Wilson's wife worked at the CIA but that Libby did not know whether that was true.

Bond also said Libby "adamantly denied" that he had told then-White House press secretary Ari Fleischer about Plame. Fleischer testified earlier this week that Libby did reveal that information.

During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12.

Earlier yesterday, the judge presiding over the trial expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom, U.S. District Judge Reggie B. Walton said that argument was undercut by evidence that then-White House press secretary Scott McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame.

Walton allowed the prosecution to play small portions of videotapes of briefings from early October 2003, by McClellan, who had, by then, succeeded Fleischer as Bush's press secretary.

Libby had complained to Cheney that McClellan had, days earlier, cleared senior White House adviser Karl Rove but not Libby, according to witnesses and trial documents. Cheney then called the White House to urge McClellan to do the same for Libby, suggesting some phrases that Libby and Cheney had worked out together. According to one exhibit, Cheney scribbled on a note: "Has to happen today."

Jurors watched snippets of three McClellan briefings. In one, a few days before Libby's first FBI interview, McClellan was asked whether Libby or two other administration officials had leaked Plame's name. The videotape shows McClellan replying: "I spoke with them so I could come back and say to you, they were not involved."

Yesterday, Walton ruled that Libby's attorneys are not entitled to look at Miller's notebooks for evidence that she had spoken with sources other than Libby about Plame or Wilson.

F.B.I. Agent Says Libby Denied Being Leak Source (NYT)

By Neil A. Lewis

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — An F.B.I. agent told a jury Thursday that I. Lewis Libby Jr. “claimed” during formal interviews she conducted that he had not disclosed to two reporters the identity of Valerie Wilson, a Central Intelligence Agency operative.

The testimony from Deborah S. Bond of the Federal Bureau of Investigation came at the beginning of prosecution efforts to close the circle in its case against Mr. Libby, the former chief of staff to Vice President Dick Cheney. Mr. Libby is charged with lying to federal agents and to a grand jury investigating the leak of Ms. Wilson’s name.

By the time Ms. Bond took the stand Thursday afternoon, the jury had already heard from the two reporters — Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine. Ms. Miller testified that Mr. Libby had told her in detail about Ms. Wilson; Mr. Cooper said that Mr. Libby had been more terse, but that he had confirmed she worked at the C.I.A.

In flat, unemotional tones, Ms. Bond recounted two interviews that she and other agents conducted with Mr. Libby in the Old Executive Office Building in October and November of 2003. In them, Mr. Libby gave answers that directly conflicted with the reporters’ accounts.

At the time, the Justice Department was in the early stages of its investigation into how Ms. Wilson’s name was leaked to the press and whether the leak was part of an effort to retaliate against her husband, Joseph C. Wilson IV. Mr. Wilson had written an Op-Ed article published in The New York Times on July 6, 2003, asserting that the Bush administration had willfully distorted intelligence to justify invading Iraq.

“Mr. Libby said he had no recollection of discussing Joe Wilson’s wife with Ms. Miller” at a July 8, 2003, meeting at a Washington hotel, Ms. Bond testified. In fact, she said, “Mr. Libby claimed he had no knowledge of Joe Wilson’s wife during that time.”

Ms. Bond, a 19-year veteran of the bureau, testified that Mr. Libby had “claimed” he told Mr. Cooper he heard about Ms. Wilson from other reporters.

In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson’s criticisms.

The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters.

Patrick J. Fitzgerald, the chief prosecutor, who has said he probably will end his presentation by Tuesday, also tried to lay the groundwork to counter the bold argument put forward at the trial's beginning by Mr. Libby's defense team: that White House officials made him a scapegoat to protect Karl Rove, President Bush's chief political strategist.

On Thursday jurors also saw videotape from July 2003 showing Scott McClellan, then the White House press secretary, telling reporters that Mr. Libby had no involvement in the leak of Ms. Wilson's name. Mr. McClellan had initially declined to do so, but was ordered by Mr. Cheney to provide the same exculpatory comments he had given earlier for Mr. Rove.

In a discussion outside the presence of the jury, Mr. Fitzgerald said: "This rebuts the idea that Mr. Libby was thrown under the White House bus. The White House went out to clear him."

Judge Reggie M. Walton appeared to agree. "At this point there hasn't been any substantial evidence that was in play," Judge Walton said of the defense contention that Mr. Libby was a scapegoat.

The comments were made as both sides argued over to how much of Mr. McClellan's news conferences could be shown to the jury on videotape and how much needed to be read.

In the end, the jury was given what might have been a confusing mix; they saw Mr. McClellan's answers on a television screen. The reporters' questions that elicited the comments were read by Kathleen Kedian, a prosecutor, because the judge agreed with Mr. Libby's lawyers that the tone of the reporters was cynical and negative.

Portions Of White House Briefing Tapes Played At Libby Trial (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis "Scooter" Libby "had nothing to do" with leaking information about the wife of a Bush administration critic.

Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes showed that Libby had a motive for lying to investigators and grand jurors when he said a reporter had told him that Valerie Plame worked at the CIA. Prosecutors say Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said.

After McClellan spoke, Libby "couldn't walk back from his story" without risking being fired, Fitzgerald said. That was Libby's motive to lie, the prosecutor said.

Plame is the wife of former State Department official Joseph Wilson. In 2003, Wilson publicly accused the administration of "twisting" intelligence about Iraq's nuclear program to justify the invasion in March 2003. Administration officials told reporters he had been sent on a mission to explore Iraq's attempts to buy uranium in the African nation of Niger at the request of his CIA-based wife.

The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton, because they might suggest to jurors that Libby had leaked classified information when he spoke about Plame. Although revealing the identity of a CIA officer such as Plame can be a crime, Libby is not charged with that.

Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — "had nothing to do with the situation."

Later in the clips, McClellan modified his statement, saying only that Libby did not leak classified information. Libby was Vice President Cheney's chief of staff.

Wednesday, former Time magazine reporter Matt Cooper testified that Rove, a key adviser to President Bush, had told him in July 2003 that Wilson's wife worked at the CIA.

Days earlier, Wilson had written a column published in The New York Times that criticized the administration for "twisting" intelligence about Iraq.

Fitzgerald has signaled that after the clips are played, he will attempt to play audio transcripts of Libby's grand jury testimony. He also told the judge Thursday that he will attempt to introduce an agreement Libby signed before going to work for the vice president in which he promised not to disclose classified information.

No testimony is scheduled for Friday. Fitzgerald has said he plans to conclude his case Monday by calling an unnamed witness and NBC reporter Tim Russert.

Libby told the grand jury he first learned of Plame's identity in a conversation with Russert on July 10, 2003.

Russert has denied it. Eight prosecution witnesses have said they discussed Plame's CIA job with Libby before July 10, 2003.

Video Undercuts Libby's Defense (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, February 2, 2007

His assertion that he was a scapegoat clashes with the White House stance that he had no role in leaking a CIA operative's identity.

WASHINGTON — Former vice presidential aide I. Lewis "Scooter" Libby's defense in his perjury trial relies on his contention that he was made a scapegoat to protect White House political strategist Karl Rove from charges of leaking the name of a CIA officer.

But that assertion was dealt a blow Thursday, when jurors were shown videotapes from 2003 of White House spokesman Scott McClellan telling reporters that Libby was not the source of the leak.

"There's no evidence of an effort to throw him under the bus," prosecutor Patrick J. Fitzgerald told U.S. District Judge Reggie B. Walton, arguing — in the absence of the jury — that the tapes should be played.

Libby is accused of lying to investigators probing whether government officials illegally disclosed the identity of CIA arms-proliferation specialist Valerie Plame in the summer of 2003, soon after her husband, former Ambassador Joseph C. Wilson IV, accused the Bush administration of twisting prewar intelligence in Iraq.

His lawyers have told the jury that Libby, who was then chief of staff for Vice President Dick Cheney, feared he was being made a scapegoat to shield Rove, one of President Bush's most trusted advisors, from legal problems.

But that argument, Fitzgerald told Walton on Thursday, was undercut by the fact that McClellan told reporters that Libby wasn't involved in the leak. Over the objections of Libby's lawyers, Walton allowed the prosecution to play brief excerpts of the tapes.

McClellan ardently defended the White House during a series of briefings in early October 2003. At the time, the Justice Department was just beginning a criminal investigation into the leak, and questions were swirling about the possible involvement of administration insiders. McClellan initially told reporters that Rove had engaged in no misconduct, but the spokesman declined to be drawn into a discussion of the possible roles of others.

Libby, his lawyers have said, saw that initial reluctance as a sign that unnamed officials were conspiring to have him take the fall so Rove would emerge unscathed. Libby complained to Cheney, the lawyers have said, and a few days later McClellan changed his message, exonerating Libby and a third White House official as well as Rove.

"I spoke with those individuals … and those individuals assured me they were not involved in this," McClellan told reporters Oct. 10. When asked what "this" was, he replied: "The leaking of classified information."

On Thursday, Walton questioned defense lawyer Theodore Wells about the scapegoat theory, asking how, given the videos, "you make out a case that somehow the White House was putting his head on a platter…. I don't understand how that connection is going to be made."

Fitzgerald has alleged that Libby was involved in helping craft McClellan's language. But he noted that the statement publicly clearing Libby also put him in a private bind: Libby was concerned that he had leaked classified information about Plame, so he set out to construct a story that would insulate him from being charged with that crime, Fitzgerald said.

During his first interview with the FBI, which came four days after McClellan's last mention of the leak, Libby told investigators that he had discussed Plame with journalists and others, but he said that he was only passing on information he had heard from reporters, including Tim Russert of NBC News.

In fact, the government has alleged that Libby heard about Plame from a number of official sources — initially from Cheney himself, as well as from officials from the CIA and the State Department. Unlike passing along tips from reporters, passing along tips about Plame from official sources could constitute a crime.

"He has got to tell a story consistent with what the White House has told the world," Fitzgerald said Thursday. "He is locked in with his feet planted in cement.

"The cleanest way to take himself off the hook is to say, 'I heard it from reporters,' that 'I did not know it was true.' "

Wells has said that Libby did not lie at all, and that any misstatements to investigators were the product of memory lapses and the stress of his involvement in life-and-death national security issues.

After playing snippets of the videotapes for the jury, Fitzgerald called an FBI agent, Deborah Bond, to the stand to recount details of two interviews Libby gave to investigators.

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According to Bond, Libby acknowledged that Cheney had told him in a phone conversation around June 12, 2003, that Wilson's wife worked for the CIA, but Libby added that he had forgotten the conversation by the time he talked with journalists about Plame a few weeks later.

Bond testified that Libby also said that he and Cheney may have discussed telling reporters that Wilson's wife worked at the CIA, but that he could not be sure.

And, she added, "Mr. Libby told us he believed that the vice president had learned this information from the [then-]director of Central Intelligence, George Tenet."

The trial is adjourned until Monday. The government is expected to call Russert before resting its case early next week.

rick.schmitt@latimes.com

A Failed Cover-Up (WP)

By David Ignatius

The Washington Post, February 2, 2007

Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb? That's the big question that runs through the many little details that have emerged in the perjury trial of Vice President Cheney's former top aide, Lewis "Scooter" Libby.

The trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA.

The truth began to emerge on July 11, 2003, when CIA Director George Tenet issued a public statement disclosing that the agency had tried to warn the White House off the Niger allegations. In that sense, the Libby trial is about a cover-up that failed.

What helped start the whole brouhaha was a 2003 op-ed article by former ambassador Joseph Wilson, disclosing that his fact-finding trip to Niger the previous year had yielded no evidence of Iraqi uranium purchases. His piece opened with a devastating question: "Did the Bush administration manipulate intelligence about Saddam Hussein's weapons programs to justify an invasion of Iraq?" A frantic White House tried to rebut Wilson's criticism by leaking the fact that his wife, Valerie Plame, worked at the CIA and had suggested sending him to Niger -- as if the CIA connection somehow contaminated Wilson's allegations and made the White House less culpable.

To understand the Libby case, it's important to look at the documentary evidence, which has been usefully compiled by washingtonpost.com.

The record begins with a Feb. 13, 2002, memo from a CIA briefer who had been "tasked" by Cheney on the uranium issue: "The VP was shown an assessment (he thought from DIA) that Iraq is purchasing uranium from Africa. He would like our assessment of that transaction and its implications for Iraq's nuclear program." The CIA briefer responded the next day with a comment that should have aroused skepticism on whether Iraq needed to buy any more uranium: Iraq already had 550 tons of "yellowcake" ore -- 200 tons of it from Niger. But the CIA, eager to please, asked Wilson a few days later to go to Niger to investigate the claim.

A glimpse of the pressure coming from the vice president's office emerges from a memo from CIA briefer Craig R. Schmall, after he was interviewed in January 2004 by FBI agents investigating the leak of Plame's covert identity: "I mentioned also to the agents that Libby was in charge within the administration (or at least the White House side) for producing papers arguing the case for Iraqi WMD and ties between Iraq and al Qaeda, which explains Libby's and the Vice President's interest in the Iraq/Niger/Uranium case."

CIA and State Department documents show that analysts at both agencies became increasingly skeptical about the Niger allegation and tried to warn the White House. A memo from Schmall to Eric Edelman, then Cheney's national security adviser, recalled: "CIA on several occasions has cautioned . . . that available information on this issue was fragmentary and unconfirmed." A memo from Carl W. Ford Jr., then head of the State Department's intelligence bureau, noted that his analysts had found the Niger claims "highly dubious."

The Niger issue wasn't included in Secretary of State Colin Powell's famous U.N. speech on Iraqi weapons of mass destruction, according to Ford, "due to CIA concerns raised during the coordination regarding the veracity of the information on the alleged Iraq-Niger agreement." But despite CIA warnings, Bush referred to uranium purchases from Africa in his January 2003 State of the Union address, attributing it to British sources.

So we begin to understand why the White House was worried about the CIA in the summer of 2003: It feared the agency would breach the wall of silence about the claims regarding weapons of mass destruction. Robert Grenier, a CIA official who was the agency's Iraq mission manager, told colleagues that he remembered "a series of insistent phone calls" that month from

Libby, who wanted the CIA to tell reporters that "other community elements such as State and DOD" had encouraged Wilson's Niger trip, not just Cheney.

The bottom line? Grenier was asked in court last week to explain the White House's 2003 machinations. Here's what he said: "I think they were trying to avoid blame for not providing [the truth] about whether or not Iraq had attempted to buy uranium." Let me say it again: This trial is about a cover-up that failed.

Net-betting Crackdown Freezes Funds (USAT)

By Jon Swartz, Usa Today

USA Today, February 2, 2007

SAN FRANCISCO — The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services.

The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry.

And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers.

Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved.

"The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place," says Michael Tew, principal of gaming consultant CapitalHQ. "This could take years." Funds from other gambling sites are not tied up, Tew and others say.

Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. An attorney representing the company declined to comment.

Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling.

Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business.

Neteller offers few instructions for customers trying to cash out their accounts. "We are working to resolve all withdrawal issues, but in the meantime we continue to maintain these funds in trust on your behalf," says a posting on the company's website.

Neteller declined to comment. The company processed more than $7 billion in online gambling transactions in its 2005 fiscal year. FBI Agent Neil Donovan says funds from Neteller are being held in court as potential evidence. Some customers may get their money back, but he did not provide a timetable.

A law signed by President Bush in October bans the use of credit cards, checks and electronic fund transfers for Internet gaming. U.S. residents place more than half of all bets to major offshore casinos.

BetOnSports has settled civil charges with the Justice Department, but not criminal charges. Carruthers' case is separate.

Notorious NYC Crack Kingpin Convicted Of Murder For Paying To Have Rivals Killed (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, February 2, 2007

(AP) - NEW YORK-A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 (â‚¬38,400) to have two rivals gunned down in 2001.

A jury deliberated five days before finding Kenneth "Supreme" McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued.

In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent.

The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label.

Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million (â,¬770,000) in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate.

"That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens," prosecutor Carolyn Pokorney said during closing arguments. "And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue."

The defense told jurors that both victims were known thugs who were armed when killed. It also argued that the government had built its case on the false testimony of admitted criminals hoping to see their prison time reduced.

The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole.

U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an "absurd" waste of time and money. The prosecutors told him this week the officials had not changed their minds.

Defense lawyer David Ruhnke said that though he was disappointed with the verdict, "We're pretty confident this jury will spare his life."

The mother of one of the victims, Karen Cameron, told reporters outside court that she opposed a death sentence for McGriff. "Death is not the answer," she said.

McGriff was originally indicted along with Lorenzo and Lorenzo's brother Chris, a Murder Inc. executive. After being granted a separate trial, the brothers were acquitted in 2005 of money-laundering charges.

McGriff succeeded in making a straight-to-video film, "Crime Partners 2000," that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

At the Supreme Team's peak, McGriff and his nephew, Gerald "Prince" Miller, employed scores of crack dealers in and around a Queens housing project and took in $200,000 (â,¬153,600) a day, authorities said.

The team used rooftop sentinels with two-way radios to thwart police. It inflicted violence against rivals and traitors, resulting in at least eight murders in 1987 alone, authorities said.

McGriff's was among three death penalty trials occurring simultaneously at the same federal courthouse.

Last month, a jury spared the life of a gang member convicted of murder. Earlier this week, a jury sentenced to death the killer of two undercover police detectives - the first federal defendant sentenced to death in New York City since 1954.

Man Convicted In 2 Killings; U.S. To Pursue The Death Penalty (NYT)

By William K. Rashbaum

The New York Times, February 2, 2007

A jury in federal court in Brooklyn yesterday convicted a notorious crack kingpin with ties to the rap music industry of hiring a hit team from Harlem to murder two rivals in 2001, crimes for which he could face the death penalty.

Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer.

The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years.

In the case decided yesterday, the jury, after a three-week trial, found the convicted trafficker, Kenneth McGriff, guilty of racketeering, conspiracy to distribute narcotics and other crimes. The jury acquitted him of murder in aid of racketeering and gun charges.

During the roughly 10 minutes it took for the jury forewoman to read out the verdicts on each of the 17 counts against him, Mr. McGriff, wearing a dark olive green vest and trousers, white shirt and tie, appeared relaxed and unmoved. He leaned back in his chair several times, then watched intently as the court clerk polled each juror.

After the panel, which had deliberated for three and a half days, left the courtroom, Mr. McGriff smiled broadly at friends and family members in the courtroom gallery and pursed his lips together as if to blow kisses.

The aunt of one of the victims wept as she left the courtroom.

Minutes later, standing in a hallway waiting for the elevator, the mothers of the two victims, still breathless and appearing shaken by the jury's verdict, suggested that they hoped the panel would spare Mr. McGriff's life.

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"Death is not the answer — there's been enough death," said Karen Cameron, whose son, Eric Smith, was one of the men slain by the hit team Mr. McGriff hired six years ago for $25,000 for each killing.

"I don't want anybody's death on my hands," said Bessie Singleton, the mother of the other man, Troy Singleton.

The assistant United States attorneys who prosecuted the case — Carolyn Pokorny, Jason Jones and Jeffrey Rabkin — had presented evidence that Mr. Smith was killed in retaliation for the slaying of Mr. McGriff's friend, Culbert Johnson. They alleged that Mr. Singleton was slain because Mr. McGriff feared he would retaliate for the killing of Mr. Smith.

Beginning Tuesday, the jury will hear evidence in the penalty phase, and will then weigh whether to vote to execute Mr. McGriff or sentence him to life without parole.

One of his lawyers, David A. Ruhnke, said he was disappointed with the verdict but was "pretty confident" the panel would spare his client's life.

"We're certainly grateful to learn that the victim's families are not interested in a death sentence in this case, and we'll be discussing with the government whether that changes their minds," Mr. Ruhnke said later.

The verdict came a week after the judge in the case, Frederic Block, in unusually blunt remarks from the bench, called the government's effort to seek the death penalty "absurd" and a waste of taxpayers' money. Outside the presence of the jury, he urged the prosecutors to forward his remarks to their Justice Department superiors in Washington and to ask them to abandon the endeavor.

The prosecutors told the judge earlier this week that they had passed on his concerns to the United States attorney general, Alberto Gonzales, but that they were going to pursue the death penalty.

The defense had argued that Mr. McGriff, after serving a federal prison term of six years, had abandoned crime and drugs and sought to produce music and movies with Irving and Chris Lorenzo, two rap producers for the Murder Inc. label who were known professionally as Irv and Chris Gotti.

Mr. McGriff was originally indicted in January 2005 along with the Lorenzos, who were charged with laundering drug money through the label. Their cases were separated from Mr. McGriff's, and they were acquitted in December 2005.

Chris Lorenzo was in court yesterday, and after the verdict said only, "I was here for a friend I'm supporting."

Ex-U.N. Official Jailed Pending Trial (AP)

By Larry Neumeister, The Associated Press

AP, February 2, 2007

NEW YORK (AP) — A judge revoked the bail of a former senior United Nations official and ordered him detained until his trial on bribery charges.

Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. His trial is expected to begin as early as next month.

Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial. Part of his collateral included Manhattan apartments Bahel was alleged to have purchased at a discount as a reward for awarding contracts.

The man accused of offering the bribes, Nishan Kohli, has pleaded guilty and admitted that he made cash payments and real estate deals with Bahel to benefit himself and the companies he represented.

Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States.

The judge said his immigration status was "precarious" but not illegal.

Hung Jury In Coca-Cola Conspiracy Trial (NSDY/AP)

By Harry R. Weber, Ap Business Writer

Long Island Newsday, February 2, 2007

ATLANTA -- A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision.

"We are a hung jury, have taken several polls and we feel we are unable to reach a decision," the foreperson said in a note to U.S. District Judge J. Owen Forrester.

Forrester did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams.

The jury already has deliberated nine hours over two days.

Williams, who faces up to 10 years in prison if convicted, was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

The government says Williams was deeply in debt, unhappy in her job and seeking a big payday, so she embarked on the scheme to steal trade secrets.

Defense lawyer Janice Singer urged jurors to use their common sense. She argued that prosecutors did not prove their case beyond a reasonable doubt.

Singer suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified earlier this week she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Assistant U.S. Attorney Byung J. Pak said during his closing argument Wednesday that the key under the mat claim was one of many lies told by Williams.

During two days on the stand, Williams testified that she didn't steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400, and that was after her July 5 arrest.

Williams' credibility has been an issue for the jury to weigh during its deliberations.

Camden Redevelopment Corp. Records Subpoenaed (CAMCP)

By Jim Walsh, Courier-Post Staff

Camden Courier-Post, February 2, 2007

CAMDEN -- State and federal investigators are probing a private nonprofit organization run by Randy Primas, the city's former chief executive, an official said Thursday.

The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes.

The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year.

Primas could not be reached Thursday evening.

He previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group.

The subpoenas were served to the Camden Redevelopment Agency and the Municipal Clerk's office, which retains city records, Fuentes said.

"We will cooperate fully," said the council president, who added he was unaware of the specific documents requested.

Fuentes said Theodore Z. Davis, a retired state Superior Court judge who succeeded Primas as the city's chief operating officer, "is in full support." Davis could not be reached.

David Wald, a spokesman for the state Attorney General's Office, said the agency does not confirm or deny investigations. An FBI spokesperson echoed the same comment.

The chief operating officer, who is appointed by the governor, is the city's most powerful official under a state-funded turnaround program. Primas left the $175,000 job on Dec. 8.

City Council members in November voted unanimously to approve the land sale as part of a planned $18.5 million affordable housing project by Michaels Development Co. of Marlton.

Michaels is to build the apartments and manage the project, said Joel Silver, the firm's vice president. The nonprofit organization is to own the land and lease it to Michaels for 98 years.

A majority of council members have said they did not know Primas was the nonprofit's chairman or that his organization would receive $30,000.

Arijit De, former executive director of the city's redevelopment agency and former secretary of the private nonprofit, has said the private organization received no special treatment. He could not be reached Thursday.

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At a legislative hearing on Camden's turnaround effort on Tuesday, Primas said he resents the implication "that somehow I'm self-dealing. I'm not."

But, he said, "Perhaps, in hindsight, we probably wouldn't do it that way again."

Fuentes said all city administrator are to undergo mandatory ethics training in the near future. The training, to be provided by the state, is required under an ordinance that was recently approved by council, he said.

Separately, state and federal grand juries are investigating legal fees paid by the Camden Redevelopment Agency to state Sen. Wayne Bryant, D-Lawnside.

Reach Jim Walsh at (856) 486-2646 or jwalsh@courierpostonline.com

More Subpoenas Focus On Camden Redevelopment (PHI)

By Dwight Ott And Jennifer Moroz

The Philadelphia Inquirer, February 2, 2007

Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday.

The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families.

"I think it may have to do with Cramer Hill," said Theodore Z. Davis, Camden's acting state-appointed chief operating officer, referring to the latest subpoenas.

Davis and agency attorney Martin McKernan referred questions about the subpoenas to the Redevelopment Agency's new executive director, John Kromer. Kromer was out of town yesterday and could not be reached.

The Redevelopment Agency directs Camden's state-financed recovery and is the focal point for any Camden development plans.

The new request for records comes at a time when the agency has been under fire for a deal brokered by a private nonprofit corporation headed by former Camden chief operating officer Melvin R. "Randy" Primas Jr. and the former Redevelopment Agency executive director, Arijit De.

In the deal, the nonprofit Camden City Redevelopment Corp. - headed by Primas and De - partnered with the Michael's Development Co. to obtain six Camden properties. Those properties were then turned over to the city and leased from the Redevelopment Agency by Michael's for $477,000, according to Kromer. Primas' corporation was paid a $30,000 administrative fee.

The land in question was part of an $18.5 million affordable-housing project of 78 apartments for low- to moderate-income people in Cramer Hill.

The deal raised questions because Primas served as chairman of both the Redevelopment Agency and the nonprofit corporation.

Kromer said earlier this week that the Redevelopment Agency was reflecting on the ethics of the arrangement. Still, he said, other redevelopment deals in Camden have long used similar practices.

"In the future it won't be done," Kromer added.

Kromer recently replaced De, who quit as the agency's chief in December. Primas resigned as Camden's chief operating officer in November. Davis replaced him until the governor names a permanent replacement.

Mafia Boss Pleads Guilty To Racketeering (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 2, 2007

FORT LAUDERDALE, Fla. -- The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison.

Renaldi "Ray" Ruggiero, 73, admitted in a plea agreement that he was a "capo" in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property.

"I plead guilty, your honor," Ruggiero told U.S. District Judge James Cohn.

Sentencing was set for April 27 for Ruggiero, who could also be fined $25,000. Ruggiero pleaded guilty to racketeering conspiracy, but did not agree to cooperate with federal Mafia investigators in his deal.

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The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130 other undercover recordings that provide details about the group's plots and crimes.

Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending.

One of the pending cases is that of 96-year-old Albert "Chinky" Facchiano. He is also a "made" member of the Genovese family and has a long criminal history dating to the 1930s, according to federal prosecutors.

Ruggiero, who has a home in Palm Beach Gardens, had never been arrested before last June on the federal charges, according to the FBI. He became the top Genovese boss in South Florida in 2003, court documents show.

Facchiano is also named in a New York federal grand jury indictment against numerous other Genovese family members. His attorneys have filed papers asking that the New York and Florida cases be consolidated in Florida for a possible plea agreement.

Suspect Pleads Guilty To Racketeering (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 2, 2007

The Palm Beach Gardens grandfather accused of running South Florida operations for the Genovese crime family pleaded guilty to racketeering conspiracy Thursday in Fort Lauderdale federal court.

Renaldi Ruggiero, 73, faces up to 20 years in prison for his role in organized criminal activities that include robberies, extortion, money laundering and loan sharking between 1994 and 2006. Sentencing is set for April 27.

Another mob figure charged in the case, 96-year-old Albert "The Old Man" Facchiano, is set to plead guilty in coming weeks. The two men, who prosecutors described as members of La Cosa Nostra, and four alleged Genovese associates were charged in June. The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved.

Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew "broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect."

Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent.

A November 2003 search of Ruggiero's home turned up records of about 40 loans made by Ruggiero at annual interest rates ranging from 52 percent to 156 percent, prosecutors said.

The loans were made with the understanding that any delay in paying them back could result in violence, according to authorities.

In addition to those records, the government's evidence against Ruggiero included thousands of recorded phone calls and tapes made by two undercover agents.

On Jan. 24, a federal magistrate upheld the wiretap evidence, rejecting a bid from Ruggiero's attorney to have it thrown out.

Lawyer Michael Salnick said the legal setback and serious heart problems convinced Ruggiero to enter a plea deal with the government.

Ruggiero did not agree to cooperate with investigators, Salnick said.

Salnick bristled at prosecutors' description of his client as a "capo."

"That's a TV movie term as far as I'm concerned," Salnick said. "He has admitted his involvement in certain criminal acts."

Priest Suspected In Attack Arrested (NSDY/AP)

By Amanda Lee Myers, Associated Press Writer

Long Island Newsday, February 2, 2007

PHOENIX -- A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said.

The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix.

He was being held in a county jail in Phoenix on a federal charge of unlawful flight to avoid prosecution. But that charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said.

DOJ_NMG_0126197

Chaanine has been a fugitive since the alleged Jan. 26 assault of 54-year-old office worker at the Our Lady of Las Vegas parish, where the priest was an administrator.

The woman told Las Vegas police that she was sitting at her desk when Chaanine broke a full bottle of wine over her head, grabbed her by the hair and dragged her down a hall toward his office.

She fought back, lost consciousness, and awoke with Chaanine touching her private parts, according to the police report. She continued fighting until Chaanine straddled her and grabbed her throat. She told detectives she began to pray for her life before the attack suddenly stopped.

The woman told police that after the attack Chaanine muttered that he was going to kill himself. He said he would call an ambulance, and left the church, she told police.

Chaanine has been suspended with pay from his position as church administrative pastor.

In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine.

"We are relieved that Father Chaanine has been found and now justice can be served through the legal process," Pepe said. "We have worked closely with the authorities and are hopeful that the information we provided proved helpful."

Chaanine, a native of Lebanon, was ordained in 1996 and worked at churches in Detroit, Youngstown, Ohio, El Paso, Texas, and Wheeling, W.Va., before beginning work at Our Lady of Las Vegas in 2004, the diocese said.

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Associated Press writers Ryan Nakashima, Kathleen Hennessey and Ken Ritter in Las Vegas contributed to this report.

Hoosier Admits Katrina Fund Fraud (FWNS)

The Fort Wayne News-Sentinel, February 2, 2007

INDIANAPOLIS — A Bloomington man pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college loans, federal authorities said. Alan King, 29, was charged with theft of government money, loan fraud, false use of Social Security numbers and student financial aid fraud.

Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005.

2 Saucier Women Arrested In Katrina Fraud Cases (BSH)

Biloxi Sun Herald, February 2, 2007

GULFPORT, Miss. - Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina.

Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26. The charges carry maximum penalties of 25 years in prison and $500,000 in fines.

Indictments say the women claimed to live at neighboring addresses along Mississippi 67 in Saucier when the hurricane hit, though they did not live there. It also says both women claimed their homes and personal possessions were damaged.

Indictments also say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005.

Man Sentenced In Cisco Scam (BOSH)

By Jay Fitzgerald, Boston Herald General Economics Reporter

Boston Herald, February 2, 2007

A Pepperell man and former worker at Hanscom Air Force Base was sentenced yesterday to more than four years in prison for scamming Cisco Systems out of more than $4.7 million.

Nicholas Stoupis, 36, who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment.

Stoupis, who last year pleaded guilty to four counts of mail and wire fraud, would set up bogus e-mail accounts with Hanscom addresses, according to a press release issued yesterday by U.S. Attorney Michael J. Sullivan.

Stoupis would then monitor Cisco's site for any recalled products, such as computer networking equipment, and ask that replacement materials be sent to his home. The products would then be sold on the Internet by Stoupis, who claimed they were previously used by the military.

Man Sentenced In Military Contract Fraud (BOS)

The Boston Globe, February 2, 2007

BOSTON --A man who worked as a military contractor at Hanscom Air Force Base was sentenced Tuesday to four years and three months in prison after pleading guilty to charges he ran a scheme to steal $4.7 million worth of products from Cisco Systems, Inc.

U.S. District Judge Richard G. Stearns also ordered Nicholas Stoupis, 36, of Pepperell, to pay $3.1 million in restitution to the California-based company, according to the U.S. Attorney's office. Stoupis also was ordered to serve three years of supervised release after his prison term.

Stoupis pleaded guilty Oct. 5 to two counts of mail fraud and two counts of wire fraud.

Prosecutors said he carried out the scheme from July 2004 through March 2006, creating e-mail accounts in the name of fictitious people using a Hanscom address, and using them to order replacements for recalled products that had been sold to the military or to contractors.

Stoupis had the goods sent to his home, then sold them over the Internet, prosecutors said.

Stoupis' attorney, Robert F. Casey Jr., did not immediately return an after-hours message seeking comment.

Woman's Bail Revoked In Child Pornography Case (PHI)

By John Shiffman

The Philadelphia Inquirer, February 2, 2007

A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography.

Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl.

Prawdzik's lawyer, Regina Coyne, did not deny the encounter, but said Prawdzik suffered from depression and memory loss, and did not recall the incident until confronted by investigators.

Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children.

In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail.

Afterward, Worman's lawyer, S. Lee Ruslander, said he did not know if his client could get a fair trial in Philadelphia, given the publicity surrounding the case. He also questioned why Worman was held on state charges for nearly a year before a federal grand jury indictment was brought.

Federal sentences for child pornography are typically stiffer than state charges. If convicted of more than one of the 51 counts in the federal indictment, Worman faces a minimum mandatory sentence of 25 years. The advisory federal guidelines also recommend an even longer sentence: life in prison.

Prawdzik and another former Worman girlfriend, Concetta Jackson, face at least 15 years in prison if convicted of just one count of aiding him.

Assistant U.S. Attorney Michael Levy said Jackson, 44, "effectively ran a day-care center... and she bascially allowed Mr. Worman to have unsupervised control over the female children."

"Her statements to the FBI and Delaware County law enforcement officers were that she would occasionally go upstairs to check on the children because she had this uncomfortable feeling, but basically allowed it to happen."

Jackson's lawyer, Mark Wilson, said, "No one is denying that she was aware that he was taking pictures that might be inappropriate. The question is whether that knowledge is sufficient to meet criminal liability."

Wilson added: "There is no evidence that she molested anyone or that she saw it happen."

Jackson is a disabled former convenience-story employee who divorced her abusive husband in 1999, her lawyer said. She met Worman in 2002, when her landlord sent him to inspect her home. They began to date and he moved into the home in 2003.

"He became abusive toward her and essentially had her under his thumb," Wilson said.

Since the indictment, Wilson said, neighbors have yelled at her and thrown bricks and eggs at her home.

U.S. District Judge Lawrence F. Stengel, who presided over hundreds of sexual-abuse cases as a state judge in Lancaster, ordered Jackson confined to her home pending trial.

DOJ_NMG_0126199

In an unrelated case, Stengel yesterday sentenced a 58-year-old married father of three from Reading to 18 months in prison for possessing child pornography.

Edward E. Williams had pleaded guilty to possessing 159 images of child pornography on his computer. Williams told Stengel that he had been abused as a child and did not get sexual satisfcation from viewing the images, but looked at them to try to understand why others would.

Also yesterday, a Missouri man, Mark Wagemann, was sentenced to five years in prison for traveling to Philadelphia to meet for sex a girl he believed to be 14. He met her online.

The "girl" was an undercover FBI agent. When Wagemann was arrested at Philadelphia International Airport, Wagemann was carrying Viagra, bubble bath and a poem.

Journalists Pay Deadly Toll In Reporting News (AP)

By Hope Yen

AP, February 2, 2007

WASHINGTON — The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday.

The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia.

In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links.

"There has never been a more dangerous time to be a journalist," said Lucie Morillon, Washington director of Reporters Without Borders. "But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate."

The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S.

At least 60 people are in prison worldwide for posting criticism of their governments online.

China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said.

In the U.S., the report said journalists and bloggers' "freedom of expression" is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike.

Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course.

Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism.

"It has become vital to examine new technology from a moral standpoint and understand the secondary effects of it," the report said. "If firms and democratic countries continue to duck the issue ... we shall soon be in a world where all our communications are spied on."

Iraq was the most deadly country for journalists last year, with 39 reporters and 26 other media workers killed. Among them were two Americans — Paul Douglas of CBS and his sound man James Brolan, while the rest were Iraqis.

At least 30 journalists were arrested by Iraqi security forces during 2006. The U.S. Army arrested eight media workers, including AP reporter Bilal Hussein, who was taken into custody in April and has yet to be charged.

During the international uproar over cartoons of the Prophet Muhammad, countries did little to help journalists who were threatened or arrested, the report said.

"It was as if, fearing a fight with Arab and Muslim regimes, Europe, for one, renounced all desire to make itself heard," the report said.

The Muhammad drawings were first published in September 2005 in the Danish newspaper Jyllands-Posten and were reprinted four months later by a range of Western publications, triggering massive protests from Morocco to Indonesia and some attacks on Danish embassies.

Inmate Who Fled With Official's Wife Is Sentenced For Escape (NYT)

By Ralph Blumenthal

DOJ_NMG_0126200

The New York Times, February 2, 2007

MANGUM, Okla., Feb. 1 — A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping.

Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember.

The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living together in a trailer on a chicken farm in East Texas in April 2005.

"I took her with me," Mr. Dial testified under cross-examination after offering a rambling account from the witness stand of what he portrayed as plots by prison authorities to kill him.

"Did she help you or assist you?" asked an assistant district attorney, Eric Yarborough.

"I don't know," Mr. Dial responded, after acknowledging that the couple had driven off together in Ms. Parker's van. To follow-up questions, he also replied, "I don't remember."

Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live.

But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying.

"He'll never live to see daylight out in the world again," said the lawyer, Jim Hines.

Correction officials refused to allow Mr. Dial to shake hands with one of his nine children, Roxanne Dial, 24, who was in court. In a pre-sentencing statement, Mr. Dial said he escaped in fear of his life after being put in prison with an African-American gay man he thought might have AIDS and after a leader of a white supremacist group "informed me I would be decapitated for dealing with a n-word person."

"I'll tell you what I did. I left town in 24 hours," Mr. Dial testified.

He also said Ms. Parker had told him perhaps 50 times while they were together that "if I ever came back I would be killed" and that "her husband would see to it."

The husband, Randy Parker, to whom Ms. Parker returned after she and Mr. Dial were found, dismissed the account as a fabrication. Mr. Parker said he believed his wife's account that she had been abducted and held against her will in fear of Mr. Dial's underworld connections. Mr. Parker is now facility security operations director for the Oklahoma Department of Corrections.

The case began in 1981 when a martial arts instructor, Kelly D. Hogan, was shot to death in Broken Arrow, Okla. The murder remained unsolved until 1986, when Mr. Dial confessed that he was the killer. He said in court Thursday that he had mistakenly believed that Mr. Hogan might have sold drugs to one of his children.

Mr. Dial ended up in a series of prisons. At the reformatory in Granite, he said he helped the warden design a wellness center, where, he said, he met Ms. Parker and ended up working on art projects at the Parker home.

He said security was so lax that after he and Ms. Parker drove away in her van on Aug. 30, 1994, his absence was not discovered until Ms. Parker called her mother that evening.

On Nov. 9, 2001, Mr. Dial called a Tulsa author and former homicide detective, Charles W. Sasser, who had written a book about him, "At Large." Mr. Sasser in a later postscript to his book said Mr. Dial put Ms. Parker on the phone and she said, "I'm fine; I'm happy."

Mr. Sasser said he told the F.B.I. about the call, but the pair remained elusive until April 4, 2005, when agents and Texas Rangers, acting on a tip from the television program "America's Most Wanted," surprised Mr. Dial in his trailer. Investigators said it was clear that the two had been sharing a bedroom, and they found letters the two had exchanged. Ms. Parker, it turned out, had called 911 when Mr. Dial suffered a heart attack and rode with him in the ambulance to the hospital.

Mr. Yarborough, the prosecutor, citing the pre-sentence report, dismissed Mr. Dial as not to be believed.

"The defendant definitely spins a good yarn," he quoted from the report. "It's difficult to tell where reality ends and fantasy begins."

Abducted Boy, Mom Reunited (WT)

By Arlo Wagner

The Washington Times, February 2, 2007

LINTHICUM, Md. -- A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national.

"My grandma told me we would never find him," said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport.

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Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale.

Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status.

Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother.

"I couldn't be away from my child that long," said Mrs. Baldwin, 29, who then began searching the Internet for clues. "My heart told me I had to find [the mother of] this child. If I'm an overprotective mother, that's what I'll be."

She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children.

"I knew it was him," said Mrs. Baldwin, who was at the reunion and also has children.

Abraham clutched a tan, wool teddy bear but showed no emotion upon reuniting with his mother.

"I thought he had gone to Mexico," said Miss Debrodie, who started crying again when she said her grandmother died last month. "My grandma is proud of me right now."

Mrs. Baldwin said she saw Mr. Monroy and the boy in a red car. She wrote the car's tag number on her hand, then called police.

With help from state police Sgt. Ron Riggin, authorities took the boy, who his mom nicknamed Dakota, into protective custody.

"Mrs. Baldwin and Sgt. Riggin have brought these happy results," said the agency's Sgt. Russell Newell, who arranged the reunion and for the boy to fly back to Missouri with his mother.

"This is good," Sgt. Riggin said. "There are a lot of bittersweet endings in these cases."

The reunion was postponed nearly two hours because social services workers were delayed in delivering the boy to the airport.

Miss Debrodie presented to her son the blue-and-pink baby blanket he carried with him while in Jefferson City.

"I asked him if he wanted to go to the house and he said 'Yes,' " Miss Debrodie said. "He wanted to go home. We're going to have a welcome-home party tonight. ...I've never been in Maryland before. I want to go back home."

Miss Debrodie said she also has two daughters, including 3-month-old Gicana, whom the boy has never seen.

While Miss Debrodie was awaiting the arrival of her son, American Airlines official Nicole Summann heard her say the trip home would end late last night because they would have to wait in Chicago for a flight to St. Louis. So Mrs. Summann arranged for an earlier flight directly to St. Louis from Ronald Reagan Washington National Airport.

"It was the thing to do," she said.

Transit Police Try To Crack Down On Robbers (WP)

By Lena H. Sun

The Washington Post, February 2, 2007

The number of robberies throughout the Metro transit system increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday.

The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies.

Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said.

In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell.

Transit Police Chief Polly Hanson said in a statement that she was "extremely proud" of the robbery unit and would keep it going in 2007. Also last year, a Metro police officer joined an FBI-sponsored regional robbery task force and will continue to share intelligence and tips with other area law enforcement agencies, Metro officials said.

Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said.

"Sometimes they're in casual clothes; sometimes they're at observation points," Foxwell said. "They use a number of deployment methods."

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Robberies also rose in the region last year. In Montgomery County, they were up significantly in the first half of 2006, with 584 robberies through June 30, a 37 percent increase over the same period in 2005. Preliminary 2006 figures in Fairfax County showed an increase in robberies of at least 6 percent, while the District's preliminary figures showed that robberies were down about 5 percent from 2005.

Metro's crime report revealed that the total number of serious crimes rose to 1,270 in 2006, up about 11 percent from 1,145 in 2005. Serious crimes include aggravated assault and robberies as well as motor vehicle theft and larceny.

The figures also showed more serious crimes taking place in parking lots, with 812 crimes reported in 2006, an increase of 14 percent from the 714 reported in 2005. Foxwell said most of the crimes in parking lots are vehicle thefts and thefts from vehicles.

Late For Court: Connecticut Case Draws Scrutiny (NYT)

By Alison Leigh Cowan

The New York Times, February 2, 2007

NORWALK, Conn., Feb. 1 — Some call the "failure to appear" charge a prosecutor's best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms.

Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison.

Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back.

It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge.

She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance.

Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield.

"We thought it set a bad example," said John A. East III, a senior assistant state's attorney, who argued in court papers that rather than rely on her boyfriend to rouse her, Ms. Khadijah should have set an alarm or perhaps brewed herself a strong cup of coffee.

But Gerald B. Lefcourt, a past president of the National Association of Criminal Defense Lawyers, said the case "is really right out of Catch-22." "There's no way to win when you have a system that is so inflexible and so lacking in understanding," he said.

At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge.

Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls "other offenses."

New York State's Division of Criminal Justice Services said its records showed 444 convictions on bail-jumping last year and 465 the year before — a fraction of Connecticut's 6,539 in 2006, and fewer even than the 596 in Norwalk (these numbers include those related to motor-vehicle charges).

Asked why New York's figures were so much lower than those across the state line, a spokesman for the agency, Mark Bonacquist, said he was "not making any comment as to whether our statutes are similar to Connecticut."

Here in Norwalk, some lawyers contend that prosecutors and judges are overusing the charge to solve all manner of other problems. Norwalk ranks sixth among Connecticut's 35 courts — including many that are far larger and busier — for the total number of failure-to-appear cases disposed of last year, and had by far the highest rate of conviction on such cases, just shy of 55 percent, of the courts with the highest volumes.

"Failure to appear should be a last resort," complained Jon L. Schoenhorn, a Hartford lawyer who is the president of the Connecticut's Criminal Defense Lawyers Association. "You can only put so much pressure on parties to move cases along before the pressure is seen as an abuse of discretion."

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Alfred Blumstein, a criminologist at Carnegie Mellon University, called the Connecticut situation "mind-boggling."

"Showing up late for court is certainly inappropriate but to be convicted of it as a felony sounds so extreme," he said. If a defendant is not there when called, he wondered of the courts, "Can't they juggle their schedules a little bit?'"

Ms. Khadijah, who twice went to prison in the 1990s on drug and other charges, said she did not set out to take on the criminal justice system. Rather, she said, her focus over the last decade has been on supporting herself and her daughter, now 5, of whom she once lost custody.

"Because I'm a felon, it's hard to get a job," said Ms. Khadijah, a high school graduate who worked in a factory packing Nivea skin cream, delivered pizzas, and worked at a law firm. She has also been evicted for failure to pay rent, and sought bankruptcy protection in 2005 to cancel the $30,000 she owed her criminal lawyer, Sam Kretzmer.

The missed court date stemmed from a February 2002 police raid of the Round Tree Inn on Westport Road, where Ms. Khadijah was living. She was charged with possession of narcotics and risk of injury to a child, though she accused the police of entering her room without a warrant and claimed that the drugs they found were not hers. Court records show Ms. Khadijah kept 20 court dates over the next 18 months without a hitch.

She knows the drill cold. Dress respectfully, so court officials see that you understand the severity of the charges. Arrive early, leaving plenty of time to clear the metal detectors. Sit politely, even if you must wait all day to be called.

"We used to be there at 9 a.m. and leave at 5 p.m. every day, just like I worked there," Ms. Khadijah said of herself and her boyfriend, Darri Woodhouse, a co-defendant in the drug case.

According to her testimony in the failure to appear case, Ms. Khadijah arrived home from her Norwalk Hour paper route at 8 a.m. on Aug. 13, 2003, the second day of jury selection for the drug trial. She sat on the couch and told Mr. Woodhouse to wake her if she dozed. He didn't.

Instead she was roused by a telephone call from her lawyer about 11 a.m., 15 minutes after she had been instructed to arrive. Ms. Khadijah raced to the courthouse full of apologies, getting there at about 11:30 — minutes after Judge Susan Reynolds had dismissed jurors and ordered her charged with failure to appear in the first degree.

Ms. Kretzmer had assured the judge that her client was on her way and asked for five minutes' grace. "This is not a cocktail party," the judge replied. "This is the most important thing in her life, and she's 45 minutes late."

The judge offered to vacate the arrest if Ms. Khadijah entered a guilty plea instead of going to trial, an offer her lawyer rejected. The charges were dismissed five months later by a different judge, who agreed that the police had erred by entering without a warrant.

So prosecutors pressed on to trial in January 2004 on the lone remaining offense — failure to appear.

"It's like hitting an ant with a hammer," said Mary Anne Royle, a lawyer who has been helping Ms. Khadijah with her appeals. Mr. Schoenhorn, the leader of the state's criminal defense bar, called the decision to continue the prosecution after the drug charges disappeared "a sour-grapes type of vindictive act."

But Mr. East, the prosecutor, said "we have to be aggressive" in pursuing such cases.

"Failures to appear are a big problem in our courts," he said. "They clog up the docket and cost the state a lot of money."

Ms. Khadijah was convicted of failure to appear once before, 16 years ago, a misdemeanor that led to the first of her two stints at the York Correctional Institute in Niantic and that she said was a proper response by the system.

That conviction was used to cast doubt on her testimony in her recent failure-to-appear case.

As that case undergoes further review, both sides acknowledge that precedents on the subject are skimpy, since the issue rarely gets litigated. Both sides cite a 19-year-old Washington, D.C., case about a habitually late lawyer who overslept one day, called the court to say he would not be coming and went back to bed, according to the appellate panel's summary.

Connecticut prosecutors note that the resulting contempt charge stood on appeal, while Ms. Khadijah's lawyers use the case to highlight the contrast between the lawyer's response and her efforts to race to court once awakened.

Other lawyers reached back 23 years to find a Connecticut case, Gionfrido v. Wharf Realty, in which a plaintiff's lawyer left Middletown for Hartford on a lunch break to retrieve a file and was 26 minutes late returning to court because he "lost track of time" and hit traffic.

The Middletown judge dismissed the lawsuit moments after the lunch break ended when the plaintiff's lawyer did not show up. The Connecticut Supreme Court called the dismissal "harsh" but ruled that the lower court had not abused its discretion in light of the need to process cases "in a timely and efficient manner."

The treatment of tardy defendants is hardly uniform. On a recent morning here, some no-shows got a pass, in the form of a letter reminding them of their obligation to appear in court. Others had their bond increased. At least one was ordered rearrested.

Neatly dressed in a cowl-neck sweater, flowing skirt and brown wig to hide hair loss she said stems from stress, Ms. Khadijah arrived promptly for a 10 a.m. appearance on her most recent arrest, in December, in which she was accused of

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reckless driving and criminal mischief in a vacant lot. “Because I’ve been in trouble before, I’m an easy catch,” she said afterwards of her seeming inability to stay out of court.

After 73 other names and nearly three hours, Ms. Khadijah’s name was called. She stood.

The exchange took less than one minute.

“Are you Ayanna Khadijah?” Judge Reynolds asked, as if they were meeting for the first time.

“Yes,” said the defendant.

The judge instructed the prosecution to talk to other people involved in the December case. Ms. Khadijah was told to return in four weeks for another appearance.

Kaine Dubious On Death Penalty Expansion (WP)

By Michael D. Shear

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- Virginia Gov. Timothy M. Kaine, who ran for office pledging to enforce the death penalty despite his personal opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment.

Kaine (D), speaking to Washington Post reporters and editors, questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges.

"I do not look at the expansion of the death penalty with a favorable eye," Kaine said of legislation moving through both houses. Noting that Virginia is second to Texas in the number of executions, Kaine said, "I would not say that the problem in Virginia is that the death penalty is not applied enough."

Kaine made the comments during a wide-ranging two-hour interview Wednesday evening in which he also discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs.

The governor said he does not intend to revisit the idea of constructing a Metro tunnel under Tysons, despite efforts by community and business groups that fear the traffic and development effects of an elevated track. Although the tunnel is the best option, Kaine said, he thinks that pursuing that option would risk the loss of nearly $1 billion from the Federal Transit Administration, which would kill the project.

"Unless [the tunnel advocates] were to get the FTA to say, 'We'll give you the $900 million either way,' we're just going to be delay, delay, delay," Kaine said. "And then potentially not get the money. . . . Time is not our friend on this."

Scott Monett, head of a McLean-based group pushing for a tunnel, disputed this, saying that the FTA has not said outright that reconsidering a tunnel would cause the loss of federal funding. The timing issue is less pressing, he said, because his group has paid $3.5 million to produce engineering plans for a tunnel.

In the debate over plans for a 240-mile power line through rural Frederick, Warren, Fauquier, Prince William and Loudoun counties, Kaine said Dominion should "absolutely" find a place to build the $1.4 billion line other than the proposed route, which has provoked anger from many residents and environmental groups.

Kaine was reluctant to suggest an alternative. Asked where the route should go, the governor paused, chuckled and said: "Well, yeah. Darn."

But then Kaine said he is encouraged by a new proposal in which Dominion could build the line along existing power lines, using a circuitous route that avoids the most sensitive parts of the countryside.

"I have spoken with the Dominion folks, and I have spoken with the folks up in Northern Virginia," Kaine said. "The notion of following some existing right-of-ways . . . might actually be a real possible one."

But the Piedmont Environmental Council, the main group opposing the line, argues that Dominion has failed to prove that Virginia needs the additional electricity and does not support any of the alternatives proposed by the company. "Our position is and has been that pushing it into someone else's back yard isn't a solution," said Robert W. Lazaro Jr., the group's spokesman.

The death penalty has been a sensitive subject for Kaine since he took office about a year ago.

During the campaign against former attorney general Jerry W. Kilgore (R), Kaine pledged to carry out executions even though he said his Catholic faith leads him to oppose it. Kaine has let three executions stand and has granted one stay of execution.

"Fidelity to the rule of law is a very important moral virtue," Kaine said in the interview. "Wrestling with how you balance these things out, there's no easy answer to that."

Kaine noted that Muhammad, the convicted sniper, still received the death penalty under a terrorism statute even though prosecutors didn't prove that he pulled the trigger.

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"I go back to my question: 'Where's the problem' " with the application of capital punishment? Kaine asked. "It's like how many ways can you ban gay marriage? Virginia would like to do it nine times rather than eight times. The death penalty statute is kind of the same way."

Del. C. Todd Gilbert (R-Shenandoah), sponsor of the bill to repeal the law that makes only the person who carries out a killing eligible for execution, said a Kaine veto would be "a direct affront to victims" of crimes that involve more than one perpetrator. "When you have two people committing an act that brutal and heinous, they should be treated the same by law," Gilbert said.

Despite his skepticism about the need for an expansion of the death penalty, Kaine said it is possible that he could be persuaded to sign one of the bills this session.

He said, for example, that he might be able to accept the argument that judges are members of the law enforcement community and that killers of judges should be treated the same as killers of police officers.

"Are there really instances where there have been murder of judicial professionals but they haven't been able to be charged with capital crimes because they . . . are not law enforcement professionals?" Kaine asked. "If there is some weird gap that wasn't intended, I could see someone saying, 'See, this is a problem.' "

But, he added, "You know, I've got to be convinced there is a problem, and I've got to be convinced that the bill fixes a problem."

Staff writers Tim Craig, Alec MacGillis and Sandhya Somashekhar contributed to this report.

CIVIL LAW:

FEC To Police '527' Groups' Campaign Activities (WP)

By Matthew Mosk

The Washington Post, February 2, 2007

The Federal Election Commission said yesterday that it will police "527" groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for contributions, how they describe themselves, and how they spend their money.

If the groups make clear that they are advocating for or against a specific candidate, the FEC would regulate them.

"We're providing clear guidance," said FEC Chairman Robert D. Lenhard. "This makes it clear that the existing rules will be enforced."

The FEC filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups.

Some of the groups, which are called 527s because of their designation in the tax code, raised and spent large sums of money to pay for nuanced political ads that appeared to be intended to skirt the new federal rules.

The objective of the lawsuit, filed in 2004, "was to get the FEC to issue regulations to make clear to 527 groups when they would be required to register and report as political committees" and, as a result, be limited to raising much smaller sums from individual donors, said Fred Wertheimer, an advocate of campaign finance reform who is working on the case.

The FEC said that it will continue to resist issuing specific regulations. It noted that recent fines imposed on 527 groups such as MoveOn.org and Swift Boat Veterans for Truth made clear that the agency will not tolerate 527 organizations engaging in campaign activity aimed at promoting or tearing down a presidential candidate.

Wertheimer and representatives of the Campaign Legal Center, who have been challenging the FEC on its approach, declined to react to the court filing yesterday, but said that they will be back in federal court next week to schedule a formal response.

CIVIL RIGHTS:

Lawsuit Says Apartments' No-dog Policy Biased Against The Blind (AP)

AP, February 2, 2007

PHILADELPHIA - The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster apartment complex, alleging their rental policies discriminate against the visually impaired.

The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides.

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Department of Justice officials posing as potential renters conducted the investigation into the complex's policies.

The investigation found the apartments use discriminatory housing practices by "refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling," the complaint said.

The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected.

"The services of guide dogs are essential to individuals with visual impairments," Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. "Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment."

Justice Department Settles Cibola County Voting Rights Claim (AP)

AP, February 2, 2007

GRANTS, N.M. (AP) - The U.S. Department of Justice has settled voting rights claims against Cibola County.

The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday.

Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county.

The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge.

"I felt that the county had been complying but the Justice Department felt there were a few problems" that warranted the extension, Diaz said.

American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said.

"Voting is the most sacred thing that all of us have," he said. "The commissioners and the clerk wanted to make sure things are done right. She (Clerk Eileen Martinez) didn't mind the Justice Department looking over her shoulder for another two years."

Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it.

The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls. Provisional ballots are counted after the election once officials determine the person is a qualified voter.

Miss. Voting Rights Trial On Break, Resumes Feb. 15 (AP)

AP, February 2, 2007

JACKSON, Miss. - A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections.

Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites.

Noxubee County is a rural area along the Alabama line with a majority black population.

On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice.

Lee, who is hearing the case without a jury, has not indicated when he might rule.

The trial began Jan. 16 in federal court in Jackson.

Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority.

"White voters clearly prefer white candidates over African-American candidates, and they frequently are on the losing end of the elections because their candidate preferences are not shared by the African-American voters," Engstrom wrote in a report he did for the Noxubee County Democrats.

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However, Justice Department expert Theodore Arrington said Brown and his "political machine" have exploited the election process to ensure blacks control the county.

"Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of ... elections in Noxubee County," Arrington testified last month. "And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud."

Engstrom is a consultant at the University of North Carolina School of Law's Center for Civil Rights in Chapel Hill, N.C.

Arrington is chairman of the political science department at the University of North Carolina in Charlotte, N.C.

In letting Engstrom testify for the Democrats, Lee overruled a federal magistrate who had earlier barred the expert's testimony because he came too late into the case.

Lee said Engstrom should be heard "in the interest of fairness" for letting both sides fully present their cases.

State Appeals Justice Ruling On Chastang (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), February 2, 2007

The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision "an affront to the state's sovereignty and federalism itself."

In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang.

The Justice Department's decision "invites chaos into state governmental functioning," the letter stated.

Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it "appears to diminish the opportunity of minority voters to elect a representative of their choice."

The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace.

Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters.

"Where state government makes a change that is regressive as far as the voting rights of minorities are concerned, that's the purpose of the Voting Rights Act itself," he said.

A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking.

State Reps. Yvonne Kennedy, James Buskey and Bill Clark filed the suit in 2005 in response to the Republican governor appointing the conservative Chastang to fill the commission seat vacated when Sam Jones was elected mayor of Mobile.

Chastang's district has historically elected Democrats to the commission.

If nothing else, the appeal makes it likely that Chastang will be in office at least for the immediate future. Gonzalez has 60 days to rule on the request for reconsideration, and if he doesn't overturn the ruling, the state could appeal to the U.S. District Court for the District of Columbia, a "time-consuming" process, King wrote.

Chastang said he is pleased with the state's efforts to keep him in office. He blamed local politics for creating the problem in the first place.

"Politics is playing a big part in this situation," Chastang said. "It's a shame we can't all get along and try to serve the people and do what's right for the people."

In his letter, King goes through 155 years of Mobile County government history in an effort to show that Riley's appointment should be ruled valid.

In 1852, the state code noted that any vacancy in the Court of County Commissioners in Mobile County would be filled by a gubernatorial appointment.

That arrangement lasted for more than 130 years, until the state passed a 1985 law allowing vacancies on the Mobile County Commission to be filled by special election. The state had that law pre-cleared by the Justice Department, as is necessitated by the 1965 federal Voting Rights Act.

In 1987, the new law came into effect, and Jones won a special election to fill a vacancy for the District 1 seat on the commission.

After that election, the new law was targeted in a lawsuit and in 1988 was ruled unconstitutional by the State Supreme Court, which said it conflicted with a general law giving the governor appointment power for such vacancies.

Then-Gov. Guy Hunt appointed Jones to the seat he had held for more than a year, and Jones kept it for the next five elections.

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In 2004, the state passed a new law allowing counties to have special elections to fill vacancies, as long as a local law is passed to establish those elections.

When Jones left office in 2005, local Democrats argued that the 2004 law meant a special election should be held to fill the seat, as dictated by the 1985 local law.

Riley, however said the 2004 state law did not revive the previous local law, and he still had appointment power in Mobile County. The Alabama Supreme Court sided with him, and he appointed Chastang.

That's when Kennedy, Buskey and Clark filed the federal lawsuit, which argued that the appointment violated the Voting Rights Act because the state never pre-cleared a change back to gubernatorial appointments after the 1985 law was ruled unconstitutional.

The federal court agreed, and forced the state to seek Justice Department pre-clearance to return to gubernatorial appointment. The Justice Department denied that request last month.

King argued that because the 1985 special election law was only used once, and then was declared unconstitutional, the pre-clearance it received should be invalidated, which would make Riley's appointment compliant with federal law.

King also attacks the Justice Department ruling on other grounds. He criticizes the logic that the appointment disenfranchised the majority-black district because Riley was elected by a majority-white population, saying that the Justice Department should look at the demographics of the entire county, which is majority-white.

Also, he writes, the Justice Department ruling "fails to acknowledge that Samuel L. Jones and Juan Chastang are African American."

King also poked fun at a section of the Justice Department ruling that said the state did not prove the voters in District 1 would have elected Chastang in a special election.

"It is not clear how the state could prove such a thing," King wrote. "(U)nknown is the identity, if any, of Mr. Chastang's fictional opponent. In our experience, the results in elections frequently turn on the identity of the candidates."

Texas Deputy To Pay Price For Defending Self (WT)

By Jerry Seper

The Washington Times, February 2, 2007

A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States.

The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month.

The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year -- "followed the letter of the law" in defending himself in the April 2005 incident and questioned why the government brought charges.

"This is a fine young man, and I just don't believe he committed the wrong of which he was accused," Sheriff Letsinger said. "I have never had anything hurt me so badly as this prosecution. We've got to make this right."

Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as "Gilmer," "another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America."

"Once again, our government is on the wrong side of the border war," Mr. Poe said.

The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills.

Hernandez, 25, and his wife, Ashley, have a 4-month-old daughter.

"The town is outraged that this has happened to our deputy," said the Rev. Albert Green, pastor at the First Baptist Church. "Those people were in this country illegally, and they tried to run him down. They were the criminals, but the prosecutors made our deputy out to be the criminal.

"I do not know a single person who doesn't feel Gilmer was prosecuted for doing his job," said Mr. Green, who is the deputy's pastor. "I do not know a finer, more well-behaved gentleman. He would not purposely or willfully hurt anyone."

U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away "knowing it was occupied with the nine individuals," at least seven of whom were illegal aliens -- some of whom later were called to testify for the government.

Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating "under the color of law" the civil rights of Maricela Rodriguez-Garcia, a Mexican national.

The woman was struck in the lip by bullet or other metal fragments after an 11:50 p.m. traffic stop in Rocksprings in April 2005. Reports said Hernandez fired shots at the blue Chevrolet Suburban's rear tires as it sped off after being stopped for running a red light.

Acquitted on a second count regarding injury to another passenger, he will be sentenced March 12 at the Del Rio court.

Assistant U.S. Attorney Bill Baumann, who prosecuted the case, told reporters that the law does not give law-enforcement officers the right to use "deadly force to stop a car unless it poses an imminent threat to the officer or another person. If the car is going away from you, it's not even a close call."

Mr. Sutton's office convicted Border Patrol agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in a crime of violence and a civil rights violation. They were sentenced to 11 and 12 years, respectively.

Shana Jones, spokeswoman for Mr. Sutton, did not return calls for comment yesterday.

Sheriff Letsinger said an investigation found that Hernandez approached the vehicle and found only the driver was sitting upright and suspected the others were illegal aliens. He said the driver, after being asked to step out of the vehicle, pulled forward and turned into Hernandez -- fleeing from what the sheriff described as the deputy's "legal stop."

Thinking the driver had tried to run him over, he said Hernandez fired at the vehicle's rear tires. He said at least one of the people inside the vehicle confirmed that the driver had turned it into the deputy.

Sheriff Letsinger, with three deputies to handle all law-enforcement matters in a 2,000-square-mile county, called the Texas Rangers after the incident to investigate what happened. He said he also called the Mexican Consulate because Mexican nationals were involved, and the consulate later notified the FBI.

The Rangers' incident report, the sheriff said, noted that after firing shots, Hernandez returned to his patrol car, notified dispatch and pursued the vehicle until it crashed into a fence -- at which time the occupants, except for Mrs. Rodriguez-Garcia, fled.

Mrs. Rodriguez-Garcia, Ivonne Hernandez Morales and Candido Garcia Perez, all occupants in the vehicle, told investigators that they paid $2,000 to be taken across the Rio Grande from Acuna, Mexico. They said they later met the vehicle's driver and a guide, who were to take them to Austin and Dallas.

Sheriff Letsinger also said the Rangers and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) agents, using dogs and metal detectors, found four shell casings at the traffic stop site but none at the crash site -- discounting claims by two of the vehicle's occupants that Hernandez fired shots at them as they fled the vehicle.

The Texas Rangers did not respond to calls yesterday.

Noting that prosecutors offered the deputy probation in exchange for a guilty plea, the sheriff said, "This young man didn't do anything wrong and wasn't about to say he had. I think that speaks to his character."

In the Border Patrol case, Ramos and Compean testified that they shot Osbaldo Aldrete-Davila in the buttocks only after he assaulted Compean and pointed a weapon at both of them. Prosecutors and later a federal jury in El Paso disagreed. Aldrete-Davila abandoned 743 pounds of marijuana before fleeing back into Mexico.

Hairdresser To The Elite Faces New Lawsuit (WP/AP)

Associated Press

The Washington Post, February 2, 2007

Andre Chreky Accused by a Second Former Employee of Sexual Harassment

Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months.

An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia.

Lawyers for Chreky and his salon denied Barrett's allegations. Chreky is fighting similar charges by another former employee, Jennifer Thong, who sued in September.

Barrett claims Chreky repeatedly told her that if she wanted to go to the White House or have contact with President Bush or his family, she would have to come to the salon early in the morning, before other employees arrived. Barrett "understood this to be . . . a thinly veiled threat that if she wanted to advance in her career she needed to accede to his sexual demands," according to the lawsuit.

Barrett says that the advances and inappropriate comments began in 2003, shortly after she returned to the salon, where she had worked in the 1990s. She was fired in December 2005.

Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving.

A lawyer for Chreky, David J. Sullivan, said in an e-mail that Barrett's account of events "simply never happened."

"Hundreds of clients and scores of employees -- as well as Mr. Chreky's wife, who manages the salon's business -- are in and out of every square foot of the salon all day long," he said.

Florida Shifting To Voting System With Paper Trail (NYT)

By Abby Goodnough And Christopher Drew

The New York Times, February 2, 2007

DELRAY BEACH, Fla., Feb. 1 — Gov. Charlie Crist announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election.

Voting experts said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count.

Several counties around the country, including Cuyahoga in Ohio and Sarasota in Florida, are moving toward exchanging touch-screen machines for ones that provide a paper trail. But Florida could become the first state that invested heavily in the recent rush to touch screens to reject them so sweepingly.

"Florida is like a synonym for election problems; it's the Bermuda Triangle of elections," said Warren Stewart, policy director of VoteTrust USA, a nonprofit group that says optical scanners are more reliable than touch screens. "For Florida to be clearly contemplating moving away from touch screens to the greatest extent possible is truly significant."

Other states that rushed to buy the touch-screen machines are also abandoning them. Earlier this week, the Virginia Senate passed a bill that would phase out the machines as they wore out, and replace them with optical scanners. The Maryland legislature also seems determined to order a switch from the paperless touch screens, though it is not clear yet if it will require the use of optical scanners or just allow paper printers to be added to the touch screens.

On Monday, Representative Rush D. Holt, Democrat of New Jersey, plans to introduce a bill in Congress that would require all voting machines nationwide to produce paper records through which voters can verify that their ballots were recorded correctly. A majority of House members have endorsed the proposal, and the changes have strong support among Senate Democrats. Mr. Holt's bill would also substantially toughen the requirements for the touch-screen machines that have printers, and experts say this could give even more impetus to the shift toward the optical scanning systems.

Mr. Crist, a Republican, at times drew whoops and applause when he announced his plan at the South County Civic Center in Palm Beach County, the epicenter of the 2000 election standoff and home of the infamous "butterfly ballot" that confused many voters. The touch screens had replaced the punch-card systems that caused widespread problems that year.

"You should, when you go vote, be able to have a record of it," Mr. Crist told a few hundred mostly older citizens at the civic center, in Delray Beach, where many residents said they accidentally voted for Patrick J. Buchanan in 2000 instead of Al Gore because of the confusing ballot design. "That's all we're proposing today. It's not very complicated; it is in fact common sense. Most importantly, it is the right thing to do."

Mr. Crist's renunciation of touch-screen voting one month after he replaced Jeb Bush as governor of the nation's fourth-most-populous state, suggested that the fight for paper voting records, long a pet project of Democrats, might become more bipartisan. Mr. Crist made the announcement with Representative Robert Wexler, a Democrat from Delray Beach who has ardently led the movement for a paper trail and has attacked Republicans along the way.

"I support this plan 100 percent," Mr. Wexler said before introducing Mr. Crist. "This governor means what he says, and he's coming to Tallahassee and he's spreading the message throughout Florida that this isn't about Republican or Democrat, it's not about this ideology or that; it's about unifying people and doing what's right for the people of Florida."

The 15 Florida counties that have adopted touch-screen voting in recent years, including Miami-Dade, Broward, Palm Beach and Hillsborough, would move to optical-scan voting under the proposal before the presidential election of 2008. The plan would give them the option, however, of using touch-screen machines during the state's two-week early voting period that precedes Election Day, if the machines are modified to provide a paper trail. Those counties represent 54 percent of the state's registered voters. Broward County alone has bought about 6,000 touch-screen machines in recent years, and Palm Beach County has about 4,500.

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Mr. Crist said county election supervisors would explore how to make optical-scan voting easier for blind people and for those who speak foreign languages. In some cases, they have been able to vote without assistance on the touch-screen machines.

Asked how he felt about discarding tens of millions of dollars worth of touch-screen machines just years after they were acquired, Mr. Crist said, "The price of freedom is not cheap. The importance of a democratic system of voting that we can trust, that we can have confidence in, is incredibly important."

Election experts estimate that paperless electronic machines were used by about 30 percent of voters nationwide in 2006. But their reliability has increasingly come under scrutiny, as has the difficulty of doing recounts without a paper trail. Federal technology experts concluded late last year that paperless touch-screen machines could not be secured from tampering.

Some states had bought early versions of the paperless machines before the 2000 recount, and one of them, New Mexico, switched last year to optical scanners. But most of the machines in other states were purchased with federal money provided under a 2002 law that required states to upgrade from old punch-card and lever systems.

New York is planning to buy either screens with printers or optical scanners, New Jersey is adding paper trails to its touch screens and Connecticut is buying the optical scanners. A recent survey by Election Data Services, a Washington consulting firm, estimated that 36 percent of the nation's counties have bought electronic machines, including some with printers attached, while 56 percent have the optical scan systems.

Mr. Holt said his bill would require the return to paper ballots by next year's presidential primaries, and it would authorize $300 million in federal money to upgrade the machines. Some state and county election officials say it could be difficult to make such sweeping changes by then.

But, Mr. Holt said, "it depends on how badly we want to do it. The public is getting very impatient here."

In Sarasota County last November, more than 18,000 voters who used touch-screen machines did not have their votes recorded in the close Congressional race between Vern Buchanan, the Republican, and Christine Jennings, the Democrat. Mr. Buchanan took office last month after a recount gave him a 369-vote victory, but Ms. Jennings has sued.

Former Governor Bush, President Bush's younger brother, generally defended touch-screen voting during his tenure and said skeptics had fallen prey to "conspiracy theories." But leading up to the 2004 presidential election, the Republican Party of Florida sent out fliers urging voters to use absentee ballots because of the absence of a paper trail.

Experts say the optical scanners are less expensive than the touch-screen systems. But Kimball W. Brace, the president of Election Data Services, said optical scanning systems had had a slightly higher rate of voter error than touch screens.

Gays Should Be Allowed To Serve Openly In Military, Poll Finds (WSJ)

The Wall Street Journal, February 2, 2007

A new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military.

By comparison, 19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve "only if they keep their sexual orientation a secret," and 18% said they should "not be allowed to serve in the military at all."

The survey, conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's "Don't Ask, Don't tell" policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military.

Forty-six percent of respondents said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%). And among political parties, Republicans are more likely to support this policy (51%) than Democrats (25%) or Independents (31%), while 18% of Americans remain undecided about the policy.

The poll also asked whether Americans agree with comments by John M. Shalikashvili, the former Chairman of the Joint Chiefs of Staff, who wrote in a recent New York Times editorial that if gays and lesbians served openly in the U.S. military, they would not undermine the efficacy of the armed forces. Fifty-seven percent of respondents said they agree with his comments, compared with 31% who disagree.

ANTITRUST:

Municipal Broker Receives Subpoenas In U.S. Probe (Update3) (BLOOM)

By Adam L. Cataldo

Bloomberg, February 2, 2007

DOJ_NMG_0126212

Feb. 1 (Bloomberg) -- PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market.

The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week.

``As a registered broker dealer we are required to maintain all the files and records that the subpoena requested," said Mary Packer, the company's president, in a telephone interview. ``We fully cooperated in supplying these in the full knowledge they were complete and absolute."

PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding.

U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial.

Request for Information

New Jersey required firms to describe any pending litigation or ``federal or state investigations or audits, subpoenas or other information requests" they have received since 2002, according to the state's Dec. 18 questionnaire.

In its response, PackerKiss said it received subpoenas that ``largely request information related to transactions involving the investment or reinvestment of the proceeds of tax-exempt bonds. The company, its principals or employees have not been identified as a target of any government inquiry or investigation."

The U.S. Department of Justice's Antitrust Division and the Securities and Exchange Commission issued the grand jury subpoenas, according to PackerKiss. They were served on or about Nov. 15.

First Southwest in its response said the company is cooperating with the U.S. investigation and acknowledged ``providing requested documents and information." The firm didn't specifically acknowledge receiving a subpoena, though Hill Feinberg, Southwest's chairman and chief executive, has said the firm got one.

Most Qualified

Tom Vincz, a spokesman state Treasurer Bradley Abelow, said in a statement that the Office of Public Finance evaluated all of the responses, and recommended Southwest because it was the most qualified. The state sold the $3.6 billion of so-called tobacco debt last week and will use proceeds to pay off existing higher-cost bonds.

Sound Capital Management, based in Eden Prairie, Minnesota, Bond Logistix LLC, based in New York, and First Albany Cos., based in Albany, New York, also applied for the New Jersey reinvestment job.

Sound Capital, one of three brokers raided by U.S. investigators in November as part of the probe, said it is ``part of" of the investigation. The company didn't provide further information except to say that no sanctions or penalties had been brought against the firm or its employees.

Sound attorney John Lundquist, a lawyer with Fredrikson & Byron PA in Minneapolis, said the company wouldn't comment.

Bond Logistix said it is unaware of any administrative proceedings, audits, investigations, or subpoenas involving the firm, its owners, or employees. First Albany said that to its knowledge, neither the firm nor its owners, principals or employees were involved in any litigation of a ``material nature."

Calls to Ken Gibbs, First Albany's executive managing director, and managing directors Edward Flynn and William Torsiglieri weren't returned.

Microsoft Plans To License Instructions (AP)

AP, February 2, 2007

BRUSSELS, Belgium -- In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers.

The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate.

EU regulators fined Microsoft in July for failing to submit the "complete and accurate" data it said was needed for rival server software to work with Microsoft's ubiquitous Windows desktop operating system.

Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols.

Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive.

The EU hasn't asked for those specific materials, only for Microsoft to enable competitors' software to be compatible. An EU spokesman couldn't be reached for comment.

United CEO Says Mergers Still Viable (USAT)

By Marilyn Adams

USA Today, February 2, 2007

WASHINGTON — US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for other airline mergers, United Airlines CEO Glenn Tilton said Thursday.

Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines "would be different if the two companies and the boards agreed."

A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers.

He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues.

His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have "ground to a halt."

US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer.

Tilton spoke to an American Bar Association meeting on the first anniversary of United's exit from bankruptcy reorganization. Chicago-based United, the USA's No. 2 carrier, reported a $25 million profit for February through December.

Tilton said continuing resistance in Washington to industry consolidation remains an obstacle. He cited a hearing last week before the Senate Commerce Committee, where several senators questioned the potentially negative effect of a US Airways-Delta merger on fares, air service and jobs.

Tilton called on the U.S. government to make it easier for airlines to compete with foreign carriers. Now that airlines are cutting their costs in and out of bankruptcy, the government should "finish the job of deregulation" so airlines can compete globally as do other industries, he said.

Tilton is a former executive of Texaco, which merged with Chevron in 2001.

In Europe, Air France merged with Dutch airline KLM in 2004 to become the world's largest airline in terms of revenue.

"Our international competitors are merging across borders, expanding, growing more profitable, investing in new aircraft," he said.

Tilton said the U.S. government should loosen restrictions on foreign investment in U.S. airlines. He urged restrictions on flights between the USA and big foreign markets be removed. Restrictions still exist, for example, on air service between the USA and the United Kingdom and mainland China.

ENVIRONMENT:

U.N. Report Adds Pressure To Global-Warming Fight (WSJ)

By Gautam Naik, Jeffrey Ball

Wall Street Journal, February 2, 2007

A report being published today that more authoritatively and explicitly links human activity to global warming is expected to increase pressure on governments and companies to reduce fossil-fuel emissions.

A summary of the new report -- put together by hundreds of scientists and backed by more than 100 governments -- is expected to assert that human activity is "very likely" the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions.

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The new document contains "a strengthening of findings, a narrowing of uncertainty and filling up of the gaps" linking human activity to long-term warming trends, said Rajendra Pachauri, chairman of the Intergovernmental Panel on Climate Change, which is publishing the report today. The IPCC was formed by the World Meteorological Organization and the United Nations Environment Program.

This summary document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change.

Already, governments and companies are acting. The European Union two years ago began imposing emission constraints on several big industries and is in the process of tightening those restrictions. A similar battle is brewing in the U.S., where Democrats -- who recently gained control of Congress -- are discussing plans to cap greenhouse-gas emissions. U.S. electric utilities emit large quantities of carbon dioxide and are likely to be the first to be regulated.

One reason for the growing political consensus is that the data linking fossil-fuel emissions to rising temperatures are becoming more reliable. President Bush, in his State of the Union address last month, implicitly endorsed the notion that fossil-fuel emissions contribute to global warming. After laying out a series of policy proposals to encourage oil alternatives such as ethanol, he said such technologies will, in addition to curbing U.S. dependence on foreign oil, "help us to confront the serious challenge of global climate change."

Steve Johnson, the administrator of the U.S. Environmental Protection Agency, hailed the IPCC report, saying, "Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us." Similarly, Exxon Mobil Corp., which has in the past made strong public statements about remaining uncertainties in global-warming science, now says climate science is growing more robust. Exxon says it has stopped funding several groups that questioned the validity of concerns about global warming.

The new report raises a key estimate of how much the earth is likely to warm as a result of an increase in greenhouse gases. It also predicts that human-induced warming will increase the intensity of hurricanes, an issue of particular interest to the insurance industry.

The assessment states that there is a 90% chance that global warming is caused by humans, according to a person familiar with the document. The previous IPCC report, published in 2001, had said humans were "likely" the trigger for warming trends, which indicated a 66% probability of a link.

The new report also says a doubling of greenhouse gases will likely raise the planet's temperature by more than two degrees Centigrade, at a minimum, the person said. The assessment six years ago said the temperature would likely rise by a minimum of 1.4 degrees Centigrade.

The assessment states that human activity is leading to warmer oceans, which in turn is likely to give rise to more intense and damaging hurricanes.

Political Climate Shifts As Verdict On Warming Arrives (USAT)

USA Today, February 2, 2007

Perhaps it's a sign of confidence that a group of the world's top climatologists would issue a global warming report on Groundhog Day, rather than some time in July. A few years ago such a report, released just as frigid air surged into North America, might have produced some chuckles or shrugs. But not this time. Too many of the world's leaders, in government and business, see the same things as these scientists do.

Indeed, today's report by the Intergovernmental Panel on Climate Change, created nine years ago by the United Nations, makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps.

The more daunting questions, though, are what can be done about global warming, and whether it can be done soon enough to matter. So far, political resistance has prevented dramatic action. The 1997 Kyoto Protocol, which assigns mandatory greenhouse reductions, was never signed by the United States and is too lenient on developing countries such as China and India, sources of much of the growth in greenhouse gases.

Further, the window to begin fixing the problem is narrow — perhaps as little as a decade, according to NASA scientist James Hansen — while the cost of fixing it would be felt by nearly everyone. Energy prices would have to rise, and habits would need to change.

Posed against those familiar obstacles is something newer and more interesting: The political climate for change appears to be improving, perhaps radically, despite the cost.

DOJ_NMG_0126215

No longer is concern limited to scientists and environmental groups. Business leaders are joining the fray as well. Last month, 10 major companies, including General Electric, DuPont and BP, called on Congress to take action. Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address.

Across Europe, global warming is now a top priority among governments and the public. In the United States, individual states have started responding out of frustration at the mismatch between federal inaction and the severity of the problem.

A rise of a few degrees in the world temperature would likely cause more severe extremes in weather, a decrease in freshwater supplies and increased coastal flooding. In the USA, where more than half of the population lives within 50 miles of a coast, that is a disturbing prospect.

This awakening is particularly encouraging because it echoes trends that have overcome severe, expensive environmental problems in the past. Odd as it might sound now, water pollution was so bad in 1969 that the Cuyahoga River in Cleveland caught fire. Air in major cities was unpleasant to breathe. Both problems were seen as enormously costly to fix. Neither proved unaffordable. The same is true for acid rain and the ozone hole.

Addressing global warming needn't bankrupt U.S. motorists. At least in the initial phases of global warming plans, the biggest change is likely to be in a reduction in the use of coal, because that fuel produces far more carbon dioxide per unit of power than other fuels.

The most commonly cited approaches are cap-and-trade system, which would impose mandatory limits and allow companies to trade them. Another is a tax on fuels based on the amount of carbon dioxide they emit.

The biggest challenge, now that so many opinion leaders in the West recognize the problem, is bringing along the developing world. Countries such as China and India have a right to the fruits of economic growth long enjoyed elsewhere. But if only the developed world adopts strict policies, then some of the most polluting industries might simply migrate abroad.

Technology holds the key. Developing countries needn't make all of the environmental mistakes made in the West if they have better technologies for power generation and transportation.

Higher energy prices would certainly have broad economic impact. But they would have benefits as well. Energy-tax revenues could be used to reduce other taxes. Reductions in greenhouse gases would likely reduce other pollutants as well.

The United States has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming. Even if it means getting started in the middle of a cold wave.

Live With Climate Change (USAT)

By Patrick J. Michaels

USA Today, February 2, 2007

It's hardly news that human beings have had a hand in the planetary warming that began more than 30 years ago. For nearly a century, scientists have known that increasing atmospheric carbon dioxide would eventually result in warming that was most pronounced in winter, especially on winter's coldest days, and a cooling of the stratosphere. All of these have been observed.

However, actually "doing something" about warming is a daunting endeavor. The journal Geophysical Research Letters estimated in 1997 that if every nation on Earth lived up to the United Nations' Kyoto Protocol on global warming, it would prevent no more than 0.126°F of warming every 50 years. Global temperature varies by more than that from year to year, so that's not even enough to measure. Climatically, Kyoto would do nothing.

In the past four years, the Senate has voted twice against "cap-and-trade" legislation — sponsored by New Mexico senators Jeff Bingaman, a Democrat, and Pete Domenici, a Republican — that would set quotas on carbon emissions and let companies buy and sell them. If adopted, their cap-and-trade law would reduce emissions by less than the Kyoto Protocol specifies. In other words, the Senate has been loath to even adopt something that does less than nothing.

The stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and — a truth that everyone must know — we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming.

Consequently, the best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future.

Fortunately, we have more time than the alarmists suggest. The warming path of the planet falls at the lowest end of today's U.N. projections. In aggregate, our computer models tell us that once warming is established, it tends to take place at a constant, not an increasing, rate. Reassuringly, the rate has been remarkably constant, at 0.324°F per decade, since warming began around 1975. The notion that we must do "something in 10 years," repeated by a small but vocal band of extremists, enjoys virtually no support in the truly peer reviewed scientific literature.

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Rather than burning our capital now for no environmental gain (did someone say "ethanol?"), let's encourage economic development so people can invest and profit in our more efficient future.

People who invested in automobile companies that developed hybrid technology have been rewarded handsomely in the past few years, and there's no reason to think environmental speculators won't be rewarded in the future, too.

Patrick J. Michaels is senior fellow in environmental studies at the Cato Institute and author of Meltdown: The Predictable Distortion of Global Warming by Scientists, Politicians, and the Media.

Judge Looking To Release Material From Rocky Flats Grand Jury (AP)

By Jon Sarche, The Associated Press

AP, February 2, 2007

DENVER - A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant.

But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released "cast us adrift in uncharted waters."

Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released.

Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules.

The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released.

In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future.

Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released.

"These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious," Matsch said.

Attorney Kenneth Peck, a former grand juror who is pursuing his case separately from the other 17 former grand jurors, said it was "ludicrous" that he and other grand jurors were prohibited from reporting what he said were possibly criminal acts by prosecutors.

Details of the allegations by the former grand jurors are sealed. But attorney Jonathan Turley, who represents 17 former grand jurors, said releasing information about the allegations could spark congressional and criminal investigations.

Rocky Flats, about 10 miles northwest of Denver, made plutonium bomb triggers from the 1950s until it was shut down in 1989. The Energy Department has said a seven-year cleanup of the site is complete, and portions are to become a wildlife refuge.

From 1989 to 1992, the grand jury reviewed evidence and heard testimony from more than 100 witnesses about alleged environmental crimes. The grand jury recommended indictments against two corporations and eight people.

Prosecutors refused to sign the indictments and instead reached a plea agreement with former plant operator Rockwell International, now part of aerospace giant Boeing Co., calling for the company to pay an $18.5 million fine.

In 1996, 18 members of the grand jury asked Matsch to release them from secrecy rules. At the time, Turley said he wanted the judge to determine if prosecutors had deliberately undermined the case to protect a government contractor.

He said the alleged misconduct should be punished, and said the grand jurors wanted to use the information to counter public statements that former prosecutors made about them after the grand jury was disbanded.

Turley submitted a sealed document in 1997 detailing the allegations, and interviewed former grand jurors under oath in closed hearings that year. He said Thursday that he was most interested in winning the release of that document and transcripts of the grand jurors' testimony.

"You have a grand jury accusing prosecutors of serious misconduct including possibly lying to Congress," Turley told Matsch. "I believe the people of the state of Colorado and of the United States have a right to know what it is that has motivated (my clients) for so long."

Peck wants Matsch to allow him to submit to legal regulators and investigative agencies an affidavit he submitted under seal detailing his allegations of prosecutorial misconduct.

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Henry Solano, who was U.S. attorney for Colorado when the grand jury was working, has denied the allegations by the former grand jurors.

CDC Issues Guidelines For Battling Flu Pandemic (WP)

By David Brown

The Washington Post, February 2, 2007

ATLANTA, Feb. 1 -- States should be prepared to keep children out of school for three months, businesses should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work and cobble together rickety child-care arrangements.

That was the picture sketched Thursday by federal officials in a guidance for communities on how to fight pandemic influenza in the months before a vaccine becomes available -- if one ever does.

"We have tools in our tool kit that we can use now to slow down pandemic flu," said Martin S. Cetron, the director of global migration and quarantine at the Centers for Disease Control and Prevention, the country's chief public health agency. "These are tools we just are not used to using in recent decades, when all the attention has been on magic bullets."

The 106-page document issued by the CDC outlines "non-pharmaceutical interventions" against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness.

States and metropolitan areas would decide when to invoke various measures, such as closing schools and banning concerts and sporting events. The guidance, notably, did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged.

Nevertheless, without a vaccine, it will be a scary and dangerous time.

"We don't expect we would be able to protect everybody," the CDC's director, Julie L. Gerberding, said at a news conference here.

Pandemic America would be an old-fashioned place. People would spend most of their time with close relatives and a few neighbors. They wouldn't go to the movies, run to the supermarket on a whim, or hug people they barely know. The sick would be cared for at home unless they were near death. Everyone would shun the houses of the ill.

At the same time, many of today's habits and capabilities would remain.

Many adults would telecommute to work in a season of near-endless "snow days." Children would probably turn in homework over the Internet. Prescription drugs would be prescribed liberally as preventive medicines. A government-woven safety net would probably provide food, personal care and financial assistance to people who couldn't cope on their own.

The use of face masks -- popular during the epochal "Spanish influenza" of 1918 -- wasn't addressed in the "Community Strategy for Pandemic Influenza Mitigation" booklet. CDC planners are still doing research -- both experimental and historical -- to figure out how useful masks might be. They will provide guidance on their use later.

To help states, cities and towns decide when to invoke various measures, the new document outlines a five-category system for estimating a pandemic's danger. The gauge is analogous to the one used for hurricanes, although "case fatality ratio," not wind speed, is the key variable.

Case fatality ratio is the fraction of ill people who die. In the Spanish flu, which killed about 50 million people worldwide, the ratio in the United States was about 2.2 percent. (It was 10 times as high in some other parts of the world.) Spanish flu in modern America would kill about 1.8 million people; it is Category 5.

The case fatality ratio was less than 0.5 percent in 1957 and 1968, the two most recent pandemics, which rank as Category 2. In the current sputtering outbreak of H5N1 "bird flu" in Southeast Asia, the ratio is above 50 percent. But that virus doesn't have the ability to spread easily among people -- the essential feature of a pandemic strain.

Schools are society's most densely populated environments -- in square feet per person, eight times as dense as offices and more than 10 times as dense as single-family homes. In 1918, closing schools was the most effective tool for slowing the virus. Some cities experienced a roller-coaster ride of infection as schools were closed, opened and closed again.

A 2003 study found that children in day-care centers were 2.2 times as likely to get upper respiratory infections as children cared for at home. Day-care centers would be among the first institutions to close. But arrangements in which five or fewer children were cared for by a couple of families might still be safe, the study found.

Cetron warned that ignoring a pandemic's potential for societal disruption is futile. In 1918, schools eventually closed in most American cities, but it was too late in many to blunt the epidemic's mortality.

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"It's not like those things are going to go away; we're just going to face them unprepared in a Category 5 event," he said. He added, invoking the memory of Hurricane Katrina, "And we all know what happens when we aren't prepared for a Category 5 event."

Flu Advice Would Vary Under U.S. Plan (WP/AP)

By Mike Stobbe

The Washington Post, February 2, 2007

ATLANTA -- In the worst case of a global flu epidemic, schools would close for three months and public events would be canceled.

In the most optimistic scenario, people merely would be told to wash their hands and stay home if they feel sick.

Those are the options the government plans to consider depending on the strength of a possible deadly flu epidemic. And the options would be graded like hurricanes: The worst case would be Category 5. The least-threatening outlook, Category 1.

Federal officials on Thursday released a grading system for flu pandemics. The steps were taken to give the public some help in deciding how anxious to get if a deadly new flu appears in the United States.

The government also is releasing a wave of radio and TV spots to remind people not to be complacent about a potential contagion.

"As avian influenza slips from the headlines, people may begin to believe that the threat is no longer real," said U.S. Secretary of Health and Human Services Mike Leavitt, in a Thursday press conference in Atlanta.

The system has been eagerly awaited by state and local health officials, who will have to make many of the decisions about how to control the impact of the next pandemic flu.

Federal officials say they don't expect a vaccine will be available for such a virus until at least six months into a pandemic. On Thursday, Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus.

Under his declaration, all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010.

And although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300 million residents becomes ill.

So health officials plan to rely on old-fashioned measures ranging from home quarantine to closing schools and postponing sporting events. But those measures can increase a pandemic's economic fallout, and even have unintended consequences. Closing schools, for example, can keep adults home from work to care for children. And it doesn't help if older kids are sneezing on each other at the mall.

The new guidelines, from the U.S. Centers for Disease Control and Prevention, don't spell out exactly what infection-control steps states should take. But they do give an idea.

For example, in a Category 1 pandemic, there's no need to dismiss schools. But in a 2 or 3, states should consider dismissing students for up to four weeks. In a 4 or 5, they should consider closing the schools for up to 12 weeks.

CDC officials said categories are important because until now many people have thought of pandemic flu in black and white terms: Either a deadly contagion is upon is, or it isn't.

"Not all pandemics are equally severe," Dr. Julie Gerberding, the CDC's director, said Thursday in unveiling the new guidelines.

The CDC copied the nation's hurricane ranking system to help people size up the situation and to help communities make what Gerberding called "real tough decisions" about when and how to cut back normal activities.

But not everything is covered in the new guidance. For example, it says little about whether sick people or healthy people should wear masks, and if they do, what kinds.

"It's not a simple matter," Gerberding said, adding that more detailed advice on masks should be coming out soon.

Flu pandemics can strike when a mutating flu virus shifts to a strain that people never have experienced. Scientists cannot predict when the next pandemic will arrive, although concern is rising that the Asian bird flu might trigger one if it starts spreading easily from person to person.

Most planning until now has focused on the worst-case scenario of an outbreak as severe as in 1918, when 50 million people worldwide died. But the 20th century's other two pandemics, in 1957 and 1968, were far less severe, claiming 2 million and 1 million lives, respectively.

The 1918 pandemic was a primary model for current pandemic flu planning. Dr. Howard Markel, a University of Michigan health historian, said he believes the government's new grading system might have made a difference back then.

Federal health officials put out guidance then, too, but cities varied on what steps they took, said Markel.

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States still have leeway, of course, and neighboring states may institute different measures in a new pandemic. But if the government comes out with clear advice, it will probably be followed more closely than it was in 1918, when governmental power was more local, he said.

"The federal government telling a local or state health board to do something was not met with warmly," he said.

Closings And Cancellations Top Advice On Flu Outbreak (NYT)

By Donald G. Mcneil Jr.

The New York Times, February 2, 2007

ATLANTA, Feb. 1 — In the event of a severe flu outbreak, schools should close for up to three months, ballgames and movies should be canceled, and working hours should be staggered so subways and buses are less crowded, the federal government said Thursday in issuing new pandemic flu guidelines to states and cities.

Health officials acknowledged that such measures would greatly disrupt public life, but argued that they would provide the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months.

"We have to be prepared for a Category 5 pandemic," said Dr. Martin S. Cetron, director of global migration and quarantine for the federal Centers for Disease Control and Prevention, in releasing the guidelines. "It's not easy. The only thing that's harder is facing the consequences. That will be intolerable."

Officials are, for the first time, modeling the new guidelines on the five levels of hurricanes.

Category 1 assumes that 90,000 Americans would die, Glen J. Nowak, a spokesman for the disease centers, said. (About 36,000 Americans die of flu in an average year.) Category 5, which assumes 1.8 million dead, is the equivalent of the 1918 Spanish flu pandemic. That flu killed about 2 percent of those infected; the H5N1 flu now circulating in Asia has killed more than 50 percent of those infected but is not easily transmitted.

The new guidelines advocate having sick people and their families — even apparently healthy members — stay home for 7 to 10 days. They advise against closing state borders or airports because crucial deliveries, including food, would stop.

The report urges communities to think about ways to continue services like transportation and meal service to particularly vulnerable groups like the elderly and those who live alone.

The guidelines are only advisory, since the authority for measures like school closings rests with state and city officials, but many local officials have asked for guidance, Dr. Cetron said. The federal government has taken primary responsibility for developing and stockpiling vaccines and antiviral drugs, as well as masks and some other supplies.

The new guidelines are partly based on a recent study of how 44 cities fared in the 1918 epidemic conducted jointly by the disease centers and the University of Michigan's medical school. Historians and epidemiologists pored over hospital records and newspaper clippings, trying to determine what factors contributed to the varying impact.

A few small towns escaped the epidemic entirely by cutting off all contact with the outside, but most cities took less drastic measures. Those included isolating the sick and quarantining homes and rooming houses; closing schools, churches, bars and other gathering places; canceling parades, ballgames and other public events; staggering factory hours; discouraging use of public transport; and encouraging use of face masks.

The most effective approach seemed to be moving early and quickly. "No matter how you set up the model," Dr. Howard Markel, a leader of the study, said, "the cities that acted earlier and with more layered protective measures fared better."

Any pandemic is expected to move faster than a new vaccine can be produced; current experimental H5N1 vaccines are in short supply and are based on strains isolated in 2004 or 2005. Although the government is creating a $4 billion stockpile of the vaccine Tamiflu, it is useful only when taken within the first 48 hours, and Tamiflu-resistant strains of the flu have already been found in Vietnam and in Egypt.

"No one's arguing that by closing all the schools you're going to prevent the spread," Dr. Markel added. "But if you can cut cases by 10 or 20 or 30 percent and it's your family that's spared, that's a big deal."

School closings can be controversial, and picking the right moment is hard because it must be done before cases soar.

Several public health experts praised the guidelines, though there were objections to some aspects.

Dr. Michael T. Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota, said he saw no point in worrying about exactly when to close schools, because his experience in meningitis outbreaks convinced him that anxious parents would keep children at home anyway.

"I don't think we'll have to pull that trigger," Dr. Osterholm said. "The hard part is going to be unpulling it. How do the principals know when schools should open again?"

Other experts said that children out of school often behaved in ways that still put them at risk. Youngsters are sent to day care centers, and teenagers gather in malls or at one another's houses.

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"We'll be facing the same problem, but without the teaching," said Dr. Irwin Redlener, director of the National Center for Disaster Preparedness at the Mailman School of Public Health at Columbia University. "They might as well be in class."

Dr. Cetron said that caring for children in groups of six or fewer would cut the risks of transmission. He also said that parents would keep many children from gathering.

"My kids aren't going to be going to the mall," he said.

The historian John M. Barry, author of "The Great Influenza" (Viking Adult, 2004), questioned an idea underpinning the study's conclusions. There is evidence, Mr. Barry said, that some cities with low rates of sickness and death in 1918, including St. Louis and Cincinnati, were first hit by a milder spring wave of the virus. That would have, in effect, inoculated their citizens against the more severe fall wave, and might have been more important than their public health measures.

Sites Of Risky Levees Listed (USAT)

By Peter Eisler

USA Today, February 2, 2007

WASHINGTON — Bowing to demands from news organizations, the Army Corps of Engineers revealed the locations Thursday of 122 levees nationwide that are so poorly maintained they could fail in a major flood.

Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people.

Maj. Gen. Don Riley, director of civil works for the corps, said he does not know how many people live near the levees or what the required repairs might cost. He said communities have one year to fix the problems.

If a levee's deficiencies are not corrected, people living nearby might have to buy flood insurance.

Some local officials said they need more time to find ways to pay for the repairs, which typically cost millions of dollars.

"A year may be too short for folks to respond and to have the resources to respond," said Susan Gilson, who heads the National Association of Flood & Stormwater Management Agencies, which represents local levee operators.

In many cases, the levees were built by the corps and turned over to local communities, which are responsible for maintenance. In those cases, Gilson said, "there should be a commitment at the federal level to share costs."

Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees.

USA TODAY and the Associated Press then requested the list under the Freedom of Information Act.

The full list can be seen at news.usatoday.com.

Riley said the corps wanted to wait to release the list until it finished notifying all communities responsible for maintaining those levees. He noted that 24 levees were dropped from the earlier count because some communities have corrected the problems. He said that the corps "will likely find more (levees) that are deficient" when additional inspections and reviews are done in the coming months.

Most of the levee problems found by the corps stemmed from tree and brush growth, animal burrows and erosion, Riley said.

"What we're doing at this point is making sure the maintenance requirements are met and having meetings with the levee owners … to make sure they understand what they need to do," Riley said.

If the levees aren't fixed:

·The corps could remove the levees from its inspection and rehabilitation program. That means the communities that own the levees would be ineligible for federal assistance to repair any damage the levees might suffer in a major flood.

·The Federal Emergency Management Agency could decide not to consider the levees adequate flood controls. Properties behind those levees would then be deemed high risks for flooding, and owners could be required to buy flood insurance policies costing hundreds of dollars a year or more.

Engineers Say 120 Levees Are Flood Risk (NYT)

By The New York Times

The New York Times, February 2, 2007

More than 120 levees around the country could fail in a major flood and need to be better maintained, the Army Corps of Engineers said yesterday.

The problems that led to what the corps called "unacceptable maintenance ratings" included erosion, tree growth on or too near levees, animal burrows and shifting soil.

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California has the largest number of problems, 37, and Washington State has 19. Louisiana has no levees on the list, said Maj. Gen. Don T. Riley, director of civil works for the corps, because those on the Mississippi River are well maintained and those around New Orleans are being rebuilt and strengthened after Hurricane Katrina.

The list and more information are at www.hq.usace.army.mil /cepa/releases/leveesafety.htm.

In most cases, the corps built the levees and handed them over to local communities to maintain them.

The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said.

There is more work to be done, he said, adding, "It is a concern."

General Riley said the corps would send the information to the Federal Emergency Management Agency, which runs the National Flood Insurance Program.

If the program determines that the levees are not adequate, flood insurance rates for people living near them could increase.

The corps is looking at 2,000 levees.

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years In Prison (AP)

AP, February 2, 2007

TAMPA, Fla. -- A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said.

Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said.

Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering.

During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest.

"The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort," said U.S. Attorney Paul I. Perez. "The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue."

Telephone messages left after hours at the offices of Valencia-Trujillo's attorneys were not immediately returned.

20 Members Of Violent Street Gang Arrested In New Jersey Raids (NYT)

By David Kocieniewski

The New York Times, February 2, 2007

WEST TRENTON, N.J., Feb. 1 — Staging a series of raids that ranged from the suburbs of Philadelphia to the Jersey Shore, the police on Thursday arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey, the authorities said.

Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as "Money, Sex, Murder," are considered the state's most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005.

The raids on Thursday, which began before dawn and ended about 9:30 a.m., produced 300 grams of crack cocaine, 3 pounds of powdered cocaine and 9 illegal weapons, including a loaded Mac-11 submachine gun equipped with a silencer, the authorities said.

Most of those apprehended in the raids face charges of racketeering, conspiracy, extortion, money laundering or drug crimes; two were charged with murder. The authorities said that at least five other suspects were still being sought.

Gang members — many of them with prominently displayed dog paw tattoos on their necks and faces — were also believed to be at the center of a five-day shooting spree in March and April 2006 that left 15 people in Trenton wounded. The shootings, with one victim a 7-year-old girl who was wounded in the face, brought an outcry from community leaders.

The raids were the second major wave of arrests the New Jersey State Police have conducted since adopting a new strategy that focuses resources of more than a dozen state and federal law enforcement agencies not on the most visible gangs, but on the most violent.

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"The not-so-subtle message is this," Colonel Fuentes said. "The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors."

New Jersey has seen a significant rise in gang violence in recent years as small groups of local drug dealers and street criminals have banded together in cities, suburbs and small towns across the state. While many have adopted the rules, rituals and violent street code of established national gangs, most operate independently. Lt. Col. Frank E. Rodgers, the state police deputy superintendent of investigations, said New Jersey was now home to at least 700 gangs with 20,000 members, many of whom were brought into the organizations while in prison.

In many crime-ridden neighborhoods, teenagers say they feel pressured to join gangs to protect themselves from street violence, and are then forced to commit crimes to maintain their status within the groups. The problem has become so pervasive that some communities, like the Trenton suburb of Hamilton, have enacted ordinances that make it a crime to recruit gang members near schools.

In July, the authorities carried out the largest gang-related operation in state history, arresting more than 60 members of the "Nine-Tre" set of the Bloods, who operated across the state. Evidence seized in that case led to the arrests on Thursday.

Gregory A. Paw, director of the criminal justice division in the state attorney general's office, said the Money, Sex, Murder gang used a sophisticated structure to manage a lucrative drug and cocaine business and was quick to use violence to protect and expand its operations.

Trenton's police director, Joseph J. Santiago, said that the arrests would help reduce some violence, but that the city was still plagued by far too many street gangs.

"We're going to keep coming after them," he said.

State, Federal Authorities Round Up Suspected Bloods Gang Members (NSDY/AP)

By Angela Delli Santi, Associated Press Writer

Long Island Newsday, February 2, 2007

TRENTON, N.J. -- State and federal agents rounded up 17 members of the Bloods street gang in a series of raids Thursday that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Fairless Hills, Pa., after a 10-month investigation. They are suspected members of the Sex Money Murder set of the Bloods, whose major source of money was drug trafficking.

Attorney General Stuart Rabner said the operation, the second major anti-gang initiative in seven months, is part of "a new, aggressive law enforcement model that we're using to take down the most violent street gangs."

"This enforcement angle is a critical component of an overarching gang strategy," Rabner said.

The strategy will emphasize ways to prevent at-risk youth from joining gangs, and for those who do, a focus on their re-entry into society when leaving jail after long sentences, he said.

Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing. Bails were set from $350,000 to $1 million. The suspects face a variety of drug charges, and two suspected gang leaders are also charged with conspiracy to commit murder.

Warrants have been issued for six additional gang members, Rabner said, and four others who hadn't been identified previously were swept up in the raids.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print.

State Police Superintendent Col. Rick Fuentes said the investigation was triggered by 19 gang-related murders in Trenton in 2005 and a five-day shooting spree in the city last March and April that wounded 15 people including a 7-year-old.

"The not-so-subtle message from us here in this room to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors.

"This has been our strategy in previous gang investigations," Fuentes said. "It's a strategy that works."

Authorities said 11 of those arrested were part of the Trenton gang, while the rest belonged to the Monmouth-Ocean gang.

Thursday's raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

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Fuentes said information gathered during that investigation helped launch Operation Dawg Pound.

Municipal police in the Monmouth and Ocean county towns of Asbury Park, Dover Township, Ewing, Freehold Borough, Jackson Township, Lakewood and Long Branch participated in the raids.

Bloods Targeted In Series Of Raids (PHI)

By George Anastasia

The Philadelphia Inquirer, February 2, 2007

More than a dozen suspected members of the Bloods street gang were arrested yesterday, and six others already in jail were served warrants, as state, county and local police completed a series of raids in Mercer, Monmouth and Ocean Counties.

Police also arrested one suspect in Fairless Hills as part of the New Jersey State Police Operation "Dawg Pound," the latest salvo in a crackdown on local members of one of the most notorious gangs in the country.

In all, 25 reputed gang members were targeted in yesterday's action. Five were listed as fugitives last night.

"The message is: The more you shoot, the more we fire back" with intense investigations, said Col. Rick Fuentes, superintendent of the New Jersey State Police.

Fuentes and New Jersey Attorney General Stuart Rabner announced the arrests during a news conference at state police headquarters in West Trenton attended by representatives of most of the 17 federal, state, county and local law enforcement agencies that took part in the investigation or yesterday's roundup.

Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder, Rabner said.

Rabner said the investigation focused on two "sets," or local branches, of the gang - one based in Trenton and the other in the Freehold area of Monmouth County.

Eleven members of the Trenton organization, which used the slogan "Sex Money Murder," and six members of the Monmouth County group were arrested or served warrants during yesterday's action. Three other people were also charged during the raids with related offenses, police said.

The five fugitives are members of the Trenton set, authorities said.

County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol.

Rabner said the gangs were structured, disciplined, and heavily involved in narcotics trafficking. He said yesterday's raids, the result of intelligence gathering, analysis, and cooperation and collaboration among law enforcement agencies, was an example of how authorities intend to "attack and dismantle" street gangs.

The operation was dubbed "Dawg Pound" because members of the Bloods traditionally sport a tattoo of a dog's paw, authorities said.

Fuentes said the investigation grew out of intelligence gathered during and after another state police operation that targeted the Nine-Trey set of Bloods in Trenton last year.

Police have attributed 19 of the 31 reported homicides in Trenton in 2005 to the Bloods and say the Bloods were behind a five-day shooting spree in the spring of 2006 in which 15 people, including a 7-year-old, were wounded.

Those charged yesterday included Antonio Merritt and Bobby Williams, both 27, who were identified as the leaders of the Trenton set. Merritt was served a warrant in the Mercer County Correctional Facility, where he is awaiting trial on separate charges related to gang activity.

Williams was picked up in Fairless Hills. He also faces a federal drug-trafficking charge, Rabner said.

Most of those arrested yesterday were in custody, with bails ranging from $250,000 to $1 million. Three juveniles picked up during the raids were to be released to the custody of their parents.

Gang Probe Brings Arrests (TTNJ)

By Kevin Shea

Trenton Times (NJ), February 2, 2007

15 suspects rounded up across three counties

When a gang's bullet slashed through both of 7-year-old Tajahni que Lee's cheeks March 31 last year as she rode her bike in front of her Trenton home, the crime not only shattered a little girl's smile but ripped through the city as well, which was still reeling from a record 31 murders in 2005.

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Lee's wounding and a preceding series of gang shootings unsettled the city, but those clouds had a silver lining that that was revealed yesterday when local, county, state and federal authorities announced the end of a 10-month investigation of the gang suspected of the crimes, the Sex Money Murder Bloods.

Starting at dawn yesterday, more than 150 law enforcement officers set out in Mercer, Monmouth and Ocean counties with a stack of arrest warrants charging about two dozen suspected members with everything from racketeering to drug charges to weapon possession violations.

By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang.

The suspects will have their first court appearances today in state Superior Court in Mercer County where prosecutors will press for a minimum of $500,000 bail for each, and in some cases $1 million, Rabner said. The suspects will come into court in handcuffs and likely leave wearing them as well, a sight Rabner wishes all young people who emulate gangsters or are thinking of joining a gang could see.

"To see the reality of what life in a gang really is," he said.

The probe was called Operation Dawg Pound, since Bloods gangsters refer to themselves as "dawgs" and favor tattoos that il lustrate dog paw markings.

The state police have led several similar gang operations in the past several years as gang violence has risen across the state. This one, Rabner and state police Superintendent Col. Rick Fuentes said, specifically came from the Lee shooting and Trenton events of March 2006. Trenton police played a leading role in the investigation, he said.

The probe would eventually confirm that the Sex Money Murder Bloods had spread to areas of Monmouth and Ocean counties, like Asbury Park, Neptune, Long Branch and Lakewood, all which have seen a rise in gang-related shootings in the past few months.

Rabner said gangs operated separate sets in the Trenton and Monmouth/Ocean areas. Antonio Merritt, 27, of Trenton, is the Original Gangster or O.G., of the Tren ton set. Valdo Thompson, 21, of Jackson is the O.G. of the Monmouth/Ocean set.

Merritt, who is in the Mercer County Corrections Center on other charges, faces charges he led an organized crime syndicate, a narcotics trafficking network and related racketeering charges.

Also snared in the probe was Bobby Williams, 27, of Southard Street, Trenton, who was appre hended early yesterday at a Falls, Pa., residence. Williams has Sex Money Murder gang affiliations, but his main impact is as a drug importer and seller authorities described as a "hybrid drug dealer" who would sell to other gang sets.

Rabner reiterated that gangs, while they are about power, colors and turf, and have an organized, hierarchical code of conduct, are fundamentally drug dealers. "They establish a network to sell this poison on our streets," he said.

U.S. Drug Enforcement Administration agents arrested Williams, who will be charged with federal drug crimes, officials said.

As for the Trenton beginnings of the investigation, Police Director Joseph Santiago said the successful overall operation amounted to a partial victory in the Lee case, which initially crumbled after city police arrested two Sex Money Murder suspects. Days after their arrests, prosecutors dismissed the case against them for lack of evi dence amid allegations that police rushed the case because of political pressure to solve it.

One of the suspects charged in Operation Dawg Pound, 23-year-old Reginald Jackson of Chesnut Street in Trenton, is be lieved to have been involved in the Lee shooting, but was not charged last year, Santiago said. He is charged with racketeering and drug charges in this case, not the Lee shooting, officials said.

"Even though the individuals were not brought to justice for that," Santiago said of the Lee shooting, "they were brought to justice in other ways," he said, referring to the operation and Jackson.

"In some sense, we have a little bit of closure," Santiago said.

Informed of the fact that Lee's shooting prompted such a massive targeting of the gang, Tajahnique's great-grandmother, Candy Lee, said, "That's great news."

Standing inside her home on Coolidge Avenue, where the girl was shot outside, Candy Lee confirmed the now 8-year-old no longer lives at the residence, and she would not comment on where she is. Saying the matter is personal, Lee referred all questions to the family's spokesman, Emmanuel Av raham, who did not immediately return phone calls yesterday seek ing comment.

The overall message to gangsters, Fuentes said is, "The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors." The colonel said he'd like to stop standing at podiums, announcing such operations.

"All the gangs have to do is quiet down ... and not commit crimes," he said.

Contact Kevin Shea at kshea@nj times.com.

17 Arrested In Bloods Gang Sweep (APP)

Asbury Park Press, February 1, 2007

EWING — State, federal and local law enforcement officials arrested 17 adults in a new offensive against the Bloods street gang today.

Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons.

Among those arrested were Zachery Butts of Freehold, who had been previously arrested by Lakewood police in December. A handgun possessed by Butts seized in the Lakewood arrest was traced to the murder of Keith T. Mason in Long Branch, police said. Butts was out on bail when he was arrested this morning. Charges against Butts include illegal transfer of weapons.

Evidence seized in this morning's action supported the murder charges previously filed against Valdo Thompson Jr. of Jackson and Carl Holdren of Lakewood for their role in the November 2006 slaying of Michael Montgomery in Long Branch, according to authorities.

Also arrested this morning were Wesley Kelly of Ocean Grove and Michael Gunther of Howell, both on drug charges. Two juveniles from Ocean County were also taken into custody on drug charges.

The arrests were announced by state Attorney General Stuart Rabner; State Police Superintendent Colonel Rick Fuentes; Criminal Justice Director Gregory Paw; and Gerard P. McAleer, U.S. Drug Enforcement Administration Special Agent in Charge. The announcment took place in the newly opened Regional Operations Intelligence Center at State Police headquarters.

"Today's operation reflects a new, aggressive law enforcement model that we're using to take down the most violent street gangs," Rabner said. "It's a model that starts with effective intelligence gathering by the State Police and other agencies, and brings in state prosecutors at the outset, to ensure that we dismantle the hierarchy of these gangs with solid cases. We will continue to work with our many law enforcement partners to target gangs terrorizing our communities."

Suspected Bloods Rounded Up In Pa., N.J. (CHCP)

Cherry Hill (NJ) Courier-Post, February 1, 2007

TRENTON — State and federal agents rounded up 20 members of the Bloods street gang in a series of raids today that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Bristol, Pa. They are suspected members of the Sex Money Murder set of the Bloods.

Nine weapons were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing.

Warrants have been issued for five additional gang members, authorities said.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dog Pound.

A briefing on the operation was scheduled for this afternoon at the state police's Regional Operations Intelligence Center, known as The Rock, at the West Trenton headquarters.

The raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

Troopers Arrest 17 In Effort To Dismantle A Violent Gang (NSL)

By Rick Hepp, Star-ledger Staff

Newark Star-Ledger (NJ), February 2, 2007

State Police yesterday arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs.

More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. While operating mainly in Trenton, Asbury Park and Long Branch, the chapters also trafficked cocaine and heroin in suburban towns like Dover, Ewing, Freehold, Jackson and Lakewood.

The State Police launched the investigation following a five-day shooting spree in Trenton last spring that left 15 people wounded, including a 7-year-old girl, State Police Superintendent Rick Fuentes said. Detectives quickly identified the Sex Money Murder chapters as the main gang threat in the state's capital.

"The not-so-subtle message to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors," Fuentes said.

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The suspects arrested yesterday include Antonio Merritt and Bobby Williams, both 26, both from Tren ton, whom Attorney General Stu art Rabner identified as the heads of the two chapters. Both are charged with racketeering, leading a narcotics trafficking network, leading an organized crime syndi cate and distribution of narcotics.

Merritt, who has been accused of threatening the lives of police officers in the past, was being held in the Mercer County Correctional Facility on separate drug charges when he was served yesterday with an arrest warrant, Rabner said.

Williams, meanwhile, also was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant. Rabner said his office asked the DEA to file the charges in federal court because the counts carry a potential life sentence for Williams if convicted.

As troopers conducted the investigation with assistance from various federal, county and local law enforcement agencies, they uncovered the gang's tendency to use murder, assaults and threats to protect their narcotics operation, Fuentes said.

Some of that evidence led to murder charges being filed against Sex Money Murder members Valdo Thompson, 21, of Jackson and Carl Holdren, 18, of Lakewood in the Nov. 21 slaying of Michael Montgomery, who was gunned down in Long Branch, according to the superintendent.

Thompson and Holdren, who have been held at the Monmouth County jail since their arrests, also were accused yesterday of conspir ing with fellow gang member Zach ery Butts to kill a rival gangster Dec. 28, authorities said. Troopers were able to disrupt the attempted murder before it occurred.

The investigation also connected a handgun seized from Butts with the murder of a 28-year-old Long Branch man, Keith Mason, who was found shot to death Dec. 14 inside his home. Three other members of Sex Money Murder have been charged in that murder.

The investigation is the second by State Police using its new "intelligence-led policing" strategy, which mixes police street smarts with computer databases to determine which criminal elements to target based on the threats they pose.

In July, the State Police ar rested 41 suspected leaders of the 9 Tre Gangsters, which was considered the state's bloodiest and most-feared street gang and sold heroin, cocaine and guns in communities from one end of New Jersey to the other.

Sex Money Murder "was No. 2 on the list" of most dangerous gangs in the state behind 9 Tre, said Lt. Col. Frank E. Rodgers, who commands the State Police investigations branch.

"I would argue that when we took them (9 Tre) off the list, then Sex Money Murder were the most violent," he said. "But we wiped these two sets out, they're gone now."

Rick Hepp may be reached at rhepp@starledger.com or (609) 989-0398.

State Police Arrest 25 Suspected Gang Members (WPVI)

WPVI-TV,, February 1, 2007

Police conducted a large-scale raid across our area Thursday morning that captured 25 suspected Blood gang members at 5 different locations in two states.

"The arrests are not just street level dealers; we have the leadership of these sets under arrest," said NJ Attorney General Stewart Rabner.

One by one, more than two-dozen gang members and associates were hauled in by police from 18 different agencies. They were arrested in early morning raids for a laundry list of offenses stemming from the sale of drugs.

Lt. Col. Frank Rodgers of the NJ State Police said, "These folks are charged with racketeering to include homicide. They'll stop at nothing."

Among those arrested today at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang.

After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community.

Trenton Police Director Joseph Santiago tells Action News, "We knew who we were going after, we knew what they were involved in."

Residents are glad Police are taking action.

Authorities admit that these arrests will not stop gang activity.

"If there are drugs there is money and its gonna to keep the gangs going so it's a never ending struggle," Ocean County Prosecutor Tom Kelaher told reporters.

But State Police have a message for the gangs that continue the violence.

Col. Rick Fuentes had a message for gang member: "So long as you engage in criminal activity, so longs as you go to the waist band and use that gun, we're going to continue to chase you down."

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Major Gang Crackdown In The Garden State (WABC)

WABC-TV,, February 2, 2007

New Jersey authorities spent the morning executing raids and arresting dozens of suspected members in several cities.

New Jersey reporter Anthony Johnson is live in Hamilton with the story.

All of the alleged gang members were brought to the state police processing center.

After the early morning raids that took place in places like Monmouth County, Ocean County, and Mercer County. Specifically in places like, Asbury Park and Trenton, New Jersey.

State police say this is a major assault on the "Bloods" street gang, which have become notorious across the state for drug activity and gun violence.

Police are planning a news conference this afternoon in West Trenton, New Jersey. They will have all of the details about this gang arrest all across New Jersey.

'BOBO' GETS 11 YEARS ... Kittitian Man Put Away In US Jail (SKN)

Sun St.Kitts/Nevis, February 1, 2007

In about 11 years' time, Glenroy 'Bobo' Matthew could be released from a US Federal prison to be reunited with his family in St. Kitts.

Earlier this week, Matthew was sentenced by US District Court Judge, K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release.

The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States.

According to a press release posted on the Web site of the United States Attorney's Office of the District of Florida, Matthew was the last of four defendants to be sentenced for participating in a conspiracy that was led by former Jamaican Shower Posse leader Charles "Little Nut" Miller.

"The case was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts. Acosta commended the tremendous investigative efforts of the ICE, DEA, Serious Crime Group New Scotland Yard and The Royal St. Christopher and Nevis Police. The case was prosecuted by Assistant United States Attorneys Russell R. Killinger and Todd Mestepey," the release added.

Matthew along with Noel 'Zambo' Heath were both extradited to the US last March in respect of charges of conspiracy to supply and to import cocaine into that country – Heath into New York and Matthew into Florida.

Heath and Matthew were picked up in the early morning hours of 22 December, 2005 and were both committed to prison to await their surrender to the government of the US to stand trial, in agreement with a Privy Council ruling that the appellants be committed without further delay.

The extradition process of Heath and Matthew began in 1996 when Prime Minister, Dr. Denzil Douglas, was then minister of foreign affairs and it was at that time too, that the case was passed over to the court for consideration.

Heath and Matthew's extradition to the US came after a 10-year legal battle which was heard at every level of the judicial structure, right up to the Privy Council which is the country's highest and final court.

According to Dr. Douglas, the extradition order took effect on 2 March, 2006 when the men were handed over to officials of the Drug Enforcement Agency of the United States.

"This court ruled that these two nationals should be extradited to answer the charges that have been laid against them in the United States.

A final review of certain issues not related to the interpretation of the law raised on behalf of Heath and Matthew by their lawyer, was conducted by the relevant ministry and this government made a decision to obey the order of the court.

"It is never a happy circumstance for a country to turn its nationals over to another country for trial in a foreign court.

"My government looked at this situation long and hard and concluded that it was in the national interest that the law, deriving from international undertakings which we had solemnly agreed to be obeyed," Dr. Douglas said.

Douglas reiterated that his government has done its duty to protect the interest of its nationals after allowing Heath and Matthew to fully exhaust their rights before the courts.

Heath's fate will be decided later.

Georgia Man Arrested For Attempted Murder In Drug Raid In New York (AP)

AP, February 2, 2007

DOJ_NMG_0126228

BUFFALO, N.Y. (AP) A drug suspect from Georgia was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room.

A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine.

One of the room's occupants, Colin Greenaway of Buffalo, at first opened the door but tried to slam it shut when an agent identified himself, according to court papers.

After the agent wedged his foot in the door to hold it open, he and the two other agents ``then observed an arm holding a black handgun extend into the hallway from behind the door and sweep from side to side," an affidavit by one of the agents said.

Two of the agents said they heard two clicks as if the gun's trigger was depressed twice, the affidavit said.

The agents closed the hotel room door and after a few minutes talked Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room.

Griffin told authorities that he drove to Buffalo from Atlanta and was expecting a shipment of the drug Ecstasy, coordinated by Greenaway, to be delivered to him from Canada. He also acknowledged pointing the gun at agents, but said he thought they were going to rob him, the affidavit said.

In addition to attempted murder of federal agents, Griffin was charged with using a gun to interfere with DEA agents and using a gun for attempted murder. He would face up to 20 years in prison if convicted.

He and Greenaway were charged with conspiring to possess and distribute Ecstasy, and possession of a gun during a drug crime.

Greenaway also was charged with unlawfully disposing of marijuana prior to it being seized by DEA agents. Authorities said Greenaway admitted flushing marijuana down the toilet while agents were outside the door.

A third man who was at the hotel, Andre Bennett, was charged in the indictment with lying to federal agents. He identified himself as a childhood friend of Greenaway from New York City.

Former River Hill Teacher Sentenced In Drug Case (COLFL)

Columbia Flier, February 2, 2007

A former River Hill High School social studies teacher was sentenced in January to six and a half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine.

On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release, said Marcia Murphy, a spokeswoman for Rod Rosenstein, the U.S. Attorney for the District of Maryland.

Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police.

Authorities arrested Hartlove after he accepted a package with $50,000 worth of methamphetamine from a middleman working with agents and police, a DEA agent and spokesman said at the time of Hartlove's arrest.

In addition, a search of Hartlove's Baltimore residence turned up methamphetamine, Ecstasy, marijuana and a quart of GHB, a substance known as the "date rape drug," the agent said.

In April 2006, Hartlove pleaded guilty to charges that he conspired to distribute the methamphetamine.

School officials terminated Hartlove's contract with the school system in November 2005. While at River Hill, Hartlove taught Advanced Placement courses, coached the debate team and served as an adviser to the school's Gay Straight Alliance.

--ÊJennifer Surface

Man pleads guilty in July Columbia stabbing

A 26-year-old Baltimore man this week pleaded guilty to assault charges in connection with a July 2006 stabbing that occurred near the Columbia mall.

At a Jan. 29 hearing before Howard County Circuit Court Judge Diane Leasure, Montaque Edward Butler pleaded guilty to first-degree assault in the July 11, 2006 incident.

A crew working in the mall parking lot called police at about 3:30 a.m. July 11 to attend to a man who was suffering from multiple stab wounds, according to police.

The man, Leonard Marvin Brooks, of the 10200 block of Sherman Heights Place, in Columbia, had that morning fled his house following a domestic argument with his longtime friend, Butler, in which Butler stabbed Brooks in the neck and arm with a large kitchen knife, according to a statement read into the court record by Howard County Assistant State's Attorney David Lank.

DOJ_NMG_0126229

Butler attacked Brooks inside Brooks' townhouse, which is near the mall, after which Brooks ran to the mall parking lot calling for help, according to the statement. Brooks was transported to the University of Maryland Shock Trauma Center in Baltimore, where he was treated and released.

Howard County police arrested Butler at about 4 a.m. July 11, after he was observed walking near the intersection of Route 29 and Broken Land Parkway, in Columbia, with blood stains on his hands and clothing, police said.

Leasure is scheduled to sentence Butler March 5, said Wayne Kirwan, the spokesman for Howard County State's Attorney Timothy McCrone.

Prosecutors will seek a 15-year term for Butler, according to the statement Lank read in court.

-- Jennifer Surface

CA board to discuss president's contract

The Columbia Association Board of Directors will discuss CA President Maggie Brown's contract renewal at a closed meeting on Saturday, Feb. 3, board members said this week.

The meeting is closed because it involves a personnel matter.

The 10-member board is facing a 5-5 split on whether to give Brown --Êwho has been CA's president since 2001 --Êa three-year contract extension or to limit the extension to a year.

Brown's contract, which currently pays her $183,000 annually, expires April 30. Any decision on her renewal would need to receive a majority of votes from board members.

However, board vice chairman Philip Marcus, of Kings Contrivance, and members Philip Kirsch, of Wilde Lake; Gail Broida, of Town Center; Barbara Russell, of Oakland Mills; and Cynthia Coyle, of Harper's Choice, have said they will not approve extending Brown's contract for more than a year.

The five say they favor hiring someone who is better trained in certain management skills they believe the president needs, Marcus said.

On the other hand, board chairman Tom O'Connor, of Dorsey's Search, and members Henry Dagenais, of Long Reach; Pearl Atkinson-Stewart, of Owen Brown; Patrick von Schlag, of River Hill; and Miles Coffman, of Hickory Ridge, support renewing Brown's contract for a three-year term because they believe Brown's performance has been strong.

Von Schlag requested at the board's Jan. 25 meeting that O'Connor call the special closed session, and other board members agreed. The session is needed to allow the board a chance to hammer out a compromise on Brown's contract, Von Schlag said.

--ÊAndrei Blakely

Senior centers getting faster Internet service

Howard County's nine senior centers and four senior-plus sites now have faster Web service for seniors who take classes using the computer.

The upgrades came after county technology office staff linked the senior centers into the county's existing service, said Ira Levy, the county's director of technology.

The sites were previously user dial-up Internet service, which is much slower, Levy said.

"It was a big issue because some teachers were reluctant to teach courses that require images," he said.

For example, in a genealogy class it would take 20 minutes to load one document, Levy said.

The new technology will make it easier for seniors to shop and communicate with friends and family, he said.

"With a senior community that has challenges with transportation and mobility, this teaches them to be more self-sufficient," he said.

--Nate Sandstrom

County GOP seeks Board of Elections members

The Howard County Republican Central Committee is seeking two Republicans interested in serving on the Howard County Board of Elections.

As minority party, Republicans are entitled to nominate one regular board member and one alternate member. Alternate members vote at monthly meetings at which regular members can not attend.

As majority party, Democrats have two regular board memberships and one alternate member.

To qualify, a nominee must have been a registered voter in Howard County for the last five years. Board of Elections members are not allowed to participate in political activity during their four-year terms.

Republicans interested in serving can submit questions or a resume, including the reasons they are interested in the positions by e-mailing Trent Kittleman at trentkittleman@comcast.net no later than 5 p.m. on Feb. 5.

--Nate Sandstrom

DOJ_NMG_0126230

Similar Bombs In KC, Chicago (KCS)

By Mark Morris, The Kansas City Star

The Kansas City Star, February 2, 2007

A federal investigation is searching for possible ties between the explosive devices.

Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected.

Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service.

It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's mail facility, she said.

A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as "threatening."

The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials.

Dan Taylor, a regional spokesman for postal inspectors in St. Louis, said investigators were searching for links between this week's bombs.

"Any type of mail bomb complaint or investigation is the highest priority case the postal inspection service looks at," Taylor said.

The Chicago bomb was at a business at 311 South Wacker Drive, a 65-story skyscraper near the Sears Tower, Shipp said.

Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured.

In Kansas City, three federal law enforcement agencies continued working the case of the pipe bomb discovered Wednesday at an American Century Investments postal facility.

Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads.

"The guys are working on it feverishly," Obritsch said. "It's a big deal to us."

An alert American Century mail handler discovered the bomb about 11 a.m. Wednesday. Employees at the mail facility near 34th Street and Broadway opened a package and saw a "threatening note and what appeared to be a suspicious device," said FBI spokesman Jeff Lanza.

Police were called, and a bomb squad defused the weapon, Lanza said.

American Century spokesman Chris Doyle said the company was back to normal Thursday but was considering ways to enhance safety procedures.

"The security and safety of our employees is the most important thing," Doyle said. "We're going to do what it takes to keep our employees safe."

Though Obritsch described Wednesday's bomb as an "actual I.E.D., improvised explosive device," he said it appeared more designed to frighten than kill.

"This was the real deal, but it was not primed to go off," Obritsch said. "To some extent, it was a device meant to scare people."

Michael P. Schmitz, an ATF spokesman, said that even if the sender didn't intend for the bomb to go off, it still posed a threat.

"If the components were there, it's dangerous," said Schmitz. "It could have blown up at a postal facility because it got too hot or there was too much friction. The fact that this didn't explode doesn't make it less of a case or a violation."

Lanza said law enforcement is not ready to comment on whether the bomb was addressed to an individual or the company. Obritsch said that investigators have not established a clear motive.

Those interested in learning more about how to screen suspicious mail or packages can call the Postal Inspection Service's local office at (913) 266-2400 or go to www.usps.com/postalinspectors.

Gang Members, Others Arrested On Gun Violations (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, February 2, 2007

SAN DIEGO – Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday.

DOJ_NMG_0126231

Eleven men were arrested Thursday. The other two were at Richard J. Donovan Correctional Facility in Otay Mesa on parole violations, officials said.

They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years.

The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office.

“San Diego gang members routinely buy and sell firearms as a commodity,” he said, noting several of the guns had been stolen in other states.

Ballistics testing linked one of the weapons to an East County homicide, investigators said, but would not give any details on that killing.

The weapons included semi-automatic pistols, revolvers, sawed-off shotguns and rifles.

The investigation was called “Operation Colt .45” and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Onell Soto: (619) 293-1280; onell.soto@uniontrib.com

Gun Dealer Pleads Guilty To Violation (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, February 2, 2007

Weapons charge could lead to jail term

BRIDGEPORT — Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, "I'm glad it's over."

With one word — "guilty" — D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford.

Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device.

The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices.

But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out.

Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001.

Yet, they also sought his help as a witness in some federal prosecutions.

It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted.

It began with the April 2005 audit of D'Andrea's Gun Case on Barnum Avenue. They found numerous record-keeping problems, including the unreported loss or theft of 74 firearms. That investigation led to a bigger probe in which one man was prepared to testify that he bought at least 18 guns for convicted felons at D'Andrea's store. Another, Frankie "The Terminator" Estrada, once Bridgeport's most violent and richest drug dealer, was ready to tell a jury he paid people to buy AK-47s, AR-15s, Streetsweepers and pistols from the store to arm his operation.

It continued in September 2005, when O'Connor had a billboard reading "Buy A Gun for a Criminal, Go To Federal Prison" installed just doors away from the Barnum Avenue store.

"Gun store operators are the first line of defense for helping to control the flow of illegal guns onto the streets," O'Connor said. "Those who blatantly disregard federal firearms possession and reporting laws will be investigated and prosecuted."

A resulting indictment accused D'Andrea of conducting faulty background checks; failing to report multiple sales to the same person and obstructing justice by shipping guns out of state to avoid their detection during the ATF audit.

In court papers, Reynolds said Estrada told authorities that two of the guns bought from D'Andrea's store were used to commit murders. Additionally, the drug lord now serving 29 years in prison said any guns used in shootings were sent to New York for drugs or cash.

Estrada told authorities that D'Andrea advised him how to structure the sales. This included having the people who bought the guns and filled out the paperwork pay cash for them, instead of Estrada. O'Connor claimed a third man told authorities he purchased 177 firearms from D'Andrea's store in a year. Several of those guns turned up in searches, the U.S. attorney said.

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Following his guilty plea, the usually talkative D'Andrea looked worn from the courtroom battle and another with prostate cancer.

Alan Sobol, D'Andrea's lawyer, said his client spends much of his days volunteering in the food pantry at the Sterling House in Stratford and at Bunnell High School.

Feds Investigate Gang, Charge Two For Cocaine (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, February 2, 2007

Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday.

Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said.

The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation.

This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office.

"Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact," said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office.

The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court.

On Jan. 18, investigators arrested the two men at a Lake Stevens home in Snohomish County, where the two men had arranged to meet. The two defendants entered the home with a large paper bag, which concealed bricks of cocaine, federal officials said. A handgun and an Uzi semi-automatic gun also were confiscated.

Each defendant faces a mandatory prison term of 10 years.

Scott Gutierrez can be reached at 206-448-8334 or scottgutierrez@seattlepi.com.

IMMIGRATION:

Judge Nixes Louisiana State Law Banning Illegal Immigrants From Driving (FINDLAW/AP)

AP, February 2, 2007

(AP) - GRETNA, Louisiana-A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional.

In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002, illegally steps on federal immigration law.

The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans.

The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said.

Under the law, any "alien student" or "nonresident alien" who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000 (â,¬768) fine.

The law also requires state authorities to report violators to the federal Immigration and Naturalization Service.

Grant said the definition of "alien student" or "nonresident alien" was different from that contained in federal law. The identification requirement "exceeds the standard contemplated by federal immigration law," the judge wrote.

Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said.

"We don't know if they pull someone over because they look Latino or if they are pulling over a bunch of people for traffic offenses," Crow said.

Immigration Raid Nets 53 In Texas (FINDLAW/AP)

AP, February 2, 2007

(AP) - HOUSTON-Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said.

U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua.

Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said.

The company has yet to learn why some workers were arrested, Flower said.

"It could be as simple as they came to work without their green card," he said.

Republic Services had immigration problems in 2005 that resulted in a change of management at the plant.

"We believe we are in compliance with all applicable laws, rules and regulations," Flower said.

Those arrested could also face federal charges for violations that include re-entering the country after deportation and using fraudulent documents to gain employment, immigration authorities said.

Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week.

New RNC Chief Backs Bill With Guest-worker Plan (WT)

By Donald Lambro

The Washington Times, February 2, 2007

Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with "earned citizenship" requirements for illegal aliens.

Mr. Martinez, whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, "I don't support deporting these people because I don't believe that's a realistic approach."

In an interview with The Washington Times, his first since taking the helm of the RNC, he acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, "My views on immigration are not well understood."

"I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things," he said.

"But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here," he said.

Asked what he would consider the ideal immigration bill, Mr. Martinez said he was working with Sen. Jon Kyl of Arizona and other conservative Republicans on a compromise that would call for a temporary-worker system along the lines that President Bush has proposed. "We're trying to see if something can be worked out," he said.

"I think it is important for people who would like to be American citizens, if they come here illegally, to pay some penalties for breaking the law, to undergo background checks, to see that they pass English proficiency tests and some sort of citizenship lesson, pay back taxes -- all the things that I think would be sensible for someone to earn a path to citizenship but not an immediate citizenship," he said.

Mr. Martinez said he realizes that any earned citizenship plan triggers opposition among many in his party but he hopes that a compromise can be reached around which the party can unite.

"I respect the right of some people to differ on whether I was the right person for the job or not. I was delighted that the opposition was as small as it was. I respect them, but then we move on," he said. "My election to the RNC was not about immigration. It's about the president's belief that my voice could help the party win elections."

Mr. Martinez also said the Republicans' internal political battle over immigration has alienated much of the Hispanic community, but he believes the fast-growing minority voter bloc is "absolutely not a lost cause" in the 2008 elections.

"We've done very well with Hispanic voters in the past. It's about reaching out and explaining our policies and what our party stands for," he said.

Mr. Martinez -- who fled communist Cuba as a youngster, a story that plays a central role in his political appeal -- outlined an ambitious Hispanic outreach effort that he said he will lead as party chairman over the next two years.

"I'll be speaking to Spanish media on radio and television, webcasts, podcasts and Hispanic groups, as [former RNC Chairman] Ken Mehlman did. We'll reach out very strongly. We're going to organize in the states in a way that will allow Hispanics to play a role in our party's politics," he said.

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But the one thing that worries him the most is the residual anger and discontent at the party's base that he says led to the House and Senate losses in November and represents a major challenge for Republicans to overcome in the 2008 elections.

"There is some anger out there at our party's grass roots. We have to show them we've heard their message loud and clear and that we understand it," he said. "We lost our path, our way. We didn't adhere to the Republican principles that made us very successful. We lost the optimism of Ronald Reagan and the idea of fiscal restraint, and obviously the Iraq war played a part as well."

But he said he is under no illusions about Republicans making a comeback in the next elections, noting that the party will have 21 senators up for re-election to only 12 for the Democrats.

"It's going to be a tough cycle, but we'll hold some and pick up some," he said.

Border Policy's Success Strains Resources (WP)

By Spencer S. Hsu And Sylvia Moreno

The Washington Post, February 2, 2007

RAYMONDVILLE, Tex. -- Ringed by barbed wire, a futuristic tent city rises from the Rio Grande Valley in the remote southern tip of Texas, the largest camp in a federal detention system rapidly gearing up to keep pace with Washington's increasing demand for stronger enforcement of immigration laws.

About 2,000 illegal immigrants, part of a record 26,500 held across the United States by federal authorities, will call the 10 giant tents home for weeks, months and perhaps years before they are removed from the United States and sent back to their home countries.

The $65 million tent city, built hastily last summer between a federal prison and a county jail, marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home. Previously, most such detainees were released into the United States before hearings, and a majority simply disappeared.

The new policy has led to a dramatic decline in border crossings by non-Mexicans, according to the U.S. Immigration and Customs Enforcement agency.

But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams. In the Texas facility, they say, illegal immigrants are confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. Many are transferred from the East Coast, 1,500 miles from relatives and lawyers, virtually cutting off access to counsel.

"I call it 'Ritmo' -- like Gitmo, but it's in Raymondville," said Jodi Goodwin, an immigration lawyer from nearby Harlingen.

An inspector general's report last month on a sampling of five U.S. immigration detention facilities found inhumane and unsafe conditions, including inadequate health care, the presence of vermin, limited access to clean underwear and undercooked poultry. Although ICE standards require that immigrants have access to phones and pro bono law offices, investigators found phones missing, not working or connected to non-working numbers.

With roughly 1.6 million illegal immigrants in some stage of immigration proceedings, ICE holds more inmates a night than Clarion hotels have guests, operates nearly as many vehicles as Greyhound has buses and flies more people each day than do many small U.S. airlines.

Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville "a modern, clean facility" that meets federal standards -- "which we believe are among the highest you'll find anywhere." Mead added: "We think the conditions of confinement there are both humane and consistent with all the rights they should be entitled to."

Despite its spartan conditions, the facility in Willacy County, 260 miles south of Austin, is a key to President Bush's drive to create a channel for temporary foreign workers and a path toward legalization for as many as 12 million illegal immigrants living in the United States.

To do so, the government must convince skeptics that it can credibly enforce laws aimed at illegal immigrants and their employers, and can hold and deport those caught by the U.S. Border Patrol. At the same time, the administration and its allies argue that even additional detention beds will be overwhelmed without new channels for legal immigration.

Accordingly, the United States has embarked on a huge prison building and contracting campaign, increasing the number of illegal immigrants detained from 19,718 a day in 2005 to about 26,500 now, and a projected 32,000 this summer.

About 80 percent of ICE's beds are rented at 300 local and state jails nationwide, concentrated in the South and Southwest, or at eight sites run by contractors such as the Corrections Corporation of America and Geo Group Inc., in places such as Houston, San Diego and Aurora, Colo.

ICE recently added a 1,524-bed facility in Stewart County, Ga., and a 512-bed center in Taylor, Tex., for immigrant families, both run by Corrections Corp.

With the new beds, the administration has imprisoned and deported virtually 100 percent of non-Mexicans caught since August, under faster proceedings that deny hearings to all but asylum seekers.

The administration says this has deterred many others. After quadrupling over four years, the number of non-Mexicans apprehended fell 35 percent in 2006, to 108,026.

But immigration experts and U.S. authorities say the impact of the prison boom will be hard to sustain and still is absorbing only a drop in the bucket of illegal immigration. The Border Patrol made 1.1 million apprehensions last year -- mostly Mexicans who were promptly returned across the border -- but estimates 500,000 people evaded capture or entered legally and then overstayed visas.

An additional 630,000 are at large, ignoring deportation orders, and 300,000 more who entered state and local prisons for committing crimes are to be deported but will probably slip through the cracks after completing their sentences.

U.S. authorities acknowledge that gains from the latest crackdown will be fleeting without the major changes the president wants.

"The short answer is, it is not sustainable," Mead said. "There comes a point where we can't detain any more people. Hopefully, prior to getting there, the deterrence factor will kick in."

The increased tempo of operations is a strain. ICE has no modern nationwide system to track its facilities' populations. It relies on an antiquated computer system created in 1984.

Every day since July, six officers have manually tracked and transferred detained immigrants among 24 regional offices, matching bodies to vacant beds and airplane seats in a Detention Operations Coordination Center, Mead said. "We have all of the information," he said. "It's a question of automation."

Legal advocates contend that some of the older facilities where immigrants are housed are in deplorable condition and that growing pains afflict even new facilities.

Under fire in Taylor, for example, ICE has expanded hours of daily schooling for children from one to seven hours to meet Texas guidelines.

In Willacy County, one of the country's poorest, ICE has set up 10 huge tents on concrete pads, surrounded by 14-foot-high chain-link fences looped with barbed wire. Each "sprung structure" holds about 200 men or women, divided into four "pods." Similar temporary buildings were used for troop recreational facilities in Iraq.

The center is part of a chain of facilities in South Texas with 6,700 new immigration detention beds. At a cost of $78 a night per bed (compared with an ICE average of $95 a bed), the Willacy facility is not only cheaper than any bricks-and-mortar prison but also faster to construct, move or dismantle, Mead said.

Detainees are subject to penal system practices, such as group punishment for disciplinary infractions. The tents are windowless and the walls are blank, and no partitions or doors separate the five toilets, five sinks, five shower heads and eating areas. Lacking utensils on some days, detainees eat with their hands.

Because lights are on around the clock, a visitor finds many occupants buried in their blankets throughout the day. The stillness and torpor of the pod's communal room, where 50 to 60 people dwell, are noticeable.

Goodwin described a group of women who huddled in a recreation yard on a recent 40-degree day with a 25-mph wind. "They had no blanket, no sweat shirt, no jacket," she said. "Officers were wearing earmuffs, and detainees were outside for an hour with short-sleeved polyester uniforms and shower shoes and not necessarily socks."

Perhaps more troubling, lawyers said, large numbers of immigrants have been transferred from Boston, New York, New Jersey and Florida, far from their families and lawyers. Because some immigration judges do not permit hearings by teleconference, detainees are essentially deprived of counsel.

Immigration violators in the United States are held on civil grounds and have no right to appointed lawyers. But federal guidelines call for providing them law libraries, telephones and phone numbers for legal aid.

Joining a lawsuit last week, the American Civil Liberties Union alleged that severe overcrowding at a Corrections Corp. facility in San Diego poses an unconstitutional risk to detainees' health and safety, arguing that as administrative detainees, illegal immigrants should be treated better than convicted criminals.

The National Lawyers Guild and five other groups petitioned the Department of Homeland Security last month to set binding regulations for detention sites, saying U.S. standards set in 2000 are not enforceable.

And the New Jersey Civil Rights Defense Committee has announced a campaign to stop ICE's use of county jails.

"The standards are there," said David A. Martin, a former general counsel of the Immigration and Naturalization Service, ICE's predecessor agency, who advocates concentrating detention centers in perhaps 10 cities to ensure access to lawyers and oversight. "But there are some real indicators federal standards are not well monitored or policed. We ought to do better."

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TAX:

Protective Order Granted (NPLATTET)

By John Lindenberger

North Platte (NE) Telegraph, February 2, 2007

Attorney's representing Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte.

Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload.

The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners.

Those who were scheduled to appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden.

Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return.

The Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS.

Baisden's attorneys requested the protective order because they claim the Justice Department did not give reasonable notice. They were reportedly notified just one week prior to the depositions, which were scheduled for Jan. 26.

The attorneys representing Baisden indicated that the Justice Department had plenty of time to schedule these depositions since the motion for a preliminary injunction was filed four months ago.

Attorneys for the Justice Department opposed the protective order, stating the depositions are needed to clarify contradictory statements made by Baisden and that provisions were made for the defense to cross-examine by phone.

In addition to preventing the depositions from being used at the hearing, Baisden's attorneys have filed a supplement to their opposition against the preliminary injunction, claiming the Justice Department's case relies heavily on irrelevant facts and hearsay.

They also claim the Justice Department fails to provide proper expert opinion, offering the hearsay declarations of several of its IRS agents instead of declarations from Baisden's own clients.

"By contrast, Baisden has submitted various declarations (from himself and several of his clients) which lay out specifics demonstrating that he complied with internal revenue laws and regulations," the court document states.

The supplemental documents also provide further information on the corporation that Baisden helped establish for Drs. Walter and Deborah Weaver of North Platte to show that the purpose of this action was not to save taxes.

According to declarations from both Walter and Deborah Weaver, the couple purchased 2,200 acres of canyon land near Maxwell in 2003 at a cost of $357,837. This land has been used for cattle grazing and is being improved for recreational use as hunting ground.

The court documents state the Weavers have made significant improvements to the property and have hired a manager who handles contracts and other issues with the ranchers and other tenants.

The Weavers also purchased 90 acres of river ground in Sutherland in 2000 and are developing this property. In 2003, the couple formed the Axehandle Corporation in Nevada to develop and operate the two properties.

In their declarations, the Weavers state Axehandle was formed to produce income from real estate purchases and development, as well as for asset protection since the exposure to malpractice and civil suits is high for doctors.

However, the Weavers both reported that the corporation was not formed for the purpose of tax savings. They further claim Baisden never suggested that the purpose of the corporation was to hide assets or income from the government.

Baisden's attorneys report there was little net tax difference between reporting the Weavers' income on an individual return and reporting some activity on a corporate return and some on an individual return.

"A preliminary calculation of the Weavers' 2003 net tax savings from operating their business in the same corporation versus as a sole proprietorship yields less than $27,000 of tax savings," the court documents state.

Court Rejects Tax Shelter Once Sold By KPMG (NYT)

By Lynnley Browning

The New York Times, February 2, 2007

DOJ_NMG_0126237

A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters.

The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders.

The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure.

It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio.

Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998.

Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002.

Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips.

Judge Ward ruled that Mr. Nix and Mr. Patterson genuinely thought that what they were making a legitimate investment, that they learned only later of the tax benefits and that they reasonably relied upon the advice and opinions of their accountants and lawyers, including George A. Hrdlicka, a prominent Houston lawyer who told them that Blips was "above the board."

An I.R.S. spokesman, Terry Lemons, said, "We're reviewing the decision."

Blips, one of the most widely used aggressive shelters of the late 1990s through recent years, was sold to wealthy investors as a three-year, seven-stage investment that revolved around bank loans and trading of foreign currencies and securities.

But Judge Ward, echoing arguments made by Manhattan prosecutors pursuing Deutsche Bank and the KPMG group, found that Blips was not a real investment at all, that its loans were fake and that it had no economic substance or genuine business purpose — hallmarks of a bogus tax shelter.

Instead, investors in Blips always got out of the deals after around 60 days and shifted artificial losses from the fake loans to partnerships that were then used to improperly claim tax deductions.

The judge's ruling may also draw yet more companies into the widening criminal investigation, because it details how NatWest, a British bank now owned by Royal Bank of Scotland, knowingly provided the fake loans for Mr. Nix's and Mr. Patterson's shelters.

"NatWest and Presidio viewed the loan transactions as involving zero credit risks," Judge Ward wrote. "In truth, NatWest did not make any loans." NatWest, which is headquartered in London, could not be reached immediately for comment.

Another German bank, HVB Group, reached a $29 million deferred-prosecution agreement with the Justice Department in February 2006 after admitting to criminal wrongdoing in providing fake loans for Blips and other aggressive shelters. KPMG also admitted to criminal wrongdoing with Blips and three other shelters in its $456 million deferred-prosecution agreement in mid-2005.

In an earlier procedural decision last July, Judge Ward ruled that the I.R.S. had merely overstepped its authority when it retroactively applied tougher Treasury Department rules to liabilities like those used in Blips.

CONGRESS-ADMINISTRATION:

Bush Seeks Big Medicare And Medicaid Saving (NYT)

By Robert Pear

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush will ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday.

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The proposals, part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats.

Mr. Bush is also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level. Under federal guidelines, a family of four is considered poor if its annual income is less than $20,650.

The child health proposal, like those for Medicare and Medicaid, is likely to touch off a fight on Capitol Hill. Senator Hillary Rodham Clinton of New York and other Democrats are seeking major expansions of the children's health program, though they have not said how they would pay for the changes.

One measure of the political difficulty facing the president's plan for Medicare and Medicaid is that he sought $20 billion less in savings from the two programs last year, when Republicans controlled Congress, and few of those proposals were adopted.

Representative Charles B. Rangel, the New York Democrat who heads the House Ways and Means Committee, said Thursday: "There is a large area for potential compromise and agreement, but with these latest Medicare proposals, the president is just asking for controversy. He still acts as if Republicans were in complete control and Democrats had lost the election."

Mr. Bush has repeatedly said that Medicare has serious long-term financial problems, and many experts share his concern.

"If you want to balance the budget eventually and you do not want tax increases," said Joseph R. Antos, an economist at the American Enterprise Institute, "you have no choice but to propose substantial reductions in Medicare. The president's budget is an opening bid, the start of negotiations with Democrats over health care and other programs."

Taken together, Medicare and Medicaid cover more than one in four Americans. Federal spending for the two programs totaled $554 billion last year, or about 21 percent of all federal spending — a little more than Social Security. With no change in existing law, spending on the two health programs is expected to rise at a brisk pace, averaging more than 7 percent a year in the next decade.

Representative Jim McCrery of Louisiana, the senior Republican on the Ways and Means Committee, said: "The current rate of growth in Medicare, fueled by rising health costs and an aging population, is unsustainable. If Congress does not undertake sensible reforms soon, the system will be swamped as the baby boom generation begins to retire. Taxes will rise, benefits will be cut, and the entire economy will suffer."

Under the president's plan, some Medicare beneficiaries would shoulder added costs. At present, about 4 percent of the 43 million beneficiaries must pay more than the standard monthly premium — it is $93.50 this year — because they have high incomes: more than $80,000 for individuals and $160,000 for married couples. The president's budget would require more people to pay the higher premiums, but administration officials would not immediately provide details.

Most of the proposed savings, however, would come from health care providers. Mr. Bush is expected to propose freezing Medicare payments to home health agencies and reducing the inflation allowance paid to hospitals, nursing homes and other providers.

Hospitals plan to fight the president with lobbying and advertising. "Two-thirds of hospitals already lose money treating Medicare beneficiaries," said Richard J. Pollack, executive vice president of the American Hospital Association.

The president's budget also assumes that Medicare payments to doctors will be cut at least 8 percent next year, as provided under a formula in existing law.

Administration officials said Mr. Bush would not try to curb payments to private managed care plans, which currently enroll more than eight million Medicare beneficiaries. But many Democrats in Congress want to do so, because, they maintain, Medicare overpays the plans, which they see as a step toward privatizing the program.

Insurance companies are mobilizing beneficiaries to lobby against any cuts in Medicare payments to private plans. Mohit M. Ghose, a spokesman for America's Health Insurance Plans, a trade group, said, "Any cuts would take away benefits from millions of low-income people and members of minority groups, who enroll in private plans because they cannot afford the high out-of-pocket costs in the traditional Medicare program."

Budget Asks Rise in Pell Grants

The president's budget will propose raising the maximum Pell grant — the federal grant for low- and middle-income students to attend college — to $4,600, Education Secretary Margaret Spellings announced Thursday.

The announcement followed by only a day the Democratic-controlled House's passage of a $260 increase in the current maximum grant, to $4,310, under a catchall spending bill needed to address budget matters remaining from last year.

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Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100.

The last substantial increase was in 2001.

Bush's 2008 Budget Calls For Boost To Pell Grant (WP)

By Amit R. Paley

The Washington Post, February 2, 2007

The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable.

The president's 2008 budget, which will be unveiled next week, would increase the annual Pell grant next year by $550, to a maximum of $4,600, Education Secretary Margaret Spellings said yesterday. Grants, unlike student loans, do not need to be repaid.

"As costs skyrocket, it becomes increasingly difficult for middle-class families to afford college," Spelling said in a speech at North Carolina State University in Raleigh. "And for low-income, mostly minority students, college is becoming virtually unattainable. States, institutions and the federal government--we all must increase need-based aid."

Advocates for students hailed the proposed expansion of the Pell grant but cautioned that it would be meaningless if offset by cuts to other federal aid programs in the president's budget. Spellings did not say how the president would pay for the increase.

"We can't be robbing Peter to pay Pell," said Luke Swarthout, an advocate for the U.S. Public Interest Research Group's Higher Education Project. "But this is clearly a step in the right direction on college affordability."

Democratic leaders said the president's plan was a response to their recent moves in Congress to reduce the rising costs of higher education. The House voted Wednesday to increase the maximum Pell grant this year from $4,050 to $4,310; Senate Democrats have proposed raising it immediately to $5,100.

Sen. Edward M. Kennedy (D-Mass.), chairman of the education committee, said he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years.

Pell grants, given each year to 5.3 million students with family incomes less than $40,000, have lost much of their buying power in recent years. Twenty years ago, the maximum grant covered about 60 percent of the cost of a four-year public university, but last school year it covered just one-third of that cost, according to the College Board.

Congress is also debating a host of other measures to increase college affordability. The House voted last month to cut interest rates on subsidized loans for students, and the Senate is soon expected to take up a similar measure.

Yesterday, Kennedy and Sen. Richard J. Durbin (D-Ill.) introduced a bill, the Student Loan Sunshine Act, which they said would "protect students and parents from exploitation by private lenders and lenders who offer gifts to colleges as a way to secure loan business."

The measure would ban schools from receiving gifts from private lending companies and require disclosure of financial relationships between higher education institutions and lenders.

Bush To Seek Record Boost To Pell Grants (WT)

By Amy Fagan

The Washington Times, February 2, 2007

The federal Pell Grant program, which provides college money to low-income families, would receive the largest boost in funding in more than 30 years under President Bush's 2008 budget plan to be released Monday.

Mr. Bush is proposing to raise the maximum grant level awarded by $550 next year to $4,600, the biggest one-time boost since the program was created in the mid-1970s. His proposal would increase the grants to $5,400 over five years, the largest five-year increase ever.

"Higher education costs have made it more difficult for low- and middle-income families to afford college," Education Secretary Margaret Spellings said yesterday. "States, institutions and the federal government must work together to increase need-based aid. The president's call for a Pell Grant increase will achieve this goal."

The proposal probably will meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education.

But the government has been under pressure to help more because rising college costs are making it increasingly difficult for some to attend college. Unlike student loans, the grants do not have to be repaid.

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Democrats and some Republicans have long called for such a sizable Pell Grant increase. Sen. Edward M. Kennedy praised Mr. Bush's proposed increase but said it's only happening because Democrats are now in charge of Capitol Hill.

"This welcome development shows how a Democratic Congress is changing the nation's priorities," said the Massachusetts Democrat, who leads the Senate's education panel. "For the past five years of Republican control, Congress failed to hold the president accountable for his broken promise to increase Pell Grants."

Mr. Kennedy said he sent a letter to the administration in October, demanding a Pell Grant increase and complaining that it hadn't been increased in five years. He also pointed out his own proposal to immediately boost the maximum Pell Grant level to $5,100.

The House earlier this week approved a massive spending bill left over from last year, that also includes a boost for the maximum Pell Grant award -- by $260 to $4,310 -- which Mr. Bush's proposal exceeds.

Administration officials wouldn't say how much their Pell proposal is estimated to cost for five years, indicating that information would be available Monday when the budget is released.

About 5.2 million students receive Pell Grants each year, but the amount of each grant varies by need.

One House Republican aide said Mr. Bush's Pell proposal will probably be "embraced" by most Republicans, but that ultimately, Congress must find a way to curb the rising cost of college or no amount of financial aid will be enough.

Mrs. Spellings agrees and has been touting reforms recommended by her bipartisan Commission on the Future of Higher Education. She'll convene a summit next month to discuss the topic and said yesterday that part of reform is demanding more transparency and accountability from colleges and universities.

Bush Budget Calls For Pell Grant Boost (AP)

By Justin Pope

AP, February 2, 2007

RALEIGH, N.C. -- President Bush's 2008 budget will include a proposal for the biggest hike in Pell grants for low-income college students in three decades.

Education Secretary Margaret Spellings said Thursday that the budget will contain a proposed increase of $550, to a maximum award of $4,600. That would exceed the $260 increase passed Wednesday by the House.

Democrats have introduced a proposal in the Senate, currently before committee, that calls for an immediate increase to $5,100.

All told, low-income students seem likely to get their first increase in maximum Pell awards in five years. But education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs.

"If this represents an actual increase in total need-based student aid, it will be great news," said Terry Hartle, senior vice president of the American Council on Education, an umbrella group of colleges and universities. But if supplemental grant programs are cut, "it's quite possible ... individual students could be less well off."

Spellings, after announcing the proposal at an education conference at North Carolina State University, said the Pell increase would be paid for with increased revenues and "efficiencies" that she declined to specify, saying details would be released with the president's budget announcement Monday.

The grants _ which students don't have to pay back _ are the federal government's main direct financial aid program for low-income families.

But as college costs have skyrocketed, the grants' buying power has eroded sharply. Twenty years ago, maximum Pell Grants covered about 60 percent of the average published price of attending a public four-year university, according to figures compiled in a report last year by the College Board. In 2005-2006, the maximum grant covered just one-third of that cost.

Increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education.

The problem of college affordability "has become a raging fire in American higher education," Spellings said Thursday. College "has now become virtually out of reach for many American families, and that's why it's so important that we focus on Pell as the first place to go," she said.

Democratic Sen. Edward Kennedy, who chairs the committee overseeing education issues, issued a statement calling the announcement a "welcome development" that "shows how a Democratic Congress is changing the nation's priorities."

Bush had proposed a $100 increase in the value of maximum Pell grants in his 2006 budget, but no increase was passed by Congress that year.

Luke Swarthout, higher education advocate at the U.S. PIRG, a public interest group, applauded the announcement but also said it's important to see how the increase will be paid for.

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"Provided that the administration is not robbing Peter to pay 'Pell,' this could be a very meaningful increase for low-income students all across the country," he said.

A Realistic Budget (1 Letter) (NYT)

The New York Times, February 2, 2007

In "The Budget Illusion" (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency.

On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012.

The editorial specifically warns against "pie in the sky" revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious.

Your skepticism about the president's balanced budget plan is very similar to skepticism expressed in February 2004, when the president set a goal to cut the deficit in half in five years. The New York Times joined others in questioning whether this goal could be achieved without raising taxes. In fact, the goal was accomplished three years ahead of schedule, while keeping taxes low.

Through reasonable restraint on spending and continued pro-growth policies, we can achieve balance, which better prepares us for the longer term fiscal challenges posed by the unsustainable growth in entitlement spending.

In The Loop: Aide At Labor Found Budget's Weaknesses, So Democrats Don't Have To (WP)

By Al Kamen

Washington Post, February 2, 2007

Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs.

So David James, an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled "DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out."

One part of the e-mail highlighted "Vulnerabilities/Democrat Attacks." One budget proposal is to "consolidate and streamline" four training programs, the e-mail said, but "Democrats portray this as simply a cut on worker training" and oppose it.

Another proposal calls for "a reduction in the budget" for the Bureau of International Labor Affairs and having "other federal entities" take over the bureau's "grant-making function." "This will be attacked as neglecting international child labor programs," James's e-mail said.

The disability employment office "has had a large grant-making function" of late and should "focus on its core mission," he wrote. "This will be attacked as shortchanging the needs of the disabled."

The Mine Safety and Health Administration is getting fewer employees than were there in the Clinton administration. "(possible antagonistic question: is this agency getting the support it needs from the administration to protect miners?)"

Chief of staff Paul Conway sent a reply e-mail to James with a note: "David -- Please make certain the secretary is provided with a copy of this."

And a colleague here at The Post got a copy, too, just in case James forget to send one to Chao.

Bush Calls Cheney Optimistic, Not Delusional

Vice President Cheney has taken a pounding in the biased liberal media for touting the "enormous successes" in Iraq. He's been called "a little crazy," "crazy as a loon," "a compulsive liar" and "deranged."

But President Bush, who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is "a person reflecting a half-glass-full mentality," which translated into English means he sees the glass half-full, not half-empty. (See illustration at right.)

Ah, yes, that Dick Cheney, the quintessential optimist, a most cheerful fellow who's been known to wander about the White House whistling "Always Look on the Bright Side of Life."

Bush, making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. "And there is distrust in Washington," he told NPR's Juan Williams on Monday. "I am surprised, frankly, at the amount of distrust that exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it." As Bush said in the same interview, "I'm not that good at pronouncing words."

Bush told Fox News's Neil Cavuto that, despite his dismal polls, "I'm going to sprint to the finish" in his final two years and that he has had one whale of a fun time being president.

"I've got too much on my mind to worry about, you know, standing in the polls or what life's going to be in 2009," he said. "This may come as a shock to you, but I have found this to be an exhilarating, joyous experience."

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Even though he had to give up jogging? Almost died chewing that pretzel? Got that thumpin' a couple months ago?

Nuclear Security: Don't Need It or Don't Have It

The Nuclear Regulatory Commission ruled this week that the country's 103 nuclear power plants don't need to protect themselves from possible attacks by terrorists flying airplanes into them.

That saved plant operators billions of dollars. But it probably didn't do much to make folks living near those plants feel much safer.

Meanwhile, people who live near nuclear weapons plants are finding out that those highly trained bomb-sniffing dogs the Department of Energy uses to detect explosives and to catch intruders aren't exactly up to snuff.

In fact, "half of the canine teams we observed failed the explosive detection portion of the operational evaluations," the DOE inspector general reported this week after visiting three DOE sites.

What's more, "each of the canines we observed in suspect apprehension demonstrations failed to respond to at least one of the handler's commands," the report found, and the dogs "were not receiving the minimum number of hours of weekly training for explosives detection." The IG said the DOE canine programs should be reviewed, given that "explosives are a terrorist's weapon of choice" these days.

A Florida Republican? He'll Feel Right at Home.

Good news from the 100 block of D Street SE on Capitol Hill! This storied block was once a GOP bastion and home to six Republican House members. Four lost in November; one, Porter Goss (Fla.), went to run the CIA and was bounced from there; and the sixth was another Floridian, Mark Foley.

But Republicans still appear attracted to the neighborhood. Our colleague Mary Ann Akers reports in her blog -- http://www.washingtonpost.com/sleuth-- that incoming Rep. Vern Buchanan (R-Fla.), apparently unaware of the D Street jinx, has bought former Florida GOP congressman Clay Shaw's house there, pretty much sight unseen.

Treasury and Transportation Losing Top Aides

Taking off . . . Treasury Undersecretary for International Affairs Tim Adams-- chief of staff at the agency for the first three years of the administration, policy director on the 2004 reelection campaign and in his present job since early 2005 -- is calling it quits. Too much travel -- more than a third of 2006 on the road -- and three little kids getting older every day. No departure date set yet.

Veteran GOP operative Maria Cino is leaving March 2 "after two terrific years" as deputy secretary of transportation, she announced last week in an internal memo. She said she was "pleased to have had the opportunity to be acting secretary" -- fleetingly. She is reported to be headed north to Minneapolis to manage the 2008 Republican National Convention.

Soaring War Funding Raises Concerns About Scope Of Spending (USAT)

By John Yaukey

USA Today, February 2, 2007

WASHINGTON — Next week, the Bush administration is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan.

It's supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007.

But military budget analysts and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well.

A recent memo by Deputy Defense Secretary Gordon England raised red flags by recommending that the various armed services use the upcoming emergency appropriation not only to fund operating expenses in the two wars, but also to go after money for "overall efforts related to the global war on terror."

That was an invitation to a feeding frenzy, say analysts who track military spending.

"These supplemental requests are very slushy," said Chris Hellman, a defense analyst with the Center for Arms Control. "You don't have anywhere near the amount of scrutiny and oversight with these as you do with the regular budget so you can get away with a lot."

Critics of emergency spending to fund the military also say it hides the true financial costs of the wars from the public by separating them out from the regular budget.

Since 2001, the year U.S. forces invaded Afghanistan, Congress has approved $383 billion in extra military spending on top of the Pentagon's growing annual baseline budget.

Changes ahead

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The upcoming supplemental bill is intended to be the last for the Pentagon. Under pressure from Congress, the Pentagon henceforth is supposed to be calculating what its wars will cost and request the money in the annual base budget.

While budget hawks say getting rid of the military supplementals is a step in the right direction, the readjustment will make for some eye-popping dollar figures next week as the budget process gets underway. That's because the upcoming emergency funding request for the rest of fiscal 2007 will coincide with the Bush administration's 2008 budget proposal, which will include the war costs normally dealt with down the road in supplementals.

The net affect will be requests for defense spending that will total as much as three-quarters of a trillion dollars.

"You will see some whopping numbers next week — no question about it," said Steve Ellis, vice president of Taxpayers for Common Sense, a Washington, D.C., watchdog organization.

Lawmakers argue that major purchases such as weapons systems and new cutting-edge equipment should be requested in the annual budget because they can be tracked more closely there and cut it if necessary.

The Pentagon's annual budget request comes with hundreds of pages of explanatory notes while supplemental requests contain scant information about how the money will be spent.

One 2006 emergency request for $68 billion included five pages explaining how $33 billion in the request for military and operations and maintenance costs would be spent.

England argues that supplementals make sense because it's much easier to pay for a war periodically rather than try and project the costs two years into the future, which the regular budget process would require.

"Wars are highly dynamic and when circumstances change, we need a mechanism to handle it," he said. "Supplementals capture the reality of warfare."

Loading up

They're also a magnet for political pork once lawmakers get a hold of them during the approval process.

Once Congress got done with a 2005 emergency supplemental request, it included $24 million for maintenance of forest roads in California, $10 million for wastewater facilities in Pennsylvania, $2 million for a desalination facility in New Mexico, $2 million for a chemistry lab at Drew University in New Jersey and much more.

Sometimes, Congress and the Pentagon work together to lard these supplementals.

In an emergency request last spring, the Pentagon asked for 12 C-17 transport jets, which defense analysts said should have been paid for with the base budget.

Lawmakers not only approved the request but also bumped it up by 10 jets.

That was a boon to the community of Long Beach where 6,500 Californians are employed helping to make the jets — all thanks to a powerful senator who sits on the committee that oversees spending.

"I hope that this funding is the first step in ensuring that more C-17s will be built in the coming years," Sen. Dianne Feinstein, D-Calif., told her constituents in a news release.

How Democrats Work With Tight Purse (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 2, 2007

WASHINGTON

After blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy.

It's the first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities.

Lawmakers face tough deadlines: Money to run the government for fiscal year (FY) 2007 dries up on Feb. 15 unless Congress acts, and President Bush's budget for FY 2008 arrives at the Capitol this Monday morning. In a bid to move quickly, House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one.

The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for "unmet needs," including veterans' healthcare, low-income housing, education, and some 500 research programs.

Not included were any new earmarks, or member projects, funding for a new round of military base closures, and the annual congressional pay raise. Republicans, who were not allowed to propose amendments on the Democratic bill, complained that they had been left out of the process, but more than one-quarter of the House GOP caucus voted for the bill.

"This is a process that was required by the failure of the last Congress to do its work," said House majority leader Steny Hoyer, before Wednesday's vote.

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As the 109th Congress prepared to leave town in December, Rep. David Obey (D) of Wisconsin, who now chairs the House Appropriations Committee, warned that by their "act of abdication" as the majority party, Republicans had "given up any right to criticize in any way whatever devices we have to use in order to dispose of the unfinished business of this Congress."

In Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class.

"It doesn't take a lot of money to get a lock on this issue. It takes some well-publicized votes," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J. "It's an indication of where their heads and their hearts are. In the arcane world of symbolic politics, they really hit pay dirt."

Their targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention.

This deal combines features of an omnibus spending bill, which rolls all unfinished spending bills into one, and a continuing resolution, which funds current programs at the level of the previous fiscal year.

Another selling point for voters is a ban on new congressional earmarks, which have figured in recent corruption cases involving members of Congress. "This is an earmark-free bill," says Rep. Rahm Emanuel (D) of Illinois, who chairs the Democratic Caucus. "To get this done with 57 Republican votes, that's a big deal."

But critics note the bill does not "turn off" some 28 earmarks that were funded in FY 2006, including $185 million for agricultural research projects and $50 million provided in FY 2004 to build a rain forest in Iowa. The prairie rainforest, arguably the most controversial after Alaska's $223 million "bridge to nowhere," has until Dec. 31, 2007, to find matching funds, a prospect that critics say is not likely to happen. In all, ongoing earmarks add up to at least $70 million, according to the Republican Study Committee, which represents conservative Republicans.

Still, anti-earmark groups praise Democrats for nixing all new earmarks, at least for a year. "It's a good thing to show that the country can survive without earmarks, but there's a danger that members of Congress may lobby agencies directly to get projects funded. That's a less transparent process than we already have," says Tom Finnegan, a spokesman for the watchdog group Citizens Against Government Waste.

"I can point to project after project in my district that is gone, but they're certainly not gone in West Virginia and Nevada," says Rep. Tom Cole (R) of Oklahoma, referring to the home states of Senate appropriations committee chairman Robert Byrd and majority leader Harry Reid.

On the Senate side, Republicans say they want to amend and debate the bill. "Republicans aren't going to shut down the government, but there will need to be an opportunity for Republican views on this," says Sen. Jon Kyl (R) of Arizona. Senate Democrats aim to wrap up this bill before the Feb.15 deadline.

White House Welcomes Tougher Oversight (AP)

By Ben Feller

AP, February 2, 2007

A White House management official said Thursday there is "very little real accountability" in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress.

"There cannot be enough accountability in the federal government," said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. "There is very little today. Very little real accountability."

Yet Johnson challenged Democratic lawmakers to help solve problems — not just hold hearings about them.

Democrats now control Congress for the first time in Bush's presidency, and they are promising more investigation into matters of fraud and abuse. Key examples include spending on Iraq, homeland security and efforts to help the Gulf Coast recover from Hurricane Katrina.

Johnson, previewing Bush's management agenda for 2007, said Democrats can expect candor and cooperation. He said his agency's intention is not, as one reporter asked him, to step up its internal reviews to keep Congress at bay.

"Keeping Congress at bay suggests, 'Let's make them think that everything is just fantastic here.' They know better, and we'd be crazy to suggest that," Johnson said. "We want things to work better and it begins with an honest, candid, transparent assessment of what we know now. And out of that comes the fact that a lot of really good things are going on here."

He added that Democrats who run congressional hearings should do more than just draw public attention to problems. "Let's focus on things that aren't working like we want them to, but let's make sure we're focused on fixing them — not just identifying them," he said.

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On that front, so far so good, Johnson said.

He said he has had cooperative meetings with Sen. Joseph Lieberman, I-Conn., chairman of the Homeland Security and Governmental Affairs Committee, and Rep. Henry Waxman, D-Calif., chairman of the House Oversight and Government Reform Committee.

The White House under Bush has taken steps to become more accountable to the public. One of them is a Web site, http://www.expectmore.gov, which singles out government programs that work well and ones that don't.

Bush has an ongoing management agenda that grades Cabinet departments on their performance in areas such as financial practices, implementing electronic government plans and competitive sourcing. Overall, scores are on the way up, Johnson said Thursday.

"The average agency today has more management capability than the best agency did five years ago," he said.

Yet this week, federal programs involving food safety, transportation spending and technology security were added to a congressional "high risk" list. That means their inefficiencies leave them vulnerable to fraud, waste and abuse.

Among those, the Homeland Security Department was criticized for not doing enough since its post 9/11 creation to coordinate work and share information among its different components. Johnson said there was no higher federal priority than improving that department.

FEDERAL DIARY: A Tale Of Mice Illustrates How To Save Money (WP)

By Stephen Barr

Washington Post, February 2, 2007

For an example of how federal employees can make a difference, the Office of Management and Budget yesterday offered up the story of feeder mice.

When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails.

This budgetary morsel is featured on a Bush administration Web site (http://www.results.gov) that has been revamped to provide information about how federal programs can be made more effective.

Clay Johnson III, deputy director for management at the OMB, called the feeder mice "my favorite example" of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important.

Johnson unveiled the Results Web site at a briefing. The site, originally designed to educate Bush administration political appointees on the president's priorities in federal management, is being redirected toward federal employees, congressional staff aides and groups interested in government performance, he said.

The OMB wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices. "The American people know we are not performing on all cylinders," Johnson said.

Federal employees are key to making programs more effective, Johnson said. He said he hopes the revamped site will attract suggestions from them on how to improve programs and on any laws or rules that should be changed because they hamper agencies.

But Johnson acknowledged that most federal employees outside the Beltway "don't get the word" about administration efforts to make programs more effective. "Their knowledge of these things is less than I would like it to be, and [outside Washington] is where 90 percent of the work is done."

With Democrats in control of Congress, it seems unlikely that presidential management initiatives will get much attention on the Hill, in part because congressional committees plan to step up oversight of government contracting and other areas deemed at "high risk" by the Government Accountability Office.

Johnson said he has met with the two chairmen of the government oversight committees, Sen. Joseph I. Lieberman (I-Conn.) and Rep. Henry A. Waxman (D-Calif.), and told them he would welcome hearings that focus on how "to fix things."

He said Lieberman expressed interest in a comprehensive review of government, including how it is organized, and Johnson said he suggested staff consultations to weigh whether a reorganization commission should be created.

Johnson also said the OMB is paying closer attention to the GAO's list of programs that are vulnerable to waste, fraud and mismanagement. He noted that "good progress" has been made in some areas and said he would push to get them off the list in the next two years.

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Problem areas that might be able to get off the GAO risk list, he said, include the Defense Department's cumbersome process for granting security clearances, Defense's systems for supplying troops with weapons and goods, the project to upgrade the air traffic control system, the government's management of surplus property and building maintenance, the government's strategy for personnel management, and the ability of intelligence agencies to share information about terrorism.

The highest priority, Johnson said, is pulling together the Homeland Security Department, which has been wracked by financial and contracting problems and where employee morale appears low. The department, which was created from the merger of 22 agencies, has been deemed at high risk by the GAO.

Sen. George V. Voinovich (R-Ohio), who has an interest in federal workforce issues, has asked for a Homeland Security plan "on what they intend to do between now and January 2009," Johnson said. "It is a priority for us here to make sure the plan is good, the plan is realistically aggressive."Talk Shows

Art Gordon, president of the Federal Law Enforcement Officers Association, and Jon Adler, executive vice president, will be the guests on "FEDtalk" at 11 a.m. today on http://Federalnewsradio.com and WFED radio (1050 AM).

George M. Gray, associate administrator for research and development at the Environmental Protection Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Senate OKs Higher Minimum-wage Bill (USAT)

USA Today, February 2, 2007

The Senate, by a vote of 94-3, on Thursday passed its version of legislation to increase the federal minimum wage from $5.15 an hour to $7.25 an hour. The bill includes a package of tax breaks for small businesses.

Majority Leader Harry Reid, D-Nev., raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to President Bush. A House version passed last month contains no business incentives. Both versions would phase in the increase in the minimum wage over a two-year period.

Prosecutor: Videos reveal Libby's motive

At former vice presidential aide Lewis "Scooter" Libby's trial Thursday, the jury was shown video clips of a White House spokesman telling reporters that Libby "had nothing to do" with leaking information about the wife of a Bush administration critic. Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes show Libby had a motive for lying to investigators and grand jurors when he said a reporter told him that Valerie Plame worked at the CIA. Prosecutors say it was the other way around — that Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said. Theodore Wells, Libby's attorney, argued the videos are "highly prejudicial" to his client because they might suggest he leaked classified information. No testimony is scheduled for today. — Richard Willing

Capitol workers raise safety concerns

Falling slabs of concrete and exposed asbestos are two reasons a federal agency should investigate passages under the U.S. Capitol complex, a group of tunnel workers said. They have asked the National Institute for Occupational Safety and Health for an evaluation.

The 10 workers who raised this issue are responsible for maintaining the plumbing that provides steam and chilled water to Congress, the Library of Congress, the Supreme Court and other federal buildings. A spokeswoman for the Architect of the Capitol did not immediately return a request for comment.

Senate's Minimum-Wage Rise To Face Test In House (WSJ)

By Sarah Lueck

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Senate overwhelmingly approved a $2.10 increase in the federal minimum wage, but the business tax breaks paired with it face hurdles in the House.

On a 94-3 vote, the Senate backed the boost in pay for low-wage workers, as well as about $8 billion over 10 years in tax breaks for businesses, such as restaurants, that could be affected by the higher wage. To pay for the sweeteners -- a condition of support for many Senate Republicans -- the bill would limit the use of certain tax shelters, close loopholes and increase taxes on executive compensation.

MINIMUM WAGE DEBATE

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See an interactive map2 examining current state minimums, average salaries and poverty rates.

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The offsets have spurred criticism from business groups, which hope to persuade lawmakers to change or drop some provisions during House-Senate negotiations. Business lobbyists may be helped by some House Democrats, who say the tax breaks are unnecessary or too large, or who take issue with some offset provisions.

The minimum-wage bill illustrates the Democrats discovering, just as Republicans did before them, that moving their agenda through the House is only a first step. While the House swiftly passed a slew of legislation as part of the Democrats'"100 Hours" agenda, many of the provisions face hurdles or slower passage in the Senate, where Democrats have a slim majority and procedural rules give more power to the minority.

Despite strong support for the minimum-wage increase, members of the House and Senate haven't laid out yet how to resolve their differences. Senators say they are confident they will be able to deal with a constitutional precedent requiring tax legislation to originate in the House, possibly by attaching the minimum-wage package to a separate, House-passed tax measure. But the question remains: How will the House and Senate work out the impasse over tax breaks?

The House passed its minimum-wage increase by a wide margin and without the tax breaks in the Senate version. Rep. Charles Rangel, the New York Democrat who is chairman of the House Ways and Means panel, has criticized the tax breaks. "I'm not authorized to pay that much money for it," Mr. Rangel said after a meeting Tuesday with Senate Finance Committee Chairman Max Baucus (D., Mont.) on this and other issues. Mr. Rangel said he wants to let the issue "stew" in the Senate.

After the vote yesterday, Mr. Baucus said the House and Senate would be able to "harmonize" their bills. "I'm confident that our dedication to a minimum-wage increase is stronger than any differences between our two bills," he said.

Senate Majority Leader Harry Reid (D., Nev.) yesterday questioned whether "we need all these business pieces of sugar" in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-wage increase could emerge from a House-Senate conference without the tax breaks.

"If we go through the process and go through a conference and the message comes back, 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," Mr. Durbin said. "We need Republicans to pass it. If they continue to oppose it, then it will not pass."

The stalemate over the minimum wage is a contrast with the swift action in the House last month during the new majority's first 100 hours in charge. House Democrats reduced restrictions on federal funding for embryonic stem-cell research, strengthened House ethics rules and agreed to a pay-go requirement that new spending and tax breaks shouldn't increase the deficit. They rescinded tax breaks for oil and gas companies and required the federal government to negotiate with drug makers over prices in the Medicare health program, among other bills.

Some of the "100 Hours" items have a good chance of getting to the president's desk, though they will take time to wend their way through committees. Senate Democrats have indicated they support strengthening pay-go requirements, for example, and also want to reduce the cost of student loans. On other issues, such as fulfilling certain 9-11 Commission recommendations, the Senate may have other ideas.

On Medicare price negotiation, the Senate may take a different tack than the House. Mr. Baucus has said he supports removing from current law a prohibition on government negotiation with drug companies, while the House version requires the government to do such bargaining. It is unclear what Mr. Baucus might pursue in the Finance Committee and whether a softer approach would do anything to temper what Senate Republicans have promised will be strong opposition.

Senate Passes Wage Bill, But Obstacles Await (NYT)

By Kate Zernike

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The Senate voted overwhelmingly Thursday to increase the minimum wage and give $8.3 billion in tax cuts to small businesses.

The increase in the wage, the first in 10 years, was a victory for Democrats, who had made it a key plank in their successful midterm election campaign to gain control of Congress.

But despite the huge margin of the Senate vote, 94 to 3, the increase — to $7.25 from $5.15 — must clear several hurdles before it becomes law. Democratic leaders in the Senate face their first big conflict with their counterparts in the House as the two chambers try to negotiate differences between the Senate bill and the one the House passed last month.

House Democrats promised that if they gained the majority they would pass the increase in the minimum wage, along with ethics reform and other measures, in their first 100 hours of legislating, and they succeeded.

But the House bill did not include the tax breaks. House Democratic leaders have said they want a “clean” bill that simply raises the minimum wage.

That approach failed in the Senate last week. Democratic leaders there say that they cannot get the Republican support they need without adding the tax provisions.

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That leaves it to the Democratic leader in the Senate, Harry Reid of Nevada, to negotiate with the House speaker, Nancy Pelosi of California, and Representative Charles B. Rangel of New York, the chairman of the Ways and Means Committee.

The House could block consideration of the bill or strip out the tax provisions and send it back for another Senate vote.

Mr. Reid said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try. But his office later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations.

"It's not exactly clear what road we're going to take," said Senator Max Baucus, Democrat of Montana and chairman of the Finance Committee. But, Mr. Baucus added, "the desire to get the minimum wage passed is going to trump" any concerns or delays in negotiations.

Senator Edward M. Kennedy, Democrat of Massachusetts, who has championed the bill, said it was "unrealistic" to expect that it would simply go through the House.

Still, Mr. Kennedy said: "The minimum wage is going to go up. I wish it was going to be tonight or tomorrow that we get it to the president's desk, but it is going to increase, and the only question is whether it's going to take perhaps a week or it's going to take two and a half, two weeks or so."

Senate Republicans continued to insist that the bill would not pass without tax breaks.

"No one should be mistaken," said Senator Charles E. Grassley of Iowa, the ranking Republican on the Finance Committee. "It is House Democrats, not Senate Republicans, who are delaying passage of the minimum wage."

"The easiest and quickest way to send a minimum wage bill to the president," Mr. Grassley said, "would be for the House to send the Senate a bill identical to the Senate-passed bill."

In a statement, President Bush encouraged the House to support the increase and the tax cuts, saying it would "maintain a strong and dynamic labor market" and promote "continued economic growth."

Republicans argue that Democrats agreed to similar tax breaks the last time Congress raised the minimum wage, and that they should go along with them now to offset the costs of an increase to small businesses.

"It's not a clean issue," said Senator Michael B. Enzi of Wyoming, the ranking Republican on the Health, Education, Labor and Pensions Committee. "It's a complicated issue."

Senate Ups Wage To $7.25 Over Two Years (AP)

By Jim Kuhnhenn

AP, February 2, 2007

The Senate voted overwhelmingly Thursday to boost the federal minimum wage by $2.10 to $7.25 an hour over two years, but packaged the increase with small business tax cuts and limits on corporate pay that could complicate its path to become law.

The increase in the minimum wage, the first in a decade, was approved 94-3, capping a nine-day debate over how to balance the wage hike with the needs of businesses that employ low-wage workers.

A top priority of Democrats, the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress.

"Passing this wage hike represents a small but necessary step to help lift America's working poor out of the ditches of poverty and onto the road toward economic prosperity," said Sen. Edward Kennedy, D-Mass.

Republicans stressed the importance of the bill's business tax breaks, though it was a significantly smaller tax package than Republicans had sought during previous attempts to raise the minimum wage.

"The Senate's reasonable approach recognizes that small businesses have been the steady engine of our growing economy and that they have been a source of new job creation, a source of job training," said Sen. Michael Enzi, R-Wyo., who helped manage the debate for the GOP.

The bill must now be reconciled with the House version passed Jan. 10 that contained no tax provisions. House Democrats have insisted they want a minimum wage bill with no strings attached, though some have conceded the difficulty of passing the legislation in the Senate without tax breaks.

The measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff.

House Speaker Nancy Pelosi, D-Calif., has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill.

In a statement, President Bush encouraged House Democrats to accept the Senate version of the bill. "The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth," Bush said.

But AFL-CIO President John Sweeney vowed to "turn up the volume" to pass a bill without tax breaks.

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"Minimum wage workers in this country have waited far too long for a raise," Sweeney said in a statement after the vote. "It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

The three senators voting against the bill were Republicans Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina. Absent from the vote were Democrats Tim Johnson of South Dakota and Charles Schumer of New York and Republican James Inhofe of Oklahoma.

The legislation would raise the minimum wage in three steps. It would go to $5.85 an hour upon taking effect 60 days after the president signs it into law, then to $6.55 an hour a year later, and to $7.25 an hour a year after that.

An effort by the Senate last week to end debate on the House version of the bill failed when Democrats were unable to get the 60 votes needed. But many Democrats in the House and Senate would like to challenge Republicans to vote against a clean bill with no tax provisions.

"If we go through the process ... and the message comes back: 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," said Sen. Richard Durbin, D-Ill., the assistant majority leader. "We need Republicans to pass it. If they continue to oppose it then it will not pass."

Senate Majority Leader Harry Reid, D-Nev., said Thursday he did not believe the business incentives were necessary. "The minimum wage will be increased," he said. "The question is do we need all these business pieces of sugar or not. We will see."

A spokesman for Reid said the tax breaks are needed to overcome a potential GOP filibuster.

"Of course, Democrats would prefer to pass a clean increase in the minimum wage," said the spokesman, Jim Manley. "The fact is that Republicans have made it very clear that the only way we will pass a modest increase in the minimum wage is with tax breaks for small business."

Besides increasing the minimum wage from the current $5.15 an hour, the bill would extend for five years a tax credit for businesses that hire the disadvantaged and provide expensing and depreciation advantages to small firms. The tax breaks would be paid for by closing loopholes on offshore tax shelters, capping deferred compensation payments to corporate executives and removing the deductibility of punitive damage payments and fines.

Senators also adopted an amendment that would bar companies that hire illegal immigrants from obtaining federal contracts. That measure was designed to encourage companies to participate in an employee identification program that can weed out undocumented workers.

While the tax breaks have won the support of small business groups as well as retailers and restaurant owners, they have drawn opposition from larger businesses that would bear the brunt of the revenue provisions. Several business groups also opposed the immigration measure.

After the House passed its bill on Jan. 10, the White House issued a statement insisting that final legislation include small business tax breaks. It subsequently issued a statement supporting the Senate version, but said the revenue measures were not necessary.

According to the Labor Department, 479,000 workers earned exactly $5.15 an hour in 2005, the most recent estimate available. Most are young and unmarried and more likely to be women, minorities and part-time workers. According to the liberal Economic Policy Institute, the wage increase would affect 5.6 million people who make less than the proposed minimum of $7.25.

More than two dozen states and the District of Columbia have minimum wages higher than the federal level. The issue proved to be potent last November when six states raised their minimums in statewide votes.

Senate Adds Tax Breaks To Minimum Wage Bill (WP)

By Lori Montgomery

The Washington Post, February 2, 2007

The Senate voted overwhelmingly yesterday to increase the federal minimum wage for the first time in nearly a decade, but added small-business tax breaks that are unacceptable to House leaders, preventing Democrats from claiming a quick victory on one of their top legislative priorities.

The Senate voted 94 to 3 in favor of the measure, which would raise the minimum wage to $7.25 an hour from $5.15 over two years.

To attract Republican support, Senate leaders agreed to extend tax credits and expand deductions for businesses that would be hit hardest by the minimum-wage increase. Those tax breaks, worth $8.3 billion over 10 years, are coupled with a proposal to raise taxes by a similar amount on corporations, their chief executives and other highly paid workers.

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Senate Republicans praised the measure as a responsible package that would help workers who earn the minimum wage and the businesses that employ them. They implored House leaders to accept the compromise and send it to President Bush, who put out a statement yesterday praising the Senate bill.

"I want to reiterate our hope that the House will not derail this bipartisan approach," said Sen. Mike Enzi (R-Wyo.) "Middle-class relief is in their hands."

Democrats were less effusive. After the vote, presidential candidates Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) lined up at a news conference with the bill's sponsor, Sen. Edward M. Kennedy (D-Mass.), and bemoaned the complications. Earlier, Majority Leader Harry Reid (D-Nev.) said he would prefer to pass a minimum-wage increase without "all these business pieces of sugar."

The Senate action sets the stage for potentially lengthy negotiations between the two chambers, as the new Democratic majority works through one of its first significant tests. After winning control of Congress in a campaign that emphasized middle-class anxiety and corporate greed, Democrats pushed the minimum wage to the top of their agenda, noting that it had fallen to its lowest value, when adjusted for inflation, in more than 50 years.

The House quickly approved the measure after just a few hours of debate. But the Senate took days, tacking on an amendment to ban companies that hire illegal immigrants from receiving government contracts for 10 years in addition to the tax package.

As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases. It would extend for five years a tax credit for employers who hire welfare recipients and "high-risk youth" and expand the provision to include disabled military veterans.

To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty.

House leaders have demanded that the tax measures be stripped from the bill. They argue that business needs no additional help after six years of breaks from the Bush administration and that, in any case, procedural rules require revenue bills to originate in the House.

That power is particularly important this year, because House Democrats have vowed to offset tax cuts and some spending increases with spending cuts or tax increases of equal value. Rep. Charles B. Rangel (D-N.Y.), chairman of the tax-writing House Ways and Means Committee, said he may have other plans for the $8.3 billion that the Senate would use for business tax breaks.

Yesterday, it was unclear how Democrats would proceed. Reid predicted that the differences would be worked out by a conference committee. "The minimum wage will be increased," he said.

Senate Votes To Raise Minimum Wage (MCT)

By Margaret Talev

McClatchy Newspapers, February 2, 2007

WASHINGTON - Democrats promised last year to raise the federal minimum wage for the first time in a decade if voters gave them control of Congress, but now they're holding it up in a game of chicken between the party's purists and pragmatists.

The Senate voted 94-3 Thursday to increase the minimum wage to $7.25 an hour, from $5.15. The House of Representatives approved such a raise weeks earlier. The sticking point between the two versions is $8.3 billion in Republican-backed tax breaks for small businesses in the Senate version.

House liberals argue that now that they're in charge they shouldn't have to cut deals with the Republicans. Senate Democrats have said that without the tax breaks they can't pass the bill because they don't have a big enough majority to overcome Republican obstruction. And President Bush said that the tax breaks are the price of his support for raising the minimum wage.

"I strongly encourage the House to support this combined minimum-wage increase and small-business tax relief," Bush said in a statement released by the White House after the Senate vote.

AFL-CIO President John Sweeney issued a statement saying, "It's disgraceful that the Senate is still holding the minimum wage hostage to tax cuts for business. . . . In the last 10 years, the Republican-led Congress provided corporations with a whopping $276 billion in tax cuts and provided small businesses with another $36 billion in dedicated tax breaks, while America's lowest paid workers have gotten nothing. . . . It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

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Yet if House and Senate Democrats don't compromise, the minimum-wage increase might die.

Even Sen. Ted Kennedy, D-Mass., the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the "least offensive" possible because it includes incentives for hiring minorities and disadvantaged Americans.

Raising the minimum wage would benefit an estimated 5.6 million workers directly. The annual salary for a full-time minimum-wage employee would rise from about $11,000 a year to about $15,000. Experts say 7 million more who earn slightly more than the minimum wage could benefit from a ripple effect.

The tax-break package contains several provisions. Small businesses would enjoy more liberal rules for depreciating capital improvements, including equipment. Small businesses that can file individual income taxes rather than corporate income taxes would get new breaks. And the Work Opportunity Tax Credit, which offers subsidies for hiring welfare recipients and other disadvantaged Americans, would be expanded.

Democratic leaders say they'll probably keep the legislation in the Senate until some compromise emerges. Meanwhile, minimum-wage workers will get no raise.

"We haven't resolved anything," said Rep. Charles Rangel, D-N.Y., chairman of the tax-writing Ways and Means Committee. Rangel opposes including the tax breaks as part of a minimum-wage increase.

The posturing and uncertainty are frustrating to a broad coalition of organized labor, community and religious activists, which has agitated for years for a wage increase.

But that coalition, too, is splintered over how to react.

"We are so concerned that the minimum wage be raised in support of low-wage working people and families, that although we would prefer a clean bill, we believe this (Senate) bill should be supported," said the Rev. Paul Sherry, the national coordinator of Let Justice Roll, in a telephone interview.

Soon after, Sherry called back to clarify that "we will support reluctantly the $8.3 billion tax package, but if they tack anything else on, we're in a different ballgame."

In a third call, he said he could no longer say with absolute certainty what position his coalition would take. "We haven't been able to make a decision yet," he said.

Senate Majority Leader Harry Reid, D-Nev., hinted Thursday that once House and Senate Democratic leaders sit down together, they may decide to go for broke, strip the tax provisions and dare Republicans to kill the bill.

"The minimum wage will be increased," Reid said. "The question is, do we need all these business pieces of sugar or not? We will see." Asked whether he thought the "sugar" was necessary, Reid said, "No."

As long as the Democrats are fighting among themselves and delaying action on their own campaign pledge, Senate Republicans have little motivation to bargain.

Sen. Charles Grassley, R-Iowa, the ranking minority member of the tax-writing Senate Finance Committee, said the tax package is "peanuts" compared with provisions that President Clinton signed into law a decade ago in the last minimum-wage deal.

"And yet we're having this harangue about it," Grassley said. "Aren't we having a win-win situation in a bipartisan way?"

Senate Passes Wage Bill; House To Fight Tax Relief (WT)

By S.a. Miller

The Washington Times, February 2, 2007

The Senate overwhelmingly passed a bill yesterday that would raise the federal minimum wage to $7.25 an hour, but the fight for its survival has just begun.

House Democrats have threatened to invoke a parliamentary rule that would disqualify the legislation because of a Republican-sponsored provision that would provide some tax relief to small businesses. The measure aims to help employers absorb the higher payroll cost.

Senate Majority Leader Harry Reid, Nevada Democrat, is expected to delay sending the bill to the House, which passed its version last month, while the two chambers negotiate.

The talks could last weeks, said Democratic aides in both chambers.

"We've had a period of tax cuts after tax cuts after tax cuts," said Drew Hammill, spokesman for House Speaker Nancy Pelosi, California Democrat. "American workers are earning less, and it's long overdue that this raise happens."

Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version.

Senate Democrats had balked at the tax-relief measure, but their slim majority forced them to accept it to gain Republican votes needed to pass the bill 94-3. Mrs. Pelosi and Mr. Rangel now face a similar bargain.

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Ways and Means Committee spokesman Matthew Beck said Republicans were "holding hostage" the wage increase.

Congress has not increased the minimum wage since 1997, the longest stretch without a raise since a minimum wage was established in 1938 at 25 cents per hour.

"The message is the Senate of the United States listened to the people," said Sen. Edward M. Kennedy, Massachusetts Democrat, who managed the bill. "That's the powerful message that is out there tonight."

He said the tax measures would help small businesses create jobs and were the "least offensive" additions to the bill.

The tax package would save small businesses $8.3 billion, a fraction of the $268 billion in tax cuts Republicans proposed for a minimum-wage bill last year.

Sen. Michael B. Enzi, Wyoming Republican and ranking member of the Health, Education, Labor and Pensions Committee, called on the House not to "derail this bipartisan approach."

"Passing the Senate's bipartisan minimum wage and small business relief is good for low-skilled workers, and it is good for the middle-class working families of America," Mr. Enzi said.

Both chambers passed bills that would raise the minimum wage by $2.10 over two years, from $5.15 to $7.25 an hour.

Sen. Benjamin L. Cardin, Maryland Democrat, who spent years on the House Ways and Means Committee before elected senator in November, said the bill would pass once the House "put its stamp on it."

"I don't think they will take the tax provisions out. They might try that, but at the end of the day, I think the tax provisions are going to be in the bill," he said.

The increase would be phased in starting with a raise to $5.85 at 60 days after enactment, to $6.55 a year later and to $7.25 the next year.

How To Really Help Low-Wage Workers (WP)

By Thomas Z. Freedman

The Washington Post, February 2, 2007

If the House and Senate are able to agree on a minimum-wage hike and the president signs the bill, some may say we will have done enough to help low-income workers. It's true that low-wage workers urgently need a raise, that millions of Americans work full time and still live below the poverty line. But while an increase in the minimum wage is better than nothing, alone it is an incomplete instrument for really making work pay.

We should raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford.

Published statistics for 2004, the most recent year with solid available data, show that about 3.5 million full-time workers earned less than poverty-level wages. Factoring in government benefits, about 2.6 percent of full-time workers live below the poverty line. That is about 2.7 million Americans. And these struggling workers frequently support families, meaning millions more depend on them.

On its own, the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough. Even the plan to raise it to $7.25 an hour has been a political struggle, with success now likely but not guaranteed. It would take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be. The last increase was 10 years ago, and some full-time workers have fallen further below the poverty line since then. Even with a new raise, workers will once again slip into poverty if a decade or more goes by between increases.

A better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC). This program, signed into law by President Gerald Ford and greatly expanded and popularized by President Bill Clinton, is designed specifically to reward work. It is one of the country's most successful anti-poverty programs.

The EITC program, however, has substantial shortcomings. It does not cover childless workers younger than 25, and the credit does not help meet the costs of raising additional children after a family's second child. Further, many people who are eligible don't apply for the credit. These holes have significant consequences.

How many reforms are enacted would affect the cost of the credit. Increasing the EITC for families with three or more children -- more than half of all poor children live in such families -- would help an estimated 3 million families and cost about $3 billion. Crucial actions such as improved outreach or removing a built-in marriage penalty could each be done for about $1 billion; more complete reforms that would also help those living barely above the poverty line could cost 10 times that or more. But this is the best time in a decade to make this bargain with low-wage workers. An increased minimum wage will help millions of poor people; combining it with a new commitment to the earned-income tax credit could take them the rest of the way out of poverty.

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Arguably, supporting those who are working hard and playing by the rules is as important a societal good as tax breaks for companies or even encouraging home ownership. The question ultimately is about our nation's priorities. The federal budget is more than $2 trillion, and Congress's pork-barrel projects have been estimated at $47 billion. Home mortgage deductions -- a benefit for mostly middle-class Americans -- average about $9,500 a year per homeowner. By comparison, the cap on EITC payments last year was $4,400. The average EITC benefit in 2005 was only $1,872.

The issue of whether to make such a policy change is timely with a presidential contest looming. It's not unreasonable to hope that some candidate will want the world's richest country to make a new bargain with its poorest workers. We need to raise the minimum wage. But we should also make a larger commitment. If you work hard year-round, we will make sure you are not living below the official poverty line. You may not be rich, but you'll know that in America work pays.

The writer was a senior adviser to President Bill Clinton and is a visiting fellow at the Progressive Policy Institute.

Bush Urges Stepped-Up Campaign Against Childhood Obesity (WP)

By Michael Abramowitz

Washington Post, February 2, 2007

President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns.

Among those at the morning meeting in the White House Roosevelt Room were the president of McDonald's USA, purveyor of the Happy Meal; a senior executive of Kraft Foods, which sells macaroni and cheese in the shapes of popular children's characters; and the chief executive of PepsiCo., maker of soft drinks and Doritos, among other products.

"Childhood obesity is a costly problem for the country," Bush said before starting the private meeting, which also included first lady Laura Bush. "We believe it is necessary to come up with a coherent strategy to help folks all throughout our country cope with the issue."

As described by those present, the meeting was cordial and the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as banning the marketing of junk food to children or requiring more detailed nutritional labeling. Bush told the executives that it is an individual's responsibility to maintain a healthful diet, not the government's. The meeting also included executives of entertainment companies involved with marketing to children.

Peggy Conlon, president of the Advertising Council, which has been working with the government on public service campaign on childhood obesity, said the president is very interested in the efforts some of the companies have been making to offer more healthful choices to Americans. McDonald's, for instance, has been adding salads and other alternative products to its menu and giving people the option of substituting apple slices for french fries in Happy Meals.

"He was curious," Conlon said of Bush. "They talked a lot about their movement to healthier product choices."

The group also played for the president a public service announcement developed by Dreamworks and the Ad Council featuring the characters from the hit movie "Shrek" urging kids to get outside and play.

Childhood obesity has been identified by public health advocates as a serious and growing problem, with roughly 15 to 18 percent of children and teenagers considered overweight, according to government data. A 2005 report from the Institute of Medicine concluded that marketing practices from the food and beverage industry is "a direct threat to the health prospects of the next generation."

Former Food and Drug Administration commissioner David A. Kessler, who crusaded against the tobacco industry, applauded the president's initiative to discuss the issue but said: "That still leaves the question of what to do. Talking about it is a first step. It is a very large public health challenge, the consequences of which we have only begun to understand. In some ways we have all been AWOL on this issue, including this administration."

Michael Jacobson, executive director of the Center for Science in the Public Interest, was more skeptical. "It is a feel-good event for a beleaguered White House, and it's great for some of the companies that have been major contributors to childhood obesity." But he added: "The government needs to put some muscle into [the campaign] and maybe step on some toes."

Bush Urges Parents To Get Kids Outdoors To Fight Childhood Obesity (USAT/AP)

USA Today, February 2, 2007

WASHINGTON (AP) — President Bush said Thursday that childhood obesity is a costly problem for the country and puts stress on American families.

"One way for this nation to cope with the issue of obesity is to get people outside — whether it be through sports or hiking or conservation," Bush said while meeting with business leaders working to encourage exercise and healthy food choices through advertising.

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He said first lady Laura Bush was on her way to New York to kick off Friday's "Wear Red Day" for the National Heart, Lung and Blood Institute's Red Dress Project to increase awareness that women are at risk for heart disease. Bush signed a proclamation making February American Heart Month.

"Mothers are the ones, a lot of times, who make choices for their children," the first lady said. "They make their choices on the foods they eat. They're the ones at home, many times, who encourage their children to exercise."

Earlier, the president and Mrs. Bush attended the 55th national prayer breakfast at a Washington hotel where he prayed for the safety of U.S. troops, saying: "During this time of war, we thank God that we are part of a nation that produces courageous men and women who volunteer to defend us."

In the Roosevelt Room, the president and Mrs. Bush met with executives from the food, beverage and entertainment industries to talk about improving healthy food offerings and encouraging physical fitness in their marketing and advertising campaigns.

More than 10 million school-age children in the United States — about 18% — are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12. This increases their risk for adult heart disease and diabetes, lowers life expectancy and creates additional health care costs.

Following the meeting, Health and Human Services Secretary Mike Leavitt was to work with Roger Enrico, chairman of DreamWorks Animation SKG, and Peggy Conlon, president and chief executive officer of The Advertising Council, to launch a public awareness campaign to help prevent childhood obesity. The campaign will include ads featuring characters from the Shrek animated movies encouraging children to "Be a Player" and get up and play for an hour a day.

Representatives from General Mills, Coca-Cola North America, Univision Communications Inc., Kraft Foods Inc., Kellogg Co., PepsiCo Inc., Subway Franchisee Advertising Fund Trust, McDonalds USA and Nickelodeon Television also were at the meeting.

Bush Urges Parents To Get Kids Outdoors (NYT/AP)

By The Associated Press

The New York Times, February 2, 2007

Filed at 9:50 p.m. ET

WASHINGTON (AP) -- President Bush said Thursday that childhood obesity is a costly problem for the country and puts stress on American families.

"One way for this nation to cope with the issue of obesity is to get people outside -- whether it be through sports or hiking or conservation," Bush said while meeting with business leaders working to encourage exercise and healthy food choices through advertising.

He said first lady Laura Bush was on her way to New York to kick off Friday's "Wear Red Day" for the National Heart, Lung and Blood Institute's Red Dress Project to increase awareness that women are at risk for heart disease. Bush signed a proclamation making February American Heart Month.

"Mothers are the ones, a lot of times, who make choices for their children," the first lady said. "They make their choices on the foods they eat. They're the ones at home, many times, who encourage their children to exercise."

Earlier, the president and Mrs. Bush attended the 55th national prayer breakfast at a Washington hotel where he prayed for the safety of U.S. troops, saying: "During this time of war, we thank God that we are part of a nation that produces courageous men and women who volunteer to defend us."

In the Roosevelt Room, the president and Mrs. Bush met with executives from the food, beverage and entertainment industries to talk about improving healthy food offerings and encouraging physical fitness in their marketing and advertising campaigns.

More than 10 million school-age children in the United States -- about 18 percent -- are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12. This increases their risk for adult heart disease and diabetes, lowers life expectancy and creates additional health care costs.

Following the meeting, Health and Human Services Secretary Mike Leavitt was to work with Roger Enrico, chairman of DreamWorks Animation SKG, and Peggy Conlon, president and chief executive officer of The Advertising Council, to launch a public awareness campaign to help prevent childhood obesity. The campaign will include ads featuring characters from the Shrek animated movies encouraging children to "Be a Player" and get up and play for an hour a day.

Representatives from General Mills Inc., Coca-Cola North America, Univision Communications Inc., Kraft Foods Inc., Kellogg Co., PepsiCo Inc., Subway Franchisee Advertising Fund Trust, McDonald's USA and Nickelodeon Television also were at the meeting.

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Bush Gets Aid Of Democrats In Fighting Pandemics (NYT)

By Celia W. Dugger

The New York Times, February 2, 2007

At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year.

That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans.

"We're in a different world now," said Representative Nita M. Lowey, Democrat of New York, who heads the appropriations subcommittee that oversees foreign aid. "This is the first time since Sept. 11 we've had a power split in Washington, and there's a growing recognition among the public and policy makers that foreign assistance is critical to stability around the world."

The administration's drive for a rapid strengthening of programs to prevent and treat AIDS and malaria had been caught in limbo. The departing Republican-led Congress had failed to pass spending bills to finance most federal agencies this fiscal year, which began Oct. 1, including those that administer foreign aid.

But the new Democratic leadership agreed this week to give the administration $4.5 billion this year to combat the big three global pandemics, $500 million more than the president himself had requested and over $1 billion more than if the undertakings had been required to continue at the previous year's spending levels.

The House on Wednesday approved the global health financing as part of an omnibus budget measure. The Senate is expected to take up the bill as early as next week.

Under Mr. Bush, aid to Africa has risen to more than twice the level of any previous administration and more than triple that achieved during the Clinton administration, according to an analysis by the Center for Global Development, a nonprofit research group in Washington.

But Mr. Bush will need the Democrats to sustain the growth. And while Congress has embraced increased global health spending, it was not as generous to Mr. Bush's other foreign aid innovation: the Millennium Challenge Corporation, an agency that aims to reduce poverty through grants to well-governed developing countries. It approved continuing last year's spending level of $1.75 billion for the agency, far short of the $3 billion Mr. Bush requested for this year. Some Democrats in Congress have complained that the agency has been too slow to spend the money it has and to show results.

"The politics of aid in this country probably has shifted on push-button issues like H.I.V./AIDS," said Todd Moss, a senior fellow at the Center for Global Development. "It's the longer-term development that's much harder to do and build political backing for. Those are the things that will come under pressure in a Washington with a split government."

Still, this week's progress on global health provides a marker of how much both parties have changed since the Clinton years. Then, the Republican Senator Jesse Helms attacked foreign aid as money poured down a rathole before he had a change of heart. President Clinton, now a leading advocate for global AIDS treatment and prevention programs, failed to muster an American response commensurate with the scale of the dying, many critics say.

Now, both parties compete to claim the mantle of leadership. Patrick J. Leahy, Democrat of Vermont, who heads the Senate appropriations subcommittee on foreign aid, said Democrats in Congress had pushed even harder in recent months than the White House for AIDS spending.

Tim Rieser, who has been the lead Democratic staff member on the same Senate subcommittee since 1995, said: "When Clinton was president, he didn't make AIDS the priority he should have. President Bush saw the opportunity and deserves credit for that. But it's not like he owns the issue. We all — Democrats and Republicans — have urged that much more be done."

Vaccine Firms Get Immunity From The U.S. (WSJ)

By Jane Zhang

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain.

The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health. In a directive dated last week, HHS invoked that clause, "based on a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

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Bill Hall, an HHS spokesman, said that the agency's declaration "allows us to remove the remaining barrier to building up our domestic capacity to manufacturers of vaccines in a flu pandemic." He denied that the move reflected heightened concern about the avian flu. Rather, he said, "It was a precautionary step."

The HHS action comes at a time when fresh cases of avian flu are cropping up in Asia, Russia, Nigeria and parts of Europe, and some in Congress are expressing renewed concern about the threat. Recently, Democratic Sen. Tom Harkin of Iowa held a hearing to question senior administration officials on what they are doing to prepare for a possible pandemic in the U.S.

Some saw the HHS action as a reflection of increased concern. "This is probably the loudest pronouncement by the federal government to date that the threat of an avian flu pandemic is real," says John Clerici, a partner at McKenna Long & Aldridge in Washington, D.C., a law firm whose clients have included vaccine makers.

The U.S. has long been concerned about a shortage of vaccines, both for seasonal influenza and to combat the H5N1 bird-flu strain and other potentially lethal strains. As part of a plan to encourage development of experimental vaccines and other countermeasures against public health and bioterrorism threats, Congress passed in late 2005 a bill that provided liability protection to those vaccine makers. The measure, signed by President Bush in December 2005, was roundly criticized by trial lawyers and other critics as a giveaway to drug companies. Sen. Edward Kennedy (D., Mass.) demanded a generous compensation scheme for victims of potential side effects of the vaccines. But as part of the defense appropriations bill, the measure had no funds provided.

Drug Industry Faces Bitter Pill (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, February 2, 2007

Congress is kicking off efforts to pass big reforms of the Food and Drug Administration, and that could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines.

Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising. The bill also would require registration of clinical drug trials and their results in public databases.

Meanwhile, Sen. Chris Dodd of Connecticut, a Democrat, and Sen. Charles Grassley of Iowa, a Republican, on Wednesday introduced their own drug-safety bills, which would restructure the FDA to create a center to oversee the safety of drugs after they go on the market.

Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans. And they're getting support from some Republicans upset by a series of high-profile drug-safety problems, including the 2004 withdrawal of the painkiller Vioxx.

Also, lawmakers have a ready-made vehicle for the changes: legislation that must be approved this year to renew the deal under which the industry pays fees to fund much of the FDA's drug-review process. The current user-fee agreement expires later this year.

"It's pretty clear we have drug-safety problems, and it's clear we need to address those matters," says Rep. John Dingell (D., Mich.), chairman of the House Energy and Commerce Committee, which has jurisdiction over the FDA. Several lawmakers say the agency's latest drug-safety initiatives, announced Tuesday, need to be bolstered with new legislation.

While these bills are now stand-alone measures, many on Capitol Hill expect that whatever safety legislation moves forward will be combined with the user-fee bill. That legislation also might end up linked to proposals to create a pathway for FDA approval of generic versions of biotech drugs -- which proponents argue would rein in the cost of such medicines -- and allow imports of medication from overseas. Both provisions are opposed by the drug industry, which is pressing for a "clean" user-fee bill.

STRONG MEDICINE

· What's New: Members of Congress propose to increase the FDA's drug-safety oversight and create a path for the agency to approve generic biotech drugs.

· The Issue: The drug industry is concerned about the effect of such legislation.

· What's Next: Proposals to change the FDA may be included in legislation authorizing fees that fund many agency operations.

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"We're concerned that it not become a Christmas tree," loaded with legislative extras, says Billy Tauzin, chief executive of the Pharmaceutical Research and Manufacturers of America, the industry's main lobbying group. But, he says, "we appreciate that the odds are that people are going to load it up."

In an effort to defuse controversial issues and lay the foundation for the user-fee bill, the pharmaceutical industry and the FDA struck a deal, unveiled a few weeks ago, that would provide the agency with $393 million in industry user fees for the next fiscal year. That is an increase of about one-third from the current year.

The pact would grant the FDA substantially more money for safety monitoring, and fund more staff to review pharmaceutical ads. That dovetails with voluntary campaigns by companies to submit their ads to the FDA and include their studies in public registries.

Mr. Tauzin says the industry "has real concerns" about what the Kennedy-Enzi bill might do, and opposes Sens. Grassley and Dodd's proposal to create an FDA drug-safety center: "Is this needed legislation, or is it going to create some new authorities that are problematic?"

If Congress doesn't pass the FDA fee legislation by late summer, it risks shutting down much of the agency's drug-regulation activity. Complicating matters, other FDA-related laws also must be renewed this year, including the fees that fund the agency's regulation of medical devices.

Mr. Dingell says he doesn't want to "bog down" the user-fee bill with procedural fights over provisions that aren't germane, but he also wants to step up drug safety. Later this month, his committee is expected to hold a hearing on drug safety that will include Sen. Grassley, an exacting FDA watchdog. Mr. Dingell calls the proposal to create a drug-safety center at the FDA an "intriguing idea," but says he wants to learn more before endorsing a plan.

Another focus for Congress: drug ads. Mr. Dingell says his reservations about such consumer advertising "have only grown with the passage of time." Democratic Rep. Frank Pallone of New Jersey, chairman of the Energy and Commerce health subcommittee, says the issue "could be part of the reauthorization" of the fee bill, but leaders will "see where there's a consensus" before deciding.

Another House Democrat, Henry Waxman of California, says he plans a drug-safety bill that will largely mirror the Kennedy-Enzi proposal. "The FDA does not have the authority it should have and that our legislation would give them," he says.

The Kennedy-Enzi bill would strengthen the FDA's oversight of drugs after they go on the market, by requiring that drugs be approved with programs to manage their risks. Those programs might be very limited, but they could also include an array of provisions the FDA doesn't currently have the explicit power to impose, including mandatory safety studies, restrictions on who can prescribe or dispense a drug, and an initial ban on consumer ads. A Kennedy staffer says that while the bill initially will be separate from user-fee legislation, "we imagine the process is one where all of these things end up being joined at some point."

The biggest concern for the biotech industry is legislation planned by Mr. Waxman, which would create a path for generic versions of biotech drugs. Sen. Hillary Clinton (D., N.Y.), a member of the health committee, plans to tie that effort to the user-fee legislation. "Linking it to [the user-fee bill] would be a good idea, because that's must-pass legislation," says another New York Democrat, Sen. Charles Schumer, who will be the generic biotech bill's lead Senate sponsor.

James Greenwood, chief executive of the Biotechnology Industry Organization, says the issue is too complex and scientifically delicate to be examined and resolved in time to link it to the user-fee legislation. "There's barely enough time to have the members of the House and the Senate understand what's in the [user-fee bill]," he says.

Lawmakers Eye Child Insurance Program (AP)

By Kevin Freking

AP, February 2, 2007

Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage. Lawmakers, however, are moving more quickly to renew a program that now provides coverage to 6 million people, mostly children.

The State Children's Health Insurance Program expires Sept. 30. Democrats and Republicans say they want to swiftly reauthorize the program.

"There is no greater priority for the Finance Committee in the health arena this year," said Sen. Max Baucus, the committee's new chairman. "It's No. 1."

When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector.

Job Bedford, 13, of Baltimore, told Baucus' committee Thursday that being in the program means he can take his asthma medicine with him wherever he goes, which makes him feel safer.

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"Asthma attacks are kind of scary. They are very unpredictable and there is always the worry in the back of my mind that I might just die," he said.

Interest groups and trade associations are lobbying for a major expansion of the program as a way to reduce the ranks of the uninsured, now estimated at 46.6 million.

But some senators sought to temper expectations.

Sen. Charles Grassley, R-Iowa, noted the program will require Congress to find $12 billion to $15 billion over the next five years just to serve the existing population. That is above the $25 billion that Congress would spend under the current money formula.

Grassley said he has not heard any advocacy groups say how Congress should pay for expanding the program. He does not consider raising taxes an option.

"A critical part of the discussion needs to be about how we are going to pay for the existing services before we can discuss expanding services," Grassley said.

Committee Republicans said restricting the number of adults eligible to participate could allow more children to be covered.

Some states use their share of the grant money to expand insurance coverage for adults. Arizona, Wisconsin and others even cover more adults than children.

Gov. Sonny Perdue, R-Ga., told lawmakers his state will run out of federal money for its children's health insurance program by March. That would affect 273,000 children.

But even as some states struggle with shortfalls, others get enough money to cover populations that were never the intended recipients of the program, Perdue said.

Several Republicans agreed with Perdue's assessment that the program's resources should be focused on children.

"The SCHIP program is for kids," Grassley said. "The C stands for children. There is no A is SCHIP."

Overall, about 639,000 adults get health insurance through the program.

Congress recently provided $283 million to prevent states from experiencing shortfalls in health insurance funding. It also prohibited states from using their program money to provide coverage to adults without children. An exception was allowed for those states already given permission to extend coverage to adults.

But Cindy Mann, executive director of the Center for Children and Families, said removing adults from the program would not free up significant money for children.

"The adults covered through this initiative are very low income. We're talking about people who work at minimum wage or at $7 or $8 an hour," Mann said. "They don't have other options, so the ramification of dropping them would be to increase the number of uninsured people. That would be an ironic result of SCHIP reauthorization."

Baucus, D-Mont., said after the hearing that he does not want to just renew the program, but expand it.

"Were going to need more money for CHIP," he said. "And we need to move fast to find it to keep kids from losing coverage this year."

Christina Pearson, a spokeswoman for the Health and Human Services Department, said Secretary Mike Leavitt is committed to renewing the program. She declined to cite specifics on how much money the administration would seek in the president's 2008 budget proposal to be submitted to Congress on Monday.

On the House side, Democrats have said they would seek money for expanding children's insurance coverage and for improving outreach.

Senate Democrats Warn F.C.C. Of Tough New Oversight (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees.

In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the agency's chairman, and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T.

The lawmakers also questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review.

Their questions and comments indicated that there was no political consensus on a range of recent legislative proposals. Most telecommunications policy issues do not break cleanly along party lines. So-called Net neutrality bills have been introduced

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to prevent high-speed Internet companies from charging content providers for priority access, and other measures are expected that would prevent the commission from making it easier for media companies to grow larger through acquisitions.

But the aggressive questioning by the panel's senior Democrats — including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and Barbara Boxer of California — suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission.

That could, at the least, temper any deregulatory action that Mr. Martin and his fellow Republican commissioners have been contemplating, particularly as they prepare to consider measures that would make it easier for media conglomerates to own newspapers and television stations in the same cities.

On Thursday, Mr. Martin yielded virtually no policy ground, saying for example that the conditions that two Democratic commissioners forced the agency to impose on AT&T to gain approval of its acquisition of Bell South would not be applied to the rest of the industry. Republicans hold a 3-to-2 majority on the commission, although a Republican recusal allowed the Democrats to play a decisive role in December in the AT&T-BellSouth review.

In addition to a "Net neutrality" pledge, AT&T offered to sell certain wireless spectrum and phone lines and pledged to upgrade its telephone network so it could provide high-speed Internet service to most of its service area.

Mr. Martin also declined to consider a more rigorous license-renewal process for the stations, although he said that he might favor rules that would require the stations to disclose more information about how they fulfilled their public-interest obligations.

Sensing the new climate, Mr. Martin in his opening statement steered clear of many difficult issues, including the debate over Internet discrimination legislation, decency standards, media-ownership rules, universal service fees paid by telephone users, and agency policies on consolidation in the phone industry.

Instead, Mr. Martin presented a rosy picture of the industries he regulates, noting that telephone prices had been declining, broadband use increasing and innovation vibrant.

"I am pleased to report that the state of the communications industry is strong," he said. "As you no doubt remember, in the year 2000 the communications industry began a precipitous and far-reaching decline. Capital spending by companies followed this market decline, innovation disappeared and companies went out of business, taking jobs with them. What a difference six years make."

But the Democrats on the commission, as well as those on the Senate committee, said that a digital divide had been deepening between those who could afford, and were being offered, high-speed Internet access and other technologies, and those who could not; and that the agency's deregulatory approach had contributed to what they said were the steadily declining standards of broadcasters.

"One change of this last election," Mr. Rockefeller, the committee's second-ranking Democrat, said "is that there will be a lot more attention on the F.C.C. and what they are doing in the critical area of public oversight."

He excoriated the agency for what he said was the abandonment of "its core responsibility to the public interest" by failing to take steps to reduce sex and violence on television, and for failing to seriously review license renewals by radio and television stations.

"The process of review is so pro forma that it's known as postcard renewal," he said.

Mr. Dorgan urged Mr. Martin to begin proceedings that would give some teeth to the vaguely worded public-interest standards that the law requires the agency to apply to license renewals and mergers. He accused the agency of a "spectacular failure" in its review of media ownership rules.

And Ms. Boxer attacked the commission for what she called a "pervasive culture of secrecy" that several years ago resulted in the suppression of government reports that contradicted the agency's official line on media ownership.

Mr. Martin responded that, after learning of those reports, he had ordered the F.C.C. to search its files and make any other similar reports part of the record of the current proceedings.

Democrats Urge Tighter FCC Rules (WP)

By Charles Babington

The Washington Post, February 2, 2007

Senate Democrats pressed the Republican-controlled Federal Communications Commission yesterday to slap tighter controls on media ownership, public-interest broadcasting and television violence.

Several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership, said Sen. Byron L. Dorgan (D-N.D.), have been "a spectacular failure."

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He railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city. "More concentration means less competition," Dorgan said. "The public-interest standards have been nearly completely emasculated."

But FCC Chairman Kevin J. Martin, who has close ties to the Bush White House, defended the agency's policies.

"The commission has tried to make decisions based on a fundamental belief that a robust, competitive marketplace, not regulation, is ultimately the greatest protector of the public interest," Martin said. He told Dorgan, "I'm not convinced yet we need to have the kind of requirements" for local TV and radio programming that some advocates have championed.

Flexing their muscles at Congress's first oversight hearing of the FCC since taking control of the House and Senate last month, Democrats lectured and sometimes scolded FCC members, saying the agency needs more teeth in its regulation of broadcast outlets, telephones, the Internet and other services.

"The change of this last election," said Sen. John D. Rockefeller IV (D-W.Va.), "is that there's going to be a lot more attention on the FCC. . . . It has abandoned its core responsibility to the public interest."

While the two-hour hearing didn't result in any mandates, it was more than a rhetorical venting, said Tamara Lipper, a spokeswoman for Martin.

"The commissioners are informed by the hearings," she said, and the lawmakers' comments "become part of the record."

As such, scores of lobbyists and interest group members filled long hallways and stairwells in the Russell Senate Office Building before crowding into an overflow room to watch the proceedings on TV monitors. The FCC's two Democratic commissioners often endorsed the senators' complaints, while their three GOP colleagues gently pushed back.

Democratic Commissioner Michael J. Copps told Dorgan that the FCC needs tougher requirements for broadcast outlets seeking license renewals and more detailed descriptions of locally produced content that would serve "the public interest."

Rockefeller called on the agency to put more pressure on cable and broadcast TV outlets to reduce the amount of televised violence. "Commercial television is in the worst state I've ever seen," he said.

Even sharper was Sen. Barbara Boxer (D-Calif.), who questioned whether Martin had aggressively looked into "the suppression" of two reports -- drafted by FCC staff members -- that reflected badly on the agency's media-ownership policies. "A culture of secrecy is still pervasive at the FCC," Boxer said.

Martin, whose voice never rose above a soft drawl, said he made all the documents public as soon as he learned of them last fall.

Senators Bristle At FCC Chief's Enforcement Of AT&T-BellSouth Merger (USAT)

By Paul Davidson

USA Today, February 2, 2007

The chairman of the Federal Communications Commission faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger.

At a Senate Commerce Committee hearing Thursday, Committee Chairman Daniel Inouye, D-Hawaii, suggested FCC Chairman Kevin Martin, a Republican, did not intend to "stand by the deal" and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions.

The $86 billion merger — the largest in telecom history — was approved in December by a 4-0 vote after weeks of negotiations between the commission's two Democrats and two Republicans.

The condition in question would require the combined company to slash the rates it charges competitors and big businesses to lease private, high-speed data lines in deregulated markets.

It was among a laundry list of concessions pushed by the FCC's two Democrats to win their votes, and it stands to have perhaps the biggest impact on AT&T's bottom line, costing it a projected $500 million over four years.

But in agreeing to the requirement, AT&T said it would not slash the prices it charges Verizon and Qwest, two of its largest rivals, unless the two local phone giants lower the lease rates they charge AT&T in their territories. AT&T, Verizon and Qwest all have long-distance units that serve big businesses outside their regions.

Verizon and Qwest say they will not cut their prices for AT&T.

In a statement released when the FCC approved the deal, Martin and Republican Commissioner Deborah Tate suggested they would not enforce the condition because it improperly imposed obligations on other carriers. They also said if Verizon and Qwest can't get the low rates, the concession would conflict with FCC rules that require wholesale services to be offered to all carriers on equal terms.

On Thursday, Martin told Inouye he was abiding by the deal but that while AT&T could submit tariffs, which are legal documents detailing its reduced prices, he would not approve them.

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"You're not allowed to discriminate among the different companies in terms of who you offer discounted prices to," Martin said. "Where the commission would have to take affirmative action, we said no, we would have hesitation doing that."

Democratic Commissioner Jonathan Adelstein told lawmakers he was unaware of Martin's concerns until after the vote. "It's hard for me to understand how we cannot implement something that was (voted for) unanimously," he said.

He also said FCC rules bar only unreasonable price discrimination and that offering different prices in this case would be "reasonable."

In a letter to Martin on Wednesday, Reps. John Dingell, D-Mich., and Ed Markey, D-Mass., also pressed him about his comments. He's expected to be grilled about them again at a House hearing Markey will chair on Feb. 15.

FCC Told To Focus On Public Interest (WT)

The Washington Times, February 2, 2007

COX NEWS SERVICE

Senate Democrats served notice to members of the Federal Communications Commission yesterday that their top priority is protecting the public interest, not boosting corporate profits.

Under Republican leadership, the FCC has "abandoned its core responsibility" to act in the public interest, Sen. John D. Rockefeller IV, West Virginia Democrat, said at a packed hearing of the Senate Commerce, Science and Transportation Committee. As a result, he said, broadcasters put on news programs that are filled with "junk, sex, scandals" and other content that fails to inform the public about important issues.

Sen. Byron L. Dorgan, North Dakota Democrat, said the agency's review of media-ownership rules was a "spectacular failure" that didn't do enough to protect the public.

Sen. Barbara Boxer, California Democrat, criticized FCC Chairman Kevin J. Martin for what she called his agency's "culture of secrecy."

Mr. Martin, who was appointed by President Bush, defended the agency's performance.

He noted that more Americans are getting high-speed Internet access at lower costs and that "the communications industry is strong," especially compared with the late years of the Clinton administration.

"In the year 2000, the communications industry began a precipitous and far-reaching decline," he said. "What a difference six years make."

But Mr. Martin's optimistic assessment was undercut by the commission's two Democrats.

Commissioner Michael J. Copps said that while profits may be good for many in the communications industry, the public interest is not being well served. For example, broadcasters are presenting far too much "gratuitously violent programming," he said.

In addition, telecommunications companies are not doing enough to provide high-speed Internet connections for Americans living in rural areas and inner cities, he said.

Committee members also pressed Mr. Martin and fellow Republican Commissioner Deborah Taylor Tate on their willingness to vigorously enforce the conditions that allowed AT&T complete its takeover of BellSouth.

After lengthy negotiations with the commission's two Democrats, AT&T agreed in late December to a set of conditions that cleared the way for a unanimous approval of the merger on Dec. 29.

But afterward, Mr. Martin and Mrs. Tate issued a joint statement saying some of the conditions were "discriminatory and run contrary to commission policy and precedent."

Commerce committee Chairman Daniel K. Inouye, Hawaii Democrat, asked if that statement means "you won't stand by the deal that was reached."

Mr. Martin said he would enforce the conditions, but said he intended to signal that it would be illegal to force AT&T's main competitors, Verizon and Qwest, to match those wholesale rates for business Internet service.

Data Privacy Bill Expected To Target Retailers, Banks (WP)

By Brian Krebs

The Washington Post, February 2, 2007

Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest from the new chairman of the House Financial Services Committee.

Panel Chairman Barney Frank (D-Mass.) said he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands.

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Frank also said he wants retailers to be held more accountable for data breaches. Last month, TJX, the Massachusetts-based parent of discount retailers TJ Maxx and Marshalls, disclosed that hackers had broken into its credit card processing network, possibly exposing financial details on millions of customers.

This week, the Massachusetts Bankers Association said that some of its member banks have reported fraudulent transactions associated with the TJX data breach. Credit card issuers have contacted at least 60 banks affected by the break-in, the MBA said.

While more than 30 states have laws requiring companies to alert residents of data breaches, most of the statutes let the affected company delay notifying banks while law enforcement agencies investigate. Frank said retailers should be required to notify banks that issued the compromised credit card accounts so that financial institutions can issue customers new cards before fraud occurs.

"For too long, retailers have been immunized from having to own up when it's their mistake through contractual protection from Visa and MasterCard," he said.

Mallory Duncan, senior vice president and general counsel of the National Retail Federation, said Frank's proposal was an effort by some smaller banks to shift more of the costs of fraud to retailers. "Most of the larger banks have very sophisticated, round-the-clock fraud monitoring systems in place, but a lot of the smaller institutions don't have those systems," he said.

There have been more than 100 million instances in which Americans have had their personal data compromised due to data breaches or mishaps, according to the Privacy Rights Clearinghouse, a consumer group in San Diego.

The data breach bill that got the most support from industry and consumer groups last year -- offered by Sen. Dianne Feinstein (D-Calif.) -- would require any organization holding personal data to notify consumers upon learning of a data breach. She has revised the bill, and it was among the first to be reintroduced this year.

The measure would preempt many tougher state laws and contains fairly broad exemptions, including not requiring entities to disclose a breach if a risk assessment concludes there is "no significant risk that the breach has resulted or will result in harm" to consumers.

While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation.

"The question with this issue -- as with others -- becomes, is this an area where dueling interest groups will make it difficult for Congress to come to an effective solution, or is it something that's moving so fast that anything Congress is likely to do will end up obsolete a year or two from now?" he said.

Consumer groups also expect corporate- and government-backed data mining practices to receive scrutiny from Congress, in part because the Senate Judiciary Committee is headed by Sen. Patrick J. Leahy (D-Vt.), known for his staunch advocacy on consumer privacy matters.

The Bush administration has come under heavy fire from privacy advocates for its data mining initiatives and for pressuring Internet service providers to dramatically extend the length of time that they retain records of their customers' online activities.

Sanchez Quits Hispanic Caucus (LAT)

By Richard Simon

The Los Angeles Times, February 2, 2007

WASHINGTON — The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women.

Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign.

Rep. Hilda L. Solis (D-El Monte) complained about the "lack of respect afforded to women members of the Hispanic Caucus."

And Rep. Linda T. Sanchez (D-Lakewood) stood by her sister and fellow congresswoman, saying: "I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members."

"Latinas are the fastest-growing segment of the minority population," the Lakewood congresswoman said. "And their perspective deserves to be represented, not denigrated."

On Wednesday, Loretta Sanchez told the Politico, a new Capitol Hill newspaper, that Baca had called her a "whore." She has not responded to requests for an interview since then.

Baca denied the charges Thursday, saying, "These accusations are categorically untrue."

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The Orange County congresswoman's resignation comes after six caucus members last year cut their ties to the group's political action committee after it made campaign contributions to relatives of caucus members — including Baca's sons Joe Jr. and Jeremy, who ran unsuccessfully for state Senate and Assembly respectively.

"At a time when the public is crying out for a more ethical government, we should be taking every step to avoid any appearance of preferential treatment for relatives," Solis said in a statement Thursday.

Some female caucus members also complained earlier this year that Baca's election as chairman was not conducted by secret ballot as required.

In her resignation announcement Wednesday, Sanchez cited her concern about the election as her only reason. "I and other members of the caucus voiced our strong opposition to Mr. Baca's chairmanship due to a violation of election rules," she said.

Baca dismissed these complaints Thursday, noting: "These issues have been discussed, reported, and laid to rest."

Sanchez told the Politico that she heard Baca had made the demeaning remark about her to California Assembly Speaker Fabian Nuñez.

But at a news conference Thursday in Sacramento, Nuñez said, "I have no recollection of any conversation with anybody about a dispute between Congressman Baca and Congresswoman Sanchez."

He added that he would "rather not be dragged into the mud" of a congressional fight.

Sanchez also told the Politico that when the caucus had approached her earlier this year to pay her contribution to support the caucus staff, she asked to be removed from the list of members.

"There's a big rift here," she told the newspaper. Using a vulgarity to describe how Baca treated women, she concluded, "I have no use for him."

Baca, in a statement Wednesday, called Sanchez's resignation "unfortunate." But in his statement Thursday, he implicitly criticized her, saying: "This 'controversy' is of the most disrespectful nature to our constituents and to our colleagues in the House because it is based on untruths."

A congressional staffer, who was not authorized to speak on the matter and requested anonymity, said that some of the male members of the caucus were often disrespectful of the women — talking, laughing or making jokes while they were trying to speak at caucus meetings.

"This is a serious rift; it's bad for the community," the aide said. "If other women follow her lead, it looks bad for CHC. They let internal bickering override what they can do as a key bloc in Congress."

Breaking News: Two More Reps. Complain About Treatment Of Women In Hispanic Caucus (POL)

By Josephine Hearn

The Politico, February 2, 2007

A day after Rep. Loretta Sanchez resigned from the Hispanic Caucus charging its chairman had called her a “whore,’’ a pair of Democratic congresswomen from California spoke out in support of Sanchez’s sweeping complaints that chairman Joe Baca did not respect the women in the caucus.

In an increasingly bitter spat dividing the 21-member caucus, Sanchez also had charged that her follow California Democrat, Baca, had treated the women in the group “like shit.”

On Thursday, the two other California congresswomen bolstered Sanchez’s remarks.

Rep. Hilda L. Solis said she shared “Sanchez's sentiment about the lack of respect afforded to women members of the Hispanic Caucus.’’ And Loretta Sanchez’s sister, Rep. Linda Sanchez, said she supported her sibling’s decision to resign in protest of Baca’s alleged remark, which he has “categorically’’ denied.

On Thursday, Baca repeated his denial to Fox News, saying there was no rift within the caucus.

“There is none, absolutely none,’’ Baca said. “Everybody is working together."

In her statement Thursday, Linda Sanchez said she was “waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members.’’

“Latinas are the fastest growing segment of the minority population,’’ she added, “and their perspective deserves to be represented, not denigrated."

If the Hispanic Caucus "is to be truly representative of the Latino community," Solis said, “it must give equal treatment to all its members, regardless of gender or seniority.”

Solis also reiterated concerns about the political arm of the caucus, BOLDPAC, which came under fire last year after Baca and his allies authorized political contributions to their relatives. Solis, the Sanchez sisters and three other lawmakers then withdrew from BOLDPAC.

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“At a time when the public is crying out for a more ethical government,’’ Solis said, “we should be taking every step to avoid any appearance of preferential treatment for relatives.”

In an interview with The Politico Wednesday, Loretta Sanchez also cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers.

“I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here," Sanchez said. "You treat the women like shit. I have no use for him."

In a statement Wednesday, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements.’’

“Let me be clear,’’ he declared, “her comments are categorically untrue."

The last time lawmakers withdrew from the Hispanic caucus was in the late 1990s when its Republican members left over partisan differences.

Sanchez said she had rebuffed an approach earlier this year to contribute funds from her office budget to support the caucus’ shared staff, a requirement for all its members.

"I told them to take me off the list, take me off the Web site, take me off everything," Sanchez said.

She said she was surprised and insulted when she learned that Baca had made the disparaging personal comment about her to California Assembly Speaker Fabian Nunez and other legislators last year.

Nunez "is a friend of mine. Did he think he wouldn't tell me?" Sanchez asked.

On Thursday, a spokesman for Nunez said the state speaker would have no comment on the flap. But Nunez said at a news conference in California that he did not recall the comment.

"I'm not going to confirm that," he said, according to a posting on the Los Angeles Times blog, Political Muscle. "I have no recollection of being at" a meeting where "anything disrespectful" was said of a Hispanic caucus member.

"Somebody is going to have to refresh my memory,’’ Nunez said. “I have no recollection."

Sanchez voted against Baca in the Hispanic Caucus election for chairman in November. Four other female lawmakers abstained from the vote, raising concerns about whether the election followed proper procedures.

The Sanchez withdrawal is another blow to Baca and his allies who have been trying to bring the caucus back together after a series of internal spats last year. Many of the more junior members and the women have butted heads with him and senior lawmakers.

In recent weeks, Rep. Xavier Becerra, Calif., a caucus member who serves in House leadership as assistant to Speaker Nancy Pelosi, D-Calif., had been trying to persuade the six members to rejoin the political action committee, which is known as the Committee for Hispanic Causes/Building Our Leadership Diversity.

Four female lawmakers have written Baca asking that the caucus repeat his election as chairman because the earlier vote failed to use secret ballots, as required in the group's bylaws.

Sanchez and other female CHC members have repeatedly complained that Baca and some of his male colleagues do not accord them a high level of respect.

"There is a big rift. Hello? Do they not get this?" Sanchez said.

Join The Conversation (read all 21 comments)

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by WorriedInPA on 02.02.2007 at 12:39 AM

How can I get on Loretta Sanchez' Xmas mailing list?

by sequoia on 02.01.2007 at 08:48 PM

RE: Cela & OC_Voter messages: Sanchez' poor taste in Christmas cards.

I have to laugh, my mother gets those borderline porn-like cards from Loretta Sanchez' office. The one sent out a couple of years back with her in a skin tight leather micro mini perched on top of a desk, again with a cat (P***y?) in the picture, was disgusting. You can actually see right up her skirt, she was wearing black underwear, or maybe not? .... pulling a Brittany? The holiday greeting was also in poor taste. Loretta Sanchez, what can you say about her but what Baca said to Nunez about her. She is no class act, that's for sure. Loretta Sanchez has the reputation she has earned.

by Hughie on 02.01.2007 at 07:49 PM

Who the hell cares what Baca called Sanchez ? This Baca rep could have called her an m' f' ing ho-bag-piece- 'o crap and she can do NOTHING about such a slur. Why? She's not in the private sector and the offending representative, like her, is immune to such harassment laws. So, Sanchez baby, it's your bed, you made it, now sleep in it and shut your pie hole.

by theduke on 02.01.2007 at 07:28 PM

It saddens me to see subterranean actions and reactions by people; where is our self-respect and our cultural teaching?gone? We as Americans (Hispanic) have forgotten how hard our fights have been fought by our American heritage. We now war over Nada! For God Shakes, let?s not forget the nature of politics and what it means to be head of politics and the vitriol associated with-it. What I see is: females banding together in the hopes of finding strength in numbers and the refocus in destroying their own party from with-in. I am a Republication, but have no joy in seeing people engulfed with jingoistic and hubris behavior, not to mention the weakness it displays: dissension and trifle engagement?Si being called a ?Puta? is not the nicest of names, but I am sure this name is compassionate opposed to the political strategy employed to gain office?We are quailing over dirty dresses. I am shamed by my hermanos y hermanas whom have forgotten the political gains granted to use by those who have fought for our political causes?it is sickening to see our gains marginalized by name calling and the inability to recognize obtuseness. Stop all this, antes de usted deshonra todos nosotros!

Hispanic Caucus Members Toil Over Insult (AP)

By Erica Werner

AP, February 2, 2007

Three female members of the Congressional Hispanic Caucus accused the organization's male leaders Thursday of treating women unfairly. Rep. Loretta Sanchez said the caucus chairman called her a "whore."

Rep. Joe Baca denied uttering the insult, which Sanchez cited among grievances that led her to announce this week she was quitting the group.

"Let me be clear: Her comments are categorically untrue," said Baca, who like Sanchez is a California Democrat.

"He said it. For him to deny it is just a silly thing," Sanchez said in an interview.

She and Rep. Hilda Solis, D-Calif., said Baca made the comment at an event in Sacramento, Calif., over the summer and that it was repeated to them by people they declined to identify.

"Name-calling never helps anything," said Sanchez, adding she confronted Baca about the comment. "He just shook for awhile and then he said, 'That's a lie.'"

The controversy, which became public with a report Wednesday on the Web site politico.com about the "whore" comment, was the latest evidence of conflict between men in the growing caucus and a smaller, mostly female contingent.

Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November. Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez of New York subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats.

Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups.

There also is a perception among female caucus members that their concerns are given short shrift in a caucus that — like the Congress as a whole — remains overwhelmingly male, despite high profile advances by women in Congress.

"I think there tends to be the sentiment that there has to be more work done to improve relationships in the caucus and the treatment of women in the caucus," Solis said in an interview.

"I am waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members," said Linda Sanchez, whose district is near her older sister's in Southern California.

Better Security For Judges (NYT)

The New York Times, February 2, 2007

One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack.

The need for strong security measures for judges should be self-evident. Since the Sept. 11 attacks, federal judges have played a very visible role in the trials of suspected terrorists. Many of the most serious threats they face, though, are domestic. This was tragically underscored two years ago by the murder of the husband and mother of Judge Joan Lefkow of Chicago by a man upset with her ruling in a malpractice lawsuit. After those killings, Congress passed a law that, among other things, paid for home security systems for judges. More still needs to be done.

The Court Security and Improvement Act of 2007 includes new criminal penalties for misusing personal information to threaten serious harm to judges or their families, and increased sanctions for retaliating against witnesses. It allocates more resources to the United States marshals, who are charged with protecting federal judges. And it requires the marshals' director to consult with the Judicial Conference of the United States so judges have a greater voice in their own security.

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In the last Congress, a similar bill was passed by the Senate, but House leaders blocked it. With the Democrats now in control, the current bipartisan bill — which has the support of the Democratic chairmen and the ranking Republican members of the Judiciary Committees in both the House and the Senate — should pass easily.

One of the best ways Democratic and Republican leaders can set a new tone in Washington is by jettisoning the heated anti-judge posturing and replacing it with sensible measures to protect the safety of the federal judiciary.

OTHER NEWS:

Bush, Dems Have Different Economic Views (AP)

By Tom Raum

AP, February 2, 2007

The booming economy that President Bush paints is a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college.

The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right — and wrong. It just depends on what numbers you summon.

Bush is trying to nudge the national focus away from Iraq and is offering a rosy picture of the economy ahead of his presentation Monday of a financial blueprint he says will lead to a balanced budget by 2012.

Congressional Democrats have embraced the same timetable. The course the rival camps chart to get there is bound to be the domestic-policy battle royal of the current congressional session.

"Workers are making more money. Their paychecks are going further. Consumers are confident. Investors are optimistic," Bush said in a speech Wednesday at Federal Hall on Wall Street. It was his second on the economy in as many days.

"I'm not surprised that some of the good economic news is overshadowed by the difficult news out of Iraq," Bush told Fox News later Wednesday.

The president credits his first-term tax cuts for much of the upbeat news, ignoring the $10 billion-a-month drain on the government's balance sheets from the unpopular war in Iraq and military actions in Afghanistan and elsewhere to fight terrorism.

Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months.

Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady.

But hold on.

Here comes this from Sen. John Edwards of North Carolina, reprising the "two Americas" rich-poor divide he depicted in 2004 as a presidential and vice presidential candidate: "We cannot stand by and watch 37 million people wake up and not know how to feed and clothe their children."

Other Democratic presidential hopefuls are echoing the theme.

Also, freshman Sen. James Webb, D-Va., built on it when he gave his party's response to Bush's State of the Union address last month. "It's almost as if we are living in two different countries," Webb said.

To William Galston, a domestic policy adviser in the Clinton administration who now is the Brookings Institution, "We have the president's story of the economic aggregates and we have Jim Webb's story of economic anxiety and inequality.

"That tale of two economies will be argued out, not only between the parties but within the parties," he said.

The Democratic contenders are not shy about weighing in.

"There's something wrong when you have more bankruptcies in America last year than college graduates," Sen. Hillary Clinton of New York said in Iowa.

A 2008 rival, Sen. Barack Obama of Illinois, said, "Our economy is changing rapidly, and that means profound changes for working people." He cited "skyrocketing health care bills," lost pensions and struggles to pay for college.

The cutback in building has led to thousands of layoffs in the construction industry, Democrats note.

Such observations conflict with the glowing picture Bush and his aides present of a vibrant economy humming along at near-full employment.

"They've both got a point, and they're both trying to make their case" said Mark Zandi, chief economist at Moody's Economy.com.

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"The president is right. The economy in aggregate is performing very well. So he's right to claim that the economy, looking from above, looks very good," Zandi said. "Democrats are also right. The fruits of this strong economy have largely accrued to higher income wealthier households."

The multifaceted state of the economy was reflected in a mixed bag of government economic reports issued Thursday.

The Commerce Department reported that people spent more than they made last year, resulting in a negative 1 percent personal savings rate — the lowest since the Great Depression. Meanwhile, the Labor Department reported a 20,000 drop in claims by newly laid off workers for unemployment benefits, a sign of a healthy labor market.

David Wyss, chief economist at Standard & Poor's in New York, said that "any rational way you look at this, the economy is doing pretty decently. You've got a 4.5 percent unemployment rate, productivity growth is solid. And inflation is by historical standards pretty reasonable."

Still, Wyss said, "We've got a couple of big problems out there, and some long-term imbalances. The top 20 percent is doing fairly well and the bottom 20 percent is doing better. If there's a hole, it's in the middle, which frankly are those old blue-collar jobs that the Democrats say are leaving the country. And they're right."

The president's approval on handling the economy was at 43 percent in early January's AP-Ipsos poll, up from December and higher than his overall job approval of 36 percent. The economy, along with Iraq, terrorism and health care are all seen as important issues by the public.

The White House and Democrats battled with dueling economic "fact sheets."

The Democratic headlines: worst job recovery on record; manufacturing jobs continue to disappear at historical levels; share of national income going to wages and salaries see record lows; household income declined by nearly $1,300 under Bush.

On the White House list: The economy has created more than 7.2 million jobs since August 2003; the unemployment rate was 4.5 percent in December; real wages rose 1.7 percent during 2006; real after-tax personal income per person has increased over $2,800 — or 9.6 percent — during this administration.

The president did concede a point to Democratic rhetoric on Wednesday.

After Webb emphasized the growing and yawning gulf between salaries of chief executive officers and rank-and-file workers in his Jan. 23 Democratic response, Bush took aim at lavish salaries and bonuses for corporate executives. Corporate boards should "step up to their responsibilities" and tie compensation packages to performance, he said in his Wall Street speech.

Job Market Was A Key To Fed's Call (WSJ)

By Jon Hilsenrath

The Wall Street Journal, February 2, 2007

Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market.

Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster. The unemployment rate fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ.

This matters to the folks who dictate short-term interest-rate levels at the Federal Reserve. Recessions are always accompanied by job-market weakness. A healthy job market means the Fed has less reason to goose the economy with lower rates. It also has a big impact on the Fed's inflation call. Fed officials want as much as anybody to see Americans fully employed. But a falling unemployment rate can signal reduced job-market slack, which could lead to wage pressure and inflation, something Fed officials don't want.

A debate is bubbling at the Fed now about how to read the job market, something San Francisco Fed President Janet Yellen has spoken about. If output has slowed but employment remains robust, it could mean businesses are getting less out of workers. It also could mean output numbers understated the economy's strength.

Either way, the bottom line is simple. Economists expect the Labor Department to report today that payrolls grew another 167,000 in January and the unemployment rate remained 4.5%. Warm January weather will muddy the numbers, as will annual data revisions, which should also point up. But as long as the job market looks this strong, the Fed has little incentive to alter its inclination to push rates higher still.

Where Big is Better: Why Oil Shares Stay High

Investors who bet that Big Oil would get whiplashed by slumping oil prices have been whipped themselves.

Oil prices have dropped 26% since they hit $77.03 a barrel on July 14, hitting the bottom line of large oil companies. But their shares haven't followed suit. Exxon Mobil's profits slowed from a record run in the final months of 2006, falling 4.3% in the

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fourth quarter from a year earlier. Still its shares have gained 16% since oil peaked. Shares of Chevron, which reports earnings today, are up 12%. Analysts surveyed by Thomson Financial expect Chevron to report a 7% drop in fourth-quarter earnings per share today.

Why the disconnect? Oil companies are relatively cheap. Energy companies in the S&P 500 trade at 9.8 times their projected 2007 earnings per share, compared with about 15 for the entire index. Moreover, the companies are flush with cash they can use to support their shares. Exxon's dividends and share buybacks surged 41% in 2006 to $32.6 billion.

Not all oil companies have fared well, suggesting the advance of the supermajors is also a flight to quality. Shares of smaller oil producers such as Occidental Petroleum and Murphy Oil have taken their lumps since oil prices peaked. Sometimes big is better.

Fed's Inflation Dilemma (WSJ)

By Greg Ip

The Wall Street Journal, February 2, 2007

WASHINGTON -- Federal Reserve officials, in debating whether to adopt an explicit target for inflation, have discussed whether an implicit, or "soft" target, might be preferable.

The continuing debate reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises.

Currently, the Fed's official aim is to achieve "price stability," but it doesn't specify what rate or range of inflation it thinks would fulfill that goal.

Mr. Bernanke has long favored setting an explicit inflation target, an increasingly common practice among foreign central banks. Many of those banks strive to keep inflation at or near 2%.

Proponents of this approach say that adopting an explicit inflation target for the U.S. would reassure Americans, discouraging self-fulfilling inflationary expectations if, for example, the economy overheated or energy prices jumped. It also would give financial markets a better indication of the Fed's likely response to shifting economic conditions.

At Mr. Bernake's behest, the Fed's policy-making Federal Open Market Committee has been studying possible changes in how it communicates its forecasts, statements and meeting minutes. While the 19-member panel has also considered adopting an inflation target, Fed officials emphasize that such a move is far from certain.

Among the drawbacks to an explicit target is potential resistance on Capitol Hill, and internal discord over what, if any, number should be picked. That has prompted Fed officials to take a look at an implicit target, which would communicate the Fed's preferred inflation rate without having the force of an official goal.

Fed officials say one form of implicit targeting would be to extend the horizon of the Fed's economic forecasts beyond the current two years, with the inflation forecast for the last year of the period representing the Fed's implicit target. Another would be to poll all 19 FOMC members on their personal definition of price stability and publish the resulting range, rather than forcing them to agree on a single number or range.

But officials have significant misgivings about both approaches, primarily because they sacrifice clarity and accountability, the very benefits that targets are meant to achieve.

The Federal Reserve Act defines the Fed's goals as both price stability and maximum employment. Mr. Bernanke has long argued that a target is consistent with that "dual mandate." He argues that a target stabilizes the public's expectations of inflation, which enables the Fed to lower interest rates during a slump with less fear of setting off a run-up in prices.

But some Fed officials fear that argument is too subtle for many in Congress, who might contend that an inflation target elevates price stability's importance over that of employment. Barney Frank, the new Democratic chairman of the House Financial Services Committee, opposes an inflation target, while acknowledging that the FOMC has the authority to adopt one.

"There is a little bit of concern that the mandate doesn't extend to picking any particular number," said Ken Kuttner, an economist at Oberlin College in Ohio who wrote about inflation targets while on the staff of the Federal Reserve Bank of New York. "There would naturally be people saying, 'Hey, I'm reading your mandate here guys, give us your [target] number for full employment.' And nobody wants to do that. A lot of the gains from ambiguity have to do with finessing that kind of situation."

Another drawback of an explicit target is the continued disagreement within the Fed over both the wisdom of adopting one, and over what the number should be if one were adopted.

One way to minimize both problems would be for the FOMC, rather than announcing a target, to lengthen its current semiannual forecast -- a range of forecasts by individual FOMC members -- to three or four years from the current two. Because that would ordinarily be long enough for the Fed's interest-rate actions to achieve any inflation rate the central bank desired, the fourth-year forecast could be construed as a target without being called one.

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A shortcoming of this approach is that if a big shock, such as a jump in energy prices, drove inflation up sharply, it could take more than four years to get it back to the target, unless the Fed was willing to drive unemployment sharply higher. Another is that the forecast would include unemployment, and Congress might see that as an implicit target for which the Fed should be held accountable.

Another approach would be to poll all FOMC members on what constituted price stability, and to publish the results. The Bank of Japan adopted a similar approach last year and announced that its nine policy board members' views ranged from zero to 2% inflation.

But officials say that despite the appeal of the approaches, both are flawed and thus may not be much better than the status quo. If the FOMC claims its target is only a forecast, it would be less accountable for missing it, and that means the public, and investors, would be less likely to incorporate it into their own behavior.

The polling approach suffers from the fact the target could change every year with the composition and inclination of the FOMC's members. Without agreement on a single target, policy makers could respond differently to the same inflation picture.

Dow, Russell 2000 Close At New Highs As Economic Data Bolster Confidence (WP/AP)

The Washington Post, February 2, 2007

NEW YORK, Feb. 1 -- Stocks climbed for the third straight day Thursday as an already buoyant Wall Street embraced robust consumer spending figures and largely overcame disappointment over Google's earnings report. Both the Dow Jones industrial average and the Russell 2000 index of smaller companies closed at new highs.

The Dow advanced 51.99, or 0.41 percent, to 12,673.68. That marks the blue-chip average's 27th record close since October. It came in well above the record of 12,621.77 set Jan. 24. A new trading high of 12,682.57 topped a day-old record of 12,657.02.

The Standard & Poor's 500-stock index rose 7.70, or 0.54 percent, to 1445.94, and the Nasdaq composite index was up 4.45, or 0.18 percent, at 2468.38.

The Russell 2000 rose 7.43, or 0.93 percent, to 807.77. The index first broke the 800 mark Wednesday.

The gains followed Wall Street's best day of the year on Wednesday, when it advanced sharply after the Federal Reserve signaled that the economy remained solid and that inflation was mostly in check. The central bank's comments, which followed its decision to leave short-term interest rates unchanged, injected a bit of confidence into an uncertain market.

Economic data continued to play a big role in trading, as it has all week. As expected, consumer spending in December showed its biggest increase in five months, rising 0.7 percent.

The Labor Department reported the number of newly laid off workers seeking unemployment benefits fell by 20,000 last week, to 307,000.Movers

Google fell $19.75, to $481.75. Though it posted a sharp increase in profit, investors accustomed to outsized gains were not wowed.

Exxon rose 98 cents, to $75.08, after announcing a 2006 profit of $39.5 billion, the largest ever for a U.S. company.

Archer Daniels Midland rose $3.47, to $35.47, after it said profit jumped 20 percent.

Comcast fell $1.43, to $42.92, after its fourth-quarter profit came up short of Wall Street's forecast.

Boeing reached a record high of $92.24 before closing up $1.49, at $91.05, after reporting strong results Wednesday.

Dow Rises 51.99 To A Record On Exxon Mobil's Results (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 2, 2007

The Dow Jones Industrial Average rose for a fourth straight day, hitting a new record, aided by strong earnings from Exxon Mobil.

The Dow climbed 51.99 points, or 0.4%, to 12673.68, its 27th record finish since October. So far this year, the Dow is up 1.7%.

Shares of Exxon Mobil, a Dow component, gained 1.3% after the energy giant announced that fourth-quarter net income fell 4.3% from a year earlier but still beat analysts' expectations. For all of 2006, Exxon Mobil posted the biggest annual profit in U.S. history, $39.5 billion, up 9.3% from 2005.

The broad Standard & Poor's 500-stock index rallied 0.5%, or 7.70 points, to 1445.94, up 1.9% on the year. The technology-stock-led Nasdaq Composite Index edged up 0.2%, or 4.45 points, to 2468.38, up 2.2% on the year.

Economic data were mixed, which reinforced many investors' impression of a relatively benign slowdown in U.S. economic growth. Many investing pros have been saying lately that conflicting data allow them to rule out two dire, but very different, scenarios: inflation and recession.

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"A lot of people are thinking we're back to a Goldilocks economy," neither too hot nor too cold, said strategist Mark Keller, of A.G. Edwards & Sons.

Mr. Keller said his firm expects the U.S. economy to grow about 2.2% this year. That's a modest pace in historic terms, but still enough to sustain growth in corporate profits, which in turn should help the stock market.

The Commerce Department reported its measure of prices for consumer goods, excluding volatile food and energy, rose 0.1% in December, up 2.2% from a year earlier.

Most analysts believe the Federal Reserve views this index of personal consumption expenditures as a key inflation indicator, with annual growth above 2% less than ideal.

The higher December reading normally might signal risk of a Fed interest-rate increase. Luckily for stock investors, fresh manufacturing data signaled just the opposite.

The Institute for Supply Management's manufacturing index, a broad measure of activity in the sector, fell to 49.3 in January, contrary to economists' expectation for a reading of 52. Any reading below 50 signals contraction in the manufacturing sector.

In energy trading, crude-oil futures contracts for March delivery slid 84 cents, or 1.4%, to $57.30 a barrel, off 6.1% so far this year at the New York Mercantile Exchange.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks on the NYSE was 2.89 billion shares; 2,454 issues rose and 889 fell.

Bond prices fell2. The 10-year note slipped 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.837%.

The dollar strengthened3. Against the Japanese currency, the dollar rose to 120.71 yen, compared with 120.67 yen. The euro fell to $1.3020, compared with $1.3034.

Manufacturing Activity Drops (WSJ)

By Christopher Conkey

The Wall Street Journal, February 2, 2007

WASHINGTON -- Dogged by excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer.

The Institute for Supply Management, a trade group representing corporate purchasing managers, said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December.

Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries.

The slowdown follows a four-year growth spurt in the manufacturing sector. Consumers began to scale back their purchases of homes and American-made cars last year, but many manufacturers have been slow to recognize the need to reduce inventories, according to Norbert Ore, who oversees the ISM survey.

Fear of a Surge

"Everybody's afraid to pull the trigger and cut inventories because they're afraid there will be another surge, and they'll be caught short," said Mr. Ore, who is also Georgia-Pacific Corp.'s procurement director. He said the manufacturing sector will remain sluggish over the next few months as businesses draw down their stockpiles of unsold goods.

Meantime, large inventories continued to take a toll on manufacturers' results. Late Wednesday, Pulte Homes Inc., Bloomfield Hills, Mich., reported a fourth-quarter loss, with the home builder citing an inventory charge and a high cancellation rate as contributing factors. Volterra Semiconductor Corp., Fremont, Calif., warned its first-quarter revenue would fall from fourth-quarter levels because of a customer's excess inventory.

Last month, however, there were signs manufacturers were getting serious about reducing inventories. The ISM reading on inventories plunged to 39.9 in January from 48.5 in December. Mr. Ore said it was the biggest monthly drop in more than 20 years. Readings on new orders and production also fell. The employment index in the sector remained in negative territory, and the measure of prices paid rose.

Beyond the soft manufacturing sector, though, the economy still is growing, thanks in large part to a strong labor market that is supporting consumer spending. More evidence of this came in a separate Commerce Department report that showed personal income rose 0.5% in December, following a 0.3% gain in November. Spending climbed 0.7% in December, following a 0.5% gain the previous month.

American consumers showed a willingness to spend beyond their immediate means, as the nation's savings rate -- or personal savings as a percentage of after-tax income -- fell to negative 1.2% in December from negative 1.0% in November.

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Many Take On Debt

Economists often warn that consumers should save more, particularly with baby boomers approaching retirement, but many remain willing to take on credit-card debt or tap investment gains. The savings rate for all of 2006 was negative 1.0%, the lowest annual rate since 1933.

The index of personal-consumption expenditures, excluding food and energy -- the Federal Reserve's preferred inflation measure -- rose 0.1% in December, suggesting price gains continue to moderate, and the Fed will leave interest rates steady for now.

The National Association of Realtors said pending home sales rose 4.9% in December after four straight months of declines in another sign of stabilization.

Separately, the Labor Department said 307,000 people filed initial claims for unemployment benefits last week, down 20,000 from the week before and indicative of solid job creation.

US Manufacturing 'on Brink Of Recession' (FT)

By Eoin Callan In Washington

Financial Times, February 2, 2007

The US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey.

The Institute for Supply Management said its manufacturing index fell into negative territory in January as it slipped below the 50 mark to 49.3.

The poor performance underlined economists' fears that the sector could be sliding into recession.

Industry leaders have been predicting a recovery this year after a weak performance in recent months. But a fall in new orders in January suggests further weakness ahead, economists said.

Richard Iley, an economist at BNP Paribas, said: "The ISM manufacturing index was weaker than expected and dovetails with our assessment that the manufacturing sector is really very weak and on the brink of recession."

Investors largely shrugged off the poor factory performance as US stock markets touched new highs, sustaining a rally that began this week after the Federal Reserve expressed increasing confidence in the economy.

Investors were encouraged by separate data released on Thursday that showed personal incomes rose 0.5 per cent last month.

The gain adds to recent increases in Americans' disposable income, which has lifted consumer spending and was the main driver of economic growth of 3.5 per cent in the fourth quarter.

The government figures also showed inflation pressures remained "moderate", according to Haseeb Ahmed, an economist at JPMorgan.

The core price index rose 0.1 per cent, following an unchanged reading in November and a 0.2 per cent rise in October.

Some Lawmakers Shun Big Game Pass (WSJ)

The Wall Street Journal, February 2, 2007

ETHICS RULES HAVE fewer lawmakers doing the Super Bowl shuffle.

Most lawmakers from Illinois and Indiana, fearing adverse publicity and new rules, shun Bears-Colts clash in Miami. Politicians and aides can accept tickets from corporations for face-value price, but Chicago-area Reps. Emanuel and Kirk opt to remain home.

"Folks are real wary," a Democratic aide says. A senior Republican strategist predicts new rules will eventually escalate stadium contacts between politicians and donors, since lawmakers can visit skyboxes free for fund-raising events.

Miami Democratic Rep. Meek's fund-raiser, $5,000 a head, includes game tickets.

DEMOCRATS ALLIED with auto makers shift trade debate to Japan.

While most manufacturers blast China for keeping the yuan weak against the dollar, Rep. Dingell of Michigan presses Treasury on yen values. Japan has kept currency weak "to gain an advantage with the U.S. market," the Energy and Commerce chairman writes Paulson.

Though the yen has weakened against the dollar, Treasury Secretary sees no evidence Japanese officials are trying to soften the currency; he notes absence of intervention in foreign-exchange markets since 2004. It is weak, Paulson says, because of Japanese economic problems.

ADMINISTRATION FACES skeptics at home and abroad about farm-subsidy cuts.

Agriculture Secretary Johanns travels to push administration proposal in Mississippi, Iowa, California and Tennessee. Trade expert Susan Sechler praises plan for allowing U.S. to resume Doha trade talks "with a straight face."

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"The question really becomes....how far the U.S. will go," adds former Agriculture Secretary and trade representative Yeutter. Much further, says European Union, demanding "more ambitious cuts." But the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support.

Former Massachusetts Gov. Romney is noncommittal and keeping "an open mind," a spokesman says.

NEW BOSSES? Former Democratic congressional aides form lobby group with connections to Baucus of Montana and Rangel of New York, now presiding over Senate and House tax-writing committees. Their firm, Capitol Counsel, including five Democratic alumni of tax panels, will give corporations "the best opportunity to present their case," says principal John Raffaelli.

NEW EXPERTISE: Reshuffle of House appropriations panel, creating financial services subcommittee, elevates lawmaker from the Bronx to chairmanship with clout over SEC and issues affecting Wall Street. "I'm looking forward to ringing the bell" on the New York Stock Exchange," says Rep. Serrano, a native of Puerto Rico.

ENVIRONMENTALISTS press Bush administration to back ban on trade in mercury at global diplomatic gathering in Nairobi next week. EU seeks to stop sale of the toxic pollutant, and Democratic presidential hopeful Obama has raised the subject. State Department says it is still mulling the issue.

BEAR MARKET: Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million.

BUSH'S BUDGET faces push-back from Congress.

Some lawmakers fear State Department's plan for $86 million to help Palestinian Authority security forces could aid Israel's enemies. Lt. Gen. Keith Dayton, top U.S. adviser to Palestinian military, assures congressional staffers of safeguards; money wouldn't go for guns or lethal assistance.

Lobbyists expect Bush to propose a five-year reduction in Medicare spending of $65 billion to $70 billion. That includes reducing the premium Medicare pays for drugs administered by physicians to 4% above the sales price, from 6%.

Pharmaceutical cuts are expected to draw opposition from oncologists, since cancer drugs often are administered by doctors.

MINOR MEMOS: Costly Christmas: Ex-House Majority Leader DeLay, facing Texas money-laundering charges, spent $454,000 on legal fees in final two months of 2006....New White House executive pastry chef William Yosses, as co-author of "Desserts for Dummies," included chapter called "A Real Cake Walk."

Sharpton Takes Biden To Task On Remarks (AP)

By Beth Fouhy

AP, February 2, 2007

Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama "articulate" and "clean," questioning how the description reflects on other blacks.

Biden, still trying to deal with the fallout from his remarks, spoke by telephone on Sharpton's radio show. The Delaware lawmaker spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is "the first mainstream African-American who is articulate and bright and clean."

Biden told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton, Jesse Jackson and the late New York Rep. Shirley Chisholm, who sought the Democratic presidential nomination in 1972.

But Sharpton told Biden: "A lot of people took it from you that because (Obama) is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community."

Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer — a controversy that was widely believed to have cost Allen re-election.

"George Allen got 'macaca' — this might be a step past that," Sharpton warned.

Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country.

"I have overwhelming respect for what you did. I have an overwhelming respect for what Jesse did, and what Shirley Chisholm did," Biden told Sharpton. "I didn't know anyone tougher or straighter than Shirley Chisholm. I worked with her, I knew her."

The two men agreed that the best way for Biden to make up for his remarks was to stress issues of concern to the black community in his campaign, such as poverty eradication and speeding up the rebuilding of storm-ravaged New Orleans.

Sharpton, who ran a long-shot but spirited campaign for the Democratic nomination in 2004, is considering running again this time. He met last week in Washington with Biden and several other candidates, including Obama, Sen. Hillary Rodham Clinton and Sen. Chris Dodd, to determine whether they would sufficiently commit to urban issues.

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Biden's interview was reminiscent of Sen. Trent Lott's 2002 appearance on Black Entertainment Television, where he apologized for praising Sen. Strom Thurmond, who ran for president in 1948 as a segregationist. Lott subsequently stepped down from Senate leadership.

An Inarticulate Kickoff (WP)

By Eugene Robinson

The Washington Post, February 2, 2007

What is it, exactly, that white people mean when they call a black person "articulate"?

I'll leave it to Joe Biden to explain (or figure out) why he used "clean" as one of a logorrheic string of adjectives describing his Senate colleague Barack Obama. I'm not sure his initial revision and extension of his remarks -- that he meant "clean as a whistle" -- get him off the hook. Just a suggestion, but Biden might fall back to "clean as the Board of Health," meaning sharply dressed; the last time I saw Obama he was, indeed, wearing an impeccable navy suit.

For anyone who missed it, Biden explained Obama's appeal as a presidential candidate by calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy." He was talking to a reporter for the New York Observer, who recorded the interview; an audio clip was soon posted on the Internet.

There was a sharp reaction, mostly focused on Biden's incomprehensible reference to personal hygiene. The Rev. Al Sharpton, a one-time presidential candidate, said that when Biden called him to apologize, " I told him I take a bath every day."

For my part, I never made it past "articulate," a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. "He's an attractive guy. He's articulate," Bush told Fox News.

Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses.

It's interesting that Obama's reaction dealt solely with the A-word. "I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," he said in a statement. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Maybe he heard the screech on the blackboard, too.

Yes, I'm ranting a bit. But before you accuse me of being hypersensitive, try to think of the last time you heard a white public figure described as articulate. Acclaimed white orators such as Bill Clinton and John Edwards are more often described as eloquent.

What's intriguing is that Jackson and Sharpton are praised as eloquent, too -- both men are captivating speakers who calibrate their words with great precision. But neither is often described as, quote, articulate. Apparently, something disqualifies them.

Condi Rice is another story. Regular readers know that I think this administration's foreign policy is wrongheaded and dangerous. But I leap to Rice's defense when I hear people say, in the most patronizing tone, that she's soooooo articulate. What on earth do they expect? The woman has served as provost of Stanford University, national security adviser and secretary of state. Think maybe she ought to be able to speak in complete sentences?

I realize the word is intended as a compliment, but it's being used to connote a lot more than the ability to express one's thoughts clearly. It's being used to say more, even, than "here's a black person who speaks standard English without a trace of Ebonics."

The word articulate is being used to encompass not just speech but a whole range of cultural cues -- dress, bearing, education, golf handicap. It's being used to describe a black person around whom white people can be comfortable, a black person who not only speaks white America's language but is fluent in its body language as well.

And the word is often pronounced with an air of surprise, as if it's an improbable and wondrous thing that a black person has somehow cracked the code. I can't help but think of the famous quote from Samuel Johnson: "Sir, a woman preaching is like a dog's walking on his hind legs. It is not done well; but you are surprised to find it done at all."

Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across.

Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all.

So Far, Obama Can't Take Black Vote For Granted (NYT)

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By Rachel L. Swarns

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House.

So why are some black voters so uneasy about Senator Barack Obama?

The black author and essayist Debra J. Dickerson recently declared that "Obama isn't black" in an American racial context. Some polls suggest that Mr. Obama trails one of his rivals for the Democratic nomination, Senator Hillary Rodham Clinton, in the battle for African-American support.

And at the Shepherd Park Barber Shop here, where the hair clippers hummed and the television blared, Calvin Lanier summed up the simmering ambivalence. Mr. Lanier pointed to Mr. Obama's heritage — he is the American-born son of a black father from Kenya and a white mother from Kansas — and the fact that he did not embody the experiences of most African-Americans whose ancestors endured slavery, segregation and the bitter struggle for civil rights.

"When you think of a president, you think of an American," said Mr. Lanier, a 58-year-old barber who is still considering whether to support Mr. Obama. "We've been taught that a president should come from right here, born, raised, bred, fed in America. To go outside and bring somebody in from another nationality, now that doesn't feel right to some people."

On Wednesday, the question of race took center stage in the presidential campaign because of remarks that Senator Joseph R. Biden Jr., Democrat of Delaware, made about Mr. Obama. Mr. Biden characterized Mr. Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy" and then spent the day — his first as an official presidential candidate, explaining and apologizing for his remarks.

But among many blacks, the awkward and painful debate about race, immigrant heritage and the presidency has been bubbling for months.

Mr. Obama certainly has prominent black supporters and many shake their heads with exasperation at such talk about a man they see as the first African-American with a real shot at the presidency.

His supporters say his background only enhances his appeal as someone who has addressed the concerns of black Americans as a community organizer in Chicago, a state legislator in Illinois and a senator in Washington.

"He has a track record for being concerned about people who are poor, and it seems to be genuine," said Carol M. Swain, a black professor of political science at Vanderbilt University who has written about black politics. "Not only do I think that black Americans will embrace Barack Obama, but I think they will do it with enthusiasm."

Indeed, many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines.

But while many whites embrace Mr. Obama's melting pot background, it remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, "When black Americans refer to Obama as 'one of us,' I do not know what they are talking about."

Ms. Dickerson echoed that sentiment.

"I've got nothing but love for the brother, but we don't have anything in common," said Ms. Dickerson, who wrote recently about Mr. Obama in Salon, the online magazine. "His father was African. His mother was a white woman. He grew up with white grandparents.

"Now, I'm willing to adopt him," Ms. Dickerson continued. "He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Mr. Obama's strategists are keenly aware of the gap and are trying to address it. On Martin Luther King's Birthday, he spoke at a scholarship breakfast alongside the Rev. Jesse Jackson. Mr. Jackson introduced him by saying, a "new president is in the house."

Mr. Obama and his wife, Michelle, who is an African-American, were also on the February cover of Ebony.

Mr. Jackson and the Rev. Al Sharpton, both former black presidential candidates, have declined to formally endorse Mr. Obama so far.

But Julian Bond, the chairman of the National Association for the Advancement of Colored People, has described him as "tremendously appealing." Several black Democrats in Congress, including Representatives John Lewis, the civil rights pioneer from Georgia; Jesse L. Jackson Jr. of Illinois, the son of Jesse Jackson, and Artur Davis of Alabama, have supported his presidential bid.

His supporters, who note that he carried the black vote in his Senate race, say they are unperturbed by a recent Washington Post-ABC News poll that found that 20 percent of black voters surveyed supported Mr. Obama while 60 percent supported Ms. Clinton. The survey had a margin of sampling error of plus or minus nine percentage points.

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Emil Jones Jr., the president of the Illinois state senate and one of Mr. Obama's early mentors, says he is frustrated by black voters who question Mr. Obama's Kenyan heritage. As a state legislator, Mr. Obama had the support of voters in his district, which is 67 percent black.

"He doesn't share the same kind of background as most African-Americans, but he's addressed those issues that related to underprivileged communities throughout Illinois," said Mr. Jones, who is black.

Mr. Obama describes himself as an African-American, and as a young man, he has said, he yearned to be accepted by black Americans.

Mr. Obama declined to be interviewed, but in his memoir, published in 1995, he acknowledged being dogged by "the constant, crippling fear that I didn't belong somehow, that unless I dodged and hid and pretended to be something I wasn't, I would forever remain an outsider, with the rest of the world, black and white, always standing in judgment."

Still, Mr. Biden's remarks this week only heightened concerns among some blacks who believe that Mr. Obama, as the son of a black Kenyan, is more politically palatable to white voters because he is viewed as less confrontational and less focused on redress for past racial injustices than many black Americans descended from slaves. In that context, he resembles the last black man deemed to be a powerful presidential contender, Colin L. Powell, who flirted with a White House bid in 1995.

Discussing his appeal to white voters at the time, Mr. Powell, the light-skinned son of Jamaican parents, noted that he spoke English well and was not confrontational. He concluded by saying, "I ain't that black."

Philip Kasinitz, a sociologist at the City University Graduate Center, said such a description might as easily apply to Mr. Obama. "He's identifiably black, but in many ways he's outside of normal race relations," said Mr. Kasinitz, who has studied black immigrants in New York City politics. "He's a black politician for whom whites don't have to feel guilty."

Ronald Walters, who advised Mr. Jackson's presidential campaigns, said Mr. Obama's campaign "evokes something which is very much in vogue, this notion of diversity that is not rooted in a compensatory concept."

"He's going to have to win over some African-Americans," said Mr. Walters, who is black and heads the African-American Leadership Institute at the University of Maryland. "They have a right to be somewhat suspicious of people who come into the country and don't share their experience."

In the 1990s, the number of blacks with recent roots in sub-Saharan Africa nearly tripled while the number of blacks with origins in the Caribbean grew by more than 60 percent, according to the State University of New York at Albany. By 2000, foreign-born blacks constituted 30 percent of the blacks in New York City and 28 percent of the blacks in Boston, according to demographers at Queens College.

Several leaders of the civil rights era had immigrant roots, including Stokely Carmichael, who was born in Trinidad; and Shirley Chisholm, the former presidential candidate and the first black woman to be elected to Congress. Her father was born in Guyana and her mother in Barbados.

Donna Brazile, who ran Al Gore's presidential campaign, said she believed that Mr. Obama could woo black voters.

"Barack will tell us that we don't have to go back to being just a white America or a black America, that we can now become something else, together," said Ms. Brazile, who is unaffiliated with any presidential candidate.

"That's the promise of his campaign," she said, "and his challenge."

Clinton Setting A $1 Million Goal For Donors (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Senator Hillary Rodham Clinton is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters.

That million-dollar benchmark is 10 times the amount that President Bush's "Pioneers" were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable.

Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said.

Precise fund-raising goals and numbers of donors are not yet known by the campaign, with the major meeting of the finance team planned for next Wednesday.

Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 — in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis.

"It will be almost impossible for any other candidate to raise the money that the Clintons can raise," said John Catsimatidis, a New York fund-raiser for Mrs. Clinton.

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The names for each category are under discussion, advisers said, but designations like “Hillraisers” and “Pathfinders” have been proposed.

On Wednesday, a leading Clinton supporter in New York, Alan Patricof, convened a meeting of about 15 donors with Mrs. Clinton’s finance director, Jonathan Mantz. Attendees described it as a “talk to the troops” session, with fund-raising dates being worked out. A major New York gala is tentatively set for March 18.

Other Democratic candidates are also moving to post significant fund-raising numbers for the first quarter of 2007, which ends March 31. Former Senator John Edwards of North Carolina has scheduled 24 fund-raisers over 19 days in February.

As a lawyer, too, he is reaching out to fellow trial lawyers — as he did when he ran for president in 2004.

“Fund-raising has been a lot easier than we thought it would be,” said Jennifer Palmieri, an Edwards spokeswoman. She predicted that he would raise more than $7.4 million in this quarter — more than he took in during the first quarter of 2003.

“We fully expect that Hillary and Obama will raise more — her a lot more, and him certainly more,” she added.

Howard Wolfson, a spokesman for the Clinton campaign, responded: “No one plays the expectations game better than the Edwards team. For two years, they have been telling their extensive network of donors to hold off giving him money so they could collect at least $20 million in the first filing period. And Senator Obama might well double that. They will have all they need.”

Senator Barack Obama of Illinois has not yet established fund-raising tiers, though he has said he will not raise money or accept bundled contributions from registered federal lobbyists.

He accepted about $125,000 from lobbyists last year. He has no plans to return that money, a spokesman said, nor does he plan to transfer money from his 2006 federal Senate account to his presidential explor atory committee account.

Advisers say the Clinton campaign has no plans to adopt a similar prohibition on money from lobbyists.

McCain, Giuliani Skipping Some Conservative Events (POL)

By Jonathan Martin

The Politico, February 2, 2007

A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up.

Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event, and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members, this weekend in Baltimore.

Rep. Jeb Hensarling of Texas, the RSC chairman, is "looking forward to hearing Mitt Romney and believes that the RSC retreat offers a unique opportunity for some of the top minds in the conservative movement to come together to strategize, discuss and be heard," said Brad Dayspring, a spokesman for the group.

Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington.

David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. "I frankly don't get it," Keene shrugged in an interview Wednesday. "On the one hand," he said, McCain has been "trying to court the right, but on the other, he seems to be dissing them."

Keene, who has not picked a candidate, readily admits that he has his differences with the maverick senator, but suggested that McCain has pluses that would resonate before a conservative audience, notably his hawkish stance on government spending and the Iraq war.

Asked to explain why they would pass on an opportunity to make their case before such influential audiences, members of McCain's camp said they don't have as much to prove.

"It's important to keep in mind that the senator has served as a conservative for over 20 years in Congress," said campaign spokesman Danny Diaz. "These people know him, they know his pro-life record, his fiscal conservatism, his stance on the war on terror. The same can't be said for others in the race."

When McCain cannot attend an event, he has sent surrogates, Diaz said. Conservative activist Bob Heckman was at the National Review conference, and former Sen. Phil Gramm is standing in for him at the RSC meeting in Baltimore. As for the CPAC gathering in March, Diaz said a decision would be made in the "coming days and weeks."

Giuliani's team excuses his absence from National Review and RSC by pointing out that he is speaking to conservative audiences in places that will have considerable sway in deciding the next nominee. The former mayor was in New Hampshire

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last weekend addressing the Republican convention, said Giuliani spokeswoman Katie Levinson. "This weekend he's down in South Carolina at the invitation of the state party." He'll also speak to the state party's executive committee.

Reaching out to Republicans across the board is important to Giuliani, she said, and is something he'll continue to do aggressively.

A decision has not been made on if Giuliani will attend CPAC, but he plans to speak before the board of the conservative Hoover Institution when it meets for a conference next month in Washington.

As with McCain, ACU's Keene predicts Giuliani would get a decent reaction should he also make it to CPAC in part because he's a celebrity of sorts. "Many conservatives admire his performance in NYC on crime, taxes and after 9/11," he said.

To Romney's camp, there is truth to Woody Allen's maxim about the importance of just showing up.

"As the old saying goes, a true friend is the person who walks into the room when all the others get up and walk out," quipped Kevin Madden, a spokesman for the former governor. "As a conservative Republican who wants to lead our party to victory and champion our ideals, Governor Romney prefers to reach out to these important groups as opposed to ignoring them."

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by edofarrell on 02.01.2007 at 03:13 PM

Bush has been the worst president we've ever had in this country. In 2000 or 2004 we could have (and actually did in 200) elected better people to the White House. Now, with six years of corruption, ineptitude, lying and plain stupidity the Republicans still want to whine. You had your chance to make all the changes you could ever have wanted to make with control of the House, the Senate and the WH. Instead you were corrupt, ran up a huge deficit and got us involved in another Vietnam. Take your medicine boys, it's only going to get worse as the truth starts to filter out of the congressional hearins now underway.

by Kearney on 02.01.2007 at 01:26 PM

As far as deficits, we're in a WAR. We've never fought a war without running them, and frankly we'd be foolish if we ever did. We didn't ask for this war (not even Iraq, contrary to myth), but since we're in it, we'd better be serious about funding it. I agree with your implicit criticism that Bush hasn't cut government enough, and believe especially that a lot of spending and agencies should be eliminated as a war economy measure, but that's not Bush's style and never was.

As for "taxing health plans", Bush's proposal is the most profoundly free-market reform idea for health care in decades. It seeks to cut the tie between employment and health insurance, and give individuals a huge tax CUT if they buy their own health insurance. Nobody gets their auto insurance or homeowner's insurance through their employer; why health insurance? Because during World War 2, government freezes on salary levels (mistakenly thought to be an effective inflation-fighting mechanism) caused employers, desperate to attract talent in an extremely tight job market (with 11 million men in uniform), to pile on fringe benefits like health insurance. That distortion is still going on via inertia and tax code disparities to this day, and because nobody pays attention to the cost of health care and doesn't shop intelligently for it, has contributed mightily to exploding health costs.

by Kearney on 02.01.2007 at 01:18 PM

Bush never campaigned as a movement conservative in 2000; he was the leftmost candidate in the GOP field, not counting quick flameouts like Liddy Dole and Orrin hatch. With his talk of "compassionate conservatism" and his condemnation of a technical change in EITC benefits championed by DeLay as "balancing the budget on the backs of the poor," Bush made it clear he wanted distance between him and the conservative core. Although the frontrunner and winner of pluralities, he was overwhelmingly rejected by the majority of straw poll attendees, caucus voters, and primary goers until the field shook out later in the campaign, due almost solely to being not trusted to be conservative enough.

His general election campaign hinged almost solely on the notion that the Clinton years were wasted frivolity and that a serious effort to help the poor was necessary, especially helping black and Hispanic children get a good education. While Bush has an overall conservative lean, he is not, and never ha been, interested in cutting government, certainly not as an end in itself, and never sold himself as such.

Point being, it's not like conservative can complain about being 'betrayed' or 'sold a bill of goods'. The right went with Bush in 2000 as the better of two options, and especially out of fear and loathing of Al Gore. After 9/11, and after the Democrats nominated a man the right saw (correctly) as someone who would be less forceful on terror at home or abroad if, say, the French or Hollywood disapproved, the Right went with Bush again, almost overwhelmingly on national security grounds.

by B Frank on 02.01.2007 at 11:52 AM

Conservatives, look what you've done to yourselves by giving Bush a blank check and the republican congress taking the last 6 years off while Bush and his cronies run things. Now, all you have for frontrunners are Rockefeller republicans. Anyone to the right of them like Brownback will never be able to get elected. The American people have had enough rightwing selfrighteousness. For people who supposedly want smaller government we have bigger deficits, more spending and nation

building. Almost sounds like the Democrats doesn't it? Not Bush is talking about raising taxes by taxing health plans. This is conservative? Look like all you rightwingers have been had.

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Pawlenty Boosts McCain (POL)

By Jeff Patch

The Politico, February 2, 2007

Minnesota Gov. Tim Pawlenty said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz.

"The marketplace just told Republicans something," said Pawlenty, who will take the reigns of the Republican Governors Association this summer. "It told them that we are choosing for now to select the products and services of your opponent."

In a session with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty outlined his position and legislative outlook on several topics, including the economy, energy, health care and immigration. But the buzz of the conversation, hosted by former Minnesota Republican congressman Vin Weber, centered on Pawlenty's role as Minnesota co-chair of the exploratory committee of McCain,. Weber supports former Massachusetts governor Mitt Romney, who Pawlenty will replace at the RGA.

Pawlenty took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses.

"I believe he's in a league of his own," he said, also dismissing concerns that McCain will lose credibility by supporting President Bush's troop boost in Iraq.

Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is "sufficiently conservative." Pawlenty's comeback: "If you hold any of these candidates to a purity litmus test, with the possible exception of (Kansas Sen.) Sam Brownback, we'll have nobody left," Pawlenty said.

"Senator Brownback also fails, too" chimed in Kate O'Beirne, the Washington editor of the National Review, a conservative weekly.

Minnesota's chief executive also had a simple, if glib, answer for what President Bush should do now that the Democrats gained power in Congress, similar to Democratic gains in Minnesota.

"Pray."

The second-term governor, who pledged to focus on Minnesota and eschew higher office during the 2008 cycle, also took a shot at Democratic Senate hopeful Al Franken, the liberal comedian.

"I don't think he'd be right for Minnesota," Pawlenty said, nonetheless conceding Minnesota's penchant for oddball elections. "You'd be hard-pressed to point to what he's done that would lead you to the conclusion that he should be helping -- be in the United States Senate at this time."

California Primary Shift Seen Hindering McCain (WT)

By Ralph Z. Hallow

The Washington Times, February 2, 2007

Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year.

"If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain," Orange County state Assemblyman Chuck DeVore told The Washington Times.

The proposal backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento.

An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5.

Florida is also expected to move its Republican primary to Feb. 5. Florida Gov. Charlie Crist, a Republican, is expected to put his statewide campaign machinery at the disposal of Mr. McCain for the presidential primary in that delegate-rich state.

Several other states are also planning to move up their primaries to early 2008, which political analysts predict would mean that nominees of both parties will be known after the votes are counted on Feb. 5.

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California officials say moving the presidential primaries up to February -- while leaving the primary elections for other offices as scheduled for June -- will cost state taxpayers an extra $90 million.

"DeVore's plan would save taxpayers $90 million and give the Republican Party here a big say in who our presidential nominee is and do it without an unneeded primary election in February," said Republican state Assemblyman Doug LaMalfa.

The real reason the Legislature wants to change the primary date, Mr. DeVore said, is to get on the ballot an extension of term limits, adding six more years for Assembly members and four more years for state Senate members.

"This election has two purposes: To impact the presidential nomination process and to place a term-limit extension initiative on the ballot in time for some lawmakers to run for re-election during the regularly scheduled June 2008 primary," Mr. DeVore said.

Mr. LaMalfa said he is "inclined to help" get the DeVore plan taken up by the state party convention meeting less than two weeks from now.

Mr. McCain is widely viewed as the 2008 Republican presidential nomination front-runner nationally. In California, he is expected to benefit from the tacit support and perhaps formal endorsement of Mr. Schwarzenegger. But many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain.

"The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda," Mr. DeVore said. "Senator McCain seems to be more a product of the New York Times than of the party of Ronald Reagan."

California Republicans note that several top Schwarzenegger operatives -- including Steve Schmidt, a former spokesman for the Bush-Cheney 2004 campaign and most recently campaign manager of Mr. Schwarzenegger's successful re-election bid -- have joined Mr. McCain's operation as senior advisers.

Hunter Out To Capture White House (USAT)

By William M. Welch

USA Today, February 2, 2007

LOS ANGELES — Rep. Duncan Hunter sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative.

"I believe strongly in this nation that we can have a new American sunrise of opportunity, faith and freedom," he says. "I think this is a time for the type of leadership I can offer."

Hunter, 58, is a veteran congressman from eastern San Diego County who chaired the House Armed Services Committee for the last four of the dozen years that Republicans controlled the House of Representatives.

That job made him well-known to Capitol insiders and a favorite of defense contractors, who found in him a staunch supporter of the Pentagon and of high-tech weapons systems.

He lost his chairmanship when Democrats won control of the House in November. He made his presidential candidacy official last month, basing it on three principles:

·A hard line on illegal immigration.

·Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies.

·Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops.

"Over the next five to 10 years, clearly national security is going to be a major focus for our country," Hunter says after being asked why he is running. "I've concentrated on that function of government for the last 26 years in the House of Representatives."

Hunter announced his candidacy last week in South Carolina, one of the earliest primary states. With a big military presence and an apparel and textile industry hit hard by foreign competition, South Carolina will probably be a place where Hunter must do well to gain entry to the top tier of GOP hopefuls.

"He's very much a long shot," says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. "He sees a niche for a social conservative with a strong defense background," he says. "He's putting a steel beam on the beach and hoping lightning will strike."

Hunter has solid claim to his conservative credentials. He was one of the sponsors of a law Congress passed last year authorizing construction of 700 miles of fencing along much of the U.S.-Mexican border, and he claims credit for fencing already in place along the border at San Diego. He says the millions of immigrants in the USA illegally should be sent home and told to apply for visas if they want to come back.

"As president, I will complete the border fence in six months," he says.

On trade, he accuses China of devaluing its currency to make its goods cheaper in the USA. He says he would tear up trade deals with China and demand more favorable ones. He sees China as a security threat, too.

"China is arming, and they're doing it with American trade dollars," he says.

On Iraq, he firmly supports Bush's decision to go to war. "I think going in was the right thing to do," he says.

Hunter grew up in Riverside, Calif., the son of a conservative activist and home builder who worked for Barry Goldwater's and Richard Nixon's campaigns and lost his own race for Congress in 1968.

In 1980, at age 32, Hunter defeated a Democratic House incumbent as the GOP picked up more than 30 House seats in the election that put Ronald Reagan in the White House.

Hunter dropped out of high school to join the Marines and earned a Bronze Star as helicopter pilot in the Vietnam War. He became a lawyer after leaving the service. A son, Marine 1st Lt. Duncan Duane Hunter, recently returned from a second tour of duty in Iraq.

Al Gore Nominated For Nobel Peace Prize (LAT/AP)

From The Associated Press

The Los Angeles Times, February 2, 2007

Oslo, Norway — Former Vice President Al Gore was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday.

"A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference," Conservative Member of Parliament Boerge Brende, a former minister of environment and then of trade, told The Associated Press.

Brende said he joined political opponent Heidi Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday.

"Al Gore, like no other, has put climate change on the agenda. Gore uses his position to get politicians to understand, while Sheila works from the ground up," Brende said.

During eight years as Bill Clinton's vice president, Gore pushed for climate measures, including for the Kyoto Treaty. Since leaving office in 2001 he has campaigned worldwide, including with his Oscar-nominated documentary on climate change called "An Inconvenient Truth."

Norwegian lawmakers are among the thousands of people and groups with rights to nominate Nobel candidates. Others include members of national governments, past laureates, members of the awards committee and its staff, and many university professors.

The winner is traditionally announced in mid-October, with the prize always presented on the Dec. 10 anniversary of the death of its creator, Swedish industrialist Alfred Nobel.

Praying At The Pump (NYT)

By Ronald E. Minsk

The New York Times, February 2, 2007

Washington

ONCE again, the price of oil is making Americans nervous. After falling by more than one-third since peaking above $75 per barrel last summer, the price has rebounded to $58 with the re-emergence of cold weather and news of a production cut by OPEC. As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil.

When we talk about energy “dependence” or “security,” we really mean oil. We do not import coal or wind or the sun or geothermal steam, and we import only a tiny percentage of the natural gas we consume from anywhere other than Canada. Thus there is virtually no geopolitical risk in using any of these sources.

This is why energy policy statements frequently begin with the goal of “eliminating the import of Middle East oil.” Such aims presume that our insecurity derives from oil imports, and reflect our distaste of being beholden to autocratic regimes in the Middle East and elsewhere that we perceive as sharing neither our interests nor our values. This presumption, however, is wrong.

Simply put, our oil addiction undermines our well-being because the volatility of oil prices threatens our economy. Because we spend so much on oil and there are no short-term substitutes, price spikes wreck household, business and government budgets alike. Our sense of insecurity is magnified because volatility is both unpredictable and generally beyond our control.

If we could predict future oil prices, we could plan for them. But few people can adjust their lifestyles to reduce their oil consumption significantly in response to price spikes. Likewise, businesses may be reluctant to invest in efficiency or alternative fuels because the higher oil prices that make such investments cost-effective could collapse virtually overnight.

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It is important to remember that our insecurity is related to price volatility and not to the source of the oil. If OPEC members suspended exports but the price of oil mysteriously did not rise, we would not care about the interruption. It is only because a supply interruption always affects price that we care about oil's uninterrupted flow.

Yes, the oil market does care where oil comes from, because the political and economic stability of the supplier informs the market about its reliability as a producer. And because there is a world market for oil, supply interruptions anywhere affect the price of oil everywhere. Even if we imported oil only from the most stable countries (or eliminated imports altogether), so long as unstable countries and regions supply the world market, we would be exposed to the risks of a volatile market. It is precisely the economic risk posed by price fluctuations that forces us to spend diplomatic and military capital in oil-producing regions.

This means that the percentage of oil we import is relatively unimportant. Even the use of alternative liquid fuel instead of oil-derived gasoline will not allow us to escape this volatility, because as direct substitutes for each other, gasoline and alternative fuels will be similarly priced, just as gasoline sold by different oil companies or at different gas stations is similarly priced today.

Accordingly, while the domestic production of oil or alternative liquid fuels may be critically important for other reasons — it can create jobs, stimulate development of new technology, reduce the trade deficit, protect our environment and lower the baseline price of oil — it won't do much to end oil price fluctuations.

It's true that we can help mitigate the effects of oil price volatility by increasing fuel economy standards on cars and trucks. In fact, the more efficient use we make of oil today as opposed to 25 years ago has certainly reduced some of the effects of recent price fluctuations. But tighter fuel standards cannot eliminate the effects of volatility, because new business and governmental budgets already assume increased efficiency; nor would they protect us from price spikes brought on by, say, a new military conflict in the Middle East.

The only way to truly address price instability is to find ways to, in a crisis, quickly and substantially increase fuel production, or to develop some means by which consumers could quickly switch from liquid transportation fuels to other fuels. Not only would it be remarkably difficult to develop these new abilities to such an extent that they could offset the effects of the largest foreseeable supply interruption, but achieving them might have an unexpectedly negative effect: undermining incentives to increase oil production and decrease demand.

In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market.

When Americans fill up the tank, they do not care where their gasoline comes from — they just want a stable price. And the fact that we import so much oil does not, in itself, cause its price to fluctuate so wildly or promote inflation. There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable.

Abrogating Workers' Rights (WSJ)

By Lawrence B. Lindsey

The Wall Street Journal, February 2, 2007

Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called "Employee Free Choice Act" is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system.

Under the act, once a union gets a majority of the workers to sign a card expressing a desire for a union, that union is automatically certified as the bargaining representative of, and empowered to negotiate on behalf of, all workers. In the 28 states that do not have right-to-work laws, all employees would typically end up having to join the union or pay the equivalent of union dues whether or not they signed the card. Moreover, under the act, the bargaining process would be shortened, with mandatory use of the Federal Mediation Service after 90 days and an imposed contract through binding arbitration 30 days after that.

I am sympathetic to the argument that strengthening the negotiating position of workers is good public policy, and that expanding the choices available to them is the best way to accomplish that. So, for example, pension portability unlocks the golden handcuffs that financially bind workers to jobs they may become dissatisfied with after they have become vested. Health savings accounts are an important first step to liberating people from jobs they put up with only because they fear a disruption in health-care coverage.

When it comes to unions, it doesn't take a very deep appreciation of game theory to understand that a worker's best position comes when a nonunion company has a union knocking on the door. Indeed, one allegation about "union busting" by

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supporters of the bill is that, during union certification elections, one employer in five "gave illegal previously unscheduled wage increases while a similar number made some kind of illegal unilateral change in benefits or working conditions."

In other words, they made workers better off. But, never fear, the Employee Free Choice Act will limit these unconscionable increases in pay, benefits and working conditions by imposing fines of up to $20,000 against employers who make such "unilateral changes." Similar penalties will be assessed against employers who caution that unionization may cause them to shut down or move production elsewhere.

Sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that "empowers" workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers.

The unions allege that companies use unfair election campaign tactics and that a pro-employer National Labor Relations Board doesn't punish them. But statistics cited by the leftwing Web site, Daily Kos, on behalf of this allegation come from 1998 and 1999 -- when the entire NLRB had been appointed by President Clinton. In any event, roughly half the injunctions brought against companies by the NLRB were overturned by federal courts: This does not suggest under-enforcement of the law by the NLRB.

All of this does not mean that there are no legitimate complaints about the union certification process. Companies have been found that fired workers for union organizing activities. One careful examination of NLRB data found that there were 62 such cases in fiscal 2005. This is not a large number in a work force of 140 million, or in a year where there were more than 2,300 certification elections. But it is 62 too many, and it would be reasonable to stiffen the penalties for employers who break the law. But it is hard to think of offering more pay or better worker conditions as something that should be punished with draconian penalties, as the Employee Free Choice Act does.

Most important, it is totally unreasonable to deny all 140 million American workers the right to a secret ballot election because some employers break the law. Not only is such a remedy disproportionate, it is counterproductive -- if one's goal is worker empowerment. How can a worker be better off if both his employer and his prospective union boss know his views on the union when the secret ballot is replaced with a public card signing? For the worker it is the ultimate example of being caught between a rock and a hard place.

The political rhetoric in support of this bill is a willful exercise in obfuscation. For example, on the presidential campaign stump John Edwards says, "if you can join the Republican Party by just signing a card, you should be able to join a union by just signing a card." The fact is, you -- and everyone else -- can join any union you want by just signing a card, and paying union dues and meeting any other obligations imposed by the union. But, under this bill, contrary to Mr. Edwards's false analogy, signing a card to join the Republican Party does not oblige you to vote for the Republican ticket in a secret ballot election. The Employee Free Choice Act would take care of that by abolishing such elections. If the Edwards principle was applied to the political process in the 28 non-right-to-work states, Karl Rove and Republican Party organizers could force all Democrats and independents to become Republicans and pay dues to the party if a majority of voters signed Republican Party cards. That is free choice?

The final proof that this bill is about union power, and not worker choice, is revealed by its treatment of the flip side of unionization: decertification elections. These are secret ballot elections in which workers get to decide that they have had enough of the union. So under the Employee Free Choice Act can a majority of workers decertify the union by signing a card? Not on your life. Here unions want the chance to engage in a campaign to give workers both sides of the story -- and maybe do a better job of representing them -- before the union's fate is decided, by a secret-ballot vote.

No one has ever argued that secret-ballot elections are a perfect mechanism, either in politics or in deciding unionization. But they are far and away the best mechanism we have devised to minimize intimidation and maximize the power of the people who really matter, whether citizen or worker. Congress should think a lot harder before it decides to do away with workers' right to vote.

Mr. Lindsey is president and CEO of the Lindsey Group.

Is $34.06 Per Hour 'Underpaid'? (WSJ)

By Jay P. Greene And Marcus A. Winters

The Wall Street Journal, February 2, 2007

Who, on average, is better paid -- public school teachers or architects? How about teachers or economists? You might be surprised to learn that public school teachers are better paid than these and many other professionals. According to the Bureau

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of Labor Statistics, public school teachers earned $34.06 per hour in 2005, 36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker.

In the popular imagination, however, public school teachers are underpaid. "Salaries are too low. We all know that," noted First Lady Laura Bush, expressing the consensus view. "We need to figure out a way to pay teachers more." Indeed, our efforts to hire more teachers and raise their salaries account for the bulk of public school spending increases over the last four decades. During that time per-pupil spending, adjusted for inflation, has more than doubled; overall we now annually spend more than $500 billion on public education.

The perception that we underpay teachers is likely to play a significant role in the debate to reauthorize No Child Left Behind. The new Democratic majority intends to push for greater education funding, much of which would likely go toward increasing teacher compensation. It would be beneficial if the debate focused on the actual salaries teachers are already paid.

It would also be beneficial if the debate touched on the correlation between teacher pay and actual results. To wit, higher teacher pay seems to have no effect on raising student achievement. Metropolitan areas with higher teacher pay do not graduate a higher percentage of their students than areas with lower teacher pay.

In fact, the urban areas with the highest teacher pay are famous for their abysmal outcomes. Metro Detroit leads the nation, paying its public school teachers, on average, $47.28 per hour. That's 61% more than the average white-collar worker in the Detroit area and 36% more than the average professional worker. In metro New York, public school teachers make $45.79 per hour, 20% more than the average professional worker in that area. And in Los Angeles teachers earn $44.03 per hour, 23% higher than other professionals in the area.

Evidence suggests that the way we pay teachers is more important than simply what they take home. Currently salaries are determined almost entirely by seniority -- the number of years in the classroom -- and the number of advanced degrees accumulated. Neither has much to do with student improvement.

There is evidence that providing bonuses to teachers who improve the performance of their students does raise academic proficiency. With our colleagues at the University of Arkansas we found that a Little Rock program providing bonuses to teachers based on student gains on standardized tests substantially increased math proficiency. Researchers at the University of Florida recently found similar results in a nationwide evaluation.

Of course, public school teacher earnings look less impressive when viewed on an annual basis than on an hourly basis. This is because teachers tend to work fewer hours per year, with breaks during the summer, winter and spring. But comparing earnings on an annual basis would be inappropriate when teachers work significantly fewer hours than do other workers. Teachers can use that time to be with family, to engage in activities that they enjoy, or to earn additional money from other employment. That time off is worth money and cannot simply be ignored when comparing earnings. The appropriate way to compare earnings in this circumstance is to focus on hourly rates.

Moreover, the earnings data reported here, which are taken directly from the National Compensation Survey conducted by the Bureau of Labor Statistics, do not include retirement and health benefits, which tend to be quite generous for public school teachers relative to other workers. Nor do they include the nonmonetary benefit of greater job security due to the tenure that most public school teachers enjoy.

Educators sometimes object that hourly earnings calculations do not capture the additional hours they work outside of school, but this objection is not very compelling. First, the National Compensation Survey is designed to capture all hours actually worked. And teachers are hardly the only wage earners who take work home with them.

The fact is that teachers are better paid than most other professionals. What matters is the way that we pay public school teachers, not the amount. The next time politicians call for tax increases to address the problem of terribly underpaid public school teachers, they might be reminded of these facts.

Jay P. Greene holds the endowed chair of education reform at the University of Arkansas and is a senior fellow at the Manhattan Institute, where Marcus A. Winters is a senior research associate. Their report, "How Much Are Public School Teachers Paid?," was released this week.

A Bipartisan Trade Policy (NYT)

The New York Times, February 2, 2007

The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty.

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There are some quick steps the White House and Congress should be able to agree on. To reassure workers at home, they could expand federal assistance to anyone thrown out of a job because of trade. At the same time, new tariff benefits for the least-developed countries, like Bangladesh and Cambodia, would send a positive signal to the rest of the world.

Over all, trade has been very good to the United States, which is still the world's largest exporter of goods and services. The trade liberalization measures put in place after World War II produce now, by one estimate, an additional $1 trillion in income for Americans annually, and millions of new jobs. The inexpensive foreign goods that arrive here because of free trade keep prices down. Low prices are good for consumers, and by keeping inflation and interest rates in check, they encourage economic growth and job creation.

Still, there is no question that the hundreds of thousands of workers who lose their jobs to trade-related dislocations each year are paying the price. The government has not done enough to take care of these displaced workers, and much of the blame lies with the economic policies of the White House and the last Congress, which was led by Republicans.

Now that the Democrats control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers.

To win Democrats' support, the White House will have to accept some of their demands for stronger labor provisions in future trade accords. Bans on forced labor and child labor, and similar mandates, are laudable goals. But Democrats who propose minimum-wage rules have to recognize that what is low pay for Americans may pull a family out of poverty in a less-developed country.

The administration's proposed farm legislation looks like a decent first step toward reducing subsidies and bringing American agricultural policy into line with our trade commitments. Now, if the administration can put together a solid plan for proceeding with negotiations for the Doha round of global trade talks, Congress should renew the president's fast-track negotiating authority. But if the global talks cannot be jump-started, the White House and Congress should move ahead with bilateral agreements with Peru, Panama and Korea.

Democrats are right to insist that the trade agenda advance the interests of all Americans, not just large corporations. But they need to acknowledge that putting the brakes on global growth is still the surest path to losing American jobs.

Free To Choose In Utah (WSJ)

The Wall Street Journal, February 2, 2007

Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America.

The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman. It would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income. While Utah is known for its Mormon population, the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools.

As usual, local school boards and the state teachers union (the Utah Education Association) are fighting the idea, claiming that it will "drain" money from public schools. This hardly seems likely because the $9 million cost of the program is about 0.5% of total school spending. And the voucher maximum of $3,000 is less than half the state per child public-school spending average of $6,325. The voucher bill also allows Utah public schools to keep the difference between the voucher amount paid out to students who leave and the $6,325 per pupil average.

Vouchers are working in a handful of cities, such as Cleveland, Milwaukee, and Washington, D.C. Former Florida Governor Jeb Bush also promoted a statewide plan, until a liberal state court invented constitutional objections. The evidence on student performance has mostly been favorable in these schools, and research by Harvard economist Carolyn Hoxby has found that the presence of vouchers has caused the public schools to improve their performance as well.

So let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try. "For the unions, this vote is about protecting their monopoly," House Speaker Greg Curtis says. "They don't like vouchers for the same reason blacksmiths didn't welcome the Model T."

Rice To Seek Support For Mideast Effort (WP)

By Glenn Kessler

The Washington Post, February 2, 2007

Secretary of State Condoleezza Rice will launch a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting of a high-level group that monitors Middle East peace.

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The Quartet, made up of the United States, the European Union, Russia and the United Nations, has played a largely backstage role in the long-stalled peace process. But Germany, which currently holds the rotating presidency of the E.U., has pressed to revive the role of the international group -- and U.S. officials decided that an endorsement would help bolster Rice's planned return to the region this month to host a meeting between Israeli and Palestinian leaders.

European officials say that Rice's decision to hold the meeting in Washington signals the administration's determination to make progress with just two years left in President Bush's term. "This sends a clear message that the United States is reengaged," one European official said yesterday.

Rice maintains that the prospects for peace have suddenly turned brighter, even though Israeli Prime Minister Ehud Olmert has dwindling support among Israelis and Palestinian Authority President Mahmoud Abbas has struggled against the Hamas-led legislature. In a series of recent trips to the region, Rice has tried to unite what she calls "mainstream" Arabs against extremist forces that she says include Iran, Hamas and Hezbollah. She suggests that the strategic interests of Israel and its neighbors have begun to overlap, making it easier to win Arab support for and interest in a peace deal.

Accepting an approach long urged by Europeans and Palestinians, Rice will push Olmert and Abbas to discuss the contours of a final peace deal, even though they have made little progress in implementing the initial steps of a peace plan promoted by the administration for the past four years.

Previously, the administration argued that such negotiations would be premature until the Palestinians met basic security requirements and Israel ended its settlement expansion. Now, Rice suggests that sketching a "political horizon" will boost the confidence of the two sides to take those initial steps -- and to ultimately give Abbas the leverage to defeat Hamas.

But turmoil in the Palestinian territories has increased in recent days. A tentative cease-fire collapsed yesterday as Hamas and forces loyal to Abbas's Fatah party engaged in an intense gunfight in the Gaza Strip that killed six people and wounded at least 50. The administration is pressing a $100 million plan to bolster and train Abbas's security forces.

Behind the scenes, there are tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas, which the State Department considers a terrorist organization. The Russians, in particular, have pressed for an end to the embargo. The Europeans last year won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions. The aid ban, however, has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas.

A senior administration official, speaking on the condition of anonymity because the group's communique was still being drafted, said that "we need to review the mechanisms in place" for aiding the Palestinians. He said the administration views the aid ban on Hamas to be "a relative success," but he acknowledged that others might argue that it has not succeeded because Hamas still refuses to recognize Israel.

He noted that overall aid to the Palestinians has increased in the past year, and that "apocalyptical visions" of Palestinian suffering because of the aid ban have not materialized.

Over the past six years, the administration has promoted several peace initiatives, only to back off in the face of setbacks. One senior European official who recently met with Rice said he is impressed by her apparent determination to achieve a breakthrough. Asked why he believes this time is different, he smiled and said: "One must always be an optimist."

UN Chief Wants More Energetic Mideast Peace Quartet (AFP)

AFP, February 2, 2007

UN chief Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday to strive for progress on the ground rather than merely making statements, his spokeswoman said.

Ban, who took office on January 1, will attend his first meeting of the diplomatic Quartet -- which includes the United States, United Nations, European Union and Russia -- in Washington Friday.

"He hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," his spokeswoman, Michele Montas, told reporters Thursday.

"He is fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process," Montas said.

She added that Ban "believes the Quartet should reach out to the parties and also all the key regional partners for a more systematic dialogue and involvement in the Quartet's deliberations."

In an AFP interview Wednesday in Nairobi, Ban expressed hope that Friday's meeting will yield a detailed agreement on how to implement the Quartet's blueprint for the creation of a viable Palestinian state.

"It's encouraging that we are now able to re-energize this Quartet process," Ban told AFP before traveling to Washington.

"The Middle East question has been too long unresolved, which has been having a negative impact on this regional situation," he said. "I hope we will be able to agree in a detailed manner on the implementation of the roadmap."

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The Quartet, which has not met formally since September, issued a "roadmap" for achieving Israeli-Palestinian peace in 2003, but the three-stage plan that should have led to the creation of a Palestinian state by 2005 has since languished.

The plan's phased implementation meant crucial "final status" issues like the borders and powers of a Palestinian state and the fate of Palestinian refugees could not be tackled until Israel's security was guaranteed -- allowing militants to stymie progress with continued attacks.

Friday's gathering will include Ban, US Secretary of State Condoleezza Rice, Russian Foreign Minister Sergei Lavrov, German Foreign Minister Frank-Walter Steinmeier and EU foreign policy chief Javier Solana.

Shootout In Gaza Deepens Bitter Split (NYT)

By Greg Myre

The New York Times, February 2, 2007

JERUSALEM, Feb. 1 — A fragile truce between Palestinian factions in Gaza broke down Thursday when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50.

In the West Bank on Thursday, Israeli troops shot dead four Palestinians in three confrontations.

In the Gaza episode, Hamas members of the Palestinian security forces shot at what Hamas said was a truck convoy delivering weapons to the Presidential Guard, a security force that protects the Palestinian Authority president, Mahmoud Abbas, who is a member of Fatah.

The trucks entered Gaza from Israel at the Kerem Shalom crossing, near the spot where the borders of Gaza, Israel and Egypt converge.

The convoy reached central Gaza before it was stopped by the Executive Force, a security agency made up mostly of Hamas supporters, said Islam Shahwan, a spokesman for the force. The Fatah men refused to allow any searches, and the shooting soon erupted, he said.

Mr. Shahwan said the convoy was stopped because “we have witnessed Fatah using new weapons and believe they were bringing in more.”

Fatah officials said the convoy was hauling generators, medical equipment and tents, and accused Hamas of violating the latest truce, which took effect on Tuesday and had brought relative calm for two days.

But Thursday’s shootout, near the Bureij refugee camp, claimed six lives, and at least four of them were security force members. Also, about 50 people were injured in central Gaza and in fighting elsewhere, according to doctors at Shifa Hospital in Gaza City.

Hamas, the radical Islamic group, controls most of the Palestinian government and the Executive Force, which Hamas established after coming to power last year. But Mr. Abbas also has a range of powers, and most members of the security forces are considered supporters of Fatah.

More than 60 Palestinians have died in the internal Gaza fighting over the past two months, and talks to establish a national unity government have again collapsed.

In the West Bank violence, the Israeli troops shot and killed three militants in clashes in Nablus and Tulkarm, the military and Palestinian residents said.

The Israelis also shot and killed a 17-year-old Palestinian who was trying to cut through a fence that is part of Israel’s separation barrier near Ramallah.

In another development on Thursday, Prime Minister Ehud Olmert testified for five hours before a commission investigating how Israel conducted its war last summer against Hezbollah in Lebanon.

Mr. Olmert was the last of dozens of political and military figures to give testimony at the closed-door sessions.

An Israeli official, who spoke on condition of anonymity but was briefed on the testimony, said Mr. Olmert gave a detailed explanation of the entire conflict and did not seek to assign blame. The commission questioned Mr. Olmert at some length about the ground offensive in the final days of the fighting, which resulted in heavy Israeli casualties.

Many Israelis feel the inconclusive war was mismanaged, and Mr. Olmert’s popularity fell sharply after the war. The commission is expected to issue an interim report in March.

Also, Defense Minister Amir Peretz selected the Israeli arms maker Rafael to develop a missile defense system designed to shoot down the short-range rockets that Palestinian militants and Hezbollah have directed at Israel.

Mr. Peretz chose Rafael’s “iron dome” system over a number of competitors, including the Lockheed Martin Corporation, the big American military contractor. The Rafael system will provide an answer to rockets with a range of several dozen kilometers, Mr. Peretz’s office said in a statement, and is expected to be ready for deployment in about two years.

6 Dead In Gaza After Renewed Palestinian In-fighting (LAT)

By Ken Ellingwood

The Los Angeles Times, February 2, 2007

JERUSALEM — Renewed violence between rival Palestinian factions in the Gaza Strip left at least six people dead today, despite a three-day-old cease-fire agreement.

Clashes broke out around the coastal strip after gunmen from the ruling Hamas movement ambushed a convoy of trucks they said were carrying arms from Egypt destined for its main rival, Fatah. Four members of Palestinian security forces and two bystanders died in the fighting and more than 40 others were injured.

Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas, who belongs to Fatah, denied the trucks were carrying arms. They said the cargo was supplies for a presidential guard compound in Gaza.

The two sides called the truce following clashes that killed about 30 people last week. On-and-off again violence kicked up in December after Abbas called for new elections to break a political deadlock.

Hamas, which unseated Fatah in parliamentary elections a year ago, sees early elections as part of a coup attempt and accuses the United States of backing Fatah in the escalating violence.

The Bush administration plans to provide $86 million in what it describes as nonlethal aid to Abbas' security forces. Egypt has shipped weapons to bolster his forces in Gaza, with what Israeli officials say is their permission.

Hamas and Fatah have negotiated for months over terms of a coalition government aimed at breaking an international aid embargo against Hamas. But the talks have repeatedly faltered, mainly over the distribution of Cabinet portfolios and Hamas' refusal to recognize Israel.

Western nations cut aid because they consider Hamas a terrorist group, and set three conditions for a renewal: the Palestinian government must recognize Israel, renounce violence and agree to abide by past agreements between Israel and the Palestinians.

How Lebanon's Army Could Hold Key To Peace (WSJ)

By Cam Simpson

The Wall Street Journal, February 2, 2007

BEIRUT, Lebanon -- For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets where the civil war that still haunts Lebanon raged two decades ago.

The job is severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis that has paralyzed the government since November, current and former army leaders warn, street violence like last week's could spiral beyond the military's ability to contain it.

"The unity of the army is the only thing that keeps this country from meeting the definition of a 'failed state,' " says Elias Hanna, a retired general in the Lebanese army and a strategic analyst.

About 6,000 soldiers have been patrolling the capital since December. That is when government opponents, led by Hezbollah, the Shiite Muslim political, social and militia group, flooded downtown Beirut in an effort to topple the U.S.-backed government. They contend it lacks constitutional legitimacy given the resignations of six ministers, including five Shiites, in November.

Tensions peaked last week when Hezbollah called a general strike, and its supporters burned tires and blocked roads to Beirut's airport. Although some members of the current government wanted the army to break through the barricades, commanders decided to let the protests play out, hoping they would relieve pressure, according to current and former senior officers.

By Jan. 25, the wisdom of that strategy was clouded by doubt, as a cafeteria brawl between Shiite and Sunni Muslims at a Beirut university spilled into the streets. Ensuing violence spread, leaving four dead and about 200 wounded. Clashes flared across the city and beyond in scenes reminiscent of Lebanon's civil war, complete with rooftop snipers.

About 20 soldiers, including three officers, were among the wounded, according to a senior commander who isn't authorized to speak officially. With perhaps one exception, soldiers helped contain the violence by not returning fire; they were under strict orders to avoid actions that could cause the fighting to escalate, the senior commander said. In the days that followed last week's clashes, all sides seemed to breathe easier.

Many fear the calm is temporary. They say the army's ability to maintain order can't last forever, making a political resolution urgent. Nizar Abdel-Kader, a retired senior army general, and others close to the current army leadership say senior

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officers warned rival political factions last week that soldiers couldn't keep the peace on Beirut's sidewalks forever. "The tension was raised to a degree where it is now too risky to believe that the army can continue with the same effectiveness in quelling these clashes," says Mr. Abdel-Kader, who is a columnist for the Lebanese Arabic-language newspaper Ad-Diar.

Since last week's violence, the army's efforts on Beirut's streets seem to be most intense after sunset. Soldiers man mobile checkpoints, often stopping each passing car. Some are waved through quickly, while others are closely screened to be certain they aren't ferrying armed men -- another echo of Lebanon's past.

In the tent city near Martyrs Square, where government opponents have camped for weeks, protesters are nervous about who may be plotting against them -- but thankful for the presence of soldiers throughout the city. "We will lift our hats and bow in front of them," says Mohammad Kawar, a 46-year-old cab driver and Hezbollah supporter. The group's leader, Hassan Nasrallah, has pledged that his followers won't push Lebanon into civil war even if 1,000 of them are killed.

If street violence does resume, there are other factors that could make it difficult for the army to minimize. The soldiers in Beirut include members of special-forces and "intervention" units, men trained to respond aggressively to any threat. (Members of Lebanon's Internal Security Force, who are better prepared for a mission of this type, remained in their barracks last week. Their participation might prove combustible, since their leaders are viewed by some as being too close to the government.) The soldiers also are drawn from the same ethnic and religious groups now in conflict.

"The army reflects the fabric of this society," Gen. Hanna says. He and others also note that the integration since the early 1990s of each unit -- Sunnis, Shiites, Christians and others serve side by side -- is a major benefit.

The entire 60,000-man force also has endured the physical stress of a high alert for months, since the summer war between Israel and Hezbollah. And under the United Nations Security Council resolution that ended that conflict, the Lebanese Army, in tandem with a beefed-up U.N. force, is responsible for patrolling Hezbollah's stronghold in the south to deter renewed fighting.

Mr. Abdel-Kader says the Beirut mission is the most physically, psychologically and emotionally draining for any soldier. "After all," he says, "you are facing your own people."

U.S. Eyes Re-establishing Relations (WT)

By Nicholas Kralev

The Washington Times, February 2, 2007

The State Department said yesterday it is considering re-establishing a diplomatic presence in Somalia for the first time since U.S. troops withdrew from the African country in 1994 after an unsuccessful U.N. humanitarian operation amid a bloody civil war.

Even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not reopen the U.S. Embassy, which has been closed since 1991, but will most likely set up a small presence post, officials said.

"It's something that's being actively examined right now," department spokesman Sean McCormack told reporters. "We are going to take a look, obviously, at what is appropriate in terms of security [and] political presence ... in Somalia."

Although the United States never formally severed diplomatic relations with a Somali nation that dissolved into near anarchy from 1991 on, it closed its embassy there.

About a month ago, Somalia's weak transitional government, backed by troops and weapons from Ethiopia, drove out Islamists who had controlled the capital, Mogadishu, and much of the country's south for six months.

Since then, the security situation has improved, although there have been attacks in Mogadishu.

"There aren't any final decisions" about sending U.S. diplomats to Somalia, Mr. McCormack said. However, he added that if the situation continues to improve, the department could send diplomats.

Jendayi Frazer, assistant secretary of state for African affairs, considered visiting Somalia during a trip to the region early last month, but the State Department's Diplomatic Security Service decided it was not safe, a senior official said.

The U.S. Embassy in Kenya is responsible for watching developments in Somalia, but the lack of diplomatic presence on the ground limits the knowledge and potential influence of the United States, officials said.

In Mogadishu yesterday, mortar bombs and rockets killed at least three persons, wire reports quoted witnesses as saying. It was not immediately clear who was behind the attack. On Tuesday, a series of blasts rocked the capital's northern part, in an area where Ethiopian troops were based before they began a pullback withdrawal last month.

Officials have blamed remnants of the Islamist movement, who fled to the south after their defeat, for some of the attacks.

Miss Frazer pledged $40 million in financial assistance for Somalia during her trip.

She said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

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"It is very important that the peacekeeping force is led by Africans, especially participation by Muslim countries," she said in a Jan. 17 speech at the Center for Strategic and International Studies.

In 1993, Somali clan militiamen shot down two Black Hawk helicopters and killed 18 U.S. soldiers. The bodies of two of them were dragged through the streets of Mogadishu.

Shiite-Sunni Conflict Rises In Pakistan (CSM)

By David Montero

The Christian Science Monitor, February 2, 2007

MULTAN, PAKISTAN

In this Punjabi city of shrines, Shiites and Sunnis prayed side by side during Ashura this week, the holiest holiday for the world's 150 million Shiite Muslims. But a province away, suicide bombers attempted to strike Shiite processions throughout Pakistan's Northwest Frontier Province, leaving as many as 21 dead and more than 40 injured in three separate incidents, including two suicide attacks.

The violence, the latest in a sharp uptick against Pakistan's Shiite minority, has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war.

The answer is important, analysts say, because Pakistan's 30 million Shiites – numbering more than Iraq's – could become a flash point if sectarian violence spreads.

"In Pakistan, it is not a battle like in Iraq. But in Pakistan, you have the same violence ... driving the conflict," says Vali Nasr, author of The Shia Revivial, a study of global Sunni-Shiite conflicts. "We are going to see increasing occurrences of the bombings like we've seen over the weekend." [Editor's note: The original version incorrectly titled Vali Nasr's book.]

It is said that Shiite Islam in Pakistan began here, in this dusty corner of Punjab, more than 200 years ago. Shiites, who constitute only 20 percent of Pakistan's 165 million people, have found themselves beleaguered ever since. As many as 4,000 people are estimated to have died in sectarian fighting in Pakistan in the last two decades, 300 in the last year alone. One of the largest attacks took place here in Multan, when a car bomb killed 40 members of an extremist Sunni organization in 2004. A Shiite militant was later tried and sentenced to death for the attack.

Multan's discord closely mirrors the age-old schisms in Saudi Arabia, Bahrain, and elsewhere which, taken together, constitute a Shiite-belt stretching from the Gulf to Pakistan.

"Will the newly empowered Shiite majority in Iraq use its power to tame its sectarian radicals like Moqtada al-Sadr and make an accommodation with the Sunni minority, or will it pursue a politics of resentment and revenge and try to impose sectarian dominance? The outcome will profoundly affect the actions of other governments and of oppressed Shiites in Pakistan and elsewhere," writes John Brenkman, an international affairs analyst at the City University of New York, in an e-mail.

Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles.

"When you ask Pakistanis about Iraq, they identify with Iraqis – not with Shiites or Sunnis," says Samina Ahmed, the South Asia Project Director of the International Crisis Group (ICG), a Brussels-based think tank.

That is certainly the feeling of Shiites in Multan, who make up 40 percent of the city's roughly 4 million people. Sitting around plates of food together, Sunnis and Shiites insist there is no conflict among them, and that foreign powers both here and in Iraq are trying to sow discord.

Even without Iraq, though, some fear Pakistan is particularly vulnerable because of the Taliban resurgence in its backyard. "We tend only to think of [the Taliban] in terms of Afghan politics. We don't think of it as being a resurgence of a Salafi extremist force in Afghanistan. The ideological implications fall on the Shiites," says Mr. Nasr.

For some, Al Qaeda's war against Shiites has already ignited tensions in Pakistan. Editorials in leading newspapers – particularly after this week's suicide bombings – speak of a "new anti-Shiite wave that is radiating from Iraq ..." and President Pervez Musharraf has warned of the need to diffuse sectarianism "not just for the country's security, but for the entire Muslim world."

Such fears may be well grounded, even though the number of sectarian killings is down when compared with the past. In January, police investigators in Karachi announced that Al Qaeda worked with local sectarian groups to carry out some of the largest suicide attacks against sectarian targets last year, which left more than 60 dead, according to local news reports. And this past week's suicide attacks bore the signature of Al Qaeda in Iraq and Afghanistan, observers say.

Whether or not it spells a war emanating from Iraq, the West should pay heed, say analysts.

"People tend to dismiss the sectarian groups ... because they're not targeting you. But they always could," says Christine Fair, a South Asia counterterrorism expert at the US Institute of Peace, a Congressionally funded think tank in Washington, D.C.

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Ms. Fair and others point out that extremist groups cross-pollinate: Those who attack Shiites today are the ones who attack Western targets tomorrow.

In January, Karachi investigators determined just that: A suicide attack last March, which killed an American diplomat, was carried out by Lashkar-i-Jhangvi, a sectarian group working with Al Qaeda.

"They have multiple goals. It's an external jihad. It's an internal jihad," says Ahmed of ICG, adding that Pakistan and the West have to address both sides of the coin.

But, say residents in Multan, Sunnis and Shiites enjoy strong family-to-family bonds for the most part, and interfaith boards and education have helped blunt sectarianism's impact.

If there is a growing global conflict, Malik Naseem Labar, a local Sunni politician, could not see it through the throngs during Ashura this week.

"We respect [Ashura]. All these young boys – they are all Sunnis," says Mr. Labar, gesturing toward swaths of young men mingling freely with Shiites. "I am Sunni, but I am here."

U.S. Hopes For Progress On N. Korea Deal (AP)

AP, February 2, 2007

The top U.S. negotiator on North Korea's nuclear program said Thursday he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons.

The comments by Assistant Secretary of State Christopher Hill could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks.

This would be a significant breakthrough for a bargaining process that has achieved little since it began in August 2003.

Meeting with reporters on the eve of his departure for South Korea, Hill declined to say what specific actions he expects when the six nations convene for their sixth round of talks in 3 1/2 years. Participants are the United States, the two Koreas, China, Japan and Russia.

"We will not achieve full denuclearization but we hope get a substantial start," Hill said.

A December meeting of the six made little headway but the State Department has been hinting for days that the next round should be different.

A Colossal Leap Of Faith In Fight Against Famine (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

EBERSWALDE, Germany -- Few people raise bigger bunny rabbits than Karl Szmolinsky, who has been producing long-eared whoppers since 1964. His favorite breed, German gray giants, are the size of a full-grown beagle and so fat they can barely hop.

Last year, after the retired chauffeur entered some of his monsters in an agricultural fair, word of his breeding skills spread to the North Korean Embassy in Berlin. Diplomats looked past the cute, furry faces with the twitching noses and saw a possible solution to their nation's endemic food shortage: an enormous bunny in every Korean pot.

The North Koreans approached Szmolinsky in November and asked whether he'd advise them on how to start a rabbit breeding program to help "feed the population," the 67-year-old pensioner recalled in an interview at his home in Eberswalde, an eastern German town a few miles from the Polish border. Sympathetic to the Koreans' plight, he agreed to sell some of his best stock at a steep discount and volunteered to travel to the hermetic nation as a consultant.

"They liked what they saw, and they liked how big they were," he said, as he showed off other bunnies that he raises in weathered hutches in his back yard. "It's harder than you think to raise them. They need a varied diet, but they have to be fed like pigs, basically, to get that big."

In December, Szmolinsky stuffed six of his rabbits into modified dog carriers and took them to the airport in Berlin, where they boarded a flight for Pyongyang, via Frankfurt, Germany, and Beijing. Robert, a 23-pounder, was the largest of the bunch, which included four female rabbits and one other male carefully selected for their breeding potential.

How, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear.

An official at the North Korean Embassy in Berlin, who would not give his name, confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program.

In the hands of a skilled butcher, a German gray giant can yield up to 15 pounds of meat, according to Szmolinsky. "There's not much fat, and it's very tender." Their gray-and-white pelts are soft and supple but are generally worthless on the European market, he said.

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The breeder said he was notified by an attache at the North Korean Embassy that Robert and the other rabbits from Eberswalde had arrived safely at their destination. But he allowed that he was a little concerned their new masters might not know how to care for them properly. He said he hopes to travel to North Korea in April to inspect their living conditions.

"If they aren't able to feed them the way I do here, I won't send them any more," he said. "I don't want them to be half-starved."

The Koreans' choice of rabbits has other German breeders scratching their heads.

Karl-Heinz Heitz, chairman of the State Association of Rabbit Breeders in Berlin-Brandenburg, said that German gray giants are hard to beat for size but that they aren't cheap to fatten up. It takes wheelbarrow-loads of hay, vegetables and rabbit chow to bring them to maturity.

"Let me say this: There are certainly breeds that are more economically profitable; I do not know why the North Koreans wanted this one," said Heitz, who introduced the Korean officials to Szmolinsky.

Breeds such as New Zealand red or big light silver or Vienna blue are only half as big but are more cost-effective to raise. "You do not have to put in as much to get out a fair amount of meat," Heitz said.

For whatever reason, the German gray giants appear to hold a special allure in Asia.

A North Korean television crew visited Eberswalde last year to film Szmolinsky's rabbits for a children's program. And a couple of Chinese visitors showed up unannounced at his doorstep the other day, asking if they could buy some of his critters.

"I had to get rid of them," he said of the Chinese. He's not parting with any of his 14 remaining adult rabbits until he can breed some more.

Special correspondent Shannon Smiley contributed to this report.

N Korea Leader Finds Life's Luxuries In Gibraltar (FT)

By George Parker And Mark Mulligan

Financial Times, February 2, 2007

Kim Jong-il, North Korea's idiosyncratic leader, may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain.

The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang.

The ban was agreed by the United Nations last October as one of a number of sanctions against North Korea, following its testing of a nuclear device.

The aim was to deprive Mr Kim and his supporters of some of the finer things in life, including thoroughbred horses, luxury vehicles, watches, pearls and musical instruments.

The sanctions were adopted by EU foreign ministers in November, but they are still not in force across the bloc.

If Mr Kim is wondering why, he need look no further than the War of the Spanish Succession and the 1713 Treaty of Utrecht that ended it – handing Gibraltar to Britain.

Problems arose when Madrid spotted that the EU regulation needed to implement the sanctions contained a reference to the "competent authorities" responsible for enforcing them: listed in the small print was Gibraltar.

Spain's foreign ministry wants the reference to Gibraltar deleted before the EU regulation can come into force. "We do not recognise Gibraltar's authority in international policy," it said. "The UK is the only competent authority in this respect."

British diplomats say there would be a legal hole in the sanctions if Gibraltar was not included. Both sides are trying to resolve the dispute and insist it is a hiccup in improving relations over the colony.

In September the two countries, along with Gibraltar, signed an agreement on airport access, telecoms and border controls, hailed as the beginning of a new era of co-operation.

While the wrangling continues, European countries can apply the sanctions unilaterally, but Brussels diplomats say the matter must be dealt with at an EU level to ensure they are applied uniformly and enforced.

U.S. Halts China Space Ventures (WT)

By Bill Gertz

The Washington Times, February 2, 2007

The Bush administration has suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening U.S. and foreign satellites.

National Aeronautics and Space Administration spokesman Jason Sharp said the weapon test undermined an agreement reached between President Bush and Chinese President Hu Jintao during an April summit.

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"We believe China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation," Mr. Sharp said.

He said there were "some initial discussions looking at where there were mutual interests where we could cooperate with the Chinese," but there are no plans for future discussions. The two presidents had hoped to work on joint moon exploration and space-debris avoidance.

Bush administration officials said the suspension is meant to signal U.S. displeasure with the anti-satellite weapon (ASAT) test, as well as Beijing's failure to provide an explanation for its space arms program.

"Clearly it makes it more difficult to go down the path of cooperation when they're testing ASAT weapons," one official said.

China fired a missile on Jan. 11 that released a nonexplosive warhead that destroyed a Chinese weather satellite 530 miles above the Earth by ramming it at high speed. Thousands of pieces of the destroyed satellite are in orbit and could damage or destroy some of the hundreds of U.S. and foreign satellites, U.S. officials said.

In Beijing yesterday, amid growing criticism over the ASAT test, a Chinese spokesman repeated Beijing's past call for an agreement banning space weapons, a proposal that has been rejected by the Bush administration.

"Since other countries care about this question and are opposed to weaponization of space and an arms race in space, then let us join hands to realize this goal," said Foreign Ministry spokeswoman Jiang Yu when asked about U.S. and Japanese criticism of the test.

Both China and Russia in 2002 proposed adopting a treaty to ban deployment of space weapons during a session of the U.N. Conference on Disarmament in Geneva. Until last year, U.S. space cooperation with China was curbed over China's human rights abuses, including the 1989 Tiananmen massacre, and national security worries in the Pentagon that space technology transfers would boost China's military.

Robert Joseph, undersecretary of state for arms control and the administration's point man for space security policy, said yesterday that the space weapons test was a shock. It shows space is a "contested environment" and that "countries are developing capabilities to put at risk our assets for which we are dependent," he said.

"This is a wake-up call," Mr. Joseph said, noting that the United States needs "to ensure that we take the steps necessary to protect the space assets and the right to unfettered access to space."

Also, the space arms test should be viewed in the context of China's large-scale buildup of both strategic and conventional forces, not just their space weapons, he said.

Mr. Joseph said he is surprised by the muted international response to the test. "I think there has been very little outrage expressed," he said. "Just imagine the international reaction if the U.S. had conducted such a test."

On Capitol Hill, Rep. Ellen O. Tauscher, California Democrat and chairman of the House Armed Services strategic forces subcommittee, said China's action poses a "major problem and something the world community needs to address."

"We're now stuck with hundreds of pieces of this Chinese satellite for a hundred years, and it's having an impact on the entire global commons," she said, noting that there needs to be "common norms and acceptable rules of behavior in space."

Mrs. Tauscher called for engaging the Chinese and others in talks on space weapons, saying that while Beijing's ASAT test was "irresponsible and unacceptable ... sticking our heads in the sand isn't going to make it better; it will only make it worse."

U.S. intelligence officials said China has sought to obtain U.S. military space technology through espionage and other covert means but has been curbed by U.S. security measures.

"They've had trouble getting it through the back door so they decided to come in through the front," a defense official said.

Among the technologies sought by the Chinese are dual-use civilian and military goods used in maneuvering spacecraft, including propulsion and battery know-how, which have applications for anti-satellite guidance systems, the defense official said.

Joint U.S.-China space cooperation was first raised last spring by China's deputy space agency administrator, Luo Ge, shortly before the summit. He said China wanted to take part in the International Space Station, including making modifications on the orbiting station that would allow Chinese spacecraft to dock.

China launched its first manned spacecraft last year and has embarked on a major space program, that, unlike the NASA's program, is run entirely by the Chinese military.

U.N. Hopes China Pushes For Darfur End (AP)

By Alfred De Montesquiou

AP, February 2, 2007

The United Nations hopes the Chinese president will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil.

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The road to Khartoum's airport was lined with the red banners of communist China and the flag of Sudan's Muslim fundamentalist regime on Thursday ahead of Hu Jintao's two-day visit, the first by a Chinese president to Sudan.

China, which is the biggest foreign investor in Sudan and buys two-thirds of the country's oil exports, has used its veto-wielding status at the U.N. Security Council to prevent harsh measures against Sudan over the Darfur conflict.

But Beijing has raised expectations that Hu may pressure Khartoum to show flexibility in ending Darfur's bloodshed.

In an unusual foray into the field of human rights, Chinese officials have called on Sudan to cooperate with the United Nations in finding a solution in Darfur. China usually avoids such public pronouncements under its proclaimed policy of refusing to interfere in what it considers other countries' internal affairs.

More than 200,000 people have been killed and 2.5 million chased from their homes in Sudan's remote western region since 2003, when ethnic African rebels rose up against the central government. On Thursday, an African Union peacekeeper was killed by unidentified gunmen in a Darfur refugee camp, the 11th peacekeeper to be slain in the conflict.

Sudan has resisted demands that it allow U.N. peacekeepers into the region, calling the deployment "neocolonial."

Khartoum has sought to keep the focus of Hu's visit on the two nations' booming economic ties. "This visit is going to be a great boost for the distinguished Sudanese-Chinese relations in various fields," Sudanese President Omar al-Bashir said, according to the official SUNA news agency.

Al-Bashir "commended the various Chinese investments in the Sudan, particularly in the domains of oil, agriculture and dams," said SUNA after the president met Thursday with the Chinese National Petroleum Corp.'s head of operations in Sudan.

The Sudanese economy grew by 12 percent last year according to the International Monetary Fund. Chinese investment has helped boost production of the country's prime resource — oil — which has risen to an output of 500,000 barrels a day.

China is also funding large projects such as the $1.8 billion Merowe hydroelectric complex. Hundreds of Chinese engineers and workers are believed to be living in Sudan, though no one at China's embassy was available to confirm figures.

"We like it here, it's promising for business," said Daisy Wan Chu, an employee at Mr. Wang, one of the flourishing Chinese restaurants that offer a rare alternative to Sudanese cuisine in Khartoum.

Hu's visit came amid signs that the Sudanese leadership was grudgingly moving toward acceptance of a compromise deal for U.N. troops to merge with the African Union force and form a joint peacekeeping mission.

U.N. Secretary-General Ban Ki-moon urged China to help persuade Sudan to accept U.N. peacekeepers during a meeting with Chinese U.N. Ambassador Wang Guangya last week.

"We certainly hope Hu will deploy his substantial influence in order for Khartoum to have a more constructive approach to international efforts," said Lawrence Rossin of the Save Darfur Coalition, a grouping of humanitarian and rights organizations.

Khartoum is accused of responding to the insurgency with indiscriminate killings, and by unleashing the janjaweed militias of Arab nomads. The janjaweed are blamed for the worst atrocities in the conflict, which the White House and others have labeled genocide.

The government denies these charges, and denounces as neocolonial the U.N. Security Council plan to replace an overwhelmed African Union force in the region with some 22,000 U.N. peacekeepers.

In a phone interview, Rossin pointed to Chinese officials' recent comments on Darfur and to the fact that news about the crisis are now regularly allowed to appear in China's government-controlled media as signs that Beijing may be willing to press Sudan on the issue.

Diplomatic circles also sense that China's patience "is growing thin" with Khartoum on the Darfur issue, said Sudan expert Colin Thomas-Jensen of the International Crisis Group, a New York-based think tank.

He said China gave the impression it wants to become "part of the solution" to the crisis.

"But if Sudan follows its usual pattern of saying 'yes' to the international community and then doing 'no,' we don't know how China will react," he said.

Pressure On China As President Heads To Sudan (AFP)

By Mohammed Ali Saeed

AFP, February 2, 2007

International pressure was on China to try its hand at peace diplomacy as Chinese President Hu Jintao headed to war-racked Sudan, the highlight of an eight-nation tour of Africa.

China's energy-hungry economy -- the fourth largest in the world -- is badly in need of Sudan and other African countries' resources and Beijing is for the first time showing willingness to use its influence to solve the Darfur crisis.

During his two-day visit to Khartoum, Hu was expected to hold talks with President Omar al-Beshir on the situation in the western region of Darfur, where a conflict between the government and rebels has been raging unabated.

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"I believe this visit will not only boost bilateral ties, but also peace and stability in this region," Assistant Foreign Minister Zhai Jun told journalists before Hu set off on his tour.

No other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime.

Led by Washington, the international community has been pressing Khartoum to accept the deployment of UN peacekeepers in Darfur, where African Union troops have failed to quell the bloodshed.

But Beshir has consistently rejected such a move, accusing the United Nations and western powers of seeking to invade his country and plunder its resources.

"If the Chinese put some pressure on Khartoum, it might have some potential," said the Save Darfur coalition's Larry Rossin, who recently travelled to Khartoum with US envoy Bill Richardson.

"I hope they can use their influence... to press President Omar al-Beshir to implement in good faith the hybrid peacekeeping agreement," Rossin told AFP.

Khartoum has yet to approve the final phase of a three-stage plan for UN forces to supplement the African contingent.

"It is encouraging that the Chinese government has been trying to have a very cooperative partnership and relationship with all African countries," UN Secretary General Ban Ki-moon said, according to the Chinese agency Xinhua.

At least 200,000 people have been killed and more than two million displaced in Darfur since fighting broke out four years ago.

China has had deep economic ties with Sudan since the 1990s, when other foreign companies pulled out because of the raging north-south civil war.

The China National Petroleum Corporation has huge stakes in Sudan's oil industry, producing around 500,000 barrels per day. China is also building a dam on the Nile, which is currently Africa's largest hydro-electric project.

Trade deals are expected to be signed during Hu's visit, further boosting bilateral trade that reached 2.9 billion dollars in the first 11 months of 2006.

Hu received a warm welcome Thursday in Liberia, the second leg of his tour of the continent.

He began his tour Tuesday in Cameroon, where he approved grants and loans worth more than 54 million dollars, signing a draft agreement on scrapping Cameroon's debt to China and a series of health and educational accords.

Emphasising its commitment to Africa, China said this week it would write off debts owed by 33 African countries as part of a multi-billion-dollar pledge made last year.

Hu's Trip To Sudan Tests China-Africa Ties (CSM)

By Scott Baldauf

The Christian Science Monitor, February 2, 2007

KHARTOUM, SUDAN

Chinese President Hu Jintao's arrival in Sudan Friday could well mark a turning point in China's growing relationship with Africa.

If Mr. Hu announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached.

Whatever happens, Hu's visit to Sudan will be historic.

"It is a true partnership, and the Chinese are probably not getting the biggest share of it," says Abdul Rahim Ali Mohammad Ibrahim, a pro-Sudanese government analyst and director of the Institute of Arabic Language Study in Khartoum. "The Chinese are using it as a showpiece. It would be easy for China to tell other African countries, 'Come see what we've done in Sudan.' "

With the global race for African resources well under way, Mr. Hu's eight-nation Africa tour caps a portentous week, coming on the heels of the African Union summit in Ethiopia, and new UN Secretary-General Ban Ki Moon's five-day Africa visit.

Chinese investment has become the new driving force for economic development in Africa – with African-Chinese trade reaching $40 billion and Chinese aid expected to reach $10 billion in 2009 – and many African countries see China as their ticket to prosperity. Chinese aid is especially attractive, because it comes without all the troublesome conditions that Western donors tend to place on clean governance and human rights.

Nowhere is this more true than in Sudan. As a recipient of Chinese aid since 1959, and a close trading partner since Chinese investment jumpstarted Sudan's dormant oil industry in the late 1990s, Sudan has always felt that its friendship with China extended beyond economics.

Pressure over Darfur

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Now with the UN pushing Sudan to halt the humanitarian crisis in its Darfur region – a three-year civil conflict that has claimed the lives of more than 200,000 civilians and displaced 2.5 million more – and to accept UN peacekeepers, Sudan looks to China for high-level diplomatic support.

It's an expectation that Sudanese observers say may be increasingly hard to match.

"I don't think Sudan will benefit from the visit of the Chinese president," says Khalid Tijani El-Nour, a political commentator and editor in chief of the Sudanese business weekly Elaff. "China has huge economic relations with the United States ... so China is not supporting Sudan 100 percent. China has never promised to use its veto [to block UN action against Sudan over Darfur]. They have advised the Sudan government to be flexible, to find a political solution for Darfur."

The best China can do is "bridge the gap and minimize pressure on Sudan," adds Mr. Tijani. "China is a very important power, so this trip gives us some relief, but on the other hand, Sudan is facing a challenge in its relations with China. There are other African countries asking China to come in. Nigeria and Angola are also producing oil. We have to wake up. We are not the only players on the ground."

Lure of oil trumps stability concerns

Despite Sudan's political turmoil, and history of decades of civil war, the lure of oil and other natural resources, and access to the third largest country in Africa, has proved irresistible for China. In addition to Chinese investment in Sudan's oil industry, which supplied China with 7 percent of its energy needs last year, China has also invested $2 billion in the Merowe hydropower dam project. When it opens in 2008, the Merowe will meet Sudan's entire demand for electricity, and allow it to sell the excess to other African neighbors.

Sudan's oil fields, mainly in the southern region, today produce an estimated 500,000 barrels a day, up from 300,000 barrels last year. But that same southern oil belt is a land where a 50-year civil war between the Arab-dominated Sudanese government and Christian and animist black African minorities ended two years ago with a peace agreement.

Almost immediately after the North-South war ended, the conflict in the western region of Darfur began.

"China was more interested in doing business with the government of Sudan, to the detriment of the people of Darfur," writes Ali Trayo the spokesman for the Darfur rebel group, the Sudanese Liberation Army, in an e-mail. "It is in the general interest of the people of Sudan, and Darfur in particular, and that of China itself to exert pressure on the government of Sudan."

While Darfur rebel groups welcome the world's attention, one senior opposition leader says that the West's preoccupation with Darfur could be counterproductive, and even dangerous.

"I consider the West naive," says the opposition leader, speaking on the condition of anonymity from his home in Khartoum. "Instead of being involved in the oil business, and putting pressure on the dictator of the day, they have abandoned us. And believe me, when you abandon us to the hands of the Chinese, you are leaving Sudan quite naked."

The more the West pushes Sudan into a corner over Darfur, the more the Sudanese people will learn to hate the West, says Professor Ibrahim. "In my opinion, neither the US nor the Europeans can compete with China on its trade and development policies, so they want to push China out."

But that's not likely to happen any time soon. China's famous reluctance to intrude on other countries' sovereignty and its long-term investment approach allows it to overlook disagreements with the current government, says Ibrahim.

"China is very farsighted. Nothing is lost because of their cooperation with one regime. If that regime is overthrown, they work with the next government, too. They may offer advice, but they continue to invest, and this sustainability is the result."

In Africa, China's Expansion Begins To Stir Resentment (WSJ)

By Yaroslav Trofimov

The Wall Street Journal, February 2, 2007

CHAMBISHI, Zambia -- Chinese President Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent.

But there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest.

Set amid rolling hills in Zambia's copper belt, Chambishi was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. In 2005, dozens of locals were killed in a blast at the Chinese explosives facility serving the mine -- the worst industrial disaster in Zambia's history. Then, the following year, protesting Zambian employees were sprayed with gunfire. "The Chinese, they don't even consider us to be human beings," complains Albert Mwanaumo, a former Chambishi miner who says he was shot by a Chinese supervisor. "They think they have the right to rule us."

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Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent. African leaders still hail China's burgeoning involvement as a solution to Africa's woes and a welcome alternative to the West. But among ordinary Africans, appreciation of this unprecedented influx of Chinese investments, products and settlers isn't nearly as uniform. Recognizing this opinion shift, South African President Thabo Mbeki has repeatedly cautioned in recent weeks that China risks replicating in Africa a "colonial relationship" of the kind that existed under white rule.

These concerns testify to China's maturing as a global economic and political superpower, a force that's beginning to challenge world-wide influence of the U.S. and Europe. That's especially true here in Africa, a continent dismissed by many Westerners as a hopeless case, and treated by Beijing as a high-priority area of national interest.

Nowhere has this grass-roots backlash been stronger than in Zambia. In elections last fall, opposition leader Michael Sata ran for president on a platform of outright China-bashing, unleashing against Beijing the same kind of fury that populist radicals in Latin America or the Middle East direct at the U.S. "Zambia is becoming a province -- no, a district -- of China," he thundered. "We've removed one foreign power and we don't want another foreign power here, especially one that is not a democracy."

Widespread Support

Though Mr. Sata failed to dislodge the China-backed incumbent, his Patriotic Front movement secured widespread support: It now controls Zambia's capital city Lusaka and most municipal governments in the nation's copper-rich mining areas. Following the Zambian campaign, similar political sentiments came to the open in neighboring countries, such as Namibia, Zimbabwe, Angola and Lesotho.

"Among ordinary people, a very strong resentment, bordering on racism, is emerging against the Chinese," says Henning Melber, a former activist in Namibia's struggle for majority rule who now heads the Dag Hammarskjöld Foundation think tank in Sweden. "It's because the Chinese are seen as backing the [African] governments in oppressing their own people."

China's hunger for raw materials is the main reason why it's become so involved in African affairs. Sino-African trade in 2006 more than quadrupled to more than $55 billion since 2002, and is expected to hit $100 billion by 2010. Angola has overtaken Saudi Arabia as China's main source of oil, with large-scale supplies also flowing from Sudan and Nigeria. Chinese companies have sought Guinea's bauxite, Namibia's uranium, and the assortment of rare metals that are found in the Congo, formerly known as Zaire.

In Zambia, a landlocked country of 11.5 million, the main draw for China is copper -- and the recent outcry is rooted in the tragic events that followed China's investment at the mine in Chambishi. China Non-Ferrous Metal Mining purchased the mine, which had been shuttered since 1987, for $20 million. It stepped forward after a Canadian company that had initially won the tender pulled out of the deal. Investing more than $100 million in the property, the Chinese conglomerate's Zambian unit, called NFC Africa Mining PLC, restarted production in late 2001, ramping up output to reach 50,000 metric tons of copper concentrate last year.

Dozens of Chinese managers and supervisors settled in the township, a maze of trash-strewn dirt alleys set across the paved road from the mine. Inside the mine itself, a red Chinese flag was hoisted above a wall covered with inspirational words of Wu Bangguo, chairman of the standing committee of the National People's Congress: "To Rouse Yourself in Vigorous Efforts to Make the Company Prosperous!"

As part of its prosperity plan, the mine's management paid Zambian employees less than the minimum wage, currently $67 a month, and strictly prohibited union activity, according to employees and union officials. A 2004 memo to staff, which still hangs inside NFC Africa offices, warned of "severe punishment" for anyone attending meetings of the "so-called action group [of union organizers], which is illegal." People suspected of union involvement were fired on the spot, says Gillian Mubanga, the current union leader at the mine.

To drive up production and save on costs, NFC also established on the Chambishi property a joint venture with the Beijing General Research Institute of Mining and Metallurgy. Dubbed BGRIMM Explosives Ltd., it set out to manufacture cheap explosives for the region's mining industry. "BGRIMM -- Turning Your Rocks Into Gold," boasted advertisement billboards that still dot the roadsides across Zambia's Copper Belt region.

Then, one sunny morning in April 2005, Chambishi was rocked by a huge blast. Earth shook and windowpanes broke in nearby houses. A runaway chemical reaction turned the BGRIMM facility into a giant fireball, pulverizing the entire structure. A total of 46 Zambian employees of BGRIMM were killed, their charred body parts strewn around the smoldering crater. Eyewitnesses say the Chinese staff had hurriedly driven away from the site shortly before this explosion occurred. Local residents theorize that the Chinese realized something was about to happen and didn't bother warning African employees before fleeing themselves.

Anger Intensifies

Unable to identify individual remains, the victims' families have had to bury plastic bags packed with flesh randomly collected at the site. Anger against the Chinese was intensified by widespread belief that safety rules had been flouted in pursuit

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of profit at the plant. "The Chinese didn't care about our children -- they just sacrificed them," said Iris Chibuye, a grieving mother whose 24-year-old son Sledge and 27-year-old daughter Vennie, a computer technician educated in Britain, both died in the BGRIMM disaster.

Though the Chinese government sent condolences to victims' families, and eventually paid compensation of about $10,000 per killed employee, the anger didn't abate. As the Zambian government began an inquiry into the accident, the absence of union oversight was cited as the key cause of safety failures at BGRIMM. Public pressure made it impossible for the mine's management to continue prohibiting union activity any longer.

In November 2005, NFC Africa deputy CEO Wang Xiaowei shook hands with Zambia's National Union of Miners and Allied Workers leader Albert Mando, and signed a collective agreement that finally installed new safety measures and promised a salary increase. Assuring that the company treats its Zambian workers as "family members," Mr. Wang also urged the union "to understand that the high operational costs may often compromise the working conditions of employees," according to NFC Africa's in-house newsletter.

After drawn-out negotiations with the unions, NFC Africa set July 25, 2006, as the date for giving its workers back pay, in accordance with the new agreements. Miners had been expecting payments of as much as $500 each -- but were told on payday that they would receive only a few dollars, and in some cases even owe money to the company. On the evening of July 24, night-shift miners, stunned to hear that they wouldn't be getting the expected cash, stopped work, vandalized equipment and beat up a Chinese supervisor. The following day, furious morning-shift employees blocked the main road in Chambishi with tree trunks and stones, marching toward the mine.

As a scuffle broke out at the gate, mine security fired at one of the protesters, wounding him. According to witnesses, as false rumors that he had been killed spread across Chambishi, another group of about 40 NFC Africa miners from a later shift rushed toward the residential compound of Chinese employees, set on a winding road inside the township.

At the white-and-blue gate into the walled compound, a Chinese supervisor, known to the Zambian miners simply as Mr. Qui, took out a shotgun and opened fire as the crowd approached, according to witness accounts. Hit by the shots, three demonstrators collapsed on the ground, blood gushing out. Mr. Mwanaumo, a 34-year-old jackhammer operator who says he didn't take part in the initial protest, ran to the site after hearing that a close friend had been shot. As Mr. Mwanaumo pulled his injured comrade away, a new volley of fire burrowed into his back. According to his medical report, two lead fragments are still lodged in his body, too close to the vital organs to be safely extracted in the local hospital.

A day after these shootings, Mr. Qui hastily left Chambishi. Mr. Mwanaumo, like the other wounded workers, was fired. Feeling too sick to work, he spends his days in a tiny, dark hut set amid sewage-soaked mud, hoping that relatives and friends will collect enough money to file a compensation lawsuit.

Investigation Continues

The Zambian government investigation into the incident is still continuing, as is the inquiry into the 2005 BGRIMM disaster. Xu Riyong, NFC Africa's company secretary and manager of administration, declined to discuss the details of these events, or elaborate on Mr. Qui's status, saying that the company has already made a comprehensive report to the Zambian government on the matter.

"By complying with the laws of Zambia, we are confident that no problems will come to us," said Mr. Xu, the only NFC Africa official who agreed to be interviewed for this story. "We will do our best to run this mine successfully. We have to keep quiet and to keep working. Why should we fear?"

The Zambian government has so far apportioned no blame for the Chambishi tragedy. In an interview, Zambia's minister of mines, Kalombo Mwansa, declined to forecast when the investigations into the explosion and the shootings at the mine might be concluded, when the report will be released, and whether any penalties might be levied against the Chinese company. In the meantime, he said, NFC Africa's BGRIMM affiliate has been allowed to rebuild and reopen an explosives factory at the site of the 2005 tragedy. NFC Africa has also announced that it will invest $220 million into a crude-copper smelting plant in Chambishi. President Hu was scheduled to visit Chambishi this weekend to lay the cornerstone for the smelter -- but, according to Zambian officials, this part of his schedule was called off because of planned protests by miners and families of BGRIMM explosion victims.

The risks in Chambishi are real. Sitting next to Mr. Mwanaumo, the worker who was shot in July, a friend currently employed by NFC Africa warned of even bloodier unrest to come at the mine. "There will be a strike soon if they don't improve our salary, and a lot of people will die," he said. "This time the police won't be able to contain us." The management seems to be getting the message. On a recent afternoon, workers were busy at the Chinese staff's Chambishi residential compound. Perched on the perimeter wall, they reinforced fortifications, installing a new row of high-voltage fencing atop an existing layer of spiky glass shards.

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China Gets Cold Feet For Foreign Investment (WP)

By Ariana Eunjung Cha

The Washington Post, February 2, 2007

SHANGHAI -- "I know you don't know that you don't know."

Those insulting words, thrown out by a Chinese man to a Westerner, are the punchline of an Internet commercial that ends with a beautiful Chinese bride jilting her confused Western fiance for the Chinese hero.

The wildly popular video was created by Baidu, a Chinese search engine, to poke fun at its U.S. competitor, Google. It is but one of the growing signs that China is rethinking its stance on foreign companies and investment within its borders.

Since the mid-1990s, China has aggressively courted foreign investment, crediting capital from abroad with helping it become a world economic power. In recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China.

While some believe the new restrictions -- which affect several sectors, including real estate, retailing, shipbuilding, banking and insurance -- may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising.

"A mood of self-questioning has swept over China," said Barry Naughton, an economist at the University of California at San Diego. In a report published in the China Leadership Monitor, Naughton said he believes the regulations are a response to government fears of a "loss of economic sovereignty."

China's shifting policies on foreign companies have prompted several U.S. firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China.

Last month, eBay said it would close its Web site in China, saying it was facing difficulties because Chinese regulations limit the types of financial transactions foreign companies can conduct. In November, Warner Bros. International Cinemas, part of Time Warner, which had been planning a massive expansion in China, abruptly announced plans to close operations in the country. It cited a recent policy change that no longer allowed foreign companies to control domestic theaters except in a handful of large cities.

The Chinese government steadfastly maintains that it still embraces the policy known as gaige kaifang-- literally, reform and opening up -- initiated by Deng Xiaoping in 1979. However, several Chinese officials have in recent months called foreign investment "malicious" and promised "severe measures to curb and punish hostile takeovers aiming to monopolize the Chinese market."

China remains the largest recipient of foreign direct investment among developing economies. But after a decade when heavy capital flows from abroad were credited with bringing the country out of poverty, that investment is leveling off.

According to the Commerce Ministry, foreign investment in 2006 decreased 4 percent from the year before, to $69.5 billion. The United States' piece of that dropped 6.4 percent, to $2.87 billion. (China receives additional investment from American companies that, for tax purposes, have their headquarters in places like the Virgin Islands.)

The significance of the new regulations has been debated at the highest levels -- U.S. Commerce Secretary Carlos M. Gutierrez said it was a key subject of the Cabinet-level talks with Beijing in November -- and on Internet bulletin boards where the Baidu-Google video has been distributed under the headline "economic nationalism."

Negative publicity on blogs and chat rooms linked to by popular Chinese portals Sina.com and Sohu.com is credited with fueling criticism of several high-profile deals.

For instance, the District's Carlyle Group tried in 2005 to buy an 85 percent stake in Xugong Construction Machinery, a market leader. Xiang Wenbo, chief executive of a state-owned rival company, wrote on his personal blog that the government shouldn't permit the sale of valuable strategic assets like Xugong. After he and other opponents waged a months-long online campaign against the deal, Carlyle scaled back its offer, taking a 50 percent stake.

Albert Keidel, a former U.S. Treasury official now at the Carnegie Endowment for International Peace, said there seemed to be a sense among ordinary Chinese citizens of "how much are we going to allow foreign companies to continue to take advantage of us?"

Egged on by a public concerned about the growing influence of foreign companies, the Chinese government in July placed restrictions on the purchase of real estate by foreign individuals and institutions. The next month, it put a moratorium on foreign acquisitions of brokerages and limited the competitiveness of foreign-funded retail companies.

In November, the government issued new guidelines for cross-border mergers and acquisitions, making it more difficult for foreign companies to be involved in deals with companies related to "national economic security" or those that have a "famous trademark" or "traditional brand."

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In a report issued last month, the Organization for Economic Cooperation and Development complained that the new regulations were so vague that they "may have a serious unintended discouraging effect on investments."

Some economists, however, say fears about Chinese nationalism and protectionism are overblown. Zhao Xijun, a professor of economics at Renmin University, said that rather than being seen as a hostile move against foreigners, the restrictions should be seen as "progress to a mature market."

Kenneth Louie, a visiting professor of economics at the Johns Hopkins-Nanjing University Center for Chinese and American Studies, points out that the United States limits technology transfers to China and restricts foreign purchases in defense industries.

"There are certain sectors China believes are vital to economic security, and there is a fear of a high level of foreign intrusion. The United States also has similar fears," he said.

Keidel said China has in a short period moved from a closed economy where foreign capital was not allowed to one that welcomes it, particularly in such areas as financial services, one of the key conditions China agreed to when it acceded to the World Trade Organization.

The conditions China ratified were quite specific and provided an industry-by-industry timetable. The new foreign-investment regulations do not seem to violate the letter of these conditions, Keidel said, though some parties have complained that they go against the spirit of the WTO agreement.

Richard Ji of Morgan Stanley Hong Kong said some companies have used China's new rules as an excuse for their own marketing or strategic shortcomings. He said that in the cases of Google and eBay, the companies' challenges have had more to do with failure to tailor the content of their Web sites to Chinese tastes and needs.

In the Baidu commercial about Google, the Western man begins by saying "I know" repeatedly as he stands, smirking confidently, next to his bride-to-be. But after the Chinese man bursts on the scene and the two get into a war of words, the Westerner becomes confused. By mistake, he says, "I know I don't know that I don't know" -- at which point the disgusted bride runs away.

So the commercial is "not about nationalism and protectionism," Ji said. "It says that it's localization that gives success. If you localize services, it means you understand the people you are selling to."

Russian TV Shines Warmly On A Likely Successor To Putin (WP)

By Peter Finn

The Washington Post, February 2, 2007

MOSCOW, Feb. 1 -- Every Sunday morning, two favorites of President Vladimir Putin play prominent supporting roles on a television game show called "Happy Bus." In sunny clips spliced into the show's airtime, Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives.

Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev. The opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister.

But "Happy Bus" is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves -- even the most trifling show -- to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished. "Happy Bus" debuted in May on NTV, a network owned by a Gazprom subsidiary.

With the centralization of power in the Kremlin, Russian politics has become ever more tightly scripted, and genuine electoral competition has withered. Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said.

"Putin, Medvedev and Ivanov are the three main heroes, the three main characters on the news," said Anna Kachkayeva, a professor of broadcast journalism at Moscow State University. "It's a command from the administration."

Producers at Russian television stations, including the makers of "Happy Bus," declined to discuss coverage of Ivanov and Medvedev.

In presidential politics, Russia has an electoral college of one -- Putin. When Vladimir Ustinov, the former prosecutor general and a perceived favorite of the security services, started making some very president-in-waiting noises last year, Putin fired him. He was rehired as justice minister, a much less influential position.

Putin himself denies he is the decider. "There will be no successors. There will be candidates for the post of president of Russia," he said Thursday at his annual news conference, which this year ran to three hours and 30 minutes and was attended by about 1,200 journalists. "I reserve the right to express my preference. But I will only do it once the election campaign begins."

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Since the reelection of Boris Yeltsin in 1996, when a group of media tycoons threw the full weight of their television stations behind his faltering candidacy and demonized his Communist opponent, tight management of broadcast journalism has been a critical instrument in Russian presidential elections, including Putin's two campaigns.

But unlike in 1996, when the power of television was wielded by wealthy businessmen, today those media assets are controlled by the state or companies loyal to the Kremlin.

Ivanov, 54, has long been well known both at home and abroad as minister of defense. Medvedev, 41, was an obscure figure until 15 months ago.

In November 2005, Medvedev and Ivanov were simultaneously made first deputy prime ministers, in addition to their other titles. Since then, Medvedev's public image, down to his haircut (shorter and more stylish), weight (he's clearly lost a few pounds) and choice of clothes (more casual), has been carefully refashioned.

The makeover has become the talk of the town. The wooden, cautious and loyal official of a year ago has become a self-confident and assertive politician tinged with some very Putinesque characteristics -- in particular, his occasionally brusque scoldings, sometimes directed at other ministers, delivered with the colloquial phrases and tightly coiled physicality that many Russians love in their president.

Speaking in November about improving health care and access to drugs, Medvedev said: "There are swindlers who manufacture pharmaceuticals. Then there are other swindlers who sell those pharmaceuticals, and there are still other swindlers who act as intermediaries using state funds. The situation in the pharmaceutical industry is disgusting."

Medvedev, who is married and has one child, is a lawyer by training and first worked with Putin in the city administration of St. Petersburg in the 1990s. Putin brought him to the Kremlin, where he became chief of staff in the presidential administration. He is regarded as a relatively liberal counterweight to the staffers around Putin who served in the security services. Medvedev has no background in the KGB or its successor agencies.

He never publicly criticizes Putin, however. And he defends Gazprom, where the Kremlin placed him in charge in 2002, from charges that it is secretive, bloated and inefficient, and is used by the state as a political weapon to punish neighboring countries. On television recently, he called Gazprom a "crucial Russian company" and noted that its capitalization has jumped from $10 billion to $225 billion under state control.

Increasingly, Medvedev speaks of his modest background. "Just like everyone else, I lived in the kinds of apartments that used to be given to Soviet citizens, first a communal one and later a cramped apartment in St. Petersburg," he said in a television interview in November. "And like everyone else, I went, and still go, to a polyclinic," the state-run outpatient facilities that many Russians avoid.

For all the campaign-style insights he offers into his background, Medvedev remains studiously ambiguous about his ambitions. "I find it distressing that I have been made a participant in some sort of race," he said.

Nonetheless, he is now the second-most-popular politician in Russia after Putin, according to opinion polls and analysts.

In a poll conducted in November by the independent Levada Center, 38 percent of respondents said they would vote for Medvedev for president, making him the leading candidate. Ivanov trailed with 23 percent. Little more than a year ago, Medvedev's rating was barely above zero.

While image-building is not unique to Russia, and Medvedev's new position in government ensured he would get more news coverage, the almost universally friendly treatment he has received on Russian television has been striking.

Among 2,064 news stories on Medvedev in 2006, there was not a single negative report on the news broadcasts of six television channels, including the three major national stations, according to a survey by Medialogia, an analytical group in Moscow. There were 17 negative reports on Ivanov, most of them centered on a brutal hazing incident in the military to which he was slow to respond, according to Medialogia.

Other potential candidates are not treated so kindly. In the same period, there was not a single positive report on Mikhail Kasyanov, a former prime minister and Putin critic who has said he may seek the presidency. Of the 40 stories in which Kasyanov was the main subject, 60 percent were negative and the balance neutral, according to Medialogia statistics.

The Kremlin declined a request to allow a Washington Post reporter to accompany Medvedev on a typical daily event; he is normally covered by a small pool of reporters.

Assigned as a frontman for the government's spending priorities -- generous social programs to revamp health care, education and housing and reverse a population decline -- Medvedev has been transformed into Santa Claus in the public mind, according to Vyacheslav Nikonov, a political analyst with close ties to the Kremlin.

"He has good PR, doing good, practical things for the country," Nikonov said. "Every image is deliberately cultivated, but that is not different than what goes on at the White House."

Last week was typical. Three of the national channels, ORT, RTR and NTV, ran expansive reports Wednesday night on a meeting chaired by Medvedev in which he talked about raising the birthrate and other projects. Medvedev held up a certificate

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that will guarantee cash payments to women who have a second child, and his remarks were spliced with images of cooing babies in maternity wards.

No critic of the management of the so-called National Projects was quoted on any of those news reports.

"The National Projects are an imitation of activity," Ivan Melnikov, deputy chairman of the Communist Party, said in parliament last month. "Upbeat TV pictures that we see practically every day have nothing to do with the real state of things."

"He is being built up, and he is changing himself," said Igor Bunin, head of the Center for Political Technologies in Moscow, referring to Medvedev. "The first task was to get people to recognize him. . . . The next task was to associate him with most pleasant things from the state. He cuts all the ribbons now.

"At the beginning, he was soft, like a teddy bear, but now he seems much stronger. Like Putin, he can summon up some thunder and lightning when he criticizes incompetent officials."

Bunin added, "There may be no final decision, but he is candidate number one, with Ivanov in reserve."

Putin Denies Using Energy As A Weapon (FT)

By Neil Buckley

Financial Times, February 2, 2007

Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours.

In a three-and-a-half hour annual press conference – much of it on live television – Mr Putin insisted Russia had helped safeguard the sovereignty of newly-independent states after the collapse of the Soviet Union. But he said subsidies could not go on for ever.

"We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" he said.

He added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed "precisely at ensuring the interests of key consumers" in western Europe, despite temporary disruptions to supplies last month and in January 2006.

He said "experts" understood what Russia was doing, and should be thankful to Moscow.

"But instead, we can see unfair attitudes to interpretation of those events. Naturally, this has been done by those who are not well disposed to Russia. I am not saying that this has been done on a national scale, but there are such forces. Those who write about it, they are the ill-wishers," the Russian president said.

Mr Putin also insisted the transition to his successor, when he stands down as president in 2008, would be democratic and not orchestrated. He stressed several times during the press conference that "the Russian people will make their choice".

He hinted he would indicate which candidate he favoured as a successor – but only after the presidential campaign had begun.

"I reserve the right to express my preferences. But I will do it only once the election campaign starts," Mr Putin said.

Dmitry Medvedev and Sergei Ivanov, both promoted to the rank of first deputy prime minister in late 2005, are seen as vying to be the favoured candidate to succeed Mr Putin. But speculation has been intensifying about how and when the Russian president will mark out his choice.

Any successor, he added, would face the task of maintaining rapid economic growth, which Mr Putin said was expected to come out at 6.7 to 6.9 per cent last year, and which delivered 13 per cent increases in average wages and retail sales. But other big challenges were to narrow the yawning gap between the richest and poorest Russians, and diversify the economy away from reliance on natural resources.

Asked about the murder of Alexander Litvinenko, the former KGB officer, Mr Putin said only the courts and investigators could determine who was responsible. But he reiterated comments by other senior officials that Mr Litvinenko had been an insignificant figure not considered a threat by the Russian authorities.

"He was not privy to any secrets, he had been convicted in the Russian Federation for abuse of office, specifically, for beating people when arresting them when he was a security man and for stealing explosives," Mr Putin said. "All the negative things he could have said about his previous employer, he had already said a long time ago."

Blair Gives 2nd Interview In Inquiry About Graft (NYT)

By Alan Cowell

The New York Times, February 2, 2007

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LONDON, Feb. 1 — After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions.

The interview itself was unusual, as was the decision to cloak it in secrecy. Mr. Blair is said by British political analysts to be the first prime minister to be interviewed by the police while still in office. Only on Wednesday, Mr. Blair's official spokesman was asked at a routine briefing for reporters whether the prime minister had been approached by the police a second time and he replied that "nothing had changed," according to the prime minister's Web site (www.pm.gov.uk).

But the broader impact of the development was to cast an ever darker shadow over the closing days of Mr. Blair's almost 10 years in office — a period that began with his promises that the Labor administration, in contrast to its Conservative predecessor, would be "purer than pure."

Mr. Blair has been questioned by the police as a witness, not as a suspect. The first interview was in December. After that a senior aide, Ruth Turner, was formally arrested and questioned not only in the honors inquiry but also on suspicion of failing to cooperate with or trying to frustrate the investigation.

Then, earlier this week, Lord Levy, the prime minister's chief fund-raiser, Middle East envoy and tennis partner, was arrested for a second time to be questioned in relation to the same offense, known in Britain as perverting the course of justice.

Around 90 people have been questioned in the inquiry, which concerns payments equivalent to $27 million made as loans to the Labor Party before the May 2005 national election. At that time, campaign financing arrangements offered as loans did not require public disclosure. Mr. Blair's critics have charged that the money was made available in return for promises of knighthoods or seats in the unelected and prestigious House of Lords.

The prime minister's office said in a statement on Thursday that Mr. Blair had been "briefly interviewed by the police as a witness. At the request of the police this was kept utterly confidential and, as a result, the press and communications team in Downing Street were not informed. As far as they were concerned nothing had changed."

In a separate statement, the police said that they had requested secrecy for unspecified operational reasons, and that the meeting with the prime minister had been sought "to clarify points emerging from the ongoing investigation." All of the politicians drawn into the inquiry have denied wrongdoing.

Mr. Blair was interviewed shortly before he flew to Davos, Switzerland, to attend the World Economic Forum, where he seemed untroubled by events back home as he rubbed shoulders with the rich, the powerful and the famous. For all that, his adversaries pounced on Thursday's announcement as evidence that the emerging scandal could stain Mr. Blair's final months in office before he redeems a pledge made last fall to relinquish power this year. "It is clear that this inquiry is going to haunt Tony Blair throughout his last months in office and beyond," said Sir Menzies Campbell, leader of the smaller opposition Liberal Democrats.

For Blair, Round 2 Of Police Questions (WP)

By Kevin Sullivan

The Washington Post, February 2, 2007

LONDON, Feb. 1 -- Prime Minister Tony Blair has been interviewed for a second time by police investigating allegations that his Labor Party offered seats in the House of Lords and other government honors in exchange for cash, police and Blair's office said Thursday.

Police interviewed Blair for about 45 minutes last Friday but asked Blair's office "for operational reasons" to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was "interviewed as a witness, not as a suspect and cooperated fully" in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal.

Known here as the "cash-for-honors" probe, it has further damaged a leader whose approval ratings have been badly hurt by his enthusiastic support of the U.S.-led wars in Iraq and Afghanistan. Blair was first questioned by police in December at his 10 Downing Street office, the first time a sitting British prime minister had been questioned by police in a criminal inquiry.

"Blair's position is looking more and more difficult as each day goes by," said Iain McLean, professor of politics at Oxford University.

Blair, who took office in May 1997, announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner.

David Cameron, leader of the opposition Conservative Party, directly challenged Blair in Parliament on Wednesday at the weekly Prime Minister's Questions session when he said that Blair's authority to lead was "draining away" and that he should resign immediately "in the national interest."

"When is Mr. Blair going to realize it is all over?" Cameron asked.

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Since at least last April, police have been investigating allegations that Blair's government has enticed political donors with promises of appointments to the House of Lords, the upper house of Parliament. Blair and other Labor officials have denied those allegations, but four people have been arrested either on suspicion of offering honors for cash or for "perverting the course of justice" -- which has led political opponents to allege a coverup.

No one has been charged with a crime, and police have stressed that the investigation is a "cross-party" probe into campaign finance irregularities.

But only Labor supporters have been arrested. Blair's chief fundraiser, Michael Levy, has been detained twice. A top Downing Street aide, Ruth Turner, has also been arrested, as have Christopher Evans, an entrepreneur and major Labor Party donor, and Des Smith, a Labor government adviser. All were later released and have denied wrongdoing.

Chancellor Gordon Brown, Blair's presumed successor, this week urged people not to rush to judgment about allegations of wrongdoing or coverup. "I believe when people see the full facts, then they will be satisfied," Brown said.

Official Says U.S. Willing To Help Cuba (AP)

By Traci Carl

AP, February 2, 2007

U.S. Commerce Secretary Carlos Gutierrez said Thursday that Washington is willing to help Cuba make the transition to a more open, democratic society.

Speaking to reporters during a one-day visit to Mexico, Gutierrez said the U.S. supports a "peaceful transition to democracy."

Ailing Cuban leader Fidel Castro has been seen only in government-released videos and photos since ceded power to his brother Raul in late July while he recovers from intestinal surgery.

On Tuesday, Cuban state television released images of a stronger-looking Castro meeting with Venezuelan President Hugo Chavez, a close ally.

Gutierrez, who was born in Cuba, said the United States does not plan to meddle in Cuban politics but wants to see the country make the transition to democracy.

"The future of Cuba is in Cuba," he said, but added that "if we can be of help, we are ready to help in that transition."

Gutierrez did not elaborate, but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy.

Gutierrez also said Thursday that President Bush's administration is working to pass an immigration reform that would allow the United States to protect its borders while recognizing the millions of people who already work illegally in the country.

"Unless we tackle the problem in a comprehensive fashion, it is just going to get worse," he said.

He said the U.S. must find a middle ground between "amnesty" and "animosity" and he spoke out against mass deportations, saying: "That's not humane or moral."

Gutierrez also praised a recent anti-drug crackdown launched by new President Felipe Calderon and said he expects Calderon to take action against Mexican industries that have been accused of monopolistic practices, such as telecommunications and television.

"We believe President Calderon is off to a strong start, and he'll need time to do what he needs to do," Gutierrez said.

Europe Faults U.S. Farm Proposal (WSJ)

By Juliane Von Reppert-bismarck

The Wall Street Journal, February 2, 2007

BRUSSELS -- The European Commission expressed disappointment at a U.S. plan to overhaul subsidies to its farmers, saying "more ambitious cuts" are required to relaunch a stalled round of global trade talks.

The White House's proposal to Congress on how to overhaul the U.S. Farm Bill will make "extremely modest" cuts to loan-deficiency payments and keep payments to dairy and sugar farmers "virtually untouched," said EU farm spokesman Michael Mann.

The U.S. initiative, presented to Congress Wednesday, foresees cutting total farm spending to $87 billion over the next five years, down $18 billion from the total spent by the U.S. on basic programs and disaster assistance during the past five years.

Much of this is based on the assumption that farm prices remain at their current high levels, Mr. Mann said. A reversal of price trends will see trade-distorting farm support rise once again, he said.

"The U.S. will need to propose more ambitious cuts and disciplines," Mr. Mann said. "We had hoped the administration's proposal for the new farm bill would signal this more clearly," he said.

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Global trade talks at the World Trade Organization ground to a halt in the summer, largely over the unwillingness of wealthy countries to cut protective measures for their farmers. Most trading nations now say it is up to the U.S. to revive the talks with a promise of deep and lasting subsidy cuts.

WTO spokesman Keith Rockwell said officials were still studying the 183-page document, but added, "it is a positive first step."

The plan, announced by U.S. Agriculture Secretary Mike Johanns, still needs approval by Congress. Analysts expect key aspects to come under attack, notably a $360,000 subsidy ceiling for U.S. farmers.

EU officials and diplomats warned an overhaul that makes limited cuts to market-distorting payouts sends a bad signal to negotiators at the WTO. Yet Washington has pointed out that if a palatable deal can be struck at the WTO, commitments made there will override any domestic farm plan.

Farm products account for less than 7% of world trade, and for 4.5% of U.S. exports. Political sensitivities over the sector in rich countries, and dependence on the sector in the developing world, have nonetheless placed it at the heart of a global trade round expected to tear down trade barriers and boost global wealth.

EU farmers slammed the plan, which they said paves the way for farm supports to increase.

"Either the U.S. is simply not serious about wanting a WTO agreement or it wants one at the expense of all farmers in the world except its own," Rudolf Schwarzboeck and Donal Cashman, presidents of Europe's leading farm lobby, said in a joint statement.

The White House plan would increase spending on farm projects that boost conservation and the environment -- a method of cutting direct production subsidies employed by the EU in its own farm-payment cuts. It would also put more emphasis on making payments to farmers that aren't tied to production.

Trade and development advocacy group Oxfam Wednesday praised the Bush administration for attempting to steer U.S. farm policy "in a new direction." The farm plan also foresees allowing farmers to grow fruit and vegetables on land eligible for subsidies.

The plan, which underlines an increasing desire in Washington to cut U.S. dependence on fossil fuels and simultaneously guarantee farmer income, reserves $2.1 billion in loan guarantees for plants that make ethanol fuel from wood chips, grasses and feed stocks other than corn and provides $1.6 billion to research noncorn sources of ethanol.

Solution For Kosovo (WP)

The Washington Post, February 2, 2007

TODAY U.N. envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. It's been eight years since the United States led a NATO military operation to stop an ethnic cleansing campaign by Serbia against Kosovo's Albanian majority; since then the Connecticut-size territory of 2 million has been governed by the United Nations. NATO troops, including Americans, are still there.

All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia.

The Bush administration is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness.

A measure of the deftness has already been supplied by Mr. Ahtisaari, a former Finnish president who has been working on the issue for more than a year. Recognizing that Serbia and its ally Russia would strongly oppose a U.N. resolution explicitly granting Kosovo full independence, the envoy will propose that the Security Council adopt a measure ending the current U.N. regime but not mentioning independence.

The province would continue under international supervision, with the European Union to be given a major role, but would be allowed to join the United Nations and other international organizations. Once the Security Council approved these terms, Kosovo's Albanian-led government could declare independence and would win quick recognition from the United States and most European countries. Serbia could object but not stop the new arrangement.

The pitfalls along this winding course are easily spotted. Serb militants in Kosovo could respond violently to an independence declaration, as could Albanian nationalists disappointed that independence is not complete. Would-be Serb splinter states could appear in northern Kosovo or neighboring Bosnia. Russian President Vladimir Putin could trigger a crisis by vetoing the U.N. resolution. Or he could accept the resolution and cynically use it as a precedent to recognize the independence of Moscow-backed separatist regions in pro-Western Georgia or Moldova.

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That's where U.S. firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran.

If Mr. Putin decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly.

Ulster's Last Holdout (NYT)

The New York Times, February 2, 2007

Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call "the troubles." One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future — or to stand in the way. That man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them.

To say that Mr. Paisley has not built his long career on compromise would be a breathtaking understatement. But in the past he could point to the maddeningly ambiguous declarations of his foes — the Irish Republican Army and its political arm, Sinn Fein — to justify his unyielding stubbornness. Not any more. Over the past two years, the republican side has taken the decisive steps it had long dodged.

The I.R.A. has destroyed its weapons. According to the independent commission set up to monitor Northern Ireland's paramilitary groups, it has followed through on its commitments to dismantle its clandestine apparatus and end all organizational involvement in criminal activities. This week, Sinn Fein voted to cooperate with Northern Ireland's reformed police service, a historic turnabout for a movement that once considered itself at war with the old Protestant-dominated police force.

Yet Mr. Paisley has so far seemed unable to acknowledge these historic changes. He needs to state plainly that his party's conditions for forming a power-sharing cabinet with Sinn Fein, as called for by the 1998 Northern Ireland peace agreement, have now been met. In the hope that Mr. Paisley will eventually do the right thing, Britain's prime minister, Tony Blair, has called new Northern Ireland elections for next month.

This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TERRORISM NEWS:

4th Circuit Panel Questions Administration's Detainee Policy. The New York Times (2/2, Liptak) reports, "In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants." The Times continues, "The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University. … 'What would prevent you from plucking up anyone and saying, "You are an enemy combatant?"' Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons. … Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. 'A citizen, no less than an alien, can be an enemy combatant,' he added." The Times adds, "Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen 'who has been determined by the United States to have been properly detained as an enemy combatant.' … But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made."

The Washington Post (2/2, A6, Horwitz) reports, "Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges. … If the government is right, said lawyer Jonathan Hafetz, 'they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people.'" The Post reports that "administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations." The Post adds, "Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States. … Motz said that she is concerned about giving the government broad authority 'to pluck up anyone from the streets of the United States' and added: 'We don't want other nations to do that to our people.' … But Judge Roger L. Gregory suggested that Congress knew it was dealing with an 'amorphous enemy' when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status."

The Financial Times (2/2, Sevastopulo, Virginia) reports, "Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud. … Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful 'enemy combatant' in the 'war on terror'. He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as 'enemy combatants'. … But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. 'The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen,' said Jonathan Hafetz, a New York University lawyer representing Mr Marri." The Times notes, "Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants. … In court on Thursday, the Justice Department argued the battlefield in the 'war on terror' included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration's argument, saying while Congress could have given Mr Bush the ability to declare

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legal residents and citizens as 'enemy combatants', it was unclear it had done so."

Federal Jury Acquits Two In Hamas Funding Trial. The Washington Post (2/2, A1, Eggen) reports, "A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups." The Post continues, "Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious allegation against them and could have drawn life sentences for each. … But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit." The Post adds, "The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995."

The Chicago Tribune (2/2, Bush, Coen) reports, "Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June." The Tribune continues, "The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation. … Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups. … But Salah's lawyers said their win shows the government was overreaching. … 'It's a huge victory—what's left is a relatively minor charge,' said Salah's lawyer, Michael Deutsch. 'I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.,' he said. 'It's a stretch.'" The Tribune notes, "Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here. … 'This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases,' said Gary Shapiro, first assistant U.S. attorney in Chicago"

The New York Times (2/2, Sander) reports that "after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel." The Times continues, "Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms. … 'The government has tried to turn the Israeli-Palestinian conflict into something criminal,' said William Moffitt, who is Dr. Ashqar's lawyer. 'Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States.'" The Times notes, "Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial. … 'This was about an organization that has publicly claimed credit over and over and over again for terrorist acts,' said Gary S. Shapiro, the first assistant United States attorney in Chicago, 'not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed.'"

The AP (2/2, Robinson) reports, "Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government. … Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr." The AP adds, "Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have

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made no secret of their dislike of the occupation of the West Bank and Gaza."

DOJ Officials Brief Senators On Arar Case. The Canadian Press (2/2) reports, "Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions. … But Democrat Patrick Leahy and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes. … They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight." The CP continues, "The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada. … Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list." The CP adds, "Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States."

CNN The Situation Room (2/1, 4:29 p.m.) broadcasted, "It was one of the most heated confrontations we've seen in the US Senate in quite a while. It was when the Senate judiciary committee Patrick Leahy went after the Attorney General Alberto Gonzales. The whole debate focuses on a man named Arar," who "was held by the United States and deported to Syria on the suspicion he had terrorist tiles." After he was released he said "he was held and tortured for ten months," and Senator Leahy "was angry why that happened." Today, Leahy got a "briefing today from the attorney general," but the "only problem he couldn't say much about it, claiming it was all classified." Leahy said, "The conclusion I reached from the briefing today is that we've only begun to ask the questions and we have more questions that have to be asked." Just recently, the US "told Canada that the man remains under a US Watch List. However, Justice "will not talk about this."

Chinese Official Issues Rebuke Of Bush's "Unilateral" War On Terror. The New York Times (2/2, A6, Kahn, 1.16M) reports a senior Chinese government official issued "a rare public rebuke" of President Bush Thursday, "accusing him of waging a 'unilateral' battle against terrorists that had worsened global tensions." Ye Xiaowen, director of China's State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People's Daily that Bush's "past references to a 'crusade' and to 'Islamic fascism' were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war." Partly as a result, he said, the United States "had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks." Ye wrote that Bush had "effectively 'hijacked' one religion, Christianity, to engage in a battle against another one, Islam."

Guantanamo Detainees Complain About Saddam Execution Poster. The New York Times (2/2, Rohde, 1.16M) reports that "military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there." The poster was described by a detainee to his lawyers as a "7-by-3-foot poster, in a small recreation area for prisoners" that "featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, 'Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed.'" In response, Cmdr. Robert Durand, "chief military spokesman in Guantánamo…said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording" saying "the intent of this poster was to show that the Iraqi people are making progress and have delivered justice." Detainees also were provided news articles describing Hussein's execution and the "accidental decapitation of a Hussein co-defendant in a subsequent hanging" which their lawyers have described as "psychological warfare and for mental torture and intimidation."

CIA Agents Sought By Germany Tracked Due To Stay In Resort Island. The Washington Post (2/2, A11, Whitlock, 690K) reports from Berlin, "If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors." German "investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents,

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which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004. … It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels."

British Terror Suspects Brought To Court. The CBS Evening News (2/1, story 11, :20, Couric, 7.66M) reported, "Security was very tight today in Britain as nine terror suspects were brought to court," arriving "in a convoy of police vehicles. The nine, believed to be of Pakistani descent, are suspected of plotting to kidnap and behead a Muslim British soldier and then show it on the Internet."

Suspects' Neighbors Skeptical Of Charges. The New York Times (2/2, Perlez, 1.16M) reports many residents in the area of Birmingham, England, where the arrests were made, "said Thursday that they were unconvinced" of the accusations against the suspects. By most neighborhood accounts, "for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs." Because of this and because of "recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said."

European Bank Told To Stop Sharing Data With US Antiterror Investigators. The New York Times/AFP (2/2) reports the European Data Protection Supervisor told the European Central Bank Thursday that it "must take action by April to stop the transfer of personal information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations." The agency "told the bank to come up with measures 'to make its payment operations fully compliant with data-protection legislation,' urging it to 'take appropriate measures as soon as possible.'" AFP adds that Swift "has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees."

LATimes Calls For End To Renditions. The Los Angeles Times (2/2, 850K) says in an editorial, "There are plenty of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale." The Administration "needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris."

HOMELAND RESPONSE:

NID Nominee Says He Would Resist Attempts To Politicize Intelligence. USA Today (2/2, Willing, 2.27M) reports, "President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes. 'There have been a number of occasions in my career when I had to not be popular but to speak truth to power,' J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination. 'I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do,' he said." McConnell's comments "came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003. If confirmed, McConnell said, he would inform committee members if that occurs."

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Judge Explains Dismissal Of Anthrax Defamation Lawsuit. The New York Times (2/2, Labaton, 1.16M) reports, "A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information. In an opinion released Thursday," US District Judge Claude M. Hilton "laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill," but defense lawyer Mark A. Grannis "said Judge Hilton's opinion was unsurprising and was not the last word in the case."

The Washington Post (2/2, A8, Jerry, Lengel, 690K) reports, "Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about…Hatfill were false," Hilton said. "Although the columns identified Hatfill as a 'likely culprit' in the deadly anthrax-spore mailings, Kristof 'made efforts to avoid implicating his guilt,' Hilton wrote. 'Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question.'"

Changes To Armed-Pilot Program Intended To Boost Participation. The Washington Times (2/2, Hudson, 88K) reports, "Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate. Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and US officials will seek to expand the program for overseas flights." Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said that a proposal to phase out air marshals in favor of the armed pilots in order to cut costs "is 'absolutely not' under consideration. … However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal. 'It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now,' the source said."

Survey Finds Poorest Gulf Coast Residents Still Struggling To Recover From Katrina. The New York Times (2/2, Dewan, 1.16M) reports a new study by the Mailman School of Public Health at Columbia University and the Children's Health Fund has found that many of "the poorest families" displaced by Hurricane Katrina "still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children. The study, conducted in the Gulf Coast region of Mississippi a year after the storm," consisted of "face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous. 'For all practical purposes, these FEMA trailer parks are in fact internal refugee camps,' Dr. Redlener said."

The CBS Evening News (2/1, story 10, 2:55, Keteyian, 7.66M) reported that the study's "most startling finding" was that "as many as 10,000 displaced children across the Gulf are now suffering from clinically diagnosed depression, a 400% increase from before the storm." Redlener was shown saying, "The loss of hope is a very powerful factor here." Gil Jamieson, the deputy director for Gulf Coast recovery for FEMA was shown saying, "We have families living with children. We're doing all that we can do to move those people into a permanent housing alternative as quickly as we can." Keteyian: "All you can do?" Jamieson: "We are." Keteyian: "That's not what I'm hearing in the camps and trailer parks. You know there's a great deal of anger." Jamieson: "Sure." Keteyian: "A great deal of hopelessness in those sites right now." Jamieson: "There is, indeed, and I think you need to look at that against the context of what we have accomplished." Keteyian: "FEMA has found emergency housing for more than 80% of those displaced by the hurricane, but that's little comfort to the residents still stuck in this trailer camp, ironically named Renaissance Village. FEMA recently signed a new four-year contract with the company that provides security here."

WSJournal Says Insurers Being Made "Scapegoats For Acts Of God." The Wall Street Journal (2/2, A18, 2.04M) editorializes, "Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if

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you live near the coast." The Journal states that the "populist opportunism" of Mississippi Attorney General Jim Hood, who "has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims," is also seen in "Florida, where legislators have passed a 'reform' that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market." The Journal continues, "More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God."

WPost Says Coast Guard Guilty Of Poor Contract Management. The Washington Post (2/2, A14, 690K) editorializes, "Though some of it is overblown," recent criticism of the Coast Guard's Deepwater modernization program "is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste." Coast Guard chief Adm. Thad W. Allen's statements in front of "an irate House oversight panel," where he "took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process" were "a start." The Post says, "After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted."

WAR NEWS:

Senate Debate To Pit McCain Versus Warner Resolutions. The Los Angeles Times (2/2, Levey, Gaouette, 850K) reports, "The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup. After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of 'full support' against one introduced by Sen. John W. Warner (R-Va.) that 'disagrees' with the president's proposal." But "how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions." The Times adds, "Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber." Meanwhile, "McCain and other senators escalated their attacks on the Warner measure and its supporters."

The Wall Street Journal (2/2, A4, Rogers, 2.04M) says Bush's "Senate allies want a vote next week calling on the Baghdad government to 'make visible concrete progress' toward 11 political, military and economic benchmarks." The McCain resolution "is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee." Sen. Joseph Lieberman, "the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans" led by McCain. The Journal notes "a handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy." And GOP Sen. Judd Gregg, "an ally of the White House, had surprised many this week when he said he was 'considering' supporting the Warner language." Yesterday, he said "he had decided not to vote for the measure."

The New York Times (2/2, Hulse, 1.16M) says the "shifting allegiances -- and the intense procedural gamesmanship preceding votes next week on Iraq policy -- left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board."

McClatchy (2/2, Talev, Schoof) notes "some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. 'I'm always working,' he said." Majority Leader Harry Reid "left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward. 'We'll have to see. He's doing very well,' Reid said in a brief interview with McClatchy Newspapers." But "Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week. While Reid

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stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains."

The Washington Post (2/2, A4, Weisman, Murray, 690K) says "Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans." But "defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500." The Post adds, "Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution."

The Washington Times (2/2, Hurt, 88K) headlines its report "Majority In Senate Support 'Stay The Course' Resolution," and says "a bipartisan majority in the Senate yesterday united behind a firm 'stay the course' resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war." The resolution "is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war. … Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States 'should continue vigorous operations' in parts of Iraq and that early withdrawal 'would present a threat to regional and world peace.'"

The network newscasts largely ignored the McCain resolution. Instead, they focused on Warner's, and suggested it is gathering strong bipartisan backing. NBC Nightly News (2/1, story 2, 1:40, Williams, 9.87M) reported on "an unusual joining of forces on Capitol Hill over the war. Senators in both parties seem to have agreed on a single one of those resolutions opposing the President's troop buildup." NBC (Reid) added, "A big development in the Senate today. A compromise between two groups of senators opposed to sending more troops to Iraq. One group is led by Democrat Joe Biden and Republican Chuck Hagel. The other by Republican John Warner who felt the Biden-Hagel resolution was too harsh. Today the two groups joined forces for the most part adopting Warner's language. Now on the eve of a major showdown, the Senate breaks down into three major factions. First, nearly all Democrats and at least half a dozen Republicans plan to vote for a nonbinding resolution opposing the President's troop buildup. The second faction, most Senate Republicans, who intend to support the President's plan. And third, a small number of liberal Democrats who say they won't vote for any nonbinding resolution."

ABC World News (2/1, lead story, 3:15, Tapper, 8.78M) reported passage of a Senate resolution "with a bipartisan majority…would be a harsh political blow to the President. But the worst thing for the White House is the man putting together the compromise legislation" is Warner, "a leading Republican." The resolution "has a good chance of winning a bipartisan majority. … To win Republicans, the bill now states that funding for troops in the field should not be cut. But that provision may cause defections by the Democrats' liberal wing, who are frustrated that a non-binding resolution does not actually do anything. And want to use the power of the purse to force the President to change course." Also on ABC World News (2/1, story 2, 1:30, 8.78M), George Stephanopoulos said, "This would be the first time the Senate would be on record opposing the President's policy. That has great moral and political force. It also puts the Senate and Congress one step closer to using their constitutional power to restrict funding for the war effort if the situation doesn't improve on the ground in Baghdad. There would be no more intermediate steps."

The Senate debate was extensively covered by local TV. Like the network reports, local broadcasts also focused on the Warner measure. Some examples: ABC affiliate WSET-TV (2/2, 11:22 pm) in Roanoke said "there seems to be little doubt that the Senate will pass a resolution opposing the measure. The questions are how tough the language will be and how many Republicans will go along. … A new compromise resolution, designed to win over more Republicans, gained momentum Thursday and will most likely be voted on early next week. … The Bush Administration has resigned itself to the fact that there will be a vote voicing opposition to the President's policy." Almost identical stories ran on many other ABC affiliates, including KFBB-TV Great Falls, MT (2/1, 10:13 pm), WJET-TV Erie (2/1, 5:18 pm), KXXV-TV Waco (2/2, 5:05 pm), and KABC-TV Los Angeles (2/1, 5:02 pm).

WFXW-TV Terre Haute (2/2, 10:02 pm) reported, "The Senate may be on the verge of a final agreement to oppose the President's surge plan, and the resolution getting support has been brought to the table by a Republican, Virginia Senator John Warner. It appears to satisfy some Republicans who were concerned that a strongly worded resolution could

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send the wrong message to the troops," but it also "meets the demands of many Democrats who had sponsored their own resolutions to stop the troop surge."

KTVU-TV San Francisco (2/1, 5:15 pm) reported, "A bipartisan, nonbinding resolution offered by Democrat Carl Levin and Republican John Warner gained attention as it brought together important elements of earlier proposals. Key to some Republicans, it makes clear that funding for our troops will not be cut, and for Democrats, a strong call not to build up troop levels. But the White House says it's not a true solution."

On CNN's The Situation Room (2/1, Blitzer), DNC Chairman Howard Dean said, "The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words. I think this is a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive."

CNN's The Situation Room (2/1, Blitzer) interviewed Sen. Levin, who said, "There's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the President's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course."

On MSNBC's Hardball (2/1, Matthews), Rep. Jack Murtha, who has just returned from a trip to Iraq with Speaker Nancy Pelosi, said, "One of the things we found in Iraq confirming the things we've been saying, we can't win it militarily. We don't think so. In our opinion, there's got to be some negotiations between the Shias and the Sunnis. And that doesn't look like it's going to happen. As a matter of fact, I told the Prime Minister of Iraq I wasn't about to recommend funding $5 billion for their equipment if they weren't more cooperative and if they didn't do some negotiations because I think that may help. I don't think it's going to win the war, but I think it will certainly help." Murtha said the Administration "understand[s] that the appropriation process -- we're building a case to actually divert some money from the surge to the resupplying and resetting our equipment."

On Fox News' Special Report roundtable (2/1), Morton Kondracke of Roll Call said, "Senator [Christopher] Dodd is exactly right. This is a resolution says we disagree with what the President wants to do, we want to oppose the status quo, and we're not going to do anything about it. We do not want them to increase the number of troops, we're not going to call for withdrawal of any troops. We're not going to cut off funds. So, it really is the status quo. And everybody acknowledges that the status quo is not working. So, I do not know what they think they're going to get done here, but it is a way of demonstrating dissatisfaction with the president, and that's the political impetus behind it."

Bush To Discuss Iraq With GOP Senators Today. USA Today (2/2, Kiely, 2.27M) reports, "As the Senate prepares to debate his plan to increase troop levels in Iraq…Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party. Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception." USA Today adds, "It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq. Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday. Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota -- one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 -- expressed exasperation with Bush's policies in Iraq at a hearing earlier this week."

Making Case On Senate Vote, Snow Notes Bin Laden's Words About Lack Of US Resolve. CNN's The Situation Room (2/1, Blitzer) reported White House press secretary Tony Snow "is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist." Snow was shown saying, "Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

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On Fox News' Special Report roundtable (2/1), Juan Williams of National Public Radio said, "At moment, the White House is involved in a very aggressive campaign to try to hold the line. They say to people, give us time, don't hurt the president, don't hurt the troops. That's the way they're posturing it. But, I mean, they're going against a tidal wave of public sentiment."

"Surge" Could Involve 48,000 US Troops, Cost Nearly Triple Bush's Price Tag. CQ (2/2, Oliveri) reports, "Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers." The report by the Congressional Budget Office "found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed." McClatchy (2/2, Rosen) says the surge "could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge," according to the CBO. If "the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion."

NIE Estimate Sees Strong Chance Of Further Deterioration, With Little US Control Of Outcome. The Washington Post (2/2, A1, Deyoung, Pincus, 690K) reports, "A long-awaited National Intelligence Estimate on Iraq, presented to…Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document." The NIE "comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption." The document "emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to US goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus."

"Element Of Principle" In Feingold's Move To Cut Off Funding Praised. In a Wall Street Journal column (2/2), Kimberly A. Strassel writes, "The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party." Sen. Russ Feingold "held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war. … For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin."

Casey Says Bush's "Surge" Calls For More Soldiers Than Needed To Pacify Baghdad.

The AP (2/2, Espo) reports, "The outgoing top US general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad." Casey "quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could 'either reinforce success, maintain momentum or put more forces in a place where the plans are not working.'" USA Today (2/2, Brook, 2.27M) reports White House spokesman Tony Snow "said the president has talked to Casey, and 'Gen. Casey supports the plan.'" In fact, McClatchy (2/2, Schoof) says "Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility."

The Washington Times (2/2, Scarborough, 88K) also says Casey "broke with his superiors, including…Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing. 'I do not agree that we have a failed policy,'" he said.

Much of the coverage of Casey's testimony focuses on the strongly worded criticism he faced from senators,

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particularly Republican John McCain. ABC World News (2/1, story 3, 1:25, Gibson, 8.78M) said Casey "did not get much support on Capitol Hill today. Testifying before senators, he found himself under attack. Unusual to find a commanding general subjected to such criticism." McCain: "General I don't question your honorable service. I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy." Casey: "Senator, I do not agree that we have a failed policy. I believe the President's new strategy will enhance the policy that we have." Sen. Lindsey Graham: "In what percentage of the country would it be impossible for an American to walk down the street without being afraid of being shot at or killed?" Casey: "Probably about half, actually, Senator." Graham: "Here we are, two and a half years later. Half the country, no American can walk down the street." Casey "was on Capitol Hill because he's been nominated to be Army chief of staff. Despite the clashes and criticism General Casey is expected to be confirmed by a wide margin." The Washington Post (2/2, A4, Ricks, 690K) says that "summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey."

NBC Nightly News (2/1, lead story, 3:35, Williams, 9.87M) reported Casey "was grilled by members of the Senate. It was verbal combat and it got heated." NBC (Miklaszewski) added, "This was an unprecedented public reprimand of a senior US military official over the war in Iraq." And the CBS Evening News (2/1, story 5, 2:25, Martin, 7.66M) noted that "if he is confirmed, Casey will be responsible for providing all those extra troops he didn't want to send to Iraq."

Focusing on McCain's criticism, the Washington Post (2/2, A13, 690K) reports that though the senator "has been a firm supporter of the Iraq war and of…Bush's plan to send an additional 21,500 troops to Baghdad in the coming months," yesterday "he expressed stark concerns about the war." Said McCain, "Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing."

The New York Times (2/2, Cloud, 1.16M) refers to "withering criticism from some Senate Republicans," and says the exchanges "underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq." The Los Angeles Times (2/2, Barnes, 850K) reports Casey was "was berated by leading Senate critics," and describes the general as "an unenthusiastic supporter of the new strategy."

Suicide Attack Kills 45 At Baghdad Market.

The CBS Evening News (2/1, story 4, :15, Couric, 7.66M) reported that in Iraq yesterday, "45 people were killed…when suicide bombers attacked a market 60 miles south of Baghdad. And in the capital, six Iraqis were killed and a dozen others hurt when a car bomb went off near a busy shopping area." NBC Nightly News (2/1, story 3, :25, Williams, 9.87M) reported "one Iraqi official says 1,990 civilians were killed in the month of January alone."

USA Today/AP (2/2, 6A) reports that in the market, two blasts "hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded." The Washington Post (2/2, A1, Londono, Sarhan, 690K) says the first explosion "sent a throng of shoppers at the covered market rushing toward another exit. There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said."

The New York Times (2/2, Glanz, 1.16M) reports "the explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. … The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite."

Baghdad Sees First Signs Of Security Crackdown. The AP (2/2, Hurst) reports, "US Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown." American and Iraqi commanders "are pulling together a force that numbers -- on paper at least -- about 90,000 troops for what many see as a last-chance drive to

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curb the debilitating violence that has turned Baghdad into a battleground and killed -- according to the United Nations -- more than 34,000 civilians last year alone. … Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims. It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers."

The CBS Evening News (2/1, story 6, :15, Couric, 7.66M) reported, "Iraq's government is gearing up for that upcoming security crackdown. Today it closed a key border crossing with Iran and also suspended flights to and from Syria."

American Troops Strive To Provide Positive Image To Iraqis Amid "Chaos Of War." The Los Angeles Times (2/2, Perry, 850K) reports that "a new batch of troops is trying to win the hearts and minds of the public" in Iraq. Marines face a challenge due to recent transgressions of a few soldiers as well as occasions when "insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans." Along with "dozens of deaths…suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous." Rumors and tales of mistakes about Marines in the region are "tragic but understandable in the chaos of war," according to one Haditha resident.

Krauthammer Says US "Midwifed" Iraq's "Freedom," But Iraqis "Chose Civil War." In the Washington Post (2/2, A15, 690K), Charles Krauthammer writes, "Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. 'We did not give them a republic,' insists Newsweek's Fareed Zakaria. 'We gave them a civil war.'" Adds Krauthammer, "Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain 'give' India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda? We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?" The argument "infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war."

Administration Delays Release Of Evidence Backing Claims On Iran. The New York Times (2/2, A13, Sanger, Mazzetti, 1.16M) reports President Bush's national security advisers "have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq," senior administration officials said Thursday. The decision was described by officials "who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence." Some administration officials said there was "a continuing debate about how well the information proved the Bush administration's case." One official who has reviewed elements of the briefing "said the decision to delay it -- made by [Secretary] Rice, Defense Secretary Robert M. Gates and [NSA] Stephen J. Hadley -- was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces."

US Says It Won't Block Iran's Moves To Establish Banks In Iraq. The Wall Street Journal (2/2, A8, Solomon, Dreazen, 2.04M) reports senior Bush administration officials said the US "won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in US efforts to limit Iranian influence there." US approval of Iran's "economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq." US officials had "initially reacted coolly" to the Iranian plans, but in interviews yesterday, senior Bush administration officials 'said the US accepted the Iranian economic moves and would make no effort to block them."

Iraq Fears Being Caught In Middle Of US-Iran Tensions. The Chicago Tribune (2/2, Sly, 617K) reports, "Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies." The Bush administration's increased

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rhetoric towards Iran "has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the US," Iraqi officials say. Iraqi government spokesman, Ali al- Dabbagh, told a news conference Thursday in Baghdad, "We want to maintain good relations with our neighbors, especially Iran. We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others." Iraq "also wants to maintain good relations with the US," he added, "stressing that Iraq does not condone attacks against US forces in Iraq."

The Los Angeles Times (2/2, Richter, Roug, 850K) reports that "the Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs." Although the US has yet to receive and invite from the Iraqi government, "the meeting is intended to 'promote support for the government of Iraq on security and other issues,' said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States." According to Sumaidy, this summit is "part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10." This summit "comes at a time when U.S. officials have accused Iran of meddling in Iraq" and "the Bush administration…has complained that Syria is allowing foreign fighters to cross into Iraq."

Brzezinski Warns Iraq War Will Lead To Other Conflicts. The AP (2/2, Schweid) reports former national security adviser Zbigniew Brzezinski warned Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world. Appearing before the Senate Foreign Relations Committee, Brzezinski said, "If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large."

Military Source Says Israel Preparing To Attack Iran's Nuclear Sites. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, that "a military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities." Sources say "the Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers" explaining their recent purchase "U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities." While "the Bush administration is hardening its position on Iran" it "is holding Israel in check from attacking" although this has not stopped Israel from acting unilaterally with its military before.

Ahmadinejad Calls UN Sanctions Ineffective. The New York Times (2/2, A10, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad "said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program." Speaking to reporters, he said Iran is "rapidly becoming a superpower," and its "strength does not come from military weapons or an economic capability." Ahmadinejad's comments come "as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the [UNSC] over Iran's nuclear program could have dangerous consequences."

The AP (2/2, Dareini) reports Ahmadinejad also "suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz." The installation would be "a major jump in Iran's uranium enrichment program, though it could take months to" complete. Meanwhile, AFP (2/2, Adler) quotes a Vienna-based diplomat as saying Iran has already begun installing centrifuges at the Natanz site.

Russia Calls For Delay In Imposing Sanctions. The Wall Street Journal/AP (2/2, A8) reports Russia Thursday "signaled that it backs a 'time-out' proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment." The Foreign Ministry said in a statement, "We believe the initiative put forward by the IAEA head...suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention."

Russia May Seek Gas Accord With Tehran. The New York Times (2/2, A10, Myers, 1.16M) reports, "Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas."

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He "stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations." At the same time Putin also reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks "underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions."

On its front page, the Wall Street Journal (2/2, A1, Gold, White, 2.04M) notes that "while there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the US, which still gets most of its gas within North America." The Journal also writes that the "prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever."

Chirac Again Seeks To Clarify Remarks On Iran. The New York Times (2/2, Bennhold, 1.16M) reports French President Jacques Chirac, "seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power." The statement was issued "within hours" of the publication of an interview in which Chirac "said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran." The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The Washington Times/AP (2/2, Keaten) questions whether the comments reflect that Chirac "at age 74 and in the waning months of his second and likely last term" is "losing his political touch" or "even his mental vigor?"

In an editorial, the Wall Street Journal (2/2, A18, 2.04M) writes, "They're certainly going to miss [Chirac] in Tehran" after his term ends later this year. The Journal notes that Chirac" won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse."

Regime Change Urged In Iran. Author Amir Taheri writes in the Wall Street Journal (2/2, A19, 2.04M) that the question in Tehran "these days" is "Will they hit or not?" The question is "wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite." In addition, the Khomeinist leadership is "divided over the reality of the threat, and over ways of dealing with it." While President Ahmadinejad "claims that the US is in no position to do much damage," the "bulk of the Khomeinist leadership, including the 'Supreme Guide' Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic." Taheri warns the international community about being "duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior." Instead, he says, "what is needed is a change in the nature of the regime."

Friedman Urges Oil Conservation To Undermine Iranian Regime. In his New York Times (2/2, 1.16M) column, Thomas L. Friedman writes that "getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union -- it overdosed on oil -- and it could end up being the real story of Iran, if we're smart." The "sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad -- and then the collapse in prices in the '80s helped bring down the overextended empire." Iran has been spending billions on subsidies "to buy off interest groups. ... So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends." The "best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours."

Afghan Parliament Urges Amnesty For Citizens From Past Wars. The New York Times (2/2, Gall, 1.16M) reports that "Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the

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government to grant immunity to all Afghans involved in the wars of the last 25 years." This resolution "brought protests on Thursday from human rights advocates and the United Nations…who had been working with the government on a plan to address the many abuses over the last three decades." Afghan lawmakers remain firm and support the resolution "in the interest of peace and stability" which "was approved just days after President Hamid Karzai began work on the government's reconciliation plan," including proposed "talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban."

US Military Makes Arms And Equipment Donation To Afghan Army. The AP (2/2, Faiez) reports that "the United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents. The donation included "800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back" after the more modern technology enables the Afghan National Army to evolve into "a well equipped, well-trained, well-led, self-sustaining army," according to U.S. Maj. Gen. Robert Durbin at the donation ceremony at a military base in Kabul. During the ceremony, Afghan President Karzai "thanked the U.S. officials and said that such donations and further training would enable Afghans 'to stand on our own feet.'

Rising Drug Trade Linked To Terrorism In Afghanistan. The New York Times (2/2, Risen, 1.16M) reports in detail the US deal with known Afghani drug lord and Taliban ally Haji Bashir Noorzai. After years of deals with Mr. Noorzai in an attempt to collect counter-terrorism knowledge all of the negotiations went sour resulting in his recent arrest in New York. "In Afghanistan, finding terrorists has always trumped chasing drug traffickers," according to Bobby Charles, "the former top counternarcotics official at the State Department." Illustrating the complex issues involved "in fighting the war on terrorism," when "government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful" although "it is often not clear whether the benefits outweigh the costs."

Pentagon Reorganizes Non-Fatal Casualty Statistics On Web Page. The New York Times (2/2, Grady, 1.16M) reports that "statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan." According to Dr. Michael Kilpatrick, the deputy director of force health protection and readiness at the Defense Department, "the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were." The change was motivated when "public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 'nonmortal woundings' in Iraq and Afghanistan." That number was a miscalculated mistake "from a Web page posted by public affairs employees at the Department of Veterans Affairs" who combined "combat and noncombat injuries as well as illnesses and labeling them all 'woundings' instead of casualties." Now both web sites have been changed.

DOJ:

DOJ Concedes Prosecutorial Misconduct In MA Mob Slaying Case. The Boston Globe (2/2, Murphy) reports, "An internal Justice Department investigation concluded that a federal prosecutor in Boston 'engaged in professional misconduct and exercised poor judgment' while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday." The Globe continues, "In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that 'disciplinary action' had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone. … Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying. … Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases." The Globe notes, "In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was 'preparing a more detailed response' to an earlier letter from Wolf. … Samantha Martin , a spokeswoman for US Attorney

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Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, 'We are prohibited from commenting on any internal personnel matters beyond what is available in the public record.' … Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate."

Massachusetts Federal Prosecutor Heading To Main Justice. The Worcester (MA) Telegram & Gazette (2/2, Hammel) reports, "Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC." The T&G continues, "Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members." The T&G adds, "The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy. … The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here. … Mr. Casey said of his new assignment, 'I'm honored that they asked me.'" The T&G notes, "Son of a Swampscott police officer, Mr. Casey said, 'I like to prosecute violent guys. I think there's a federal interest in keeping the community safe. … In part because of the employment of his father, who died in the early 1990s, he said, 'I've always loved working with police departments.' … That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe."

CORPORATE SCANDALS:

Senate Report Finds SEC Mishandled Pequot Probe. The New York Times (2/2, Bogdanich) reports, "The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday." The Times continues, "The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management. … The report did not cite examples of what testimony might have been false." The Times adds, "The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations. … Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run. … 'At best, the picture shows extraordinarily lax enforcement by the S.E.C.,' Senate investigators concluded. 'At worse, the picture is colored with overtones of a possible cover-up.' … The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were 'deeply troubled' by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly. … The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing. … The S.E.C. closed its inquiry without charging anyone in connection with the Pequot inquiry."

Investors Sue Dell Alleging Improper Accounting. The Wall Street Journal (2/2, A14, Clark, Lawton, Wilke) reports, "Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip

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maker Intel Corp." the Journal continues, "The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as 'secret and likely illegal' kickbacks by Intel to ensure that Dell use no other chip supplier." The Journal adds, "In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors. … Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would 'move quickly' to defend itself. … The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins."

DOJ Probes Siemens For Possible Bribery. The Financial Times (2/2, Milne) reports, "Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal." The Times continues, "The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report." The Times adds, "The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact. … Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers." The Times notes, "Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said. … The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations."

AOL Case Heads To Jury After Three Months Of Trial. The Washington Post (2/2, D1, Johnson) reports, "An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001." The Post continues, "The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday." The Post adds, "Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the 'rocket docket' for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to 'look away from the facts' but instead to remember 'a lesson we all learned from the time we were children: Simply tell the truth.' … Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said. … 'These guys would rather cheat than fail,' Assistant U.S. Attorney Adam Reeves told the jury Tuesday." The Post notes, "U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo."

LATimes Criticizes Bid To Crack Down On CEO Pay. The Los Angeles Times (2/2, 850K) says in an

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editorial, "In 1993, outrage over sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore." The Clinton-era "rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques." The "issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock."

CRIMINAL LAW:

FBI Agent Testifies At Libby Trial, Casting Doubt On Libby's Veracity. In a widely-distributed story, the AP (2/2, Apuzzo) reports, "In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis 'Scooter' Libby to be: not very. … Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later. 'He said that?' defense attorney Theodore Wells asked. 'That's what he claimed,' Bond replied. 'He said it,' Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in. … Bond didn't flinch: 'He told us that, yes,' she said."

Fox News' Special Report (2/1, Herridge) reported Bond "testified that…Libby told agents that Dick Cheney was his source. … However, according to the prosecution, Libby told the grand jury that he first heard the Plame information from journalist Tim Russert…a full month after Libby said he talked to the Vice President. The question is whether Libby lied or his memory failed him." MSNBC's Hardball (2/1, Shuster) noted that Bond's testimony "was dramatic, and it was all about Vice President Cheney. … This is a huge deal politically, as far as the vice president is concerned. It's also very big deal legally, as far as Scooter Libby is contend, because it's yet another nail in the coffin for prosecutors to show that Scooter Libby had motive to lie about his statements about where he learned information about Valerie Wilson."

Under the headline "Libby Left Out Some Facts In Interviews, FBI Agent Says," the Washington Post (2/2, A8, Goldstein, Leonnig, 690K) reports, "Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information." The Post adds, "During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12."

Under the headline "F.B.I. Agent Says Libby Denied Being Leak Source," the New York Times (2/2, Lewis, 1.16M) reports, "In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson's criticisms. The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters."

Jurors See Video Of McClellan Saying Libby "Had Nothing To Do" With Leak. USA Today (2/2, Willing, 2.27M) reports, "Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis 'Scooter' Libby 'had nothing to do' with leaking information about the wife of a Bush administration critic. … After McClellan spoke, Libby 'couldn't walk back from his story' without risking being fired," Special Prosecutor Patrick Fitzgerald argued. "The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton," and "Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — 'had nothing to do with the situation.'"

In its story focusing on FBI Special Agent Deborah Bond's testimony yesterday, the Washington Post (2/2, A8,

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Goldstein, Leonnig, 690K) notes that before allowing jurors to see the video excerpts, Walton "expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom…Walton said that argument was undercut by evidence that…McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame." Under the headline "Video Undercuts Libby's Defense," the Los Angeles Times (2/2, Schmitt, 850K) also reports that the McClellan video "dealt a blow" to Libby's "contention that he was made a scapegoat to protect White House political strategist Karl Rove." The Times also briefly notes Bond's testimony about Libby's conversation with Cheney about Plame.

Ignatius Says Cheney, Libby Attempted "Cover-Up." In a Washington Post (2/2, 690K) column titled "A Failed Cover-Up," David Ignatius writes, "Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb?" The Libby "trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA." After reviewing "the documentary evidence" from the trial, Ignatius concludes, "Let me say it again: This trial is about a cover-up that failed."

Crackdown On Online Gambling Freezes Funds. USA Today (2/2, Swartz) reports, "The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services." USA continues, "The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry. … And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers." USA adds, "Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved. … 'The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place,' says Michael Tew, principal of gaming consultant CapitalHQ. 'This could take years.' Funds from other gambling sites are not tied up, Tew and others say." USA notes, "Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. … Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling. … Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business."

Jury Convicts New York Drug Kingpin Of Rivals' Murder Plot. The AP (2/2, Hays) reports, "A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 to have two rivals gunned down in 2001." The AP continues, "A jury deliberated five days before finding Kenneth 'Supreme' McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued." The AP adds, "In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent. … The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv 'Gotti' Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. … Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate. … 'That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens,' prosecutor Carolyn Pokorney said

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during closing arguments. 'And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue.'" The AP notes, "The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole. … U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an 'absurd' waste of time and money. The prosecutors told him this week the officials had not changed their minds."

The New York Times (2/2, Rashbaum) reports, "Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer." The Times adds, "The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years."

Judge Revokes Bail Of Former UN Official Charged With Bribery. In a widely-distributed story, the AP (2/2, Neumeister) reports, "A judge revoked the bail of a former senior United Nations official and ordered him detained until his trial on bribery charges. Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. … Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial." The AP adds, "Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States. The judge said his immigration status was 'precarious' but not illegal."

Coke Trial Jury Deadlocked, But Judge Says To Continue Deliberations. In a widely-distributed story, the AP (2/2, Weber) reports, "A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision." US District Judge J. Owen Forrester "did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams."

FBI, New Jersey AG Investigating Nonprofit's Land Deal. The Camden Courier-Post (2/2, Walsh) reports, "State and federal investigators are probing a private nonprofit organization run by Randy Primas," former Camden chief executive. "The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes. The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year." The Courier-Post notes Primas "previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group."

The Philadelphia Inquirer (2/2, Ott, Moroz, 385K) reports, "Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday. The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families."

South Florida Genovese Capo Pleads Guilty To RICO Charges. In a widely-distributed story, the AP (2/2, Anderson) reports, "The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison. Renaldi 'Ray' Ruggiero, 73, admitted in a plea agreement that he was a 'capo' in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property." The AP notes, "The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130

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other undercover recordings that provide details about the group's plots and crimes. Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending."

The South Florida Sun-Sentinel (2/2, Blum, 237K) reports, "The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved. Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew 'broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect.' Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent."

Phoenix FBI Agents Arrest Priest Wanted For Assault In Nevada. In a widely-distributed story, the AP (2/2, Myers) reports, "A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said. The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix." The federal unlawful flight "charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said." The AP notes, "In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine."

Indiana Man Pleads Guilty To Katrina Relief Fraud. The Fort Wayne News-Sentinel/AP (2/1) reported Alan King of Bloomington "pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college loans, federal authorities said. … Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005."

Mississippi Women Charged With FEMA Relief Fraud. The Biloxi Sun Herald/AP (2/1) reported, "Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina. Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26." The AP notes, "Indictments…say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005."

Massachusetts Man Sentenced To Four Years In Prison For Defrauding Cisco. The Boston Herald (1/31, Fitzgerald, 184K) reported, "A Pepperell man and former worker at Hanscom Air Force Base was sentenced" Tuesday "to more than four years in prison for scamming Cisco Systems out of more than $4.7 million." Nicholas Stoupis, "who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment." The AP (1/31) also reported on the sentencing.

Judge Revokes Bail Of Alleged Pennsylvania Child Pornographer. The Philadelphia Inquirer (2/2, Shiffman, 385K) reports, "A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography. Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl." The Inquirer notes, "Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children. In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail."

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Report Warns Of Increasing Deaths, Imprisonment Of Reporters. The AP (2/2, Yen) reports, "The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday." The AP continues, "The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia." The AP adds, "In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links. … 'There has never been a more dangerous time to be a journalist,' said Lucie Morillon, Washington director of Reporters Without Borders. 'But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate.'" The AP notes, "The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S. … At least 60 people are in prison worldwide for posting criticism of their governments online. … China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said. … In the U.S., the report said journalists and bloggers' 'freedom of expression' is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike. … Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course. … Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism."

Inmate Who Escaped With Official's Wife Is Sentenced. The New York Times (2/2, Blumenthal) reports from Mangum, OK, "A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping. … Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember." The Times continues, "The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living together in a trailer on a chicken farm in East Texas in April 2005. … Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live. … But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying."

Mother Reunited With Abducted Boy. The Washington Times (2/2, Wagner) reports from Linthicum, MD, "A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national. … 'My grandma told me we would never find him,' said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport." The Times continues, "Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale. … Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status." The Times adds, "Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother. … She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children."

DC Transit Police Cracking Down On Metro Robberies. The Washington Post (2/2, B3, Sun) reports, "The number of robberies throughout the Metro transit system

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increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday." The Post continues, "The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies. … Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said." The Post adds, "In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell. … Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said."

"Failure To Appear" Charges Face Opposition In Connecticut. The New York Times (2/2, Cowan) reports from Norwalk, CT, "Some call the 'failure to appear' charge a prosecutor's best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms." The Times continues, "Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison." The times adds, "Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back. … It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge. … She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance." The Times notes, "Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield. … At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge. … Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls 'other offenses.'"

Kaine Questions Expansion Of Death Penalty In Virginia. The Washington Post (2/2, B5, Shear, 690K) reports Virginia Gov. Timothy M. Kaine, "who ran for office pledging to enforce the death penalty despite his personal opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment." Speaking to Washington Post reporters and editors, Kaine "questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges." Kaine said, "I do not look at the expansion of the death penalty with a favorable eye. … I would not say that the problem in Virginia is that the death penalty is not applied enough." The Post adds Kaine also "discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs."

CIVIL LAW:

FEC To Examine 527 Group Activities. The Washington Post (2/2, A13, Mosk, 690K) reports the Federal Election Commission "said yesterday that it will police '527' groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for

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contributions, how they describe themselves, and how they spend their money." If the groups "make clear that they are advocating for or against a specific candidate, the FEC would regulate them." FEC Chairman Robert D. Lenhard said, "We're providing clear guidance. This makes it clear that the existing rules will be enforced." The Post adds the FEC "filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups."

CIVIL RIGHTS:

DOJ Suit Claims Pennsylvania Apartments' No-Dog Policy Discriminates Against Blind. The AP (2/2) reports, "The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster (PA) apartment complex, alleging their rental policies discriminate against the visually impaired." The AP continues, 'The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides." The AP adds, "Department of Justice officials posing as potential renters conducted the investigation into the complex's policies. … The investigation found the apartments use discriminatory housing practices by 'refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling,' the complaint said." The AP notes, "The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected. … 'The services of guide dogs are essential to individuals with visual impairments,' Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. 'Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment.'"

DOJ Settles Voting Rights Allegations With New Mexico County. The AP (2/2) reports from Grants, NM, "The U.S. Department of Justice has settled voting rights claims against Cibola County (NM). … The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday." The AP continues, "Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county. … The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge. … 'I felt that the county had been complying but the Justice Department felt there were a few problems' that warranted the extension, Diaz said." The AP adds, "American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said. … Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it. … The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls."

Mississippi Voting Rights Trial To Resume February 15. The AP (2/2) reports from Jackson, MS, "A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections." The AP continues, "Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites. … Noxubee County is a rural area along the Alabama line with a majority black population." The AP adds, "On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice. … Lee, who is hearing the case without a jury, has not indicated when he might rule. … The trial began Jan. 16 in federal court in Jackson." The AP notes, "Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

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… The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority. … However, Justice Department expert Theodore Arrington said Brown and his 'political machine' have exploited the election process to ensure blacks control the county."

Alabama Appeals DOJ Ruling On County Commissioner's Appointment. The Mobile Press-Register (AL) (2/2, Murtaugh) reports, "The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision 'an affront to the state's sovereignty and federalism itself.'" The Press-Register continues, "In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang. … The Justice Department's decision 'invites chaos into state governmental functioning,' the letter stated." The Press-Register adds, "Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it 'appears to diminish the opportunity of minority voters to elect a representative of their choice.' … The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace." The Press-Register notes, "Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters. … A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking."

Texas Deputy At Center Of Furor Over Convicted Border Agents. The Washington Times (2/2, Seper) reports, "A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States." The Times continues, "The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month. … The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year – 'followed the letter of the law' in defending himself in the April 2005 incident and questioned why the government brought charges. … 'This is a fine young man, and I just don't believe he committed the wrong of which he was accused,' Sheriff Letsinger said. 'I have never had anything hurt me so badly as this prosecution. We've got to make this right.'" The Times notes, "Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as 'Gilmer,' 'another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America.' … 'Once again, our government is on the wrong side of the border war,' Mr. Poe said." The Times notes, "The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills. … U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away 'knowing it was occupied with the nine individuals,' at least seven of whom were illegal aliens -- some of whom later were called to testify for the government. … Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating 'under the color of law' the civil rights of Maricela Rodriguez-Garcia, a Mexican national."

DC Hairdresser Sued For Sexual Harassment. The Washington Post/AP (2/2, C07) reports, "Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months." The AP continues, "An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia." The AP adds, "Lawyers for Chreky and his salon denied Barrett's allegations. Chreky is fighting similar charges

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by another former employee, Jennifer Thong, who sued in September. … Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving."

Florida To Abandon Touch-Screen Voting Machines. The New York Times (2/2, Goodnough, Drew, 1.16M) reports Florida Gov. Charlie Crist "announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election." Voting experts "said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count."

55% Say Military Should Let Gays, Lesbians Serve Openly. The Wall Street Journal (2/2, 2.04M) reports a "new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military." By comparison, "19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve 'only if they keep their sexual orientation a secret,' and 18% said they should 'not be allowed to serve in the military at all.'" The survey, "conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's 'Don't Ask, Don't tell' policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military." Forty-six percent "said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%)."

ANTITRUST:

US Subpoenas PackerKiss Securities In Bond Probe. Bloomberg (2/2, Cataldo) reports, "PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market." Bloomberg continues, "The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week. … 'As a registered broker dealer we are required to maintain all the files and records that the subpoena requested,' said Mary Packer, the company's president, in a telephone interview. 'We fully cooperated in supplying these in the full knowledge they were complete and absolute.'" Bloomberg adds, "PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding. … U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial."

Microsoft Plans To License Instructions In Bid To Pacify EU. The AP (2/2) reports, "In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers." The AP continues, "The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate." The AP adds, "EU regulators fined Microsoft in July for failing to submit the 'complete and accurate' data it said was needed for rival server software to

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work with Microsoft's ubiquitous Windows desktop operating system. … Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols. … Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive."

United Airlines CEO Sees Mergers As Still Viable. USA Today (2/2, 3B, Adams) reports, "US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for other airline mergers, United Airlines CEO Glenn Tilton said Thursday." USA continues, "Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines 'would be different if the two companies and the boards agreed.' … A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers." USA adds, "He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues. … His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have 'ground to a halt.' … US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer."

ENVIRONMENT:

Report Expected To Heighten Pressure On Governments To Reduce Emissions. The CBS Evening News (2/1, story 8, 2:40, Couric, 7.66M) reported, "The world's leading scientists will release their highly anticipated study on global warming tomorrow, and the news is not good." CBS (Phillips) added, "The grim report to be issued [in Paris] tomorrow by the world's top climate scientists is expected to go further than ever before in laying the blame for global warming on human activity." Phillips: "In the same way as the US took a long time to accept the realities of global warming and its human causes, the Bush Administration is now stressing a very different response to most countries in how to respond to it." The US "is counting on future science. It's funding a study to see if millions of reflective plates launched into space and positioned between the earth and the sun could reflect enough energy away to limit the warming, a giant space sunscreen that even the man studying it says is a hugely expensive, desperate idea." Pressure on the US to reduce greenhouse gases "will continue to rise, just like the temperature of the planet."

The Wall Street Journal (2/2, A4, Naik, Ball, 2.04M) says the report, to be published today by the Intergovernmental Panel on Climate Change, "is expected to increase pressure on governments and companies to reduce fossil-fuel emissions." A summary of the report "is expected to assert that human activity is 'very likely' the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions." The "document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change." EPA Administrator Steve Johnson "hailed the IPCC report, saying, 'Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us.'"

USA Today (2/2, 6A, O'Driscoll, 2.27M) reports, "Numerous scientists who had seen previous drafts or participated in the global project have told USA TODAY and other news agencies in recent days that the report foresees worse heat waves and droughts, more powerful storms, heavier rain and gradually rising sea levels as temperatures rise and polar ice continues to melt." The "White House said it would review the report. 'The president has long said that humans are playing a role in global warming, and he's put forward programs to address it,' White House spokesman Tony Fratto said."

The Los Angeles Times (2/2, Maugh, 850K) reports the panel says warming "has become a runaway train that cannot be stopped. The warming of Earth and increases in sea level

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'would continue for centuries ... even if greenhouse gas concentrations were to be stabilized," according to a 20-page summary of the report that was leaked to wire services.'" The Times adds, "Many scientists had argued during the editing process that the report should say it is a "virtually certain" that human activities are causing global warming. That would indicate a 99% certainty. But the change was strongly resisted by China, among other nations, because of its reliance on fossil fuels to help build its economy."

USA Today Urges US To Confront Global Warming. In an editorial, USA Today (2/2, 8A, 2.27M) writes that today's report "makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps." The "political climate for change appears to be improving, perhaps radically, despite the cost. ... Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address." States "have started responding out of frustration at the mismatch between federal inaction and the severity of the problem." The US "has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming."

Cato Scholar Warns Against Wasting Billions In Futile Attempt To Curb Warming. In a USA Today (2/2, 8A, 2.27M) op-ed, reports, Patrick J. Michaels of the Cato Institute writes, "Climatically, Kyoto would do nothing." The "stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and -- a truth that everyone must know -- we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming." The "best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future." Instead of "burning our capital now for no environmental gain (did someone say 'ethanol?'), let's encourage economic development so people can invest and profit in our more efficient future."

Judge Mulls Release Of Material From Rocky Flats Grand Jury. The AP (2/2, Sarche) reports from Denver, "A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant. … But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released 'cast us adrift in uncharted waters.'" The AP continues, "Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released. … Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules." The AP adds, "The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released. … In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future. … Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released. … 'These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious,' Matsch said."

CDC Issues Guidelines For Battling Flu Pandemics. The Washington Post (2/2, A3, Brown, 690K) reports the Centers for Disease Control and Prevention issued guidelines for battling flu pandemics yesterday afternoon, as noted in yesterday's briefing. The guidelines recommend that states "be prepared to keep children out of school for three months," and businesses "should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work." The 106-page document also outlines "'non-pharmaceutical interventions' against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness." Moreover, "states and metropolitan areas would decide when

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to invoke various measures, such as, closing schools and banning concerts and sporting events." But the guidance "did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged." "'We don't expect we would be able to protect everybody,' the CDC's director, Julie L. Gerberding, said at a news conference" in Washington, D.C.

The AP (2/2, Stobbe) reports that "Federal officials say they don't expect a vaccine will be available" for a pandemic virus "until at least six months into a pandemic" and "on Thursday, Mr. Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus." Under Leavitt's declaration, "all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010." The Journal notes that "although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300-million residents become ill."

The New York Times (2/2, McNeil, 1.16M) reports that while "[h]ealth officials acknowledged that such [flu pandemic] measures would hugely disrupt public life," they "argued that these measure would buy the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months." Dr. Martin Cetron, director of global migration and quarantine for the Centers for Disease Control and Prevention, in releasing the guidelines, said, "We have to be prepared for a Category 5 pandemic. It's not easy. The only thing that's harder is facing the consequences. That will be intolerable."

Army Corps Releases Locations Of 122 Substandard Levees. USA Today (2/2, 1A, Eisler, 2.27M) reports on its front page that the Army Corps of Engineers bowed "to demands from news organizations" Thursday and "revealed the locations…of 122 levees nationwide that are so poorly maintained they could fail in a major flood. Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people." Maj. Gen. Don Riley, director of civil works for the corps, "said communities have one year to fix the problems." USA Today adds, "Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees."

ABC World News (2/1, story 6, 2:35, Gibson, 8.78M) reported, "In most communities, the strength and solidity of…levees are taken for granted. … Today, a new report says 122 levees all around the nation are in danger of failing, and the report says government at all levels has been lax in maintaining the flood walls." ABC (Stark) added, "This list may be the tip of the iceberg. There are other levees also in trouble for structural problems. Local officials are pleading for federal dollars to help."

The New York Times (2/2, 1.16M) reports, "In most cases, the corps built the levees and handed them over to local communities to maintain them. The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said. There is more work to be done, he said, adding, 'It is a concern.'"

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years. The AP (2/2) reports from Tampa, FL, "A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said." The AP continues, "Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said. … Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering." The AP adds, "During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest. … 'The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort,' said U.S. Attorney Paul I. Perez. 'The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue.'"

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"Operation Dawg Pound" Targets Bloods Gang In New Jersey. The New York Times (2/2, Kocieniewski) reports police on Thursday "arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey. Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as 'Money, Sex, Murder,' are considered the state's most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005."

The AP (2/2) reports, "Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids. … Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print." Newsday, WINS Radio in New York, and the Carlisle Pennsylvania Sentinel are among the news outlets that used the AP story.

The Philadelphia Inquirer (2/2) reports, "Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder. … County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol."

The Trenton (NJ) Times (2/2) reports, "By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang."

Neptune, New Jersey's Asbury Park Press (2/1) reported state, federal and local law enforcement officials "arrested 17 adults in a new offensive against the Bloods street gang. Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons."

The Cherry Hill (NJ) Courier-Post (2/1) reported the raids "were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison."

The Newark (NJ) Star-Ledger (2/2, Hepp) reports authorities yesterday "arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs. More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. … [Bobby] Williams…was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant."

On its Web site, WPVI-TV, Philadelphia (2/1) reports, "Among those arrested…at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang. After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community."

WABC-TV, New York (2/2) reports on its Web site that state police "say this is a major assault on the 'Bloods' street gang, which have become notorious across the state for drug activity and gun violence."

Federal Officials' Handling Of Afghan "Drug Lord" Case Scrutinized. The New York Times (2/2, Risen) reports that in April 2005, federal law enforcement officials "summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch...the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York. Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging. … In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs."

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The Times adds, "Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command."

St. Kitts Man Gets 11-Year Sentence In Cocaine-Smuggling Case. The Sun St. Kitts/Nevis (2/1) reported that in about 11 years, Glenroy "Bobo" Matthew "could be released from a U.S. federal prison to be reunited with his family in St. Kitts. Earlier this week, Matthew was sentenced by U.S. District Court Judge K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release. The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States." The case "was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts."

Georgia Man Faces Attempted Murder Charges Following Drug Investigation In New York. The AP (2/2) reports a drug suspect from Georgia "was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room. A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine. … The agents closed the hotel room door and after a few minutes talked [Colin] Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room." Georgia's Columbus Ledger-Enquirer and WSTM-TV in Syracuse used the AP story.

Former Maryland Teacher Gets 6-Year Sentence In Meth Case. The Columbia (MD) Flier (2/1) reported a former River Hill High School social studies teacher "was sentenced in January to six and a-half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine. On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release. Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police."

ATF, FBI Probing Similar Bombs Found In Kansas City, Chicago. The Kansas City Star (2/2, Morris) reports, "Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected." The Star continues, "Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service. … It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's mail facility, she said." The Star adds, "A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as 'threatening.' … The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials." The Star notes, "Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured. … Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads."

13 In San Diego Charged With Weapons Violations In "Operation Colt .45." The San Diego Union-Tribune (2/2, Soto, 324K) reports, "Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday. … They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years. The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office. 'San Diego gang members routinely buy and sell firearms as a commodity,' he said, noting several of the guns had been

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stolen in other states." The Union-Tribune notes, "The investigation was called 'Operation Colt .45' and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives."

Connecticut Gun Dealer Pleads Guilty To Federal Violation. The Connecticut Post (2/2, Mayko) reports from Bridgeport, KT, "Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, 'I'm glad it's over.' … With one word – 'guilty' -- D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford." The Post continues, "Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device. … The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices. … But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out." The Post adds, "Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001. … Yet, they also sought his help as a witness in some federal prosecutions. … It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted."

ATF Gang Probe Leads To Drug Charges Against Two In Washington. The Seattle Post-Intelligencer (2/2, Gutierrez) reports, "Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday." The P-I continues, "Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said. … The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation." The P-I adds, "This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office. … 'Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact,' said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office." The P-I notes, "The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court."

IMMIGRATION:

Judge Rules Louisiana Law Banning Illegal Immigrants From Driving Unconstitutional. The AP (2/2) reports from Gretna, LA, "A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional." The AP continues, "In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002, illegally steps on federal immigration law. … The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans." The AP adds, "The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said. … Under the law, any 'alien student' or 'nonresident alien' who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000. … The law also requires state authorities to report violators to the federal Immigration and Naturalization Service." The AP notes, "Grant said the definition of 'alien student' or 'nonresident alien' was different from that contained in federal law. The identification requirement 'exceeds the standard contemplated by federal immigration law,' the judge wrote. … Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history

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of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said."

Texas Immigration Raid Nets 53 Arrests. The AP (2/2) reports, "Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said." The AP continues, "U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua." The AP adds, "Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said. … The company has yet to learn why some workers were arrested, Flower said." The AP notes, "Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week."

Martinez Endorses Guest-Worker Measure. The Washington Times (2/2, Lambro, 88K) reports, "Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with 'earned citizenship' requirements for illegal aliens." Martinez, "whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, 'I don't support deporting these people because I don't believe that's a realistic approach.'" In an interview with The Washington Times, he "acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, 'My views on immigration are not well understood.'" Added Martinez, "I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things. … But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here."

End Of Catch And Release Said To Have Placed Strain On Immigrant Detention System. In a front page article, the Washington Post (2/2, A1, Hsu, Moreno, 690K) reports the "futuristic tent city" in Raymondville, Texas, built "to keep pace with Washington's increasing demand for stronger enforcement of immigration laws." It "marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home." The change "has led to a dramatic decline in border crossings by non-Mexicans, according to the US Immigration and Customs Enforcement agency. But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams," with detainees "confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. … Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville 'a modern, clean facility' that meets federal standards – 'which we believe are among the highest you'll find anywhere.'"

TAX:

Protective Order Granted In Nebraska Tax Case. The North Platte (NE) Telegraph (2/2, Lindenberger) reports that attorneys representing "Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte." The Telegraph continues, "Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload." The Telegraph adds, "The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners. … Those who were scheduled to appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden." The Telegraph notes, "Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return. … The

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Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS."

Judge Rejects Tax Shelter Once Sold By KPMG. The New York Times (2/2, Browning) reports, "A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters." The Times continues, "The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders." The Times adds, "The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure. … It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio." The Times notes, "Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998. … Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002. … Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips."

CONGRESS-ADMINISTRATION:

Bush To Seek $70 Billion Savings From Medicare, Medicaid. The New York Times (2/2, Pear, 1.16M) reports President Bush will "ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday." The proposals, "part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats." Bush is "also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level."

Bush To Propose Large Boost In Pell Grants. The Washington Post (2/2, A5, Paley, 690K) reports, "The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable." U.S. Secretary of Education Margaret Spellings announced during a speech at North Carolina State University in Raleigh yesterday the proposed increase in the maximum Pell grant by $550 to $4,600. In response, "advocates for students hailed the proposed expansion" but "cautioned that it would be meaningless if offset by cuts to other federal aid programs." Massachusetts Sen. Edward M. Kennedy (D) said that "he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years."

The New York Times (2/2, Pear, 1.16M) reports, "Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100."

The Washington Times (2/2, Fagan, 88K) reports the administration is proposing to "increase the grants to $5,400

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over five years, the largest five-year increase ever." The plan is expected to "meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education. But the government has been under pressure to help more because rising college costs are making it increasingly difficult for some to attend college."

The AP (2/2, Pope) reports, "Education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs." Spellings said that it "would be paid for with increased revenues and 'efficiencies' that she declined to specify, saying details would be released with the president's budget announcement Monday." While, Sen. Kennedy said the proposal "shows how a Democratic Congress is changing the nation's priorities," "increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education."

Portman Defends Bush Budget Plans. In a New York Times letter to the editor (2/2), Office of Management and Budget director Rob Portman says, "In 'The Budget Illusion' (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency. On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012. The editorial specifically warns against 'pie in the sky' revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious."

Labor Department Official's Email Highlights Budget's "Weaknesses." In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs." David James, 'an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled 'DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out.'" One "part of the e-mail highlighted 'Vulnerabilities/Democrat Attacks.' One budget proposal is to 'consolidate and streamline' four training programs, the e-mail said, but 'Democrats portray this as simply a cut on worker training' and oppose it." Another proposal "calls for 'a reduction in the budget' for the Bureau of International Labor Affairs and having 'other federal entities' take over the bureau's 'grant-making function.' 'This will be attacked as neglecting international child labor programs,' James's e-mail said."

"Emergency" Bill Expected To Include Unneeded Spending. USA Today (2/2, Yaukey, 2.27M) reports the Bush Administration next week "is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan." The spending bill is "supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007." But military budget analysts "and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well."

Democrats Put Imprint On 2007 Spending Measure. The Christian Science Monitor (2/2, Chaddock, 59K) reports after "blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy." It is the "first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities." In a "bid to move quickly, House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one. The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for 'unmet needs,' including veterans' healthcare, low-income housing, education, and some 500 research programs." In "Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class." Their "targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing

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schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention."

OMB Deputy Director Suggests There Has Been Too Little Congressional Oversight. The AP (2/2, Ben Feller) reports, "A White House management official said Thursday there is 'very little real accountability' in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress. 'There cannot be enough accountability in the federal government,' said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. 'There is very little today. Very little real accountability.'" However, "Johnson challenged Democratic lawmakers to help solve problems -- not just hold hearings about them." He also "said Democrats can expect candor and cooperation."

OMB Wants Agency Employees To Make Federal Programs More Effective. Under the headline, "A Tale Of Mice Illustrates How To Save Money," the Washington Post's (2/2, D4, Barr) "Federal Diary" column reports, "For an example of how federal employees can make a difference," OMB "offered up the story of feeder mice. When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails." Clay Johnson called the "feeder mice 'my favorite example' of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important." The OMB "wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices." The Post adds, "Federal employees are key to making programs more effective, Johnson said."

Bush Approval Edges Up To 38% In Fox News Poll. Fox News' Special Report (2/1, Hume) reported, "The latest Fox News/Opinion Dynamics Poll finds Americans feeling slightly more favorable about President Bush. His job approval rating rose to 38 percent, that's from 35 percent just two weeks ago. Not great, but better. Congress, however, seems to still be in the doghouse with Americans; 33 percent now approve of the job Congress is doing, about the same as those asked in mid January."

Bush Says Cheney Optimistic, Not Out Of Touch. In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Vice President Cheney has taken a pounding in the biased liberal media for touting the 'enormous successes' in Iraq. He's been called 'a little crazy,' 'crazy as a loon,' 'a compulsive liar' and 'deranged.'" But President Bush, "who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is 'a person reflecting a half-glass-full mentality,' which translated into English means he sees the glass half-full, not half-empty." Bush, "making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. 'And there is distrust in Washington,' he told NPR's Juan Williams on Monday. 'I am surprised, frankly, at the amount of distrust that exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it.'"

Senate Passes Minimum Wage Hike With Business Tax Cuts. The CBS Evening News (2/1, story 2, :20, Couric, 7.66M) reported, "The country's lowest paid workers may finally be get a raise. The Senate voted today to increase the Federal minimum wage for the first time in a decade. The jump from the current $5.15 an hour to $7.25 would be phased in over two years. The House has also voted for a wage hike, but the Senate bill includes some controversial tax provisions and it may take months to work out a compromise." The NBC Nightly News (2/1, story 5, :30, Williams, 9.87M) noted the Senate "linked the wage hike to tax cuts for small businesses. … The two houses have to agree on a final version before anything can be sent to the President."

USA Today (2/2, 5A, 2.27M) reports the Senate tally was 94-3, and says Majority Leader Harry Reid "raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to…Bush." The Wall Street Journal (2/2, A4, Lueck, 2.04M) also notes Reid "questioned whether 'we need all these business pieces of sugar' in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-

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wage increase could emerge from a House-Senate conference without the tax breaks. 'If we go through the process and go through a conference and the message comes back, "You can have the minimum wage stripped down or not at all," then we'll face another vote,' Mr. Durbin said. 'We need Republicans to pass it. If they continue to oppose it, then it will not pass.'"

The New York Times (2/2, Zernike, 1.16M), however, reports that although Reid "said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try," his office "later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations."

The AP (2/2, Kuhnhenn) says "the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress." Now "the measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff." House Speaker Nancy Pelosi "has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill." In a statement, President Bush "encouraged House Democrats to accept the Senate version of the bill. 'The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth,' Bush said." But "AFL-CIO President John Sweeney vowed to 'turn up the volume' to pass a bill without tax breaks." The three senators voting against the bill were Republicans "Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina."

The Washington Post (2/2, D1, Montgomery, 690K) reports, "As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases." It "would extend for five years a tax credit for employers who hire welfare recipients and 'high-risk youth' and expand the provision to include disabled military veterans. To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty." McClatchy (2/2, Talev) notes Sen. Ted Kennedy, "the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the 'least offensive' possible because it includes incentives for hiring minorities and disadvantaged Americans."

The Washington Times (2/2, Miller, 88K) reports "Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version. … Ways and Means Committee spokesman Matthew Beck said Republicans were 'holding hostage' the wage increase."

Minimum Wage Hike Seen As Not Enough To Help Poor. In a Washington Post op-ed (2/2, A15), former Clinton adviser Thomas Z. Freedman says the US should "raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford." On its own, "the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough." It would "take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be." A "better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC)."

Bush Says Healthful Diet Is Individual, Not Government Responsibility. The Washington Post (2/2, A5, Abramowitz, 690K) reports "President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns." However, "[a]s described by those present, the meeting was cordial" but "the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as, banning the marketing of junk food to children or requiring

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more detailed nutritional labeling." Bush told the "executives that it is an individual's responsibility to maintain a healthful diet, not the government's."

USA Today/AP (2/2) also covers the Bush meeting, noting that "more than 10-million school-age children in the US -- about 18% -- are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12." The New York Times (2/2, 1.16M) also carries the AP story.

Democrats Rescue Bush Global Health Package. The New York Times (2/2, Dugger, 1.16M) reports, "At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year. That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans."

Bush Administration To Give Vaccine Companies Immunity From Avian Flu Suits. The Wall Street Journal (2/2, A12, Zhang, 2.04M) reports, "The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain. The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health." HHS invoked the clause last week in a directive that cited "a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

FDA Reform Proposals Contain "Bitter Pills" For Pharmaceutical Companies. The Wall Street Journal (2/2, Mathews, 2.04M) reports, that "big reforms" Congress may pass for the FDA "could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines." The Journal continues, "Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising." The Journal adds, "Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans."

Congress Moves Quickly On Children's Health Insurance Program. The AP (2/2, Freking) reports that while Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage," it is "moving more quickly to renew" the State Children's Health Insurance Program, "a program that now provides coverage to 6 million people, mostly children," and expires Sept. 30. The AP continues, "When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector."

Senate Democrats Urge Stricter FCC Rule Enforcement. The New York Times (2/2, Labaton, 1.16M) reports, "Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees." In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the FCC chairman, "and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T." Lawmakers also "questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review." The Times adds "the aggressive questioning by the panel's senior Democrats -- including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and

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Barbara Boxer of California -- suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission."

The Washington Post (2/2, D2, Babington, 690K) reports "several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership," said Dorgan, have been "a spectacular failure." Dorgan "railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city."

USA Today (2/2, Davidson, 2.27M) notes Martin "faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger." Inouye the chairman "did not intend to 'stand by the deal' and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions." The Washington Times/Cox News Service (2/2) runs a similar story.

Frank To Push For Data Privacy Laws. The Washington Post (2/2, D3, Krebs, 690K) reports, "Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest" from House Financial Services Committee Chairman Barney Frank, who says "he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands. Frank also said he wants retailers to be held more accountable for data breaches. … While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation."

Two More Lawmakers Criticize Baca, But Don't Resign From Hispanic Caucus. The Los Angeles Times (2/2, Simon, 850K) reports, "The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women. Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign." Rep. Hilda L. Solis "complained about the 'lack of respect afforded to women members of the Hispanic Caucus.'" And Rep. Linda T. Sanchez "stood by her sister and fellow congresswoman, saying: 'I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members.'" On Wednesday, Loretta Sanchez "told the Politico, a new Capitol Hill newspaper, that Baca had called her a 'whore.'" Baca "denied the charges Thursday, saying, 'These accusations are categorically untrue.'" This morning, The Politico (2/2) notes that in a statement, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements."

The AP (2/2, Werner) reports, "Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November." Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez "subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats." The AP adds, "Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups."

NYTimes Calls For More Protection For Federal Judges. The New York Times (2/2, 1.16M) says in an editorial, "One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack."

OTHER NEWS:

Bush, Democrats Painting Dramatically Different Economic Pictures. The AP (2/2, Raum) reports, "The booming economy that President Bush paints is

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a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college. The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right -- and wrong. It just depends on what numbers you summon." The AP adds, "Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months. Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady. But hold on." Presidential candidates John Edwards and Barack Obama have argued the country is seeing an increasing "rich-poor" divide. Obama has "cited 'skyrocketing health care bills,' lost pensions and struggles to pay for college." Also, "the cutback in building has led to thousands of layoffs in the construction industry, Democrats note."

Strength of Job Market Led Fed To Decide Against Rates Cuts. The Wall Street Journal (2/2, C1, Hilsenrath, 2.04M) reports, "Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market. Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster." The unemployment rate "fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ." In a story titled "Fed's Inflation Dilemma," the Wall Street Journal (2/2, A2, lp, 2.04M) also examines the debate inside the Fed about "an explicit target for inflation," in which some prefer "an implicit, or 'soft' target." The debate "reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises. Currently, the Fed's…doesn't specify what rate or range of inflation it thinks would fulfill that goal."

Americans Have A Negative Savings Rate. ABC World News (2/1, story 4, 2:40, Gibson, 8.78M) reported, "There was a revealing and some might say alarming report about what Americans are doing with their paychecks. They now have a negative savings rate. They spent 1% more last year than they earned. That represents the lowest personal savings rate since the great depression. Betsy Stark joins us now. It sounds frightening when you say Americans are spending more than they earn." The CBS Evening News (2/1, lead story, 2:30, Couric, 7.66M) said, "There is no way around it, we Americans are addicted, addicted to spending. And we're spending more than we're earning."

Dow Soars To New Record. NBC Nightly News (2/1, story 6, :20, Williams, 9.87M) reported, "On Wall Street here in New York today, another record close for blue chip stocks. The Dow gained just under 52 points [to close at 12,673.68] on this day to finish at a new record of 12, 673 at the close. NASDAQ was up more than 4 points [to close at 2,468.38] on the day." The Washington Post/AP (2/2, D5) notes the Standard & Poor's 500-stock index "rose 7.70, or 0.54 percent, to 1445.94." The Wall Street Journal (2/2, C1, McKay, 2.04M), among other newspapers, also reports the stock numbers.

Manufacturing Activity Down In January. The Wall Street Journal (2/2, A2, Conkey, 2.04M) reports, "Dogged by excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer." The Institute for Supply Management "said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December. Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries." The slowdown "follows a four-year growth spurt in the manufacturing sector." The Financial Times (2/2, Callan), taking a more negative view, says "the US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey. … The poor performance underlined economists' fears that the sector could be sliding into recession."

GOP Fundraising Slow Since Election Defeat. The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning, "Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican

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National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million."

Sharpton Grills Biden Over Remarks On Obama. The AP (2/2, Fouhy) reports, "Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama 'articulate' and 'clean,' questioning how the description reflects on other blacks." Biden "spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is 'the first mainstream African-American who is articulate and bright and clean.' Speaking "by telephone on Sharpton's radio show,'" Biden "told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton," and the Rev. Jesse Jackson. However, "Sharpton told Biden: 'A lot of people took it from you that because [Obama] is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community.' Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer -- a controversy that was widely believed to have cost Allen re-election. 'George Allen got 'macaca' -- this might be a step past that,' Sharpton warned. Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country."

Of Remarks On Obama, Biden Says He "Was Complementing A Colleague." On MSNBC's Hardball (2/1, Matthews), host Chris Matthews asked Sen. Joe Biden about his remark that Sen. Barack Obama is "the first mainstream African-American who's articulate and bright and clean and a nice-looking guy." Biden said, "I wasn't making a historical statement. I was trying to complement a colleague. I was complementing a colleague." Biden added, "There's not a single politician in either party who wouldn't like to be positioned where he is at this point. That was the point I was making when I said he's clean -- what I meant to say was fresh, that he was new, he's exciting."

Robinson Sees Racial Overtones In Use Of "Articulate" To Describe Obama, Other Blacks. In his column in the Washington Post (2/2, A15, 690K) Eugene Robinson weighs in on the controversy surrounding Biden's comments, writing, "For my part, I never made it past 'articulate,' a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. 'He's an attractive guy. He's articulate,' Bush told Fox News. Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses." Robinson adds, "Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across. Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all."

On MSNBC's Hardball (2/1, Matthews), Eugene Robinson said he thought Sen. Biden meant "not articulate in being eloquent, but articulate -- what do white people mean when they call black people articulate? This is a -- this is a -- this is something I have always wanted to know. It seems to me that it means: Kind of like us. Talks kind of like us. Gives off the right kind of social cues of -- of being one of us. It's used for Barack Obama. It's used for Condi Rice. It's not used for Jesse Jackson. It's not used for Al Sharpton, even though they are both eloquent speakers."

Morris Criticizes Biden's Comments. On Fox's "The O'Reilly Factor" (2/1, O'Reilly), Dick Morris said, "Every political grave has to have a tombstone with an epitaph on it and this would be his. Actually his second epitaph. There was one in '88. I think that gaffes like this only are important if people believe that, despite the denials, it reveals a window into the politician's real thinking. … At a certain level, Biden was reflecting the establishment opinion of white politicians on Capitol Hill, which I do not share, which is to disparage the African-American members, to say that there's a lot of corruption, that there's a lot of cronyism, and to -- to say that they really -- there really hasn't been a clean, articulate, bright black to emerge on the national stage. I think it's wrong."

Obama's Multicultural Background A Sticking Point For Some African-Americans. The New York Times (2/2, Swarns, 1.16M) reports, "He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House. So why are some black voters so uneasy about Senator Barack Obama? The

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black author and essayist Debra J. Dickerson recently declared that 'Obama isn't black' in an American racial context. Some polls suggest that Mr. Obama trails" New York Sen. Hillary Clinton (D) "in the battle for African-American support." Obama "is the American-born son of a black father from Kenya and a white mother from Kansas." And "many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines." But "Obama's melting pot background…remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, 'When black Americans refer to Obama as 'one of us,' I do not know what they are talking about." And Dickerson said, "His father was African. His mother was a white woman. He grew up with white grandparents. … He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Clinton Asking Top Donors To Raise At Least $1 Million. The New York Times (2/2, Healy, Zeleny, 1.16M) reports that New York Sen. Hillary Clinton (D) "is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters. That million-dollar benchmark is 10 times the amount that President Bush's 'Pioneers' were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable. Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said." the Times notes, "Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 -- in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis. 'It will be almost impossible for any other candidate to raise the money that the Clintons can raise,' said John Catsimatidis, a New York fund-raiser for Mrs. Clinton."

Morris Says Clinton Would Raise Taxes, Reintroduce Healthcare Plan. On Fox's "The Big Story Will John Gibson" (2/1, Gibson), Dick Morris said, "I think that" Rudy Giuliani "is the only Republican candidate that could really defeat" Hillary Clinton. Morris continued, "The first three things that I think Hillary will do as president are raise taxes, and by that I mean repeal the income tax cuts and the Bush package, certainly for the top and maybe for the middle bracket. It's going to go back up to 39 or 40 percent that her husband put it at. I think she repeals the capital gains tax cut. I think that she cancels the attempts to take down the estate tax. And she will have a Democratic majority with her that will make it possible for her to pass it. Secondly, I think she changes welfare reform so she makes things like job training and going to school and answering a matchbook ad for a truck driver school acceptable alternatives to employment to get welfare benefits, ruining the program. And thirdly, I think she reintroduces her health care plan that she has never repudiated. But this time it passes because the Fortune 500 companies will get behind it because they want to get rid of the health care burden."

Simon Says Edwards Emphasizing Sacrifice To Demonstrate Authenticity. On MSNBC's "Tucker" (2/1), Roger Simon of The Politico said, "John Edwards is stressing sacrifice as his way of showing he is authentic. He's not doing the political expedient thing. He's not promising not to raise taxes. He is promising, in fact, that gasoline is going to cost more under his presidency, we're going to have to pay more for universal healthcare under his presidency, and that Americans are going to have to sacrifice to eradicate poverty in America in our lifetimes. That's all very tough stuff. And people, when you interview them in crowds after a speech, they all say, I want to be asked to sacrifice for my country. And they always mention John F. Kennedy. And I think he is going for that constituency."

McCain, Giuliani No-Shows At Some Conservative Events. The Politico (2/2, Martin) reports, "A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up. Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event,

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and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members, this weekend in Baltimore." Meanwhile, "Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington. David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. 'I frankly don't get it,' Keene shrugged in an interview Wednesday. 'On the one hand,' he said, McCain has been 'trying to court the right, but on the other, he seems to be dissing them.'"

Giuliani Tops McCain In Fox News Poll. Fox News' Special Report (2/1, Hume) reported that in the 2008 presidential campaign, the latest Fox News/Opinion Dynamics poll shows that "among Republicans, former New York Mayor Rudy Giuliani holds a commanding lead, with 34 percent, followed by Senator John McCain at 22, former House Speaker Newt Gingrich with 15. Among Democrats, Hillary Rodham Clinton draws 43 percent. Senator Barack Obama trails her with only 15 percent. And former Senator John Edwards gets support from 12 percent of those whom we asked. The rest, you can see, well back."

Pawlenty Praises McCain. The Politico (2/2, patch) reports that Minnesota Gov. Tim Pawlenty (R) "said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz. 'The marketplace just told Republicans something,'" Pawlenty said, adding, "It told them that we are choosing for now to select the products and services of your opponent.'" Speaking "with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty," who is serving as Minnesota co-chair of McCain's presidential exploratory panel, "took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses. 'I believe he's in a league of his own,' he said. … Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is 'sufficiently conservative.' Pawlenty's comeback: 'If you hold any of these candidates to a purity litmus test, with the possible exception of [Kansas Sen.] Sam Brownback, we'll have nobody left,' Pawlenty said."

California Primary Change Could Prove Detrimental To McCain. The Washington Times (2/2, Hallow, 88K) reports, "Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year. 'If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain,'" said Orange County state Assemblyman Chuck DeVore. The plan "backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento. An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5." The Times notes that "many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain. 'The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda,' Mr. DeVore said."

'08 Hopeful Hunter Targeting Social Conservatives. USA Today (2/2, Welch, 2.27M) reports that CA52 Rep. Duncan Hunter (R) "sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative." Hunter, "who chaired the House Armed Services Committee for the last four" years, "made his presidential candidacy official last month, basing it on three principles: •A hard line on illegal immigration. •Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies. •Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops. 'Over the next five to 10 years, clearly national security is going to be a major focus for our country,' Hunter says after being asked why he is running. 'I've concentrated on that function of government for the last 26 years in the House of Representatives.' … 'He's very much a long shot,'

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says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. 'He sees a niche for a social conservative with a strong defense background,' he says. 'He's putting a steel beam on the beach and hoping lightning will strike.'"

Gore Nominated For Nobel Peace Prize. The Los Angeles Times/AP (2/2) reports former Vice President Al Gore "was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday." Conservative Member of Parliament Boerge Brende said, "A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference." Brende said "he joined political opponent Heidi Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday."

Oil Price Stability Said To Be Key To Energy Security. In a New York Times (2/2, 1.16M) op-ed, Ronald E. Minsk, who was a special assistant for economic policy to President Bill Clinton, writes, "As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil." Minsk adds, "In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market." Minsk concludes, "There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable."

Lindsey Criticizes Move To Ease Union Representation. In a Wall Street Journal op-ed (2/2, A19), Lawrence B. Lindsey says, "Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called 'Employee Free Choice Act' is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system." But "sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that 'empowers' workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers."

Teaching Said To Be Among Better Paid Professions. Jay P. Greene and Marcus A. Winters of the Manhattan Institute write in the Wall Street Journal (2/2, A19, 2.04M) that public school teachers are "better paid" than architects, economists "and many other professionals" with an hourly wage of $34.06 which is "36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker." Increased pay for teachers accounts "for the bulk of public school spending increases over the last four decades." Yet "higher teacher pay seems to have no effect on raising student achievement." Instead, "the way we pay teachers is more important" because "providing bonuses to teachers who improve the performance of their students does raise academic proficiency."

NYTimes Calls For Bipartisan Trade Consensus. The New York Times (2/2, 1.16M) says in an editorial, "The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty." Now that the Democrats "control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers."

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WSJournal Urges Utah To Adopt School Voucher Plan. The Wall Street Journal (2/2, A18, 2.04M) writes in an editorial, "Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America. The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman." The program "would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income." And "the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools." The projected "$9 million cost of the program is about 0.5% of total school spending." So "let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try."

Rice To Seek Support For Renewed Mideast Peace Push. The Washington Post (2/2, A11, Kessler, 690K) reports Secretary of State Condoleezza Rice will launch "a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting" of the Quartet, which "has played a largely backstage role in the long-stalled peace process." However, Germany, which currently holds the rotating presidency of the EU, "has pressed to revive the role of the international group -- and US officials decided that an endorsement would help bolster Rice's planned return to the region this month" to host a meeting between Israeli and Palestinian leaders. European officials say that Rice's decision to hold the meeting in Washington "signals the administration's determination to make progress with just two years left in President Bush's term." Behind the scenes, the Post says there are "tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas." The Russians, in particular, "have pressed for an end to the embargo," while the Europeans last year "won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions." The aid ban, however, "has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas," the Post writes.

Ban Wants Progress "On The Ground," Not Just Statements From Meeting. AFP (2/2) reports UN Secretary-General Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday "to strive for progress on the ground rather than merely making statements," his spokeswoman said. Spokeswoman Michele Montas told reporters Thursday, Ban "hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," noting that he is "fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process."

Palestinian Ceasefire Breaks Down Amid Growing Violence. The New York Times (2/2, A8, Myre, 1.16M) reports the "fragile truce" between Palestinian factions in Gaza "broke down" Thursday "when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50." The Los Angeles Times (2/2, Ellingwood, 850K) reports Hamas believed the ambushed convoy was "carrying arms from Egypt destined for" Fatah, however, Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas…denied the trucks were carrying arms."

Street Protests Pose Challenge To Lebanese Army. The Wall Street Journal (2/2, A12, Simpson, 2.04M) reports, "For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets." This new job is "severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis," current and former army leaders warn, "street violence like last week's could spiral beyond the military's ability to contain it."

US Considers Re-Establishing Relations With Somalia. The Washington Times (2/2, Kralev, 88K) reports the State Department said Thursday it is "considering re-establishing a diplomatic presence in Somalia for the first time since US troops withdrew from the African country in 1994." However, officials cautioned that "even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not

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reopen the US Embassy," but will "most likely set up a small presence post." The Times notes that during a trip to the region last month, Jendayi Frazer, assistant secretary of state for African affairs, pledged $40 million in financial assistance and said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

Sectarian Violence Rising In Pakistan. The Christian Science Monitor (2/2, Montero, 59K) reports a recent rash of attacks in Pakistan against its Shiite minority "has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war." The answer is important, analysts say, "because Pakistan's 30 million Shiites -- numbering more than Iraq's -- could become a flash point if sectarian violence spreads. … Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles."

US Expresses Hopes For Progress On Deal With Pyongyang. The AP (2/2) reports Assistant Secretary of State Christopher Hill said Thursday "he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons." His comments "could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks," which would be "a significant breakthrough for a bargaining process that has achieved little since it began in August 2003."

Pyongyang Looks To Giant Rabbits To Curb Famine. The Washington Post (2/2, A10, Whitlock, 690K) reports that officials in Pyongyang have approached a German rabbit breeder known for producing some of the words largest animals as "a possible solution to their nation's endemic food shortage." But "how, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear." An official at the North Korean Embassy in Berlin "confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program."

Debate Over Gibraltar Delays Ban On Luxury Goods To North Korea. The Financial Times (2/2, Parker, Mulligan) reports Kim Jong-il "may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain. The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang."

US Suspends Space Ventures With China. On its front page, the Washington Times (2/2, A1, Gertz, 88K) reports the Bush administration has "suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening US and foreign satellites." NASA spokesman Jason Sharp "said the weapon test undermined an agreement" reached between President Bush and Chinese President Hu Jintao during an April summit," and that "China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation." Bush administration officials said the suspension is "meant to signal US displeasure" with the test, "as well as Beijing's failure to provide an explanation for its space arms program."

Kyl Says US "Seems To Lack The Will To Implement" Space Defense. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, that "the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead" bring to light the issue of whether the US has the "will to implement" space defense of US satellites, according to Senator Jon Kyl, a Arizona Republican and veteran of the Senate intelligence committee.

UN Hopes China's HU Will Push For Resolution On Darfur During Visit. The AP (2/2, De Montesquiou) reports he United Nations hopes Chinese President Hu Jintao "will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil." In what is seen as "an unusual foray

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into the field of human rights," Chinese officials have "called on Sudan to cooperate with the United Nations in finding a solution in Darfur."

Under the headline "Pressure On China As President Heads To Sudan," AFP (2/2, Saeed) says "international pressure" is on China, because "no other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime."

The Christian Science Monitor (2/2, Baldauf, 59K), meanwhile, reports from Khartoum that if Hu "announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached. Whatever happens, Hu's visit to Sudan will be historic."

Some In Africa Resent China's Growing Influence. The Wall Street Journal (2/2, A1, Trofimov, 2.04M) reports from Chambishi, Zambia that "Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent." But "there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest." Chambishi "was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. … Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent."

China's New Rules On Foreign Investment Spark Concern. The Washington Post (2/2, D1, Cha, 690K) reports, "Since the mid-1990s, China has aggressively courted foreign investment," but "in recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China." While some believe the new restrictions "may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising." As a result, "several US firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China."

Russian TV Aids Putin In Anointing Successor. On its front page, the Washington Post (2/2, A1, Finn, 690K) reports, "[T]wo favorites of President Vladimir Putin play prominent supporting roles on a television game show called 'Happy Bus.' ... Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives. Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev." The "opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister." But the program "is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves...to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished." The Post adds, "Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said."

Putin Defends Energy Policies Toward Neighbors. The Financial Times (2/2, Buckley) reports, "Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours." Putin said, "We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" He "added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed 'precisely at ensuring the interests of key consumers' in western Europe, despite temporary disruptions to supplies last month and in January 2006."

Police Interview Blair About Cash-For-Honors Scandal. The New York Times (2/2, Cowell,

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1.16M) reports, "After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions." Blair "is said by British political analysts to be the first prime minister to be interviewed by the police while still in office." The Times adds, "The prime minister's office said in a statement on Thursday that Mr. Blair had been 'briefly interviewed by the police as a witness."

The Washington Post (2/2, A12, Sullivan, 690K) reports, "Police interviewed Blair for about 45 minutes last Friday but asked Blair's office 'for operational reasons' to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was 'interviewed as a witness, not as a suspect and cooperated fully' in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal." The Post adds, "Blair…announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner."

Gutierrez Says US Willing To Help Cuba Transition. The AP (2/2, Carl) reports Commerce Secretary Carlos Gutierrez Thursday said Washington "is willing to help Cuba make the transition to a more open, democratic society." Speaking to reporters during a one-day visit to Mexico, Gutierrez said the US supports a "peaceful transition to democracy." Gutierrez said the United States "does not plan to meddle in Cuban politics, but wants to see the country make the transition to democracy." Gutierrez did not elaborate, "but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy."

European Commission Critical Of US Farm Proposals. The Wall Street Journal (2/2, Von Reppert-Bismarck, 2.04M) reports, "The European Commission expressed disappointment at a US plan to overhaul subsidies to its farmers, saying 'more ambitious cuts' are required to relaunch a stalled round of global trade talks. The White House's proposal to Congress on how to overhaul the US Farm Bill will make 'extremely modest' cuts to loan-deficiency payments and keep payments to dairy and sugar farmers 'virtually untouched,' said EU farm spokesman Michael Mann." Mann added, "The U.S. will need to propose more ambitious cuts and disciplines. … We had hoped the administration's proposal for the new farm bill would signal this more clearly."

The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning that the Administration "faces skeptics at home and abroad about farm-subsidy cuts." In addition to EC criticism, the Journal says "the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support."

WPost Urges Bush Not To "Go Wobbly" On Kosovo. The Washington Post (2/2, A14, 690K) editorializes, "Today UN envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. … All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia." The Bush Administration "is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness." US "firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran." If Russian President Vladimir Putin "decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly."

NYTimes Urges Ulster's Paisley To Support Peace Process. The New York Times (2/2, 1.16M) editorializes, "Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call 'the troubles.' One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future -- or to stand in the way. That

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man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them. … This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"U.N. Says There's No Stopping Global Warming."
"Milena's Mentor Stays On The Case."
"Costly L.A. River Plan Contains A Raft Of New Ideas."
"Marines Battle Their Past In An Iraqi city."
"Senators Castigate General On Iraq strategy."

USA Today:

"Sites Of Risky Levees Listed."
"Drastic Plans Unveiled To Fight Pandemic."
"Milestone Resonates Beyond NFL."

New York Times:

"Florida Shifting To Voting System With Paper Trail."
"An Afghan's Path From Ally Of US. To drug Suspect."
"General Parries Senate Attacks On Iraq Record."
"So Far, Obama Can't Take Black Vote For Granted."
"Democracy Rules, And Pop Culture Depends On It."
"Dark Days Follow Hard-Hitting Career In N.F.L."
"Late for Court: Connecticut Case Draws Scrutiny."

Washington Post:

"Border Policy's Success Strains Resources."
"Iraq at Risk Of Further Strife, Intelligence Report Warns."
"Va. Transportation Deal Withers In Senate Panel."
"Two Men Acquitted Of Conspiracy To Fund Hamas Activities in Israel."
"Russian TV Shines Warmly On A Likely Successor To Putin."
"Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another."

Washington Times:

"New RNC Chief Backs Bill With Guest-Worker Plan."
"Casey Refutes Iraq Pessimism."
"U.S. Halts China Space Ventures."
"Katrina Vehicles Flood This Area."
"Abducted Boy, Mom Reunited."

Detroit Free Press:

"Governor To Push Free Tuition."
"Michiganders Doubt President."
"Historic Low: Ford 4th With U.S. Buyers."
"'The Room Was So Full Of…Forgiveness' For Abraham."

Atlanta Journal-Constitution:

"Medicare Cuts Reach Deep Into Hospitals."
"Nation Bemused As Network Appeases Boston Over Stunt."
"Apology Asked For Sterilizations State Required."
"Jury Told To Keep At It In Clinton Secret Case."
"Bill Will Allow Consumers To Order Wine Shipped Directly From Maker."

Houston Chronicle:

"Minimum-Wage Hikes Clears One Hurdle, Faces Another."
"Report: Global Warning To Last For Centuries."
"Casey Says Demand For Troops Excessive."
"Democrats Rip State Agency For Hiring D.C. Lobbyist."
"Giuliani Mines For Texas Gold."

Story Lineup From Last Night's Network News:

ABC: Senate Resolution-Iraq; Senate Resolution-Analysis; Gen. Casey-Senate Hearings; Americans Saving Less; Economic News; Army Corps Report The Levees; Terror Scare Boston-Aftermath; Italian Spat; Schools In Cambodia.
CBS: Negative Savings Rate; Senate-Minimum Wage; Exxon Profits; Iraq Violence; Casey-Surge; Iraq-Security Crackdown; Syria-Anti-US Propaganda; Climate Change Report; Southeast-Winter Weather; Katrina Victims-Depression; UK Terror Suspects; Boston Terror Scare; Democrats-Work Week; Super Bowl Ads.
NBC: Gen. Casey-Hearings; Senate Resolution-Iraq Surge; Iraq Sectarian Violence; Terror Scare Boston-Aftermath; Minimum Wage Increase; Stock Market; Exxon Profits; Binge Eating; Winter Weather-Colorado Cattle; Richard Kelly Obit; National Prayer Breakfast; Italian Spat.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: UN Global Warming Report; Super Bowl-Security Preparations; Senate-Minimum Wage; Savings Rates For Americans Down; PA-Strike At Harley-Davidson Plant.
CBS: UN Global Warming Report; Army Corps Of Engineers-Levees; Report Of US Chopper Going Down North Of Baghdad; Senate-Iraq Resolution; Senate-Minimum Wage Bill; Presidential Candidates To Attend Democratic National

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Committee Meeting; Exxon Oil-Record Profits; Ford Sales Down, Toyota Sales Up.

NPR: Tony Snow-Iraq Surge Plan; Casey-Confirmation Hearing; Mississippi River-Barge Accident; EU Calling For Worldwide Moratorium On Death Penalty; Tokyo Stock Exchange; Philippines-Truck Explosion; World Intellectual Property Organization-Counterfeiting Costs; Groundhog Day Forecast.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Photo opportunity with the Carolina Hurricanes. East Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable discussion with cardiologists, survivors and partners. Bryant Park Hotel, New York; attends the Heart Truth 2007 Fashio Show. Bryant Park, New York.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CONSUMER ASSEMBLY _ The Consumer Federation of America holds its Consumer Assembly Conference. Highlights: 10:15 a.m. FTC Chairman Deborah Platt Majoras. 11:30 a.m. Michael Jacobson, Executive Director, Center for Science in the Public Interest. Location: Washington Plaza Hotel, 10 Thomas Circle.

PANDEMIC FLU _ Influenza experts hold a two-day meeting to assess the current level of US preparedness for a possible bird flu pandemic. Highlights: 8 a.m. Session on influenza planning, with CDC Director Julie Gerberding, others. 12:05 p.m. Luncheon speaker - Rajeev Venkayya speaks on national preparedness for pandemic influenza. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington.

TAX SYMPOSIUM _ The Tax Council Policy Institute holds its Eighth Annual Tax Council Policy Institute Symposium, ``Understanding the Global Tax Arena: Risk & Regulation." Location: Ritz Carlton Hotel, 1150 22nd St. NW.

US-CHINA _ The US-China Economic and Security Review Commission holds a public hearing on ``The US-China Relationship: Economics and Security in Perspective." The hearing will examine US-China relations from multiple perspectives to assess this bilateral relationship since the granting of permanent normalized trade relations to China, and the challenges facing the relationship in 2007. It will consider the economic, security, and diplomatic impacts of Chinas accession to the World Trade Organization, and seek to identify trends in US-China relations and opportunities for greater bilateral cooperation and dialogue. Highlights: 8:30 a.m. - 12 p.m. The hearing continues with an examination of the US-China military and security relationship and the prospects for US-China political cooperation and diplomacy. The Commission will hear testimony from Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Christensen, Deputy Assistant Secretary of Treasury for International Affairs, Asia, Robert Dohner, as well as scholars and policy experts. Location: Room 562, Dirksen Senate Office Building.

WORKING FAMILIES-SECURITY _ The National Academy of Social Insurance holds a conference on how policymakers can ease insecurity for working families and strengthen economic security for all Americans. Highlights: 10 a.m. Session on the 9/11 Victim Compensation Fund, with Kenneth Feinberg, Special Master. 1:15 p.m. Luncheon speaker - former CMS Administrator Mark McClellan. Location: National Press Club.

DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Highlights: 9 a.m. General Session, with General Session. Speakers in order of appearance: Senate Majority Leader Senator Harry Reid; DNC Chairman Howard Dean; Senator Christopher Dodd; Senator Barack Obama; General Wesley Clark; Senator John Edwards; Representative Dennis Kucinich; Senator Hillary Rodham Clinton. 6:30 p.m. Executive Committee meeting with Governor Janet Napolitano of Arizona; Mayor Adrian Fenty of Washington, D.C; Mayor Shirley Franklin of Atlanta, Ga.; DNC Vice Chair & ASDC President Mark Brewer. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. The Pentagon holds its regular briefing on Iraq. Location: DOD Studio, 2E781, Pentagon.

PRESTON-SMALL BUSINESS _ 9:30 a.m. SBA Administrator Preston discusses the Disaster Assistance Program and Reform Agenda along with economic growth and issues affecting Americas small businesses. Location: National Press Club.

PENTAGON ROUNDTABLE _ 9:55 a.m. Secretary of Defense Robert M. Gates and Chairman, Joint Chiefs of Staff

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Gen. Peter Pace will conduct an on the record media roundtable. Location: DOD Briefing Room, Pentagon 2E579.

ECONOMIC BRIEFING _ 10 a.m. Treasury Assistant Secretary Phillip Swagel holds a briefing for economic media. Location: Room 4121, main Treasury.

SWAGEL-EMPLOYMENT _ 10 a.m. Treasury Department Assistant Secretary for Economic Policy Phillip Swagel hold an economic media briefing to discuss January 2007 employment numbers and the state of the US economy. Location: Treasury Department.

US-CLIMATE CHANGE _ 10 a.m. Environmental Protection Agency (EPA) Administrator Stephen L. Johnson joins U.S. Secretary of Energy Samuel W. Bodman, and National Oceanic and National Oceanic and Atmospheric Administration (NOAA) Administrator Vice Admiral Conrad Lautenbacher for a media availability to discuss the U.S. contribution to the Intergovernmental Panel on Climate Change (IPCC) Working Group 1 report and U.S. investments to advance climate science and clean energy technology research. Location: U.S. Department of Energy, 1000 Independence Ave. SW, Small Auditorium GJ-015.

HEALTH CARE _ 11:45 a.m. The Blue Cross and Blue Shield Association hold a briefing on BCBSA's 2007 federal legislative priorities and to give an overview of state legislative healthcare and insurance issues. Location: 12th floor, 1310 G St. NW.

AMERICA-FUTURE _ 12 p.m. Sen. Charles Schumer and former House Speaker Newt Gingrich discuss America's Future, sponsored by the National Press Club. Location: National Press Club.

CLIMATE CHANGE _ 12 p.m. The University Corporation for Atmospheric Research holds a telephone briefing on the Intergovernmental Panel on Climate Change, with U.S. scientists who helped write the report (released today in Paris). Notes: Callin number: 877-804-1919; verbal passcode: NCAR.

HEALTH INSURANCE-DEDUCTIONS _ 12 p.m. The Cato Institute holds a briefing to discuss the possibility of giving a standard income tax deducation for health insurance costs, with Council of Economic Advisers member Katherine Baicker, Leonard Burman of the Urban-Brookings Tax Policy Center, and Michael Cannon of the institute. Location: Room B-338, Rayburn.

MARINE CORPS _ 12 p.m. The US Marine Corps will hold a background briefing for reporters on the proposed increase in the end strength of the Marine Corps Location: Pentagon briefing studio, room 2E781.

IRAQ-EUROPE _ 12:15 p.m. The New America Foundation holds a discussion, ``Integration vs. Confrontation: Or Why Europe Likes the Iraq Study Group Report More than the White House," with Michael Backfisch of Handelsblatt and Steve Clemens of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

OBAMA _ 1 p.m. Sen. Barack Obama, D-Ill., speaks at ``Yes We Can!," a rally organized by Students for Barack Obama, a national student group committed to supporting Obama. Location: Johnson Hall, George Mason University, Fairfax. Va.

GOVERNORS _ 2 p.m. The Center for American Progress holds a discussion with governors Janet Napolitano of Arizona and Kathleen Sebelius of Kansas. Location: 10th floor, 1333 H St. NW.

GUATEMALA _ 2 p.m. The Alliance to End Hunger and InterAction hold an information session about Guatemala's efforts to meet the First Millennium Development Goal, with Andris Botran, Secretary of Food Security and Nutrition for the Government of Guatemala, and chair of the Guatemalan Alliance Against Hunger. Location: Suite 500, 50 G St. NW.

IRAQ _ 2 p.m. The Wilson International Center for Scholars holds a discussion on new politics in Iraq with David Satterfield, the State Department's senior adviser and coordinator for Iraq. Location: 6th floor Flom Auditorium, Reagan Trade Center.

SAUDI ARABIA _ 2 p.m. Georgetown University holds a screening of the film ``Abdulaziz and a panel discussion on King Abdulaziz of the building of the modern Saudi Arabia, with Saudi Amb. Prince Turki Al-Faisal, others. Location: Bunn Intercultural Center Auditorium, on campus.

GOP LEADERSHIP _ 3:15 p.m. Members of the Senate Republican leadership will be available following the Senate Republican Conference Retreat to discuss the days activities and outline their legislative priorities for the 110th Congress. Participants: Senators Mitch McConnell, Trent Lott, Jon Kyl, John Cornyn, and Kay Bailey Hutchison. What: Media Availability with Senator Mitch McConnell, Senator Trent Lott, Senator Jon Kyl, Senator John Cornyn, and Senator Kay Bailey Hutchison. Location: Library of Congress, Thomas Jefferson Building, exhibit area between the Great Hall and Members Room.

IMMIGRANT RIGHTS _ 4 p.m. The DC Committee for Immigrants' Rights holds a news conference to discuss the

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Virginia General Assembly actions regarding illegal immigrants. Location: In front of ICE offices, 425 Eye St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

4th Circuit Panel Questions Administration's Detainee Policy. The New York Times (2/2, Liptak) reports, "In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants." The Times continues, "The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University. … 'What would prevent you from plucking up anyone and saying, "You are an enemy combatant?"' Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons. … Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. 'A citizen, no less than an alien, can be an enemy combatant,' he added." The Times adds, "Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen 'who has been determined by the United States to have been properly detained as an enemy combatant.' … But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made."

The Washington Post (2/2, A6, Horwitz) reports, "Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges. … If the government is right, said lawyer Jonathan Hafetz, 'they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people.'" The Post reports that "administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations." The Post adds, "Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States. … Motz said that she is concerned about giving the government broad authority 'to pluck up anyone from the streets of the United States' and added: 'We don't want other nations to do that to our people.' … But Judge Roger L. Gregory suggested that Congress knew it was dealing with an 'amorphous enemy' when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status."

The Financial Times (2/2, Sevastopulo, Virginia) reports, "Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud. … Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful 'enemy combatant' in the 'war on terror'. He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as 'enemy combatants'. … But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. 'The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen,' said Jonathan Hafetz, a New York University lawyer representing Mr Marri." The Times notes, "Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants. … In court on Thursday, the Justice Department argued the battlefield in the 'war on terror' included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration's argument, saying while Congress could have given Mr Bush the ability to declare legal residents and citizens as 'enemy combatants', it was unclear it had done so."

Federal Jury Acquits Two In Hamas Funding Trial. The Washington Post (2/2, A1, Eggen) reports, "A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups." The Post continues, "Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious

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allegation against them and could have drawn life sentences for each. … But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit." The Post adds, "The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995."

The Chicago Tribune (2/2, Bush, Coen) reports, "Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June." The Tribune continues, "The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation. … Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups. … But Salah's lawyers said their win shows the government was overreaching. … 'It's a huge victory—what's left is a relatively minor charge,' said Salah's lawyer, Michael Deutsch. 'I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.,' he said. 'It's a stretch.'" The Tribune notes, "Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here. … 'This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases,' said Gary Shapiro, first assistant U.S. attorney in Chicago"

The New York Times (2/2, Sander) reports that "after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel." The Times continues, "Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms. … 'The government has tried to turn the Israeli-Palestinian conflict into something criminal,' said William Moffitt, who is Dr. Ashqar's lawyer. 'Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States.'" The Times notes, "Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial. … 'This was about an organization that has publicly claimed credit over and over and over again for terrorist acts,' said Gary S. Shapiro, the first assistant United States attorney in Chicago, 'not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed.'"

The AP (2/2, Robinson) reports, "Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government. … Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr." The AP adds, "Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have made no secret of their dislike of the occupation of the West Bank and Gaza."

DOJ Officials Brief Senators On Arar Case. The Canadian Press (2/2) reports, "Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions. … But Democrat Patrick Leahy and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes. … They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight." The CP continues, "The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada. … Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list." The CP adds, "Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States."

CNN The Situation Room (2/1, 4:29 p.m.) broadcasted, "It was one of the most heated confrontations we've seen in the US Senate in quite a while. It was when the Senate judiciary committee Patrick Leahy went after the Attorney General Alberto Gonzales. The whole debate focuses on a man named Arar," who "was held by the United States and

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deported to Syria on the suspicion he had terrorist tiles." After he was released he said "he was held and tortured for ten months," and Senator Leahy "was angry why that happened." Today, Leahy got a "briefing today from the attorney general," but the "only problem he couldn't say much about it, claiming it was all classified." Leahy said, "The conclusion I reached from the briefing today is that we've only begun to ask the questions and we have more questions that have to be asked." Just recently, the US "told Canada that the man remains under a US Watch List. However, Justice "will not talk about this."

Chinese Official Issues Rebuke Of Bush's "Unilateral" War On Terror. The New York Times (2/2, A6, Kahn, 1.16M) reports a senior Chinese government official issued "a rare public rebuke" of President Bush Thursday, "accusing him of waging a 'unilateral' battle against terrorists that had worsened global tensions." Ye Xiaowen, director of China's State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People's Daily that Bush's "past references to a 'crusade' and to 'Islamic fascism' were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war." Partly as a result, he said, the United States "had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks." Ye wrote that Bush had "effectively 'hijacked' one religion, Christianity, to engage in a battle against another one, Islam."

Guantanamo Detainees Complain About Saddam Execution Poster. The New York Times (2/2, Rohde, 1.16M) reports that "military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there." The poster was described by a detainee to his lawyers as a "7-by-3-foot poster, in a small recreation area for prisoners" that "featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, 'Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed.'" In response, Cmdr. Robert Durand, "chief military spokesman in Guantánamo…said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording" saying "the intent of this poster was to show that the Iraqi people are making progress and have delivered justice." Detainees also were provided news articles describing Hussein's execution and the "accidental decapitation of a Hussein co-defendant in a subsequent hanging" which their lawyers have described as "psychological warfare and for mental torture and intimidation."

CIA Agents Sought By Germany Tracked Due To Stay In Resort Island. The Washington Post (2/2, A11, Whitlock, 690K) reports from Berlin, "If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors." German "investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents, which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004. … It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels."

British Terror Suspects Brought To Court. The CBS Evening News (2/1, story 11, :20, Couric, 7.66M) reported, "Security was very tight today in Britain as nine terror suspects were brought to court," arriving "in a convoy of police vehicles. The nine, believed to be of Pakistani descent, are suspected of plotting to kidnap and behead a Muslim British soldier and then show it on the Internet."

Suspects' Neighbors Skeptical Of Charges. The New York Times (2/2, Perlez, 1.16M) reports many residents in the area of Birmingham, England, where the arrests were made, "said Thursday that they were unconvinced" of the accusations against the suspects. By most neighborhood accounts, "for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs." Because of this and because of "recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said."

European Bank Told To Stop Sharing Data With US Antiterror Investigators. The New York Times/AFP (2/2) reports the European Data Protection Supervisor told the European Central Bank Thursday that it "must take action by April to stop the transfer of personal

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information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations." The agency "told the bank to come up with measures 'to make its payment operations fully compliant with data-protection legislation,' urging it to 'take appropriate measures as soon as possible.'" AFP adds that Swift "has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees."

LATimes Calls For End To Renditions. The Los Angeles Times (2/2, 850K) says in an editorial, "There are plenty of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale." The Administration "needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris."

HOMELAND RESPONSE:

NID Nominee Says He Would Resist Attempts To Politicize Intelligence. USA Today (2/2, Willing, 2.27M) reports, "President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes. 'There have been a number of occasions in my career when I had to not be popular but to speak truth to power,' J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination. 'I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do,' he said." McConnell's comments "came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003. If confirmed, McConnell said, he would inform committee members if that occurs."

Judge Explains Dismissal Of Anthrax Defamation Lawsuit. The New York Times (2/2, Labaton, 1.16M) reports, "A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information. In an opinion released Thursday," US District Judge Claude M. Hilton "laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill," but defense lawyer Mark A. Grannis "said Judge Hilton's opinion was unsurprising and was not the last word in the case."

The Washington Post (2/2, A8, Jerry, Lengel, 690K) reports, "Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about…Hatfill were false," Hilton said. "Although the columns identified Hatfill as a 'likely culprit' in the deadly anthrax-spore mailings, Kristof 'made efforts to avoid implicating his guilt,' Hilton wrote. 'Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question.'"

Changes To Armed-Pilot Program Intended To Boost Participation. The Washington Times (2/2, Hudson, 88K) reports, "Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate. Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and US officials will seek to expand the program for overseas flights." Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said that a proposal to phase out air marshals in favor of the armed pilots in order to cut costs "is 'absolutely not' under consideration. … However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal. 'It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now,' the source said."

Survey Finds Poorest Gulf Coast Residents Still Struggling To Recover From Katrina. The New York Times (2/2, Dewan, 1.16M) reports a new study by the Mailman School of Public Health at Columbia University and the Children's Health Fund has found that many of "the poorest families" displaced by Hurricane Katrina "still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children. The study, conducted in the Gulf Coast region of Mississippi a year after

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the storm," consisted of "face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous. 'For all practical purposes, these FEMA trailer parks are in fact internal refugee camps,' Dr. Redlener said."

The CBS Evening News (2/1, story 10, 2:55, Keteyian, 7.66M) reported that the study's "most startling finding" was that "as many as 10,000 displaced children across the Gulf are now suffering from clinically diagnosed depression, a 400% increase from before the storm." Redlener was shown saying, "The loss of hope is a very powerful factor here." Gil Jamieson, the deputy director for Gulf Coast recovery for FEMA was shown saying, "We have families living with children. We're doing all that we can do to move those people into a permanent housing alternative as quickly as we can." Keteyian: "All you can do?" Jamieson: "We are." Keteyian: "That's not what I'm hearing in the camps and trailer parks. You know there's a great deal of anger." Jamieson: "Sure." Keteyian: "A great deal of hopelessness in those sites right now." Jamieson: "There is, indeed, and I think you need to look at that against the context of what we have accomplished." Keteyian: "FEMA has found emergency housing for more than 80% of those displaced by the hurricane, but that's little comfort to the residents still stuck in this trailer camp, ironically named Renaissance Village. FEMA recently signed a new four-year contract with the company that provides security here."

WSJournal Says Insurers Being Made "Scapegoats For Acts Of God." The Wall Street Journal (2/2, A18, 2.04M) editorializes, "Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if you live near the coast." The Journal states that the "populist opportunism" of Mississippi Attorney General Jim Hood, who "has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims," is also seen in "Florida, where legislators have passed a 'reform' that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market." The Journal continues, "More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God."

WPost Says Coast Guard Guilty Of Poor Contract Management. The Washington Post (2/2, A14, 690K) editorializes, "Though some of it is overblown," recent criticism of the Coast Guard's Deepwater modernization program "is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste." Coast Guard chief Adm. Thad W. Allen's statements in front of "an irate House oversight panel," where he "took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process" were "a start." The Post says, "After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted."

WAR NEWS:

Senate Debate To Pit McCain Versus Warner Resolutions. The Los Angeles Times (2/2, Levey, Gaouette, 850K) reports, "The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup. After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of 'full support' against one introduced by Sen. John W. Warner (R-Va.) that 'disagrees' with the president's proposal." But "how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions." The Times adds, "Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber." Meanwhile, "McCain and other senators escalated their attacks on the Warner measure and its supporters."

The Wall Street Journal (2/2, A4, Rogers, 2.04M) says Bush's "Senate allies want a vote next week calling on the Baghdad government to 'make visible concrete progress' toward 11 political, military and economic benchmarks." The McCain resolution "is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee." Sen. Joseph Lieberman, "the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans" led by McCain. The Journal notes "a handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy." And GOP Sen. Judd Gregg, "an ally of the White House, had

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surprised many this week when he said he was 'considering' supporting the Warner language." Yesterday, he said "he had decided not to vote for the measure."

The New York Times (2/2, Hulse, 1.16M) says the "shifting allegiances -- and the intense procedural gamesmanship preceding votes next week on Iraq policy -- left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board."

McClatchy (2/2, Talev, Schoof) notes "some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. 'I'm always working,' he said." Majority Leader Harry Reid "left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward. 'We'll have to see. He's doing very well,' Reid said in a brief interview with McClatchy Newspapers." But "Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week. While Reid stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains."

The Washington Post (2/2, A4, Weisman, Murray, 690K) says "Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans." But "defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500." The Post adds, "Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution."

The Washington Times (2/2, Hurt, 88K) headlines its report "Majority In Senate Support 'Stay The Course' Resolution," and says "a bipartisan majority in the Senate yesterday united behind a firm 'stay the course' resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war." The resolution "is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war. … Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States 'should continue vigorous operations' in parts of Iraq and that early withdrawal 'would present a threat to regional and world peace.'"

The network newscasts largely ignored the McCain resolution. Instead, they focused on Warner's, and suggested it is gathering strong bipartisan backing. NBC Nightly News (2/1, story 2, 1:40, Williams, 9.87M) reported on "an unusual joining of forces on Capitol Hill over the war. Senators in both parties seem to have agreed on a single one of those resolutions opposing the President's troop buildup." NBC (Reid) added, "A big development in the Senate today. A compromise between two groups of senators opposed to sending more troops to Iraq. One group is led by Democrat Joe Biden and Republican Chuck Hagel. The other by Republican John Warner who felt the Biden-Hagel resolution was too harsh. Today the two groups joined forces for the most part adopting Warner's language. Now on the eve of a major showdown, the Senate breaks down into three major factions. First, nearly all Democrats and at least half a dozen Republicans plan to vote for a nonbinding resolution opposing the President's troop buildup. The second faction, most Senate Republicans, who intend to support the President's plan. And third, a small number of liberal Democrats who say they won't vote for any nonbinding resolution."

ABC World News (2/1, lead story, 3:15, Tapper, 8.78M) reported passage of a Senate resolution "with a bipartisan majority…would be a harsh political blow to the President. But the worst thing for the White House is the man putting together the compromise legislation" is Warner, "a leading Republican." The resolution "has a good chance of winning a bipartisan majority. … To win Republicans, the bill now states that funding for troops in the field should not be cut. But that provision may cause defections by the Democrats' liberal wing, who are frustrated that a non-binding resolution does not actually do anything. And want to use the power of the purse to force the President to change course." Also on ABC World News (2/1, story 2, 1:30, 8.78M), George Stephanopoulos said, "This would be the first time the Senate would be on record opposing the President's policy. That has great moral and political force. It also puts the Senate and Congress one step closer to using their constitutional power to restrict funding for the war effort if the situation doesn't improve on the ground in Baghdad. There would be no more intermediate steps."

The Senate debate was extensively covered by local TV. Like the network reports, local broadcasts also focused on the Warner measure. Some examples: ABC affiliate WSET-TV (2/2, 11:22 pm) in Roanoke said "there seems to be little doubt that the Senate will pass a resolution opposing the measure. The questions are how tough the language will be and how many Republicans will go along. … A new compromise resolution, designed to win over more Republicans, gained momentum Thursday and will most likely be voted on early next week. … The Bush Administration has resigned itself to the fact that there will be

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a vote voicing opposition to the President's policy." Almost identical stories ran on many other ABC affiliates, including KFBB-TV Great Falls, MT (2/1, 10:13 pm), WJET-TV Erie (2/1, 5:18 pm), KXXV-TV Waco (2/2, 5:05 pm), and KABC-TV Los Angeles (2/1, 5:02 pm).

WFXW-TV Terre Haute (2/2, 10:02 pm) reported, "The Senate may be on the verge of a final agreement to oppose the President's surge plan, and the resolution getting support has been brought to the table by a Republican, Virginia Senator John Warner. It appears to satisfy some Republicans who were concerned that a strongly worded resolution could send the wrong message to the troops," but it also "meets the demands of many Democrats who had sponsored their own resolutions to stop the troop surge."

KTVU-TV San Francisco (2/1, 5:15 pm) reported, "A bipartisan, nonbinding resolution offered by Democrat Carl Levin and Republican John Warner gained attention as it brought together important elements of earlier proposals. Key to some Republicans, it makes clear that funding for our troops will not be cut, and for Democrats, a strong call not to build up troop levels. But the White House says it's not a true solution."

On CNN's The Situation Room (2/1, Blitzer), DNC Chairman Howard Dean said, "The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words. I think this is a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive."

CNN's The Situation Room (2/1, Blitzer) interviewed Sen. Levin, who said, "There's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the President's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course."

On MSNBC's Hardball (2/1, Matthews), Rep. Jack Murtha, who has just returned from a trip to Iraq with Speaker Nancy Pelosi, said, "One of the things we found in Iraq confirming the things we've been saying, we can't win it militarily. We don't think so. In our opinion, there's got to be some negotiations between the Shias and the Sunnis. And that doesn't look like it's going to happen. As a matter of fact, I told the Prime Minister of Iraq I wasn't about to recommend funding $5 billion for their equipment if they weren't more cooperative and if they didn't do some negotiations because I think that may help. I don't think it's going to win the war, but I think it will certainly help." Murtha said the Administration "understand[s] that the appropriation process -- we're building a case to actually divert some money from the surge to the resupplying and resetting our equipment."

On Fox News' Special Report roundtable (2/1), Morton Kondracke of Roll Call said, "Senator [Christopher] Dodd is exactly right. This is a resolution says we disagree with what the President wants to do, we want to oppose the status quo, and we're not going to do anything about it. We do not want them to increase the number of troops, we're not going to call for withdrawal of any troops. We're not going to cut off funds. So, it really is the status quo. And everybody acknowledges that the status quo is not working. So, I do not know what they think they're going to get done here, but it is a way of demonstrating dissatisfaction with the president, and that's the political impetus behind it."

Bush To Discuss Iraq With GOP Senators Today. USA Today (2/2, Kiely, 2.27M) reports, "As the Senate prepares to debate his plan to increase troop levels in Iraq…Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party. Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception." USA Today adds, "It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq. Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday. Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota -- one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 -- expressed exasperation with Bush's policies in Iraq at a hearing earlier this week."

Making Case On Senate Vote, Snow Notes Bin Laden's Words About Lack Of US Resolve. CNN's The Situation Room (2/1, Blitzer) reported White House press secretary Tony Snow "is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist." Snow was shown saying, "Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

On Fox News' Special Report roundtable (2/1), Juan Williams of National Public Radio said, "At moment, the White

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House is involved in a very aggressive campaign to try to hold the line. They say to people, give us time, don't hurt the president, don't hurt the troops. That's the way they're posturing it. But, I mean, they're going against a tidal wave of public sentiment."

"Surge" Could Involve 48,000 US Troops, Cost Nearly Triple Bush's Price Tag. CQ (2/2, Oliveri) reports, "Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers." The report by the Congressional Budget Office "found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed." McClatchy (2/2, Rosen) says the surge "could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge," according to the CBO. If "the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion."

NIE Estimate Sees Strong Chance Of Further Deterioration, With Little US Control Of Outcome. The Washington Post (2/2, A1, Deyoung, Pincus, 690K) reports, "A long-awaited National Intelligence Estimate on Iraq, presented to…Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document." The NIE "comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption." The document "emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to US goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus."

"Element Of Principle" In Feingold's Move To Cut Off Funding Praised. In a Wall Street Journal column (2/2), Kimberly A. Strassel writes, "The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party." Sen. Russ Feingold "held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war. … For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin."

Casey Says Bush's "Surge" Calls For More Soldiers Than Needed To Pacify Baghdad. The AP (2/2, Espo) reports, "The outgoing top US general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad." Casey "quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could 'either reinforce success, maintain momentum or put more forces in a place where the plans are not working.'" USA Today (2/2, Brook, 2.27M) reports White House spokesman Tony Snow "said the president has talked to Casey, and 'Gen. Casey supports the plan.'" In fact, McClatchy (2/2, Schoof) says "Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility."

The Washington Times (2/2, Scarborough, 88K) also says Casey "broke with his superiors, including…Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing. 'I do not agree that we have a failed policy,'" he said.

Much of the coverage of Casey's testimony focuses on the strongly worded criticism he faced from senators, particularly Republican John McCain. ABC World News (2/1, story 3, 1:25, Gibson, 8.78M) said Casey "did not get much support on Capitol Hill today. Testifying before senators, he found himself under attack. Unusual to find a commanding general subjected to such criticism." McCain: "General I don't question your honorable service. I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy." Casey: "Senator, I do not agree that we have a failed policy. I believe the President's new strategy will enhance the policy that we have." Sen. Lindsey Graham: "In what percentage of the country would it be impossible for an American to walk down the street without being afraid of being shot at or

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killed?" Casey: "Probably about half, actually, Senator." Graham: "Here we are, two and a half years later. Half the country, no American can walk down the street." Casey "was on Capitol Hill because he's been nominated to be Army chief of staff. Despite the clashes and criticism General Casey is expected to be confirmed by a wide margin." The Washington Post (2/2, A4, Ricks, 690K) says that "summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey."

NBC Nightly News (2/1, lead story, 3:35, Williams, 9.87M) reported Casey "was grilled by members of the Senate. It was verbal combat and it got heated." NBC (Miklaszewski) added, "This was an unprecedented public reprimand of a senior US military official over the war in Iraq." And the CBS Evening News (2/1, story 5, 2:25, Martin, 7.66M) noted that "if he is confirmed, Casey will be responsible for providing all those extra troops he didn't want to send to Iraq."

Focusing on McCain's criticism, the Washington Post (2/2, A13, 690K) reports that though the senator "has been a firm supporter of the Iraq war and of…Bush's plan to send an additional 21,500 troops to Baghdad in the coming months," yesterday "he expressed stark concerns about the war." Said McCain, "Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing."

The New York Times (2/2, Cloud, 1.16M) refers to "withering criticism from some Senate Republicans," and says the exchanges "underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq." The Los Angeles Times (2/2, Barnes, 850K) reports Casey was "was berated by leading Senate critics," and describes the general as "an unenthusiastic supporter of the new strategy."

Suicide Attack Kills 45 At Baghdad Market. The CBS Evening News (2/1, story 4, :15, Couric, 7.66M) reported that in Iraq yesterday, "45 people were killed…when suicide bombers attacked a market 60 miles south of Baghdad. And in the capital, six Iraqis were killed and a dozen others hurt when a car bomb went off near a busy shopping area." NBC Nightly News (2/1, story 3, :25, Williams, 9.87M) reported "one Iraqi official says 1,990 civilians were killed in the month of January alone."

USA Today/AP (2/2, 6A) reports that in the market, two blasts "hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded." The Washington Post (2/2, A1, Londono, Sarhan, 690K) says the first explosion "sent a throng of shoppers at the covered market rushing toward another exit. There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said."

The New York Times (2/2, Glanz, 1.16M) reports "the explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. … The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite."

Baghdad Sees First Signs Of Security Crackdown. The AP (2/2, Hurst) reports, "US Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown." American and Iraqi commanders "are pulling together a force that numbers -- on paper at least -- about 90,000 troops for what many see as a last-chance drive to curb the debilitating violence that has turned Baghdad into a battleground and killed -- according to the United Nations -- more than 34,000 civilians last year alone. … Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims. It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers."

The CBS Evening News (2/1, story 6, :15, Couric, 7.66M) reported, "Iraq's government is gearing up for that upcoming security crackdown. Today it closed a key border crossing with Iran and also suspended flights to and from Syria."

American Troops Strive To Provide Positive Image To Iraqis Amid "Chaos Of War." The Los Angeles Times (2/2, Perry, 850K) reports that "a new batch of troops is trying to win the hearts and minds of the public" in Iraq. Marines face a challenge due to recent transgressions of a few soldiers as well as occasions when "insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans." Along with "dozens of deaths…suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous." Rumors and tales of mistakes about Marines in the region are "tragic but understandable in the chaos of war," according to one Haditha resident.

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Krauthammer Says US "Midwifed" Iraq's "Freedom," But Iraqis "Chose Civil War." In the Washington Post (2/2, A15, 690K), Charles Krauthammer writes, "Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. 'We did not give them a republic,' insists Newsweek's Fareed Zakaria. 'We gave them a civil war.'" Adds Krauthammer, "Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain 'give' India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda? We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?" The argument "infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war."

Administration Delays Release Of Evidence Backing Claims On Iran. The New York Times (2/2, A13, Sanger, Mazzetti, 1.16M) reports President Bush's national security advisers "have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq," senior administration officials said Thursday. The decision was described by officials "who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence." Some administration officials said there was "a continuing debate about how well the information proved the Bush administration's case." One official who has reviewed elements of the briefing "said the decision to delay it -- made by [Secretary] Rice, Defense Secretary Robert M. Gates and [NSA] Stephen J. Hadley -- was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces."

US Says It Won't Block Iran's Moves To Establish Banks In Iraq. The Wall Street Journal (2/2, A8, Solomon, Dreazen, 2.04M) reports senior Bush administration officials said the US "won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in US efforts to limit Iranian influence there." US approval of Iran's "economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq." US officials had "initially reacted coolly" to the Iranian plans, but in interviews yesterday, senior Bush administration officials 'said the US accepted the Iranian economic moves and would make no effort to block them."

Iraq Fears Being Caught In Middle Of US-Iran Tensions. The Chicago Tribune (2/2, Sly, 617K) reports, "Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies." The Bush administration's increased rhetoric towards Iran "has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the US," Iraqi officials say. Iraqi government spokesman, Ali al- Dabbagh, told a news conference Thursday in Baghdad, "We want to maintain good relations with our neighbors, especially Iran. We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others." Iraq "also wants to maintain good relations with the US," he added, "stressing that Iraq does not condone attacks against US forces in Iraq."

The Los Angeles Times (2/2, Richter, Roug, 850K) reports that "the Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs." Although the US has yet to receive and invite from the Iraqi government, "the meeting is intended to 'promote support for the government of Iraq on security and other issues,' said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States." According to Sumaidy, this summit is "part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10." This summit "comes at a time when U.S. officials have accused Iran of meddling in Iraq" and "the Bush administration…has complained that Syria is allowing foreign fighters to cross into Iraq."

Brzezinski Warns Iraq War Will Lead To Other Conflicts. The AP (2/2, Schweid) reports former national security adviser Zbigniew Brzezinski warned Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world. Appearing before the Senate Foreign Relations Committee, Brzezinski said, "If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large."

Military Source Says Israel Preparing To Attack Iran's Nuclear Sites. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column,

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that "a military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities." Sources say "the Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers" explaining their recent purchase "U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities." While "the Bush administration is hardening its position on Iran" it "is holding Israel in check from attacking" although this has not stopped Israel from acting unilaterally with its military before.

Ahmadinejad Calls UN Sanctions Ineffective. The New York Times (2/2, A10, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad "said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program." Speaking to reporters, he said Iran is "rapidly becoming a superpower," and its "strength does not come from military weapons or an economic capability." Ahmadinejad's comments come "as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the [UNSC] over Iran's nuclear program could have dangerous consequences."

The AP (2/2, Dareini) reports Ahmadinejad also "suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz." The installation would be "a major jump in Iran's uranium enrichment program, though it could take months to" complete. Meanwhile, AFP (2/2, Adler) quotes a Vienna-based diplomat as saying Iran has already begun installing centrifuges at the Natanz site.

Russia Calls For Delay In Imposing Sanctions. The Wall Street Journal/AP (2/2, A8) reports Russia Thursday "signaled that it backs a 'time-out' proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment." The Foreign Ministry said in a statement, "We believe the initiative put forward by the IAEA head...suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention."

Russia May Seek Gas Accord With Tehran. The New York Times (2/2, A10, Myers, 1.16M) reports, "Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas." He "stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations." At the same time Putin also reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks "underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions."

On its front page, the Wall Street Journal (2/2, A1, Gold, White, 2.04M) notes that "while there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the US, which still gets most of its gas within North America." The Journal also writes that the "prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever."

Chirac Again Seeks To Clarify Remarks On Iran. The New York Times (2/2, Bennhold, 1.16M) reports French President Jacques Chirac, "seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power." The statement was issued "within hours" of the publication of an interview in which Chirac "said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran." The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The Washington Times/AP (2/2, Keaten) questions whether the comments reflect that Chirac "at age 74 and in the waning months of his second and likely last term" is "losing his political touch" or "even his mental vigor?"

In an editorial, the Wall Street Journal (2/2, A18, 2.04M) writes, "They're certainly going to miss [Chirac] in Tehran" after his term ends later this year. The Journal notes that Chirac" won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse."

Regime Change Urged In Iran. Author Amir Taheri writes in the Wall Street Journal (2/2, A19, 2.04M) that the question in Tehran "these days" is "Will they hit or not?" The question is "wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite." In addition, the Khomeinist leadership is "divided over the reality of the threat, and over ways of dealing with it." While

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President Ahmadinejad "claims that the US is in no position to do much damage," the "bulk of the Khomeinist leadership, including the 'Supreme Guide' Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic." Taheri warns the international community about being "duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior." Instead, he says, "what is needed is a change in the nature of the regime."

Friedman Urges Oil Conservation To Undermine Iranian Regime. In his New York Times (2/2, 1.16M) column, Thomas L. Friedman writes that "getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union -- it overdosed on oil -- and it could end up being the real story of Iran, if we're smart." The "sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad -- and then the collapse in prices in the '80s helped bring down the overextended empire." Iran has been spending billions on subsidies "to buy off interest groups. ... So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends." The "best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours."

Afghan Parliament Urges Amnesty For Citizens From Past Wars. The New York Times (2/2, Gall, 1.16M) reports that "Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the government to grant immunity to all Afghans involved in the wars of the last 25 years." This resolution "brought protests on Thursday from human rights advocates and the United Nations…who had been working with the government on a plan to address the many abuses over the last three decades." Afghan lawmakers remain firm and support the resolution "in the interest of peace and stability" which "was approved just days after President Hamid Karzai began work on the government's reconciliation plan," including proposed "talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban."

US Military Makes Arms And Equipment Donation To Afghan Army. The AP (2/2, Faiez) reports that "the United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents. The donation included "800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back" after the more modern technology enables the Afghan National Army to evolve into "a well equipped, well-trained, well-led, self-sustaining army," according to U.S. Maj. Gen. Robert Durbin at the donation ceremony at a military base in Kabul. During the ceremony, Afghan President Karzai "thanked the U.S. officials and said that such donations and further training would enable Afghans 'to stand on our own feet.'

Rising Drug Trade Linked To Terrorism In Afghanistan. The New York Times (2/2, Risen, 1.16M) reports in detail the US deal with known Afghani drug lord and Taliban ally Haji Bashir Noorzai. After years of deals with Mr. Noorzai in an attempt to collect counter-terrorism knowledge all of the negotiations went sour resulting in his recent arrest in New York. "In Afghanistan, finding terrorists has always trumped chasing drug traffickers," according to Bobby Charles, "the former top counternarcotics official at the State Department." Illustrating the complex issues involved "in fighting the war on terrorism," when "government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful" although "it is often not clear whether the benefits outweigh the costs."

Pentagon Reorganizes Non-Fatal Casualty Statistics On Web Page. The New York Times (2/2, Grady, 1.16M) reports that "statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan." According to Dr. Michael Kilpatrick, the deputy director of force health protection and readiness at the Defense Department, "the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were." The change was motivated when "public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 'nonmortal woundings' in Iraq and Afghanistan." That number was a miscalculated mistake "from a Web page posted by public affairs employees at the Department of Veterans Affairs" who combined "combat and noncombat injuries as well as illnesses and labeling them all 'woundings' instead of casualties." Now both web sites have been changed.

DOJ:

DOJ Concedes Prosecutorial Misconduct In MA Mob Slaying Case. The Boston Globe (2/2, Murphy)

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reports, "An internal Justice Department investigation concluded that a federal prosecutor in Boston 'engaged in professional misconduct and exercised poor judgment' while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday." The Globe continues, "In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that 'disciplinary action' had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone. … Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying. … Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases." The Globe notes, "In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was 'preparing a more detailed response' to an earlier letter from Wolf. … Samantha Martin , a spokeswoman for US Attorney Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, 'We are prohibited from commenting on any internal personnel matters beyond what is available in the public record.' … Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate."

Massachusetts Federal Prosecutor Heading To Main Justice. The Worcester (MA) Telegram & Gazette (2/2, Hammel) reports, "Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC." The T&G continues, "Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members." The T&G adds, "The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy. … The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here. … Mr. Casey said of his new assignment, 'I'm honored that they asked me.'" The T&G notes, "Son of a Swampscott police officer, Mr. Casey said, 'I like to prosecute violent guys. I think there's a federal interest in keeping the community safe. … In part because of the employment of his father, who died in the early 1990s, he said, 'I've always loved working with police departments.' … That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe."

CORPORATE SCANDALS:

Senate Report Finds SEC Mishandled Pequot Probe. The New York Times (2/2, Bogdanich) reports, "The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday." The Times continues, "The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management. … The report did not cite examples of what testimony might have been false." The Times adds, "The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations. … Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run. … 'At best, the picture shows extraordinarily lax enforcement by the S.E.C.,' Senate investigators concluded. 'At worse, the picture is colored with overtones of a possible cover-up.' … The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were 'deeply troubled' by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly. … The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing. … The S.E.C. closed its

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inquiry without charging anyone in connection with the Pequot inquiry."

Investors Sue Dell Alleging Improper Accounting. The Wall Street Journal (2/2, A14, Clark, Lawton, Wilke) reports, "Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip maker Intel Corp." the Journal continues, "The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as 'secret and likely illegal' kickbacks by Intel to ensure that Dell use no other chip supplier." The Journal adds, "In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors. … Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would 'move quickly' to defend itself. … The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins."

DOJ Probes Siemens For Possible Bribery. The Financial Times (2/2, Milne) reports, "Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal." The Times continues, "The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report." The Times adds, "The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact. … Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers." The Times notes, "Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said. … The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations."

AOL Case Heads To Jury After Three Months Of Trial. The Washington Post (2/2, D1, Johnson) reports, "An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001." The Post continues, "The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday." The Post adds, "Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the 'rocket docket' for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to 'look away from the facts' but instead to remember 'a lesson we all learned from the time we were children: Simply tell the truth.' … Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said. … 'These guys would rather cheat than fail,' Assistant U.S. Attorney Adam Reeves told the jury Tuesday." The Post notes, "U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo."

LATimes Criticizes Bid To Crack Down On CEO Pay. The Los Angeles Times (2/2, 850K) says in an editorial, "In 1993, outrage over sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate

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taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore." The Clinton-era "rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques." The "issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock."

CRIMINAL LAW:

FBI Agent Testifies At Libby Trial, Casting Doubt On Libby's Veracity. In a widely-distributed story, the AP (2/2, Apuzzo) reports, "In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis 'Scooter' Libby to be: not very. … Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later. 'He said that?' defense attorney Theodore Wells asked. 'That's what he claimed,' Bond replied. 'He said it,' Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in. … Bond didn't flinch: 'He told us that, yes,' she said."

Fox News' Special Report (2/1, Herridge) reported Bond "testified that…Libby told agents that Dick Cheney was his source. … However, according to the prosecution, Libby told the grand jury that he first heard the Plame information from journalist Tim Russert…a full month after Libby said he talked to the Vice President. The question is whether Libby lied or his memory failed him." MSNBC's Hardball (2/1, Shuster) noted that Bond's testimony "was dramatic, and it was all about Vice President Cheney. … This is a huge deal politically, as far as the vice president is concerned. It's also very big deal legally, as far as Scooter Libby is contend, because it's yet another nail in the coffin for prosecutors to show that Scooter Libby had motive to lie about his statements about where he learned information about Valerie Wilson."

Under the headline "Libby Left Out Some Facts In Interviews, FBI Agent Says," the Washington Post (2/2, A8, Goldstein, Leonnig, 690K) reports, "Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information." The Post adds, "During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12."

Under the headline "F.B.I. Agent Says Libby Denied Being Leak Source," the New York Times (2/2, Lewis, 1.16M) reports, "In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson's criticisms. The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters."

Jurors See Video Of McClellan Saying Libby "Had Nothing To Do" With Leak. USA Today (2/2, Willing, 2.27M) reports, "Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis 'Scooter' Libby 'had nothing to do' with leaking information about the wife of a Bush administration critic. … After McClellan spoke, Libby 'couldn't walk back from his story' without risking being fired," Special Prosecutor Patrick Fitzgerald argued. "The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton," and "Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — 'had nothing to do with the situation.'"

In its story focusing on FBI Special Agent Deborah Bond's testimony yesterday, the Washington Post (2/2, A8, Goldstein, Leonnig, 690K) notes that before allowing jurors to see the video excerpts, Walton "expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom…Walton said that argument was undercut by evidence that…McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame." Under the headline "Video Undercuts Libby's Defense," the Los Angeles Times (2/2, Schmitt, 850K) also reports that the McClellan video "dealt a blow" to Libby's "contention that he was made a scapegoat to protect White House political strategist Karl Rove." The Times also briefly notes Bond's testimony about Libby's conversation with Cheney about Plame.

Ignatius Says Cheney, Libby Attempted "Cover-Up." In a Washington Post (2/2, 690K) column titled "A

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Failed Cover-Up," David Ignatius writes, "Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb?" The Libby "trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA." After reviewing "the documentary evidence" from the trial, Ignatius concludes, "Let me say it again: This trial is about a cover-up that failed."

Crackdown On Online Gambling Freezes Funds. USA Today (2/2, Swartz) reports, "The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services." USA continues, "The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry. … And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers." USA adds, "Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved. … 'The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place,' says Michael Tew, principal of gaming consultant CapitalHQ. 'This could take years.' Funds from other gambling sites are not tied up, Tew and others say." USA notes, "Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. … Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling. … Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business."

Jury Convicts New York Drug Kingpin Of Rivals' Murder Plot. The AP (2/2, Hays) reports, "A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 to have two rivals gunned down in 2001." The AP continues, "A jury deliberated five days before finding Kenneth 'Supreme' McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued." The AP adds, "In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent. … The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv 'Gotti' Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label. … Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate. … 'That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens,' prosecutor Carolyn Pokorney said during closing arguments. 'And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue.'" The AP notes, "The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole. … U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an 'absurd' waste of time and money. The prosecutors told him this week the officials had not changed their minds."

The New York Times (2/2, Rashbaum) reports, "Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer." The Times adds, "The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years."

Judge Revokes Bail Of Former UN Official Charged With Bribery. In a widely-distributed story, the AP (2/2, Neumeister) reports, "A judge revoked the bail of a

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former senior United Nations official and ordered him detained until his trial on bribery charges. Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. … Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial." The AP adds, "Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States. The judge said his immigration status was 'precarious' but not illegal."

Coke Trial Jury Deadlocked, But Judge Says To Continue Deliberations. In a widely-distributed story, the AP (2/2, Weber) reports, "A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision." US District Judge J. Owen Forrester "did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams."

FBI, New Jersey AG Investigating Nonprofit's Land Deal. The Camden Courier-Post (2/2, Walsh) reports, "State and federal investigators are probing a private nonprofit organization run by Randy Primas," former Camden chief executive. "The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes. The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year." The Courier-Post notes Primas "previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group."

The Philadelphia Inquirer (2/2, Ott, Moroz, 385K) reports, "Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday. The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families."

South Florida Genovese Capo Pleads Guilty To RICO Charges. In a widely-distributed story, the AP (2/2, Anderson) reports, "The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison. Renaldi 'Ray' Ruggiero, 73, admitted in a plea agreement that he was a 'capo' in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property." The AP notes, "The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130 other undercover recordings that provide details about the group's plots and crimes. Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending."

The South Florida Sun-Sentinel (2/2, Blum, 237K) reports, "The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved. Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew 'broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect.' Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent."

Phoenix FBI Agents Arrest Priest Wanted For Assault In Nevada. In a widely-distributed story, the AP (2/2, Myers) reports, "A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said. The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix." The federal unlawful flight "charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said." The AP notes, "In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine."

Indiana Man Pleads Guilty To Katrina Relief Fraud. The Fort Wayne News-Sentinel/AP (2/1) reported Alan King of Bloomington "pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college

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loans, federal authorities said. … Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005."

Mississippi Women Charged With FEMA Relief Fraud. The Biloxi Sun Herald/AP (2/1) reported, "Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina. Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26." The AP notes, "Indictments…say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005."

Massachusetts Man Sentenced To Four Years In Prison For Defrauding Cisco. The Boston Herald (1/31, Fitzgerald, 184K) reported, "A Pepperell man and former worker at Hanscom Air Force Base was sentenced" Tuesday "to more than four years in prison for scamming Cisco Systems out of more than $4.7 million." Nicholas Stoupis, "who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment." The AP (1/31) also reported on the sentencing.

Judge Revokes Bail Of Alleged Pennsylvania Child Pornographer. The Philadelphia Inquirer (2/2, Shiffman, 385K) reports, "A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography. Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl." The Inquirer notes, "Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children. In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail."

Report Warns Of Increasing Deaths, Imprisonment Of Reporters. The AP (2/2, Yen) reports, "The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday." The AP continues, "The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia." The AP adds, "In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links. … 'There has never been a more dangerous time to be a journalist,' said Lucie Morillon, Washington director of Reporters Without Borders. 'But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate.'" The AP notes, "The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S. … At least 60 people are in prison worldwide for posting criticism of their governments online. … China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said. … In the U.S., the report said journalists and bloggers' 'freedom of expression' is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike. … Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course. … Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism."

Inmate Who Escaped With Official's Wife Is Sentenced. The New York Times (2/2, Blumenthal) reports from Mangum, OK, "A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping. … Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember." The Times continues, "The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living

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together in a trailer on a chicken farm in East Texas in April 2005. … Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live. … But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying."

Mother Reunited With Abducted Boy. The Washington Times (2/2, Wagner) reports from Linthicum, MD, "A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national. … 'My grandma told me we would never find him,' said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport." The Times continues, "Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale. … Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status." The Times adds, "Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother. … She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children."

DC Transit Police Cracking Down On Metro Robberies. The Washington Post (2/2, B3, Sun) reports, "The number of robberies throughout the Metro transit system increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday." The Post continues, "The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies. … Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said." The Post adds, "In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell. … Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said."

"Failure To Appear" Charges Face Opposition In Connecticut. The New York Times (2/2, Cowan) reports from Norwalk, CT, "Some call the 'failure to appear' charge a prosecutor's best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms." The Times continues, "Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison." The times adds, "Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back. … It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge. … She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance." The Times notes, "Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield. … At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge. … Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls 'other offenses.'"

Kaine Questions Expansion Of Death Penalty In Virginia. The Washington Post (2/2, B5, Shear, 690K) reports Virginia Gov. Timothy M. Kaine, "who ran for office pledging to enforce the death penalty despite his personal

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opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment." Speaking to Washington Post reporters and editors, Kaine "questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges." Kaine said, "I do not look at the expansion of the death penalty with a favorable eye. … I would not say that the problem in Virginia is that the death penalty is not applied enough." The Post adds Kaine also "discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs."

CIVIL LAW:

FEC To Examine 527 Group Activities. The Washington Post (2/2, A13, Mosk, 690K) reports the Federal Election Commission "said yesterday that it will police '527' groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for contributions, how they describe themselves, and how they spend their money." If the groups "make clear that they are advocating for or against a specific candidate, the FEC would regulate them." FEC Chairman Robert D. Lenhard said, "We're providing clear guidance. This makes it clear that the existing rules will be enforced." The Post adds the FEC "filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups."

CIVIL RIGHTS:

DOJ Suit Claims Pennsylvania Apartments' No-Dog Policy Discriminates Against Blind. The AP (2/2) reports, "The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster (PA) apartment complex, alleging their rental policies discriminate against the visually impaired." The AP continues, 'The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides." The AP adds, "Department of Justice officials posing as potential renters conducted the investigation into the complex's policies. … The investigation found the apartments use discriminatory housing practices by 'refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling,' the complaint said." The AP notes, "The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected. … 'The services of guide dogs are essential to individuals with visual impairments,' Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. 'Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment.'"

DOJ Settles Voting Rights Allegations With New Mexico County. The AP (2/2) reports from Grants, NM, "The U.S. Department of Justice has settled voting rights claims against Cibola County (NM). … The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday." The AP continues, "Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county. … The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge. … 'I felt that the county had been complying but the Justice Department felt there were a few problems' that warranted the extension, Diaz said." The AP adds, "American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said. … Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it. … The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls."

Mississippi Voting Rights Trial To Resume February 15. The AP (2/2) reports from Jackson, MS, "A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections." The AP continues, "Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial

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minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites. … Noxubee County is a rural area along the Alabama line with a majority black population." The AP adds, "On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice. … Lee, who is hearing the case without a jury, has not indicated when he might rule. … The trial began Jan. 16 in federal court in Jackson." The AP notes, "Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped. … The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority. … However, Justice Department expert Theodore Arrington said Brown and his 'political machine' have exploited the election process to ensure blacks control the county."

Alabama Appeals DOJ Ruling On County Commissioner's Appointment. The Mobile Press-Register (AL) (2/2, Murtaugh) reports, "The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision 'an affront to the state's sovereignty and federalism itself.'" The Press-Register continues, "In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang. … The Justice Department's decision 'invites chaos into state governmental functioning,' the letter stated." The Press-Register adds, "Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it 'appears to diminish the opportunity of minority voters to elect a representative of their choice.' … The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace." The Press-Register notes, "Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters. … A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking."

Texas Deputy At Center Of Furor Over Convicted Border Agents. The Washington Times (2/2, Seper) reports, "A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States." The Times continues, "The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month. … The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year – 'followed the letter of the law' in defending himself in the April 2005 incident and questioned why the government brought charges. … 'This is a fine young man, and I just don't believe he committed the wrong of which he was accused,' Sheriff Letsinger said. 'I have never had anything hurt me so badly as this prosecution. We've got to make this right.'" The Times notes, "Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as 'Gilmer,' 'another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America.' … 'Once again, our government is on the wrong side of the border war,' Mr. Poe said." The Times notes, "The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills. … U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away 'knowing it was occupied with the nine individuals,' at least seven of whom were illegal aliens -- some of whom later were called to testify for the government. … Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating 'under the color of law' the civil rights of Maricela Rodriguez-Garcia, a Mexican national."

DC Hairdresser Sued For Sexual Harassment. The Washington Post/AP (2/2, C07) reports, "Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months." The AP continues, "An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia." The AP adds, "Lawyers for Chreky and his salon denied Barrett's

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allegations. Chreky is fighting similar charges by another former employee, Jennifer Thong, who sued in September. … Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving."

Florida To Abandon Touch-Screen Voting Machines. The New York Times (2/2, Goodnough, Drew, 1.16M) reports Florida Gov. Charlie Crist "announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election." Voting experts "said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count."

55% Say Military Should Let Gays, Lesbians Serve Openly. The Wall Street Journal (2/2, 2.04M) reports a "new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military." By comparison, "19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve 'only if they keep their sexual orientation a secret,' and 18% said they should 'not be allowed to serve in the military at all.'" The survey, "conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's 'Don't Ask, Don't tell' policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military." Forty-six percent "said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%)."

ANTITRUST:

US Subpoenas PackerKiss Securities In Bond Probe. Bloomberg (2/2, Cataldo) reports, "PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market." Bloomberg continues, "The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week. … 'As a registered broker dealer we are required to maintain all the files and records that the subpoena requested,' said Mary Packer, the company's president, in a telephone interview. 'We fully cooperated in supplying these in the full knowledge they were complete and absolute.'" Bloomberg adds, "PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding. … U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial."

Microsoft Plans To License Instructions In Bid To Pacify EU. The AP (2/2) reports, "In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers." The AP continues, "The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate." The AP adds, "EU regulators fined Microsoft in July for failing to submit the 'complete and accurate' data it said was needed for rival server software to work with Microsoft's ubiquitous Windows desktop operating system. … Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols. … Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive."

United Airlines CEO Sees Mergers As Still Viable. USA Today (2/2, 3B, Adams) reports, "US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for

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other airline mergers, United Airlines CEO Glenn Tilton said Thursday." USA continues, "Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines 'would be different if the two companies and the boards agreed.' … A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers." USA adds, "He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues. … His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have 'ground to a halt.' … US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer."

ENVIRONMENT:

Report Expected To Heighten Pressure On Governments To Reduce Emissions. The CBS Evening News (2/1, story 8, 2:40, Couric, 7.66M) reported, "The world's leading scientists will release their highly anticipated study on global warming tomorrow, and the news is not good." CBS (Phillips) added, "The grim report to be issued [in Paris] tomorrow by the world's top climate scientists is expected to go further than ever before in laying the blame for global warming on human activity." Phillips: "In the same way as the US took a long time to accept the realities of global warming and its human causes, the Bush Administration is now stressing a very different response to most countries in how to respond to it." The US "is counting on future science. It's funding a study to see if millions of reflective plates launched into space and positioned between the earth and the sun could reflect enough energy away to limit the warming, a giant space sunscreen that even the man studying it says is a hugely expensive, desperate idea." Pressure on the US to reduce greenhouse gases "will continue to rise, just like the temperature of the planet."

The Wall Street Journal (2/2, A4, Naik, Ball, 2.04M) says the report, to be published today by the Intergovernmental Panel on Climate Change, "is expected to increase pressure on governments and companies to reduce fossil-fuel emissions." A summary of the report "is expected to assert that human activity is 'very likely' the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions." The "document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change." EPA Administrator Steve Johnson "hailed the IPCC report, saying, 'Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us.'"

USA Today (2/2, 6A, O'Driscoll, 2.27M) reports, "Numerous scientists who had seen previous drafts or participated in the global project have told USA TODAY and other news agencies in recent days that the report foresees worse heat waves and droughts, more powerful storms, heavier rain and gradually rising sea levels as temperatures rise and polar ice continues to melt." The "White House said it would review the report. 'The president has long said that humans are playing a role in global warming, and he's put forward programs to address it,' White House spokesman Tony Fratto said."

The Los Angeles Times (2/2, Maugh, 850K) reports the panel says warming "has become a runaway train that cannot be stopped. The warming of Earth and increases in sea level 'would continue for centuries ... even if greenhouse gas concentrations were to be stabilized," according to a 20-page summary of the report that was leaked to wire services.'" The Times adds, "Many scientists had argued during the editing process that the report should say it is a "virtually certain" that human activities are causing global warming. That would indicate a 99% certainty. But the change was strongly resisted by China, among other nations, because of its reliance on fossil fuels to help build its economy."

USA Today Urges US To Confront Global Warming. In an editorial, USA Today (2/2, 8A, 2.27M) writes that today's report "makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps." The "political climate for change appears to be improving, perhaps radically, despite the cost. ... Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address." States "have started responding out of frustration at the mismatch between federal inaction and the severity of the problem." The US "has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming."

Cato Scholar Warns Against Wasting Billions In Futile Attempt To Curb Warming. In a USA Today (2/2, 8A,

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2.27M) op-ed, reports, Patrick J. Michaels of the Cato Institute writes, "Climatically, Kyoto would do nothing." The "stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and -- a truth that everyone must know -- we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming." The "best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future." Instead of "burning our capital now for no environmental gain (did someone say 'ethanol?'), let's encourage economic development so people can invest and profit in our more efficient future."

Judge Mulls Release Of Material From Rocky Flats Grand Jury. The AP (2/2, Sarche) reports from Denver, "A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant. … But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released 'cast us adrift in uncharted waters.'" The AP continues, "Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released. … Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules." The AP adds, "The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released. … In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future. … Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released. … 'These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious,' Matsch said."

CDC Issues Guidelines For Battling Flu Pandemics. The Washington Post (2/2, A3, Brown, 690K) reports the Centers for Disease Control and Prevention issued guidelines for battling flu pandemics yesterday afternoon, as noted in yesterday's briefing. The guidelines recommend that states "be prepared to keep children out of school for three months," and businesses "should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work." The 106-page document also outlines "'non-pharmaceutical interventions' against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness." Moreover, "states and metropolitan areas would decide when to invoke various measures, such as, closing schools and banning concerts and sporting events." But the guidance "did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged." "'We don't expect we would be able to protect everybody,' the CDC's director, Julie L. Gerberding, said at a news conference" in Washington, D.C.

The AP (2/2, Stobbe) reports that "Federal officials say they don't expect a vaccine will be available" for a pandemic virus "until at least six months into a pandemic" and "on Thursday, Mr. Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus." Under Leavitt's declaration, "all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010." The Journal notes that "although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300-million residents become ill."

The New York Times (2/2, McNeil, 1.16M) reports that while "[h]ealth officials acknowledged that such [flu pandemic] measures would hugely disrupt public life," they "argued that these measure would buy the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months." Dr. Martin Cetron, director of global migration and quarantine for the Centers for Disease Control and Prevention, in releasing the guidelines, said, "We have to be prepared for a Category 5 pandemic. It's not easy. The only thing that's harder is facing the consequences. That will be intolerable."

Army Corps Releases Locations Of 122 Substandard Levees. USA Today (2/2, 1A, Eisler, 2.27M) reports on its front page that the Army Corps of Engineers bowed "to demands from news organizations"

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Thursday and "revealed the locations…of 122 levees nationwide that are so poorly maintained they could fail in a major flood. Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people." Maj. Gen. Don Riley, director of civil works for the corps, "said communities have one year to fix the problems." USA Today adds, "Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees."

ABC World News (2/1, story 6, 2:35, Gibson, 8.78M) reported, "In most communities, the strength and solidity of…levees are taken for granted. … Today, a new report says 122 levees all around the nation are in danger of failing, and the report says government at all levels has been lax in maintaining the flood walls." ABC (Stark) added, "This list may be the tip of the iceberg. There are other levees also in trouble for structural problems. Local officials are pleading for federal dollars to help."

The New York Times (2/2, 1.16M) reports, "In most cases, the corps built the levees and handed them over to local communities to maintain them. The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said. There is more work to be done, he said, adding, 'It is a concern.'"

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years. The AP (2/2) reports from Tampa, FL, "A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said." The AP continues, "Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said. … Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering." The AP adds, "During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest. … 'The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort,' said U.S. Attorney Paul I. Perez. 'The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue.'"

"Operation Dawg Pound" Targets Bloods Gang In New Jersey. The New York Times (2/2, Kocieniewski) reports police on Thursday "arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey. Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as 'Money, Sex, Murder,' are considered the state's most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005."

The AP (2/2) reports, "Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids. … Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print." Newsday, WINS Radio in New York, and the Carlisle Pennsylvania Sentinel are among the news outlets that used the AP story.

The Philadelphia Inquirer (2/2) reports, "Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder. … County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol."

The Trenton (NJ) Times (2/2) reports, "By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang."

Neptune, New Jersey's Asbury Park Press (2/1) reported state, federal and local law enforcement officials "arrested 17 adults in a new offensive against the Bloods street gang. Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons."

The Cherry Hill (NJ) Courier-Post (2/1) reported the raids "were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who

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authorities said were directing gang activities from inside state prison."

The Newark (NJ) Star-Ledger (2/2, Hepp) reports authorities yesterday "arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs. More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. … [Bobby] Williams…was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant."

On its Web site, WPVI-TV, Philadelphia (2/1) reports, "Among those arrested…at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang. After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community."

WABC-TV, New York (2/2) reports on its Web site that state police "say this is a major assault on the 'Bloods' street gang, which have become notorious across the state for drug activity and gun violence."

Federal Officials' Handling Of Afghan "Drug Lord" Case Scrutinized. The New York Times (2/2, Risen) reports that in April 2005, federal law enforcement officials "summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch...the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York. Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging. … In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs." The Times adds, "Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command."

St. Kitts Man Gets 11-Year Sentence In Cocaine-Smuggling Case. The Sun St. Kitts/Nevis (2/1) reported that in about 11 years, Glenroy "Bobo" Matthew "could be released from a U.S. federal prison to be reunited with his family in St. Kitts. Earlier this week, Matthew was sentenced by U.S. District Court Judge K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release. The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States." The case "was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts."

Georgia Man Faces Attempted Murder Charges Following Drug Investigation In New York. The AP (2/2) reports a drug suspect from Georgia "was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room. A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine. … The agents closed the hotel room door and after a few minutes talked [Colin] Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room." Georgia's Columbus Ledger-Enquirer and WSTM-TV in Syracuse used the AP story.

Former Maryland Teacher Gets 6-Year Sentence In Meth Case. The Columbia (MD) Flier (2/1) reported a former River Hill High School social studies teacher "was sentenced in January to six and a-half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine. On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release. Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police."

ATF, FBI Probing Similar Bombs Found In Kansas City, Chicago. The Kansas City Star (2/2, Morris) reports, "Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected." The Star continues, "Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service. … It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's

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mail facility, she said." The Star adds, "A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as 'threatening.' … The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials." The Star notes, "Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured. … Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads."

13 In San Diego Charged With Weapons Violations In "Operation Colt .45." The San Diego Union-Tribune (2/2, Soto, 324K) reports, "Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday. … They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years. The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office. 'San Diego gang members routinely buy and sell firearms as a commodity,' he said, noting several of the guns had been stolen in other states." The Union-Tribune notes, "The investigation was called 'Operation Colt .45' and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives."

Connecticut Gun Dealer Pleads Guilty To Federal Violation. The Connecticut Post (2/2, Mayko) reports from Bridgeport, KT, "Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, 'I'm glad it's over.' … With one word – 'guilty' -- D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford." The Post continues, "Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device. … The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices. … But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out." The Post adds, "Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001. … Yet, they also sought his help as a witness in some federal prosecutions. … It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted."

ATF Gang Probe Leads To Drug Charges Against Two In Washington. The Seattle Post-Intelligencer (2/2, Gutierrez) reports, "Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday." The P-I continues, "Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said. … The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation." The P-I adds, "This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office. … 'Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact,' said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office." The P-I notes, "The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court."

IMMIGRATION:

Judge Rules Louisiana Law Banning Illegal Immigrants From Driving Unconstitutional. The AP (2/2) reports from Gretna, LA, "A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional." The AP continues, "In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002,

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illegally steps on federal immigration law. … The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans." The AP adds, "The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said. … Under the law, any 'alien student' or 'nonresident alien' who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000. … The law also requires state authorities to report violators to the federal Immigration and Naturalization Service." The AP notes, "Grant said the definition of 'alien student' or 'nonresident alien' was different from that contained in federal law. The identification requirement 'exceeds the standard contemplated by federal immigration law,' the judge wrote. … Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said."

Texas Immigration Raid Nets 53 Arrests. The AP (2/2) reports, "Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said." The AP continues, "U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua." The AP adds, "Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said. … The company has yet to learn why some workers were arrested, Flower said." The AP notes, "Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week."

Martinez Endorses Guest-Worker Measure. The Washington Times (2/2, Lambro, 88K) reports, "Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with 'earned citizenship' requirements for illegal aliens." Martinez, "whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, 'I don't support deporting these people because I don't believe that's a realistic approach.'" In an interview with The Washington Times, he "acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, 'My views on immigration are not well understood.'" Added Martinez, "I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things. … But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here."

End Of Catch And Release Said To Have Placed Strain On Immigrant Detention System. In a front page article, the Washington Post (2/2, A1, Hsu, Moreno, 690K) reports the "futuristic tent city" in Raymondville, Texas, built "to keep pace with Washington's increasing demand for stronger enforcement of immigration laws." It "marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home." The change "has led to a dramatic decline in border crossings by non-Mexicans, according to the US Immigration and Customs Enforcement agency. But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams," with detainees "confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. … Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville 'a modern, clean facility' that meets federal standards – 'which we believe are among the highest you'll find anywhere.'"

TAX:

Protective Order Granted In Nebraska Tax Case. The North Platte (NE) Telegraph (2/2, Lindenberger) reports that attorneys representing "Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte." The Telegraph continues, "Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload." The Telegraph adds, "The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners. … Those who were scheduled to

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appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden." The Telegraph notes, "Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return. … The Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS."

Judge Rejects Tax Shelter Once Sold By KPMG. The New York Times (2/2, Browning) reports, "A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters." The Times continues, "The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders." The Times adds, "The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure. … It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio." The Times notes, "Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998. … Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002. … Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips."

CONGRESS-ADMINISTRATION:

Bush To Seek $70 Billion Savings From Medicare, Medicaid. The New York Times (2/2, Pear, 1.16M) reports President Bush will "ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday." The proposals, "part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats." Bush is "also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level."

Bush To Propose Large Boost In Pell Grants. The Washington Post (2/2, A5, Paley, 690K) reports, "The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable." U.S. Secretary of Education Margaret Spellings announced during a speech at North Carolina State University in Raleigh yesterday the proposed increase in the maximum Pell grant by $550 to $4,600. In response, "advocates for students hailed the proposed expansion" but "cautioned that it would be meaningless if offset by cuts to other federal aid programs." Massachusetts Sen. Edward M. Kennedy (D) said that "he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years."

The New York Times (2/2, Pear, 1.16M) reports, "Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100."

The Washington Times (2/2, Fagan, 88K) reports the administration is proposing to "increase the grants to $5,400 over five years, the largest five-year increase ever." The plan is expected to "meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education. But the government has been under pressure to help more because

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rising college costs are making it increasingly difficult for some to attend college."

The AP (2/2, Pope) reports, "Education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs." Spellings said that it "would be paid for with increased revenues and 'efficiencies' that she declined to specify, saying details would be released with the president's budget announcement Monday." While, Sen. Kennedy said the proposal "shows how a Democratic Congress is changing the nation's priorities," "increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education."

Portman Defends Bush Budget Plans. In a New York Times letter to the editor (2/2), Office of Management and Budget director Rob Portman says, "In 'The Budget Illusion' (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency. On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012. The editorial specifically warns against 'pie in the sky' revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious."

Labor Department Official's Email Highlights Budget's "Weaknesses." In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs." David James, 'an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled 'DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out.'" One "part of the e-mail highlighted 'Vulnerabilities/Democrat Attacks.' One budget proposal is to 'consolidate and streamline' four training programs, the e-mail said, but 'Democrats portray this as simply a cut on worker training' and oppose it." Another proposal "calls for 'a reduction in the budget' for the Bureau of International Labor Affairs and having 'other federal entities' take over the bureau's 'grant-making function.' 'This will be attacked as neglecting international child labor programs,' James's e-mail said."

"Emergency" Bill Expected To Include Unneeded Spending. USA Today (2/2, Yaukey, 2.27M) reports the Bush Administration next week "is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan." The spending bill is "supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007." But military budget analysts "and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well."

Democrats Put Imprint On 2007 Spending Measure. The Christian Science Monitor (2/2, Chaddock, 59K) reports after "blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy." It is the "first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities." In a "bid to move quickly, House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one. The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for 'unmet needs,' including veterans' healthcare, low-income housing, education, and some 500 research programs." In "Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class." Their "targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention."

OMB Deputy Director Suggests There Has Been Too Little Congressional Oversight. The AP (2/2, Ben Feller) reports, "A White House management official said Thursday there is 'very little real accountability' in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress. 'There cannot be enough accountability in the federal government,' said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. 'There is very little today. Very little real accountability.'" However, "Johnson challenged Democratic lawmakers to help solve problems -- not just hold hearings about them." He also "said Democrats can expect candor and cooperation."

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OMB Wants Agency Employees To Make Federal Programs More Effective. Under the headline, "A Tale Of Mice Illustrates How To Save Money," the Washington Post's (2/2, D4, Barr) "Federal Diary" column reports, "For an example of how federal employees can make a difference," OMB "offered up the story of feeder mice. When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails." Clay Johnson called the "feeder mice 'my favorite example' of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important." The OMB "wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices." The Post adds, "Federal employees are key to making programs more effective, Johnson said."

Bush Approval Edges Up To 38% In Fox News Poll. Fox News' Special Report (2/1, Hume) reported, "The latest Fox News/Opinion Dynamics Poll finds Americans feeling slightly more favorable about President Bush. His job approval rating rose to 38 percent, that's from 35 percent just two weeks ago. Not great, but better. Congress, however, seems to still be in the doghouse with Americans; 33 percent now approve of the job Congress is doing, about the same as those asked in mid January."

Bush Says Cheney Optimistic, Not Out Of Touch. In the Washington Post's "In The Loop" column (2/2, A13), Al Kamen says, "Vice President Cheney has taken a pounding in the biased liberal media for touting the 'enormous successes' in Iraq. He's been called 'a little crazy,' 'crazy as a loon,' 'a compulsive liar' and 'deranged.'" But President Bush, "who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is 'a person reflecting a half-glass-full mentality,' which translated into English means he sees the glass half-full, not half-empty." Bush, "making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. 'And there is distrust in Washington,' he told NPR's Juan Williams on Monday. 'I am surprised, frankly, at the amount of distrust that exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it.'"

Senate Passes Minimum Wage Hike With Business Tax Cuts. The CBS Evening News (2/1, story 2, :20, Couric, 7.66M) reported, "The country's lowest paid workers may finally be get a raise. The Senate voted today to increase the Federal minimum wage for the first time in a decade. The jump from the current $5.15 an hour to $7.25 would be phased in over two years. The House has also voted for a wage hike, but the Senate bill includes some controversial tax provisions and it may take months to work out a compromise." The NBC Nightly News (2/1, story 5, :30, Williams, 9.87M) noted the Senate "linked the wage hike to tax cuts for small businesses. … The two houses have to agree on a final version before anything can be sent to the President."

USA Today (2/2, 5A, 2.27M) reports the Senate tally was 94-3, and says Majority Leader Harry Reid "raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to…Bush." The Wall Street Journal (2/2, A4, Lueck, 2.04M) also notes Reid "questioned whether 'we need all these business pieces of sugar' in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-wage increase could emerge from a House-Senate conference without the tax breaks. 'If we go through the process and go through a conference and the message comes back, "You can have the minimum wage stripped down or not at all," then we'll face another vote,' Mr. Durbin said. 'We need Republicans to pass it. If they continue to oppose it, then it will not pass.'"

The New York Times (2/2, Zernike, 1.16M), however, reports that although Reid "said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try," his office "later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations."

The AP (2/2, Kuhnhenn) says "the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress." Now "the measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff." House Speaker Nancy Pelosi "has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill." In a statement, President Bush "encouraged House Democrats to accept the Senate version of the bill. 'The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued

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economic growth,' Bush said." But "AFL-CIO President John Sweeney vowed to 'turn up the volume' to pass a bill without tax breaks." The three senators voting against the bill were Republicans "Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina."

The Washington Post (2/2, D1, Montgomery, 690K) reports, "As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases." It "would extend for five years a tax credit for employers who hire welfare recipients and 'high-risk youth' and expand the provision to include disabled military veterans. To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty." McClatchy (2/2, Talev) notes Sen. Ted Kennedy, "the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the 'least offensive' possible because it includes incentives for hiring minorities and disadvantaged Americans."

The Washington Times (2/2, Miller, 88K) reports "Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version. … Ways and Means Committee spokesman Matthew Beck said Republicans were 'holding hostage' the wage increase."

Minimum Wage Hike Seen As Not Enough To Help Poor. In a Washington Post op-ed (2/2, A15), former Clinton adviser Thomas Z. Freedman says the US should "raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford." On its own, "the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough." It would "take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be." A "better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC)."

Bush Says Healthful Diet Is Individual, Not Government Responsibility. The Washington Post (2/2, A5, Abramowitz, 690K) reports "President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns." However, "[a]s described by those present, the meeting was cordial" but "the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as, banning the marketing of junk food to children or requiring more detailed nutritional labeling." Bush told the "executives that it is an individual's responsibility to maintain a healthful diet, not the government's."

USA Today/AP (2/2) also covers the Bush meeting, noting that "more than 10-million school-age children in the US -- about 18% -- are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12." The New York Times (2/2, 1.16M) also carries the AP story.

Democrats Rescue Bush Global Health Package. The New York Times (2/2, Dugger, 1.16M) reports, "At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year. That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans."

Bush Administration To Give Vaccine Companies Immunity From Avian Flu Suits. The Wall Street Journal (2/2, A12, Zhang, 2.04M) reports, "The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain. The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health." HHS invoked the clause last week in a directive that cited "a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

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FDA Reform Proposals Contain "Bitter Pills" For Pharmaceutical Companies. The Wall Street Journal (2/2, Mathews, 2.04M) reports, that "big reforms" Congress may pass for the FDA "could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines." The Journal continues, "Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising." The Journal adds, "Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans."

Congress Moves Quickly On Children's Health Insurance Program. The AP (2/2, Freking) reports that while Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage," it is "moving more quickly to renew" the State Children's Health Insurance Program, "a program that now provides coverage to 6 million people, mostly children," and expires Sept. 30. The AP continues, "When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector."

Senate Democrats Urge Stricter FCC Rule Enforcement. The New York Times (2/2, Labaton, 1.16M) reports, "Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees." In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the FCC chairman, "and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T." Lawmakers also "questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review." The Times adds "the aggressive questioning by the panel's senior Democrats -- including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and Barbara Boxer of California -- suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission."

The Washington Post (2/2, D2, Babington, 690K) reports "several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership," said Dorgan, have been "a spectacular failure." Dorgan "railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city."

USA Today (2/2, Davidson, 2.27M) notes Martin "faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger." Inouye the chairman "did not intend to 'stand by the deal' and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions." The Washington Times/Cox News Service (2/2) runs a similar story.

Frank To Push For Data Privacy Laws. The Washington Post (2/2, D3, Krebs, 690K) reports, "Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest" from House Financial Services Committee Chairman Barney Frank, who says "he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands. Frank also said he wants retailers to be held more accountable for data breaches. … While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation."

Two More Lawmakers Criticize Baca, But Don't Resign From Hispanic Caucus. The Los Angeles Times (2/2, Simon, 850K) reports, "The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women. Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign." Rep. Hilda L. Solis "complained about the 'lack of respect afforded to women members of the Hispanic Caucus.'" And Rep. Linda T. Sanchez "stood by her sister and fellow congresswoman,

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saying: 'I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members.'" On Wednesday, Loretta Sanchez "told the Politico, a new Capitol Hill newspaper, that Baca had called her a 'whore.'" Baca "denied the charges Thursday, saying, 'These accusations are categorically untrue.'" This morning, The Politico (2/2) notes that in a statement, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements."

The AP (2/2, Werner) reports, "Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November." Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez "subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats." The AP adds, "Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups."

NYTimes Calls For More Protection For Federal Judges. The New York Times (2/2, 1.16M) says in an editorial, "One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack."

OTHER NEWS:

Bush, Democrats Painting Dramatically Different Economic Pictures. The AP (2/2, Raum) reports, "The booming economy that President Bush paints is a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college. The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right -- and wrong. It just depends on what numbers you summon." The AP adds, "Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months. Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady. But hold on." Presidential candidates John Edwards and Barack Obama have argued the country is seeing an increasing "rich-poor" divide. Obama has "cited 'skyrocketing health care bills,' lost pensions and struggles to pay for college." Also, "the cutback in building has led to thousands of layoffs in the construction industry, Democrats note."

Strength of Job Market Led Fed To Decide Against Rates Cuts. The Wall Street Journal (2/2, C1, Hilsenrath, 2.04M) reports, "Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market. Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster." The unemployment rate "fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ." In a story titled "Fed's Inflation Dilemma," the Wall Street Journal (2/2, A2, Ip, 2.04M) also examines the debate inside the Fed about "an explicit target for inflation," in which some prefer "an implicit, or 'soft' target." The debate "reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises. Currently, the Fed's…doesn't specify what rate or range of inflation it thinks would fulfill that goal."

Americans Have A Negative Savings Rate. ABC World News (2/1, story 4, 2:40, Gibson, 8.78M) reported, "There was a revealing and some might say alarming report about what Americans are doing with their paychecks. They now have a negative savings rate. They spent 1% more last year than they earned. That represents the lowest personal savings rate since the great depression. Betsy Stark joins us now. It sounds frightening when you say Americans are spending more than they earn." The CBS Evening News (2/1, lead story, 2:30, Couric, 7.66M) said, "There is no way around it, we Americans are addicted, addicted to spending. And we're spending more than we're earning."

Dow Soars To New Record. NBC Nightly News (2/1, story 6, :20, Williams, 9.87M) reported, "On Wall Street here in New York today, another record close for blue chip stocks. The Dow gained just under 52 points [to close at 12,673.68] on this day to finish at a new record of 12, 673 at the close. NASDAQ was up more than 4 points [to close at 2,468.38] on the day." The Washington Post/AP (2/2, D5) notes the Standard & Poor's 500-stock index "rose 7.70, or 0.54 percent, to 1445.94." The Wall Street Journal (2/2, C1, McKay, 2.04M), among other newspapers, also reports the stock numbers.

Manufacturing Activity Down In January. The Wall Street Journal (2/2, A2, Conkey, 2.04M) reports, "Dogged by

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excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer." The Institute for Supply Management "said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December. Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries." The slowdown "follows a four-year growth spurt in the manufacturing sector." The Financial Times (2/2, Callan), taking a more negative view, says "the US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey. … The poor performance underlined economists' fears that the sector could be sliding into recession."

GOP Fundraising Slow Since Election Defeat. The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning, "Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million."

Sharpton Grills Biden Over Remarks On Obama. The AP (2/2, Fouhy) reports, "Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama 'articulate' and 'clean,' questioning how the description reflects on other blacks." Biden "spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is 'the first mainstream African-American who is articulate and bright and clean.' Speaking "by telephone on Sharpton's radio show,'" Biden "told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton," and the Rev. Jesse Jackson. However, "Sharpton told Biden: 'A lot of people took it from you that because [Obama] is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community.' Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer -- a controversy that was widely believed to have cost Allen re-election. 'George Allen got 'macaca' -- this might be a step past that,' Sharpton warned. Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country."

Of Remarks On Obama, Biden Says He "Was Complementing A Colleague." On MSNBC's Hardball (2/1, Matthews), host Chris Matthews asked Sen. Joe Biden about his remark that Sen. Barack Obama is "the first mainstream African-American who's articulate and bright and clean and a nice-looking guy." Biden said, "I wasn't making a historical statement. I was trying to complement a colleague. I was complementing a colleague." Biden added, "There's not a single politician in either party who wouldn't like to be positioned where he is at this point. That was the point I was making when I said he's clean -- what I meant to say was fresh, that he was new, he's exciting."

Robinson Sees Racial Overtones In Use Of "Articulate" To Describe Obama, Other Blacks. In his column in the Washington Post (2/2, A15, 690K) Eugene Robinson weighs in on the controversy surrounding Biden's comments, writing, "For my part, I never made it past 'articulate,' a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. 'He's an attractive guy. He's articulate,' Bush told Fox News. Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses." Robinson adds, "Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across. Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all."

On MSNBC's Hardball (2/1, Matthews), Eugene Robinson said he thought Sen. Biden meant "not articulate in being eloquent, but articulate -- what do white people mean when they call black people articulate? This is a -- this is a -- this is something I have always wanted to know. It seems to me that it means: Kind of like us. Talks kind of like us. Gives off the right kind of social cues of -- of being one of us. It's used for Barack Obama. It's used for Condi Rice. It's not used for Jesse Jackson. It's not used for Al Sharpton, even though they are both eloquent speakers."

Morris Criticizes Biden's Comments. On Fox's "The O'Reilly Factor" (2/1, O'Reilly), Dick Morris said, "Every political grave has to have a tombstone with an epitaph on it and this would be his. Actually his second epitaph. There was one in '88. I think that gaffes like this only are important if people believe that, despite the denials, it reveals a window into the politician's real thinking. … At a certain level, Biden was reflecting the establishment opinion of white politicians on Capitol Hill, which I do not share, which is to disparage the African-American members, to say that there's a lot of

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corruption, that there's a lot of cronyism, and to -- to say that they really -- there really hasn't been a clean, articulate, bright black to emerge on the national stage. I think it's wrong."

Obama's Multicultural Background A Sticking Point For Some African-Americans. The New York Times (2/2, Swarns, 1.16M) reports, "He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House. So why are some black voters so uneasy about Senator Barack Obama? The black author and essayist Debra J. Dickerson recently declared that 'Obama isn't black' in an American racial context. Some polls suggest that Mr. Obama trails" New York Sen. Hillary Clinton (D) "in the battle for African-American support." Obama "is the American-born son of a black father from Kenya and a white mother from Kansas." And "many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines." But "Obama's melting pot background…remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, 'When black Americans refer to Obama as 'one of us,' I do not know what they are talking about." And Dickerson said, "His father was African. His mother was a white woman. He grew up with white grandparents. … He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Clinton Asking Top Donors To Raise At Least $1 Million. The New York Times (2/2, Healy, Zeleny, 1.16M) reports that New York Sen. Hillary Clinton (D) "is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters. That million-dollar benchmark is 10 times the amount that President Bush's 'Pioneers' were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable. Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said." the Times notes, "Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 -- in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis. 'It will be almost impossible for any other candidate to raise the money that the Clintons can raise,' said John Catsimatidis, a New York fund-raiser for Mrs. Clinton."

Morris Says Clinton Would Raise Taxes, Reintroduce Healthcare Plan. On Fox's "The Big Story Will John Gibson" (2/1, Gibson), Dick Morris said, "I think that" Rudy Giuliani "is the only Republican candidate that could really defeat" Hillary Clinton. Morris continued, "The first three things that I think Hillary will do as president are raise taxes, and by that I mean repeal the income tax cuts and the Bush package, certainly for the top and maybe for the middle bracket. It's going to go back up to 39 or 40 percent that her husband put it at. I think she repeals the capital gains tax cut. I think that she cancels the attempts to take down the estate tax. And she will have a Democratic majority with her that will make it possible for her to pass it. Secondly, I think she changes welfare reform so she makes things like job training and going to school and answering a matchbook ad for a truck driver school acceptable alternatives to employment to get welfare benefits, ruining the program. And thirdly, I think she reintroduces her health care plan that she has never repudiated. But this time it passes because the Fortune 500 companies will get behind it because they want to get rid of the health care burden."

Simon Says Edwards Emphasizing Sacrifice To Demonstrate Authenticity. On MSNBC's "Tucker" (2/1), Roger Simon of The Politico said, "John Edwards is stressing sacrifice as his way of showing he is authentic. He's not doing the political expedient thing. He's not promising not to raise taxes. He is promising, in fact, that gasoline is going to cost more under his presidency, we're going to have to pay more for universal healthcare under his presidency, and that Americans are going to have to sacrifice to eradicate poverty in America in our lifetimes. That's all very tough stuff. And people, when you interview them in crowds after a speech, they all say, I want to be asked to sacrifice for my country. And they always mention John F. Kennedy. And I think he is going for that constituency."

McCain, Giuliani No-Shows At Some Conservative Events. The Politico (2/2, Martin) reports, "A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up. Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event, and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members,

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this weekend in Baltimore." Meanwhile, "Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington. David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. 'I frankly don't get it,' Keene shrugged in an interview Wednesday. 'On the one hand,' he said, McCain has been 'trying to court the right, but on the other, he seems to be dissing them.'"

Giuliani Tops McCain In Fox News Poll. Fox News' Special Report (2/1, Hume) reported that in the 2008 presidential campaign, the latest Fox News/Opinion Dynamics poll shows that "among Republicans, former New York Mayor Rudy Giuliani holds a commanding lead, with 34 percent, followed by Senator John McCain at 22, former House Speaker Newt Gingrich with 15. Among Democrats, Hillary Rodham Clinton draws 43 percent. Senator Barack Obama trails her with only 15 percent. And former Senator John Edwards gets support from 12 percent of those whom we asked. The rest, you can see, well back."

Pawlenty Praises McCain. The Politico (2/2, patch) reports that Minnesota Gov. Tim Pawlenty (R) "said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz. 'The marketplace just told Republicans something,'" Pawlenty said, adding, "It told them that we are choosing for now to select the products and services of your opponent.'" Speaking "with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty," who is serving as Minnesota co-chair of McCain's presidential exploratory panel, "took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses. 'I believe he's in a league of his own,' he said. … Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is 'sufficiently conservative.' Pawlenty's comeback: 'If you hold any of these candidates to a purity litmus test, with the possible exception of [Kansas Sen.] Sam Brownback, we'll have nobody left,' Pawlenty said."

California Primary Change Could Prove Detrimental To McCain. The Washington Times (2/2, Hallow, 88K) reports, "Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year. 'If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain,'" said Orange County state Assemblyman Chuck DeVore. The plan "backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento. An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5." The Times notes that "many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain. 'The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda,' Mr. DeVore said."

'08 Hopeful Hunter Targeting Social Conservatives. USA Today (2/2, Welch, 2.27M) reports that CA52 Rep. Duncan Hunter (R) "sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative." Hunter, "who chaired the House Armed Services Committee for the last four" years, "made his presidential candidacy official last month, basing it on three principles: ·A hard line on illegal immigration. ·Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies. ·Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops. 'Over the next five to 10 years, clearly national security is going to be a major focus for our country,' Hunter says after being asked why he is running. 'I've concentrated on that function of government for the last 26 years in the House of Representatives.' … 'He's very much a long shot,' says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. 'He sees a niche for a social conservative with a strong defense background,' he says. 'He's putting a steel beam on the beach and hoping lightning will strike.'"

Gore Nominated For Nobel Peace Prize. The Los Angeles Times/AP (2/2) reports former Vice President Al Gore "was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday." Conservative Member of Parliament Boerge Brende said, "A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference." Brende said "he joined political opponent Heidi

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Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday."

Oil Price Stability Said To Be Key To Energy Security. In a New York Times (2/2, 1.16M) op-ed, Ronald E. Minsk, who was a special assistant for economic policy to President Bill Clinton, writes, "As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil." Minsk adds, "In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market." Minsk concludes, "There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable."

Lindsey Criticizes Move To Ease Union Representation. In a Wall Street Journal op-ed (2/2, A19), Lawrence B. Lindsey says, "Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called 'Employee Free Choice Act' is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system." But "sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that 'empowers' workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers."

Teaching Said To Be Among Better Paid Professions. Jay P. Greene and Marcus A. Winters of the Manhattan Institute write in the Wall Street Journal (2/2, A19, 2.04M) that public school teachers are "better paid" than architects, economists "and many other professionals" with an hourly wage of $34.06 which is "36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker." Increased pay for teachers accounts "for the bulk of public school spending increases over the last four decades." Yet "higher teacher pay seems to have no effect on raising student achievement." Instead, "the way we pay teachers is more important" because "providing bonuses to teachers who improve the performance of their students does raise academic proficiency."

NYTimes Calls For Bipartisan Trade Consensus. The New York Times (2/2, 1.16M) says in an editorial, "The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty." Now that the Democrats "control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers."

WSJournal Urges Utah To Adopt School Voucher Plan. The Wall Street Journal (2/2, A18, 2.04M) writes in an editorial, "Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America. The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman." The program "would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income." And "the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools." The projected "$9 million cost of the program is about 0.5% of total school spending." So "let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try."

Rice To Seek Support For Renewed Mideast Peace Push. The Washington Post (2/2, A11, Kessler, 690K) reports Secretary of State Condoleezza Rice will launch "a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting" of the Quartet, which "has played a largely backstage role in the long-stalled peace process." However, Germany, which currently holds the rotating presidency of the EU, "has pressed to revive the role of the international group -- and US

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officials decided that an endorsement would help bolster Rice's planned return to the region this month" to host a meeting between Israeli and Palestinian leaders. European officials say that Rice's decision to hold the meeting in Washington "signals the administration's determination to make progress with just two years left in President Bush's term." Behind the scenes, the Post says there are "tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas." The Russians, in particular, "have pressed for an end to the embargo," while the Europeans last year "won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions." The aid ban, however, "has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas," the Post writes.

Ban Wants Progress "On The Ground," Not Just Statements From Meeting. AFP (2/2) reports UN Secretary-General Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday "to strive for progress on the ground rather than merely making statements," his spokeswoman said. Spokeswoman Michele Montas told reporters Thursday, Ban "hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," noting that he is "fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process."

Palestinian Ceasefire Breaks Down Amid Growing Violence. The New York Times (2/2, A8, Myre, 1.16M) reports the "fragile truce" between Palestinian factions in Gaza "broke down" Thursday "when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50." The Los Angeles Times (2/2, Ellingwood, 850K) reports Hamas believed the ambushed convoy was "carrying arms from Egypt destined for" Fatah, however, Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas…denied the trucks were carrying arms."

Street Protests Pose Challenge To Lebanese Army. The Wall Street Journal (2/2, A12, Simpson, 2.04M) reports, "For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets." This new job is "severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis," current and former army leaders warn, "street violence like last week's could spiral beyond the military's ability to contain it."

US Considers Re-Establishing Relations With Somalia. The Washington Times (2/2, Kralev, 88K) reports the State Department said Thursday it is "considering re-establishing a diplomatic presence in Somalia for the first time since US troops withdrew from the African country in 1994." However, officials cautioned that "even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not reopen the US Embassy," but will "most likely set up a small presence post." The Times notes that during a trip to the region last month, Jendayi Frazer, assistant secretary of state for African affairs, pledged $40 million in financial assistance and said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

Sectarian Violence Rising In Pakistan. The Christian Science Monitor (2/2, Montero, 59K) reports a recent rash of attacks in Pakistan against its Shiite minority "has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war." The answer is important, analysts say, "because Pakistan's 30 million Shiites -- numbering more than Iraq's -- could become a flash point if sectarian violence spreads. … Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles."

US Expresses Hopes For Progress On Deal With Pyongyang. The AP (2/2) reports Assistant Secretary of State Christopher Hill said Thursday "he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons." His comments "could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks," which would be "a significant breakthrough for a bargaining process that has achieved little since it began in August 2003."

Pyongyang Looks To Giant Rabbits To Curb Famine. The Washington Post (2/2, A10, Whitlock, 690K) reports that officials in Pyongyang have approached a German rabbit breeder known for producing some of the words largest animals as "a possible solution to their nation's

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endemic food shortage." But "how, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear." An official at the North Korean Embassy in Berlin "confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program."

Debate Over Gibraltar Delays Ban On Luxury Goods To North Korea. The Financial Times (2/2, Parker, Mulligan) reports Kim Jong-il "may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain. The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang."

US Suspends Space Ventures With China. On its front page, the Washington Times (2/2, A1, Gertz, 88K) reports the Bush administration has "suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening US and foreign satellites." NASA spokesman Jason Sharp "said the weapon test undermined an agreement" reached between President Bush and Chinese President Hu Jintao during an April summit," and that "China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation." Bush administration officials said the suspension is "meant to signal US displeasure" with the test, "as well as Beijing's failure to provide an explanation for its space arms program."

Kyl Says US "Seems To Lack The Will To Implement" Space Defense. The Washington Times (2/2, Gertz, Scarborough, 88K) reports in its "Inside the Ring" column, that "the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead" bring to light the issue of whether the US has the "will to implement" space defense of US satellites, according to Senator Jon Kyl, a Arizona Republican and veteran of the Senate intelligence committee.

UN Hopes China's HU Will Push For Resolution On Darfur During Visit. The AP (2/2, De Montesquiou) reports he United Nations hopes Chinese President Hu Jintao "will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil." In what is seen as "an unusual foray into the field of human rights," Chinese officials have "called on Sudan to cooperate with the United Nations in finding a solution in Darfur."

Under the headline "Pressure On China As President Heads To Sudan," AFP (2/2, Saeed) says "international pressure" is on China, because "no other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime."

The Christian Science Monitor (2/2, Baldauf, 59K), meanwhile, reports from Khartoum that if Hu "announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached. Whatever happens, Hu's visit to Sudan will be historic."

Some In Africa Resent China's Growing Influence. The Wall Street Journal (2/2, A1, Trofimov, 2.04M) reports from Chambishi, Zambia that "Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent." But "there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest." Chambishi "was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. … Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent."

China's New Rules On Foreign Investment Spark Concern. The Washington Post (2/2, D1, Cha, 690K) reports, "Since the mid-1990s, China has aggressively courted foreign investment," but "in recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China." While some believe the new restrictions "may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising." As a result, "several US firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China."

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Russian TV Aids Putin In Anointing Successor. On its front page, the Washington Post (2/2, A1, Finn, 690K) reports, "[T]wo favorites of President Vladimir Putin play prominent supporting roles on a television game show called 'Happy Bus.' ... Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives. Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev." The "opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister." But the program "is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves...to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished." The Post adds, "Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said."

Putin Defends Energy Policies Toward Neighbors. The Financial Times (2/2, Buckley) reports, "Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours." Putin said, "We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" He "added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed 'precisely at ensuring the interests of key consumers' in western Europe, despite temporary disruptions to supplies last month and in January 2006."

Police Interview Blair About Cash-For-Honors Scandal. The New York Times (2/2, Cowell, 1.16M) reports, "After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions." Blair "is said by British political analysts to be the first prime minister to be interviewed by the police while still in office." The Times adds, "The prime minister's office said in a statement on Thursday that Mr. Blair had been 'briefly interviewed by the police as a witness."

The Washington Post (2/2, A12, Sullivan, 690K) reports, "Police interviewed Blair for about 45 minutes last Friday but asked Blair's office 'for operational reasons' to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was 'interviewed as a witness, not as a suspect and cooperated fully' in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal." The Post adds, "Blair…announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner."

Gutierrez Says US Willing To Help Cuba Transition. The AP (2/2, Carl) reports Commerce Secretary Carlos Gutierrez Thursday said Washington "is willing to help Cuba make the transition to a more open, democratic society." Speaking to reporters during a one-day visit to Mexico, Gutierrez said the US supports a "peaceful transition to democracy." Gutierrez said the United States "does not plan to meddle in Cuban politics, but wants to see the country make the transition to democracy." Gutierrez did not elaborate, "but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy."

European Commission Critical Of US Farm Proposals. The Wall Street Journal (2/2, Von Reppert-Bismarck, 2.04M) reports, "The European Commission expressed disappointment at a US plan to overhaul subsidies to its farmers, saying 'more ambitious cuts' are required to relaunch a stalled round of global trade talks. The White House's proposal to Congress on how to overhaul the US Farm Bill will make 'extremely modest' cuts to loan-deficiency payments and keep payments to dairy and sugar farmers 'virtually untouched,' said EU farm spokesman Michael Mann." Mann added, "The U.S. will need to propose more ambitious cuts and disciplines. … We had hoped the administration's proposal for the new farm bill would signal this more clearly."

The Wall Street Journal (2/2, 2.04M) reports in its "Washington Wire" column this morning that the Administration "faces skeptics at home and abroad about farm-subsidy cuts." In addition to EC criticism, the Journal says "the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support."

WPost Urges Bush Not To "Go Wobbly" On Kosovo. The Washington Post (2/2, A14, 690K) editorializes, "Today UN envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. … All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been

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whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia." The Bush Administration "is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness." US "firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran." If Russian President Vladimir Putin "decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly."

NYTimes Urges Ulster's Paisley To Support Peace Process. The New York Times (2/2, 1.16M) editorializes, "Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call 'the troubles.' One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future -- or to stand in the way. That man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them. … This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"U.N. Says There's No Stopping Global Warming."
"Milena's Mentor Stays On The Case."
"Costly L.A. River Plan Contains A Raft Of New Ideas."
"Marines Battle Their Past In An Iraqi city."
"Senators Castigate General On Iraq strategy."

USA Today:
"Sites Of Risky Levees Listed."
"Drastic Plans Unveiled To Fight Pandemic."
"Milestone Resonates Beyond NFL."

New York Times:
"Florida Shifting To Voting System With Paper Trail."
"An Afghan's Path From Ally Of US. To drug Suspect."
"General Parries Senate Attacks On Iraq Record."
"So Far, Obama Can't Take Black Vote For Granted."
"Democracy Rules, And Pop Culture Depends On It."
"Dark Days Follow Hard-Hitting Career In N.F.L."
"Late for Court: Connecticut Case Draws Scrutiny."

Washington Post:
"Border Policy's Success Strains Resources."
"Iraq at Risk Of Further Strife, Intelligence Report Warns."
"Va. Transportation Deal Withers In Senate Panel."
"Two Men Acquitted Of Conspiracy To Fund Hamas Activities in Israel."
"Russian TV Shines Warmly On A Likely Successor To Putin."
"Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another."

Washington Times:
"New RNC Chief Backs Bill With Guest-Worker Plan."
"Casey Refutes Iraq Pessimism."
"U.S. Halts China Space Ventures."
"Katrina Vehicles Flood This Area."
"Abducted Boy, Mom Reunited."

Detroit Free Press:
"Governor To Push Free Tuition."
"Michiganders Doubt President."
"Historic Low: Ford 4th With U.S. Buyers."
"'The Room Was So Full Of…Forgiveness' For Abraham."

Atlanta Journal-Constitution:
"Medicare Cuts Reach Deep Into Hospitals."
"Nation Bemused As Network Appeases Boston Over Stunt."
"Apology Asked For Sterilizations State Required."
"Jury Told To Keep At It In Clinton Secret Case."
"Bill Will Allow Consumers To Order Wine Shipped Directly From Maker."

Houston Chronicle:
"Minimum-Wage Hikes Clears One Hurdle, Faces Another."
"Report: Global Warning To Last For Centuries."
"Casey Says Demand For Troops Excessive."
"Democrats Rip State Agency For Hiring D.C. Lobbyist."
"Giuliani Mines For Texas Gold."

Story Lineup From Last Night's Network News:
ABC: Senate Resolution-Iraq; Senate Resolution-Analysis; Gen. Casey-Senate Hearings; Americans Saving Less; Economic News; Army Corps Report The Levees; Terror Scare Boston-Aftermath; Italian Spat; Schools In Cambodia.
CBS: Negative Savings Rate; Senate-Minimum Wage; Exxon Profits; Iraq Violence; Casey-Surge; Iraq-Security Crackdown; Syria-Anti-US Propaganda; Climate Change Report; Southeast-Winter Weather; Katrina Victims-

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Depression; UK Terror Suspects; Boston Terror Scare; Democrats-Work Week; Super Bowl Ads.
NBC: Gen. Casey-Hearings; Senate Resolution-Iraq Surge; Iraq Sectarian Violence; Terror Scare Boston-Aftermath; Minimum Wage Increase; Stock Market; Exxon Profits; Binge Eating; Winter Weather-Colorado Cattle; Richard Kelly Obit; National Prayer Breakfast; Italian Spat.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: UN Global Warming Report; Super Bowl-Security Preparations; Senate-Minimum Wage; Savings Rates For Americans Down; PA-Strike At Harley-Davidson Plant.
CBS: UN Global Warming Report; Army Corps Of Engineers-Levees; Report Of US Chopper Going Down North Of Baghdad; Senate-Iraq Resolution; Senate-Minimum Wage Bill; Presidential Candidates To Attend Democratic National Committee Meeting; Exxon Oil-Record Profits; Ford Sales Down, Toyota Sales Up.
NPR: Tony Snow-Iraq Surge Plan; Casey-Confirmation Hearing; Mississippi River-Barge Accident; EU Calling For Worldwide Moratorium On Death Penalty; Tokyo Stock Exchange; Philippines-Truck Explosion; World Intellectual Property Organization-Counterfeiting Costs; Groundhog Day Forecast.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Photo opportunity with the Carolina Hurricanes. East Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in a roundtable discussion with cardiologists, survivors and partners. Bryant Park Hotel, New York; attends the Heart Truth 2007 Fashio Show. Bryant Park, New York.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: CONSUMER ASSEMBLY _ The Consumer Federation of America holds its Consumer Assembly Conference. Highlights: 10:15 a.m. FTC Chairman Deborah Platt Majoras. 11:30 a.m. Michael Jacobson, Executive Director, Center for Science in the Public Interest. Location: Washington Plaza Hotel, 10 Thomas Circle.

PANDEMIC FLU _ Influenza experts hold a two-day meeting to assess the current level of US preparedness for a possible bird flu pandemic. Highlights: 8 a.m. Session on influenza planning, with CDC Director Julie Gerberding, others. 12:05 p.m. Luncheon speaker - Rajeev Venkayya speaks on national preparedness for pandemic influenza. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington.

TAX SYMPOSIUM _ The Tax Council Policy Institute holds its Eighth Annual Tax Council Policy Institute Symposium, ``Understanding the Global Tax Arena: Risk & Regulation." Location: Ritz Carlton Hotel, 1150 22nd St. NW.

US-CHINA _ The US-China Economic and Security Review Commission holds a public hearing on ``The US-China Relationship: Economics and Security in Perspective." The hearing will examine US-China relations from multiple perspectives to assess this bilateral relationship since the granting of permanent normalized trade relations to China, and the challenges facing the relationship in 2007. It will consider the economic, security, and diplomatic impacts of Chinas accession to the World Trade Organization, and seek to identify trends in US-China relations and opportunities for greater bilateral cooperation and dialogue. Highlights: 8:30 a.m. - 12 p.m. The hearing continues with an examination of the US-China military and security relationship and the prospects for US-China political cooperation and diplomacy. The Commission will hear testimony from Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Christensen, Deputy Assistant Secretary of Treasury for International Affairs, Asia, Robert Dohner, as well as scholars and policy experts. Location: Room 562, Dirksen Senate Office Building.

WORKING FAMILIES-SECURITY _ The National Academy of Social Insurance holds a conference on how policymakers can ease insecurity for working families and strengthen economic security for all Americans. Highlights: 10 a.m. Session on the 9/11 Victim Compensation Fund, with Kenneth Feinberg, Special Master. 1:15 p.m. Luncheon speaker - former CMS Administrator Mark McClellan. Location: National Press Club.

DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Highlights: 9 a.m. General Session, with General Session. Speakers in order of appearance: Senate Majority Leader Senator Harry Reid; DNC Chairman Howard Dean; Senator Christopher Dodd; Senator Barack Obama; General Wesley Clark; Senator John Edwards; Representative Dennis Kucinich; Senator Hillary Rodham Clinton. 6:30 p.m. Executive Committee meeting with Governor Janet Napolitano of Arizona; Mayor Adrian Fenty of Washington, D.C; Mayor Shirley Franklin of Atlanta, Ga.; DNC Vice Chair & ASDC President Mark Brewer. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

PENTAGON-IRAQ BRIEFING _ 9 a.m. The Pentagon holds its regular briefing on Iraq. Location: DOD Studio, 2E781, Pentagon.

PRESTON-SMALL BUSINESS _ 9:30 a.m. SBA Administrator Preston discusses the Disaster Assistance Program and Reform Agenda along with economic growth

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and issues affecting Americas small businesses. Location: National Press Club.

PENTAGON ROUNDTABLE _ 9:55 a.m. Secretary of Defense Robert M. Gates and Chairman, Joint Chiefs of Staff Gen. Peter Pace will conduct an on the record media roundtable. Location: DOD Briefing Room, Pentagon 2E579.

ECONOMIC BRIEFING _ 10 a.m. Treasury Assistant Secretary Phillip Swagel holds a briefing for economic media. Location: Room 4121, main Treasury.

SWAGEL-EMPLOYMENT _ 10 a.m. Treasury Department Assistant Secretary for Economic Policy Phillip Swagel hold an economic media briefing to discuss January 2007 employment numbers and the state of the US economy. Location: Treasury Department.

US-CLIMATE CHANGE _ 10 a.m. Environmental Protection Agency (EPA) Administrator Stephen L. Johnson joins U.S. Secretary of Energy Samuel W. Bodman, and National Oceanic and National Oceanic and Atmospheric Administration (NOAA) Administrator Vice Admiral Conrad Lautenbacher for a media availability to discuss the U.S. contribution to the Intergovernmental Panel on Climate Change (IPCC) Working Group 1 report and U.S. investments to advance climate science and clean energy technology research. Location: U.S. Department of Energy, 1000 Independence Ave. SW, Small Auditorium GJ-015.

HEALTH CARE _ 11:45 a.m. The Blue Cross and Blue Shield Association hold a briefing on BCBSA's 2007 federal legislative priorities and to give an overview of state legislative healthcare and insurance issues. Location: 12th floor, 1310 G St. NW.

AMERICA-FUTURE _ 12 p.m. Sen. Charles Schumer and former House Speaker Newt Gingrich discuss America's Future, sponsored by the National Press Club. Location: National Press Club.

CLIMATE CHANGE _ 12 p.m. The University Corporation for Atmospheric Research holds a telephone briefing on the Intergovernmental Panel on Climate Change, with U.S. scientists who helped write the report (released today in Paris). Notes: Callin number: 877-804-1919; verbal passcode: NCAR.

HEALTH INSURANCE-DEDUCTIONS _ 12 p.m. The Cato Institute holds a briefing to discuss the possibility of giving a standard income tax deducation for health insurance costs, with Council of Economic Advisers member Katherine Baicker, Leonard Burman of the Urban-Brookings Tax Policy Center, and Michael Cannon of the institute. Location: Room B-338, Rayburn.

MARINE CORPS _ 12 p.m. The US Marine Corps will hold a background briefing for reporters on the proposed increase in the end strength of the Marine Corps Location: Pentagon briefing studio, room 2E781.

IRAQ-EUROPE _ 12:15 p.m. The New America Foundation holds a discussion, ``Integration vs. Confrontation: Or Why Europe Likes the Iraq Study Group Report More than the White House," with Michael Backfisch of Handelsblatt and Steve Clemens of the foundation. Location: 7th floor, 1630 Connecticut Ave. NW.

OBAMA _ 1 p.m. Sen. Barack Obama, D-Ill., speaks at ``Yes We Can!," a rally organized by Students for Barack Obama, a national student group committed to supporting Obama. Location: Johnson Hall, George Mason University, Fairfax. Va.

GOVERNORS _ 2 p.m. The Center for American Progress holds a discussion with governors Janet Napolitano of Arizona and Kathleen Sebelius of Kansas. Location: 10th floor, 1333 H St. NW.

GUATEMALA _ 2 p.m. The Alliance to End Hunger and InterAction hold an information session about Guatemala's efforts to meet the First Millennium Development Goal, with Andris Botran, Secretary of Food Security and Nutrition for the Government of Guatemala, and chair of the Guatemalan Alliance Against Hunger. Location: Suite 500, 50 G St. NW.

IRAQ _ 2 p.m. The Wilson International Center for Scholars holds a discussion on new politics in Iraq with David Satterfield, the State Department's senior adviser and coordinator for Iraq. Location: 6th floor Flom Auditorium, Reagan Trade Center.

SAUDI ARABIA _ 2 p.m. Georgetown University holds a screening of the film ``Abdulaziz and a panel discussion on King Abdulaziz of the building of the modern Saudi Arabia, with Saudi Amb. Prince Turki Al-Faisal, others. Location: Bunn Intercultural Center Auditorium, on campus.

GOP LEADERSHIP _ 3:15 p.m. Members of the Senate Republican leadership will be available following the Senate Republican Conference Retreat to discuss the days activities and outline their legislative priorities for the 110th Congress. Participants: Senators Mitch McConnell, Trent Lott, Jon Kyl, John Cornyn, and Kay Bailey Hutchison. What: Media Availability with Senator Mitch McConnell, Senator Trent Lott, Senator Jon Kyl, Senator John Cornyn, and Senator Kay Bailey Hutchison. Location: Library of Congress, Thomas Jefferson Building, exhibit area between the Great Hall and Members Room.

IMMIGRANT RIGHTS _ 4 p.m. The DC Committee for Immigrants' Rights holds a news conference to discuss the Virginia General Assembly actions regarding illegal immigrants. Location: In front of ICE offices, 425 Eye St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Judges Pose Questions On Bush Detainee Policy (NYT)

By Adam Liptak

The New York Times, February 2, 2007

RICHMOND, Va., Feb. 1 — In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants.

The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University.

"What would prevent you from plucking up anyone and saying, 'You are an enemy combatant?' " Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons.

Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. "A citizen, no less than an alien, can be an enemy combatant," he added.

Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen "who has been determined by the United States to have been properly detained as an enemy combatant."

But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made.

Judge Motz asked, for instance, about the broader implications of the government's position that the United States is at war with Al Qaeda and that people affiliated with it may be subject to military detention rather than criminal prosecution.

"Nations have wars against each other," Judge Motz said. "People have quarrels or fights. Individuals can be terrorists. Individuals don't make war."

Mr. Salmons responded that a 2001 Congressional authorization to use military force after the Sept. 11 attacks had granted the president the power to detain Mr. Marri.

Judge Motz asked a series of hypothetical questions about whether the president could designate someone affiliated with People for the Ethical Treatment of Animals, or PETA, as an enemy combatant. "Could the president declare war on PETA?" she asked.

Mr. Salmons said the hypothetical was unrealistic, but he stopped short of categorically rejecting the idea. "The representative of PETA can sleep well at night," he said, because the executive branch's determination of who is an enemy combatant is a careful one.

Judge Motz also suggested that the criminal justice system could handle people like Mr. Marri.

"That doesn't mean he doesn't get punished," Judge Motz said. "Perhaps he gets punished worse, under the criminal process."

Mr. Marri was in fact charged with credit card fraud and lying to federal agents after his arrest in 2001, and he was on the verge of trial when he was moved into military detention in 2003.

The third judge, Henry E. Hudson, visiting from the Federal District Court for the Eastern District of Virginia, asked relatively few questions, most of them centered on the adequacy of the hearing Mr. Marri received in the trial court.

Judge Gregory, by contrast, subjected both lawyers to tough questioning.

"Do you agree," he asked Jonathan Hafetz, a lawyer for Mr. Marri with the Brennan Center for Justice at New York University School of Law, "that Congress gave the president broad power after Sept. 11 to wage the war on terrorism?"

"Certainly, your honor," Mr. Hafetz responded. "Broad, but not unlimited."

Judge Motz indicated that the government's shifting legal tactics in other cases had lost it a measure of credibility. It moved Jose Padilla, once labeled an enemy combatant, into the criminal justice system as the United States Supreme Court was considering whether to hear his challenge to that designation.

"Often the government in these cases has a late-breaking development," Judge Motz said. "Is there any late-breaking development here?"

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Mr. Salmons said no.

Judges Motz and Gregory were appointed by President Bill Clinton, and Judge Hudson by President Bush.

Detainee Rights At Center Of Fight (WP)

By Sari Horwitz

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- The Bush administration argued Thursday that a Qatari national who it says was an al-Qaeda sleeper agent sent to the United States for a second wave of terrorist attacks has no right to challenge in court his status as an enemy combatant.

Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges.

If the government is right, said lawyer Jonathan Hafetz, "they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people."

In arguments before a three-judge panel of the U.S. Court of Appeals for the 4th Circuit in Richmond, Bush administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations.

Assistant Solicitor General David B. Salmons said Marri met in 2001 with Osama bin Laden and accused Sept. 11 mastermind Khalid Sheik Mohammed and received training from al-Qaeda in Afghanistan in the use of poisons.

The government contends that Marri was sent to help other al-Qaeda operatives carry out subsequent terrorist attacks and had been told by al-Qaeda to explore computer-hacking methods to disrupt the U.S. banking system. "This is not a close case," Salmons said. "Al-Marri is clearly an al-Qaeda operative."

Marri, 41, is the only accused enemy combatant still held in the United States. Yaser Esam Hamdi, a U.S. citizen, was freed and sent to Saudi Arabia after the Supreme Court upheld his right to challenge his detention; Jose Padilla, another U.S. citizen, was transferred to the civilian justice system last year. Marri, who took up residence in Peoria, Ill., on a student visa in 2001, was arrested there.

Marri was arrested by the FBI in December 2001 and charged with credit card fraud and lying to federal agents. He was accused of denying that he had repeatedly tried to call a man in the United Arab Emirates who was the paymaster for the Sept. 11 hijackers. The charges were dropped in June 2003 when President Bush declared Marri an enemy combatant and moved him to military control.

Thursday, the judges focused their questions not on whether Marri is an al-Qaeda operative but on whether he was properly designated an enemy combatant.

Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States.

Motz said that she is concerned about giving the government broad authority "to pluck up anyone from the streets of the United States" and added: "We don't want other nations to do that to our people."

But Judge Roger L. Gregory suggested that Congress knew it was dealing with an "amorphous enemy" when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status.

The provision of the act that denies access to U.S. courts to foreign nationals deemed enemy combatants was aimed primarily at Guantanamo Bay detainees. Attorneys for those prisoners have filed a challenge to that provision, arguing that it violates constitutional guarantees against being detained without the right to contest the charges in court.

Bush's War Powers Further Scrutinised (FT)

By Demetri Sevastopulo In Richmond, Virginia

Financial Times, February 2, 2007

The battle to define presidential powers in the "war on terror" came under renewed scrutiny on Thursday when a foreign prisoner held in the US on suspicion of being an al-Qaeda "sleeper agent" asked a court to declare his detention unconstitutional.

Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud.

Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful "enemy combatant" in the "war on terror". He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has

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remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as "enemy combatants".

But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. "The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen," said Jonathan Hafetz, a New York University lawyer representing Mr Marri.

The Justice Department argued that Congress gave Mr Bush the authority to declare Mr Marri an enemy combatant when it gave him the ability to use force to prosecute the "war on terror" after September 11.

Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants.

"If the government prevails, any one of the 11.6m legal permanent residents in the US could – on the president's say-so...be held indefinitely as an 'unlawful enemy combatant' with no right to challenge his or her imprisonment in court," said Human Rights Watch.

In court on Thursday, the Justice Department argued the battlefield in the "war on terror" included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration's argument, saying while Congress could have given Mr Bush the ability to declare legal residents and citizens as "enemy combatants", it was unclear it had done so.

But Congress may again tackle the debate over habeas, which could have implications for the case of Mr al-Marri and the several hundred detainees still imprisoned at Guantánamo.

Senators Patrick Leahy and Arlen Specter, the top Democrat and Republican on the Senate judiciary committee, last week said they would work to reinstate the right of habeas corpus for all detainees.

"The great writ of habeas corpus was done horrible damage by the Congress in a law the president signed last year," Sen Leahy told Alberto Gonzales, the US attorney-general last week.

"I just want to put everybody on notice: as chairman of this committee, I will do everything possible to restore all the rights under the write of habeas corpus that were there before we passed the [MCA] legislation," he said.

Two Men Acquitted Of Conspiracy To Fund Hamas Activities In Israel (WP)

By Dan Eggen

The Washington Post, February 2, 2007

A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups.

Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious allegation against them and could have drawn life sentences for each.

But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit.

The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995.

Salah, a U.S. citizen, was accused of helping funnel hundreds of thousands of dollars to militant groups in the West Bank and Gaza. He was captured by the Israelis with $100,000 in cash in 1993 and allegedly confessed to being a military commander in Hamas. Ashqar was alleged to have helped launder money and facilitate communications for Hamas.

Neither man denied that he helped move money for Palestinian causes. But both said what they did was aimed at helping the Palestinian people and not to promote terrorism. In addition, Salah said his confession was the result of torture by Israeli officials.

In Chicago yesterday, the defendants and their attorneys immediately characterized the verdicts as a victory and said they showed that the government had overreached by trying to punish legitimate opposition to Israeli policies.

"It was better than we thought," a tearful Salah told reporters in Chicago. "We are good people, not terrorists."

Salah's attorney, Michael Deutsch, called the verdict "a tremendous victory" and said his client "may not even go to prison at all."

"This rejects the idea we can criminalize someone for resisting an illegal occupation in another country," Deutsch said.

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The Justice Department in Washington declined to comment. First Assistant U.S. Attorney Gary S. Shapiro told reporters in Chicago: "We've convicted them. It's hard to say that we're disappointed."

The prosecution of Ashqar and Salah was deemed so important to the Justice Department that the 2004 indictments were announced in a news conference by then-Attorney General John D. Ashcroft. But the outcome of the three-month trial is decidedly mixed.

In December 2005, a jury in Florida acquitted former computer professor Sami al-Arian of eight terrorism charges and deadlocked on nine others. Arian eventually pleaded guilty to supporting members of the Palestinian Islamic Jihad and is slated to be deported after finishing a short prison term.

One of Arian's attorneys, William Moffit, also represented Ashqar in Chicago.

The case was prosecuted by the office of U.S. Attorney Patrick J. Fitzgerald, who is in the spotlight as the special counsel in the trial of I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff.

The Hamas prosecution also featured another central player in the Libby saga: former New York Times reporter Judith Miller, who testified on behalf of prosecutors in Chicago about an Israeli interrogation session with Salah that she witnessed in the early 1990s.

Salah and his attorney argued that much of the evidence against him, including a confession, should be disregarded because it was obtained under torture when he was in Israeli custody. Miller testified that she saw no evidence of mistreatment when she witnessed an interrogation of Salah and -- in an unprecedented twist for a U.S. courtroom -- two Israeli interrogators testified under aliases that Salah was treated well.

Prosecutors also presented recorded conversations in which Ashqar discussed violent operations by Hamas. But Moffit said his client was never recorded planning any attacks or recruiting anyone to carry them out.

One other defendant remains under indictment in the case: Mousa Abu Marzook, Hamas's deputy political bureau chief, who was deported from the United States in 1997 and is now a fugitive living in Damascus, Syria.

Staff writer Kari Lydersen in Chicago and staff researcher Julie Tate in Washington contributed to this report.

Two Found Not Guilty Of Supporting Hamas (CHIT)

By Rudolph Bush And Jeff Coen

Chicago Tribune, February 2, 2007

In a legal defeat for the Bush administration's domestic war on terror, a federal jury Thursday acquitted two men of being leading members of the Palestinian extremist group Hamas and conspiring to support terrorism from the United States.

Bridgeview businessman Muhammad Salah swallowed hard and visibly fought back tears of joy as the jury acquitted him and co-defendant Abdelhaleem Ashqar of the most serious charges in the landmark case.

Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June.

Salah hugged his family and supporters and raised his arms in victory as he left the Dirksen U.S. Courthouse to applause.

"The terrorism theory is defeated," he said as he left. "We are not terrorists, and everyone can see it."

The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation.

Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups.

But Salah's lawyers said their win shows the government was overreaching.

"It's a huge victory—what's left is a relatively minor charge," said Salah's lawyer, Michael Deutsch. "I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.," he said. "It's a stretch."

Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here.

"This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases," said Gary Shapiro, first assistant U.S. attorney in Chicago

That includes the unprecedented use of Israeli agents to testify against defendants, as they did against Salah and Ashqar.

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"We don't believe we would have received guilty verdicts on all the other counts if it had not been for their testimony, which put all the conduct of the defendants into perspective," he said.

Jurors deliberated for 14 days over three weeks before finding Salah, a 53-year-old grocer, not guilty of conspiring to provide funding, recruiting, training and other aid to Hamas, a group responsible for dozens of terrorist attacks in Israel, Gaza and the West Bank. He was convicted of obstruction for lying under oath when questioned in a civil suit filed by the family of David Boim, an American student killed in a Hamas shooting.

$156 million awarded

In 2004, a federal jury awarded Boim's parents $156 million after finding that Salah provided support to Hamas.

Ashqar, 48, had been accused of archiving and distributing key documents and acting as a kind of switchboard who connected Hamas members across the globe to one another through his home telephone. He was convicted of obstruction and criminal contempt for refusing in 1998 to testify before a grand jury

Jurors said they were not divided, and simply applied the evidence presented in the three-month trial to the law they were given.

"There was a lot of evidence to go through, a lot of documentary evidence to go through," said juror Max Lapertosa, a lawyer for Access Living, a disabilities advocacy and services organization in Chicago. "The law was complex. In the end I think we came up with an unanimous verdict that is as fair as we could have possibly rendered."

That evidence included the confession of Salah, an American citizen, provided in 1993 while in the custody of Israel, as well as bank records showing he had received nearly $1 million from top Hamas leader Mousa Abu Marzook.

And the evidence included a trove of documents and wiretaps collected by federal agents in 1993 and 1994 under the Foreign Intelligence Surveillance Act, or FISA. The act permits electronic surveillance for the purpose of gathering intelligence domestically against people suspected of being foreign agents.

Some of the wiretaps and documents captured under the FISA order were entered as evidence against Salah and Ashqar in a process facilitated by the much-scrutinized Patriot Act.

The case had so many unusual elements that it's not possible to generalize from the results, Shapiro said.

But he said this was not a case about someone innocently sending or taking money overseas to aid charitable events. One of the defense positions in the case was that fundraising efforts were meant to support hospitals and education in the West Bank.

Prosecution cites terror acts

"The evidence in this case was pretty substantial that the money went overseas to aid the military wing of Hamas, and that that money went at least for the ostensible purpose of killing the Israeli military and engaging in other terrorist acts which killed civilians," Shapiro said.

Salah's lawyers also had contended that he was tortured into confessing while in Israeli custody. The prosecution had rejected that claim, and had even brought in former New York Times reporter Judith Miller—who had seen some of the interrogation—to testify about Salah's condition.

At the Mosque Foundation in Bridgeview on Thursday, Muslims who worship with Salah celebrated the verdict. They said it shows Muslims can find justice in the American legal system.

"Our community will no longer have to be afraid," said Amira Daoud. "I'm so glad that American people—his peers—gave a verdict that shows he couldn't have done this."

Leaders of Jewish advocacy groups expressed disappointment over the acquittals on the most serious charges.

"The fact that the charges were not sustained is a setback for the international fight against terrorism, plus for the public's understanding of how terrorist organizations can take advantage of the openness of democratic societies," said Yehudit Barsky of the American Jewish Committee in New York.

But they took some consolation in Salah's conviction for lying under oath in the Boim litigation.

"There is no escaping the fact that both of these individuals [Salah and Ashqar] were deeply involved with Hamas," said lawyer Steve Landes, who represented the Boim family at the trial.

Notified of the verdict, Boim's father, Stanley, said he was "at a loss for words."

"We have to hope that for people who do evil, justice will be done," he said from Jerusalem.

Salah relatives pleased

Salah's relatives said the jury's verdict shows Salah and Ashqar were only engaged in legal conduct, supporting Hamas' charitable work in gatherings protected by the U.S. Constitution.

Salah was forced to talk to Israeli interrogators and give a handwritten statement admitting he acted as the military commander of Hamas from his home in Bridgeview, they said.

Prosecutors had argued that Salah's confession to Israeli authorities was voluntary and included corroborating facts.

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"They were basically trying to do Israel's work," Salah's cousin, Abdullah Salah, said of the government. "They were using Israeli agents, [coerced] confessions, in an American courtroom. It's un-American."

"We are not terrorists. We are not bad people," said Mahmoud Salah, Salah's brother. "We came to this country to be free.

"Now we thank God because it is over."

2 Men Cleared Of Charges Of Aiding Hamas Violence (NYT)

By Libby Sander

The New York Times, February 2, 2007

CHICAGO, Feb. 1 — Two men were acquitted Thursday of federal charges that they provided money and other aid to the Palestinian organization Hamas in the early 1990s.

The racketeering case against the men, Muhammad Salah, 53, a onetime grocer from suburban Chicago, and Abdelhaleem Ashqar, 48, a former university professor from suburban Washington, was announced with much fanfare in 2004 by the United States attorney general at the time, John Ashcroft, as an important part of the government's fight against terrorism.

But Thursday afternoon, after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel.

The jury convicted the men of lesser charges, including obstruction of justice and, for Dr. Ashqar, criminal contempt.

Both men smiled and wept after the verdict, hugging and thanking family members and supporters in the packed and heavily secured downtown courtroom. "We are not terrorists," Mr. Salah told reporters in the lobby of the courthouse, his young son perched on his shoulders.

Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms.

"The government has tried to turn the Israeli-Palestinian conflict into something criminal," said William Moffitt, who is Dr. Ashqar's lawyer. "Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States."

Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial.

"This was about an organization that has publicly claimed credit over and over and over again for terrorist acts," said Gary S. Shapiro, the first assistant United States attorney in Chicago, "not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed."

Prosecutors based their accusations against Mr. Salah on a 1993 confession he made while in the custody of the Israeli secret police, who arrested him at a checkpoint in the Gaza Strip and found $97,000 in his hotel room. Mr. Salah told the Israeli police that he had met with top Hamas military officials and given them money. He spent nearly five years in an Israeli prison.

Defense lawyers argued that the confession was false and obtained only after Mr. Salah endured weeks of torture by the Israeli agents.

The case against Dr. Ashqar centered on recorded telephone conversations he had with Hamas officials and records seized in the early 1990s from his home in Oxford, Miss., while he was a graduate student at the University of Mississippi.

Throughout the trial, both defendants denied membership in Hamas, which they pointed out had not been designated a terrorist organization by the United States government until 1997. They maintained that their interactions with the organization were humanitarian in nature, intended only to finance charities and help impoverished Palestinians living under Israeli occupation.

Federal Jury In Chicago Acquits 2 Men Of Racketeering Conspiracy In Hamas Trial (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, February 2, 2007

(AP) - CHICAGO-Two men accused of furnishing money and fresh recruits to the militant Palestinian group Hamas were acquitted Thursday of racketeering but convicted on lesser charges.

The two men beamed broadly at the split verdict and defense attorneys immediately declared victory in the three-month trial that the government had described as a major component in its war on terrorism.

"We are not terrorists," former grocer Muhammad Salah told reporters as he left the courthouse with his 8-year-old son, Ibrahim, on his shoulders. "I feel good," he said as he was hugged by relatives and well wishers. "I thank God and I hope justice will prevail."

"This is a great day for justice," said Salah's attorney, Michael E. Deutsch.

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Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government.

Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr.

Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have made no secret of their dislike of the occupation of the West Bank and Gaza.

Salah was convicted of obstruction of justice for providing false answers to questions in a civil suit filed by parents of an American teenager who was shot and killed by Hamas terrorists at an Israeli bus stop.

Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify before a federal grand jury after receiving immunity from prosecution for anything that he might have revealed.

The jury delivered the verdict amid heavy security in the courtroom after deliberating for 14 days.

"We've convicted them - it's hard to say that we're disappointed," First Assistant U.S. Attorney Gary Shapiro said.

Defense attorneys said they hoped to have the convictions reversed on appeal but added that, at worst, the men would likely serve comparatively short sentences.

Also charged in the case is Abu Mousa Marzook, described as one of the top leaders of Hamas. Prosecutors said it was Marzook who sent Salah on his mission to Israel and supplied him with money to give to Hamas leaders.

FBI agents also intercepted phone calls between Ashqar and Marzook.

Marzook is currently living in Damascus, Syria, and is classified by the government as a fugitive.

U.S. Senators Briefed On Arar But Say They Have A Lot More Questions (CP)

Canadian Press, February 2, 2007

WASHINGTON (CP) - Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions.

But Democrat Patrick Leahy and and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes.

They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight.

The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada.

Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list.

Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States.

Chinese Official Publishes Rebuke Of Bush (NYT)

By Joseph Kahn

The New York Times, February 2, 2007

BEIJING, Feb. 1 — A senior Chinese government official issued a rare public rebuke of President Bush on Thursday, accusing him of waging a “unilateral” battle against terrorists that had worsened global tensions.

The official, Ye Xiaowen, director of China’s State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People’s Daily that Mr. Bush’s past references to a “crusade” and to “Islamic fascism” were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war.

Partly as a result, he said, the United States had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks.

“The more they oppose terrorism, the more terror they produce,” Mr. Ye said in the article. “How many more troops will they send to die in the meat grinder” of Iraq.

Mr. Ye wrote that Mr. Bush had effectively “hijacked” one religion, Christianity, to engage in a battle against another one, Islam. That has strengthened Islamic fundamentalists and made the war unwinnable, he contended.

“Unilateralism and terrorism breed each other, but neither can overcome the other,” he wrote.

While such assessments of Mr. Bush’s leadership are not new among his opponents in the United States and abroad, Chinese officials generally take pains to maintain cordial relations with Washington. Beijing remained on the sidelines when the

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United States invaded Iraq, and Chinese officials have refrained from commenting extensively on the difficulties the American military has faced there.

Even when China opposes American policies, it is rare for a sitting official to cast aspersions on an American president by name, a step often considered a breach of diplomatic etiquette.

It is unclear if Mr. Ye cleared his comments with other top leaders before publishing them in the overseas edition of the newspaper, the Communist Party's most authoritative publication.

Mr. Ye's bureau manages China's official Christian, Buddhist and Islamic associations. The associations regulate religious practice in China, which is officially atheist.

In the past, Mr. Ye has clashed with American officials who have pressed China to allow greater religious freedom, and he has tended to speak bluntly when defending religious policies.

The American Embassy in Beijing did not offer any immediate response to Mr. Ye's article.

Beijing at least initially embraced the American-led fight against terrorists. Human rights groups say China has used Mr. Bush's policies to justify a broader crackdown on its Muslim Uighur population in the western region of Xinjiang, where it says separatist groups operate.

Yet even as that crackdown has continued, the Chinese religious authorities have sought to improve relations with Islamic nations and Islamic religious leaders at home and abroad.

Last year, the Foreign Ministry officially condemned Danish cartoons that Muslims considered an insult to the Prophet Muhammad. This year, Chinese propaganda officials have ordered the Chinese news media to play down images or references to pigs ahead of the Year of the Pig in the Chinese zodiac, because China's Hui Muslim minority considers pigs offensive.

Mr. Ye suggested that Mr. Bush follow China's more accommodating approach. Mr. Bush should "abandon unilateralism" and "respect that differences can exist in harmony," Mr. Ye wrote.

Poster Of Hussein At Guantánamo Draws Detainee Complaints (NYT)

By David Rohde

The New York Times, February 2, 2007

Military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there.

Lawyers for the detainee said the 7-by-3-foot poster, in a small recreation area for prisoners, featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, "Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed."

The chief military spokesman in Guantánamo, Cmdr. Robert Durand, said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording.

"A recent poster showed Saddam Hussein's capture, court appearances and sentencing," Commander Durand said in an e-mail message. "The intent of this poster was to show that the Iraqi people are making progress and have delivered justice."

Commander Durand said that the poster had been removed and that the military regretted that the "language of this poster appeared insensitive."

Lawyers for the detainee who complained, David Hicks, an Australian who was captured in Afghanistan in 2001, said news articles about Mr. Hussein's execution were also displayed in the recreation area. Other articles described the accidental decapitation of a Hussein co-defendant in a subsequent hanging.

"I have no doubt that those were put up for a particular reason," said Joshua L. Dratel, one of Mr. Hicks's lawyers. "For psychological warfare and for mental torture and intimidation."

Commander Durand said the articles had not been intended to intimidate prisoners. "The news photos that appear in the stories are neither graphic nor sensational," he said. "A BBC news article describing Saddam Hussein's execution, with a photo of him prior to his hanging, was included in the camp news."

Since the camp's opening, American military officials have displayed posters they created in Arabic and other languages that conveyed news events. Lawyers for the detainees said they focused on the arrests of terrorism suspects and the deaths of Iraqi and Afghan insurgents. Military officials described the posters as balanced.

In the past, military officials barred lawyers for the prisoners from describing outside events to them or giving them news articles.

The articles on Mr. Hussein were displayed under a new policy in which the American military posts a weekly collection of news reports in recreation areas around the prison, Commander Durand said.

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Travel Logs Aid Germans' Kidnap Probe (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

BERLIN, Feb. 1 -- If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors.

German investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents, which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004.

On Wednesday, prosecutors in Munich announced that a German court had issued arrest warrants for 13 people it named as CIA operatives involved in the Masri kidnapping. While most of the people used aliases and their true identities remain unclear, German authorities said the Spanish records provided a critical break and kept the investigation alive.

"It made it possible for us to identify specific individuals and to connect them with the kidnapping case," said Christian Schmidt-Sommerfeld, the chief Munich prosecutor, in a statement disclosing the warrants. "This information as well as other investigative evidence now leads to the grounds of suspicion against these 13 distinctly identifiable individuals."

It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels.

Records of the other team's stopovers at Palma de Mallorca were gathered by the Guardia Civil, a Spanish police agency that has investigated the CIA's use of the island as a staging ground for other counterterrorism operations in Europe and North Africa. Some of the records were provided to The Washington Post by Human Rights Watch, a New York-based advocacy group that has investigated extralegal abductions by CIA counterterrorism squads.

A CIA spokesman at headquarters in Langley, Va., declined comment for this article.

Aviation records show that the CIA operatives arrived at Palma de Mallorca at 10 p.m. Jan. 22, 2004, from Algiers. They spent the night at the Marriott Son Antem Golf Resort and Spa, paying $175 each for a room, including breakfast. One male member of the team, who stayed in Room 216, was billed for $85 worth of massages and a $23 bar tab. He and the others paid with their Visa cards.

The next day, the CIA crew departed in a privately chartered Boeing 737 for Skopje, Macedonia, where Masri had been detained secretly for three weeks by Macedonian security agents on suspicion of involvement with a terrorist network, according to German prosecutors. The plane stayed on the ground for less than six hours before departing with Masri on board, heading first to Baghdad and then to Kabul.

Masri, a German citizen of Lebanese descent, said he was kept in a secret CIA prison that was known as the Salt Pit and interrogated about Islamic radicals in Germany before his captors realized they had the wrong man. He said he was flown back to the Balkans five months later, released on a hillside in Albania and warned to keep his mouth shut.

After delivering him to Afghanistan, the CIA operatives flew back to Palma de Mallorca after a brief stopover in Romania, aviation records show. The team spent three more nights on the Spanish island before returning to Washington. For the flight home, they ordered a shrimp cocktail for the pilot and two bottles of Pesquera red wine, according to invoices from the ground services crew at the Palma airport.

John Sifton, a senior researcher on counterterrorism for Human Rights Watch, said the operatives may have taken a carefree approach because they assumed they were being protected by European intelligence partners. Masri, for instance, was handed over to the CIA by Macedonian security agents. And in the Milan kidnapping case, top officials with the Italian military intelligence agency known as Sismi have been charged with conspiring with the CIA.

"I suppose they never expected there would be a flap about all this or else they would have been more cautious," Sifton said. "When you think a local government is cooperating with you in your criminal activities, you're probably less careful."

U.S. officials have never publicly admitted guilt or responsibility in the Masri case, and the U.S. Justice Department has refused to cooperate with requests for information from German prosecutors.

Masri sued the CIA for damages in U.S. District Court in Virginia. His complaint was dismissed in May on grounds that the lawsuit could generate revelations that would damage national security. Masri is appealing. His attorneys said the recent revelations from Europe show that the secrecy concerns are moot.

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"It renders even more far-fetched the argument that every single development in this case is a state secret," said Ben Wizner, an ACLU lawyer who is representing Masri in his lawsuit.

Staff researcher Julie Tate in Washington contributed to this report.

Neighbors Of British Terror Suspects Skeptical Of Charges (NYT)

By Jane Perlez

The New York Times, February 2, 2007

BIRMINGHAM, England, Feb. 1 — Many residents in the area where nine people were arrested and accused of planning to kidnap, torture and behead a British Muslim soldier said Thursday that they were unconvinced of the accusations against them.

By most neighborhood accounts, for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs.

He is cleanshaven, wears jeans and, like some young men in the Alum Rock section of this diverse city, seems more secular than religious, people who know him said. He rarely attended the mosque a block away from his house, they said.

For those reasons, and because of recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said.

In what the British authorities called a joint operation by the security service MI5, a newly formed West Midlands counterterrorism team and West Midlands police, the nine men were arrested in raids in poor, mainly South Asian neighborhoods of Birmingham, Britain's second-largest city, with one million people.

Pakistanis, Bangladeshis, Kashmiris and, recently, Somalis dominate the areas where the men were arrested. Birmingham, where a central area of recent urban redevelopment contrasts with the poor ethnic areas, is 14.3 percent Muslim, seventh highest among areas measured in Britain, according to the Office of National Statistics.

The neighborhoods of Sparkhill and Alum Rock are lined with often run-down but still neat Victorian-era two-story row houses that show pride with limited means. Some boast carved stone lintels, and many are decorated with lace-trimmed white curtains in their front windows.

The police shut and searched the Maktabah al-Ansar Islamic bookstore, a purveyor of radical Islamic books and tapes. They also closed the Blades Cyber Cafe and the Khan General Store. The police did not release the names of those arrested. Newspaper reports here described one of the suspects as the owner of a pizza shop.

A neighbor of Mr. Mahmood's said it was possible that Mr. Mahmood, whose father came to Britain from Pakistan, became the "victim of a bunch of bad lads."

"He had quite a few Arab friends, that's the only thing, looking back on it," said the neighbor, Amad Altaf, 30, a university student.

There seemed to be surprise in the neighborhoods that the supposed plot involved killing a British Muslim soldier. Indeed, a British Muslim soldier, Lance Cpl. Jabron Hashmi, 24, was killed in fighting against the Taliban in Afghanistan last year. Since the arrests, British television has shown pictures of a Lance Corporal Hashmi, and some newspaper reports said a commemoration of his death was held last week.

About 330 Muslims serve among the 180,000 members of the British armed forces. In an effort to increase the proportion, the army has held recruitment drives in recent years in South Asian neighborhoods, though to little effect, people here said.

Under British terrorism laws, police can detain suspects for up to 28 days without bringing formal charges.

Mohammad Khan, a friend of one of the suspects who is a lecturer in the department of education at the University of Birmingham, said that he had hired a lawyer for his friend and that the lawyer had visited the suspect in custody on Thursday. Mr. Khan declined to identify the suspect, saying only that he was "a very caring person" who had helped in antidrug programs.

Mr. Khan said the arrests put a spotlight on the lack of government services in the South Asian neighborhoods.

According to a survey by the Birmingham Voluntary Services Council, the Alum Rock and Sparkhill neighborhoods ranked highest on the "inequality index," Mr. Khan said.

The Sparkhill area where the Maktabah bookshop is located had the highest rate of unemployed university graduates in Birmingham, he said. That meant, he said, "You jump through all the hoops and you don't go anywhere."

The Labor government has poured money into religiously based community organizations since the terrorist bombings in July 2005 that killed 56 people, including 4 bombers, Mr. Kahn said. But the grants were unevenly distributed if the goal was to improve livelihoods in mainly poor and Muslim areas, he said. The grants went to 900 Christian groups, 400 interfaith groups and fewer than 300 Muslim organizations, he said.

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"They fund according to old relationships," said Mr. Kahn, who was invited by the American Embassy in London to visit the United States last year as part of a State Department program on conflict resolution. "They need to encourage Muslim organizations that offer something other than representation."

More effort should be put into promoting scholarships for Muslim youth, and offering counseling services, he said. There were almost no youth centers in the areas, he said.

A prototype of what can be done opened recently in the Sparkbrook neighborhood not far from Alum Rock: a gym for women run by women. Called Saheli Women's Group Gym — saheli means "best friend" in the Urdu language — the gym serves women who had nowhere to go outside their homes, said Naseem Akhtar, its founder. Many of the women who used the gym were conservative in their Islamic beliefs, wearing black robes and veils that showed only their eyes, she said.

Until the arrests on Wednesday, Birmingham had escaped the notoriety that has befallen a number of Muslim areas in Britain since the Sept. 11 attacks in the United States and the July 2005 bombing in London.

Last year, for example, in dramatic raids conducted by 250 policemen in the neighborhood of Forest Gate in East London, two Muslim men were arrested on suspicion of planning a terrorist attack. One was shot and had to be hospitalized. But both were released after no evidence was found to justify formal charges.

The chairman of the Birmingham Central Mosque, Mohammed Naseem, said the attention from the arrests was unwelcome because it was based on what he called the un-British notion of arresting people on the basis of suspicion.

But Dr. Naseem, 82, an outspoken critic of American foreign policy who confronted the American ambassador, Robert H. Tuttle, on Iraq during the ambassador's visit to the mosque last year, said he was concerned about "Muslim nationalism." This "Muslim nationalism" had developed among some of his constituents since 9/11 and was based "not on morality, but my nation right or wrong," he said. "That's the dangerous element, and we're trying to counteract it."

Bank Group Is Told To Halt Flow Of Data To U.S. Officials (NYT)

By Agence France-presse

The New York Times, February 2, 2007

BRUSSELS, Feb. 1 (Agence France-Presse) — The European Central Bank must take action by April to stop the transfer of personal information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations, a regulatory agency said Thursday.

The agency, the European Data Protection Supervisor, told the bank to come up with measures "to make its payment operations fully compliant with data-protection legislation," urging it to "take appropriate measures as soon as possible."

Swift, the Society for Worldwide Interbank Financial Telecommunication, deals with trillions of dollars in global transactions daily between nearly 8,000 financial institutions in more than 200 countries.

It has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees.

The Bush administration has defended the once-secret program, which began after the Sept. 11, 2001, attacks in the United States. But critics in Europe contend that it places American security interests ahead of European civil liberties.

Under European Union rules, information on money transfers can be used only for banking purposes and not for other uses, like combating terrorism.

No More Renditions (LAT)

The Los Angeles Times, February 2, 2007

THERE ARE PLENTY of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale.

After the disgrace of Abu Ghraib and the ongoing international furor over the indefinite detentions at Guantanamo Bay, the Bush administration cannot afford further self-inflicted damage to it's prestige. But this week, the bills for rendition came due when a German court issued arrest warrants for 13 Americans accused in the Keystone Kops kidnapping of a German citizen — the wrong man, as it turned out. Khaled Masri was imprisoned and abused in Afghanistan for five months before being released without charge.

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In Italy, prosecutors are also reportedly seeking to indict 25 CIA operatives for kidnapping an Islamic cleric in Milan and sending him to Egypt for alleged torture. Sweden too has been burned by cooperating with U.S. renditions. In December 2001, it handed over to CIA operatives two asylum-seekers accused of terrorism. They were sent back to Egypt where, despite promises to Sweden that they would be properly treated, both also were allegedly tortured.

Continental opposition to U.S. foreign policy is hardly breaking news. But that doesn't mean in this case that the furious European electorates are wrong. Due process remains a fundamental Western value, and outrage about violations is a sign of democratic health, not political opportunism. It did not smooth matters that the White House initially denied that any such practices were being used.

It's not as if the Bush administration can claim that renditions from Western Europe have produced life-saving intelligence. (We would have probably heard about the successes by now, if a plausible case could be made.) Even if they had, it's unlikely that the positive effects would outweigh the negative impact of having Washington's most important law enforcement allies — countries that have large Muslim populations known to periodically shelter and incubate terrorists — turn sour on collective policing and prevention efforts.

The administration needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris.

HOMELAND RESPONSE:

Intelligence Pick Says He'd Fight Manipulation (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes.

"There have been a number of occasions in my career when I had to not be popular but to speak truth to power," J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination.

"I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do," he said.

McConnell's comments came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003.

If confirmed, McConnell said, he would inform committee members if that occurs.

McConnell was nominated last month to replace John Negroponte as the overseer of all 16 federal agencies that collect or analyze intelligence. The 2-year-old position was created as part of changes recommended by a presidential commission that examined government failures that preceded the 9/11 attacks.

On other issues, McConnell promised to:

• Review security rules from the World War II and Cold War eras that make it difficult for intelligence agencies to hire foreign-language specialists whose families include non-citizens.

• Consider a first-of-its-kind audit of spending by individual agencies.

• Not use outside contractors in sensitive jobs such as interrogators.

• Support the committee's attempts to get documents that would test conclusions of intelligence agencies.

McConnell, 63, served 29 years as a Navy intelligence officer, including serving as intelligence officer to the Joint Chiefs of Staff during the 1991 Persian Gulf War. From 1992 until his retirement in 1996, McConnell directed the National Security Agency, which performs satellite spying as well as electronic surveillance.

Judge Explains His Dismissal Of Scientist's Suit Against Times (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information.

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In an opinion released Thursday, the judge, Claude M. Hilton of the Federal District Court in Alexandria, Va., laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill, a specialist in biological weapons. Dr. Hatfill's lawsuit said a series of columns by Nicholas D. Kristof about the anthrax mailings had defamed him.

Mark A. Grannis, a lawyer for Dr. Hatfill, said Judge Hilton's opinion was unsurprising and was not the last word in the case.

"The opinion is more or less what we expected, given the judge's earlier statements," Mr. Grannis said. "We will appeal, and we expect to prevail."

Mr. Kristof wrote about a government scientist whom he initially identified as Mr. Z, saying this scientist had become the overwhelming focus of the investigation into the anthrax attacks. Then, in August 2002, Mr. Kristof wrote that Dr. Hatfill, formerly with the Army bioweapons center at Fort Detrick, Md., had come forward to identify himself as Mr. Z and say the news media had treated him unfairly.

Five people died in the anthrax attacks. Federal authorities identified Dr. Hatfill as a "person of interest" in the investigation but never charged him with any crime. The attacks remain unsolved.

Judge Hilton's opinion, which was dated Tuesday, said Dr. Hatfill could be considered both a "public official" and a "public figure" and therefore would have to meet a higher burden of proof than would a private figure in order to prevail in a defamation suit. Under that higher burden, a public figure bringing suit must demonstrate that the writer acted with "actual malice" — that is, either knew that what he was writing was false or had "a high degree of awareness" that it probably was.

The judge said Dr. Hatfill was a public official because even after he left his formal government position, he continued to perform official functions as a federal contractor. At the time Mr. Kristof wrote about the case, Dr. Hatfill was receiving federal money to work on national defense programs, the judge said.

The opinion said Dr. Hatfill was also a public figure, holding himself out as an expert on bioterrorism and granting interviews to a variety of news organizations.

Judge Hilton described at length the government's inquiry into the case and its focus on Dr. Hatfill. He disclosed that the F.B.I. had searched Dr. Hatfill's car and a condominium owned by his girlfriend and had seized several items, including "notes regarding the anthrax mailings, a spinner flask of anthrax stimulant and a container of Cipro." A spinner flask could be used to study the properties of anthrax, and Cipro is an antibiotic used to treat a variety of ailments, including anthrax poisoning.

Judge Explains Tossing Out Suit Against N.Y. Times (WP)

By Jerry Markon And Allan Lengel

The Washington Post, February 2, 2007

A series of New York Times columns that explored whether a former Army scientist was responsible for the 2001 anthrax attacks were "cautiously worded" and asserted that the scientist could be innocent, a federal judge wrote in explaining why he decided to dismiss a lawsuit against the paper.

Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about Steven J. Hatfill were false, according to the opinion by U.S. District Judge Claude M. Hilton in Alexandria. Last month, Hilton said he would throw out -- for the second time -- the defamation suit Hatfill filed against the paper. An opinion explaining his reasoning was released Tuesday.

Although the columns identified Hatfill as a "likely culprit" in the deadly anthrax-spore mailings, Kristof "made efforts to avoid implicating his guilt," Hilton wrote. "Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question."

The opinion weighs heavily on the side of Kristof, who has been fighting the lawsuit that Hatfill filed in 2004. Hatfill accused the paper of defaming him and ruining his reputation in the columns. Authorities have identified Hatfill as a "person of interest" in the anthrax mailings that killed five people and sickened 17, but no one has been charged.

Kristof said last night that he was "really pleased that the judge recognized the importance of this kind of reporting" and called it "terrific to have a judgment that protects journalism at a time when the press has had a fair number of rulings against it."

The columnist said he was surprised at the "burden" of fighting a lawsuit. "There are just hundreds of hours that I've had to spend and vast amounts of money the Times has had to spend," he said.

Mark A. Grannis, an attorney for Hatfill, said the opinion "is more or less what we expected, given the judge's earlier statements." He said Hatfill will appeal and "expects to prevail."

Hilton's opinion recounted parts of the government's investigation of Hatfill and said FBI searches of his apartment, his car and a condominium owned by his girlfriend recovered among other things "a spinner flask of anthrax stimulant" and a container of Cipro, an antibiotic commonly prescribed for anthrax. Hatfill had previously said the Cipro was for a lingering sinus infection.

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Another attorney for Hatfill, Thomas Connolly, said yesterday that the stimulant was "a pesticide that can be purchased at any hardware store in America" and that Hatfill used it to train first responders in identifying a biological agent like anthrax. Hatfill had provided briefings to government officials and law enforcement agencies about biological weapons.

In the 2002 columns, Kristof said the FBI had failed to aggressively pursue a scientist he first identified as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z and wrote that Hatfill deserved the "presumption of innocence."

Hilton first threw out the case in 2004, ruling that Kristof accurately reported that the scientist was a focus of the FBI probe.

The U.S. Court of Appeals for the 4th Circuit reinstated the suit in 2005 and said Kristof's columns could be read as blaming Hatfill for the attacks.

Homeland Security Moves To Increase Armed Pilots (WT)

By Audrey Hudson

The Washington Times, February 2, 2007

Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate.

Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and U.S. officials will seek to expand the program for overseas flights.

Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said the changes are in response to a working group that has been meeting for months to address pilots' concerns.

"We recognize there is a need to carry a weapon on international flights, but we have to work it out with host countries; it's not up to us," Mr. Bruce said.

But David Mackett, director of the Airline Pilots Security Alliance, doesn't expect a quick fix for a program that has attracted less than 10 percent of pilots.

"Maybe at some point, we will protect a handful of international flights, but the public should not feel secure that it will happen any time soon," Mr. Mackett said.

"Changes are coming at a glacial pace, and there seems to be no sense of urgency. The terrorist clock is ticking, and we need to be doing this now, not a year from now."

Federal air marshals, who number about 2,000, say they are concerned the agency will cut back their numbers as a cost-saving measure and instead turn to pilots to protect the aircraft.

Mr. Bruce said such a proposal is "absolutely not" under consideration.

Pilots are "an enhancement, not a replacement, they have totally separately and unique jobs," he said.

However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal.

"It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now," the source said.

"The air marshals are too elite of a group to be used like security guards," the source said.

One burden lifted is the rule that pilots commuting or "deadheading" on a flight no longer must pack their weapon separately in a lock box in the cargo hold.

Mr. Bruce declined to specify the rule, citing security reasons.

Little Progress Seen For Poorest After Hurricane (NYT)

By Shaila Dewan

The New York Times, February 2, 2007

ATLANTA, Feb. 1 — The recovery from Hurricane Katrina has stagnated for the poorest families displaced by the storm, a new study shows. Many still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children.

The study, conducted in the Gulf Coast region of Mississippi a year after the storm by the Mailman School of Public Health at Columbia University and the Children's Health Fund, showed no improvement since a survey in Louisiana six months earlier.

Among the new study's findings are that more than a third of working families earning less than $20,000 a year before the storm have not regained their previous income level; almost twice as many families are dependent on public assistance; and diagnoses of depression and anxiety among children have increased fourfold.

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School absenteeism remains high, with more than a third of children missing 10 or more days of class in April, May or June of 2006. Families with specific needs like food or household items found help far more easily than those who needed legal help, child care or mental health care.

Among adults, the rate of hypertension diagnoses increased by more than a third after the storm in August 2005, and more than 44 percent of parents or guardians tested "very low" on a basic mental health test. About 13 percent said they were coping "not very well or not at all" with the daily demands of parenting, significantly higher than the 1.5 percent who chose that answer in the 2003 National Survey of Children's Health, which the researchers used as a benchmark.

Nearly 40 percent of the respondents said they had been working before the storm but were now unemployed.

Dr. Irwin Redlener, the director of the National Center for Disaster Preparedness at the Mailman school and co-founder of the Children's Health Fund, said the survey results showed a lack of leadership in a relief effort marked by scattershot private efforts that resulted in an uneven distribution of help. For example, he said, the Children's Health Fund runs three mobile clinics, far from enough to meet the need.

"It's not a lack of money," Dr. Redlener said. "It's a lack of structure; it's a lack of distribution of the resources. We have a completely dysfunctional distribution system, and a great deal of bureaucracy."

The survey was conducted in face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous.

"For all practical purposes, these FEMA trailer parks are in fact internal refugee camps," Dr. Redlener said. "Families are mired in these horrendous conditions with no sense of when this is going to be over, either in the minds of the families or in the officials responsible for them."

David Abramson, the study's principal investigator, identified what he called the "poverty penalty," pointing out that the working poor were far more likely to have lost income since the storm. More than half of those who made less than $10,000 a year in wages or salaries lost that income, compared with 15 percent of those who made $35,000 or more before the storm. Half of those living in FEMA trailer parks had a bank account, and 16 percent had a usable credit card, according to the study.

There were significant differences between the people studied in Mississippi and those in Louisiana. In the new study, 43 percent of the respondents were Mississippi natives, compared to more than 80 percent of the Louisianians. In the FEMA trailer sites in Mississippi, just under half those surveyed were black, compared with nearly 80 percent in Louisiana trailer parks.

Robin Hoods (commentary) (WSJ)

The Wall Street Journal, February 2, 2007

Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if you live near the coast.

In Mississippi, Attorney General Jim Hood has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims. His populist opportunism is matched by Florida, where legislators have passed a "reform" that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market.

Mr. Hood has been on a campaign to loot insurers from the first days after Katrina. His complaint is that it is "unconscionable" that insurers have refused to pay for flood damage. Never mind that their contracts specifically contain flood exclusions even as they pay tens of millions for wind damage. This water exclusion has been well known among homeowners and state regulators for years, which is why the federal government offers flood insurance. Mr. Hood nonetheless filed a civil suit and began a criminal probe.

The insurance industry has won a few of these legal skirmishes. But that changed last month when a judge told State Farm to pay a Mississippi couple a $232,000 claim and a jury awarded $2.5 million in punitive damages (since reduced by a judge to $1 million). State Farm is the nation's largest home insurer and has already paid $1.1 billion in Katrina claims in Mississippi alone. But the company looked at its hundreds of other pending suits, did the math, and threw itself on the mercy of Mr. Hood. State Farm agreed to re-open some 35,000 claims it had already settled and to pay at least $50 million more. The insurer also agreed to hand over $80 million to some 640 households represented by tort kingpin Dickie Scruggs.

The one bit of good news is that Federal Judge L.T. Senter Jr. blocked the settlement last week. The judge recognized the deal as an "arbitrary" publicity payout -- long on glory for Mr. Hood but short on the specifics of who would get money. The judge might also have wondered if Mr. Scruggs and his legal team were going to ride off with as much as $46 million.

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The bad news is that the judge left the door open for a revised settlement, which is likely and would do unpleasant things to the state insurance market. Other insurers will feel pressure to follow State Farm's lead and pay the flood ransom. The obvious way to finance these unexpected claims will be to raise premiums for other policy holders, while refusing to sell policies in certain high-risk areas. Mr. Hood is basically stealing from future policy holders in order to pay off his current constituents.

As for Florida, insurers are understandably trying to build up their reserves against the likelihood of larger future payouts. Forecasters are predicting more frequent hurricanes for the state, which could mean hundreds of billions of dollars in claims. So premiums have been rising.

Florida legislators and new GOP Governor Charlie Crist have responded with one of the more un-Republican reforms on Florida's books. The measure mandates a reduction in homeowner premiums from private insurers by 5% to 25%, which means that companies are likely to be even less prepared to cover future damages. The legislation will also force insurers that write home and auto policies in other states to offer home insurance in Florida -- or be banned from the Sunshine State.

Another charming twist is that the new Florida law will allow the state-run Citizen's Property Insurance to begin competing with private insurers. This was done in the name of "competition," but it will have precisely the opposite effect. Citizens was designed as an insurer of last resort, but as a government company it will not have to worry about profits and other capitalist details. It will be able to offer lower prices because it has an implicit taxpayer guarantee, a la Fannie Mae. These arrangements typically end badly for the taxpayer, who in this case will be absorbing future hurricane risk without even realizing it.

Some insurers have already responded to all this by cancelling policies. And Governor Crist this week issued an "emergency" order freezing premiums and barring cancellations. So not only is the state imposing price controls, it is forcing companies to do business. Where'd the Governor learn economics -- Caracas?

More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God. The insurance industry has spent billions of dollars to assist the recovery after Katrina. Who's going to pay when the next storm hits?

Off Guard (WP)

The Washington Post, February 2, 2007

AFTER DECADES of service, the Coast Guard's fleet of planes, helicopters and cutters is aging, just as the service is trying to recast its mission to emphasize demanding new anti-terrorism efforts. But the Department of Homeland Security's inspector general reported last week that, to date, a scheduled retooling of the Coast Guard fleet has hit more than a few expensive and time-consuming snags, including a slew of basic design errors in the service's new flagship vessel. A congressional roasting of Coast Guard chief Adm. Thad W. Allen followed this week, along with a number of stinging news reports.

Though some of it is overblown, the criticism is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste.

The problem dates to a contract the Coast Guard signed in 2002 with government mega-contractors Lockheed Martin and Northrop Grumman to manage the fleet's upgrade project and build needed new craft. The centerpiece of the Coast Guard's brand-new force was to be the National Security Cutter, a 425-foot ship capable of operating far from the American shoreline. According to the inspector general, though, the plans for the cutter contained a series of design flaws that could lead to cracks in the hull or deck and require the early retirement of the vessels. On top of that, the contractors botched the $100 million retrofitting of eight smaller cutters, rendering those craft essentially useless to the Coast Guard.

Before an irate House oversight panel, Adm. Allen took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process. That's a start. Beyond administrative shakeups, the big challenge will be keeping costs down and ensuring the quality of the rest of the work that the Coast Guard's contractors have to complete, including the repair of the two National Security Cutters already under construction and the eight smaller cutters that the Coast Guard had to suspend from service. After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted.

WAR NEWS:

Senate Talks On Iraq Take A New Form (LAT)

By Noam N. Levey And Nicole Gaouette

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The Los Angeles Times, February 2, 2007

WASHINGTON — The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup.

After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of "full support" against one introduced by Sen. John W. Warner (R-Va.) that "disagrees" with the president's proposal.

But how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions.

Two Democratic senators who oppose Bush's plan broke with their leaders and said they would not back Warner's measure, which was designed to unify opponents of the troop buildup.

And Republicans wrestled with the sharp divisions in their ranks exposed by the looming war debate next week. "The debate in my caucus has been very passionate on both sides," said Sen. Susan Collins (R-Maine), who has signed on to Warner's resolution. "Feelings are running high."

Seven GOP lawmakers have expressed support for Warner's resolution. Opponents of the buildup are trying to recruit seven or eight more Republicans to reach the 60 votes that would be needed to overcome a promised GOP filibuster.

And pressure is mounting on undecided Republican senators, particularly moderates and those running for reelection in 2008.

Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber.

Meanwhile, McCain and other senators escalated their attacks on the Warner measure and its supporters.

"Where is the intellectual honesty if you think that you're sending young Americans into harm's way in a futile effort?" McCain asked. "I know if I felt that way, I would say, 'My resolution is a binding resolution that cuts off funding.' That's the intellectually honest approach."

McCain, a former naval aviator who spent more than five years as a prisoner of war in Vietnam, unveiled his alternative resolution Thursday afternoon with co-sponsors Lindsey Graham (R-S.C.) and Joe Lieberman (I-Conn.). Lieberman still caucuses with the Democrats.

Warner's measure is nonbinding and urges the president to consider alternatives to sending more U.S. troops into Baghdad to halt the sectarian fighting.

Wednesday evening, Warner and his co-sponsors specifically added language opposing any funding cutoff, in an effort to woo more Republicans. So far, no additional GOP senators have joined him.

Democratic leaders, including Senate Armed Services Committee Chairman Carl Levin of Michigan, have lined up behind the Warner resolution.

On Thursday, Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), who had been pushing an alternative resolution with Levin that was more critical of the White House plan, abandoned their measure and backed Warner's.

Even Moveon.org, an antiwar grass-roots organization, praised the Senate's move toward a vote on the Warner resolution, saying, "This is an important first step toward Congress blocking the escalation and stopping the war."

But Democratic hopes of holding their caucus together behind the Warner resolution were dashed when Sens. Russell D. Feingold (D-Wis.) and Christopher J. Dodd (D-Conn.) announced they would vote against the measure.

"The Warner-Levin legislation does not explicitly oppose the escalation, [and] it doesn't contemplate the phased redeployment from Iraq," Dodd said.

He and Feingold advocate immediate steps to start withdrawing U.S. forces from Iraq. Feingold proposed legislation Wednesday that would mandate a withdrawal from Iraq within six months after the bill is passed.

Other antiwar Democrats — including Sens. Barbara Boxer of California and Barack Obama of Illinois — said Thursday they were still reviewing the language in the eight-page Warner measure. California's other senator, Democrat Dianne Feinstein, said she would support it.

McCain and other GOP leaders meanwhile pushed forward with their drive to round up the undecided Republicans who could determine which resolution, if either, emerges from the Senate debate next week.

The McCain measure, which is also nonbinding, explicitly states that U.S. forces "should receive from Congress the full support necessary to carry out the United States mission in Iraq."

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It does acknowledge past mistakes and lists 11 "benchmarks" for Iraqis, a nod to lawmakers who complain that the Bush administration is not demanding enough of the Iraqi government. These include deploying sufficient forces to help U.S. troops, disarming militias, spending more on reconstruction, and devising a plan to share oil profits between the nation's major sects.

The measure does not spell out any consequences should the government of Prime Minister Nouri Maliki fail to meet these goals. And it conspicuously does not set any timelines.

"The day you say, 'When you fail to do them by a date certain,' you might as well fold up the tent and go home because the enemy knows exactly what they have to do," Graham said.

Some senators and Middle East experts believe that without outlining specific consequences, the U.S. will never succeed in pushing Iraqi leaders to take the difficult political steps they have avoided for years.

But Senate Republican leaders have managed to prevent any new defections to the anti-buildup camp all week and were sounding defiant Thursday.

"I'm trying to get 60 votes for something other than Warner," said Sen. Trent Lott (R-Miss.), the ebullient No. 2 leader in the caucus.

Bush Senate Allies To Seek Iraq Benchmarks (WSJ)

By David Rogers

The Wall Street Journal, February 2, 2007

WASHINGTON -- Trying to stem defections over Iraq, President Bush's Senate allies want a vote next week calling on the Baghdad government to "make visible concrete progress" toward 11 political, military and economic benchmarks.

The resolution, announced at a hastily called press conference late yesterday, is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee.

Sen. Joseph Lieberman, the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans led by Sen. John McCain (R., Ariz.). As recently as Wednesday, Mr. McCain's office had expected no announcement of an alternative Iraq measure so soon. But with the Warner proposal becoming a serious threat, waiting until next week was no longer feasible. "We want to make sure that it's out there," Mr. McCain said.

The Senate floor debate, due to begin Monday, reflects broad discomfort in both parties over Mr. Bush's plan to increase U.S. troop levels in Iraq by 21,500, chiefly to quell sectarian violence in Baghdad.

Army Gen. George Casey, the departing top commander in Iraq, told a Senate panel yesterday that he had initially requested about half that number before the president adopted a more ambitious approach. At the same time, a new report by the Congressional Budget Office says the number could be higher than 21,500 once additional support personnel are counted.

By the CBO's estimate, the full commitment could run as high as 35,000 troops, costing $9 billion to $20 billion, depending on whether the peak deployment lasts four months or 12 months. But the Pentagon and congressional staff familiar with the military's request disputed the CBO's analysis and said the 21,500 total included support staff to complement those already on the ground in Iraq.

Sen. McCain has criticized Gen. Casey, who is now being succeeded in Iraq by Gen. David Petraeus, for not being more aggressive in waging the war and seeking more U.S. troops. But his own resolution reflects the conflict that Gen. Casey described in his testimony: how to balance the U.S. military might with the need to prod the Iraqi forces to take more of the lead.

First among Mr. McCain's benchmarks is a major commitment of "new Iraqi security forces to partner" with the larger number of U.S. troops. Other requirements include "disarming individual militias as circumstances warrant," distributing oil resources and building an independent judiciary.

The resolution doesn't spell out what options the U.S. should pursue if Prime Minister Nouri al-Maliki fails to meet the benchmarks. And a recent meeting in Baghdad between a House delegation and Iraqi officials including Mr. Maliki showed the limits of Congress's power to pressure the Iraqi government.

Rep. John Murtha (D., Pa.), chairman of the House Appropriations panel that oversees funding for Iraq, said he warned that unless more progress was made, Congress would be reluctant to fund new equipment for the Iraqi forces. Mr. Murtha and others in the delegation said the Iraqi reply was that the Maliki government would then secure it elsewhere. "I was stunned," Mr. Murtha said.

A handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy. But at this stage, the Virginian has a strong chance of commanding a solid majority in the Senate; even among the Republicans reluctant to join him, there is little contentment with the direction of the war.

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Sen. Judd Gregg (R., N.H.), an ally of the White House, had surprised many this week when he said he was "considering" supporting the Warner language. Mr. Gregg said yesterday he had decided not to vote for the measure, concerned that the debate is more "a political exercise than a substantive exercise" and that he didn't want to be part of a public rebuke of the president. But Mr. Gregg said he continues to have "serious reservations" about the administration's policy.

Compromise Senate Measure Rebuffing Bush's Iraq Buildup Gathers Support (NYT)

By Carl Hulse

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A revised Senate resolution criticizing President Bush's troop buildup in Iraq drew new support Thursday as two authors of a sterner resolution of disapproval said they would accept the compromise, fashioned by Senator John W. Warner.

Senators Joseph R. Biden Jr., Democrat of Delaware, and Chuck Hagel, Republican of Nebraska, said they would back Mr. Warner's alternative, which declares that "the Senate disagrees with the 'plan' to augment our forces by 21,500," calls on the president to consider other alternatives and urges him to limit the American role in countering sectarian violence.

"The bottom line of our resolutions is the same: Mr. President, don't send more Americans into the middle of civil war," said Mr. Biden, one of the authors of the initial resolution, which was approved last week by the Foreign Relations Committee, which he leads.

Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee, was the third author of that plan, favored by the Democratic leadership; on Wednesday night he, too, agreed to support Mr. Warner, a Virginia Republican who has worked with Mr. Levin in the past on major military policy.

But at least two Democrats, Senators Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin, said they would oppose the new compromise, objecting to its symbolic nature and to wording they said could tie the hands of war critics on potential future votes over military spending. The Warner resolution says Congress should not reduce financing for troops in the field.

"I regret we are not doing something that has more bite to it," said Mr. Dodd, one of the 2008 presidential contenders in the Senate whose positions on the Iraq resolution will figure into their emerging campaign themes.

The shifting allegiances — and the intense procedural gamesmanship preceding votes next week on Iraq policy — left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board.

The Senate Republican leaders intend to mount vigorous resistance to any plan that rejects Mr. Bush's troop buildup and were contemplating their options on Thursday.

"The chessboard changed last night," said Senator Trent Lott of Mississippi, the Republican whip. "We had them checkmated, but now everybody has to go back and look at the board."

The White House spokesman, Tony Snow, said Mr. Bush "will continue to exercise his responsibilities as commander in chief" even if the Senate — with House action expected to follow — approved a resolution opposing the buildup. He reiterated the administration view that a clear split between Congress and the president on Iraq could embolden the nation's enemies.

"Osama bin Laden thought that a lack of American resolve was a key reason why he could inspire people to come after us on September 11th," he said. "I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

With the framework of the Senate debate still being set, House Democrats pounced on a new Congressional Budget Office estimate that the addition of 20,000 combat troops could require an additional 15,000 to 28,000 related support troops to be deployed.

Representative Martin T. Meehan, a Massachusetts Democrat who was among lawmakers requesting the estimate, noted the numbers exceeded administration projections. He said the report "only confirms what we already know: the president has continually tried to hide the true costs of this war, both in terms of money spent and lives affected."

The first significant Senate vote on the Iraq resolution is scheduled to occur Monday evening, when supporters of Mr. Warner's proposal will seek Senate approval to open the debate — a request that could require 60 votes.

Democrats said they were hoping that they could muster that many votes or reach an agreement with Republicans on the terms of the debate, allowing it to get under way. Then lawmakers would be given a few days to lay out their views before a more crucial cloture vote, which would also require 60 votes, on limiting the debate and moving toward a final vote.

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Many of the senators from both parties who represented potential swing votes on the Warner resolution said they would be reviewing it over the next few days before taking a stand. The latest draft includes 22 paragraphs of findings, 12 more expressing the “sense of the Congress” on the best options, and 2 requiring periodic progress reports.

Republicans were meeting privately on Friday at a policy retreat and the Iraq resolution was certain to be a major topic.

A few prominent Democrats quickly came out for the Warner plan, which was written with Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, even as they expressed reservations.

Senator Hillary Rodham Clinton, Democrat of New York and a leading presidential contender, said that while she did not support all the provisions in the resolution, she would support it. “It makes the point, which is important,” she said. “We’re trying to get the attention of this president, to change course.”

But the outcome remained unsettled. As Senator Mary L. Landrieu of Louisiana walked from the closed-door meeting of fellow Democratic senators, she declared, “It’s still not a done deal.”

While some Democrats argued that the Iraq resolution was too accommodating to the administration and were weighing opposition, she disagreed. “It sends a very powerful signal to the president,” she said.

Senate Prepares To Debate Opposition To Bush's Iraq Policy (MCT)

By Margaret Talev And Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The Senate will begin formal debate Monday on legislation opposing President Bush's plan to send more troops to Iraq, but Democrats aren't sure that they've got the 60 votes they'll need to break Republican obstruction and move to a final vote.

Senate Majority Leader Harry Reid, D-Nev., and his leadership team said Thursday afternoon that they didn't have a firm vote count for the bipartisan resolution that the leadership has decided to support. It effectively declares no confidence in Bush's plan to send more U.S. troops to Baghdad and urges him to reconsider. They acknowledged that they could fall short because liberal Democrats consider the resolution too weak.

Senate Democrats met behind closed doors Thursday afternoon as their leaders assured them that the nonbinding bipartisan resolution was only a first step and that stronger measures to bring the war to a close would follow.

"It's a first step," said Sen. John Kerry, D-Mass., "and a second step is following very quickly afterward where we're going to try to do something binding."

The bipartisan resolution was developed by Sen. John Warner, R-Va., a respected centrist who's long been influential on military matters and is World War II veteran and a former Navy secretary. Democratic leaders chose to endorse his plan and drop a more critical version sponsored by Sens. Joseph Biden, D-Del., and Chuck Hagel, R-Neb., because they feel it has a better chance of winning enough votes to break obstruction from Republicans who back Bush's plan.

Warner's resolution opposes Bush's 17,500 troop buildup for Baghdad but supports the 4,000 troop increase against Sunni Muslim insurgents and al-Qaida in Anbar province. It also declares that it would be wrong to cut off funding for troops in the field. Some Democrats oppose those last two provisions.

Sen. Russ Feingold, D-Wis., said he opposes Warner's resolution, and he hasn't ruled out joining Republicans to block a final vote on it.

"I don't know why people, especially those who voted against this war in the first place, would at this terrible stage want to vote for something that essentially reauthorizes this action and even intensifies it in places like al Anbar province, where most of our people are dying," Feingold said. "That strikes me as an odd strategy for people who want to end the war."

Sen. Christopher Dodd, D-Conn., also said he opposes the resolution, but said he wouldn't vote to block it. Biden and Sen. Edward Kennedy, D-Mass., said they could accept Warner's approach for now.

Some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. "I'm always working," he said.

Senate Republicans huddle in a retreat on Friday, when their leaders plan to pressure wavering members to stick behind Bush. The president will apply pressure, too, when he meets with Senate Republicans at the White House in the afternoon and entertains them and their wives at a reception.

Reid left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward.

"We'll have to see. He's doing very well," Reid said in a brief interview with McClatchy Newspapers.

But Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week.

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While Reid stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains.

Most Senate Democrats are backing the Warner approach as their best bet to build a large bipartisan majority behind a no-confidence vote in Bush's plan. They got potentially important grass-roots support Thursday when the anti-war group Moveon.org issued a statement calling the Warner plan an "important first step" toward stopping the war.

The group also assured liberal lawmakers who were on the fence that "the compromise language would not constrain the Congress from using all of its powers to stop the escalation and force President Bush to implement an exit plan."

Sen. Norm Coleman, R-Minn., who opposes a troop buildup, joked that Moveon's position was making him second-guess his own inclination to back Warner. He said of many Democrats: "I think they're just so intent on criticizing the president that they probably see this as a vehicle. That's unfortunate."

Meanwhile, some lawmakers continued to propose other resolutions, although none appeared to have as much support as Warner's does.

Sen. Joseph Lieberman, I-Conn., joined with Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina to introduce a resolution that supports Bush but also tells the Iraqi government that it must meet performance benchmarks for the United States to continue its engagement long term.

Sen. Robert Byrd, D-W.Va., chairman of the Appropriations Committee, said he'll introduce a resolution that proposes to end the 2002 congressional authorization for the war.

Senate Democrats Split On Measure Opposing Bush (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, February 2, 2007

Senate Democratic leaders who decided to back a Republican resolution against President Bush's Iraq war plan in hopes of winning broad bipartisan support ran into stiff resistance yesterday from an unexpected quarter -- fellow Democrats.

The Democratic dust-up came on a day when opponents of the president's policies received some unexpected ammunition. The nonpartisan Congressional Budget Office reported that Bush's plan to deploy roughly 20,000 additional U.S. combat troops to Iraq is likely to require at least 15,000 support personnel, and possibly as many as 28,000.

That could mean the plan would involve up to 48,000 troops and contractors, at a cost of between $9 billion and $13 billion for the first four months and up to $27 billion for the first year.

The compromise resolution states that the Senate disagrees with the president's plan and urges Bush to instead consider all other options for achieving his strategic goals.

Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans. But defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500.

Two Democratic senators, Christopher J. Dodd (Conn.) and Russell Feingold (Wis.), came out forcefully against the compromise, saying the newly worded resolution goes too far toward GOP positions. Dodd called it "essentially an endorsement of the status quo" in Iraq, while Feingold denounced it as "a deal with the devil."

"This is the United States Senate. This is not some city council somewhere," Dodd said. "It seems to me sending something down that engages the president, that forces the administration to pay attention is something we ought to be considering."

Several other Democrats said they remain undecided; many of them are pushing binding legislation to cap troop levels, force a new vote to authorize the war or begin bringing troops home.

For days, two groups of senators had backed competing resolutions of opposition: a sharply worded version by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), and a more conciliatory resolution by Sen. John W. Warner (R-Va.). The stalemate was broken Wednesday night when Senate Majority Leader Harry M. Reid (D-Nev.) backed a revised version of Warner's resolution.

Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution when it is brought to a vote next week. The first showdown will come Monday afternoon, when the Senate will vote on whether to proceed to the debate. At least seven Republicans, and possibly more than 10, could back the compromise, worked out by Warner and Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.). If, as expected, Democratic opponents of the resolution side with their leaders to break a filibuster, the measure would have close to the necessary 60 votes, but it is not there yet.

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If the Senate does break the filibuster, only to see half a dozen Democrats oppose the resolution, Democratic leaders could still pass the measure but would be deprived of the broad, bipartisan vote they want to send a clear signal to the White House.

Gen. George W. Casey Jr., who led the war effort in Iraq before being nominated as Army chief of staff, confirmed that the 21,500 troops in Bush's plan is not the total, as indicated in yesterday's CBO report. In written answers to the Senate Armed Services Committee, he said that "certain additional combat support and combat service support capabilities" would be required. They include "logistical enablers, intelligence assets, military police, and a command/control node," although the numbers would be "minimal."

Democrats said those answers directly contradict statements made by the current Army chief of staff just a week ago.

"The CBO report only confirms what we already know: The president has continually tried to hide the true costs of this war," said Rep. Martin T. Meehan (D-Mass.), chairman of the House Armed Services subcommittee on oversight and investigations.

Army and White House officials said they are reviewing the CBO report and have not yet determined the number of support personnel needed.

During a confirmation hearing yesterday, Warner pressed Casey on why he had asked for fewer than half the additional troops Bush now wants -- two combat brigades instead of five.

"I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission," Casey responded.

To opponents of the Senate resolution, such developments only bolstered their resolve to demand stronger action.

"A political victory is not more important than ending this war," Feingold said.

At issue are three clauses in a resolution that is now 11 pages long.

Of particular concern to some Democrats is a clause stating, "The Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field." That provision was added to win GOP support. Levin said it would not prevent binding legislative action to stop further deployments.

But some Democrats took offense at equating a cutoff of funds with the endangerment of troops and said it would bind their hands in the coming months.

They also objected to a call for continued "vigorous operations in Anbar province," where U.S. forces have been battling al-Qaeda-linked Sunni extremists.

Another phrase saying that the resolution "should not be interpreted as precipitating any immediate reduction in" present troop levels was seen by some as an endorsement of the status quo.

Majority In Senate Support 'Stay The Course' Resolution (WT)

By Charles Hurt

The Washington Times, February 2, 2007

A bipartisan majority in the Senate yesterday united behind a firm "stay the course" resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war.

The resolution is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war.

"Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field, as such an action with respect to funding would undermine their safety or harm their effectiveness in pursuing their assigned missions," says the resolution, authored mainly by Sen. John W. Warner, Virginia Republican.

Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States "should continue vigorous operations" in parts of Iraq and that early withdrawal "would present a threat to regional and world peace."

Sen. Russ Feingold, the Wisconsin Democrat who has always opposed the war, called the resolution weak and misguided.

"The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another," he said. "The American people have rejected the president's Iraq strategy, and it's time for Congress to end our military involvement in this war."

Sen. Christopher J. Dodd, Connecticut Democrat, also said yesterday that he would oppose the resolution because it doesn't call for withdrawing the troops quickly enough.

"I strongly oppose the Warner-Levin legislation," said Mr. Dodd, who voted in 2002 in favor of the war. "It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq, and the need for meaningful action now."

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Debate over the resolution angered some anti-war voters who were crucial to Democrats' victory in the November midterm elections.

"The whole reason so many of us worked for Democratic candidates was so that they would get a majority in Congress and bring the troops home," said Tina Richards, who described herself as a lifelong Republican from Missouri whose opposition to the Iraq war turned her into a Democrat. "They're in the majority now, but they won't bring the troops home."

She said her son is a Marine reservist who expects to be called up as part of Mr. Bush's plan to send 21,500 more troops to Iraq.

"It's pointless. These are nonbinding resolutions, and they won't do a thing to bring our troops home," Mrs. Richards said. "This is the definition of insanity; they're banging their heads against the wall and expecting a different result."

But the nonbinding resolution was embraced yesterday by several key members of both parties, including Sens. Joseph R. Biden Jr., Delaware Democrat, and Chuck Hagel, Nebraska Republican. Both men, like Mr. Warner, voted in 2002 to go to war with Iraq. Senate Armed Services Committee Chairman Carl Levin, a Michigan Democrat who opposed the war, also signed on to the Warner resolution.

Although both sides agree that there is a majority of support to approve the resolution, there is far less certainty about whether it has the 60 votes needed to overcome any filibuster.

Approval of the resolution will have no real effect on war policy because it's nonbinding, said Sen. Jon Kyl, Arizona Republican, adding that its criticism of the administration's policy serves only to undermine the war effort.

"We are not simply speaking to the president," Mr. Kyl said. "Everyone else in the world will get that message. ... Those are the words that will resonate around the world."

Is Iran Fighting Proxy War With U.S. In Iraq?; Interview With Howard Dean (CNN)

CNN THE SITUATION ROOM, February 2, 2007

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WOLF BLITZER, HOST: And to our viewers, you're in THE SITUATION ROOM and it's happening right now.

As bombs go off across Iraq, the top U.S. military commander, up for a promotion, gets a grilling about the violence he left behind.

Is Iran using Shiite militants to fight a proxy war with U.S. troops in Iraq?

CNN's Christiane Amanpour will tell us what they're saying in Tehran. That's where she is right now.

And Democrats divided -- first, Joe Biden's attack on rival presidential candidates. Now shocking allegations from female members of a Congressional Caucus. I'll talk with the Democratic National Committee chairman, Howard Dean, this hour.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Market shoppers and bus passengers blown up by bombs. Students and teachers shot dead.

As fresh violence ripped through Iraq today, the outgoing U.S. military commander there was in the hot seat up on Capitol Hill, where there's a debate on whether he should get the top job in the U.S. Army.

CNN's Michael Ware is in Baghdad.

Christiane Amanpour is in Tehran.

But let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie.

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, Wolf, several senators say they have not yet made up their mind if they will vote for the confirmation of General George Casey to be the Army chief of staff. Among them, one of his sharpest critics, Senator John McCain.

(BEGIN VIDEO TAPE)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

MCINTYRE (voice-over): Casey's critics fault him for failing to adapt as the war took a turn for the worse and only asking for more troops in December, after President Bush ordered an overhaul of Iraq strategy.

GENERAL GEORGE CASEY, U.S. ARMY: I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission.

MCINTYRE: Armed Services Committee Chairman Carl Levin pressed Casey on President Bush's comment that Iraq was headed to a slow failure until the president himself stepped in.

CASEY: I actually don't see it as slow failure. I actually see it as slow progress.

MCINTYRE: In fact, Casey says he still feels only two brigades of additional U.S. troops are needed in Iraq, not the five the president ultimately ordered. And he stubbornly defended his strategy.

CASEY: It may not have produced the results on the time lines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq.

(END VIDEO TAPE)

MCINTYRE: General Casey does not appear to be headed for the unanimous endorsement that his replacement, General Petraeus, got from the U.S. Senate. But he may be confirmed.

Among people who said they would vote for him, last hour on your show, Wolf, Senator Carl Levin said he would vote for him even though he had made some mistakes, because he didn't hold him responsible for what he called the bigger policy mistakes of the Bush administration -- Wolf.

BLITZER: And Senator Levin is the chairman of the Armed Services Committee, so he has some sway.

Thank you, Jamie, for that.

Meanwhile, there's new word today that the troop increase in Iraq could cost $27 billion for a year long deployment. A Congressional Budget Office report says it could also mean thousands of support troops being sent, in addition to the roughly 21,000 combat troops called for in the Pentagon's deployment plan.

In Iraq today, two suicide bombers blew themselves up in a crowded market in the town of Hillah. That's south of Baghdad. Sixty-one people were killed, 150 others wounded. In Diyala Province, the U.S. military says Iraqi troops stopped a suicide truck bomber at the gates of an Iraqi Army compound. The driver was shot dead but the vehicle blew up, wounding 13 Iraqi soldiers.

Police imposed a strict curfew tonight in the southern province of Najaf, where a bloody battle this week pitted Iraqi and U.S. forces against hundreds of gunmen from what Iraqi officials described as a Messianic killer cult. We're now learning new details of that clash.

And joining us now in Baghdad, our correspondent, Michael Ware -- you know, we've seen this phone video now of these bodies from that battle in Najaf the other day. I know you're investigating -- Michael, what went on?

It's very confusing. The only thing we know for sure, there are a lot of dead people there.

What are you picking up?

MICHAEL WARE, CNN CORRESPONDENT: Well, Wolf, what we do finally know is that on Sunday just gone, there was a major engagement, a major battle just north of the holy city of Najaf, south of the capital, Baghdad.

Now, according to the Iraqi government, at the center of this battle was this apocalyptic death cult. I mean, this group who believe that a messiah was among them and had returned.

The government claims that part of their plan, that this sect's intention was to enter the holy city and assassinate the Shia religious sect leadership. They believed that this was part of a prophecy.

Now, this is what the government says, and they say that this group of about 600 or 700 strong had taken land north of the holy city, dug entrenchments, gun positions. They had heavy weapons and that essentially they were approaching zero hour in their deadly plan and government forces intervened.

Beyond that, what we actually do know is that a battle did took place, that government forces did engage irregular forces north of the capital. We also know that Iraqi Army units with American advisers attached became involved. They were quickly enveloped. The American advisers called in two Apache helicopter gunships, one of which went down during the fight. As the battle raged throughout the evening, F- 16s were called in. A-10 and AC-130 gunships and aircraft were also called in. A Stryker unit and some infantry from the American forces, several hundred troops in total, were also brought in.

Now, according to U.S. officials, at the end of this blazing battle, there was at least 250 dead and they've hauled in 400 detainees or more so far.

Now, the Americans, however, are a little bit more cautious about just who they were fighting. Military intelligence -- military spokesmen described them as a Shia breakaway group.

Now, they're saying the jury is still out on whether it was actually this apocalyptic cult, although some officers refer to it as a David Koresh like organization, the American cult leader in Waco, Texas some years ago.

However, there's other stories, that this is a faction upon faction among the Shia militias; that this was a massacre of anti-Iranian forces; that this was a tribal dispute.

Basically, at the end of the day, Wolf, no one saw this battle. No one really knows how it began. And the facts are still emerging from the ruins of this engagement.

BLITZER: I know you'll stay on top of the story for us, as you always do.

Michael, thanks very much.

WARE: Thank you, Wolf.

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BLITZER: And a stunning new report today says that on average, more than 1,000 Iraqis were displaced from their homes every day in 2006, since last February's bombing of a Shiite holy site in Samarra. The International Organization for Migration says more than 330,000 Iraqis have been displaced since that attack, which triggered an all out round of sectarian violence. And it's still raging in Iraq.

Iran today began celebrations -- anniversary celebrations, that is -- for its Islamic Revolutionary, which brought hard-line clerics to power a generation ago.

But is Iran exporting that revolution to neighboring Iraq by aiding Shiite militants?

And joining us now from Tehran is our chief international correspondent, Christiane Amanpour.

A rare opportunity for us to get insight -- what are they saying to you, Iranians, about these very serious U.S. allegations, Christiane, that the Iranians are helping foment this insurgency inside Iraq?

CHRISTIANE AMANPOUR, CNN CORRESPONDENT: Well, officially, they're not saying anything, except for veiled comments today on the 28th anniversary of the Islamic Revolution to remain united against "U.S. conspiracies."

Unofficially, sources with very intimate knowledge of the government and government policy have told me that they are really surprised to hear these allegations, that they would not be overtly attacking or urging attacks against American soldiers there, that they want a stable Iraq because it's in their interests. And while they admit that they have a struggle with the United States over issues such as the nuclear issue and regional influence, that they wish they could work with the United States, as they did in Afghanistan, to resolve the situation inside Iraq.

BLITZER: The Americans insist that the Iranians are providing sophisticated equipment, including improvised explosive devices of a new generation, capable of penetrating the best U.S. armor.

Have you had a chance to ask them if they're providing this kind of equipment to Iraqis?

AMANPOUR: Yes, I have. I've asked them. And I've asked them, this is not new, these allegations. And I've asked them over the many times that I've been here and when I've met government officials.

And they always deny it. And their answer is always the same, that our interest is in a stable Iraq, that we want a democratic and free Iraqi government, which there is right now, the Shiite dominated Iraqi government, and that, yes, we would like "occupying forces out of Iraq," but once the conditions are set for them to leave Iraq. Because if not, they say, these sources, then Iraq will Iraq will be in an even bigger mess than it is right now.

BLITZER: What about the Iranian nuclear program that the U.S. and others -- the Europeans -- suspect is designed to build a bomb? How does this tension, the current tension between the U.S. and Iran, play into that bigger issue of Iran and a potential nuclear bomb?

AMANPOUR: Well, it certainly does. And, of course, while the West and many in the media talk about a nuclear bomb, here they are insistent, as they always have been, that that is not what they're pursuing. And they always point to the IAEA, which said it does not have evidence to anything other than a nuclear program.

They said that they are going to be announcing some kind of new development in their nuclear program over the next 10 days. We don't know what this is or whether it will happen. But we do know that they're taking journalists to one of the facilities this weekend. Among those journalists will be me and a cameraman from CNN, Mark Phillips (ph).

So maybe we'll know a little bit more over the weekend.

BLITZER: Our chief international correspondent, Christiane Amanpour, inside Iran.

Christiane, we're going to stay in close touch with you.

And will the American people support the Bush administration if it decides to get tough with Iran?

Coming up, I'll speak about that and more with Undersecretary of State Nicholas Burns. He's over at the State Department right now.

Jack Cafferty is in New York with The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: It doesn't get much better than that, you know? You've got Michael Ware in Baghdad. You've got Christiane Amanpour in Tehran. I mean I don't know why you'd want to watch anybody else for news about what's going on in the Middle East, do you?

BLITZER: No. I totally agree.

CAFFERTY: And it isn't in my nature to be sucking up to the management around here, but that's pretty good stuff.

BLITZER: Yes.

CAFFERTY: $75,000 a minute, Wolf -- that's even more than you make. That's how much money Exxon Mobil earned every minute of last year. The oil giant today reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion.

The company topped its own past record of $36.1 billion back in 2005. That wasn't such a good year.

Keep in mind that last year oil prices did hit a record high of $77 a barrel. Gasoline hit $3 a gallon.

Now, then gas prices spiked, a lot of politicians were quick to start calling for a windfall profit tax on the oil companies. Some of them even suggested breaking up the biggest oil companies, like Exxon.

But the talk died down once gas fell back to closer to $2 a gallon.

Oil company executives insist that oil prices go through boom and bust cycles, so their profit margins are about average compared with other industries. They also say they need to keep their large profits and size in order to compete against big foreign oil companies.

So here's our question -- what's your reaction to Exxon energy $75,000 a minute every single minute for an entire year last year?

E-mail us at caffertyfile@cnn.com or go to cnn.com/caffertyfile.

BLITZER: That adds up pretty quickly.

CAFFERTY: Yes, it does.

BLITZER: We're talking billions and billions.

CAFFERTY: Oh, yes.

BLITZER: Thank you very much, Jack.

Up ahead, accusations rocking the Congressional Hispanic Caucus and pitting two California Democratic lawmakers against each other in an increasingly public feud.

Also, the controversy over presidential candidate Senator Joe Biden's remarks about his potential rival, Senator Barack Obama. I'll talk about it with the Democratic Party chairman, Howard Dean. And love and politics Italian style. We're going to show you how a marital spat wound up making headlines and captivating a country. You're going to want to see what's going on in Italy right now.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: New developments in the bomb scares that paralyzed parts of Boston yesterday. Two men have now been charged in what turned out be a promotion for a TV show on a network owned by CNN's parent company, Turner Broadcasting.

But the story took another strange twist in front of the TV cameras earlier today.

Let's go to Boston.

CNN's Dan Lothian joining us with more on this -- Dan.

DAN LOTHIAN, CNN CORRESPONDENT: Hello, Wolf.

Well, the two men accused of placing those devices across the Boston area and causing a security scare were in court today. At their arraignment, they're facing some very serious charges. But afterward, they didn't appear to be taking it all very seriously.

(BEGIN VIDEO TAPE)

LOTHIAN (voice-over): Just released on $2,500 bail each, Sean Stevens and Peter Berdovsky hugged supporters then launched into an odd rant about haircuts and hairstyles.

PETER BERDOVSKY, DEFENDANT: For example, Afro, I think, comes kind of from the '70s. But then again, there's other styles, like the greased up hair, when they actually use grease.

LOTHIAN: Despite repeated attempts by reporters to get serious comments, the two men did not stray from their unusual performance.

SEAN STEVENS, DEFENDANT: I'm getting sort of more due to -- to get a haircut because it's getting in my bangs now.

LOTHIAN: Earlier, not guilty pleas were entered on charges of placing a hoax device and disorderly conduct. The two were conducting a marketing campaign for an ad agency hired by The Cartoon Network, which is owned by CNN's parent company, Turner Broadcasting.

It led to a massive bomb scare across the Boston area. Blinking electronic signs were found under bridges, highways and other locations.

JOHN GROSSMAN, MASSACHUSETTS ASSISTANT ATTORNEY GENERAL: It's clear that by placing a bomb like device where they did, the intent was to get that attention, at least initially, by causing fear, unrest, that there was a bomb located in this location. MICHAEL RICH, DEFENSE ATTORNEY: I don't think that anybody had -- had any intent to -- to raise fear, concern or alarm.

LOTHIAN: Outside the courthouse, supporters said authorities over reacted.

JAYSON PALM, SUPPORTER: They were just doing their jobs, really. This was part of an advertising campaign. They were getting paid to do this.

(END VIDEO TAPE)

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LOTHIAN: I asked the defense attorney about the odd behavior of his clients. He said they were "performing." He went on to say that they're still getting over their shock of what has happened to them over the past 24 hours -- Wolf.

BLITZER: I don't think I've ever seen a news conference like that during my years covering these kinds of stories.

Have you, Dan?

LOTHIAN: I have not. It was quite bizarre. I didn't know what was happening when it was happening at the time. And even after viewing it, it was still shocking.

BLITZER: Yes. I was watching it on TV and I was saying whoa, whoa, these guys are something.

All right, Dan, thank you very much.

The Internet, by the way, played a very important role in uncovering the background of those light installations placed around Boston.

let's get some more details on this promotion gone wrong.

Our Internet reporter, Jacki Schechner, has that -- Jacki.

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, these promotional ads weren't just all over Boston and cities around the country, but there were photos of them all over the Internet. It's something that some blogs picked up on yesterday.

We asked the Boston police whether they've got any tips from bloggers, and they said that their investigative unit was monitoring blogs.

We want to give you an example of what has been online. This is Todd Venderlin's photo he uploaded to Flicker.com. He took this photograph more than two weeks ago. And it shows right here that promotional ad underneath a bridge in South Boston. You can get a closer up look of it there. And then he took it down and you can see what it looks like on the under side.

There's also another woman named Riga Murthy (ph), who took this photograph and uploaded it on January 21st. She says that she thought, when she first saw it, it was part of a popular street game that somebody posted in the comments, that it was, in fact, a Mooninite from the "Aqua Teen Hunger Force" show on The Cartoon Network.

Now, these things are big fodder online now. They're up on eBay. You can bid on them. This one was a starting bid of $2,000. It's a guy named Jack who says he got it outside a bar in Philadelphia. He was a big fan of the show and was going to hang onto it, Wolf. But he says now he thinks he can make some money off of it.

BLITZER: Two grand, nothing to sneeze at.

Thanks very much for that, Jacki.

Coming up, intra-party warfare leading one California Democrat to quit the Congressional Hispanic Caucus. We're going to have details of an increasingly ugly feud.

Plus, my interview with the Democratic Party chairman, Howard Dean. I'll ask him about presidential candidate Joe Biden's controversial remarks about possible White House contender, Barack Obama, and more.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: The Senate has gone forward and raised the federal minimum wage.

Let's go to our Carol Costello.

She's got the latest details -- Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Yes, we just got word a couple of minutes ago, Wolf.

It looks like we're moving closer to an increase in the minimum wage. The Senate just passed, by a vote of 94-3, a bill to raise the minimum wage to $7.25 an hour. The Senate's legislation includes tax cuts for small businesses.

Now, before the bill goes to the president's desk, the differences between the House and Senate versions will have to be ironed out. That will happen in a conference committee. Of course, we'll be following that for you.

Infighting spread today in Gaza despite a three-day-old cease- fire. Hamas militants opened fire in a raid on the Fatah Preventive Security Building in the northern Gaza town of Beit Lahiya. Elsewhere, in central Gaza, Hamas gunmen ambushed a convoy purportedly carrying arms to Mahmoud Abbas' presidential guard. Fatah says the convoy was carrying humanitarian aid. Today's fighting left five dead and dozens injured. It violates a cease-fire which went into effect on Tuesday. More on that thwarted execution plot in Birmingham, England. British police say they're seeking further detention of nine people arrested in a series of raids yesterday. Under British law, police must apply with Magistrate's Court for permission to hold suspects up to 28 days before charging them. The detainees are suspected of plotting to kidnap a British Muslim soldier then torture and behead him. The soldier has not been named.

And British police are confirming that Prime Minister Tony Blair was recently questioned over allegations that his Labor Party tried to reward political donors with titles of nobility. It is the second time police have interviewed Mr. Blair about these

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allegations. They say he is not a suspect and cooperated fully. Four people, including Mr. Blair's senior political adviser, have been arrested in connection to this scandal.

That's a look at the headlines right now -- Wolf.

BLITZER: They've got scandals all over the world happening right now.

We're going to have another one in Italy.

That's coming up, as well.

Carol, thank you.

Also coming up, when it comes to Iran meddling the United States in Iraq, where is the evidence?

We're going to ask the undersecretary of state Nicholas Burns. He's standing by live.

Plus, my interview with the Democratic Party chairman, Howard Dean. We'll talk about politics, what's going on in the presidential race. That's coming up, as well.

Also, details of the feud that's unfolding right now among Democrats that's rocking the Congressional Hispanic Caucus. It's getting very ugly.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Happening now, the former top U.S. military commander in Iraq grilled at his confirmation hearing by senators critical of the way he executed the troubled U.S. military mission in Iraq. General George Casey now up for Army chief of staff. He told the Armed Services Committee President Bush's troop increase will give commanders greater flexibility.

The Congressional Budget Office now says that increase could cost up to $27 billion over the next year. Also, sources telling CNN members of Congress will get a look at the latest National Intelligence Estimate tomorrow and that the so- called key judgment section will be made public. But the sources say the rest of the Estimate remains classified.

And scandal rocking San Francisco's city hall. Mayor Gavin Newsom admitting to an affair with the wife of his former reelection campaign manager. The man reportedly confronted Newsom and he then resigned. The mayor is apologizing, saying he's deeply sorry for what he calls a lapse of judgment.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

A storm is brewing on Capitol Hill within the Congressional Hispanic Caucus and it's getting ugly. Its leader is coming under growing fire from within the ranks.

CNN's Brian Todd is standing by with all the details -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, until recently, Congressman Joe Baca was not well known, even in this town. Now, he is under extreme pressure and may not be able to hold his fractious group of legislators together.

(BEGIN VIDEOTAPE)

TODD (voice over): The leader of the Congressional Hispanic Caucus now under heavy fire, accused of not treating the six women in that group fairly. Congresswoman Loretta Sanchez, who just resigned from the caucus, goes further, telling the online publication politico.com that some months ago, caucus chairman Joe Baca told a California politician she was a whore.

Sanchez would not speak to CNN. Her office issuing a statement saying she resigned because of her "... strong opposition to Mr. Baca's chairmanship..."

"The Politico" reporter who interviewed Sanchez says she confronted Baca late last year about the remark.

JOSEPHINE HEARN, POLITICO.COM: This was a closed-door meeting. There were no staff there. It was just members of Congress. And in that meeting he denied having ever made the remark. But quite an argument ensued, as I understand it.

TODD: We couldn't reach Joe Baca directly for comment, but a statement from his office calls Sanchez's accusation "...baseless..." and "... categorically untrue..."

CNN has tried to confirm this account first hand. Congressional observers and Hill staffers tell CNN there have long been tensions in the caucus over the perception that Baca gives more favorable treatment to the men in the group.

Today, Congresswoman Hilda Solis from California gave a statement to CNN saying she shares Loretta Sanchez' sentiment about "... the lack of respect afforded to women members of the Hispanic Caucus."

CNN asked the Democratic Party leader about this upheaval.

HOWARD DEAN, DNC CHAIRMAN: This is something that we have made some calls back and forth into the caucus on. They will resolve it. They have good leadership.

(END VIDEOTAPE)

TODD: We repeatedly called and e-mailed Joe Baca's office for response to those broader accusations that women are not accorded equal treatment in his caucus. As of now, we have not heard back -- Wolf.

BLITZER: All right. Thank you very much, Brian, for that.

And the race is clearly on for the White House. Democrats are already jockeying for power. But is the party threatened by some new splits among those powerful personalities?

(BEGIN VIDEOTAPE)

BLITZER: And joining us now, the chairman of the Democratic Party, Governor Howard Dean.

Governor, thanks very much for coming in.

DEAN: My pleasure. Thank you, Wolf.

BLITZER: It looks like you have got some division -- this is not a surprise -- among Democrats, but let's go through some of them and as chairman, see what you have to say.

First of all, Joe Biden. He had some really blunt comments about fellow Democrats, presidential candidates. First of all, going back, he said of Al Gore and John Kerry, he said, "Democrats nominated the perfect blow-dried candidates in 2000 and 2004... and they couldn't connect."

Now, on John Edwards, he's saying, "I don't think John Edwards knows what the heck he's talking about."

Also some disparaging remarks about Senator Clinton. And, as you know, listen to what he said about Barack Obama.

(BEGIN VIDEO CLIP)

SEN. JOSEPH BIDEN (D), DELAWARE: I mean, you got the fist mainstream African-American who is articulate and bright and clean and a nice-looking guy... I mean, that's a storybook, man."

(END VIDEO CLIP)

BLITZER: What do you make of this?

DEAN: Well, you know, as you well know, Wolf, there are going be a thousand comments of this kind that are controversial and so forth as we go forward. I'm not going to make a practice of commenting on them.

In this particular case, the principals have talked about it, they have resolved their differences. And so I'm not going to get into it at all.

I'm going to be the referee. We're going to have a fair process. The only time I'm going to get into it is if I think things are going on that are really unfair and below the belt. But the media is going to sort this one, and the principals have already talked, Senator Obama and Senator Biden. So there's no need -- no need for me to get involved.

BLITZER: Well, at what point thought do you make a phone call or do you call Senator Biden, for example, and say, "Joe, maybe you should cut back a little bit on the rhetoric"?

DEAN: You know, I think there's been a lot of people probably giving him that advice publicly. And he certainly doesn't need to hear it from me publicly or privately.

Again, my job is to be the referee. I have to be very careful in this campaign. I want the DNC to be the place where every single candidate can feel they can come to, if they feel something else needs to be done differently and they're going to get a fair hearing.

And so you won't hear me commenting about who's the front-runner and who isn't and who said what last week and who said what yesterday and all that kind of stuff. I'm just not going to do that kind of public analysis.

BLITZER: Because your job is to get Democrats elected, Democrats locally, statewide and in the White House.

DEAN: That's right.

BLITZER: And if you have Democrats fighting each other, that's going to make your job a lot more difficult.

DEAN: Well, there's difference between controversial comments that get resolved in a couple of days and really serious stuff. And I'm going the save my comments and interventions for the really serious stuff that isn't going to get resolved between the principals. If the principals can resolve this stuff on their own, they certainly don't need me to help, and I'm going to be -- look, we had great year in 2006.

We've got all the momentum on our side. This presidential Iraq policy is about to be disavowed by the majority of the Senate, including Republicans.

This presidential race is something that we ought to win. We've kept our promises. I think Speaker Pelosi and Leader Reid have done a great job. You know, when was the last time you can remember that people made six promises before they got elected and they kept them on time?

I think it's a great record. And I think we ought to focus -- I want to focus on the positive things the Democrats are doing.

BLITZER: What about the split that the Democrats in the Senate are having now in whether or not they should go along with a modified, a watered-down. symbolic resolution complaining about the extra troops going to the Iraq? You've got Levin and Biden on one side, you've got Russ Feingold on another side saying use the power of the purse.

This another problem you potentially have to get involved in.

DEAN: No, this is not a problem. The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words.

I think this s a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive.

Look, we're doing what Americans elected us to do. The American people do not believe we belong in Iraq. The president is going in exactly the opposite direction that the American people asked him to go to. It's not a surprise to me that any United States senator, Republican or Democrat, might want to listen to their constituents before they listen to a president who's taking us in the wrong direction, despite what the American people voted for.

So, I think you're going to see a unified vote. I think you're going to see unified Democrats.

The question will be, which I'm not going to go into and speculate about, but the question will be, what happens when the House and the Senate disavow the president's wrong-headed actions in Iraq, ask him not to do it, and he does it anyway? Then I think you're going to see more discussions about what the alternatives are in addition to this.

But this is first step, it's the right step. Again, I think both Nancy Pelosi and Harry Reid are doing exactly the right thing on the right timetable, and I think you're going to see overwhelming Democratic support for these resolutions condemning the president's actions in Iraq to escalate the war.

BLITZER: One final quick question. Al Gore, he supported you back in 2004 when you were running for president. Now he's expected to win an Oscar. He's being nominated for a Nobel prize. Should he get back into this presidential race?

DEAN: Again, I'm not going to get into that, but I certainly think he deserves the Oscar and Nobel Prize.

Look, this guy, who is a good friend, a wonderful friend, a courageous friend, has done more to affect public policy than anybody I can think of in the last few years. Al Gore and the people who helped him make that movie -- and it wasn't just Al, but it was others -- have -- have totally changed the way Americans look at global warming.

The president of the United States has tried to pretend that global warming hasn't existed for six years. He has bullied scientists who are concerned about this, as has his administration. And because of the efforts led by Al Gore, we are really doing -- dealing with the issue that may be the most important issue to face this planet as long as humankind has existed on it.

So I think he deserves whatever awards he gets for doing that.

BLITZER: Governor Howard Dean, the chairman of the Democratic Party.

Thanks very much.

DEAN: Thanks for having me on.

(END VIDEOTAPE)

BLITZER: And still ahead, Italians they're spellbound by a very public airing of lover's quarrel involving one of the country's most powerful couples. We're going to have the report from Rome.

But first, the Bush administration leveling some very serious allegations at Iran. Does the administration have the credibility right now to convince the American people it knows the real story?

We're going to be joined here in THE SITUATION ROOM by one of American's top diplomats. Nick Burns, he's standing by live at the State Department.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: We're getting word now, a statement the president has just issued in connection with the Senate going ahead and passing a federal minimum wage increase. The House did that a couple weeks ago.

"Today, the Senate has passed significant legislation," the president's statement says, "that will benefit America's workers and small businesses. By working in a bipartisan way to match a minimum wage increase with tax relief for small businesses, the Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth. I strongly encourage the House to support this combined minimum wage increase and small business tax relief."

As you know, the House version -- House version did not contain the tax credits for small businesses. The House and Senate versions are going to have to be reconciled in what's called a conference committee before it goes to the president for signature.

The Bush administration has been blasting Iran for aiding Shiite militants in Iraq and for a nuclear program that U.S. officials maintain is aimed at building a bomb. If the administration decides to get tough with Iran, what would it make the case to the American people with given the experience in Iraq?

Joining us now, the undersecretary of state, Nicholas Burns.

Mr. Secretary, thanks very much for coming in.

NICHOLAS BURNS, UNDERSECRETARY OF STATE: Thank you, Wolf.

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BLITZER: What evidence do you have, for example, that the Iranians are involved in killing American troops in Iraq?

BURNS: Well, Wolf, I think there's incontrovertible evidence that the Iranians have been giving very sophisticated explosive technology to Shia insurgent groups for the better part of the last year and half. Those groups have used that technology, some of which is armor-piercing -- to attack American soldiers and British soldiers and to kill them. It's a very, very serious development.

Now, we have warned the Iranian government in past about this. We had not received an adequate response from them. And you have seen now President Bush, over the several weeks, having decided that we will detain those military and intelligence officials in Iraq who are responsible for this.

Obviously, we wish Iran to cease and desist. Iran is not playing the type of role that most other countries are in Iraq.

Most countries like the United States want to see Iraq stayed together as unitary state. They want to see the problems between the Shia and the Sunni be resolved. But Iran seems to be stoking those problems, igniting them.

And so that's the basic -- that's the basic allegation that we're making against the Iranians. And we hope they're going to have a change of mind.

BLITZER: And the State Department, I take it, is putting together a dossier, a full report that will be declassified and made public going through your arguments, your evidence? Is that right?

BURNS: Well, obviously, we have been making the case for the last several weeks and will continue to make the case to the American people and to the international public that this is a problem. There really is no doubt about it.

You saw an interview, an extraordinary interview, when the ambassador of Iran in Iraq admitted that there are Iranian security operatives on the soil. Now, here's difference between the U.S. and Iran, Wolf. The United States military forces are there under U.N. authorization. Iran has no right and no authorization to have its military operatives or its intelligence on the soil of Iraq.

BLITZER: Although yesterday we heard -- we heard Nouri al- Maliki, the prime minister of Iraq, yesterday in an interview with our own Michael Ware, basically equate Iran and the United States, saying he wants both of them to fight what he called their proxy out of Iraq.

BURNS: Well, you know, I think, Wolf, there's no question that the Iraqi government has to maintain relations with the Iranian government because they're neighbors. We would just hope that the Iranians would choose to have a positive influence and not a negative influence. And right now they're exercising a very negative influence.

BLITZER: Your former boss, the former secretary of state, Madeleine Albright, was here in THE SITUATION ROOM yesterday. You're a career diplomat. You've served for many years over at the State Department. She says the administration has a credibility problem right now on Iran, the evidence you say you have on Iran, because of the failures of intelligence that now have been evident involving Iraq.

Listen to what she said.

(BEGIN VIDEO CLIP)

MADELEINE ALBRIGHT, FMR. SECRETARY OF STATE: Because of the decision failures leading to the war in Iraq. And basically, that we were told a variety of things and something else was going on. Now, there may be all the terrible things going on in Iran that we are being told by the administration, but who is to say?

(END VIDEO CLIP)

BLITZER: You acknowledge you have this serious problem of credibility?

BURNS: Well, Wolf, I respectfully disagree. I have been working on this problem of Iran's nuclear ambitions for the better part of two years. We now have a united coalition, the United States, China, Russian, the European countries, supported by India and Brazil and Egypt. All of us believe that Iran's nuclear research program and its plant at Natanz is intended to give Iran in several years a nuclear weapons capability.

There is no doubt about that in the international community. And there are no states, with the possible exception of Syria and Cuba and Venezuela, that believe that Iran's nuclear research program is benign.

And so, we're not in a situation that is analogous to what we were in in 2002 and '03 in Iraq, when there was a great international debate about the issue of weapons of mass destruction in Iraq. There is unanimity across the world that Iran should not have a nuclear weapons capability, that it is trying to create one, and that the goal of our international effort should be to stop them from doing so.

You've seen us pass a Security Council resolution just before Christmas. There will be another Council resolution passed in February and March unless Iran agrees to negotiate with us, and that's what we're trying to do, Wolf. We're trying to negotiate this with Iran. BLITZER: So, bottom line -- bottom line, it's diplomatic and economic pressure. You're not planning on going to war against Iran, at least not now, is that right?

BURNS: Wolf, we are on a diplomatic track. We believe that diplomacy can succeed. And we don't believe that a military conflict is inevitable or even likely.

The fact is that the United States is protecting its interests by detaining those Iranian paramilitary officials in Iraq because they're attacking our soldiers. And we're protecting our interests in the Gulf by deploying our carrier battle groups.

We have been in the Gulf since 1949. And we have an historic responsibility to protect the security of the Gulf Arab states.

So we're not acting in a provocative way. We're actually acting for stability and for peace in the region. We have to ask Iran now to adjust its policies and to be willing to meet us at the negotiating table on the nuclear issue. They have turned us down on that issue, Wolf, as you know.

BLITZER: Nick Burns, the undersecretary of state.

Mr. Secretary, thanks for coming in.

BURNS: Thank you, Wolf.

BLITZER: And Lou Dobbs is getting ready for his program that begins in a few minutes, right at the top of the hour. He's going to tell us what he's working on -- Lou.

LOU DOBBS, HOST, "LOU DOBBS TONIGHT": Wolf, thank you.

Coming up at 6:00 p.m. Eastern here on CNN tonight, we're going to be telling you about the pro-illegal alien open-border lobby. They're using shocking language, even by their standards, now to blast our federal agents trying to enforce U.S. immigration laws.

They're using words such as "terror" and "ethnic cleansing." And what is the president and the federal government saying in response? Nothing.

We'll have that special report.

Also tonight, troubling concerns that radical Islamist terrorists may be using Venezuela as a base for attacks against the United States, with the full support of Venezuela's president, Hugo Chavez.

We'll have that report tonight.

And House Speaker Nancy Pelosi, she apparently believes she has the right to use a military aircraft at taxpayer expense to fly herself, members of her family, other lawmakers in California, all around the country. We'll have that report.

And we'll also be examining the rising Iranian nuclear terrorist threat to this country.

And Terry McAuliffe, the Democratic strategist leading Hillary Clinton's presidential election campaign is among our guests.

We hope you'll join us at the top of the hour here on CNN.

Wolf, back to you.

BLITZER: Did you think the undersecretary of state made a good case as far a Iran is concerned?

DOBBS: I don't -- at this point, I thought it was interesting, your discussion about credibility. I think that it's time for a lot of discussion about the U.S. policy in the Middle East, period. And there's very high bar, I think -- I think -- I'm hardly alone in feeling this way -- but a very high bar for this administration to reach in putting forth evidence that would require a direct action against Iran, either diplomatically or militarily, beyond the sanctions that are already in place by the United Nations.

BLITZER: Lou's coming up in 10 minutes.

We'll be watching.

Thanks, Lou.

DOBBS: You bet. Thanks, Wolf.

BLITZER: And still ahead here in THE SITUATION ROOM, a rising star in the Democratic Party admits to a personal lapse of judgment. Much more on that during our 7:00 p.m. Eastern hour here in THE SITUATION ROOM.

And in Italy, a very public couple has a very public spat. We're going to tell you what's happening in Rome right now. You're going to want to see this.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty in New York -- Jack.

JACK CAFFERTY, CNN ANCHOR: ExxonMobil reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion last year. So we asked: What's your reaction to Exxon earning $75,000 a minute for the whole year?" That's -- if you do the math, that's what it comes out to.

Arlene in Folsom, California, "My reaction to big oil making those gigantic profits happen last year when they made so much dough: I sold my car, began walking and taking public transportation everywhere. I got even for the over-inflated car prices, the insurance prices and the gas-gouging. I save $900 to $1,000 every month and I can now take a vacation."

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Mark in Anchorage, Alaska, "Jack, I'm a sourdough Alaskan and to hear that ExxonMobil made $39 billion in profits frosts me as they still owe Alaska billions of dollars for the damage done by the Exxon Valdez spill in 1989. Jerks!"

Mark, "Bully for them. It will allow a great American company to remain great. Additionally, the earnings will allow them to conduct further exploration for new reserves of oil and gas."

Linda, "I don't care how much Exxon makes. I care how much the Saudis make. I care how much the Kuwaitis make and how much all the other countries who fund Islamic terrorists make when selling us their barrels of crude oil."

J.B. in Connecticut, "Jack, the middle class in this country will lament the exorbitant (or is that extorted?) profits by ExxonMobil and other big oil, drug. and insurance companies. But the people in this country that control the laws are the upper class and their paid lobbyists who take good care of our elected representatives. And the upper class makes big money when the big companies make big profits."

"So, who's going to fix this problem? No one."

John writes, "Jack, Exxon makes $75,000 a minute in profits. I wonder if they could spare a minute or two for you or me, Jack."

If you didn't see your e-mail here, you can go to cnn.com/caffertyfile and read more of these online -- Wolf.

BLITZER: You know what they say, Jack. Rich or poor, it's good to have money.

CAFFERTY: That's right. On the whole, I'd rather be rich. I've been rich, I've been poor, and on the whole I'd rather be rich.

BLITZER: Good. See you in an hour, Jack. Thanks very much.

Up next, love and politics, Italian-style. A former prime minister and his wife, they're battling it out in public. You're going to want to see this when we come back.

(COMMERCIAL BREAK)

BLITZER: Italy is being riveted right now by a very public spat between former prime minister Silvio Berlusconi and his wife.

CNN's Alessio Vinci is joining us from Rome with details -- Alessio.

ALESSIO VINCI, CNN CORRESPONDENT: Wolf, Italian politics is perhaps best known for how crazy it is or, at times, for being plain boring. But Italians witnessed something they have never seen before, an open letter on the front page of a national daily, written by Silvio Berlusconi's wife, fed up with her husband's flirting.

(BEGIN VIDEOTAPE)

VINCI (voice over): The letter demanded a public apology by the former prime minister for sexist comments he allegedly made to a group of women during a dinner party, telling one of them he would marry her and another he would go with her anywhere.

"These are comments I consider damaging to my dignity," she wrote. "The can be reduced to jokes." Such a bold and unexpected move by a woman known for staying out of the limelight had the nation spellbound for a day.

Newscasts, newspapers, blogs all devoted a huge amount of space to the saga. And by late afternoon, Berlusconi was ready to apologize, saying, "Forgive me. Accept this public display of public pride as an act of love, one of many."

(END VIDEOTAPE)

VINCI: Had all this played out in the U.S., the outcome may well have been the end of a political career. But here in Italy, it all ended with a nice family dinner at Berlusconi's estate near Milan -- children included -- Wolf.

BLITZER: All right, Alessio. Thanks very much. Always interesting in Rome.

We're here in THE SITUATION ROOM, back in an hour.

Let's go to Lou in New York.

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Will Politicians Unite Against Troop Build Up?; Interview With Carl Levin; Sex And Scandal In San Francisco; Mary Cheney Reacts To Political Fallout (CNN)

CNN THE SITUATION ROOM, February 2, 2007

WOLF BLITZER, CNN ANCHOR: Happening now, a top Republican and Democrat are working together against the troop build-up in Iraq and against President Bush.

Will they get the bipartisan backing they want or just rile up the left and the right?

I'll talk to one of the senators behind the new deal, the Armed Services Committee chairman, Carl Levin.

Also this hour, sex and scandal in San Francisco -- Mayor Gavin Newsom goes before reporters to say he's sorry. It's not just that he had an affair, it's whom he had an affair with.

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Plus, Mary Cheney talks openly about the subject her father refused to talk about with me, the subject of the baby she's having with her lesbian partner. The vice president's daughter opens up about her pregnancy and the political fallout.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Frustrations over the war in Iraq are being laid bare on Capitol Hill right now. Senators of both parties have been grilling the president's top commander in Iraq about failures in the war. General George Casey being considered for a new job. That would be the Army chief of staff.

The hearing comes just hours after top Senate Democrats threw their support behind a Republican resolution disagreeing with the troop build-up. They're hoping to build bipartisan support and send the strongest message possible to President Bush.

In the war zone, a source in Iraq's Interior Ministry tells CNN nearly 2,000 civilians were killed in violence in that country in January alone. More than 60 people died in suicide bombings in a crowded market in Hillah today.

Our senior Pentagon correspondent, Jamie McIntyre, is standing by.

But let's go to Capitol Hill.

Our Congressional correspondent, Dana Bash, with the latest -- Dana.

DANA BASH, CNN CORRESPONDENT: Well, Wolf, we're waiting this hour for a press conference with Senator John McCain. He's going to formally unveil his resolution to set up benchmarks for the Iraqis.

Now, Republican leaders hope that will be an alternative to appeals to the GOP rank and file, who don't -- who are skeptical of the president's plan to send more troops to Iraq but don't necessarily want to outright condemn him.

Now, that is just part of the intense behind the scenes maneuvering today after last night's blockbuster bipartisan deal.

(BEGIN VIDEO TAPE)

BASH (voice-over): The morning after Senate Democrats joined forces with leading Republicans to oppose the president's Iraq strategy, Bush allies scrambled to prevent more GOP defections, lashing out at fellow Republicans who would support any measure opposing a troop increase in Iraq.

SEN. JIM BUNNING (R), KENTUCKY: And I believe they send a dangerous message to our enemies.

BASH: Others pleaded for patience.

SEN. JON KYL (R-AZ), INTELLIGENCE COMMITTEE: Years ago, I used to see bumper stickers that said, "Give peace a chance." And I think today we need to dust off some of those bumper stickers and write a couple of extra words in -- give the president's plan for peace a chance.

BASH: That as anti-war protesters walked the halls of Congress, delivering petitions pushing senators to oppose more troops in Iraq.

UNIDENTIFIED FEMALE: We really need to bring an end to this war.

SEN. JOSEPH BIDEN (D-DW), FOREIGN RELATIONS COMMITTEE: The quickest, most effective way to get the president to change his course is to demonstrate to him that his policy has little or no support in this body.

BASH: Democratic leaders signed onto the less confrontational Republican resolution with the goal of attracting the GOP votes they need to actually pass a bipartisan rebuke of the president.

But in the process, Democrats lost some support on their left flank.

Wisconsin's Russ Feingold says he'll oppose it because it contradicts the goal of withdrawing U.S. troops from Iraq.

Democratic presidential candidate Chris Dodd agrees.

SEN. CHRIS DODD (D), CONNECTICUT: I don't know how you can vote for this resolution and vote for that language and then simultaneously be for a redeployment of forces.

(END VIDEO TAPE)

BASH: Now other Democrats on the left say they actually will support this resolution. Ted Kennedy, Tom Harkin, for example.

Now, we understand that Democrats just came out of a closed door meeting and that they have decided that they do have the votes to at least proceed to the debate when they get to that point. And, Wolf, that will be the first incredibly important test vote, when they get to that motion to proceed to debate on this issue -- Wolf.

BLITZER: And so when it plays out on the floor, we expect that to start next week, is that right?

BASH: We expect it to -- what is going on right now is a big question mark, to be honest with you.

Republicans are trying to figure out their next move; Democrats, as well. They're talking to each other behind-the-scenes.

What we can look for, though, what's really important to look for is something that's going to happen tomorrow, Wolf, and that is Senate Republicans are going to have an all day retreat. It's been long planned. And afterward, they're going to go to the White House and have a meeting, face-to-face time with the president.

And we understand from Demo -- from Senate Republicans, rather, who are undecided about this, that they are going to use that time to really discuss this with the president.

And we understand from a senior administration official, Mr. Bush is going to do the same, something he really hasn't done -- personal lobbying -- since this whole issue of resolutions really got underway a couple of weeks ago.

BLITZER: We'll watch it play out, Dana.

Thank you.

Over at the White House today, the press secretary, Tony Snow, is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist.

Listen to this.

(BEGIN VIDEO CLIP)

TONY SNOW, WHITE HOUSE PRESS SECRETARY: Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP) BLITZER: Now to the president's top commander in Iraq, under fire from both sides today, even as he interviews for a new job.

Let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie, what's the latest on this front?

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, General Casey got the roughest treatment from one of his toughest critics, Senator John McCain, who ripped Casey for his past rosy predictions and slammed him for his failure to ask for reinforcements until things were really getting bad in Iraq late last year.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

And I'd be very happy to hear your response, General.

GENERAL GEORGE CASEY: Senator, I don't think there is any question that the situation in the center of the country, particularly in the capital, is bad. And we are working very hard to rectify that.

(END VIDEO CLIP)

MCINTYRE: Critics -- Casey's critics fault him for not asking for more troops until President Bush stepped in and ordered an overhaul of the policy in December. But he said he sticks by the strategy. He said: "It may not have produced the results that everybody hoped, but he does think it's laid the foundation for success."

That was met somewhat skeptically by other members of the committee, including Senator Carl Levin, the chairman of the Armed Services Committee. He asked Casey if he wouldn't agree with President Bush's own assessment that Iraq was headed for a slow failure until the president personally stepped in. And Casey again disagreed, saying that he thought what they were seeing was slow progress -- Wolf.

BLITZER: I'm speaking to Senator Levin momentarily. We'll ask him what he thinks about this nomination.

Jamie, thanks for that.

We're going to have a lot more coming up on the battle on Capitol Hill and what's happening in Iraq.

But I want to move to a different story right now, a very different story -- a sex scandal going public in San Francisco right now.

The mayor, Gavin Newsom, went before reporters just a little while ago to apologize for having a sexual relationship with his former campaign manager's wife.

Alex Tourk resigned yesterday as Newsom's reelection chief after confronting his boss about the affair. Tourk's wife Ruby once worked as Mayor Newsom's appointment secretary.

Newsom didn't answer reporters questions about calls for him to resign, but he did say this.

(BEGIN VIDEO CLIP)

MAYOR GAVIN NEWSOM, SAN FRANCISCO: Everything you've heard and read is true and I am deeply sorry about that. I've hurt someone I care deeply about, Alex Tourk and his friends and family, and that is something that I have to live with and something that I am deeply sorry for.

I'm also sorry that I've let the people of San Francisco down. They expect a lot of their mayor and my personal lapse of judgment aside, I am committed to restoring their trust.

(END VIDEO CLIP)

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BLITZER: We're going to have a lot more on this story coming up in the next hour right here in THE SITUATION ROOM.

Clearly, an awkward, very embarrassing moment for the mayor of San Francisco.

Let's go to New York and Jack Cafferty for The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: Biden blows it -- Biden stumbles at the starting gate. Biden unwraps his bid for '08 with an "Oops!" and "Senator Stupid." Not exactly the kind of headlines you're looking for the day after you kick off a presidential campaign.

But that's what the Delaware senator, Joe Biden, got, after describing Senator Barack Obama as "the first mainstream African- American who is articulate and bright and clean and a nice looking guy."

The Democratic White House hopeful apologized yesterday. He called Obama. He told reporters he regretted that his comments were taken out of context. He said he meant to say Obama was fresh and an exciting candidate.

But the damage may already have been done. Biden's comments about Obama bring back attention to something he said about Indians last year: "You can't go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." And he later said that comment was taken out of context, too.

And then there was the senator's first presidential bid in 1988. He was forced to drop out of that race after it was revealed that he was stealing parts of his speeches from a British politician without attribution, something called plagiarism. So, here's the question -- should Senator Joe Biden withdraw from the presidential race?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile.

The newspapers took no prisoners, Wolf.

"Senator Stupid" -- big, black headline in the "New York Daily News" today.

BLITZER: I saw him on "The Daily Show" with Jon Stewart last night. He's not dropping out yet and we expect to have him here in THE SITUATION ROOM tomorrow. He told our staff earlier in the week he'll be here. We hope to interview him tomorrow, but we're anxious to hear what our viewers think, as well.

Thank you, Jack, for that.

Coming up, he's one of the most powerful Senate voices on Iraq right now, the Armed Services Committee chairman, Carl Levin.

Is he alienating the Democratic Party's base by making a deal with Republicans?

I'll ask him in a few minutes.

Also coming up, something's missing from the race for the White House. Hard to believe, with 18 candidates running or exploring. But our Bill Schneider says it's true.

And she's being applauded by gay rights groups and criticized by some in the Christian right. Now the vice president's daughter, Mary Cheney, speaking publicly about her pregnancy for the first time.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: The chairman of the Senate Armed Services Committee, he's on Capitol Hill.

He's standing by.

We're going to speak to him in a moment.

But first, as the White House and the Senate head into a showdown over U.S. policy in Iraq, activists around the country are pressuring their senators to take sides in this debate, and it's all taking place -- at least a lot of it -- online.

Let's go to our Internet reporter, Abbi Tatton, with the latest -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, this counter at the Web site of the liberal Moveon.org is right now keeping track of the people all over the country who are calling Senate offices to voice their opposition to President Bush's troop increase. The number is approaching 700,000. Those are the people who are joining what Moveon labels a virtual march on Washington.

There are online tools to help people, to direct people to who the people they should be calling. The group also delivered signatures to Senate offices today, 600,000 of them. Moveon calls the Warner-Levin resolution an important first step.

On the other side -- (AUDIO GAP).

Lights back, no computer. But on the other side, there's been a conservative push to influence Republican senators to oppose this kind of resolution, led by conservative blogger and radio talk show host Hugh Hewitt. He's been urging people to sign an online pledge, telling people that "I will not contribute to any Republican senator who votes for a resolution of this kind."

And that online pledge, Wolf, right now having over 30,000 signatures -- Wolf.

BLITZER: Abbi, thanks very much.

Someone flipped the switch for a second, but we're back.

Joining us now, a power player in this debate over Iraq and the new deal on a resolution against the troop build-up.

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That would be Senator Carl Levin, Democrat of Michigan.

He's the chairman of the Armed Services Committee.

Mr. Chairman, thanks very much for coming in.

SEN. CARL LEVIN (D-MI), CHAIRMAN, ARMED SERVICES COMMITTEE: Thank you, Wolf.

BLITZER: You're being criticized by the left and the right for this deal you worked out with the ranking Republican, John Warner.

Listen to your friend, Chris Dodd, Democrat of Connecticut, a presidential candidate.

(BEGIN VIDEO CLIP)

DODD: This is not three years ago or two years ago. We're being asked to send 21,000 young Americans into a cauldron. And we ought to be able to do better than a resolution here that really brings 70 people together that doesn't have any effect on whether or not they're going to be put in that situation or not.

(END VIDEO CLIP)

BLITZER: All right, what do you say to Senator Dodd?

LEVIN: Well, first of all, I think that there -- there's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the president's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course.

This is the best way, we believe, that we can get a change of course, with a bipartisan resolution disagreeing with the president.

And one other thing. Your -- your reporter there made reference to Moveon.org. Moveon.org is a pretty -- has pretty much of a cross section across the Democratic Party. And as she said, Moveon.org supports, as they put it, the Warner-Levin language because it is an important first step toward Congress blocking the escalation.

So Moveon.org, it seems to me, is a pretty good indicator of where an awful lot of Democrats and others in this country are.

BLITZER: On the right, though, a lot of your critics are saying you know what your doing, senator?

You're giving aid and comfort to the enemy and you're undermining the U.S. military in -- in Iraq, who are serving there right now.

I want you to listen to the White House press secretary, Tony Snow.

(BEGIN VIDEO CLIP)

SNOW: Osama bin Laden thought the lack of American resolve was the key reason why he could inspire people to come after us on September 11. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP)

BLITZER: All right, have you thought about the impact your resolution will have?

LEVIN: We sure have. We sure have. Our troops deserve everything. They deserve our support. They deserve our equipment, the best. They deserve to have their families supported. They deserve the best training in the world. They deserve a reliable ally. They also deserve our best thinking and when 60 senators, which is probably the number we have -- or close -- believe that this additional 21,000 is not going to contribute to success in Iraq, but the opposite -- it's going to contribute to an escalation of the military presence in Iraq. And Saddam Hussein is -- excuse me. Bin Laden is perfectly content. Bin Laden is very content to have American forces stay there occupying a Muslim country.

So, yes, we've given a lot of thought to this question. And we think the current course, which is not working, is a road to failure and we've got to change this course, increase the chances of success by pressing the Iraqi political leaders to take responsibility for their own country and make the necessary political compromises.

BLITZER: I know there's a lot of concern, Mr. Chairman, that the insurgents have a new generation of improvised explosive devices that penetrate even the best U.S. armor on the sides of the Humvees and the other vehicles. And there's concern, there's deep concern you're sending these additional troops, as well as the troops who are already there, into what could be a disaster because they're not going to be as protected as they should be. This came up at your hearing today.

LEVIN: It did, indeed. And we are determined that we're going to give our troops, while they're there, the best possible equipment. This has been an ongoing battle against the insurgents to try to stay ahead of them and we've continued to change technologies. We have told our military and our research and development people we will put all the funds necessary. You've got a blank check when it comes to protecting our troops.

That is the way we feel and we're going to keep working the technologies to try to respond to, but more importantly, keep a step ahead of the insurgents and the terrorists.

BLITZER: Are you -- do you have confidence that General George Casey is the best person to be the new Army chief of staff?

LEVIN: I have confidence that he is a qualified person to be the Army chief of staff. He was the vice chief of staff. And I don't think it's right that would put on his shoulders the policy failures in Iraq. There are some who point to the policy failures in Iraq, which have been major, including disbanding the Iraqi Army, not having a plan for the aftermath and other policy failures.

He shouldn't bear responsibility for the civilian decisions made by this administration. He's made mistakes, by the way, but they're not the major policy mistakes which have put us into the box that we're in.

BLITZER: So you'll vote to confirm him?

LEVIN: I will.

BLITZER: Senator, thanks very much for coming in.

LEVIN: Thank you, Wolf.

BLITZER: Carl Levin is the chairman of the Armed Services Committee.

And still ahead, Vice President Cheney's pregnant daughter speaking out for the first time since my interview with her father.

What does she think about the criticism she's getting from some in the Christian right?

And later, an Oscar nomination, a Nobel nomination -- could Al Gore go for the Democratic presidential nomination, as well?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Happening right now, the top U.S. commander in Iraq says he asked for fewer than half the extra troops President Bush is sending to the war zone. General George Casey is testifying before a Senate committee considering his nomination to be the Army chief of staff.

Meantime, the president's Senate allies are trying to stop more Republican defections after a bipartisan deal was struck on a resolution opposing a troop build-up.

Also on Capitol Hill, the leader of the Congressional Hispanic Caucus is under fire. Joe Baca is accused of not treating six women in that group fairly. And wait until you hear what one congresswoman claims he said about her -- that story coming up in our next hour.

Also coming up: the charges that Iran is behind some of the bloodshed and the chaos in Iraq. Our chief international correspondent, Christiane Amanpour, has Iran's response to accusations from the United States that it's meddling and possibly provoking a wider war.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

It was one of the most heated confrontations we have seen in the U.S. Senate in quite a while, the Senate Judiciary Committee chairman, Patrick Leahy, going after the attorney general, Alberto Gonzales. People are still talking about it.

I want you to listen to that exchange.

(BEGIN VIDEO CLIP)

SEN. PATRICK LEAHY (D), VERMONT: He would be held. He would be investigated. We also knew damn well, if he went to Syria, he would be tortured. And it's beneath the dignity of this country, a country that's always been a beacon of human rights, to send somebody to another country to be tortured. You know and I know that has happened a number of times in the past five years by this country.

ALBERTO GONZALES, ATTORNEY GENERAL: Before you get more upset, perhaps you should wait to receive the briefing...

LEAHY: How long?

GONZALES: I'm hoping that we can get the information next week.

(END VIDEO CLIP)

BLITZER: And, today, there are new developments involving that case Senator Leahy was so angry about.

Let's turn to our justice correspondent, Kelli Arena. She is here to explain -- Kelli.

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Wolf, that whole debate focuses on a man named Maher Arar.

Now, he holds both Canadian and Syrian citizenship. He was detained by the United States back in 2002, later deported to Syria, on suspicion that he had terrorist tiles. Well, after he was released, Arar said that he was held and tortured for 10 months.

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Now, Senator Leahy was angry, wanted to know why that happened. Why not send him to Canada, where the laws are very similar as they are here in the United States? So, he asked the attorney general for a briefing. He got one today.

The only problem, Wolf, he couldn't say much about it, claiming that it was all classified.

(BEGIN VIDEO CLIP)

LEAHY: The conclusion I have reached from the briefing today is that we have only begun to ask the questions, and we have more questions that have to be asked.

(END VIDEO CLIP)

ARENA: Now, Wolf, this whole story is really very confusing.

Last year, a Canadian commission found no evidence to support that Arar posed any threat. And the government actually apologized publicly, paid him millions of dollars in compensation.

But the U.S. just recently told Canada that Arar remains on a U.S. watch list. So, in one country, he is roaming free, but he can't even get into the other country.

Now, Justice will not talk about this. As you heard, the senators won't talk about it. But at least the GAO is doing a study how people actually get put on watch lists. So, maybe then we will get some answers.

BLITZER: The Canadian government, as you know, gave him about $10 million...

ARENA: That's right. Mm-hmm.

BLITZER: ... in compensation for this entire matter.

ARENA: That's right.

BLITZER: All right, Kelli, I know you are going to stay on top of this story for us.

Other news we're following, this time on the road to the White House, it's a real traffic jam these days, with so many contenders. Some might argue enough is enough. Then, again, others might argue, not necessarily. Let's go to our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, we have got 18 well-known candidates running or exploring the race for president next year. Do we really need more? Maybe.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Two big question marks hanging over the race for president: Al Gore and Newt Gingrich. Gore has described himself as a recovering politician, adding, you have to worry about a relapse.

Here is Gore on Gore.

AL GORE, FORMER VICE PRESIDENT OF THE UNITED STATES: I'm not planning to be a candidate again.

SCHNEIDER: Gingrich is devoting himself to finding what he calls a new generation of solutions to big problems, like energy, immigration, and health care.

Here is Gingrich on Gingrich.

NEWT GINGRICH, FORMER SPEAKER OF THE HOUSE: If the best way to help launch the solutions is to run, I will.

SCHNEIDER: Here is Gingrich on Gore.

GINGRICH: I think it's still possible that Al Gore will get in the race, because he has the resources and name I.D. to be very formidable.

SCHNEIDER: And the issues -- Gore has become a fierce critic of George W. Bush...

GORE: The president of the United States has been breaking the law, repeatedly and insistently.

(CHEERING AND APPLAUSE)

SCHNEIDER: ... and a passionate advocate of environmental action.

(BEGIN VIDEO CLIP, "AN INCONVENIENT TRUTH")

GORE: This is Patagonia 75 years ago, and the same glacier today.

(END VIDEO CLIP)

SCHNEIDER: This news from Oslo: Gore could win this year's Nobel Peace Prize. He's been nominated by two members of the Norwegian parliament.

And this from Hollywood: Gore's movie, "An Inconvenient Truth," is the front-runner for the Academy Award for best documentary.

Gingrich, too, is a passionate advocate.

GINGRICH: The Republican Party has forgotten what made it a majority. Republicanism did not make conservatives a majority. Conservatism made the Republicans a majority.

SCHNEIDER: If conservatives are looking for someone to carry their banner, Gingrich could be the guy.

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Do Democrats want to see Gore run for president? We asked. They do. Do Republicans want to see Gingrich run for president? We asked. They're not sure.

(END VIDEOTAPE)

SCHNEIDER: With 18 well-known candidates, why is there still interest in Gore and Gingrich? Because there are doubts about the leading contenders in both parties: Can they win? Are they ready? Are they really one of us? Maybe we should go with someone we know better -- Wolf.

BLITZER: Bill Schneider reporting -- thank you, Bill.

On our "Political Radar" this Thursday: a talent contest of sorts for three of the Democratic Party's top presidential hopefuls. A new Gallup poll asked Democrats and independents who lean Democratic to rate Senators Hillary Clinton and Barack Obama and former Senator John Edwards.

Who did they say was most qualified? Senator Clinton, hands down. Who is the most likable? Senator Barack Obama wins that category. Who is the best public speaker? Obama narrowly edges out Senator Clinton for that title. Who is the best on the issues? Senator Clinton trumps Edwards and Obama on every issue listed, excepted for one. That would be moral values. Senator Obama gets top ratings in that category.

And, finally, who has the best chance of winning the Democratic presidential nomination? Senator Clinton comes out on top again, more than 35 points ahead of her nearest rival on that question. That would be Senator Edwards.

And, remember, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.

And, remember, also, that CNN is a partner with WMUR-TV and "The New Hampshire Union Leader" for the very first presidential debates of the campaign season, two of them, Democratic and Republican, April 4 and 5. It's an unprecedented early kickoff to the race for the White House. You will want to see it right here on CNN.

Coming up: The vice president's daughter delivers a message about her qualifications to be a mother. Our Mary Snow is standing by with the story. And the mayor of San Francisco admits to having an affair with his campaign manager's wife. Is his career in politics done? That's coming up in our "Strategy Session." James Carville and J.C. Watts, they're here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Vice President Dick Cheney told me the other day that questions about his daughter's pregnancy were out of line. But now Mary Cheney herself is speaking publicly about the baby she is having with her lesbian partner.

Let's go to CNN's Mary Snow. She is standing by in New York with what Mary had to say -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, these are Mary Cheney's first public comments about her pregnancy.

She spoke at a forum held here in New York on Wednesday, saying that her pregnancy is not a political statement.

(BEGIN VIDEOTAPE)

MARY CHENEY, DAUGHTER OF VICE PRESIDENT DICK CHENEY: I knew, when Heather and I decided to have a baby, that it was going to be not the most popular decision ever.

SNOW (voice-over): It was a panel hosted and videotaped by "Glamour" magazine. The topic? Success at 20, 30, and 40.

But, for Mary Cheney, the questions turned to her pregnancy with longtime partner Heather Poe.

M. CHENEY: This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate by people on either side of any issue.

SNOW: But her pregnancy has generated debate. Some say she put herself into the political spotlight when she worked on her father Dick Cheney's reelection campaign in 2004 -- this as President Bush supported a constitutional amendment to ban same-sex marriage.

Gay family advocates say they want to hear more from her.

JENNIFER CHRISLER, EXECUTIVE DIRECTOR, FAMILY PRIDE: You can't have one foot in and one foot out when you're talking about this issue. And she sort of dipped her toe in the water on this topic.

SNOW: On the other side of the spectrum came criticism from James Dobson, founder of the conservative group Focus on the Family. The group said Cheney's pregnancy raised questions about what is best for the child.

That's something Vice President Dick Cheney did not want to address when the question was asked during an interview with Wolf Blitzer in THE SITUATION ROOM. BLITZER: I have interviewed her.

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: I'm delighted -- I'm delighted I'm about to have a sixth grandchild, Wolf, and obviously think the world of both of my daughters and all of my grandchildren.

And I think, frankly, you're out of line with that question.

(END VIDEOTAPE)

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SNOW: Now, asked about her father's response, Mary Cheney was quoted by a "New York Times" reporter as saying she felt the question crossed a line.

The head of Family Pride, however, which works to secure gay rights, disagrees, saying the question was not off limits -- Wolf.

BLITZER: Mary, thank you for that.

And up next in the "Strategy Session," we will get to other politics, including Mayor Newsom of San Francisco. He now admits to hurting his friend and constituents by having an affair with his campaign manager's wife. Can this once rising star in the Democratic Party make a comeback?

And how close is the U.S. going to war with Iran? We will talk with Nick Burns. He's a key aide to Secretary of State Condoleezza Rice. He will be here live in THE SITUATION ROOM in the next hour.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: A rocky road lately for the Democrats lately -- one of the party's rising stars may go dim after owning up to an illicit affair. And there's also some discord now among the rank-and-file over a resolution protesting President Bush's proposed troop buildup in Iraq.

Joining us now in our "Strategy Session," Democratic strategist James Carville and Republican strategist J.C. Watts.

Gavin Newsom, the mayor of San Francisco, went before the press in San Francisco just a little while ago and, among other things, acknowledged he had an affair with the wife of his campaign manager.

And he said this.

(BEGIN VIDEO CLIP)

GAVIN NEWSOM (D), MAYOR OF SAN FRANCISCO: Everything you have heard and read is true. And I am deeply sorry about that. I have hurt someone I care deeply about, Alex Tourk, his friends and family. And that is something that I have to live with and something that I am deeply sorry for. (END VIDEO CLIP)

BLITZER: That's -- that's a political problem.

What do you think?

JAMES CARVILLE, CNN POLITICAL ANALYST: Yes. I mean, I think it's a political problem. I don't...

(CROSSTALK)

BLITZER: Is it a career -- is it a career-ender?

CARVILLE: Probably not. I have seen bigger problems than that not big career-enders. But I think, to the extent that he could handle it, that was probably as good an answer as he could given under the circumstances. But he's probably not going to rise very far in national politics for some time now.

BLITZER: What do you think?

J.C. WATTS, CNN POLITICAL ANALYST: I -- in San Francisco, Wolf, I don't know. I don't have a good pulse of how things work out there. Interesting things go on.

But national politics, it's over. He probably didn't have any national ambitions. I would even say state politics, it probably hurts him.

But, you know, I -- I admire the fact that he came clean. And there is an old saying: Confession is good for the soul, but bad for the reputation.

(LAUGHTER)

WATTS: So, we will see how it plays out.

(CROSSTALK)

BLITZER: If you were advising him right now -- he is single -- he's divorced.

CARVILLE: Right.

BLITZER: But he, obviously, admits to having had an affair with this other married woman. What advice would you give him, as a Democratic strategist?

CARVILLE: Well, first of all, I would say, based on what I have seen so far, you're -- you're doing fine.

And the big thing is, talk about what you have accomplished for the city: We all have our failings. I will do better.

And, you know, get married, and, 20 years later, run for anything that you want to. But you are going to have to spend a little time in -- in the cooler here.

BLITZER: Yes, J.C.

WATTS: And, Wolf, the thing is, voters, regardless of -- San Francisco voters may see it differently than I would or maybe than James would or you.

But the fact is, voters will always have a way of dealing with these things. And I think he's gone and he's faced the voters. And now they will have to deal with it whatever way they do.

CARVILLE: But they like the kind of mayor he has been. He -- because he is very popular out there. He may very well win reelection.

Like I said, it's going to be hard. He's going to have to say -- some time, some distance between before he can -- you know, and I don't know how much of a future he had in national politics anyway. He's a nice-looking, articulate guy, but he is the mayor of San Francisco.

Dianne Feinstein was the mayor of San Francisco. She got to be a United States senator.

BLITZER: Yes.

(CROSSTALK)

CARVILLE: So, you know, who knows.

BLITZER: Let's talk a little bit about another Democrat who has got some political problems right now. That would be Senator Joe Biden.

What do you make of the controversial comments he made in that interview in "The New York Observer" and the way he has dealt with it?

CARVILLE: You know, when I read it, and saw what he said, it was -- I said, oh, this is a problem.

(LAUGHTER)

CARVILLE: And, if I didn't know Senator Biden -- and people know him. They like him. And they're smart.

But I am not -- am I surprised that he got into trouble for something he says? No. Because he says so much. And we have to remember, there are so many candidates running for president over such a long period of time. This is going to be the first of many. It's not going to stop. It's not going to stop.

WATTS: That's right.

(LAUGHTER)

CARVILLE: I mean, but it was a -- it was something that required him to address. I think he could have addressed it a little bit force -- more forcefully.

BLITZER: What did you think?

WATTS: Well, there is another old saying that said -- that says, because you have the right to say it doesn't mean it's the right thing to say.

And I'm a little offended that he didn't think that I'm a mainstream African-American and articulate and...

WATTS: I took a shower this morning.

(CROSSTALK)

(LAUGHTER)

BLITZER: But you're not running for president.

CARVILLE: No.

WATTS: But I'm not running for president. That's right.

No, I -- I -- like Jim, I -- like James, I like Joe Biden.

CARVILLE: Right.

WATTS: But Joe likes to talk.

(LAUGHTER)

WATTS: And we -- you know, we had the same problem with Newt. We would always say -- you know, some of us would say -- well, we would hope -- we would wish that Newt would understand, there's sometimes wisdom in silence, you know? You don't have to address every single issue.

And, of course, 18 months to go before the election, as I said before, I want the popcorn and Coke concessions, because it's going to be very entertaining over the next 18 months.

(CROSSTALK)

CARVILLE: ... the glory of the unspoken thought.

WATTS: Yes. That's right.

BLITZER: He went on "The Daily Show With Jon Stewart" on Comedy Central last night.

Let's play a little clip. CARVILLE: All right.

(BEGIN VIDEO CLIP, "THE DAILY SHOW WITH JON STEWART")

SEN. JOSEPH BIDEN (D-DE), SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN: I spoke to Barack today.

JON STEWART, HOST, THE DAILY SHOW: I bet you did.

(LAUGHTER)
BIDEN: I also spoke to Jesse, and Al Sharpton.
(LAUGHTER)
BIDEN: And I also spoke...
(CROSSTALK)
STEWART: And Michael Jordan and anybody you could get your hands on.
(LAUGHTER)
(END VIDEO CLIP)
BLITZER: The Jackson 5.
WATTS: Didn't call me, Joe.
(LAUGHTER)
BLITZER: He -- you know, I guess he has got to have a sense of humor to try to deal with that. That could be one strategy.
CARVILLE: You know, he's a good guy. He's a very smart man.
And, when you see that, and people -- and everybody likes Senator Biden. I think most of the other senators like him. And I think the press likes him. And people like him. And they just wince, because they know that he's smarter than he shows.
And that was -- and, on his announcement day, he -- he steps in it.
BLITZER: Briefly, on this resolution, this bipartisan resolution now dealing with Iraq, you have got Senator Levin, the chairman of the Senate Armed Services Committee, Senator Warner, the ranking Republican, they have reached a deal. The Democrats, a lot of them, at least, like it. And some Republicans like it as well.
What does the White House do, the strategy? If the White House was trying to derail this, even though it's a nonbinding, symbolic resolution, they clearly are not happy it's going to go forward.
WATTS: Well, I think the fact that it's nonbinding, it has no, you know, effect or weight involved.
BLITZER: It does send a political message out there, though.
WATTS: But I don't think this president is concerned about the politics of it.
I mean, how much more damage can the president do or can he have executed against him? I think the president, again, he is focused on saying: How do we win this? Do we want to make these political statements or do we want to win?
I think the resolution is bad for the troops. And I think it says that, you know, we're going to tolerate -- if we withdraw, we're going to tolerate them killing Americans home and abroad, and we're going to learn to live with it.
BLITZER: James...
WATTS: I think that's a horrible message.
CARVILLE: I think that the Senate has about had enough.
And I don't think that senators like Jim Webb, who has won the Navy Cross, who has a son in Iraq, and senators like Chuck Hagel, who's very brave, served his country very honorably, need Tony Snow or the White House talking about, this is this to Osama bin Laden, or this and that.
The truth is, there is great angst over this. There's great angst about this decision. The United States Senate is the place that -- that it's going to manifest itself. They are going to have a debate on this. And, you know, we're in a democracy. And they may not like it, but these people are trying to do the best for their country with this resolution.
BLITZER: We have got to leave it there, guys, unfortunately. But we will continue this conversation down the road.
James Carville, J.C. Watts, thanks very much for that.
And, remember, they are part of the best political team on television.
And, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.
Up ahead, this hour, at least -- excuse me -- next hour, the Democratic Party chairman, Howard Dean, what does he think about the divisions in his own party over Iraq? Also coming up next: "The Cafferty File." Should Senator Biden withdraw from the presidential race? That is Jack's question this hour -- Jack with your e-mail right after this.
(COMMERCIAL BREAK)
BLITZER: Here is a look at some of the "Hot Shots" coming in from our friends over at the Associated Press, pictures likely to be in your newspaper tomorrow.
In Boston, protesters hold signs in support of two men charged in yesterday's bomb scare.
In Idaho, fire rages through Middleton High School, consuming at least half of the building.
In South Carolina, a Clemson University student gets pushed through the snow in a kayak.
And in Huron Township, Ohio, sumo wrestlers jump into a swimming pool to celebrate the expansion of a water park -- some of today's "Hot Shots," pictures often worth 1,000 words.

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Nice pictures to go to Jack Cafferty with -- Jack.

CAFFERTY: Do we have a correspondent on that sumo thing? We should have a reporter out there.

BLITZER: We have a string -- a stringer there, not a full-time correspondent.

(CROSSTALK)

CAFFERTY: ... do a live -- live report on the opening of that water park.

BLITZER: Yes.

CAFFERTY: Should Senator Joe Biden withdraw from the presidential race?

G. in Montreal: "Joe Biden withdraw? From what? He never entered the 2008 campaign. After all, he explores or runs for president every 20 years for five minutes, like in 1987, and yesterday, in 2007. To hell with withdrawing. He should just keep exploring for 20 more years, and announce in 2027. By then, he will be articulate enough to run."

Norman in Kingfisher, Oklahoma: "I listened carefully, not only to what he had to say about Barack Obama, but the way he said it. And it's transparently obvious that, despite his unfortunate choice of words, he was paying his colleague a very gracious and heartfelt compliment. There's no reason for him to withdraw."

Dicky, Corpus Christi, Texas: "Joe can forget about it. He never had much of a chance anyway. And now, well, it's over. It would be better for him to spend his millions in his campaign war chest on Katrina restoration or something like that. He would then at least be remembered more favorably. Stick a fork in Biden. He's done."

Dave writes: "Of course Biden should not withdraw. We need not sacrifice another politician to the winds of political correctness. I accept his explanation about what he intended when he said that Barack Obama was clean. And I strongly wish that the other candidates for president were as clean as Biden and Obama."

Steven in Los Angeles: "Yes, he's through. He's got brains and heart. But, sadly, style counts in presidential politics, about as much as it counts in professional ice-skating. And this guy fell on his butt while trying to execute a fairly simple maneuver."

Bob in Bear, Delaware: "As a Delaware resident, I wish Joe would drop out tomorrow and get back to doing what he does well, which is being our senior senator. On the bright side, I picked January 31 in the Biden-blows-it pool."

Troop Increase Is A Tough Sale For GOP Senators On '08 Ballot (USAT)

By Kathy Kiely

USA Today, February 2, 2007

WASHINGTON — As the Senate prepares to debate his plan to increase troop levels in Iraq, President Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party.

Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception.

It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq.

Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday.

Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota — one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 — expressed exasperation with Bush's policies in Iraq at a hearing earlier this week. "I don't think there is any lack of appetite for clashing with the executive in both parties," Coleman said.

He will be on the ballot in a state where Sen. Amy Klobuchar, a freshman Democrat, scored a surprisingly lopsided victory in November after a campaign in which she emphasized her opposition to the war in Iraq. Already one celebrity has expressed interest in taking on Coleman: comedian Al Franken.

Tim Penny, a former independent Minnesota congressman who remains close to lawmakers in both parties, predicted that Bush "will get an earful" this afternoon from the senators who are reflecting the unease of their constituents:

•In Virginia's conservative Shenandoah Valley, Twila Decker, who wears a yellow ribbon for the troops, said she's not upset that her senator has decided to oppose Bush's plan. "John Warner is a very smart man, and I would back up John Warner before I would back up the president," she said.

•In Nashville, Donald Oldham said he initially supported the war. Now, like his senior senator, Lamar Alexander, he's unhappy with the plan. "We don't need any more soldiers to die. We don't know what this war is about any more."

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•In Oregon, retired college administrator Jim Treanor backed Sen. Gordon Smith's opposition to Bush's plan. "I don't believe that there's been any basis shown by the Iraqi government that it really wants to take the steps that are needed in order to quell militia violence," Treanor said.

Some voters say they support an alternative resolution in support of the president's plan that is being offered by Sens. John McCain, R-Ariz., Joe Lieberman, I-Conn., and Lindsey Graham, R-S.C. Graham is up for re-election next year.

"I'm not a big supporter of Iraq, but I think in general I do support Lindsey Graham and President Bush," said Marlin Alford, a former Army National Guardsman who works for aerospace contractor Lockheed Martin in Simpsonville, S.C. "I think we made a mistake. It's just not that easy to get out."

Contributing: Tracy Loew, The (Salem, Ore.) Statesman Journal; Jennie Coughlin, The (Staunton, Va.) Daily News Leader; Leon Alligood, The (Nashville) Tennessean; Ron Barnett, The Greenville (S.C.) News; and the Associated Press.

Troop Surge Could Be Up To 48,000 (CQ)

By Frank Oliveri

Congressional Quarterly, February 2, 2007

Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers.

The report by the Congressional Budget Office (CBO) found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed.

The Senate expects to launch its long-awaited debate of Bush's new strategy on Feb. 5, and the CBO report is certain to complicate the deliberations.

Some lawmakers questioned the value of the debate if they do not have an accurate account from the administration on the size and costs of the troop increase.

"There is no way that the American people can have a meaningful debate about the troop escalation without understanding the full costs of sending more troops to Iraq," Rep. Martin T. Meehan, D-Mass., who chairs the Armed Services Subcommittee on Oversight and Investigations, said in a statement. "Frankly, it is irresponsible for the administration to roll out a so-called 'new' strategy in Iraq without telling the public what that plan will entail."

Others used the CBO report to buttress their arguments against Bush's troop increase.

The report "puts the cost of the President's decision in even starker terms," House Speaker Nancy Pelosi, D-Calif., said in a statement. "If the President proceeds with his plan, thousands more U.S. troops will be at risk, billions more dollars will be required, and there will be a much more severe impact on our military's readiness."

Sen. Ted Stevens of Alaska, the ranking Republican on the Defense Appropriations subcommittee, said he also was concerned about the higher cost estimates in the CBO estimates, but not so much when compared to the cost of failure in Iraq.

"What's the cost of doing it the other way around?" he said.

Raising Questions

CBO Director Peter R. Orszag provided the new estimates on troop levels and costs in response to an inquiry from Meehan and fellow Democrats John M. Spratt Jr. of South Carolina, who chairs the House Budget Committee, and Ike Skelton of Missouri, who chairs the House Armed Services Committee.

The Pentagon has identified only the combat units involved in the troop increase order.

"However, U.S. military operations also require substantial support forces, including personnel to staff headquarters . . . military police, and provide communications, contracting, engineering, intelligence, medical and other services," Orszag said.

Skelton said the CBO report raised questions about what Bush has been telling Congress and the nation about the troop increase.

"I am disturbed that the administration's figures may not be fully accounting for what a true force increase will entail," he said.

Skelton added that his committee was seeking clarification from the administration on "just how big the president's troop increase really is."

In a White House briefing Jan. 10, the day Bush announced his new strategy, a senior administration official said the "incremental" added cost for the surge would be "$5.6 [billion] on the military side," to be included in the war supplemental spending request that Bush will submit to Congress this month.

The following day, a Pentagon announcement about the "force adjustments" in Iraq contained a one-sentence clue that the number of troops involved would be greater than just the additional combat forces.

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"Other combat-support and combat service-support units may also be deployed as necessary once new requirements are assessed," the Pentagon said.

The U.S. military command in Iraq did not respond Thursday to questions about the numbers of support personnel it would need.

The CBO report also noted that the Pentagon "has not yet indicated which support units will be deployed along with the added combat forces, or how many additional troops will be involved."

Regardless of the final count, the report said, "those units would still represent a significant additional number of military personnel" beyond the 21,500 figure.

Orszag said the CBO took into account Pentagon practices to date in assessing the likely impact of deploying additional combat forces to Iraq.

The report estimated costs for several battlefield scenarios. With the current deployment of about 20,000 additional troops reaching peak strength in May, the CBO estimated that the cost of sustaining such a troop strength for four months — including support troops — would range from $7 billion to $9 billion, depending on the size of the support contingent.

If the extra combat forces and their support units remain in Iraq for a full year, the added costs would total between $20 billion and $27 billion, again depending on how many support troops are needed, CBO said.

Over the past few years, the Defense Department has sent combat brigades totaling 9,500 soldiers to Iraq, of which 4,000 are actually combat troops.

Orszag said Army and Pentagon officials have indicated that it would be "both possible and desirable" to deploy fewer support troops "than historical practices would indicate."

But even if the number is lower than the full normal complement, the CBO said there would still be a "significant additional number of military personnel."

Using the historical force proportions in Iraq, adding 20,000 combat troops would require 28,000 more support troops, for a total deployment of 48,000 troops. CBO also provided an alternative scenario that envisioned 15,000 support troops, for a total increase of about 35,000.

CBO's cost estimates were based on appropriations that Congress provided in fiscal 2006 for operations in Iraq. Those amounted to $89 billion for combat troops and their support units.

Surge Could Cost Triple Bush Projection, CBO Says (MCT)

By James Rosen

McClatchy Newspapers, February 2, 2007

WASHINGTON - President Bush's decision to send more American troops to Iraq could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge, the Congressional Budget Office said Thursday,

If the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion. And under traditional staging formulas, the added combat troops could require up to 28,000 support personnel, at a cost of another $12 billion through next year.

"Thus far, the Department of Defense has identified only combat units for deployment," the CBO said. "However, U.S. military operations also require substantial support forces, including personnel to staff headquarters, serve as military police and provide communications, contracting, engineering, intelligence, medical and other services."

The Pentagon says it can undertake the surge with a smaller support contingent.

"CBO's report concludes that the cost of the president's plan to surge troops will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, D-S.C., the House Budget Committee chairman.

Sean Kevelighan, a White House budget office spokesman, disputed the CBO cost projection.

"We are still reviewing the report but maintain that additional brigades will cost $5.6 billion through `07," he said.

Kevelighan's figure was up from the $3.2 billion estimate that Bush aides had provided previously.

Congress already has appropriated $349 billion for the Iraq war, Spratt said. Bush is expected to send lawmakers an emergency spending bill next week seeking $100 billion more for the fighting in Iraq and Afghanistan, $80 billion of that for Iraq. He also will send his budget plan for the 2008 fiscal year next week, seeking tens of billions of dollars more for the wars.

The supplemental appropriations measure won't include money for the 21,500 new troops now en route to Iraq.

The new report on the cost of the surge comes as many Democratic lawmakers and some Republicans question the wisdom of sending more U.S. troops to Iraq.

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Some Democrats have talked of trying to cut off money for more troops, but the party's congressional leaders so far have said they won't do so. Administration officials maintain that no extra money is needed because the added costs can be handled from existing Pentagon funds.

Spratt requested the CBO report along with Reps. Ike Skelton, D-Mo., the House Armed Services Committee chairman, and Martin Meehan, D-Mass., who heads the oversight and investigations subcommittee of the armed services panel.

White House Press Secretary Tony Snow reiterated the Bush administration's assertion that it can pay for the surge with money already appropriated to the Defense Department.

"The money is in the budget now for the five brigades into Baghdad and the 4,000 Marines into Anbar (province), and we would encourage everybody to take a look at what happens," Snow said.

That claim didn't satisfy Skelton.

"Because the president's advisers have indicated that they will pay for the troop increase from funds already provided to the Department of Defense, we were concerned that the full financial cost of the escalation would never be made clear to the American people," he said.

The Congressional Budget Office said the troop increase would cost more because thousands of support personnel would have to accompany those sent into combat.

It projected a range of costs tied to four scenarios for the surge, from one peaking at 35,000 troops and lasting 10 months to one peaking at 48,000 troops and lasting 18 months.

Whether fewer or more troops are dispatched, the increase will take three months to reach full force and three months for a withdrawal, the CBO said.

The agency gave cost projections for 48,000 new troops being in Iraq for four months at peak strength and for the same number for one year at peak strength; it made similar projections for 35,000 more troops over the same periods if fewer support personnel are needed as the Pentagon claims.

Snow, Bush's chief spokesman, said it was "tricky" to try to predict how long the additional troops would be needed.

"I won't give you an absolute timetable, but obviously the next six to eight months are going to be times when people expect to see something happening," he said. "But I would be very wary about trying to assign a specific date to it."

Iraq At Risk Of Further Strife, Intelligence Report Warns (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, February 2, 2007

A long-awaited National Intelligence Estimate on Iraq, presented to President Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document.

In a discussion of whether Iraq has reached a state of civil war, the 90-page classified NIE comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption.

The document emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus.

Completion of the estimate, which projects events in Iraq over the next 18 months, comes amid intensifying debate and skepticism on Capitol Hill about the administration's war policy. In a series of contentious hearings over the past two weeks, legislators have sharply questioned Bush's new plan for the deployment of 21,500 additional U.S. troops and the administration's dependence on the government of Iraqi Prime Minister Nouri al-Maliki.

In acid remarks yesterday to Gen. George W. Casey Jr., the departing U.S. commander in Iraq, Sen. John McCain (R-Ariz.) noted that "things have gotten markedly and progressively worse" during Casey's 2 1/2 -year tenure, "and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing." Casey was appearing before the Senate Armed Services Committee on his nomination to be Army chief of staff.

Although McCain supports the additional troop deployments, he has proposed a Senate resolution including stringent benchmarks to gauge the progress of the Iraqi government and military. McCain's resolution and other nonbinding, bipartisan proposals that would express varying degrees of disapproval of Bush's plan will be debated on the Senate floor next week.

Legislators have been equally critical of the intelligence community, repeatedly recalling that most of the key judgments in the October 2002 NIE on Iraq's weapons of mass destruction were wrong. That assessment concluded that Saddam Hussein

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had amassed chemical and biological weapons and was "reconstituting" his nuclear weapons program. It became the foundation of the Bush administration's case -- and congressional authorization -- for invading Iraq.

"One of the sort of deeply held rumors around here is that the intelligence community gives an administration or a president what he wants by way of intelligence," Sen. Dianne Feinstein (D-Calif.) told Navy Vice Adm. John M. McConnell, Bush's nominee to be director of national intelligence, during McConnell's confirmation hearing yesterday.

Without directly accepting Feinstein's premise, McConnell replied that the intelligence community had learned "meaningful" lessons over the past several years and that "there's very intense focus on independence." McConnell and others made clear that the new NIE on Iraq had been subjected to extensive competitive analysis to test its conclusions.

One senior congressional aide said the NIE had been described to him as "unpleasant but very detailed." A source familiar with its language said it contained several dissents that are prominently displayed so that policymakers understand any disagreements within the intelligence community -- a significant change from the 2002 document, which listed most key dissents in small-type footnotes.

Sen. Christopher S. Bond (R-Mo.), vice chairman of the Senate intelligence committee, pointedly told McConnell that "we are not going to accept national security issue judgment[s] without examining the intelligence underlying the judgments, and I believe this committee has an obligation to perform due diligence on such important documents." Previous committee attempts to obtain material to back up a 2005 NIE on Iran, Bond said, had "run into resistance."

The outgoing director of national intelligence, John D. Negroponte, briefed the president on the Iraq NIE yesterday, and the document will be made available to Congress early today. A two-page declassified version of its key judgments will then be posted on the DNI Web site.

Sources familiar with the closely held estimate agreed to discuss it in general terms yesterday on the condition that they remain anonymous and not be directly quoted. But Negroponte and others in the intelligence community have made frequent references to its conclusions in recent testimony.

On Tuesday, Negroponte referred to the NIE in testimony before the Senate Foreign Relations Committee. "Iraq is at a precarious juncture. That means the situation could deteriorate, but there are prospects for increasing stability" that depend on the commitment of Iraqi government and political leaders to take steps to end Sunni-Shiite violence and "the willingness of Iraqi security forces to pursue extremist elements of all kinds," he said.

Congress, which requested the Iraq NIE last August, has pressured the intelligence community to complete it in time for consideration of Bush's new strategy. Intelligence officials have insisted that their best experts were working on the project at the same time they were meeting the demands of policymakers for current intelligence reports.

NIEs comprise input from across the community and are written by the National Intelligence Council.

Potomac Watch Senator Feingold's Sin (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, February 2, 2007

The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party.

Sen. Russ Feingold held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war.

Mr. Feingold's reward for honesty was to preside over what might have been the least-attended hearing so far in the Iraq debate. And those of his Senate colleagues who did bother to show up looked like they couldn't wait to hit an exit door. "If Congress doesn't stop this war, it's not because it doesn't have the power. It's because it doesn't have the will," declared Mr. Feingold. Ted Kennedy -- one of two Democrats who put in an appearance -- could be seen shifting uncomfortably in his seat.

That's because Sen. Feingold is coming uncomfortably close to unmasking the political charade playing on the Senate stage. Critics of President Bush want an unhappy public to see them taking action on the war. So we have the Biden-Warner compromise resolution condemning the plan to increase the forces. There is also talk of capping troops, of requiring redeployments to Afghanistan, of benchmarks and progress reports.

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All these proposals have one overriding thing in common: While they may hurt the war effort, none are significant enough for Congress to take responsibility when Iraq is irrevocably lost. This is President Bush's war, and his critics won't take any step that puts them on the hook as well. Sen. Feingold's sin is to suggest that Congress do something more than play politics.

It's a delicate high-wire act, made more complex by the opponents' need to reassure the public that their actions, which will surely encourage the enemy and deflate troop morale, won't, in fact, encourage the enemy or deflate troop morale. This has led to the spectacle of the Senate one day unanimously voting to confirm Gen. David Petraeus, and the next taking up resolutions that would kneecap his plan for success. John Warner and Chuck Hagel are all for the troops, just not for letting them win. Very courageous indeed.

Meanwhile, back in the distasteful department, Sen. Feingold's hearing also drew attention (darn him!) to the other pachyderm in the room: the Constitution. The Senate next week may well pass a resolution that criticizes the Iraq troop buildup, yet notably it will be "non-binding." Should the president ignore it -- which he will have the legal and moral right to do -- pressure will increase for Congress to take real steps to micromanage the war, say with a troop ceiling.

But as constitutional scholars testified at the hearing, Congress (even one worried about its political backside) does not have an unfettered right to be commander in chief. The Founders specifically chose not to give Congress the right to "make" war, worried that this term might allow legislators to conduct military engagements. Instead, Congress was restricted to "declaring" war, which is what it did when it authorized President Bush to invade Iraq. Another constitutional power is to end war, by refusing to appropriate money. But "in the conduct of war, in the conduct of foreign affairs, the president is in fact the decider," said University of Virginia professor Robert Turner.

It is thus dawning on senators that any plans for tinkering with Iraq might not prove so easy. Mr. Feingold largely focused on the question of cutting off funds, but the three or four other war opponents present were eager to coax the assembled witnesses into giving them constitutional cover for other actions.

Sen. Dick Durbin floated the latest brainstorm: Since Congress's authorization of the Iraq war was premised on finding WMD and deposing Saddam Hussein -- and since we never found WMD and Saddam is now gone -- doesn't Congress have the constitutional right to revisit the war authorization? Even the liberal scholars, who'd been picked for their willingness to testify that Congress can do whatever it wants, looked peaky at the idea. That included one-time assistant-attorney general Walter Dellinger, who felt so strongly about executive power in the 1990s that he advised President Clinton to invade Haiti without congressional authority, but today believes the Republican in the Oval Office is getting away with too much.

The pesky constitution is a new hitch for the war critics, whose strategy was to briefly act as backseat generals, get the headlines, and then wait for President Bush to take the fall. Instead, Sen. Arlen Specter was gauche enough at the Feingold hearing to worry out loud that Congress was setting down a path that may lead to a "confrontation" between the two branches.

He might well worry. If one thing has defined the Bush years, it has been the president's willingness to exert his executive authority in defense of America. He's done it with detainees, with wiretaps, with military commissions. And he fervently believes success in Iraq is crucial to American security. In any thorny debate over just how much authority Congress has to interfere, it's a good bet Mr. Bush's own legal team will be pointing out the strong constitutional case that only the president has the right to decide where and how to deploy troops, as well as noting the peril of ceding any of that authority to 535 mini-me commanders in Congress.

What happens then? What happens if President Bush ignores Congress's attempt to direct the war? A few in the Democratic Party would love for an excuse to commence impeachment proceedings, but the rest understand that's political suicide. Then there's court. If liberals were unhappy about the Supremes deciding the 2000 election, imagine the theater of nine black robes deciding the outcome of the Iraq war.

Whatever comes, Congress is to blame. For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin.

Casey: Only Half Of Troop Boost Needed (AP)

By David Espo

AP, February 2, 2007

The outgoing top U.S. general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad.

Gen. George Casey quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could "either reinforce success, maintain momentum or put more forces in a place where the plans are not working."

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The latest National Intelligence Estimate on Iraq, delivered to the White House on Thursday, described an increasingly perilous situation in which the U.S. has little control and further deterioration is possible, The Washington Post reported. A two-page summary of the report was scheduled to be released publicly on Friday.

The 90-page classified report comes to no conclusion over the question of whether civil war has engulfed Iraq, unidentified sources familiar with the document told the Post. It says that al-Qaida activities remain a problem but cites Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals, the Post reported in its Friday editions.

While optimistic at times about improvement in Iraq, the report casts uncertainty over whether Iraqi leaders will be effective in fighting sectarian interests and extremists, establish effective national institutions and stop corruption, the Post said.

As Casey spoke at a confirmation hearing into his nomination to become Army chief of staff, the full Senate lurched toward a widely anticipated debate on the administration's policy, the first since midterm elections in which public opposition to the war helped install a new Democratic majority.

One day after critics of Bush's revised war strategy merged two competing Senate measures, the White House worked to hold down the number of GOP defections while two liberal Democrats attacked the compromise as too weak. An early test vote on the issue is tentatively set for Monday.

"It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq and the need for meaningful action now," said Sen. Christopher Dodd of Connecticut, who is seeking the 2008 Democratic presidential nomination.

Casey endured occasional sharp criticism as he appeared before the Senate Armed Services Committee.

"I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you have made over the past two and a half years as commander of Multi-National Forces in Iraq," said Sen. John McCain, R-Ariz. "During that time, things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating."

So far, no senators have announced plans to oppose Casey's elevation to chief of staff, although McCain, as well as Sens. Lindsey Graham, R-S.C. and Joseph Lieberman, I-Conn., said they were undecided how to vote.

In the peculiar politics surrounding the Iraq war, the three lawmakers are among the strongest critics of the nonbinding legislation. It would criticize the president's decision to increase troop levels as a way of stabilizing Baghdad nearly four years after Saddam Hussein was forced from power.

They said they intend to advance an alternative measure setting out the goals that should be met by the Iraqi government, and pledging whatever resources Petraeus requests. "We've come to the conclusion that the Petraeus strategy ... to buy some time for political reconciliation is our best chance for victory," said Graham.

Critics of the war, including most Senate Democrats and several Republicans, appeared to be coalescing around a revised measure advanced by Sen. John Warner, R-Va., and a group of lawmakers of both parties. It says the Senate "disagrees with the `plan' to augment our forces by 21,500, and urges the president instead to consider all options and alternatives."

Many Democrats had been supporters of a stronger measure, one declaring that Bush's plan for more troops was "not in the national interest."

That criticism was jettisoned Wednesday night as Majority Leader Harry Reid of Nevada maneuvered to pick up Republican votes. Additionally, the new measure says Congress "should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field," a provision that Republicans said was designed to outflank Democrats eager to rein in Bush's policy.

Several officials said Reid told a closed-door caucus during the day that lawmakers would have an opportunity to vote for binding restrictions on Bush's war policy in the coming months.

"For me it was a reassurance" that the Senate's hands would not be tied to end the war but troops would still be protected, said James Webb, a Virginia Democrat elected last fall as a critic of the war.

Two veteran liberals, Edward M. Kennedy, D-Mass., and presidential hopeful Joseph Biden, D-Del., were among Democrats who said they were ready to accept the watered-down nonbinding measure as a first step.

Not so Dodd and Sen. Russell Feingold.

Feingold, D-Wis., issued a statement saying the measure "misunderstands the situation in Iraq and shortchanges our national security interests. The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another."

Two other presidential hopefuls, Sens. Barack Obama of Illinois and Hillary Rodham Clinton of New York, said they were undecided on whether to support the measure. Both favor binding legislation to force a change in policy toward Iraq.

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Separately, the Congressional Budget Office said Bush's plans would cost $9 billion to $14 billion for a four-month deployment, depending on the number of support troops required. It said that based on experience, each 4,000-troop combat brigade would be accompanied by 5,500 support personnel — 28,000 more than Bush is sending. A Pentagon spokesman, Paul Boyce, dismissed the estimate as too high, but he declined to offer his own estimate.

Casey's comments marked a rarity, a four-star general pulling back the veil on high-level differences expressed in advance of a presidential decision.

The White House seemed unperturbed. "What General Casey was talking about is some suggestions he'd made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey," said presidential spokesman Tony Snow.

The remarks drew skepticism in Congress, though.

"I'm not certain five additional brigades in Baghdad and one more in Anbar province are sufficient to do the job," said McCain. "I am certain, however, that the job cannot be done with just two additional brigades, as you, General Casey, had advocated."

At his own confirmation hearing last month, Petraeus testified that he wanted all 21,500 troops moved "as rapidly as possible" into Iraq.

Casey: Fewer Troops Can Do Baghdad Job (USAT)

By Tom Vanden Brook

USA Today, February 2, 2007

WASHINGTON — Curbing insurgent-led violence in Baghdad can be done with fewer troops than the 17,500 extra proposed by President Bush, Gen. George Casey told a Senate panel Thursday during a confirmation hearing on his nomination as Army chief of staff.

Bush is sending the extra troops to Baghdad as part of an overall increase of 21,500 troops in Iraq, but "I believe that the job in Baghdad … can be done with less than that," Casey said.

"But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility," he said.

Lt. Gen. David Petraeus is Casey's replacement as the top U.S. commander in Iraq.

White House spokesman Tony Snow said the president has talked to Casey, and "Gen. Casey supports the plan."

Casey, who was nominated to succeed Gen. Peter Schoomaker as Army chief of staff, was criticized by senators of both parties for his record in Iraq.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

McCain also challenged Casey on what he called overly "rosy" predictions of success in Iraq over the past two years. He referred to a statement in December 2004 in which Casey predicted that Iraqi security forces would be able to maintain order in Iraq by the end of 2005.

"That obviously has not panned out," Casey said.

Casey said he did "not believe we have a failed policy." Rather, "I believe the president's new strategy will enhance the policy that we have."

Sen. John Warner, R-Va., who has co-authored a non-binding resolution opposing the troop increase, said Iraqi troops should bear greater responsibility for security there.

Casey has supported turning over security responsibilities to Iraqi forces more quickly. He said Thursday that Iraqis were willing, but not ready, to take over.

"The struggle in Iraq is winnable," Casey said, adding that it will take patience and will.

As the Senate committee debated Casey's nomination, the Congressional Budget Office (CBO) released a report that says Bush's plan for more troops could also require an extra 28,000 support troops.

The CBO report says the Pentagon's "practice has been to deploy a total of about 9,500 personnel per combat brigade to the Iraq theater, including about 4,000 combat troops and about 5,500 supporting troops."

Adding the new troops will add an additional $13 billion for four months to the current costs in Iraq, the report says. If the higher troop levels were maintained for a full year, it will cost $27 billion more.

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The CBO report shows the costs of Bush's plan "will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, a South Carolina Democrat and chairman of the House Budget Committee.

Casey Defends Iraq War Effort (MCT)

By Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The U.S. can win in Iraq and American policy there hasn't failed, Gen. George Casey said Thursday in response to a sharp condemnation from Sen. John McCain, who questioned Casey's judgment in his 2 { years as the top American commander in Iraq.

Casey defended his record at a Senate Armed Services Committee hearing on his nomination to become the next Army chief of staff. He stood by his recommendation that Baghdad needed fewer extra troops than President Bush had proposed, said calls for a U.S. withdrawal from Baghdad could hurt the new commander's flexibility and denied that the strain of the Iraq war has broken the Army.

McCain, R-Ariz., a potential presidential candidate, said that Casey had called for adding too few troops and failed to prevent an escalation of sectarian violence.

"I question seriously the judgment that was employed and your execution of your responsibilities in Iraq, and we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy," McCain said.

"Senator, I do not agree that we have a failed policy," Casey said. "I believe the president's new strategy will enhance the policy that we have."

Casey defended his decision to call for only two additional American brigades for Baghdad, saying his principle was to not add a single additional soldier or Marine more than needed.

McCain said he was "not certain" that Bush's plan to add five brigades (about 17,500 troops) was enough, but he was sure that "the job cannot be done with just two additional brigades."

Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility.

Sen. Carl Levin, D-Mich., the committee chairman, pressed Casey on why he changed his mind between mid-November, when he said no increase in troops was needed, and December, when he called for an increase of two brigades.

Casey said what changed was that the Iraqi government developed a new plan that called for increased forces.

He also said that political reconciliation among Iraqi factions - including a system of sharing political power and oil revenues - was essential for stability. He argued that Iraqis must take responsibility for security as soon as possible, but added, "They're not quite ready.

"The struggle in Iraq is winnable," Casey said, but it will "take patience and will."

He said that Iraqi Prime Minister Nouri al-Maliki on Jan. 6 agreed to target anyone breaking the law, regardless of sect, and "so far the results have been heartening." But he also said that al-Maliki had denied that he'd agreed to any benchmarks and that the Shiite prime minister "leans toward" not wanting the troop increase that Bush ordered.

Sen. Joseph Lieberman, I-Conn., who supports the troop increase, said that some senators support a timetable for withdrawal from combat duty in Baghdad.

"As the commander, I would resist any type of mandated timetables that would limit my flexibility to deal with the situation on the ground," Casey said.

Casey also rejected the view of critics who say that the Army is broken by strains from the wars in Afghanistan and Iraq. He said he saw a "splendid Army" in Iraq.

Casey was born in an Army hospital in Japan while his father was serving in the U.S. occupation forces there. Sen. John Warner, R-Va., noted that Casey's father was killed in the line of duty in Vietnam, where he was a two-star general commanding the 1st Infantry Division.

As he began his testimony, Casey thanked his "bride of 36 years" - Sheila, who sat behind him with their two adult sons - "for her courage, grace and support over the last two-and-a-half years."

He said that military families "make tremendous sacrifices on behalf of their loved ones a half a world away," adding, "courage is not reserved for the battlefield."

Casey Refutes Iraq Pessimism (WT)

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By Rowan Scarborough

The Washington Times, February 2, 2007

The outgoing U.S. commander in Baghdad yesterday broke with his superiors, including President Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing.

"I do not agree that we have a failed policy," Army Gen. George Casey told the Senate Armed Services Committee in confirmation hearings for him to be the next Army chief of staff.

Questioned by Sen. John McCain, Arizona Republican, Gen. Casey repeatedly defended his 21/2-year command, conceding that Baghdad fell into cycles of relentless killing during his term and that "the situation is definitely deteriorating in Baghdad." But he said much of Iraq has made progress.

"I believe the president's new strategy will enhance the policy that we have," he said of Mr. Bush's Jan. 10 plan to send 21,500 additional troops into Iraq, most to Baghdad.

As Gen. Casey testified, a bipartisan group of senators put the finishing touches on a nonbinding resolution opposing Mr. Bush's troop boost. Sponsored by Sen. John W. Warner, Virginia Republican, and backed by Sen. Carl Levin, Michigan Democrat and Armed Services Committee chairman, the measure would also oppose a cutoff of war funds, an action demanded by some anti-war liberals.

It was not clear yesterday whether Mr. Warner has the 60 votes needed to clear the resolution for a floor vote.

Gen. Casey broke with comments by Defense Secretary Robert M. Gates, who has said the United States is not winning, and with Navy Adm. William Fallon, who told the same committee this week that the strategy was not working. Adm. Fallon is to be the next Middle East commander.

The general did not stop there. Asked about Mr. Bush's assessment that his Iraq policy was headed to "slow failure," Gen. Casey said, "I actually don't see it as a slow failure. I actually see it as slow progress."

Mr. McCain announced he had strong reservations about confirming Gen. Casey. First, he said the four-star officer continued to give him optimistic assessments on Iraq violence, only to see bloodshed increase each time. Second, he said both of Gen. Casey's campaigns to bring down violence in the capital failed in the summer and last fall because troops did not hold the neighborhoods they cleared of Shi'ite and Sunni insurgents.

"The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity," the senator said.

When Mr. McCain read a 2004 quote from Gen. Casey saying Iraq forces would be able to take over security and curb violence by December 2005, the witness responded, "That obviously has not panned out."

The general defended himself repeatedly. He said some of his favorable predictions came before al Qaeda bombed the Shi'ite golden dome mosque in Samara a year ago. U.S. commanders blame the attack for provoking Shi'ite reprisals, and then Sunni counterattacks that swelled into constant killings in and around Baghdad.

The senator also clashed with the general on troop strength.

Gen. Casey, who last fall opposed any troop increase because he wanted the Iraqis to take over security, said he recommended only two additional brigades during the White House review. Mr. Bush opted for five.

But he endorsed the ultimate plan, saying, "I believe that this five-brigade plan gives great flexibility" to his successor, Army Lt. Gen. David Petraeus.

He said he does not consider Iraq a failure because all but three of 18 provinces -- Baghdad, Anbar and Diyala -- experience relatively low levels of violence. He also said the Iraqi Security Force has taken control of some regions.

"We just have a fundamental disagreement, General Casey, with facts on the ground and with what has happened in Iraq over now one of the longest wars in our history and where we are today," said Mr. McCain, who advocated an even bigger troop increase than the Bush plan.

Gen. Casey also differed with Adm. Fallon, who is to oversee Iraq as commander of U.S. Central Command, on whether the central question of whether the new strategy will work.

"I believe that it can work," he told Sen. Joe Lieberman, Connecticut independent and a hawk on Iraq.

Adm. Fallon had specifically declined to endorse the plan during his confirmation hearing.

As Army chief of staff, Gen. Casey would switch from commanding troops in the field to making sure they are recruited and equipped. He would take over an Army that has been hard-pressed to fight in Afghanistan since 2001 and in Iraq since March 2003.

Pressed by commanders, Mr. Bush has approved increasing the active Army to 540,000 soldiers and adding billions of dollars to replace worn-out weapon systems.

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"But from what I see in Iraq, senator, the Army is far from broken," said Gen. Casey. He was the Army's No. 2 general when tapped by then-Defense Secretary Donald H. Rumsfeld as the first four-star officer to run Iraq.

"I have mentored three Iraqi prime ministers in political-military interactions. I've dealt with three different ambassadors, four coalition corps commanders. I have learned an awful lot about strategic leadership," Gen. Casey said.

Senators Challenge Gen. Casey On Iraq War (WP)

By Thomas E. Ricks

The Washington Post, February 2, 2007

Army Gen. George W. Casey Jr., the Bush administration's nominee to be the Army chief of staff, got an unusually harsh reception yesterday from some members of the Senate Armed Services Committee for his performance as the top U.S. commander in Iraq over the past 30 months, but he still appears likely to be confirmed to lead the Army.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers and why your predictions of future success have been so unrealistically rosy," said Sen. John McCain (R-Ariz.). "I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

It is rare for a nomination for a military service chief to be even mildly controversial, but Casey is leaving a job as top U.S. commander in Iraq just as Congress is debating the war effort more intensely than it has since before the invasion of the country in March 2003. Democratic members of the committee left the argument largely in the hands of the panel's Republicans, who are deeply split over Iraq policy.

McCain and Sen. Lindsey O. Graham (R-S.C.) expressed skepticism about Casey, but several other GOP members -- James M. Inhofe (Okla.), Jeff Sessions (Ala.) and John W. Warner (Va.) -- showed support for him. Sessions argued that Casey's time in command in Iraq would make him a "more effective, sensitive, knowledgeable chief of staff for the Army."

Casey pushed back hard, disputing gloomy assessments of the situation in Iraq and standing by his own relatively optimistic view. "I do not agree that we have a failed policy," he said. He also said he still expects Iraqi security forces to assume responsibility for keeping order across the country by the end of this year. McCain sharply reminded him that in 2004 he made a similar prediction about the end of 2005.

When Graham used the term "last chance" to characterize the Bush administration's plan to bring security to Baghdad by doubling the number of U.S. troops there and having some of them live in outposts across the city, Casey objected. "I don't think it is the absolute last chance, but it certainly is the best chance right now that we have," he said.

He also told skeptical committee members that "the situation in Iraq is winnable. It's very winnable."

He disagreed with some senators' assessment of the strained state of the Army. "From what I see in Iraq . . . the Army is far from broken," he said.

Despite their dissatisfaction with Casey's handling of Iraq, most committee members appear inclined to vote for him, mainly out of the belief that he inherited a difficult and deteriorating situation when he became the top officer in Iraq in July 2004. "The consequences of what I believe has been a failed strategy should be shared at far higher level," said Sen. James Webb (D-Va.), a Vietnam War veteran who was Navy secretary during the Reagan administration.

Summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey. "He should not be held responsible for the key mistakes which were made going into the Iraq war, and the way policy was set by civilian leaders," Levin said in explaining the views of the majority.

Casey also expressed a careful opinion about a previous Army chief of staff, Gen. Eric K. Shinseki, who ran afoul of the Bush administration in the spring of 2003 for saying that the Pentagon's plan to occupy Iraq lacked sufficient troops. Shinseki was publicly rebuked by then-Deputy Defense Secretary Paul D. Wolfowitz, and a year later retired still angry. "I don't think he was treated well," Casey said.

"I think he was treated miserably," responded Levin, who had asked Shinseki at a February 2003 hearing how many troops would be needed to occupy Iraq.

War Supporter McCain Laments 'Missteps' In Iraq (WP)

The Washington Post, February 2, 2007

Sen. John McCain (R-Ariz.) has been a firm supporter of the Iraq war and of President Bush's plan to send an additional 21,500 troops to Baghdad in the coming months. In comments at yesterday's confirmation hearing for Gen. George W. Casey Jr. to be the Army chief of staff, however, he expressed stark concerns about the war. An excerpt:

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Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing.

The bombing of the Golden Mosque in Samarra last February sparked sectarian violence throughout Iraq, and Baghdad in particular. Yet in the face of this dramatic change in the Iraqi security environment, our military strategy remained essentially unchanged. Instead of conducting a traditional counterinsurgency campaign, our troops focused on training and equipping Iraqis, hoping in vain that they could do the job. After repeated elections and political events demonstrated that the democratic process would not on its own bring down the level of violence, our troops did not begin focusing on protecting the population. Instead, coalition and Iraqi forces launched Operation Together Freedom in June 2006. This operation aimed at securing Baghdad failed, yet the coalition launched Operation Together Forward II in August in a very similar fashion. The result, predictably, was a similar failure.

The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity.

General Parries Senate Attacks On Iraq Record (NYT)

By David S. Cloud

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The departing American commander in Iraq defended his record on Thursday against withering criticism from some Senate Republicans and said Baghdad could be stabilized with far fewer additional troops than President Bush planned to send.

The appearance by the commander, Gen. George W. Casey Jr., before the Senate Armed Services Committee underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq.

Republicans who had lauded General Casey for most of his tenure in Iraq criticized what they described as his overly optimistic projections and his unwillingness to admit sooner that the American strategy in Iraq was not working.

General Casey spoke as the Senate moved toward a vote early next week on a nonbinding but significant resolution expressing disagreement with Mr. Bush's decision to send more troops to Iraq. [Page A11.]

The general appeared before the committee as part of the confirmation process following his nomination to be the Army's chief of staff.

In a series of sharp exchanges, Senator John McCain of Arizona, the top Republican on the panel, criticized General Casey for what he said had been an overly narrow focus on training and equipping Iraqi troops and for the general's reluctance to ask for additional forces.

"While I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you've made over the past two and a half years," said Mr. McCain, long an advocate of sending more troops to Iraq.

But General Casey stood his ground, saying that he believed that the plan to secure Baghdad could probably be accomplished with only two additional American brigades, not the five sought by Mr. Bush. Other troops should be sent only if the new American commander in Iraq, Lt. Gen. David H. Petraeus, determines that they are needed, he said.

General Casey also said he disagreed with Mr. Bush's characterization of the Iraq effort last month as "maybe a slow failure."

"I actually don't see it as a slow failure; I see it as slow progress," said General Casey, whom Mr. Bush replaced to underscore a shift in strategy in Iraq and then nominated to fill the Army chief of staff position.

Mr. McCain and another Republican, Lindsey Graham of South Carolina, are leading the opposition to the resolutions criticizing the Bush plan, but key Democrats threw their support on Thursday behind a proposal by Senator John W. Warner, the Virginia Republican, that could put the Senate on record against the White House strategy.

The tough questioning of General Casey came not just from some Republicans but from Democrats seeking to blame what they described as the administration's faulty strategy for the lack of progress in Iraq. But General Casey said that administration officials like former Defense Secretary Donald H. Rumsfeld, who shared his belief in holding down troop levels, had never blocked him from asking for more forces.

"The strategy that I articulated here today is my strategy, and I believe in it," he said. "It may not have produced the results on the timelines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq." Mr. McCain and Mr. Graham proved to be General Casey's sharpest critics on the panel, taking issue with his performance since

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he took command in 2004 and noting that the Bush administration's decision to dispatch more troops to Iraq to secure Baghdad represented a rejection of the general's recommendations.

Mr. McCain, a candidate for the Republican presidential nomination in 2008, also criticized General Casey for giving what he called "optimistic and rosy scenarios" about progress in Iraq.

In response, General Casey conceded that the situation in Baghdad now was "definitely deteriorating." He said he supported the new Bush strategy, which he described as an "enhancement" of his approach, and noted that he had asked for and received additional troops at least six times.

But he said that his guiding philosophy, one that was widely shared until recently by senior administration officials, had been to ask for the minimum number of American forces, both to hold down casualties and to avoid deterring Iraq's government from taking responsibility for its own security.

The White House spokesman, Tony Snow, said General Casey's comments about wanting only two brigades, or about 7,000 troops, to secure Baghdad, reflected his initial views last year in discussions with the White House.

"There were a number of conversations, and the president — after talking with General Casey and other commanders — came to the conclusion that he preferred to have five brigades into Baghdad and 4,000 marines into Anbar," Mr. Snow said. "What General Casey was talking about is some suggestions he'd made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey."

Senator Carl Levin, the Michigan Democrat who is the committee chairman, told reporters after the hearing that General Casey had his support and that of a majority of members. A committee vote on his nomination is likely next week, Mr. Levin said.

A Congressional Budget Office estimate released Thursday concluded that sending additional troops to Iraq could cost $20 billion if the forces remained for a year but $9 billion if the forces stayed for only four months. As much as $15 billion would pay for the 15,000 support troops that the budget office assumed might be needed along with the 21,500 troops in combat units being sent by the Bush administration.

The budget office said it reached the estimate by looking at the ratio of combat troops to support troops already in Iraq. But an Army official said the estimate overstated the cost of the deployment because, with a large contingent of Army support troops already in Iraq and Kuwait, only about 3,000 support troops were likely to be required. The official said the Army did not have its own estimate of the costs.

Meanwhile, Michael McConnell, the Bush administration's nominee to be the next director of national intelligence, said that a long-awaited intelligence analysis about Iraq would be delivered to lawmakers on Friday. The so-called national intelligence estimate will give the assessment of America's 16 intelligence agencies about the sectarian violence and prospects in Iraq.

Casey's Iraq Leadership Is Criticized At Hearing (LAT)

By Julian E. Barnes

The Los Angeles Times, February 2, 2007

WASHINGTON — The U.S. general responsible for the Army's Iraq war strategy for the past two years was berated by leading Senate critics Thursday for American military failures in Iraq and was accused of providing unduly optimistic assessments of progress as U.S. fortunes sagged.

Army Gen. George W. Casey Jr. appeared before the Senate panel weighing his nomination to be the next Army chief of staff in a hearing that was unusually tense at times as senators who support the troop increase recently ordered by President Bush took Casey to task for his leadership of the war.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R.-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

Casey has long been a skeptic of increasing the size of the U.S. force in Iraq, and his testimony before the Senate Armed Services Committee amounted to a tepid endorsement at best of Bush's new strategy.

But Casey's appearance reflected the split within the military over Bush's war plan. Many younger commanders and rising officers support the new strategy, with its emphasis on counterinsurgency methods. But some senior military leaders remain skeptical about the ability of U.S. forces to end the sectarian violence.

Although Casey is an unenthusiastic supporter of the new strategy, the White House nominated him to become the chief of staff of the Army in part to recognize his long service in Baghdad. While his new post represents a nominal promotion, it also removes him from the chain of command and limits his direct influence over Iraq policy.

Sen. Lindsey Graham, R-S.C., a supporter of the troop increase, asked Casey if Iraq was secure enough for him to visit downtown Fallujah.

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"You could," Casey said.

"Well," Graham shot back, "I asked to go, and they wouldn't let me."

A majority of committee members appeared to support Casey's nomination. Sen. Carl Levin, D-Mich., the chairman, said he expected a vote on Casey next week.

"I think he is qualified to be chief of staff of the Army," Levin said, "and he should not be held responsible for the key mistakes that were made in Iraq and the way policy was set by civilians."

Casey said he supported the president's new approach and acknowledged some past mistakes. But he continued to emphasize the importance of training the Iraqis and said that the military might not need all of the 21,500 troops Bush is sending to Baghdad.

In December, Casey said he asked for two extra brigades -- about 7,000 soldiers -- to improve security in Baghdad. When Bush offered five brigades, Casey said the remaining three could serve elsewhere as a flexible reserve force.

That contrasts sharply with the plan laid out by his successor, Gen. David H. Petraeus, who is expected to move all five brigades into Baghdad once he assumes his new command in Iraq, a move expected soon.

Attempting to head off perceptions that top commanders disagree with the president, White House spokesman Tony Snow said Thursday that Casey supports the Bush plan.

"What General Casey was talking about is some suggestions he'd made earlier," Snow said. "The president has made his decision, and it does reflect the wisdom of a number of combatant commanders. And again, it does have the assent of General Casey."

On several occasions, Casey described the new strategy as an "Iraqi plan." "They came up with the plan," Casey said. "They will lead the plan."

But it was clear in questioning that the Americans had drafted or at least heavily influenced development of the "Iraqi plan."

Casey said he came to the conclusion that a buildup was needed in mid-November, after he had asked Lt. Gen. Raymond T. Odierno, the day-to-day military commander, for a reassessment of security operations in Baghdad. That analysis suggested the need for the two additional brigades.

The Iraqis presented a rough security plan when Bush and Iraqi Prime Minister Nouri al-Maliki met in Jordan in November. However, Casey said there was no talk of extra troops.

"There was not a long discussion about the plan that they presented. They basically passed it across the table," Casey said. "And it was actually quite a short discussion."

When pressed by Levin, Casey acknowledged that al-Maliki was not enthusiastic about the American troop increase.

"He leans toward not wanting to have to bring in more coalition forces," Casey said.

Casey said he still thought two additional brigades would be enough to improve security in Baghdad. But the three additional Brigades being called to Iraq would give military commanders "flexibility," Casey said.

"I said, in my mind, the other three brigades should be called forward after an assessment has been made of the situation on the ground and whether or not there has been success in the mission in the Baghdad area," Casey said.

A year-long buildup of 20,000 additional troops in Iraq would cost $11 billion for the combat forces alone and could reach $27 billion if additional support personnel are included, the Congressional Budget Office said in an estimate issued Thursday.

The estimates, which came at the request of leading Democrats on the House Armed Services Committee, raised concerns among war critics, who said the figures were much higher than the administration had been claiming since the buildup was announced last month.

Casey faced the toughest questioning from McCain, who has long been a critic of the generals' refusal to commit more troops to restive western Iraq or to request more forces for the fight in Iraq.

However, Casey insisted that his strategy had been on the right track, angering members of the committee who support the troop increase. McCain took issue with what he said was Casey's overly optimistic portrayal.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers," McCain said, "and why your predictions of future success have been so unrealistically rosy."

In recent weeks, Bush's top military advisers and new nominees have offered dire assessments of Iraq and have cataloged what they see as mistakes.

"So you disagree with the secretary of Defense, the chairman of the Joint Chiefs of Staff and Admiral Fallon that we had a failed policy?" McCain asked Casey.

"I do, senator," Casey responded. "I do not believe that the current policy has failed."

Later in the hearing, Levin took up the same line of questioning, asking Casey if he would dispute Bush's statement that the strategy followed last year was leading to "a slow failure."

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Casey insisted that things were improving under his watch.

"I actually don't see it as slow failure," Casey said. "I actually see it as slow progress."

Suicide Bombers Attack Busy Market, Killing 45 (USAT/AP)

USA Today, February 2, 2007

BAGHDAD — A pair of suicide bombers detonated explosives among shoppers in a crowded outdoor market Thursday in a Shiite city south of Baghdad. The attack killed 45 people and wounded 150.

Separately, bombs and a mortar attack killed at least 17 others in both Shiite and Sunni areas of Baghdad.

The two bombers strolled into the Maktabat market in the center of Hillah around 6 p.m., when the area was packed with shoppers buying food for the evening meal.

One of the bombers detonated his explosives when he was approached by police, and the other blew himself up moments later, according to a police spokesman, Capt. Muthanna Khaled, who gave the casualty figures.

The blasts hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded.

Mohammed Diya of Hillah General Hospital said some of the wounded were in critical condition.

Qassim Abed Sadah, 33, a bookseller, said the first explosion blew him out of his chair. He raced to the door of his shop as the second blast occurred. "People were flying in the air," he said.

Pools of blood were scattered along the market streets, along with bits of fruits and vegetables. Paramedics wearing white gloves roamed through the area removing body parts.

No group claimed responsibility for the attack in Hillah, a Shiite city in a religiously mixed province.

Sectarian violence flared in both Shiite and Sunni areas of Baghdad, where U.S. and Iraqi forces prepared for a major security crackdown — the third in a year.

Six people died and 12 were wounded when a car bomb exploded on Rashid Street in the mostly Shiite heart of the capital.

A bomb on a public bus killed six and wounded eight in the Shiite commercial district of Karradah.

Mortar rounds slammed into the Sunni district of Azamiyah, killing five people and wounding 12.

"What have we done to be attacked like this almost every day?" asked Saad Abdul-Karim, 50, whose son was wounded when a mortar round struck their home.

Police found the bullet-riddled bodies of 33 men scattered across the Iraqi capital.

Elsewhere, a U.S. soldier died Thursday of wounds suffered two days ago in Anbar province. Three civilians were killed in separate shootings in the city of Mosul, and a policeman died in a car bombing in the city of Qaim.

Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another (WP)

By Ernesto Londono And Saad Sarhan

The Washington Post, February 2, 2007

BAGHDAD, Feb. 1 -- The man looked suspicious.

Without speaking a word, police officer Ahmed Eid Majood, guarding one of the entrances to the bazaar in the southern Iraqi city of Hilla, lunged toward the man and wrapped his arms around his body.

At that moment, the man detonated a belt packed with explosives, killing the officer and dozens of other people Thursday afternoon, a police spokesman said. The blast sent a throng of shoppers at the covered market rushing toward another exit.

There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said.

The bombers killed at least 63 people and injured more than 150, but Ahmed and hospital officials said the death toll could rise because many of the injuries being treated Thursday night were life-threatening. More than 40 Iraqi civilians and police died in other violence across the country, officials said.

The twin bombings in Hilla were the latest mass killing of Shiite Muslims in recent weeks, raising the possibility that Shiite militias would increase their retaliatory attacks against Sunnis. The U.S. and Iraqi governments are in the early stages of a new security plan intended to pacify Baghdad and some other parts of the country.

In Hilla, "people were going up and down the market as usual," said Mohammed Saaid, 39, who was working in his sweets shop. "Suddenly there was thunder and lightning, and corpses were everywhere, and people were cut into pieces."

The explosions came about a minute apart, police and witnesses said. They shattered windows and destroyed dozens of small shops that dot the marketplace near the Euphrates River.

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"I was confused and terrified," Saaid said in a telephone interview shortly after the attack. "I went out of my shop to check on my neighbors, and I saw a flood of blood. Men, women, children -- all dead."

Hilla, which is about 60 miles south of Baghdad, has experienced violence since the war began, but it is one of the least scarred cities in the country. The bazaar has been targeted twice before, by a suicide bomber and an improvised explosive device, each attack killing a handful of people.

Dozens of wounded were taken to nearby Hilla Hospital, where doctors devised additional operating rooms. Scores of seriously injured people were turned away to give priority to those in more dire condition.

"We are prepared, but not for such an amount of patients," Talib Ali, a doctor at the hospital, said in a telephone interview. "We had to call doctors who are on vacation and those who had already left for their houses."

Violence broke out at the hospital entrance as police clashed with survivors and relatives struggling to get into the seven-story building, witnesses and medical personnel said.

"Most of the wounded are in critical condition, and it's possible that many of them will die," the doctor said. "We have a shortage of bandages, and some of the wounds are being cleaned with Kleenex."

After the morgue filled up, hospital staffers laid the corpses outside in body bags, the supply of which also ran out.

Laith Shahid, 34, who owns a pickle store in the bazaar, suffered burns on his arms and serious cuts on both legs from flying debris. He was quickly examined at the hospital.

"They gave me two tubes of ointment and sent me home," he told a local journalist who relayed the comments to The Washington Post but asked that her name be withheld for security reasons.

People who live near the market began walking toward the hospital to donate blood, a witness said.

Ali Dabbagh, a spokesman for Prime Minister Nouri al-Maliki, said Thursday that Iraq will host a regional security conference next month that will include Syria and Iran -- two neighboring countries with which the United States has declined to engage as part of its diplomatic and military efforts to secure and stabilize Iraq.

Dabbagh said at a news conference that a suspension of flights between Baghdad and Damascus, the Syrian capital, was unrelated to the security plan. Officials had said Wednesday that the suspension was a preliminary step in security efforts designed to tighten control of the borders. Dabbagh said the company that charters the flights fell behind on paperwork and would resume operations within days.

Other attacks were reported Thursday in various parts of the country. A car bomb exploded near the entrance to the law school at Salahaddin University in Tikrit, killing seven and wounding 23, according to Saad Salman, an Interior Ministry spokesman.

In Baghdad, a bomb was detonated inside a small bus in the commercial Karrada area, killing eight people and wounding 12.

In Qaim, near the Syrian border, a suicide bomber attacked near a police checkpoint, killing one officer, according to Hameed Ataallah, a doctor who treated people injured in the blast. It was the third attack on police since the U.S. military turned over control of security to local officials a month ago.

At least 25 other people were slain in mortar attacks, shootings and bombings elsewhere in the country, the ministry spokesman said.

Also Thursday, the U.S. military announced the death in combat Tuesday of a soldier in Anbar province in western Iraq. His name will be released after relatives are informed.

Special correspondents Naseer Nouri and Saad al-Izzi contributed to this report.

Iraq Suicide Bombers Kill 60 And Wound 150 In Market In Southern City (NYT)

By James Glanz

The New York Times, February 2, 2007

BAGHDAD, Feb. 1 — Twin suicide bombers struck a market jammed with people in the southern Iraqi town of Hilla on Thursday, killing at least 60, wounding 150 and spraying body parts so far that the police were still scouring rooftops for them late in the night.

Residents there were catching up on their shopping after the Shiite holiday of Ashura. A student at a local high school, Ali Mohammad, said he and two friends had just left the school gym and were about to make some purchases when the first bomb went off at a checkpoint on the edge of the market. The leader of a local commando unit said the bomber set off a suicide vest when a policeman at the checkpoint discovered it during a search.

Seconds later, a second bomb went off. “I was hit in the leg, a small wound,” Mr. Mohammad said. “I was so scared, I didn’t help my friends. I just left them in the area and went home.”

Later he found them both in a local hospital, one dead, one with a leg blown off. The commando leader said the hospital was so overwhelmed with casualties that it was forced to turn some people away after dispensing whatever medicine was available.

The explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. Besides Hilla, the regional capital, the belt contains the Shiite holy cities of Najaf and Karbala.

The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite.

In Baghdad, which sometimes resembles a deadly dartboard where citizens can die at any time, relentless shelling, bombing and other violence killed at least 46 people. Mortar shells rained down in the Adhamiya, Qahira and Khadamiya neighborhoods, killing at least five and wounding 33, an Interior Ministry official said.

Elsewhere in the city, a suicide bomber detonated the minibus he was driving near St. Raphael Hospital in the Karada neighborhood, killing 6 and wounding 12. A parked car blew up in Rusafa Square in central Baghdad, killing three and wounding nine. The official said 30 bodies of unidentified people had been found dumped around Baghdad on Thursday, apparently the victims of death squads.

Outside Baghdad, two carloads of gunmen stormed a college at Diyala University and killed the dean and his son before driving off. And a car bomb attack on an Iraqi police and Army convoy in Qaim, a town on the Syrian border in the desert province of Anbar, killed three and wounded six.

The American military said a soldier died Thursday “from wounds due to enemy action” in Anbar. Following standard procedure, the military gave no details.

The double bombing in Hilla took place only a few hundred yards from the spot where in February 2005 a car bomb killed at least 125 people in the third-deadliest atrocity since the American-led invasion in 2003, according to tabulations kept by The Associated Press.

Suspicion later fell on a young Jordanian man who had apparently been recruited by Al Qaeda as a suicide bomber, but the connection was never proved.

Last summer, a bomb struck the same market, killing at least half a dozen people. Near the Hilla River and called the maktabat or bookstores market, the place now sells everything from vegetables to school supplies, with vendors spreading their wares on carpets and small tables in an elongated area that runs north to south.

Because of the earlier bombings, tall concrete blast walls now surround the market, gates prevent cars from entering and policemen frisk shoppers at checkpoints before they are allowed in. It was at one of those checkpoints that the first bomb exploded about 6 p.m., said Mr. Mohammad, the local student.

As people in the market frantically tried to leave — greatly constrained by the blast walls and checkpoints — the second bomber was waiting where people were funneled through one of the main gates, Mr. Mohammad said.

Huge Force Readying Crackdown In Baghdad (AP)

By Steven R. Hurst

AP, February 2, 2007

U.S. Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown.

American and Iraqi commanders are pulling together a force that numbers — on paper at least — about 90,000 troops for what many see as a last-chance drive to curb the debilitating violence that has turned Baghdad into a battleground and killed — according to the United Nations — more than 34,000 civilians last year alone.

"This will be a difficult mission and time is not on our side," Lt. Gen. David Petraeus, who will soon take over the U.S. command in Iraq, said in written testimony to the Senate Armed Services Committee last month.

In the past eight months, two U.S.-Iraqi security missions have failed to rout gunmen, bombers, suicide attackers and the death squads that haunt Baghdad's streets after dark. The U.S. military blamed Iraq's Shiite-dominated government for its inability to muster sufficient troops.

Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims.

It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers.

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This operation to sweep the capital of Sunni insurgents and Shiite militiamen was widely expected to begin early this month. But a senior Iraqi general told The Associated Press this week that "preparations are not complete."

The general refused to say how many of an expected influx of about 8,000 Iraqi forces had arrived — as advertised — from the Kurdish north, the Shiite south or Fallujah, in the insurgent stronghold of Anbar province west of Baghdad.

Local commanders, however, said only about 2,000 of the additional troops had reached Baghdad or were nearby. The general and the commanders all spoke on condition of anonymity because of security reasons.

The Baghdad security plan, announced Jan. 6 by Prime Minister Nouri al-Maliki and four days later by President Bush, includes an infusion of 21,500 additional American troops to Iraq, 17,500 of them to Baghdad.

The U.S. Congress, with a new Democratic majority, has been embroiled for weeks in debate about sending more Americans to a conflict that already has stretched to nearly four years and taken the lives of nearly 3,100 U.S. service members and hundreds more American contract workers.

And departing U.S. commander Gen. George Casey told a Senate panel Thursday he didn't think such a large additional force was necessary.

"I believe that the job in Baghdad, as it's designed now, can be done with less than that," Casey said. "But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility."

U.S. and Iraqi officials say the United States plans to have about 41,000 troops in Baghdad and the region when all additional 17,500 American forces arrive by late spring. There are currently about 15,000 in and around the capital and an estimated 8,500 were expected to arrive from other parts of the country.

The Iraqis say they have about 22,000 troops in the capital, more than half at the airport and in two nearby towns. There about 20,000 police and Interior Ministry troops and commandos also in the city, according the Defense and Interior ministries. The additional 8,000 scheduled to arrive from elsewhere would put the total Iraqi forces at about 50,000.

But the overall Iraq troop count is an extrapolation from the number of battalions deployed or on the way. Experience has shown far fewer troops show up.

"The Iraqi numbers are probably inflated. Battalions that should contain 800 men usually have no more than 200-300, if that," said retired Army Col. Douglas Macgregor, an adviser to former Defense Secretary Donald H. Rumsfeld in 2003.

An Iraqi army brigade from Irbil, about 3,000 men in principle, will have at most 1,500 men when it finally arrives in Baghdad. The commander says 95 percent of the men don't speak Arabic. A brigade from Sulaimaniyah, also in the Kurdish north, has reached the Muthana Airport in central Baghdad, but it is only 1,000-men strong, not the expected 3,000.

Three brigades each were expected from the 8th and 10th army divisions in the south of the country. Some of the troops have reached positions outside Baghdad, but their force-strength was not known.

U.S. military officials have said that about one-third of any Iraqi unit is missing at any given time because soldiers must return to their home towns and villages to deliver their paychecks to families. Iraq's banking system is too primitive to allow the electronic transfer of money.

And those absences do not include soldiers missing because they don't want to serve in a particular mission. There are no laws against failure to muster for the country's new, volunteer force.

But U.S. preparations were moving ahead in Baghdad.

In the tough Ghazaliyah neighborhood, a Sunni enclave in northwest Baghdad, Army engineers put up the concrete blast walls topped with razor wire to enclose a region where six homes were cleared. The area, including open space surrounding the structures, will house the 1st Cavalry Division's Company C, 2nd Battalion, 12th Cavalry Regiment.

"Command Outpost Wildcard is under construction to allow soldiers to quickly respond to violence and crime in the area. The former residents of the homes were paid to vacate the area homes and have relocated," the military said in a statement. It could not be learned what compensation was paid to those who surrendered their homes.

A brigade of the 82nd Airborne has arrived in Baghdad as part of the Bush-ordered infusion of troops. Four more brigades were to arrive between now and the end of May. The next arriving unit was to be the 4th Brigade, 1st Infantry Division, based at Ft. Riley, Kan., which will deploy in February.

The 3rd Brigade, 3rd Infantry Division, based at Ft. Benning, Ga., will deploy in March. The 4th Stryker Brigade, 2nd Infantry Division, based at Ft. Lewis, Wash., in April, and the 2nd Brigade, 3rd Infantry Division, based at Ft. Stewart, Ga., in May.

The Marine Corps will extend two reinforced infantry battalions for approximately 60 days. Additionally, the 15th Marine Expeditionary Unit (Special Operations Capable) will remain in Iraq for approximately 45 additional days. The 1st Brigade, 34th Infantry Division, Minnesota Army National Guard, will be extended in its current mission for up to 125 days and will redeploy not later than August.

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Marines Battle Their Past In An Iraqi City (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, February 2, 2007

A new batch of troops tries to win over Haditha, where 24 civilians were slain by their predecessors.

HADITHA, IRAQ — More than a year after two dozen civilians were killed here in what prosecutors call an appalling case of wanton murder by four Marines, a new batch of troops is trying to win the hearts and minds of the public.

But as they patrol the narrow, winding streets and try to protect themselves from a deadly, unseen enemy, the November 2005 incident hangs like dust in the air.

"I think about it because I want to give them the right image about Americans," said Lance Cpl. Bryan Bates, 21, of Tucson, who has picked up a working knowledge of Arabic. "I know some of them feel scared because of what happened. I try to be more friendly."

Complicating the situation is the fact that many residents don't even consider the case, which involves the most serious charges levied against Marines in Iraq, the worst transgression by U.S. forces in Haditha since the 2003 U.S.-led invasion.

On two occasions, Marines assigned to build trust and goodwill in Haditha were moved to the larger city of Fallouja to participate in major offensives against Sunni Arab insurgents. While the Marines were gone, insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans.

The dozens of deaths have resulted in suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous.

"The betrayal [by the U.S.] of the tribes and the local leadership … has created a climate that we've struggled mightily to make right," said Capt. Matt Tracy, commander of Echo Company of the Hawaii-based 2nd Battalion, 3rd Marine Regiment, which occupies a former school near the town center.

When Echo Company arrived in September, the Marines found themselves under constant attack. The company was averaging a casualty a day in its first 45 days.

"I looked at the numbers and said, 'None of us are going to survive at this rate,' " Tracy said. "I realized we had to fight a different way."

The new methods include berms around the city, controlled access points and a car registration program. If people are caught driving without registration, their keys and car batteries are confiscated.

Officers remind Haditha-bound troops to follow the rules of engagement and the laws of war, both of which call for protection of civilians. A general also lectures them on not being slow to protect themselves against an enemy that is well-armed and known to hide among women and children.

Navy corpsman Patrick Horgan, 36, of Aurora, Colo., said the 2005 case had made troops more cautious.

"Everybody knows to be smart about it and make sure you can take a shot safely," he said. "What happened here has definitely increased awareness about the rules, which I think is important."

But there is also a feeling that only troops who have patrolled the streets of Haditha can understand the pressures the Marines experienced in 2005.

"They were set up for an ambush, it wasn't a massacre," said Cpl. Paul Brodner, 20, of San Diego. "No Marine would do anything like that except if he were fighting for his life."

An Iraqi interpreter working for the Marines, who was with the troops in 2005, says he hopes more information about the slayings will come out during court-martials.

"The Marines were attacked and they responded," said the interpreter, who asked that he be identified only as John. "They made mistakes, but they did what you do when you're ambushed."

Lt. Col. Jim Donnellan said it was only natural that Marines now on patrol think about those members of the Camp Pendleton-based 3rd Battalion, 1st Marine Regiment, who face criminal charges.

"When a Marine reads about Marines of the same age, and operating in the same city, accused of such heinous things, he can't help but have that in the back of his mind," Donnellan said.

Officers also accused

Courts-martial, which could be held this summer, will also determine the fate of four Marine officers accused of failing to thoroughly investigate the slayings. Military lawyers were in Haditha last month questioning witnesses.

Prosecutors allege that the Marines went on a rampage after one comrade was killed and two were wounded by a roadside bomb. Defense attorneys say the troops were following regulations that allow for throwing fragmentation grenades into a room where armed insurgents are thought to be hiding.

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In the months after the invasion of Iraq, the Marines had been making headway in Haditha, a community of about 50,000 along the Euphrates River where many of the male residents worked on the railroad, the hydroelectric dam and the phosphate and concrete plants, which are largely shut down now. Officials and police teamed up with the Americans to provide intelligence about the insurgency.

In April 2004, the Marines were ordered to attack Fallouja after a mob killed four American private security contractors. The men's bodies were burned and two were hung from a bridge.

After the Marines left Haditha, insurgents killed several local officials, rounded up a dozen police officers and killed them before a crowd at a soccer field. They also kidnapped a group of police recruits and beheaded nine of them.

The Marines returned after the White House halted the assault on Fallouja. But the fight was renewed in November 2004, and again the Marines left for the larger city about 100 miles down the Euphrates.

For a second time, murder and brutality ensued in Haditha, including an attack on a female doctor whose hands were chopped off because she wore a short-sleeved blouse.

When the Marines returned in 2005, doors were closed to them and the insurgents were in control.

Police Chief Col. Farouk Tayh Hardan is a former army officer whose brother was among the police recruits kidnapped. He's a hard-liner who would prefer to kill insurgents without such niceties as arrests and trials.

The 2005 case, he said, was tragic but understandable in the chaos of war. Many Haditha residents, he noted, are former Iraqi military officers.

"They know that any military makes mistakes, including with innocent children," he said. "We hope it never happens again, particularly with women and children."

Since the berms went up and the car registration effort began, attacks against U.S. troops have dropped sharply. Sheiks have encouraged tribe members to join the police force and hundreds have done so.

Roadside bombing

Still, duty in Haditha and two smaller cities remains one of the most dangerous assignments in Iraq. Since September, Donnellan's 900-man battalion has suffered 19 deaths, and 132 troops have been wounded. The relative peace was shattered in mid-January when two Marines were severely wounded by a roadside bomb while on a walking patrol.

The 2nd Battalion is scheduled to leave in early spring and another Marine unit has been assigned to take its place. But the long-term prospects for Marines in Haditha are unclear, as the White House reevaluates its strategy for Baghdad and Al Anbar province.

"The last thing any Marine wants is to leave prematurely and see these people suffer, again," Capt. Tracy said.

What happened on Nov. 19, 2005, may also have exacerbated a tendency among Haditha residents to believe tales about Marine misconduct, some thought to be circulated by insurgents or their sympathizers.

Each week Donnellan holds an open meeting with sheiks and others. Much of it is devoted to dispelling rumors or, if one seems plausible, promising to investigate.

Among the recent rumors: The Marines forced women to kneel before them, the Marines shot and killed an Iraqi police officer, the Marines threw oranges at women, an Iraqi police officer shot a colleague and the Marines have done nothing.

"I listen and realize some of it is just … hyperbole that is part of their culture, but some of it is that there is really something bothering them," Donnellan said. "There's a lot of history here, and a lot of it is bad."

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Who's To Blame For The Killing (WP)

By Charles Krauthammer

The Washington Post, February 2, 2007

This week the internecine warfare in Iraq, already bewildering -- Sunni vs. Shiite, Kurd vs. Arab, jihadist vs. infidel, with various Iranians, Syrians and assorted freelancers thrown into the maelstrom -- went bizarre. In one of the biggest battles of the war, Iraqi troops reinforced by Americans wiped out a heavily armed, well-entrenched millenarian Shiite sect preparing to take over Najaf, kill the moderate Shiite clergy (including Grand Ayatollah Ali Sistani) and proclaim its leader the returned messiah.

The battle was a success -- 263 extremists killed, 502 captured. But the sight of the United States caught within a Shiite-Shiite fight within the larger Shiite-Sunni civil war can lead only to further discouragement of Americans, who are already deeply dismayed at the notion of being caught in the middle of endless civil strife.

There are, of course, many reasons for these schisms. Some, like the fundamental division between Sunni and Shiite, are ancient. Some of the wounds are more contemporary, most notably the social devastation and political ruin brought upon the country by 30 years of Saddamist totalitarianism and its particularly sadistic persecution of Shiites and Kurds.

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America comes and liberates them from the tyrant who kept everyone living in fear, and the ancient animosities and more recent resentments begin to play themselves out to deadly effect. Tens of thousands of Iraqis have died, the overwhelming majority of them killed by Sunni insurgents, Baathist dead-enders and their al-Qaeda allies who carry on the Saddamist pogroms.

Much of their killing -- the murder of innocent Shiites in their mosques and markets -- is bereft of politics. It is meant to satisfy instead an atavistic hatred of the Shiite heresy. The late al-Qaeda leader in Iraq, Abu Musab al-Zarqawi, was even chided by headquarters in Afghanistan for his relish in killing Shiites for the sport of it.

Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. "We did not give them a republic," insists Newsweek's Fareed Zakaria. "We gave them a civil war."

Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain "give" India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda?

We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?

Thousands of brave American soldiers have died trying to counter, put down and prevent civil strife. They fight Sunni insurgents in Fallujah, Ramadi and Baghdad, trying to keep them from sending yet one more suicide bomber into a crowded Shiite market. They hunt Shiite death squads in Baghdad to keep them from rounding up random Sunnis and torturing them to death. Just this week, we lost two helicopter pilots who were supporting the troops on the ground fighting the "Soldiers of Heaven" outside Najaf to prevent the slaughter of innocents in a Shiite-Shiite war within a war.

Our entire strategy has been to fight one side and then the other to try to prevent sectarian violence -- a policy that has been one of the leading reasons Americans are ready to quit and walk away. They can understand one-front wars, but they can't understand two-, three- and four-front wars, with Americans fighting any and all in sequence and sometimes in combination.

And at the political level, we've been doing everything we can to bring reconciliation. We got the Sunnis to participate in elections and then in parliament. Who is pushing the Shiite-Kurdish coalition for a law that would distribute oil revenue to the Sunnis? Who is pushing for a more broadly based government to exclude Moqtada al-Sadr and his sectarian Mahdi Army?

We have made a lot of mistakes in Iraq. But when Arabs kill Arabs and Shiites kill Shiites and Sunnis kill all in a spasm of violence that is blind and furious and has roots in hatreds born long before America was even a republic, to place the blame on the one player, the one country, the one military that has done more than any other to try to separate the combatants and bring conciliation is simply perverse.

It infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war.

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U.S. Says Iran Meddles In Iraq But Is Delaying Release Of Data (NYT)

By David E. Sanger And Mark Mazzetti

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush's national security advisers have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq, senior administration officials said Thursday.

The decision was described by officials who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence.

Some administration officials said there was a continuing debate about how well the information proved the Bush administration's case.

One official who has reviewed elements of the briefing said the decision to delay it — made by Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and Stephen J. Hadley, the national security adviser — was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces.

Ten days ago the American ambassador to Iraq, Zalmay Khalilzad, told reporters that within a few days the United States would disclose its evidence that Iran was supplying the militias. He had been angered by an accusation by the Iranian ambassador in Baghdad that Washington had no evidence of illicit Iranian activity.

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That event was put off, rescheduled for the middle of this week. The briefing was to have consisted of a PowerPoint presentation showing weapons picked up in Iraq, their serial numbers and other evidence tying them to manufacture in Iran.

But on Thursday American officials said that the briefing in Baghdad had been postponed again, until next week at the earliest, and that it had been reduced in size. For example, they said, it will not include details of evidence gathered when Iranians were seized in a raid in Baghdad at the end of December.

Some American allies who have seen some of the evidence say it still falls short of an air-tight case. But the main reason for the delay appears to be rooted in the delicate politics of dealing with Iran.

"We don't want to create the impression that we are steaming toward confrontation," said one senior State Department official familiar with the debate. "Some people are worried about how quickly the rhetoric has ratcheted up."

President Bush, in an interview on Wednesday with The Wall Street Journal editorial board, said the United States had "made it clear to the Iranians that if we catch them moving weapons, they'll be dealt with." But he quickly added that he was not seeking to "escalate the conflict," and said he was certain "we can solve this peacefully."

During an interview on NPR on Thursday, R. Nicholas Burns, an under secretary of state, said that the United States had been tracking Iran's support for Shiite militias in Iraq for approximately two years, and that "there's been increased evidence over that time that Iran has given this kind of assistance to the Shia insurgency groups."

The debate about how, when and whether to release the claims about Iran's activities in Iraq is also an echo of Washington's continuing debate about whether the administration has the credibility to make public evidence about Iran's nuclear program — including data that it has shared with allies but not with the public.

In the most recent case, State Department officials have cautioned that the evidence must be rock-solid. The Pentagon has pressed for its release, to make clear why it is aggressively pursuing Iranians with military or paramilitary connections in Iraq.

The result has been a scramble, in which intelligence agencies have been trying to vet the Pentagon's presentation to ensure that it does not contain claims that are not backed by solid evidence.

"We are trying to scrub this document, because the last thing we want to be accused of is cherry-picking," said one American official familiar with the intelligence about Iran.

Some administration officials admit they are in a bind: on one hand, the longer the White House issues heated statements aimed at Iran without backing them up with facts, the more the administration's case is called into question.

At the same time, rushing to produce a flimsy case that is ultimately discredited could be more damaging in the long run, as was the case with Colin L. Powell's speech to the United Nations Security Council in February 2003, when he was secretary of state, outlining what he portrayed as irrefutable evidence that Iraq possessed chemical and biological weapons.

Curbing Iran In Iraq Gets Trickier (WSJ)

By Jay Solomon And Yochi J. Dreazen

The Wall Street Journal, February 2, 2007

WASHINGTON -- Senior Bush administration officials said the U.S. won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in U.S. efforts to limit Iranian influence there.

U.S. approval of Iran's economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq.

U.S. officials said they are investigating some American and Iraqi claims that Tehran may have played a role in the killings last month of five U.S. soldiers in the Iraqi city of Karbala.

The administration's tough new posture toward Iran is alarming many lawmakers, intelligence officials and military officers, who worry that the White House is exaggerating Iran's connection to attacks inside Iraq in order to justify a future military assault against Iran.

Senior U.S. officials acknowledged yesterday that they had no direct evidence to support this claim, and Iran has long denied accusations that it is supplying weapons to Shiite groups in Iraq or that it has expanded its paramilitary operations inside the country.

The Bush administration has made such charges before but has never been able to provide clear evidence substantiating the allegations. Pentagon and State Department officials this week said they would make public some information proving the connection between Tehran and Iraqi militias, but they have yet to do so.

These officials said the complexity and brazenness of the Karbala attack, in which the assailants disguised themselves in U.S. uniforms in order to enter a compound and abduct American soldiers, is raising suspicions of Iranian involvement.

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"It looked like five Americans were taken [in exchange for] for five Iranians," said one U.S. intelligence official working on Iran. Last month, American troops arrested five Iranian diplomats in Irbil, Iraq, on charges they were supplying explosives to Shiite militias -- a charge Tehran denies.

On the economic front, however, U.S. officials said yesterday they aren't going to attempt to prevent Iran from expanding its trade and financial ties with Iraq.

In late January, Iran's ambassador to Iraq surprised U.S. officials by telling the New York Times that Tehran was preparing to significantly increase its financial and trade ties to Iraq. This would include the establishment of at least one branch of Iran's national bank in Iraq, the diplomat said.

U.S. officials had initially reacted coolly to the Iranian plans, but in interviews yesterday, senior Bush administration officials said the U.S. accepted the Iranian economic moves and would make no effort to block them.

Expanded Iranian trade and finance ties with Iraq could help spur economic development and growth in Iraq, the officials said. They also noted that the two countries have the potential to become significant trading partners.

"We want the Iraqis to have cooperative, fruitful relations with their neighbors," one official said. "We have no problem with a bank and economic relations. That's fine."

The willingness to allow Iranian banks to operate in Iraq comes as the U.S. is trying to shut down Iranian financial activity elsewhere in an effort to pressure Tehran to abandon its alleged nuclear-weapons program.

This senior official cautioned, however, that the administration would oppose any effort by Iran to expand its military assistance to Iraq's government and security forces. Iranian officials in Baghdad in recent days have discussed sending weapons, equipment and military trainers to Iraq in an effort to underpin the government of Prime Minister Nouri al-Maliki, a Shiite.

U.S. charges of Iranian involvement in the Karbala attack come as the administration tries to rally public support behind its increasingly aggressive military posture toward Iran. In recent weeks, the U.S. has deployed a second aircraft-carrier battle group to the Persian Gulf and erected Patriot antiballistic-missile batteries in the region, both as warnings to Tehran.

U.S. officials said the two largest Shiite militias in Iraq -- the Badr Brigades, linked to the Supreme Council for Islamic Revolution in Iraq, and the Mahdi Army of radical cleric Moqtada al-Sadr -- were receiving sophisticated, late-model rocket-propelled-grenade launchers and roadside bombs from Iran. These weapons have been used in lethal attacks on U.S. and British forces in southern Iraq, U.S. officials said.

"What we're finding in terms of stockpiles and weapons -- you can connect the dots back to Iran," one official said.

The Pentagon and U.S. intelligence agencies are particularly focused on the movement of representatives of the Iranian Revolutionary Guard Corps' elite Qods Force, which focuses on operations outside Iran's borders. Many U.S. intelligence officials believe that it is the Qods Force specifically that has been providing arms and funding to Shiite militias in Iraq. Some intelligence officials also believe the Qods Force has established paramilitary camps inside Iraq to teach Shiite militants how to use advanced weaponry and how to conduct sophisticated types of ambushes, kidnappings and assassinations.

The arrests of Iranian officials in Irbil last month and in Baghdad in December directly targeted the Revolutionary Guards and Qods Force, said U.S. officials. The Pentagon continues to hold the five Iranians detained in Irbil, though the four others detained in Baghdad have been returned to Tehran.

Iraq Fears Being Caught In Middle Of U.S.-Iran Tensions (CHIT)

By Liz Sly

Chicago Tribune, February 2, 2007

BAGHDAD -- Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies.

In the past week, the Bush administration has ratcheted up pressure on Iran, saying it has evidence that Tehran is arming Iraqi insurgents and pledging to hunt down Iranian agents operating in Iraq. That has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the U.S., Iraqi officials say.

Iraq's Shiite-led government has warm relations with neighboring Iran, and it does not want that relationship compromised by an increasingly strident posture by Washington toward Tehran, Iraqi officials say.

"We want to maintain good relations with our neighbors, especially Iran," Iraqi government spokesman Ali al- Dabbagh told a news conference Thursday in Baghdad's heavily fortified Green Zone. "We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others."

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Iraq also wants to maintain good relations with the U.S., he added, stressing that Iraq does not condone attacks against U.S. forces in Iraq. "We want good relations with everyone, whether Iran or the U.S.," he said. "The problems between the U.S. and Iran must not get solved in Iraq."

Tensions between the U.S. and Iran have escalated sharply in recent weeks, with the dispatch of additional U.S. warships to the Persian Gulf and the deployment of upgraded Patriot missiles to Gulf Arab countries, fueling speculation across the region that the U.S. is gearing up for a war with Iran.

Bush administration officials insist they do not intend to go to war with Iran. They have defended the targetting of Iranians in Iraq and other moves in the region as necessary to counter Tehran's backing of Iraqi insurgents, which coincides with U.S. efforts to stop Iran from developing a nuclear weapon.

"We've been very clear we don't intend to strike into Iran, in terms of what we're doing in Iraq," Undersecretary of State Nicholas Burns told National Public Radio Thursday.

But Iraq's concern is that the U.S. is taking advantage of its presence in Iraqi territory to rein in Iran's rising influence in the region, Iraqi officials say. Earlier this week, the Los Angeles Times reported that the U.S. Air Force is preparing to undertake more aggressive patrols along the Iraq-Iran border to disrupt insurgent supply lines.

"Any escalation between Iran and the U.S. will be negative for us," said Mahmoud Othman, a Kurdish legislator. "If you exclude the Sunnis, the majority of Iraqis think of Iran as a friend."

Many members of Iraq's Shiite-led government sought refuge in Iran from persecution during the Saddam Hussein era and Iraqi officials regularly visit Tehran. Iran's ambassador to Iraq told The New York Times earlier this week that Iran is preparing a major new military and economic assistance package for Iraq—paralleling the Bush administration's strategy to stabilize Iraq by building up the Iraqi army and police while re-energizing its reconstruction effort.

In many ways, Iraq is already serving as a proxy front in the rivalry for regional influence between Tehran and Washington. The U.S. military raided a diplomatic compound in Erbil last month, detaining five Iranians they accused of being Iranian agents aiding insurgents in Iraq. The Bush administration says it is examining a "mountain of evidence" that Iran is arming Shiite militias to attack U.S. forces.

"To the extent that anybody, including Iranians, are smuggling weapons, bringing in fighters, killing Americans, trying to destabilize the democracy in Iraq, we will take appropriate measures to defend our troops and also to defend the mission," White House spokesman Tony Snow warned this week.

Bush first announced a more aggressive stance toward Iran and also Syria when he unveiled his new strategy for Iraq last month, accusing the two countries of aiding Iraq's insurgency and implicitly rejecting recommendations by the Iraq Study Group that the U.S. open a dialogue with Iran.

Plans to announce further evidence of Iran's support for Iraqi insurgents this week have been postponed, amid reports of disputes among U.S. officials over the quality of the evidence.

The Iraqi government has also tried to make it clear that it does not support Iranian meddling in Iraq. When Iraqi Prime Minister Nouri al-Maliki visited Tehran last fall, he urged his hosts not to intervene in Iraqi affairs.

In an interview with CNN Wednesday, al-Maliki said he had asked both Tehran and Washington to resolve their differences elsewhere.

"We have told the Iranians and the Americans, 'We know that you have a problem with each other, but we are asking you: Please solve your problems outside Iraq,'" said al-Maliki. "We don't want the American forces to take Iraq as a field to attack Iran or Syria."

Any conflict between Iran and the U.S. would put Iraq's government in a difficult position, forced to choose between its two main benefactors, said Othman.

"There's a contradiction because America sees Iran as an enemy, whereas the Iraqi government sees Iran as a friend," he said. "The most important country with influence in Iraq right now is Iran, and these issues should be well and thoroughly discussed between America and Iraq."

The increasingly tough rhetoric from Washington has strained Iraq's relationship with the U.S. at the very moment when the two countries are supposed to be working together to implement Bush's new strategy to stabilize Iraq.

An additional 21,500 U.S. troops are headed for Baghdad and western Anbar province to bolster a new security plan aimed at quelling the steadily escalating sectarian conflict between the city's Shiites and Sunnis and combating the anti-U.S. insurgency.

Support for al-Maliki's government lies at the core of Bush's new strategy, but Washington does not consult with the Iraqi government on its threats to pursue Iranians in Iraq, complained Akram Hakim, State Minister of National Reconciliation, who belongs to the ruling Shiite coalition, the United Iraqi Alliance.

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"President Bush says he supports the Iraqi government and he says he supports Prime Minister al-Maliki, but I think that going over the head of the Iraqi government on issues like this is not compatible with those statements," he said.

"When there's a contradiction between what he's doing and what he's saying, it will weaken the Iraqi government and weaken the position of the U.S. administration as well."

"For some time, we in the Iraqi government have been warning about turning Iraq into a battlefield between the U.S. and Iran," he added. "There are many problems between the U.S. and Iran, the U.S. and Syria and the U.S. and Al Qaeda, and we don't want them to make Iraq the battlefield for these problems."

Iraq Plans Summit With Iran And Syria (LAT)

By Paul Richter And Louise Roug

The Los Angeles Times, February 2, 2007

BAGHDAD — The Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs.

Iraqi officials have not invited the United States to the meeting, which also could include Iraq's other neighbors, the United Nations and the Arab League. The meeting is intended to "promote support for the government of Iraq on security and other issues," said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States.

Sumaidy, speaking in Washington, said the summit was part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10.

The meeting comes at a time when U.S. officials have accused Iran of meddling in Iraq. The Bush administration also has complained that Syria is allowing foreign fighters to cross into Iraq, and it is urging Sunni Arab neighbors to help stabilize the country by applying pressure on their Sunni Muslim allies in Iraq.

U.S. welcomes meeting

But U.S. officials, who have encouraged the Iraqi government to try to work through security issues and to try to win more economic and political support from its neighbors, reacted positively to the summit announcement Thursday.

"We support such an effort by the Iraqi government," said Lou Fintor, a spokesman for the U.S. Embassy in Baghdad. "We have ourselves worked with many of Iraq's neighbors to encourage them to support Iraq, diplomatically and politically."

Iraqi officials, while acknowledging that some Iranians have been involved in violence in Iraq, have said they do not want their country to become a military theater in the rivalries of foreign powers.

"The United States is clearly helping us with our security issues," Sumaidy said. But he added, "We don't want to be the battleground for anyone else's fighting each other, or confronting each other."

U.S. and Iraqi military officials are in discussions about American plans to go on the offensive against Iranian agents who are seen as threatening U.S. troops or Iraqis, the Iraqi ambassador said.

Iraqi forces want "maximum coordination" with the American troops on the issue, Sumaidy said. He said U.S. and Iraqi leaders, including Army Gen. David H. Petraeus, the new U.S. commander in Iraq, might decide that they need to conduct each operation jointly, or at least that the Iraqis be informed of each mission.

The Bush administration has delayed the release of information it says will show Iran is meddling in Iraq, raising concern from some quarters that the evidence is inconclusive.

"Iran is kind of the culprit of the week or the month," said James Dobbins, an international security expert at Rand Corp., who said the Bush administration had produced little compelling evidence that Iran was actively encouraging attacks on U.S. troops in Iraq.

U.S. officials said they were investigating a Jan. 20 insurgent raid in the Shiite Muslim city of Karbala, in which a U.S. soldier was slain and four others were captured before being killed, but have not said whether they believed Iranians were involved.

Some U.S. officials have suspected foreign involvement in the sophisticated attack on a U.S.-Iraqi security compound, which witnesses said was carried out by men wearing American-style uniforms.

"The attack is troubling," Pentagon spokesman Bryan Whitman said, adding that an inquiry was continuing. "There was a level of sophistication to the attack that was concerning."

Whitman would not say who might have been behind the attack. "I know there has been speculation," he said, "but let's let the investigation conclude."

'Very serious' threat seen

In an interview with National Public Radio on Thursday, R. Nicholas Burns, the U.S. undersecretary of State for political affairs, said that Iran posed a "very serious" threat to American interests in Iraq.

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Referring to the Karbala attack, Burns said the United States would "try to find those who are responsible and hold them accountable. But right now it's not possible to say exactly who those people were."

President Bush said in his Iraq policy speech Jan. 10 that U.S. forces would go after Iranian agents who threatened Americans. The next day, U.S. troops detained five Iranians during a raid on their office in Irbil, a major city in Iraq's Kurdish north.

Iranian officials long have operated in northern Iraq and have close business ties with Kurdish leaders there. Iranian and Iraqi officials have said the Iranian office issued travel permits and provided other services to Iraqi traders and tourists going to Iran. Iraqi leaders are trying to secure the release of the five men, Iraqi officials have said.

Despite the public face-off, Burns said military conflict with Iran was not inevitable.

"I think that if we're patient and we're skillful, we can have a diplomatic solution to these problems," he said. "We are trying for that diplomatic solution."

Although U.S. officials refuse to open talks with Syria or Iran, other diplomatic contacts in the region have intensified. This week, Zalmay Khalilzad, the outgoing U.S. ambassador to Iraq, traveled to Saudi Arabia, which sent envoys to Iran last month.

Ex-advisers Offer Revised Iraq Plans (AP)

By Barry Schweid

AP, February 2, 2007

President Carter's national security adviser said Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world.

Zbigniew Brzezinski also told the Senate Foreign Relations Committee that Bush administration policy was driven by "imperial hubris" and has proved to be a disaster on historic, strategic and moral grounds.

"If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large," Brzezinski said.

Brent Scowcroft, national security adviser to Presidents Ford and George H.W. Bush, said a buildup of U.S. troops in Iraq "might be a positive blip" if it helped stabilize Baghdad. But he said it would not lead to fundamental changes in the situation.

"It is a tactic, not a strategy," he said.

Brzezinski set out as a plausible scenario for military collision: Iraq fails to meet benchmarks set by the U.S., followed by accusations that Iran is responsible for the failure and then a terrorist act or some provocation blamed on Iran. This scenario, he said, would play out with a defensive U.S. military action against Iran.

That, Brzezinski said, would plunge the United States into a quagmire that eventually would range across Iraq, Iran, Afghanistan and Pakistan.

Proposing a massive shift in policy, Brzezinski said the U.S. should announce with no ambiguity its determination to leave Iraq "in a reasonably short period of time."

Brzezinski, a professor at the School for Advanced International Studies, said the U.S. should set with Iraqi leaders a date for the completion of the U.S. military disengagement.

Scowcroft recommended that U.S. troops gradually be deployed away from sectarian conflicts in Iraq, which should Iraqis should handle "however well or badly they are able to handle it."

U.S. troops should concentrate on training the Iraqi army, combating insurgents, limiting outside intervention and helping to protect Iraqi institutions, he said.

"That does not mean that the American presence should be reduced," Scowcroft said. "That should follow success in our efforts, not the calendar or the performance of others."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, February 2, 2007

Night stalkers

One of the ways U.S. forces in Iraq prevent the placement of an improvised explosive device (IED) is to watch the roads.

For surveillance, they use several systems, including the slow-moving AC-130 gunship. The aircraft's cannons, machine guns and night-sight capability are the perfect systems for locating and killing IED-placing insurgents.

A video we've seen shows an AC-130 crew spotting two men who converge in their vehicles on a stretch of isolated road in Iraq. The two look around, and then one carries a weapon into a field, methodically walking off into the distance. It would appear

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he is calibrating how far to place the IED so our soldiers cannot see it, but close enough so the bomb kills them. The man in the second vehicle follows the same procedure.

In the meantime, the gunship's crew is describing what it sees and seeks permission to fire. A voice says, "Smoke 'em." Gunfire hits the first man, then the second. A third emerges from under one of the vehicles and is killed.

Commanders have said the best way to defeat IEDs is to prevent their placement in the first place. IEDs are responsible for 80 percent of Army casualties.

ASAT silence

Sen. Jon Kyl gave a speech to the Heritage Foundation earlier this week and discussed the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead.

The Arizona Republican and veteran of the Senate intelligence committee said the Bush administration has the policy to conduct space defense of U.S. satellites but seems to lack the will.

"The question is whether we have the will to implement it," he said.

"And some recent examples that I'll cite here point to a flagging enthusiasm, I would put it, for space security," Mr. Kyl said. "Look to the administration reaction to the Chinese ASAT test. Since the test was reported, there has been no public statement by the president or any Cabinet official, no mention during the State of the Union speech, no congressional hearings have yet been scheduled, no indication has come out of the Pentagon that the space budget is being in any way revisited. The State Department has provided no specific information about what our diplomats are or are not saying in response to the Chinese provocation."

Mr. Kyl then noted a comment from a State Department spokesman, who questioned what China's "intentions" were in the test.

"Why do we need to hear from the Chinese exactly what their intentions are?" Mr. Kyl asked. "What intention could possibly be behind the test, save for the capability to blow up satellites in space? Would the State Department believe any alternative explanation if it were given to it?"

White House National Security Council spokesman Gordon Johndroe confirmed that the administration decided on a low-profile response. "We've had Cabinet-level discussions with the Chinese on this that, we think, have been the best course of action," he said.

Israel's Iran worries

A military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities.

The Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers.

The Israelis in recent months have purchased large numbers of U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities.

Our source said the Israelis know that their attack on Iran would be far bloodier and much more difficult than the daring 1981 bombing attack against Iraq's Osirak nuclear reactor.

"They will have to strike during the day to make sure they get the technicians and scientists," the source told us.

Also, an anti-nuclear military strike will cause collateral damage because many of the Iranian nuclear facilities are located close to civilian population centers.

At least 13 Iranian nuclear facilities are known and can be located publicly on Google Earth mapping software. They include facilities at Tehran, Natanz, Arak, Lashkar-Abad, Isfahan, Ardekan, Bushehr and Gachin. Most are underground and have advanced air defense missiles for protection.

Key targets: the Natanz nuclear facility, a military plant about 200 miles south of Tehran that is the location of at least one centrifuge cascade that is thought to be where nuclear fuel for weapons is being developed.

The Bushehr nuclear reactor on the Persian Gulf coast also will be a key target, and any bombing there risks killing scores of Russians who are part of construction crews for the reactor facility.

The Bush administration is hardening its position on Iran but is holding Israel in check from attacking. That said, in 1981, the United States had no warning of the Osirak raid until after the F-16s and F-15s were in the air.

Iranian enigma

Our colleague David R. Sands traveled last month with Defense Secretary Robert M. Gates to Iraq and Afghanistan. He filed this report:

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It seems our British cousins are having as much trouble as the Pentagon in trying to figure out the Iranians. Two senior British military officers in the Middle East, briefing reporters traveling with Mr. Gates, painted two very different pictures of Tehran's recent record.

The Royal Navy's Commodore Keith Winstanley, Britain's senior naval commander in the region from Jordan to India and deputy commander of the U.S.-led coalition fleet in the Persian Gulf, said there has been no sign of an Iranian reaction in the Gulf to President Bush's decision to dispatch a second carrier strike group to the region, a move widely seen as a warning to Tehran.

"We are not seeing any change in Iranian behavior since the president's announcement," said Commodore Winstanley. "Much of what their naval forces do appears to be defensive in nature.

"If all you do is listen to the rhetoric of [Iranian President Mahmoud] Ahmadinejad, you would think the Iranians are very forward-leading militarily, but it's not so. Our everyday interactions with them in the Gulf are actually extremely cordial."

But Maj. Chris Ormond-King, a spokesman for the British military deployment in Basra, southern Iraq's largest city, said Iranian meddling is palpable among the Shi'ite militias there, even if conclusive evidence is difficult to come by.

"We know that Iranian influence is here, even if we can't prove it. It's money, it's technical support, it's equipment. Our gut feeling is that, yes, there is Iranian influence here."

The major added, "It's like when you see a car going down the road. You may not be able to prove it's speeding, but when it gets from one place to another so quickly, you can tell."

Iran Leader Calls Nuclear Sanctions Ineffective (NYT)

By Nazila Fathi

The New York Times, February 2, 2007

TEHRAN, Feb. 1 — President Mahmoud Ahmadinejad of Iran, under increasing criticism at home, said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program.

“We are rapidly becoming a superpower,” Mr. Ahmadinejad told reporters after laying flowers on the tomb of Ayatollah Ruhollah Khomeini on the 28th anniversary of the revolution he led in 1979.

“Our strength does not come from military weapons or an economic capability,” the ISNA news agency quoted him as saying. “Our power comes from our capability to influence the hearts and souls of people, and this scares them,” he added, referring to the West.

“That’s why they are using psychological warfare and impose sanctions. But the language of sanctions belongs to the past.”

He made no reference to contradictory remarks this week by President Jacques Chirac of France about whether it would be acceptable for Iran to have a nuclear program.

Mr. Ahmadinejad spoke as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the United Nations Security Council over Iran’s nuclear program could have dangerous consequences. The Security Council resolution, passed on Dec. 23, prohibits trade in goods and technology related to Iran’s nuclear program. The measure is aimed at curbing Iran’s uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European countries contend is for making nuclear weapons.

The recent criticism of Mr. Ahmadinejad has led to speculation that Ayatollah Ali Khamenei, the supreme religious leader who has the ultimate authority on all state matters, is allowing such talk in an effort to contain him.

In his only reference to the resolution, Ayatollah Khamenei said Iran would not give up its right to a nuclear program.

Dozens of moderate politicians and several conservatives gathered last week at the office of Mehdi Karroubi, a former speaker of Parliament, to discuss their concerns over the future of Iran.

“Those who don’t worry are either unaware of what is happening” or showing that they lack wisdom, said Ismail Gerami Moghadam, a member of Parliament who was at the meeting, the independent daily Etemad Melli reported.

The state-run daily Keyhan joined critics of Mr. Ahmadinejad last week and said “any threat should be taken seriously.” The newspaper, which had repeatedly suggested that Iran withdraw from the Nuclear Nonproliferation Treaty and proceed with its nuclear program, would be expected to support the president’s position.

On Thursday in Vienna, headquarters of the International Atomic Energy Agency, diplomats said Iran had begun installing centrifuges at its uranium enrichment plant at Natanz, Agence France-Presse reported. Iran has said that it plans to install 3,000 of the machines at Natanz soon.

Mr. Ahmadinejad has promised an announcement on the nuclear program during the 10-day anniversary celebration.

Iran President Vows To Push Nuke Program (AP)

By Ali Akbar Dareini

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AP, February 2, 2007

President Mahmoud Ahmadinejad launched anniversary celebrations Thursday for Iran's Islamic Revolution with a defiant promise to push ahead with the country's controversial nuclear program.

Ahmadinejad suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz that the U.S. has warned could bring further sanctions against the country.

The Iranian leader said his government is determined to continue with its nuclear program, despite U.N. Security Council sanctions imposed over its refusal to halt uranium enrichment, a process that can produce fuel to generate electricity or for the fissile core of an atomic bomb.

Kicking off 10 days of celebrations to mark the 28th anniversary of the 1979 Islamic revolution that brought hard-line clerics to power, Ahmadinejad said Iran will celebrate next week "the stabilization and the establishment of its full right" to enrich uranium at the facility.

The chief of the U.N. nuclear watchdog agency, Mohamed ElBaradei, said last week that he expected Iran to announce "they are going to build up their 3,000 centrifuge facility" in February. There had been speculation the announcement could come during the revolution anniversary.

U.S. Undersecretary of State Nicholas Burns said Iran would face "universal international opposition" over the step. "If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken," Burns said last week

The installation would be a major jump in Iran's uranium enrichment program, though it could take months to set up the 3,000 centrifuges and get them working. In the process, uranium gas is spun at supersonic speeds in a connected array of centrifuges to purify it. Uranium enriched to around 5 percent is used for fuel for a nuclear reactor; enriched to 95 percent, it can be used to build a warhead.

Iran now has two cascades of 164 centrifuges each. Tens of thousands are needed for a continuous program. The status of the new centrifuges has been unclear as Iranian officials gave contradictory statements over the past month. Tehran originally said last year that the installation would begin by the end of 2006, but January came and there was no word the work had started.

On Sunday, an Iranian lawmaker said installation had begun, but he was quickly contradicted by officials from the country's Atomic Energy Organization. Mohammad Saeedi, the agency's deputy head, said, "If we begin to install centrifuges, we will publicly announce it."

Ahmadinejad's remarks Thursday signaled that Iran would begin the installation before Feb. 11 — the final day of nationwide celebrations in memory of the Islamic revolution. He has also called people to the streets that day to show support for the nuclear program.

"Enemies of the Iranian nation ... must know that their wrongful beliefs will be revealed once again during Feb. 11 rallies by the great Iranian nation," he said, according to the state-run news agency.

The United States and many Western countries accuse Iran of seeking to develop nuclear weapons, a charge Tehran denies. The Security Council has threatened to impose further sanctions on Iran if it continues to refuse to roll back its program.

Iran insists its program is peaceful. It ultimately plans to expand it to 54,000 centrifuges, a large operation enriching more uranium within a shorter period of time.

So far, its two linked chains of 164 machines have been operating sporadically at the above-ground portion of the Natanz facility, producing small quantities of non-weapons grade enriched uranium, International Atomic Energy Agency inspectors say.

Two smaller assemblies underground have been "dry testing" — without gas — since November, they say.

Iranian officials have turned down a request from IAEA inspectors to install cameras in the underground Natanz facility, a U.N. official familiar with Iran's nuclear dossier said in Vienna.

Ahmadinejad, whose hard-line tactics have faced criticism from both reformists and conservatives at home, also hinted Thursday that key decisions in Iran are made by Supreme Leader Ayatollah Ali Khamenei, not him.

"The general policies of the system are made by the Exalted Supreme Leader, and the government is required to carry them out," the state news agency quoted Ahmadinejad as saying. "The president, as the head of the country's executive body, pursues and announces the nuclear position."

Iran Has Begun Assembling Centrifuges At Natanz Site: Diplomats (AFP)

By Michael Adler

AFP, February 2, 2007

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Iran has begun installing centrifuges at the Natanz site where it plans 3,000 of the machines to enrich uranium in defiance of UN demands to halt this sensitive nuclear activity, diplomats said.

And at the same time it is stopping UN inspectors from installing surveillance cameras in the huge underground hall where the production lines, or cascades, of centrifuges are being set up, the diplomats said.

Both moves mark an escalation in the international showdown with Iran over a nuclear programme which the United States and others suspect is hiding secret development of an atom bomb, and on which the UN Security Council has levied sanctions to force Tehran to halt enrichment.

A diplomat in Vienna, where the UN watchdog International Atomic Energy Agency (IAEA) is based, told AFP "construction has started (at the underground Natanz facility) but the cascades have not yet been assembled."

Another diplomat said bringing in centrifuge parts had started last week.

But Iran has not yet assembled a complete cascade, the basic unit for beginning actual enrichment, said the diplomats, who asked not to be named due to the confidentiality of the information.

Uranium enrichment uses centrifuges to make fuel for civilian nuclear reactors but can also produce the explosive material for atom bombs.

IAEA spokeswoman Melissa Fleming refused to comment.

Iran had last weekend given conflicting signals on its disputed nuclear work.

The Islamic republic's atomic energy agency denied the Iranians had started to install the 3,000 centrifuges, shortly after the head of parliament's foreign affairs and national security commission said they had.

Iran is building cascades in units of 164 centrifuges each.

Iran already has two such cascades running above-ground at a pilot enrichment plant at Natanz which would only produce small amounts of enriched uranium.

But the underground plant, protected in a bunker from possible air attack, could if running full tilt produce enough highly enriched uranium for one bomb in nine to 11 months, the London think tank the International Institute for Strategic Studies (IISS) has said.

Diplomats said Iran was stopping UN inspectors, who are currently at Natanz, from installing surveillance cameras at the underground site.

The Iranians are "not allowing the IAEA to install the cameras inside the (underground) cascade halls (for centrifuges) in Natanz and are causing further delays in the inspectors' activity," a diplomat who closely monitors IAEA verification work told AFP.

The IAEA monitors the above-ground pilot site with cameras and visits by inspectors and is entitled under the nuclear Non-Proliferation Treaty to the same sort of presence at the underground facility, as the agency is mandated to monitor the use of nuclear material.

But the Iranians "have not yet introduced nuclear material (feedstock uranium gas) into the centrifuges at the underground site, so there is still time," a second diplomat said.

Another diplomat said: "The game is not over."

The first diplomat said: "The Iranians are now willing to accept the installation of cameras only outside the cascade halls, which will not enable the IAEA to monitor the entire uranium enrichment process."

But another diplomat said that "verification goals can be achieved from inside or outside cascade halls."

A fourth diplomat said: "Whenever something new is done, normally it takes time," referring to problems the IAEA has had in setting up verification equipment in other countries.

The IAEA has been investigating Iran since February 2003 after it was revealed that Tehran had hidden sensitive nuclear activities for 18 years.

But the atomic agency has been unable to conclude its inquest due to what it says is a lack of full cooperation from Iran.

The UN Security Council passed a resolution in December imposing sanctions on Iran for its refusal to halt uranium enrichment.

Iranian leaders have said Iran would make a major announcement on its nuclear programme during the 10 days of celebrations to mark the 28th anniversary of the Islamic revolution starting Thursday.

Iran could be only two or three years away from being able to produce a nuclear weapon, IISS director John Chipman said Wednesday.

Meanwhile, although US President George W. Bush has said the United States has no plans to invade Iran, Washington is isolating the Iranian regime over nuclear suspicions and allegations of complicity in attacks on US troops in Iraq.

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Russia Supports A Break For Iran (WSJ/AP)

The Wall Street Journal, February 2, 2007

MOSCOW -- Russia yesterday signaled that it backs a "time-out" proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment.

"We believe the initiative put forward by the IAEA head ... suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention," the Foreign Ministry said.

Mohamed ElBaradei, head of the International Atomic Energy Agency, proposed the plan at the World Economic Forum in Switzerland to end the standoff between the West and Iran over Iran's suspect nuclear program.

Iran said Sunday that it needed time to review the plan. The Security Council voted unanimously in December to impose limited sanctions on Iran after it ignored demands to halt enrichment.

Moscow May Seek Accord With Tehran On Gas Supply (NYT)

By Steven Lee Myers

New York Times, February 2, 2007

MOSCOW, Feb. 1 — Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas. He stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations.

Mr. Putin reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions.

"We think that the people of Iran should have access to modern technologies, including nuclear ones," he said, adding that "they should choose a variant that will guarantee Iran access to nuclear energy" while complying with their commitment not to build weapons under the Nuclear Nonproliferation Treaty.

Mr. Putin's remarks were delivered as part of his annual winter news conference, an affair that offers journalists an exhaustive, unconstrained opportunity to press him on the issues of the day. He answered 66 questions over the course of three and a half hours, largely without the rancor or prickly defensiveness that has characterized previous sessions.

In the realm of foreign affairs, he denied that Russia used its natural resources as a political tool, and he expressed new opposition to the expansion of NATO, though mildly. He criticized American negotiations to construct components of a national missile defense system in Poland and the Czech Republic, even as he confidently said Russia now possessed the missiles to thwart such defenses.

He also made his most extensive remarks on the poisoning of Alexander V. Litvinenko, the former secret service officer who died of radioactive poisoning in London in November and accused Mr. Putin himself in a deathbed statement.

He dismissed Mr. Litvinenko as a low-level officer in the "convoy troops" who "did not protect any secrets" and who had been fired after being convicted of abusing his office by beating detainees.

"Whatever he could say negatively about his service, he said it a long time ago," he said, suggesting that Mr. Litvinenko's repeated accusations of nefarious activities by Russia's secret services were baseless inventions. The question of his murderer, he said, was a matter for investigators, but he dismissed accusations by some of his own aides that Mr. Putin's enemies had killed Mr. Litvinenko in an attempt to discredit the Kremlin. "I do not believe in conspiracy theories," he said.

On issues at home, he vowed that Russia would hold democratic elections for Parliament in December and for his successor when he steps down in 2008, though he remained coy about whom, if anyone, he would support. Exuding confidence, he touted the country's economic growth and several times emphasized its progress toward democracy, a picture starkly at odds with accusations of his critics, here and abroad, that he had steadily eroded basic freedoms.

He mentioned the killing of Paul Klebnikov, the Russian-American editor of the local edition of Forbes, saying he agreed with a statement that the journalist, shot to death in 2004, had died fighting "for a democratic Russia." He also offered respect, if not praise exactly, for another slain journalist, Anna Politkovskaya, who was killed in October. He said she had "criticized the authorities fairly acutely, which is good."

Mr. Putin also sidestepped a question about a comment made this week by Mayor Yuri M. Luzhkov of Moscow that a gay rights parade proposed by activists would have been "a satanic event."

Mr. Putin said his attitude toward gay men and lesbians involved his concern about Russia's declining population, suggesting that those who did not bear children were not helping the problem.

"Having said that," he went on, "I respect and will respect the freedoms of all shades of people, of all shades of those freedoms."

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On Iran, Russia has held out for a negotiated compromise, a position at odds with the Bush administration's efforts to turn Iran's leadership into political and economic pariahs.

Mr. Putin's senior aide, Igor S. Ivanov, visited Iran last week and discussed the nuclear issue, as well as potential energy cooperation with Iran, which has reserves of natural gas second only to Russia's. Mr. Putin said he hoped the visit would "remove any suspicions on the international community about Iran's alleged plans to build nuclear weapons."

Mr. Putin also endorsed an idea floated last week by the atomic energy agency's director, Mohamed ElBaradei, to suspend sanctions if Iran agreed to a suspension of uranium enrichment.

During Mr. Ivanov's visit, Iran's supreme leader, Ayatollah Ali Khamenei, was quoted by news agencies as saying Russia and Iran could establish "an organization of gas cooperation like OPEC." Mr. Putin responded by calling it "an interesting idea."

He went on to say that Russia opposed creating a price-setting cartel — something that European and other countries fear — but that "to coordinate our activities would be worthwhile, with an eye to the solution of the main goal of unconditionally and securely supplying the main consumers of energy resources."

Russia And Iran Discuss A Cartel For Natural Gas (WSJ)

By Russell Gold And Gregory L. White

Wall Street Journal, February 2, 2007

Russia and Iran -- which hold nearly half the world's natural-gas reserves -- are talking about creating an OPEC-like organization for gas, a move that has the potential to unsettle energy markets and redraw geopolitical alignments.

Gas accounts for a growing share of global energy use, but the nations that produce most of it don't work together to influence markets. That's a stark contrast to the oil market, in which members of the Organization of Petroleum Exporting Countries manage output to keep prices at levels they favor.

During his annual news conference in the Kremlin yesterday, Russian President Vladimir Putin said "a gas OPEC is an interesting idea. We will think about it." His comment comes days after Iranian Supreme Leader Ayatollah Ali Khamenei publicly called on a visiting Kremlin official to establish a group of natural-gas producers similar to OPEC. Russia and Iran are the world's largest and second-largest holders of gas reserves, respectively.

While there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the U.S., which still gets most of its gas within North America.

Still, over time, the market is becoming more internationally flexible as shipments of liquefied natural gas rise. U.S. imports of LNG have more than doubled since 2002, though they still account for a small fraction of gas consumption here. Other Western countries are seeing demand for the clean-burning fuel climb even as their home-grown supply of gas declines. These shifts have turned gas in the last few years from a humdrum commodity into a prized fuel increasingly subject to geopolitical spats.

Comparing gas prices is difficult because until recently, there hasn't been a global market for the fuel. Asian gas-delivery contracts have tended to be pegged to the price of crude oil, while in the U.S., spot gas prices are typically set by trading at a Louisiana pipeline hub. U.S. gas cost between $2 and $3 per thousand cubic feet in the 1990s, but has averaged more than twice that in recent years. A contract for the delivery of gas in March closed yesterday on the New York Mercantile Exchange at $7.54 per thousand cubic feet, up over the past few weeks due to the cold weather.

The prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever. Early last year, state-controlled gas giant OAO Gazprom cut off supplies of natural gas to neighboring Ukraine in a pricing dispute that briefly reduced the volumes delivered further down the pipeline in Europe.

Together Russia and Iran hold more than 40% of the world's known gas reserves, according to the BP Statistical Review of World Energy. Moscow has cultivated relations with Tehran in recent years, building a nuclear-power plant in Iran and last year selling it air-defense missiles. Moscow has also resisted efforts to increase international pressure on Iran over concerns about Tehran's nuclear ambitions.

In his remarks yesterday, Mr. Putin rejected charges that Russia uses energy as a political weapon and he downplayed any price-fixing rationale for creating an OPEC-like structure. "We do not intend to set up a cartel, but I think it's right to coordinate our activities," he said, "bearing in mind the key goal of absolutely reliable supplies to the main consumers of energy."

A previous effort to create an organization of gas exporters fizzled, and many are doubtful this one would succeed. The Gas Exporting Countries Forum, which included Russia, Iran and Qatar, was formed in 2001 but hasn't met since 2005. "At the moment, they haven't gotten it together to even meet, much less coordinate anything," says Jonathan Stern, director of gas

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research at the Oxford Institute for Energy Studies in Britain. As for talk by Russia and Iran of a gas OPEC, he says: "I'm unexcited by it."

It isn't known exactly how a gas cartel would operate, but OPEC has been a huge market force for decades. For a period in the 1970s, OPEC members set prices for their oil, and Western countries paid up. But oil demand eventually fell because of the high prices. In response, OPEC started cutting back output to influence prices and let market forces do the rest. That is still the strategy it employs today: In recent months, alarmed about falling oil prices, OPEC announced production cuts totaling 1.7 million barrels a day.

Talk of creating a gas cartel appears partly to be an outcome of dissatisfaction among gas suppliers with the emerging international gas market. After investing billions of dollars into boosting output over the past five years, "it's difficult to place all of this gas in the market at a price that they're comfortable with," says Ira Joseph, executive director of international gas at PIRA Energy, a New York-based energy consultant. The discussion of a cartel, he says, is "in large part a reflection of that."

India and China, both growing importers of tankers full of liquefied natural gas, have used their huge demand potential as leverage in negotiating long-term pricing. There is concern among gas suppliers that other Asian buyers, in particular Japanese and Korean utilities, may seek similar pricing when numerous long-term contracts begin to expire in coming years.

While oil is traded in a global marketplace, gas is bought and sold in fragmented markets. The U.S., for instance, gets most of its gas from domestic sources as well as Canada and Trinidad. Europe gets most of its gas from the North Sea, Russia and exporters from North Africa and the Middle East.

Russia's interest in pooling its gas supply would be unusual, given that it never joined OPEC, despite being the world's second-largest oil exporter, perhaps because it didn't want to submit to quotas set by other countries. It has resisted past calls to curtail output to support prices.

Still, Mr. Putin has been working to strengthen Moscow's ties with other major gas producers. After he visited Algeria last year, Gazprom last month reached a series of cooperation agreements with Algeria's Sonatrach, Europe's No. 3 supplier. European Union Energy Commissioner Andris Piebalgs called for an explanation from Algeria and Russia, since they could use their 35% share of the European market to potentially fix prices.

Next week, Mr. Putin travels to the Persian Gulf on a trip that will include the first-ever visit by a Russian leader to Qatar, which controls the world's third-largest gas reserves.

Iran state television quoted Mr. Khamenei as saying on Monday: "Iran and Russia can establish the structure for an organization of gas cooperation like OPEC, as half of the world's gas reserves are in Russia and Iran."

Earlier this week, Qatari Oil Minister Hamad al-Attiya said on television that he thought it would be difficult to form a gas producers' organization, but didn't rule it out. He pointed out that most gas-supply contracts are typically long term because of LNG'S up-front production costs, extending more than 20 years. That would undercut any concerted effort to make short-term adjustments to production or otherwise influence prices.

In Uproar, Chirac Again Retracts Remarks On Nuclear Iran (NYT)

By Katrin Bennhold

The New York Times, February 2, 2007

PARIS, Feb. 1 — President Jacques Chirac, seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power.

The statement was issued within hours of the publication of an interview in which Mr. Chirac said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran.

The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The remarks, made in an interview on Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a weekly magazine, differed vastly from stated French policy and from what Mr. Chirac has often said.

On Tuesday, Mr. Chirac summoned the same journalists back to Élysée Palace to retract many of his remarks.

"France, along with the international community, cannot accept the prospect of a nuclear-armed Iran," said a statement from his office issued on Thursday. "The Iranian nuclear program is opaque and therefore dangerous for the region in terms of proliferation and an arms race."

Along with Britain and Germany, France has been spearheading diplomatic efforts to persuade Iran to abandon parts of its nuclear program. In December, it joined the United States and other countries in passing a United Nations Security Council resolution calling for sanctions on Iran for its refusal to stop enriching uranium.

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Despite the statement on Thursday from Élysée Palace, Le Monde called Mr. Chirac's remarks on Iran a "radical turnaround that comes at a bad moment" and argued that they also risked diminishing France's credibility on the international stage.

"When the international community will reconvene in New York and again threaten Iran, people will question how credible the French position is," the newspaper said in an editorial.

Several of France's main allies in the negotiations with Iran said Thursday, at least officially, that they were reassured by the president's swift self-correction.

Reacting to the notion that a nuclear-armed Iran would not be highly dangerous, the British foreign secretary, Margaret Beckett, said, "It is not a sentiment I share, and from what I understand, the French president doesn't share it anymore, either."

A German diplomat said he was confident that French policy on Iran was unchanged, while the State Department said it was satisfied that this was the case.

Less than three months before Mr. Chirac's second term runs out, some French diplomats said privately that they were concerned that he could make unilateral diplomatic overtures to Tehran in an effort to strengthen his legacy.

Mr. Chirac recently irritated other Western leaders when he made plans to send his foreign minister to Iran to try to help resolve the crisis in Lebanon. The venture collapsed after Saudi Arabia and Egypt opposed the trip and members of his own government said it would fail.

Mr. Chirac's comments also made waves in the French presidential campaign.

The team of Nicolas Sarkozy, the interior minister and candidate for Mr. Chirac's center-right party, the UMP, was careful not to attack the president directly. Mr. Sarkozy is also one of Mr. Chirac's main rivals.

"The position of Nicolas Sarkozy is that Iran should not have access to nuclear weapons," said Pierre Lellouche, Mr. Sarkozy's foreign policy and defense adviser. "I'm not going to comment on what Mr. Chirac said; he is still the head of state."

By contrast, the opposition Socialist Party was happy to enter the fray, not least because its candidate, Ségolène Royal, was recently criticized over her stance on Iran. She had suggested that Iran should not even be given access to civilian nuclear energy.

"It is incomprehensible that a senior French politician could speak as if Iran already had a nuclear bomb," said Jack Lang, Ms. Royal's foreign policy adviser.

François Hollande, the Socialist Party leader and Ms. Royal's partner, struck a slightly different tone. "I understand that Jacques Chirac is retracting his words," Mr. Hollande was quoted as saying in Le Monde.

Chirac Assertions On Iran Force Retraction (WT/AP)

By Jamey Keaten

The Washington Times, February 2, 2007

PARIS -- Did French President Jacques Chirac misspeak? Is he, at age 74 and in the waning months of his second and likely last term, losing his political touch, even his mental vigor? Or did he simply voice a fear that a nuclear-armed Iran may be a foregone conclusion?

An astounded world asked those questions after the French leader asserted it would not be "very dangerous" if Iran had one or two nuclear weapons, and that its capital, Tehran, would be "razed" if it used them on Israel -- assertions that forced Mr. Chirac into an embarrassing retraction.

Mr. Chirac, who was hospitalized for a week in 2005 for a suspected minor stroke, appeared distracted at times, grasping for names and dates, during an interview Monday, according to the International Herald Tribune, the New York Times and a French magazine, Le Nouvel Observateur.

The newspapers said his hands shook slightly and that he read from prepared, large-print notes when discussing climate change, the interview's planned main focus.

Mr. Chirac's office switched to damage control yesterday, as foreign governments asked for official clarification, opposition politicians howled in protest and experts speculated he was either joking, being brutally honest, irresponsible or simply speaking off the cuff.

The president called reporters back a day after the interview to try to have his quotes retracted. The three publications said the interview was tape-recorded and on the record.

"Sometimes one can drift off, when one believes there are no consequences. ... I honestly believed that the questions aside from the environment were off the record," Mr. Chirac said in the second interview.

On Monday, Mr. Chirac said of Iran and its nuclear program: "I would say that what is dangerous about this situation is not the fact of having a nuclear bomb. Having one or perhaps a second bomb a little later, well, that's not very dangerous."

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Rather, Mr. Chirac said, the danger lies in the chances of proliferation or an arms race in the Middle East, should Iran build a nuclear bomb.

"Where will [Iran] drop it, this bomb? On Israel?" Mr. Chirac asked. "It would not have gone 200 meters into the atmosphere before Tehran would be razed."

Mr. Chirac reversed course in the second interview.

"I retract it, of course, when I said, 'One is going to raze Tehran.' It was of course a manner of speaking in my mind. I don't imagine that we could raze Tehran," he said.

Yesterday, his office released a statement saying France, "along with the international community, cannot accept the prospect of an Iran equipped with a nuclear weapon."

Leading candidates to replace Mr. Chirac in presidential elections in April and May quickly sought to distance themselves from the president.

Bombing In Paris (WSJ)

The Wall Street Journal, February 2, 2007

Barring a surprise, Jacques Chirac's 45-year run in politics is likely to end later this year when the French elect a new leader. They're certainly going to miss him in Tehran.

The French president gave a fitting valedictory in an interview published yesterday in the New York Times, International Herald Tribune and Le Nouvel Observateur. Speaking Monday, Mr. Chirac reversed years of public rhetoric by proclaiming himself indifferent to a nuclear-armed Iran. "Having one [atomic bomb], maybe a second one a little later, well, that's not very dangerous," Mr. Chirac said. "Where will [Iran] drop it, this bomb? On Israel? It would not have gone 200 meters into the atmosphere before Tehran would be razed to the ground."

His aides quickly realized their man had committed the gaffe of saying what everyone thought he really believed, and so left out those passages from an official interview transcript. The journalists also got a return call from the president on Tuesday, in which he noted that "I should have paid better attention to what I was saying and understood that perhaps I was on the record."

We can guess they needed no such clarification in Tehran. On or off the record, Mr. Chirac was merely confirming what the mullahs have long believed, which is that the Europeans simply aren't serious about preventing them from going nuclear.

Monsieur le president's version of mutual assured nuclear destruction could also stand some parsing. He seems to think that Tehran would never launch an attack for fear it would be annihilated in return. But assuming Israel were destroyed first, what other country would risk a counterattack itself by nuking millions of Iranian civilians to avenge Israel? France? The same country that wouldn't even let U.S. jets fly over its territory to drop a few conventional bombs on Libya? We doubt many Israelis will share Mr. Chirac's faith in nuclear deterrence against Islamists who prize martyrdom.

Mr. Chirac won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse.

Between State And Revolution (WSJ)

By Amir Taheri

The Wall Street Journal, February 2, 2007

"Mizanan, ya na?" (Will they hit or not?) In Tehran these days, this question is the talk of the town. The "they" is seldom spelled out. Yet everyone knows that it refers to the United States.

The question is wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite. Many in Tehran expect the Security Council to decree even tougher sanctions in March when the ultimatum for the Islamic Republic to halt its uranium enrichment program will end.

The Khomeinist leadership is divided over the reality of the threat, and over ways of dealing with it. President Mahmoud Ahmadinejad claims that the U.S. is in no position to do much damage, and counts on the new Democratic majority in Washington -- he calls them "the wise people" -- to restrain George W. Bush.

The bulk of the Khomeinist leadership, including the "Supreme Guide" Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic. The American naval build-up in the Persian Gulf, the new U.S. offensive against Iran's agents and armed clients in Iraq, Tehran's failure to seize power in Beirut through its Hezbollah proxy, and plummeting oil prices are all cited by Ayatollah Khamenei's entourage as reasons why a climb-down might be necessary.

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Sometime in the next few weeks, Iran is likely to offer a "compromise formula" under which it would suspend its enrichment program, as demanded by the Security Council, in exchange for a suspension of sanctions. This will be accompanied by noises from Tehran about readiness to help the U.S. in Iraq, plus possible concessions in Lebanon and over the Palestine-Israel issue.

The expected climb-down is sure to bring back the Baker-Hamilton "realists" with fresh calls for offering the mullahs a seat at the high table. It would also prompt the guilt-ridden "idealists," who blame the U.S. for whatever goes wrong in the world, to urge "Bush the warmonger" to engage the Islamic Republic in a constructive dialogue, whatever that might mean. The French and the Russians would applaud the mullahs and urge the Americans to be "reasonable."

So, what should the Bush administration do when, and if, the mullahs unveil their compromise formula? First is to see the mullahs' move as deja vu all over again. Each time the mullahs are in trouble they become the essence of sweet reasonableness. They deploy their traditional tactics of taqiyah (obfuscation), kitman (dissimulation) and ehtiat (caution) to confuse the "infidels" and divide their ranks. The Iranian leadership did this in the early days of the Khomeinist revolution in 1979 by persuading the clueless Jimmy Carter that the ayatollah was the only force capable of preventing Iran from falling into communist hands. In 1984 and '85, they seduced the Reagan administration with an offer of releasing the American hostages in Beirut in exchange for the secret U.S. arms deliveries Iran needed to stop the Iraqi advance. In 1987 they stopped their attacks on Kuwaiti oil tankers in the Persian Gulf after an American task force sunk the Revolutionary Guard's navy in a 10-hour battle.

In 1988, fear of an even bigger U.S. military attack persuaded Ayatollah Khomeini to "drink the cup of poison" by agreeing to end his eight-year war with Iraq. In 1998, the mullahs offered a "grand bargain" to the Clinton administration as a means of averting U.S. retaliation for the Iranian-sponsored killing of 19 American soldiers in an attack in Khobar, Saudi Arabia.

The second point to bear in mind is that a suspension of uranium enrichment will cost the Islamic Republic nothing. Iran does not have any nuclear power plants, and thus does not need enriched uranium anyway. Even if the country does not have secret parallel nuclear facilities, it could always resume weapons-making activities once it is no longer under pressure.

Successive U.S. administrations have assumed that the problem with the Khomeinist regime lies in its behavior, which they hoped to modify through traditional carrot-and-stick diplomacy. The problem with the regime, however, is its nature, its totalitarian ambitions and messianic claims. Being an enemy of the U.S., indeed of all democracies, is in its political DNA. A scorpion stings because it is programmed by nature to do so. A regime that is the enemy of its own people cannot be a friend of others.

The threat that Khomeinism poses to stability in the Middle East and, beyond it, to international peace, will not be removed until Iran once again becomes a normal nation-state with the interests and ambitions of normal nation-states.

For more than a quarter of a century, Iran has suffered from an affliction faced by most countries that experience revolution. The conflict between state and revolution makes the development and practice of moderate domestic and foreign policies difficult, if not impossible. Leading a revolution is like riding a bicycle: One keeps going for as long as one continues to pedal, regardless of the destination. To stop pedaling means to fall.

As a nation-state, Iran may be a rival and competitor for other nations. But it would not be an existential threat. As a revolution, however, Iran can, indeed must, be such a threat not only to its neighbors but also to a world that it regards as "the handiwork of Jews and Crusaders."

The Khomeinist revolution has not succeeded in destroying the plurimillennial idea of Iran as a nation-state. But each time the Khomeinist revolution found itself on the defensive, the Western powers, including the U.S., helped it restore its legitimacy and regain its breath. The same illusions that produced the détente, which arguably prolonged the life of the Soviet Union, have also helped the Khomeinist revolution survive long after its sell-by date.

Today, Iran is once again facing the schizophrenia imposed on it through the conflict between state and revolution. A majority of Iranians, including many in the ruling elite, wish Iran to re-emerge as a nation-state.

The U.S. has no interest in helping the Khomeinist revolution escape the consequences of its misdeeds. This does not mean that there should be no diplomatic contact with Tehran or that pressure should be exerted for the sake of it. Nor does it mean that military action, "to hit or not to hit," is the only question worth pondering with regard to the Islamic Republic.

No one should be duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior. What is needed is a change in the nature of the regime. The chances of setting such change in motion have never been as good, and the current showdown should be used to communicate a clear message: As a nation-state, Iran can and will be a friend. As a revolution, it would always remain a foe.

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

The Oil-Addicted Ayatollahs (NYT)

By Thomas L. Friedman

The New York Times, February 2, 2007

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MOSCOW

There may be only one thing dumber than getting addicted to consuming oil as a country — and that is getting addicted to selling it. Because getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union — it overdosed on oil — and it could end up being the real story of Iran, if we're smart.

It is hard to come to Moscow and not notice what the last five years of high oil prices have done for middle-class consumption here. Five years ago, it took me 35 minutes to drive from the Kremlin to Moscow's airport. On Monday, it took me two and half hours. There was one long traffic jam from central Moscow to the airport, because a city built for 30,000 cars, which 10 years ago had 300,000 cars, today has three million cars and a ring of new suburbs.

How Russia deals with its oil and gas windfall is going to be a huge issue. But today I'd like to focus on how the Soviet Union was killed, in part, by its addiction to oil, and on how we might get leverage with Iran, based on its own addiction.

Economists have long studied this phenomenon, but I got focused on it here in Moscow after chatting with Vladimir Mau, the president of Russia's Academy of National Economy. I mentioned to him that surely the Soviet Union died because oil fell to $10 a barrel shortly after Mikhail Gorbachev took office, not because of anything Ronald Reagan did. Actually, Professor Mau said, it was "high oil prices" that killed the Soviet Union. The sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad — and then the collapse in prices in the '80s helped bring down the overextended empire.

Here's the story: The inefficient Soviet economy survived in its early decades, Professor Mau explained, thanks to cheap agriculture, from peasants forced into collective farms, and cheap prison labor, used to erect state industries. Beginning in the 1960s, however, even these cheap inputs weren't enough, and the Kremlin had to start importing, rather than exporting, grain. Things could have come unstuck then. But the 1973 Arab oil embargo and the sharp upsurge in oil prices — Russia was the world's second-largest producer after Saudi Arabia — gave the Soviet Union a 15-year lease on life from a third source of cheap resources: "oil and gas," Professor Mau said.

The oil windfall gave the Brezhnev government "money to buy the support of different interest groups, like the agrarians, import some goods and buy off the military-industrial complex," Professor Mau said. "The share of oil in total exports went from 10-to-15 percent to 40 percent." This made the Soviet Union only more sclerotic. "The more oil you have, the less policy you need," he noted.

In the 1970s, Russia exported oil and gas and "used this money to import food, consumer goods and machines for extracting oil and gas," Professor Mau said. By the early 1980s, though, oil prices had started to sink — thanks in part to conservation efforts by the U.S. "One alternative for the Soviets was to decrease consumption, but the Kremlin couldn't do that — it had been buying off all these constituencies," Professor Mau explained. So "it started borrowing from abroad, using the money mostly for consumption and subsidies, to maintain popularity and stability." Oil prices and production kept falling as Mr. Gorbachev tried reforming communism, but by then it was too late.

The parallel with Iran, Professor Mau said, is that the shah used Iran's oil windfall after 1973 to push major modernization onto a still traditional Iranian society. The social backlash produced the ayatollahs of 1979. The ayatollahs used Iran's oil windfall to lock themselves into power.

In 2005, Bloomberg.com reported, Iran's government earned $44.6 billion from oil and spent $25 billion on subsidies — for housing, jobs, food and 34-cents-a-gallon gasoline — to buy off interest groups. Iran's current populist president has further increased the goods and services being subsidized.

So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends. "Just look at the history of the Soviet Union," Professor Mau said.

In short, the best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours.

Afghans Urge Legal Amnesty For Those Involved In Wars (NYT)

By Carlotta Gall

The New York Times, February 2, 2007

KABUL, Afghanistan, Feb. 1 — Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the government to grant immunity to all Afghans involved in the wars of the last 25 years.

The move brought protests on Thursday from human rights advocates and the United Nations mission in Afghanistan, who had been working with the government on a plan to address the many abuses over the last three decades.

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Lawmakers said the resolution was passed in the interest of peace and stability and was intended to include even the fugitive Taliban leader, Mullah Muhammad Omar, and the renegade mujahedeen leader Gulbuddin Hekmatyar.

It was approved just days after President Hamid Karzai began work on the government's reconciliation plan. He said he was ready to hold talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban, who were ousted from power in late 2001.

The lower house of Parliament, which includes many former militants and mujahedeen commanders and a handful of former members of the Taliban government and the earlier Communist leadership, passed the 12-point resolution, called the Peace and Reconciliation Charter, by a show of hands on Wednesday.

The resolution had been proposed by a group of former mujahedeen leaders and Nur ul-Hag Ulumi, a former Communist general who served during the Soviet occupation. A small number of liberal and democratic legislators left the chamber in protest before the vote.

The resolution is not a law. It was not scheduled to proceed to the upper house of Parliament or to the president. But it is a public expression of the views of those who advocate one approach to reconciliation as Afghanistan continues to grapple with an insurgency in the south and east, legislators said.

"The main point of this scheme is how long should we fight and how long would we have violence?" Mr. Ulumi said. Despite the language about immunity, he said the resolution was not intended to advocate pardoning criminals. "This is just an invitation for peace," he said.

The measure says that those who took up arms in the past should be free from prosecution and that those who had fought the current government should be allowed to join the reconciliation process if they accept the Constitution and the laws of the land.

The resolution also denounced recent comments by the New York-based Human Rights Watch. The group, which is based in New York, named several members of Parliament who it said had been implicated in war crimes and rights abuses.

The United Nations Assistance Mission in Afghanistan, which has a mandate to monitor human rights issues, quickly issued a statement questioning the impartiality of a resolution passed by political and factional leaders.

"For any process of national reconciliation to succeed, the suffering of victims must be acknowledged and impunity tackled," the statement said. "No one has the right to forgive those responsible for human rights violations other than the victims themselves." It said it wanted to ensure that "the rights of victims remain at the heart of this debate."

Human Rights Watch has called for the Afghan government to honor promises it made a year ago to develop a five-year Action Plan for Peace, Reconciliation and Justice, a process that Mr. Karzai officially initiated last month.

The parliamentary resolution, which was passed soon after the assembly returned from its winter break, may have been a reaction to Mr. Karzai's move. Several of the most powerful militant leaders who now hold seats in Parliament have been blamed for causing civilian suffering during the civil war of the 1990s. Members of the Communist governments, ousted in 1989, have been blamed for disappearances and torture in prisons, and indiscriminate bombing of rural areas. Members of the Taliban rule have been accused of killings and forcing many people from their homes.

"After three decades of suffering abuses, Afghans have repeatedly called for accountability for those responsible for serious human rights abuses, whether Communists, warlords, or the Taliban," Sam Zarifi, Asia research director at Human Rights Watch, said in a statement this week. "There can be no sustainable peace and security in Afghanistan without respect for the rule of law."

U.S. Donates Vehicles, Arms To Afghan Army (AP)

By Rahim Faiez

AP, February 2, 2007

The United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents.

The donation of 800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back.

"These modern technologies are a step toward the vision of the Afghan National Army: a well equipped, well-trained, well-led, self-sustaining army," U.S. Maj. Gen. Robert Durbin, who heads the training of the new force, said at a handover ceremony on a sprawling military base near the capital, Kabul.

More than 200 freshly painted Humvees, trucks and other armored vehicles were on display alongside samples of the light and heavy weapons handed over. There were also socks, underwear and gloves for the Afghan soldiers.

The donation comes ahead of the arrival of spring, when Taliban militants and other insurgents are expected to resume attacks on Afghan and foreign troops to undermine President Hamid Karzai's U.S.-backed government.

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It also follows last week's announcement by U.S. officials that President Bush will ask Congress for an extra $10.6 billion to help Afghanistan strengthen its security forces and rebuild following years of war.

The money would be in addition to $14.2 billion in aid the United States has already given Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

Karzai, attending Thursday's ceremony, thanked the U.S. officials and said that such donations and further training would enable Afghans "to stand on our own feet."

The United States and other Western nations hope Afghan security forces will eventually be strong enough to allow them to withdraw thousands of foreign troops currently providing security.

The Afghan army is currently 40,000 strong and U.S. commanders say it is playing an increasingly important role in countering militants, often in joint operations with foreign troops.

However, officials expect it to reach its planned full strength of 70,000 only by the end of 2008 — at least two years behind an earlier target.

Last year, insurgents launched a record number of attacks in Afghanistan, and some 4,000 people, most of them militants, died in the violence. Fighting traditionally surges in the spring when warmer weather melts snow from mountain passes and makes it easier for militants to move around.

An Afghan's Path From Ally Of U.S. To Drug Suspect (NYT)

By James Risen

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — In April 2005, federal law enforcement officials summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch — the Asian counterpart of the Colombian cocaine legend Pablo Escobar — the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York.

Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging.

Soon after the invasion of Afghanistan in 2001, Mr. Noorzai agreed to cooperate with American officials, who hoped he could lead them to hidden Taliban weapons and leaders, according to current and former government officials and Mr. Noorzai's American lawyer. The relationship soured, but American officials tried to renew it in 2004. A year later, Mr. Noorzai was secretly indicted and lured to New York, where he was arrested after nearly two weeks of talks with law enforcement and counterterrorism officials in a hotel.

In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs.

The government's shifting views of Mr. Noorzai — from sought-after ally to notorious global criminal — parallels its evolving perspective on Afghanistan's heroin trade.

In the first years after the United States invasion in late 2001, military and intelligence officials mostly chose to ignore opium production and instead dealt freely with warlords, including drug traffickers who promised information about members of the Taliban and Al Qaeda or offered security in the chaotic countryside. But in more recent years, as poppy production has soared and financed a revived Taliban insurgency that is threatening the country's stability, the Americans have begun to take some more aggressive steps.

"In Afghanistan, finding terrorists has always trumped chasing drug traffickers," said Bobby Charles, the former top counternarcotics official at the State Department.

He and other officials acknowledge that the United States initially may have had little choice other than to turn to tribal leaders with murky motives for help in bringing order to an essentially lawless society. But Mr. Charles pushed for the Bush administration to recognize suspected drug lords like Mr. Noorzai as a long-term security issue. "If we do not now take a hard second look at counternarcotics," he said, "we will not get a third look."

Administration officials say that they are working to develop a more effective drug strategy in Afghanistan, which now accounts for 82 percent of the world's opium cultivation, according to a United Nations report last September. That could include broader eradication programs, alternative crop development and cracking down on drug lords, but any such efforts are complicated by fears that they could increase instability.

Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command.

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Mr. Noorzai, who has been held in a New York jail for nearly two years, has pleaded not guilty to charges that he smuggled heroin into New York and denies any involvement in drug trafficking. His New York lawyer, Ivan Fisher, argues that the arrest hurt the government's ability to gain information about the escalating Taliban insurgency.

"Haji Bashir has been making efforts to reach working agreements with the Americans in Afghanistan since the 1990s," Mr. Fisher said.

Several intelligence, counterterrorism and law enforcement officials confirm that American officials met repeatedly with Mr. Noorzai over the years. Because they provided few details about the substance of the talks, it is difficult to determine how useful Mr. Noorzai's cooperation proved to be. He was not paid for his information, and the relationship was considered more informal, the officials said.

At times, there was confusion within the government about what to do with Mr. Noorzai. In 2002, while he was talking to the American officials in Afghanistan, a team at C.I.A. headquarters assigned to identify targets to capture or kill in Afghanistan wanted to put him on its list, one former intelligence official said. Like others, he would only speak on condition of anonymity because such discussions were classified.

The C.I.A. team was blocked, the former official recalled. Although he never received an explanation, the former official said that the Defense Department officials and American military commanders viewed counternarcotics efforts in Afghanistan at the time as a form of "mission creep" that would distract from the fight against terrorism.

Mr. Noorzai, a wealthy tribal leader in his mid-40s who lived with three wives and 13 children in Quetta, Pakistan, and also owns homes in Afghanistan and the United Arab Emirates, is from the same region that helped produce the Taliban. A native of Kandahar Province, he was a mujahedeen commander fighting the Soviet occupation of Afghanistan in the 1980s. In 1990, according to his lawyer, he agreed to help track down Stinger missiles provided to the Afghan resistance by the C.I.A.; agency officials were worried about their possible use by terrorists.

D.E.A. officials say that at the same time, Mr. Noorzai was a major figure in the Afghan drug trade, controlling poppy fields that supplied a significant share of the world's heroin. He was also an early financial backer of the Taliban. Agency officials say he provided demolition materials, weapons and manpower in exchange for protection for his opium crops, heroin labs, smuggling routes and followers.

Mr. Noorzai was in Quetta when the Sept. 11 attacks occurred, and he returned soon after to Afghanistan, according to his lawyer. In November 2001, he met with men he described as American military officials at Spinboldak, near the Afghan-Pakistani border, Mr. Fisher said. Small teams of United States Special Forces and intelligence officers were in Afghanistan at the time, seeking the support of tribal leaders.

Mr. Noorzai was taken to Kandahar, where he was detained and questioned for six days by the Americans about Taliban officials and operations, his lawyer said. He agreed to work with them and was freed, and in late January 2002 he handed over 15 truckloads of weapons, including about 400 antiaircraft missiles, that had been hidden by the Taliban in his tribe's territory, Mr. Fisher said.

Mr. Noorzai also offered to act as an intermediary between Taliban leaders and the Americans, his lawyer said. Mr. Noorzai said he helped persuade the Taliban's former foreign minister, Wakil Ahmad Mutawakil — the son of the mullah in Mr. Noorzai's hometown — to meet with the Americans. In February 2002, the Taliban official surrendered after what press accounts described as extensive negotiations and was sent to the prison at Guantánamo Bay, Cuba. He was freed in 2005.

Mr. Noorzai also persuaded a local tribal figure, Haji Birqet, to return to Afghanistan from Pakistan, the lawyer said. But he said the Americans, falsely warned that Mr. Birqet and Mr. Noorzai were plotting to attack United States forces, killed Mr. Birqet and wounded several family members in a raid on his compound.

Saying that his credibility had been hurt by the imprisonment of Mr. Mutawakil and that he was angered by the attack on Mr. Birqet, Mr. Noorzai broke off contact with the Americans and fled to his home in Pakistan, according to Mr. Fisher.

The government officials could not confirm whether Mr. Noorzai had in fact played a role in those negotiations. There may be another explanation for his exile, however. In May 2002, one of his tribal commanders was killed in an American raid along a drug-smuggling route that the Americans suspected was used to help the Taliban, and Mr. Noorzai may have feared for his own safety.

Nearly two years later, in January 2004, Mr. Charles, the State Department official, proposed placing him on President Bush's list of foreign narcotics kingpins, for the most wanted drug lords around the world.

At that time, Mr. Charles recalled in an interview, no Afghan heroin traffickers were on the list, which he thought was a glaring omission. He suggested three names, including Mr. Noorzai's, but said his recommendation was met with an awkward silence during an interagency meeting. He said there was resistance to placing Afghans on the list because countering the drug

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trade there was not an administration priority. Mr. Charles persisted, and in June 2004, Mr. Noorzai became the first Afghan on the list.

Two months later, a team of American contractors working for the Federal Bureau of Investigation contacted Mr. Noorzai and arranged a series of meetings with him in Pakistan and Dubai, according to several government officials and Mr. Noorzai's lawyer. They wanted to win his cooperation and learn about Al Qaeda's financial network and perhaps the whereabouts of the former Taliban leader Mullah Muhammad Omar. The Americans met with Mr. Noorzai, but the talks fizzled because F.B.I. agents who were supposed to join them were unable to do so, one official said.

In 2005, the contractors, by then working for the D.E.A., reconnected with Mr. Noorzai and once again met with him in Dubai.

This time, however, the objective had changed. Mr. Noorzai had secretly been indicted by a federal grand jury in New York on drug smuggling charges in January 2005. Now the contractors needed to persuade Mr. Noorzai to come to the United States.

Mr. Fisher said the Americans were particularly interested in gaining Mr. Noorzai's help in tracking the flow of money to the Taliban and Al Qaeda. They were seeking information about Mullah Omar and other Taliban figures. The Americans asked Mr. Noorzai to come to the United States to meet with their superiors, he added.

Mr. Noorzai's lawyer said his client agreed to make the trip only after receiving assurances that he would not be arrested. Mr. Fisher also says that he has obtained transcripts from tape recordings made by the government at the sessions.

Mr. Noorzai flew to New York in April 2005 and was taken to an Embassy Suites hotel, where he was questioned for 13 days before being arrested, his lawyer said.

Mr. Noorzai has been charged with conspiring to import more than $50 million worth of heroin from Afghanistan and Pakistan into the United States and other countries. The indictment says that he imported heroin to New York in the late 1990s and that unnamed co-conspirators also did so in 2001 and 2002.

U.S. Reconfigures The Way Casualty Totals Are Given (NYT)

By Denise Grady

The New York Times, February 2, 2007

Statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan.

Dr. Michael Kilpatrick, deputy director of force health protection and readiness at the Defense Department, said the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were.

The old method lumped many problems under the label "casualties," including illnesses, minor injuries and injuries from accidents, as well as wounds sustained in combat. But the public may assume that every casualty is a war wound, Dr. Kilpatrick said, so the site was changed to avoid misunderstandings.

On Monday, the bottom line of the Defense Department's Web page on casualties in Iraq listed a total of 47,657 "nonmortal casualties."

By Tuesday, the same page no longer showed a total for nonmortal casualties. The bottom line is now "total — medical air transported," and the figure is 31,493.

The new total excludes 16,164 troops who were wounded but did not require medical air transport because their injuries were minor. The total does include combat wounds, nonhostile injuries and diseases serious enough for medical transport.

Half the nonhostile injuries are from vehicle accidents, and a third are sports injuries from activities like basketball, Dr. Kilpatrick said. About 50 disease categories — including mental problems and gastrointestinal illnesses — have led to medical evacuations. Dr. Kilpatrick said that 85 percent of those who were flown out for medical reasons eventually returned to duty.

"It may be a few weeks, or it may be a year or more," he said.

Concern at the Pentagon about public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 "nonmortal woundings" in Iraq and Afghanistan. That number came from a Web page posted by public affairs employees at the Department of Veterans Affairs.

But officials from both agencies said that figure had been posted by mistake, lumping combat and noncombat injuries as well as illnesses and labeling them all "woundings" instead of casualties.

"If public affairs people at the V.A. misunderstood, we thought the public would misunderstand it, too," Dr. Kilpatrick said.

Both Web sites were changed.

Paul Sullivan, director of research and analysis of Veterans for America, said the changes actually meant the Pentagon was trying to conceal the rising toll of injuries and illness.

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Mr. Sullivan, formerly a project manager at the Department of Veterans Affairs, also said that the department was not prepared to provide the health care that returning veterans would need for mental and physical disabilities.

DOJ:

US Admits Misconduct In Mob Slaying Case (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, February 2, 2007

Says prosecutor was disciplined

An internal Justice Department investigation concluded that a federal prosecutor in Boston "engaged in professional misconduct and exercised poor judgment" while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday.

In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that "disciplinary action" had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone .

Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying.

Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases.

In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was "preparing a more detailed response" to an earlier letter from Wolf.

Auerhahn did not return calls from the Globe yesterday seeking comment.

Samantha Martin , a spokeswoman for US Attorney Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, "We are prohibited from commenting on any internal personnel matters beyond what is available in the public record."

Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate.

"How are they going to give Patsy Barone back the 10 years he served on a clearly unconstitutional conviction?" Grossberg asked. "Did they find [Auerhahn's] conduct was deliberate? In order for there to be some closure, if at all, you have to know what the disciplinary action was."

Barone pleaded guilty to manslaughter in state court for the 1985 North End slaying of his friend Vincent "Jimmy" Limoli and was sentenced to five years. But the government's allegation that the slaying was carried out at the behest of the Mafia -- and Ferrara, in particular -- led to Barone's 1993 federal conviction of murder in aid of racketeering. He was sentenced to life in prison.

Just as Ferrara and four reputed mobsters, including New England Mafia boss Raymond "Junior" Patriarca, were ready to go to trial on federal racketeering charges in 1992, they agreed to plead guilty to various charges under deals that spared them even longer sentences. As part of his plea, Ferrara admitted that he had ordered Limoli's slaying, yet he later insisted he was innocent of that charge. He was sentenced to 22 years in prison.

In 2003 Wolf found that Auerhahn had improperly and possibly illegally withheld key evidence from defense lawyers by failing to disclose that a witness had recanted his claim that Ferrara ordered Limoli's murder. The judge concluded that the convictions were tainted and cut the sentences of both men, leading to Barone's release in 2003 and Ferrara's release two years later.

A federal appeals court affirmed Wolf's findings last year, calling Auerhahn's conduct "outrageous."

In a highly critical letter to Attorney General Alberto R. Gonzales in December, Wolf said he had been assured by Sullivan in 2003 that the Justice Department would investigate Auerhahn's alleged misconduct and yet had heard nothing of the outcome of the probe.

"The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts," Wolf wrote.

In his response, Margolis wrote, "The attorney general shares your interest in the fair and impartial administration of justice, and in maintaining the tradition of integrity at the Department of Justice."

Top Fed Heads To Duty In D.C. (WT&G)

By Lee Hammel, TELEGRAM & GAZETTE STAFF

Worcester (MA) Telegram & Gazette, February 2, 2007

Casey expects one-year stint

WORCESTER— Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC.

Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members.

The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy.

The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here.

Mr. Casey said of his new assignment, "I'm honored that they asked me."

Son of a Swampscott police officer, Mr. Casey said, "I like to prosecute violent guys. I think there's a federal interest in keeping the community safe."

In part because of the employment of his father, who died in the early 1990s, he said, "I've always loved working with police departments."

That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe.

Mr. Casey is well-known to community activists who have agitated to get local violent criminals removed from the streets for longer periods of time. Mr. Casey prosecuted the Aghapour brothers, William and Nicholas, whose crimes were long the target of local activists.

He is proud of the sentences -— many of them in excess of 10 years — that the targets of his prosecutions, many from Fitchburg or Worcester, have received. Even if it's a type of case that traditionally has been handled by state rather than federal prosecutors, Mr. Casey said his attitude is, "If there's a significant violent history, let's do him."

"I was drawn to the more violent guys. I embrace those kinds of prosecutions," Mr. Casey said.

Mr. Casey, who worked in prosecutors' offices across the county, said the best part of his job is the relationships he has here. He mentioned the Worcester district attorney's office and the state police attached to it, the Worcester and Fitchburg police departments, and those in the offices of the Drug Enforcement Administration, Alcohol, Tobacco, Firearms and Explosives, and the FBI in this region.

Mr. Casey came to the Worcester office from the U.S. attorney's office in northern Illinois. Prior to that he was a deputy chief in the Illinois state attorney general's office and was a King County prosecutor from 1990 to 1995 in Seattle.

He received his law degree in 1990 from Boston University and a bachelor's degree from Wittenberg University in Springfield, Ohio, where he was captain of the varsity baseball team.

CORPORATE SCANDALS:

Senate Report Says S.E.C. Botched Hedge Fund Inquiry (NYT)

By Walt Bogdanich

The New York Times, February 2, 2007

The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday.

The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management.

The report did not cite examples of what testimony might have been false.

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The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations.

Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run.

"At best, the picture shows extraordinarily lax enforcement by the S.E.C.," Senate investigators concluded. "At worse, the picture is colored with overtones of a possible cover-up."

The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were "deeply troubled" by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly.

"The I.G. spoke only to Aguirre's supervisors, accepted everything they said at face value and reviewed only documents identified by those supervisors," the report concluded. "We believe the S.E.C. must take corrective and preventative action to ensure that future investigations, internal and external, do not follow the same path as the Pequot matter."

The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing.

The S.E.C. closed its inquiry without charging anyone in connection with the Pequot inquiry.

John J. Nester, a spokesman for the S.E.C., said in a statement that because the matter was under review by other federal entities, which he did not name, the commission would have no comment.

The report, which is based largely on Senate interviews with 19 crucial witnesses and thousands of pages of internal S.E.C. records, is a victory for Mr. Aguirre, who was fired in September 2005, just days after receiving a merit pay increase.

At a Senate hearing in December, senior S.E.C. officials sought to justify his firing, arguing that he had done a poor job running the Pequot investigation and that he had been difficult to get along with. The officials asserted that Mr. Aguirre had once issued flawed subpoenas and that he had been unprofessional in the way he conducted an interview with Pequot's founder, Arthur J. Samberg.

There was scant documentary evidence to back up those charges, the report concluded. "We have noted the considerable lack of contemporaneous documents corroborating the concerns they raised," it said.

S.E.C. officials said the flawed subpoenas had seriously undermined their confidence in Mr. Aguirre. But, the report noted, those officials "produced no documents to the committees suggesting that they viewed it that way at the time."

The same held true for the examination of Mr. Samberg. In fact, the report states, one longtime S.E.C. investigator told the committee that he planned to use Mr. Aguirre's examination "as a model for how to take testimony in his training of new S.E.C. attorneys."

The report called Mr. Aguirre "a smart, hardworking, aggressive attorney who was passionately dedicated to the Pequot investigation."

Mr. Aguirre testified that his troubles at the S.E.C. began when he asked for permission to examine John J. Mack, an influential Wall Street executive who was a close friend of Mr. Samberg. After initially supporting Mr. Aguirre's decision, senior S.E.C. officials abruptly changed course, the report notes.

"What is troubling is how this enthusiasm waned after public reports on June 23, 2005, that Morgan Stanley was considering hiring Mack as its new C.E.O.," the report concludes.

Mr. Aguirre was told that since he had no evidence linking Mr. Mack to suspected insider trading by Pequot, calling in Mr. Mack for an interview would not be justified.

"The purpose of taking investigative testimony is not to confront a witness with accusations of wrongdoing, as Aguirre's supervisors seem to believe," the report states. "Rather it is to gather information that helps confirm or rule out working theories."

Mr. Mack and Mr. Samberg have repeatedly denied any improper conduct.

Mr. Mack's testimony was eventually taken in August 2006, more than a year after Mr. Aguirre proposed doing so.

"We are concerned about the circumstances under which it was done," investigators said. "Mack's testimony was taken five days after the statute of limitations expired, and only a few months after we initiated our inquiry into this matter."

The report concludes that the S.E.C. finally interviewed Mr. Mack to deflect public criticism for not having done it earlier.

Dell's Woes Mount As Investors File Improper-Accounting Suit (WSJ)

By Don Clark, Christopher Lawton And John R. Wilke

The Wall Street Journal, February 2, 2007

SAN FRANCISCO -- Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip maker Intel Corp.

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The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as "secret and likely illegal" kickbacks by Intel to ensure that Dell use no other chip supplier.

In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors.

Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would "move quickly" to defend itself.

The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins.

Messrs. Dell and Rollins were among 16 individuals named in the suit. The company declined to make them available for comment.

Dell's accounting firm, PricewaterhouseCoopers LLP, also was named as a defendant. Company officials did not immediately return calls seeking comment. The suit seeks class-action status on behalf of purchasers of Dell stock between February 2003 and September 2006.

Dell has been struggling with problems that include stalled sales in its core U.S. and corporate markets and changing buying habits in the PC industry. In August, Dell also disclosed that the Securities and Exchange Commission had been informally investigating the company over its revenue-recognition practices, and said it launched its own investigation into its financial accounting.

By September, the company said the probe had expanded to unspecified issues "relating to accruals, reserves and other balance sheet items." Dell said it is working with its audit committee and independent auditors to determine whether it has to restate its prior results.

Dell also said it has been subpoenaed by the U.S. attorney for the Southern District of New York over its financial reporting. In November, Dell was forced to delay its fiscal third-quarter earnings due to the complexity surrounding the SEC investigation.

The company's stock, which traded in late 2005 at more than $40 a share, has fallen significantly since then. The shares fell 42 cents yesterday at 4 p.m. at $23.80 in 4 p.m. Nasdaq Stock Market trading.

Several suits seeking class-action status were filed in Austin after Dell disclosed the federal investigations of its accounting practices. The latest complaint adds allegations that focus on Dell's long-standing practice of buying microprocessor chips only from Intel, which ended last year when Dell finally emulated competitors and began also using AMD chips. Some of the charges echo those contained in AMD's 2005 antitrust suit, which also attacked rebates and subsidies paid by Intel to computer makers.

The complaint alleges that Dell received "e-Cap payments" -- standing for "exception to corporate average pricing" -- from Intel for not doing business with AMD. The approximately $1 billion a year that Dell received in such payments was spread out unevenly over the four quarters, money that would be applied to reduce the portion of Dell's expenses known as cost of goods sold, the complaint states.

Dell became very dependent upon these payments, which were made by Intel at or near the end of the Dell's quarters and had a "direct, material impact" on the computer maker's reported operating profits or profit margins, the complaint alleges.

Information about the rebates was limited to about 15 senior people at Dell, the complaint states. Intel insisted that Dell maintain secrecy about the program because it feared that if these payments became known, antitrust officials in various countries would likely take legal action against Intel, the complaint alleges.

Despite Dell's reputation as a stalwart Intel customer, the complaint asserts that Dell after 1999 each year secretly designed computers based on AMD chips. But those computers would be put on hold at varying stages of their developments, as Intel and Dell negotiated privately over terms of their relationship, the suit states.

Intel, whose business practices are being investigated by antitrust authorities in the European Union, has said its rebate programs and other tactics are fair and legal. Chuck Mulloy, an Intel spokesman, declined comment on the specific points raised in the investor complaint.

But he added: "We have conducted a preliminary review of the complaint. At first glance it appears that some of the allegations with respect to Intel appear to have been completely made up."

US Probes Siemens Bribery Scandal (FT)

By Richard Milne In Frankfurt

Financial Times, February 2, 2007

Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal.

The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report.

The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact.

Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers.

Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said.

The German conglomerate declined further comment.

The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations.

Siemens has repeatedly said that prosecutors view the company as a witness in the probe, not a suspect, and that it has been the victim of a rogue group of employees. Those Siemens employees detained and questioned allege that bribery was a normal business practice at Siemens, their lawyers say.

An informal inquiry by the SEC is the first step in a process that can lead to a formal investigation and civil penalties if the regulator believes they have found suspect information.

The two probes come as Siemens has taken a number of steps in an attempt to show it is taking the allegations seriously. It has Deloitte as a forensic accountant as well as taking on Michael Hershman, a former Watergate investigator, as an anti-corruption consultant.

Klaus Kleinfeld, Siemens' chief executive, told the FT in mid-December that the group's lawyers had been in weekly contact with the SEC with conversations on November 22, early December and then on December 6 and 13.

Prosecutors believe sham consulting contracts may have been used to divert money into slush funds that were then used to bribe officials in countries including Saudi Arabia and Nigeria to win telecoms contracts. Siemens says as much as €420m in payments in the last seven years are suspicious.

Long-Running AOL Trial Heads To Jury (WP)

By Carrie Johnson

The Washington Post, February 2, 2007

An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001.

The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday.

Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the "rocket docket" for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to "look away from the facts" but instead to remember "a lesson we all learned from the time we were children: Simply tell the truth."

Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said.

"These guys would rather cheat than fail," Assistant U.S. Attorney Adam Reeves told the jury Tuesday.

U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo.

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That means each of the defendants faces two charges: conspiracy and aiding and abetting PurchasePro's founder, Charles E. Johnson Jr., to commit securities fraud. They assert their innocence, but only Wakeford testified in his own defense and tried to distance himself from Johnson.

An outsized, colorful character accused of directing subordinates to forge documents and destroy computers, Johnson split from the case last fall after his lawyer resigned for reasons that remain secret. He will be retried later. The judge urged jurors this week to neither speculate about the reasons for Johnson's departure nor consider him in their efforts to reach a verdict.

That may be difficult if prosecutors have their way. Johnson's alleged misdeeds permeated their closing argument. They essentially sought to convict Johnson in absentia and to use him to tar the three remaining defendants, each of whom carefully avoided sitting at the empty table where Johnson once sat.

The defense teams strived to portray their clients as scapegoats in a government investigation that fell short of catching high-ranking former AOL executives who may have engineered accounting tricks and sham deals. AOL ultimately paid more than $500 million to resolve federal charges.

Mark J. Hulkower, a lawyer for Tuli, told jurors that "there has been a complete failure of proof" in the government case. He attacked government witnesses' memory and branded a key cooperator who is serving more than four years in prison as a pathological liar whose testimony could not be believed.

Terrance Reed, a lawyer for Benyo, stressed his client's unfamiliarity with PurchasePro's accounting practices and his low rank in the corporate hierarchy. Reed urged the jury to "set yourself and Mr. Benyo free" from a trial that had been expected to conclude before Christmas.

"Obviously things are running later than usual," the judge said late Tuesday as the clock ticked. "It wouldn't be this trial if that didn't happen."

Henry W. Asbill, a lawyer for Wakeford, told jurors that his client was "stuck in the middle" between overbearing bosses and trying clients. Asbill asserted that Wakeford did not have authority to enter into major deals and that he did not benefit financially from the PurchasePro transactions. His client, he argued, was left at the defense table because "the prosecution couldn't figure out a way to charge, much less convict, any AOL senior executives who had to be the real targets during this investigation."

Prosecutors tried to protect themselves from that argument by entreating the jury that blaming the boss is not a defense. "They could be bit players and still be guilty," Reeves told the jury.

CEO Whack-a-mole (LAT)

The Los Angeles Times, February 2, 2007

IN 1993, OUTRAGE OVER sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore.

The Clinton-era rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques.

As part of a bill to gradually raise the minimum wage from $5.15 to $7.25 an hour, the Finance Committee proposed an annual cap on the amount of surtax-free salary that employees could delay receiving until after they left a company. The cap would be $1 million, or the executive's average pay for the previous five years, whichever is lower. Anyone who exceeded the cap would face a sizable penalty: They'd have to pay income taxes and a 20% surtax on the deferred money even before they received it.

Deferred compensation has become an extremely popular benefit, with more than 900 of the 1,000 largest corporations reportedly using it. It typically helps high-paid executives save more for their retirements than their company's pension or 401(k) plans allow.

The issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock. When the 1993 law capped the deductible portion of salary at $1 million, companies diverted compensation into still-deductible forms such as bonuses, stock options, deferred payments and other performance-related packages that were harder to quantify and prone to abuse. (The ongoing options backdating scandal is Exhibit A.)

There's every reason to believe that the proposed cap on deferred compensation will lead to similar shenanigans, making it harder for shareholders and even corporate directors to tell what executives are being paid, let alone whether they're earning their keep. Rather than giving corporate accountants a reason to muddy the waters again, lawmakers should undo the damage

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caused in 1993 by lifting the cap on deductions for executive pay. This year, new Securities and Exchange Commission rules will force firms to release easy-to-understand summaries of what executives are being paid. That kind transparency should be the goal, not the casualty, of federal tax policy.

CRIMINAL LAW:

FBI Agent Shows Doubts For Libby's Story (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 2, 2007

WASHINGTON -- In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis "Scooter" Libby to be: not very.

Bond testified Thursday about interviewing Libby in 2003 about the leak of CIA operative Valerie Plame's identity and the 19-year FBI veteran refused to even use the word "said" to describe Libby's statements.

Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later.

"He said that?" defense attorney Theodore Wells asked.

"That's what he claimed," Bond replied.

"He said it," Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in.

"Did he say that?" Walton asked.

Bond didn't flinch: "He told us that, yes," she said.

Bond was the first Justice Department official to testify in the trial and is scheduled to return to the witness stand Monday.

The FBI spent three years investigating the leak of Plame's identity to the press. Nobody was charged with the leak but prosecutors say Libby obstructed the case by concocting a story he believed would shield him from prosecution.

Bond is one of the final witnesses in Special Prosecutor Patrick Fitzgerald's case. He plans to play more than eight hours of Libby's grand jury testimony in court Monday and part of Tuesday.

NBC News reporter Tim Russert, who Libby said told him that Plame worked at the CIA, is expected to testify Tuesday as Fitzgerald's final witness. Russert said Plame's identity did not come up in their conversation.

Fitzgerald is expected to rest his case as early as late Tuesday afternoon. Defense attorneys say they'll call Libby and Cheney to testify.

Libby Left Out Some Facts In Interviews, FBI Agent Says (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 2, 2007

One of the FBI agents who interviewed I. Lewis "Scooter" Libby during the CIA leak investigation testified yesterday that the vice president's then-chief of staff did not acknowledge disclosing the identity of undercover CIA officer Valerie Plame to reporters, asserting that he was surprised when another journalist later told him about her.

FBI agent Deborah S. Bond also testified that Libby said that, while he was preparing to be interviewed by investigators in the fall of 2003, he came across a handwritten note he had made during a phone conversation with Vice President Cheney. The note made it clear that, shortly before June 12, 2003, Cheney had told Libby that Plame worked at the CIA's counterproliferation division and was married to an outspoken critic of the Iraq war.

Libby's conversation with Cheney took place nearly a month before Libby telephoned Tim Russert, NBC's Washington bureau chief. According to Bond, Libby said that, during that call, Russert mentioned that "all the reporters" knew that former ambassador Joseph C. Wilson IV's wife worked at the CIA. Libby told the investigators that "it was as if it was the first time he heard it," Bond said.

Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information.

The version of events Libby related to the FBI conflicts with the accounts of several government officials and journalists who have already testified at the trial. Russert is scheduled to be the prosecution's final witness early next week.

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Libby is charged with lying to FBI agents and a grand jury in the investigation of the leak of Plame's name to the news media. He is not charged with the leak itself. Special Counsel Patrick J. Fitzgerald contends that the CIA officer's identity was disclosed as part of a White House campaign to discredit her husband.

In 2002, the CIA dispatched Wilson to Africa to investigate reports that Iraq had recently tried to buy material there for making nuclear weapons. In June 2003, shortly after the Iraq war began and days before his wife's identity was leaked, Wilson publicly accused President Bush of trying to justify the war by twisting the intelligence Wilson had brought home.

Libby has pleaded not guilty to all five felony counts. He and his attorneys contend that he misremembered the conversations he had with reporters about Plame amid the crush of his work on national security issues.

Yesterday, Bond told jurors that, during the FBI interviews, Libby did not mention several significant aspects of his interactions with journalists. He told investigators about a July 8, 2003, breakfast meeting with then-New York Times reporter Judith Miller, Bond said, but did not mention another meeting with Miller two weeks earlier.

Bond said Libby also did not say that he had sought information about Plame from government officials and discussed the matter with Miller and, soon after, with Matthew Cooper, then a reporter for Time magazine.

According to Bond, Libby told her that he did not recall discussing Wilson's wife with Miller. In Cooper's case, Bond testified, Libby said he had simply told Cooper that other reporters were saying that Wilson's wife worked at the CIA but that Libby did not know whether that was true.

Bond also said Libby "adamantly denied" that he had told then-White House press secretary Ari Fleischer about Plame. Fleischer testified earlier this week that Libby did reveal that information.

During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12.

Earlier yesterday, the judge presiding over the trial expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom, U.S. District Judge Reggie B. Walton said that argument was undercut by evidence that then-White House press secretary Scott McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame.

Walton allowed the prosecution to play small portions of videotapes of briefings from early October 2003, by McClellan, who had, by then, succeeded Fleischer as Bush's press secretary.

Libby had complained to Cheney that McClellan had, days earlier, cleared senior White House adviser Karl Rove but not Libby, according to witnesses and trial documents. Cheney then called the White House to urge McClellan to do the same for Libby, suggesting some phrases that Libby and Cheney had worked out together. According to one exhibit, Cheney scribbled on a note: "Has to happen today."

Jurors watched snippets of three McClellan briefings. In one, a few days before Libby's first FBI interview, McClellan was asked whether Libby or two other administration officials had leaked Plame's name. The videotape shows McClellan replying: "I spoke with them so I could come back and say to you, they were not involved."

Yesterday, Walton ruled that Libby's attorneys are not entitled to look at Miller's notebooks for evidence that she had spoken with sources other than Libby about Plame or Wilson.

F.B.I. Agent Says Libby Denied Being Leak Source (NYT)

By Neil A. Lewis

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — An F.B.I. agent told a jury Thursday that I. Lewis Libby Jr. “claimed” during formal interviews she conducted that he had not disclosed to two reporters the identity of Valerie Wilson, a Central Intelligence Agency operative.

The testimony from Deborah S. Bond of the Federal Bureau of Investigation came at the beginning of prosecution efforts to close the circle in its case against Mr. Libby, the former chief of staff to Vice President Dick Cheney. Mr. Libby is charged with lying to federal agents and to a grand jury investigating the leak of Ms. Wilson’s name.

By the time Ms. Bond took the stand Thursday afternoon, the jury had already heard from the two reporters — Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine. Ms. Miller testified that Mr. Libby had told her in detail about Ms. Wilson; Mr. Cooper said that Mr. Libby had been more terse, but that he had confirmed she worked at the C.I.A.

In flat, unemotional tones, Ms. Bond recounted two interviews that she and other agents conducted with Mr. Libby in the Old Executive Office Building in October and November of 2003. In them, Mr. Libby gave answers that directly conflicted with the reporters' accounts.

At the time, the Justice Department was in the early stages of its investigation into how Ms. Wilson's name was leaked to the press and whether the leak was part of an effort to retaliate against her husband, Joseph C. Wilson IV. Mr. Wilson had written an Op-Ed article published in The New York Times on July 6, 2003, asserting that the Bush administration had willfully distorted intelligence to justify invading Iraq.

"Mr. Libby said he had no recollection of discussing Joe Wilson's wife with Ms. Miller" at a July 8, 2003, meeting at a Washington hotel, Ms. Bond testified. In fact, she said, "Mr. Libby claimed he had no knowledge of Joe Wilson's wife during that time."

Ms. Bond, a 19-year veteran of the bureau, testified that Mr. Libby had "claimed" he told Mr. Cooper he heard about Ms. Wilson from other reporters.

In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson's criticisms.

The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters.

Patrick J. Fitzgerald, the chief prosecutor, who has said he probably will end his presentation by Tuesday, also tried to lay the groundwork to counter the bold argument put forward at the trial's beginning by Mr. Libby's defense team: that White House officials made him a scapegoat to protect Karl Rove, President Bush's chief political strategist.

On Thursday jurors also saw videotape from July 2003 showing Scott McClellan, then the White House press secretary, telling reporters that Mr. Libby had no involvement in the leak of Ms. Wilson's name. Mr. McClellan had initially declined to do so, but was ordered by Mr. Cheney to provide the same exculpatory comments he had given earlier for Mr. Rove.

In a discussion outside the presence of the jury, Mr. Fitzgerald said: "This rebuts the idea that Mr. Libby was thrown under the White House bus. The White House went out to clear him."

Judge Reggie M. Walton appeared to agree. "At this point there hasn't been any substantial evidence that was in play," Judge Walton said of the defense contention that Mr. Libby was a scapegoat.

The comments were made as both sides argued over to how much of Mr. McClellan's news conferences could be shown to the jury on videotape and how much needed to be read.

In the end, the jury was given what might have been a confusing mix; they saw Mr. McClellan's answers on a television screen. The reporters' questions that elicited the comments were read by Kathleen Kedian, a prosecutor, because the judge agreed with Mr. Libby's lawyers that the tone of the reporters was cynical and negative.

Portions Of White House Briefing Tapes Played At Libby Trial (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis "Scooter" Libby "had nothing to do" with leaking information about the wife of a Bush administration critic.

Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes showed that Libby had a motive for lying to investigators and grand jurors when he said a reporter had told him that Valerie Plame worked at the CIA. Prosecutors say Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said.

After McClellan spoke, Libby "couldn't walk back from his story" without risking being fired, Fitzgerald said. That was Libby's motive to lie, the prosecutor said.

Plame is the wife of former State Department official Joseph Wilson. In 2003, Wilson publicly accused the administration of "twisting" intelligence about Iraq's nuclear program to justify the invasion in March 2003. Administration officials told reporters he had been sent on a mission to explore Iraq's attempts to buy uranium in the African nation of Niger at the request of his CIA-based wife.

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The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton, because they might suggest to jurors that Libby had leaked classified information when he spoke about Plame. Although revealing the identity of a CIA officer such as Plame can be a crime, Libby is not charged with that.

Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — "had nothing to do with the situation."

Later in the clips, McClellan modified his statement, saying only that Libby did not leak classified information. Libby was Vice President Cheney's chief of staff.

Wednesday, former Time magazine reporter Matt Cooper testified that Rove, a key adviser to President Bush, had told him in July 2003 that Wilson's wife worked at the CIA.

Days earlier, Wilson had written a column published in The New York Times that criticized the administration for "twisting" intelligence about Iraq.

Fitzgerald has signaled that after the clips are played, he will attempt to play audio transcripts of Libby's grand jury testimony. He also told the judge Thursday that he will attempt to introduce an agreement Libby signed before going to work for the vice president in which he promised not to disclose classified information.

No testimony is scheduled for Friday. Fitzgerald has said he plans to conclude his case Monday by calling an unnamed witness and NBC reporter Tim Russert.

Libby told the grand jury he first learned of Plame's identity in a conversation with Russert on July 10, 2003.

Russert has denied it. Eight prosecution witnesses have said they discussed Plame's CIA job with Libby before July 10, 2003.

Video Undercuts Libby's Defense (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, February 2, 2007

His assertion that he was a scapegoat clashes with the White House stance that he had no role in leaking a CIA operative's identity.

WASHINGTON — Former vice presidential aide I. Lewis "Scooter" Libby's defense in his perjury trial relies on his contention that he was made a scapegoat to protect White House political strategist Karl Rove from charges of leaking the name of a CIA officer.

But that assertion was dealt a blow Thursday, when jurors were shown videotapes from 2003 of White House spokesman Scott McClellan telling reporters that Libby was not the source of the leak.

"There's no evidence of an effort to throw him under the bus," prosecutor Patrick J. Fitzgerald told U.S. District Judge Reggie B. Walton, arguing — in the absence of the jury — that the tapes should be played.

Libby is accused of lying to investigators probing whether government officials illegally disclosed the identity of CIA arms-proliferation specialist Valerie Plame in the summer of 2003, soon after her husband, former Ambassador Joseph C. Wilson IV, accused the Bush administration of twisting prewar intelligence in Iraq.

His lawyers have told the jury that Libby, who was then chief of staff for Vice President Dick Cheney, feared he was being made a scapegoat to shield Rove, one of President Bush's most trusted advisors, from legal problems.

But that argument, Fitzgerald told Walton on Thursday, was undercut by the fact that McClellan told reporters that Libby wasn't involved in the leak. Over the objections of Libby's lawyers, Walton allowed the prosecution to play brief excerpts of the tapes.

McClellan ardently defended the White House during a series of briefings in early October 2003. At the time, the Justice Department was just beginning a criminal investigation into the leak, and questions were swirling about the possible involvement of administration insiders. McClellan initially told reporters that Rove had engaged in no misconduct, but the spokesman declined to be drawn into a discussion of the possible roles of others.

Libby, his lawyers have said, saw that initial reluctance as a sign that unnamed officials were conspiring to have him take the fall so Rove would emerge unscathed. Libby complained to Cheney, the lawyers have said, and a few days later McClellan changed his message, exonerating Libby and a third White House official as well as Rove.

"I spoke with those individuals … and those individuals assured me they were not involved in this," McClellan told reporters Oct. 10. When asked what "this" was, he replied: "The leaking of classified information."

On Thursday, Walton questioned defense lawyer Theodore Wells about the scapegoat theory, asking how, given the videos, "you make out a case that somehow the White House was putting his head on a platter…. I don't understand how that connection is going to be made."

Fitzgerald has alleged that Libby was involved in helping craft McClellan's language. But he noted that the statement publicly clearing Libby also put him in a private bind: Libby was concerned that he had leaked classified information about Plame, so he set out to construct a story that would insulate him from being charged with that crime, Fitzgerald said.

During his first interview with the FBI, which came four days after McClellan's last mention of the leak, Libby told investigators that he had discussed Plame with journalists and others, but he said that he was only passing on information he had heard from reporters, including Tim Russert of NBC News.

In fact, the government has alleged that Libby heard about Plame from a number of official sources — initially from Cheney himself, as well as from officials from the CIA and the State Department. Unlike passing along tips from reporters, passing along tips about Plame from official sources could constitute a crime.

"He has got to tell a story consistent with what the White House has told the world," Fitzgerald said Thursday. "He is locked in with his feet planted in cement.

"The cleanest way to take himself off the hook is to say, 'I heard it from reporters,' that 'I did not know it was true.' "

Wells has said that Libby did not lie at all, and that any misstatements to investigators were the product of memory lapses and the stress of his involvement in life-and-death national security issues.

After playing snippets of the videotapes for the jury, Fitzgerald called an FBI agent, Deborah Bond, to the stand to recount details of two interviews Libby gave to investigators.

According to Bond, Libby acknowledged that Cheney had told him in a phone conversation around June 12, 2003, that Wilson's wife worked for the CIA, but Libby added that he had forgotten the conversation by the time he talked with journalists about Plame a few weeks later.

Bond testified that Libby also said that he and Cheney may have discussed telling reporters that Wilson's wife worked at the CIA, but that he could not be sure.

And, she added, "Mr. Libby told us he believed that the vice president had learned this information from the [then-]director of Central Intelligence, George Tenet."

The trial is adjourned until Monday. The government is expected to call Russert before resting its case early next week.

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A Failed Cover-Up (WP)

By David Ignatius

The Washington Post, February 2, 2007

Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb? That's the big question that runs through the many little details that have emerged in the perjury trial of Vice President Cheney's former top aide, Lewis "Scooter" Libby.

The trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA.

The truth began to emerge on July 11, 2003, when CIA Director George Tenet issued a public statement disclosing that the agency had tried to warn the White House off the Niger allegations. In that sense, the Libby trial is about a cover-up that failed.

What helped start the whole brouhaha was a 2003 op-ed article by former ambassador Joseph Wilson, disclosing that his fact-finding trip to Niger the previous year had yielded no evidence of Iraqi uranium purchases. His piece opened with a devastating question: "Did the Bush administration manipulate intelligence about Saddam Hussein's weapons programs to justify an invasion of Iraq?" A frantic White House tried to rebut Wilson's criticism by leaking the fact that his wife, Valerie Plame, worked at the CIA and had suggested sending him to Niger -- as if the CIA connection somehow contaminated Wilson's allegations and made the White House less culpable.

To understand the Libby case, it's important to look at the documentary evidence, which has been usefully compiled by washingtonpost.com.

The record begins with a Feb. 13, 2002, memo from a CIA briefer who had been "tasked" by Cheney on the uranium issue: "The VP was shown an assessment (he thought from DIA) that Iraq is purchasing uranium from Africa. He would like our assessment of that transaction and its implications for Iraq's nuclear program." The CIA briefer responded the next day with a comment that should have aroused skepticism on whether Iraq needed to buy any more uranium: Iraq already had 550 tons of "yellowcake" ore -- 200 tons of it from Niger. But the CIA, eager to please, asked Wilson a few days later to go to Niger to investigate the claim.

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A glimpse of the pressure coming from the vice president's office emerges from a memo from CIA briefer Craig R. Schmall, after he was interviewed in January 2004 by FBI agents investigating the leak of Plame's covert identity: "I mentioned also to the agents that Libby was in charge within the administration (or at least the White House side) for producing papers arguing the case for Iraqi WMD and ties between Iraq and al Qaeda, which explains Libby's and the Vice President's interest in the Iraq/Niger/Uranium case."

CIA and State Department documents show that analysts at both agencies became increasingly skeptical about the Niger allegation and tried to warn the White House. A memo from Schmall to Eric Edelman, then Cheney's national security adviser, recalled: "CIA on several occasions has cautioned . . . that available information on this issue was fragmentary and unconfirmed." A memo from Carl W. Ford Jr., then head of the State Department's intelligence bureau, noted that his analysts had found the Niger claims "highly dubious."

The Niger issue wasn't included in Secretary of State Colin Powell's famous U.N. speech on Iraqi weapons of mass destruction, according to Ford, "due to CIA concerns raised during the coordination regarding the veracity of the information on the alleged Iraq-Niger agreement." But despite CIA warnings, Bush referred to uranium purchases from Africa in his January 2003 State of the Union address, attributing it to British sources.

So we begin to understand why the White House was worried about the CIA in the summer of 2003: It feared the agency would breach the wall of silence about the claims regarding weapons of mass destruction. Robert Grenier, a CIA official who was the agency's Iraq mission manager, told colleagues that he remembered "a series of insistent phone calls" that month from Libby, who wanted the CIA to tell reporters that "other community elements such as State and DOD" had encouraged Wilson's Niger trip, not just Cheney.

The bottom line? Grenier was asked in court last week to explain the White House's 2003 machinations. Here's what he said: "I think they were trying to avoid blame for not providing [the truth] about whether or not Iraq had attempted to buy uranium." Let me say it again: This trial is about a cover-up that failed.

Net-betting Crackdown Freezes Funds (USAT)

By Jon Swartz, Usa Today

USA Today, February 2, 2007

SAN FRANCISCO — The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services.

The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry.

And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers.

Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved.

"The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place," says Michael Tew, principal of gaming consultant CapitalHQ. "This could take years." Funds from other gambling sites are not tied up, Tew and others say.

Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. An attorney representing the company declined to comment.

Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling.

Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business.

Neteller offers few instructions for customers trying to cash out their accounts. "We are working to resolve all withdrawal issues, but in the meantime we continue to maintain these funds in trust on your behalf," says a posting on the company's website.

Neteller declined to comment. The company processed more than $7 billion in online gambling transactions in its 2005 fiscal year. FBI Agent Neil Donovan says funds from Neteller are being held in court as potential evidence. Some customers may get their money back, but he did not provide a timetable.

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A law signed by President Bush in October bans the use of credit cards, checks and electronic fund transfers for Internet gaming. U.S. residents place more than half of all bets to major offshore casinos.

BetOnSports has settled civil charges with the Justice Department, but not criminal charges. Carruthers' case is separate.

Notorious NYC Crack Kingpin Convicted Of Murder For Paying To Have Rivals Killed (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, February 2, 2007

(AP) - NEW YORK-A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 (â,¬38,400) to have two rivals gunned down in 2001.

A jury deliberated five days before finding Kenneth "Supreme" McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued.

In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent.

The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label.

Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million (â,¬770,000) in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate.

"That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens," prosecutor Carolyn Pokorney said during closing arguments. "And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue."

The defense told jurors that both victims were known thugs who were armed when killed. It also argued that the government had built its case on the false testimony of admitted criminals hoping to see their prison time reduced.

The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole.

U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an "absurd" waste of time and money. The prosecutors told him this week the officials had not changed their minds.

Defense lawyer David Ruhnke said that though he was disappointed with the verdict, "We're pretty confident this jury will spare his life."

The mother of one of the victims, Karen Cameron, told reporters outside court that she opposed a death sentence for McGriff. "Death is not the answer," she said.

McGriff was originally indicted along with Lorenzo and Lorenzo's brother Chris, a Murder Inc. executive. After being granted a separate trial, the brothers were acquitted in 2005 of money-laundering charges.

McGriff succeeded in making a straight-to-video film, "Crime Partners 2000," that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

At the Supreme Team's peak, McGriff and his nephew, Gerald "Prince" Miller, employed scores of crack dealers in and around a Queens housing project and took in $200,000 (â,¬153,600) a day, authorities said.

The team used rooftop sentinels with two-way radios to thwart police. It inflicted violence against rivals and traitors, resulting in at least eight murders in 1987 alone, authorities said.

McGriff's was among three death penalty trials occurring simultaneously at the same federal courthouse.

Last month, a jury spared the life of a gang member convicted of murder. Earlier this week, a jury sentenced to death the killer of two undercover police detectives - the first federal defendant sentenced to death in New York City since 1954.

Man Convicted In 2 Killings; U.S. To Pursue The Death Penalty (NYT)

By William K. Rashbaum

The New York Times, February 2, 2007

DOJ_NMG_0126509

A jury in federal court in Brooklyn yesterday convicted a notorious crack kingpin with ties to the rap music industry of hiring a hit team from Harlem to murder two rivals in 2001, crimes for which he could face the death penalty.

Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer.

The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years.

In the case decided yesterday, the jury, after a three-week trial, found the convicted trafficker, Kenneth McGriff, guilty of racketeering, conspiracy to distribute narcotics and other crimes. The jury acquitted him of murder in aid of racketeering and gun charges.

During the roughly 10 minutes it took for the jury forewoman to read out the verdicts on each of the 17 counts against him, Mr. McGriff, wearing a dark olive green vest and trousers, white shirt and tie, appeared relaxed and unmoved. He leaned back in his chair several times, then watched intently as the court clerk polled each juror.

After the panel, which had deliberated for three and a half days, left the courtroom, Mr. McGriff smiled broadly at friends and family members in the courtroom gallery and pursed his lips together as if to blow kisses.

The aunt of one of the victims wept as she left the courtroom.

Minutes later, standing in a hallway waiting for the elevator, the mothers of the two victims, still breathless and appearing shaken by the jury's verdict, suggested that they hoped the panel would spare Mr. McGriff's life.

"Death is not the answer — there's been enough death," said Karen Cameron, whose son, Eric Smith, was one of the men slain by the hit team Mr. McGriff hired six years ago for $25,000 for each killing.

"I don't want anybody's death on my hands," said Bessie Singleton, the mother of the other man, Troy Singleton.

The assistant United States attorneys who prosecuted the case — Carolyn Pokorny, Jason Jones and Jeffrey Rabkin — had presented evidence that Mr. Smith was killed in retaliation for the slaying of Mr. McGriff's friend, Culbert Johnson. They alleged that Mr. Singleton was slain because Mr. McGriff feared he would retaliate for the killing of Mr. Smith.

Beginning Tuesday, the jury will hear evidence in the penalty phase, and will then weigh whether to vote to execute Mr. McGriff or sentence him to life without parole.

One of his lawyers, David A. Ruhnke, said he was disappointed with the verdict but was "pretty confident" the panel would spare his client's life.

"We're certainly grateful to learn that the victim's families are not interested in a death sentence in this case, and we'll be discussing with the government whether that changes their minds," Mr. Ruhnke said later.

The verdict came a week after the judge in the case, Frederic Block, in unusually blunt remarks from the bench, called the government's effort to seek the death penalty "absurd" and a waste of taxpayers' money. Outside the presence of the jury, he urged the prosecutors to forward his remarks to their Justice Department superiors in Washington and to ask them to abandon the endeavor.

The prosecutors told the judge earlier this week that they had passed on his concerns to the United States attorney general, Alberto Gonzales, but that they were going to pursue the death penalty.

The defense had argued that Mr. McGriff, after serving a federal prison term of six years, had abandoned crime and drugs and sought to produce music and movies with Irving and Chris Lorenzo, two rap producers for the Murder Inc. label who were known professionally as Irv and Chris Gotti.

Mr. McGriff was originally indicted in January 2005 along with the Lorenzos, who were charged with laundering drug money through the label. Their cases were separated from Mr. McGriff's, and they were acquitted in December 2005.

Chris Lorenzo was in court yesterday, and after the verdict said only, "I was here for a friend I'm supporting."

Ex-U.N. Official Jailed Pending Trial (AP)

By Larry Neumeister, The Associated Press

AP, February 2, 2007

NEW YORK (AP) — A judge revoked the bail of a former senior United Nations official and ordered him detained until his trial on bribery charges.

Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. His trial is expected to begin as early as next month.

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Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial. Part of his collateral included Manhattan apartments Bahel was alleged to have purchased at a discount as a reward for awarding contracts.

The man accused of offering the bribes, Nishan Kohli, has pleaded guilty and admitted that he made cash payments and real estate deals with Bahel to benefit himself and the companies he represented.

Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States.

The judge said his immigration status was "precarious" but not illegal.

Hung Jury In Coca-Cola Conspiracy Trial (NSDY/AP)

By Harry R. Weber, Ap Business Writer

Long Island Newsday, February 2, 2007

ATLANTA -- A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision.

"We are a hung jury, have taken several polls and we feel we are unable to reach a decision," the foreperson said in a note to U.S. District Judge J. Owen Forrester.

Forrester did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams.

The jury already has deliberated nine hours over two days.

Williams, who faces up to 10 years in prison if convicted, was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

The government says Williams was deeply in debt, unhappy in her job and seeking a big payday, so she embarked on the scheme to steal trade secrets.

Defense lawyer Janice Singer urged jurors to use their common sense. She argued that prosecutors did not prove their case beyond a reasonable doubt.

Singer suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified earlier this week she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Assistant U.S. Attorney Byung J. Pak said during his closing argument Wednesday that the key under the mat claim was one of many lies told by Williams.

During two days on the stand, Williams testified that she didn't steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400, and that was after her July 5 arrest.

Williams' credibility has been an issue for the jury to weigh during its deliberations.

Camden Redevelopment Corp. Records Subpoenaed (CAMCP)

By Jim Walsh, Courier-Post Staff

Camden Courier-Post, February 2, 2007

CAMDEN -- State and federal investigators are probing a private nonprofit organization run by Randy Primas, the city's former chief executive, an official said Thursday.

The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes.

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The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year.

Primas could not be reached Thursday evening.

He previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group.

The subpoenas were served to the Camden Redevelopment Agency and the Municipal Clerk's office, which retains city records, Fuentes said.

"We will cooperate fully," said the council president, who added he was unaware of the specific documents requested.

Fuentes said Theodore Z. Davis, a retired state Superior Court judge who succeeded Primas as the city's chief operating officer, "is in full support." Davis could not be reached.

David Wald, a spokesman for the state Attorney General's Office, said the agency does not confirm or deny investigations. An FBI spokesperson echoed the same comment.

The chief operating officer, who is appointed by the governor, is the city's most powerful official under a state-funded turnaround program. Primas left the $175,000 job on Dec. 8.

City Council members in November voted unanimously to approve the land sale as part of a planned $18.5 million affordable housing project by Michaels Development Co. of Marlton.

Michaels is to build the apartments and manage the project, said Joel Silver, the firm's vice president. The nonprofit organization is to own the land and lease it to Michaels for 98 years.

A majority of council members have said they did not know Primas was the nonprofit's chairman or that his organization would receive $30,000.

Arijit De, former executive director of the city's redevelopment agency and former secretary of the private nonprofit, has said the private organization received no special treatment. He could not be reached Thursday.

At a legislative hearing on Camden's turnaround effort on Tuesday, Primas said he resents the implication "that somehow I'm self-dealing. I'm not."

But, he said, "Perhaps, in hindsight, we probably wouldn't do it that way again."

Fuentes said all city administrator are to undergo mandatory ethics training in the near future. The training, to be provided by the state, is required under an ordinance that was recently approved by council, he said.

Separately, state and federal grand juries are investigating legal fees paid by the Camden Redevelopment Agency to state Sen. Wayne Bryant, D-Lawnside.

Reach Jim Walsh at (856) 486-2646 or jwalsh@courierpostonline.com

More Subpoenas Focus On Camden Redevelopment (PHI)

By Dwight Ott And Jennifer Moroz

The Philadelphia Inquirer, February 2, 2007

Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday.

The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families.

"I think it may have to do with Cramer Hill," said Theodore Z. Davis, Camden's acting state-appointed chief operating officer, referring to the latest subpoenas.

Davis and agency attorney Martin McKernan referred questions about the subpoenas to the Redevelopment Agency's new executive director, John Kromer. Kromer was out of town yesterday and could not be reached.

The Redevelopment Agency directs Camden's state-financed recovery and is the focal point for any Camden development plans.

The new request for records comes at a time when the agency has been under fire for a deal brokered by a private nonprofit corporation headed by former Camden chief operating officer Melvin R. "Randy" Primas Jr. and the former Redevelopment Agency executive director, Arijit De.

In the deal, the nonprofit Camden City Redevelopment Corp. - headed by Primas and De - partnered with the Michael's Development Co. to obtain six Camden properties. Those properties were then turned over to the city and leased from the Redevelopment Agency by Michael's for $477,000, according to Kromer. Primas' corporation was paid a $30,000 administrative fee.

The land in question was part of an $18.5 million affordable-housing project of 78 apartments for low- to moderate-income people in Cramer Hill.

The deal raised questions because Primas served as chairman of both the Redevelopment Agency and the nonprofit corporation.

Kromer said earlier this week that the Redevelopment Agency was reflecting on the ethics of the arrangement. Still, he said, other redevelopment deals in Camden have long used similar practices.

"In the future it won't be done," Kromer added.

Kromer recently replaced De, who quit as the agency's chief in December. Primas resigned as Camden's chief operating officer in November. Davis replaced him until the governor names a permanent replacement.

Mafia Boss Pleads Guilty To Racketeering (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 2, 2007

FORT LAUDERDALE, Fla. -- The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison.

Renaldi "Ray" Ruggiero, 73, admitted in a plea agreement that he was a "capo" in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property.

"I plead guilty, your honor," Ruggiero told U.S. District Judge James Cohn.

Sentencing was set for April 27 for Ruggiero, who could also be fined $25,000. Ruggiero pleaded guilty to racketeering conspiracy, but did not agree to cooperate with federal Mafia investigators in his deal.

The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130 other undercover recordings that provide details about the group's plots and crimes.

Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending.

One of the pending cases is that of 96-year-old Albert "Chinky" Facchiano. He is also a "made" member of the Genovese family and has a long criminal history dating to the 1930s, according to federal prosecutors.

Ruggiero, who has a home in Palm Beach Gardens, had never been arrested before last June on the federal charges, according to the FBI. He became the top Genovese boss in South Florida in 2003, court documents show.

Facchiano is also named in a New York federal grand jury indictment against numerous other Genovese family members. His attorneys have filed papers asking that the New York and Florida cases be consolidated in Florida for a possible plea agreement.

Suspect Pleads Guilty To Racketeering (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 2, 2007

The Palm Beach Gardens grandfather accused of running South Florida operations for the Genovese crime family pleaded guilty to racketeering conspiracy Thursday in Fort Lauderdale federal court.

Renaldi Ruggiero, 73, faces up to 20 years in prison for his role in organized criminal activities that include robberies, extortion, money laundering and loan sharking between 1994 and 2006. Sentencing is set for April 27.

Another mob figure charged in the case, 96-year-old Albert "The Old Man" Facchiano, is set to plead guilty in coming weeks. The two men, who prosecutors described as members of La Cosa Nostra, and four alleged Genovese associates were charged in June. The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved.

Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew "broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect."

Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent.

A November 2003 search of Ruggiero's home turned up records of about 40 loans made by Ruggiero at annual interest rates ranging from 52 percent to 156 percent, prosecutors said.

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The loans were made with the understanding that any delay in paying them back could result in violence, according to authorities.

In addition to those records, the government's evidence against Ruggiero included thousands of recorded phone calls and tapes made by two undercover agents.

On Jan. 24, a federal magistrate upheld the wiretap evidence, rejecting a bid from Ruggiero's attorney to have it thrown out.

Lawyer Michael Salnick said the legal setback and serious heart problems convinced Ruggiero to enter a plea deal with the government.

Ruggiero did not agree to cooperate with investigators, Salnick said.

Salnick bristled at prosecutors' description of his client as a "capo."

"That's a TV movie term as far as I'm concerned," Salnick said. "He has admitted his involvement in certain criminal acts."

Priest Suspected In Attack Arrested (NSDY/AP)

By Amanda Lee Myers, Associated Press Writer

Long Island Newsday, February 2, 2007

PHOENIX -- A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said.

The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix.

He was being held in a county jail in Phoenix on a federal charge of unlawful flight to avoid prosecution. But that charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said.

Chaanine has been a fugitive since the alleged Jan. 26 assault of 54-year-old office worker at the Our Lady of Las Vegas parish, where the priest was an administrator.

The woman told Las Vegas police that she was sitting at her desk when Chaanine broke a full bottle of wine over her head, grabbed her by the hair and dragged her down a hall toward his office.

She fought back, lost consciousness, and awoke with Chaanine touching her private parts, according to the police report. She continued fighting until Chaanine straddled her and grabbed her throat. She told detectives she began to pray for her life before the attack suddenly stopped.

The woman told police that after the attack Chaanine muttered that he was going to kill himself. He said he would call an ambulance, and left the church, she told police.

Chaanine has been suspended with pay from his position as church administrative pastor.

In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine.

"We are relieved that Father Chaanine has been found and now justice can be served through the legal process," Pepe said. "We have worked closely with the authorities and are hopeful that the information we provided proved helpful."

Chaanine, a native of Lebanon, was ordained in 1996 and worked at churches in Detroit, Youngstown, Ohio, El Paso, Texas, and Wheeling, W.Va., before beginning work at Our Lady of Las Vegas in 2004, the diocese said.

* —

Associated Press writers Ryan Nakashima, Kathleen Hennessey and Ken Ritter in Las Vegas contributed to this report.

Hoosier Admits Katrina Fund Fraud (FWNS)

The Fort Wayne News-Sentinel, February 2, 2007

INDIANAPOLIS — A Bloomington man pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college loans, federal authorities said. Alan King, 29, was charged with theft of government money, loan fraud, false use of Social Security numbers and student financial aid fraud.

Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005.

2 Saucier Women Arrested In Katrina Fraud Cases (BSH)

Biloxi Sun Herald, February 2, 2007

GULFPORT, Miss. - Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina.

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Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26. The charges carry maximum penalties of 25 years in prison and $500,000 in fines.

Indictments say the women claimed to live at neighboring addresses along Mississippi 67 in Saucier when the hurricane hit, though they did not live there. It also says both women claimed their homes and personal possessions were damaged.

Indictments also say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005.

Man Sentenced In Cisco Scam (BOSH)

By Jay Fitzgerald, Boston Herald General Economics Reporter

Boston Herald, February 2, 2007

A Pepperell man and former worker at Hanscom Air Force Base was sentenced yesterday to more than four years in prison for scamming Cisco Systems out of more than $4.7 million.

Nicholas Stoupis, 36, who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment.

Stoupis, who last year pleaded guilty to four counts of mail and wire fraud, would set up bogus e-mail accounts with Hanscom addresses, according to a press release issued yesterday by U.S. Attorney Michael J. Sullivan.

Stoupis would then monitor Cisco's site for any recalled products, such as computer networking equipment, and ask that replacement materials be sent to his home. The products would then be sold on the Internet by Stoupis, who claimed they were previously used by the military.

Man Sentenced In Military Contract Fraud (BOS)

The Boston Globe, February 2, 2007

BOSTON --A man who worked as a military contractor at Hanscom Air Force Base was sentenced Tuesday to four years and three months in prison after pleading guilty to charges he ran a scheme to steal $4.7 million worth of products from Cisco Systems, Inc.

U.S. District Judge Richard G. Stearns also ordered Nicholas Stoupis, 36, of Pepperell, to pay $3.1 million in restitution to the California-based company, according to the U.S. Attorney's office. Stoupis also was ordered to serve three years of supervised release after his prison term.

Stoupis pleaded guilty Oct. 5 to two counts of mail fraud and two counts of wire fraud.

Prosecutors said he carried out the scheme from July 2004 through March 2006, creating e-mail accounts in the name of fictitious people using a Hanscom address, and using them to order replacements for recalled products that had been sold to the military or to contractors.

Stoupis had the goods sent to his home, then sold them over the Internet, prosecutors said.

Stoupis' attorney, Robert F. Casey Jr., did not immediately return an after-hours message seeking comment.

Woman's Bail Revoked In Child Pornography Case (PHI)

By John Shiffman

The Philadelphia Inquirer, February 2, 2007

A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography.

Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl.

Prawdzik's lawyer, Regina Coyne, did not deny the encounter, but said Prawdzik suffered from depression and memory loss, and did not recall the incident until confronted by investigators.

Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children.

In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail.

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Afterward, Worman's lawyer, S. Lee Ruslander, said he did not know if his client could get a fair trial in Philadelphia, given the publicity surrounding the case. He also questioned why Worman was held on state charges for nearly a year before a federal grand jury indictment was brought.

Federal sentences for child pornography are typically stiffer than state charges. If convicted of more than one of the 51 counts in the federal indictment, Worman faces a minimum mandatory sentence of 25 years. The advisory federal guidelines also recommend an even longer sentence: life in prison.

Prawdzik and another former Worman girlfriend, Concetta Jackson, face at least 15 years in prison if convicted of just one count of aiding him.

Assistant U.S. Attorney Michael Levy said Jackson, 44, "effectively ran a day-care center... and she bascially allowed Mr. Worman to have unsupervised control over the female children."

"Her statements to the FBI and Delaware County law enforcement officers were that she would occasionally go upstairs to check on the children because she had this uncomfortable feeling, but basically allowed it to happen."

Jackson's lawyer, Mark Wilson, said, "No one is denying that she was aware that he was taking pictures that might be inappropriate. The question is whether that knowledge is sufficient to meet criminal liability."

Wilson added: "There is no evidence that she molested anyone or that she saw it happen."

Jackson is a disabled former convenience-story employee who divorced her abusive husband in 1999, her lawyer said. She met Worman in 2002, when her landlord sent him to inspect her home. They began to date and he moved into the home in 2003.

"He became abusive toward her and essentially had her under his thumb," Wilson said.

Since the indictment, Wilson said, neighbors have yelled at her and thrown bricks and eggs at her home.

U.S. District Judge Lawrence F. Stengel, who presided over hundreds of sexual-abuse cases as a state judge in Lancaster, ordered Jackson confined to her home pending trial.

In an unrelated case, Stengel yesterday sentenced a 58-year-old married father of three from Reading to 18 months in prison for possessing child pornography.

Edward E. Williams had pleaded guilty to possessing 159 images of child pornography on his computer. Williams told Stengel that he had been abused as a child and did not get sexual satisfcation from viewing the images, but looked at them to try to understand why others would.

Also yesterday, a Missouri man, Mark Wagemann, was sentenced to five years in prison for traveling to Philadelphia to meet for sex a girl he believed to be 14. He met her online.

The "girl" was an undercover FBI agent. When Wagemann was arrested at Philadelphia International Airport, Wagemann was carrying Viagra, bubble bath and a poem.

Journalists Pay Deadly Toll In Reporting News (AP)

By Hope Yen

AP, February 2, 2007

WASHINGTON — The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday.

The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia.

In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links.

"There has never been a more dangerous time to be a journalist," said Lucie Morillon, Washington director of Reporters Without Borders. "But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate."

The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S.

At least 60 people are in prison worldwide for posting criticism of their governments online.

China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said.

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In the U.S., the report said journalists and bloggers' "freedom of expression" is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike.

Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course.

Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism.

"It has become vital to examine new technology from a moral standpoint and understand the secondary effects of it," the report said. "If firms and democratic countries continue to duck the issue ... we shall soon be in a world where all our communications are spied on."

Iraq was the most deadly country for journalists last year, with 39 reporters and 26 other media workers killed. Among them were two Americans — Paul Douglas of CBS and his sound man James Brolan, while the rest were Iraqis.

At least 30 journalists were arrested by Iraqi security forces during 2006. The U.S. Army arrested eight media workers, including AP reporter Bilal Hussein, who was taken into custody in April and has yet to be charged.

During the international uproar over cartoons of the Prophet Muhammad, countries did little to help journalists who were threatened or arrested, the report said.

"It was as if, fearing a fight with Arab and Muslim regimes, Europe, for one, renounced all desire to make itself heard," the report said.

The Muhammad drawings were first published in September 2005 in the Danish newspaper Jyllands-Posten and were reprinted four months later by a range of Western publications, triggering massive protests from Morocco to Indonesia and some attacks on Danish embassies.

Inmate Who Fled With Official's Wife Is Sentenced For Escape (NYT)

By Ralph Blumenthal

The New York Times, February 2, 2007

MANGUM, Okla., Feb. 1 — A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping.

Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember.

The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living together in a trailer on a chicken farm in East Texas in April 2005.

"I took her with me," Mr. Dial testified under cross-examination after offering a rambling account from the witness stand of what he portrayed as plots by prison authorities to kill him.

"Did she help you or assist you?" asked an assistant district attorney, Eric Yarborough.

"I don't know," Mr. Dial responded, after acknowledging that the couple had driven off together in Ms. Parker's van. To follow-up questions, he also replied, "I don't remember."

Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live.

But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying.

"He'll never live to see daylight out in the world again," said the lawyer, Jim Hines.

Correction officials refused to allow Mr. Dial to shake hands with one of his nine children, Roxanne Dial, 24, who was in court. In a pre-sentencing statement, Mr. Dial said he escaped in fear of his life after being put in prison with an African-American gay man he thought might have AIDS and after a leader of a white supremacist group "informed me I would be decapitated for dealing with a n-word person."

"I'll tell you what I did. I left town in 24 hours," Mr. Dial testified.

He also said Ms. Parker had told him perhaps 50 times while they were together that "if I ever came back I would be killed" and that "her husband would see to it."

The husband, Randy Parker, to whom Ms. Parker returned after she and Mr. Dial were found, dismissed the account as a fabrication. Mr. Parker said he believed his wife's account that she had been abducted and held against her will in fear of Mr. Dial's underworld connections. Mr. Parker is now facility security operations director for the Oklahoma Department of Corrections.

The case began in 1981 when a martial arts instructor, Kelly D. Hogan, was shot to death in Broken Arrow, Okla. The murder remained unsolved until 1986, when Mr. Dial confessed that he was the killer. He said in court Thursday that he had mistakenly believed that Mr. Hogan might have sold drugs to one of his children.

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Mr. Dial ended up in a series of prisons. At the reformatory in Granite, he said he helped the warden design a wellness center, where, he said, he met Ms. Parker and ended up working on art projects at the Parker home.

He said security was so lax that after he and Ms. Parker drove away in her van on Aug. 30, 1994, his absence was not discovered until Ms. Parker called her mother that evening.

On Nov. 9, 2001, Mr. Dial called a Tulsa author and former homicide detective, Charles W. Sasser, who had written a book about him, "At Large." Mr. Sasser in a later postscript to his book said Mr. Dial put Ms. Parker on the phone and she said, "I'm fine; I'm happy."

Mr. Sasser said he told the F.B.I. about the call, but the pair remained elusive until April 4, 2005, when agents and Texas Rangers, acting on a tip from the television program "America's Most Wanted," surprised Mr. Dial in his trailer. Investigators said it was clear that the two had been sharing a bedroom, and they found letters the two had exchanged. Ms. Parker, it turned out, had called 911 when Mr. Dial suffered a heart attack and rode with him in the ambulance to the hospital.

Mr. Yarborough, the prosecutor, citing the pre-sentence report, dismissed Mr. Dial as not to be believed.

"The defendant definitely spins a good yarn," he quoted from the report. "It's difficult to tell where reality ends and fantasy begins."

Abducted Boy, Mom Reunited (WT)

By Arlo Wagner

The Washington Times, February 2, 2007

LINTHICUM, Md. -- A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national.

"My grandma told me we would never find him," said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport.

Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale.

Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status.

Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother.

"I couldn't be away from my child that long," said Mrs. Baldwin, 29, who then began searching the Internet for clues. "My heart told me I had to find [the mother of] this child. If I'm an overprotective mother, that's what I'll be."

She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children.

"I knew it was him," said Mrs. Baldwin, who was at the reunion and also has children.

Abraham clutched a tan, wool teddy bear but showed no emotion upon reuniting with his mother.

"I thought he had gone to Mexico," said Miss Debrodie, who started crying again when she said her grandmother died last month. "My grandma is proud of me right now."

Mrs. Baldwin said she saw Mr. Monroy and the boy in a red car. She wrote the car's tag number on her hand, then called police.

With help from state police Sgt. Ron Riggin, authorities took the boy, who his mom nicknamed Dakota, into protective custody.

"Mrs. Baldwin and Sgt. Riggin have brought these happy results," said the agency's Sgt. Russell Newell, who arranged the reunion and for the boy to fly back to Missouri with his mother.

"This is good," Sgt. Riggin said. "There are a lot of bittersweet endings in these cases."

The reunion was postponed nearly two hours because social services workers were delayed in delivering the boy to the airport.

Miss Debrodie presented to her son the blue-and-pink baby blanket he carried with him while in Jefferson City.

"I asked him if he wanted to go to the house and he said 'Yes,' " Miss Debrodie said. "He wanted to go home. We're going to have a welcome-home party tonight. ...I've never been in Maryland before. I want to go back home."

Miss Debrodie said she also has two daughters, including 3-month-old Gicana, whom the boy has never seen.

While Miss Debrodie was awaiting the arrival of her son, American Airlines official Nicole Summann heard her say the trip home would end late last night because they would have to wait in Chicago for a flight to St. Louis. So Mrs. Summann arranged for an earlier flight directly to St. Louis from Ronald Reagan Washington National Airport.

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"It was the thing to do," she said.

Transit Police Try To Crack Down On Robbers (WP)

By Lena H. Sun

The Washington Post, February 2, 2007

The number of robberies throughout the Metro transit system increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday.

The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies.

Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said.

In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell.

Transit Police Chief Polly Hanson said in a statement that she was "extremely proud" of the robbery unit and would keep it going in 2007. Also last year, a Metro police officer joined an FBI-sponsored regional robbery task force and will continue to share intelligence and tips with other area law enforcement agencies, Metro officials said.

Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said.

"Sometimes they're in casual clothes; sometimes they're at observation points," Foxwell said. "They use a number of deployment methods."

Robberies also rose in the region last year. In Montgomery County, they were up significantly in the first half of 2006, with 584 robberies through June 30, a 37 percent increase over the same period in 2005. Preliminary 2006 figures in Fairfax County showed an increase in robberies of at least 6 percent, while the District's preliminary figures showed that robberies were down about 5 percent from 2005.

Metro's crime report revealed that the total number of serious crimes rose to 1,270 in 2006, up about 11 percent from 1,145 in 2005. Serious crimes include aggravated assault and robberies as well as motor vehicle theft and larceny.

The figures also showed more serious crimes taking place in parking lots, with 812 crimes reported in 2006, an increase of 14 percent from the 714 reported in 2005. Foxwell said most of the crimes in parking lots are vehicle thefts and thefts from vehicles.

Late For Court: Connecticut Case Draws Scrutiny (NYT)

By Alison Leigh Cowan

The New York Times, February 2, 2007

NORWALK, Conn., Feb. 1 — Some call the “failure to appear” charge a prosecutor’s best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms.

Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison.

Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back.

It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge.

She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance.

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Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield.

"We thought it set a bad example," said John A. East III, a senior assistant state's attorney, who argued in court papers that rather than rely on her boyfriend to rouse her, Ms. Khadijah should have set an alarm or perhaps brewed herself a strong cup of coffee.

But Gerald B. Lefcourt, a past president of the National Association of Criminal Defense Lawyers, said the case "is really right out of Catch-22." "There's no way to win when you have a system that is so inflexible and so lacking in understanding," he said.

At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge.

Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls "other offenses."

New York State's Division of Criminal Justice Services said its records showed 444 convictions on bail-jumping last year and 465 the year before — a fraction of Connecticut's 6,539 in 2006, and fewer even than the 596 in Norwalk (these numbers include those related to motor-vehicle charges).

Asked why New York's figures were so much lower than those across the state line, a spokesman for the agency, Mark Bonacquist, said he was "not making any comment as to whether our statutes are similar to Connecticut."

Here in Norwalk, some lawyers contend that prosecutors and judges are overusing the charge to solve all manner of other problems. Norwalk ranks sixth among Connecticut's 35 courts — including many that are far larger and busier — for the total number of failure-to-appear cases disposed of last year, and had by far the highest rate of conviction on such cases, just shy of 55 percent, of the courts with the highest volumes.

"Failure to appear should be a last resort," complained Jon L. Schoenhorn, a Hartford lawyer who is the president of the Connecticut's Criminal Defense Lawyers Association. "You can only put so much pressure on parties to move cases along before the pressure is seen as an abuse of discretion."

Alfred Blumstein, a criminologist at Carnegie Mellon University, called the Connecticut situation "mind-boggling."

"Showing up late for court is certainly inappropriate but to be convicted of it as a felony sounds so extreme," he said. If a defendant is not there when called, he wondered of the courts, "Can't they juggle their schedules a little bit?'"

Ms. Khadijah, who twice went to prison in the 1990s on drug and other charges, said she did not set out to take on the criminal justice system. Rather, she said, her focus over the last decade has been on supporting herself and her daughter, now 5, of whom she once lost custody.

"Because I'm a felon, it's hard to get a job," said Ms. Khadijah, a high school graduate who worked in a factory packing Nivea skin cream, delivered pizzas, and worked at a law firm. She has also been evicted for failure to pay rent, and sought bankruptcy protection in 2005 to cancel the $30,000 she owed her criminal lawyer, Sam Kretzmer.

The missed court date stemmed from a February 2002 police raid of the Round Tree Inn on Westport Road, where Ms. Khadijah was living. She was charged with possession of narcotics and risk of injury to a child, though she accused the police of entering her room without a warrant and claimed that the drugs they found were not hers. Court records show Ms. Khadijah kept 20 court dates over the next 18 months without a hitch.

She knows the drill cold. Dress respectfully, so court officials see that you understand the severity of the charges. Arrive early, leaving plenty of time to clear the metal detectors. Sit politely, even if you must wait all day to be called.

"We used to be there at 9 a.m. and leave at 5 p.m. every day, just like I worked there," Ms. Khadijah said of herself and her boyfriend, Darri Woodhouse, a co-defendant in the drug case.

According to her testimony in the failure to appear case, Ms. Khadijah arrived home from her Norwalk Hour paper route at 8 a.m. on Aug. 13, 2003, the second day of jury selection for the drug trial. She sat on the couch and told Mr. Woodhouse to wake her if she dozed. He didn't.

Instead she was roused by a telephone call from her lawyer about 11 a.m., 15 minutes after she had been instructed to arrive. Ms. Khadijah raced to the courthouse full of apologies, getting there at about 11:30 — minutes after Judge Susan Reynolds had dismissed jurors and ordered her charged with failure to appear in the first degree.

Ms. Kretzmer had assured the judge that her client was on her way and asked for five minutes' grace. "This is not a cocktail party," the judge replied. "This is the most important thing in her life, and she's 45 minutes late."

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The judge offered to vacate the arrest if Ms. Khadijah entered a guilty plea instead of going to trial, an offer her lawyer rejected. The charges were dismissed five months later by a different judge, who agreed that the police had erred by entering without a warrant.

So prosecutors pressed on to trial in January 2004 on the lone remaining offense — failure to appear.

"It's like hitting an ant with a hammer," said Mary Anne Royle, a lawyer who has been helping Ms. Khadijah with her appeals. Mr. Schoenhorn, the leader of the state's criminal defense bar, called the decision to continue the prosecution after the drug charges disappeared "a sour-grapes type of vindictive act."

But Mr. East, the prosecutor, said "we have to be aggressive" in pursuing such cases.

"Failures to appear are a big problem in our courts," he said. "They clog up the docket and cost the state a lot of money."

Ms. Khadijah was convicted of failure to appear once before, 16 years ago, a misdemeanor that led to the first of her two stints at the York Correctional Institute in Niantic and that she said was a proper response by the system.

That conviction was used to cast doubt on her testimony in her recent failure-to-appear case.

As that case undergoes further review, both sides acknowledge that precedents on the subject are skimpy, since the issue rarely gets litigated. Both sides cite a 19-year-old Washington, D.C., case about a habitually late lawyer who overslept one day, called the court to say he would not be coming and went back to bed, according to the appellate panel's summary.

Connecticut prosecutors note that the resulting contempt charge stood on appeal, while Ms. Khadijah's lawyers use the case to highlight the contrast between the lawyer's response and her efforts to race to court once awakened.

Other lawyers reached back 23 years to find a Connecticut case, Gionfrido v. Wharf Realty, in which a plaintiff's lawyer left Middletown for Hartford on a lunch break to retrieve a file and was 26 minutes late returning to court because he "lost track of time" and hit traffic.

The Middletown judge dismissed the lawsuit moments after the lunch break ended when the plaintiff's lawyer did not show up. The Connecticut Supreme Court called the dismissal "harsh" but ruled that the lower court had not abused its discretion in light of the need to process cases "in a timely and efficient manner."

The treatment of tardy defendants is hardly uniform. On a recent morning here, some no-shows got a pass, in the form of a letter reminding them of their obligation to appear in court. Others had their bond increased. At least one was ordered rearrested.

Neatly dressed in a cowl-neck sweater, flowing skirt and brown wig to hide hair loss she said stems from stress, Ms. Khadijah arrived promptly for a 10 a.m. appearance on her most recent arrest, in December, in which she was accused of reckless driving and criminal mischief in a vacant lot. "Because I've been in trouble before, I'm an easy catch," she said afterwards of her seeming inability to stay out of court.

After 73 other names and nearly three hours, Ms. Khadijah's name was called. She stood.

The exchange took less than one minute.

"Are you Ayanna Khadijah?" Judge Reynolds asked, as if they were meeting for the first time.

"Yes," said the defendant.

The judge instructed the prosecution to talk to other people involved in the December case. Ms. Khadijah was told to return in four weeks for another appearance.

Kaine Dubious On Death Penalty Expansion (WP)

By Michael D. Shear

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- Virginia Gov. Timothy M. Kaine, who ran for office pledging to enforce the death penalty despite his personal opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment.

Kaine (D), speaking to Washington Post reporters and editors, questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges.

"I do not look at the expansion of the death penalty with a favorable eye," Kaine said of legislation moving through both houses. Noting that Virginia is second to Texas in the number of executions, Kaine said, "I would not say that the problem in Virginia is that the death penalty is not applied enough."

Kaine made the comments during a wide-ranging two-hour interview Wednesday evening in which he also discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs.

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The governor said he does not intend to revisit the idea of constructing a Metro tunnel under Tysons, despite efforts by community and business groups that fear the traffic and development effects of an elevated track. Although the tunnel is the best option, Kaine said, he thinks that pursuing that option would risk the loss of nearly $1 billion from the Federal Transit Administration, which would kill the project.

"Unless [the tunnel advocates] were to get the FTA to say, 'We'll give you the $900 million either way,' we're just going to be delay, delay, delay," Kaine said. "And then potentially not get the money. . . . Time is not our friend on this."

Scott Monett, head of a McLean-based group pushing for a tunnel, disputed this, saying that the FTA has not said outright that reconsidering a tunnel would cause the loss of federal funding. The timing issue is less pressing, he said, because his group has paid $3.5 million to produce engineering plans for a tunnel.

In the debate over plans for a 240-mile power line through rural Frederick, Warren, Fauquier, Prince William and Loudoun counties, Kaine said Dominion should "absolutely" find a place to build the $1.4 billion line other than the proposed route, which has provoked anger from many residents and environmental groups.

Kaine was reluctant to suggest an alternative. Asked where the route should go, the governor paused, chuckled and said: "Well, yeah. Darn."

But then Kaine said he is encouraged by a new proposal in which Dominion could build the line along existing power lines, using a circuitous route that avoids the most sensitive parts of the countryside.

"I have spoken with the Dominion folks, and I have spoken with the folks up in Northern Virginia," Kaine said. "The notion of following some existing right-of-ways . . . might actually be a real possible one."

But the Piedmont Environmental Council, the main group opposing the line, argues that Dominion has failed to prove that Virginia needs the additional electricity and does not support any of the alternatives proposed by the company. "Our position is and has been that pushing it into someone else's back yard isn't a solution," said Robert W. Lazaro Jr., the group's spokesman.

The death penalty has been a sensitive subject for Kaine since he took office about a year ago.

During the campaign against former attorney general Jerry W. Kilgore (R), Kaine pledged to carry out executions even though he said his Catholic faith leads him to oppose it. Kaine has let three executions stand and has granted one stay of execution.

"Fidelity to the rule of law is a very important moral virtue," Kaine said in the interview. "Wrestling with how you balance these things out, there's no easy answer to that."

Kaine noted that Muhammad, the convicted sniper, still received the death penalty under a terrorism statute even though prosecutors didn't prove that he pulled the trigger.

"I go back to my question: 'Where's the problem' " with the application of capital punishment? Kaine asked. "It's like how many ways can you ban gay marriage? Virginia would like to do it nine times rather than eight times. The death penalty statute is kind of the same way."

Del. C. Todd Gilbert (R-Shenandoah), sponsor of the bill to repeal the law that makes only the person who carries out a killing eligible for execution, said a Kaine veto would be "a direct affront to victims" of crimes that involve more than one perpetrator. "When you have two people committing an act that brutal and heinous, they should be treated the same by law," Gilbert said.

Despite his skepticism about the need for an expansion of the death penalty, Kaine said it is possible that he could be persuaded to sign one of the bills this session.

He said, for example, that he might be able to accept the argument that judges are members of the law enforcement community and that killers of judges should be treated the same as killers of police officers.

"Are there really instances where there have been murder of judicial professionals but they haven't been able to be charged with capital crimes because they . . . are not law enforcement professionals?" Kaine asked. "If there is some weird gap that wasn't intended, I could see someone saying, 'See, this is a problem.' "

But, he added, "You know, I've got to be convinced there is a problem, and I've got to be convinced that the bill fixes a problem."

Staff writers Tim Craig, Alec MacGillis and Sandhya Somashekhar contributed to this report.

CIVIL LAW:

FEC To Police '527' Groups' Campaign Activities (WP)

By Matthew Mosk

The Washington Post, February 2, 2007

The Federal Election Commission said yesterday that it will police "527" groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for contributions, how they describe themselves, and how they spend their money.

If the groups make clear that they are advocating for or against a specific candidate, the FEC would regulate them.

"We're providing clear guidance," said FEC Chairman Robert D. Lenhard. "This makes it clear that the existing rules will be enforced."

The FEC filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups.

Some of the groups, which are called 527s because of their designation in the tax code, raised and spent large sums of money to pay for nuanced political ads that appeared to be intended to skirt the new federal rules.

The objective of the lawsuit, filed in 2004, "was to get the FEC to issue regulations to make clear to 527 groups when they would be required to register and report as political committees" and, as a result, be limited to raising much smaller sums from individual donors, said Fred Wertheimer, an advocate of campaign finance reform who is working on the case.

The FEC said that it will continue to resist issuing specific regulations. It noted that recent fines imposed on 527 groups such as MoveOn.org and Swift Boat Veterans for Truth made clear that the agency will not tolerate 527 organizations engaging in campaign activity aimed at promoting or tearing down a presidential candidate.

Wertheimer and representatives of the Campaign Legal Center, who have been challenging the FEC on its approach, declined to react to the court filing yesterday, but said that they will be back in federal court next week to schedule a formal response.

CIVIL RIGHTS:

Lawsuit Says Apartments' No-dog Policy Biased Against The Blind (AP)

AP, February 2, 2007

PHILADELPHIA - The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster apartment complex, alleging their rental policies discriminate against the visually impaired.

The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides.

Department of Justice officials posing as potential renters conducted the investigation into the complex's policies.

The investigation found the apartments use discriminatory housing practices by "refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling," the complaint said.

The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected.

"The services of guide dogs are essential to individuals with visual impairments," Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. "Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment."

Justice Department Settles Cibola County Voting Rights Claim (AP)

AP, February 2, 2007

GRANTS, N.M. (AP) - The U.S. Department of Justice has settled voting rights claims against Cibola County.

The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday.

Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county.

The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge.

"I felt that the county had been complying but the Justice Department felt there were a few problems" that warranted the extension, Diaz said.

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American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said.

"Voting is the most sacred thing that all of us have," he said. "The commissioners and the clerk wanted to make sure things are done right. She (Clerk Eileen Martinez) didn't mind the Justice Department looking over her shoulder for another two years."

Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it.

The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls. Provisional ballots are counted after the election once officials determine the person is a qualified voter.

Miss. Voting Rights Trial On Break, Resumes Feb. 15 (AP)

AP, February 2, 2007

JACKSON, Miss. - A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections.

Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites.

Noxubee County is a rural area along the Alabama line with a majority black population.

On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice.

Lee, who is hearing the case without a jury, has not indicated when he might rule.

The trial began Jan. 16 in federal court in Jackson.

Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority.

"White voters clearly prefer white candidates over African-American candidates, and they frequently are on the losing end of the elections because their candidate preferences are not shared by the African-American voters," Engstrom wrote in a report he did for the Noxubee County Democrats.

However, Justice Department expert Theodore Arrington said Brown and his "political machine" have exploited the election process to ensure blacks control the county.

"Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of ... elections in Noxubee County," Arrington testified last month. "And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud."

Engstrom is a consultant at the University of North Carolina School of Law's Center for Civil Rights in Chapel Hill, N.C.

Arrington is chairman of the political science department at the University of North Carolina in Charlotte, N.C.

In letting Engstrom testify for the Democrats, Lee overruled a federal magistrate who had earlier barred the expert's testimony because he came too late into the case.

Lee said Engstrom should be heard "in the interest of fairness" for letting both sides fully present their cases.

State Appeals Justice Ruling On Chastang (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), February 2, 2007

The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision "an affront to the state's sovereignty and federalism itself."

In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang.

The Justice Department's decision "invites chaos into state governmental functioning," the letter stated.

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Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it "appears to diminish the opportunity of minority voters to elect a representative of their choice."

The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace.

Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters.

"Where state government makes a change that is regressive as far as the voting rights of minorities are concerned, that's the purpose of the Voting Rights Act itself," he said.

A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking.

State Reps. Yvonne Kennedy, James Buskey and Bill Clark filed the suit in 2005 in response to the Republican governor appointing the conservative Chastang to fill the commission seat vacated when Sam Jones was elected mayor of Mobile.

Chastang's district has historically elected Democrats to the commission.

If nothing else, the appeal makes it likely that Chastang will be in office at least for the immediate future. Gonzalez has 60 days to rule on the request for reconsideration, and if he doesn't overturn the ruling, the state could appeal to the U.S. District Court for the District of Columbia, a "time-consuming" process, King wrote.

Chastang said he is pleased with the state's efforts to keep him in office. He blamed local politics for creating the problem in the first place.

"Politics is playing a big part in this situation," Chastang said. "It's a shame we can't all get along and try to serve the people and do what's right for the people."

In his letter, King goes through 155 years of Mobile County government history in an effort to show that Riley's appointment should be ruled valid.

In 1852, the state code noted that any vacancy in the Court of County Commissioners in Mobile County would be filled by a gubernatorial appointment.

That arrangement lasted for more than 130 years, until the state passed a 1985 law allowing vacancies on the Mobile County Commission to be filled by special election. The state had that law pre-cleared by the Justice Department, as is necessitated by the 1965 federal Voting Rights Act.

In 1987, the new law came into effect, and Jones won a special election to fill a vacancy for the District 1 seat on the commission.

After that election, the new law was targeted in a lawsuit and in 1988 was ruled unconstitutional by the State Supreme Court, which said it conflicted with a general law giving the governor appointment power for such vacancies.

Then-Gov. Guy Hunt appointed Jones to the seat he had held for more than a year, and Jones kept it for the next five elections.

In 2004, the state passed a new law allowing counties to have special elections to fill vacancies, as long as a local law is passed to establish those elections.

When Jones left office in 2005, local Democrats argued that the 2004 law meant a special election should be held to fill the seat, as dictated by the 1985 local law.

Riley, however said the 2004 state law did not revive the previous local law, and he still had appointment power in Mobile County. The Alabama Supreme Court sided with him, and he appointed Chastang.

That's when Kennedy, Buskey and Clark filed the federal lawsuit, which argued that the appointment violated the Voting Rights Act because the state never pre-cleared a change back to gubernatorial appointments after the 1985 law was ruled unconstitutional.

The federal court agreed, and forced the state to seek Justice Department pre-clearance to return to gubernatorial appointment. The Justice Department denied that request last month.

King argued that because the 1985 special election law was only used once, and then was declared unconstitutional, the pre-clearance it received should be invalidated, which would make Riley's appointment compliant with federal law.

King also attacks the Justice Department ruling on other grounds. He criticizes the logic that the appointment disenfranchised the majority-black district because Riley was elected by a majority-white population, saying that the Justice Department should look at the demographics of the entire county, which is majority-white.

Also, he writes, the Justice Department ruling "fails to acknowledge that Samuel L. Jones and Juan Chastang are African American."

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King also poked fun at a section of the Justice Department ruling that said the state did not prove the voters in District 1 would have elected Chastang in a special election.

"It is not clear how the state could prove such a thing," King wrote. "(U)nknown is the identity, if any, of Mr. Chastang's fictional opponent. In our experience, the results in elections frequently turn on the identity of the candidates."

Texas Deputy To Pay Price For Defending Self (WT)

By Jerry Seper

The Washington Times, February 2, 2007

A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States.

The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month.

The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year -- "followed the letter of the law" in defending himself in the April 2005 incident and questioned why the government brought charges.

"This is a fine young man, and I just don't believe he committed the wrong of which he was accused," Sheriff Letsinger said. "I have never had anything hurt me so badly as this prosecution. We've got to make this right."

Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as "Gilmer," "another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America."

"Once again, our government is on the wrong side of the border war," Mr. Poe said.

The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills.

Hernandez, 25, and his wife, Ashley, have a 4-month-old daughter.

"The town is outraged that this has happened to our deputy," said the Rev. Albert Green, pastor at the First Baptist Church. "Those people were in this country illegally, and they tried to run him down. They were the criminals, but the prosecutors made our deputy out to be the criminal.

"I do not know a single person who doesn't feel Gilmer was prosecuted for doing his job," said Mr. Green, who is the deputy's pastor. "I do not know a finer, more well-behaved gentleman. He would not purposely or willfully hurt anyone."

U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away "knowing it was occupied with the nine individuals," at least seven of whom were illegal aliens -- some of whom later were called to testify for the government.

Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating "under the color of law" the civil rights of Maricela Rodriguez-Garcia, a Mexican national.

The woman was struck in the lip by bullet or other metal fragments after an 11:50 p.m. traffic stop in Rocksprings in April 2005. Reports said Hernandez fired shots at the blue Chevrolet Suburban's rear tires as it sped off after being stopped for running a red light.

Acquitted on a second count regarding injury to another passenger, he will be sentenced March 12 at the Del Rio court.

Assistant U.S. Attorney Bill Baumann, who prosecuted the case, told reporters that the law does not give law-enforcement officers the right to use "deadly force to stop a car unless it poses an imminent threat to the officer or another person. If the car is going away from you, it's not even a close call."

Mr. Sutton's office convicted Border Patrol agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in a crime of violence and a civil rights violation. They were sentenced to 11 and 12 years, respectively.

Shana Jones, spokeswoman for Mr. Sutton, did not return calls for comment yesterday.

Sheriff Letsinger said an investigation found that Hernandez approached the vehicle and found only the driver was sitting upright and suspected the others were illegal aliens. He said the driver, after being asked to step out of the vehicle, pulled forward and turned into Hernandez -- fleeing from what the sheriff described as the deputy's "legal stop."

Thinking the driver had tried to run him over, he said Hernandez fired at the vehicle's rear tires. He said at least one of the people inside the vehicle confirmed that the driver had turned it into the deputy.

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Sheriff Letsinger, with three deputies to handle all law-enforcement matters in a 2,000-square-mile county, called the Texas Rangers after the incident to investigate what happened. He said he also called the Mexican Consulate because Mexican nationals were involved, and the consulate later notified the FBI.

The Rangers' incident report, the sheriff said, noted that after firing shots, Hernandez returned to his patrol car, notified dispatch and pursued the vehicle until it crashed into a fence -- at which time the occupants, except for Mrs. Rodriguez-Garcia, fled.

Mrs. Rodriguez-Garcia, Ivonne Hernandez Morales and Candido Garcia Perez, all occupants in the vehicle, told investigators that they paid $2,000 to be taken across the Rio Grande from Acuna, Mexico. They said they later met the vehicle's driver and a guide, who were to take them to Austin and Dallas.

Sheriff Letsinger also said the Rangers and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) agents, using dogs and metal detectors, found four shell casings at the traffic stop site but none at the crash site -- discounting claims by two of the vehicle's occupants that Hernandez fired shots at them as they fled the vehicle.

The Texas Rangers did not respond to calls yesterday.

Noting that prosecutors offered the deputy probation in exchange for a guilty plea, the sheriff said, "This young man didn't do anything wrong and wasn't about to say he had. I think that speaks to his character."

In the Border Patrol case, Ramos and Compean testified that they shot Osbaldo Aldrete-Davila in the buttocks only after he assaulted Compean and pointed a weapon at both of them. Prosecutors and later a federal jury in El Paso disagreed. Aldrete-Davila abandoned 743 pounds of marijuana before fleeing back into Mexico.

Hairdresser To The Elite Faces New Lawsuit (WP/AP)

Associated Press

The Washington Post, February 2, 2007

Andre Chreky Accused by a Second Former Employee of Sexual Harassment

Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months.

An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia.

Lawyers for Chreky and his salon denied Barrett's allegations. Chreky is fighting similar charges by another former employee, Jennifer Thong, who sued in September.

Barrett claims Chreky repeatedly told her that if she wanted to go to the White House or have contact with President Bush or his family, she would have to come to the salon early in the morning, before other employees arrived. Barrett "understood this to be . . . a thinly veiled threat that if she wanted to advance in her career she needed to accede to his sexual demands," according to the lawsuit.

Barrett says that the advances and inappropriate comments began in 2003, shortly after she returned to the salon, where she had worked in the 1990s. She was fired in December 2005.

Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving.

A lawyer for Chreky, David J. Sullivan, said in an e-mail that Barrett's account of events "simply never happened."

"Hundreds of clients and scores of employees -- as well as Mr. Chreky's wife, who manages the salon's business -- are in and out of every square foot of the salon all day long," he said.

Florida Shifting To Voting System With Paper Trail (NYT)

By Abby Goodnough And Christopher Drew

The New York Times, February 2, 2007

DELRAY BEACH, Fla., Feb. 1 — Gov. Charlie Crist announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election.

Voting experts said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million

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cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count.

Several counties around the country, including Cuyahoga in Ohio and Sarasota in Florida, are moving toward exchanging touch-screen machines for ones that provide a paper trail. But Florida could become the first state that invested heavily in the recent rush to touch screens to reject them so sweepingly.

"Florida is like a synonym for election problems; it's the Bermuda Triangle of elections," said Warren Stewart, policy director of VoteTrust USA, a nonprofit group that says optical scanners are more reliable than touch screens. "For Florida to be clearly contemplating moving away from touch screens to the greatest extent possible is truly significant."

Other states that rushed to buy the touch-screen machines are also abandoning them. Earlier this week, the Virginia Senate passed a bill that would phase out the machines as they wore out, and replace them with optical scanners. The Maryland legislature also seems determined to order a switch from the paperless touch screens, though it is not clear yet if it will require the use of optical scanners or just allow paper printers to be added to the touch screens.

On Monday, Representative Rush D. Holt, Democrat of New Jersey, plans to introduce a bill in Congress that would require all voting machines nationwide to produce paper records through which voters can verify that their ballots were recorded correctly. A majority of House members have endorsed the proposal, and the changes have strong support among Senate Democrats. Mr. Holt's bill would also substantially toughen the requirements for the touch-screen machines that have printers, and experts say this could give even more impetus to the shift toward the optical scanning systems.

Mr. Crist, a Republican, at times drew whoops and applause when he announced his plan at the South County Civic Center in Palm Beach County, the epicenter of the 2000 election standoff and home of the infamous "butterfly ballot" that confused many voters. The touch screens had replaced the punch-card systems that caused widespread problems that year.

"You should, when you go vote, be able to have a record of it," Mr. Crist told a few hundred mostly older citizens at the civic center, in Delray Beach, where many residents said they accidentally voted for Patrick J. Buchanan in 2000 instead of Al Gore because of the confusing ballot design. "That's all we're proposing today. It's not very complicated; it is in fact common sense. Most importantly, it is the right thing to do."

Mr. Crist's renunciation of touch-screen voting one month after he replaced Jeb Bush as governor of the nation's fourth-most-populous state, suggested that the fight for paper voting records, long a pet project of Democrats, might become more bipartisan. Mr. Crist made the announcement with Representative Robert Wexler, a Democrat from Delray Beach who has ardently led the movement for a paper trail and has attacked Republicans along the way.

"I support this plan 100 percent," Mr. Wexler said before introducing Mr. Crist. "This governor means what he says, and he's coming to Tallahassee and he's spreading the message throughout Florida that this isn't about Republican or Democrat, it's not about this ideology or that; it's about unifying people and doing what's right for the people of Florida."

The 15 Florida counties that have adopted touch-screen voting in recent years, including Miami-Dade, Broward, Palm Beach and Hillsborough, would move to optical-scan voting under the proposal before the presidential election of 2008. The plan would give them the option, however, of using touch-screen machines during the state's two-week early voting period that precedes Election Day, if the machines are modified to provide a paper trail. Those counties represent 54 percent of the state's registered voters. Broward County alone has bought about 6,000 touch-screen machines in recent years, and Palm Beach County has about 4,500.

Mr. Crist said county election supervisors would explore how to make optical-scan voting easier for blind people and for those who speak foreign languages. In some cases, they have been able to vote without assistance on the touch-screen machines.

Asked how he felt about discarding tens of millions of dollars worth of touch-screen machines just years after they were acquired, Mr. Crist said, "The price of freedom is not cheap. The importance of a democratic system of voting that we can trust, that we can have confidence in, is incredibly important."

Election experts estimate that paperless electronic machines were used by about 30 percent of voters nationwide in 2006. But their reliability has increasingly come under scrutiny, as has the difficulty of doing recounts without a paper trail. Federal technology experts concluded late last year that paperless touch-screen machines could not be secured from tampering.

Some states had bought early versions of the paperless machines before the 2000 recount, and one of them, New Mexico, switched last year to optical scanners. But most of the machines in other states were purchased with federal money provided under a 2002 law that required states to upgrade from old punch-card and lever systems.

New York is planning to buy either screens with printers or optical scanners, New Jersey is adding paper trails to its touch screens and Connecticut is buying the optical scanners. A recent survey by Election Data Services, a Washington consulting firm,

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estimated that 36 percent of the nation's counties have bought electronic machines, including some with printers attached, while 56 percent have the optical scan systems.

Mr. Holt said his bill would require the return to paper ballots by next year's presidential primaries, and it would authorize $300 million in federal money to upgrade the machines. Some state and county election officials say it could be difficult to make such sweeping changes by then.

But, Mr. Holt said, "it depends on how badly we want to do it. The public is getting very impatient here."

In Sarasota County last November, more than 18,000 voters who used touch-screen machines did not have their votes recorded in the close Congressional race between Vern Buchanan, the Republican, and Christine Jennings, the Democrat. Mr. Buchanan took office last month after a recount gave him a 369-vote victory, but Ms. Jennings has sued.

Former Governor Bush, President Bush's younger brother, generally defended touch-screen voting during his tenure and said skeptics had fallen prey to "conspiracy theories." But leading up to the 2004 presidential election, the Republican Party of Florida sent out fliers urging voters to use absentee ballots because of the absence of a paper trail.

Experts say the optical scanners are less expensive than the touch-screen systems. But Kimball W. Brace, the president of Election Data Services, said optical scanning systems had had a slightly higher rate of voter error than touch screens.

Gays Should Be Allowed To Serve Openly In Military, Poll Finds (WSJ)

The Wall Street Journal, February 2, 2007

A new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military.

By comparison, 19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve "only if they keep their sexual orientation a secret," and 18% said they should "not be allowed to serve in the military at all."

The survey, conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's "Don't Ask, Don't tell" policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military.

Forty-six percent of respondents said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%). And among political parties, Republicans are more likely to support this policy (51%) than Democrats (25%) or Independents (31%), while 18% of Americans remain undecided about the policy.

The poll also asked whether Americans agree with comments by John M. Shalikashvili, the former Chairman of the Joint Chiefs of Staff, who wrote in a recent New York Times editorial that if gays and lesbians served openly in the U.S. military, they would not undermine the efficacy of the armed forces. Fifty-seven percent of respondents said they agree with his comments, compared with 31% who disagree.

ANTITRUST:

Municipal Broker Receives Subpoenas In U.S. Probe (Update3) (BLOOM)

By Adam L. Cataldo

Bloomberg, February 2, 2007

Feb. 1 (Bloomberg) -- PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market.

The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week.

``As a registered broker dealer we are required to maintain all the files and records that the subpoena requested," said Mary Packer, the company's president, in a telephone interview. ``We fully cooperated in supplying these in the full knowledge they were complete and absolute."

PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding.

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U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial.

Request for Information

New Jersey required firms to describe any pending litigation or ``federal or state investigations or audits, subpoenas or other information requests" they have received since 2002, according to the state's Dec. 18 questionnaire.

In its response, PackerKiss said it received subpoenas that ``largely request information related to transactions involving the investment or reinvestment of the proceeds of tax-exempt bonds. The company, its principals or employees have not been identified as a target of any government inquiry or investigation."

The U.S. Department of Justice's Antitrust Division and the Securities and Exchange Commission issued the grand jury subpoenas, according to PackerKiss. They were served on or about Nov. 15.

First Southwest in its response said the company is cooperating with the U.S. investigation and acknowledged ``providing requested documents and information." The firm didn't specifically acknowledge receiving a subpoena, though Hill Feinberg, Southwest's chairman and chief executive, has said the firm got one.

Most Qualified

Tom Vincz, a spokesman state Treasurer Bradley Abelow, said in a statement that the Office of Public Finance evaluated all of the responses, and recommended Southwest because it was the most qualified. The state sold the $3.6 billion of so-called tobacco debt last week and will use proceeds to pay off existing higher-cost bonds.

Sound Capital Management, based in Eden Prairie, Minnesota, Bond Logistix LLC, based in New York, and First Albany Cos., based in Albany, New York, also applied for the New Jersey reinvestment job.

Sound Capital, one of three brokers raided by U.S. investigators in November as part of the probe, said it is ``part of" of the investigation. The company didn't provide further information except to say that no sanctions or penalties had been brought against the firm or its employees.

Sound attorney John Lundquist, a lawyer with Fredrikson & Byron PA in Minneapolis, said the company wouldn't comment.

Bond Logistix said it is unaware of any administrative proceedings, audits, investigations, or subpoenas involving the firm, its owners, or employees. First Albany said that to its knowledge, neither the firm nor its owners, principals or employees were involved in any litigation of a ``material nature."

Calls to Ken Gibbs, First Albany's executive managing director, and managing directors Edward Flynn and William Torsiglieri weren't returned.

Microsoft Plans To License Instructions (AP)

AP, February 2, 2007

BRUSSELS, Belgium -- In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers.

The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate.

EU regulators fined Microsoft in July for failing to submit the "complete and accurate" data it said was needed for rival server software to work with Microsoft's ubiquitous Windows desktop operating system.

Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols.

Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive.

The EU hasn't asked for those specific materials, only for Microsoft to enable competitors' software to be compatible. An EU spokesman couldn't be reached for comment.

United CEO Says Mergers Still Viable (USAT)

By Marilyn Adams

USA Today, February 2, 2007

WASHINGTON — US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for other airline mergers, United Airlines CEO Glenn Tilton said Thursday.

Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines "would be different if the two companies and the boards agreed."

A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers.

He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues.

His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have "ground to a halt."

US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer.

Tilton spoke to an American Bar Association meeting on the first anniversary of United's exit from bankruptcy reorganization. Chicago-based United, the USA's No. 2 carrier, reported a $25 million profit for February through December.

Tilton said continuing resistance in Washington to industry consolidation remains an obstacle. He cited a hearing last week before the Senate Commerce Committee, where several senators questioned the potentially negative effect of a US Airways-Delta merger on fares, air service and jobs.

Tilton called on the U.S. government to make it easier for airlines to compete with foreign carriers. Now that airlines are cutting their costs in and out of bankruptcy, the government should "finish the job of deregulation" so airlines can compete globally as do other industries, he said.

Tilton is a former executive of Texaco, which merged with Chevron in 2001.

In Europe, Air France merged with Dutch airline KLM in 2004 to become the world's largest airline in terms of revenue.

"Our international competitors are merging across borders, expanding, growing more profitable, investing in new aircraft," he said.

Tilton said the U.S. government should loosen restrictions on foreign investment in U.S. airlines. He urged restrictions on flights between the USA and big foreign markets be removed. Restrictions still exist, for example, on air service between the USA and the United Kingdom and mainland China.

ENVIRONMENT:

U.N. Report Adds Pressure To Global-Warming Fight (WSJ)

By Gautam Naik, Jeffrey Ball

Wall Street Journal, February 2, 2007

A report being published today that more authoritatively and explicitly links human activity to global warming is expected to increase pressure on governments and companies to reduce fossil-fuel emissions.

A summary of the new report -- put together by hundreds of scientists and backed by more than 100 governments -- is expected to assert that human activity is "very likely" the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions.

The new document contains "a strengthening of findings, a narrowing of uncertainty and filling up of the gaps" linking human activity to long-term warming trends, said Rajendra Pachauri, chairman of the Intergovernmental Panel on Climate Change, which is publishing the report today. The IPCC was formed by the World Meteorological Organization and the United Nations Environment Program.

This summary document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change.

Already, governments and companies are acting. The European Union two years ago began imposing emission constraints on several big industries and is in the process of tightening those restrictions. A similar battle is brewing in the U.S., where Democrats -- who recently gained control of Congress -- are discussing plans to cap greenhouse-gas emissions. U.S. electric utilities emit large quantities of carbon dioxide and are likely to be the first to be regulated.

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One reason for the growing political consensus is that the data linking fossil-fuel emissions to rising temperatures are becoming more reliable. President Bush, in his State of the Union address last month, implicitly endorsed the notion that fossil-fuel emissions contribute to global warming. After laying out a series of policy proposals to encourage oil alternatives such as ethanol, he said such technologies will, in addition to curbing U.S. dependence on foreign oil, "help us to confront the serious challenge of global climate change."

Steve Johnson, the administrator of the U.S. Environmental Protection Agency, hailed the IPCC report, saying, "Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us." Similarly, Exxon Mobil Corp., which has in the past made strong public statements about remaining uncertainties in global-warming science, now says climate science is growing more robust. Exxon says it has stopped funding several groups that questioned the validity of concerns about global warming.

The new report raises a key estimate of how much the earth is likely to warm as a result of an increase in greenhouse gases. It also predicts that human-induced warming will increase the intensity of hurricanes, an issue of particular interest to the insurance industry.

The assessment states that there is a 90% chance that global warming is caused by humans, according to a person familiar with the document. The previous IPCC report, published in 2001, had said humans were "likely" the trigger for warming trends, which indicated a 66% probability of a link.

The new report also says a doubling of greenhouse gases will likely raise the planet's temperature by more than two degrees Centigrade, at a minimum, the person said. The assessment six years ago said the temperature would likely rise by a minimum of 1.4 degrees Centigrade.

The assessment states that human activity is leading to warmer oceans, which in turn is likely to give rise to more intense and damaging hurricanes.

Political Climate Shifts As Verdict On Warming Arrives (USAT)

USA Today, February 2, 2007

Perhaps it's a sign of confidence that a group of the world's top climatologists would issue a global warming report on Groundhog Day, rather than some time in July. A few years ago such a report, released just as frigid air surged into North America, might have produced some chuckles or shrugs. But not this time. Too many of the world's leaders, in government and business, see the same things as these scientists do.

Indeed, today's report by the Intergovernmental Panel on Climate Change, created nine years ago by the United Nations, makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps.

The more daunting questions, though, are what can be done about global warming, and whether it can be done soon enough to matter. So far, political resistance has prevented dramatic action. The 1997 Kyoto Protocol, which assigns mandatory greenhouse reductions, was never signed by the United States and is too lenient on developing countries such as China and India, sources of much of the growth in greenhouse gases.

Further, the window to begin fixing the problem is narrow — perhaps as little as a decade, according to NASA scientist James Hansen — while the cost of fixing it would be felt by nearly everyone. Energy prices would have to rise, and habits would need to change.

Posed against those familiar obstacles is something newer and more interesting: The political climate for change appears to be improving, perhaps radically, despite the cost.

No longer is concern limited to scientists and environmental groups. Business leaders are joining the fray as well. Last month, 10 major companies, including General Electric, DuPont and BP, called on Congress to take action. Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address.

Across Europe, global warming is now a top priority among governments and the public. In the United States, individual states have started responding out of frustration at the mismatch between federal inaction and the severity of the problem.

A rise of a few degrees in the world temperature would likely cause more severe extremes in weather, a decrease in freshwater supplies and increased coastal flooding. In the USA, where more than half of the population lives within 50 miles of a coast, that is a disturbing prospect.

This awakening is particularly encouraging because it echoes trends that have overcome severe, expensive environmental problems in the past. Odd as it might sound now, water pollution was so bad in 1969 that the Cuyahoga River in Cleveland

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caught fire. Air in major cities was unpleasant to breathe. Both problems were seen as enormously costly to fix. Neither proved unaffordable. The same is true for acid rain and the ozone hole.

Addressing global warming needn't bankrupt U.S. motorists. At least in the initial phases of global warming plans, the biggest change is likely to be in a reduction in the use of coal, because that fuel produces far more carbon dioxide per unit of power than other fuels.

The most commonly cited approaches are cap-and-trade system, which would impose mandatory limits and allow companies to trade them. Another is a tax on fuels based on the amount of carbon dioxide they emit.

The biggest challenge, now that so many opinion leaders in the West recognize the problem, is bringing along the developing world. Countries such as China and India have a right to the fruits of economic growth long enjoyed elsewhere. But if only the developed world adopts strict policies, then some of the most polluting industries might simply migrate abroad.

Technology holds the key. Developing countries needn't make all of the environmental mistakes made in the West if they have better technologies for power generation and transportation.

Higher energy prices would certainly have broad economic impact. But they would have benefits as well. Energy-tax revenues could be used to reduce other taxes. Reductions in greenhouse gases would likely reduce other pollutants as well.

The United States has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming. Even if it means getting started in the middle of a cold wave.

Live With Climate Change (USAT)

By Patrick J. Michaels

USA Today, February 2, 2007

It's hardly news that human beings have had a hand in the planetary warming that began more than 30 years ago. For nearly a century, scientists have known that increasing atmospheric carbon dioxide would eventually result in warming that was most pronounced in winter, especially on winter's coldest days, and a cooling of the stratosphere. All of these have been observed.

However, actually "doing something" about warming is a daunting endeavor. The journal Geophysical Research Letters estimated in 1997 that if every nation on Earth lived up to the United Nations' Kyoto Protocol on global warming, it would prevent no more than 0.126°F of warming every 50 years. Global temperature varies by more than that from year to year, so that's not even enough to measure. Climatically, Kyoto would do nothing.

In the past four years, the Senate has voted twice against "cap-and-trade" legislation — sponsored by New Mexico senators Jeff Bingaman, a Democrat, and Pete Domenici, a Republican — that would set quotas on carbon emissions and let companies buy and sell them. If adopted, their cap-and-trade law would reduce emissions by less than the Kyoto Protocol specifies. In other words, the Senate has been loath to even adopt something that does less than nothing.

The stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and — a truth that everyone must know — we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming.

Consequently, the best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future.

Fortunately, we have more time than the alarmists suggest. The warming path of the planet falls at the lowest end of today's U.N. projections. In aggregate, our computer models tell us that once warming is established, it tends to take place at a constant, not an increasing, rate. Reassuringly, the rate has been remarkably constant, at 0.324°F per decade, since warming began around 1975. The notion that we must do "something in 10 years," repeated by a small but vocal band of extremists, enjoys virtually no support in the truly peer reviewed scientific literature.

Rather than burning our capital now for no environmental gain (did someone say "ethanol?"), let's encourage economic development so people can invest and profit in our more efficient future.

People who invested in automobile companies that developed hybrid technology have been rewarded handsomely in the past few years, and there's no reason to think environmental speculators won't be rewarded in the future, too.

Patrick J. Michaels is senior fellow in environmental studies at the Cato Institute and author of Meltdown: The Predictable Distortion of Global Warming by Scientists, Politicians, and the Media.

Judge Looking To Release Material From Rocky Flats Grand Jury (AP)

By Jon Sarche, The Associated Press

AP, February 2, 2007

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DENVER - A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant.

But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released "cast us adrift in uncharted waters."

Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released.

Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules.

The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released.

In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future.

Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released.

"These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious," Matsch said.

Attorney Kenneth Peck, a former grand juror who is pursuing his case separately from the other 17 former grand jurors, said it was "ludicrous" that he and other grand jurors were prohibited from reporting what he said were possibly criminal acts by prosecutors.

Details of the allegations by the former grand jurors are sealed. But attorney Jonathan Turley, who represents 17 former grand jurors, said releasing information about the allegations could spark congressional and criminal investigations.

Rocky Flats, about 10 miles northwest of Denver, made plutonium bomb triggers from the 1950s until it was shut down in 1989. The Energy Department has said a seven-year cleanup of the site is complete, and portions are to become a wildlife refuge.

From 1989 to 1992, the grand jury reviewed evidence and heard testimony from more than 100 witnesses about alleged environmental crimes. The grand jury recommended indictments against two corporations and eight people.

Prosecutors refused to sign the indictments and instead reached a plea agreement with former plant operator Rockwell International, now part of aerospace giant Boeing Co., calling for the company to pay an $18.5 million fine.

In 1996, 18 members of the grand jury asked Matsch to release them from secrecy rules. At the time, Turley said he wanted the judge to determine if prosecutors had deliberately undermined the case to protect a government contractor.

He said the alleged misconduct should be punished, and said the grand jurors wanted to use the information to counter public statements that former prosecutors made about them after the grand jury was disbanded.

Turley submitted a sealed document in 1997 detailing the allegations, and interviewed former grand jurors under oath in closed hearings that year. He said Thursday that he was most interested in winning the release of that document and transcripts of the grand jurors' testimony.

"You have a grand jury accusing prosecutors of serious misconduct including possibly lying to Congress," Turley told Matsch. "I believe the people of the state of Colorado and of the United States have a right to know what it is that has motivated (my clients) for so long."

Peck wants Matsch to allow him to submit to legal regulators and investigative agencies an affidavit he submitted under seal detailing his allegations of prosecutorial misconduct.

Henry Solano, who was U.S. attorney for Colorado when the grand jury was working, has denied the allegations by the former grand jurors.

CDC Issues Guidelines For Battling Flu Pandemic (WP)

By David Brown

The Washington Post, February 2, 2007

ATLANTA, Feb. 1 -- States should be prepared to keep children out of school for three months, businesses should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work and cobble together rickety child-care arrangements.

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That was the picture sketched Thursday by federal officials in a guidance for communities on how to fight pandemic influenza in the months before a vaccine becomes available -- if one ever does.

"We have tools in our tool kit that we can use now to slow down pandemic flu," said Martin S. Cetron, the director of global migration and quarantine at the Centers for Disease Control and Prevention, the country's chief public health agency. "These are tools we just are not used to using in recent decades, when all the attention has been on magic bullets."

The 106-page document issued by the CDC outlines "non-pharmaceutical interventions" against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness.

States and metropolitan areas would decide when to invoke various measures, such as closing schools and banning concerts and sporting events. The guidance, notably, did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged.

Nevertheless, without a vaccine, it will be a scary and dangerous time.

"We don't expect we would be able to protect everybody," the CDC's director, Julie L. Gerberding, said at a news conference here.

Pandemic America would be an old-fashioned place. People would spend most of their time with close relatives and a few neighbors. They wouldn't go to the movies, run to the supermarket on a whim, or hug people they barely know. The sick would be cared for at home unless they were near death. Everyone would shun the houses of the ill.

At the same time, many of today's habits and capabilities would remain.

Many adults would telecommute to work in a season of near-endless "snow days." Children would probably turn in homework over the Internet. Prescription drugs would be prescribed liberally as preventive medicines. A government-woven safety net would probably provide food, personal care and financial assistance to people who couldn't cope on their own.

The use of face masks -- popular during the epochal "Spanish influenza" of 1918 -- wasn't addressed in the "Community Strategy for Pandemic Influenza Mitigation" booklet. CDC planners are still doing research -- both experimental and historical -- to figure out how useful masks might be. They will provide guidance on their use later.

To help states, cities and towns decide when to invoke various measures, the new document outlines a five-category system for estimating a pandemic's danger. The gauge is analogous to the one used for hurricanes, although "case fatality ratio," not wind speed, is the key variable.

Case fatality ratio is the fraction of ill people who die. In the Spanish flu, which killed about 50 million people worldwide, the ratio in the United States was about 2.2 percent. (It was 10 times as high in some other parts of the world.) Spanish flu in modern America would kill about 1.8 million people; it is Category 5.

The case fatality ratio was less than 0.5 percent in 1957 and 1968, the two most recent pandemics, which rank as Category 2. In the current sputtering outbreak of H5N1 "bird flu" in Southeast Asia, the ratio is above 50 percent. But that virus doesn't have the ability to spread easily among people -- the essential feature of a pandemic strain.

Schools are society's most densely populated environments -- in square feet per person, eight times as dense as offices and more than 10 times as dense as single-family homes. In 1918, closing schools was the most effective tool for slowing the virus. Some cities experienced a roller-coaster ride of infection as schools were closed, opened and closed again.

A 2003 study found that children in day-care centers were 2.2 times as likely to get upper respiratory infections as children cared for at home. Day-care centers would be among the first institutions to close. But arrangements in which five or fewer children were cared for by a couple of families might still be safe, the study found.

Cetron warned that ignoring a pandemic's potential for societal disruption is futile. In 1918, schools eventually closed in most American cities, but it was too late in many to blunt the epidemic's mortality.

"It's not like those things are going to go away; we're just going to face them unprepared in a Category 5 event," he said. He added, invoking the memory of Hurricane Katrina, "And we all know what happens when we aren't prepared for a Category 5 event."

Flu Advice Would Vary Under U.S. Plan (WP/AP)

By Mike Stobbe

The Washington Post, February 2, 2007

ATLANTA -- In the worst case of a global flu epidemic, schools would close for three months and public events would be canceled.

In the most optimistic scenario, people merely would be told to wash their hands and stay home if they feel sick.

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Those are the options the government plans to consider depending on the strength of a possible deadly flu epidemic. And the options would be graded like hurricanes: The worst case would be Category 5. The least-threatening outlook, Category 1.

Federal officials on Thursday released a grading system for flu pandemics. The steps were taken to give the public some help in deciding how anxious to get if a deadly new flu appears in the United States.

The government also is releasing a wave of radio and TV spots to remind people not to be complacent about a potential contagion.

"As avian influenza slips from the headlines, people may begin to believe that the threat is no longer real," said U.S. Secretary of Health and Human Services Mike Leavitt, in a Thursday press conference in Atlanta.

The system has been eagerly awaited by state and local health officials, who will have to make many of the decisions about how to control the impact of the next pandemic flu.

Federal officials say they don't expect a vaccine will be available for such a virus until at least six months into a pandemic. On Thursday, Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus.

Under his declaration, all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010.

And although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300 million residents becomes ill.

So health officials plan to rely on old-fashioned measures ranging from home quarantine to closing schools and postponing sporting events. But those measures can increase a pandemic's economic fallout, and even have unintended consequences. Closing schools, for example, can keep adults home from work to care for children. And it doesn't help if older kids are sneezing on each other at the mall.

The new guidelines, from the U.S. Centers for Disease Control and Prevention, don't spell out exactly what infection-control steps states should take. But they do give an idea.

For example, in a Category 1 pandemic, there's no need to dismiss schools. But in a 2 or 3, states should consider dismissing students for up to four weeks. In a 4 or 5, they should consider closing the schools for up to 12 weeks.

CDC officials said categories are important because until now many people have thought of pandemic flu in black and white terms: Either a deadly contagion is upon is, or it isn't.

"Not all pandemics are equally severe," Dr. Julie Gerberding, the CDC's director, said Thursday in unveiling the new guidelines.

The CDC copied the nation's hurricane ranking system to help people size up the situation and to help communities make what Gerberding called "real tough decisions" about when and how to cut back normal activities.

But not everything is covered in the new guidance. For example, it says little about whether sick people or healthy people should wear masks, and if they do, what kinds.

"It's not a simple matter," Gerberding said, adding that more detailed advice on masks should be coming out soon.

Flu pandemics can strike when a mutating flu virus shifts to a strain that people never have experienced. Scientists cannot predict when the next pandemic will arrive, although concern is rising that the Asian bird flu might trigger one if it starts spreading easily from person to person.

Most planning until now has focused on the worst-case scenario of an outbreak as severe as in 1918, when 50 million people worldwide died. But the 20th century's other two pandemics, in 1957 and 1968, were far less severe, claiming 2 million and 1 million lives, respectively.

The 1918 pandemic was a primary model for current pandemic flu planning. Dr. Howard Markel, a University of Michigan health historian, said he believes the government's new grading system might have made a difference back then.

Federal health officials put out guidance then, too, but cities varied on what steps they took, said Markel.

States still have leeway, of course, and neighboring states may institute different measures in a new pandemic. But if the government comes out with clear advice, it will probably be followed more closely than it was in 1918, when governmental power was more local, he said.

"The federal government telling a local or state health board to do something was not met with warmly," he said.

Closings And Cancellations Top Advice On Flu Outbreak (NYT)

By Donald G. Mcneil Jr.

The New York Times, February 2, 2007

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ATLANTA, Feb. 1 — In the event of a severe flu outbreak, schools should close for up to three months, ballgames and movies should be canceled, and working hours should be staggered so subways and buses are less crowded, the federal government said Thursday in issuing new pandemic flu guidelines to states and cities.

Health officials acknowledged that such measures would greatly disrupt public life, but argued that they would provide the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months.

"We have to be prepared for a Category 5 pandemic," said Dr. Martin S. Cetron, director of global migration and quarantine for the federal Centers for Disease Control and Prevention, in releasing the guidelines. "It's not easy. The only thing that's harder is facing the consequences. That will be intolerable."

Officials are, for the first time, modeling the new guidelines on the five levels of hurricanes.

Category 1 assumes that 90,000 Americans would die, Glen J. Nowak, a spokesman for the disease centers, said. (About 36,000 Americans die of flu in an average year.) Category 5, which assumes 1.8 million dead, is the equivalent of the 1918 Spanish flu pandemic. That flu killed about 2 percent of those infected; the H5N1 flu now circulating in Asia has killed more than 50 percent of those infected but is not easily transmitted.

The new guidelines advocate having sick people and their families — even apparently healthy members — stay home for 7 to 10 days. They advise against closing state borders or airports because crucial deliveries, including food, would stop.

The report urges communities to think about ways to continue services like transportation and meal service to particularly vulnerable groups like the elderly and those who live alone.

The guidelines are only advisory, since the authority for measures like school closings rests with state and city officials, but many local officials have asked for guidance, Dr. Cetron said. The federal government has taken primary responsibility for developing and stockpiling vaccines and antiviral drugs, as well as masks and some other supplies.

The new guidelines are partly based on a recent study of how 44 cities fared in the 1918 epidemic conducted jointly by the disease centers and the University of Michigan's medical school. Historians and epidemiologists pored over hospital records and newspaper clippings, trying to determine what factors contributed to the varying impact.

A few small towns escaped the epidemic entirely by cutting off all contact with the outside, but most cities took less drastic measures. Those included isolating the sick and quarantining homes and rooming houses; closing schools, churches, bars and other gathering places; canceling parades, ballgames and other public events; staggering factory hours; discouraging use of public transport; and encouraging use of face masks.

The most effective approach seemed to be moving early and quickly. "No matter how you set up the model," Dr. Howard Markel, a leader of the study, said, "the cities that acted earlier and with more layered protective measures fared better."

Any pandemic is expected to move faster than a new vaccine can be produced; current experimental H5N1 vaccines are in short supply and are based on strains isolated in 2004 or 2005. Although the government is creating a $4 billion stockpile of the vaccine Tamiflu, it is useful only when taken within the first 48 hours, and Tamiflu-resistant strains of the flu have already been found in Vietnam and in Egypt.

"No one's arguing that by closing all the schools you're going to prevent the spread," Dr. Markel added. "But if you can cut cases by 10 or 20 or 30 percent and it's your family that's spared, that's a big deal."

School closings can be controversial, and picking the right moment is hard because it must be done before cases soar.

Several public health experts praised the guidelines, though there were objections to some aspects.

Dr. Michael T. Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota, said he saw no point in worrying about exactly when to close schools, because his experience in meningitis outbreaks convinced him that anxious parents would keep children at home anyway.

"I don't think we'll have to pull that trigger," Dr. Osterholm said. "The hard part is going to be unpulling it. How do the principals know when schools should open again?"

Other experts said that children out of school often behaved in ways that still put them at risk. Youngsters are sent to day care centers, and teenagers gather in malls or at one another's houses.

"We'll be facing the same problem, but without the teaching," said Dr. Irwin Redlener, director of the National Center for Disaster Preparedness at the Mailman School of Public Health at Columbia University. "They might as well be in class."

Dr. Cetron said that caring for children in groups of six or fewer would cut the risks of transmission. He also said that parents would keep many children from gathering.

"My kids aren't going to be going to the mall," he said.

The historian John M. Barry, author of "The Great Influenza" (Viking Adult, 2004), questioned an idea underpinning the study's conclusions. There is evidence, Mr. Barry said, that some cities with low rates of sickness and death in 1918, including St.

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Louis and Cincinnati, were first hit by a milder spring wave of the virus. That would have, in effect, inoculated their citizens against the more severe fall wave, and might have been more important than their public health measures.

Sites Of Risky Levees Listed (USAT)

By Peter Eisler

USA Today, February 2, 2007

WASHINGTON — Bowing to demands from news organizations, the Army Corps of Engineers revealed the locations Thursday of 122 levees nationwide that are so poorly maintained they could fail in a major flood.

Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people.

Maj. Gen. Don Riley, director of civil works for the corps, said he does not know how many people live near the levees or what the required repairs might cost. He said communities have one year to fix the problems.

If a levee's deficiencies are not corrected, people living nearby might have to buy flood insurance.

Some local officials said they need more time to find ways to pay for the repairs, which typically cost millions of dollars.

"A year may be too short for folks to respond and to have the resources to respond," said Susan Gilson, who heads the National Association of Flood & Stormwater Management Agencies, which represents local levee operators.

In many cases, the levees were built by the corps and turned over to local communities, which are responsible for maintenance. In those cases, Gilson said, "there should be a commitment at the federal level to share costs."

Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees.

USA TODAY and the Associated Press then requested the list under the Freedom of Information Act.

The full list can be seen at news.usatoday.com.

Riley said the corps wanted to wait to release the list until it finished notifying all communities responsible for maintaining those levees. He noted that 24 levees were dropped from the earlier count because some communities have corrected the problems. He said that the corps "will likely find more (levees) that are deficient" when additional inspections and reviews are done in the coming months.

Most of the levee problems found by the corps stemmed from tree and brush growth, animal burrows and erosion, Riley said.

"What we're doing at this point is making sure the maintenance requirements are met and having meetings with the levee owners … to make sure they understand what they need to do," Riley said.

If the levees aren't fixed:

•The corps could remove the levees from its inspection and rehabilitation program. That means the communities that own the levees would be ineligible for federal assistance to repair any damage the levees might suffer in a major flood.

•The Federal Emergency Management Agency could decide not to consider the levees adequate flood controls. Properties behind those levees would then be deemed high risks for flooding, and owners could be required to buy flood insurance policies costing hundreds of dollars a year or more.

Engineers Say 120 Levees Are Flood Risk (NYT)

By The New York Times

The New York Times, February 2, 2007

More than 120 levees around the country could fail in a major flood and need to be better maintained, the Army Corps of Engineers said yesterday.

The problems that led to what the corps called “unacceptable maintenance ratings” included erosion, tree growth on or too near levees, animal burrows and shifting soil.

California has the largest number of problems, 37, and Washington State has 19. Louisiana has no levees on the list, said Maj. Gen. Don T. Riley, director of civil works for the corps, because those on the Mississippi River are well maintained and those around New Orleans are being rebuilt and strengthened after Hurricane Katrina.

The list and more information are at www.hq.usace.army.mil /cepa/releases/leveesafety.htm.

In most cases, the corps built the levees and handed them over to local communities to maintain them.

The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said.

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There is more work to be done, he said, adding, “It is a concern.”

General Riley said the corps would send the information to the Federal Emergency Management Agency, which runs the National Flood Insurance Program.

If the program determines that the levees are not adequate, flood insurance rates for people living near them could increase.

The corps is looking at 2,000 levees.

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years In Prison (AP)

AP, February 2, 2007

TAMPA, Fla. -- A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said.

Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said.

Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering.

During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest.

"The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort," said U.S. Attorney Paul I. Perez. "The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue."

Telephone messages left after hours at the offices of Valencia-Trujillo's attorneys were not immediately returned.

20 Members Of Violent Street Gang Arrested In New Jersey Raids (NYT)

By David Kocieniewski

The New York Times, February 2, 2007

WEST TRENTON, N.J., Feb. 1 — Staging a series of raids that ranged from the suburbs of Philadelphia to the Jersey Shore, the police on Thursday arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey, the authorities said.

Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as “Money, Sex, Murder,” are considered the state’s most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005.

The raids on Thursday, which began before dawn and ended about 9:30 a.m., produced 300 grams of crack cocaine, 3 pounds of powdered cocaine and 9 illegal weapons, including a loaded Mac-11 submachine gun equipped with a silencer, the authorities said.

Most of those apprehended in the raids face charges of racketeering, conspiracy, extortion, money laundering or drug crimes; two were charged with murder. The authorities said that at least five other suspects were still being sought.

Gang members — many of them with prominently displayed dog paw tattoos on their necks and faces — were also believed to be at the center of a five-day shooting spree in March and April 2006 that left 15 people in Trenton wounded. The shootings, with one victim a 7-year-old girl who was wounded in the face, brought an outcry from community leaders.

The raids were the second major wave of arrests the New Jersey State Police have conducted since adopting a new strategy that focuses resources of more than a dozen state and federal law enforcement agencies not on the most visible gangs, but on the most violent.

“The not-so-subtle message is this,” Colonel Fuentes said. “The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors.”

New Jersey has seen a significant rise in gang violence in recent years as small groups of local drug dealers and street criminals have banded together in cities, suburbs and small towns across the state. While many have adopted the rules, rituals and violent street code of established national gangs, most operate independently. Lt. Col. Frank E. Rodgers, the state police

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deputy superintendent of investigations, said New Jersey was now home to at least 700 gangs with 20,000 members, many of whom were brought into the organizations while in prison.

In many crime-ridden neighborhoods, teenagers say they feel pressured to join gangs to protect themselves from street violence, and are then forced to commit crimes to maintain their status within the groups. The problem has become so pervasive that some communities, like the Trenton suburb of Hamilton, have enacted ordinances that make it a crime to recruit gang members near schools.

In July, the authorities carried out the largest gang-related operation in state history, arresting more than 60 members of the "Nine-Tre" set of the Bloods, who operated across the state. Evidence seized in that case led to the arrests on Thursday.

Gregory A. Paw, director of the criminal justice division in the state attorney general's office, said the Money, Sex, Murder gang used a sophisticated structure to manage a lucrative drug and cocaine business and was quick to use violence to protect and expand its operations.

Trenton's police director, Joseph J. Santiago, said that the arrests would help reduce some violence, but that the city was still plagued by far too many street gangs.

"We're going to keep coming after them," he said.

State, Federal Authorities Round Up Suspected Bloods Gang Members (NSDY/AP)

By Angela Delli Santi, Associated Press Writer

Long Island Newsday, February 2, 2007

TRENTON, N.J. -- State and federal agents rounded up 17 members of the Bloods street gang in a series of raids Thursday that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Fairless Hills, Pa., after a 10-month investigation. They are suspected members of the Sex Money Murder set of the Bloods, whose major source of money was drug trafficking.

Attorney General Stuart Rabner said the operation, the second major anti-gang initiative in seven months, is part of "a new, aggressive law enforcement model that we're using to take down the most violent street gangs."

"This enforcement angle is a critical component of an overarching gang strategy," Rabner said.

The strategy will emphasize ways to prevent at-risk youth from joining gangs, and for those who do, a focus on their re-entry into society when leaving jail after long sentences, he said.

Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing. Bails were set from $350,000 to $1 million. The suspects face a variety of drug charges, and two suspected gang leaders are also charged with conspiracy to commit murder.

Warrants have been issued for six additional gang members, Rabner said, and four others who hadn't been identified previously were swept up in the raids.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print.

State Police Superintendent Col. Rick Fuentes said the investigation was triggered by 19 gang-related murders in Trenton in 2005 and a five-day shooting spree in the city last March and April that wounded 15 people including a 7-year-old.

"The not-so-subtle message from us here in this room to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors.

"This has been our strategy in previous gang investigations," Fuentes said. "It's a strategy that works."

Authorities said 11 of those arrested were part of the Trenton gang, while the rest belonged to the Monmouth-Ocean gang.

Thursday's raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

Fuentes said information gathered during that investigation helped launch Operation Dawg Pound.

Municipal police in the Monmouth and Ocean county towns of Asbury Park, Dover Township, Ewing, Freehold Borough, Jackson Township, Lakewood and Long Branch participated in the raids.

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Bloods Targeted In Series Of Raids (PHI)

By George Anastasia

The Philadelphia Inquirer, February 2, 2007

More than a dozen suspected members of the Bloods street gang were arrested yesterday, and six others already in jail were served warrants, as state, county and local police completed a series of raids in Mercer, Monmouth and Ocean Counties.

Police also arrested one suspect in Fairless Hills as part of the New Jersey State Police Operation "Dawg Pound," the latest salvo in a crackdown on local members of one of the most notorious gangs in the country.

In all, 25 reputed gang members were targeted in yesterday's action. Five were listed as fugitives last night.

"The message is: The more you shoot, the more we fire back" with intense investigations, said Col. Rick Fuentes, superintendent of the New Jersey State Police.

Fuentes and New Jersey Attorney General Stuart Rabner announced the arrests during a news conference at state police headquarters in West Trenton attended by representatives of most of the 17 federal, state, county and local law enforcement agencies that took part in the investigation or yesterday's roundup.

Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder, Rabner said.

Rabner said the investigation focused on two "sets," or local branches, of the gang - one based in Trenton and the other in the Freehold area of Monmouth County.

Eleven members of the Trenton organization, which used the slogan "Sex Money Murder," and six members of the Monmouth County group were arrested or served warrants during yesterday's action. Three other people were also charged during the raids with related offenses, police said.

The five fugitives are members of the Trenton set, authorities said.

County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol.

Rabner said the gangs were structured, disciplined, and heavily involved in narcotics trafficking. He said yesterday's raids, the result of intelligence gathering, analysis, and cooperation and collaboration among law enforcement agencies, was an example of how authorities intend to "attack and dismantle" street gangs.

The operation was dubbed "Dawg Pound" because members of the Bloods traditionally sport a tattoo of a dog's paw, authorities said.

Fuentes said the investigation grew out of intelligence gathered during and after another state police operation that targeted the Nine-Trey set of Bloods in Trenton last year.

Police have attributed 19 of the 31 reported homicides in Trenton in 2005 to the Bloods and say the Bloods were behind a five-day shooting spree in the spring of 2006 in which 15 people, including a 7-year-old, were wounded.

Those charged yesterday included Antonio Merritt and Bobby Williams, both 27, who were identified as the leaders of the Trenton set. Merritt was served a warrant in the Mercer County Correctional Facility, where he is awaiting trial on separate charges related to gang activity.

Williams was picked up in Fairless Hills. He also faces a federal drug-trafficking charge, Rabner said.

Most of those arrested yesterday were in custody, with bails ranging from $250,000 to $1 million. Three juveniles picked up during the raids were to be released to the custody of their parents.

Gang Probe Brings Arrests (TTNJ)

By Kevin Shea

Trenton Times (NJ), February 2, 2007

15 suspects rounded up across three counties

When a gang's bullet slashed through both of 7-year-old Tajahni que Lee's cheeks March 31 last year as she rode her bike in front of her Trenton home, the crime not only shattered a little girl's smile but ripped through the city as well, which was still reeling from a record 31 murders in 2005.

Lee's wounding and a preceding series of gang shootings unsettled the city, but those clouds had a silver lining that that was revealed yesterday when local, county, state and federal authorities announced the end of a 10-month investigation of the gang suspected of the crimes, the Sex Money Murder Bloods.

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Starting at dawn yesterday, more than 150 law enforcement officers set out in Mercer, Monmouth and Ocean counties with a stack of arrest warrants charging about two dozen suspected members with everything from racketeering to drug charges to weapon possession violations.

By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang.

The suspects will have their first court appearances today in state Superior Court in Mercer County where prosecutors will press for a minimum of $500,000 bail for each, and in some cases $1 million, Rabner said. The suspects will come into court in handcuffs and likely leave wearing them as well, a sight Rabner wishes all young people who emulate gangsters or are thinking of joining a gang could see.

"To see the reality of what life in a gang really is," he said.

The probe was called Operation Dawg Pound, since Bloods gangsters refer to themselves as "dawgs" and favor tattoos that il lustrate dog paw markings.

The state police have led several similar gang operations in the past several years as gang violence has risen across the state. This one, Rabner and state police Superintendent Col. Rick Fuentes said, specifically came from the Lee shooting and Trenton events of March 2006. Trenton police played a leading role in the investigation, he said.

The probe would eventually confirm that the Sex Money Murder Bloods had spread to areas of Monmouth and Ocean counties, like Asbury Park, Neptune, Long Branch and Lakewood, all which have seen a rise in gang-related shootings in the past few months.

Rabner said gangs operated separate sets in the Trenton and Monmouth/Ocean areas. Antonio Merritt, 27, of Trenton, is the Original Gangster or O.G., of the Tren ton set. Valdo Thompson, 21, of Jackson is the O.G. of the Monmouth/Ocean set.

Merritt, who is in the Mercer County Corrections Center on other charges, faces charges he led an organized crime syndicate, a narcotics trafficking network and related racketeering charges.

Also snared in the probe was Bobby Williams, 27, of Southard Street, Trenton, who was appre hended early yesterday at a Falls, Pa., residence. Williams has Sex Money Murder gang affiliations, but his main impact is as a drug importer and seller authorities described as a "hybrid drug dealer" who would sell to other gang sets.

Rabner reiterated that gangs, while they are about power, colors and turf, and have an organized, hierarchical code of conduct, are fundamentally drug dealers. "They establish a network to sell this poison on our streets," he said.

U.S. Drug Enforcement Administration agents arrested Williams, who will be charged with federal drug crimes, officials said.

As for the Trenton beginnings of the investigation, Police Director Joseph Santiago said the successful overall operation amounted to a partial victory in the Lee case, which initially crumbled after city police arrested two Sex Money Murder suspects. Days after their arrests, prosecutors dismissed the case against them for lack of evi dence amid allegations that police rushed the case because of political pressure to solve it.

One of the suspects charged in Operation Dawg Pound, 23-year-old Reginald Jackson of Chesnut Street in Trenton, is be lieved to have been involved in the Lee shooting, but was not charged last year, Santiago said. He is charged with racketeering and drug charges in this case, not the Lee shooting, officials said.

"Even though the individuals were not brought to justice for that," Santiago said of the Lee shooting, "they were brought to justice in other ways," he said, referring to the operation and Jackson.

"In some sense, we have a little bit of closure," Santiago said.

Informed of the fact that Lee's shooting prompted such a massive targeting of the gang, Tajahnique's great-grandmother, Candy Lee, said, "That's great news."

Standing inside her home on Coolidge Avenue, where the girl was shot outside, Candy Lee confirmed the now 8-year-old no longer lives at the residence, and she would not comment on where she is. Saying the matter is personal, Lee referred all questions to the family's spokesman, Emmanuel Av raham, who did not immediately return phone calls yesterday seek ing comment.

The overall message to gangsters, Fuentes said is, "The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors." The colonel said he'd like to stop standing at podiums, announcing such operations.

"All the gangs have to do is quiet down ... and not commit crimes," he said.

Contact Kevin Shea at kshea@nj times.com.

17 Arrested In Bloods Gang Sweep (APP)

DOJ_NMG_0126542

Asbury Park Press, February 1, 2007

EWING — State, federal and local law enforcement officials arrested 17 adults in a new offensive against the Bloods street gang today.

Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons.

Among those arrested were Zachery Butts of Freehold, who had been previously arrested by Lakewood police in December. A handgun possessed by Butts seized in the Lakewood arrest was traced to the murder of Keith T. Mason in Long Branch, police said. Butts was out on bail when he was arrested this morning. Charges against Butts include illegal transfer of weapons.

Evidence seized in this morning's action supported the murder charges previously filed against Valdo Thompson Jr. of Jackson and Carl Holdren of Lakewood for their role in the November 2006 slaying of Michael Montgomery in Long Branch, according to authorities.

Also arrested this morning were Wesley Kelly of Ocean Grove and Michael Gunther of Howell, both on drug charges. Two juveniles from Ocean County were also taken into custody on drug charges.

The arrests were announced by state Attorney General Stuart Rabner; State Police Superintendent Colonel Rick Fuentes; Criminal Justice Director Gregory Paw; and Gerard P. McAleer, U.S. Drug Enforcement Administration Special Agent in Charge. The announcment took place in the newly opened Regional Operations Intelligence Center at State Police headquarters.

"Today's operation reflects a new, aggressive law enforcement model that we're using to take down the most violent street gangs," Rabner said. "It's a model that starts with effective intelligence gathering by the State Police and other agencies, and brings in state prosecutors at the outset, to ensure that we dismantle the hierarchy of these gangs with solid cases. We will continue to work with our many law enforcement partners to target gangs terrorizing our communities."

Suspected Bloods Rounded Up In Pa., N.J. (CHCP)

Cherry Hill (NJ) Courier-Post, February 1, 2007

TRENTON — State and federal agents rounded up 20 members of the Bloods street gang in a series of raids today that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Bristol, Pa. They are suspected members of the Sex Money Murder set of the Bloods.

Nine weapons were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing.

Warrants have been issued for five additional gang members, authorities said.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dog Pound.

A briefing on the operation was scheduled for this afternoon at the state police's Regional Operations Intelligence Center, known as The Rock, at the West Trenton headquarters.

The raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

Troopers Arrest 17 In Effort To Dismantle A Violent Gang (NSL)

By Rick Hepp, Star-ledger Staff

Newark Star-Ledger (NJ), February 2, 2007

State Police yesterday arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs.

More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. While operating mainly in Trenton, Asbury Park and Long Branch, the chapters also trafficked cocaine and heroin in suburban towns like Dover, Ewing, Freehold, Jackson and Lakewood.

The State Police launched the investigation following a five-day shooting spree in Trenton last spring that left 15 people wounded, including a 7-year-old girl, State Police Superintendent Rick Fuentes said. Detectives quickly identified the Sex Money Murder chapters as the main gang threat in the state's capital.

"The not-so-subtle message to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors," Fuentes said.

DOJ_NMG_0126543

The suspects arrested yesterday include Antonio Merritt and Bobby Williams, both 26, both from Tren ton, whom Attorney General Stu art Rabner identified as the heads of the two chapters. Both are charged with racketeering, leading a narcotics trafficking network, leading an organized crime syndi cate and distribution of narcotics.

Merritt, who has been accused of threatening the lives of police officers in the past, was being held in the Mercer County Correctional Facility on separate drug charges when he was served yesterday with an arrest warrant, Rabner said.

Williams, meanwhile, also was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant. Rabner said his office asked the DEA to file the charges in federal court because the counts carry a potential life sentence for Williams if convicted.

As troopers conducted the investigation with assistance from various federal, county and local law enforcement agencies, they uncovered the gang's tendency to use murder, assaults and threats to protect their narcotics operation, Fuentes said.

Some of that evidence led to murder charges being filed against Sex Money Murder members Valdo Thompson, 21, of Jackson and Carl Holdren, 18, of Lakewood in the Nov. 21 slaying of Michael Montgomery, who was gunned down in Long Branch, according to the superintendent.

Thompson and Holdren, who have been held at the Monmouth County jail since their arrests, also were accused yesterday of conspir ing with fellow gang member Zach ery Butts to kill a rival gangster Dec. 28, authorities said. Troopers were able to disrupt the attempted murder before it occurred.

The investigation also connected a handgun seized from Butts with the murder of a 28-year-old Long Branch man, Keith Mason, who was found shot to death Dec. 14 inside his home. Three other members of Sex Money Murder have been charged in that murder.

The investigation is the second by State Police using its new "intelligence-led policing" strategy, which mixes police street smarts with computer databases to determine which criminal elements to target based on the threats they pose.

In July, the State Police ar rested 41 suspected leaders of the 9 Tre Gangsters, which was considered the state's bloodiest and most-feared street gang and sold heroin, cocaine and guns in communities from one end of New Jersey to the other.

Sex Money Murder "was No. 2 on the list" of most dangerous gangs in the state behind 9 Tre, said Lt. Col. Frank E. Rodgers, who commands the State Police investigations branch.

"I would argue that when we took them (9 Tre) off the list, then Sex Money Murder were the most violent," he said. "But we wiped these two sets out, they're gone now."

Rick Hepp may be reached at rhepp@starledger.com or (609) 989-0398.

State Police Arrest 25 Suspected Gang Members (WPVI)

WPVI-TV,, February 1, 2007

Police conducted a large-scale raid across our area Thursday morning that captured 25 suspected Blood gang members at 5 different locations in two states.

"The arrests are not just street level dealers; we have the leadership of these sets under arrest," said NJ Attorney General Stewart Rabner.

One by one, more than two-dozen gang members and associates were hauled in by police from 18 different agencies. They were arrested in early morning raids for a laundry list of offenses stemming from the sale of drugs.

Lt. Col. Frank Rodgers of the NJ State Police said, "These folks are charged with racketeering to include homicide. They'll stop at nothing."

Among those arrested today at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang.

After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community.

Trenton Police Director Joseph Santiago tells Action News, "We knew who we were going after, we knew what they were involved in."

Residents are glad Police are taking action.

Authorities admit that these arrests will not stop gang activity.

"If there are drugs there is money and its gonna to keep the gangs going so it's a never ending struggle," Ocean County Prosecutor Tom Kelaher told reporters.

But State Police have a message for the gangs that continue the violence.

Col. Rick Fuentes had a message for gang member: "So long as you engage in criminal activity, so longs as you go to the waist band and use that gun, we're going to continue to chase you down."

DOJ_NMG_0126544

Major Gang Crackdown In The Garden State (WABC)

WABC-TV,, February 2, 2007

New Jersey authorities spent the morning executing raids and arresting dozens of suspected members in several cities.

New Jersey reporter Anthony Johnson is live in Hamilton with the story.

All of the alleged gang members were brought to the state police processing center.

After the early morning raids that took place in places like Monmouth County, Ocean County, and Mercer County. Specifically in places like, Asbury Park and Trenton, New Jersey.

State police say this is a major assault on the "Bloods" street gang, which have become notorious across the state for drug activity and gun violence.

Police are planning a news conference this afternoon in West Trenton, New Jersey. They will have all of the details about this gang arrest all across New Jersey.

'BOBO' GETS 11 YEARS ... Kittitian Man Put Away In US Jail (SKN)

Sun St.Kitts/Nevis, February 1, 2007

In about 11 years' time, Glenroy 'Bobo' Matthew could be released from a US Federal prison to be reunited with his family in St. Kitts.

Earlier this week, Matthew was sentenced by US District Court Judge, K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release.

The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States.

According to a press release posted on the Web site of the United States Attorney's Office of the District of Florida, Matthew was the last of four defendants to be sentenced for participating in a conspiracy that was led by former Jamaican Shower Posse leader Charles "Little Nut" Miller.

"The case was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts. Acosta commended the tremendous investigative efforts of the ICE, DEA, Serious Crime Group New Scotland Yard and The Royal St. Christopher and Nevis Police. The case was prosecuted by Assistant United States Attorneys Russell R. Killinger and Todd Mestepey," the release added.

Matthew along with Noel 'Zambo' Heath were both extradited to the US last March in respect of charges of conspiracy to supply and to import cocaine into that country – Heath into New York and Matthew into Florida.

Heath and Matthew were picked up in the early morning hours of 22 December, 2005 and were both committed to prison to await their surrender to the government of the US to stand trial, in agreement with a Privy Council ruling that the appellants be committed without further delay.

The extradition process of Heath and Matthew began in 1996 when Prime Minister, Dr. Denzil Douglas, was then minister of foreign affairs and it was at that time too, that the case was passed over to the court for consideration.

Heath and Matthew's extradition to the US came after a 10-year legal battle which was heard at every level of the judicial structure, right up to the Privy Council which is the country's highest and final court.

According to Dr. Douglas, the extradition order took effect on 2 March, 2006 when the men were handed over to officials of the Drug Enforcement Agency of the United States.

"This court ruled that these two nationals should be extradited to answer the charges that have been laid against them in the United States.

A final review of certain issues not related to the interpretation of the law raised on behalf of Heath and Matthew by their lawyer, was conducted by the relevant ministry and this government made a decision to obey the order of the court.

"It is never a happy circumstance for a country to turn its nationals over to another country for trial in a foreign court.

"My government looked at this situation long and hard and concluded that it was in the national interest that the law, deriving from international undertakings which we had solemnly agreed to be obeyed," Dr. Douglas said.

Douglas reiterated that his government has done its duty to protect the interest of its nationals after allowing Heath and Matthew to fully exhaust their rights before the courts.

Heath's fate will be decided later.

Georgia Man Arrested For Attempted Murder In Drug Raid In New York (AP)

AP, February 2, 2007

DOJ_NMG_0126545

BUFFALO, N.Y. (AP) A drug suspect from Georgia was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room.

A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine.

One of the room's occupants, Colin Greenaway of Buffalo, at first opened the door but tried to slam it shut when an agent identified himself, according to court papers.

After the agent wedged his foot in the door to hold it open, he and the two other agents ``then observed an arm holding a black handgun extend into the hallway from behind the door and sweep from side to side," an affidavit by one of the agents said.

Two of the agents said they heard two clicks as if the gun's trigger was depressed twice, the affidavit said.

The agents closed the hotel room door and after a few minutes talked Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room.

Griffin told authorities that he drove to Buffalo from Atlanta and was expecting a shipment of the drug Ecstasy, coordinated by Greenaway, to be delivered to him from Canada. He also acknowledged pointing the gun at agents, but said he thought they were going to rob him, the affidavit said.

In addition to attempted murder of federal agents, Griffin was charged with using a gun to interfere with DEA agents and using a gun for attempted murder. He would face up to 20 years in prison if convicted.

He and Greenaway were charged with conspiring to possess and distribute Ecstasy, and possession of a gun during a drug crime.

Greenaway also was charged with unlawfully disposing of marijuana prior to it being seized by DEA agents. Authorities said Greenaway admitted flushing marijuana down the toilet while agents were outside the door.

A third man who was at the hotel, Andre Bennett, was charged in the indictment with lying to federal agents. He identified himself as a childhood friend of Greenaway from New York City.

Former River Hill Teacher Sentenced In Drug Case (COLFL)

Columbia Flier, February 2, 2007

A former River Hill High School social studies teacher was sentenced in January to six and a half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine.

On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release, said Marcia Murphy, a spokeswoman for Rod Rosenstein, the U.S. Attorney for the District of Maryland.

Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police.

Authorities arrested Hartlove after he accepted a package with $50,000 worth of methamphetamine from a middleman working with agents and police, a DEA agent and spokesman said at the time of Hartlove's arrest.

In addition, a search of Hartlove's Baltimore residence turned up methamphetamine, Ecstasy, marijuana and a quart of GHB, a substance known as the "date rape drug," the agent said.

In April 2006, Hartlove pleaded guilty to charges that he conspired to distribute the methamphetamine.

School officials terminated Hartlove's contract with the school system in November 2005. While at River Hill, Hartlove taught Advanced Placement courses, coached the debate team and served as an adviser to the school's Gay Straight Alliance.

--ÊJennifer Surface

Man pleads guilty in July Columbia stabbing

A 26-year-old Baltimore man this week pleaded guilty to assault charges in connection with a July 2006 stabbing that occurred near the Columbia mall.

At a Jan. 29 hearing before Howard County Circuit Court Judge Diane Leasure, Montaque Edward Butler pleaded guilty to first-degree assault in the July 11, 2006 incident.

A crew working in the mall parking lot called police at about 3:30 a.m. July 11 to attend to a man who was suffering from multiple stab wounds, according to police.

The man, Leonard Marvin Brooks, of the 10200 block of Sherman Heights Place, in Columbia, had that morning fled his house following a domestic argument with his longtime friend, Butler, in which Butler stabbed Brooks in the neck and arm with a large kitchen knife, according to a statement read into the court record by Howard County Assistant State's Attorney David Lank.

DOJ_NMG_0126546

Butler attacked Brooks inside Brooks' townhouse, which is near the mall, after which Brooks ran to the mall parking lot calling for help, according to the statement. Brooks was transported to the University of Maryland Shock Trauma Center in Baltimore, where he was treated and released.

Howard County police arrested Butler at about 4 a.m. July 11, after he was observed walking near the intersection of Route 29 and Broken Land Parkway, in Columbia, with blood stains on his hands and clothing, police said.

Leasure is scheduled to sentence Butler March 5, said Wayne Kirwan, the spokesman for Howard County State's Attorney Timothy McCrone.

Prosecutors will seek a 15-year term for Butler, according to the statement Lank read in court.

-- Jennifer Surface

CA board to discuss president's contract

The Columbia Association Board of Directors will discuss CA President Maggie Brown's contract renewal at a closed meeting on Saturday, Feb. 3, board members said this week.

The meeting is closed because it involves a personnel matter.

The 10-member board is facing a 5-5 split on whether to give Brown --Êwho has been CA's president since 2001 --Êa three-year contract extension or to limit the extension to a year.

Brown's contract, which currently pays her $183,000 annually, expires April 30. Any decision on her renewal would need to receive a majority of votes from board members.

However, board vice chairman Philip Marcus, of Kings Contrivance, and members Philip Kirsch, of Wilde Lake; Gail Broida, of Town Center; Barbara Russell, of Oakland Mills; and Cynthia Coyle, of Harper's Choice, have said they will not approve extending Brown's contract for more than a year.

The five say they favor hiring someone who is better trained in certain management skills they believe the president needs, Marcus said.

On the other hand, board chairman Tom O'Connor, of Dorsey's Search, and members Henry Dagenais, of Long Reach; Pearl Atkinson-Stewart, of Owen Brown; Patrick von Schlag, of River Hill; and Miles Coffman, of Hickory Ridge, support renewing Brown's contract for a three-year term because they believe Brown's performance has been strong.

Von Schlag requested at the board's Jan. 25 meeting that O'Connor call the special closed session, and other board members agreed. The session is needed to allow the board a chance to hammer out a compromise on Brown's contract, Von Schlag said.

--ÊAndrei Blakely

Senior centers getting faster Internet service

Howard County's nine senior centers and four senior-plus sites now have faster Web service for seniors who take classes using the computer.

The upgrades came after county technology office staff linked the senior centers into the county's existing service, said Ira Levy, the county's director of technology.

The sites were previously user dial-up Internet service, which is much slower, Levy said.

"It was a big issue because some teachers were reluctant to teach courses that require images," he said.

For example, in a genealogy class it would take 20 minutes to load one document, Levy said.

The new technology will make it easier for seniors to shop and communicate with friends and family, he said.

"With a senior community that has challenges with transportation and mobility, this teaches them to be more self-sufficient," he said.

--Nate Sandstrom

County GOP seeks Board of Elections members

The Howard County Republican Central Committee is seeking two Republicans interested in serving on the Howard County Board of Elections.

As minority party, Republicans are entitled to nominate one regular board member and one alternate member. Alternate members vote at monthly meetings at which regular members can not attend.

As majority party, Democrats have two regular board memberships and one alternate member.

To qualify, a nominee must have been a registered voter in Howard County for the last five years. Board of Elections members are not allowed to participate in political activity during their four-year terms.

Republicans interested in serving can submit questions or a resume, including the reasons they are interested in the positions by e-mailing Trent Kittleman at trentkittleman@comcast.net no later than 5 p.m. on Feb. 5.

--Nate Sandstrom

DOJ_NMG_0126547

Similar Bombs In KC, Chicago (KCS)

By Mark Morris, The Kansas City Star

The Kansas City Star, February 2, 2007

A federal investigation is searching for possible ties between the explosive devices.

Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected.

Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service.

It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's mail facility, she said.

A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as "threatening."

The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials.

Dan Taylor, a regional spokesman for postal inspectors in St. Louis, said investigators were searching for links between this week's bombs.

"Any type of mail bomb complaint or investigation is the highest priority case the postal inspection service looks at," Taylor said.

The Chicago bomb was at a business at 311 South Wacker Drive, a 65-story skyscraper near the Sears Tower, Shipp said.

Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured.

In Kansas City, three federal law enforcement agencies continued working the case of the pipe bomb discovered Wednesday at an American Century Investments postal facility.

Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads.

"The guys are working on it feverishly," Obritsch said. "It's a big deal to us."

An alert American Century mail handler discovered the bomb about 11 a.m. Wednesday. Employees at the mail facility near 34th Street and Broadway opened a package and saw a "threatening note and what appeared to be a suspicious device," said FBI spokesman Jeff Lanza.

Police were called, and a bomb squad defused the weapon, Lanza said.

American Century spokesman Chris Doyle said the company was back to normal Thursday but was considering ways to enhance safety procedures.

"The security and safety of our employees is the most important thing," Doyle said. "We're going to do what it takes to keep our employees safe."

Though Obritsch described Wednesday's bomb as an "actual I.E.D., improvised explosive device," he said it appeared more designed to frighten than kill.

"This was the real deal, but it was not primed to go off," Obritsch said. "To some extent, it was a device meant to scare people."

Michael P. Schmitz, an ATF spokesman, said that even if the sender didn't intend for the bomb to go off, it still posed a threat.

"If the components were there, it's dangerous," said Schmitz. "It could have blown up at a postal facility because it got too hot or there was too much friction. The fact that this didn't explode doesn't make it less of a case or a violation."

Lanza said law enforcement is not ready to comment on whether the bomb was addressed to an individual or the company. Obritsch said that investigators have not established a clear motive.

Those interested in learning more about how to screen suspicious mail or packages can call the Postal Inspection Service's local office at (913) 266-2400 or go to www.usps.com/postalinspectors.

Gang Members, Others Arrested On Gun Violations (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, February 2, 2007

SAN DIEGO – Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday.

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Eleven men were arrested Thursday. The other two were at Richard J. Donovan Correctional Facility in Otay Mesa on parole violations, officials said.

They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years.

The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office.

“San Diego gang members routinely buy and sell firearms as a commodity,” he said, noting several of the guns had been stolen in other states.

Ballistics testing linked one of the weapons to an East County homicide, investigators said, but would not give any details on that killing.

The weapons included semi-automatic pistols, revolvers, sawed-off shotguns and rifles.

The investigation was called “Operation Colt .45” and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Onell Soto: (619) 293-1280; onell.soto@uniontrib.com

Gun Dealer Pleads Guilty To Violation (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, February 2, 2007

Weapons charge could lead to jail term

BRIDGEPORT — Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, "I'm glad it's over."

With one word — "guilty" — D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford.

Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device.

The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices.

But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out.

Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001.

Yet, they also sought his help as a witness in some federal prosecutions.

It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted.

It began with the April 2005 audit of D'Andrea's Gun Case on Barnum Avenue. They found numerous record-keeping problems, including the unreported loss or theft of 74 firearms. That investigation led to a bigger probe in which one man was prepared to testify that he bought at least 18 guns for convicted felons at D'Andrea's store. Another, Frankie "The Terminator" Estrada, once Bridgeport's most violent and richest drug dealer, was ready to tell a jury he paid people to buy AK-47s, AR-15s, Streetsweepers and pistols from the store to arm his operation.

It continued in September 2005, when O'Connor had a billboard reading "Buy A Gun for a Criminal, Go To Federal Prison" installed just doors away from the Barnum Avenue store.

"Gun store operators are the first line of defense for helping to control the flow of illegal guns onto the streets," O'Connor said. "Those who blatantly disregard federal firearms possession and reporting laws will be investigated and prosecuted."

A resulting indictment accused D'Andrea of conducting faulty background checks; failing to report multiple sales to the same person and obstructing justice by shipping guns out of state to avoid their detection during the ATF audit.

In court papers, Reynolds said Estrada told authorities that two of the guns bought from D'Andrea's store were used to commit murders. Additionally, the drug lord now serving 29 years in prison said any guns used in shootings were sent to New York for drugs or cash.

Estrada told authorities that D'Andrea advised him how to structure the sales. This included having the people who bought the guns and filled out the paperwork pay cash for them, instead of Estrada. O'Connor claimed a third man told authorities he purchased 177 firearms from D'Andrea's store in a year. Several of those guns turned up in searches, the U.S. attorney said.

DOJ_NMG_0126549

Following his guilty plea, the usually talkative D'Andrea looked worn from the courtroom battle and another with prostate cancer.

Alan Sobol, D'Andrea's lawyer, said his client spends much of his days volunteering in the food pantry at the Sterling House in Stratford and at Bunnell High School.

Feds Investigate Gang, Charge Two For Cocaine (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, February 2, 2007

Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday.

Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said.

The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation.

This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office.

"Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact," said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office.

The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court.

On Jan. 18, investigators arrested the two men at a Lake Stevens home in Snohomish County, where the two men had arranged to meet. The two defendants entered the home with a large paper bag, which concealed bricks of cocaine, federal officials said. A handgun and an Uzi semi-automatic gun also were confiscated.

Each defendant faces a mandatory prison term of 10 years.

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IMMIGRATION:

Judge Nixes Louisiana State Law Banning Illegal Immigrants From Driving (FINDLAW/AP)

AP, February 2, 2007

(AP) - GRETNA, Louisiana-A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional.

In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002, illegally steps on federal immigration law.

The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans.

The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said.

Under the law, any "alien student" or "nonresident alien" who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000 (â,¬768) fine.

The law also requires state authorities to report violators to the federal Immigration and Naturalization Service.

Grant said the definition of "alien student" or "nonresident alien" was different from that contained in federal law. The identification requirement "exceeds the standard contemplated by federal immigration law," the judge wrote.

Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said.

"We don't know if they pull someone over because they look Latino or if they are pulling over a bunch of people for traffic offenses," Crow said.

Immigration Raid Nets 53 In Texas (FINDLAW/AP)

AP, February 2, 2007

(AP) - HOUSTON-Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said.

U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua.

Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said.

The company has yet to learn why some workers were arrested, Flower said.

"It could be as simple as they came to work without their green card," he said.

Republic Services had immigration problems in 2005 that resulted in a change of management at the plant.

"We believe we are in compliance with all applicable laws, rules and regulations," Flower said.

Those arrested could also face federal charges for violations that include re-entering the country after deportation and using fraudulent documents to gain employment, immigration authorities said.

Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week.

New RNC Chief Backs Bill With Guest-worker Plan (WT)

By Donald Lambro

The Washington Times, February 2, 2007

Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with "earned citizenship" requirements for illegal aliens.

Mr. Martinez, whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, "I don't support deporting these people because I don't believe that's a realistic approach."

In an interview with The Washington Times, his first since taking the helm of the RNC, he acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, "My views on immigration are not well understood."

"I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things," he said.

"But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here," he said.

Asked what he would consider the ideal immigration bill, Mr. Martinez said he was working with Sen. Jon Kyl of Arizona and other conservative Republicans on a compromise that would call for a temporary-worker system along the lines that President Bush has proposed. "We're trying to see if something can be worked out," he said.

"I think it is important for people who would like to be American citizens, if they come here illegally, to pay some penalties for breaking the law, to undergo background checks, to see that they pass English proficiency tests and some sort of citizenship lesson, pay back taxes -- all the things that I think would be sensible for someone to earn a path to citizenship but not an immediate citizenship," he said.

Mr. Martinez said he realizes that any earned citizenship plan triggers opposition among many in his party but he hopes that a compromise can be reached around which the party can unite.

"I respect the right of some people to differ on whether I was the right person for the job or not. I was delighted that the opposition was as small as it was. I respect them, but then we move on," he said. "My election to the RNC was not about immigration. It's about the president's belief that my voice could help the party win elections."

Mr. Martinez also said the Republicans' internal political battle over immigration has alienated much of the Hispanic community, but he believes the fast-growing minority voter bloc is "absolutely not a lost cause" in the 2008 elections.

"We've done very well with Hispanic voters in the past. It's about reaching out and explaining our policies and what our party stands for," he said.

Mr. Martinez -- who fled communist Cuba as a youngster, a story that plays a central role in his political appeal -- outlined an ambitious Hispanic outreach effort that he said he will lead as party chairman over the next two years.

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"I'll be speaking to Spanish media on radio and television, webcasts, podcasts and Hispanic groups, as [former RNC Chairman] Ken Mehlman did. We'll reach out very strongly. We're going to organize in the states in a way that will allow Hispanics to play a role in our party's politics," he said.

But the one thing that worries him the most is the residual anger and discontent at the party's base that he says led to the House and Senate losses in November and represents a major challenge for Republicans to overcome in the 2008 elections.

"There is some anger out there at our party's grass roots. We have to show them we've heard their message loud and clear and that we understand it," he said. "We lost our path, our way. We didn't adhere to the Republican principles that made us very successful. We lost the optimism of Ronald Reagan and the idea of fiscal restraint, and obviously the Iraq war played a part as well."

But he said he is under no illusions about Republicans making a comeback in the next elections, noting that the party will have 21 senators up for re-election to only 12 for the Democrats.

"It's going to be a tough cycle, but we'll hold some and pick up some," he said.

Border Policy's Success Strains Resources (WP)

By Spencer S. Hsu And Sylvia Moreno

The Washington Post, February 2, 2007

RAYMONDVILLE, Tex. -- Ringed by barbed wire, a futuristic tent city rises from the Rio Grande Valley in the remote southern tip of Texas, the largest camp in a federal detention system rapidly gearing up to keep pace with Washington's increasing demand for stronger enforcement of immigration laws.

About 2,000 illegal immigrants, part of a record 26,500 held across the United States by federal authorities, will call the 10 giant tents home for weeks, months and perhaps years before they are removed from the United States and sent back to their home countries.

The $65 million tent city, built hastily last summer between a federal prison and a county jail, marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home. Previously, most such detainees were released into the United States before hearings, and a majority simply disappeared.

The new policy has led to a dramatic decline in border crossings by non-Mexicans, according to the U.S. Immigration and Customs Enforcement agency.

But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams. In the Texas facility, they say, illegal immigrants are confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. Many are transferred from the East Coast, 1,500 miles from relatives and lawyers, virtually cutting off access to counsel.

"I call it 'Ritmo' -- like Gitmo, but it's in Raymondville," said Jodi Goodwin, an immigration lawyer from nearby Harlingen.

An inspector general's report last month on a sampling of five U.S. immigration detention facilities found inhumane and unsafe conditions, including inadequate health care, the presence of vermin, limited access to clean underwear and undercooked poultry. Although ICE standards require that immigrants have access to phones and pro bono law offices, investigators found phones missing, not working or connected to non-working numbers.

With roughly 1.6 million illegal immigrants in some stage of immigration proceedings, ICE holds more inmates a night than Clarion hotels have guests, operates nearly as many vehicles as Greyhound has buses and flies more people each day than do many small U.S. airlines.

Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville "a modern, clean facility" that meets federal standards -- "which we believe are among the highest you'll find anywhere." Mead added: "We think the conditions of confinement there are both humane and consistent with all the rights they should be entitled to."

Despite its spartan conditions, the facility in Willacy County, 260 miles south of Austin, is a key to President Bush's drive to create a channel for temporary foreign workers and a path toward legalization for as many as 12 million illegal immigrants living in the United States.

To do so, the government must convince skeptics that it can credibly enforce laws aimed at illegal immigrants and their employers, and can hold and deport those caught by the U.S. Border Patrol. At the same time, the administration and its allies argue that even additional detention beds will be overwhelmed without new channels for legal immigration.

Accordingly, the United States has embarked on a huge prison building and contracting campaign, increasing the number of illegal immigrants detained from 19,718 a day in 2005 to about 26,500 now, and a projected 32,000 this summer.

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About 80 percent of ICE's beds are rented at 300 local and state jails nationwide, concentrated in the South and Southwest, or at eight sites run by contractors such as the Corrections Corporation of America and Geo Group Inc., in places such as Houston, San Diego and Aurora, Colo.

ICE recently added a 1,524-bed facility in Stewart County, Ga., and a 512-bed center in Taylor, Tex., for immigrant families, both run by Corrections Corp.

With the new beds, the administration has imprisoned and deported virtually 100 percent of non-Mexicans caught since August, under faster proceedings that deny hearings to all but asylum seekers.

The administration says this has deterred many others. After quadrupling over four years, the number of non-Mexicans apprehended fell 35 percent in 2006, to 108,026.

But immigration experts and U.S. authorities say the impact of the prison boom will be hard to sustain and still is absorbing only a drop in the bucket of illegal immigration. The Border Patrol made 1.1 million apprehensions last year -- mostly Mexicans who were promptly returned across the border -- but estimates 500,000 people evaded capture or entered legally and then overstayed visas.

An additional 630,000 are at large, ignoring deportation orders, and 300,000 more who entered state and local prisons for committing crimes are to be deported but will probably slip through the cracks after completing their sentences.

U.S. authorities acknowledge that gains from the latest crackdown will be fleeting without the major changes the president wants.

"The short answer is, it is not sustainable," Mead said. "There comes a point where we can't detain any more people. Hopefully, prior to getting there, the deterrence factor will kick in."

The increased tempo of operations is a strain. ICE has no modern nationwide system to track its facilities' populations. It relies on an antiquated computer system created in 1984.

Every day since July, six officers have manually tracked and transferred detained immigrants among 24 regional offices, matching bodies to vacant beds and airplane seats in a Detention Operations Coordination Center, Mead said. "We have all of the information," he said. "It's a question of automation."

Legal advocates contend that some of the older facilities where immigrants are housed are in deplorable condition and that growing pains afflict even new facilities.

Under fire in Taylor, for example, ICE has expanded hours of daily schooling for children from one to seven hours to meet Texas guidelines.

In Willacy County, one of the country's poorest, ICE has set up 10 huge tents on concrete pads, surrounded by 14-foot-high chain-link fences looped with barbed wire. Each "sprung structure" holds about 200 men or women, divided into four "pods." Similar temporary buildings were used for troop recreational facilities in Iraq.

The center is part of a chain of facilities in South Texas with 6,700 new immigration detention beds. At a cost of $78 a night per bed (compared with an ICE average of $95 a bed), the Willacy facility is not only cheaper than any bricks-and-mortar prison but also faster to construct, move or dismantle, Mead said.

Detainees are subject to penal system practices, such as group punishment for disciplinary infractions. The tents are windowless and the walls are blank, and no partitions or doors separate the five toilets, five sinks, five shower heads and eating areas. Lacking utensils on some days, detainees eat with their hands.

Because lights are on around the clock, a visitor finds many occupants buried in their blankets throughout the day. The stillness and torpor of the pod's communal room, where 50 to 60 people dwell, are noticeable.

Goodwin described a group of women who huddled in a recreation yard on a recent 40-degree day with a 25-mph wind. "They had no blanket, no sweat shirt, no jacket," she said. "Officers were wearing earmuffs, and detainees were outside for an hour with short-sleeved polyester uniforms and shower shoes and not necessarily socks."

Perhaps more troubling, lawyers said, large numbers of immigrants have been transferred from Boston, New York, New Jersey and Florida, far from their families and lawyers. Because some immigration judges do not permit hearings by teleconference, detainees are essentially deprived of counsel.

Immigration violators in the United States are held on civil grounds and have no right to appointed lawyers. But federal guidelines call for providing them law libraries, telephones and phone numbers for legal aid.

Joining a lawsuit last week, the American Civil Liberties Union alleged that severe overcrowding at a Corrections Corp. facility in San Diego poses an unconstitutional risk to detainees' health and safety, arguing that as administrative detainees, illegal immigrants should be treated better than convicted criminals.

The National Lawyers Guild and five other groups petitioned the Department of Homeland Security last month to set binding regulations for detention sites, saying U.S. standards set in 2000 are not enforceable.

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And the New Jersey Civil Rights Defense Committee has announced a campaign to stop ICE's use of county jails.

"The standards are there," said David A. Martin, a former general counsel of the Immigration and Naturalization Service, ICE's predecessor agency, who advocates concentrating detention centers in perhaps 10 cities to ensure access to lawyers and oversight. "But there are some real indicators federal standards are not well monitored or policed. We ought to do better."

TAX:

Protective Order Granted (NPLATTET)

By John Lindenberger

North Platte (NE) Telegraph, February 2, 2007

Attorney's representing Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte.

Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload.

The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners.

Those who were scheduled to appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden.

Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return.

The Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS.

Baisden's attorneys requested the protective order because they claim the Justice Department did not give reasonable notice. They were reportedly notified just one week prior to the depositions, which were scheduled for Jan. 26.

The attorneys representing Baisden indicated that the Justice Department had plenty of time to schedule these depositions since the motion for a preliminary injunction was filed four months ago.

Attorneys for the Justice Department opposed the protective order, stating the depositions are needed to clarify contradictory statements made by Baisden and that provisions were made for the defense to cross-examine by phone.

In addition to preventing the depositions from being used at the hearing, Baisden's attorneys have filed a supplement to their opposition against the preliminary injunction, claiming the Justice Department's case relies heavily on irrelevant facts and hearsay.

They also claim the Justice Department fails to provide proper expert opinion, offering the hearsay declarations of several of its IRS agents instead of declarations from Baisden's own clients.

"By contrast, Baisden has submitted various declarations (from himself and several of his clients) which lay out specifics demonstrating that he complied with internal revenue laws and regulations," the court document states.

The supplemental documents also provide further information on the corporation that Baisden helped establish for Drs. Walter and Deborah Weaver of North Platte to show that the purpose of this action was not to save taxes.

According to declarations from both Walter and Deborah Weaver, the couple purchased 2,200 acres of canyon land near Maxwell in 2003 at a cost of $357,837. This land has been used for cattle grazing and is being improved for recreational use as hunting ground.

The court documents state the Weavers have made significant improvements to the property and have hired a manager who handles contracts and other issues with the ranchers and other tenants.

The Weavers also purchased 90 acres of river ground in Sutherland in 2000 and are developing this property. In 2003, the couple formed the Axehandle Corporation in Nevada to develop and operate the two properties.

In their declarations, the Weavers state Axehandle was formed to produce income from real estate purchases and development, as well as for asset protection since the exposure to malpractice and civil suits is high for doctors.

However, the Weavers both reported that the corporation was not formed for the purpose of tax savings. They further claim Baisden never suggested that the purpose of the corporation was to hide assets or income from the government.

Baisden's attorneys report there was little net tax difference between reporting the Weavers' income on an individual return and reporting some activity on a corporate return and some on an individual return.

"A preliminary calculation of the Weavers' 2003 net tax savings from operating their business in the same corporation versus as a sole proprietorship yields less than $27,000 of tax savings," the court documents state.

Court Rejects Tax Shelter Once Sold By KPMG (NYT)

By Lynnley Browning

The New York Times, February 2, 2007

A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters.

The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders.

The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure.

It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio.

Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998.

Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002.

Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips.

Judge Ward ruled that Mr. Nix and Mr. Patterson genuinely thought that what they were making a legitimate investment, that they learned only later of the tax benefits and that they reasonably relied upon the advice and opinions of their accountants and lawyers, including George A. Hrdlicka, a prominent Houston lawyer who told them that Blips was "above the board."

An I.R.S. spokesman, Terry Lemons, said, "We're reviewing the decision."

Blips, one of the most widely used aggressive shelters of the late 1990s through recent years, was sold to wealthy investors as a three-year, seven-stage investment that revolved around bank loans and trading of foreign currencies and securities.

But Judge Ward, echoing arguments made by Manhattan prosecutors pursuing Deutsche Bank and the KPMG group, found that Blips was not a real investment at all, that its loans were fake and that it had no economic substance or genuine business purpose — hallmarks of a bogus tax shelter.

Instead, investors in Blips always got out of the deals after around 60 days and shifted artificial losses from the fake loans to partnerships that were then used to improperly claim tax deductions.

The judge's ruling may also draw yet more companies into the widening criminal investigation, because it details how NatWest, a British bank now owned by Royal Bank of Scotland, knowingly provided the fake loans for Mr. Nix's and Mr. Patterson's shelters.

"NatWest and Presidio viewed the loan transactions as involving zero credit risks," Judge Ward wrote. "In truth, NatWest did not make any loans." NatWest, which is headquartered in London, could not be reached immediately for comment.

Another German bank, HVB Group, reached a $29 million deferred-prosecution agreement with the Justice Department in February 2006 after admitting to criminal wrongdoing in providing fake loans for Blips and other aggressive shelters. KPMG also admitted to criminal wrongdoing with Blips and three other shelters in its $456 million deferred-prosecution agreement in mid-2005.

In an earlier procedural decision last July, Judge Ward ruled that the I.R.S. had merely overstepped its authority when it retroactively applied tougher Treasury Department rules to liabilities like those used in Blips.

CONGRESS-ADMINISTRATION:

Bush Seeks Big Medicare And Medicaid Saving (NYT)

By Robert Pear

DOJ_NMG_0126555

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush will ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday.

The proposals, part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats.

Mr. Bush is also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level. Under federal guidelines, a family of four is considered poor if its annual income is less than $20,650.

The child health proposal, like those for Medicare and Medicaid, is likely to touch off a fight on Capitol Hill. Senator Hillary Rodham Clinton of New York and other Democrats are seeking major expansions of the children's health program, though they have not said how they would pay for the changes.

One measure of the political difficulty facing the president's plan for Medicare and Medicaid is that he sought $20 billion less in savings from the two programs last year, when Republicans controlled Congress, and few of those proposals were adopted.

Representative Charles B. Rangel, the New York Democrat who heads the House Ways and Means Committee, said Thursday: "There is a large area for potential compromise and agreement, but with these latest Medicare proposals, the president is just asking for controversy. He still acts as if Republicans were in complete control and Democrats had lost the election."

Mr. Bush has repeatedly said that Medicare has serious long-term financial problems, and many experts share his concern.

"If you want to balance the budget eventually and you do not want tax increases," said Joseph R. Antos, an economist at the American Enterprise Institute, "you have no choice but to propose substantial reductions in Medicare. The president's budget is an opening bid, the start of negotiations with Democrats over health care and other programs."

Taken together, Medicare and Medicaid cover more than one in four Americans. Federal spending for the two programs totaled $554 billion last year, or about 21 percent of all federal spending — a little more than Social Security. With no change in existing law, spending on the two health programs is expected to rise at a brisk pace, averaging more than 7 percent a year in the next decade.

Representative Jim McCrery of Louisiana, the senior Republican on the Ways and Means Committee, said: "The current rate of growth in Medicare, fueled by rising health costs and an aging population, is unsustainable. If Congress does not undertake sensible reforms soon, the system will be swamped as the baby boom generation begins to retire. Taxes will rise, benefits will be cut, and the entire economy will suffer."

Under the president's plan, some Medicare beneficiaries would shoulder added costs. At present, about 4 percent of the 43 million beneficiaries must pay more than the standard monthly premium — it is $93.50 this year — because they have high incomes: more than $80,000 for individuals and $160,000 for married couples. The president's budget would require more people to pay the higher premiums, but administration officials would not immediately provide details.

Most of the proposed savings, however, would come from health care providers. Mr. Bush is expected to propose freezing Medicare payments to home health agencies and reducing the inflation allowance paid to hospitals, nursing homes and other providers.

Hospitals plan to fight the president with lobbying and advertising. "Two-thirds of hospitals already lose money treating Medicare beneficiaries," said Richard J. Pollack, executive vice president of the American Hospital Association.

The president's budget also assumes that Medicare payments to doctors will be cut at least 8 percent next year, as provided under a formula in existing law.

Administration officials said Mr. Bush would not try to curb payments to private managed care plans, which currently enroll more than eight million Medicare beneficiaries. But many Democrats in Congress want to do so, because, they maintain, Medicare overpays the plans, which they see as a step toward privatizing the program.

Insurance companies are mobilizing beneficiaries to lobby against any cuts in Medicare payments to private plans. Mohit M. Ghose, a spokesman for America's Health Insurance Plans, a trade group, said, "Any cuts would take away benefits from millions of low-income people and members of minority groups, who enroll in private plans because they cannot afford the high out-of-pocket costs in the traditional Medicare program."

Budget Asks Rise in Pell Grants

The president's budget will propose raising the maximum Pell grant — the federal grant for low- and middle-income students to attend college — to $4,600, Education Secretary Margaret Spellings announced Thursday.

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The announcement followed by only a day the Democratic-controlled House's passage of a $260 increase in the current maximum grant, to $4,310, under a catchall spending bill needed to address budget matters remaining from last year.

Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100.

The last substantial increase was in 2001.

Bush's 2008 Budget Calls For Boost To Pell Grant (WP)

By Amit R. Paley

The Washington Post, February 2, 2007

The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable.

The president's 2008 budget, which will be unveiled next week, would increase the annual Pell grant next year by $550, to a maximum of $4,600, Education Secretary Margaret Spellings said yesterday. Grants, unlike student loans, do not need to be repaid.

"As costs skyrocket, it becomes increasingly difficult for middle-class families to afford college," Spelling said in a speech at North Carolina State University in Raleigh. "And for low-income, mostly minority students, college is becoming virtually unattainable. States, institutions and the federal government--we all must increase need-based aid."

Advocates for students hailed the proposed expansion of the Pell grant but cautioned that it would be meaningless if offset by cuts to other federal aid programs in the president's budget. Spellings did not say how the president would pay for the increase.

"We can't be robbing Peter to pay Pell," said Luke Swarthout, an advocate for the U.S. Public Interest Research Group's Higher Education Project. "But this is clearly a step in the right direction on college affordability."

Democratic leaders said the president's plan was a response to their recent moves in Congress to reduce the rising costs of higher education. The House voted Wednesday to increase the maximum Pell grant this year from $4,050 to $4,310; Senate Democrats have proposed raising it immediately to $5,100.

Sen. Edward M. Kennedy (D-Mass.), chairman of the education committee, said he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years.

Pell grants, given each year to 5.3 million students with family incomes less than $40,000, have lost much of their buying power in recent years. Twenty years ago, the maximum grant covered about 60 percent of the cost of a four-year public university, but last school year it covered just one-third of that cost, according to the College Board.

Congress is also debating a host of other measures to increase college affordability. The House voted last month to cut interest rates on subsidized loans for students, and the Senate is soon expected to take up a similar measure.

Yesterday, Kennedy and Sen. Richard J. Durbin (D-Ill.) introduced a bill, the Student Loan Sunshine Act, which they said would "protect students and parents from exploitation by private lenders and lenders who offer gifts to colleges as a way to secure loan business."

The measure would ban schools from receiving gifts from private lending companies and require disclosure of financial relationships between higher education institutions and lenders.

Bush To Seek Record Boost To Pell Grants (WT)

By Amy Fagan

The Washington Times, February 2, 2007

The federal Pell Grant program, which provides college money to low-income families, would receive the largest boost in funding in more than 30 years under President Bush's 2008 budget plan to be released Monday.

Mr. Bush is proposing to raise the maximum grant level awarded by $550 next year to $4,600, the biggest one-time boost since the program was created in the mid-1970s. His proposal would increase the grants to $5,400 over five years, the largest five-year increase ever.

"Higher education costs have made it more difficult for low- and middle-income families to afford college," Education Secretary Margaret Spellings said yesterday. "States, institutions and the federal government must work together to increase need-based aid. The president's call for a Pell Grant increase will achieve this goal."

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The proposal probably will meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education.

But the government has been under pressure to help more because rising college costs are making it increasingly difficult for some to attend college. Unlike student loans, the grants do not have to be repaid.

Democrats and some Republicans have long called for such a sizable Pell Grant increase. Sen. Edward M. Kennedy praised Mr. Bush's proposed increase but said it's only happening because Democrats are now in charge of Capitol Hill.

"This welcome development shows how a Democratic Congress is changing the nation's priorities," said the Massachusetts Democrat, who leads the Senate's education panel. "For the past five years of Republican control, Congress failed to hold the president accountable for his broken promise to increase Pell Grants."

Mr. Kennedy said he sent a letter to the administration in October, demanding a Pell Grant increase and complaining that it hadn't been increased in five years. He also pointed out his own proposal to immediately boost the maximum Pell Grant level to $5,100.

The House earlier this week approved a massive spending bill left over from last year, that also includes a boost for the maximum Pell Grant award -- by $260 to $4,310 -- which Mr. Bush's proposal exceeds.

Administration officials wouldn't say how much their Pell proposal is estimated to cost for five years, indicating that information would be available Monday when the budget is released.

About 5.2 million students receive Pell Grants each year, but the amount of each grant varies by need.

One House Republican aide said Mr. Bush's Pell proposal will probably be "embraced" by most Republicans, but that ultimately, Congress must find a way to curb the rising cost of college or no amount of financial aid will be enough.

Mrs. Spellings agrees and has been touting reforms recommended by her bipartisan Commission on the Future of Higher Education. She'll convene a summit next month to discuss the topic and said yesterday that part of reform is demanding more transparency and accountability from colleges and universities.

Bush Budget Calls For Pell Grant Boost (AP)

By Justin Pope

AP, February 2, 2007

RALEIGH, N.C. -- President Bush's 2008 budget will include a proposal for the biggest hike in Pell grants for low-income college students in three decades.

Education Secretary Margaret Spellings said Thursday that the budget will contain a proposed increase of $550, to a maximum award of $4,600. That would exceed the $260 increase passed Wednesday by the House.

Democrats have introduced a proposal in the Senate, currently before committee, that calls for an immediate increase to $5,100.

All told, low-income students seem likely to get their first increase in maximum Pell awards in five years. But education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs.

"If this represents an actual increase in total need-based student aid, it will be great news," said Terry Hartle, senior vice president of the American Council on Education, an umbrella group of colleges and universities. But if supplemental grant programs are cut, "it's quite possible ... individual students could be less well off."

Spellings, after announcing the proposal at an education conference at North Carolina State University, said the Pell increase would be paid for with increased revenues and "efficiencies" that she declined to specify, saying details would be released with the president's budget announcement Monday.

The grants _ which students don't have to pay back _ are the federal government's main direct financial aid program for low-income families.

But as college costs have skyrocketed, the grants' buying power has eroded sharply. Twenty years ago, maximum Pell Grants covered about 60 percent of the average published price of attending a public four-year university, according to figures compiled in a report last year by the College Board. In 2005-2006, the maximum grant covered just one-third of that cost.

Increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education.

The problem of college affordability "has become a raging fire in American higher education," Spellings said Thursday. College "has now become virtually out of reach for many American families, and that's why it's so important that we focus on Pell as the first place to go," she said.

Democratic Sen. Edward Kennedy, who chairs the committee overseeing education issues, issued a statement calling the announcement a "welcome development" that "shows how a Democratic Congress is changing the nation's priorities."

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Bush had proposed a $100 increase in the value of maximum Pell grants in his 2006 budget, but no increase was passed by Congress that year.

Luke Swarthout, higher education advocate at the U.S. PIRG, a public interest group, applauded the announcement but also said it's important to see how the increase will be paid for.

"Provided that the administration is not robbing Peter to pay 'Pell,' this could be a very meaningful increase for low-income students all across the country," he said.

A Realistic Budget (1 Letter) (NYT)

The New York Times, February 2, 2007

In "The Budget Illusion" (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency.

On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012.

The editorial specifically warns against "pie in the sky" revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious.

Your skepticism about the president's balanced budget plan is very similar to skepticism expressed in February 2004, when the president set a goal to cut the deficit in half in five years. The New York Times joined others in questioning whether this goal could be achieved without raising taxes. In fact, the goal was accomplished three years ahead of schedule, while keeping taxes low.

Through reasonable restraint on spending and continued pro-growth policies, we can achieve balance, which better prepares us for the longer term fiscal challenges posed by the unsustainable growth in entitlement spending.

In The Loop: Aide At Labor Found Budget's Weaknesses, So Democrats Don't Have To (WP)

By Al Kamen

Washington Post, February 2, 2007

Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs.

So David James, an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled "DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out."

One part of the e-mail highlighted "Vulnerabilities/Democrat Attacks." One budget proposal is to "consolidate and streamline" four training programs, the e-mail said, but "Democrats portray this as simply a cut on worker training" and oppose it.

Another proposal calls for "a reduction in the budget" for the Bureau of International Labor Affairs and having "other federal entities" take over the bureau's "grant-making function." "This will be attacked as neglecting international child labor programs," James's e-mail said.

The disability employment office "has had a large grant-making function" of late and should "focus on its core mission," he wrote. "This will be attacked as shortchanging the needs of the disabled."

The Mine Safety and Health Administration is getting fewer employees than were there in the Clinton administration. "(possible antagonistic question: is this agency getting the support it needs from the administration to protect miners?)"

Chief of staff Paul Conway sent a reply e-mail to James with a note: "David -- Please make certain the secretary is provided with a copy of this."

And a colleague here at The Post got a copy, too, just in case James forget to send one to Chao.

Bush Calls Cheney Optimistic, Not Delusional

Vice President Cheney has taken a pounding in the biased liberal media for touting the "enormous successes" in Iraq. He's been called "a little crazy," "crazy as a loon," "a compulsive liar" and "deranged."

But President Bush, who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is "a person reflecting a half-glass-full mentality," which translated into English means he sees the glass half-full, not half-empty. (See illustration at right.)

Ah, yes, that Dick Cheney, the quintessential optimist, a most cheerful fellow who's been known to wander about the White House whistling "Always Look on the Bright Side of Life."

Bush, making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. "And there is distrust in Washington," he told NPR's Juan Williams on Monday. "I am surprised, frankly, at the amount of distrust that

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exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it." As Bush said in the same interview, "I'm not that good at pronouncing words."

Bush told Fox News's Neil Cavuto that, despite his dismal polls, "I'm going to sprint to the finish" in his final two years and that he has had one whale of a fun time being president.

"I've got too much on my mind to worry about, you know, standing in the polls or what life's going to be in 2009," he said. "This may come as a shock to you, but I have found this to be an exhilarating, joyous experience."

Even though he had to give up jogging? Almost died chewing that pretzel? Got that thumpin' a couple months ago?

Nuclear Security: Don't Need It or Don't Have It

The Nuclear Regulatory Commission ruled this week that the country's 103 nuclear power plants don't need to protect themselves from possible attacks by terrorists flying airplanes into them.

That saved plant operators billions of dollars. But it probably didn't do much to make folks living near those plants feel much safer.

Meanwhile, people who live near nuclear weapons plants are finding out that those highly trained bomb-sniffing dogs the Department of Energy uses to detect explosives and to catch intruders aren't exactly up to snuff.

In fact, "half of the canine teams we observed failed the explosive detection portion of the operational evaluations," the DOE inspector general reported this week after visiting three DOE sites.

What's more, "each of the canines we observed in suspect apprehension demonstrations failed to respond to at least one of the handler's commands," the report found, and the dogs "were not receiving the minimum number of hours of weekly training for explosives detection." The IG said the DOE canine programs should be reviewed, given that "explosives are a terrorist's weapon of choice" these days.

A Florida Republican? He'll Feel Right at Home.

Good news from the 100 block of D Street SE on Capitol Hill! This storied block was once a GOP bastion and home to six Republican House members. Four lost in November; one, Porter Goss (Fla.), went to run the CIA and was bounced from there; and the sixth was another Floridian, Mark Foley.

But Republicans still appear attracted to the neighborhood. Our colleague Mary Ann Akers reports in her blog -- http://www.washingtonpost.com/sleuth-- that incoming Rep. Vern Buchanan (R-Fla.), apparently unaware of the D Street jinx, has bought former Florida GOP congressman Clay Shaw's house there, pretty much sight unseen.

Treasury and Transportation Losing Top Aides

Taking off . . . Treasury Undersecretary for International Affairs Tim Adams-- chief of staff at the agency for the first three years of the administration, policy director on the 2004 reelection campaign and in his present job since early 2005 -- is calling it quits. Too much travel -- more than a third of 2006 on the road -- and three little kids getting older every day. No departure date set yet.

Veteran GOP operative Maria Cino is leaving March 2 "after two terrific years" as deputy secretary of transportation, she announced last week in an internal memo. She said she was "pleased to have had the opportunity to be acting secretary" -- fleetingly. She is reported to be headed north to Minneapolis to manage the 2008 Republican National Convention.

Soaring War Funding Raises Concerns About Scope Of Spending (USAT)

By John Yaukey

USA Today, February 2, 2007

WASHINGTON — Next week, the Bush administration is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan.

It's supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007.

But military budget analysts and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well.

A recent memo by Deputy Defense Secretary Gordon England raised red flags by recommending that the various armed services use the upcoming emergency appropriation not only to fund operating expenses in the two wars, but also to go after money for "overall efforts related to the global war on terror."

That was an invitation to a feeding frenzy, say analysts who track military spending.

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"These supplemental requests are very slushy," said Chris Hellman, a defense analyst with the Center for Arms Control. "You don't have anywhere near the amount of scrutiny and oversight with these as you do with the regular budget so you can get away with a lot."

Critics of emergency spending to fund the military also say it hides the true financial costs of the wars from the public by separating them out from the regular budget.

Since 2001, the year U.S. forces invaded Afghanistan, Congress has approved $383 billion in extra military spending on top of the Pentagon's growing annual baseline budget.

Changes ahead

The upcoming supplemental bill is intended to be the last for the Pentagon. Under pressure from Congress, the Pentagon henceforth is supposed to be calculating what its wars will cost and request the money in the annual base budget.

While budget hawks say getting rid of the military supplementals is a step in the right direction, the readjustment will make for some eye-popping dollar figures next week as the budget process gets underway. That's because the upcoming emergency funding request for the rest of fiscal 2007 will coincide with the Bush administration's 2008 budget proposal, which will include the war costs normally dealt with down the road in supplementals.

The net affect will be requests for defense spending that will total as much as three-quarters of a trillion dollars.

"You will see some whopping numbers next week — no question about it," said Steve Ellis, vice president of Taxpayers for Common Sense, a Washington, D.C., watchdog organization.

Lawmakers argue that major purchases such as weapons systems and new cutting-edge equipment should be requested in the annual budget because they can be tracked more closely there and cut it if necessary.

The Pentagon's annual budget request comes with hundreds of pages of explanatory notes while supplemental requests contain scant information about how the money will be spent.

One 2006 emergency request for $68 billion included five pages explaining how $33 billion in the request for military and operations and maintenance costs would be spent.

England argues that supplementals make sense because it's much easier to pay for a war periodically rather than try and project the costs two years into the future, which the regular budget process would require.

"Wars are highly dynamic and when circumstances change, we need a mechanism to handle it," he said. "Supplementals capture the reality of warfare."

Loading up

They're also a magnet for political pork once lawmakers get a hold of them during the approval process.

Once Congress got done with a 2005 emergency supplemental request, it included $24 million for maintenance of forest roads in California, $10 million for wastewater facilities in Pennsylvania, $2 million for a desalination facility in New Mexico, $2 million for a chemistry lab at Drew University in New Jersey and much more.

Sometimes, Congress and the Pentagon work together to lard these supplementals.

In an emergency request last spring, the Pentagon asked for 12 C-17 transport jets, which defense analysts said should have been paid for with the base budget.

Lawmakers not only approved the request but also bumped it up by 10 jets.

That was a boon to the community of Long Beach where 6,500 Californians are employed helping to make the jets — all thanks to a powerful senator who sits on the committee that oversees spending.

"I hope that this funding is the first step in ensuring that more C-17s will be built in the coming years," Sen. Dianne Feinstein, D-Calif., told her constituents in a news release.

How Democrats Work With Tight Purse (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 2, 2007

WASHINGTON

After blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy.

It's the first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities.

Lawmakers face tough deadlines: Money to run the government for fiscal year (FY) 2007 dries up on Feb. 15 unless Congress acts, and President Bush's budget for FY 2008 arrives at the Capitol this Monday morning. In a bid to move quickly,

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House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one.

The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for "unmet needs," including veterans' healthcare, low-income housing, education, and some 500 research programs.

Not included were any new earmarks, or member projects, funding for a new round of military base closures, and the annual congressional pay raise. Republicans, who were not allowed to propose amendments on the Democratic bill, complained that they had been left out of the process, but more than one-quarter of the House GOP caucus voted for the bill.

"This is a process that was required by the failure of the last Congress to do its work," said House majority leader Steny Hoyer, before Wednesday's vote.

As the 109th Congress prepared to leave town in December, Rep. David Obey (D) of Wisconsin, who now chairs the House Appropriations Committee, warned that by their "act of abdication" as the majority party, Republicans had "given up any right to criticize in any way whatever devices we have to use in order to dispose of the unfinished business of this Congress."

In Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class.

"It doesn't take a lot of money to get a lock on this issue. It takes some well-publicized votes," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J. "It's an indication of where their heads and their hearts are. In the arcane world of symbolic politics, they really hit pay dirt."

Their targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention.

This deal combines features of an omnibus spending bill, which rolls all unfinished spending bills into one, and a continuing resolution, which funds current programs at the level of the previous fiscal year.

Another selling point for voters is a ban on new congressional earmarks, which have figured in recent corruption cases involving members of Congress. "This is an earmark-free bill," says Rep. Rahm Emanuel (D) of Illinois, who chairs the Democratic Caucus. "To get this done with 57 Republican votes, that's a big deal."

But critics note the bill does not "turn off" some 28 earmarks that were funded in FY 2006, including $185 million for agricultural research projects and $50 million provided in FY 2004 to build a rain forest in Iowa. The prairie rainforest, arguably the most controversial after Alaska's $223 million "bridge to nowhere," has until Dec. 31, 2007, to find matching funds, a prospect that critics say is not likely to happen. In all, ongoing earmarks add up to at least $70 million, according to the Republican Study Committee, which represents conservative Republicans.

Still, anti-earmark groups praise Democrats for nixing all new earmarks, at least for a year. "It's a good thing to show that the country can survive without earmarks, but there's a danger that members of Congress may lobby agencies directly to get projects funded. That's a less transparent process than we already have," says Tom Finnegan, a spokesman for the watchdog group Citizens Against Government Waste.

"I can point to project after project in my district that is gone, but they're certainly not gone in West Virginia and Nevada," says Rep. Tom Cole (R) of Oklahoma, referring to the home states of Senate appropriations committee chairman Robert Byrd and majority leader Harry Reid.

On the Senate side, Republicans say they want to amend and debate the bill. "Republicans aren't going to shut down the government, but there will need to be an opportunity for Republican views on this," says Sen. Jon Kyl (R) of Arizona. Senate Democrats aim to wrap up this bill before the Feb.15 deadline.

White House Welcomes Tougher Oversight (AP)

By Ben Feller

AP, February 2, 2007

A White House management official said Thursday there is "very little real accountability" in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress.

"There cannot be enough accountability in the federal government," said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. "There is very little today. Very little real accountability."

Yet Johnson challenged Democratic lawmakers to help solve problems — not just hold hearings about them.

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Democrats now control Congress for the first time in Bush's presidency, and they are promising more investigation into matters of fraud and abuse. Key examples include spending on Iraq, homeland security and efforts to help the Gulf Coast recover from Hurricane Katrina.

Johnson, previewing Bush's management agenda for 2007, said Democrats can expect candor and cooperation. He said his agency's intention is not, as one reporter asked him, to step up its internal reviews to keep Congress at bay.

"Keeping Congress at bay suggests, 'Let's make them think that everything is just fantastic here.' They know better, and we'd be crazy to suggest that," Johnson said. "We want things to work better and it begins with an honest, candid, transparent assessment of what we know now. And out of that comes the fact that a lot of really good things are going on here."

He added that Democrats who run congressional hearings should do more than just draw public attention to problems. "Let's focus on things that aren't working like we want them to, but let's make sure we're focused on fixing them — not just identifying them," he said.

On that front, so far so good, Johnson said.

He said he has had cooperative meetings with Sen. Joseph Lieberman, I-Conn., chairman of the Homeland Security and Governmental Affairs Committee, and Rep. Henry Waxman, D-Calif., chairman of the House Oversight and Government Reform Committee.

The White House under Bush has taken steps to become more accountable to the public. One of them is a Web site, http://www.expectmore.gov, which singles out government programs that work well and ones that don't.

Bush has an ongoing management agenda that grades Cabinet departments on their performance in areas such as financial practices, implementing electronic government plans and competitive sourcing. Overall, scores are on the way up, Johnson said Thursday.

"The average agency today has more management capability than the best agency did five years ago," he said.

Yet this week, federal programs involving food safety, transportation spending and technology security were added to a congressional "high risk" list. That means their inefficiencies leave them vulnerable to fraud, waste and abuse.

Among those, the Homeland Security Department was criticized for not doing enough since its post 9/11 creation to coordinate work and share information among its different components. Johnson said there was no higher federal priority than improving that department.

FEDERAL DIARY: A Tale Of Mice Illustrates How To Save Money (WP)

By Stephen Barr

Washington Post, February 2, 2007

For an example of how federal employees can make a difference, the Office of Management and Budget yesterday offered up the story of feeder mice.

When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails.

This budgetary morsel is featured on a Bush administration Web site (http://www.results.gov) that has been revamped to provide information about how federal programs can be made more effective.

Clay Johnson III, deputy director for management at the OMB, called the feeder mice "my favorite example" of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important.

Johnson unveiled the Results Web site at a briefing. The site, originally designed to educate Bush administration political appointees on the president's priorities in federal management, is being redirected toward federal employees, congressional staff aides and groups interested in government performance, he said.

The OMB wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices. "The American people know we are not performing on all cylinders," Johnson said.

Federal employees are key to making programs more effective, Johnson said. He said he hopes the revamped site will attract suggestions from them on how to improve programs and on any laws or rules that should be changed because they hamper agencies.

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But Johnson acknowledged that most federal employees outside the Beltway "don't get the word" about administration efforts to make programs more effective. "Their knowledge of these things is less than I would like it to be, and [outside Washington] is where 90 percent of the work is done."

With Democrats in control of Congress, it seems unlikely that presidential management initiatives will get much attention on the Hill, in part because congressional committees plan to step up oversight of government contracting and other areas deemed at "high risk" by the Government Accountability Office.

Johnson said he has met with the two chairmen of the government oversight committees, Sen. Joseph I. Lieberman (I-Conn.) and Rep. Henry A. Waxman (D-Calif.), and told them he would welcome hearings that focus on how "to fix things."

He said Lieberman expressed interest in a comprehensive review of government, including how it is organized, and Johnson said he suggested staff consultations to weigh whether a reorganization commission should be created.

Johnson also said the OMB is paying closer attention to the GAO's list of programs that are vulnerable to waste, fraud and mismanagement. He noted that "good progress" has been made in some areas and said he would push to get them off the list in the next two years.

Problem areas that might be able to get off the GAO risk list, he said, include the Defense Department's cumbersome process for granting security clearances, Defense's systems for supplying troops with weapons and goods, the project to upgrade the air traffic control system, the government's management of surplus property and building maintenance, the government's strategy for personnel management, and the ability of intelligence agencies to share information about terrorism.

The highest priority, Johnson said, is pulling together the Homeland Security Department, which has been wracked by financial and contracting problems and where employee morale appears low. The department, which was created from the merger of 22 agencies, has been deemed at high risk by the GAO.

Sen. George V. Voinovich (R-Ohio), who has an interest in federal workforce issues, has asked for a Homeland Security plan "on what they intend to do between now and January 2009," Johnson said. "It is a priority for us here to make sure the plan is good, the plan is realistically aggressive."Talk Shows

Art Gordon, president of the Federal Law Enforcement Officers Association, and Jon Adler, executive vice president, will be the guests on "FEDtalk" at 11 a.m. today on http://Federalnewsradio.com and WFED radio (1050 AM).

George M. Gray, associate administrator for research and development at the Environmental Protection Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Senate OKs Higher Minimum-wage Bill (USAT)

USA Today, February 2, 2007

The Senate, by a vote of 94-3, on Thursday passed its version of legislation to increase the federal minimum wage from $5.15 an hour to $7.25 an hour. The bill includes a package of tax breaks for small businesses.

Majority Leader Harry Reid, D-Nev., raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to President Bush. A House version passed last month contains no business incentives. Both versions would phase in the increase in the minimum wage over a two-year period.

Prosecutor: Videos reveal Libby's motive

At former vice presidential aide Lewis "Scooter" Libby's trial Thursday, the jury was shown video clips of a White House spokesman telling reporters that Libby "had nothing to do" with leaking information about the wife of a Bush administration critic. Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes show Libby had a motive for lying to investigators and grand jurors when he said a reporter told him that Valerie Plame worked at the CIA. Prosecutors say it was the other way around — that Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said. Theodore Wells, Libby's attorney, argued the videos are "highly prejudicial" to his client because they might suggest he leaked classified information. No testimony is scheduled for today. — Richard Willing

Capitol workers raise safety concerns

Falling slabs of concrete and exposed asbestos are two reasons a federal agency should investigate passages under the U.S. Capitol complex, a group of tunnel workers said. They have asked the National Institute for Occupational Safety and Health for an evaluation.

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The 10 workers who raised this issue are responsible for maintaining the plumbing that provides steam and chilled water to Congress, the Library of Congress, the Supreme Court and other federal buildings. A spokeswoman for the Architect of the Capitol did not immediately return a request for comment.

Senate's Minimum-Wage Rise To Face Test In House (WSJ)

By Sarah Lueck

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Senate overwhelmingly approved a $2.10 increase in the federal minimum wage, but the business tax breaks paired with it face hurdles in the House.

On a 94-3 vote, the Senate backed the boost in pay for low-wage workers, as well as about $8 billion over 10 years in tax breaks for businesses, such as restaurants, that could be affected by the higher wage. To pay for the sweeteners -- a condition of support for many Senate Republicans -- the bill would limit the use of certain tax shelters, close loopholes and increase taxes on executive compensation.

MINIMUM WAGE DEBATE

1

See an interactive map2 examining current state minimums, average salaries and poverty rates.

The offsets have spurred criticism from business groups, which hope to persuade lawmakers to change or drop some provisions during House-Senate negotiations. Business lobbyists may be helped by some House Democrats, who say the tax breaks are unnecessary or too large, or who take issue with some offset provisions.

The minimum-wage bill illustrates the Democrats discovering, just as Republicans did before them, that moving their agenda through the House is only a first step. While the House swiftly passed a slew of legislation as part of the Democrats'"100 Hours" agenda, many of the provisions face hurdles or slower passage in the Senate, where Democrats have a slim majority and procedural rules give more power to the minority.

Despite strong support for the minimum-wage increase, members of the House and Senate haven't laid out yet how to resolve their differences. Senators say they are confident they will be able to deal with a constitutional precedent requiring tax legislation to originate in the House, possibly by attaching the minimum-wage package to a separate, House-passed tax measure. But the question remains: How will the House and Senate work out the impasse over tax breaks?

The House passed its minimum-wage increase by a wide margin and without the tax breaks in the Senate version. Rep. Charles Rangel, the New York Democrat who is chairman of the House Ways and Means panel, has criticized the tax breaks. "I'm not authorized to pay that much money for it," Mr. Rangel said after a meeting Tuesday with Senate Finance Committee Chairman Max Baucus (D., Mont.) on this and other issues. Mr. Rangel said he wants to let the issue "stew" in the Senate.

After the vote yesterday, Mr. Baucus said the House and Senate would be able to "harmonize" their bills. "I'm confident that our dedication to a minimum-wage increase is stronger than any differences between our two bills," he said.

Senate Majority Leader Harry Reid (D., Nev.) yesterday questioned whether "we need all these business pieces of sugar" in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-wage increase could emerge from a House-Senate conference without the tax breaks.

"If we go through the process and go through a conference and the message comes back, 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," Mr. Durbin said. "We need Republicans to pass it. If they continue to oppose it, then it will not pass."

The stalemate over the minimum wage is a contrast with the swift action in the House last month during the new majority's first 100 hours in charge. House Democrats reduced restrictions on federal funding for embryonic stem-cell research, strengthened House ethics rules and agreed to a pay-go requirement that new spending and tax breaks shouldn't increase the deficit. They rescinded tax breaks for oil and gas companies and required the federal government to negotiate with drug makers over prices in the Medicare health program, among other bills.

Some of the "100 Hours" items have a good chance of getting to the president's desk, though they will take time to wend their way through committees. Senate Democrats have indicated they support strengthening pay-go requirements, for example, and also want to reduce the cost of student loans. On other issues, such as fulfilling certain 9-11 Commission recommendations, the Senate may have other ideas.

On Medicare price negotiation, the Senate may take a different tack than the House. Mr. Baucus has said he supports removing from current law a prohibition on government negotiation with drug companies, while the House version requires the government to do such bargaining. It is unclear what Mr. Baucus might pursue in the Finance Committee and whether a softer approach would do anything to temper what Senate Republicans have promised will be strong opposition.

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Senate Passes Wage Bill, But Obstacles Await (NYT)

By Kate Zernike

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The Senate voted overwhelmingly Thursday to increase the minimum wage and give $8.3 billion in tax cuts to small businesses.

The increase in the wage, the first in 10 years, was a victory for Democrats, who had made it a key plank in their successful midterm election campaign to gain control of Congress.

But despite the huge margin of the Senate vote, 94 to 3, the increase — to $7.25 from $5.15 — must clear several hurdles before it becomes law. Democratic leaders in the Senate face their first big conflict with their counterparts in the House as the two chambers try to negotiate differences between the Senate bill and the one the House passed last month.

House Democrats promised that if they gained the majority they would pass the increase in the minimum wage, along with ethics reform and other measures, in their first 100 hours of legislating, and they succeeded.

But the House bill did not include the tax breaks. House Democratic leaders have said they want a "clean" bill that simply raises the minimum wage.

That approach failed in the Senate last week. Democratic leaders there say that they cannot get the Republican support they need without adding the tax provisions.

That leaves it to the Democratic leader in the Senate, Harry Reid of Nevada, to negotiate with the House speaker, Nancy Pelosi of California, and Representative Charles B. Rangel of New York, the chairman of the Ways and Means Committee.

The House could block consideration of the bill or strip out the tax provisions and send it back for another Senate vote.

Mr. Reid said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try. But his office later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations.

"It's not exactly clear what road we're going to take," said Senator Max Baucus, Democrat of Montana and chairman of the Finance Committee. But, Mr. Baucus added, "the desire to get the minimum wage passed is going to trump" any concerns or delays in negotiations.

Senator Edward M. Kennedy, Democrat of Massachusetts, who has championed the bill, said it was "unrealistic" to expect that it would simply go through the House.

Still, Mr. Kennedy said: "The minimum wage is going to go up. I wish it was going to be tonight or tomorrow that we get it to the president's desk, but it is going to increase, and the only question is whether it's going to take perhaps a week or it's going to take two and a half, two weeks or so."

Senate Republicans continued to insist that the bill would not pass without tax breaks.

"No one should be mistaken," said Senator Charles E. Grassley of Iowa, the ranking Republican on the Finance Committee. "It is House Democrats, not Senate Republicans, who are delaying passage of the minimum wage."

"The easiest and quickest way to send a minimum wage bill to the president," Mr. Grassley said, "would be for the House to send the Senate a bill identical to the Senate-passed bill."

In a statement, President Bush encouraged the House to support the increase and the tax cuts, saying it would "maintain a strong and dynamic labor market" and promote "continued economic growth."

Republicans argue that Democrats agreed to similar tax breaks the last time Congress raised the minimum wage, and that they should go along with them now to offset the costs of an increase to small businesses.

"It's not a clean issue," said Senator Michael B. Enzi of Wyoming, the ranking Republican on the Health, Education, Labor and Pensions Committee. "It's a complicated issue."

Senate Ups Wage To $7.25 Over Two Years (AP)

By Jim Kuhnhenn

AP, February 2, 2007

The Senate voted overwhelmingly Thursday to boost the federal minimum wage by $2.10 to $7.25 an hour over two years, but packaged the increase with small business tax cuts and limits on corporate pay that could complicate its path to become law.

The increase in the minimum wage, the first in a decade, was approved 94-3, capping a nine-day debate over how to balance the wage hike with the needs of businesses that employ low-wage workers.

A top priority of Democrats, the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress.

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"Passing this wage hike represents a small but necessary step to help lift America's working poor out of the ditches of poverty and onto the road toward economic prosperity," said Sen. Edward Kennedy, D-Mass.

Republicans stressed the importance of the bill's business tax breaks, though it was a significantly smaller tax package than Republicans had sought during previous attempts to raise the minimum wage.

"The Senate's reasonable approach recognizes that small businesses have been the steady engine of our growing economy and that they have been a source of new job creation, a source of job training," said Sen. Michael Enzi, R-Wyo., who helped manage the debate for the GOP.

The bill must now be reconciled with the House version passed Jan. 10 that contained no tax provisions. House Democrats have insisted they want a minimum wage bill with no strings attached, though some have conceded the difficulty of passing the legislation in the Senate without tax breaks.

The measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff.

House Speaker Nancy Pelosi, D-Calif., has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill.

In a statement, President Bush encouraged House Democrats to accept the Senate version of the bill. "The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth," Bush said.

But AFL-CIO President John Sweeney vowed to "turn up the volume" to pass a bill without tax breaks.

"Minimum wage workers in this country have waited far too long for a raise," Sweeney said in a statement after the vote. "It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

The three senators voting against the bill were Republicans Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina. Absent from the vote were Democrats Tim Johnson of South Dakota and Charles Schumer of New York and Republican James Inhofe of Oklahoma.

The legislation would raise the minimum wage in three steps. It would go to $5.85 an hour upon taking effect 60 days after the president signs it into law, then to $6.55 an hour a year later, and to $7.25 an hour a year after that.

An effort by the Senate last week to end debate on the House version of the bill failed when Democrats were unable to get the 60 votes needed. But many Democrats in the House and Senate would like to challenge Republicans to vote against a clean bill with no tax provisions.

"If we go through the process ... and the message comes back: 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," said Sen. Richard Durbin, D-Ill., the assistant majority leader. "We need Republicans to pass it. If they continue to oppose it then it will not pass."

Senate Majority Leader Harry Reid, D-Nev., said Thursday he did not believe the business incentives were necessary. "The minimum wage will be increased," he said. "The question is do we need all these business pieces of sugar or not. We will see."

A spokesman for Reid said the tax breaks are needed to overcome a potential GOP filibuster.

"Of course, Democrats would prefer to pass a clean increase in the minimum wage," said the spokesman, Jim Manley. "The fact is that Republicans have made it very clear that the only way we will pass a modest increase in the minimum wage is with tax breaks for small business."

Besides increasing the minimum wage from the current $5.15 an hour, the bill would extend for five years a tax credit for businesses that hire the disadvantaged and provide expensing and depreciation advantages to small firms. The tax breaks would be paid for by closing loopholes on offshore tax shelters, capping deferred compensation payments to corporate executives and removing the deductibility of punitive damage payments and fines.

Senators also adopted an amendment that would bar companies that hire illegal immigrants from obtaining federal contracts. That measure was designed to encourage companies to participate in an employee identification program that can weed out undocumented workers.

While the tax breaks have won the support of small business groups as well as retailers and restaurant owners, they have drawn opposition from larger businesses that would bear the brunt of the revenue provisions. Several business groups also opposed the immigration measure.

After the House passed its bill on Jan. 10, the White House issued a statement insisting that final legislation include small business tax breaks. It subsequently issued a statement supporting the Senate version, but said the revenue measures were not necessary.

According to the Labor Department, 479,000 workers earned exactly $5.15 an hour in 2005, the most recent estimate available. Most are young and unmarried and more likely to be women, minorities and part-time workers. According to the liberal

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Economic Policy Institute, the wage increase would affect 5.6 million people who make less than the proposed minimum of $7.25.

More than two dozen states and the District of Columbia have minimum wages higher than the federal level. The issue proved to be potent last November when six states raised their minimums in statewide votes.

Senate Adds Tax Breaks To Minimum Wage Bill (WP)

By Lori Montgomery

The Washington Post, February 2, 2007

The Senate voted overwhelmingly yesterday to increase the federal minimum wage for the first time in nearly a decade, but added small-business tax breaks that are unacceptable to House leaders, preventing Democrats from claiming a quick victory on one of their top legislative priorities.

The Senate voted 94 to 3 in favor of the measure, which would raise the minimum wage to $7.25 an hour from $5.15 over two years.

To attract Republican support, Senate leaders agreed to extend tax credits and expand deductions for businesses that would be hit hardest by the minimum-wage increase. Those tax breaks, worth $8.3 billion over 10 years, are coupled with a proposal to raise taxes by a similar amount on corporations, their chief executives and other highly paid workers.

Senate Republicans praised the measure as a responsible package that would help workers who earn the minimum wage and the businesses that employ them. They implored House leaders to accept the compromise and send it to President Bush, who put out a statement yesterday praising the Senate bill.

"I want to reiterate our hope that the House will not derail this bipartisan approach," said Sen. Mike Enzi (R-Wyo.) "Middle-class relief is in their hands."

Democrats were less effusive. After the vote, presidential candidates Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) lined up at a news conference with the bill's sponsor, Sen. Edward M. Kennedy (D-Mass.), and bemoaned the complications. Earlier, Majority Leader Harry Reid (D-Nev.) said he would prefer to pass a minimum-wage increase without "all these business pieces of sugar."

The Senate action sets the stage for potentially lengthy negotiations between the two chambers, as the new Democratic majority works through one of its first significant tests. After winning control of Congress in a campaign that emphasized middle-class anxiety and corporate greed, Democrats pushed the minimum wage to the top of their agenda, noting that it had fallen to its lowest value, when adjusted for inflation, in more than 50 years.

The House quickly approved the measure after just a few hours of debate. But the Senate took days, tacking on an amendment to ban companies that hire illegal immigrants from receiving government contracts for 10 years in addition to the tax package.

As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases. It would extend for five years a tax credit for employers who hire welfare recipients and "high-risk youth" and expand the provision to include disabled military veterans.

To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty.

House leaders have demanded that the tax measures be stripped from the bill. They argue that business needs no additional help after six years of breaks from the Bush administration and that, in any case, procedural rules require revenue bills to originate in the House.

That power is particularly important this year, because House Democrats have vowed to offset tax cuts and some spending increases with spending cuts or tax increases of equal value. Rep. Charles B. Rangel (D-N.Y.), chairman of the tax-writing House Ways and Means Committee, said he may have other plans for the $8.3 billion that the Senate would use for business tax breaks.

Yesterday, it was unclear how Democrats would proceed. Reid predicted that the differences would be worked out by a conference committee. "The minimum wage will be increased," he said.

Senate Votes To Raise Minimum Wage (MCT)

By Margaret Talev

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McClatchy Newspapers, February 2, 2007

WASHINGTON - Democrats promised last year to raise the federal minimum wage for the first time in a decade if voters gave them control of Congress, but now they're holding it up in a game of chicken between the party's purists and pragmatists.

The Senate voted 94-3 Thursday to increase the minimum wage to $7.25 an hour, from $5.15. The House of Representatives approved such a raise weeks earlier. The sticking point between the two versions is $8.3 billion in Republican-backed tax breaks for small businesses in the Senate version.

House liberals argue that now that they're in charge they shouldn't have to cut deals with the Republicans. Senate Democrats have said that without the tax breaks they can't pass the bill because they don't have a big enough majority to overcome Republican obstruction. And President Bush said that the tax breaks are the price of his support for raising the minimum wage.

"I strongly encourage the House to support this combined minimum-wage increase and small-business tax relief," Bush said in a statement released by the White House after the Senate vote.

AFL-CIO President John Sweeney issued a statement saying, "It's disgraceful that the Senate is still holding the minimum wage hostage to tax cuts for business. . . . In the last 10 years, the Republican-led Congress provided corporations with a whopping $276 billion in tax cuts and provided small businesses with another $36 billion in dedicated tax breaks, while America's lowest paid workers have gotten nothing. . . . It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

Yet if House and Senate Democrats don't compromise, the minimum-wage increase might die.

Even Sen. Ted Kennedy, D-Mass., the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the "least offensive" possible because it includes incentives for hiring minorities and disadvantaged Americans.

Raising the minimum wage would benefit an estimated 5.6 million workers directly. The annual salary for a full-time minimum-wage employee would rise from about $11,000 a year to about $15,000. Experts say 7 million more who earn slightly more than the minimum wage could benefit from a ripple effect.

The tax-break package contains several provisions. Small businesses would enjoy more liberal rules for depreciating capital improvements, including equipment. Small businesses that can file individual income taxes rather than corporate income taxes would get new breaks. And the Work Opportunity Tax Credit, which offers subsidies for hiring welfare recipients and other disadvantaged Americans, would be expanded.

Democratic leaders say they'll probably keep the legislation in the Senate until some compromise emerges. Meanwhile, minimum-wage workers will get no raise.

"We haven't resolved anything," said Rep. Charles Rangel, D-N.Y., chairman of the tax-writing Ways and Means Committee. Rangel opposes including the tax breaks as part of a minimum-wage increase.

The posturing and uncertainty are frustrating to a broad coalition of organized labor, community and religious activists, which has agitated for years for a wage increase.

But that coalition, too, is splintered over how to react.

"We are so concerned that the minimum wage be raised in support of low-wage working people and families, that although we would prefer a clean bill, we believe this (Senate) bill should be supported," said the Rev. Paul Sherry, the national coordinator of Let Justice Roll, in a telephone interview.

Soon after, Sherry called back to clarify that "we will support reluctantly the $8.3 billion tax package, but if they tack anything else on, we're in a different ballgame."

In a third call, he said he could no longer say with absolute certainty what position his coalition would take. "We haven't been able to make a decision yet," he said.

Senate Majority Leader Harry Reid, D-Nev., hinted Thursday that once House and Senate Democratic leaders sit down together, they may decide to go for broke, strip the tax provisions and dare Republicans to kill the bill.

"The minimum wage will be increased," Reid said. "The question is, do we need all these business pieces of sugar or not? We will see." Asked whether he thought the "sugar" was necessary, Reid said, "No."

As long as the Democrats are fighting among themselves and delaying action on their own campaign pledge, Senate Republicans have little motivation to bargain.

Sen. Charles Grassley, R-Iowa, the ranking minority member of the tax-writing Senate Finance Committee, said the tax package is "peanuts" compared with provisions that President Clinton signed into law a decade ago in the last minimum-wage deal.

"And yet we're having this harangue about it," Grassley said. "Aren't we having a win-win situation in a bipartisan way?"

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Senate Passes Wage Bill; House To Fight Tax Relief (WT)

By S.a. Miller

The Washington Times, February 2, 2007

The Senate overwhelmingly passed a bill yesterday that would raise the federal minimum wage to $7.25 an hour, but the fight for its survival has just begun.

House Democrats have threatened to invoke a parliamentary rule that would disqualify the legislation because of a Republican-sponsored provision that would provide some tax relief to small businesses. The measure aims to help employers absorb the higher payroll cost.

Senate Majority Leader Harry Reid, Nevada Democrat, is expected to delay sending the bill to the House, which passed its version last month, while the two chambers negotiate.

The talks could last weeks, said Democratic aides in both chambers.

"We've had a period of tax cuts after tax cuts after tax cuts," said Drew Hammill, spokesman for House Speaker Nancy Pelosi, California Democrat. "American workers are earning less, and it's long overdue that this raise happens."

Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version.

Senate Democrats had balked at the tax-relief measure, but their slim majority forced them to accept it to gain Republican votes needed to pass the bill 94-3. Mrs. Pelosi and Mr. Rangel now face a similar bargain.

Ways and Means Committee spokesman Matthew Beck said Republicans were "holding hostage" the wage increase.

Congress has not increased the minimum wage since 1997, the longest stretch without a raise since a minimum wage was established in 1938 at 25 cents per hour.

"The message is the Senate of the United States listened to the people," said Sen. Edward M. Kennedy, Massachusetts Democrat, who managed the bill. "That's the powerful message that is out there tonight."

He said the tax measures would help small businesses create jobs and were the "least offensive" additions to the bill.

The tax package would save small businesses $8.3 billion, a fraction of the $268 billion in tax cuts Republicans proposed for a minimum-wage bill last year.

Sen. Michael B. Enzi, Wyoming Republican and ranking member of the Health, Education, Labor and Pensions Committee, called on the House not to "derail this bipartisan approach."

"Passing the Senate's bipartisan minimum wage and small business relief is good for low-skilled workers, and it is good for the middle-class working families of America," Mr. Enzi said.

Both chambers passed bills that would raise the minimum wage by $2.10 over two years, from $5.15 to $7.25 an hour.

Sen. Benjamin L. Cardin, Maryland Democrat, who spent years on the House Ways and Means Committee before elected senator in November, said the bill would pass once the House "put its stamp on it."

"I don't think they will take the tax provisions out. They might try that, but at the end of the day, I think the tax provisions are going to be in the bill," he said.

The increase would be phased in starting with a raise to $5.85 at 60 days after enactment, to $6.55 a year later and to $7.25 the next year.

How To Really Help Low-Wage Workers (WP)

By Thomas Z. Freedman

The Washington Post, February 2, 2007

If the House and Senate are able to agree on a minimum-wage hike and the president signs the bill, some may say we will have done enough to help low-income workers. It's true that low-wage workers urgently need a raise, that millions of Americans work full time and still live below the poverty line. But while an increase in the minimum wage is better than nothing, alone it is an incomplete instrument for really making work pay.

We should raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford.

Published statistics for 2004, the most recent year with solid available data, show that about 3.5 million full-time workers earned less than poverty-level wages. Factoring in government benefits, about 2.6 percent of full-time workers live below the poverty line. That is about 2.7 million Americans. And these struggling workers frequently support families, meaning millions more depend on them.

On its own, the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough. Even the plan to raise it to $7.25 an hour has been a political struggle, with success now likely but not

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guaranteed. It would take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be. The last increase was 10 years ago, and some full-time workers have fallen further below the poverty line since then. Even with a new raise, workers will once again slip into poverty if a decade or more goes by between increases.

A better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC). This program, signed into law by President Gerald Ford and greatly expanded and popularized by President Bill Clinton, is designed specifically to reward work. It is one of the country's most successful anti-poverty programs.

The EITC program, however, has substantial shortcomings. It does not cover childless workers younger than 25, and the credit does not help meet the costs of raising additional children after a family's second child. Further, many people who are eligible don't apply for the credit. These holes have significant consequences.

How many reforms are enacted would affect the cost of the credit. Increasing the EITC for families with three or more children -- more than half of all poor children live in such families -- would help an estimated 3 million families and cost about $3 billion. Crucial actions such as improved outreach or removing a built-in marriage penalty could each be done for about $1 billion; more complete reforms that would also help those living barely above the poverty line could cost 10 times that or more. But this is the best time in a decade to make this bargain with low-wage workers. An increased minimum wage will help millions of poor people; combining it with a new commitment to the earned-income tax credit could take them the rest of the way out of poverty.

Arguably, supporting those who are working hard and playing by the rules is as important a societal good as tax breaks for companies or even encouraging home ownership. The question ultimately is about our nation's priorities. The federal budget is more than $2 trillion, and Congress's pork-barrel projects have been estimated at $47 billion. Home mortgage deductions -- a benefit for mostly middle-class Americans -- average about $9,500 a year per homeowner. By comparison, the cap on EITC payments last year was $4,400. The average EITC benefit in 2005 was only $1,872.

The issue of whether to make such a policy change is timely with a presidential contest looming. It's not unreasonable to hope that some candidate will want the world's richest country to make a new bargain with its poorest workers. We need to raise the minimum wage. But we should also make a larger commitment. If you work hard year-round, we will make sure you are not living below the official poverty line. You may not be rich, but you'll know that in America work pays.

The writer was a senior adviser to President Bill Clinton and is a visiting fellow at the Progressive Policy Institute.

Bush Urges Stepped-Up Campaign Against Childhood Obesity (WP)

By Michael Abramowitz

Washington Post, February 2, 2007

President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns.

Among those at the morning meeting in the White House Roosevelt Room were the president of McDonald's USA, purveyor of the Happy Meal; a senior executive of Kraft Foods, which sells macaroni and cheese in the shapes of popular children's characters; and the chief executive of PepsiCo., maker of soft drinks and Doritos, among other products.

"Childhood obesity is a costly problem for the country," Bush said before starting the private meeting, which also included first lady Laura Bush. "We believe it is necessary to come up with a coherent strategy to help folks all throughout our country cope with the issue."

As described by those present, the meeting was cordial and the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as banning the marketing of junk food to children or requiring more detailed nutritional labeling. Bush told the executives that it is an individual's responsibility to maintain a healthful diet, not the government's. The meeting also included executives of entertainment companies involved with marketing to children.

Peggy Conlon, president of the Advertising Council, which has been working with the government on public service campaign on childhood obesity, said the president is very interested in the efforts some of the companies have been making to offer more healthful choices to Americans. McDonald's, for instance, has been adding salads and other alternative products to its menu and giving people the option of substituting apple slices for french fries in Happy Meals.

"He was curious," Conlon said of Bush. "They talked a lot about their movement to healthier product choices."

The group also played for the president a public service announcement developed by Dreamworks and the Ad Council featuring the characters from the hit movie "Shrek" urging kids to get outside and play.

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Childhood obesity has been identified by public health advocates as a serious and growing problem, with roughly 15 to 18 percent of children and teenagers considered overweight, according to government data. A 2005 report from the Institute of Medicine concluded that marketing practices from the food and beverage industry is "a direct threat to the health prospects of the next generation."

Former Food and Drug Administration commissioner David A. Kessler, who crusaded against the tobacco industry, applauded the president's initiative to discuss the issue but said: "That still leaves the question of what to do. Talking about it is a first step. It is a very large public health challenge, the consequences of which we have only begun to understand. In some ways we have all been AWOL on this issue, including this administration."

Michael Jacobson, executive director of the Center for Science in the Public Interest, was more skeptical. "It is a feel-good event for a beleaguered White House, and it's great for some of the companies that have been major contributors to childhood obesity." But he added: "The government needs to put some muscle into [the campaign] and maybe step on some toes."

Bush Urges Parents To Get Kids Outdoors To Fight Childhood Obesity (USAT/AP)

USA Today, February 2, 2007

WASHINGTON (AP) — President Bush said Thursday that childhood obesity is a costly problem for the country and puts stress on American families.

"One way for this nation to cope with the issue of obesity is to get people outside — whether it be through sports or hiking or conservation," Bush said while meeting with business leaders working to encourage exercise and healthy food choices through advertising.

He said first lady Laura Bush was on her way to New York to kick off Friday's "Wear Red Day" for the National Heart, Lung and Blood Institute's Red Dress Project to increase awareness that women are at risk for heart disease. Bush signed a proclamation making February American Heart Month.

"Mothers are the ones, a lot of times, who make choices for their children," the first lady said. "They make their choices on the foods they eat. They're the ones at home, many times, who encourage their children to exercise."

Earlier, the president and Mrs. Bush attended the 55th national prayer breakfast at a Washington hotel where he prayed for the safety of U.S. troops, saying: "During this time of war, we thank God that we are part of a nation that produces courageous men and women who volunteer to defend us."

In the Roosevelt Room, the president and Mrs. Bush met with executives from the food, beverage and entertainment industries to talk about improving healthy food offerings and encouraging physical fitness in their marketing and advertising campaigns.

More than 10 million school-age children in the United States — about 18% — are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12. This increases their risk for adult heart disease and diabetes, lowers life expectancy and creates additional health care costs.

Following the meeting, Health and Human Services Secretary Mike Leavitt was to work with Roger Enrico, chairman of DreamWorks Animation SKG, and Peggy Conlon, president and chief executive officer of The Advertising Council, to launch a public awareness campaign to help prevent childhood obesity. The campaign will include ads featuring characters from the Shrek animated movies encouraging children to "Be a Player" and get up and play for an hour a day.

Representatives from General Mills, Coca-Cola North America, Univision Communications Inc., Kraft Foods Inc., Kellogg Co., PepsiCo Inc., Subway Franchisee Advertising Fund Trust, McDonalds USA and Nickelodeon Television also were at the meeting.

Bush Urges Parents To Get Kids Outdoors (NYT/AP)

By The Associated Press

The New York Times, February 2, 2007

Filed at 9:50 p.m. ET

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Bush Gets Aid Of Democrats In Fighting Pandemics (NYT)

By Celia W. Dugger

The New York Times, February 2, 2007

At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year.

That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans.

"We're in a different world now," said Representative Nita M. Lowey, Democrat of New York, who heads the appropriations subcommittee that oversees foreign aid. "This is the first time since Sept. 11 we've had a power split in Washington, and there's a growing recognition among the public and policy makers that foreign assistance is critical to stability around the world."

The administration's drive for a rapid strengthening of programs to prevent and treat AIDS and malaria had been caught in limbo. The departing Republican-led Congress had failed to pass spending bills to finance most federal agencies this fiscal year, which began Oct. 1, including those that administer foreign aid.

But the new Democratic leadership agreed this week to give the administration $4.5 billion this year to combat the big three global pandemics, $500 million more than the president himself had requested and over $1 billion more than if the undertakings had been required to continue at the previous year's spending levels.

The House on Wednesday approved the global health financing as part of an omnibus budget measure. The Senate is expected to take up the bill as early as next week.

Under Mr. Bush, aid to Africa has risen to more than twice the level of any previous administration and more than triple that achieved during the Clinton administration, according to an analysis by the Center for Global Development, a nonprofit research group in Washington.

But Mr. Bush will need the Democrats to sustain the growth. And while Congress has embraced increased global health spending, it was not as generous to Mr. Bush's other foreign aid innovation: the Millennium Challenge Corporation, an agency that aims to reduce poverty through grants to well-governed developing countries. It approved continuing last year's spending level of $1.75 billion for the agency, far short of the $3 billion Mr. Bush requested for this year. Some Democrats in Congress have complained that the agency has been too slow to spend the money it has and to show results.

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"The politics of aid in this country probably has shifted on push-button issues like H.I.V./AIDS," said Todd Moss, a senior fellow at the Center for Global Development. "It's the longer-term development that's much harder to do and build political backing for. Those are the things that will come under pressure in a Washington with a split government."

Still, this week's progress on global health provides a marker of how much both parties have changed since the Clinton years. Then, the Republican Senator Jesse Helms attacked foreign aid as money poured down a rathole before he had a change of heart. President Clinton, now a leading advocate for global AIDS treatment and prevention programs, failed to muster an American response commensurate with the scale of the dying, many critics say.

Now, both parties compete to claim the mantle of leadership. Patrick J. Leahy, Democrat of Vermont, who heads the Senate appropriations subcommittee on foreign aid, said Democrats in Congress had pushed even harder in recent months than the White House for AIDS spending.

Tim Rieser, who has been the lead Democratic staff member on the same Senate subcommittee since 1995, said: "When Clinton was president, he didn't make AIDS the priority he should have. President Bush saw the opportunity and deserves credit for that. But it's not like he owns the issue. We all — Democrats and Republicans — have urged that much more be done."

Vaccine Firms Get Immunity From The U.S. (WSJ)

By Jane Zhang

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain.

The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health. In a directive dated last week, HHS invoked that clause, "based on a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

Bill Hall, an HHS spokesman, said that the agency's declaration "allows us to remove the remaining barrier to building up our domestic capacity to manufacturers of vaccines in a flu pandemic." He denied that the move reflected heightened concern about the avian flu. Rather, he said, "It was a precautionary step."

The HHS action comes at a time when fresh cases of avian flu are cropping up in Asia, Russia, Nigeria and parts of Europe, and some in Congress are expressing renewed concern about the threat. Recently, Democratic Sen. Tom Harkin of Iowa held a hearing to question senior administration officials on what they are doing to prepare for a possible pandemic in the U.S.

Some saw the HHS action as a reflection of increased concern. "This is probably the loudest pronouncement by the federal government to date that the threat of an avian flu pandemic is real," says John Clerici, a partner at McKenna Long & Aldridge in Washington, D.C., a law firm whose clients have included vaccine makers.

The U.S. has long been concerned about a shortage of vaccines, both for seasonal influenza and to combat the H5N1 bird-flu strain and other potentially lethal strains. As part of a plan to encourage development of experimental vaccines and other countermeasures against public health and bioterrorism threats, Congress passed in late 2005 a bill that provided liability protection to those vaccine makers. The measure, signed by President Bush in December 2005, was roundly criticized by trial lawyers and other critics as a giveaway to drug companies. Sen. Edward Kennedy (D., Mass.) demanded a generous compensation scheme for victims of potential side effects of the vaccines. But as part of the defense appropriations bill, the measure had no funds provided.

Drug Industry Faces Bitter Pill (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, February 2, 2007

Congress is kicking off efforts to pass big reforms of the Food and Drug Administration, and that could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines.

Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising. The bill also would require registration of clinical drug trials and their results in public databases.

Meanwhile, Sen. Chris Dodd of Connecticut, a Democrat, and Sen. Charles Grassley of Iowa, a Republican, on Wednesday introduced their own drug-safety bills, which would restructure the FDA to create a center to oversee the safety of drugs after they go on the market.

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Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans. And they're getting support from some Republicans upset by a series of high-profile drug-safety problems, including the 2004 withdrawal of the painkiller Vioxx.

Also, lawmakers have a ready-made vehicle for the changes: legislation that must be approved this year to renew the deal under which the industry pays fees to fund much of the FDA's drug-review process. The current user-fee agreement expires later this year.

"It's pretty clear we have drug-safety problems, and it's clear we need to address those matters," says Rep. John Dingell (D., Mich.), chairman of the House Energy and Commerce Committee, which has jurisdiction over the FDA. Several lawmakers say the agency's latest drug-safety initiatives, announced Tuesday, need to be bolstered with new legislation.

While these bills are now stand-alone measures, many on Capitol Hill expect that whatever safety legislation moves forward will be combined with the user-fee bill. That legislation also might end up linked to proposals to create a pathway for FDA approval of generic versions of biotech drugs -- which proponents argue would rein in the cost of such medicines -- and allow imports of medication from overseas. Both provisions are opposed by the drug industry, which is pressing for a "clean" user-fee bill.

STRONG MEDICINE

• What's New: Members of Congress propose to increase the FDA's drug-safety oversight and create a path for the agency to approve generic biotech drugs.

• The Issue: The drug industry is concerned about the effect of such legislation.

• What's Next: Proposals to change the FDA may be included in legislation authorizing fees that fund many agency operations.

"We're concerned that it not become a Christmas tree," loaded with legislative extras, says Billy Tauzin, chief executive of the Pharmaceutical Research and Manufacturers of America, the industry's main lobbying group. But, he says, "we appreciate that the odds are that people are going to load it up."

In an effort to defuse controversial issues and lay the foundation for the user-fee bill, the pharmaceutical industry and the FDA struck a deal, unveiled a few weeks ago, that would provide the agency with $393 million in industry user fees for the next fiscal year. That is an increase of about one-third from the current year.

The pact would grant the FDA substantially more money for safety monitoring, and fund more staff to review pharmaceutical ads. That dovetails with voluntary campaigns by companies to submit their ads to the FDA and include their studies in public registries.

Mr. Tauzin says the industry "has real concerns" about what the Kennedy-Enzi bill might do, and opposes Sens. Grassley and Dodd's proposal to create an FDA drug-safety center: "Is this needed legislation, or is it going to create some new authorities that are problematic?"

If Congress doesn't pass the FDA fee legislation by late summer, it risks shutting down much of the agency's drug-regulation activity. Complicating matters, other FDA-related laws also must be renewed this year, including the fees that fund the agency's regulation of medical devices.

Mr. Dingell says he doesn't want to "bog down" the user-fee bill with procedural fights over provisions that aren't germane, but he also wants to step up drug safety. Later this month, his committee is expected to hold a hearing on drug safety that will include Sen. Grassley, an exacting FDA watchdog. Mr. Dingell calls the proposal to create a drug-safety center at the FDA an "intriguing idea," but says he wants to learn more before endorsing a plan.

Another focus for Congress: drug ads. Mr. Dingell says his reservations about such consumer advertising "have only grown with the passage of time." Democratic Rep. Frank Pallone of New Jersey, chairman of the Energy and Commerce health subcommittee, says the issue "could be part of the reauthorization" of the fee bill, but leaders will "see where there's a consensus" before deciding.

Another House Democrat, Henry Waxman of California, says he plans a drug-safety bill that will largely mirror the Kennedy-Enzi proposal. "The FDA does not have the authority it should have and that our legislation would give them," he says.

The Kennedy-Enzi bill would strengthen the FDA's oversight of drugs after they go on the market, by requiring that drugs be approved with programs to manage their risks. Those programs might be very limited, but they could also include an array of provisions the FDA doesn't currently have the explicit power to impose, including mandatory safety studies, restrictions on who can prescribe or dispense a drug, and an initial ban on consumer ads. A Kennedy staffer says that while the bill initially will be separate from user-fee legislation, "we imagine the process is one where all of these things end up being joined at some point."

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The biggest concern for the biotech industry is legislation planned by Mr. Waxman, which would create a path for generic versions of biotech drugs. Sen. Hillary Clinton (D., N.Y.), a member of the health committee, plans to tie that effort to the user-fee legislation. "Linking it to [the user-fee bill] would be a good idea, because that's must-pass legislation," says another New York Democrat, Sen. Charles Schumer, who will be the generic biotech bill's lead Senate sponsor.

James Greenwood, chief executive of the Biotechnology Industry Organization, says the issue is too complex and scientifically delicate to be examined and resolved in time to link it to the user-fee legislation. "There's barely enough time to have the members of the House and the Senate understand what's in the [user-fee bill]," he says.

Lawmakers Eye Child Insurance Program (AP)

By Kevin Freking

AP, February 2, 2007

Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage. Lawmakers, however, are moving more quickly to renew a program that now provides coverage to 6 million people, mostly children.

The State Children's Health Insurance Program expires Sept. 30. Democrats and Republicans say they want to swiftly reauthorize the program.

"There is no greater priority for the Finance Committee in the health arena this year," said Sen. Max Baucus, the committee's new chairman. "It's No. 1."

When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector.

Job Bedford, 13, of Baltimore, told Baucus' committee Thursday that being in the program means he can take his asthma medicine with him wherever he goes, which makes him feel safer.

"Asthma attacks are kind of scary. They are very unpredictable and there is always the worry in the back of my mind that I might just die," he said.

Interest groups and trade associations are lobbying for a major expansion of the program as a way to reduce the ranks of the uninsured, now estimated at 46.6 million.

But some senators sought to temper expectations.

Sen. Charles Grassley, R-Iowa, noted the program will require Congress to find $12 billion to $15 billion over the next five years just to serve the existing population. That is above the $25 billion that Congress would spend under the current money formula.

Grassley said he has not heard any advocacy groups say how Congress should pay for expanding the program. He does not consider raising taxes an option.

"A critical part of the discussion needs to be about how we are going to pay for the existing services before we can discuss expanding services," Grassley said.

Committee Republicans said restricting the number of adults eligible to participate could allow more children to be covered.

Some states use their share of the grant money to expand insurance coverage for adults. Arizona, Wisconsin and others even cover more adults than children.

Gov. Sonny Perdue, R-Ga., told lawmakers his state will run out of federal money for its children's health insurance program by March. That would affect 273,000 children.

But even as some states struggle with shortfalls, others get enough money to cover populations that were never the intended recipients of the program, Perdue said.

Several Republicans agreed with Perdue's assessment that the program's resources should be focused on children.

"The SCHIP program is for kids," Grassley said. "The C stands for children. There is no A is SCHIP."

Overall, about 639,000 adults get health insurance through the program.

Congress recently provided $283 million to prevent states from experiencing shortfalls in health insurance funding. It also prohibited states from using their program money to provide coverage to adults without children. An exception was allowed for those states already given permission to extend coverage to adults.

But Cindy Mann, executive director of the Center for Children and Families, said removing adults from the program would not free up significant money for children.

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"The adults covered through this initiative are very low income. We're talking about people who work at minimum wage or at $7 or $8 an hour," Mann said. "They don't have other options, so the ramification of dropping them would be to increase the number of uninsured people. That would be an ironic result of SCHIP reauthorization."

Baucus, D-Mont., said after the hearing that he does not want to just renew the program, but expand it.

"Were going to need more money for CHIP," he said. "And we need to move fast to find it to keep kids from losing coverage this year."

Christina Pearson, a spokeswoman for the Health and Human Services Department, said Secretary Mike Leavitt is committed to renewing the program. She declined to cite specifics on how much money the administration would seek in the president's 2008 budget proposal to be submitted to Congress on Monday.

On the House side, Democrats have said they would seek money for expanding children's insurance coverage and for improving outreach.

Senate Democrats Warn F.C.C. Of Tough New Oversight (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees.

In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the agency's chairman, and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T.

The lawmakers also questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review.

Their questions and comments indicated that there was no political consensus on a range of recent legislative proposals. Most telecommunications policy issues do not break cleanly along party lines. So-called Net neutrality bills have been introduced to prevent high-speed Internet companies from charging content providers for priority access, and other measures are expected that would prevent the commission from making it easier for media companies to grow larger through acquisitions.

But the aggressive questioning by the panel's senior Democrats — including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and Barbara Boxer of California — suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission.

That could, at the least, temper any deregulatory action that Mr. Martin and his fellow Republican commissioners have been contemplating, particularly as they prepare to consider measures that would make it easier for media conglomerates to own newspapers and television stations in the same cities.

On Thursday, Mr. Martin yielded virtually no policy ground, saying for example that the conditions that two Democratic commissioners forced the agency to impose on AT&T to gain approval of its acquisition of Bell South would not be applied to the rest of the industry. Republicans hold a 3-to-2 majority on the commission, although a Republican recusal allowed the Democrats to play a decisive role in December in the AT&T-BellSouth review.

In addition to a "Net neutrality" pledge, AT&T offered to sell certain wireless spectrum and phone lines and pledged to upgrade its telephone network so it could provide high-speed Internet service to most of its service area.

Mr. Martin also declined to consider a more rigorous license-renewal process for the stations, although he said that he might favor rules that would require the stations to disclose more information about how they fulfilled their public-interest obligations.

Sensing the new climate, Mr. Martin in his opening statement steered clear of many difficult issues, including the debate over Internet discrimination legislation, decency standards, media-ownership rules, universal service fees paid by telephone users, and agency policies on consolidation in the phone industry.

Instead, Mr. Martin presented a rosy picture of the industries he regulates, noting that telephone prices had been declining, broadband use increasing and innovation vibrant.

"I am pleased to report that the state of the communications industry is strong," he said. "As you no doubt remember, in the year 2000 the communications industry began a precipitous and far-reaching decline. Capital spending by companies followed this market decline, innovation disappeared and companies went out of business, taking jobs with them. What a difference six years make."

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But the Democrats on the commission, as well as those on the Senate committee, said that a digital divide had been deepening between those who could afford, and were being offered, high-speed Internet access and other technologies, and those who could not; and that the agency's deregulatory approach had contributed to what they said were the steadily declining standards of broadcasters.

"One change of this last election," Mr. Rockefeller, the committee's second-ranking Democrat, said "is that there will be a lot more attention on the F.C.C. and what they are doing in the critical area of public oversight."

He excoriated the agency for what he said was the abandonment of "its core responsibility to the public interest" by failing to take steps to reduce sex and violence on television, and for failing to seriously review license renewals by radio and television stations.

"The process of review is so pro forma that it's known as postcard renewal," he said.

Mr. Dorgan urged Mr. Martin to begin proceedings that would give some teeth to the vaguely worded public-interest standards that the law requires the agency to apply to license renewals and mergers. He accused the agency of a "spectacular failure" in its review of media ownership rules.

And Ms. Boxer attacked the commission for what she called a "pervasive culture of secrecy" that several years ago resulted in the suppression of government reports that contradicted the agency's official line on media ownership.

Mr. Martin responded that, after learning of those reports, he had ordered the F.C.C. to search its files and make any other similar reports part of the record of the current proceedings.

Democrats Urge Tighter FCC Rules (WP)

By Charles Babington

The Washington Post, February 2, 2007

Senate Democrats pressed the Republican-controlled Federal Communications Commission yesterday to slap tighter controls on media ownership, public-interest broadcasting and television violence.

Several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership, said Sen. Byron L. Dorgan (D-N.D.), have been "a spectacular failure."

He railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city. "More concentration means less competition," Dorgan said. "The public-interest standards have been nearly completely emasculated."

But FCC Chairman Kevin J. Martin, who has close ties to the Bush White House, defended the agency's policies.

"The commission has tried to make decisions based on a fundamental belief that a robust, competitive marketplace, not regulation, is ultimately the greatest protector of the public interest," Martin said. He told Dorgan, "I'm not convinced yet we need to have the kind of requirements" for local TV and radio programming that some advocates have championed.

Flexing their muscles at Congress's first oversight hearing of the FCC since taking control of the House and Senate last month, Democrats lectured and sometimes scolded FCC members, saying the agency needs more teeth in its regulation of broadcast outlets, telephones, the Internet and other services.

"The change of this last election," said Sen. John D. Rockefeller IV (D-W.Va.), "is that there's going to be a lot more attention on the FCC. . . . It has abandoned its core responsibility to the public interest."

While the two-hour hearing didn't result in any mandates, it was more than a rhetorical venting, said Tamara Lipper, a spokeswoman for Martin.

"The commissioners are informed by the hearings," she said, and the lawmakers' comments "become part of the record."

As such, scores of lobbyists and interest group members filled long hallways and stairwells in the Russell Senate Office Building before crowding into an overflow room to watch the proceedings on TV monitors. The FCC's two Democratic commissioners often endorsed the senators' complaints, while their three GOP colleagues gently pushed back.

Democratic Commissioner Michael J. Copps told Dorgan that the FCC needs tougher requirements for broadcast outlets seeking license renewals and more detailed descriptions of locally produced content that would serve "the public interest."

Rockefeller called on the agency to put more pressure on cable and broadcast TV outlets to reduce the amount of televised violence. "Commercial television is in the worst state I've ever seen," he said.

Even sharper was Sen. Barbara Boxer (D-Calif.), who questioned whether Martin had aggressively looked into "the suppression" of two reports -- drafted by FCC staff members -- that reflected badly on the agency's media-ownership policies. "A culture of secrecy is still pervasive at the FCC," Boxer said.

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Martin, whose voice never rose above a soft drawl, said he made all the documents public as soon as he learned of them last fall.

Senators Bristle At FCC Chief's Enforcement Of AT&T-BellSouth Merger (USAT)

By Paul Davidson

USA Today, February 2, 2007

The chairman of the Federal Communications Commission faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger.

At a Senate Commerce Committee hearing Thursday, Committee Chairman Daniel Inouye, D-Hawaii, suggested FCC Chairman Kevin Martin, a Republican, did not intend to "stand by the deal" and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions.

The $86 billion merger — the largest in telecom history — was approved in December by a 4-0 vote after weeks of negotiations between the commission's two Democrats and two Republicans.

The condition in question would require the combined company to slash the rates it charges competitors and big businesses to lease private, high-speed data lines in deregulated markets.

It was among a laundry list of concessions pushed by the FCC's two Democrats to win their votes, and it stands to have perhaps the biggest impact on AT&T's bottom line, costing it a projected $500 million over four years.

But in agreeing to the requirement, AT&T said it would not slash the prices it charges Verizon and Qwest, two of its largest rivals, unless the two local phone giants lower the lease rates they charge AT&T in their territories. AT&T, Verizon and Qwest all have long-distance units that serve big businesses outside their regions.

Verizon and Qwest say they will not cut their prices for AT&T.

In a statement released when the FCC approved the deal, Martin and Republican Commissioner Deborah Tate suggested they would not enforce the condition because it improperly imposed obligations on other carriers. They also said if Verizon and Qwest can't get the low rates, the concession would conflict with FCC rules that require wholesale services to be offered to all carriers on equal terms.

On Thursday, Martin told Inouye he was abiding by the deal but that while AT&T could submit tariffs, which are legal documents detailing its reduced prices, he would not approve them.

"You're not allowed to discriminate among the different companies in terms of who you offer discounted prices to," Martin said. "Where the commission would have to take affirmative action, we said no, we would have hesitation doing that."

Democratic Commissioner Jonathan Adelstein told lawmakers he was unaware of Martin's concerns until after the vote. "It's hard for me to understand how we cannot implement something that was (voted for) unanimously," he said.

He also said FCC rules bar only unreasonable price discrimination and that offering different prices in this case would be "reasonable."

In a letter to Martin on Wednesday, Reps. John Dingell, D-Mich., and Ed Markey, D-Mass., also pressed him about his comments. He's expected to be grilled about them again at a House hearing Markey will chair on Feb. 15.

FCC Told To Focus On Public Interest (WT)

The Washington Times, February 2, 2007

COX NEWS SERVICE

Senate Democrats served notice to members of the Federal Communications Commission yesterday that their top priority is protecting the public interest, not boosting corporate profits.

Under Republican leadership, the FCC has "abandoned its core responsibility" to act in the public interest, Sen. John D. Rockefeller IV, West Virginia Democrat, said at a packed hearing of the Senate Commerce, Science and Transportation Committee. As a result, he said, broadcasters put on news programs that are filled with "junk, sex, scandals" and other content that fails to inform the public about important issues.

Sen. Byron L. Dorgan, North Dakota Democrat, said the agency's review of media-ownership rules was a "spectacular failure" that didn't do enough to protect the public.

Sen. Barbara Boxer, California Democrat, criticized FCC Chairman Kevin J. Martin for what she called his agency's "culture of secrecy."

Mr. Martin, who was appointed by President Bush, defended the agency's performance.

He noted that more Americans are getting high-speed Internet access at lower costs and that "the communications industry is strong," especially compared with the late years of the Clinton administration.

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"In the year 2000, the communications industry began a precipitous and far-reaching decline," he said. "What a difference six years make."

But Mr. Martin's optimistic assessment was undercut by the commission's two Democrats.

Commissioner Michael J. Copps said that while profits may be good for many in the communications industry, the public interest is not being well served. For example, broadcasters are presenting far too much "gratuitously violent programming," he said.

In addition, telecommunications companies are not doing enough to provide high-speed Internet connections for Americans living in rural areas and inner cities, he said.

Committee members also pressed Mr. Martin and fellow Republican Commissioner Deborah Taylor Tate on their willingness to vigorously enforce the conditions that allowed AT&T complete its takeover of BellSouth.

After lengthy negotiations with the commission's two Democrats, AT&T agreed in late December to a set of conditions that cleared the way for a unanimous approval of the merger on Dec. 29.

But afterward, Mr. Martin and Mrs. Tate issued a joint statement saying some of the conditions were "discriminatory and run contrary to commission policy and precedent."

Commerce committee Chairman Daniel K. Inouye, Hawaii Democrat, asked if that statement means "you won't stand by the deal that was reached."

Mr. Martin said he would enforce the conditions, but said he intended to signal that it would be illegal to force AT&T's main competitors, Verizon and Qwest, to match those wholesale rates for business Internet service.

Data Privacy Bill Expected To Target Retailers, Banks (WP)

By Brian Krebs

The Washington Post, February 2, 2007

Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest from the new chairman of the House Financial Services Committee.

Panel Chairman Barney Frank (D-Mass.) said he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands.

Frank also said he wants retailers to be held more accountable for data breaches. Last month, TJX, the Massachusetts-based parent of discount retailers TJ Maxx and Marshalls, disclosed that hackers had broken into its credit card processing network, possibly exposing financial details on millions of customers.

This week, the Massachusetts Bankers Association said that some of its member banks have reported fraudulent transactions associated with the TJX data breach. Credit card issuers have contacted at least 60 banks affected by the break-in, the MBA said.

While more than 30 states have laws requiring companies to alert residents of data breaches, most of the statutes let the affected company delay notifying banks while law enforcement agencies investigate. Frank said retailers should be required to notify banks that issued the compromised credit card accounts so that financial institutions can issue customers new cards before fraud occurs.

"For too long, retailers have been immunized from having to own up when it's their mistake through contractual protection from Visa and MasterCard," he said.

Mallory Duncan, senior vice president and general counsel of the National Retail Federation, said Frank's proposal was an effort by some smaller banks to shift more of the costs of fraud to retailers. "Most of the larger banks have very sophisticated, round-the-clock fraud monitoring systems in place, but a lot of the smaller institutions don't have those systems," he said.

There have been more than 100 million instances in which Americans have had their personal data compromised due to data breaches or mishaps, according to the Privacy Rights Clearinghouse, a consumer group in San Diego.

The data breach bill that got the most support from industry and consumer groups last year -- offered by Sen. Dianne Feinstein (D-Calif.) -- would require any organization holding personal data to notify consumers upon learning of a data breach. She has revised the bill, and it was among the first to be reintroduced this year.

The measure would preempt many tougher state laws and contains fairly broad exemptions, including not requiring entities to disclose a breach if a risk assessment concludes there is "no significant risk that the breach has resulted or will result in harm" to consumers.

While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy

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protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation.

"The question with this issue -- as with others -- becomes, is this an area where dueling interest groups will make it difficult for Congress to come to an effective solution, or is it something that's moving so fast that anything Congress is likely to do will end up obsolete a year or two from now?" he said.

Consumer groups also expect corporate- and government-backed data mining practices to receive scrutiny from Congress, in part because the Senate Judiciary Committee is headed by Sen. Patrick J. Leahy (D-Vt.), known for his staunch advocacy on consumer privacy matters.

The Bush administration has come under heavy fire from privacy advocates for its data mining initiatives and for pressuring Internet service providers to dramatically extend the length of time that they retain records of their customers' online activities.

Sanchez Quits Hispanic Caucus (LAT)

By Richard Simon

The Los Angeles Times, February 2, 2007

WASHINGTON — The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women.

Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign.

Rep. Hilda L. Solis (D-El Monte) complained about the "lack of respect afforded to women members of the Hispanic Caucus."

And Rep. Linda T. Sanchez (D-Lakewood) stood by her sister and fellow congresswoman, saying: "I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members."

"Latinas are the fastest-growing segment of the minority population," the Lakewood congresswoman said. "And their perspective deserves to be represented, not denigrated."

On Wednesday, Loretta Sanchez told the Politico, a new Capitol Hill newspaper, that Baca had called her a "whore." She has not responded to requests for an interview since then.

Baca denied the charges Thursday, saying, "These accusations are categorically untrue."

The Orange County congresswoman's resignation comes after six caucus members last year cut their ties to the group's political action committee after it made campaign contributions to relatives of caucus members — including Baca's sons Joe Jr. and Jeremy, who ran unsuccessfully for state Senate and Assembly respectively.

"At a time when the public is crying out for a more ethical government, we should be taking every step to avoid any appearance of preferential treatment for relatives," Solis said in a statement Thursday.

Some female caucus members also complained earlier this year that Baca's election as chairman was not conducted by secret ballot as required.

In her resignation announcement Wednesday, Sanchez cited her concern about the election as her only reason. "I and other members of the caucus voiced our strong opposition to Mr. Baca's chairmanship due to a violation of election rules," she said.

Baca dismissed these complaints Thursday, noting: "These issues have been discussed, reported, and laid to rest."

Sanchez told the Politico that she heard Baca had made the demeaning remark about her to California Assembly Speaker Fabian Nuñez.

But at a news conference Thursday in Sacramento, Nuñez said, "I have no recollection of any conversation with anybody about a dispute between Congressman Baca and Congresswoman Sanchez."

He added that he would "rather not be dragged into the mud" of a congressional fight.

Sanchez also told the Politico that when the caucus had approached her earlier this year to pay her contribution to support the caucus staff, she asked to be removed from the list of members.

"There's a big rift here," she told the newspaper. Using a vulgarity to describe how Baca treated women, she concluded, "I have no use for him."

Baca, in a statement Wednesday, called Sanchez's resignation "unfortunate." But in his statement Thursday, he implicitly criticized her, saying: "This 'controversy' is of the most disrespectful nature to our constituents and to our colleagues in the House because it is based on untruths."

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A congressional staffer, who was not authorized to speak on the matter and requested anonymity, said that some of the male members of the caucus were often disrespectful of the women — talking, laughing or making jokes while they were trying to speak at caucus meetings.

"This is a serious rift; it's bad for the community," the aide said. "If other women follow her lead, it looks bad for CHC. They let internal bickering override what they can do as a key bloc in Congress."

Breaking News: Two More Reps. Complain About Treatment Of Women In Hispanic Caucus (POL)

By Josephine Hearn

The Politico, February 2, 2007

A day after Rep. Loretta Sanchez resigned from the Hispanic Caucus charging its chairman had called her a "whore,'' a pair of Democratic congresswomen from California spoke out in support of Sanchez's sweeping complaints that chairman Joe Baca did not respect the women in the caucus.

In an increasingly bitter spat dividing the 21-member caucus, Sanchez also had charged that her follow California Democrat, Baca, had treated the women in the group "like shit."

On Thursday, the two other California congresswomen bolstered Sanchez's remarks.

Rep. Hilda L. Solis said she shared "Sanchez's sentiment about the lack of respect afforded to women members of the Hispanic Caucus.'' And Loretta Sanchez's sister, Rep. Linda Sanchez, said she supported her sibling's decision to resign in protest of Baca's alleged remark, which he has "categorically'' denied.

On Thursday, Baca repeated his denial to Fox News, saying there was no rift within the caucus.

"There is none, absolutely none,'' Baca said. "Everybody is working together."

In her statement Thursday, Linda Sanchez said she was "waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members.''

"Latinas are the fastest growing segment of the minority population,'' she added, "and their perspective deserves to be represented, not denigrated."

If the Hispanic Caucus "is to be truly representative of the Latino community," Solis said, "it must give equal treatment to all its members, regardless of gender or seniority."

Solis also reiterated concerns about the political arm of the caucus, BOLDPAC, which came under fire last year after Baca and his allies authorized political contributions to their relatives. Solis, the Sanchez sisters and three other lawmakers then withdrew from BOLDPAC.

"At a time when the public is crying out for a more ethical government,'' Solis said, "we should be taking every step to avoid any appearance of preferential treatment for relatives."

In an interview with The Politico Wednesday, Loretta Sanchez also cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers.

"I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here," Sanchez said. "You treat the women like shit. I have no use for him."

In a statement Wednesday, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements.''

"Let me be clear,'' he declared, "her comments are categorically untrue."

The last time lawmakers withdrew from the Hispanic caucus was in the late 1990s when its Republican members left over partisan differences.

Sanchez said she had rebuffed an approach earlier this year to contribute funds from her office budget to support the caucus' shared staff, a requirement for all its members.

"I told them to take me off the list, take me off the Web site, take me off everything," Sanchez said.

She said she was surprised and insulted when she learned that Baca had made the disparaging personal comment about her to California Assembly Speaker Fabian Nunez and other legislators last year.

Nunez "is a friend of mine. Did he think he wouldn't tell me?" Sanchez asked.

On Thursday, a spokesman for Nunez said the state speaker would have no comment on the flap. But Nunez said at a news conference in California that he did not recall the comment.

"I'm not going to confirm that," he said, according to a posting on the Los Angeles Times blog, Political Muscle. "I have no recollection of being at" a meeting where "anything disrespectful" was said of a Hispanic caucus member.

"Somebody is going to have to refresh my memory,'' Nunez said. "I have no recollection."

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Sanchez voted against Baca in the Hispanic Caucus election for chairman in November. Four other female lawmakers abstained from the vote, raising concerns about whether the election followed proper procedures.

The Sanchez withdrawal is another blow to Baca and his allies who have been trying to bring the caucus back together after a series of internal spats last year. Many of the more junior members and the women have butted heads with him and senior lawmakers.

In recent weeks, Rep. Xavier Becerra, Calif., a caucus member who serves in House leadership as assistant to Speaker Nancy Pelosi, D-Calif., had been trying to persuade the six members to rejoin the political action committee, which is known as the Committee for Hispanic Causes/Building Our Leadership Diversity.

Four female lawmakers have written Baca asking that the caucus repeat his election as chairman because the earlier vote failed to use secret ballots, as required in the group's bylaws.

Sanchez and other female CHC members have repeatedly complained that Baca and some of his male colleagues do not accord them a high level of respect.

"There is a big rift. Hello? Do they not get this?" Sanchez said.

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by WorriedInPA on 02.02.2007 at 12:39 AM

How can I get on Loretta Sanchez' Xmas mailing list?

by sequoia on 02.01.2007 at 08:48 PM

RE: Cela & OC_Voter messages: Sanchez' poor taste in Christmas cards.

I have to laugh, my mother gets those borderline porn-like cards from Loretta Sanchez' office. The one sent out a couple of years back with her in a skin tight leather micro mini perched on top of a desk, again with a cat (P***y?) in the picture, was disgusting. You can actually see right up her skirt, she was wearing black underwear, or maybe not? .... pulling a Brittany? The holiday greeting was also in poor taste. Loretta Sanchez, what can you say about her but what Baca said to Nunez about her. She is no class act, that's for sure. Loretta Sanchez has the reputation she has earned.

by Hughie on 02.01.2007 at 07:49 PM

Who the hell cares what Baca called Sanchez ? This Baca rep could have called her an m' f' ing ho-bag-piece- 'o crap and she can do NOTHING about such a slur. Why? She's not in the private sector and the offending representative, like her, is immune to such harassment laws. So, Sanchez baby, it's your bed, you made it, now sleep in it and shut your pie hole.

by theduke on 02.01.2007 at 07:28 PM

It saddens me to see subterranean actions and reactions by people; where is our self-respect and our cultural teaching?gone? We as Americans (Hispanic) have forgotten how hard our fights have been fought by our American heritage. We now war over Nada! For God Shakes, let?s not forget the nature of politics and what it means to be head of politics and the vitriol associated with-it. What I see is: females banding together in the hopes of finding strength in numbers and the refocus in destroying their own party from with-in. I am a Republication, but have no joy in seeing people engulfed with jingoistic and hubris behavior, not to mention the weakness it displays: dissension and trifle engagement?Si being called a ?Puta? is not the nicest of names, but I am sure this name is compassionate opposed to the political strategy employed to gain office?We are quailing over dirty dresses. I am shamed by my hermanos y hermanas whom have forgotten the political gains granted to use by those who have fought for our political causes?it is sickening to see our gains marginalized by name calling and the inability to recognize obtuseness. Stop all this, antes de usted deshonra todos nosotros!

Hispanic Caucus Members Toil Over Insult (AP)

By Erica Werner

AP, February 2, 2007

Three female members of the Congressional Hispanic Caucus accused the organization's male leaders Thursday of treating women unfairly. Rep. Loretta Sanchez said the caucus chairman called her a "whore."

Rep. Joe Baca denied uttering the insult, which Sanchez cited among grievances that led her to announce this week she was quitting the group.

"Let me be clear: Her comments are categorically untrue," said Baca, who like Sanchez is a California Democrat.

"He said it. For him to deny it is just a silly thing," Sanchez said in an interview.

She and Rep. Hilda Solis, D-Calif., said Baca made the comment at an event in Sacramento, Calif., over the summer and that it was repeated to them by people they declined to identify.

"Name-calling never helps anything," said Sanchez, adding she confronted Baca about the comment. "He just shook for awhile and then he said, 'That's a lie.'"

The controversy, which became public with a report Wednesday on the Web site politico.com about the "whore" comment, was the latest evidence of conflict between men in the growing caucus and a smaller, mostly female contingent.

Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November. Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez of New York subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats.

Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups.

There also is a perception among female caucus members that their concerns are given short shrift in a caucus that — like the Congress as a whole — remains overwhelmingly male, despite high profile advances by women in Congress.

"I think there tends to be the sentiment that there has to be more work done to improve relationships in the caucus and the treatment of women in the caucus," Solis said in an interview.

"I am waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members," said Linda Sanchez, whose district is near her older sister's in Southern California.

Better Security For Judges (NYT)

The New York Times, February 2, 2007

One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack.

The need for strong security measures for judges should be self-evident. Since the Sept. 11 attacks, federal judges have played a very visible role in the trials of suspected terrorists. Many of the most serious threats they face, though, are domestic. This was tragically underscored two years ago by the murder of the husband and mother of Judge Joan Lefkow of Chicago by a man upset with her ruling in a malpractice lawsuit. After those killings, Congress passed a law that, among other things, paid for home security systems for judges. More still needs to be done.

The Court Security and Improvement Act of 2007 includes new criminal penalties for misusing personal information to threaten serious harm to judges or their families, and increased sanctions for retaliating against witnesses. It allocates more resources to the United States marshals, who are charged with protecting federal judges. And it requires the marshals' director to consult with the Judicial Conference of the United States so judges have a greater voice in their own security.

In the last Congress, a similar bill was passed by the Senate, but House leaders blocked it. With the Democrats now in control, the current bipartisan bill — which has the support of the Democratic chairmen and the ranking Republican members of the Judiciary Committees in both the House and the Senate — should pass easily.

One of the best ways Democratic and Republican leaders can set a new tone in Washington is by jettisoning the heated anti-judge posturing and replacing it with sensible measures to protect the safety of the federal judiciary.

OTHER NEWS:

Bush, Dems Have Different Economic Views (AP)

By Tom Raum

AP, February 2, 2007

The booming economy that President Bush paints is a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college.

The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right — and wrong. It just depends on what numbers you summon.

Bush is trying to nudge the national focus away from Iraq and is offering a rosy picture of the economy ahead of his presentation Monday of a financial blueprint he says will lead to a balanced budget by 2012.

Congressional Democrats have embraced the same timetable. The course the rival camps chart to get there is bound to be the domestic-policy battle royal of the current congressional session.

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"Workers are making more money. Their paychecks are going further. Consumers are confident. Investors are optimistic," Bush said in a speech Wednesday at Federal Hall on Wall Street. It was his second on the economy in as many days.

"I'm not surprised that some of the good economic news is overshadowed by the difficult news out of Iraq," Bush told Fox News later Wednesday.

The president credits his first-term tax cuts for much of the upbeat news, ignoring the $10 billion-a-month drain on the government's balance sheets from the unpopular war in Iraq and military actions in Afghanistan and elsewhere to fight terrorism.

Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months.

Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady.

But hold on.

Here comes this from Sen. John Edwards of North Carolina, reprising the "two Americas" rich-poor divide he depicted in 2004 as a presidential and vice presidential candidate: "We cannot stand by and watch 37 million people wake up and not know how to feed and clothe their children."

Other Democratic presidential hopefuls are echoing the theme.

Also, freshman Sen. James Webb, D-Va., built on it when he gave his party's response to Bush's State of the Union address last month. "It's almost as if we are living in two different countries," Webb said.

To William Galston, a domestic policy adviser in the Clinton administration who now is the Brookings Institution, "We have the president's story of the economic aggregates and we have Jim Webb's story of economic anxiety and inequality.

"That tale of two economies will be argued out, not only between the parties but within the parties," he said.

The Democratic contenders are not shy about weighing in.

"There's something wrong when you have more bankruptcies in America last year than college graduates," Sen. Hillary Clinton of New York said in Iowa.

A 2008 rival, Sen. Barack Obama of Illinois, said, "Our economy is changing rapidly, and that means profound changes for working people." He cited "skyrocketing health care bills," lost pensions and struggles to pay for college.

The cutback in building has led to thousands of layoffs in the construction industry, Democrats note.

Such observations conflict with the glowing picture Bush and his aides present of a vibrant economy humming along at near-full employment.

"They've both got a point, and they're both trying to make their case" said Mark Zandi, chief economist at Moody's Economy.com.

"The president is right. The economy in aggregate is performing very well. So he's right to claim that the economy, looking from above, looks very good," Zandi said. "Democrats are also right. The fruits of this strong economy have largely accrued to higher income wealthier households."

The multifaceted state of the economy was reflected in a mixed bag of government economic reports issued Thursday.

The Commerce Department reported that people spent more than they made last year, resulting in a negative 1 percent personal savings rate — the lowest since the Great Depression. Meanwhile, the Labor Department reported a 20,000 drop in claims by newly laid off workers for unemployment benefits, a sign of a healthy labor market.

David Wyss, chief economist at Standard & Poor's in New York, said that "any rational way you look at this, the economy is doing pretty decently. You've got a 4.5 percent unemployment rate, productivity growth is solid. And inflation is by historical standards pretty reasonable."

Still, Wyss said, "We've got a couple of big problems out there, and some long-term imbalances. The top 20 percent is doing fairly well and the bottom 20 percent is doing better. If there's a hole, it's in the middle, which frankly are those old blue-collar jobs that the Democrats say are leaving the country. And they're right."

The president's approval on handling the economy was at 43 percent in early January's AP-Ipsos poll, up from December and higher than his overall job approval of 36 percent. The economy, along with Iraq, terrorism and health care are all seen as important issues by the public.

The White House and Democrats battled with dueling economic "fact sheets."

The Democratic headlines: worst job recovery on record; manufacturing jobs continue to disappear at historical levels; share of national income going to wages and salaries see record lows; household income declined by nearly $1,300 under Bush.

On the White House list: The economy has created more than 7.2 million jobs since August 2003; the unemployment rate was 4.5 percent in December; real wages rose 1.7 percent during 2006; real after-tax personal income per person has increased over $2,800 — or 9.6 percent — during this administration.

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The president did concede a point to Democratic rhetoric on Wednesday.

After Webb emphasized the growing and yawning gulf between salaries of chief executive officers and rank-and-file workers in his Jan. 23 Democratic response, Bush took aim at lavish salaries and bonuses for corporate executives. Corporate boards should "step up to their responsibilities" and tie compensation packages to performance, he said in his Wall Street speech.

Job Market Was A Key To Fed's Call (WSJ)

By Jon Hilsenrath

The Wall Street Journal, February 2, 2007

Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market.

Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster. The unemployment rate fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ.

This matters to the folks who dictate short-term interest-rate levels at the Federal Reserve. Recessions are always accompanied by job-market weakness. A healthy job market means the Fed has less reason to goose the economy with lower rates. It also has a big impact on the Fed's inflation call. Fed officials want as much as anybody to see Americans fully employed. But a falling unemployment rate can signal reduced job-market slack, which could lead to wage pressure and inflation, something Fed officials don't want.

A debate is bubbling at the Fed now about how to read the job market, something San Francisco Fed President Janet Yellen has spoken about. If output has slowed but employment remains robust, it could mean businesses are getting less out of workers. It also could mean output numbers understated the economy's strength.

Either way, the bottom line is simple. Economists expect the Labor Department to report today that payrolls grew another 167,000 in January and the unemployment rate remained 4.5%. Warm January weather will muddy the numbers, as will annual data revisions, which should also point up. But as long as the job market looks this strong, the Fed has little incentive to alter its inclination to push rates higher still.

Where Big is Better: Why Oil Shares Stay High

Investors who bet that Big Oil would get whiplashed by slumping oil prices have been whipped themselves.

Oil prices have dropped 26% since they hit $77.03 a barrel on July 14, hitting the bottom line of large oil companies. But their shares haven't followed suit. Exxon Mobil's profits slowed from a record run in the final months of 2006, falling 4.3% in the fourth quarter from a year earlier. Still its shares have gained 16% since oil peaked. Shares of Chevron, which reports earnings today, are up 12%. Analysts surveyed by Thomson Financial expect Chevron to report a 7% drop in fourth-quarter earnings per share today.

Why the disconnect? Oil companies are relatively cheap. Energy companies in the S&P 500 trade at 9.8 times their projected 2007 earnings per share, compared with about 15 for the entire index. Moreover, the companies are flush with cash they can use to support their shares. Exxon's dividends and share buybacks surged 41% in 2006 to $32.6 billion.

Not all oil companies have fared well, suggesting the advance of the supermajors is also a flight to quality. Shares of smaller oil producers such as Occidental Petroleum and Murphy Oil have taken their lumps since oil prices peaked. Sometimes big is better.

Fed's Inflation Dilemma (WSJ)

By Greg Ip

The Wall Street Journal, February 2, 2007

WASHINGTON -- Federal Reserve officials, in debating whether to adopt an explicit target for inflation, have discussed whether an implicit, or "soft" target, might be preferable.

The continuing debate reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises.

Currently, the Fed's official aim is to achieve "price stability," but it doesn't specify what rate or range of inflation it thinks would fulfill that goal.

Mr. Bernanke has long favored setting an explicit inflation target, an increasingly common practice among foreign central banks. Many of those banks strive to keep inflation at or near 2%.

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Proponents of this approach say that adopting an explicit inflation target for the U.S. would reassure Americans, discouraging self-fulfilling inflationary expectations if, for example, the economy overheated or energy prices jumped. It also would give financial markets a better indication of the Fed's likely response to shifting economic conditions.

At Mr. Bernake's behest, the Fed's policy-making Federal Open Market Committee has been studying possible changes in how it communicates its forecasts, statements and meeting minutes. While the 19-member panel has also considered adopting an inflation target, Fed officials emphasize that such a move is far from certain.

Among the drawbacks to an explicit target is potential resistance on Capitol Hill, and internal discord over what, if any, number should be picked. That has prompted Fed officials to take a look at an implicit target, which would communicate the Fed's preferred inflation rate without having the force of an official goal.

Fed officials say one form of implicit targeting would be to extend the horizon of the Fed's economic forecasts beyond the current two years, with the inflation forecast for the last year of the period representing the Fed's implicit target. Another would be to poll all 19 FOMC members on their personal definition of price stability and publish the resulting range, rather than forcing them to agree on a single number or range.

But officials have significant misgivings about both approaches, primarily because they sacrifice clarity and accountability, the very benefits that targets are meant to achieve.

The Federal Reserve Act defines the Fed's goals as both price stability and maximum employment. Mr. Bernanke has long argued that a target is consistent with that "dual mandate." He argues that a target stabilizes the public's expectations of inflation, which enables the Fed to lower interest rates during a slump with less fear of setting off a run-up in prices.

But some Fed officials fear that argument is too subtle for many in Congress, who might contend that an inflation target elevates price stability's importance over that of employment. Barney Frank, the new Democratic chairman of the House Financial Services Committee, opposes an inflation target, while acknowledging that the FOMC has the authority to adopt one.

"There is a little bit of concern that the mandate doesn't extend to picking any particular number," said Ken Kuttner, an economist at Oberlin College in Ohio who wrote about inflation targets while on the staff of the Federal Reserve Bank of New York. "There would naturally be people saying, 'Hey, I'm reading your mandate here guys, give us your [target] number for full employment.' And nobody wants to do that. A lot of the gains from ambiguity have to do with finessing that kind of situation."

Another drawback of an explicit target is the continued disagreement within the Fed over both the wisdom of adopting one, and over what the number should be if one were adopted.

One way to minimize both problems would be for the FOMC, rather than announcing a target, to lengthen its current semiannual forecast -- a range of forecasts by individual FOMC members -- to three or four years from the current two. Because that would ordinarily be long enough for the Fed's interest-rate actions to achieve any inflation rate the central bank desired, the fourth-year forecast could be construed as a target without being called one.

A shortcoming of this approach is that if a big shock, such as a jump in energy prices, drove inflation up sharply, it could take more than four years to get it back to the target, unless the Fed was willing to drive unemployment sharply higher. Another is that the forecast would include unemployment, and Congress might see that as an implicit target for which the Fed should be held accountable.

Another approach would be to poll all FOMC members on what constituted price stability, and to publish the results. The Bank of Japan adopted a similar approach last year and announced that its nine policy board members' views ranged from zero to 2% inflation.

But officials say that despite the appeal of the approaches, both are flawed and thus may not be much better than the status quo. If the FOMC claims its target is only a forecast, it would be less accountable for missing it, and that means the public, and investors, would be less likely to incorporate it into their own behavior.

The polling approach suffers from the fact the target could change every year with the composition and inclination of the FOMC's members. Without agreement on a single target, policy makers could respond differently to the same inflation picture.

Dow, Russell 2000 Close At New Highs As Economic Data Bolster Confidence (WP/AP)

The Washington Post, February 2, 2007

NEW YORK, Feb. 1 -- Stocks climbed for the third straight day Thursday as an already buoyant Wall Street embraced robust consumer spending figures and largely overcame disappointment over Google's earnings report. Both the Dow Jones industrial average and the Russell 2000 index of smaller companies closed at new highs.

The Dow advanced 51.99, or 0.41 percent, to 12,673.68. That marks the blue-chip average's 27th record close since October. It came in well above the record of 12,621.77 set Jan. 24. A new trading high of 12,682.57 topped a day-old record of 12,657.02.

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The Standard & Poor's 500-stock index rose 7.70, or 0.54 percent, to 1445.94, and the Nasdaq composite index was up 4.45, or 0.18 percent, at 2468.38.

The Russell 2000 rose 7.43, or 0.93 percent, to 807.77. The index first broke the 800 mark Wednesday.

The gains followed Wall Street's best day of the year on Wednesday, when it advanced sharply after the Federal Reserve signaled that the economy remained solid and that inflation was mostly in check. The central bank's comments, which followed its decision to leave short-term interest rates unchanged, injected a bit of confidence into an uncertain market.

Economic data continued to play a big role in trading, as it has all week. As expected, consumer spending in December showed its biggest increase in five months, rising 0.7 percent.

The Labor Department reported the number of newly laid off workers seeking unemployment benefits fell by 20,000 last week, to 307,000.Movers

Google fell $19.75, to $481.75. Though it posted a sharp increase in profit, investors accustomed to outsized gains were not wowed.

Exxon rose 98 cents, to $75.08, after announcing a 2006 profit of $39.5 billion, the largest ever for a U.S. company.

Archer Daniels Midland rose $3.47, to $35.47, after it said profit jumped 20 percent.

Comcast fell $1.43, to $42.92, after its fourth-quarter profit came up short of Wall Street's forecast.

Boeing reached a record high of $92.24 before closing up $1.49, at $91.05, after reporting strong results Wednesday.

Dow Rises 51.99 To A Record On Exxon Mobil's Results (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 2, 2007

The Dow Jones Industrial Average rose for a fourth straight day, hitting a new record, aided by strong earnings from Exxon Mobil.

The Dow climbed 51.99 points, or 0.4%, to 12673.68, its 27th record finish since October. So far this year, the Dow is up 1.7%.

Shares of Exxon Mobil, a Dow component, gained 1.3% after the energy giant announced that fourth-quarter net income fell 4.3% from a year earlier but still beat analysts' expectations. For all of 2006, Exxon Mobil posted the biggest annual profit in U.S. history, $39.5 billion, up 9.3% from 2005.

The broad Standard & Poor's 500-stock index rallied 0.5%, or 7.70 points, to 1445.94, up 1.9% on the year. The technology-stock-led Nasdaq Composite Index edged up 0.2%, or 4.45 points, to 2468.38, up 2.2% on the year.

Economic data were mixed, which reinforced many investors' impression of a relatively benign slowdown in U.S. economic growth. Many investing pros have been saying lately that conflicting data allow them to rule out two dire, but very different, scenarios: inflation and recession.

"A lot of people are thinking we're back to a Goldilocks economy," neither too hot nor too cold, said strategist Mark Keller, of A.G. Edwards & Sons.

Mr. Keller said his firm expects the U.S. economy to grow about 2.2% this year. That's a modest pace in historic terms, but still enough to sustain growth in corporate profits, which in turn should help the stock market.

The Commerce Department reported its measure of prices for consumer goods, excluding volatile food and energy, rose 0.1% in December, up 2.2% from a year earlier.

Most analysts believe the Federal Reserve views this index of personal consumption expenditures as a key inflation indicator, with annual growth above 2% less than ideal.

The higher December reading normally might signal risk of a Fed interest-rate increase. Luckily for stock investors, fresh manufacturing data signaled just the opposite.

The Institute for Supply Management's manufacturing index, a broad measure of activity in the sector, fell to 49.3 in January, contrary to economists' expectation for a reading of 52. Any reading below 50 signals contraction in the manufacturing sector.

In energy trading, crude-oil futures contracts for March delivery slid 84 cents, or 1.4%, to $57.30 a barrel, off 6.1% so far this year at the New York Mercantile Exchange.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks on the NYSE was 2.89 billion shares; 2,454 issues rose and 889 fell.

Bond prices fell2. The 10-year note slipped 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.837%.

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The dollar strengthened3. Against the Japanese currency, the dollar rose to 120.71 yen, compared with 120.67 yen. The euro fell to $1.3020, compared with $1.3034.

Manufacturing Activity Drops (WSJ)

By Christopher Conkey

The Wall Street Journal, February 2, 2007

WASHINGTON -- Dogged by excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer.

The Institute for Supply Management, a trade group representing corporate purchasing managers, said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December.

Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries.

The slowdown follows a four-year growth spurt in the manufacturing sector. Consumers began to scale back their purchases of homes and American-made cars last year, but many manufacturers have been slow to recognize the need to reduce inventories, according to Norbert Ore, who oversees the ISM survey.

Fear of a Surge

"Everybody's afraid to pull the trigger and cut inventories because they're afraid there will be another surge, and they'll be caught short," said Mr. Ore, who is also Georgia-Pacific Corp.'s procurement director. He said the manufacturing sector will remain sluggish over the next few months as businesses draw down their stockpiles of unsold goods.

Meantime, large inventories continued to take a toll on manufacturers' results. Late Wednesday, Pulte Homes Inc., Bloomfield Hills, Mich., reported a fourth-quarter loss, with the home builder citing an inventory charge and a high cancellation rate as contributing factors. Volterra Semiconductor Corp., Fremont, Calif., warned its first-quarter revenue would fall from fourth-quarter levels because of a customer's excess inventory.

Last month, however, there were signs manufacturers were getting serious about reducing inventories. The ISM reading on inventories plunged to 39.9 in January from 48.5 in December. Mr. Ore said it was the biggest monthly drop in more than 20 years. Readings on new orders and production also fell. The employment index in the sector remained in negative territory, and the measure of prices paid rose.

Beyond the soft manufacturing sector, though, the economy still is growing, thanks in large part to a strong labor market that is supporting consumer spending. More evidence of this came in a separate Commerce Department report that showed personal income rose 0.5% in December, following a 0.3% gain in November. Spending climbed 0.7% in December, following a 0.5% gain the previous month.

American consumers showed a willingness to spend beyond their immediate means, as the nation's savings rate -- or personal savings as a percentage of after-tax income -- fell to negative 1.2% in December from negative 1.0% in November.

Many Take On Debt

Economists often warn that consumers should save more, particularly with baby boomers approaching retirement, but many remain willing to take on credit-card debt or tap investment gains. The savings rate for all of 2006 was negative 1.0%, the lowest annual rate since 1933.

The index of personal-consumption expenditures, excluding food and energy -- the Federal Reserve's preferred inflation measure -- rose 0.1% in December, suggesting price gains continue to moderate, and the Fed will leave interest rates steady for now.

The National Association of Realtors said pending home sales rose 4.9% in December after four straight months of declines in another sign of stabilization.

Separately, the Labor Department said 307,000 people filed initial claims for unemployment benefits last week, down 20,000 from the week before and indicative of solid job creation.

US Manufacturing 'on Brink Of Recession' (FT)

By Eoin Callan In Washington

Financial Times, February 2, 2007

The US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey.

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The Institute for Supply Management said its manufacturing index fell into negative territory in January as it slipped below the 50 mark to 49.3.

The poor performance underlined economists' fears that the sector could be sliding into recession.

Industry leaders have been predicting a recovery this year after a weak performance in recent months. But a fall in new orders in January suggests further weakness ahead, economists said.

Richard Iley, an economist at BNP Paribas, said: "The ISM manufacturing index was weaker than expected and dovetails with our assessment that the manufacturing sector is really very weak and on the brink of recession."

Investors largely shrugged off the poor factory performance as US stock markets touched new highs, sustaining a rally that began this week after the Federal Reserve expressed increasing confidence in the economy.

Investors were encouraged by separate data released on Thursday that showed personal incomes rose 0.5 per cent last month.

The gain adds to recent increases in Americans' disposable income, which has lifted consumer spending and was the main driver of economic growth of 3.5 per cent in the fourth quarter.

The government figures also showed inflation pressures remained "moderate", according to Haseeb Ahmed, an economist at JPMorgan.

The core price index rose 0.1 per cent, following an unchanged reading in November and a 0.2 per cent rise in October.

Some Lawmakers Shun Big Game Pass (WSJ)

The Wall Street Journal, February 2, 2007

ETHICS RULES HAVE fewer lawmakers doing the Super Bowl shuffle.

Most lawmakers from Illinois and Indiana, fearing adverse publicity and new rules, shun Bears-Colts clash in Miami. Politicians and aides can accept tickets from corporations for face-value price, but Chicago-area Reps. Emanuel and Kirk opt to remain home.

"Folks are real wary," a Democratic aide says. A senior Republican strategist predicts new rules will eventually escalate stadium contacts between politicians and donors, since lawmakers can visit skyboxes free for fund-raising events.

Miami Democratic Rep. Meek's fund-raiser, $5,000 a head, includes game tickets.

DEMOCRATS ALLIED with auto makers shift trade debate to Japan.

While most manufacturers blast China for keeping the yuan weak against the dollar, Rep. Dingell of Michigan presses Treasury on yen values. Japan has kept currency weak "to gain an advantage with the U.S. market," the Energy and Commerce chairman writes Paulson.

Though the yen has weakened against the dollar, Treasury Secretary sees no evidence Japanese officials are trying to soften the currency; he notes absence of intervention in foreign-exchange markets since 2004. It is weak, Paulson says, because of Japanese economic problems.

ADMINISTRATION FACES skeptics at home and abroad about farm-subsidy cuts.

Agriculture Secretary Johanns travels to push administration proposal in Mississippi, Iowa, California and Tennessee. Trade expert Susan Sechler praises plan for allowing U.S. to resume Doha trade talks "with a straight face."

"The question really becomes....how far the U.S. will go," adds former Agriculture Secretary and trade representative Yeutter. Much further, says European Union, demanding "more ambitious cuts." But the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support.

Former Massachusetts Gov. Romney is noncommittal and keeping "an open mind," a spokesman says.

NEW BOSSES? Former Democratic congressional aides form lobby group with connections to Baucus of Montana and Rangel of New York, now presiding over Senate and House tax-writing committees. Their firm, Capitol Counsel, including five Democratic alumni of tax panels, will give corporations "the best opportunity to present their case," says principal John Raffaelli.

NEW EXPERTISE: Reshuffle of House appropriations panel, creating financial services subcommittee, elevates lawmaker from the Bronx to chairmanship with clout over SEC and issues affecting Wall Street. "I'm looking forward to ringing the bell" on the New York Stock Exchange," says Rep. Serrano, a native of Puerto Rico.

ENVIRONMENTALISTS press Bush administration to back ban on trade in mercury at global diplomatic gathering in Nairobi next week. EU seeks to stop sale of the toxic pollutant, and Democratic presidential hopeful Obama has raised the subject. State Department says it is still mulling the issue.

BEAR MARKET: Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million.

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BUSH'S BUDGET faces push-back from Congress.

Some lawmakers fear State Department's plan for $86 million to help Palestinian Authority security forces could aid Israel's enemies. Lt. Gen. Keith Dayton, top U.S. adviser to Palestinian military, assures congressional staffers of safeguards; money wouldn't go for guns or lethal assistance.

Lobbyists expect Bush to propose a five-year reduction in Medicare spending of $65 billion to $70 billion. That includes reducing the premium Medicare pays for drugs administered by physicians to 4% above the sales price, from 6%.

Pharmaceutical cuts are expected to draw opposition from oncologists, since cancer drugs often are administered by doctors.

MINOR MEMOS: Costly Christmas: Ex-House Majority Leader DeLay, facing Texas money-laundering charges, spent $454,000 on legal fees in final two months of 2006....New White House executive pastry chef William Yosses, as co-author of "Desserts for Dummies," included chapter called "A Real Cake Walk."

Sharpton Takes Biden To Task On Remarks (AP)

By Beth Fouhy

AP, February 2, 2007

Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama "articulate" and "clean," questioning how the description reflects on other blacks.

Biden, still trying to deal with the fallout from his remarks, spoke by telephone on Sharpton's radio show. The Delaware lawmaker spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is "the first mainstream African-American who is articulate and bright and clean."

Biden told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton, Jesse Jackson and the late New York Rep. Shirley Chisholm, who sought the Democratic presidential nomination in 1972.

But Sharpton told Biden: "A lot of people took it from you that because (Obama) is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community."

Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer — a controversy that was widely believed to have cost Allen re-election.

"George Allen got 'macaca' — this might be a step past that," Sharpton warned.

Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country.

"I have overwhelming respect for what you did. I have an overwhelming respect for what Jesse did, and what Shirley Chisholm did," Biden told Sharpton. "I didn't know anyone tougher or straighter than Shirley Chisholm. I worked with her, I knew her."

The two men agreed that the best way for Biden to make up for his remarks was to stress issues of concern to the black community in his campaign, such as poverty eradication and speeding up the rebuilding of storm-ravaged New Orleans.

Sharpton, who ran a long-shot but spirited campaign for the Democratic nomination in 2004, is considering running again this time. He met last week in Washington with Biden and several other candidates, including Obama, Sen. Hillary Rodham Clinton and Sen. Chris Dodd, to determine whether they would sufficiently commit to urban issues.

Biden's interview was reminiscent of Sen. Trent Lott's 2002 appearance on Black Entertainment Television, where he apologized for praising Sen. Strom Thurmond, who ran for president in 1948 as a segregationist. Lott subsequently stepped down from Senate leadership.

An Inarticulate Kickoff (WP)

By Eugene Robinson

The Washington Post, February 2, 2007

What is it, exactly, that white people mean when they call a black person "articulate"?

I'll leave it to Joe Biden to explain (or figure out) why he used "clean" as one of a logorrheic string of adjectives describing his Senate colleague Barack Obama. I'm not sure his initial revision and extension of his remarks -- that he meant "clean as a whistle" -- get him off the hook. Just a suggestion, but Biden might fall back to "clean as the Board of Health," meaning sharply dressed; the last time I saw Obama he was, indeed, wearing an impeccable navy suit.

For anyone who missed it, Biden explained Obama's appeal as a presidential candidate by calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy." He was talking to a reporter for the New York Observer, who recorded the interview; an audio clip was soon posted on the Internet.

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There was a sharp reaction, mostly focused on Biden's incomprehensible reference to personal hygiene. The Rev. Al Sharpton, a one-time presidential candidate, said that when Biden called him to apologize, " I told him I take a bath every day."

For my part, I never made it past "articulate," a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. "He's an attractive guy. He's articulate," Bush told Fox News.

Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses.

It's interesting that Obama's reaction dealt solely with the A-word. "I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," he said in a statement. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Maybe he heard the screech on the blackboard, too.

Yes, I'm ranting a bit. But before you accuse me of being hypersensitive, try to think of the last time you heard a white public figure described as articulate. Acclaimed white orators such as Bill Clinton and John Edwards are more often described as eloquent.

What's intriguing is that Jackson and Sharpton are praised as eloquent, too -- both men are captivating speakers who calibrate their words with great precision. But neither is often described as, quote, articulate. Apparently, something disqualifies them.

Condi Rice is another story. Regular readers know that I think this administration's foreign policy is wrongheaded and dangerous. But I leap to Rice's defense when I hear people say, in the most patronizing tone, that she's soooooo articulate. What on earth do they expect? The woman has served as provost of Stanford University, national security adviser and secretary of state. Think maybe she ought to be able to speak in complete sentences?

I realize the word is intended as a compliment, but it's being used to connote a lot more than the ability to express one's thoughts clearly. It's being used to say more, even, than "here's a black person who speaks standard English without a trace of Ebonics."

The word articulate is being used to encompass not just speech but a whole range of cultural cues -- dress, bearing, education, golf handicap. It's being used to describe a black person around whom white people can be comfortable, a black person who not only speaks white America's language but is fluent in its body language as well.

And the word is often pronounced with an air of surprise, as if it's an improbable and wondrous thing that a black person has somehow cracked the code. I can't help but think of the famous quote from Samuel Johnson: "Sir, a woman preaching is like a dog's walking on his hind legs. It is not done well; but you are surprised to find it done at all."

Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across.

Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all.

So Far, Obama Can't Take Black Vote For Granted (NYT)

By Rachel L. Swarns

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House.

So why are some black voters so uneasy about Senator Barack Obama?

The black author and essayist Debra J. Dickerson recently declared that "Obama isn't black" in an American racial context. Some polls suggest that Mr. Obama trails one of his rivals for the Democratic nomination, Senator Hillary Rodham Clinton, in the battle for African-American support.

And at the Shepherd Park Barber Shop here, where the hair clippers hummed and the television blared, Calvin Lanier summed up the simmering ambivalence. Mr. Lanier pointed to Mr. Obama's heritage — he is the American-born son of a black father from Kenya and a white mother from Kansas — and the fact that he did not embody the experiences of most African-Americans whose ancestors endured slavery, segregation and the bitter struggle for civil rights.

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"When you think of a president, you think of an American," said Mr. Lanier, a 58-year-old barber who is still considering whether to support Mr. Obama. "We've been taught that a president should come from right here, born, raised, bred, fed in America. To go outside and bring somebody in from another nationality, now that doesn't feel right to some people."

On Wednesday, the question of race took center stage in the presidential campaign because of remarks that Senator Joseph R. Biden Jr., Democrat of Delaware, made about Mr. Obama. Mr. Biden characterized Mr. Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy" and then spent the day — his first as an official presidential candidate, explaining and apologizing for his remarks.

But among many blacks, the awkward and painful debate about race, immigrant heritage and the presidency has been bubbling for months.

Mr. Obama certainly has prominent black supporters and many shake their heads with exasperation at such talk about a man they see as the first African-American with a real shot at the presidency.

His supporters say his background only enhances his appeal as someone who has addressed the concerns of black Americans as a community organizer in Chicago, a state legislator in Illinois and a senator in Washington.

"He has a track record for being concerned about people who are poor, and it seems to be genuine," said Carol M. Swain, a black professor of political science at Vanderbilt University who has written about black politics. "Not only do I think that black Americans will embrace Barack Obama, but I think they will do it with enthusiasm."

Indeed, many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines.

But while many whites embrace Mr. Obama's melting pot background, it remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, "When black Americans refer to Obama as 'one of us,' I do not know what they are talking about."

Ms. Dickerson echoed that sentiment.

"I've got nothing but love for the brother, but we don't have anything in common," said Ms. Dickerson, who wrote recently about Mr. Obama in Salon, the online magazine. "His father was African. His mother was a white woman. He grew up with white grandparents.

"Now, I'm willing to adopt him," Ms. Dickerson continued. "He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Mr. Obama's strategists are keenly aware of the gap and are trying to address it. On Martin Luther King's Birthday, he spoke at a scholarship breakfast alongside the Rev. Jesse Jackson. Mr. Jackson introduced him by saying, a "new president is in the house."

Mr. Obama and his wife, Michelle, who is an African-American, were also on the February cover of Ebony.

Mr. Jackson and the Rev. Al Sharpton, both former black presidential candidates, have declined to formally endorse Mr. Obama so far.

But Julian Bond, the chairman of the National Association for the Advancement of Colored People, has described him as "tremendously appealing." Several black Democrats in Congress, including Representatives John Lewis, the civil rights pioneer from Georgia; Jesse L. Jackson Jr. of Illinois, the son of Jesse Jackson, and Artur Davis of Alabama, have supported his presidential bid.

His supporters, who note that he carried the black vote in his Senate race, say they are unperturbed by a recent Washington Post-ABC News poll that found that 20 percent of black voters surveyed supported Mr. Obama while 60 percent supported Ms. Clinton. The survey had a margin of sampling error of plus or minus nine percentage points.

Emil Jones Jr., the president of the Illinois state senate and one of Mr. Obama's early mentors, says he is frustrated by black voters who question Mr. Obama's Kenyan heritage. As a state legislator, Mr. Obama had the support of voters in his district, which is 67 percent black.

"He doesn't share the same kind of background as most African-Americans, but he's addressed those issues that related to underprivileged communities throughout Illinois," said Mr. Jones, who is black.

Mr. Obama describes himself as an African-American, and as a young man, he has said, he yearned to be accepted by black Americans.

Mr. Obama declined to be interviewed, but in his memoir, published in 1995, he acknowledged being dogged by "the constant, crippling fear that I didn't belong somehow, that unless I dodged and hid and pretended to be something I wasn't, I would forever remain an outsider, with the rest of the world, black and white, always standing in judgment."

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Still, Mr. Biden's remarks this week only heightened concerns among some blacks who believe that Mr. Obama, as the son of a black Kenyan, is more politically palatable to white voters because he is viewed as less confrontational and less focused on redress for past racial injustices than many black Americans descended from slaves. In that context, he resembles the last black man deemed to be a powerful presidential contender, Colin L. Powell, who flirted with a White House bid in 1995.

Discussing his appeal to white voters at the time, Mr. Powell, the light-skinned son of Jamaican parents, noted that he spoke English well and was not confrontational. He concluded by saying, "I ain't that black."

Philip Kasinitz, a sociologist at the City University Graduate Center, said such a description might as easily apply to Mr. Obama. "He's identifiably black, but in many ways he's outside of normal race relations," said Mr. Kasinitz, who has studied black immigrants in New York City politics. "He's a black politician for whom whites don't have to feel guilty."

Ronald Walters, who advised Mr. Jackson's presidential campaigns, said Mr. Obama's campaign "evokes something which is very much in vogue, this notion of diversity that is not rooted in a compensatory concept."

"He's going to have to win over some African-Americans," said Mr. Walters, who is black and heads the African-American Leadership Institute at the University of Maryland. "They have a right to be somewhat suspicious of people who come into the country and don't share their experience."

In the 1990s, the number of blacks with recent roots in sub-Saharan Africa nearly tripled while the number of blacks with origins in the Caribbean grew by more than 60 percent, according to the State University of New York at Albany. By 2000, foreign-born blacks constituted 30 percent of the blacks in New York City and 28 percent of the blacks in Boston, according to demographers at Queens College.

Several leaders of the civil rights era had immigrant roots, including Stokely Carmichael, who was born in Trinidad; and Shirley Chisholm, the former presidential candidate and the first black woman to be elected to Congress. Her father was born in Guyana and her mother in Barbados.

Donna Brazile, who ran Al Gore's presidential campaign, said she believed that Mr. Obama could woo black voters.

"Barack will tell us that we don't have to go back to being just a white America or a black America, that we can now become something else, together," said Ms. Brazile, who is unaffiliated with any presidential candidate.

"That's the promise of his campaign," she said, "and his challenge."

Clinton Setting A $1 Million Goal For Donors (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Senator Hillary Rodham Clinton is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters.

That million-dollar benchmark is 10 times the amount that President Bush's "Pioneers" were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable.

Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said.

Precise fund-raising goals and numbers of donors are not yet known by the campaign, with the major meeting of the finance team planned for next Wednesday.

Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 — in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis.

"It will be almost impossible for any other candidate to raise the money that the Clintons can raise," said John Catsimatidis, a New York fund-raiser for Mrs. Clinton.

The names for each category are under discussion, advisers said, but designations like "Hillraisers" and "Pathfinders" have been proposed.

On Wednesday, a leading Clinton supporter in New York, Alan Patricof, convened a meeting of about 15 donors with Mrs. Clinton's finance director, Jonathan Mantz. Attendees described it as a "talk to the troops" session, with fund-raising dates being worked out. A major New York gala is tentatively set for March 18.

Other Democratic candidates are also moving to post significant fund-raising numbers for the first quarter of 2007, which ends March 31. Former Senator John Edwards of North Carolina has scheduled 24 fund-raisers over 19 days in February.

As a lawyer, too, he is reaching out to fellow trial lawyers — as he did when he ran for president in 2004.

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“Fund-raising has been a lot easier than we thought it would be,” said Jennifer Palmieri, an Edwards spokeswoman. She predicted that he would raise more than $7.4 million in this quarter — more than he took in during the first quarter of 2003.

“We fully expect that Hillary and Obama will raise more — her a lot more, and him certainly more,” she added.

Howard Wolfson, a spokesman for the Clinton campaign, responded: “No one plays the expectations game better than the Edwards team. For two years, they have been telling their extensive network of donors to hold off giving him money so they could collect at least $20 million in the first filing period. And Senator Obama might well double that. They will have all they need.”

Senator Barack Obama of Illinois has not yet established fund-raising tiers, though he has said he will not raise money or accept bundled contributions from registered federal lobbyists.

He accepted about $125,000 from lobbyists last year. He has no plans to return that money, a spokesman said, nor does he plan to transfer money from his 2006 federal Senate account to his presidential explor atory committee account.

Advisers say the Clinton campaign has no plans to adopt a similar prohibition on money from lobbyists.

McCain, Giuliani Skipping Some Conservative Events (POL)

By Jonathan Martin

The Politico, February 2, 2007

A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up.

Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event, and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members, this weekend in Baltimore.

Rep. Jeb Hensarling of Texas, the RSC chairman, is "looking forward to hearing Mitt Romney and believes that the RSC retreat offers a unique opportunity for some of the top minds in the conservative movement to come together to strategize, discuss and be heard," said Brad Dayspring, a spokesman for the group.

Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington.

David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. "I frankly don't get it," Keene shrugged in an interview Wednesday. "On the one hand," he said, McCain has been "trying to court the right, but on the other, he seems to be dissing them."

Keene, who has not picked a candidate, readily admits that he has his differences with the maverick senator, but suggested that McCain has pluses that would resonate before a conservative audience, notably his hawkish stance on government spending and the Iraq war.

Asked to explain why they would pass on an opportunity to make their case before such influential audiences, members of McCain's camp said they don't have as much to prove.

"It's important to keep in mind that the senator has served as a conservative for over 20 years in Congress," said campaign spokesman Danny Diaz. "These people know him, they know his pro-life record, his fiscal conservatism, his stance on the war on terror. The same can't be said for others in the race."

When McCain cannot attend an event, he has sent surrogates, Diaz said. Conservative activist Bob Heckman was at the National Review conference, and former Sen. Phil Gramm is standing in for him at the RSC meeting in Baltimore. As for the CPAC gathering in March, Diaz said a decision would be made in the "coming days and weeks."

Giuliani's team excuses his absence from National Review and RSC by pointing out that he is speaking to conservative audiences in places that will have considerable sway in deciding the next nominee. The former mayor was in New Hampshire last weekend addressing the Republican convention, said Giuliani spokeswoman Katie Levinson. "This weekend he's down in South Carolina at the invitation of the state party." He'll also speak to the state party's executive committee.

Reaching out to Republicans across the board is important to Giuliani, she said, and is something he'll continue to do aggressively.

A decision has not been made on if Giuliani will attend CPAC, but he plans to speak before the board of the conservative Hoover Institution when it meets for a conference next month in Washington.

As with McCain, ACU's Keene predicts Giuliani would get a decent reaction should he also make it to CPAC in part because he's a celebrity of sorts. "Many conservatives admire his performance in NYC on crime, taxes and after 9/11," he said.

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To Romney's camp, there is truth to Woody Allen's maxim about the importance of just showing up.

"As the old saying goes, a true friend is the person who walks into the room when all the others get up and walk out," quipped Kevin Madden, a spokesman for the former governor. "As a conservative Republican who wants to lead our party to victory and champion our ideals, Governor Romney prefers to reach out to these important groups as opposed to ignoring them."

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by edofarrell on 02.01.2007 at 03:13 PM

Bush has been the worst president we've ever had in this country. In 2000 or 2004 we could have (and actually did in 200) elected better people to the White House. Now, with six years of corruption, ineptitude, lying and plain stupidity the Republicans still want to whine. You had your chance to make all the changes you could ever have wanted to make with control of the House, the Senate and the WH. Instead you were corrupt, ran up a huge deficit and got us involved in another Vietnam. Take your medicine boys, it's only going to get worse as the truth starts to filter out of the congressional hearins now underway.

by Kearney on 02.01.2007 at 01:26 PM

As far as deficits, we're in a WAR. We've never fought a war without running them, and frankly we'd be foolish if we ever did. We didn't ask for this war (not even Iraq, contrary to myth), but since we're in it, we'd better be serious about funding it. I agree with your implicit criticism that Bush hasn't cut government enough, and believe especially that a lot of spending and agencies should be eliminated as a war economy measure, but that's not Bush's style and never was.

As for "taxing health plans", Bush's proposal is the most profoundly free-market reform idea for health care in decades. It seeks to cut the tie between employment and health insurance, and give individuals a huge tax CUT if they buy their own health insurance. Nobody gets their auto insurance or homeowner's insurance through their employer; why health insurance? Because during World War 2, government freezes on salary levels (mistakenly thought to be an effective inflation-fighting mechanism) caused employers, desperate to attract talent in an extremely tight job market (with 11 million men in uniform), to pile on fringe benefits like health insurance. That distortion is still going on via inertia and tax code disparities to this day, and because nobody pays attention to the cost of health care and doesn't shop intelligently for it, has contributed mightily to exploding health costs.

by Kearney on 02.01.2007 at 01:18 PM

Bush never campaigned as a movement conservative in 2000; he was the leftmost candidate in the GOP field, not counting quick flameouts like Liddy Dole and Orrin hatch. With his talk of "compassionate conservatism" and his condemnation of a technical change in EITC benefits championed by DeLay as "balancing the budget on the backs of the poor," Bush made it clear he wanted distance between him and the conservative core. Although the frontrunner and winner of pluralities, he was overwhelmingly rejected by the majority of straw poll attendees, caucus voters, and primary goers until the field shook out later in the campaign, due almost solely to being not trusted to be conservative enough.

His general election campaign hinged almost solely on the notion that the Clinton years were wasted frivolity and that a serious effort to help the poor was necessary, especially helping black and Hispanic children get a good education. While Bush has an overall conservative lean, he is not, and never ha been, interested in cutting government, certainly not as an end in itself, and never sold himself as such.

Point being, it's not like conservative can complain about being 'betrayed' or 'sold a bill of goods'. The right went with Bush in 2000 as the better of two options, and especially out of fear and loathing of Al Gore. After 9/11, and after the Democrats nominated a man the right saw (correctly) as someone who would be less forceful on terror at home or abroad if, say, the French or Hollywood disapproved, the Right went with Bush again, almost overwhelmingly on national security grounds.

by B Frank on 02.01.2007 at 11:52 AM

Conservatives, look what you've done to yourselves by giving Bush a blank check and the republican congress taking the last 6 years off while Bush and his cronies run things. Now, all you have for frontrunners are Rockefeller republicans. Anyone to the right of them like Brownback will never be able to get elected. The American people have had enough rightwing selfrighteousness. For people who supposedly want smaller government we have bigger deficits, more spending and nation building. Almost sounds like the Democrats doesn't it? Not Bush is talking about raising taxes by taxing health plans. This is conservative? Look like all you rightwingers have been had.

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Pawlenty Boosts McCain (POL)

By Jeff Patch

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The Politico, February 2, 2007

Minnesota Gov. Tim Pawlenty said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz.

"The marketplace just told Republicans something," said Pawlenty, who will take the reigns of the Republican Governors Association this summer. "It told them that we are choosing for now to select the products and services of your opponent."

In a session with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty outlined his position and legislative outlook on several topics, including the economy, energy, health care and immigration. But the buzz of the conversation, hosted by former Minnesota Republican congressman Vin Weber, centered on Pawlenty's role as Minnesota co-chair of the exploratory committee of McCain,. Weber supports former Massachusetts governor Mitt Romney, who Pawlenty will replace at the RGA.

Pawlenty took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses.

"I believe he's in a league of his own," he said, also dismissing concerns that McCain will lose credibility by supporting President Bush's troop boost in Iraq.

Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is "sufficiently conservative." Pawlenty's comeback: "If you hold any of these candidates to a purity litmus test, with the possible exception of (Kansas Sen.) Sam Brownback, we'll have nobody left," Pawlenty said.

"Senator Brownback also fails, too" chimed in Kate O'Beirne, the Washington editor of the National Review, a conservative weekly.

Minnesota's chief executive also had a simple, if glib, answer for what President Bush should do now that the Democrats gained power in Congress, similar to Democratic gains in Minnesota.

"Pray."

The second-term governor, who pledged to focus on Minnesota and eschew higher office during the 2008 cycle, also took a shot at Democratic Senate hopeful Al Franken, the liberal comedian.

"I don't think he'd be right for Minnesota," Pawlenty said, nonetheless conceding Minnesota's penchant for oddball elections. "You'd be hard-pressed to point to what he's done that would lead you to the conclusion that he should be helping -- be in the United States Senate at this time."

California Primary Shift Seen Hindering McCain (WT)

By Ralph Z. Hallow

The Washington Times, February 2, 2007

Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year.

"If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain," Orange County state Assemblyman Chuck DeVore told The Washington Times.

The proposal backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento.

An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5.

Florida is also expected to move its Republican primary to Feb. 5. Florida Gov. Charlie Crist, a Republican, is expected to put his statewide campaign machinery at the disposal of Mr. McCain for the presidential primary in that delegate-rich state.

Several other states are also planning to move up their primaries to early 2008, which political analysts predict would mean that nominees of both parties will be known after the votes are counted on Feb. 5.

California officials say moving the presidential primaries up to February -- while leaving the primary elections for other offices as scheduled for June -- will cost state taxpayers an extra $90 million.

"DeVore's plan would save taxpayers $90 million and give the Republican Party here a big say in who our presidential nominee is and do it without an unneeded primary election in February," said Republican state Assemblyman Doug LaMalfa.

The real reason the Legislature wants to change the primary date, Mr. DeVore said, is to get on the ballot an extension of term limits, adding six more years for Assembly members and four more years for state Senate members.

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"This election has two purposes: To impact the presidential nomination process and to place a term-limit extension initiative on the ballot in time for some lawmakers to run for re-election during the regularly scheduled June 2008 primary," Mr. DeVore said.

Mr. LaMalfa said he is "inclined to help" get the DeVore plan taken up by the state party convention meeting less than two weeks from now.

Mr. McCain is widely viewed as the 2008 Republican presidential nomination front-runner nationally. In California, he is expected to benefit from the tacit support and perhaps formal endorsement of Mr. Schwarzenegger. But many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain.

"The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda," Mr. DeVore said. "Senator McCain seems to be more a product of the New York Times than of the party of Ronald Reagan."

California Republicans note that several top Schwarzenegger operatives -- including Steve Schmidt, a former spokesman for the Bush-Cheney 2004 campaign and most recently campaign manager of Mr. Schwarzenegger's successful re-election bid -- have joined Mr. McCain's operation as senior advisers.

Hunter Out To Capture White House (USAT)

By William M. Welch

USA Today, February 2, 2007

LOS ANGELES — Rep. Duncan Hunter sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative.

"I believe strongly in this nation that we can have a new American sunrise of opportunity, faith and freedom," he says. "I think this is a time for the type of leadership I can offer."

Hunter, 58, is a veteran congressman from eastern San Diego County who chaired the House Armed Services Committee for the last four of the dozen years that Republicans controlled the House of Representatives.

That job made him well-known to Capitol insiders and a favorite of defense contractors, who found in him a staunch supporter of the Pentagon and of high-tech weapons systems.

He lost his chairmanship when Democrats won control of the House in November. He made his presidential candidacy official last month, basing it on three principles:

•A hard line on illegal immigration.

•Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies.

•Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops.

"Over the next five to 10 years, clearly national security is going to be a major focus for our country," Hunter says after being asked why he is running. "I've concentrated on that function of government for the last 26 years in the House of Representatives."

Hunter announced his candidacy last week in South Carolina, one of the earliest primary states. With a big military presence and an apparel and textile industry hit hard by foreign competition, South Carolina will probably be a place where Hunter must do well to gain entry to the top tier of GOP hopefuls.

"He's very much a long shot," says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. "He sees a niche for a social conservative with a strong defense background," he says. "He's putting a steel beam on the beach and hoping lightning will strike."

Hunter has solid claim to his conservative credentials. He was one of the sponsors of a law Congress passed last year authorizing construction of 700 miles of fencing along much of the U.S.-Mexican border, and he claims credit for fencing already in place along the border at San Diego. He says the millions of immigrants in the USA illegally should be sent home and told to apply for visas if they want to come back.

"As president, I will complete the border fence in six months," he says.

On trade, he accuses China of devaluing its currency to make its goods cheaper in the USA. He says he would tear up trade deals with China and demand more favorable ones. He sees China as a security threat, too.

"China is arming, and they're doing it with American trade dollars," he says.

On Iraq, he firmly supports Bush's decision to go to war. "I think going in was the right thing to do," he says.

Hunter grew up in Riverside, Calif., the son of a conservative activist and home builder who worked for Barry Goldwater's and Richard Nixon's campaigns and lost his own race for Congress in 1968.

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In 1980, at age 32, Hunter defeated a Democratic House incumbent as the GOP picked up more than 30 House seats in the election that put Ronald Reagan in the White House.

Hunter dropped out of high school to join the Marines and earned a Bronze Star as helicopter pilot in the Vietnam War. He became a lawyer after leaving the service. A son, Marine 1st Lt. Duncan Duane Hunter, recently returned from a second tour of duty in Iraq.

Al Gore Nominated For Nobel Peace Prize (LAT/AP)

From The Associated Press

The Los Angeles Times, February 2, 2007

Oslo, Norway — Former Vice President Al Gore was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday.

"A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference," Conservative Member of Parliament Boerge Brende, a former minister of environment and then of trade, told The Associated Press.

Brende said he joined political opponent Heidi Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday.

"Al Gore, like no other, has put climate change on the agenda. Gore uses his position to get politicians to understand, while Sheila works from the ground up," Brende said.

During eight years as Bill Clinton's vice president, Gore pushed for climate measures, including for the Kyoto Treaty. Since leaving office in 2001 he has campaigned worldwide, including with his Oscar-nominated documentary on climate change called "An Inconvenient Truth."

Norwegian lawmakers are among the thousands of people and groups with rights to nominate Nobel candidates. Others include members of national governments, past laureates, members of the awards committee and its staff, and many university professors.

The winner is traditionally announced in mid-October, with the prize always presented on the Dec. 10 anniversary of the death of its creator, Swedish industrialist Alfred Nobel.

Praying At The Pump (NYT)

By Ronald E. Minsk

The New York Times, February 2, 2007

Washington

ONCE again, the price of oil is making Americans nervous. After falling by more than one-third since peaking above $75 per barrel last summer, the price has rebounded to $58 with the re-emergence of cold weather and news of a production cut by OPEC. As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil.

When we talk about energy “dependence” or “security,” we really mean oil. We do not import coal or wind or the sun or geothermal steam, and we import only a tiny percentage of the natural gas we consume from anywhere other than Canada. Thus there is virtually no geopolitical risk in using any of these sources.

This is why energy policy statements frequently begin with the goal of “eliminating the import of Middle East oil.” Such aims presume that our insecurity derives from oil imports, and reflect our distaste of being beholden to autocratic regimes in the Middle East and elsewhere that we perceive as sharing neither our interests nor our values. This presumption, however, is wrong.

Simply put, our oil addiction undermines our well-being because the volatility of oil prices threatens our economy. Because we spend so much on oil and there are no short-term substitutes, price spikes wreck household, business and government budgets alike. Our sense of insecurity is magnified because volatility is both unpredictable and generally beyond our control.

If we could predict future oil prices, we could plan for them. But few people can adjust their lifestyles to reduce their oil consumption significantly in response to price spikes. Likewise, businesses may be reluctant to invest in efficiency or alternative fuels because the higher oil prices that make such investments cost-effective could collapse virtually overnight.

It is important to remember that our insecurity is related to price volatility and not to the source of the oil. If OPEC members suspended exports but the price of oil mysteriously did not rise, we would not care about the interruption. It is only because a supply interruption always affects price that we care about oil’s uninterrupted flow.

Yes, the oil market does care where oil comes from, because the political and economic stability of the supplier informs the market about its reliability as a producer. And because there is a world market for oil, supply interruptions anywhere affect the

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price of oil everywhere. Even if we imported oil only from the most stable countries (or eliminated imports altogether), so long as unstable countries and regions supply the world market, we would be exposed to the risks of a volatile market. It is precisely the economic risk posed by price fluctuations that forces us to spend diplomatic and military capital in oil-producing regions.

This means that the percentage of oil we import is relatively unimportant. Even the use of alternative liquid fuel instead of oil-derived gasoline will not allow us to escape this volatility, because as direct substitutes for each other, gasoline and alternative fuels will be similarly priced, just as gasoline sold by different oil companies or at different gas stations is similarly priced today.

Accordingly, while the domestic production of oil or alternative liquid fuels may be critically important for other reasons — it can create jobs, stimulate development of new technology, reduce the trade deficit, protect our environment and lower the baseline price of oil — it won't do much to end oil price fluctuations.

It's true that we can help mitigate the effects of oil price volatility by increasing fuel economy standards on cars and trucks. In fact, the more efficient use we make of oil today as opposed to 25 years ago has certainly reduced some of the effects of recent price fluctuations. But tighter fuel standards cannot eliminate the effects of volatility, because new business and governmental budgets already assume increased efficiency; nor would they protect us from price spikes brought on by, say, a new military conflict in the Middle East.

The only way to truly address price instability is to find ways to, in a crisis, quickly and substantially increase fuel production, or to develop some means by which consumers could quickly switch from liquid transportation fuels to other fuels. Not only would it be remarkably difficult to develop these new abilities to such an extent that they could offset the effects of the largest foreseeable supply interruption, but achieving them might have an unexpectedly negative effect: undermining incentives to increase oil production and decrease demand.

In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market.

When Americans fill up the tank, they do not care where their gasoline comes from — they just want a stable price. And the fact that we import so much oil does not, in itself, cause its price to fluctuate so wildly or promote inflation. There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable.

Abrogating Workers' Rights (WSJ)

By Lawrence B. Lindsey

The Wall Street Journal, February 2, 2007

Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called "Employee Free Choice Act" is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system.

Under the act, once a union gets a majority of the workers to sign a card expressing a desire for a union, that union is automatically certified as the bargaining representative of, and empowered to negotiate on behalf of, all workers. In the 28 states that do not have right-to-work laws, all employees would typically end up having to join the union or pay the equivalent of union dues whether or not they signed the card. Moreover, under the act, the bargaining process would be shortened, with mandatory use of the Federal Mediation Service after 90 days and an imposed contract through binding arbitration 30 days after that.

I am sympathetic to the argument that strengthening the negotiating position of workers is good public policy, and that expanding the choices available to them is the best way to accomplish that. So, for example, pension portability unlocks the golden handcuffs that financially bind workers to jobs they may become dissatisfied with after they have become vested. Health savings accounts are an important first step to liberating people from jobs they put up with only because they fear a disruption in health-care coverage.

When it comes to unions, it doesn't take a very deep appreciation of game theory to understand that a worker's best position comes when a nonunion company has a union knocking on the door. Indeed, one allegation about "union busting" by supporters of the bill is that, during union certification elections, one employer in five "gave illegal previously unscheduled wage increases while a similar number made some kind of illegal unilateral change in benefits or working conditions."

In other words, they made workers better off. But, never fear, the Employee Free Choice Act will limit these unconscionable increases in pay, benefits and working conditions by imposing fines of up to $20,000 against employers who make such "unilateral changes." Similar penalties will be assessed against employers who caution that unionization may cause them to shut down or move production elsewhere.

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Sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that "empowers" workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers.

The unions allege that companies use unfair election campaign tactics and that a pro-employer National Labor Relations Board doesn't punish them. But statistics cited by the leftwing Web site, Daily Kos, on behalf of this allegation come from 1998 and 1999 -- when the entire NLRB had been appointed by President Clinton. In any event, roughly half the injunctions brought against companies by the NLRB were overturned by federal courts: This does not suggest under-enforcement of the law by the NLRB.

All of this does not mean that there are no legitimate complaints about the union certification process. Companies have been found that fired workers for union organizing activities. One careful examination of NLRB data found that there were 62 such cases in fiscal 2005. This is not a large number in a work force of 140 million, or in a year where there were more than 2,300 certification elections. But it is 62 too many, and it would be reasonable to stiffen the penalties for employers who break the law. But it is hard to think of offering more pay or better worker conditions as something that should be punished with draconian penalties, as the Employee Free Choice Act does.

Most important, it is totally unreasonable to deny all 140 million American workers the right to a secret ballot election because some employers break the law. Not only is such a remedy disproportionate, it is counterproductive -- if one's goal is worker empowerment. How can a worker be better off if both his employer and his prospective union boss know his views on the union when the secret ballot is replaced with a public card signing? For the worker it is the ultimate example of being caught between a rock and a hard place.

The political rhetoric in support of this bill is a willful exercise in obfuscation. For example, on the presidential campaign stump John Edwards says, "if you can join the Republican Party by just signing a card, you should be able to join a union by just signing a card." The fact is, you -- and everyone else -- can join any union you want by just signing a card, and paying union dues and meeting any other obligations imposed by the union. But, under this bill, contrary to Mr. Edwards's false analogy, signing a card to join the Republican Party does not oblige you to vote for the Republican ticket in a secret ballot election. The Employee Free Choice Act would take care of that by abolishing such elections. If the Edwards principle was applied to the political process in the 28 non-right-to-work states, Karl Rove and Republican Party organizers could force all Democrats and independents to become Republicans and pay dues to the party if a majority of voters signed Republican Party cards. That is free choice?

The final proof that this bill is about union power, and not worker choice, is revealed by its treatment of the flip side of unionization: decertification elections. These are secret ballot elections in which workers get to decide that they have had enough of the union. So under the Employee Free Choice Act can a majority of workers decertify the union by signing a card? Not on your life. Here unions want the chance to engage in a campaign to give workers both sides of the story -- and maybe do a better job of representing them -- before the union's fate is decided, by a secret-ballot vote.

No one has ever argued that secret-ballot elections are a perfect mechanism, either in politics or in deciding unionization. But they are far and away the best mechanism we have devised to minimize intimidation and maximize the power of the people who really matter, whether citizen or worker. Congress should think a lot harder before it decides to do away with workers' right to vote.

Mr. Lindsey is president and CEO of the Lindsey Group.

Is $34.06 Per Hour 'Underpaid'? (WSJ)

By Jay P. Greene And Marcus A. Winters

The Wall Street Journal, February 2, 2007

Who, on average, is better paid -- public school teachers or architects? How about teachers or economists? You might be surprised to learn that public school teachers are better paid than these and many other professionals. According to the Bureau of Labor Statistics, public school teachers earned $34.06 per hour in 2005, 36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker.

In the popular imagination, however, public school teachers are underpaid. "Salaries are too low. We all know that," noted First Lady Laura Bush, expressing the consensus view. "We need to figure out a way to pay teachers more." Indeed, our efforts to hire more teachers and raise their salaries account for the bulk of public school spending increases over the last four decades.

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During that time per-pupil spending, adjusted for inflation, has more than doubled; overall we now annually spend more than $500 billion on public education.

The perception that we underpay teachers is likely to play a significant role in the debate to reauthorize No Child Left Behind. The new Democratic majority intends to push for greater education funding, much of which would likely go toward increasing teacher compensation. It would be beneficial if the debate focused on the actual salaries teachers are already paid.

It would also be beneficial if the debate touched on the correlation between teacher pay and actual results. To wit, higher teacher pay seems to have no effect on raising student achievement. Metropolitan areas with higher teacher pay do not graduate a higher percentage of their students than areas with lower teacher pay.

In fact, the urban areas with the highest teacher pay are famous for their abysmal outcomes. Metro Detroit leads the nation, paying its public school teachers, on average, $47.28 per hour. That's 61% more than the average white-collar worker in the Detroit area and 36% more than the average professional worker. In metro New York, public school teachers make $45.79 per hour, 20% more than the average professional worker in that area. And in Los Angeles teachers earn $44.03 per hour, 23% higher than other professionals in the area.

Evidence suggests that the way we pay teachers is more important than simply what they take home. Currently salaries are determined almost entirely by seniority -- the number of years in the classroom -- and the number of advanced degrees accumulated. Neither has much to do with student improvement.

There is evidence that providing bonuses to teachers who improve the performance of their students does raise academic proficiency. With our colleagues at the University of Arkansas we found that a Little Rock program providing bonuses to teachers based on student gains on standardized tests substantially increased math proficiency. Researchers at the University of Florida recently found similar results in a nationwide evaluation.

Of course, public school teacher earnings look less impressive when viewed on an annual basis than on an hourly basis. This is because teachers tend to work fewer hours per year, with breaks during the summer, winter and spring. But comparing earnings on an annual basis would be inappropriate when teachers work significantly fewer hours than do other workers. Teachers can use that time to be with family, to engage in activities that they enjoy, or to earn additional money from other employment. That time off is worth money and cannot simply be ignored when comparing earnings. The appropriate way to compare earnings in this circumstance is to focus on hourly rates.

Moreover, the earnings data reported here, which are taken directly from the National Compensation Survey conducted by the Bureau of Labor Statistics, do not include retirement and health benefits, which tend to be quite generous for public school teachers relative to other workers. Nor do they include the nonmonetary benefit of greater job security due to the tenure that most public school teachers enjoy.

Educators sometimes object that hourly earnings calculations do not capture the additional hours they work outside of school, but this objection is not very compelling. First, the National Compensation Survey is designed to capture all hours actually worked. And teachers are hardly the only wage earners who take work home with them.

The fact is that teachers are better paid than most other professionals. What matters is the way that we pay public school teachers, not the amount. The next time politicians call for tax increases to address the problem of terribly underpaid public school teachers, they might be reminded of these facts.

Jay P. Greene holds the endowed chair of education reform at the University of Arkansas and is a senior fellow at the Manhattan Institute, where Marcus A. Winters is a senior research associate. Their report, "How Much Are Public School Teachers Paid?," was released this week.

A Bipartisan Trade Policy (NYT)

The New York Times, February 2, 2007

The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty.

There are some quick steps the White House and Congress should be able to agree on. To reassure workers at home, they could expand federal assistance to anyone thrown out of a job because of trade. At the same time, new tariff benefits for the least-developed countries, like Bangladesh and Cambodia, would send a positive signal to the rest of the world.

Over all, trade has been very good to the United States, which is still the world's largest exporter of goods and services. The trade liberalization measures put in place after World War II produce now, by one estimate, an additional $1 trillion in income for Americans annually, and millions of new jobs. The inexpensive foreign goods that arrive here because of free trade keep

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prices down. Low prices are good for consumers, and by keeping inflation and interest rates in check, they encourage economic growth and job creation.

Still, there is no question that the hundreds of thousands of workers who lose their jobs to trade-related dislocations each year are paying the price. The government has not done enough to take care of these displaced workers, and much of the blame lies with the economic policies of the White House and the last Congress, which was led by Republicans.

Now that the Democrats control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers.

To win Democrats' support, the White House will have to accept some of their demands for stronger labor provisions in future trade accords. Bans on forced labor and child labor, and similar mandates, are laudable goals. But Democrats who propose minimum-wage rules have to recognize that what is low pay for Americans may pull a family out of poverty in a less-developed country.

The administration's proposed farm legislation looks like a decent first step toward reducing subsidies and bringing American agricultural policy into line with our trade commitments. Now, if the administration can put together a solid plan for proceeding with negotiations for the Doha round of global trade talks, Congress should renew the president's fast-track negotiating authority. But if the global talks cannot be jump-started, the White House and Congress should move ahead with bilateral agreements with Peru, Panama and Korea.

Democrats are right to insist that the trade agenda advance the interests of all Americans, not just large corporations. But they need to acknowledge that putting the brakes on global growth is still the surest path to losing American jobs.

Free To Choose In Utah (WSJ)

The Wall Street Journal, February 2, 2007

Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America.

The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman. It would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income. While Utah is known for its Mormon population, the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools.

As usual, local school boards and the state teachers union (the Utah Education Association) are fighting the idea, claiming that it will "drain" money from public schools. This hardly seems likely because the $9 million cost of the program is about 0.5% of total school spending. And the voucher maximum of $3,000 is less than half the state per child public-school spending average of $6,325. The voucher bill also allows Utah public schools to keep the difference between the voucher amount paid out to students who leave and the $6,325 per pupil average.

Vouchers are working in a handful of cities, such as Cleveland, Milwaukee, and Washington, D.C. Former Florida Governor Jeb Bush also promoted a statewide plan, until a liberal state court invented constitutional objections. The evidence on student performance has mostly been favorable in these schools, and research by Harvard economist Carolyn Hoxby has found that the presence of vouchers has caused the public schools to improve their performance as well.

So let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try. "For the unions, this vote is about protecting their monopoly," House Speaker Greg Curtis says. "They don't like vouchers for the same reason blacksmiths didn't welcome the Model T."

Rice To Seek Support For Mideast Effort (WP)

By Glenn Kessler

The Washington Post, February 2, 2007

Secretary of State Condoleezza Rice will launch a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting of a high-level group that monitors Middle East peace.

The Quartet, made up of the United States, the European Union, Russia and the United Nations, has played a largely backstage role in the long-stalled peace process. But Germany, which currently holds the rotating presidency of the E.U., has pressed to revive the role of the international group -- and U.S. officials decided that an endorsement would help bolster Rice's planned return to the region this month to host a meeting between Israeli and Palestinian leaders.

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European officials say that Rice's decision to hold the meeting in Washington signals the administration's determination to make progress with just two years left in President Bush's term. "This sends a clear message that the United States is reengaged," one European official said yesterday.

Rice maintains that the prospects for peace have suddenly turned brighter, even though Israeli Prime Minister Ehud Olmert has dwindling support among Israelis and Palestinian Authority President Mahmoud Abbas has struggled against the Hamas-led legislature. In a series of recent trips to the region, Rice has tried to unite what she calls "mainstream" Arabs against extremist forces that she says include Iran, Hamas and Hezbollah. She suggests that the strategic interests of Israel and its neighbors have begun to overlap, making it easier to win Arab support for and interest in a peace deal.

Accepting an approach long urged by Europeans and Palestinians, Rice will push Olmert and Abbas to discuss the contours of a final peace deal, even though they have made little progress in implementing the initial steps of a peace plan promoted by the administration for the past four years.

Previously, the administration argued that such negotiations would be premature until the Palestinians met basic security requirements and Israel ended its settlement expansion. Now, Rice suggests that sketching a "political horizon" will boost the confidence of the two sides to take those initial steps -- and to ultimately give Abbas the leverage to defeat Hamas.

But turmoil in the Palestinian territories has increased in recent days. A tentative cease-fire collapsed yesterday as Hamas and forces loyal to Abbas's Fatah party engaged in an intense gunfight in the Gaza Strip that killed six people and wounded at least 50. The administration is pressing a $100 million plan to bolster and train Abbas's security forces.

Behind the scenes, there are tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas, which the State Department considers a terrorist organization. The Russians, in particular, have pressed for an end to the embargo. The Europeans last year won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions. The aid ban, however, has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas.

A senior administration official, speaking on the condition of anonymity because the group's communique was still being drafted, said that "we need to review the mechanisms in place" for aiding the Palestinians. He said the administration views the aid ban on Hamas to be "a relative success," but he acknowledged that others might argue that it has not succeeded because Hamas still refuses to recognize Israel.

He noted that overall aid to the Palestinians has increased in the past year, and that "apocalyptical visions" of Palestinian suffering because of the aid ban have not materialized.

Over the past six years, the administration has promoted several peace initiatives, only to back off in the face of setbacks. One senior European official who recently met with Rice said he is impressed by her apparent determination to achieve a breakthrough. Asked why he believes this time is different, he smiled and said: "One must always be an optimist."

UN Chief Wants More Energetic Mideast Peace Quartet (AFP)

AFP, February 2, 2007

UN chief Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday to strive for progress on the ground rather than merely making statements, his spokeswoman said.

Ban, who took office on January 1, will attend his first meeting of the diplomatic Quartet -- which includes the United States, United Nations, European Union and Russia -- in Washington Friday.

"He hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," his spokeswoman, Michele Montas, told reporters Thursday.

"He is fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process," Montas said.

She added that Ban "believes the Quartet should reach out to the parties and also all the key regional partners for a more systematic dialogue and involvement in the Quartet's deliberations."

In an AFP interview Wednesday in Nairobi, Ban expressed hope that Friday's meeting will yield a detailed agreement on how to implement the Quartet's blueprint for the creation of a viable Palestinian state.

"It's encouraging that we are now able to re-energize this Quartet process," Ban told AFP before traveling to Washington.

"The Middle East question has been too long unresolved, which has been having a negative impact on this regional situation," he said. "I hope we will be able to agree in a detailed manner on the implementation of the roadmap."

The Quartet, which has not met formally since September, issued a "roadmap" for achieving Israeli-Palestinian peace in 2003, but the three-stage plan that should have led to the creation of a Palestinian state by 2005 has since languished.

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The plan's phased implementation meant crucial "final status" issues like the borders and powers of a Palestinian state and the fate of Palestinian refugees could not be tackled until Israel's security was guaranteed -- allowing militants to stymie progress with continued attacks.

Friday's gathering will include Ban, US Secretary of State Condoleezza Rice, Russian Foreign Minister Sergei Lavrov, German Foreign Minister Frank-Walter Steinmeier and EU foreign policy chief Javier Solana.

Shootout In Gaza Deepens Bitter Split (NYT)

By Greg Myre

The New York Times, February 2, 2007

JERUSALEM, Feb. 1 — A fragile truce between Palestinian factions in Gaza broke down Thursday when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50.

In the West Bank on Thursday, Israeli troops shot dead four Palestinians in three confrontations.

In the Gaza episode, Hamas members of the Palestinian security forces shot at what Hamas said was a truck convoy delivering weapons to the Presidential Guard, a security force that protects the Palestinian Authority president, Mahmoud Abbas, who is a member of Fatah.

The trucks entered Gaza from Israel at the Kerem Shalom crossing, near the spot where the borders of Gaza, Israel and Egypt converge.

The convoy reached central Gaza before it was stopped by the Executive Force, a security agency made up mostly of Hamas supporters, said Islam Shahwan, a spokesman for the force. The Fatah men refused to allow any searches, and the shooting soon erupted, he said.

Mr. Shahwan said the convoy was stopped because “we have witnessed Fatah using new weapons and believe they were bringing in more.”

Fatah officials said the convoy was hauling generators, medical equipment and tents, and accused Hamas of violating the latest truce, which took effect on Tuesday and had brought relative calm for two days.

But Thursday’s shootout, near the Bureij refugee camp, claimed six lives, and at least four of them were security force members. Also, about 50 people were injured in central Gaza and in fighting elsewhere, according to doctors at Shifa Hospital in Gaza City.

Hamas, the radical Islamic group, controls most of the Palestinian government and the Executive Force, which Hamas established after coming to power last year. But Mr. Abbas also has a range of powers, and most members of the security forces are considered supporters of Fatah.

More than 60 Palestinians have died in the internal Gaza fighting over the past two months, and talks to establish a national unity government have again collapsed.

In the West Bank violence, the Israeli troops shot and killed three militants in clashes in Nablus and Tulkarm, the military and Palestinian residents said.

The Israelis also shot and killed a 17-year-old Palestinian who was trying to cut through a fence that is part of Israel’s separation barrier near Ramallah.

In another development on Thursday, Prime Minister Ehud Olmert testified for five hours before a commission investigating how Israel conducted its war last summer against Hezbollah in Lebanon.

Mr. Olmert was the last of dozens of political and military figures to give testimony at the closed-door sessions.

An Israeli official, who spoke on condition of anonymity but was briefed on the testimony, said Mr. Olmert gave a detailed explanation of the entire conflict and did not seek to assign blame. The commission questioned Mr. Olmert at some length about the ground offensive in the final days of the fighting, which resulted in heavy Israeli casualties.

Many Israelis feel the inconclusive war was mismanaged, and Mr. Olmert’s popularity fell sharply after the war. The commission is expected to issue an interim report in March.

Also, Defense Minister Amir Peretz selected the Israeli arms maker Rafael to develop a missile defense system designed to shoot down the short-range rockets that Palestinian militants and Hezbollah have directed at Israel.

Mr. Peretz chose Rafael’s “iron dome” system over a number of competitors, including the Lockheed Martin Corporation, the big American military contractor. The Rafael system will provide an answer to rockets with a range of several dozen kilometers, Mr. Peretz’s office said in a statement, and is expected to be ready for deployment in about two years.

6 Dead In Gaza After Renewed Palestinian In-fighting (LAT)

By Ken Ellingwood

DOJ_NMG_0126605

The Los Angeles Times, February 2, 2007

JERUSALEM — Renewed violence between rival Palestinian factions in the Gaza Strip left at least six people dead today, despite a three-day-old cease-fire agreement.

Clashes broke out around the coastal strip after gunmen from the ruling Hamas movement ambushed a convoy of trucks they said were carrying arms from Egypt destined for its main rival, Fatah. Four members of Palestinian security forces and two bystanders died in the fighting and more than 40 others were injured.

Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas, who belongs to Fatah, denied the trucks were carrying arms. They said the cargo was supplies for a presidential guard compound in Gaza.

The two sides called the truce following clashes that killed about 30 people last week. On-and-off again violence kicked up in December after Abbas called for new elections to break a political deadlock.

Hamas, which unseated Fatah in parliamentary elections a year ago, sees early elections as part of a coup attempt and accuses the United States of backing Fatah in the escalating violence.

The Bush administration plans to provide $86 million in what it describes as nonlethal aid to Abbas' security forces. Egypt has shipped weapons to bolster his forces in Gaza, with what Israeli officials say is their permission.

Hamas and Fatah have negotiated for months over terms of a coalition government aimed at breaking an international aid embargo against Hamas. But the talks have repeatedly faltered, mainly over the distribution of Cabinet portfolios and Hamas' refusal to recognize Israel.

Western nations cut aid because they consider Hamas a terrorist group, and set three conditions for a renewal: the Palestinian government must recognize Israel, renounce violence and agree to abide by past agreements between Israel and the Palestinians.

How Lebanon's Army Could Hold Key To Peace (WSJ)

By Cam Simpson

The Wall Street Journal, February 2, 2007

BEIRUT, Lebanon -- For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets where the civil war that still haunts Lebanon raged two decades ago.

The job is severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis that has paralyzed the government since November, current and former army leaders warn, street violence like last week's could spiral beyond the military's ability to contain it.

"The unity of the army is the only thing that keeps this country from meeting the definition of a 'failed state,' " says Elias Hanna, a retired general in the Lebanese army and a strategic analyst.

About 6,000 soldiers have been patrolling the capital since December. That is when government opponents, led by Hezbollah, the Shiite Muslim political, social and militia group, flooded downtown Beirut in an effort to topple the U.S.-backed government. They contend it lacks constitutional legitimacy given the resignations of six ministers, including five Shiites, in November.

Tensions peaked last week when Hezbollah called a general strike, and its supporters burned tires and blocked roads to Beirut's airport. Although some members of the current government wanted the army to break through the barricades, commanders decided to let the protests play out, hoping they would relieve pressure, according to current and former senior officers.

By Jan. 25, the wisdom of that strategy was clouded by doubt, as a cafeteria brawl between Shiite and Sunni Muslims at a Beirut university spilled into the streets. Ensuing violence spread, leaving four dead and about 200 wounded. Clashes flared across the city and beyond in scenes reminiscent of Lebanon's civil war, complete with rooftop snipers.

About 20 soldiers, including three officers, were among the wounded, according to a senior commander who isn't authorized to speak officially. With perhaps one exception, soldiers helped contain the violence by not returning fire; they were under strict orders to avoid actions that could cause the fighting to escalate, the senior commander said. In the days that followed last week's clashes, all sides seemed to breathe easier.

Many fear the calm is temporary. They say the army's ability to maintain order can't last forever, making a political resolution urgent. Nizar Abdel-Kader, a retired senior army general, and others close to the current army leadership say senior

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officers warned rival political factions last week that soldiers couldn't keep the peace on Beirut's sidewalks forever. "The tension was raised to a degree where it is now too risky to believe that the army can continue with the same effectiveness in quelling these clashes," says Mr. Abdel-Kader, who is a columnist for the Lebanese Arabic-language newspaper Ad-Diar.

Since last week's violence, the army's efforts on Beirut's streets seem to be most intense after sunset. Soldiers man mobile checkpoints, often stopping each passing car. Some are waved through quickly, while others are closely screened to be certain they aren't ferrying armed men -- another echo of Lebanon's past.

In the tent city near Martyrs Square, where government opponents have camped for weeks, protesters are nervous about who may be plotting against them -- but thankful for the presence of soldiers throughout the city. "We will lift our hats and bow in front of them," says Mohammad Kawar, a 46-year-old cab driver and Hezbollah supporter. The group's leader, Hassan Nasrallah, has pledged that his followers won't push Lebanon into civil war even if 1,000 of them are killed.

If street violence does resume, there are other factors that could make it difficult for the army to minimize. The soldiers in Beirut include members of special-forces and "intervention" units, men trained to respond aggressively to any threat. (Members of Lebanon's Internal Security Force, who are better prepared for a mission of this type, remained in their barracks last week. Their participation might prove combustible, since their leaders are viewed by some as being too close to the government.) The soldiers also are drawn from the same ethnic and religious groups now in conflict.

"The army reflects the fabric of this society," Gen. Hanna says. He and others also note that the integration since the early 1990s of each unit -- Sunnis, Shiites, Christians and others serve side by side -- is a major benefit.

The entire 60,000-man force also has endured the physical stress of a high alert for months, since the summer war between Israel and Hezbollah. And under the United Nations Security Council resolution that ended that conflict, the Lebanese Army, in tandem with a beefed-up U.N. force, is responsible for patrolling Hezbollah's stronghold in the south to deter renewed fighting.

Mr. Abdel-Kader says the Beirut mission is the most physically, psychologically and emotionally draining for any soldier. "After all," he says, "you are facing your own people."

U.S. Eyes Re-establishing Relations (WT)

By Nicholas Kralev

The Washington Times, February 2, 2007

The State Department said yesterday it is considering re-establishing a diplomatic presence in Somalia for the first time since U.S. troops withdrew from the African country in 1994 after an unsuccessful U.N. humanitarian operation amid a bloody civil war.

Even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not reopen the U.S. Embassy, which has been closed since 1991, but will most likely set up a small presence post, officials said.

"It's something that's being actively examined right now," department spokesman Sean McCormack told reporters. "We are going to take a look, obviously, at what is appropriate in terms of security [and] political presence ... in Somalia."

Although the United States never formally severed diplomatic relations with a Somali nation that dissolved into near anarchy from 1991 on, it closed its embassy there.

About a month ago, Somalia's weak transitional government, backed by troops and weapons from Ethiopia, drove out Islamists who had controlled the capital, Mogadishu, and much of the country's south for six months.

Since then, the security situation has improved, although there have been attacks in Mogadishu.

"There aren't any final decisions" about sending U.S. diplomats to Somalia, Mr. McCormack said. However, he added that if the situation continues to improve, the department could send diplomats.

Jendayi Frazer, assistant secretary of state for African affairs, considered visiting Somalia during a trip to the region early last month, but the State Department's Diplomatic Security Service decided it was not safe, a senior official said.

The U.S. Embassy in Kenya is responsible for watching developments in Somalia, but the lack of diplomatic presence on the ground limits the knowledge and potential influence of the United States, officials said.

In Mogadishu yesterday, mortar bombs and rockets killed at least three persons, wire reports quoted witnesses as saying. It was not immediately clear who was behind the attack. On Tuesday, a series of blasts rocked the capital's northern part, in an area where Ethiopian troops were based before they began a pullback withdrawal last month.

Officials have blamed remnants of the Islamist movement, who fled to the south after their defeat, for some of the attacks.

Miss Frazer pledged $40 million in financial assistance for Somalia during her trip.

She said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

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"It is very important that the peacekeeping force is led by Africans, especially participation by Muslim countries," she said in a Jan. 17 speech at the Center for Strategic and International Studies.

In 1993, Somali clan militiamen shot down two Black Hawk helicopters and killed 18 U.S. soldiers. The bodies of two of them were dragged through the streets of Mogadishu.

Shiite-Sunni Conflict Rises In Pakistan (CSM)

By David Montero

The Christian Science Monitor, February 2, 2007

MULTAN, PAKISTAN

In this Punjabi city of shrines, Shiites and Sunnis prayed side by side during Ashura this week, the holiest holiday for the world's 150 million Shiite Muslims. But a province away, suicide bombers attempted to strike Shiite processions throughout Pakistan's Northwest Frontier Province, leaving as many as 21 dead and more than 40 injured in three separate incidents, including two suicide attacks.

The violence, the latest in a sharp uptick against Pakistan's Shiite minority, has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war.

The answer is important, analysts say, because Pakistan's 30 million Shiites – numbering more than Iraq's – could become a flash point if sectarian violence spreads.

"In Pakistan, it is not a battle like in Iraq. But in Pakistan, you have the same violence ... driving the conflict," says Vali Nasr, author of The Shia Revivial, a study of global Sunni-Shiite conflicts. "We are going to see increasing occurrences of the bombings like we've seen over the weekend." [Editor's note: The original version incorrectly titled Vali Nasr's book.]

It is said that Shiite Islam in Pakistan began here, in this dusty corner of Punjab, more than 200 years ago. Shiites, who constitute only 20 percent of Pakistan's 165 million people, have found themselves beleaguered ever since. As many as 4,000 people are estimated to have died in sectarian fighting in Pakistan in the last two decades, 300 in the last year alone. One of the largest attacks took place here in Multan, when a car bomb killed 40 members of an extremist Sunni organization in 2004. A Shiite militant was later tried and sentenced to death for the attack.

Multan's discord closely mirrors the age-old schisms in Saudi Arabia, Bahrain, and elsewhere which, taken together, constitute a Shiite-belt stretching from the Gulf to Pakistan.

"Will the newly empowered Shiite majority in Iraq use its power to tame its sectarian radicals like Moqtada al-Sadr and make an accommodation with the Sunni minority, or will it pursue a politics of resentment and revenge and try to impose sectarian dominance? The outcome will profoundly affect the actions of other governments and of oppressed Shiites in Pakistan and elsewhere," writes John Brenkman, an international affairs analyst at the City University of New York, in an e-mail.

Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles.

"When you ask Pakistanis about Iraq, they identify with Iraqis – not with Shiites or Sunnis," says Samina Ahmed, the South Asia Project Director of the International Crisis Group (ICG), a Brussels-based think tank.

That is certainly the feeling of Shiites in Multan, who make up 40 percent of the city's roughly 4 million people. Sitting around plates of food together, Sunnis and Shiites insist there is no conflict among them, and that foreign powers both here and in Iraq are trying to sow discord.

Even without Iraq, though, some fear Pakistan is particularly vulnerable because of the Taliban resurgence in its backyard. "We tend only to think of [the Taliban] in terms of Afghan politics. We don't think of it as being a resurgence of a Salafi extremist force in Afghanistan. The ideological implications fall on the Shiites," says Mr. Nasr.

For some, Al Qaeda's war against Shiites has already ignited tensions in Pakistan. Editorials in leading newspapers – particularly after this week's suicide bombings – speak of a "new anti-Shiite wave that is radiating from Iraq ..." and President Pervez Musharraf has warned of the need to diffuse sectarianism "not just for the country's security, but for the entire Muslim world."

Such fears may be well grounded, even though the number of sectarian killings is down when compared with the past. In January, police investigators in Karachi announced that Al Qaeda worked with local sectarian groups to carry out some of the largest suicide attacks against sectarian targets last year, which left more than 60 dead, according to local news reports. And this past week's suicide attacks bore the signature of Al Qaeda in Iraq and Afghanistan, observers say.

Whether or not it spells a war emanating from Iraq, the West should pay heed, say analysts.

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"People tend to dismiss the sectarian groups ... because they're not targeting you. But they always could," says Christine Fair, a South Asia counterterrorism expert at the US Institute of Peace, a Congressionally funded think tank in Washington, D.C.

Ms. Fair and others point out that extremist groups cross-pollinate: Those who attack Shiites today are the ones who attack Western targets tomorrow.

In January, Karachi investigators determined just that: A suicide attack last March, which killed an American diplomat, was carried out by Lashkar-i-Jhangvi, a sectarian group working with Al Qaeda.

"They have multiple goals. It's an external jihad. It's an internal jihad," says Ahmed of ICG, adding that Pakistan and the West have to address both sides of the coin.

But, say residents in Multan, Sunnis and Shiites enjoy strong family-to-family bonds for the most part, and interfaith boards and education have helped blunt sectarianism's impact.

If there is a growing global conflict, Malik Naseem Labar, a local Sunni politician, could not see it through the throngs during Ashura this week.

"We respect [Ashura]. All these young boys – they are all Sunnis," says Mr. Labar, gesturing toward swaths of young men mingling freely with Shiites. "I am Sunni, but I am here."

U.S. Hopes For Progress On N. Korea Deal (AP)

AP, February 2, 2007

The top U.S. negotiator on North Korea's nuclear program said Thursday he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons.

The comments by Assistant Secretary of State Christopher Hill could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks.

This would be a significant breakthrough for a bargaining process that has achieved little since it began in August 2003.

Meeting with reporters on the eve of his departure for South Korea, Hill declined to say what specific actions he expects when the six nations convene for their sixth round of talks in 3 1/2 years. Participants are the United States, the two Koreas, China, Japan and Russia.

"We will not achieve full denuclearization but we hope get a substantial start," Hill said.

A December meeting of the six made little headway but the State Department has been hinting for days that the next round should be different.

A Colossal Leap Of Faith In Fight Against Famine (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

EBERSWALDE, Germany -- Few people raise bigger bunny rabbits than Karl Szmolinsky, who has been producing long-eared whoppers since 1964. His favorite breed, German gray giants, are the size of a full-grown beagle and so fat they can barely hop.

Last year, after the retired chauffeur entered some of his monsters in an agricultural fair, word of his breeding skills spread to the North Korean Embassy in Berlin. Diplomats looked past the cute, furry faces with the twitching noses and saw a possible solution to their nation's endemic food shortage: an enormous bunny in every Korean pot.

The North Koreans approached Szmolinsky in November and asked whether he'd advise them on how to start a rabbit breeding program to help "feed the population," the 67-year-old pensioner recalled in an interview at his home in Eberswalde, an eastern German town a few miles from the Polish border. Sympathetic to the Koreans' plight, he agreed to sell some of his best stock at a steep discount and volunteered to travel to the hermetic nation as a consultant.

"They liked what they saw, and they liked how big they were," he said, as he showed off other bunnies that he raises in weathered hutches in his back yard. "It's harder than you think to raise them. They need a varied diet, but they have to be fed like pigs, basically, to get that big."

In December, Szmolinsky stuffed six of his rabbits into modified dog carriers and took them to the airport in Berlin, where they boarded a flight for Pyongyang, via Frankfurt, Germany, and Beijing. Robert, a 23-pounder, was the largest of the bunch, which included four female rabbits and one other male carefully selected for their breeding potential.

How, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear.

An official at the North Korean Embassy in Berlin, who would not give his name, confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program.

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In the hands of a skilled butcher, a German gray giant can yield up to 15 pounds of meat, according to Szmolinsky. "There's not much fat, and it's very tender." Their gray-and-white pelts are soft and supple but are generally worthless on the European market, he said.

The breeder said he was notified by an attache at the North Korean Embassy that Robert and the other rabbits from Eberswalde had arrived safely at their destination. But he allowed that he was a little concerned their new masters might not know how to care for them properly. He said he hopes to travel to North Korea in April to inspect their living conditions.

"If they aren't able to feed them the way I do here, I won't send them any more," he said. "I don't want them to be half-starved."

The Koreans' choice of rabbits has other German breeders scratching their heads.

Karl-Heinz Heitz, chairman of the State Association of Rabbit Breeders in Berlin-Brandenburg, said that German gray giants are hard to beat for size but that they aren't cheap to fatten up. It takes wheelbarrow-loads of hay, vegetables and rabbit chow to bring them to maturity.

"Let me say this: There are certainly breeds that are more economically profitable; I do not know why the North Koreans wanted this one," said Heitz, who introduced the Korean officials to Szmolinsky.

Breeds such as New Zealand red or big light silver or Vienna blue are only half as big but are more cost-effective to raise. "You do not have to put in as much to get out a fair amount of meat," Heitz said.

For whatever reason, the German gray giants appear to hold a special allure in Asia.

A North Korean television crew visited Eberswalde last year to film Szmolinsky's rabbits for a children's program. And a couple of Chinese visitors showed up unannounced at his doorstep the other day, asking if they could buy some of his critters.

"I had to get rid of them," he said of the Chinese. He's not parting with any of his 14 remaining adult rabbits until he can breed some more.

Special correspondent Shannon Smiley contributed to this report.

N Korea Leader Finds Life's Luxuries In Gibraltar (FT)

By George Parker And Mark Mulligan

Financial Times, February 2, 2007

Kim Jong-il, North Korea's idiosyncratic leader, may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain.

The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang.

The ban was agreed by the United Nations last October as one of a number of sanctions against North Korea, following its testing of a nuclear device.

The aim was to deprive Mr Kim and his supporters of some of the finer things in life, including thoroughbred horses, luxury vehicles, watches, pearls and musical instruments.

The sanctions were adopted by EU foreign ministers in November, but they are still not in force across the bloc.

If Mr Kim is wondering why, he need look no further than the War of the Spanish Succession and the 1713 Treaty of Utrecht that ended it – handing Gibraltar to Britain.

Problems arose when Madrid spotted that the EU regulation needed to implement the sanctions contained a reference to the "competent authorities" responsible for enforcing them: listed in the small print was Gibraltar.

Spain's foreign ministry wants the reference to Gibraltar deleted before the EU regulation can come into force. "We do not recognise Gibraltar's authority in international policy," it said. "The UK is the only competent authority in this respect."

British diplomats say there would be a legal hole in the sanctions if Gibraltar was not included. Both sides are trying to resolve the dispute and insist it is a hiccup in improving relations over the colony.

In September the two countries, along with Gibraltar, signed an agreement on airport access, telecoms and border controls, hailed as the beginning of a new era of co-operation.

While the wrangling continues, European countries can apply the sanctions unilaterally, but Brussels diplomats say the matter must be dealt with at an EU level to ensure they are applied uniformly and enforced.

U.S. Halts China Space Ventures (WT)

By Bill Gertz

The Washington Times, February 2, 2007

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The Bush administration has suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening U.S. and foreign satellites.

National Aeronautics and Space Administration spokesman Jason Sharp said the weapon test undermined an agreement reached between President Bush and Chinese President Hu Jintao during an April summit.

"We believe China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation," Mr. Sharp said.

He said there were "some initial discussions looking at where there were mutual interests where we could cooperate with the Chinese," but there are no plans for future discussions. The two presidents had hoped to work on joint moon exploration and space-debris avoidance.

Bush administration officials said the suspension is meant to signal U.S. displeasure with the anti-satellite weapon (ASAT) test, as well as Beijing's failure to provide an explanation for its space arms program.

"Clearly it makes it more difficult to go down the path of cooperation when they're testing ASAT weapons," one official said.

China fired a missile on Jan. 11 that released a nonexplosive warhead that destroyed a Chinese weather satellite 530 miles above the Earth by ramming it at high speed. Thousands of pieces of the destroyed satellite are in orbit and could damage or destroy some of the hundreds of U.S. and foreign satellites, U.S. officials said.

In Beijing yesterday, amid growing criticism over the ASAT test, a Chinese spokesman repeated Beijing's past call for an agreement banning space weapons, a proposal that has been rejected by the Bush administration.

"Since other countries care about this question and are opposed to weaponization of space and an arms race in space, then let us join hands to realize this goal," said Foreign Ministry spokeswoman Jiang Yu when asked about U.S. and Japanese criticism of the test.

Both China and Russia in 2002 proposed adopting a treaty to ban deployment of space weapons during a session of the U.N. Conference on Disarmament in Geneva. Until last year, U.S. space cooperation with China was curbed over China's human rights abuses, including the 1989 Tiananmen massacre, and national security worries in the Pentagon that space technology transfers would boost China's military.

Robert Joseph, undersecretary of state for arms control and the administration's point man for space security policy, said yesterday that the space weapons test was a shock. It shows space is a "contested environment" and that "countries are developing capabilities to put at risk our assets for which we are dependent," he said.

"This is a wake-up call," Mr. Joseph said, noting that the United States needs "to ensure that we take the steps necessary to protect the space assets and the right to unfettered access to space."

Also, the space arms test should be viewed in the context of China's large-scale buildup of both strategic and conventional forces, not just their space weapons, he said.

Mr. Joseph said he is surprised by the muted international response to the test. "I think there has been very little outrage expressed," he said. "Just imagine the international reaction if the U.S. had conducted such a test."

On Capitol Hill, Rep. Ellen O. Tauscher, California Democrat and chairman of the House Armed Services strategic forces subcommittee, said China's action poses a "major problem and something the world community needs to address."

"We're now stuck with hundreds of pieces of this Chinese satellite for a hundred years, and it's having an impact on the entire global commons," she said, noting that there needs to be "common norms and acceptable rules of behavior in space."

Mrs. Tauscher called for engaging the Chinese and others in talks on space weapons, saying that while Beijing's ASAT test was "irresponsible and unacceptable ... sticking our heads in the sand isn't going to make it better; it will only make it worse."

U.S. intelligence officials said China has sought to obtain U.S. military space technology through espionage and other covert means but has been curbed by U.S. security measures.

"They've had trouble getting it through the back door so they decided to come in through the front," a defense official said.

Among the technologies sought by the Chinese are dual-use civilian and military goods used in maneuvering spacecraft, including propulsion and battery know-how, which have applications for anti-satellite guidance systems, the defense official said.

Joint U.S.-China space cooperation was first raised last spring by China's deputy space agency administrator, Luo Ge, shortly before the summit. He said China wanted to take part in the International Space Station, including making modifications on the orbiting station that would allow Chinese spacecraft to dock.

China launched its first manned spacecraft last year and has embarked on a major space program, that, unlike the NASA's program, is run entirely by the Chinese military.

U.N. Hopes China Pushes For Darfur End (AP)

DOJ_NMG_0126611

By Alfred De Montesquiou
AP, February 2, 2007

The United Nations hopes the Chinese president will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil.

The road to Khartoum's airport was lined with the red banners of communist China and the flag of Sudan's Muslim fundamentalist regime on Thursday ahead of Hu Jintao's two-day visit, the first by a Chinese president to Sudan.

China, which is the biggest foreign investor in Sudan and buys two-thirds of the country's oil exports, has used its veto-wielding status at the U.N. Security Council to prevent harsh measures against Sudan over the Darfur conflict.

But Beijing has raised expectations that Hu may pressure Khartoum to show flexibility in ending Darfur's bloodshed.

In an unusual foray into the field of human rights, Chinese officials have called on Sudan to cooperate with the United Nations in finding a solution in Darfur. China usually avoids such public pronouncements under its proclaimed policy of refusing to interfere in what it considers other countries' internal affairs.

More than 200,000 people have been killed and 2.5 million chased from their homes in Sudan's remote western region since 2003, when ethnic African rebels rose up against the central government. On Thursday, an African Union peacekeeper was killed by unidentified gunmen in a Darfur refugee camp, the 11th peacekeeper to be slain in the conflict.

Sudan has resisted demands that it allow U.N. peacekeepers into the region, calling the deployment "neocolonial."

Khartoum has sought to keep the focus of Hu's visit on the two nations' booming economic ties. "This visit is going to be a great boost for the distinguished Sudanese-Chinese relations in various fields," Sudanese President Omar al-Bashir said, according to the official SUNA news agency.

Al-Bashir "commended the various Chinese investments in the Sudan, particularly in the domains of oil, agriculture and dams," said SUNA after the president met Thursday with the Chinese National Petroleum Corp.'s head of operations in Sudan.

The Sudanese economy grew by 12 percent last year according to the International Monetary Fund. Chinese investment has helped boost production of the country's prime resource — oil — which has risen to an output of 500,000 barrels a day.

China is also funding large projects such as the $1.8 billion Merowe hydroelectric complex. Hundreds of Chinese engineers and workers are believed to be living in Sudan, though no one at China's embassy was available to confirm figures.

"We like it here, it's promising for business," said Daisy Wan Chu, an employee at Mr. Wang, one of the flourishing Chinese restaurants that offer a rare alternative to Sudanese cuisine in Khartoum.

Hu's visit came amid signs that the Sudanese leadership was grudgingly moving toward acceptance of a compromise deal for U.N. troops to merge with the African Union force and form a joint peacekeeping mission.

U.N. Secretary-General Ban Ki-moon urged China to help persuade Sudan to accept U.N. peacekeepers during a meeting with Chinese U.N. Ambassador Wang Guangya last week.

"We certainly hope Hu will deploy his substantial influence in order for Khartoum to have a more constructive approach to international efforts," said Lawrence Rossin of the Save Darfur Coalition, a grouping of humanitarian and rights organizations.

Khartoum is accused of responding to the insurgency with indiscriminate killings, and by unleashing the janjaweed militias of Arab nomads. The janjaweed are blamed for the worst atrocities in the conflict, which the White House and others have labeled genocide.

The government denies these charges, and denounces as neocolonial the U.N. Security Council plan to replace an overwhelmed African Union force in the region with some 22,000 U.N. peacekeepers.

In a phone interview, Rossin pointed to Chinese officials' recent comments on Darfur and to the fact that news about the crisis are now regularly allowed to appear in China's government-controlled media as signs that Beijing may be willing to press Sudan on the issue.

Diplomatic circles also sense that China's patience "is growing thin" with Khartoum on the Darfur issue, said Sudan expert Colin Thomas-Jensen of the International Crisis Group, a New York-based think tank.

He said China gave the impression it wants to become "part of the solution" to the crisis.

"But if Sudan follows its usual pattern of saying 'yes' to the international community and then doing 'no,' we don't know how China will react," he said.

Pressure On China As President Heads To Sudan (AFP)

By Mohammed Ali Saeed
AFP, February 2, 2007

DOJ_NMG_0126612

International pressure was on China to try its hand at peace diplomacy as Chinese President Hu Jintao headed to war-racked Sudan, the highlight of an eight-nation tour of Africa.

China's energy-hungry economy -- the fourth largest in the world -- is badly in need of Sudan and other African countries' resources and Beijing is for the first time showing willingness to use its influence to solve the Darfur crisis.

During his two-day visit to Khartoum, Hu was expected to hold talks with President Omar al-Beshir on the situation in the western region of Darfur, where a conflict between the government and rebels has been raging unabated.

"I believe this visit will not only boost bilateral ties, but also peace and stability in this region," Assistant Foreign Minister Zhai Jun told journalists before Hu set off on his tour.

No other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime.

Led by Washington, the international community has been pressing Khartoum to accept the deployment of UN peacekeepers in Darfur, where African Union troops have failed to quell the bloodshed.

But Beshir has consistently rejected such a move, accusing the United Nations and western powers of seeking to invade his country and plunder its resources.

"If the Chinese put some pressure on Khartoum, it might have some potential," said the Save Darfur coalition's Larry Rossin, who recently travelled to Khartoum with US envoy Bill Richardson.

"I hope they can use their influence... to press President Omar al-Beshir to implement in good faith the hybrid peacekeeping agreement," Rossin told AFP.

Khartoum has yet to approve the final phase of a three-stage plan for UN forces to supplement the African contingent.

"It is encouraging that the Chinese government has been trying to have a very cooperative partnership and relationship with all African countries," UN Secretary General Ban Ki-moon said, according to the Chinese agency Xinhua.

At least 200,000 people have been killed and more than two million displaced in Darfur since fighting broke out four years ago.

China has had deep economic ties with Sudan since the 1990s, when other foreign companies pulled out because of the raging north-south civil war.

The China National Petroleum Corporation has huge stakes in Sudan's oil industry, producing around 500,000 barrels per day. China is also building a dam on the Nile, which is currently Africa's largest hydro-electric project.

Trade deals are expected to be signed during Hu's visit, further boosting bilateral trade that reached 2.9 billion dollars in the first 11 months of 2006.

Hu received a warm welcome Thursday in Liberia, the second leg of his tour of the continent.

He began his tour Tuesday in Cameroon, where he approved grants and loans worth more than 54 million dollars, signing a draft agreement on scrapping Cameroon's debt to China and a series of health and educational accords.

Emphasising its commitment to Africa, China said this week it would write off debts owed by 33 African countries as part of a multi-billion-dollar pledge made last year.

Hu's Trip To Sudan Tests China-Africa Ties (CSM)

By Scott Baldauf

The Christian Science Monitor, February 2, 2007

KHARTOUM, SUDAN

Chinese President Hu Jintao's arrival in Sudan Friday could well mark a turning point in China's growing relationship with Africa.

If Mr. Hu announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached.

Whatever happens, Hu's visit to Sudan will be historic.

"It is a true partnership, and the Chinese are probably not getting the biggest share of it," says Abdul Rahim Ali Mohammad Ibrahim, a pro-Sudanese government analyst and director of the Institute of Arabic Language Study in Khartoum. "The Chinese are using it as a showpiece. It would be easy for China to tell other African countries, 'Come see what we've done in Sudan.' "

With the global race for African resources well under way, Mr. Hu's eight-nation Africa tour caps a portentous week, coming on the heels of the African Union summit in Ethiopia, and new UN Secretary-General Ban Ki Moon's five-day Africa visit.

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Chinese investment has become the new driving force for economic development in Africa – with African-Chinese trade reaching $40 billion and Chinese aid expected to reach $10 billion in 2009 – and many African countries see China as their ticket to prosperity. Chinese aid is especially attractive, because it comes without all the troublesome conditions that Western donors tend to place on clean governance and human rights.

Nowhere is this more true than in Sudan. As a recipient of Chinese aid since 1959, and a close trading partner since Chinese investment jumpstarted Sudan's dormant oil industry in the late 1990s, Sudan has always felt that its friendship with China extended beyond economics.

Pressure over Darfur

Now with the UN pushing Sudan to halt the humanitarian crisis in its Darfur region – a three-year civil conflict that has claimed the lives of more than 200,000 civilians and displaced 2.5 million more – and to accept UN peacekeepers, Sudan looks to China for high-level diplomatic support.

It's an expectation that Sudanese observers say may be increasingly hard to match.

"I don't think Sudan will benefit from the visit of the Chinese president," says Khalid Tijani El-Nour, a political commentator and editor in chief of the Sudanese business weekly Elaff. "China has huge economic relations with the United States ... so China is not supporting Sudan 100 percent. China has never promised to use its veto [to block UN action against Sudan over Darfur]. They have advised the Sudan government to be flexible, to find a political solution for Darfur."

The best China can do is "bridge the gap and minimize pressure on Sudan," adds Mr. Tijani. "China is a very important power, so this trip gives us some relief, but on the other hand, Sudan is facing a challenge in its relations with China. There are other African countries asking China to come in. Nigeria and Angola are also producing oil. We have to wake up. We are not the only players on the ground."

Lure of oil trumps stability concerns

Despite Sudan's political turmoil, and history of decades of civil war, the lure of oil and other natural resources, and access to the third largest country in Africa, has proved irresistible for China. In addition to Chinese investment in Sudan's oil industry, which supplied China with 7 percent of its energy needs last year, China has also invested $2 billion in the Merowe hydropower dam project. When it opens in 2008, the Merowe will meet Sudan's entire demand for electricity, and allow it to sell the excess to other African neighbors.

Sudan's oil fields, mainly in the southern region, today produce an estimated 500,000 barrels a day, up from 300,000 barrels last year. But that same southern oil belt is a land where a 50-year civil war between the Arab-dominated Sudanese government and Christian and animist black African minorities ended two years ago with a peace agreement.

Almost immediately after the North-South war ended, the conflict in the western region of Darfur began.

"China was more interested in doing business with the government of Sudan, to the detriment of the people of Darfur," writes Ali Trayo the spokesman for the Darfur rebel group, the Sudanese Liberation Army, in an e-mail. "It is in the general interest of the people of Sudan, and Darfur in particular, and that of China itself to exert pressure on the government of Sudan."

While Darfur rebel groups welcome the world's attention, one senior opposition leader says that the West's preoccupation with Darfur could be counterproductive, and even dangerous.

"I consider the West naive," says the opposition leader, speaking on the condition of anonymity from his home in Khartoum. "Instead of being involved in the oil business, and putting pressure on the dictator of the day, they have abandoned us. And believe me, when you abandon us to the hands of the Chinese, you are leaving Sudan quite naked."

The more the West pushes Sudan into a corner over Darfur, the more the Sudanese people will learn to hate the West, says Professor Ibrahim. "In my opinion, neither the US nor the Europeans can compete with China on its trade and development policies, so they want to push China out."

But that's not likely to happen any time soon. China's famous reluctance to intrude on other countries' sovereignty and its long-term investment approach allows it to overlook disagreements with the current government, says Ibrahim.

"China is very farsighted. Nothing is lost because of their cooperation with one regime. If that regime is overthrown, they work with the next government, too. They may offer advice, but they continue to invest, and this sustainability is the result."

In Africa, China's Expansion Begins To Stir Resentment (WSJ)

By Yaroslav Trofimov

The Wall Street Journal, February 2, 2007

CHAMBISHI, Zambia -- Chinese President Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent.

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But there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest.

Set amid rolling hills in Zambia's copper belt, Chambishi was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. In 2005, dozens of locals were killed in a blast at the Chinese explosives facility serving the mine -- the worst industrial disaster in Zambia's history. Then, the following year, protesting Zambian employees were sprayed with gunfire. "The Chinese, they don't even consider us to be human beings," complains Albert Mwanaumo, a former Chambishi miner who says he was shot by a Chinese supervisor. "They think they have the right to rule us."

Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent. African leaders still hail China's burgeoning involvement as a solution to Africa's woes and a welcome alternative to the West. But among ordinary Africans, appreciation of this unprecedented influx of Chinese investments, products and settlers isn't nearly as uniform. Recognizing this opinion shift, South African President Thabo Mbeki has repeatedly cautioned in recent weeks that China risks replicating in Africa a "colonial relationship" of the kind that existed under white rule.

These concerns testify to China's maturing as a global economic and political superpower, a force that's beginning to challenge world-wide influence of the U.S. and Europe. That's especially true here in Africa, a continent dismissed by many Westerners as a hopeless case, and treated by Beijing as a high-priority area of national interest.

Nowhere has this grass-roots backlash been stronger than in Zambia. In elections last fall, opposition leader Michael Sata ran for president on a platform of outright China-bashing, unleashing against Beijing the same kind of fury that populist radicals in Latin America or the Middle East direct at the U.S. "Zambia is becoming a province -- no, a district -- of China," he thundered. "We've removed one foreign power and we don't want another foreign power here, especially one that is not a democracy."

Widespread Support

Though Mr. Sata failed to dislodge the China-backed incumbent, his Patriotic Front movement secured widespread support: It now controls Zambia's capital city Lusaka and most municipal governments in the nation's copper-rich mining areas. Following the Zambian campaign, similar political sentiments came to the open in neighboring countries, such as Namibia, Zimbabwe, Angola and Lesotho.

"Among ordinary people, a very strong resentment, bordering on racism, is emerging against the Chinese," says Henning Melber, a former activist in Namibia's struggle for majority rule who now heads the Dag Hammarskjöld Foundation think tank in Sweden. "It's because the Chinese are seen as backing the [African] governments in oppressing their own people."

China's hunger for raw materials is the main reason why it's become so involved in African affairs. Sino-African trade in 2006 more than quadrupled to more than $55 billion since 2002, and is expected to hit $100 billion by 2010. Angola has overtaken Saudi Arabia as China's main source of oil, with large-scale supplies also flowing from Sudan and Nigeria. Chinese companies have sought Guinea's bauxite, Namibia's uranium, and the assortment of rare metals that are found in the Congo, formerly known as Zaire.

In Zambia, a landlocked country of 11.5 million, the main draw for China is copper -- and the recent outcry is rooted in the tragic events that followed China's investment at the mine in Chambishi. China Non-Ferrous Metal Mining purchased the mine, which had been shuttered since 1987, for $20 million. It stepped forward after a Canadian company that had initially won the tender pulled out of the deal. Investing more than $100 million in the property, the Chinese conglomerate's Zambian unit, called NFC Africa Mining PLC, restarted production in late 2001, ramping up output to reach 50,000 metric tons of copper concentrate last year.

Dozens of Chinese managers and supervisors settled in the township, a maze of trash-strewn dirt alleys set across the paved road from the mine. Inside the mine itself, a red Chinese flag was hoisted above a wall covered with inspirational words of Wu Bangguo, chairman of the standing committee of the National People's Congress: "To Rouse Yourself in Vigorous Efforts to Make the Company Prosperous!"

As part of its prosperity plan, the mine's management paid Zambian employees less than the minimum wage, currently $67 a month, and strictly prohibited union activity, according to employees and union officials. A 2004 memo to staff, which still hangs inside NFC Africa offices, warned of "severe punishment" for anyone attending meetings of the "so-called action group [of union organizers], which is illegal." People suspected of union involvement were fired on the spot, says Gillian Mubanga, the current union leader at the mine.

To drive up production and save on costs, NFC also established on the Chambishi property a joint venture with the Beijing General Research Institute of Mining and Metallurgy. Dubbed BGRIMM Explosives Ltd., it set out to manufacture cheap

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explosives for the region's mining industry. "BGRIMM -- Turning Your Rocks Into Gold," boasted advertisement billboards that still dot the roadsides across Zambia's Copper Belt region.

Then, one sunny morning in April 2005, Chambishi was rocked by a huge blast. Earth shook and windowpanes broke in nearby houses. A runaway chemical reaction turned the BGRIMM facility into a giant fireball, pulverizing the entire structure. A total of 46 Zambian employees of BGRIMM were killed, their charred body parts strewn around the smoldering crater. Eyewitnesses say the Chinese staff had hurriedly driven away from the site shortly before this explosion occurred. Local residents theorize that the Chinese realized something was about to happen and didn't bother warning African employees before fleeing themselves.

Anger Intensifies

Unable to identify individual remains, the victims' families have had to bury plastic bags packed with flesh randomly collected at the site. Anger against the Chinese was intensified by widespread belief that safety rules had been flouted in pursuit of profit at the plant. "The Chinese didn't care about our children -- they just sacrificed them," said Iris Chibuye, a grieving mother whose 24-year-old son Sledge and 27-year-old daughter Vennie, a computer technician educated in Britain, both died in the BGRIMM disaster.

Though the Chinese government sent condolences to victims' families, and eventually paid compensation of about $10,000 per killed employee, the anger didn't abate. As the Zambian government began an inquiry into the accident, the absence of union oversight was cited as the key cause of safety failures at BGRIMM. Public pressure made it impossible for the mine's management to continue prohibiting union activity any longer.

In November 2005, NFC Africa deputy CEO Wang Xiaowei shook hands with Zambia's National Union of Miners and Allied Workers leader Albert Mando, and signed a collective agreement that finally installed new safety measures and promised a salary increase. Assuring that the company treats its Zambian workers as "family members," Mr. Wang also urged the union "to understand that the high operational costs may often compromise the working conditions of employees," according to NFC Africa's in-house newsletter.

After drawn-out negotiations with the unions, NFC Africa set July 25, 2006, as the date for giving its workers back pay, in accordance with the new agreements. Miners had been expecting payments of as much as $500 each -- but were told on payday that they would receive only a few dollars, and in some cases even owe money to the company. On the evening of July 24, night-shift miners, stunned to hear that they wouldn't be getting the expected cash, stopped work, vandalized equipment and beat up a Chinese supervisor. The following day, furious morning-shift employees blocked the main road in Chambishi with tree trunks and stones, marching toward the mine.

As a scuffle broke out at the gate, mine security fired at one of the protesters, wounding him. According to witnesses, as false rumors that he had been killed spread across Chambishi, another group of about 40 NFC Africa miners from a later shift rushed toward the residential compound of Chinese employees, set on a winding road inside the township.

At the white-and-blue gate into the walled compound, a Chinese supervisor, known to the Zambian miners simply as Mr. Qui, took out a shotgun and opened fire as the crowd approached, according to witness accounts. Hit by the shots, three demonstrators collapsed on the ground, blood gushing out. Mr. Mwanaumo, a 34-year-old jackhammer operator who says he didn't take part in the initial protest, ran to the site after hearing that a close friend had been shot. As Mr. Mwanaumo pulled his injured comrade away, a new volley of fire burrowed into his back. According to his medical report, two lead fragments are still lodged in his body, too close to the vital organs to be safely extracted in the local hospital.

A day after these shootings, Mr. Qui hastily left Chambishi. Mr. Mwanaumo, like the other wounded workers, was fired. Feeling too sick to work, he spends his days in a tiny, dark hut set amid sewage-soaked mud, hoping that relatives and friends will collect enough money to file a compensation lawsuit.

Investigation Continues

The Zambian government investigation into the incident is still continuing, as is the inquiry into the 2005 BGRIMM disaster. Xu Riyong, NFC Africa's company secretary and manager of administration, declined to discuss the details of these events, or elaborate on Mr. Qui's status, saying that the company has already made a comprehensive report to the Zambian government on the matter.

"By complying with the laws of Zambia, we are confident that no problems will come to us," said Mr. Xu, the only NFC Africa official who agreed to be interviewed for this story. "We will do our best to run this mine successfully. We have to keep quiet and to keep working. Why should we fear?"

The Zambian government has so far apportioned no blame for the Chambishi tragedy. In an interview, Zambia's minister of mines, Kalombo Mwansa, declined to forecast when the investigations into the explosion and the shootings at the mine might be concluded, when the report will be released, and whether any penalties might be levied against the Chinese company. In the

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meantime, he said, NFC Africa's BGRIMM affiliate has been allowed to rebuild and reopen an explosives factory at the site of the 2005 tragedy. NFC Africa has also announced that it will invest $220 million into a crude-copper smelting plant in Chambishi. President Hu was scheduled to visit Chambishi this weekend to lay the cornerstone for the smelter -- but, according to Zambian officials, this part of his schedule was called off because of planned protests by miners and families of BGRIMM explosion victims.

The risks in Chambishi are real. Sitting next to Mr. Mwanaumo, the worker who was shot in July, a friend currently employed by NFC Africa warned of even bloodier unrest to come at the mine. "There will be a strike soon if they don't improve our salary, and a lot of people will die," he said. "This time the police won't be able to contain us." The management seems to be getting the message. On a recent afternoon, workers were busy at the Chinese staff's Chambishi residential compound. Perched on the perimeter wall, they reinforced fortifications, installing a new row of high-voltage fencing atop an existing layer of spiky glass shards.

China Gets Cold Feet For Foreign Investment (WP)

By Ariana Eunjung Cha

The Washington Post, February 2, 2007

SHANGHAI -- "I know you don't know that you don't know."

Those insulting words, thrown out by a Chinese man to a Westerner, are the punchline of an Internet commercial that ends with a beautiful Chinese bride jilting her confused Western fiance for the Chinese hero.

The wildly popular video was created by Baidu, a Chinese search engine, to poke fun at its U.S. competitor, Google. It is but one of the growing signs that China is rethinking its stance on foreign companies and investment within its borders.

Since the mid-1990s, China has aggressively courted foreign investment, crediting capital from abroad with helping it become a world economic power. In recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China.

While some believe the new restrictions -- which affect several sectors, including real estate, retailing, shipbuilding, banking and insurance -- may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising.

"A mood of self-questioning has swept over China," said Barry Naughton, an economist at the University of California at San Diego. In a report published in the China Leadership Monitor, Naughton said he believes the regulations are a response to government fears of a "loss of economic sovereignty."

China's shifting policies on foreign companies have prompted several U.S. firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China.

Last month, eBay said it would close its Web site in China, saying it was facing difficulties because Chinese regulations limit the types of financial transactions foreign companies can conduct. In November, Warner Bros. International Cinemas, part of Time Warner, which had been planning a massive expansion in China, abruptly announced plans to close operations in the country. It cited a recent policy change that no longer allowed foreign companies to control domestic theaters except in a handful of large cities.

The Chinese government steadfastly maintains that it still embraces the policy known as gaige kaifang-- literally, reform and opening up -- initiated by Deng Xiaoping in 1979. However, several Chinese officials have in recent months called foreign investment "malicious" and promised "severe measures to curb and punish hostile takeovers aiming to monopolize the Chinese market."

China remains the largest recipient of foreign direct investment among developing economies. But after a decade when heavy capital flows from abroad were credited with bringing the country out of poverty, that investment is leveling off.

According to the Commerce Ministry, foreign investment in 2006 decreased 4 percent from the year before, to $69.5 billion. The United States' piece of that dropped 6.4 percent, to $2.87 billion. (China receives additional investment from American companies that, for tax purposes, have their headquarters in places like the Virgin Islands.)

The significance of the new regulations has been debated at the highest levels -- U.S. Commerce Secretary Carlos M. Gutierrez said it was a key subject of the Cabinet-level talks with Beijing in November -- and on Internet bulletin boards where the Baidu-Google video has been distributed under the headline "economic nationalism."

Negative publicity on blogs and chat rooms linked to by popular Chinese portals Sina.com and Sohu.com is credited with fueling criticism of several high-profile deals.

For instance, the District's Carlyle Group tried in 2005 to buy an 85 percent stake in Xugong Construction Machinery, a market leader. Xiang Wenbo, chief executive of a state-owned rival company, wrote on his personal blog that the government

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shouldn't permit the sale of valuable strategic assets like Xugong. After he and other opponents waged a months-long online campaign against the deal, Carlyle scaled back its offer, taking a 50 percent stake.

Albert Keidel, a former U.S. Treasury official now at the Carnegie Endowment for International Peace, said there seemed to be a sense among ordinary Chinese citizens of "how much are we going to allow foreign companies to continue to take advantage of us?"

Egged on by a public concerned about the growing influence of foreign companies, the Chinese government in July placed restrictions on the purchase of real estate by foreign individuals and institutions. The next month, it put a moratorium on foreign acquisitions of brokerages and limited the competitiveness of foreign-funded retail companies.

In November, the government issued new guidelines for cross-border mergers and acquisitions, making it more difficult for foreign companies to be involved in deals with companies related to "national economic security" or those that have a "famous trademark" or "traditional brand."

In a report issued last month, the Organization for Economic Cooperation and Development complained that the new regulations were so vague that they "may have a serious unintended discouraging effect on investments."

Some economists, however, say fears about Chinese nationalism and protectionism are overblown. Zhao Xijun, a professor of economics at Renmin University, said that rather than being seen as a hostile move against foreigners, the restrictions should be seen as "progress to a mature market."

Kenneth Louie, a visiting professor of economics at the Johns Hopkins-Nanjing University Center for Chinese and American Studies, points out that the United States limits technology transfers to China and restricts foreign purchases in defense industries.

"There are certain sectors China believes are vital to economic security, and there is a fear of a high level of foreign intrusion. The United States also has similar fears," he said.

Keidel said China has in a short period moved from a closed economy where foreign capital was not allowed to one that welcomes it, particularly in such areas as financial services, one of the key conditions China agreed to when it acceded to the World Trade Organization.

The conditions China ratified were quite specific and provided an industry-by-industry timetable. The new foreign-investment regulations do not seem to violate the letter of these conditions, Keidel said, though some parties have complained that they go against the spirit of the WTO agreement.

Richard Ji of Morgan Stanley Hong Kong said some companies have used China's new rules as an excuse for their own marketing or strategic shortcomings. He said that in the cases of Google and eBay, the companies' challenges have had more to do with failure to tailor the content of their Web sites to Chinese tastes and needs.

In the Baidu commercial about Google, the Western man begins by saying "I know" repeatedly as he stands, smirking confidently, next to his bride-to-be. But after the Chinese man bursts on the scene and the two get into a war of words, the Westerner becomes confused. By mistake, he says, "I know I don't know that I don't know" -- at which point the disgusted bride runs away.

So the commercial is "not about nationalism and protectionism," Ji said. "It says that it's localization that gives success. If you localize services, it means you understand the people you are selling to."

Russian TV Shines Warmly On A Likely Successor To Putin (WP)

By Peter Finn

The Washington Post, February 2, 2007

MOSCOW, Feb. 1 -- Every Sunday morning, two favorites of President Vladimir Putin play prominent supporting roles on a television game show called "Happy Bus." In sunny clips spliced into the show's airtime, Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives.

Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev. The opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister.

But "Happy Bus" is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves -- even the most trifling show -- to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished. "Happy Bus" debuted in May on NTV, a network owned by a Gazprom subsidiary.

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With the centralization of power in the Kremlin, Russian politics has become ever more tightly scripted, and genuine electoral competition has withered. Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said.

"Putin, Medvedev and Ivanov are the three main heroes, the three main characters on the news," said Anna Kachkayeva, a professor of broadcast journalism at Moscow State University. "It's a command from the administration."

Producers at Russian television stations, including the makers of "Happy Bus," declined to discuss coverage of Ivanov and Medvedev.

In presidential politics, Russia has an electoral college of one -- Putin. When Vladimir Ustinov, the former prosecutor general and a perceived favorite of the security services, started making some very president-in-waiting noises last year, Putin fired him. He was rehired as justice minister, a much less influential position.

Putin himself denies he is the decider. "There will be no successors. There will be candidates for the post of president of Russia," he said Thursday at his annual news conference, which this year ran to three hours and 30 minutes and was attended by about 1,200 journalists. "I reserve the right to express my preference. But I will only do it once the election campaign begins."

Since the reelection of Boris Yeltsin in 1996, when a group of media tycoons threw the full weight of their television stations behind his faltering candidacy and demonized his Communist opponent, tight management of broadcast journalism has been a critical instrument in Russian presidential elections, including Putin's two campaigns.

But unlike in 1996, when the power of television was wielded by wealthy businessmen, today those media assets are controlled by the state or companies loyal to the Kremlin.

Ivanov, 54, has long been well known both at home and abroad as minister of defense. Medvedev, 41, was an obscure figure until 15 months ago.

In November 2005, Medvedev and Ivanov were simultaneously made first deputy prime ministers, in addition to their other titles. Since then, Medvedev's public image, down to his haircut (shorter and more stylish), weight (he's clearly lost a few pounds) and choice of clothes (more casual), has been carefully refashioned.

The makeover has become the talk of the town. The wooden, cautious and loyal official of a year ago has become a self-confident and assertive politician tinged with some very Putinesque characteristics -- in particular, his occasionally brusque scoldings, sometimes directed at other ministers, delivered with the colloquial phrases and tightly coiled physicality that many Russians love in their president.

Speaking in November about improving health care and access to drugs, Medvedev said: "There are swindlers who manufacture pharmaceuticals. Then there are other swindlers who sell those pharmaceuticals, and there are still other swindlers who act as intermediaries using state funds. The situation in the pharmaceutical industry is disgusting."

Medvedev, who is married and has one child, is a lawyer by training and first worked with Putin in the city administration of St. Petersburg in the 1990s. Putin brought him to the Kremlin, where he became chief of staff in the presidential administration. He is regarded as a relatively liberal counterweight to the staffers around Putin who served in the security services. Medvedev has no background in the KGB or its successor agencies.

He never publicly criticizes Putin, however. And he defends Gazprom, where the Kremlin placed him in charge in 2002, from charges that it is secretive, bloated and inefficient, and is used by the state as a political weapon to punish neighboring countries. On television recently, he called Gazprom a "crucial Russian company" and noted that its capitalization has jumped from $10 billion to $225 billion under state control.

Increasingly, Medvedev speaks of his modest background. "Just like everyone else, I lived in the kinds of apartments that used to be given to Soviet citizens, first a communal one and later a cramped apartment in St. Petersburg," he said in a television interview in November. "And like everyone else, I went, and still go, to a polyclinic," the state-run outpatient facilities that many Russians avoid.

For all the campaign-style insights he offers into his background, Medvedev remains studiously ambiguous about his ambitions. "I find it distressing that I have been made a participant in some sort of race," he said.

Nonetheless, he is now the second-most-popular politician in Russia after Putin, according to opinion polls and analysts.

In a poll conducted in November by the independent Levada Center, 38 percent of respondents said they would vote for Medvedev for president, making him the leading candidate. Ivanov trailed with 23 percent. Little more than a year ago, Medvedev's rating was barely above zero.

While image-building is not unique to Russia, and Medvedev's new position in government ensured he would get more news coverage, the almost universally friendly treatment he has received on Russian television has been striking.

Among 2,064 news stories on Medvedev in 2006, there was not a single negative report on the news broadcasts of six television channels, including the three major national stations, according to a survey by Medialogia, an analytical group in

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Moscow. There were 17 negative reports on Ivanov, most of them centered on a brutal hazing incident in the military to which he was slow to respond, according to Medialogia.

Other potential candidates are not treated so kindly. In the same period, there was not a single positive report on Mikhail Kasyanov, a former prime minister and Putin critic who has said he may seek the presidency. Of the 40 stories in which Kasyanov was the main subject, 60 percent were negative and the balance neutral, according to Medialogia statistics.

The Kremlin declined a request to allow a Washington Post reporter to accompany Medvedev on a typical daily event; he is normally covered by a small pool of reporters.

Assigned as a frontman for the government's spending priorities -- generous social programs to revamp health care, education and housing and reverse a population decline -- Medvedev has been transformed into Santa Claus in the public mind, according to Vyacheslav Nikonov, a political analyst with close ties to the Kremlin.

"He has good PR, doing good, practical things for the country," Nikonov said. "Every image is deliberately cultivated, but that is not different than what goes on at the White House."

Last week was typical. Three of the national channels, ORT, RTR and NTV, ran expansive reports Wednesday night on a meeting chaired by Medvedev in which he talked about raising the birthrate and other projects. Medvedev held up a certificate that will guarantee cash payments to women who have a second child, and his remarks were spliced with images of cooing babies in maternity wards.

No critic of the management of the so-called National Projects was quoted on any of those news reports.

"The National Projects are an imitation of activity," Ivan Melnikov, deputy chairman of the Communist Party, said in parliament last month. "Upbeat TV pictures that we see practically every day have nothing to do with the real state of things."

"He is being built up, and he is changing himself," said Igor Bunin, head of the Center for Political Technologies in Moscow, referring to Medvedev. "The first task was to get people to recognize him. . . . The next task was to associate him with most pleasant things from the state. He cuts all the ribbons now.

"At the beginning, he was soft, like a teddy bear, but now he seems much stronger. Like Putin, he can summon up some thunder and lightning when he criticizes incompetent officials."

Bunin added, "There may be no final decision, but he is candidate number one, with Ivanov in reserve."

Putin Denies Using Energy As A Weapon (FT)

By Neil Buckley

Financial Times, February 2, 2007

Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours.

In a three-and-a-half hour annual press conference – much of it on live television – Mr Putin insisted Russia had helped safeguard the sovereignty of newly-independent states after the collapse of the Soviet Union. But he said subsidies could not go on for ever.

"We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" he said.

He added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed "precisely at ensuring the interests of key consumers" in western Europe, despite temporary disruptions to supplies last month and in January 2006.

He said "experts" understood what Russia was doing, and should be thankful to Moscow.

"But instead, we can see unfair attitudes to interpretation of those events. Naturally, this has been done by those who are not well disposed to Russia. I am not saying that this has been done on a national scale, but there are such forces. Those who write about it, they are the ill-wishers," the Russian president said.

Mr Putin also insisted the transition to his successor, when he stands down as president in 2008, would be democratic and not orchestrated. He stressed several times during the press conference that "the Russian people will make their choice".

He hinted he would indicate which candidate he favoured as a successor – but only after the presidential campaign had begun.

"I reserve the right to express my preferences. But I will do it only once the election campaign starts," Mr Putin said.

Dmitry Medvedev and Sergei Ivanov, both promoted to the rank of first deputy prime minister in late 2005, are seen as vying to be the favoured candidate to succeed Mr Putin. But speculation has been intensifying about how and when the Russian president will mark out his choice.

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Any successor, he added, would face the task of maintaining rapid economic growth, which Mr Putin said was expected to come out at 6.7 to 6.9 per cent last year, and which delivered 13 per cent increases in average wages and retail sales. But other big challenges were to narrow the yawning gap between the richest and poorest Russians, and diversify the economy away from reliance on natural resources.

Asked about the murder of Alexander Litvinenko, the former KGB officer, Mr Putin said only the courts and investigators could determine who was responsible. But he reiterated comments by other senior officials that Mr Litvinenko had been an insignificant figure not considered a threat by the Russian authorities.

"He was not privy to any secrets, he had been convicted in the Russian Federation for abuse of office, specifically, for beating people when arresting them when he was a security man and for stealing explosives," Mr Putin said. "All the negative things he could have said about his previous employer, he had already said a long time ago."

Blair Gives 2nd Interview In Inquiry About Graft (NYT)

By Alan Cowell

The New York Times, February 2, 2007

LONDON, Feb. 1 — After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions.

The interview itself was unusual, as was the decision to cloak it in secrecy. Mr. Blair is said by British political analysts to be the first prime minister to be interviewed by the police while still in office. Only on Wednesday, Mr. Blair's official spokesman was asked at a routine briefing for reporters whether the prime minister had been approached by the police a second time and he replied that "nothing had changed," according to the prime minister's Web site (www.pm.gov.uk).

But the broader impact of the development was to cast an ever darker shadow over the closing days of Mr. Blair's almost 10 years in office — a period that began with his promises that the Labor administration, in contrast to its Conservative predecessor, would be "purer than pure."

Mr. Blair has been questioned by the police as a witness, not as a suspect. The first interview was in December. After that a senior aide, Ruth Turner, was formally arrested and questioned not only in the honors inquiry but also on suspicion of failing to cooperate with or trying to frustrate the investigation.

Then, earlier this week, Lord Levy, the prime minister's chief fund-raiser, Middle East envoy and tennis partner, was arrested for a second time to be questioned in relation to the same offense, known in Britain as perverting the course of justice.

Around 90 people have been questioned in the inquiry, which concerns payments equivalent to $27 million made as loans to the Labor Party before the May 2005 national election. At that time, campaign financing arrangements offered as loans did not require public disclosure. Mr. Blair's critics have charged that the money was made available in return for promises of knighthoods or seats in the unelected and prestigious House of Lords.

The prime minister's office said in a statement on Thursday that Mr. Blair had been "briefly interviewed by the police as a witness. At the request of the police this was kept utterly confidential and, as a result, the press and communications team in Downing Street were not informed. As far as they were concerned nothing had changed."

In a separate statement, the police said that they had requested secrecy for unspecified operational reasons, and that the meeting with the prime minister had been sought "to clarify points emerging from the ongoing investigation." All of the politicians drawn into the inquiry have denied wrongdoing.

Mr. Blair was interviewed shortly before he flew to Davos, Switzerland, to attend the World Economic Forum, where he seemed untroubled by events back home as he rubbed shoulders with the rich, the powerful and the famous. For all that, his adversaries pounced on Thursday's announcement as evidence that the emerging scandal could stain Mr. Blair's final months in office before he redeems a pledge made last fall to relinquish power this year. "It is clear that this inquiry is going to haunt Tony Blair throughout his last months in office and beyond," said Sir Menzies Campbell, leader of the smaller opposition Liberal Democrats.

For Blair, Round 2 Of Police Questions (WP)

By Kevin Sullivan

The Washington Post, February 2, 2007

LONDON, Feb. 1 -- Prime Minister Tony Blair has been interviewed for a second time by police investigating allegations that his Labor Party offered seats in the House of Lords and other government honors in exchange for cash, police and Blair's office said Thursday.

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Police interviewed Blair for about 45 minutes last Friday but asked Blair's office "for operational reasons" to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was "interviewed as a witness, not as a suspect and cooperated fully" in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal.

Known here as the "cash-for-honors" probe, it has further damaged a leader whose approval ratings have been badly hurt by his enthusiastic support of the U.S.-led wars in Iraq and Afghanistan. Blair was first questioned by police in December at his 10 Downing Street office, the first time a sitting British prime minister had been questioned by police in a criminal inquiry.

"Blair's position is looking more and more difficult as each day goes by," said Iain McLean, professor of politics at Oxford University.

Blair, who took office in May 1997, announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner.

David Cameron, leader of the opposition Conservative Party, directly challenged Blair in Parliament on Wednesday at the weekly Prime Minister's Questions session when he said that Blair's authority to lead was "draining away" and that he should resign immediately "in the national interest."

"When is Mr. Blair going to realize it is all over?" Cameron asked.

Since at least last April, police have been investigating allegations that Blair's government has enticed political donors with promises of appointments to the House of Lords, the upper house of Parliament. Blair and other Labor officials have denied those allegations, but four people have been arrested either on suspicion of offering honors for cash or for "perverting the course of justice" -- which has led political opponents to allege a coverup.

No one has been charged with a crime, and police have stressed that the investigation is a "cross-party" probe into campaign finance irregularities.

But only Labor supporters have been arrested. Blair's chief fundraiser, Michael Levy, has been detained twice. A top Downing Street aide, Ruth Turner, has also been arrested, as have Christopher Evans, an entrepreneur and major Labor Party donor, and Des Smith, a Labor government adviser. All were later released and have denied wrongdoing.

Chancellor Gordon Brown, Blair's presumed successor, this week urged people not to rush to judgment about allegations of wrongdoing or coverup. "I believe when people see the full facts, then they will be satisfied," Brown said.

Official Says U.S. Willing To Help Cuba (AP)

By Traci Carl

AP, February 2, 2007

U.S. Commerce Secretary Carlos Gutierrez said Thursday that Washington is willing to help Cuba make the transition to a more open, democratic society.

Speaking to reporters during a one-day visit to Mexico, Gutierrez said the U.S. supports a "peaceful transition to democracy."

Ailing Cuban leader Fidel Castro has been seen only in government-released videos and photos since ceded power to his brother Raul in late July while he recovers from intestinal surgery.

On Tuesday, Cuban state television released images of a stronger-looking Castro meeting with Venezuelan President Hugo Chavez, a close ally.

Gutierrez, who was born in Cuba, said the United States does not plan to meddle in Cuban politics but wants to see the country make the transition to democracy.

"The future of Cuba is in Cuba," he said, but added that "if we can be of help, we are ready to help in that transition."

Gutierrez did not elaborate, but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy.

Gutierrez also said Thursday that President Bush's administration is working to pass an immigration reform that would allow the United States to protect its borders while recognizing the millions of people who already work illegally in the country.

"Unless we tackle the problem in a comprehensive fashion, it is just going to get worse," he said.

He said the U.S. must find a middle ground between "amnesty" and "animosity" and he spoke out against mass deportations, saying: "That's not humane or moral."

Gutierrez also praised a recent anti-drug crackdown launched by new President Felipe Calderon and said he expects Calderon to take action against Mexican industries that have been accused of monopolistic practices, such as telecommunications and television.

"We believe President Calderon is off to a strong start, and he'll need time to do what he needs to do," Gutierrez said.

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Europe Faults U.S. Farm Proposal (WSJ)

By Juliane Von Reppert-bismarck

The Wall Street Journal, February 2, 2007

BRUSSELS -- The European Commission expressed disappointment at a U.S. plan to overhaul subsidies to its farmers, saying "more ambitious cuts" are required to relaunch a stalled round of global trade talks.

The White House's proposal to Congress on how to overhaul the U.S. Farm Bill will make "extremely modest" cuts to loan-deficiency payments and keep payments to dairy and sugar farmers "virtually untouched," said EU farm spokesman Michael Mann.

The U.S. initiative, presented to Congress Wednesday, foresees cutting total farm spending to $87 billion over the next five years, down $18 billion from the total spent by the U.S. on basic programs and disaster assistance during the past five years.

Much of this is based on the assumption that farm prices remain at their current high levels, Mr. Mann said. A reversal of price trends will see trade-distorting farm support rise once again, he said.

"The U.S. will need to propose more ambitious cuts and disciplines," Mr. Mann said. "We had hoped the administration's proposal for the new farm bill would signal this more clearly," he said.

Global trade talks at the World Trade Organization ground to a halt in the summer, largely over the unwillingness of wealthy countries to cut protective measures for their farmers. Most trading nations now say it is up to the U.S. to revive the talks with a promise of deep and lasting subsidy cuts.

WTO spokesman Keith Rockwell said officials were still studying the 183-page document, but added, "it is a positive first step."

The plan, announced by U.S. Agriculture Secretary Mike Johanns, still needs approval by Congress. Analysts expect key aspects to come under attack, notably a $360,000 subsidy ceiling for U.S. farmers.

EU officials and diplomats warned an overhaul that makes limited cuts to market-distorting payouts sends a bad signal to negotiators at the WTO. Yet Washington has pointed out that if a palatable deal can be struck at the WTO, commitments made there will override any domestic farm plan.

Farm products account for less than 7% of world trade, and for 4.5% of U.S. exports. Political sensitivities over the sector in rich countries, and dependence on the sector in the developing world, have nonetheless placed it at the heart of a global trade round expected to tear down trade barriers and boost global wealth.

EU farmers slammed the plan, which they said paves the way for farm supports to increase.

"Either the U.S. is simply not serious about wanting a WTO agreement or it wants one at the expense of all farmers in the world except its own," Rudolf Schwarzboeck and Donal Cashman, presidents of Europe's leading farm lobby, said in a joint statement.

The White House plan would increase spending on farm projects that boost conservation and the environment -- a method of cutting direct production subsidies employed by the EU in its own farm-payment cuts. It would also put more emphasis on making payments to farmers that aren't tied to production.

Trade and development advocacy group Oxfam Wednesday praised the Bush administration for attempting to steer U.S. farm policy "in a new direction." The farm plan also foresees allowing farmers to grow fruit and vegetables on land eligible for subsidies.

The plan, which underlines an increasing desire in Washington to cut U.S. dependence on fossil fuels and simultaneously guarantee farmer income, reserves $2.1 billion in loan guarantees for plants that make ethanol fuel from wood chips, grasses and feed stocks other than corn and provides $1.6 billion to research noncorn sources of ethanol.

Solution For Kosovo (WP)

The Washington Post, February 2, 2007

TODAY U.N. envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. It's been eight years since the United States led a NATO military operation to stop an ethnic cleansing campaign by Serbia against Kosovo's Albanian majority; since then the Connecticut-size territory of 2 million has been governed by the United Nations. NATO troops, including Americans, are still there.

All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia.

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The Bush administration is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness.

A measure of the deftness has already been supplied by Mr. Ahtisaari, a former Finnish president who has been working on the issue for more than a year. Recognizing that Serbia and its ally Russia would strongly oppose a U.N. resolution explicitly granting Kosovo full independence, the envoy will propose that the Security Council adopt a measure ending the current U.N. regime but not mentioning independence.

The province would continue under international supervision, with the European Union to be given a major role, but would be allowed to join the United Nations and other international organizations. Once the Security Council approved these terms, Kosovo's Albanian-led government could declare independence and would win quick recognition from the United States and most European countries. Serbia could object but not stop the new arrangement.

The pitfalls along this winding course are easily spotted. Serb militants in Kosovo could respond violently to an independence declaration, as could Albanian nationalists disappointed that independence is not complete. Would-be Serb splinter states could appear in northern Kosovo or neighboring Bosnia. Russian President Vladimir Putin could trigger a crisis by vetoing the U.N. resolution. Or he could accept the resolution and cynically use it as a precedent to recognize the independence of Moscow-backed separatist regions in pro-Western Georgia or Moldova.

That's where U.S. firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran.

If Mr. Putin decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly.

Ulster's Last Holdout (NYT)

The New York Times, February 2, 2007

Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call "the troubles." One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future — or to stand in the way. That man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them.

To say that Mr. Paisley has not built his long career on compromise would be a breathtaking understatement. But in the past he could point to the maddeningly ambiguous declarations of his foes — the Irish Republican Army and its political arm, Sinn Fein — to justify his unyielding stubbornness. Not any more. Over the past two years, the republican side has taken the decisive steps it had long dodged.

The I.R.A. has destroyed its weapons. According to the independent commission set up to monitor Northern Ireland's paramilitary groups, it has followed through on its commitments to dismantle its clandestine apparatus and end all organizational involvement in criminal activities. This week, Sinn Fein voted to cooperate with Northern Ireland's reformed police service, a historic turnabout for a movement that once considered itself at war with the old Protestant-dominated police force.

Yet Mr. Paisley has so far seemed unable to acknowledge these historic changes. He needs to state plainly that his party's conditions for forming a power-sharing cabinet with Sinn Fein, as called for by the 1998 Northern Ireland peace agreement, have now been met. In the hope that Mr. Paisley will eventually do the right thing, Britain's prime minister, Tony Blair, has called new Northern Ireland elections for next month.

This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame.

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TERRORISM NEWS:

Judges Pose Questions On Bush Detainee Policy (NYT)

By Adam Liptak

The New York Times, February 2, 2007

RICHMOND, Va., Feb. 1 — In a series of probing and sometimes testy exchanges with a government lawyer, two of three judges on a federal appeals court panel here indicated Thursday that they might not be prepared to accept the Bush administration's claim that it has the unilateral power to detain people it calls enemy combatants.

The case was brought by Ali al-Marri, a citizen of Qatar who is the only person on the American mainland being held as an enemy combatant, at the Navy brig in Charleston, S.C. Mr. Marri, a legal resident whom the government calls a sleeper agent for Al Qaeda, was arrested in Peoria, Ill., on Dec. 12, 2001, where he was living with his family and studying computer science at Bradley University.

"What would prevent you from plucking up anyone and saying, 'You are an enemy combatant?' " Judge Roger L. Gregory of the United States Court of Appeals for the Fourth Circuit asked the administration's lawyer, David B. Salmons.

Mr. Salmons said the executive branch was entitled to make that judgment in wartime without interference from the courts. "A citizen, no less than an alien, can be an enemy combatant," he added.

Mr. Marri's appeal had been expected mostly to concern the impact of a new law, the Military Commissions Act, which says the courts have no jurisdiction to hear challenges from any noncitizen "who has been determined by the United States to have been properly detained as an enemy combatant."

But questions from Judge Gregory and Judge Diana Gribbon Motz suggested that the court might be willing to reach the more fundamental question of when and how such enemy-combatant determinations should be made.

Judge Motz asked, for instance, about the broader implications of the government's position that the United States is at war with Al Qaeda and that people affiliated with it may be subject to military detention rather than criminal prosecution.

"Nations have wars against each other," Judge Motz said. "People have quarrels or fights. Individuals can be terrorists. Individuals don't make war."

Mr. Salmons responded that a 2001 Congressional authorization to use military force after the Sept. 11 attacks had granted the president the power to detain Mr. Marri.

Judge Motz asked a series of hypothetical questions about whether the president could designate someone affiliated with People for the Ethical Treatment of Animals, or PETA, as an enemy combatant. "Could the president declare war on PETA?" she asked.

Mr. Salmons said the hypothetical was unrealistic, but he stopped short of categorically rejecting the idea. "The representative of PETA can sleep well at night," he said, because the executive branch's determination of who is an enemy combatant is a careful one.

Judge Motz also suggested that the criminal justice system could handle people like Mr. Marri.

"That doesn't mean he doesn't get punished," Judge Motz said. "Perhaps he gets punished worse, under the criminal process."

Mr. Marri was in fact charged with credit card fraud and lying to federal agents after his arrest in 2001, and he was on the verge of trial when he was moved into military detention in 2003.

The third judge, Henry E. Hudson, visiting from the Federal District Court for the Eastern District of Virginia, asked relatively few questions, most of them centered on the adequacy of the hearing Mr. Marri received in the trial court.

Judge Gregory, by contrast, subjected both lawyers to tough questioning.

"Do you agree," he asked Jonathan Hafetz, a lawyer for Mr. Marri with the Brennan Center for Justice at New York University School of Law, "that Congress gave the president broad power after Sept. 11 to wage the war on terrorism?"

"Certainly, your honor," Mr. Hafetz responded. "Broad, but not unlimited."

Judge Motz indicated that the government's shifting legal tactics in other cases had lost it a measure of credibility. It moved Jose Padilla, once labeled an enemy combatant, into the criminal justice system as the United States Supreme Court was considering whether to hear his challenge to that designation.

"Often the government in these cases has a late-breaking development," Judge Motz said. "Is there any late-breaking development here?"

Mr. Salmons said no.

Judges Motz and Gregory were appointed by President Bill Clinton, and Judge Hudson by President Bush.

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Detainee Rights At Center Of Fight (WP)

By Sari Horwitz

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- The Bush administration argued Thursday that a Qatari national who it says was an al-Qaeda sleeper agent sent to the United States for a second wave of terrorist attacks has no right to challenge in court his status as an enemy combatant.

Attorneys for Ali Saleh Kahlah al-Marri, held for 3 1/2 years in the Navy brig in Charleston, S.C., have contested the president's authority to indefinitely detain a lawful resident of the United States without charges.

If the government is right, said lawyer Jonathan Hafetz, "they can pick up any immigrant in this country, lock them in a military jail and hold the keys to the courthouse. If this case stands, the United States could effectively disappear people."

In arguments before a three-judge panel of the U.S. Court of Appeals for the 4th Circuit in Richmond, Bush administration lawyers contended that the Marri case is unique and does not represent a threat to immigrants with no ties to terrorist organizations.

Assistant Solicitor General David B. Salmons said Marri met in 2001 with Osama bin Laden and accused Sept. 11 mastermind Khalid Sheik Mohammed and received training from al-Qaeda in Afghanistan in the use of poisons.

The government contends that Marri was sent to help other al-Qaeda operatives carry out subsequent terrorist attacks and had been told by al-Qaeda to explore computer-hacking methods to disrupt the U.S. banking system. "This is not a close case," Salmons said. "Al-Marri is clearly an al-Qaeda operative."

Marri, 41, is the only accused enemy combatant still held in the United States. Yaser Esam Hamdi, a U.S. citizen, was freed and sent to Saudi Arabia after the Supreme Court upheld his right to challenge his detention; Jose Padilla, another U.S. citizen, was transferred to the civilian justice system last year. Marri, who took up residence in Peoria, Ill., on a student visa in 2001, was arrested there.

Marri was arrested by the FBI in December 2001 and charged with credit card fraud and lying to federal agents. He was accused of denying that he had repeatedly tried to call a man in the United Arab Emirates who was the paymaster for the Sept. 11 hijackers. The charges were dropped in June 2003 when President Bush declared Marri an enemy combatant and moved him to military control.

Thursday, the judges focused their questions not on whether Marri is an al-Qaeda operative but on whether he was properly designated an enemy combatant.

Judge Diana Gribbon Motz questioned under what circumstances the president can order someone on U.S. soil to be detained as an enemy combatant. Under the traditional laws of war, she said, combatants are captured on a battlefield and connected to a nation or state at war with the United States.

Motz said that she is concerned about giving the government broad authority "to pluck up anyone from the streets of the United States" and added: "We don't want other nations to do that to our people."

But Judge Roger L. Gregory suggested that Congress knew it was dealing with an "amorphous enemy" when it passed the Military Commissions Act last year, creating a tribunal system for accused combatants such as Marri to challenge their status.

The provision of the act that denies access to U.S. courts to foreign nationals deemed enemy combatants was aimed primarily at Guantanamo Bay detainees. Attorneys for those prisoners have filed a challenge to that provision, arguing that it violates constitutional guarantees against being detained without the right to contest the charges in court.

Bush's War Powers Further Scrutinised (FT)

By Demetri Sevastopulo In Richmond, Virginia

Financial Times, February 2, 2007

The battle to define presidential powers in the "war on terror" came under renewed scrutiny on Thursday when a foreign prisoner held in the US on suspicion of being an al-Qaeda "sleeper agent" asked a court to declare his detention unconstitutional.

Ali Saleh Kahlah al-Marri, a Qatari citizen studying computer science in the US, was arrested in Illinois in late 2001 in connection with the investigation into the September 11 attacks. He was slated for a criminal trial in 2003 on charges including credit card fraud.

Just weeks before the trial, however, President George W. Bush classified Mr Marri as an unlawful "enemy combatant" in the "war on terror". He was removed from the criminal justice system and transferred to a prison in South Carolina, where he has remained without direct access to his family. The administration has designated hundreds of detainees at Guantánamo Bay as "enemy combatants".

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But lawyers for Mr Marri argued in a federal appeals court in Virginia on Thursday that Mr Bush did not have the authority to declare legal US residents as enemy combatants. “The president cannot militarise the case of a man in Peoria [Illinois] with the stroke of a pen,” said Jonathan Hafetz, a New York University lawyer representing Mr Marri.

The Justice Department argued that Congress gave Mr Bush the authority to declare Mr Marri an enemy combatant when it gave him the ability to use force to prosecute the “war on terror” after September 11.

Critics say Congress intended the president to have the authority to classify only prisoners captured on the battlefield, not legal US residents or US citizens, as enemy combatants.

“If the government prevails, any one of the 11.6m legal permanent residents in the US could – on the president’s say-so...be held indefinitely as an ‘unlawful enemy combatant’ with no right to challenge his or her imprisonment in court,” said Human Rights Watch.

In court on Thursday, the Justice Department argued the battlefield in the “war on terror” included the US. That view seemed to receive support from one judge on the three-member panel but another appeared to question the administration’s argument, saying while Congress could have given Mr Bush the ability to declare legal residents and citizens as “enemy combatants”, it was unclear it had done so.

But Congress may again tackle the debate over habeas, which could have implications for the case of Mr al-Marri and the several hundred detainees still imprisoned at Guantánamo.

Senators Patrick Leahy and Arlen Specter, the top Democrat and Republican on the Senate judiciary committee, last week said they would work to reinstate the right of habeas corpus for all detainees.

“The great writ of habeas corpus was done horrible damage by the Congress in a law the president signed last year,” Sen Leahy told Alberto Gonzales, the US attorney-general last week.

“I just want to put everybody on notice: as chairman of this committee, I will do everything possible to restore all the rights under the write of habeas corpus that were there before we passed the [MCA] legislation,” he said.

Two Men Acquitted Of Conspiracy To Fund Hamas Activities In Israel (WP)

By Dan Eggen

The Washington Post, February 2, 2007

A federal jury in Chicago acquitted two men yesterday of charges that they were part of a long-running conspiracy to finance Hamas activities in Israel -- marking the latest defeat for the Justice Department in cases involving support for radical Palestinian groups.

Abdelhaleem Ashqar, 48, a former Howard University professor who lives in Springfield, and Muhammad Salah, 53, a former grocer from suburban Chicago, were found not guilty of racketeering conspiracy. The charge was the most serious allegation against them and could have drawn life sentences for each.

But the two men were found guilty of lesser charges: Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify in front of a grand jury, while Salah was convicted of obstruction for providing false answers in a civil lawsuit.

The case provides the latest example of the serious difficulties faced by the Justice Department in its attempts to prosecute supporters of radical Palestinian organizations. In the Chicago case, prosecutors faced the additional challenge of trying to punish activities that occurred before Hamas was declared a terrorist organization by the U.S. government in 1995.

Salah, a U.S. citizen, was accused of helping funnel hundreds of thousands of dollars to militant groups in the West Bank and Gaza. He was captured by the Israelis with $100,000 in cash in 1993 and allegedly confessed to being a military commander in Hamas. Ashqar was alleged to have helped launder money and facilitate communications for Hamas.

Neither man denied that he helped move money for Palestinian causes. But both said what they did was aimed at helping the Palestinian people and not to promote terrorism. In addition, Salah said his confession was the result of torture by Israeli officials.

In Chicago yesterday, the defendants and their attorneys immediately characterized the verdicts as a victory and said they showed that the government had overreached by trying to punish legitimate opposition to Israeli policies.

"It was better than we thought," a tearful Salah told reporters in Chicago. "We are good people, not terrorists."

Salah's attorney, Michael Deutsch, called the verdict "a tremendous victory" and said his client "may not even go to prison at all."

"This rejects the idea we can criminalize someone for resisting an illegal occupation in another country," Deutsch said.

The Justice Department in Washington declined to comment. First Assistant U.S. Attorney Gary S. Shapiro told reporters in Chicago: "We've convicted them. It's hard to say that we're disappointed."

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The prosecution of Ashqar and Salah was deemed so important to the Justice Department that the 2004 indictments were announced in a news conference by then-Attorney General John D. Ashcroft. But the outcome of the three-month trial is decidedly mixed.

In December 2005, a jury in Florida acquitted former computer professor Sami al-Arian of eight terrorism charges and deadlocked on nine others. Arian eventually pleaded guilty to supporting members of the Palestinian Islamic Jihad and is slated to be deported after finishing a short prison term.

One of Arian's attorneys, William Moffit, also represented Ashqar in Chicago.

The case was prosecuted by the office of U.S. Attorney Patrick J. Fitzgerald, who is in the spotlight as the special counsel in the trial of I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff.

The Hamas prosecution also featured another central player in the Libby saga: former New York Times reporter Judith Miller, who testified on behalf of prosecutors in Chicago about an Israeli interrogation session with Salah that she witnessed in the early 1990s.

Salah and his attorney argued that much of the evidence against him, including a confession, should be disregarded because it was obtained under torture when he was in Israeli custody. Miller testified that she saw no evidence of mistreatment when she witnessed an interrogation of Salah and -- in an unprecedented twist for a U.S. courtroom -- two Israeli interrogators testified under aliases that Salah was treated well.

Prosecutors also presented recorded conversations in which Ashqar discussed violent operations by Hamas. But Moffit said his client was never recorded planning any attacks or recruiting anyone to carry them out.

One other defendant remains under indictment in the case: Mousa Abu Marzook, Hamas's deputy political bureau chief, who was deported from the United States in 1997 and is now a fugitive living in Damascus, Syria.

Staff writer Kari Lydersen in Chicago and staff researcher Julie Tate in Washington contributed to this report.

Two Found Not Guilty Of Supporting Hamas (CHIT)

By Rudolph Bush And Jeff Coen

Chicago Tribune, February 2, 2007

In a legal defeat for the Bush administration's domestic war on terror, a federal jury Thursday acquitted two men of being leading members of the Palestinian extremist group Hamas and conspiring to support terrorism from the United States.

Bridgeview businessman Muhammad Salah swallowed hard and visibly fought back tears of joy as the jury acquitted him and co-defendant Abdelhaleem Ashqar of the most serious charges in the landmark case.

Salah and Ashqar, a business professor living outside Washington, D.C., were found not guilty of the racketeering charges that could have resulted in life prison terms. The men were convicted of lesser charges including obstruction of justice, and their lawyers promised to fight to keep them out of prison altogether when they are sentenced in June.

Salah hugged his family and supporters and raised his arms in victory as he left the Dirksen U.S. Courthouse to applause.

"The terrorism theory is defeated," he said as he left. "We are not terrorists, and everyone can see it."

The case was among the first to level allegations that America was being used as a fundraising base for a government-designated terrorist organization, but it was built largely on evidence that was more than a decade old. Some of that evidence was gathered in Israel—including what the defense contended was Salah's coerced confession—and involved conduct that occurred in the early 1990s, before the U.S. had given Hamas the terror designation.

Former U.S. Atty. Gen. John Ashcroft had announced the charges against Salah and Ashqar in a 2004 news conference in Chicago that heralded a significant shift in the Justice Department's approach to allegations about domestic support for foreign militant groups.

But Salah's lawyers said their win shows the government was overreaching.

"It's a huge victory—what's left is a relatively minor charge," said Salah's lawyer, Michael Deutsch. "I think the jury rejected this idea that you can criminalize this kind of organizing activity under RICO [Racketeer Influenced and Corrupt Organization Act] in the U.S.," he said. "It's a stretch."

Leaders of the U.S. attorney's office and the FBI in Chicago disagreed, and said the outcome of the Salah trial would do nothing to dissuade them from using the same tools again to fight terrorist organizations with branches or operatives here.

"This case is not going to prevent us from aggressively pursuing terrorism and terrorism financing cases," said Gary Shapiro, first assistant U.S. attorney in Chicago

That includes the unprecedented use of Israeli agents to testify against defendants, as they did against Salah and Ashqar.

"We don't believe we would have received guilty verdicts on all the other counts if it had not been for their testimony, which put all the conduct of the defendants into perspective," he said.

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Jurors deliberated for 14 days over three weeks before finding Salah, a 53-year-old grocer, not guilty of conspiring to provide funding, recruiting, training and other aid to Hamas, a group responsible for dozens of terrorist attacks in Israel, Gaza and the West Bank. He was convicted of obstruction for lying under oath when questioned in a civil suit filed by the family of David Boim, an American student killed in a Hamas shooting.

$156 million awarded

In 2004, a federal jury awarded Boim's parents $156 million after finding that Salah provided support to Hamas.

Ashqar, 48, had been accused of archiving and distributing key documents and acting as a kind of switchboard who connected Hamas members across the globe to one another through his home telephone. He was convicted of obstruction and criminal contempt for refusing in 1998 to testify before a grand jury

Jurors said they were not divided, and simply applied the evidence presented in the three-month trial to the law they were given.

"There was a lot of evidence to go through, a lot of documentary evidence to go through," said juror Max Lapertosa, a lawyer for Access Living, a disabilities advocacy and services organization in Chicago. "The law was complex. In the end I think we came up with an unanimous verdict that is as fair as we could have possibly rendered."

That evidence included the confession of Salah, an American citizen, provided in 1993 while in the custody of Israel, as well as bank records showing he had received nearly $1 million from top Hamas leader Mousa Abu Marzook.

And the evidence included a trove of documents and wiretaps collected by federal agents in 1993 and 1994 under the Foreign Intelligence Surveillance Act, or FISA. The act permits electronic surveillance for the purpose of gathering intelligence domestically against people suspected of being foreign agents.

Some of the wiretaps and documents captured under the FISA order were entered as evidence against Salah and Ashqar in a process facilitated by the much-scrutinized Patriot Act.

The case had so many unusual elements that it's not possible to generalize from the results, Shapiro said.

But he said this was not a case about someone innocently sending or taking money overseas to aid charitable events. One of the defense positions in the case was that fundraising efforts were meant to support hospitals and education in the West Bank.

Prosecution cites terror acts

"The evidence in this case was pretty substantial that the money went overseas to aid the military wing of Hamas, and that that money went at least for the ostensible purpose of killing the Israeli military and engaging in other terrorist acts which killed civilians," Shapiro said.

Salah's lawyers also had contended that he was tortured into confessing while in Israeli custody. The prosecution had rejected that claim, and had even brought in former New York Times reporter Judith Miller—who had seen some of the interrogation—to testify about Salah's condition.

At the Mosque Foundation in Bridgeview on Thursday, Muslims who worship with Salah celebrated the verdict. They said it shows Muslims can find justice in the American legal system.

"Our community will no longer have to be afraid," said Amira Daoud. "I'm so glad that American people—his peers—gave a verdict that shows he couldn't have done this."

Leaders of Jewish advocacy groups expressed disappointment over the acquittals on the most serious charges.

"The fact that the charges were not sustained is a setback for the international fight against terrorism, plus for the public's understanding of how terrorist organizations can take advantage of the openness of democratic societies," said Yehudit Barsky of the American Jewish Committee in New York.

But they took some consolation in Salah's conviction for lying under oath in the Boim litigation.

"There is no escaping the fact that both of these individuals [Salah and Ashqar] were deeply involved with Hamas," said lawyer Steve Landes, who represented the Boim family at the trial.

Notified of the verdict, Boim's father, Stanley, said he was "at a loss for words."

"We have to hope that for people who do evil, justice will be done," he said from Jerusalem.

Salah relatives pleased

Salah's relatives said the jury's verdict shows Salah and Ashqar were only engaged in legal conduct, supporting Hamas' charitable work in gatherings protected by the U.S. Constitution.

Salah was forced to talk to Israeli interrogators and give a handwritten statement admitting he acted as the military commander of Hamas from his home in Bridgeview, they said.

Prosecutors had argued that Salah's confession to Israeli authorities was voluntary and included corroborating facts.

"They were basically trying to do Israel's work," Salah's cousin, Abdullah Salah, said of the government. "They were using Israeli agents, [coerced] confessions, in an American courtroom. It's un-American."

"We are not terrorists. We are not bad people," said Mahmoud Salah, Salah's brother. "We came to this country to be free.

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"Now we thank God because it is over."

2 Men Cleared Of Charges Of Aiding Hamas Violence (NYT)

By Libby Sander

The New York Times, February 2, 2007

CHICAGO, Feb. 1 — Two men were acquitted Thursday of federal charges that they provided money and other aid to the Palestinian organization Hamas in the early 1990s.

The racketeering case against the men, Muhammad Salah, 53, a onetime grocer from suburban Chicago, and Abdelhaleem Ashqar, 48, a former university professor from suburban Washington, was announced with much fanfare in 2004 by the United States attorney general at the time, John Ashcroft, as an important part of the government's fight against terrorism.

But Thursday afternoon, after a three-month trial and 14 days of deliberations, a jury of seven women and five men rejected the core of the government's case and acquitted Mr. Salah and Dr. Ashqar of the most serious charge brought under the Racketeer Influenced and Corrupt Organizations Act, that the two men used United States bank accounts to funnel money to Hamas's military leaders and were therefore responsible for the group's violent tactics against Israel.

The jury convicted the men of lesser charges, including obstruction of justice and, for Dr. Ashqar, criminal contempt.

Both men smiled and wept after the verdict, hugging and thanking family members and supporters in the packed and heavily secured downtown courtroom. "We are not terrorists," Mr. Salah told reporters in the lobby of the courthouse, his young son perched on his shoulders.

Defense lawyers said the verdict was a blow to what they called the United States government's decision to litigate the dispute between Israel and the Palestinians in American courtrooms.

"The government has tried to turn the Israeli-Palestinian conflict into something criminal," said William Moffitt, who is Dr. Ashqar's lawyer. "Maybe the government will get it in their heads that the conflict won't be settled in the criminal courts of the United States."

Prosecutors said they accepted the jury's decision, but also stood by the evidence they presented at trial.

"This was about an organization that has publicly claimed credit over and over and over again for terrorist acts," said Gary S. Shapiro, the first assistant United States attorney in Chicago, "not just acts against the Israeli military, but acts against civilians where Americans and foreign nationals were killed."

Prosecutors based their accusations against Mr. Salah on a 1993 confession he made while in the custody of the Israeli secret police, who arrested him at a checkpoint in the Gaza Strip and found $97,000 in his hotel room. Mr. Salah told the Israeli police that he had met with top Hamas military officials and given them money. He spent nearly five years in an Israeli prison.

Defense lawyers argued that the confession was false and obtained only after Mr. Salah endured weeks of torture by the Israeli agents.

The case against Dr. Ashqar centered on recorded telephone conversations he had with Hamas officials and records seized in the early 1990s from his home in Oxford, Miss., while he was a graduate student at the University of Mississippi.

Throughout the trial, both defendants denied membership in Hamas, which they pointed out had not been designated a terrorist organization by the United States government until 1997. They maintained that their interactions with the organization were humanitarian in nature, intended only to finance charities and help impoverished Palestinians living under Israeli occupation.

Federal Jury In Chicago Acquits 2 Men Of Racketeering Conspiracy In Hamas Trial (FINDLAW/AP)

By Mike Robinson, Associated Press Writer

AP, February 2, 2007

(AP) - CHICAGO-Two men accused of furnishing money and fresh recruits to the militant Palestinian group Hamas were acquitted Thursday of racketeering but convicted on lesser charges.

The two men beamed broadly at the split verdict and defense attorneys immediately declared victory in the three-month trial that the government had described as a major component in its war on terrorism.

"We are not terrorists," former grocer Muhammad Salah told reporters as he left the courthouse with his 8-year-old son, Ibrahim, on his shoulders. "I feel good," he said as he was hugged by relatives and well wishers. "I thank God and I hope justice will prevail."

"This is a great day for justice," said Salah's attorney, Michael E. Deutsch.

Salah, 53, and Abdelhaleem Ashqar, 48, a one-time assistant business professor at Howard University in Washington, had been accused of laundering money for Hamas terrorists fighting to topple the Israeli government.

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Defense attorneys portrayed the men as freedom fighters, comparing them to Nelson Mandela, Malcolm X and the Rev. Martin Luther King Jr.

Salah and Ashqar, who lives in Springfield, Virginia, have always denied being members of Hamas. But they have made no secret of their dislike of the occupation of the West Bank and Gaza.

Salah was convicted of obstruction of justice for providing false answers to questions in a civil suit filed by parents of an American teenager who was shot and killed by Hamas terrorists at an Israeli bus stop.

Ashqar was convicted of obstruction of justice and criminal contempt for refusing to testify before a federal grand jury after receiving immunity from prosecution for anything that he might have revealed.

The jury delivered the verdict amid heavy security in the courtroom after deliberating for 14 days.

"We've convicted them - it's hard to say that we're disappointed," First Assistant U.S. Attorney Gary Shapiro said.

Defense attorneys said they hoped to have the convictions reversed on appeal but added that, at worst, the men would likely serve comparatively short sentences.

Also charged in the case is Abu Mousa Marzook, described as one of the top leaders of Hamas. Prosecutors said it was Marzook who sent Salah on his mission to Israel and supplied him with money to give to Hamas leaders.

FBI agents also intercepted phone calls between Ashqar and Marzook.

Marzook is currently living in Damascus, Syria, and is classified by the government as a fugitive.

U.S. Senators Briefed On Arar But Say They Have A Lot More Questions (CP)

Canadian Press, February 2, 2007

WASHINGTON (CP) - Two U.S. senators who have been briefed on the Maher Arar case say they have a lot more questions.

But Democrat Patrick Leahy and and Republican Arlen Specter clammed up about what they were told by Justice Department officials today during a meeting that lasted an hour and 40 minutes.

They say the information is classified but wanted to assure people that the file was receiving a lot of congressional oversight.

The two senators say they want to know more about why Arar was sent to Syria and why the United States won't take him off its security watch list when he's been completely exonerated in Canada.

Leahy also wants the Government Accountability Office to look into Arar's case. The office is already conducting a study of how people make it onto the U.S. no-fly list.

Leahy angrily demanded answers from Attorney General Alberto Gonzales at a public hearing last month, saying the case was a black mark on the United States.

Chinese Official Publishes Rebuke Of Bush (NYT)

By Joseph Kahn

The New York Times, February 2, 2007

BEIJING, Feb. 1 — A senior Chinese government official issued a rare public rebuke of President Bush on Thursday, accusing him of waging a “unilateral” battle against terrorists that had worsened global tensions.

The official, Ye Xiaowen, director of China’s State Bureau of Religious Affairs, said in a front-page article in the overseas edition of The People’s Daily that Mr. Bush’s past references to a “crusade” and to “Islamic fascism” were verbal gaffes that revealed his effort to turn the fight against terrorism into a religious war.

Partly as a result, he said, the United States had lost support for the war in Iraq and had frittered away the good will Americans gained after the 9/11 attacks.

“The more they oppose terrorism, the more terror they produce,” Mr. Ye said in the article. “How many more troops will they send to die in the meat grinder” of Iraq.

Mr. Ye wrote that Mr. Bush had effectively “hijacked” one religion, Christianity, to engage in a battle against another one, Islam. That has strengthened Islamic fundamentalists and made the war unwinnable, he contended.

“Unilateralism and terrorism breed each other, but neither can overcome the other,” he wrote.

While such assessments of Mr. Bush’s leadership are not new among his opponents in the United States and abroad, Chinese officials generally take pains to maintain cordial relations with Washington. Beijing remained on the sidelines when the United States invaded Iraq, and Chinese officials have refrained from commenting extensively on the difficulties the American military has faced there.

Even when China opposes American policies, it is rare for a sitting official to cast aspersions on an American president by name, a step often considered a breach of diplomatic etiquette.

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It is unclear if Mr. Ye cleared his comments with other top leaders before publishing them in the overseas edition of the newspaper, the Communist Party's most authoritative publication.

Mr. Ye's bureau manages China's official Christian, Buddhist and Islamic associations. The associations regulate religious practice in China, which is officially atheist.

In the past, Mr. Ye has clashed with American officials who have pressed China to allow greater religious freedom, and he has tended to speak bluntly when defending religious policies.

The American Embassy in Beijing did not offer any immediate response to Mr. Ye's article.

Beijing at least initially embraced the American-led fight against terrorists. Human rights groups say China has used Mr. Bush's policies to justify a broader crackdown on its Muslim Uighur population in the western region of Xinjiang, where it says separatist groups operate.

Yet even as that crackdown has continued, the Chinese religious authorities have sought to improve relations with Islamic nations and Islamic religious leaders at home and abroad.

Last year, the Foreign Ministry officially condemned Danish cartoons that Muslims considered an insult to the Prophet Muhammad. This year, Chinese propaganda officials have ordered the Chinese news media to play down images or references to pigs ahead of the Year of the Pig in the Chinese zodiac, because China's Hui Muslim minority considers pigs offensive.

Mr. Ye suggested that Mr. Bush follow China's more accommodating approach. Mr. Bush should "abandon unilateralism" and "respect that differences can exist in harmony," Mr. Ye wrote.

Poster Of Hussein At Guantánamo Draws Detainee Complaints (NYT)

By David Rohde

The New York Times, February 2, 2007

Military officials have removed a poster of Saddam Hussein from the American detention center in Guantánamo Bay, Cuba, after complaints from a detainee that it was intended to intimidate the prisoners there.

Lawyers for the detainee said the 7-by-3-foot poster, in a small recreation area for prisoners, featured images of Mr. Hussein being sentenced to death and a heading in Arabic that stated, "Because Saddam chose not to cooperate and not to tell the truth, because he thought by lying he would get released, for that reason he was executed."

The chief military spokesman in Guantánamo, Cmdr. Robert Durand, said the lawyers' description of the statement on the poster was inaccurate, but he declined to give its exact wording.

"A recent poster showed Saddam Hussein's capture, court appearances and sentencing," Commander Durand said in an e-mail message. "The intent of this poster was to show that the Iraqi people are making progress and have delivered justice."

Commander Durand said that the poster had been removed and that the military regretted that the "language of this poster appeared insensitive."

Lawyers for the detainee who complained, David Hicks, an Australian who was captured in Afghanistan in 2001, said news articles about Mr. Hussein's execution were also displayed in the recreation area. Other articles described the accidental decapitation of a Hussein co-defendant in a subsequent hanging.

"I have no doubt that those were put up for a particular reason," said Joshua L. Dratel, one of Mr. Hicks's lawyers. "For psychological warfare and for mental torture and intimidation."

Commander Durand said the articles had not been intended to intimidate prisoners. "The news photos that appear in the stories are neither graphic nor sensational," he said. "A BBC news article describing Saddam Hussein's execution, with a photo of him prior to his hanging, was included in the camp news."

Since the camp's opening, American military officials have displayed posters they created in Arabic and other languages that conveyed news events. Lawyers for the detainees said they focused on the arrests of terrorism suspects and the deaths of Iraqi and Afghan insurgents. Military officials described the posters as balanced.

In the past, military officials barred lawyers for the prisoners from describing outside events to them or giving them news articles.

The articles on Mr. Hussein were displayed under a new policy in which the American military posts a weekly collection of news reports in recreation areas around the prison, Commander Durand said.

Travel Logs Aid Germans' Kidnap Probe (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

DOJ_NMG_0126635

BERLIN, Feb. 1 -- If not for the pit stops on a Mediterranean resort island, where they relaxed in four-star hotels and went to the spa for a massage, the CIA operatives who now face arrest on kidnapping charges in Germany would have remained safely in the shadows, according to German prosecutors.

German investigators said they received detailed records of the intelligence agents' stopovers on the Spanish island of Palma de Mallorca from Spanish police last year. The documents, which included the operatives' passport numbers, hotel bills and aviation records, enabled prosecutors to identify a CIA abduction crew that allegedly kidnapped Khaled el-Masri, a German citizen, in a bungled counterterrorism operation in early 2004.

On Wednesday, prosecutors in Munich announced that a German court had issued arrest warrants for 13 people it named as CIA operatives involved in the Masri kidnapping. While most of the people used aliases and their true identities remain unclear, German authorities said the Spanish records provided a critical break and kept the investigation alive.

"It made it possible for us to identify specific individuals and to connect them with the kidnapping case," said Christian Schmidt-Sommerfeld, the chief Munich prosecutor, in a statement disclosing the warrants. "This information as well as other investigative evidence now leads to the grounds of suspicion against these 13 distinctly identifiable individuals."

It's not the first time that CIA officers have left a long trail of clues during an undercover counterterrorism operation in Europe. Italian prosecutors charged 25 CIA operatives and a U.S. Air Force officer with kidnapping a radical cleric in Milan in 2003 after investigators traced their cellphone logs and frequent-flier records. They also found that the operatives had racked up more than $150,000 in expenses while in Italy, including long stays at $500-a-night hotels.

Records of the other team's stopovers at Palma de Mallorca were gathered by the Guardia Civil, a Spanish police agency that has investigated the CIA's use of the island as a staging ground for other counterterrorism operations in Europe and North Africa. Some of the records were provided to The Washington Post by Human Rights Watch, a New York-based advocacy group that has investigated extralegal abductions by CIA counterterrorism squads.

A CIA spokesman at headquarters in Langley, Va., declined comment for this article.

Aviation records show that the CIA operatives arrived at Palma de Mallorca at 10 p.m. Jan. 22, 2004, from Algiers. They spent the night at the Marriott Son Antem Golf Resort and Spa, paying $175 each for a room, including breakfast. One male member of the team, who stayed in Room 216, was billed for $85 worth of massages and a $23 bar tab. He and the others paid with their Visa cards.

The next day, the CIA crew departed in a privately chartered Boeing 737 for Skopje, Macedonia, where Masri had been detained secretly for three weeks by Macedonian security agents on suspicion of involvement with a terrorist network, according to German prosecutors. The plane stayed on the ground for less than six hours before departing with Masri on board, heading first to Baghdad and then to Kabul.

Masri, a German citizen of Lebanese descent, said he was kept in a secret CIA prison that was known as the Salt Pit and interrogated about Islamic radicals in Germany before his captors realized they had the wrong man. He said he was flown back to the Balkans five months later, released on a hillside in Albania and warned to keep his mouth shut.

After delivering him to Afghanistan, the CIA operatives flew back to Palma de Mallorca after a brief stopover in Romania, aviation records show. The team spent three more nights on the Spanish island before returning to Washington. For the flight home, they ordered a shrimp cocktail for the pilot and two bottles of Pesquera red wine, according to invoices from the ground services crew at the Palma airport.

John Sifton, a senior researcher on counterterrorism for Human Rights Watch, said the operatives may have taken a carefree approach because they assumed they were being protected by European intelligence partners. Masri, for instance, was handed over to the CIA by Macedonian security agents. And in the Milan kidnapping case, top officials with the Italian military intelligence agency known as Sismi have been charged with conspiring with the CIA.

"I suppose they never expected there would be a flap about all this or else they would have been more cautious," Sifton said. "When you think a local government is cooperating with you in your criminal activities, you're probably less careful."

U.S. officials have never publicly admitted guilt or responsibility in the Masri case, and the U.S. Justice Department has refused to cooperate with requests for information from German prosecutors.

Masri sued the CIA for damages in U.S. District Court in Virginia. His complaint was dismissed in May on grounds that the lawsuit could generate revelations that would damage national security. Masri is appealing. His attorneys said the recent revelations from Europe show that the secrecy concerns are moot.

"It renders even more far-fetched the argument that every single development in this case is a state secret," said Ben Wizner, an ACLU lawyer who is representing Masri in his lawsuit.

Staff researcher Julie Tate in Washington contributed to this report.

Neighbors Of British Terror Suspects Skeptical Of Charges (NYT)

By Jane Perlez

The New York Times, February 2, 2007

BIRMINGHAM, England, Feb. 1 — Many residents in the area where nine people were arrested and accused of planning to kidnap, torture and behead a British Muslim soldier said Thursday that they were unconvinced of the accusations against them.

By most neighborhood accounts, for example, one suspect, Amjad Mahmood, is a father of two in his late 20s who has worked tirelessly to keep his father's grocery business going and who has shown no discernible interest in Islamic affairs.

He is cleanshaven, wears jeans and, like some young men in the Alum Rock section of this diverse city, seems more secular than religious, people who know him said. He rarely attended the mosque a block away from his house, they said.

For those reasons, and because of recent instances of the British police arresting suspects and then releasing them for lack of evidence linking them to terrorism, people here said they were not convinced of the accusations against Mr. Mahmood and the other eight suspects. The public and startling nature of the arrests in predawn raids made them angry and dismayed, they said.

In what the British authorities called a joint operation by the security service MI5, a newly formed West Midlands counterterrorism team and West Midlands police, the nine men were arrested in raids in poor, mainly South Asian neighborhoods of Birmingham, Britain's second-largest city, with one million people.

Pakistanis, Bangladeshis, Kashmiris and, recently, Somalis dominate the areas where the men were arrested. Birmingham, where a central area of recent urban redevelopment contrasts with the poor ethnic areas, is 14.3 percent Muslim, seventh highest among areas measured in Britain, according to the Office of National Statistics.

The neighborhoods of Sparkhill and Alum Rock are lined with often run-down but still neat Victorian-era two-story row houses that show pride with limited means. Some boast carved stone lintels, and many are decorated with lace-trimmed white curtains in their front windows.

The police shut and searched the Maktabah al-Ansar Islamic bookstore, a purveyor of radical Islamic books and tapes. They also closed the Blades Cyber Cafe and the Khan General Store. The police did not release the names of those arrested. Newspaper reports here described one of the suspects as the owner of a pizza shop.

A neighbor of Mr. Mahmood's said it was possible that Mr. Mahmood, whose father came to Britain from Pakistan, became the "victim of a bunch of bad lads."

"He had quite a few Arab friends, that's the only thing, looking back on it," said the neighbor, Amad Altaf, 30, a university student.

There seemed to be surprise in the neighborhoods that the supposed plot involved killing a British Muslim soldier. Indeed, a British Muslim soldier, Lance Cpl. Jabron Hashmi, 24, was killed in fighting against the Taliban in Afghanistan last year. Since the arrests, British television has shown pictures of a Lance Corporal Hashmi, and some newspaper reports said a commemoration of his death was held last week.

About 330 Muslims serve among the 180,000 members of the British armed forces. In an effort to increase the proportion, the army has held recruitment drives in recent years in South Asian neighborhoods, though to little effect, people here said.

Under British terrorism laws, police can detain suspects for up to 28 days without bringing formal charges.

Mohammad Khan, a friend of one of the suspects who is a lecturer in the department of education at the University of Birmingham, said that he had hired a lawyer for his friend and that the lawyer had visited the suspect in custody on Thursday. Mr. Khan declined to identify the suspect, saying only that he was "a very caring person" who had helped in antidrug programs.

Mr. Khan said the arrests put a spotlight on the lack of government services in the South Asian neighborhoods.

According to a survey by the Birmingham Voluntary Services Council, the Alum Rock and Sparkhill neighborhoods ranked highest on the "inequality index," Mr. Khan said.

The Sparkhill area where the Maktabah bookshop is located had the highest rate of unemployed university graduates in Birmingham, he said. That meant, he said, "You jump through all the hoops and you don't go anywhere."

The Labor government has poured money into religiously based community organizations since the terrorist bombings in July 2005 that killed 56 people, including 4 bombers, Mr. Kahn said. But the grants were unevenly distributed if the goal was to improve livelihoods in mainly poor and Muslim areas, he said. The grants went to 900 Christian groups, 400 interfaith groups and fewer than 300 Muslim organizations, he said.

"They fund according to old relationships," said Mr. Kahn, who was invited by the American Embassy in London to visit the United States last year as part of a State Department program on conflict resolution. "They need to encourage Muslim organizations that offer something other than representation."

More effort should be put into promoting scholarships for Muslim youth, and offering counseling services, he said. There were almost no youth centers in the areas, he said.

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A prototype of what can be done opened recently in the Sparkbrook neighborhood not far from Alum Rock: a gym for women run by women. Called Saheli Women's Group Gym — saheli means "best friend" in the Urdu language — the gym serves women who had nowhere to go outside their homes, said Naseem Akhtar, its founder. Many of the women who used the gym were conservative in their Islamic beliefs, wearing black robes and veils that showed only their eyes, she said.

Until the arrests on Wednesday, Birmingham had escaped the notoriety that has befallen a number of Muslim areas in Britain since the Sept. 11 attacks in the United States and the July 2005 bombing in London.

Last year, for example, in dramatic raids conducted by 250 policemen in the neighborhood of Forest Gate in East London, two Muslim men were arrested on suspicion of planning a terrorist attack. One was shot and had to be hospitalized. But both were released after no evidence was found to justify formal charges.

The chairman of the Birmingham Central Mosque, Mohammed Naseem, said the attention from the arrests was unwelcome because it was based on what he called the un-British notion of arresting people on the basis of suspicion.

But Dr. Naseem, 82, an outspoken critic of American foreign policy who confronted the American ambassador, Robert H. Tuttle, on Iraq during the ambassador's visit to the mosque last year, said he was concerned about "Muslim nationalism." This "Muslim nationalism" had developed among some of his constituents since 9/11 and was based "not on morality, but my nation right or wrong," he said. "That's the dangerous element, and we're trying to counteract it."

Bank Group Is Told To Halt Flow Of Data To U.S. Officials (NYT)

By Agence France-presse

The New York Times, February 2, 2007

BRUSSELS, Feb. 1 (Agence France-Presse) — The European Central Bank must take action by April to stop the transfer of personal information from Swift, the bank-data consortium, to American authorities for use in antiterrorism investigations, a regulatory agency said Thursday.

The agency, the European Data Protection Supervisor, told the bank to come up with measures "to make its payment operations fully compliant with data-protection legislation," urging it to "take appropriate measures as soon as possible."

Swift, the Society for Worldwide Interbank Financial Telecommunication, deals with trillions of dollars in global transactions daily between nearly 8,000 financial institutions in more than 200 countries.

It has come under scrutiny for taking part in an American program that allows analysts from the Central Intelligence Agency and other agencies to search for possible terrorist financing activity among the confidential financial transactions that Swift oversees.

The Bush administration has defended the once-secret program, which began after the Sept. 11, 2001, attacks in the United States. But critics in Europe contend that it places American security interests ahead of European civil liberties.

Under European Union rules, information on money transfers can be used only for banking purposes and not for other uses, like combating terrorism.

No More Renditions (LAT)

The Los Angeles Times, February 2, 2007

THERE ARE PLENTY of legal and moral reasons why the CIA shouldn't be snatching terrorism suspects off the streets of Europe and shipping them to unsavory countries to be tortured. But there is a simple, practical reason why the Bush administration should forthrightly repudiate its disastrous rendition policy: The United States cannot prevent terrorist attacks without help from its European allies, and they will be less inclined to cooperate when confronted with a policy they rightly believe to be beyond the pale.

After the disgrace of Abu Ghraib and the ongoing international furor over the indefinite detentions at Guantanamo Bay, the Bush administration cannot afford further self-inflicted damage to it's prestige. But this week, the bills for rendition came due when a German court issued arrest warrants for 13 Americans accused in the Keystone Kops kidnapping of a German citizen — the wrong man, as it turned out. Khaled Masri was imprisoned and abused in Afghanistan for five months before being released without charge.

In Italy, prosecutors are also reportedly seeking to indict 25 CIA operatives for kidnapping an Islamic cleric in Milan and sending him to Egypt for alleged torture. Sweden too has been burned by cooperating with U.S. renditions. In December 2001, it handed over to CIA operatives two asylum-seekers accused of terrorism. They were sent back to Egypt where, despite promises to Sweden that they would be properly treated, both also were allegedly tortured.

Continental opposition to U.S. foreign policy is hardly breaking news. But that doesn't mean in this case that the furious European electorates are wrong. Due process remains a fundamental Western value, and outrage about violations is a sign of

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democratic health, not political opportunism. It did not smooth matters that the White House initially denied that any such practices were being used.

It's not as if the Bush administration can claim that renditions from Western Europe have produced life-saving intelligence. (We would have probably heard about the successes by now, if a plausible case could be made.) Even if they had, it's unlikely that the positive effects would outweigh the negative impact of having Washington's most important law enforcement allies — countries that have large Muslim populations known to periodically shelter and incubate terrorists — turn sour on collective policing and prevention efforts.

The administration needs to gain cooperation with local authorities before snatching suspects, ban the outsourcing of torture and keep its word to allied governments about the treatment of detainees. We damage the cause of fighting terrorism together when we don't respect European laws. There can be no more disappearances, no more renditions and no more Masris.

HOMELAND RESPONSE:

Intelligence Pick Says He'd Fight Manipulation (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — President Bush's pick for director of national intelligence told senators Thursday that he'll blow the whistle on the president or any other official who tries to skew intelligence reports for political purposes.

"There have been a number of occasions in my career when I had to not be popular but to speak truth to power," J. Michael McConnell told the Senate Intelligence Committee at a hearing on his nomination.

"I've lived it, I've learned it, I believe it and I can only tell you that's what I'll do," he said.

McConnell's comments came as committee Democrats, including Ron Wyden of Oregon and Russ Feingold of Wisconsin, repeated now-familiar charges that the Bush administration had "cherry picked" intelligence about threats posed by Iraq in 2003.

If confirmed, McConnell said, he would inform committee members if that occurs.

McConnell was nominated last month to replace John Negroponte as the overseer of all 16 federal agencies that collect or analyze intelligence. The 2-year-old position was created as part of changes recommended by a presidential commission that examined government failures that preceded the 9/11 attacks.

On other issues, McConnell promised to:

· Review security rules from the World War II and Cold War eras that make it difficult for intelligence agencies to hire foreign-language specialists whose families include non-citizens.

· Consider a first-of-its-kind audit of spending by individual agencies.

· Not use outside contractors in sensitive jobs such as interrogators.

· Support the committee's attempts to get documents that would test conclusions of intelligence agencies.

McConnell, 63, served 29 years as a Navy intelligence officer, including serving as intelligence officer to the Joint Chiefs of Staff during the 1991 Persian Gulf War. From 1992 until his retirement in 1996, McConnell directed the National Security Agency, which performs satellite spying as well as electronic surveillance.

Judge Explains His Dismissal Of Scientist's Suit Against Times (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A federal judge who dismissed a defamation lawsuit against The New York Times acted after concluding that the scientist who brought the case, a bioterrorism expert investigated over deadly anthrax mailings in 2001, was a public official and could not show that the newspaper had knowingly published false information.

In an opinion released Thursday, the judge, Claude M. Hilton of the Federal District Court in Alexandria, Va., laid out the reasons for his order last month dismissing a long-running case brought by Steven J. Hatfill, a specialist in biological weapons. Dr. Hatfill's lawsuit said a series of columns by Nicholas D. Kristof about the anthrax mailings had defamed him.

Mark A. Grannis, a lawyer for Dr. Hatfill, said Judge Hilton's opinion was unsurprising and was not the last word in the case.

"The opinion is more or less what we expected, given the judge's earlier statements," Mr. Grannis said. "We will appeal, and we expect to prevail."

Mr. Kristof wrote about a government scientist whom he initially identified as Mr. Z, saying this scientist had become the overwhelming focus of the investigation into the anthrax attacks. Then, in August 2002, Mr. Kristof wrote that Dr. Hatfill, formerly

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with the Army bioweapons center at Fort Detrick, Md., had come forward to identify himself as Mr. Z and say the news media had treated him unfairly.

Five people died in the anthrax attacks. Federal authorities identified Dr. Hatfill as a “person of interest” in the investigation but never charged him with any crime. The attacks remain unsolved.

Judge Hilton’s opinion, which was dated Tuesday, said Dr. Hatfill could be considered both a “public official” and a “public figure” and therefore would have to meet a higher burden of proof than would a private figure in order to prevail in a defamation suit. Under that higher burden, a public figure bringing suit must demonstrate that the writer acted with “actual malice” — that is, either knew that what he was writing was false or had “a high degree of awareness” that it probably was.

The judge said Dr. Hatfill was a public official because even after he left his formal government position, he continued to perform official functions as a federal contractor. At the time Mr. Kristof wrote about the case, Dr. Hatfill was receiving federal money to work on national defense programs, the judge said.

The opinion said Dr. Hatfill was also a public figure, holding himself out as an expert on bioterrorism and granting interviews to a variety of news organizations.

Judge Hilton described at length the government’s inquiry into the case and its focus on Dr. Hatfill. He disclosed that the F.B.I. had searched Dr. Hatfill’s car and a condominium owned by his girlfriend and had seized several items, including “notes regarding the anthrax mailings, a spinner flask of anthrax stimulant and a container of Cipro.” A spinner flask could be used to study the properties of anthrax, and Cipro is an antibiotic used to treat a variety of ailments, including anthrax poisoning.

Judge Explains Tossing Out Suit Against N.Y. Times (WP)

By Jerry Markon And Allan Lengel

The Washington Post, February 2, 2007

A series of New York Times columns that explored whether a former Army scientist was responsible for the 2001 anthrax attacks were "cautiously worded" and asserted that the scientist could be innocent, a federal judge wrote in explaining why he decided to dismiss a lawsuit against the paper.

Columnist Nicholas D. Kristof did not act with malice and did not believe his columns about Steven J. Hatfill were false, according to the opinion by U.S. District Judge Claude M. Hilton in Alexandria. Last month, Hilton said he would throw out -- for the second time -- the defamation suit Hatfill filed against the paper. An opinion explaining his reasoning was released Tuesday.

Although the columns identified Hatfill as a "likely culprit" in the deadly anthrax-spore mailings, Kristof "made efforts to avoid implicating his guilt," Hilton wrote. "Mr. Kristof reminded readers to assume plaintiff's innocence, and highlighted the fact that plaintiff was viewed by his family and friends as a patriot who could not have perpetrated the crime in question."

The opinion weighs heavily on the side of Kristof, who has been fighting the lawsuit that Hatfill filed in 2004. Hatfill accused the paper of defaming him and ruining his reputation in the columns. Authorities have identified Hatfill as a "person of interest" in the anthrax mailings that killed five people and sickened 17, but no one has been charged.

Kristof said last night that he was "really pleased that the judge recognized the importance of this kind of reporting" and called it "terrific to have a judgment that protects journalism at a time when the press has had a fair number of rulings against it."

The columnist said he was surprised at the "burden" of fighting a lawsuit. "There are just hundreds of hours that I've had to spend and vast amounts of money the Times has had to spend," he said.

Mark A. Grannis, an attorney for Hatfill, said the opinion "is more or less what we expected, given the judge's earlier statements." He said Hatfill will appeal and "expects to prevail."

Hilton's opinion recounted parts of the government's investigation of Hatfill and said FBI searches of his apartment, his car and a condominium owned by his girlfriend recovered among other things "a spinner flask of anthrax stimulant" and a container of Cipro, an antibiotic commonly prescribed for anthrax. Hatfill had previously said the Cipro was for a lingering sinus infection.

Another attorney for Hatfill, Thomas Connolly, said yesterday that the stimulant was "a pesticide that can be purchased at any hardware store in America" and that Hatfill used it to train first responders in identifying a biological agent like anthrax. Hatfill had provided briefings to government officials and law enforcement agencies about biological weapons.

In the 2002 columns, Kristof said the FBI had failed to aggressively pursue a scientist he first identified as "Mr. Z." He wrote that the biodefense community had called Mr. Z a "likely culprit," partly because the scientist was familiar with anthrax.

Kristof later acknowledged that Hatfill was Mr. Z and wrote that Hatfill deserved the "presumption of innocence."

Hilton first threw out the case in 2004, ruling that Kristof accurately reported that the scientist was a focus of the FBI probe.

The U.S. Court of Appeals for the 4th Circuit reinstated the suit in 2005 and said Kristof's columns could be read as blaming Hatfill for the attacks.

Homeland Security Moves To Increase Armed Pilots (WT)

By Audrey Hudson

The Washington Times, February 2, 2007

Homeland Security officials are making changes to the armed-pilot program to encourage more of the nation's 90,000 captains and co-captains to participate.

Armed pilots will be issued badges to identify themselves, they will be allowed to carry their weapons on flights they are not piloting, and U.S. officials will seek to expand the program for overseas flights.

Conan Bruce, spokesman for the Federal Air Marshal Service, which now operates the armed-pilot program, said the changes are in response to a working group that has been meeting for months to address pilots' concerns.

"We recognize there is a need to carry a weapon on international flights, but we have to work it out with host countries; it's not up to us," Mr. Bruce said.

But David Mackett, director of the Airline Pilots Security Alliance, doesn't expect a quick fix for a program that has attracted less than 10 percent of pilots.

"Maybe at some point, we will protect a handful of international flights, but the public should not feel secure that it will happen any time soon," Mr. Mackett said.

"Changes are coming at a glacial pace, and there seems to be no sense of urgency. The terrorist clock is ticking, and we need to be doing this now, not a year from now."

Federal air marshals, who number about 2,000, say they are concerned the agency will cut back their numbers as a cost-saving measure and instead turn to pilots to protect the aircraft.

Mr. Bruce said such a proposal is "absolutely not" under consideration.

Pilots are "an enhancement, not a replacement, they have totally separately and unique jobs," he said.

However, such a suggestion is coming from Capitol Hill, said one source familiar with the proposal.

"It is being advocated they use resources that are already in place, and that's the pilots, and use air marshals on targeted, high-risk and threat flights rather than scattered throughout the system like they are now," the source said.

"The air marshals are too elite of a group to be used like security guards," the source said.

One burden lifted is the rule that pilots commuting or "deadheading" on a flight no longer must pack their weapon separately in a lock box in the cargo hold.

Mr. Bruce declined to specify the rule, citing security reasons.

Little Progress Seen For Poorest After Hurricane (NYT)

By Shaila Dewan

The New York Times, February 2, 2007

ATLANTA, Feb. 1 — The recovery from Hurricane Katrina has stagnated for the poorest families displaced by the storm, a new study shows. Many still suffer from a significant loss of income, a higher-than-normal rate of chronic diseases like hypertension and an exponential rise in mental health problems among children.

The study, conducted in the Gulf Coast region of Mississippi a year after the storm by the Mailman School of Public Health at Columbia University and the Children's Health Fund, showed no improvement since a survey in Louisiana six months earlier.

Among the new study's findings are that more than a third of working families earning less than $20,000 a year before the storm have not regained their previous income level; almost twice as many families are dependent on public assistance; and diagnoses of depression and anxiety among children have increased fourfold.

School absenteeism remains high, with more than a third of children missing 10 or more days of class in April, May or June of 2006. Families with specific needs like food or household items found help far more easily than those who needed legal help, child care or mental health care.

Among adults, the rate of hypertension diagnoses increased by more than a third after the storm in August 2005, and more than 44 percent of parents or guardians tested "very low" on a basic mental health test. About 13 percent said they were coping "not very well or not at all" with the daily demands of parenting, significantly higher than the 1.5 percent who chose that answer in the 2003 National Survey of Children's Health, which the researchers used as a benchmark.

Nearly 40 percent of the respondents said they had been working before the storm but were now unemployed.

Dr. Irwin Redlener, the director of the National Center for Disaster Preparedness at the Mailman school and co-founder of the Children's Health Fund, said the survey results showed a lack of leadership in a relief effort marked by scattershot private efforts that resulted in an uneven distribution of help. For example, he said, the Children's Health Fund runs three mobile clinics, far from enough to meet the need.

"It's not a lack of money," Dr. Redlener said. "It's a lack of structure; it's a lack of distribution of the resources. We have a completely dysfunctional distribution system, and a great deal of bureaucracy."

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The survey was conducted in face-to-face interviews with families living in private trailer parks, in Federal Emergency Management Agency trailer parks, or on their own property, usually in trailers provided by FEMA. The FEMA park residents, who are often isolated by lack of transportation, were the poorest and least financially stable, and the most likely to view their environment as dangerous.

"For all practical purposes, these FEMA trailer parks are in fact internal refugee camps," Dr. Redlener said. "Families are mired in these horrendous conditions with no sense of when this is going to be over, either in the minds of the families or in the officials responsible for them."

David Abramson, the study's principal investigator, identified what he called the "poverty penalty," pointing out that the working poor were far more likely to have lost income since the storm. More than half of those who made less than $10,000 a year in wages or salaries lost that income, compared with 15 percent of those who made $35,000 or more before the storm. Half of those living in FEMA trailer parks had a bank account, and 16 percent had a usable credit card, according to the study.

There were significant differences between the people studied in Mississippi and those in Louisiana. In the new study, 43 percent of the respondents were Mississippi natives, compared to more than 80 percent of the Louisianians. In the FEMA trailer sites in Mississippi, just under half those surveyed were black, compared with nearly 80 percent in Louisiana trailer parks.

Robin Hoods (commentary) (WSJ)

The Wall Street Journal, February 2, 2007

Hurricane Katrina was ugly enough, but leave it to Gulf state politicians to guarantee that even a mild future hurricane may cause more human hardship. They're busy rewriting private insurance contracts in such a way that will raise property and casualty rates for everyone, especially if you live near the coast.

In Mississippi, Attorney General Jim Hood has bludgeoned insurer State Farm into a gigantic settlement over hundreds of dubious claims. His populist opportunism is matched by Florida, where legislators have passed a "reform" that forces insurers to lower their premiums and allows the state-run insurer to co-opt the local market.

Mr. Hood has been on a campaign to loot insurers from the first days after Katrina. His complaint is that it is "unconscionable" that insurers have refused to pay for flood damage. Never mind that their contracts specifically contain flood exclusions even as they pay tens of millions for wind damage. This water exclusion has been well known among homeowners and state regulators for years, which is why the federal government offers flood insurance. Mr. Hood nonetheless filed a civil suit and began a criminal probe.

The insurance industry has won a few of these legal skirmishes. But that changed last month when a judge told State Farm to pay a Mississippi couple a $232,000 claim and a jury awarded $2.5 million in punitive damages (since reduced by a judge to $1 million). State Farm is the nation's largest home insurer and has already paid $1.1 billion in Katrina claims in Mississippi alone. But the company looked at its hundreds of other pending suits, did the math, and threw itself on the mercy of Mr. Hood. State Farm agreed to re-open some 35,000 claims it had already settled and to pay at least $50 million more. The insurer also agreed to hand over $80 million to some 640 households represented by tort kingpin Dickie Scruggs.

The one bit of good news is that Federal Judge L.T. Senter Jr. blocked the settlement last week. The judge recognized the deal as an "arbitrary" publicity payout -- long on glory for Mr. Hood but short on the specifics of who would get money. The judge might also have wondered if Mr. Scruggs and his legal team were going to ride off with as much as $46 million.

The bad news is that the judge left the door open for a revised settlement, which is likely and would do unpleasant things to the state insurance market. Other insurers will feel pressure to follow State Farm's lead and pay the flood ransom. The obvious way to finance these unexpected claims will be to raise premiums for other policy holders, while refusing to sell policies in certain high-risk areas. Mr. Hood is basically stealing from future policy holders in order to pay off his current constituents.

As for Florida, insurers are understandably trying to build up their reserves against the likelihood of larger future payouts. Forecasters are predicting more frequent hurricanes for the state, which could mean hundreds of billions of dollars in claims. So premiums have been rising.

Florida legislators and new GOP Governor Charlie Crist have responded with one of the more un-Republican reforms on Florida's books. The measure mandates a reduction in homeowner premiums from private insurers by 5% to 25%, which means that companies are likely to be even less prepared to cover future damages. The legislation will also force insurers that write home and auto policies in other states to offer home insurance in Florida -- or be banned from the Sunshine State.

Another charming twist is that the new Florida law will allow the state-run Citizen's Property Insurance to begin competing with private insurers. This was done in the name of "competition," but it will have precisely the opposite effect. Citizens was designed as an insurer of last resort, but as a government company it will not have to worry about profits and other capitalist details. It will be able to offer lower prices because it has an implicit taxpayer guarantee, a la Fannie Mae. These arrangements typically end badly for the taxpayer, who in this case will be absorbing future hurricane risk without even realizing it.

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Some insurers have already responded to all this by cancelling policies. And Governor Crist this week issued an "emergency" order freezing premiums and barring cancellations. So not only is the state imposing price controls, it is forcing companies to do business. Where'd the Governor learn economics -- Caracas?

More Americans are choosing to live in places at risk for natural calamity, only to seek a bailout from politicians when the worst happens. This trend is bad enough. But politicians compound the problem when they make insurers the scapegoats for acts of God. The insurance industry has spent billions of dollars to assist the recovery after Katrina. Who's going to pay when the next storm hits?

Off Guard (WP)

The Washington Post, February 2, 2007

AFTER DECADES of service, the Coast Guard's fleet of planes, helicopters and cutters is aging, just as the service is trying to recast its mission to emphasize demanding new anti-terrorism efforts. But the Department of Homeland Security's inspector general reported last week that, to date, a scheduled retooling of the Coast Guard fleet has hit more than a few expensive and time-consuming snags, including a slew of basic design errors in the service's new flagship vessel. A congressional roasting of Coast Guard chief Adm. Thad W. Allen followed this week, along with a number of stinging news reports.

Though some of it is overblown, the criticism is deserved. The Coast Guard is guilty of one of the classic errors that other federal agencies within and without the Department of Homeland Security make all the time: poor contract management, an alarmingly -- and unnecessarily -- large source of government waste.

The problem dates to a contract the Coast Guard signed in 2002 with government mega-contractors Lockheed Martin and Northrop Grumman to manage the fleet's upgrade project and build needed new craft. The centerpiece of the Coast Guard's brand-new force was to be the National Security Cutter, a 425-foot ship capable of operating far from the American shoreline. According to the inspector general, though, the plans for the cutter contained a series of design flaws that could lead to cracks in the hull or deck and require the early retirement of the vessels. On top of that, the contractors botched the $100 million retrofitting of eight smaller cutters, rendering those craft essentially useless to the Coast Guard.

Before an irate House oversight panel, Adm. Allen took responsibility for the performance of his contract managers and detailed needed reforms to the service's contracting process. That's a start. Beyond administrative shakeups, the big challenge will be keeping costs down and ensuring the quality of the rest of the work that the Coast Guard's contractors have to complete, including the repair of the two National Security Cutters already under construction and the eight smaller cutters that the Coast Guard had to suspend from service. After a year's time, the Coast Guard's retooling must be back on course or more drastic measures will be warranted.

WAR NEWS:

Senate Talks On Iraq Take A New Form (LAT)

By Noam N. Levey And Nicole Gaouette

The Los Angeles Times, February 2, 2007

WASHINGTON — The shape of the Senate debate over President Bush's plan to increase the number of troops in Iraq came into clearer focus Thursday as Sen. John McCain (R-Ariz) and two other senators introduced a resolution to support the buildup.

After weeks of back-and-forth negotiations over resolutions, it appears likely the Senate debate over the 4-year-old war will pit McCain's resolution of "full support" against one introduced by Sen. John W. Warner (R-Va.) that "disagrees" with the president's proposal.

But how that debate is likely to turn out became even murkier Thursday as lawmakers continued to mull the details of the two lengthy resolutions.

Two Democratic senators who oppose Bush's plan broke with their leaders and said they would not back Warner's measure, which was designed to unify opponents of the troop buildup.

And Republicans wrestled with the sharp divisions in their ranks exposed by the looming war debate next week. "The debate in my caucus has been very passionate on both sides," said Sen. Susan Collins (R-Maine), who has signed on to Warner's resolution. "Feelings are running high."

Seven GOP lawmakers have expressed support for Warner's resolution. Opponents of the buildup are trying to recruit seven or eight more Republicans to reach the 60 votes that would be needed to overcome a promised GOP filibuster.

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And pressure is mounting on undecided Republican senators, particularly moderates and those running for reelection in 2008.

Thursday afternoon, Sens. John E. Sununu (R-N.H.) and George V. Voinovich (R-Ohio), who have criticized the troop buildup but have not endorsed any critical resolution, uncharacteristically rushed past reporters and into the Senate chamber.

Meanwhile, McCain and other senators escalated their attacks on the Warner measure and its supporters.

"Where is the intellectual honesty if you think that you're sending young Americans into harm's way in a futile effort?" McCain asked. "I know if I felt that way, I would say, 'My resolution is a binding resolution that cuts off funding.' That's the intellectually honest approach."

McCain, a former naval aviator who spent more than five years as a prisoner of war in Vietnam, unveiled his alternative resolution Thursday afternoon with co-sponsors Lindsey Graham (R-S.C.) and Joe Lieberman (I-Conn.). Lieberman still caucuses with the Democrats.

Warner's measure is nonbinding and urges the president to consider alternatives to sending more U.S. troops into Baghdad to halt the sectarian fighting.

Wednesday evening, Warner and his co-sponsors specifically added language opposing any funding cutoff, in an effort to woo more Republicans. So far, no additional GOP senators have joined him.

Democratic leaders, including Senate Armed Services Committee Chairman Carl Levin of Michigan, have lined up behind the Warner resolution.

On Thursday, Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), who had been pushing an alternative resolution with Levin that was more critical of the White House plan, abandoned their measure and backed Warner's.

Even Moveon.org, an antiwar grass-roots organization, praised the Senate's move toward a vote on the Warner resolution, saying, "This is an important first step toward Congress blocking the escalation and stopping the war."

But Democratic hopes of holding their caucus together behind the Warner resolution were dashed when Sens. Russell D. Feingold (D-Wis.) and Christopher J. Dodd (D-Conn.) announced they would vote against the measure.

"The Warner-Levin legislation does not explicitly oppose the escalation, [and] it doesn't contemplate the phased redeployment from Iraq," Dodd said.

He and Feingold advocate immediate steps to start withdrawing U.S. forces from Iraq. Feingold proposed legislation Wednesday that would mandate a withdrawal from Iraq within six months after the bill is passed.

Other antiwar Democrats — including Sens. Barbara Boxer of California and Barack Obama of Illinois — said Thursday they were still reviewing the language in the eight-page Warner measure. California's other senator, Democrat Dianne Feinstein, said she would support it.

McCain and other GOP leaders meanwhile pushed forward with their drive to round up the undecided Republicans who could determine which resolution, if either, emerges from the Senate debate next week.

The McCain measure, which is also nonbinding, explicitly states that U.S. forces "should receive from Congress the full support necessary to carry out the United States mission in Iraq."

It does acknowledge past mistakes and lists 11 "benchmarks" for Iraqis, a nod to lawmakers who complain that the Bush administration is not demanding enough of the Iraqi government. These include deploying sufficient forces to help U.S. troops, disarming militias, spending more on reconstruction, and devising a plan to share oil profits between the nation's major sects.

The measure does not spell out any consequences should the government of Prime Minister Nouri Maliki fail to meet these goals. And it conspicuously does not set any timelines.

"The day you say, 'When you fail to do them by a date certain,' you might as well fold up the tent and go home because the enemy knows exactly what they have to do," Graham said.

Some senators and Middle East experts believe that without outlining specific consequences, the U.S. will never succeed in pushing Iraqi leaders to take the difficult political steps they have avoided for years.

But Senate Republican leaders have managed to prevent any new defections to the anti-buildup camp all week and were sounding defiant Thursday.

"I'm trying to get 60 votes for something other than Warner," said Sen. Trent Lott (R-Miss.), the ebullient No. 2 leader in the caucus.

Bush Senate Allies To Seek Iraq Benchmarks (WSJ)

By David Rogers

The Wall Street Journal, February 2, 2007

WASHINGTON -- Trying to stem defections over Iraq, President Bush's Senate allies want a vote next week calling on the Baghdad government to "make visible concrete progress" toward 11 political, military and economic benchmarks.

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The resolution, announced at a hastily called press conference late yesterday, is designed to slow the momentum behind a tougher Iraq measure crafted by Sen. John Warner (R., Va.), the former chairman of the Senate Armed Services Committee.

Sen. Joseph Lieberman, the Connecticut independent who usually caucuses with Democrats, is among the sponsors, but the support comes overwhelmingly from Republicans led by Sen. John McCain (R., Ariz.). As recently as Wednesday, Mr. McCain's office had expected no announcement of an alternative Iraq measure so soon. But with the Warner proposal becoming a serious threat, waiting until next week was no longer feasible. "We want to make sure that it's out there," Mr. McCain said.

The Senate floor debate, due to begin Monday, reflects broad discomfort in both parties over Mr. Bush's plan to increase U.S. troop levels in Iraq by 21,500, chiefly to quell sectarian violence in Baghdad.

Army Gen. George Casey, the departing top commander in Iraq, told a Senate panel yesterday that he had initially requested about half that number before the president adopted a more ambitious approach. At the same time, a new report by the Congressional Budget Office says the number could be higher than 21,500 once additional support personnel are counted.

By the CBO's estimate, the full commitment could run as high as 35,000 troops, costing $9 billion to $20 billion, depending on whether the peak deployment lasts four months or 12 months. But the Pentagon and congressional staff familiar with the military's request disputed the CBO's analysis and said the 21,500 total included support staff to complement those already on the ground in Iraq.

Sen. McCain has criticized Gen. Casey, who is now being succeeded in Iraq by Gen. David Petraeus, for not being more aggressive in waging the war and seeking more U.S. troops. But his own resolution reflects the conflict that Gen. Casey described in his testimony: how to balance the U.S. military might with the need to prod the Iraqi forces to take more of the lead.

First among Mr. McCain's benchmarks is a major commitment of "new Iraqi security forces to partner" with the larger number of U.S. troops. Other requirements include "disarming individual militias as circumstances warrant," distributing oil resources and building an independent judiciary.

The resolution doesn't spell out what options the U.S. should pursue if Prime Minister Nouri al-Maliki fails to meet the benchmarks. And a recent meeting in Baghdad between a House delegation and Iraqi officials including Mr. Maliki showed the limits of Congress's power to pressure the Iraqi government.

Rep. John Murtha (D., Pa.), chairman of the House Appropriations panel that oversees funding for Iraq, said he warned that unless more progress was made, Congress would be reluctant to fund new equipment for the Iraqi forces. Mr. Murtha and others in the delegation said the Iraqi reply was that the Maliki government would then secure it elsewhere. "I was stunned," Mr. Murtha said.

A handful of liberal Democrats, notably Sens. Russell Feingold of Wisconsin and Christopher Dodd of Connecticut, announced their opposition to the Warner language yesterday as too weak in its opposition to the administration's policy. But at this stage, the Virginian has a strong chance of commanding a solid majority in the Senate; even among the Republicans reluctant to join him, there is little contentment with the direction of the war.

Sen. Judd Gregg (R., N.H.), an ally of the White House, had surprised many this week when he said he was "considering" supporting the Warner language. Mr. Gregg said yesterday he had decided not to vote for the measure, concerned that the debate is more "a political exercise than a substantive exercise" and that he didn't want to be part of a public rebuke of the president. But Mr. Gregg said he continues to have "serious reservations" about the administration's policy.

Compromise Senate Measure Rebuffing Bush's Iraq Buildup Gathers Support (NYT)

By Carl Hulse

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — A revised Senate resolution criticizing President Bush's troop buildup in Iraq drew new support Thursday as two authors of a sterner resolution of disapproval said they would accept the compromise, fashioned by Senator John W. Warner.

Senators Joseph R. Biden Jr., Democrat of Delaware, and Chuck Hagel, Republican of Nebraska, said they would back Mr. Warner's alternative, which declares that "the Senate disagrees with the 'plan' to augment our forces by 21,500," calls on the president to consider other alternatives and urges him to limit the American role in countering sectarian violence.

"The bottom line of our resolutions is the same: Mr. President, don't send more Americans into the middle of civil war," said Mr. Biden, one of the authors of the initial resolution, which was approved last week by the Foreign Relations Committee, which he leads.

Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee, was the third author of that plan, favored by the Democratic leadership; on Wednesday night he, too, agreed to support Mr. Warner, a Virginia Republican who has worked with Mr. Levin in the past on major military policy.

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But at least two Democrats, Senators Christopher J. Dodd of Connecticut and Russell D. Feingold of Wisconsin, said they would oppose the new compromise, objecting to its symbolic nature and to wording they said could tie the hands of war critics on potential future votes over military spending. The Warner resolution says Congress should not reduce financing for troops in the field.

"I regret we are not doing something that has more bite to it," said Mr. Dodd, one of the 2008 presidential contenders in the Senate whose positions on the Iraq resolution will figure into their emerging campaign themes.

The shifting allegiances — and the intense procedural gamesmanship preceding votes next week on Iraq policy — left it uncertain whether Mr. Warner's compromise could attract the 60 votes needed to overcome procedural obstacles. Given the party divide in the Senate, it appeared that about a dozen Republicans would have to break from the president to allow the debate to move forward; he had only six Republicans firmly on board.

The Senate Republican leaders intend to mount vigorous resistance to any plan that rejects Mr. Bush's troop buildup and were contemplating their options on Thursday.

"The chessboard changed last night," said Senator Trent Lott of Mississippi, the Republican whip. "We had them checkmated, but now everybody has to go back and look at the board."

The White House spokesman, Tony Snow, said Mr. Bush "will continue to exercise his responsibilities as commander in chief" even if the Senate — with House action expected to follow — approved a resolution opposing the buildup. He reiterated the administration view that a clear split between Congress and the president on Iraq could embolden the nation's enemies.

"Osama bin Laden thought that a lack of American resolve was a key reason why he could inspire people to come after us on September 11th," he said. "I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have."

With the framework of the Senate debate still being set, House Democrats pounced on a new Congressional Budget Office estimate that the addition of 20,000 combat troops could require an additional 15,000 to 28,000 related support troops to be deployed.

Representative Martin T. Meehan, a Massachusetts Democrat who was among lawmakers requesting the estimate, noted the numbers exceeded administration projections. He said the report "only confirms what we already know: the president has continually tried to hide the true costs of this war, both in terms of money spent and lives affected."

The first significant Senate vote on the Iraq resolution is scheduled to occur Monday evening, when supporters of Mr. Warner's proposal will seek Senate approval to open the debate — a request that could require 60 votes.

Democrats said they were hoping that they could muster that many votes or reach an agreement with Republicans on the terms of the debate, allowing it to get under way. Then lawmakers would be given a few days to lay out their views before a more crucial cloture vote, which would also require 60 votes, on limiting the debate and moving toward a final vote.

Many of the senators from both parties who represented potential swing votes on the Warner resolution said they would be reviewing it over the next few days before taking a stand. The latest draft includes 22 paragraphs of findings, 12 more expressing the "sense of the Congress" on the best options, and 2 requiring periodic progress reports.

Republicans were meeting privately on Friday at a policy retreat and the Iraq resolution was certain to be a major topic.

A few prominent Democrats quickly came out for the Warner plan, which was written with Senators Susan Collins, Republican of Maine, and Ben Nelson, Democrat of Nebraska, even as they expressed reservations.

Senator Hillary Rodham Clinton, Democrat of New York and a leading presidential contender, said that while she did not support all the provisions in the resolution, she would support it. "It makes the point, which is important," she said. "We're trying to get the attention of this president, to change course."

But the outcome remained unsettled. As Senator Mary L. Landrieu of Louisiana walked from the closed-door meeting of fellow Democratic senators, she declared, "It's still not a done deal."

While some Democrats argued that the Iraq resolution was too accommodating to the administration and were weighing opposition, she disagreed. "It sends a very powerful signal to the president," she said.

Senate Prepares To Debate Opposition To Bush's Iraq Policy (MCT)

By Margaret Talev And Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The Senate will begin formal debate Monday on legislation opposing President Bush's plan to send more troops to Iraq, but Democrats aren't sure that they've got the 60 votes they'll need to break Republican obstruction and move to a final vote.

Senate Majority Leader Harry Reid, D-Nev., and his leadership team said Thursday afternoon that they didn't have a firm vote count for the bipartisan resolution that the leadership has decided to support. It effectively declares no confidence in Bush's

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plan to send more U.S. troops to Baghdad and urges him to reconsider. They acknowledged that they could fall short because liberal Democrats consider the resolution too weak.

Senate Democrats met behind closed doors Thursday afternoon as their leaders assured them that the nonbinding bipartisan resolution was only a first step and that stronger measures to bring the war to a close would follow.

"It's a first step," said Sen. John Kerry, D-Mass., "and a second step is following very quickly afterward where we're going to try to do something binding."

The bipartisan resolution was developed by Sen. John Warner, R-Va., a respected centrist who's long been influential on military matters and is World War II veteran and a former Navy secretary. Democratic leaders chose to endorse his plan and drop a more critical version sponsored by Sens. Joseph Biden, D-Del., and Chuck Hagel, R-Neb., because they feel it has a better chance of winning enough votes to break obstruction from Republicans who back Bush's plan.

Warner's resolution opposes Bush's 17,500 troop buildup for Baghdad but supports the 4,000 troop increase against Sunni Muslim insurgents and al-Qaida in Anbar province. It also declares that it would be wrong to cut off funding for troops in the field. Some Democrats oppose those last two provisions.

Sen. Russ Feingold, D-Wis., said he opposes Warner's resolution, and he hasn't ruled out joining Republicans to block a final vote on it.

"I don't know why people, especially those who voted against this war in the first place, would at this terrible stage want to vote for something that essentially reauthorizes this action and even intensifies it in places like al Anbar province, where most of our people are dying," Feingold said. "That strikes me as an odd strategy for people who want to end the war."

Sen. Christopher Dodd, D-Conn., also said he opposes the resolution, but said he wouldn't vote to block it. Biden and Sen. Edward Kennedy, D-Mass., said they could accept Warner's approach for now.

Some key Republicans said they hadn't made up their minds, and Senate Republican Whip Trent Lott of Mississippi said he thought he could rally enough opponents to sustain a filibuster. "I'm always working," he said.

Senate Republicans huddle in a retreat on Friday, when their leaders plan to pressure wavering members to stick behind Bush. The president will apply pressure, too, when he meets with Senate Republicans at the White House in the afternoon and entertains them and their wives at a reception.

Reid left open the possibility Thursday that he might bring in South Dakota Sen. Tim Johnson, who's recuperating from brain surgery, if Democrats need his vote to move the resolution forward.

"We'll have to see. He's doing very well," Reid said in a brief interview with McClatchy Newspapers.

But Johnson's chief of staff said later that while the senator is making good progress, he physically wouldn't be able to return to the Senate to cast a vote by next week.

While Reid stressed that there was no firm plan to try to get Johnson to the Senate to vote, the fact that he was willing to consider it demonstrates how fluid the parliamentary situation remains.

Most Senate Democrats are backing the Warner approach as their best bet to build a large bipartisan majority behind a no-confidence vote in Bush's plan. They got potentially important grass-roots support Thursday when the anti-war group Moveon.org issued a statement calling the Warner plan an "important first step" toward stopping the war.

The group also assured liberal lawmakers who were on the fence that "the compromise language would not constrain the Congress from using all of its powers to stop the escalation and force President Bush to implement an exit plan."

Sen. Norm Coleman, R-Minn., who opposes a troop buildup, joked that Moveon's position was making him second-guess his own inclination to back Warner. He said of many Democrats: "I think they're just so intent on criticizing the president that they probably see this as a vehicle. That's unfortunate."

Meanwhile, some lawmakers continued to propose other resolutions, although none appeared to have as much support as Warner's does.

Sen. Joseph Lieberman, I-Conn., joined with Republican Sens. John McCain of Arizona and Lindsey Graham of South Carolina to introduce a resolution that supports Bush but also tells the Iraqi government that it must meet performance benchmarks for the United States to continue its engagement long term.

Sen. Robert Byrd, D-W.Va., chairman of the Appropriations Committee, said he'll introduce a resolution that proposes to end the 2002 congressional authorization for the war.

Senate Democrats Split On Measure Opposing Bush (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, February 2, 2007

Senate Democratic leaders who decided to back a Republican resolution against President Bush's Iraq war plan in hopes of winning broad bipartisan support ran into stiff resistance yesterday from an unexpected quarter -- fellow Democrats.

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The Democratic dust-up came on a day when opponents of the president's policies received some unexpected ammunition. The nonpartisan Congressional Budget Office reported that Bush's plan to deploy roughly 20,000 additional U.S. combat troops to Iraq is likely to require at least 15,000 support personnel, and possibly as many as 28,000.

That could mean the plan would involve up to 48,000 troops and contractors, at a cost of between $9 billion and $13 billion for the first four months and up to $27 billion for the first year.

The compromise resolution states that the Senate disagrees with the president's plan and urges Bush to instead consider all other options for achieving his strategic goals.

Democratic defections would probably not prevent the legislation from passing the Senate, provided that the measure gets to a final vote over a threatened filibuster by Republicans. But defections would deprive Democratic leaders of a strong united vote against Bush's decision to boost troop levels in Iraq by 21,500.

Two Democratic senators, Christopher J. Dodd (Conn.) and Russell Feingold (Wis.), came out forcefully against the compromise, saying the newly worded resolution goes too far toward GOP positions. Dodd called it "essentially an endorsement of the status quo" in Iraq, while Feingold denounced it as "a deal with the devil."

"This is the United States Senate. This is not some city council somewhere," Dodd said. "It seems to me sending something down that engages the president, that forces the administration to pay attention is something we ought to be considering."

Several other Democrats said they remain undecided; many of them are pushing binding legislation to cap troop levels, force a new vote to authorize the war or begin bringing troops home.

For days, two groups of senators had backed competing resolutions of opposition: a sharply worded version by Sens. Joseph R. Biden Jr. (D-Del.) and Chuck Hagel (R-Neb.), and a more conciliatory resolution by Sen. John W. Warner (R-Va.). The stalemate was broken Wednesday night when Senate Majority Leader Harry M. Reid (D-Nev.) backed a revised version of Warner's resolution.

Democratic leaders noted that the compromise puts them in a far stronger position to defeat a Republican-led filibuster against the resolution when it is brought to a vote next week. The first showdown will come Monday afternoon, when the Senate will vote on whether to proceed to the debate. At least seven Republicans, and possibly more than 10, could back the compromise, worked out by Warner and Senate Armed Services Committee Chairman Carl M. Levin (D-Mich.). If, as expected, Democratic opponents of the resolution side with their leaders to break a filibuster, the measure would have close to the necessary 60 votes, but it is not there yet.

If the Senate does break the filibuster, only to see half a dozen Democrats oppose the resolution, Democratic leaders could still pass the measure but would be deprived of the broad, bipartisan vote they want to send a clear signal to the White House.

Gen. George W. Casey Jr., who led the war effort in Iraq before being nominated as Army chief of staff, confirmed that the 21,500 troops in Bush's plan is not the total, as indicated in yesterday's CBO report. In written answers to the Senate Armed Services Committee, he said that "certain additional combat support and combat service support capabilities" would be required. They include "logistical enablers, intelligence assets, military police, and a command/control node," although the numbers would be "minimal."

Democrats said those answers directly contradict statements made by the current Army chief of staff just a week ago.

"The CBO report only confirms what we already know: The president has continually tried to hide the true costs of this war," said Rep. Martin T. Meehan (D-Mass.), chairman of the House Armed Services subcommittee on oversight and investigations.

Army and White House officials said they are reviewing the CBO report and have not yet determined the number of support personnel needed.

During a confirmation hearing yesterday, Warner pressed Casey on why he had asked for fewer than half the additional troops Bush now wants -- two combat brigades instead of five.

"I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission," Casey responded.

To opponents of the Senate resolution, such developments only bolstered their resolve to demand stronger action.

"A political victory is not more important than ending this war," Feingold said.

At issue are three clauses in a resolution that is now 11 pages long.

Of particular concern to some Democrats is a clause stating, "The Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field." That provision was added to win GOP support. Levin said it would not prevent binding legislative action to stop further deployments.

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But some Democrats took offense at equating a cutoff of funds with the endangerment of troops and said it would bind their hands in the coming months.

They also objected to a call for continued "vigorous operations in Anbar province," where U.S. forces have been battling al-Qaeda-linked Sunni extremists.

Another phrase saying that the resolution "should not be interpreted as precipitating any immediate reduction in" present troop levels was seen by some as an endorsement of the status quo.

Majority In Senate Support 'Stay The Course' Resolution (WT)

By Charles Hurt

The Washington Times, February 2, 2007

A bipartisan majority in the Senate yesterday united behind a firm "stay the course" resolution on the war in Iraq, despite searing public criticism from both sides in Congress over President Bush's handling of the war.

The resolution is critical of the war's execution and condemns any effort by Mr. Bush to send reinforcements to the region. In the measure, the Senate also promises not to cut off funding for the increasingly unpopular war.

"Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field, as such an action with respect to funding would undermine their safety or harm their effectiveness in pursuing their assigned missions," says the resolution, authored mainly by Sen. John W. Warner, Virginia Republican.

Although backers say they are deeply dissatisfied with the execution of the war, the resolution says that the United States "should continue vigorous operations" in parts of Iraq and that early withdrawal "would present a threat to regional and world peace."

Sen. Russ Feingold, the Wisconsin Democrat who has always opposed the war, called the resolution weak and misguided.

"The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another," he said. "The American people have rejected the president's Iraq strategy, and it's time for Congress to end our military involvement in this war."

Sen. Christopher J. Dodd, Connecticut Democrat, also said yesterday that he would oppose the resolution because it doesn't call for withdrawing the troops quickly enough.

"I strongly oppose the Warner-Levin legislation," said Mr. Dodd, who voted in 2002 in favor of the war. "It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq, and the need for meaningful action now."

Debate over the resolution angered some anti-war voters who were crucial to Democrats' victory in the November midterm elections.

"The whole reason so many of us worked for Democratic candidates was so that they would get a majority in Congress and bring the troops home," said Tina Richards, who described herself as a lifelong Republican from Missouri whose opposition to the Iraq war turned her into a Democrat. "They're in the majority now, but they won't bring the troops home."

She said her son is a Marine reservist who expects to be called up as part of Mr. Bush's plan to send 21,500 more troops to Iraq.

"It's pointless. These are nonbinding resolutions, and they won't do a thing to bring our troops home," Mrs. Richards said. "This is the definition of insanity; they're banging their heads against the wall and expecting a different result."

But the nonbinding resolution was embraced yesterday by several key members of both parties, including Sens. Joseph R. Biden Jr., Delaware Democrat, and Chuck Hagel, Nebraska Republican. Both men, like Mr. Warner, voted in 2002 to go to war with Iraq. Senate Armed Services Committee Chairman Carl Levin, a Michigan Democrat who opposed the war, also signed on to the Warner resolution.

Although both sides agree that there is a majority of support to approve the resolution, there is far less certainty about whether it has the 60 votes needed to overcome any filibuster.

Approval of the resolution will have no real effect on war policy because it's nonbinding, said Sen. Jon Kyl, Arizona Republican, adding that its criticism of the administration's policy serves only to undermine the war effort.

"We are not simply speaking to the president," Mr. Kyl said. "Everyone else in the world will get that message. ... Those are the words that will resonate around the world."

Is Iran Fighting Proxy War With U.S. In Iraq?; Interview With Howard Dean (CNN)

CNN THE SITUATION ROOM, February 2, 2007

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WOLF BLITZER, HOST: And to our viewers, you're in THE SITUATION ROOM and it's happening right now.

As bombs go off across Iraq, the top U.S. military commander, up for a promotion, gets a grilling about the violence he left behind.

Is Iran using Shiite militants to fight a proxy war with U.S. troops in Iraq?

CNN's Christiane Amanpour will tell us what they're saying in Tehran. That's where she is right now.

And Democrats divided -- first, Joe Biden's attack on rival presidential candidates. Now shocking allegations from female members of a Congressional Caucus. I'll talk with the Democratic National Committee chairman, Howard Dean, this hour.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Market shoppers and bus passengers blown up by bombs. Students and teachers shot dead.

As fresh violence ripped through Iraq today, the outgoing U.S. military commander there was in the hot seat up on Capitol Hill, where there's a debate on whether he should get the top job in the U.S. Army.

CNN's Michael Ware is in Baghdad.

Christiane Amanpour is in Tehran.

But let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie.

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, Wolf, several senators say they have not yet made up their mind if they will vote for the confirmation of General George Casey to be the Army chief of staff. Among them, one of his sharpest critics, Senator John McCain.

(BEGIN VIDEO TAPE)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

MCINTYRE (voice-over): Casey's critics fault him for failing to adapt as the war took a turn for the worse and only asking for more troops in December, after President Bush ordered an overhaul of Iraq strategy.

GENERAL GEORGE CASEY, U.S. ARMY: I did not want to bring one more American soldier into Iraq than was necessary to accomplish the mission.

MCINTYRE: Armed Services Committee Chairman Carl Levin pressed Casey on President Bush's comment that Iraq was headed to a slow failure until the president himself stepped in.

CASEY: I actually don't see it as slow failure. I actually see it as slow progress.

MCINTYRE: In fact, Casey says he still feels only two brigades of additional U.S. troops are needed in Iraq, not the five the president ultimately ordered. And he stubbornly defended his strategy.

CASEY: It may not have produced the results on the time lines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq.

(END VIDEO TAPE)

MCINTYRE: General Casey does not appear to be headed for the unanimous endorsement that his replacement, General Petraeus, got from the U.S. Senate. But he may be confirmed.

Among people who said they would vote for him, last hour on your show, Wolf, Senator Carl Levin said he would vote for him even though he had made some mistakes, because he didn't hold him responsible for what he called the bigger policy mistakes of the Bush administration -- Wolf.

BLITZER: And Senator Levin is the chairman of the Armed Services Committee, so he has some sway.

Thank you, Jamie, for that.

Meanwhile, there's new word today that the troop increase in Iraq could cost $27 billion for a year long deployment. A Congressional Budget Office report says it could also mean thousands of support troops being sent, in addition to the roughly 21,000 combat troops called for in the Pentagon's deployment plan.

In Iraq today, two suicide bombers blew themselves up in a crowded market in the town of Hillah. That's south of Baghdad. Sixty-one people were killed, 150 others wounded. In Diyala Province, the U.S. military says Iraqi troops stopped a suicide truck bomber at the gates of an Iraqi Army compound. The driver was shot dead but the vehicle blew up, wounding 13 Iraqi soldiers.

Police imposed a strict curfew tonight in the southern province of Najaf, where a bloody battle this week pitted Iraqi and U.S. forces against hundreds of gunmen from what Iraqi officials described as a Messianic killer cult. We're now learning new details of that clash.

And joining us now in Baghdad, our correspondent, Michael Ware -- you know, we've seen this phone video now of these bodies from that battle in Najaf the other day. I know you're investigating -- Michael, what went on?

It's very confusing. The only thing we know for sure, there are a lot of dead people there.

What are you picking up?

MICHAEL WARE, CNN CORRESPONDENT: Well, Wolf, what we do finally know is that on Sunday just gone, there was a major engagement, a major battle just north of the holy city of Najaf, south of the capital, Baghdad.

Now, according to the Iraqi government, at the center of this battle was this apocalyptic death cult. I mean, this group who believe that a messiah was among them and had returned.

The government claims that part of their plan, that this sect's intention was to enter the holy city and assassinate the Shia religious sect leadership. They believed that this was part of a prophecy.

Now, this is what the government says, and they say that this group of about 600 or 700 strong had taken land north of the holy city, dug entrenchments, gun positions. They had heavy weapons and that essentially they were approaching zero hour in their deadly plan and government forces intervened.

Beyond that, what we actually do know is that a battle did took place, that government forces did engage irregular forces north of the capital. We also know that Iraqi Army units with American advisers attached became involved. They were quickly enveloped. The American advisers called in two Apache helicopter gunships, one of which went down during the fight. As the battle raged throughout the evening, F- 16s were called in. A-10 and AC-130 gunships and aircraft were also called in. A Stryker unit and some infantry from the American forces, several hundred troops in total, were also brought in.

Now, according to U.S. officials, at the end of this blazing battle, there was at least 250 dead and they've hauled in 400 detainees or more so far.

Now, the Americans, however, are a little bit more cautious about just who they were fighting. Military intelligence -- military spokesmen described them as a Shia breakaway group.

Now, they're saying the jury is still out on whether it was actually this apocalyptic cult, although some officers refer to it as a David Koresh like organization, the American cult leader in Waco, Texas some years ago.

However, there's other stories, that this is a faction upon faction among the Shia militias; that this was a massacre of anti-Iranian forces; that this was a tribal dispute.

Basically, at the end of the day, Wolf, no one saw this battle. No one really knows how it began. And the facts are still emerging from the ruins of this engagement.

BLITZER: I know you'll stay on top of the story for us, as you always do.

Michael, thanks very much.

WARE: Thank you, Wolf.

BLITZER: And a stunning new report today says that on average, more than 1,000 Iraqis were displaced from their homes every day in 2006, since last February's bombing of a Shiite holy site in Samarra. The International Organization for Migration says more than 330,000 Iraqis have been displaced since that attack, which triggered an all out round of sectarian violence. And it's still raging in Iraq.

Iran today began celebrations -- anniversary celebrations, that is -- for its Islamic Revolutionary, which brought hard-line clerics to power a generation ago.

But is Iran exporting that revolution to neighboring Iraq by aiding Shiite militants?

And joining us now from Tehran is our chief international correspondent, Christiane Amanpour.

A rare opportunity for us to get insight -- what are they saying to you, Iranians, about these very serious U.S. allegations, Christiane, that the Iranians are helping foment this insurgency inside Iraq?

CHRISTIANE AMANPOUR, CNN CORRESPONDENT: Well, officially, they're not saying anything, except for veiled comments today on the 28th anniversary of the Islamic Revolution to remain united against "U.S. conspiracies."

Unofficially, sources with very intimate knowledge of the government and government policy have told me that they are really surprised to hear these allegations, that they would not be overtly attacking or urging attacks against American soldiers there, that they want a stable Iraq because it's in their interests. And while they admit that they have a struggle with the United States over issues such as the nuclear issue and regional influence, that they wish they could work with the United States, as they did in Afghanistan, to resolve the situation inside Iraq.

BLITZER: The Americans insist that the Iranians are providing sophisticated equipment, including improvised explosive devices of a new generation, capable of penetrating the best U.S. armor.

Have you had a chance to ask them if they're providing this kind of equipment to Iraqis?

AMANPOUR: Yes, I have. I've asked them. And I've asked them, this is not new, these allegations. And I've asked them over the many times that I've been here and when I've met government officials.

And they always deny it. And their answer is always the same, that our interest is in a stable Iraq, that we want a democratic and free Iraqi government, which there is right now, the Shiite dominated Iraqi government, and that, yes, we would

like "occupying forces out of Iraq," but once the conditions are set for them to leave Iraq. Because if not, they say, these sources, then Iraq will Iraq will be in an even bigger mess than it is right now.

BLITZER: What about the Iranian nuclear program that the U.S. and others -- the Europeans -- suspect is designed to build a bomb? How does this tension, the current tension between the U.S. and Iran, play into that bigger issue of Iran and a potential nuclear bomb?

AMANPOUR: Well, it certainly does. And, of course, while the West and many in the media talk about a nuclear bomb, here they are insistent, as they always have been, that that is not what they're pursuing. And they always point to the IAEA, which said it does not have evidence to anything other than a nuclear program.

They said that they are going to be announcing some kind of new development in their nuclear program over the next 10 days. We don't know what this is or whether it will happen. But we do know that they're taking journalists to one of the facilities this weekend. Among those journalists will be me and a cameraman from CNN, Mark Phillips (ph).

So maybe we'll know a little bit more over the weekend.

BLITZER: Our chief international correspondent, Christiane Amanpour, inside Iran.

Christiane, we're going to stay in close touch with you.

And will the American people support the Bush administration if it decides to get tough with Iran?

Coming up, I'll speak about that and more with Undersecretary of State Nicholas Burns. He's over at the State Department right now.

Jack Cafferty is in New York with The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: It doesn't get much better than that, you know? You've got Michael Ware in Baghdad. You've got Christiane Amanpour in Tehran. I mean I don't know why you'd want to watch anybody else for news about what's going on in the Middle East, do you?

BLITZER: No. I totally agree.

CAFFERTY: And it isn't in my nature to be sucking up to the management around here, but that's pretty good stuff.

BLITZER: Yes.

CAFFERTY: $75,000 a minute, Wolf -- that's even more than you make. That's how much money Exxon Mobil earned every minute of last year. The oil giant today reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion.

The company topped its own past record of $36.1 billion back in 2005. That wasn't such a good year.

Keep in mind that last year oil prices did hit a record high of $77 a barrel. Gasoline hit $3 a gallon.

Now, then gas prices spiked, a lot of politicians were quick to start calling for a windfall profit tax on the oil companies. Some of them even suggested breaking up the biggest oil companies, like Exxon.

But the talk died down once gas fell back to closer to $2 a gallon.

Oil company executives insist that oil prices go through boom and bust cycles, so their profit margins are about average compared with other industries. They also say they need to keep their large profits and size in order to compete against big foreign oil companies.

So here's our question -- what's your reaction to Exxon energy $75,000 a minute every single minute for an entire year last year?

E-mail us at caffertyfile@cnn.com or go to cnn.com/caffertyfile.

BLITZER: That adds up pretty quickly.

CAFFERTY: Yes, it does.

BLITZER: We're talking billions and billions.

CAFFERTY: Oh, yes.

BLITZER: Thank you very much, Jack.

Up ahead, accusations rocking the Congressional Hispanic Caucus and pitting two California Democratic lawmakers against each other in an increasingly public feud.

Also, the controversy over presidential candidate Senator Joe Biden's remarks about his potential rival, Senator Barack Obama. I'll talk about it with the Democratic Party chairman, Howard Dean. And love and politics Italian style. We're going to show you how a marital spat wound up making headlines and captivating a country. You're going to want to see what's going on in Italy right now.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: New developments in the bomb scares that paralyzed parts of Boston yesterday. Two men have now been charged in what turned out be a promotion for a TV show on a network owned by CNN's parent company, Turner Broadcasting.

But the story took another strange twist in front of the TV cameras earlier today.

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Let's go to Boston.

CNN's Dan Lothian joining us with more on this -- Dan.

DAN LOTHIAN, CNN CORRESPONDENT: Hello, Wolf.

Well, the two men accused of placing those devices across the Boston area and causing a security scare were in court today. At their arraignment, they're facing some very serious charges. But afterward, they didn't appear to be taking it all very seriously.

(BEGIN VIDEO TAPE)

LOTHIAN (voice-over): Just released on $2,500 bail each, Sean Stevens and Peter Berdovsky hugged supporters then launched into an odd rant about haircuts and hairstyles.

PETER BERDOVSKY, DEFENDANT: For example, Afro, I think, comes kind of from the '70s. But then again, there's other styles, like the greased up hair, when they actually use grease.

LOTHIAN: Despite repeated attempts by reporters to get serious comments, the two men did not stray from their unusual performance.

SEAN STEVENS, DEFENDANT: I'm getting sort of more due to -- to get a haircut because it's getting in my bangs now.

LOTHIAN: Earlier, not guilty pleas were entered on charges of placing a hoax device and disorderly conduct. The two were conducting a marketing campaign for an ad agency hired by The Cartoon Network, which is owned by CNN's parent company, Turner Broadcasting.

It led to a massive bomb scare across the Boston area. Blinking electronic signs were found under bridges, highways and other locations.

JOHN GROSSMAN, MASSACHUSETTS ASSISTANT ATTORNEY GENERAL: It's clear that by placing a bomb like device where they did, the intent was to get that attention, at least initially, by causing fear, unrest, that there was a bomb located in this location. MICHAEL RICH, DEFENSE ATTORNEY: I don't think that anybody had -- had any intent to -- to raise fear, concern or alarm.

LOTHIAN: Outside the courthouse, supporters said authorities over reacted.

JAYSON PALM, SUPPORTER: They were just doing their jobs, really. This was part of an advertising campaign. They were getting paid to do this.

(END VIDEO TAPE)

LOTHIAN: I asked the defense attorney about the odd behavior of his clients. He said they were "performing." He went on to say that they're still getting over their shock of what has happened to them over the past 24 hours -- Wolf.

BLITZER: I don't think I've ever seen a news conference like that during my years covering these kinds of stories.

Have you, Dan?

LOTHIAN: I have not. It was quite bizarre. I didn't know what was happening when it was happening at the time. And even after viewing it, it was still shocking.

BLITZER: Yes. I was watching it on TV and I was saying whoa, whoa, these guys are something.

All right, Dan, thank you very much.

The Internet, by the way, played a very important role in uncovering the background of those light installations placed around Boston.

let's get some more details on this promotion gone wrong.

Our Internet reporter, Jacki Schechner, has that -- Jacki.

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, these promotional ads weren't just all over Boston and cities around the country, but there were photos of them all over the Internet. It's something that some blogs picked up on yesterday.

We asked the Boston police whether they've got any tips from bloggers, and they said that their investigative unit was monitoring blogs.

We want to give you an example of what has been online. This is Todd Venderlin's photo he uploaded to Flicker.com. He took this photograph more than two weeks ago. And it shows right here that promotional ad underneath a bridge in South Boston. You can get a closer up look of it there. And then he took it down and you can see what it looks like on the under side.

There's also another woman named Riga Murthy (ph), who took this photograph and uploaded it on January 21st. She says that she thought, when she first saw it, it was part of a popular street game that somebody posted in the comments, that it was, in fact, a Mooninite from the "Aqua Teen Hunger Force" show on The Cartoon Network.

Now, these things are big fodder online now. They're up on eBay. You can bid on them. This one was a starting bid of $2,000. It's a guy named Jack who says he got it outside a bar in Philadelphia. He was a big fan of the show and was going to hang onto it, Wolf. But he says now he thinks he can make some money off of it.

BLITZER: Two grand, nothing to sneeze at.

Thanks very much for that, Jacki.

Coming up, intra-party warfare leading one California Democrat to quit the Congressional Hispanic Caucus. We're going to have details of an increasingly ugly feud.

Plus, my interview with the Democratic Party chairman, Howard Dean. I'll ask him about presidential candidate Joe Biden's controversial remarks about possible White House contender, Barack Obama, and more.

Stay with us. We'll be right back.

(COMMERCIAL BREAK)

BLITZER: The Senate has gone forward and raised the federal minimum wage.

Let's go to our Carol Costello.

She's got the latest details -- Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Yes, we just got word a couple of minutes ago, Wolf.

It looks like we're moving closer to an increase in the minimum wage. The Senate just passed, by a vote of 94-3, a bill to raise the minimum wage to $7.25 an hour. The Senate's legislation includes tax cuts for small businesses.

Now, before the bill goes to the president's desk, the differences between the House and Senate versions will have to be ironed out. That will happen in a conference committee. Of course, we'll be following that for you.

Infighting spread today in Gaza despite a three-day-old cease- fire. Hamas militants opened fire in a raid on the Fatah Preventive Security Building in the northern Gaza town of Beit Lahiya. Elsewhere, in central Gaza, Hamas gunmen ambushed a convoy purportedly carrying arms to Mahmoud Abbas' presidential guard. Fatah says the convoy was carrying humanitarian aid. Today's fighting left five dead and dozens injured. It violates a cease-fire which went into effect on Tuesday. More on that thwarted execution plot in Birmingham, England. British police say they're seeking further detention of nine people arrested in a series of raids yesterday. Under British law, police must apply with Magistrate's Court for permission to hold suspects up to 28 days before charging them. The detainees are suspected of plotting to kidnap a British Muslim soldier then torture and behead him. The soldier has not been named.

And British police are confirming that Prime Minister Tony Blair was recently questioned over allegations that his Labor Party tried to reward political donors with titles of nobility. It is the second time police have interviewed Mr. Blair about these allegations. They say he is not a suspect and cooperated fully. Four people, including Mr. Blair's senior political adviser, have been arrested in connection to this scandal.

That's a look at the headlines right now -- Wolf.

BLITZER: They've got scandals all over the world happening right now.

We're going to have another one in Italy.

That's coming up, as well.

Carol, thank you.

Also coming up, when it comes to Iran meddling the United States in Iraq, where is the evidence?

We're going to ask the undersecretary of state Nicholas Burns. He's standing by live.

Plus, my interview with the Democratic Party chairman, Howard Dean. We'll talk about politics, what's going on in the presidential race. That's coming up, as well.

Also, details of the feud that's unfolding right now among Democrats that's rocking the Congressional Hispanic Caucus. It's getting very ugly.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Happening now, the former top U.S. military commander in Iraq grilled at his confirmation hearing by senators critical of the way he executed the troubled U.S. military mission in Iraq. General George Casey now up for Army chief of staff. He told the Armed Services Committee President Bush's troop increase will give commanders greater flexibility.

The Congressional Budget Office now says that increase could cost up to $27 billion over the next year. Also, sources telling CNN members of Congress will get a look at the latest National Intelligence Estimate tomorrow and that the so- called key judgment section will be made public. But the sources say the rest of the Estimate remains classified.

And scandal rocking San Francisco's city hall. Mayor Gavin Newsom admitting to an affair with the wife of his former reelection campaign manager. The man reportedly confronted Newsom and he then resigned. The mayor is apologizing, saying he's deeply sorry for what he calls a lapse of judgment.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

A storm is brewing on Capitol Hill within the Congressional Hispanic Caucus and it's getting ugly. Its leader is coming under growing fire from within the ranks.

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CNN's Brian Todd is standing by with all the details -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, until recently, Congressman Joe Baca was not well known, even in this town. Now, he is under extreme pressure and may not be able to hold his fractious group of legislators together.

(BEGIN VIDEOTAPE)

TODD (voice over): The leader of the Congressional Hispanic Caucus now under heavy fire, accused of not treating the six women in that group fairly. Congresswoman Loretta Sanchez, who just resigned from the caucus, goes further, telling the online publication politico.com that some months ago, caucus chairman Joe Baca told a California politician she was a whore.

Sanchez would not speak to CNN. Her office issuing a statement saying she resigned because of her "... strong opposition to Mr. Baca's chairmanship..."

"The Politico" reporter who interviewed Sanchez says she confronted Baca late last year about the remark.

JOSEPHINE HEARN, POLITICO.COM: This was a closed-door meeting. There were no staff there. It was just members of Congress. And in that meeting he denied having ever made the remark. But quite an argument ensued, as I understand it.

TODD: We couldn't reach Joe Baca directly for comment, but a statement from his office calls Sanchez's accusation "...baseless..." and "... categorically untrue..."

CNN has tried to confirm this account first hand. Congressional observers and Hill staffers tell CNN there have long been tensions in the caucus over the perception that Baca gives more favorable treatment to the men in the group.

Today, Congresswoman Hilda Solis from California gave a statement to CNN saying she shares Loretta Sanchez' sentiment about "... the lack of respect afforded to women members of the Hispanic Caucus."

CNN asked the Democratic Party leader about this upheaval.

HOWARD DEAN, DNC CHAIRMAN: This is something that we have made some calls back and forth into the caucus on. They will resolve it. They have good leadership.

(END VIDEOTAPE)

TODD: We repeatedly called and e-mailed Joe Baca's office for response to those broader accusations that women are not accorded equal treatment in his caucus. As of now, we have not heard back -- Wolf.

BLITZER: All right. Thank you very much, Brian, for that.

And the race is clearly on for the White House. Democrats are already jockeying for power. But is the party threatened by some new splits among those powerful personalities?

(BEGIN VIDEOTAPE)

BLITZER: And joining us now, the chairman of the Democratic Party, Governor Howard Dean.

Governor, thanks very much for coming in.

DEAN: My pleasure. Thank you, Wolf.

BLITZER: It looks like you have got some division -- this is not a surprise -- among Democrats, but let's go through some of them and as chairman, see what you have to say.

First of all, Joe Biden. He had some really blunt comments about fellow Democrats, presidential candidates. First of all, going back, he said of Al Gore and John Kerry, he said, "Democrats nominated the perfect blow-dried candidates in 2000 and 2004... and they couldn't connect."

Now, on John Edwards, he's saying, "I don't think John Edwards knows what the heck he's talking about."

Also some disparaging remarks about Senator Clinton. And, as you know, listen to what he said about Barack Obama.

(BEGIN VIDEO CLIP)

SEN. JOSEPH BIDEN (D), DELAWARE: I mean, you got the fist mainstream African-American who is articulate and bright and clean and a nice-looking guy... I mean, that's a storybook, man."

(END VIDEO CLIP)

BLITZER: What do you make of this?

DEAN: Well, you know, as you well know, Wolf, there are going be a thousand comments of this kind that are controversial and so forth as we go forward. I'm not going to make a practice of commenting on them.

In this particular case, the principals have talked about it, they have resolved their differences. And so I'm not going to get into it at all.

I'm going to be the referee. We're going to have a fair process. The only time I'm going to get into it is if I think things are going on that are really unfair and below the belt. But the media is going to sort this one, and the principals have already talked, Senator Obama and Senator Biden. So there's no need -- no need for me to get involved.

BLITZER: Well, at what point thought do you make a phone call or do you call Senator Biden, for example, and say, "Joe, maybe you should cut back a little bit on the rhetoric"?

DEAN: You know, I think there's been a lot of people probably giving him that advice publicly. And he certainly doesn't need to hear it from me publicly or privately.

Again, my job is to be the referee. I have to be very careful in this campaign. I want the DNC to be the place where every single candidate can feel they can come to, if they feel something else needs to be done differently and they're going to get a fair hearing.

And so you won't hear me commenting about who's the front-runner and who isn't and who said what last week and who said what yesterday and all that kind of stuff. I'm just not going to do that kind of public analysis.

BLITZER: Because your job is to get Democrats elected, Democrats locally, statewide and in the White House.

DEAN: That's right.

BLITZER: And if you have Democrats fighting each other, that's going to make your job a lot more difficult.

DEAN: Well, there's difference between controversial comments that get resolved in a couple of days and really serious stuff. And I'm going the save my comments and interventions for the really serious stuff that isn't going to get resolved between the principals. If the principals can resolve this stuff on their own, they certainly don't need me to help, and I'm going to be -- look, we had great year in 2006.

We've got all the momentum on our side. This presidential Iraq policy is about to be disavowed by the majority of the Senate, including Republicans.

This presidential race is something that we ought to win. We've kept our promises. I think Speaker Pelosi and Leader Reid have done a great job. You know, when was the last time you can remember that people made six promises before they got elected and they kept them on time?

I think it's a great record. And I think we ought to focus -- I want to focus on the positive things the Democrats are doing.

BLITZER: What about the split that the Democrats in the Senate are having now in whether or not they should go along with a modified, a watered-down. symbolic resolution complaining about the extra troops going to the Iraq? You've got Levin and Biden on one side, you've got Russ Feingold on another side saying use the power of the purse.

This another problem you potentially have to get involved in.

DEAN: No, this is not a problem. The Democrats, in fact, are not split. And the resolution is not watered down. They changed a few words.

I think this s a very smart move on the part of Harry Reid. If we can get significant numbers of Republicans to repudiate the Republican president's policy, which is about to happen, then I think that's very, very positive.

Look, we're doing what Americans elected us to do. The American people do not believe we belong in Iraq. The president is going in exactly the opposite direction that the American people asked him to go to. It's not a surprise to me that any United States senator, Republican or Democrat, might want to listen to their constituents before they listen to a president who's taking us in the wrong direction, despite what the American people voted for.

So, I think you're going to see a unified vote. I think you're going to see unified Democrats.

The question will be, which I'm not going to go into and speculate about, but the question will be, what happens when the House and the Senate disavow the president's wrong-headed actions in Iraq, ask him not to do it, and he does it anyway? Then I think you're going to see more discussions about what the alternatives are in addition to this.

But this is first step, it's the right step. Again, I think both Nancy Pelosi and Harry Reid are doing exactly the right thing on the right timetable, and I think you're going to see overwhelming Democratic support for these resolutions condemning the president's actions in Iraq to escalate the war.

BLITZER: One final quick question. Al Gore, he supported you back in 2004 when you were running for president. Now he's expected to win an Oscar. He's being nominated for a Nobel prize. Should he get back into this presidential race?

DEAN: Again, I'm not going to get into that, but I certainly think he deserves the Oscar and Nobel Prize.

Look, this guy, who is a good friend, a wonderful friend, a courageous friend, has done more to affect public policy than anybody I can think of in the last few years. Al Gore and the people who helped him make that movie -- and it wasn't just Al, but it was others -- have -- have totally changed the way Americans look at global warming.

The president of the United States has tried to pretend that global warming hasn't existed for six years. He has bullied scientists who are concerned about this, as has his administration. And because of the efforts led by Al Gore, we are really doing -- dealing with the issue that may be the most important issue to face this planet as long as humankind has existed on it.

So I think he deserves whatever awards he gets for doing that.

BLITZER: Governor Howard Dean, the chairman of the Democratic Party.

Thanks very much.

DEAN: Thanks for having me on.

(END VIDEOTAPE)

BLITZER: And still ahead, Italians they're spellbound by a very public airing of lover's quarrel involving one of the country's most powerful couples. We're going to have the report from Rome.

But first, the Bush administration leveling some very serious allegations at Iran. Does the administration have the credibility right now to convince the American people it knows the real story?

We're going to be joined here in THE SITUATION ROOM by one of American's top diplomats. Nick Burns, he's standing by live at the State Department.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: We're getting word now, a statement the president has just issued in connection with the Senate going ahead and passing a federal minimum wage increase. The House did that a couple weeks ago.

"Today, the Senate has passed significant legislation," the president's statement says, "that will benefit America's workers and small businesses. By working in a bipartisan way to match a minimum wage increase with tax relief for small businesses, the Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth. I strongly encourage the House to support this combined minimum wage increase and small business tax relief."

As you know, the House version -- House version did not contain the tax credits for small businesses. The House and Senate versions are going to have to be reconciled in what's called a conference committee before it goes to the president for signature.

The Bush administration has been blasting Iran for aiding Shiite militants in Iraq and for a nuclear program that U.S. officials maintain is aimed at building a bomb. If the administration decides to get tough with Iran, what would it make the case to the American people with given the experience in Iraq?

Joining us now, the undersecretary of state, Nicholas Burns.

Mr. Secretary, thanks very much for coming in.

NICHOLAS BURNS, UNDERSECRETARY OF STATE: Thank you, Wolf.

BLITZER: What evidence do you have, for example, that the Iranians are involved in killing American troops in Iraq?

BURNS: Well, Wolf, I think there's incontrovertible evidence that the Iranians have been giving very sophisticated explosive technology to Shia insurgent groups for the better part of the last year and half. Those groups have used that technology, some of which is armor-piercing -- to attack American soldiers and British soldiers and to kill them. It's a very, very serious development.

Now, we have warned the Iranian government in past about this. We had not received an adequate response from them. And you have seen now President Bush, over the several weeks, having decided that we will detain those military and intelligence officials in Iraq who are responsible for this.

Obviously, we wish Iran to cease and desist. Iran is not playing the type of role that most other countries are in Iraq.

Most countries like the United States want to see Iraq stayed together as unitary state. They want to see the problems between the Shia and the Sunni be resolved. But Iran seems to be stoking those problems, igniting them.

And so that's the basic -- that's the basic allegation that we're making against the Iranians. And we hope they're going to have a change of mind.

BLITZER: And the State Department, I take it, is putting together a dossier, a full report that will be declassified and made public going through your arguments, your evidence? Is that right?

BURNS: Well, obviously, we have been making the case for the last several weeks and will continue to make the case to the American people and to the international public that this is a problem. There really is no doubt about it.

You saw an interview, an extraordinary interview, when the ambassador of Iran in Iraq admitted that there are Iranian security operatives on the soil. Now, here's difference between the U.S. and Iran, Wolf. The United States military forces are there under U.N. authorization. Iran has no right and no authorization to have its military operatives or its intelligence on the soil of Iraq.

BLITZER: Although yesterday we heard -- we heard Nouri al- Maliki, the prime minister of Iraq, yesterday in an interview with our own Michael Ware, basically equate Iran and the United States, saying he wants both of them to fight what he called their proxy out of Iraq.

BURNS: Well, you know, I think, Wolf, there's no question that the Iraqi government has to maintain relations with the Iranian government because they're neighbors. We would just hope that the Iranians would choose to have a positive influence and not a negative influence. And right now they're exercising a very negative influence.

BLITZER: Your former boss, the former secretary of state, Madeleine Albright, was here in THE SITUATION ROOM yesterday. You're a career diplomat. You've served for many years over at the State Department. She says the administration

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has a credibility problem right now on Iran, the evidence you say you have on Iran, because of the failures of intelligence that now have been evident involving Iraq.

Listen to what she said.

(BEGIN VIDEO CLIP)

MADELEINE ALBRIGHT, FMR. SECRETARY OF STATE: Because of the decision failures leading to the war in Iraq. And basically, that we were told a variety of things and something else was going on. Now, there may be all the terrible things going on in Iran that we are being told by the administration, but who is to say?

(END VIDEO CLIP)

BLITZER: You acknowledge you have this serious problem of credibility?

BURNS: Well, Wolf, I respectfully disagree. I have been working on this problem of Iran's nuclear ambitions for the better part of two years. We now have a united coalition, the United States, China, Russian, the European countries, supported by India and Brazil and Egypt. All of us believe that Iran's nuclear research program and its plant at Natanz is intended to give Iran in several years a nuclear weapons capability.

There is no doubt about that in the international community. And there are no states, with the possible exception of Syria and Cuba and Venezuela, that believe that Iran's nuclear research program is benign.

And so, we're not in a situation that is analogous to what we were in in 2002 and '03 in Iraq, when there was a great international debate about the issue of weapons of mass destruction in Iraq. There is unanimity across the world that Iran should not have a nuclear weapons capability, that it is trying to create one, and that the goal of our international effort should be to stop them from doing so.

You've seen us pass a Security Council resolution just before Christmas. There will be another Council resolution passed in February and March unless Iran agrees to negotiate with us, and that's what we're trying to do, Wolf. We're trying to negotiate this with Iran. BLITZER: So, bottom line -- bottom line, it's diplomatic and economic pressure. You're not planning on going to war against Iran, at least not now, is that right?

BURNS: Wolf, we are on a diplomatic track. We believe that diplomacy can succeed. And we don't believe that a military conflict is inevitable or even likely.

The fact is that the United States is protecting its interests by detaining those Iranian paramilitary officials in Iraq because they're attacking our soldiers. And we're protecting our interests in the Gulf by deploying our carrier battle groups.

We have been in the Gulf since 1949. And we have an historic responsibility to protect the security of the Gulf Arab states.

So we're not acting in a provocative way. We're actually acting for stability and for peace in the region. We have to ask Iran now to adjust its policies and to be willing to meet us at the negotiating table on the nuclear issue. They have turned us down on that issue, Wolf, as you know.

BLITZER: Nick Burns, the undersecretary of state.

Mr. Secretary, thanks for coming in.

BURNS: Thank you, Wolf.

BLITZER: And Lou Dobbs is getting ready for his program that begins in a few minutes, right at the top of the hour. He's going to tell us what he's working on -- Lou.

LOU DOBBS, HOST, "LOU DOBBS TONIGHT": Wolf, thank you.

Coming up at 6:00 p.m. Eastern here on CNN tonight, we're going to be telling you about the pro-illegal alien open-border lobby. They're using shocking language, even by their standards, now to blast our federal agents trying to enforce U.S. immigration laws.

They're using words such as "terror" and "ethnic cleansing." And what is the president and the federal government saying in response? Nothing.

We'll have that special report.

Also tonight, troubling concerns that radical Islamist terrorists may be using Venezuela as a base for attacks against the United States, with the full support of Venezuela's president, Hugo Chavez.

We'll have that report tonight.

And House Speaker Nancy Pelosi, she apparently believes she has the right to use a military aircraft at taxpayer expense to fly herself, members of her family, other lawmakers in California, all around the country. We'll have that report.

And we'll also be examining the rising Iranian nuclear terrorist threat to this country.

And Terry McAuliffe, the Democratic strategist leading Hillary Clinton's presidential election campaign is among our guests.

We hope you'll join us at the top of the hour here on CNN.

Wolf, back to you.

BLITZER: Did you think the undersecretary of state made a good case as far a Iran is concerned?

DOBBS: I don't -- at this point, I thought it was interesting, your discussion about credibility. I think that it's time for a lot of discussion about the U.S. policy in the Middle East, period. And there's very high bar, I think -- I think -- I'm hardly alone in feeling this way -- but a very high bar for this administration to reach in putting forth evidence that would require a direct action against Iran, either diplomatically or militarily, beyond the sanctions that are already in place by the United Nations.

BLITZER: Lou's coming up in 10 minutes.

We'll be watching.

Thanks, Lou.

DOBBS: You bet. Thanks, Wolf.

BLITZER: And still ahead here in THE SITUATION ROOM, a rising star in the Democratic Party admits to a personal lapse of judgment. Much more on that during our 7:00 p.m. Eastern hour here in THE SITUATION ROOM.

And in Italy, a very public couple has a very public spat. We're going to tell you what's happening in Rome right now. You're going to want to see this.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Let's check in with Jack Cafferty in New York -- Jack.

JACK CAFFERTY, CNN ANCHOR: ExxonMobil reported the biggest annual profit ever for a U.S. corporation -- $39.5 billion last year. So we asked: What's your reaction to Exxon earning $75,000 a minute for the whole year?" That's -- if you do the math, that's what it comes out to.

Arlene in Folsom, California, "My reaction to big oil making those gigantic profits happen last year when they made so much dough: I sold my car, began walking and taking public transportation everywhere. I got even for the over-inflated car prices, the insurance prices and the gas-gouging. I save $900 to $1,000 every month and I can now take a vacation."

Mark in Anchorage, Alaska, "Jack, I'm a sourdough Alaskan and to hear that ExxonMobil made $39 billion in profits frosts me as they still owe Alaska billions of dollars for the damage done by the Exxon Valdez spill in 1989. Jerks!"

Mark, "Bully for them. It will allow a great American company to remain great. Additionally, the earnings will allow them to conduct further exploration for new reserves of oil and gas."

Linda, "I don't care how much Exxon makes. I care how much the Saudis make. I care how much the Kuwaitis make and how much all the other countries who fund Islamic terrorists make when selling us their barrels of crude oil."

J.B. in Connecticut, "Jack, the middle class in this country will lament the exorbitant (or is that extorted?) profits by ExxonMobil and other big oil, drug. and insurance companies. But the people in this country that control the laws are the upper class and their paid lobbyists who take good care of our elected representatives. And the upper class makes big money when the big companies make big profits."

"So, who's going to fix this problem? No one."

John writes, "Jack, Exxon makes $75,000 a minute in profits. I wonder if they could spare a minute or two for you or me, Jack."

If you didn't see your e-mail here, you can go to cnn.com/caffertyfile and read more of these online -- Wolf.

BLITZER: You know what they say, Jack. Rich or poor, it's good to have money.

CAFFERTY: That's right. On the whole, I'd rather be rich. I've been rich, I've been poor, and on the whole I'd rather be rich.

BLITZER: Good. See you in an hour, Jack. Thanks very much.

Up next, love and politics, Italian-style. A former prime minister and his wife, they're battling it out in public. You're going to want to see this when we come back.

(COMMERCIAL BREAK)

BLITZER: Italy is being riveted right now by a very public spat between former prime minister Silvio Berlusconi and his wife.

CNN's Alessio Vinci is joining us from Rome with details -- Alessio.

ALESSIO VINCI, CNN CORRESPONDENT: Wolf, Italian politics is perhaps best known for how crazy it is or, at times, for being plain boring. But Italians witnessed something they have never seen before, an open letter on the front page of a national daily, written by Silvio Berlusconi's wife, fed up with her husband's flirting.

(BEGIN VIDEOTAPE)

VINCI (voice over): The letter demanded a public apology by the former prime minister for sexist comments he allegedly made to a group of women during a dinner party, telling one of them he would marry her and another he would go with her anywhere.

"These are comments I consider damaging to my dignity," she wrote. "The can be reduced to jokes." Such a bold and unexpected move by a woman known for staying out of the limelight had the nation spellbound for a day.

Newscasts, newspapers, blogs all devoted a huge amount of space to the saga. And by late afternoon, Berlusconi was ready to apologize, saying, "Forgive me. Accept this public display of public pride as an act of love, one of many."

(END VIDEOTAPE)

VINCI: Had all this played out in the U.S., the outcome may well have been the end of a political career. But here in Italy, it all ended with a nice family dinner at Berlusconi's estate near Milan -- children included -- Wolf.

BLITZER: All right, Alessio. Thanks very much. Always interesting in Rome.

We're here in THE SITUATION ROOM, back in an hour.

Let's go to Lou in New York.

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Will Politicians Unite Against Troop Build Up?; Interview With Carl Levin; Sex And Scandal In San Francisco; Mary Cheney Reacts To Political Fallout (CNN)

CNN THE SITUATION ROOM, February 2, 2007

WOLF BLITZER, CNN ANCHOR: Happening now, a top Republican and Democrat are working together against the troop build-up in Iraq and against President Bush.

Will they get the bipartisan backing they want or just rile up the left and the right?

I'll talk to one of the senators behind the new deal, the Armed Services Committee chairman, Carl Levin.

Also this hour, sex and scandal in San Francisco -- Mayor Gavin Newsom goes before reporters to say he's sorry. It's not just that he had an affair, it's whom he had an affair with.

Plus, Mary Cheney talks openly about the subject her father refused to talk about with me, the subject of the baby she's having with her lesbian partner. The vice president's daughter opens up about her pregnancy and the political fallout.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

Frustrations over the war in Iraq are being laid bare on Capitol Hill right now. Senators of both parties have been grilling the president's top commander in Iraq about failures in the war. General George Casey being considered for a new job. That would be the Army chief of staff.

The hearing comes just hours after top Senate Democrats threw their support behind a Republican resolution disagreeing with the troop build-up. They're hoping to build bipartisan support and send the strongest message possible to President Bush.

In the war zone, a source in Iraq's Interior Ministry tells CNN nearly 2,000 civilians were killed in violence in that country in January alone. More than 60 people died in suicide bombings in a crowded market in Hillah today.

Our senior Pentagon correspondent, Jamie McIntyre, is standing by.

But let's go to Capitol Hill.

Our Congressional correspondent, Dana Bash, with the latest -- Dana.

DANA BASH, CNN CORRESPONDENT: Well, Wolf, we're waiting this hour for a press conference with Senator John McCain. He's going to formally unveil his resolution to set up benchmarks for the Iraqis.

Now, Republican leaders hope that will be an alternative to appeals to the GOP rank and file, who don't -- who are skeptical of the president's plan to send more troops to Iraq but don't necessarily want to outright condemn him.

Now, that is just part of the intense behind the scenes maneuvering today after last night's blockbuster bipartisan deal.

(BEGIN VIDEO TAPE)

BASH (voice-over): The morning after Senate Democrats joined forces with leading Republicans to oppose the president's Iraq strategy, Bush allies scrambled to prevent more GOP defections, lashing out at fellow Republicans who would support any measure opposing a troop increase in Iraq.

SEN. JIM BUNNING (R), KENTUCKY: And I believe they send a dangerous message to our enemies.

BASH: Others pleaded for patience.

SEN. JON KYL (R-AZ), INTELLIGENCE COMMITTEE: Years ago, I used to see bumper stickers that said, "Give peace a chance." And I think today we need to dust off some of those bumper stickers and write a couple of extra words in -- give the president's plan for peace a chance.

BASH: That as anti-war protesters walked the halls of Congress, delivering petitions pushing senators to oppose more troops in Iraq.

UNIDENTIFIED FEMALE: We really need to bring an end to this war.

SEN. JOSEPH BIDEN (D-DW), FOREIGN RELATIONS COMMITTEE: The quickest, most effective way to get the president to change his course is to demonstrate to him that his policy has little or no support in this body.

BASH: Democratic leaders signed onto the less confrontational Republican resolution with the goal of attracting the GOP votes they need to actually pass a bipartisan rebuke of the president.

But in the process, Democrats lost some support on their left flank.

Wisconsin's Russ Feingold says he'll oppose it because it contradicts the goal of withdrawing U.S. troops from Iraq.

Democratic presidential candidate Chris Dodd agrees.

SEN. CHRIS DODD (D), CONNECTICUT: I don't know how you can vote for this resolution and vote for that language and then simultaneously be for a redeployment of forces.

(END VIDEO TAPE)

BASH: Now other Democrats on the left say they actually will support this resolution. Ted Kennedy, Tom Harkin, for example.

Now, we understand that Democrats just came out of a closed door meeting and that they have decided that they do have the votes to at least proceed to the debate when they get to that point. And, Wolf, that will be the first incredibly important test vote, when they get to that motion to proceed to debate on this issue -- Wolf.

BLITZER: And so when it plays out on the floor, we expect that to start next week, is that right?

BASH: We expect it to -- what is going on right now is a big question mark, to be honest with you.

Republicans are trying to figure out their next move; Democrats, as well. They're talking to each other behind-the-scenes.

What we can look for, though, what's really important to look for is something that's going to happen tomorrow, Wolf, and that is Senate Republicans are going to have an all day retreat. It's been long planned. And afterward, they're going to go to the White House and have a meeting, face-to-face time with the president.

And we understand from Demo -- from Senate Republicans, rather, who are undecided about this, that they are going to use that time to really discuss this with the president.

And we understand from a senior administration official, Mr. Bush is going to do the same, something he really hasn't done -- personal lobbying -- since this whole issue of resolutions really got underway a couple of weeks ago.

BLITZER: We'll watch it play out, Dana.

Thank you.

Over at the White House today, the press secretary, Tony Snow, is sending a harsh word of warning to those senators about putting their opposition to the president's new Iraq strategy on the record. He even invoked the name of America's most wanted terrorist.

Listen to this.

(BEGIN VIDEO CLIP)

TONY SNOW, WHITE HOUSE PRESS SECRETARY: Osama bin Laden thought that a lack of American resolve was a key reason he could inspire people to come after us after September 11th. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP) BLITZER: Now to the president's top commander in Iraq, under fire from both sides today, even as he interviews for a new job.

Let's turn to our senior Pentagon correspondent, Jamie McIntyre -- Jamie, what's the latest on this front?

JAMIE MCINTYRE, CNN SENIOR PENTAGON CORRESPONDENT: Well, General Casey got the roughest treatment from one of his toughest critics, Senator John McCain, who ripped Casey for his past rosy predictions and slammed him for his failure to ask for reinforcements until things were really getting bad in Iraq late last year.

(BEGIN VIDEO CLIP)

SEN. JOHN MCCAIN (R), ARIZONA: I question seriously the judgment was -- that was employed and your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy.

And I'd be very happy to hear your response, General.

GENERAL GEORGE CASEY: Senator, I don't think there is any question that the situation in the center of the country, particularly in the capital, is bad. And we are working very hard to rectify that.

(END VIDEO CLIP)

MCINTYRE: Critics -- Casey's critics fault him for not asking for more troops until President Bush stepped in and ordered an overhaul of the policy in December. But he said he sticks by the strategy. He said: "It may not have produced the results that everybody hoped, but he does think it's laid the foundation for success."

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That was met somewhat skeptically by other members of the committee, including Senator Carl Levin, the chairman of the Armed Services Committee. He asked Casey if he wouldn't agree with President Bush's own assessment that Iraq was headed for a slow failure until the president personally stepped in. And Casey again disagreed, saying that he thought what they were seeing was slow progress -- Wolf.

BLITZER: I'm speaking to Senator Levin momentarily. We'll ask him what he thinks about this nomination.

Jamie, thanks for that.

We're going to have a lot more coming up on the battle on Capitol Hill and what's happening in Iraq.

But I want to move to a different story right now, a very different story -- a sex scandal going public in San Francisco right now.

The mayor, Gavin Newsom, went before reporters just a little while ago to apologize for having a sexual relationship with his former campaign manager's wife.

Alex Tourk resigned yesterday as Newsom's reelection chief after confronting his boss about the affair. Tourk's wife Ruby once worked as Mayor Newsom's appointment secretary.

Newsom didn't answer reporters questions about calls for him to resign, but he did say this.

(BEGIN VIDEO CLIP)

MAYOR GAVIN NEWSOM, SAN FRANCISCO: Everything you've heard and read is true and I am deeply sorry about that. I've hurt someone I care deeply about, Alex Tourk and his friends and family, and that is something that I have to live with and something that I am deeply sorry for.

I'm also sorry that I've let the people of San Francisco down. They expect a lot of their mayor and my personal lapse of judgment aside, I am committed to restoring their trust.

(END VIDEO CLIP)

BLITZER: We're going to have a lot more on this story coming up in the next hour right here in THE SITUATION ROOM.

Clearly, an awkward, very embarrassing moment for the mayor of San Francisco.

Let's go to New York and Jack Cafferty for The Cafferty File -- Jack.

JACK CAFFERTY, CNN CORRESPONDENT: Biden blows it -- Biden stumbles at the starting gate. Biden unwraps his bid for '08 with an "Oops!" and "Senator Stupid." Not exactly the kind of headlines you're looking for the day after you kick off a presidential campaign.

But that's what the Delaware senator, Joe Biden, got, after describing Senator Barack Obama as "the first mainstream African- American who is articulate and bright and clean and a nice looking guy."

The Democratic White House hopeful apologized yesterday. He called Obama. He told reporters he regretted that his comments were taken out of context. He said he meant to say Obama was fresh and an exciting candidate.

But the damage may already have been done. Biden's comments about Obama bring back attention to something he said about Indians last year: "You can't go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." And he later said that comment was taken out of context, too.

And then there was the senator's first presidential bid in 1988. He was forced to drop out of that race after it was revealed that he was stealing parts of his speeches from a British politician without attribution, something called plagiarism. So, here's the question -- should Senator Joe Biden withdraw from the presidential race?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile.

The newspapers took no prisoners, Wolf.

"Senator Stupid" -- big, black headline in the "New York Daily News" today.

BLITZER: I saw him on "The Daily Show" with Jon Stewart last night. He's not dropping out yet and we expect to have him here in THE SITUATION ROOM tomorrow. He told our staff earlier in the week he'll be here. We hope to interview him tomorrow, but we're anxious to hear what our viewers think, as well.

Thank you, Jack, for that.

Coming up, he's one of the most powerful Senate voices on Iraq right now, the Armed Services Committee chairman, Carl Levin.

Is he alienating the Democratic Party's base by making a deal with Republicans?

I'll ask him in a few minutes.

Also coming up, something's missing from the race for the White House. Hard to believe, with 18 candidates running or exploring. But our Bill Schneider says it's true.

And she's being applauded by gay rights groups and criticized by some in the Christian right. Now the vice president's daughter, Mary Cheney, speaking publicly about her pregnancy for the first time.

Stay with us. You're in THE SITUATION ROOM.

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(COMMERCIAL BREAK)

BLITZER: The chairman of the Senate Armed Services Committee, he's on Capitol Hill.

He's standing by.

We're going to speak to him in a moment.

But first, as the White House and the Senate head into a showdown over U.S. policy in Iraq, activists around the country are pressuring their senators to take sides in this debate, and it's all taking place -- at least a lot of it -- online.

Let's go to our Internet reporter, Abbi Tatton, with the latest -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, this counter at the Web site of the liberal Moveon.org is right now keeping track of the people all over the country who are calling Senate offices to voice their opposition to President Bush's troop increase. The number is approaching 700,000. Those are the people who are joining what Moveon labels a virtual march on Washington.

There are online tools to help people, to direct people to who the people they should be calling. The group also delivered signatures to Senate offices today, 600,000 of them. Moveon calls the Warner-Levin resolution an important first step.

On the other side -- (AUDIO GAP).

Lights back, no computer. But on the other side, there's been a conservative push to influence Republican senators to oppose this kind of resolution, led by conservative blogger and radio talk show host Hugh Hewitt. He's been urging people to sign an online pledge, telling people that "I will not contribute to any Republican senator who votes for a resolution of this kind."

And that online pledge, Wolf, right now having over 30,000 signatures -- Wolf.

BLITZER: Abbi, thanks very much.

Someone flipped the switch for a second, but we're back.

Joining us now, a power player in this debate over Iraq and the new deal on a resolution against the troop build-up.

That would be Senator Carl Levin, Democrat of Michigan.

He's the chairman of the Armed Services Committee.

Mr. Chairman, thanks very much for coming in.

SEN. CARL LEVIN (D-MI), CHAIRMAN, ARMED SERVICES COMMITTEE: Thank you, Wolf.

BLITZER: You're being criticized by the left and the right for this deal you worked out with the ranking Republican, John Warner.

Listen to your friend, Chris Dodd, Democrat of Connecticut, a presidential candidate.

(BEGIN VIDEO CLIP)

DODD: This is not three years ago or two years ago. We're being asked to send 21,000 young Americans into a cauldron. And we ought to be able to do better than a resolution here that really brings 70 people together that doesn't have any effect on whether or not they're going to be put in that situation or not.

(END VIDEO CLIP)

BLITZER: All right, what do you say to Senator Dodd?

LEVIN: Well, first of all, I think that there -- there's a broad consensus against sending the 21,000 additional troops in the country and among Democrats. And if we can get 60 votes -- if we can get 60 votes to defeat a Republican filibuster against the Warner resolution, which I've co-sponsored, which says that we disagree with the president's plan to increase forces by 21,000, it would be a very dramatic statement of senatorial disagreement with the president and would be an important first step, we believe, in turning this ship around and forcing a change of course.

This is the best way, we believe, that we can get a change of course, with a bipartisan resolution disagreeing with the president.

And one other thing. Your -- your reporter there made reference to Moveon.org. Moveon.org is a pretty -- has pretty much of a cross section across the Democratic Party. And as she said, Moveon.org supports, as they put it, the Warner-Levin language because it is an important first step toward Congress blocking the escalation.

So Moveon.org, it seems to me, is a pretty good indicator of where an awful lot of Democrats and others in this country are.

BLITZER: On the right, though, a lot of your critics are saying you know what your doing, senator?

You're giving aid and comfort to the enemy and you're undermining the U.S. military in -- in Iraq, who are serving there right now.

I want you to listen to the White House press secretary, Tony Snow.

(BEGIN VIDEO CLIP)

SNOW: Osama bin Laden thought the lack of American resolve was the key reason why he could inspire people to come after us on September 11. I am not accusing members of the Senate of inviting carnage on the United States of America. I'm simply saying you think about what impact it may have.

(END VIDEO CLIP)

BLITZER: All right, have you thought about the impact your resolution will have?

LEVIN: We sure have. We sure have. Our troops deserve everything. They deserve our support. They deserve our equipment, the best. They deserve to have their families supported. They deserve the best training in the world. They deserve a reliable ally. They also deserve our best thinking and when 60 senators, which is probably the number we have -- or close -- believe that this additional 21,000 is not going to contribute to success in Iraq, but the opposite -- it's going to contribute to an escalation of the military presence in Iraq. And Saddam Hussein is -- excuse me. Bin Laden is perfectly content. Bin Laden is very content to have American forces stay there occupying a Muslim country.

So, yes, we've given a lot of thought to this question. And we think the current course, which is not working, is a road to failure and we've got to change this course, increase the chances of success by pressing the Iraqi political leaders to take responsibility for their own country and make the necessary political compromises.

BLITZER: I know there's a lot of concern, Mr. Chairman, that the insurgents have a new generation of improvised explosive devices that penetrate even the best U.S. armor on the sides of the Humvees and the other vehicles. And there's concern, there's deep concern you're sending these additional troops, as well as the troops who are already there, into what could be a disaster because they're not going to be as protected as they should be. This came up at your hearing today.

LEVIN: It did, indeed. And we are determined that we're going to give our troops, while they're there, the best possible equipment. This has been an ongoing battle against the insurgents to try to stay ahead of them and we've continued to change technologies. We have told our military and our research and development people we will put all the funds necessary. You've got a blank check when it comes to protecting our troops.

That is the way we feel and we're going to keep working the technologies to try to respond to, but more importantly, keep a step ahead of the insurgents and the terrorists.

BLITZER: Are you -- do you have confidence that General George Casey is the best person to be the new Army chief of staff?

LEVIN: I have confidence that he is a qualified person to be the Army chief of staff. He was the vice chief of staff. And I don't think it's right that would put on his shoulders the policy failures in Iraq. There are some who point to the policy failures in Iraq, which have been major, including disbanding the Iraqi Army, not having a plan for the aftermath and other policy failures.

He shouldn't bear responsibility for the civilian decisions made by this administration. He's made mistakes, by the way, but they're not the major policy mistakes which have put us into the box that we're in.

BLITZER: So you'll vote to confirm him?

LEVIN: I will.

BLITZER: Senator, thanks very much for coming in.

LEVIN: Thank you, Wolf.

BLITZER: Carl Levin is the chairman of the Armed Services Committee.

And still ahead, Vice President Cheney's pregnant daughter speaking out for the first time since my interview with her father.

What does she think about the criticism she's getting from some in the Christian right?

And later, an Oscar nomination, a Nobel nomination -- could Al Gore go for the Democratic presidential nomination, as well?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Happening right now, the top U.S. commander in Iraq says he asked for fewer than half the extra troops President Bush is sending to the war zone. General George Casey is testifying before a Senate committee considering his nomination to be the Army chief of staff.

Meantime, the president's Senate allies are trying to stop more Republican defections after a bipartisan deal was struck on a resolution opposing a troop build-up.

Also on Capitol Hill, the leader of the Congressional Hispanic Caucus is under fire. Joe Baca is accused of not treating six women in that group fairly. And wait until you hear what one congresswoman claims he said about her -- that story coming up in our next hour.

Also coming up: the charges that Iran is behind some of the bloodshed and the chaos in Iraq. Our chief international correspondent, Christiane Amanpour, has Iran's response to accusations from the United States that it's meddling and possibly provoking a wider war.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

It was one of the most heated confrontations we have seen in the U.S. Senate in quite a while, the Senate Judiciary Committee chairman, Patrick Leahy, going after the attorney general, Alberto Gonzales. People are still talking about it.

I want you to listen to that exchange.

(BEGIN VIDEO CLIP)

SEN. PATRICK LEAHY (D), VERMONT: He would be held. He would be investigated. We also knew damn well, if he went to Syria, he would be tortured. And it's beneath the dignity of this country, a country that's always been a beacon of human rights, to send somebody to another country to be tortured. You know and I know that has happened a number of times in the past five years by this country.

ALBERTO GONZALES, ATTORNEY GENERAL: Before you get more upset, perhaps you should wait to receive the briefing...

LEAHY: How long?

GONZALES: I'm hoping that we can get the information next week.

(END VIDEO CLIP)

BLITZER: And, today, there are new developments involving that case Senator Leahy was so angry about.

Let's turn to our justice correspondent, Kelli Arena. She is here to explain -- Kelli.

KELLI ARENA, CNN JUSTICE CORRESPONDENT: Wolf, that whole debate focuses on a man named Maher Arar.

Now, he holds both Canadian and Syrian citizenship. He was detained by the United States back in 2002, later deported to Syria, on suspicion that he had terrorist tiles. Well, after he was released, Arar said that he was held and tortured for 10 months.

Now, Senator Leahy was angry, wanted to know why that happened. Why not send him to Canada, where the laws are very similar as they are here in the United States? So, he asked the attorney general for a briefing. He got one today.

The only problem, Wolf, he couldn't say much about it, claiming that it was all classified.

(BEGIN VIDEO CLIP)

LEAHY: The conclusion I have reached from the briefing today is that we have only begun to ask the questions, and we have more questions that have to be asked.

(END VIDEO CLIP)

ARENA: Now, Wolf, this whole story is really very confusing.

Last year, a Canadian commission found no evidence to support that Arar posed any threat. And the government actually apologized publicly, paid him millions of dollars in compensation.

But the U.S. just recently told Canada that Arar remains on a U.S. watch list. So, in one country, he is roaming free, but he can't even get into the other country.

Now, Justice will not talk about this. As you heard, the senators won't talk about it. But at least the GAO is doing a study how people actually get put on watch lists. So, maybe then we will get some answers.

BLITZER: The Canadian government, as you know, gave him about $10 million...

ARENA: That's right. Mm-hmm.

BLITZER: ... in compensation for this entire matter.

ARENA: That's right.

BLITZER: All right, Kelli, I know you are going to stay on top of this story for us.

Other news we're following, this time on the road to the White House, it's a real traffic jam these days, with so many contenders. Some might argue enough is enough. Then, again, others might argue, not necessarily. Let's go to our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, we have got 18 well-known candidates running or exploring the race for president next year. Do we really need more? Maybe.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): Two big question marks hanging over the race for president: Al Gore and Newt Gingrich. Gore has described himself as a recovering politician, adding, you have to worry about a relapse.

Here is Gore on Gore.

AL GORE, FORMER VICE PRESIDENT OF THE UNITED STATES: I'm not planning to be a candidate again.

SCHNEIDER: Gingrich is devoting himself to finding what he calls a new generation of solutions to big problems, like energy, immigration, and health care.

Here is Gingrich on Gingrich.

NEWT GINGRICH, FORMER SPEAKER OF THE HOUSE: If the best way to help launch the solutions is to run, I will.

SCHNEIDER: Here is Gingrich on Gore.

GINGRICH: I think it's still possible that Al Gore will get in the race, because he has the resources and name I.D. to be very formidable.

SCHNEIDER: And the issues -- Gore has become a fierce critic of George W. Bush...

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GORE: The president of the United States has been breaking the law, repeatedly and insistently.

(CHEERING AND APPLAUSE)

SCHNEIDER: ... and a passionate advocate of environmental action.

(BEGIN VIDEO CLIP, "AN INCONVENIENT TRUTH")

GORE: This is Patagonia 75 years ago, and the same glacier today.

(END VIDEO CLIP)

SCHNEIDER: This news from Oslo: Gore could win this year's Nobel Peace Prize. He's been nominated by two members of the Norwegian parliament.

And this from Hollywood: Gore's movie, "An Inconvenient Truth," is the front-runner for the Academy Award for best documentary.

Gingrich, too, is a passionate advocate.

GINGRICH: The Republican Party has forgotten what made it a majority. Republicanism did not make conservatives a majority. Conservatism made the Republicans a majority.

SCHNEIDER: If conservatives are looking for someone to carry their banner, Gingrich could be the guy.

Do Democrats want to see Gore run for president? We asked. They do. Do Republicans want to see Gingrich run for president? We asked. They're not sure.

(END VIDEOTAPE)

SCHNEIDER: With 18 well-known candidates, why is there still interest in Gore and Gingrich? Because there are doubts about the leading contenders in both parties: Can they win? Are they ready? Are they really one of us? Maybe we should go with someone we know better -- Wolf.

BLITZER: Bill Schneider reporting -- thank you, Bill.

On our "Political Radar" this Thursday: a talent contest of sorts for three of the Democratic Party's top presidential hopefuls. A new Gallup poll asked Democrats and independents who lean Democratic to rate Senators Hillary Clinton and Barack Obama and former Senator John Edwards.

Who did they say was most qualified? Senator Clinton, hands down. Who is the most likable? Senator Barack Obama wins that category. Who is the best public speaker? Obama narrowly edges out Senator Clinton for that title. Who is the best on the issues? Senator Clinton trumps Edwards and Obama on every issue listed, excepted for one. That would be moral values. Senator Obama gets top ratings in that category.

And, finally, who has the best chance of winning the Democratic presidential nomination? Senator Clinton comes out on top again, more than 35 points ahead of her nearest rival on that question. That would be Senator Edwards.

And, remember, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.

And, remember, also, that CNN is a partner with WMUR-TV and "The New Hampshire Union Leader" for the very first presidential debates of the campaign season, two of them, Democratic and Republican, April 4 and 5. It's an unprecedented early kickoff to the race for the White House. You will want to see it right here on CNN.

Coming up: The vice president's daughter delivers a message about her qualifications to be a mother. Our Mary Snow is standing by with the story. And the mayor of San Francisco admits to having an affair with his campaign manager's wife. Is his career in politics done? That's coming up in our "Strategy Session." James Carville and J.C. Watts, they're here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Vice President Dick Cheney told me the other day that questions about his daughter's pregnancy were out of line. But now Mary Cheney herself is speaking publicly about the baby she is having with her lesbian partner.

Let's go to CNN's Mary Snow. She is standing by in New York with what Mary had to say -- Mary.

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, these are Mary Cheney's first public comments about her pregnancy.

She spoke at a forum held here in New York on Wednesday, saying that her pregnancy is not a political statement.

(BEGIN VIDEOTAPE)

MARY CHENEY, DAUGHTER OF VICE PRESIDENT DICK CHENEY: I knew, when Heather and I decided to have a baby, that it was going to be not the most popular decision ever.

SNOW (voice-over): It was a panel hosted and videotaped by "Glamour" magazine. The topic? Success at 20, 30, and 40.

But, for Mary Cheney, the questions turned to her pregnancy with longtime partner Heather Poe.

M. CHENEY: This is a baby. This is a blessing from God. It is not a political statement. It is not a prop to be used in a debate by people on either side of any issue.

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SNOW: But her pregnancy has generated debate. Some say she put herself into the political spotlight when she worked on her father Dick Cheney's reelection campaign in 2004 -- this as President Bush supported a constitutional amendment to ban same-sex marriage.

Gay family advocates say they want to hear more from her.

JENNIFER CHRISLER, EXECUTIVE DIRECTOR, FAMILY PRIDE: You can't have one foot in and one foot out when you're talking about this issue. And she sort of dipped her toe in the water on this topic.

SNOW: On the other side of the spectrum came criticism from James Dobson, founder of the conservative group Focus on the Family. The group said Cheney's pregnancy raised questions about what is best for the child.

That's something Vice President Dick Cheney did not want to address when the question was asked during an interview with Wolf Blitzer in THE SITUATION ROOM. BLITZER: I have interviewed her.

RICHARD B. CHENEY, VICE PRESIDENT OF THE UNITED STATES: I'm delighted -- I'm delighted I'm about to have a sixth grandchild, Wolf, and obviously think the world of both of my daughters and all of my grandchildren.

And I think, frankly, you're out of line with that question.

(END VIDEOTAPE)

SNOW: Now, asked about her father's response, Mary Cheney was quoted by a "New York Times" reporter as saying she felt the question crossed a line.

The head of Family Pride, however, which works to secure gay rights, disagrees, saying the question was not off limits -- Wolf.

BLITZER: Mary, thank you for that.

And up next in the "Strategy Session," we will get to other politics, including Mayor Newsom of San Francisco. He now admits to hurting his friend and constituents by having an affair with his campaign manager's wife. Can this once rising star in the Democratic Party make a comeback?

And how close is the U.S. going to war with Iran? We will talk with Nick Burns. He's a key aide to Secretary of State Condoleezza Rice. He will be here live in THE SITUATION ROOM in the next hour.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: A rocky road lately for the Democrats lately -- one of the party's rising stars may go dim after owning up to an illicit affair. And there's also some discord now among the rank-and-file over a resolution protesting President Bush's proposed troop buildup in Iraq.

Joining us now in our "Strategy Session," Democratic strategist James Carville and Republican strategist J.C. Watts.

Gavin Newsom, the mayor of San Francisco, went before the press in San Francisco just a little while ago and, among other things, acknowledged he had an affair with the wife of his campaign manager.

And he said this.

(BEGIN VIDEO CLIP)

GAVIN NEWSOM (D), MAYOR OF SAN FRANCISCO: Everything you have heard and read is true. And I am deeply sorry about that. I have hurt someone I care deeply about, Alex Tourk, his friends and family. And that is something that I have to live with and something that I am deeply sorry for. (END VIDEO CLIP)

BLITZER: That's -- that's a political problem.

What do you think?

JAMES CARVILLE, CNN POLITICAL ANALYST: Yes. I mean, I think it's a political problem. I don't...

(CROSSTALK)

BLITZER: Is it a career -- is it a career-ender?

CARVILLE: Probably not. I have seen bigger problems than that not big career-enders. But I think, to the extent that he could handle it, that was probably as good an answer as he could given under the circumstances. But he's probably not going to rise very far in national politics for some time now.

BLITZER: What do you think?

J.C. WATTS, CNN POLITICAL ANALYST: I -- in San Francisco, Wolf, I don't know. I don't have a good pulse of how things work out there. Interesting things go on.

But national politics, it's over. He probably didn't have any national ambitions. I would even say state politics, it probably hurts him.

But, you know, I -- I admire the fact that he came clean. And there is an old saying: Confession is good for the soul, but bad for the reputation.

(LAUGHTER)

WATTS: So, we will see how it plays out.

(CROSSTALK)

BLITZER: If you were advising him right now -- he is single -- he's divorced.

CARVILLE: Right.

BLITZER: But he, obviously, admits to having had an affair with this other married woman. What advice would you give him, as a Democratic strategist?

CARVILLE: Well, first of all, I would say, based on what I have seen so far, you're -- you're doing fine.

And the big thing is, talk about what you have accomplished for the city: We all have our failings. I will do better.

And, you know, get married, and, 20 years later, run for anything that you want to. But you are going to have to spend a little time in -- in the cooler here.

BLITZER: Yes, J.C.

WATTS: And, Wolf, the thing is, voters, regardless of -- San Francisco voters may see it differently than I would or maybe than James would or you.

But the fact is, voters will always have a way of dealing with these things. And I think he's gone and he's faced the voters. And now they will have to deal with it whatever way they do.

CARVILLE: But they like the kind of mayor he has been. He -- because he is very popular out there. He may very well win reelection.

Like I said, it's going to be hard. He's going to have to say -- some time, some distance between before he can -- you know, and I don't know how much of a future he had in national politics anyway. He's a nice-looking, articulate guy, but he is the mayor of San Francisco.

Dianne Feinstein was the mayor of San Francisco. She got to be a United States senator.

BLITZER: Yes.

(CROSSTALK)

CARVILLE: So, you know, who knows.

BLITZER: Let's talk a little bit about another Democrat who has got some political problems right now. That would be Senator Joe Biden.

What do you make of the controversial comments he made in that interview in "The New York Observer" and the way he has dealt with it?

CARVILLE: You know, when I read it, and saw what he said, it was -- I said, oh, this is a problem.

(LAUGHTER)

CARVILLE: And, if I didn't know Senator Biden -- and people know him. They like him. And they're smart.

But I am not -- am I surprised that he got into trouble for something he says? No. Because he says so much. And we have to remember, there are so many candidates running for president over such a long period of time. This is going to be the first of many. It's not going to stop. It's not going to stop.

WATTS: That's right.

(LAUGHTER)

CARVILLE: I mean, but it was a -- it was something that required him to address. I think he could have addressed it a little bit force -- more forcefully.

BLITZER: What did you think?

WATTS: Well, there is another old saying that said -- that says, because you have the right to say it doesn't mean it's the right thing to say.

And I'm a little offended that he didn't think that I'm a mainstream African-American and articulate and...

WATTS: I took a shower this morning.

(CROSSTALK)

(LAUGHTER)

BLITZER: But you're not running for president.

CARVILLE: No.

WATTS: But I'm not running for president. That's right.

No, I -- I -- like Jim, I -- like James, I like Joe Biden.

CARVILLE: Right.

WATTS: But Joe likes to talk.

(LAUGHTER)

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WATTS: And we -- you know, we had the same problem with Newt. We would always say -- you know, some of us would say -- well, we would hope -- we would wish that Newt would understand, there's sometimes wisdom in silence, you know? You don't have to address every single issue.

And, of course, 18 months to go before the election, as I said before, I want the popcorn and Coke concessions, because it's going to be very entertaining over the next 18 months.

(CROSSTALK)

CARVILLE: ... the glory of the unspoken thought.

WATTS: Yes. That's right.

BLITZER: He went on "The Daily Show With Jon Stewart" on Comedy Central last night.

Let's play a little clip. CARVILLE: All right.

(BEGIN VIDEO CLIP, "THE DAILY SHOW WITH JON STEWART")

SEN. JOSEPH BIDEN (D-DE), SENATE FOREIGN RELATIONS COMMITTEE CHAIRMAN: I spoke to Barack today.

JON STEWART, HOST, THE DAILY SHOW: I bet you did.

(LAUGHTER)

BIDEN: I also spoke to Jesse, and Al Sharpton.

(LAUGHTER)

BIDEN: And I also spoke...

(CROSSTALK)

STEWART: And Michael Jordan and anybody you could get your hands on.

(LAUGHTER)

(END VIDEO CLIP)

BLITZER: The Jackson 5.

WATTS: Didn't call me, Joe.

(LAUGHTER)

BLITZER: He -- you know, I guess he has got to have a sense of humor to try to deal with that. That could be one strategy.

CARVILLE: You know, he's a good guy. He's a very smart man.

And, when you see that, and people -- and everybody likes Senator Biden. I think most of the other senators like him. And I think the press likes him. And people like him. And they just wince, because they know that he's smarter than he shows.

And that was -- and, on his announcement day, he -- he steps in it.

BLITZER: Briefly, on this resolution, this bipartisan resolution now dealing with Iraq, you have got Senator Levin, the chairman of the Senate Armed Services Committee, Senator Warner, the ranking Republican, they have reached a deal. The Democrats, a lot of them, at least, like it. And some Republicans like it as well.

What does the White House do, the strategy? If the White House was trying to derail this, even though it's a nonbinding, symbolic resolution, they clearly are not happy it's going to go forward.

WATTS: Well, I think the fact that it's nonbinding, it has no, you know, effect or weight involved.

BLITZER: It does send a political message out there, though.

WATTS: But I don't think this president is concerned about the politics of it.

I mean, how much more damage can the president do or can he have executed against him? I think the president, again, he is focused on saying: How do we win this? Do we want to make these political statements or do we want to win?

I think the resolution is bad for the troops. And I think it says that, you know, we're going to tolerate -- if we withdraw, we're going to tolerate them killing Americans home and abroad, and we're going to learn to live with it.

BLITZER: James...

WATTS: I think that's a horrible message.

CARVILLE: I think that the Senate has about had enough.

And I don't think that senators like Jim Webb, who has won the Navy Cross, who has a son in Iraq, and senators like Chuck Hagel, who's very brave, served his country very honorably, need Tony Snow or the White House talking about, this is this to Osama bin Laden, or this and that.

The truth is, there is great angst over this. There's great angst about this decision. The United States Senate is the place that -- that it's going to manifest itself. They are going to have a debate on this. And, you know, we're in a democracy. And they may not like it, but these people are trying to do the best for their country with this resolution.

BLITZER: We have got to leave it there, guys, unfortunately. But we will continue this conversation down the road.

James Carville, J.C. Watts, thanks very much for that.

And, remember, they are part of the best political team on television.

And, for the latest political news at any time, check out our Political Ticker at CNN.com/ticker.

Up ahead, this hour, at least -- excuse me -- next hour, the Democratic Party chairman, Howard Dean, what does he think about the divisions in his own party over Iraq? Also coming up next: "The Cafferty File." Should Senator Biden withdraw from the presidential race? That is Jack's question this hour -- Jack with your e-mail right after this.

(COMMERCIAL BREAK)

BLITZER: Here is a look at some of the "Hot Shots" coming in from our friends over at the Associated Press, pictures likely to be in your newspaper tomorrow.

In Boston, protesters hold signs in support of two men charged in yesterday's bomb scare.

In Idaho, fire rages through Middleton High School, consuming at least half of the building.

In South Carolina, a Clemson University student gets pushed through the snow in a kayak.

And in Huron Township, Ohio, sumo wrestlers jump into a swimming pool to celebrate the expansion of a water park -- some of today's "Hot Shots," pictures often worth 1,000 words.

Nice pictures to go to Jack Cafferty with -- Jack.

CAFFERTY: Do we have a correspondent on that sumo thing? We should have a reporter out there.

BLITZER: We have a string -- a stringer there, not a full-time correspondent.

(CROSSTALK)

CAFFERTY: ... do a live -- live report on the opening of that water park.

BLITZER: Yes.

CAFFERTY: Should Senator Joe Biden withdraw from the presidential race?

G. in Montreal: "Joe Biden withdraw? From what? He never entered the 2008 campaign. After all, he explores or runs for president every 20 years for five minutes, like in 1987, and yesterday, in 2007. To hell with withdrawing. He should just keep exploring for 20 more years, and announce in 2027. By then, he will be articulate enough to run."

Norman in Kingfisher, Oklahoma: "I listened carefully, not only to what he had to say about Barack Obama, but the way he said it. And it's transparently obvious that, despite his unfortunate choice of words, he was paying his colleague a very gracious and heartfelt compliment. There's no reason for him to withdraw."

Dicky, Corpus Christi, Texas: "Joe can forget about it. He never had much of a chance anyway. And now, well, it's over. It would be better for him to spend his millions in his campaign war chest on Katrina restoration or something like that. He would then at least be remembered more favorably. Stick a fork in Biden. He's done."

Dave writes: "Of course Biden should not withdraw. We need not sacrifice another politician to the winds of political correctness. I accept his explanation about what he intended when he said that Barack Obama was clean. And I strongly wish that the other candidates for president were as clean as Biden and Obama."

Steven in Los Angeles: "Yes, he's through. He's got brains and heart. But, sadly, style counts in presidential politics, about as much as it counts in professional ice-skating. And this guy fell on his butt while trying to execute a fairly simple maneuver."

Bob in Bear, Delaware: "As a Delaware resident, I wish Joe would drop out tomorrow and get back to doing what he does well, which is being our senior senator. On the bright side, I picked January 31 in the Biden-blows-it pool."

Troop Increase Is A Tough Sale For GOP Senators On '08 Ballot (USAT)

By Kathy Kiely

USA Today, February 2, 2007

WASHINGTON — As the Senate prepares to debate his plan to increase troop levels in Iraq, President Bush will be trying to sell it Friday to an unexpectedly skeptical audience: senators from his party.

Republican senators are scheduled to wrap up a day-long strategy session with a visit to the White House, where Bush will host a meeting and a reception.

It could be an awkward visit: Some of the president's guests are leading an effort to put the Senate on record opposing Bush's plan to commit an additional 21,500 troops to Iraq.

Perhaps not coincidentally, many of the mutinous senators are up for re-election in 2008. At least seven of the 20 Republican senators due to face the voters next year already are on record expressing misgivings about the president's planned troop increase. Among them are Sens. John Warner, R-Va., and Chuck Hagel, R-Neb., chief sponsors of the critical resolution that the Senate will begin debating Monday.

Another Republican supporter of the Warner resolution, Sen. Norm Coleman of Minnesota — one of the most vulnerable Republicans after winning with just 50% of the vote in 2002 — expressed exasperation with Bush's policies in Iraq at a hearing earlier this week. "I don't think there is any lack of appetite for clashing with the executive in both parties," Coleman said.

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He will be on the ballot in a state where Sen. Amy Klobuchar, a freshman Democrat, scored a surprisingly lopsided victory in November after a campaign in which she emphasized her opposition to the war in Iraq. Already one celebrity has expressed interest in taking on Coleman: comedian Al Franken.

Tim Penny, a former independent Minnesota congressman who remains close to lawmakers in both parties, predicted that Bush "will get an earful" this afternoon from the senators who are reflecting the unease of their constituents:

·In Virginia's conservative Shenandoah Valley, Twila Decker, who wears a yellow ribbon for the troops, said she's not upset that her senator has decided to oppose Bush's plan. "John Warner is a very smart man, and I would back up John Warner before I would back up the president," she said.

·In Nashville, Donald Oldham said he initially supported the war. Now, like his senior senator, Lamar Alexander, he's unhappy with the plan. "We don't need any more soldiers to die. We don't know what this war is about any more."

·In Oregon, retired college administrator Jim Treanor backed Sen. Gordon Smith's opposition to Bush's plan. "I don't believe that there's been any basis shown by the Iraqi government that it really wants to take the steps that are needed in order to quell militia violence," Treanor said.

Some voters say they support an alternative resolution in support of the president's plan that is being offered by Sens. John McCain, R-Ariz., Joe Lieberman, I-Conn., and Lindsey Graham, R-S.C. Graham is up for re-election next year.

"I'm not a big supporter of Iraq, but I think in general I do support Lindsey Graham and President Bush," said Marlin Alford, a former Army National Guardsman who works for aerospace contractor Lockheed Martin in Simpsonville, S.C. "I think we made a mistake. It's just not that easy to get out."

Contributing: Tracy Loew, The (Salem, Ore.) Statesman Journal; Jennie Coughlin, The (Staunton, Va.) Daily News Leader; Leon Alligood, The (Nashville) Tennessean; Ron Barnett, The Greenville (S.C.) News; and the Associated Press.

Troop Surge Could Be Up To 48,000 (CQ)

By Frank Oliveri

Congressional Quarterly, February 2, 2007

Democratic leaders questioned whether President Bush fully disclosed the size and cost of his plan to send additional troops to Iraq, citing a report that said it could require more than double the number of soldiers.

The report by the Congressional Budget Office (CBO) found that Bush's decision to deploy 21,500 extra combat troops in Iraq actually could require a total increase of as many as 48,000 troops when support units are counted, and cost as much as $27 billion over 12 months. That cost is also far higher than the figure administration officials previously discussed.

The Senate expects to launch its long-awaited debate of Bush's new strategy on Feb. 5, and the CBO report is certain to complicate the deliberations.

Some lawmakers questioned the value of the debate if they do not have an accurate account from the administration on the size and costs of the troop increase.

"There is no way that the American people can have a meaningful debate about the troop escalation without understanding the full costs of sending more troops to Iraq," Rep. Martin T. Meehan, D-Mass., who chairs the Armed Services Subcommittee on Oversight and Investigations, said in a statement. "Frankly, it is irresponsible for the administration to roll out a so-called 'new' strategy in Iraq without telling the public what that plan will entail."

Others used the CBO report to buttress their arguments against Bush's troop increase.

The report "puts the cost of the President's decision in even starker terms," House Speaker Nancy Pelosi, D-Calif., said in a statement. "If the President proceeds with his plan, thousands more U.S. troops will be at risk, billions more dollars will be required, and there will be a much more severe impact on our military's readiness."

Sen. Ted Stevens of Alaska, the ranking Republican on the Defense Appropriations subcommittee, said he also was concerned about the higher cost estimates in the CBO estimates, but not so much when compared to the cost of failure in Iraq.

"What's the cost of doing it the other way around?" he said.

Raising Questions

CBO Director Peter R. Orszag provided the new estimates on troop levels and costs in response to an inquiry from Meehan and fellow Democrats John M. Spratt Jr. of South Carolina, who chairs the House Budget Committee, and Ike Skelton of Missouri, who chairs the House Armed Services Committee.

The Pentagon has identified only the combat units involved in the troop increase order.

"However, U.S. military operations also require substantial support forces, including personnel to staff headquarters . . . military police, and provide communications, contracting, engineering, intelligence, medical and other services," Orszag said.

Skelton said the CBO report raised questions about what Bush has been telling Congress and the nation about the troop increase.

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"I am disturbed that the administration's figures may not be fully accounting for what a true force increase will entail," he said.

Skelton added that his committee was seeking clarification from the administration on "just how big the president's troop increase really is."

In a White House briefing Jan. 10, the day Bush announced his new strategy, a senior administration official said the "incremental" added cost for the surge would be "$5.6 [billion] on the military side," to be included in the war supplemental spending request that Bush will submit to Congress this month.

The following day, a Pentagon announcement about the "force adjustments" in Iraq contained a one-sentence clue that the number of troops involved would be greater than just the additional combat forces.

"Other combat-support and combat service-support units may also be deployed as necessary once new requirements are assessed," the Pentagon said.

The U.S. military command in Iraq did not respond Thursday to questions about the numbers of support personnel it would need.

The CBO report also noted that the Pentagon "has not yet indicated which support units will be deployed along with the added combat forces, or how many additional troops will be involved."

Regardless of the final count, the report said, "those units would still represent a significant additional number of military personnel" beyond the 21,500 figure.

Orszag said the CBO took into account Pentagon practices to date in assessing the likely impact of deploying additional combat forces to Iraq.

The report estimated costs for several battlefield scenarios. With the current deployment of about 20,000 additional troops reaching peak strength in May, the CBO estimated that the cost of sustaining such a troop strength for four months — including support troops — would range from $7 billion to $9 billion, depending on the size of the support contingent.

If the extra combat forces and their support units remain in Iraq for a full year, the added costs would total between $20 billion and $27 billion, again depending on how many support troops are needed, CBO said.

Over the past few years, the Defense Department has sent combat brigades totaling 9,500 soldiers to Iraq, of which 4,000 are actually combat troops.

Orszag said Army and Pentagon officials have indicated that it would be "both possible and desirable" to deploy fewer support troops "than historical practices would indicate."

But even if the number is lower than the full normal complement, the CBO said there would still be a "significant additional number of military personnel."

Using the historical force proportions in Iraq, adding 20,000 combat troops would require 28,000 more support troops, for a total deployment of 48,000 troops. CBO also provided an alternative scenario that envisioned 15,000 support troops, for a total increase of about 35,000.

CBO's cost estimates were based on appropriations that Congress provided in fiscal 2006 for operations in Iraq. Those amounted to $89 billion for combat troops and their support units.

Surge Could Cost Triple Bush Projection, CBO Says (MCT)

By James Rosen

McClatchy Newspapers, February 2, 2007

WASHINGTON - President Bush's decision to send more American troops to Iraq could cost as much as $10 billion this year, nearly triple the initial $3.2 billion price tag that Bush aides placed on the surge, the Congressional Budget Office said Thursday,

If the additional troops remain in Iraq for more than a year, the CBO said, the cost could rise as high as $29 billion. And under traditional staging formulas, the added combat troops could require up to 28,000 support personnel, at a cost of another $12 billion through next year.

"Thus far, the Department of Defense has identified only combat units for deployment," the CBO said. "However, U.S. military operations also require substantial support forces, including personnel to staff headquarters, serve as military police and provide communications, contracting, engineering, intelligence, medical and other services."

The Pentagon says it can undertake the surge with a smaller support contingent.

"CBO's report concludes that the cost of the president's plan to surge troops will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, D-S.C., the House Budget Committee chairman.

Sean Kevelighan, a White House budget office spokesman, disputed the CBO cost projection.

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"We are still reviewing the report but maintain that additional brigades will cost $5.6 billion through `07," he said.

Kevelighan's figure was up from the $3.2 billion estimate that Bush aides had provided previously.

Congress already has appropriated $349 billion for the Iraq war, Spratt said. Bush is expected to send lawmakers an emergency spending bill next week seeking $100 billion more for the fighting in Iraq and Afghanistan, $80 billion of that for Iraq. He also will send his budget plan for the 2008 fiscal year next week, seeking tens of billions of dollars more for the wars.

The supplemental appropriations measure won't include money for the 21,500 new troops now en route to Iraq.

The new report on the cost of the surge comes as many Democratic lawmakers and some Republicans question the wisdom of sending more U.S. troops to Iraq.

Some Democrats have talked of trying to cut off money for more troops, but the party's congressional leaders so far have said they won't do so. Administration officials maintain that no extra money is needed because the added costs can be handled from existing Pentagon funds.

Spratt requested the CBO report along with Reps. Ike Skelton, D-Mo., the House Armed Services Committee chairman, and Martin Meehan, D-Mass., who heads the oversight and investigations subcommittee of the armed services panel.

White House Press Secretary Tony Snow reiterated the Bush administration's assertion that it can pay for the surge with money already appropriated to the Defense Department.

"The money is in the budget now for the five brigades into Baghdad and the 4,000 Marines into Anbar (province), and we would encourage everybody to take a look at what happens," Snow said.

That claim didn't satisfy Skelton.

"Because the president's advisers have indicated that they will pay for the troop increase from funds already provided to the Department of Defense, we were concerned that the full financial cost of the escalation would never be made clear to the American people," he said.

The Congressional Budget Office said the troop increase would cost more because thousands of support personnel would have to accompany those sent into combat.

It projected a range of costs tied to four scenarios for the surge, from one peaking at 35,000 troops and lasting 10 months to one peaking at 48,000 troops and lasting 18 months.

Whether fewer or more troops are dispatched, the increase will take three months to reach full force and three months for a withdrawal, the CBO said.

The agency gave cost projections for 48,000 new troops being in Iraq for four months at peak strength and for the same number for one year at peak strength; it made similar projections for 35,000 more troops over the same periods if fewer support personnel are needed as the Pentagon claims.

Snow, Bush's chief spokesman, said it was "tricky" to try to predict how long the additional troops would be needed.

"I won't give you an absolute timetable, but obviously the next six to eight months are going to be times when people expect to see something happening," he said. "But I would be very wary about trying to assign a specific date to it."

Iraq At Risk Of Further Strife, Intelligence Report Warns (WP)

By Karen Deyoung And Walter Pincus

The Washington Post, February 2, 2007

A long-awaited National Intelligence Estimate on Iraq, presented to President Bush by the intelligence community yesterday, outlines an increasingly perilous situation in which the United States has little control and there is a strong possibility of further deterioration, according to sources familiar with the document.

In a discussion of whether Iraq has reached a state of civil war, the 90-page classified NIE comes to no conclusion and holds out prospects of improvement. But it couches glimmers of optimism in deep uncertainty about whether the Iraqi leaders will be able to transcend sectarian interests and fight against extremists, establish effective national institutions and end rampant corruption.

The document emphasizes that although al-Qaeda activities in Iraq remain a problem, they have been surpassed by Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals. Iran, which the administration has charged with supplying and directing Iraqi extremists, is mentioned but is not a focus.

Completion of the estimate, which projects events in Iraq over the next 18 months, comes amid intensifying debate and skepticism on Capitol Hill about the administration's war policy. In a series of contentious hearings over the past two weeks, legislators have sharply questioned Bush's new plan for the deployment of 21,500 additional U.S. troops and the administration's dependence on the government of Iraqi Prime Minister Nouri al-Maliki.

In acid remarks yesterday to Gen. George W. Casey Jr., the departing U.S. commander in Iraq, Sen. John McCain (R-Ariz.) noted that "things have gotten markedly and progressively worse" during Casey's 2 1/2 -year tenure, "and the situation in

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Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing." Casey was appearing before the Senate Armed Services Committee on his nomination to be Army chief of staff.

Although McCain supports the additional troop deployments, he has proposed a Senate resolution including stringent benchmarks to gauge the progress of the Iraqi government and military. McCain's resolution and other nonbinding, bipartisan proposals that would express varying degrees of disapproval of Bush's plan will be debated on the Senate floor next week.

Legislators have been equally critical of the intelligence community, repeatedly recalling that most of the key judgments in the October 2002 NIE on Iraq's weapons of mass destruction were wrong. That assessment concluded that Saddam Hussein had amassed chemical and biological weapons and was "reconstituting" his nuclear weapons program. It became the foundation of the Bush administration's case -- and congressional authorization -- for invading Iraq.

"One of the sort of deeply held rumors around here is that the intelligence community gives an administration or a president what he wants by way of intelligence," Sen. Dianne Feinstein (D-Calif.) told Navy Vice Adm. John M. McConnell, Bush's nominee to be director of national intelligence, during McConnell's confirmation hearing yesterday.

Without directly accepting Feinstein's premise, McConnell replied that the intelligence community had learned "meaningful" lessons over the past several years and that "there's very intense focus on independence." McConnell and others made clear that the new NIE on Iraq had been subjected to extensive competitive analysis to test its conclusions.

One senior congressional aide said the NIE had been described to him as "unpleasant but very detailed." A source familiar with its language said it contained several dissents that are prominently displayed so that policymakers understand any disagreements within the intelligence community -- a significant change from the 2002 document, which listed most key dissents in small-type footnotes.

Sen. Christopher S. Bond (R-Mo.), vice chairman of the Senate intelligence committee, pointedly told McConnell that "we are not going to accept national security issue judgment[s] without examining the intelligence underlying the judgments, and I believe this committee has an obligation to perform due diligence on such important documents." Previous committee attempts to obtain material to back up a 2005 NIE on Iran, Bond said, had "run into resistance."

The outgoing director of national intelligence, John D. Negroponte, briefed the president on the Iraq NIE yesterday, and the document will be made available to Congress early today. A two-page declassified version of its key judgments will then be posted on the DNI Web site.

Sources familiar with the closely held estimate agreed to discuss it in general terms yesterday on the condition that they remain anonymous and not be directly quoted. But Negroponte and others in the intelligence community have made frequent references to its conclusions in recent testimony.

On Tuesday, Negroponte referred to the NIE in testimony before the Senate Foreign Relations Committee. "Iraq is at a precarious juncture. That means the situation could deteriorate, but there are prospects for increasing stability" that depend on the commitment of Iraqi government and political leaders to take steps to end Sunni-Shiite violence and "the willingness of Iraqi security forces to pursue extremist elements of all kinds," he said.

Congress, which requested the Iraq NIE last August, has pressured the intelligence community to complete it in time for consideration of Bush's new strategy. Intelligence officials have insisted that their best experts were working on the project at the same time they were meeting the demands of policymakers for current intelligence reports.

NIEs comprise input from across the community and are written by the National Intelligence Council.

Potomac Watch Senator Feingold's Sin (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, February 2, 2007

The Senate is teeming with courageous souls these days, most of them Republicans who have taken that brave step of following the opinion polls and abandoning their president in a time of war. Meanwhile, one of the few senators showing some backbone in the Iraq debate is being shunned as the skunk at the war critics' party.

Sen. Russ Feingold held a hearing this week on Congress's constitutional power to shut off funds for the Iraq war, and followed it up a day later with legislation that would do just that. The Wisconsin pacifist might not understand the importance of winning in Iraq -- or the cost of losing -- but at least there's an element of principle to his actions. He's opposed the war from the start and his proposal to cut off money after six months would certainly end it. It also happens to be Congress's one legitimate means of stopping a war.

Mr. Feingold's reward for honesty was to preside over what might have been the least-attended hearing so far in the Iraq debate. And those of his Senate colleagues who did bother to show up looked like they couldn't wait to hit an exit door. "If Congress doesn't stop this war, it's not because it doesn't have the power. It's because it doesn't have the will," declared Mr. Feingold. Ted Kennedy -- one of two Democrats who put in an appearance -- could be seen shifting uncomfortably in his seat.

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That's because Sen. Feingold is coming uncomfortably close to unmasking the political charade playing on the Senate stage. Critics of President Bush want an unhappy public to see them taking action on the war. So we have the Biden-Warner compromise resolution condemning the plan to increase the forces. There is also talk of capping troops, of requiring redeployments to Afghanistan, of benchmarks and progress reports.

All these proposals have one overriding thing in common: While they may hurt the war effort, none are significant enough for Congress to take responsibility when Iraq is irrevocably lost. This is President Bush's war, and his critics won't take any step that puts them on the hook as well. Sen. Feingold's sin is to suggest that Congress do something more than play politics.

It's a delicate high-wire act, made more complex by the opponents' need to reassure the public that their actions, which will surely encourage the enemy and deflate troop morale, won't, in fact, encourage the enemy or deflate troop morale. This has led to the spectacle of the Senate one day unanimously voting to confirm Gen. David Petraeus, and the next taking up resolutions that would kneecap his plan for success. John Warner and Chuck Hagel are all for the troops, just not for letting them win. Very courageous indeed.

Meanwhile, back in the distasteful department, Sen. Feingold's hearing also drew attention (darn him!) to the other pachyderm in the room: the Constitution. The Senate next week may well pass a resolution that criticizes the Iraq troop buildup, yet notably it will be "non-binding." Should the president ignore it -- which he will have the legal and moral right to do -- pressure will increase for Congress to take real steps to micromanage the war, say with a troop ceiling.

But as constitutional scholars testified at the hearing, Congress (even one worried about its political backside) does not have an unfettered right to be commander in chief. The Founders specifically chose not to give Congress the right to "make" war, worried that this term might allow legislators to conduct military engagements. Instead, Congress was restricted to "declaring" war, which is what it did when it authorized President Bush to invade Iraq. Another constitutional power is to end war, by refusing to appropriate money. But "in the conduct of war, in the conduct of foreign affairs, the president is in fact the decider," said University of Virginia professor Robert Turner.

It is thus dawning on senators that any plans for tinkering with Iraq might not prove so easy. Mr. Feingold largely focused on the question of cutting off funds, but the three or four other war opponents present were eager to coax the assembled witnesses into giving them constitutional cover for other actions.

Sen. Dick Durbin floated the latest brainstorm: Since Congress's authorization of the Iraq war was premised on finding WMD and deposing Saddam Hussein -- and since we never found WMD and Saddam is now gone -- doesn't Congress have the constitutional right to revisit the war authorization? Even the liberal scholars, who'd been picked for their willingness to testify that Congress can do whatever it wants, looked peaky at the idea. That included one-time assistant-attorney general Walter Dellinger, who felt so strongly about executive power in the 1990s that he advised President Clinton to invade Haiti without congressional authority, but today believes the Republican in the Oval Office is getting away with too much.

The pesky constitution is a new hitch for the war critics, whose strategy was to briefly act as backseat generals, get the headlines, and then wait for President Bush to take the fall. Instead, Sen. Arlen Specter was gauche enough at the Feingold hearing to worry out loud that Congress was setting down a path that may lead to a "confrontation" between the two branches.

He might well worry. If one thing has defined the Bush years, it has been the president's willingness to exert his executive authority in defense of America. He's done it with detainees, with wiretaps, with military commissions. And he fervently believes success in Iraq is crucial to American security. In any thorny debate over just how much authority Congress has to interfere, it's a good bet Mr. Bush's own legal team will be pointing out the strong constitutional case that only the president has the right to decide where and how to deploy troops, as well as noting the peril of ceding any of that authority to 535 mini-me commanders in Congress.

What happens then? What happens if President Bush ignores Congress's attempt to direct the war? A few in the Democratic Party would love for an excuse to commence impeachment proceedings, but the rest understand that's political suicide. Then there's court. If liberals were unhappy about the Supremes deciding the 2000 election, imagine the theater of nine black robes deciding the outcome of the Iraq war.

Whatever comes, Congress is to blame. For a month the Senate has been trying to wrestle control of Iraq from the president, but undercover, and in a way that that avoids accountability. Sen. Feingold shone a light under that rock this week, and now the hard questions begin.

Casey: Only Half Of Troop Boost Needed (AP)

By David Espo

AP, February 2, 2007

The outgoing top U.S. general in Iraq diplomatically aired his differences with the commander in chief on Thursday, telling lawmakers that President Bush has ordered thousands more troops into Iraq than needed to tamp down violence in Baghdad.

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Gen. George Casey quickly added he understood how his recently confirmed successor, Lt. Gen. David Petraeus, could want the full complement of 21,500 additional troops that Bush has ordered to Iraq. Casey said they could "either reinforce success, maintain momentum or put more forces in a place where the plans are not working."

The latest National Intelligence Estimate on Iraq, delivered to the White House on Thursday, described an increasingly perilous situation in which the U.S. has little control and further deterioration is possible, The Washington Post reported. A two-page summary of the report was scheduled to be released publicly on Friday.

The 90-page classified report comes to no conclusion over the question of whether civil war has engulfed Iraq, unidentified sources familiar with the document told the Post. It says that al-Qaida activities remain a problem but cites Iraqi-on-Iraqi violence as the primary source of conflict and the most immediate threat to U.S. goals, the Post reported in its Friday editions.

While optimistic at times about improvement in Iraq, the report casts uncertainty over whether Iraqi leaders will be effective in fighting sectarian interests and extremists, establish effective national institutions and stop corruption, the Post said.

As Casey spoke at a confirmation hearing into his nomination to become Army chief of staff, the full Senate lurched toward a widely anticipated debate on the administration's policy, the first since midterm elections in which public opposition to the war helped install a new Democratic majority.

One day after critics of Bush's revised war strategy merged two competing Senate measures, the White House worked to hold down the number of GOP defections while two liberal Democrats attacked the compromise as too weak. An early test vote on the issue is tentatively set for Monday.

"It is essentially an endorsement of the status quo, an endorsement I simply cannot make in light of the dire circumstances in Iraq and the need for meaningful action now," said Sen. Christopher Dodd of Connecticut, who is seeking the 2008 Democratic presidential nomination.

Casey endured occasional sharp criticism as he appeared before the Senate Armed Services Committee.

"I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you have made over the past two and a half years as commander of Multi-National Forces in Iraq," said Sen. John McCain, R-Ariz. "During that time, things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating."

So far, no senators have announced plans to oppose Casey's elevation to chief of staff, although McCain, as well as Sens. Lindsey Graham, R-S.C. and Joseph Lieberman, I-Conn., said they were undecided how to vote.

In the peculiar politics surrounding the Iraq war, the three lawmakers are among the strongest critics of the nonbinding legislation. It would criticize the president's decision to increase troop levels as a way of stabilizing Baghdad nearly four years after Saddam Hussein was forced from power.

They said they intend to advance an alternative measure setting out the goals that should be met by the Iraqi government, and pledging whatever resources Petraeus requests. "We've come to the conclusion that the Petraeus strategy ... to buy some time for political reconciliation is our best chance for victory," said Graham.

Critics of the war, including most Senate Democrats and several Republicans, appeared to be coalescing around a revised measure advanced by Sen. John Warner, R-Va., and a group of lawmakers of both parties. It says the Senate "disagrees with the `plan' to augment our forces by 21,500, and urges the president instead to consider all options and alternatives."

Many Democrats had been supporters of a stronger measure, one declaring that Bush's plan for more troops was "not in the national interest."

That criticism was jettisoned Wednesday night as Majority Leader Harry Reid of Nevada maneuvered to pick up Republican votes. Additionally, the new measure says Congress "should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field," a provision that Republicans said was designed to outflank Democrats eager to rein in Bush's policy.

Several officials said Reid told a closed-door caucus during the day that lawmakers would have an opportunity to vote for binding restrictions on Bush's war policy in the coming months.

"For me it was a reassurance" that the Senate's hands would not be tied to end the war but troops would still be protected, said James Webb, a Virginia Democrat elected last fall as a critic of the war.

Two veteran liberals, Edward M. Kennedy, D-Mass., and presidential hopeful Joseph Biden, D-Del., were among Democrats who said they were ready to accept the watered-down nonbinding measure as a first step.

Not so Dodd and Sen. Russell Feingold.

Feingold, D-Wis., issued a statement saying the measure "misunderstands the situation in Iraq and shortchanges our national security interests. The resolution rejects redeploying U.S. troops and supports moving a misguided military strategy from one part of Iraq to another."

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Two other presidential hopefuls, Sens. Barack Obama of Illinois and Hillary Rodham Clinton of New York, said they were undecided on whether to support the measure. Both favor binding legislation to force a change in policy toward Iraq.

Separately, the Congressional Budget Office said Bush's plans would cost $9 billion to $14 billion for a four-month deployment, depending on the number of support troops required. It said that based on experience, each 4,000-troop combat brigade would be accompanied by 5,500 support personnel — 28,000 more than Bush is sending. A Pentagon spokesman, Paul Boyce, dismissed the estimate as too high, but he declined to offer his own estimate.

Casey's comments marked a rarity, a four-star general pulling back the veil on high-level differences expressed in advance of a presidential decision.

The White House seemed unperturbed. "What General Casey was talking about is some suggestions he'd made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey," said presidential spokesman Tony Snow.

The remarks drew skepticism in Congress, though.

"I'm not certain five additional brigades in Baghdad and one more in Anbar province are sufficient to do the job," said McCain. "I am certain, however, that the job cannot be done with just two additional brigades, as you, General Casey, had advocated."

At his own confirmation hearing last month, Petraeus testified that he wanted all 21,500 troops moved "as rapidly as possible" into Iraq.

Casey: Fewer Troops Can Do Baghdad Job (USAT)

By Tom Vanden Brook

USA Today, February 2, 2007

WASHINGTON — Curbing insurgent-led violence in Baghdad can be done with fewer troops than the 17,500 extra proposed by President Bush, Gen. George Casey told a Senate panel Thursday during a confirmation hearing on his nomination as Army chief of staff.

Bush is sending the extra troops to Baghdad as part of an overall increase of 21,500 troops in Iraq, but "I believe that the job in Baghdad … can be done with less than that," Casey said.

"But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility," he said.

Lt. Gen. David Petraeus is Casey's replacement as the top U.S. commander in Iraq.

White House spokesman Tony Snow said the president has talked to Casey, and "Gen. Casey supports the plan."

Casey, who was nominated to succeed Gen. Peter Schoomaker as Army chief of staff, was criticized by senators of both parties for his record in Iraq.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

McCain also challenged Casey on what he called overly "rosy" predictions of success in Iraq over the past two years. He referred to a statement in December 2004 in which Casey predicted that Iraqi security forces would be able to maintain order in Iraq by the end of 2005.

"That obviously has not panned out," Casey said.

Casey said he did "not believe we have a failed policy." Rather, "I believe the president's new strategy will enhance the policy that we have."

Sen. John Warner, R-Va., who has co-authored a non-binding resolution opposing the troop increase, said Iraqi troops should bear greater responsibility for security there.

Casey has supported turning over security responsibilities to Iraqi forces more quickly. He said Thursday that Iraqis were willing, but not ready, to take over.

"The struggle in Iraq is winnable," Casey said, adding that it will take patience and will.

As the Senate committee debated Casey's nomination, the Congressional Budget Office (CBO) released a report that says Bush's plan for more troops could also require an extra 28,000 support troops.

The CBO report says the Pentagon's "practice has been to deploy a total of about 9,500 personnel per combat brigade to the Iraq theater, including about 4,000 combat troops and about 5,500 supporting troops."

Adding the new troops will add an additional $13 billion for four months to the current costs in Iraq, the report says. If the higher troop levels were maintained for a full year, it will cost $27 billion more.

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The CBO report shows the costs of Bush's plan "will be higher than previously indicated, both in dollar terms and in the burdens it places on our military," said Rep. John Spratt, a South Carolina Democrat and chairman of the House Budget Committee.

Casey Defends Iraq War Effort (MCT)

By Renee Schoof

McClatchy Newspapers, February 2, 2007

WASHINGTON - The U.S. can win in Iraq and American policy there hasn't failed, Gen. George Casey said Thursday in response to a sharp condemnation from Sen. John McCain, who questioned Casey's judgment in his 2 { years as the top American commander in Iraq.

Casey defended his record at a Senate Armed Services Committee hearing on his nomination to become the next Army chief of staff. He stood by his recommendation that Baghdad needed fewer extra troops than President Bush had proposed, said calls for a U.S. withdrawal from Baghdad could hurt the new commander's flexibility and denied that the strain of the Iraq war has broken the Army.

McCain, R-Ariz., a potential presidential candidate, said that Casey had called for adding too few troops and failed to prevent an escalation of sectarian violence.

"I question seriously the judgment that was employed and your execution of your responsibilities in Iraq, and we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone is a failed policy," McCain said.

"Senator, I do not agree that we have a failed policy," Casey said. "I believe the president's new strategy will enhance the policy that we have."

Casey defended his decision to call for only two additional American brigades for Baghdad, saying his principle was to not add a single additional soldier or Marine more than needed.

McCain said he was "not certain" that Bush's plan to add five brigades (about 17,500 troops) was enough, but he was sure that "the job cannot be done with just two additional brigades."

Casey didn't criticize Bush's plan. He said that the three brigades it adds above his recommendation would give the new commander more flexibility.

Sen. Carl Levin, D-Mich., the committee chairman, pressed Casey on why he changed his mind between mid-November, when he said no increase in troops was needed, and December, when he called for an increase of two brigades.

Casey said what changed was that the Iraqi government developed a new plan that called for increased forces.

He also said that political reconciliation among Iraqi factions - including a system of sharing political power and oil revenues - was essential for stability. He argued that Iraqis must take responsibility for security as soon as possible, but added, "They're not quite ready.

"The struggle in Iraq is winnable," Casey said, but it will "take patience and will."

He said that Iraqi Prime Minister Nouri al-Maliki on Jan. 6 agreed to target anyone breaking the law, regardless of sect, and "so far the results have been heartening." But he also said that al-Maliki had denied that he'd agreed to any benchmarks and that the Shiite prime minister "leans toward" not wanting the troop increase that Bush ordered.

Sen. Joseph Lieberman, I-Conn., who supports the troop increase, said that some senators support a timetable for withdrawal from combat duty in Baghdad.

"As the commander, I would resist any type of mandated timetables that would limit my flexibility to deal with the situation on the ground," Casey said.

Casey also rejected the view of critics who say that the Army is broken by strains from the wars in Afghanistan and Iraq. He said he saw a "splendid Army" in Iraq.

Casey was born in an Army hospital in Japan while his father was serving in the U.S. occupation forces there. Sen. John Warner, R-Va., noted that Casey's father was killed in the line of duty in Vietnam, where he was a two-star general commanding the 1st Infantry Division.

As he began his testimony, Casey thanked his "bride of 36 years" - Sheila, who sat behind him with their two adult sons - "for her courage, grace and support over the last two-and-a-half years."

He said that military families "make tremendous sacrifices on behalf of their loved ones a half a world away," adding, "courage is not reserved for the battlefield."

Casey Refutes Iraq Pessimism (WT)

By Rowan Scarborough

DOJ_NMG_0126678

The Washington Times, February 2, 2007

The outgoing U.S. commander in Baghdad yesterday broke with his superiors, including President Bush, by telling a Senate committee he does not agree with their dire assessments that the Iraq war is failing.

"I do not agree that we have a failed policy," Army Gen. George Casey told the Senate Armed Services Committee in confirmation hearings for him to be the next Army chief of staff.

Questioned by Sen. John McCain, Arizona Republican, Gen. Casey repeatedly defended his 21/2-year command, conceding that Baghdad fell into cycles of relentless killing during his term and that "the situation is definitely deteriorating in Baghdad." But he said much of Iraq has made progress.

"I believe the president's new strategy will enhance the policy that we have," he said of Mr. Bush's Jan. 10 plan to send 21,500 additional troops into Iraq, most to Baghdad.

As Gen. Casey testified, a bipartisan group of senators put the finishing touches on a nonbinding resolution opposing Mr. Bush's troop boost. Sponsored by Sen. John W. Warner, Virginia Republican, and backed by Sen. Carl Levin, Michigan Democrat and Armed Services Committee chairman, the measure would also oppose a cutoff of war funds, an action demanded by some anti-war liberals.

It was not clear yesterday whether Mr. Warner has the 60 votes needed to clear the resolution for a floor vote.

Gen. Casey broke with comments by Defense Secretary Robert M. Gates, who has said the United States is not winning, and with Navy Adm. William Fallon, who told the same committee this week that the strategy was not working. Adm. Fallon is to be the next Middle East commander.

The general did not stop there. Asked about Mr. Bush's assessment that his Iraq policy was headed to "slow failure," Gen. Casey said, "I actually don't see it as a slow failure. I actually see it as slow progress."

Mr. McCain announced he had strong reservations about confirming Gen. Casey. First, he said the four-star officer continued to give him optimistic assessments on Iraq violence, only to see bloodshed increase each time. Second, he said both of Gen. Casey's campaigns to bring down violence in the capital failed in the summer and last fall because troops did not hold the neighborhoods they cleared of Shi'ite and Sunni insurgents.

"The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity," the senator said.

When Mr. McCain read a 2004 quote from Gen. Casey saying Iraq forces would be able to take over security and curb violence by December 2005, the witness responded, "That obviously has not panned out."

The general defended himself repeatedly. He said some of his favorable predictions came before al Qaeda bombed the Shi'ite golden dome mosque in Samara a year ago. U.S. commanders blame the attack for provoking Shi'ite reprisals, and then Sunni counterattacks that swelled into constant killings in and around Baghdad.

The senator also clashed with the general on troop strength.

Gen. Casey, who last fall opposed any troop increase because he wanted the Iraqis to take over security, said he recommended only two additional brigades during the White House review. Mr. Bush opted for five.

But he endorsed the ultimate plan, saying, "I believe that this five-brigade plan gives great flexibility" to his successor, Army Lt. Gen. David Petraeus.

He said he does not consider Iraq a failure because all but three of 18 provinces -- Baghdad, Anbar and Diyala -- experience relatively low levels of violence. He also said the Iraqi Security Force has taken control of some regions.

"We just have a fundamental disagreement, General Casey, with facts on the ground and with what has happened in Iraq over now one of the longest wars in our history and where we are today," said Mr. McCain, who advocated an even bigger troop increase than the Bush plan.

Gen. Casey also differed with Adm. Fallon, who is to oversee Iraq as commander of U.S. Central Command, on whether the central question of whether the new strategy will work.

"I believe that it can work," he told Sen. Joe Lieberman, Connecticut independent and a hawk on Iraq.

Adm. Fallon had specifically declined to endorse the plan during his confirmation hearing.

As Army chief of staff, Gen. Casey would switch from commanding troops in the field to making sure they are recruited and equipped. He would take over an Army that has been hard-pressed to fight in Afghanistan since 2001 and in Iraq since March 2003.

Pressed by commanders, Mr. Bush has approved increasing the active Army to 540,000 soldiers and adding billions of dollars to replace worn-out weapon systems.

"But from what I see in Iraq, senator, the Army is far from broken," said Gen. Casey. He was the Army's No. 2 general when tapped by then-Defense Secretary Donald H. Rumsfeld as the first four-star officer to run Iraq.

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"I have mentored three Iraqi prime ministers in political-military interactions. I've dealt with three different ambassadors, four coalition corps commanders. I have learned an awful lot about strategic leadership," Gen. Casey said.

Senators Challenge Gen. Casey On Iraq War (WP)

By Thomas E. Ricks

The Washington Post, February 2, 2007

Army Gen. George W. Casey Jr., the Bush administration's nominee to be the Army chief of staff, got an unusually harsh reception yesterday from some members of the Senate Armed Services Committee for his performance as the top U.S. commander in Iraq over the past 30 months, but he still appears likely to be confirmed to lead the Army.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers and why your predictions of future success have been so unrealistically rosy," said Sen. John McCain (R-Ariz.). "I question seriously the judgment that was employed in your execution of your responsibilities in Iraq. And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

It is rare for a nomination for a military service chief to be even mildly controversial, but Casey is leaving a job as top U.S. commander in Iraq just as Congress is debating the war effort more intensely than it has since before the invasion of the country in March 2003. Democratic members of the committee left the argument largely in the hands of the panel's Republicans, who are deeply split over Iraq policy.

McCain and Sen. Lindsey O. Graham (R-S.C.) expressed skepticism about Casey, but several other GOP members -- James M. Inhofe (Okla.), Jeff Sessions (Ala.) and John W. Warner (Va.) -- showed support for him. Sessions argued that Casey's time in command in Iraq would make him a "more effective, sensitive, knowledgeable chief of staff for the Army."

Casey pushed back hard, disputing gloomy assessments of the situation in Iraq and standing by his own relatively optimistic view. "I do not agree that we have a failed policy," he said. He also said he still expects Iraqi security forces to assume responsibility for keeping order across the country by the end of this year. McCain sharply reminded him that in 2004 he made a similar prediction about the end of 2005.

When Graham used the term "last chance" to characterize the Bush administration's plan to bring security to Baghdad by doubling the number of U.S. troops there and having some of them live in outposts across the city, Casey objected. "I don't think it is the absolute last chance, but it certainly is the best chance right now that we have," he said.

He also told skeptical committee members that "the situation in Iraq is winnable. It's very winnable."

He disagreed with some senators' assessment of the strained state of the Army. "From what I see in Iraq . . . the Army is far from broken," he said.

Despite their dissatisfaction with Casey's handling of Iraq, most committee members appear inclined to vote for him, mainly out of the belief that he inherited a difficult and deteriorating situation when he became the top officer in Iraq in July 2004. "The consequences of what I believe has been a failed strategy should be shared at far higher level," said Sen. James Webb (D-Va.), a Vietnam War veteran who was Navy secretary during the Reagan administration.

Summarizing the day's proceedings, Sen. Carl M. Levin (D-Mich.) , chairman of the Armed Services Committee, told reporters after the hearing that he thought the majority of its members would vote to confirm Casey. "He should not be held responsible for the key mistakes which were made going into the Iraq war, and the way policy was set by civilian leaders," Levin said in explaining the views of the majority.

Casey also expressed a careful opinion about a previous Army chief of staff, Gen. Eric K. Shinseki, who ran afoul of the Bush administration in the spring of 2003 for saying that the Pentagon's plan to occupy Iraq lacked sufficient troops. Shinseki was publicly rebuked by then-Deputy Defense Secretary Paul D. Wolfowitz, and a year later retired still angry. "I don't think he was treated well," Casey said.

"I think he was treated miserably," responded Levin, who had asked Shinseki at a February 2003 hearing how many troops would be needed to occupy Iraq.

War Supporter McCain Laments 'Missteps' In Iraq (WP)

The Washington Post, February 2, 2007

Sen. John McCain (R-Ariz.) has been a firm supporter of the Iraq war and of President Bush's plan to send an additional 21,500 troops to Baghdad in the coming months. In comments at yesterday's confirmation hearing for Gen. George W. Casey Jr. to be the Army chief of staff, however, he expressed stark concerns about the war. An excerpt:

Things have gotten markedly and progressively worse, and the situation in Iraq can now best be described as dire and deteriorating. I regret that our window of opportunity to reverse momentum may be closing.

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The bombing of the Golden Mosque in Samarra last February sparked sectarian violence throughout Iraq, and Baghdad in particular. Yet in the face of this dramatic change in the Iraqi security environment, our military strategy remained essentially unchanged. Instead of conducting a traditional counterinsurgency campaign, our troops focused on training and equipping Iraqis, hoping in vain that they could do the job. After repeated elections and political events demonstrated that the democratic process would not on its own bring down the level of violence, our troops did not begin focusing on protecting the population. Instead, coalition and Iraqi forces launched Operation Together Freedom in June 2006. This operation aimed at securing Baghdad failed, yet the coalition launched Operation Together Forward II in August in a very similar fashion. The result, predictably, was a similar failure.

The result of these and other missteps have been unprecedented levels of violence in Iraq and a pervasive lack of security that prohibits political and economic activity.

General Parries Senate Attacks On Iraq Record (NYT)

By David S. Cloud

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The departing American commander in Iraq defended his record on Thursday against withering criticism from some Senate Republicans and said Baghdad could be stabilized with far fewer additional troops than President Bush planned to send.

The appearance by the commander, Gen. George W. Casey Jr., before the Senate Armed Services Committee underscored the anger that dominates much Congressional sentiment on Iraq as well as the tensions between the White House and the military over Mr. Bush's plan to send 21,500 more troops to Iraq.

Republicans who had lauded General Casey for most of his tenure in Iraq criticized what they described as his overly optimistic projections and his unwillingness to admit sooner that the American strategy in Iraq was not working.

General Casey spoke as the Senate moved toward a vote early next week on a nonbinding but significant resolution expressing disagreement with Mr. Bush's decision to send more troops to Iraq. [Page A11.]

The general appeared before the committee as part of the confirmation process following his nomination to be the Army's chief of staff.

In a series of sharp exchanges, Senator John McCain of Arizona, the top Republican on the panel, criticized General Casey for what he said had been an overly narrow focus on training and equipping Iraqi troops and for the general's reluctance to ask for additional forces.

"While I do not in any way question your honor, your patriotism or your service to our country, I do question some of the decisions and judgments you've made over the past two and a half years," said Mr. McCain, long an advocate of sending more troops to Iraq.

But General Casey stood his ground, saying that he believed that the plan to secure Baghdad could probably be accomplished with only two additional American brigades, not the five sought by Mr. Bush. Other troops should be sent only if the new American commander in Iraq, Lt. Gen. David H. Petraeus, determines that they are needed, he said.

General Casey also said he disagreed with Mr. Bush's characterization of the Iraq effort last month as "maybe a slow failure."

"I actually don't see it as a slow failure; I see it as slow progress," said General Casey, whom Mr. Bush replaced to underscore a shift in strategy in Iraq and then nominated to fill the Army chief of staff position.

Mr. McCain and another Republican, Lindsey Graham of South Carolina, are leading the opposition to the resolutions criticizing the Bush plan, but key Democrats threw their support on Thursday behind a proposal by Senator John W. Warner, the Virginia Republican, that could put the Senate on record against the White House strategy.

The tough questioning of General Casey came not just from some Republicans but from Democrats seeking to blame what they described as the administration's faulty strategy for the lack of progress in Iraq. But General Casey said that administration officials like former Defense Secretary Donald H. Rumsfeld, who shared his belief in holding down troop levels, had never blocked him from asking for more forces.

"The strategy that I articulated here today is my strategy, and I believe in it," he said. "It may not have produced the results on the timelines that people expected or wanted, but I do believe that it has laid the foundation for our ultimate success in Iraq." Mr. McCain and Mr. Graham proved to be General Casey's sharpest critics on the panel, taking issue with his performance since he took command in 2004 and noting that the Bush administration's decision to dispatch more troops to Iraq to secure Baghdad represented a rejection of the general's recommendations.

Mr. McCain, a candidate for the Republican presidential nomination in 2008, also criticized General Casey for giving what he called "optimistic and rosy scenarios" about progress in Iraq.

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In response, General Casey conceded that the situation in Baghdad now was “definitely deteriorating.” He said he supported the new Bush strategy, which he described as an “enhancement” of his approach, and noted that he had asked for and received additional troops at least six times.

But he said that his guiding philosophy, one that was widely shared until recently by senior administration officials, had been to ask for the minimum number of American forces, both to hold down casualties and to avoid deterring Iraq’s government from taking responsibility for its own security.

The White House spokesman, Tony Snow, said General Casey’s comments about wanting only two brigades, or about 7,000 troops, to secure Baghdad, reflected his initial views last year in discussions with the White House.

“There were a number of conversations, and the president — after talking with General Casey and other commanders — came to the conclusion that he preferred to have five brigades into Baghdad and 4,000 marines into Anbar,” Mr. Snow said. “What General Casey was talking about is some suggestions he’d made earlier. The president has made his decision, and it does reflect the wisdom of a number of combatant commanders and it does have the assent of General Casey.”

Senator Carl Levin, the Michigan Democrat who is the committee chairman, told reporters after the hearing that General Casey had his support and that of a majority of members. A committee vote on his nomination is likely next week, Mr. Levin said.

A Congressional Budget Office estimate released Thursday concluded that sending additional troops to Iraq could cost $20 billion if the forces remained for a year but $9 billion if the forces stayed for only four months. As much as $15 billion would pay for the 15,000 support troops that the budget office assumed might be needed along with the 21,500 troops in combat units being sent by the Bush administration.

The budget office said it reached the estimate by looking at the ratio of combat troops to support troops already in Iraq. But an Army official said the estimate overstated the cost of the deployment because, with a large contingent of Army support troops already in Iraq and Kuwait, only about 3,000 support troops were likely to be required. The official said the Army did not have its own estimate of the costs.

Meanwhile, Michael McConnell, the Bush administration’s nominee to be the next director of national intelligence, said that a long-awaited intelligence analysis about Iraq would be delivered to lawmakers on Friday. The so-called national intelligence estimate will give the assessment of America’s 16 intelligence agencies about the sectarian violence and prospects in Iraq.

Casey's Iraq Leadership Is Criticized At Hearing (LAT)

By Julian E. Barnes

The Los Angeles Times, February 2, 2007

WASHINGTON — The U.S. general responsible for the Army's Iraq war strategy for the past two years was berated by leading Senate critics Thursday for American military failures in Iraq and was accused of providing unduly optimistic assessments of progress as U.S. fortunes sagged.

Army Gen. George W. Casey Jr. appeared before the Senate panel weighing his nomination to be the next Army chief of staff in a hearing that was unusually tense at times as senators who support the troop increase recently ordered by President Bush took Casey to task for his leadership of the war.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Sen. John McCain, R.-Ariz., told Casey. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

Casey has long been a skeptic of increasing the size of the U.S. force in Iraq, and his testimony before the Senate Armed Services Committee amounted to a tepid endorsement at best of Bush's new strategy.

But Casey's appearance reflected the split within the military over Bush's war plan. Many younger commanders and rising officers support the new strategy, with its emphasis on counterinsurgency methods. But some senior military leaders remain skeptical about the ability of U.S. forces to end the sectarian violence.

Although Casey is an unenthusiastic supporter of the new strategy, the White House nominated him to become the chief of staff of the Army in part to recognize his long service in Baghdad. While his new post represents a nominal promotion, it also removes him from the chain of command and limits his direct influence over Iraq policy.

Sen. Lindsey Graham, R-S.C., a supporter of the troop increase, asked Casey if Iraq was secure enough for him to visit downtown Fallujah.

"You could," Casey said.

"Well," Graham shot back, "I asked to go, and they wouldn't let me."

A majority of committee members appeared to support Casey's nomination. Sen. Carl Levin, D-Mich., the chairman, said he expected a vote on Casey next week.

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"I think he is qualified to be chief of staff of the Army," Levin said, "and he should not be held responsible for the key mistakes that were made in Iraq and the way policy was set by civilians."

Casey said he supported the president's new approach and acknowledged some past mistakes. But he continued to emphasize the importance of training the Iraqis and said that the military might not need all of the 21,500 troops Bush is sending to Baghdad.

In December, Casey said he asked for two extra brigades -- about 7,000 soldiers -- to improve security in Baghdad. When Bush offered five brigades, Casey said the remaining three could serve elsewhere as a flexible reserve force.

That contrasts sharply with the plan laid out by his successor, Gen. David H. Petraeus, who is expected to move all five brigades into Baghdad once he assumes his new command in Iraq, a move expected soon.

Attempting to head off perceptions that top commanders disagree with the president, White House spokesman Tony Snow said Thursday that Casey supports the Bush plan.

"What General Casey was talking about is some suggestions he'd made earlier," Snow said. "The president has made his decision, and it does reflect the wisdom of a number of combatant commanders. And again, it does have the assent of General Casey."

On several occasions, Casey described the new strategy as an "Iraqi plan." "They came up with the plan," Casey said. "They will lead the plan."

But it was clear in questioning that the Americans had drafted or at least heavily influenced development of the "Iraqi plan."

Casey said he came to the conclusion that a buildup was needed in mid-November, after he had asked Lt. Gen. Raymond T. Odierno, the day-to-day military commander, for a reassessment of security operations in Baghdad. That analysis suggested the need for the two additional brigades.

The Iraqis presented a rough security plan when Bush and Iraqi Prime Minister Nouri al-Maliki met in Jordan in November. However, Casey said there was no talk of extra troops.

"There was not a long discussion about the plan that they presented. They basically passed it across the table," Casey said. "And it was actually quite a short discussion."

When pressed by Levin, Casey acknowledged that al-Maliki was not enthusiastic about the American troop increase.

"He leans toward not wanting to have to bring in more coalition forces," Casey said.

Casey said he still thought two additional brigades would be enough to improve security in Baghdad. But the three additional Brigades being called to Iraq would give military commanders "flexibility," Casey said.

"I said, in my mind, the other three brigades should be called forward after an assessment has been made of the situation on the ground and whether or not there has been success in the mission in the Baghdad area," Casey said.

A year-long buildup of 20,000 additional troops in Iraq would cost $11 billion for the combat forces alone and could reach $27 billion if additional support personnel are included, the Congressional Budget Office said in an estimate issued Thursday.

The estimates, which came at the request of leading Democrats on the House Armed Services Committee, raised concerns among war critics, who said the figures were much higher than the administration had been claiming since the buildup was announced last month.

Casey faced the toughest questioning from McCain, who has long been a critic of the generals' refusal to commit more troops to restive western Iraq or to request more forces for the fight in Iraq.

However, Casey insisted that his strategy had been on the right track, angering members of the committee who support the troop increase. McCain took issue with what he said was Casey's overly optimistic portrayal.

"You'll need to explain why your assessment of the situation in Iraq has differed so radically from that of most observers," McCain said, "and why your predictions of future success have been so unrealistically rosy."

In recent weeks, Bush's top military advisers and new nominees have offered dire assessments of Iraq and have cataloged what they see as mistakes.

"So you disagree with the secretary of Defense, the chairman of the Joint Chiefs of Staff and Admiral Fallon that we had a failed policy?" McCain asked Casey.

"I do, senator," Casey responded. "I do not believe that the current policy has failed."

Later in the hearing, Levin took up the same line of questioning, asking Casey if he would dispute Bush's statement that the strategy followed last year was leading to "a slow failure."

Casey insisted that things were improving under his watch.

"I actually don't see it as slow failure," Casey said. "I actually see it as slow progress."

Suicide Bombers Attack Busy Market, Killing 45 (USAT/AP)

USA Today, February 2, 2007

DOJ_NMG_0126683

BAGHDAD — A pair of suicide bombers detonated explosives among shoppers in a crowded outdoor market Thursday in a Shiite city south of Baghdad. The attack killed 45 people and wounded 150.

Separately, bombs and a mortar attack killed at least 17 others in both Shiite and Sunni areas of Baghdad.

The two bombers strolled into the Maktabat market in the center of Hillah around 6 p.m., when the area was packed with shoppers buying food for the evening meal.

One of the bombers detonated his explosives when he was approached by police, and the other blew himself up moments later, according to a police spokesman, Capt. Muthanna Khaled, who gave the casualty figures.

The blasts hurled the bodies of victims through the air and set fire to wooden stalls where vendors sold fruits and vegetables. Some shoppers fled, screaming in panic, while others stopped to help rescuers carry away the wounded.

Mohammed Diya of Hillah General Hospital said some of the wounded were in critical condition.

Qassim Abed Sadah, 33, a bookseller, said the first explosion blew him out of his chair. He raced to the door of his shop as the second blast occurred. "People were flying in the air," he said.

Pools of blood were scattered along the market streets, along with bits of fruits and vegetables. Paramedics wearing white gloves roamed through the area removing body parts.

No group claimed responsibility for the attack in Hillah, a Shiite city in a religiously mixed province.

Sectarian violence flared in both Shiite and Sunni areas of Baghdad, where U.S. and Iraqi forces prepared for a major security crackdown — the third in a year.

Six people died and 12 were wounded when a car bomb exploded on Rashid Street in the mostly Shiite heart of the capital.

A bomb on a public bus killed six and wounded eight in the Shiite commercial district of Karradah.

Mortar rounds slammed into the Sunni district of Azamiyah, killing five people and wounding 12.

"What have we done to be attacked like this almost every day?" asked Saad Abdul-Karim, 50, whose son was wounded when a mortar round struck their home.

Police found the bullet-riddled bodies of 33 men scattered across the Iraqi capital.

Elsewhere, a U.S. soldier died Thursday of wounds suffered two days ago in Anbar province. Three civilians were killed in separate shootings in the city of Mosul, and a policeman died in a car bombing in the city of Qaim.

Fleeing One Bomb, Iraqi Shoppers Die In Blast Of Another (WP)

By Ernesto Londono And Saad Sarhan

The Washington Post, February 2, 2007

BAGHDAD, Feb. 1 -- The man looked suspicious.

Without speaking a word, police officer Ahmed Eid Majood, guarding one of the entrances to the bazaar in the southern Iraqi city of Hilla, lunged toward the man and wrapped his arms around his body.

At that moment, the man detonated a belt packed with explosives, killing the officer and dozens of other people Thursday afternoon, a police spokesman said. The blast sent a throng of shoppers at the covered market rushing toward another exit.

There, a second attacker detonated his bomb, laced with nails and shards of metal, killing far more people than the first, Capt. Muthana Ahmed said.

The bombers killed at least 63 people and injured more than 150, but Ahmed and hospital officials said the death toll could rise because many of the injuries being treated Thursday night were life-threatening. More than 40 Iraqi civilians and police died in other violence across the country, officials said.

The twin bombings in Hilla were the latest mass killing of Shiite Muslims in recent weeks, raising the possibility that Shiite militias would increase their retaliatory attacks against Sunnis. The U.S. and Iraqi governments are in the early stages of a new security plan intended to pacify Baghdad and some other parts of the country.

In Hilla, "people were going up and down the market as usual," said Mohammed Saaid, 39, who was working in his sweets shop. "Suddenly there was thunder and lightning, and corpses were everywhere, and people were cut into pieces."

The explosions came about a minute apart, police and witnesses said. They shattered windows and destroyed dozens of small shops that dot the marketplace near the Euphrates River.

"I was confused and terrified," Saaid said in a telephone interview shortly after the attack. "I went out of my shop to check on my neighbors, and I saw a flood of blood. Men, women, children -- all dead."

Hilla, which is about 60 miles south of Baghdad, has experienced violence since the war began, but it is one of the least scarred cities in the country. The bazaar has been targeted twice before, by a suicide bomber and an improvised explosive device, each attack killing a handful of people.

Dozens of wounded were taken to nearby Hilla Hospital, where doctors devised additional operating rooms. Scores of seriously injured people were turned away to give priority to those in more dire condition.

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"We are prepared, but not for such an amount of patients," Talib Ali, a doctor at the hospital, said in a telephone interview. "We had to call doctors who are on vacation and those who had already left for their houses."

Violence broke out at the hospital entrance as police clashed with survivors and relatives struggling to get into the seven-story building, witnesses and medical personnel said.

"Most of the wounded are in critical condition, and it's possible that many of them will die," the doctor said. "We have a shortage of bandages, and some of the wounds are being cleaned with Kleenex."

After the morgue filled up, hospital staffers laid the corpses outside in body bags, the supply of which also ran out.

Laith Shahid, 34, who owns a pickle store in the bazaar, suffered burns on his arms and serious cuts on both legs from flying debris. He was quickly examined at the hospital.

"They gave me two tubes of ointment and sent me home," he told a local journalist who relayed the comments to The Washington Post but asked that her name be withheld for security reasons.

People who live near the market began walking toward the hospital to donate blood, a witness said.

Ali Dabbagh, a spokesman for Prime Minister Nouri al-Maliki, said Thursday that Iraq will host a regional security conference next month that will include Syria and Iran -- two neighboring countries with which the United States has declined to engage as part of its diplomatic and military efforts to secure and stabilize Iraq.

Dabbagh said at a news conference that a suspension of flights between Baghdad and Damascus, the Syrian capital, was unrelated to the security plan. Officials had said Wednesday that the suspension was a preliminary step in security efforts designed to tighten control of the borders. Dabbagh said the company that charters the flights fell behind on paperwork and would resume operations within days.

Other attacks were reported Thursday in various parts of the country. A car bomb exploded near the entrance to the law school at Salahaddin University in Tikrit, killing seven and wounding 23, according to Saad Salman, an Interior Ministry spokesman.

In Baghdad, a bomb was detonated inside a small bus in the commercial Karrada area, killing eight people and wounding 12.

In Qaim, near the Syrian border, a suicide bomber attacked near a police checkpoint, killing one officer, according to Hameed Ataallah, a doctor who treated people injured in the blast. It was the third attack on police since the U.S. military turned over control of security to local officials a month ago.

At least 25 other people were slain in mortar attacks, shootings and bombings elsewhere in the country, the ministry spokesman said.

Also Thursday, the U.S. military announced the death in combat Tuesday of a soldier in Anbar province in western Iraq. His name will be released after relatives are informed.

Special correspondents Naseer Nouri and Saad al-Izzi contributed to this report.

Iraq Suicide Bombers Kill 60 And Wound 150 In Market In Southern City (NYT)

By James Glanz

The New York Times, February 2, 2007

BAGHDAD, Feb. 1 — Twin suicide bombers struck a market jammed with people in the southern Iraqi town of Hilla on Thursday, killing at least 60, wounding 150 and spraying body parts so far that the police were still scouring rooftops for them late in the night.

Residents there were catching up on their shopping after the Shiite holiday of Ashura. A student at a local high school, Ali Mohammad, said he and two friends had just left the school gym and were about to make some purchases when the first bomb went off at a checkpoint on the edge of the market. The leader of a local commando unit said the bomber set off a suicide vest when a policeman at the checkpoint discovered it during a search.

Seconds later, a second bomb went off. “I was hit in the leg, a small wound,” Mr. Mohammad said. “I was so scared, I didn’t help my friends. I just left them in the area and went home.”

Later he found them both in a local hospital, one dead, one with a leg blown off. The commando leader said the hospital was so overwhelmed with casualties that it was forced to turn some people away after dispensing whatever medicine was available.

The explosions were the latest incidents in a wash of violence that has swept over a belt of Shiite-controlled Iraq starting about 30 miles south of Baghdad and stretching about 70 miles farther south. Besides Hilla, the regional capital, the belt contains the Shiite holy cities of Najaf and Karbala.

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The reasons for the violence are unclear, although American and Iraqi officials cite increasing rivalries between armed Shiite groups, possible meddling by neighboring countries like Iran, and sectarian hatreds between Sunni and Shiite Arabs. A mixture of the two groups populates the northern part of the belt, while the southern part is overwhelmingly Shiite.

In Baghdad, which sometimes resembles a deadly dartboard where citizens can die at any time, relentless shelling, bombing and other violence killed at least 46 people. Mortar shells rained down in the Adhamiya, Qahira and Khadamiya neighborhoods, killing at least five and wounding 33, an Interior Ministry official said.

Elsewhere in the city, a suicide bomber detonated the minibus he was driving near St. Raphael Hospital in the Karada neighborhood, killing 6 and wounding 12. A parked car blew up in Rusafa Square in central Baghdad, killing three and wounding nine. The official said 30 bodies of unidentified people had been found dumped around Baghdad on Thursday, apparently the victims of death squads.

Outside Baghdad, two carloads of gunmen stormed a college at Diyala University and killed the dean and his son before driving off. And a car bomb attack on an Iraqi police and Army convoy in Qaim, a town on the Syrian border in the desert province of Anbar, killed three and wounded six.

The American military said a soldier died Thursday “from wounds due to enemy action” in Anbar. Following standard procedure, the military gave no details.

The double bombing in Hilla took place only a few hundred yards from the spot where in February 2005 a car bomb killed at least 125 people in the third-deadliest atrocity since the American-led invasion in 2003, according to tabulations kept by The Associated Press.

Suspicion later fell on a young Jordanian man who had apparently been recruited by Al Qaeda as a suicide bomber, but the connection was never proved.

Last summer, a bomb struck the same market, killing at least half a dozen people. Near the Hilla River and called the maktabat or bookstores market, the place now sells everything from vegetables to school supplies, with vendors spreading their wares on carpets and small tables in an elongated area that runs north to south.

Because of the earlier bombings, tall concrete blast walls now surround the market, gates prevent cars from entering and policemen frisk shoppers at checkpoints before they are allowed in. It was at one of those checkpoints that the first bomb exploded about 6 p.m., said Mr. Mohammad, the local student.

As people in the market frantically tried to leave — greatly constrained by the blast walls and checkpoints — the second bomber was waiting where people were funneled through one of the main gates, Mr. Mohammad said.

Huge Force Readying Crackdown In Baghdad (AP)

By Steven R. Hurst

AP, February 2, 2007

U.S. Army engineers have torn down houses and surrounded the newly cleared space with razor wire atop concrete blast walls for neighborhood bases, the first outward signs of the coming Baghdad security crackdown.

American and Iraqi commanders are pulling together a force that numbers — on paper at least — about 90,000 troops for what many see as a last-chance drive to curb the debilitating violence that has turned Baghdad into a battleground and killed — according to the United Nations — more than 34,000 civilians last year alone.

"This will be a difficult mission and time is not on our side," Lt. Gen. David Petraeus, who will soon take over the U.S. command in Iraq, said in written testimony to the Senate Armed Services Committee last month.

In the past eight months, two U.S.-Iraqi security missions have failed to rout gunmen, bombers, suicide attackers and the death squads that haunt Baghdad's streets after dark. The U.S. military blamed Iraq's Shiite-dominated government for its inability to muster sufficient troops.

Of the 90,000-troop force now assembling for a new try at calming the capital, more than half were to be Iraqi soldiers and police, a large majority of whom are Shiite Muslims.

It remains an open question whether those forces will be any more inclined this time to battle heavily armed fellow Shiite militiamen or Sunni insurgents, including al-Qaida in Iraq and its suicide bombers.

This operation to sweep the capital of Sunni insurgents and Shiite militiamen was widely expected to begin early this month. But a senior Iraqi general told The Associated Press this week that "preparations are not complete."

The general refused to say how many of an expected influx of about 8,000 Iraqi forces had arrived — as advertised — from the Kurdish north, the Shiite south or Fallujah, in the insurgent stronghold of Anbar province west of Baghdad.

Local commanders, however, said only about 2,000 of the additional troops had reached Baghdad or were nearby. The general and the commanders all spoke on condition of anonymity because of security reasons.

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The Baghdad security plan, announced Jan. 6 by Prime Minister Nouri al-Maliki and four days later by President Bush, includes an infusion of 21,500 additional American troops to Iraq, 17,500 of them to Baghdad.

The U.S. Congress, with a new Democratic majority, has been embroiled for weeks in debate about sending more Americans to a conflict that already has stretched to nearly four years and taken the lives of nearly 3,100 U.S. service members and hundreds more American contract workers.

And departing U.S. commander Gen. George Casey told a Senate panel Thursday he didn't think such a large additional force was necessary.

"I believe that the job in Baghdad, as it's designed now, can be done with less than that," Casey said. "But having the flexibility to have the other three brigades on a deployment cycle gives us and gives Gen. Petraeus great flexibility."

U.S. and Iraqi officials say the United States plans to have about 41,000 troops in Baghdad and the region when all additional 17,500 American forces arrive by late spring. There are currently about 15,000 in and around the capital and an estimated 8,500 were expected to arrive from other parts of the country.

The Iraqis say they have about 22,000 troops in the capital, more than half at the airport and in two nearby towns. There about 20,000 police and Interior Ministry troops and commandos also in the city, according the Defense and Interior ministries. The additional 8,000 scheduled to arrive from elsewhere would put the total Iraqi forces at about 50,000.

But the overall Iraq troop count is an extrapolation from the number of battalions deployed or on the way. Experience has shown far fewer troops show up.

"The Iraqi numbers are probably inflated. Battalions that should contain 800 men usually have no more than 200-300, if that," said retired Army Col. Douglas Macgregor, an adviser to former Defense Secretary Donald H. Rumsfeld in 2003.

An Iraqi army brigade from Irbil, about 3,000 men in principle, will have at most 1,500 men when it finally arrives in Baghdad. The commander says 95 percent of the men don't speak Arabic. A brigade from Sulaimaniyah, also in the Kurdish north, has reached the Muthana Airport in central Baghdad, but it is only 1,000-men strong, not the expected 3,000.

Three brigades each were expected from the 8th and 10th army divisions in the south of the country. Some of the troops have reached positions outside Baghdad, but their force-strength was not known.

U.S. military officials have said that about one-third of any Iraqi unit is missing at any given time because soldiers must return to their home towns and villages to deliver their paychecks to families. Iraq's banking system is too primitive to allow the electronic transfer of money.

And those absences do not include soldiers missing because they don't want to serve in a particular mission. There are no laws against failure to muster for the country's new, volunteer force.

But U.S. preparations were moving ahead in Baghdad.

In the tough Ghazaliyah neighborhood, a Sunni enclave in northwest Baghdad, Army engineers put up the concrete blast walls topped with razor wire to enclose a region where six homes were cleared. The area, including open space surrounding the structures, will house the 1st Cavalry Division's Company C, 2nd Battalion, 12th Cavalry Regiment.

"Command Outpost Wildcard is under construction to allow soldiers to quickly respond to violence and crime in the area. The former residents of the homes were paid to vacate the area homes and have relocated," the military said in a statement. It could not be learned what compensation was paid to those who surrendered their homes.

A brigade of the 82nd Airborne has arrived in Baghdad as part of the Bush-ordered infusion of troops. Four more brigades were to arrive between now and the end of May. The next arriving unit was to be the 4th Brigade, 1st Infantry Division, based at Ft. Riley, Kan., which will deploy in February.

The 3rd Brigade, 3rd Infantry Division, based at Ft. Benning, Ga., will deploy in March. The 4th Stryker Brigade, 2nd Infantry Division, based at Ft. Lewis, Wash., in April, and the 2nd Brigade, 3rd Infantry Division, based at Ft. Stewart, Ga., in May.

The Marine Corps will extend two reinforced infantry battalions for approximately 60 days. Additionally, the 15th Marine Expeditionary Unit (Special Operations Capable) will remain in Iraq for approximately 45 additional days. The 1st Brigade, 34th Infantry Division, Minnesota Army National Guard, will be extended in its current mission for up to 125 days and will redeploy not later than August.

Marines Battle Their Past In An Iraqi City (LAT)

By Tony Perry, Times Staff Writer

The Los Angeles Times, February 2, 2007

A new batch of troops tries to win over Haditha, where 24 civilians were slain by their predecessors.

HADITHA, IRAQ — More than a year after two dozen civilians were killed here in what prosecutors call an appalling case of wanton murder by four Marines, a new batch of troops is trying to win the hearts and minds of the public.

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But as they patrol the narrow, winding streets and try to protect themselves from a deadly, unseen enemy, the November 2005 incident hangs like dust in the air.

"I think about it because I want to give them the right image about Americans," said Lance Cpl. Bryan Bates, 21, of Tucson, who has picked up a working knowledge of Arabic. "I know some of them feel scared because of what happened. I try to be more friendly."

Complicating the situation is the fact that many residents don't even consider the case, which involves the most serious charges levied against Marines in Iraq, the worst transgression by U.S. forces in Haditha since the 2003 U.S.-led invasion.

On two occasions, Marines assigned to build trust and goodwill in Haditha were moved to the larger city of Fallouja to participate in major offensives against Sunni Arab insurgents. While the Marines were gone, insurgents flooded into Haditha, massacring police officers and other townspeople who had cooperated with the Americans.

The dozens of deaths have resulted in suspicion and hostility and made the Marine mission here exceedingly difficult and dangerous.

"The betrayal [by the U.S.] of the tribes and the local leadership … has created a climate that we've struggled mightily to make right," said Capt. Matt Tracy, commander of Echo Company of the Hawaii-based 2nd Battalion, 3rd Marine Regiment, which occupies a former school near the town center.

When Echo Company arrived in September, the Marines found themselves under constant attack. The company was averaging a casualty a day in its first 45 days.

"I looked at the numbers and said, 'None of us are going to survive at this rate,' " Tracy said. "I realized we had to fight a different way."

The new methods include berms around the city, controlled access points and a car registration program. If people are caught driving without registration, their keys and car batteries are confiscated.

Officers remind Haditha-bound troops to follow the rules of engagement and the laws of war, both of which call for protection of civilians. A general also lectures them on not being slow to protect themselves against an enemy that is well-armed and known to hide among women and children.

Navy corpsman Patrick Horgan, 36, of Aurora, Colo., said the 2005 case had made troops more cautious.

"Everybody knows to be smart about it and make sure you can take a shot safely," he said. "What happened here has definitely increased awareness about the rules, which I think is important."

But there is also a feeling that only troops who have patrolled the streets of Haditha can understand the pressures the Marines experienced in 2005.

"They were set up for an ambush, it wasn't a massacre," said Cpl. Paul Brodner, 20, of San Diego. "No Marine would do anything like that except if he were fighting for his life."

An Iraqi interpreter working for the Marines, who was with the troops in 2005, says he hopes more information about the slayings will come out during court-martials.

"The Marines were attacked and they responded," said the interpreter, who asked that he be identified only as John. "They made mistakes, but they did what you do when you're ambushed."

Lt. Col. Jim Donnellan said it was only natural that Marines now on patrol think about those members of the Camp Pendleton-based 3rd Battalion, 1st Marine Regiment, who face criminal charges.

"When a Marine reads about Marines of the same age, and operating in the same city, accused of such heinous things, he can't help but have that in the back of his mind," Donnellan said.

Officers also accused

Courts-martial, which could be held this summer, will also determine the fate of four Marine officers accused of failing to thoroughly investigate the slayings. Military lawyers were in Haditha last month questioning witnesses.

Prosecutors allege that the Marines went on a rampage after one comrade was killed and two were wounded by a roadside bomb. Defense attorneys say the troops were following regulations that allow for throwing fragmentation grenades into a room where armed insurgents are thought to be hiding.

In the months after the invasion of Iraq, the Marines had been making headway in Haditha, a community of about 50,000 along the Euphrates River where many of the male residents worked on the railroad, the hydroelectric dam and the phosphate and concrete plants, which are largely shut down now. Officials and police teamed up with the Americans to provide intelligence about the insurgency.

In April 2004, the Marines were ordered to attack Fallouja after a mob killed four American private security contractors. The men's bodies were burned and two were hung from a bridge.

After the Marines left Haditha, insurgents killed several local officials, rounded up a dozen police officers and killed them before a crowd at a soccer field. They also kidnapped a group of police recruits and beheaded nine of them.

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The Marines returned after the White House halted the assault on Fallouja. But the fight was renewed in November 2004, and again the Marines left for the larger city about 100 miles down the Euphrates.

For a second time, murder and brutality ensued in Haditha, including an attack on a female doctor whose hands were chopped off because she wore a short-sleeved blouse.

When the Marines returned in 2005, doors were closed to them and the insurgents were in control.

Police Chief Col. Farouk Tayh Hardan is a former army officer whose brother was among the police recruits kidnapped. He's a hard-liner who would prefer to kill insurgents without such niceties as arrests and trials.

The 2005 case, he said, was tragic but understandable in the chaos of war. Many Haditha residents, he noted, are former Iraqi military officers.

"They know that any military makes mistakes, including with innocent children," he said. "We hope it never happens again, particularly with women and children."

Since the berms went up and the car registration effort began, attacks against U.S. troops have dropped sharply. Sheiks have encouraged tribe members to join the police force and hundreds have done so.

Roadside bombing

Still, duty in Haditha and two smaller cities remains one of the most dangerous assignments in Iraq. Since September, Donnellan's 900-man battalion has suffered 19 deaths, and 132 troops have been wounded. The relative peace was shattered in mid-January when two Marines were severely wounded by a roadside bomb while on a walking patrol.

The 2nd Battalion is scheduled to leave in early spring and another Marine unit has been assigned to take its place. But the long-term prospects for Marines in Haditha are unclear, as the White House reevaluates its strategy for Baghdad and Al Anbar province.

"The last thing any Marine wants is to leave prematurely and see these people suffer, again," Capt. Tracy said.

What happened on Nov. 19, 2005, may also have exacerbated a tendency among Haditha residents to believe tales about Marine misconduct, some thought to be circulated by insurgents or their sympathizers.

Each week Donnellan holds an open meeting with sheiks and others. Much of it is devoted to dispelling rumors or, if one seems plausible, promising to investigate.

Among the recent rumors: The Marines forced women to kneel before them, the Marines shot and killed an Iraqi police officer, the Marines threw oranges at women, an Iraqi police officer shot a colleague and the Marines have done nothing.

"I listen and realize some of it is just … hyperbole that is part of their culture, but some of it is that there is really something bothering them," Donnellan said. "There's a lot of history here, and a lot of it is bad."

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Who's To Blame For The Killing (WP)

By Charles Krauthammer

The Washington Post, February 2, 2007

This week the internecine warfare in Iraq, already bewildering -- Sunni vs. Shiite, Kurd vs. Arab, jihadist vs. infidel, with various Iranians, Syrians and assorted freelancers thrown into the maelstrom -- went bizarre. In one of the biggest battles of the war, Iraqi troops reinforced by Americans wiped out a heavily armed, well-entrenched millenarian Shiite sect preparing to take over Najaf, kill the moderate Shiite clergy (including Grand Ayatollah Ali Sistani) and proclaim its leader the returned messiah.

The battle was a success -- 263 extremists killed, 502 captured. But the sight of the United States caught within a Shiite-Shiite fight within the larger Shiite-Sunni civil war can lead only to further discouragement of Americans, who are already deeply dismayed at the notion of being caught in the middle of endless civil strife.

There are, of course, many reasons for these schisms. Some, like the fundamental division between Sunni and Shiite, are ancient. Some of the wounds are more contemporary, most notably the social devastation and political ruin brought upon the country by 30 years of Saddamist totalitarianism and its particularly sadistic persecution of Shiites and Kurds.

America comes and liberates them from the tyrant who kept everyone living in fear, and the ancient animosities and more recent resentments begin to play themselves out to deadly effect. Tens of thousands of Iraqis have died, the overwhelming majority of them killed by Sunni insurgents, Baathist dead-enders and their al-Qaeda allies who carry on the Saddamist pogroms.

Much of their killing -- the murder of innocent Shiites in their mosques and markets -- is bereft of politics. It is meant to satisfy instead an atavistic hatred of the Shiite heresy. The late al-Qaeda leader in Iraq, Abu Musab al-Zarqawi, was even chided by headquarters in Afghanistan for his relish in killing Shiites for the sport of it.

Iraqis were given their freedom, and yet many have chosen civil war. Among all these religious prejudices, ancient wounds, social resentments and tribal antagonisms, who gets the blame for the rivers of blood? You can always count on some to find the blame in America. "We did not give them a republic," insists Newsweek's Fareed Zakaria. "We gave them a civil war."

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Of all the accounts of the current situation, this is by far the most stupid. And the most pernicious. Did Britain "give" India the Hindu-Muslim war of 1947-48 that killed a million souls and ethnically cleansed 12 million more? The Jewish-Arab wars in Palestine? The tribal wars of post-colonial Uganda?

We gave them a civil war? Why? Because we failed to prevent it? Do the police in America have on their hands the blood of the 16,000 murders they failed to prevent last year?

Thousands of brave American soldiers have died trying to counter, put down and prevent civil strife. They fight Sunni insurgents in Fallujah, Ramadi and Baghdad, trying to keep them from sending yet one more suicide bomber into a crowded Shiite market. They hunt Shiite death squads in Baghdad to keep them from rounding up random Sunnis and torturing them to death. Just this week, we lost two helicopter pilots who were supporting the troops on the ground fighting the "Soldiers of Heaven" outside Najaf to prevent the slaughter of innocents in a Shiite-Shiite war within a war.

Our entire strategy has been to fight one side and then the other to try to prevent sectarian violence -- a policy that has been one of the leading reasons Americans are ready to quit and walk away. They can understand one-front wars, but they can't understand two-, three- and four-front wars, with Americans fighting any and all in sequence and sometimes in combination.

And at the political level, we've been doing everything we can to bring reconciliation. We got the Sunnis to participate in elections and then in parliament. Who is pushing the Shiite-Kurdish coalition for a law that would distribute oil revenue to the Sunnis? Who is pushing for a more broadly based government to exclude Moqtada al-Sadr and his sectarian Mahdi Army?

We have made a lot of mistakes in Iraq. But when Arabs kill Arabs and Shiites kill Shiites and Sunnis kill all in a spasm of violence that is blind and furious and has roots in hatreds born long before America was even a republic, to place the blame on the one player, the one country, the one military that has done more than any other to try to separate the combatants and bring conciliation is simply perverse.

It infantilizes Arabs. It demonizes Americans. It willfully overlooks the plainest of facts: Iraq is their country. We midwifed their freedom. They chose civil war.

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U.S. Says Iran Meddles In Iraq But Is Delaying Release Of Data (NYT)

By David E. Sanger And Mark Mazzetti

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush's national security advisers have ordered a delay in publication of evidence intended to support Washington's contention that Iran supplies lethal technology and other aid to militias in Iraq, senior administration officials said Thursday.

The decision was described by officials who were struggling to explain why American officials in Baghdad have twice canceled plans to present the evidence, delays that have raised questions about the quality of the intelligence.

Some administration officials said there was a continuing debate about how well the information proved the Bush administration's case.

One official who has reviewed elements of the briefing said the decision to delay it — made by Secretary of State Condoleezza Rice, Defense Secretary Robert M. Gates and Stephen J. Hadley, the national security adviser — was also motivated by concern about potentially disclosing the sources of the intelligence, and by a debate over what might be the most politically opportune moment to press the case that Iran is the source of some of the most deadly attacks on American and Iraqi forces.

Ten days ago the American ambassador to Iraq, Zalmay Khalilzad, told reporters that within a few days the United States would disclose its evidence that Iran was supplying the militias. He had been angered by an accusation by the Iranian ambassador in Baghdad that Washington had no evidence of illicit Iranian activity.

That event was put off, rescheduled for the middle of this week. The briefing was to have consisted of a PowerPoint presentation showing weapons picked up in Iraq, their serial numbers and other evidence tying them to manufacture in Iran.

But on Thursday American officials said that the briefing in Baghdad had been postponed again, until next week at the earliest, and that it had been reduced in size. For example, they said, it will not include details of evidence gathered when Iranians were seized in a raid in Baghdad at the end of December.

Some American allies who have seen some of the evidence say it still falls short of an air-tight case. But the main reason for the delay appears to be rooted in the delicate politics of dealing with Iran.

"We don't want to create the impression that we are steaming toward confrontation," said one senior State Department official familiar with the debate. "Some people are worried about how quickly the rhetoric has ratcheted up."

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President Bush, in an interview on Wednesday with The Wall Street Journal editorial board, said the United States had "made it clear to the Iranians that if we catch them moving weapons, they'll be dealt with." But he quickly added that he was not seeking to "escalate the conflict," and said he was certain "we can solve this peacefully."

During an interview on NPR on Thursday, R. Nicholas Burns, an under secretary of state, said that the United States had been tracking Iran's support for Shiite militias in Iraq for approximately two years, and that "there's been increased evidence over that time that Iran has given this kind of assistance to the Shia insurgency groups."

The debate about how, when and whether to release the claims about Iran's activities in Iraq is also an echo of Washington's continuing debate about whether the administration has the credibility to make public evidence about Iran's nuclear program — including data that it has shared with allies but not with the public.

In the most recent case, State Department officials have cautioned that the evidence must be rock-solid. The Pentagon has pressed for its release, to make clear why it is aggressively pursuing Iranians with military or paramilitary connections in Iraq.

The result has been a scramble, in which intelligence agencies have been trying to vet the Pentagon's presentation to ensure that it does not contain claims that are not backed by solid evidence.

"We are trying to scrub this document, because the last thing we want to be accused of is cherry-picking," said one American official familiar with the intelligence about Iran.

Some administration officials admit they are in a bind: on one hand, the longer the White House issues heated statements aimed at Iran without backing them up with facts, the more the administration's case is called into question.

At the same time, rushing to produce a flimsy case that is ultimately discredited could be more damaging in the long run, as was the case with Colin L. Powell's speech to the United Nations Security Council in February 2003, when he was secretary of state, outlining what he portrayed as irrefutable evidence that Iraq possessed chemical and biological weapons.

Curbing Iran In Iraq Gets Trickier (WSJ)

By Jay Solomon And Yochi J. Dreazen

The Wall Street Journal, February 2, 2007

WASHINGTON -- Senior Bush administration officials said the U.S. won't block Iran's efforts to establish financial institutions in Iraq, a decision that sets up a delicate balance in U.S. efforts to limit Iranian influence there.

U.S. approval of Iran's economic engagement with Iraq is complicated by allegations by some White House and Pentagon officials that Tehran is training and arming Shiite militias and may be directly targeting American soldiers inside Iraq.

U.S. officials said they are investigating some American and Iraqi claims that Tehran may have played a role in the killings last month of five U.S. soldiers in the Iraqi city of Karbala.

The administration's tough new posture toward Iran is alarming many lawmakers, intelligence officials and military officers, who worry that the White House is exaggerating Iran's connection to attacks inside Iraq in order to justify a future military assault against Iran.

Senior U.S. officials acknowledged yesterday that they had no direct evidence to support this claim, and Iran has long denied accusations that it is supplying weapons to Shiite groups in Iraq or that it has expanded its paramilitary operations inside the country.

The Bush administration has made such charges before but has never been able to provide clear evidence substantiating the allegations. Pentagon and State Department officials this week said they would make public some information proving the connection between Tehran and Iraqi militias, but they have yet to do so.

These officials said the complexity and brazenness of the Karbala attack, in which the assailants disguised themselves in U.S. uniforms in order to enter a compound and abduct American soldiers, is raising suspicions of Iranian involvement.

"It looked like five Americans were taken [in exchange for] for five Iranians," said one U.S. intelligence official working on Iran. Last month, American troops arrested five Iranian diplomats in Irbil, Iraq, on charges they were supplying explosives to Shiite militias -- a charge Tehran denies.

On the economic front, however, U.S. officials said yesterday they aren't going to attempt to prevent Iran from expanding its trade and financial ties with Iraq.

In late January, Iran's ambassador to Iraq surprised U.S. officials by telling the New York Times that Tehran was preparing to significantly increase its financial and trade ties to Iraq. This would include the establishment of at least one branch of Iran's national bank in Iraq, the diplomat said.

U.S. officials had initially reacted coolly to the Iranian plans, but in interviews yesterday, senior Bush administration officials said the U.S. accepted the Iranian economic moves and would make no effort to block them.

Expanded Iranian trade and finance ties with Iraq could help spur economic development and growth in Iraq, the officials said. They also noted that the two countries have the potential to become significant trading partners.

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"We want the Iraqis to have cooperative, fruitful relations with their neighbors," one official said. "We have no problem with a bank and economic relations. That's fine."

The willingness to allow Iranian banks to operate in Iraq comes as the U.S. is trying to shut down Iranian financial activity elsewhere in an effort to pressure Tehran to abandon its alleged nuclear-weapons program.

This senior official cautioned, however, that the administration would oppose any effort by Iran to expand its military assistance to Iraq's government and security forces. Iranian officials in Baghdad in recent days have discussed sending weapons, equipment and military trainers to Iraq in an effort to underpin the government of Prime Minister Nouri al-Maliki, a Shiite.

U.S. charges of Iranian involvement in the Karbala attack come as the administration tries to rally public support behind its increasingly aggressive military posture toward Iran. In recent weeks, the U.S. has deployed a second aircraft-carrier battle group to the Persian Gulf and erected Patriot antiballistic-missile batteries in the region, both as warnings to Tehran.

U.S. officials said the two largest Shiite militias in Iraq -- the Badr Brigades, linked to the Supreme Council for Islamic Revolution in Iraq, and the Mahdi Army of radical cleric Moqtada al-Sadr -- were receiving sophisticated, late-model rocket-propelled-grenade launchers and roadside bombs from Iran. These weapons have been used in lethal attacks on U.S. and British forces in southern Iraq, U.S. officials said.

"What we're finding in terms of stockpiles and weapons -- you can connect the dots back to Iran," one official said.

The Pentagon and U.S. intelligence agencies are particularly focused on the movement of representatives of the Iranian Revolutionary Guard Corps' elite Qods Force, which focuses on operations outside Iran's borders. Many U.S. intelligence officials believe that it is the Qods Force specifically that has been providing arms and funding to Shiite militias in Iraq. Some intelligence officials also believe the Qods Force has established paramilitary camps inside Iraq to teach Shiite militants how to use advanced weaponry and how to conduct sophisticated types of ambushes, kidnappings and assassinations.

The arrests of Iranian officials in Irbil last month and in Baghdad in December directly targeted the Revolutionary Guards and Qods Force, said U.S. officials. The Pentagon continues to hold the five Iranians detained in Irbil, though the four others detained in Baghdad have been returned to Tehran.

Iraq Fears Being Caught In Middle Of U.S.-Iran Tensions (CHIT)

By Liz Sly

Chicago Tribune, February 2, 2007

BAGHDAD -- Alarmed by rising tensions between the United States and Iran, Iraqi government officials fear their country is in danger of being dragged into the middle of a new conflict between its two main allies.

In the past week, the Bush administration has ratcheted up pressure on Iran, saying it has evidence that Tehran is arming Iraqi insurgents and pledging to hunt down Iranian agents operating in Iraq. That has fueled concerns in Baghdad that Iraq will become the battleground in a showdown between Iran and the U.S., Iraqi officials say.

Iraq's Shiite-led government has warm relations with neighboring Iran, and it does not want that relationship compromised by an increasingly strident posture by Washington toward Tehran, Iraqi officials say.

"We want to maintain good relations with our neighbors, especially Iran," Iraqi government spokesman Ali al- Dabbagh told a news conference Thursday in Baghdad's heavily fortified Green Zone. "We have long borders with them, we have local interests with [them] and we would like to have this relationship not in the shadow of the others."

Iraq also wants to maintain good relations with the U.S., he added, stressing that Iraq does not condone attacks against U.S. forces in Iraq. "We want good relations with everyone, whether Iran or the U.S.," he said. "The problems between the U.S. and Iran must not get solved in Iraq."

Tensions between the U.S. and Iran have escalated sharply in recent weeks, with the dispatch of additional U.S. warships to the Persian Gulf and the deployment of upgraded Patriot missiles to Gulf Arab countries, fueling speculation across the region that the U.S. is gearing up for a war with Iran.

Bush administration officials insist they do not intend to go to war with Iran. They have defended the targetting of Iranians in Iraq and other moves in the region as necessary to counter Tehran's backing of Iraqi insurgents, which coincides with U.S. efforts to stop Iran from developing a nuclear weapon.

"We've been very clear we don't intend to strike into Iran, in terms of what we're doing in Iraq," Undersecretary of State Nicholas Burns told National Public Radio Thursday.

But Iraq's concern is that the U.S. is taking advantage of its presence in Iraqi territory to rein in Iran's rising influence in the region, Iraqi officials say. Earlier this week, the Los Angeles Times reported that the U.S. Air Force is preparing to undertake more aggressive patrols along the Iraq-Iran border to disrupt insurgent supply lines.

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"Any escalation between Iran and the U.S. will be negative for us," said Mahmoud Othman, a Kurdish legislator. "If you exclude the Sunnis, the majority of Iraqis think of Iran as a friend."

Many members of Iraq's Shiite-led government sought refuge in Iran from persecution during the Saddam Hussein era and Iraqi officials regularly visit Tehran. Iran's ambassador to Iraq told The New York Times earlier this week that Iran is preparing a major new military and economic assistance package for Iraq—paralleling the Bush administration's strategy to stabilize Iraq by building up the Iraqi army and police while re-energizing its reconstruction effort.

In many ways, Iraq is already serving as a proxy front in the rivalry for regional influence between Tehran and Washington. The U.S. military raided a diplomatic compound in Erbil last month, detaining five Iranians they accused of being Iranian agents aiding insurgents in Iraq. The Bush administration says it is examining a "mountain of evidence" that Iran is arming Shiite militias to attack U.S. forces.

"To the extent that anybody, including Iranians, are smuggling weapons, bringing in fighters, killing Americans, trying to destabilize the democracy in Iraq, we will take appropriate measures to defend our troops and also to defend the mission," White House spokesman Tony Snow warned this week.

Bush first announced a more aggressive stance toward Iran and also Syria when he unveiled his new strategy for Iraq last month, accusing the two countries of aiding Iraq's insurgency and implicitly rejecting recommendations by the Iraq Study Group that the U.S. open a dialogue with Iran.

Plans to announce further evidence of Iran's support for Iraqi insurgents this week have been postponed, amid reports of disputes among U.S. officials over the quality of the evidence.

The Iraqi government has also tried to make it clear that it does not support Iranian meddling in Iraq. When Iraqi Prime Minister Nouri al-Maliki visited Tehran last fall, he urged his hosts not to intervene in Iraqi affairs.

In an interview with CNN Wednesday, al-Maliki said he had asked both Tehran and Washington to resolve their differences elsewhere.

"We have told the Iranians and the Americans, 'We know that you have a problem with each other, but we are asking you: Please solve your problems outside Iraq,'" said al-Maliki. "We don't want the American forces to take Iraq as a field to attack Iran or Syria."

Any conflict between Iran and the U.S. would put Iraq's government in a difficult position, forced to choose between its two main benefactors, said Othman.

"There's a contradiction because America sees Iran as an enemy, whereas the Iraqi government sees Iran as a friend," he said. "The most important country with influence in Iraq right now is Iran, and these issues should be well and thoroughly discussed between America and Iraq."

The increasingly tough rhetoric from Washington has strained Iraq's relationship with the U.S. at the very moment when the two countries are supposed to be working together to implement Bush's new strategy to stabilize Iraq.

An additional 21,500 U.S. troops are headed for Baghdad and western Anbar province to bolster a new security plan aimed at quelling the steadily escalating sectarian conflict between the city's Shiites and Sunnis and combating the anti-U.S. insurgency.

Support for al-Maliki's government lies at the core of Bush's new strategy, but Washington does not consult with the Iraqi government on its threats to pursue Iranians in Iraq, complained Akram Hakim, State Minister of National Reconciliation, who belongs to the ruling Shiite coalition, the United Iraqi Alliance.

"President Bush says he supports the Iraqi government and he says he supports Prime Minister al-Maliki, but I think that going over the head of the Iraqi government on issues like this is not compatible with those statements," he said.

"When there's a contradiction between what he's doing and what he's saying, it will weaken the Iraqi government and weaken the position of the U.S. administration as well."

"For some time, we in the Iraqi government have been warning about turning Iraq into a battlefield between the U.S. and Iran," he added. "There are many problems between the U.S. and Iran, the U.S. and Syria and the U.S. and Al Qaeda, and we don't want them to make Iraq the battlefield for these problems."

Iraq Plans Summit With Iran And Syria (LAT)

By Paul Richter And Louise Roug

The Los Angeles Times, February 2, 2007

BAGHDAD — The Iraqi government Thursday invited Iran and Syria to Baghdad for talks next month on regional security, amid growing tension and accusations by the Bush administration of foreign meddling in Iraqi affairs.

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Iraqi officials have not invited the United States to the meeting, which also could include Iraq's other neighbors, the United Nations and the Arab League. The meeting is intended to "promote support for the government of Iraq on security and other issues," said Samir Shakir Mahmoud Sumaidy, the Iraqi ambassador to the United States.

Sumaidy, speaking in Washington, said the summit was part of a series of regional gatherings sponsored by Iraq's fledgling government that have not included nations from outside the region. It is tentatively scheduled to start March 10.

The meeting comes at a time when U.S. officials have accused Iran of meddling in Iraq. The Bush administration also has complained that Syria is allowing foreign fighters to cross into Iraq, and it is urging Sunni Arab neighbors to help stabilize the country by applying pressure on their Sunni Muslim allies in Iraq.

U.S. welcomes meeting

But U.S. officials, who have encouraged the Iraqi government to try to work through security issues and to try to win more economic and political support from its neighbors, reacted positively to the summit announcement Thursday.

"We support such an effort by the Iraqi government," said Lou Fintor, a spokesman for the U.S. Embassy in Baghdad. "We have ourselves worked with many of Iraq's neighbors to encourage them to support Iraq, diplomatically and politically."

Iraqi officials, while acknowledging that some Iranians have been involved in violence in Iraq, have said they do not want their country to become a military theater in the rivalries of foreign powers.

"The United States is clearly helping us with our security issues," Sumaidy said. But he added, "We don't want to be the battleground for anyone else's fighting each other, or confronting each other."

U.S. and Iraqi military officials are in discussions about American plans to go on the offensive against Iranian agents who are seen as threatening U.S. troops or Iraqis, the Iraqi ambassador said.

Iraqi forces want "maximum coordination" with the American troops on the issue, Sumaidy said. He said U.S. and Iraqi leaders, including Army Gen. David H. Petraeus, the new U.S. commander in Iraq, might decide that they need to conduct each operation jointly, or at least that the Iraqis be informed of each mission.

The Bush administration has delayed the release of information it says will show Iran is meddling in Iraq, raising concern from some quarters that the evidence is inconclusive.

"Iran is kind of the culprit of the week or the month," said James Dobbins, an international security expert at Rand Corp., who said the Bush administration had produced little compelling evidence that Iran was actively encouraging attacks on U.S. troops in Iraq.

U.S. officials said they were investigating a Jan. 20 insurgent raid in the Shiite Muslim city of Karbala, in which a U.S. soldier was slain and four others were captured before being killed, but have not said whether they believed Iranians were involved.

Some U.S. officials have suspected foreign involvement in the sophisticated attack on a U.S.-Iraqi security compound, which witnesses said was carried out by men wearing American-style uniforms.

"The attack is troubling," Pentagon spokesman Bryan Whitman said, adding that an inquiry was continuing. "There was a level of sophistication to the attack that was concerning."

Whitman would not say who might have been behind the attack. "I know there has been speculation," he said, "but let's let the investigation conclude."

'Very serious' threat seen

In an interview with National Public Radio on Thursday, R. Nicholas Burns, the U.S. undersecretary of State for political affairs, said that Iran posed a "very serious" threat to American interests in Iraq.

Referring to the Karbala attack, Burns said the United States would "try to find those who are responsible and hold them accountable. But right now it's not possible to say exactly who those people were."

President Bush said in his Iraq policy speech Jan. 10 that U.S. forces would go after Iranian agents who threatened Americans. The next day, U.S. troops detained five Iranians during a raid on their office in Irbil, a major city in Iraq's Kurdish north.

Iranian officials long have operated in northern Iraq and have close business ties with Kurdish leaders there. Iranian and Iraqi officials have said the Iranian office issued travel permits and provided other services to Iraqi traders and tourists going to Iran. Iraqi leaders are trying to secure the release of the five men, Iraqi officials have said.

Despite the public face-off, Burns said military conflict with Iran was not inevitable.

"I think that if we're patient and we're skillful, we can have a diplomatic solution to these problems," he said. "We are trying for that diplomatic solution."

Although U.S. officials refuse to open talks with Syria or Iran, other diplomatic contacts in the region have intensified. This week, Zalmay Khalilzad, the outgoing U.S. ambassador to Iraq, traveled to Saudi Arabia, which sent envoys to Iran last month.

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Ex-advisers Offer Revised Iraq Plans (AP)

By Barry Schweid

AP, February 2, 2007

President Carter's national security adviser said Thursday the Iraq war was likely to lead to "a head-on conflict" with Iran and other parts of the Muslim world.

Zbigniew Brzezinski also told the Senate Foreign Relations Committee that Bush administration policy was driven by "imperial hubris" and has proved to be a disaster on historic, strategic and moral grounds.

"If the United States continues to be bogged down in a protracted bloody involvement in Iraq, and I emphasize what I am about to say, the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large," Brzezinski said.

Brent Scowcroft, national security adviser to Presidents Ford and George H.W. Bush, said a buildup of U.S. troops in Iraq "might be a positive blip" if it helped stabilize Baghdad. But he said it would not lead to fundamental changes in the situation.

"It is a tactic, not a strategy," he said.

Brzezinski set out as a plausible scenario for military collision: Iraq fails to meet benchmarks set by the U.S., followed by accusations that Iran is responsible for the failure and then a terrorist act or some provocation blamed on Iran. This scenario, he said, would play out with a defensive U.S. military action against Iran.

That, Brzezinski said, would plunge the United States into a quagmire that eventually would range across Iraq, Iran, Afghanistan and Pakistan.

Proposing a massive shift in policy, Brzezinski said the U.S. should announce with no ambiguity its determination to leave Iraq "in a reasonably short period of time."

Brzezinski, a professor at the School for Advanced International Studies, said the U.S. should set with Iraqi leaders a date for the completion of the U.S. military disengagement.

Scowcroft recommended that U.S. troops gradually be deployed away from sectarian conflicts in Iraq, which should Iraqis should handle "however well or badly they are able to handle it."

U.S. troops should concentrate on training the Iraqi army, combating insurgents, limiting outside intervention and helping to protect Iraqi institutions, he said.

"That does not mean that the American presence should be reduced," Scowcroft said. "That should follow success in our efforts, not the calendar or the performance of others."

Inside The Ring (WT)

By Bill Gertz And Rowan Scarborough

The Washington Times, February 2, 2007

Night stalkers

One of the ways U.S. forces in Iraq prevent the placement of an improvised explosive device (IED) is to watch the roads.

For surveillance, they use several systems, including the slow-moving AC-130 gunship. The aircraft's cannons, machine guns and night-sight capability are the perfect systems for locating and killing IED-placing insurgents.

A video we've seen shows an AC-130 crew spotting two men who converge in their vehicles on a stretch of isolated road in Iraq. The two look around, and then one carries a weapon into a field, methodically walking off into the distance. It would appear he is calibrating how far to place the IED so our soldiers cannot see it, but close enough so the bomb kills them. The man in the second vehicle follows the same procedure.

In the meantime, the gunship's crew is describing what it sees and seeks permission to fire. A voice says, "Smoke 'em." Gunfire hits the first man, then the second. A third emerges from under one of the vehicles and is killed.

Commanders have said the best way to defeat IEDs is to prevent their placement in the first place. IEDs are responsible for 80 percent of Army casualties.

ASAT silence

Sen. Jon Kyl gave a speech to the Heritage Foundation earlier this week and discussed the fallout from China's Jan. 11 anti-satellite (ASAT) weapons test that killed a Chinese weather satellite using a kinetic missile warhead.

The Arizona Republican and veteran of the Senate intelligence committee said the Bush administration has the policy to conduct space defense of U.S. satellites but seems to lack the will.

"The question is whether we have the will to implement it," he said.

"And some recent examples that I'll cite here point to a flagging enthusiasm, I would put it, for space security," Mr. Kyl said. "Look to the administration reaction to the Chinese ASAT test. Since the test was reported, there has been no public statement

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by the president or any Cabinet official, no mention during the State of the Union speech, no congressional hearings have yet been scheduled, no indication has come out of the Pentagon that the space budget is being in any way revisited. The State Department has provided no specific information about what our diplomats are or are not saying in response to the Chinese provocation."

Mr. Kyl then noted a comment from a State Department spokesman, who questioned what China's "intentions" were in the test.

"Why do we need to hear from the Chinese exactly what their intentions are?" Mr. Kyl asked. "What intention could possibly be behind the test, save for the capability to blow up satellites in space? Would the State Department believe any alternative explanation if it were given to it?"

White House National Security Council spokesman Gordon Johndroe confirmed that the administration decided on a low-profile response. "We've had Cabinet-level discussions with the Chinese on this that, we think, have been the best course of action," he said.

Israel's Iran worries

A military source tells us the talk among Israeli military officials is how and when to counter Iran's nuclear weapons program, most likely in a pre-emptive attack on Iranian nuclear facilities.

The Israelis know that any attack will require overflying U.S.-dominated Iraq, but one solution would be to set up a secret base in another area between Iran and Israel to refuel Israel's bombers.

The Israelis in recent months have purchased large numbers of U.S. precision-guided joint direct attack munitions, or JDAM, kits for their bombs and special bunker-buster explosives that could be used to destroy underground Iranian nuclear facilities.

Our source said the Israelis know that their attack on Iran would be far bloodier and much more difficult than the daring 1981 bombing attack against Iraq's Osirak nuclear reactor.

"They will have to strike during the day to make sure they get the technicians and scientists," the source told us.

Also, an anti-nuclear military strike will cause collateral damage because many of the Iranian nuclear facilities are located close to civilian population centers.

At least 13 Iranian nuclear facilities are known and can be located publicly on Google Earth mapping software. They include facilities at Tehran, Natanz, Arak, Lashkar-Abad, Isfahan, Ardekan, Bushehr and Gachin. Most are underground and have advanced air defense missiles for protection.

Key targets: the Natanz nuclear facility, a military plant about 200 miles south of Tehran that is the location of at least one centrifuge cascade that is thought to be where nuclear fuel for weapons is being developed.

The Bushehr nuclear reactor on the Persian Gulf coast also will be a key target, and any bombing there risks killing scores of Russians who are part of construction crews for the reactor facility.

The Bush administration is hardening its position on Iran but is holding Israel in check from attacking. That said, in 1981, the United States had no warning of the Osirak raid until after the F-16s and F-15s were in the air.

Iranian enigma

Our colleague David R. Sands traveled last month with Defense Secretary Robert M. Gates to Iraq and Afghanistan. He filed this report:

It seems our British cousins are having as much trouble as the Pentagon in trying to figure out the Iranians. Two senior British military officers in the Middle East, briefing reporters traveling with Mr. Gates, painted two very different pictures of Tehran's recent record.

The Royal Navy's Commodore Keith Winstanley, Britain's senior naval commander in the region from Jordan to India and deputy commander of the U.S.-led coalition fleet in the Persian Gulf, said there has been no sign of an Iranian reaction in the Gulf to President Bush's decision to dispatch a second carrier strike group to the region, a move widely seen as a warning to Tehran.

"We are not seeing any change in Iranian behavior since the president's announcement," said Commodore Winstanley. "Much of what their naval forces do appears to be defensive in nature.

"If all you do is listen to the rhetoric of [Iranian President Mahmoud] Ahmadinejad, you would think the Iranians are very forward-leading militarily, but it's not so. Our everyday interactions with them in the Gulf are actually extremely cordial."

But Maj. Chris Ormond-King, a spokesman for the British military deployment in Basra, southern Iraq's largest city, said Iranian meddling is palpable among the Shi'ite militias there, even if conclusive evidence is difficult to come by.

"We know that Iranian influence is here, even if we can't prove it. It's money, it's technical support, it's equipment. Our gut feeling is that, yes, there is Iranian influence here."

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The major added, "It's like when you see a car going down the road. You may not be able to prove it's speeding, but when it gets from one place to another so quickly, you can tell."

Iran Leader Calls Nuclear Sanctions Ineffective (NYT)

By Nazila Fathi

The New York Times, February 2, 2007

TEHRAN, Feb. 1 — President Mahmoud Ahmadinejad of Iran, under increasing criticism at home, said Thursday that his nation was becoming a superpower and that the United Nations sanctions would not deter it from pursuing its nuclear program.

"We are rapidly becoming a superpower," Mr. Ahmadinejad told reporters after laying flowers on the tomb of Ayatollah Ruhollah Khomeini on the 28th anniversary of the revolution he led in 1979.

"Our strength does not come from military weapons or an economic capability," the ISNA news agency quoted him as saying. "Our power comes from our capability to influence the hearts and souls of people, and this scares them," he added, referring to the West.

"That's why they are using psychological warfare and impose sanctions. But the language of sanctions belongs to the past."

He made no reference to contradictory remarks this week by President Jacques Chirac of France about whether it would be acceptable for Iran to have a nuclear program.

Mr. Ahmadinejad spoke as some conservatives in Iran joined moderates to warn that his dismissiveness toward sanctions by the United Nations Security Council over Iran's nuclear program could have dangerous consequences. The Security Council resolution, passed on Dec. 23, prohibits trade in goods and technology related to Iran's nuclear program. The measure is aimed at curbing Iran's uranium enrichment program, which Iran says is for peaceful purposes but the United States and some European countries contend is for making nuclear weapons.

The recent criticism of Mr. Ahmadinejad has led to speculation that Ayatollah Ali Khamenei, the supreme religious leader who has the ultimate authority on all state matters, is allowing such talk in an effort to contain him.

In his only reference to the resolution, Ayatollah Khamenei said Iran would not give up its right to a nuclear program.

Dozens of moderate politicians and several conservatives gathered last week at the office of Mehdi Karroubi, a former speaker of Parliament, to discuss their concerns over the future of Iran.

"Those who don't worry are either unaware of what is happening" or showing that they lack wisdom, said Ismail Gerami Moghadam, a member of Parliament who was at the meeting, the independent daily Etemad Melli reported.

The state-run daily Keyhan joined critics of Mr. Ahmadinejad last week and said "any threat should be taken seriously." The newspaper, which had repeatedly suggested that Iran withdraw from the Nuclear Nonproliferation Treaty and proceed with its nuclear program, would be expected to support the president's position.

On Thursday in Vienna, headquarters of the International Atomic Energy Agency, diplomats said Iran had begun installing centrifuges at its uranium enrichment plant at Natanz, Agence France-Presse reported. Iran has said that it plans to install 3,000 of the machines at Natanz soon.

Mr. Ahmadinejad has promised an announcement on the nuclear program during the 10-day anniversary celebration.

Iran President Vows To Push Nuke Program (AP)

By Ali Akbar Dareini

AP, February 2, 2007

President Mahmoud Ahmadinejad launched anniversary celebrations Thursday for Iran's Islamic Revolution with a defiant promise to push ahead with the country's controversial nuclear program.

Ahmadinejad suggested Tehran would announce next week that it is beginning to install a new assembly of 3,000 centrifuges in an underground portion of its uranium enrichment facility at Natanz that the U.S. has warned could bring further sanctions against the country.

The Iranian leader said his government is determined to continue with its nuclear program, despite U.N. Security Council sanctions imposed over its refusal to halt uranium enrichment, a process that can produce fuel to generate electricity or for the fissile core of an atomic bomb.

Kicking off 10 days of celebrations to mark the 28th anniversary of the 1979 Islamic revolution that brought hard-line clerics to power, Ahmadinejad said Iran will celebrate next week "the stabilization and the establishment of its full right" to enrich uranium at the facility.

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The chief of the U.N. nuclear watchdog agency, Mohamed ElBaradei, said last week that he expected Iran to announce "they are going to build up their 3,000 centrifuge facility" in February. There had been speculation the announcement could come during the revolution anniversary.

U.S. Undersecretary of State Nicholas Burns said Iran would face "universal international opposition" over the step. "If they think they can get away with 3,000 centrifuges without another Security Council resolution and additional international pressure, then they are very badly mistaken," Burns said last week

The installation would be a major jump in Iran's uranium enrichment program, though it could take months to set up the 3,000 centrifuges and get them working. In the process, uranium gas is spun at supersonic speeds in a connected array of centrifuges to purify it. Uranium enriched to around 5 percent is used for fuel for a nuclear reactor; enriched to 95 percent, it can be used to build a warhead.

Iran now has two cascades of 164 centrifuges each. Tens of thousands are needed for a continuous program. The status of the new centrifuges has been unclear as Iranian officials gave contradictory statements over the past month. Tehran originally said last year that the installation would begin by the end of 2006, but January came and there was no word the work had started.

On Sunday, an Iranian lawmaker said installation had begun, but he was quickly contradicted by officials from the country's Atomic Energy Organization. Mohammad Saeedi, the agency's deputy head, said, "If we begin to install centrifuges, we will publicly announce it."

Ahmadinejad's remarks Thursday signaled that Iran would begin the installation before Feb. 11 — the final day of nationwide celebrations in memory of the Islamic revolution. He has also called people to the streets that day to show support for the nuclear program.

"Enemies of the Iranian nation ... must know that their wrongful beliefs will be revealed once again during Feb. 11 rallies by the great Iranian nation," he said, according to the state-run news agency.

The United States and many Western countries accuse Iran of seeking to develop nuclear weapons, a charge Tehran denies. The Security Council has threatened to impose further sanctions on Iran if it continues to refuse to roll back its program.

Iran insists its program is peaceful. It ultimately plans to expand it to 54,000 centrifuges, a large operation enriching more uranium within a shorter period of time.

So far, its two linked chains of 164 machines have been operating sporadically at the above-ground portion of the Natanz facility, producing small quantities of non-weapons grade enriched uranium, International Atomic Energy Agency inspectors say.

Two smaller assemblies underground have been "dry testing" — without gas — since November, they say.

Iranian officials have turned down a request from IAEA inspectors to install cameras in the underground Natanz facility, a U.N. official familiar with Iran's nuclear dossier said in Vienna.

Ahmadinejad, whose hard-line tactics have faced criticism from both reformists and conservatives at home, also hinted Thursday that key decisions in Iran are made by Supreme Leader Ayatollah Ali Khamenei, not him.

"The general policies of the system are made by the Exalted Supreme Leader, and the government is required to carry them out," the state news agency quoted Ahmadinejad as saying. "The president, as the head of the country's executive body, pursues and announces the nuclear position."

Iran Has Begun Assembling Centrifuges At Natanz Site: Diplomats (AFP)

By Michael Adler

AFP, February 2, 2007

Iran has begun installing centrifuges at the Natanz site where it plans 3,000 of the machines to enrich uranium in defiance of UN demands to halt this sensitive nuclear activity, diplomats said.

And at the same time it is stopping UN inspectors from installing surveillance cameras in the huge underground hall where the production lines, or cascades, of centrifuges are being set up, the diplomats said.

Both moves mark an escalation in the international showdown with Iran over a nuclear programme which the United States and others suspect is hiding secret development of an atom bomb, and on which the UN Security Council has levied sanctions to force Tehran to halt enrichment.

A diplomat in Vienna, where the UN watchdog International Atomic Energy Agency (IAEA) is based, told AFP "construction has started (at the underground Natanz facility) but the cascades have not yet been assembled."

Another diplomat said bringing in centrifuge parts had started last week.

But Iran has not yet assembled a complete cascade, the basic unit for beginning actual enrichment, said the diplomats, who asked not to be named due to the confidentiality of the information.

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Uranium enrichment uses centrifuges to make fuel for civilian nuclear reactors but can also produce the explosive material for atom bombs.

IAEA spokeswoman Melissa Fleming refused to comment.

Iran had last weekend given conflicting signals on its disputed nuclear work.

The Islamic republic's atomic energy agency denied the Iranians had started to install the 3,000 centrifuges, shortly after the head of parliament's foreign affairs and national security commission said they had.

Iran is building cascades in units of 164 centrifuges each.

Iran already has two such cascades running above-ground at a pilot enrichment plant at Natanz which would only produce small amounts of enriched uranium.

But the underground plant, protected in a bunker from possible air attack, could if running full tilt produce enough highly enriched uranium for one bomb in nine to 11 months, the London think tank the International Institute for Strategic Studies (IISS) has said.

Diplomats said Iran was stopping UN inspectors, who are currently at Natanz, from installing surveillance cameras at the underground site.

The Iranians are "not allowing the IAEA to install the cameras inside the (underground) cascade halls (for centrifuges) in Natanz and are causing further delays in the inspectors' activity," a diplomat who closely monitors IAEA verification work told AFP.

The IAEA monitors the above-ground pilot site with cameras and visits by inspectors and is entitled under the nuclear Non-Proliferation Treaty to the same sort of presence at the underground facility, as the agency is mandated to monitor the use of nuclear material.

But the Iranians "have not yet introduced nuclear material (feedstock uranium gas) into the centrifuges at the underground site, so there is still time," a second diplomat said.

Another diplomat said: "The game is not over."

The first diplomat said: "The Iranians are now willing to accept the installation of cameras only outside the cascade halls, which will not enable the IAEA to monitor the entire uranium enrichment process."

But another diplomat said that "verification goals can be achieved from inside or outside cascade halls."

A fourth diplomat said: "Whenever something new is done, normally it takes time," referring to problems the IAEA has had in setting up verification equipment in other countries.

The IAEA has been investigating Iran since February 2003 after it was revealed that Tehran had hidden sensitive nuclear activities for 18 years.

But the atomic agency has been unable to conclude its inquest due to what it says is a lack of full cooperation from Iran.

The UN Security Council passed a resolution in December imposing sanctions on Iran for its refusal to halt uranium enrichment.

Iranian leaders have said Iran would make a major announcement on its nuclear programme during the 10 days of celebrations to mark the 28th anniversary of the Islamic revolution starting Thursday.

Iran could be only two or three years away from being able to produce a nuclear weapon, IISS director John Chipman said Wednesday.

Meanwhile, although US President George W. Bush has said the United States has no plans to invade Iran, Washington is isolating the Iranian regime over nuclear suspicions and allegations of complicity in attacks on US troops in Iraq.

Russia Supports A Break For Iran (WSJ/AP)

The Wall Street Journal, February 2, 2007

MOSCOW -- Russia yesterday signaled that it backs a "time-out" proposed by the head of the U.N. nuclear watchdog agency that calls for holding off on imposing U.N. sanctions if Tehran suspends uranium enrichment.

"We believe the initiative put forward by the IAEA head ... suggesting that Iran suspend uranium enrichment in exchange for the U.N. Security Council's reciprocal step regarding resolution 1737 deserves close attention," the Foreign Ministry said.

Mohamed ElBaradei, head of the International Atomic Energy Agency, proposed the plan at the World Economic Forum in Switzerland to end the standoff between the West and Iran over Iran's suspect nuclear program.

Iran said Sunday that it needed time to review the plan. The Security Council voted unanimously in December to impose limited sanctions on Iran after it ignored demands to halt enrichment.

Moscow May Seek Accord With Tehran On Gas Supply (NYT)

By Steven Lee Myers

DOJ_NMG_0126699

New York Times, February 2, 2007

MOSCOW, Feb. 1 — Even as the United States intensifies its efforts to isolate Iran, President Vladimir V. Putin said Thursday that Russia would consider OPEC-like cooperation with Tehran on sales of natural gas. He stopped short of endorsing price fixing, however, saying he was concerned only with ensuring stable supplies for consuming nations.

Mr. Putin reiterated Russia's opposition to Iran acquiring nuclear weapons, but his remarks underscored a widening rift with the United States and its allies over how to force Tehran to comply with United Nations Security Council resolutions.

"We think that the people of Iran should have access to modern technologies, including nuclear ones," he said, adding that "they should choose a variant that will guarantee Iran access to nuclear energy" while complying with their commitment not to build weapons under the Nuclear Nonproliferation Treaty.

Mr. Putin's remarks were delivered as part of his annual winter news conference, an affair that offers journalists an exhaustive, unconstrained opportunity to press him on the issues of the day. He answered 66 questions over the course of three and a half hours, largely without the rancor or prickly defensiveness that has characterized previous sessions.

In the realm of foreign affairs, he denied that Russia used its natural resources as a political tool, and he expressed new opposition to the expansion of NATO, though mildly. He criticized American negotiations to construct components of a national missile defense system in Poland and the Czech Republic, even as he confidently said Russia now possessed the missiles to thwart such defenses.

He also made his most extensive remarks on the poisoning of Alexander V. Litvinenko, the former secret service officer who died of radioactive poisoning in London in November and accused Mr. Putin himself in a deathbed statement.

He dismissed Mr. Litvinenko as a low-level officer in the "convoy troops" who "did not protect any secrets" and who had been fired after being convicted of abusing his office by beating detainees.

"Whatever he could say negatively about his service, he said it a long time ago," he said, suggesting that Mr. Litvinenko's repeated accusations of nefarious activities by Russia's secret services were baseless inventions. The question of his murderer, he said, was a matter for investigators, but he dismissed accusations by some of his own aides that Mr. Putin's enemies had killed Mr. Litvinenko in an attempt to discredit the Kremlin. "I do not believe in conspiracy theories," he said.

On issues at home, he vowed that Russia would hold democratic elections for Parliament in December and for his successor when he steps down in 2008, though he remained coy about whom, if anyone, he would support. Exuding confidence, he touted the country's economic growth and several times emphasized its progress toward democracy, a picture starkly at odds with accusations of his critics, here and abroad, that he had steadily eroded basic freedoms.

He mentioned the killing of Paul Klebnikov, the Russian-American editor of the local edition of Forbes, saying he agreed with a statement that the journalist, shot to death in 2004, had died fighting "for a democratic Russia." He also offered respect, if not praise exactly, for another slain journalist, Anna Politkovskaya, who was killed in October. He said she had "criticized the authorities fairly acutely, which is good."

Mr. Putin also sidestepped a question about a comment made this week by Mayor Yuri M. Luzhkov of Moscow that a gay rights parade proposed by activists would have been "a satanic event."

Mr. Putin said his attitude toward gay men and lesbians involved his concern about Russia's declining population, suggesting that those who did not bear children were not helping the problem.

"Having said that," he went on, "I respect and will respect the freedoms of all shades of people, of all shades of those freedoms."

On Iran, Russia has held out for a negotiated compromise, a position at odds with the Bush administration's efforts to turn Iran's leadership into political and economic pariahs.

Mr. Putin's senior aide, Igor S. Ivanov, visited Iran last week and discussed the nuclear issue, as well as potential energy cooperation with Iran, which has reserves of natural gas second only to Russia's. Mr. Putin said he hoped the visit would "remove any suspicions on the international community about Iran's alleged plans to build nuclear weapons."

Mr. Putin also endorsed an idea floated last week by the atomic energy agency's director, Mohamed ElBaradei, to suspend sanctions if Iran agreed to a suspension of uranium enrichment.

During Mr. Ivanov's visit, Iran's supreme leader, Ayatollah Ali Khamenei, was quoted by news agencies as saying Russia and Iran could establish "an organization of gas cooperation like OPEC." Mr. Putin responded by calling it "an interesting idea."

He went on to say that Russia opposed creating a price-setting cartel — something that European and other countries fear — but that "to coordinate our activities would be worthwhile, with an eye to the solution of the main goal of unconditionally and securely supplying the main consumers of energy resources."

Russia And Iran Discuss A Cartel For Natural Gas (WSJ)

By Russell Gold And Gregory L. White

Wall Street Journal, February 2, 2007

Russia and Iran -- which hold nearly half the world's natural-gas reserves -- are talking about creating an OPEC-like organization for gas, a move that has the potential to unsettle energy markets and redraw geopolitical alignments.

Gas accounts for a growing share of global energy use, but the nations that produce most of it don't work together to influence markets. That's a stark contrast to the oil market, in which members of the Organization of Petroleum Exporting Countries manage output to keep prices at levels they favor.

During his annual news conference in the Kremlin yesterday, Russian President Vladimir Putin said "a gas OPEC is an interesting idea. We will think about it." His comment comes days after Iranian Supreme Leader Ayatollah Ali Khamenei publicly called on a visiting Kremlin official to establish a group of natural-gas producers similar to OPEC. Russia and Iran are the world's largest and second-largest holders of gas reserves, respectively.

While there are several reasons why a gas cartel isn't likely to work as well as OPEC has managed the oil markets, the talk has alarmed big gas consumers, particularly in Europe, which gets a quarter of its gas from Russia. A cartel would be less menacing economically in the short-term to the U.S., which still gets most of its gas within North America.

Still, over time, the market is becoming more internationally flexible as shipments of liquefied natural gas rise. U.S. imports of LNG have more than doubled since 2002, though they still account for a small fraction of gas consumption here. Other Western countries are seeing demand for the clean-burning fuel climb even as their home-grown supply of gas declines. These shifts have turned gas in the last few years from a humdrum commodity into a prized fuel increasingly subject to geopolitical spats.

Comparing gas prices is difficult because until recently, there hasn't been a global market for the fuel. Asian gas-delivery contracts have tended to be pegged to the price of crude oil, while in the U.S., spot gas prices are typically set by trading at a Louisiana pipeline hub. U.S. gas cost between $2 and $3 per thousand cubic feet in the 1990s, but has averaged more than twice that in recent years. A contract for the delivery of gas in March closed yesterday on the New York Mercantile Exchange at $7.54 per thousand cubic feet, up over the past few weeks due to the cold weather.

The prospect of Russia and Iran working together to influence markets can't be comforting for Western countries. While Russia doesn't have the same pariah status as Iran, Moscow has under Mr. Putin faced increasing criticism for using its vast energy riches as a diplomatic lever. Early last year, state-controlled gas giant OAO Gazprom cut off supplies of natural gas to neighboring Ukraine in a pricing dispute that briefly reduced the volumes delivered further down the pipeline in Europe.

Together Russia and Iran hold more than 40% of the world's known gas reserves, according to the BP Statistical Review of World Energy. Moscow has cultivated relations with Tehran in recent years, building a nuclear-power plant in Iran and last year selling it air-defense missiles. Moscow has also resisted efforts to increase international pressure on Iran over concerns about Tehran's nuclear ambitions.

In his remarks yesterday, Mr. Putin rejected charges that Russia uses energy as a political weapon and he downplayed any price-fixing rationale for creating an OPEC-like structure. "We do not intend to set up a cartel, but I think it's right to coordinate our activities," he said, "bearing in mind the key goal of absolutely reliable supplies to the main consumers of energy."

A previous effort to create an organization of gas exporters fizzled, and many are doubtful this one would succeed. The Gas Exporting Countries Forum, which included Russia, Iran and Qatar, was formed in 2001 but hasn't met since 2005. "At the moment, they haven't gotten it together to even meet, much less coordinate anything," says Jonathan Stern, director of gas research at the Oxford Institute for Energy Studies in Britain. As for talk by Russia and Iran of a gas OPEC, he says: "I'm unexcited by it."

It isn't known exactly how a gas cartel would operate, but OPEC has been a huge market force for decades. For a period in the 1970s, OPEC members set prices for their oil, and Western countries paid up. But oil demand eventually fell because of the high prices. In response, OPEC started cutting back output to influence prices and let market forces do the rest. That is still the strategy it employs today: In recent months, alarmed about falling oil prices, OPEC announced production cuts totaling 1.7 million barrels a day.

Talk of creating a gas cartel appears partly to be an outcome of dissatisfaction among gas suppliers with the emerging international gas market. After investing billions of dollars into boosting output over the past five years, "it's difficult to place all of this gas in the market at a price that they're comfortable with," says Ira Joseph, executive director of international gas at PIRA Energy, a New York-based energy consultant. The discussion of a cartel, he says, is "in large part a reflection of that."

India and China, both growing importers of tankers full of liquefied natural gas, have used their huge demand potential as leverage in negotiating long-term pricing. There is concern among gas suppliers that other Asian buyers, in particular Japanese and Korean utilities, may seek similar pricing when numerous long-term contracts begin to expire in coming years.

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While oil is traded in a global marketplace, gas is bought and sold in fragmented markets. The U.S., for instance, gets most of its gas from domestic sources as well as Canada and Trinidad. Europe gets most of its gas from the North Sea, Russia and exporters from North Africa and the Middle East.

Russia's interest in pooling its gas supply would be unusual, given that it never joined OPEC, despite being the world's second-largest oil exporter, perhaps because it didn't want to submit to quotas set by other countries. It has resisted past calls to curtail output to support prices.

Still, Mr. Putin has been working to strengthen Moscow's ties with other major gas producers. After he visited Algeria last year, Gazprom last month reached a series of cooperation agreements with Algeria's Sonatrach, Europe's No. 3 supplier. European Union Energy Commissioner Andris Piebalgs called for an explanation from Algeria and Russia, since they could use their 35% share of the European market to potentially fix prices.

Next week, Mr. Putin travels to the Persian Gulf on a trip that will include the first-ever visit by a Russian leader to Qatar, which controls the world's third-largest gas reserves.

Iran state television quoted Mr. Khamenei as saying on Monday: "Iran and Russia can establish the structure for an organization of gas cooperation like OPEC, as half of the world's gas reserves are in Russia and Iran."

Earlier this week, Qatari Oil Minister Hamad al-Attiya said on television that he thought it would be difficult to form a gas producers' organization, but didn't rule it out. He pointed out that most gas-supply contracts are typically long term because of LNG'S up-front production costs, extending more than 20 years. That would undercut any concerted effort to make short-term adjustments to production or otherwise influence prices.

In Uproar, Chirac Again Retracts Remarks On Nuclear Iran (NYT)

By Katrin Bennhold

The New York Times, February 2, 2007

PARIS, Feb. 1 — President Jacques Chirac, seeking to limit the diplomatic reaction over his remarks on Iran's nuclear ambitions, reaffirmed Thursday that France remained committed to preventing Iran from becoming a nuclear power.

The statement was issued within hours of the publication of an interview in which Mr. Chirac said that if Iran had one or two nuclear weapons, it would not pose a serious danger because the launching of such a weapon would lead to the immediate destruction of Tehran.

The president's office denounced the publication of his comments as a "shameful campaign" and accused American news media outlets of "using any excuse to engage in France-bashing."

The remarks, made in an interview on Monday with The New York Times, The International Herald Tribune and Le Nouvel Observateur, a weekly magazine, differed vastly from stated French policy and from what Mr. Chirac has often said.

On Tuesday, Mr. Chirac summoned the same journalists back to Élysée Palace to retract many of his remarks.

"France, along with the international community, cannot accept the prospect of a nuclear-armed Iran," said a statement from his office issued on Thursday. "The Iranian nuclear program is opaque and therefore dangerous for the region in terms of proliferation and an arms race."

Along with Britain and Germany, France has been spearheading diplomatic efforts to persuade Iran to abandon parts of its nuclear program. In December, it joined the United States and other countries in passing a United Nations Security Council resolution calling for sanctions on Iran for its refusal to stop enriching uranium.

Despite the statement on Thursday from Élysée Palace, Le Monde called Mr. Chirac's remarks on Iran a "radical turnaround that comes at a bad moment" and argued that they also risked diminishing France's credibility on the international stage.

"When the international community will reconvene in New York and again threaten Iran, people will question how credible the French position is," the newspaper said in an editorial.

Several of France's main allies in the negotiations with Iran said Thursday, at least officially, that they were reassured by the president's swift self-correction.

Reacting to the notion that a nuclear-armed Iran would not be highly dangerous, the British foreign secretary, Margaret Beckett, said, "It is not a sentiment I share, and from what I understand, the French president doesn't share it anymore, either."

A German diplomat said he was confident that French policy on Iran was unchanged, while the State Department said it was satisfied that this was the case.

Less than three months before Mr. Chirac's second term runs out, some French diplomats said privately that they were concerned that he could make unilateral diplomatic overtures to Tehran in an effort to strengthen his legacy.

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Mr. Chirac recently irritated other Western leaders when he made plans to send his foreign minister to Iran to try to help resolve the crisis in Lebanon. The venture collapsed after Saudi Arabia and Egypt opposed the trip and members of his own government said it would fail.

Mr. Chirac's comments also made waves in the French presidential campaign.

The team of Nicolas Sarkozy, the interior minister and candidate for Mr. Chirac's center-right party, the UMP, was careful not to attack the president directly. Mr. Sarkozy is also one of Mr. Chirac's main rivals.

"The position of Nicolas Sarkozy is that Iran should not have access to nuclear weapons," said Pierre Lellouche, Mr. Sarkozy's foreign policy and defense adviser. "I'm not going to comment on what Mr. Chirac said; he is still the head of state."

By contrast, the opposition Socialist Party was happy to enter the fray, not least because its candidate, Ségolène Royal, was recently criticized over her stance on Iran. She had suggested that Iran should not even be given access to civilian nuclear energy.

"It is incomprehensible that a senior French politician could speak as if Iran already had a nuclear bomb," said Jack Lang, Ms. Royal's foreign policy adviser.

François Hollande, the Socialist Party leader and Ms. Royal's partner, struck a slightly different tone. "I understand that Jacques Chirac is retracting his words," Mr. Hollande was quoted as saying in Le Monde.

Chirac Assertions On Iran Force Retraction (WT/AP)

By Jamey Keaten

The Washington Times, February 2, 2007

PARIS -- Did French President Jacques Chirac misspeak? Is he, at age 74 and in the waning months of his second and likely last term, losing his political touch, even his mental vigor? Or did he simply voice a fear that a nuclear-armed Iran may be a foregone conclusion?

An astounded world asked those questions after the French leader asserted it would not be "very dangerous" if Iran had one or two nuclear weapons, and that its capital, Tehran, would be "razed" if it used them on Israel -- assertions that forced Mr. Chirac into an embarrassing retraction.

Mr. Chirac, who was hospitalized for a week in 2005 for a suspected minor stroke, appeared distracted at times, grasping for names and dates, during an interview Monday, according to the International Herald Tribune, the New York Times and a French magazine, Le Nouvel Observateur.

The newspapers said his hands shook slightly and that he read from prepared, large-print notes when discussing climate change, the interview's planned main focus.

Mr. Chirac's office switched to damage control yesterday, as foreign governments asked for official clarification, opposition politicians howled in protest and experts speculated he was either joking, being brutally honest, irresponsible or simply speaking off the cuff.

The president called reporters back a day after the interview to try to have his quotes retracted. The three publications said the interview was tape-recorded and on the record.

"Sometimes one can drift off, when one believes there are no consequences. ... I honestly believed that the questions aside from the environment were off the record," Mr. Chirac said in the second interview.

On Monday, Mr. Chirac said of Iran and its nuclear program: "I would say that what is dangerous about this situation is not the fact of having a nuclear bomb. Having one or perhaps a second bomb a little later, well, that's not very dangerous."

Rather, Mr. Chirac said, the danger lies in the chances of proliferation or an arms race in the Middle East, should Iran build a nuclear bomb.

"Where will [Iran] drop it, this bomb? On Israel?" Mr. Chirac asked. "It would not have gone 200 meters into the atmosphere before Tehran would be razed."

Mr. Chirac reversed course in the second interview.

"I retract it, of course, when I said, 'One is going to raze Tehran.' It was of course a manner of speaking in my mind. I don't imagine that we could raze Tehran," he said.

Yesterday, his office released a statement saying France, "along with the international community, cannot accept the prospect of an Iran equipped with a nuclear weapon."

Leading candidates to replace Mr. Chirac in presidential elections in April and May quickly sought to distance themselves from the president.

Bombing In Paris (WSJ)

The Wall Street Journal, February 2, 2007

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Barring a surprise, Jacques Chirac's 45-year run in politics is likely to end later this year when the French elect a new leader. They're certainly going to miss him in Tehran.

The French president gave a fitting valedictory in an interview published yesterday in the New York Times, International Herald Tribune and Le Nouvel Observateur. Speaking Monday, Mr. Chirac reversed years of public rhetoric by proclaiming himself indifferent to a nuclear-armed Iran. "Having one [atomic bomb], maybe a second one a little later, well, that's not very dangerous," Mr. Chirac said. "Where will [Iran] drop it, this bomb? On Israel? It would not have gone 200 meters into the atmosphere before Tehran would be razed to the ground."

His aides quickly realized their man had committed the gaffe of saying what everyone thought he really believed, and so left out those passages from an official interview transcript. The journalists also got a return call from the president on Tuesday, in which he noted that "I should have paid better attention to what I was saying and understood that perhaps I was on the record."

We can guess they needed no such clarification in Tehran. On or off the record, Mr. Chirac was merely confirming what the mullahs have long believed, which is that the Europeans simply aren't serious about preventing them from going nuclear.

Monsieur le president's version of mutual assured nuclear destruction could also stand some parsing. He seems to think that Tehran would never launch an attack for fear it would be annihilated in return. But assuming Israel were destroyed first, what other country would risk a counterattack itself by nuking millions of Iranian civilians to avenge Israel? France? The same country that wouldn't even let U.S. jets fly over its territory to drop a few conventional bombs on Libya? We doubt many Israelis will share Mr. Chirac's faith in nuclear deterrence against Islamists who prize martyrdom.

Mr. Chirac won't make public his political intentions before March, but in one recent poll only 2% of the French want him on the ballot again. Privately, Chirac aides believe that only a foreign policy crisis -- say, over Iran -- could revive his political career. His remarks this week make it more likely that Iran will become a crisis, but at least we can hope he won't be around to make it any worse.

Between State And Revolution (WSJ)

By Amir Taheri

The Wall Street Journal, February 2, 2007

"Mizanan, ya na?" (Will they hit or not?) In Tehran these days, this question is the talk of the town. The "they" is seldom spelled out. Yet everyone knows that it refers to the United States.

The question is wreaking havoc on Iran's fragile economy by fomenting an atmosphere of uncertainty even before the sanctions imposed by the U.N. Security Council start to bite. Many in Tehran expect the Security Council to decree even tougher sanctions in March when the ultimatum for the Islamic Republic to halt its uranium enrichment program will end.

The Khomeinist leadership is divided over the reality of the threat, and over ways of dealing with it. President Mahmoud Ahmadinejad claims that the U.S. is in no position to do much damage, and counts on the new Democratic majority in Washington -- he calls them "the wise people" -- to restrain George W. Bush.

The bulk of the Khomeinist leadership, including the "Supreme Guide" Ali Khamenei, however, take the threat seriously and are preparing public opinion for a climb-down by the Islamic Republic. The American naval build-up in the Persian Gulf, the new U.S. offensive against Iran's agents and armed clients in Iraq, Tehran's failure to seize power in Beirut through its Hezbollah proxy, and plummeting oil prices are all cited by Ayatollah Khamenei's entourage as reasons why a climb-down might be necessary.

Sometime in the next few weeks, Iran is likely to offer a "compromise formula" under which it would suspend its enrichment program, as demanded by the Security Council, in exchange for a suspension of sanctions. This will be accompanied by noises from Tehran about readiness to help the U.S. in Iraq, plus possible concessions in Lebanon and over the Palestine-Israel issue.

The expected climb-down is sure to bring back the Baker-Hamilton "realists" with fresh calls for offering the mullahs a seat at the high table. It would also prompt the guilt-ridden "idealists," who blame the U.S. for whatever goes wrong in the world, to urge "Bush the warmonger" to engage the Islamic Republic in a constructive dialogue, whatever that might mean. The French and the Russians would applaud the mullahs and urge the Americans to be "reasonable."

So, what should the Bush administration do when, and if, the mullahs unveil their compromise formula? First is to see the mullahs' move as deja vu all over again. Each time the mullahs are in trouble they become the essence of sweet reasonableness. They deploy their traditional tactics of taqiyah (obfuscation), kitman (dissimulation) and ehtiat (caution) to confuse the "infidels" and divide their ranks. The Iranian leadership did this in the early days of the Khomeinist revolution in 1979 by persuading the clueless Jimmy Carter that the ayatollah was the only force capable of preventing Iran from falling into communist hands. In 1984 and '85, they seduced the Reagan administration with an offer of releasing the American hostages in

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Beirut in exchange for the secret U.S. arms deliveries Iran needed to stop the Iraqi advance. In 1987 they stopped their attacks on Kuwaiti oil tankers in the Persian Gulf after an American task force sunk the Revolutionary Guard's navy in a 10-hour battle.

In 1988, fear of an even bigger U.S. military attack persuaded Ayatollah Khomeini to "drink the cup of poison" by agreeing to end his eight-year war with Iraq. In 1998, the mullahs offered a "grand bargain" to the Clinton administration as a means of averting U.S. retaliation for the Iranian-sponsored killing of 19 American soldiers in an attack in Khobar, Saudi Arabia.

The second point to bear in mind is that a suspension of uranium enrichment will cost the Islamic Republic nothing. Iran does not have any nuclear power plants, and thus does not need enriched uranium anyway. Even if the country does not have secret parallel nuclear facilities, it could always resume weapons-making activities once it is no longer under pressure.

Successive U.S. administrations have assumed that the problem with the Khomeinist regime lies in its behavior, which they hoped to modify through traditional carrot-and-stick diplomacy. The problem with the regime, however, is its nature, its totalitarian ambitions and messianic claims. Being an enemy of the U.S., indeed of all democracies, is in its political DNA. A scorpion stings because it is programmed by nature to do so. A regime that is the enemy of its own people cannot be a friend of others.

The threat that Khomeinism poses to stability in the Middle East and, beyond it, to international peace, will not be removed until Iran once again becomes a normal nation-state with the interests and ambitions of normal nation-states.

For more than a quarter of a century, Iran has suffered from an affliction faced by most countries that experience revolution. The conflict between state and revolution makes the development and practice of moderate domestic and foreign policies difficult, if not impossible. Leading a revolution is like riding a bicycle: One keeps going for as long as one continues to pedal, regardless of the destination. To stop pedaling means to fall.

As a nation-state, Iran may be a rival and competitor for other nations. But it would not be an existential threat. As a revolution, however, Iran can, indeed must, be such a threat not only to its neighbors but also to a world that it regards as "the handiwork of Jews and Crusaders."

The Khomeinist revolution has not succeeded in destroying the plurimillennial idea of Iran as a nation-state. But each time the Khomeinist revolution found itself on the defensive, the Western powers, including the U.S., helped it restore its legitimacy and regain its breath. The same illusions that produced the détente, which arguably prolonged the life of the Soviet Union, have also helped the Khomeinist revolution survive long after its sell-by date.

Today, Iran is once again facing the schizophrenia imposed on it through the conflict between state and revolution. A majority of Iranians, including many in the ruling elite, wish Iran to re-emerge as a nation-state.

The U.S. has no interest in helping the Khomeinist revolution escape the consequences of its misdeeds. This does not mean that there should be no diplomatic contact with Tehran or that pressure should be exerted for the sake of it. Nor does it mean that military action, "to hit or not to hit," is the only question worth pondering with regard to the Islamic Republic.

No one should be duped by a tactical retreat in Tehran or a temporary modification of the regime's behavior. What is needed is a change in the nature of the regime. The chances of setting such change in motion have never been as good, and the current showdown should be used to communicate a clear message: As a nation-state, Iran can and will be a friend. As a revolution, it would always remain a foe.

Mr. Taheri is author of "L'Irak: Le Dessous Des Cartes" (Editions Complexe, 2002).

The Oil-Addicted Ayatollahs (NYT)

By Thomas L. Friedman

The New York Times, February 2, 2007

MOSCOW

There may be only one thing dumber than getting addicted to consuming oil as a country — and that is getting addicted to selling it. Because getting addicted to selling oil can make your country really stupid, and if the price of oil suddenly drops, it can make your people really revolutionary. That's the real story of the rise and fall of the Soviet Union — it overdosed on oil — and it could end up being the real story of Iran, if we're smart.

It is hard to come to Moscow and not notice what the last five years of high oil prices have done for middle-class consumption here. Five years ago, it took me 35 minutes to drive from the Kremlin to Moscow's airport. On Monday, it took me two and half hours. There was one long traffic jam from central Moscow to the airport, because a city built for 30,000 cars, which 10 years ago had 300,000 cars, today has three million cars and a ring of new suburbs.

How Russia deals with its oil and gas windfall is going to be a huge issue. But today I'd like to focus on how the Soviet Union was killed, in part, by its addiction to oil, and on how we might get leverage with Iran, based on its own addiction.

Economists have long studied this phenomenon, but I got focused on it here in Moscow after chatting with Vladimir Mau, the president of Russia's Academy of National Economy. I mentioned to him that surely the Soviet Union died because oil fell to $10 a barrel shortly after Mikhail Gorbachev took office, not because of anything Ronald Reagan did. Actually, Professor Mau

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said, it was "high oil prices" that killed the Soviet Union. The sharp rise in oil prices in the 1970s deluded the Kremlin into overextending subsidies at home and invading Afghanistan abroad — and then the collapse in prices in the '80s helped bring down the overextended empire.

Here's the story: The inefficient Soviet economy survived in its early decades, Professor Mau explained, thanks to cheap agriculture, from peasants forced into collective farms, and cheap prison labor, used to erect state industries. Beginning in the 1960s, however, even these cheap inputs weren't enough, and the Kremlin had to start importing, rather than exporting, grain. Things could have come unstuck then. But the 1973 Arab oil embargo and the sharp upsurge in oil prices — Russia was the world's second-largest producer after Saudi Arabia — gave the Soviet Union a 15-year lease on life from a third source of cheap resources: "oil and gas," Professor Mau said.

The oil windfall gave the Brezhnev government "money to buy the support of different interest groups, like the agrarians, import some goods and buy off the military-industrial complex," Professor Mau said. "The share of oil in total exports went from 10-to-15 percent to 40 percent." This made the Soviet Union only more sclerotic. "The more oil you have, the less policy you need," he noted.

In the 1970s, Russia exported oil and gas and "used this money to import food, consumer goods and machines for extracting oil and gas," Professor Mau said. By the early 1980s, though, oil prices had started to sink — thanks in part to conservation efforts by the U.S. "One alternative for the Soviets was to decrease consumption, but the Kremlin couldn't do that — it had been buying off all these constituencies," Professor Mau explained. So "it started borrowing from abroad, using the money mostly for consumption and subsidies, to maintain popularity and stability." Oil prices and production kept falling as Mr. Gorbachev tried reforming communism, but by then it was too late.

The parallel with Iran, Professor Mau said, is that the shah used Iran's oil windfall after 1973 to push major modernization onto a still traditional Iranian society. The social backlash produced the ayatollahs of 1979. The ayatollahs used Iran's oil windfall to lock themselves into power.

In 2005, Bloomberg.com reported, Iran's government earned $44.6 billion from oil and spent $25 billion on subsidies — for housing, jobs, food and 34-cents-a-gallon gasoline — to buy off interest groups. Iran's current populist president has further increased the goods and services being subsidized.

So if oil prices fall sharply again, Iran's regime will have to take away many benefits from many Iranians, as the Soviets had to do. For a regime already unpopular with many of its people, that could cause all kinds of problems and give rise to an Ayatollah Gorbachev. We know how that ends. "Just look at the history of the Soviet Union," Professor Mau said.

In short, the best tool we have for curbing Iran's influence is not containment or engagement, but getting the price of oil down in the long term with conservation and an alternative-energy strategy. Let's exploit Iran's oil addiction by ending ours.

Afghans Urge Legal Amnesty For Those Involved In Wars (NYT)

By Carlotta Gall

The New York Times, February 2, 2007

KABUL, Afghanistan, Feb. 1 — Afghanistan's lower house of Parliament has approved a nonbinding resolution urging the government to grant immunity to all Afghans involved in the wars of the last 25 years.

The move brought protests on Thursday from human rights advocates and the United Nations mission in Afghanistan, who had been working with the government on a plan to address the many abuses over the last three decades.

Lawmakers said the resolution was passed in the interest of peace and stability and was intended to include even the fugitive Taliban leader, Mullah Muhammad Omar, and the renegade mujahedeen leader Gulbuddin Hekmatyar.

It was approved just days after President Hamid Karzai began work on the government's reconciliation plan. He said he was ready to hold talks with Taliban leaders as Afghanistan braced for a spring offensive by insurgents linked to the Taliban, who were ousted from power in late 2001.

The lower house of Parliament, which includes many former militants and mujahedeen commanders and a handful of former members of the Taliban government and the earlier Communist leadership, passed the 12-point resolution, called the Peace and Reconciliation Charter, by a show of hands on Wednesday.

The resolution had been proposed by a group of former mujahedeen leaders and Nur ul-Hag Ulumi, a former Communist general who served during the Soviet occupation. A small number of liberal and democratic legislators left the chamber in protest before the vote.

The resolution is not a law. It was not scheduled to proceed to the upper house of Parliament or to the president. But it is a public expression of the views of those who advocate one approach to reconciliation as Afghanistan continues to grapple with an insurgency in the south and east, legislators said.

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"The main point of this scheme is how long should we fight and how long would we have violence?" Mr. Ulumi said. Despite the language about immunity, he said the resolution was not intended to advocate pardoning criminals. "This is just an invitation for peace," he said.

The measure says that those who took up arms in the past should be free from prosecution and that those who had fought the current government should be allowed to join the reconciliation process if they accept the Constitution and the laws of the land.

The resolution also denounced recent comments by the New York-based Human Rights Watch. The group, which is based in New York, named several members of Parliament who it said had been implicated in war crimes and rights abuses.

The United Nations Assistance Mission in Afghanistan, which has a mandate to monitor human rights issues, quickly issued a statement questioning the impartiality of a resolution passed by political and factional leaders.

"For any process of national reconciliation to succeed, the suffering of victims must be acknowledged and impunity tackled," the statement said. "No one has the right to forgive those responsible for human rights violations other than the victims themselves." It said it wanted to ensure that "the rights of victims remain at the heart of this debate."

Human Rights Watch has called for the Afghan government to honor promises it made a year ago to develop a five-year Action Plan for Peace, Reconciliation and Justice, a process that Mr. Karzai officially initiated last month.

The parliamentary resolution, which was passed soon after the assembly returned from its winter break, may have been a reaction to Mr. Karzai's move. Several of the most powerful militant leaders who now hold seats in Parliament have been blamed for causing civilian suffering during the civil war of the 1990s. Members of the Communist governments, ousted in 1989, have been blamed for disappearances and torture in prisons, and indiscriminate bombing of rural areas. Members of the Taliban rule have been accused of killings and forcing many people from their homes.

"After three decades of suffering abuses, Afghans have repeatedly called for accountability for those responsible for serious human rights abuses, whether Communists, warlords, or the Taliban," Sam Zarifi, Asia research director at Human Rights Watch, said in a statement this week. "There can be no sustainable peace and security in Afghanistan without respect for the rule of law."

U.S. Donates Vehicles, Arms To Afghan Army (AP)

By Rahim Faiez

AP, February 2, 2007

The United States presented hundreds of armored vehicles and trucks and thousands of weapons to the Afghan army Thursday as Afghanistan braces for renewed fighting with Taliban-led insurgents.

The donation of 800 military vehicles and more than 12,000 weapons is part of a critical effort to build an Afghan army able to defend the country on its own and eventually allow U.S. and NATO-led forces to pull back.

"These modern technologies are a step toward the vision of the Afghan National Army: a well equipped, well-trained, well-led, self-sustaining army," U.S. Maj. Gen. Robert Durbin, who heads the training of the new force, said at a handover ceremony on a sprawling military base near the capital, Kabul.

More than 200 freshly painted Humvees, trucks and other armored vehicles were on display alongside samples of the light and heavy weapons handed over. There were also socks, underwear and gloves for the Afghan soldiers.

The donation comes ahead of the arrival of spring, when Taliban militants and other insurgents are expected to resume attacks on Afghan and foreign troops to undermine President Hamid Karzai's U.S.-backed government.

It also follows last week's announcement by U.S. officials that President Bush will ask Congress for an extra $10.6 billion to help Afghanistan strengthen its security forces and rebuild following years of war.

The money would be in addition to $14.2 billion in aid the United States has already given Afghanistan since the U.S.-led invasion in 2001 that toppled the repressive Taliban.

Karzai, attending Thursday's ceremony, thanked the U.S. officials and said that such donations and further training would enable Afghans "to stand on our own feet."

The United States and other Western nations hope Afghan security forces will eventually be strong enough to allow them to withdraw thousands of foreign troops currently providing security.

The Afghan army is currently 40,000 strong and U.S. commanders say it is playing an increasingly important role in countering militants, often in joint operations with foreign troops.

However, officials expect it to reach its planned full strength of 70,000 only by the end of 2008 — at least two years behind an earlier target.

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Last year, insurgents launched a record number of attacks in Afghanistan, and some 4,000 people, most of them militants, died in the violence. Fighting traditionally surges in the spring when warmer weather melts snow from mountain passes and makes it easier for militants to move around.

An Afghan's Path From Ally Of U.S. To Drug Suspect (NYT)

By James Risen

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — In April 2005, federal law enforcement officials summoned reporters to a Manhattan news conference to announce the capture of an Afghan drug lord and Taliban ally. While boasting that he was a big catch — the Asian counterpart of the Colombian cocaine legend Pablo Escobar — the officials left out some puzzling details, including why the Afghan, Haji Bashir Noorzai, had risked arrest by coming to New York.

Now, with Mr. Noorzai's case likely to come to trial this year, a fuller story about the American government's dealings with him is emerging.

Soon after the invasion of Afghanistan in 2001, Mr. Noorzai agreed to cooperate with American officials, who hoped he could lead them to hidden Taliban weapons and leaders, according to current and former government officials and Mr. Noorzai's American lawyer. The relationship soured, but American officials tried to renew it in 2004. A year later, Mr. Noorzai was secretly indicted and lured to New York, where he was arrested after nearly two weeks of talks with law enforcement and counterterrorism officials in a hotel.

In fighting the war on terrorism, government officials have often accepted trade-offs in developing relationships with informants with questionable backgrounds who might prove useful. As with Mr. Noorzai, it is often not clear whether the benefits outweigh the costs.

The government's shifting views of Mr. Noorzai — from sought-after ally to notorious global criminal — parallels its evolving perspective on Afghanistan's heroin trade.

In the first years after the United States invasion in late 2001, military and intelligence officials mostly chose to ignore opium production and instead dealt freely with warlords, including drug traffickers who promised information about members of the Taliban and Al Qaeda or offered security in the chaotic countryside. But in more recent years, as poppy production has soared and financed a revived Taliban insurgency that is threatening the country's stability, the Americans have begun to take some more aggressive steps.

"In Afghanistan, finding terrorists has always trumped chasing drug traffickers," said Bobby Charles, the former top counternarcotics official at the State Department.

He and other officials acknowledge that the United States initially may have had little choice other than to turn to tribal leaders with murky motives for help in bringing order to an essentially lawless society. But Mr. Charles pushed for the Bush administration to recognize suspected drug lords like Mr. Noorzai as a long-term security issue. "If we do not now take a hard second look at counternarcotics," he said, "we will not get a third look."

Administration officials say that they are working to develop a more effective drug strategy in Afghanistan, which now accounts for 82 percent of the world's opium cultivation, according to a United Nations report last September. That could include broader eradication programs, alternative crop development and cracking down on drug lords, but any such efforts are complicated by fears that they could increase instability.

Federal prosecutors in New York handling Mr. Noorzai's case refused to comment for this article, as did spokesmen for the Drug Enforcement Administration, Central Intelligence Agency and United States Central Command.

Mr. Noorzai, who has been held in a New York jail for nearly two years, has pleaded not guilty to charges that he smuggled heroin into New York and denies any involvement in drug trafficking. His New York lawyer, Ivan Fisher, argues that the arrest hurt the government's ability to gain information about the escalating Taliban insurgency.

"Haji Bashir has been making efforts to reach working agreements with the Americans in Afghanistan since the 1990s," Mr. Fisher said.

Several intelligence, counterterrorism and law enforcement officials confirm that American officials met repeatedly with Mr. Noorzai over the years. Because they provided few details about the substance of the talks, it is difficult to determine how useful Mr. Noorzai's cooperation proved to be. He was not paid for his information, and the relationship was considered more informal, the officials said.

At times, there was confusion within the government about what to do with Mr. Noorzai. In 2002, while he was talking to the American officials in Afghanistan, a team at C.I.A. headquarters assigned to identify targets to capture or kill in Afghanistan wanted to put him on its list, one former intelligence official said. Like others, he would only speak on condition of anonymity because such discussions were classified.

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The C.I.A. team was blocked, the former official recalled. Although he never received an explanation, the former official said that the Defense Department officials and American military commanders viewed counternarcotics efforts in Afghanistan at the time as a form of "mission creep" that would distract from the fight against terrorism.

Mr. Noorzai, a wealthy tribal leader in his mid-40s who lived with three wives and 13 children in Quetta, Pakistan, and also owns homes in Afghanistan and the United Arab Emirates, is from the same region that helped produce the Taliban. A native of Kandahar Province, he was a mujahedeen commander fighting the Soviet occupation of Afghanistan in the 1980s. In 1990, according to his lawyer, he agreed to help track down Stinger missiles provided to the Afghan resistance by the C.I.A.; agency officials were worried about their possible use by terrorists.

D.E.A. officials say that at the same time, Mr. Noorzai was a major figure in the Afghan drug trade, controlling poppy fields that supplied a significant share of the world's heroin. He was also an early financial backer of the Taliban. Agency officials say he provided demolition materials, weapons and manpower in exchange for protection for his opium crops, heroin labs, smuggling routes and followers.

Mr. Noorzai was in Quetta when the Sept. 11 attacks occurred, and he returned soon after to Afghanistan, according to his lawyer. In November 2001, he met with men he described as American military officials at Spinboldak, near the Afghan-Pakistani border, Mr. Fisher said. Small teams of United States Special Forces and intelligence officers were in Afghanistan at the time, seeking the support of tribal leaders.

Mr. Noorzai was taken to Kandahar, where he was detained and questioned for six days by the Americans about Taliban officials and operations, his lawyer said. He agreed to work with them and was freed, and in late January 2002 he handed over 15 truckloads of weapons, including about 400 antiaircraft missiles, that had been hidden by the Taliban in his tribe's territory, Mr. Fisher said.

Mr. Noorzai also offered to act as an intermediary between Taliban leaders and the Americans, his lawyer said. Mr. Noorzai said he helped persuade the Taliban's former foreign minister, Wakil Ahmad Mutawakil — the son of the mullah in Mr. Noorzai's hometown — to meet with the Americans. In February 2002, the Taliban official surrendered after what press accounts described as extensive negotiations and was sent to the prison at Guantánamo Bay, Cuba. He was freed in 2005.

Mr. Noorzai also persuaded a local tribal figure, Haji Birqet, to return to Afghanistan from Pakistan, the lawyer said. But he said the Americans, falsely warned that Mr. Birqet and Mr. Noorzai were plotting to attack United States forces, killed Mr. Birqet and wounded several family members in a raid on his compound.

Saying that his credibility had been hurt by the imprisonment of Mr. Mutawakil and that he was angered by the attack on Mr. Birqet, Mr. Noorzai broke off contact with the Americans and fled to his home in Pakistan, according to Mr. Fisher.

The government officials could not confirm whether Mr. Noorzai had in fact played a role in those negotiations. There may be another explanation for his exile, however. In May 2002, one of his tribal commanders was killed in an American raid along a drug-smuggling route that the Americans suspected was used to help the Taliban, and Mr. Noorzai may have feared for his own safety.

Nearly two years later, in January 2004, Mr. Charles, the State Department official, proposed placing him on President Bush's list of foreign narcotics kingpins, for the most wanted drug lords around the world.

At that time, Mr. Charles recalled in an interview, no Afghan heroin traffickers were on the list, which he thought was a glaring omission. He suggested three names, including Mr. Noorzai's, but said his recommendation was met with an awkward silence during an interagency meeting. He said there was resistance to placing Afghans on the list because countering the drug trade there was not an administration priority. Mr. Charles persisted, and in June 2004, Mr. Noorzai became the first Afghan on the list.

Two months later, a team of American contractors working for the Federal Bureau of Investigation contacted Mr. Noorzai and arranged a series of meetings with him in Pakistan and Dubai, according to several government officials and Mr. Noorzai's lawyer. They wanted to win his cooperation and learn about Al Qaeda's financial network and perhaps the whereabouts of the former Taliban leader Mullah Muhammad Omar. The Americans met with Mr. Noorzai, but the talks fizzled because F.B.I. agents who were supposed to join them were unable to do so, one official said.

In 2005, the contractors, by then working for the D.E.A., reconnected with Mr. Noorzai and once again met with him in Dubai.

This time, however, the objective had changed. Mr. Noorzai had secretly been indicted by a federal grand jury in New York on drug smuggling charges in January 2005. Now the contractors needed to persuade Mr. Noorzai to come to the United States.

Mr. Fisher said the Americans were particularly interested in gaining Mr. Noorzai's help in tracking the flow of money to the Taliban and Al Qaeda. They were seeking information about Mullah Omar and other Taliban figures. The Americans asked Mr. Noorzai to come to the United States to meet with their superiors, he added.

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Mr. Noorzai's lawyer said his client agreed to make the trip only after receiving assurances that he would not be arrested. Mr. Fisher also says that he has obtained transcripts from tape recordings made by the government at the sessions.

Mr. Noorzai flew to New York in April 2005 and was taken to an Embassy Suites hotel, where he was questioned for 13 days before being arrested, his lawyer said.

Mr. Noorzai has been charged with conspiring to import more than $50 million worth of heroin from Afghanistan and Pakistan into the United States and other countries. The indictment says that he imported heroin to New York in the late 1990s and that unnamed co-conspirators also did so in 2001 and 2002.

U.S. Reconfigures The Way Casualty Totals Are Given (NYT)

By Denise Grady

The New York Times, February 2, 2007

Statistics on a Pentagon Web site have been reorganized in a way that lowers the published totals of American nonfatal casualties in Iraq and Afghanistan.

Dr. Michael Kilpatrick, deputy director of force health protection and readiness at the Defense Department, said the previous method of tallying casualties was misleading and might have made injuries and combat wounds seem worse and more numerous than they really were.

The old method lumped many problems under the label "casualties," including illnesses, minor injuries and injuries from accidents, as well as wounds sustained in combat. But the public may assume that every casualty is a war wound, Dr. Kilpatrick said, so the site was changed to avoid misunderstandings.

On Monday, the bottom line of the Defense Department's Web page on casualties in Iraq listed a total of 47,657 "nonmortal casualties."

By Tuesday, the same page no longer showed a total for nonmortal casualties. The bottom line is now "total — medical air transported," and the figure is 31,493.

The new total excludes 16,164 troops who were wounded but did not require medical air transport because their injuries were minor. The total does include combat wounds, nonhostile injuries and diseases serious enough for medical transport.

Half the nonhostile injuries are from vehicle accidents, and a third are sports injuries from activities like basketball, Dr. Kilpatrick said. About 50 disease categories — including mental problems and gastrointestinal illnesses — have led to medical evacuations. Dr. Kilpatrick said that 85 percent of those who were flown out for medical reasons eventually returned to duty.

"It may be a few weeks, or it may be a year or more," he said.

Concern at the Pentagon about public perceptions of the wounded increased last month after Linda Bilmes, a Harvard professor, published an opinion article in The Los Angeles Times mentioning 50,508 "nonmortal woundings" in Iraq and Afghanistan. That number came from a Web page posted by public affairs employees at the Department of Veterans Affairs.

But officials from both agencies said that figure had been posted by mistake, lumping combat and noncombat injuries as well as illnesses and labeling them all "woundings" instead of casualties.

"If public affairs people at the V.A. misunderstood, we thought the public would misunderstand it, too," Dr. Kilpatrick said.

Both Web sites were changed.

Paul Sullivan, director of research and analysis of Veterans for America, said the changes actually meant the Pentagon was trying to conceal the rising toll of injuries and illness.

Mr. Sullivan, formerly a project manager at the Department of Veterans Affairs, also said that the department was not prepared to provide the health care that returning veterans would need for mental and physical disabilities.

DOJ:

US Admits Misconduct In Mob Slaying Case (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, February 2, 2007

Says prosecutor was disciplined

An internal Justice Department investigation concluded that a federal prosecutor in Boston "engaged in professional misconduct and exercised poor judgment" while prosecuting a federal racketeering case against the hierarchy of the New England Mafia during the early 1990s, according to a letter filed in federal court yesterday.

In response to a critical letter from the judge who presided over the high-profile case, a Justice Department official wrote back that "disciplinary action" had been taken against Assistant US Attorney Jeffrey Auerhahn because of his misconduct in prosecuting Mafia capo Vincent Ferrara and mob associate Pasquale Barone .

Chief US District Judge Mark L. Wolf had found three years ago that Auerhahn had withheld evidence in a 1985 gangland slaying.

Yet the internal probe remains shrouded in secrecy as federal authorities, citing employee privacy rights, refused yesterday to detail their findings or disclose what disciplinary action had been taken against Auerhahn, a longtime prosecutor who currently handles counterterrorism cases.

In a Jan. 23 letter to Wolf , Associate Deputy Attorney General David Margolis wrote that the Justice Department was "preparing a more detailed response" to an earlier letter from Wolf.

Auerhahn did not return calls from the Globe yesterday seeking comment.

Samantha Martin , a spokeswoman for US Attorney Michael J. Sullivan, citing Department of Justice regulations protecting employees' privacy, said, "We are prohibited from commenting on any internal personnel matters beyond what is available in the public record."

Boston lawyer Bernard Grossberg , who represented Barone in the criminal case, said that the government has an obligation to reveal what punishment it meted out to Auerhahn, so that the public can assess whether it was appropriate.

"How are they going to give Patsy Barone back the 10 years he served on a clearly unconstitutional conviction?" Grossberg asked. "Did they find [Auerhahn's] conduct was deliberate? In order for there to be some closure, if at all, you have to know what the disciplinary action was."

Barone pleaded guilty to manslaughter in state court for the 1985 North End slaying of his friend Vincent "Jimmy" Limoli and was sentenced to five years. But the government's allegation that the slaying was carried out at the behest of the Mafia -- and Ferrara, in particular -- led to Barone's 1993 federal conviction of murder in aid of racketeering. He was sentenced to life in prison.

Just as Ferrara and four reputed mobsters, including New England Mafia boss Raymond "Junior" Patriarca, were ready to go to trial on federal racketeering charges in 1992, they agreed to plead guilty to various charges under deals that spared them even longer sentences. As part of his plea, Ferrara admitted that he had ordered Limoli's slaying, yet he later insisted he was innocent of that charge. He was sentenced to 22 years in prison.

In 2003 Wolf found that Auerhahn had improperly and possibly illegally withheld key evidence from defense lawyers by failing to disclose that a witness had recanted his claim that Ferrara ordered Limoli's murder. The judge concluded that the convictions were tainted and cut the sentences of both men, leading to Barone's release in 2003 and Ferrara's release two years later.

A federal appeals court affirmed Wolf's findings last year, calling Auerhahn's conduct "outrageous."

In a highly critical letter to Attorney General Alberto R. Gonzales in December, Wolf said he had been assured by Sullivan in 2003 that the Justice Department would investigate Auerhahn's alleged misconduct and yet had heard nothing of the outcome of the probe.

"The apparent inaction of the Department of Justice regarding Mr. Auerhahn has generated considerable concern about the administration of justice in the District of Massachusetts," Wolf wrote.

In his response, Margolis wrote, "The attorney general shares your interest in the fair and impartial administration of justice, and in maintaining the tradition of integrity at the Department of Justice."

Top Fed Heads To Duty In D.C. (WT&G)

By Lee Hammel, TELEGRAM & GAZETTE STAFF

Worcester (MA) Telegram & Gazette, February 2, 2007

Casey expects one-year stint

WORCESTER— Assistant U.S. Attorney Paul G. Casey will spend the next year in the Justice Department's Office of Legal Policy in Washington, DC.

Mr. Casey, 41, has been a prosecutor in the Worcester branch of the U.S. attorney's office since 2002. At the conclusion of his stint at Justice Department headquarters it is expected that he will return to the Worcester office, where he has specialized in prosecuting violent gang members.

The Office of Legal Policy manages development of a variety of civil and criminal policy initiatives for the attorney general, creation of Justice Department regulations, and the department's role in the confirmation of the president's judicial nominees. Mr. Casey is scheduled to begin his duty Feb. 12 as a senior counsel in Office of Legal Policy.

The U.S. attorney intends to announce a replacement for Mr. Casey, who holds one of two full-time assistant U.S. attorney slots in the Worcester branch. In addition to David H. Hennessy and Mr. Casey, other assistant U.S. attorneys regularly prosecute cases in U.S. District Court here.

Mr. Casey said of his new assignment, "I'm honored that they asked me."

Son of a Swampscott police officer, Mr. Casey said, "I like to prosecute violent guys. I think there's a federal interest in keeping the community safe."

In part because of the employment of his father, who died in the early 1990s, he said, "I've always loved working with police departments."

That has kept Mr. Casey in the forefront of President Bush's policy, which U.S. Attorney Michael J. Sullivan has vigorously promoted, of expanding the number of criminal cases in federal court, cases that years ago would have been prosecuted in the state courts, where penalties are less severe.

Mr. Casey is well-known to community activists who have agitated to get local violent criminals removed from the streets for longer periods of time. Mr. Casey prosecuted the Aghapour brothers, William and Nicholas, whose crimes were long the target of local activists.

He is proud of the sentences — many of them in excess of 10 years — that the targets of his prosecutions, many from Fitchburg or Worcester, have received. Even if it's a type of case that traditionally has been handled by state rather than federal prosecutors, Mr. Casey said his attitude is, "If there's a significant violent history, let's do him."

"I was drawn to the more violent guys. I embrace those kinds of prosecutions," Mr. Casey said.

Mr. Casey, who worked in prosecutors' offices across the county, said the best part of his job is the relationships he has here. He mentioned the Worcester district attorney's office and the state police attached to it, the Worcester and Fitchburg police departments, and those in the offices of the Drug Enforcement Administration, Alcohol, Tobacco, Firearms and Explosives, and the FBI in this region.

Mr. Casey came to the Worcester office from the U.S. attorney's office in northern Illinois. Prior to that he was a deputy chief in the Illinois state attorney general's office and was a King County prosecutor from 1990 to 1995 in Seattle.

He received his law degree in 1990 from Boston University and a bachelor's degree from Wittenberg University in Springfield, Ohio, where he was captain of the varsity baseball team.

CORPORATE SCANDALS:

Senate Report Says S.E.C. Botched Hedge Fund Inquiry (NYT)

By Walt Bogdanich

The New York Times, February 2, 2007

The Securities and Exchange Commission mishandled its inquiry into suspect trades by a prominent hedge fund, then may have tried to cover up those mistakes after its chief investigator on the case complained, according to an interim Senate report released yesterday.

The report, released by the former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter of Pennsylvania and Charles E. Grassley of Iowa, also asked the S.E.C. or the Justice Department to consider investigating whether false testimony was given to S.E.C. officials who examined the hedge fund, Pequot Capital Management.

The report did not cite examples of what testimony might have been false.

The two Senate committees began looking into the case in July after the investigator, a commission lawyer named Gary J. Aguirre, said he was fired for complaining that the Pequot investigation had been derailed because of political considerations.

Though the S.E.C.'s handling of the Pequot matter came under fire at Senate hearings last year, yesterday's report provides the strongest condemnation yet of how that investigation was run.

"At best, the picture shows extraordinarily lax enforcement by the S.E.C.," Senate investigators concluded. "At worse, the picture is colored with overtones of a possible cover-up."

The report strongly suggests that Mr. Aguirre was fired in retaliation for his criticism. At the same time, Senate investigators said they were "deeply troubled" by the failure of the S.E.C.'s inspector general, Walter J. Stachnik, to investigate Mr. Aguirre's accusations properly.

"The I.G. spoke only to Aguirre's supervisors, accepted everything they said at face value and reviewed only documents identified by those supervisors," the report concluded. "We believe the S.E.C. must take corrective and preventative action to ensure that future investigations, internal and external, do not follow the same path as the Pequot matter."

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The S.E.C. should also consider reopening its Pequot investigation, the report states, though it takes no position on whether the fund or anyone connected to it engaged in any wrongdoing.

The S.E.C. closed its inquiry without charging anyone in connection with the Pequot inquiry.

John J. Nester, a spokesman for the S.E.C., said in a statement that because the matter was under review by other federal entities, which he did not name, the commission would have no comment.

The report, which is based largely on Senate interviews with 19 crucial witnesses and thousands of pages of internal S.E.C. records, is a victory for Mr. Aguirre, who was fired in September 2005, just days after receiving a merit pay increase.

At a Senate hearing in December, senior S.E.C. officials sought to justify his firing, arguing that he had done a poor job running the Pequot investigation and that he had been difficult to get along with. The officials asserted that Mr. Aguirre had once issued flawed subpoenas and that he had been unprofessional in the way he conducted an interview with Pequot's founder, Arthur J. Samberg.

There was scant documentary evidence to back up those charges, the report concluded. "We have noted the considerable lack of contemporaneous documents corroborating the concerns they raised," it said.

S.E.C. officials said the flawed subpoenas had seriously undermined their confidence in Mr. Aguirre. But, the report noted, those officials "produced no documents to the committees suggesting that they viewed it that way at the time."

The same held true for the examination of Mr. Samberg. In fact, the report states, one longtime S.E.C. investigator told the committee that he planned to use Mr. Aguirre's examination "as a model for how to take testimony in his training of new S.E.C. attorneys."

The report called Mr. Aguirre "a smart, hardworking, aggressive attorney who was passionately dedicated to the Pequot investigation."

Mr. Aguirre testified that his troubles at the S.E.C. began when he asked for permission to examine John J. Mack, an influential Wall Street executive who was a close friend of Mr. Samberg. After initially supporting Mr. Aguirre's decision, senior S.E.C. officials abruptly changed course, the report notes.

"What is troubling is how this enthusiasm waned after public reports on June 23, 2005, that Morgan Stanley was considering hiring Mack as its new C.E.O.," the report concludes.

Mr. Aguirre was told that since he had no evidence linking Mr. Mack to suspected insider trading by Pequot, calling in Mr. Mack for an interview would not be justified.

"The purpose of taking investigative testimony is not to confront a witness with accusations of wrongdoing, as Aguirre's supervisors seem to believe," the report states. "Rather it is to gather information that helps confirm or rule out working theories."

Mr. Mack and Mr. Samberg have repeatedly denied any improper conduct.

Mr. Mack's testimony was eventually taken in August 2006, more than a year after Mr. Aguirre proposed doing so.

"We are concerned about the circumstances under which it was done," investigators said. "Mack's testimony was taken five days after the statute of limitations expired, and only a few months after we initiated our inquiry into this matter."

The report concludes that the S.E.C. finally interviewed Mr. Mack to deflect public criticism for not having done it earlier.

Dell's Woes Mount As Investors File Improper-Accounting Suit (WSJ)

By Don Clark, Christopher Lawton And John R. Wilke

The Wall Street Journal, February 2, 2007

SAN FRANCISCO -- Dell Inc., reeling from business problems that led to Wednesday's departure of Chief Executive Kevin Rollins, was accused in an investor lawsuit of improper accounting in its longtime partnership with chip maker Intel Corp.

The suit, which seeks class-action status on behalf of Dell shareholders, alleges that Dell's profits were inflated by hundreds of millions of dollars in quarterly rebates from Intel that Dell failed to properly account for and disclose. At times, the suit asserts, Dell was receiving as much as $1 billion a year in what the plaintiffs characterize as "secret and likely illegal" kickbacks by Intel to ensure that Dell use no other chip supplier.

In a 251-page complaint filed in U.S. District Court in Austin, Texas, the plaintiffs also allege that Dell investors were misled about serious accounting, quality and customer-service problems -- even as Dell executives sold billions of dollars in Dell shares. It accuses Intel of participating in a scheme to defraud Dell investors.

Dell declined to comment on the suit, which was prepared by the law firm of class-action specialist William Lerach. Intel, which has defended the legality of its marketing practices in response to an antitrust suit filed by rival Advanced Micro Devices Inc., flatly denied the allegations, and said it would "move quickly" to defend itself.

The suit was filed late Wednesday, about the time Dell announced Chairman Michael Dell would resume the CEO position1 in place of Mr. Rollins.

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Messrs. Dell and Rollins were among 16 individuals named in the suit. The company declined to make them available for comment.

Dell's accounting firm, PricewaterhouseCoopers LLP, also was named as a defendant. Company officials did not immediately return calls seeking comment. The suit seeks class-action status on behalf of purchasers of Dell stock between February 2003 and September 2006.

Dell has been struggling with problems that include stalled sales in its core U.S. and corporate markets and changing buying habits in the PC industry. In August, Dell also disclosed that the Securities and Exchange Commission had been informally investigating the company over its revenue-recognition practices, and said it launched its own investigation into its financial accounting.

By September, the company said the probe had expanded to unspecified issues "relating to accruals, reserves and other balance sheet items." Dell said it is working with its audit committee and independent auditors to determine whether it has to restate its prior results.

Dell also said it has been subpoenaed by the U.S. attorney for the Southern District of New York over its financial reporting. In November, Dell was forced to delay its fiscal third-quarter earnings due to the complexity surrounding the SEC investigation.

The company's stock, which traded in late 2005 at more than $40 a share, has fallen significantly since then. The shares fell 42 cents yesterday at 4 p.m. at $23.80 in 4 p.m. Nasdaq Stock Market trading.

Several suits seeking class-action status were filed in Austin after Dell disclosed the federal investigations of its accounting practices. The latest complaint adds allegations that focus on Dell's long-standing practice of buying microprocessor chips only from Intel, which ended last year when Dell finally emulated competitors and began also using AMD chips. Some of the charges echo those contained in AMD's 2005 antitrust suit, which also attacked rebates and subsidies paid by Intel to computer makers.

The complaint alleges that Dell received "e-Cap payments" -- standing for "exception to corporate average pricing" -- from Intel for not doing business with AMD. The approximately $1 billion a year that Dell received in such payments was spread out unevenly over the four quarters, money that would be applied to reduce the portion of Dell's expenses known as cost of goods sold, the complaint states.

Dell became very dependent upon these payments, which were made by Intel at or near the end of the Dell's quarters and had a "direct, material impact" on the computer maker's reported operating profits or profit margins, the complaint alleges.

Information about the rebates was limited to about 15 senior people at Dell, the complaint states. Intel insisted that Dell maintain secrecy about the program because it feared that if these payments became known, antitrust officials in various countries would likely take legal action against Intel, the complaint alleges.

Despite Dell's reputation as a stalwart Intel customer, the complaint asserts that Dell after 1999 each year secretly designed computers based on AMD chips. But those computers would be put on hold at varying stages of their developments, as Intel and Dell negotiated privately over terms of their relationship, the suit states.

Intel, whose business practices are being investigated by antitrust authorities in the European Union, has said its rebate programs and other tactics are fair and legal. Chuck Mulloy, an Intel spokesman, declined comment on the specific points raised in the investor complaint.

But he added: "We have conducted a preliminary review of the complaint. At first glance it appears that some of the allegations with respect to Intel appear to have been completely made up."

US Probes Siemens Bribery Scandal (FT)

By Richard Milne In Frankfurt

Financial Times, February 2, 2007

Siemens' problems escalated on Thursday night as Europe's largest engineering group revealed it is under investigation by the US Department of Justice and facing an informal inquiry from the Securities and Exchange Commission over its €420m bribery scandal.

The DoJ is investigating possible criminal breaches of US law by Siemens while the SEC's enforcement division is conducting an informal inquiry, Siemens said on Thursday night in its first-quarter report.

The probes are a further embarrassing blow to the German group's embattled management, who had sought contact with US authorities soon after the scandal broke to try to contain its impact.

Prosecutors in Munich – alongside several other European counterparts in Italy, Liechtenstein and Greece – are leading the investigation, which has ensnarled several former high-ranking executives and led to allegations against some current top managers.

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Siemens, which listed in the US in 2001, said it was co-operating with the DoJ and SEC and had hired an independent law firm, Debevoise, to conduct an independent inquiry into the allegations. The results of the ongoing investigation were available to US authorities, Siemens said.

The German conglomerate declined further comment.

The nature of the DoJ investigation was unclear on Thursday night but it can, in some circumstances, merely open a file because of a probe abroad by prosecutors. Equally it could be conducting its own enquiries as to whether the company has violated the US's Foreign Corrupt Practices Act, which bars paying bribes in overseas operations.

Siemens has repeatedly said that prosecutors view the company as a witness in the probe, not a suspect, and that it has been the victim of a rogue group of employees. Those Siemens employees detained and questioned allege that bribery was a normal business practice at Siemens, their lawyers say.

An informal inquiry by the SEC is the first step in a process that can lead to a formal investigation and civil penalties if the regulator believes they have found suspect information.

The two probes come as Siemens has taken a number of steps in an attempt to show it is taking the allegations seriously. It has Deloitte as a forensic accountant as well as taking on Michael Hershman, a former Watergate investigator, as an anti-corruption consultant.

Klaus Kleinfeld, Siemens' chief executive, told the FT in mid-December that the group's lawyers had been in weekly contact with the SEC with conversations on November 22, early December and then on December 6 and 13.

Prosecutors believe sham consulting contracts may have been used to divert money into slush funds that were then used to bribe officials in countries including Saudi Arabia and Nigeria to win telecoms contracts. Siemens says as much as €420m in payments in the last seven years are suspicious.

Long-Running AOL Trial Heads To Jury (WP)

By Carrie Johnson

The Washington Post, February 2, 2007

An Alexandria jury concluded its first day of deliberations yesterday without reaching a verdict on two former AOL executives accused of conspiring to help a business partner create phony revenue as the Internet boom turned bust in early 2001.

The six-man, six-woman jury began discussing more than three months' worth of evidence yesterday morning after a marathon session of closing arguments that ended hours after the federal courthouse had closed for business Wednesday.

Prosecutors got the last word in one of the longest-running criminal proceedings in the history of the U.S. District Court for the Eastern District of Virginia, known as the "rocket docket" for its speedy and efficient proceedings. Assistant U.S. Attorney Charles F. Connolly urged the jury shortly after 8:30 p.m. Wednesday not to follow defense lawyers' invitation to "look away from the facts" but instead to remember "a lesson we all learned from the time we were children: Simply tell the truth."

Kent D. Wakeford, former vice president of AOL's Business Affairs unit, and John P. Tuli, a former official with AOL's Netbusiness unit, have been charged with helping Las Vegas software maker PurchasePro meet revenue targets in March and April 2001 by lying to auditors and backdating contracts. At the time, both companies were struggling to meet analyst expectations and ultimately resorted to fraud to preserve the illusion of success, prosecutors said.

"These guys would rather cheat than fail," Assistant U.S. Attorney Adam Reeves told the jury Tuesday.

U.S. District Judge Walter D. Kelley Jr., however, has repeatedly pared the scope of the case and the number of criminal charges. Most recently he agreed to cut multiple wire fraud counts against Tuli, Wakeford and former PurchasePro employee Christopher J. Benyo.

That means each of the defendants faces two charges: conspiracy and aiding and abetting PurchasePro's founder, Charles E. Johnson Jr., to commit securities fraud. They assert their innocence, but only Wakeford testified in his own defense and tried to distance himself from Johnson.

An outsized, colorful character accused of directing subordinates to forge documents and destroy computers, Johnson split from the case last fall after his lawyer resigned for reasons that remain secret. He will be retried later. The judge urged jurors this week to neither speculate about the reasons for Johnson's departure nor consider him in their efforts to reach a verdict.

That may be difficult if prosecutors have their way. Johnson's alleged misdeeds permeated their closing argument. They essentially sought to convict Johnson in absentia and to use him to tar the three remaining defendants, each of whom carefully avoided sitting at the empty table where Johnson once sat.

The defense teams strived to portray their clients as scapegoats in a government investigation that fell short of catching high-ranking former AOL executives who may have engineered accounting tricks and sham deals. AOL ultimately paid more than $500 million to resolve federal charges.

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Mark J. Hulkower, a lawyer for Tuli, told jurors that "there has been a complete failure of proof" in the government case. He attacked government witnesses' memory and branded a key cooperator who is serving more than four years in prison as a pathological liar whose testimony could not be believed.

Terrance Reed, a lawyer for Benyo, stressed his client's unfamiliarity with PurchasePro's accounting practices and his low rank in the corporate hierarchy. Reed urged the jury to "set yourself and Mr. Benyo free" from a trial that had been expected to conclude before Christmas.

"Obviously things are running later than usual," the judge said late Tuesday as the clock ticked. "It wouldn't be this trial if that didn't happen."

Henry W. Asbill, a lawyer for Wakeford, told jurors that his client was "stuck in the middle" between overbearing bosses and trying clients. Asbill asserted that Wakeford did not have authority to enter into major deals and that he did not benefit financially from the PurchasePro transactions. His client, he argued, was left at the defense table because "the prosecution couldn't figure out a way to charge, much less convict, any AOL senior executives who had to be the real targets during this investigation."

Prosecutors tried to protect themselves from that argument by entreating the jury that blaming the boss is not a defense. "They could be bit players and still be guilty," Reeves told the jury.

CEO Whack-a-mole (LAT)

The Los Angeles Times, February 2, 2007

IN 1993, OUTRAGE OVER sky-high salaries for corporate chieftains led the Democratically controlled Congress to declare that, unlike other business expenses, salaries above $1 million couldn't be deducted from corporate taxes. The move worked so poorly that the Senate's newly restored Democratic majority is back for an encore.

The Clinton-era rules not only failed to stop executive pay from rising, they promoted a slew of accounting maneuvers — such as stock options and supplemental retirement plans — that made it even harder to discern exactly how much was being paid out. Now the Senate Finance Committee is attempting to crack down on one of those techniques.

As part of a bill to gradually raise the minimum wage from $5.15 to $7.25 an hour, the Finance Committee proposed an annual cap on the amount of surtax-free salary that employees could delay receiving until after they left a company. The cap would be $1 million, or the executive's average pay for the previous five years, whichever is lower. Anyone who exceeded the cap would face a sizable penalty: They'd have to pay income taxes and a 20% surtax on the deferred money even before they received it.

Deferred compensation has become an extremely popular benefit, with more than 900 of the 1,000 largest corporations reportedly using it. It typically helps high-paid executives save more for their retirements than their company's pension or 401(k) plans allow.

The issue here is not the gaudiness of executive salaries but whether the federal government should use the tax code to fight what is essentially a moralistic (and losing) battle. Publicly traded companies will pay what the market bears for top executive talent. Shareholders who object can always sell their stock. When the 1993 law capped the deductible portion of salary at $1 million, companies diverted compensation into still-deductible forms such as bonuses, stock options, deferred payments and other performance-related packages that were harder to quantify and prone to abuse. (The ongoing options backdating scandal is Exhibit A.)

There's every reason to believe that the proposed cap on deferred compensation will lead to similar shenanigans, making it harder for shareholders and even corporate directors to tell what executives are being paid, let alone whether they're earning their keep. Rather than giving corporate accountants a reason to muddy the waters again, lawmakers should undo the damage caused in 1993 by lifting the cap on deductions for executive pay. This year, new Securities and Exchange Commission rules will force firms to release easy-to-understand summaries of what executives are being paid. That kind transparency should be the goal, not the casualty, of federal tax policy.

CRIMINAL LAW:

FBI Agent Shows Doubts For Libby's Story (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 2, 2007

WASHINGTON -- In a case that hinges on credibility, FBI agent Deborah Bond is making it clear from the witness stand just how believable she finds former White House aide I. Lewis "Scooter" Libby to be: not very.

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Bond testified Thursday about interviewing Libby in 2003 about the leak of CIA operative Valerie Plame's identity and the 19-year FBI veteran refused to even use the word "said" to describe Libby's statements.

Libby told the FBI that he learned about Plame from Vice President Dick Cheney, then forgot about it and was surprised to hear it again from a reporter weeks later.

"He said that?" defense attorney Theodore Wells asked.

"That's what he claimed," Bond replied.

"He said it," Wells persisted, prompting an objection that led U.S. District Judge Reggie B. Walton to step in.

"Did he say that?" Walton asked.

Bond didn't flinch: "He told us that, yes," she said.

Bond was the first Justice Department official to testify in the trial and is scheduled to return to the witness stand Monday.

The FBI spent three years investigating the leak of Plame's identity to the press. Nobody was charged with the leak but prosecutors say Libby obstructed the case by concocting a story he believed would shield him from prosecution.

Bond is one of the final witnesses in Special Prosecutor Patrick Fitzgerald's case. He plans to play more than eight hours of Libby's grand jury testimony in court Monday and part of Tuesday.

NBC News reporter Tim Russert, who Libby said told him that Plame worked at the CIA, is expected to testify Tuesday as Fitzgerald's final witness. Russert said Plame's identity did not come up in their conversation.

Fitzgerald is expected to rest his case as early as late Tuesday afternoon. Defense attorneys say they'll call Libby and Cheney to testify.

Libby Left Out Some Facts In Interviews, FBI Agent Says (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 2, 2007

One of the FBI agents who interviewed I. Lewis "Scooter" Libby during the CIA leak investigation testified yesterday that the vice president's then-chief of staff did not acknowledge disclosing the identity of undercover CIA officer Valerie Plame to reporters, asserting that he was surprised when another journalist later told him about her.

FBI agent Deborah S. Bond also testified that Libby said that, while he was preparing to be interviewed by investigators in the fall of 2003, he came across a handwritten note he had made during a phone conversation with Vice President Cheney. The note made it clear that, shortly before June 12, 2003, Cheney had told Libby that Plame worked at the CIA's counterproliferation division and was married to an outspoken critic of the Iraq war.

Libby's conversation with Cheney took place nearly a month before Libby telephoned Tim Russert, NBC's Washington bureau chief. According to Bond, Libby said that, during that call, Russert mentioned that "all the reporters" knew that former ambassador Joseph C. Wilson IV's wife worked at the CIA. Libby told the investigators that "it was as if it was the first time he heard it," Bond said.

Coming on the seventh day of testimony in Libby's perjury trial, Bond's description of the FBI's two interviews with Libby in his White House office gave jurors their first account of what the prosecution alleges were lies that Cheney's former top aide told investigators to obscure his role in spreading classified information.

The version of events Libby related to the FBI conflicts with the accounts of several government officials and journalists who have already testified at the trial. Russert is scheduled to be the prosecution's final witness early next week.

Libby is charged with lying to FBI agents and a grand jury in the investigation of the leak of Plame's name to the news media. He is not charged with the leak itself. Special Counsel Patrick J. Fitzgerald contends that the CIA officer's identity was disclosed as part of a White House campaign to discredit her husband.

In 2002, the CIA dispatched Wilson to Africa to investigate reports that Iraq had recently tried to buy material there for making nuclear weapons. In June 2003, shortly after the Iraq war began and days before his wife's identity was leaked, Wilson publicly accused President Bush of trying to justify the war by twisting the intelligence Wilson had brought home.

Libby has pleaded not guilty to all five felony counts. He and his attorneys contend that he misremembered the conversations he had with reporters about Plame amid the crush of his work on national security issues.

Yesterday, Bond told jurors that, during the FBI interviews, Libby did not mention several significant aspects of his interactions with journalists. He told investigators about a July 8, 2003, breakfast meeting with then-New York Times reporter Judith Miller, Bond said, but did not mention another meeting with Miller two weeks earlier.

Bond said Libby also did not say that he had sought information about Plame from government officials and discussed the matter with Miller and, soon after, with Matthew Cooper, then a reporter for Time magazine.

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According to Bond, Libby told her that he did not recall discussing Wilson's wife with Miller. In Cooper's case, Bond testified, Libby said he had simply told Cooper that other reporters were saying that Wilson's wife worked at the CIA but that Libby did not know whether that was true.

Bond also said Libby "adamantly denied" that he had told then-White House press secretary Ari Fleischer about Plame. Fleischer testified earlier this week that Libby did reveal that information.

During cross-examination, defense attorney Theodore V. Wells Jr. pressed Bond to acknowledge that Libby had said during his first FBI interview that he was very concerned that his memory was bad and that he needed to review his notes to jog it. Wells also questioned the thoroughness of the agent's notes about Libby's account of a third conversation with Miller, on July 12.

Earlier yesterday, the judge presiding over the trial expressed doubts about defense arguments that Libby was made a scapegoat by the White House in 2003 as the furor over the CIA leak grew. With the jury out of the courtroom, U.S. District Judge Reggie B. Walton said that argument was undercut by evidence that then-White House press secretary Scott McClellan, at Cheney's direction, publicly denied that fall that Libby had any role in leaking information about Plame.

Walton allowed the prosecution to play small portions of videotapes of briefings from early October 2003, by McClellan, who had, by then, succeeded Fleischer as Bush's press secretary.

Libby had complained to Cheney that McClellan had, days earlier, cleared senior White House adviser Karl Rove but not Libby, according to witnesses and trial documents. Cheney then called the White House to urge McClellan to do the same for Libby, suggesting some phrases that Libby and Cheney had worked out together. According to one exhibit, Cheney scribbled on a note: "Has to happen today."

Jurors watched snippets of three McClellan briefings. In one, a few days before Libby's first FBI interview, McClellan was asked whether Libby or two other administration officials had leaked Plame's name. The videotape shows McClellan replying: "I spoke with them so I could come back and say to you, they were not involved."

Yesterday, Walton ruled that Libby's attorneys are not entitled to look at Miller's notebooks for evidence that she had spoken with sources other than Libby about Plame or Wilson.

F.B.I. Agent Says Libby Denied Being Leak Source (NYT)

By Neil A. Lewis

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — An F.B.I. agent told a jury Thursday that I. Lewis Libby Jr. “claimed” during formal interviews she conducted that he had not disclosed to two reporters the identity of Valerie Wilson, a Central Intelligence Agency operative.

The testimony from Deborah S. Bond of the Federal Bureau of Investigation came at the beginning of prosecution efforts to close the circle in its case against Mr. Libby, the former chief of staff to Vice President Dick Cheney. Mr. Libby is charged with lying to federal agents and to a grand jury investigating the leak of Ms. Wilson’s name.

By the time Ms. Bond took the stand Thursday afternoon, the jury had already heard from the two reporters — Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine. Ms. Miller testified that Mr. Libby had told her in detail about Ms. Wilson; Mr. Cooper said that Mr. Libby had been more terse, but that he had confirmed she worked at the C.I.A.

In flat, unemotional tones, Ms. Bond recounted two interviews that she and other agents conducted with Mr. Libby in the Old Executive Office Building in October and November of 2003. In them, Mr. Libby gave answers that directly conflicted with the reporters’ accounts.

At the time, the Justice Department was in the early stages of its investigation into how Ms. Wilson’s name was leaked to the press and whether the leak was part of an effort to retaliate against her husband, Joseph C. Wilson IV. Mr. Wilson had written an Op-Ed article published in The New York Times on July 6, 2003, asserting that the Bush administration had willfully distorted intelligence to justify invading Iraq.

“Mr. Libby said he had no recollection of discussing Joe Wilson’s wife with Ms. Miller” at a July 8, 2003, meeting at a Washington hotel, Ms. Bond testified. In fact, she said, “Mr. Libby claimed he had no knowledge of Joe Wilson’s wife during that time.”

Ms. Bond, a 19-year veteran of the bureau, testified that Mr. Libby had “claimed” he told Mr. Cooper he heard about Ms. Wilson from other reporters.

In an intriguing but unexplored exchange with a prosecutor, Peter Zeidenberg, Ms. Bond also said that Mr. Libby had acknowledged in one of the interviews that he might have talked to Mr. Cheney aboard Air Force Two about whether to tell the press about Ms. Wilson as part of the effort to rebut Mr. Wilson’s criticisms.

The prosecution will resume its case Monday by playing audiotapes of Mr. Libby's testimony before the grand jury in March 2004 to show a similar conflict when he denied discussing Ms. Wilson with reporters.

Patrick J. Fitzgerald, the chief prosecutor, who has said he probably will end his presentation by Tuesday, also tried to lay the groundwork to counter the bold argument put forward at the trial's beginning by Mr. Libby's defense team: that White House officials made him a scapegoat to protect Karl Rove, President Bush's chief political strategist.

On Thursday jurors also saw videotape from July 2003 showing Scott McClellan, then the White House press secretary, telling reporters that Mr. Libby had no involvement in the leak of Ms. Wilson's name. Mr. McClellan had initially declined to do so, but was ordered by Mr. Cheney to provide the same exculpatory comments he had given earlier for Mr. Rove.

In a discussion outside the presence of the jury, Mr. Fitzgerald said: "This rebuts the idea that Mr. Libby was thrown under the White House bus. The White House went out to clear him."

Judge Reggie M. Walton appeared to agree. "At this point there hasn't been any substantial evidence that was in play," Judge Walton said of the defense contention that Mr. Libby was a scapegoat.

The comments were made as both sides argued over to how much of Mr. McClellan's news conferences could be shown to the jury on videotape and how much needed to be read.

In the end, the jury was given what might have been a confusing mix; they saw Mr. McClellan's answers on a television screen. The reporters' questions that elicited the comments were read by Kathleen Kedian, a prosecutor, because the judge agreed with Mr. Libby's lawyers that the tone of the reporters was cynical and negative.

Portions Of White House Briefing Tapes Played At Libby Trial (USAT)

By Richard Willing

USA Today, February 2, 2007

WASHINGTON — Federal Judge Reggie Walton agreed Thursday morning to let prosecutors show video clips of a White House spokesman telling reporters in 2003 that former vice presidential aide Lewis "Scooter" Libby "had nothing to do" with leaking information about the wife of a Bush administration critic.

Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes showed that Libby had a motive for lying to investigators and grand jurors when he said a reporter had told him that Valerie Plame worked at the CIA. Prosecutors say Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said.

After McClellan spoke, Libby "couldn't walk back from his story" without risking being fired, Fitzgerald said. That was Libby's motive to lie, the prosecutor said.

Plame is the wife of former State Department official Joseph Wilson. In 2003, Wilson publicly accused the administration of "twisting" intelligence about Iraq's nuclear program to justify the invasion in March 2003. Administration officials told reporters he had been sent on a mission to explore Iraq's attempts to buy uranium in the African nation of Niger at the request of his CIA-based wife.

The video clips were "highly prejudicial" to Libby, defense attorney Theodore Wells told Walton, because they might suggest to jurors that Libby had leaked classified information when he spoke about Plame. Although revealing the identity of a CIA officer such as Plame can be a crime, Libby is not charged with that.

Walton agreed to edit questions from the videos in which reporters pressed McClellan on his claims that Libby and two other officials — Karl Rove and Elliot Abrams — "had nothing to do with the situation."

Later in the clips, McClellan modified his statement, saying only that Libby did not leak classified information. Libby was Vice President Cheney's chief of staff.

Wednesday, former Time magazine reporter Matt Cooper testified that Rove, a key adviser to President Bush, had told him in July 2003 that Wilson's wife worked at the CIA.

Days earlier, Wilson had written a column published in The New York Times that criticized the administration for "twisting" intelligence about Iraq.

Fitzgerald has signaled that after the clips are played, he will attempt to play audio transcripts of Libby's grand jury testimony. He also told the judge Thursday that he will attempt to introduce an agreement Libby signed before going to work for the vice president in which he promised not to disclose classified information.

No testimony is scheduled for Friday. Fitzgerald has said he plans to conclude his case Monday by calling an unnamed witness and NBC reporter Tim Russert.

Libby told the grand jury he first learned of Plame's identity in a conversation with Russert on July 10, 2003.

Russert has denied it. Eight prosecution witnesses have said they discussed Plame's CIA job with Libby before July 10, 2003.

Video Undercuts Libby's Defense (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, February 2, 2007

His assertion that he was a scapegoat clashes with the White House stance that he had no role in leaking a CIA operative's identity.

WASHINGTON — Former vice presidential aide I. Lewis "Scooter" Libby's defense in his perjury trial relies on his contention that he was made a scapegoat to protect White House political strategist Karl Rove from charges of leaking the name of a CIA officer.

But that assertion was dealt a blow Thursday, when jurors were shown videotapes from 2003 of White House spokesman Scott McClellan telling reporters that Libby was not the source of the leak.

"There's no evidence of an effort to throw him under the bus," prosecutor Patrick J. Fitzgerald told U.S. District Judge Reggie B. Walton, arguing — in the absence of the jury — that the tapes should be played.

Libby is accused of lying to investigators probing whether government officials illegally disclosed the identity of CIA arms-proliferation specialist Valerie Plame in the summer of 2003, soon after her husband, former Ambassador Joseph C. Wilson IV, accused the Bush administration of twisting prewar intelligence in Iraq.

His lawyers have told the jury that Libby, who was then chief of staff for Vice President Dick Cheney, feared he was being made a scapegoat to shield Rove, one of President Bush's most trusted advisors, from legal problems.

But that argument, Fitzgerald told Walton on Thursday, was undercut by the fact that McClellan told reporters that Libby wasn't involved in the leak. Over the objections of Libby's lawyers, Walton allowed the prosecution to play brief excerpts of the tapes.

McClellan ardently defended the White House during a series of briefings in early October 2003. At the time, the Justice Department was just beginning a criminal investigation into the leak, and questions were swirling about the possible involvement of administration insiders. McClellan initially told reporters that Rove had engaged in no misconduct, but the spokesman declined to be drawn into a discussion of the possible roles of others.

Libby, his lawyers have said, saw that initial reluctance as a sign that unnamed officials were conspiring to have him take the fall so Rove would emerge unscathed. Libby complained to Cheney, the lawyers have said, and a few days later McClellan changed his message, exonerating Libby and a third White House official as well as Rove.

"I spoke with those individuals … and those individuals assured me they were not involved in this," McClellan told reporters Oct. 10. When asked what "this" was, he replied: "The leaking of classified information."

On Thursday, Walton questioned defense lawyer Theodore Wells about the scapegoat theory, asking how, given the videos, "you make out a case that somehow the White House was putting his head on a platter…. I don't understand how that connection is going to be made."

Fitzgerald has alleged that Libby was involved in helping craft McClellan's language. But he noted that the statement publicly clearing Libby also put him in a private bind: Libby was concerned that he had leaked classified information about Plame, so he set out to construct a story that would insulate him from being charged with that crime, Fitzgerald said.

During his first interview with the FBI, which came four days after McClellan's last mention of the leak, Libby told investigators that he had discussed Plame with journalists and others, but he said that he was only passing on information he had heard from reporters, including Tim Russert of NBC News.

In fact, the government has alleged that Libby heard about Plame from a number of official sources — initially from Cheney himself, as well as from officials from the CIA and the State Department. Unlike passing along tips from reporters, passing along tips about Plame from official sources could constitute a crime.

"He has got to tell a story consistent with what the White House has told the world," Fitzgerald said Thursday. "He is locked in with his feet planted in cement.

"The cleanest way to take himself off the hook is to say, 'I heard it from reporters,' that 'I did not know it was true.' "

Wells has said that Libby did not lie at all, and that any misstatements to investigators were the product of memory lapses and the stress of his involvement in life-and-death national security issues.

After playing snippets of the videotapes for the jury, Fitzgerald called an FBI agent, Deborah Bond, to the stand to recount details of two interviews Libby gave to investigators.

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According to Bond, Libby acknowledged that Cheney had told him in a phone conversation around June 12, 2003, that Wilson's wife worked for the CIA, but Libby added that he had forgotten the conversation by the time he talked with journalists about Plame a few weeks later.

Bond testified that Libby also said that he and Cheney may have discussed telling reporters that Wilson's wife worked at the CIA, but that he could not be sure.

And, she added, "Mr. Libby told us he believed that the vice president had learned this information from the [then-]director of Central Intelligence, George Tenet."

The trial is adjourned until Monday. The government is expected to call Russert before resting its case early next week.

rick.schmitt@latimes.com

A Failed Cover-Up (WP)

By David Ignatius

The Washington Post, February 2, 2007

Why was the White House so nervous in the summer of 2003 about the CIA's reporting on alleged Iraqi attempts to buy uranium from Niger to build a nuclear bomb? That's the big question that runs through the many little details that have emerged in the perjury trial of Vice President Cheney's former top aide, Lewis "Scooter" Libby.

The trial record suggests a simple answer: The White House was worried that the CIA would reveal that it had been pressured in 2002 and early 2003 to support administration claims about Iraqi weapons of mass destruction, and that in the Niger case, the CIA had tried hard to resist this pressure. The machinations of Cheney, Libby and others were an attempt to weave an alternative narrative that blamed the CIA.

The truth began to emerge on July 11, 2003, when CIA Director George Tenet issued a public statement disclosing that the agency had tried to warn the White House off the Niger allegations. In that sense, the Libby trial is about a cover-up that failed.

What helped start the whole brouhaha was a 2003 op-ed article by former ambassador Joseph Wilson, disclosing that his fact-finding trip to Niger the previous year had yielded no evidence of Iraqi uranium purchases. His piece opened with a devastating question: "Did the Bush administration manipulate intelligence about Saddam Hussein's weapons programs to justify an invasion of Iraq?" A frantic White House tried to rebut Wilson's criticism by leaking the fact that his wife, Valerie Plame, worked at the CIA and had suggested sending him to Niger -- as if the CIA connection somehow contaminated Wilson's allegations and made the White House less culpable.

To understand the Libby case, it's important to look at the documentary evidence, which has been usefully compiled by washingtonpost.com.

The record begins with a Feb. 13, 2002, memo from a CIA briefer who had been "tasked" by Cheney on the uranium issue: "The VP was shown an assessment (he thought from DIA) that Iraq is purchasing uranium from Africa. He would like our assessment of that transaction and its implications for Iraq's nuclear program." The CIA briefer responded the next day with a comment that should have aroused skepticism on whether Iraq needed to buy any more uranium: Iraq already had 550 tons of "yellowcake" ore -- 200 tons of it from Niger. But the CIA, eager to please, asked Wilson a few days later to go to Niger to investigate the claim.

A glimpse of the pressure coming from the vice president's office emerges from a memo from CIA briefer Craig R. Schmall, after he was interviewed in January 2004 by FBI agents investigating the leak of Plame's covert identity: "I mentioned also to the agents that Libby was in charge within the administration (or at least the White House side) for producing papers arguing the case for Iraqi WMD and ties between Iraq and al Qaeda, which explains Libby's and the Vice President's interest in the Iraq/Niger/Uranium case."

CIA and State Department documents show that analysts at both agencies became increasingly skeptical about the Niger allegation and tried to warn the White House. A memo from Schmall to Eric Edelman, then Cheney's national security adviser, recalled: "CIA on several occasions has cautioned . . . that available information on this issue was fragmentary and unconfirmed." A memo from Carl W. Ford Jr., then head of the State Department's intelligence bureau, noted that his analysts had found the Niger claims "highly dubious."

The Niger issue wasn't included in Secretary of State Colin Powell's famous U.N. speech on Iraqi weapons of mass destruction, according to Ford, "due to CIA concerns raised during the coordination regarding the veracity of the information on the alleged Iraq-Niger agreement." But despite CIA warnings, Bush referred to uranium purchases from Africa in his January 2003 State of the Union address, attributing it to British sources.

So we begin to understand why the White House was worried about the CIA in the summer of 2003: It feared the agency would breach the wall of silence about the claims regarding weapons of mass destruction. Robert Grenier, a CIA official who was the agency's Iraq mission manager, told colleagues that he remembered "a series of insistent phone calls" that month from

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Libby, who wanted the CIA to tell reporters that "other community elements such as State and DOD" had encouraged Wilson's Niger trip, not just Cheney.

The bottom line? Grenier was asked in court last week to explain the White House's 2003 machinations. Here's what he said: "I think they were trying to avoid blame for not providing [the truth] about whether or not Iraq had attempted to buy uranium." Let me say it again: This trial is about a cover-up that failed.

Net-betting Crackdown Freezes Funds (USAT)

By Jon Swartz, Usa Today

USA Today, February 2, 2007

SAN FRANCISCO — The federal crackdown on online gambling has tied up the funds of thousands of U.S. patrons of two of the largest services.

The crackdown on BetOnSports, which no longer takes sports wagers from the USA, and Neteller — an Internet payment service popular among gamblers — is intended to put a dent in the $10.6 billion industry.

And it has: Following federal charges against executives from both companies, dozens of the more than 2,300 websites that service online gambling have stopped taking U.S. wagers.

Still, the actions against BetOnSports and Neteller have left the online accounts of their U.S. customers frozen until legal issues are resolved.

"The truth is that the money is in limbo and the companies are not required to refund any money until a successful prosecution or settlement takes place," says Michael Tew, principal of gaming consultant CapitalHQ. "This could take years." Funds from other gambling sites are not tied up, Tew and others say.

Most U.S. customers of BetOnSports have been waiting to cash out money in their accounts since July, when a federal grand jury issued a 22-count indictment charging CEO David Carruthers with racketeering, conspiracy and fraud. BetOnSports handled $1.77 billion in bets during its 2005 fiscal year, with more than 90% of wagers from the USA. An attorney representing the company declined to comment.

Neteller founders Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling.

Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business.

Neteller offers few instructions for customers trying to cash out their accounts. "We are working to resolve all withdrawal issues, but in the meantime we continue to maintain these funds in trust on your behalf," says a posting on the company's website.

Neteller declined to comment. The company processed more than $7 billion in online gambling transactions in its 2005 fiscal year. FBI Agent Neil Donovan says funds from Neteller are being held in court as potential evidence. Some customers may get their money back, but he did not provide a timetable.

A law signed by President Bush in October bans the use of credit cards, checks and electronic fund transfers for Internet gaming. U.S. residents place more than half of all bets to major offshore casinos.

BetOnSports has settled civil charges with the Justice Department, but not criminal charges. Carruthers' case is separate.

Notorious NYC Crack Kingpin Convicted Of Murder For Paying To Have Rivals Killed (FINDLAW/AP)

By Tom Hays, Associated Press Writer

AP, February 2, 2007

(AP) - NEW YORK-A notorious crack kingpin with ties to the hip-hop industry was convicted Thursday in a federal death penalty case for paying $50,000 (â‚¬38,400) to have two rivals gunned down in 2001.

A jury deliberated five days before finding Kenneth "Supreme" McGriff guilty of murder conspiracy and drug dealing. McGriff, who was acquitted on lesser drugs and weapons charges, looked back and smiled at his supporters when the verdict was issued.

In the 1980s, McGriff founded the Supreme Team, a notoriously lucrative and ruthless drug crew that became legendary on the same Queens borough streets that later produced rap stars like Ja Rule and 50 Cent.

The defense claimed that after an earlier prison sentence for drugs, McGriff went straight in the late 1990s and pursued his dream of producing movies and music by teaming with Irv "Gotti" Lorenzo, a neighborhood friend who headed the successful Murder Inc. record label.

Prosecutors alleged McGriff, 46, instead resumed his drug dealing operations in New York and Baltimore, and used Murder Inc. to launder more than $1 million (â,¬770,000) in proceeds. When a little-known rapper named E-Money Bags shot and killed one of McGriff's friends in a 1999 dispute, the defendant allegedly paid a hit team to kill the rapper and a second man who McGriff feared might retaliate.

"That man sitting in the courtroom is one of the most dangerous, feared, ruthless gangsters in all of Queens," prosecutor Carolyn Pokorney said during closing arguments. "And when Supreme gets in a fight with somebody ... he doesn't go to the cops. He doesn't hire a lawyer. He hires a hit team to assassinate them, to blow them away, so that their moms can barely recognize them when they go down to the morgue."

The defense told jurors that both victims were known thugs who were armed when killed. It also argued that the government had built its case on the false testimony of admitted criminals hoping to see their prison time reduced.

The same jury will return next Tuesday to deliberate the death penalty against McGriff. At the least, McGriff would face a sentence of life in prison without parole.

U.S. District Judge Frederic Block surprised prosecutors last week by asking them to contact U.S. officials and ask them to reconsider their decision to seek a death sentence for McGriff, saying a penalty phase would be an "absurd" waste of time and money. The prosecutors told him this week the officials had not changed their minds.

Defense lawyer David Ruhnke said that though he was disappointed with the verdict, "We're pretty confident this jury will spare his life."

The mother of one of the victims, Karen Cameron, told reporters outside court that she opposed a death sentence for McGriff. "Death is not the answer," she said.

McGriff was originally indicted along with Lorenzo and Lorenzo's brother Chris, a Murder Inc. executive. After being granted a separate trial, the brothers were acquitted in 2005 of money-laundering charges.

McGriff succeeded in making a straight-to-video film, "Crime Partners 2000," that featured Ja Rule, Snoop Dogg and Ice-T. The movie, about two hit men, was released in 2001.

At the Supreme Team's peak, McGriff and his nephew, Gerald "Prince" Miller, employed scores of crack dealers in and around a Queens housing project and took in $200,000 (â,¬153,600) a day, authorities said.

The team used rooftop sentinels with two-way radios to thwart police. It inflicted violence against rivals and traitors, resulting in at least eight murders in 1987 alone, authorities said.

McGriff's was among three death penalty trials occurring simultaneously at the same federal courthouse.

Last month, a jury spared the life of a gang member convicted of murder. Earlier this week, a jury sentenced to death the killer of two undercover police detectives - the first federal defendant sentenced to death in New York City since 1954.

Man Convicted In 2 Killings; U.S. To Pursue The Death Penalty (NYT)

By William K. Rashbaum

The New York Times, February 2, 2007

A jury in federal court in Brooklyn yesterday convicted a notorious crack kingpin with ties to the rap music industry of hiring a hit team from Harlem to murder two rivals in 2001, crimes for which he could face the death penalty.

Shortly after the verdict was delivered in United States District Court, the mothers of the two victims told reporters in the courthouse hallway that they would be uncomfortable with a death sentence for their sons' killer.

The jury's decision came just two days after a jury in the same courthouse voted in an unrelated case to execute Ronell Wilson, who had been convicted of killing two police detectives. That was the first time a federal death sentence had been handed up in New York in more than 50 years.

In the case decided yesterday, the jury, after a three-week trial, found the convicted trafficker, Kenneth McGriff, guilty of racketeering, conspiracy to distribute narcotics and other crimes. The jury acquitted him of murder in aid of racketeering and gun charges.

During the roughly 10 minutes it took for the jury forewoman to read out the verdicts on each of the 17 counts against him, Mr. McGriff, wearing a dark olive green vest and trousers, white shirt and tie, appeared relaxed and unmoved. He leaned back in his chair several times, then watched intently as the court clerk polled each juror.

After the panel, which had deliberated for three and a half days, left the courtroom, Mr. McGriff smiled broadly at friends and family members in the courtroom gallery and pursed his lips together as if to blow kisses.

The aunt of one of the victims wept as she left the courtroom.

Minutes later, standing in a hallway waiting for the elevator, the mothers of the two victims, still breathless and appearing shaken by the jury's verdict, suggested that they hoped the panel would spare Mr. McGriff's life.

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"Death is not the answer — there's been enough death," said Karen Cameron, whose son, Eric Smith, was one of the men slain by the hit team Mr. McGriff hired six years ago for $25,000 for each killing.

"I don't want anybody's death on my hands," said Bessie Singleton, the mother of the other man, Troy Singleton.

The assistant United States attorneys who prosecuted the case — Carolyn Pokorny, Jason Jones and Jeffrey Rabkin — had presented evidence that Mr. Smith was killed in retaliation for the slaying of Mr. McGriff's friend, Culbert Johnson. They alleged that Mr. Singleton was slain because Mr. McGriff feared he would retaliate for the killing of Mr. Smith.

Beginning Tuesday, the jury will hear evidence in the penalty phase, and will then weigh whether to vote to execute Mr. McGriff or sentence him to life without parole.

One of his lawyers, David A. Ruhnke, said he was disappointed with the verdict but was "pretty confident" the panel would spare his client's life.

"We're certainly grateful to learn that the victim's families are not interested in a death sentence in this case, and we'll be discussing with the government whether that changes their minds," Mr. Ruhnke said later.

The verdict came a week after the judge in the case, Frederic Block, in unusually blunt remarks from the bench, called the government's effort to seek the death penalty "absurd" and a waste of taxpayers' money. Outside the presence of the jury, he urged the prosecutors to forward his remarks to their Justice Department superiors in Washington and to ask them to abandon the endeavor.

The prosecutors told the judge earlier this week that they had passed on his concerns to the United States attorney general, Alberto Gonzales, but that they were going to pursue the death penalty.

The defense had argued that Mr. McGriff, after serving a federal prison term of six years, had abandoned crime and drugs and sought to produce music and movies with Irving and Chris Lorenzo, two rap producers for the Murder Inc. label who were known professionally as Irv and Chris Gotti.

Mr. McGriff was originally indicted in January 2005 along with the Lorenzos, who were charged with laundering drug money through the label. Their cases were separated from Mr. McGriff's, and they were acquitted in December 2005.

Chris Lorenzo was in court yesterday, and after the verdict said only, "I was here for a friend I'm supporting."

Ex-U.N. Official Jailed Pending Trial (AP)

By Larry Neumeister, The Associated Press

AP, February 2, 2007

NEW YORK (AP) — A judge revoked the bail of a former senior United Nations official and ordered him detained until his trial on bribery charges.

Sanjaya Bahel, an Indian diplomat and the former head of the U.N. commodity procurement section, has pleaded not guilty of using his influence to steer contracts worth more than $50 million to a man who rewarded him with valuable real estate. His trial is expected to begin as early as next month.

Bahel had been free on $900,000 bail, but U.S. District Judge Denise L. Cote said that was insufficient to ensure he would appear at trial. Part of his collateral included Manhattan apartments Bahel was alleged to have purchased at a discount as a reward for awarding contracts.

The man accused of offering the bribes, Nishan Kohli, has pleaded guilty and admitted that he made cash payments and real estate deals with Bahel to benefit himself and the companies he represented.

Prosecutors said Bahel was fired from the United Nations last month and no longer was lawfully in the United States.

The judge said his immigration status was "precarious" but not illegal.

Hung Jury In Coca-Cola Conspiracy Trial (NSDY/AP)

By Harry R. Weber, Ap Business Writer

Long Island Newsday, February 2, 2007

ATLANTA -- A federal jury deliberating the fate of a former Coca-Cola secretary charged with conspiring to steal trade secrets from the beverage maker in an effort to sell them to Pepsi told a judge Thursday it is unable to make a decision.

"We are a hung jury, have taken several polls and we feel we are unable to reach a decision," the foreperson said in a note to U.S. District Judge J. Owen Forrester.

Forrester did not declare a mistrial. Instead, he told the jury to take another crack at reaching a verdict Friday in the case against Joya Williams.

The jury already has deliberated nine hours over two days.

Williams, who faces up to 10 years in prison if convicted, was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, N.Y.-based PepsiCo Inc. for at least $1.5 million.

The alleged conspiracy was foiled after Pepsi warned Atlanta-based Coca-Cola and an undercover FBI investigation was launched.

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

The government says Williams was deeply in debt, unhappy in her job and seeking a big payday, so she embarked on the scheme to steal trade secrets.

Defense lawyer Janice Singer urged jurors to use their common sense. She argued that prosecutors did not prove their case beyond a reasonable doubt.

Singer suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified earlier this week she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Assistant U.S. Attorney Byung J. Pak said during his closing argument Wednesday that the key under the mat claim was one of many lies told by Williams.

During two days on the stand, Williams testified that she didn't steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400, and that was after her July 5 arrest.

Williams' credibility has been an issue for the jury to weigh during its deliberations.

Camden Redevelopment Corp. Records Subpoenaed (CAMCP)

By Jim Walsh, Courier-Post Staff

Camden Courier-Post, February 2, 2007

CAMDEN -- State and federal investigators are probing a private nonprofit organization run by Randy Primas, the city's former chief executive, an official said Thursday.

The FBI and the state Attorney General's Office have subpoenaed records related to the Primas-led Camden Redevelopment Corp., according to City Council President Angel Fuentes.

The nonprofit paid $1 for six properties in Cramer Hill that had been acquired for $692,000 by a city agency, the Camden Redevelopment Authority, that was also overseen by Primas until late last year.

Primas could not be reached Thursday evening.

He previously has said the land deal was done to provide affordable housing, and not for personal gain. He said $30,000 in cash obtained as part of the deal was to be used for future audits for the nonprofit group.

The subpoenas were served to the Camden Redevelopment Agency and the Municipal Clerk's office, which retains city records, Fuentes said.

"We will cooperate fully," said the council president, who added he was unaware of the specific documents requested.

Fuentes said Theodore Z. Davis, a retired state Superior Court judge who succeeded Primas as the city's chief operating officer, "is in full support." Davis could not be reached.

David Wald, a spokesman for the state Attorney General's Office, said the agency does not confirm or deny investigations. An FBI spokesperson echoed the same comment.

The chief operating officer, who is appointed by the governor, is the city's most powerful official under a state-funded turnaround program. Primas left the $175,000 job on Dec. 8.

City Council members in November voted unanimously to approve the land sale as part of a planned $18.5 million affordable housing project by Michaels Development Co. of Marlton.

Michaels is to build the apartments and manage the project, said Joel Silver, the firm's vice president. The nonprofit organization is to own the land and lease it to Michaels for 98 years.

A majority of council members have said they did not know Primas was the nonprofit's chairman or that his organization would receive $30,000.

Arijit De, former executive director of the city's redevelopment agency and former secretary of the private nonprofit, has said the private organization received no special treatment. He could not be reached Thursday.

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At a legislative hearing on Camden's turnaround effort on Tuesday, Primas said he resents the implication "that somehow I'm self-dealing. I'm not."

But, he said, "Perhaps, in hindsight, we probably wouldn't do it that way again."

Fuentes said all city administrator are to undergo mandatory ethics training in the near future. The training, to be provided by the state, is required under an ordinance that was recently approved by council, he said.

Separately, state and federal grand juries are investigating legal fees paid by the Camden Redevelopment Agency to state Sen. Wayne Bryant, D-Lawnside.

Reach Jim Walsh at (856) 486-2646 or jwalsh@courierpostonline.com

More Subpoenas Focus On Camden Redevelopment (PHI)

By Dwight Ott And Jennifer Moroz

The Philadelphia Inquirer, February 2, 2007

Another wave of subpoenas from the New Jersey Attorney General's Office and the FBI has landed at the Camden Redevelopment Agency, city officials said yesterday.

The subpoenas, delivered Wednesday, were the second batch of requests for documents from the agency in the last four months, amid questions about its relationship to State Sen. Wayne Bryant (D., Camden) as well as its role in the stalled $1.2 billion Cramer Hill Redevelopment Plan, which would have displaced more than 1,000 families.

"I think it may have to do with Cramer Hill," said Theodore Z. Davis, Camden's acting state-appointed chief operating officer, referring to the latest subpoenas.

Davis and agency attorney Martin McKernan referred questions about the subpoenas to the Redevelopment Agency's new executive director, John Kromer. Kromer was out of town yesterday and could not be reached.

The Redevelopment Agency directs Camden's state-financed recovery and is the focal point for any Camden development plans.

The new request for records comes at a time when the agency has been under fire for a deal brokered by a private nonprofit corporation headed by former Camden chief operating officer Melvin R. "Randy" Primas Jr. and the former Redevelopment Agency executive director, Arijit De.

In the deal, the nonprofit Camden City Redevelopment Corp. - headed by Primas and De - partnered with the Michael's Development Co. to obtain six Camden properties. Those properties were then turned over to the city and leased from the Redevelopment Agency by Michael's for $477,000, according to Kromer. Primas' corporation was paid a $30,000 administrative fee.

The land in question was part of an $18.5 million affordable-housing project of 78 apartments for low- to moderate-income people in Cramer Hill.

The deal raised questions because Primas served as chairman of both the Redevelopment Agency and the nonprofit corporation.

Kromer said earlier this week that the Redevelopment Agency was reflecting on the ethics of the arrangement. Still, he said, other redevelopment deals in Camden have long used similar practices.

"In the future it won't be done," Kromer added.

Kromer recently replaced De, who quit as the agency's chief in December. Primas resigned as Camden's chief operating officer in November. Davis replaced him until the governor names a permanent replacement.

Mafia Boss Pleads Guilty To Racketeering (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 2, 2007

FORT LAUDERDALE, Fla. -- The admitted boss of the Genovese organized crime family's South Florida operations pleaded guilty Thursday to federal racketeering charges and could spend 20 years in prison.

Renaldi "Ray" Ruggiero, 73, admitted in a plea agreement that he was a "capo" in the New York-based Mafia family and supervised a crew that committed numerous crimes including extortion, robbery, money laundering and possession of stolen property.

"I plead guilty, your honor," Ruggiero told U.S. District Judge James Cohn.

Sentencing was set for April 27 for Ruggiero, who could also be fined $25,000. Ruggiero pleaded guilty to racketeering conspiracy, but did not agree to cooperate with federal Mafia investigators in his deal.

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The guilty plea came after another federal judge rejected Ruggiero's attempt to throw out evidence from more than 12,000 phone calls intercepted on FBI wiretaps and 130 other undercover recordings that provide details about the group's plots and crimes.

Four other defendants in the case have also entered guilty pleas to racketeering conspiracy charges, and two others are still pending.

One of the pending cases is that of 96-year-old Albert "Chinky" Facchiano. He is also a "made" member of the Genovese family and has a long criminal history dating to the 1930s, according to federal prosecutors.

Ruggiero, who has a home in Palm Beach Gardens, had never been arrested before last June on the federal charges, according to the FBI. He became the top Genovese boss in South Florida in 2003, court documents show.

Facchiano is also named in a New York federal grand jury indictment against numerous other Genovese family members. His attorneys have filed papers asking that the New York and Florida cases be consolidated in Florida for a possible plea agreement.

Suspect Pleads Guilty To Racketeering (FLSUNSEN)

By Vanessa Blum, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 2, 2007

The Palm Beach Gardens grandfather accused of running South Florida operations for the Genovese crime family pleaded guilty to racketeering conspiracy Thursday in Fort Lauderdale federal court.

Renaldi Ruggiero, 73, faces up to 20 years in prison for his role in organized criminal activities that include robberies, extortion, money laundering and loan sharking between 1994 and 2006. Sentencing is set for April 27.

Another mob figure charged in the case, 96-year-old Albert "The Old Man" Facchiano, is set to plead guilty in coming weeks. The two men, who prosecutors described as members of La Cosa Nostra, and four alleged Genovese associates were charged in June. The 29-page indictment detailed a bloody assault against a South Florida businessman in October 2003 that prosecutors said Ruggiero approved.

Ruggiero was not present at the beating, which took place in a Coral Springs office, but he later described the attack in a telephone call that was taped by authorities. Ruggiero said his crew "broke [the victim's] fingers, messed up his other hand, beat him up, and told him if he did not pay him his money by next week, he'll know what to expect."

Ruggiero, who owns a Palm Beach County restaurant called Soprano's, also admitted that he helped launder purported drug proceeds and accepted stolen goods worth more than $100,000 from an undercover agent.

A November 2003 search of Ruggiero's home turned up records of about 40 loans made by Ruggiero at annual interest rates ranging from 52 percent to 156 percent, prosecutors said.

The loans were made with the understanding that any delay in paying them back could result in violence, according to authorities.

In addition to those records, the government's evidence against Ruggiero included thousands of recorded phone calls and tapes made by two undercover agents.

On Jan. 24, a federal magistrate upheld the wiretap evidence, rejecting a bid from Ruggiero's attorney to have it thrown out.

Lawyer Michael Salnick said the legal setback and serious heart problems convinced Ruggiero to enter a plea deal with the government.

Ruggiero did not agree to cooperate with investigators, Salnick said.

Salnick bristled at prosecutors' description of his client as a "capo."

"That's a TV movie term as far as I'm concerned," Salnick said. "He has admitted his involvement in certain criminal acts."

Priest Suspected In Attack Arrested (NSDY/AP)

By Amanda Lee Myers, Associated Press Writer

Long Island Newsday, February 2, 2007

PHOENIX -- A Roman Catholic priest accused of beating and sexually assaulting a female employee at his Las Vegas parish and fleeing to Arizona could soon be extradited to Nevada to face charges, an FBI official said.

The Rev. George Chaanine, 52, was arrested without incident Thursday by FBI agents in Apache Junction, about 30 miles east of Phoenix, said Deb McCarley, a spokeswoman for the FBI office in Phoenix.

He was being held in a county jail in Phoenix on a federal charge of unlawful flight to avoid prosecution. But that charge most likely would be dropped so Chaanine can be quickly extradited to Las Vegas, where he is wanted for attempted murder, sexual assault, kidnapping and battery with a deadly weapon, McCarley said.

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Chaanine has been a fugitive since the alleged Jan. 26 assault of 54-year-old office worker at the Our Lady of Las Vegas parish, where the priest was an administrator.

The woman told Las Vegas police that she was sitting at her desk when Chaanine broke a full bottle of wine over her head, grabbed her by the hair and dragged her down a hall toward his office.

She fought back, lost consciousness, and awoke with Chaanine touching her private parts, according to the police report. She continued fighting until Chaanine straddled her and grabbed her throat. She told detectives she began to pray for her life before the attack suddenly stopped.

The woman told police that after the attack Chaanine muttered that he was going to kill himself. He said he would call an ambulance, and left the church, she told police.

Chaanine has been suspended with pay from his position as church administrative pastor.

In a statement from the Roman Catholic Diocese of Las Vegas, Bishop Joseph Pepe praised authorities for finding Chaanine.

"We are relieved that Father Chaanine has been found and now justice can be served through the legal process," Pepe said. "We have worked closely with the authorities and are hopeful that the information we provided proved helpful."

Chaanine, a native of Lebanon, was ordained in 1996 and worked at churches in Detroit, Youngstown, Ohio, El Paso, Texas, and Wheeling, W.Va., before beginning work at Our Lady of Las Vegas in 2004, the diocese said.

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Associated Press writers Ryan Nakashima, Kathleen Hennessey and Ken Ritter in Las Vegas contributed to this report.

Hoosier Admits Katrina Fund Fraud (FWNS)

The Fort Wayne News-Sentinel, February 2, 2007

INDIANAPOLIS — A Bloomington man pleaded guilty Wednesday to collecting nearly $44,000 in funds meant to help Hurricane Katrina victims and $105,000 in fraudulent student college loans, federal authorities said. Alan King, 29, was charged with theft of government money, loan fraud, false use of Social Security numbers and student financial aid fraud.

Federal investigators allege King collected 12 government payments totaling $43,972 after claiming he and a family member lived at two addresses in New Orleans and one in Biloxi, Miss., during the hurricane and flood in September 2005.

2 Saucier Women Arrested In Katrina Fraud Cases (BSH)

Biloxi Sun Herald, February 2, 2007

GULFPORT, Miss. - Two Saucier women are charged with multiple counts alleging they made false statements to the Federal Emergency Management Agency for disaster assistance after Hurricane Katrina.

Teresa M. Baumgart and Mandi D. Ely appeared Wednesday before U.S. Magistrate John M. Roper in Gulfport and were released on $25,000 bond each to await arraignment in federal court on Feb. 26. The charges carry maximum penalties of 25 years in prison and $500,000 in fines.

Indictments say the women claimed to live at neighboring addresses along Mississippi 67 in Saucier when the hurricane hit, though they did not live there. It also says both women claimed their homes and personal possessions were damaged.

Indictments also say Baumgart received $6,914 from FEMA in four wire transfers between Sept. 12, 2005, and Feb. 22, 2006, and Ely received $4,358 in wire transfers on Sept. 12, 2005 and Oct. 18, 2005.

Man Sentenced In Cisco Scam (BOSH)

By Jay Fitzgerald, Boston Herald General Economics Reporter

Boston Herald, February 2, 2007

A Pepperell man and former worker at Hanscom Air Force Base was sentenced yesterday to more than four years in prison for scamming Cisco Systems out of more than $4.7 million.

Nicholas Stoupis, 36, who used to work as a military contractor at Hanscom, was also ordered by U.S. Judge Richard G. Stearns to repay Cisco $3.1 million that he stole from the firm by tricking it into sending him products that he resold on the Internet by touting them as used military equipment.

Stoupis, who last year pleaded guilty to four counts of mail and wire fraud, would set up bogus e-mail accounts with Hanscom addresses, according to a press release issued yesterday by U.S. Attorney Michael J. Sullivan.

Stoupis would then monitor Cisco's site for any recalled products, such as computer networking equipment, and ask that replacement materials be sent to his home. The products would then be sold on the Internet by Stoupis, who claimed they were previously used by the military.

Man Sentenced In Military Contract Fraud (BOS)

The Boston Globe, February 2, 2007

BOSTON --A man who worked as a military contractor at Hanscom Air Force Base was sentenced Tuesday to four years and three months in prison after pleading guilty to charges he ran a scheme to steal $4.7 million worth of products from Cisco Systems, Inc.

U.S. District Judge Richard G. Stearns also ordered Nicholas Stoupis, 36, of Pepperell, to pay $3.1 million in restitution to the California-based company, according to the U.S. Attorney's office. Stoupis also was ordered to serve three years of supervised release after his prison term.

Stoupis pleaded guilty Oct. 5 to two counts of mail fraud and two counts of wire fraud.

Prosecutors said he carried out the scheme from July 2004 through March 2006, creating e-mail accounts in the name of fictitious people using a Hanscom address, and using them to order replacements for recalled products that had been sold to the military or to contractors.

Stoupis had the goods sent to his home, then sold them over the Internet, prosecutors said.

Stoupis' attorney, Robert F. Casey Jr., did not immediately return an after-hours message seeking comment.

Woman's Bail Revoked In Child Pornography Case (PHI)

By John Shiffman

The Philadelphia Inquirer, February 2, 2007

A federal judge yesterday revoked the bail of a Delaware County woman accused of helping a boyfriend tape a staggering amount of child pornography.

Dorothy Prawdzik, 43, had been free on bail pending trial, but was jailed yesterday after authorities alleged that she had not been truthful with investigators, specifically that she failed to tell agents about a sexual encounter with her boyfriend, John Jackey Worman, and a 10-year-old girl.

Prawdzik's lawyer, Regina Coyne, did not deny the encounter, but said Prawdzik suffered from depression and memory loss, and did not recall the incident until confronted by investigators.

Worman is accused of taping himself having sex with children of ages from 3 months to 15 years. The FBI said it discovered on Worman's computer 11,000 movies of him having sex with children.

In a separate proceeding yesterday, Worman, 39, pleaded not guilty, and U.S. Magistrate Judge Charles Smith ordered him held without bail.

Afterward, Worman's lawyer, S. Lee Ruslander, said he did not know if his client could get a fair trial in Philadelphia, given the publicity surrounding the case. He also questioned why Worman was held on state charges for nearly a year before a federal grand jury indictment was brought.

Federal sentences for child pornography are typically stiffer than state charges. If convicted of more than one of the 51 counts in the federal indictment, Worman faces a minimum mandatory sentence of 25 years. The advisory federal guidelines also recommend an even longer sentence: life in prison.

Prawdzik and another former Worman girlfriend, Concetta Jackson, face at least 15 years in prison if convicted of just one count of aiding him.

Assistant U.S. Attorney Michael Levy said Jackson, 44, "effectively ran a day-care center... and she bascially allowed Mr. Worman to have unsupervised control over the female children."

"Her statements to the FBI and Delaware County law enforcement officers were that she would occasionally go upstairs to check on the children because she had this uncomfortable feeling, but basically allowed it to happen."

Jackson's lawyer, Mark Wilson, said, "No one is denying that she was aware that he was taking pictures that might be inappropriate. The question is whether that knowledge is sufficient to meet criminal liability."

Wilson added: "There is no evidence that she molested anyone or that she saw it happen."

Jackson is a disabled former convenience-story employee who divorced her abusive husband in 1999, her lawyer said. She met Worman in 2002, when her landlord sent him to inspect her home. They began to date and he moved into the home in 2003.

"He became abusive toward her and essentially had her under his thumb," Wilson said.

Since the indictment, Wilson said, neighbors have yelled at her and thrown bricks and eggs at her home.

U.S. District Judge Lawrence F. Stengel, who presided over hundreds of sexual-abuse cases as a state judge in Lancaster, ordered Jackson confined to her home pending trial.

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In an unrelated case, Stengel yesterday sentenced a 58-year-old married father of three from Reading to 18 months in prison for possessing child pornography.

Edward E. Williams had pleaded guilty to possessing 159 images of child pornography on his computer. Williams told Stengel that he had been abused as a child and did not get sexual satisfcation from viewing the images, but looked at them to try to understand why others would.

Also yesterday, a Missouri man, Mark Wagemann, was sentenced to five years in prison for traveling to Philadelphia to meet for sex a girl he believed to be 14. He met her online.

The "girl" was an undercover FBI agent. When Wagemann was arrested at Philadelphia International Airport, Wagemann was carrying Viagra, bubble bath and a poem.

Journalists Pay Deadly Toll In Reporting News (AP)

By Hope Yen

AP, February 2, 2007

WASHINGTON — The number of journalists killed or jailed worldwide has reached its highest level in a decade, with arrests rising as governments seek to control the Internet, an advocacy group said Thursday.

The survey by Reporters Without Borders, a media-advocacy group, found that 81 journalists were killed last year and more than 140 are behind bars. It was the worst year for deaths since 1994, which was marked by the Rwandan genocide, civil war in Algeria and conflict in the former Yugoslavia.

In the United States, blogger Josh Wolf was jailed in August after defying a federal judge's order to hand over his video of a protest at an economic summit of the world's industrial powers. Sudanese Al-Jazeera cameraman Sami al-Haj was imprisoned at the U.S. naval base in Guantanamo Bay, Cuba, without charges on suspected al-Qaida links.

"There has never been a more dangerous time to be a journalist," said Lucie Morillon, Washington director of Reporters Without Borders. "But even more deplorable was the lack of interest, and sometimes even the failure, by democratic countries in defending everywhere the values they are supposed to incarnate."

The report said many governments seek to gain more control over the Internet, a popular medium for dissent in less democratic countries and a growing source of news in the U.S.

At least 60 people are in prison worldwide for posting criticism of their governments online.

China has been a leader among those countries in installing spyware and demanding that U.S. companies Yahoo Inc., Google Inc., Microsoft Corp. and Cisco Systems Inc. alter their search-engines to filter out Web sites critical of the government, the report said.

In the U.S., the report said journalists and bloggers' "freedom of expression" is at risk. It called for laws requiring that telecommunications companies treat all Internet broadband content alike.

Legislation to do that was rejected by the Senate in June, but backers are hopeful that the new Democratic-controlled Congress will change course.

Attorney General Alberto Gonzales, meanwhile, has said Congress should require Internet providers to preserve customer records as a way to assist prosecutors' investigations into child pornography and possibly terrorism.

"It has become vital to examine new technology from a moral standpoint and understand the secondary effects of it," the report said. "If firms and democratic countries continue to duck the issue ... we shall soon be in a world where all our communications are spied on."

Iraq was the most deadly country for journalists last year, with 39 reporters and 26 other media workers killed. Among them were two Americans — Paul Douglas of CBS and his sound man James Brolan, while the rest were Iraqis.

At least 30 journalists were arrested by Iraqi security forces during 2006. The U.S. Army arrested eight media workers, including AP reporter Bilal Hussein, who was taken into custody in April and has yet to be charged.

During the international uproar over cartoons of the Prophet Muhammad, countries did little to help journalists who were threatened or arrested, the report said.

"It was as if, fearing a fight with Arab and Muslim regimes, Europe, for one, renounced all desire to make itself heard," the report said.

The Muhammad drawings were first published in September 2005 in the Danish newspaper Jyllands-Posten and were reprinted four months later by a range of Western publications, triggering massive protests from Morocco to Indonesia and some attacks on Danish embassies.

Inmate Who Fled With Official's Wife Is Sentenced For Escape (NYT)

By Ralph Blumenthal

DOJ_NMG_0126730

The New York Times, February 2, 2007

MANGUM, Okla., Feb. 1 — A confessed murderer who slipped out of prison with the deputy warden's wife and hid for more than 10 years before being recaptured was sentenced Thursday to the maximum seven years for escaping.

Questioned by prosecutors about details of the relationship, the escapee, Randolph F. Dial, said he could not remember.

The warden's wife, Bobbi Parker, 44, disappeared from the Oklahoma State Reformatory in Granite with Mr. Dial in August 1994. They were discovered living together in a trailer on a chicken farm in East Texas in April 2005.

"I took her with me," Mr. Dial testified under cross-examination after offering a rambling account from the witness stand of what he portrayed as plots by prison authorities to kill him.

"Did she help you or assist you?" asked an assistant district attorney, Eric Yarborough.

"I don't know," Mr. Dial responded, after acknowledging that the couple had driven off together in Ms. Parker's van. To follow-up questions, he also replied, "I don't remember."

Mr. Dial, 62, a sculptor, writer and spinner of tales, was shaggily white-haired and bearded when he appeared in state court here in western Oklahoma, telling Judge Richard Darby that heart disease and tumors left him only months to live.

But Judge Darby added seven years for escaping to his previous life sentence for murder and fined him $1,000 plus court costs and restitution, penalties that his public defender said Mr. Dial had no way of paying.

"He'll never live to see daylight out in the world again," said the lawyer, Jim Hines.

Correction officials refused to allow Mr. Dial to shake hands with one of his nine children, Roxanne Dial, 24, who was in court. In a pre-sentencing statement, Mr. Dial said he escaped in fear of his life after being put in prison with an African-American gay man he thought might have AIDS and after a leader of a white supremacist group "informed me I would be decapitated for dealing with a n-word person."

"I'll tell you what I did. I left town in 24 hours," Mr. Dial testified.

He also said Ms. Parker had told him perhaps 50 times while they were together that "if I ever came back I would be killed" and that "her husband would see to it."

The husband, Randy Parker, to whom Ms. Parker returned after she and Mr. Dial were found, dismissed the account as a fabrication. Mr. Parker said he believed his wife's account that she had been abducted and held against her will in fear of Mr. Dial's underworld connections. Mr. Parker is now facility security operations director for the Oklahoma Department of Corrections.

The case began in 1981 when a martial arts instructor, Kelly D. Hogan, was shot to death in Broken Arrow, Okla. The murder remained unsolved until 1986, when Mr. Dial confessed that he was the killer. He said in court Thursday that he had mistakenly believed that Mr. Hogan might have sold drugs to one of his children.

Mr. Dial ended up in a series of prisons. At the reformatory in Granite, he said he helped the warden design a wellness center, where, he said, he met Ms. Parker and ended up working on art projects at the Parker home.

He said security was so lax that after he and Ms. Parker drove away in her van on Aug. 30, 1994, his absence was not discovered until Ms. Parker called her mother that evening.

On Nov. 9, 2001, Mr. Dial called a Tulsa author and former homicide detective, Charles W. Sasser, who had written a book about him, "At Large." Mr. Sasser in a later postscript to his book said Mr. Dial put Ms. Parker on the phone and she said, "I'm fine; I'm happy."

Mr. Sasser said he told the F.B.I. about the call, but the pair remained elusive until April 4, 2005, when agents and Texas Rangers, acting on a tip from the television program "America's Most Wanted," surprised Mr. Dial in his trailer. Investigators said it was clear that the two had been sharing a bedroom, and they found letters the two had exchanged. Ms. Parker, it turned out, had called 911 when Mr. Dial suffered a heart attack and rode with him in the ambulance to the hospital.

Mr. Yarborough, the prosecutor, citing the pre-sentence report, dismissed Mr. Dial as not to be believed.

"The defendant definitely spins a good yarn," he quoted from the report. "It's difficult to tell where reality ends and fantasy begins."

Abducted Boy, Mom Reunited (WT)

By Arlo Wagner

The Washington Times, February 2, 2007

LINTHICUM, Md. -- A young mother arrived on a flight from Missouri yesterday, shedding tears and clutching her toddler, whom authorities said was taken from her home 16 months ago by her boyfriend, a Mexican national.

"My grandma told me we would never find him," said Crystal Debrodie, of Jefferson City, Mo., upon being reunited with son Abraham Felipe Monroy, 2, at Baltimore-Washington International Thurgood Marshall Airport.

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Authorities say Felipe Monroy, of Hyattsville, took the child Sept. 17, 2005. Mr. Monroy was charged with parental kidnapping and was being held in a Prince George's County jail. State police on Monday arrested Mr. Monroy at his most recent residence, in Riverdale.

Miss Debrodie said Mr. Monroy is not the child's biological father and is an illegal alien. Police could not confirm whether Mr. Monroy was the father or his immigration status.

Miss Debrodie's big break came in October when Prince George's County resident Nicole Baldwin became suspicious of the new child and father, who continued to change his story on the whereabouts of the boy's mother.

"I couldn't be away from my child that long," said Mrs. Baldwin, 29, who then began searching the Internet for clues. "My heart told me I had to find [the mother of] this child. If I'm an overprotective mother, that's what I'll be."

She eventually found a picture of the boy on the Web site for the National Center for Missing & Exploited Children.

"I knew it was him," said Mrs. Baldwin, who was at the reunion and also has children.

Abraham clutched a tan, wool teddy bear but showed no emotion upon reuniting with his mother.

"I thought he had gone to Mexico," said Miss Debrodie, who started crying again when she said her grandmother died last month. "My grandma is proud of me right now."

Mrs. Baldwin said she saw Mr. Monroy and the boy in a red car. She wrote the car's tag number on her hand, then called police.

With help from state police Sgt. Ron Riggin, authorities took the boy, who his mom nicknamed Dakota, into protective custody.

"Mrs. Baldwin and Sgt. Riggin have brought these happy results," said the agency's Sgt. Russell Newell, who arranged the reunion and for the boy to fly back to Missouri with his mother.

"This is good," Sgt. Riggin said. "There are a lot of bittersweet endings in these cases."

The reunion was postponed nearly two hours because social services workers were delayed in delivering the boy to the airport.

Miss Debrodie presented to her son the blue-and-pink baby blanket he carried with him while in Jefferson City.

"I asked him if he wanted to go to the house and he said 'Yes,' " Miss Debrodie said. "He wanted to go home. We're going to have a welcome-home party tonight. ...I've never been in Maryland before. I want to go back home."

Miss Debrodie said she also has two daughters, including 3-month-old Gicana, whom the boy has never seen.

While Miss Debrodie was awaiting the arrival of her son, American Airlines official Nicole Summann heard her say the trip home would end late last night because they would have to wait in Chicago for a flight to St. Louis. So Mrs. Summann arranged for an earlier flight directly to St. Louis from Ronald Reagan Washington National Airport.

"It was the thing to do," she said.

Transit Police Try To Crack Down On Robbers (WP)

By Lena H. Sun

The Washington Post, February 2, 2007

The number of robberies throughout the Metro transit system increased more than 6 percent last year, prompting Metro police to form a special unit to capture criminals, officials said yesterday.

The number of robberies in the Metro system rose to 354 last year -- nearly one a day -- from 332 robberies in 2005, according to Metro crime statistics. Riders reported thefts of 32 iPods and 82 cellphones, accounting for a third of all robberies.

Metro Transit Police set up the robbery unit in early December, a time of year when criminals take advantage of longer periods of darkness. Robberies also tend to go up during the holiday season because people carry more cash and packages, officials said.

In less than two months, the special unit has arrested 21 robbery suspects, compared with six robbery arrests in the same period the previous year, according to Transit Police spokeswoman Linda Foxwell.

Transit Police Chief Polly Hanson said in a statement that she was "extremely proud" of the robbery unit and would keep it going in 2007. Also last year, a Metro police officer joined an FBI-sponsored regional robbery task force and will continue to share intelligence and tips with other area law enforcement agencies, Metro officials said.

Police officials declined to say how many officers are in Metro's robbery unit and where they work, because they do not want to reveal their methods. Although their focus is on robberies, they are also performing their other Metro police functions, officials said.

"Sometimes they're in casual clothes; sometimes they're at observation points," Foxwell said. "They use a number of deployment methods."

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Robberies also rose in the region last year. In Montgomery County, they were up significantly in the first half of 2006, with 584 robberies through June 30, a 37 percent increase over the same period in 2005. Preliminary 2006 figures in Fairfax County showed an increase in robberies of at least 6 percent, while the District's preliminary figures showed that robberies were down about 5 percent from 2005.

Metro's crime report revealed that the total number of serious crimes rose to 1,270 in 2006, up about 11 percent from 1,145 in 2005. Serious crimes include aggravated assault and robberies as well as motor vehicle theft and larceny.

The figures also showed more serious crimes taking place in parking lots, with 812 crimes reported in 2006, an increase of 14 percent from the 714 reported in 2005. Foxwell said most of the crimes in parking lots are vehicle thefts and thefts from vehicles.

Late For Court: Connecticut Case Draws Scrutiny (NYT)

By Alison Leigh Cowan

The New York Times, February 2, 2007

NORWALK, Conn., Feb. 1 — Some call the "failure to appear" charge a prosecutor's best friend because it is relatively easy to prove and can swiftly bring a defendant to the bargaining table. Others see the long-accepted but little-discussed practice of punishing late or absentee defendants as a crutch for overworked judges to maintain decorum and keep criminal cases from clogging their courtrooms.

Now such criminal charges are being challenged in Connecticut, where nearly 1 in 10 of the cases not involving motor vehicles that ended in convictions over the past five years included a conviction for failure to appear. Those found guilty of what could be a procedural misstep can face up to five years in prison.

Bringing the issue into the open is the case of Ayanna Khadijah, 34, who was convicted of the felony version of failure to appear after she failed to wake up from a nap and arrived 45 minutes late to court one day in August 2003. Her case is extraordinary because she fought back.

It was the only court date Ms. Khadijah missed among 45 sessions over three years defending herself against a set of drug charges that were eventually dismissed, in 2005. Ms. Khadijah, a single mother with a criminal history, received a suspended three-year sentence on the failure-to-appear charge.

She had spent the day before she was late for court at her job as a community organizer and then delivered newspapers from 1 to 8 a.m. Prosecutors argued that she should have known better than to work all night before a court appearance.

Connecticut's appellate court overturned her conviction last fall after concluding that the inadvertent doze was not a willful shirking of responsibility. But the state is appealing to the State Supreme Court for fear the widely used tool could become harder to wield.

"We thought it set a bad example," said John A. East III, a senior assistant state's attorney, who argued in court papers that rather than rely on her boyfriend to rouse her, Ms. Khadijah should have set an alarm or perhaps brewed herself a strong cup of coffee.

But Gerald B. Lefcourt, a past president of the National Association of Criminal Defense Lawyers, said the case "is really right out of Catch-22." "There's no way to win when you have a system that is so inflexible and so lacking in understanding," he said.

At least 30 states treat failure to appear as a crime that stands alone, according to information in American Law Reports, with most tying the severity of the penalty to the seriousness of the underlying charge.

Statistics on how often such cases are filed or lead to convictions are hard to come by, because the Federal Bureau of Investigation lumps the information it collects into a catch-all bin it calls "other offenses."

New York State's Division of Criminal Justice Services said its records showed 444 convictions on bail-jumping last year and 465 the year before — a fraction of Connecticut's 6,539 in 2006, and fewer even than the 596 in Norwalk (these numbers include those related to motor-vehicle charges).

Asked why New York's figures were so much lower than those across the state line, a spokesman for the agency, Mark Bonacquist, said he was "not making any comment as to whether our statutes are similar to Connecticut."

Here in Norwalk, some lawyers contend that prosecutors and judges are overusing the charge to solve all manner of other problems. Norwalk ranks sixth among Connecticut's 35 courts — including many that are far larger and busier — for the total number of failure-to-appear cases disposed of last year, and had by far the highest rate of conviction on such cases, just shy of 55 percent, of the courts with the highest volumes.

"Failure to appear should be a last resort," complained Jon L. Schoenhorn, a Hartford lawyer who is the president of the Connecticut's Criminal Defense Lawyers Association. "You can only put so much pressure on parties to move cases along before the pressure is seen as an abuse of discretion."

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Alfred Blumstein, a criminologist at Carnegie Mellon University, called the Connecticut situation "mind-boggling."

"Showing up late for court is certainly inappropriate but to be convicted of it as a felony sounds so extreme," he said. If a defendant is not there when called, he wondered of the courts, "Can't they juggle their schedules a little bit?'"

Ms. Khadijah, who twice went to prison in the 1990s on drug and other charges, said she did not set out to take on the criminal justice system. Rather, she said, her focus over the last decade has been on supporting herself and her daughter, now 5, of whom she once lost custody.

"Because I'm a felon, it's hard to get a job," said Ms. Khadijah, a high school graduate who worked in a factory packing Nivea skin cream, delivered pizzas, and worked at a law firm. She has also been evicted for failure to pay rent, and sought bankruptcy protection in 2005 to cancel the $30,000 she owed her criminal lawyer, Sam Kretzmer.

The missed court date stemmed from a February 2002 police raid of the Round Tree Inn on Westport Road, where Ms. Khadijah was living. She was charged with possession of narcotics and risk of injury to a child, though she accused the police of entering her room without a warrant and claimed that the drugs they found were not hers. Court records show Ms. Khadijah kept 20 court dates over the next 18 months without a hitch.

She knows the drill cold. Dress respectfully, so court officials see that you understand the severity of the charges. Arrive early, leaving plenty of time to clear the metal detectors. Sit politely, even if you must wait all day to be called.

"We used to be there at 9 a.m. and leave at 5 p.m. every day, just like I worked there," Ms. Khadijah said of herself and her boyfriend, Darri Woodhouse, a co-defendant in the drug case.

According to her testimony in the failure to appear case, Ms. Khadijah arrived home from her Norwalk Hour paper route at 8 a.m. on Aug. 13, 2003, the second day of jury selection for the drug trial. She sat on the couch and told Mr. Woodhouse to wake her if she dozed. He didn't.

Instead she was roused by a telephone call from her lawyer about 11 a.m., 15 minutes after she had been instructed to arrive. Ms. Khadijah raced to the courthouse full of apologies, getting there at about 11:30 — minutes after Judge Susan Reynolds had dismissed jurors and ordered her charged with failure to appear in the first degree.

Ms. Kretzmer had assured the judge that her client was on her way and asked for five minutes' grace. "This is not a cocktail party," the judge replied. "This is the most important thing in her life, and she's 45 minutes late."

The judge offered to vacate the arrest if Ms. Khadijah entered a guilty plea instead of going to trial, an offer her lawyer rejected. The charges were dismissed five months later by a different judge, who agreed that the police had erred by entering without a warrant.

So prosecutors pressed on to trial in January 2004 on the lone remaining offense — failure to appear.

"It's like hitting an ant with a hammer," said Mary Anne Royle, a lawyer who has been helping Ms. Khadijah with her appeals. Mr. Schoenhorn, the leader of the state's criminal defense bar, called the decision to continue the prosecution after the drug charges disappeared "a sour-grapes type of vindictive act."

But Mr. East, the prosecutor, said "we have to be aggressive" in pursuing such cases.

"Failures to appear are a big problem in our courts," he said. "They clog up the docket and cost the state a lot of money."

Ms. Khadijah was convicted of failure to appear once before, 16 years ago, a misdemeanor that led to the first of her two stints at the York Correctional Institute in Niantic and that she said was a proper response by the system.

That conviction was used to cast doubt on her testimony in her recent failure-to-appear case.

As that case undergoes further review, both sides acknowledge that precedents on the subject are skimpy, since the issue rarely gets litigated. Both sides cite a 19-year-old Washington, D.C., case about a habitually late lawyer who overslept one day, called the court to say he would not be coming and went back to bed, according to the appellate panel's summary.

Connecticut prosecutors note that the resulting contempt charge stood on appeal, while Ms. Khadijah's lawyers use the case to highlight the contrast between the lawyer's response and her efforts to race to court once awakened.

Other lawyers reached back 23 years to find a Connecticut case, Gionfrido v. Wharf Realty, in which a plaintiff's lawyer left Middletown for Hartford on a lunch break to retrieve a file and was 26 minutes late returning to court because he "lost track of time" and hit traffic.

The Middletown judge dismissed the lawsuit moments after the lunch break ended when the plaintiff's lawyer did not show up. The Connecticut Supreme Court called the dismissal "harsh" but ruled that the lower court had not abused its discretion in light of the need to process cases "in a timely and efficient manner."

The treatment of tardy defendants is hardly uniform. On a recent morning here, some no-shows got a pass, in the form of a letter reminding them of their obligation to appear in court. Others had their bond increased. At least one was ordered rearrested.

Neatly dressed in a cowl-neck sweater, flowing skirt and brown wig to hide hair loss she said stems from stress, Ms. Khadijah arrived promptly for a 10 a.m. appearance on her most recent arrest, in December, in which she was accused of

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reckless driving and criminal mischief in a vacant lot. “Because I’ve been in trouble before, I’m an easy catch,” she said afterwards of her seeming inability to stay out of court.

After 73 other names and nearly three hours, Ms. Khadijah’s name was called. She stood.

The exchange took less than one minute.

“Are you Ayanna Khadijah?” Judge Reynolds asked, as if they were meeting for the first time.

“Yes,” said the defendant.

The judge instructed the prosecution to talk to other people involved in the December case. Ms. Khadijah was told to return in four weeks for another appearance.

Kaine Dubious On Death Penalty Expansion (WP)

By Michael D. Shear

The Washington Post, February 2, 2007

RICHMOND, Feb. 1 -- Virginia Gov. Timothy M. Kaine, who ran for office pledging to enforce the death penalty despite his personal opposition, said he has strong reservations about efforts by the General Assembly to expand the crimes that are eligible for capital punishment.

Kaine (D), speaking to Washington Post reporters and editors, questioned the need for new laws that would allow prosecutors to seek the death penalty for those who are accomplices to murder, such as Washington area sniper John Allen Muhammad, and for people who kill judges.

"I do not look at the expansion of the death penalty with a favorable eye," Kaine said of legislation moving through both houses. Noting that Virginia is second to Texas in the number of executions, Kaine said, "I would not say that the problem in Virginia is that the death penalty is not applied enough."

Kaine made the comments during a wide-ranging two-hour interview Wednesday evening in which he also discussed two contentious Northern Virginia issues: his decision to build an aboveground Metrorail line through Tysons Corner, and Dominion Virginia Power's plan to erect a high-voltage transmission line across scenic land in the outer suburbs.

The governor said he does not intend to revisit the idea of constructing a Metro tunnel under Tysons, despite efforts by community and business groups that fear the traffic and development effects of an elevated track. Although the tunnel is the best option, Kaine said, he thinks that pursuing that option would risk the loss of nearly $1 billion from the Federal Transit Administration, which would kill the project.

"Unless [the tunnel advocates] were to get the FTA to say, 'We'll give you the $900 million either way,' we're just going to be delay, delay, delay," Kaine said. "And then potentially not get the money. . . . Time is not our friend on this."

Scott Monett, head of a McLean-based group pushing for a tunnel, disputed this, saying that the FTA has not said outright that reconsidering a tunnel would cause the loss of federal funding. The timing issue is less pressing, he said, because his group has paid $3.5 million to produce engineering plans for a tunnel.

In the debate over plans for a 240-mile power line through rural Frederick, Warren, Fauquier, Prince William and Loudoun counties, Kaine said Dominion should "absolutely" find a place to build the $1.4 billion line other than the proposed route, which has provoked anger from many residents and environmental groups.

Kaine was reluctant to suggest an alternative. Asked where the route should go, the governor paused, chuckled and said: "Well, yeah. Darn."

But then Kaine said he is encouraged by a new proposal in which Dominion could build the line along existing power lines, using a circuitous route that avoids the most sensitive parts of the countryside.

"I have spoken with the Dominion folks, and I have spoken with the folks up in Northern Virginia," Kaine said. "The notion of following some existing right-of-ways . . . might actually be a real possible one."

But the Piedmont Environmental Council, the main group opposing the line, argues that Dominion has failed to prove that Virginia needs the additional electricity and does not support any of the alternatives proposed by the company. "Our position is and has been that pushing it into someone else's back yard isn't a solution," said Robert W. Lazaro Jr., the group's spokesman.

The death penalty has been a sensitive subject for Kaine since he took office about a year ago.

During the campaign against former attorney general Jerry W. Kilgore (R), Kaine pledged to carry out executions even though he said his Catholic faith leads him to oppose it. Kaine has let three executions stand and has granted one stay of execution.

"Fidelity to the rule of law is a very important moral virtue," Kaine said in the interview. "Wrestling with how you balance these things out, there's no easy answer to that."

Kaine noted that Muhammad, the convicted sniper, still received the death penalty under a terrorism statute even though prosecutors didn't prove that he pulled the trigger.

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"I go back to my question: 'Where's the problem' " with the application of capital punishment? Kaine asked. "It's like how many ways can you ban gay marriage? Virginia would like to do it nine times rather than eight times. The death penalty statute is kind of the same way."

Del. C. Todd Gilbert (R-Shenandoah), sponsor of the bill to repeal the law that makes only the person who carries out a killing eligible for execution, said a Kaine veto would be "a direct affront to victims" of crimes that involve more than one perpetrator. "When you have two people committing an act that brutal and heinous, they should be treated the same by law," Gilbert said.

Despite his skepticism about the need for an expansion of the death penalty, Kaine said it is possible that he could be persuaded to sign one of the bills this session.

He said, for example, that he might be able to accept the argument that judges are members of the law enforcement community and that killers of judges should be treated the same as killers of police officers.

"Are there really instances where there have been murder of judicial professionals but they haven't been able to be charged with capital crimes because they . . . are not law enforcement professionals?" Kaine asked. "If there is some weird gap that wasn't intended, I could see someone saying, 'See, this is a problem.' "

But, he added, "You know, I've got to be convinced there is a problem, and I've got to be convinced that the bill fixes a problem."

Staff writers Tim Craig, Alec MacGillis and Sandhya Somashekhar contributed to this report.

CIVIL LAW:

FEC To Police '527' Groups' Campaign Activities (WP)

By Matthew Mosk

The Washington Post, February 2, 2007

The Federal Election Commission said yesterday that it will police "527" groups, political organizations that largely operated outside the new campaign finance limits during the 2004 presidential election, by looking at how the groups word their appeals for contributions, how they describe themselves, and how they spend their money.

If the groups make clear that they are advocating for or against a specific candidate, the FEC would regulate them.

"We're providing clear guidance," said FEC Chairman Robert D. Lenhard. "This makes it clear that the existing rules will be enforced."

The FEC filed the 44-page explanation of its approach in U.S. District Court yesterday in response to a lawsuit challenging the agency's effectiveness in regulating the independent groups.

Some of the groups, which are called 527s because of their designation in the tax code, raised and spent large sums of money to pay for nuanced political ads that appeared to be intended to skirt the new federal rules.

The objective of the lawsuit, filed in 2004, "was to get the FEC to issue regulations to make clear to 527 groups when they would be required to register and report as political committees" and, as a result, be limited to raising much smaller sums from individual donors, said Fred Wertheimer, an advocate of campaign finance reform who is working on the case.

The FEC said that it will continue to resist issuing specific regulations. It noted that recent fines imposed on 527 groups such as MoveOn.org and Swift Boat Veterans for Truth made clear that the agency will not tolerate 527 organizations engaging in campaign activity aimed at promoting or tearing down a presidential candidate.

Wertheimer and representatives of the Campaign Legal Center, who have been challenging the FEC on its approach, declined to react to the court filing yesterday, but said that they will be back in federal court next week to schedule a formal response.

CIVIL RIGHTS:

Lawsuit Says Apartments' No-dog Policy Biased Against The Blind (AP)

AP, February 2, 2007

PHILADELPHIA - The Justice Department filed a lawsuit Thursday against the rental manager and owners of a Lancaster apartment complex, alleging their rental policies discriminate against the visually impaired.

The complaint charges that a policy forbidding residents at Barrcrest Manor Apartments to keep dogs violates the federal Fair Housing Act because the landlords were refusing housing to people who use the animals as guides.

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Department of Justice officials posing as potential renters conducted the investigation into the complex's policies.

The investigation found the apartments use discriminatory housing practices by "refusing to make reasonable accommodations in their no-dog policy when such accommodations may be necessary to afford a person with a handicap equal opportunity to use and enjoy a dwelling," the complaint said.

The suit, filed in the U.S. District Court for the Eastern District of Pennsylvania, seeks to end the policy and asks for compensation for those it affected.

"The services of guide dogs are essential to individuals with visual impairments," Wan J. Kim, assistant attorney General for the Civil Rights Division, said in a statement. "Our fair housing testing program will continue to proactively root out violations of the Fair Housing Act and ensure nondiscriminatory treatment."

Justice Department Settles Cibola County Voting Rights Claim (AP)

AP, February 2, 2007

GRANTS, N.M. (AP) - The U.S. Department of Justice has settled voting rights claims against Cibola County.

The department announced Wednesday it had settled allegations that the county violated the Help America Vote Act and the National Voter Registration Act. Those claims had been added to a lawsuit alleging violations of the Voting Rights Act, which originally was filed in 1995, attorney Joe Diaz of Albuquerque, who represented the county, said Thursday.

Justice Department oversight of elections in the county will be extended through 2008 under a consent decree with the county.

The federal agency filed the consent decree Wednesday resolving the lawsuit. It still must be approved by a federal judge.

"I felt that the county had been complying but the Justice Department felt there were a few problems" that warranted the extension, Diaz said.

American Indians complained that their rights continued to be violated, and county officials agreed to the extension, Diaz said.

"Voting is the most sacred thing that all of us have," he said. "The commissioners and the clerk wanted to make sure things are done right. She (Clerk Eileen Martinez) didn't mind the Justice Department looking over her shoulder for another two years."

Federal law requires counties to hire interpreters and translate ballots and other election material into Indian languages. In the case of Cibola County, officials must provide voter information and assistance in Navajo and Keresan to voters who need it.

The Justice Department alleged the county failed to ensure that valid voter registration applications were processed and added to voter registration lists in a timely manner; that voters' names were not removed from the rolls without cause; and that provisional ballots were offered at elections to voters whose names were not on the voter rolls. Provisional ballots are counted after the election once officials determine the person is a qualified voter.

Miss. Voting Rights Trial On Break, Resumes Feb. 15 (AP)

AP, February 2, 2007

JACKSON, Miss. - A federal judge has recessed for two weeks the trial of a black Democratic Party official in Noxubee County accused of trying to limit whites' participation in local elections.

Ike Brown, the chairman of the county's Democratic Executive Committee, is accused of violating the 1965 Voting Rights Act, which was written to protect racial minorities when Southern states strictly enforced segregation. It is the first use of the act to allege discrimination against whites.

Noxubee County is a rural area along the Alabama line with a majority black population.

On Wednesday, U.S. District Judge Tom S. Lee recessed the trial until Feb. 15, at which time he expects to hear from an elections expert enlisted by the Noxubee County Democrats to counter allegations by a political scientist hired by the U.S. Department of Justice.

Lee, who is hearing the case without a jury, has not indicated when he might rule.

The trial began Jan. 16 in federal court in Jackson.

Federal prosecutors want Lee to rule whites' voting rights were violated by Brown and other black Democratic Party officials in the county and to order unlawful practices stopped.

The Democrats' expert - Richard Engstrom - has said Noxubee County whites lose elections simply because they're in the minority.

"White voters clearly prefer white candidates over African-American candidates, and they frequently are on the losing end of the elections because their candidate preferences are not shared by the African-American voters," Engstrom wrote in a report he did for the Noxubee County Democrats.

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However, Justice Department expert Theodore Arrington said Brown and his "political machine" have exploited the election process to ensure blacks control the county.

"Ike Brown and his associates do not uphold the law and customs that prevent bias and fraud in the administration of ... elections in Noxubee County," Arrington testified last month. "And he cannot be trusted to do so in the future. Indeed, he is behind much of that fraud."

Engstrom is a consultant at the University of North Carolina School of Law's Center for Civil Rights in Chapel Hill, N.C.

Arrington is chairman of the political science department at the University of North Carolina in Charlotte, N.C.

In letting Engstrom testify for the Democrats, Lee overruled a federal magistrate who had earlier barred the expert's testimony because he came too late into the case.

Lee said Engstrom should be heard "in the interest of fairness" for letting both sides fully present their cases.

State Appeals Justice Ruling On Chastang (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), February 2, 2007

The state has filed an appeal of the U.S. Department of Justice's refusal to approve the appointment of a Mobile County commissioner, calling the decision "an affront to the state's sovereignty and federalism itself."

In a 32-page letter addressed to U.S. Attorney General Alberto Gonzalez, Alabama Attorney General Troy King laid out his argument that state law should trump federal regulations when it comes to Gov. Bob Riley's 2005 appointment of Mobile County Commissioner Juan Chastang.

The Justice Department's decision "invites chaos into state governmental functioning," the letter stated.

Last month, the Justice Department ruled that the appointment violated the federal Voting Rights Act of 1965, saying it "appears to diminish the opportunity of minority voters to elect a representative of their choice."

The reasoning was that Chastang's district is majority black, while the governor is elected by a majority-white statewide populace.

Cecil Gardner, the attorney who filed the federal lawsuit challenging the appointment, said the whole point of the Voting Rights Act is to override certain state decisions when they impact minority voters.

"Where state government makes a change that is regressive as far as the voting rights of minorities are concerned, that's the purpose of the Voting Rights Act itself," he said.

A three-judge federal panel in Montgomery is awaiting the result of the state's appeal before deciding whether to strip Chastang of his office and hold a special election to fill it, as the lawsuit filed by three area Democrats is seeking.

State Reps. Yvonne Kennedy, James Buskey and Bill Clark filed the suit in 2005 in response to the Republican governor appointing the conservative Chastang to fill the commission seat vacated when Sam Jones was elected mayor of Mobile.

Chastang's district has historically elected Democrats to the commission.

If nothing else, the appeal makes it likely that Chastang will be in office at least for the immediate future. Gonzalez has 60 days to rule on the request for reconsideration, and if he doesn't overturn the ruling, the state could appeal to the U.S. District Court for the District of Columbia, a "time-consuming" process, King wrote.

Chastang said he is pleased with the state's efforts to keep him in office. He blamed local politics for creating the problem in the first place.

"Politics is playing a big part in this situation," Chastang said. "It's a shame we can't all get along and try to serve the people and do what's right for the people."

In his letter, King goes through 155 years of Mobile County government history in an effort to show that Riley's appointment should be ruled valid.

In 1852, the state code noted that any vacancy in the Court of County Commissioners in Mobile County would be filled by a gubernatorial appointment.

That arrangement lasted for more than 130 years, until the state passed a 1985 law allowing vacancies on the Mobile County Commission to be filled by special election. The state had that law pre-cleared by the Justice Department, as is necessitated by the 1965 federal Voting Rights Act.

In 1987, the new law came into effect, and Jones won a special election to fill a vacancy for the District 1 seat on the commission.

After that election, the new law was targeted in a lawsuit and in 1988 was ruled unconstitutional by the State Supreme Court, which said it conflicted with a general law giving the governor appointment power for such vacancies.

Then-Gov. Guy Hunt appointed Jones to the seat he had held for more than a year, and Jones kept it for the next five elections.

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In 2004, the state passed a new law allowing counties to have special elections to fill vacancies, as long as a local law is passed to establish those elections.

When Jones left office in 2005, local Democrats argued that the 2004 law meant a special election should be held to fill the seat, as dictated by the 1985 local law.

Riley, however said the 2004 state law did not revive the previous local law, and he still had appointment power in Mobile County. The Alabama Supreme Court sided with him, and he appointed Chastang.

That's when Kennedy, Buskey and Clark filed the federal lawsuit, which argued that the appointment violated the Voting Rights Act because the state never pre-cleared a change back to gubernatorial appointments after the 1985 law was ruled unconstitutional.

The federal court agreed, and forced the state to seek Justice Department pre-clearance to return to gubernatorial appointment. The Justice Department denied that request last month.

King argued that because the 1985 special election law was only used once, and then was declared unconstitutional, the pre-clearance it received should be invalidated, which would make Riley's appointment compliant with federal law.

King also attacks the Justice Department ruling on other grounds. He criticizes the logic that the appointment disenfranchised the majority-black district because Riley was elected by a majority-white population, saying that the Justice Department should look at the demographics of the entire county, which is majority-white.

Also, he writes, the Justice Department ruling "fails to acknowledge that Samuel L. Jones and Juan Chastang are African American."

King also poked fun at a section of the Justice Department ruling that said the state did not prove the voters in District 1 would have elected Chastang in a special election.

"It is not clear how the state could prove such a thing," King wrote. "(U)nknown is the identity, if any, of Mr. Chastang's fictional opponent. In our experience, the results in elections frequently turn on the identity of the candidates."

Texas Deputy To Pay Price For Defending Self (WT)

By Jerry Seper

The Washington Times, February 2, 2007

A Texas deputy sheriff who fired shots at a fleeing vehicle after the driver tried to run him down faces 10 years in prison for injuring one of the passengers, a Mexican national being smuggled illegally into the United States.

The U.S. attorney, who won lengthy prison terms last year for two U.S. Border Patrol agents in the shooting of a drug-smuggling suspect, also prosecuted Edwards County Deputy Sheriff Guillermo F. Hernandez, who is to be sentenced next month.

The deputy's boss, Sheriff Donald G. Letsinger, said his officer -- who had been on the job for a year -- "followed the letter of the law" in defending himself in the April 2005 incident and questioned why the government brought charges.

"This is a fine young man, and I just don't believe he committed the wrong of which he was accused," Sheriff Letsinger said. "I have never had anything hurt me so badly as this prosecution. We've got to make this right."

Rep. Ted Poe, Texas Republican, called the prosecution and conviction of Hernandez, known to his friends as "Gilmer," "another example of how the federal government is more concerned about people [who are] illegally invading America than it is about the men who protect America."

"Once again, our government is on the wrong side of the border war," Mr. Poe said.

The deputy's Dec. 1 conviction has enraged his hometown of Rocksprings, Texas, population 1,250, where "Free Gilmer" signs have been posted. The Baptist church is paying the deputy's mortgage and others have come up with costs for the family's truck, propane and water bills.

Hernandez, 25, and his wife, Ashley, have a 4-month-old daughter.

"The town is outraged that this has happened to our deputy," said the Rev. Albert Green, pastor at the First Baptist Church. "Those people were in this country illegally, and they tried to run him down. They were the criminals, but the prosecutors made our deputy out to be the criminal.

"I do not know a single person who doesn't feel Gilmer was prosecuted for doing his job," said Mr. Green, who is the deputy's pastor. "I do not know a finer, more well-behaved gentleman. He would not purposely or willfully hurt anyone."

U.S. Attorney Johnny Sutton, appointed in October 2001 by President Bush, said Hernandez fired shots at the vehicle as it sped away "knowing it was occupied with the nine individuals," at least seven of whom were illegal aliens -- some of whom later were called to testify for the government.

Hernandez was convicted after a jury trial in U.S. District Court in Del Rio, Texas, 75 miles southwest of Rocksprings -- found guilty of violating "under the color of law" the civil rights of Maricela Rodriguez-Garcia, a Mexican national.

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The woman was struck in the lip by bullet or other metal fragments after an 11:50 p.m. traffic stop in Rocksprings in April 2005. Reports said Hernandez fired shots at the blue Chevrolet Suburban's rear tires as it sped off after being stopped for running a red light.

Acquitted on a second count regarding injury to another passenger, he will be sentenced March 12 at the Del Rio court.

Assistant U.S. Attorney Bill Baumann, who prosecuted the case, told reporters that the law does not give law-enforcement officers the right to use "deadly force to stop a car unless it poses an imminent threat to the officer or another person. If the car is going away from you, it's not even a close call."

Mr. Sutton's office convicted Border Patrol agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in a crime of violence and a civil rights violation. They were sentenced to 11 and 12 years, respectively.

Shana Jones, spokeswoman for Mr. Sutton, did not return calls for comment yesterday.

Sheriff Letsinger said an investigation found that Hernandez approached the vehicle and found only the driver was sitting upright and suspected the others were illegal aliens. He said the driver, after being asked to step out of the vehicle, pulled forward and turned into Hernandez -- fleeing from what the sheriff described as the deputy's "legal stop."

Thinking the driver had tried to run him over, he said Hernandez fired at the vehicle's rear tires. He said at least one of the people inside the vehicle confirmed that the driver had turned it into the deputy.

Sheriff Letsinger, with three deputies to handle all law-enforcement matters in a 2,000-square-mile county, called the Texas Rangers after the incident to investigate what happened. He said he also called the Mexican Consulate because Mexican nationals were involved, and the consulate later notified the FBI.

The Rangers' incident report, the sheriff said, noted that after firing shots, Hernandez returned to his patrol car, notified dispatch and pursued the vehicle until it crashed into a fence -- at which time the occupants, except for Mrs. Rodriguez-Garcia, fled.

Mrs. Rodriguez-Garcia, Ivonne Hernandez Morales and Candido Garcia Perez, all occupants in the vehicle, told investigators that they paid $2,000 to be taken across the Rio Grande from Acuna, Mexico. They said they later met the vehicle's driver and a guide, who were to take them to Austin and Dallas.

Sheriff Letsinger also said the Rangers and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) agents, using dogs and metal detectors, found four shell casings at the traffic stop site but none at the crash site -- discounting claims by two of the vehicle's occupants that Hernandez fired shots at them as they fled the vehicle.

The Texas Rangers did not respond to calls yesterday.

Noting that prosecutors offered the deputy probation in exchange for a guilty plea, the sheriff said, "This young man didn't do anything wrong and wasn't about to say he had. I think that speaks to his character."

In the Border Patrol case, Ramos and Compean testified that they shot Osbaldo Aldrete-Davila in the buttocks only after he assaulted Compean and pointed a weapon at both of them. Prosecutors and later a federal jury in El Paso disagreed. Aldrete-Davila abandoned 743 pounds of marijuana before fleeing back into Mexico.

Hairdresser To The Elite Faces New Lawsuit (WP/AP)

Associated Press

The Washington Post, February 2, 2007

Andre Chreky Accused by a Second Former Employee of Sexual Harassment

Andre Chreky, a prominent Washington hairdresser who used to cut first lady Laura Bush's locks, is the target of his second sexual harassment lawsuit in a little more than four months.

An ex-employee said Chreky routinely demanded sexual favors, grabbed and touched her and made humiliating comments about her appearance and her husband's sexual prowess. When she rebuffed him, Chreky retaliated by taking away clients, refusing to accommodate her during her pregnancy and ultimately firing her, the plaintiff, Ronnie Barrett, said in the complaint filed in U.S. District Court for the District of Columbia.

Lawyers for Chreky and his salon denied Barrett's allegations. Chreky is fighting similar charges by another former employee, Jennifer Thong, who sued in September.

Barrett claims Chreky repeatedly told her that if she wanted to go to the White House or have contact with President Bush or his family, she would have to come to the salon early in the morning, before other employees arrived. Barrett "understood this to be . . . a thinly veiled threat that if she wanted to advance in her career she needed to accede to his sexual demands," according to the lawsuit.

Barrett says that the advances and inappropriate comments began in 2003, shortly after she returned to the salon, where she had worked in the 1990s. She was fired in December 2005.

Barrett, who is seeking $4 million in damages from Chreky and his salon, said in a telephone interview with the Associated Press that she didn't leave earlier because of an agreement forbidding her to work at another salon within a radius of five miles for six months after leaving.

A lawyer for Chreky, David J. Sullivan, said in an e-mail that Barrett's account of events "simply never happened."

"Hundreds of clients and scores of employees -- as well as Mr. Chreky's wife, who manages the salon's business -- are in and out of every square foot of the salon all day long," he said.

Florida Shifting To Voting System With Paper Trail (NYT)

By Abby Goodnough And Christopher Drew

The New York Times, February 2, 2007

DELRAY BEACH, Fla., Feb. 1 — Gov. Charlie Crist announced plans on Thursday to abandon the touch-screen voting machines that many of Florida's counties installed after the disputed 2000 presidential election. The state will instead adopt a system of casting paper ballots counted by scanning machines in time for the 2008 presidential election.

Voting experts said Florida's move, coupled with new federal voting legislation expected to pass this year, could be the death knell for the paperless electronic touch-screen machines. If as expected the Florida Legislature approves the $32.5 million cost of the change, it would be the nation's biggest repudiation yet of touch-screen voting, which was widely embraced after the 2000 recount as a state-of-the-art means of restoring confidence that every vote would count.

Several counties around the country, including Cuyahoga in Ohio and Sarasota in Florida, are moving toward exchanging touch-screen machines for ones that provide a paper trail. But Florida could become the first state that invested heavily in the recent rush to touch screens to reject them so sweepingly.

"Florida is like a synonym for election problems; it's the Bermuda Triangle of elections," said Warren Stewart, policy director of VoteTrust USA, a nonprofit group that says optical scanners are more reliable than touch screens. "For Florida to be clearly contemplating moving away from touch screens to the greatest extent possible is truly significant."

Other states that rushed to buy the touch-screen machines are also abandoning them. Earlier this week, the Virginia Senate passed a bill that would phase out the machines as they wore out, and replace them with optical scanners. The Maryland legislature also seems determined to order a switch from the paperless touch screens, though it is not clear yet if it will require the use of optical scanners or just allow paper printers to be added to the touch screens.

On Monday, Representative Rush D. Holt, Democrat of New Jersey, plans to introduce a bill in Congress that would require all voting machines nationwide to produce paper records through which voters can verify that their ballots were recorded correctly. A majority of House members have endorsed the proposal, and the changes have strong support among Senate Democrats. Mr. Holt's bill would also substantially toughen the requirements for the touch-screen machines that have printers, and experts say this could give even more impetus to the shift toward the optical scanning systems.

Mr. Crist, a Republican, at times drew whoops and applause when he announced his plan at the South County Civic Center in Palm Beach County, the epicenter of the 2000 election standoff and home of the infamous "butterfly ballot" that confused many voters. The touch screens had replaced the punch-card systems that caused widespread problems that year.

"You should, when you go vote, be able to have a record of it," Mr. Crist told a few hundred mostly older citizens at the civic center, in Delray Beach, where many residents said they accidentally voted for Patrick J. Buchanan in 2000 instead of Al Gore because of the confusing ballot design. "That's all we're proposing today. It's not very complicated; it is in fact common sense. Most importantly, it is the right thing to do."

Mr. Crist's renunciation of touch-screen voting one month after he replaced Jeb Bush as governor of the nation's fourth-most-populous state, suggested that the fight for paper voting records, long a pet project of Democrats, might become more bipartisan. Mr. Crist made the announcement with Representative Robert Wexler, a Democrat from Delray Beach who has ardently led the movement for a paper trail and has attacked Republicans along the way.

"I support this plan 100 percent," Mr. Wexler said before introducing Mr. Crist. "This governor means what he says, and he's coming to Tallahassee and he's spreading the message throughout Florida that this isn't about Republican or Democrat, it's not about this ideology or that; it's about unifying people and doing what's right for the people of Florida."

The 15 Florida counties that have adopted touch-screen voting in recent years, including Miami-Dade, Broward, Palm Beach and Hillsborough, would move to optical-scan voting under the proposal before the presidential election of 2008. The plan would give them the option, however, of using touch-screen machines during the state's two-week early voting period that precedes Election Day, if the machines are modified to provide a paper trail. Those counties represent 54 percent of the state's registered voters. Broward County alone has bought about 6,000 touch-screen machines in recent years, and Palm Beach County has about 4,500.

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Mr. Crist said county election supervisors would explore how to make optical-scan voting easier for blind people and for those who speak foreign languages. In some cases, they have been able to vote without assistance on the touch-screen machines.

Asked how he felt about discarding tens of millions of dollars worth of touch-screen machines just years after they were acquired, Mr. Crist said, "The price of freedom is not cheap. The importance of a democratic system of voting that we can trust, that we can have confidence in, is incredibly important."

Election experts estimate that paperless electronic machines were used by about 30 percent of voters nationwide in 2006. But their reliability has increasingly come under scrutiny, as has the difficulty of doing recounts without a paper trail. Federal technology experts concluded late last year that paperless touch-screen machines could not be secured from tampering.

Some states had bought early versions of the paperless machines before the 2000 recount, and one of them, New Mexico, switched last year to optical scanners. But most of the machines in other states were purchased with federal money provided under a 2002 law that required states to upgrade from old punch-card and lever systems.

New York is planning to buy either screens with printers or optical scanners, New Jersey is adding paper trails to its touch screens and Connecticut is buying the optical scanners. A recent survey by Election Data Services, a Washington consulting firm, estimated that 36 percent of the nation's counties have bought electronic machines, including some with printers attached, while 56 percent have the optical scan systems.

Mr. Holt said his bill would require the return to paper ballots by next year's presidential primaries, and it would authorize $300 million in federal money to upgrade the machines. Some state and county election officials say it could be difficult to make such sweeping changes by then.

But, Mr. Holt said, "it depends on how badly we want to do it. The public is getting very impatient here."

In Sarasota County last November, more than 18,000 voters who used touch-screen machines did not have their votes recorded in the close Congressional race between Vern Buchanan, the Republican, and Christine Jennings, the Democrat. Mr. Buchanan took office last month after a recount gave him a 369-vote victory, but Ms. Jennings has sued.

Former Governor Bush, President Bush's younger brother, generally defended touch-screen voting during his tenure and said skeptics had fallen prey to "conspiracy theories." But leading up to the 2004 presidential election, the Republican Party of Florida sent out fliers urging voters to use absentee ballots because of the absence of a paper trail.

Experts say the optical scanners are less expensive than the touch-screen systems. But Kimball W. Brace, the president of Election Data Services, said optical scanning systems had had a slightly higher rate of voter error than touch screens.

Gays Should Be Allowed To Serve Openly In Military, Poll Finds (WSJ)

The Wall Street Journal, February 2, 2007

A new poll from Harris Interactive found that 55% of Americans think gays and lesbians should be allowed to serve openly in the military.

By comparison, 19% of the 2,337 Americans polled said gays and lesbians should be allowed to serve "only if they keep their sexual orientation a secret," and 18% said they should "not be allowed to serve in the military at all."

The survey, conducted online between Jan. 11 and 18, also measured American attitudes toward the U.S. military's "Don't Ask, Don't tell" policy, which prohibits the military from asking personnel about their sexual orientation, but allows homosexuality to be a cause for discharge from the military.

Forty-six percent of respondents said they oppose the policy, unchanged from a Harris poll in 2000, and 36% said they favor the policy, compared with 34% in the previous poll. However, the policy is supported by far more men (43%) than women (29%). And among political parties, Republicans are more likely to support this policy (51%) than Democrats (25%) or Independents (31%), while 18% of Americans remain undecided about the policy.

The poll also asked whether Americans agree with comments by John M. Shalikashvili, the former Chairman of the Joint Chiefs of Staff, who wrote in a recent New York Times editorial that if gays and lesbians served openly in the U.S. military, they would not undermine the efficacy of the armed forces. Fifty-seven percent of respondents said they agree with his comments, compared with 31% who disagree.

ANTITRUST:

Municipal Broker Receives Subpoenas In U.S. Probe (Update3) (BLOOM)

By Adam L. Cataldo

Bloomberg, February 2, 2007

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Feb. 1 (Bloomberg) -- PackerKiss Securities Inc., the firm that has handled over $49 billion of investment contracts for local governments, received two subpoenas as part of a U.S. criminal probe of bid rigging in the municipal bond market.

The Delray Beach, Florida-based firm disclosed the subpoenas in December as it applied for investment business from the state of New Jersey related to a $3.6 billion sale of bonds backed by tobacco settlement payments. Treasury officials hired Dallas-based First Southwest Co. after reviewing applications from five firms, and released the applications this week.

``As a registered broker dealer we are required to maintain all the files and records that the subpoena requested," said Mary Packer, the company's president, in a telephone interview. ``We fully cooperated in supplying these in the full knowledge they were complete and absolute."

PackerKiss is among more than a dozen banks, brokers and insurance companies that were subpoenaed in November as part of the widest antitrust probe of the municipal bond market, where more than 10,000 of states, cities and local government authorities have $2.3 trillion of bonds outstanding.

U.S. prosecutors are trying to determine if firms fixed prices on financial products used by local governments to invest bond money until it is needed to pay for projects. State and local governments sold almost $379 billion of debt last year, according to Thomson Financial.

Request for Information

New Jersey required firms to describe any pending litigation or ``federal or state investigations or audits, subpoenas or other information requests" they have received since 2002, according to the state's Dec. 18 questionnaire.

In its response, PackerKiss said it received subpoenas that ``largely request information related to transactions involving the investment or reinvestment of the proceeds of tax-exempt bonds. The company, its principals or employees have not been identified as a target of any government inquiry or investigation."

The U.S. Department of Justice's Antitrust Division and the Securities and Exchange Commission issued the grand jury subpoenas, according to PackerKiss. They were served on or about Nov. 15.

First Southwest in its response said the company is cooperating with the U.S. investigation and acknowledged ``providing requested documents and information." The firm didn't specifically acknowledge receiving a subpoena, though Hill Feinberg, Southwest's chairman and chief executive, has said the firm got one.

Most Qualified

Tom Vincz, a spokesman state Treasurer Bradley Abelow, said in a statement that the Office of Public Finance evaluated all of the responses, and recommended Southwest because it was the most qualified. The state sold the $3.6 billion of so-called tobacco debt last week and will use proceeds to pay off existing higher-cost bonds.

Sound Capital Management, based in Eden Prairie, Minnesota, Bond Logistix LLC, based in New York, and First Albany Cos., based in Albany, New York, also applied for the New Jersey reinvestment job.

Sound Capital, one of three brokers raided by U.S. investigators in November as part of the probe, said it is ``part of" of the investigation. The company didn't provide further information except to say that no sanctions or penalties had been brought against the firm or its employees.

Sound attorney John Lundquist, a lawyer with Fredrikson & Byron PA in Minneapolis, said the company wouldn't comment.

Bond Logistix said it is unaware of any administrative proceedings, audits, investigations, or subpoenas involving the firm, its owners, or employees. First Albany said that to its knowledge, neither the firm nor its owners, principals or employees were involved in any litigation of a ``material nature."

Calls to Ken Gibbs, First Albany's executive managing director, and managing directors Edward Flynn and William Torsiglieri weren't returned.

Microsoft Plans To License Instructions (AP)

AP, February 2, 2007

BRUSSELS, Belgium -- In a bid to pacify rivals and antitrust regulators, Microsoft Corp. said Thursday that it will license for the first time a series of instructions to help competitors make software products that work smoothly with its servers.

The licenses cover three sets of instructions, known as protocols, that influence the way instant messages, e-mails, shared documents and other software applications are handled by Windows-based servers. Although the offer falls short of some rivals' earlier demands, Microsoft says it shows a new willingness to cooperate.

EU regulators fined Microsoft in July for failing to submit the "complete and accurate" data it said was needed for rival server software to work with Microsoft's ubiquitous Windows desktop operating system.

Microsoft has rewritten a technical manual to try to meet EU requirements, but the European Commission has not yet said whether the company has now obeyed the original 2004 antitrust ruling ordering the company to hand over these protocols.

Microsoft claims its offer to license these three protocols marks a new approach in its dealings with rivals and antitrust regulators. In the past, it has largely given access to such information only after regulators demanded it. This time, Microsoft says it is being proactive.

The EU hasn't asked for those specific materials, only for Microsoft to enable competitors' software to be compatible. An EU spokesman couldn't be reached for comment.

United CEO Says Mergers Still Viable (USAT)

By Marilyn Adams

USA Today, February 2, 2007

WASHINGTON — US Airways' failed hostile bid for Delta Air Lines doesn't kill prospects for other airline mergers, United Airlines CEO Glenn Tilton said Thursday.

Speaking one day after the US Airways-Delta deal fell apart, Tilton said the circumstances of a future deal between airlines "would be different if the two companies and the boards agreed."

A strong supporter of airline consolidation, Tilton didn't address possible merger partners for his own airline, but argued a friendly merger proposal stands a much better chance of success, though politics and government policies are still potential barriers.

He noted that U.S. airlines have lost $35 billion and laid off more than 150,000 workers since the Sept. 11 attacks, and have only recently started to become profitable. Consolidation would produce stronger airlines that could sustain profitability, Tilton argues.

His view on the impact of the failed deal contrasts with that of JPMorgan airline analyst Jamie Baker, who told clients on Thursday that prospects for industry consolidation now have "ground to a halt."

US Airways, in mid-November, surprised Delta with its bid to buy it out of Chapter 11 bankruptcy. Delta management vigorously resisted the bid, saying its own plan to emerge from Chapter 11 as an independent airline provides creditors a better deal than US Airways $10 billion stock-and-cash offer.

Tilton spoke to an American Bar Association meeting on the first anniversary of United's exit from bankruptcy reorganization. Chicago-based United, the USA's No. 2 carrier, reported a $25 million profit for February through December.

Tilton said continuing resistance in Washington to industry consolidation remains an obstacle. He cited a hearing last week before the Senate Commerce Committee, where several senators questioned the potentially negative effect of a US Airways-Delta merger on fares, air service and jobs.

Tilton called on the U.S. government to make it easier for airlines to compete with foreign carriers. Now that airlines are cutting their costs in and out of bankruptcy, the government should "finish the job of deregulation" so airlines can compete globally as do other industries, he said.

Tilton is a former executive of Texaco, which merged with Chevron in 2001.

In Europe, Air France merged with Dutch airline KLM in 2004 to become the world's largest airline in terms of revenue.

"Our international competitors are merging across borders, expanding, growing more profitable, investing in new aircraft," he said.

Tilton said the U.S. government should loosen restrictions on foreign investment in U.S. airlines. He urged restrictions on flights between the USA and big foreign markets be removed. Restrictions still exist, for example, on air service between the USA and the United Kingdom and mainland China.

ENVIRONMENT:

U.N. Report Adds Pressure To Global-Warming Fight (WSJ)

By Gautam Naik, Jeffrey Ball

Wall Street Journal, February 2, 2007

A report being published today that more authoritatively and explicitly links human activity to global warming is expected to increase pressure on governments and companies to reduce fossil-fuel emissions.

A summary of the new report -- put together by hundreds of scientists and backed by more than 100 governments -- is expected to assert that human activity is "very likely" the cause of a global-warming trend in recent decades. It comes as governments and some of the world's biggest companies are wrestling with a big challenge: how to apportion among companies and consumers the economic pain that is expected from significantly curbing fossil-fuel emissions.

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The new document contains "a strengthening of findings, a narrowing of uncertainty and filling up of the gaps" linking human activity to long-term warming trends, said Rajendra Pachauri, chairman of the Intergovernmental Panel on Climate Change, which is publishing the report today. The IPCC was formed by the World Meteorological Organization and the United Nations Environment Program.

This summary document doesn't contain prescriptions for action, though its conclusions will inform the debate about how to respond to climate change.

Already, governments and companies are acting. The European Union two years ago began imposing emission constraints on several big industries and is in the process of tightening those restrictions. A similar battle is brewing in the U.S., where Democrats -- who recently gained control of Congress -- are discussing plans to cap greenhouse-gas emissions. U.S. electric utilities emit large quantities of carbon dioxide and are likely to be the first to be regulated.

One reason for the growing political consensus is that the data linking fossil-fuel emissions to rising temperatures are becoming more reliable. President Bush, in his State of the Union address last month, implicitly endorsed the notion that fossil-fuel emissions contribute to global warming. After laying out a series of policy proposals to encourage oil alternatives such as ethanol, he said such technologies will, in addition to curbing U.S. dependence on foreign oil, "help us to confront the serious challenge of global climate change."

Steve Johnson, the administrator of the U.S. Environmental Protection Agency, hailed the IPCC report, saying, "Although many of the findings contained in the report are not new, they are a reflection of increased certainty of observed trends and heightened reliability of climate [computer] model predictions. This is very helpful and useful to us." Similarly, Exxon Mobil Corp., which has in the past made strong public statements about remaining uncertainties in global-warming science, now says climate science is growing more robust. Exxon says it has stopped funding several groups that questioned the validity of concerns about global warming.

The new report raises a key estimate of how much the earth is likely to warm as a result of an increase in greenhouse gases. It also predicts that human-induced warming will increase the intensity of hurricanes, an issue of particular interest to the insurance industry.

The assessment states that there is a 90% chance that global warming is caused by humans, according to a person familiar with the document. The previous IPCC report, published in 2001, had said humans were "likely" the trigger for warming trends, which indicated a 66% probability of a link.

The new report also says a doubling of greenhouse gases will likely raise the planet's temperature by more than two degrees Centigrade, at a minimum, the person said. The assessment six years ago said the temperature would likely rise by a minimum of 1.4 degrees Centigrade.

The assessment states that human activity is leading to warmer oceans, which in turn is likely to give rise to more intense and damaging hurricanes.

Political Climate Shifts As Verdict On Warming Arrives (USAT)

USA Today, February 2, 2007

Perhaps it's a sign of confidence that a group of the world's top climatologists would issue a global warming report on Groundhog Day, rather than some time in July. A few years ago such a report, released just as frigid air surged into North America, might have produced some chuckles or shrugs. But not this time. Too many of the world's leaders, in government and business, see the same things as these scientists do.

Indeed, today's report by the Intergovernmental Panel on Climate Change, created nine years ago by the United Nations, makes the most compelling case yet that global warming is real, man-made and a threat to the planet. It should have the steadily dwindling group of global-warming naysayers melting away faster than the polar ice caps.

The more daunting questions, though, are what can be done about global warming, and whether it can be done soon enough to matter. So far, political resistance has prevented dramatic action. The 1997 Kyoto Protocol, which assigns mandatory greenhouse reductions, was never signed by the United States and is too lenient on developing countries such as China and India, sources of much of the growth in greenhouse gases.

Further, the window to begin fixing the problem is narrow — perhaps as little as a decade, according to NASA scientist James Hansen — while the cost of fixing it would be felt by nearly everyone. Energy prices would have to rise, and habits would need to change.

Posed against those familiar obstacles is something newer and more interesting: The political climate for change appears to be improving, perhaps radically, despite the cost.

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No longer is concern limited to scientists and environmental groups. Business leaders are joining the fray as well. Last month, 10 major companies, including General Electric, DuPont and BP, called on Congress to take action. Even President Bush, a longtime skeptic, mentioned global warming in his most recent State of the Union address.

Across Europe, global warming is now a top priority among governments and the public. In the United States, individual states have started responding out of frustration at the mismatch between federal inaction and the severity of the problem.

A rise of a few degrees in the world temperature would likely cause more severe extremes in weather, a decrease in freshwater supplies and increased coastal flooding. In the USA, where more than half of the population lives within 50 miles of a coast, that is a disturbing prospect.

This awakening is particularly encouraging because it echoes trends that have overcome severe, expensive environmental problems in the past. Odd as it might sound now, water pollution was so bad in 1969 that the Cuyahoga River in Cleveland caught fire. Air in major cities was unpleasant to breathe. Both problems were seen as enormously costly to fix. Neither proved unaffordable. The same is true for acid rain and the ozone hole.

Addressing global warming needn't bankrupt U.S. motorists. At least in the initial phases of global warming plans, the biggest change is likely to be in a reduction in the use of coal, because that fuel produces far more carbon dioxide per unit of power than other fuels.

The most commonly cited approaches are cap-and-trade system, which would impose mandatory limits and allow companies to trade them. Another is a tax on fuels based on the amount of carbon dioxide they emit.

The biggest challenge, now that so many opinion leaders in the West recognize the problem, is bringing along the developing world. Countries such as China and India have a right to the fruits of economic growth long enjoyed elsewhere. But if only the developed world adopts strict policies, then some of the most polluting industries might simply migrate abroad.

Technology holds the key. Developing countries needn't make all of the environmental mistakes made in the West if they have better technologies for power generation and transportation.

Higher energy prices would certainly have broad economic impact. But they would have benefits as well. Energy-tax revenues could be used to reduce other taxes. Reductions in greenhouse gases would likely reduce other pollutants as well.

The United States has always confronted its most serious problems, whether winning wars or taking on environmental threats. There is no reason it can't do so now with global warming. Even if it means getting started in the middle of a cold wave.

Live With Climate Change (USAT)

By Patrick J. Michaels

USA Today, February 2, 2007

It's hardly news that human beings have had a hand in the planetary warming that began more than 30 years ago. For nearly a century, scientists have known that increasing atmospheric carbon dioxide would eventually result in warming that was most pronounced in winter, especially on winter's coldest days, and a cooling of the stratosphere. All of these have been observed.

However, actually "doing something" about warming is a daunting endeavor. The journal Geophysical Research Letters estimated in 1997 that if every nation on Earth lived up to the United Nations' Kyoto Protocol on global warming, it would prevent no more than 0.126°F of warming every 50 years. Global temperature varies by more than that from year to year, so that's not even enough to measure. Climatically, Kyoto would do nothing.

In the past four years, the Senate has voted twice against "cap-and-trade" legislation — sponsored by New Mexico senators Jeff Bingaman, a Democrat, and Pete Domenici, a Republican — that would set quotas on carbon emissions and let companies buy and sell them. If adopted, their cap-and-trade law would reduce emissions by less than the Kyoto Protocol specifies. In other words, the Senate has been loath to even adopt something that does less than nothing.

The stark reality is that if we really want to alter the warming trajectory of the planet significantly, we have to cut emissions by an extremely large amount, and — a truth that everyone must know — we simply do not have the technology to do so. We would fritter away billions in precious investment capital in a futile attempt to curtail warming.

Consequently, the best policy is to live with some modest climate change now and encourage economic development, which will generate the capital necessary for investment in the more efficient technologies of the future.

Fortunately, we have more time than the alarmists suggest. The warming path of the planet falls at the lowest end of today's U.N. projections. In aggregate, our computer models tell us that once warming is established, it tends to take place at a constant, not an increasing, rate. Reassuringly, the rate has been remarkably constant, at 0.324°F per decade, since warming began around 1975. The notion that we must do "something in 10 years," repeated by a small but vocal band of extremists, enjoys virtually no support in the truly peer reviewed scientific literature.

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Rather than burning our capital now for no environmental gain (did someone say "ethanol?"), let's encourage economic development so people can invest and profit in our more efficient future.

People who invested in automobile companies that developed hybrid technology have been rewarded handsomely in the past few years, and there's no reason to think environmental speculators won't be rewarded in the future, too.

Patrick J. Michaels is senior fellow in environmental studies at the Cato Institute and author of Meltdown: The Predictable Distortion of Global Warming by Scientists, Politicians, and the Media.

Judge Looking To Release Material From Rocky Flats Grand Jury (AP)

By Jon Sarche, The Associated Press

AP, February 2, 2007

DENVER - A federal judge said Thursday he wants to release as much information as the law allows from a grand jury investigation of alleged environmental crimes at the former Rocky Flats nuclear weapons plant.

But U.S. District Judge Richard Matsch said a federal appeals court that instructed him to consider what could be released "cast us adrift in uncharted waters."

Matsch asked for guidance from attorneys for former grand jurors who want to publicize alleged misconduct by prosecutors and from government attorneys who argue none of the information can be released.

Matsch had ruled in March 2004 that grand jury secrecy rules prevented the release of testimony transcripts and other documents that 18 of the 23 former grand jurors want the public to see. He also had ruled that he didn't have the authority to release material that might not be covered by those rules.

The 10th U.S. Circuit Court of Appeals last year reversed that ruling and sent the case back to Matsch, instructing him to determine what could be released.

In a hearing Thursday, government attorneys told Matsch they believed the materials cannot be released. Matsch gave them a month to file supporting arguments, saying the Colorado U.S. attorney's office should consult with Justice Department officials in Washington because the outcome of the case could affect how the agency conducts grand jury investigations in the future.

Matsch also said he wanted both sides to determine how best to notify the prosecutors who worked with the grand jury that some of the information could be released.

"These allegations being made against counsel are very serious, and the allegations being made against the Department of Justice are very serious," Matsch said.

Attorney Kenneth Peck, a former grand juror who is pursuing his case separately from the other 17 former grand jurors, said it was "ludicrous" that he and other grand jurors were prohibited from reporting what he said were possibly criminal acts by prosecutors.

Details of the allegations by the former grand jurors are sealed. But attorney Jonathan Turley, who represents 17 former grand jurors, said releasing information about the allegations could spark congressional and criminal investigations.

Rocky Flats, about 10 miles northwest of Denver, made plutonium bomb triggers from the 1950s until it was shut down in 1989. The Energy Department has said a seven-year cleanup of the site is complete, and portions are to become a wildlife refuge.

From 1989 to 1992, the grand jury reviewed evidence and heard testimony from more than 100 witnesses about alleged environmental crimes. The grand jury recommended indictments against two corporations and eight people.

Prosecutors refused to sign the indictments and instead reached a plea agreement with former plant operator Rockwell International, now part of aerospace giant Boeing Co., calling for the company to pay an $18.5 million fine.

In 1996, 18 members of the grand jury asked Matsch to release them from secrecy rules. At the time, Turley said he wanted the judge to determine if prosecutors had deliberately undermined the case to protect a government contractor.

He said the alleged misconduct should be punished, and said the grand jurors wanted to use the information to counter public statements that former prosecutors made about them after the grand jury was disbanded.

Turley submitted a sealed document in 1997 detailing the allegations, and interviewed former grand jurors under oath in closed hearings that year. He said Thursday that he was most interested in winning the release of that document and transcripts of the grand jurors' testimony.

"You have a grand jury accusing prosecutors of serious misconduct including possibly lying to Congress," Turley told Matsch. "I believe the people of the state of Colorado and of the United States have a right to know what it is that has motivated (my clients) for so long."

Peck wants Matsch to allow him to submit to legal regulators and investigative agencies an affidavit he submitted under seal detailing his allegations of prosecutorial misconduct.

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Henry Solano, who was U.S. attorney for Colorado when the grand jury was working, has denied the allegations by the former grand jurors.

CDC Issues Guidelines For Battling Flu Pandemic (WP)

By David Brown

The Washington Post, February 2, 2007

ATLANTA, Feb. 1 -- States should be prepared to keep children out of school for three months, businesses should be prepared to operate with skeleton workforces, children should be prepared to play mostly with their siblings, and parents should be prepared to lose income as they skip work and cobble together rickety child-care arrangements.

That was the picture sketched Thursday by federal officials in a guidance for communities on how to fight pandemic influenza in the months before a vaccine becomes available -- if one ever does.

"We have tools in our tool kit that we can use now to slow down pandemic flu," said Martin S. Cetron, the director of global migration and quarantine at the Centers for Disease Control and Prevention, the country's chief public health agency. "These are tools we just are not used to using in recent decades, when all the attention has been on magic bullets."

The 106-page document issued by the CDC outlines "non-pharmaceutical interventions" against a virus that can sometimes be caught simply by standing near an infected person. The chief strategy is to keep people physically apart as much as possible during the eight-to-10-week-long waves of illness.

States and metropolitan areas would decide when to invoke various measures, such as closing schools and banning concerts and sporting events. The guidance, notably, did not suggest restricting travel. Its authors believe that if a pandemic's effects can be blunted or spread out over time, the essential functions of the economy may be able to continue largely unchanged.

Nevertheless, without a vaccine, it will be a scary and dangerous time.

"We don't expect we would be able to protect everybody," the CDC's director, Julie L. Gerberding, said at a news conference here.

Pandemic America would be an old-fashioned place. People would spend most of their time with close relatives and a few neighbors. They wouldn't go to the movies, run to the supermarket on a whim, or hug people they barely know. The sick would be cared for at home unless they were near death. Everyone would shun the houses of the ill.

At the same time, many of today's habits and capabilities would remain.

Many adults would telecommute to work in a season of near-endless "snow days." Children would probably turn in homework over the Internet. Prescription drugs would be prescribed liberally as preventive medicines. A government-woven safety net would probably provide food, personal care and financial assistance to people who couldn't cope on their own.

The use of face masks -- popular during the epochal "Spanish influenza" of 1918 -- wasn't addressed in the "Community Strategy for Pandemic Influenza Mitigation" booklet. CDC planners are still doing research -- both experimental and historical -- to figure out how useful masks might be. They will provide guidance on their use later.

To help states, cities and towns decide when to invoke various measures, the new document outlines a five-category system for estimating a pandemic's danger. The gauge is analogous to the one used for hurricanes, although "case fatality ratio," not wind speed, is the key variable.

Case fatality ratio is the fraction of ill people who die. In the Spanish flu, which killed about 50 million people worldwide, the ratio in the United States was about 2.2 percent. (It was 10 times as high in some other parts of the world.) Spanish flu in modern America would kill about 1.8 million people; it is Category 5.

The case fatality ratio was less than 0.5 percent in 1957 and 1968, the two most recent pandemics, which rank as Category 2. In the current sputtering outbreak of H5N1 "bird flu" in Southeast Asia, the ratio is above 50 percent. But that virus doesn't have the ability to spread easily among people -- the essential feature of a pandemic strain.

Schools are society's most densely populated environments -- in square feet per person, eight times as dense as offices and more than 10 times as dense as single-family homes. In 1918, closing schools was the most effective tool for slowing the virus. Some cities experienced a roller-coaster ride of infection as schools were closed, opened and closed again.

A 2003 study found that children in day-care centers were 2.2 times as likely to get upper respiratory infections as children cared for at home. Day-care centers would be among the first institutions to close. But arrangements in which five or fewer children were cared for by a couple of families might still be safe, the study found.

Cetron warned that ignoring a pandemic's potential for societal disruption is futile. In 1918, schools eventually closed in most American cities, but it was too late in many to blunt the epidemic's mortality.

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"It's not like those things are going to go away; we're just going to face them unprepared in a Category 5 event," he said. He added, invoking the memory of Hurricane Katrina, "And we all know what happens when we aren't prepared for a Category 5 event."

Flu Advice Would Vary Under U.S. Plan (WP/AP)

By Mike Stobbe

The Washington Post, February 2, 2007

ATLANTA -- In the worst case of a global flu epidemic, schools would close for three months and public events would be canceled.

In the most optimistic scenario, people merely would be told to wash their hands and stay home if they feel sick.

Those are the options the government plans to consider depending on the strength of a possible deadly flu epidemic. And the options would be graded like hurricanes: The worst case would be Category 5. The least-threatening outlook, Category 1.

Federal officials on Thursday released a grading system for flu pandemics. The steps were taken to give the public some help in deciding how anxious to get if a deadly new flu appears in the United States.

The government also is releasing a wave of radio and TV spots to remind people not to be complacent about a potential contagion.

"As avian influenza slips from the headlines, people may begin to believe that the threat is no longer real," said U.S. Secretary of Health and Human Services Mike Leavitt, in a Thursday press conference in Atlanta.

The system has been eagerly awaited by state and local health officials, who will have to make many of the decisions about how to control the impact of the next pandemic flu.

Federal officials say they don't expect a vaccine will be available for such a virus until at least six months into a pandemic. On Thursday, Leavitt granted companies protection from lawsuits for vaccines against the bird flu virus.

Under his declaration, all H5N1 vaccines developed through a grant, contract or cooperative agreement would be protected through all production stages from testing to use. The protection would run through February 2010.

And although the U.S. government has enough medicine for more than 22 million people, it's not clear that they will work against whatever virus emerges, and it's doubtful that will be enough if many of America's 300 million residents becomes ill.

So health officials plan to rely on old-fashioned measures ranging from home quarantine to closing schools and postponing sporting events. But those measures can increase a pandemic's economic fallout, and even have unintended consequences. Closing schools, for example, can keep adults home from work to care for children. And it doesn't help if older kids are sneezing on each other at the mall.

The new guidelines, from the U.S. Centers for Disease Control and Prevention, don't spell out exactly what infection-control steps states should take. But they do give an idea.

For example, in a Category 1 pandemic, there's no need to dismiss schools. But in a 2 or 3, states should consider dismissing students for up to four weeks. In a 4 or 5, they should consider closing the schools for up to 12 weeks.

CDC officials said categories are important because until now many people have thought of pandemic flu in black and white terms: Either a deadly contagion is upon is, or it isn't.

"Not all pandemics are equally severe," Dr. Julie Gerberding, the CDC's director, said Thursday in unveiling the new guidelines.

The CDC copied the nation's hurricane ranking system to help people size up the situation and to help communities make what Gerberding called "real tough decisions" about when and how to cut back normal activities.

But not everything is covered in the new guidance. For example, it says little about whether sick people or healthy people should wear masks, and if they do, what kinds.

"It's not a simple matter," Gerberding said, adding that more detailed advice on masks should be coming out soon.

Flu pandemics can strike when a mutating flu virus shifts to a strain that people never have experienced. Scientists cannot predict when the next pandemic will arrive, although concern is rising that the Asian bird flu might trigger one if it starts spreading easily from person to person.

Most planning until now has focused on the worst-case scenario of an outbreak as severe as in 1918, when 50 million people worldwide died. But the 20th century's other two pandemics, in 1957 and 1968, were far less severe, claiming 2 million and 1 million lives, respectively.

The 1918 pandemic was a primary model for current pandemic flu planning. Dr. Howard Markel, a University of Michigan health historian, said he believes the government's new grading system might have made a difference back then.

Federal health officials put out guidance then, too, but cities varied on what steps they took, said Markel.

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States still have leeway, of course, and neighboring states may institute different measures in a new pandemic. But if the government comes out with clear advice, it will probably be followed more closely than it was in 1918, when governmental power was more local, he said.

"The federal government telling a local or state health board to do something was not met with warmly," he said.

Closings And Cancellations Top Advice On Flu Outbreak (NYT)

By Donald G. Mcneil Jr.

The New York Times, February 2, 2007

ATLANTA, Feb. 1 — In the event of a severe flu outbreak, schools should close for up to three months, ballgames and movies should be canceled, and working hours should be staggered so subways and buses are less crowded, the federal government said Thursday in issuing new pandemic flu guidelines to states and cities.

Health officials acknowledged that such measures would greatly disrupt public life, but argued that they would provide the time needed to produce vaccines and would save lives because flu viruses attack in waves lasting about two months.

“We have to be prepared for a Category 5 pandemic,” said Dr. Martin S. Cetron, director of global migration and quarantine for the federal Centers for Disease Control and Prevention, in releasing the guidelines. “It’s not easy. The only thing that’s harder is facing the consequences. That will be intolerable.”

Officials are, for the first time, modeling the new guidelines on the five levels of hurricanes.

Category 1 assumes that 90,000 Americans would die, Glen J. Nowak, a spokesman for the disease centers, said. (About 36,000 Americans die of flu in an average year.) Category 5, which assumes 1.8 million dead, is the equivalent of the 1918 Spanish flu pandemic. That flu killed about 2 percent of those infected; the H5N1 flu now circulating in Asia has killed more than 50 percent of those infected but is not easily transmitted.

The new guidelines advocate having sick people and their families — even apparently healthy members — stay home for 7 to 10 days. They advise against closing state borders or airports because crucial deliveries, including food, would stop.

The report urges communities to think about ways to continue services like transportation and meal service to particularly vulnerable groups like the elderly and those who live alone.

The guidelines are only advisory, since the authority for measures like school closings rests with state and city officials, but many local officials have asked for guidance, Dr. Cetron said. The federal government has taken primary responsibility for developing and stockpiling vaccines and antiviral drugs, as well as masks and some other supplies.

The new guidelines are partly based on a recent study of how 44 cities fared in the 1918 epidemic conducted jointly by the disease centers and the University of Michigan’s medical school. Historians and epidemiologists pored over hospital records and newspaper clippings, trying to determine what factors contributed to the varying impact.

A few small towns escaped the epidemic entirely by cutting off all contact with the outside, but most cities took less drastic measures. Those included isolating the sick and quarantining homes and rooming houses; closing schools, churches, bars and other gathering places; canceling parades, ballgames and other public events; staggering factory hours; discouraging use of public transport; and encouraging use of face masks.

The most effective approach seemed to be moving early and quickly. “No matter how you set up the model,” Dr. Howard Markel, a leader of the study, said, “the cities that acted earlier and with more layered protective measures fared better.”

Any pandemic is expected to move faster than a new vaccine can be produced; current experimental H5N1 vaccines are in short supply and are based on strains isolated in 2004 or 2005. Although the government is creating a $4 billion stockpile of the vaccine Tamiflu, it is useful only when taken within the first 48 hours, and Tamiflu-resistant strains of the flu have already been found in Vietnam and in Egypt.

“No one’s arguing that by closing all the schools you’re going to prevent the spread,” Dr. Markel added. “But if you can cut cases by 10 or 20 or 30 percent and it’s your family that’s spared, that’s a big deal.”

School closings can be controversial, and picking the right moment is hard because it must be done before cases soar.

Several public health experts praised the guidelines, though there were objections to some aspects.

Dr. Michael T. Osterholm, director of the Center for Infectious Disease Research and Policy at the University of Minnesota, said he saw no point in worrying about exactly when to close schools, because his experience in meningitis outbreaks convinced him that anxious parents would keep children at home anyway.

“I don’t think we’ll have to pull that trigger,” Dr. Osterholm said. “The hard part is going to be unpulling it. How do the principals know when schools should open again?”

Other experts said that children out of school often behaved in ways that still put them at risk. Youngsters are sent to day care centers, and teenagers gather in malls or at one another’s houses.

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"We'll be facing the same problem, but without the teaching," said Dr. Irwin Redlener, director of the National Center for Disaster Preparedness at the Mailman School of Public Health at Columbia University. "They might as well be in class."

Dr. Cetron said that caring for children in groups of six or fewer would cut the risks of transmission. He also said that parents would keep many children from gathering.

"My kids aren't going to be going to the mall," he said.

The historian John M. Barry, author of "The Great Influenza" (Viking Adult, 2004), questioned an idea underpinning the study's conclusions. There is evidence, Mr. Barry said, that some cities with low rates of sickness and death in 1918, including St. Louis and Cincinnati, were first hit by a milder spring wave of the virus. That would have, in effect, inoculated their citizens against the more severe fall wave, and might have been more important than their public health measures.

Sites Of Risky Levees Listed (USAT)

By Peter Eisler

USA Today, February 2, 2007

WASHINGTON — Bowing to demands from news organizations, the Army Corps of Engineers revealed the locations Thursday of 122 levees nationwide that are so poorly maintained they could fail in a major flood.

Some of the substandard levees protect densely populated areas, such as Springfield, Mass., Albuquerque and Sacramento. Many others are in rural areas, where they shield valuable farmland but relatively few people.

Maj. Gen. Don Riley, director of civil works for the corps, said he does not know how many people live near the levees or what the required repairs might cost. He said communities have one year to fix the problems.

If a levee's deficiencies are not corrected, people living nearby might have to buy flood insurance.

Some local officials said they need more time to find ways to pay for the repairs, which typically cost millions of dollars.

"A year may be too short for folks to respond and to have the resources to respond," said Susan Gilson, who heads the National Association of Flood & Stormwater Management Agencies, which represents local levee operators.

In many cases, the levees were built by the corps and turned over to local communities, which are responsible for maintenance. In those cases, Gilson said, "there should be a commitment at the federal level to share costs."

Some local officials first learned of the problems this week, after USA TODAY reported Monday that the corps had found 146 levees with problems so severe that floods could overwhelm them. The corps, which inspects about 2,000 levees nationally, refused at that time to list the specific levees.

USA TODAY and the Associated Press then requested the list under the Freedom of Information Act.

The full list can be seen at news.usatoday.com.

Riley said the corps wanted to wait to release the list until it finished notifying all communities responsible for maintaining those levees. He noted that 24 levees were dropped from the earlier count because some communities have corrected the problems. He said that the corps "will likely find more (levees) that are deficient" when additional inspections and reviews are done in the coming months.

Most of the levee problems found by the corps stemmed from tree and brush growth, animal burrows and erosion, Riley said.

"What we're doing at this point is making sure the maintenance requirements are met and having meetings with the levee owners … to make sure they understand what they need to do," Riley said.

If the levees aren't fixed:

·The corps could remove the levees from its inspection and rehabilitation program. That means the communities that own the levees would be ineligible for federal assistance to repair any damage the levees might suffer in a major flood.

·The Federal Emergency Management Agency could decide not to consider the levees adequate flood controls. Properties behind those levees would then be deemed high risks for flooding, and owners could be required to buy flood insurance policies costing hundreds of dollars a year or more.

Engineers Say 120 Levees Are Flood Risk (NYT)

By The New York Times

The New York Times, February 2, 2007

More than 120 levees around the country could fail in a major flood and need to be better maintained, the Army Corps of Engineers said yesterday.

The problems that led to what the corps called "unacceptable maintenance ratings" included erosion, tree growth on or too near levees, animal burrows and shifting soil.

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California has the largest number of problems, 37, and Washington State has 19. Louisiana has no levees on the list, said Maj. Gen. Don T. Riley, director of civil works for the corps, because those on the Mississippi River are well maintained and those around New Orleans are being rebuilt and strengthened after Hurricane Katrina.

The list and more information are at www.hq.usace.army.mil /cepa/releases/leveesafety.htm.

In most cases, the corps built the levees and handed them over to local communities to maintain them.

The new assessment inevitably misses many local levees whose owners have not tried to meet federal standards and would not have been counted, General Riley said.

There is more work to be done, he said, adding, "It is a concern."

General Riley said the corps would send the information to the Federal Emergency Management Agency, which runs the National Flood Insurance Program.

If the program determines that the levees are not adequate, flood insurance rates for people living near them could increase.

The corps is looking at 2,000 levees.

FBI/DEA/ATF/USMS:

Colombian Drug Kingpin Sentenced To 40 Years In Prison (AP)

AP, February 2, 2007

TAMPA, Fla. -- A Colombian drug kingpin was sentenced to 40 years in prison Thursday and must forfeit $110 million, authorities said.

Joaquin Mario Valencia-Trujillo, 49, was sentenced in federal court after being convicted in October on trafficking and money laundering charges, the Justice Department said.

Valencia-Trujillo was arrested in Bogota, Colombia, in January 2003 and later extradited to Florida. He was arrested on charges of conspiracy to import cocaine, conspiracy to possess with intent to distribute cocaine and conspiracy to engage in money laundering.

During his trial, Valencia-Trujillo was described as the supplier of over 100 tons of cocaine annually to the United States since the early 1990s until his arrest.

"The Valencia-Trujillo case serves as another example of the cooperation and commitment of the United States and Colombia to the counterdrug effort," said U.S. Attorney Paul I. Perez. "The human misery and societal cost for which this defendant is responsible immeasurable. The punishment is well-deserved and long overdue."

Telephone messages left after hours at the offices of Valencia-Trujillo's attorneys were not immediately returned.

20 Members Of Violent Street Gang Arrested In New Jersey Raids (NYT)

By David Kocieniewski

The New York Times, February 2, 2007

WEST TRENTON, N.J., Feb. 1 — Staging a series of raids that ranged from the suburbs of Philadelphia to the Jersey Shore, the police on Thursday arrested 20 members of a street gang that is accused of widespread drug dealing and gun violence in Trenton and central New Jersey, the authorities said.

Col. Joseph R. Fuentes, the New Jersey State Police superintendent, said the organization, a faction of the Bloods who referred to themselves as "Money, Sex, Murder," are considered the state's most violent youth gang and are believed to have been involved in as many as 19 of the 31 homicides in Trenton in 2005.

The raids on Thursday, which began before dawn and ended about 9:30 a.m., produced 300 grams of crack cocaine, 3 pounds of powdered cocaine and 9 illegal weapons, including a loaded Mac-11 submachine gun equipped with a silencer, the authorities said.

Most of those apprehended in the raids face charges of racketeering, conspiracy, extortion, money laundering or drug crimes; two were charged with murder. The authorities said that at least five other suspects were still being sought.

Gang members — many of them with prominently displayed dog paw tattoos on their necks and faces — were also believed to be at the center of a five-day shooting spree in March and April 2006 that left 15 people in Trenton wounded. The shootings, with one victim a 7-year-old girl who was wounded in the face, brought an outcry from community leaders.

The raids were the second major wave of arrests the New Jersey State Police have conducted since adopting a new strategy that focuses resources of more than a dozen state and federal law enforcement agencies not on the most visible gangs, but on the most violent.

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"The not-so-subtle message is this," Colonel Fuentes said. "The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors."

New Jersey has seen a significant rise in gang violence in recent years as small groups of local drug dealers and street criminals have banded together in cities, suburbs and small towns across the state. While many have adopted the rules, rituals and violent street code of established national gangs, most operate independently. Lt. Col. Frank E. Rodgers, the state police deputy superintendent of investigations, said New Jersey was now home to at least 700 gangs with 20,000 members, many of whom were brought into the organizations while in prison.

In many crime-ridden neighborhoods, teenagers say they feel pressured to join gangs to protect themselves from street violence, and are then forced to commit crimes to maintain their status within the groups. The problem has become so pervasive that some communities, like the Trenton suburb of Hamilton, have enacted ordinances that make it a crime to recruit gang members near schools.

In July, the authorities carried out the largest gang-related operation in state history, arresting more than 60 members of the "Nine-Tre" set of the Bloods, who operated across the state. Evidence seized in that case led to the arrests on Thursday.

Gregory A. Paw, director of the criminal justice division in the state attorney general's office, said the Money, Sex, Murder gang used a sophisticated structure to manage a lucrative drug and cocaine business and was quick to use violence to protect and expand its operations.

Trenton's police director, Joseph J. Santiago, said that the arrests would help reduce some violence, but that the city was still plagued by far too many street gangs.

"We're going to keep coming after them," he said.

State, Federal Authorities Round Up Suspected Bloods Gang Members (NSDY/AP)

By Angela Delli Santi, Associated Press Writer

Long Island Newsday, February 2, 2007

TRENTON, N.J. -- State and federal agents rounded up 17 members of the Bloods street gang in a series of raids Thursday that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Fairless Hills, Pa., after a 10-month investigation. They are suspected members of the Sex Money Murder set of the Bloods, whose major source of money was drug trafficking.

Attorney General Stuart Rabner said the operation, the second major anti-gang initiative in seven months, is part of "a new, aggressive law enforcement model that we're using to take down the most violent street gangs."

"This enforcement angle is a critical component of an overarching gang strategy," Rabner said.

The strategy will emphasize ways to prevent at-risk youth from joining gangs, and for those who do, a focus on their re-entry into society when leaving jail after long sentences, he said.

Five-hundred packets of heroin, a half-kilo of cocaine, nine weapons and $80,000 in cash were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing. Bails were set from $350,000 to $1 million. The suspects face a variety of drug charges, and two suspected gang leaders are also charged with conspiracy to commit murder.

Warrants have been issued for six additional gang members, Rabner said, and four others who hadn't been identified previously were swept up in the raids.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dawg Pound. The nickname was taken from the gang's own references to its members and because gang members wore a trademark tattoo of a dog's paw print.

State Police Superintendent Col. Rick Fuentes said the investigation was triggered by 19 gang-related murders in Trenton in 2005 and a five-day shooting spree in the city last March and April that wounded 15 people including a 7-year-old.

"The not-so-subtle message from us here in this room to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors.

"This has been our strategy in previous gang investigations," Fuentes said. "It's a strategy that works."

Authorities said 11 of those arrested were part of the Trenton gang, while the rest belonged to the Monmouth-Ocean gang.

Thursday's raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

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Fuentes said information gathered during that investigation helped launch Operation Dawg Pound.

Municipal police in the Monmouth and Ocean county towns of Asbury Park, Dover Township, Ewing, Freehold Borough, Jackson Township, Lakewood and Long Branch participated in the raids.

Bloods Targeted In Series Of Raids (PHI)

By George Anastasia

The Philadelphia Inquirer, February 2, 2007

More than a dozen suspected members of the Bloods street gang were arrested yesterday, and six others already in jail were served warrants, as state, county and local police completed a series of raids in Mercer, Monmouth and Ocean Counties.

Police also arrested one suspect in Fairless Hills as part of the New Jersey State Police Operation "Dawg Pound," the latest salvo in a crackdown on local members of one of the most notorious gangs in the country.

In all, 25 reputed gang members were targeted in yesterday's action. Five were listed as fugitives last night.

"The message is: The more you shoot, the more we fire back" with intense investigations, said Col. Rick Fuentes, superintendent of the New Jersey State Police.

Fuentes and New Jersey Attorney General Stuart Rabner announced the arrests during a news conference at state police headquarters in West Trenton attended by representatives of most of the 17 federal, state, county and local law enforcement agencies that took part in the investigation or yesterday's roundup.

Most of those arrested were charged with racketeering and drug trafficking. Two of the leaders of the Monmouth County gang were also charged with conspiracy to commit murder, Rabner said.

Rabner said the investigation focused on two "sets," or local branches, of the gang - one based in Trenton and the other in the Freehold area of Monmouth County.

Eleven members of the Trenton organization, which used the slogan "Sex Money Murder," and six members of the Monmouth County group were arrested or served warrants during yesterday's action. Three other people were also charged during the raids with related offenses, police said.

The five fugitives are members of the Trenton set, authorities said.

County and local police, the FBI, the Drug Enforcement Administration, and the state police took part in yesterday's action. In addition to the arrests, authorities seized three pounds of cocaine, one-half kilogram of crack cocaine, 500 packets of heroin ready for street sale, $100,000 in cash, and nine weapons, including a loaded Mac-11 submachine pistol.

Rabner said the gangs were structured, disciplined, and heavily involved in narcotics trafficking. He said yesterday's raids, the result of intelligence gathering, analysis, and cooperation and collaboration among law enforcement agencies, was an example of how authorities intend to "attack and dismantle" street gangs.

The operation was dubbed "Dawg Pound" because members of the Bloods traditionally sport a tattoo of a dog's paw, authorities said.

Fuentes said the investigation grew out of intelligence gathered during and after another state police operation that targeted the Nine-Trey set of Bloods in Trenton last year.

Police have attributed 19 of the 31 reported homicides in Trenton in 2005 to the Bloods and say the Bloods were behind a five-day shooting spree in the spring of 2006 in which 15 people, including a 7-year-old, were wounded.

Those charged yesterday included Antonio Merritt and Bobby Williams, both 27, who were identified as the leaders of the Trenton set. Merritt was served a warrant in the Mercer County Correctional Facility, where he is awaiting trial on separate charges related to gang activity.

Williams was picked up in Fairless Hills. He also faces a federal drug-trafficking charge, Rabner said.

Most of those arrested yesterday were in custody, with bails ranging from $250,000 to $1 million. Three juveniles picked up during the raids were to be released to the custody of their parents.

Gang Probe Brings Arrests (TTNJ)

By Kevin Shea

Trenton Times (NJ), February 2, 2007

15 suspects rounded up across three counties

When a gang's bullet slashed through both of 7-year-old Tajahni que Lee's cheeks March 31 last year as she rode her bike in front of her Trenton home, the crime not only shattered a little girl's smile but ripped through the city as well, which was still reeling from a record 31 murders in 2005.

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Lee's wounding and a preceding series of gang shootings unsettled the city, but those clouds had a silver lining that that was revealed yesterday when local, county, state and federal authorities announced the end of a 10-month investigation of the gang suspected of the crimes, the Sex Money Murder Bloods.

Starting at dawn yesterday, more than 150 law enforcement officers set out in Mercer, Monmouth and Ocean counties with a stack of arrest warrants charging about two dozen suspected members with everything from racketeering to drug charges to weapon possession violations.

By the time state Attorney General Stuart Rabner announced the probe in the afternoon, officers had apprehended 15 people and served charges against six gangsters who were already behind bars on other charges. Eleven of the suspects are from Trenton's branch of the gang.

The suspects will have their first court appearances today in state Superior Court in Mercer County where prosecutors will press for a minimum of $500,000 bail for each, and in some cases $1 million, Rabner said. The suspects will come into court in handcuffs and likely leave wearing them as well, a sight Rabner wishes all young people who emulate gangsters or are thinking of joining a gang could see.

"To see the reality of what life in a gang really is," he said.

The probe was called Operation Dawg Pound, since Bloods gangsters refer to themselves as "dawgs" and favor tattoos that il lustrate dog paw markings.

The state police have led several similar gang operations in the past several years as gang violence has risen across the state. This one, Rabner and state police Superintendent Col. Rick Fuentes said, specifically came from the Lee shooting and Trenton events of March 2006. Trenton police played a leading role in the investigation, he said.

The probe would eventually confirm that the Sex Money Murder Bloods had spread to areas of Monmouth and Ocean counties, like Asbury Park, Neptune, Long Branch and Lakewood, all which have seen a rise in gang-related shootings in the past few months.

Rabner said gangs operated separate sets in the Trenton and Monmouth/Ocean areas. Antonio Merritt, 27, of Trenton, is the Original Gangster or O.G., of the Tren ton set. Valdo Thompson, 21, of Jackson is the O.G. of the Monmouth/Ocean set.

Merritt, who is in the Mercer County Corrections Center on other charges, faces charges he led an organized crime syndicate, a narcotics trafficking network and related racketeering charges.

Also snared in the probe was Bobby Williams, 27, of Southard Street, Trenton, who was appre hended early yesterday at a Falls, Pa., residence. Williams has Sex Money Murder gang affiliations, but his main impact is as a drug importer and seller authorities described as a "hybrid drug dealer" who would sell to other gang sets.

Rabner reiterated that gangs, while they are about power, colors and turf, and have an organized, hierarchical code of conduct, are fundamentally drug dealers. "They establish a network to sell this poison on our streets," he said.

U.S. Drug Enforcement Administration agents arrested Williams, who will be charged with federal drug crimes, officials said.

As for the Trenton beginnings of the investigation, Police Director Joseph Santiago said the successful overall operation amounted to a partial victory in the Lee case, which initially crumbled after city police arrested two Sex Money Murder suspects. Days after their arrests, prosecutors dismissed the case against them for lack of evi dence amid allegations that police rushed the case because of political pressure to solve it.

One of the suspects charged in Operation Dawg Pound, 23-year-old Reginald Jackson of Chesnut Street in Trenton, is be lieved to have been involved in the Lee shooting, but was not charged last year, Santiago said. He is charged with racketeering and drug charges in this case, not the Lee shooting, officials said.

"Even though the individuals were not brought to justice for that," Santiago said of the Lee shooting, "they were brought to justice in other ways," he said, referring to the operation and Jackson.

"In some sense, we have a little bit of closure," Santiago said.

Informed of the fact that Lee's shooting prompted such a massive targeting of the gang, Tajahnique's great-grandmother, Candy Lee, said, "That's great news."

Standing inside her home on Coolidge Avenue, where the girl was shot outside, Candy Lee confirmed the now 8-year-old no longer lives at the residence, and she would not comment on where she is. Saying the matter is personal, Lee referred all questions to the family's spokesman, Emmanuel Av raham, who did not immediately return phone calls yesterday seek ing comment.

The overall message to gangsters, Fuentes said is, "The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors." The colonel said he'd like to stop standing at podiums, announcing such operations.

"All the gangs have to do is quiet down ... and not commit crimes," he said.

Contact Kevin Shea at kshea@nj times.com.

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17 Arrested In Bloods Gang Sweep (APP)

Asbury Park Press, February 1, 2007

EWING — State, federal and local law enforcement officials arrested 17 adults in a new offensive against the Bloods street gang today.

Operation Dawg Pound targeted the gang's presence in central New Jersey — predominantly in Mercer, Monmouth and Ocean counties. Charges included conspiracy to commit murder, racketeering, distribution of CDS, and transfer of weapons.

Among those arrested were Zachery Butts of Freehold, who had been previously arrested by Lakewood police in December. A handgun possessed by Butts seized in the Lakewood arrest was traced to the murder of Keith T. Mason in Long Branch, police said. Butts was out on bail when he was arrested this morning. Charges against Butts include illegal transfer of weapons.

Evidence seized in this morning's action supported the murder charges previously filed against Valdo Thompson Jr. of Jackson and Carl Holdren of Lakewood for their role in the November 2006 slaying of Michael Montgomery in Long Branch, according to authorities.

Also arrested this morning were Wesley Kelly of Ocean Grove and Michael Gunther of Howell, both on drug charges. Two juveniles from Ocean County were also taken into custody on drug charges.

The arrests were announced by state Attorney General Stuart Rabner; State Police Superintendent Colonel Rick Fuentes; Criminal Justice Director Gregory Paw; and Gerard P. McAleer, U.S. Drug Enforcement Administration Special Agent in Charge. The announcment took place in the newly opened Regional Operations Intelligence Center at State Police headquarters.

"Today's operation reflects a new, aggressive law enforcement model that we're using to take down the most violent street gangs," Rabner said. "It's a model that starts with effective intelligence gathering by the State Police and other agencies, and brings in state prosecutors at the outset, to ensure that we dismantle the hierarchy of these gangs with solid cases. We will continue to work with our many law enforcement partners to target gangs terrorizing our communities."

Suspected Bloods Rounded Up In Pa., N.J. (CHCP)

Cherry Hill (NJ) Courier-Post, February 1, 2007

TRENTON — State and federal agents rounded up 20 members of the Bloods street gang in a series of raids today that began before dawn and spanned three New Jersey counties and Bucks County in Pennsylvania.

Authorities said gang members were arrested in Monmouth, Mercer and Ocean counties in New Jersey and in Bristol, Pa. They are suspected members of the Sex Money Murder set of the Bloods.

Nine weapons were seized in the raids, which ended around 9:30 a.m.

The suspects were taken to the state police complex in Hamilton Township, Mercer County, for processing.

Warrants have been issued for five additional gang members, authorities said.

Numerous federal, state and local police agencies were involved in the raids, known collectively as Operation Dog Pound.

A briefing on the operation was scheduled for this afternoon at the state police's Regional Operations Intelligence Center, known as The Rock, at the West Trenton headquarters.

The raids were similar to a gang takedown in July in which more than 60 members of the Nine Tre Gangsters were arrested in cities across the state, including four gang leaders who authorities said were directing gang activities from inside state prison.

The Nine Tre's are a notoriously violent set of the Bloods street gang.

Troopers Arrest 17 In Effort To Dismantle A Violent Gang (NSL)

By Rick Hepp, Star-ledger Staff

Newark Star-Ledger (NJ), February 2, 2007

State Police yesterday arrested 17 suspected leaders of a violent street gang that has kept a stranglehold on vast areas of central New Jersey by employing a volatile mixture of guns and drugs.

More than 300 federal, state and local law enforcement officers fanned out in the early morning hours to dismantle two chapters of the Sex Money Murder street gang. While operating mainly in Trenton, Asbury Park and Long Branch, the chapters also trafficked cocaine and heroin in suburban towns like Dover, Ewing, Freehold, Jackson and Lakewood.

The State Police launched the investigation following a five-day shooting spree in Trenton last spring that left 15 people wounded, including a 7-year-old girl, State Police Superintendent Rick Fuentes said. Detectives quickly identified the Sex Money Murder chapters as the main gang threat in the state's capital.

"The not-so-subtle message to the street gangs is this: The more you shoot, the more we will fire back with an arsenal of detectives, investigators and prosecutors," Fuentes said.

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The suspects arrested yesterday include Antonio Merritt and Bobby Williams, both 26, both from Tren ton, whom Attorney General Stu art Rabner identified as the heads of the two chapters. Both are charged with racketeering, leading a narcotics trafficking network, leading an organized crime syndi cate and distribution of narcotics.

Merritt, who has been accused of threatening the lives of police officers in the past, was being held in the Mercer County Correctional Facility on separate drug charges when he was served yesterday with an arrest warrant, Rabner said.

Williams, meanwhile, also was charged yesterday by U.S. Drug Enforcement Administration agents for selling $3,000 worth of crack cocaine on two separate occasions to an undercover informant. Rabner said his office asked the DEA to file the charges in federal court because the counts carry a potential life sentence for Williams if convicted.

As troopers conducted the investigation with assistance from various federal, county and local law enforcement agencies, they uncovered the gang's tendency to use murder, assaults and threats to protect their narcotics operation, Fuentes said.

Some of that evidence led to murder charges being filed against Sex Money Murder members Valdo Thompson, 21, of Jackson and Carl Holdren, 18, of Lakewood in the Nov. 21 slaying of Michael Montgomery, who was gunned down in Long Branch, according to the superintendent.

Thompson and Holdren, who have been held at the Monmouth County jail since their arrests, also were accused yesterday of conspir ing with fellow gang member Zach ery Butts to kill a rival gangster Dec. 28, authorities said. Troopers were able to disrupt the attempted murder before it occurred.

The investigation also connected a handgun seized from Butts with the murder of a 28-year-old Long Branch man, Keith Mason, who was found shot to death Dec. 14 inside his home. Three other members of Sex Money Murder have been charged in that murder.

The investigation is the second by State Police using its new "intelligence-led policing" strategy, which mixes police street smarts with computer databases to determine which criminal elements to target based on the threats they pose.

In July, the State Police ar rested 41 suspected leaders of the 9 Tre Gangsters, which was considered the state's bloodiest and most-feared street gang and sold heroin, cocaine and guns in communities from one end of New Jersey to the other.

Sex Money Murder "was No. 2 on the list" of most dangerous gangs in the state behind 9 Tre, said Lt. Col. Frank E. Rodgers, who commands the State Police investigations branch.

"I would argue that when we took them (9 Tre) off the list, then Sex Money Murder were the most violent," he said. "But we wiped these two sets out, they're gone now."

Rick Hepp may be reached at rhepp@starledger.com or (609) 989-0398.

State Police Arrest 25 Suspected Gang Members (WPVI)

WPVI-TV,, February 1, 2007

Police conducted a large-scale raid across our area Thursday morning that captured 25 suspected Blood gang members at 5 different locations in two states.

"The arrests are not just street level dealers; we have the leadership of these sets under arrest," said NJ Attorney General Stewart Rabner.

One by one, more than two-dozen gang members and associates were hauled in by police from 18 different agencies. They were arrested in early morning raids for a laundry list of offenses stemming from the sale of drugs.

Lt. Col. Frank Rodgers of the NJ State Police said, "These folks are charged with racketeering to include homicide. They'll stop at nothing."

Among those arrested today at locations in Hamilton, Trenton, Bucks, Monmouth and Ocean Counties was 27-year-old Antonio Merritt of Trenton - identified as the leader of Sex Money Murder, which is a sub set of the Bloods street gang.

After a gang-shooting spree last Spring that left fifteen wounded in five days, including 7-year-old Tajanique Lee, the Sex Money Murder set was identified as the biggest threat statewide and to the Trenton community.

Trenton Police Director Joseph Santiago tells Action News, "We knew who we were going after, we knew what they were involved in."

Residents are glad Police are taking action.

Authorities admit that these arrests will not stop gang activity.

"If there are drugs there is money and its gonna to keep the gangs going so it's a never ending struggle," Ocean County Prosecutor Tom Kelaher told reporters.

But State Police have a message for the gangs that continue the violence.

Col. Rick Fuentes had a message for gang member: "So long as you engage in criminal activity, so longs as you go to the waist band and use that gun, we're going to continue to chase you down."

DOJ_NMG_0126757

Major Gang Crackdown In The Garden State (WABC)

WABC-TV,, February 2, 2007

New Jersey authorities spent the morning executing raids and arresting dozens of suspected members in several cities.

New Jersey reporter Anthony Johnson is live in Hamilton with the story.

All of the alleged gang members were brought to the state police processing center.

After the early morning raids that took place in places like Monmouth County, Ocean County, and Mercer County. Specifically in places like, Asbury Park and Trenton, New Jersey.

State police say this is a major assault on the "Bloods" street gang, which have become notorious across the state for drug activity and gun violence.

Police are planning a news conference this afternoon in West Trenton, New Jersey. They will have all of the details about this gang arrest all across New Jersey.

'BOBO' GETS 11 YEARS ... Kittitian Man Put Away In US Jail (SKN)

Sun St.Kitts/Nevis, February 1, 2007

In about 11 years' time, Glenroy 'Bobo' Matthew could be released from a US Federal prison to be reunited with his family in St. Kitts.

Earlier this week, Matthew was sentenced by US District Court Judge, K. Michael Moore to spend 135 months behind bars, to be followed by five years of supervised release.

The punishment was handed down on Monday, three months after he pleaded guilty to conspiring to import cocaine into the United States.

According to a press release posted on the Web site of the United States Attorney's Office of the District of Florida, Matthew was the last of four defendants to be sentenced for participating in a conspiracy that was led by former Jamaican Shower Posse leader Charles "Little Nut" Miller.

"The case was the result of a joint ICE and DEA investigation of AmeriJet International employees who were using the freight air carrier to smuggle cocaine into Miami from various Carribean Islands. Matthew was the exclusive agent for AmeriJet on the island of St. Kitts. Acosta commended the tremendous investigative efforts of the ICE, DEA, Serious Crime Group New Scotland Yard and The Royal St. Christopher and Nevis Police. The case was prosecuted by Assistant United States Attorneys Russell R. Killinger and Todd Mestepey," the release added.

Matthew along with Noel 'Zambo' Heath were both extradited to the US last March in respect of charges of conspiracy to supply and to import cocaine into that country – Heath into New York and Matthew into Florida.

Heath and Matthew were picked up in the early morning hours of 22 December, 2005 and were both committed to prison to await their surrender to the government of the US to stand trial, in agreement with a Privy Council ruling that the appellants be committed without further delay.

The extradition process of Heath and Matthew began in 1996 when Prime Minister, Dr. Denzil Douglas, was then minister of foreign affairs and it was at that time too, that the case was passed over to the court for consideration.

Heath and Matthew's extradition to the US came after a 10-year legal battle which was heard at every level of the judicial structure, right up to the Privy Council which is the country's highest and final court.

According to Dr. Douglas, the extradition order took effect on 2 March, 2006 when the men were handed over to officials of the Drug Enforcement Agency of the United States.

"This court ruled that these two nationals should be extradited to answer the charges that have been laid against them in the United States.

A final review of certain issues not related to the interpretation of the law raised on behalf of Heath and Matthew by their lawyer, was conducted by the relevant ministry and this government made a decision to obey the order of the court.

"It is never a happy circumstance for a country to turn its nationals over to another country for trial in a foreign court.

"My government looked at this situation long and hard and concluded that it was in the national interest that the law, deriving from international undertakings which we had solemnly agreed to be obeyed," Dr. Douglas said.

Douglas reiterated that his government has done its duty to protect the interest of its nationals after allowing Heath and Matthew to fully exhaust their rights before the courts.

Heath's fate will be decided later.

Georgia Man Arrested For Attempted Murder In Drug Raid In New York (AP)

AP, February 2, 2007

DOJ_NMG_0126758

BUFFALO, N.Y. (AP) A drug suspect from Georgia was charged Thursday with attempting to murder federal agents who were investigating reports of drug activity inside a Buffalo hotel room.

A federal indictment alleges that Camara Griffin of Atlanta stuck a loaded pistol into a hallway Jan. 11 at the downtown Comfort Inn and pulled the trigger after three Drug Enforcement Administration agents arrived at a room where hotel staff had reported smelling marijuana and seeing what appeared to be crack cocaine.

One of the room's occupants, Colin Greenaway of Buffalo, at first opened the door but tried to slam it shut when an agent identified himself, according to court papers.

After the agent wedged his foot in the door to hold it open, he and the two other agents ``then observed an arm holding a black handgun extend into the hallway from behind the door and sweep from side to side," an affidavit by one of the agents said.

Two of the agents said they heard two clicks as if the gun's trigger was depressed twice, the affidavit said.

The agents closed the hotel room door and after a few minutes talked Greenaway and Griffin into surrendering, Assistant U.S. Attorney Timothy Lynch said. Investigators found one ejected .40-caliber round in the room.

Griffin told authorities that he drove to Buffalo from Atlanta and was expecting a shipment of the drug Ecstasy, coordinated by Greenaway, to be delivered to him from Canada. He also acknowledged pointing the gun at agents, but said he thought they were going to rob him, the affidavit said.

In addition to attempted murder of federal agents, Griffin was charged with using a gun to interfere with DEA agents and using a gun for attempted murder. He would face up to 20 years in prison if convicted.

He and Greenaway were charged with conspiring to possess and distribute Ecstasy, and possession of a gun during a drug crime.

Greenaway also was charged with unlawfully disposing of marijuana prior to it being seized by DEA agents. Authorities said Greenaway admitted flushing marijuana down the toilet while agents were outside the door.

A third man who was at the hotel, Andre Bennett, was charged in the indictment with lying to federal agents. He identified himself as a childhood friend of Greenaway from New York City.

Former River Hill Teacher Sentenced In Drug Case (COLFL)

Columbia Flier, February 2, 2007

A former River Hill High School social studies teacher was sentenced in January to six and a half years in federal prison for a scheme to sell $50,000 worth of the drug methamphetamine.

On Jan. 19, U.S. District Court Judge Andre Davis sentenced Timothy Hartlove to 78 months in prison followed by three years of supervised release, said Marcia Murphy, a spokeswoman for Rod Rosenstein, the U.S. Attorney for the District of Maryland.

Hartlove, who taught social studies at River Hill from 2001 to September 2005, was arrested in September 2005 during a joint investigation by the U.S. Drug Enforcement Administration and Maryland State Police.

Authorities arrested Hartlove after he accepted a package with $50,000 worth of methamphetamine from a middleman working with agents and police, a DEA agent and spokesman said at the time of Hartlove's arrest.

In addition, a search of Hartlove's Baltimore residence turned up methamphetamine, Ecstasy, marijuana and a quart of GHB, a substance known as the "date rape drug," the agent said.

In April 2006, Hartlove pleaded guilty to charges that he conspired to distribute the methamphetamine.

School officials terminated Hartlove's contract with the school system in November 2005. While at River Hill, Hartlove taught Advanced Placement courses, coached the debate team and served as an adviser to the school's Gay Straight Alliance.

--ÊJennifer Surface

Man pleads guilty in July Columbia stabbing

A 26-year-old Baltimore man this week pleaded guilty to assault charges in connection with a July 2006 stabbing that occurred near the Columbia mall.

At a Jan. 29 hearing before Howard County Circuit Court Judge Diane Leasure, Montaque Edward Butler pleaded guilty to first-degree assault in the July 11, 2006 incident.

A crew working in the mall parking lot called police at about 3:30 a.m. July 11 to attend to a man who was suffering from multiple stab wounds, according to police.

The man, Leonard Marvin Brooks, of the 10200 block of Sherman Heights Place, in Columbia, had that morning fled his house following a domestic argument with his longtime friend, Butler, in which Butler stabbed Brooks in the neck and arm with a large kitchen knife, according to a statement read into the court record by Howard County Assistant State's Attorney David Lank.

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Butler attacked Brooks inside Brooks' townhouse, which is near the mall, after which Brooks ran to the mall parking lot calling for help, according to the statement. Brooks was transported to the University of Maryland Shock Trauma Center in Baltimore, where he was treated and released.

Howard County police arrested Butler at about 4 a.m. July 11, after he was observed walking near the intersection of Route 29 and Broken Land Parkway, in Columbia, with blood stains on his hands and clothing, police said.

Leasure is scheduled to sentence Butler March 5, said Wayne Kirwan, the spokesman for Howard County State's Attorney Timothy McCrone.

Prosecutors will seek a 15-year term for Butler, according to the statement Lank read in court.

-- Jennifer Surface

CA board to discuss president's contract

The Columbia Association Board of Directors will discuss CA President Maggie Brown's contract renewal at a closed meeting on Saturday, Feb. 3, board members said this week.

The meeting is closed because it involves a personnel matter.

The 10-member board is facing a 5-5 split on whether to give Brown --Êwho has been CA's president since 2001 --Êa three-year contract extension or to limit the extension to a year.

Brown's contract, which currently pays her $183,000 annually, expires April 30. Any decision on her renewal would need to receive a majority of votes from board members.

However, board vice chairman Philip Marcus, of Kings Contrivance, and members Philip Kirsch, of Wilde Lake; Gail Broida, of Town Center; Barbara Russell, of Oakland Mills; and Cynthia Coyle, of Harper's Choice, have said they will not approve extending Brown's contract for more than a year.

The five say they favor hiring someone who is better trained in certain management skills they believe the president needs, Marcus said.

On the other hand, board chairman Tom O'Connor, of Dorsey's Search, and members Henry Dagenais, of Long Reach; Pearl Atkinson-Stewart, of Owen Brown; Patrick von Schlag, of River Hill; and Miles Coffman, of Hickory Ridge, support renewing Brown's contract for a three-year term because they believe Brown's performance has been strong.

Von Schlag requested at the board's Jan. 25 meeting that O'Connor call the special closed session, and other board members agreed. The session is needed to allow the board a chance to hammer out a compromise on Brown's contract, Von Schlag said.

--ÊAndrei Blakely

Senior centers getting faster Internet service

Howard County's nine senior centers and four senior-plus sites now have faster Web service for seniors who take classes using the computer.

The upgrades came after county technology office staff linked the senior centers into the county's existing service, said Ira Levy, the county's director of technology.

The sites were previously user dial-up Internet service, which is much slower, Levy said.

"It was a big issue because some teachers were reluctant to teach courses that require images," he said.

For example, in a genealogy class it would take 20 minutes to load one document, Levy said.

The new technology will make it easier for seniors to shop and communicate with friends and family, he said.

"With a senior community that has challenges with transportation and mobility, this teaches them to be more self-sufficient," he said.

--Nate Sandstrom

County GOP seeks Board of Elections members

The Howard County Republican Central Committee is seeking two Republicans interested in serving on the Howard County Board of Elections.

As minority party, Republicans are entitled to nominate one regular board member and one alternate member. Alternate members vote at monthly meetings at which regular members can not attend.

As majority party, Democrats have two regular board memberships and one alternate member.

To qualify, a nominee must have been a registered voter in Howard County for the last five years. Board of Elections members are not allowed to participate in political activity during their four-year terms.

Republicans interested in serving can submit questions or a resume, including the reasons they are interested in the positions by e-mailing Trent Kittleman at trentkittleman@comcast.net no later than 5 p.m. on Feb. 5.

--Nate Sandstrom

DOJ_NMG_0126760

Similar Bombs In KC, Chicago (KCS)

By Mark Morris, The Kansas City Star

The Kansas City Star, February 2, 2007

A federal investigation is searching for possible ties between the explosive devices.

Federal agents on Thursday investigated whether similar bombs, each accompanied by a note and found a day apart in Kansas City and Chicago, were connected.

Authorities disarmed an explosive device in a downtown Chicago business Thursday afternoon, said Wanda Shipp, a spokeswoman for the U.S. Postal Inspection Service.

It resembled a pipe bomb found Wednesday morning in a Kansas City investment company's mail facility, she said.

A threatening note accompanied the Kansas City bomb. The device in Illinois also was accompanied by a note, though Shipp would not characterize it as "threatening."

The close timing of the discoveries was worrisome. Typically, postal inspectors investigate only a few instances of explosive devices sent through the mail each year, according to the agency's annual reports. One exception was 2004, when inspectors chased down 21 incendiary letters that a Nevada prisoner sent to state officials.

Dan Taylor, a regional spokesman for postal inspectors in St. Louis, said investigators were searching for links between this week's bombs.

"Any type of mail bomb complaint or investigation is the highest priority case the postal inspection service looks at," Taylor said.

The Chicago bomb was at a business at 311 South Wacker Drive, a 65-story skyscraper near the Sears Tower, Shipp said.

Bomb squads from the Chicago Police Department and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives defused the bomb, Shipp said. No one was injured.

In Kansas City, three federal law enforcement agencies continued working the case of the pipe bomb discovered Wednesday at an American Century Investments postal facility.

Postal Inspector Don Obritsch said investigators from his agency, the FBI and ATF were aggressively pursuing leads.

"The guys are working on it feverishly," Obritsch said. "It's a big deal to us."

An alert American Century mail handler discovered the bomb about 11 a.m. Wednesday. Employees at the mail facility near 34th Street and Broadway opened a package and saw a "threatening note and what appeared to be a suspicious device," said FBI spokesman Jeff Lanza.

Police were called, and a bomb squad defused the weapon, Lanza said.

American Century spokesman Chris Doyle said the company was back to normal Thursday but was considering ways to enhance safety procedures.

"The security and safety of our employees is the most important thing," Doyle said. "We're going to do what it takes to keep our employees safe."

Though Obritsch described Wednesday's bomb as an "actual I.E.D., improvised explosive device," he said it appeared more designed to frighten than kill.

"This was the real deal, but it was not primed to go off," Obritsch said. "To some extent, it was a device meant to scare people."

Michael P. Schmitz, an ATF spokesman, said that even if the sender didn't intend for the bomb to go off, it still posed a threat.

"If the components were there, it's dangerous," said Schmitz. "It could have blown up at a postal facility because it got too hot or there was too much friction. The fact that this didn't explode doesn't make it less of a case or a violation."

Lanza said law enforcement is not ready to comment on whether the bomb was addressed to an individual or the company. Obritsch said that investigators have not established a clear motive.

Those interested in learning more about how to screen suspicious mail or packages can call the Postal Inspection Service's local office at (913) 266-2400 or go to www.usps.com/postalinspectors.

Gang Members, Others Arrested On Gun Violations (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, February 2, 2007

SAN DIEGO – Eight gang members and five other men who sold weapons to a man posing as an illegal-gun dealer but who was working on behalf of federal authorities were charged with weapons violations Thursday.

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Eleven men were arrested Thursday. The other two were at Richard J. Donovan Correctional Facility in Otay Mesa on parole violations, officials said.

They are scheduled to appear Friday in San Diego federal court, and could face prison sentences of up to 10 years.

The arrests came as a result of a 9-month undercover operation that focused on buying guns from gang members in San Diego, Spring Valley and Lemon Grove, said Dan Dzwilewski, head of the FBI's San Diego office.

“San Diego gang members routinely buy and sell firearms as a commodity,” he said, noting several of the guns had been stolen in other states.

Ballistics testing linked one of the weapons to an East County homicide, investigators said, but would not give any details on that killing.

The weapons included semi-automatic pistols, revolvers, sawed-off shotguns and rifles.

The investigation was called “Operation Colt .45” and included the FBI, San Diego Sheriff's Department, San Diego Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives.

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Gun Dealer Pleads Guilty To Violation (CTPOST)

By MICHAEL P. MAYKO

Connecticut Post, February 2, 2007

Weapons charge could lead to jail term

BRIDGEPORT — Frank D'Andrea leaned against a wall outside a federal courtroom, nervously tried to manage a smile before saying, "I'm glad it's over."

With one word — "guilty" — D'Andrea, 62, of Soundview Drive, Shelton, ended his 36-year career as a federally licensed firearms dealer who operated stores in Bridgeport, Stratford and Milford.

Come April 20, D'Andrea faces anywhere from 37 to 46 months in prison and a $10,000 fine when U.S. District Judge Janet C. Hall sentences him for possessing a unregistered explosive device.

The device — a .12 gauge Cobra shotgun with a motorized barrel called a Streetsweeper — was found behind an office during an April 2005 audit conducted at the Stratford store by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosive Devices.

But that charge was only one of 12 in a federal indictment returned last spring against the gun dealer. In December, Assistant U.S. Attorney Stephen Reynolds vowed to go back before the grand jury and indict D'Andrea on more charges if a plea-bargain deal was not worked out.

Over the years, D'Andrea, a frequent critic of stronger gun laws, was no stranger to the ATF. They cited him in 1998 for record-keeping violations and issued him warning letters for similar problems in 2000 and 2001.

Yet, they also sought his help as a witness in some federal prosecutions.

It wasn't until U.S. Attorney Kevin J. O'Connor stepped in with his Project Safe Neighborhoods program that D'Andrea was prosecuted.

It began with the April 2005 audit of D'Andrea's Gun Case on Barnum Avenue. They found numerous record-keeping problems, including the unreported loss or theft of 74 firearms. That investigation led to a bigger probe in which one man was prepared to testify that he bought at least 18 guns for convicted felons at D'Andrea's store. Another, Frankie "The Terminator" Estrada, once Bridgeport's most violent and richest drug dealer, was ready to tell a jury he paid people to buy AK-47s, AR-15s, Streetsweepers and pistols from the store to arm his operation.

It continued in September 2005, when O'Connor had a billboard reading "Buy A Gun for a Criminal, Go To Federal Prison" installed just doors away from the Barnum Avenue store.

"Gun store operators are the first line of defense for helping to control the flow of illegal guns onto the streets," O'Connor said. "Those who blatantly disregard federal firearms possession and reporting laws will be investigated and prosecuted."

A resulting indictment accused D'Andrea of conducting faulty background checks; failing to report multiple sales to the same person and obstructing justice by shipping guns out of state to avoid their detection during the ATF audit.

In court papers, Reynolds said Estrada told authorities that two of the guns bought from D'Andrea's store were used to commit murders. Additionally, the drug lord now serving 29 years in prison said any guns used in shootings were sent to New York for drugs or cash.

Estrada told authorities that D'Andrea advised him how to structure the sales. This included having the people who bought the guns and filled out the paperwork pay cash for them, instead of Estrada. O'Connor claimed a third man told authorities he purchased 177 firearms from D'Andrea's store in a year. Several of those guns turned up in searches, the U.S. attorney said.

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Following his guilty plea, the usually talkative D'Andrea looked worn from the courtroom battle and another with prostate cancer.

Alan Sobol, D'Andrea's lawyer, said his client spends much of his days volunteering in the food pantry at the Sterling House in Stratford and at Bunnell High School.

Feds Investigate Gang, Charge Two For Cocaine (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, February 2, 2007

Two men, including a suspected gang member, have been indicted as part of a federal investigation that netted 14 pounds of cocaine worth about $100,000, federal officials announced Wednesday.

Federal prosecutors say that one defendant is a member of the Norteno street gang. The mostly Hispanic gang is rooted in California but has extended its presence and illicit drug dealing into Washington, primarily in the Yakima Valley, U.S. Attorney Jeffrey Sullivan said.

The Bureau of Alcohol, Tobacco, Firearms and Explosives' Violent Gang Task Force led the investigation.

This wasn't one of the larger recent drug busts, but federal officials used the arrests to showcase work of the task force, which includes investigators from Seattle police and the King County Sheriff's Office.

"Anytime you take that much dope off the street it's going to have significant impact on the distribution level in the city. Maybe short term, but it's still going to have an impact," said Special Agent Kelvin Crenshaw, who supervises the ATF's Seattle office.

The defendants were identified as Edward Martinez, 21, of Yakima and Cody Higgenbotham, 20, of South King County. Both men are being held in the Federal Detention Center in SeaTac. They were indicted this week on cocaine distribution charges and are scheduled to be arraigned Feb. 8 in U.S. District Court.

On Jan. 18, investigators arrested the two men at a Lake Stevens home in Snohomish County, where the two men had arranged to meet. The two defendants entered the home with a large paper bag, which concealed bricks of cocaine, federal officials said. A handgun and an Uzi semi-automatic gun also were confiscated.

Each defendant faces a mandatory prison term of 10 years.

Scott Gutierrez can be reached at 206-448-8334 or scottgutierrez@seattlepi.com.

IMMIGRATION:

Judge Nixes Louisiana State Law Banning Illegal Immigrants From Driving (FINDLAW/AP)

AP, February 2, 2007

(AP) - GRETNA, Louisiana-A state law requiring drivers from other countries to prove they are in the United States legally has been ruled unconstitutional.

In a decision handed down late Wednesday, State District Judge Jo Ellen Grant said the law, passed by state lawmakers as an anti-terrorism measure in 2002, illegally steps on federal immigration law.

The ruling applies only in Jefferson Parish. A similar challenge is pending in neighboring New Orleans.

The judge threw out the state's case against Omar Barrientos, who was stopped by police last March for having an expired license plate. At the time, he was carrying somebody else's Texas identification card, authorities said.

Under the law, any "alien student" or "nonresident alien" who drives in Louisiana must carry documents proving they are in the United States legally. Violators face up to a year in jail and a $1,000 (â,¬768) fine.

The law also requires state authorities to report violators to the federal Immigration and Naturalization Service.

Grant said the definition of "alien student" or "nonresident alien" was different from that contained in federal law. The identification requirement "exceeds the standard contemplated by federal immigration law," the judge wrote.

Melissa Crow, an attorney with the National Immigration Law Center who argued against the law, said the legislative history of the law's passage showed its intended purpose was to stop the use of fraudulent driver's licenses. However, most people booked with the offense do not have licenses, she said.

"We don't know if they pull someone over because they look Latino or if they are pulling over a bunch of people for traffic offenses," Crow said.

Immigration Raid Nets 53 In Texas (FINDLAW/AP)

AP, February 2, 2007

DOJ_NMG_0126763

(AP) - HOUSTON-Federal agents arrested 53 suspected illegal immigrants Wednesday after raiding a trash collection plant, officials said.

U.S. Immigration and Customs Enforcement officials said those arrested at the Republic Services Inc. plant near Houston face deportation. Many of the immigrants are from El Salvador, Mexico, Honduras and Nicaragua.

Agents detained workers hired through temporary agencies, said Will Flower, a spokesman for the Fort Lauderdale, Fla.-based company. The company has no oversight on how the temporary staffing agencies that provide workers to Republic comply with federal regulations, he said.

The company has yet to learn why some workers were arrested, Flower said.

"It could be as simple as they came to work without their green card," he said.

Republic Services had immigration problems in 2005 that resulted in a change of management at the plant.

"We believe we are in compliance with all applicable laws, rules and regulations," Flower said.

Those arrested could also face federal charges for violations that include re-entering the country after deportation and using fraudulent documents to gain employment, immigration authorities said.

Wednesday's raid is the latest in a string of immigration arrests in recent months, including nearly 1,300 in meatpacking plants in six states in December, and more than 750 in metropolitan Los Angeles last week.

New RNC Chief Backs Bill With Guest-worker Plan (WT)

By Donald Lambro

The Washington Times, February 2, 2007

Sen. Mel Martinez of Florida, the Republican National Committee's new general chairman, wants Congress to pass an immigration bill this year that will include a guest-worker program with "earned citizenship" requirements for illegal aliens.

Mr. Martinez, whose election encountered sharp opposition from some RNC members who think his support for giving illegal aliens a path to citizenship is a thinly veiled form of amnesty, said, "I don't support deporting these people because I don't believe that's a realistic approach."

In an interview with The Washington Times, his first since taking the helm of the RNC, he acknowledged the opposition to his election and his support for the Kennedy-McCain bill that called for a multistep process of earned amnesty for all but the most recent illegals. But he said, "My views on immigration are not well understood."

"I did support Kennedy-McCain. I did vote for that, but I had some amendments to that bill that made it, I think, more conservative. We need border security and strong assimilation. I voted for the 700-mile fence on the border. I'm a strong advocate of these things," he said.

"But I don't wake up every morning worrying about the issue. It's an important issue. It needs to be dealt with. But I don't have some agenda here," he said.

Asked what he would consider the ideal immigration bill, Mr. Martinez said he was working with Sen. Jon Kyl of Arizona and other conservative Republicans on a compromise that would call for a temporary-worker system along the lines that President Bush has proposed. "We're trying to see if something can be worked out," he said.

"I think it is important for people who would like to be American citizens, if they come here illegally, to pay some penalties for breaking the law, to undergo background checks, to see that they pass English proficiency tests and some sort of citizenship lesson, pay back taxes -- all the things that I think would be sensible for someone to earn a path to citizenship but not an immediate citizenship," he said.

Mr. Martinez said he realizes that any earned citizenship plan triggers opposition among many in his party but he hopes that a compromise can be reached around which the party can unite.

"I respect the right of some people to differ on whether I was the right person for the job or not. I was delighted that the opposition was as small as it was. I respect them, but then we move on," he said. "My election to the RNC was not about immigration. It's about the president's belief that my voice could help the party win elections."

Mr. Martinez also said the Republicans' internal political battle over immigration has alienated much of the Hispanic community, but he believes the fast-growing minority voter bloc is "absolutely not a lost cause" in the 2008 elections.

"We've done very well with Hispanic voters in the past. It's about reaching out and explaining our policies and what our party stands for," he said.

Mr. Martinez -- who fled communist Cuba as a youngster, a story that plays a central role in his political appeal -- outlined an ambitious Hispanic outreach effort that he said he will lead as party chairman over the next two years.

"I'll be speaking to Spanish media on radio and television, webcasts, podcasts and Hispanic groups, as [former RNC Chairman] Ken Mehlman did. We'll reach out very strongly. We're going to organize in the states in a way that will allow Hispanics to play a role in our party's politics," he said.

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But the one thing that worries him the most is the residual anger and discontent at the party's base that he says led to the House and Senate losses in November and represents a major challenge for Republicans to overcome in the 2008 elections.

"There is some anger out there at our party's grass roots. We have to show them we've heard their message loud and clear and that we understand it," he said. "We lost our path, our way. We didn't adhere to the Republican principles that made us very successful. We lost the optimism of Ronald Reagan and the idea of fiscal restraint, and obviously the Iraq war played a part as well."

But he said he is under no illusions about Republicans making a comeback in the next elections, noting that the party will have 21 senators up for re-election to only 12 for the Democrats.

"It's going to be a tough cycle, but we'll hold some and pick up some," he said.

Border Policy's Success Strains Resources (WP)

By Spencer S. Hsu And Sylvia Moreno

The Washington Post, February 2, 2007

RAYMONDVILLE, Tex. -- Ringed by barbed wire, a futuristic tent city rises from the Rio Grande Valley in the remote southern tip of Texas, the largest camp in a federal detention system rapidly gearing up to keep pace with Washington's increasing demand for stronger enforcement of immigration laws.

About 2,000 illegal immigrants, part of a record 26,500 held across the United States by federal authorities, will call the 10 giant tents home for weeks, months and perhaps years before they are removed from the United States and sent back to their home countries.

The $65 million tent city, built hastily last summer between a federal prison and a county jail, marks both the success and the limits of the government's new policy of holding captured non-Mexicans until they are sent home. Previously, most such detainees were released into the United States before hearings, and a majority simply disappeared.

The new policy has led to a dramatic decline in border crossings by non-Mexicans, according to the U.S. Immigration and Customs Enforcement agency.

But civil liberties and immigration law groups allege that out of sight, the system is bursting at the seams. In the Texas facility, they say, illegal immigrants are confined 23 hours a day in windowless tents made of a Kevlar-like material, often with insufficient food, clothing, medical care and access to telephones. Many are transferred from the East Coast, 1,500 miles from relatives and lawyers, virtually cutting off access to counsel.

"I call it 'Ritmo' -- like Gitmo, but it's in Raymondville," said Jodi Goodwin, an immigration lawyer from nearby Harlingen.

An inspector general's report last month on a sampling of five U.S. immigration detention facilities found inhumane and unsafe conditions, including inadequate health care, the presence of vermin, limited access to clean underwear and undercooked poultry. Although ICE standards require that immigrants have access to phones and pro bono law offices, investigators found phones missing, not working or connected to non-working numbers.

With roughly 1.6 million illegal immigrants in some stage of immigration proceedings, ICE holds more inmates a night than Clarion hotels have guests, operates nearly as many vehicles as Greyhound has buses and flies more people each day than do many small U.S. airlines.

Gary Mead, assistant director of ICE detention and removal operations, said the agency is proud of its record, calling Raymondville "a modern, clean facility" that meets federal standards -- "which we believe are among the highest you'll find anywhere." Mead added: "We think the conditions of confinement there are both humane and consistent with all the rights they should be entitled to."

Despite its spartan conditions, the facility in Willacy County, 260 miles south of Austin, is a key to President Bush's drive to create a channel for temporary foreign workers and a path toward legalization for as many as 12 million illegal immigrants living in the United States.

To do so, the government must convince skeptics that it can credibly enforce laws aimed at illegal immigrants and their employers, and can hold and deport those caught by the U.S. Border Patrol. At the same time, the administration and its allies argue that even additional detention beds will be overwhelmed without new channels for legal immigration.

Accordingly, the United States has embarked on a huge prison building and contracting campaign, increasing the number of illegal immigrants detained from 19,718 a day in 2005 to about 26,500 now, and a projected 32,000 this summer.

About 80 percent of ICE's beds are rented at 300 local and state jails nationwide, concentrated in the South and Southwest, or at eight sites run by contractors such as the Corrections Corporation of America and Geo Group Inc., in places such as Houston, San Diego and Aurora, Colo.

ICE recently added a 1,524-bed facility in Stewart County, Ga., and a 512-bed center in Taylor, Tex., for immigrant families, both run by Corrections Corp.

With the new beds, the administration has imprisoned and deported virtually 100 percent of non-Mexicans caught since August, under faster proceedings that deny hearings to all but asylum seekers.

The administration says this has deterred many others. After quadrupling over four years, the number of non-Mexicans apprehended fell 35 percent in 2006, to 108,026.

But immigration experts and U.S. authorities say the impact of the prison boom will be hard to sustain and still is absorbing only a drop in the bucket of illegal immigration. The Border Patrol made 1.1 million apprehensions last year -- mostly Mexicans who were promptly returned across the border -- but estimates 500,000 people evaded capture or entered legally and then overstayed visas.

An additional 630,000 are at large, ignoring deportation orders, and 300,000 more who entered state and local prisons for committing crimes are to be deported but will probably slip through the cracks after completing their sentences.

U.S. authorities acknowledge that gains from the latest crackdown will be fleeting without the major changes the president wants.

"The short answer is, it is not sustainable," Mead said. "There comes a point where we can't detain any more people. Hopefully, prior to getting there, the deterrence factor will kick in."

The increased tempo of operations is a strain. ICE has no modern nationwide system to track its facilities' populations. It relies on an antiquated computer system created in 1984.

Every day since July, six officers have manually tracked and transferred detained immigrants among 24 regional offices, matching bodies to vacant beds and airplane seats in a Detention Operations Coordination Center, Mead said. "We have all of the information," he said. "It's a question of automation."

Legal advocates contend that some of the older facilities where immigrants are housed are in deplorable condition and that growing pains afflict even new facilities.

Under fire in Taylor, for example, ICE has expanded hours of daily schooling for children from one to seven hours to meet Texas guidelines.

In Willacy County, one of the country's poorest, ICE has set up 10 huge tents on concrete pads, surrounded by 14-foot-high chain-link fences looped with barbed wire. Each "sprung structure" holds about 200 men or women, divided into four "pods." Similar temporary buildings were used for troop recreational facilities in Iraq.

The center is part of a chain of facilities in South Texas with 6,700 new immigration detention beds. At a cost of $78 a night per bed (compared with an ICE average of $95 a bed), the Willacy facility is not only cheaper than any bricks-and-mortar prison but also faster to construct, move or dismantle, Mead said.

Detainees are subject to penal system practices, such as group punishment for disciplinary infractions. The tents are windowless and the walls are blank, and no partitions or doors separate the five toilets, five sinks, five shower heads and eating areas. Lacking utensils on some days, detainees eat with their hands.

Because lights are on around the clock, a visitor finds many occupants buried in their blankets throughout the day. The stillness and torpor of the pod's communal room, where 50 to 60 people dwell, are noticeable.

Goodwin described a group of women who huddled in a recreation yard on a recent 40-degree day with a 25-mph wind. "They had no blanket, no sweat shirt, no jacket," she said. "Officers were wearing earmuffs, and detainees were outside for an hour with short-sleeved polyester uniforms and shower shoes and not necessarily socks."

Perhaps more troubling, lawyers said, large numbers of immigrants have been transferred from Boston, New York, New Jersey and Florida, far from their families and lawyers. Because some immigration judges do not permit hearings by teleconference, detainees are essentially deprived of counsel.

Immigration violators in the United States are held on civil grounds and have no right to appointed lawyers. But federal guidelines call for providing them law libraries, telephones and phone numbers for legal aid.

Joining a lawsuit last week, the American Civil Liberties Union alleged that severe overcrowding at a Corrections Corp. facility in San Diego poses an unconstitutional risk to detainees' health and safety, arguing that as administrative detainees, illegal immigrants should be treated better than convicted criminals.

The National Lawyers Guild and five other groups petitioned the Department of Homeland Security last month to set binding regulations for detention sites, saying U.S. standards set in 2000 are not enforceable.

And the New Jersey Civil Rights Defense Committee has announced a campaign to stop ICE's use of county jails.

"The standards are there," said David A. Martin, a former general counsel of the Immigration and Naturalization Service, ICE's predecessor agency, who advocates concentrating detention centers in perhaps 10 cities to ensure access to lawyers and oversight. "But there are some real indicators federal standards are not well monitored or policed. We ought to do better."

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TAX:

Protective Order Granted (NPLATTET)

By John Lindenberger

North Platte (NE) Telegraph, February 2, 2007

Attorney's representing Lowell Baisden have been granted a protective order preventing the U.S. Justice Department from using depositions of Burt McKeag, Evan Geilenkirchen and Jane Geilenkirchen, all of North Platte.

Baisden, the California accountant who has been accused of tax fraud, was to appear in U.S. District Court on Feb. 8 for a hearing to determine whether to grant the Justice Department's request for a preliminary injunction. On Tuesday, that hearing was continued to March 2 due to the court's heavy caseload.

The Justice Department claims Baisden has been promoting an illegal tax avoidance scheme to many of his clients. Among his current and former clients are seven North Platte health care practitioners.

Those who were scheduled to appear for depositions last week are all former clients of Baisden's who have hired new accountants to re-file their tax returns and correct the information reported by Baisden.

Prior court documents have stated that McKeag consulted a new accountant in 2003 to prepare an amended return and correct the false information Baisden had reported on his 2002 tax return.

The Geilenkirchens have also re-filed the tax returns prepared by Baisden and filed their own lawsuit against the accountant, seeking damages for the interest and penalties that have been assessed against them by the IRS.

Baisden's attorneys requested the protective order because they claim the Justice Department did not give reasonable notice. They were reportedly notified just one week prior to the depositions, which were scheduled for Jan. 26.

The attorneys representing Baisden indicated that the Justice Department had plenty of time to schedule these depositions since the motion for a preliminary injunction was filed four months ago.

Attorneys for the Justice Department opposed the protective order, stating the depositions are needed to clarify contradictory statements made by Baisden and that provisions were made for the defense to cross-examine by phone.

In addition to preventing the depositions from being used at the hearing, Baisden's attorneys have filed a supplement to their opposition against the preliminary injunction, claiming the Justice Department's case relies heavily on irrelevant facts and hearsay.

They also claim the Justice Department fails to provide proper expert opinion, offering the hearsay declarations of several of its IRS agents instead of declarations from Baisden's own clients.

"By contrast, Baisden has submitted various declarations (from himself and several of his clients) which lay out specifics demonstrating that he complied with internal revenue laws and regulations," the court document states.

The supplemental documents also provide further information on the corporation that Baisden helped establish for Drs. Walter and Deborah Weaver of North Platte to show that the purpose of this action was not to save taxes.

According to declarations from both Walter and Deborah Weaver, the couple purchased 2,200 acres of canyon land near Maxwell in 2003 at a cost of $357,837. This land has been used for cattle grazing and is being improved for recreational use as hunting ground.

The court documents state the Weavers have made significant improvements to the property and have hired a manager who handles contracts and other issues with the ranchers and other tenants.

The Weavers also purchased 90 acres of river ground in Sutherland in 2000 and are developing this property. In 2003, the couple formed the Axehandle Corporation in Nevada to develop and operate the two properties.

In their declarations, the Weavers state Axehandle was formed to produce income from real estate purchases and development, as well as for asset protection since the exposure to malpractice and civil suits is high for doctors.

However, the Weavers both reported that the corporation was not formed for the purpose of tax savings. They further claim Baisden never suggested that the purpose of the corporation was to hide assets or income from the government.

Baisden's attorneys report there was little net tax difference between reporting the Weavers' income on an individual return and reporting some activity on a corporate return and some on an individual return.

"A preliminary calculation of the Weavers' 2003 net tax savings from operating their business in the same corporation versus as a sole proprietorship yields less than $27,000 of tax savings," the court documents state.

Court Rejects Tax Shelter Once Sold By KPMG (NYT)

By Lynnley Browning

The New York Times, February 2, 2007

DOJ_NMG_0126767

A federal judge in Texas has ruled that a widely used aggressive tax shelter was based on fake bank loans and is therefore not legitimate, giving an unexpected boost to federal prosecutors overseeing a widening criminal investigation into tax shelters.

The shelter, known as Blips, plays a central role in the criminal inquiry of Deutsche Bank over questionable tax shelters and in the pending criminal trial in federal court in Manhattan of 16 former employees of the accounting firm KPMG and two outsiders.

The civil ruling on Tuesday by Judge T. John Ward of Federal District Court for the Eastern District of Texas will probably add ammunition to Manhattan prosecutors' arguments that Deutsche Bank acted improperly by providing fake loans for Blips and similar shelters. Judge Ware's is the first major civil ruling on the legitimacy of Blips, or bond-linked issue premium structure.

It is also likely to bolster prosecutors' case against certain KPMG defendants who are also named in the judge's ruling. They are John Larson, Robert Pfaff and David Amir Makov, all former employees of an investment firm called Presidio Advisory Services, now defunct. According to previously disclosed internal Deutsche Bank documents, Blips was created and sold primarily by Deutsche Bank, KPMG and Presidio.

Judge Ward's ruling is also notable in that it absolves of any guilt two wealthy Texas investors who bought Blips. The investors were Harold W. Nix and C. Cary Patterson, two lawyers on a legal team that earned sizable fees for winning a $17 billion tobacco settlement for Texas in 1998.

Mr. Nix and Mr. Patterson sued the Internal Revenue Service after it disallowed their claims for around $25 million each in losses stemming from Blips on their federal tax returns from 2000 through 2002.

Judge Ward ruled that both investors must pay the taxes they owe, but that they were not liable for multimillion-dollar penalties stemming from their use of Blips.

Judge Ward ruled that Mr. Nix and Mr. Patterson genuinely thought that what they were making a legitimate investment, that they learned only later of the tax benefits and that they reasonably relied upon the advice and opinions of their accountants and lawyers, including George A. Hrdlicka, a prominent Houston lawyer who told them that Blips was "above the board."

An I.R.S. spokesman, Terry Lemons, said, "We're reviewing the decision."

Blips, one of the most widely used aggressive shelters of the late 1990s through recent years, was sold to wealthy investors as a three-year, seven-stage investment that revolved around bank loans and trading of foreign currencies and securities.

But Judge Ward, echoing arguments made by Manhattan prosecutors pursuing Deutsche Bank and the KPMG group, found that Blips was not a real investment at all, that its loans were fake and that it had no economic substance or genuine business purpose — hallmarks of a bogus tax shelter.

Instead, investors in Blips always got out of the deals after around 60 days and shifted artificial losses from the fake loans to partnerships that were then used to improperly claim tax deductions.

The judge's ruling may also draw yet more companies into the widening criminal investigation, because it details how NatWest, a British bank now owned by Royal Bank of Scotland, knowingly provided the fake loans for Mr. Nix's and Mr. Patterson's shelters.

"NatWest and Presidio viewed the loan transactions as involving zero credit risks," Judge Ward wrote. "In truth, NatWest did not make any loans." NatWest, which is headquartered in London, could not be reached immediately for comment.

Another German bank, HVB Group, reached a $29 million deferred-prosecution agreement with the Justice Department in February 2006 after admitting to criminal wrongdoing in providing fake loans for Blips and other aggressive shelters. KPMG also admitted to criminal wrongdoing with Blips and three other shelters in its $456 million deferred-prosecution agreement in mid-2005.

In an earlier procedural decision last July, Judge Ward ruled that the I.R.S. had merely overstepped its authority when it retroactively applied tougher Treasury Department rules to liabilities like those used in Blips.

CONGRESS-ADMINISTRATION:

Bush Seeks Big Medicare And Medicaid Saving (NYT)

By Robert Pear

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — President Bush will ask Congress in his budget next week to squeeze more than $70 billion of savings from Medicare and Medicaid over the next five years, administration officials and health care lobbyists said Thursday.

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The proposals, part of a White House plan to balance the budget by 2012, set the stage for a battle with Congress over entitlement spending. Even some administration officials say they cannot imagine approval of such large cutbacks in a Congress now controlled by Democrats.

Mr. Bush is also expected to propose changes in the Children's Health Insurance Program to sharpen its focus on low-income families. The changes could reduce federal payments to states that cover children with family incomes exceeding twice the poverty level. Under federal guidelines, a family of four is considered poor if its annual income is less than $20,650.

The child health proposal, like those for Medicare and Medicaid, is likely to touch off a fight on Capitol Hill. Senator Hillary Rodham Clinton of New York and other Democrats are seeking major expansions of the children's health program, though they have not said how they would pay for the changes.

One measure of the political difficulty facing the president's plan for Medicare and Medicaid is that he sought $20 billion less in savings from the two programs last year, when Republicans controlled Congress, and few of those proposals were adopted.

Representative Charles B. Rangel, the New York Democrat who heads the House Ways and Means Committee, said Thursday: "There is a large area for potential compromise and agreement, but with these latest Medicare proposals, the president is just asking for controversy. He still acts as if Republicans were in complete control and Democrats had lost the election."

Mr. Bush has repeatedly said that Medicare has serious long-term financial problems, and many experts share his concern.

"If you want to balance the budget eventually and you do not want tax increases," said Joseph R. Antos, an economist at the American Enterprise Institute, "you have no choice but to propose substantial reductions in Medicare. The president's budget is an opening bid, the start of negotiations with Democrats over health care and other programs."

Taken together, Medicare and Medicaid cover more than one in four Americans. Federal spending for the two programs totaled $554 billion last year, or about 21 percent of all federal spending — a little more than Social Security. With no change in existing law, spending on the two health programs is expected to rise at a brisk pace, averaging more than 7 percent a year in the next decade.

Representative Jim McCrery of Louisiana, the senior Republican on the Ways and Means Committee, said: "The current rate of growth in Medicare, fueled by rising health costs and an aging population, is unsustainable. If Congress does not undertake sensible reforms soon, the system will be swamped as the baby boom generation begins to retire. Taxes will rise, benefits will be cut, and the entire economy will suffer."

Under the president's plan, some Medicare beneficiaries would shoulder added costs. At present, about 4 percent of the 43 million beneficiaries must pay more than the standard monthly premium — it is $93.50 this year — because they have high incomes: more than $80,000 for individuals and $160,000 for married couples. The president's budget would require more people to pay the higher premiums, but administration officials would not immediately provide details.

Most of the proposed savings, however, would come from health care providers. Mr. Bush is expected to propose freezing Medicare payments to home health agencies and reducing the inflation allowance paid to hospitals, nursing homes and other providers.

Hospitals plan to fight the president with lobbying and advertising. "Two-thirds of hospitals already lose money treating Medicare beneficiaries," said Richard J. Pollack, executive vice president of the American Hospital Association.

The president's budget also assumes that Medicare payments to doctors will be cut at least 8 percent next year, as provided under a formula in existing law.

Administration officials said Mr. Bush would not try to curb payments to private managed care plans, which currently enroll more than eight million Medicare beneficiaries. But many Democrats in Congress want to do so, because, they maintain, Medicare overpays the plans, which they see as a step toward privatizing the program.

Insurance companies are mobilizing beneficiaries to lobby against any cuts in Medicare payments to private plans. Mohit M. Ghose, a spokesman for America's Health Insurance Plans, a trade group, said, "Any cuts would take away benefits from millions of low-income people and members of minority groups, who enroll in private plans because they cannot afford the high out-of-pocket costs in the traditional Medicare program."

Budget Asks Rise in Pell Grants

The president's budget will propose raising the maximum Pell grant — the federal grant for low- and middle-income students to attend college — to $4,600, Education Secretary Margaret Spellings announced Thursday.

The announcement followed by only a day the Democratic-controlled House's passage of a $260 increase in the current maximum grant, to $4,310, under a catchall spending bill needed to address budget matters remaining from last year.

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Ms. Spellings's announcement suggests that the administration will try to emphasize access to education, an issue that Democrats have seized upon as the cost and debt burden of higher education continue to rise. Democrats have already proposed legislation in the Senate that, exceeding the administration's plan, calls for an increase to $5,100.

The last substantial increase was in 2001.

Bush's 2008 Budget Calls For Boost To Pell Grant (WP)

By Amit R. Paley

The Washington Post, February 2, 2007

The Bush administration yesterday proposed boosting the nation's main financial aid program for low-income college students by the largest amount in more than three decades, the latest in a flurry of measures this week by Congress and the White House to make higher education more affordable.

The president's 2008 budget, which will be unveiled next week, would increase the annual Pell grant next year by $550, to a maximum of $4,600, Education Secretary Margaret Spellings said yesterday. Grants, unlike student loans, do not need to be repaid.

"As costs skyrocket, it becomes increasingly difficult for middle-class families to afford college," Spelling said in a speech at North Carolina State University in Raleigh. "And for low-income, mostly minority students, college is becoming virtually unattainable. States, institutions and the federal government--we all must increase need-based aid."

Advocates for students hailed the proposed expansion of the Pell grant but cautioned that it would be meaningless if offset by cuts to other federal aid programs in the president's budget. Spellings did not say how the president would pay for the increase.

"We can't be robbing Peter to pay Pell," said Luke Swarthout, an advocate for the U.S. Public Interest Research Group's Higher Education Project. "But this is clearly a step in the right direction on college affordability."

Democratic leaders said the president's plan was a response to their recent moves in Congress to reduce the rising costs of higher education. The House voted Wednesday to increase the maximum Pell grant this year from $4,050 to $4,310; Senate Democrats have proposed raising it immediately to $5,100.

Sen. Edward M. Kennedy (D-Mass.), chairman of the education committee, said he welcomed the change but criticized Bush and fellow Republicans for failing to increase the Pell grant in recent years.

Pell grants, given each year to 5.3 million students with family incomes less than $40,000, have lost much of their buying power in recent years. Twenty years ago, the maximum grant covered about 60 percent of the cost of a four-year public university, but last school year it covered just one-third of that cost, according to the College Board.

Congress is also debating a host of other measures to increase college affordability. The House voted last month to cut interest rates on subsidized loans for students, and the Senate is soon expected to take up a similar measure.

Yesterday, Kennedy and Sen. Richard J. Durbin (D-Ill.) introduced a bill, the Student Loan Sunshine Act, which they said would "protect students and parents from exploitation by private lenders and lenders who offer gifts to colleges as a way to secure loan business."

The measure would ban schools from receiving gifts from private lending companies and require disclosure of financial relationships between higher education institutions and lenders.

Bush To Seek Record Boost To Pell Grants (WT)

By Amy Fagan

The Washington Times, February 2, 2007

The federal Pell Grant program, which provides college money to low-income families, would receive the largest boost in funding in more than 30 years under President Bush's 2008 budget plan to be released Monday.

Mr. Bush is proposing to raise the maximum grant level awarded by $550 next year to $4,600, the biggest one-time boost since the program was created in the mid-1970s. His proposal would increase the grants to $5,400 over five years, the largest five-year increase ever.

"Higher education costs have made it more difficult for low- and middle-income families to afford college," Education Secretary Margaret Spellings said yesterday. "States, institutions and the federal government must work together to increase need-based aid. The president's call for a Pell Grant increase will achieve this goal."

The proposal probably will meet with skepticism from some conservatives who say the government already is pouring an exorbitant amount of money into higher education.

But the government has been under pressure to help more because rising college costs are making it increasingly difficult for some to attend college. Unlike student loans, the grants do not have to be repaid.

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Democrats and some Republicans have long called for such a sizable Pell Grant increase. Sen. Edward M. Kennedy praised Mr. Bush's proposed increase but said it's only happening because Democrats are now in charge of Capitol Hill.

"This welcome development shows how a Democratic Congress is changing the nation's priorities," said the Massachusetts Democrat, who leads the Senate's education panel. "For the past five years of Republican control, Congress failed to hold the president accountable for his broken promise to increase Pell Grants."

Mr. Kennedy said he sent a letter to the administration in October, demanding a Pell Grant increase and complaining that it hadn't been increased in five years. He also pointed out his own proposal to immediately boost the maximum Pell Grant level to $5,100.

The House earlier this week approved a massive spending bill left over from last year, that also includes a boost for the maximum Pell Grant award -- by $260 to $4,310 -- which Mr. Bush's proposal exceeds.

Administration officials wouldn't say how much their Pell proposal is estimated to cost for five years, indicating that information would be available Monday when the budget is released.

About 5.2 million students receive Pell Grants each year, but the amount of each grant varies by need.

One House Republican aide said Mr. Bush's Pell proposal will probably be "embraced" by most Republicans, but that ultimately, Congress must find a way to curb the rising cost of college or no amount of financial aid will be enough.

Mrs. Spellings agrees and has been touting reforms recommended by her bipartisan Commission on the Future of Higher Education. She'll convene a summit next month to discuss the topic and said yesterday that part of reform is demanding more transparency and accountability from colleges and universities.

Bush Budget Calls For Pell Grant Boost (AP)

By Justin Pope

AP, February 2, 2007

RALEIGH, N.C. -- President Bush's 2008 budget will include a proposal for the biggest hike in Pell grants for low-income college students in three decades.

Education Secretary Margaret Spellings said Thursday that the budget will contain a proposed increase of $550, to a maximum award of $4,600. That would exceed the $260 increase passed Wednesday by the House.

Democrats have introduced a proposal in the Senate, currently before committee, that calls for an immediate increase to $5,100.

All told, low-income students seem likely to get their first increase in maximum Pell awards in five years. But education advocates warned that they're unsure how the increase would be funded, and caution it could come at the expense of other financial aid programs.

"If this represents an actual increase in total need-based student aid, it will be great news," said Terry Hartle, senior vice president of the American Council on Education, an umbrella group of colleges and universities. But if supplemental grant programs are cut, "it's quite possible ... individual students could be less well off."

Spellings, after announcing the proposal at an education conference at North Carolina State University, said the Pell increase would be paid for with increased revenues and "efficiencies" that she declined to specify, saying details would be released with the president's budget announcement Monday.

The grants _ which students don't have to pay back _ are the federal government's main direct financial aid program for low-income families.

But as college costs have skyrocketed, the grants' buying power has eroded sharply. Twenty years ago, maximum Pell Grants covered about 60 percent of the average published price of attending a public four-year university, according to figures compiled in a report last year by the College Board. In 2005-2006, the maximum grant covered just one-third of that cost.

Increasing Pell grants was a key recommendation of Spellings' national Commission on the Future of Higher Education.

The problem of college affordability "has become a raging fire in American higher education," Spellings said Thursday. College "has now become virtually out of reach for many American families, and that's why it's so important that we focus on Pell as the first place to go," she said.

Democratic Sen. Edward Kennedy, who chairs the committee overseeing education issues, issued a statement calling the announcement a "welcome development" that "shows how a Democratic Congress is changing the nation's priorities."

Bush had proposed a $100 increase in the value of maximum Pell grants in his 2006 budget, but no increase was passed by Congress that year.

Luke Swarthout, higher education advocate at the U.S. PIRG, a public interest group, applauded the announcement but also said it's important to see how the increase will be paid for.

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"Provided that the administration is not robbing Peter to pay 'Pell,' this could be a very meaningful increase for low-income students all across the country," he said.

A Realistic Budget (1 Letter) (NYT)

The New York Times, February 2, 2007

In "The Budget Illusion" (editorial, Jan. 28), regarding the president's balanced budget proposal, you correctly focus on the need for honest budgeting and consistency.

On Monday, we will present a budget that uses realistic assumptions to reduce deficits each year and achieve balance by 2012.

The editorial specifically warns against "pie in the sky" revenue assumptions. I believe that the revenue projections provided by the career professionals at the Treasury Department will be viewed as credible, even cautious.

Your skepticism about the president's balanced budget plan is very similar to skepticism expressed in February 2004, when the president set a goal to cut the deficit in half in five years. The New York Times joined others in questioning whether this goal could be achieved without raising taxes. In fact, the goal was accomplished three years ahead of schedule, while keeping taxes low.

Through reasonable restraint on spending and continued pro-growth policies, we can achieve balance, which better prepares us for the longer term fiscal challenges posed by the unsustainable growth in entitlement spending.

In The Loop: Aide At Labor Found Budget's Weaknesses, So Democrats Don't Have To (WP)

By Al Kamen

Washington Post, February 2, 2007

Federal agencies are putting the final touches on the administration's fiscal 2008 budget, due out Monday, checking the numbers and preparing to do battle with the Democrats over priorities and programs.

So David James, an aide to Labor Secretary Elaine Chao, sent an e-mail Wednesday to various Labor and White House officials titled "DOL Budget Highlights and Low-Lights for . . . Budget Roll-Out."

One part of the e-mail highlighted "Vulnerabilities/Democrat Attacks." One budget proposal is to "consolidate and streamline" four training programs, the e-mail said, but "Democrats portray this as simply a cut on worker training" and oppose it.

Another proposal calls for "a reduction in the budget" for the Bureau of International Labor Affairs and having "other federal entities" take over the bureau's "grant-making function." "This will be attacked as neglecting international child labor programs," James's e-mail said.

The disability employment office "has had a large grant-making function" of late and should "focus on its core mission," he wrote. "This will be attacked as shortchanging the needs of the disabled."

The Mine Safety and Health Administration is getting fewer employees than were there in the Clinton administration. "(possible antagonistic question: is this agency getting the support it needs from the administration to protect miners?)"

Chief of staff Paul Conway sent a reply e-mail to James with a note: "David -- Please make certain the secretary is provided with a copy of this."

And a colleague here at The Post got a copy, too, just in case James forget to send one to Chao.

Bush Calls Cheney Optimistic, Not Delusional

Vice President Cheney has taken a pounding in the biased liberal media for touting the "enormous successes" in Iraq. He's been called "a little crazy," "crazy as a loon," "a compulsive liar" and "deranged."

But President Bush, who knows Cheney far better than his critics do, says nothing could be further from the truth. Cheney, in fact, is "a person reflecting a half-glass-full mentality," which translated into English means he sees the glass half-full, not half-empty. (See illustration at right.)

Ah, yes, that Dick Cheney, the quintessential optimist, a most cheerful fellow who's been known to wander about the White House whistling "Always Look on the Bright Side of Life."

Bush, making the media rounds in a State of the Union follow-up, also lamented the nastiness of the nation's capital. "And there is distrust in Washington," he told NPR's Juan Williams on Monday. "I am surprised, frankly, at the amount of distrust that exists in this town. And I'm sorry it's the case, and I'll work hard to try to elevate it." As Bush said in the same interview, "I'm not that good at pronouncing words."

Bush told Fox News's Neil Cavuto that, despite his dismal polls, "I'm going to sprint to the finish" in his final two years and that he has had one whale of a fun time being president.

"I've got too much on my mind to worry about, you know, standing in the polls or what life's going to be in 2009," he said. "This may come as a shock to you, but I have found this to be an exhilarating, joyous experience."

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Even though he had to give up jogging? Almost died chewing that pretzel? Got that thumpin' a couple months ago?

Nuclear Security: Don't Need It or Don't Have It

The Nuclear Regulatory Commission ruled this week that the country's 103 nuclear power plants don't need to protect themselves from possible attacks by terrorists flying airplanes into them.

That saved plant operators billions of dollars. But it probably didn't do much to make folks living near those plants feel much safer.

Meanwhile, people who live near nuclear weapons plants are finding out that those highly trained bomb-sniffing dogs the Department of Energy uses to detect explosives and to catch intruders aren't exactly up to snuff.

In fact, "half of the canine teams we observed failed the explosive detection portion of the operational evaluations," the DOE inspector general reported this week after visiting three DOE sites.

What's more, "each of the canines we observed in suspect apprehension demonstrations failed to respond to at least one of the handler's commands," the report found, and the dogs "were not receiving the minimum number of hours of weekly training for explosives detection." The IG said the DOE canine programs should be reviewed, given that "explosives are a terrorist's weapon of choice" these days.

A Florida Republican? He'll Feel Right at Home.

Good news from the 100 block of D Street SE on Capitol Hill! This storied block was once a GOP bastion and home to six Republican House members. Four lost in November; one, Porter Goss (Fla.), went to run the CIA and was bounced from there; and the sixth was another Floridian, Mark Foley.

But Republicans still appear attracted to the neighborhood. Our colleague Mary Ann Akers reports in her blog -- http://www.washingtonpost.com/sleuth-- that incoming Rep. Vern Buchanan (R-Fla.), apparently unaware of the D Street jinx, has bought former Florida GOP congressman Clay Shaw's house there, pretty much sight unseen.

Treasury and Transportation Losing Top Aides

Taking off . . . Treasury Undersecretary for International Affairs Tim Adams-- chief of staff at the agency for the first three years of the administration, policy director on the 2004 reelection campaign and in his present job since early 2005 -- is calling it quits. Too much travel -- more than a third of 2006 on the road -- and three little kids getting older every day. No departure date set yet.

Veteran GOP operative Maria Cino is leaving March 2 "after two terrific years" as deputy secretary of transportation, she announced last week in an internal memo. She said she was "pleased to have had the opportunity to be acting secretary" -- fleetingly. She is reported to be headed north to Minneapolis to manage the 2008 Republican National Convention.

Soaring War Funding Raises Concerns About Scope Of Spending (USAT)

By John Yaukey

USA Today, February 2, 2007

WASHINGTON — Next week, the Bush administration is expected to send Congress what could be one of the largest supplemental spending requests in history — $100 billion or more, primarily for the wars in Iraq and Afghanistan.

It's supposed to cover basic costs, including personnel, equipment repairs and replacement, ammunition and other directly related operating expenses not covered by the Pentagon's regular annual budget for fiscal year 2007.

But military budget analysts and tax watchdogs say if the past is any indicator, the Pentagon and the Congress will try to load this off-budget shopping cart with expensive new weapons and pork for the voters that has nothing to do with defense or any of the disaster relief that emergency spending bills sometimes fund as well.

A recent memo by Deputy Defense Secretary Gordon England raised red flags by recommending that the various armed services use the upcoming emergency appropriation not only to fund operating expenses in the two wars, but also to go after money for "overall efforts related to the global war on terror."

That was an invitation to a feeding frenzy, say analysts who track military spending.

"These supplemental requests are very slushy," said Chris Hellman, a defense analyst with the Center for Arms Control. "You don't have anywhere near the amount of scrutiny and oversight with these as you do with the regular budget so you can get away with a lot."

Critics of emergency spending to fund the military also say it hides the true financial costs of the wars from the public by separating them out from the regular budget.

Since 2001, the year U.S. forces invaded Afghanistan, Congress has approved $383 billion in extra military spending on top of the Pentagon's growing annual baseline budget.

Changes ahead

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The upcoming supplemental bill is intended to be the last for the Pentagon. Under pressure from Congress, the Pentagon henceforth is supposed to be calculating what its wars will cost and request the money in the annual base budget.

While budget hawks say getting rid of the military supplementals is a step in the right direction, the readjustment will make for some eye-popping dollar figures next week as the budget process gets underway. That's because the upcoming emergency funding request for the rest of fiscal 2007 will coincide with the Bush administration's 2008 budget proposal, which will include the war costs normally dealt with down the road in supplementals.

The net affect will be requests for defense spending that will total as much as three-quarters of a trillion dollars.

"You will see some whopping numbers next week — no question about it," said Steve Ellis, vice president of Taxpayers for Common Sense, a Washington, D.C., watchdog organization.

Lawmakers argue that major purchases such as weapons systems and new cutting-edge equipment should be requested in the annual budget because they can be tracked more closely there and cut it if necessary.

The Pentagon's annual budget request comes with hundreds of pages of explanatory notes while supplemental requests contain scant information about how the money will be spent.

One 2006 emergency request for $68 billion included five pages explaining how $33 billion in the request for military and operations and maintenance costs would be spent.

England argues that supplementals make sense because it's much easier to pay for a war periodically rather than try and project the costs two years into the future, which the regular budget process would require.

"Wars are highly dynamic and when circumstances change, we need a mechanism to handle it," he said. "Supplementals capture the reality of warfare."

Loading up

They're also a magnet for political pork once lawmakers get a hold of them during the approval process.

Once Congress got done with a 2005 emergency supplemental request, it included $24 million for maintenance of forest roads in California, $10 million for wastewater facilities in Pennsylvania, $2 million for a desalination facility in New Mexico, $2 million for a chemistry lab at Drew University in New Jersey and much more.

Sometimes, Congress and the Pentagon work together to lard these supplementals.

In an emergency request last spring, the Pentagon asked for 12 C-17 transport jets, which defense analysts said should have been paid for with the base budget.

Lawmakers not only approved the request but also bumped it up by 10 jets.

That was a boon to the community of Long Beach where 6,500 Californians are employed helping to make the jets — all thanks to a powerful senator who sits on the committee that oversees spending.

"I hope that this funding is the first step in ensuring that more C-17s will be built in the coming years," Sen. Dianne Feinstein, D-Calif., told her constituents in a news release.

How Democrats Work With Tight Purse (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 2, 2007

WASHINGTON

After blitzing six top-priority bills through the House in their first 100 legislative hours, Democrats struck a quick deal on unfinished spending bills from the last Congress, and made it look easy.

It's the first test of whether the new majority on Capitol Hill can keep promises to voters to rein in federal budget deficits, yet also fund its party's defining priorities.

Lawmakers face tough deadlines: Money to run the government for fiscal year (FY) 2007 dries up on Feb. 15 unless Congress acts, and President Bush's budget for FY 2008 arrives at the Capitol this Monday morning. In a bid to move quickly, House Democrats precooked a master compromise with the Senate Wednesday that rolls all nine remaining spending bills into one.

The deal accepts the White House ceiling of $463.5 billion, avoiding a clash with Mr. Bush. But it carves out some $10 billion for "unmet needs," including veterans' healthcare, low-income housing, education, and some 500 research programs.

Not included were any new earmarks, or member projects, funding for a new round of military base closures, and the annual congressional pay raise. Republicans, who were not allowed to propose amendments on the Democratic bill, complained that they had been left out of the process, but more than one-quarter of the House GOP caucus voted for the bill.

"This is a process that was required by the failure of the last Congress to do its work," said House majority leader Steny Hoyer, before Wednesday's vote.

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As the 109th Congress prepared to leave town in December, Rep. David Obey (D) of Wisconsin, who now chairs the House Appropriations Committee, warned that by their "act of abdication" as the majority party, Republicans had "given up any right to criticize in any way whatever devices we have to use in order to dispose of the unfinished business of this Congress."

In Washington terms, $10 billion is not much in a spending cycle that totals more than $2 trillion. But it sends a strong signal, reinforcing what Democrats say will be a key issue in the 2008 election campaign: their commitment to help the middle class.

"It doesn't take a lot of money to get a lock on this issue. It takes some well-publicized votes," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J. "It's an indication of where their heads and their hearts are. In the arcane world of symbolic politics, they really hit pay dirt."

Their targets for new spending include: $3.6 billion for veterans' healthcare, a $260 increase to the maximum Pell grant for some 5.3 million college students, $3.5 billion for federal highways, $1.4 billion for low-income housing, as well as new funds for low-performing schools, Head Start, special education, the National Institutes of Health, law enforcement, and global HIV/AIDS prevention.

This deal combines features of an omnibus spending bill, which rolls all unfinished spending bills into one, and a continuing resolution, which funds current programs at the level of the previous fiscal year.

Another selling point for voters is a ban on new congressional earmarks, which have figured in recent corruption cases involving members of Congress. "This is an earmark-free bill," says Rep. Rahm Emanuel (D) of Illinois, who chairs the Democratic Caucus. "To get this done with 57 Republican votes, that's a big deal."

But critics note the bill does not "turn off" some 28 earmarks that were funded in FY 2006, including $185 million for agricultural research projects and $50 million provided in FY 2004 to build a rain forest in Iowa. The prairie rainforest, arguably the most controversial after Alaska's $223 million "bridge to nowhere," has until Dec. 31, 2007, to find matching funds, a prospect that critics say is not likely to happen. In all, ongoing earmarks add up to at least $70 million, according to the Republican Study Committee, which represents conservative Republicans.

Still, anti-earmark groups praise Democrats for nixing all new earmarks, at least for a year. "It's a good thing to show that the country can survive without earmarks, but there's a danger that members of Congress may lobby agencies directly to get projects funded. That's a less transparent process than we already have," says Tom Finnegan, a spokesman for the watchdog group Citizens Against Government Waste.

"I can point to project after project in my district that is gone, but they're certainly not gone in West Virginia and Nevada," says Rep. Tom Cole (R) of Oklahoma, referring to the home states of Senate appropriations committee chairman Robert Byrd and majority leader Harry Reid.

On the Senate side, Republicans say they want to amend and debate the bill. "Republicans aren't going to shut down the government, but there will need to be an opportunity for Republican views on this," says Sen. Jon Kyl (R) of Arizona. Senate Democrats aim to wrap up this bill before the Feb.15 deadline.

White House Welcomes Tougher Oversight (AP)

By Ben Feller

AP, February 2, 2007

A White House management official said Thursday there is "very little real accountability" in the federal government, and he welcomed the tougher oversight the Democrats have promised now that they control Congress.

"There cannot be enough accountability in the federal government," said Clay Johnson, deputy director of the Office and Management and Budget, which supervises executive branch agencies. "There is very little today. Very little real accountability."

Yet Johnson challenged Democratic lawmakers to help solve problems — not just hold hearings about them.

Democrats now control Congress for the first time in Bush's presidency, and they are promising more investigation into matters of fraud and abuse. Key examples include spending on Iraq, homeland security and efforts to help the Gulf Coast recover from Hurricane Katrina.

Johnson, previewing Bush's management agenda for 2007, said Democrats can expect candor and cooperation. He said his agency's intention is not, as one reporter asked him, to step up its internal reviews to keep Congress at bay.

"Keeping Congress at bay suggests, 'Let's make them think that everything is just fantastic here.' They know better, and we'd be crazy to suggest that," Johnson said. "We want things to work better and it begins with an honest, candid, transparent assessment of what we know now. And out of that comes the fact that a lot of really good things are going on here."

He added that Democrats who run congressional hearings should do more than just draw public attention to problems. "Let's focus on things that aren't working like we want them to, but let's make sure we're focused on fixing them — not just identifying them," he said.

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On that front, so far so good, Johnson said.

He said he has had cooperative meetings with Sen. Joseph Lieberman, I-Conn., chairman of the Homeland Security and Governmental Affairs Committee, and Rep. Henry Waxman, D-Calif., chairman of the House Oversight and Government Reform Committee.

The White House under Bush has taken steps to become more accountable to the public. One of them is a Web site, http://www.expectmore.gov, which singles out government programs that work well and ones that don't.

Bush has an ongoing management agenda that grades Cabinet departments on their performance in areas such as financial practices, implementing electronic government plans and competitive sourcing. Overall, scores are on the way up, Johnson said Thursday.

"The average agency today has more management capability than the best agency did five years ago," he said.

Yet this week, federal programs involving food safety, transportation spending and technology security were added to a congressional "high risk" list. That means their inefficiencies leave them vulnerable to fraud, waste and abuse.

Among those, the Homeland Security Department was criticized for not doing enough since its post 9/11 creation to coordinate work and share information among its different components. Johnson said there was no higher federal priority than improving that department.

FEDERAL DIARY: A Tale Of Mice Illustrates How To Save Money (WP)

By Stephen Barr

Washington Post, February 2, 2007

For an example of how federal employees can make a difference, the Office of Management and Budget yesterday offered up the story of feeder mice.

When the Interior Department began looking for budget savings, the staff at the Chickasaw National Recreation Area took a look at the time and money they spent on raising mice to feed to reptiles and birds of prey at the Oklahoma refuge. They calculated that they could save $15,000 a year by buying mice from vendors, and they now have more money available for their nature trails.

This budgetary morsel is featured on a Bush administration Web site (http://www.results.gov) that has been revamped to provide information about how federal programs can be made more effective.

Clay Johnson III, deputy director for management at the OMB, called the feeder mice "my favorite example" of how a group of federal employees can be given budget data and asked to sort out spending that is essential and spending that indirectly supports an operation. In the Chickasaw case, raising mice turned out to not be all that important.

Johnson unveiled the Results Web site at a briefing. The site, originally designed to educate Bush administration political appointees on the president's priorities in federal management, is being redirected toward federal employees, congressional staff aides and groups interested in government performance, he said.

The OMB wants to focus on making strides in the effectiveness of federal programs over the next two years, after spending much of the past six years urging agencies to improve internal management techniques and practices. "The American people know we are not performing on all cylinders," Johnson said.

Federal employees are key to making programs more effective, Johnson said. He said he hopes the revamped site will attract suggestions from them on how to improve programs and on any laws or rules that should be changed because they hamper agencies.

But Johnson acknowledged that most federal employees outside the Beltway "don't get the word" about administration efforts to make programs more effective. "Their knowledge of these things is less than I would like it to be, and [outside Washington] is where 90 percent of the work is done."

With Democrats in control of Congress, it seems unlikely that presidential management initiatives will get much attention on the Hill, in part because congressional committees plan to step up oversight of government contracting and other areas deemed at "high risk" by the Government Accountability Office.

Johnson said he has met with the two chairmen of the government oversight committees, Sen. Joseph I. Lieberman (I-Conn.) and Rep. Henry A. Waxman (D-Calif.), and told them he would welcome hearings that focus on how "to fix things."

He said Lieberman expressed interest in a comprehensive review of government, including how it is organized, and Johnson said he suggested staff consultations to weigh whether a reorganization commission should be created.

Johnson also said the OMB is paying closer attention to the GAO's list of programs that are vulnerable to waste, fraud and mismanagement. He noted that "good progress" has been made in some areas and said he would push to get them off the list in the next two years.

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Problem areas that might be able to get off the GAO risk list, he said, include the Defense Department's cumbersome process for granting security clearances, Defense's systems for supplying troops with weapons and goods, the project to upgrade the air traffic control system, the government's management of surplus property and building maintenance, the government's strategy for personnel management, and the ability of intelligence agencies to share information about terrorism.

The highest priority, Johnson said, is pulling together the Homeland Security Department, which has been wracked by financial and contracting problems and where employee morale appears low. The department, which was created from the merger of 22 agencies, has been deemed at high risk by the GAO.

Sen. George V. Voinovich (R-Ohio), who has an interest in federal workforce issues, has asked for a Homeland Security plan "on what they intend to do between now and January 2009," Johnson said. "It is a priority for us here to make sure the plan is good, the plan is realistically aggressive."Talk Shows

Art Gordon, president of the Federal Law Enforcement Officers Association, and Jon Adler, executive vice president, will be the guests on "FEDtalk" at 11 a.m. today on http://Federalnewsradio.com and WFED radio (1050 AM).

George M. Gray, associate administrator for research and development at the Environmental Protection Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Senate OKs Higher Minimum-wage Bill (USAT)

USA Today, February 2, 2007

The Senate, by a vote of 94-3, on Thursday passed its version of legislation to increase the federal minimum wage from $5.15 an hour to $7.25 an hour. The bill includes a package of tax breaks for small businesses.

Majority Leader Harry Reid, D-Nev., raised the possibility that the Senate negotiators may agree to demands from Democrats in the House of Representatives that the tax breaks be stripped from the bill that eventually gets sent to President Bush. A House version passed last month contains no business incentives. Both versions would phase in the increase in the minimum wage over a two-year period.

Prosecutor: Videos reveal Libby's motive

At former vice presidential aide Lewis "Scooter" Libby's trial Thursday, the jury was shown video clips of a White House spokesman telling reporters that Libby "had nothing to do" with leaking information about the wife of a Bush administration critic. Patrick Fitzgerald, special prosecutor in Libby's perjury and obstruction trial, argued that the tapes show Libby had a motive for lying to investigators and grand jurors when he said a reporter told him that Valerie Plame worked at the CIA. Prosecutors say it was the other way around — that Libby told reporters about Plame.

Then-White House spokesman Scott McClellan's statements "clearing" Libby, on Oct. 7 and Oct. 10, 2003, meant Libby "had to come up with another story" for how reporters learned Plame's identity, Fitzgerald said. Theodore Wells, Libby's attorney, argued the videos are "highly prejudicial" to his client because they might suggest he leaked classified information. No testimony is scheduled for today. — Richard Willing

Capitol workers raise safety concerns

Falling slabs of concrete and exposed asbestos are two reasons a federal agency should investigate passages under the U.S. Capitol complex, a group of tunnel workers said. They have asked the National Institute for Occupational Safety and Health for an evaluation.

The 10 workers who raised this issue are responsible for maintaining the plumbing that provides steam and chilled water to Congress, the Library of Congress, the Supreme Court and other federal buildings. A spokeswoman for the Architect of the Capitol did not immediately return a request for comment.

Senate's Minimum-Wage Rise To Face Test In House (WSJ)

By Sarah Lueck

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Senate overwhelmingly approved a $2.10 increase in the federal minimum wage, but the business tax breaks paired with it face hurdles in the House.

On a 94-3 vote, the Senate backed the boost in pay for low-wage workers, as well as about $8 billion over 10 years in tax breaks for businesses, such as restaurants, that could be affected by the higher wage. To pay for the sweeteners -- a condition of support for many Senate Republicans -- the bill would limit the use of certain tax shelters, close loopholes and increase taxes on executive compensation.

MINIMUM WAGE DEBATE

1

See an interactive map2 examining current state minimums, average salaries and poverty rates.

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The offsets have spurred criticism from business groups, which hope to persuade lawmakers to change or drop some provisions during House-Senate negotiations. Business lobbyists may be helped by some House Democrats, who say the tax breaks are unnecessary or too large, or who take issue with some offset provisions.

The minimum-wage bill illustrates the Democrats discovering, just as Republicans did before them, that moving their agenda through the House is only a first step. While the House swiftly passed a slew of legislation as part of the Democrats'"100 Hours" agenda, many of the provisions face hurdles or slower passage in the Senate, where Democrats have a slim majority and procedural rules give more power to the minority.

Despite strong support for the minimum-wage increase, members of the House and Senate haven't laid out yet how to resolve their differences. Senators say they are confident they will be able to deal with a constitutional precedent requiring tax legislation to originate in the House, possibly by attaching the minimum-wage package to a separate, House-passed tax measure. But the question remains: How will the House and Senate work out the impasse over tax breaks?

The House passed its minimum-wage increase by a wide margin and without the tax breaks in the Senate version. Rep. Charles Rangel, the New York Democrat who is chairman of the House Ways and Means panel, has criticized the tax breaks. "I'm not authorized to pay that much money for it," Mr. Rangel said after a meeting Tuesday with Senate Finance Committee Chairman Max Baucus (D., Mont.) on this and other issues. Mr. Rangel said he wants to let the issue "stew" in the Senate.

After the vote yesterday, Mr. Baucus said the House and Senate would be able to "harmonize" their bills. "I'm confident that our dedication to a minimum-wage increase is stronger than any differences between our two bills," he said.

Senate Majority Leader Harry Reid (D., Nev.) yesterday questioned whether "we need all these business pieces of sugar" in the legislation. Rep. Richard Durbin (D., Ill.), the assistant majority leader, said a minimum-wage increase could emerge from a House-Senate conference without the tax breaks.

"If we go through the process and go through a conference and the message comes back, 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," Mr. Durbin said. "We need Republicans to pass it. If they continue to oppose it, then it will not pass."

The stalemate over the minimum wage is a contrast with the swift action in the House last month during the new majority's first 100 hours in charge. House Democrats reduced restrictions on federal funding for embryonic stem-cell research, strengthened House ethics rules and agreed to a pay-go requirement that new spending and tax breaks shouldn't increase the deficit. They rescinded tax breaks for oil and gas companies and required the federal government to negotiate with drug makers over prices in the Medicare health program, among other bills.

Some of the "100 Hours" items have a good chance of getting to the president's desk, though they will take time to wend their way through committees. Senate Democrats have indicated they support strengthening pay-go requirements, for example, and also want to reduce the cost of student loans. On other issues, such as fulfilling certain 9-11 Commission recommendations, the Senate may have other ideas.

On Medicare price negotiation, the Senate may take a different tack than the House. Mr. Baucus has said he supports removing from current law a prohibition on government negotiation with drug companies, while the House version requires the government to do such bargaining. It is unclear what Mr. Baucus might pursue in the Finance Committee and whether a softer approach would do anything to temper what Senate Republicans have promised will be strong opposition.

Senate Passes Wage Bill, But Obstacles Await (NYT)

By Kate Zernike

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — The Senate voted overwhelmingly Thursday to increase the minimum wage and give $8.3 billion in tax cuts to small businesses.

The increase in the wage, the first in 10 years, was a victory for Democrats, who had made it a key plank in their successful midterm election campaign to gain control of Congress.

But despite the huge margin of the Senate vote, 94 to 3, the increase — to $7.25 from $5.15 — must clear several hurdles before it becomes law. Democratic leaders in the Senate face their first big conflict with their counterparts in the House as the two chambers try to negotiate differences between the Senate bill and the one the House passed last month.

House Democrats promised that if they gained the majority they would pass the increase in the minimum wage, along with ethics reform and other measures, in their first 100 hours of legislating, and they succeeded.

But the House bill did not include the tax breaks. House Democratic leaders have said they want a “clean” bill that simply raises the minimum wage.

That approach failed in the Senate last week. Democratic leaders there say that they cannot get the Republican support they need without adding the tax provisions.

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That leaves it to the Democratic leader in the Senate, Harry Reid of Nevada, to negotiate with the House speaker, Nancy Pelosi of California, and Representative Charles B. Rangel of New York, the chairman of the Ways and Means Committee.

The House could block consideration of the bill or strip out the tax provisions and send it back for another Senate vote.

Mr. Reid said in a meeting with reporters early Thursday that he thought the Senate might approve a clean bill if the House sent it back for another try. But his office later said that he did not believe the vote count had changed and that he expected that the differences could be worked out in negotiations.

"It's not exactly clear what road we're going to take," said Senator Max Baucus, Democrat of Montana and chairman of the Finance Committee. But, Mr. Baucus added, "the desire to get the minimum wage passed is going to trump" any concerns or delays in negotiations.

Senator Edward M. Kennedy, Democrat of Massachusetts, who has championed the bill, said it was "unrealistic" to expect that it would simply go through the House.

Still, Mr. Kennedy said: "The minimum wage is going to go up. I wish it was going to be tonight or tomorrow that we get it to the president's desk, but it is going to increase, and the only question is whether it's going to take perhaps a week or it's going to take two and a half, two weeks or so."

Senate Republicans continued to insist that the bill would not pass without tax breaks.

"No one should be mistaken," said Senator Charles E. Grassley of Iowa, the ranking Republican on the Finance Committee. "It is House Democrats, not Senate Republicans, who are delaying passage of the minimum wage."

"The easiest and quickest way to send a minimum wage bill to the president," Mr. Grassley said, "would be for the House to send the Senate a bill identical to the Senate-passed bill."

In a statement, President Bush encouraged the House to support the increase and the tax cuts, saying it would "maintain a strong and dynamic labor market" and promote "continued economic growth."

Republicans argue that Democrats agreed to similar tax breaks the last time Congress raised the minimum wage, and that they should go along with them now to offset the costs of an increase to small businesses.

"It's not a clean issue," said Senator Michael B. Enzi of Wyoming, the ranking Republican on the Health, Education, Labor and Pensions Committee. "It's a complicated issue."

Senate Ups Wage To $7.25 Over Two Years (AP)

By Jim Kuhnhenn

AP, February 2, 2007

The Senate voted overwhelmingly Thursday to boost the federal minimum wage by $2.10 to $7.25 an hour over two years, but packaged the increase with small business tax cuts and limits on corporate pay that could complicate its path to become law.

The increase in the minimum wage, the first in a decade, was approved 94-3, capping a nine-day debate over how to balance the wage hike with the needs of businesses that employ low-wage workers.

A top priority of Democrats, the wage hike has both real and symbolic consequences. It would be one of the first major legislative successes of the new Democratic-controlled Congress.

"Passing this wage hike represents a small but necessary step to help lift America's working poor out of the ditches of poverty and onto the road toward economic prosperity," said Sen. Edward Kennedy, D-Mass.

Republicans stressed the importance of the bill's business tax breaks, though it was a significantly smaller tax package than Republicans had sought during previous attempts to raise the minimum wage.

"The Senate's reasonable approach recognizes that small businesses have been the steady engine of our growing economy and that they have been a source of new job creation, a source of job training," said Sen. Michael Enzi, R-Wyo., who helped manage the debate for the GOP.

The bill must now be reconciled with the House version passed Jan. 10 that contained no tax provisions. House Democrats have insisted they want a minimum wage bill with no strings attached, though some have conceded the difficulty of passing the legislation in the Senate without tax breaks.

The measure presents a challenge to Democrats who must navigate between the demands of labor and other interest groups and the realities of the Senate, where Republicans hold 49 of 100 votes. House and Senate Democrats now must try to negotiate a way out of the potential standoff.

House Speaker Nancy Pelosi, D-Calif., has said she supports some tax provisions in the House package, but said she would prefer them in a separate, House-initiated tax bill.

In a statement, President Bush encouraged House Democrats to accept the Senate version of the bill. "The Senate has taken a step toward helping maintain a strong and dynamic labor market and promoting continued economic growth," Bush said.

But AFL-CIO President John Sweeney vowed to "turn up the volume" to pass a bill without tax breaks.

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"Minimum wage workers in this country have waited far too long for a raise," Sweeney said in a statement after the vote. "It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

The three senators voting against the bill were Republicans Tom Coburn of Oklahoma, Jon Kyl of Arizona and Jim DeMint of South Carolina. Absent from the vote were Democrats Tim Johnson of South Dakota and Charles Schumer of New York and Republican James Inhofe of Oklahoma.

The legislation would raise the minimum wage in three steps. It would go to $5.85 an hour upon taking effect 60 days after the president signs it into law, then to $6.55 an hour a year later, and to $7.25 an hour a year after that.

An effort by the Senate last week to end debate on the House version of the bill failed when Democrats were unable to get the 60 votes needed. But many Democrats in the House and Senate would like to challenge Republicans to vote against a clean bill with no tax provisions.

"If we go through the process ... and the message comes back: 'You can have the minimum wage stripped down or not at all,' then we'll face another vote," said Sen. Richard Durbin, D-Ill., the assistant majority leader. "We need Republicans to pass it. If they continue to oppose it then it will not pass."

Senate Majority Leader Harry Reid, D-Nev., said Thursday he did not believe the business incentives were necessary. "The minimum wage will be increased," he said. "The question is do we need all these business pieces of sugar or not. We will see."

A spokesman for Reid said the tax breaks are needed to overcome a potential GOP filibuster.

"Of course, Democrats would prefer to pass a clean increase in the minimum wage," said the spokesman, Jim Manley. "The fact is that Republicans have made it very clear that the only way we will pass a modest increase in the minimum wage is with tax breaks for small business."

Besides increasing the minimum wage from the current $5.15 an hour, the bill would extend for five years a tax credit for businesses that hire the disadvantaged and provide expensing and depreciation advantages to small firms. The tax breaks would be paid for by closing loopholes on offshore tax shelters, capping deferred compensation payments to corporate executives and removing the deductibility of punitive damage payments and fines.

Senators also adopted an amendment that would bar companies that hire illegal immigrants from obtaining federal contracts. That measure was designed to encourage companies to participate in an employee identification program that can weed out undocumented workers.

While the tax breaks have won the support of small business groups as well as retailers and restaurant owners, they have drawn opposition from larger businesses that would bear the brunt of the revenue provisions. Several business groups also opposed the immigration measure.

After the House passed its bill on Jan. 10, the White House issued a statement insisting that final legislation include small business tax breaks. It subsequently issued a statement supporting the Senate version, but said the revenue measures were not necessary.

According to the Labor Department, 479,000 workers earned exactly $5.15 an hour in 2005, the most recent estimate available. Most are young and unmarried and more likely to be women, minorities and part-time workers. According to the liberal Economic Policy Institute, the wage increase would affect 5.6 million people who make less than the proposed minimum of $7.25.

More than two dozen states and the District of Columbia have minimum wages higher than the federal level. The issue proved to be potent last November when six states raised their minimums in statewide votes.

Senate Adds Tax Breaks To Minimum Wage Bill (WP)

By Lori Montgomery

The Washington Post, February 2, 2007

The Senate voted overwhelmingly yesterday to increase the federal minimum wage for the first time in nearly a decade, but added small-business tax breaks that are unacceptable to House leaders, preventing Democrats from claiming a quick victory on one of their top legislative priorities.

The Senate voted 94 to 3 in favor of the measure, which would raise the minimum wage to $7.25 an hour from $5.15 over two years.

To attract Republican support, Senate leaders agreed to extend tax credits and expand deductions for businesses that would be hit hardest by the minimum-wage increase. Those tax breaks, worth $8.3 billion over 10 years, are coupled with a proposal to raise taxes by a similar amount on corporations, their chief executives and other highly paid workers.

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Senate Republicans praised the measure as a responsible package that would help workers who earn the minimum wage and the businesses that employ them. They implored House leaders to accept the compromise and send it to President Bush, who put out a statement yesterday praising the Senate bill.

"I want to reiterate our hope that the House will not derail this bipartisan approach," said Sen. Mike Enzi (R-Wyo.) "Middle-class relief is in their hands."

Democrats were less effusive. After the vote, presidential candidates Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.) lined up at a news conference with the bill's sponsor, Sen. Edward M. Kennedy (D-Mass.), and bemoaned the complications. Earlier, Majority Leader Harry Reid (D-Nev.) said he would prefer to pass a minimum-wage increase without "all these business pieces of sugar."

The Senate action sets the stage for potentially lengthy negotiations between the two chambers, as the new Democratic majority works through one of its first significant tests. After winning control of Congress in a campaign that emphasized middle-class anxiety and corporate greed, Democrats pushed the minimum wage to the top of their agenda, noting that it had fallen to its lowest value, when adjusted for inflation, in more than 50 years.

The House quickly approved the measure after just a few hours of debate. But the Senate took days, tacking on an amendment to ban companies that hire illegal immigrants from receiving government contracts for 10 years in addition to the tax package.

As approved by the Senate, the bill would extend several business tax deductions and credits, including one that allows small businesses to accelerate deductions for new purchases. It would extend for five years a tax credit for employers who hire welfare recipients and "high-risk youth" and expand the provision to include disabled military veterans.

To cover the costs of those provisions, the bill would close loopholes used by corporations that do business overseas and increase penalties for tax evasion. It would also place new restrictions on one of the most popular perquisites in corporate America by forbidding executives from deferring more than $1 million in pay every year and placing the money in tax-deferred accounts. Anyone who exceeded the allowable amount would be forced to pay taxes on all income deferred since Dec. 31, 2006, plus a 20 percent penalty.

House leaders have demanded that the tax measures be stripped from the bill. They argue that business needs no additional help after six years of breaks from the Bush administration and that, in any case, procedural rules require revenue bills to originate in the House.

That power is particularly important this year, because House Democrats have vowed to offset tax cuts and some spending increases with spending cuts or tax increases of equal value. Rep. Charles B. Rangel (D-N.Y.), chairman of the tax-writing House Ways and Means Committee, said he may have other plans for the $8.3 billion that the Senate would use for business tax breaks.

Yesterday, it was unclear how Democrats would proceed. Reid predicted that the differences would be worked out by a conference committee. "The minimum wage will be increased," he said.

Senate Votes To Raise Minimum Wage (MCT)

By Margaret Talev

McClatchy Newspapers, February 2, 2007

WASHINGTON - Democrats promised last year to raise the federal minimum wage for the first time in a decade if voters gave them control of Congress, but now they're holding it up in a game of chicken between the party's purists and pragmatists.

The Senate voted 94-3 Thursday to increase the minimum wage to $7.25 an hour, from $5.15. The House of Representatives approved such a raise weeks earlier. The sticking point between the two versions is $8.3 billion in Republican-backed tax breaks for small businesses in the Senate version.

House liberals argue that now that they're in charge they shouldn't have to cut deals with the Republicans. Senate Democrats have said that without the tax breaks they can't pass the bill because they don't have a big enough majority to overcome Republican obstruction. And President Bush said that the tax breaks are the price of his support for raising the minimum wage.

"I strongly encourage the House to support this combined minimum-wage increase and small-business tax relief," Bush said in a statement released by the White House after the Senate vote.

AFL-CIO President John Sweeney issued a statement saying, "It's disgraceful that the Senate is still holding the minimum wage hostage to tax cuts for business. . . . In the last 10 years, the Republican-led Congress provided corporations with a whopping $276 billion in tax cuts and provided small businesses with another $36 billion in dedicated tax breaks, while America's lowest paid workers have gotten nothing. . . . It's shameful that they must now wait even longer because of the Senate's insistence on business tax giveaways."

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Yet if House and Senate Democrats don't compromise, the minimum-wage increase might die.

Even Sen. Ted Kennedy, D-Mass., the liberal icon who's long championed a minimum-wage increase, said the GOP tax package is one of the "least offensive" possible because it includes incentives for hiring minorities and disadvantaged Americans.

Raising the minimum wage would benefit an estimated 5.6 million workers directly. The annual salary for a full-time minimum-wage employee would rise from about $11,000 a year to about $15,000. Experts say 7 million more who earn slightly more than the minimum wage could benefit from a ripple effect.

The tax-break package contains several provisions. Small businesses would enjoy more liberal rules for depreciating capital improvements, including equipment. Small businesses that can file individual income taxes rather than corporate income taxes would get new breaks. And the Work Opportunity Tax Credit, which offers subsidies for hiring welfare recipients and other disadvantaged Americans, would be expanded.

Democratic leaders say they'll probably keep the legislation in the Senate until some compromise emerges. Meanwhile, minimum-wage workers will get no raise.

"We haven't resolved anything," said Rep. Charles Rangel, D-N.Y., chairman of the tax-writing Ways and Means Committee. Rangel opposes including the tax breaks as part of a minimum-wage increase.

The posturing and uncertainty are frustrating to a broad coalition of organized labor, community and religious activists, which has agitated for years for a wage increase.

But that coalition, too, is splintered over how to react.

"We are so concerned that the minimum wage be raised in support of low-wage working people and families, that although we would prefer a clean bill, we believe this (Senate) bill should be supported," said the Rev. Paul Sherry, the national coordinator of Let Justice Roll, in a telephone interview.

Soon after, Sherry called back to clarify that "we will support reluctantly the $8.3 billion tax package, but if they tack anything else on, we're in a different ballgame."

In a third call, he said he could no longer say with absolute certainty what position his coalition would take. "We haven't been able to make a decision yet," he said.

Senate Majority Leader Harry Reid, D-Nev., hinted Thursday that once House and Senate Democratic leaders sit down together, they may decide to go for broke, strip the tax provisions and dare Republicans to kill the bill.

"The minimum wage will be increased," Reid said. "The question is, do we need all these business pieces of sugar or not? We will see." Asked whether he thought the "sugar" was necessary, Reid said, "No."

As long as the Democrats are fighting among themselves and delaying action on their own campaign pledge, Senate Republicans have little motivation to bargain.

Sen. Charles Grassley, R-Iowa, the ranking minority member of the tax-writing Senate Finance Committee, said the tax package is "peanuts" compared with provisions that President Clinton signed into law a decade ago in the last minimum-wage deal.

"And yet we're having this harangue about it," Grassley said. "Aren't we having a win-win situation in a bipartisan way?"

Senate Passes Wage Bill; House To Fight Tax Relief (WT)

By S.a. Miller

The Washington Times, February 2, 2007

The Senate overwhelmingly passed a bill yesterday that would raise the federal minimum wage to $7.25 an hour, but the fight for its survival has just begun.

House Democrats have threatened to invoke a parliamentary rule that would disqualify the legislation because of a Republican-sponsored provision that would provide some tax relief to small businesses. The measure aims to help employers absorb the higher payroll cost.

Senate Majority Leader Harry Reid, Nevada Democrat, is expected to delay sending the bill to the House, which passed its version last month, while the two chambers negotiate.

The talks could last weeks, said Democratic aides in both chambers.

"We've had a period of tax cuts after tax cuts after tax cuts," said Drew Hammill, spokesman for House Speaker Nancy Pelosi, California Democrat. "American workers are earning less, and it's long overdue that this raise happens."

Rep. Charles B. Rangel, New York Democrat and chairman of the Ways and Means Committee, has demanded a "clean" minimum-wage bill identical to the House version.

Senate Democrats had balked at the tax-relief measure, but their slim majority forced them to accept it to gain Republican votes needed to pass the bill 94-3. Mrs. Pelosi and Mr. Rangel now face a similar bargain.

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Ways and Means Committee spokesman Matthew Beck said Republicans were "holding hostage" the wage increase.

Congress has not increased the minimum wage since 1997, the longest stretch without a raise since a minimum wage was established in 1938 at 25 cents per hour.

"The message is the Senate of the United States listened to the people," said Sen. Edward M. Kennedy, Massachusetts Democrat, who managed the bill. "That's the powerful message that is out there tonight."

He said the tax measures would help small businesses create jobs and were the "least offensive" additions to the bill.

The tax package would save small businesses $8.3 billion, a fraction of the $268 billion in tax cuts Republicans proposed for a minimum-wage bill last year.

Sen. Michael B. Enzi, Wyoming Republican and ranking member of the Health, Education, Labor and Pensions Committee, called on the House not to "derail this bipartisan approach."

"Passing the Senate's bipartisan minimum wage and small business relief is good for low-skilled workers, and it is good for the middle-class working families of America," Mr. Enzi said.

Both chambers passed bills that would raise the minimum wage by $2.10 over two years, from $5.15 to $7.25 an hour.

Sen. Benjamin L. Cardin, Maryland Democrat, who spent years on the House Ways and Means Committee before elected senator in November, said the bill would pass once the House "put its stamp on it."

"I don't think they will take the tax provisions out. They might try that, but at the end of the day, I think the tax provisions are going to be in the bill," he said.

The increase would be phased in starting with a raise to $5.85 at 60 days after enactment, to $6.55 a year later and to $7.25 the next year.

How To Really Help Low-Wage Workers (WP)

By Thomas Z. Freedman

The Washington Post, February 2, 2007

If the House and Senate are able to agree on a minimum-wage hike and the president signs the bill, some may say we will have done enough to help low-income workers. It's true that low-wage workers urgently need a raise, that millions of Americans work full time and still live below the poverty line. But while an increase in the minimum wage is better than nothing, alone it is an incomplete instrument for really making work pay.

We should raise the minimum wage while committing our country to a bigger bargain: If you work full time, then you and your family will live above the poverty line. This goal is not only morally right but one our country can afford.

Published statistics for 2004, the most recent year with solid available data, show that about 3.5 million full-time workers earned less than poverty-level wages. Factoring in government benefits, about 2.6 percent of full-time workers live below the poverty line. That is about 2.7 million Americans. And these struggling workers frequently support families, meaning millions more depend on them.

On its own, the minimum wage is an imperfect means for ensuring no full-time worker is poor. First, it almost certainly will not be raised enough. Even the plan to raise it to $7.25 an hour has been a political struggle, with success now likely but not guaranteed. It would take a wage of $10 an hour for a worker to earn $20,000 a year, about the poverty threshold for a family of four. Second, there are reasonable arguments that a $10 minimum wage would harm many small businesses. Finally, increases in the minimum wage are not indexed for inflation -- and may never be. The last increase was 10 years ago, and some full-time workers have fallen further below the poverty line since then. Even with a new raise, workers will once again slip into poverty if a decade or more goes by between increases.

A better approach would be to increase the wage and simultaneously expand the earned-income tax credit (EITC). This program, signed into law by President Gerald Ford and greatly expanded and popularized by President Bill Clinton, is designed specifically to reward work. It is one of the country's most successful anti-poverty programs.

The EITC program, however, has substantial shortcomings. It does not cover childless workers younger than 25, and the credit does not help meet the costs of raising additional children after a family's second child. Further, many people who are eligible don't apply for the credit. These holes have significant consequences.

How many reforms are enacted would affect the cost of the credit. Increasing the EITC for families with three or more children -- more than half of all poor children live in such families -- would help an estimated 3 million families and cost about $3 billion. Crucial actions such as improved outreach or removing a built-in marriage penalty could each be done for about $1 billion; more complete reforms that would also help those living barely above the poverty line could cost 10 times that or more. But this is the best time in a decade to make this bargain with low-wage workers. An increased minimum wage will help millions of poor people; combining it with a new commitment to the earned-income tax credit could take them the rest of the way out of poverty.

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Arguably, supporting those who are working hard and playing by the rules is as important a societal good as tax breaks for companies or even encouraging home ownership. The question ultimately is about our nation's priorities. The federal budget is more than $2 trillion, and Congress's pork-barrel projects have been estimated at $47 billion. Home mortgage deductions -- a benefit for mostly middle-class Americans -- average about $9,500 a year per homeowner. By comparison, the cap on EITC payments last year was $4,400. The average EITC benefit in 2005 was only $1,872.

The issue of whether to make such a policy change is timely with a presidential contest looming. It's not unreasonable to hope that some candidate will want the world's richest country to make a new bargain with its poorest workers. We need to raise the minimum wage. But we should also make a larger commitment. If you work hard year-round, we will make sure you are not living below the official poverty line. You may not be rich, but you'll know that in America work pays.

The writer was a senior adviser to President Bill Clinton and is a visiting fellow at the Progressive Policy Institute.

Bush Urges Stepped-Up Campaign Against Childhood Obesity (WP)

By Michael Abramowitz

Washington Post, February 2, 2007

President Bush yesterday added his voice to the growing debate over childhood obesity, as he met at the White House with representatives of some of the companies considered responsible for aggravating the problem and urged them to stress the importance of healthful eating and physical fitness in their marketing campaigns.

Among those at the morning meeting in the White House Roosevelt Room were the president of McDonald's USA, purveyor of the Happy Meal; a senior executive of Kraft Foods, which sells macaroni and cheese in the shapes of popular children's characters; and the chief executive of PepsiCo., maker of soft drinks and Doritos, among other products.

"Childhood obesity is a costly problem for the country," Bush said before starting the private meeting, which also included first lady Laura Bush. "We believe it is necessary to come up with a coherent strategy to help folks all throughout our country cope with the issue."

As described by those present, the meeting was cordial and the president signaled no intent to pursue more aggressive policies favored by some consumer groups, such as banning the marketing of junk food to children or requiring more detailed nutritional labeling. Bush told the executives that it is an individual's responsibility to maintain a healthful diet, not the government's. The meeting also included executives of entertainment companies involved with marketing to children.

Peggy Conlon, president of the Advertising Council, which has been working with the government on public service campaign on childhood obesity, said the president is very interested in the efforts some of the companies have been making to offer more healthful choices to Americans. McDonald's, for instance, has been adding salads and other alternative products to its menu and giving people the option of substituting apple slices for french fries in Happy Meals.

"He was curious," Conlon said of Bush. "They talked a lot about their movement to healthier product choices."

The group also played for the president a public service announcement developed by Dreamworks and the Ad Council featuring the characters from the hit movie "Shrek" urging kids to get outside and play.

Childhood obesity has been identified by public health advocates as a serious and growing problem, with roughly 15 to 18 percent of children and teenagers considered overweight, according to government data. A 2005 report from the Institute of Medicine concluded that marketing practices from the food and beverage industry is "a direct threat to the health prospects of the next generation."

Former Food and Drug Administration commissioner David A. Kessler, who crusaded against the tobacco industry, applauded the president's initiative to discuss the issue but said: "That still leaves the question of what to do. Talking about it is a first step. It is a very large public health challenge, the consequences of which we have only begun to understand. In some ways we have all been AWOL on this issue, including this administration."

Michael Jacobson, executive director of the Center for Science in the Public Interest, was more skeptical. "It is a feel-good event for a beleaguered White House, and it's great for some of the companies that have been major contributors to childhood obesity." But he added: "The government needs to put some muscle into [the campaign] and maybe step on some toes."

Bush Urges Parents To Get Kids Outdoors To Fight Childhood Obesity (USAT/AP)

USA Today, February 2, 2007

WASHINGTON (AP) — President Bush said Thursday that childhood obesity is a costly problem for the country and puts stress on American families.

"One way for this nation to cope with the issue of obesity is to get people outside — whether it be through sports or hiking or conservation," Bush said while meeting with business leaders working to encourage exercise and healthy food choices through advertising.

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He said first lady Laura Bush was on her way to New York to kick off Friday's "Wear Red Day" for the National Heart, Lung and Blood Institute's Red Dress Project to increase awareness that women are at risk for heart disease. Bush signed a proclamation making February American Heart Month.

"Mothers are the ones, a lot of times, who make choices for their children," the first lady said. "They make their choices on the foods they eat. They're the ones at home, many times, who encourage their children to exercise."

Earlier, the president and Mrs. Bush attended the 55th national prayer breakfast at a Washington hotel where he prayed for the safety of U.S. troops, saying: "During this time of war, we thank God that we are part of a nation that produces courageous men and women who volunteer to defend us."

In the Roosevelt Room, the president and Mrs. Bush met with executives from the food, beverage and entertainment industries to talk about improving healthy food offerings and encouraging physical fitness in their marketing and advertising campaigns.

More than 10 million school-age children in the United States — about 18% — are now considered overweight. The percentage of overweight children tripled among adolescents during the past 25 years, and nearly doubled for children ages 6 to 12. This increases their risk for adult heart disease and diabetes, lowers life expectancy and creates additional health care costs.

Following the meeting, Health and Human Services Secretary Mike Leavitt was to work with Roger Enrico, chairman of DreamWorks Animation SKG, and Peggy Conlon, president and chief executive officer of The Advertising Council, to launch a public awareness campaign to help prevent childhood obesity. The campaign will include ads featuring characters from the Shrek animated movies encouraging children to "Be a Player" and get up and play for an hour a day.

Representatives from General Mills, Coca-Cola North America, Univision Communications Inc., Kraft Foods Inc., Kellogg Co., PepsiCo Inc., Subway Franchisee Advertising Fund Trust, McDonalds USA and Nickelodeon Television also were at the meeting.

Bush Urges Parents To Get Kids Outdoors (NYT/AP)

By The Associated Press

The New York Times, February 2, 2007

Filed at 9:50 p.m. ET

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Bush Gets Aid Of Democrats In Fighting Pandemics (NYT)

By Celia W. Dugger

The New York Times, February 2, 2007

At a time of intensifying conflict between President Bush and Democrats in Congress over the Iraq war, the Democratic-led House acted this week to rescue another of Mr. Bush's international priorities: the global fight against AIDS, malaria and tuberculosis, diseases that kill millions of Africans each year.

That Democrats stepped in to champion Mr. Bush's signature global health undertakings suggests the deepening of political support for foreign aid programs, especially those that quickly demonstrate they can save hundreds of thousands of lives. It also bucks a historical pattern of declining support for foreign assistance when control of Congress and the White House is divided between Democrats and Republicans.

"We're in a different world now," said Representative Nita M. Lowey, Democrat of New York, who heads the appropriations subcommittee that oversees foreign aid. "This is the first time since Sept. 11 we've had a power split in Washington, and there's a growing recognition among the public and policy makers that foreign assistance is critical to stability around the world."

The administration's drive for a rapid strengthening of programs to prevent and treat AIDS and malaria had been caught in limbo. The departing Republican-led Congress had failed to pass spending bills to finance most federal agencies this fiscal year, which began Oct. 1, including those that administer foreign aid.

But the new Democratic leadership agreed this week to give the administration $4.5 billion this year to combat the big three global pandemics, $500 million more than the president himself had requested and over $1 billion more than if the undertakings had been required to continue at the previous year's spending levels.

The House on Wednesday approved the global health financing as part of an omnibus budget measure. The Senate is expected to take up the bill as early as next week.

Under Mr. Bush, aid to Africa has risen to more than twice the level of any previous administration and more than triple that achieved during the Clinton administration, according to an analysis by the Center for Global Development, a nonprofit research group in Washington.

But Mr. Bush will need the Democrats to sustain the growth. And while Congress has embraced increased global health spending, it was not as generous to Mr. Bush's other foreign aid innovation: the Millennium Challenge Corporation, an agency that aims to reduce poverty through grants to well-governed developing countries. It approved continuing last year's spending level of $1.75 billion for the agency, far short of the $3 billion Mr. Bush requested for this year. Some Democrats in Congress have complained that the agency has been too slow to spend the money it has and to show results.

"The politics of aid in this country probably has shifted on push-button issues like H.I.V./AIDS," said Todd Moss, a senior fellow at the Center for Global Development. "It's the longer-term development that's much harder to do and build political backing for. Those are the things that will come under pressure in a Washington with a split government."

Still, this week's progress on global health provides a marker of how much both parties have changed since the Clinton years. Then, the Republican Senator Jesse Helms attacked foreign aid as money poured down a rathole before he had a change of heart. President Clinton, now a leading advocate for global AIDS treatment and prevention programs, failed to muster an American response commensurate with the scale of the dying, many critics say.

Now, both parties compete to claim the mantle of leadership. Patrick J. Leahy, Democrat of Vermont, who heads the Senate appropriations subcommittee on foreign aid, said Democrats in Congress had pushed even harder in recent months than the White House for AIDS spending.

Tim Rieser, who has been the lead Democratic staff member on the same Senate subcommittee since 1995, said: "When Clinton was president, he didn't make AIDS the priority he should have. President Bush saw the opportunity and deserves credit for that. But it's not like he owns the issue. We all — Democrats and Republicans — have urged that much more be done."

Vaccine Firms Get Immunity From The U.S. (WSJ)

By Jane Zhang

The Wall Street Journal, February 2, 2007

WASHINGTON -- The Bush administration triggered a provision of a 2005 law that gives companies protection from product-liability lawsuits for vaccines or drugs they produce in connection with the avian-flu strain.

The law, enacted 13 months ago, gives the Secretary of Health and Human Services the power to grant immunity to vaccine makers in the event of a risk to public health. In a directive dated last week, HHS invoked that clause, "based on a credible risk that an avian influenza virus spreads and evolves into a strain capable of causing a pandemic of human influenza."

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Bill Hall, an HHS spokesman, said that the agency's declaration "allows us to remove the remaining barrier to building up our domestic capacity to manufacturers of vaccines in a flu pandemic." He denied that the move reflected heightened concern about the avian flu. Rather, he said, "It was a precautionary step."

The HHS action comes at a time when fresh cases of avian flu are cropping up in Asia, Russia, Nigeria and parts of Europe, and some in Congress are expressing renewed concern about the threat. Recently, Democratic Sen. Tom Harkin of Iowa held a hearing to question senior administration officials on what they are doing to prepare for a possible pandemic in the U.S.

Some saw the HHS action as a reflection of increased concern. "This is probably the loudest pronouncement by the federal government to date that the threat of an avian flu pandemic is real," says John Clerici, a partner at McKenna Long & Aldridge in Washington, D.C., a law firm whose clients have included vaccine makers.

The U.S. has long been concerned about a shortage of vaccines, both for seasonal influenza and to combat the H5N1 bird-flu strain and other potentially lethal strains. As part of a plan to encourage development of experimental vaccines and other countermeasures against public health and bioterrorism threats, Congress passed in late 2005 a bill that provided liability protection to those vaccine makers. The measure, signed by President Bush in December 2005, was roundly criticized by trial lawyers and other critics as a giveaway to drug companies. Sen. Edward Kennedy (D., Mass.) demanded a generous compensation scheme for victims of potential side effects of the vaccines. But as part of the defense appropriations bill, the measure had no funds provided.

Drug Industry Faces Bitter Pill (WSJ)

By Anna Wilde Mathews

The Wall Street Journal, February 2, 2007

Congress is kicking off efforts to pass big reforms of the Food and Drug Administration, and that could produce some bitter pills for the pharmaceutical industry: potentially, tougher safety rules and provisions to reduce the cost of medicines.

Yesterday, Sen. Edward Kennedy of Massachusetts and Sen. Michael Enzi of Wyoming, the chairman and ranking Republican of the health committee, respectively, introduced legislation that would give the FDA new authority to impose safety requirements on medicines once they go on the market, including restrictions on consumer advertising. The bill also would require registration of clinical drug trials and their results in public databases.

Meanwhile, Sen. Chris Dodd of Connecticut, a Democrat, and Sen. Charles Grassley of Iowa, a Republican, on Wednesday introduced their own drug-safety bills, which would restructure the FDA to create a center to oversee the safety of drugs after they go on the market.

Proposals to beef up regulation have stalled before, often due to skepticism from Republican allies of the industry. This year is likely to be different. Democrats aren't reluctant to give expanded authority to federal regulators and see the drug industry as a tempting target because of its tenuous popularity with consumers and its traditional ties to Republicans. And they're getting support from some Republicans upset by a series of high-profile drug-safety problems, including the 2004 withdrawal of the painkiller Vioxx.

Also, lawmakers have a ready-made vehicle for the changes: legislation that must be approved this year to renew the deal under which the industry pays fees to fund much of the FDA's drug-review process. The current user-fee agreement expires later this year.

"It's pretty clear we have drug-safety problems, and it's clear we need to address those matters," says Rep. John Dingell (D., Mich.), chairman of the House Energy and Commerce Committee, which has jurisdiction over the FDA. Several lawmakers say the agency's latest drug-safety initiatives, announced Tuesday, need to be bolstered with new legislation.

While these bills are now stand-alone measures, many on Capitol Hill expect that whatever safety legislation moves forward will be combined with the user-fee bill. That legislation also might end up linked to proposals to create a pathway for FDA approval of generic versions of biotech drugs -- which proponents argue would rein in the cost of such medicines -- and allow imports of medication from overseas. Both provisions are opposed by the drug industry, which is pressing for a "clean" user-fee bill.

STRONG MEDICINE

· What's New: Members of Congress propose to increase the FDA's drug-safety oversight and create a path for the agency to approve generic biotech drugs.

· The Issue: The drug industry is concerned about the effect of such legislation.

· What's Next: Proposals to change the FDA may be included in legislation authorizing fees that fund many agency operations.

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"We're concerned that it not become a Christmas tree," loaded with legislative extras, says Billy Tauzin, chief executive of the Pharmaceutical Research and Manufacturers of America, the industry's main lobbying group. But, he says, "we appreciate that the odds are that people are going to load it up."

In an effort to defuse controversial issues and lay the foundation for the user-fee bill, the pharmaceutical industry and the FDA struck a deal, unveiled a few weeks ago, that would provide the agency with $393 million in industry user fees for the next fiscal year. That is an increase of about one-third from the current year.

The pact would grant the FDA substantially more money for safety monitoring, and fund more staff to review pharmaceutical ads. That dovetails with voluntary campaigns by companies to submit their ads to the FDA and include their studies in public registries.

Mr. Tauzin says the industry "has real concerns" about what the Kennedy-Enzi bill might do, and opposes Sens. Grassley and Dodd's proposal to create an FDA drug-safety center: "Is this needed legislation, or is it going to create some new authorities that are problematic?"

If Congress doesn't pass the FDA fee legislation by late summer, it risks shutting down much of the agency's drug-regulation activity. Complicating matters, other FDA-related laws also must be renewed this year, including the fees that fund the agency's regulation of medical devices.

Mr. Dingell says he doesn't want to "bog down" the user-fee bill with procedural fights over provisions that aren't germane, but he also wants to step up drug safety. Later this month, his committee is expected to hold a hearing on drug safety that will include Sen. Grassley, an exacting FDA watchdog. Mr. Dingell calls the proposal to create a drug-safety center at the FDA an "intriguing idea," but says he wants to learn more before endorsing a plan.

Another focus for Congress: drug ads. Mr. Dingell says his reservations about such consumer advertising "have only grown with the passage of time." Democratic Rep. Frank Pallone of New Jersey, chairman of the Energy and Commerce health subcommittee, says the issue "could be part of the reauthorization" of the fee bill, but leaders will "see where there's a consensus" before deciding.

Another House Democrat, Henry Waxman of California, says he plans a drug-safety bill that will largely mirror the Kennedy-Enzi proposal. "The FDA does not have the authority it should have and that our legislation would give them," he says.

The Kennedy-Enzi bill would strengthen the FDA's oversight of drugs after they go on the market, by requiring that drugs be approved with programs to manage their risks. Those programs might be very limited, but they could also include an array of provisions the FDA doesn't currently have the explicit power to impose, including mandatory safety studies, restrictions on who can prescribe or dispense a drug, and an initial ban on consumer ads. A Kennedy staffer says that while the bill initially will be separate from user-fee legislation, "we imagine the process is one where all of these things end up being joined at some point."

The biggest concern for the biotech industry is legislation planned by Mr. Waxman, which would create a path for generic versions of biotech drugs. Sen. Hillary Clinton (D., N.Y.), a member of the health committee, plans to tie that effort to the user-fee legislation. "Linking it to [the user-fee bill] would be a good idea, because that's must-pass legislation," says another New York Democrat, Sen. Charles Schumer, who will be the generic biotech bill's lead Senate sponsor.

James Greenwood, chief executive of the Biotechnology Industry Organization, says the issue is too complex and scientifically delicate to be examined and resolved in time to link it to the user-fee legislation. "There's barely enough time to have the members of the House and the Senate understand what's in the [user-fee bill]," he says.

Lawmakers Eye Child Insurance Program (AP)

By Kevin Freking

AP, February 2, 2007

Congress probably will take its time in considering President Bush's plan for expanding health insurance coverage. Lawmakers, however, are moving more quickly to renew a program that now provides coverage to 6 million people, mostly children.

The State Children's Health Insurance Program expires Sept. 30. Democrats and Republicans say they want to swiftly reauthorize the program.

"There is no greater priority for the Finance Committee in the health arena this year," said Sen. Max Baucus, the committee's new chairman. "It's No. 1."

When Congress approved the program in 1997, it provided $40 billion over 10 years. States use the money, along with their own dollars, to subsidize health coverage for families with incomes too high to qualify for Medicaid but too low to afford insurance through the private sector.

Job Bedford, 13, of Baltimore, told Baucus' committee Thursday that being in the program means he can take his asthma medicine with him wherever he goes, which makes him feel safer.

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"Asthma attacks are kind of scary. They are very unpredictable and there is always the worry in the back of my mind that I might just die," he said.

Interest groups and trade associations are lobbying for a major expansion of the program as a way to reduce the ranks of the uninsured, now estimated at 46.6 million.

But some senators sought to temper expectations.

Sen. Charles Grassley, R-Iowa, noted the program will require Congress to find $12 billion to $15 billion over the next five years just to serve the existing population. That is above the $25 billion that Congress would spend under the current money formula.

Grassley said he has not heard any advocacy groups say how Congress should pay for expanding the program. He does not consider raising taxes an option.

"A critical part of the discussion needs to be about how we are going to pay for the existing services before we can discuss expanding services," Grassley said.

Committee Republicans said restricting the number of adults eligible to participate could allow more children to be covered.

Some states use their share of the grant money to expand insurance coverage for adults. Arizona, Wisconsin and others even cover more adults than children.

Gov. Sonny Perdue, R-Ga., told lawmakers his state will run out of federal money for its children's health insurance program by March. That would affect 273,000 children.

But even as some states struggle with shortfalls, others get enough money to cover populations that were never the intended recipients of the program, Perdue said.

Several Republicans agreed with Perdue's assessment that the program's resources should be focused on children.

"The SCHIP program is for kids," Grassley said. "The C stands for children. There is no A is SCHIP."

Overall, about 639,000 adults get health insurance through the program.

Congress recently provided $283 million to prevent states from experiencing shortfalls in health insurance funding. It also prohibited states from using their program money to provide coverage to adults without children. An exception was allowed for those states already given permission to extend coverage to adults.

But Cindy Mann, executive director of the Center for Children and Families, said removing adults from the program would not free up significant money for children.

"The adults covered through this initiative are very low income. We're talking about people who work at minimum wage or at $7 or $8 an hour," Mann said. "They don't have other options, so the ramification of dropping them would be to increase the number of uninsured people. That would be an ironic result of SCHIP reauthorization."

Baucus, D-Mont., said after the hearing that he does not want to just renew the program, but expand it.

"Were going to need more money for CHIP," he said. "And we need to move fast to find it to keep kids from losing coverage this year."

Christina Pearson, a spokeswoman for the Health and Human Services Department, said Secretary Mike Leavitt is committed to renewing the program. She declined to cite specifics on how much money the administration would seek in the president's 2008 budget proposal to be submitted to Congress on Monday.

On the House side, Democrats have said they would seek money for expanding children's insurance coverage and for improving outreach.

Senate Democrats Warn F.C.C. Of Tough New Oversight (NYT)

By Stephen Labaton

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Signaling tougher oversight, Democrats who recently gained control of the Senate urged the head of the Federal Communications Commission on Thursday to take a more aggressive approach to the industries he oversees.

In his first appearance before the Senate Commerce Committee under Democratic leadership, Kevin J. Martin, the agency's chairman, and the other commissioners faced sharp criticism from some senior senators on the handling of the recent acquisition of BellSouth by AT&T.

The lawmakers also questioned the commission's practice of renewing broadcast licenses of radio and television stations with virtually no review.

Their questions and comments indicated that there was no political consensus on a range of recent legislative proposals. Most telecommunications policy issues do not break cleanly along party lines. So-called Net neutrality bills have been introduced

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to prevent high-speed Internet companies from charging content providers for priority access, and other measures are expected that would prevent the commission from making it easier for media companies to grow larger through acquisitions.

But the aggressive questioning by the panel's senior Democrats — including its chairman, Daniel K. Inouye of Hawaii; John D. Rockefeller IV of West Virginia; Byron L. Dorgan of North Dakota; and Barbara Boxer of California — suggested that the senators would be applying significant pressure on the policy-making apparatus of the commission.

That could, at the least, temper any deregulatory action that Mr. Martin and his fellow Republican commissioners have been contemplating, particularly as they prepare to consider measures that would make it easier for media conglomerates to own newspapers and television stations in the same cities.

On Thursday, Mr. Martin yielded virtually no policy ground, saying for example that the conditions that two Democratic commissioners forced the agency to impose on AT&T to gain approval of its acquisition of Bell South would not be applied to the rest of the industry. Republicans hold a 3-to-2 majority on the commission, although a Republican recusal allowed the Democrats to play a decisive role in December in the AT&T-BellSouth review.

In addition to a "Net neutrality" pledge, AT&T offered to sell certain wireless spectrum and phone lines and pledged to upgrade its telephone network so it could provide high-speed Internet service to most of its service area.

Mr. Martin also declined to consider a more rigorous license-renewal process for the stations, although he said that he might favor rules that would require the stations to disclose more information about how they fulfilled their public-interest obligations.

Sensing the new climate, Mr. Martin in his opening statement steered clear of many difficult issues, including the debate over Internet discrimination legislation, decency standards, media-ownership rules, universal service fees paid by telephone users, and agency policies on consolidation in the phone industry.

Instead, Mr. Martin presented a rosy picture of the industries he regulates, noting that telephone prices had been declining, broadband use increasing and innovation vibrant.

"I am pleased to report that the state of the communications industry is strong," he said. "As you no doubt remember, in the year 2000 the communications industry began a precipitous and far-reaching decline. Capital spending by companies followed this market decline, innovation disappeared and companies went out of business, taking jobs with them. What a difference six years make."

But the Democrats on the commission, as well as those on the Senate committee, said that a digital divide had been deepening between those who could afford, and were being offered, high-speed Internet access and other technologies, and those who could not; and that the agency's deregulatory approach had contributed to what they said were the steadily declining standards of broadcasters.

"One change of this last election," Mr. Rockefeller, the committee's second-ranking Democrat, said "is that there will be a lot more attention on the F.C.C. and what they are doing in the critical area of public oversight."

He excoriated the agency for what he said was the abandonment of "its core responsibility to the public interest" by failing to take steps to reduce sex and violence on television, and for failing to seriously review license renewals by radio and television stations.

"The process of review is so pro forma that it's known as postcard renewal," he said.

Mr. Dorgan urged Mr. Martin to begin proceedings that would give some teeth to the vaguely worded public-interest standards that the law requires the agency to apply to license renewals and mergers. He accused the agency of a "spectacular failure" in its review of media ownership rules.

And Ms. Boxer attacked the commission for what she called a "pervasive culture of secrecy" that several years ago resulted in the suppression of government reports that contradicted the agency's official line on media ownership.

Mr. Martin responded that, after learning of those reports, he had ordered the F.C.C. to search its files and make any other similar reports part of the record of the current proceedings.

Democrats Urge Tighter FCC Rules (WP)

By Charles Babington

The Washington Post, February 2, 2007

Senate Democrats pressed the Republican-controlled Federal Communications Commission yesterday to slap tighter controls on media ownership, public-interest broadcasting and television violence.

Several Democrats on the Senate Commerce Committee warned the agency not to try to relax limits on the number of media outlets one company can own, as the FCC did in 2003 only to have a federal court stay the action. Recent FCC policies on media ownership, said Sen. Byron L. Dorgan (D-N.D.), have been "a spectacular failure."

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He railed against rules that allow one entity to own eight radio stations in a large city and against proposals to allow one owner to have three TV stations in a city. "More concentration means less competition," Dorgan said. "The public-interest standards have been nearly completely emasculated."

But FCC Chairman Kevin J. Martin, who has close ties to the Bush White House, defended the agency's policies.

"The commission has tried to make decisions based on a fundamental belief that a robust, competitive marketplace, not regulation, is ultimately the greatest protector of the public interest," Martin said. He told Dorgan, "I'm not convinced yet we need to have the kind of requirements" for local TV and radio programming that some advocates have championed.

Flexing their muscles at Congress's first oversight hearing of the FCC since taking control of the House and Senate last month, Democrats lectured and sometimes scolded FCC members, saying the agency needs more teeth in its regulation of broadcast outlets, telephones, the Internet and other services.

"The change of this last election," said Sen. John D. Rockefeller IV (D-W.Va.), "is that there's going to be a lot more attention on the FCC. . . . It has abandoned its core responsibility to the public interest."

While the two-hour hearing didn't result in any mandates, it was more than a rhetorical venting, said Tamara Lipper, a spokeswoman for Martin.

"The commissioners are informed by the hearings," she said, and the lawmakers' comments "become part of the record."

As such, scores of lobbyists and interest group members filled long hallways and stairwells in the Russell Senate Office Building before crowding into an overflow room to watch the proceedings on TV monitors. The FCC's two Democratic commissioners often endorsed the senators' complaints, while their three GOP colleagues gently pushed back.

Democratic Commissioner Michael J. Copps told Dorgan that the FCC needs tougher requirements for broadcast outlets seeking license renewals and more detailed descriptions of locally produced content that would serve "the public interest."

Rockefeller called on the agency to put more pressure on cable and broadcast TV outlets to reduce the amount of televised violence. "Commercial television is in the worst state I've ever seen," he said.

Even sharper was Sen. Barbara Boxer (D-Calif.), who questioned whether Martin had aggressively looked into "the suppression" of two reports -- drafted by FCC staff members -- that reflected badly on the agency's media-ownership policies. "A culture of secrecy is still pervasive at the FCC," Boxer said.

Martin, whose voice never rose above a soft drawl, said he made all the documents public as soon as he learned of them last fall.

Senators Bristle At FCC Chief's Enforcement Of AT&T-BellSouth Merger (USAT)

By Paul Davidson

USA Today, February 2, 2007

The chairman of the Federal Communications Commission faced tough questions from a Senate panel Thursday over his comments that he would not enforce a key condition the FCC imposed before approving of the AT&T-BellSouth merger.

At a Senate Commerce Committee hearing Thursday, Committee Chairman Daniel Inouye, D-Hawaii, suggested FCC Chairman Kevin Martin, a Republican, did not intend to "stand by the deal" and that he was obliged to withhold his vote and negotiate further if he had concerns about any of the conditions.

The $86 billion merger — the largest in telecom history — was approved in December by a 4-0 vote after weeks of negotiations between the commission's two Democrats and two Republicans.

The condition in question would require the combined company to slash the rates it charges competitors and big businesses to lease private, high-speed data lines in deregulated markets.

It was among a laundry list of concessions pushed by the FCC's two Democrats to win their votes, and it stands to have perhaps the biggest impact on AT&T's bottom line, costing it a projected $500 million over four years.

But in agreeing to the requirement, AT&T said it would not slash the prices it charges Verizon and Qwest, two of its largest rivals, unless the two local phone giants lower the lease rates they charge AT&T in their territories. AT&T, Verizon and Qwest all have long-distance units that serve big businesses outside their regions.

Verizon and Qwest say they will not cut their prices for AT&T.

In a statement released when the FCC approved the deal, Martin and Republican Commissioner Deborah Tate suggested they would not enforce the condition because it improperly imposed obligations on other carriers. They also said if Verizon and Qwest can't get the low rates, the concession would conflict with FCC rules that require wholesale services to be offered to all carriers on equal terms.

On Thursday, Martin told Inouye he was abiding by the deal but that while AT&T could submit tariffs, which are legal documents detailing its reduced prices, he would not approve them.

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"You're not allowed to discriminate among the different companies in terms of who you offer discounted prices to," Martin said. "Where the commission would have to take affirmative action, we said no, we would have hesitation doing that."

Democratic Commissioner Jonathan Adelstein told lawmakers he was unaware of Martin's concerns until after the vote. "It's hard for me to understand how we cannot implement something that was (voted for) unanimously," he said.

He also said FCC rules bar only unreasonable price discrimination and that offering different prices in this case would be "reasonable."

In a letter to Martin on Wednesday, Reps. John Dingell, D-Mich., and Ed Markey, D-Mass., also pressed him about his comments. He's expected to be grilled about them again at a House hearing Markey will chair on Feb. 15.

FCC Told To Focus On Public Interest (WT)

The Washington Times, February 2, 2007

COX NEWS SERVICE

Senate Democrats served notice to members of the Federal Communications Commission yesterday that their top priority is protecting the public interest, not boosting corporate profits.

Under Republican leadership, the FCC has "abandoned its core responsibility" to act in the public interest, Sen. John D. Rockefeller IV, West Virginia Democrat, said at a packed hearing of the Senate Commerce, Science and Transportation Committee. As a result, he said, broadcasters put on news programs that are filled with "junk, sex, scandals" and other content that fails to inform the public about important issues.

Sen. Byron L. Dorgan, North Dakota Democrat, said the agency's review of media-ownership rules was a "spectacular failure" that didn't do enough to protect the public.

Sen. Barbara Boxer, California Democrat, criticized FCC Chairman Kevin J. Martin for what she called his agency's "culture of secrecy."

Mr. Martin, who was appointed by President Bush, defended the agency's performance.

He noted that more Americans are getting high-speed Internet access at lower costs and that "the communications industry is strong," especially compared with the late years of the Clinton administration.

"In the year 2000, the communications industry began a precipitous and far-reaching decline," he said. "What a difference six years make."

But Mr. Martin's optimistic assessment was undercut by the commission's two Democrats.

Commissioner Michael J. Copps said that while profits may be good for many in the communications industry, the public interest is not being well served. For example, broadcasters are presenting far too much "gratuitously violent programming," he said.

In addition, telecommunications companies are not doing enough to provide high-speed Internet connections for Americans living in rural areas and inner cities, he said.

Committee members also pressed Mr. Martin and fellow Republican Commissioner Deborah Taylor Tate on their willingness to vigorously enforce the conditions that allowed AT&T complete its takeover of BellSouth.

After lengthy negotiations with the commission's two Democrats, AT&T agreed in late December to a set of conditions that cleared the way for a unanimous approval of the merger on Dec. 29.

But afterward, Mr. Martin and Mrs. Tate issued a joint statement saying some of the conditions were "discriminatory and run contrary to commission policy and precedent."

Commerce committee Chairman Daniel K. Inouye, Hawaii Democrat, asked if that statement means "you won't stand by the deal that was reached."

Mr. Martin said he would enforce the conditions, but said he intended to signal that it would be illegal to force AT&T's main competitors, Verizon and Qwest, to match those wholesale rates for business Internet service.

Data Privacy Bill Expected To Target Retailers, Banks (WP)

By Brian Krebs

The Washington Post, February 2, 2007

Data privacy is likely to be among the hottest technology issues to face Congress this year, in part due to interest from the new chairman of the House Financial Services Committee.

Panel Chairman Barney Frank (D-Mass.) said he plans to craft a bill that would exempt companies from disclosing data breaches, provided they secure the data with encryption software or other technology that would render it virtually unreadable if it fell into the wrong hands.

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Frank also said he wants retailers to be held more accountable for data breaches. Last month, TJX, the Massachusetts-based parent of discount retailers TJ Maxx and Marshalls, disclosed that hackers had broken into its credit card processing network, possibly exposing financial details on millions of customers.

This week, the Massachusetts Bankers Association said that some of its member banks have reported fraudulent transactions associated with the TJX data breach. Credit card issuers have contacted at least 60 banks affected by the break-in, the MBA said.

While more than 30 states have laws requiring companies to alert residents of data breaches, most of the statutes let the affected company delay notifying banks while law enforcement agencies investigate. Frank said retailers should be required to notify banks that issued the compromised credit card accounts so that financial institutions can issue customers new cards before fraud occurs.

"For too long, retailers have been immunized from having to own up when it's their mistake through contractual protection from Visa and MasterCard," he said.

Mallory Duncan, senior vice president and general counsel of the National Retail Federation, said Frank's proposal was an effort by some smaller banks to shift more of the costs of fraud to retailers. "Most of the larger banks have very sophisticated, round-the-clock fraud monitoring systems in place, but a lot of the smaller institutions don't have those systems," he said.

There have been more than 100 million instances in which Americans have had their personal data compromised due to data breaches or mishaps, according to the Privacy Rights Clearinghouse, a consumer group in San Diego.

The data breach bill that got the most support from industry and consumer groups last year -- offered by Sen. Dianne Feinstein (D-Calif.) -- would require any organization holding personal data to notify consumers upon learning of a data breach. She has revised the bill, and it was among the first to be reintroduced this year.

The measure would preempt many tougher state laws and contains fairly broad exemptions, including not requiring entities to disclose a breach if a risk assessment concludes there is "no significant risk that the breach has resulted or will result in harm" to consumers.

While some major corporations -- most recently Microsoft -- have expressed support for some kind of federal consumer privacy law to govern how companies can use, combine and trade consumer data, the effort to produce baseline privacy protections for consumers may set off contentious policy debates, said Fred von Lohmann, a senior staff attorney with the Electronic Frontier Foundation.

"The question with this issue -- as with others -- becomes, is this an area where dueling interest groups will make it difficult for Congress to come to an effective solution, or is it something that's moving so fast that anything Congress is likely to do will end up obsolete a year or two from now?" he said.

Consumer groups also expect corporate- and government-backed data mining practices to receive scrutiny from Congress, in part because the Senate Judiciary Committee is headed by Sen. Patrick J. Leahy (D-Vt.), known for his staunch advocacy on consumer privacy matters.

The Bush administration has come under heavy fire from privacy advocates for its data mining initiatives and for pressuring Internet service providers to dramatically extend the length of time that they retain records of their customers' online activities.

Sanchez Quits Hispanic Caucus (LAT)

By Richard Simon

The Los Angeles Times, February 2, 2007

WASHINGTON — The Congressional Hispanic Caucus was thrown into turmoil Thursday after Rep. Loretta Sanchez (D-Santa Ana) resigned her membership amid accusations that its chairman, Rep. Joe Baca (D-Rialto), had been demeaning to women.

Two of the remaining five women in the 21-member caucus expressed concerns about how the group treated them, but did not resign.

Rep. Hilda L. Solis (D-El Monte) complained about the "lack of respect afforded to women members of the Hispanic Caucus."

And Rep. Linda T. Sanchez (D-Lakewood) stood by her sister and fellow congresswoman, saying: "I am waiting to see whether the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of Latina members."

"Latinas are the fastest-growing segment of the minority population," the Lakewood congresswoman said. "And their perspective deserves to be represented, not denigrated."

On Wednesday, Loretta Sanchez told the Politico, a new Capitol Hill newspaper, that Baca had called her a "whore." She has not responded to requests for an interview since then.

Baca denied the charges Thursday, saying, "These accusations are categorically untrue."

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The Orange County congresswoman's resignation comes after six caucus members last year cut their ties to the group's political action committee after it made campaign contributions to relatives of caucus members — including Baca's sons Joe Jr. and Jeremy, who ran unsuccessfully for state Senate and Assembly respectively.

"At a time when the public is crying out for a more ethical government, we should be taking every step to avoid any appearance of preferential treatment for relatives," Solis said in a statement Thursday.

Some female caucus members also complained earlier this year that Baca's election as chairman was not conducted by secret ballot as required.

In her resignation announcement Wednesday, Sanchez cited her concern about the election as her only reason. "I and other members of the caucus voiced our strong opposition to Mr. Baca's chairmanship due to a violation of election rules," she said.

Baca dismissed these complaints Thursday, noting: "These issues have been discussed, reported, and laid to rest."

Sanchez told the Politico that she heard Baca had made the demeaning remark about her to California Assembly Speaker Fabian Nuñez.

But at a news conference Thursday in Sacramento, Nuñez said, "I have no recollection of any conversation with anybody about a dispute between Congressman Baca and Congresswoman Sanchez."

He added that he would "rather not be dragged into the mud" of a congressional fight.

Sanchez also told the Politico that when the caucus had approached her earlier this year to pay her contribution to support the caucus staff, she asked to be removed from the list of members.

"There's a big rift here," she told the newspaper. Using a vulgarity to describe how Baca treated women, she concluded, "I have no use for him."

Baca, in a statement Wednesday, called Sanchez's resignation "unfortunate." But in his statement Thursday, he implicitly criticized her, saying: "This 'controversy' is of the most disrespectful nature to our constituents and to our colleagues in the House because it is based on untruths."

A congressional staffer, who was not authorized to speak on the matter and requested anonymity, said that some of the male members of the caucus were often disrespectful of the women — talking, laughing or making jokes while they were trying to speak at caucus meetings.

"This is a serious rift; it's bad for the community," the aide said. "If other women follow her lead, it looks bad for CHC. They let internal bickering override what they can do as a key bloc in Congress."

Breaking News: Two More Reps. Complain About Treatment Of Women In Hispanic Caucus (POL)

By Josephine Hearn

The Politico, February 2, 2007

A day after Rep. Loretta Sanchez resigned from the Hispanic Caucus charging its chairman had called her a “whore,’’ a pair of Democratic congresswomen from California spoke out in support of Sanchez’s sweeping complaints that chairman Joe Baca did not respect the women in the caucus.

In an increasingly bitter spat dividing the 21-member caucus, Sanchez also had charged that her follow California Democrat, Baca, had treated the women in the group “like shit.”

On Thursday, the two other California congresswomen bolstered Sanchez’s remarks.

Rep. Hilda L. Solis said she shared “Sanchez's sentiment about the lack of respect afforded to women members of the Hispanic Caucus.’’ And Loretta Sanchez’s sister, Rep. Linda Sanchez, said she supported her sibling’s decision to resign in protest of Baca’s alleged remark, which he has “categorically’’ denied.

On Thursday, Baca repeated his denial to Fox News, saying there was no rift within the caucus.

“There is none, absolutely none,’’ Baca said. “Everybody is working together."

In her statement Thursday, Linda Sanchez said she was “waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members.’’

“Latinas are the fastest growing segment of the minority population,’’ she added, “and their perspective deserves to be represented, not denigrated."

If the Hispanic Caucus "is to be truly representative of the Latino community," Solis said, “it must give equal treatment to all its members, regardless of gender or seniority.”

Solis also reiterated concerns about the political arm of the caucus, BOLDPAC, which came under fire last year after Baca and his allies authorized political contributions to their relatives. Solis, the Sanchez sisters and three other lawmakers then withdrew from BOLDPAC.

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“At a time when the public is crying out for a more ethical government,’’ Solis said, “we should be taking every step to avoid any appearance of preferential treatment for relatives.”

In an interview with The Politico Wednesday, Loretta Sanchez also cited concerns about whether Baca was properly elected Hispanic Caucus chairman in November and about his general attitude toward female lawmakers.

“I'm not going to be a part of the CHC as long as Mr. Baca illegally holds the chair … I told them no. There's a big rift here," Sanchez said. "You treat the women like shit. I have no use for him."

In a statement Wednesday, Baca said Sanchez "has decided to resign from the Congressional Hispanic Caucus…and has chosen to air baseless statements.’’

“Let me be clear,’’ he declared, “her comments are categorically untrue."

The last time lawmakers withdrew from the Hispanic caucus was in the late 1990s when its Republican members left over partisan differences.

Sanchez said she had rebuffed an approach earlier this year to contribute funds from her office budget to support the caucus’ shared staff, a requirement for all its members.

"I told them to take me off the list, take me off the Web site, take me off everything," Sanchez said.

She said she was surprised and insulted when she learned that Baca had made the disparaging personal comment about her to California Assembly Speaker Fabian Nunez and other legislators last year.

Nunez "is a friend of mine. Did he think he wouldn't tell me?" Sanchez asked.

On Thursday, a spokesman for Nunez said the state speaker would have no comment on the flap. But Nunez said at a news conference in California that he did not recall the comment.

"I'm not going to confirm that," he said, according to a posting on the Los Angeles Times blog, Political Muscle. "I have no recollection of being at" a meeting where "anything disrespectful" was said of a Hispanic caucus member.

"Somebody is going to have to refresh my memory,’’ Nunez said. “I have no recollection."

Sanchez voted against Baca in the Hispanic Caucus election for chairman in November. Four other female lawmakers abstained from the vote, raising concerns about whether the election followed proper procedures.

The Sanchez withdrawal is another blow to Baca and his allies who have been trying to bring the caucus back together after a series of internal spats last year. Many of the more junior members and the women have butted heads with him and senior lawmakers.

In recent weeks, Rep. Xavier Becerra, Calif., a caucus member who serves in House leadership as assistant to Speaker Nancy Pelosi, D-Calif., had been trying to persuade the six members to rejoin the political action committee, which is known as the Committee for Hispanic Causes/Building Our Leadership Diversity.

Four female lawmakers have written Baca asking that the caucus repeat his election as chairman because the earlier vote failed to use secret ballots, as required in the group's bylaws.

Sanchez and other female CHC members have repeatedly complained that Baca and some of his male colleagues do not accord them a high level of respect.

"There is a big rift. Hello? Do they not get this?" Sanchez said.

Join The Conversation (read all 21 comments)

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by WorriedInPA on 02.02.2007 at 12:39 AM

How can I get on Loretta Sanchez' Xmas mailing list?

by sequoia on 02.01.2007 at 08:48 PM

RE: Cela & OC_Voter messages: Sanchez' poor taste in Christmas cards.

I have to laugh, my mother gets those borderline porn-like cards from Loretta Sanchez' office. The one sent out a couple of years back with her in a skin tight leather micro mini perched on top of a desk, again with a cat (P***y?) in the picture, was disgusting. You can actually see right up her skirt, she was wearing black underwear, or maybe not? .... pulling a Brittany? The holiday greeting was also in poor taste. Loretta Sanchez, what can you say about her but what Baca said to Nunez about her. She is no class act, that's for sure. Loretta Sanchez has the reputation she has earned.

by Hughie on 02.01.2007 at 07:49 PM

Who the hell cares what Baca called Sanchez ? This Baca rep could have called her an m' f' ing ho-bag-piece- 'o crap and she can do NOTHING about such a slur. Why? She's not in the private sector and the offending representative, like her, is immune to such harassment laws. So, Sanchez baby, it's your bed, you made it, now sleep in it and shut your pie hole.

by theduke on 02.01.2007 at 07:28 PM

It saddens me to see subterranean actions and reactions by people; where is our self-respect and our cultural teaching?gone? We as Americans (Hispanic) have forgotten how hard our fights have been fought by our American heritage. We now war over Nada! For God Shakes, let?s not forget the nature of politics and what it means to be head of politics and the vitriol associated with-it. What I see is: females banding together in the hopes of finding strength in numbers and the refocus in destroying their own party from with-in. I am a Republication, but have no joy in seeing people engulfed with jingoistic and hubris behavior, not to mention the weakness it displays: dissension and trifle engagement?Si being called a ?Puta? is not the nicest of names, but I am sure this name is compassionate opposed to the political strategy employed to gain office?We are quailing over dirty dresses. I am shamed by my hermanos y hermanas whom have forgotten the political gains granted to use by those who have fought for our political causes?it is sickening to see our gains marginalized by name calling and the inability to recognize obtuseness. Stop all this, antes de usted deshonra todos nosotros!

Hispanic Caucus Members Toil Over Insult (AP)

By Erica Werner

AP, February 2, 2007

Three female members of the Congressional Hispanic Caucus accused the organization's male leaders Thursday of treating women unfairly. Rep. Loretta Sanchez said the caucus chairman called her a "whore."

Rep. Joe Baca denied uttering the insult, which Sanchez cited among grievances that led her to announce this week she was quitting the group.

"Let me be clear: Her comments are categorically untrue," said Baca, who like Sanchez is a California Democrat.

"He said it. For him to deny it is just a silly thing," Sanchez said in an interview.

She and Rep. Hilda Solis, D-Calif., said Baca made the comment at an event in Sacramento, Calif., over the summer and that it was repeated to them by people they declined to identify.

"Name-calling never helps anything," said Sanchez, adding she confronted Baca about the comment. "He just shook for awhile and then he said, 'That's a lie.'"

The controversy, which became public with a report Wednesday on the Web site politico.com about the "whore" comment, was the latest evidence of conflict between men in the growing caucus and a smaller, mostly female contingent.

Baca was supported by only one of six women in the 21-member caucus when he was elected chairman in November. Solis, Loretta Sanchez and her sister, Linda, and Rep. Nydia Velazquez of New York subsequently disputed the election procedure and asked for a new secret-ballot vote. All caucus members are Democrats.

Other concerns include Baca's decision to use money from the caucus' political action committee to fund his sons' unsuccessful campaigns for state office in California last year. That led Solis, the Sanchez sisters and three other lawmakers to sever ties with the fundraising groups.

There also is a perception among female caucus members that their concerns are given short shrift in a caucus that — like the Congress as a whole — remains overwhelmingly male, despite high profile advances by women in Congress.

"I think there tends to be the sentiment that there has to be more work done to improve relationships in the caucus and the treatment of women in the caucus," Solis said in an interview.

"I am waiting to see if the Hispanic Caucus leadership will make good on its promise to be more fair and inclusive of its Latina members," said Linda Sanchez, whose district is near her older sister's in Southern California.

Better Security For Judges (NYT)

The New York Times, February 2, 2007

One of the more refreshing changes in Congress's mind-set growing out of the November election is that the House is no longer led by Republicans who demonize judges for sport. This change to more judge-friendly leadership should, at long last, lead to the House's joining the Senate in passing a much-needed bill to protect federal judges from physical attack.

The need for strong security measures for judges should be self-evident. Since the Sept. 11 attacks, federal judges have played a very visible role in the trials of suspected terrorists. Many of the most serious threats they face, though, are domestic. This was tragically underscored two years ago by the murder of the husband and mother of Judge Joan Lefkow of Chicago by a man upset with her ruling in a malpractice lawsuit. After those killings, Congress passed a law that, among other things, paid for home security systems for judges. More still needs to be done.

The Court Security and Improvement Act of 2007 includes new criminal penalties for misusing personal information to threaten serious harm to judges or their families, and increased sanctions for retaliating against witnesses. It allocates more resources to the United States marshals, who are charged with protecting federal judges. And it requires the marshals' director to consult with the Judicial Conference of the United States so judges have a greater voice in their own security.

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In the last Congress, a similar bill was passed by the Senate, but House leaders blocked it. With the Democrats now in control, the current bipartisan bill — which has the support of the Democratic chairmen and the ranking Republican members of the Judiciary Committees in both the House and the Senate — should pass easily.

One of the best ways Democratic and Republican leaders can set a new tone in Washington is by jettisoning the heated anti-judge posturing and replacing it with sensible measures to protect the safety of the federal judiciary.

OTHER NEWS:

Bush, Dems Have Different Economic Views (AP)

By Tom Raum

AP, February 2, 2007

The booming economy that President Bush paints is a far cry from the worrisome one increasingly portrayed by Democratic presidential candidates and party leaders. To them, there are worker insecurities, stagnant wage growth and soaring costs for health care and college.

The vision of rival economies already is a main issue for the 2008 presidential and congressional races. Economists say both sides are right — and wrong. It just depends on what numbers you summon.

Bush is trying to nudge the national focus away from Iraq and is offering a rosy picture of the economy ahead of his presentation Monday of a financial blueprint he says will lead to a balanced budget by 2012.

Congressional Democrats have embraced the same timetable. The course the rival camps chart to get there is bound to be the domestic-policy battle royal of the current congressional session.

"Workers are making more money. Their paychecks are going further. Consumers are confident. Investors are optimistic," Bush said in a speech Wednesday at Federal Hall on Wall Street. It was his second on the economy in as many days.

"I'm not surprised that some of the good economic news is overshadowed by the difficult news out of Iraq," Bush told Fox News later Wednesday.

The president credits his first-term tax cuts for much of the upbeat news, ignoring the $10 billion-a-month drain on the government's balance sheets from the unpopular war in Iraq and military actions in Afghanistan and elsewhere to fight terrorism.

Bolstering Bush's outlook was a new Commerce Department report showing that the economy gained speed in the final three months of 2006. The economy grew at an annual rate of 3.5 percent, much faster than the 2 percent increase of the previous three months.

Stocks soared after that report and after the Federal Reserve's decision to leave interest rates steady.

But hold on.

Here comes this from Sen. John Edwards of North Carolina, reprising the "two Americas" rich-poor divide he depicted in 2004 as a presidential and vice presidential candidate: "We cannot stand by and watch 37 million people wake up and not know how to feed and clothe their children."

Other Democratic presidential hopefuls are echoing the theme.

Also, freshman Sen. James Webb, D-Va., built on it when he gave his party's response to Bush's State of the Union address last month. "It's almost as if we are living in two different countries," Webb said.

To William Galston, a domestic policy adviser in the Clinton administration who now is the Brookings Institution, "We have the president's story of the economic aggregates and we have Jim Webb's story of economic anxiety and inequality.

"That tale of two economies will be argued out, not only between the parties but within the parties," he said.

The Democratic contenders are not shy about weighing in.

"There's something wrong when you have more bankruptcies in America last year than college graduates," Sen. Hillary Clinton of New York said in Iowa.

A 2008 rival, Sen. Barack Obama of Illinois, said, "Our economy is changing rapidly, and that means profound changes for working people." He cited "skyrocketing health care bills," lost pensions and struggles to pay for college.

The cutback in building has led to thousands of layoffs in the construction industry, Democrats note.

Such observations conflict with the glowing picture Bush and his aides present of a vibrant economy humming along at near-full employment.

"They've both got a point, and they're both trying to make their case" said Mark Zandi, chief economist at Moody's Economy.com.

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"The president is right. The economy in aggregate is performing very well. So he's right to claim that the economy, looking from above, looks very good," Zandi said. "Democrats are also right. The fruits of this strong economy have largely accrued to higher income wealthier households."

The multifaceted state of the economy was reflected in a mixed bag of government economic reports issued Thursday.

The Commerce Department reported that people spent more than they made last year, resulting in a negative 1 percent personal savings rate — the lowest since the Great Depression. Meanwhile, the Labor Department reported a 20,000 drop in claims by newly laid off workers for unemployment benefits, a sign of a healthy labor market.

David Wyss, chief economist at Standard & Poor's in New York, said that "any rational way you look at this, the economy is doing pretty decently. You've got a 4.5 percent unemployment rate, productivity growth is solid. And inflation is by historical standards pretty reasonable."

Still, Wyss said, "We've got a couple of big problems out there, and some long-term imbalances. The top 20 percent is doing fairly well and the bottom 20 percent is doing better. If there's a hole, it's in the middle, which frankly are those old blue-collar jobs that the Democrats say are leaving the country. And they're right."

The president's approval on handling the economy was at 43 percent in early January's AP-Ipsos poll, up from December and higher than his overall job approval of 36 percent. The economy, along with Iraq, terrorism and health care are all seen as important issues by the public.

The White House and Democrats battled with dueling economic "fact sheets."

The Democratic headlines: worst job recovery on record; manufacturing jobs continue to disappear at historical levels; share of national income going to wages and salaries see record lows; household income declined by nearly $1,300 under Bush.

On the White House list: The economy has created more than 7.2 million jobs since August 2003; the unemployment rate was 4.5 percent in December; real wages rose 1.7 percent during 2006; real after-tax personal income per person has increased over $2,800 — or 9.6 percent — during this administration.

The president did concede a point to Democratic rhetoric on Wednesday.

After Webb emphasized the growing and yawning gulf between salaries of chief executive officers and rank-and-file workers in his Jan. 23 Democratic response, Bush took aim at lavish salaries and bonuses for corporate executives. Corporate boards should "step up to their responsibilities" and tie compensation packages to performance, he said in his Wall Street speech.

Job Market Was A Key To Fed's Call (WSJ)

By Jon Hilsenrath

The Wall Street Journal, February 2, 2007

Lots of investors expected interest-rate cuts early this year. But one part of the economy refused to cooperate: the job market.

Economic output seemed to slow in mid-2006, but the job market remained healthy. Government surveys of businesses showed jobs grew at a respectable clip of around 150,000 a month. Surveys of households showed they grew even faster. The unemployment rate fell to 4.5% in December from 4.9% in December 2005. And the performance was all the more remarkable because the labor force grew faster than it had in six years, meaning more to employ.

This matters to the folks who dictate short-term interest-rate levels at the Federal Reserve. Recessions are always accompanied by job-market weakness. A healthy job market means the Fed has less reason to goose the economy with lower rates. It also has a big impact on the Fed's inflation call. Fed officials want as much as anybody to see Americans fully employed. But a falling unemployment rate can signal reduced job-market slack, which could lead to wage pressure and inflation, something Fed officials don't want.

A debate is bubbling at the Fed now about how to read the job market, something San Francisco Fed President Janet Yellen has spoken about. If output has slowed but employment remains robust, it could mean businesses are getting less out of workers. It also could mean output numbers understated the economy's strength.

Either way, the bottom line is simple. Economists expect the Labor Department to report today that payrolls grew another 167,000 in January and the unemployment rate remained 4.5%. Warm January weather will muddy the numbers, as will annual data revisions, which should also point up. But as long as the job market looks this strong, the Fed has little incentive to alter its inclination to push rates higher still.

Where Big is Better: Why Oil Shares Stay High

Investors who bet that Big Oil would get whiplashed by slumping oil prices have been whipped themselves.

Oil prices have dropped 26% since they hit $77.03 a barrel on July 14, hitting the bottom line of large oil companies. But their shares haven't followed suit. Exxon Mobil's profits slowed from a record run in the final months of 2006, falling 4.3% in the

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fourth quarter from a year earlier. Still its shares have gained 16% since oil peaked. Shares of Chevron, which reports earnings today, are up 12%. Analysts surveyed by Thomson Financial expect Chevron to report a 7% drop in fourth-quarter earnings per share today.

Why the disconnect? Oil companies are relatively cheap. Energy companies in the S&P 500 trade at 9.8 times their projected 2007 earnings per share, compared with about 15 for the entire index. Moreover, the companies are flush with cash they can use to support their shares. Exxon's dividends and share buybacks surged 41% in 2006 to $32.6 billion.

Not all oil companies have fared well, suggesting the advance of the supermajors is also a flight to quality. Shares of smaller oil producers such as Occidental Petroleum and Murphy Oil have taken their lumps since oil prices peaked. Sometimes big is better.

Fed's Inflation Dilemma (WSJ)

By Greg Ip

The Wall Street Journal, February 2, 2007

WASHINGTON -- Federal Reserve officials, in debating whether to adopt an explicit target for inflation, have discussed whether an implicit, or "soft" target, might be preferable.

The continuing debate reflects Fed Chairman Ben Bernanke's belief that the central bank needs to develop a clearer, more systematic way of communicating its intentions to the public, to lessen the chance of any market-jolting surprises.

Currently, the Fed's official aim is to achieve "price stability," but it doesn't specify what rate or range of inflation it thinks would fulfill that goal.

Mr. Bernanke has long favored setting an explicit inflation target, an increasingly common practice among foreign central banks. Many of those banks strive to keep inflation at or near 2%.

Proponents of this approach say that adopting an explicit inflation target for the U.S. would reassure Americans, discouraging self-fulfilling inflationary expectations if, for example, the economy overheated or energy prices jumped. It also would give financial markets a better indication of the Fed's likely response to shifting economic conditions.

At Mr. Bernake's behest, the Fed's policy-making Federal Open Market Committee has been studying possible changes in how it communicates its forecasts, statements and meeting minutes. While the 19-member panel has also considered adopting an inflation target, Fed officials emphasize that such a move is far from certain.

Among the drawbacks to an explicit target is potential resistance on Capitol Hill, and internal discord over what, if any, number should be picked. That has prompted Fed officials to take a look at an implicit target, which would communicate the Fed's preferred inflation rate without having the force of an official goal.

Fed officials say one form of implicit targeting would be to extend the horizon of the Fed's economic forecasts beyond the current two years, with the inflation forecast for the last year of the period representing the Fed's implicit target. Another would be to poll all 19 FOMC members on their personal definition of price stability and publish the resulting range, rather than forcing them to agree on a single number or range.

But officials have significant misgivings about both approaches, primarily because they sacrifice clarity and accountability, the very benefits that targets are meant to achieve.

The Federal Reserve Act defines the Fed's goals as both price stability and maximum employment. Mr. Bernanke has long argued that a target is consistent with that "dual mandate." He argues that a target stabilizes the public's expectations of inflation, which enables the Fed to lower interest rates during a slump with less fear of setting off a run-up in prices.

But some Fed officials fear that argument is too subtle for many in Congress, who might contend that an inflation target elevates price stability's importance over that of employment. Barney Frank, the new Democratic chairman of the House Financial Services Committee, opposes an inflation target, while acknowledging that the FOMC has the authority to adopt one.

"There is a little bit of concern that the mandate doesn't extend to picking any particular number," said Ken Kuttner, an economist at Oberlin College in Ohio who wrote about inflation targets while on the staff of the Federal Reserve Bank of New York. "There would naturally be people saying, 'Hey, I'm reading your mandate here guys, give us your [target] number for full employment.' And nobody wants to do that. A lot of the gains from ambiguity have to do with finessing that kind of situation."

Another drawback of an explicit target is the continued disagreement within the Fed over both the wisdom of adopting one, and over what the number should be if one were adopted.

One way to minimize both problems would be for the FOMC, rather than announcing a target, to lengthen its current semiannual forecast -- a range of forecasts by individual FOMC members -- to three or four years from the current two. Because that would ordinarily be long enough for the Fed's interest-rate actions to achieve any inflation rate the central bank desired, the fourth-year forecast could be construed as a target without being called one.

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A shortcoming of this approach is that if a big shock, such as a jump in energy prices, drove inflation up sharply, it could take more than four years to get it back to the target, unless the Fed was willing to drive unemployment sharply higher. Another is that the forecast would include unemployment, and Congress might see that as an implicit target for which the Fed should be held accountable.

Another approach would be to poll all FOMC members on what constituted price stability, and to publish the results. The Bank of Japan adopted a similar approach last year and announced that its nine policy board members' views ranged from zero to 2% inflation.

But officials say that despite the appeal of the approaches, both are flawed and thus may not be much better than the status quo. If the FOMC claims its target is only a forecast, it would be less accountable for missing it, and that means the public, and investors, would be less likely to incorporate it into their own behavior.

The polling approach suffers from the fact the target could change every year with the composition and inclination of the FOMC's members. Without agreement on a single target, policy makers could respond differently to the same inflation picture.

Dow, Russell 2000 Close At New Highs As Economic Data Bolster Confidence (WP/AP)

The Washington Post, February 2, 2007

NEW YORK, Feb. 1 -- Stocks climbed for the third straight day Thursday as an already buoyant Wall Street embraced robust consumer spending figures and largely overcame disappointment over Google's earnings report. Both the Dow Jones industrial average and the Russell 2000 index of smaller companies closed at new highs.

The Dow advanced 51.99, or 0.41 percent, to 12,673.68. That marks the blue-chip average's 27th record close since October. It came in well above the record of 12,621.77 set Jan. 24. A new trading high of 12,682.57 topped a day-old record of 12,657.02.

The Standard & Poor's 500-stock index rose 7.70, or 0.54 percent, to 1445.94, and the Nasdaq composite index was up 4.45, or 0.18 percent, at 2468.38.

The Russell 2000 rose 7.43, or 0.93 percent, to 807.77. The index first broke the 800 mark Wednesday.

The gains followed Wall Street's best day of the year on Wednesday, when it advanced sharply after the Federal Reserve signaled that the economy remained solid and that inflation was mostly in check. The central bank's comments, which followed its decision to leave short-term interest rates unchanged, injected a bit of confidence into an uncertain market.

Economic data continued to play a big role in trading, as it has all week. As expected, consumer spending in December showed its biggest increase in five months, rising 0.7 percent.

The Labor Department reported the number of newly laid off workers seeking unemployment benefits fell by 20,000 last week, to 307,000.Movers

Google fell $19.75, to $481.75. Though it posted a sharp increase in profit, investors accustomed to outsized gains were not wowed.

Exxon rose 98 cents, to $75.08, after announcing a 2006 profit of $39.5 billion, the largest ever for a U.S. company.

Archer Daniels Midland rose $3.47, to $35.47, after it said profit jumped 20 percent.

Comcast fell $1.43, to $42.92, after its fourth-quarter profit came up short of Wall Street's forecast.

Boeing reached a record high of $92.24 before closing up $1.49, at $91.05, after reporting strong results Wednesday.

Dow Rises 51.99 To A Record On Exxon Mobil's Results (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 2, 2007

The Dow Jones Industrial Average rose for a fourth straight day, hitting a new record, aided by strong earnings from Exxon Mobil.

The Dow climbed 51.99 points, or 0.4%, to 12673.68, its 27th record finish since October. So far this year, the Dow is up 1.7%.

Shares of Exxon Mobil, a Dow component, gained 1.3% after the energy giant announced that fourth-quarter net income fell 4.3% from a year earlier but still beat analysts' expectations. For all of 2006, Exxon Mobil posted the biggest annual profit in U.S. history, $39.5 billion, up 9.3% from 2005.

The broad Standard & Poor's 500-stock index rallied 0.5%, or 7.70 points, to 1445.94, up 1.9% on the year. The technology-stock-led Nasdaq Composite Index edged up 0.2%, or 4.45 points, to 2468.38, up 2.2% on the year.

Economic data were mixed, which reinforced many investors' impression of a relatively benign slowdown in U.S. economic growth. Many investing pros have been saying lately that conflicting data allow them to rule out two dire, but very different, scenarios: inflation and recession.

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"A lot of people are thinking we're back to a Goldilocks economy," neither too hot nor too cold, said strategist Mark Keller, of A.G. Edwards & Sons.

Mr. Keller said his firm expects the U.S. economy to grow about 2.2% this year. That's a modest pace in historic terms, but still enough to sustain growth in corporate profits, which in turn should help the stock market.

The Commerce Department reported its measure of prices for consumer goods, excluding volatile food and energy, rose 0.1% in December, up 2.2% from a year earlier.

Most analysts believe the Federal Reserve views this index of personal consumption expenditures as a key inflation indicator, with annual growth above 2% less than ideal.

The higher December reading normally might signal risk of a Fed interest-rate increase. Luckily for stock investors, fresh manufacturing data signaled just the opposite.

The Institute for Supply Management's manufacturing index, a broad measure of activity in the sector, fell to 49.3 in January, contrary to economists' expectation for a reading of 52. Any reading below 50 signals contraction in the manufacturing sector.

In energy trading, crude-oil futures contracts for March delivery slid 84 cents, or 1.4%, to $57.30 a barrel, off 6.1% so far this year at the New York Mercantile Exchange.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks on the NYSE was 2.89 billion shares; 2,454 issues rose and 889 fell.

Bond prices fell2. The 10-year note slipped 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.837%.

The dollar strengthened3. Against the Japanese currency, the dollar rose to 120.71 yen, compared with 120.67 yen. The euro fell to $1.3020, compared with $1.3034.

Manufacturing Activity Drops (WSJ)

By Christopher Conkey

The Wall Street Journal, February 2, 2007

WASHINGTON -- Dogged by excess inventory, the nation's manufacturers cut back production in January, suggesting the sector will continue to weigh on economic growth a while longer.

The Institute for Supply Management, a trade group representing corporate purchasing managers, said yesterday that its index of manufacturing activity fell to 49.3 last month from 51.4 in December.

Figures below 50 indicate a contraction; for the past four months the index has averaged 50.5. The recent readings have pointed to a stagnating manufacturing sector that continues to be held back by weakness in the housing and automobile industries.

The slowdown follows a four-year growth spurt in the manufacturing sector. Consumers began to scale back their purchases of homes and American-made cars last year, but many manufacturers have been slow to recognize the need to reduce inventories, according to Norbert Ore, who oversees the ISM survey.

Fear of a Surge

"Everybody's afraid to pull the trigger and cut inventories because they're afraid there will be another surge, and they'll be caught short," said Mr. Ore, who is also Georgia-Pacific Corp.'s procurement director. He said the manufacturing sector will remain sluggish over the next few months as businesses draw down their stockpiles of unsold goods.

Meantime, large inventories continued to take a toll on manufacturers' results. Late Wednesday, Pulte Homes Inc., Bloomfield Hills, Mich., reported a fourth-quarter loss, with the home builder citing an inventory charge and a high cancellation rate as contributing factors. Volterra Semiconductor Corp., Fremont, Calif., warned its first-quarter revenue would fall from fourth-quarter levels because of a customer's excess inventory.

Last month, however, there were signs manufacturers were getting serious about reducing inventories. The ISM reading on inventories plunged to 39.9 in January from 48.5 in December. Mr. Ore said it was the biggest monthly drop in more than 20 years. Readings on new orders and production also fell. The employment index in the sector remained in negative territory, and the measure of prices paid rose.

Beyond the soft manufacturing sector, though, the economy still is growing, thanks in large part to a strong labor market that is supporting consumer spending. More evidence of this came in a separate Commerce Department report that showed personal income rose 0.5% in December, following a 0.3% gain in November. Spending climbed 0.7% in December, following a 0.5% gain the previous month.

American consumers showed a willingness to spend beyond their immediate means, as the nation's savings rate -- or personal savings as a percentage of after-tax income -- fell to negative 1.2% in December from negative 1.0% in November.

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Many Take On Debt

Economists often warn that consumers should save more, particularly with baby boomers approaching retirement, but many remain willing to take on credit-card debt or tap investment gains. The savings rate for all of 2006 was negative 1.0%, the lowest annual rate since 1933.

The index of personal-consumption expenditures, excluding food and energy -- the Federal Reserve's preferred inflation measure -- rose 0.1% in December, suggesting price gains continue to moderate, and the Fed will leave interest rates steady for now.

The National Association of Realtors said pending home sales rose 4.9% in December after four straight months of declines in another sign of stabilization.

Separately, the Labor Department said 307,000 people filed initial claims for unemployment benefits last week, down 20,000 from the week before and indicative of solid job creation.

US Manufacturing 'on Brink Of Recession' (FT)

By Eoin Callan In Washington

Financial Times, February 2, 2007

The US manufacturing sector contracted unexpectedly this month as factory activity fell to its slowest pace in nearly three years, according to a fresh survey.

The Institute for Supply Management said its manufacturing index fell into negative territory in January as it slipped below the 50 mark to 49.3.

The poor performance underlined economists' fears that the sector could be sliding into recession.

Industry leaders have been predicting a recovery this year after a weak performance in recent months. But a fall in new orders in January suggests further weakness ahead, economists said.

Richard Iley, an economist at BNP Paribas, said: "The ISM manufacturing index was weaker than expected and dovetails with our assessment that the manufacturing sector is really very weak and on the brink of recession."

Investors largely shrugged off the poor factory performance as US stock markets touched new highs, sustaining a rally that began this week after the Federal Reserve expressed increasing confidence in the economy.

Investors were encouraged by separate data released on Thursday that showed personal incomes rose 0.5 per cent last month.

The gain adds to recent increases in Americans' disposable income, which has lifted consumer spending and was the main driver of economic growth of 3.5 per cent in the fourth quarter.

The government figures also showed inflation pressures remained "moderate", according to Haseeb Ahmed, an economist at JPMorgan.

The core price index rose 0.1 per cent, following an unchanged reading in November and a 0.2 per cent rise in October.

Some Lawmakers Shun Big Game Pass (WSJ)

The Wall Street Journal, February 2, 2007

ETHICS RULES HAVE fewer lawmakers doing the Super Bowl shuffle.

Most lawmakers from Illinois and Indiana, fearing adverse publicity and new rules, shun Bears-Colts clash in Miami. Politicians and aides can accept tickets from corporations for face-value price, but Chicago-area Reps. Emanuel and Kirk opt to remain home.

"Folks are real wary," a Democratic aide says. A senior Republican strategist predicts new rules will eventually escalate stadium contacts between politicians and donors, since lawmakers can visit skyboxes free for fund-raising events.

Miami Democratic Rep. Meek's fund-raiser, $5,000 a head, includes game tickets.

DEMOCRATS ALLIED with auto makers shift trade debate to Japan.

While most manufacturers blast China for keeping the yuan weak against the dollar, Rep. Dingell of Michigan presses Treasury on yen values. Japan has kept currency weak "to gain an advantage with the U.S. market," the Energy and Commerce chairman writes Paulson.

Though the yen has weakened against the dollar, Treasury Secretary sees no evidence Japanese officials are trying to soften the currency; he notes absence of intervention in foreign-exchange markets since 2004. It is weak, Paulson says, because of Japanese economic problems.

ADMINISTRATION FACES skeptics at home and abroad about farm-subsidy cuts.

Agriculture Secretary Johanns travels to push administration proposal in Mississippi, Iowa, California and Tennessee. Trade expert Susan Sechler praises plan for allowing U.S. to resume Doha trade talks "with a straight face."

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"The question really becomes....how far the U.S. will go," adds former Agriculture Secretary and trade representative Yeutter. Much further, says European Union, demanding "more ambitious cuts." But the White House plan squeezes 2008 Republican presidential candidates seeking Iowa support.

Former Massachusetts Gov. Romney is noncommittal and keeping "an open mind," a spokesman says.

NEW BOSSES? Former Democratic congressional aides form lobby group with connections to Baucus of Montana and Rangel of New York, now presiding over Senate and House tax-writing committees. Their firm, Capitol Counsel, including five Democratic alumni of tax panels, will give corporations "the best opportunity to present their case," says principal John Raffaelli.

NEW EXPERTISE: Reshuffle of House appropriations panel, creating financial services subcommittee, elevates lawmaker from the Bronx to chairmanship with clout over SEC and issues affecting Wall Street. "I'm looking forward to ringing the bell" on the New York Stock Exchange," says Rep. Serrano, a native of Puerto Rico.

ENVIRONMENTALISTS press Bush administration to back ban on trade in mercury at global diplomatic gathering in Nairobi next week. EU seeks to stop sale of the toxic pollutant, and Democratic presidential hopeful Obama has raised the subject. State Department says it is still mulling the issue.

BEAR MARKET: Fund raising for Bush's party slows after elections, complicating efforts to retire House Republicans' $14.4 million debt. Senate Republican committee -- criticized within the party for lackluster campaign -- has $1.3 million debt. Republican National Committee ends 2006 with $3.1 million cash, compared with Democrats' $3.7 million.

BUSH'S BUDGET faces push-back from Congress.

Some lawmakers fear State Department's plan for $86 million to help Palestinian Authority security forces could aid Israel's enemies. Lt. Gen. Keith Dayton, top U.S. adviser to Palestinian military, assures congressional staffers of safeguards; money wouldn't go for guns or lethal assistance.

Lobbyists expect Bush to propose a five-year reduction in Medicare spending of $65 billion to $70 billion. That includes reducing the premium Medicare pays for drugs administered by physicians to 4% above the sales price, from 6%.

Pharmaceutical cuts are expected to draw opposition from oncologists, since cancer drugs often are administered by doctors.

MINOR MEMOS: Costly Christmas: Ex-House Majority Leader DeLay, facing Texas money-laundering charges, spent $454,000 on legal fees in final two months of 2006....New White House executive pastry chef William Yosses, as co-author of "Desserts for Dummies," included chapter called "A Real Cake Walk."

Sharpton Takes Biden To Task On Remarks (AP)

By Beth Fouhy

AP, February 2, 2007

Civil rights activist Al Sharpton on Thursday took Sen. Joe Biden to task for calling Democratic rival Sen. Barack Obama "articulate" and "clean," questioning how the description reflects on other blacks.

Biden, still trying to deal with the fallout from his remarks, spoke by telephone on Sharpton's radio show. The Delaware lawmaker spent his first day as an official presidential candidate Wednesday explaining his statement that Obama is "the first mainstream African-American who is articulate and bright and clean."

Biden told Sharpton he regretted the comments and said he hadn't meant to disparage other blacks who had run for president in the past, including Sharpton, Jesse Jackson and the late New York Rep. Shirley Chisholm, who sought the Democratic presidential nomination in 1972.

But Sharpton told Biden: "A lot of people took it from you that because (Obama) is Harvard-trained, that people don't see someone as good and clean unless they are less connected to the struggle of the African-American community."

Sharpton also compared the gaffe to former Virginia Sen. George Allen's use of a racial slur against an Indian-American man last summer — a controversy that was widely believed to have cost Allen re-election.

"George Allen got 'macaca' — this might be a step past that," Sharpton warned.

Biden responded by lavishing praise on Sharpton, saying he and Jackson were the most articulate people in the country.

"I have overwhelming respect for what you did. I have an overwhelming respect for what Jesse did, and what Shirley Chisholm did," Biden told Sharpton. "I didn't know anyone tougher or straighter than Shirley Chisholm. I worked with her, I knew her."

The two men agreed that the best way for Biden to make up for his remarks was to stress issues of concern to the black community in his campaign, such as poverty eradication and speeding up the rebuilding of storm-ravaged New Orleans.

Sharpton, who ran a long-shot but spirited campaign for the Democratic nomination in 2004, is considering running again this time. He met last week in Washington with Biden and several other candidates, including Obama, Sen. Hillary Rodham Clinton and Sen. Chris Dodd, to determine whether they would sufficiently commit to urban issues.

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Biden's interview was reminiscent of Sen. Trent Lott's 2002 appearance on Black Entertainment Television, where he apologized for praising Sen. Strom Thurmond, who ran for president in 1948 as a segregationist. Lott subsequently stepped down from Senate leadership.

An Inarticulate Kickoff (WP)

By Eugene Robinson

The Washington Post, February 2, 2007

What is it, exactly, that white people mean when they call a black person "articulate"?

I'll leave it to Joe Biden to explain (or figure out) why he used "clean" as one of a logorrheic string of adjectives describing his Senate colleague Barack Obama. I'm not sure his initial revision and extension of his remarks -- that he meant "clean as a whistle" -- get him off the hook. Just a suggestion, but Biden might fall back to "clean as the Board of Health," meaning sharply dressed; the last time I saw Obama he was, indeed, wearing an impeccable navy suit.

For anyone who missed it, Biden explained Obama's appeal as a presidential candidate by calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy." He was talking to a reporter for the New York Observer, who recorded the interview; an audio clip was soon posted on the Internet.

There was a sharp reaction, mostly focused on Biden's incomprehensible reference to personal hygiene. The Rev. Al Sharpton, a one-time presidential candidate, said that when Biden called him to apologize, " I told him I take a bath every day."

For my part, I never made it past "articulate," a word that's like fingernails on a blackboard to my ear. As it happens, President Bush used that same word Wednesday to describe Obama. "He's an attractive guy. He's articulate," Bush told Fox News.

Will wonders never cease? Here we have a man who graduated from Columbia University, who was president of the Harvard Law Review, who serves in the U.S. Senate and is the author of two best-selling books, who's a leading contender for the Democratic presidential nomination, and what do you know, he turns out to be articulate. Stop the presses.

It's interesting that Obama's reaction dealt solely with the A-word. "I didn't take Senator Biden's comments personally, but obviously they were historically inaccurate," he said in a statement. "African-American presidential candidates like Jesse Jackson, Shirley Chisholm, Carol Moseley Braun and Al Sharpton gave a voice to many important issues through their campaigns, and no one would call them inarticulate."

Maybe he heard the screech on the blackboard, too.

Yes, I'm ranting a bit. But before you accuse me of being hypersensitive, try to think of the last time you heard a white public figure described as articulate. Acclaimed white orators such as Bill Clinton and John Edwards are more often described as eloquent.

What's intriguing is that Jackson and Sharpton are praised as eloquent, too -- both men are captivating speakers who calibrate their words with great precision. But neither is often described as, quote, articulate. Apparently, something disqualifies them.

Condi Rice is another story. Regular readers know that I think this administration's foreign policy is wrongheaded and dangerous. But I leap to Rice's defense when I hear people say, in the most patronizing tone, that she's soooooo articulate. What on earth do they expect? The woman has served as provost of Stanford University, national security adviser and secretary of state. Think maybe she ought to be able to speak in complete sentences?

I realize the word is intended as a compliment, but it's being used to connote a lot more than the ability to express one's thoughts clearly. It's being used to say more, even, than "here's a black person who speaks standard English without a trace of Ebonics."

The word articulate is being used to encompass not just speech but a whole range of cultural cues -- dress, bearing, education, golf handicap. It's being used to describe a black person around whom white people can be comfortable, a black person who not only speaks white America's language but is fluent in its body language as well.

And the word is often pronounced with an air of surprise, as if it's an improbable and wondrous thing that a black person has somehow cracked the code. I can't help but think of the famous quote from Samuel Johnson: "Sir, a woman preaching is like a dog's walking on his hind legs. It is not done well; but you are surprised to find it done at all."

Articulate is really a shorthand way of describing a black person who isn't too black -- or, rather, who comports with white America's notion of how a black person should come across.

Whatever the intention, expressing one's astonishment that such individuals exist is no compliment. Just come out and say it: Gee, he doesn't sound black at all.

So Far, Obama Can't Take Black Vote For Granted (NYT)

DOJ_NMG_0126804

By Rachel L. Swarns

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — He is hailed by his supporters as the hope of an increasingly multicultural nation, a political phenomenon who can wow white voters while carrying the aspirations of African-Americans all the way to the White House.

So why are some black voters so uneasy about Senator Barack Obama?

The black author and essayist Debra J. Dickerson recently declared that "Obama isn't black" in an American racial context. Some polls suggest that Mr. Obama trails one of his rivals for the Democratic nomination, Senator Hillary Rodham Clinton, in the battle for African-American support.

And at the Shepherd Park Barber Shop here, where the hair clippers hummed and the television blared, Calvin Lanier summed up the simmering ambivalence. Mr. Lanier pointed to Mr. Obama's heritage — he is the American-born son of a black father from Kenya and a white mother from Kansas — and the fact that he did not embody the experiences of most African-Americans whose ancestors endured slavery, segregation and the bitter struggle for civil rights.

"When you think of a president, you think of an American," said Mr. Lanier, a 58-year-old barber who is still considering whether to support Mr. Obama. "We've been taught that a president should come from right here, born, raised, bred, fed in America. To go outside and bring somebody in from another nationality, now that doesn't feel right to some people."

On Wednesday, the question of race took center stage in the presidential campaign because of remarks that Senator Joseph R. Biden Jr., Democrat of Delaware, made about Mr. Obama. Mr. Biden characterized Mr. Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy" and then spent the day — his first as an official presidential candidate, explaining and apologizing for his remarks.

But among many blacks, the awkward and painful debate about race, immigrant heritage and the presidency has been bubbling for months.

Mr. Obama certainly has prominent black supporters and many shake their heads with exasperation at such talk about a man they see as the first African-American with a real shot at the presidency.

His supporters say his background only enhances his appeal as someone who has addressed the concerns of black Americans as a community organizer in Chicago, a state legislator in Illinois and a senator in Washington.

"He has a track record for being concerned about people who are poor, and it seems to be genuine," said Carol M. Swain, a black professor of political science at Vanderbilt University who has written about black politics. "Not only do I think that black Americans will embrace Barack Obama, but I think they will do it with enthusiasm."

Indeed, many pollsters and analysts believe Mr. Obama's life story of growing up in Hawaii and Indonesia with his mother and his maternal grandparents and of his struggle to define his own racial identity will resonate with voters across ethnic and color lines.

But while many whites embrace Mr. Obama's melting pot background, it remains profoundly unsettling for some blacks who argue that he is distant from the struggles and cultural identities of most black Americans. The black columnist Stanley Crouch has said, "When black Americans refer to Obama as 'one of us,' I do not know what they are talking about."

Ms. Dickerson echoed that sentiment.

"I've got nothing but love for the brother, but we don't have anything in common," said Ms. Dickerson, who wrote recently about Mr. Obama in Salon, the online magazine. "His father was African. His mother was a white woman. He grew up with white grandparents.

"Now, I'm willing to adopt him," Ms. Dickerson continued. "He married black. He acts black. But there's a lot of distance between black Africans and African-Americans."

Mr. Obama's strategists are keenly aware of the gap and are trying to address it. On Martin Luther King's Birthday, he spoke at a scholarship breakfast alongside the Rev. Jesse Jackson. Mr. Jackson introduced him by saying, a "new president is in the house."

Mr. Obama and his wife, Michelle, who is an African-American, were also on the February cover of Ebony.

Mr. Jackson and the Rev. Al Sharpton, both former black presidential candidates, have declined to formally endorse Mr. Obama so far.

But Julian Bond, the chairman of the National Association for the Advancement of Colored People, has described him as "tremendously appealing." Several black Democrats in Congress, including Representatives John Lewis, the civil rights pioneer from Georgia; Jesse L. Jackson Jr. of Illinois, the son of Jesse Jackson, and Artur Davis of Alabama, have supported his presidential bid.

His supporters, who note that he carried the black vote in his Senate race, say they are unperturbed by a recent Washington Post-ABC News poll that found that 20 percent of black voters surveyed supported Mr. Obama while 60 percent supported Ms. Clinton. The survey had a margin of sampling error of plus or minus nine percentage points.

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Emil Jones Jr., the president of the Illinois state senate and one of Mr. Obama's early mentors, says he is frustrated by black voters who question Mr. Obama's Kenyan heritage. As a state legislator, Mr. Obama had the support of voters in his district, which is 67 percent black.

"He doesn't share the same kind of background as most African-Americans, but he's addressed those issues that related to underprivileged communities throughout Illinois," said Mr. Jones, who is black.

Mr. Obama describes himself as an African-American, and as a young man, he has said, he yearned to be accepted by black Americans.

Mr. Obama declined to be interviewed, but in his memoir, published in 1995, he acknowledged being dogged by "the constant, crippling fear that I didn't belong somehow, that unless I dodged and hid and pretended to be something I wasn't, I would forever remain an outsider, with the rest of the world, black and white, always standing in judgment."

Still, Mr. Biden's remarks this week only heightened concerns among some blacks who believe that Mr. Obama, as the son of a black Kenyan, is more politically palatable to white voters because he is viewed as less confrontational and less focused on redress for past racial injustices than many black Americans descended from slaves. In that context, he resembles the last black man deemed to be a powerful presidential contender, Colin L. Powell, who flirted with a White House bid in 1995.

Discussing his appeal to white voters at the time, Mr. Powell, the light-skinned son of Jamaican parents, noted that he spoke English well and was not confrontational. He concluded by saying, "I ain't that black."

Philip Kasinitz, a sociologist at the City University Graduate Center, said such a description might as easily apply to Mr. Obama. "He's identifiably black, but in many ways he's outside of normal race relations," said Mr. Kasinitz, who has studied black immigrants in New York City politics. "He's a black politician for whom whites don't have to feel guilty."

Ronald Walters, who advised Mr. Jackson's presidential campaigns, said Mr. Obama's campaign "evokes something which is very much in vogue, this notion of diversity that is not rooted in a compensatory concept."

"He's going to have to win over some African-Americans," said Mr. Walters, who is black and heads the African-American Leadership Institute at the University of Maryland. "They have a right to be somewhat suspicious of people who come into the country and don't share their experience."

In the 1990s, the number of blacks with recent roots in sub-Saharan Africa nearly tripled while the number of blacks with origins in the Caribbean grew by more than 60 percent, according to the State University of New York at Albany. By 2000, foreign-born blacks constituted 30 percent of the blacks in New York City and 28 percent of the blacks in Boston, according to demographers at Queens College.

Several leaders of the civil rights era had immigrant roots, including Stokely Carmichael, who was born in Trinidad; and Shirley Chisholm, the former presidential candidate and the first black woman to be elected to Congress. Her father was born in Guyana and her mother in Barbados.

Donna Brazile, who ran Al Gore's presidential campaign, said she believed that Mr. Obama could woo black voters.

"Barack will tell us that we don't have to go back to being just a white America or a black America, that we can now become something else, together," said Ms. Brazile, who is unaffiliated with any presidential candidate.

"That's the promise of his campaign," she said, "and his challenge."

Clinton Setting A $1 Million Goal For Donors (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, February 2, 2007

WASHINGTON, Feb. 1 — Senator Hillary Rodham Clinton is establishing record-setting goals for presidential campaign fund-raising, her advisers say, asking donors to raise at least $1 million for the honor of being in her top echelon of supporters.

That million-dollar benchmark is 10 times the amount that President Bush's "Pioneers" were expected to raise in his 2000 race; at that time, the Pioneers' $100,000 goal was considered sizable.

Clinton advisers said the new fund-raising levels, laid out in meetings of finance team members this week, would help achieve their goal of raising $75 million in 2007. At least $15 million is expected from New York, Mrs. Clinton's home base, the advisers said.

Precise fund-raising goals and numbers of donors are not yet known by the campaign, with the major meeting of the finance team planned for next Wednesday.

Several Clinton fund-raisers said in interviews that they expected dozens of donors to reach the tier of $500,000 — in part because of the star power at their disposal. The campaign has lined up surrogates for Mrs. Clinton at Democratic fund-raisers around the country; among them are former President Bill Clinton and a senior campaign adviser, Ann Lewis.

"It will be almost impossible for any other candidate to raise the money that the Clintons can raise," said John Catsimatidis, a New York fund-raiser for Mrs. Clinton.

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The names for each category are under discussion, advisers said, but designations like “Hillraisers” and “Pathfinders” have been proposed.

On Wednesday, a leading Clinton supporter in New York, Alan Patricof, convened a meeting of about 15 donors with Mrs. Clinton’s finance director, Jonathan Mantz. Attendees described it as a “talk to the troops” session, with fund-raising dates being worked out. A major New York gala is tentatively set for March 18.

Other Democratic candidates are also moving to post significant fund-raising numbers for the first quarter of 2007, which ends March 31. Former Senator John Edwards of North Carolina has scheduled 24 fund-raisers over 19 days in February.

As a lawyer, too, he is reaching out to fellow trial lawyers — as he did when he ran for president in 2004.

“Fund-raising has been a lot easier than we thought it would be,” said Jennifer Palmieri, an Edwards spokeswoman. She predicted that he would raise more than $7.4 million in this quarter — more than he took in during the first quarter of 2003.

“We fully expect that Hillary and Obama will raise more — her a lot more, and him certainly more,” she added.

Howard Wolfson, a spokesman for the Clinton campaign, responded: “No one plays the expectations game better than the Edwards team. For two years, they have been telling their extensive network of donors to hold off giving him money so they could collect at least $20 million in the first filing period. And Senator Obama might well double that. They will have all they need.”

Senator Barack Obama of Illinois has not yet established fund-raising tiers, though he has said he will not raise money or accept bundled contributions from registered federal lobbyists.

He accepted about $125,000 from lobbyists last year. He has no plans to return that money, a spokesman said, nor does he plan to transfer money from his 2006 federal Senate account to his presidential explor atory committee account.

Advisers say the Clinton campaign has no plans to adopt a similar prohibition on money from lobbyists.

McCain, Giuliani Skipping Some Conservative Events (POL)

By Jonathan Martin

The Politico, February 2, 2007

A speech given by former Massachusetts Gov. Mitt Romney before a National Review-sponsored conference last week may have been panned as unfocused, but in the eyes of those who attended, he at least had one thing going for him: He showed up.

Sen. John McCain and former New York City Mayor Rudy Giuliani, both of whom face serious skepticism from many conservatives, skipped the National Review event, and neither plans to attend a gathering of the Republican Study Committee, a group of conservative House members, this weekend in Baltimore.

Rep. Jeb Hensarling of Texas, the RSC chairman, is "looking forward to hearing Mitt Romney and believes that the RSC retreat offers a unique opportunity for some of the top minds in the conservative movement to come together to strategize, discuss and be heard," said Brad Dayspring, a spokesman for the group.

Romney, who is aggressively seeking the favor of conservative leaders, is on the schedule to address the RSC on Friday. In March, he is scheduled to speak at the Club for Growth's winter conference in Florida and to appear before the annual Conservative Political Action Conference in Washington.

David Keene, chairman of the American Conservative Union and one of the chief organizers of CPAC, said his group hadn't heard back yet from either McCain or Giuliani about whether they'll be at the three-day meeting, which starts March 1. "I frankly don't get it," Keene shrugged in an interview Wednesday. "On the one hand," he said, McCain has been "trying to court the right, but on the other, he seems to be dissing them."

Keene, who has not picked a candidate, readily admits that he has his differences with the maverick senator, but suggested that McCain has pluses that would resonate before a conservative audience, notably his hawkish stance on government spending and the Iraq war.

Asked to explain why they would pass on an opportunity to make their case before such influential audiences, members of McCain's camp said they don't have as much to prove.

"It's important to keep in mind that the senator has served as a conservative for over 20 years in Congress," said campaign spokesman Danny Diaz. "These people know him, they know his pro-life record, his fiscal conservatism, his stance on the war on terror. The same can't be said for others in the race."

When McCain cannot attend an event, he has sent surrogates, Diaz said. Conservative activist Bob Heckman was at the National Review conference, and former Sen. Phil Gramm is standing in for him at the RSC meeting in Baltimore. As for the CPAC gathering in March, Diaz said a decision would be made in the "coming days and weeks."

Giuliani's team excuses his absence from National Review and RSC by pointing out that he is speaking to conservative audiences in places that will have considerable sway in deciding the next nominee. The former mayor was in New Hampshire

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last weekend addressing the Republican convention, said Giuliani spokeswoman Katie Levinson. "This weekend he's down in South Carolina at the invitation of the state party." He'll also speak to the state party's executive committee.

Reaching out to Republicans across the board is important to Giuliani, she said, and is something he'll continue to do aggressively.

A decision has not been made on if Giuliani will attend CPAC, but he plans to speak before the board of the conservative Hoover Institution when it meets for a conference next month in Washington.

As with McCain, ACU's Keene predicts Giuliani would get a decent reaction should he also make it to CPAC in part because he's a celebrity of sorts. "Many conservatives admire his performance in NYC on crime, taxes and after 9/11," he said.

To Romney's camp, there is truth to Woody Allen's maxim about the importance of just showing up.

"As the old saying goes, a true friend is the person who walks into the room when all the others get up and walk out," quipped Kevin Madden, a spokesman for the former governor. "As a conservative Republican who wants to lead our party to victory and champion our ideals, Governor Romney prefers to reach out to these important groups as opposed to ignoring them."

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by edofarrell on 02.01.2007 at 03:13 PM

Bush has been the worst president we've ever had in this country. In 2000 or 2004 we could have (and actually did in 200) elected better people to the White House. Now, with six years of corruption, ineptitude, lying and plain stupidity the Republicans still want to whine. You had your chance to make all the changes you could ever have wanted to make with control of the House, the Senate and the WH. Instead you were corrupt, ran up a huge deficit and got us involved in another Vietnam. Take your medicine boys, it's only going to get worse as the truth starts to filter out of the congressional hearins now underway.

by Kearney on 02.01.2007 at 01:26 PM

As far as deficits, we're in a WAR. We've never fought a war without running them, and frankly we'd be foolish if we ever did. We didn't ask for this war (not even Iraq, contrary to myth), but since we're in it, we'd better be serious about funding it. I agree with your implicit criticism that Bush hasn't cut government enough, and believe especially that a lot of spending and agencies should be eliminated as a war economy measure, but that's not Bush's style and never was.

As for "taxing health plans", Bush's proposal is the most profoundly free-market reform idea for health care in decades. It seeks to cut the tie between employment and health insurance, and give individuals a huge tax CUT if they buy their own health insurance. Nobody gets their auto insurance or homeowner's insurance through their employer; why health insurance? Because during World War 2, government freezes on salary levels (mistakenly thought to be an effective inflation-fighting mechanism) caused employers, desperate to attract talent in an extremely tight job market (with 11 million men in uniform), to pile on fringe benefits like health insurance. That distortion is still going on via inertia and tax code disparities to this day, and because nobody pays attention to the cost of health care and doesn't shop intelligently for it, has contributed mightily to exploding health costs.

by Kearney on 02.01.2007 at 01:18 PM

Bush never campaigned as a movement conservative in 2000; he was the leftmost candidate in the GOP field, not counting quick flameouts like Liddy Dole and Orrin hatch. With his talk of "compassionate conservatism" and his condemnation of a technical change in EITC benefits championed by DeLay as "balancing the budget on the backs of the poor," Bush made it clear he wanted distance between him and the conservative core. Although the frontrunner and winner of pluralities, he was overwhelmingly rejected by the majority of straw poll attendees, caucus voters, and primary goers until the field shook out later in the campaign, due almost solely to being not trusted to be conservative enough.

His general election campaign hinged almost solely on the notion that the Clinton years were wasted frivolity and that a serious effort to help the poor was necessary, especially helping black and Hispanic children get a good education. While Bush has an overall conservative lean, he is not, and never ha been, interested in cutting government, certainly not as an end in itself, and never sold himself as such.

Point being, it's not like conservative can complain about being 'betrayed' or 'sold a bill of goods'. The right went with Bush in 2000 as the better of two options, and especially out of fear and loathing of Al Gore. After 9/11, and after the Democrats nominated a man the right saw (correctly) as someone who would be less forceful on terror at home or abroad if, say, the French or Hollywood disapproved, the Right went with Bush again, almost overwhelmingly on national security grounds.

by B Frank on 02.01.2007 at 11:52 AM

Conservatives, look what you've done to yourselves by giving Bush a blank check and the republican congress taking the last 6 years off while Bush and his cronies run things. Now, all you have for frontrunners are Rockefeller republicans. Anyone to the right of them like Brownback will never be able to get elected. The American people have had enough rightwing selfrighteousness. For people who supposedly want smaller government we have bigger deficits, more spending and nation

building. Almost sounds like the Democrats doesn't it? Not Bush is talking about raising taxes by taxing health plans. This is conservative? Look like all you rightwingers have been had.

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Pawlenty Boosts McCain (POL)

By Jeff Patch

The Politico, February 2, 2007

Minnesota Gov. Tim Pawlenty said Thursday that his fellow partisans must regroup after a bruising 2006 election cycle and decide between ideological purity and electability in the 2008 contest -- a not-so-veiled plea for conservatives to take a fresh look at Sen. John McCain, R-Ariz.

"The marketplace just told Republicans something," said Pawlenty, who will take the reigns of the Republican Governors Association this summer. "It told them that we are choosing for now to select the products and services of your opponent."

In a session with reporters at the Washington offices of lobbying firm Clark & Weinstock, Pawlenty outlined his position and legislative outlook on several topics, including the economy, energy, health care and immigration. But the buzz of the conversation, hosted by former Minnesota Republican congressman Vin Weber, centered on Pawlenty's role as Minnesota co-chair of the exploratory committee of McCain,. Weber supports former Massachusetts governor Mitt Romney, who Pawlenty will replace at the RGA.

Pawlenty took pains to avoid negative comments about fellow Republicans and focus the conversations on what he views as McCain's pluses.

"I believe he's in a league of his own," he said, also dismissing concerns that McCain will lose credibility by supporting President Bush's troop boost in Iraq.

Pawlenty acknowledged that there are concerns among conservatives about whether McCain's record is "sufficiently conservative." Pawlenty's comeback: "If you hold any of these candidates to a purity litmus test, with the possible exception of (Kansas Sen.) Sam Brownback, we'll have nobody left," Pawlenty said.

"Senator Brownback also fails, too" chimed in Kate O'Beirne, the Washington editor of the National Review, a conservative weekly.

Minnesota's chief executive also had a simple, if glib, answer for what President Bush should do now that the Democrats gained power in Congress, similar to Democratic gains in Minnesota.

"Pray."

The second-term governor, who pledged to focus on Minnesota and eschew higher office during the 2008 cycle, also took a shot at Democratic Senate hopeful Al Franken, the liberal comedian.

"I don't think he'd be right for Minnesota," Pawlenty said, nonetheless conceding Minnesota's penchant for oddball elections. "You'd be hard-pressed to point to what he's done that would lead you to the conclusion that he should be helping -- be in the United States Senate at this time."

California Primary Shift Seen Hindering McCain (WT)

By Ralph Z. Hallow

The Washington Times, February 2, 2007

Arizona Sen. John McCain's presidential aspirations stand to suffer a stunning setback if California Republicans carry out a plan to move part of their nomination process up from June to Feb. 5 next year.

"If the California Republican Party approves this idea, it may benefit candidates other than Senator John McCain," Orange County state Assemblyman Chuck DeVore told The Washington Times.

The proposal backed by Mr. DeVore, an influential conservative activist, calls for the 1,600 members of the state Republican Central Committee to select at least 53 of their 165 delegates to the 2008 Republican National Convention at the California party's regularly scheduled February convention in Sacramento.

An alternative plan being negotiated by Republican Gov. Arnold Schwarzenegger and the Democrat-controlled state Assembly would move the 2008 presidential primary election up from its traditional June date -- where it has in recent years had no effect on the selection of the party's presidential nominee -- to Feb. 5.

Florida is also expected to move its Republican primary to Feb. 5. Florida Gov. Charlie Crist, a Republican, is expected to put his statewide campaign machinery at the disposal of Mr. McCain for the presidential primary in that delegate-rich state.

Several other states are also planning to move up their primaries to early 2008, which political analysts predict would mean that nominees of both parties will be known after the votes are counted on Feb. 5.

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California officials say moving the presidential primaries up to February -- while leaving the primary elections for other offices as scheduled for June -- will cost state taxpayers an extra $90 million.

"DeVore's plan would save taxpayers $90 million and give the Republican Party here a big say in who our presidential nominee is and do it without an unneeded primary election in February," said Republican state Assemblyman Doug LaMalfa.

The real reason the Legislature wants to change the primary date, Mr. DeVore said, is to get on the ballot an extension of term limits, adding six more years for Assembly members and four more years for state Senate members.

"This election has two purposes: To impact the presidential nomination process and to place a term-limit extension initiative on the ballot in time for some lawmakers to run for re-election during the regularly scheduled June 2008 primary," Mr. DeVore said.

Mr. LaMalfa said he is "inclined to help" get the DeVore plan taken up by the state party convention meeting less than two weeks from now.

Mr. McCain is widely viewed as the 2008 Republican presidential nomination front-runner nationally. In California, he is expected to benefit from the tacit support and perhaps formal endorsement of Mr. Schwarzenegger. But many Republican leaders in the state -- who would vote in the February convention under Mr. DeVore's plan -- oppose Mr. McCain.

"The activists on the state central committee here have still not forgiven him for the McCain-Feingold assault on the First Amendment nor do they appear comfortable with his incoherent philosophical agenda," Mr. DeVore said. "Senator McCain seems to be more a product of the New York Times than of the party of Ronald Reagan."

California Republicans note that several top Schwarzenegger operatives -- including Steve Schmidt, a former spokesman for the Bush-Cheney 2004 campaign and most recently campaign manager of Mr. Schwarzenegger's successful re-election bid -- have joined Mr. McCain's operation as senior advisers.

Hunter Out To Capture White House (USAT)

By William M. Welch

USA Today, February 2, 2007

LOS ANGELES — Rep. Duncan Hunter sees his opening in the race for the 2008 Republican presidential nomination as the conservative's conservative.

"I believe strongly in this nation that we can have a new American sunrise of opportunity, faith and freedom," he says. "I think this is a time for the type of leadership I can offer."

Hunter, 58, is a veteran congressman from eastern San Diego County who chaired the House Armed Services Committee for the last four of the dozen years that Republicans controlled the House of Representatives.

That job made him well-known to Capitol insiders and a favorite of defense contractors, who found in him a staunch supporter of the Pentagon and of high-tech weapons systems.

He lost his chairmanship when Democrats won control of the House in November. He made his presidential candidacy official last month, basing it on three principles:

·A hard line on illegal immigration.

·Cracking down on countries, mainly China, that he says are killing American manufacturing with unfair trade policies.

·Unwavering support for a strong military and for the war in Iraq, including President Bush's addition of more than 20,000 U.S. troops.

"Over the next five to 10 years, clearly national security is going to be a major focus for our country," Hunter says after being asked why he is running. "I've concentrated on that function of government for the last 26 years in the House of Representatives."

Hunter announced his candidacy last week in South Carolina, one of the earliest primary states. With a big military presence and an apparel and textile industry hit hard by foreign competition, South Carolina will probably be a place where Hunter must do well to gain entry to the top tier of GOP hopefuls.

"He's very much a long shot," says Jack Pitney, professor of government at Claremont McKenna College in California and former head of research for the Republican National Committee. "He sees a niche for a social conservative with a strong defense background," he says. "He's putting a steel beam on the beach and hoping lightning will strike."

Hunter has solid claim to his conservative credentials. He was one of the sponsors of a law Congress passed last year authorizing construction of 700 miles of fencing along much of the U.S.-Mexican border, and he claims credit for fencing already in place along the border at San Diego. He says the millions of immigrants in the USA illegally should be sent home and told to apply for visas if they want to come back.

"As president, I will complete the border fence in six months," he says.

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On trade, he accuses China of devaluing its currency to make its goods cheaper in the USA. He says he would tear up trade deals with China and demand more favorable ones. He sees China as a security threat, too.

"China is arming, and they're doing it with American trade dollars," he says.

On Iraq, he firmly supports Bush's decision to go to war. "I think going in was the right thing to do," he says.

Hunter grew up in Riverside, Calif., the son of a conservative activist and home builder who worked for Barry Goldwater's and Richard Nixon's campaigns and lost his own race for Congress in 1968.

In 1980, at age 32, Hunter defeated a Democratic House incumbent as the GOP picked up more than 30 House seats in the election that put Ronald Reagan in the White House.

Hunter dropped out of high school to join the Marines and earned a Bronze Star as helicopter pilot in the Vietnam War. He became a lawyer after leaving the service. A son, Marine 1st Lt. Duncan Duane Hunter, recently returned from a second tour of duty in Iraq.

Al Gore Nominated For Nobel Peace Prize (LAT/AP)

From The Associated Press

The Los Angeles Times, February 2, 2007

Oslo, Norway — Former Vice President Al Gore was nominated for the 2007 Nobel Peace Prize for his wide-reaching efforts to draw the world's attention to the dangers of global warming, a Norwegian lawmaker said Thursday.

"A prerequisite for winning the Nobel Peace Prize is making a difference, and Al Gore has made a difference," Conservative Member of Parliament Boerge Brende, a former minister of environment and then of trade, told The Associated Press.

Brende said he joined political opponent Heidi Soerensen of the Socialist Left Party to nominate Gore as well as Canadian Inuit activist Sheila Watt-Cloutier before the nomination deadline expired Thursday.

"Al Gore, like no other, has put climate change on the agenda. Gore uses his position to get politicians to understand, while Sheila works from the ground up," Brende said.

During eight years as Bill Clinton's vice president, Gore pushed for climate measures, including for the Kyoto Treaty. Since leaving office in 2001 he has campaigned worldwide, including with his Oscar-nominated documentary on climate change called "An Inconvenient Truth."

Norwegian lawmakers are among the thousands of people and groups with rights to nominate Nobel candidates. Others include members of national governments, past laureates, members of the awards committee and its staff, and many university professors.

The winner is traditionally announced in mid-October, with the prize always presented on the Dec. 10 anniversary of the death of its creator, Swedish industrialist Alfred Nobel.

Praying At The Pump (NYT)

By Ronald E. Minsk

The New York Times, February 2, 2007

Washington

ONCE again, the price of oil is making Americans nervous. After falling by more than one-third since peaking above $75 per barrel last summer, the price has rebounded to $58 with the re-emergence of cold weather and news of a production cut by OPEC. As Congress and President Bush face off over energy policy, we should reaffirm a few basic principles. A very important one is that our most critical goal in enhancing our energy security is to maintain a stable price for oil.

When we talk about energy “dependence” or “security,” we really mean oil. We do not import coal or wind or the sun or geothermal steam, and we import only a tiny percentage of the natural gas we consume from anywhere other than Canada. Thus there is virtually no geopolitical risk in using any of these sources.

This is why energy policy statements frequently begin with the goal of “eliminating the import of Middle East oil.” Such aims presume that our insecurity derives from oil imports, and reflect our distaste of being beholden to autocratic regimes in the Middle East and elsewhere that we perceive as sharing neither our interests nor our values. This presumption, however, is wrong.

Simply put, our oil addiction undermines our well-being because the volatility of oil prices threatens our economy. Because we spend so much on oil and there are no short-term substitutes, price spikes wreck household, business and government budgets alike. Our sense of insecurity is magnified because volatility is both unpredictable and generally beyond our control.

If we could predict future oil prices, we could plan for them. But few people can adjust their lifestyles to reduce their oil consumption significantly in response to price spikes. Likewise, businesses may be reluctant to invest in efficiency or alternative fuels because the higher oil prices that make such investments cost-effective could collapse virtually overnight.

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It is important to remember that our insecurity is related to price volatility and not to the source of the oil. If OPEC members suspended exports but the price of oil mysteriously did not rise, we would not care about the interruption. It is only because a supply interruption always affects price that we care about oil's uninterrupted flow.

Yes, the oil market does care where oil comes from, because the political and economic stability of the supplier informs the market about its reliability as a producer. And because there is a world market for oil, supply interruptions anywhere affect the price of oil everywhere. Even if we imported oil only from the most stable countries (or eliminated imports altogether), so long as unstable countries and regions supply the world market, we would be exposed to the risks of a volatile market. It is precisely the economic risk posed by price fluctuations that forces us to spend diplomatic and military capital in oil-producing regions.

This means that the percentage of oil we import is relatively unimportant. Even the use of alternative liquid fuel instead of oil-derived gasoline will not allow us to escape this volatility, because as direct substitutes for each other, gasoline and alternative fuels will be similarly priced, just as gasoline sold by different oil companies or at different gas stations is similarly priced today.

Accordingly, while the domestic production of oil or alternative liquid fuels may be critically important for other reasons — it can create jobs, stimulate development of new technology, reduce the trade deficit, protect our environment and lower the baseline price of oil — it won't do much to end oil price fluctuations.

It's true that we can help mitigate the effects of oil price volatility by increasing fuel economy standards on cars and trucks. In fact, the more efficient use we make of oil today as opposed to 25 years ago has certainly reduced some of the effects of recent price fluctuations. But tighter fuel standards cannot eliminate the effects of volatility, because new business and governmental budgets already assume increased efficiency; nor would they protect us from price spikes brought on by, say, a new military conflict in the Middle East.

The only way to truly address price instability is to find ways to, in a crisis, quickly and substantially increase fuel production, or to develop some means by which consumers could quickly switch from liquid transportation fuels to other fuels. Not only would it be remarkably difficult to develop these new abilities to such an extent that they could offset the effects of the largest foreseeable supply interruption, but achieving them might have an unexpectedly negative effect: undermining incentives to increase oil production and decrease demand.

In the short term, technology like plug-in hybrid cars could help with volatility, because it allows consumers to choose day to day whether to power their cars with oil or with the sources their utilities use. In the long term, however, if we cannot find a way to increase production and inoculate ourselves from oil-supply interruptions, we are either going to have to develop cars that need no oil, or learn to live with the risks of the global market.

When Americans fill up the tank, they do not care where their gasoline comes from — they just want a stable price. And the fact that we import so much oil does not, in itself, cause its price to fluctuate so wildly or promote inflation. There are many paths to take as we seek to improve our energy security, but all should be based on one principle: real security can come only through finding a way to keep prices stable.

Abrogating Workers' Rights (WSJ)

By Lawrence B. Lindsey

The Wall Street Journal, February 2, 2007

Why is the new Congress in such a hurry to take away workers' right to vote? It seems extraordinary, but the so-called "Employee Free Choice Act" is right there near the top of the Democrats' agenda. This legislation replaces government-sponsored secret ballot elections for union representation with a public card-signing system.

Under the act, once a union gets a majority of the workers to sign a card expressing a desire for a union, that union is automatically certified as the bargaining representative of, and empowered to negotiate on behalf of, all workers. In the 28 states that do not have right-to-work laws, all employees would typically end up having to join the union or pay the equivalent of union dues whether or not they signed the card. Moreover, under the act, the bargaining process would be shortened, with mandatory use of the Federal Mediation Service after 90 days and an imposed contract through binding arbitration 30 days after that.

I am sympathetic to the argument that strengthening the negotiating position of workers is good public policy, and that expanding the choices available to them is the best way to accomplish that. So, for example, pension portability unlocks the golden handcuffs that financially bind workers to jobs they may become dissatisfied with after they have become vested. Health savings accounts are an important first step to liberating people from jobs they put up with only because they fear a disruption in health-care coverage.

When it comes to unions, it doesn't take a very deep appreciation of game theory to understand that a worker's best position comes when a nonunion company has a union knocking on the door. Indeed, one allegation about "union busting" by

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supporters of the bill is that, during union certification elections, one employer in five "gave illegal previously unscheduled wage increases while a similar number made some kind of illegal unilateral change in benefits or working conditions."

In other words, they made workers better off. But, never fear, the Employee Free Choice Act will limit these unconscionable increases in pay, benefits and working conditions by imposing fines of up to $20,000 against employers who make such "unilateral changes." Similar penalties will be assessed against employers who caution that unionization may cause them to shut down or move production elsewhere.

Sometimes the interests of workers and unions coincide, sometimes they do not. The chief complaint by the bill's sponsors is that unions only win secret-ballot elections half of the time. Apparently workers, after they think things over and when neither the union nor the company knows how they vote, often decide they are better-off without the union. The solution of the Employee Free Choice Act is to do away with such elections. It is hard to see how that "empowers" workers. And it is hard not to conclude that this bill has little to do with employee choice or maximizing employee leverage, and everything to do with empowering union bosses and organizers.

The unions allege that companies use unfair election campaign tactics and that a pro-employer National Labor Relations Board doesn't punish them. But statistics cited by the leftwing Web site, Daily Kos, on behalf of this allegation come from 1998 and 1999 -- when the entire NLRB had been appointed by President Clinton. In any event, roughly half the injunctions brought against companies by the NLRB were overturned by federal courts: This does not suggest under-enforcement of the law by the NLRB.

All of this does not mean that there are no legitimate complaints about the union certification process. Companies have been found that fired workers for union organizing activities. One careful examination of NLRB data found that there were 62 such cases in fiscal 2005. This is not a large number in a work force of 140 million, or in a year where there were more than 2,300 certification elections. But it is 62 too many, and it would be reasonable to stiffen the penalties for employers who break the law. But it is hard to think of offering more pay or better worker conditions as something that should be punished with draconian penalties, as the Employee Free Choice Act does.

Most important, it is totally unreasonable to deny all 140 million American workers the right to a secret ballot election because some employers break the law. Not only is such a remedy disproportionate, it is counterproductive -- if one's goal is worker empowerment. How can a worker be better off if both his employer and his prospective union boss know his views on the union when the secret ballot is replaced with a public card signing? For the worker it is the ultimate example of being caught between a rock and a hard place.

The political rhetoric in support of this bill is a willful exercise in obfuscation. For example, on the presidential campaign stump John Edwards says, "if you can join the Republican Party by just signing a card, you should be able to join a union by just signing a card." The fact is, you -- and everyone else -- can join any union you want by just signing a card, and paying union dues and meeting any other obligations imposed by the union. But, under this bill, contrary to Mr. Edwards's false analogy, signing a card to join the Republican Party does not oblige you to vote for the Republican ticket in a secret ballot election. The Employee Free Choice Act would take care of that by abolishing such elections. If the Edwards principle was applied to the political process in the 28 non-right-to-work states, Karl Rove and Republican Party organizers could force all Democrats and independents to become Republicans and pay dues to the party if a majority of voters signed Republican Party cards. That is free choice?

The final proof that this bill is about union power, and not worker choice, is revealed by its treatment of the flip side of unionization: decertification elections. These are secret ballot elections in which workers get to decide that they have had enough of the union. So under the Employee Free Choice Act can a majority of workers decertify the union by signing a card? Not on your life. Here unions want the chance to engage in a campaign to give workers both sides of the story -- and maybe do a better job of representing them -- before the union's fate is decided, by a secret-ballot vote.

No one has ever argued that secret-ballot elections are a perfect mechanism, either in politics or in deciding unionization. But they are far and away the best mechanism we have devised to minimize intimidation and maximize the power of the people who really matter, whether citizen or worker. Congress should think a lot harder before it decides to do away with workers' right to vote.

Mr. Lindsey is president and CEO of the Lindsey Group.

Is $34.06 Per Hour 'Underpaid'? (WSJ)

By Jay P. Greene And Marcus A. Winters

The Wall Street Journal, February 2, 2007

Who, on average, is better paid -- public school teachers or architects? How about teachers or economists? You might be surprised to learn that public school teachers are better paid than these and many other professionals. According to the Bureau

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of Labor Statistics, public school teachers earned $34.06 per hour in 2005, 36% more than the hourly wage of the average white-collar worker and 11% more than the average professional specialty or technical worker.

In the popular imagination, however, public school teachers are underpaid. "Salaries are too low. We all know that," noted First Lady Laura Bush, expressing the consensus view. "We need to figure out a way to pay teachers more." Indeed, our efforts to hire more teachers and raise their salaries account for the bulk of public school spending increases over the last four decades. During that time per-pupil spending, adjusted for inflation, has more than doubled; overall we now annually spend more than $500 billion on public education.

The perception that we underpay teachers is likely to play a significant role in the debate to reauthorize No Child Left Behind. The new Democratic majority intends to push for greater education funding, much of which would likely go toward increasing teacher compensation. It would be beneficial if the debate focused on the actual salaries teachers are already paid.

It would also be beneficial if the debate touched on the correlation between teacher pay and actual results. To wit, higher teacher pay seems to have no effect on raising student achievement. Metropolitan areas with higher teacher pay do not graduate a higher percentage of their students than areas with lower teacher pay.

In fact, the urban areas with the highest teacher pay are famous for their abysmal outcomes. Metro Detroit leads the nation, paying its public school teachers, on average, $47.28 per hour. That's 61% more than the average white-collar worker in the Detroit area and 36% more than the average professional worker. In metro New York, public school teachers make $45.79 per hour, 20% more than the average professional worker in that area. And in Los Angeles teachers earn $44.03 per hour, 23% higher than other professionals in the area.

Evidence suggests that the way we pay teachers is more important than simply what they take home. Currently salaries are determined almost entirely by seniority -- the number of years in the classroom -- and the number of advanced degrees accumulated. Neither has much to do with student improvement.

There is evidence that providing bonuses to teachers who improve the performance of their students does raise academic proficiency. With our colleagues at the University of Arkansas we found that a Little Rock program providing bonuses to teachers based on student gains on standardized tests substantially increased math proficiency. Researchers at the University of Florida recently found similar results in a nationwide evaluation.

Of course, public school teacher earnings look less impressive when viewed on an annual basis than on an hourly basis. This is because teachers tend to work fewer hours per year, with breaks during the summer, winter and spring. But comparing earnings on an annual basis would be inappropriate when teachers work significantly fewer hours than do other workers. Teachers can use that time to be with family, to engage in activities that they enjoy, or to earn additional money from other employment. That time off is worth money and cannot simply be ignored when comparing earnings. The appropriate way to compare earnings in this circumstance is to focus on hourly rates.

Moreover, the earnings data reported here, which are taken directly from the National Compensation Survey conducted by the Bureau of Labor Statistics, do not include retirement and health benefits, which tend to be quite generous for public school teachers relative to other workers. Nor do they include the nonmonetary benefit of greater job security due to the tenure that most public school teachers enjoy.

Educators sometimes object that hourly earnings calculations do not capture the additional hours they work outside of school, but this objection is not very compelling. First, the National Compensation Survey is designed to capture all hours actually worked. And teachers are hardly the only wage earners who take work home with them.

The fact is that teachers are better paid than most other professionals. What matters is the way that we pay public school teachers, not the amount. The next time politicians call for tax increases to address the problem of terribly underpaid public school teachers, they might be reminded of these facts.

Jay P. Greene holds the endowed chair of education reform at the University of Arkansas and is a senior fellow at the Manhattan Institute, where Marcus A. Winters is a senior research associate. Their report, "How Much Are Public School Teachers Paid?," was released this week.

A Bipartisan Trade Policy (NYT)

The New York Times, February 2, 2007

The newest Democratic members of Congress have arrived in Washington with an important message from the voters: American workers are feeling economically insecure, and globalization and trade are heightening their fears. The White House and the new Congress still have a chance to create a bipartisan consensus on trade. They should seize it, for the good of the American economy, and for the good of the world's poorest nations, which need freer trade to pull themselves out of poverty.

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There are some quick steps the White House and Congress should be able to agree on. To reassure workers at home, they could expand federal assistance to anyone thrown out of a job because of trade. At the same time, new tariff benefits for the least-developed countries, like Bangladesh and Cambodia, would send a positive signal to the rest of the world.

Over all, trade has been very good to the United States, which is still the world's largest exporter of goods and services. The trade liberalization measures put in place after World War II produce now, by one estimate, an additional $1 trillion in income for Americans annually, and millions of new jobs. The inexpensive foreign goods that arrive here because of free trade keep prices down. Low prices are good for consumers, and by keeping inflation and interest rates in check, they encourage economic growth and job creation.

Still, there is no question that the hundreds of thousands of workers who lose their jobs to trade-related dislocations each year are paying the price. The government has not done enough to take care of these displaced workers, and much of the blame lies with the economic policies of the White House and the last Congress, which was led by Republicans.

Now that the Democrats control Congress, they can champion both free trade and the rights of American workers. They should push to improve the social safety net, especially access to health insurance. And they should promote increased retraining and wage assistance for displaced workers.

To win Democrats' support, the White House will have to accept some of their demands for stronger labor provisions in future trade accords. Bans on forced labor and child labor, and similar mandates, are laudable goals. But Democrats who propose minimum-wage rules have to recognize that what is low pay for Americans may pull a family out of poverty in a less-developed country.

The administration's proposed farm legislation looks like a decent first step toward reducing subsidies and bringing American agricultural policy into line with our trade commitments. Now, if the administration can put together a solid plan for proceeding with negotiations for the Doha round of global trade talks, Congress should renew the president's fast-track negotiating authority. But if the global talks cannot be jump-started, the White House and Congress should move ahead with bilateral agreements with Peru, Panama and Korea.

Democrats are right to insist that the trade agenda advance the interests of all Americans, not just large corporations. But they need to acknowledge that putting the brakes on global growth is still the surest path to losing American jobs.

Free To Choose In Utah (WSJ)

The Wall Street Journal, February 2, 2007

Another brick could soon fall from the Berlin Wall that surrounds America's failing public schools, as Utah's legislature considers what would be the first universally available statewide voucher program in America.

The voucher bill passed out of committee earlier this week and is backed by Governor Jon Huntsman. It would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income. While Utah is known for its Mormon population, the biggest winners under the plan would be the state's growing Hispanic population, who haven't done well in general in Utah public schools.

As usual, local school boards and the state teachers union (the Utah Education Association) are fighting the idea, claiming that it will "drain" money from public schools. This hardly seems likely because the $9 million cost of the program is about 0.5% of total school spending. And the voucher maximum of $3,000 is less than half the state per child public-school spending average of $6,325. The voucher bill also allows Utah public schools to keep the difference between the voucher amount paid out to students who leave and the $6,325 per pupil average.

Vouchers are working in a handful of cities, such as Cleveland, Milwaukee, and Washington, D.C. Former Florida Governor Jeb Bush also promoted a statewide plan, until a liberal state court invented constitutional objections. The evidence on student performance has mostly been favorable in these schools, and research by Harvard economist Carolyn Hoxby has found that the presence of vouchers has caused the public schools to improve their performance as well.

So let's hope Utah lawmakers stare down the opposition and give this statewide experiment a try. "For the unions, this vote is about protecting their monopoly," House Speaker Greg Curtis says. "They don't like vouchers for the same reason blacksmiths didn't welcome the Model T."

Rice To Seek Support For Mideast Effort (WP)

By Glenn Kessler

The Washington Post, February 2, 2007

Secretary of State Condoleezza Rice will launch a new effort to forge a Palestinian state by seeking an endorsement today from a rare Washington meeting of a high-level group that monitors Middle East peace.

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The Quartet, made up of the United States, the European Union, Russia and the United Nations, has played a largely backstage role in the long-stalled peace process. But Germany, which currently holds the rotating presidency of the E.U., has pressed to revive the role of the international group -- and U.S. officials decided that an endorsement would help bolster Rice's planned return to the region this month to host a meeting between Israeli and Palestinian leaders.

European officials say that Rice's decision to hold the meeting in Washington signals the administration's determination to make progress with just two years left in President Bush's term. "This sends a clear message that the United States is reengaged," one European official said yesterday.

Rice maintains that the prospects for peace have suddenly turned brighter, even though Israeli Prime Minister Ehud Olmert has dwindling support among Israelis and Palestinian Authority President Mahmoud Abbas has struggled against the Hamas-led legislature. In a series of recent trips to the region, Rice has tried to unite what she calls "mainstream" Arabs against extremist forces that she says include Iran, Hamas and Hezbollah. She suggests that the strategic interests of Israel and its neighbors have begun to overlap, making it easier to win Arab support for and interest in a peace deal.

Accepting an approach long urged by Europeans and Palestinians, Rice will push Olmert and Abbas to discuss the contours of a final peace deal, even though they have made little progress in implementing the initial steps of a peace plan promoted by the administration for the past four years.

Previously, the administration argued that such negotiations would be premature until the Palestinians met basic security requirements and Israel ended its settlement expansion. Now, Rice suggests that sketching a "political horizon" will boost the confidence of the two sides to take those initial steps -- and to ultimately give Abbas the leverage to defeat Hamas.

But turmoil in the Palestinian territories has increased in recent days. A tentative cease-fire collapsed yesterday as Hamas and forces loyal to Abbas's Fatah party engaged in an intense gunfight in the Gaza Strip that killed six people and wounded at least 50. The administration is pressing a $100 million plan to bolster and train Abbas's security forces.

Behind the scenes, there are tensions in the Quartet group over the administration's determination to maintain an economic embargo on the Palestinian government led by Hamas, which the State Department considers a terrorist organization. The Russians, in particular, have pressed for an end to the embargo. The Europeans last year won approval for a temporary -- now largely permanent -- aid program that directly benefits the Palestinian people, bypassing Hamas institutions. The aid ban, however, has allowed Iran to gain a greater role in Palestinian affairs as it provides huge amounts of smuggled cash to Hamas.

A senior administration official, speaking on the condition of anonymity because the group's communique was still being drafted, said that "we need to review the mechanisms in place" for aiding the Palestinians. He said the administration views the aid ban on Hamas to be "a relative success," but he acknowledged that others might argue that it has not succeeded because Hamas still refuses to recognize Israel.

He noted that overall aid to the Palestinians has increased in the past year, and that "apocalyptical visions" of Palestinian suffering because of the aid ban have not materialized.

Over the past six years, the administration has promoted several peace initiatives, only to back off in the face of setbacks. One senior European official who recently met with Rice said he is impressed by her apparent determination to achieve a breakthrough. Asked why he believes this time is different, he smiled and said: "One must always be an optimist."

UN Chief Wants More Energetic Mideast Peace Quartet (AFP)

AFP, February 2, 2007

UN chief Ban Ki-moon wants the international Quartet for Middle East peace meeting Friday to strive for progress on the ground rather than merely making statements, his spokeswoman said.

Ban, who took office on January 1, will attend his first meeting of the diplomatic Quartet -- which includes the United States, United Nations, European Union and Russia -- in Washington Friday.

"He hopes that the Quartet will seriously engage with the key issues that have a direct impact on the situation on the ground, going beyond mere statements," his spokeswoman, Michele Montas, told reporters Thursday.

"He is fully aware that within the region and beyond, many are looking at the Quartet to be more energetic in its efforts than it has been at times to break the current impasse in the peace process," Montas said.

She added that Ban "believes the Quartet should reach out to the parties and also all the key regional partners for a more systematic dialogue and involvement in the Quartet's deliberations."

In an AFP interview Wednesday in Nairobi, Ban expressed hope that Friday's meeting will yield a detailed agreement on how to implement the Quartet's blueprint for the creation of a viable Palestinian state.

"It's encouraging that we are now able to re-energize this Quartet process," Ban told AFP before traveling to Washington.

"The Middle East question has been too long unresolved, which has been having a negative impact on this regional situation," he said. "I hope we will be able to agree in a detailed manner on the implementation of the roadmap."

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The Quartet, which has not met formally since September, issued a "roadmap" for achieving Israeli-Palestinian peace in 2003, but the three-stage plan that should have led to the creation of a Palestinian state by 2005 has since languished.

The plan's phased implementation meant crucial "final status" issues like the borders and powers of a Palestinian state and the fate of Palestinian refugees could not be tackled until Israel's security was guaranteed -- allowing militants to stymie progress with continued attacks.

Friday's gathering will include Ban, US Secretary of State Condoleezza Rice, Russian Foreign Minister Sergei Lavrov, German Foreign Minister Frank-Walter Steinmeier and EU foreign policy chief Javier Solana.

Shootout In Gaza Deepens Bitter Split (NYT)

By Greg Myre

The New York Times, February 2, 2007

JERUSALEM, Feb. 1 — A fragile truce between Palestinian factions in Gaza broke down Thursday when Hamas members fired on a convoy from the rival Fatah group, touching off an intense gun battle that killed six people and wounded at least 50.

In the West Bank on Thursday, Israeli troops shot dead four Palestinians in three confrontations.

In the Gaza episode, Hamas members of the Palestinian security forces shot at what Hamas said was a truck convoy delivering weapons to the Presidential Guard, a security force that protects the Palestinian Authority president, Mahmoud Abbas, who is a member of Fatah.

The trucks entered Gaza from Israel at the Kerem Shalom crossing, near the spot where the borders of Gaza, Israel and Egypt converge.

The convoy reached central Gaza before it was stopped by the Executive Force, a security agency made up mostly of Hamas supporters, said Islam Shahwan, a spokesman for the force. The Fatah men refused to allow any searches, and the shooting soon erupted, he said.

Mr. Shahwan said the convoy was stopped because “we have witnessed Fatah using new weapons and believe they were bringing in more.”

Fatah officials said the convoy was hauling generators, medical equipment and tents, and accused Hamas of violating the latest truce, which took effect on Tuesday and had brought relative calm for two days.

But Thursday’s shootout, near the Bureij refugee camp, claimed six lives, and at least four of them were security force members. Also, about 50 people were injured in central Gaza and in fighting elsewhere, according to doctors at Shifa Hospital in Gaza City.

Hamas, the radical Islamic group, controls most of the Palestinian government and the Executive Force, which Hamas established after coming to power last year. But Mr. Abbas also has a range of powers, and most members of the security forces are considered supporters of Fatah.

More than 60 Palestinians have died in the internal Gaza fighting over the past two months, and talks to establish a national unity government have again collapsed.

In the West Bank violence, the Israeli troops shot and killed three militants in clashes in Nablus and Tulkarm, the military and Palestinian residents said.

The Israelis also shot and killed a 17-year-old Palestinian who was trying to cut through a fence that is part of Israel’s separation barrier near Ramallah.

In another development on Thursday, Prime Minister Ehud Olmert testified for five hours before a commission investigating how Israel conducted its war last summer against Hezbollah in Lebanon.

Mr. Olmert was the last of dozens of political and military figures to give testimony at the closed-door sessions.

An Israeli official, who spoke on condition of anonymity but was briefed on the testimony, said Mr. Olmert gave a detailed explanation of the entire conflict and did not seek to assign blame. The commission questioned Mr. Olmert at some length about the ground offensive in the final days of the fighting, which resulted in heavy Israeli casualties.

Many Israelis feel the inconclusive war was mismanaged, and Mr. Olmert’s popularity fell sharply after the war. The commission is expected to issue an interim report in March.

Also, Defense Minister Amir Peretz selected the Israeli arms maker Rafael to develop a missile defense system designed to shoot down the short-range rockets that Palestinian militants and Hezbollah have directed at Israel.

Mr. Peretz chose Rafael’s “iron dome” system over a number of competitors, including the Lockheed Martin Corporation, the big American military contractor. The Rafael system will provide an answer to rockets with a range of several dozen kilometers, Mr. Peretz’s office said in a statement, and is expected to be ready for deployment in about two years.

6 Dead In Gaza After Renewed Palestinian In-fighting (LAT)

By Ken Ellingwood

The Los Angeles Times, February 2, 2007

JERUSALEM — Renewed violence between rival Palestinian factions in the Gaza Strip left at least six people dead today, despite a three-day-old cease-fire agreement.

Clashes broke out around the coastal strip after gunmen from the ruling Hamas movement ambushed a convoy of trucks they said were carrying arms from Egypt destined for its main rival, Fatah. Four members of Palestinian security forces and two bystanders died in the fighting and more than 40 others were injured.

Egyptian officials in Gaza and a spokesman for the presidential guard of Palestinian Authority President Mahmoud Abbas, who belongs to Fatah, denied the trucks were carrying arms. They said the cargo was supplies for a presidential guard compound in Gaza.

The two sides called the truce following clashes that killed about 30 people last week. On-and-off again violence kicked up in December after Abbas called for new elections to break a political deadlock.

Hamas, which unseated Fatah in parliamentary elections a year ago, sees early elections as part of a coup attempt and accuses the United States of backing Fatah in the escalating violence.

The Bush administration plans to provide $86 million in what it describes as nonlethal aid to Abbas' security forces. Egypt has shipped weapons to bolster his forces in Gaza, with what Israeli officials say is their permission.

Hamas and Fatah have negotiated for months over terms of a coalition government aimed at breaking an international aid embargo against Hamas. But the talks have repeatedly faltered, mainly over the distribution of Cabinet portfolios and Hamas' refusal to recognize Israel.

Western nations cut aid because they consider Hamas a terrorist group, and set three conditions for a renewal: the Palestinian government must recognize Israel, renounce violence and agree to abide by past agreements between Israel and the Palestinians.

How Lebanon's Army Could Hold Key To Peace (WSJ)

By Cam Simpson

The Wall Street Journal, February 2, 2007

BEIRUT, Lebanon -- For almost six months, Lebanese Army soldiers have helped control one of the world's most volatile flashpoints, patrolling near Lebanon's 49-mile border with Israel. Now, its troops are shouldering an even more urgent, and in many ways more difficult, task: standing between fellow citizens from rival groups on the same Beirut streets where the civil war that still haunts Lebanon raged two decades ago.

The job is severely testing what may be the last Lebanese institution that still holds public confidence, and perhaps the only one keeping the deeply fractured society intact. Yet without a quick settlement to the political crisis that has paralyzed the government since November, current and former army leaders warn, street violence like last week's could spiral beyond the military's ability to contain it.

"The unity of the army is the only thing that keeps this country from meeting the definition of a 'failed state,' " says Elias Hanna, a retired general in the Lebanese army and a strategic analyst.

About 6,000 soldiers have been patrolling the capital since December. That is when government opponents, led by Hezbollah, the Shiite Muslim political, social and militia group, flooded downtown Beirut in an effort to topple the U.S.-backed government. They contend it lacks constitutional legitimacy given the resignations of six ministers, including five Shiites, in November.

Tensions peaked last week when Hezbollah called a general strike, and its supporters burned tires and blocked roads to Beirut's airport. Although some members of the current government wanted the army to break through the barricades, commanders decided to let the protests play out, hoping they would relieve pressure, according to current and former senior officers.

By Jan. 25, the wisdom of that strategy was clouded by doubt, as a cafeteria brawl between Shiite and Sunni Muslims at a Beirut university spilled into the streets. Ensuing violence spread, leaving four dead and about 200 wounded. Clashes flared across the city and beyond in scenes reminiscent of Lebanon's civil war, complete with rooftop snipers.

About 20 soldiers, including three officers, were among the wounded, according to a senior commander who isn't authorized to speak officially. With perhaps one exception, soldiers helped contain the violence by not returning fire; they were under strict orders to avoid actions that could cause the fighting to escalate, the senior commander said. In the days that followed last week's clashes, all sides seemed to breathe easier.

Many fear the calm is temporary. They say the army's ability to maintain order can't last forever, making a political resolution urgent. Nizar Abdel-Kader, a retired senior army general, and others close to the current army leadership say senior

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officers warned rival political factions last week that soldiers couldn't keep the peace on Beirut's sidewalks forever. "The tension was raised to a degree where it is now too risky to believe that the army can continue with the same effectiveness in quelling these clashes," says Mr. Abdel-Kader, who is a columnist for the Lebanese Arabic-language newspaper Ad-Diar.

Since last week's violence, the army's efforts on Beirut's streets seem to be most intense after sunset. Soldiers man mobile checkpoints, often stopping each passing car. Some are waved through quickly, while others are closely screened to be certain they aren't ferrying armed men -- another echo of Lebanon's past.

In the tent city near Martyrs Square, where government opponents have camped for weeks, protesters are nervous about who may be plotting against them -- but thankful for the presence of soldiers throughout the city. "We will lift our hats and bow in front of them," says Mohammad Kawar, a 46-year-old cab driver and Hezbollah supporter. The group's leader, Hassan Nasrallah, has pledged that his followers won't push Lebanon into civil war even if 1,000 of them are killed.

If street violence does resume, there are other factors that could make it difficult for the army to minimize. The soldiers in Beirut include members of special-forces and "intervention" units, men trained to respond aggressively to any threat. (Members of Lebanon's Internal Security Force, who are better prepared for a mission of this type, remained in their barracks last week. Their participation might prove combustible, since their leaders are viewed by some as being too close to the government.) The soldiers also are drawn from the same ethnic and religious groups now in conflict.

"The army reflects the fabric of this society," Gen. Hanna says. He and others also note that the integration since the early 1990s of each unit -- Sunnis, Shiites, Christians and others serve side by side -- is a major benefit.

The entire 60,000-man force also has endured the physical stress of a high alert for months, since the summer war between Israel and Hezbollah. And under the United Nations Security Council resolution that ended that conflict, the Lebanese Army, in tandem with a beefed-up U.N. force, is responsible for patrolling Hezbollah's stronghold in the south to deter renewed fighting.

Mr. Abdel-Kader says the Beirut mission is the most physically, psychologically and emotionally draining for any soldier. "After all," he says, "you are facing your own people."

U.S. Eyes Re-establishing Relations (WT)

By Nicholas Kralev

The Washington Times, February 2, 2007

The State Department said yesterday it is considering re-establishing a diplomatic presence in Somalia for the first time since U.S. troops withdrew from the African country in 1994 after an unsuccessful U.N. humanitarian operation amid a bloody civil war.

Even if the department determines that the political and security conditions on the ground have improved sufficiently, it will not reopen the U.S. Embassy, which has been closed since 1991, but will most likely set up a small presence post, officials said.

"It's something that's being actively examined right now," department spokesman Sean McCormack told reporters. "We are going to take a look, obviously, at what is appropriate in terms of security [and] political presence ... in Somalia."

Although the United States never formally severed diplomatic relations with a Somali nation that dissolved into near anarchy from 1991 on, it closed its embassy there.

About a month ago, Somalia's weak transitional government, backed by troops and weapons from Ethiopia, drove out Islamists who had controlled the capital, Mogadishu, and much of the country's south for six months.

Since then, the security situation has improved, although there have been attacks in Mogadishu.

"There aren't any final decisions" about sending U.S. diplomats to Somalia, Mr. McCormack said. However, he added that if the situation continues to improve, the department could send diplomats.

Jendayi Frazer, assistant secretary of state for African affairs, considered visiting Somalia during a trip to the region early last month, but the State Department's Diplomatic Security Service decided it was not safe, a senior official said.

The U.S. Embassy in Kenya is responsible for watching developments in Somalia, but the lack of diplomatic presence on the ground limits the knowledge and potential influence of the United States, officials said.

In Mogadishu yesterday, mortar bombs and rockets killed at least three persons, wire reports quoted witnesses as saying. It was not immediately clear who was behind the attack. On Tuesday, a series of blasts rocked the capital's northern part, in an area where Ethiopian troops were based before they began a pullback withdrawal last month.

Officials have blamed remnants of the Islamist movement, who fled to the south after their defeat, for some of the attacks.

Miss Frazer pledged $40 million in financial assistance for Somalia during her trip.

She said the United States was trying to "mobilize international support to help build the governance capacity" of the transitional authorities and to "move forward with the deployment of an African stabilization force."

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"It is very important that the peacekeeping force is led by Africans, especially participation by Muslim countries," she said in a Jan. 17 speech at the Center for Strategic and International Studies.

In 1993, Somali clan militiamen shot down two Black Hawk helicopters and killed 18 U.S. soldiers. The bodies of two of them were dragged through the streets of Mogadishu.

Shiite-Sunni Conflict Rises In Pakistan (CSM)

By David Montero

The Christian Science Monitor, February 2, 2007

MULTAN, PAKISTAN

In this Punjabi city of shrines, Shiites and Sunnis prayed side by side during Ashura this week, the holiest holiday for the world's 150 million Shiite Muslims. But a province away, suicide bombers attempted to strike Shiite processions throughout Pakistan's Northwest Frontier Province, leaving as many as 21 dead and more than 40 injured in three separate incidents, including two suicide attacks.

The violence, the latest in a sharp uptick against Pakistan's Shiite minority, has heightened concerns that Iraq's conflict may be feeding sectarian violence here. Whether the conflict in Iraq is capable of igniting Pakistan's simmering sectarian tensions raises questions about a growing global sectarian war.

The answer is important, analysts say, because Pakistan's 30 million Shiites – numbering more than Iraq's – could become a flash point if sectarian violence spreads.

"In Pakistan, it is not a battle like in Iraq. But in Pakistan, you have the same violence ... driving the conflict," says Vali Nasr, author of The Shia Revivial, a study of global Sunni-Shiite conflicts. "We are going to see increasing occurrences of the bombings like we've seen over the weekend." [Editor's note: The original version incorrectly titled Vali Nasr's book.]

It is said that Shiite Islam in Pakistan began here, in this dusty corner of Punjab, more than 200 years ago. Shiites, who constitute only 20 percent of Pakistan's 165 million people, have found themselves beleaguered ever since. As many as 4,000 people are estimated to have died in sectarian fighting in Pakistan in the last two decades, 300 in the last year alone. One of the largest attacks took place here in Multan, when a car bomb killed 40 members of an extremist Sunni organization in 2004. A Shiite militant was later tried and sentenced to death for the attack.

Multan's discord closely mirrors the age-old schisms in Saudi Arabia, Bahrain, and elsewhere which, taken together, constitute a Shiite-belt stretching from the Gulf to Pakistan.

"Will the newly empowered Shiite majority in Iraq use its power to tame its sectarian radicals like Moqtada al-Sadr and make an accommodation with the Sunni minority, or will it pursue a politics of resentment and revenge and try to impose sectarian dominance? The outcome will profoundly affect the actions of other governments and of oppressed Shiites in Pakistan and elsewhere," writes John Brenkman, an international affairs analyst at the City University of New York, in an e-mail.

Many disagree, however, saying that what happens in Iraq will hardly convulse the community in Pakistan, more concerned as it is with its own troubles.

"When you ask Pakistanis about Iraq, they identify with Iraqis – not with Shiites or Sunnis," says Samina Ahmed, the South Asia Project Director of the International Crisis Group (ICG), a Brussels-based think tank.

That is certainly the feeling of Shiites in Multan, who make up 40 percent of the city's roughly 4 million people. Sitting around plates of food together, Sunnis and Shiites insist there is no conflict among them, and that foreign powers both here and in Iraq are trying to sow discord.

Even without Iraq, though, some fear Pakistan is particularly vulnerable because of the Taliban resurgence in its backyard. "We tend only to think of [the Taliban] in terms of Afghan politics. We don't think of it as being a resurgence of a Salafi extremist force in Afghanistan. The ideological implications fall on the Shiites," says Mr. Nasr.

For some, Al Qaeda's war against Shiites has already ignited tensions in Pakistan. Editorials in leading newspapers – particularly after this week's suicide bombings – speak of a "new anti-Shiite wave that is radiating from Iraq ..." and President Pervez Musharraf has warned of the need to diffuse sectarianism "not just for the country's security, but for the entire Muslim world."

Such fears may be well grounded, even though the number of sectarian killings is down when compared with the past. In January, police investigators in Karachi announced that Al Qaeda worked with local sectarian groups to carry out some of the largest suicide attacks against sectarian targets last year, which left more than 60 dead, according to local news reports. And this past week's suicide attacks bore the signature of Al Qaeda in Iraq and Afghanistan, observers say.

Whether or not it spells a war emanating from Iraq, the West should pay heed, say analysts.

"People tend to dismiss the sectarian groups ... because they're not targeting you. But they always could," says Christine Fair, a South Asia counterterrorism expert at the US Institute of Peace, a Congressionally funded think tank in Washington, D.C.

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Ms. Fair and others point out that extremist groups cross-pollinate: Those who attack Shiites today are the ones who attack Western targets tomorrow.

In January, Karachi investigators determined just that: A suicide attack last March, which killed an American diplomat, was carried out by Lashkar-i-Jhangvi, a sectarian group working with Al Qaeda.

"They have multiple goals. It's an external jihad. It's an internal jihad," says Ahmed of ICG, adding that Pakistan and the West have to address both sides of the coin.

But, say residents in Multan, Sunnis and Shiites enjoy strong family-to-family bonds for the most part, and interfaith boards and education have helped blunt sectarianism's impact.

If there is a growing global conflict, Malik Naseem Labar, a local Sunni politician, could not see it through the throngs during Ashura this week.

"We respect [Ashura]. All these young boys – they are all Sunnis," says Mr. Labar, gesturing toward swaths of young men mingling freely with Shiites. "I am Sunni, but I am here."

U.S. Hopes For Progress On N. Korea Deal (AP)

AP, February 2, 2007

The top U.S. negotiator on North Korea's nuclear program said Thursday he hopes six nations meeting in China next week will be able to take the first concrete steps toward eventual dismantling of the communist nation's nuclear weapons.

The comments by Assistant Secretary of State Christopher Hill could mean that North Korea might begin the process of denuclearization while receiving economic benefits from other countries participating in the talks.

This would be a significant breakthrough for a bargaining process that has achieved little since it began in August 2003.

Meeting with reporters on the eve of his departure for South Korea, Hill declined to say what specific actions he expects when the six nations convene for their sixth round of talks in 3 1/2 years. Participants are the United States, the two Koreas, China, Japan and Russia.

"We will not achieve full denuclearization but we hope get a substantial start," Hill said.

A December meeting of the six made little headway but the State Department has been hinting for days that the next round should be different.

A Colossal Leap Of Faith In Fight Against Famine (WP)

By Craig Whitlock

The Washington Post, February 2, 2007

EBERSWALDE, Germany -- Few people raise bigger bunny rabbits than Karl Szmolinsky, who has been producing long-eared whoppers since 1964. His favorite breed, German gray giants, are the size of a full-grown beagle and so fat they can barely hop.

Last year, after the retired chauffeur entered some of his monsters in an agricultural fair, word of his breeding skills spread to the North Korean Embassy in Berlin. Diplomats looked past the cute, furry faces with the twitching noses and saw a possible solution to their nation's endemic food shortage: an enormous bunny in every Korean pot.

The North Koreans approached Szmolinsky in November and asked whether he'd advise them on how to start a rabbit breeding program to help "feed the population," the 67-year-old pensioner recalled in an interview at his home in Eberswalde, an eastern German town a few miles from the Polish border. Sympathetic to the Koreans' plight, he agreed to sell some of his best stock at a steep discount and volunteered to travel to the hermetic nation as a consultant.

"They liked what they saw, and they liked how big they were," he said, as he showed off other bunnies that he raises in weathered hutches in his back yard. "It's harder than you think to raise them. They need a varied diet, but they have to be fed like pigs, basically, to get that big."

In December, Szmolinsky stuffed six of his rabbits into modified dog carriers and took them to the airport in Berlin, where they boarded a flight for Pyongyang, via Frankfurt, Germany, and Beijing. Robert, a 23-pounder, was the largest of the bunch, which included four female rabbits and one other male carefully selected for their breeding potential.

How, exactly, the Democratic People's Republic of Korea intends to parlay the small herd of German Flopsies into hunger relief for its 23 million citizens is unclear.

An official at the North Korean Embassy in Berlin, who would not give his name, confirmed that the Asian nation coveted the German bunnies for their gigantism. But he refused to answer any other questions about the breeding program.

In the hands of a skilled butcher, a German gray giant can yield up to 15 pounds of meat, according to Szmolinsky. "There's not much fat, and it's very tender." Their gray-and-white pelts are soft and supple but are generally worthless on the European market, he said.

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The breeder said he was notified by an attache at the North Korean Embassy that Robert and the other rabbits from Eberswalde had arrived safely at their destination. But he allowed that he was a little concerned their new masters might not know how to care for them properly. He said he hopes to travel to North Korea in April to inspect their living conditions.

"If they aren't able to feed them the way I do here, I won't send them any more," he said. "I don't want them to be half-starved."

The Koreans' choice of rabbits has other German breeders scratching their heads.

Karl-Heinz Heitz, chairman of the State Association of Rabbit Breeders in Berlin-Brandenburg, said that German gray giants are hard to beat for size but that they aren't cheap to fatten up. It takes wheelbarrow-loads of hay, vegetables and rabbit chow to bring them to maturity.

"Let me say this: There are certainly breeds that are more economically profitable; I do not know why the North Koreans wanted this one," said Heitz, who introduced the Korean officials to Szmolinsky.

Breeds such as New Zealand red or big light silver or Vienna blue are only half as big but are more cost-effective to raise. "You do not have to put in as much to get out a fair amount of meat," Heitz said.

For whatever reason, the German gray giants appear to hold a special allure in Asia.

A North Korean television crew visited Eberswalde last year to film Szmolinsky's rabbits for a children's program. And a couple of Chinese visitors showed up unannounced at his doorstep the other day, asking if they could buy some of his critters.

"I had to get rid of them," he said of the Chinese. He's not parting with any of his 14 remaining adult rabbits until he can breed some more.

Special correspondent Shannon Smiley contributed to this report.

N Korea Leader Finds Life's Luxuries In Gibraltar (FT)

By George Parker And Mark Mulligan

Financial Times, February 2, 2007

Kim Jong-il, North Korea's idiosyncratic leader, may be dispensing Hennessy cognac and Cartier watches to his cronies for a little while longer, thanks to a 300-year-old territorial dispute between the UK and Spain.

The precise status of Gibraltar, a hunk of British-owned rock at the mouth of the Mediterranean, has caused a new row between London and Madrid that is delaying a European Union ban on luxury goods sales to Pyongyang.

The ban was agreed by the United Nations last October as one of a number of sanctions against North Korea, following its testing of a nuclear device.

The aim was to deprive Mr Kim and his supporters of some of the finer things in life, including thoroughbred horses, luxury vehicles, watches, pearls and musical instruments.

The sanctions were adopted by EU foreign ministers in November, but they are still not in force across the bloc.

If Mr Kim is wondering why, he need look no further than the War of the Spanish Succession and the 1713 Treaty of Utrecht that ended it – handing Gibraltar to Britain.

Problems arose when Madrid spotted that the EU regulation needed to implement the sanctions contained a reference to the "competent authorities" responsible for enforcing them: listed in the small print was Gibraltar.

Spain's foreign ministry wants the reference to Gibraltar deleted before the EU regulation can come into force. "We do not recognise Gibraltar's authority in international policy," it said. "The UK is the only competent authority in this respect."

British diplomats say there would be a legal hole in the sanctions if Gibraltar was not included. Both sides are trying to resolve the dispute and insist it is a hiccup in improving relations over the colony.

In September the two countries, along with Gibraltar, signed an agreement on airport access, telecoms and border controls, hailed as the beginning of a new era of co-operation.

While the wrangling continues, European countries can apply the sanctions unilaterally, but Brussels diplomats say the matter must be dealt with at an EU level to ensure they are applied uniformly and enforced.

U.S. Halts China Space Ventures (WT)

By Bill Gertz

The Washington Times, February 2, 2007

The Bush administration has suspended plans to develop space ventures with China, including joint exploration of the moon, in reaction to Beijing's Jan. 11 test of an anti-satellite weapon that left orbiting debris threatening U.S. and foreign satellites.

National Aeronautics and Space Administration spokesman Jason Sharp said the weapon test undermined an agreement reached between President Bush and Chinese President Hu Jintao during an April summit.

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"We believe China's development and testing of such weapons is inconsistent with the constructive relationship that our presidents have outlined, including on civil space cooperation," Mr. Sharp said.

He said there were "some initial discussions looking at where there were mutual interests where we could cooperate with the Chinese," but there are no plans for future discussions. The two presidents had hoped to work on joint moon exploration and space-debris avoidance.

Bush administration officials said the suspension is meant to signal U.S. displeasure with the anti-satellite weapon (ASAT) test, as well as Beijing's failure to provide an explanation for its space arms program.

"Clearly it makes it more difficult to go down the path of cooperation when they're testing ASAT weapons," one official said.

China fired a missile on Jan. 11 that released a nonexplosive warhead that destroyed a Chinese weather satellite 530 miles above the Earth by ramming it at high speed. Thousands of pieces of the destroyed satellite are in orbit and could damage or destroy some of the hundreds of U.S. and foreign satellites, U.S. officials said.

In Beijing yesterday, amid growing criticism over the ASAT test, a Chinese spokesman repeated Beijing's past call for an agreement banning space weapons, a proposal that has been rejected by the Bush administration.

"Since other countries care about this question and are opposed to weaponization of space and an arms race in space, then let us join hands to realize this goal," said Foreign Ministry spokeswoman Jiang Yu when asked about U.S. and Japanese criticism of the test.

Both China and Russia in 2002 proposed adopting a treaty to ban deployment of space weapons during a session of the U.N. Conference on Disarmament in Geneva. Until last year, U.S. space cooperation with China was curbed over China's human rights abuses, including the 1989 Tiananmen massacre, and national security worries in the Pentagon that space technology transfers would boost China's military.

Robert Joseph, undersecretary of state for arms control and the administration's point man for space security policy, said yesterday that the space weapons test was a shock. It shows space is a "contested environment" and that "countries are developing capabilities to put at risk our assets for which we are dependent," he said.

"This is a wake-up call," Mr. Joseph said, noting that the United States needs "to ensure that we take the steps necessary to protect the space assets and the right to unfettered access to space."

Also, the space arms test should be viewed in the context of China's large-scale buildup of both strategic and conventional forces, not just their space weapons, he said.

Mr. Joseph said he is surprised by the muted international response to the test. "I think there has been very little outrage expressed," he said. "Just imagine the international reaction if the U.S. had conducted such a test."

On Capitol Hill, Rep. Ellen O. Tauscher, California Democrat and chairman of the House Armed Services strategic forces subcommittee, said China's action poses a "major problem and something the world community needs to address."

"We're now stuck with hundreds of pieces of this Chinese satellite for a hundred years, and it's having an impact on the entire global commons," she said, noting that there needs to be "common norms and acceptable rules of behavior in space."

Mrs. Tauscher called for engaging the Chinese and others in talks on space weapons, saying that while Beijing's ASAT test was "irresponsible and unacceptable ... sticking our heads in the sand isn't going to make it better; it will only make it worse."

U.S. intelligence officials said China has sought to obtain U.S. military space technology through espionage and other covert means but has been curbed by U.S. security measures.

"They've had trouble getting it through the back door so they decided to come in through the front," a defense official said.

Among the technologies sought by the Chinese are dual-use civilian and military goods used in maneuvering spacecraft, including propulsion and battery know-how, which have applications for anti-satellite guidance systems, the defense official said.

Joint U.S.-China space cooperation was first raised last spring by China's deputy space agency administrator, Luo Ge, shortly before the summit. He said China wanted to take part in the International Space Station, including making modifications on the orbiting station that would allow Chinese spacecraft to dock.

China launched its first manned spacecraft last year and has embarked on a major space program, that, unlike the NASA's program, is run entirely by the Chinese military.

U.N. Hopes China Pushes For Darfur End (AP)

By Alfred De Montesquiou

AP, February 2, 2007

The United Nations hopes the Chinese president will push for a solution to the Darfur crisis during his landmark visit to Sudan on Friday. But Khartoum expects its staunchest diplomatic ally to stick to boosting commercial ties, particularly those assuring its access to Sudan's oil.

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The road to Khartoum's airport was lined with the red banners of communist China and the flag of Sudan's Muslim fundamentalist regime on Thursday ahead of Hu Jintao's two-day visit, the first by a Chinese president to Sudan.

China, which is the biggest foreign investor in Sudan and buys two-thirds of the country's oil exports, has used its veto-wielding status at the U.N. Security Council to prevent harsh measures against Sudan over the Darfur conflict.

But Beijing has raised expectations that Hu may pressure Khartoum to show flexibility in ending Darfur's bloodshed.

In an unusual foray into the field of human rights, Chinese officials have called on Sudan to cooperate with the United Nations in finding a solution in Darfur. China usually avoids such public pronouncements under its proclaimed policy of refusing to interfere in what it considers other countries' internal affairs.

More than 200,000 people have been killed and 2.5 million chased from their homes in Sudan's remote western region since 2003, when ethnic African rebels rose up against the central government. On Thursday, an African Union peacekeeper was killed by unidentified gunmen in a Darfur refugee camp, the 11th peacekeeper to be slain in the conflict.

Sudan has resisted demands that it allow U.N. peacekeepers into the region, calling the deployment "neocolonial."

Khartoum has sought to keep the focus of Hu's visit on the two nations' booming economic ties. "This visit is going to be a great boost for the distinguished Sudanese-Chinese relations in various fields," Sudanese President Omar al-Bashir said, according to the official SUNA news agency.

Al-Bashir "commended the various Chinese investments in the Sudan, particularly in the domains of oil, agriculture and dams," said SUNA after the president met Thursday with the Chinese National Petroleum Corp.'s head of operations in Sudan.

The Sudanese economy grew by 12 percent last year according to the International Monetary Fund. Chinese investment has helped boost production of the country's prime resource — oil — which has risen to an output of 500,000 barrels a day.

China is also funding large projects such as the $1.8 billion Merowe hydroelectric complex. Hundreds of Chinese engineers and workers are believed to be living in Sudan, though no one at China's embassy was available to confirm figures.

"We like it here, it's promising for business," said Daisy Wan Chu, an employee at Mr. Wang, one of the flourishing Chinese restaurants that offer a rare alternative to Sudanese cuisine in Khartoum.

Hu's visit came amid signs that the Sudanese leadership was grudgingly moving toward acceptance of a compromise deal for U.N. troops to merge with the African Union force and form a joint peacekeeping mission.

U.N. Secretary-General Ban Ki-moon urged China to help persuade Sudan to accept U.N. peacekeepers during a meeting with Chinese U.N. Ambassador Wang Guangya last week.

"We certainly hope Hu will deploy his substantial influence in order for Khartoum to have a more constructive approach to international efforts," said Lawrence Rossin of the Save Darfur Coalition, a grouping of humanitarian and rights organizations.

Khartoum is accused of responding to the insurgency with indiscriminate killings, and by unleashing the janjaweed militias of Arab nomads. The janjaweed are blamed for the worst atrocities in the conflict, which the White House and others have labeled genocide.

The government denies these charges, and denounces as neocolonial the U.N. Security Council plan to replace an overwhelmed African Union force in the region with some 22,000 U.N. peacekeepers.

In a phone interview, Rossin pointed to Chinese officials' recent comments on Darfur and to the fact that news about the crisis are now regularly allowed to appear in China's government-controlled media as signs that Beijing may be willing to press Sudan on the issue.

Diplomatic circles also sense that China's patience "is growing thin" with Khartoum on the Darfur issue, said Sudan expert Colin Thomas-Jensen of the International Crisis Group, a New York-based think tank.

He said China gave the impression it wants to become "part of the solution" to the crisis.

"But if Sudan follows its usual pattern of saying 'yes' to the international community and then doing 'no,' we don't know how China will react," he said.

Pressure On China As President Heads To Sudan (AFP)

By Mohammed Ali Saeed

AFP, February 2, 2007

International pressure was on China to try its hand at peace diplomacy as Chinese President Hu Jintao headed to war-racked Sudan, the highlight of an eight-nation tour of Africa.

China's energy-hungry economy -- the fourth largest in the world -- is badly in need of Sudan and other African countries' resources and Beijing is for the first time showing willingness to use its influence to solve the Darfur crisis.

During his two-day visit to Khartoum, Hu was expected to hold talks with President Omar al-Beshir on the situation in the western region of Darfur, where a conflict between the government and rebels has been raging unabated.

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"I believe this visit will not only boost bilateral ties, but also peace and stability in this region," Assistant Foreign Minister Zhai Jun told journalists before Hu set off on his tour.

No other country has more clout on the Khartoum government than China, which absorbs 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime.

Led by Washington, the international community has been pressing Khartoum to accept the deployment of UN peacekeepers in Darfur, where African Union troops have failed to quell the bloodshed.

But Beshir has consistently rejected such a move, accusing the United Nations and western powers of seeking to invade his country and plunder its resources.

"If the Chinese put some pressure on Khartoum, it might have some potential," said the Save Darfur coalition's Larry Rossin, who recently travelled to Khartoum with US envoy Bill Richardson.

"I hope they can use their influence... to press President Omar al-Beshir to implement in good faith the hybrid peacekeeping agreement," Rossin told AFP.

Khartoum has yet to approve the final phase of a three-stage plan for UN forces to supplement the African contingent.

"It is encouraging that the Chinese government has been trying to have a very cooperative partnership and relationship with all African countries," UN Secretary General Ban Ki-moon said, according to the Chinese agency Xinhua.

At least 200,000 people have been killed and more than two million displaced in Darfur since fighting broke out four years ago.

China has had deep economic ties with Sudan since the 1990s, when other foreign companies pulled out because of the raging north-south civil war.

The China National Petroleum Corporation has huge stakes in Sudan's oil industry, producing around 500,000 barrels per day. China is also building a dam on the Nile, which is currently Africa's largest hydro-electric project.

Trade deals are expected to be signed during Hu's visit, further boosting bilateral trade that reached 2.9 billion dollars in the first 11 months of 2006.

Hu received a warm welcome Thursday in Liberia, the second leg of his tour of the continent.

He began his tour Tuesday in Cameroon, where he approved grants and loans worth more than 54 million dollars, signing a draft agreement on scrapping Cameroon's debt to China and a series of health and educational accords.

Emphasising its commitment to Africa, China said this week it would write off debts owed by 33 African countries as part of a multi-billion-dollar pledge made last year.

Hu's Trip To Sudan Tests China-Africa Ties (CSM)

By Scott Baldauf

The Christian Science Monitor, February 2, 2007

KHARTOUM, SUDAN

Chinese President Hu Jintao's arrival in Sudan Friday could well mark a turning point in China's growing relationship with Africa.

If Mr. Hu announces more investment and development projects, as promised at Beijing's summit of 43 African heads of state this past November, then China will cement its position as the continent's new business partner of choice. If he buckles to pressure from Western governments, and makes future aid dependent on Sudan's actions to halt the brutal civil war in Darfur, then African leaders will see that even China's aid comes with strings attached.

Whatever happens, Hu's visit to Sudan will be historic.

"It is a true partnership, and the Chinese are probably not getting the biggest share of it," says Abdul Rahim Ali Mohammad Ibrahim, a pro-Sudanese government analyst and director of the Institute of Arabic Language Study in Khartoum. "The Chinese are using it as a showpiece. It would be easy for China to tell other African countries, 'Come see what we've done in Sudan.' "

With the global race for African resources well under way, Mr. Hu's eight-nation Africa tour caps a portentous week, coming on the heels of the African Union summit in Ethiopia, and new UN Secretary-General Ban Ki Moon's five-day Africa visit.

Chinese investment has become the new driving force for economic development in Africa – with African-Chinese trade reaching $40 billion and Chinese aid expected to reach $10 billion in 2009 – and many African countries see China as their ticket to prosperity. Chinese aid is especially attractive, because it comes without all the troublesome conditions that Western donors tend to place on clean governance and human rights.

Nowhere is this more true than in Sudan. As a recipient of Chinese aid since 1959, and a close trading partner since Chinese investment jumpstarted Sudan's dormant oil industry in the late 1990s, Sudan has always felt that its friendship with China extended beyond economics.

Pressure over Darfur

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Now with the UN pushing Sudan to halt the humanitarian crisis in its Darfur region – a three-year civil conflict that has claimed the lives of more than 200,000 civilians and displaced 2.5 million more – and to accept UN peacekeepers, Sudan looks to China for high-level diplomatic support.

It's an expectation that Sudanese observers say may be increasingly hard to match.

"I don't think Sudan will benefit from the visit of the Chinese president," says Khalid Tijani El-Nour, a political commentator and editor in chief of the Sudanese business weekly Elaff. "China has huge economic relations with the United States ... so China is not supporting Sudan 100 percent. China has never promised to use its veto [to block UN action against Sudan over Darfur]. They have advised the Sudan government to be flexible, to find a political solution for Darfur."

The best China can do is "bridge the gap and minimize pressure on Sudan," adds Mr. Tijani. "China is a very important power, so this trip gives us some relief, but on the other hand, Sudan is facing a challenge in its relations with China. There are other African countries asking China to come in. Nigeria and Angola are also producing oil. We have to wake up. We are not the only players on the ground."

Lure of oil trumps stability concerns

Despite Sudan's political turmoil, and history of decades of civil war, the lure of oil and other natural resources, and access to the third largest country in Africa, has proved irresistible for China. In addition to Chinese investment in Sudan's oil industry, which supplied China with 7 percent of its energy needs last year, China has also invested $2 billion in the Merowe hydropower dam project. When it opens in 2008, the Merowe will meet Sudan's entire demand for electricity, and allow it to sell the excess to other African neighbors.

Sudan's oil fields, mainly in the southern region, today produce an estimated 500,000 barrels a day, up from 300,000 barrels last year. But that same southern oil belt is a land where a 50-year civil war between the Arab-dominated Sudanese government and Christian and animist black African minorities ended two years ago with a peace agreement.

Almost immediately after the North-South war ended, the conflict in the western region of Darfur began.

"China was more interested in doing business with the government of Sudan, to the detriment of the people of Darfur," writes Ali Trayo the spokesman for the Darfur rebel group, the Sudanese Liberation Army, in an e-mail. "It is in the general interest of the people of Sudan, and Darfur in particular, and that of China itself to exert pressure on the government of Sudan."

While Darfur rebel groups welcome the world's attention, one senior opposition leader says that the West's preoccupation with Darfur could be counterproductive, and even dangerous.

"I consider the West naive," says the opposition leader, speaking on the condition of anonymity from his home in Khartoum. "Instead of being involved in the oil business, and putting pressure on the dictator of the day, they have abandoned us. And believe me, when you abandon us to the hands of the Chinese, you are leaving Sudan quite naked."

The more the West pushes Sudan into a corner over Darfur, the more the Sudanese people will learn to hate the West, says Professor Ibrahim. "In my opinion, neither the US nor the Europeans can compete with China on its trade and development policies, so they want to push China out."

But that's not likely to happen any time soon. China's famous reluctance to intrude on other countries' sovereignty and its long-term investment approach allows it to overlook disagreements with the current government, says Ibrahim.

"China is very farsighted. Nothing is lost because of their cooperation with one regime. If that regime is overthrown, they work with the next government, too. They may offer advice, but they continue to invest, and this sustainability is the result."

In Africa, China's Expansion Begins To Stir Resentment (WSJ)

By Yaroslav Trofimov

The Wall Street Journal, February 2, 2007

CHAMBISHI, Zambia -- Chinese President Hu Jintao embarked on an upbeat tour of Africa this week, doling out aid and lauding China's growing economic and political ties with the continent.

But there is little love for China in this ramshackle township, which had to be dropped from the agenda of President Hu's weekend visit to Zambia because of likely unrest.

Set amid rolling hills in Zambia's copper belt, Chambishi was supposed to be a showcase of Sino-African friendship. China's state metals conglomerate, China Non-Ferrous Metal Mining (Group) Co., bought the mothballed copper mine here in 1998, bringing plenty of jobs and investments. Initial gratitude, however, quickly turned into seething discontent, as the new Chinese owners banned union activity and cut corners on safety. In 2005, dozens of locals were killed in a blast at the Chinese explosives facility serving the mine -- the worst industrial disaster in Zambia's history. Then, the following year, protesting Zambian employees were sprayed with gunfire. "The Chinese, they don't even consider us to be human beings," complains Albert Mwanaumo, a former Chambishi miner who says he was shot by a Chinese supervisor. "They think they have the right to rule us."

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Similar feelings of resentment about China's unfolding scramble for influence in Africa are beginning to bubble up across the continent. African leaders still hail China's burgeoning involvement as a solution to Africa's woes and a welcome alternative to the West. But among ordinary Africans, appreciation of this unprecedented influx of Chinese investments, products and settlers isn't nearly as uniform. Recognizing this opinion shift, South African President Thabo Mbeki has repeatedly cautioned in recent weeks that China risks replicating in Africa a "colonial relationship" of the kind that existed under white rule.

These concerns testify to China's maturing as a global economic and political superpower, a force that's beginning to challenge world-wide influence of the U.S. and Europe. That's especially true here in Africa, a continent dismissed by many Westerners as a hopeless case, and treated by Beijing as a high-priority area of national interest.

Nowhere has this grass-roots backlash been stronger than in Zambia. In elections last fall, opposition leader Michael Sata ran for president on a platform of outright China-bashing, unleashing against Beijing the same kind of fury that populist radicals in Latin America or the Middle East direct at the U.S. "Zambia is becoming a province -- no, a district -- of China," he thundered. "We've removed one foreign power and we don't want another foreign power here, especially one that is not a democracy."

Widespread Support

Though Mr. Sata failed to dislodge the China-backed incumbent, his Patriotic Front movement secured widespread support: It now controls Zambia's capital city Lusaka and most municipal governments in the nation's copper-rich mining areas. Following the Zambian campaign, similar political sentiments came to the open in neighboring countries, such as Namibia, Zimbabwe, Angola and Lesotho.

"Among ordinary people, a very strong resentment, bordering on racism, is emerging against the Chinese," says Henning Melber, a former activist in Namibia's struggle for majority rule who now heads the Dag Hammarskjöld Foundation think tank in Sweden. "It's because the Chinese are seen as backing the [African] governments in oppressing their own people."

China's hunger for raw materials is the main reason why it's become so involved in African affairs. Sino-African trade in 2006 more than quadrupled to more than $55 billion since 2002, and is expected to hit $100 billion by 2010. Angola has overtaken Saudi Arabia as China's main source of oil, with large-scale supplies also flowing from Sudan and Nigeria. Chinese companies have sought Guinea's bauxite, Namibia's uranium, and the assortment of rare metals that are found in the Congo, formerly known as Zaire.

In Zambia, a landlocked country of 11.5 million, the main draw for China is copper -- and the recent outcry is rooted in the tragic events that followed China's investment at the mine in Chambishi. China Non-Ferrous Metal Mining purchased the mine, which had been shuttered since 1987, for $20 million. It stepped forward after a Canadian company that had initially won the tender pulled out of the deal. Investing more than $100 million in the property, the Chinese conglomerate's Zambian unit, called NFC Africa Mining PLC, restarted production in late 2001, ramping up output to reach 50,000 metric tons of copper concentrate last year.

Dozens of Chinese managers and supervisors settled in the township, a maze of trash-strewn dirt alleys set across the paved road from the mine. Inside the mine itself, a red Chinese flag was hoisted above a wall covered with inspirational words of Wu Bangguo, chairman of the standing committee of the National People's Congress: "To Rouse Yourself in Vigorous Efforts to Make the Company Prosperous!"

As part of its prosperity plan, the mine's management paid Zambian employees less than the minimum wage, currently $67 a month, and strictly prohibited union activity, according to employees and union officials. A 2004 memo to staff, which still hangs inside NFC Africa offices, warned of "severe punishment" for anyone attending meetings of the "so-called action group [of union organizers], which is illegal." People suspected of union involvement were fired on the spot, says Gillian Mubanga, the current union leader at the mine.

To drive up production and save on costs, NFC also established on the Chambishi property a joint venture with the Beijing General Research Institute of Mining and Metallurgy. Dubbed BGRIMM Explosives Ltd., it set out to manufacture cheap explosives for the region's mining industry. "BGRIMM -- Turning Your Rocks Into Gold," boasted advertisement billboards that still dot the roadsides across Zambia's Copper Belt region.

Then, one sunny morning in April 2005, Chambishi was rocked by a huge blast. Earth shook and windowpanes broke in nearby houses. A runaway chemical reaction turned the BGRIMM facility into a giant fireball, pulverizing the entire structure. A total of 46 Zambian employees of BGRIMM were killed, their charred body parts strewn around the smoldering crater. Eyewitnesses say the Chinese staff had hurriedly driven away from the site shortly before this explosion occurred. Local residents theorize that the Chinese realized something was about to happen and didn't bother warning African employees before fleeing themselves.

Anger Intensifies

Unable to identify individual remains, the victims' families have had to bury plastic bags packed with flesh randomly collected at the site. Anger against the Chinese was intensified by widespread belief that safety rules had been flouted in pursuit

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of profit at the plant. "The Chinese didn't care about our children -- they just sacrificed them," said Iris Chibuye, a grieving mother whose 24-year-old son Sledge and 27-year-old daughter Vennie, a computer technician educated in Britain, both died in the BGRIMM disaster.

Though the Chinese government sent condolences to victims' families, and eventually paid compensation of about $10,000 per killed employee, the anger didn't abate. As the Zambian government began an inquiry into the accident, the absence of union oversight was cited as the key cause of safety failures at BGRIMM. Public pressure made it impossible for the mine's management to continue prohibiting union activity any longer.

In November 2005, NFC Africa deputy CEO Wang Xiaowei shook hands with Zambia's National Union of Miners and Allied Workers leader Albert Mando, and signed a collective agreement that finally installed new safety measures and promised a salary increase. Assuring that the company treats its Zambian workers as "family members," Mr. Wang also urged the union "to understand that the high operational costs may often compromise the working conditions of employees," according to NFC Africa's in-house newsletter.

After drawn-out negotiations with the unions, NFC Africa set July 25, 2006, as the date for giving its workers back pay, in accordance with the new agreements. Miners had been expecting payments of as much as $500 each -- but were told on payday that they would receive only a few dollars, and in some cases even owe money to the company. On the evening of July 24, night-shift miners, stunned to hear that they wouldn't be getting the expected cash, stopped work, vandalized equipment and beat up a Chinese supervisor. The following day, furious morning-shift employees blocked the main road in Chambishi with tree trunks and stones, marching toward the mine.

As a scuffle broke out at the gate, mine security fired at one of the protesters, wounding him. According to witnesses, as false rumors that he had been killed spread across Chambishi, another group of about 40 NFC Africa miners from a later shift rushed toward the residential compound of Chinese employees, set on a winding road inside the township.

At the white-and-blue gate into the walled compound, a Chinese supervisor, known to the Zambian miners simply as Mr. Qui, took out a shotgun and opened fire as the crowd approached, according to witness accounts. Hit by the shots, three demonstrators collapsed on the ground, blood gushing out. Mr. Mwanaumo, a 34-year-old jackhammer operator who says he didn't take part in the initial protest, ran to the site after hearing that a close friend had been shot. As Mr. Mwanaumo pulled his injured comrade away, a new volley of fire burrowed into his back. According to his medical report, two lead fragments are still lodged in his body, too close to the vital organs to be safely extracted in the local hospital.

A day after these shootings, Mr. Qui hastily left Chambishi. Mr. Mwanaumo, like the other wounded workers, was fired. Feeling too sick to work, he spends his days in a tiny, dark hut set amid sewage-soaked mud, hoping that relatives and friends will collect enough money to file a compensation lawsuit.

Investigation Continues

The Zambian government investigation into the incident is still continuing, as is the inquiry into the 2005 BGRIMM disaster. Xu Riyong, NFC Africa's company secretary and manager of administration, declined to discuss the details of these events, or elaborate on Mr. Qui's status, saying that the company has already made a comprehensive report to the Zambian government on the matter.

"By complying with the laws of Zambia, we are confident that no problems will come to us," said Mr. Xu, the only NFC Africa official who agreed to be interviewed for this story. "We will do our best to run this mine successfully. We have to keep quiet and to keep working. Why should we fear?"

The Zambian government has so far apportioned no blame for the Chambishi tragedy. In an interview, Zambia's minister of mines, Kalombo Mwansa, declined to forecast when the investigations into the explosion and the shootings at the mine might be concluded, when the report will be released, and whether any penalties might be levied against the Chinese company. In the meantime, he said, NFC Africa's BGRIMM affiliate has been allowed to rebuild and reopen an explosives factory at the site of the 2005 tragedy. NFC Africa has also announced that it will invest $220 million into a crude-copper smelting plant in Chambishi. President Hu was scheduled to visit Chambishi this weekend to lay the cornerstone for the smelter -- but, according to Zambian officials, this part of his schedule was called off because of planned protests by miners and families of BGRIMM explosion victims.

The risks in Chambishi are real. Sitting next to Mr. Mwanaumo, the worker who was shot in July, a friend currently employed by NFC Africa warned of even bloodier unrest to come at the mine. "There will be a strike soon if they don't improve our salary, and a lot of people will die," he said. "This time the police won't be able to contain us." The management seems to be getting the message. On a recent afternoon, workers were busy at the Chinese staff's Chambishi residential compound. Perched on the perimeter wall, they reinforced fortifications, installing a new row of high-voltage fencing atop an existing layer of spiky glass shards.

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China Gets Cold Feet For Foreign Investment (WP)

By Ariana Eunjung Cha

The Washington Post, February 2, 2007

SHANGHAI -- "I know you don't know that you don't know."

Those insulting words, thrown out by a Chinese man to a Westerner, are the punchline of an Internet commercial that ends with a beautiful Chinese bride jilting her confused Western fiance for the Chinese hero.

The wildly popular video was created by Baidu, a Chinese search engine, to poke fun at its U.S. competitor, Google. It is but one of the growing signs that China is rethinking its stance on foreign companies and investment within its borders.

Since the mid-1990s, China has aggressively courted foreign investment, crediting capital from abroad with helping it become a world economic power. In recent months, however, the Chinese government, saying it needs to protect homegrown companies from unfair competition, has thrown a multitude of new regulations at foreign firms seeking to do business in China.

While some believe the new restrictions -- which affect several sectors, including real estate, retailing, shipbuilding, banking and insurance -- may be only temporary measures to control growth, others worry that there's a larger political issue: that economic nationalism or even protectionism is rising.

"A mood of self-questioning has swept over China," said Barry Naughton, an economist at the University of California at San Diego. In a report published in the China Leadership Monitor, Naughton said he believes the regulations are a response to government fears of a "loss of economic sovereignty."

China's shifting policies on foreign companies have prompted several U.S. firms, which complain that the new rules are too restrictive and overly complex, to reassess their plans in China.

Last month, eBay said it would close its Web site in China, saying it was facing difficulties because Chinese regulations limit the types of financial transactions foreign companies can conduct. In November, Warner Bros. International Cinemas, part of Time Warner, which had been planning a massive expansion in China, abruptly announced plans to close operations in the country. It cited a recent policy change that no longer allowed foreign companies to control domestic theaters except in a handful of large cities.

The Chinese government steadfastly maintains that it still embraces the policy known as gaige kaifang-- literally, reform and opening up -- initiated by Deng Xiaoping in 1979. However, several Chinese officials have in recent months called foreign investment "malicious" and promised "severe measures to curb and punish hostile takeovers aiming to monopolize the Chinese market."

China remains the largest recipient of foreign direct investment among developing economies. But after a decade when heavy capital flows from abroad were credited with bringing the country out of poverty, that investment is leveling off.

According to the Commerce Ministry, foreign investment in 2006 decreased 4 percent from the year before, to $69.5 billion. The United States' piece of that dropped 6.4 percent, to $2.87 billion. (China receives additional investment from American companies that, for tax purposes, have their headquarters in places like the Virgin Islands.)

The significance of the new regulations has been debated at the highest levels -- U.S. Commerce Secretary Carlos M. Gutierrez said it was a key subject of the Cabinet-level talks with Beijing in November -- and on Internet bulletin boards where the Baidu-Google video has been distributed under the headline "economic nationalism."

Negative publicity on blogs and chat rooms linked to by popular Chinese portals Sina.com and Sohu.com is credited with fueling criticism of several high-profile deals.

For instance, the District's Carlyle Group tried in 2005 to buy an 85 percent stake in Xugong Construction Machinery, a market leader. Xiang Wenbo, chief executive of a state-owned rival company, wrote on his personal blog that the government shouldn't permit the sale of valuable strategic assets like Xugong. After he and other opponents waged a months-long online campaign against the deal, Carlyle scaled back its offer, taking a 50 percent stake.

Albert Keidel, a former U.S. Treasury official now at the Carnegie Endowment for International Peace, said there seemed to be a sense among ordinary Chinese citizens of "how much are we going to allow foreign companies to continue to take advantage of us?"

Egged on by a public concerned about the growing influence of foreign companies, the Chinese government in July placed restrictions on the purchase of real estate by foreign individuals and institutions. The next month, it put a moratorium on foreign acquisitions of brokerages and limited the competitiveness of foreign-funded retail companies.

In November, the government issued new guidelines for cross-border mergers and acquisitions, making it more difficult for foreign companies to be involved in deals with companies related to "national economic security" or those that have a "famous trademark" or "traditional brand."

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In a report issued last month, the Organization for Economic Cooperation and Development complained that the new regulations were so vague that they "may have a serious unintended discouraging effect on investments."

Some economists, however, say fears about Chinese nationalism and protectionism are overblown. Zhao Xijun, a professor of economics at Renmin University, said that rather than being seen as a hostile move against foreigners, the restrictions should be seen as "progress to a mature market."

Kenneth Louie, a visiting professor of economics at the Johns Hopkins-Nanjing University Center for Chinese and American Studies, points out that the United States limits technology transfers to China and restricts foreign purchases in defense industries.

"There are certain sectors China believes are vital to economic security, and there is a fear of a high level of foreign intrusion. The United States also has similar fears," he said.

Keidel said China has in a short period moved from a closed economy where foreign capital was not allowed to one that welcomes it, particularly in such areas as financial services, one of the key conditions China agreed to when it acceded to the World Trade Organization.

The conditions China ratified were quite specific and provided an industry-by-industry timetable. The new foreign-investment regulations do not seem to violate the letter of these conditions, Keidel said, though some parties have complained that they go against the spirit of the WTO agreement.

Richard Ji of Morgan Stanley Hong Kong said some companies have used China's new rules as an excuse for their own marketing or strategic shortcomings. He said that in the cases of Google and eBay, the companies' challenges have had more to do with failure to tailor the content of their Web sites to Chinese tastes and needs.

In the Baidu commercial about Google, the Western man begins by saying "I know" repeatedly as he stands, smirking confidently, next to his bride-to-be. But after the Chinese man bursts on the scene and the two get into a war of words, the Westerner becomes confused. By mistake, he says, "I know I don't know that I don't know" -- at which point the disgusted bride runs away.

So the commercial is "not about nationalism and protectionism," Ji said. "It says that it's localization that gives success. If you localize services, it means you understand the people you are selling to."

Russian TV Shines Warmly On A Likely Successor To Putin (WP)

By Peter Finn

The Washington Post, February 2, 2007

MOSCOW, Feb. 1 -- Every Sunday morning, two favorites of President Vladimir Putin play prominent supporting roles on a television game show called "Happy Bus." In sunny clips spliced into the show's airtime, Dmitri Medvedev and Sergei Ivanov hand out awards and urge young people in general to live healthy lives.

Ostensibly, the two men have perfectly straightforward reasons for appearing on the show: Each week, one team of contestants is sponsored by Gazprom, the state-controlled energy giant chaired by Medvedev. The opposing team is sponsored by the New Generation Foundation, headed by Ivanov, who is also defense minister.

But "Happy Bus" is widely viewed here as proof of the Kremlin's ability to commandeer the airwaves -- even the most trifling show -- to aid Putin in anointing a successor. By most accounts, the president has narrowed his choice to Medvedev or Ivanov, and over the last year each man's image, particularly Medvedev's, has been rigorously burnished. "Happy Bus" debuted in May on NTV, a network owned by a Gazprom subsidiary.

With the centralization of power in the Kremlin, Russian politics has become ever more tightly scripted, and genuine electoral competition has withered. Whoever turns out to be Putin's nominee will dominate television and almost certainly ride unimpeded through the presidential elections in early 2008, analysts said.

"Putin, Medvedev and Ivanov are the three main heroes, the three main characters on the news," said Anna Kachkayeva, a professor of broadcast journalism at Moscow State University. "It's a command from the administration."

Producers at Russian television stations, including the makers of "Happy Bus," declined to discuss coverage of Ivanov and Medvedev.

In presidential politics, Russia has an electoral college of one -- Putin. When Vladimir Ustinov, the former prosecutor general and a perceived favorite of the security services, started making some very president-in-waiting noises last year, Putin fired him. He was rehired as justice minister, a much less influential position.

Putin himself denies he is the decider. "There will be no successors. There will be candidates for the post of president of Russia," he said Thursday at his annual news conference, which this year ran to three hours and 30 minutes and was attended by about 1,200 journalists. "I reserve the right to express my preference. But I will only do it once the election campaign begins."

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Since the reelection of Boris Yeltsin in 1996, when a group of media tycoons threw the full weight of their television stations behind his faltering candidacy and demonized his Communist opponent, tight management of broadcast journalism has been a critical instrument in Russian presidential elections, including Putin's two campaigns.

But unlike in 1996, when the power of television was wielded by wealthy businessmen, today those media assets are controlled by the state or companies loyal to the Kremlin.

Ivanov, 54, has long been well known both at home and abroad as minister of defense. Medvedev, 41, was an obscure figure until 15 months ago.

In November 2005, Medvedev and Ivanov were simultaneously made first deputy prime ministers, in addition to their other titles. Since then, Medvedev's public image, down to his haircut (shorter and more stylish), weight (he's clearly lost a few pounds) and choice of clothes (more casual), has been carefully refashioned.

The makeover has become the talk of the town. The wooden, cautious and loyal official of a year ago has become a self-confident and assertive politician tinged with some very Putinesque characteristics -- in particular, his occasionally brusque scoldings, sometimes directed at other ministers, delivered with the colloquial phrases and tightly coiled physicality that many Russians love in their president.

Speaking in November about improving health care and access to drugs, Medvedev said: "There are swindlers who manufacture pharmaceuticals. Then there are other swindlers who sell those pharmaceuticals, and there are still other swindlers who act as intermediaries using state funds. The situation in the pharmaceutical industry is disgusting."

Medvedev, who is married and has one child, is a lawyer by training and first worked with Putin in the city administration of St. Petersburg in the 1990s. Putin brought him to the Kremlin, where he became chief of staff in the presidential administration. He is regarded as a relatively liberal counterweight to the staffers around Putin who served in the security services. Medvedev has no background in the KGB or its successor agencies.

He never publicly criticizes Putin, however. And he defends Gazprom, where the Kremlin placed him in charge in 2002, from charges that it is secretive, bloated and inefficient, and is used by the state as a political weapon to punish neighboring countries. On television recently, he called Gazprom a "crucial Russian company" and noted that its capitalization has jumped from $10 billion to $225 billion under state control.

Increasingly, Medvedev speaks of his modest background. "Just like everyone else, I lived in the kinds of apartments that used to be given to Soviet citizens, first a communal one and later a cramped apartment in St. Petersburg," he said in a television interview in November. "And like everyone else, I went, and still go, to a polyclinic," the state-run outpatient facilities that many Russians avoid.

For all the campaign-style insights he offers into his background, Medvedev remains studiously ambiguous about his ambitions. "I find it distressing that I have been made a participant in some sort of race," he said.

Nonetheless, he is now the second-most-popular politician in Russia after Putin, according to opinion polls and analysts.

In a poll conducted in November by the independent Levada Center, 38 percent of respondents said they would vote for Medvedev for president, making him the leading candidate. Ivanov trailed with 23 percent. Little more than a year ago, Medvedev's rating was barely above zero.

While image-building is not unique to Russia, and Medvedev's new position in government ensured he would get more news coverage, the almost universally friendly treatment he has received on Russian television has been striking.

Among 2,064 news stories on Medvedev in 2006, there was not a single negative report on the news broadcasts of six television channels, including the three major national stations, according to a survey by Medialogia, an analytical group in Moscow. There were 17 negative reports on Ivanov, most of them centered on a brutal hazing incident in the military to which he was slow to respond, according to Medialogia.

Other potential candidates are not treated so kindly. In the same period, there was not a single positive report on Mikhail Kasyanov, a former prime minister and Putin critic who has said he may seek the presidency. Of the 40 stories in which Kasyanov was the main subject, 60 percent were negative and the balance neutral, according to Medialogia statistics.

The Kremlin declined a request to allow a Washington Post reporter to accompany Medvedev on a typical daily event; he is normally covered by a small pool of reporters.

Assigned as a frontman for the government's spending priorities -- generous social programs to revamp health care, education and housing and reverse a population decline -- Medvedev has been transformed into Santa Claus in the public mind, according to Vyacheslav Nikonov, a political analyst with close ties to the Kremlin.

"He has good PR, doing good, practical things for the country," Nikonov said. "Every image is deliberately cultivated, but that is not different than what goes on at the White House."

Last week was typical. Three of the national channels, ORT, RTR and NTV, ran expansive reports Wednesday night on a meeting chaired by Medvedev in which he talked about raising the birthrate and other projects. Medvedev held up a certificate

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that will guarantee cash payments to women who have a second child, and his remarks were spliced with images of cooing babies in maternity wards.

No critic of the management of the so-called National Projects was quoted on any of those news reports.

"The National Projects are an imitation of activity," Ivan Melnikov, deputy chairman of the Communist Party, said in parliament last month. "Upbeat TV pictures that we see practically every day have nothing to do with the real state of things."

"He is being built up, and he is changing himself," said Igor Bunin, head of the Center for Political Technologies in Moscow, referring to Medvedev. "The first task was to get people to recognize him. . . . The next task was to associate him with most pleasant things from the state. He cuts all the ribbons now.

"At the beginning, he was soft, like a teddy bear, but now he seems much stronger. Like Putin, he can summon up some thunder and lightning when he criticizes incompetent officials."

Bunin added, "There may be no final decision, but he is candidate number one, with Ivanov in reserve."

Putin Denies Using Energy As A Weapon (FT)

By Neil Buckley

Financial Times, February 2, 2007

Vladimir Putin, Russia's president, on Thursday hit back at accusations that the country was using energy as a weapon, saying critics were deliberately distorting its policy of moving to market prices for oil and gas supplies to former Soviet neighbours.

In a three-and-a-half hour annual press conference – much of it on live television – Mr Putin insisted Russia had helped safeguard the sovereignty of newly-independent states after the collapse of the Soviet Union. But he said subsidies could not go on for ever.

"We must not subsidise the economies of other countries in large amounts, comparable with their budgets. No one else does that. Why do they demand that we should do it?" he said.

He added that new pricing and tariff arrangements agreed with transit countries such as Belarus and Ukraine were aimed "precisely at ensuring the interests of key consumers" in western Europe, despite temporary disruptions to supplies last month and in January 2006.

He said "experts" understood what Russia was doing, and should be thankful to Moscow.

"But instead, we can see unfair attitudes to interpretation of those events. Naturally, this has been done by those who are not well disposed to Russia. I am not saying that this has been done on a national scale, but there are such forces. Those who write about it, they are the ill-wishers," the Russian president said.

Mr Putin also insisted the transition to his successor, when he stands down as president in 2008, would be democratic and not orchestrated. He stressed several times during the press conference that "the Russian people will make their choice".

He hinted he would indicate which candidate he favoured as a successor – but only after the presidential campaign had begun.

"I reserve the right to express my preferences. But I will do it only once the election campaign starts," Mr Putin said.

Dmitry Medvedev and Sergei Ivanov, both promoted to the rank of first deputy prime minister in late 2005, are seen as vying to be the favoured candidate to succeed Mr Putin. But speculation has been intensifying about how and when the Russian president will mark out his choice.

Any successor, he added, would face the task of maintaining rapid economic growth, which Mr Putin said was expected to come out at 6.7 to 6.9 per cent last year, and which delivered 13 per cent increases in average wages and retail sales. But other big challenges were to narrow the yawning gap between the richest and poorest Russians, and diversify the economy away from reliance on natural resources.

Asked about the murder of Alexander Litvinenko, the former KGB officer, Mr Putin said only the courts and investigators could determine who was responsible. But he reiterated comments by other senior officials that Mr Litvinenko had been an insignificant figure not considered a threat by the Russian authorities.

"He was not privy to any secrets, he had been convicted in the Russian Federation for abuse of office, specifically, for beating people when arresting them when he was a security man and for stealing explosives," Mr Putin said. "All the negative things he could have said about his previous employer, he had already said a long time ago."

Blair Gives 2nd Interview In Inquiry About Graft (NYT)

By Alan Cowell

The New York Times, February 2, 2007

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LONDON, Feb. 1 — After a news blackout lasting six days, the British police acknowledged Thursday that officers interviewed Prime Minister Tony Blair a second time last Friday over allegations that high honors had been traded for campaign contributions.

The interview itself was unusual, as was the decision to cloak it in secrecy. Mr. Blair is said by British political analysts to be the first prime minister to be interviewed by the police while still in office. Only on Wednesday, Mr. Blair's official spokesman was asked at a routine briefing for reporters whether the prime minister had been approached by the police a second time and he replied that "nothing had changed," according to the prime minister's Web site (www.pm.gov.uk).

But the broader impact of the development was to cast an ever darker shadow over the closing days of Mr. Blair's almost 10 years in office — a period that began with his promises that the Labor administration, in contrast to its Conservative predecessor, would be "purer than pure."

Mr. Blair has been questioned by the police as a witness, not as a suspect. The first interview was in December. After that a senior aide, Ruth Turner, was formally arrested and questioned not only in the honors inquiry but also on suspicion of failing to cooperate with or trying to frustrate the investigation.

Then, earlier this week, Lord Levy, the prime minister's chief fund-raiser, Middle East envoy and tennis partner, was arrested for a second time to be questioned in relation to the same offense, known in Britain as perverting the course of justice.

Around 90 people have been questioned in the inquiry, which concerns payments equivalent to $27 million made as loans to the Labor Party before the May 2005 national election. At that time, campaign financing arrangements offered as loans did not require public disclosure. Mr. Blair's critics have charged that the money was made available in return for promises of knighthoods or seats in the unelected and prestigious House of Lords.

The prime minister's office said in a statement on Thursday that Mr. Blair had been "briefly interviewed by the police as a witness. At the request of the police this was kept utterly confidential and, as a result, the press and communications team in Downing Street were not informed. As far as they were concerned nothing had changed."

In a separate statement, the police said that they had requested secrecy for unspecified operational reasons, and that the meeting with the prime minister had been sought "to clarify points emerging from the ongoing investigation." All of the politicians drawn into the inquiry have denied wrongdoing.

Mr. Blair was interviewed shortly before he flew to Davos, Switzerland, to attend the World Economic Forum, where he seemed untroubled by events back home as he rubbed shoulders with the rich, the powerful and the famous. For all that, his adversaries pounced on Thursday's announcement as evidence that the emerging scandal could stain Mr. Blair's final months in office before he redeems a pledge made last fall to relinquish power this year. "It is clear that this inquiry is going to haunt Tony Blair throughout his last months in office and beyond," said Sir Menzies Campbell, leader of the smaller opposition Liberal Democrats.

For Blair, Round 2 Of Police Questions (WP)

By Kevin Sullivan

The Washington Post, February 2, 2007

LONDON, Feb. 1 -- Prime Minister Tony Blair has been interviewed for a second time by police investigating allegations that his Labor Party offered seats in the House of Lords and other government honors in exchange for cash, police and Blair's office said Thursday.

Police interviewed Blair for about 45 minutes last Friday but asked Blair's office "for operational reasons" to keep the meeting secret until Thursday, police and Blair's office said in statements. Police said Blair was "interviewed as a witness, not as a suspect and cooperated fully" in an inquiry in which the prime minister's top fundraiser and a top adviser have been arrested on suspicion of hampering the investigation into the widening scandal.

Known here as the "cash-for-honors" probe, it has further damaged a leader whose approval ratings have been badly hurt by his enthusiastic support of the U.S.-led wars in Iraq and Afghanistan. Blair was first questioned by police in December at his 10 Downing Street office, the first time a sitting British prime minister had been questioned by police in a criminal inquiry.

"Blair's position is looking more and more difficult as each day goes by," said Iain McLean, professor of politics at Oxford University.

Blair, who took office in May 1997, announced last year that he will step down before his party's annual conference in September. But as the scandal widens, political opponents are increasingly calling for Blair to resign sooner.

David Cameron, leader of the opposition Conservative Party, directly challenged Blair in Parliament on Wednesday at the weekly Prime Minister's Questions session when he said that Blair's authority to lead was "draining away" and that he should resign immediately "in the national interest."

"When is Mr. Blair going to realize it is all over?" Cameron asked.

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Since at least last April, police have been investigating allegations that Blair's government has enticed political donors with promises of appointments to the House of Lords, the upper house of Parliament. Blair and other Labor officials have denied those allegations, but four people have been arrested either on suspicion of offering honors for cash or for "perverting the course of justice" -- which has led political opponents to allege a coverup.

No one has been charged with a crime, and police have stressed that the investigation is a "cross-party" probe into campaign finance irregularities.

But only Labor supporters have been arrested. Blair's chief fundraiser, Michael Levy, has been detained twice. A top Downing Street aide, Ruth Turner, has also been arrested, as have Christopher Evans, an entrepreneur and major Labor Party donor, and Des Smith, a Labor government adviser. All were later released and have denied wrongdoing.

Chancellor Gordon Brown, Blair's presumed successor, this week urged people not to rush to judgment about allegations of wrongdoing or coverup. "I believe when people see the full facts, then they will be satisfied," Brown said.

Official Says U.S. Willing To Help Cuba (AP)

By Traci Carl

AP, February 2, 2007

U.S. Commerce Secretary Carlos Gutierrez said Thursday that Washington is willing to help Cuba make the transition to a more open, democratic society.

Speaking to reporters during a one-day visit to Mexico, Gutierrez said the U.S. supports a "peaceful transition to democracy."

Ailing Cuban leader Fidel Castro has been seen only in government-released videos and photos since ceded power to his brother Raul in late July while he recovers from intestinal surgery.

On Tuesday, Cuban state television released images of a stronger-looking Castro meeting with Venezuelan President Hugo Chavez, a close ally.

Gutierrez, who was born in Cuba, said the United States does not plan to meddle in Cuban politics but wants to see the country make the transition to democracy.

"The future of Cuba is in Cuba," he said, but added that "if we can be of help, we are ready to help in that transition."

Gutierrez did not elaborate, but last September he suggested that Cubans could work with the Organization of American States and other groups to hold a referendum on whether they want to live in democracy.

Gutierrez also said Thursday that President Bush's administration is working to pass an immigration reform that would allow the United States to protect its borders while recognizing the millions of people who already work illegally in the country.

"Unless we tackle the problem in a comprehensive fashion, it is just going to get worse," he said.

He said the U.S. must find a middle ground between "amnesty" and "animosity" and he spoke out against mass deportations, saying: "That's not humane or moral."

Gutierrez also praised a recent anti-drug crackdown launched by new President Felipe Calderon and said he expects Calderon to take action against Mexican industries that have been accused of monopolistic practices, such as telecommunications and television.

"We believe President Calderon is off to a strong start, and he'll need time to do what he needs to do," Gutierrez said.

Europe Faults U.S. Farm Proposal (WSJ)

By Juliane Von Reppert-bismarck

The Wall Street Journal, February 2, 2007

BRUSSELS -- The European Commission expressed disappointment at a U.S. plan to overhaul subsidies to its farmers, saying "more ambitious cuts" are required to relaunch a stalled round of global trade talks.

The White House's proposal to Congress on how to overhaul the U.S. Farm Bill will make "extremely modest" cuts to loan-deficiency payments and keep payments to dairy and sugar farmers "virtually untouched," said EU farm spokesman Michael Mann.

The U.S. initiative, presented to Congress Wednesday, foresees cutting total farm spending to $87 billion over the next five years, down $18 billion from the total spent by the U.S. on basic programs and disaster assistance during the past five years.

Much of this is based on the assumption that farm prices remain at their current high levels, Mr. Mann said. A reversal of price trends will see trade-distorting farm support rise once again, he said.

"The U.S. will need to propose more ambitious cuts and disciplines," Mr. Mann said. "We had hoped the administration's proposal for the new farm bill would signal this more clearly," he said.

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Global trade talks at the World Trade Organization ground to a halt in the summer, largely over the unwillingness of wealthy countries to cut protective measures for their farmers. Most trading nations now say it is up to the U.S. to revive the talks with a promise of deep and lasting subsidy cuts.

WTO spokesman Keith Rockwell said officials were still studying the 183-page document, but added, "it is a positive first step."

The plan, announced by U.S. Agriculture Secretary Mike Johanns, still needs approval by Congress. Analysts expect key aspects to come under attack, notably a $360,000 subsidy ceiling for U.S. farmers.

EU officials and diplomats warned an overhaul that makes limited cuts to market-distorting payouts sends a bad signal to negotiators at the WTO. Yet Washington has pointed out that if a palatable deal can be struck at the WTO, commitments made there will override any domestic farm plan.

Farm products account for less than 7% of world trade, and for 4.5% of U.S. exports. Political sensitivities over the sector in rich countries, and dependence on the sector in the developing world, have nonetheless placed it at the heart of a global trade round expected to tear down trade barriers and boost global wealth.

EU farmers slammed the plan, which they said paves the way for farm supports to increase.

"Either the U.S. is simply not serious about wanting a WTO agreement or it wants one at the expense of all farmers in the world except its own," Rudolf Schwarzboeck and Donal Cashman, presidents of Europe's leading farm lobby, said in a joint statement.

The White House plan would increase spending on farm projects that boost conservation and the environment -- a method of cutting direct production subsidies employed by the EU in its own farm-payment cuts. It would also put more emphasis on making payments to farmers that aren't tied to production.

Trade and development advocacy group Oxfam Wednesday praised the Bush administration for attempting to steer U.S. farm policy "in a new direction." The farm plan also foresees allowing farmers to grow fruit and vegetables on land eligible for subsidies.

The plan, which underlines an increasing desire in Washington to cut U.S. dependence on fossil fuels and simultaneously guarantee farmer income, reserves $2.1 billion in loan guarantees for plants that make ethanol fuel from wood chips, grasses and feed stocks other than corn and provides $1.6 billion to research noncorn sources of ethanol.

Solution For Kosovo (WP)

The Washington Post, February 2, 2007

TODAY U.N. envoy Martti Ahtisaari is due to travel to the Balkans to kick off what should be the final resolution of Serbia's conflict with the province of Kosovo. It's been eight years since the United States led a NATO military operation to stop an ethnic cleansing campaign by Serbia against Kosovo's Albanian majority; since then the Connecticut-size territory of 2 million has been governed by the United Nations. NATO troops, including Americans, are still there.

All along it's been obvious what the permanent solution must be: the recognition of Kosovo as an independent nation, with protections for its Serb minority. The question has been whether that outcome can be arranged without a diplomatic or even military blowup -- between Kosovo and a Serbia still infected by belligerent nationalism, or between the West and an increasingly troublesome Russia.

The Bush administration is cautiously optimistic that the transition can be pulled off in the next several months. But it will take some deft Western diplomacy and, in the end, probably some American toughness.

A measure of the deftness has already been supplied by Mr. Ahtisaari, a former Finnish president who has been working on the issue for more than a year. Recognizing that Serbia and its ally Russia would strongly oppose a U.N. resolution explicitly granting Kosovo full independence, the envoy will propose that the Security Council adopt a measure ending the current U.N. regime but not mentioning independence.

The province would continue under international supervision, with the European Union to be given a major role, but would be allowed to join the United Nations and other international organizations. Once the Security Council approved these terms, Kosovo's Albanian-led government could declare independence and would win quick recognition from the United States and most European countries. Serbia could object but not stop the new arrangement.

The pitfalls along this winding course are easily spotted. Serb militants in Kosovo could respond violently to an independence declaration, as could Albanian nationalists disappointed that independence is not complete. Would-be Serb splinter states could appear in northern Kosovo or neighboring Bosnia. Russian President Vladimir Putin could trigger a crisis by vetoing the U.N. resolution. Or he could accept the resolution and cynically use it as a precedent to recognize the independence of Moscow-backed separatist regions in pro-Western Georgia or Moldova.

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That's where U.S. firmness might be needed. The Bush administration has avoided responding to multiple Russian provocations in recent months, the most recent being Moscow's sale of antiaircraft missiles to Iran.

If Mr. Putin decides to make trouble over Kosovo, the United States will either have to push back or abandon allies it has supported against aggression: the Kosovo Albanians, or Georgia's liberal democratic government. The administration ought to make clear now that it will not go wobbly.

Ulster's Last Holdout (NYT)

The New York Times, February 2, 2007

Northern Ireland has lost thousands of lives, billions of dollars in economic opportunity and decades of democratic self-rule to what its people euphemistically call "the troubles." One man now has it in his power to help this British-ruled province finally put this lamentable era behind it and move on to a brighter future — or to stand in the way. That man is the Rev. Ian Paisley, the fiery Protestant preacher, now 80 years old, who leads the province's largest party, the Democratic Unionists. Mr. Paisley, though, has yet to rise to the moment and acknowledge that the times have changed and his former foes have changed with them.

To say that Mr. Paisley has not built his long career on compromise would be a breathtaking understatement. But in the past he could point to the maddeningly ambiguous declarations of his foes — the Irish Republican Army and its political arm, Sinn Fein — to justify his unyielding stubbornness. Not any more. Over the past two years, the republican side has taken the decisive steps it had long dodged.

The I.R.A. has destroyed its weapons. According to the independent commission set up to monitor Northern Ireland's paramilitary groups, it has followed through on its commitments to dismantle its clandestine apparatus and end all organizational involvement in criminal activities. This week, Sinn Fein voted to cooperate with Northern Ireland's reformed police service, a historic turnabout for a movement that once considered itself at war with the old Protestant-dominated police force.

Yet Mr. Paisley has so far seemed unable to acknowledge these historic changes. He needs to state plainly that his party's conditions for forming a power-sharing cabinet with Sinn Fein, as called for by the 1998 Northern Ireland peace agreement, have now been met. In the hope that Mr. Paisley will eventually do the right thing, Britain's prime minister, Tony Blair, has called new Northern Ireland elections for next month.

This is Mr. Paisley's last chance to leave a constructive, forward-looking legacy. If he continues to live in the past, the promise of self-rule will be postponed indefinitely. And one man will be to blame.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Abduction Case Drawing Little Attention. The Washington Post (2/5, A11, Whitlock, 690K) reports that while the decision to press charges against the CIA agents "won widespread applause last week from German politicians and the public," there has been "an awkward silence and no prosecutions in the parallel case of another German citizen,

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Mohammed Haydar Zammar, who was also covertly abducted in a CIA-sponsored mission" after the attacks of Sept. 11, 2001. However, "The difference: German agents were directly involved in the Zammar case, providing crucial information to the CIA about his travels and making a secret trip to Syria to interrogate him after he landed in prison there."

Congress Urged To Confront Administration On Surveillance Program. The Philadelphia Daily News (2/5), Shayana Kadidal, a staff attorney at the Center for Constitutional Rights, which is challenging the NSA domestic spying program in federal court, and Ari Melber, who served as a legislative aide in the U.S. Senate, write, "Attorney General Alberto Gonzales recently announced that the administration's domestic-spying program will stop bypassing judicial oversight. Instead, it will submit domestic surveillance to review by a federal intelligence court, as required by law. … But before anyone celebrates the 'good news' of an attorney general saying he will stop breaking the law, Congress must confront the administration's record of illegal spying and ensure that surveillance is truly back within the rule of law." Kadidal and Melber continue, "This is a big challenge because the administration spent the last six years undermining the traditional tools Congress uses to supervise intelligence by ignoring the law, stalling court oversight and declaring that warrantless spying would continue. … For Congress, that means there is little point in passing another law to restate rules that the administration is openly defying. Public hearings would also be ineffective for reforming or exposing the classified program. So what can the new Congress do? … The only way to bring spying back under the rule of law is for Congress to strengthen the branch of government that makes the law work: the courts. … Unfortunately, the courts, with their traditional deference to the political branches, have been slow to tackle this problem." Kadidal and Melber add, "Yet there is much Congress can do to ensure swift and meaningful judicial oversight. First, there is precedent for providing fast-track review for important cases. Congress can require that the pending cases get accelerated review by either the appeals courts or the Supreme Court. Although the Supreme Court usually gets to choose whether to hear a case, Congress can make the right of appeal mandatory. … To ensure that the courts actually hear the spying cases, Congress should pass a statute curtailing the 'state secrets privilege' with precise boundaries to prevent further misuse. … Congress must strive for the higher ambition of protecting the rule of law itself by empowering the courts to swiftly enforce the laws Congress passed - and review the conduct of the president who broke them."

Columnist Blasts Gonzales Over Habeas Remarks. The Washington Times (2/5) runs a column by syndicated columnist Nat Hentoff, in which Hentoff writes, "Considering the state of the world, and the divisiveness in this nation, I am seldom startled these days by news from Washington. But an exception was the appearance of Attorney General Alberto Gonzales at a Jan. 18 hearing by the Senate Judiciary Committee in which he stated: 'There is no express grant of habeas (corpus) in the Constitution... The Constitution doesn't say every individual in the United States is hereby guaranteed or assured the right of habeas corpus... there's (only) a prohibition against taking it away.'" Hentoff continues, "This is an astonishing dismissal by our chief law enforcement officer of the oldest fundamental right in Anglo-Saxon law that even precedes the Magna Carta of 1215. … Alberto Gonzales is dead wrong. … The Magna Carta has resonated for centuries and states: 'No free man shall be taken or imprisoned... except by... the law of the land.' Alexander Hamilton, in the Federalist Papers, wrote that 'the practice of arbitrary imprisonments, have been, in all ages, the favorite and most formidable instruments of tyranny.' Hamilton cited the 18th-century English jurist, William Blackstone, whose commentaries are still referred to in courses on the law: 'Confinement of the person, by secretly hurrying him to jail, where his sufferings are unknown or forgotten... is a... dangerous engine of arbitrary government,' said Blackstone. … It is a pity that the chief law-enforcement officer of the United States not only does not take habeas corpus for granted, but says that it is not guaranteed to all of us. If our attorney general doesn't know that, consider how many students throughout our school systems may also be uneducated in the Great Writ -- and its history. How would the president do in an unannounced quiz on habeas corpus?"

HOMELAND RESPONSE:

"Open Revolt" Building Against Real ID Act. The New York Times (2/5, Lipton, 1.16M) reports Maine legislators started what "is turning into an open revolt against" the Real ID Act last month when they passed "a nonbinding resolution that rejected the law. … Since then, legislatures in

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five states — Georgia, Montana, New Mexico, Washington and Wyoming — have voted in committee or on the floor of one chamber to move similar legislation ahead." State officials are hoping "that Congress will repeal or modify the law, or at least provide some of the billions of dollars the states claim it will cost to establish the new licensing system nationwide." However, Stewart A. Baker, an assistant secretary of Homeland Security, said opponents of the new law "are forgetting that this was a 9/11 commission recommendation and a recommendation for a very good reason."

DHS's Future As Counterterror Agency Said To Rest Largely With Allen. The Wall Street Journal (2/5, A7, Block, 2.04M) reports the Department of Homeland Security's addition last summer to the "elite" Intelligence Program Managers Group as a move that "perhaps had less to do with the department's mission and capabilities than with the reputation of its chief intelligence officer, Charles E. Allen." However, "as the intelligence system comes under scrutiny with the expected appointment of a new Director of National Intelligence, DHS and Mr. Allen's efforts there are coming in for a hard look." Known as "The Legend" form his years at the CIA, Allen's "experience has yet to turn DHS and its constituent agencies into top-notch intelligence collectors or analysts, say both DHS's congressional overseers and officials in the department." His "success or failure will be pivotal in determining whether the department, created after the 9/11 attacks, will be a counterterrorist bulwark or a bureaucratic backwater."

WAR NEWS:

Prospects For Senate Passage Of Iraq Resolution Uncertain. The Financial Times (2/5, Daniel) says the Senate will today challenge President Bush's "proposed Iraq strategy with a debate on a non-binding resolution opposing the plan to send additional troops. However, several senators from both parties on Sunday warned it was unlikely to win the 60 votes needed for approval." The Christian Science Monitor (2/5, Chaddock, 59K) headlines its report "In Senate, Passage Of Iraq Resolution Uncertain." USA Today (2/5, 9A, Kiely, 2.27M) reports Republicans "are threatening to use the filibuster...to prevent a vote on a resolution that expresses disapproval of the troop increase." That "may be the only way for Bush supporters to prevent a bipartisan vote of no confidence."

The Los Angeles Times (2/5, Levey, 850K) says, "Not a single American soldier will do anything differently this week if the Senate approves a resolution criticizing President Bush's plans to increase troop levels in Iraq." The "nonbinding resolution would have no more force of law than the one approved Thursday commending the Miss America organization for its commitment to 'the character of women in the United States.' Yet the immense symbolism of what may be the first formal rebuke of Bush's war strategy has produced the most passionate war debate on Capitol Hill since the invasion of Iraq nearly four years ago."

McCain, Hagel Face Off On Eve Of Senate Surge Debate. ABC World News (2/4, story 2, 2:15, Harris, 8.78M) reported, "The Senate is preparing for a big fight over a resolution opposing President Bush's new war strategy." ABC (Hendren) added, "Today on 'This Week' with George Stephanopoulos, Sens. John McCain and Chuck Hagel outlined rival resolutions. McCain supports the surge of 21,000 troops to Iraq. The alternative to securing Baghdad, he says, is disaster." McCain: "You'll see a bloodletting in Baghdad that makes Srebrenica look like a Sunday school picnic." Hendren: "McCain's plan does set tough benchmarks for Iraq's government. But there is no 'or else' clause. Sen. Hagel's bill condemns the surge." Hagel: "Very simply put, we disagree with escalating our military involvement in Iraq. That is totally different than saying, 'Let's get out. Let's cut the funds.'"

McCain, on ABC's This Week (2/4, Stephanopoulos), said of the resolutions, "I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it. In other words, this is a vote of no confidence in both the mission and the troops who are going over there."

Asked on ABC's This Week (2/4, Stephanopoulos) to respond to McCain's comments, Hagel said, "What this resolution is about is, first, disagreeing with the President's position on increasing our military involvement in Iraq. … We lay out in the resolution options, ideas, some taken from the Baker-Hamilton report: getting American troops out of the middle of a sectarian interest, sectarian civil war in the cities, moving them out toward the borders, providing territorial integrity, protection, doing the things that we should do, we

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can do. But we cannot continue to feed our troops into the middle of a civil war."

On Fox News Sunday (2/4, Wallace), Sen. Lindsey Graham agreed with McCain, adding, "If the Democrats really believe this war is lost and this is just another Vietnam in another form, cut off funding."

The AP (2/5, Yen) says McCain "sought to weaken support" for a resolution opposing the surge strategy. McCain "is sponsoring a resolution expressing support for a troop increase and setting benchmark goals for the Iraqi government. He sought to capitalize on some of the Democratic division." The Washington Times (2/5, Pfeiffer, 88K) headlines its report on McCain's remarks "McCain Questions Honesty Of Push For Resolution." The Politico (2/5, Sheffield) summarizes the Sunday talk show debate on Iraq.

McCain Says He Wanted More Troops Sent To Iraq. Asked on ABC's This Week (2/4, Stephanopoulos) if he is "doubtful" that the "20,000 troops" proposed by Bush are "enough," McCain answered, "I'm worried. … I'm worried that this is not enough troops. But I looked Gen. Petraeus in the eye and I said, 'do you have enough troops?' He said, 'If I think I need more, I'll ask for them.' And he also said if he thought the mission was going to fail, he would tell the President and us. I would have liked to have seen more, as you know. But apparently…this is all we got."

Graham, on Fox News Sunday (2/4, Wallace), said, "I think additional troops would help dramatically."

Lieberman's Role In Debate Tests Democrats. Roll Call (2/5, Billings) says that when senators "go to the floor this week to debate the proposed Iraq troop surge, Sen. Joe Lieberman (ID-Conn.) will demonstrate once again to his Democratic colleagues that he is his own man. And while the Democratic leadership has made clear that Lieberman should be treated just as any other Caucus member, they cannot completely extinguish skepticism in their ranks about his long-term party loyalty." While Democrats in the chamber and their aides "said last week Lieberman's political posture hasn't changed much since winning re-election as an Independent Democrat. But in a narrow 51-49 seat majority, Democrats privately acknowledged they are still worried that as an Independent free from party peer pressure, Lieberman may cost them precious votes or even go so far as to join the GOP Senate minority."

Webb, Feinstein Seek Enhanced Diplomatic Efforts. Sen. James Webb, on Fox News Sunday (2/4, Wallace) said, "I think what we have right now, even with this so- called new strategy, is half a strategy -- not even half a strategy, honestly. You cannot deal with Iraq simply as a military situation even inside Iraq. We just finished a full month of hearings on the Armed Services and the Formulations Committees. … The preponderance of the testimony was basically saying that we're not going to be able to fully deal with the situation without an aggressive diplomatic strategy that is in tandem with a military strategy. And we've not seen that for four years."

Sen. Dianne Feinstein, on CNN's Late Edition (2/4, Blitzer) said, "The military can't build a nation. … I'm not talking about turning, pulling everybody out tomorrow. What I am talking about is holding the Iraqi government's feet to the fire publicly, to make certain achievements very rapidly. … You have the prime minister, who basically can't carry out any effective action at this time. You have all of the elements growing of a failed state. To put the American military as the only remedy in this situation is a huge mistake."

Kyl Says Bush Plan "Should Be Given A Chance." In a USA Today (2/5, 11A, 2.27M) op-ed, Sen. Jon Kyl writes, "The president's plan for success in Iraq should be given a chance. Although critics have focused almost exclusively on the reinforcement of troops -- the so-called surge -- the president's strategy is a comprehensive approach to the security and political problems facing Iraq. Under this plan, the Iraqi government has committed to lead the effort to defeat the militias and any other challenges to the government's monopoly on force. The new plan also relies on political and economic measures that will help to create a more unified government capable of providing essential services to its citizens. Opponents of the new strategy apparently do not agree that a political solution depends on peace and stability in Iraq."

Resolution Debate To Be Felt In 2008 White House, Congressional Contests. The Washington Post (2/5, Murray, Weisman, 690K) says on its front page that the "historic showdown to begin today represents the first bipartisan confrontation between Congress and the White House over the Iraq war since the invasion nearly four years ago," one that will test "Senate Republicans facing reelection in 2008 -- many from states where voters are angry with Bush's war policy and want the troops to begin heading home." Meanwhile, the Christian Science Monitor (2/5, Feldmann, 59K) reports, "As the Senate begins debate Monday on competing resolutions on Iraq, the Democrats are

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fresh out of their own debate on a way forward in Iraq at the Democratic National Committee's winter meeting."

More Commentary. USA Today (2/5, 11A, 2.27M) editorializes that Sen. John Warner's "resolution is not an easy call. Critics say it sends a dispiriting message to the troops, and there's no getting around that. But the administration diminishes its case by trying to imply that its critics are unpatriotic if they don't silently follow the president's lead. No American leader should need a sermon on the value of honest argument and dissent, even in wartime. Voters elected scores of new legislators in November with the demand they speak up. Lack of support for the war is driving the resolutions, not the other way around."

The New York Times (2/5, 1.16M) editorializes, "There isn't much encouraging news in the new National Intelligence Estimate on Iraq. Ethnic and sectarian identities are hardening and violence is spiraling, as shown again in Saturday's horrific Baghdad market bombing. Iraq's new governing institutions are weak and leading politicians have a 'winner-take-all attitude' that can only make matters even worse. ... The only real hope for Iraq lies in a bold reversal of course by Iraqi politicians that puts national reconciliation ahead of sectarian advantage. Mr. Bush needs to get serious about demanding such a change, including enforceable deadlines for overdue steps like eliminating militia supporters from the police, ending vengeful anti-Baathist measures targeting the Sunni middle class, and guaranteeing the fair allocation of oil revenues. Otherwise, Iraq seems headed over the cliff."

The Los Angeles Times (2/5), meanwhile, editorializes, "More than 540,000 Iraqis have fled their homes because of sectarian fighting in the last 11 months — 80% of them in Baghdad ... It is tempting to try to separate Shiite and Sunni combatants before they further shred and bleed their country, Yugoslavia style. But partition is a dangerous idea ... First and most important, the Iraqis do not want it. Second, the biggest prize in the ethnic wars — Baghdad — may be ghettoized, but it cannot be easily divided. Third, not all the violence is between Shiites and Sunnis; Shiite sects battle each other for power, and other ethnic strife may yet erupt in the north. Across Iraq, partition would force multiethnic cities and mixed families to choose sides and identities, however artificial. And the agony of Baghdad might simply be repeated in Kirkuk, Basra or Nasiriya."

White House Claims Regarding Iranian Involvement In Iraq Disputed. Newsweek's Mark Hosenball (2/12) writes, "The White House has ratcheted up rhetorical attacks, suggesting that Iranian government elements were supplying Iraqi Shia insurgents with deadly weapons technology. But the idea that Iran plays a key role in fomenting violence inside Iraq took a knock last week with the publication, by the U.S. intelligence czar's office, of a new National Intelligence Estimate (NIE) on Iraq. The NIE, representing the consensus view of all 16 U.S. intel agencies, says that because sectarian antagonisms among Iraqis themselves are so intense and 'self-sustaining,' Iranian or Syrian involvement is 'not likely to be a major driver of violence.' U.S. officials still maintain that Iran is helping Iraqi Shia insurgents build bombs that are particularly deadly because they can penetrate armored vehicles. But three U.S. officials familiar with unpublished intel (unnamed when discussing sensitive info) said evidence of official Tehran involvement is 'ambiguous.'" Hosenball notes, "Last week U.S. military officials in Baghdad were set to brief reporters about evidence American forces had assembled about Iran's interference in Iraq. But the briefing was canceled; one of the U.S. officials suggested it had been put off because intel officials couldn't agree about the info."

Shiite-Sunni Division Seen As Potentially Undermining Al Qaeda. Newsweek's Fareed Zakaria (2/12) writes, "For those in the West asking when Islam will have its Reformation, I have good news and bad news. The good news is that the process appears to have begun. The bad news is it's been marked by calumny, hatred and bloody violence. In this way it mirrors the Reformation itself, which we now remember in a highly sanitized way. … Look at the daily sectarian killings in Iraq, listen to the dark warnings of Saudi and Jordanian leaders about a 'Shia crescent,' watch the power struggles in Lebanon. Islam's quiet cleavage has come out into the open. At a recent demonstration in the Palestinian territories, opponents of Hamas taunted the Sunni Islamists as 'Shiites' because of their links to Iranian-backed Hizbullah. … These emerging divisions weaken Al Qaeda, but they will help most Muslims only if this story ends as the Reformation did."

Lebanon Described As "Testing Ground" For Sunni-Shiite Struggle. U.S. News and World Report's Mitchell Prothero (2/12) writes, "For more than two months, Lebanon has teetered on the brink of chaos. Hezbollah and its allies have been demanding the American-backed

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government of Prime Minister Fouad Siniora submit to the formation of a so-called national unity government-one that would tip the political balance in favor of the Shiite community. … There are concerns about further clashes next week if thousands of pro-government demonstrators turn out to mark the second anniversary of the assassination of former Prime Minister Rafiq Hariri." Prothero notes, "During Lebanon's 15-year civil war…the country mainly split between Christians and Muslims. Now…the conflict's defining characteristic is the rift within the Muslim community, a split that draws in on opposing sides the region's two major powers, Sunni Saudi Arabia and Shiite Iran. Lebanon is a testing ground for growing Iranian influence-and for Saudi Arabia's efforts to block it."

Skelton Regarded As "Eerily Prescient" On US Challenges In Iraq. U.S. News and World Report (2/12, Mulrine, 2.03M) reports, "It was on the eve of the U.S. invasion of Iraq, in March 2003, that Missouri Rep. Ike Skelton sent a letter to President Bush. 'There is no doubt that our forces will be victorious in any conflict,' he wrote. 'But there is great potential,' he warned, 'for a ragged ending to a war as we deal with the aftermath.' … He went on to outline some possibilities that would prove eerily prescient: Shiites attacking Sunnis, forcing U.S. troops to protect them. 'Stabilization and reconstruction prove more difficult than expected,' Skelton wrote. 'This puts pressure on troop rotations, reservists, their families ... and requires a dramatic increase in end-strength.' Nearly four years later, it is just such an increase in end-strength, meaning the overall size of the military, as well as the strain of repeated rotations on the Army and Marine Corps, that Skelton will confront as the new chairman of the House Armed Services Committee. … As President Bush presses his case for sending 21,500 more troops to Iraq and details surface about wasted reconstruction aid (including Olympic-size swimming pools ordered up by Iraqi officials), Skelton summarizes the goals for his tenure with a word that has become his mantra: 'Oversight. Oversight. Oversight.'"

Millenarian Shiite Cults Emerge As Destabilizing Force In Southern Iraq. Newsweek (2/12, Dehghanpisheh, 3.12M) reports, "Dhia Abdul Zahra claimed he was the messiah. And on the eve of the holiest day in the Shiite calendar, Ashura…Zahra tried to deliver salvation. Hundreds of his followers, armed with heavy weapons, clashed with Iraqi and American soldiers northeast of the holy city of Najaf on Jan. 28. The Soldiers of Heaven, as the cultists called themselves, apparently planned to storm Najaf and assassinate top Shiite clerics. They fought fiercely: an American helicopter was shot down, killing two soldiers, and Iraqi forces called for reinforcements at least twice. … It would be easy to write off the thirtysomething Zahra, who was killed along with more than 250 others in the battle," but "the Soldiers of Heaven are only one of dozens of Shiite factions, some of whom have similar millenarian ideas, that have sprung up across southern Iraq." Newsweek goes on to report that "although President George W. Bush praised Iraqi forces after the battle…in fact the Iraqis were nearly overrun. … Only repeated U.S. airstrikes crushed the cultists."

O'Connor Among ISG Members Not Publicly Second-Guessing Bush. Newsweek (2/12, Rosenberg, 3.12M) reports, "In a NEWSWEEK exclusive," Sandra Day O'Connor "talks about stepping down, Iraq and caring for her ill husband." Newsweek notes, "Lately, some study-group members have expressed frustration that President George W. Bush has not embraced their recommendations, but O'Connor -- still unwilling to plunge into politics -- demurs. 'There are probably no perfect answers,' she says."

Zuckerman Contends "Serial Disaster" Would Follow US Withdrawal. U.S. News and World Report's Mortimer Zuckerman (2/12) writes, "George W. Bush bet his presidency on Iraq. And now he's betting his party's future on it. If the new troop 'surge' fails, it will destroy the Republicans' reputation on national security for at least a generation. The president said, 'Nothing is more important at this moment in our history than for America to succeed in the Middle East, to succeed in Iraq.' He's right. Abandoning Iraq would plunge the country we went to war to save into a grim horror movie. The Iraqi government cannot stop sectarian killing when it is able to call on the world's most powerful military. Who can expect it to do so if the Americans leave? … Most Americans believe the nightmare in Iraq simply cannot get much worse. Wrong -- it most certainly could. Advocates of a 'phased' withdrawal of our troops must reckon with the certainty of a serial disaster: a full-blown civil war spreading a contagion of violence across the region, with Iran virtually uncontainable. Our enemies, as the president said, would emerge with new safe havens, new recruits, and new resources."

Imminent Baghdad Offensive "Unlike Anything The City Has Seen" Since 2003. ABC World News (2/4, lead story, 2:40, Harris, 8.78M)

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reported, "Today, a senior US military officer said the operation to secure Baghdad will be 'unlike anything the city has seen.' Officials say the joint US-Iraqi command center that will oversee this offensive will open tomorrow. And that the operation itself will begin very soon after that. Past efforts, as you probably know, to secure Baghdad, have failed. But the US military says this time, this time, the tactics will be different." ABC (Marquez) added, "On a day when Iraqis are cleaning up after the single-deadliest bombing in the war, US commanders say the new offensive to secure Baghdad will be bigger than any other operation in the four-year history of the war. Starting tomorrow, for the first time, US troops and Iraqi soldiers and police will operate under a single command. The key to the strategy: clear out insurgents, hold disputed territory, and build a more formal presence, with Iraqi troops taking the lead." Maj. Gen. William Caldwell, US Military Spokesperson: "In order for this plan to be successful, it's important for the people in Iraq and in America, to be patient." ABC added, "But after an enormous truck bomb leveled a market and destroyed a mainly Shiite neighborhood in central Baghdad, many Iraqis have little patience left."

The Washington Times (2/5, 88K) reports, "Briefing a small group of foreign reporters, three American colonels who are senior advisers to the Iraqi army and police in Baghdad said a command center overseeing the crackdown in the capital would be activated today. 'The expectation is the plan will be implemented very soon thereafter,' a senior adviser to the 9th Iraqi army division said at a U.S. military base in Baghdad."

The Christian Science Monitor (2/5, Murphy, 59K) also notes "US military officials cautioned patience – despite the deployment of an additional 21,500 troops to Iraq. '[That] will not turn the security situation overnight,' Maj. Gen. William Caldwell said in Baghdad. 'Iraqi forces suffer deficiencies in leadership and logistics. It will take more than two months to solve these problems.'"

Shiites Angry Over Delay In Implementing Crackdown. The New York Times (2/5, Cave, Oppel, 1.16M) says "a growing number of Iraqis blamed the United States on Sunday for creating conditions that led to the worst single suicide bombing in the war, which devastated a Shiite market in Baghdad the day before. They argued that the Americans had been slow in completing the vaunted new American security plan, making Shiite neighborhoods much more vulnerable to such horrific attacks." The "critics said the new plan, which the Americans have started to execute, had emasculated the Mahdi Army, the Shiite militia that is considered responsible for many attacks on Sunnis, but that many Shiites say had been the only effective deterrent against sectarian reprisal attacks in Baghdad's Shiite neighborhoods. Even some Iraqi supporters of the plan, like Hoshyar Zebari, the foreign minister who is a Kurd, said delays in carrying it out had caused great disappointment. … 'A long time has passed since the plan was announced,' Basim Shareef, a Shiite member of Parliament, said Sunday. 'But so far security has only deteriorated.'"

US Helicopters Were Shot Down. The Washington Post (2/5, A12, Londono, 690K) reports, "Four American helicopters that crashed in Iraq in the past two weeks were shot down, a U.S. military spokesman said Sunday, prompting officials to reevaluate how troops move around in an increasingly hostile war zone. … A Sunni insurgent group backed by al-Qaeda, the Islamic State of Iraq, posted photographs and a video on its Web site Sunday that it said showed the downing of the helicopter. The group asserted responsibility for the attack and warned that Iraqi airspace will be inhospitable for US forces."

NBC Nightly News (2/4, lead story, 2:40, Brown, 9.87M) reported, "We have come to expect nightly reports of new violence in Iraq with civilian casualties now the norm. But even by those standards it has been a horrific 48 hours. Police added 100 to the death toll today. That follows yesterday's massive attack, a truck bomb that killed at least 130 people and wounded more than 300. It was the single deadliest bombing since the war began with the full impact only becoming known to us today."

New Type Of IED Poses Fresh Challenge To US Forces. USA Today (2/5, 1A, Brook, 2.27M) reports, "A type of homemade bomb that can include parts commonly found in Iraqi kitchens and that is easy to hide on desert roads has proliferated in Anbar province and spread to other parts of the country. Troops in armored vehicles are endangered by the bomb, which U.S. military officials call a 'speed bump.'" The bomb "is formed by sandwiching plastic explosives between metal plates, such as baking trays, a Pentagon intelligence document shows. A detonator switch triggers the bomb when a vehicle rolls over it, ripping into the often-unarmored underside. … The speed bump first appeared in Anbar province, Pentagon records show."

Small Iraqi Air Force In Place. The New York Times (2/5, Glanz, 1.16M) reports "the Iraqi Air Force is flying again."

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But "like everything involving the rebuilding of Iraq's security forces, the return of the air force is fraught with ambiguity." The Iraqi Air Force "once boasted more than 500 combat aircraft. Now it has around 20 helicopters and planes and has barely figured in discussions on rebuilding the Iraqi security forces. There are no fighter planes in the current fleet and none are expected in the next few years at least, indicating that the United States will be responsible for air defenses here for some time to come."

Waxman Panel Prepares To Probe Bremer, Contractors. The Atlanta Journal Constitution (2/5, Malone) reports, "After years of stockpiling findings and allegations, Rep. Henry Waxman will unleash four days of hearings this week aimed at exposing an array of 'waste, fraud and abuse' in government." Waxman "is set to begin Tuesday by digging into the Bush administration's program to rebuild war-torn Iraq. Scheduled first is former Ambassador L. Paul Bremer, who oversaw the early reconstruction effort." Waxman plans to ask Bremer "about allegations that the reconstruction agency he ran 'filled positions with unqualified staff who were politically connected.' The oversight panel also is set to focus on private contractors hired to provide supplies for the U. military effort in Iraq, especially subcontractors working for Halliburton, the corporate giant once led by Vice President Dick Cheney."

The Politico (2/2, Allen) reported Bremer "plans to point to unexpectedly chaotic conditions in post-Saddam Baghdad as he defends his record at a hearing on Iraq spending before House Democrats on Tuesday, according to sources familiar with his testimony. This is the first aggressive exploration of the administration's Iraq contracts since Democrats took control of Congress last month." Bremer "told Politico he looks forward to committee members' questions, but also plans to give them a 5,000- to 6,000-word treatise in addition to his five-minute opening statement. 'I welcome the opportunity to go up and talk about it,' he said in a telephone interview. 'In the letter of invitation, the committee spoke about their interest in lessons learned. Given the difficulty that we've encountered in reconstruction in Iraq, I think it's helpful to look at lessons learned. That's a good approach to have. I look it as a constructive opportunity for me to do that.'"

KBR Faces Hearings. The Financial Times (2/5, Kirchgaessner) reports, "Executives from government contractors in Iraq and Afghanistan, including KBR and Compass of the UK, face a rocky ride in Washington this week as Henry Waxman, the congressman, begins hearings on allegations of 'waste, fraud and abuse.'" Waxman "is likely to focus his line of inquiry on allegations that Halliburton wrongly entered into a subcontracting arrangement with ESS, a division of Compass that ran a dining facility in Iraq, which in turn used Blackwater to provide it with security services." He "said in a letter to Donald Rumsfeld, former defence secretary, in December that the security subcontract [with Blackwater] raised 'serious questions' about the oversight exercised by Halliburton and the Pentagon regarding the tiering of subcontractors, and whether it was 'proper' for Halliburton to bill the government for the services."

Iraq Accuses Syria Of Aiding Insurgents. The Los Angeles Times (2/5, Roug, 850K) reports the Iraqi government Sunday accused Syria of "harboring insurgents fomenting violence" in Baghdad. The allegation "strained relations with Iraq's neighbor just weeks after the two resumed diplomatic ties." At a news conference in Baghdad, Iraqi spokesman Ali Dabbagh said, "I confirm that 50% of murders and bombings are by Arab extremists coming from Syria. … and we have evidence to prove it." However, the Times reports that no evidence was presented during the session with reporters.

Petraeus Assembles Team Of PhD Advisers. The Washington Post (2/5, A1, Ricks, 690K) reports in a pessimistic article that Gen. David Petraeus "is assembling a small band of warrior-intellectuals ... They are smart colonels who have been noticed by Petraeus, and who make up one of the most selective clubs in the world: military officers with doctorates from top-flight universities and combat experience in Iraq. Essentially, the Army is turning the war over to its dissidents, who have criticized the way the service has operated there the past three years, and is letting them try to wage the war their way. ... But there is widespread skepticism that even this unusual group, with its specialized knowledge of counterinsurgency methods, will be able to win the battle of Baghdad. ... Also, experts agree that the basic problem in Iraq is political, not military, and that although a military campaign can create a breathing space for politicians, it cannot by itself reverse the dynamic driving Iraqis to fight a civil war."

Covert UK Unit Serves As "Secret Weapon" In Iraq. The Washington Times/London Sunday Telegraph (2/5, Rayment) reports, "Deep inside the heart of

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the Green Zone ... lies one of the most carefully guarded secrets of the war in Iraq. It is a cell from a small and anonymous British army unit that goes by the innocuous name of the Joint Support Group (JSG), and it has proved to be one of the coalition's most effective and deadly weapons in the fight against terror." The unit's members "are trained to turn hardened terrorists into coalition spies using methods developed on the streets of Northern Ireland, where the British Army managed to infiltrate the Irish Republican Army (IRA) at almost every level." They "have supplied intelligence that has saved hundreds of lives and resulted in some of the most notable successes against the myriad terror groups fighting in Iraq. Last week, sources said, intelligence from the JSG led to a series of successful operations against Sunni militia groups in southern Baghdad. ... The killing of Abu Musab Zarqawi, the leader of al Qaeda in Iraq until his death in June, came after intelligence obtained by the JSG, as did the rescue of kidnapped British peace campaigner, Norman Kember."

Officer Who Refused To Go To Iraq Faces Court-Martial. ABC World News (2/4, story 3, :25, Harris, 8.78M) reported, "An Army officer who refuses to serve in Iraq becomes the first to go on trial tomorrow. Twenty-eight-year-old Ehren Watada will be court-martialed at Ft. Lewis, south of Seattle. He has called the war morally wrong and illegal. He said he would fight in Afghanistan but not in Iraq. He could face four years in prison if convicted."

The Los Angeles Times (2/5, Tizon, 850K) reports, "Thousands of GIs have gone AWOL or voiced opposition to the Iraq war, but when an officer says he won't go, the whole military machine must take note. It means dissent has crept up the chain of command, potentially undermining the war effort. The Army felt compelled to respond forcefully, charging [Ehren] Watada, 28, with one count of failure to deploy and four (later reduced to two) counts of 'conduct unbecoming' for making public statements against the war and against the Bush administration. His court-martial begins today at Ft. Lewis, 15 miles north of here." Watada is "not as big as the Rushmore-sized symbol he's become to the antiwar movement, which hails him as nothing less than an American hero. But he also bears no sign of the sniveling qualities ascribed him by pro-war groups that have branded him a coward." "Quiet support" from other soldiers "makes him think that maybe, just maybe, a whole lot of other uniformed souls feel the same way he does and just haven't figured out a way to say so."

US General Takes Over Command Of NATO Force In Afghanistan. The New York Times (2/5, Gall, 1.16M) reports, "A senior American officer, Gen. Dan K. McNeill, took over command of the 35,000-member NATO force in Afghanistan from the departing British commander on Sunday, ahead of an expected spring offensive by a resurgent Taliban." Gen. McNeill "inherits a force that has expanded its mission to cover all of Afghanistan and is still struggling to contain the Taliban. Although the group was largely defeated in 2002, it mounted a strong comeback last year, leading to the bloodiest fighting in the country since the beginning of the war in 2001."

Diehl Says Bush Team Apologizing For Musharraf's "Failure To Deliver." Jackson Diehl writes in the Washington Post (2/5, A15, 690K), "In the months after Sept. 11, 2001, Pakistani President Pervez Musharraf was a new and shaky U.S. ally. He decided to side with the Bush administration against al-Qaeda, but there were persistent reports that elements of his army still supported the Afghan Taliban. … Five years later…Musharraf is still promising a moderate and tolerant regime -- but there are still reports that his army is quietly helping the Taliban. He's also still promising democracy -- but just as in 2002, he's preparing to rig Pakistan's upcoming presidential and parliamentary elections to ensure that his term is extended and his power unchallenged." Diehl adds, "What has changed is the response of the Bush administration. Five years ago it portrayed itself as giving Musharraf a chance to perform. Now it defends and apologizes for the general, despite his chronic failure to deliver."

CORPORATE SCANDALS:

DOJ, Phone Companies Balk At Proposed Pretexting Rules. The AP (2/5, Dunbar) reports, "Federal regulators working on rules to secure the calling records and other private information of telephone customers are running into resistance from phone companies and law enforcement agencies." The AP continues, "The rules, an effort by the Federal Communications Commission to combat 'pretexting,' are circulating among the commissioners for comment and may be voted on this month. … Pretexting is the practice of impersonating a phone customer to gain access to his phone records. President Bush signed a law last month criminalizing the practice and

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imposing penalties including up to 10 years in prison." The AP adds, "The issue gained prominence last year when executives of the Hewlett-Packard Co. were charged with hiring private detectives who used the technique to investigate board members. … The new law gives police a weapon to punish perpetrators. But it leaves out any requirements for how phone companies should protect their customers' private data. Cell phone bills, for example, can reveal who a person has called and, in some cases, even the caller's location. … The FCC chairman, Kevin Martin, told reporters recently that the new rules will require that customers use a password to access their account information. … In written comments to the FCC, Deputy Attorney General Paul J. McNulty said immediately alerting customers in such cases may tip off investigative targets and lead them to destroy evidence, change their behavior or slip away. … He proposed that companies not tell customers for at least seven business days after notifying the FBI or the Secret Service."

Court To Decide On "Scheme Liability." The Financial Times (2/5, Masters, Waldmeir) reports, "US courts are considering on Monday whether to bless a new legal theory thought up by plaintiffs' lawyers that could put banks, lawyers and business partners on the hook for billions of dollars when a public company goes bust because of fraud." The Times continues, "The fifth circuit federal appeals court in New Orleans will take up the issue of 'scheme liability' when it hears arguments on whether Enron's shareholders can pursue a class action against Credit Suisse, Merrill Lynch and lawyer Vinson & Elkins. … Banks and lawyers have traditionally been protected by a 1994 Supreme Court decision that says shareholders cannot recover money from firms and people who simply 'aided or abetted' securities fraud. But the recent corporate scandals prompted plaintiffs' attorneys and angry investors to look for a way around that rule. They argue that the banks and lawyers participated in a 'scheme' to hide Enron's losses from investors and should be held "primarily responsible" for the company's collapse." The Times notes, "Scheme liability 'is almost indispensable. There would have been no way to hold the big banks responsible in Enron without scheme liability,' said Bill Lerach, the plaintiff's attorney who represents Enron shareholders. … But Greg Markel, a lawyer for banks, warned that the theory 'creates uncertainty for financial institutions and that uncertainty increases the costs of doing business.' … The trial judge in the Enron case initially agreed with investors, but other US courts have divided in cases involving fraud at Dynegy, Parmalat and HealthSouth. The Securities and Exchange Commission favours a limited form of scheme liability that could increase the number of companies targeted by such lawsuits. … The US Supreme Court is also considering whether to hear two scheme liability cases. One includes companies allegedly involved in sham transactions conducted by Homestore, the online estate agents site. The influential ninth circuit federal appeals court found that business partners can be held liable if their transactions with a company had 'the principal purpose and effect of creating a false appearance of fact in the fur-ther-ance of a scheme to defraud' even if they did not directly mislead investors."

Hyundai CEO Convicted Of Embezzlement, Fraud In South Korea. The Wall Street Journal (2/5, A2, Ramstad, Yoon) reports from Seoul, South Korea, "A court here found Hyundai Motor Co. Chairman Chung Mong Koo guilty of embezzlement and fraud, and sentenced him to three years in prison, breaking a pattern of leniency for high-profile executives convicted of white-collar crime." The Journal continues, "The decision poses a major leadership problem for Hyundai, the world's No. 6 auto maker by volume, as it faces slower growth and mounting challenges including new competitors from China." The Journal adds, "Prosecutors alleged that Mr. Chung took about $100 million from Hyundai and affiliated companies for political payoffs and personal use. They sought a six-year prison sentence. Mr. Chung, who told the court at one point during his trial, 'I am guilty to a certain extent,' had asked for leniency. … At a hearing where the verdict and sentencing were announced, Seoul Central Court Judge Kim Dong Oh said Mr. Chung engaged in 'behavior that goes against market practices.' The judge, one of three who listened to the trial and handed down the ruling, said, 'It shows there's something wrong in the corporate culture of Korea.'" The Journal notes, "The sentence presents Hyundai with a major quandary: Should it replace Mr. Chung, who is the son of Hyundai's founder and has been depicted for years both inside and outside the company as a near-omnipotent leader? A Hyundai spokesman said the company was 'disappointed' and that Mr. Chung will appeal the decision. It said he remains in control of the company."

Bush's Comments On CEO Pay Seen As "Tipping Point" For Issue. USA Today (2/5, 1B, Farrell, 2.27M) reports, "Lawmakers in both houses of

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Congress plan to make laws affecting executive pay packages, and a new rule from the Securities and Exchange Commission is forcing companies to provide a simplified summary of top executives' compensation in their public filings. Even President Bush weighed in on the subject last week in New York, exhorting corporate boards to tie CEOs' salaries and bonuses to their success in improving companies and bringing value to shareholders. 'When…Bush talks about CEO pay, you know that it's moving to the top of the national agenda,' says Robert Reich, professor of public policy at the University of California at Berkeley and former secretary of labor under President Clinton." Jeffrey Sonnenfeld, a senior associate dean at the Yale School of Management and "a prominent expert on corporate leadership," says "the Bush speech represents a tipping point in the debate over executive pay. 'By the time Johnny Carson started to joke about Watergate, Nixon had lost his credibility in all quarters,' says Sonnenfeld."

CRIMINAL LAW:

DOJ To Release Rules Expanding DNA Sampling. The New York Times (2/5, Preston) reports, "The Justice Department is completing rules to allow the collection of DNA from most people arrested or detained by federal authorities, a vast expansion of DNA gathering that will include hundreds of thousands of illegal immigrants, by far the largest group affected." The Times continues, "The new forensic DNA sampling was authorized by Congress in a little-noticed amendment to a January 2006 renewal of the Violence Against Women Act, which provides protections and assistance for victims of sexual crimes. The amendment permits DNA collecting from anyone under criminal arrest by federal authorities, and also from illegal immigrants detained by federal agents." The Times adds, "Over the last year, the Justice Department has been conducting an internal review and consulting with other agencies to prepare regulations to carry out the law. … The goal, justice officials said, is to make the practice of DNA sampling as routine as fingerprinting for anyone detained by federal agents, including illegal immigrants. Until now, federal authorities have taken DNA samples only from convicted felons." The Times notes, "The law has strong support from crime victims' organizations and some women's groups, who say it will help law enforcement identify sexual predators and also detect dangerous criminals among illegal immigrants."

Outcome Of Libby Case Said To Hinge On His Credibility. The Los Angeles Times (2/5, Schmitt, 850K) reports, "Former vice presidential aide I. Lewis 'Scooter' Libby's defense in his perjury trial rests largely on the claim that he was too busy with pressing affairs of state to recall minor events such as conversations with reporters about an obscure CIA employee." But "after nine government witnesses testified in federal court here over the last two weeks, a question is starting to emerge: Given all the time and attention the White House devoted in 2003 to CIA operative Valerie Plame and her husband, former Ambassador Joseph C. Wilson IV, how credible is Libby's apparent forgetfulness?" The Times adds "legal experts cautioned against reading too much into what the jury might be thinking at this stage of the trial because Libby's lawyers have yet to present their case. And for the prosecution, proving that a senior government official intentionally lied is no easy matter. Also, some of the government's witnesses have demonstrated memory problems of their own, potentially bolstering Libby's faulty memory defense."

The Washington Post (2/5, A13, Leonnig, 690K), meanwhile, describes the trial as "an awkward cocktail party where the guests know each other too well and don't always get along." It is "a sometimes genial and sometimes strained reunion -- with hearty backslapping as well as forced smiles and uncomfortable silences, but without the canapes and cocktails to lighten the mood."

Cheney's Role In Plame Leak Takes Center Stage At Libby Trial. Newsweek's Michael Isikoff (2/12), in a piece titled, "The CIA Leak: Boring In On The Veep," writes, "The Scooter Libby trial has put a new focus on Vice President Dick Cheney's own role in the leak of CIA officer Valerie Plame Wilson's identity." Cheney "thought the [CIA] wasn't going far enough in distancing Cheney's office from the trip by Joseph Wilson." Isikoff notes that an FBI agent's testimony this week "is the first suggestion that Cheney himself talked about disclosing Wilson's wife's identity to the press as a way of undercutting Wilson's credibility. … The new testimony could make things more awkward for Cheney, due to be called as a defense witness soon."

U.S. News and World Report (2/12, Halloran , 2.03M) reports the Libby trial "won't go down in history as the turning point in the collapse of the Bush administration's once powerful control over its Iraq message. That milestone has long since passed. But testimony by an all-star parade of witnesses…will make a fascinating footnote-with details

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about the usually secret and occasionally inept workings of a wartime White House and the reporters who cover it."

PG County Executive Backs Away From Official After Shooting. The Washington Post (2/5, B1, Thompson, Weil) reports, "Prince George's County Executive Jack B. Johnson distanced himself yesterday from Keith A. Washington, the county homeland security official and police officer who shot two men during an altercation at his Accokeek home. One of the two men has died, and the matter is under investigation." The Post continues, "Johnson said the relationship between him and Washington -- who had backed Johnson for office and once served as his driver -- is not one of personal friendship. He also said he did not believe Washington, a police corporal, should resume his homeland security post -- a job to which Johnson had appointed him. … 'I don't think he should come back to Homeland Security, no matter what happens,' Johnson told a reporter yesterday." The Post adds, "Johnson did not give reasons but said he believed Washington should return to the police department, which pays his salary. … It was not clear yesterday whether Washington could remain in the security post without the support of Johnson, who appointed him. Washington did not return calls last night. … Washington was appointed a deputy director of homeland security by Johnson in 2004. He is a longtime Johnson supporter who worked at one time as his driver. … He was one of few county police officers to support Johnson, who as state's attorney had focused on combating abuses by police. … Washington, a 16-year police officer, has been on paid administrative leave since the night he shot unarmed deliverymen Brandon D. Clark, 22, and Robert White, 36."

CIVIL RIGHTS:

Window Closing On Civil Rights Slaying Prosecutions. USA Today/Jackson Clarion-Ledger (2/5, 3A, Mitchell) reports, "Despite high-profile convictions in the past two decades, most killers from the civil rights era will go unpunished. … Now the window of time is closing. Death is claiming potential defendants and witnesses," and the recent arrest of James Seale "is certain to be one of the last because suspects are dying, former U.S. Attorney Doug Jones of Birmingham said." USA notes, "Retired FBI agent Jim Ingram said he and other agents investigating racial violence in Mississippi in the 1960s often ran into hostile neighbors, frightened witnesses, reluctant prosecutors and all-white juries, many of whom refused to convict in these crimes." Rep. John Lewis "believes there is bipartisan support in Congress for the Unsolved Civil Rights Crimes Act that would create a cold cases unit within the Justice Department to track down evidence in the unpunished killings."

NYTimes Columnist Examines "Travesty" Of 1970s Louisiana Murder Conviction. In a column for the New York Times (2/5), Bob Herbert writes from Destrehan, La., "The term 'time warp' could have been coined for this rural town of 11,000 residents that sits beside, and just a little below, the Mississippi River. A remnant of the sugar-plantation era, the region's racially troubled past is always here, seldom spoken about but inescapable, like the murk in the air of a perpetually stalled weather front. … The Harry Hurst Middle School is on the site of the old Destrehan High School, which was the scene of violent protests during the integration period of the 1970s. Local residents have tried to blot out the murder case that made Destrehan High notorious three decades ago, but there's a big problem with that collective effort to forget. The black teenager who was railroaded into prison (and almost into the electric chair) for the murder of a white student in 1974 is still in prison all these many years later. He's middle-aged now, still suffering through a life sentence without any chance for parole in the notorious state penitentiary at Angola." Herbert continues, "There is no longer any doubt that the case against the teenager, Gary Tyler, was a travesty. A federal appeals court ruled unequivocally that he did not receive a fair trial. The Louisiana Board of Pardons issued rulings on three occasions that would have allowed Mr. Tyler to be freed. … But this is the South and Mr. Tyler was a black person convicted of killing a white. It didn't matter that the case was built on bogus evidence and coerced witnesses, or that the trial was, in the words of the U.S. Court of Appeals for the Fifth Circuit, 'fundamentally unfair.' Mr. Tyler was never given a new trial and the pardon board recommendations were rejected by two governors. … (Lurking in the background as the case unfolded was David Duke, a former grand wizard of the Ku Klux Klan who was very active politically in Louisiana and always ready to inject his poison into the public issues of the day. If you drive around Destrehan and nearby communities today you will still see some of the old blue-and-white campaign signs for Duke.)"

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NCLB's Use Of Race Used To Urge Bush To Support Use Of Race In School Admissions. Alec Ian Gershberg and Darrick Hamilton of the New School's Milano Graduate School for Management and Urban Policy in the Christian Science Monitor (2/5) argue that the Bush Administration is "inconsistent" in its principles regarding the use of race because it opposes the use of race "as a criterion for admission to public elementary and high schools" while the No Child Left Behind Act "requires that schools show adequate progress in each of 10 'subgroups' of students" including "racial and ethnic categories such as blacks, Hispanics, Asians, native Americans, and whites." One result is that "school staff must now view all their students through an explicitly racial lens." NCLB "is a tacit admission that race matters." So "the administration must reconsider its positions on affirmative action and school integration. And it must stop urging the Supreme Court to ban a tool some local school districts deem effective and desirable for providing access and expanding student diversity."

NYTimes Praises Florida For Changing Election Machines. The New York Times (2/5, 1.16M) says in an editorial, "Florida, famous for doing so much wrong in its elections, is poised to take two very important right steps. First, Gov. Charlie Crist says he plans to end the use of touch-screen voting machines that do not produce a paper record. Florida's move may finally sound the death knell for these unreliable, inherently antidemocratic voting machines." Governor Crist is "asking the Legislature to finance the purchase of new optical-scan machines, and it is expected to agree. Choosing optical scans is Governor Crist's second good move. In optical-scan voting, voters mark a paper ballot that is then read by a computer. Polling place lines are shorter, because many voters can fill out ballots at the same time. These paper ballots are the official ballots, and can be recounted by hand to resolve a dispute."

ANTITRUST:

Developments At Ohio Mill Hinge On Awaited DOJ Antitrust Decision. The Steubenville (OH) Herald-Star (2/5, Giannamore) reports, "Many developments for the local steel mills hinge upon the decision of the U.S. Department of Justice in an antitrust claim against Mittal Steel." The Herald-Star continues, "While the date has passed for expiration of a memorandum of understanding between Esmark and Mittal for the purchase of Mittal's Weirton mill, negotiations between the two firms are continuing. … Esmark spokesman Bill Keegan said Friday that Esmark and Mittal 'continue to negotiate in earnest' on the potential purchase agreement and discussions are continuing." The Herald-Star adds, "Esmark, Mittal and Weirton's Independent Steelworkers Union officials all said they were not sure how Justice would make its decision known. A Justice spokeswoman said Friday the decision was 'still pending' and a statement could be expected at some point. … The Department of Justice and Mittal entered into an antitrust consent decree in August when Mittal and Arcelor merged. The concern was over Mittal's control over tin-producing assets in the eastern United States. Through the merger, Mittal came into possession of the Canadian Dofasco mill in Hamilton, Ontario, which produces tin. It already owned the Weirton mill and the Sparrows Point, Md., plant, both of which produce tin. … Because of the placement of Dofasco into a Dutch trust by Arcelor when it had been fighting Mittal's offers earlier in 2006, Mittal faced difficulty in selling Dofasco. The company had been ordered to use its best efforts to sell Dofasco and, absent a sale, Justice would choose between Weirton and Sparrows Point to be sold to ease the antitrust concerns. … A November deadline on the decision was extended to Jan. 28, which passed without word from the Justice Department."

BAR/BRI Settles Antitrust Class Action For $49 Million. The National Law Journal (2/5, Bronstad) reports, "The publishers of the BAR/BRI law review course have agreed to pay $49 million to settle a case brought by a class of nearly 300,000 law students alleging they each were overcharged by about $1,000." The Journal continues, "West Publishing Corp., the owner of the BAR/BRI, and Kaplan Inc., which makes the preparatory coursework for the Law School Admission Test, agreed to settle claims that they conspired to monopolize the law exam market. … The antitrust case had sought triple the $300 million in damages and applied to all students who took the BAR/BRI course from 1997 to 2006." The Journal adds, "The parent company of West Publishing, The Thomson Corp., has agreed to pay $36 million as part of the proposed settlement, according to John Shaughnessy, senior director of corporate communications at the legal and regulatory market group of The Thomson Corp. … Kaplan agreed to pay nearly $13 million as part of the proposed

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settlement. … Eliot Disner, a partner in the Los Angeles office of McGuireWoods who brought the year-old case, said the proposed settlement, minus attorney fees, comes to $37 million for class members. He estimated that, with 290,000 anticipated class members, each would receive about $125, although that amount could be higher if some members don't claim their share."

Simon Property Group Makes Offer For Mills Corp. The Wall Street Journal (2/5, A2, Berman) reports, "Simon Property Group Inc. and hedge fund Farallon Capital Management yesterday lobbed in a roughly $1.56 billion offer for Mills Corp., a move designed to derail a $1.35 billion agreement with Brookfield Asset Management." The Journal continues, "Investors had for weeks been expecting a higher offer for Mills, a real-estate investment trust with dozens of shopping malls around the country. As Mills's largest shareholder, Farallon has aggressively pushed for a higher offer for the Chevy Chase, Md.-based company." The Journal adds, "The emergence of Simon, the country's largest REIT by market value, gives Farallon's efforts some important momentum. The two are expected to put up equal amounts of equity to help fund their bid, creating a per-share price of $24, greater than the $21-per-share deal struck by Brookfield, based in Canada, last month. Mills also has an additional $6 billion-plus in debt and preferred stock that the two partners would assume. … The offer puts into relief two of the emerging deal-making themes of 2007: Hedge funds are getting increasingly comfortable assuming controlling ownership stakes and are finding willing allies among corporate stalwarts such as Simon. The new year has also brought a spate of "jumped" transactions, in which bidders have shown little fear about busting up an agreed-upon deal. Robust financing markets have made such maneuvers possible, and bankers on Wall Street expect still more unsolicited activity in the months ahead." The Journal notes, "Simon's move also highlights the seemingly relentless rise of commercial real-estate, even while residential property values continue to suffer. Simon already is the country's largest mall developer, with interests in 285 properties throughout the U.S. The Indianapolis-based firm had developed five properties with Mills during the 1990s, and is in a 'better position to enhance its assets' than other owners, a person close to Simon said yesterday."

Triad Hospitals Reaches Deal With Private Equity Group. The Wall Street Journal (2/5, A2, Berman, Francis) reports, "Triad Hospitals Inc. Monday morning announced a deal to sell the company to private-equity buyers for about $4.4 billion." The Journal continues, "The buyers of the Plano, Texas, hospital chain were CCMP Capital Advisors LLC and the private-investment arm of Goldman Sachs Group Inc., Triad said in a press release. … The deal may presage more buyouts or acquisitions in the sector: Hospitals have been fertile territory for buyout shops lately, most notably in last year's record-setting purchase of hospital giant HCA Inc." The Journal adds, "The deal values the company at $50.25 a share, a 16% premium over Friday's close of $43.27 in New York Stock Exchange composite trading. Triad, spun off by HCA in May 1999, had 51 general acute-care hospitals and 10 ambulatory-surgery centers in early 2006, primarily in small southern U.S. cities. … Triad has been considered a likely buyout target by many analysts after an October conference call in which executives said they had held talks with "various groups" that would continue, though they said nothing was then imminent. … At about the same time, Community Health Systems Inc. of Brentwood, Tenn., said it was considering going private, among a variety of strategies. In addition, Health Management Associates Inc. of Naples, Fla., borrowed to pay shareholders a dividend valued at half its share price, which analysts described as the equivalent of a public buyout."

ENVIRONMENT:

Next Installments Of Climate Change Report To Highlight Human Cost Of Warming. USA Today (2/5, 9D, Vergano, 2.27M) reports, "The human and economic cost of global warming will move to center stage when the Intergovernmental Panel on Climate Change releases the second and third installments of its report this spring, experts say." The "panel's report is the creation of three separate 'working groups,' which each prepare a separate report. The first, which was released Friday and involved the efforts of thousands of scientists and government reviewers, concludes with 90% certainty that humanity is triggering global warming by burning fossil fuels, cutting down forests and other activities." The April report, according to Gary Yohe of Wesleyan University, one of its authors, will "assess the effect of warming on socioeconomic and natural

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systems and show that the effects on people 'are distributed across the globe and in every major sector of human activity.'" The "third report, to be released in May, focuses on 'mitigation' measures, such as taxing carbon dioxide production."

Halting Global Warming Would Require Radical Measures. The Los Angeles Times (2/5, Zarembo, 850K) says the IPCC report "notes that a concerted world effort could stave off the direst consequences of global warming, such as widespread flooding, drought and extreme weather. Ultimately eliminating the global warming threat, however, would require radical action." The Times adds, "To stabilize atmospheric levels of carbon dioxide — the primary contributor to global warming — CO2 emissions would have to drop 70% to 80%, said Richard Somerville, a theoretical meteorologist at the Scripps Institution of Oceanography in La Jolla. Such a reduction would bring emissions into equilibrium with the planet's ability to absorb carbon dioxide."

Groups Question AEI Solicitation Of Warming Critiques. The Washington Post (2/5, A4, Eilperin, 690K) reports the American Enterprise Institute "has been soliciting critiques of the just-released international assessment of the evidence on climate change, a move that prompted some academics and environmentalists to accuse the group of seeking to distort the latest evidence for global warming." Advocacy groups questioned why AEI "has offered $10,000 to academics willing to contribute to a book on climate-change policy." The Post adds, "AEI visiting scholar Kenneth Green -- one of two researchers who has sought to commission the critiques -- said in an interview that his group is examining the policy debate on global warming, not the science."

WSJournal Warns Against Radical Policy Changes Based On IPCC Report. In an editorial, the Wall Street Journal (2/5, A16, 2.04M) writes, "[T]he real news in the fourth assessment from the [IPCC] may be how far it is backpedaling on some key issues." More pertinent than the latest IPCC report "is the underlying scientific report," which is due in May. According to "people who have seen that draft, it contains startling revisions of previous U.N. predictions." The Journal adds, "We don't deny that carbon emissions may play a role [in warming], but we don't believe that the case is sufficiently proven to justify a revolution in global energy use. The economic dislocations of such an abrupt policy change could be far more severe than warming itself, especially if it reduces the growth and innovation that would help the world cope with, say, rising sea levels." The "IPCC report should be understood as one more contribution to the warming debate, not some definitive last word that justifies radical policy change."

WPost Says Endorsement Of Report Makes Bush's Warming Position "Particularly Troubling." In an editorial, the Washington Post (2/5, A14, 690K) says the IPCC report is "full of frightening evidence and, we hope, policy-inducing conclusions." The Post adds, "Many climate scientists say the report doesn't go far enough." The "assessment's value does not lie in its innovative approach to describing global climate change. On the contrary, because so many individuals and organizations signed on, the report's strong language is virtually unassailable. Even the Bush administration hailed it, which makes the president's continued neglect of the issue particularly troubling." The Post concludes, "Now that leaders in the United States and abroad have agreed on the basics of the problem and the seriousness of the consequences, sound policy -- the likes of which President Bush continues to oppose -- should follow."

Proposal Would Triple Snowmobile Traffic In Yellowstone. The New York Times (2/5, Robbins, 1.16M) reports the "latest installment in the long-running debate over the use of snowmobiles in Yellowstone National Park is a proposal to allow as many as 720 to enter each day, nearly three times as many as permitted in the last several years." But the plan, "which could be adopted by the end of the year, has drawn fire from environmentalists and praise from snowmobile advocates and some businesses in the communities around the park." The plan "is described in a preliminary draft environmental impact statement that was released to agencies and governments near the park for comment in December."

Ethanol Skeptics Concerned By Potential Fallout From Massive Subsidies. U.S. News and World Report (2/12, Lavelle, Schulte, 2.03M) reports, "Washington loves a 'win-win,' but there are plenty of doubts as to whether the love affair with ethanol qualifies. Even though the ethanol industry profited handsomely last year, it continued to benefit from billions of dollars in taxpayer subsidies. And as ethanol becomes a larger part of the energy mix, it is not clear that Washington is prepared for the fallout. Ethanol already consumes so much corn that signs of strain on the food supply and prices are rippling across the marketplace. Environmental impacts will multiply as more

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land and water are devoted to the prized yellow grain. And, even if these problems were overcome, ethanol's potential growth could be stunted by an energy system currently tailored to gasoline. Ethanol undoubtedly plays a role in the quest for energy independence and the desire to curb global warming. But some observers worry that ethanol development may take the place of more effective initiatives: forcing automakers to increase gas mileage, for instance, or mandating cuts in carbon dioxide emissions."

Will Notes Democratic Senators 1997 Opposition To Kyoto Protocols. In his column for Newsweek (2/12, 3.12M) George Will writes, "John Kerry says that one reason America has become an 'international pariah' is President Bush's decision to 'walk away from global warming.' Kerry's accusation is opaque, but it implies the usual complaint that Bush is insufficiently enthusiastic about the Kyoto Protocol's binding caps on emissions of greenhouse gases. … Fine. President Bush should give the world something amusing to watch. He should demand that the Senate vote on the protocol." Will goes on to note that in 1997, "a 'sense of the Senate' resolution declared opposition to any agreement that would do what the protocol aims to do. … President Clinton and his earnest vice president knew better than to seek ratification of Kyoto by a Senate that had passed its resolution of disapproval 95-0. Fifty-six of those 95 senators are still serving. Two of them are John Kerry and Barbara Boxer. That is an inconvenient truth."

FBI/DEA/ATF/USMS:

"Operation Polar Express" Nets More Arrests, Thousands Of Ecstasy Pills Seized. The Boston Globe (2/3, Murphy, Radin) reported four indictments handed down by a federal grand jury Thursday "charged 23 people…with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering. … 'This ecstasy was manufactured in clandestine laboratories in Canada, then smuggled into the United States, ending up in Boston and further distributed to gangs and other buyers in the city,' said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration's Boston office." A task force "sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials. Investigators seized 85,000 ecstasy pills, worth nearly $2.6 million on the street, 130 pounds of marijuana, five guns, and $25,000." The Globe adds that law enforcement officials "raided houses in Dorchester and Quincy…and arrested 21 of those charged."

The Boston Herald (2/3) reported federal authorities "said they seized 85,000 tablets of ecstasy and 100 pounds of marijuana when they dismantled what they described as an international drug ring with tentacles that reached north to Canada and across the Pacific to Vietnam. Twenty-three defendants - all Vietnamese or Vietnamese Americans from Dorchester, Quincy, and Randolph - are accused of orchestrating the operation, distributing the drugs and laundering thousands in cash. Nineteen of them were arrested in a sweep…by federal agents. Arraignments are set for Monday."

The AP (2/3) reported 19 arrests "were made early Friday, and authorities were searching for the other four. Prosecutors say none of those charged live in Canada. At the peak of the operation, officials say several hundred pounds of marijuana were transported to the Boston area from Canada and other U-S points."

Mexican Cartels Said To Be Filling US Demand For Meth. In Mexico City, the Arizona Republic (2/4) reported that meth "superlabs" controlled by Mexican cartels are taking over what was once a mom-and-pop business in the United States. "'Mexican drug-trafficking organizations, being the entrepreneurs they are…decided they could produce large amounts of meth in Mexico, then smuggle it across the Southwest border using the same drug routes they've used for generations,' said Steve Robertson, a spokesman for the U.S. Drug Enforcement Administration. … As the raw materials become harder to get, small-time cooks are being put out of business. The Mexican cartels have rushed to fill the demand with California-based superlabs, which can produce more than 10 pounds of meth a day."

Two Florida Men Get Life Sentences For Roles In Cocaine Ring. The Palm Beach Post (2/3) reported two Jupiter men "were sentenced to life in federal prison Thursday for their roles in a countywide cocaine distribution ring. Their supplier, a Boynton Beach man, was sentenced to 20 years. … They were arrested along with 35 others in May in a massive sweep that included 450 officers from the U.S. Drug Enforcement Administration, Palm Beach

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County Sheriff's Office and the Boynton Beach, Delray Beach and Jupiter police departments. Sixteen of those arrested are serving sentences ranging from two to 10 years, officials said."

Experts Disagree On Prevalence Of Heroin Use. The Philadelphia Inquirer (2/4, Maykuth, Stoiber) reported, "While national statistics indicate that heroin abuse has been steady in recent years, some Philadelphia-area drug-treatment experts say it appears to be on the rise. … Other law enforcement officials, however, say national statistics do not support the anecdotal accounts of regional officials. … William R. Hocker, spokesman for the Philadelphia office of the U.S. Drug Enforcement Administration, said heroin use appeared stable. 'Heroin's a mainstay,' he said. 'It's always going to be there.'" Most studies "peg the number of Americans using heroin at a fraction of 1 percent."

IMMIGRATION:

Former Dallas Police Officer Pleads Guilty To Immigration Fraud. The Dallas Morning News (2/3, Trahan) reported a former Dallas police officer "has pleaded guilty to a federal charge of immigration fraud for helping his wife, a native of Mexico who was in the U.S. illegally and had ties to drug traffickers, obtain a fake visa. Jose Luis Cabrera, 37, an 11-year Dallas Police Department veteran, was fired in December after a federal grand jury returned a nine-count indictment accusing him of conspiring with his wife, Moraima Cabrera, 34, to commit passport fraud. … After they married in March 2004, Mr. Cabrera was so desperate for his wife to avoid deportation to Mexico that, according to federal officials, in April 2005 he brought her to the Dallas office of the federal Drug Enforcement Administration. He offered agents a deal: His wife would share what she learned from her drug trafficking past in exchange for legal immigration status."

Guatemalans Denied Asylum In US Seek To Stop Deportations. South Florida Sun-Sentinel (2/5, Abbady) reports, "Juana Tomas resolved to forget the ghosts of San Miguel Acatán. … She fled her native Guatemalan village, tucked in the rural highlands where civil war raged, and headed north in 1991." The Sun-Sentinel continues, "In the United States, Tomas sought political asylum. She was 17. Adolescence turned into adulthood. She gave birth to two sons and made a home for them in Lake Worth, joining a large, Qanjobal-speaking community of Mayan farm workers and day laborers in Palm Beach County. Raising her children and working in a nursery, she waited for a response from the government. … Fifteen years later in 2006, Tomas, now 33, learned that federal authorities denied her asylum claim. An immigration judge recently ordered her deported to Guatemala, a country still reeling from the effects of a war that ended a decade ago. Advocates say she is one of roughly 250,000 Guatemalans whose asylum claims from the 1990s U.S. authorities rejected. All could be deported." The Sun-Sentinel adds, "U.S. officials say Guatemalans no longer qualify for political asylum because their country's civil war ended in 1996. Due to a massive backlog, the government only last year began notifying applicants that they must leave the country, immigration lawyers say. … During her long wait, Tomas took refuge in her new home and put the war behind her. A childhood memory of the great-aunt she saw dragged and decapitated slowly faded. So did the image of a neighbor whose body she found hanging from a tree one night while gathering firewood with her father. Every year, she renewed her work permit, raised her sons, and had little idea that her newfangled American life was built on borrowed time. … Now Tomas finds herself challenging the government whose protection she sought. She and other exiles in Florida, home to 28,650 Guatemalans, plan to join a California lawsuit against the Justice Department, said her attorney, Aileen Josephs. … Attorneys for the nonprofit group Casa de Cultura de Guatemala in Los Angeles are preparing a lawsuit demanding a halt to pending deportations of Guatemalans who entered the United States before the end of the civil war. The suit, which will seek class-action status, also will ask for legal status for Guatemalans who applied for asylum after 1990 but before that country's 1996 peace accords. Those who applied in the 1980s are protected under a federal program. … South Florida Guatemalan activists also have mobilized. Members of the Miami-based Coalition of Guatemalan Immigrants in the United States met with representatives of Congress in late January to press for a moratorium on deportations."

TAX:

DOJ Seeks To Revoke Marion Barry's Probation In Tax Case. The Washington Times (2/5, McElhatton) reports, "Federal prosecutors want to revoke

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D.C. Council member Marion Barry's probation in a criminal tax case because he has failed to pay 2005 federal and D.C. income taxes." The Times continues, "Assistant U.S. Attorneys James Cooper and Thomas Zeno said in a court memo Friday that Mr. Barry, a former D.C. mayor, has shown 'unworthiness to reap the benefits of a lenient sanction.' Mr. Barry was sentenced to three years' probation in federal court last year for not paying his income taxes, after reaching a plea deal with the U.S. attorney's office." The Times adds, "Mr. Barry was sentenced to three years' probation in federal court last year for not paying taxes for five years, after reaching a plea deal with the U.S. attorney's office. A spokesman declined to comment on the development. … 'The court's patience should be at an end,' the prosecutors wrote. 'A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own return for six years.' … Mr. Barry, a Ward 8 Democrat and four-term mayor, also has not made arrangements to pay taxes on more than $500,000 he earned in previous years, officials said." The Times notes, "The prosecutors call Mr. Barry's failure to file 2005 tax returns the latest in a series of 'willful acts in defiance of the tax laws.' They also say Mr. Barry's actions puts him in violation of an express condition of his release."

CONGRESS-ADMINISTRATION:

Bush To Nominate Friedrich To DC Court. The Legal Times (2/5, Schwartz) reports, "President George W. Bush is expected to nominate former White House insider Dabney Friedrich to fill the recently vacated seat on the U.S. District Court for the District of Columbia, two sources familiar with the process say." The Times continues, "The White House is in the final stages of finalizing her nomination to replace Judge Gladys Kessler, who took senior status last month." The Times adds, "Friedrich, 39, was appointed to the U.S. Sentencing Commission in December. Before that she spent three years as an associate counsel in the White House, where she oversaw judicial nominations, including nominations for the Supreme Court. … A Yale Law School graduate, Friedrich began her career as a clerk on the District Court to now-Chief Judge Thomas Hogan. In 1994, she joined Latham & Watkins in San Diego. A year later she became a prosecutor in the U.S. Attorney's Office for the Southern District of California, where she worked with now-U.S. Attorney for the District of Columbia Jeffrey Taylor. … In 1998, she moved to the Eastern District of Virginia, where she served until 2002. That year, Friedrich was hired as a staffer for the Senate Judiciary Committee under Sen. Orrin Hatch, R-Utah. … She is married to Matthew Friedrich, former Enron task force prosecutor and now counselor to Attorney General Alberto Gonzales."

Bush Budget Projects 2012 Surplus, Sharply Boosts Defense Spending. The Washington Post (2/5, A3, Montgomery, 690K) reports, "The budget that President Bush will submit to Congress today shows the federal deficit falling in each of the next four years and would produce a $61 billion surplus in 2012, administration officials said. But to get there, Bush is counting on strong economic growth, diminishing costs in the Iraq war and tight domestic spending to offset the cost of his tax cuts." Democrats "yesterday criticized the five-year budget plan as overly optimistic, and predicted that extending the tax cuts past their 2010 expiration date would dig the nation deeper into debt rather than produce a budget surplus. Republicans countered that the tax cuts are critical to maintaining a healthy economy and that a balanced budget is not possible without them." Republicans "hope to make the tax cuts a central feature of this year's budget debate."

The Washington Times/AP (2/5) reports that to balance the budget, Bush "would allow only modest growth in the government programs outside of defense and homeland security. He is proposing eliminations or sharp reductions in 141 government programs, for a savings over five years of $12 billion, although Congress has rejected many of the same proposals over the past two years." Bush also "will seek to trim spending on farm subsidies by $18 billion over five years, mainly by reducing payments to wealthier farmers, an effort certain to spark resistance among farm-state lawmakers."

The Los Angeles Times (2/6, Spiegel, 850K) reports, "When the Bush administration unveils its annual spending request Monday, it is expected to ask for a defense budget of $481 billion -- near historic highs, even when adjusted for inflation." It will also ask for "additional funding for Iraq and Afghanistan, taking the cost of those conflicts this year to close to $165 billion, and will present estimates for next year's costs that will push war spending above the total cost of Vietnam." But "if the military's top officers have their way, today's proposal may be only a precursor to a future of even larger defense budgets." The chiefs of the Army, the Navy

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and the Air Force "are gearing up for a long-term campaign to convince Congress and the public that the growing demands of the Iraq war -- plus the administration's aggressive global security ambitions -- require tens of billions more each year to meet the nation's defense needs."

USA Today (2/5, Wolf, Jackson, 2.27M) says Bush "presents a $2.9 trillion budget to Congress Monday amid a charm offensive intended to woo Democrats. His speech Saturday at a House Democratic retreat was the latest effort to reach out to opposing party members, who felt widely ignored during six years of GOP dominance. It was his first visit to the annual retreat since 2001." Bush "said he understood Democrats' doubts about White House cooperation, but 'in order to do big things, we're going to have to do it together.'" USA Today also points to other "signs of outreach" from Bush.

Portman Says 2008 Budget Includes "More Transparency." White House budget director Rob Portman, on CNN's Late Edition (2/4, Blitzer) said, "Our '08 projection, frankly, is just sort of a straight-line projection. We're assuming that the Iraq military operations will continue pretty much as they are. We, of course, hope that that's not the case. … We're giving Congress exactly what Congress asked for on a bipartisan basis, more transparency as to our costs and more information."

National Parks Would See Increased Spending. USA Today (2/5, Wolf, 2.27M) reports, "National parks would be a big winner under…Bush's 2008 budget, and a plan to match up to $100 million annually in private donations could guarantee increases for a decade. Bush's budget, being unveiled today, would give the National Park Service $2.4 billion next year, administration officials told USA TODAY." That "includes a $258 million increase for daily operations, up 14.5%. Since 2002, those funds have risen 1.5% above inflation. The president proposes adding at least $100 million a year for the next 10 years. The funds would be used to hire 3,000 seasonal park rangers, guides and maintenance workers each summer, an increase of more than 50%. In addition, more than 1 million children could be enrolled in youth programs."

Bush To Fund Federal Program To Ease Traffic Congestion. The Wall Street Journal (2/5, A6, McKinnon, 2.04M) reports, "With much of his domestic agenda stalled by Congress…Bush is embracing a new cause he is hoping will cross party lines and leave him with an end-of-term accomplishment: easing rush-hour traffic." In his budget, Bush "intends to showcase a highway 'congestion initiative,' according to White House documents, with grants for state and local governments to experiment with anti-jam strategies." In "a surprise that could foreshadow how Mr. Bush might reach out to Democrats -- and disappoint conservatives -- for the rest of his term, the centerpiece of the traffic plan involves an initiative that some critics say amounts to a tax, a plan depicted by administration officials as 'congestion pricing.' The administration will award $130 million in grants starting this spring to help cities and states build electronic toll systems that would charge drivers fees for traveling in and out of big cities during peak traffic times. The money also could go to other congestion strategies such as expanded telecommuting, but administration officials make it clear they think congestion pricing is the most powerful tool they have. The White House will seek an additional $175 million for congestion initiatives in next year's budget."

Analysis Predicts "Bonanza" Underpinning Bush Budgets, Strong Economy "Must" End. The Wall Street Journal (2/5, A1, Solomon, 2.04M) reports that since he became president, Bush has "boosted annual defense spending by 50% -- including $500 billion over five years for fighting in Iraq and Afghanistan -- and doubled spending on homeland security. At the same time, he's cut taxes, expanded Medicare to cover prescription drugs, approved $100 billion to clean up after Gulf Coast hurricanes, and signed bills that spend a little more each year on domestic programs. For years, critics said it couldn't last, backed by some historical precedent: President Johnson is blamed by many for triggering inflation in the 1970s by spending on both guns and butter." But "this time, it's been nearly painless. Inflation is in check. The federal budget deficit is down from its 2004 peak, and rests near its historical average of 2% of gross domestic product, a measure of the nation's total output. Long-term interest rates are relatively low. What's Mr. Bush's secret?" The Journal adds, "Ingredient one: strong revenue growth driven by an economy distinguished by surging profits and rising incomes at the top, which are taxed more heavily than incomes at the bottom. Ingredient two: tax cuts and spending increases, which arrived when the US economy needed a boost. Ingredient three, and perhaps the most significant: the willingness of foreigners to lend to the US, which finances the budget deficit without pushing up interest rates at a time when Americans don't save very much. … No one knows when this bonanza might end, although end it must. … For now, the budget the president will offer today essentially counts on continued good luck."

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Democrats Hope To Finance Agenda By Cracking Down On "Tax Gap." The New York Times (2/5, Andrews, 1.16M) reports congressional Democrats, "hoping to finance an ambitious agenda without raising taxes, are on a collision course with the Bush administration about pursuing the potentially vast amount of money that people hide from the Internal Revenue Service." House and Senate Democrats "say the government could collect as much as $100 billion more a year by whittling the tax gap — the unpaid taxes, mostly on unreported earnings, that the I.R.S. estimated was about $300 billion a year." But the Treasury Department, "which oversees the I.R.S., says it cannot realistically recover one-tenth as much as Democrats suggest." On Monday, "as part of President Bush's budget proposal, the Treasury Department will unveil more than a dozen proposals to pursue tax cheats. But officials said those ideas would bring in less than $10 billion a year in extra revenue." The issue "may have new urgency with the Democrats now in power and driving the considerable momentum behind it." Ways and Means Chairman Charles B. Rangel "has cited the tax gap as a top priority for increasing revenue, ahead of any discussion about rolling back President Bush's tax cuts. Democrats badly want the money because they have adopted strict 'pay as you go' budgeting rules that require Congress to pay for any new programs or tax cuts with revenue from other areas."

Advocates Complain That Fewer Low-Income Seniors Get Free Drugs. USA Today (2/5, 5B, Appleby, 2.27M) reports, "Eight months after Congress implored pharmaceutical companies to restore programs offering free drugs to needy Medicare recipients, advocacy groups say that some patients are still having trouble. 'Before the Medicare program, we had close to 4,000 seniors getting free drugs,' says Patricia White, executive director of the West Virginia Health Right clinic in Charleston, W.Va. 'We're probably down to 400 now.'" The issue "arose after many drug companies halted their assistance programs for Medicare-eligible patients once Medicare's drug benefit began last year. The drug companies feared running afoul of federal anti-kickback rules if they did not. Since then, Medicare officials and other regulators have said such programs can be set up in a way to avoid violating any laws. Currently, some drug companies, including AstraZeneca, GlaxoSmithKline, Merck, Pfizer and Wyeth, offer help to Medicare members. Income limits and other rules vary, as do which drugs are covered. Dozens of other drugmakers, however, bar Medicare-eligible patients from assistance programs."

Bush Reportedly Looking To Truman As Model. Newsweek (2/12, Bailey, Wolffe, Thomas, 3.12M), in an article titled, "Inside Bush's Fixation With Harry Truman," reports that in a meeting with congressional Democrats after the midterm elections President Bush "compared his situation to the crisis Harry Truman faced in the early days of the cold war. Then, as now, Bush said, the United States confronted a dangerous ideological foe. Truman had answered with the Truman Doctrine, a vow to protect free peoples wherever they were threatened with communist domination. Truman's policies had been unpopular in their time, but 'history showed he was right,' said Bush, according to Sen. Dick Durbin of Illinois, the second-ranking Democrat in the Senate. The Truman comparison didn't seem quite right to Durbin. … Bush's grasp of history may have been a little shaky, but there is no doubting the force of his conviction. Bush wants his legacy to be the long-term defeat of Islamic extremism."

"Resentment" Said To Drive Some Negative Media Coverage Of Bush. In his Washington Post "Media Notes" column (2/5, C1), Howard Kurtz writes, "These days, many in the media seem to be writing off President Bush." Are "pundits giving us the unvarnished truth, that we are witnessing the historic collapse of a presidency? Or is this the triumph of quick-draw, poll-driven journalism? … Some of the journalists who are especially aggressive in their coverage of Bush like him in private settings, where the president has a joshing manner and enjoys handing out nicknames. But professional resentment may still be behind some of the increasingly negative coverage," stemming from "Iraq, where the media fell down on the WMD debate," and "to Bush's 2000 campaign persona as a compassionate conservative." On both respects, "many journalists now believe they were led astray," and "that has given an extra edge to their stories and columns."

Top International-Policy Advisor At Treasury To Resign. The Wall Street Journal (2/5, Price, 2.04M) reports, "The US Treasury Department's top international-policy adviser, Timothy Adams, is resigning after seven years with the Bush administration. … In his resignation letter, Mr.

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Adams said his responsibilities to his wife and three young children were 'incompatible' with the job's demands. Since becoming undersecretary for international affairs in 2005, Mr. Adams has spent much of his time traveling to more than 40 countries. He previously was chief of staff to former Treasury Secretaries John Snow and Paul O'Neill."

DOD To Furnish Pelosi With Jet For Coast-To-Coast Flights. Roll Call (2/5, Van Dongen) reports, "The Defense Department has agreed to furnish House Speaker Nancy Pelosi (D-Calif.) with a jet big enough to fly nonstop coast-to-coast, despite complaints from some Republicans that the request was causing friction at the Pentagon." Drew Hammill, a spokesman for the Speaker, "said Friday that Pelosi had asked the Pentagon for 'clarification' on rules governing her use of military planes. After Sept. 11, 2001, the Speaker was granted access to military transport for additional security, given the person in that job is third in the line of succession to the presidency." The plane "used by former Speaker Dennis Hastert (R-Ill.) for frequent trips back to his Illinois home was a small, Lear-type jet, according to a Republican leadership aide. But that plane needs to refuel every 2,000 miles and could not make the nonstop haul to California."

Federal Government Faces Retirement "Brain Drain." The Financial Times (2/5, Knight) reports the US Federal Government "faces a massive talent drain in the coming years as many senior government officials reach retirement age and fewer bright young people opt for careers in public service." About "90 per cent of senior managers in federal government are eligible to retire in 10 years, and more than 40 per cent of all federal employees will be eligible for retirement by 2010, according to the Council for Excellence in Government, a non-partisan research group." At the same time, "fewer young people are choosing to work for the federal government. Many top US colleges and public policy schools report that the number of graduating students going into public service has decreased."

Aging Workforce Prompts DOD's Recent Job Shadow Recruitment Day. The Washington Post's (2/5, D1, Barr) "Federal Diary" column reports that during the recent Information Technology Job Shadow Day at the Defense Department, "The first questions were right to the point: Is there a lot of paperwork in applying for a federal job? What's the easiest way to get a security clearance?" The Post adds, "Like other" agencies DOD "is concerned about its aging workforce. The department has about 69,000 technology professionals in its civil service ranks, and officials estimate that 10,000 will be eligible to retire at the end of this year. Not all of them will leave, of course, but Defense officials are looking to the future and want to make sure that teenagers understand the importance of math, science and English courses as building blocks for technology careers. For the job shadow day, the Pentagon revved up briefings and tours worthy of visiting dignitaries." The Post adds, "Tour stops for the students included the National Military Command Center, which links the defense secretary to other top government leaders during emergencies; the office of Defense Secretary Robert M. Gates (who was not in); the Pentagon courtyard; and the 9/11 Memorial Chapel. One group of students started their Pentagon day with a "talk show" segment taped by the Pentagon Channel, the in-house TV and Web broadcast service."

Krugman Says White House Has Built "Patronage Machine." In his New York Times column (2/5), Paul Krugman says, "Under the guise of promoting a conservative agenda, the Bush administration has created a supersized version of the 19th-century spoils system." The "blueprint for Bush-era governance was laid out in a January 2001 manifesto from the Heritage Foundation, titled 'Taking Charge of Federal Personnel.'" Heritage "demanded that politics take precedence over know-how: the new administration 'must make appointment decisions based on loyalty first and expertise second.' Second, Heritage called for a big increase in outsourcing — 'contracting out as a management strategy.' This would supposedly reduce costs, but it would also have the desirable effect of reducing the total number of civil servants." The "ostensible reason for politicizing and privatizing was to promote the conservative ideal of smaller, more efficient government. But the small-government rhetoric was never sincere: from Day 1, the administration set out to create a vast new patronage machine."

Requiring Banks To Bid For Student Loans Proposed. Michael Dannenberg and Phillip Longman, both of the New America Foundation, argue in the Washington Post (2/5, A15, 690K) that student loan interest rates and subsidies for banks could likely be "a lot" lower if Congress would "make lenders bid for the right to sell

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federally guaranteed student loans." Banks "could compete by offering the highest bid for the right to sell guaranteed student loans to designated schools or by agreeing to accept the lowest amount of subsidy." The experience of Missouri's recent sale of some student loans "suggests that taxpayers could save $15 billion to $20 billion over the next five years if Washington relied on market mechanisms instead of backroom politics to establish subsidy rates."

Consensus Grows That Census' Race Categories Should Be Dropped. In the New York Times' editorial observer (2/5), Brent Staples says, "A growing number of demographers and historians who are fully sympathetic to the civil rights struggle would probably be happy to see the word 'race' disappear from the census as well. There seems to be an emerging consensus that the system of racial classification that has dominated national politics and the census for nearly two centuries is so fraught with imprecision — and so tainted by racist ideas that have been disproved by science — that it should eventually be dropped altogether." This view "has been percolating among census historians for years. But it has gained traction since the 1990s, when there was a pitched battle over a proposal that would have added a 'multiracial' category to the 2000 census. A compromise allowed people to check more than one box for race. But that change only fueled the debate by revealing a conflict between the fixed racial categories that have long dominated American life and a different sense of identity that's clearly on the rise among younger Americans."

WSJournal Says Bush Trade Policy Benefits Exporters. The Wall Street Journal (2/5, A16, 2.04M) says in an editorial, "President Bush's trade promotion authority expires in a few months, and along with it the ability to strike new free-trade deals. So it's worth highlighting that some of the fastest-growing destinations for American products are the countries with which we've signed trade-opening accords." According to the US Trade Representative's office, "U.S. goods exports have climbed by some 26% among the 10 countries with which the U.S. has signed accords since 2001. Meanwhile, goods exports to the rest of the world have only grown by 13% across the same period. The differential is even larger over the 12 months through November 2006 for new free-trade partners Australia, Chile, Jordan and Singapore. U.S. exports to those nations rose at a rate of 40.5%, compared with 14.4% to the rest of the world. No doubt this reflects the commodity (copper) boom in Chile, where, for example, Caterpillar has been able to double its exports of heavy equipment." The "new trade 'populists' in Congress like to claim that US exporters are getting a raw deal from Bush trade policy. As the export facts show, the truth is precisely the opposite."

NYTimes Says FDA News More Drug Regulatory Power. The New York Times (2/5, 1.16M) reports the Food and Drug Administration "is making encouraging moves to strengthen its regulation of drugs that are already on the market. But the changes fall far short of what's needed to protect millions of unsuspecting patients whose adverse effects may show up only after years of use." The FDA had "already been moving to strengthen its safety assessments but now has developed a more comprehensive approach." Even so, Congress "needs to give the agency more money and more teeth: including explicit powers to impose conditions on drugs that begin to look risky, to require additional testing and even to yank drugs from the market."

Democrats Urged To Back Teacher Accountability Standards. Newsweek's Jonathan Alter (2/12) writes, "It's time to move from identifying failing schools to identifying failing teachers. Sounds obvious, but it hasn't happened in American education. … Each political party is about half right. Republicans are right about the need for strict performance standards and wrong in believing that enduring change is possible without lots more money from Washington. Democrats are right about the need to pay teachers more but wrong to kiss up to teachers unions bent on preventing accountability. As President Bush's flawed (but landmark) No Child Left Behind (NCLB) program comes up for reauthorization this year, the onus is on Democrats. Will they cave to their party's biggest special interest -- or do what most of them acknowledge in private is essential?"

OTHER NEWS:

"Vibrant Economic Boom" Provides Rare Good New For Bush. U.S. News and World Report (2/12, Pethokoukis, 2.03M), in an article titled, "A Bounce For Bush Steady interest rates and an expanding economy give the president some good news, for a change," reports, "It's not really too surprising that George W. Bush's visit to the floor of the New York Stock Exchange last week marked only the

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second time that a sitting president had made such an appearance. … After all, most politicians probably think it's better to be seen as a representative of the common man and Main Street than of shiny-suited financiers and Wall Street. But Bush's big problem right now is that instead of Main Street or Wall Street, he might be more associated with Haifa Street." According to US News, "Wall Street's not a bad alternative for an embattled president dealing with a foreign policy nightmare, especially when he can talk up what's turning out to be a vibrant economic boom."

Analysts Say Housing Slump Not Yet Over. USA Today (2/5, Hagenbaugh, 2.27M) reports, "Housing is proving to be one of the biggest wild cards in the economy in 2007 as analysts are deeply divided about whether the worst in the downturn is over or there is much more pain to go. Only 9% of economists say the housing decline ended in 2006, according to a USA TODAY survey of 55 economists taken Jan. 18-24. Another 42% said the downturn will end in the first half of the year, and 45% said housing will bottom out in the second half." USA Today adds, "When housing bottoms out is key for the economy. Thus far, the fallout has been small. The economy grew at a faster pace in 2006 than in 2005 even though sales of previously owned homes fell 8.2%, the biggest drop in 17 years, the National Association of Realtors says."

On its front page, USA Today (2/5, 1A, Knox, 2.27M) also reports, "Renters be warned: Landlords are expected to raise apartment rents for a third-straight year in 2007, forcing tenants to turn over a growing chunk of their pay and making it harder to save for a home, a report to be issued today by Marcus & Millichap finds."

House Democrats Expect Wave Of GOP Retirements In 2008. Roll Call (2/5, Duran) reports, "The Democratic Congressional Campaign Committee is watching more than two dozen House Republicans for signs they are ready to call it quits in 2008. The Democrats believe a wave of Republican departures can help them cement their House majority. … Given the GOP's new minority status in the House, Democratic strategists think some veteran Republicans will head into retirement while some younger Members will opt to run for other offices. Democrats also believe that ethics scrapes could force a handful of GOP incumbents from office." For 2008, "even though many of the 27 districts in question are notable for their Republican tilt, House Democratic strategists, emboldened by wins in the previous cycle in Republican territory such as Kansas and close calls in GOP bastions such as Wyoming, believe they can put many open seats in play."

Rothenberg Analyzes House GOP Prospects In 2008. Stuart Rothenberg writes in Roll Call (2/5), "Most surge elections, during which one party makes sweeping gains in the House of Representatives at the expense of the opposition, have been followed by a surge back toward the other party two years later. Will the 2006 elections produce the same snapback, with substantial Republican gains, or can Democrats minimize their losses, securing their control of the House after next year's presidential election? … Former Republican Congressmen Charles Bass (N.H.), Jeb Bradley (N.H.), Michael Fitzpatrick (Pa.), Gil Gutknecht (Minn.), Nancy Johnson (Conn.), Sue Kelly (N.Y.), Jim Leach (Iowa), Anne Northup (Ky.), Rob Simmons (Conn.) and Clay Shaw (Fla.) didn't lose because they were terrible candidates. They lost because they were in marginal seats or in districts carried by Al Gore in 2000 and Sen. John Kerry (D-Mass.) in 2004. It will be very difficult (though obviously not impossible) for the GOP to retake those districts." It also "seems unlikely that GOP open seats that went Democratic in November in Iowa, Colorado, New York and Arizona suddenly will snapback to the Republicans." Republican "chances of reclaiming seats lost in 2006 undoubtedly are strongest in fundamentally Republican and conservative districts. That means that Democratic House freshmen such as Nancy Boyda (Kan.), Nick Lampson (Texas), Tim Mahoney (Fla.) and possibly Jerry McNerney (Calif.) are at greatest risk. In addition, a couple of Democratic incumbents who almost lost despite the strong wind at their backs -- Georgia Reps. John Barrow and Jim Marshall -- surely have to consider themselves at considerable risk."

In Poll, 80% Of GOP House Members Say They Can Regain Majority In 2008. Roll Call (2/5, Davis) reports, "A wide-ranging survey conducted recently by Rep. Scott Garrett's (R-N.J.) office provides a glimpse into the overall mood of the House's 202 Republican lawmakers now serving in the minority. The seven-page document was hand distributed to Congressional offices Jan. 17, and responses were culled and presented at the annual GOP retreat at the end of January." Roll Call "obtained a copy of the original survey last week, prompting Garrett's office to agree to review the results of the poll Friday. Sixty-one Members, or 30 percent of the Republican Conference, responded to the

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questionnaire. All responses were anonymous. The most overwhelming response was that more than 80 percent of respondents said they believed the GOP could win a majority in the 2008 elections."

Cole Says NRCC Won't Take Sides In Primaries. Roll Call (2/5, Drucker) reports, "The National Republican Congressional Committee will not take sides in any House GOP primaries this cycle, NRCC Chairman Tom Cole (Okla.) said in an interview Friday." Cole also "said that he will refrain from doling out personal endorsements and campaign contributions in primaries while he is chairman." Cole's decision "partly is due to the wishes of House Republicans, who in a recent closed-door meeting were fairly unified — and vocal — in their desire that the NRCC avoid playing kingmaker in contested primaries." But Cole also "attributed his policy to a belief that candidates who navigate a primary without help or anointing from Washington, DC, insiders emerge battle-tested for the general election and in a better position to secure the support of grass-roots Republicans."

Snow Encouraged To Run For Senate, President. The Washington Times (2/5, Harper, 88K) reports in its "Inside Politics" column, "American Spectator senior editor Quin Hillyer thinks Tony Snow should consider a run for the US Senate" or for president in "2012 or even 2016 (he's only 51 right now)." Hillyer adds that "if Snow can't exactly pull off a race for president in 2008, there is another public office he ought to consider. Virginia's senior US Sen. John W. Warner will be just shy of 82 when the next election rolls around." The "notion piqued the interest of U.S. News & World Report's Paul Bedard, who went right to the source yesterday, asking Mr. Snow if he intended to pursue office. 'I am absolutely Shermanesque,' came the reply. 'After this job, the best I am likely ever to have, I'm going to do something that will enable me to spend much more time with the family.'"

McCain Said To Pass GOP "Tax Litmus Test" This Time Around. In his column in the Washington Post (2/5, A15, 690K), Robert Novak says Sen. McCain, "who echoed Teddy Kennedy on taxes when he ran for president in 2000, sounds more like Jack Kemp as a 2008 candidate. 'I've never voted for a tax increase in 24 years,' he told me last week. 'Never, ever, not under any president, including President Reagan, and I will never vote for a tax increase, nor support a tax increase.'" McCain "wants to make the Bush tax cuts permanent. ('If I didn't vote to make those tax cuts permanent, it would have the effect of a tax increase.') He supports radically scaling back the estate tax and does not now favor upper-income increases in the Social Security tax. McCain gets tax policy advice from conservatives, including supply-side founding father Arthur Laffer. 'I may have changed some of my views,' the senator said. 'You learn over 24 years.'" Novak adds, "Thus, McCain passes the Republican tax litmus test, as he did not in 2000. That may be why McCain has lost liberal journalists and other non-Republicans entranced by his campaign against George W. Bush."

McCain Defends New Aides Despite Past Clashes, Criticism. The New York Times (2/5, Times, 1.16M) reports Sen. John McCain "said Sunday that several aides brought on to his presidential campaign were 'good people,' despite his own past criticisms of their work for others in the past." Appearing on "This Week" on ABC, McCain was "asked about a front-page article in The New York Times on Sunday noting that Mr. McCain's political team includes advisers who tried to skewer him in the 2000 primary against George W. Bush. And Mr. McCain has brought on members of the team that produced the Swift Boat Veterans for Truth advertisement in 2004 questioning the Vietnam War service record of Senator John Kerry, Democrat of Massachusetts, which Mr. McCain had criticized." McCain said, "These are good people who were doing as they were instructed. They are people who shape the message, don't dictate it."

Giuliani's Position On Judges Said To Mollify To Conservatives. The Weekly Standard's Bill Kristol, on Fox News Sunday (2/4, Wallace) said he thinks former New York city Mayor Rudy Giuliani will run for president and that the "conventional wisdom is well, once he gets in the race and everyone learns that he's pro-choice, and has a different view on gay rights and has been pro-gun control, that his support will collapse. I'm not so sure. This is a war election. The Democrats are going to be the anti- war party. … I think if Giuliani is conservative on judges, if Giuliani says look, 'I served in the Reagan Justice Department with John Roberts and Samuel Alito, they're the kinds of judges I'll put on the court, I might vote differently as a legislator on abortion, but let's not have the federal courts resolve these issues, let's give them back to the democratic processes in

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the states' -- if he makes that a very key part of his campaign -- his conservative view on judges -- I think he has a chance to overcome social conservative concerns." Kristol added, "But most social conservatives want to fight the war against jihadist Islam. If they think Giuliani can do that, they'll be open to him."

Hagel Says He Would Not Be An "Antiwar" Presidential Candidate. Asked on ABC's This Week (2/4, Stephanopoulos) if intends to run for president, Sen. Chuck Hagel responded, "I'll make that decision as time develops. But last point on this: I'm not an anti-war candidate. … Every member of the Congress should be engaged here, and their people that they represent should know where they stand. If they want to continue to send young men and women to fight and die in Iraq, then they should step forward and explain that position and why. If they don't, explain that. But to have a different position than the president's on a war doesn't qualify anyone to be an anti-war candidate."

Edwards Says His Healthcare Plan Would Raise Taxes. The AP (2/5) reports John Edwards "said Sunday his plan for universal health care would require higher taxes and cost up to $120 billion year." Edwards said, "The bottom line is we're asking everybody to share in the responsibility of making health care work in this country. Employers, those who are in the medical insurance business, employees, the American people -- everyone will have to contribute in order to make this work." Edwards added, "Yes, we'll have to raise taxes. The only way you can pay for a health care plan that costs anywhere from $90 (billion) to $120 billion is there has to be a revenue source." Edwards said "his plan would aim to provide health care coverage for the 47 million people who currently lack it and reduce the cost of health care coverage for middle-class families, partly by making health care programs more efficient."

Edwards Says Vote On Iraq War Was Mistake. The Washington Post (2/5, A4, Mosk, 690K) reports that of the "2008 Democratic presidential contenders who voted to give President Bush authority to wage war in Iraq, only one," John Edwards, "will have no chance to make a very public U-turn when resolutions opposing the president's new war plan come before Congress in the coming days." But Edwards "showed again yesterday that he will find other venues to parlay his Senate vote into an extended mea culpa." On NBC's "Meet the Press," Edwards said, "It wasn't just the weapons of mass destruction I was wrong about. It's become absolutely clear -- and I'm very critical of myself for this -- become absolutely clear, looking back, that I should not have given the president this authority." The Post adds Edwards's 'nationally televised admission was just the start of a lengthy public dissection of the errors he said he made in casting the most important vote of his Senate tenure."

Edwards was asked on NBC's Meet the Press (2/4, Russert) if Sen. Hillary Clinton is "morally bound to admit the war was wrong," Edwards answered, "If she believes that her vote was wrong, then, yes, she should say so. If she believes that her vote was right, then she should defend it. … If we believe it is morally wrong to escalate this war and it is strategically wrong to escalate this war, what I have said is it is not enough to give speeches, to talk to political pundits, to pass nonbinding resolutions. … I actually believe that what the president and Cheney are counting on is that what we'll do is we'll talk about it, we'll complain about it, we'll talk about how bad the escalation is, but at the end of the day, we'll go along. We cannot go along. We cannot enable this president to make another in a terrible series of bad mistakes." Asked he believes Clinton "has been open and honest about her support of the war," Edwards responded, "I don't know the answer to that question, honestly. I don't know what's inside her head and her heart about this. I can't tell whether there are political calculations going on. I just don't know."

Edwards Admits Obama Was Right To Oppose The Iraq War In 2002. Later in his Meet the Press interview Edwards admitted that Sen. Barack Obama was correct in opposing the Iraq war from the start but contended Obama wasn't "burdened like a lot of us with the information that we were receiving on the Intelligence Committee and as members of the United States Senate. We were getting very intimate, detailed information about what was actually happening in Iraq. … I was wrong" and "should be held accountable for that. But I do think it matters when you are willing to be open and honest with voters about what you've done."

Edwards Taking Sharper Tone In Second Race. The New York Times (2/5, Broder, 1.16M) reports Edwards, "faced with what he always knew would be a tough race against Senator Hillary Rodham Clinton for the Democratic presidential nomination and now the challenge of convincing his party that he is also a better alternative than Senator

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Barack Obama," is "trying to muscle his way past them and the rest of the field, in part by staking out early and provocative positions on the big issues." On Iraq, Edwards "not only came out for a complete withdrawal within 12 to 18 months, but he also challenged his Democratic rivals who are still in government to confront President Bush more directly. And on Monday, Mr. Edwards will set out a plan to provide health insurance to the 46.6 million Americans who do not have it, stealing a march on Mrs. Clinton and other Democrats on what is shaping up to be one of the biggest domestic issues of the presidential race." Edwards "has taken on a sharper tone since that campaign ended in defeat. He is campaigning as a harder-edged economic populist now, which he says represents more a change in tone than in substance. He says he is both more electable and more authentic than Mrs. Clinton, and more experienced than Mr. Obama." In the "battle to be the most credible alternative to Mrs. Clinton in the Democratic primaries, Mr. Edwards has built some early advantages. He has avidly pursued labor support."

Edwards Setting The Standard For Negative Campaigning Thus Far. Newsweek's Howard Fineman (2/12) writes, "Speaking to the Democratic National Committee after Sen. Barack Obama and before Sen. Hillary Rodham Clinton, [Sen. John Edwards] accused Senate Democrats (that is, Obama and Clinton) of caving in to President Bush's Iraq escalation policy. … Isn't it a little early to start calling your opponents cowards, even if you don't do it by name? Not this time: nasty is in season already. One reason is the insane money scramble, which literally raises the stakes. And with such a demographically diverse field, chances for emotional collisions abound." Fineman adds, "Going 'negative' on the war is tricky for Obama, who says he wants to walk the high road. … Edwards embodies the darker tone."

Obama Campaign Focusing On Message, Not Viability. The Washington Post (2/5, A1, Kornblut, 690K) reports in a front page story that in the "nearly three weeks since Sen. Barack Obama (D-Ill.) made his unofficial debut as a presidential candidate, his senior advisers have been holed up in a temporary office on Connecticut Avenue NW, feverishly working to translate the huge excitement about his candidacy into a political strategy." For all "the buzz about his running, Obama did not enter the race with the conventional weapons of a presidential candidate -- a deep database of donors, a tactical road map for winning primaries or even a sign marking the entrance to his ad hoc campaign headquarters. Obama is only now starting to build a political infrastructure that matches his growing support." But the "challenge for Obama is not just assembling the nuts and bolts of a national campaign on the fly. He must, his advisers believe, do so in a way that reflects the distinct, next-generation message of his candidacy, or at least avoids making him look like every other politician in the race." In "contrast to Sen. Hillary Rodham Clinton (D-N.Y.), who spent the first two weeks of her official candidacy trying to project strength and inevitability, Obama will seek a more pared-down image that focuses on the substance of his message ('the audacity of hope,' as his book title put it) rather than on proving his ability to win a general election."

Supporter Urges African Americans To Back Obama. The Politico (2/5, Smith) reports a "key supporter of Illinois Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still 'owe' Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians." The comments "by Illinois Senate President Emil Jones Jr., which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists." Speaking to "more than 100 members of the Democratic National Committee's black caucus and other political operatives gathered at the Washington Hilton for the winter meeting of the DNC," Jones said, "How long are you going to owe politicians for past favors?" The Politico adds Jones, "a veteran black legislator, implored the black officials and operatives not to act like 'crabs in a barrel' the attendees said, and drag down a successful member of their community."

Gore Resisting Pressure To Seek Presidency Again. The Washington Times (2/5, Bellantoni, 88K) reports Al Gore is "basking in the global spotlight for nominations for the Nobel Peace Prize and an Oscar, but a growing number of Democrats want him to make another bid for the presidency." Gore said he is "interested in a 'different kind of campaign to try to change enough minds' to solve the global-warming problem, but that doesn't stop people from asking." On Friday, Gore "spoke to 1,500 Silicon Valley leaders gathered…for the annual 'State of the Valley' conference, hosted by Joint Venture: Silicon Valley Network. The audience sent the Democrat questions

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via text-messaging during the speech. The first on the list, projected on jumbo screens to Mr. Gore's left and right: 'Will you run for president?'" Gore said, "I don't have any plans to run for president, but I appreciate the request.'" The Times adds, "Not everyone is convinced, and 'Draft Gore' movements are sprouting across the country." The "problem is that Mr. Gore doesn't seem to want to renew his political career, and nothing about his lifestyle suggests that he'll mount a bid. His friends and former advisers say privately that he is happy with his life as a somewhat regular -- albeit wealthy -- public figure."

Thompson, Vilsack Discuss National Issues. USA Today (2/5, Page, 2.27M) interviewed former Govs. Tom Vilsack of Iowa and Tommy Thompson of Wisconsin. Asked if they would vote for a Senate resolution in opposition to President Bush's plan to increase the number of troops in Iraq, Thompson said, "I would vote against the resolution. President Bush was asked by the (Iraq) Study Committee, by the American public, by the electorate to try something different in Iraq. … We should give this opportunity a chance to work." Vilsack said, "The president's escalation plan is about to make a big mistake even bigger." Asked if the US should negotiate directly with Iran and Syria, Thompson said, "I believe strongly that the United States should take the leadership — not alone, but in conjunction with all the European countries that support our philosophy, our way of government, Japan and our allies. (We should) have a conference, have a summit and develop a unified position. America cannot do it alone." Vilsack said, "We have made a mistake over the course of the last several years in not having direct discussions with Syria, Iran, and North Korea. We in all areas have made situations that were quite dangerous be more dangerous." Asked if they "support providing a way for illegal immigrants to gain legal status while remaining in the USA," Vilsack said, "I think these folks should have to pay a fine. I think they should have to pay back taxes, because that's only fair to the rest of us. I think they should be put at the back of the line, given no preference, and be given the opportunity to earn their way to citizenship." Thompson said, "They have to go back to their country and apply. They've got to go to the back of the line and allow those individuals who come into this country legally really to have preference."

Romney Still Dogged By Questions About His Stands On Social Issues. U.S. News and World Report (2/12, Gilgoff, 2.03M) reports, "In his stump speech…Mitt Romney makes no mention of hot-button issues like abortion or the role of religion in politics. But when the speech is finished, the Republican presidential hopeful is swarmed by reporters asking only hot-button questions: Will conservative voters believe that the formerly pro-choice ex-governor of Massachusetts is now antiabortion? How did he make the conversion? Will evangelical Christians back a devout Mormon like Romney? Romney…insists that voters are more concerned with other issues, like 'How are we going to beat the jihadists? How are we going to be competitive with Asia? How to improve our schools and healthcare.' And yet answering those hotter-button questions may hold the key to whether Romney has a shot at winning the Republican nomination."

Kerry Seen As Lingering In Disappointment Over 2004 Loss. The New York Times (2/5, Leibovich, 1.16M) reports a "Senate loner for 22 years," John Kerry "seems all the more isolated now as he darts past the media hordes around the next set of presidential seekers, colleagues that include Hillary Rodham Clinton, John McCain and Barack Obama." Even in the "best of times, Mr. Kerry's face hung droopy and funereal, one of the most weary in American politics. Today, Mr. Kerry, the Massachusetts Democrat who was the exit poll president-elect for a few hours in November 2004, endures the peculiar pariah status that his party reserves for its losing nominees." As the 2008 campaign "begins in earnest, Mr. Kerry has been forced to adapt to something resembling a normal Senate life. This has been no small challenge for a man whose identity has long been steeped in becoming president, or trying to." The Times adds, "Yet to many eyes, Mr. Kerry will always be trapped in yesterday's news and lingering disappointment. He is a member of the tiny club that knows what it is like to lose an election to George W. Bush — to blow an election, by some accounts."

Clinton's Lifelong Ties To Minister Explored. Newsweek (2/12, Meadows, 3.12M) reports, "If Hillary Clinton and George W. Bush have anything in common, it is a deeply rooted wariness of outsiders. Both the president and the woman who hopes to succeed him have always relied on a small, closed circle of friends and advisers who have been with them for years. … There is another person on Hillary's shortlist of confidants who goes back farther than any of them,

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but whom you've probably never heard of. The Rev. Don Jones, a Methodist minister who is now 75, was perhaps Hillary's earliest spiritual and political mentor. She has written of her 'lifelong friendship' with him. It was Jones who first awakened young Hillary to the civil-rights movement and counseled her on questions of faith. They continued to be in touch as Hillary became a national figure. Years later, he helped her through the darkest period in her life, the aftermath of her husband's affair with Monica Lewinsky."

Clinton's Attempt To "Soften Up Her Image" Analyzed. U.S. News and World Report's Gloria Borger (2/12) writes, "On her first foray into Iowa as a presidential candidate, Hillary Rodham Clinton was clearly trying to soften up her image. 'I am going to be asking people to vote for me based on my entire life experience,' she said. 'The fact that I'm a woman, the fact that I'm a mom is part of who I am.' Wow. Could this be the same Hillary Clinton who told voters way back in her husband's first run for the White House that she wasn't just going to stay home and bake cookies? … The Clintons are a great reflection of the national zeitgeist. So don't take Hillary's appearance in Iowa in pastels lightly: It may mean we've come full circle, baby."

WPost Criticizes Clinton Campaign's Bundling Plan. The Washington Post (2/5, A14, 690K) says in an editorial, "As she launches her presidential fundraising juggernaut," Sen. Hillary Rodham Clinton (D) "is tasking her biggest financial backers to bring in $1 million or more for her campaign, the New York Times reported. Truth be told, for a fundraiser with a fat Rolodex of rich friends, this isn't quite as daunting as it sounds." While "the senator's not to blame for this state of affairs, the audacity of the $1 million target does evoke distasteful memories of the Lincoln Bedroom rake-it-all-in mentality of the Clinton presidential years. And the unwillingness of her campaign to commit to listing its big bundlers -- as President Bush did during both of his campaigns -- is appalling."

Schwarzenegger Complains About Lawmakers In New Recordings. The Los Angeles Times (2/5, Nicholas, 850K) reports recordings "of Gov. Arnold Schwarzenegger bantering with aides in closed-door meetings reveal him complaining about lawmakers from both parties, casting some as obstructionist and two-faced." The recordings, "newly obtained by The Times, also feature him chatting about American resentment of illegal immigrants, about his taste for gas-hungry Hummers and about his wife's habit of tinkering with his speeches." The recordings "offer a rare window onto the governor's operation and a more complex portrait of Schwarzenegger than typically emerges in public, where his appearances are carefully stage-managed." In the "latest recordings, the Republican governor describes Senate President Pro Tem Don Perata (D-Oakland) as a 'very sick man' and Assembly Speaker Fabian Nuñez (D-Los Angeles) as 'a political operator coming from the union background' who evinces no real 'passion' about issues. And he worries that a federal plan to build a fence along the Mexican border will send a troubling message."

Bush Rhetoric On Iran Echoes Iraq Stance. In an analysis, the AP (2/5, Raum) says President Bush's "tough new stance on Iran and his military buildup in the Persian Gulf recall some of the drumbeats that preceded the US-led invasion of Iraq in 2003. As then, the Bush administration is making allegations about Iran without providing proof." While Bush "insists he has no plans to invade Iran, only to protect US troops in Iraq," in recent days Bush "raised the US naval presence in the Persian Gulf to its highest level since 2003 by ordering a second aircraft carrier strike group to the region; The administration confirmed that Bush has authorized the military to kill or capture Iranian agents who are plotting attacks on US forces; [and] the administration has armed Iran's Arab neighbors with Patriot missiles." Bush's "saber-rattling," the AP writes, "rather than reaching out to Iran and Syria diplomatically as recommended by the Iraq Study group and many in Congress -- is a risky strategy" and has lead "many national security professionals [to] suggest this approach could lead to wider conflict."

Report Warns Military Action Against Iran Would Be "Highly Dangerous." The Financial Times (2/5, Smyth) reports military action in response to Iran's atomic program would be "highly dangerous" with "diplomacy still an option," according to a report published today by Crisis Action, a group of British non-governmental organizations, think-tanks and trade unions. The report warns that "US or Israeli attacks on Iran's nuclear facilities could lead to civilian deaths, radioactive contamination, heightened conflict in neighboring Iraq and Afghanistan, al-Qaeda attacks stemming from intensified anti-western feeling, higher oil prices and an acceleration of Tehran's nuclear program." Among those endorsing the report is Sir Richard Dalton, UK ambassador to Iran from 2003 to 2006, who said the report was "wagging a

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finger" to remind the British government that military action should be "a last resort in self-defense or to prevent an imminent threat."

Iranian Official Criticizes Administration For "Disinformation." In a letter to the editor of the New York Times (2/5, 1.16M), M. A. Mohammadi, press secretary for Iran's mission to the United Nations, writes, "The United States has now resorted to the soft power of disinformation about Iran by leveling false charges regarding Iran's behavior toward Iraq." Instead, he says that while Iran has "fully supported the new government in Iraq and has signed various trade and energy agreements with Baghdad, the United States government continues to demonize Iran and blame it for America's own failures." Mohammadi goes on to say that Iran "favors a strong, unified Iraq whose sovereignty is not constantly trampled upon by the intrusive Western powers. To this effect, Iran has responded favorably to Iraq's call for a regional forum to discuss the country's dangerous crisis."

Experts Urges Congress To Avert War With Iran. Leonard Weiss of the Center for International Security and Cooperation at Stanford University and Larry Diamond of Stanford's Hoover Institution write in a Los Angeles Times (2/5, 850K) op-ed, "Despite anguish and anger over the Bush administration's decision to escalate its failing war in Iraq, Congress is unlikely to cut off funding. … But nothing prevents Congress from using its power of the purse to prevent an American attack on Iran." They concede that Iran is "not innocent of dangerous and provocative behavior," but says "war is not yet justified, except in the minds of those who have been lobbying for it for years." Therefore, Weiss and Diamond urge Congress to pass "a law preventing the expenditure of any funds for a military attack on Iran unless Congress has either declared war with that country or has otherwise authorized military action under the War Powers Act."

India Faces "Delicate Diplomacy" In Talks This Week. AFP (2/5) reports India will engage in "delicate diplomacy this week during talks with Washington on a crucial civilian nuclear deal and with nuclear renegade Iran over energy and regional issues," analysts said. Energy cooperation will be "high" on Indian Foreign Minister Pranab Mukherjee's agenda when he visits Tehran this week "amid growing US pressure on countries for tougher sanctions" against Iran. The two countries are "expected to discuss two multi-billion dollar gas deals including a pipeline that would cross Pakistan to help meet demand in energy-hungry India." Meanwhile in Washington, India's special envoy on the US nuclear deal, Shyam Saran, "is expected to conclude a deal that lifts three decades of US sanctions barring the transfer of civilian nuclear technology and equipment to India." However, US ambassador to New Delhi, David C. Mulford, last week warned that Washington "would be following Mukherjee's Iran visit."

Cohen Says Strong US-Indian Relations Should Include Military Cooperation. Former Secretary of Defense William Cohen writes in the Wall Street Journal (2/5, A16, 2.04M) that the US-India relationship "emanates from shared values, interests and objectives," which "demonstrate that India and the US are ideal partners in exerting a positive influence in the 21st century." The "healthy relationship" between the two, he says, "serves as a working example of cooperation between countries of divergent history and composition." Specifically, Cohen writes that the recent US-India civilian nuclear initiative "has the potential to engender goodwill and partnership" and "finally removes the cinder from the eye, ending decades of misunderstanding and distrust about India's nuclear intent and capabilities." The "increasing strategic connections" between the US and India, he concludes, therefore "should progress to closer military coordination -- and cooperation."

Europeans Rethink Relations With US Amid Changes Of Leadership. The Christian Science Monitor (2/5, Marquand, 59K) reports Germans and the media "solidly" backed the decision to indict 13 CIA last week for "kidnapping a German of Lebanese descent and interrogating him in Afghanistan." The "solidarity" in Germany "underscores a shifting tone in Europe. As changes of leadership loom in Britain and France, and capitals contemplate relations with a post-Bush US, Uncle Sam may expect stronger 'pushbacks' from Europe, experts here say." Public disapproval of the US-led "war on terror" is "also growing, spurring the change." For example, Gordon Brown, who is shortly expected to take over as prime minister in Great Britain, "opposed the Iraq war from the start, and has made no secret that he plans to carve out an independent line on the venerable 'special relationship' with the US." Meanwhile, also "boosting this sentiment is Europeans' recognition that the US is also in flux with an election season starting up, and that President Bush's term appears to be

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winding down with the United States in a vulnerable position overseas."

Merkel Seen As Europe's "Most Commanding" Leader. The Los Angeles Times (2/5, Fleishman, 850K) reports German Chancellor Angela Merkel "can work a room, turning pragmatism into an erudite, diplomatic charm that has made her Europe's most commanding leader." Merkel is "rising in stature as British Prime Minister Tony Blair and French President Jacques Chirac are set to leave office," and has "improved ties with the Bush administration even though Merkel has refused to send troops to Iraq and has criticized the treatment of terrorism suspects in US custody." Her government is also "attempting to revive Middle East peace talks, negotiate an end to the crisis over Iran's uranium enrichment program, improve links with China and build a unified Europe less driven by the traditional German-French axis."

Palestinian Truce Begins Taking Hold. The Washington Times/AP (2/5, Laub) reports on Sunday night "efforts were underway to restore a truce" between Palestinian factions as "gunmen pulled back from their positions" in Gaza and "both sides began to exchange hostages." Meanwhile in the West Bank, "a strategy session by Fatah leaders ended in a shouting match, with some participants demanding Abbas' party take a tougher stand against Hamas in the struggle for control of the Palestinian government, and others pushing to give a mediation effort by Saudi Arabia a chance." The AP says the "infighting among Palestinians has overshadowed new efforts to restart the peace process with Israel," with Israeli Deputy Premier Shimon Peres Sunday saying Israel must "leave Gaza to the Gazans."

The New York Times (2/5, A9, Erlanger, 1.16M) says the "fierce internal clashes between Palestinian factions have shocked many Palestinians and Arab governments, who fear that the continuing bloodshed is damaging the Palestinian image before the world, Palestinians say." Even as the Bush administration has moved recently "to try for significant progress toward peace, Palestinians say their own infighting is making it too easy for Israel to argue that the time is not right to promote a Palestinian state."

Meanwhile, the Christian Science Monitor (2/5, Mitnick, 59K) warns the violence between Fatah and Hamas "is threatening to spill over, as Fatah militants in cities such as Nablus embark on a series of kidnappings as a counterpunch to Hamas gains in Gaza." A "new West Bank battle front," it says, "would expose nearly twice as many Palestinians to the daily skirmishes that have kept Gazans shuttered indoors, and threaten to drag Israeli forces into the fray."

Saudi Shiites Fear Crackdown On Rights. The New York Times (2/5, Fattah, Al-Samh, 1.16M) reports, "With sectarian tensions rising between Sunnis and Shiites throughout the Middle East, and pressure growing on the Saudi government by the country's Sunni leadership, Saudi Shiites, who have made great strides in recent years, are worried that those gains will be rolled back." Despite recent advances, the Shiites' "hard-won rights have yet to be enshrined into law, meaning they could be rescinded at short notice." More recently, Sunni clerics have "stepped up their preaching against Shiites recently, declaring them again to be infidels. And earlier this week King Abdullah, speaking of rumors that Shiites are seeking to convert Sunnis, said that such attempts would fail, and that Sunnis would always make up a majority of the world's Muslims."

No Confirmation Of Al-Qaeda Casualties In Somalia Strike. The Financial Times (2/5, Wallis) reports Ethiopia is "working closely with the US to identify Islamist combatants killed in neighboring Somalia, but there has been no confirmation yet of the death of targeted al-Qaeda suspects," according Ethiopian Prime Minister Meles Zenawi. Meles said the US had been "assisting with DNA testing on suspects killed in recent fighting," but "we do not have definite information on a number of the key al-Qaeda targets. There are reports that one or two of them might have died but we have no confirmation."

New North Korea Nuclear Weapons Talks Inspire Little Optimism. U.S. News and World Report (2/12, Omestead, 2.03M) reports, "Like any good diplomat, Christopher Hill knows how to dampen expectations before sitting down to hash out a deal. But more than most envoys, Hill, the top U.S. negotiator in talks resuming in Beijing this week over North Korea's nuclear weapons programs, has ample reason to let some skepticism show. Fifty-two frustrating months into a confrontation with North Korea over its nuclear weapons programs, the six-nation talks established to rein in Pyongyang's atomic breakout have, so far, netted nothing. … Even advocates for negotiations increasingly suspect that, despite its decision to rejoin talks, the North has made a strategic choice to stick with nuclear weapons as the ultimate deterrent to any effort to dislodge

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Asia's most secretive and anti-American regime. Time, it seems, has been working against Hill and others seeking a deal: With Pyongyang's nuclear buildup and its seeming judgment that the administration is tied down by wars in Iraq and Afghanistan, North Korean leader Kim Jong Il may believe that he can wait out President Bush."

US Negotiator Says Pyongyang Must Live Up To Pledge. The AP (2/5, Lim) reports Assistant Secretary of State Christopher Hill Sunday said Pyongyang "must live up to its pledge to fully dismantle its nuclear program," as Japanese news reports suggested it "may be willing to shut down a key reactor." Hill, who was meeting with South Korean officials in Seoul to discuss negotiating strategies before the six-party talks resume in Beijing Thursday, said, "Frankly, we cannot accept anything less than 100 percent implementation of the September statement. The ultimate task for us is to complete denuclearization."

WSJournal Warns Against Releasing Frozen North Korean Funds. In an editorial, the Wall Street Journal (2/5, A16, 2.04M) writes Beijing "rolls out the welcome mat" for Kim Jong-nam, the eldest son of dictator Kim Jong Il, who has been "living the high life at five-star hotels, gambling at Macau's famous casinos." His residence in Macau is "a reminder of another Macau-North Korea connection that Beijing would like to forget -- the laundering of ill-gotten North Korean money at Macau's Banco Delta Asia." As six-party talks resume Thursday in Beijing, Pyongyang "is demanding that the US lift sanctions on Banco Delta Asia and hand over the $24 million." Doing so, the Journal warns, "would only encourage Kim Jong Il in the pursuit of the illicit activities that make it possible for him to pay off the generals who sustain his regime -- and keep his son living it up in Macau."

Satellite Downing Complicates China's Effort To Reach The Moon. Newsweek (2/12, Liu, Carmichael, 3.12M) reports, "Western analysts still can't say what Beijing was thinking when it shot down one of its aging weather satellites. True, the recent test was a fine show of marksmanship, destroying a refrigerator-size target sailing at orbital speed 500 miles up (as high as U.S. spy satellites). But was it worth risking a new arms race? Was it even worth the mess it caused? … The drifting wreckage is a danger not only to other countries' spacecraft but to China's own ambitions for the heavens -- which go far beyond blinding the U.S. military. Beijing put its first man into orbit less than four years ago. Today the Chinese are reaching for the moon."

New UN Chief Off To "Rocky Start." The Washington Times (2/5, A1, Pisik, 88K) reports on its front page Ban Ki-moon is "off to a rocky start after one month as U.N. secretary-general, with diplomats complaining that his transition is progressing far too slowly and member states resisting his early proposals for restructuring." U.N. insiders have "questioned his early appointments, saying he is not striking out boldly with his own team, but relying too much on insiders from predecessor Kofi Annan's tenure." Such criticisms "have frustrated members of the transition team and worried Mr. Ban's early supporters."

UK Seeks To Contain Europe's Largest Bird Flu Outbreak. NBC Nightly News (2/4, story 7, 0:25, Brown, 9.87M) reported, "In Britain, nearly 160,000 turkeys are being destroyed in an effort to contain an outbreak of the deadly strain of bird flu. Health officials say about 2,500 turkeys died of the virus on a commercial farm northeast of London" owned by the country's largest producer.

The Financial Times (2/5, Cookson, Aglionby) says a "biosecurity zone has also been set up around" the farm "as a precaution against the deadly virus spreading." Brussels said Sunday that the UK had "followed the correct procedures in dealing with the outbreak and had informed it in good time." Meanwhile, the European Commission Monday will formally endorse the security cordon established by the UK, while an EU spokeswoman said she did not expect any internal or external pressure for a trade ban.

Survey Shows French Blacks Face Discrimination. The Washington Times (2/5, A1, Bryant, 88K) reports on its front page that France's "comfortable image of itself as a colorblind society -- already weakened by race riots in 2005 -- received a further blow last week when a new survey found that a majority of French blacks believe they face discrimination in daily life." Coinciding with a "disturbing television documentary about living as a black person in France," the survey by the TNS-Sofres polling agency is "the first of its kind and is galvanizing public debate just weeks before presidential election." The Times notes that French politicians in this year's presidential and legislative races "are beginning to grasp the potential power of the minority vote, particularly since a voter-registration drive has been

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stunningly successful in many low-income areas where minorities live."

Author Says Qaddafi "Deserves Sole Credit" For Policy U-Turn. Author Hisham Matar writes in the New York Times (2/5, 1.16M) that since 2003 Libyan diplomats "have been hard at work convincing the West that Libya is no longer interested in amassing weapons of mass destruction, blowing up Western airplanes or covertly financing armed movements abroad." Presenting this "new face," he says, "has been largely effective: sanctions, in place since 1982, have been lifted; Libya has been removed from the United States roster of terrorist nations; and the list of international trade agreements continues to grow." According to Matar, Colonel Qaddafi "deserves sole credit for Libya's foreign policy U-turn. He has never found it necessary to devote himself to a single political ideology; his only consistent policy has been to guard his personal political survival." The United States and Britain, Matar concludes, "understand this, but have only exploited it for their own myopic objectives, forgetting that Libya's political development can lie only with its people."

Mallaby Criticizes Chinese Ties With Sudan. The Washington Post's (2/5, A15) Sebastian Mallaby writes, "Last week China's leader, Hu Jintao, provided Sudan with an interest-free loan to build a presidential palace. With that gesture, Hu demonstrated his contempt for the Western understanding of the world -- and for Western policy toward his own country." By pursuing commercial ties with Sudan, Mallaby says Hu was "implicitly saying that economic development comes first and that political development is unimportant." This Chinese understanding of development, he continues, "threatens to undermine the Western one. Western development aid is increasingly linked to measures of good governance, and investment from Western corporations and banks comes with conditions designed to ensure that ordinary people benefit. This promising advance cannot succeed if African dictators can ignore Western conditions with Chinese assistance."

Aid Groups Urged To Put Pressure On Bangladesh. C. Christine Fair, managing editor of India Review, and Sumit Ganguly, a professor of political science at Indiana University in Bloomington, write in a Wall Street Journal (2/5, A17, 2.04M) op-ed, "With the world's attention focused on whether accountable government can take root in Iraq, the democratic life blood of a much larger Muslim country -- Bangladesh -- is seeping away with hardly a murmur from the international community." Bangladesh, which they say is becoming "a de facto military-controlled state," is also "responsive to public exhortation and receives significant international aid." Donor countries, they argue, "can achieve leverage if they coordinate and render some forms of assistance conditional." The country's army "must be reminded of this to discourage any extraconstitutional action -- and to teach it that the suppression of democracy cannot be a cost-free business."

New Russian Migrant Laws Criticized. The Washington Post (2/5, A15, 690K) op-ed contributor Masha Lipman writes the Russian government "recently outlawed foreign migrant workers at Russian retail markets as of April 1. A similar restriction cuts out middlemen by requiring that at least half of all salespeople sell their own produce. The official rationale is that this legislation protects domestic producers. But this politically motivated, hasty decision is more likely to harm Russian consumers and further exacerbate the situation of migrant workers." However, Lipman says, "Such actions corrode what respect for law and lawmaking is left here. Local officials will probably think of ways around the restrictions, and some are sure to take advantage of new opportunities for graft. Still others expect that the absurdity of some provisions and the damage the law is inflicting on consumers will lead to its revision."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Deportation Cases Soar As L.A. Jails Screen More."
"Instead Of Iraq, A Battle All His Own."
"Off The Cuff, Gov. Gets In Some Jabs."
"Tank-Size Defense Request."
"Germany's Rising Political Star."
"Game Over On Global Warming?"

USA Today:

"'Speed Bumps' Deadly On Iraqi Roads."
"Publishing Juggernaut Patterson Keeps Rolling Along."
"Renters Will Dig Deeper In 2007."

New York Times:

"Iraqis Fault Pace Of U.S. Plan In Attack."

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"U.S. Set To Begin A Vast Expansion Of DNA Sampling."
"Familiar Face, But A New Tone."
"In New Orleans, Dysfunction Fuels Cycle Of Killing."
"Democrats Seek Unpaid Taxes, Setting Up Clash."
"Internet Boom In China Is Built On Virtual Fun."

Washington Post:
"Iraq Vote Could Resonate In 2008."
"Obama Confronts 'Outsider' Dilemma."
"For Coach and Quarterback, Colts' Win Is A Breakthrough."
"Officers With PhDs Advising War Effort."
"My Love Is Like a Six-Foot Rose."
"Lawn-Care Entrepreneur Faces A Changing Racial Landscape."

Washington Times:
"US Threatens Crushing Offensive To Claim Baghdad."
"Colts Outrun, Outgun Bears."
"Ban Rankles U.N. With Early Moves."
"Speed-Camera Receipts Accelerate."
"French Blacks; J'accuse Racism."
"Cost Of Making The Penny Pinches Mint."

Detroit Free Press:
"Sacrifices Predicted For UAW In'07 Talks."
"Super Bowl XLI Horespower! Colts Dominate bears, 29-17."
"New Ford SUVs Get Top Grades In Safety Test."
"Hit Sitcom Shows Muslims Can Take A Joke."

Atlanta Journal-Constitution:
"Bush Unveils Budget Today."
"Drenched In Victory."
"Express Buses Gain Favor As Gridlock Grows."
"Will Vouchers For Disabled Kids Work?"
"Solution Elusive As Churches Weary Of Gay Clergy Debate."

Houston Chronicle:
"Chavez puts Squeeze On Big Oil."
"Colts End Doubt by Taming Bears."
"Turbines Generate Opposition."
"Iraqis Fault U.S. Delays In Wake Of Blast."

Story Lineup From Last Night's Network News:
ABC: US Surge-Iraq; War In Iraq Debate; Soldier Court-Martialed; Extreme Cold Weather-Chicago; FL-Tornado Damage; Super Bowl Sunday; Hybrid Fruit; Interfaith Comedy.
CBS: Preempted By Football.
NBC: Iraq Violence; Iraq Spending Bill; Winter Weather; FL-Tornado Damage; Space Station Upgrade; Indonesia Flooding; UK-Avian Flu Outbreak; FL-Rare Birds.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Super Bowl-Colts Win; Super Bowl Ads; Super Bowl-Weather; MI-Winter Storm Warnings; NYC-Cold Temperatures.
CBS: Super Bowl-Colts Win; Senate-Troop Surge Debate; Iraq-Security Crackdown Begins; WA-Lt. Ehren Watada's Military Trial For Refusing To Fight In Iraq; FL-Tornado Victims; Rick Rubin Offered Job As Co-Chairman Of Columbia Records; Jeff Zucker To Be Named Chief Executive Of NBC.
NPR: Iraq-Security Crackdown Begins; Bush-Budget Proposal; John Edwards-Universal Healthcare Proposal; Super Bowl-Colts Win; FL-Tornado Victims; Jakarta-Flooding; NASA-Second Spacewalk Completed; Ford Vehicles Score Well On Insurance Industry Crash Test.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with his Cabinet, Cabinet Room, The White House; participates in a photo opportunity with the 2006 NASCAR Nextel Cup Champion, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 2 p.m. Meets for morning business, followed by resumption of debate on the Iraq resolution at 4 p.m. Cloture vote scheduled for 5:30 p.m.

3 p.m. JUDICIARY _ Human Rights and the Law Subcommittee. Hearing on genocide and the rule of law. Deputy Assistant Attorney General Sigal Mandelker; Canadian Sen. Romeo Dallaire; actor Don Cheadle; Diane Orentlicher, Washington College of Law. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (6 bills): 1) H.R. 433- To designate the facility of the United States Postal Service located at 1700 Main Street in Little Rock, Arkansas, as the ``Scipio A. Jones Post Office Building." 2) H.Res. 69- Recognizing and honoring Benny Parsons and expressing the condolences of the House of Representatives to his family on his death. 3) H.R. 577- To designate the facility of the United States Postal Service located at 3903 South Congress Avenue in Austin, Texas, as the ``Sergeant Henry Ybarra III Post Office Building." 4) H.R. 514-To designate the facility of the United States Postal Service located at 16150 Aviation

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Loop Drive in Brooksville, Florida, as the ``Sergeant Lea Robert Mills Brooksville Aviation Branch Post Office. 5) H.Res. 94- Supporting the goals and ideals of National Consumer Protection Week. 6) H.Con.Res. 35- Supporting the goals and ideals of National Black HIV/AIDS Awareness Day.

Other: CLIMATE CHANGE _ George Washington University's School fo Business hosts a conference, ``Implementing Solutions to Climate Crises: Strategic Actions for Bueinesses, Communities, Citizens, and Consumers." Speakers include Chad O. Holliday Jr., chairman and CEO of DuPont; Lester Brown, founder of the Earth Policy Institute; and WorldWatch Institute President Chris Flavin. Highlights: Location: Sunday's sessions at George Washington University's City View Room, 1957 E St. NE. Monday's sessions at George Washington University's Cloyd Heck Marvin Center, third floor, 800 21st St. NW.

INDEPENDENT COLLEGES _ The National Association of Independent Colleges and Universities holds its 2007 meeting, ``Charting Our Course." Highlights: 2:30 p.m. Francis Fukuyama of The Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, speaks on ``America at the Crossroads." 3:15 p.m. Thomas Vilsack, former Iowa governor and candidate for president. 4 p.m. Discussion, ``What Happened? Whats Going to Happen?," with political commentators Stu Rothenberg and Charlie Cook. 5:30 p.m. Rep. Rubin E. Hinojosa, D-Texas. 6 p.m. House Majority Leader Steny Hoyer. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

RESERVE OFFICERS _ The Reserve officers Association holds its Mid-Winter Conference and Military Exposition. Highlights: 10 a.m. Opening session, honoring Rep. Ike Skelton, D-Mo., others. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

FEDERAL BUDGET-RELATED EVENTS _ Highlights: 8 a.m. Senate Budget Committee Chairman Kent Conrad receives his copy of the FY08 budget. Room 608, Dirksen. 10:30 a.m. Conference Call with Budget Committee Ranking Republican Paul Ryan, R-Wis., on reaction to president's FY'08 Budget. Call-in 888-455-9648. Passcode:Budget. Contact: Angela Kuck, 202-226-7270. 2 p.m. Senate Budget Committee Chairman Kent Conrad and House Budget Committee Chairman John Spratt react to the FY08 budget. Senate Radio-TV Gallery. Contact: Chuck Fant, 202-226-2651. 3 p.m. The National Parks Conservation Association holds a a call-in press briefing to offer a detailed analysis of the Administration's 2008 budget request for national parks, including an overview of the budget implications for some of the most visited U.S. national parks. Media may call 800-791-2345 and enter code 57844. Contact: Andrea Keller Helsel, 202-454-3332. 3 p.m. The Center on Budget and Policy Priorities holds conference call budget briefing. Call contact for details. Contact: Michlle Bazie, 202-408-1080. 4 p.m. Kurt Nagle, president and CEO, American Association of Port Authorities; and Warren McCrimmon, U.S. Delegation Chairman, AAPA; seaport director, Toledo-Lucas County (Ohio) Port Authority, hold a news briefing on President Bush's FY'08 budfget request and how they say it could adversely affect U.S. seaport security, trade and waterside access to U.S. public ports. National Press Club. Contact: Aaron Ellis, 703-706-4714.

COAL TECHNOLOGY _ The Education Electric Institute, Electric Power Research Institute and the Coal Utilization Council hold a conference, ``The Power of Technology: Ensuring the Global Future of Coal." Highlights: 10 a.m. Opening remarks with Sen. Chuck Hagel. 10:30 a.m. Opening session on sthe role of advanced technology in meeting world energy demands, with David Ratcliffe of Southern Company, Jeff Streba of EEI, Steve Leer of the Coal Industry Advisory Board. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

FEDERAL BUDGET BRIEFINGS _ Department of Homeland Secretary Michael Chertoff will participate in a press conference on the Presidents fiscal year 2008 Budget Report for the Department of Homeland Security. Ronald Reagan Building and International Trade Center, Amphitheater, 1300 Pennsylvania Ave. NW. 202-282-8010.

2 a.m. Senior State Department officials will brief the press, on background on the FY'2008 budget. State Department briefing room, 2209. Contact: 202-647-2492.

8:30 a.m. Photo opportunity for the delivery of the budget documents to House Budget Committee Chairman John Spratt. Cannon Building, corner sidewalk, New Jersey and Independence Aves.

9 a.m. - 10:30 a.m. Distribution of the budget documents by GPO and OMB. GPO, 710 NB. Capitol St. Contact: Veronica Meter, 202-512-1957.

12:30 p.m. HUD Secretary Jackson holds a telephone briefing on the FY08 budget. Callin number: 866-780-1271. Working media only. Contact: 202-708-0685.

1 p.m. NASA Administrator Michael Griffin holds briefing on the agency's FY08 budget. NASA Auditorium, 300 E St. NW. Contact: David Mould, 202-358-1898 Ext. 1600.

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1 p.m. Assistant Treasury Secretary Eric Solomon and Deputy Assistant Secretary Robert Carroll hold the Bluebook press briefing. room 4121, main Treasury.

1 p.m. Secretary of the Interior Dirk Kempthorne holds a news briefing to discuss the Administration's proposed FY'2008 budget for the Department of the Interior. Sidney R. Yates auditorium, Main Interior Building, 1849 C St. NW. The toll-free call number is (888) 577-8990. The passcode (10856) and the leader's name (Robert Lunn) are required to join the call. Contact: Frank Quimby, 202-208-7291.

1:15 p.m. Energy Secretary Bodman holds a briefing on the FY08 budget. RSVP required by 9 a.m. Monday to Rachael Beitler, 202-586-4940. Energy Department, 1000 Independence Ave. SW.

1:30 p.m. Transportation Secretary Mary Peters holds a briefing on the Administration's. DOT headquarters. Note: Media teleconference at 2 p.m. Media must RSVP for teleconference by calling Sarha Echols, 202-366-4570.

1:30 p.m. Education Secretary Spellings holds a telephone conference call to discuss the education budget for FY08. Callin number: 888-769-8927; passcode: education: Contact: Katherine McLane, 202-401-1576.

1:30 p.m. Health and Human Services Secretary Leavitt holds a briefing on the FY08 budget. Credentialed media only in the auditorium. Others may view in the Great Hall. 200 Independence Ave. SW. Contact: 202-690-6343.

1:30 p.m. NOAA Administrator Conrad Lautenbacher holds a telephone media availability to discuss the FY08 budget. Callin number: 888-769-8624; passcode: 2062242. Contact: David Miller, 202-482-0013.

2 p.m. Secretary of Agriculture Mike Johanns will hold a news conference to discuss the Bush Administration's agriculture budget proposals. Room 107-A, U.S. Department of Agriculture, Jamie L. Whitten Building, 1400 Independence Ave. SW. Reporters can call by dialing: USA Toll Free Number: 800-857-5233 or 773-799-3491; PASSCODE: 2838299; Trouble number: 202-720-8560 All callers using the above pass code will be placed in listen only mode. The event will also be available via live web cast at www.usda.gov. Contact: Keith Williams, 202-720-4623.

2 p.m. Under Secretary of Defense (Comptroller) Tina Jonas, and Vice Adm. Steve Stanley, director, force structure, resources and assessment, Joint Staff,will conduct a briefing in the DOD Briefing Room, Pentagon 2E579, to discuss the President's fiscal 2008 budget submission. Note: Following the briefing, representatives from DOD and the military services will answer questions in designated Pentagon locations: DoD-wide: Remain in the DoD Briefing Room, Pentagon 2E579. Air Force: Pentagon Conference Center, Room 7. Army: Pentagon Conference Center, Room 6. Navyand Marine Corps: Pentagon Conference Center, Room 2. Missile Defense Agency: Pentagon Conference Center, Room 3. Journalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call 703-697-5131 for escort into the building.

2 p.m. National Science Foundation Director Arden Bement Jr. holds an FY08 budget briefing. Room 1235, 4201 Wilson Blvd., Arlington. Contact: Leslie Fink, 703-292-5395.

2 p.m. VA Secretary Nicholson holds a briefing on the FY08 budget. Room 230, 810 Vermont Ave. NW. Contact: 202-273-6000.

2 p.m. SBA Administrator Steven Preston holds a teleconference press briefing to discuss President Bush's proposed FY 2008 budget for the Small Business Administration. Callin number: 866-740-1260; passcode: 3211001. Contact: Christine Mangi, 202-205-6948.

2:15 p.m. News conference with Labor Secretary Chao on the Labor Department budget for FY08. Room S-2508, 200 Constitution Ave. NW. Note: Media RSVP required. Contact: 202-693-4676.

2:30 p.m. Justice Department officials hold a pen and pad briefing on the FY08 budget. No cameras. 7th floor conference center, main Justice. Contact: 202-514-2007.

2:30 p.m. Following NASA Administgrator Griffin's briefing, NASA's associate administrators will be available by phone to discuss their particular areas. Callin number: 888-455-7144; passcode: 30332. Limited number of phone lines.

3 p.m. The Labor Department's Employment and Training Administration holds a budget briefing with Assistant Secretary Stover DeRocco. room S-2322, Labor Department. Contact: Peggy Abrahamson, 202-693-7909. RSVP requested.

3 p.m. Army Corps of Engineers FY08 budget briefing. USACE offices, 441 G St. NW. Media must RSVP by 5 p.m. Feb. 2 to 202-761-7690. Contact: Gene Pawlik, 202-761-7690.

3 p.m. Edwin G. Foulke Jr., assistant secretary of labor for the Occupational Safety and Health Administration (OSHA), briefs media on President Bushs fiscal year 2008 budget request for OSHA. Room S2217, U.S. Department of

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Labor, 200 Constitution Ave. NW. Note: Please RSVP with Kelly P. Rowe, 202-693-1999, or e-mail rowe.kellydol.gov.

3 p.m. Assistant Labor Secretary Richard E. Stickler holds a news conference to unveil the Mine Safety and Health Administrations fiscal year 2008 budget. room S-2312, Labor Department. Contafct: Dirk Fillpot, 202-693-9406. Media RSVP required to 202-693-4676.

KEENUM-SUGRBEETS _ 9:15 a.m. Agriculture Department Under Secretary for Farm and Foreign Agricultural Service Mark Keenum will deliver remarks to the American Sugarbeet Association. Location: JW Marriot Hotel Salon 3 and 4, 1331 Pennsylvania Ave. NW.

DIVIDED NATION _ 10 a.m. Educational Testing Service releases a report that warns that America is in the midst of a perfect storm that, if unaddressed, will continue to feed on itself, further dividing the nation socially and economically. Location: National Press Club.

POLITICAL FUNDRAISING _ 10 a.m. The Center for the Study of Elections and Democracy at Brigham Young University releases a new report on campaign fundraising, and holds panel discussions on the report. Location: Pew Charitable Trusts, 9th floor, 1025 F St. NW.

DIGITAL FREEDOM _ 11 a.m. The Digital Freedom campaign holds a teleconference on its efforts to fight what it says are dangerous new legislative proposals that could restrict the freedom to innovate. Organizers will discuss their 2007 agenda. Contacts: Jennifer Baskerville Stoltz, 202-448-3145. Notes: Teleconference Number: 888-453-4221. Passcode: 778747.

REAGAN CONVERSATION _ 12 p.m. The Heritage Foundation hosts an event, ``A Conversation with Ronald Reagan', featuring the screening of a never-before-seen Oval Office Interview with President Reagan. Host: Lee Edwards, Distinguished Fellow in Conservative Thought, B. Kenneth Simon Center for American Studies, Heritage Foundation. Location: Heritage Foundation's Lehrman Auditorium, 214 Masschusetts Ave. NE.

HUMAN DIGNITY _ 5:30 p.m. Leon Kass, former Chairman of the Presidents Council on Bioethics, discusses human dignity and the foundations on which it rests, sponsored by the American Enterprise Institute. Location: 12th floor, AEI, 1150 17th St. NW.

ARAB JOURNALISTS _ 8 p.m. The Kalb Report, produced by George Washington University, National Press Club, others, holds a panel discussion with Arab journalists about differing perceptions and coverage of major events from the Mideast and worldwide, with Mohammed Alami of Al Jazeera, Raghida Dergham of Al Hayat, Hisham Melhem of Al Arabiya, and Salameh Nematt of PaxArabia. Location: National Press Club.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Abduction Case Drawing Little Attention. The Washington Post (2/5, A11, Whitlock, 690K) reports that while the decision to press charges against the CIA agents "won widespread applause last week from German politicians and the public," there has been "an awkward silence and no prosecutions in the parallel case of another German citizen, Mohammed Haydar Zammar, who was also covertly abducted in a CIA-sponsored mission" after the attacks of Sept. 11, 2001. However, "The difference: German agents were directly involved in the Zammar case, providing crucial information to the CIA about his travels and making a secret trip to Syria to interrogate him after he landed in prison there."

Congress Urged To Confront Administration On Surveillance Program. The Philadelphia Daily News (2/5), Shayana Kadidal, a staff attorney at the Center for Constitutional Rights, which is challenging the NSA domestic spying program in federal court, and Ari Melber, who served as a legislative aide in the U.S. Senate, write, "Attorney General Alberto Gonzales recently announced that the administration's domestic-spying program will stop bypassing judicial oversight. Instead, it will submit domestic surveillance to review by a federal intelligence court, as required by law. … But before anyone celebrates the 'good news' of an attorney general saying he will stop breaking the law, Congress must confront the administration's record of illegal spying and ensure that surveillance is truly back within the rule of law." Kadidal and Melber continue, "This is a big challenge because the administration spent the last six years undermining the traditional tools Congress uses to supervise intelligence by ignoring the law, stalling court oversight and declaring that warrantless spying would continue. … For Congress, that means there is little point in passing another law to restate rules that the administration is openly defying. Public hearings would also be ineffective for reforming or exposing the classified program. So what can the new Congress do? … The only way to bring spying back under the rule of law is for Congress to strengthen the branch of government that makes the law work: the courts. … Unfortunately, the courts, with their traditional deference to the political branches, have been slow to tackle this problem." Kadidal and Melber add, "Yet there is much Congress can do to ensure swift and meaningful judicial oversight. First, there is precedent for providing fast-track review for important cases. Congress can require that the pending cases get

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accelerated review by either the appeals courts or the Supreme Court. Although the Supreme Court usually gets to choose whether to hear a case, Congress can make the right of appeal mandatory. … To ensure that the courts actually hear the spying cases, Congress should pass a statute curtailing the 'state secrets privilege' with precise boundaries to prevent further misuse. … Congress must strive for the higher ambition of protecting the rule of law itself by empowering the courts to swiftly enforce the laws Congress passed - and review the conduct of the president who broke them."

Columnist Blasts Gonzales Over Habeas Remarks. The Washington Times (2/5) runs a column by syndicated columnist Nat Hentoff, in which Hentoff writes, "Considering the state of the world, and the divisiveness in this nation, I am seldom startled these days by news from Washington. But an exception was the appearance of Attorney General Alberto Gonzales at a Jan. 18 hearing by the Senate Judiciary Committee in which he stated: 'There is no express grant of habeas (corpus) in the Constitution... The Constitution doesn't say every individual in the United States is hereby guaranteed or assured the right of habeas corpus... there's (only) a prohibition against taking it away.'" Hentoff continues, "This is an astonishing dismissal by our chief law enforcement officer of the oldest fundamental right in Anglo-Saxon law that even precedes the Magna Carta of 1215. … Alberto Gonzales is dead wrong. … The Magna Carta has resonated for centuries and states: 'No free man shall be taken or imprisoned... except by... the law of the land.' Alexander Hamilton, in the Federalist Papers, wrote that 'the practice of arbitrary imprisonments, have been, in all ages, the favorite and most formidable instruments of tyranny.' Hamilton cited the 18th-century English jurist, William Blackstone, whose commentaries are still referred to in courses on the law: 'Confinement of the person, by secretly hurrying him to jail, where his sufferings are unknown or forgotten... is a... dangerous engine of arbitrary government,' said Blackstone. … It is a pity that the chief law-enforcement officer of the United States not only does not take habeas corpus for granted, but says that it is not guaranteed to all of us. If our attorney general doesn't know that, consider how many students throughout our school systems may also be uneducated in the Great Writ -- and its history. How would the president do in an unannounced quiz on habeas corpus?"

HOMELAND RESPONSE:

"Open Revolt" Building Against Real ID Act. The New York Times (2/5, Lipton, 1.16M) reports Maine legislators started what "is turning into an open revolt against" the Real ID Act last month when they passed "a nonbinding resolution that rejected the law. … Since then, legislatures in five states — Georgia, Montana, New Mexico, Washington and Wyoming — have voted in committee or on the floor of one chamber to move similar legislation ahead." State officials are hoping "that Congress will repeal or modify the law, or at least provide some of the billions of dollars the states claim it will cost to establish the new licensing system nationwide." However, Stewart A. Baker, an assistant secretary of Homeland Security, said opponents of the new law "are forgetting that this was a 9/11 commission recommendation and a recommendation for a very good reason."

DHS's Future As Counterterror Agency Said To Rest Largely With Allen. The Wall Street Journal (2/5, A7, Block, 2.04M) reports the Department of Homeland Security's addition last summer to the "elite" Intelligence Program Managers Group as a move that "perhaps had less to do with the department's mission and capabilities than with the reputation of its chief intelligence officer, Charles E. Allen." However, "as the intelligence system comes under scrutiny with the expected appointment of a new Director of National Intelligence, DHS and Mr. Allen's efforts there are coming in for a hard look." Known as "The Legend" form his years at the CIA, Allen's "experience has yet to turn DHS and its constituent agencies into top-notch intelligence collectors or analysts, say both DHS's congressional overseers and officials in the department." His "success or failure will be pivotal in determining whether the department, created after the 9/11 attacks, will be a counterterrorist bulwark or a bureaucratic backwater."

WAR NEWS:

Prospects For Senate Passage Of Iraq Resolution Uncertain. The Financial Times (2/5, Daniel) says the Senate will today challenge President Bush's "proposed Iraq strategy with a debate on a non-binding resolution opposing the plan to send additional troops. However, several senators from both parties on Sunday warned it was unlikely to win the 60 votes needed for approval." The Christian Science Monitor (2/5, Chaddock, 59K) headlines its report "In Senate, Passage Of Iraq Resolution Uncertain." USA Today (2/5, 9A, Kiely, 2.27M) reports Republicans "are threatening to use the filibuster...to prevent a vote on a resolution that expresses disapproval of the troop increase." That "may be the only way for Bush supporters to prevent a bipartisan vote of no confidence."

The Los Angeles Times (2/5, Levey, 850K) says, "Not a single American soldier will do anything differently this week if the Senate approves a resolution criticizing President Bush's plans to increase troop levels in Iraq." The "nonbinding

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resolution would have no more force of law than the one approved Thursday commending the Miss America organization for its commitment to 'the character of women in the United States.' Yet the immense symbolism of what may be the first formal rebuke of Bush's war strategy has produced the most passionate war debate on Capitol Hill since the invasion of Iraq nearly four years ago."

McCain, Hagel Face Off On Eve Of Senate Surge Debate. ABC World News (2/4, story 2, 2:15, Harris, 8.78M) reported, "The Senate is preparing for a big fight over a resolution opposing President Bush's new war strategy." ABC (Hendren) added, "Today on 'This Week' with George Stephanopoulos, Sens. John McCain and Chuck Hagel outlined rival resolutions. McCain supports the surge of 21,000 troops to Iraq. The alternative to securing Baghdad, he says, is disaster." McCain: "You'll see a bloodletting in Baghdad that makes Srebrenica look like a Sunday school picnic." Hendren: "McCain's plan does set tough benchmarks for Iraq's government. But there is no 'or else' clause. Sen. Hagel's bill condemns the surge." Hagel: "Very simply put, we disagree with escalating our military involvement in Iraq. That is totally different than saying, 'Let's get out. Let's cut the funds.'"

McCain, on ABC's This Week (2/4, Stephanopoulos), said of the resolutions, "I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it. In other words, this is a vote of no confidence in both the mission and the troops who are going over there."

Asked on ABC's This Week (2/4, Stephanopoulos) to respond to McCain's comments, Hagel said, "What this resolution is about is, first, disagreeing with the President's position on increasing our military involvement in Iraq. … We lay out in the resolution options, ideas, some taken from the Baker-Hamilton report: getting American troops out of the middle of a sectarian interest, sectarian civil war in the cities, moving them out toward the borders, providing territorial integrity, protection, doing the things that we should do, we can do. But we cannot continue to feed our troops into the middle of a civil war."

On Fox News Sunday (2/4, Wallace), Sen. Lindsey Graham agreed with McCain, adding, "If the Democrats really believe this war is lost and this is just another Vietnam in another form, cut off funding."

The AP (2/5, Yen) says McCain "sought to weaken support" for a resolution opposing the surge strategy. McCain "is sponsoring a resolution expressing support for a troop increase and setting benchmark goals for the Iraqi government. He sought to capitalize on some of the Democratic division." The Washington Times (2/5, Pfeiffer, 88K) headlines its report on McCain's remarks "McCain Questions Honesty Of Push For Resolution." The Politico (2/5, Sheffield) summarizes the Sunday talk show debate on Iraq.

McCain Says He Wanted More Troops Sent To Iraq. Asked on ABC's This Week (2/4, Stephanopoulos) if he is "doubtful" that the "20,000 troops" proposed by Bush are "enough," McCain answered, "I'm worried. … I'm worried that this is not enough troops. But I looked Gen. Petraeus in the eye and I said, 'do you have enough troops?' He said, 'If I think I need more, I'll ask for them.' And he also said if he thought the mission was going to fail, he would tell the President and us. I would have liked to have seen more, as you know. But apparently…this is all we got."

Graham, on Fox News Sunday (2/4, Wallace), said, "I think additional troops would help dramatically."

Lieberman's Role In Debate Tests Democrats. Roll Call (2/5, Billings) says that when senators "go to the floor this week to debate the proposed Iraq troop surge, Sen. Joe Lieberman (ID-Conn.) will demonstrate once again to his Democratic colleagues that he is his own man. And while the Democratic leadership has made clear that Lieberman should be treated just as any other Caucus member, they cannot completely extinguish skepticism in their ranks about his long-term party loyalty." While Democrats in the chamber and their aides "said last week Lieberman's political posture hasn't changed much since winning re-election as an Independent Democrat. But in a narrow 51-49 seat majority, Democrats privately acknowledged they are still worried that as an Independent free from party peer pressure, Lieberman may cost them precious votes or even go so far as to join the GOP Senate minority."

Webb, Feinstein Seek Enhanced Diplomatic Efforts. Sen. James Webb, on Fox News Sunday (2/4, Wallace) said, "I think what we have right now, even with this so- called new strategy, is half a strategy -- not even half a strategy, honestly. You cannot deal with Iraq simply as a military situation even inside Iraq. We just finished a full month of hearings on the Armed Services and the Formulations Committees. … The preponderance of the testimony was basically saying that we're not going to be able to fully deal with the situation without an aggressive diplomatic strategy that is in tandem with a military strategy. And we've not seen that for four years."

Sen. Dianne Feinstein, on CNN's Late Edition (2/4, Blitzer) said, "The military can't build a nation. … I'm not talking about turning, pulling everybody out tomorrow. What I am talking about is holding the Iraqi government's feet to the fire publicly, to make certain achievements very rapidly. … You have the prime minister, who basically can't carry out any effective action at this time. You have all of the elements growing of a failed state. To put the American military as the only remedy in this situation is a huge mistake."

Kyl Says Bush Plan "Should Be Given A Chance." In a USA Today (2/5, 11A, 2.27M) op-ed, Sen. Jon Kyl writes,

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"The president's plan for success in Iraq should be given a chance. Although critics have focused almost exclusively on the reinforcement of troops -- the so-called surge -- the president's strategy is a comprehensive approach to the security and political problems facing Iraq. Under this plan, the Iraqi government has committed to lead the effort to defeat the militias and any other challenges to the government's monopoly on force. The new plan also relies on political and economic measures that will help to create a more unified government capable of providing essential services to its citizens. Opponents of the new strategy apparently do not agree that a political solution depends on peace and stability in Iraq."

Resolution Debate To Be Felt In 2008 White House, Congressional Contests. The Washington Post (2/5, Murray, Weisman, 690K) says on its front page that the "historic showdown to begin today represents the first bipartisan confrontation between Congress and the White House over the Iraq war since the invasion nearly four years ago," one that will test "Senate Republicans facing reelection in 2008 -- many from states where voters are angry with Bush's war policy and want the troops to begin heading home." Meanwhile, the Christian Science Monitor (2/5, Feldmann, 59K) reports, "As the Senate begins debate Monday on competing resolutions on Iraq, the Democrats are fresh out of their own debate on a way forward in Iraq at the Democratic National Committee's winter meeting."

More Commentary. USA Today (2/5, 11A, 2.27M) editorializes that Sen. John Warner's "resolution is not an easy call. Critics say it sends a dispiriting message to the troops, and there's no getting around that. But the administration diminishes its case by trying to imply that its critics are unpatriotic if they don't silently follow the president's lead. No American leader should need a sermon on the value of honest argument and dissent, even in wartime. Voters elected scores of new legislators in November with the demand they speak up. Lack of support for the war is driving the resolutions, not the other way around."

The New York Times (2/5, 1.16M) editorializes, "There isn't much encouraging news in the new National Intelligence Estimate on Iraq. Ethnic and sectarian identities are hardening and violence is spiraling, as shown again in Saturday's horrific Baghdad market bombing. Iraq's new governing institutions are weak and leading politicians have a 'winner-take-all attitude' that can only make matters even worse. ... The only real hope for Iraq lies in a bold reversal of course by Iraqi politicians that puts national reconciliation ahead of sectarian advantage. Mr. Bush needs to get serious about demanding such a change, including enforceable deadlines for overdue steps like eliminating militia supporters from the police, ending vengeful anti-Baathist measures targeting the Sunni middle class, and guaranteeing the fair allocation of oil revenues. Otherwise, Iraq seems headed over the cliff."

The Los Angeles Times (2/5), meanwhile, editorializes, "More than 540,000 Iraqis have fled their homes because of sectarian fighting in the last 11 months — 80% of them in Baghdad ... It is tempting to try to separate Shiite and Sunni combatants before they further shred and bleed their country, Yugoslavia style. But partition is a dangerous idea ... First and most important, the Iraqis do not want it. Second, the biggest prize in the ethnic wars — Baghdad — may be ghettoized, but it cannot be easily divided. Third, not all the violence is between Shiites and Sunnis; Shiite sects battle each other for power, and other ethnic strife may yet erupt in the north. Across Iraq, partition would force multiethnic cities and mixed families to choose sides and identities, however artificial. And the agony of Baghdad might simply be repeated in Kirkuk, Basra or Nasiriya."

White House Claims Regarding Iranian Involvement In Iraq Disputed. Newsweek's Mark Hosenball (2/12) writes, "The White House has ratcheted up rhetorical attacks, suggesting that Iranian government elements were supplying Iraqi Shia insurgents with deadly weapons technology. But the idea that Iran plays a key role in fomenting violence inside Iraq took a knock last week with the publication, by the U.S. intelligence czar's office, of a new National Intelligence Estimate (NIE) on Iraq. The NIE, representing the consensus view of all 16 U.S. intel agencies, says that because sectarian antagonisms among Iraqis themselves are so intense and 'self-sustaining,' Iranian or Syrian involvement is 'not likely to be a major driver of violence.' U.S. officials still maintain that Iran is helping Iraqi Shia insurgents build bombs that are particularly deadly because they can penetrate armored vehicles. But three U.S. officials familiar with unpublished intel (unnamed when discussing sensitive info) said evidence of official Tehran involvement is 'ambiguous.'" Hosenball notes, "Last week U.S. military officials in Baghdad were set to brief reporters about evidence American forces had assembled about Iran's interference in Iraq. But the briefing was canceled; one of the U.S. officials suggested it had been put off because intel officials couldn't agree about the info."

Shiite-Sunni Division Seen As Potentially Undermining Al Qaeda. Newsweek's Fareed Zakaria (2/12) writes, "For those in the West asking when Islam will have its Reformation, I have good news and bad news. The good news is that the process appears to have begun. The bad news is it's been marked by calumny, hatred and bloody violence. In this way it mirrors the Reformation itself, which we now remember in a highly sanitized way. … Look at the daily sectarian killings in Iraq, listen to the dark warnings of Saudi and Jordanian leaders about a 'Shia crescent,' watch

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the power struggles in Lebanon. Islam's quiet cleavage has come out into the open. At a recent demonstration in the Palestinian territories, opponents of Hamas taunted the Sunni Islamists as 'Shiites' because of their links to Iranian-backed Hizbullah. … These emerging divisions weaken Al Qaeda, but they will help most Muslims only if this story ends as the Reformation did."

Lebanon Described As "Testing Ground" For Sunni-Shiite Struggle. U.S. News and World Report's Mitchell Prothero (2/12) writes, "For more than two months, Lebanon has teetered on the brink of chaos. Hezbollah and its allies have been demanding the American-backed government of Prime Minister Fouad Siniora submit to the formation of a so-called national unity government-one that would tip the political balance in favor of the Shiite community. … There are concerns about further clashes next week if thousands of pro-government demonstrators turn out to mark the second anniversary of the assassination of former Prime Minister Rafiq Hariri." Prothero notes, "During Lebanon's 15-year civil war…the country mainly split between Christians and Muslims. Now…the conflict's defining characteristic is the rift within the Muslim community, a split that draws in on opposing sides the region's two major powers, Sunni Saudi Arabia and Shiite Iran. Lebanon is a testing ground for growing Iranian influence-and for Saudi Arabia's efforts to block it."

Skelton Regarded As "Eerily Prescient" On US Challenges In Iraq. U.S. News and World Report (2/12, Mulrine, 2.03M) reports, "It was on the eve of the U.S. invasion of Iraq, in March 2003, that Missouri Rep. Ike Skelton sent a letter to President Bush. 'There is no doubt that our forces will be victorious in any conflict,' he wrote. 'But there is great potential,' he warned, 'for a ragged ending to a war as we deal with the aftermath.' … He went on to outline some possibilities that would prove eerily prescient: Shiites attacking Sunnis, forcing U.S. troops to protect them. 'Stabilization and reconstruction prove more difficult than expected,' Skelton wrote. 'This puts pressure on troop rotations, reservists, their families ... and requires a dramatic increase in end-strength.' Nearly four years later, it is just such an increase in end-strength, meaning the overall size of the military, as well as the strain of repeated rotations on the Army and Marine Corps, that Skelton will confront as the new chairman of the House Armed Services Committee. … As President Bush presses his case for sending 21,500 more troops to Iraq and details surface about wasted reconstruction aid (including Olympic-size swimming pools ordered up by Iraqi officials), Skelton summarizes the goals for his tenure with a word that has become his mantra: 'Oversight. Oversight. Oversight.'"

Millenarian Shiite Cults Emerge As Destabilizing Force In Southern Iraq. Newsweek (2/12, Dehghanpisheh, 3.12M) reports, "Dhia Abdul Zahra claimed he was the messiah. And on the eve of the holiest day in the Shiite calendar, Ashura…Zahra tried to deliver salvation. Hundreds of his followers, armed with heavy weapons, clashed with Iraqi and American soldiers northeast of the holy city of Najaf on Jan. 28. The Soldiers of Heaven, as the cultists called themselves, apparently planned to storm Najaf and assassinate top Shiite clerics. They fought fiercely: an American helicopter was shot down, killing two soldiers, and Iraqi forces called for reinforcements at least twice. … It would be easy to write off the thirtysomething Zahra, who was killed along with more than 250 others in the battle," but "the Soldiers of Heaven are only one of dozens of Shiite factions, some of whom have similar millenarian ideas, that have sprung up across southern Iraq." Newsweek goes on to report that "although President George W. Bush praised Iraqi forces after the battle…in fact the Iraqis were nearly overrun. … Only repeated U.S. airstrikes crushed the cultists."

O'Connor Among ISG Members Not Publicly Second-Guessing Bush. Newsweek (2/12, Rosenberg, 3.12M) reports, "In a NEWSWEEK exclusive," Sandra Day O'Connor "talks about stepping down, Iraq and caring for her ill husband." Newsweek notes, "Lately, some study-group members have expressed frustration that President George W. Bush has not embraced their recommendations, but O'Connor -- still unwilling to plunge into politics -- demurs. 'There are probably no perfect answers,' she says."

Zuckerman Contends "Serial Disaster" Would Follow US Withdrawal. U.S. News and World Report's Mortimer Zuckerman (2/12) writes, "George W. Bush bet his presidency on Iraq. And now he's betting his party's future on it. If the new troop 'surge' fails, it will destroy the Republicans' reputation on national security for at least a generation. The president said, 'Nothing is more important at this moment in our history than for America to succeed in the Middle East, to succeed in Iraq.' He's right. Abandoning Iraq would plunge the country we went to war to save into a grim horror movie. The Iraqi government cannot stop sectarian killing when it is able to call on the world's most powerful military. Who can expect it to do so if the Americans leave? … Most Americans believe the nightmare in Iraq simply cannot get much worse. Wrong -- it most certainly could. Advocates of a 'phased' withdrawal of our troops must reckon with the certainty of a serial disaster: a full-blown civil war spreading a contagion of violence across the region, with Iran virtually uncontainable. Our enemies, as the president said, would emerge with new safe havens, new recruits, and new resources."

Imminent Baghdad Offensive "Unlike Anything The City Has Seen" Since 2003. ABC World News (2/4, lead story, 2:40, Harris, 8.78M) reported, "Today, a senior US military officer said the operation to secure Baghdad will be 'unlike anything the city has seen.' Officials

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say the joint US-Iraqi command center that will oversee this offensive will open tomorrow. And that the operation itself will begin very soon after that. Past efforts, as you probably know, to secure Baghdad, have failed. But the US military says this time, this time, the tactics will be different." ABC (Marquez) added, "On a day when Iraqis are cleaning up after the single-deadliest bombing in the war, US commanders say the new offensive to secure Baghdad will be bigger than any other operation in the four-year history of the war. Starting tomorrow, for the first time, US troops and Iraqi soldiers and police will operate under a single command. The key to the strategy: clear out insurgents, hold disputed territory, and build a more formal presence, with Iraqi troops taking the lead." Maj. Gen. William Caldwell, US Military Spokesperson: "In order for this plan to be successful, it's important for the people in Iraq and in America, to be patient." ABC added, "But after an enormous truck bomb leveled a market and destroyed a mainly Shiite neighborhood in central Baghdad, many Iraqis have little patience left."

The Washington Times (2/5, 88K) reports, "Briefing a small group of foreign reporters, three American colonels who are senior advisers to the Iraqi army and police in Baghdad said a command center overseeing the crackdown in the capital would be activated today. 'The expectation is the plan will be implemented very soon thereafter,' a senior adviser to the 9th Iraqi army division said at a U.S. military base in Baghdad."

The Christian Science Monitor (2/5, Murphy, 59K) also notes "US military officials cautioned patience – despite the deployment of an additional 21,500 troops to Iraq. '[That] will not turn the security situation overnight,' Maj. Gen. William Caldwell said in Baghdad. 'Iraqi forces suffer deficiencies in leadership and logistics. It will take more than two months to solve these problems.'"

Shiites Angry Over Delay In Implementing Crackdown. The New York Times (2/5, Cave, Oppel, 1.16M) says "a growing number of Iraqis blamed the United States on Sunday for creating conditions that led to the worst single suicide bombing in the war, which devastated a Shiite market in Baghdad the day before. They argued that the Americans had been slow in completing the vaunted new American security plan, making Shiite neighborhoods much more vulnerable to such horrific attacks." The "critics said the new plan, which the Americans have started to execute, had emasculated the Mahdi Army, the Shiite militia that is considered responsible for many attacks on Sunnis, but that many Shiites say had been the only effective deterrent against sectarian reprisal attacks in Baghdad's Shiite neighborhoods. Even some Iraqi supporters of the plan, like Hoshyar Zebari, the foreign minister who is a Kurd, said delays in carrying it out had caused great disappointment. … 'A long time has passed since the plan was announced,' Basim Shareef, a Shiite member of Parliament, said Sunday. 'But so far security has only deteriorated.'"

US Helicopters Were Shot Down. The Washington Post (2/5, A12, Londono, 690K) reports, "Four American helicopters that crashed in Iraq in the past two weeks were shot down, a U.S. military spokesman said Sunday, prompting officials to reevaluate how troops move around in an increasingly hostile war zone. … A Sunni insurgent group backed by al-Qaeda, the Islamic State of Iraq, posted photographs and a video on its Web site Sunday that it said showed the downing of the helicopter. The group asserted responsibility for the attack and warned that Iraqi airspace will be inhospitable for US forces."

NBC Nightly News (2/4, lead story, 2:40, Brown, 9.87M) reported, "We have come to expect nightly reports of new violence in Iraq with civilian casualties now the norm. But even by those standards it has been a horrific 48 hours. Police added 100 to the death toll today. That follows yesterday's massive attack, a truck bomb that killed at least 130 people and wounded more than 300. It was the single deadliest bombing since the war began with the full impact only becoming known to us today."

New Type Of IED Poses Fresh Challenge To US Forces. USA Today (2/5, 1A, Brook, 2.27M) reports, "A type of homemade bomb that can include parts commonly found in Iraqi kitchens and that is easy to hide on desert roads has proliferated in Anbar province and spread to other parts of the country. Troops in armored vehicles are endangered by the bomb, which U.S. military officials call a 'speed bump.'" The bomb "is formed by sandwiching plastic explosives between metal plates, such as baking trays, a Pentagon intelligence document shows. A detonator switch triggers the bomb when a vehicle rolls over it, ripping into the often-unarmored underside. … The speed bump first appeared in Anbar province, Pentagon records show."

Small Iraqi Air Force In Place. The New York Times (2/5, Glanz, 1.16M) reports "the Iraqi Air Force is flying again." But "like everything involving the rebuilding of Iraq's security forces, the return of the air force is fraught with ambiguity." The Iraqi Air Force "once boasted more than 500 combat aircraft. Now it has around 20 helicopters and planes and has barely figured in discussions on rebuilding the Iraqi security forces. There are no fighter planes in the current fleet and none are expected in the next few years at least, indicating that the United States will be responsible for air defenses here for some time to come."

Waxman Panel Prepares To Probe Bremer, Contractors. The Atlanta Journal Constitution (2/5, Malone) reports, "After years of stockpiling findings and allegations, Rep. Henry Waxman will unleash four days of hearings this week aimed at exposing an array of 'waste,

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fraud and abuse' in government." Waxman "is set to begin Tuesday by digging into the Bush administration's program to rebuild war-torn Iraq. Scheduled first is former Ambassador L. Paul Bremer, who oversaw the early reconstruction effort." Waxman plans to ask Bremer "about allegations that the reconstruction agency he ran 'filled positions with unqualified staff who were politically connected.' The oversight panel also is set to focus on private contractors hired to provide supplies for the U. military effort in Iraq, especially subcontractors working for Halliburton, the corporate giant once led by Vice President Dick Cheney."

The Politico (2/2, Allen) reported Bremer "plans to point to unexpectedly chaotic conditions in post-Saddam Baghdad as he defends his record at a hearing on Iraq spending before House Democrats on Tuesday, according to sources familiar with his testimony. This is the first aggressive exploration of the administration's Iraq contracts since Democrats took control of Congress last month." Bremer "told Politico he looks forward to committee members' questions, but also plans to give them a 5,000- to 6,000-word treatise in addition to his five-minute opening statement. 'I welcome the opportunity to go up and talk about it,' he said in a telephone interview. 'In the letter of invitation, the committee spoke about their interest in lessons learned. Given the difficulty that we've encountered in reconstruction in Iraq, I think it's helpful to look at lessons learned. That's a good approach to have. I look it as a constructive opportunity for me to do that.'"

KBR Faces Hearings. The Financial Times (2/5, Kirchgaessner) reports, "Executives from government contractors in Iraq and Afghanistan, including KBR and Compass of the UK, face a rocky ride in Washington this week as Henry Waxman, the congressman, begins hearings on allegations of 'waste, fraud and abuse.'" Waxman "is likely to focus his line of inquiry on allegations that Halliburton wrongly entered into a subcontracting arrangement with ESS, a division of Compass that ran a dining facility in Iraq, which in turn used Blackwater to provide it with security services." He "said in a letter to Donald Rumsfeld, former defence secretary, in December that the security subcontract [with Blackwater] raised 'serious questions' about the oversight exercised by Halliburton and the Pentagon regarding the tiering of subcontractors, and whether it was 'proper' for Halliburton to bill the government for the services."

Iraq Accuses Syria Of Aiding Insurgents. The Los Angeles Times (2/5, Roug, 850K) reports the Iraqi government Sunday accused Syria of "harboring insurgents fomenting violence" in Baghdad. The allegation "strained relations with Iraq's neighbor just weeks after the two resumed diplomatic ties." At a news conference in Baghdad, Iraqi spokesman Ali Dabbagh said, "I confirm that 50% of murders and bombings are by Arab extremists coming from Syria. … and we have evidence to prove it." However, the Times reports that no evidence was presented during the session with reporters.

Petraeus Assembles Team Of PhD Advisers. The Washington Post (2/5, A1, Ricks, 690K) reports in a pessimistic article that Gen. David Petraeus "is assembling a small band of warrior-intellectuals ... They are smart colonels who have been noticed by Petraeus, and who make up one of the most selective clubs in the world: military officers with doctorates from top-flight universities and combat experience in Iraq. Essentially, the Army is turning the war over to its dissidents, who have criticized the way the service has operated there the past three years, and is letting them try to wage the war their way. ... But there is widespread skepticism that even this unusual group, with its specialized knowledge of counterinsurgency methods, will be able to win the battle of Baghdad. ... Also, experts agree that the basic problem in Iraq is political, not military, and that although a military campaign can create a breathing space for politicians, it cannot by itself reverse the dynamic driving Iraqis to fight a civil war."

Covert UK Unit Serves As "Secret Weapon" In Iraq. The Washington Times/London Sunday Telegraph (2/5, Rayment) reports, "Deep inside the heart of the Green Zone ... lies one of the most carefully guarded secrets of the war in Iraq. It is a cell from a small and anonymous British army unit that goes by the innocuous name of the Joint Support Group (JSG), and it has proved to be one of the coalition's most effective and deadly weapons in the fight against terror." The unit's members "are trained to turn hardened terrorists into coalition spies using methods developed on the streets of Northern Ireland, where the British Army managed to infiltrate the Irish Republican Army (IRA) at almost every level." They "have supplied intelligence that has saved hundreds of lives and resulted in some of the most notable successes against the myriad terror groups fighting in Iraq. Last week, sources said, intelligence from the JSG led to a series of successful operations against Sunni militia groups in southern Baghdad. ... The killing of Abu Musab Zarqawi, the leader of al Qaeda in Iraq until his death in June, came after intelligence obtained by the JSG, as did the rescue of kidnapped British peace campaigner, Norman Kember."

Officer Who Refused To Go To Iraq Faces Court-Martial. ABC World News (2/4, story 3, :25, Harris, 8.78M) reported, "An Army officer who refuses to serve in Iraq becomes the first to go on trial tomorrow. Twenty-eight-year-old Ehren Watada will be court-martialed at Ft. Lewis, south of Seattle. He has called the war morally wrong and

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illegal. He said he would fight in Afghanistan but not in Iraq. He could face four years in prison if convicted."

The Los Angeles Times (2/5, Tizon, 850K) reports, "Thousands of GIs have gone AWOL or voiced opposition to the Iraq war, but when an officer says he won't go, the whole military machine must take note. It means dissent has crept up the chain of command, potentially undermining the war effort. The Army felt compelled to respond forcefully, charging [Ehren] Watada, 28, with one count of failure to deploy and four (later reduced to two) counts of 'conduct unbecoming' for making public statements against the war and against the Bush administration. His court-martial begins today at Ft. Lewis, 15 miles north of here." Watada is "not as big as the Rushmore-sized symbol he's become to the antiwar movement, which hails him as nothing less than an American hero. But he also bears no sign of the sniveling qualities ascribed him by pro-war groups that have branded him a coward." "Quiet support" from other soldiers "makes him think that maybe, just maybe, a whole lot of other uniformed souls feel the same way he does and just haven't figured out a way to say so."

US General Takes Over Command Of NATO Force In Afghanistan. The New York Times (2/5, Gall, 1.16M) reports, "A senior American officer, Gen. Dan K. McNeill, took over command of the 35,000-member NATO force in Afghanistan from the departing British commander on Sunday, ahead of an expected spring offensive by a resurgent Taliban." Gen. McNeill "inherits a force that has expanded its mission to cover all of Afghanistan and is still struggling to contain the Taliban. Although the group was largely defeated in 2002, it mounted a strong comeback last year, leading to the bloodiest fighting in the country since the beginning of the war in 2001."

Diehl Says Bush Team Apologizing For Musharraf's "Failure To Deliver." Jackson Diehl writes in the Washington Post (2/5, A15, 690K), "In the months after Sept. 11, 2001, Pakistani President Pervez Musharraf was a new and shaky U.S. ally. He decided to side with the Bush administration against al-Qaeda, but there were persistent reports that elements of his army still supported the Afghan Taliban. … Five years later…Musharraf is still promising a moderate and tolerant regime -- but there are still reports that his army is quietly helping the Taliban. He's also still promising democracy -- but just as in 2002, he's preparing to rig Pakistan's upcoming presidential and parliamentary elections to ensure that his term is extended and his power unchallenged." Diehl adds, "What has changed is the response of the Bush administration. Five years ago it portrayed itself as giving Musharraf a chance to perform. Now it defends and apologizes for the general, despite his chronic failure to deliver."

CORPORATE SCANDALS:

DOJ, Phone Companies Balk At Proposed Pretexting Rules. The AP (2/5, Dunbar) reports, "Federal regulators working on rules to secure the calling records and other private information of telephone customers are running into resistance from phone companies and law enforcement agencies." The AP continues, "The rules, an effort by the Federal Communications Commission to combat 'pretexting,' are circulating among the commissioners for comment and may be voted on this month. … Pretexting is the practice of impersonating a phone customer to gain access to his phone records. President Bush signed a law last month criminalizing the practice and imposing penalties including up to 10 years in prison." The AP adds, "The issue gained prominence last year when executives of the Hewlett-Packard Co. were charged with hiring private detectives who used the technique to investigate board members. … The new law gives police a weapon to punish perpetrators. But it leaves out any requirements for how phone companies should protect their customers' private data. Cell phone bills, for example, can reveal who a person has called and, in some cases, even the caller's location. … The FCC chairman, Kevin Martin, told reporters recently that the new rules will require that customers use a password to access their account information. … In written comments to the FCC, Deputy Attorney General Paul J. McNulty said immediately alerting customers in such cases may tip off investigative targets and lead them to destroy evidence, change their behavior or slip away. … He proposed that companies not tell customers for at least seven business days after notifying the FBI or the Secret Service."

Court To Decide On "Scheme Liability." The Financial Times (2/5, Masters, Waldmeir) reports, "US courts are considering on Monday whether to bless a new legal theory thought up by plaintiffs' lawyers that could put banks, lawyers and business partners on the hook for billions of dollars when a public company goes bust because of fraud." The Times continues, "The fifth circuit federal appeals court in New Orleans will take up the issue of 'scheme liability' when it hears arguments on whether Enron's shareholders can pursue a class action against Credit Suisse, Merrill Lynch and lawyer Vinson & Elkins. … Banks and lawyers have traditionally been protected by a 1994 Supreme Court decision that says shareholders cannot recover money from firms and people who simply 'aided or abetted' securities fraud. But the recent corporate scandals prompted plaintiffs' attorneys and angry investors to look for a way around that rule. They argue that the banks and lawyers participated in a 'scheme' to hide Enron's losses from investors and should be

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held "primarily responsible" for the company's collapse." The Times notes, "Scheme liability 'is almost indispensable. There would have been no way to hold the big banks responsible in Enron without scheme liability,' said Bill Lerach, the plaintiff's attorney who represents Enron shareholders. … But Greg Markel, a lawyer for banks, warned that the theory 'creates uncertainty for financial institutions and that uncertainty increases the costs of doing business.' … The trial judge in the Enron case initially agreed with investors, but other US courts have divided in cases involving fraud at Dynegy, Parmalat and HealthSouth. The Securities and Exchange Commission favours a limited form of scheme liability that could increase the number of companies targeted by such lawsuits. … The US Supreme Court is also considering whether to hear two scheme liability cases. One includes companies allegedly involved in sham transactions conducted by Homestore, the online estate agents site. The influential ninth circuit federal appeals court found that business partners can be held liable if their transactions with a company had 'the principal purpose and effect of creating a false appearance of fact in the fur-ther-ance of a scheme to defraud' even if they did not directly mislead investors."

Hyundai CEO Convicted Of Embezzlement, Fraud In South Korea. The Wall Street Journal (2/5, A2, Ramstad, Yoon) reports from Seoul, South Korea, "A court here found Hyundai Motor Co. Chairman Chung Mong Koo guilty of embezzlement and fraud, and sentenced him to three years in prison, breaking a pattern of leniency for high-profile executives convicted of white-collar crime." The Journal continues, "The decision poses a major leadership problem for Hyundai, the world's No. 6 auto maker by volume, as it faces slower growth and mounting challenges including new competitors from China." The Journal adds, "Prosecutors alleged that Mr. Chung took about $100 million from Hyundai and affiliated companies for political payoffs and personal use. They sought a six-year prison sentence. Mr. Chung, who told the court at one point during his trial, 'I am guilty to a certain extent,' had asked for leniency. … At a hearing where the verdict and sentencing were announced, Seoul Central Court Judge Kim Dong Oh said Mr. Chung engaged in 'behavior that goes against market practices.' The judge, one of three who listened to the trial and handed down the ruling, said, 'It shows there's something wrong in the corporate culture of Korea.'" The Journal notes, "The sentence presents Hyundai with a major quandary: Should it replace Mr. Chung, who is the son of Hyundai's founder and has been depicted for years both inside and outside the company as a near-omnipotent leader? A Hyundai spokesman said the company was 'disappointed' and that Mr. Chung will appeal the decision. It said he remains in control of the company."

Bush's Comments On CEO Pay Seen As "Tipping Point" For Issue. USA Today (2/5, 1B, Farrell, 2.27M) reports, "Lawmakers in both houses of Congress plan to make laws affecting executive pay packages, and a new rule from the Securities and Exchange Commission is forcing companies to provide a simplified summary of top executives' compensation in their public filings. Even President Bush weighed in on the subject last week in New York, exhorting corporate boards to tie CEOs' salaries and bonuses to their success in improving companies and bringing value to shareholders. 'When…Bush talks about CEO pay, you know that it's moving to the top of the national agenda,' says Robert Reich, professor of public policy at the University of California at Berkeley and former secretary of labor under President Clinton." Jeffrey Sonnenfeld, a senior associate dean at the Yale School of Management and "a prominent expert on corporate leadership," says "the Bush speech represents a tipping point in the debate over executive pay. 'By the time Johnny Carson started to joke about Watergate, Nixon had lost his credibility in all quarters,' says Sonnenfeld."

CRIMINAL LAW:

DOJ To Release Rules Expanding DNA Sampling. The New York Times (2/5, Preston) reports, "The Justice Department is completing rules to allow the collection of DNA from most people arrested or detained by federal authorities, a vast expansion of DNA gathering that will include hundreds of thousands of illegal immigrants, by far the largest group affected." The Times continues, "The new forensic DNA sampling was authorized by Congress in a little-noticed amendment to a January 2006 renewal of the Violence Against Women Act, which provides protections and assistance for victims of sexual crimes. The amendment permits DNA collecting from anyone under criminal arrest by federal authorities, and also from illegal immigrants detained by federal agents." The Times adds, "Over the last year, the Justice Department has been conducting an internal review and consulting with other agencies to prepare regulations to carry out the law. … The goal, justice officials said, is to make the practice of DNA sampling as routine as fingerprinting for anyone detained by federal agents, including illegal immigrants. Until now, federal authorities have taken DNA samples only from convicted felons." The Times notes, "The law has strong support from crime victims' organizations and some women's groups, who say it will help law enforcement identify sexual predators and also detect dangerous criminals among illegal immigrants."

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Outcome Of Libby Case Said To Hinge On His Credibility. The Los Angeles Times (2/5, Schmitt, 850K) reports, "Former vice presidential aide I. Lewis 'Scooter' Libby's defense in his perjury trial rests largely on the claim that he was too busy with pressing affairs of state to recall minor events such as conversations with reporters about an obscure CIA employee." But "after nine government witnesses testified in federal court here over the last two weeks, a question is starting to emerge: Given all the time and attention the White House devoted in 2003 to CIA operative Valerie Plame and her husband, former Ambassador Joseph C. Wilson IV, how credible is Libby's apparent forgetfulness?" The Times adds "legal experts cautioned against reading too much into what the jury might be thinking at this stage of the trial because Libby's lawyers have yet to present their case. And for the prosecution, proving that a senior government official intentionally lied is no easy matter. Also, some of the government's witnesses have demonstrated memory problems of their own, potentially bolstering Libby's faulty memory defense."

The Washington Post (2/5, A13, Leonnig, 690K), meanwhile, describes the trial as "an awkward cocktail party where the guests know each other too well and don't always get along." It is "a sometimes genial and sometimes strained reunion -- with hearty backslapping as well as forced smiles and uncomfortable silences, but without the canapes and cocktails to lighten the mood."

Cheney's Role In Plame Leak Takes Center Stage At Libby Trial. Newsweek's Michael Isikoff (2/12), in a piece titled, "The CIA Leak: Boring In On The Veep," writes, "The Scooter Libby trial has put a new focus on Vice President Dick Cheney's own role in the leak of CIA officer Valerie Plame Wilson's identity." Cheney "thought the [CIA] wasn't going far enough in distancing Cheney's office from the trip by Joseph Wilson." Isikoff notes that an FBI agent's testimony this week "is the first suggestion that Cheney himself talked about disclosing Wilson's wife's identity to the press as a way of undercutting Wilson's credibility. … The new testimony could make things more awkward for Cheney, due to be called as a defense witness soon."

U.S. News and World Report (2/12, Halloran , 2.03M) reports the Libby trial "won't go down in history as the turning point in the collapse of the Bush administration's once powerful control over its Iraq message. That milestone has long since passed. But testimony by an all-star parade of witnesses…will make a fascinating footnote-with details about the usually secret and occasionally inept workings of a wartime White House and the reporters who cover it."

PG County Executive Backs Away From Official After Shooting. The Washington Post (2/5, B1, Thompson, Weil) reports, "Prince George's County Executive Jack B. Johnson distanced himself yesterday from Keith A. Washington, the county homeland security official and police officer who shot two men during an altercation at his Accokeek home. One of the two men has died, and the matter is under investigation." The Post continues, "Johnson said the relationship between him and Washington -- who had backed Johnson for office and once served as his driver -- is not one of personal friendship. He also said he did not believe Washington, a police corporal, should resume his homeland security post -- a job to which Johnson had appointed him. … 'I don't think he should come back to Homeland Security, no matter what happens,' Johnson told a reporter yesterday." The Post adds, "Johnson did not give reasons but said he believed Washington should return to the police department, which pays his salary. … It was not clear yesterday whether Washington could remain in the security post without the support of Johnson, who appointed him. Washington did not return calls last night. … Washington was appointed a deputy director of homeland security by Johnson in 2004. He is a longtime Johnson supporter who worked at one time as his driver. … He was one of few county police officers to support Johnson, who as state's attorney had focused on combating abuses by police. … Washington, a 16-year police officer, has been on paid administrative leave since the night he shot unarmed deliverymen Brandon D. Clark, 22, and Robert White, 36."

CIVIL RIGHTS:

Window Closing On Civil Rights Slaying Prosecutions. USA Today/Jackson Clarion-Ledger (2/5, 3A, Mitchell) reports, "Despite high-profile convictions in the past two decades, most killers from the civil rights era will go unpunished. … Now the window of time is closing. Death is claiming potential defendants and witnesses," and the recent arrest of James Seale "is certain to be one of the last because suspects are dying, former U.S. Attorney Doug Jones of Birmingham said." USA notes, "Retired FBI agent Jim Ingram said he and other agents investigating racial violence in Mississippi in the 1960s often ran into hostile neighbors, frightened witnesses, reluctant prosecutors and all-white juries, many of whom refused to convict in these crimes." Rep. John Lewis "believes there is bipartisan support in Congress for the Unsolved Civil Rights Crimes Act that would create a cold cases unit within the Justice Department to track down evidence in the unpunished killings."

NYTimes Columnist Examines "Travesty" Of 1970s Louisiana Murder Conviction. In a column for the New York Times (2/5), Bob Herbert writes from Destrehan, La., "The term 'time warp' could have been

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coined for this rural town of 11,000 residents that sits beside, and just a little below, the Mississippi River. A remnant of the sugar-plantation era, the region's racially troubled past is always here, seldom spoken about but inescapable, like the murk in the air of a perpetually stalled weather front. … The Harry Hurst Middle School is on the site of the old Destrehan High School, which was the scene of violent protests during the integration period of the 1970s. Local residents have tried to blot out the murder case that made Destrehan High notorious three decades ago, but there's a big problem with that collective effort to forget. The black teenager who was railroaded into prison (and almost into the electric chair) for the murder of a white student in 1974 is still in prison all these many years later. He's middle-aged now, still suffering through a life sentence without any chance for parole in the notorious state penitentiary at Angola." Herbert continues, "There is no longer any doubt that the case against the teenager, Gary Tyler, was a travesty. A federal appeals court ruled unequivocally that he did not receive a fair trial. The Louisiana Board of Pardons issued rulings on three occasions that would have allowed Mr. Tyler to be freed. … But this is the South and Mr. Tyler was a black person convicted of killing a white. It didn't matter that the case was built on bogus evidence and coerced witnesses, or that the trial was, in the words of the U.S. Court of Appeals for the Fifth Circuit, 'fundamentally unfair.' Mr. Tyler was never given a new trial and the pardon board recommendations were rejected by two governors. … (Lurking in the background as the case unfolded was David Duke, a former grand wizard of the Ku Klux Klan who was very active politically in Louisiana and always ready to inject his poison into the public issues of the day. If you drive around Destrehan and nearby communities today you will still see some of the old blue-and-white campaign signs for Duke.)"

NCLB's Use Of Race Used To Urge Bush To Support Use Of Race In School Admissions. Alec Ian Gershberg and Darrick Hamilton of the New School's Milano Graduate School for Management and Urban Policy in the Christian Science Monitor (2/5) argue that the Bush Administration is "inconsistent" in its principles regarding the use of race because it opposes the use of race "as a criterion for admission to public elementary and high schools" while the No Child Left Behind Act "requires that schools show adequate progress in each of 10 'subgroups' of students" including "racial and ethnic categories such as blacks, Hispanics, Asians, native Americans, and whites." One result is that "school staff must now view all their students through an explicitly racial lens." NCLB "is a tacit admission that race matters." So "the administration must reconsider its positions on affirmative action and school integration. And it must stop urging the Supreme Court to ban a tool some local school districts deem effective and desirable for providing access and expanding student diversity."

NYTimes Praises Florida For Changing Election Machines. The New York Times (2/5, 1.16M) says in an editorial, "Florida, famous for doing so much wrong in its elections, is poised to take two very important right steps. First, Gov. Charlie Crist says he plans to end the use of touch-screen voting machines that do not produce a paper record. Florida's move may finally sound the death knell for these unreliable, inherently antidemocratic voting machines." Governor Crist is "asking the Legislature to finance the purchase of new optical-scan machines, and it is expected to agree. Choosing optical scans is Governor Crist's second good move. In optical-scan voting, voters mark a paper ballot that is then read by a computer. Polling place lines are shorter, because many voters can fill out ballots at the same time. These paper ballots are the official ballots, and can be recounted by hand to resolve a dispute."

ANTITRUST:

Developments At Ohio Mill Hinge On Awaited DOJ Antitrust Decision. The Steubenville (OH) Herald-Star (2/5, Giannamore) reports, "Many developments for the local steel mills hinge upon the decision of the U.S. Department of Justice in an antitrust claim against Mittal Steel." The Herald-Star continues, "While the date has passed for expiration of a memorandum of understanding between Esmark and Mittal for the purchase of Mittal's Weirton mill, negotiations between the two firms are continuing. … Esmark spokesman Bill Keegan said Friday that Esmark and Mittal 'continue to negotiate in earnest' on the potential purchase agreement and discussions are continuing." The Herald-Star adds, "Esmark, Mittal and Weirton's Independent Steelworkers Union officials all said they were not sure how Justice would make its decision known. A Justice spokeswoman said Friday the decision was 'still pending' and a statement could be expected at some point. … The Department of Justice and Mittal entered into an antitrust consent decree in August when Mittal and Arcelor merged. The concern was over Mittal's control over tin-producing assets in the eastern United States. Through the merger, Mittal came into possession of the Canadian Dofasco mill in Hamilton, Ontario, which produces tin. It already owned the Weirton mill and the Sparrows Point, Md., plant, both of which produce tin. … Because of the placement of Dofasco into a Dutch trust by Arcelor when it had been fighting Mittal's offers earlier in 2006, Mittal faced difficulty in selling Dofasco. The company had been ordered to use its best efforts to sell Dofasco and, absent a sale, Justice would choose between Weirton and Sparrows Point to be sold to ease the antitrust

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concerns. … A November deadline on the decision was extended to Jan. 28, which passed without word from the Justice Department."

BAR/BRI Settles Antitrust Class Action For $49 Million. The National Law Journal (2/5, Bronstad) reports, "The publishers of the BAR/BRI law review course have agreed to pay $49 million to settle a case brought by a class of nearly 300,000 law students alleging they each were overcharged by about $1,000." The Journal continues, "West Publishing Corp., the owner of the BAR/BRI, and Kaplan Inc., which makes the preparatory coursework for the Law School Admission Test, agreed to settle claims that they conspired to monopolize the law exam market. … The antitrust case had sought triple the $300 million in damages and applied to all students who took the BAR/BRI course from 1997 to 2006." The Journal adds, "The parent company of West Publishing, The Thomson Corp., has agreed to pay $36 million as part of the proposed settlement, according to John Shaughnessy, senior director of corporate communications at the legal and regulatory market group of The Thomson Corp. … Kaplan agreed to pay nearly $13 million as part of the proposed settlement. … Eliot Disner, a partner in the Los Angeles office of McGuireWoods who brought the year-old case, said the proposed settlement, minus attorney fees, comes to $37 million for class members. He estimated that, with 290,000 anticipated class members, each would receive about $125, although that amount could be higher if some members don¹t claim their share."

Simon Property Group Makes Offer For Mills Corp. The Wall Street Journal (2/5, A2, Berman) reports, "Simon Property Group Inc. and hedge fund Farallon Capital Management yesterday lobbed in a roughly $1.56 billion offer for Mills Corp., a move designed to derail a $1.35 billion agreement with Brookfield Asset Management." The Journal continues, "Investors had for weeks been expecting a higher offer for Mills, a real-estate investment trust with dozens of shopping malls around the country. As Mills's largest shareholder, Farallon has aggressively pushed for a higher offer for the Chevy Chase, Md.-based company." The Journal adds, "The emergence of Simon, the country's largest REIT by market value, gives Farallon's efforts some important momentum. The two are expected to put up equal amounts of equity to help fund their bid, creating a per-share price of $24, greater than the $21-per-share deal struck by Brookfield, based in Canada, last month. Mills also has an additional $6 billion-plus in debt and preferred stock that the two partners would assume. … The offer puts into relief two of the emerging deal-making themes of 2007: Hedge funds are getting increasingly comfortable assuming controlling ownership stakes and are finding willing allies among corporate stalwarts such as Simon. The new year has also brought a spate of "jumped" transactions, in which bidders have shown little fear about busting up an agreed-upon deal. Robust financing markets have made such maneuvers possible, and bankers on Wall Street expect still more unsolicited activity in the months ahead." The Journal notes, "Simon's move also highlights the seemingly relentless rise of commercial real-estate, even while residential property values continue to suffer. Simon already is the country's largest mall developer, with interests in 285 properties throughout the U.S. The Indianapolis-based firm had developed five properties with Mills during the 1990s, and is in a 'better position to enhance its assets' than other owners, a person close to Simon said yesterday."

Triad Hospitals Reaches Deal With Private Equity Group. The Wall Street Journal (2/5, A2, Berman, Francis) reports, "Triad Hospitals Inc. Monday morning announced a deal to sell the company to private-equity buyers for about $4.4 billion." The Journal continues, "The buyers of the Plano, Texas, hospital chain were CCMP Capital Advisors LLC and the private-investment arm of Goldman Sachs Group Inc., Triad said in a press release. … The deal may presage more buyouts or acquisitions in the sector: Hospitals have been fertile territory for buyout shops lately, most notably in last year's record-setting purchase of hospital giant HCA Inc." The Journal adds, "The deal values the company at $50.25 a share, a 16% premium over Friday's close of $43.27 in New York Stock Exchange composite trading. Triad, spun off by HCA in May 1999, had 51 general acute-care hospitals and 10 ambulatory-surgery centers in early 2006, primarily in small southern U.S. cities. … Triad has been considered a likely buyout target by many analysts after an October conference call in which executives said they had held talks with "various groups" that would continue, though they said nothing was then imminent. … At about the same time, Community Health Systems Inc. of Brentwood, Tenn., said it was considering going private, among a variety of strategies. In addition, Health Management Associates Inc. of Naples, Fla., borrowed to pay shareholders a dividend valued at half its share price, which analysts described as the equivalent of a public buyout."

ENVIRONMENT:

Next Installments Of Climate Change Report To Highlight Human Cost Of Warming. USA Today (2/5, 9D, Vergano, 2.27M) reports, "The human and economic cost of global warming will move to center stage when the Intergovernmental Panel on Climate Change releases the second and third installments of its report this spring, experts say." The "panel's report is the creation of

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three separate 'working groups,' which each prepare a separate report. The first, which was released Friday and involved the efforts of thousands of scientists and government reviewers, concludes with 90% certainty that humanity is triggering global warming by burning fossil fuels, cutting down forests and other activities." The April report, according to Gary Yohe of Wesleyan University, one of its authors, will "assess the effect of warming on socioeconomic and natural systems and show that the effects on people 'are distributed across the globe and in every major sector of human activity.'" The "third report, to be released in May, focuses on 'mitigation' measures, such as taxing carbon dioxide production."

Halting Global Warming Would Require Radical Measures. The Los Angeles Times (2/5, Zarembo, 850K) says the IPCC report "notes that a concerted world effort could stave off the direst consequences of global warming, such as widespread flooding, drought and extreme weather. Ultimately eliminating the global warming threat, however, would require radical action." The Times adds, "To stabilize atmospheric levels of carbon dioxide — the primary contributor to global warming — CO2 emissions would have to drop 70% to 80%, said Richard Somerville, a theoretical meteorologist at the Scripps Institution of Oceanography in La Jolla. Such a reduction would bring emissions into equilibrium with the planet's ability to absorb carbon dioxide."

Groups Question AEI Solicitation Of Warming Critiques. The Washington Post (2/5, A4, Eilperin, 690K) reports the American Enterprise Institute "has been soliciting critiques of the just-released international assessment of the evidence on climate change, a move that prompted some academics and environmentalists to accuse the group of seeking to distort the latest evidence for global warming." Advocacy groups questioned why AEI "has offered $10,000 to academics willing to contribute to a book on climate-change policy." The Post adds, "AEI visiting scholar Kenneth Green -- one of two researchers who has sought to commission the critiques -- said in an interview that his group is examining the policy debate on global warming, not the science."

WSJournal Warns Against Radical Policy Changes Based On IPCC Report. In an editorial, the Wall Street Journal (2/5, A16, 2.04M) writes, "[T]he real news in the fourth assessment from the [IPCC] may be how far it is backpedaling on some key issues." More pertinent than the latest IPCC report "is the underlying scientific report," which is due in May. According to "people who have seen that draft, it contains startling revisions of previous U.N. predictions." The Journal adds, "We don't deny that carbon emissions may play a role [in warming], but we don't believe that the case is sufficiently proven to justify a revolution in global energy use. The economic dislocations of such an abrupt policy change could be far more severe than warming itself, especially if it reduces the growth and innovation that would help the world cope with, say, rising sea levels." The "IPCC report should be understood as one more contribution to the warming debate, not some definitive last word that justifies radical policy change."

WPost Says Endorsement Of Report Makes Bush's Warming Position "Particularly Troubling." In an editorial, the Washington Post (2/5, A14, 690K) says the IPCC report is "full of frightening evidence and, we hope, policy-inducing conclusions." The Post adds, "Many climate scientists say the report doesn't go far enough." The "assessment's value does not lie in its innovative approach to describing global climate change. On the contrary, because so many individuals and organizations signed on, the report's strong language is virtually unassailable. Even the Bush administration hailed it, which makes the president's continued neglect of the issue particularly troubling." The Post concludes, "Now that leaders in the United States and abroad have agreed on the basics of the problem and the seriousness of the consequences, sound policy -- the likes of which President Bush continues to oppose -- should follow."

Proposal Would Triple Snowmobile Traffic In Yellowstone. The New York Times (2/5, Robbins, 1.16M) reports the "latest installment in the long-running debate over the use of snowmobiles in Yellowstone National Park is a proposal to allow as many as 720 to enter each day, nearly three times as many as permitted in the last several years." But the plan, "which could be adopted by the end of the year, has drawn fire from environmentalists and praise from snowmobile advocates and some businesses in the communities around the park." The plan "is described in a preliminary draft environmental impact statement that was released to agencies and governments near the park for comment in December."

Ethanol Skeptics Concerned By Potential Fallout From Massive Subsidies. U.S. News and World Report (2/12, Lavelle, Schulte, 2.03M) reports, "Washington loves a 'win-win,' but there are plenty of doubts as to whether the love affair with ethanol qualifies. Even though the ethanol industry profited handsomely last year, it continued to benefit from billions of dollars in taxpayer subsidies. And as ethanol becomes a larger part of the energy mix, it is not clear that Washington is prepared for the fallout. Ethanol already consumes so much corn that signs of strain on the food supply and prices are rippling across the marketplace. Environmental impacts will multiply as more land and water are devoted to the prized yellow grain. And, even if these problems were overcome, ethanol's potential growth could be stunted by an energy system currently tailored to gasoline. Ethanol undoubtedly plays a role in the

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quest for energy independence and the desire to curb global warming. But some observers worry that ethanol development may take the place of more effective initiatives: forcing automakers to increase gas mileage, for instance, or mandating cuts in carbon dioxide emissions."

Will Notes Democratic Senators 1997 Opposition To Kyoto Protocols. In his column for Newsweek (2/12, 3.12M) George Will writes, "John Kerry says that one reason America has become an 'international pariah' is President Bush's decision to 'walk away from global warming.' Kerry's accusation is opaque, but it implies the usual complaint that Bush is insufficiently enthusiastic about the Kyoto Protocol's binding caps on emissions of greenhouse gases. … Fine. President Bush should give the world something amusing to watch. He should demand that the Senate vote on the protocol." Will goes on to note that in 1997, "a 'sense of the Senate' resolution declared opposition to any agreement that would do what the protocol aims to do. … President Clinton and his earnest vice president knew better than to seek ratification of Kyoto by a Senate that had passed its resolution of disapproval 95-0. Fifty-six of those 95 senators are still serving. Two of them are John Kerry and Barbara Boxer. That is an inconvenient truth."

FBI/DEA/ATF/USMS:

"Operation Polar Express" Nets More Arrests, Thousands Of Ecstasy Pills Seized. The Boston Globe (2/3, Murphy, Radin) reported four indictments handed down by a federal grand jury Thursday "charged 23 people…with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering. … 'This ecstasy was manufactured in clandestine laboratories in Canada, then smuggled into the United States, ending up in Boston and further distributed to gangs and other buyers in the city,' said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration's Boston office." A task force "sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials. Investigators seized 85,000 ecstasy pills, worth nearly $2.6 million on the street, 130 pounds of marijuana, five guns, and $25,000." The Globe adds that law enforcement officials "raided houses in Dorchester and Quincy…and arrested 21 of those charged."

The Boston Herald (2/3) reported federal authorities "said they seized 85,000 tablets of ecstasy and 100 pounds of marijuana when they dismantled what they described as an international drug ring with tentacles that reached north to Canada and across the Pacific to Vietnam. Twenty-three defendants - all Vietnamese or Vietnamese Americans from Dorchester, Quincy, and Randolph - are accused of orchestrating the operation, distributing the drugs and laundering thousands in cash. Nineteen of them were arrested in a sweep…by federal agents. Arraignments are set for Monday."

The AP (2/3) reported 19 arrests "were made early Friday, and authorities were searching for the other four. Prosecutors say none of those charged live in Canada. At the peak of the operation, officials say several hundred pounds of marijuana were transported to the Boston area from Canada and other U-S points."

Mexican Cartels Said To Be Filling US Demand For Meth. In Mexico City, the Arizona Republic (2/4) reported that meth "superlabs" controlled by Mexican cartels are taking over what was once a mom-and-pop business in the United States. "'Mexican drug-trafficking organizations, being the entrepreneurs they are…decided they could produce large amounts of meth in Mexico, then smuggle it across the Southwest border using the same drug routes they've used for generations,' said Steve Robertson, a spokesman for the U.S. Drug Enforcement Administration. … As the raw materials become harder to get, small-time cooks are being put out of business. The Mexican cartels have rushed to fill the demand with California-based superlabs, which can produce more than 10 pounds of meth a day."

Two Florida Men Get Life Sentences For Roles In Cocaine Ring. The Palm Beach Post (2/3) reported two Jupiter men "were sentenced to life in federal prison Thursday for their roles in a countywide cocaine distribution ring. Their supplier, a Boynton Beach man, was sentenced to 20 years. … They were arrested along with 35 others in May in a massive sweep that included 450 officers from the U.S. Drug Enforcement Administration, Palm Beach County Sheriff's Office and the Boynton Beach, Delray Beach and Jupiter police departments. Sixteen of those arrested are serving sentences ranging from two to 10 years, officials said."

Experts Disagree On Prevalence Of Heroin Use. The Philadelphia Inquirer (2/4, Maykuth, Stoiber) reported, "While national statistics indicate that heroin abuse has been steady in recent years, some Philadelphia-area drug-treatment experts say it appears to be on the rise. … Other law enforcement officials, however, say national statistics do not support the anecdotal accounts of regional officials. … William R. Hocker, spokesman for the Philadelphia office of the U.S. Drug Enforcement Administration, said heroin use appeared stable. 'Heroin's a mainstay,' he said. 'It's always going to be there.'" Most studies "peg the number of Americans using heroin at a fraction of 1 percent."

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IMMIGRATION:

Former Dallas Police Officer Pleads Guilty To Immigration Fraud. The Dallas Morning News (2/3, Trahan) reported a former Dallas police officer "has pleaded guilty to a federal charge of immigration fraud for helping his wife, a native of Mexico who was in the U.S. illegally and had ties to drug traffickers, obtain a fake visa. Jose Luis Cabrera, 37, an 11-year Dallas Police Department veteran, was fired in December after a federal grand jury returned a nine-count indictment accusing him of conspiring with his wife, Moraima Cabrera, 34, to commit passport fraud. … After they married in March 2004, Mr. Cabrera was so desperate for his wife to avoid deportation to Mexico that, according to federal officials, in April 2005 he brought her to the Dallas office of the federal Drug Enforcement Administration. He offered agents a deal: His wife would share what she learned from her drug trafficking past in exchange for legal immigration status."

Guatemalans Denied Asylum In US Seek To Stop Deportations. South Florida Sun-Sentinel (2/5, Abbady) reports, "Juana Tomas resolved to forget the ghosts of San Miguel Acatán. … She fled her native Guatemalan village, tucked in the rural highlands where civil war raged, and headed north in 1991." The Sun-Sentinel continues, "In the United States, Tomas sought political asylum. She was 17. Adolescence turned into adulthood. She gave birth to two sons and made a home for them in Lake Worth, joining a large, Qanjobal-speaking community of Mayan farm workers and day laborers in Palm Beach County. Raising her children and working in a nursery, she waited for a response from the government. … Fifteen years later in 2006, Tomas, now 33, learned that federal authorities denied her asylum claim. An immigration judge recently ordered her deported to Guatemala, a country still reeling from the effects of a war that ended a decade ago. Advocates say she is one of roughly 250,000 Guatemalans whose asylum claims from the 1990s U.S. authorities rejected. All could be deported." The Sun-Sentinel adds, "U.S. officials say Guatemalans no longer qualify for political asylum because their country's civil war ended in 1996. Due to a massive backlog, the government only last year began notifying applicants that they must leave the country, immigration lawyers say. … During her long wait, Tomas took refuge in her new home and put the war behind her. A childhood memory of the great-aunt she saw dragged and decapitated slowly faded. So did the image of a neighbor whose body she found hanging from a tree one night while gathering firewood with her father. Every year, she renewed her work permit, raised her sons, and had little idea that her newfangled American life was built on borrowed time. … Now Tomas finds herself challenging the government whose protection she sought. She and other exiles in Florida, home to 28,650 Guatemalans, plan to join a California lawsuit against the Justice Department, said her attorney, Aileen Josephs. … Attorneys for the nonprofit group Casa de Cultura de Guatemala in Los Angeles are preparing a lawsuit demanding a halt to pending deportations of Guatemalans who entered the United States before the end of the civil war. The suit, which will seek class-action status, also will ask for legal status for Guatemalans who applied for asylum after 1990 but before that country's 1996 peace accords. Those who applied in the 1980s are protected under a federal program. … South Florida Guatemalan activists also have mobilized. Members of the Miami-based Coalition of Guatemalan Immigrants in the United States met with representatives of Congress in late January to press for a moratorium on deportations."

TAX:

DOJ Seeks To Revoke Marion Barry's Probation In Tax Case. The Washington Times (2/5, McElhatton) reports, "Federal prosecutors want to revoke D.C. Council member Marion Barry's probation in a criminal tax case because he has failed to pay 2005 federal and D.C. income taxes." The Times continues, "Assistant U.S. Attorneys James Cooper and Thomas Zeno said in a court memo Friday that Mr. Barry, a former D.C. mayor, has shown 'unworthiness to reap the benefits of a lenient sanction.' Mr. Barry was sentenced to three years' probation in federal court last year for not paying his income taxes, after reaching a plea deal with the U.S. attorney's office." The Times adds, "Mr. Barry was sentenced to three years' probation in federal court last year for not paying taxes for five years, after reaching a plea deal with the U.S. attorney's office. A spokesman declined to comment on the development. … 'The court's patience should be at an end,' the prosecutors wrote. 'A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own return for six years.' … Mr. Barry, a Ward 8 Democrat and four-term mayor, also has not made arrangements to pay taxes on more than $500,000 he earned in previous years, officials said." The Times notes, "The prosecutors call Mr. Barry's failure to file 2005 tax returns the latest in a series of 'willful acts in defiance of the tax laws.' They also say Mr. Barry's actions puts him in violation of an express condition of his release."

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CONGRESS-ADMINISTRATION:

Bush To Nominate Friedrich To DC Court. The Legal Times (2/5, Schwartz) reports, "President George W. Bush is expected to nominate former White House insider Dabney Friedrich to fill the recently vacated seat on the U.S. District Court for the District of Columbia, two sources familiar with the process say." The Times continues, "The White House is in the final stages of finalizing her nomination to replace Judge Gladys Kessler, who took senior status last month." The Times adds, "Friedrich, 39, was appointed to the U.S. Sentencing Commission in December. Before that she spent three years as an associate counsel in the White House, where she oversaw judicial nominations, including nominations for the Supreme Court. … A Yale Law School graduate, Friedrich began her career as a clerk on the District Court to now-Chief Judge Thomas Hogan. In 1994, she joined Latham & Watkins in San Diego. A year later she became a prosecutor in the U.S. Attorney's Office for the Southern District of California, where she worked with now-U.S. Attorney for the District of Columbia Jeffrey Taylor. … In 1998, she moved to the Eastern District of Virginia, where she served until 2002. That year, Friedrich was hired as a staffer for the Senate Judiciary Committee under Sen. Orrin Hatch, R-Utah. … She is married to Matthew Friedrich, former Enron task force prosecutor and now counselor to Attorney General Alberto Gonzales."

Bush Budget Projects 2012 Surplus, Sharply Boosts Defense Spending. The Washington Post (2/5, A3, Montgomery, 690K) reports, "The budget that President Bush will submit to Congress today shows the federal deficit falling in each of the next four years and would produce a $61 billion surplus in 2012, administration officials said. But to get there, Bush is counting on strong economic growth, diminishing costs in the Iraq war and tight domestic spending to offset the cost of his tax cuts." Democrats "yesterday criticized the five-year budget plan as overly optimistic, and predicted that extending the tax cuts past their 2010 expiration date would dig the nation deeper into debt rather than produce a budget surplus. Republicans countered that the tax cuts are critical to maintaining a healthy economy and that a balanced budget is not possible without them." Republicans "hope to make the tax cuts a central feature of this year's budget debate."

The Washington Times/AP (2/5) reports that to balance the budget, Bush "would allow only modest growth in the government programs outside of defense and homeland security. He is proposing eliminations or sharp reductions in 141 government programs, for a savings over five years of $12 billion, although Congress has rejected many of the same proposals over the past two years." Bush also "will seek to trim spending on farm subsidies by $18 billion over five years, mainly by reducing payments to wealthier farmers, an effort certain to spark resistance among farm-state lawmakers."

The Los Angeles Times (2/6, Spiegel, 850K) reports, "When the Bush administration unveils its annual spending request Monday, it is expected to ask for a defense budget of $481 billion -- near historic highs, even when adjusted for inflation." It will also ask for "additional funding for Iraq and Afghanistan, taking the cost of those conflicts this year to close to $165 billion, and will present estimates for next year's costs that will push war spending above the total cost of Vietnam." But "if the military's top officers have their way, today's proposal may be only a precursor to a future of even larger defense budgets." The chiefs of the Army, the Navy and the Air Force "are gearing up for a long-term campaign to convince Congress and the public that the growing demands of the Iraq war -- plus the administration's aggressive global security ambitions -- require tens of billions more each year to meet the nation's defense needs."

USA Today (2/5, Wolf, Jackson, 2.27M) says Bush "presents a $2.9 trillion budget to Congress Monday amid a charm offensive intended to woo Democrats. His speech Saturday at a House Democratic retreat was the latest effort to reach out to opposing party members, who felt widely ignored during six years of GOP dominance. It was his first visit to the annual retreat since 2001." Bush "said he understood Democrats' doubts about White House cooperation, but 'in order to do big things, we're going to have to do it together.'" USA Today also points to other "signs of outreach" from Bush.

Portman Says 2008 Budget Includes "More Transparency." White House budget director Rob Portman, on CNN's Late Edition (2/4, Blitzer) said, "Our '08 projection, frankly, is just sort of a straight-line projection. We're assuming that the Iraq military operations will continue pretty much as they are. We, of course, hope that that's not the case. … We're giving Congress exactly what Congress asked for on a bipartisan basis, more transparency as to our costs and more information."

National Parks Would See Increased Spending. USA Today (2/5, Wolf, 2.27M) reports, "National parks would be a big winner under…Bush's 2008 budget, and a plan to match up to $100 million annually in private donations could guarantee increases for a decade. Bush's budget, being unveiled today, would give the National Park Service $2.4 billion next year, administration officials told USA TODAY." That "includes a $258 million increase for daily operations, up 14.5%. Since 2002, those funds have risen 1.5% above inflation. The president proposes adding at least $100 million a year for the next 10 years. The funds would be used to hire 3,000 seasonal park rangers, guides and maintenance

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workers each summer, an increase of more than 50%. In addition, more than 1 million children could be enrolled in youth programs."

Bush To Fund Federal Program To Ease Traffic Congestion. The Wall Street Journal (2/5, A6, McKinnon, 2.04M) reports, "With much of his domestic agenda stalled by Congress…Bush is embracing a new cause he is hoping will cross party lines and leave him with an end-of-term accomplishment: easing rush-hour traffic." In his budget, Bush "intends to showcase a highway 'congestion initiative,' according to White House documents, with grants for state and local governments to experiment with anti-jam strategies." In "a surprise that could foreshadow how Mr. Bush might reach out to Democrats -- and disappoint conservatives -- for the rest of his term, the centerpiece of the traffic plan involves an initiative that some critics say amounts to a tax, a plan depicted by administration officials as 'congestion pricing.' The administration will award $130 million in grants starting this spring to help cities and states build electronic toll systems that would charge drivers fees for traveling in and out of big cities during peak traffic times. The money also could go to other congestion strategies such as expanded telecommuting, but administration officials make it clear they think congestion pricing is the most powerful tool they have. The White House will seek an additional $175 million for congestion initiatives in next year's budget."

Analysis Predicts "Bonanza" Underpinning Bush Budgets, Strong Economy "Must" End. The Wall Street Journal (2/5, A1, Solomon, 2.04M) reports that since he became president, Bush has "boosted annual defense spending by 50% -- including $500 billion over five years for fighting in Iraq and Afghanistan -- and doubled spending on homeland security. At the same time, he's cut taxes, expanded Medicare to cover prescription drugs, approved $100 billion to clean up after Gulf Coast hurricanes, and signed bills that spend a little more each year on domestic programs. For years, critics said it couldn't last, backed by some historical precedent: President Johnson is blamed by many for triggering inflation in the 1970s by spending on both guns and butter." But "this time, it's been nearly painless. Inflation is in check. The federal budget deficit is down from its 2004 peak, and rests near its historical average of 2% of gross domestic product, a measure of the nation's total output. Long-term interest rates are relatively low. What's Mr. Bush's secret?" The Journal adds, "Ingredient one: strong revenue growth driven by an economy distinguished by surging profits and rising incomes at the top, which are taxed more heavily than incomes at the bottom. Ingredient two: tax cuts and spending increases, which arrived when the US economy needed a boost. Ingredient three, and perhaps the most significant: the willingness of foreigners to lend to the US, which finances the budget deficit without pushing up interest rates at a time when Americans don't save very much. … No one knows when this bonanza might end, although end it must. … For now, the budget the president will offer today essentially counts on continued good luck."

Democrats Hope To Finance Agenda By Cracking Down On "Tax Gap." The New York Times (2/5, Andrews, 1.16M) reports congressional Democrats, "hoping to finance an ambitious agenda without raising taxes, are on a collision course with the Bush administration about pursuing the potentially vast amount of money that people hide from the Internal Revenue Service." House and Senate Democrats "say the government could collect as much as $100 billion more a year by whittling the tax gap — the unpaid taxes, mostly on unreported earnings, that the I.R.S. estimated was about $300 billion a year." But the Treasury Department, "which oversees the I.R.S., says it cannot realistically recover one-tenth as much as Democrats suggest." On Monday, "as part of President Bush's budget proposal, the Treasury Department will unveil more than a dozen proposals to pursue tax cheats. But officials said those ideas would bring in less than $10 billion a year in extra revenue." The issue "may have new urgency with the Democrats now in power and driving the considerable momentum behind it." Ways and Means Chairman Charles B. Rangel "has cited the tax gap as a top priority for increasing revenue, ahead of any discussion about rolling back President Bush's tax cuts. Democrats badly want the money because they have adopted strict 'pay as you go' budgeting rules that require Congress to pay for any new programs or tax cuts with revenue from other areas."

Advocates Complain That Fewer Low-Income Seniors Get Free Drugs. USA Today (2/5, 5B, Appleby, 2.27M) reports, "Eight months after Congress implored pharmaceutical companies to restore programs offering free drugs to needy Medicare recipients, advocacy groups say that some patients are still having trouble. 'Before the Medicare program, we had close to 4,000 seniors getting free drugs,' says Patricia White, executive director of the West Virginia Health Right clinic in Charleston, W.Va. 'We're probably down to 400 now.'" The issue "arose after many drug companies halted their assistance programs for Medicare-eligible patients once Medicare's drug benefit began last year. The drug companies feared running afoul of federal anti-kickback rules if they did not. Since then, Medicare officials and other regulators have said such programs can be set up in a way to avoid violating any laws. Currently, some drug companies, including AstraZeneca, GlaxoSmithKline, Merck, Pfizer and Wyeth, offer help to Medicare members. Income limits and other rules vary, as do which drugs are covered. Dozens of other drugmakers,

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however, bar Medicare-eligible patients from assistance programs."

Bush Reportedly Looking To Truman As Model. Newsweek (2/12, Bailey, Wolffe, Thomas, 3.12M), in an article titled, "Inside Bush's Fixation With Harry Truman," reports that in a meeting with congressional Democrats after the midterm elections President Bush "compared his situation to the crisis Harry Truman faced in the early days of the cold war. Then, as now, Bush said, the United States confronted a dangerous ideological foe. Truman had answered with the Truman Doctrine, a vow to protect free peoples wherever they were threatened with communist domination. Truman's policies had been unpopular in their time, but 'history showed he was right,' said Bush, according to Sen. Dick Durbin of Illinois, the second-ranking Democrat in the Senate. The Truman comparison didn't seem quite right to Durbin. … Bush's grasp of history may have been a little shaky, but there is no doubting the force of his conviction. Bush wants his legacy to be the long-term defeat of Islamic extremism."

"Resentment" Said To Drive Some Negative Media Coverage Of Bush. In his Washington Post "Media Notes" column (2/5, C1), Howard Kurtz writes, "These days, many in the media seem to be writing off President Bush." Are "pundits giving us the unvarnished truth, that we are witnessing the historic collapse of a presidency? Or is this the triumph of quick-draw, poll-driven journalism? … Some of the journalists who are especially aggressive in their coverage of Bush like him in private settings, where the president has a joshing manner and enjoys handing out nicknames. But professional resentment may still be behind some of the increasingly negative coverage," stemming from "Iraq, where the media fell down on the WMD debate," and "to Bush's 2000 campaign persona as a compassionate conservative." On both respects, "many journalists now believe they were led astray," and "that has given an extra edge to their stories and columns."

Top International-Policy Advisor At Treasury To Resign. The Wall Street Journal (2/5, Price, 2.04M) reports, "The US Treasury Department's top international-policy adviser, Timothy Adams, is resigning after seven years with the Bush administration. … In his resignation letter, Mr. Adams said his responsibilities to his wife and three young children were 'incompatible' with the job's demands. Since becoming undersecretary for international affairs in 2005, Mr. Adams has spent much of his time traveling to more than 40 countries. He previously was chief of staff to former Treasury Secretaries John Snow and Paul O'Neill."

DOD To Furnish Pelosi With Jet For Coast-To-Coast Flights. Roll Call (2/5, Van Dongen) reports, "The Defense Department has agreed to furnish House Speaker Nancy Pelosi (D-Calif.) with a jet big enough to fly nonstop coast-to-coast, despite complaints from some Republicans that the request was causing friction at the Pentagon." Drew Hammill, a spokesman for the Speaker, "said Friday that Pelosi had asked the Pentagon for 'clarification' on rules governing her use of military planes. After Sept. 11, 2001, the Speaker was granted access to military transport for additional security, given the person in that job is third in the line of succession to the presidency." The plane "used by former Speaker Dennis Hastert (R-Ill.) for frequent trips back to his Illinois home was a small, Lear-type jet, according to a Republican leadership aide. But that plane needs to refuel every 2,000 miles and could not make the nonstop haul to California."

Federal Government Faces Retirement "Brain Drain." The Financial Times (2/5, Knight) reports the US Federal Government "faces a massive talent drain in the coming years as many senior government officials reach retirement age and fewer bright young people opt for careers in public service." About "90 per cent of senior managers in federal government are eligible to retire in 10 years, and more than 40 per cent of all federal employees will be eligible for retirement by 2010, according to the Council for Excellence in Government, a non-partisan research group." At the same time, "fewer young people are choosing to work for the federal government. Many top US colleges and public policy schools report that the number of graduating students going into public service has decreased."

Aging Workforce Prompts DOD's Recent Job Shadow Recruitment Day. The Washington Post's (2/5, D1, Barr) "Federal Diary" column reports that during the recent Information Technology Job Shadow Day at the Defense Department, "The first questions were right to the point: Is there a lot of paperwork in applying for a federal job? What's the easiest way to get a security clearance?" The Post adds, "Like other" agencies DOD "is concerned about its aging workforce. The department has about 69,000 technology professionals in its civil service ranks, and officials estimate that 10,000 will be eligible to retire at the end of this year. Not all of them will leave, of course, but Defense officials are looking to the future and want to make sure that teenagers understand the importance of math, science and English courses as building blocks for technology careers. For the job shadow day, the Pentagon revved up briefings and tours worthy of visiting dignitaries." The Post adds, "Tour stops for the students included the National Military Command Center, which links the defense secretary to other top government leaders during emergencies; the office of Defense Secretary Robert M. Gates (who was not in); the Pentagon courtyard; and the 9/11 Memorial Chapel. One group of students

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started their Pentagon day with a "talk show" segment taped by the Pentagon Channel, the in-house TV and Web broadcast service."

Krugman Says White House Has Built "Patronage Machine." In his New York Times column (2/5), Paul Krugman says, "Under the guise of promoting a conservative agenda, the Bush administration has created a supersized version of the 19th-century spoils system." The "blueprint for Bush-era governance was laid out in a January 2001 manifesto from the Heritage Foundation, titled 'Taking Charge of Federal Personnel.'" Heritage "demanded that politics take precedence over know-how: the new administration 'must make appointment decisions based on loyalty first and expertise second.' Second, Heritage called for a big increase in outsourcing — 'contracting out as a management strategy.' This would supposedly reduce costs, but it would also have the desirable effect of reducing the total number of civil servants." The "ostensible reason for politicizing and privatizing was to promote the conservative ideal of smaller, more efficient government. But the small-government rhetoric was never sincere: from Day 1, the administration set out to create a vast new patronage machine."

Requiring Banks To Bid For Student Loans Proposed. Michael Dannenberg and Phillip Longman, both of the New America Foundation, argue in the Washington Post (2/5, A15, 690K) that student loan interest rates and subsidies for banks could likely be "a lot" lower if Congress would "make lenders bid for the right to sell federally guaranteed student loans." Banks "could compete by offering the highest bid for the right to sell guaranteed student loans to designated schools or by agreeing to accept the lowest amount of subsidy." The experience of Missouri's recent sale of some student loans "suggests that taxpayers could save $15 billion to $20 billion over the next five years if Washington relied on market mechanisms instead of backroom politics to establish subsidy rates."

Consensus Grows That Census' Race Categories Should Be Dropped. In the New York Times' editorial observer (2/5), Brent Staples says, "A growing number of demographers and historians who are fully sympathetic to the civil rights struggle would probably be happy to see the word 'race' disappear from the census as well. There seems to be an emerging consensus that the system of racial classification that has dominated national politics and the census for nearly two centuries is so fraught with imprecision — and so tainted by racist ideas that have been disproved by science — that it should eventually be dropped altogether." This view "has been percolating among census historians for years. But it has gained traction since the 1990s, when there was a pitched battle over a proposal that would have added a 'multiracial' category to the 2000 census. A compromise allowed people to check more than one box for race. But that change only fueled the debate by revealing a conflict between the fixed racial categories that have long dominated American life and a different sense of identity that's clearly on the rise among younger Americans."

WSJournal Says Bush Trade Policy Benefits Exporters. The Wall Street Journal (2/5, A16, 2.04M) says in an editorial, "President Bush's trade promotion authority expires in a few months, and along with it the ability to strike new free-trade deals. So it's worth highlighting that some of the fastest-growing destinations for American products are the countries with which we've signed trade-opening accords." According to the US Trade Representative's office, "U.S. goods exports have climbed by some 26% among the 10 countries with which the U.S. has signed accords since 2001. Meanwhile, goods exports to the rest of the world have only grown by 13% across the same period. The differential is even larger over the 12 months through November 2006 for new free-trade partners Australia, Chile, Jordan and Singapore. U.S. exports to those nations rose at a rate of 40.5%, compared with 14.4% to the rest of the world. No doubt this reflects the commodity (copper) boom in Chile, where, for example, Caterpillar has been able to double its exports of heavy equipment." The "new trade 'populists' in Congress like to claim that US exporters are getting a raw deal from Bush trade policy. As the export facts show, the truth is precisely the opposite."

NYTimes Says FDA News More Drug Regulatory Power. The New York Times (2/5, 1.16M) reports the Food and Drug Administration "is making encouraging moves to strengthen its regulation of drugs that are already on the market. But the changes fall far short of what's needed to protect millions of unsuspecting patients whose adverse effects may show up only after years of use." The FDA had "already been moving to strengthen its safety assessments but now has developed a more comprehensive approach." Even so, Congress "needs to give the agency more money and more teeth: including explicit powers to impose conditions on drugs that begin to look risky, to require additional testing and even to yank drugs from the market."

Democrats Urged To Back Teacher Accountability Standards. Newsweek's Jonathan Alter (2/12) writes, "It's time to move from identifying failing schools to identifying failing teachers. Sounds obvious, but it hasn't happened in American education. … Each political party is about half right. Republicans are right about the need

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for strict performance standards and wrong in believing that enduring change is possible without lots more money from Washington. Democrats are right about the need to pay teachers more but wrong to kiss up to teachers unions bent on preventing accountability. As President Bush's flawed (but landmark) No Child Left Behind (NCLB) program comes up for reauthorization this year, the onus is on Democrats. Will they cave to their party's biggest special interest -- or do what most of them acknowledge in private is essential?"

OTHER NEWS:

"Vibrant Economic Boom" Provides Rare Good New For Bush. U.S. News and World Report (2/12, Pethokoukis, 2.03M), in an article titled, "A Bounce For Bush Steady interest rates and an expanding economy give the president some good news, for a change," reports, "It's not really too surprising that George W. Bush's visit to the floor of the New York Stock Exchange last week marked only the second time that a sitting president had made such an appearance. … After all, most politicians probably think it's better to be seen as a representative of the common man and Main Street than of shiny-suited financiers and Wall Street. But Bush's big problem right now is that instead of Main Street or Wall Street, he might be more associated with Haifa Street." According to US News, "Wall Street's not a bad alternative for an embattled president dealing with a foreign policy nightmare, especially when he can talk up what's turning out to be a vibrant economic boom."

Analysts Say Housing Slump Not Yet Over. USA Today (2/5, Hagenbaugh, 2.27M) reports, "Housing is proving to be one of the biggest wild cards in the economy in 2007 as analysts are deeply divided about whether the worst in the downturn is over or there is much more pain to go. Only 9% of economists say the housing decline ended in 2006, according to a USA TODAY survey of 55 economists taken Jan. 18-24. Another 42% said the downturn will end in the first half of the year, and 45% said housing will bottom out in the second half." USA Today adds, "When housing bottoms out is key for the economy. Thus far, the fallout has been small. The economy grew at a faster pace in 2006 than in 2005 even though sales of previously owned homes fell 8.2%, the biggest drop in 17 years, the National Association of Realtors says."

On its front page, USA Today (2/5, 1A, Knox, 2.27M) also reports, "Renters be warned: Landlords are expected to raise apartment rents for a third-straight year in 2007, forcing tenants to turn over a growing chunk of their pay and making it harder to save for a home, a report to be issued today by Marcus & Millichap finds."

House Democrats Expect Wave Of GOP Retirements In 2008. Roll Call (2/5, Duran) reports, "The Democratic Congressional Campaign Committee is watching more than two dozen House Republicans for signs they are ready to call it quits in 2008. The Democrats believe a wave of Republican departures can help them cement their House majority. … Given the GOP's new minority status in the House, Democratic strategists think some veteran Republicans will head into retirement while some younger Members will opt to run for other offices. Democrats also believe that ethics scrapes could force a handful of GOP incumbents from office." For 2008, "even though many of the 27 districts in question are notable for their Republican tilt, House Democratic strategists, emboldened by wins in the previous cycle in Republican territory such as Kansas and close calls in GOP bastions such as Wyoming, believe they can put many open seats in play."

Rothenberg Analyzes House GOP Prospects In 2008. Stuart Rothenberg writes in Roll Call (2/5), "Most surge elections, during which one party makes sweeping gains in the House of Representatives at the expense of the opposition, have been followed by a surge back toward the other party two years later. Will the 2006 elections produce the same snapback, with substantial Republican gains, or can Democrats minimize their losses, securing their control of the House after next year's presidential election? … Former Republican Congressmen Charles Bass (N.H.), Jeb Bradley (N.H.), Michael Fitzpatrick (Pa.), Gil Gutknecht (Minn.), Nancy Johnson (Conn.), Sue Kelly (N.Y.), Jim Leach (Iowa), Anne Northup (Ky.), Rob Simmons (Conn.) and Clay Shaw (Fla.) didn't lose because they were terrible candidates. They lost because they were in marginal seats or in districts carried by Al Gore in 2000 and Sen. John Kerry (D-Mass.) in 2004. It will be very difficult (though obviously not impossible) for the GOP to retake those districts." It also "seems unlikely that GOP open seats that went Democratic in November in Iowa, Colorado, New York and Arizona suddenly will snapback to the Republicans." Republican "chances of reclaiming seats lost in 2006 undoubtedly are strongest in fundamentally Republican and conservative districts. That means that Democratic House freshmen such as Nancy Boyda (Kan.), Nick Lampson (Texas), Tim Mahoney (Fla.) and possibly Jerry McNerney (Calif.) are at greatest risk. In addition, a couple of Democratic incumbents who almost lost despite the strong wind at their backs -- Georgia Reps. John Barrow and Jim Marshall -- surely have to consider themselves at considerable risk."

In Poll, 80% Of GOP House Members Say They Can Regain Majority In 2008. Roll Call (2/5, Davis) reports, "A wide-ranging survey conducted recently by Rep. Scott Garrett's (R-N.J.) office provides a glimpse into the overall mood of the House's 202 Republican lawmakers now serving

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in the minority. The seven-page document was hand distributed to Congressional offices Jan. 17, and responses were culled and presented at the annual GOP retreat at the end of January." Roll Call "obtained a copy of the original survey last week, prompting Garrett's office to agree to review the results of the poll Friday. Sixty-one Members, or 30 percent of the Republican Conference, responded to the questionnaire. All responses were anonymous. The most overwhelming response was that more than 80 percent of respondents said they believed the GOP could win a majority in the 2008 elections."

Cole Says NRCC Won't Take Sides In Primaries. Roll Call (2/5, Drucker) reports, "The National Republican Congressional Committee will not take sides in any House GOP primaries this cycle, NRCC Chairman Tom Cole (Okla.) said in an interview Friday." Cole also "said that he will refrain from doling out personal endorsements and campaign contributions in primaries while he is chairman." Cole's decision "partly is due to the wishes of House Republicans, who in a recent closed-door meeting were fairly unified — and vocal — in their desire that the NRCC avoid playing kingmaker in contested primaries." But Cole also "attributed his policy to a belief that candidates who navigate a primary without help or anointing from Washington, DC, insiders emerge battle-tested for the general election and in a better position to secure the support of grass-roots Republicans."

Snow Encouraged To Run For Senate, President. The Washington Times (2/5, Harper, 88K) reports in its "Inside Politics" column, "American Spectator senior editor Quin Hillyer thinks Tony Snow should consider a run for the US Senate" or for president in "2012 or even 2016 (he's only 51 right now)." Hillyer adds that "if Snow can't exactly pull off a race for president in 2008, there is another public office he ought to consider. Virginia's senior US Sen. John W. Warner will be just shy of 82 when the next election rolls around." The "notion piqued the interest of U.S. News & World Report's Paul Bedard, who went right to the source yesterday, asking Mr. Snow if he intended to pursue office. 'I am absolutely Shermanesque,' came the reply. 'After this job, the best I am likely ever to have, I'm going to do something that will enable me to spend much more time with the family.'"

McCain Said To Pass GOP "Tax Litmus Test" This Time Around. In his column in the Washington Post (2/5, A15, 690K), Robert Novak says Sen. McCain, "who echoed Teddy Kennedy on taxes when he ran for president in 2000, sounds more like Jack Kemp as a 2008 candidate. 'I've never voted for a tax increase in 24 years,' he told me last week. 'Never, ever, not under any president, including President Reagan, and I will never vote for a tax increase, nor support a tax increase.'" McCain "wants to make the Bush tax cuts permanent. ('If I didn't vote to make those tax cuts permanent, it would have the effect of a tax increase.') He supports radically scaling back the estate tax and does not now favor upper-income increases in the Social Security tax. McCain gets tax policy advice from conservatives, including supply-side founding father Arthur Laffer. 'I may have changed some of my views,' the senator said. 'You learn over 24 years.'" Novak adds, "Thus, McCain passes the Republican tax litmus test, as he did not in 2000. That may be why McCain has lost liberal journalists and other non-Republicans entranced by his campaign against George W. Bush."

McCain Defends New Aides Despite Past Clashes, Criticism. The New York Times (2/5, Times, 1.16M) reports Sen. John McCain "said Sunday that several aides brought on to his presidential campaign were 'good people,' despite his own past criticisms of their work for others in the past." Appearing on "This Week" on ABC, McCain was "asked about a front-page article in The New York Times on Sunday noting that Mr. McCain's political team includes advisers who tried to skewer him in the 2000 primary against George W. Bush. And Mr. McCain has brought on members of the team that produced the Swift Boat Veterans for Truth advertisement in 2004 questioning the Vietnam War service record of Senator John Kerry, Democrat of Massachusetts, which Mr. McCain had criticized." McCain said, "These are good people who were doing as they were instructed. They are people who shape the message, don't dictate it."

Giuliani's Position On Judges Said To Mollify To Conservatives. The Weekly Standard's Bill Kristol, on Fox News Sunday (2/4, Wallace) said he thinks former New York city Mayor Rudy Giuliani will run for president and that the "conventional wisdom is well, once he gets in the race and everyone learns that he's pro-choice, and has a different view on gay rights and has been pro-gun control, that his support will collapse. I'm not so sure. This is a war election. The Democrats are going to be the anti- war party. … I think if Giuliani is conservative on judges, if Giuliani says look, 'I served in the Reagan Justice Department with John Roberts and Samuel Alito, they're the kinds of judges I'll put on the court, I might vote differently as a legislator on abortion, but let's not have the federal courts resolve these issues, let's give them back to the democratic processes in the states' -- if he makes that a very key part of his campaign -- his conservative view on judges -- I think he has a chance to overcome social conservative concerns." Kristol added, "But most social conservatives want to fight the war against

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jihadist Islam. If they think Giuliani can do that, they'll be open to him."

Hagel Says He Would Not Be An "Antiwar" Presidential Candidate. Asked on ABC's This Week (2/4, Stephanopoulos) if intends to run for president, Sen. Chuck Hagel responded, "I'll make that decision as time develops. But last point on this: I'm not an anti-war candidate. … Every member of the Congress should be engaged here, and their people that they represent should know where they stand. If they want to continue to send young men and women to fight and die in Iraq, then they should step forward and explain that position and why. If they don't, explain that. But to have a different position than the president's on a war doesn't qualify anyone to be an anti-war candidate."

Edwards Says His Healthcare Plan Would Raise Taxes. The AP (2/5) reports John Edwards "said Sunday his plan for universal health care would require higher taxes and cost up to $120 billion year." Edwards said, "The bottom line is we're asking everybody to share in the responsibility of making health care work in this country. Employers, those who are in the medical insurance business, employees, the American people -- everyone will have to contribute in order to make this work." Edwards added, "Yes, we'll have to raise taxes. The only way you can pay for a health care plan that costs anywhere from $90 (billion) to $120 billion is there has to be a revenue source." Edwards said "his plan would aim to provide health care coverage for the 47 million people who currently lack it and reduce the cost of health care coverage for middle-class families, partly by making health care programs more efficient."

Edwards Says Vote On Iraq War Was Mistake. The Washington Post (2/5, A4, Mosk, 690K) reports that of the "2008 Democratic presidential contenders who voted to give President Bush authority to wage war in Iraq, only one," John Edwards, "will have no chance to make a very public U-turn when resolutions opposing the president's new war plan come before Congress in the coming days." But Edwards "showed again yesterday that he will find other venues to parlay his Senate vote into an extended mea culpa." On NBC's "Meet the Press," Edwards said, "It wasn't just the weapons of mass destruction I was wrong about. It's become absolutely clear -- and I'm very critical of myself for this -- become absolutely clear, looking back, that I should not have given the president this authority." The Post adds Edwards's 'nationally televised admission was just the start of a lengthy public dissection of the errors he said he made in casting the most important vote of his Senate tenure."

Edwards was asked on NBC's Meet the Press (2/4, Russert) if Sen. Hillary Clinton is "morally bound to admit the war was wrong," Edwards answered, "If she believes that her vote was wrong, then, yes, she should say so. If she believes that her vote was right, then she should defend it. … If we believe it is morally wrong to escalate this war and it is strategically wrong to escalate this war, what I have said is it is not enough to give speeches, to talk to political pundits, to pass nonbinding resolutions. … I actually believe that what the president and Cheney are counting on is that what we'll do is we'll talk about it, we'll complain about it, we'll talk about how bad the escalation is, but at the end of the day, we'll go along. We cannot go along. We cannot enable this president to make another in a terrible series of bad mistakes." Asked he believes Clinton "has been open and honest about her support of the war," Edwards responded, "I don't know the answer to that question, honestly. I don't know what's inside her head and her heart about this. I can't tell whether there are political calculations going on. I just don't know."

Edwards Admits Obama Was Right To Oppose The Iraq War In 2002. Later in his Meet the Press interview Edwards admitted that Sen. Barack Obama was correct in opposing the Iraq war from the start but contended Obama wasn't "burdened like a lot of us with the information that we were receiving on the Intelligence Committee and as members of the United States Senate. We were getting very intimate, detailed information about what was actually happening in Iraq. … I was wrong" and "should be held accountable for that. But I do think it matters when you are willing to be open and honest with voters about what you've done."

Edwards Taking Sharper Tone In Second Race. The New York Times (2/5, Broder, 1.16M) reports Edwards, "faced with what he always knew would be a tough race against Senator Hillary Rodham Clinton for the Democratic presidential nomination and now the challenge of convincing his party that he is also a better alternative than Senator Barack Obama," is "trying to muscle his way past them and the rest of the field, in part by staking out early and provocative positions on the big issues." On Iraq, Edwards "not only came out for a complete withdrawal within 12 to 18 months, but he also challenged his Democratic rivals who are still in government to confront President Bush more directly. And on Monday, Mr. Edwards will set out a plan to provide health insurance to the 46.6 million Americans who do not have it, stealing a march on Mrs. Clinton and other Democrats on what is shaping up to be one of the biggest domestic issues of the presidential race." Edwards "has taken on a sharper tone since that campaign ended in defeat. He is campaigning as a harder-edged economic populist now, which he says represents more a change in tone than in substance. He says he is both more electable and more authentic than Mrs. Clinton, and more experienced than Mr. Obama." In the "battle to be the most credible alternative to Mrs. Clinton in the Democratic primaries, Mr. Edwards has

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built some early advantages. He has avidly pursued labor support."

Edwards Setting The Standard For Negative Campaigning Thus Far. Newsweek's Howard Fineman (2/12) writes, "Speaking to the Democratic National Committee after Sen. Barack Obama and before Sen. Hillary Rodham Clinton, [Sen. John Edwards] accused Senate Democrats (that is, Obama and Clinton) of caving in to President Bush's Iraq escalation policy. … Isn't it a little early to start calling your opponents cowards, even if you don't do it by name? Not this time: nasty is in season already. One reason is the insane money scramble, which literally raises the stakes. And with such a demographically diverse field, chances for emotional collisions abound." Fineman adds, "Going 'negative' on the war is tricky for Obama, who says he wants to walk the high road. … Edwards embodies the darker tone."

Obama Campaign Focusing On Message, Not Viability. The Washington Post (2/5, A1, Kornblut, 690K) reports in a front page story that in the "nearly three weeks since Sen. Barack Obama (D-Ill.) made his unofficial debut as a presidential candidate, his senior advisers have been holed up in a temporary office on Connecticut Avenue NW, feverishly working to translate the huge excitement about his candidacy into a political strategy." For all "the buzz about his running, Obama did not enter the race with the conventional weapons of a presidential candidate -- a deep database of donors, a tactical road map for winning primaries or even a sign marking the entrance to his ad hoc campaign headquarters. Obama is only now starting to build a political infrastructure that matches his growing support." But the "challenge for Obama is not just assembling the nuts and bolts of a national campaign on the fly. He must, his advisers believe, do so in a way that reflects the distinct, next-generation message of his candidacy, or at least avoids making him look like every other politician in the race." In "contrast to Sen. Hillary Rodham Clinton (D-N.Y.), who spent the first two weeks of her official candidacy trying to project strength and inevitability, Obama will seek a more pared-down image that focuses on the substance of his message ('the audacity of hope,' as his book title put it) rather than on proving his ability to win a general election."

Supporter Urges African Americans To Back Obama. The Politico (2/5, Smith) reports a "key supporter of Illinois Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still 'owe' Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians." The comments "by Illinois Senate President Emil Jones Jr., which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists." Speaking to "more than 100 members of the Democratic National Committee's black caucus and other political operatives gathered at the Washington Hilton for the winter meeting of the DNC," Jones said, "How long are you going to owe politicians for past favors?" The Politico adds Jones, "a veteran black legislator, implored the black officials and operatives not to act like 'crabs in a barrel' the attendees said, and drag down a successful member of their community."

Gore Resisting Pressure To Seek Presidency Again. The Washington Times (2/5, Bellantoni, 88K) reports Al Gore is "basking in the global spotlight for nominations for the Nobel Peace Prize and an Oscar, but a growing number of Democrats want him to make another bid for the presidency." Gore said he is "interested in a 'different kind of campaign to try to change enough minds' to solve the global-warming problem, but that doesn't stop people from asking." On Friday, Gore "spoke to 1,500 Silicon Valley leaders gathered…for the annual 'State of the Valley' conference, hosted by Joint Venture: Silicon Valley Network. The audience sent the Democrat questions via text-messaging during the speech. The first on the list, projected on jumbo screens to Mr. Gore's left and right: 'Will you run for president?'" Gore said, "I don't have any plans to run for president, but I appreciate the request.'" The Times adds, "Not everyone is convinced, and 'Draft Gore' movements are sprouting across the country." The "problem is that Mr. Gore doesn't seem to want to renew his political career, and nothing about his lifestyle suggests that he'll mount a bid. His friends and former advisers say privately that he is happy with his life as a somewhat regular -- albeit wealthy -- public figure."

Thompson, Vilsack Discuss National Issues. USA Today (2/5, Page, 2.27M) interviewed former Govs. Tom Vilsack of Iowa and Tommy Thompson of Wisconsin. Asked if they would vote for a Senate resolution in opposition to President Bush's plan to increase the number of troops in Iraq, Thompson said, "I would vote against the resolution. President Bush was asked by the (Iraq) Study Committee, by the American public, by the electorate to try something different in Iraq. … We should give this opportunity a chance to work." Vilsack said, "The president's escalation plan is about to make a big mistake even bigger." Asked if the US should negotiate directly with Iran and Syria, Thompson said, "I believe strongly that the United States should take the leadership — not alone, but in conjunction with all the European countries that support our philosophy, our way of government, Japan and our allies. (We should) have a conference, have a summit and develop a unified position. America cannot do it alone." Vilsack said, "We have made a mistake over the course of the last several years in not having direct discussions with Syria, Iran, and North Korea.

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We in all areas have made situations that were quite dangerous be more dangerous." Asked if they "support providing a way for illegal immigrants to gain legal status while remaining in the USA," Vilsack said, "I think these folks should have to pay a fine. I think they should have to pay back taxes, because that's only fair to the rest of us. I think they should be put at the back of the line, given no preference, and be given the opportunity to earn their way to citizenship." Thompson said, "They have to go back to their country and apply. They've got to go to the back of the line and allow those individuals who come into this country legally really to have preference."

Romney Still Dogged By Questions About His Stands On Social Issues. U.S. News and World Report (2/12, Gilgoff, 2.03M) reports, "In his stump speech…Mitt Romney makes no mention of hot-button issues like abortion or the role of religion in politics. But when the speech is finished, the Republican presidential hopeful is swarmed by reporters asking only hot-button questions: Will conservative voters believe that the formerly pro-choice ex-governor of Massachusetts is now antiabortion? How did he make the conversion? Will evangelical Christians back a devout Mormon like Romney? Romney…insists that voters are more concerned with other issues, like 'How are we going to beat the jihadists? How are we going to be competitive with Asia? How to improve our schools and healthcare.' And yet answering those hotter-button questions may hold the key to whether Romney has a shot at winning the Republican nomination."

Kerry Seen As Lingering In Disappointment Over 2004 Loss. The New York Times (2/5, Leibovich, 1.16M) reports a "Senate loner for 22 years," John Kerry "seems all the more isolated now as he darts past the media hordes around the next set of presidential seekers, colleagues that include Hillary Rodham Clinton, John McCain and Barack Obama." Even in the "best of times, Mr. Kerry's face hung droopy and funereal, one of the most weary in American politics. Today, Mr. Kerry, the Massachusetts Democrat who was the exit poll president-elect for a few hours in November 2004, endures the peculiar pariah status that his party reserves for its losing nominees." As the 2008 campaign "begins in earnest, Mr. Kerry has been forced to adapt to something resembling a normal Senate life. This has been no small challenge for a man whose identity has long been steeped in becoming president, or trying to." The Times adds, "Yet to many eyes, Mr. Kerry will always be trapped in yesterday's news and lingering disappointment. He is a member of the tiny club that knows what it is like to lose an election to George W. Bush — to blow an election, by some accounts."

Clinton's Lifelong Ties To Minister Explored. Newsweek (2/12, Meadows, 3.12M) reports, "If Hillary Clinton and George W. Bush have anything in common, it is a deeply rooted wariness of outsiders. Both the president and the woman who hopes to succeed him have always relied on a small, closed circle of friends and advisers who have been with them for years. … There is another person on Hillary's shortlist of confidants who goes back farther than any of them, but whom you've probably never heard of. The Rev. Don Jones, a Methodist minister who is now 75, was perhaps Hillary's earliest spiritual and political mentor. She has written of her 'lifelong friendship' with him. It was Jones who first awakened young Hillary to the civil-rights movement and counseled her on questions of faith. They continued to be in touch as Hillary became a national figure. Years later, he helped her through the darkest period in her life, the aftermath of her husband's affair with Monica Lewinsky."

Clinton's Attempt To "Soften Up Her Image" Analyzed. U.S. News and World Report's Gloria Borger (2/12) writes, "On her first foray into Iowa as a presidential candidate, Hillary Rodham Clinton was clearly trying to soften up her image. 'I am going to be asking people to vote for me based on my entire life experience,' she said. 'The fact that I'm a woman, the fact that I'm a mom is part of who I am.' Wow. Could this be the same Hillary Clinton who told voters way back in her husband's first run for the White House that she wasn't just going to stay home and bake cookies? … The Clintons are a great reflection of the national zeitgeist. So don't take Hillary's appearance in Iowa in pastels lightly: It may mean we've come full circle, baby."

WPost Criticizes Clinton Campaign's Bundling Plan. The Washington Post (2/5, A14, 690K) says in an editorial, "As she launches her presidential fundraising juggernaut," Sen. Hillary Rodham Clinton (D) "is tasking her biggest financial backers to bring in $1 million or more for her campaign, the New York Times reported. Truth be told, for a fundraiser with a fat Rolodex of rich friends, this isn't quite as daunting as it sounds." While "the senator's not to blame for this state of affairs, the audacity of the $1 million target does evoke distasteful memories of the Lincoln Bedroom rake-it-all-in mentality of the Clinton presidential years. And the unwillingness of her campaign to commit to listing its big bundlers -- as President Bush did during both of his campaigns -- is appalling."

Schwarzenegger Complains About Lawmakers In New Recordings. The Los Angeles Times (2/5, Nicholas, 850K) reports recordings "of Gov. Arnold Schwarzenegger bantering with aides in closed-door meetings reveal him complaining about lawmakers from both parties, casting some as obstructionist and two-faced." The recordings, "newly obtained by The Times, also feature him

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chatting about American resentment of illegal immigrants, about his taste for gas-hungry Hummers and about his wife's habit of tinkering with his speeches." The recordings "offer a rare window onto the governor's operation and a more complex portrait of Schwarzenegger than typically emerges in public, where his appearances are carefully stage-managed." In the "latest recordings, the Republican governor describes Senate President Pro Tem Don Perata (D-Oakland) as a 'very sick man' and Assembly Speaker Fabian Nuñez (D-Los Angeles) as 'a political operator coming from the union background' who evinces no real 'passion' about issues. And he worries that a federal plan to build a fence along the Mexican border will send a troubling message."

Bush Rhetoric On Iran Echoes Iraq Stance. In an analysis, the AP (2/5, Raum) says President Bush's "tough new stance on Iran and his military buildup in the Persian Gulf recall some of the drumbeats that preceded the US-led invasion of Iraq in 2003. As then, the Bush administration is making allegations about Iran without providing proof." While Bush "insists he has no plans to invade Iran, only to protect US troops in Iraq," in recent days Bush "raised the US naval presence in the Persian Gulf to its highest level since 2003 by ordering a second aircraft carrier strike group to the region; The administration confirmed that Bush has authorized the military to kill or capture Iranian agents who are plotting attacks on US forces; [and] the administration has armed Iran's Arab neighbors with Patriot missiles." Bush's "saber-rattling," the AP writes, "rather than reaching out to Iran and Syria diplomatically as recommended by the Iraq Study group and many in Congress -- is a risky strategy" and has lead "many national security professionals [to] suggest this approach could lead to wider conflict."

Report Warns Military Action Against Iran Would Be "Highly Dangerous." The Financial Times (2/5, Smyth) reports military action in response to Iran's atomic program would be "highly dangerous" with "diplomacy still an option," according to a report published today by Crisis Action, a group of British non-governmental organizations, think-tanks and trade unions. The report warns that "US or Israeli attacks on Iran's nuclear facilities could lead to civilian deaths, radioactive contamination, heightened conflict in neighboring Iraq and Afghanistan, al-Qaeda attacks stemming from intensified anti-western feeling, higher oil prices and an acceleration of Tehran's nuclear program." Among those endorsing the report is Sir Richard Dalton, UK ambassador to Iran from 2003 to 2006, who said the report was "wagging a finger" to remind the British government that military action should be "a last resort in self-defense or to prevent an imminent threat."

Iranian Official Criticizes Administration For "Disinformation." In a letter to the editor of the New York Times (2/5, 1.16M), M. A. Mohammadi, press secretary for Iran's mission to the United Nations, writes, "The United States has now resorted to the soft power of disinformation about Iran by leveling false charges regarding Iran's behavior toward Iraq." Instead, he says that while Iran has "fully supported the new government in Iraq and has signed various trade and energy agreements with Baghdad, the United States government continues to demonize Iran and blame it for America's own failures." Mohammadi goes on to say that Iran "favors a strong, unified Iraq whose sovereignty is not constantly trampled upon by the intrusive Western powers. To this effect, Iran has responded favorably to Iraq's call for a regional forum to discuss the country's dangerous crisis."

Experts Urges Congress To Avert War With Iran. Leonard Weiss of the Center for International Security and Cooperation at Stanford University and Larry Diamond of Stanford's Hoover Institution write in a Los Angeles Times (2/5, 850K) op-ed, "Despite anguish and anger over the Bush administration's decision to escalate its failing war in Iraq, Congress is unlikely to cut off funding. … But nothing prevents Congress from using its power of the purse to prevent an American attack on Iran." They concede that Iran is "not innocent of dangerous and provocative behavior," but says "war is not yet justified, except in the minds of those who have been lobbying for it for years." Therefore, Weiss and Diamond urge Congress to pass "a law preventing the expenditure of any funds for a military attack on Iran unless Congress has either declared war with that country or has otherwise authorized military action under the War Powers Act."

India Faces "Delicate Diplomacy" In Talks This Week. AFP (2/5) reports India will engage in "delicate diplomacy this week during talks with Washington on a crucial civilian nuclear deal and with nuclear renegade Iran over energy and regional issues," analysts said. Energy cooperation will be "high" on Indian Foreign Minister Pranab Mukherjee's agenda when he visits Tehran this week "amid growing US pressure on countries for tougher sanctions" against Iran. The two countries are "expected to discuss two multi-billion dollar gas deals including a pipeline that would cross Pakistan to help meet demand in energy-hungry India." Meanwhile in Washington, India's special envoy on the US nuclear deal, Shyam Saran, "is expected to conclude a deal that lifts three decades of US sanctions barring the transfer of civilian nuclear technology and equipment to India." However, US ambassador to New Delhi, David C. Mulford, last week warned that Washington "would be following Mukherjee's Iran visit."

Cohen Says Strong US-Indian Relations Should Include Military Cooperation. Former Secretary of Defense William Cohen writes in the Wall Street Journal (2/5, A16, 2.04M) that the US-India relationship "emanates from shared

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values, interests and objectives," which "demonstrate that India and the US are ideal partners in exerting a positive influence in the 21st century." The "healthy relationship" between the two, he says, "serves as a working example of cooperation between countries of divergent history and composition." Specifically, Cohen writes that the recent US-India civilian nuclear initiative "has the potential to engender goodwill and partnership" and "finally removes the cinder from the eye, ending decades of misunderstanding and distrust about India's nuclear intent and capabilities." The "increasing strategic connections" between the US and India, he concludes, therefore "should progress to closer military coordination -- and cooperation."

Europeans Rethink Relations With US Amid Changes Of Leadership. The Christian Science Monitor (2/5, Marquand, 59K) reports Germans and the media "solidly" backed the decision to indict 13 CIA last week for "kidnapping a German of Lebanese descent and interrogating him in Afghanistan." The "solidarity" in Germany "underscores a shifting tone in Europe. As changes of leadership loom in Britain and France, and capitals contemplate relations with a post-Bush US, Uncle Sam may expect stronger 'pushbacks' from Europe, experts here say." Public disapproval of the US-led "war on terror" is "also growing, spurring the change." For example, Gordon Brown, who is shortly expected to take over as prime minister in Great Britain, "opposed the Iraq war from the start, and has made no secret that he plans to carve out an independent line on the venerable 'special relationship' with the US." Meanwhile, also "boosting this sentiment is Europeans' recognition that the US is also in flux with an election season starting up, and that President Bush's term appears to be winding down with the United States in a vulnerable position overseas."

Merkel Seen As Europe's "Most Commanding" Leader. The Los Angeles Times (2/5, Fleishman, 850K) reports German Chancellor Angela Merkel "can work a room, turning pragmatism into an erudite, diplomatic charm that has made her Europe's most commanding leader." Merkel is "rising in stature as British Prime Minister Tony Blair and French President Jacques Chirac are set to leave office," and has "improved ties with the Bush administration even though Merkel has refused to send troops to Iraq and has criticized the treatment of terrorism suspects in US custody." Her government is also "attempting to revive Middle East peace talks, negotiate an end to the crisis over Iran's uranium enrichment program, improve links with China and build a unified Europe less driven by the traditional German-French axis."

Palestinian Truce Begins Taking Hold. The Washington Times/AP (2/5, Laub) reports on Sunday night "efforts were underway to restore a truce" between Palestinian factions as "gunmen pulled back from their positions" in Gaza and "both sides began to exchange hostages." Meanwhile in the West Bank, "a strategy session by Fatah leaders ended in a shouting match, with some participants demanding Abbas' party take a tougher stand against Hamas in the struggle for control of the Palestinian government, and others pushing to give a mediation effort by Saudi Arabia a chance." The AP says the "infighting among Palestinians has overshadowed new efforts to restart the peace process with Israel," with Israeli Deputy Premier Shimon Peres Sunday saying Israel must "leave Gaza to the Gazans."

The New York Times (2/5, A9, Erlanger, 1.16M) says the "fierce internal clashes between Palestinian factions have shocked many Palestinians and Arab governments, who fear that the continuing bloodshed is damaging the Palestinian image before the world, Palestinians say." Even as the Bush administration has moved recently "to try for significant progress toward peace, Palestinians say their own infighting is making it too easy for Israel to argue that the time is not right to promote a Palestinian state."

Meanwhile, the Christian Science Monitor (2/5, Mitnick, 59K) warns the violence between Fatah and Hamas "is threatening to spill over, as Fatah militants in cities such as Nablus embark on a series of kidnappings as a counterpunch to Hamas gains in Gaza." A "new West Bank battle front," it says, "would expose nearly twice as many Palestinians to the daily skirmishes that have kept Gazans shuttered indoors, and threaten to drag Israeli forces into the fray."

Saudi Shiites Fear Crackdown On Rights. The New York Times (2/5, Fattah, Al-Samh, 1.16M) reports, "With sectarian tensions rising between Sunnis and Shiites throughout the Middle East, and pressure growing on the Saudi government by the country's Sunni leadership, Saudi Shiites, who have made great strides in recent years, are worried that those gains will be rolled back." Despite recent advances, the Shiites' "hard-won rights have yet to be enshrined into law, meaning they could be rescinded at short notice." More recently, Sunni clerics have "stepped up their preaching against Shiites recently, declaring them again to be infidels. And earlier this week King Abdullah, speaking of rumors that Shiites are seeking to convert Sunnis, said that such attempts would fail, and that Sunnis would always make up a majority of the world's Muslims."

No Confirmation Of Al-Qaeda Casualties In Somalia Strike. The Financial Times (2/5, Wallis) reports Ethiopia is "working closely with the US to identify Islamist combatants killed in neighboring Somalia, but there has been no confirmation yet of the death of targeted al-Qaeda suspects," according Ethiopian Prime Minister Meles Zenawi.

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Meles said the US had been "assisting with DNA testing on suspects killed in recent fighting," but "we do not have definite information on a number of the key al-Qaeda targets. There are reports that one or two of them might have died but we have no confirmation."

New North Korea Nuclear Weapons Talks Inspire Little Optimism. U.S. News and World Report (2/12, Omestead, 2.03M) reports, "Like any good diplomat, Christopher Hill knows how to dampen expectations before sitting down to hash out a deal. But more than most envoys, Hill, the top U.S. negotiator in talks resuming in Beijing this week over North Korea's nuclear weapons programs, has ample reason to let some skepticism show. Fifty-two frustrating months into a confrontation with North Korea over its nuclear weapons programs, the six-nation talks established to rein in Pyongyang's atomic breakout have, so far, netted nothing. … Even advocates for negotiations increasingly suspect that, despite its decision to rejoin talks, the North has made a strategic choice to stick with nuclear weapons as the ultimate deterrent to any effort to dislodge Asia's most secretive and anti-American regime. Time, it seems, has been working against Hill and others seeking a deal: With Pyongyang's nuclear buildup and its seeming judgment that the administration is tied down by wars in Iraq and Afghanistan, North Korean leader Kim Jong Il may believe that he can wait out President Bush."

US Negotiator Says Pyongyang Must Live Up To Pledge. The AP (2/5, Lim) reports Assistant Secretary of State Christopher Hill Sunday said Pyongyang "must live up to its pledge to fully dismantle its nuclear program," as Japanese news reports suggested it "may be willing to shut down a key reactor." Hill, who was meeting with South Korean officials in Seoul to discuss negotiating strategies before the six-party talks resume in Beijing Thursday, said, "Frankly, we cannot accept anything less than 100 percent implementation of the September statement. The ultimate task for us is to complete denuclearization."

WSJournal Warns Against Releasing Frozen North Korean Funds. In an editorial, the Wall Street Journal (2/5, A16, 2.04M) writes Beijing "rolls out the welcome mat" for Kim Jong-nam, the eldest son of dictator Kim Jong Il, who has been "living the high life at five-star hotels, gambling at Macau's famous casinos." His residence in Macau is "a reminder of another Macau-North Korea connection that Beijing would like to forget -- the laundering of ill-gotten North Korean money at Macau's Banco Delta Asia." As six-party talks resume Thursday in Beijing, Pyongyang "is demanding that the US lift sanctions on Banco Delta Asia and hand over the $24 million." Doing so, the Journal warns, "would only encourage Kim Jong Il in the pursuit of the illicit activities that make it possible for him to pay off the generals who sustain his regime -- and keep his son living it up in Macau."

Satellite Downing Complicates China's Effort To Reach The Moon. Newsweek (2/12, Liu, Carmichael, 3.12M) reports, "Western analysts still can't say what Beijing was thinking when it shot down one of its aging weather satellites. True, the recent test was a fine show of marksmanship, destroying a refrigerator-size target sailing at orbital speed 500 miles up (as high as U.S. spy satellites). But was it worth risking a new arms race? Was it even worth the mess it caused? … The drifting wreckage is a danger not only to other countries' spacecraft but to China's own ambitions for the heavens -- which go far beyond blinding the U.S. military. Beijing put its first man into orbit less than four years ago. Today the Chinese are reaching for the moon."

New UN Chief Off To "Rocky Start." The Washington Times (2/5, A1, Pisik, 88K) reports on its front page Ban Ki-moon is "off to a rocky start after one month as U.N. secretary-general, with diplomats complaining that his transition is progressing far too slowly and member states resisting his early proposals for restructuring." U.N. insiders have "questioned his early appointments, saying he is not striking out boldly with his own team, but relying too much on insiders from predecessor Kofi Annan's tenure." Such criticisms "have frustrated members of the transition team and worried Mr. Ban's early supporters."

UK Seeks To Contain Europe's Largest Bird Flu Outbreak. NBC Nightly News (2/4, story 7, 0:25, Brown, 9.87M) reported, "In Britain, nearly 160,000 turkeys are being destroyed in an effort to contain an outbreak of the deadly strain of bird flu. Health officials say about 2,500 turkeys died of the virus on a commercial farm northeast of London" owned by the country's largest producer.

The Financial Times (2/5, Cookson, Aglionby) says a "biosecurity zone has also been set up around" the farm "as a precaution against the deadly virus spreading." Brussels said Sunday that the UK had "followed the correct procedures in dealing with the outbreak and had informed it in good time." Meanwhile, the European Commission Monday will formally endorse the security cordon established by the UK, while an EU spokeswoman said she did not expect any internal or external pressure for a trade ban.

Survey Shows French Blacks Face Discrimination. The Washington Times (2/5, A1, Bryant, 88K) reports on its front page that France's "comfortable image of itself as a colorblind society -- already weakened by race riots in 2005 -- received a further blow last week when a new survey found that a majority of French blacks believe they face discrimination in daily life." Coinciding with a

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"disturbing television documentary about living as a black person in France," the survey by the TNS-Sofres polling agency is "the first of its kind and is galvanizing public debate just weeks before presidential election." The Times notes that French politicians in this year's presidential and legislative races "are beginning to grasp the potential power of the minority vote, particularly since a voter-registration drive has been stunningly successful in many low-income areas where minorities live."

Author Says Qaddafi "Deserves Sole Credit" For Policy U-Turn. Author Hisham Matar writes in the New York Times (2/5, 1.16M) that since 2003 Libyan diplomats "have been hard at work convincing the West that Libya is no longer interested in amassing weapons of mass destruction, blowing up Western airplanes or covertly financing armed movements abroad." Presenting this "new face," he says, "has been largely effective: sanctions, in place since 1982, have been lifted; Libya has been removed from the United States roster of terrorist nations; and the list of international trade agreements continues to grow." According to Matar, Colonel Qaddafi "deserves sole credit for Libya's foreign policy U-turn. He has never found it necessary to devote himself to a single political ideology; his only consistent policy has been to guard his personal political survival." The United States and Britain, Matar concludes, "understand this, but have only exploited it for their own myopic objectives, forgetting that Libya's political development can lie only with its people."

Mallaby Criticizes Chinese Ties With Sudan. The Washington Post's (2/5, A15) Sebastian Mallaby writes, "Last week China's leader, Hu Jintao, provided Sudan with an interest-free loan to build a presidential palace. With that gesture, Hu demonstrated his contempt for the Western understanding of the world -- and for Western policy toward his own country." By pursuing commercial ties with Sudan, Mallaby says Hu was "implicitly saying that economic development comes first and that political development is unimportant." This Chinese understanding of development, he continues, "threatens to undermine the Western one. Western development aid is increasingly linked to measures of good governance, and investment from Western corporations and banks comes with conditions designed to ensure that ordinary people benefit. This promising advance cannot succeed if African dictators can ignore Western conditions with Chinese assistance."

Aid Groups Urged To Put Pressure On Bangladesh. C. Christine Fair, managing editor of India Review, and Sumit Ganguly, a professor of political science at Indiana University in Bloomington, write in a Wall Street Journal (2/5, A17, 2.04M) op-ed, "With the world's attention focused on whether accountable government can take root in Iraq, the democratic life blood of a much larger Muslim country -- Bangladesh -- is seeping away with hardly a murmur from the international community." Bangladesh, which they say is becoming "a de facto military-controlled state," is also "responsive to public exhortation and receives significant international aid." Donor countries, they argue, "can achieve leverage if they coordinate and render some forms of assistance conditional." The country's army "must be reminded of this to discourage any extraconstitutional action -- and to teach it that the suppression of democracy cannot be a cost-free business."

New Russian Migrant Laws Criticized. The Washington Post (2/5, A15, 690K) op-ed contributor Masha Lipman writes the Russian government "recently outlawed foreign migrant workers at Russian retail markets as of April 1. A similar restriction cuts out middlemen by requiring that at least half of all salespeople sell their own produce. The official rationale is that this legislation protects domestic producers. But this politically motivated, hasty decision is more likely to harm Russian consumers and further exacerbate the situation of migrant workers." However, Lipman says, "Such actions corrode what respect for law and lawmaking is left here. Local officials will probably think of ways around the restrictions, and some are sure to take advantage of new opportunities for graft. Still others expect that the absurdity of some provisions and the damage the law is inflicting on consumers will lead to its revision."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Deportation Cases Soar As L.A. Jails Screen More."
"Instead Of Iraq, A Battle All His Own."
"Off The Cuff, Gov. Gets In Some Jabs."
"Tank-Size Defense Request."
"Germany's Rising Political Star."
"Game Over On Global Warming?"

USA Today:
"'Speed Bumps' Deadly On Iraqi Roads."
"Publishing Juggernaut Patterson Keeps Rolling Along."
"Renters Will Dig Deeper In 2007."

New York Times:
"Iraqis Fault Pace Of U.S. Plan In Attack."
"U.S. Set To Begin A Vast Expansion Of DNA Sampling."
"Familiar Face, But A New Tone."
"In New Orleans, Dysfunction Fuels Cycle Of Killing."
"Democrats Seek Unpaid Taxes, Setting Up Clash."

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"Internet Boom In China Is Built On Virtual Fun."

Washington Post:
"Iraq Vote Could Resonate In 2008."
"Obama Confronts 'Outsider' Dilemma."
"For Coach and Quarterback, Colts' Win Is A Breakthrough."
"Officers With PhDs Advising War Effort."
"My Love Is Like a Six-Foot Rose."
"Lawn-Care Entrepreneur Faces A Changing Racial Landscape."

Washington Times:
"US Threatens Crushing Offensive To Claim Baghdad."
"Colts Outrun, Outgun Bears."
"Ban Rankles U.N. With Early Moves."
"Speed-Camera Receipts Accelerate."
"French Blacks; J'accuse Racism."
"Cost Of Making The Penny Pinches Mint."

Detroit Free Press:
"Sacrifices Predicted For UAW In'07 Talks."
"Super Bowl XLI Horespower! Colts Dominate bears, 29-17."
"New Ford SUVs Get Top Grades In Safety Test."
"Hit Sitcom Shows Muslims Can Take A Joke."

Atlanta Journal-Constitution:
"Bush Unveils Budget Today."
"Drenched In Victory."
"Express Buses Gain Favor As Gridlock Grows."
"Will Vouchers For Disabled Kids Work?"
"Solution Elusive As Churches Weary Of Gay Clergy Debate."

Houston Chronicle:
"Chavez puts Squeeze On Big Oil."
"Colts End Doubt by Taming Bears."
"Turbines Generate Opposition."
"Iraqis Fault U.S. Delays In Wake Of Blast."

Story Lineup From Last Night's Network News:
ABC: US Surge-Iraq; War In Iraq Debate; Soldier Court-Martialed; Extreme Cold Weather-Chicago; FL-Tornado Damage; Super Bowl Sunday; Hybrid Fruit; Interfaith Comedy.
CBS: Preempted By Football.
NBC: Iraq Violence; Iraq Spending Bill; Winter Weather; FL-Tornado Damage; Space Station Upgrade; Indonesia Flooding; UK-Avian Flu Outbreak; FL-Rare Birds.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Super Bowl-Colts Win; Super Bowl Ads; Super Bowl-Weather; MI-Winter Storm Warnings; NYC-Cold Temperatures.
CBS: Super Bowl-Colts Win; Senate-Troop Surge Debate; Iraq-Security Crackdown Begins; WA-Lt. Ehren Watada's Military Trial For Refusing To Fight In Iraq; FL-Tornado Victims; Rick Rubin Offered Job As Co-Chairman Of Columbia Records; Jeff Zucker To Be Named Chief Executive Of NBC.
NPR: Iraq-Security Crackdown Begins; Bush-Budget Proposal; John Edwards-Universal Healthcare Proposal; Super Bowl-Colts Win; FL-Tornado Victims; Jakarta-Flooding; NASA-Second Spacewalk Completed; Ford Vehicles Score Well On Insurance Industry Crash Test.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with his Cabinet, Cabinet Room, The White House; participates in a photo opportunity with the 2006 NASCAR Nextel Cup Champion, Oval Office.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 2 p.m. Meets for morning business, followed by resumption of debate on the Iraq resolution at 4 p.m. Cloture vote scheduled for 5:30 p.m.

3 p.m. JUDICIARY _ Human Rights and the Law Subcommittee. Hearing on genocide and the rule of law. Deputy Assistant Attorney General Sigal Mandelker; Canadian Sen. Romeo Dallaire; actor Don Cheadle; Diane Orentlicher, Washington College of Law. Location: Room 226, Dirksen.

US House: FLOOR SCHEDULE _ 2 p.m. Meets for legislative business. Highlights: Suspensions (6 bills): 1) H.R. 433- To designate the facility of the United States Postal Service located at 1700 Main Street in Little Rock, Arkansas, as the ``Scipio A. Jones Post Office Building." 2) H.Res. 69- Recognizing and honoring Benny Parsons and expressing the condolences of the House of Representatives to his family on his death. 3) H.R. 577- To designate the facility of the United States Postal Service located at 3903 South Congress Avenue in Austin, Texas, as the ``Sergeant Henry Ybarra III Post Office Building." 4) H.R. 514-To designate the facility of the United States Postal Service located at 16150 Aviation Loop Drive in Brooksville, Florida, as the ``Sergeant Lea Robert Mills Brooksville Aviation Branch Post Office. 5) H.Res. 94- Supporting the goals and ideals of National Consumer Protection Week. 6) H.Con.Res. 35- Supporting the goals and ideals of National Black HIV/AIDS Awareness Day.

Other: CLIMATE CHANGE _ George Washington University's School fo Business hosts a conference, ``Implementing Solutions to Climate Crises: Strategic Actions for Bueinesses, Communities, Citizens, and Consumers." Speakers include Chad O. Holliday Jr., chairman and CEO of DuPont; Lester Brown, founder of the Earth Policy Institute; and WorldWatch Institute President Chris Flavin. Highlights:

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Location: Sunday's sessions at George Washington University's City View Room, 1957 E St. NE. Monday's sessions at George Washington University's Cloyd Heck Marvin Center, third floor, 800 21st St. NW.

INDEPENDENT COLLEGES _ The National Association of Independent Colleges and Universities holds its 2007 meeting, ``Charting Our Course." Highlights: 2:30 p.m. Francis Fukuyama of The Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, speaks on ``America at the Crossroads." 3:15 p.m. Thomas Vilsack, former Iowa governor and candidate for president. 4 p.m. Discussion, ``What Happened? Whats Going to Happen?," with political commentators Stu Rothenberg and Charlie Cook. 5:30 p.m. Rep. Rubin E. Hinojosa, D-Texas. 6 p.m. House Majority Leader Steny Hoyer. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

RESERVE OFFICERS _ The Reserve officers Association holds its Mid-Winter Conference and Military Exposition. Highlights: 10 a.m. Opening session, honoring Rep. Ike Skelton, D-Mo., others. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

FEDERAL BUDGET-RELATED EVENTS _ Highlights: 8 a.m. Senate Budget Committee Chairman Kent Conrad receives his copy of the FY08 budget. Room 608, Dirksen. 10:30 a.m. Conference Call with Budget Committee Ranking Republican Paul Ryan, R-Wis., on reaction to president's FY'08 Budget. Call-in 888-455-9648. Passcode:Budget. Contact: Angela Kuck, 202-226-7270. 2 p.m. Senate Budget Committee Chairman Kent Conrad and House Budget Committee Chairman John Spratt react to the FY08 budget. Senate Radio-TV Gallery. Contact: Chuck Fant, 202-226-2651. 3 p.m. The National Parks Conservation Association holds a a call-in press briefing to offer a detailed analysis of the Administration's 2008 budget request for national parks, including an overview of the budget implications for some of the most visited U.S. national parks. Media may call 800-791-2345 and enter code 57844. Contact: Andrea Keller Helsel, 202-454-3332. 3 p.m. The Center on Budget and Policy Priorities holds conference call budget briefing. Call contact for details. Contact: MichIle Bazie, 202-408-1080. 4 p.m. Kurt Nagle, president and CEO, American Association of Port Authorities; and Warren McCrimmon, U.S. Delegation Chairman, AAPA; seaport director, Toledo-Lucas County (Ohio) Port Authority, hold a news briefing on President Bush's FY'08 budfget request and how they say it could adversely affect U.S. seaport security, trade and waterside access to U.S. public ports. National Press Club. Contact: Aaron Ellis, 703-706-4714.

COAL TECHNOLOGY _ The Education Electric Institute, Electric Power Research Institute and the Coal Utilization Council hold a conference, ``The Power of Technology: Ensuring the Global Future of Coal." Highlights: 10 a.m. Opening remarks with Sen. Chuck Hagel. 10:30 a.m. Opening session on sthe role of advanced technology in meeting world energy demands, with David Ratcliffe of Southern Company, Jeff Streba of EEI, Steve Leer of the Coal Industry Advisory Board. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

FEDERAL BUDGET BRIEFINGS _ Department of Homeland Secretary Michael Chertoff will participate in a press conference on the Presidents fiscal year 2008 Budget Report for the Department of Homeland Security. Ronald Reagan Building and International Trade Center, Amphitheater, 1300 Pennsylvania Ave. NW. 202-282-8010.

2 a.m. Senior State Department officials will brief the press, on background on the FY'2008 budget. State Department briefing room, 2209. Contact: 202-647-2492.

8:30 a.m. Photo opportunity for the delivery of the budget documents to House Budget Committee Chairman John Spratt. Cannon Building, corner sidewalk, New Jersey and Independence Aves.

9 a.m. - 10:30 a.m. Distribution of the budget documents by GPO and OMB. GPO, 710 NB. Capitol St. Contact: Veronica Meter, 202-512-1957.

12:30 p.m. HUD Secretary Jackson holds a telephone briefing on the FY08 budget. Callin number: 866-780-1271. Working media only. Contact: 202-708-0685.

1 p.m. NASA Administrator Michael Griffin holds briefing on the agency's FY08 budget. NASA Auditorium, 300 E St. NW. Contact: David Mould, 202-358-1898 Ext. 1600.

1 p.m. Assistant Treasury Secretary Eric Solomon and Deputy Assistant Secretary Robert Carroll hold the Bluebook press briefing. room 4121, main Treasury.

1 p.m. Secretary of the Interior Dirk Kempthorne holds a news briefing to discuss the Administration's proposed FY'2008 budget for the Department of the Interior. Sidney R. Yates auditorium, Main Interior Building, 1849 C St. NW. The toll-free call number is (888) 577-8990. The passcode (10856) and the leader's name (Robert Lunn) are required to join the call. Contact: Frank Quimby, 202-208-7291.

1:15 p.m. Energy Secretary Bodman holds a briefing on the FY08 budget. RSVP required by 9 a.m. Monday to Rachael Beitler, 202-586-4940. Energy Department, 1000 Independence Ave. SW.

1:30 p.m. Transportation Secretary Mary Peters holds a briefing on the Administration's. DOT headquarters. Note: Media teleconference at 2 p.m. Media must RSVP for teleconference by calling Sarha Echols, 202-366-4570.

1:30 p.m. Education Secretary Spellings holds a telephone conference call to discuss the education budget for FY08. Callin number: 888-769-8927; passcode: education: Contact: Katherine McLane, 202-401-1576.

1:30 p.m. Health and Human Services Secretary Leavitt holds a briefing on the FY08 budget. Credentialed media only in the auditorium. Others may view in the Great Hall. 200 Independence Ave. SW. Contact: 202-690-6343.

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1:30 p.m. NOAA Administrator Conrad Lautenbacher holds a telephone media availability to discuss the FY08 budget. Callin number: 888-769-8624; passcode: 2062242. Contact: David Miller, 202-482-0013.

2 p.m. Secretary of Agriculture Mike Johanns will hold a news conference to discuss the Bush Administration's agriculture budget proposals. Room 107-A, U.S. Department of Agriculture, Jamie L. Whitten Building, 1400 Independence Ave. SW. Reporters can call by dialing: USA Toll Free Number: 800-857-5233 or 773-799-3491; PASSCODE: 2838299; Trouble number: 202-720-8560 All callers using the above pass code will be placed in listen only mode. The event will also be available via live web cast at www.usda.gov. Contact: Keith Williams, 202-720-4623.

2 p.m. Under Secretary of Defense (Comptroller) Tina Jonas, and Vice Adm. Steve Stanley, director, force structure, resources and assessment, Joint Staff,will conduct a briefing in the DOD Briefing Room, Pentagon 2E579, to discuss the President's fiscal 2008 budget submission. Note: Following the briefing, representatives from DOD and the military services will answer questions in designated Pentagon locations: DoD-wide: Remain in the DoD Briefing Room, Pentagon 2E579. Air Force: Pentagon Conference Center, Room 7. Army: Pentagon Conference Center, Room 6. Navyand Marine Corps: Pentagon Conference Center, Room 2. Missile Defense Agency: Pentagon Conference Center, Room 3. Journalists without a Pentagon building pass will be picked up at the North Parking Entrance only. Plan to arrive no later than 45 minutes prior to the event; have proof of affiliation and two forms of photo identification. Please call 703-697-5131 for escort into the building.

2 p.m. National Science Foundation Director Arden Bement Jr. holds an FY08 budget briefing. Room 1235, 4201 Wilson Blvd., Arlington. Contact: Leslie Fink, 703-292-5395.

2 p.m. VA Secretary Nicholson holds a briefing on the FY08 budget. Room 230, 810 Vermont Ave. NW. Contact: 202-273-6000.

2 p.m. SBA Administrator Steven Preston holds a teleconference press briefing to discuss President Bush's proposed FY 2008 budget for the Small Business Administration. Callin number: 866-740-1260; passcode: 3211001. Contact: Christine Mangi, 202-205-6948.

2:15 p.m. News conference with Labor Secretary Chao on the Labor Department budget for FY08. Room S-2508, 200 Constitution Ave. NW. Note: Media RSVP required. Contact: 202-693-4676.

2:30 p.m. Justice Department officials hold a pen and pad briefing on the FY08 budget. No cameras. 7th floor conference center, main Justice. Contact: 202-514-2007.

2:30 p.m. Following NASA Administgrator Griffin's briefing, NASA's associate administrators will be available by phone to discuss their particular areas. Callin number: 888-455-7144; passcode: 30332. Limited number of phone lines.

3 p.m. The Labor Department's Employment and Training Administration holds a budget briefing with Assistant Secretary Stover DeRocco. room S-2322, Labor Department. Contact: Peggy Abrahamson, 202-693-7909. RSVP requested.

3 p.m. Army Corps of Engineers FY08 budget briefing. USACE offices, 441 G St. NW. Media must RSVP by 5 p.m. Feb. 2 to 202-761-7690. Contact: Gene Pawlik, 202-761-7690.

3 p.m. Edwin G. Foulke Jr., assistant secretary of labor for the Occupational Safety and Health Administration (OSHA), briefs media on President Bushs fiscal year 2008 budget request for OSHA. Room S2217, U.S. Department of Labor, 200 Constitution Ave. NW. Note: Please RSVP with Kelly P. Rowe, 202-693-1999, or e-mail rowe.kellydol.gov.

3 p.m. Assistant Labor Secretary Richard E. Stickler holds a news conference to unveil the Mine Safety and Health Administrations fiscal year 2008 budget. room S-2312, Labor Department. Contafct: Dirk Fillpot, 202-693-9406. Media RSVP required to 202-693-4676.

KEENUM-SUGRBEETS _ 9:15 a.m. Agriculture Department Under Secretary for Farm and Foreign Agricultural Service Mark Keenum will deliver remarks to the American Sugarbeet Association. Location: JW Marriot Hotel Salon 3 and 4, 1331 Pennsylvania Ave. NW.

DIVIDED NATION _ 10 a.m. Educational Testing Service releases a report that warns that America is in the midst of a perfect storm that, if unaddressed, will continue to feed on itself, further dividing the nation socially and economically. Location: National Press Club.

POLITICAL FUNDRAISING _ 10 a.m. The Center for the Study of Elections and Democracy at Brigham Young University releases a new report on campaign fundraising, and holds panel discussions on the report. Location: Pew Charitable Trusts, 9th floor, 1025 F St. NW.

DIGITAL FREEDOM _ 11 a.m. The Digital Freedom campaign holds a teleconference on its efforts to fight what it says are dangerous new legislative proposals that could restrict the freedom to innovate. Organizers will discuss their 2007 agenda. Contacts: Jennifer Baskerville Stoltz, 202-448-3145. Notes: Teleconference Number: 888-453-4221. Passcode: 778747.

REAGAN CONVERSATION _ 12 p.m. The Heritage Foundation hosts an event, ``A Conversation with Ronald Reagan', featuring the screening of a never-before-seen Oval Office Interview with President Reagan. Host: Lee Edwards, Distinguished Fellow in Conservative Thought, B. Kenneth Simon Center for American Studies, Heritage Foundation. Location: Heritage Foundation's Lehrman Auditorium, 214 Masschusetts Ave. NE.

HUMAN DIGNITY _ 5:30 p.m. Leon Kass, former Chairman of the Presidents Council on Bioethics, discusses human dignity and the foundations on which it rests,

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sponsored by the American Enterprise Institute. Location: 12th floor, AEI, 1150 17th St. NW.

ARAB JOURNALISTS _ 8 p.m. The Kalb Report, produced by George Washington University, National Press Club, others, holds a panel discussion with Arab journalists about differing perceptions and coverage of major events from the Mideast and worldwide, with Mohammed Alami of Al Jazeera, Raghida Dergham of Al Hayat, Hisham Melhem of Al Arabiya, and Salameh Nematt of PaxArabia. Location: National Press Club.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

In Another CIA Abduction, Germany Has An Uneasy Role (WP)

By Craig Whitlock

The Washington Post, February 5, 2007

HAMBURG -- The decision by Munich prosecutors to press charges against CIA counterterrorism operatives for kidnapping a German citizen, Khaled el-Masri, won widespread applause last week from German politicians and the public. "The great ally is not allowed to simply send its thugs out into Europe's streets," lectured the Munich newspaper Sueddeutsche Zeitung.

But there has been an awkward silence and no prosecutions in the parallel case of another German citizen, Mohammed Haydar Zammar, who was also covertly abducted in a CIA-sponsored mission after the attacks of Sept. 11, 2001. The difference: German agents were directly involved in the Zammar case, providing crucial information to the CIA about his travels and making a secret trip to Syria to interrogate him after he landed in prison there.

Zammar vanished from public view five years ago but resurfaced last fall in a Syrian courtroom, where he stands accused of training in al-Qaeda camps and faces the death penalty. After insisting for years that they couldn't confirm his whereabouts, German diplomats in Damascus have scrambled to provide him with a defense attorney and consular assistance.

Unlike Masri, a car salesman from Bavaria who was grabbed in an apparent case of mistaken identity, Zammar had previously drawn scrutiny from German and U.S. investigators for his role in the Hamburg cell that planned the Sept. 11 hijackings. German authorities have never assembled enough evidence to charge him with a crime. But given his association with the Hamburg group, few people in Germany have been willing to take up his cause or question the legality of how he was abducted.

"He's seen as being in a different category because there's the impression that he's a bad guy, and he's not around to defend himself," said Cem Ozdemir, a German legislator in the European Parliament and member of a committee that has investigated CIA activities in Europe. "Even if he is a bad guy, he doesn't deserve to be tortured."

Details of the German role in Zammar's disappearance have emerged gradually in recent months as legislative panels in Berlin and Brussels have conducted investigations into CIA counterterrorism operations in Europe.

German officials have said that they were not directly involved in Zammar's seizure and did not know where he had been taken until June 2002, when The Washington Post first reported that he had been arrested in Morocco and secretly transferred to Syria at the behest of the CIA. But the legislative probes have revealed that German federal police made the abduction possible by forwarding details of Zammar's travel plans to U.S. agents.

In addition, German officials have admitted that several German intelligence operatives and investigators went on a secret mission to Damascus in November 2002 to interrogate Zammar. According to lawmakers in Berlin who are reviewing the case, the Germans gained access to Zammar only after cutting a deal with the Syrian government to drop a criminal investigation into a suspected Syrian espionage ring based in southern Germany.

German Interior Minister Wolfgang Schaeuble defended the interrogation of Zammar as proper and legitimate. But he drew heavy criticism from other lawmakers when he suggested that German intelligence agents might use information shared by other countries, such as Syria, even if it was obtained as a result of torture.

Guel Pinar, a Hamburg lawyer who has represented Zammar and his family, said it was apparent German officials knew in advance that the CIA had targeted him for "extraordinary rendition," an extralegal tactic under which Islamic radicals have been abducted and interrogated at secret sites overseas.

"Clearly, the Germans at the very least were guilty of being an accessory in terms of his rendition to Syria," Pinar said in an interview. "They knew what they were doing when they gave his travel dates to the Americans. Why else would they do that?"

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German prosecutors have not announced any criminal inquiries into Zammar's disappearance, even though his family reported him missing five years ago. Pinar said she has drafted a civil lawsuit on his behalf against the German government. But she said his wife, Rabab Banhaoui, has decided against filing it, for fear it would worsen his situation in Syria.

German authorities have made few statements about the case. The German Foreign Ministry did not respond to several requests for an interview. The German Embassy in Damascus, which has been monitoring Zammar's closed-door trial, declined to comment.

Zammar reemerged last October, when a European Union official monitoring trials in Damascus saw him in a state security court and notified the German Embassy. If not for the chance encounter, Zammar might have remained out of sight forever, Pinar said. "No one in the world would have known," she said.

A spokeswoman for the European Commission delegation in Syria declined to comment, calling the case a "highly sensitive subject."

Zammar, 45, was born in Syria but emigrated to Germany in 1972 and obtained citizenship there. Syrian authorities have charged him with membership in the Muslim Brotherhood, a fundamentalist group that is banned in the country, and with visiting al-Qaeda training camps in Afghanistan. It is unclear whether he is charged with committing any crimes in Syria.

A parliamentary committee is expected to review the German government's handling of Zammar's case later this month. One question is whether information obtained by German interrogators is being used against him in court by Syrian prosecutors, a particularly sensitive issue since he faces the death penalty, which is banned in Germany.

"It is a big problem, I believe, for Germany and the federal government," said Hans-Christian Stroebele, a member of the committee from the Greens party. "It's the duty of a state to help its citizens. But clearly in Zammar's case, the state did not do this."

Former inmates in Syria, including Maher Arar, a Canadian citizen who was similarly targeted for rendition by the CIA but later released, have said that Zammar was kept in a tiny cell in a special prison wing. They said prisoners were regularly tortured, and that Zammar -- who tipped the scales at 300 pounds when he lived in Hamburg -- had lost about a third of his weight.

Congress, Spying & The Rule Of Law (PHDN)

By Shayana Kadidal & Ari Melber

Philadelphia Daily News, February 5, 2007

AFTER illegally spying on Americans without the required warrants for several years, the Bush administration is claiming a sudden change of heart.

Attorney General Alberto Gonzales recently announced that the administration's domestic-spying program will stop bypassing judicial oversight. Instead, it will submit domestic surveillance to review by a federal intelligence court, as required by law.

But before anyone celebrates the "good news" of an attorney general saying he will stop breaking the law, Congress must confront the administration's record of illegal spying and ensure that surveillance is truly back within the rule of law.

This is a big challenge because the administration spent the last six years undermining the traditional tools Congress uses to supervise intelligence by ignoring the law, stalling court oversight and declaring that warrantless spying would continue.

For Congress, that means there is little point in passing another law to restate rules that the administration is openly defying. Public hearings would also be ineffective for reforming or exposing the classified program. So what can the new Congress do?

The only way to bring spying back under the rule of law is for Congress to strengthen the branch of government that makes the law work: the courts.

Unfortunately, the courts, with their traditional deference to the political branches, have been slow to tackle this problem.

There are more than 70 spying lawsuits pending against the National Security Agency or phone companies, but few results so far. One federal district court did rule on the NSA program in August, finding it unconstitutional and issuing an injunction to ban it. But the administration has aggressively appealed and stalled all these cases - and the injunction was stayed on appeal.

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Several other leading cases were transferred at the 11th hour into a new court, wiping out almost a year of work. (Justice Department officials claim the cases are "moot" because of the attorney general's announcement. But even if warrantless spying has ceased, plaintiffs are suing for harm caused by past conduct.)

At this rate, the domestic spying program may not even reach the Supreme Court before President Bush leaves office. That's probably no accident.

Yet there is much Congress can do to ensure swift and meaningful judicial oversight. First, there is precedent for providing fast-track review for important cases. Congress can require that the pending cases get accelerated review by either the appeals courts or the Supreme Court. Although the Supreme Court usually gets to choose whether to hear a case, Congress can make the right of appeal mandatory.

Of all the lawsuits, only one offers evidence that the NSA listened to the plaintiffs' calls. But that's because the government has tried to classify and conceal all potential evidence, and then claim that because plaintiffs do not have proof that their own calls were illegally intercepted, the suits are "frivolous" and should be dismissed.

But many challengers reasonably argue that they were harmed by being forced to change their behavior by the news of the NSA's warrantless spying program. (Government whistleblowers won't call reporters, for example, once they know the government is listening to calls with no court oversight.)

Congress can address this problem by making it clear that Americans who were compelled to change their activities because of past illegal surveillance have standing to sue. Guaranteeing a day in court for such challenges would ensure that the NSA doesn't get off the hook on a technicality.

Finally, the new Congress must grapple with the administration's expansive assertions of the "state secrets privilege" to pre-empt legal challenges.

Most spying challengers had to spend months fighting the administration's demand that every case be dismissed without any court proceedings because the program was supposedly "too secret" for judges to consider - even in a closed setting. At least one court has already dismissed a challenge to the NSA program on those grounds.

But today the courts are well-equipped to hear cases with classified information - they routinely do so during criminal trials of former spies. Yet the Bush administration has invoked the secrets claim more than any other administration in history.

To ensure that the courts actually hear the spying cases, Congress should pass a statute curtailing the "state secrets privilege" with precise boundaries to prevent further misuse.

OUR SYSTEM OF checks and balances is supposed to enable each branch of government to assert itself by checking the others. Yet to check President Bush's spying, Congress cannot simply repeat itself by passing another wiretapping statute, or hope the administration's latest announcement will end the abuse.

Congress must strive for the higher ambition of protecting the rule of law itself by empowering the courts to swiftly enforce the laws Congress passed - and review the conduct of the president who broke them.

Wrong On Habeas Corpus (WT)

By Nat Hentoff

The Washington Times, February 5, 2007

Considering the state of the world, and the divisiveness in this nation, I am seldom startled these days by news from Washington. But an exception was the appearance of Attorney General Alberto Gonzales at a Jan. 18 hearing by the Senate Judiciary Committee in which he stated: "There is no express grant of habeas (corpus) in the Constitution… The Constitution doesn't say every individual in the United States is hereby guaranteed or assured the right of habeas corpus... there's (only) a prohibition against taking it away."

This is an astonishing dismissal by our chief law enforcement officer of the oldest fundamental right in Anglo-Saxon law that even precedes the Magna Carta of 1215.

Alberto Gonzales is dead wrong.

The Magna Carta has resonated for centuries and states: "No free man shall be taken or imprisoned... except by... the law of the land." In 1679, Parliament passed the Habeas Corpus Act that also extended the "Great Writ" to any citizen arbitrarily

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imprisoned "beyond the seas." In our country, as the Constitution was being proposed and debated, Thomas Jefferson, then our envoy to Paris, wrote to James Madison insisting that habeas corpus be imbedded in the body of the Constitution as it was. Jefferson even objected that habeas could be suspended during an insurrection or invasion. He didn't want any tampering with habeas corpus. He lost on that clause.

Alexander Hamilton, in the Federalist Papers, wrote that "the practice of arbitrary imprisonments, have been, in all ages, the favorite and most formidable instruments of tyranny." Hamilton cited the 18th-century English jurist, William Blackstone, whose commentaries are still referred to in courses on the law: "Confinement of the person, by secretly hurrying him to jail, where his sufferings are unknown or forgotten... is a... dangerous engine of arbitrary government," said Blackstone.

Hamilton was convinced that habeas corpus was such a strong anchor of our rights that he claimed a separate Bill of Rights (the first 10 amendments to the Constitution) would not be necessary. Madison and George Mason overruled him on that.

I would recommend urgently that Mr. Gonzales read the chapter on habeas corpus in professor Leonard W. Levy's "Origins of the Bill of Rights" (Yale University Press, 2001). For many years, Mr. Levy's many books and articles gave given me a continuing graduate-school course on why we are Americans. In "Origins," he also summonsSir William Blackstone into the 21st century, noting that in his 18th-century "Commentaries": "Blackstonedescribed habeas corpus as 'the most celebrated writ in the English law' and available to 'every subject of the kingdom that superseded all other proceedings and should not be evaded or delayed.' " Surely, Mr. Gonzales must have heard of Blackstone during his law-school years as well as our celebrated Chief Justice John Marshall, who rooted habeas corpus into American law. In the 1807 case, Ex Parte Bollman, Marshall congratulated Congress for enacting a system of federal courts that thereby gave judges the authority to issue writs of habeas corpus "this great constitutional privilege." It could be that Mr. Gonzales is critical of Justice Marshall as "an activist judge" because he established the power of the Supreme Court to declare acts of Congress unconstitutional through judicial review. But Justice Marshall's opinions on this and habeas corpus remain the law of the land. Accordingly, habeas is indeed guaranteed to every individual in the United States, contrary to the attorney general's statement to the Senate Judiciary Committee.

I would also suggest to Mr. Gonzales that he look into the chapter on habeas corpus in the four-volume "Encyclopedia of the American Constitution" (Macmillan 1986) of which Leonard Levy was the editor in chief. The chapter emphasizes that "a measure of the state of liberty in the United States is that so much of our constitutional liberties can be taken for granted." It continues: An essential definition of our freedom "from arbitrary authority" is habeas corpus and "the existence of the Great Writ precisely in its taken-for-granted quality plays a major role in supporting and reinforcing the conditions of freedom."

It is a pity that the chief law-enforcement officer of the United States not only does not take habeas corpus for granted, but says that it is not guaranteed to all of us. If our attorney general doesn't know that, consider how many students throughout our school systems may also be uneducated in the Great Writ -- and its history. How would the president do in an unannounced quiz on habeas corpus?

HOMELAND RESPONSE:

Rebellion Growing As States Challenge A Federal Law To Standardize Driver's Licenses (NYT)

By Eric Lipton

The New York Times, February 5, 2007

WASHINGTON, Feb. 4 — Opposition among state officials is turning into an open revolt against a federal law calling for the creation of standardized driver's licenses nationwide that are meant to be less vulnerable to fraud.

Maine legislators started off the rebellion late last month by passing a nonbinding resolution that rejected the law, called the Real ID Act, which Congress passed in 2005. They said that it would cost the state $185 million to put into place and that instead of making Maine's residents more secure, it would leave them more vulnerable to identity theft.

Since then, legislatures in five states — Georgia, Montana, New Mexico, Washington and Wyoming — have voted in committee or on the floor of one chamber to move similar legislation ahead. The bill adopted in a 99-to-1 vote by the Montana House of Representatives would go furthest, ordering state officials there to ignore the federal law.

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Unless the federal law is revised, any state that defies it will risk causing major inconvenience for its residents, as noncompliant licenses will not be accepted as a proof of identification at airports, federal buildings or when applying for federal benefits.

What state officials are hoping is that Congress will repeal or modify the law, or at least provide some of the billions of dollars the states claim it will cost to establish the new licensing system nationwide.

The campaign features an odd mix of liberal Democrats, offended by a measure in the law that would effectively block illegal immigrants from getting federally compliant driver's licenses, and conservative Republicans, who see the law as an affront to civil liberties and to states' rights.

"This is a frontal assault on our freedoms," said State Representative Jim Guest of Missouri, a Republican who said he was working with more than two dozen states to pass laws opposing the federal statute. "One state standing alone is not enough. But we are already gaining strong momentum here."

Some states are not going as far as others. Vermont passed a law that would not defy the federal statute but called for more federal financial assistance in carrying it out.

Representative F. James Sensenbrenner Jr., Republican of Wisconsin, who led the effort in Congress to pass the 2005 law, as well as top officials at the Department of Homeland Security in Washington, said they were disturbed by the growing signs of a revolt.

"Certainly, it is a threat," Mr. Sensenbrenner said Saturday in an interview.

Representative Thomas M. Davis III, Republican of Virginia, wrote a letter last week to Homeland Security Secretary Michael Chertoff asking him what would happen to the federal program if individual states opted out.

Mr. Sensenbrenner attributed the growing resistance to the department's tardiness in publishing rules telling the states what they must do under the law, which calls for new licenses to be issued starting in May 2008. He said that had led to misconceptions about the program's costs and vulnerabilities. Mr. Sensenbrenner estimated that the real costs for states nationwide would not exceed about $100 million.

Federal officials acknowledge that with the final regulations not coming out until this summer, it is likely that some states will not be ready to begin issuing licenses on schedule.

The Real ID Act requires states to confirm that documents submitted to get driver's licenses — like a birth certificate or a passport — are legitimate and that the applicants are in the United States legally. States will also have to check a linked database of state licensing data to make sure that applicants do not already have a license in another state and that they have not been banned from driving elsewhere.

The law effectively requires that all existing licenses be replaced by 2013.

The push to pass the law grew out of the attacks of Sept. 11, 2001, when some of the hijackers used driver's licenses as identification when they checked in for their flights.

Stewart A. Baker, an assistant secretary of homeland security, said opponents of the new law should remember this recent history.

"I understand there is a sense that states are being asked to do something and not being given the resources by the federal government," Mr. Baker said. "But people are forgetting that this was a 9/11 commission recommendation and a recommendation for a very good reason."

But Barry Steinhardt of the American Civil Liberties Union said the states were raising legitimate issues. The law sets a national standard for machine-readability, most likely using bar-code-like strips where information about the owner can be scanned. This may tempt merchants to collect the data and use it for marketing purposes, Mr. Steinhardt said. The linked national database of all licensing information will also be a target for identity theft, he said.

"Real ID is a real nightmare on a number of fronts," Mr. Steinhardt said.

Lawrence Halloran, deputy minority staff director at the House Oversight and Government Reform Committee, said the growing protests were a way for states to try to force more federal aid for the cost of issuing the new licenses.

"They are saying, 'Pay me,' " he said.

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Senators Daniel K. Akaka, Democrat of Hawaii, and John E. Sununu, Republican of New Hampshire, introduced a bill in December calling for the repeal of the Real ID Act.

The bill has yet to be reintroduced in the new session, with a spokesman for Mr. Akaka saying last week that he was likely to wait to see the draft rules that the Homeland Security Department publishes for public comment before deciding whether to push the cause.

Homeland Security Attracts More Scrutiny (WSJ)

By Robert Block

The Wall Street Journal, February 5, 2007

WASHINGTON -- In a move last summer that wasn't made public, the Department of Homeland Security was tapped to join an elite group of seven agencies that would form the heart of America's spy network.

It was a surprise choice by John Negroponte, then National Intelligence director, who selected DHS to join the Intelligence Program Managers Group over more-established entities such as the Army and State Department. That decision perhaps had less to do with the department's mission and capabilities than with the reputation of its chief intelligence officer, Charles E. Allen.

Many officials say Mr. Allen has made progress in trying to transform the 22 squabbling agencies that comprise DHS into better data collectors. But as the intelligence system comes under scrutiny with the expected appointment of a new Director of National Intelligence, DHS and Mr. Allen's efforts there are coming in for a hard look.

Mr. Allen's nearly five decades at the CIA earned him the nickname "The Legend." But his experience has yet to turn DHS and its constituent agencies into top-notch intelligence collectors or analysts, say both DHS's congressional overseers and officials in the department. Since taking over in 2005, he has faced problems such as turf battles with other agencies, staffing issues and pushback from some of his agents.

Mr. Allen's success or failure will be pivotal in determining whether the department, created after the 9/11 attacks, will be a counterterrorist bulwark or a bureaucratic backwater.

Security officials who know Mr. Allen, 74 years old, said it is hard for anyone with experience in the business to dismiss him. "Most of the people he deals with today were trained and shaped by him," said Cresencio Arcos, a retired U.S. ambassador and a former director of international affairs for DHS.

Mr. Allen's career spanned most of the Cold War, in every aspect of the Central Intelligence Agency, from case manager to agent. He also worked as a senior intelligence official on Iraq, Iran and North Korea.

His vision is to turn the department into the prime source of border intelligence, critical infrastructure information and global supply-chain data, and into the conduit through which the government shares information with state and local authorities.

One of his innovations has been sending intelligence officers to state and local "fusion centers." These centers, in 43 locations around the U.S., seek to blend law-enforcement information and intelligence analysis collected at the local level to share with federal officials. He now has officers stationed in 12 centers and expects to have a presence in the remaining centers by the end of next year.

He also established an initiative on the nation's southwest border, sending intelligence officers to El Paso, Texas, to support border and customs agents, and local law-enforcement agencies.

Last week, Rep. Bennie Thompson (D., Miss.), chairman of the House Homeland Security Committee, took Mr. Allen and the department to task for allegedly trying to exclude state and local police from participating in a new federal intelligence unit called the Interagency Threat Assessment and Coordination Group. The group would be based outside DHS at the National Counterterrorism Center and would share information about possible terrorist threats to the country -- a job now done exclusively by DHS.

A number of state officials as well as police officers say that until now Mr. Allen has been working more to control their involvement than to include it. For months, big-city police chiefs have stressed that they are on the frontlines of counterterrorism efforts, needing access to real-time threat information to be able to respond to the possibility of an attack. Acting Washington D.C. Police Chief Cathy L. Lanier told senators two weeks ago that DHS policy of not sharing threat information unless the threat is "imminent" does not work because imminent is "too late."

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Intelligence officials say Mr. Allen sees DHS representing the interests of state and local officials and that including them in the unit would undermine DHS, by making the department's input redundant or unnecessary. Mr. Allen says he isn't opposed to including police in the unit, which is due to start work today, after it becomes better established.

DHS has faced tension with other agencies since its creation. Senior counterterrorism officials from rival agencies routinely criticize DHS intelligence about terrorist threats and suspicious activities in the U.S.

Mr. Allen agrees that DHS intelligence reports have relied heavily on information from other agencies but that his focus recently on core areas such as border security is beginning to result in more unique DHS information making its way into the president's daily briefings.

Last week, Mr. Allen met with Mike McConnell, the retired admiral chosen by President Bush to succeed Mr. Negroponte as the country's spy chief, to explain why the department deserved a seat in the Intelligence Program Managers Group. The group meets weekly with the director of National Intelligence to discuss strategy and chart the direction of foreign and domestic intelligence operations. The other members are the CIA, the Federal Bureau of Investigation, the National Security Administration, the Defense Intelligence Agency, the National Reconnaissance Office and the National Geospatial-Intelligence Agency.

Adm. McConnell, who couldn't be reached to comment, was taking stock of institutions he was inheriting. Mr. Allen said he argued that the department -- which has fewer than 1,000 intelligence officers and a budget smaller than most local-police departments -- has a unique mission to prepare for terrorism. That, and the fact the some of the country's oldest and most experienced law-enforcement agencies, like the Secret Service and Customs and Border Protection, led Homeland Security's efforts were more than enough reason to keep DHS in the group, he said.

"Where I am throwing down my marker is, I do not want the other members of the national community working without my knowledge with DHS components without me being briefed and knowing what they are doing," Mr. Allen said.

John Gannon, a former CIA deputy director of intelligence and former colleague of Mr. Allen's, said Congress and the White House haven't given Mr. Allen the resources or authority to make his department work. In some cases, the White House ended up creating other entities, like the National Counterterrorism Center, that undermined DHS's intelligence efforts by giving it the responsibility for threat analysis that DHS was created to do but failed because it was spending its energy trying to knit 22 agencies into a new department.

Until recently, DHS had problems attracting analysts and agents with intelligence clearances. For those who joined, the department sometimes didn't have desks or computers for them because of funding shortfalls. (Its budget is secret.)

Some law-enforcement agencies inside the DHS have been openly resisting efforts by Mr. Allen to get more involved in their operations, trying to direct their collection efforts and get them to report directly to him rather than to their agency heads. One senior intelligence official at U.S. Customs and Border Protection said the direction that Mr. Allen is pushing the department ultimately will improve its ability to detect and thwart terrorism and turn it into a major intelligence player. But that still appears to be a long way off, the official said.

WAR NEWS:

Senate To Challenge Bush's Iraq Plan (FT)

By Caroline Daniel

Financial Times, February 5, 2007

The Senate will on Monday-challenge President George W. Bush's proposed Iraq strategy with a debate on a non-binding resolution opposing the plan to send additional troops. However, several senators from both parties on Sunday warned it was unlikely to win the 60 votes needed for approval.

Republicans loyal to Mr Bush have attempted to undercut any political fallout from a resolution that would put on record the depth of cross-party dissent on the Iraq strategy. Their tactics include threats to filibuster a vote on the resolution and a "divide and conquer" strategy to allow votes on alternative resolutions.

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Senator Lindsay Graham, a Bush loyalist, has proposed a competing resolution that lists benchmarks for the Iraqi government to achieve but supports the troop surge. He on Sunday said on Fox News: "A non-binding resolution is a political exercise that does nothing but harm to the war effort and it's a small moment for the Senate."

The debate comes as the Bush administration is preparing on Monday to submit a budget seeking an additional $100bn to pay for the war in Iraq and Afghanistan, and an additional $145bn in 2008, Rob Portman, director of the office of management and budget confirmed yesterday.

Dianne Feinstein, a Democratic senator, on CNN accused Republicans of "obstructionism" and warned that if the resolution was blocked, "a month or so down the pike there will be much stronger action".

There are dangers of a more serious confrontation with the White House if Congress chooses to exert its constitutional power over government spending and cuts off funds, as it did during the Vietnam war.

Republican John McCain, who is co-sponsor of the resolution with Mr Graham, criticised those who backed the bipartisan, non-binding resolution – including several Republican senators. He said it was more honest to vote to cut off funds than to pursue a vote of disapproval, "which is fundamentally a vote of no confidence in the troops".

The White House sought to address congressional unease ahead of the debate. Mr Bush on Saturday attended the annual retreat for Democrats for the first time since 2001. He said he welcomed "debate in a time of war" but mollified critics by noting that disagreements did not mean they were unpatriotic.

In Senate, Passage Of Iraq Resolution Uncertain (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 5, 2007

WASHINGTON

As the Senate launches a historic debate Monday over whether to oppose President Bush's new strategy for the Iraq war, the outcome may well turn on a few votes on both sides of the aisle.

Though not binding on the president, a vote in favor of a resolution to reject his plan to add 21,500 US forces in Iraq would be Congress's first against the war since it authorized the use of force in 2002.

Some backers of a compromise resolution worked out by Sens. John Warner (R) of Virginia and Carl Levin (D) of Michigan say it would be a first step toward pushing for more forceful moves, such as curbing war funds or setting a timetable for troop withdrawal. Opponents, including most Republican senators, say it would send a message of disunity to US friends and foes abroad and undermine prospects for success.

Both sides are weighing the risks of action – or inaction.

It may seem like an easy decision for Democrats, because polls show both the war and the president to be unpopular, says John Pitney, a political scientist at Claremont McKenna College in Claremont, Calif. "But if they succeed in hastening the withdrawal, and disaster results, they could wind up with some of the blame, so that's tempering the move to put some teeth in the resolution," he says. "If they put teeth in the resolution, they may be the ones to get bitten."

The risks for Republicans are different but no less sharp. "Association with an unpopular war is hurtful, as they saw in 2006 election," notes Mr. Pitney. "But if they're seen as abandoning President Bush, they could alienate a lot of primary voters and look like flip-floppers. For Republicans, it could become a character issue."

The Warner-Levin resolution calls for shifting responsibility to the Iraq government for dealing with sectarian conflict, but also specifies that nothing in the resolution should not be interpreted as "precipitating any immediate reduction in, or withdrawal of, the present level of forces." About 140,000 American troops were serving in Iraq before Mr. Bush laid out his plan on Jan. 10 to send 21,500 more.

The measure also rules out "the elimination or reduction of funds" because it could "endanger United States military forces in the field."

On the eve of debate, at least 12 Republicans were backing the Warner-Levin measure or were inclined to support it.

For Democrats, there is pressure to produce a bipartisan vote against the president's plan. But their own Sens. Russ Feingold of Wisconsin and Christopher Dodd of Connecticut say they will oppose the resolution because it isn't strong enough.

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A competing resolution – sponsored by Sens. John McCain (R) of Arizona, Joseph Lieberman (I) of Connecticut, and Lindsey Graham (R) of South Carolina – calls on Congress to provide "the full support necessary" to carry out the US mission in Iraq, including 11 benchmarks it says the Iraqis must meet.

"This debate is just beginning, and we intend to make a strong case that we believe that this mission ... can succeed," said Senator McCain at a briefing last week.

Senator Lieberman, who during his reelection campaign last year lost the Democratic primary largely over his support of the Iraq war, says a nonbinding resolution against the surge "will have no effect on what is happening on the ground, will discourage our troops and encourage those they are fighting."

Despite disagreement over the endgame in Iraq, consensus is growing on both ends of Pennsylvania Avenue regarding benchmarks the Iraqi government should be required to meet. These include a commitment to send additional Iraqi security forces to Baghdad and a fair distribution of government resources, including oil revenues, regardless of sect or ethnicity.

"They've got to pass an oil law. They've got to amend their constitution so that all segments of that society feel that the government is for them," Bush said Saturday at an issues conference in Williamsburg, Va., to applause from House Democrats in attendance.

Back on Capitol Hill, more than a dozen Republican senators have expressed doubts about Bush's plan to add to forces in Iraq. But GOP leaders said Friday that all 49 Republican senators will block the move to a vote on the Warner-Levin resolution – including Senator Warner – unless Democrats allow votes on three other resolutions, including one that opposes a cap on troop levels and curbs on war funding.

In the run-up to Monday's debate, lawmakers have two new pieces of information. One concerns the cost of the war. Monday, Bush is expected to ask Congress to approve $245 billion for war costs through fiscal year 2008 (October 2007 through September 2008), in addition to the $70 billion already approved for the current fiscal year – higher than many senators had expected.

The other is a long-awaited report by US intelligence agencies, which concludes that prospects for success in Iraq are "daunting" even if new moves do stem violence. Given the "current winner-take-all attitude and sectarian animosities infecting the political scene," Iraqis will be "hard pressed to achieve sustained political reconciliation" in the next 12 to 18 months, according to unclassified conclusions of the National Intelligence Estimate released Friday.

Moreover, the Congressional Budget Office predicts that the cost of putting the additional troops in Iraq will be greater than the White House estimate of $6 billion. A CBO report released Thursday put the cost at between $9 billion and $13 billion for a four-month deployment, and between $20 billion and $27 billion for a 12-month deployment. A two-year deployment would cost about $49 billion, the report said.

GOP Threatens To Block Vote On Iraq Resolution (USAT)

By Kathy Kiely

USA Today, February 5, 2007

WASHINGTON — A debate over President Bush's plan to send more troops to Iraq is set to begin in the Senate today, but it's not clear whether there will be a vote.

Republicans are threatening to use the filibuster, a parliamentary blocking maneuver, to prevent a vote on a resolution that expresses disapproval of the troop increase.

It may be the only way for Bush supporters to prevent a bipartisan vote of no confidence after the release of an intelligence report that painted a grim picture of the situation in Iraq. Further darkening the mood: continuing violence, including a car bomb explosion Saturday that killed 137 in Baghdad.

On CNN's Late Edition with Wolf Blitzer, Sen. Richard Lugar of Indiana, the senior Republican on the Foreign Relations Committee, predicted Sunday that Republicans would filibuster the non-binding resolution, which he called "inconsequential." Democratic Sen. Dianne Feinstein of California, on the same program, accused Republicans of "obstructionism."

"Debate is going on in every schoolyard, in every state, in every city of this nation. It should go on in the Senate of the United States as well," she said.

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Democrats say there are enough votes to put the Senate on record in opposition to the troop increase. "There is a bipartisan majority of the U.S. Senate opposed to the president's plan to deepen our military involvement in Iraq," Jim Manley, a spokesman for Senate Majority Leader Harry Reid, a Nevada Democrat, said Sunday.

Reid does not have the 60 votes it would take to overcome a filibuster. Minority Leader Mitch McConnell, a Kentucky Republican, can block a vote. A test vote is scheduled for this afternoon. At issue are how many resolutions the Senate will consider and how many votes it will take to pass them.

McConnell wants votes on three resolutions: one opposing the president's policy; one offering qualified support; and one putting the Senate on record as opposing cuts in funding for troops in Iraq. Reid does not want to put the Senate on record opposing funding cuts if he cannot pass the resolution opposing the president's policy. McConnell, however, is insisting that 60 votes be required for approval.

Some Democrats, such as Sens. Chris Dodd of Connecticut and Russ Feingold of Wisconsin, don't want a vote that could keep Congress from later using the power of the purse to force an end to the war in Iraq.

Opponents of the troop increase, including Nebraska Republican Sen. Chuck Hagel, argue that a diplomatic effort involving Iraq's neighbors is the only solution for the escalating violence. "We are not going to change the outcome in Iraq by putting American troops into the middle of a civil war," Hagel, a sponsor of the resolution of disapproval, said on ABC's This Week.

Republican Sen. John McCain, who co-authored the resolution backing the president, said on the program that more troops will give the Iraqis breathing room to build up their own troop strength. "I'm not saying this is going to succeed," he said. "I believe it has a good chance, but I know the consequences of failure."

Another supporter of the president's plan was less sanguine. "It's a long shot," Lugar said.

Critical Senate Resolution: Symbolic But Significant (LAT)

By Noam N. Levey

The Los Angeles Times, February 5, 2007

WASHINGTON — Not a single American soldier will do anything differently this week if the Senate approves a resolution criticizing President Bush's plans to increase troop levels in Iraq.

The nonbinding resolution would have no more force of law than the one approved Thursday commending the Miss America organization for its commitment to "the character of women in the United States."

Yet the immense symbolism of what may be the first formal rebuke of Bush's war strategy has produced the most passionate war debate on Capitol Hill since the invasion of Iraq nearly four years ago.

At its core is a furious argument over what the challenge really means -- not just to the president, but to the military, to the Iraqi government and to America's enemies and allies in the Middle East and elsewhere.

Several of the resolution's sponsors bill the eight-page document as little more than a polite suggestion to the country's chief executive, offering alternatives to Bush's plans to deploy an additional 21,500 troops, mainly in Baghdad, to contain sectarian violence.

Other advocates, including Democratic leaders on Capitol Hill, cast it as a first step in an escalating congressional campaign to bring the war to an end.

Some of the war's most passionate opponents, complaining about the resolution's nonbinding nature, dismiss it as a meaningless exercise.

Meanwhile, the Bush administration and its supporters in Congress warn of the dangerous message that approval would send to U.S. troops and to other Middle East countries.

Sen. John McCain, R-Ariz., is leading the push for an alternate resolution expressing congressional support for the mission, and Bush has said repeatedly that he will ignore any resolution challenging his plans.

The debate over the message is hardly unprecedented; Congress similarly wrestled with how to express itself when President Clinton was contemplating military involvement in the Balkans in the mid-1990s.

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And when the House of Representatives ultimately passed a nonbinding resolution expressing "serious concerns and opposition" to the commitment of troops to enforce the Bosnian peace treaty, lawmakers were careful to declare their confidence that U.S. troops "will perform their responsibilities with professional excellence."

In the current debate, senators critical of the White House's Iraq policy also have assiduously insisted that they do not intend to undermine U.S. forces.

"I think it is important that we thank them for their service and that we make it very clear that this resolution does not impair their ability to move forward in their command," Sen. Ben Nelson, D-Neb., said last week. He is a cosponsor of the resolution stating that the Senate "disagrees" with the troop increase.

Sen. John Warner, R-Va., the resolution's main sponsor, has gone further, stressing that he does not intend to be "confrontational" with the White House or even to change the fundamental U.S. involvement in Iraq.

"The purpose of this resolution is not to cut our forces at the current level or to set any timetables for withdrawal," he said when he announced his resolution two weeks ago.

Last week, he added language explicitly stating that "Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field."

That addition sparked opposition from such anti-war lawmakers as Sens. Russell Feingold, D-Wis., and Christopher Dodd, D-Conn., who have said Congress should not surrender its authority to limit funding as a means to force an end to the war.

Warner's amendment also did not mollify McCain and other critics of the resolution, who continue to call it an attack on the military. Senate Republican leaders are threatening to block any debate of the resolution Monday when it faces its first procedural vote in the Senate.

"This is a vote of no-confidence in both the mission and the troops who are going over there," McCain said Sunday on ABC's "This Week."

The military audience watching the debate is hardly unified.

Iraq war veterans have come to Capitol Hill several times in recent weeks to urge opposition to the president's plans. And surveys by the Military Times newspapers, though unscientific, have suggested growing opposition to the war among active-duty personnel.

But retired Army Lt. Col. James H. Willbanks, who heads the department of military history at the Army's Command and General Staff College at Fort Leavenworth, Kan., said Congress should be careful how far it goes.

"I don't necessarily subscribe to the `stab in the back' theory," he said, referring to the contention that congressional opposition to the Vietnam war doomed the U.S. effort.

But Willbanks, a Vietnam veteran who recently completed a book on the fall of South Vietnam, noted that congressional limitations made it increasingly difficult for U.S. forces to fight in Southeast Asia. "That's the worst-case scenario," he said.

Critics of the resolution have also warned that the debate may embolden America's enemies and, as Sen. Richard G. Lugar, R-Ind., said at a recent Foreign Relations Committee hearing, "confirm to our friends and allies that we are divided and in disarray."

There may be some truth to that, said Phebe Marr, a retired professor at the National Defense University and author of "The Modern History of Iraq."

"The bad guys are certainly going to be happy about this," said Marr, who was among several historians consulted by the Iraq Study Group last year.

But, she noted, the resolution also may push the Iraqi government to take more aggressive steps to reach political settlements that will diminish sectarian violence. "It is going to play both ways in Iraq," she said.

David L. Mack, deputy assistant secretary of State for Near Eastern affairs under President George H.W. Bush, said the resolution may actually help reassure some in the Middle East that the United States is remaining engaged.

"I think they will read that correctly, as they read the election, as a loss of support for Bush administration -- but not necessarily as a lack of interest in Iraq in the long term," said Mack, who heads the Washington-based Middle East Institute.

Indeed, if there is one audience that most observers agree will get an unambiguous message, it is the White House.

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"A sense-of-Senate resolution that opposes the surge, no matter how delicately and respectfully worded, puts a bipartisan Senate on record that it has lost trust in presidential leadership," said Louis Fisher, a specialist on constitutional law at the Library of Congress who has written extensively about struggles between the White House and Congress over war powers.

"It's not just a vote against a surge, it's a vote against this administration," he said.

McCain: War Detractors Offer No Ideas (AP)

By Hope Yen

AP, February 5, 2007

Sen. John McCain sought to weaken support for a resolution opposing President Bush's Iraq war strategy Sunday, saying proponents are intellectually dishonest.

On the eve of a possible congressional showdown on Iraq strategy, McCain contended the bipartisan proposal amounted to a demoralizing "vote of no confidence" in the U.S. military.

The measure criticizes Bush's plan to add 21,500 troops in Iraq yet offers no concrete alternatives, he said.

"I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," said McCain, top Republican on the Senate Armed Services Committee and a 2008 presidential candidate from Arizona.

Sen. Dianne Feinstein, D-Calif., called GOP efforts to block a vote on the resolution "obstructionism." Neither a Senate majority nor voters, she said, will tolerate such a delaying tactic.

"If we can't get this done, you can be sure a month or so down the pike, there's going to be much stronger legislation," she said.

The Senate, where Democrats hold a 51-49 working majority, has tentatively set an early test vote for Monday on the nonbinding resolution by Sen. John Warner, R-Va.

In a bid to attract more GOP support, Warner added a provision pledging to protect money for troops in combat.

That compromise drew the ire of some Democrats who said it leaned too far in endorsing the status quo. They want to see binding legislation to cap troop levels, force a new vote to authorize the war or begin bringing troops home.

McCain is sponsoring a resolution expressing support for a troop increase and setting benchmark goals for the Iraqi government. He sought to capitalize on some of the Democratic division.

"I do believe that if you really believe that this is doomed to failure and is going to cost American lives, then you should do what's necessary to prevent it from happening rather than a vote of 'disapproval,'" McCain said.

"This is a vote of no confidence in both the mission and the troops who are going over there," he said, noting the proposal does not seek to cut off money for troops.

A fellow Vietnam veteran, GOP Sen. Chuck Hagel of Nebraska, disagreed with McCain's assessment. Hagel said the resolution would make clear the Senate's belief that Bush's policy is misguided.

Hagel said the proposal also lays out alternatives such as moving troops away from the sectarian violence and closer to the Iraq border to provide "territorial integrity."

"We can't change the outcome of Iraq by putting American troops in the middle of a civil war," said Hagel, who is considering a run for the White House in 2008.

Republican leaders are working to block a vote on Warner's resolution. They insisted that at least two other GOP proposals also be considered — McCain's and one focused on maintaining money for troops in the field. Such a strategy could dilute support for Warner's measure and make it tougher for any measure to pass.

Democrats want to limit debate to just the Warner and McCain proposals.

Two Republicans who oppose Warner's proposal, Lindsey Graham of South Carolina and Richard Lugar of Indiana, said Sunday they were uncertain the Warner resolution would get the support of 60 senators.

"Even if there is, it's nonbinding, and has in my judgment no consequence," Lugar said.

Hagel said Warner's resolution strikes a careful balance for a majority of senators who oppose a troop buildup but differ on the appropriate response.

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He called McCain's proposal meaningless because it offers benchmarks but does not spell out what the U.S. government will do if the Iraqi officials fail to meet them.

"What are the consequences? Are we then going to pull out?" Hagel asked. "Are we going to cut funding? Now, that falls more in the intellectually dishonest category."

The resolution debate comes as the White House and congressional Democrats prepared to square off over war spending.

Bush's new budget on Monday will ask for $100 billion more for military and diplomatic operations in Iraq and Afghanistan this year — on top of $70 billion already approved by Congress for the current year. The budget will call for $145 billion in war spending for 2008.

The spending request covers Bush's new war strategy, including the increase in troops, White House budget director Rob Portman said Sunday.

"It's extremely important that we support our troops," Portman said. He described the requested money as the amount needed "to be sure our troops have the equipment they need, that they are taken care of well."

Hagel and McCain appeared on ABC's "This Week," Graham was on "Fox News Sunday," and Feinstein, Lugar and Portman spoke on "Late Edition" on CNN.

McCain Questions Honesty Of Push For Resolution (WT)

By Eric Pfeiffer

The Washington Times, February 5, 2007

Sen. John McCain yesterday said his colleagues who support a nonbinding resolution opposing a troop surge in Iraq are "intellectually dishonest," an apparent bid to rally Republican opposition to the resolution, which could have its first test vote today.

"I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," the Arizona Republican said during an appearance on ABC's "This Week." "In other words, this is a vote of no confidence in both the mission and the troops who are going over there."

Most polls show Mr. McCain in a statistical tie with former New York Mayor Rudolph W. Giuliani for the lead in the 2008 Republican presidential primary. The Democratic National Committee has issued several press releases targeting Mr. McCain for his support of a troop surge.

Sen. Chuck Hagel, Nebraska Republican, was asked on "This Week" about Mr. McCain's charge of intellectual dishonesty. "I don't agree with that," he said.

Both Vietnam combat veterans, Mr. Hagel and Mr. McCain said they remain close friends despite their political differences on Iraq.

"What this resolution is about is, first, disagreeing with the president's position on increasing our military involvement in Iraq," said Mr. Hagel, who is considering his own presidential campaign. "The other thing about it is this is not a cut-and-run resolution. This is not a withdrawal resolution. This is not a resolution that talks about timelines."

The Senate is scheduled for a test vote today on the nonbinding resolution by Sen. John W. Warner, Virginia Republican, and Carl Levin, Michigan Democrat. It contains a provision that pledges to protect money for combat troops.

Sen. Dianne Feinstein, California Democrat, warned Republicans yesterday that any efforts to block a vote on the resolution would be "obstructionism."

"If we can't get this done, you can be sure a month or so down the pike there's going to be much stronger legislation," she said on CNN's "Late Edition."

Sen. Lindsey Graham, South Carolina Republican, said critics of the troop increase were not being honest about its significance.

"[Lieutenant General David] Petraeus' plan is not more people doing the same. And if anybody says that, they're not listening to General Petraeus," Mr. Graham told "Fox News Sunday." The surge of 21,500 troops "would double the combat capability of the American military to hold areas cleared."

Despite his vocal support for the strategy, Mr. McCain acknowledged he has doubts.

"I'm worried. I'm also worried about the [Iraqi] government's ability to really do what we want," he said.

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"They've been showing a lot of weakness in the past. I'm worried that this is not enough troops. But I looked General Petraeus in the eye and I said, 'Do you have enough troops?' He said, 'If I think I need more, I'll ask for them.' And he also said if he thought the mission was going to fail, he would tell the president and us."

Sunday Shows Preview Historic Senate Debate (POL)

By Carrie Sheffield

The Politico, February 5, 2007

The day before the Senate is set to begin its historic debate on Iraq, Sen. John McCain, R-Ariz., tried to rally support for President Bush's new troop surge strategy, warning that proposed resolutions of disapproval would demoralize U.S. forces. McCain, one of the leading supporters of the troop boost within an increasingly fractured GOP Senate caucus, also contended that the resolutions opposing Bush's plan lack the teeth to really change anything.

Speaking Sunday on ABC's "This Week," McCain, the top Republican on the Senate Armed Services Committee and a 2008 presidential candidate, said opponents should take broader action rather than simply voting to condemn Bush's plan to boost U.S. troop strength in Iraq by an additional 21,500.

"I don't think it's appropriate to say you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," McCain said. "If you really believe that this is doomed to failure and going to cost American lives, then you should do what's necessary to prevent it from happening, rather than a vote of, quote, 'disapproval,' which is fundamentally a vote of no confidence in the troops and their mission."

The Senate, where Democrats hold a 51-49 working majority, has tentatively set an early test vote for Monday on a nonbinding resolution opposing Bush's strategy sponsored by Sen. John Warner, R-Va.,

McCain said Bush's plan has "a good chance of success." "I'm not guaranteeing it. But I am guaranteeing the consequences of failure," he said. If troops are withdrawn, McCain said, "You'll see a bloodletting in Baghdad that makes Srebrenica look like a Sunday school picnic . . . It'll be a chaotic situation that is in our national security interest to not see take place."

Reflecting the strain the issue is putting on the GOP, Sen. Chuck Hagel, R-Neb., usually a McCain ally on national security issues, appeared after him to make the opposite case. Hagel argued that the military "can't change the outcome of Iraq by putting American troops in the middle of a civil war," and maintained: "This is not a cut and run resolution."

Hagel called McCain's proposal to place benchmarks on the Iraqi government "disingenuous," because he feels it fails to hold Iraqi Prime Minister Nouri al-Maliki accountable. "If the benchmarks are not met by the Maliki government, "are we then going to bring our troops home?" Hagel asked. "Are we going to cut funding? Now, that falls more in the intellectually dishonest category."

Asked if he's going to run for president, Hagel said: "I'll make that decision as time develops. .. I'm not an anti-war candidate...To have a different position than the president's on a war doesn't qualify anyone to be an anti-war candidate."

During the segment with McCain, host George Stephanopoulos asked if an independent presidential bid would cripple Republican chances of winning the White House in 2008. "I don't know," McCain replied. "It is a fact that independent voter registration is rising all over the country, including my home state of Arizona ... I think that if we get back on our message, get back to the principles, philosophies and message of Ronald Reagan and others, I think we'll do just fine. But first, we've got to get over our state of denial."

Edwards On "Meet The Press"

On NBC's "Meet the Press," Democratic presidential candidate John Edwards tried to make the case that he can be the "straight-talk" Democrat, offering tough criticism of the war in Iraq and previewing a universal health care plan he will release Monday.

Moderator Tim Russert had Edwards as his guest for the full hour, and asked the former U.S. senator from North Carolina about remarks he made at the Center for Strategic and International Studies on Oct. 7, 2002: "My position is very clear: The time has come for decisive action to eliminate the threat posed by Saddam Hussein's weapons of mass destruction ... Saddam Hussein's regime is a grave threat to America and our allies."

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" 'A grave threat to America' -- do you still believe that?" Russert asked.

"No," Edwards replied.

Russert pressed: "Why were you so wrong?"

Edwards responded: "For the same reason a lot of people were wrong ... The intelligence information that we got was wrong."

Later, Russert noted that one of Edwards' competitors for the Democratic nomination, Illinois Sen. Barack Obama, had opposed the Iraq war as a state senator. Russert asked: "Why shouldn't voters in Democratic primaries say, `On the big issue of the war, Obama was right, Edwards was wrong'?"

"I was wrong," Edwards conceded. "They should say that. And the question becomes, `Who's best suited to be president of the United States? Who has the depth, the maturity, the judgment to be president of the United States?' "

On his health care plan, Edwards acknowledged, "Yes, we'll have to raise taxes." He said the plan would cost between $90 billion and $120 billion a year once it's fully implemented.

Edwards' elaboration: "We take the 46 million, 47 million people who don't have health care coverage, we expand Medicaid, we provide subsidies for people who don't have coverage. We ask employers to play a bigger role, which means they either have to have coverage, or they have to buy into what we're calling health markets. We're going to create health markets all across the country, which will help, provide some of these efficiencies. One of the choices, by the way, available in these health markets is the government plan. So people who like the idea of a single-payer insurer health plan, that is actually one of the alternatives that people can choose."

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by Black_Prespective on 02.05.2007 at 12:33 AM

Edwards got destroyed on Meet The Press by his on words and clear understanding that he doesnt fully understand the situation in Iraq. His domestic policy is borderline communism to me. I wouldnt vote him in charge of a canned food drive. Still remember that devil Chaney spanking him like a baby during the '04 debacle. Democrats better find someone electable. Hilary cant, Edwards cant, Biden cant. I like Obama and Richardson --if they were white men they would be your two options and way out ahead.

by sacksmb on 02.04.2007 at 05:42 PM

If we were going to elect "real people", we'd elect Joe Biden. He is the one who speaks off the cuff and is unabashedly found without handlers and PR flacks (probably the reason he has a reprutation for being long-winded). He is also, coincidentally, the one with the true depth of experience in foriegn policy on the Democratic side.

But, he says something about Obama, clearly meant to be complimentary, though admittedly awkwards, and gets eaten alive.

Americans want a real person, so long as they don't trip over their words. Unfortunately, real people mis-speak now and then.

by JSteele on 02.04.2007 at 05:10 PM

John Edwards is straight forward. This is what we need. No more "beat-around-the-Bush" politics! When was the last time we had a president that took responsibility for his actions? Edwards clearly defined himself and took responsibility for his vote on the war by stating it was mistake. He isn't defensive and trying to defend himself. America is tired of that kind of "bull**** spin." Hopefully we will wake up and take control of OUR government by electing REAL people into office.

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Lieberman Lives On Center Stage (RC)

By Erin P. Billings

Roll Call, February 5, 2007

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When Senators go to the floor this week to debate the proposed Iraq troop surge, Sen. Joe Lieberman (ID-Conn.) will demonstrate once again to his Democratic colleagues that he is his own man. And while the Democratic leadership has made clear that Lieberman should be treated just as any other Caucus member, they cannot completely extinguish skepticism in their ranks about his long-term party loyalty.

Democratic Senators and aides said last week Lieberman's political posture hasn't changed much since winning re-election as an Independent Democrat. But in a narrow 51-49 seat majority, Democrats privately acknowledged they are still worried that as an Independent free from party peer pressure, Lieberman may cost them precious votes or even go so far as to join the GOP Senate minority.

"With a one-vote margin, there's no room for error," conceded one Senate Democratic aide. "But we have to take him at his word" that he is with the party.

"Of course there is some skepticism," added a senior Democratic Senate staffer. "He is the linchpin for the whole thing."

Democratic Senators and aides said that outwardly, Lieberman appears to be acting no differently in the first month of the 110th Congress than he did before he became an Independent last year after losing in

the Democratic primary to Ned Lamont. Lieberman went on to win a resounding victory in the general election, but his campaign divided his allies in the Senate, many of who turned away from him to support Lamont as the Democratic nominee.

Sen. Mark Pryor (Ark.), one of the moderate Democrats who stood by Lieberman throughout his switch to run as an Independent, said Lieberman always has been a true Senate centrist — left leaning on key domestic items and conservative on national security matters. "He's always been willing to break with the party in what he thought was the right thing to do," Pryor said. "He hasn't changed."

As such, Pryor doesn't believe Senate Democrats approach Lieberman any differently these days, nor does he sense "any awkwardness" toward him from the Caucus. And, Pryor said, he doesn't believe Lieberman — even as one of the most conservative Democrats these days — would ever defect to the Republican Party.

"My sense is, looking at it, he lines up much better with the Democrats than the Republicans," Pryor said. "It's a personal decision for him to make, but I don't see any real advantage for him switching parties."

Undoubtedly, Republicans would love to have Lieberman jump ship and tip the Senate to an even 50-50 split. Such a move would give the GOP the gavel since Vice President Cheney as the President of the Senate would get the tie-breaking vote.

Meantime, the GOP leadership will gladly accept Lieberman's support on the war as they confront opposition to President Bush's proposal to increase troops in Iraq by 21,500.

No other Democrat or Independent besides Lieberman has signaled support for the Bush proposal, which will face a hefty share of criticism from the well of the Senate during this week's multi-resolution debate.

Still, Lieberman makes no apologies for his Iraq War stance, and insists that his view on the surge is "consistent with the position I've taken over the last four years. That notwithstanding, I feel so deeply that we have an enormous stake in how Iraq comes out." Lieberman said he respects the disagreements among his colleagues over the war, and with the troop increase, but believes his position is the right course for a successful outcome to the conflict.

"I wish there were a few more Democrats that agreed with me," he said.

Lieberman appears completely at ease these days as an Independent, not only on his war positions but also with his political alliances. Lieberman has even flirted with the possibility of endorsing a Republican — most notably Sen. John McCain (Ariz.) — in the 2008 presidential contest.

Even so, sources say Democratic leaders have made clear that the veteran Connecticut Senator is still one of their own, and that while he deserves no special treatment, he should win equal favor from the Caucus. Lieberman holds a powerful slot as chairman of the Senate Homeland Security and Governmental Affairs Committee this Congress, a position Senate Majority Leader Harry Reid (D-Nev.) insisted he would hold as long as the Connecticut lawmaker agreed to caucus with the Democrats during the 110th Congress.

"Sen. Reid treats him like any other chairman," said a knowledgeable Democratic Senate aide.

"He's treated equally," added a Democratic Senator, speaking on the condition of anonymity. "I don't see him getting special privileges beyond what any other chairman would get."

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Lieberman continues to participate in Democratic Caucus functions, and attends regular party luncheons and meetings, Democratic sources say. Lieberman said last week that he "absolutely" continues to feel comfortable with the Democrats, and doesn't believe his colleagues approach him differently these days — even though many of them campaigned against him when he decided to run as an Independent.

Lieberman said he is trying to fashion himself similarly to the independent-minded Democrats of the 1960s — progressive on domestic affairs and strong on foreign policy. "At this point, I am feeling a sense of mission ... I am fighting for that tradition — that [Sens.] Kennedy, [Hubert] Humphrey (Minn.), Scoop Jackson (Wash.) tradition."

His position on Iraq is the most notable break from the Democrats, and certainly comes as no surprise within the party ranks. Still, some Senate Democrats say the jury is out on how Lieberman will posture himself over the next two years, and they remain uncertain about where his votes will fall when leaders need his support in a narrow majority.

The Senate Democrat said that even though many of his colleagues sided with Lamont in the November election, Lieberman has been "well received" since returning to the Senate in January. And while no Member appears outwardly worried, Lieberman undoubtedly presents a challenge for the party that must capture 60 votes to avoid a filibuster on any legislation of consequence. "With a slight majority of 51, when he's off with the president on a certain issue — that's a challenge," the Senator noted.

"But that would have been a challenge whether he was a D or an I," the Senator added.

Sen. Frank Lautenberg (D-N.J.) said "functionally nothing has changed" with how Democrats treat Lieberman or in how he positions himself on the issues. "Obviously, Sen. Lieberman's opinions are his. He's an independent thinker, we know that."

Support Is Honorable Route (USAT)

By Jon Kyl

USA Today, February 5, 2007

The president's plan for success in Iraq should be given a chance. Although critics have focused almost exclusively on the reinforcement of troops — the so-called surge — the president's strategy is a comprehensive approach to the security and political problems facing Iraq.

Under this plan, the Iraqi government has committed to lead the effort to defeat the militias and any other challenges to the government's monopoly on force. The new plan also relies on political and economic measures that will help to create a more unified government capable of providing essential services to its citizens.

Opponents of the new strategy apparently do not agree that a political solution depends on peace and stability in Iraq. But, as Gen. David Petraeus made clear in his Senate testimony in January, Iraqis need to feel that the government is capable of providing for their security before they can give up their reliance on sectarian militias.

While American troops work with Iraqi units to establish security in Baghdad, and in the al-Qaeda-dominated Anbar province, the Iraqi government will be expected to act on promised reconciliation initiatives.

The new plan is not guaranteed to work. But everyone agrees Iraq cannot yet handle security by itself. If the United States withdraws, Iraqis will be slaughtered, terrorists will be emboldened throughout the region, and Iran and Syria will step into the void. These severe consequences to our national security make it clear that withdrawal is not an option.

Although many have summarily criticized the new strategy, they have contributed no viable plan of their own. No one has any illusions about the challenges we face, but we will be more likely to succeed if we are unified.

As Osama bin Laden has said, "This war is for you or for us to win. If we win, it means your defeat and disgrace forever." The Senate should also consider the message a nonbinding, no-confidence resolution would send to our enemies, our allies and our troops. Such a resolution would tell Gen. Petraeus, whom the Senate recently confirmed as U.S. commander in Iraq, that we don't support his mission.

In a TV news interview, Tyler Johnson, a 21-year-old soldier serving in Iraq, appropriately summed up the message a no-confidence resolution would send to our forces: "Those people are dying. You know what I'm saying? You may support — 'Oh, we support the troops,' but you're not supporting what they do, what they share and sweat for, what they believe (in), what we die for. It just don't make sense to me."

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Iraq Vote Could Resonate In 2008 (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, February 5, 2007

When Sen. John E. Sununu (R-N.H.) saw reporters approaching him last week, he took off in a sprint, determined to say as little as possible about a nonbinding resolution opposing President Bush's troop-escalation plan, which is expected to come before the Senate today.

"You know where I stand," the senator, who is considered politically vulnerable back home, said repeatedly as he fled down stairways at the Capitol. "I'm still looking."

The historic showdown to begin today represents the first bipartisan confrontation between Congress and the White House over the Iraq war since the invasion nearly four years ago. While the resolution will test the mettle of every member of the chamber, none will be challenged more than Sununu and the 19 other Senate Republicans facing reelection in 2008 -- many from states where voters are angry with Bush's war policy and want the troops to begin heading home.

Democrats won control of the Senate and House in November largely because of widespread opposition to the war, and the issue remains dangerous for the GOP heading into the 2008 campaign. Senate Republicans are torn between home-state voters eager for them to take a stand against a conflict that has claimed more than 3,000 U.S. troops and has cost hundreds of billions of dollars, and Bush and other Republican leaders who warn that passage of the resolution would undermine chances of a successful conclusion to the war.

"It's inevitable that people want to ascribe political motives to this, but I just hope a majority of Oregonians understand when it comes to issues of war and peace, there's no issue of greater gravity on your heart and mind," said Sen. Gordon Smith (R-Ore.), who must stand for reelection next year in a swing state.

"Oregonians are patriots and want to fight the war on terror, but they don't like the way this war has mutated," added Smith, once a war supporter but now an anguished foe.

Republican senators are loath to say that political calculations could weigh on their votes, but to GOP leaders battling to prevent their members from supporting the resolution against the troop buildup, politics present an unavoidable obstacle.

"I'm sure with some of them, that's a factor," said Minority Whip Trent Lott (Miss.). "But this is a very, very serious matter," he pleaded. "There are some things more important than getting reelected. This is one of them."

The drama is to begin late this afternoon with a procedural vote on whether to move ahead with the debate. Senate Minority Leader Mitch McConnell (R-Ky.) vowed Friday to try to block that, promising to rally his fractious party behind him.

The bipartisan resolution to be offered on the floor states that the Senate disagrees with the president's plan and urges Bush to consider all other options for achieving his strategic goals.

Should resolution supporters clear their first obstacle, the Senate will move to an anticipated long series of votes on amendments. The big ones to watch include a Republican call for the immediate withdrawal of all troops, intended to put Democrats on the spot, and attempts by antiwar Democrats to strike certain provisions, including one opposing the termination of funding for troops in the field.

The latter issue drew fire yesterday from John McCain (Ariz.), the top Republican on the Senate Armed Services Committee.

"I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," McCain said on ABC's "This Week."

Sen. Dianne Feinstein (D-Calif.) warned that it would be "a terrible mistake to prevent this debate."

"If we can't get this done, you can be sure a month or so down the pike, there's going to be much stronger legislation," Feinstein said on CNN's "Late Edition."

Supporters of the resolution include most Democrats and at least seven, and possibly as many as 11, Republicans, led by Sen. John W. Warner of Virginia, who assembled the compromise measure under consideration. The pro-resolution Republicans include five senators who will face voters in 2008: Warner, Smith, Susan Collins of Maine, Norm Coleman of Minnesota and Chuck Hagel of Nebraska.

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Hagel, who is considering running for president, initially supported a tougher resolution condemning Bush's war policy. Sen. Sam Brownback (Kan.) is the one declared GOP presidential candidate supporting the Warner bill.

The big unknown is what a handful of Republican fence-sitters such as Sununu will do. The GOP undecideds include Sens. Lamar Alexander (Tenn.) and Larry E. Craig (Idaho), who are also up for reelection in 2008, along with Sens. Lisa Murkowski (Alaska) and Arlen Specter (Pa.), who are not.

For many Republicans, the scrutiny will be intense. A coalition of liberal activists, labor unions and antiwar veterans aired Super Bowl advertisements yesterday targeting Coleman and Collins. Other advertisements are running in Richmond and Manchester, N.H., to pressure Warner, Sununu and Sen. Judd Gregg (R-N.H.).

Coleman said he found it "offensive" to suggest that senators' reelection concerns could influence their stand. But he conceded: "Certainly senators like myself and Collins and others are in tough states. Anything we do always gets measured against that."

Indeed, Coleman is under attack, first for opposing a tougher resolution approved last month by the Foreign Relations Committee, then for supporting Warner's resolution after standing by the president for so long.

"No matter what these guys do now, they're going to have to be held to account for the choices they made not to do oversight when they said we have to back the president no matter what," said Al Franken, a liberal comedian and talk-show host mulling a race against Coleman next year. "When he had the gavel, he gave the president a free pass."

Alexander insisted that political considerations are not his foremost concern, but he conceded that he is struggling to strike the right note. "I'm unhappy about the conduct of the war in Iraq, and I would like to express my support for the troops at the same time. I want to find an appropriate way to say that," said the first-term senator, who could draw a formidable opponent in 2008 as his state drifts increasingly Democratic.

Sununu, whose once Republican-dominated state leaned Democratic last year, has drawn four potential Democratic opponents for 2008. Collins could face one of the toughest battles two years out, given that Maine has supported Democrats in the past two presidential elections.

But even her likely opponent, Rep. Tom Allen, was reluctant to criticize her positioning on the debate. Although the six-term House Democrat said opposition to the war appears to be growing in Maine, there is no consensus among voters on a way forward. "It's such a complicated issue," Allen said. "The ideas of what to do range from cut the funding now to stay the course and give it a little more time."

Indeed, many political experts think the Iraq situation is far too fluid to anticipate how it might play in the next election. Charles E. Schumer (N.Y.), the Senate Democrats' campaign chairman for 2006 and 2008, has warned party strategists and candidates not to expect Iraq to pack the political punch in the next cycle that it did last year.

But even the most seasoned veterans acknowledged that voters expect Congress to take a more active role in the war debate.

"There's just a general unrest in a lot of people," said Sen. Ted Stevens (R-Alaska), who is expected to seek an eighth term in 2008. "We've had a lot of people over there. We've lost a lot of people from Alaska."

One of the strongest factions is a group of Republicans, including some up for reelection next year from solid red states, who have vowed to filibuster any resolution opposing Bush's troop policy. Kansas may be showing a glimmer of Democratic blue, with a Democratic governor and a newly elected House Democrat, Nancy Boyda, but Sen. Pat Roberts (R-Kan.), the intelligence committee chairman at the outset of the war and for its first three years, called the various proposals "confetti resolutions" with no value.

Sen. Saxby Chambliss (R-Ga.) said he feels no political pressure, despite a looming reelection campaign that will be his first.

"Nobody likes war, but I come from a very military-oriented state," Chambliss said.

"They don't want to see us pour more people into a hopeless cause," Sen. Jeff Sessions (R-Ala.), another 2008 candidate, said of his home-state voters. "But they don't want us to leave if there's a realistic opportunity to be successful. I think they expect us to be smart and wise and do the right thing."

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Democratic Sens. Russell Feingold (Wis.) and Christopher J. Dodd (Conn.) have announced that they will oppose the Warner resolution because they do not think it is tough enough, and they could bring a handful of Democrats with them. But those balking Democrats are expected to oppose Republican efforts to block the bill through parliamentary tactics.

Senate Democratic Whip Richard J. Durbin (Ill.) said he was reminding his colleagues that "you're not putting a stamp of approval" on the resolution by allowing the debate to proceed. "We should all remember the engine that's pulling this train -- disapproval of the escalation. All the problems we have, have nothing to do with that issue," Durbin said.

Washingtonpost.com staff writer Paul Kane contributed to this report.

In Democratic Race, Iraq Frames Debate (CSM)

By Linda Feldmann

The Christian Science Monitor, February 5, 2007

WASHINGTON

In speech after speech, Democratic presidential candidates agreed on the issues of the day: Global warming must be stopped, universal healthcare is imperative, the crumbling American education system must be fixed.

And on the biggest issue – Iraq – all the prospective and declared Democratic hopefuls speaking to party activists last weekend were also in basic agreement: that the US must extricate itself from the Iraq war. Where they differed was over one question: How?

As the Senate begins debate Monday on competing resolutions on Iraq, the Democrats are fresh out of their own debate on a way forward in Iraq at the Democratic National Committee's winter meeting. Sen. Hillary Rodham Clinton (D) of New York demonstrated the challenge inherent in being the early front-runner: As she seeks to win over enough of the party faithful to win the nomination, she is also looking ahead to the general election campaign, when a position too far to the left could hurt her chances among moderates.

"There are many people who wish we could do more," Senator Clinton told the crowd, as a handful of hecklers cried out. "But let me say that if we can get a large bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said, 'No!' to President Bush and begin to reverse his policies."

Clinton also stated that she "wants to go further," arguing that the US needs to "threaten" Iraq's government with reduced funding for Iraqi troops if it does not start fulfilling its promises. And "if we in Congress don't end this war before January 2009, as president, I will!" she asserted.

But to many Democratic candidates, a nonbinding resolution rejecting Mr. Bush's plan to send more US troops to Iraq isn't enough, even as a starting point. Clinton and another top challenger for the nomination, Sen. Barack Obama (D) of Illinois, face pressure from many of the other contenders to take a more forceful stand. Some of these other candidates have the luxury of not having to cast votes in Congress – most notably, former Sen. John Edwards of North Carolina, who has carved out an Iraq position to the left of Clinton and Senator Obama.

The North Carolinian says senators should not support the bipartisan resolution rejecting Bush's surge, but rather cut off funding for the war. Mr. Edwards, who supported the war as a senator in 2002 and later repudiated his vote, is the most antiwar of the leading Democratic contenders – and commands a considerable following among Democrats affiliated with organized labor. He is also well-organized in Iowa, the first nominating state, and has the potential to stun the field next January.

"We cannot be satisfied with passing non-binding resolutions that we know this president will ignore," Edwards said. "We have the power to stop the escalation of this war."

Another candidate who still has a vote in the Senate, Christopher Dodd of Connecticut, has also aligned himself with antiwar liberals by saying he will not support the nonbinding resolution. But his presidential aspirations are seen as a long shot. The question is whether his presence in the race, and ability to gain media attention for his views, will put pressure on Clinton and Obama to move leftward.

Obama took perhaps the most unusual approach in his speech to the DNC. Instead of going through the usual list of policy positions, he focused instead on the nature of public discourse – and about the need to overcome the cynicism he says has become a staple of modern politics.

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"The campaigns shouldn't be about making each other look bad, they should be about figuring out how we can all do some good for this precious country of ours," Obama said. "That's our mission. And in this mission, our rivals won't be one another, and I would assert it won't even be the other party. It's going to be cynicism that we're fighting against."

Obama asserted that everyone in the race has a responsibility to put forth a plan for ending the war, but did not discuss his own proposal, released last week. Obama's legislation would begin redeployment of US forces out of Iraq by May 1, 2007, and calls for the removal of all combat brigades by March 31, 2008, a date he says is consistent with the expectation of the bipartisan Iraq Study Group.

One candidate who did discuss his Iraq plan at length, Sen. Joseph Biden of Delaware, first came up against the axiom, "You never get a second chance to make a first impression."

Last Wednesday, on the day he announced his presidential campaign, he faced a maelstrom of controversy over his attempt to compliment Obama. In calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Biden inadvertently insulted all the black presidential candidates of the past, and spent the rest of the week apologizing.

During his cattle call appearance on Saturday, Biden began with a quip: "So, how was your week?" Then he apologized again. By then, the chairman of the Senate Foreign Relations Committee was ready to rip into what he called "the very deep hole" the Bush administration has dug the nation into in Iraq.

Senate Vote: Discomforting, Revealing, Not About Morale (USAT)

USA Today, February 5, 2007

John Warner first volunteered to fight for his country at age 17, when he left high school and joined the Navy during World War II. He served until 1946, and four years later, he left law school to volunteer for the Marines in the Korean War. He eventually went on to serve as President Nixon's secretary of the Navy, and after being elected a Republican senator from Virginia in 1978, he rose to chair the Senate Armed Services Committee.

That's not the profile of someone who is naive about war. But now, at age 79, Warner is a leader in the fight to have Congress pass a non-binding resolution against President Bush's troop "surge" in Iraq — an undertaking that Bush and others criticize as undermining the war effort.

The crucial part of Warner's measure says, "The Senate disagrees with the 'plan' to augment our forces by 21,500, and urges the president instead to consider all options and alternatives … ."

The Senate faces hard votes on Warner's resolution and competing measures this week. Despite the courage of American troops and many Iraqis, the war has gone badly, metastasizing into something critics feared and the administration never imagined. Almost four years in, there's no end in sight, growing frustration among voters and little support for Bush's leadership.

Now the question is what to do, and on that Congress and Americans are painfully divided.

Warner's resolution is not an easy call. Critics say it sends a dispiriting message to the troops, and there's no getting around that. But the administration diminishes its case by trying to imply that its critics are unpatriotic if they don't silently follow the president's lead. No American leader should need a sermon on the value of honest argument and dissent, even in wartime. Voters elected scores of new legislators in November with the demand they speak up. Lack of support for the war is driving the resolutions, not the other way around.

Many critics on both sides of the "surge" also deride an anti-war resolution as a worthless middle position, either because it's political posturing that undercuts the commander in chief, or a pointless gesture that avoids using Congress' power to cut off funding for the war. But that, too, misses the essential point.

All or nothing is not the responsible choice. The public is no more enthusiastic about abrupt withdrawal than it is about staying the current failing course, and even critics of Bush's strategy warn that abrupt withdrawal would backfire. If a resolution can be worded to draw bipartisan support, it might point a path to unity, not underscore division.

The Warner resolution, like other drafts, offers one, essentially the plan proposed by the bipartisan Iraq Study Group: Turn over most fighting to Iraqi forces while training them; help secure Iraq's borders; focus U.S. troops on fighting al-Qaeda; and

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engage Iraq's neighbors in diplomacy. Critics may not like that plan, but it's every bit as valid as Bush's. In fact, something similar is likely to follow Bush's troop surge whether the increase is effective or not.

The surge is underway, and nothing Congress can do in the short run will stop it. The resolutions are more about what happens next. Whether one passes or not — even whether they're a good idea or not — matters less than what the debate over them reveals: The Iraq war, with public support gone, is in its end game. What's being debated now is how best to get out.

A Bleak Assessment On Iraq (NYT)

The New York Times, February 5, 2007

There isn't much encouraging news in the new National Intelligence Estimate on Iraq. Ethnic and sectarian identities are hardening and violence is spiraling, as shown again in Saturday's horrific Baghdad market bombing. Iraq's new governing institutions are weak and leading politicians have a "winner-take-all attitude" that can only make matters even worse.

The intelligence agencies see "real improvements" in Iraqi security forces. But those gains are strictly relative and the report still finds those forces unlikely to be able to successfully battle Shiite militias in the next 12 to 18 months.

A good example of this problem can be found in the accounts of last week's battle between the Iraqi Army and a mysterious group of armed religious extremists outside the Shiite shrine city of Najaf. Najaf is supposed to be a showcase province for the American-trained Iraqi Army. The Pentagon chose it in December for the first symbolic handover of security responsibilities.

Barely a month later, in their first major battle, the Iraqis had to be bailed out by American air and ground forces. Hundreds of armed zealots had managed to set up a fortified encampment, complete with tunnels, trenches, blockades, 40 heavy machine guns and at least two antiaircraft weapons.

This happened just 10 miles northeast of the city at a time when hundreds of thousands of religious pilgrims and Iraq's leading Shiite clerics were headed there for annual holiday observances. A successful attack on top clerics and pilgrims in Najaf would have been disastrous.

The Iraqis' next mistake was sending only one army battalion and some police to raid this armed camp after its belated discovery. Government forces were quickly surrounded and called in American air support. Still pinned down, the Iraqis had to summon American ground support as well before they could advance on the camp.

This less-than-impressive performance by a supposedly top-of-the-line Iraqi Army division has grave implications for President Bush's new Baghdad security drive, in which an additional 17,000 or so American troops are supposed to work in tandem with a much larger Iraqi force.

Perhaps the Iraqi security forces will improve over the next 18 months. But as the intelligence estimate also makes clear, the only real hope for Iraq lies in a bold reversal of course by Iraqi politicians that puts national reconciliation ahead of sectarian advantage. Mr. Bush needs to get serious about demanding such a change, including enforceable deadlines for overdue steps like eliminating militia supporters from the police, ending vengeful anti-Baathist measures targeting the Sunni middle class, and guaranteeing the fair allocation of oil revenues.

Otherwise, Iraq seems headed over the cliff.

The Perils Of Partitioning Iraq (LAT)

The Los Angeles Times, February 5, 2007

Physically dividing Iraq in an attempt to quell ethnic violence would only lead to more heartache and killing.

JUST WHEN IT SEEMS THAT Iraq's death-spiral cannot get worse comes news that it has. The civilization that grew between the Tigris and Euphrates rivers was nourished for centuries by the mingling of myriad cultures and ethnicities. Now a vile "sectarian cleansing" in Baghdad threatens that civilization — and it is proceeding faster than anyone thought possible.

More than 540,000 Iraqis have fled their homes because of sectarian fighting in the last 11 months — 80% of them in Baghdad, according to a carefully documented report from International Medical Corps, a Santa Monica-based humanitarian group that has teams in 16 of Iraq's 18 provinces. The pace of flight is accelerating: The number of people displaced jumped by 43% in November alone, the group found.

Although there have been widespread reports of an Iraqi diaspora to other Middle Eastern countries, most of the displaced are inside Iraq. They've taken refuge in segregated Sunni or Shiite neighborhoods within Baghdad or moved to provinces where

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people of similar ethnicities predominate. Many are living with impoverished relatives, and some face malnutrition. If the violence continues, estimates are for 1 million more such "internally displaced persons" within Baghdad alone in the next few months. That amounts to more than 20% of the population of a capital the United States vowed not only to liberate but to remake.

This disaster has prompted calls — first from hawkish humanitarians on the left, now joined by some voices on the right — for some sort of partitioning of Iraq that might quell the violence.

It is tempting to try to separate Shiite and Sunni combatants before they further shred and bleed their country, Yugoslavia style. But partition is a dangerous idea, the merits of which do not improve even as other options look worse. First and most important, the Iraqis do not want it. Second, the biggest prize in the ethnic wars — Baghdad — may be ghettoized, but it cannot be easily divided. Third, not all the violence is between Shiites and Sunnis; Shiite sects battle each other for power, and other ethnic strife may yet erupt in the north. Across Iraq, partition would force multiethnic cities and mixed families to choose sides and identities, however artificial. And the agony of Baghdad might simply be repeated in Kirkuk, Basra or Nasiriya.

Advocates of a "soft" partition seek to avoid these awful outcomes by keeping Iraq intact but encouraging Iraqis to use their new constitution (when fully implemented in 18 months' time) to allow the highly autonomous provinces to confederate as they see fit.

But the Bush administration should stick to its position and refuse to endorse any sort of plan to divide Iraq. Soft or hard, partition would inevitably be seen as another Western plot to weaken Iraq and draw a new Middle East map to U.S. specifications. It would fuel violence by seeming to ratify the end result of the sectarian killing, and do nothing to stop violence against unfortunate Iraqis caught on the wrong side of the tracks in the future.

The War: 'Ambiguous' Intel On Iran's Meddling In Iraq (NSWK)

By Mark Hosenball

Newsweek, February 4, 2007

How solid is evidence that Iran is stoking the conflict in Iraq? The White House has ratcheted up rhetorical attacks, suggesting that Iranian government elements were supplying Iraqi Shia insurgents with deadly weapons technology. But the idea that Iran plays a key role in fomenting violence inside Iraq took a knock last week with the publication, by the U.S. intelligence czar's office, of a new National Intelligence Estimate (NIE) on Iraq. The NIE, representing the consensus view of all 16 U.S. intel agencies, says that because sectarian antagonisms among Iraqis themselves are so intense and "self-sustaining," Iranian or Syrian involvement is "not likely to be a major driver of violence."

U.S. officials still maintain that Iran is helping Iraqi Shia insurgents build bombs that are particularly deadly because they can penetrate armored vehicles. But three U.S. officials familiar with unpublished intel (unnamed when discussing sensitive info) said evidence of official Tehran involvement is "ambiguous," in the words of one of the officials. For example, U.S. troops have been attacked by homemade bombs triggered by infrared sensors (like ones used on American burglar alarms). U.S. agencies know Iranian purchasers have made bulk orders for the sensors—which cost as little as $1 each—from manufacturers in the Far East. Some analysts think most of the sensors are used for innocent purposes: they note that the devices are so widely available that would-be supporters of Iraqi militants could simply buy them in an Iranian store and smuggle them to Iraq; high-level government involvement wouldn't be necessary. (Another intel challenge: it's difficult for U.S. personnel to ID Iranian operatives among Iraqi Shiites or Iranian pilgrims who visit Shia shrines in Iraq.)

Last week U.S. military officials in Baghdad were set to brief reporters about evidence American forces had assembled about Iran's interference in Iraq. But the briefing was canceled; one of the U.S. officials suggested it had been put off because intel officials couldn't agree about the info.

Zakaria: The Road To Reformation (NSWK)

By Fareed Zakaria

Newsweek, February 4, 2007

Al Qaeda had hoped to rally the entire Muslim world against the West, but now it is in the middle of a dirty sectarian war within Islam.

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For those in the West asking when Islam will have its Reformation, I have good news and bad news. The good news is that the process appears to have begun. The bad news is it's been marked by calumny, hatred and bloody violence. In this way it mirrors the Reformation itself, which we now remember in a highly sanitized way. During that era, Christians of differing sects massacred each other as they fought to own the true interpretation of their religion. No analogy is exact, but something similar seems to be happening within Islam. Here the divide is between the Sunnis, who make up 85 percent of the Muslim world, and the Shiites, who represent most of the other 15 percent.

The dominant new reality in the Middle East today is the growing schism between these two groups. Look at the daily sectarian killings in Iraq, listen to the dark warnings of Saudi and Jordanian leaders about a "Shia crescent," watch the power struggles in Lebanon. Islam's quiet cleavage has come out into the open. At a recent demonstration in the Palestinian territories, opponents of Hamas taunted the Sunni Islamists as "Shiites" because of their links to Iranian-backed Hizbullah.

We in the United States have spent much time asking what all this means for Iraq, for U.S. troops in the midst of this free-for-all and for America more generally. But think, for a moment, about what the trend means for Al Qaeda.

Osama bin Laden and Ayman Al-Zawahiri, both Sunnis, created Al Qaeda to be a Pan-Islamic organization, uniting all Muslims as it battled the West, Israel and Western-allied regimes like Saudi Arabia and Egypt. Neither Zawahiri nor bin Laden was animated by hatred of Shiites. In its original fatwas and other statements, Al Qaeda makes no mention of them, condemning only the "Crusaders" and "Jews."

But all ideologies change as they encounter reality. When bin Laden moved to Peshawar in the 1980s to fight the Russians in Afghanistan, he allied with radical Sunnis who had a long history of oppressing Afghanistan's Shiite minority, the Hazaras. (The novel "The Kite Runner" is about a young Hazara boy.) Even then, bin Laden didn't sanction anti-Shiite violence, nor did he add anti-Shiite accusations to his messages. But after the Sunni Taliban took power, Arab fighters under his command did support his hosts' anti-Shiite pogroms.

Iraq was the real turning point. The self-appointed leader of Al Qaeda in Iraq, Abu Mussab al-Zarqawi, had a poisonous attitude toward Shiites. In a letter to bin Laden, written in February 2004, he described Iraq's Shiite majority as "the insurmountable obstacle, the lurking snake, the crafty and malicious scorpion, the spying enemy ... The danger from the Shia ... is greater ... than the Americans ... I come back and again say that the only solution is for us to strike the religious, military, and other cadres among the Shia with blow after blow until they bend to the Sunnis." Zarqawi was drawing on Wahhabi Islam—and its offshoot Deobandism in South Asia—in which there is a deep and oppressive strain of anti-Shiite ideology.

Bin Laden and Zawahiri were clearly uncomfortable with this new line, and the latter reproached Zarqawi directly. Bin Laden remained largely silent on the matter, but by the end of 2004, both had decided that Al Qaeda in Iraq was too strong to rebuke. And, rousing anti-Shiite feelings seemed the only way to mobilize Iraq's Sunni minority. It also, crucially, made them see Al Qaeda as an ally. The trouble for Al Qaeda is that as a practical matter, loathing Shiites works in only a few places: principally Iraq, Pakistan, Saudi Arabia and some parts of the gulf. Most of the rest of the world's 1.3 billion Muslims are turned off by attacks on their co-religionists.

So, an organization that had hoped to rally the entire Muslim world to jihad against the West has been dragged instead into a dirty internal war within Islam. Bin Laden began his struggle hoping to topple the Saudi regime. He is now aligned with the Saudi monarchy as it organizes against Shiite domination. This necessarily limits Al Qaeda's broader appeal and complicates its basic anti-Western strategy.

These emerging divisions weaken Al Qaeda, but they will help most Muslims only if this story ends as the Reformation did. What is currently a war of sects must become a war of ideas. First, Islam must make space for differing views about what makes a good Muslim. Then it will be able to take the next step and accept the diversity among religions, each true in its own way.

The United States should avoid taking sides in this sectarian struggle and aim instead to move the debate to this broader plain. We should encourage the diversity within Islam, which has the potential to divide our enemies. But more important, we should encourage the emerging debate within it. In the end it was not murder but Martin Luther that made the Reformation matter.

Who's Stoking The Fires? (USNEWS)

DOJ_NMG_0126935

By Mitchell Prothero

U.S. News and World Report, February 5, 2007

BEIRUT-The presence of balaclava-clad young men waving weapons from motorbikes is never a good sign. Even so, their arrival during a recent series of street clashes between Sunni Muslim supporters of the current Lebanese government and the Shiite followers of the Hezbollah-led opposition is particularly ominous given Lebanon's tragic history of sectarian violence and civil war.

For more than two months, Lebanon has teetered on the brink of chaos. Hezbollah and its allies have been demanding the American-backed government of Prime Minister Fouad Siniora submit to the formation of a so-called national unity government-one that would tip the political balance in favor of the Shiite community. A series of escalating demonstrations finally exploded in late January into sectarian violence that left about 10 people dead and more than 200 wounded. There are concerns about further clashes next week if thousands of pro-government demonstrators turn out to mark the second anniversary of the assassination of former Prime Minister Rafiq Hariri.

This should be a parochial struggle among Lebanese in a tiny nation of 3.8 million where the mix of Sunnis, Shiites, and Christians is just diverse enough that no group can dominate. During Lebanon's 15-year civil war, which claimed some 100,000 lives and turned Beirut into a rubble-strewn battleground, the country mainly split between Christians and Muslims. Now, nearly two decades later, the conflict's defining characteristic is the rift within the Muslim community, a split that draws in on opposing sides the region's two major powers, Sunni Saudi Arabia and Shiite Iran. Lebanon is a testing ground for growing Iranian influence-and for Saudi Arabia's efforts to block it.

This has led to some unusual political twists. After war unexpectedly erupted last summer between Hezbollah and Israel, the major Sunni Arab states-Saudi Arabia, Egypt, and Jordan-moved quickly to condemn the provocation by Hezbollah. For the first time, these Arab states essentially took Israel's side.

Lebanon's Sunni Muslims-who include much of Beirut's economic elite-tend to look to the Saudis for patronage. And with the prime minister slot open only to a Sunni (Lebanon's Christians get the presidency and the Shiites get the parliament speaker), Hezbollah's political attack on Siniora is widely perceived as part of an Iran-backed challenge to the Sunni Islam power structure around the region.

When Hezbollah began protesting in downtown Beirut's gleaming shopping district (most of which is owned by Saudi companies), it looked to the Saudis as if Lebanon risked tipping to Iranian control-just as Iraq transformed from a Sunni power under Saddam Hussein to an Iranian-friendly Shiite one.

Political sources say that within days of Hezbollah's initial protests, Siniora was told by Saudis to hold firm and they would pay any economic bill necessary. "It began last summer during the war, when the Arab League came to Siniora's defense," says Michael Young, opinion editor of Beirut's English-language newspaper, the Daily Star. "The Saudis promised him then anything he needed. Siniora does not stand for Siniora; he's a steadfast symbol of the Sunni Arab world and its political establishment. He is always someone who has fought for an Arab consensus to every problem. So to assail him is to assail the Sunni Arab world itself."

But then came a series of street clashes between Sunnis and Shiites that seemed to take everyone by surprise, apparently including Hezbollah itself. "Look, Hezbollah is a disciplined organization, maybe the most disciplined in the Arab world," says one security official, who cannot speak for attribution on this subject. "But it's not enough to control your fighters and officials. They clearly lost control of the kids and their allies, who aren't organized like they are. This really scared everyone involved."

Even, perhaps, officials in Saudi Arabia and Iran, who may have their own interests in not having their rivalry push Lebanon over the brink. Whether or not that is the case, Saudi and Iranian officials unexpectedly opened direct talks to calm the crisis. They need to hurry to keep Lebanon from again sliding into civil war.

Armed With History (USNEWS)

By Anna Mulrine

U.S. News and World Report, February 5, 2007

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It was on the eve of the U.S. invasion of Iraq, in March 2003, that Missouri Rep. Ike Skelton sent a letter to President Bush. "There is no doubt that our forces will be victorious in any conflict," he wrote. "But there is great potential," he warned, "for a ragged ending to a war as we deal with the aftermath." He noted that then Secretary of Defense Donald Rumsfeld "frequently talks about the list he keeps of things that could go wrong in an Iraq war." Added Skelton: "I have kept my own list."

He went on to outline some possibilities that would prove eerily prescient: Shiites attacking Sunnis, forcing U.S. troops to protect them. "Stabilization and reconstruction prove more difficult than expected," Skelton wrote. "This puts pressure on troop rotations, reservists, their families ... and requires a dramatic increase in end-strength."

Nearly four years later, it is just such an increase in end-strength, meaning the overall size of the military, as well as the strain of repeated rotations on the Army and Marine Corps, that Skelton will confront as the new chairman of the House Armed Services Committee. In that role, this Democratic moderate figures to be a major player in examining America's wars on two fronts. As President Bush presses his case for sending 21,500 more troops to Iraq and details surface about wasted reconstruction aid (including Olympic-size swimming pools ordered up by Iraqi officials), Skelton summarizes the goals for his tenure with a word that has become his mantra: "Oversight. Oversight. Oversight."

No nonsense. That mantra is both a top item on his to-do list and a reminder of a lack of congressional supervision during critical phases of the Iraq war-and of the responsibility that Americans feel Capitol Hill should take up now. In a recent survey, nearly two thirds of Americans said that Congress has not been assertive enough in challenging the Bush administration's conduct of the war. "Oversight was nil," says Skelton. To that end, he has announced plans to revive the Subcommittee on Oversight and Investigation, disbanded when Republicans gained House control in 1994. Skelton's committee will take up topics including military readiness. "This causes me great heartburn, this chewing away at our armed forces," Skelton tells U.S. News. "Equipment is worn to a nubbin," he adds, noting that while Congress provided the military with $17 billion last year to make up for equipment wear and tear, units in America "still don't have a lot to train on-it's left over there for succeeding brigades. And what's left over there is often worn out."

A member of the committee since 1981-and its ranking Democrat since 1998-Skelton, 75, still describes himself as a simple country lawyer. Colleagues caution, however, that the moniker belies a gentle but no-nonsense questioning style that will set the committee's tone in the months to come.

Stricken with polio as a child, Skelton was unable to serve in combat but developed a voracious appetite for history books that he shares, he says, with military leaders. "That's my hobby. Some people bowl, some ski-I read history books." For that reason, says Robert Scales, the former president of the U.S. Army War College in Carlisle, Pa., "the strongest thing you can do when you talk with Ike is to come armed with those historical connections. He understands that for the military, the battlefield is our lab, our law library, our courtroom, our stock exchange. Soldiers do war so infrequently that if you're going to gain knowledge, you've got to go to the historical lab."

Iraq Battles A Shadowy Shiite Death Cult (NSWK)

By Babak Dehghanpisheh

Newsweek, February 4, 2007

Dhia Abdul Zahra claimed he was the messiah. And on the eve of the holiest day in the Shiite calendar, Ashura, when believers beat themselves bloody with chains and swords, Zahra tried to deliver salvation. Hundreds of his followers, armed with heavy weapons, clashed with Iraqi and American soldiers northeast of the holy city of Najaf on Jan. 28. The Soldiers of Heaven, as the cultists called themselves, apparently planned to storm Najaf and assassinate top Shiite clerics. They fought fiercely: an American helicopter was shot down, killing two soldiers, and Iraqi forces called for reinforcements at least twice. Iraqi police say this was no ordinary enemy. Fighters repeatedly tapped into their radio frequency and repeated an ominous message, "Imam Mahdi is coming." The return of the Mahdi—the 12th and last Shiite saint, who, believers say, vanished in the ninth century—signals the end of times.

It would be easy to write off the thirtysomething Zahra, who was killed along with more than 250 others in the battle, as an Iraqi David Koresh and his followers as misguided zealots. But the Soldiers of Heaven are only one of dozens of Shiite factions, some of whom have similar millenarian ideas, that have sprung up across southern Iraq. Dominated as it is by one sect, the south

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has generally been thought remote from the civil war that has engulfed Baghdad and its environs. The Iraqi Army took over security in Najaf from the Americans in late December; few if any of the 20,000 new U.S. troops heading to Iraq will be sent to the region. But as the new National Intelligence Estimate on Iraq released last week points out, the country is plagued by four overlapping battles—Al Qaeda and Sunni insurgent attacks on Americans, sectarian killings and Shia-on-Shia violence in the south. If left unchecked, that factional fighting could grow into as great a threat to Iraq's stability as the ethnic cleansing farther north. "The collapse of authority in southern Iraq could be devastating for both the United States and for Iraq," says Vali Nasr, author of "The Shia Revival."

Under Saddam Hussein, the Shiite south was viewed as a hotbed of Iranian intrigues and deliberately neglected. Its infrastructure is noticeably worse than other parts of the country: roads are full of potholes, and open sewers are common. And, despite millions of dollars pumped into projects since 2003, most recently under the Shiite-dominated government in Baghdad, the situation hasn't improved significantly. Unemployment in some areas is as high as 60 percent, and Iraq's five poorest provinces are all in the south. Many reconstruction projects have been abandoned because of corruption, kidnappings and killings.

The two biggest players in the region are Moqtada al-Sadr's Mahdi Army and the Supreme Council for Islamic Revolution in Iraq, run by cleric Abdul Aziz al-Hakim. But in Basra alone, whose oilfields account for about 90 percent of Iraq's budgetary revenue, at least half a dozen parties are competing for power—often violently. Basra's murder rate tripled in the first half of last year. "Security is bad in the Shiite south and may be getting worse," says Juan Cole, a professor of history at the University of Michigan and an expert on Iraq's Shiites.

In this chaotic environment, talk of the dhuhoor, or appearance of the Mahdi, has been growing. "The decrease of the things people need—electricity, water, a salary, peace of mind—makes them want to find something like a miracle," says Salama Khafaji, a former member of the Iraqi Governing Council from Najaf. Sadr has astutely tapped into this longing for a better world; loyalists have hinted that he may be the Mahdi himself. Fringe groups that take the Mahdi more literally—and that rail against a Shiite leadership who are doing nothing to hasten his return—are also growing, says Khafaji. "When you have the complete collapse of society is exactly when you get these pretenders who combine social anxiety, political frustration and fear with millenarian expectations," says Nasr.

Senior clerics familiar with Zahra say the Soldiers of Heaven was an offshoot of the Sadrist movement and had few friends among the Najaf establishment. "They were against the marjaiya [senior clerics], against the government, against the Americans," says Sheik Fatih Kashif al-Ghitta, a senior cleric from Najaf. On more than one occasion, Ghitta says, Zahra's followers had fought pitched battles against the Mahdi Army. They were particularly well entrenched in Zarqa, a village about 10 miles northeast of Najaf. The group had dug six-foot-deep trenches around their property and set up defensive sand berms. Weapons were buried underground or covered with palm leaves. Iraqi troops later found sniper rifles, heavy machine guns and even antiaircraft guns around the property. But the Soldiers of Heaven is hardly the only heavily armed faction in the south: gunmen from another Sadrist offshoot, the Fadhila Party, control Basra's oilfields. Baghdad security officials worry that even more Shiite fighters will soon flood into the area to avoid the "surge" of U.S. troops in the capital.

If Zarqa is any indication, that could spell trouble. Although President George W. Bush praised Iraqi forces after the battle ("The Iraqis are beginning to show me something," he said), in fact the Iraqis were nearly overrun. At one point, Col. Ahmad Silawi, the director of Najaf intelligence, and Abdul Hussein Abtan, the deputy governor of Najaf, were pinned down. "Help us! There's heavy shooting!" Abtan cried over the radio. Silawi later told NEWSWEEK he'd recited the shahada, the traditional prayer before death. Only repeated U.S. airstrikes crushed the cultists.

Ironically, Iran—which U.S. military officials have blamed for fueling attacks against American soldiers in the south—probably has more influence in the region than the Coalition. "If, after this attack, the Americans haven't realized that they need our help to stabilize Iraq, I don't know when they're going to learn anything," says a Tehran official who has close ties to the senior Iranian leadership and asked not to be identified because of the sensitivity of the subject. If he's expecting Washington to ask for help in the south, though, he may as well wait for the Mahdi, too.

With reports from Iraqi staff in Najaf and Maziar Bahari in Tehran, Christopher Dickey in Paris and Karen Fragala Smith in New York

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Sandra Day O'Connor On Postcourt Life (NSWK)

By Debra Rosenberg

Newsweek, February 4, 2007

Walk down the hallway on the second floor of the Supreme Court, through the part of the massive marble building the public never gets to see, just past the chambers of Justice Ruth Bader Ginsburg, and you might think you've stumbled into a gallery. The walls of the long corridor are lined with artwork: there's a Georgia O'Keeffe print, a photograph of a Navajo woman (taken by Barry Goldwater) and a framed editorial cartoon of Lady Justice celebrating the first woman named to the Supreme Court. Turn the corner, and you'll find that woman, retired Justice Sandra Day O'Connor. "It wouldn't fit in my chambers," she says, pointing at the collection. When she left the court last January, she had to turn over her spacious digs to her replacement, Justice Samuel Alito. But a year later, nestled in a cozy corner office, O'Connor is still hard at work.

After her surprise announcement in July 2005 that she was leaving the court, O'Connor seemed likely to follow most of her former colleagues into a quiet private life. But America's first female justice is blazing a new path in retirement, too. At 76, O'Connor is still physically and mentally fit. Her current schedule—packed with appeals-court hearings, law-school lectures, speechmaking and book writing—can make her days on the court look practically languorous. And these commitments don't include her recent work with the Iraq Study Group (or her aerobics classes). She divides her time between Washington, where she maintains her chambers, and Phoenix, where she cares for her husband, John, who suffers from Alzheimer's. "She just put it in third gear and went on," says her brother, H. Alan Day.

Before she stepped down, O'Connor seemed dismissive of the life of an ex-justice. She once told her brother: "When you retire from the court, you become a nobody." Though Justice Potter Stewart, whose seat O'Connor filled, was an advocate of stepping down in your prime, O'Connor wasn't sure whether she'd one day follow his lead. "Most of them get ill and are really in bad shape, which I would've done at the end of the day myself, I suppose, except my husband was ill and I needed to take action there," she told NEWSWEEK recently in a rare interview in her chambers.

O'Connor carefully weighed when to quit the bench. In the spring of 2005, with Chief Justice William Rehnquist publicly battling thyroid cancer, the two justices discussed timing. "We talked a little bit," O'Connor recalls. "I was concerned about whether he had an intention to step down since his plans might have altered my own. It's hard for the nation to grapple with two [retirements] at once," she says. "He indicated he didn't want to step down." So she realized she had to go first.

After O'Connor left, she'd planned to spend time with her husband—but she couldn't predict the cruel trajectory of his disease. John, a lawyer, and O'Connor had long been fixtures on the Washington social circuit, known for their ballroom dancing. "Here you have this magnificent man full of Irish humor and tales and then suddenly the fog rolled in," says former Wyoming senator Alan Simpson, a family friend. In earlier stages of John's illness, O'Connor would take him to the court with her because he couldn't be left alone.

After O'Connor was freed from her daily duties at the court—it took six months before Alito took her seat—John's condition deteriorated. Last summer she reluctantly placed him in a care center near their home in Phoenix; she visits him often. "It's such a miserable disease. It's so sad. It's so hard. I did the best I could," she says. "He wants me there all the time." It's been a difficult transition, says Simpson. "It's tough to go home at night and no longer have this warm, witty guy there."

The void created by John's illness may help explain O'Connor's refusal to retire to Arizona and instead keep herself immersed in work. Now, she says, she's rethinking her earlier prediction of becoming a "nobody." "I think there is a fairly narrow margin of time in which the voice can still be heard," she says. Because O'Connor chose to retire rather than resign, she's still considered an active judge and draws a salary. So she has responsibilities as an officer of the court to fill in as a judge on appeals courts—a task that requires copious preparation. Even the most mundane duties of judgeship do not escape her: last month she spent two days swearing in public officials in Arizona. Being a judge also means O'Connor can't cash in on any of the speeches or public appearances she makes. That would change if she resigned. But then, she wouldn't have an office at the court. Maybe then she would be a nobody. "I'd be on my own," she says. "I have chosen a different route."

That route has led her to speak out on a handful of causes, like the importance of an independent judiciary and teaching civics. She's also waded into one of the nation's most difficult problems: what to do in Iraq. When James Baker first asked her to join the Iraq Study Group, O'Connor was baffled. "I wasn't sure I should do it," she recalls. "It was so out of my field of judging. I

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don't know anything about the military." Though the project was more grueling and time-consuming than she'd imagined, she found it fascinating.

Later, O'Connor had little patience when the media wanted to turn the commission members into celebrities. At one meeting, recalls Alan Simpson, also a study-group member, famed photographer Annie Leibovitz arrived to take a group portrait for Men's Vogue. "We all sat there, no one said anything," says Simpson. "Then she said, 'Not me. That's not what I'm here for. This is not about our pictures going out somewhere,' and the rest of us piped up to agree." (Baker and co-chair Lee Hamilton sat for the portrait.) Lately, some study-group members have expressed frustration that President George W. Bush has not embraced their recommendations, but O'Connor—still unwilling to plunge into politics—demurs. "There are probably no perfect answers," she says.

While O'Connor's been busy charting a new course, the court she left behind is changing, too. She's often said she's disappointed that her replacement was not a woman. But gender balance isn't the court's only shift. O'Connor gained a reputation as the swing vote on issues like abortion, affirmative action and school prayer—a designation she's always chafed against. Still, she acknowledges some decisions could change without her. "I'm sure there will be some sense that in some instances, had I been on the court, my vote might have differed from some of the new members," she says. "But that's all right. That's the way things go."

A year after her departure, O'Connor admits she misses the court. "Occasionally I'll see one [upcoming case] and say, 'Well, I wonder what they're going to do to my old writing in Case X'," she says. But O'Connor seems to live by the motto stitched into a needlepoint pillow on her couch: MAYBE IN ERROR BUT NEVER IN DOUBT. She says she has no regrets about leaving the bench. And she refuses to second-guess any old votes. "I don't look back and say, 'Oh, gee.' There's no use living that way. Do the best you can and look forward," she says. Even in retirement, O'Connor sees the road ahead.

With Eve Conant

Why We Can't Leave (USNEWS)

By Mortimer B. Zuckerman

U.S. News and World Report, February 5, 2007

Our hyperactive president's walkabouts, radio talks, interviews, conferences on energy, the economy, and obesity-and his recent State of the Union address-find him looking well and speaking well, but rather in the manner of the Wizard of Oz. When the curtain is drawn back on the big flashing pronouncements, the Wizard is revealed not as a powerful magician but someone who can't even dispossess a wicked witch of her broomstick without the help of a young girl, her little dog, a scarecrow, a toothless lion, and a tin man. (Cast those characters yourself!) The only thing that is melting before the wizard's eyes is not the wicked witch but the wizard's own support in the country, in the Congress, and within his own party.

George W. Bush bet his presidency on Iraq. And now he's betting his party's future on it. If the new troop "surge" fails, it will destroy the Republicans' reputation on national security for at least a generation.

The president said, "Nothing is more important at this moment in our history than for America to succeed in the Middle East, to succeed in Iraq." He's right. Abandoning Iraq would plunge the country we went to war to save into a grim horror movie. The Iraqi government cannot stop sectarian killing when it is able to call on the world's most powerful military. Who can expect it to do so if the Americans leave? Indeed, hundreds of thousands of Iraqi professionals-physicians, academics, and the like-have divined the answer and fled to other countries.

Unbelievable horrors. Of course, most Americans believe the nightmare in Iraq simply cannot get much worse. Wrong-it most certainly could. Advocates of a "phased" withdrawal of our troops must reckon with the certainty of a serial disaster: a full-blown civil war spreading a contagion of violence across the region, with Iran virtually uncontainable. Our enemies, as the president said, would emerge with new safe havens, new recruits, and new resources. The head of the CIA, Michael Hayden, put it starkly: "An al Qaeda victory in Iraq would mean a fundamentalist state that shelters jihadists and serves as a launching pad for terrorist operations throughout the region and against our own homeland." A premature pullout would condemn Iraq and the region to unbelievable horrors. It would be a historic victory for our Islamic enemies. If America is defeated in Iraq, a victory in the

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broader war on terror will be impossible. And unlike what happened after Vietnam, the enemy will undoubtedly follow America home.

How the president must rue his idealized concept of the war, and his obstinacy in persisting with the "too little, too late" way it was conducted. The desire for democracy in Iraq is a noble one, but democracy is not achieved by a single election. It was exhilarating to see so many Iraqis proudly raising their inky voting fingers in the face of threats, but installing democracy is different from organizing an election. Democracy requires security. It requires civil institutions, of which Iraq had none, except for the mosque where Islamists organized to the detriment of dreams of a secular state. It requires respect for the rule of law, for which the Shiite and Sunni extremists have only contempt. It requires tolerance for minorities, but in Iraq today people are murdered daily because of their name or the street where they live. Indeed, those elections had counterintuitive consequences for they divided the country into three sectarian communities and hardened the differences among them.

U.S. Threatens Crushing Offensive To Calm Baghdad (WT)

The Washington Times, February 5, 2007

From combined dispatches

BAGHDAD -- A U.S.-Iraqi offensive against militants in Baghdad will begin within days and take place on a scale never seen during four years of war, American officers said yesterday.

A military spokesman, meanwhile, acknowledged for the first time that hostile fire was probably to blame for the crashes of four helicopters in the past two weeks, and said the U.S. command has ordered changes in flight operations.

Briefing a small group of foreign reporters, three American colonels who are senior advisers to the Iraqi army and police in Baghdad said a command center overseeing the crackdown in the capital would be activated today.

"The expectation is the plan will be implemented very soon thereafter," a senior adviser to the 9th Iraqi army division said at a U.S. military base in Baghdad.

"It's going to be an operation unlike anything this city has seen," Col. Doug Heckman added. "It's a multiple-order magnitude of difference, not just a 30 percent, I mean a couple hundred percent" larger than previous offensives.

The job of stabilizing Baghdad had become increasingly urgent after a wave of violence that, an Interior Ministry official said, claimed nearly 1,000 lives in the past week alone -- about135 of them in a single truck bombing on Saturday. At least 103 persons were killed or found dead yesterday, most of them in Baghdad, police reported.

The officers said the new security operation will be headed by Lt. Gen. Abboud Gambar, a Shi'ite in his early 60s who was named to the post under pressure from the U.S. military. Prime Minister Nouri al-Maliki initially had selected Lt. Gen. Mohan al-Freiji for the job.

The plan will involve U.S. and Iraqi forces sweeping the capital's neighborhoods for militants and illegal weapons and then holding cleared areas. But some analysts fear that as in previous crackdowns, militants will simply melt away and wait out the forces or strike in areas where they are not deployed.

The four helicopters that have gone down since Jan. 20 crashed after claims by insurgents that they have received new stocks of anti-aircraft weapons -- and a recent boast by Sunni militants that "God has granted new ways" to threaten U.S. aircraft.

Maj. Gen. William Caldwell, the chief military spokesman in Iraq, told reporters that the investigations into the crashes of three Army helicopters and one private copter were incomplete, but "it does appear they were all the result of some kind of anti-Iraqi ground fire."

Despite the losses, Gen. Caldwell said it was premature to conclude that the threat to U.S. aircraft posed by Sunni insurgents and Shi'ite militiamen had increased dramatically.

"There has been an ongoing effort since we've been here to target our helicopters," Gen. Caldwell said. "Based on what we have seen, we're already making adjustments in our tactics and techniques and procedures as to how we employ our helicopters."

Gen. Caldwell did not elaborate, presumably for security reasons. In the past, defensive measures have included flying lower and faster, varying routes and using zigzag patterns over dangerous areas.

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Three crashed in mostly Sunni areas and the fourth was shot down during fighting with members of a Shi'ite messianic cult near Najaf. U.S. officials have accused Iran of providing sophisticated weapons to Shi'ite militants.

In December, a spokesman for the late dictator Saddam Hussein's ousted Ba'ath Party, Khudair al-Murshidi, said in Damascus, Syria, that Sunni insurgents had received shoulder-fired anti-aircraft missiles, and "we are going to surprise them," meaning U.S. forces.

Mr. al-Murshidi did not say when or how the missiles were obtained.

Insurgents have used SA-7s, a shoulder-fired missile with an infrared homing device, against U.S. and British aircraft since 2003.

U.S. military helicopters are equipped with long-range sensors and devices to jam radar and infrared technology, but they have proven vulnerable to intense gunfire, as well as rocket-propelled grenades.

Iraq's Sunni-Shiite Anguish Grows (CSM)

By Dan Murphy

The Christian Science Monitor, February 5, 2007

CAIRO

When National Intelligence Director John Negroponte briefed the Senate last week on Iraq, he cautioned lawmakers that the hope for stability there rests on quelling unabated sectarian violence.

That view was reflected in a new National Intelligence Estimate (NIE), parts of which were declassified Friday, that describes an Iraq Army and police bedeviled by the sectarian allegiances of their members. The report deemed it unlikely that these forces will move effectively against militias in the next 18 months – particularly against the Shiite groups with ties to Iraq's ruling parties.

Indeed, US military officials cautioned patience – despite the deployment of an additional 21,500 troops to Iraq.

"[That] will not turn the security situation overnight," Maj. Gen. William Caldwell said in Baghdad. "Iraqi forces suffer deficiencies in leadership and logistics. It will take more than two months to solve these problems."

The urgent need to address the strife that flows in Baghdad's streets as well as its political corridors was painfully evident in a devastating weekend attack.

The deadliest single suicide bombing since the war began hit a crowded Shiite market on Saturday, leaving at least 135 Iraqis dead.

Overall, the assessment from the NIE, a report from the US intelligence community, was bleak, especially in its evaluation of the ability of Iraqi security forces to get its arms around the burgeoning violence.

The violence is also leading to even greater polarization of Iraqi society, both among the man on the street and the country's political leaders, the report found.

Also, it underscored what experts and US government analysts have been saying for some time – that the solution to Iraq's problems rests on the creation of a national compact that will involve compromise for the country's Shiites, Sunnis, and Kurds. It noted that the trend is in the other direction.

"Even if the violence is diminished, the current winner-take-all attitude and sectarian animosities infecting the political scene Iraqi leaders will be hard pressed to achieve sustained political reconciliation" over the next 18 months, the term of the estimate, the report says.

Despite the report's downbeat assessment, it argues in line with the Bush administration that the situation would be worse if US troops were to withdraw now.

The report makes the argument that if the US withdrew "rapidly," Iraq's security force would be "unlikely to survive as a nonsectarian national institution," that "massive civilian casualties and forced population displacement would be probable," and that outside countries "might" intervene directly in the conflict.

While the report finds that Iran provides support to Shiite militants, and says Syria isn't stopping the flow of foreign militants across its borders, it also argues that the solution to Iraq's problems does not lie in Damascus or Tehran.

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"The involvement of these outside actors is not likely to be a major driver of violence ... because of the self-sustaining character of Iraq's internal sectarian dynamics," notes the report.

In the same vein, the report stated that the term "civil war does not adequately capture the complexity of the conflict in Iraq" but that it "accurately describes key elements of the Iraqi conflict."

As American forces start to move into Baghdad for the escalation of the US military presence there, there were also reminders of the growing sophistication of the country's insurgents.

General Caldwell, the top US military spokesman in Iraq, said Sunday that the three American helicopters that have crashed since mid-January, causing the loss of 16 US service members, were all shot down by ground fire. These three incidents constitute the most successful spate of insurgent attacks on US air power since the start of the war.

In the wake of Saturday's bombing, Shiite militia leaders blamed US efforts to curtail sectarian groups for the attack. Some said that joint US and Iraqi operations against them, which have recently netted scores militants, prevented them from securing their own neighborhoods.

There's little evidence that the militias do a better job of maintaining security than US and Iraqi forces – large-scale attacks have hit Shiite enclaves before. Such attacks have led average people to turn to the militias in frustration, and to blame the US for a security situation.

On Saturday, Grand Ayatollah Ali al-Sistani, the country's most respected religious figure broke more than three months of self-imposed silence, issuing a statement urging Shiites and Sunnis to set aside their differences.

Ayatollah Sistani had been a major figure calling for moderation, particularly among his Shiite constituency, during the first two years of the war. But he has largely withdrawn from making public statements as the violence has escalated.

His new fatwa, or religious edict, said, "The Islamic nation is passing through difficult conditions and facing tremendous challenges that threaten its future. . . Everybody knows the necessity for us to stand together and reject the sectarian tension to avoid stirring sectarian differences."

Iraqis Fault Delayed U.S. Plan In Attack (NYT)

By Damien Cave And Richard A. Oppel Jr.

The New York Times, February 5, 2007

BAGHDAD, Feb. 4 — A growing number of Iraqis blamed the United States on Sunday for creating conditions that led to the worst single suicide bombing in the war, which devastated a Shiite market in Baghdad the day before. They argued that the Americans had been slow in completing the vaunted new American security plan, making Shiite neighborhoods much more vulnerable to such horrific attacks.

The critics said the new plan, which the Americans have started to execute, had emasculated the Mahdi Army, the Shiite militia that is considered responsible for many attacks on Sunnis, but that many Shiites say had been the only effective deterrent against sectarian reprisal attacks in Baghdad's Shiite neighborhoods. Even some Iraqi supporters of the plan, like Hoshyar Zebari, the foreign minister who is a Kurd, said delays in carrying it out had caused great disappointment.

In advance of the plan, which would flood Baghdad with thousands of new American and Iraqi troops, many Mahdi Army checkpoints were dismantled and its leaders were either in hiding or under arrest, which was one of the plan's intended goals to reduce sectarian fighting. But with no immediate influx of new security forces to fill the void, Shiites say, Sunni militants and other anti-Shiite forces have been emboldened to plot the type of attack that obliterated the bustling Sadriya market on Saturday, killing at least 135 people and wounding more than 300 from a suicide driver's truck bomb.

"A long time has passed since the plan was announced," Basim Shareef, a Shiite member of Parliament, said Sunday. "But so far security has only deteriorated."

American officials have said the new plan will take time, but new concerns emerged Sunday about the readiness of Iraqi military units that are supposed to work with the roughly 17,000 additional American soldiers who will be stationed in Baghdad under the plan, which President Bush announced last month.

Iraqi and American military officials said the command structure of the Iraqi side had still not been resolved, although the plan is supposed to move forward this coming week.

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Naeem al-Kabbi, the deputy mayor of Baghdad and a senior official loyal to Moktada al-Sadr, the powerful cleric who heads the Mahdi Army, said he believed the plan had been delayed "because the Iraqi Army is not ready."

American military officials have not laid out a precise timeline for the security plan, and would not say if undermanned Iraqi units had delayed its start. But American officials have said Iraqi units arriving in Baghdad to fulfill their part of the new plan are only at 55 to 60 percent of their full strength.

With much of Baghdad devolving further into chaos, many Iraqis have begun to question whether the security plan has ambled along too slowly, setting up a situation in which American and Iraqi troops will be greeted with hostility rather than welcomed as protectors.

Concerns about the unintended consequences of the American security plan rippled through many levels of the Iraqi government.

"People's expectations went up," Mr. Zebari said. "They were hopeful, optimistic that this new surge, this new plan would provide a better life for them. And this daily killing — this bomb — they lose hope. Still the troops haven't arrived."

An American military official, responding to accusations that American efforts opened Shiite areas to attacks, said American checkpoints around eastern and central Baghdad last October seemed to reduce the number of car bombs until the checkpoints were removed because of objections from Prime Minister Nuri Kamal al-Maliki and Shiite officials loyal to Mr. Sadr. The official was not authorized to comment about the subject and spoke on condition of anonymity.

Maj. Gen. William B. Caldwell IV, the American military spokesman in Iraq, called for patience as the new security plan rolls out. "Give the government and coalition forces a chance to fully implement it," he said in remarks carried by several news agencies.

His comments, however, came as more than a dozen mortar shells crashed on Adhamiya, a Sunni area of eastern Baghdad, in what appeared to be an act of retaliation by Shiites. At least 15 people were killed and more than 56 wounded, an Interior Ministry official said.

Clashes in western Baghdad between Sunni and Shiite militias left 7 dead and 11 wounded, and the authorities found 35 bodies throughout the city, many showing signs of torture.

Meanwhile in the streets of Sadriya, the poor, mostly Shiite area of central Baghdad where the bomb exploded on Saturday, merchants and residents struggled to contain their anger.

"I saw with my own eyes young children flying from the windows of the apartments on top of the shops when the explosion arrived," said Haydar Abdul Jabbar, 28, a car mechanic who was standing near a barber shop when the bomb exploded. "One woman threw herself out of the window when the fire came close to her."

Mr. Abdul Jabbar said he rushed to collapsed buildings trying to help the wounded, but found mainly hands, skulls and other body parts.

"The government is supposed to protect us, but they are not doing their job," he said. "I watch the TV and see the announcements on the imminent implementation of the security plan. Where is it, for God's sake?"

"I wish they would attack us with a nuclear bomb and kill us all," he added, "so we will rest and anybody who wants the oil — which is the core of the problem — can come and get it. We can not live this way anymore. We are dying slowly every day."

The truck exploded around dusk on Saturday at a market flush with crowded food stands. The crater from the blast was large enough to hold a sedan; the blast threw the truck's gnarled engine block more than 100 yards away.

As the sun rose on Sunday, the rescue effort continued with workers and relatives tugging at concrete pieces in a mad search for victims amid the piles of debris where apartments and offices once stood. Processions heavy with death moved through the area. Men lashed simple wood coffins to the top of minibuses for the long journey to cemeteries, while families in the backs of trucks wailed after collecting the bodies of relatives.

While the American military put out a statement saying that the Iraqi Army assisted at the scene, the area closest to the crater was controlled by the Mahdi Army. Between 8 and 15 men dressed in black and carrying AK-47s, waved reporters away on Sunday morning.

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The scene was thick with anger directed at the Iraqi government and American military for letting the people down and allowing such a devastating attack. When asked about the "tragedy" of the blast, one Mahdi guard responded, "The only tragedy was when we voted for weak officials."

He then pointed toward the bombed-out buildings and added, "This is the result."

Later, when two American Humvees and an Iraqi patrol passed just after 1 p.m., one of the men in black called the soldiers "apes and cowards."

"They're the ones who brought us the catastrophe," one of them said. "If they were not here such a thing wouldn't happen to us."

Mr. Abdul Jabbar, the car mechanic, was one of many Iraqis who said that the American military would have been better off leaving the Mahdi Army in charge of Shiite neighborhoods.

Uday Ahmed, 31, a Sunni whose three restaurants at the market were obliterated by the blast, killing 20 of his workers, said that until a few weeks ago, Mahdi militiamen were more visible on the streets, checking vehicles, watching and offering to arbitrate disputes. After American and Iraqi officials arrested several top Mahdi commanders last month, he said, many of the Mahdi militants drifted into the shadows or fled.

He said their departure contributed to the recent spasm of violence in Shiite neighborhoods.

Some Shiites in the area said that the truck could have been stopped at a checkpoint, decreasing damage from its payload. Hussein Ali, 57, said Shiite militiamen might have recognized that the driver was not from the neighborhood.

"They don't have any system or apparatus to check the cars," he said. "But they know from looking at the faces who is supposed to come to Sadriya to bring vegetables or fruits. They have a relationship with the merchants."

Iraqi officials, after meeting with American military commanders, are expected to announce as early as Monday that they have agreed on some of the details of the command structure for the new security plan.

American military officials say that the Iraqi officer who will lead his forces participating in the new Baghdad security effort, Lt. Gen. Aboud Qanbar, will take command on Monday and that the Baghdad plan will be carried out soon.

McCain Criticizes War Resolution

WASHINGTON, Feb. 4 — On the eve of a Senate showdown over a bipartisan resolution opposing President Bush's war strategy in Iraq, Senator John McCain of Arizona, a leading Republican critic of the measure, accused its sponsors Sunday of intellectual dishonesty. He described the nonbinding resolution as a "vote of no confidence in both the mission and the troops who are going over there."

He said on the ABC News program "This Week" that if the sponsors wanted to block Mr. Bush's plans to expand the American troop presence in Iraq, they should be brave enough to vote to cut off financing.

A principal Republican backer of the resolution, Senator Chuck Hagel of Nebraska, said on the same program that it was important for the Senate to make a clear stand against the troop building, which he said would produce only more turmoil.

Senator Dianne Feinstein of California, a Democratic supporter of the resolution, said she was frustrated that Republican leaders would try to filibuster to block a vote. "Look, debate is going on in every schoolyard, in every state, in every city of this nation," she said on CNN's "Late Edition," describing the proposed filibuster as "obstructionism."

U.S. Copters Were Shot Down (WP)

By Ernesto Londono

The Washington Post, February 5, 2007

BAGHDAD, Feb. 4 -- Four American helicopters that crashed in Iraq in the past two weeks were shot down, a U.S. military spokesman said Sunday, prompting officials to reevaluate how troops move around in an increasingly hostile war zone.

"There has been an ongoing effort to target our helicopters," Maj. Gen. William B. Caldwell told reporters in Baghdad, according to news services. "We have had four helicopters shot down. . . . It appears they were all the result of some kind of ground fire."

In the most recent crash, an Apache helicopter was downed Friday morning near Taji, about 12 miles north of Baghdad, killing two crew members. An Iraqi police official said it was struck by a shoulder-fired antiaircraft missile.

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A Sunni insurgent group backed by al-Qaeda, the Islamic State of Iraq, posted photographs and a video on its Web site Sunday that it said showed the downing of the helicopter. The group asserted responsibility for the attack and warned that Iraqi airspace will be inhospitable for U.S. forces.

In the video, a man is heard chanting "Allahu akbar" -- God is great -- as a helicopter is struck by what appears to be a missile. The aircraft catches fire and spirals down in a trail of smoke. The authenticity of the video could not be verified.

The deadliest helicopter crash this year occurred Jan. 20, when a Black Hawk was shot down northeast of Baghdad, killing 12 soldiers on board. On Jan. 28, two soldiers were killed when armed men shot down a helicopter en route to a farm area near Najaf to support Iraqi and U.S. troops in a clash with insurgents.

Five American private security contractors aboard two helicopters were killed Jan. 23 while assisting a U.S. Embassy convoy that had come under attack in central Baghdad. One of the helicopters was shot down, killing four contractors on board, and a fifth contractor was shot aboard another helicopter that did not crash.

"Based on what we've seen, we are already adjusting our tactics and procedures in how we deploy our helicopters," Caldwell said during the session with Iraqi reporters in the fortified Green Zone.

Military helicopters in Iraq generally travel in pairs and fly at low altitude. Gunners at both sides of the craft scan the landscape for threats. Caldwell did not say which tactics would change.

Helicopters are widely used to shuttle soldiers and civilians around Iraq, where roadside bombings and attacks on convoys have made ground travel dangerous.

In other developments, deadly explosions and attacks were reported in Baghdad and elsewhere Sunday, a day after a massive bomb in a central Baghdad market killed more than 130 people.

Improvised explosive devices killed at least 11 people in Baghdad, according to Col. Sami Hassan, a spokesman for the Interior Ministry. At least nine people were killed in shootings and mortar attacks, he said. News services reported scores of other deaths in Baghdad or elsewhere.

'Speed Bumps' Deadly On Iraqi Roads (USAT)

By Tom Vanden Brook

USA Today, February 5, 2007

WASHINGTON — A type of homemade bomb that can include parts commonly found in Iraqi kitchens and that is easy to hide on desert roads has proliferated in Anbar province and spread to other parts of the country.

Troops in armored vehicles are endangered by the bomb, which U.S. military officials call a "speed bump." The weapon is formed by sandwiching plastic explosives between metal plates, such as baking trays, a Pentagon intelligence document shows. A detonator switch triggers the bomb when a vehicle rolls over it, ripping into the often-unarmored underside.

Homemade bombs, referred to by the military as improvised explosive devices, or IEDs, cause 70% of U.S. deaths and wounds in Iraq, Defense Secretary Robert Gates has said. Explosive devices had killed 1,337 U.S. troops and wounded 11,871 in Iraq through Jan. 27, the Pentagon said.

The speed bump first appeared in Anbar province, Pentagon records show. Anbar is a hotbed of the Sunni insurgency and is the scene of some of the heaviest fighting.

The first devices were built with baking trays; now they're fashioned from various types of metal.

"The enemy's IED arsenal evolves as we succeed in defeating his methods of attack," said Brig. Gen. Dan Allyn of the Pentagon's anti-IED office.

Part of the speed bump's effectiveness springs from its ease of disguise. It's tough to detect on desert roads where it can be covered with dirt, according to the Pentagon document.

The military spent $3.5 billion last year to defeat IEDs. Some of that money was spent on armored vehicles with V-shaped hulls. Those hulls can deflect the force of a blast from a speed bump or other IED outward, sparing the troops inside the vehicle the worst of the impact.

The Marine Corps, which provides most of the U.S. troops in Anbar, does not release details on causes of servicemembers' deaths. Recent Marine contracts, however, indicate that the service is reacting to the scope of the speed bump IED problem:

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•In January, the Marines placed an urgent, $9.4 million order to buy vehicles with V-shaped hulls for anti-IED work, according to Force Protection Inc. The South Carolina company produced Buffalo and Cougar combat vehicles with V-shaped hulls.

•In October, the Marines ordered $14 million worth of mine rollers — wheeled devices that travel in front of vehicles to detonate pressure-triggered IEDs.

Sen. Lindsey Graham, R-S.C., said the Pentagon had been slow to recognize the value of V-shaped-hull vehicles but is now buying them as quickly as they can be made.

"They've literally saved hundreds of lives," said Graham, a member of the Senate Armed Services Committee.

Hindered By Delays And Corruption, The Iraqi Air Force Is Flying Again, But Barely (NYT)

By James Glanz

The New York Times, February 5, 2007

TAJI MILITARY BASE, Iraq — The five droopy blades of a new Russian-made helicopter painted with the Iraqi flag began spinning and the aircraft hovered off the ground, purring like an oversize Cadillac.

“Sir, you have the controls,” an American in the co-pilot’s seat said late last month.

“I have the controls,” replied the Iraqi pilot.

The helicopter lifted, banked hard to the right over a junkyard, a palm grove and a series of warehouses, then soared toward the greenish waters of the Tigris River at the perimeter of this base.

It would be an unremarkable sequence in almost any country, but here it is significant: it means that the Iraqi Air Force is flying again.

Like everything involving the rebuilding of Iraq’s security forces, the return of the air force is fraught with ambiguity. In fact, there may be no better illustration of what is right, wrong and intensely frustrating about the Iraqi armed forces than the four new Russian helicopters, called MI-17s, that for the moment are restricted to flying over the Taji Military Base on training missions.

The Iraqi government originally ordered a fleet of Russian helicopters from a Polish contractor as part of $400 million in arms deals in 2004 and 2005 that turned out to be corrupt. Lt. Gen. Nasier Abadi, the deputy commander of the Iraqi Joint Forces, said in an interview that many of the helicopters in that deal were more than a quarter-century old and could never have been flown.

“It’s the worst deal,” General Abadi said. “They were beyond their lifetimes.”

That deal, a serious embarrassment for both the United States and Iraq, has received wide publicity. But in an undisclosed development, General Abadi said, Iraq has renegotiated an arrangement that will now bring 28 new MI-17s to the air force. The four new helicopters at Taji, about 15 miles north of Baghdad, are part of that arrangement, he said.

The reason their use has been restricted is that the Iraqi military has so far been unable to purchase certain crucial onboard systems that the helicopters need to fly combat missions.

The Iraqi government’s failure to fully outfit the helicopters is a source of huge frustration to the American officers who are working with the Iraqis. “It’s painful,” said Col. Dan Groeschen of the United States Air Force, the deputy commander of the Coalition Air Force Transition Team. “Iraqis are itching to get going, to fly on a mission.”

The Iraqi Air Force once boasted more than 500 combat aircraft. Now it has around 20 helicopters and planes and has barely figured in discussions on rebuilding the Iraqi security forces.

There are no fighter planes in the current fleet and none are expected in the next few years at least, indicating that the United States will be responsible for air defenses here for some time to come.

“In that part of the world, what you call a territory without a couple hundred fighter planes is a protectorate,” said John Pike, the director of GlobalSecurity.org, a defense information organization in Alexandria, Va., which has studied the history of the Iraqi Air Force.

As with so much else in Iraq, the United States underestimated the difficulty of rebuilding the country’s air force, predicting that Iraqi helicopters would be flying by the summer of 2004.

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No such thing happened, and Colonel Groeschen said the early effort was further slowed by a training crash in which four Americans and an Iraqi were killed. But the enterprise gradually made progress, and now 915 Iraqi Air Force personnel are tending, repairing and flying aircraft at American-run bases in Baghdad, Taji, Kirkuk and Basra.

Most of the aircraft are small reconnaissance planes and training helicopters with varying degrees of usefulness, although a set of multipurpose Huey helicopters is expected to arrive soon, after having been refurbished in the United States. For now, the pride of the fleet is a trio of 40-year-old C-130 cargo planes donated by the United States and flying out of the Baghdad airport.

Helping push the Iraqi effort along, Colonel Groeschen said, are 125 United States Air Force personnel on his transition team, a number that is expected to increase. Originally, most of the team lived and worked with the Iraqis as part of an ambitious countrywide program to embed American military personnel with Iraqis 24 hours a day as advisers and trainers.

But Colonel Groeschen said he was forced to put most of his team back in American quarters because the Iraqis refused to guard their camps carefully at night, failed to provide enough fuel for electrical generators and did not seem to be bothered by highly unsanitary conditions.

"I have a responsibility to take care of these guys, too," Colonel Groeschen said of his transition team. If the Iraqi side of the effort falls short, though, it will not be for lack of confidence on the part of its pilots. General S., a 52-year-old combat veteran who flew the MI-17 around Taji, and who asked that his name not be used for security reasons, said Iraqi pilots "are ready for any mission" and were already prepared to go beyond the training flights.

General S. compared himself to a fish that cannot live without water. "I cannot live without flying," he said.

A tour of the air base and compounds at Taji shows some of the progress that the program has made as well as the deep challenges it faces.

Near a hangar in one part of the base, a group of American and Iraqi mechanics clustered around a small American-made helicopter, a Jet Ranger with a damaged rear rotor. The American officers there said the Iraqi mechanics, like the pilots, had good technical skills but suffered from an inability to make decisions on their own, a legacy of the centralized, command-and-control style of the old Iraqi military.

That is why when it comes to the pilots, Colonel Groeschen said, the mission is not teaching them how to fly but "teaching them how to think." The United States plans to start a pilot school in the fall to end its reliance on officers who are products of the old military tradition, he said.

With so much history to overcome and so much uncertainty about the future, a simple flight on the MI-17, even just a training run, palpably eases the tension all around. After all, said Major Paul, an American who asked that only his first name be used, they are all pilots.

"The only thing that we look at and they look at is the ability to fly," Major Paul said. "There is that mutual respect, and it's independent of age or background or anything like that."

He stood back and let General S., wearing a green flight suit and a black aviator's scarf, do his preflight inspection of the big helicopter, checking for cracks in the rotor blades, damage to the fuel tanks, problems with the tires. And then they took off, passing the controls back and forth as they practiced landings and takeoffs.

"Very nice," Major Paul said after General S. set the helicopter down squarely in the center of a landing strip. "We'll see if I can do that."

Oversight Panel Ready To Dig Into U.S. Waste, Fraud (AJC)

By Julia Malone

The Atlanta Journal-Constitution, February 5, 2007

Washington — After years of stockpiling findings and allegations, Rep. Henry Waxman will unleash four days of hearings this week aimed at exposing an array of "waste, fraud and abuse" in government.

The new Democratic chairman of the House Committee on Oversight and Government Reform — who already has a reputation as the most feared congressional inquisitor — is set to begin Tuesday by digging into the Bush administration's program to rebuild war-torn Iraq.

Scheduled first is former Ambassador L. Paul Bremer, who oversaw the early reconstruction effort.

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Waxman's outline for the hearing says Bremer will be asked about allegations that the reconstruction agency he ran "filled positions with unqualified staff who were politically connected."

The oversight panel also is set to focus on private contractors hired to provide supplies for the U.S. military effort in Iraq, especially subcontractors working for Halliburton, the corporate giant once led by Vice President Dick Cheney.

Another target later in the week is the Department of Homeland Security and its multibillion-dollar contracts to modernize the aging Coast Guard fleet and to install a Secure Border Initiative network, or SBInet, to protect the nation's borders with a system of technology, cameras and sensors.

By Friday, the last of the opening barrage of Waxman hearings is scheduled to examine whether the pharmaceutical industry is bilking federal health programs by overcharging for prescription drugs.

Among those set to testify Friday is Patrick O'Connell, the Texas assistant attorney general who mobilized a team of lawyers to sue drug manufacturers for overcharging the Medicaid program.

The packed week of hearings is the product of the California congressman's pent-up desire to perform oversight, which had been restrained by a dozen years of Republican control of the House.

Now, with a staff that doubled from 40 to 80 positions, Waxman controls the agenda, not to mention the potential power of the subpoena.

A senior Bush administration official appeared to welcome the scrutiny.

"There cannot be enough accountability in the federal government," Clay Johnson, deputy director of the Office of Management and Budget, told The Associated Press last week.

He added that there is "very little real accountability" in federal operations.

Many government auditors regularly churn out critical reports on federal programs and contractors.

But those reports have little effect "unless the Congress takes them on and does something with it," said Danielle Brian, executive director of the Project on Government Oversight, a private watchdog group.

She said that, for the most part, Congress has been ignoring government auditors, including inspectors general and the Defense Department's own contract agency.

She said she was hopeful that the new House would be stronger in oversight — largely because of the doggedness of Waxman.

"I don't see this as partisan," she said. "I do see this as Henry Waxman's strength."

Bremer Eager To Defend Record Overseeing Iraq (POL)

By Mike Allen

Pol – Bremer, Iraq legacy, February 3, 2007

L. Paul Bremer III, former administrator of the Coalition Provisional Authority, plans to point to unexpectedly chaotic conditions in post-Saddam Baghdad as he defends his record at a hearing on Iraq spending before House Democrats on Tuesday, according to sources familiar with his testimony.

This is the first aggressive exploration of the administration's Iraq contracts since Democrats took control of Congress last month. Rep. Henry A. Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, has billed it as a "hearing on waste, fraud and abuse," one some administration officials have been dreading.

Bremer, the civilian in charge of all of Iraq from May 2003 to June 2004, told Politico he looks forward to committee members' questions, but also plans to give them a 5,000- to 6,000-word treatise in addition to his five-minute opening statement.

"I welcome the opportunity to go up and talk about it," he said in a telephone interview. "In the letter of invitation, the committee spoke about their interest in lessons learned. Given the difficulty that we've encountered in reconstruction in Iraq, I think it's helpful to look at lessons learned. That's a good approach to have. I look it as a constructive opportunity for me to do that."

Bremer calls his longer, written statement "a more extensive explanation of the circumstances we faced on the ground and how we tried to deal with those circumstances - how they complicated everything we did."

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The questioning from Waxman's committee is likely to get rough, but Bremer seemed unfazed. "If they can come up with some ways to provide some lessons learned from the experiences we had in Iraq, or how we approach this kind of a problem in the future," he said, "that would be a very helpful contribution to American government."

The former ambassador to the Netherlands declined to preview the substance of his testimony, saying he wants to save it for the committee. But one of Bremer's former colleagues, who has been helping him prepare, suggested he will use the forum to correct misperceptions.

"Some of the decisions made during his time there have been the subject of major debate and often rather shallow debate," said the former colleague, speaking anonymously because Bremer has not yet appeared before Congress. "So, in some respects, hopefully this can be a forum for longer discussion."

Waxman will follow up Bremer's testimony with a session Wednesday on the administration's "reliance on private military contractors" for Iraq reconstruction. Bremer "has been requested to testify regarding reconstruction activities during his tenure at the CPA, as well as an audit report from January 2005 that concluded that more than $8.8 billion in cash under the CPA's control was disbursed without adequate financial controls or accountability," a committee statement said.

Bremer, who was awarded a Presidential Medal of Freedom for his work in Iraq, served on the personal staffs of six secretaries of state. He later was managing director of Kissinger Associates and chairman of the National Commission on Terrorism.

In preparing for his Capitol Hill appearance, Bremer said he has talked to lawmakers in both parties. He said they told him of "understandable frustration which has shown in all of the opinion polls about the overall situation in Iraq, and that does color any political considerations at this point."

"That didn't surprise me, but it was certainly there," he added.

Bremer said he has also reviewed CPA orders and other documents "to refresh my memory so that I can be responsive."

Asked if he believed committee members would be genuinely inquisitive, Bremer said: "Generally, congressmen try to do their job seriously, and I hope that will be what happens."

Another witness will be Stuart Bowen, the special inspector for Iraq reconstruction. In a letter appended to a report released by Bowen's office in 2005, Bremer offered a blistering response to Bowen's draft conclusions about the oversight of CPA funds, saying his report "does not meet the standards Americans have come to expect of the inspector general."

Bremer criticized "the authors' failure to understand and acknowledge the context in which the CPA was operating and their failure to recognize the major steps the CPA took to address the admitted weaknesses of the Iraqi budgeting system."

A third witness will be Timothy Carney, coordinator for Iraqi transitional assistance, a retired ambassador filling a new State Department position created as part of the president's "new way forward" in Iraq.

In his memoir, "My Year in Iraq: The Struggle to Build a Future of Hope," Bremer writes that he believed even before he went to Iraq that the United States needed more troops there. But recalling conversations the president had with his military commanders, Bremer said: "There were times when he was very direct and said, 'If you need more troops, I'll send them to you.' I remember many times when they simply said, 'We have enough troops to accomplish our mission.' "

KBR Faces Hearings On War Contracts (FT)

By Stephanie Kirchgaessner

Financial Times, February 5, 2007

Executives from government contractors in Iraq and Afghanistan, including KBR and Compass of the UK, face a rocky ride in Washington this week as Henry Waxman, the congressman, begins hearings on allegations of “waste, fraud and abuse”.

The hearings, which begin on Tuesday, are expected to mark the beginning of a new phase in which contracting practices are subject to tougher oversight.

Mr Waxman chairs the chief investigative committee in the House of Representatives. He has been a dogged critic of the Bush administration’s handling of billions of dollars of US taxpayers’ money in Iraq re-construction contracts.

The committee has called on the chief executives of Blackwater, a security contractor, KBR, a subsidiary of Halliburton, and Compass, food services group, among others, to answer questions.

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The hearing will feature testimony of family members of four Blackwater employees who were killed in Falluja in 2004, and whose bodies were burned and dragged through the streets. The families are suing Blackwater for wrongful death.

Mr Waxman is likely to focus his line of inquiry on allegations that Halliburton wrongly entered into a subcontracting arrangement with ESS, a division of Compass that ran a dining facility in Iraq, which in turn used Blackwater to provide it with security services.

Halliburton controls a $16bn contract in Iraq, known as Logcap, which provides logistical support to US troops.

Under provisions of the contract, Halliburton can only rely on US military – not private security companies such as Blackwater – to provide armed protection.

In response to questions from Congress, the Department of Defense in July said that KBR had "no knowledge" of Blackwater having been hired by any of its -subcontractors.

But in a memo Mr Waxman subsequently received from Compass, the company admitted that ESS had used Blackwater and that the US security group had been deployed by other subcontractors.

Mr Waxman said in a letter to Donald Rumsfeld, former defence secretary, in December that the security subcontract raised "serious questions" about the oversight exercised by Halliburton and the Pentagon regarding the tiering of subcontractors, and whether it was "proper" for Halliburton to bill the government for the services.

Compass said Steve Murray, the director of contracting at ESS, would testify at the hearing, scheduled for Wednesday, in spite of the fact that the committee had invited Compass chief executive Richard Cousins. Blackwater and KBR declined to answer questions about whether the chief executives of the groups would appear.

Iraq Accuses Syria Of Helping Rebels (LAT)

By Louise Roug

The Los Angeles Times, February 5, 2007

BAGHDAD — The Iraqi government on Sunday accused Syria of harboring insurgents fomenting violence here after a massive suicide bombing the previous day killed at least 130 people in a Shiite neighborhood of the capital.

The allegation strained relations with Iraq's neighbor just weeks after the two resumed diplomatic ties, and it led to squabbling among Iraqi politicians during a parliamentary session.

"I confirm that 50% of murders and bombings are by Arab extremists coming from Syria," government spokesman Ali Dabbagh said at a joint news conference with the top U.S. military spokesman inside Baghdad's heavily protected Green Zone. "They come from Syria, and we have evidence to prove it."

No such evidence was presented during the session with reporters.

Meanwhile, a Shiite Muslim lawmaker clashed with the Sunni Arab speaker of parliament, Mahmoud Mashadani, when he called for expelling Syrians and closing Iraq's entire border. "Be careful about what you say," Mashadani said, "because we have half a million Iraqis there."

After more heated arguments between Mashadani and Shiite lawmakers, the speaker abruptly ended the parliamentary session.

Syria is predominantly Sunni and since 2003 has been home to many Sunnis who have fled Iraq, including members of the Sunni-dominated regime of Saddam Hussein.

Iraq's current government, elected in the wake of the U.S.-led invasion that toppled Hussein, is largely Shiite.

The accusations drew angry responses from Syrian officials, who called them unsubstantiated.

"If they had just one piece of evidence, they would have presented it a long time ago," Mahdi Dakhlallah, Syria's former information minister, told Al Arabiya television.

Mohammed Habash, a Syrian lawmaker, said on the same program that the United States had put "40 million weapons" into the wrong hands by disbanding Iraq's army after it invaded.

"These weapons are now available on the black market in Iraq, sold by people with no conscience," he said.

"I would like to ask, is it believable that a tanker loaded with a … ton of explosives landed at Baghdad airport from Damascus?" Habash said. "Do you think [they] would need to import weapons from another place?"

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American soldiers on Saturday discovered more than 1,100 mortar rounds buried in a stash just south of Baghdad, the U.S. military said Sunday. Army Maj. Mark Aitken described it as a "supermarket-type cache," drawn upon by insurgents for multiple attacks.

The explosives, which could be made into roadside bombs, were detonated in a blast heard more than 20 miles away.

In the immediate aftermath of the March 2003 invasion, American troops left many Iraqi arms depots unguarded, and large quantities of weapons and munitions were stolen by looters.

Recently, U.S. officials have accused predominantly Shiite Iran of provoking instability in Iraq, but they have not produced evidence linking Tehran to attacks on American troops in Iraq.

There is "a gap between what we know and what we're willing to discuss," Army Maj. Gen. William B. Caldwell IV, a U.S. military spokesman, said at the news conference with Dabbagh.

The statements by Iraqi and American officials blaming Iraq's neighbors left many ordinary Iraqis unimpressed.

Ahmed Biden observed the death and destruction in the Sadriya neighborhood, where a truck filled with a ton of explosives detonated Saturday, leveling dozens of houses and shops.

"After what I saw, I swore that I would destroy the government," Biden said. "All they do is denounce and accuse countries like Syria and Iran for standing behind the violence. How long are we going to go on like this? We are fed up with denouncements."

A mother wept over her two dead sons. A cart held the severed limbs of victims. Tired men and women searched through the rubble, helped by Shiite militiamen affiliated with anti-American cleric Muqtada Sadr.

Biden watched, his eyes filling with tears, as residents pulled bodies from the heap of concrete and metal that was once a flourishing market.

At least 10 more bodies were found Sunday, three of them children, authorities said. That suggested an even higher death toll than 130, although officials said they could not confirm that.

Some residents became angry at a photographer, threatening to break his camera. Others defended him, saying he should take pictures "so that the world would see what had happened," Biden said.

Even as families buried their dead and overtaxed physicians labored throughout the day at Baghdad's main hospitals to treat the hundreds of wounded, new attacks Sunday brought more death to the capital and elsewhere in Iraq.

American officials at a base near Baghdad's airport said a new security plan for the capital would be implemented starting this week. An additional 21,500 U.S. troops are to be sent to Iraq under President Bush's plan. Most will deploy to Baghdad, where they will be based alongside Iraqi police and soldiers in small units in a number of yet-to-be-identified neighborhoods. An additional 8,000 to 10,000 Iraqi troops will also be brought to Baghdad from the south and north, authorities say.

Some troops have already arrived. Others are due in coming weeks, said Caldwell, who urged patience.

"It is important to acknowledge that it will not turn the security situation overnight," said the general, who also confirmed for the first time that all four American helicopters that have crashed in Iraq since Jan. 20 were brought down by "ground fire." He did not elaborate.

Twenty-one U.S. troops and private security contractors were killed in the crashes.

At least 3,098 U.S. troops have died in Iraq since March 2003, according to icasualties.org, which tracks military deaths.

By comparison, at least 1,000 Iraqis were killed in the last week alone, an Interior Ministry official told the Associated Press. In an average week, about 840 Iraqis are killed, according to the United Nations.

On Sunday, officials said bombings, assassinations and mortar rounds had killed at least 73 people.

Authorities recovered at least 33 bodies in various parts of Baghdad. In addition, a barrage of mortar shells fired at a Sunni neighborhood killed 15 people and injured 56.

In the capital's south, seven people died in a clash between Sunnis and Shiites before U.S. soldiers arrived.

A roadside bomb aimed at a police patrol killed four officers and injured two in central Baghdad. A similar bomb meant for police killed a civilian and injured three people.

A car bomb exploded at a minibus terminal in downtown Baghdad, killing four and injuring seven, all of them passengers inside a bus.

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A car bomb went off near a cooking gas stall, killing two people. A bomb exploded near a bakery in south Baghdad, injuring five. Elsewhere, drive-by gunmen killed two people and wounded three.

South of the capital in Haswa, a bomb injured three women, and in Hillah, an Iraqi army colonel was found slain. In Wasit province, the body of an Iraqi soldier who had been beheaded and whose right hand was severed was fished out of the Tigris River.

Two other bodies were found floating in that part of the river, both men shot in the head and chest. Gunmen in Basra assassinated a prominent local Shiite leader affiliated with cleric Sadr.

Officers With PhDs Advising War Effort (WP)

By Thomas E. Ricks

The Washington Post, February 5, 2007

Gen. David H. Petraeus, the new U.S. commander in Iraq, is assembling a small band of warrior-intellectuals -- including a quirky Australian anthropologist, a Princeton economist who is the son of a former U.S. attorney general and a military expert on the Vietnam War sharply critical of its top commanders -- in an eleventh-hour effort to reverse the downward trend in the Iraq war.

Army officers tend to refer to the group as "Petraeus guys." They are smart colonels who have been noticed by Petraeus, and who make up one of the most selective clubs in the world: military officers with doctorates from top-flight universities and combat experience in Iraq.

Essentially, the Army is turning the war over to its dissidents, who have criticized the way the service has operated there the past three years, and is letting them try to wage the war their way.

"Their role is crucial if we are to reverse the effects of four years of conventional mind-set fighting an unconventional war," said a Special Forces colonel who knows some of the officers.

But there is widespread skepticism that even this unusual group, with its specialized knowledge of counterinsurgency methods, will be able to win the battle of Baghdad.

"Petraeus's 'brain trust' is an impressive bunch, but I think it's too late to salvage success in Iraq," said a professor at a military war college, who said he thinks that the general will still not have sufficient troops to implement a genuine counterinsurgency strategy and that the United States really has no solution for the sectarian violence tearing apart Iraq.

"It's too late to make a difference in Iraq," agreed Bruce Hoffman, a Georgetown University expert on terrorism who has advised the U.S. government on the war effort.Expanded Role for Academics

Having academic specialists advise top commanders is not new. Gen. George W. Casey Jr., Petraeus's predecessor, established a small panel of counterinsurgency experts, but it was limited to an advisory role. Also, Lt. Gen. Raymond T. Odierno, the No. 2 U.S. commander in Iraq, created a "Red Team" to examine his operations from the enemy's perspective and to report directly to him.

Still, the team being assembled by Petraeus promises to be both larger and more influential than anything seen in the U.S. war effort so far, both making plans and helping to implement them. The group's members are very much in the high-energy mold of Petraeus, whose 2003-04 tour commanding the 101st Airborne Division in Mosul, the biggest city in northern Iraq, gave the U.S. military one of its few notable success stories of the war. He also holds a PhD in international affairs from Princeton University.

"I cannot think of another case of so many highly educated officers advising a general," said Carter Malkasian, who has advised Marine Corps commanders in Iraq on counterinsurgency and himself holds an Oxford doctorate in the history of war.

As the U.S.-designed campaign to bring security to Baghdad unfolds, Petraeus's chief economic adviser, Col. Michael J. Meese, will coordinate security and reconstruction efforts, trying to ensure that "build" follows the "clear" and "hold" phases of action. Meese also holds a PhD from Princeton, where he studied how the Army historically handled budget cuts. He is the son of former attorney general Edwin Meese III, who was a member of the bipartisan Iraq Study Group, whose December critique helped push the Bush administration to shift its approach in Baghdad.

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Petraeus, who along with the group's members declined to be interviewed for this article, has chosen as his chief adviser on counterinsurgency operations an outspoken officer in the Australian Army. Lt. Col. David Kilcullen holds a PhD in anthropology, for which he studied Islamic extremism in Indonesia.

Kilcullen has served in Cyprus, Papua New Guinea and East Timor and most recently was chief strategist for the State Department's counterterrorism office, lent by the Australian government. His 2006 essay "Twenty-Eight Articles: Fundamentals of Company-Level Counterinsurgency" was read by Petraeus, who sent it rocketing around the Army via e-mail. Among Kilcullen's dictums: "Rank is nothing: talent is everything" -- a subversive thought in an organization as hierarchical as the U.S. military.Veteran Strategists

The two most influential members of the brain trust are likely to be Col. Peter R. Mansoor and Col. H.R. McMaster, whose influence already outstrips their rank. Both men served on a secret panel convened last fall by Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, to review Iraq strategy. The panel's core conclusion, never released to the public but briefed to President Bush on Dec. 13, according to an officer on the Joint Staff, was that the U.S. government should "go long" in Iraq by shifting from a combat stance to a long-term training-and-advisory effort.

But to make that shift, the review also concluded, the U.S. military might first have to "spike" its presence by about 20,000 to 30,000 troops to curb sectarian violence and improve security in Baghdad. That is almost exactly what the U.S. government hopes to do over the next eight months.

Mansoor, who commanded a brigade of the 1st Armored Division in Baghdad in 2003-04, received a PhD at Ohio State for a dissertation on how U.S. Army infantry divisions were developed during World War II. He will be Petraeus's executive officer in Baghdad, a key figure in implementing the general's decisions.

McMaster's command of the 3rd Armored Cavalry Regiment in northwestern Iraq in 2005-06 provided one of the few bright spots for the U.S. military in Iraq over that year. In a patiently executed campaign, he took back the city of Tall Afar from a terrorist group, and he was so successful that Bush dedicated much of a speech to the operation. McMaster, author of the well-received book "Dereliction of Duty," about the failures of the Joint Chiefs of Staff during the Vietnam War, is expected to operate for Petraeus as a long-distance adviser on strategy. He is based this year at the International Institute for Strategic Studies, a London think tank, but is likely to visit Iraq every month or two, according to a top U.S. military officer.

Beyond those senior officers is a larger ring of advisers whose views already are shaping planning for the coming operation in Baghdad.

Lt. Col. Douglas A. Ollivant caught Petraeus's eye last year by winning first prize in an Army "counterinsurgency writing" competition, sponsored by the general, with an essay that scorned the U.S. military's reliance in Iraq on big "forward operating bases." "Having a fortress mentality simply isolates the counterinsurgent from the fight," he wrote.

Ollivant, a veteran of battles in Najaf and Fallujah who earned a political science PhD studying Thomas Jefferson, argued that U.S. forces should instead operate from patrol bases shared with Iraqi military and police units. That is exactly what Petraeus plans to do in the coming months in Baghdad, setting up about three dozen such outposts across the city -- which isn't surprising, considering Ollivant has become a top planner for the U.S. military in Baghdad.

Another adviser will be Ahmed S. Hashim, a professor of strategy at the Naval War College who served as a military intelligence officer in Iraq and then wrote a book sharply critical of how the U.S. military has operated there. Hashim, who holds a PhD from MIT, concluded his critique by arguing that the best course would be to partition the country along ethnic and sectarian lines.A Different Arena

Many military insiders are skeptical that the extra brainpower ultimately will make much difference, or that lessons learned by McMaster in Tall Afar or Petraeus in Mosul will be easily applied in the far larger arena of Baghdad.

The joke among some staff officers was that Petraeus operated in such a freewheeling manner in Iraq's north that he had his own foreign policy with Syria and Turkey. In Baghdad, by contrast, he will have to operate constantly with Iraqi officials, with the U.S. government bureaucracy, and in the global media spotlight. Also, experts agree that the basic problem in Iraq is political, not military, and that although a military campaign can create a breathing space for politicians, it cannot by itself reverse the dynamic driving Iraqis to fight a civil war.

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"It wouldn't surprise me if Congress pulled the rug out or the Iraqis blocked major revisions in strategy," said Erin M. Simpson, a Harvard University counterinsurgency expert. "I think they're going to be a very frustrated group."

Kilcullen, the counterinsurgency adviser, wrote recently on the Web site Small Wars Journal, "All that the new strategy can do is give us a fighting chance of success, and it certainly does give us that."

Covert British Unit A 'Secret Weapon' In Iraq (WT)

By Sean Rayment

The Washington Times, February 5, 2007

Deep inside the heart of the Green Zone, the heavily fortified administrative compound in Baghdad, lies one of the most carefully guarded secrets of the war in Iraq.

It is a cell from a small and anonymous British army unit that goes by the innocuous name of the Joint Support Group (JSG), and it has proved to be one of the coalition's most effective and deadly weapons in the fight against terror.

Its members -- servicemen and women of all ranks recruited from all three of the British armed forces -- are trained to turn hardened terrorists into coalition spies using methods developed on the streets of Northern Ireland, where the British Army managed to infiltrate the Irish Republican Army (IRA) at almost every level.

Since war broke out in Iraq in 2003, the cell has been responsible for running dozens of Iraqi double agents.

Working alongside the Special Air Service (SAS) and the American Delta Force as part of the Baghdad-based counterterrorist unit known as Task Force Black, the cell members have supplied intelligence that has saved hundreds of lives and resulted in some of the most notable successes against the myriad terror groups fighting in Iraq.

Last week, sources said, intelligence from the JSG led to a series of successful operations against Sunni militia groups in southern Baghdad.

Information obtained by the cell also is understood to have inspired one of the most successful operations carried out by Task Force Black, in November 2005, when SAS snipers fatally shot three would-be suicide bombers.

The killing of Abu Musab Zarqawi, the leader of al Qaeda in Iraq until his death in June, came after intelligence obtained by the JSG, as did the rescue of kidnapped British peace campaigner, Norman Kember.

"The JSG is the coalition's secret weapon," said one defense source. "Their job is to recruit and run covert human intelligence sources or agents -- we never use the term informer. The Americans are in awe of the unit because they have nothing like them within their military."

During the long-running unrest in Northern Ireland, the JSG operated under the cover name of the Force Research Unit (FRU), which from the early 1980s to the late 1990s managed to penetrate the very heart of the IRA.

By targeting and then "turning" members of the paramilitary organization with a variety of "inducements," ranging from blackmail to bribes, the FRU operators developed agents at virtually every command level within the IRA.

The JSG recruits personnel up to age 42. Candidates who get through a rigorous pre-selection process spend four months in Britain being taught driving and close-quarter battle skills.

Most important, volunteers must be able to befriend people they actually may despise, win their trust and persuade them to become agents, which in some cases means getting them to inform on friends and relatives. Those who pass the course can expect to be posted to Iraq and Afghanistan.

JSG operators deal with dozens of Iraqis every week who are prepared, for a variety of reasons, to become informers.

"Some Iraqis come to us because they are simply fed up with the violence," one source said. "They may have had members of their families murdered, tortured or kidnapped.

"Unlike much of the middle class, which has already fled the country, they may be too poor to leave and so they come to us to see if they can make a difference."

To senior U.S. officers in Baghdad, the JSG is playing a vital role in the most important theater of the war on terror.

"In many respects, Afghanistan is a side issue, and that is something the Americans understand better than British politicians," a source said. "Ask any senior officer in Baghdad, given a choice, which war would they be prepared to lose and they will say the war in Afghanistan.

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"In many respects, the war in Iraq has redefined insurgent warfare. Think of the very worst of Northern Ireland combined with the very worst of the Balkans and you are coming close to life on a daily basis in Baghdad."

Officer Fights A Battle All His Own (LAT)

By Tomas Alex Tizon

The Los Angeles Times, February 5, 2007

Olympia, Wash. — The soldier stands in his living room eyeing all the cool soldier stuff he never got to use in a real fight. Like the helmet with not a single ding and the sleek body armor with not a scuff. The gear piles high on the carpet.

First Lt. Ehren Watada is giving it all back and, out of courtesy, packing it up. The Army had treated him with utmost respect until the moment it decided to court-martial him. It was nothing personal. The Army does what it has to do.

Just like Watada himself did what he felt he had to do seven months ago when he became the first — and only — commissioned officer in the United States to publicly refuse deployment to Iraq.

His conscience, he said, had overtaken him. He told the world what he had privately told his superiors months earlier: that he believed the war was illegal and immoral, and he would play no role in it.

Watada tried to resign; the Army respectfully denied him. He said he was willing to fight in Afghanistan; the Army refused him again: A soldier can't pick and choose where he fights. As his unit shipped off to Iraq, Watada stayed to face the consequences.

Thousands of GIs have gone AWOL or voiced opposition to the Iraq war, but when an officer says he won't go, the whole military machine must take note. It means dissent has crept up the chain of command, potentially undermining the war effort.

The Army felt compelled to respond forcefully, charging Watada, 28, with one count of failure to deploy and four (later reduced to two) counts of "conduct unbecoming" for making public statements against the war and against the Bush administration. His court-martial begins today at Ft. Lewis, 15 miles north of here.

Watada ponders the prospect of spending four years in military prison, and he muses on his spiral from exemplary military man to reviled antiwar poster boy.

"Life has been ... " He laughs nervously and shakes his head, searching for words. "A little abnormal."

His living room, like the rest of the apartment complex, feels boxy and new and unmistakably inexpensive — made for function rather than form. A balcony looks out at a parking lot crowded with pickups and SUVs.

In the middle of the room he stands in stocking feet, wearing baggy fatigues like pajamas, hands on hips. He's deciding where to begin the packing. When all the world seemed chaotic, it made sense to organize. Should he start with his barely mussed chemical suit or his spotless all-weather traction-control camouflage boots?

His smooth brown face is boyish and devoted, like a child inspecting his most precious toys. He's not a small man, but not big either. Certainly not as big as the Rushmore-sized symbol he's become to the antiwar movement, which hails him as nothing less than an American hero.

But he also bears no sign of the sniveling qualities ascribed him by pro-war groups that have branded him a coward. One syndicated columnist posted Watada's Army photo on her website with the caption: "The face of a deserter."

With everyone judging him, he wants to make one thing clear. "I'm not afraid to fight," he says. "I'm not a pacifist. If our country needed defending, I'd be the first one to pick up a rifle. But I won't be part of a war that I believe is criminal."

Watada calls himself "an ordinary American" and a patriot who unwittingly found himself in a moral dilemma he could never have imagined when he first put on a uniform 18 years ago. That's when the story begins, according to his mother, Carolyn Ho, a high school counselor in Honolulu.

It all started because she thought Cub Scout uniforms were cute.

The uniforms also represented wholesome activity. Ho and her then-husband, Bob Watada, wanted to keep their two young sons out of the malls and out of trouble. Ehren was the thoughtful one; his older brother, Lorin, the rambunctious one.

Ehren thrived on the order and discipline, and the little rewards that marked one's ascension up the scouting ranks. "He was the sort who studied for every merit badge possible," Ho says.

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Thus Watada's kinship with the uniformed life was born. He went from Cub to Boy to Eagle Scout, and he had an inkling as early as 15 that he would end up in the armed forces. As an Eagle Scout, he got the idea of carving out a hiking trail on a hillside abutting a neighborhood park in Honolulu.

Neighbors privately snickered. Sure, kid. Go ahead. Good luck.

Ho says she still beams whenever she drives past the park today and she spots the trail zigzagging up the hill. That's my son's work, she thinks. It took many months. She'd never doubt his resolve again.

Ho tells one other story. At Kalani High School, where Watada was a four-sport athlete, he reported a fellow football player who had been stealing money from the cafeteria coffer. "He risked ostracism [as a snitch] in a very small, tight-knit community," Ho says. "But he's like that, very principled."

Ho is calling from a hotel in Indiana. Her ex-husband Bob is in a hotel in Washington, D.C. Both parents have spent the last six months speaking at schools and churches across the nation, telling their son's story and lobbying the government to acquit him.

The parents shudder at the thought of their son behind bars. Invariably, both Ho and Bob Watada entertain fleeting misgivings: Maybe joining Cub Scouts was a mistake. Maybe, Bob Watada says, he should have tried harder to persuade his son to simply go to Iraq and "lie low."

Lying low is better than prison.

But there's a counterpart to their parental protectiveness.

Rebecca Davis, head of a Maine-based group called Military Families Voice of Victory, prays every day for her son, Stuart, who is serving in Iraq. Davis has publicly called Watada a traitor. "What he's done," she says," is embolden an enemy who is aiming for my son's head."

Watada, kneeling on the carpet with an arm buried deep in an olive-green duffel, explains his epiphany about the war in Iraq. It was the slo-mo kind, not the brilliant flash of lightning in the night.

The way he tells it, the arc of his realization somewhat followed that of many Americans. That is, he believed at the beginning but grew disillusioned as the justifications for the war proved false and the strategy, flawed.

In 2003, after graduating near the top of his class at Hawaii Pacific University, he walked into a recruiting station in Honolulu and hopscotched from Officer Candidate School to his first tour of duty in Korea, where his superiors rated him exemplary.

His battalion commander, whom Watada won't name so as not to drag him into his predicament, spoke long and often of the paramount importance of preparation.

"He told us, 'If you don't know all there is to know about your mission, you're failing yourself and you're failing your soldiers,' " Watada says, still kneeling. He folds his hands in front of him now and looks vaguely like someone pleading or about to propose. "I took the lesson to heart."

So when he was reassigned to Ft. Lewis in early 2005 in anticipation of deploying to Iraq, he did his job: He got to know everything there was to know about Iraq. He spent nights online, read books, talked to combat veterans, devoured media reports.

At the end of 2005, he was convinced the Bush administration had purposefully manipulated intelligence to justify the invasion and the congressional approval of the war therefore was based on lies.

He said he was so anguished by his conclusion and the knowledge that he would soon be "participating in the madness" that he grew deeply depressed. In December 2005, he sought guidance from a chaplain and a mental-health counselor. Neither helped. He considered filing for conscientious objector status but couldn't in good conscience, he says, because he does not oppose bearing arms.

"I was in this situation where I knew something was wrong," he says, still on his knees, "but I was being forced to do it anyway. It felt like I was in an invisible prison of my own making. It's a terrible place to be."

Then it occurred to him: He'd rather risk the other kind of prison. It would be difficult but ultimately easier to live with. In January 2006, he submitted a letter of resignation, was refused, and the process rolled inexorably to where it is today.

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The Army could have chosen to accept Watada's resignation. Court-martialing him, however, sends a clear message to other officers thinking about defying orders to deploy. During a preliminary hearing in August, Army prosecutor Capt. Dan Kuecker called Watada's actions "dishonorable" and "disgraceful."

For his part, Watada doesn't blame the Army as much as he blames the administration. The Army does what it must to function. Military culture has always presumed that individuals lose certain kinds of freedom when joining the armed forces.

"The idea is when you put on a uniform, you put your personal opinions to the side," says Kathleen Duignan, executive director of the National Institute of Military Justice in Washington, D.C. A military could not be effective if soldiers had the option to choose which wars to fight and which to forego.

Duignan says the best known case that parallels Watada's occurred in 1965 during the Vietnam War, when 2nd Lt. Henry Howe was caught participating in an antiwar demonstration. The Army court-martialed Howe and sentenced him to two years of hard labor.

Watada's unit deployed to Iraq last summer. He has been doing administrative work ever since, barred from traveling farther than 250 miles from Ft. Lewis. His life settled into a workaday routine — going to work, coming home to his little apartment and wondering what the future holds.

Standing up, crossing his arms as if in defiance, he says he believes history will absolve him no matter what happens in court this week.

At the base, there have been no blatant acts of hostility. "But, yes," Watada says, "you can feel the seething just underneath."

During what was supposed to be a casual football scrimmage among officers late last year, two majors "accidentally" broke Watada's nose. One major shoved, the other smacked. Watada for weeks walked around with two black eyes, a crooked beak and a sneaking hunch it was no accident.

But what encourages him is how much quiet support he receives from individual soldiers. The support, he says, isn't showy. "Nobody wants any part of me officially," he says, laughing that nervous laugh again. There are the approving nods, the knowing glances, the subtle remarks about hanging in there and keeping the chin up.

"It happens almost every day," Watada says. And it makes him think that maybe, just maybe, a whole lot of other uniformed souls feel the same way he does and just haven't figured out a way to say so.

American Takes Over Command Of NATO Force In Afghanistan (NYT)

By Carlotta Gall

The New York Times, February 5, 2007

KABUL, Afghanistan, Feb. 4 — A senior American officer, Gen. Dan K. McNeill, took over command of the 35,000-member NATO force in Afghanistan from the departing British commander on Sunday, ahead of an expected spring offensive by a resurgent Taliban.

General McNeill inherits a force that has expanded its mission to cover all of Afghanistan and is still struggling to contain the Taliban. Although the group was largely defeated in 2002, it mounted a strong comeback last year, leading to the bloodiest fighting in the country since the beginning of the war in 2001.

The new commander will have some advantages his predecessor did not. He has been promised several thousand extra troops in the south, where much of the violence has been centered, although he will continue to have to work with some NATO countries that are restricting where their troops can be used.

The transfer of command came on a day when NATO forces sent a tough message to the Taliban, using an airstrike to kill a commander whose forces overran a town in southern Afghanistan last week.

General McNeill served as commander of United States-led coalition forces in Afghanistan from 2002 to 2003, long before NATO began to take over operations. He is returning for a one-year tour as commander of the United Nations-mandated International Security Assistance Force, drawn from 37 contributing nations.

His primary mission will be to facilitate the reconstruction of Afghanistan, so that the “Afghan people might enjoy self-determination, education, health, and the peaceful realization of their hopes and dreams,” he told a gathering at the change-of-command ceremony at NATO headquarters in Kabul on Sunday.

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"We will quit neither post nor mission until the job is done or we are properly relieved," he said. "We will not leave a fallen comrade."

NATO troops expanded their mission to cover all of Afghanistan in 2006, taking over military operations in the south and absorbing mainly American forces in the east.

The departing NATO commander, Gen. David Richards, said in an interview before the ceremony that he expected a surge of violence as the Taliban prepared to carry out a spring offensive. But he said the NATO force, now reinforced by the extra troops that he repeatedly requested, was well-placed to defeat the Taliban militarily.

But in his speech before several hundred soldiers, diplomats and politicians, including the Afghan president, Hamid Karzai, the general warned that full victory in Afghanistan would take more than military success. What was needed beyond that, he said, was more reconstruction and development, a good system of government and improved relations with Pakistan, which Afghanistan has accused of continuing to support the Taliban.

The Taliban warned Sunday that 2007 would be the bloodiest year for foreign troops in Afghanistan, in comments to [a news agency] that were apparently timed to the change of command. And in what may be the opening salvo of a new campaign of violence, gunmen suspected of being Taliban fighters killed two senior Muslim clerics in the southern city of Kandahar: the deputy head of the religious council, Maulavi Sayed Amam Mutawal, and the caretaker of Afghanistan's holiest shrine, Shafi Akhund Zada, Agence France-Presse reported.

General Richards's parting shot was an airstrike on Sunday morning, which occurred just 90 minutes before the change of command. The strike killed a Taliban commander, Mullah Abdul Ghafoor, who seized control of the town of Musa Qala in Helmand Province on Thursday night and detained local leaders and members of the police.

The precision-guided airstrike killed the commander and 10 of his guards as he was driving in an open area called Ghundai, outside the town, according to residents. There were no other casualties, they said. A NATO spokesman, Col. Tom Collins, confirmed that the strike killed a "key Taliban leader," but he did not provide a name.

In October, the governor of Helmand negotiated a controversial agreement under which British troops within NATO and Taliban forces withdrew from the town, leaving a council of tribal elders in charge.

The agreement, which brought a temporary peace to the town but left the Taliban at large, signaled NATO's search for more conciliatory ways of dealing with the insurgency. The accord was criticized by American officials and members of the Afghan government for giving in to the Taliban, but General Richards and diplomats from other NATO countries defended it as an important step in driving a wedge between the local population and the Taliban and encouraging Afghans to resolve their own security issues.

On Sunday, he praised the courage of the tribal elders for standing up to the Taliban and promised NATO's support.

Despite the Americans' criticism of the agreement, General McNeill said he did not intend to change that strategy and would not risk shedding the blood of British, Canadian and Dutch soldiers in the area if the elders could resolve the issue of the town's control.

General McNeill's appointment, and his previous tour conducting combat operations in Afghanistan, has raised concerns among some NATO countries that he will conduct a more aggressive operation. President Karzai welcomed him as a friend who was "with the Afghan people from the beginning of the war on terror." Yet he is also remembered as the general in charge when two Afghan detainees died from beatings in American custody at Bagram Air Base in December 2002.

General Richards indicated that he doubted that his successor would significantly change the way NATO forces operated. He said that General McNeill would inherit a NATO plan and operation that the 37 contributing nations had signed up for, and that he would be under their orders. "Even if he was inclined to make radical changes, he can't do it easily," he said. "How he implements them on the ground is up to him."

General McNeill is the highest-ranking American to serve in Afghanistan; his previous post was commanding general of the United States Army Forces Command. His appointment is accompanied by a significant increase in troops and resources for Afghanistan.

The Bush administration is asking Congress for $10.6 billion to train and equip the Afghan Army and the police force and for reconstruction. The general will also have under his command the 3,200 American troops whose tour of duty was extended

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last month and an additional 800 British and 1,000 Polish soldiers, providing him with a vital reserve force for the south and southeastern regions where the insurgency is strongest.

Some 14,000 American soldiers will be under his command within the NATO force in Afghanistan. An additional 11,000 American service members, who are training the Afghan Army and the police and conducting counterterrorism operations, will remain in Afghanistan under American two-star generals.

Under Lt. Gen. Karl Eikenberry, the departing commander of American coalition forces, the 14,000 American soldiers have focused on training and working as partners with Afghan forces. They also have taken on operations that are focused as much on reconstruction as on combat.

General Richards said American forces were uniquely capable of combining military and development operations. "They'll have a road coming into a valley the day after they have cleared it out of Taliban," he said.

Other NATO forces have to catch up on combining reconstruction and military operations so that one flows directly from the other and does not allow a vacuum for the Taliban to exploit, General Eikenberry said in a recent interview.

"You can launch your military operation and then look over your shoulder and find that there are going to be extraordinary delays in delivering the nonmilitary means — and you could actually make things worse," he said.

"It's not about thinking how we are going to fight into the area — that can be the relatively easy part of it," he said. The real challenge is to make Afghans feel they are connected to their government, he added.

NATO needs to combine more forces with Afghan forces in strategic places and urgently move forward with reconstruction and nonmilitary assistance if it is to counter the expected Taliban spring offensive, he said.

Musharraf's Stale Promises (WP)

By Jackson Diehl

The Washington Post, February 5, 2007

In the months after Sept. 11, 2001, Pakistani President Pervez Musharraf was a new and shaky U.S. ally. He decided to side with the Bush administration against al-Qaeda, but there were persistent reports that elements of his army still supported the Afghan Taliban. He was an autocratic ruler who had seized power in a military coup against a democratic government, but in a televised speech to his nation in January 2002, he promised to turn Pakistan into a tolerant, "moderate Muslim" society. Largely because it had little choice, the Bush administration decided to give him the benefit of the doubt.

Five years later, little in Pakistan has changed. Musharraf is still promising a moderate and tolerant regime -- but there are still reports that his army is quietly helping the Taliban. He's also still promising democracy -- but just as in 2002, he's preparing to rig Pakistan's upcoming presidential and parliamentary elections to ensure that his term is extended and his power unchallenged.

What has changed is the response of the Bush administration. Five years ago it portrayed itself as giving Musharraf a chance to perform. Now it defends and apologizes for the general, despite his chronic failure to deliver.

The most recent example of this came 10 days ago, during a visit to the country by Deputy Assistant Secretary of State John Gastright. Islamabad was in an uproar over the news that Musharraf intends to seek a new five-year term next fall in a way that most of the country's civilian politicians consider undemocratic and unconstitutional. The other subject of conversation was legislation passed by the Democratic-controlled U.S. House during its "100 hours" blitz. It would condition future aid to the Pakistani military on Bush's certification that Pakistan "is making all possible efforts to prevent the Taliban from operating in areas under its sovereign control."

The House measure, backed by the new Foreign Affairs Committee chairman, California's Tom Lantos, was a logical response to recent reports by U.S. commanders that the Taliban leadership is based in Pakistan and that cross-border movements of insurgents are increasing. But Gastright rushed to assure Musharraf's government that the administration opposed it. "The president can certify that," Gastright said of the Taliban metric without explaining the basis for his confidence. "The issue is, he shouldn't have to."

Gastright went on to endorse what he said were steps by Musharraf to promote press and political freedom ahead of the elections: "That's an impressive track record," the Associated Press quoted him as saying. Then he said the administration was

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pleased with Musharraf's handling of the greatest criminal proliferator of nuclear weapons in history, A.Q. Khan, who was quickly pardoned in 2004 and then shielded from U.S. or U.N. interrogation. Musharraf had "a superb record addressing the legacy of the A.Q. Khan network," Gastright said.

It's at this point in a column like this that administration officials pop up to point out that the relationship with Musharraf is "complicated," that he has the right intentions and that he needs to be supported as well as urged to do more. Whatever his performance or lack of it, the argument goes, Musharraf is better than the alternatives in Pakistan, which include Islamic extremists and anti-Western generals. It's the same argument that's used to defend continued U.S. pandering to Egyptian President Hosni Mubarak.

In Musharraf's case it's particularly perverse. That's because the second most popular leader in Pakistan behind Musharraf, according to polling by the International Republican Institute, is not an Islamist but former prime minister Benazir Bhutto, the leader of the moderate and pro-Western Pakistan People's Party. Bhutto and her party have made it clear that they would be willing to accept Musharraf in exchange for fair parliamentary elections and an end to criminal charges that keep Bhutto in exile. The PPP and the Muslim League party of former prime minister Nawaz Sharif have formed the Alliance for Restoration of Democracy; they are the obvious partners for a government that genuinely aims to modernize the country and marginalize Islamic extremism.

Only Musharraf refuses to deal with them. His supporters say he intends to extend his mandate by staging a presidential vote by the existing parliament and provincial assemblies -- which make up Pakistan's equivalent of the electoral college -- though they were elected in the rigged balloting of 2002 and their terms expire on the same day as the president's. For that maneuver he won't need Bhutto or Sharif or their parties -- and so he won't have to meet their demands for fair parliamentary elections.

In private, the Bush administration has been urging Musharraf for some time to come to terms with Pakistan's moderate democrats. And they've been asking him for years to stop allowing sanctuary for the Taliban. He's not responding. So what's wrong with congressional conditions? They might just produce what's been missing from Musharraf the past five years: results.

CORPORATE SCANDALS:

Justice Department Balks At Privacy Provision In Telephone Rules Under Review (AP)

By John Dunbar, Associated Press

AP, February 5, 2007

WASHINGTON – Federal regulators working on rules to secure the calling records and other private information of telephone customers are running into resistance from phone companies and law enforcement agencies.

The rules, an effort by the Federal Communications Commission to combat “pretexting,” are circulating among the commissioners for comment and may be voted on this month.

Pretexting is the practice of impersonating a phone customer to gain access to his phone records. President Bush signed a law last month criminalizing the practice and imposing penalties including up to 10 years in prison.

The issue gained prominence last year when executives of the Hewlett-Packard Co. were charged with hiring private detectives who used the technique to investigate board members.

The new law gives police a weapon to punish perpetrators. But it leaves out any requirements for how phone companies should protect their customers' private data. Cell phone bills, for example, can reveal who a person has called and, in some cases, even the caller's location.

The FCC chairman, Kevin Martin, told reporters recently that the new rules will require that customers use a password to access their account information.

While that might protect calling data, telephone companies are wary. They fear a password requirement might upset customers.

AT&T Inc. spokesman Michael Balmoris said the company has to be careful to balance security against customers' wishes for easy access to their information.

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The rules also are expected to require that phone companies get a customer's permission before they can release information that may be used for telemarketing.

Phone companies contend this requirement would violate their First Amendment right to communicate with customers – a position that was backed by a federal court in 1999.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, called that court decision "probably one of the oddest First Amendment cases in many, many years." Since that case, he said courts have been more inclined to support privacy rules.

Phone companies say there is no evidence that information shared with business partners falls into the wrong hands, making the proposed requirement unnecessary.

The departments of Justice and Homeland Security have taken issue with two other possible provisions in the emerging rules, both of which have privacy advocates concerned.

The first would tell phone companies to destroy customer records as soon as the records no longer are needed for legitimate business purposes. The government wants the records preserved for possible use in criminal investigations.

Secondly, the two departments want phone companies to notify law enforcement officials first, before customers, when customers' private billing information has been disclosed improperly.

In written comments to the FCC, Deputy Attorney General Paul J. McNulty said immediately alerting customers in such cases may tip off investigative targets and lead them to destroy evidence, change their behavior or slip away.

He proposed that companies not tell customers for at least seven business days after notifying the FBI or the Secret Service.

For companies, this would mean they would have to determine, without the benefit of input from their own customers, whether an unauthorized breach had occurred. Companies also have raised questions about how such a notification system would work.

Consumer advocates are concerned a delay may result in more harm than good.

Jeannine Kenney, senior policy analyst with Consumers Union, said customers should learn immediately when someone is delving into their personal information.

"In fact, failing to notify a customer of a breach could impede prevention of actual harm or the commission of another crime," she said.

On the Net:

Federal Communications Commission: www.fcc.gov

US Courts To Decide On 'scheme Liability' (FT)

By Brooke Masters In New York And Patti Waldmeir

Financial Times, February 5, 2007

US courts are considering on Monday whether to bless a new legal theory thought up by plaintiffs' lawyers that could put banks, lawyers and business partners on the hook for billions of dollars when a public company goes bust because of fraud.

The fifth circuit federal appeals court in New Orleans will take up the issue of "scheme liability" when it hears arguments on whether Enron's shareholders can pursue a class action against Credit Suisse, Merrill Lynch and lawyer Vinson & Elkins.

Banks and lawyers have traditionally been protected by a 1994 Supreme Court decision that says shareholders cannot recover money from firms and people who simply "aided or abetted" securities fraud. But the recent corporate scandals prompted plaintiffs' attorneys and angry investors to look for a way around that rule. They argue that the banks and lawyers participated in a "scheme" to hide Enron's losses from investors and should be held "primarily responsible" for the company's collapse.

Scheme liability "is almost indispensable. There would have been no way to hold the big banks responsible in Enron without scheme liability," said Bill Lerach, the plaintiff's attorney who represents Enron shareholders.

But Greg Markel, a lawyer for banks, warned that the theory "creates uncertainty for financial institutions and that uncertainty increases the costs of doing business."

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The trial judge in the Enron case initially agreed with investors, but other US courts have divided in cases involving fraud at Dynegy, Parmalat and HealthSouth. The Securities and Exchange Commission favours a limited form of scheme liability that could increase the number of companies targeted by such lawsuits.

"The scope of scheme liability is the single most important issue being litigated in securities class actions today," says Bob Giuffra, an attorney with Sullivan & Cromwell, which defends companies against securities lawsuits.

The US Supreme Court is also considering whether to hear two scheme liability cases. One includes companies allegedly involved in sham transactions conducted by Homestore, the online estate agents site. The influential ninth circuit federal appeals court found that business partners can be held liable if their transactions with a company had "the principal purpose and effect of creating a false appearance of fact in the fur-ther-ance of a scheme to defraud" even if they did not directly mislead investors.

If that ruling stands, "lawyers will begin naming as defendants all manner of companies [particularly those with 'deep pockets'], merely because they engaged in significant transactions with issuers who allegedly accounted for the transactions fraudulently," claim papers filed by Cendant and Time Warner, targets in the Homestore case.

Hyundai Chairman Is Found Guilty (WSJ)

By Evan Ramstad And Lina Yoon

The Wall Street Journal, February 5, 2007

SEOUL, South Korea -- A court here found Hyundai Motor Co. Chairman Chung Mong Koo guilty of embezzlement and fraud, and sentenced him to three years in prison, breaking a pattern of leniency for high-profile executives convicted of white-collar crime.

The decision poses a major leadership problem for Hyundai, the world's No. 6 auto maker by volume, as it faces slower growth and mounting challenges including new competitors from China.

Prosecutors alleged that Mr. Chung took about $100 million from Hyundai and affiliated companies for political payoffs and personal use. They sought a six-year prison sentence. Mr. Chung, who told the court at one point during his trial, "I am guilty to a certain extent," had asked for leniency.

At a hearing where the verdict and sentencing were announced, Seoul Central Court Judge Kim Dong Oh said Mr. Chung engaged in "behavior that goes against market practices." The judge, one of three who listened to the trial and handed down the ruling, said, "It shows there's something wrong in the corporate culture of Korea."

The sentence presents Hyundai with a major quandary: Should it replace Mr. Chung, who is the son of Hyundai's founder and has been depicted for years both inside and outside the company as a near-omnipotent leader? A Hyundai spokesman said the company was "disappointed" and that Mr. Chung will appeal the decision. It said he remains in control of the company.

Mr. Chung is 68 years old, but he has no clear successor. He became chief executive in 1999 and chairman a year later. Mr. Chung's son runs the company's Kia affiliate.

Following his arrest last April and subsequent two-month jail stay, Hyundai canceled plant openings and delayed strategic decisions to show it was less able to function without Mr. Chung.

Hyundai said nothing publicly about preparations it was making in case Mr. Chung received a prison sentence. Company executives last week were privately saying they expected him to receive a financial penalty but no prison time.

Hyundai shares fell about 3% today immediately after the sentence was announced.

Hyundai is grappling with slowing growth in South Korea and the U.S., its two biggest markets. The rising value of the Korean won has eroded the price competitiveness of Hyundai and Kia vehicles overseas.

Bribery scandals have in the past engulfed many Korean executives. The problem is rooted in the country's fast growth in the 1960s and 1970s when Korean businesses were largely controlled by the government and the right political connection would bring capital and market protection.

President's Speech Shows CEO Pay Has Hit The Big Time (USAT)

By Greg Farrell

USA Today, February 5, 2007

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Excessive executive compensation, an issue shareholder activists and labor unions have ridden for years, has suddenly become a hot topic in Washington, D.C.

Lawmakers in both houses of Congress plan to make laws affecting executive pay packages, and a new rule from the Securities and Exchange Commission is forcing companies to provide a simplified summary of top executives' compensation in their public filings. Even President Bush weighed in on the subject last week in New York, exhorting corporate boards to tie CEOs' salaries and bonuses to their success in improving companies and bringing value to shareholders.

"When President Bush talks about CEO pay, you know that it's moving to the top of the national agenda," says Robert Reich, professor of public policy at the University of California at Berkeley and former secretary of labor under President Clinton.

Jeffrey Sonnenfeld, a senior associate dean at the Yale School of Management and a prominent expert on corporate leadership, says the Bush speech represents a tipping point in the debate over executive pay.

"By the time Johnny Carson started to joke about Watergate, Nixon had lost his credibility in all quarters," says Sonnenfeld, author of Firing Back, a book about how CEOs deal with career reversals. "This is no longer seen as an edgy, controversial topic."

Several recent events have helped push CEO pay into the public spotlight:

•Bob Nardelli's $210 million exit package at Home Depot. Nardelli was considered a superstar CEO when Home Depot hired him six years ago, but the stock languished and Home Depot lost market share to Lowe's during his tenure.

"There are certain instances where pay is so excessive and the breach of trust that the board has with shareholders is so terribly broken, it's an outrage," says Rich Ferlauto of the government labor union AFSCME. "Nardelli was the catalyst."

•Virginia Sen. Jim Webb's response to Bush's State of the Union address last month. Webb, a Democrat, said robust corporate earnings disguised that the middle class was falling further behind. Webb noted that the average CEO makes more than 400 times what the average worker makes, and promised congressional action on the topic.

"Somebody in the White House noticed that he upstaged the president," says Damon Silvers of the AFL-CIO.

Rep. Barney Frank, D-Mass., the new chair of the House Financial Services Committee, plans to introduce a bill this spring that would require companies to allow shareholders to vote on CEO pay packages in proxy votes, a system in place in the U.K.

"You can count on that bill coming to the floor of the House and passing," he says.

CRIMINAL LAW:

U.S. Set To Begin A Vast Expansion Of DNA Sampling (NYT)

By Julia Preston

The New York Times, February 5, 2007

The Justice Department is completing rules to allow the collection of DNA from most people arrested or detained by federal authorities, a vast expansion of DNA gathering that will include hundreds of thousands of illegal immigrants, by far the largest group affected.

The new forensic DNA sampling was authorized by Congress in a little-noticed amendment to a January 2006 renewal of the Violence Against Women Act, which provides protections and assistance for victims of sexual crimes. The amendment permits DNA collecting from anyone under criminal arrest by federal authorities, and also from illegal immigrants detained by federal agents.

Over the last year, the Justice Department has been conducting an internal review and consulting with other agencies to prepare regulations to carry out the law.

The goal, justice officials said, is to make the practice of DNA sampling as routine as fingerprinting for anyone detained by federal agents, including illegal immigrants. Until now, federal authorities have taken DNA samples only from convicted felons.

The law has strong support from crime victims' organizations and some women's groups, who say it will help law enforcement identify sexual predators and also detect dangerous criminals among illegal immigrants.

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"Obviously, the bigger the DNA database, the better," said Lynn Parrish, the spokeswoman for the Rape, Abuse and Incest National Network, based in Washington. "If this had been implemented years ago, it could have prevented many crimes. Rapists are generalists. They don't just rape, they also murder."

Peter Neufeld, a lawyer who is a co-director of the Innocence Project, which has exonerated dozens of prison inmates using DNA evidence, said the government was overreaching by seeking to apply DNA sampling as universally as fingerprinting.

"Whereas fingerprints merely identify the person who left them," Mr. Neufeld said, "DNA profiles have the potential to reveal our physical diseases and mental disorders. It becomes intrusive when the government begins to mine our most intimate matters."

Immigration lawyers said they did not learn of the measure when it passed last year and were dismayed by its sweeping scope.

"This has taken us by storm," said Deborah Notkin, a lawyer who was president of the American Immigration Lawyers Association last year. "It's so broad, it's scary. It is a terrible thing to do because people are sometimes detained erroneously in the immigration system."

Immigration lawyers noted that most immigration violations, including those committed when people enter the country illegally, are civil, not criminal, offenses. They warned that the new law would make it difficult for immigrants to remove their DNA profiles from the federal database, even if they were never found to have committed any serious violation or crime.

Under the new law, DNA samples would be taken from any illegal immigrants who are detained and would normally be fingerprinted, justice officials said. Last year federal customs, Border Patrol and immigration agents detained more than 1.2 million immigrants, the majority of them at the border with Mexico. About 238,000 of those immigrants were detained in immigration enforcement investigations. A great majority of all immigration detainees were fingerprinted, immigration officials said. About 102,000 people were arrested on federal charges not related to immigration in 2005.

While the proposed rules have not been finished, justice officials said they were certain to bring a huge new workload for the F.B.I. laboratory that logs, analyzes and stores federal DNA samples. Federal Bureau of Investigation officials said they anticipated an increase ranging from 250,000 to as many as 1 million samples a year.

The laboratory currently receives about 96,000 samples a year, said Robert Fram, chief of the agency's Scientific Analysis Section.

DNA would not be taken from legal immigrants who are stopped briefly by the authorities, justice officials said, or from legal residents who are detained on noncriminal immigration violations.

"What this does is move the DNA collection to the arrest stage," said Erik Ablin, a Justice Department spokesman. "The general approach," he said, "is to bring the collection of DNA samples into alignment with current federal fingerprint collection practices." He said the department was "moving forward aggressively" to issue proposed regulations.

The 2006 amendment was sponsored by two border state Republicans, Senator Jon Kyl of Arizona and Senator John Cornyn of Texas. In an interview, Mr. Kyl said the measure was broadly drawn to encompass illegal immigrants as well as Americans arrested for federal crimes. He said that 13 percent of illegal immigrants detained in Arizona last year had criminal records.

"Some of these are very bad people," Mr. Kyl said. "The number of sexual assaults committed by illegal immigrants is astonishing. Right now there is a fingerprint system in use, but it is not as thorough as it could be."

Ms. Parrish, of the rape victims' organization, pointed to the case of Angel Resendiz, a Mexican immigrant who was known as the Railroad Killer. Starting in 1997, Mr. Resendiz committed at least 15 murders and numerous rapes in the United States. Over the years of his rampage, Mr. Resendiz was deported 17 times. He was executed in Texas in June.

"That was 17 missed opportunities to collect his DNA," Ms. Parrish said. "If he had been identified as the perpetrator of the first rapes, it would have prevented later ones."

Immigration lawyers said the DNA sampling could tar illegal immigrants with a criminal stigma, even though most of them have never committed any criminal offense.

"To equate somebody with a possible immigration violation in the same category as a suspected sex offender is an outrage," said David Leopold, an immigration lawyer who practices in Cleveland.

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Forensic DNA is culled either from a tiny blood sample taken from a fingertip (the F.B.I.'s preferred method) or from a swab of the inside of the mouth. Federal samples are logged into the F.B.I.'s laboratory, analyzed and transformed into profiles that can be read by computer. The profiles are loaded into a database called the National DNA Index System.

The F.B.I. also loads DNA profiles from local and state police into the federal database and runs searches. Only seven states now collect DNA from suspects when they are arrested; of those, only two states are authorized by their laws to send those samples to the federal database.

Mr. Neufeld, of the Innocence Project, said his group supported broad DNA collection from convicted criminals. But, he said, "There is no demonstrable nexus between being detained for an immigration matter and the likelihood you are going to commit some serious violent crime."

The DNA amendment has divided women's groups that are usually unified supporters of the Violence Against Women Act, which was adopted in 1994.

"We were stunned by the extraordinary, broad sweep of this amendment," said Lisalyn Jacobs, vice president for government relations at Legal Momentum, a law group founded by the National Organization for Women. Ms. Jacobs recalled that the amendment had been adopted by a voice vote with little debate. She said many lawmakers eager to renew the act, which enjoys solid bipartisan support, appeared unaware of the scope of the DNA amendment.

"The pervasive problems of profiling in the United States will only be exacerbated by such a system," Ms. Jacobs said, because Latino and other immigrants will be greatly over-represented in the database. She noted that the law required a court order to remove a profile from the system.

Many groups warned that the measure would compound already severe backlogs in the F.B.I.'s DNA processing. Mr. Fram of the F.B.I. said there had been an enormous increase in the samples coming to the databank since it started to operate in 1998, but no new resources for the bureau's laboratory. Currently about 150,000 DNA samples from convicted criminals are waiting to be processed and loaded into the national database, Mr. Fram said.

He said the laboratory had added robot technology to speed the processing. But in the "worst case scenario," where the laboratory receives one million new samples a year, Mr. Fram said, "there is going to be a bottleneck."

Leak Case Hangs On Credibility (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 5, 2007

WASHINGTON — Former vice presidential aide I. Lewis "Scooter" Libby's defense in his perjury trial rests largely on the claim that he was too busy with pressing affairs of state to recall minor events such as conversations with reporters about an obscure CIA employee.

But after nine government witnesses testified in federal court here over the last two weeks, a question is starting to emerge: Given all the time and attention the White House devoted in 2003 to CIA operative Valerie Plame and her husband, former Ambassador Joseph C. Wilson IV, how credible is Libby's apparent forgetfulness?

Libby, 56, Vice President Dick Cheney's former chief of staff, is charged with obstructing a federal investigation into how the identity of Plame became public in the summer of 2003.

Wilson's public criticism of the justifications for the Iraq war spawned what the trial has shown to be a concerted effort by Cheney's office to discredit him. Prosecutors allege that as the administration pushed back, Plame became caught in the crossfire and was exposed.

Libby's lead lawyer, Theodore V. Wells Jr., has painted a defense in broad strokes, portraying Libby as a senior official immersed in life-and-death national security issues who may have been the scapegoat in a White House cover-up.

Special prosecutor Patrick J. Fitzgerald, by contrast, has been methodically building a narrowly focused case that in large part is being made through the testimony of past and present Bush administration insiders.

That has resulted in a rare inside glimpse into how the White House mobilizes against critics, including an account of how, contrary to claims it made at the time, Cheney's public-relations machinery was operating full-throttle to rebut the questions Wilson was raising about Iraq's supposed nuclear weapons capabilities.

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Experts said the fact that Cheney's office was attaching such importance to the issue suggests it was the sort of thing that would not be easily forgotten.

The government case "turns on showing that the need to link Wilson to the CIA was a high priority for Libby and the kind of thing that he would not forget about and that he would not want to be candid to investigators about," said Daniel Richman, a former federal prosecutor and a professor at Fordham law school. "The government has been making a strong case for that."

Legal experts cautioned against reading too much into what the jury might be thinking at this stage of the trial because Libby's lawyers have yet to present their case. And for the prosecution, proving that a senior government official intentionally lied is no easy matter.

Also, some of the government's witnesses have demonstrated memory problems of their own, potentially bolstering Libby's faulty memory defense.

Former New York Times reporter Judith Miller acknowledged under cross-examination last week that when she first appeared before the grand jury she did not remember the first time Libby gave her information about Plame. She said her memory was refreshed after she found a notebook in her office.

The closest thing to a smoking gun in the case so far are handwritten notes taken by Libby during a phone conversation with Cheney on June 12, 2003. Cheney told Libby, according to the notes, that Wilson's wife was a counter-proliferation specialist at the CIA.

Libby has acknowledged taking the notes, but has said he had forgotten that Cheney had passed him the tip by the time he started talking with reporters about Wilson a few weeks later. He has told investigators that he believed he first learned about Plame from the reporters; prosecutors say Libby lied out of concern that he could be charged with leaking classified information.

Trial testimony has indicated that other officials also discussed Plame's secret resume with Libby around the time he was speaking with Cheney. They include a high-ranking State Department official, a top spymaster from the CIA and Libby's morning intelligence briefer.

With those witnesses having no apparent motive to lie, legal experts say, their testimony threatens to undercut Libby's memory defense as his lawyers prepare to put on their case starting Wednesday. They say the cumulative effect of witnesses saying they were engaged with Libby on the subject earlier than when he has said he first learned about Plame could be a challenge the defense.

"Either these witnesses are wrong in their recollections or Libby will need to convince [the jury] that he simply forgot these multiple conversations," said Daniel French, a former federal prosecutor who represents a potential witness in the trial. "I think that could be problematic" for Libby.

Jeffrey Frederick, a Charlottesville, Va., jury consultant, said: "What the government had to do was show that this was not a one conversation gig. I think they are doing a very good job of nailing that down."

Testimony in the case has showed that Cheney was dictating talking points to rebut Wilson, while his public-relations handlers weighed strategic leaks to friendly reporters, among other moves.

Libby was the apparent lieutenant in the counter-offensive, and he seemed to get his marching orders in the June 12 phone conversation with Cheney that included the reference to Plame.

According to the notes from that conversation, Wilson was saying that Cheney's office had expressed strong interest in the notion that Iraq had sought weapons-grade uranium in Africa. Libby jotted down in the margin the orders he received from Cheney to "get agency to answer that."

Libby subsequently made a number of inquiries to senior State Department and CIA officials about Wilson and an agency-sponsored fact-finding trip he'd made to Africa in 2002.

The top CIA expert on Iraq, Robert Grenier, testified that Libby had him pulled out of a meeting with then-director George J. Tenet to discuss the issue in a phone call.

Former State Department undersecretary Marc Grossman said he also felt a sense of urgency when Libby called him, after which he promptly commissioned an internal intelligence analysis.

Both Grenier and Grossman testified that they promptly reported back to Libby with information about Wilson and the trip — and the fact that his wife was a CIA employee.

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After Wilson went public with his criticism in a July 6 op-ed in the New York Times, saying he'd found no evidence of Iraq seeking nuclear material in Niger, Libby promptly passed on information about Wilson's wife, prosecutors allege.

Former White House Press Secretary Ari Fleischer testified that, on the following day, Libby offered the information to him on "the QT" over lunch at the White House mess. Miller testified that Libby told him about Wilson's wife the next day, a Tuesday.

Libby told the grand jury that he did not learn Plame's identity until the following Thursday, July 10, in a conversation with journalist Tim Russert, the moderator of the NBC's "Meet the Press." Libby has said he was surprised to hear the information from the newsman.

Russert, who is scheduled to testify for the government today or Tuesday, has denied that he gave Plame's identity to Libby.

Fitzgerald, in his opening statement to the jury last month, commented on the apparent contradiction. "You can't learn something startling on Thursday that you are giving out on Monday and Tuesday," he said.

The Big Uneasy (WP)

By Carol D. Leonnig

The Washington Post, February 5, 2007

Like an awkward cocktail party where the guests know each other too well and don't always get along, the trial of I. Lewis "Scooter" Libby has brought the capital's government celebs and media players back together in the close quarters of one Washington courthouse.

Maybe too close.

It's a sometimes genial and sometimes strained reunion -- with hearty backslapping as well as forced smiles and uncomfortable silences, but without the canapes and cocktails to lighten the mood. Against the grim backdrop of whether Vice President Cheney's right-hand man had lied about blowing a CIA officer's cover, witnesses called to the stand, their prominent attorneys and reporters covering the criminal case all try to exchange pleasantries in courthouse hallways while they tend to their intersecting duties.

Former White House press secretary Ari Fleischer, during a break in his testimony for the prosecution, makes small talk about his kids with reporters who once tried to pin him down on assertions the administration used faulty intelligence to justify a war.

During a recess, defense attorney Theodore V. Wells Jr. beams as he introduces Libby to Mike Espy, a Clinton administration agriculture secretary he helped out of a different jam.

In this slice of Washington, courtroom spectators, witnesses, lawyers -- even the judge -- have been the subjects, sources or authors of interconnected news stories.

Max Frankel, former executive editor of the New York Times and supervisor of reporter Judith Miller, a prosecution witness, is writing about the case, as are two former colleagues at the paper that ultimately questioned some of her reporting on Iraq's weapons of mass destruction. John Dickerson, a former Time magazine reporter, is writing about the testimony of his former colleague, Matthew Cooper.

Finally, a Newsweek reporter is old chums with one of the jurors. "I obviously did a double take when I saw him on the jury," said Newsweek's Michael Isikoff, who is also the co-author of a book about the administration's claims for justifying war with Iraq, the backdrop for the Libby case. "This whole thing reminds me of high school."

Like high school, some people just don't want to be here.

The best illustration may be Cooper, who grabbed a quick lunch last week in the courthouse cafeteria before returning to the witness chair to be questioned about his confidential phone conversation with Libby. The normally chatty scribe and amateur comedian wore a pasted-on smile and moved past the grill and salad bar as if picking his way through a minefield. He silently nodded at his buddies in the Washington press corps, then sidestepped them without chitchat.

His most forthcoming remark? "Oh. Hi."

An intensely private and surprisingly tall David Addington, the legal mastermind behind President Bush's expansive executive powers, slunk through the hall with head down to avoid human interaction. Nearly every reporter in the building would

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have loved to interview him; alas, he was questioned on the stand about subpoenas he received as Cheney's counsel -- and often mumbled.

In some cases, the participants' past dealings with one another have left a sour taste.

CIA former associate deputy director Robert Grenier averted his glance from the defense table where Libby sat as he joined the ranks of witnesses helping the prosecution paint Libby as a liar who tried to conceal his bosses' efforts to silence a war critic. Grenier's agency had repeatedly taken a beating from Cheney and Libby in the run-up to the Iraq war, with Cheney deriding the spooks as incompetent in finding evidence that Iraq had weapons of mass destruction.

With such odd intersections, the trial sometimes provides "Alice in Wonderland" moments. Dickerson, who is covering the trial for Slate, an online magazine, was in court scribbling notes last week when his picture was flashed on a courtroom screen. It was a glamour shot from his book jacket. Defense attorney William Jeffress Jr. implied that Dickerson -- not Libby -- told other reporters about the identity of CIA officer Valerie Plame.

Dickerson was also in court when he heard Fleischer allege that he shared that information with Dickerson, though Dickerson remembers the conversation differently. Dickerson wrote a story that day about their conflicting accounts.

"It was all very surreal," he said.

The CIA Leak: Boring In On The Veep (NSWK)

By Michael Isikoff

Newsweek, February 4, 2007

The Scooter Libby trial has put a new focus on Vice President Dick Cheney's own role in the leak of CIA officer Valerie Plame Wilson's identity. When the CIA on July 11, 2003, sent over a draft statement taking responsibility for President George W. Bush's inaccurate assertion that Iraq had sought uranium from Africa, Cheney wrote on the cover sheet "Unsatisfactory" and underlined the word, according to a trial document. The veep thought the agency wasn't going far enough in distancing Cheney's office from the trip by Joseph Wilson (in which the ex-ambassador claimed he'd debunked the uranium shopping reports). "The vice president was frustrated and upset," Libby told the FBI, according to Deborah Bond, an FBI agent who later questioned Libby on the leak.

The next day, aboard Air Force Two, Libby and Cheney talked media strategy, Bond said. "There was some discussion ... about whether they should report to the press that Ambassador Wilson's wife worked at the CIA," Bond testified that Libby told her. Bond added that Libby said "they may have talked about it." This is the first suggestion that Cheney himself talked about disclosing Wilson's wife's identity to the press as a way of undercutting Wilson's credibility.

After the talk on the plane, Libby at Cheney's direction began making phone calls to reporters. One of them, Matt Cooper, testified that Libby confirmed to him (he'd heard it from Karl Rove) that Wilson's wife worked at the CIA. Former New York Times reporter Judy Miller testified that Libby mentioned Wilson's wife to her that day (as in two previous talks). The new testimony could make things more awkward for Cheney, due to be called as a defense witness soon. Prosecutor Patrick Fitzgerald plans to wrap up his case with Tim Russert (likely to deny Libby's grand-jury testimony that Russert told him about Plame's CIA job). The defense may call reporters—including columnist Robert Novak—to say Libby never told them about Plame.

Pulling The Curtain (USNEWS)

By Liz Halloran

U.S. News and World Report, February 5, 2007

The perjury trial of Vice President Dick Cheney's former right-hand man won't go down in history as the turning point in the collapse of the Bush administration's once powerful control over its Iraq message. That milestone has long since passed.

But testimony by an all-star parade of witnesses in Lewis "Scooter" Libby's federal trial will make a fascinating footnote-with details about the usually secret and occasionally inept workings of a wartime White House and the reporters who cover it.

Libby is on trial in Washington for allegedly lying to a grand jury and FBI agents investigating whether administration officials illegally leaked to the media the name of CIA officer Valerie Plame in an effort to undermine the credibility of her husband, war critic Joseph Wilson. No one has been indicted for revealing her name, but Libby was charged with obstructing justice and

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perjury for discrepancies between his account and that of other witnesses about how he learned of the now former CIA operative and when he took that information to reporters.

The trial, which continues this week, has laid bare some of the capital's most peculiar tribal rituals. The jury has seen Libby's handwritten notes on the administration's plan to discredit Wilson, who, after a CIA-sponsored trip to Africa, wrote a New York Times piece disputing one of President Bush's arguments for going to war-that Iraq was attempting to buy uranium ore from Niger. Jurors heard former New York Times reporter Judith Miller's pricelessly convoluted, but largely accurate, explanation of how many journalists and their sources negotiate information-from "on the record" and "background" to "deep background" and beyond. And those jurors learned how far administration apparatchiks will go to protect themselves.

Libby, Cheney's powerful former chief of staff, walked a tortured path to Judge Reggie Walton's chambers in U.S. District Court. It all started in summer 2003, when the White House was in high dudgeon over Wilson's assertions. Libby's meeting notes say that staffers were agitated that the former ambassador's claims were topping news reports and undermining the president's "trustworthiness." Top Bush aide Karl Rove, Libby wrote, bemoaned that Wilson had been accepted as "a credible expert."

Coddling. A pushback was hatched, and on a list of national journalists to be coddled, according to testimony by Cheney's communications director, was Miller, a controversial veteran Times reporter who had written extensively about weapons of mass destruction in the run-up to the war. Miller has since become a lightning rod; much of her prewar reporting has been discredited, and she has been criticized for being too cozy with the administration, including Libby, and thus helping it make the case for war.

Though Miller, who has since resigned from the Times, never wrote about Plame, she became a cause célèbre in 2005 when she spent 85 days in jail for refusing to reveal to the grand jury that Libby gave her information about Wilson's wife. Miller was released, and agreed to testify, after Libby sent a note permitting her to disclose his identity. Her incarceration raised profound questions about the sanctity of reporter-source interactions and reinvigorated the ongoing debate about whether, in the public interest, such relationships deserve protection.

Miller was among a half-dozen witnesses last week-including former White House spokesman Ari Fleischer-who contradicted Libby's claim that he learned about Plame from NBC's Tim Russert during a July 10, 2003, conversation. Miller testified that Libby mentioned Plame to her in two meetings and a phone call that predated July 10.

Before the prosecution rests this week, it will question Russert, who has denied Libby's claim they spoke about Plame. Libby's lawyers will press their case that the administration made their client a Plamegate scapegoat to protect the powerful Rove. But this case isn't about scapegoating or leaks. It's about whether Libby told the truth under oath. After last week, that may be a difficult sell.

Johnson Backs Away From Official (WP)

By Cheryl W. Thompson And Martin Weil

The Washington Post, February 5, 2007

Prince George's County Executive Jack B. Johnson distanced himself yesterday from Keith A. Washington, the county homeland security official and police officer who shot two men during an altercation at his Accokeek home. One of the two men has died, and the matter is under investigation.

Johnson said the relationship between him and Washington -- who had backed Johnson for office and once served as his driver -- is not one of personal friendship. He also said he did not believe Washington, a police corporal, should resume his homeland security post -- a job to which Johnson had appointed him.

"I don't think he should come back to Homeland Security, no matter what happens," Johnson told a reporter yesterday.

Johnson did not give reasons but said he believed Washington should return to the police department, which pays his salary.

It was not clear yesterday whether Washington could remain in the security post without the support of Johnson, who appointed him. Washington did not return calls last night.

Yesterday's telephone interview with a reporter was the most detailed account Johnson has provided of his position on the Jan. 24 shooting incident and his association with Washington.

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Washington was appointed a deputy director of homeland security by Johnson in 2004. He is a longtime Johnson supporter who worked at one time as his driver.

He was one of few county police officers to support Johnson, who as state's attorney had focused on combating abuses by police.

Johnson and Washington belong to the same collegiate fraternity, and Washington has indicated that the two were close. Johnson said yesterday that the men's relationship has been misconstrued and would not affect the probe of the incident.

"Even if we were friends," Johnson said, "I wouldn't interfere" in the investigation of the shooting.

Washington, a 16-year police officer, has been on paid administrative leave since the night he shot unarmed deliverymen Brandon D. Clark, 22, and Robert White, 36.

The two were delivering a Marlo Furniture bedroom set to Washington when they were wounded during an altercation. Clark, who lived in Oxon Hill, died Friday at Prince George's Hospital Center. White, a District resident, has been in critical condition there.

Critics have described Washington as prone to losing his temper. Washington's supporters, including relatives and some county officials, have said little while the investigation has proceeded but have previously said he apparently acted in self-defense.

In the interview yesterday, Johnson depicted what he said was his relationship with Washington.

"I don't call him. He doesn't call me. My relationship with him is a professional one." Johnson, who is in his second term as county executive, said he has found that people often mischaracterize their relationships with him.

Johnson said that he and Washington are friendly when they see each other and that on the campaign trail they might have stopped to share a bite. But he said, "we are not friends."

The two do not socialize, and "I have never had dinner, lunch or anything else with him," Johnson said.

Washington was not his confidant, Johnson added.

"I am the county executive," Johnson said. "I am not going to be talking about business with my driver. We talk about sports."

Johnson said he has not contacted the families of those involved in the shooting.

"I'm just going to wait," he said.

But, he said, "my heart goes out to everybody."

Little information has been released about the circumstances of the shooting.

"I don't know what went on in that house," Johnson said yesterday. "Whatever went on, it's a huge tragedy. I'm devastated."

When he named Washington to the homeland security job, Johnson said the Army veteran would ensure that the office "provides the protection and required services that the county needs."

Johnson did not elaborate yesterday on why he believed that Washington should not continue in the post, which Johnson said involved serving as a liaison with the police.

But he said Washington should return to the police department. "That's where he should go back to."

CIVIL RIGHTS:

Civil Rights-era Killers Escape Justice (USAT)

By Jerry Mitchell The (jackson, Miss.) Clarion-ledger

USA Today, February 5, 2007

Despite high-profile arrests, death is claiming potential witnesses — and many crimes were never probed

JACKSON, Miss. — Despite high-profile convictions in the past two decades, most killers from the civil rights era will go unpunished.

Many of the murder cases from 1954 to 1968, the years that bracket the height of the civil rights movement, were not investigated or were given only cursory attention, leaving authorities little to work with today. Now the window of time is closing. Death is claiming potential defendants and witnesses.

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"In nearly all these cases, there was no investigation at the time, and without an investigation, I don't think you have any ability to prosecute these crimes," said Don Cochran, professor at Cumberland School of Law in Birmingham, Ala., who, in 2002, helped successfully prosecute Bobby Cherry, then 71, for the 1963 Birmingham church bombing that killed four girls.

James Seale's arrest Jan. 24 on kidnapping and conspiracy charges in connection with the May 2, 1964, abduction and killings of Henry Hezekiah Dee and Charles Eddie Moore — two of the 40 names listed on the National Civil Rights Memorial in Montgomery, Ala. — is certain to be one of the last because suspects are dying, former U.S. Attorney Doug Jones of Birmingham said. Seale, 71, suffers from cancer.

Jones led the prosecution that convicted Thomas Blanton, then 62, in 2001 in the Birmingham church bombing case and that won Cherry's conviction.

Since 1989, authorities in seven states have re-examined 29 killings from the civil rights era and made 28 arrests that led to 22 convictions. The latest was the 2005 conviction of Edgar Ray Killen, then 80, for orchestrating the 1964 slayings of Andrew Goodman, Michael Schwerner and James Chaney.

Just how many people died during that period is uncertain. Next to the National Civil Rights Memorial is the Civil Rights Memorial Center, where 86 additional names appear on a wall dedicated to the "forgotten others."

Johnnie Mae Chappell, a mother of 10, is one of those honored on the wall. She was killed March 23, 1964. She had bought ice cream earlier for her children and was looking for her missing billfold along a road in Jacksonville when she was shot from a car with four white men. Her admitted killer went to prison for three years; charges were dropped against three other suspects.

The plaque on the wall also says: "The names of all those who lost their lives to racial violence during the civil rights movement will never be known. The media often paid little attention to the death of black people. Many murders were never fully investigated."

Retired FBI agent Jim Ingram said he and other agents investigating racial violence in Mississippi in the 1960s often ran into hostile neighbors, frightened witnesses, reluctant prosecutors and all-white juries, many of whom refused to convict in these crimes.

Working for the New Orleans Times-Picayune, veteran reporter Bill Minor was one of the journalists in Mississippi willing to shed light on these crimes.

"The bias permeated the entire journalistic apparatus back then," he said. "It was not only unpopular, it was unsafe to pursue civil rights stories."

Minor said he traveled to Poplarville, Miss., in 1959 to investigate the lynching of Mack Charles Parker, who was dragged from his jail cell and killed by a white mob.

In town, Minor spotted friends he knew. "They wouldn't come across the street for fear of being seen with me," he said.

The FBI investigated the killing, determined who the mob members were and turned the case over to state authorities, who refused to prosecute.

Minor eventually learned the names of those supposedly involved. The last of those suspects died a few years ago, he said.

Little is known about most of the "forgotten others" listed on the wall of the Civil Rights Memorial Center, said Penny Weaver of the Southern Poverty Law Center, which built the center.

Ellie Dahmer said these forgotten killings still should be investigated and prosecuted, if possible. "If they can find out who did it, I don't care how old they are, I think they should go to prison," she said. "Just think about the poor people that didn't get a chance to get old."

Dahmer watched her husband, Vernon, die in a hospital in 1966 after defending his family from an attack by Klansmen. It wasn't until 1998 that Sam Bowers went to prison for ordering the killing. On Nov. 5, 2006, Bowers died behind bars at 82.

U.S. Rep. John Lewis, D-Ga., believes there is bipartisan support in Congress for the Unsolved Civil Rights Crimes Act that would create a cold cases unit within the Justice Department to track down evidence in the unpunished killings.

By creating such a unit to punish these pre-1970 crimes, he said, "we are saying that historical context is no excuse for brutality in America, and we are reclaiming our integrity as a nation by doing what we can to right these wrongs today."

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The 2005 investigation of the 1967 slaying of Wharlest Jackson shows how hard success is becoming. After Jackson was promoted into a "whites-only" job in Natchez, Miss., a bomb with a timer placed underneath his truck exploded, killing him. Last year, FBI agents concluded all of those involved in the bombing are dead.

After nearly three decades of waiting, Myrlie Evers-Williams, the widow of NAACP leader Medgar Evers, saw her late husband's killer convicted in 1994 and sentenced to life in prison. Byron De La Beckwith died in 2001 at 80.

"The issue goes beyond the murderers being brought to justice," she said. "These 'forgotten others' should never be forgotten. They and so many like them were the unsung heroes of the movement. Without them, there would have been no movement."

Gary Tyler's Lost Decades (NYT)

By Bob Herbert

The New York Times, February 5, 2007

Destrehan, La.

The term "time warp" could have been coined for this rural town of 11,000 residents that sits beside, and just a little below, the Mississippi River. A remnant of the sugar-plantation era, the region's racially troubled past is always here, seldom spoken about but inescapable, like the murk in the air of a perpetually stalled weather front.

The Harry Hurst Middle School is on the site of the old Destrehan High School, which was the scene of violent protests during the integration period of the 1970s. Local residents have tried to blot out the murder case that made Destrehan High notorious three decades ago, but there's a big problem with that collective effort to forget. The black teenager who was railroaded into prison (and almost into the electric chair) for the murder of a white student in 1974 is still in prison all these many years later. He's middle-aged now, still suffering through a life sentence without any chance for parole in the notorious state penitentiary at Angola.

There is no longer any doubt that the case against the teenager, Gary Tyler, was a travesty. A federal appeals court ruled unequivocally that he did not receive a fair trial. The Louisiana Board of Pardons issued rulings on three occasions that would have allowed Mr. Tyler to be freed.

But this is the South and Mr. Tyler was a black person convicted of killing a white. It didn't matter that the case was built on bogus evidence and coerced witnesses, or that the trial was, in the words of the U.S. Court of Appeals for the Fifth Circuit, "fundamentally unfair." Mr. Tyler was never given a new trial and the pardon board recommendations were rejected by two governors.

(Lurking in the background as the case unfolded was David Duke, a former grand wizard of the Ku Klux Klan who was very active politically in Louisiana and always ready to inject his poison into the public issues of the day. If you drive around Destrehan and nearby communities today you will still see some of the old blue-and-white campaign signs for Duke.)

Mr. Tyler, a sophomore at Destrehan High, was on a bus filled with black students that was attacked on Oct. 7, 1974, by a white mob enraged over school integration. A shot was fired and a 13-year-old white boy standing outside the bus collapsed, mortally wounded. Mr. Tyler was arrested on a charge of disturbing the peace after he talked back to a sheriff's deputy.

Although the bus and its passengers were searched and no weapon was found, Mr. Tyler was taken into custody, savagely beaten and accused of committing the murder. A gun was "found" during a subsequent search of the bus and witnesses were rounded up to testify against Mr. Tyler. It turned out that the gun (which has since disappeared) had been stolen from a firing range used by officers of the sheriff's department. All of the witnesses who fingered Mr. Tyler would eventually recant, saying they had been terrorized into testifying falsely by the authorities.

Mr. Tyler was represented at trial by a white sole practitioner who had never handled a murder case, much less a death penalty case. He kept his meetings with his client to a minimum and would later complain about the money he was paid.

The outcome was predictable. Mr. Tyler was convicted and sentenced to die in the electric chair by an all-white jury. At 17, he was the youngest prisoner on death row in the country. He almost certainly would have been executed if the U.S. Supreme Court had not ruled the Louisiana death penalty unconstitutional.

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The Fifth Circuit ruling in 1981 said that an improper charge to the jury had denied Mr. Tyler the presumption of innocence at his trial. “It is folly,” the court said, “to argue that the erroneous charge did not affect the central determination of guilt or innocence.”

What was folly was any expectation that Mr. Tyler would be treated fairly at any point. Despite the appeals court ruling, he was denied a new trial on a technicality.

Now consider this, because it will tell you all you need to know about racial justice in the South. A 19-year-old black man named Richard Dunn was shotgunned to death as he was heading home from a benefit dance in support of Mr. Tyler at Southern University in New Orleans in 1976. A white man, Anthony Mart, was arrested and convicted of shooting Mr. Dunn from a passing car.

Gary Tyler’s current attorney, Mary Howell, ruefully explained what happened to Mr. Mart for the cold-blooded killing of a black stranger: He was sent to prison for life but was pardoned and freed after serving about 10 years.

Bush's Double Standard On Race In Schools (CSM)

By Alec Ian Gershberg And Darrick Hamilton

The Christian Science Monitor, February 5, 2007

The Supreme Court is considering two school desegregation cases that will probably result in limits on the use of race as a criterion for admission to public elementary and high schools.

Not surprisingly, the Bush administration is supporting the plaintiffs' arguments that the use of such racial criteria is unconstitutional. It was no doubt delighted to hear Justice Anthony Kennedy say during oral arguments that "characterizing each student by reason of the color of his or her skin should only be, if ever allowed, allowed as a last resort."

But Bush officials are being inconsistent. They don't apply that standard to their own public education policies. It's time they embraced the premise of their own student testing rules – race matters – and support efforts to promote access and diversity in schools.

The No Child Left Behind (NCLB) law, is remarkable because it deals with racial issues in a manner at odds with nearly every other policy advocated by the Bush administration – including its current argument to the Supreme Court that school desegregation plans must be "race neutral." NCLB requires that schools show adequate progress in each of 10 "subgroups" of students. These subgroups include nonracial categories such as disabled, poor, and limited English proficient students, as well as racial and ethnic categories such as blacks, Hispanics, Asians, native Americans, and whites.

We applaud the intent behind such policies to support students who, as a group, tend to have subpar academic performance. But the policy rests on flawed assumptions about the use of such tests to determine which students are being taught well. It also creates perverse incentives potentially harmful to the groups the policy intends to help and raises thorny philosophical issues about race.

Given the diversity of the way schools are organized, current research casts strong doubts on the ability of such tests to consistently evaluate a school's progress. Worse, testing tools get less reliable when disaggregated by the subgroups of concern in NCLB. In particular, small schools and schools with relatively small groups of different kinds of students pose nearly intractable statistical problems.

For instance, Midwood High School in Brooklyn, N.Y., got flagged because the scores of 33 disabled students (out of more than 3,700 total) did not improve. But statistically it is almost impossible to determine that the school is not teaching these students well. Another flaw in NCLB, pointed out by President Bush's brother, former Florida Gov. Jeb Bush, is that it does not track individual students over time. The difference in how schools are evaluated, using exactly the same tests, can be quite dramatic. For example, R.J. Longstreet Elementary School in Daytona Beach, Fla., failed under NCLB for four years, but got A's for five years in a row in Jeb Bush's program, which does track individual students over time. So to a school that George W. Bush gives an "F," Jeb Bush gives an "A"!

While we support policies aimed at addressing educational inequities, we are concerned by the perverse incentives that stem from NCLB's racialization of academic standards. At best, school staff must now view all their students through an explicitly racial lens. At worst, shrewd principals, understanding that their organizations' survival is so dependent on the average test scores

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of certain students, have an incentive to exclude these underperforming subgroups. Moreover, a Supreme Court decision to end the use of race in admissions can aid in this exclusion. Bush administration officials assert that NCLB does not allow schools to "hide behind averages," meaning that overall school improvement cannot come at the expense of smaller subgroups of concern.

But how does that stance jibe with the other prominent policies the Bush administration has pursued regarding race? In 2003, the administration sided with the plaintiffs against the University of Michigan in the Supreme Court precisely because their admissions system paid particular attention to race. And the administration recently used an obscure statement on energy policy to make clear that race should not be a factor in government programs.

Yet NCLB is a tacit admission that race matters. How can the Bush administration force primary and secondary schools to pay specific attention to test scores of students of particular racial groups while arguing that similar racial attention should be illegal for admission to the same public schools being tested? Even conservative opponents of affirmative action have called this approach "schizophrenic" and unprincipled.

To make it principled, the administration must reconsider its positions on affirmative action and school integration. And it must stop urging the Supreme Court to ban a tool some local school districts deem effective and desirable for providing access and expanding student diversity.

Through NCLB, the Bush administration has promoted "characterizing each student by reason of the color of his or her skin" for the purposes of assessing school performance. This is an admission that race matters in the public school arena. We agree. And race matters not only when it's convenient for political aims.

Good Election News From Florida (NYT)

The New York Times, February 5, 2007

Florida, famous for doing so much wrong in its elections, is poised to take two very important right steps. First, Gov. Charlie Crist says he plans to end the use of touch-screen voting machines that do not produce a paper record. Florida's move may finally sound the death knell for these unreliable, inherently antidemocratic voting machines.

After the 2000 election, there was a rush to eliminate the punch-card machines that produced the infamous hanging chads. But many states replaced them with paperless touch-screen machines that require voters to accept on faith that the reported vote totals accurately reflect the votes cast.

It has been hard to have faith. There have been widespread reports of "vote flipping," in which machines record votes cast for one candidate as votes for the opponent. The Florida courts are still trying to resolve a challenge to a Congressional race last fall in which as many as 18,000 votes may have disappeared. The race was extremely close, and the possibly missing votes were in the losing candidate's strongest county.

Governor Crist is asking the Legislature to finance the purchase of new optical-scan machines, and it is expected to agree. Choosing optical scans is Governor Crist's second good move. In optical-scan voting, voters mark a paper ballot that is then read by a computer. Polling place lines are shorter, because many voters can fill out ballots at the same time. These paper ballots are the official ballots, and can be recounted by hand to resolve a dispute.

More than half the states — including large ones like California, New York, Illinois and Ohio — require computerized voting machines to produce a paper record. The addition of Florida would be a major defeat for election officials and voting-machine companies that have stubbornly opposed paper-trail requirements.

Governor Crist's move should provide further momentum for a bill that Representative Rush Holt, Democrat of New Jersey, plans to introduce in Congress today that would require voting machines nationwide to produce voter-verified paper records.

With the Democrats in control of Congress, the bill has a good chance of passing. But it is gratifying that Florida's shift is led by a Republican governor, and expected to pass a Republican-controlled Legislature. This has for too long been considered a Democratic issue. It shouldn't be. It is, as Governor Crist said, "common sense."

ANTITRUST:

Mill Developments Rest With Antitrust Decision (STEUBHS)

DOJ_NMG_0126975

By Paul Giannamore, Business editor

Steubenville (OH) Herald-Star, February 5, 2007

STEUBENVILLE — Many developments for the local steel mills hinge upon the decision of the U.S. Department of Justice in an antitrust claim against Mittal Steel.

While the date has passed for expiration of a memorandum of understanding between Esmark and Mittal for the purchase of Mittal's Weirton mill, negotiations between the two firms are continuing.

Esmark spokesman Bill Keegan said Friday that Esmark and Mittal "continue to negotiate in earnest" on the potential purchase agreement and discussions are continuing.

Esmark, Mittal and Weirton's Independent Steelworkers Union officials all said they were not sure how Justice would make its decision known. A Justice spokeswoman said Friday the decision was "still pending" and a statement could be expected at some point.

The Department of Justice and Mittal entered into an antitrust consent decree in August when Mittal and Arcelor merged. The concern was over Mittal's control over tin-producing assets in the eastern United States. Through the merger, Mittal came into possession of the Canadian Dofasco mill in Hamilton, Ontario, which produces tin. It already owned the Weirton mill and the Sparrows Point, Md., plant, both of which produce tin.

Because of the placement of Dofasco into a Dutch trust by Arcelor when it had been fighting Mittal's offers earlier in 2006, Mittal faced difficulty in selling Dofasco. The company had been ordered to use its best efforts to sell Dofasco and, absent a sale, Justice would choose between Weirton and Sparrows Point to be sold to ease the antitrust concerns.

A November deadline on the decision was extended to Jan. 28, which passed without word from the Justice Department.

Mittal wanted to sell Dofasco to Germany's ThyssenKrupp, which sued and lost in a court in the Netherlands trying to force Mittal into the sale. The Dutch trustees voted against dissolving the trust that owns Dofasco.

Esmark, which controls Wheeling-Pittsburgh Steel Corp. and has won a board election for the steelmaker's holding company, has said it would make an offer for Weirton as soon as it is cleared for sale.

The ISU hasn't come out in favor of the Esmark proposal because it doesn't include the re-firing of the mill's hot end, shuttered by Mittal in 2005. Esmark's plan calls for Weirton's finishing capacity to augment its plans for Wheeling-Pitt. Other offers exist, according to the ISU, including one from steel investor Mitch Hecht, who would restart the hot end of the plant and return hundreds of ISU members to work. Esmark says its plans for Weirton would include about 100 more jobs in the finishing end of the plant.

One other item hanging in the balance on the Justice decision is the fate of the General Office and grounds at the south end of Three Springs Drive in Weirton.

The ISU said Friday the final move of Mittal management offices from the general offices has been completed. The offices are now headquartered at the Main Administration Building, at the corner of Main Street and Pennsylvania Avenue, across the street from the steel mill.

The MAB had been the headquarters of the mill until the General Offices were opened in the late 1950s or early 1960s. The General Offices were the headquarters for Weirton Steel as a division of National Steel Corp. and for the independent Weirton after it was sold by National to the mill's employees in 1984. The now-abandoned office building, once home to several hundred workers, has been slowly phased out in recent years, and Mittal management said shortly after taking over the Weirton mill in 2005 that it intended to move its management downtown, to be closer to the plant.

Mittal spokesman Dave Allen said Friday the move is a reflection that the mill no longer needs to house management for an entire steel company but functions as a single plant of a larger steelmaker. The ISU said the MAB offices include payroll, seniority and benefits, making it more convenient for employees.

"Anyone dropping off SUB pay forms or signing a bid sheet can stop at the MAB during normal workday hours, Monday through Friday, through the Pennsylvania Avenue parking lot doors," said Mark Glyptis, ISU president.

Allen said Mittal could not comment on the future of the General Office because of the pending Justice decision that could result in the sale of the building as part of the sale of the Weirton mill.

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The independent Weirton Steel had sold outparcels of the property which are used by two firms as part of an industrial park. A sign in front of the General Office grounds, which also house a memorial to Weirton Steel's war veterans, says property is available for lease.

Back at Wheeling-Pitt, Esmark's offer to finalize its purchase of the steelmaker has been given to an independent review committee for the board of directors. The committee will make a recommendation to the full Wheeling-Pitt board, which then, if it favors the proposal, could put it before the shareholders for a proxy vote. James and Craig Bouchard, the brothers who founded Esmark and were behind the drive for their steel service center firm to acquire Wheeling-Pitt, will recuse themselves from the board's handling of the offer. Both are top executives with Wheeling-Pitt under the new board of directors.

Esmark's offer, Keegan said, remains at the $20 per share that was first offered in July as part of its takeover battle for Wheeling-Pitt. The price was a premium above the $17.86 sale price that Wheeling-Pitt was trading in mid-July.

W-P's shares in recent days have risen to trade steadily above $25 a share and closed at $26.23 a share Friday.

Keegan further said Esmark could not comment on issues regarding the company's views of Wheeling-Pitt's joint ventures, including Wheeling-Nisshin in Follansbee and Ohio Coatings in Yorkville, until after it issues its fourth quarter and whole-year 2006 earnings reports, expected Feb. 28. Also, the amount of payouts to former Wheeling-Pitt executives who have been sacked by Esmark is anticipated to be revealed in the report.

BAR/BRI Monolopy Class Action Settled For $49M (NLJ)

By Amanda Bronstad, Staff reporter

National Law Journal, February 5, 2007

LOS ANGELES — The publishers of the BAR/BRI law review course have agreed to pay $49 million to settle a case brought by a class of nearly 300,000 law students alleging they each were overcharged by about $1,000.

West Publishing Corp., the owner of the BAR/BRI, and Kaplan Inc., which makes the preparatory coursework for the Law School Admission Test, agreed to settle claims that they conspired to monopolize the law exam market. Ryan Rodriguez v. West Publishing Corp., No. 05cv3222 (C.D. Calif.).

The antitrust case had sought triple the $300 million in damages and applied to all students who took the BAR/BRI course from 1997 to 2006.

The parent company of West Publishing, The Thomson Corp., has agreed to pay $36 million as part of the proposed settlement, according to John Shaughnessy, senior director of corporate communications at the legal and regulatory market group of The Thomson Corp.

"We are pleased to bring a close to his matter as the alleged actions that formed the basis of the suit occurred years prior to Thomson acquiring the business," he said in an e-mailed statement.

Kaplan agreed to pay nearly $13 million as part of the proposed settlement.

Eliot Disner, a partner in the Los Angeles office of McGuireWoods who brought the year-old case, said the proposed settlement, minus attorney fees, comes to $37 million for class members. He estimated that, with 290,000 anticipated class members, each would receive about $125, although that amount could be higher if some members don't claim their share.

"This gives a measure of relief to the injured class," Disner said, nothing that both companies also agreed to end certain co-marketing agreements that came into question in the case.

The proposed settlement has yet to be preliminarily approved by a judge.

Disner said he anticipated such approval by early March, with a final settlement to be approved sometime this summer. Class members could potentially receive their settlement checks by September or October, he said.

Simon Sets Rival Offer For Mills (WSJ)

By Dennis K. Berman

The Wall Street Journal, February 5, 2007

Simon Property Group Inc. and hedge fund Farallon Capital Management yesterday lobbed in a roughly $1.56 billion offer for Mills Corp., a move designed to derail a $1.35 billion agreement with Brookfield Asset Management.

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Investors had for weeks been expecting a higher offer for Mills, a real-estate investment trust with dozens of shopping malls around the country. As Mills's largest shareholder, Farallon has aggressively pushed for a higher offer for the Chevy Chase, Md.-based company.

• The Play: Simon Property and hedge fund Farallon made a $1.56 billion offer for mall owner Mills, a move designed to derail a $1.35 billion pact with Canada's Brookfield.

• Takeover Trends: Hedge funds are increasingly comfortable assuming controlling ownership stakes, and the bid is another example of suitors showing little fear about busting up an agreed-upon deal.

• Hot Neighborhood: Commercial real estate remains a big lure for investors, even as residential property values continue to suffer.

The emergence of Simon, the country's largest REIT by market value, gives Farallon's efforts some important momentum. The two are expected to put up equal amounts of equity to help fund their bid, creating a per-share price of $24, greater than the $21-per-share deal struck by Brookfield, based in Canada, last month. Mills also has an additional $6 billion-plus in debt and preferred stock that the two partners would assume.

The offer puts into relief two of the emerging deal-making themes of 2007: Hedge funds are getting increasingly comfortable assuming controlling ownership stakes and are finding willing allies among corporate stalwarts such as Simon. The new year has also brought a spate of "jumped" transactions, in which bidders have shown little fear about busting up an agreed-upon deal. Robust financing markets have made such maneuvers possible, and bankers on Wall Street expect still more unsolicited activity in the months ahead.

Simon's move also highlights the seemingly relentless rise of commercial real-estate, even while residential property values continue to suffer. Simon already is the country's largest mall developer, with interests in 285 properties throughout the U.S. The Indianapolis-based firm had developed five properties with Mills during the 1990s, and is in a "better position to enhance its assets" than other owners, a person close to Simon said yesterday.

To help push its efforts, Simon and Farallon are structuring their proposal as a cash tender offer, which would allow Mills shareholders to get their cash within a matter of weeks, this person said. That could be as much as six months earlier than Brookfield's plan. The team has also lined up support of another large shareholder, Stark Master Fund Ltd., which has given the duo an option to acquire its 2.8 million Mills shares.

To succeed, Farallon and Simon must first win support of Mills's board, which needs to find their proposal a "superior competing transaction" to begin negotiations. That would, in essence, kick off a new auction for Mills just weeks after a months-long auction appeared to conclude.

Brookfield, which owns a controlling stake in office-building owner Brookfield Properties Corp., focuses on long-term, income-producing investments such as hydropower, timber and commercial real estate, and has more than $50 billion in assets under management. But most of its commercial-real-estate holdings are in office buildings, not retail. That raised questions among some analysts.

The earlier Brookfield agreement appeared to end a 15-month drama for Mills, which ran into ill-fated developments and accounting woes that may have been a result of misconduct, according to the company. On Friday, Mills shares closed up 17 cents to $22.15 each, a price that is still 44% below the company's value of a year ago, and 8% lower than its market capitalization of 1997.

Triad Nears Private-Equity Pact (WSJ)

By Dennis K. Berman And Theo Francis

The Wall Street Journal, February 5, 2007

CCMP, Goldman to Lead $4.4 Billion Hospital Deal; Blackstone May Be Spoiler

Triad Hospitals Inc. was expected last night to announce a deal as early as this morning to sell the company to private-equity buyers for about $4.4 billion.

The likely buyers of the Plano, Texas, hospital chain were CCMP Capital Advisors LLC and the private-investment arm of Goldman Sachs Group Inc., people familiar with the matter said.

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Rival Blackstone Group also was in the hunt and might still snatch Triad at the last moment, these people added.

The deal may presage more buyouts or acquisitions in the sector: Hospitals have been fertile territory for buyout shops lately, most notably in last year's record-setting purchase of hospital giant HCA Inc.

The deal would value the company at $50.25 a share, a 16% premium over Friday's close of $43.27 in New York Stock Exchange composite trading. Triad, spun off by HCA in May 1999, had 51 general acute-care hospitals and 10 ambulatory-surgery centers in early 2006, primarily in small southern U.S. cities.

Triad has been considered a likely buyout target by many analysts after an October conference call in which executives said they had held talks with "various groups" that would continue, though they said nothing was then imminent.

At about the same time, Community Health Systems Inc. of Brentwood, Tenn., said it was considering going private, among a variety of strategies. In addition, Health Management Associates Inc. of Naples, Fla., borrowed to pay shareholders a dividend valued at half its share price, which analysts described as the equivalent of a public buyout.

Generally, hospital stocks "are trading as if something is going to happen," Cowen & Co. health-care analyst Kemp Dolliver said last week. Mr. Dolliver didn't directly address the Triad deal.

Private-equity firms see opportunity in the hospital sector in part because of the extensive cash flow many companies have devoted to expansion and capital expense. By reducing capital expense, the buyers may free up enough cash to pay down leverage necessary to consummate the deals.

HCA's buyers have said their goal is long-term, to improve the quality and efficiency of the chain's hospitals in anticipation of a sector comeback.

Still, private-equity firms face tough challenges. Hospital companies are struggling with, among other problems, stagnant admission in recent quarters and rising bad debt stemming from the expanding ranks of uninsured patients.

Analysts have noted that between a third and half of hospital-company revenue comes from the government, chiefly Medicare, the federal program for the elderly and disabled, and Medicaid, the joint state-federal health-care program for the poor. Both government and private insurers have been stingy with price increases, and even crack turnaround management won't have much pricing power, analysts say.

However, buyouts could give hospitals breathing room to make necessary changes while waiting for market conditions to improve. "It's almost analogous to Chapter 11—give them the protection to restructure," Paul Mango, a hospital consultant in Pittsburgh at McKinsey & Co., said last week, speaking generally.

Triad's board includes Gale Sayers, a former running back for the Chicago Bears and 1965 rookie of the year, who now runs The Sayers 40 Inc., a technology consulting firm founded by Mr. Sayers and his wife, Ardythe in 1982.

The likely buyers in the Triad deal were advised by J.P. Morgan Chase & Co., Goldman Sachs and Citigroup Inc. and attorneys at O'Melveny & Myers. Triad was advised by Lehman Bros. Holdings Inc. and law firm Baker Botts.

The company ran a limited auction, and the board's special committee pressed for a number of protections to seek a higher offer. Those include a small break-up fee and a 40-day so-called "go shop" period in which the company can find a higher price.

ENVIRONMENT:

A Climate-change Cost Analysis (USAT)

By Dan Vergano

USA Today, February 5, 2007

The human and economic cost of global warming will move to center stage when the Intergovernmental Panel on Climate Change releases the second and third installments of its report this spring, experts say.

"Now, stronger results are being expressed with higher confidence in terms of impacts that will be triggered by temperature increases," says economist Gary Yohe of Wesleyan University in Middletown, Conn. Yohe is an author of the climate change panel's report due in April called "Impacts, Adaptation and Vulnerability."

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The panel's report is the creation of three separate "working groups," which each prepare a separate report. The first, which was released Friday and involved the efforts of thousands of scientists and government reviewers, concludes with 90% certainty that humanity is triggering global warming by burning fossil fuels, cutting down forests and other activities.

The April report will pick up the ball from there to answer the "So what?" question, Yohe says. The document will assess the effect of warming on socioeconomic and natural systems and show that the effects on people "are distributed across the globe and in every major sector of human activity," he says.

Like other climate panel reports, the impacts assessment will review and combine studies conducted since 2001. Ocean acidification that is killing corals and sea life, disappearing species, the failure of crops and water supplies and other calamities have been detailed in journals in recent years, notes climate scientist Patrick Gonzalez of the Nature Conservancy.

The third report, to be released in May, focuses on "mitigation" measures, such as taxing carbon dioxide production.

"Mitigation has become an issue of more broadly appreciated importance," says economist Jae Edmonds of the Pacific Northwest National Laboratory in College Park, Md., pointing to a flurry of legislative activity on Capitol Hill aimed at limiting carbon dioxide emissions. "If carbon change really is serious, probably it's about time to think seriously about it."

But the third report, which also examines technology options, from biofuels to windmills to "sequestration" of industrial greenhouse gases in underground rock layers, won't be a cookbook of fixes for global warming, Edmonds says. "People will find we face a complex problem — not an insoluble one, but it will take real efforts."

Landing just as congressional and state leaders have taken up climate change legislation, the three reports come at a pivotal moment, Gonzalez says. "All three reports are important; the progress of science is narrowing down answers."

The Nature Conservancy already uses published studies to target climate efforts worldwide, including:

•Sierra Nevada Mountains. With the Agriculture Department's Forest Service, conserving mountain valleys, meadows and wetlands vegetation as warming moves up mountain slopes over about 700,000 acres.

•Florida Keys. Monitoring coral reef bleaching and planning to farm heat-resistant corals.

•Yunnan, China. Mapping ecology of mountain areas already affected by warming.

How Do We Stop The Warming? (LAT)

By Alan Zarembo

Los Angeles Times, February 5, 2007

Everybody in the United States could switch from cars to bicycles.

The Chinese could close all their factories.

Europe could give up electricity and return to the age of the lantern.

But all those steps together would not come close to stopping global warming.

A landmark report from the United Nations' Intergovernmental Panel on Climate Change, released Friday, warns that there is so much carbon dioxide and other greenhouse gases in the atmosphere that even if concentrations held at current levels, the effects of global warming would continue for centuries.

There is still hope. The report notes that a concerted world effort could stave off the direst consequences of global warming, such as widespread flooding, drought and extreme weather.

Ultimately eliminating the global warming threat, however, would require radical action.

To stabilize atmospheric levels of carbon dioxide — the primary contributor to global warming — CO2 emissions would have to drop 70% to 80%, said Richard Somerville, a theoretical meteorologist at the Scripps Institution of Oceanography in La Jolla.

Such a reduction would bring emissions into equilibrium with the planet's ability to absorb carbon dioxide. The last time the planet was in balance was more than 150 years ago, before the widespread use of coal and steam engines.

What would it take to bring that kind of reduction?

"All truck, all trains, all airplanes, cars, motorcycles and boats in the United States — that's 7.3% of global emissions," said Gregg Marland, a fossil fuel pollution expert at Oak Ridge National Laboratory in Tennessee.

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Closing all fossil-fuel-powered electricity plants worldwide and replacing them with windmills, solar panels and nuclear power plants would make a serious dent — a 39% reduction globally, Marland said.

His calculation doesn't include all the fossil fuels that would have to be burned to build the greener facilities, though.

Trees could be planted to absorb more carbon dioxide. But even if every available space in the United States were turned into woodland, Marland said, it would not come close to offsetting U.S. emissions.

"There is not enough land area," he said.

The United States accounts for nearly a quarter of the carbon dioxide released each year, according to government statistics. China, in second at about 15%, is gaining fast.

If the rest of the world returned to the Stone Age, carbon concentrations would still rise.

Carbon does not dissipate rapidly. Some is eventually absorbed by oceans and plants, but about half stays in the atmosphere. And there is no easy way to get it out.

Maintaining current levels would require reducing worldwide carbon dioxide emissions by more than 20 billion tons a year, federal statistics suggest.

For some perspective on that number, consider an icon of the green movement: a 2007 Toyota Prius. Driving it 12,000 miles releases 4,200 pounds of carbon dioxide.

If hybrid cars replaced all 245 million cars in the United States — more than a third of the cars in the world — the carbon savings would be less than 3% of the needed reduction.

Rapid industrial development in some of the most populous nations has compounded the problem. Their burgeoning emissions could swamp environmental gains in other countries.

In India, carbon dioxide emissions increased 39% between 1993 and 2004 — nearly double the global rate. The figure was 36% in Indonesia. China, which saw a 45% rise, now opens a coal-fired power plant every week to 10 days.

Given the scale of the problem, experts see no realistic way to lower the concentration of atmospheric carbon.

In fact, Robert Socolow, a carbon mitigation expert at Princeton University, said that even if the entire world stopped burning fossil fuels, carbon wouldn't approach pre-Industrial Revolution levels for several hundred years.

The only possibility now is to slow the buildup of carbon. If emissions can be reduced enough, the gradual process of warming can be stretched into centuries.

From this perspective, there is some hope. Though the savings from any one measure may look small, in combination, they could add up to something significant, experts said.

There is no shortage of ideas.

The Environmental Protection Agency's administrator, Stephen L. Johnson, said high-efficiency appliances and other products in the Energy Star program last year eliminated greenhouse gas emissions equal to the pollution from 23 million cars.

"As a citizen, each of us has an opportunity to make a difference," he said Friday after the release of the U.N. report.

He urged people to use compact fluorescent light bulbs, which provide the same light as a standard bulb on two-thirds of the energy. Replacing one standard light bulb in every U.S. home would prevent greenhouse gases equivalent to the emissions of nearly 800,000 cars.

Tips from TerraPass Inc. of Menlo Park, Calif., include going back to clotheslines. The company, which promotes alternative energy, says eliminating a family's dryer could save electricity equivalent to 1,016 pounds of carbon dioxide a year.

Socolow said the ultimate solution might rely on technology.

He said his research suggested that by improving energy efficiency now and phasing out fossil fuels over the next 100 years, carbon concentrations could remain within safe levels.

The biggest polluter, he said, should lead the way: "The U.S. is going to have to decarbonize."

AEI Critiques Of Warming Questioned (WP)

By Juliet Eilperin

Washington Post, February 5, 2007

DOJ_NMG_0126981

A Washington-based think tank has been soliciting critiques of the just-released international assessment of the evidence on climate change, a move that prompted some academics and environmentalists to accuse the group of seeking to distort the latest evidence for global warming.

Advocacy groups such as Greenpeace and the Public Interest Research Group questioned why the American Enterprise Institute (AEI) has offered $10,000 to academics willing to contribute to a book on climate- change policy, an overture that was first reported Friday in London's Guardian newspaper.

Greenpeace spokeswoman Jane Kochersperger, who noted that AEI has received funding from Exxon Mobil in recent years, said yesterday that the think tank "has clearly hit a new low . . . when it's throwing out cash awards under the rubric of 'reason' to create confusion on the status of climate science. Americans are still suffering the impacts of Hurricane Katrina, and it's clearly time for policymakers on both sides of the aisle to take substantive action on global warming and ignore Exxon Mobil's disinformation campaign via climate skeptics."

AEI visiting scholar Kenneth Green -- one of two researchers who has sought to commission the critiques -- said in an interview that his group is examining the policy debate on global warming, not the science.

"It's completely policy-oriented," said Green, adding that a third of the academics AEI solicited for the project are interested in participating. "Somebody wants to distort this."

In July 2006, Green and AEI resident scholar Steven F. Hayward -- both of whom have questioned the need for caps on emissions of carbon dioxide and other gasses linked to global warming -- started soliciting essays from academics on the then-upcoming report on global warming by the U.N.-sponsored Intergovernmental Panel on Climate Change (IPCC). The survey's authors, who hail from more than 100 countries, said in their report Friday that they are at least 90 percent certain that human activity accounted for climate change over the past 50 years.

"The purpose of the project is to highlight the strengths and weaknesses of the IPCC process, especially as it bears on policy responses to climate change," the two men wrote. "As with any large-scale 'consensus' process, the IPCC is susceptible to self-selection bias in its personnel, resistant to reasonable criticism and dissent, and prone to summary conclusions that are poorly supported by the analytical work of the complete Working Group reports."

At least two academics -- Texas A&M University atmospheric sciences professor Gerald North and Texas A&M climate researcher Steven Schroeder -- turned down AEI's offer because they feared their work would be politicized.

Schroeder, who has worked with Green in the past and has questioned some aspects of traditional climate modeling, said in an interview that he did not think AEI would have skewed his results. But he added that he worried his contribution might have been published alongside "off-the-wall ideas" questioning the existence of global warming.

"We worried our work could be misused even if we produced a reasonable report," Schroeder said. "While any human endeavor can be criticized, the IPCC system greatly exceeds the cooperation, openness and scientific rigorousness of the process applied to any other problem area that has significant effects on society."

Faced with such resistance, AEI modified its proposal last month and sent out a new round of offers, asking academics to contribute to a book examining the broad policy options for dealing with global warming.

Hayward and Green wrote that "climate change has tended to be caught in a straightjacket between so-called 'skeptics' and so-called 'alarmists' with seemingly little room left in the middle for people who may have reasonable doubts or heterodox views about the range of policy descriptions that should be considered for climate change of uncertain dimensions."

Several environmental activists and climate scientists questioned why AEI would offer a $10,000 honorarium to scientists to critique the IPCC survey. Andrew Dessler, another Texas A&M atmospheric science professor, who has worked with both Schroeder and North, said the move represents an effort by climate skeptics to create "reasonable doubt" in the minds of policymakers who are debating whether to limit greenhouse gases.

AEI President Christopher DeMuth issued a letter Friday saying his group will continue to challenge orthodox thinking on climate change: "The effort to anathematize opposing views is the standard recourse of the ideologue; one of AEI's highest purposes, here as in many other contentious areas, is to ensure that such efforts to do not succeed."

Climate Of Opinion (WSJ)

DOJ_NMG_0126982

The Wall Street Journal, February 5, 2007

Last week's headlines about the United Nation's latest report on global warming were typically breathless, predicting doom and human damnation like the most fervent religious evangelical. Yet the real news in the fourth assessment from the Intergovernmental Panel on Climate Change (IPCC) may be how far it is backpedaling on some key issues. Beware claims that the science of global warming is settled.

The document that caused such a stir was only a short policy report, a summary of the full scientific report due in May. Written mainly by policymakers (not scientists) who have a stake in the issue, the summary was long on dire predictions. The press reported the bullet points, noting that this latest summary pronounced with more than "90% confidence" that humans have been the main drivers of warming since the 1950s, and that higher temperatures and rising sea levels would result.

More pertinent is the underlying scientific report. And according to people who have seen that draft, it contains startling revisions of previous U.N. predictions. For example, the Center for Science and Public Policy has just released an illuminating analysis written by Lord Christopher Monckton, a one-time adviser to Margaret Thatcher who has become a voice of sanity on global warming.

Take rising sea levels. In its 2001 report, the U.N.'s best high-end estimate of the rise in sea levels by 2100 was three feet. Lord Monckton notes that the upcoming report's high-end best estimate is 17 inches, or half the previous prediction. Similarly, the new report shows that the 2001 assessment had overestimated the human influence on climate change since the Industrial Revolution by at least one-third.

Such reversals (and there are more) are remarkable, given that the IPCC's previous reports, in 1990, 1995 and 2001, have been steadily more urgent in their scientific claims and political tone. It's worth noting that many of the policymakers who tinker with the IPCC reports work for governments that have promoted climate fears as a way of justifying carbon-restriction policies. More skeptical scientists are routinely vetoed from contributing to the panel's work. The Pasteur Institute's Paul Reiter, a malaria expert who thinks global warming would have little impact on the spread of that disease, is one example.

U.N. scientists have relied heavily on computer models to predict future climate change, and these crystal balls are notoriously inaccurate. According to the models, for instance, global temperatures were supposed to have risen in recent years. Yet according to the U.S. National Climate Data Center, the world in 2006 was only 0.03 degrees Celsius warmer than it was in 2001 -- in the range of measurement error and thus not statistically significant.

The models also predicted that sea levels would rise much faster than they actually have. The models didn't predict the significant cooling the oceans have undergone since 2003 -- which is the opposite of what you'd expect with global warming. Cooler oceans have also put a damper on claims that global warming is the cause of more frequent or intense hurricanes. The models also failed to predict falling concentrations of methane in the atmosphere, another surprise.

Meanwhile, new scientific evidence keeps challenging previous assumptions. The latest report, for instance, takes greater note of the role of pollutant particles, which are thought to reflect sunlight back to space, supplying a cooling effect. More scientists are also studying the effect of solar activity on climate, and some believe it alone is responsible for recent warming.

All this appears to be resulting in a more cautious scientific approach, which is largely good news. We're told that the upcoming report is also missing any reference to the infamous "hockey stick," a study by Michael Mann that purported to show 900 years of minor fluctuations in temperature, followed by a dramatic spike over the past century. The IPCC featured the graph in 2001, but it has since been widely rebutted.

While everyone concedes that the Earth is about a degree Celsius warmer than it was a century ago, the debate continues over the cause and consequences. We don't deny that carbon emissions may play a role, but we don't believe that the case is sufficiently proven to justify a revolution in global energy use. The economic dislocations of such an abrupt policy change could be far more severe than warming itself, especially if it reduces the growth and innovation that would help the world cope with, say, rising sea levels. There are also other problems -- AIDS, malaria and clean drinking water, for example -- whose claims on scarce resources are at least as urgent as climate change.

The IPCC report should be understood as one more contribution to the warming debate, not some definitive last word that justifies radical policy change. It can be hard to keep one's head when everyone else is predicting the Apocalypse, but that's all the more reason to keep cool and focus on the actual science.

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Global Warning (WP)

Washington Post, February 5, 2007

IT'S NOT quite the hurricane-force blow to skeptics of global warming that many climatologists would have preferred, but for a document drafted by hundreds of scientists representing 113 governments, the latest report from the United Nations Intergovernmental Panel on Climate Change, released Friday, is nevertheless full of frightening evidence and, we hope, policy-inducing conclusions.

Here are some of the more notable conclusions: There is no doubt that the planet is warming, according to all sorts of measures, from rising air and ocean temperatures to widespread melting of snow and ice. Increases in global temperature are "very likely" the result of higher concentrations of greenhouse gases, which are far higher now than they have been over the past 650,000 years. Policymakers should expect global temperatures to continue to rise, even if greenhouse gas concentrations stay at the levels of the year 2000. Continuing to release greenhouse gases at current rates would warm the Earth even more and would be "very likely" to yield much more severe consequences during this century than those we saw in the previous one. Sea levels will rise, heat waves and droughts will strike longer and more often, hurricanes will become more intense, and it will rain more in high latitudes.

Many climate scientists say the report doesn't go far enough. Michael Mann, a leading climatologist at Pennsylvania State University, welcomes the assessment, but he says that it probably underestimates how high oceans could rise over the next century or so, especially if the ice covering Greenland melts faster than expected. He may be right: Recent research on melting ice caps suggests that cracks in the ice will speed up the melting process.

The assessment's value does not lie in its innovative approach to describing global climate change. On the contrary, because so many individuals and organizations signed on, the report's strong language is virtually unassailable. Even the Bush administration hailed it, which makes the president's continued neglect of the issue particularly troubling. Now that leaders in the United States and abroad have agreed on the basics of the problem and the seriousness of the consequences, sound policy -- the likes of which President Bush continues to oppose -- should follow.

Yellowstone Proposal Sets Greater Snowmobile Access (NYT)

By Jim Robbins

The New York Times, February 5, 2007

YELLOWSTONE NATIONAL PARK, Wyo. — The latest installment in the long-running debate over the use of snowmobiles in Yellowstone National Park is a proposal to allow as many as 720 to enter each day, nearly three times as many as permitted in the last several years.

The plan, which could be adopted by the end of the year, has drawn fire from environmentalists and praise from snowmobile advocates and some businesses in the communities around the park.

The plan is described in a preliminary draft environmental impact statement that was released to agencies and governments near the park for comment in December. The Park Service could change the plan before releasing a final version to the public next month for comment, but so far it is favoring greatly expanded winter use. About 250 snowmobiles a day use the park now. The historical average in the 1990s was 795 a day, before access was banned by the Clinton administration.

Critics say that snowmobiles will be detrimental to the park's pristine air, wildlife and quiet. Michael Finley, who was superintendent of Yellowstone for more than six years, and who oversaw the plan that banned snowmobiles, said the Park Service was skirting its responsibilities under the new plan.

"The facts and science gave them a direction to take, then they softened, twisted and contorted the science," Mr. Finley said. "The plan deserves to be challenged. It deserves burial in deep snow."

In late 2006, Interior Secretary Dirk Kempthorne reaffirmed the parks' commitment to policies emphasizing the conservation of natural and cultural resources over recreation.

But Tim Stevens, Yellowstone program director for the National Parks and Conservation Association, said the proposed standards were misguided.

"Instead of meeting the bars they set for themselves, they lowered the bars," Mr. Stevens said.

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John Sacklin, a management assistant at Yellowstone who has worked on the issue since the 1990s, said that the park had not abdicated its responsibilities and that the new plan still protected the park's natural assets.

"We can achieve those goals," Mr. Sacklin said, "with a managed program that allows limited snowmobile and snow-coach use."

Mr. Sacklin said snowmobile technology had gotten much cleaner and quieter. And all snowmobiles must travel with a guide, who enforces strict rules. The new plan also requires noise reduction technology on snow-coaches.

As far as increasing the limit from current use, he said, "It's hard to know what the real demand or desire might be."

"We were comfortable with a middle ground of 720," he added.

Before 2000, snowmobile use was unregulated. Hundreds of vehicles with roaring two-stroke motors entered the park daily, and noise, pollution, harassment of wildlife and moving violations became serious problems. A lawsuit by a wildlife group, the Fund for Animals, forced the park to take a hard look at the issue.

The first study, in the late 1990s, found that banning snowmobiles and allowing only snow-coaches — buses or vans on large skis or treads — would protect the park the best. In 2000, near the end of the Clinton administration, the Park Service adopted that recommendation.

That decision was reversed after the Bush administration took over. Two subsequent studies, in 2002 and 2003, found that snowmobiles were compatible with park values. A lawsuit has followed each study and forced another.

Critics say the latest preliminary draft is faulty in three major areas, including its effects on air quality and on wildlife. Perhaps the most evident is the noise levels it would allow.

In the winter of 2003-4, a study by the Park Service looked at whether snowmobiles were audible more than 50 percent of the time at Old Faithful. Even the new, quieter snowmobiles, numbering about 250 a day, exceeded that threshold, creating "major adverse effects."

The last two environmental studies raised the threshold. Major adverse effects were considered to exist if visitors to Old Faithful heard snowmobiles more than 75 percent of the time. This relaxed standard was still exceeded with 250 snowmobiles a day entering the park.

"People go to Yellowstone one time in their lives with a few hours at Old Faithful," said Jon Catton, an independent environmentalist who has worked on the issue for eight years. "You can hear the hiss and splash of Old Faithful, the howl of a wolf, or the persistent buzz, whine and roar of snowmobiles."

The Ethanol Mirage: What Is GM Talking About? (USNEWS)

By Marianne Lavelle And Bret Schulte

U.S. News and World Report, February 4, 2007

More from Money & Business

More from this issue Is Ethanol the Answer? Politically it's a winner. But experts aren't sure ethanol can deliver on its promise

Posted Sunday, February 4, 2007

Galva, Iowa-This farming town of fewer than 400 people might be most memorable for what it doesn't have: a Wal-Mart, a high school, even a stoplight. But humble Galva and its environs have two things in abundance: corn and, by extension, hope.

"We feel we're on the cusp here as far as things happening," says Rita Frahm, an 18-year resident and president of the county's economic development corporation. That's because Galva is the lucky home of an ethanol plant.

Since opening in 2002, the plant has produced ever increasing dividends, to date putting more than $13 million into the hands of the 420 local farmers and investors who own it. That cash is slowly but markedly changing Galva's landscape. For the first time in 30 years, the town witnessed construction of three new homes at once, and a whole new street, Sixth Street, on which to place the houses. Those dwellings are now occupied by families "who saw an opportunity to stay rather than the community dying," Frahm says.

Heartwarming stories like Galva's-in a state that hosts the first presidential contest-help explain why Washington is so fired up over ethanol. In 2006, production skyrocketed, and Washington is poised to push it still higher. What's not to like? Every gallon

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theoretically means more money for the iconic American farmer and less cash lining the pockets of foreign sheiks. "There's almost a sense," says Iowa State University political scientist Steffen Schmidt, "that ethanol is morally better than oil."

Washington loves a "win-win," but there are plenty of doubts as to whether the love affair with ethanol qualifies. Even though the ethanol industry profited handsomely last year, it continued to benefit from billions of dollars in taxpayer subsidies. And as ethanol becomes a larger part of the energy mix, it is not clear that Washington is prepared for the fallout. Ethanol already consumes so much corn that signs of strain on the food supply and prices are rippling across the marketplace. Environmental impacts will multiply as more land and water are devoted to the prized yellow grain. And, even if these problems were overcome, ethanol's potential growth could be stunted by an energy system currently tailored to gasoline. Ethanol undoubtedly plays a role in the quest for energy independence and the desire to curb global warming. But some observers worry that ethanol development may take the place of more effective initiatives: forcing automakers to increase gas mileage, for instance, or mandating cuts in carbon dioxide emissions. "Some members of Congress are looking for quick fixes," says one economist who has studied the issue. "It's an easy bandwagon to jump on. But there's a lot of exaggeration about what ethanol is capable of doing."

Beginnings

Ethanol is alcohol distilled from fermented, mashed grain. It took a century for it to make a big splash on the U.S. energy scene, even though Henry Ford built his first Model T in 1908 to run on either gasoline or ethanol. Over the decades, petroleum proved cheaper, and grain alcohol was relegated to college fraternity parties rather than gas tanks. No one looked seriously at ethanol as fuel until the oil price shocks of the 1970s, when Congress decided to subsidize a homegrown alternative-most significantly through a tax credit to oil companies for every gallon of the costly alternative they blended into gasoline. But when oil prices fell again in the late 1980s through the 1990s, the nation's dependence on petroleum imports mushroomed to 60 percent, and ethanol was reduced to a performance-boosting additive for some midwestern gasoline-a nice, subsidized side business for the dominant producer, Archer Daniels Midland.

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Will: Inconvenient Kyoto Truths (NSWK)

By George F. Will

Newsweek, February 4, 2007

Was life better when a sheet of ice a mile thick covered Chicago? Was it worse when Greenland was so warm that Vikings farmed there?

Enough already. It is time to call some bluffs. John Kerry says that one reason America has become an "international pariah" is President Bush's decision to "walk away from global warming." Kerry's accusation is opaque, but it implies the usual complaint that Bush is insufficiently enthusiastic about the Kyoto Protocol's binding caps on emissions of greenhouse gases. Many senators and other experts in climate science say we must "do something" about global warming. Barack Obama says "the world" is watching to see "what action we take."

Fine. President Bush should give the world something amusing to watch. He should demand that the Senate vote on the protocol.

Climate Cassandras say the facts are clear and the case is closed. (Sen. Barbara Boxer: "We're not going to take a lot of time debating this anymore.") The consensus catechism about global warming has six tenets: 1. Global warming is happening. 2. It is our (humanity's, but especially America's) fault. 3. It will continue unless we mend our ways. 4. If it continues we are in grave danger. 5. We know how to slow or even reverse the warming. 6. The benefits from doing that will far exceed the costs.

Only the first tenet is clearly true, and only in the sense that the Earth warmed about 0.7 degrees Celsius in the 20th century. We do not know the extent to which human activity caused this. The activity is economic growth, the wealth-creation that makes possible improved well-being—better nutrition, medicine, education, etc. How much reduction of such social goods are we willing to accept by slowing economic activity in order to (try to) regulate the planet's climate?

We do not know how much we must change our economic activity to produce a particular reduction of warming. And we do not know whether warming is necessarily dangerous. Over the millennia, the planet has warmed and cooled for reasons that are unclear but clearly were unrelated to SUVs. Was life better when ice a mile thick covered Chicago? Was it worse when Greenland was so warm that Vikings farmed there? Are we sure the climate at this particular moment is exactly right, and that it must be preserved, no matter the cost?

It could cost tens of trillions (in expenditures and foregone economic growth, here and in less-favored parts of the planet) to try to fine-tune the planet's temperature. We cannot know if these trillions would purchase benefits commensurate with the benefits that would have come from social wealth that was not produced.

In 1997, when the Kyoto Protocol's essential provisions were known, a "sense of the Senate" resolution declared opposition to any agreement that would do what the protocol aims to do. The Senate warned against any agreement that would require significant reductions of greenhouse-gas emissions in the United States and other developed nations without mandating "specific scheduled commitments" on the part of the 129 "developing" countries, which include China, India, Brazil and South Korea—the second, fourth, 10th and 11th largest economies. Nothing Americans can do to reduce greenhouse-gas emissions will make a significant impact on the global climate while every 10 days China fires up a coal-fueled generating plant big enough to power San Diego. China will construct 2,200 new coal plants by 2030.

The Senate's resolution expressed opposition to any agreement that "would result in serious harm to the economy of the United States," which the Senate correctly thought Kyoto would do. The Senate said any agreement should be accompanied by "a detailed explanation of any legislation or regulatory actions that may be required to implement" it, and an analysis of the agreement's "detailed financial costs and other impacts" on the U.S. economy.

The president is now on the side of the angels, having promised to "confront" the challenge of climate change. The confronting is one reason for his fascination with new fuels. (Another reason, he says, is U.S. imports of oil from unstable nations. Our largest foreign source of oil is turbulent Canada. Our second largest is Mexico, which is experiencing turbulence because of the soaring cost of tortillas. They are made from corn, which is ... well, read on.)

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Ethanol produces just slightly more energy than it takes to manufacture it. But now that the government is rigging energy markets with mandates, tariffs and subsidies, ethanol production might consume half of next year's corn crop. The price of corn already has doubled in a year. Hence the tortilla turbulence south of the border. Forests will be felled (will fewer trees mean more global warming?) to clear land for growing corn, which requires fertilizer, the manufacture of which requires energy. Oh, my.

President Clinton and his earnest vice president knew better than to seek ratification of Kyoto by a Senate that had passed its resolution of disapproval 95-0. Fifty-six of those 95 senators are still serving. Two of them are John Kerry and Barbara Boxer. That is an inconvenient truth.

FBI/DEA/ATF/USMS:

21 In Dorchester, Quincy Arrested (BOS)

By Shelley Murphy And Charles A. Radin, Globe Staff

The Boston Globe, February 3, 2007

Called members of drug rings tying Canada to Boston area

They worked out of nondescript little storefronts around Dorchester and Quincy: a flower shop, nail salon, grocery store, and wood floor finishing business. But yesterday law enforcement officials said the unidentified businesses were covers for members of Vietnamese drug rings who had been smuggling ecstasy and marijuana from Canada over the past two years and peddling it throughout Greater Boston.

Four indictments handed down by a federal grand jury Thursday and unsealed yesterday charged 23 people, ranging in age from 22 to 56, with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering.

"This ecstasy was manufactured in clandestine laboratories in Canada, then smuggled into the United States, ending up in Boston and further distributed to gangs and other buyers in the city," said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration's Boston office.

The alleged drug organization was dismantled from top to bottom by investigators who targeted the Canadian supplier and arrested local gangs that sold the drugs in the Boston area, Stansbury told reporters during a news conference yesterday.

The investigation started when an immigrant, who was facing possible deportation in February 2005 after his arrest on charges involving drugs, guns, and an assault on a police officer, began cooperating with Boston police and the DEA and identified a list of local drug dealers, according to an affidavit filed in federal court.

A task force of federal agents, state troopers, and local police tapped telephones, sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials.

Investigators seized 85,000 ecstasy pills, worth nearly $2.6 million on the street, 130 pounds of marijuana, five guns, and $25,000.

Law enforcement officials raided houses in Dorchester and Quincy yesterday and arrested 21 of those charged.

The remaining two suspects were being sought last night, officials said.

US Attorney Michael J. Sullivan said the indictments "will have an immediate and positive impact on the city of Boston and the neighboring communities."

Some of the ecstasy pills seized were laced with methamphetamine, which was added by the manufacturer to make the drug more addictive.

Sullivan called the mixture "a dangerous trend" that has been developing across the country over the past few years.

Boston Police Commissioner Edward F. Davis said, "These drugs that were being sold on the streets of our city were destroying the qualify of life for people and driving the crime rate up."

Among those indicted were a family that lives on Bloomfield Street in Dorchester, including Tiem Trinh , 54; his wife, Anna , 51; and their sons Antwon Trinh , 24, and Quoc Boa Trinh, 27.

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Quoc Boa Trinh, an alleged ringleader, is charged in three separate indictments with conspiring to sell ecstasy and marijuana and money laundering.

His parents and brother are charged with conspiring to possess with intent to distribute marijuana.

Boston lawyer Michael C. Andrews, who is representing Quoc Boa Trinh, said his client works at his father's convenience store, TJ Variety, and is "a hard-working young man from a good family."

His client is "looking forward to his day in court," Andrews said.

A neighbor of the Trinhs said they "were very nice people."

"I don't know much about them, but we never had any trouble," the neighbor said.

The family had lived in the house for more than two years, the neighbor said.

But affidavits filed in federal court offered a different portrait.

A witness told investigators that Quoc Boa Trinh wore a bulletproof vest, owned a couple of guns, and obtained up to 300 pounds of marijuana a week from his supplier, Tan Dinh Phung, 43, of Dorchester. Phung was also arrested yesterday.

Last night, investigators were searching for Hung Van Le, 37, of Revere and Van H. Nguyen, 25, of Dorchester.

Affidavits also assert that Nguyen and another man indicted , Long T. Vu, picked up 40,000 ecstasy pills in Buffalo in December. They were stopped by Massachusetts State Police, who seized the drugs. Vu, 23, of Christy Lane in Randolph, is in custody.

DEA: Wide-ranging Drug Ring Busted (BOSH)

Boston Herald, February 3, 2007

Federal authorities said they seized 85,000 tablets of ecstasy and 100 pounds of marijuana when they dismantled what they described as an international drug ring with tentacles that reached north to Canada and across the Pacific to Vietnam.

Twenty-three defendants - all Vietnamese or Vietnamese Americans from Dorchester, Quincy, and Randolph - are accused of orchestrating the operation, distributing the drugs and laundering thousands in cash. Nineteen of them were arrested in a sweep Thursday and yesterday by federal agents. Arraignments are set for Monday.

The Drug Enforcement Administration has been investigating the operation for the past 15 months though surveillance, undercover purchases and “trash pulls” - or garbage searches.

All of the ecstasy and some of the greenhouse-grown marijuana came from Canada, agents said, and hundreds of pounds of marijuana were moved into the United States each week. The ring transferred the money it reaped in the United States to Canada and Vietnam.

Federal prosecutors now want the defendants to turn over hundreds of thousands of dollars in cash and land purchases. The ring had more than $150,000 in Bank of America accounts, $16,000 in money orders and three pieces of property, one in Dorchester and two in New York state,federal court documents state.

Feds Charge 23 In Ecstasy, Marijuana Ring (AP)

AP, February 3, 2007

BOSTON (AP) - Federal authorities in Boston say 23 people in four states are facing drug charges for allegedly operating an ecstasy and marijuana ring with suppliers from Canada.

All but one of the defendants is Vietnamese, and most live in the Boston area.

One suspect lives in Woonsocket, Rhode Island; another in Hamden, Connecticut.

Nineteen arrests were made early Friday and authorities were searching for the other four.

Prosecutors say none of those charged live in Canada.

At the peak of the operation, officials say several hundred pounds of marijuana were transported to the Boston area from Canada and other U-S points.

The probe started in October 2005 and resulted in the seizure of 85-thousand ecstasy pills and 100 pounds of marijuana.

Mexico's Gangs Take Over U.S. Meth Trade (AR)

The Arizona Republic, February 4, 2007

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MEXICO CITY - Four guards lay dead in pools of blood, their hands and feet bound with gray duct tape, as dawn broke over the Medix pharmaceutical plant in Mexico City. The gate was open, the security system dismantled.

It looked as well-planned as a bank heist. Except these robbers made off with a far bigger treasure: more than one ton of the chemical pseudoephedrine, enough to make 4 million hits of crystal methamphetamine, the hottest drug in America. The finished product could fetch $120 million on U.S. street corners.

The robbery at the Medix lab in July is part of a boom in Mexican meth as "superlabs" controlled by Mexican cartels take over what was once a mom-and-pop business in the United States.

"Mexican drug-trafficking organizations, being the entrepreneurs they are . . . decided they could produce large amounts of meth in Mexico, then smuggle it across the Southwest border using the same drug routes they've used for generations," said Steve Robertson, a spokesman for the U.S. Drug Enforcement Administration.

The cartels' labs in Mexico and California now produce about 80 percent of the meth in the United States, according to a November report by the U.S. National Drug Intelligence Center. And the cartels are far more organized than previous meth rings.

In August, Arizona prosecutors filed indictments against 69 people suspected of working with a meth and cocaine ring in Mexico's Sinaloa state. Police seized 50 pounds of meth and $2.5 million in cash.

"These were very sophisticated criminal operations," Arizona Attorney General Terry Goddard said. "They had lots of foot soldiers, they were very well armed, they were incredibly well financed. They are a very, very serious opponent."

A new business

Ice, crank, crystal, tweak, chalk, glass or speed: Methamphetamine goes by a lot of names. It's one of the most addictive drugs around and is as dangerous to make as it is to consume. The "cooking" process creates toxic chemicals, and labs often catch fire or explode.

For decades, homemade meth was a small-time drug. Meth "cooks" worked in home kitchens, making a few ounces for themselves or to sell through motorcycle gangs. A typical dose is one-quarter of a gram and costs $30, though price and purity vary widely.

The most popular meth recipe uses ephedrine, an ingredient in some asthma medications, or its chemical cousin pseudoephedrine, which is widely used in cold remedies.

But since the late 1990s, U.S. states have been passing laws limiting the sale of those drugs. Arizona passed a law in 2006 limiting purchases to 9 grams. Phoenix, Tucson, and 44 other Arizona cities and towns adopted even tougher rules, and President Bush signed a similar federal law in March.

As the raw materials become harder to get, small-time cooks are being put out of business. The Mexican cartels have rushed to fill the demand with California-based superlabs, which can produce more than 10 pounds of meth a day.

Less sophisticated cooks are usually caught when neighbors notice chemical smells or suspicious people hanging around at odd hours. But the Mexican cartels have built their superlabs shacks in remote areas of California's Central Valley.

Many of the labs have ventilation systems to combat the smells, and smugglers visit only a few times a week to pick up meth or drop off supplies. That makes the labs hard to find.

"We still have what we call the Beavis and Butthead labs . . . but the ones that we really have problems with are the large labs, the superlabs or even megalabs," said Kent Shaw, assistant chief of California's Bureau of Narcotics Enforcement. "Those are run by organized-crime groups, and almost exclusively those are Mexican-operated drug cartels."

To augment their labs in California, the Mexican cartels began building labs in Mexico, where, until a recent crackdown, it was easy to import tons of raw pseudoephedrine from Asia.

In 2004, a Mexican government study found Mexico was importing four times the pseudoephedrine needed to treat the country's respiratory illnesses.

As the labs in Mexico ramp up production, meth seizures at border ports along the drug's main smuggling routes - California, Arizona, New Mexico and western Texas - have risen from 1,130 pounds in the 2002 fiscal year to 3,648 pounds in fiscal 2006.

"Most of the meth on the street right now is crystal meth from Mexico, I have no doubt about that," Goddard said. "It has created a national phenomenon, where a few years ago it was a regional phenomenon."

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Butterflies and ice

For eons the towering fir trees of Michoacan state have sheltered clouds of monarch butterflies that migrate from across North America during the winter. They used to be the western state's only claim to international fame.

But now Michoacan is known for something else: cheap, high-quality meth.

Michoacan is ideally located between two big sources of raw materials: pharmaceutical plants in Mexico City, increasingly a target for looters, and the Pacific seaports where shipments of pseudoephedrine arrive from factories in Asia. Couriers take finished meth to Arizona and California along Mexico's Highway 15. Of the 31 major meth labs dismantled in Mexico in the past two years, 12 were in Michoacan, a Republic analysis shows.

During the same period, the state has become one of the bloodiest battlefields between warring cartels. Gangs have taken to decapitating their rivals: In one case in September, gunmen barged into a nightclub and threw five severed heads onto the dance floor.

In December, incoming President Felipe Calderón ordered 7,000 soldiers and federal police into Michoacan to stop the violence. During one raid, they seized 21 tons of Chinese pseudoephedrine at the port of Lazaro Cardenas. It was the biggest such bust in Mexican history.

Cracking down

Despite the boom, many experts believe the Mexican meth labs may have peaked.

"Further production increases are unlikely in the near term," the National Drug Intelligence Center said in its report.

It cited new rules the Mexican government has imposed on importers of pseudoephedrine and ephedrine. Authorities slashed the number of import permits from 246 tons in 2004 to 77 tons in 2006. Companies can import only 6,600 pounds of raw ephedrine or pseudoephedrine at a time, and they can get import permits only if the government determines there are enough patients to warrant more drug production.

To keep feeding the drug labs, gangs have begun looting pharmaceutical factories and hijacking medicine shipments. In August, shortly after the Medix heist, robbers stole a truck full of cold medicine from the Diprofar plant in Mexico City but were quickly caught.

In November, another gang killed a police officer and stole a truck full of cold medicine from the Marsan plant on the outskirts of the city.

The supply problem is acute because there are no producers of raw pseudoephedrine or ephedrine in Latin America.

"These (gangs) are facing serious difficulties in switching to the trafficking of pseudoephedrine," Mexican Attorney General Eduardo Medina told lawmakers in January.

Meanwhile, the U.S. has started training Mexican police to find meth labs. In September, 49 agents and six prosecutors graduated from the DEA's new anti-meth school in Quantico, Va. The U.S. government plans to train 1,000 more officers and is providing them hazardous-materials trucks.

"Whatever our differences in language, culture and, at times, opinion, we are united partners in our desire to drive the drug traffickers out of business and into jail," U.S. Attorney General Alberto Gonzales said at a binational conference on meth last year.

2 Of 3 Men Sentenced In Cocaine Racket Get Life (PALMBEACHP)

Palm Beach Post, February 3, 2007

Two Jupiter men were sentenced to life in federal prison Thursday for their roles in a countywide cocaine distribution ring.

Their supplier, a Boynton Beach man, was sentenced to 20 years.

Winfred Lorenzo Hunt, 33, and Leonard Allen, Jr., 31, sold the narcotic from Delray Beach to Jupiter, with Hunt dealing about 2 kilograms of crack cocaine and a kilogram of powder cocaine a week, according to the U.S. Attorney's Office.

Carlton Potts, 41, supplied Hunt with 2 to 3 kilograms of powder cocaine a week for more than 10 months. Hunt then turned the cocaine into crack cocaine and sold it on the streets of Delray Beach, officials said.

They were arrested along with 35 others in May in a massive sweep that included 450 officers from the U.S. Drug Enforcement Administration, Palm Beach County Sheriff's Office and the Boynton Beach, Delray Beach and Jupiter police departments.

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Sixteen of those arrested are serving sentences ranging from two to 10 years, officials said.

Operation Magnum Force, the investigation leading to their convictions, spanned a year.

Hunt, considered a ringleader, had been arrested more than 25 times, according to Florida Department of Law Enforcement records. He was charged with several violent crimes, including shooting a 17-year-old in the abdomen, according to police records.

Allen had three prior convictions for selling cocaine, records show.

Potts' record includes 30 arrests on charges such as burglary, battery, drug sales and attempted murder.

"The investigation was in response to a community outcry for help," Delray Beach police Lt. Tommy Mitchell said. "It was a community effort involving law enforcement and the neighborhoods in which the drugs were being distributed."

Heroin In The Suburbs: Some Experts See Use On The Rise (PHI)

By Andrew Maykuth And Julie Stoiber

The Philadelphia Inquirer, February 4, 2007

The questioning last week of the eldest son of Eagles coach Andy Reid in Montgomery County and his alleged confession of heroin use has renewed attention to narcotics abuse by affluent suburbanites.

"These stories are not uncommon, but they still seem to shock people," said Jeremiah Daley, executive director of the Philadelphia County High Intensity Drug Trafficking Area, a law enforcement clearinghouse.

While national statistics indicate that heroin abuse has been steady in recent years, some Philadelphia-area drug-treatment experts say it appears to be on the rise.

"We're seeing a number of young, affluent kids getting themselves hooked on heroin," said Risa Vetri Ferman, first assistant district attorney in Montgomery County, where Garrett Reid, 23, was taken in for questioning after his Jeep Liberty reportedly was speeding, ran a red light, and crashed into a Ford sedan Tuesday in Plymouth Township. Police said Garrett Reid had acknowledged using heroin that day and possessed drug paraphernalia.

"I wouldn't call it an epidemic, but it's a trend," she said. She declined to speak specifically about Garrett Reid or his brother Britt, 21, whom police questioned after a separate road-rage confrontation in West Conshohocken the same day.

Kim Bowman, executive director of the Chester County Department of Drug and Alcohol Services, said she believed more young people were dabbling with the drug, which can be injected or inhaled in powder form.

In a survey of 2,839 Chester County high school seniors last year, Bowman said, 1.3 percent said they had used heroin the previous month - above the national average. Four years before, 0.3 percent admitted using the opiate.

Other law enforcement officials, however, say national statistics do not support the anecdotal accounts of regional officials.

"Heroin has been and continues to be a drug-trafficking and drug-abuse problem in the Philadelphia area," Daley said. "It has not changed much in the past eight to 10 years."

William R. Hocker, spokesman for the Philadelphia office of the U.S. Drug Enforcement Administration, said heroin use appeared stable.

"Heroin's a mainstay," he said. "It's always going to be there."

Most studies peg the number of Americans using heroin at a fraction of 1 percent. The federal Substance Abuse and Mental Health Services Administration in 2004 estimated that 400,000 people had used heroin the previous year, compared with 25.5 million marijuana and hashish users and 5.8 million cocaine users.

But heroin remains one of the most ferociously addictive drugs, and the tolerance that users develop with prolonged use can lead a two-bag-a-week dabbler to escalate into a 12-bag-a-day addict. A bag typically costs $10 to $20.

While heroin use may be steady, there was a dramatic increase in deaths last year tied to heroin spiked with the painkiller fentanyl.

In Philadelphia, about 70 people died last year from fentanyl-laced heroin, Hocker said.

In South Jersey, 133 people died between April and September from spiked heroin, half of them outside of Camden County, said Capt. Joe Bowen, with the Camden County Prosecutor's Office.

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Bowen said that heroin had lost much of its stigma, and that young suburbanites routinely ventured into Camden to score from street-corner dealers.

"It's become more acceptable, more social," he said. "These young kids are not scared of heroin."

Lloyd D. Johnston, a researcher at the University of Michigan and principal investigator for its annual survey of drug abuse, said heroin use among teens increased in the early 1990s, when the purity rose and forms of heroin that could be snorted or inhaled became more widely available.

Johnston's survey found that reported heroin use among eighth graders jumped in the early 1990s, reaching 1.2 percent in 1994. Use later declined and is now stable at about 0.8 percent.

Some heroin users say they started out first abusing legal painkillers such as OxyContin, an opiate frequently prescribed for patients recovering from surgery or injuries.

Most experts say the common impression of a heroin user as a destitute urban dweller is out of date.

"Our perception of an addict is someone who shoots dope, is homeless, and has lost everything," said William J. Lorman, clinical director of residential services at the Livengrin Foundation in Bensalem. "That is becoming less and less the case. We are seeing more middle-class working folks, young adults."

In that sense, the case of Garrett Reid is unusual only in that his father is a famous football coach, known as a practicing Mormon. The faith forbids use of alcohol, caffeine and drugs.

"It's sad that the Reid family has to deal with a substance-abuse problem in its midst with all the media attention," Daley said. "It's sadder still how may thousands of other families in the Delaware Valley have to deal with this every day."

Authorities served a search warrant Tuesday at Reid's home in Villanova. They said they had seized a shotgun and a handgun, along with containers of white powder or residue from a vehicle.

No charges have been filed against either of Reid's sons, and officials said their investigation was continuing. Police said they were waiting for drug and toxicology test results.

IMMIGRATION:

Ex-officer Pleads Guilty To Immigration Fraud (DMN)

By Jason Trahan, The Dallas Morning News Jtrahan@dallasnews.com

The Dallas Morning News, February 3, 2007

Dallas: He faces 10 years in deal for helping wife obtain fake visa

A former Dallas police officer has pleaded guilty to a federal charge of immigration fraud for helping his wife, a native of Mexico who was in the U.S. illegally and had ties to drug traffickers, obtain a fake visa.

Jose Luis Cabrera, 37, an 11-year Dallas Police Department veteran, was fired in December after a federal grand jury returned a nine-count indictment accusing him of conspiring with his wife, Moraima Cabrera, 34, to commit passport fraud.

Prosecutors on Thursday also said they had reached a plea deal with Mohammad Hakemy, 39, of Southlake, who officials said helped Mrs. Cabrera get a fake passport in 2002.

Mr. Hakemy, who owns several liquor stores and other businesses in the area, was once in a relationship with her. They have a 12-year-old daughter.

The Cabreras married in 2004.

Both Mr. Hakemy and Mr. Cabrera face up to 10 years in prison if their plea deals are accepted by a federal judge. Each could receive lighter sentences if they cooperate by giving prosecutors information about other crimes, but the U.S. attorney's office declined Thursday to say what cases they might know about.

Mrs. Cabrera has pleaded not guilty in her own case. She is accused of obtaining a driver's license and passport under a fake name and using it to travel to France and Italy with Mr. Hakemy, and, later, to Colombia with her husband after they married.

Her attorney, Jay Ethington, said she is ready for trial on Feb. 26. He said she hasn't been offered a plea bargain.

Patrick McClain, Mr. Cabrera's attorney, could not be reached for comment. Mr. Hakemy's attorney, Kevin Clancy, declined to comment on his client's plea deal.

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Mrs. Cabrera helped prosecutors make cases against drug traffickers in the late 1990s after she herself faced a felony drug charge.

After they married in March 2004, Mr. Cabrera was so desperate for his wife to avoid deportation to Mexico that, according to federal officials, in April 2005 he brought her to the Dallas office of the federal Drug Enforcement Administration. He offered agents a deal: His wife would share what she learned from her drug trafficking past in exchange for legal immigration status. The interview room was wired, according to authorities, and efforts by the DEA to follow up with the couple were unsuccessful. Mrs. Cabrera remained in the country illegally.

The pair traveled to Colombia shortly after their marriage to visit Mr. Cabrera's family. Mr. Cabrera also accompanied his wife when she transported more than $50,000 in cash across the border to Mexico. She told federal agents that the money belonged to another woman and that she was delivering it.

The current federal indictment makes no allegations of drug activity against either Mrs. Cabrera, her husband or Mr. Hakemy. But authorities say more charges and more arrests are pending.

Guatemalans In S. Florida Face Expulsion (FLSUNSEN)

By Tal Abbady, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 5, 2007

Juana Tomas resolved to forget the ghosts of San Miguel Acatán.

She fled her native Guatemalan village, tucked in the rural highlands where civil war raged, and headed north in 1991.

In the United States, Tomas sought political asylum. She was 17. Adolescence turned into adulthood. She gave birth to two sons and made a home for them in Lake Worth, joining a large, Qanjobal-speaking community of Mayan farm workers and day laborers in Palm Beach County. Raising her children and working in a nursery, she waited for a response from the government.

Fifteen years later in 2006, Tomas, now 33, learned that federal authorities denied her asylum claim. An immigration judge recently ordered her deported to Guatemala, a country still reeling from the effects of a war that ended a decade ago. Advocates say she is one of roughly 250,000 Guatemalans whose asylum claims from the 1990s U.S. authorities rejected. All could be deported.

U.S. officials say Guatemalans no longer qualify for political asylum because their country's civil war ended in 1996. Due to a massive backlog, the government only last year began notifying applicants that they must leave the country, immigration lawyers say.

During her long wait, Tomas took refuge in her new home and put the war behind her. A childhood memory of the great-aunt she saw dragged and decapitated slowly faded. So did the image of a neighbor whose body she found hanging from a tree one night while gathering firewood with her father. Every year, she renewed her work permit, raised her sons, and had little idea that her newfangled American life was built on borrowed time.

"The memories are less now. But I can't go back. We have a life here. There's only poverty in Guatemala, and crime," said Tomas in a dimly lighted apartment she shares with U.S.-born sons, Alex, 14, and Jesus, 10, and another family.

Now Tomas finds herself challenging the government whose protection she sought. She and other exiles in Florida, home to 28,650 Guatemalans, plan to join a California lawsuit against the Justice Department, said her attorney, Aileen Josephs.

Attorneys for the nonprofit group Casa de Cultura de Guatemala in Los Angeles are preparing a lawsuit demanding a halt to pending deportations of Guatemalans who entered the United States before the end of the civil war. The suit, which will seek class-action status, also will ask for legal status for Guatemalans who applied for asylum after 1990 but before that country's 1996 peace accords. Those who applied in the 1980s are protected under a federal program.

South Florida Guatemalan activists also have mobilized. Members of the Miami-based Coalition of Guatemalan Immigrants in the United States met with representatives of Congress in late January to press for a moratorium on deportations.

"Just when Congress is about to renew the push for immigration reform, immigration authorities decide to dump all these Guatemalan asylum cases," said Marlon Gonzalez, the coalition's president.

Government officials restricted their comments because of the pending lawsuit.

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"We look at every case diligently before we let someone know they've been denied asylum," said Chris Bentley, spokesman for the U.S. Citizenship and Immigration Services.

Tomas, who was 8 when she says soldiers burned her house and jailed her father for one year, lived among villagers caught in the crossfire between leftist guerrillas and government militias that fanned out into the country's highlands. Roughly 200,000 Guatemalans died in the 36-year war, many of them indigenous farm workers.

"If the soldiers saw you speaking to the guerrillas, they killed you. If the guerrillas saw you speaking to the soldiers, they killed you. You spoke to no one. You locked yourself up inside your house," Tomas recalled.

In 1997, the Nicaraguan Adjustment and Central American Relief Act allowed Guatemalans who applied for asylum in the 1980s to seek legal residency, but it did not grant benefits to those who fled during the last years of the war.

Advocates argue that because the U.S. government had a role in the civil war that displaced about 1 million Guatemalans, all asylum seekers from that era should be allowed to stay here.

"The government that provoked this war is forcing us back to a country that we no longer know, a country where people now live in anarchy, amid gangs," said Byron Vasquez, director of the Case de la Cultura de Guatemala.

Vasquez referred to the U.S.-backed ouster of democratically elected leftist president Jacobo Arbenz Guzman in 1954, an event that was followed by years of instability and, in 1960, the rise of successive right-wing governments that, with U.S. support, waged decades of war against leftist guerrillas.

Despite the peace accord between the military and an umbrella leftist group, kidnappings and gang-related crime have overwhelmed parts of Guatemala.

"You could say, in quotation marks, that the war ended. But the war's legacy is the gangs. They'll murder you over a cell phone," said Reyna Valenzuela, a Hollywood housekeeper who left Guatemala in 1983 and is now a U.S. resident. Her nephew, Lester Betancourt, 17, was shot and strangled in the town of Villa Nueva last year by gang members, she said.

TAX:

Barry At Risk Of Losing Probation (WT)

By Jim Mcelhatton

The Washington Times, February 5, 2007

Federal prosecutors want to revoke D.C. Council member Marion Barry's probation in a criminal tax case because he has failed to pay 2005 federal and D.C. income taxes.

Assistant U.S. Attorneys James Cooper and Thomas Zeno said in a court memo Friday that Mr. Barry, a former D.C. mayor, has shown "unworthiness to reap the benefits of a lenient sanction." Mr. Barry was sentenced to three years' probation in federal court last year for not paying his income taxes, after reaching a plea deal with the U.S. attorney's office.

Mr. Barry was sentenced to three years' probation in federal court last year for not paying taxes for five years, after reaching a plea deal with the U.S. attorney's office. A spokesman declined to comment on the development.

"The court's patience should be at an end," the prosecutors wrote. "A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own return for six years."

Mr. Barry, a Ward 8 Democrat and four-term mayor, also has not made arrangements to pay taxes on more than $500,000 he earned in previous years, officials said.

The prosecutors call Mr. Barry's failure to file 2005 tax returns the latest in a series of "willful acts in defiance of the tax laws." They also say Mr. Barry's actions puts him in violation of an express condition of his release.

Mr. Barry asked the Internal Revenue Service for an extension to allow him to file his return by Oct. 15. However, no return had been filed as of last week, according to an affidavit submitted by an IRS special agent investigating the case.

The IRS began garnishing Mr. Barry's paycheck in November.

In December, the D.C. council voted to raise members' salaries to $115,000 a year.

Mr. Barry could not be reached for comment yesterday. WTOP Radio, which has reported on the request to revoke Mr. Barry's probation, reported that the tax troubles could be the result of his changing accountants.

If prosecutors succeed in getting probation revoked, Mr. Barry could return to prison. He faced up to 18 months in prison under sentencing guidelines before getting probation in the tax case.

Mr. Barry served six months in prison in 1990 after he was convicted of cocaine possession.

During a court-ordered drug test in the criminal tax case, Mr. Barry tested positive for cocaine and marijuana use. Under his probation, he must stay drug-free. The memo seeking to revoke Mr. Barry's probation gave no indication that he had relapsed.

Even if Mr. Barry goes to prison, he technically could retain his council seat because the criminal tax case charged him with a misdemeanor, not a felony crime.

Prosecutors did not charge Mr. Barry with tax evasion, a felony.

Citing Mr. Barry's prompt guilty plea in 2005, prosecutors at the time agreed to take no position at his sentencing on whether he deserved prison time.

Their memo last week, though, said Mr. Barry has continued to flout the "standards applicable to all persons who reside in the District of Columbia who pay a portion of their income to support his salary."

CONGRESS-ADMINISTRATION:

Bush To Nominate Former White House Associate Counsel To D.C. Court (LAW)

By Emma Schwartz, Legal Times

Legal Times, February 5, 2007

President George W. Bush is expected to nominate former White House insider Dabney Friedrich to fill the recently vacated seat on the U.S. District Court for the District of Columbia, two sources familiar with the process say.

The White House is in the final stages of finalizing her nomination to replace Judge Gladys Kessler, who took senior status last month.

Friedrich, 39, was appointed to the U.S. Sentencing Commission in December. Before that she spent three years as an associate counsel in the White House, where she oversaw judicial nominations, including nominations for the Supreme Court.

A Yale Law School graduate, Friedrich began her career as a clerk on the District Court to now-Chief Judge Thomas Hogan. In 1994, she joined Latham & Watkins in San Diego. A year later she became a prosecutor in the U.S. Attorney's Office for the Southern District of California, where she worked with now-U.S. Attorney for the District of Columbia Jeffrey Taylor.

In 1998, she moved to the Eastern District of Virginia, where she served until 2002. That year, Friedrich was hired as a staffer for the Senate Judiciary Committee under Sen. Orrin Hatch, R-Utah.

She is married to Matthew Friedrich, former Enron task force prosecutor and now counselor to Attorney General Alberto Gonzales.

Bush Budget Projects A Surplus By 2012 (WP)

By Lori Montgomery

The Washington Post, February 5, 2007

The budget that President Bush will submit to Congress today shows the federal deficit falling in each of the next four years and would produce a $61 billion surplus in 2012, administration officials said. But to get there, Bush is counting on strong economic growth, diminishing costs in the Iraq war and tight domestic spending to offset the cost of his tax cuts.

Democrats yesterday criticized the five-year budget plan as overly optimistic, and predicted that extending the tax cuts past their 2010 expiration date would dig the nation deeper into debt rather than produce a budget surplus. Republicans countered that the tax cuts are critical to maintaining a healthy economy and that a balanced budget is not possible without them.

"Raising taxes . . . won't help balance the budget -- it will slow the economic growth that is creating the new jobs of tomorrow and increasing revenue to the federal government," House Minority Leader John A. Boehner (R-Ohio) wrote in an essay

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distributed yesterday by his office. "Keeping our economy strong and promoting fiscal responsibility will get the job done. Raising taxes won't."

Republicans hope to make the tax cuts a central feature of this year's budget debate, the first in which Bush will present his request to a Democratic Congress. Both the White House and Democratic leaders have vowed to eliminate the federal deficit by 2012, but Democrats have signaled their intention to do it in part by targeting tax breaks for corporations and taxpayers earning more than $500,000 a year.

"We think it's absolutely critical that they be extended in 2010, when they otherwise would expire. Why? Because they have contributed to this growing economy," White House budget director Rob Portman said yesterday on CNN's "Late Edition."

"We think it would be a mistake and a risk to our strong economy to have these tax cuts not continue," Portman added.

Recent estimates by the nonpartisan Congressional Budget Office suggest that it would be difficult to balance the budget if the tax cuts -- a collection of rate reductions and tax credits that have reduced Treasury collections by an estimated $1 trillion since 2001 -- continue.

According to the CBO, a vibrant economy has indeed produced a gusher of revenue over the past two years that could help turn the nation's $248 billion deficit into a $170 billion surplus by 2012. But if the tax cuts and other expiring tax provisions are extended, the CBO predicts, the deficit would hit $146 billion in 2012 and grow thereafter as health costs skyrocket and the baby-boom generation retires.

The White House takes a different view, assuming that continuing the tax cuts would produce slightly more robust economic growth than the CBO foresees.

"The big difference between CBO and us is the tax relief. They don't make it permanent, and we do. And we stand behind the economic benefits of the tax relief," said an administration official, speaking on the condition of anonymity because the budget had not yet been released.

There are other differences between the two projections. Bush's budget projects slower spending growth from 2008 to 2012, with outlays rising 11.8 percent, compared with 14.7 percent in the CBO's estimates.

Administration officials also exclude some potentially expensive items. Their request, for the first time, attempts to show the true cost of the wars in Iraq and Afghanistan in the coming fiscal year, $145 billion, but includes just $50 billion for fiscal 2009 and nothing thereafter.

The president's budget would also reduce spending for Medicare and Medicaid, the federal government's health programs for the elderly and the poor, by about $100 billion over five years. And it would provide insufficient extra cash to maintain coverage for poor children currently enrolled in the Children's Health Insurance Program.

Democrats blasted those proposals, noting that the Republican-controlled Congress last year did not approve much smaller reductions in federal health-care spending.

"Rather than trying to solve our health care crisis by lowering costs and covering more people, the President's plan will make the crisis worse by raising costs and failing to cover those who need it most -- our nation's children," Sen. Edward M. Kennedy (D-Mass.) said yesterday in a statement.

Democrats also pointed to an assumption common to projections by the CBO and White House: Both assume that the alternative minimum tax will be permitted to expand to millions of additional families, generating billions in additional tax dollars by 2012. Democrats and some Republicans have vowed to halt the growth of the tax and, ultimately, repeal it.

Portman said the White House proposal is a "tight budget, but a more realistic budget" that contains much to appeal to Democrats, such as a small increase in non-security domestic spending, the first in two years.

But Democrats were skeptical.

"With their track record, everything they present is going to be viewed skeptically. Because they've been deceptive year after year after year," said Senate Budget Committee Chairman Kent Conrad (D-N.D.). "Every projection shows the cost of making all the tax cuts permanent explodes at the very time the baby boomers start to retire," driving "the deficit and the growth of the debt to the moon."

Bush To Submit $2.9 Trillion Budget (WT/AP)

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The Washington Times, February 5, 2007

President Bush will send Congress a $2.9 trillion spending request today that seeks billions of dollars more to fight the Iraq war and tries to restrain the spiraling cost of the government's big health care programs.

Responding to the new political realities of a Democrat-controlled Congress, Mr. Bush will propose balancing the budget in five years, matching a goal put forward by Democratic leaders. But Mr. Bush would achieve that feat while protecting his cherished first-term tax cuts.

The arrival of the massive four-volume set of green budget books, which will cover the budget year that begins Oct. 1, will be followed by months of debate in Congress. Democrats charged that Mr. Bush wants to make painful cuts across a wide swath of government programs to protect his tax cuts and to keep funneling money to the unpopular Iraq war.

"It just gives you sticker shock. Every time you turn around, it's another $100 billion," Senate Budget Committee Chairman Kent Conrad, North Dakota Democrat, said of Mr. Bush's war spending.

The federal deficit hit an all-time high under Mr. Bush of $413 billion in 2004. It has been declining since that time and the 2008 budget projects it will continue to decline and show a surplus in 2012, three years after Mr. Bush leaves office.

To accomplish those reductions, Mr. Bush would allow only modest growth in the government programs outside of defense and homeland security. He is proposing eliminations or sharp reductions in 141 government programs, for a savings over five years of $12 billion, although Congress has rejected many of the same proposals over the past two years.

Mr. Bush also will seek to trim spending on farm subsidies by $18 billion over five years, mainly by reducing payments to wealthier farmers, an effort certain to spark resistance among farm-state lawmakers.

The president's budget would achieve nearly $100 billion in savings over five years by trimming increases in Medicare, the health insurance program for 43 million retirees and disabled, and Medicaid which provides health care to the poor.

The president appealed for Democratic support during an appearance at a House Democrats' retreat on Saturday, saying the government must do something to restrain the soaring costs of costs of entitlement spending on health care and Social Security before the looming retirement of 78 million baby boomers.

"I'm under no illusions of how hard it's going to be," he told the Democrats. "The only thing I want to share with you is my desire to see if we can't work together to get it done."

For the first time, Mr. Bush will spell out details of the spending requests for Iraq and Afghanistan in the budget books. Previously, he has lumped that spending into supplemental requests with less detail.

Mr. Bush said he would ask for an additional $100 billion for Iraq and the global war on terrorism this year, on top of $70 billion already sought. For 2008, that spending would drop to $145 billion and fall to $50 billion in 2009, although administration officials conceded that the 2008 and 2009 requests could go higher depending on the progress of the war effort.

As in past years, the Pentagon is scheduled to get a hefty increase in spending authority of 11 percent, pushing its 2008 budget to $481.4 billion.

Tank-size Defense Request (LAT)

By Peter Spiegel

The Los Angeles Times, February 5, 2007

WASHINGTON — When the Bush administration unveils its annual spending request today, it is expected to ask for a defense budget of $481 billion — near historic highs, even when adjusted for inflation.

It will also ask for additional funding for Iraq and Afghanistan, taking the cost of those wars this year to close to $165 billion, and will present estimates for next year's costs that would push war spending above the total cost of the Vietnam War.

But if the military's top officers have their way, today's proposal may be only a precursor to a future of even larger defense budgets.

The chiefs of the Army, Navy and Air Force are gearing up for a long-term campaign to convince Congress and the public that the growing demands of the Iraq war — plus the administration's aggressive global security ambitions — require tens of billions more each year to meet the nation's defense needs.

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For more than a year, Gen. Peter J. Schoomaker, the outgoing Army chief of staff, has pointed out that defense spending accounts for about 3.8% of the gross domestic product — a figure that is projected to drop over the next five years, to near the lowest levels since World War II, even though the U.S. is involved in protracted fighting.

He is calling for a wider national debate on whether that percentage should be significantly increased — and the chiefs of the Navy and Air Force said in interviews last week that they would publicly support that call in upcoming hearings on the defense budget.

"In working that [budget] problem, I believe I'm seeing challenges that leads us to the notion that maybe it's time to have this discussion about a higher percentage of GDP" devoted to defense, Air Force Gen. T. Michael "Buzz" Moseley said in a telephone interview during a trip to Afghanistan and Iraq.

"It's going to be very, very hard to get where we're going as defined in the [Pentagon's strategic plans] and to do this business on a global scale with the resources that we have."

Navy Adm. Michael G. Mullen added: "At 3.8%, it just isn't enough for the strategic appetite, and the strategic appetite is tied directly to the world we're living in."

According to a senior Pentagon official, the Air Force alone is expected to tell Congress that it will need an additional $20 billion per year over the next five years, on top of the White House funding request, just to meet the strategic plans laid out by the Pentagon and the increasing demands resulting from the troop buildup in Iraq.

Questions of sacrifice

It is certainly not unexpected for military officers to seek more money for personnel and weapons systems, defense budget experts said. But the increasingly vocal complaints from all three service chiefs, even as the administration is increasing troop levels in Iraq, add complexity to the debate over the war and the challenges presented by other global adversaries.

It is also, in part, a reflection of a view held by many throughout the armed services that the military is the only U.S. institution bearing the burden of the Iraq war. In interviews and in comments reported by superior officers, many veterans have argued that the U.S. hardly seems like a country at war, with civilians making little sacrifice even as troops put their lives on the line.

That perspective on the war may set up awkward circumstances for the White House and Congress. For the White House, the services' appeal for more funding comes as Democrats argue that repeated deployments to Iraq are leaving the military without the equipment and personnel it needs if other situations arise.

At the same time, congressional Democrats — whose new House and Senate majorities are largely based on opposition to Bush's Iraq policy — must also balance that opposition with the public's ongoing support for the troops in harm's way.

"Nobody wants to cut off somebody's body armor or someone's Humvee, or somebody's ability to sustain themselves in Baghdad," Sen. Dianne Feinstein (D-Calif.) said Sunday on CNN's "Late Edition," referring to Democratic concerns that military spending is already too high. "Many people believe that the administration will turn around and say, 'See? They cut money from our troops that are there already.' "

Record spending

Any increase in military spending above the administration's request would be on top of what is, in inflation-adjusted dollars, one of the biggest defense budgets in history.

But even at those levels, the service chiefs argue that the war's wear and tear on their equipment, along with the strategic planning that calls on them to check such global threats as a rapidly modernizing China, a nuclear-armed North Korea and an increasingly hostile Iran, has begun to outstrip their ability to fund the Army brigades, Air Force wings and Navy strike groups needed to meet all contingencies.

"What I have found in the 18 months I have been here as chief is … the worldwide demands are increasing," said Mullen. "Obviously, there's an extraordinary amount of pressure on the ground forces, but there are other things in the world right now, and there will be in the future, that don't have anything to do with Iraq and Afghanistan."

Tough trade-offs

Some defense budget experts say the military is in a crisis of its own making. Although critics acknowledge that the armed forces faced a nearly decade-long "procurement holiday" at the end of the Cold War, they argue that the services chose to

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replace aging, overused weaponry with highly sophisticated, complicated armaments that in some cases cost three times the systems they replaced.

By attempting to take huge technological leaps instead of incremental improvements, these critics argue, the replacement weapons face years of delays and vast cost increases, forcing the Pentagon to buy fewer of each weapon.

"They have demonstrated that they have absolutely no discipline in dealing with the money they've gotten, and their only response when they get more money is to ask for still more money," said Winslow Wheeler, a former defense budget staffer in the Senate who now works for the nonpartisan Center for Defense Information.

According to an October study by the Congressional Budget Office, the Pentagon may need as much as $560 billion every year — or $80 billion more than the administration is proposing in the nonwar portion of its 2008 budget plan — just to pay for all the weapons on order and to meet growing personnel and operational costs.

The services insist that they are working to drive down such delays and costs, but defend the need to push the technological envelope.

"When you actually have to put someone in an airplane and send them into combat, do you want to win this ballgame by one run in the bottom of the ninth, or do want to have the game called in the seventh inning by 20 runs?" Moseley asked.

The first hints of a rebellion within the armed services over funding levels came last summer when Schoomaker, convinced that he did not have the resources to maintain troop levels in Iraq and meet the Army's other commitments, did not submit his 2008 budget plan to then-Defense Secretary Donald H. Rumsfeld, saying Pentagon spending guidelines were nearly $25 billion short of what he needed.

When Bush's budget is announced today, Schoomaker is expected to get about $13 billion more than those original suggested guidelines. But his refusal to go along with the normal Pentagon process caused consternation among the other service chiefs. According to one senior Pentagon official, Mullen and Moseley confronted Deputy Defense Secretary Gordon R. England, expressing concerns that they were being penalized for playing by the rules.

"That has created some turmoil," said the Pentagon official. "It appears that a certain track and a certain behavior has paid off — and if that's reasonably valid, then stand by."

Another senior Defense official said the Air Force was likely to make an appeal directly to Congress that it is $9.8 billion short in 2008, and that over the next five years it will need about $20 billion more each year.

Mullen said he was not planning to go to Capitol Hill with a specific proposal for more money for the Navy, but he added that the current plan to reverse the shrinking number of ships under his command — there are now 276 warships, less than half the number in the 1980s — to a goal of 313 may not be sufficient.

"I'm about as tightly wound, budget-wise, as I can be and deliver the Navy we need for the future," Mullen said.

Defense budget experts said that any decision by Congress to examine greater increases in defense spending could evolve into a defining discussion over U.S. foreign policy goals and the Pentagon's vision of its armed services in a post-Cold War world.

"Clearly there's a big mismatch between the projected costs of the Defense Department's plans and the money that's currently projected to be provided for those plans," said Steven Kosiak, a defense budget expert at the Center for Strategic and Budgetary Assessments, a nonpartisan policy research organization. "Then the question becomes: Is the problem that not enough money is projected, or are the plans too ambitious?"

His Budget On The Line, Bush Courts Dems (USAT)

By Richard Wolf And David Jackson

USA Today, February 5, 2007

WASHINGTON — President Bush presents a $2.9 trillion budget to Congress Monday amid a charm offensive intended to woo Democrats.

His speech Saturday at a House Democratic retreat was the latest effort to reach out to opposing party members, who felt widely ignored during six years of GOP dominance. It was his first visit to the annual retreat since 2001.

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Bush said he understood Democrats' doubts about White House cooperation, but "in order to do big things, we're going to have to do it together."

Other signs of outreach:

•Bush regularly invites Democrats to the Oval Office and went out of his way to attend Saturday's getaway at Colonial Williamsburg, a historic district in Virginia. Before his Jan. 10 address on Iraq, Bush or top aides met with at least 45 congressional Democrats.

•Top administration officials, led by Treasury Secretary Henry Paulson and White House budget director Rob Portman, have made the rounds on Capitol Hill. They met with new committee chairmen and other influential Democrats, focusing particularly on moderates and those willing to work with the administration.

•The White House emphasizes areas of possible compromise, such as an expanded "guest worker" program for illegal immigrants and an increase in Pell grants for low- and middle-income college students. Both will be highlighted in the budget released Monday.

Even so, bigger issues loom. Congress has made clear its intention to play a stronger role on the Iraq war. Bush has stated his desire to tackle the long-term sustainability of Social Security, Medicare and Medicaid. Both sides want to balance the budget in five years but favor vastly different means to that end.

"This depends on the administration's attitude," said Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee. A panel meeting he arranged with Paulson and Portman went well, he said, but "I don't know how short a leash they're on."

Trying to build trust

Bush's immediate predecessors reached deals across the aisle. President Clinton worked with Republicans to overhaul welfare. The first President Bush raised taxes to get a major deficit reduction agreement with Democrats. President Reagan worked with Democrats to revamp the tax code.

None of them had so little time to get accustomed to a Congress run by the other party. To fix the long-term financing of Medicare and Social Security, Bush will have to get along with Democrats like he did as Texas governor in the 1990s.

Presidential historian Fred Greenstein of Princeton University said Bush can do it by reverting to "the Texas persona." He sees more of the affable Reagan than the obstinate Woodrow Wilson in Bush, who began his presidency socializing with the Democrats such as Sen. Edward Kennedy.

Others doubt Bush's ability to get major policies through a Democratic Congress. Republican John Kasich, who as House Budget Committee chairman helped craft a 1997 deficit reduction package with Clinton, said Bush lacks leverage. "People are not afraid of George Bush," he said.

Democrat Leon Panetta, a former Clinton chief of staff, said there's more bad blood to overcome now. "There has to be a degree of trust that you can work with the other side without getting a knife in your back," Panetta said.

That's where Paulson and Portman come in. The Treasury secretary, who left the chairmanship of Goldman Sachs to join the administration, has urged lawmakers to call him "Hank." His Wall Street pedigree gives him an above-politics reputation. The budget director, a former Republican congressman from Ohio and U.S. trade representative, wins friends with his personable demeanor.

"Part of this is about building trust," Portman said. "These are very frank exchanges."

Both Cabinet members want to make progress on what may be the toughest issue next to Iraq: making Medicare and Social Security whole for the long-term. Without changes in benefits, taxes or both, the programs will be insolvent within decades.

Portman worked with members from both parties before last week's announcement that Bush's proposed budget would include $25 million for 9/11-related health assistance. Rep. Carolyn Maloney, D-N.Y., credited his help.

"We want to get things done," Portman said. "There is a willingness to try to work together."

Democrats on the receiving end of the outreach give the administration better grades for style than substance. Still, Maloney said there is only one alternative: "Stalemate. No one wants that."

Lots of talk, little action

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Paulson has used his friendship with House Ways and Means Committee Chairman Charles Rangel, D-N.Y., whose help will be needed to get anything done on taxes, trade or entitlement programs. "There's no question in my mind that Hank Paulson is a very sincere man," Rangel said.

The Treasury secretary has also renewed ties with House Budget Committee Chairman John Spratt, D-S.C., with whom he served as a budget analyst at the Pentagon during the Vietnam War. "It makes me more comfortable approaching Paulson," Spratt said.

Rep. Ellen Tauscher of California, chairwoman of the moderate New Democrat Coalition, said the administration should have the ability to wheel and deal with a Democratic Congress the way the Clinton White House did with a Republican majority. In his meeting with her group, Paulson "made all the right points" about working together and taking risks on tough issues, she said.

While the meetings have been cordial, Democrats say, little progress has been made. "With all of the progress in terms of discussion," Rangel said, "we haven't agreed on a darn thing so far."

Democrats say it's hard to trust an administration that largely ignored them when they were in the minority. "There's been virtually no communication for six years," said Rep. Allen Boyd of Florida, a co-chairman of the conservative Blue Dog Coalition, which met with Paulson and Portman. "There's a wall that exists. You have to figure out how to tear the wall down."

President Pushes Boost In Funding For National Parks (USAT)

By Richard Wolf

USA Today, February 5, 2007

WASHINGTON — National parks would be a big winner under President Bush's 2008 budget, and a plan to match up to $100 million annually in private donations could guarantee increases for a decade.

Bush's budget, being unveiled today, would give the National Park Service $2.4 billion next year, administration officials told USA TODAY. That includes a $258 million increase for daily operations, up 14.5%. Since 2002, those funds have risen 1.5% above inflation.

The president proposes adding at least $100 million a year for the next 10 years. The funds would be used to hire 3,000 seasonal park rangers, guides and maintenance workers each summer, an increase of more than 50%. In addition, more than 1 million children could be enrolled in youth programs.

On top of that, Bush wants Congress to guarantee that the federal government would match philanthropic donations each year, up to another $100 million. Currently, about $20 million is contributed each year by supporters of national parks, such as family foundations.

Taken together, the proposals could provide $3 billion in new parks funding over the coming decade. In 2016, the parks will celebrate their 100th anniversary; Bush wants them to be in better shape than they are today.

"I think it can be a source of healing for Americans," Interior Secretary Dirk Kempthorne said. "This one is not partisan. This one is American."

The proposal is being welcomed by groups that advocate on behalf of the nearly 400 sites managed by the National Park Service and have been a thorn in the Bush administration's side during lean years. The National Parks Conservation Association was seeking an increase of $250 million in operating funds for the parks.

"This is a renewed commitment that national parks should be a national priority," said Tom Kiernan, the group's president. "It's a catalyzing initiative at a wonderful time for the national parks."

The proposals would have to be approved separately by Congress. The $2.4 billion parks budget, with its record increase in operating funds, would become final if Congress allocates the funding. The matching-funds proposal would have to be approved by committees with jurisdiction over the Interior Department.

Taken together, they would add thousands of new park workers to guide visitors with programs such as interpretive walks and campfire talks. Volunteer coordinators would be added in 44 sites.

Seasonal workers have been cut during lean budget years, resulting in a 10-year decline.

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"We simply have lost contact people who meet the American public," said Stephen Whitesell, superintendent of the San Antonio Missions National Historical Park in Texas. "What they're not seeing are rangers in flat hats."

Since 9/11, most of the money added to the National Park Service budget has gone for added security in such places as New York City, Washington, D.C., and along the U.S. borders with Canada and Mexico.

Some of the new funds will be used to attract young people to the parks through Internet programs and podcasts. Kempthorne and others see it as mutually beneficial: The parks would avoid a loss of visitors in future generations, and children would reap the health benefits of the great outdoors.

"We're competing with an electronic world," Kempthorne said.

Bush Plays Traffic Cop In Budget Request (WSJ)

By John D. Mckinnon

The Wall Street Journal, February 5, 2007

WASHINGTON -- With much of his domestic agenda stalled by Congress, President Bush is embracing a new cause he is hoping will cross party lines and leave him with an end-of-term accomplishment: easing rush-hour traffic.

In his annual budget blueprint to be unveiled today, Mr. Bush intends to showcase a highway "congestion initiative," according to White House documents, with grants for state and local governments to experiment with anti-jam strategies.

In a surprise that could foreshadow how Mr. Bush might reach out to Democrats -- and disappoint conservatives -- for the rest of his term, the centerpiece of the traffic plan involves an initiative that some critics say amounts to a tax, a plan depicted by administration officials as "congestion pricing." The administration will award $130 million in grants starting this spring to help cities and states build electronic toll systems that would charge drivers fees for traveling in and out of big cities during peak traffic times. The money also could go to other congestion strategies such as expanded telecommuting, but administration officials make it clear they think congestion pricing is the most powerful tool they have. The White House will seek an additional $175 million for congestion initiatives in next year's budget.

Beyond automobile traffic, the administration will also introduce legislation soon that could seek to impose a form of "congestion pricing" on airline travel, likely through user fees on airlines. The idea is to spread flights more evenly.

Travel congestion is "increasingly troubling," Transportation Secretary Mary Peters said in an interview. "It's a cost to business and probably affects our ability to be competitive on the global market. But it's also something that just drives people crazy."

The White House is also planning a high-level transportation summit this month that will bring together officials from around the country to discuss the congestion initiative.

The Bush traffic plan is likely to draw support from some Democrats. It is reminiscent of Vice President Al Gore's 2000 campaign proposal to relieve traffic and other effects of urban sprawl through "smart growth" initiatives. Back then, Mr. Bush questioned the federal government's role in local planning.

Big-city mayors and urban business leaders may also embrace the administration initiative. Recently, many have been weighing politically dicey "congestion pricing," a strategy used to a limited extent today in Southern California, Denver and Minneapolis, among other places.

A New York business coalition that is pushing congestion pricing for lower Manhattan praised the new White House strategy. "Without some political cover ... it's a very hard thing to sell," says Kathryn Wylde, president of the Partnership for New York City. "We think the federal government stepping up to provide incentives for local government to take on what is a tough issue ... is very important."

But some conservative allies of the administration fear the initiative could mark a turn for the president, who has made cutting taxes the core of his domestic policy. Some critics are already upset that Mr. Bush's new health-insurance proposals include higher taxes on individuals with high-price employer-provided plans, and worry that the White House would accept higher Social Security taxes as a part of a deal to overhaul the retirement program.

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Highway tolls "are increasingly a form of tax" to support other government spending, for instance on mass transit, says Ronald Utt, an expert on transportation at the Heritage Foundation, a conservative think tank. "Make it any more difficult or unattractive to get to downtown, and you'd reduce congestion -- but you'd do so largely by reducing jobs," he adds.

Anticipating such attacks, transportation officials have armed themselves with studies suggesting that traffic itself is becoming a big hidden tax on businesses across the country, as well as the No. 1 quality-of-life concern in many urban areas.

Congestion pricing "is a lot cheaper than the way we're paying now ... with time, unreliability, psychological hell," said Tyler Duvall, DOT's assistant secretary for policy.

The DOT estimates the total cost of U.S. congestion at about $200 billion annually, or almost 2% of GDP, counting wasted fuel, delays, environmental costs and increased inventory needs.

The White House, under fire for failing to embrace a more aggressive global-warming policy, is portraying the plan as part of a climate change strategy. Administration documents estimate that "travel delay ... wasted 2.3 billion gallons of fuel" in 2003, a total that "accounts for more than 20 million metric tons of carbon dioxide emissions."

In cities and regions that have adopted congestion-related fees, the most common approach is to offer solo commuters the choice of paying during rush hour to travel in the high-occupancy lanes reserved for car-poolers. Some tolls on existing turnpikes also have been adjusted higher for rush-hour travel.

Now the Bush administration is encouraging city and state transportation officials around the country to go further where appropriate, and even impose "cordon" tolls on rush-hour commuters -- in which toll-collecting devices are installed all around a city's perimeter. The tolls could be collected without making drivers stop, through electronic tag readers.

The Bush administration is distributing $130 million in grants to help cities build the electronic systems needed. Department of Transportation officials expect more than 10 major cities to apply before the April deadline.

Currently, only San Francisco is planning "cordon tolls" that would impose a charge on essentially all rush-hour commuters. Other cities, including New York, are taking a look.

Officials in northern Virginia plan to build four "High-Occupancy/Toll" lanes along 15 miles of the I-495 Beltway around Washington, according to DOT officials and documents. They are also studying converting High-Occupancy Vehicle, or HOV, lanes into HOT lanes along nearly 50 miles of the I-95/I-395 corridor in Virginia.

Even a 5% reduction in traffic jams can increase traffic speeds by as much as 50%, says Mr. Duvall. DOT officials figure a typical big-city traffic jam can be cleared with tolls of as little as $2 to $2.50 a day, if all lanes on a big highway are charged. But on some Southern California highways where fees are charged only for the former high-occupancy lanes, prices at the peak of rush hour have reached $8.50.

Congestion pricing has already taken hold in Europe, and the success of a congestion pricing system for London's roads three years ago motivated U.S. officials and major businesses to consider the idea. Voters in Stockholm approved a similar plan in September, after a test run during the summer.

But tinkering with highway prices also means political perils. That became apparent in Indiana last year when Republican Gov. Mitch Daniels pushed through the sale of a big toll road to private investors, who announced plans to raise the tolls for the first time in years. State Republicans took a beating in the November elections.

GUNS AND BUTTER How War's Expense Didn't Strain Economy (WSJ)

By Deborah Solomon

The Wall Street Journal, February 5, 2007

WASHINGTON -- Since President Bush took office, he's boosted annual defense spending by 50% -- including $500 billion over five years for fighting in Iraq and Afghanistan -- and doubled spending on homeland security. At the same time, he's cut taxes, expanded Medicare to cover prescription drugs, approved $100 billion to clean up after Gulf Coast hurricanes, and signed bills that spend a little more each year on domestic programs.

For years, critics said it couldn't last, backed by some historical precedent: President Johnson is blamed by many for triggering inflation in the 1970s by spending on both guns and butter.

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• The Issue: President Bush has managed to wage a war, cut taxes and boost other spending without triggering Vietnam-era inflation.

• The Background: The spending spree has been aided by foreign borrowing and a strong economy.

• What's Next: While economically painless so far, war and military spending will soon collide with looming entitlement obligations.

But this time, it's been nearly painless. Inflation is in check. The federal budget deficit is down from its 2004 peak, and rests near its historical average of 2% of gross domestic product, a measure of the nation's total output. Long-term interest rates are relatively low.

What's Mr. Bush's secret? Ingredient one: strong revenue growth driven by an economy distinguished by surging profits and rising incomes at the top, which are taxed more heavily than incomes at the bottom. Ingredient two: tax cuts and spending increases, which arrived when the U.S. economy needed a boost. Ingredient three, and perhaps the most significant: the willingness of foreigners to lend to the U.S., which finances the budget deficit without pushing up interest rates at a time when Americans don't save very much.

"This situation is what you'd call an exorbitant privilege," says Menzie Chinn, a University of Wisconsin economist. "We've gotten a pretty good deal so far."

No one knows when this bonanza might end, although end it must. For the coming year, Mr. Bush is expected to shave costs from programs and agencies unconnected to defense. In the future, the flow of cash from foreign lenders could dry up. Health care and Social Security could swamp the federal budget. In the shorter term, the combination of military spending and tax cuts could collide with spending priorities outlined by the capital's newly empowered Democrats.

For now, the budget the president will offer today essentially counts on continued good luck. Both he and Congress recognize that neither the war in Iraq nor the buildup in homeland-security spending is a one-time-only expense. Both sides are talking about the need for a larger military, a sharp contrast to the decline in post-Cold War defense spending that helped produce Bill Clinton's surpluses.

Mr. Bush's budget estimates Iraq and Afghanistan over the next two years alone will cost about $300 billion, and analysts say the five-year price tag could reach $500 billion. Mr. Bush is seeking to add 92,000 troops to overall Pentagon forces over the next five years. Democrats are even more eager to increase homeland-security spending than Mr. Bush. Indeed, the Congressional Budget Office last week estimated a bill the House has passed to improve aviation security and implement other recommendations of the 9/11 Commission would cost $21 billion over six years, a sum equal to roughly half the Department of Homeland Security's current annual budget.

Democrats also have a long list of other domestic priorities to fund, which include lower student-loan rates and more science and health research. They've pledged to balance the budget and adhere to rules that require tax cuts and benefits increases to be offset somehow.

"It will be hard to attain those goals because of the squeeze that the defense budget, and in particular that the cost of war in Iraq, is placing on us," says House Budget Committee Chairman John Spratt, a South Carolina Democrat. "These expenditures at this sort of level are consequential -- they necessitate trade-offs."

In the budget for fiscal 2008, which begins Oct. 1, Mr. Bush has said he will show how the deficit can be eliminated by 2012 without raising taxes. The budget will give the administration's best guess (about $141 billion) at the cost of Iraq and Afghanistan for 2008, a departure from past practice, and what one administration official calls "a plug number" for 2009 -- an estimated $50 billion -- but nothing beyond that.

The president is also expected to project spending less, in inflation-adjusted terms, on annually appropriated spending outside of defense and homeland security. Much of that squeeze is expected to come in proposed freezes or cuts to federal agencies and programs.

"It's going to be the tightest budget we've seen," says Brian Riedl, a budget expert with Heritage Foundation, a conservative think tank. He predicts a call for "freezing most discretionary programs for the next five years."

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The big problem, however, remains the government's entitlement programs. Treasury Secretary Henry Paulson says the budget deficit is "well below where anybody would have expected it to be several years ago" despite the costs of war and hurricanes. He credits a strong economy and record tax receipts.

But he warns of "a looming collision with entitlements," and adds: "I have no doubt we will deal with it. But the longer we wait to deal with it, the more expensive and the more painful it's going to be to do it."

Some academic economists are beginning to gauge what the sums spent on Iraq could have financed -- a down payment on a Social Security fix, for instance. Nobel laureate Joseph Stiglitz predicts Iraq will cost at least $1 trillion, assuming troops are withdrawn by 2010. "Half that sum would have put Social Security on a firm grounding for the next 75 years," he wrote last year in a paper. "If we spent even a small fraction of the remainder on education and research, it is likely our economy would be in a far stronger position."

Comparisons to Vietnam are tempting but Iraq isn't, at least yet, as costly as Vietnam, when compared to the overall economy. It's running about $100 billion a year, or about 1% of GDP. By the time it was over, Vietnam cost the equivalent of about $660 billion in today's dollars.

Overall defense spending today is higher than it was during Vietnam, when adjusted for inflation, but is just about 4% of GDP. That's an increase from when Mr. Bush took office, but far from the Vietnam peak of 9.5% of GDP in 1968, and less even than the 1980s Cold War buildup. Even with the planned troop surge, the U.S. will have about 160,000 troops in Iraq, well below the 550,000 Vietnam peak.

It was the combination of military spending and President Johnson's "Great Society" programs -- Medicare health insurance for the elderly and Medicaid for the poor -- that many say led to the "Great Inflation" of the 1970s. Like Mr. Bush, Mr. Johnson at first tried to fund the war through supplemental spending bills, a move historians and contemporaries believe was aimed at cloaking the true costs so Congress wouldn't scale back his ambitious domestic agenda. Inflation, which had been below 2% in the early 1960s, was running at above 6% in 1970. By 1970, the U.S. was in a recession.

Vietnam-era defense spending added fuel to an economy that was already running at full employment and producing at capacity. Mr. Johnson resisted calls for tax increases to reduce the inflation risk, fearing Southern Democrats would instead insist on cutting social programs. The Federal Reserve, partly under pressure from Mr. Johnson, but also because it mistakenly believed the economy had spare capacity, was reluctant to raise interest rates. To control inflation, it had to raise rates higher later on. By the time Mr. Johnson imposed a 10% surcharge on individual and corporate income taxes in 1968, it was too late.

Although the government borrowed heavily in the 1960s, most of its borrowing came from inside the U.S. Interest rates rose as a result. The yield on 10-year Treasurys, a benchmark interest rate, began the 1960s at 4.72%; it ended the decade at 7.65%. But the private sector saved enough to offset government borrowing, and the U.S. economy was a net lender to the world.

This time, interest rates haven't risen as much, because foreigners, particularly in Asia, are eager to lend to the U.S. economy at fairly low rates. The economy as a whole is a heavy borrower from the rest of the world.

In fact, the U.S. government is particularly dependent on the willingness of foreigners to lend it money. As of November 2006, foreigners owned about $2.2 trillion of U.S. Treasury securities -- or about 52% of the public debt not held by the U.S. government, compared with about 20% in the early 1990s. (The total U.S. debt, which includes what the government owes itself, is about $8.7 trillion.)

Mr. Bush's ability to sustain spending and tax cuts depends largely on the willingness of foreigners to continue lending the U.S. money. Mr. Chinn, the economist, says that at some point, global investors will lose their appetite for ever-larger amounts of American debt. That would trigger a decline in value of the U.S. dollar and an increase in interest rates.

"So far it's not a problem because foreigners are willing to lend, but you've got to wonder what happens when the rest of the world says, 'We're tired of taking paper that loses value pretty quickly,' " says Mr. Chinn.

The Bush era upturn in defense and homeland-security spending came not during a 1960s-style boom, but in a lull in the U.S. economy, which had tumbled into recession even before the Sept. 11, 2001, attacks. That meant the economy had plenty of slack to absorb increased government spending without sparking inflation. Lee Price, an economist who until recently was research director at the Economic Policy Institute, a liberal Washington think tank, says defense spending created 1.3 million private-sector jobs between 2001 and 2005 while all other private-sector employment fell by 1.2 million.

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At the same time, the Bush administration cut taxes in 2001 and 2003 on individuals, dividends, capital gains and estates, among other areas. The administration and some economists credit the cuts with spurring economic growth, saying they provided incentives to business to invest and buoyed consumer spending.

The moment of economic slack may be in the past, which raises the specter of inflation. Unemployment is about as low as the Fed will tolerate, and there are some hiring bottlenecks of the sort that were common during Vietnam. "We're starting to see tightening up in the high-tech market, and people who were tied up with defense or homeland security are not available," says EPI's Mr. Price.

War has other costs, too. Some companies are struggling to keep jobs open for military reservists. A 2005 Congressional Budget Office report found that "some businesses may absorb the loss of personnel at little cost, but others may experience slowdowns in production, lost sales or additional expenses as they attempt to compensate for a reservist's absence." The problems are more severe for small businesses or those that employ highly specialized workers, the CBO said.

At Fallon Ambulance Service in Quincy, Mass., more than 20 of the company's 500 full-time employees are reservists, and several have been deployed for stints lasting as long as two years.

"It does at times put a strain when we have large deployments," says Stephanie Eastwick, director of human resources for the family-owned company.

In the end, it may be Johnson's ballooning programs that prompt tough decision making. The government has expanded greatly since the 1960s and has made all sorts of promises to pay benefits, particularly to older Americans, in coming years. As war costs preoccupy official Washington, the retirement of the baby boom generation is growing closer; the oldest boomers turn 60 this year. There is no sign of a political consensus on changing Social Security, which has expanded since Roosevelt launched it, or on making more affordable Mr. Johnson's health-care programs.

Social Security, Medicare and Medicaid already consume 36 cents of every dollar that the government spends, about $1.2 trillion this year, and are growing faster than the economy as a whole. Defense accounts for about 20 cents of every dollar, up from 16 cents when Mr. Bush took office in 2001, more than the government spends on education, transportation, scientific research and housing aid combined.

"We can continue doing what we're now doing subject to foreigners being willing to finance it but eventually it's going to do us in because Medicare and Social Security are going to overwhelm the budget," says Charles Schultze, a Brookings Institution economist who was among Jimmy Carter's advisers.

The Fed is watching carefully, the lessons from the 1960s inscribed in the minds of today's policy makers. "There were plenty of signs in the 1960s that inflation was accelerating, yet monetary policy wasn't fundamentally changed," says former Fed Governor Edward Gramlich. "Today, [the Fed] would be more alert and is more likely to react forcefully to signs of accelerating inflation."

Democrats Seek Unpaid Taxes, Setting Up Clash (NYT)

By Edmund L. Andrews

The New York Times, February 5, 2007

WASHINGTON, Feb. 2 — Congressional Democrats, hoping to finance an ambitious agenda without raising taxes, are on a collision course with the Bush administration about pursuing the potentially vast amount of money that people hide from the Internal Revenue Service.

House and Senate Democrats say the government could collect as much as $100 billion more a year by whittling the tax gap — the unpaid taxes, mostly on unreported earnings, that the I.R.S. estimated was about $300 billion a year.

But the Treasury Department, which oversees the I.R.S., says it cannot realistically recover one-tenth as much as Democrats suggest.

On Monday, as part of President Bush's budget proposal, the Treasury Department will unveil more than a dozen proposals to pursue tax cheats. But officials said those ideas would bring in less than $10 billion a year in extra revenue.

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Mark W. Everson, the I.R.S. commissioner, has expressed far greater optimism. At a hearing of the Senate Budget Committee a year ago, he told lawmakers that the government could recover "between $50 billion and $100 billion without changing the dynamic between the I.R.S. and the people."

Recouping unpaid taxes is a perennial concern in Washington. But the issue may have new urgency with the Democrats now in power and driving the considerable momentum behind it. Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, has cited the tax gap as a top priority for increasing revenue, ahead of any discussion about rolling back President Bush's tax cuts.

Democrats badly want the money because they have adopted strict "pay as you go" budgeting rules that require Congress to pay for any new programs or tax cuts with revenue from other areas.

"The tax gap is the logical place to go," said Representative Rahm Emanuel, Democrat of Illinois and chairman of the House Democratic Caucus. "It's also the fair thing to do. When you have a number as high as $300 billion in unreported and uncollected income taxes, that puts a burden on everybody."

Administration officials contend that Democrats have exaggerated the amount of money they can recover.

"At this point we have to do more research to understand where this money is," said Michele Davis, a Treasury Department spokeswoman. "We are very mindful of the compliance burden on taxpayers who do follow the law."

The Democrats have offered only a few specific proposals, and lawmakers have conspicuously refused to comment about proposals that could raise money but also provoke a political reaction from legions of self-employed people and family businesses.

Based on an analysis of audited tax returns from 2001, the I.R.S. recently estimated that the government lost $290 billion that year as a result of underreporting and underpayment of taxes.

More than 80 percent of that loss stemmed from underreporting by individuals, not corporations.

And the biggest problems were with people in business for themselves, who earned income that was not reported to the I.R.S. on W-2 forms or on the Form 1099 that businesses file when they pay independent contractors.

The I.R.S. estimated that it lost $109 billion on unreported business income, almost all of that from sole proprietors, like painters, plumbers, dry cleaners, florists, limousine drivers and restaurant owners.

Small-business lobbying groups have begun to mobilize against proposals intended to reduce the tax gap.

Two of the biggest trade associations in Washington, the United States Chamber of Commerce and the National Federation of Independent Business, organized the Coalition for Fairness in Tax Compliance in December to address lawmakers about proposals that might burden law-abiding business owners.

"I'm focused on avoiding the wrong solutions," said Macey Davis, tax counsel for the National Federation of Independent Business, which represents more than 600,000 small companies, half of which have fewer than five employees. "We're not out to protect noncompliance. We're out to protect those who are compliant and whose businesses could be hurt."

Small-business groups have provided powerful support to President Bush and to Republican lawmakers. But they are poised to fight at least one proposal by the Treasury Department, which would authorize the I.R.S. to obtain information about a business's revenues from credit card companies.

The proposal would allow the I.R.S. to compare the credit card payments made to a business with the revenues the business owner reports on his or her tax return. If the credit card payments were suspiciously high compared with what the business owner reported to the government, the I.R.S. could begin an audit.

Opponents of the proposal contend that it would catch very little wrong-doing because it would not examine payments made in cash or by check. They warn that it could have disruptive side effects on business operations. (A similar idea proposed by the Bush administration last year received virtually no attention from the Republican-led Congress.)

The Democrats' biggest obstacle is that the tax gap is in some ways as amorphous as "waste, fraud and abuse" — everyone is against it, but no one is sure how to go about dealing with it. Many tax experts agree that increasing compliance would require an array of tactics, from increased auditing to tougher reporting requirements, to address scores of different practices.

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Many such efforts would probably prompt political resistance, whether from small-business lobbying groups or from the credit card companies that might be ordered to provide the I.R.S. with transaction data at no charge. And some efforts may not yield much extra revenue. Another proposal that could lead to organized political opposition is a plan to crack down on investors who understate their profits when selling stocks.

The I.R.S. estimated that it lost about $11 billion in 2001 from people who understated their capital gains after selling stock. According to the agency's review of tax returns that year, a year when the stock market was plunging and losses were more common than gains, about 38 percent of all people underreported their capital gains.

The problem, I.R.S. officials said, is that brokerage firms report only how much money a person receives from the sale of stock, not how much the person paid for it. Without an audit, the government has no way of verifying the profits that people report.

Nina Olson, the I.R.S.'s independent taxpayer advocate, has proposed that Congress require brokerage firms to report a person's purchase cost as well as sales proceeds to the government. Mr. Emanuel has introduced a bill based on the idea.

The Bush administration is also planning to ask Congress to provide more money for enforcement efforts, including money for more auditors. But the I.R.S. currently audits fewer than one out of 435 tax returns. Doubling the number of auditors would mean that the I.R.S. would still audit less than 1 percent of all returns.

Democratic lawmakers contend that the Bush administration has been dragging its feet on efforts to track down underreporting.

"I know they can't recover every dollar of the tax gap, but the I.R.S. needs to make an aggressive effort, and an honest one," said Senator Max Baucus, Democrat of Montana and chairman of the Finance Committee. "Treasury shouldn't lowball their estimate."

But in an interview last week, Mr. Baucus declined to propose any of his own ideas for reducing cheating. "I'm leaving it up to them," he said, referring to the Treasury Department.

Some Treasury officials, who spoke on condition of anonymity because President Bush had not announced his proposals, said that Democrats had exaggerated the amount of money they could recover. But in his testimony before the Senate budget committee last February, Mr. Everson said the government could recover much more than it has been collecting.

"What we've said is, between now and 2009, we want to get the compliance rate from 83.5 percent to 85 percent," Mr. Everson said. "That gets you about $30 billion in improved compliance."

Ms. Olson, the I.R.S. taxpayer advocate, said it was not implausible to recover something in the neighborhood of $100 billion a year.

"There's no silver bullet," Ms. Olson cautioned, noting that the government had to use an array of tactics to address scores of different compliance problems. But she added, "I think there's a significant amount of money that's left on the table and that's not hard to recover."

Needy Seniors Still Have Trouble Getting Drugs (USAT)

By Julie Appleby

USA Today, February 5, 2007

Eight months after Congress implored pharmaceutical companies to restore programs offering free drugs to needy Medicare recipients, advocacy groups say that some patients are still having trouble.

"Before the Medicare program, we had close to 4,000 seniors getting free drugs," says Patricia White, executive director of the West Virginia Health Right clinic in Charleston, W.Va. "We're probably down to 400 now."

The issue arose after many drug companies halted their assistance programs for Medicare-eligible patients once Medicare's drug benefit began last year. The drug companies feared running afoul of federal anti-kickback rules if they did not. Since then, Medicare officials and other regulators have said such programs can be set up in a way to avoid violating any laws.

Currently, some drug companies, including AstraZeneca, GlaxoSmithKline, Merck, Pfizer and Wyeth, offer help to Medicare members. Income limits and other rules vary, as do which drugs are covered. Dozens of other drugmakers, however, bar Medicare-eligible patients from assistance programs.

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In May, several members of the Senate Finance Committee met with top executives from eight drugmakers, urging them to continue the assistance programs.

"A company ought to be ashamed if it's still using (the Medicare drug program) as an excuse to abandon people with these extraordinary needs," Sen. Chuck Grassley, R-Iowa, said in a written statement Friday.

About half of the members of the Pharmaceutical Research and Manufacturers of America provide assistance to Medicare members, says spokesman Ken Johnson, but many are still concerned about the legality of doing so.

Affected Medicare members include Mary Morey and Pat Martinez of Charlotte. "It's like I have fallen through a crack," says Morey, 67, who takes 10 drugs for diabetes and high blood pressure.

Her $15,000 annual income is under the $19,600 limit for assistance through Merck's and Wyeth's programs. Still, letters from Merck and Wyeth have told her she doesn't qualify. Wyeth has a requirement that applicants, or their doctors, write a letter stating they have a hardship. Morey has asked her doctor to write a letter.

"Every month, before it's time for Social Security to come again, I run out of food money," she says.

Martinez, 76, takes 19 drugs. The insulin she needs for diabetes comes from samples her doctor gives her. One of her drugs is made by Glaxo, which requires patients spend $600 on drugs before being eligible for assistance.

"Pat doesn't have $600 to spend, so she can't qualify," says Susan Basini, executive director of MedAssist, a free pharmacy for uninsured and low-income residents of Mecklenburg County, N.C. Martinez works part time at MedAssist.

Inside Bush's Fixation With Harry Truman (NSWK)

By Holly Bailey, Richard Wolffe And Evan Thomas

Newsweek, February 4, 2007

President Bush was reaching out—sort of. It was Dec. 7, the day after the bipartisan Iraq Study Group had delivered its recommendation that the administration begin to tamp down its war effort in Iraq and turn to diplomacy. Bush had invited the leadership of the newly Democratic Congress to the Oval Office, a sign that he was perhaps willing to listen to new ideas.

The president did seem mildly chastened by his party's defeat in the midterm elections—but not inclined to change course dramatically in Iraq.

He compared his situation to the crisis Harry Truman faced in the early days of the cold war. Then, as now, Bush said, the United States confronted a dangerous ideological foe. Truman had answered with the Truman Doctrine, a vow to protect free peoples wherever they were threatened with communist domination. Truman's policies had been unpopular in their time, but "history showed he was right," said Bush, according to Sen. Dick Durbin of Illinois, the second-ranking Democrat in the Senate.

The Truman comparison didn't seem quite right to Durbin. When the president went to him for comment, Durbin voiced his doubts. "Harry Truman had allies," Durbin pointed out. The Truman administration had helped create the North Atlantic Treaty Organization to contain communism. After Britain withdraws its troops later this year, Durbin says he told Bush, "we will be virtually alone in what we are trying to accomplish there." Durbin says that Bush did not become angry, but he did seem irritated and "insisted that this was an ideological struggle, which wasn't my point at all," says Durbin. "He was very defensive." (White House spokesman Tony Snow confirmed the exchange between Bush and Durbin but said "the president was not really trying to compare himself to Harry Truman so much as to talk about the duration and nature of the struggle.")

Bush's grasp of history may have been a little shaky, but there is no doubting the force of his conviction. Bush wants his legacy to be the long-term defeat of Islamic extremism. Indeed, senior officials close to Bush who did not wish to be identified discussing private conversations with the president tell NEWSWEEK that Bush's plan after he leaves the White House is to continue to promote the spread of democracy in the Middle East by inviting world leaders to his own policy institute, to be built alongside his presidential library.

Many presidents find solace in comparing themselves to their predecessors, the only people who could truly understand the job at hand. Truman is a favorite, particularly for presidents with low poll numbers. By 1952, the last year of his presidency, Truman's approval rating sank as low as 22 percent, about 10 points lower than Bush's. David McCullough, author of the Pulitzer Prize-winning biography "Truman," tells NEWSWEEK that, faced with an uphill re-election fight in 1992, George H.W. Bush invited McCullough to the White House to talk about how Truman had beaten the odds in the 1948 campaign (unlike Truman,

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Bush lost his re-election bid). The two Roosevelts and Lincoln, of course, are popular role models. Bill Clinton, who spent many hours in office fretting over his legacy, lamented that he might not rank highly because he lacked the opportunity to be a "war president"—perhaps overlooking in his meditations the impact of the Lewinsky scandal.

An avid reader of history and presidential biographies, President George W. Bush after 9/11 felt a kinship with war leaders, including Britain's Winston Churchill. In the last year or so, as Bush's approval ratings have tumbled and the Iraq quagmire has deepened, the president has increasingly invoked Truman. His aides say that Bush wants to be remembered for creating a new and effective framework for fighting the war on terror, just as Truman did for the cold war. That may be so, though no one would put the Department of Homeland Security on the same plane as the Marshall Plan.

Senator Durbin tells NEWSWEEK that the better historical model for Bush is Lyndon Johnson, who was overwhelmed by Vietnam. But that comparison is not quite right, either. Bush has said that he does not want to be like LBJ, who micromanaged the Vietnam War right down to picking bombing targets. Presidents, Bush has said, should leave war fighting to the generals. This is Bush's misreading of history: Lincoln constantly second-guessed his generals; Roosevelt and Churchill plotted strategy in the White House Map Room and John F. Kennedy was the strongest voice in the "ExComm," his council of advisers, during the Cuban missile crisis.

Those who see the war as a growing disaster might be surprised by Bush's ability to remain upbeat. When he visits the families of the dead, or sees the casualties come home from the battlefront, doesn't he have crises of confidence? Doesn't he wonder if he's made a terrible mistake that has cost the lives of more than 3,000 Americans and more than 54,000 Iraqis, not to mention the stature and prestige of the United States? Those close to Bush say that such questions misunderstand a fundamental aspect of his character: he doesn't get tangled up thinking about his own mistakes in the raw, recent times of his own making. "He's the least backward-looking person I have ever known in my life," says a senior staffer who didn't want to be named discussing the president's emotional state. Bush laments the casualties, says the aide, but never regrets the decision to go to war.

As more details emerge after Bush leaves office, we may learn that he was not quite so detached, that he privately agonized over decisions. A reconstruction of Bush's past six months as commander in chief shows that he has taken a greater interest in the details of the war in Iraq than he has before. Still, he has repeatedly followed his own certitudes over the advice of others. As the war and his poll numbers worsened, Bush did, for the first time, begin to talk to soldiers with on-the-ground experience and civilian experts with a range of views. But it appears that he was at least two years too late, and that he has somewhat simplistically and unrealistically narrowed his options to victory or defeat. He has kept his focus on the big picture, the great march of freedom, from decades past and decades into the imagined future, as a way to insulate himself against the horrors of the moment.

The Bush White House has long counted on democracy to produce a viable Iraqi government. Last June, when Bush traveled to Baghdad to meet Prime Minister Nuri al-Maliki, he returned optimistic. The president told reporters on Air Force One that he found Maliki to be tough, direct and truthful. Bush was buoyed by the lack of sectarian finger-pointing in his talks with Maliki and his cabinet.

American military commanders, however, were much less sanguine, say informed high-ranking officers who did not wish to publicly discuss the private views of their superiors. Senior officers on the ground feared that Maliki would be politically ineffective in confronting the growing violence.

The military's fears were quickly realized. Two successive major operations to pacify Baghdad, Together Forward I and II, were complete flops in the summer. Iraqi troops failed to show up as promised, and Maliki's administration interfered when American troops tried to go after Shiite militias. By September, the top American commander, Gen. George Casey, feared that his strategy of training Iraq forces was failing but did not know what else to do, say four senior military officials who declined to be quoted discussing the private views of top commanders. (Casey, who was preparing for Senate confirmation hearings, was unavailable for comment. Last week he testified to Congress that he believed that the war would be long, but still winnable.)

At the Pentagon, Defense Secretary Donald Rumsfeld sensed that his long and domineering reign was coming to an end, and offered his resignation. With the mid-term elections less than a month away, Bush could not publicly reveal that Rumsfeld

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was on the way out. At a post-election press conference, Bush virtually admitted that he had held back because voters would see Rummy's exit as a sign of failure.

The GOP defeat at the polls could have been an opening to find a bipartisan way out of Iraq. The report of the Iraq Study Group was greeted with much hoopla in the press. But at the White House, it was a nonstarter. Bush, say two aides who didn't want to be named discussing the president's thinking, dismissed its conclusions; the White House had already begun its own in-depth review, they point out.

The election forced Bush to make a public show of announcing a new strategy in Iraq. He had the usual three options: pull back, stand pat or escalate. Retreat was intolerable; the president could not conceive of managing defeat. In late November, Bush was almost truculent as he publicly addressed reports that the Iraq Study Group would call for a pullout from Iraq. He openly scoffed at the notion of a "graceful exit." At first, say the Bush aides, the president was tempted to pull U.S. troops out of Baghdad and let the sectarian fires burn themselves out. But he soon decided that U.S. forces could not stand by and watch civilian massacres or the breakup of the country.

The president is sensitive to the caricature of Bush-in-a-bubble, and he began reaching out more actively for independent assessments of Iraq. He had two important strategy sessions, described to NEWSWEEK by knowledgeable military and White House officials who wished to remain anonymous discussing confidential presidential meetings. On Dec. 11, Bush summoned five military experts to the Oval Office: retired Gens. Jack Keane (former vice chief of staff of the Army), Wayne Downing (former head of Special Forces) and Barry McCaffrey (armored-division commander in the first gulf war); and two well-known scholars, Eliot Cohen of Johns Hopkins University and Stephen Biddle of the Council on Foreign Relations. Two of the generals, Keane and Downing, argued for significantly more forces—but while Downing argued for more Special Forces, Keane pushed for as many as 50,000 to 60,000 combat troops to protect the population in Baghdad. McCaffrey countered that such a surge would fail. The two civilians warned that it might be too late to save Iraq, but backed a buildup.

On Dec. 13, Bush met directly with the Joint Chiefs of Staff in their Pentagon meeting room, the Tank. After four years of war, it was the first time Bush had directly quizzed the top brass in their own lair. The recently resigned Rumsfeld was still in the room, but for once he was not an overbearing presence. The chiefs were grim. The Coalition forces were not winning in Iraq, said Chairman of the Joint Chiefs Gen. Peter Pace, which meant they were losing because time was not on their side. (Pace's staff declined to comment.) The generals warned that a significant escalation—along the lines proposed by Keane—ran the risk of "breaking" the Army, which was already badly worn.

The outcome of these dire warnings was a compromise. The clamor in Congress for a pullback seems to have only stiffened Bush's resolve to show that he could make the hard choices of a lonely war leader. But he could not create troops out of thin air. Bush decided to surge in Iraq, but to request essentially half a loaf—some 21,000 combat troops. Not a few military commanders have privately complained that those reinforcements are too few to really take control of Baghdad and Anbar province, which is ridden with Sunni insurgents.

Bush seemed once again to be counting on sheer will power to bring success. His apparent plan: to buy time while still hoping that Maliki can create a viable government that won't allow the country to collapse into sectarian slaughter. The strategy may indeed produce a lull in the fighting. Press reports suggest that Shiite militiamen have been told to put away their guns and lie low—until the Americans leave. But counting on Maliki to countenance raids on militias that keep him in power may be a forlorn hope. Even Bush's own national-security adviser, Steve Hadley, questioned Maliki's reliability and competence for the long haul in a secret memo that was leaked to the press, possibly by the military.

The cynical view is that Bush is also buying time for himself—so he can dump the problem on the next president without having to admit defeat. But two years is a long time, and Bush is no cynic. He is a true believer, and he is willing to wait to be vindicated by history. Though he has visibly aged on the job and can appear weary or miffed when speaking to reporters or in front of a camera, he is generally optimistic in private, say his friends and confidants. His routines are unvarying: he gets plenty of rest and exercise and reads voraciously. (After an election hiatus, he has recently resumed a competition with political adviser Karl Rove to see who can read the most books.) But when Bush reads, does he learn? At Henry Kissinger's recommendation, he recently read "A Savage War of Peace," an account of the failed French attempt to suppress the rebellion of its Algerian colony in the late 1950s. American military officers in Iraq regard the book, by British war historian Alistair Horne, as required reading. Bush

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found the book interesting, says one of the aides, but regards the French experience in Algiers as fundamentally different from the American experience in Iraq. Bush focused on the problems of the French bureaucracy—as if to say the French failed because they were, well, French.

In his history reading, Bush likes to identify with Truman because the former Missouri haberdasher was also mocked by the chattering classes for being inarticulate and unsophisticated. Bush and Truman share a kind of flinty self-reliance: just as Bush likes to call himself "the decider," Truman liked to say "The buck stops here." There is a crucial difference between the approaches of the two men, however. Truman early and often sought out the advice of establishment foreign-policy experts like Gen. George C. Marshall and Dean Acheson, the two men most responsible for postwar European recovery and the Western Alliance. And then he actually listened, with close attention to detail, to what they had to say.

With John Barry

The Press, Turning Up Its Nose At Lame Duck (WP)

By Howard Kurtz

The Washington Post, February 5, 2007

Six months after his party lost both houses of Congress, Bill Clinton was reduced to declaring at a news conference that he was still relevant.

The next day, the Oklahoma City federal building was bombed. Clinton regained his footing and cruised to reelection the following year, his relevance never again in doubt -- even after his impeachment.

These days, many in the media seem to be writing off President Bush.

"The American people basically fired George Bush in the last election," writes New York Times columnist Tom Friedman. "We're now just watching him clean out his desk."

"A lot of Americans consider this presidency over," says CNN's Bill Schneider.

"If America were a parliamentary democracy, we would have a no-confidence vote and a new prime minister by spring," writes New York Daily News columnist Michael Goodwin.

Are these and other pundits giving us the unvarnished truth, that we are witnessing the historic collapse of a presidency? Or is this the triumph of quick-draw, poll-driven journalism?

"It's a predictable bit of conventional wisdom," White House spokesman Tony Snow says in an interview. He insists that Bush can make progress on such issues as energy and immigration, "and he still has the bully pulpit. A lot of these narratives about 'the president is a lame duck' assume nothing is going to change politically, anywhere in the world, in the next two years."

But the gibes keep on coming. "If we had a straight dictatorship," writes the New Republic's Jonathan Chait, "Bush would long ago have been dragged out of the White House either by an angry mob or by disgruntled generals." (Not that he's in favor of either.)

Chait agrees in an interview that the president still has power, but notes: "Psychologically, it does feel that people are starting to move past Bush. No one has changed his mind about Bush in the last two years. It's kind of boring to write about him anymore because he's so unchanging."

Fred Barnes, the Weekly Standard's executive editor, says Bush will concentrate on such areas as tightening control of regulatory policy to end-run a Democratic Congress. "The Republicans learned in the '90s -- and the press should have learned as well -- that presidents have great inherent powers," he says. But "Nancy Pelosi at the moment is a more interesting story than George Bush. She's new, she's attractive and she has an agenda."

The media, as always, are mesmerized by polls. When Bush was riding high in the "Mission Accomplished" days of 2003, some of the coverage was almost giddy. If Bush's current approval ratings were at 50 percent, his media portrayal would look very different. With the president having sunk as low as 28 percent in a CBS News survey, it is all too easy to dismiss him, even as he mounts an escalation of the war in Iraq.

That war, of course, is the reason why the mainstream media see no possibility of Bush bouncing back. Things are a mess in Iraq; the country has turned against the war; and few journalists think the "surge" is going to work. Therefore, the reasoning goes, Bush will continue to sink into the quagmire of the war he chose to wage.

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There's little question that Bush has never been weaker politically. He got no traction from the State of the Union (as measured by the almighty polls). His domestic proposals seem to have sparked little interest, at least from the press. Here he is talking about income inequality, global warming and tougher auto mileage standards -- all typically Democratic themes -- and the journalistic reaction is a barely suppressed yawn. He's yesterday's news.

But with Bush constitutionally entitled to two more years in the White House, it is risky for journalists to declare him a marginal figure, even if they are far more absorbed in covering the race to succeed him.

Other unpopular war presidents have staggered to the ends of their terms -- Harry Truman and Lyndon Johnson come to mind -- and Bush may do the same. But because Iraq is now widely viewed as having been an unnecessary personal crusade on Bush's part, there seems to be an extra element of derision in the political commentary, especially from the left.

Bush's father recently vented his frustrations with the coverage. "It's one thing to have an adversarial . . . relationship -- hard-hitting journalism. It's another when the journalists' rhetoric goes beyond skepticism and goes over the line into overt, unrelenting hostility and personal animosity," the former president said.

Actually, even some of the journalists who are especially aggressive in their coverage of Bush like him in private settings, where the president has a joshing manner and enjoys handing out nicknames. But professional resentment may still be behind some of the increasingly negative coverage. "In the press corps," Chait says, "there's a little bit of a realization that they had been played."

From Iraq, where the media fell down on the WMD debate, to Bush's 2000 campaign persona as a compassionate conservative, many journalists now believe they were led astray. That has given an extra edge to their stories and columns on Bush being out of touch and has fueled an effort to vindicate their darker picture of the war. In short, the mainstream media no longer give this president the benefit of the doubt.Getting Even?

Jim Cramer, CNBC's manic "Mad Money" host, is accustomed to people taking potshots.

Former investment banker Henry Blodget used some heavy ammunition last week in Slate. Blodget said that although Cramer can be "brilliant, in an idiot-savant, freak-show sort of way," he gives "terrible investment advice," and that ordinary folks should invest in index funds rather than following stock picks from "a chair-throwing, self-aggrandizing clown."

Cramer, a former hedge fund manager, says this is nothing but "revenge." He harshly criticized Blodget for his conduct at Merrill Lynch, which led to a $4 million fine against the young analyst and a lifetime ban from the securities industry. Blodget kept touting high-flying Internet stocks that later crashed, while privately deriding them as "junk" and pieces of excrement.

"What he did was egregious," Cramer says. "He was paid millions of dollars to tell the truth. He should go opine on something else. He should not opine on stocks."

What's more, Cramer says it is "appalling" that CNBC recently interviewed Blodget about his new book. Blodget's retaliation, says Cramer, came after Cramer took the unusual step of criticizing his own network for doing the interview.

Blodget says he wrote the Slate column because Cramer is "so influential and omnipresent that just about everyone I know asks me what I think of him. . . . Jim can't possibly believe that trying to out-trade thousands of full-time professionals is an intelligent strategy for average investors."Media Lesson

Last Monday, the George Washington University student paper broke a story about college coaches checking out Facebook to see whether their players had posted racy pictures of themselves.

Days later, WJLA-TV ran the same story -- without credit.

"Absolutely, the idea originated out of their article," says Channel 7 reporter Kris Van Cleave. "But I don't think anyone owns ideas. We went out and obtained the information ourselves. Honestly, it didn't feel like we needed to attribute the story. Otherwise, we would have."

David Ceasar, an editor at the GW Hatchet, says the station used similar phrases in its version. "I felt flattered that a network news affiliate would use material from a 19-year-old sophomore, but it rubbed me the wrong way that it didn't mention us at all."Risky Move

John Edwards has hired Amanda Marcotte, of the liberal site Pandagon, to blog for his presidential campaign. But the trouble with bloggers is that they leave a sometimes inflammatory trail.

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As noted by OpinionJournal's James Taranto, Marcotte wrote last month of the Duke rape case that she "had to listen to how the poor dear lacrosse players at Duke are being persecuted just because they held someone down and [sexually assaulted] her against her will -- not rape, of course, because the charges have been thrown out. Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair."

A misguided attempt at sarcasm? "No comment," Marcotte e-mailed Friday. "But thanks for asking!"

U.S. Treasury Adviser To Leave; Post Played International Role (WSJ)

By Elizabeth Price

The Wall Street Journal, February 5, 2007

WASHINGTON -- The U.S. Treasury Department's top international-policy adviser, Timothy Adams, is resigning after seven years with the Bush administration.

Mr. Adams, a 45-year-old Kentucky native, led efforts to give the International Monetary Fund more power to crack down on members' economic policies, particularly countries that meddle with exchange rates to gain an advantage in international trade.

He also played a role in getting the IMF to overhaul its governance structure to give Asian countries more clout in decision making and pushed the powerful Group of Seven industrial countries to deepen the engagement with emerging economic powers, including China, Brazil and India.

In his resignation letter, Mr. Adams said his responsibilities to his wife and three young children were "incompatible" with the job's demands. Since becoming undersecretary for international affairs in 2005, Mr. Adams has spent much of his time traveling to more than 40 countries. He previously was chief of staff to former Treasury Secretaries John Snow and Paul O'Neill.

Pelosi To Fly In Air Force Plane (RC)

By Rachel Van Dongen

Roll Call, February 5, 2007

The Defense Department has agreed to furnish House Speaker Nancy Pelosi (D-Calif.) with a jet big enough to fly nonstop coast-to-coast, despite complaints from some Republicans that the request was causing friction at the Pentagon.

Drew Hammill, a spokesman for the Speaker, said Friday that Pelosi had asked the Pentagon for “clarification” on rules governing her use of military planes. After Sept. 11, 2001, the Speaker was granted access to military transport for additional security, given the person in that job is third in the line of succession to the presidency.

The plane used by former Speaker Dennis Hastert (R-Ill.) for frequent trips back to his Illinois home was a small, Lear-type jet, according to a Republican leadership aide. But that plane needs to refuel every 2,000 miles and could not make the nonstop haul to California.

“The Air Force determined that [Pelosi’s] safety would be best ensured by using a plane that has the fuel capacity to go coast-to-coast,” Hammill said. “All we’re asking for is what Hastert had.”

Hammill pointed to the busier Congressional work schedule as a reason why it was necessary to avoid lengthy layovers, especially in Plains States, where harsh winter weather could cause further delays.

“There’s a certain amount of inefficiency and risk involved in stopping and having to refuel,” he said.

On Friday, Pelosi’s office waded into the growing public relations battle over how the Speaker travels and with whom. The Washington Times reported last week that Pelosi was demanding permanent access to a large military jet for herself, her staff, other Members and supporters.

A Bush administration official and a senior Hill Republican said that Pelosi’s requests were causing serious friction in the Pentagon, which views them as a strain on a system that is charged with providing military transport for Cabinet officials and top generals and commanders. A permanent large plane for Pelosi, the Hill Republican said, would mean less availability for other high-ranking officials.

“The Department of Defense offered Speaker Pelosi the same aircraft” as the one used by Hastert, said one senior Republican who has spoken extensively with Defense Department officials about Pelosi’s requests. “She found it was not big enough for staff, supporters and other Members.”

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But Hammill denied any substantial controversy with the Pentagon brass. "Were not talking about major negotiations here. We're talking about a few phone calls seeking clarification."

One administration official said that the new Speaker had asked that a plane be designated for her use in traveling to the Democratic retreat late last week in Williamsburg, Va., which is 152 miles from Washington, D.C.

Hammill confirmed that Pelosi had asked the Pentagon for guidance regarding the use of military aircraft for Congressional retreats.

"The request was to clarify whether retreats are covered," Hammill said. "We had the knowledge that Hastert had used [a military plane] for a retreat on one occasion."

Ultimately, Pelosi did not use the plane to travel to the retreat; the administration official said that request had been denied.

Hammill said that so far, the California Democrat had only used the Air Force plane for a single January trip back to San Francisco. He added that Pelosi asked the Pentagon a number of questions regarding how the plane could be employed, such as whether it could be used solely for official business or also for political travel. The Speaker's office also requested clarification on who can legally travel on the plane in addition to the Speaker, such as staff and supporters.

Hammill said the Pentagon has yet to respond to these specific queries. Defense Department officials did not return repeated calls to comment for this story.

Lawmaker access to military jets may be even more important now that the House has instituted new gift rules that prohibit lawmakers from using corporate jets under any circumstances.

One Republican leadership aide said Hastert routinely flew commercially, usually on United Airlines, back to his Illinois district until Sept. 11, 2001. At that point, the White House decided for security reasons the Speaker should have access to a military plane for his travel.

Despite the lack of clear restrictions on the plane's use, the leadership aide said Hastert decided to use the plane solely for official business and not for political travel, which would have required reimbursements to the government of several thousand dollars per hour of use.

Hastert sometimes traveled on the plane, which was described as relatively small, with other staff and occasionally his wife.

"We would not use it for political business," said the leadership aide. "We would take corporate or commercial."

"There were no clear rules," the aide added.

The White House would not comment on the issue and referred all questions to the Defense Department, which responded with guidance on appropriate Congressional foreign trips.

Under Defense Department rules, Members of Congress typically fly military planes for official foreign travel or for domestic trips to military bases. Before Sept. 11, 2001, the Speaker had to abide by the same rules as everyone else.

Reached by phone on Friday, ex-Speaker Jim Wright (D-Texas) said that he typically flew commercial like everyone else.

"I traveled almost exclusively by commercial jet. I didn't have access to a military plane that I was aware of," Wright said. "I do have some memory that someone called me and said there would be one available if I needed to use it, and I don't think I ever did take them up on that."

US Public Sector Faces Talent Drain (FT)

By Rebecca Knight In Boston

Financial Times, February 5, 2007

The US federal government faces a massive talent drain in the coming years as many senior government officials reach retirement age and fewer bright young people opt for careers in public service.

About 90 per cent of senior managers in federal government are eligible to retire in 10 years, and more than 40 per cent of all federal employees will be eligible for retirement by 2010, according to the Council for Excellence in Government, a non-partisan research group.

At the same time, fewer young people are choosing to work for the federal government. Many top US colleges and public policy schools report that the number of graduating students going into public service has decreased. For instance, at Columbia

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University's School for Public Affairs, 73 per cent of the graduating class went to work for federal, state or local government in 1979, compared with 36 per cent who choose public sector work today.

Anne Marie Slaughter, dean of Princeton University's Woodrow Wilson School of Public and International Affairs, told the Financial Times she has observed a "brain drain both to private sector and the non-profit sector".

"Students don't see the government as a place you can make a difference," she said. "The common perception is that if you go into the private sector, you're an economic entrepreneur, if you go into the non-profit sector you're a social entrepreneur, but if you go into government, you're a bureaucrat."

President John F. Kennedy once enticed the best and brightest of young people into careers in public service by saying: "Ask not what your country can do for you; ask what you can do for your country."

However, the Vietnam war, the Watergate scandal and the subsequent political apathy coupled with the changing economics of the marketplace – especially the rise of non-government industries – resulted in fewer of the best and the brightest choosing government work.

Stephen Bosworth, the dean of Fletcher School of Law and Diplomacy, said he believed one of the biggest reasons for this was pay. "Students have an opportunity to earn significantly more money in the private sector," he said.

The government also has a reputation among young people for having a slow and confusing recruitment pro-cess, according to Paul Light, a public service professor at the Wagner School at New York University. "This is stunningly evident at the college level perhaps because government is rarely a presence at job fairs and rarely mentioned by career counsellors."

Linda Springer, director of the Office of Personnel Management, said the federal government was trying hard-er to attract young workers by increasing its recruitment on college campuses and through television advertisements.

In addition, she said, the government was overhauling its hiring practices, expanding its health benefits and student loan forgiveness programmes.

Job Shadowing Sheds Light On Defense Work (WP)

By Stephen Barr

Washington Post, February 5, 2007

The first questions were right to the point: Is there a lot of paperwork in applying for a federal job? What's the easiest way to get a security clearance?

The questions came from Washington area high school students participating in the Information Technology Job Shadow Day at the Defense Department, one of 26 agencies hosting events last week aimed at recruiting the next generation of computer professionals into government.

As the shadow day activities underscored, many federal agencies are trying to build a recruitment pipeline that goes beyond colleges and into high schools, where teenagers can be introduced to federal work through summer jobs, internships and scholarship programs.

"We're hitting all ages," said Joyce France, director of the management services directorate for Defense's chief information officer. "We want to reach back to high schools, and show them how critical and important information technology is, and grow these students for the Defense Department and the federal government and for private industry."

Like other parts of the government, Defense is concerned about its aging workforce. The department has about 69,000 technology professionals in its civil service ranks, and officials estimate that 10,000 will be eligible to retire at the end of this year.

Not all of them will leave, of course, but Defense officials are looking to the future and want to make sure that teenagers understand the importance of math, science and English courses as building blocks for technology careers.

For the job shadow day, the Pentagon revved up briefings and tours worthy of visiting dignitaries.

Lt. Gen. Michael W. Peterson, the Air Force chief information officer, welcomed one group of students. Army Maj. Jim Enicks, who has served in Iraq and currently works for the Joint Chiefs of Staff, shared his experiences with another. Civilian executives and managers, including France, Debra Filippi and John Venit, offered advice and fielded questions.

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Tour stops for the students included the National Military Command Center, which links the defense secretary to other top government leaders during emergencies; the office of Defense Secretary Robert M. Gates (who was not in); the Pentagon courtyard; and the 9/11 Memorial Chapel.

One group of students started their Pentagon day with a "talk show" segment taped by the Pentagon Channel, the in-house TV and Web broadcast service.

Two Defense computer scientists, Alex Eisen and Kunal Johar, urged the students to look into education scholarships provided by Defense and to think about what they want out of life and how a technology career might help them achieve personal goals.

Defense officials told the students they looked for potential hires who had good grades and had tried to apply their skills, by building a Web site or by using commercial software to compile data.

About 30 Washington area students participated in the Defense shadow day, coming from Ballou Senior High, Benjamin Banneker, the Edison Academy, the Fairfax Academy and T. C. Williams.

They were part of an estimated 280 students attending technology job shadow days across the government, drawn from 27 area high schools. The schools included Anacostia, Cardoza, Chantilly, Frederick Douglas, Gaithersburg, Springbrook, West Potomac and Wheaton.

The government's effort was organized by the Federal Chief Information Officers Council, an interagency group, in partnership with the Association for Federal Information Resources Management, a nonprofit group; and Junior Achievement, a group dedicated to educating young people about business and economics.

Last week's events marked a reinvigoration of technology shadow day. It was last held in 2003, drawing about 100 students from nine high schools for visits at nine agencies.

Doris McGuire, a co-chair with Ned Kieloch of the information officers council's student outreach subcommittee, said organizers went into the event hoping to match past participation and double the turnout. The advance planning paid off.

She said the students turned in feedback cards with comments, such as "I had a first-hand experience of what people do at work" and "How cool is that!"

Jonathon Glad, a senior at Thomas Edison High School in Alexandria, told reporters that he decided to participate in the shadow day because of his interest in technology and he wanted to see the Pentagon. He said he thinks technology will mesh with his career plan -- to join the Army after completion of the Reserve Officers' Training Corps program.

The Green-Zoning Of America (NYT)

By Paul Krugman

The New York Times, February 5, 2007

One of the best of the many recent books about the Iraq debacle is Rajiv Chandrasekaran's "Imperial Life in the Emerald City." The book tells a tale of hopes squandered in the name of politicization and privatization: key jobs in Baghdad's Green Zone were assigned on the basis of loyalty rather than know-how, while key functions were outsourced to private contractors.

Two recent reports in The New York Times serve as a reminder that the Bush administration has brought the same corruption of governance to the home front. Call it the Green-Zoning of America.

In the first article, The Times reported that a new executive order requires that each agency contain a "regulatory policy office run by a political appointee," a change that "strengthens the hand of the White House in shaping rules that have, in the past, often been generated by civil servants and scientific experts." Yesterday, The Times turned to the rapid growth of federal contracting, fed "by a philosophy that encourages outsourcing almost everything government does."

These are two different pieces of the same story: under the guise of promoting a conservative agenda, the Bush administration has created a supersized version of the 19th-century spoils system.

The blueprint for Bush-era governance was laid out in a January 2001 manifesto from the Heritage Foundation, titled "Taking Charge of Federal Personnel." The manifesto's message, in brief, was that the professional civil service should be regarded as the enemy of the new administration's conservative agenda. And there's no question that Heritage's thinking reflected that of many people on the Bush team.

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How should the civil service be defeated? First and foremost, Heritage demanded that politics take precedence over know-how: the new administration "must make appointment decisions based on loyalty first and expertise second."

Second, Heritage called for a big increase in outsourcing — "contracting out as a management strategy." This would supposedly reduce costs, but it would also have the desirable effect of reducing the total number of civil servants.

The Bush administration energetically put these recommendations into effect. Political loyalists were installed throughout the government, regardless of qualifications. And the administration outsourced many government functions previously considered too sensitive to privatize: yesterday's Times article begins with the case of CACI International, a private contractor hired, in spite of the obvious conflict of interest, to process cases of incompetence and fraud by private contractors. A few years earlier, CACI provided interrogators at Abu Ghraib.

The ostensible reason for politicizing and privatizing was to promote the conservative ideal of smaller, more efficient government. But the small-government rhetoric was never sincere: from Day 1, the administration set out to create a vast new patronage machine.

Those political appointees chosen for their loyalty, not their expertise, aren't very good at doing their proper jobs — as all the world learned after Hurricane Katrina struck. But they have been very good at rewarding campaign contributors, from energy companies that benefit from lax regulation of pollution to pharmaceutical companies that got a Medicare program systematically designed to protect their profits.

And the executive order described by The Times will make it even easier for political appointees to overrule the professionals, tailoring government regulations to suit the interests of companies that support the G.O.P. — or to give lucrative contracts to people with the right connections.

Meanwhile, never mind the idea that outsourcing of government functions should be used to promote competition and save money. The Times reports that "fewer than half of all 'contract actions' — new contracts and payments against existing contracts — are now subject to full and open competition," down from 79 percent in 2001. And many contractors are paid far more than it would cost to do the job with government employees: those CACI workers processing claims against other contractors cost the government $104 an hour.

What's truly amazing is how far back we've slid in such a short time. The modern civil service system dates back more than a century; in just six years the Bush administration has managed to undo many of that system's achievements. And the administration still has two years to go.

A Bid For Better Student Loans (WP)

By Michael Dannenberg And Phillip Longman

The Washington Post, February 5, 2007

The average graduate of a four-year college now sets off in life burdened by almost $20,000 in student loans. Among those graduating from four-year private schools, it is not uncommon to owe $40,000 or more. Responding to this unprecedented burden on Americans seeking to improve themselves, the House recently passed a bill that, on average, would reduce the loan interest paid by college students by about $30 a month.

That's welcome relief. But by forcing banks to compete for the right to make government-guaranteed student loans, we can do much more to ensure that young Americans are not sunk by debt before they get a chance to start their careers and families.

How much could interest rates and government subsidies for student loans fall without causing banks to stop lending? Probably a lot, though no one can say for sure because there is no market mechanism for determining the price of student loan subsidies. Instead, the federal government guarantees banks that the student loans they issue will be repaid in full, and then, through the political process (i.e., after listening to bank lobbyists), promises banks a profit set in law by formula. Separately, Congress also sets the interest rates that borrowers pay.

Those terms leave the good folks who make student loans with little to complain about. Loan giant Sallie Mae makes a 43 percent return on its cost of capital while incurring virtually no risk. Such rich rewards suggest that guaranteed profits on guaranteed student loans could be cut substantially without reducing the number of Americans who can obtain such loans. But

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finding exactly the right subsidy price or market-clearing interest rate for student loans is not something Congress or anyone else can divine in the absence of a market.

Fortunately, there is an easy solution: Make lenders bid for the right to sell federally guaranteed student loans.

As the commercial says, when bankers compete, you win. The right to originate loans guaranteed against default by taxpayers is something of great value that the government currently gives away for free to the banking industry. Why shouldn't banks have to bid against one another to secure this sure source of profit, especially when it's the taxpayers who create this "business opportunity"? Banks could compete by offering the highest bid for the right to sell guaranteed student loans to designated schools or by agreeing to accept the lowest amount of subsidy.

How much revenue would such an auction raise? It's hard to say exactly in the absence of a market. But recently, one of the country's largest lenders, the Missouri Higher Education Loan Authority, sold off half its portfolio of student loans at a premium of 7.1 percent. This hints at the market value of government-guaranteed student loans and suggests that taxpayers could save $15 billion to $20 billion over the next five years if Washington relied on market mechanisms instead of backroom politics to establish subsidy rates.

We could use all that extra revenue to benefit needy college students directly through grants or by cutting interest rates on their loans. Or we could extend the No Child Left Behind Act into high schools, as the Bush administration wants. Really, we should do all three.

The idea of such an auction is hardly radical. The government auctions off its Treasury debt, as well as spectrum licenses and offshore drilling rights, among other things. These auctions are not without their flaws, but they are preferable to the government simply giving away public assets to the well-connected.

From the borrower's perspective, loan terms would not change. Banks with winning bids would be required to make the same government-guaranteed loans that are available today.

Yes, the auction system might reduce the number of lenders, but the difference wouldn't be much. According to the Education Department, 32 lenders control 90 percent of the market, and one, Sallie Mae, already owns more than half of all outstanding federal family education loans.

Besides, in the event of poor service, colleges that don't like the winning bidders would retain the option of shifting to the government's own Direct Loan program, which provides the same loans under the same terms and conditions as the subsidized bank alternative. And if borrowers are upset with the winning bidders' service, they could refinance with another lender, as millions who hold consolidated student loans already have.

The American system of financing higher education needs reform, and soon -- but we must do it by moving away from the current system of government price controls. Conservatives should approve of a system that lets a market mechanism determine the cost of student loans, while liberals should applaud the dismantling of one of the country's most egregious examples of corporate welfare.

Michael Dannenberg is director of education policy and Phillip Longman is a senior fellow at the New America Foundation, a nonpartisan public policy institute.

On Race And The Census: Struggling With Categories That No Longer Apply (NYT)

By Brent Staples

The New York Times, February 5, 2007

Imagine the Census Bureau announcing that it would end the practice of asking people to identify themselves by race beginning in 2010. Black elected officials and their allies in the civil rights community would fight the proposal tooth and nail by arguing that racial statistics were necessary for enforcing civil rights laws — especially the Voting Rights Act — and that dropping race from the census would dilute black political strength. Enemies of affirmative action would jump for joy, believing that they had finally won.

But these antagonists aren't the only factions in the fight. A growing number of demographers and historians who are fully sympathetic to the civil rights struggle would probably be happy to see the word "race" disappear from the census as well. There seems to be an emerging consensus that the system of racial classification that has dominated national politics and the census

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for nearly two centuries is so fraught with imprecision — and so tainted by racist ideas that have been disproved by science — that it should eventually be dropped altogether.

This view has been percolating among census historians for years. But it has gained traction since the 1990s, when there was a pitched battle over a proposal that would have added a "multiracial" category to the 2000 census. A compromise allowed people to check more than one box for race. But that change only fueled the debate by revealing a conflict between the fixed racial categories that have long dominated American life and a different sense of identity that's clearly on the rise among younger Americans.

Most Americans think of racial categories as objective, even benign, descriptions that are part of the social fabric. But the historian Margo Anderson writes that official statistics on "race" or "color" were inaugurated into the federal statistical system in the early 19th century. By then the government had embraced the view that people of African descent were from genetically inferior ancestral groups and could never escape subordinate status.

Armed with this view, the Census Bureau became the fountainhead of 19th-century racist dogma. The bureau reported, for example, that free black people were disproportionately insane, thus supporting the view that slavery was the only suitable status for them. It actively promoted the eugenicist view that Americans of African descent were so inferior and ill equipped to survive that they would eventually become extinct.

The bureau during this period was obsessed with the notion that sexual contact between people of African and European dissent was polluting the theoretically "pure" white society. The belief that the so-called "races" had been set apart by God and nature led to the popular theory that children of mixed ancestry were akin to mules, which are sterile, and would die out after a single generation.

With an eye out for what the government saw as racial abomination, census wardens went house to house, eyeballing ostensibly white people for traces of creeping "blackness." This period marked the rise of the so-called "one-drop rule" — which defined as black anyone with any African heritage at all. That often meant banishment from jobs, housing and public schools set aside for whites. The "one-drop rule" has been stripped of its worst penalties. But it is still evident in the census, as Kim Williams of Harvard points out in her recent book, "Mark One or More: Civil Rights in Multiracial America." For example, people who checked both "white" and one minority race in 2000 were counted in a single-race minority group.

The system of racial classification used in this country will never be scrubbed clean of its racist origins. Indeed, the seemingly innocuous act of assigning people to "races" still sets them sociologically and biologically apart in a way that scientists and anthropologists have long since rejected. The Americans who checked more than one box in 2000 seem to reject this fixed, "one drop" formulation of race.

Many people now see race as a facet of personal identity that changes from time to time or even from place to place. In a follow-up survey just a year after the initial 2000 census, for example, about 4 of 10 people who had listed more than one race decided to change their responses. Kenneth Prewitt, a Columbia University professor and former census director, wrote in the journal Daedalus in 2005 that these people seem to see race not as a fixed demographic fact, but as "something closer to an attitude toward oneself."

The 2000 census suggests that we are gradually moving away from the rigid, racialist system of classification that has long dominated this country and toward a system that sees racial identity as more fluid. Even historians and demographers who sympathize with the civil rights struggle and who recognize the need to document discrimination now see that the "one-drop rule" will not be sustainable in the new, multiracial America. We may be stuck with the old formulation for the moment. But it's no longer a matter of if it will fall away. It's a matter of when.

Exports And Free Trade (WSJ)

The Wall Street Journal, February 5, 2007

President Bush's trade promotion authority expires in a few months, and along with it the ability to strike new free-trade deals. So it's worth highlighting that some of the fastest-growing destinations for American products are the countries with which we've signed trade-opening accords.

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According to the U.S. Trade Representative's office, U.S. goods exports have climbed by some 26% among the 10 countries with which the U.S. has signed accords since 2001. Meanwhile, goods exports to the rest of the world have only grown by 13% across the same period.

The differential is even larger over the 12 months through November 2006 for new free-trade partners Australia, Chile, Jordan and Singapore. U.S. exports to those nations rose at a rate of 40.5%, compared with 14.4% to the rest of the world. No doubt this reflects the commodity (copper) boom in Chile, where, for example, Caterpillar has been able to double its exports of heavy equipment.

But bilateral free-trade agreements have also made those markets more accessible by sharply reducing tariffs on U.S. manufactured goods. These export markets have been especially important to manufacturers during the recent U.S. housing and auto slumps, helping to keep American workers employed.

The U.S. had three free-trade accords when Mr. Bush took office, and his Administration has put in place 10 more. While these trading partners represent only 7.3% of world GDP, they are the destination for 42% of U.S. goods exports. Agreements with the Dominican Republic, Costa Rica and Oman have passed Congress and await implementation, while pacts have been signed with Peru and Colombia, and still others are in the works.

We don't want to sound like mercantilists here. The freer flow of imports is arguably even a more important by-product of free trade, because imports allow U.S. consumers to buy more at cheaper prices and because they make American companies more efficient and competitive. In developing countries, imports also help to disperse political power by opening up cartels and monopolies to competition.

However, the new trade "populists" in Congress like to claim that U.S. exporters are getting a raw deal from Bush trade policy. As the export facts show, the truth is precisely the opposite.

Moving Toward Greater Drug Safety (NYT)

The New York Times, February 5, 2007

The Food and Drug Administration is making encouraging moves to strengthen its regulation of drugs that are already on the market. But the changes fall far short of what's needed to protect millions of unsuspecting patients whose adverse effects may show up only after years of use.

The agency has traditionally focused on the drug-approval process to determine if a drug is safe and effective. Unfortunately, by that time a drug has typically been tested in only a few hundred or a few thousand patients — too few for many kinds of adverse effects to become apparent. Once the drug is being used by millions, the agency has limited powers to halt sales that begin to look risky.

Last September, the Institute of Medicine, part of the National Academy of Sciences, issued a report decrying the big imbalance between premarketing and postmarketing regulation. The report, which had been requested by the F.D.A., made some 25 recommendations for strengthening the agency.

The F.D.A had already been moving to strengthen its safety assessments but now has developed a more comprehensive approach. One notable venture is a pilot program to assess the safety of a few breakthrough drugs about 18 months after they are marketed. The F.D.A. will collaborate with the Department of Veterans Affairs, the Medicare and Medicaid programs, and other groups to track drugs in use. It will publish results on its Web site. Such steps should greatly improve the agency's ability to monitor the use of drugs in the real world.

Even so, Congress needs to give the agency more money and more teeth: including explicit powers to impose conditions on drugs that begin to look risky, to require additional testing and even to yank drugs from the market.

Alter: No More Excuses For Bad Teachers (NSWK)

By Jonathan Alter

Newsweek, February 4, 2007

The crazy thing about the education debate in the United States is that anyone with an ounce of brains knows what must be done. Each political party is about half right. Republicans are right about the need for strict performance standards and wrong in

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believing that enduring change is possible without lots more money from Washington. Democrats are right about the need to pay teachers more but wrong to kiss up to teachers unions bent on preventing accountability.

As President Bush's flawed (but landmark) No Child Left Behind (NCLB) program comes up for reauthorization this year, the onus is on Democrats. Will they cave to their party's biggest special interest—or do what most of them acknowledge in private is essential? Among Democratic presidential candidates, supporting accountability with teeth and more charter schools should be a litmus test for anyone serious about proving he or she is not just another hack.

The good news is that we're getting some leadership in New York, long a bastion of mindless paleoliberalism. Gov. Eliot Spitzer unveiled his first budget last week and it offers a grand bargain on education—much more money in exchange for much more accountability—that should be a national model. Predictably, State Assembly Speaker Sheldon Silver, in the pocket of teachers unions, objects to Spitzer's plan to allow for more charter schools, even though thousands of low-income parents are on waiting lists to get into them. The president of the United Federation of Teachers, Randi Weingarten, called the new governor and tried to buffalo him on charters. She failed.

Spitzer seems game to fight his own party's instinct to pander. "The national Democratic Party has got to understand that real education reform is a central issue both politically and for our economic future," he told me last week. "We have to get our arms around the idea that if there's no performance, you must remove those responsible for the failure." It's a sad commentary on Democrats that they've allowed "educational accountability" to become a winning issue for the GOP.

In New York City—home to 1,400 schools, 80,000 teachers and 1.1 million students—Republican Mayor Michael Bloomberg (a huge improvement over his predecessor, Rudy Giuliani) is showing what accountability means. First, he won mayoral control of the school system, a prerequisite for getting anything done in a big city. Now his tough-minded schools chancellor, Joel Klein (a Democrat), is moving forward on an important new plan to slash administrative layers and empower individual schools. The idea is to make each principal "the CEO of the school instead of an agent of the bureaucracy," Klein says. More than 300 New York principals are signing performance contracts that give them more control in exchange for being accountable. Klein means business: "If your school gets a D or an F, I'm gonna fire your ass."

A big accountability problem nationwide is teacher tenure, which is almost automatically awarded whether a teacher is good or not. If he's not, he gets to commit educational malpractice for the next 40 years. In New York, Klein wants to toughen standards for receiving tenure, and he has already succeeded in ending union "bumping rights," where lousy teachers with seniority can bump good, younger teachers and move into a school where a good principal doesn't want them. Above all, a principal must have control of who teaches in his or her building. All other reforms depend on it.

At the five-year mark, NCLB is a mixed blessing. While Bush has sharply increased federal aid to at-risk schools, he broke his 2001 funding promises. Where's the cash to attract talented teachers? But once the Democratic Congress addresses the money problem and works out some testing kinks, the real fault of NCLB will become clear: it doesn't go far enough.

It's time to move from identifying failing schools to identifying failing teachers. That sounds obvious, but until now it hasn't happened in American education. "We need a management tool that can show whether Ms. Jones can teach long division," says Margaret Spellings, Bush's sensible secretary of Education. Too many educators are still caught in what Klein calls a "culture of excuses." The excuse du jour is that NCLB is "punitive." But Spellings has a point that basic assessment is both right and popular: "I don't think parents see reliable data as punitive."

Do Democratic presidential contenders? Education Week rated Iowa and New Hampshire as having the two least-accountable state education systems in the country. Uh-oh. Let's hope the press and public are prepared to call candidates to account if they undertake a primary-season panderfest.

OTHER NEWS:

A Bounce For Bush (USNEWS)

By James Pethokoukis

U.S. News and World Report, February 5, 2007

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It's not really too surprising that George W. Bush's visit to the floor of the New York Stock Exchange last week marked only the second time that a sitting president had made such an appearance. (The first was Ronald Reagan in 1985.) After all, most politicians probably think it's better to be seen as a representative of the common man and Main Street than of shiny-suited financiers and Wall Street.

But Bush's big problem right now is that instead of Main Street or Wall Street, he might be more associated with Haifa Street, the lethal "street of fear" in Baghdad where U.S. and Iraqi troops fought insurgents last month. So Wall Street's not a bad alternative for an embattled president dealing with a foreign policy nightmare, especially when he can talk up what's turning out to be a vibrant economic boom. On the same day that Bush visited the NYSE and gave an upbeat speech at historic Federal Hall in Manhattan-"consumers are confident, investors are optimistic," the president declared-the Commerce Department reported that the U.S. economy grew at a snappy 3.5 percent pace in the fourth quarter of 2006. "This was a strong number," says Joel Prakken, chairman of Macroeconomic Advisers in St. Louis, "that showed the year really ended strong."

Investors agreed, pushing the Dow Jones industrials up nearly 100 points. The economy's performance was especially impressive considering that it wasn't so many weeks ago that economists were whispering that the fourth quarter might be a "one handle"-meaning growth between 1.0 and 1.9 percent. Now instead of a "hard" or "soft" landing, bearish investment pros are talking about a "growth scare" where a surprisingly robust economy would push the Federal Reserve into raising interest rates. (The Fed, in its placid statement last week, seems to be worrying less about both weak growth and rising inflation.)

The fourth-quarter spurt brings the economy full circle. Growth started fast in 2006, up 5.6 percent in the first three months of the year, but then weakened dramatically as the housing market tanked, oil prices rose sharply, and auto production slackened. Gross domestic product grew by only 2.6 percent in the second quarter and 2 percent in the third. Yet for the year, the economy expanded by 3.4 percent-better than the 3.2 percent rate in 2005 despite all those challenges.

Even though many Americans own houses worth less than they were a year ago, they continue to spend like NBA rookies after draft day. Real personal consumption expenditures-a measure of consumer strength-rose 4.4 percent in the fourth quarter. Helping consumers afford their spending habits was a 5.4 percent jump in real disposable personal income. For the year, it climbed 2.7 percent vs. 1.2 percent in 2005. The recent drop in gas prices "means that consumers had more money in their pockets than they expected," says Wachovia senior economist Mark Vitner, "and they spent it." Vitner also notes that lots of those dollars went toward buying ever cheaper flat-panel televisions. "They just flew off the shelves."

Most Agree: Housing Crunch Isn't Over Yet (USAT)

By Barbara Hagenbaugh

USA Today, February 5, 2007

WASHINGTON — Housing is proving to be one of the biggest wild cards in the economy in 2007 as analysts are deeply divided about whether the worst in the downturn is over or there is much more pain to go.

Only 9% of economists say the housing decline ended in 2006, according to a USA TODAY survey of 55 economists taken Jan. 18-24. Another 42% said the downturn will end in the first half of the year, and 45% said housing will bottom out in the second half.

"This is one of those hot-button issues," says Christopher Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi. He estimates the downturn ended last year. "I don't know why people are so pessimistic."

When housing bottoms out is key for the economy. Thus far, the fallout has been small. The economy grew at a faster pace in 2006 than in 2005 even though sales of previously owned homes fell 8.2%, the biggest drop in 17 years, the National Association of Realtors says.

But the economy may not be able to shrug off further declines, A.G. Edwards & Sons chief economist Gary Thayer says. Lower energy prices and a strong job market have thus far helped consumers weather the housing downturn. But going forward, those two factors may not be big enough to offset further weakening, Thayer says.

"Seeing things stabilize and hearing reports that housing is stabilizing is good for consumer confidence," he says.

The NAR's index of pending home sales, which is adjusted for seasonal variations, rose in December at the fastest pace since March 2004. The level of unsold homes on the market appeared to have peaked in July, the group says.

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But Wachovia senior economist Mark Vitner says although recent housing data have been upbeat, they have been skewed by warmer-than-usual weather.

"That brought out a few more buyers and allowed for more building in the Northeast," he says. Vitner says the warm weather "pulled sales forward." Come spring, housing activity will be slower than normal, he says.

"I haven't met a home builder yet who thinks things have bottomed out," he says.

Economist Tucker Hart Adams says the housing market won't stabilize in 2007. The combination of resetting adjustable-rate mortgages, homeowners unable to keep up with payments on so-called exotic mortgages such as interest-only loans, and other debt will lead to higher foreclosure rates and more homes on the market, she says. "It's really optimistic to think that it just took a little adjustment and everything is fine," she says. "It's one time I would like to be wrong."

Renters Will Dig Deeper In 2007 (USAT)

By Noelle Knox

USA Today, February 5, 2007

Renters be warned: Landlords are expected to raise apartment rents for a third-straight year in 2007, forcing tenants to turn over a growing chunk of their pay and making it harder to save for a home, a report to be issued today by Marcus & Millichap finds.

With the projected rise of 5% this year, rents would be 14% higher than at the end of 2004, the report says. Over the same period, paychecks are expected to rise 4%, adjusted for inflation.

The widening gap is likely to worsen the crisis for workforce housing, especially in coastal cities, says Hessam Nadji, a managing director at Marcus & Millichap, a real estate investment brokerage. "This is a national trend. We're seeing rents rise in the majority of markets, and we see this continuing for at least three years."

From 2000 to 2004, most landlords couldn't raise rents because so many tenants were leaving to buy houses or condos. To feed that buying frenzy, about 300,000 apartments were converted to condos for sale in the past three years. Now, even with 92,000 new rental units this year, the stock is still too little to meet rising demand.

"It's horrible. I'm going to pull my hair out," says Veronica Gonzales, 25, CEO of an event planning firm in Manhattan, where rents are expected to jump more than 7% this year, the sharpest increase in the USA. Gonzales has been hunting for six months for a place in the city for $2,000 a month. Unfortunately for Gonzales and other apartment dwellers, rents are rising because the payment gap between renting and owning remains wide. Even with this year's increase, the national median rent will be $943 a month, only 60% of the median mortgage payment of $1,566.

Renters will get a bit of a break in places such as Miami, Las Vegas and San Diego, where investors bought thousands of condos, hoping to flip them for a quick profit. Since the market faltered in late 2005, many of those condos have been empty, and investors are seeking tenants to help pay the mortgage.

Mohamed Amar bought two Las Vegas condos in 2005 that he's trying to rent. "I thought it was a good investment," says Amar. "But when I tried to put it on the market, the developer started cutting the price, and they killed everybody." Yet, even in these cities, the report says, rents will rise this year.

Democrats Expect GOP Bailout (RC)

By Nicole Duran

Roll Call, February 5, 2007

The Democratic Congressional Campaign Committee is watching more than two dozen House Republicans for signs they are ready to call it quits in 2008.

The Democrats believe a wave of Republican departures can help them cement their House majority.

“Democrats are on the offense and Republican seats that open up due to retirements are at the top of our bull’s-eye list,” said DCCC spokeswoman Jennifer Psaki.

Given the GOP’s new minority status in the House, Democratic strategists think some veteran Republicans will head into retirement while some younger Members will opt to run for other offices. Democrats also believe that ethics scrapes could force a handful of GOP

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incumbents from office.

"Being a seasoned Republican in Washington right now is like being a fifth-year senior in college whose fraternity was kicked off campus," said one Democratic source close to the DCCC who did not want to be named. "Why would you want to stay if you can leave, make more money and avoid being in the minority?"

Even though many of the 27 districts in question are notable for their Republican tilt, House Democratic strategists, emboldened by wins in the previous cycle in Republican territory such as Kansas and close calls in GOP bastions such as Wyoming, believe they can put many open seats in play.

Of the districts that the DCCC believes could become open, only New Mexico's 1st district, where Rep. Heather Wilson (R) eked out a 879-vote win over Democrat Patricia Madrid in November, and Delaware's at-large district preferred Sen. John Kerry (D-Mass.) to President Bush in 2004. Wilson is seen as a possible Senate candidate if Sen. Pete Domenici (R-N.M.) retires next year.

Republicans argue that if Democrats are counting on picking up seats such as Louisiana's 1st district — which gave Kerry only 29 percent of the vote, and where Rep. Bobby Jindal (R) is running for governor this year — then the GOP will take back the House in 2008.

"The National Republican Congressional Committee is optimistic about the energy, excitement and dedication of our incumbents to reclaiming the majority," spokeswoman Jessica Boulanger said. "We also plan to be on offense around the country, reclaiming seats that have historically been in the Republican column.

"Wishful thinking and spin on the part of the Democrats is not going to do anything to obscure the fact that their freshmen and vulnerable are already making mistakes and casting bad votes for their districts," Boulanger added.

Democratic strategists familiar with the DCCC list obtained by Roll Call acknowledged that the likelihood that a particular Republican Member will retire, or that their party can even take advantage of a vacancy, varies greatly from district to district.

Topping the Democrats' list of pickup opportunities among potential retirees is Rep. Mike Castle (R-Del.).

House Democrats made their biggest gains in the Midwest and Northeast in November and practically wiped out Republican moderates.

Castle, who suffered a minor stroke last year, may mount a Senate race if Sen. Joseph Biden (D-Del.) vacates his seat to concentrate full time on his presidential bid. Democrats also believe the 67-year-old Republican incumbent might decide now is a good time to leave a Congress that increasingly has seen his party move to the right and become dominated by Southern conservatives.

But a spokeswoman for Castle — like aides to most of the Republicans on the DCCC's watch list — denied that her boss, who just won a ninth term, is ready to leave Washington.

"He was just appointed to the NRCC executive committee," said spokeswoman Elizabeth Wenk. "It's kind of hard to say he's not going to run again when he's leading the effort to get the Republicans back in the majority."

That didn't stop the DCCC from deploying an operative to the First State last week to scout for potential candidates. The Democratic Party in Delaware is ready to target Castle, who won with 57 percent of the vote, even if he does not step down, according to a knowledgeable Democratic source.

Democrats picked up 11 House seats in the Northeast last year, and while they failed to knock off Rep. Christopher Shays (R-Conn.), they did not focus on Castle at all, which likely makes him an even more inviting target this time.

The DCCC also hopes to duplicate its success taking down Republicans caught in ethical storms. In 2006, Democrats ousted Rep. Richard Pombo (R-Calif.) and won open seats in Republican districts that had been held by indicted former GOP Reps. Bob Ney (Ohio) and Tom DeLay (Texas).

The Democrats' list demonstrates that they hope the ethics issue will play again in 2008.

Rep. Gary Miller (R-Calif.) reportedly is under FBI investigation, which has Democrats dreaming about his Inland Empire-based 42nd district, even though it gave Bush 62 percent of the vote in 2004. The same goes for the neighboring 41st district, where Rep. Jerry Lewis (R-Calif.), former Appropriations Committee chairman, also is being scrutinized by federal authorities.

Both have hefty campaign bank accounts. Miller confirmed through a spokesman that he plans to seek a sixth term.

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A spokesman for Lewis, Jim Specht, said: "He's never speculated this early. He's focused on what he's supposed to be doing, which is providing the best possible service to his constituents and returning the Republicans back to the majority."

While Lewis has not committed to running for re-election, Democrats acknowledge that others on their list, such as Rep. Rick Renzi (R-Ariz.), are probably long shots for retirement.

Renzi, who was held to 51 percent of the vote in November amid allegations of wrong-doing in connection with a real estate transaction, looks like someone running for re-election. Republican leaders, including House Minority Leader John Boehner (Ohio), are hosting a reception at the Westin Kierland Resort & Spa in Scottsdale, Ariz., on Feb. 17 to benefit Renzi.

Renzi's office did not comment for this story.

Other Republicans made the DCCC list for various reasons.

Rep. Barbara Cubin (R-Wyo.) seemed to invite the DCCC to come after her when she won a seventh term by barely 1,000 votes in the Equality State in November, where only 29 percent of the electorate supported Kerry in 2004. Cubin's office did not respond to telephone messages.

Rep. Elton Gallegly (R-Calif.) had to be coaxed into running for an 11th term by GOP leaders, though a Gallegly aide told Roll Call late last year that his boss would run again in 2008.

A spokeswoman for Rep. Ralph Regula (R-Ohio), who will be 83 on Election Day 2008, said he hasn't formulated his plans for next term yet.

Can Republicans Count On A House Snapback? (RC)

By Stuart Rothenberg, Roll Call Contributing Writer

Roll Call, February 5, 2007

Most surge elections, during which one party makes sweeping gains in the House of Representatives at the expense of the opposition, have been followed by a surge back toward the other party two years later.

Will the 2006 elections produce the same snapback, with substantial Republican gains, or can Democrats minimize their losses, securing their control of the House after next year's presidential election?

The history of recent surges and snapbacks is pretty clear. In 1964, during the Democrats' anti-Goldwater surge, Democrats knocked off 39 GOP incumbents and won eight Republican open seats. Two years later, the Republicans snapped back, defeating 39 Democratic incumbents.

The wave that accompanied Ronald Reagan's presidential victory in 1980, which ousted 27 Democratic officeholders and secured 10 Democratic open seats for the GOP, beget 1982, when 22 GOP incumbents were bounced from office. And the wave against President Bill Clinton in 1994, which took down 34 Democratic House Members and turned a stunning 22 Democratic open seats red, produced 1996, when 18 GOP incumbents lost bids for re-election.

Snapbacks are not inevitable, of course. In the Watergate year of 1974, Democrats knocked off 36 Republican House Members seeking re-election and seized 13 GOP open seats, and two years later the parties lost almost equal numbers of incumbents (seven Democrats and five Republicans). Republican seats that went Democratic because of Watergate generally stayed that way for at least a couple of elections.

In November, Democrats knocked off 22 GOP incumbents and added eight Republican open seats. That means that the number of Republican incumbents defeated in their bids for re-election in 2006, while substantial, was below (and in some cases well below) the number of incumbents defeated in earlier waves.

In the three snapback elections mentioned above, the party that lost a large number of incumbents one year knocked off at least half as many of the opposition's incumbents two years later. Sometimes the snapback was even stronger, as in 1964 and 1966, when equal numbers of incumbents lost in consecutive elections.

But none of the examples noted above is exactly replicated in the scenario for 2006 and 2008. Both the 1964 and 1980 waves occurred in presidential years, which meant that the snapbacks occurred during a midterm election. The 2006 wave occurred in a midterm year, and any snapback, if there is one, would take place in a presidential year.

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One wave/snapback sequence — 1994 and 1996 — did occur in a midterm election, followed by a presidential year. But 1994 was Clinton's first midterm election, while 2006 was President Bush's second, and that's a significant difference for many reasons. For instance, Clinton was able to run again and remake himself after only two years in office.

Moreover, the Iraq War was crucial in contributing to the formation of a Democratic wave in 2006, creating an environment that is unique in the recent history of surges.

The war could continue to pose problems for the Republicans in 2008, and if so, that would minimize the chances of a snapback. Even though Bush will not be on the ballot in 2008, he still could be a factor that undercuts the appeal of his party and enhances Democratic prospects up and down the ballot. If independents continue to reject the GOP, Republican candidates will have a hard time reclaiming districts that they lost last year.

The possibility of a GOP snapback also is minimized by the nature of the '06 wave. Almost half of the districts that turned from Republican to Democratic are either competitive or Democratic-leaning, and as long as the freshman Democrats in those districts don't stumble badly, history suggests that they will be difficult to dislodge.

Former Republican Congressmen Charles Bass (N.H.), Jeb Bradley (N.H.), Michael Fitzpatrick (Pa.), Gil Gutknecht (Minn.), Nancy Johnson (Conn.), Sue Kelly (N.Y.), Jim Leach (Iowa), Anne Northup (Ky.), Rob Simmons (Conn.) and Clay Shaw (Fla.) didn't lose because they were terrible candidates. They lost because they were in marginal seats or in districts carried by Al Gore in 2000 and Sen. John Kerry (D-Mass.) in 2004. It will be very difficult (though obviously not impossible) for the GOP to retake those districts, even if former Members run again for their former seats.

It also seems unlikely that GOP open seats that went Democratic in November in Iowa, Colorado, New York and Arizona suddenly will snapback to the Republicans.

So where are snapbacks most likely?

Republican chances of reclaiming seats lost in 2006 undoubtedly are strongest in fundamentally Republican and conservative districts. That means that Democratic House freshmen such as Nancy Boyda (Kan.), Nick Lampson (Texas), Tim Mahoney (Fla.) and possibly Jerry McNerney (Calif.) are at greatest risk.

In addition, a couple of Democratic incumbents who almost lost despite the strong wind at their backs — Georgia Reps. John Barrow and Jim Marshall — surely have to consider themselves at considerable risk.

Obviously, the presidential contest will have a strong impact on the election year, as will the Democratic Congress' performance, party fundraising, candidate recruitment and retirements. We won't know for months which party will have the edge in House races in 2008, but it's likely that divided government will make it difficult to oust incumbents — and that should improve Democrats' chances of maintaining their House majority in next year's elections.

Eighty Percent In GOP See Return To Majority (RC)

By Susan Davis

Roll Call, February 5, 2007

A wide-ranging survey conducted recently by Rep. Scott Garrett's (R-N.J.) office provides a glimpse into the overall mood of the House's 202 Republican lawmakers now serving in the minority. The seven-page document was hand distributed to Congressional offices Jan. 17, and responses were culled and presented at the annual GOP retreat at the end of January.

Roll Call obtained a copy of the original survey last week, prompting Garrett's office to agree to review the results of the poll Friday. Sixty-one Members, or 30 percent of the Republican Conference, responded to the questionnaire. All responses were anonymous.

The most overwhelming response was that more than 80 percent of respondents said they believed the GOP could win a majority in the 2008 elections.

Members also were asked to rate the issues that resulted in Republicans losing the House on Election Day, and the overwhelming majority said that the ongoing Iraq War, federal spending issues, and the scandals surrounding former GOP Reps. Duke Cunningham (Calif.) and Mark Foley (Fla.) were the dominant reasons. "Nothing else was close," said Garrett's spokesman, Will Holley.

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In fact, social issues were at the very bottom of the scale. For instance, the survey listed Congress' intervention into the case of Terri Schiavo in 2005, which received one of the lowest rankings in the survey. "I barely got anything, it was really low," added Chief of Staff Michelle Presson. "Social issues actually were pretty low overall; people were definitely more interested in the fiscal side."

Another question asked of Members was whether the GOP was better served in the minority by working with Democrats to get things done, or to fight back and attack their agenda. Not surprisingly, more senior Members leaned toward compromise, while the younger Members leaned toward battle. "There's a generational split on that, definitely the younger Members are not going to sit tight," Presson said.

Additionally, Members were asked whether they should pursue a conservative or more moderate legislative agenda, and a "large majority" said a conservative agenda, Holley said.

In line with that, a majority of Members who responded also identified themselves as on the "more conservative end of the spectrum," Presson said.

Those responses are tied to a broad feeling within the Conference that they need to fight Democrats, particularly on fiscal and spending issues. Garrett's office said that already is starting to play out on the House floor in debates over the $463.5 billion fiscal 2007 spending bill. While GOP leaders and Appropriations ranking member Jerry Lewis (R-Calif.) voted against and urged a "no" vote on the bill, 57 Republicans sided with Democrats.

On the other side of the aisle, Republicans said Democrats' use of outside groups aligned with their party and a message that touched on many of the GOP's long-standing identifiers helped seal the GOP's defeat.

Holley noted that groups such as MoveOn.org were in districts like defeated Rep. Chris Chocola's (R-Ind.) six months before Election Day. Left-leaning groups "went out early, they started to chip away, and then the [Democratic Congressional Campaign Committee] came in and finished it up," Presson said.

When asked what Democrats were credited for doing right, Presson said, "They stole our ideas, they ran as Republicans." Presson pointed to candidacies such as Sen. Bob Casey (Pa.), a pro-life, pro-gun Democrat who defeated Sen. Rick Santorum (R).

"They finally woke up to the fact that you have to accept some people who may not believe in everything you believe in," she said. "The question is: How long can they afford to have those people, one, not back in their districts and, two, voting on things that play really well with the Democratic base but not with the independent voters that put them in office?"

Garrett, a Member of the Republican Policy Committee, was given the green light to conduct the survey by RPC Chairman Thaddeus McCotter (Mich.). His office said it was undecided if these pulse-check surveys would become a routine matter for the Conference.

Cole: NRCC Will Sit Out Primaries (RC)

By David M. Drucker

Roll Call, February 5, 2007

The National Republican Congressional Committee will not take sides in any House GOP primaries this cycle, NRCC Chairman Tom Cole (Okla.) said in an interview Friday.

Cole also said that he will refrain from doling out personal endorsements and campaign contributions in primaries while he is chairman.

Cole's decision partly is due to the wishes of House Republicans, who in a recent closed-door meeting were fairly unified — and vocal — in their desire that the NRCC avoid playing kingmaker in contested primaries. But Cole also attributed his policy to a belief that candidates who navigate a primary without help or anointing from Washington, D.C., insiders emerge battle-tested for the general election and in a better position to secure the support of grass-roots Republicans.

Cole said he will not be endorsing any primary candidates as the 4th district Representative from Oklahoma because he believes his job as NRCC chairman doesn't allow for a distinction — and because such a move could be interpreted as a de facto endorsement by the committee.

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"We're not going to be in primary situations. Our membership has made it pretty clear that they don't want us to do that," Cole said. He added: "There were a number of primaries I was in last cycle because of personal relationships. I don't have that luxury this time."

Rep. Tom Reynolds (N.Y.), the NRCC chairman in the 2004 and 2006 cycles, took a slightly different view. During his tenure at the committee, the NRCC openly involved itself in at least one key primary, with Reynolds bestowing his personal endorsement on a primary candidate in an open or Democratic-held seat at least twice.

Reynolds' record on this front was mixed — and his moves angered some Members of the House Republican Conference. But some Republicans believe he was right on strategy, and say Cole must allow himself the same flexibility if the GOP is to have a shot at regaining the majority.

"If you seriously want to attempt to take the House back, you want to ensure the best candidate possible is running," said one Republican operative with experience running House races. "You can't do that if you're afraid of taking a risk."

Typically, the four Congressional campaign committees don't endorse in primaries as a general rule, though each cycle usually brings with it a few exceptions. It also is common for the committees to work behind the scenes on behalf of their preferred candidates, while maintaining an air of public neutrality.

In the previous cycle, the NRCC openly jumped into the primary in Arizona's 8th district, where staunch conservative Randy Graf was battling three moderate Republicans who were seen as a better philosophical fit for the moderate GOP seat and better positioned to beat the Democratic nominee in the general election.

The NRCC, believing Graf couldn't beat likely (and eventual) Democratic nominee Gabrielle Giffords, backed then-state Rep. Steve Huffman in the GOP primary. The NRCC spent money on independent expenditure advertising in an effort to aid Huffman, only to see him lose to Graf anyway.

Some Republicans believe this early pre-primary rebuke by the NRCC left Graf crippled in the general election, with almost no chance of beating Giffords, who went on to win handily. Had the committee refrained from playing in the primary, some critics say, Graf might have been able to beat her.

Still, Reynolds' strategy was successful elsewhere.

In 2004, in his capacity as the Congressman from the 26th district of New York, Reynolds personally endorsed now-Rep. Charlie Dent (R) in Pennsylvania's 15th district. Dent defeated two other primary challengers, winning 51 percent of the vote, and went on to win the open seat in the general election.

Last year, Reynolds personally endorsed Iraq War veteran Van Taylor in Texas' 17th district GOP primary. Taylor was seen as the most attractive candidate to take on incumbent Rep. Chet Edwards (D) in the solidly Republican district.

But after beating former Congressional aide Tucker Anderson in the primary, Taylor was beaten handily by Edwards in the general election.

Cole, a political consultant by trade before ascending to Congress in 2002, maintained that he is very unlikely to deviate from his vow to stay out of primary contests. However, there are exceptions.

If a GOP primary included a Republican candidate who is a racist or an anti-Semite, or exhibits other qualities that are extremely anathema to the values of the Republican Party, the committee would move to aid that candidate's opponent, Cole said.

Also, should a Republican incumbent draw a token primary challenger who is not in any real position to win the nomination, the NRCC will not sit on its hands and wait until after the primary contest to work on behalf of the incumbent's re-election. In the case where an incumbent Member attracts a serious challenger, those situations will be handled on a case-by-case basis.

"We will monitor races we think are important, but will not try and affect the outcome," Cole said. "We're really not in the game of picking winners and losers."

Inside Politics (WT)

By Jennifer Harper

The Washington Times, February 5, 2007

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Madame front-runner

Sen. Hillary Rodham Clinton of New York has a definite lead among 10 Democratic hopefuls in the 2008 presidential race, according to the American Research Group, which polled 600 Democratic and independent likely voters in both Iowa and New Hampshire on Jan. 31 and Feb. 1. Mrs. Clinton is favored by 35 percent of Iowans and 39 percent of New Hampshire respondents -- compared with 18 percent and 13 percent in each state, respectively, who favored John Edwards.

Sen. Barack Obama of Illinois mustered 14 percent and 19 percent, "undecided" was cited by 13 percent and 21 percent, former Iowa Gov. Tom Vilsack 12 percent and 1 percent. The rest, including Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut and Rep. Dennis J. Kucinich of Ohio, only managed to garner the favor of between 1 percent and 2 percent of the respondents in both states, the survey found. It has a margin of error of plus or minus four percentage points.

Nader raiding

Republican strategists can count on it: Democrats may strut their stuff on Capitol Hill, but still quibble among themselves. Asked his opinion of Sen. Hillary Rodham Clinton, former Green Party presidential candidate Ralph Nader got crabby, indeed.

"I don't think she has the fortitude. Actually, she's really a panderer and a flatterer. As she goes around the country, you'll see more of that," Mr. Nader told CNN yesterday. "I think her main problem may well be right in New York City, [Mayor] Michael Bloomberg."

"You like Bloomberg?" asked anchorman Wolf Blitzer.

"I'm saying he'll give more diversity for sure, and he'll focus on urban problems," Mr. Nader replied, noting that he would never vote for Mrs. Clinton and is partial to Rep. Dennis J. Kucinich.

"We have got a money horse race now," Mr. Nader said. "The press and the polls are gravitating on cash-register politics as if there's a bar graph to see who's going to raise the $100 million or $200 million, [Senator John] McCain or [Senator Barack] Obama or Hillary. That's very unhealthy. That's rancid politics."

Still right-of-center

Sen. John McCain says it's only Washington insiders who think his 2008 presidential bid is in trouble because he supports President Bush's decision to send more troops to Iraq.

"I think there's that, maybe, perception inside the Beltway. But outside, a lot of Republicans are rallying to this belief that we need to have a strategy that can win and realize the consequences of failure," the Arizona Republican told ABC yesterday.

"Many people trust my judgment because they've known me for many years," he said. "I think we're doing just fine, and I think polls indicate that. We're still a right-of-center party. This nation is still a right-of-center nation. And I believe the Democrats are the left-of-center party. So, do we need to make significant adjustments, learn the lessons of the 2006 election? Absolutely."

The 'owe' factor

"A key supporter of Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still 'owe' Bill and Hillary Rodham Clinton their support," wrote Ben Smith of the Politico.com yesterday.

The comments were made by Illinois state Senate President Emil Jones during the Democratic National Committee's black caucus at the Washington Hilton this weekend and "angered Clinton backers and deepened a sharp rift among African-American political activists," according to Mr. Smith.

Mr. Jones asked his audience, "How long are you going to owe politicians for past favors?" and later implored the black officials and operatives not to act like "crabs in a barrel and drag down a successful member of their community."

Jamal Simmons, a political consultant, told Politico, "The heated response that followed highlighted the difficult, personal choice facing many black Democrats. The one thing that was extraordinarily clear this weekend is that many African-American political operatives are very conflicted internally about whether to support Obama or Clinton."

Snow no-show

American Spectator senior editor Quin Hillyer thinks Tony Snow should consider a run for the U.S. Senate. Yes, that Tony Snow, White House spokesman.

"Conservatives have been desperately searching for a champion who knows how to communicate, how to engage and inspire the public, ever since Ronald Reagan left the scene. What has been missing in the interim is not merely some acquired skill or a trick of communicating, but a communications talent that is married to a genuine, heartfelt, long-developed set of

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beliefs. It's the marriage of communication with philosophy that is needed; one without the other won't do. Snow is clearly genuine," Mr. Hillyer wrote in a Jan. 31 column.

"Is this, then, an endorsement of Tony Snow for president in 2008? Not exactly. But it is a suggestion that Snow has a great deal of the 'right stuff' for which conservatives have been looking, perhaps enough of the right stuff to make the idea worth pondering for 2012 or even 2016 (he's only 51 right now).

"If Snow can't exactly pull off a race for president in 2008, there is another public office he ought to consider. Virginia's senior U.S. Sen. John W. Warner will be just shy of 82 when the next election rolls around."

The notion piqued the interest of U.S. News & World Report's Paul Bedard, who went right to the source yesterday, asking Mr. Snow if he intended to pursue office.

"I am absolutely Shermanesque," came the reply. "After this job, the best I am likely ever to have, I'm going to do something that will enable me to spend much more time with the family."

Tough choices

Retired Justice Sandra Day O'Connor left the Supreme Court because of her ailing husband, not because she was ready to retire, according to Newsweek. She had once planned to follow the tradition of previous justices, who work until they drop, essentially.

"Most of them get ill and are really in bad shape, which I would've done at the end of the day myself, I suppose, except my husband was ill and I needed to take action," she said.

Mrs. O'Connor, 76, currently divides her time between Washington and Arizona, where she cares for her husband, John, who has Alzheimer's and now resides in a Phoenix care center. She still has an office at the Supreme Court, still draws a salary and fills in as a federal judge. She also recently served on the 10-member bipartisan Iraq Study Group.

"I wasn't sure I should do it. It was so out of my field of judging. I don't know anything about the military," Mrs. O'Connor said, though she wouldn't weigh in on President Bush's rejection of the group's suggestions for a gradual withdrawal of troops.

"There are probably no perfect answers," she said.

Born Again Supply-Sider? (WP)

By Robert D. Novak

The Washington Post, February 5, 2007

Sen. John McCain, who echoed Teddy Kennedy on taxes when he ran for president in 2000, sounds more like Jack Kemp as a 2008 candidate. "I've never voted for a tax increase in 24 years," he told me last week. "Never, ever, not under any president, including President Reagan, and I will never vote for a tax increase, nor support a tax increase."

He wants to make the Bush tax cuts permanent. ("If I didn't vote to make those tax cuts permanent, it would have the effect of a tax increase.") He supports radically scaling back the estate tax and does not now favor upper-income increases in the Social Security tax. McCain gets tax policy advice from conservatives, including supply-side founding father Arthur Laffer. "I may have changed some of my views," the senator said. "You learn over 24 years."

Thus, McCain passes the Republican tax litmus test, as he did not in 2000. That may be why McCain has lost liberal journalists and other non-Republicans entranced by his campaign against George W. Bush. McCain pained these former admirers by making peace with Jerry Falwell and advocating more troops in Iraq, but it is his current position on taxes that most aggravates them.

In an Iowa presidential debate on Jan. 15, 2000, he confronted Gov. Bush: "Your tax plan has 36 percent of it going to the richest 1 percent in America. . . . I think that we ought to give the tax relief to the people who need it most." In 2001, he broke party ranks to oppose President Bush's tax cut. Interviewed by Stephen Moore of the Wall Street Journal in November 2005, he preached class warfare in defending that vote: "I just thought [Bush's tax cut] was too tilted to the wealthy, and I still do. . . . We have a wealth gap in this country, and that worries me."

In contrast, McCain told me he voted against the Bush tax cut "because of my concerns with no commensurate restraint in spending." He said, "We are all happy with results of the tax cuts as far as revenues are concerned, and they have been justified."

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He added, "I am glad the tax cuts had the effect they did." So did McCain regret voting no? "I can't tell you that I cast exactly right votes over the years."

McCain sounded most like Kemp when he told me: "I want everyone to be rich. I worry about inequities. I think that corporate greed is hurting their image. But trying to enact some kind of legislation that would take money from the rich and give it to the poor, that's just out of the question."

He has not yet joined his confidant, Sen. Lindsey Graham (R-S.C.), in wanting to raise the cap on taxable income -- taxing the rich -- as part of general Social Security reform: "I have not taken any position that would either increase taxes or raise the cap." McCain's economic policy chairman is Douglas J. Holtz-Eakin, former head of the Congressional Budget Office. The senator has reached out to California financier Gerald Parsky, a former assistant Treasury secretary described by McCain as "very important to me." That was also how he labelled Laffer, who has been counseling him the past year. McCain's longtime political ally, former Texas senator Phil Gramm, advises him frequently. While McCain conceded disagreement among them, "the people that advise me, I guarantee, are very conservative economists."

It is difficult to measure how much the transformation of McCain from taxer to tax-cutter has contributed to his fading popularity among Washington's media elite, but the romance is gone. The change, however, has not boosted McCain's stock in Congress, particularly the House. Conservatives justifiably complain about his positions on global warming and campaign finance. But McCain was fighting congressional earmarks before it was popular, and that has antagonized Republicans. So do comments like the ones he made to me that Republicans "have spent more and increased the size of government more than at any time since the Great Society." Passing the litmus test on taxes will not make McCain popular with the House GOP elite.

McCain Calls New Advisers 'Good People' (NYT)

By The New York Times

The New York Times, February 5, 2007

WASHINGTON, Feb. 4 — Senator John McCain said Sunday that several aides brought on to his presidential campaign were "good people," despite his own past criticisms of their work for others in the past.

Appearing on "This Week" on ABC, Mr. McCain was asked about a front-page article in The New York Times on Sunday noting that Mr. McCain's political team includes advisers who tried to skewer him in the 2000 primary against George W. Bush. And Mr. McCain has brought on members of the team that produced the Swift Boat Veterans for Truth advertisement in 2004 questioning the Vietnam War service record of Senator John Kerry, Democrat of Massachusetts, which Mr. McCain had criticized.

"These are good people who were doing as they were instructed," Mr. McCain said Sunday. "They are people who shape the message, don't dictate it."

Asked whether, as The Times reported, the hirings suggested that Mr. McCain would be "running a different kind of campaign this time around," he said: "Am I going to respond to a negative attack if there is one? Obviously, I would do so, but I hope we would do so in an honorable fashion. We will run an honorable campaign."

Edwards' Health Care Plan Includes Taxes (AP)

AP, February 5, 2007

Democratic presidential candidate John Edwards said Sunday his plan for universal health care would require higher taxes and cost up to $120 billion year.

"The bottom line is we're asking everybody to share in the responsibility of making health care work in this country. Employers, those who are in the medical insurance business, employees, the American people — everyone will have to contribute in order to make this work," the 2004 vice presidential nominee said.

"Yes, we'll have to raise taxes. The only way you can pay for a health care plan that costs anywhere from $90 (billion) to $120 billion is there has to be a revenue source," the former North Carolina senator said.

Edwards said his plan would aim to provide health care coverage for the 47 million people who currently lack it and reduce the cost of health care coverage for middle-class families, partly by making health care programs more efficient.

Edwards cited health care insurance premiums that he said have risen 90 percent over the past decade.

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"We want to make sure everybody's covered. We want to help middle-class families with the costs. We want to try to create competition that doesn't exist today," he said.

To accomplish all this, Edwards said he would expand Medicaid and a program that now provides coverage to 6 million people, mostly children, and provide federal health care subsidies. He said he wants employers to play a bigger role, either by offering coverage or buying into "health markets" that would include a government plan.

Edwards said he would free up money for health care coverage by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes.

On the war in Iraq, Edwards sought to distinguish himself from one of the Democratic front-runners, Sen. Hillary Rodham Clinton of New York.

Edwards, who served on the Senate's intelligence committee, repeated earlier statements that his vote to authorize the use of force in Iraq was a mistake.

"My vote was wrong and I take responsibility for it," said Edwards.

He added, "I think anybody who wants to be president of the United States has got to be honest and open, be willing to admit when they've done things wrong."

Clinton, who also voted to authorize force, has said "there are no do-overs in life." She says Congress received bad information from the Bush administration going into the vote and she would have voted differently given what she knows now.

"If she believes that her vote was wrong, then yes, she should say so," Edwards said. "If she believes that her vote was right, then she should defend it."

Edwards appeared on "Meet the Press" on NBC.

Edwards Again Says He Was Wrong To Vote For War (WP)

By Matthew Mosk

The Washington Post, February 5, 2007

Of the 2008 Democratic presidential contenders who voted to give President Bush authority to wage war in Iraq, only one will have no chance to make a very public U-turn when resolutions opposing the president's new war plan come before Congress in the coming days.

That one is John Edwards, the former North Carolina senator who showed again yesterday that he will find other venues to parlay his Senate vote into an extended mea culpa.

Edwards began drawing attention to his vote in fall 2005, writing an op-ed piece in The Washington Post that began with: "I was wrong."

The soul-searching continued yesterday on NBC's "Meet the Press."

"It wasn't just the weapons of mass destruction I was wrong about," Edwards said. "It's become absolutely clear -- and I'm very critical of myself for this -- become absolutely clear, looking back, that I should not have given the president this authority."

Edwards's nationally televised admission was just the start of a lengthy public dissection of the errors he said he made in casting the most important vote of his Senate tenure.

Some believe that kind of introspection has helped Edwards build a bridge to the most vocal anti-Iraq-war quarters of the Democratic Party and may help distinguish him from one of his chief rivals for the party's nomination, Sen. Hillary Rodham Clinton (N.Y.).

During yesterday's broadcast, Edwards said he believes that "anybody who wants to be president of the United States has got to be honest and open, be willing to admit when they've done things wrong."

"If she believes that her vote was wrong," Edwards said when asked about Clinton, "then, yes, she should say so. If she believes her vote was right, then she should defend it."

Clinton has not retracted her vote to authorize the war, saying "there are no do-overs in life." But she has made no secret of her distaste for the war.

On Friday, she defended her support for a nonbinding resolution expressing disapproval of Bush's plan to send more troops to Iraq but also said she is ready to press for tougher action.

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"John Edwards is fully aware that Senator Clinton has been a strong and consistent critic of the war and has taken responsibility for her vote," said Phil Singer, a Clinton campaign spokesman. "Instead of attacking the character of fellow Democrats, she is working to stop President Bush's escalation and bring an end to the war."

Edwards's apologies have earned him respect in some quarters of the antiwar movement.

Tim Carpenter, national director of Progressive Democrats of America, said in a recent interview that he believes many in that camp "have really reacted to some very strong statements [by Edwards] on the war. What he has shown is a capacity to grow and to learn."

Darcy Scott Martin, who runs the antiwar True Majority Action PAC, said yesterday that she can sense candidates are "searching for a level of credibility" on the war.

"It's pretty clear," she said, "that antiwar people don't really have a candidate yet. And he's trying to capture those people."

One candidate who will not have to develop a strategy to justify early backing of the Iraq war is Sen. Barack Obama (D-Ill.), who expressed strong opposition while still a state senator in Illinois. Russert asked Edwards whether Democratic voters would say, "On the big issue of the war, Obama was right, Edwards was wrong."

"I was wrong," Edwards replied, but he added that voters should also consider "who has the depth, the maturity, the judgment to be president of the United States."

During the interview, Edwards also gave new details of his plan for universal health care, which he said would require new taxes.

He said he would propose spending $90 billion to $120 billion a year to expand Medicaid, provide subsidies for people who lack coverage, ask employers to take on additional coverage needs and create what he called "health markets" around the country to create some efficiencies.

"Yes, we will have to raise taxes," he said. That would start, he added, by repealing the tax cuts introduced by Bush during his first term.

Familiar Face, But A New Tone (NYT)

By John M. Broder

The New York Times, February 5, 2007

WASHINGTON, Feb. 4 — John Edwards has no intention of getting lost in the shuffle.

Faced with what he always knew would be a tough race against Senator Hillary Rodham Clinton for the Democratic presidential nomination and now the challenge of convincing his party that he is also a better alternative than Senator Barack Obama, Mr. Edwards is trying to muscle his way past them and the rest of the field, in part by staking out early and provocative positions on the big issues.

On the war in Iraq, Mr. Edwards, a former senator from North Carolina, not only came out for a complete withdrawal within 12 to 18 months, but he also challenged his Democratic rivals who are still in government to confront President Bush more directly. And on Monday, Mr. Edwards will set out a plan to provide health insurance to the 46.6 million Americans who do not have it, stealing a march on Mrs. Clinton and other Democrats on what is shaping up to be one of the biggest domestic issues of the presidential race.

Appearing on “Meet the Press” on NBC on Sunday, Mr. Edwards said he would raise taxes on people making more than $200,000 a year to help pay for the plan, which he estimated could cost up to $120 billion a year.

Mr. Edwards, his party’s nominee for vice president in 2004, has taken on a sharper tone since that campaign ended in defeat.

He is campaigning as a harder-edged economic populist now, which he says represents more a change in tone than in substance. He says he is both more electable and more authentic than Mrs. Clinton, and more experienced than Mr. Obama.

The rapid emergence of Mr. Obama has scrambled the Democratic field in a way that poses a particular challenge for Mr. Edwards. He now faces intense competition for the role of fresh-faced change agent. His appeal to voters who feel disenfranchised by the economy and aggrieved by the war must now carry over the similar message being developed by Mr. Obama.

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But in the battle to be the most credible alternative to Mrs. Clinton in the Democratic primaries, Mr. Edwards has built some early advantages.

He has avidly pursued labor support, marching on picket lines in Miami, Las Vegas and Chicago, pushing for state minimum wage increases and speaking at union conventions. He is offering proposals on the war, health care and the environment that are more audacious and more specific than those of his rivals.

His efforts have paid substantial dividends. He leads in early polls in Iowa and is near the top in New Hampshire surveys. He is ahead of his principal rivals in organizing in the two new early caucus and primary states of Nevada and South Carolina. He has a solid financing base in trial lawyers and antiwar Internet activists, high name recognition and experience on the campaign trail.

Mr. Edwards acknowledged that he was running as a very different candidate this time. He said he had grown and matured and learned from his mistakes, and has told friends that he really was not ready to run for president in 2004. He has spent the past two years directing a poverty center at the University of North Carolina and traveling the country and world to learn about the problems that will confront the next president. He said he had learned more in the past two years, a period that included the recuperation of his wife, Elizabeth, from a life-threatening encounter with breast cancer, than in his six years in the Senate.

"I, like all of you, have evolved," Mr. Edwards said last week to a sizeable crowd at Dartmouth College in Hanover, N.H. "It is not enough to do small things. Baby steps and incremental change are not enough. We need transformational change."

Mr. Edwards said such change would involve considerable sacrifice by Americans who can afford it, in the form of higher taxes for the wealthy to pay for health care for those who do not have it now and voluntary reductions in the use of fossil fuels to address global warming. He said the nation had more important priorities than balancing the federal budget.

He has clearly migrated to the left in the past several years. He has repudiated his 2002 vote to authorize the war in Iraq and has called on Mrs. Clinton to do the same. He said nonbinding resolutions on the war, like those supported by Senators Clinton and Obama, were meaningless.

Some critics and aides to rival candidates say all of this is nothing more than an opportunistic rebranding to attract labor and Internet support to mount a viable primary challenge to Mrs. Clinton and the unexpected threat from Mr. Obama.

Others say that though Mr. Edwards is a credible contender, like anyone running an insurgency against the establishment candidate, he will not be able to fall back on the top-tier institutional and financial support that will rescue Mrs. Clinton if she should stumble in the early states where Mr. Edwards appears strongest.

"He has a distinguishing message, he has deep committed organizational help as a result of the work he's done both with unions and other groups around the country, and he's leading in Iowa," said John D. Podesta, who served as chief of staff in the Clinton White House and is now an adviser to Mrs. Clinton. Despite all that, Mr. Podesta said, Mr. Edwards will have trouble overcoming Mrs. Clinton's broad and deep support.

Mr. Podesta cited the example of Gary Hart in 1984, who ran as a progressive alternative to the establishment candidate, former Vice President Walter Mondale. "He couldn't convert his early strength into the nomination," Mr. Podesta said. "There was enough time and enough influence by the party elites to backstop Mondale when he took some early blows."

The John Edwards of the 2004 campaign is still recognizable today: the youthful face, the story of the son of the mill worker who made good as a trial lawyer fighting for the wronged against the powerful.

But his campaign voice is different, at times angry and more impatient. He said that in his last campaign he was handicapped first by his inexperience as a national candidate, and then by his subordinate role as Mr. Kerry's vice presidential nominee. He said that this time he was more seasoned and unshackled, which he believes gives him advantages over his two most prominent rivals, Senators Clinton and Obama.

Americans assume they know Mrs. Clinton, he said, "But what is unknowable is what will happen during the course of the campaign, what it will reveal about the character, the integrity, the decency of the candidates involved." He said that Mr. Obama had no idea what was about to hit him. "The intense spotlight of a national campaign is an experience that is unique for any American," Mr. Edwards said. "You may think you know what it's like, but if you haven't been through it, you don't."

He said he had seen the impact of free trade on workers in the United States and abroad and now doubted whether he would again support permanent normal trade relations with China, which he voted for as a senator. He said he probably would

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support the antiterrorism law known as the USA Patriot Act again, but would demand stronger protections for domestic civil liberties.

He displayed another difference from 2004 at the meeting at Dartmouth last week. A student asked him whether he would support a law allowing for full marriage benefits for gay men and lesbians.

He said he had grown up as a Southern Baptist in a conservative small town and was torn by the concept of same-sex marriage. “I’ll admit I’m personally conflicted about these issues,” he said. “I am not personally for gay marriage, but it troubles me that I’d use my own experience as the basis for a policy decision.” He said that while he opposed same-sex marriage, he supported civil unions for gay couples and all anti-discrimination laws.

Mr. Edwards said later that had he been asked the same question in 2004, “I would have finessed it and given a formulaic answer.” He added, “I just find it easier to be more candid now.”

Mr. Edwards and his aides are counting on the work of the past two years to help overcome his biggest challenges. He has hired a new campaign manager, David E. Bonior, former Democratic representative of Michigan and an unreconstructed pro-labor liberal, and is hoping for organizational help, if not endorsements, from politically active unions. Mr. Edwards makes a point of greeting bartenders, kitchen workers and hotel clerks at all his campaign stops.

Anna Burger, secretary-treasurer of the Service Employees International Union, which has 1.8 million members, said the union would not necessarily endorse a candidate in the Democratic primary, but she spoke warmly of Mr. Edwards.

“He’s been in Los Angeles, San Francisco, Chicago and Boston talking to hotel workers,” Ms. Burger said. “He believes deeply in the rights of working people.”

What is unknown is how he, and all the other contenders, will stand up under a full year of scrutiny in a primary process that began earlier and promises to be more intense than ever.

“Now that,” Mr. Edwards said as he and his wife flew to New York to raise money from a passel of Wall Street barons at the Regency Hotel, “is a good question. But we’ve been through it before.”

Fineman: Dem Candidates Come Out Swinging (NSWK)

By Howard Fineman

Newsweek, February 4, 2007

John Edwards played defensive back in high school, and waiting offstage to speak, he looked eager to get onto the field and hit someone. That is what he did (rhetorically) in the first scrimmage of the 2008 presidential campaign last Friday. Speaking to the Democratic National Committee after Sen. Barack Obama and before Sen. Hillary Rodham Clinton, he accused Senate Democrats (that is, Obama and Clinton) of caving in to President Bush's Iraq escalation policy. Democrats had to use all their "vigor and tools and strength" to block the surge and begin a withdrawal. "Americans are counting on us not to be weak, political and careful," he said. "It's time for political courage."

Isn't it a little early to start calling your opponents cowards, even if you don't do it by name? Not this time: nasty is in season already. One reason is the insane money scramble, which literally raises the stakes. And with such a demographically diverse field, chances for emotional collisions abound. When Sen. Joe Biden called Obama "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Hillary's minions didn't focus on Biden; they focused on Obama, who was accused by some black leaders of not being indignant enough on behalf of his own racial heritage.

But the real flash point is Iraq. Hillary's idea of threatening to pull support for the Iraqi government would produce "nothing but disaster," Biden told The New York Observer. He was equally critical of Edwards's plan to call home 40,000 troops now.

Senators are bumping into each other as they move left. Sen. Chris Dodd says Democrats should stage a new "authorizing" vote on the war itself. "The original justifications are gone—discredited," he told me. Obama unveiled his own Iraq plan, which sets a March 31, 2008, deadline for removing all American troops unless the Iraqi government meets tough conditions.

Going "negative" on the war is tricky for Obama, who says he wants to walk the high road. At the DNC, he hushed the crowd with a sermon about how politics should not be "blood sport." But his campaign brags that he was "alone among the candidates in opposing the Iraq war" from the start, and in his speech he proclaimed that he was "opposed to this invasion publicly, frequently and before it began." No blood, but a sharp jab.

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Edwards embodies the darker tone. In a hotel "holding room" after the DNC meeting, he was a tougher, more combative character than the one I had met eight years ago. Now you see the Dennis Quaid grin less often. "I've grown up," he said with a shrug.

And he brims with what seems like resentment at Democrats who won't support national health insurance right now (take that, Hillary) or who "talk about labor's concerns only in front of union audiences" (take that, Obama). "I want people to know exactly what I stand for." That sounds like an obvious enough game plan, but it is one he didn't have when he took the field four years ago.

Obama Confronts 'Outsider' Dilemma (WP)

By Anne E. Kornblut

The Washington Post, February 5, 2007

In the nearly three weeks since Sen. Barack Obama (D-Ill.) made his unofficial debut as a presidential candidate, his senior advisers have been holed up in a temporary office on Connecticut Avenue NW, feverishly working to translate the huge excitement about his candidacy into a political strategy.

For all the buzz about his running, Obama did not enter the race with the conventional weapons of a presidential candidate -- a deep database of donors, a tactical road map for winning primaries or even a sign marking the entrance to his ad hoc campaign headquarters. Obama is only now starting to build a political infrastructure that matches his growing support.

But the challenge for Obama is not just assembling the nuts and bolts of a national campaign on the fly. He must, his advisers believe, do so in a way that reflects the distinct, next-generation message of his candidacy, or at least avoids making him look like every other politician in the race. "I would sooner lose the race than lose having him the way he is," said David Axelrod, his chief media strategist.

While acknowledging that there are "certain immutable realities of the process," Axelrod insisted that "the kind of things we do over time will be emblematic of the campaign that we're running. And if we are doing it right, they won't be identical to everyone else's."

That vague mission -- not unlike the one that faced both Howard Dean and retired Gen. Wesley K. Clark as relative outsiders who came late to the 2004 presidential race -- is in the hands of a growing group of respected, if not exactly unconventional, operatives who have had to spend an inordinate amount of time in the past few weeks simply mastering logistics. Led by David Plouffe, the campaign manager, the team spent the day of Obama's exploratory-committee announcement answering phones and taking down volunteers' phone numbers.

Now the advisers are beginning to implement a broader strategy. In contrast to Sen. Hillary Rodham Clinton (D-N.Y.), who spent the first two weeks of her official candidacy trying to project strength and inevitability, Obama will seek a more pared-down image that focuses on the substance of his message ("the audacity of hope," as his book title put it) rather than on proving his ability to win a general election.

Obama gave a glimpse of how his campaign will look and feel on Friday, when he delivered somber remarks at the Democratic National Committee meeting that left the audience hushed at points. No one passed out "Obama" posters; the candidate took the stage without any music, unlike some other Democratic contenders who bounded to the dais to the blaring sounds of rock-and-roll oldies.

"There are those who don't believe in talking about hope," Obama told the crowd. "They say, 'Well, we want specifics, we want details, and we want white papers, and we want plans.' We've had a lot of plans, Democrats. What we've had is a shortage of hope. And over the next year, over the next two years, that will be my call to you."

From Washington, Obama headed to Fairfax for an event that his advisers said illustrated his campaign strategy even more directly: a student rally organized through the online networking site Facebook.com. Thousands of students attended the Web-driven event at George Mason University -- evidence, the Obama campaign said, that the popularity of its candidate will spread virally through the electorate rather than as a result of paid television ads or campaign mailings.

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"Our campaign will never be the most rigid, structured, top-down, corporate-type campaign in this nomination battle," said senior Obama adviser Robert Gibbs. "There are plenty of other people that can do 'politics as usual' far better than we can. But I hope we have a campaign whose support continues to expand even faster than you can put a fence around it."

Matt Bennett, a senior adviser to the Clark campaign in 2004, described the phenomenon as trying to "ride a tiger."

"It's the toughest thing to do in presidential politics, which is to walk the line between maintaining your genuine attractiveness to the grass roots and becoming a credible national candidate, because often those things are in direct conflict," he said. "He is the candidate that is exciting this huge mass of people, and he cannot let them down in a fundamental way. But he has also got to do the blocking and tackling that candidates do."

To that end, the Obama campaign spent the weekend moving its headquarters to Chicago (far away, they note, from the sprawling Clinton offices on K Street) and organizing Obama's official campaign debut this Saturday in Springfield, Ill.

And they are already bumping up against the realities of riding his booming grass-roots support while obeying the conventions of running for president. Logistical concerns, such as how much time to spend campaigning in Iowa and New Hampshire, are at odds with the imperative for him to prove his seriousness in the Senate.

The task of raising millions of dollars to survive the primaries is competing with Obama's core image as a fresh face -- a familiar dilemma for a professed outsider, but one that his advisers and rivals alike believe he can overcome.

Perhaps most important, Obama's strategists are scrambling to manage expectations. "Given the need to build a fundraising infrastructure and the fact that we do not accept contributions from federal lobbyists and political action committees, raising $8 to $10 million in the first quarter would be great news," spokesman Dan Pfeiffer said.

"An Obama campaign clearly has tremendous fundraising potential in the long term," Pfeiffer said. "But it is absurd to assume that we should raise as much or more than others who have been building fundraising networks for years and years."

Rivals in the Democratic contest contend that he could raise as much as $40 million, potentially raking in $1 million in a single Hollywood fundraiser, and will all but fail an early test of his viability if he comes up with less than former North Carolina senator John Edwards before April. Edwards is expected to raise as much as $15 million in the first quarter, and Clinton is expected to raise as much as $30 million, though both of those campaigns, like Obama's, insist they could take in less.

"By all accounts, Obama is poised for a huge fundraising quarter," said Clinton spokesman Howard Wolfson, predicting that Obama will raise $25 million or more. Wolfson played down the notion that Obama's campaign needs time to get up to speed. "You can build an operation fairly quickly if you know what you're doing, and I suspect they know what they're doing," he said.

Still, Clinton spent more than $30 million during the 2006 election cycle, much of it on building an infrastructure, including a donor database, that could be used in her presidential bid. That puts a gulf between her and her rivals, including Obama. "Nobody has ever come to the table with the built-in advantages that Hillary Clinton has," said Jim Jordan, a Democratic strategist advising Sen. Christopher J. Dodd (Conn.) in the race. "She has had decades to build this organization, and clearly has been running for president more or less for six years, on top of everything else that was previously built for her husband."

Obama "started later than other people, and that's going to show for a while," Jordan said. "But ultimately that's not what's going to decide whether he wins."

Instead, he and others said, Obama will rise or fall on his ability to continue coming across as the candidate who is different, new and charismatic.

"If he tries to run a traditional campaign -- that is run, staffed, managed and operated in a traditional way -- he is playing to his opponents' strengths, both in terms of going head-to-head where they're going to be really strong, but also in terms of undermining a good chunk of his message," said Chris Lehane, a former spokesman for Al Gore who is not currently on the payroll of any presidential campaign.

It remains to be seen how the kind of nontraditional campaign Lehane envisions would work in a round-the-clock news environment. Would Obama decline to respond to attacks? Or to skewer his rivals? Or to answer activists' questionnaires? Or to give detailed answers about his views on policy? Or to play pop music and blast red-white-and-blue confetti at his events?

For now, the answer is yes.

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"I think he is very focused on the fact that he doesn't want to lose his essential self in this process, and if he does -- and if what he projects and delivers is just more of the kind of politics people have become accustomed to -- it would be a disappointment to him, and to them," Axelrod said.

"It's not just how he delivers the message but how we deliver the message, and what kind of relationship we develop with our supporters," he said. "If this campaign is what it should be, this is not going to be the hoisting of an icon. It's going to be the movement of millions of people."

Black Rift Widens Over Obama (POL)

By Ben Smith

The Politico, February 5, 2007

A key supporter of Illinois Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still "owe" Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians.

The comments by Illinois Senate President Emil Jones Jr., which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists.

"How long are you going to owe politicians for past favors?" Jones asked in a speech Friday to more than 100 members of the Democratic National Committee's black caucus and other political operatives gathered at the Washington Hilton for the winter meeting of the DNC, according to people who were there.

Jones, a veteran black legislator, implored the black officials and operatives not to act like "crabs in a barrel" the attendees said, and drag down a successful member of their community.

Jamal Simmons, a political consultant who was at the caucus meeting, said Jones' words and the heated response that followed highlighted the difficult, personal choice facing many black Democrats.

"The one thing that was extraordinarily clear this weekend is that many African-American political operatives are very conflicted internally about whether to support Obama or Clinton," he said.

Jones spoke after the DNC's chief of staff, Leah Daughtry, told the group that she and the DNC would remain neutral in the 2008 presidential nominating contests.

"This is no time for neutrality," Jones said in an interview Saturday. "We have a well qualified candidate, and I urged them to get behind his candidacy."

"I didn't mention Clinton by name," he said.

But the remarks by one of Obama's longtime political mentors in Illinois was widely taken to refer to a debt felt in the black political community to Bill Clinton, who enjoyed deep black support in the White House and rewarded black allies.

Sen. Hillary Rodham Clinton, N.Y., who is now mounting her own campaign for the presidency, is trying to collect that debt by pushing hard for the endorsements of black political leaders, an effort that could force Obama onto an explicitly racial terrain that clashes with his national image as a figure of new, post-racial unity.

But while Hillary Clinton continues to lead in polls of African-American voters, Obama's extraordinary potential as a black presidential candidate has a powerful appeal to many black voters and officials.

Jones concluded his speech with a reference to the jobs and appointments Bill Clinton had given blacks, including many people in the room, and asked when they would stop owing the Clintons for that patronage, attendees said.

"You could hear a pin drop," said one person in the room who doesn't currently support either Obama or Clinton. "It was one of those moments when you say, 'I can't believe he just said that.'"

Jones' call was received frostily by Clinton allies, including Minyon Moore, the former White House aide who now heads Hillary Clinton's black outreach, and former Clinton and Gore campaign aide Donna Brazile, according to some attendees.

Moore walked out of the room when Jones stopped speaking, according to two people who were there. Moore said Sunday she'd left because she had somewhere else to be, and that she would "agree to disagree" with Jones.

Neither Moore nor Brazile could be reached for comment. But another Clinton supporter who was who at the meeting said Clinton's camp took Jones' remarks as an affront.

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"The feeling was, 'Who is [Jones] to tell us how to be black?' " said the Clinton supporter, speaking on the condition of anonymity because of the political sensitivity of the issue.

Obama spokesman Bill Burton said Jones is "a mentor of the senator" but wouldn't comment on the substance of his speech. Clinton spokesman Howard Wolfson declined to comment.

But there was no doubt in the Washington Hilton that Jones struck a nerve. Black Democrats were walking around the hotel Saturday repeating - in jest, but not without an edge - Jones' refrain of "How long? How long?"

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by aimatjuice on 02.04.2007 at 11:52 PM

Good for Mr. Jones!!! Great for the democratic party. It's about time for the African American vote not to be taken so lightly. We Black Americans must vote on the issues and what is in our best interest. Up from the ranks a leader for the democratic has emerged to be reckon with, his name is Sen. Barack Obama....

by Happydad on 02.04.2007 at 11:51 PM

Well, just what percentage of Americans even have 401K's? Hmm? And how many people of those earn the median yearly salary. The wealthy have lots of money in 401K's and stocks. Not Middle America, and surely not the poor. So don't confuse reality with half-baked statements. The bottomline is that most average people are spending home equity and money that should be going to savings to pay for rising college expenses for their kids, healthcare coverage, and interest on their credit card debt.

by Hardie on 02.04.2007 at 10:49 PM

The mainstream media recently made big news over the fact that personal savings are currently as low as they were during the Great Depression. And now here come the parrots, eager to reguritate what the media have spoon-fed them.

For the record, the government calculates savings as post-tax income minus spending, and investments are counted as spending. You read that right - investments are counted as spending. So, have you been buying stocks, or contributing to an IRA or a 401(k)? Then you are part of the "problem" because you have been spending too much and not saving enough! It's time to plan for the future by avoiding the record-setting market and putting more money into your passbook savings...

by exocet on 02.04.2007 at 07:17 PM

RE: drbillybob

"We are in the midst of a robust and growing economy...."

Praising and relying on a market-based economy is like showing-off the pristine exterior of a flashy McMansion while hiding the leaky basement and rotting beams. The economic storm hovering on the horizon is being stoked by a saggy housing market, low personal saving rates, rising healthcare costs, high deficits, high national debt, and the out of control multi-billion dollar costs of an unecessary war. Check Ben Bennake's testimony before Congress. Of course you're welcome to your flash McMansion view of the economy built by the dodgy team of Bush and Co. Afterall there's nothing like a Wall Street paint job to hide the cracks, especially if it is 100% stock market guaranteed. Unfortunately it will soon be clean up time for the Democrats.

by Happydad on 02.04.2007 at 05:01 PM

You left out surging deficit, shrinking Medicare and Social Security funding, the lowest individual savings levels since the Depression, and the largest non-discretionary spending levels in American history. Not to mention rising bankruptcies and home foreclosures, and rising debt levels of senior cisitzens that have to choose between food and prescription drugs.

Why is that?

by drbillybob on 02.04.2007 at 04:38 PM

RE exocet on 02.04.2007 at 04:24 PM

You suggest that our economy needs improvement and that a democrat will save us from our problems "... a the candidate that will deliver healthcare and a better economy."

How can you say this? We are in the midst of a robust and growing economy with low unemployment, record productivity, low inflation, stable interest rates, rising wages, low taxes and surging markets.

Just because the dominant media won't tell you this is no excuse for ignorance.

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by exocet on 02.04.2007 at 04:24 PM

The only debt one imagines African-American voters have is to themselves and to the candidate that will deliver healthcare and a better economy. If you think Obama can deliver most of this while battling the Republican party and while enacting his vision go for it. Frankly the fact that Obama would let his surrogates roil the waters between members of the African-American community does not speak well for his "I'm a unifier" vision of things. If I were the Clinton's I'd stay out of this and watch from the sidelines, while courting the Hispanic community. At least the latter have no trouble identifying their interests. The African-American communitly meanwhile is like a circular firing squad.

by yankeejoshua on 02.04.2007 at 02:34 PM

I think the anonymous supporter said it best: "Who is he to tell us how to be black?" You can expand this to include my question: "Who is anyone to tell me how to be a Democrat?" Even if I am a staunch supporter of the Clinton agenda, does that automatically translate into my absolute rejection of all other viable Democratic candidates? It is interesting to hear Obama supporters using the exact divisive political jargon that he has been actively seeking to shut down. If you tear down the Clinton White House to build the Obama Black House, isn't it still all about race? I thought we were "post racial". We're all aware of the social stratification of racial groups and the continuation of institutiional racial discrimination in Corporate America. Yet, am I the only person disturbed by the fact that everyone keeps clapping for Obama because he's made it this far? It's like we EXPECT Blacks people to not aspire to be the president, or senator or representative. How sad is that? I have a question to Jones, or anyone else for that matter, who thinks all Blacks should support Obama. What about Black women? Aren't they choosing between the first Black president and the first woman? What's more important to those voters, being Black or being a woman? Both identities are influential and cannot be summed up by arguing that Hillary is the past because of her husband. She has significant support among Black voters not only because of Bill, but because she, too, has been an advocate for not only Blacks, but many social minority groups. Hillary also represents great change in that a woman will finally lead this country. Many people may feel that she is more electable and will go with her as the surer bet to advance their political goals. We should not underestimate this aspect of the race.

ps This is not a stump speech for Hillary, but to point out that you can't base arguments on race OR gender alone. I am so sick of people saying Hillary cannot be commander-in-chief becau

by Iron Weed on 02.04.2007 at 02:27 PM

Osama Obama is half black, half Moslem and doesn?t have half a chance of being elected in the general election but I do hope the black community shows its blind devotion to others of color no matter what qualifications they may have.

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by jameskbachman on 02.04.2007 at 02:23 PM

Maybe it shouldn't matter who is commenting on this article, black or white. The solution seems simple to me as an outsider: vote for the candidate who puts forth the best ideas, and whose life shows she or he puts those ideas into action, regardless of skin color.

by Hardie on 02.04.2007 at 02:19 PM

I never thought the day would come that I defend Bill Clinton, but being angry at him over the fact that, during his administartion, 400,000 more blacks were incarcerated than in the previous two Republican administrations is not only foolish, it smacks more than a little of racism.

America saw crime rates fall during much of the 90's. Why? The smart money - and even half of the dumb - says crime rates fell because more criminals were in prison. And if people assert that racism is the reason that blacks are incarcerated at rates disproportionate to whites, is sexism then the reason why males are imprisoned at higher rates than females? Of course not. Men go to prison far more often than women because men commit far more cromes. And among men, black men are incarcerated at higher rates than white men because black men commit a disproportionate number of crimes.

by soundisgood on 02.04.2007 at 01:30 PM

Right or wrong it will be interesting to see if it works.

by dtd on 02.04.2007 at 01:26 PM

JTH,

I'm glad to know that there are still a few of us African Americans who do not drink from the Clinton Kool Aid. It seems that there is pervasive selective amnesia throughout our community. To expound on your well crafted list of failed policies that were devasting to our community, more than 400,000 more African American were incarcerated during the Clinton Administration than the two previous Republican administrations, resulting in 1 in 3 African American men now under criminal justice supervision. He did a terrific job of surrounding himself by African Americans to insulate himself from well deserved criticism. As oxymoronic as it may sound, we suffer from both a White savior and White Boogeyman complex. We need both Whites to lead us and Whites to blame for our lack of progress. And unfortunately that presents a no win situation for Barrack Obama.

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by glaucon5177 on 02.04.2007 at 01:10 PM

I think it is a mistake for the Democratic party to fight over the African-American vote over what blacks might "owe" any candidate. They, nor any other Democratic voter owe Clinton anything for her husband's past administration nor is Obama "owed" their vote because he is black. In fact I think it would be best for no candidate in the Democratic party to haggle over any owed votes because of any origin or legacy. As someone who sits much more to the right of the Democratic party this is one of the public debates regarding the party that turns me off and much of the rest of the country. Blacks do have some issues that the majority of their race may agree on, but blacks are a part of every social and economic class and discussing their vote as if their race should be voting for one candidate as a whole and as a race is patronizing and it doesn't make their "leaders" like Mr. Sharpton or Mr. Jackson look like anything other than demagogic and naive. With all of the issues coming up in the next election the fact is a debate over the "black" vote shouldn't be fought so publicly by the Democratic candidates, there are far more important matters and realistic matters to argue over.

by jth on 02.04.2007 at 12:32 PM

What do the Blacks owe the Clinton's? I'm serious. During the Clinton Administration one million innocent BLACK human beings were slaughtered in Rwanda. The Clinton Administration did nothing, said nothing, looked the other way. Sudan and North Africa arabs had a profitable enterprize with 'chattel slavery of BLACK Africans' and another half a million were murdered. Sierra Leone became a mecca for the child forced labor trade, especially the diamond industry. There is no telling how many children were murdered and maimed. And these were all BLACK children. Liberia was a mess. It wasn't until President Bush sent some marines in that the country became stablized. They were crying out for Clinton to do something but he looked the other way. And we know the tragedies in Congo, Uganda, and religious and tribal conflicts in Nigeria started during those years. However, he (Clinton) did save some white folks in Bosnia. Also, is everybody aware, during the Clinton years, that more young African-American males were incarcerated into our penal system, mostly non-violent drug offenses, then during any other two presidential administrations? So again I asked," what do blacks owe the Clinton's?"

by Phar on 02.04.2007 at 12:12 PM

While I am not a supporter of Hillary Clinton, I am a bit uneasy with the idea of supporting Barak Obama at this time. I think that Mr Obama has a great future and would very likely make an excellent president in the future. However, I think it would be best for both him and the country if he is given some time to mature into a much more significant candidate in the future. I fear that as president he would be another Jimmie Carter; namely, great talent and statesmanship but insufficient political savy for the top job of President. We don't want to see our first black president fail for lack of a little bit of time.

by drbillybob on 02.04.2007 at 11:10 AM

How many Americans really know Obama's positions on economic or social issues? Most of us know he has the luxury of opposing the Iraq war now that it is not going as well as expected - he never had to vote on it!

This public and media fawning over his candidacy is amazing to me. And what do we hear from the press? "Is America ready for a black President?" This is crap. America's number one advertising icon is Tiger Woods. The Cosby Show and now Oprah dominated ratings in the 80s/90s/00s.

If Obama loses, it's because he is damn near a socialist and should be recognized and reported as such! Remember that old notion about "content of character"?

by Bette Jeanne on 02.04.2007 at 10:49 AM

Hillay is yesterday; Obama is tomorrow. Beware media pundits: We have yet to vote. If you shove Hillary down our throats, we will throw up.

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Gore Resists Push For '08 Run (WT)

By Christina Bellantoni

The Washington Times, February 5, 2007

SAN JOSE, Calif. -- Former Vice President Al Gore is basking in the global spotlight for nominations for the Nobel Peace Prize and an Oscar, but a growing number of Democrats want him to make another bid for the presidency.

He says he is interested in a "different kind of campaign to try to change enough minds" to solve the global-warming problem, but that doesn't stop people from asking.

Mr. Gore spoke to 1,500 Silicon Valley leaders gathered Friday for the annual "State of the Valley" conference, hosted by Joint Venture: Silicon Valley Network. The audience sent the Democrat questions via text-messaging during the speech. The first on the list, projected on jumbo screens to Mr. Gore's left and right: "Will you run for president?"

He tried to dodge the question, rolling his eyes and inspiring laughter from the crowd, but he couldn't avoid the probing glances in the crowd or the attendee who shouted, "Please?"

"I don't have any plans to run for president, but I appreciate the request," he said, after a pause.

Not everyone is convinced, and "Draft Gore" movements are sprouting across the country.

"A lot of people are very excited, not only about Al Gore's potential candidacy, but about his ideas," said former San Jose Mayor Tom McEnery, a Democrat. "Very seldom in politics do ideas drive candidacy."

The problem is that Mr. Gore doesn't seem to want to renew his political career, and nothing about his lifestyle suggests that he'll mount a bid. His friends and former advisers say privately that he is happy with his life as a somewhat regular -- albeit wealthy -- public figure.

He closes events to the press while other Democrats seek headlines. His Web site, AlGore.com, is far from a campaign site.

DraftGore.com organizers say 2000 Democratic nominee should give it another try, calling him the "conscience of the Democratic Party" for his early opposition to the Iraq war.

"Given his unmatched experience and leadership on issues of moral imperative, Gore is increasingly seen as Democrats' best bet to win back the White House," the site declares.

Supporters say he wouldn't need to mount a traditional campaign because he is so well-known.

"I'll wait as long as necessary to see if Gore will jump in," wrote Markos Moulitsas, founder of the liberal DailyKos.com. "That's ultimately my guy this cycle. And even though I don't think he'll run, he's really got all the time in the world to make a final decision. It's not as if he'll need the full year to get his name-recognition up or make the case for his candidacy."

Donna Brazile, Mr. Gore's campaign manager in 2000, told voters recently: "Wait till Oscar night. If Al Gore has slimmed down 25 or 30 pounds, Lord knows," the Allentown (Pa.) Morning Call reported.

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Mr. Gore on Friday did not appear to have lost any weight. The Academy Award winners will be announced Feb. 25. Mr. Gore's global-warming documentary, "An Inconvenient Truth," is contending for two Oscars.

Some other Democrats have suggested that if Mr. Gore is named the winner of the Nobel Peace Prize in October, he could easily wait to announce a presidential run until Dec. 10 when the award would be presented.

Also looming is the expected release of his new book, "The Assault on Reason," which will explore the "damage" he says has been done by the Bush administration "to the functioning of our democracy," according to a description on Amazon.com.

Russell Hancock, Joint Venture's chief executive officer, introduced the former vice president as "the one man who has done more than any other American to bring these issues to the forefront of the nation's consciousness."

Mr. Hancock later said Mr. Gore seems to be done with politics.

"He's done that. Now he's going to save the world," he said.

Aart de Geus, CEO of semiconductor software giant Synopsys, agreed.

"I'm thinking that ... looking back 100 years from now that may be a bigger impact than any president of the U.S. would have had," Mr. de Geus said. "In that sense, the platform that he's taken of dealing with global warming may be a more important platform than anything else he could do."

Mr. Gore's talk was held the same day the Intergovernmental Panel on Climate Change (IPCC) released a summary of a forthcoming report authored by scientists from more than 100 countries predicting the earth's temperature will rise by 2 to 11 degrees by 2100.

He told the leaders that they are on the forefront of innovation and said business will profit from technology's efforts to stop climate change or slow its effects.

He explored the valley's evolution from being the birthplace of electronics and the computer to the Internet and biotechnology.

"It's abundantly obvious that clean tech, green tech ventures ... will be a new pathway that attracts a lot more energy and time and investment," he said.

Mr. Gore, a member of Apple Computer's board of directors and an adviser to Google, seemed comfortable in the valley, which he called his "second home."

He spoke in a calm, patient voice, telling self-deprecating jokes and chatting about laws of thermodynamics in between jabs at the Bush administration.

'08 Hopefuls Hash Out Pressing Issues Of '07 (USAT)

USA Today, February 5, 2007

As the next presidential campaign gets underway, USA TODAY asked two former governors who are planning bids to discuss their positions on the Iraq war, climate change and immigration.

Former Iowa governor Tom Vilsack, a Democrat, and former Wisconsin governor Tommy Thompson, a Republican who was secretary of Health and Human Services in President Bush's first term, spoke Friday at the J.D. Power convention in Las Vegas.

The forum was moderated by Susan Page, USA TODAY's Washington Bureau chief. Comments have been edited for space and clarity.

On Iraq

The Senate is going to begin considering a resolution Monday (today) that would express opposition to President Bush's plan to increase U.S. troop levels in Iraq. If you were in the Senate, would you vote for or against this resolution?

Thompson: I would vote against the resolution. President Bush was asked by the (Iraq) Study Committee, by the American public, by the electorate to try something different in Iraq. He's come up with a program that was really brought to the fore front by Gen. (David) Petraeus, who is the commanding general in Iraq. And Gen. Petraeus sincerely believes that the surge capacity will stabilize Baghdad and will allow the government to work. We should give this opportunity a chance to work.

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Give President Bush and the new deployment and the government of Iraq, which is really now starting to step up, (Prime Minister Nouri al-Maliki's) government, give it a chance to work. I'm not confident that it's going to, but at least I think we should support the president and the troops in the field at this point in time.

Vilsack: The president's escalation plan is about to make a big mistake even bigger. I was in Iraq last March talking to Gen. (George) Casey, who at the time was in charge. It was his belief that we had about six months to give the Iraqi government the ability to stand up, and at that point it was time for our troops to come home.

The reality is that an escalation is not the answer. I believe Congress actually has to go further than that resolution. I think it is time for us to take our troops out of harm's way. It's time to have the Iraqis assume full responsibility for their security.

We've been there four years, 3,000 lives lost, over 20,000 injuries, and hundreds of billions of dollars spent. I think it's time to ask the Iraqis to assume full responsibility.

If U.S. forces withdraw now, does that mean the United States has not met an obligation it owes to the Iraqis who have worked with us and supported us there?

Vilsack: We have absolutely met our obligation. We created an opportunity. We spent four years, longer than we were in Europe during World War II. We sent many of our brightest and best. We are undermining our military. As commander in chief of the (Iowa) National Guard, I know full well what has happened to our National Guard as a result of this long-standing war. We are not as well equipped as we need to be for the future.

When I was over in Iraq last March, I had an interesting experience. In speaking to an Iraqi security officer — this was a man who was being trained to protect the prime minister and Cabinet officials — he got very agitated when he started talking about the United States.

He said, "Why can't you, America, keep us safe?" This was a man being trained to keep his people safe. It's clear the mind-set needs to change in Iraq. As long as we are there, the mind-set will not change.

We have got to force them to make the tough decisions that only they can make.

Gov. Thompson, you said "terrible mistakes" were made in the execution of this war. Who is responsible for those terrible mistakes?

Thompson: People got lulled into believing that we moved so rapidly in Iraq that the Iraqi people were just going to stand up and embrace us. They didn't do that. We didn't put enough force in there to protect the borders.

No. 1, when you go to war, as Colin Powell has said, go in with the force to win. We didn't do that. We went in with a slimmed-down force because we thought we were so good and so able to defeat the enemy so quick that we didn't need a big army anymore. That was the mistake.

Second thing we should have done is allowed the Iraqi army to stand in and be able to continue to support the borders and prevent other people from coming in from Iran, Syria, and Jordan. We didn't do that. Those were the two big mistakes.

Do you think President Bush is ultimately responsible for these mistakes you've identified?

Thompson: The president is the ultimate determiner. The president is responsible. He's the one that is going to reap the successes but also the failures. Success has a thousand fathers, and failure has but one.

But Congress has a role to play. Congress, you know, needs to step up. The Department of Defense, the generals — I mean, the president, I can assure you, did not set up this war plan. This war plan was set up by the generals in the Department of Defense. He agreed to go ahead and execute on it, but it actually is a plan by the generals. So the generals in the Department of Defense have a big role and a big responsibility for the failures.

On other adversaries

Do you think the administration should be negotiating directly with Iran and Syria?

Thompson: I believe strongly that the United States should take the leadership — not alone, but in conjunction with all the European countries that support our philosophy, our way of government, Japan and our allies. (We should) have a conference, have a summit and develop a unified position. America cannot do it alone.

Vilsack: We have made a mistake over the course of the last several years in not having direct discussions with Syria, Iran, and North Korea. We in all areas have made situations that were quite dangerous be more dangerous.

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The reality is that in Iran, you have extremists and moderates. Our position in not engaging has emboldened the extremists and marginalized the moderates. It's important for the United States as a great nation to always be willing to talk. The fact that you talk doesn't mean that you capitulate, it doesn't mean that you don't negotiate hard.

By failing to do so, we clearly exacerbated the situation in Lebanon. We clearly allowed the Iranian government to become more extreme in its rhetoric. We obviously made a very dangerous situation in North Korea much more dangerous.

On climate change

Do you support raising mileage standards for cars?

Thompson: The president has come up with a plan that's going to reduce the reliance on gasoline and fuel by 20% by 2018. I think that's a step in the right direction. In order to (combat global warming), the standards are going to have to be raised.

Vilsack: I think we need to change the debate about this. I'm not so sure it's about miles per gallon. I think it's about emissions per tailpipes. I think we ought to be taking a look at a different structure and a different system to regulate emissions from tailpipes.

It gets you into a discussion of how you expand renewable fuels and energy production in this country. … We need to see a rather significant expansion in this country of renewable fuels. The reality is so long as we continue to import the level of oil we are importing, we are literally funding both sides of the global insurgency that we are confronting.

On immigration

Do you support providing a way for illegal immigrants to gain legal status while remaining in the USA?

Vilsack: These are people coming across the border seeking to do what? Seeking to do right by their family. It's pretty hard to criticize them for trying to have a better life for their family. I'm not critical of them. I am critical of governments that don't create economies that will allow them to be able to live at home and raise their families.

There are currently between 12 and 13 million people who are here in an unauthorized fashion. If we were to try to deport all of these people based on the current system that we have in place, it would, I'm told, take 238 years to complete that project. That's not feasible.

In this country, when you violate the law, you're held accountable in some way. You're either put in jail, but most often you're required to pay a fine. I think these folks should have to pay a fine. I think they should have to pay back taxes, because that's only fair to the rest of us. I think they should be put at the back of the line, given no preference, and be given the opportunity to earn their way to citizenship.

If they're not interested in doing that, then I think it's at that point in time to ask them to leave. But if they are interested in doing it, I think we ought to give them a pathway to citizenship.

Thompson: There is no question that there has to be a procedure to take care of the 12 million individuals who are unauthorized or illegal in this country.

The truth of the matter is, we have laws on the books, and you should not be able to have amnesty. … I think what they really need to do is, they have to go back to their country and apply. They've got to go to the back of the line and allow those individuals who come into this country legally really to have preference.

To say to the other 12 million that have not obeyed the law that you're automatically going to be (allowed to stay) in this country is wrong. They should have to go back and petition.

On health care

We have 46 million Americans who lack health insurance. What is it that the federal government should be doing differently on this issue?

Vilsack: The federal government and state governments need to cooperate together to provide universal coverage. But every politician is likely to say that. I think one of the things that Secretary Thompson and I will absolutely agree on is that this system needs to be changed from a health care system to a wellness system.

We have to really focus on driving health care costs down. And one way you can do that is by preventing illnesses to begin with. So as we take a look at redesigning the health care system, we have to incorporate significantly wellness components, both in the way we insure, what we incent, what we encourage, and even how we educate parents and children.

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Thompson: The government is not doing nearly enough on health care. No. 1, we spend $2 trillion on health care in America. That's 16% of the GDP. In seven years, ladies and gentlemen, that's going to go to $4 trillion, to 21% of GDP, unless we make a change. …

Out of that $2 trillion, 75% of the costs of health care go to chronic illnesses. These are items that you have to personally change, like tobacco smoking, like obesity, like sugar diabetes.

None of us would set up a health care system, in which we wait for people to get sick and then spend thousands and hundreds of thousands of dollars to get you well. You've got to start preventing. We have to go to a wellness system.

You're going to have to cover the uninsured. …We've got to cover everybody in America on health insurance. It would be cheaper. It would stimulate the economy.

A Massachusetts Conservative (USNEWS)

By Dan Gilgoff

U.S. News and World Report, February 5, 2007

MOUNT PLEASANT, S.C.-In his stump speech to supporters gathered among the shrimp boats on the bank of Shem Creek, Mitt Romney makes no mention of hot-button issues like abortion or the role of religion in politics. But when the speech is finished, the Republican presidential hopeful is swarmed by reporters asking only hot-button questions: Will conservative voters believe that the formerly pro-choice ex-governor of Massachusetts is now antiabortion? How did he make the conversion? Will evangelical Christians back a devout Mormon like Romney?

Romney, in a tailored suit and flawlessly coiffed hair, insists that voters are more concerned with other issues, like "How are we going to beat the jihadists? How are we going to be competitive with Asia? How to improve our schools and healthcare."

And yet answering those hotter-button questions may hold the key to whether Romney has a shot at winning the Republican nomination. Romney has so far sold himself as the more conservative alternative to front-runners John McCain, who riled many conservatives by supporting a path to citizenship for illegal immigrants and opposing a constitutional amendment to ban gay marriage, and likely contender Rudolph Giuliani, a supporter of gay rights and abortion rights. In doing so, however, Romney is battling his own past. He admits to being "effectively pro-choice" as recently as two years ago. "Voters can respect a politician who changes parties," says Republican strategist Scott Reed. "But it's more difficult for a politician that changes philosophies."

Competition. While convincing social conservatives that he has become one of them, Romney must also develop broad enough appeal to be seen as truly competitive with McCain and Giuliani. A CNN poll last week had Romney winning support from just 7 percent of Republican-leaning voters, compared with 32 percent for Giuliani and 26 percent for McCain. Still, with Hollywood-style charisma, a résumé that includes a big win in the bluest of states, and a team of marquee activists and aides, Romney is probably the strongest White House hopeful that most Americans have never heard of. "You want to ask some presidential candidates who aren't well known, 'Why did you decide to do this?'" says Whit Ayres, a GOP strategist. "With Romney, you can see a path to go all the way."

Even before leaving office, Romney raised his profile among conservatives by fighting the Massachusetts Supreme Court's 2003 decision to legalize gay marriage. He helped prod the state legislature into voting to put the issue before voters in a referendum. Romney also began trumpeting his new antiabortion stance, tracing his conversion to a 2004 meeting with Harvard scientists. Romney says one scientist told him cloning human embryos was not a moral issue because they were destroyed within two weeks. "It struck me that we had so cheapened the value of human life," Romney tells U.S. News, "that someone would feel that racks of human embryos being created ... was not a moral issue." Now, Romney is drawing parallels between his own antiabortion conversion and that of Ronald Reagan, who as governor of California signed a liberal abortion rights law. Mark DeMoss, an evangelical publicity executive who organized a meeting between Romney and evangelical leaders, says he was won over by Romney's story about the Harvard scientists: "To hear him tell it, it's almost like Paul's road-to-Damascus experience in the New Testament."

A Presidential Also-Ran, Kerry Adjusts To What Passes For A Normal Life In The Senate (NYT)

By Mark Leibovich

The New York Times, February 5, 2007

DOJ_NMG_0127048

WASHINGTON, Feb. 4 — Senator John Kerry keeps to himself around the Capitol. He is always rushing somewhere, head down, disappearing into elevators. A Senate loner for 22 years, Mr. Kerry seems all the more isolated now as he darts past the media hordes around the next set of presidential seekers, colleagues that include Hillary Rodham Clinton, John McCain and Barack Obama.

Even in the best of times, Mr. Kerry's face hung droopy and funereal, one of the most weary in American politics. Today, Mr. Kerry, the Massachusetts Democrat who was the exit poll president-elect for a few hours in November 2004, endures the peculiar pariah status that his party reserves for its losing nominees.

"America does not tolerate losing, even though it's through losing that we learn the most," said David Thorne, the twin brother of Mr. Kerry's late first wife, Julia Thorne, and his closest friend. "People want fresh faces. Or they think they do."

As the 2008 campaign begins in earnest, Mr. Kerry has been forced to adapt to something resembling a normal Senate life. This has been no small challenge for a man whose identity has long been steeped in becoming president, or trying to.

Last week, days after he announced he would not run again, Mr. Kerry said there was no point to dwelling on what might have been. "You know, that's such a waste of time right now," he said in a Capitol hallway interview. "I came close, but so what? I didn't make it, so move on. Just go forward. There's no sense going backwards."

Mr. Kerry ratified his status as Dead Candidate Walking in an emotional speech on the Senate floor two weeks ago. "We came close, certainly close enough to be tempted to try again," Mr. Kerry said, referring to his 2004 campaign.

Only two colleagues attended his announcement, Senator Edward M. Kennedy, a fellow Massachusetts Democrat, and the Senate majority leader, Harry Reid of Nevada (another, Senator Ken Salazar, Democrat of Colorado, walked in late). "I have concluded this is not the time for me to mount a presidential campaign."

The grave Kerry face was on stark display that day, his voice breaking at times. When it was over, Mr. Reid hugged him and said he loved him, and then Mr. Kerry left the chamber by himself.

His announcement could have been a dignified valedictory moment. But the enigmatic Mr. Kerry is often misunderstood, and several news reports said he had cried when saying he would not run; in fact, he choked up earlier in his speech when talking about an Army captain he had met in Iraq who had been killed.

No matter, the photo of Mr. Kerry breaking down ran prominently in the Drudge Report and elsewhere. It buttressed the notion of John Kerry as the forlorn loser who had finally bottomed out. It also served as a grim visual to another round of Kerry abuse, conjuring up the caricature of him as a helmet-haired, flip-flopping elitist.

"Who will the windsurfing caucus back now?" a columnist for The Boston Herald wisecracked. A cartoonist for The Times-Picayune of New Orleans mocked Mr. Kerry as saying, "Actually I was for another White House bid before I was against it." A few days earlier in a new book, Terry McAuliffe, the former Democratic National Committee chairman, became the latest party bigwig to pan Mr. Kerry's 2004 campaign.

Mr. Kerry says he finds it "freeing" not to be a presidential candidate. "Hopefully, the things I say and do will not be taken in the light of a presidential race anymore," he said. "And I think that's positive."

He will seek re-election in Massachusetts next year and says he is looking forward to immersing himself in Senate life, particularly on issues related to the Iraq war. Mr. Kerry has sought counsel from Mr. Kennedy, who himself returned to the Senate after a bitter primary defeat and went on to have a storied career as a lawmaker.

Yet to many eyes, Mr. Kerry will always be trapped in yesterday's news and lingering disappointment. He is a member of the tiny club that knows what it is like to lose an election to George W. Bush — to blow an election, by some accounts.

At least Al Gore was allowed to slip away, grow a beard and come back when he was ready. Mr. Kerry had to return to his very public job, hear all about how "winnable" his race was, how "unlikable" a candidate he was and how ridiculous it would be for him to consider ever trying again. His name elicited instant eye-rolls among many former supporters.

But Mr. Kerry held out hope. Last year, he campaigned for Democrats, wielding an impressive e-mail list, bankroll and political network. He kept his options open. Until, finally, he shed what had been the guiding aspiration of his career seemingly from its outset.

"Your heart goes out to him," Mr. McCain, Republican of Arizona, said in a brief interview a few days after Mr. Kerry said he was not running. "It just isn't easy to shift your ambitions away from something that's been his ambition for a long time."

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Running for president — or losing — hardly makes Mr. Kerry unique among senators (scores have run, but no sitting senator has been elected since John F. Kennedy in 1960). But Mr. Kerry stands out for coming so close, and people who know him say it has made it all the harder to give up. "He is a stubborn, competitive guy, and it must have been very, very hard to get those words out," said Jim Jordan, a former Kerry campaign manager.

Senate colleagues and staff members say Mr. Kerry struggled to reintegrate himself in the Capitol after losing to Mr. Bush. He was never much a creature of the Senate to begin with, an outcast with few close friends there and a reputation for aloofness and occasional grandstanding. His solemn bearing betrayed a certain joylessness in his job. ("John Kerry walks into a bar," goes the Washington version of the old joke. "Bartender says, 'Hey, Senator Kerry, why the long face?' ")

Shortly after he returned to work, Mr. Reid gave him a stern talking-to and urged him, in so many words, to get off his high horse and rejoin the team, according to a senior Democratic staff member.

But after laying the groundwork for a return engagement, Mr. Kerry stumbled just before November's midterm elections, when he told what he called a "botched joke" that appeared to denigrate the intelligence of American soldiers in Iraq. Democrats distanced themselves from him, Republicans ridiculed him, and Congressional candidates dumped him on the campaign trail.

He was defiant, refusing to apologize at first, offering explanations that he was criticizing Mr. Bush and not the troops. But few people wanted to listen. " 'Please stop it," Don Imus, the radio talk show host and a Kerry friend, urged him on the air. "Stop talking. Go home."

As the 2008 presidential campaign takes shape, friends say it has annoyed Mr. Kerry to keep hearing about how formidable his onetime running mate, John Edwards, the former North Carolina senator, might be.

Friends say that Mr. Kerry feels betrayed by Mr. Edwards, whom he defeated easily in the 2004 Democratic primaries and faults for being too quick to second-guess their campaign, distance himself from it and embark on his own 2008 effort.

Mr. Edwards was also spared the flagellation that losing Democratic nominees typically endure. Republicans are kinder to their also-rans. Bob Dole lost to Bill Clinton in 1996, but has remained a gray eminence within the party. Barry Goldwater was slaughtered by President Lyndon B. Johnson in 1964 but later became a patron saint of the conservative movement. Richard M. Nixon lost narrowly to John F. Kennedy in 1960 but ran again and won in 1968.

Mr. Kerry and his surrogates always emphasize how warmly he is still received whenever he ventures out of Washington. "John was treated like a rock star in Switzerland," said Senator Patrick J. Leahy, Democrat of Vermont, who traveled to Davos, Switzerland, with Mr. Kerry and other colleagues last month for the World Economic Forum.

Of course, this is precisely the kind of compliment that feeds an impression of Mr. Kerry as a high-society jetsetter who is more at home overseas than among everyday Americans. Sure enough, Mr. Kerry was being pilloried anew by Republicans last week for saying in Davos that the United States had become an "international pariah" under Mr. Bush.

Mr. Kerry genuinely seems not to care about such criticism these days. He still wears his burdens plainly, but the burdens could be shifting.

"You can be more focused when you're not running," Mr. Kerry said. "You can actually get something done on the issues instead of running around as fast as you can."

He is still running plenty fast. Mr. Kerry is hard to catch up to, probably by design. He zooms by, gone before you know it. He was seen dashing through a press-crammed Capitol after President Bush's State of the Union address.

"Can't now; got to go," Mr. Kerry said after a news conference about climate change last week. He was off to the Senate for a vote, then exited by another door 20 minutes later.

"I'm running, I'm running," Mr. Kerry told a reporter. He boarded an elevator with fellow senators and fixed his gaze straight ahead.

What Are Hillary Clinton's Religious Beliefs? (NSWK)

By Susannah Meadows

Newsweek, February 4, 2007

At 13, she met a Methodist minister who became a lifelong friend.

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If Hillary Clinton and George W. Bush have anything in common, it is a deeply rooted wariness of outsiders. Both the president and the woman who hopes to succeed him have always relied on a small, closed circle of friends and advisers who have been with them for years. So it's not surprising that there are so many familiar faces on Clinton's new campaign team. Ad maker Mandy Grunwald, pollster Mark Penn, strategist Ann Lewis and others are loyalists from Bill Clinton's White House.

There is another person on Hillary's shortlist of confidants who goes back farther than any of them, but whom you've probably never heard of. The Rev. Don Jones, a Methodist minister who is now 75, was perhaps Hillary's earliest spiritual and political mentor. She has written of her "lifelong friendship" with him. It was Jones who first awakened young Hillary to the civil-rights movement and counseled her on questions of faith. They continued to be in touch as Hillary became a national figure. Years later, he helped her through the darkest period in her life, the aftermath of her husband's affair with Monica Lewinsky.

Precocious and confident, 13-year-old Hillary was an active member of her Methodist church in Park Ridge, Ill., when Jones arrived in 1961 to lead the youth group. Fresh from the seminary, he was anything but stuffy in his red Chevy Impala convertible. He carried the Bible, but also the collected poems of E. E. Cummings. Hillary, politically aware even then, was a budding Republican who took after her staunchly conservative father. In long discussions at the church, Jones introduced Hillary to the left. The young minister was determined to show his white, privileged parishioners the world beyond their suburban town. He took them to the South Side of Chicago to hear Martin Luther King Jr. speak. Jones introduced each of them to the civil-rights leader.

But the conversation wasn't all politics. "Hillary would come up to talk to me after I preached and make comments about the sermon, how the hymns, prayers and Biblical passages were coordinated with the message," Jones tells NEWSWEEK. Jones hewed closely to the social-justice tradition of the Methodist Church, preaching that helping those in need was a means of practicing their faith. "I think she responded to my ministry in part for its intellectual content," Jones says. "Her heart responded to the social-responsibility aspects."

Not everyone appreciated the minister's lessons. Within two years, the conservative members of the congregation asked him to leave. Jones landed at Drew University in Madison, N.J., where he spent his career teaching theology. They were in communication while Hillary was in high school and later at Wellesley. During her time as First Lady, he visited the White House nine times. After Bill Clinton admitted his affair with Lewinsky, Jones gave Hillary a Paul Tillich sermon about grace, and how it comes to you when you feel great pain. Jones says he hoped Hillary would pass the words on to her husband. "It was my secret agenda," he says. Sure enough, five days later, Jones received a thank-you note from the president. Last year he saw the Clintons at their home in Chappaqua, N.Y. The senator had called him to invite her old friend to her mother's birthday party.

Though she's been accused of adopting a religious patina for political gain, her relationship with Jones shows that from the time she was young, Hillary was thinking seriously about her faith. She clearly talks more about religion these days, as many politicians do—but her connection to Jones reveals that her Christianity has always been at the center of her identity. "She's not using the language of prayer and God for the first time," says Jones. "While there may be a political dimension, it's authentic."

Jones describes Hillary's beliefs as falling, like her politics, somewhere in the middle of the spectrum. Unlike the extreme left, she understands the limitations of human beings, he says. And unlike the extreme right, he argues, she believes in humanity's potential. She does take seriously the doctrine of original sin. And after a lifetime in politics, she's seen plenty of it.

The Mommy Factor (USNEWS)

By Gloria Borger

U.S. News and World Report, February 5, 2007

It was striking. On her first foray into Iowa as a presidential candidate, Hillary Rodham Clinton was clearly trying to soften up her image. "I am going to be asking people to vote for me based on my entire life experience," she said. "The fact that I'm a woman, the fact that I'm a mom is part of who I am." Wow. Could this be the same Hillary Clinton who told voters way back in her husband's first run for the White House that she wasn't just going to stay home and bake cookies? Or the first lady who tried to redo the nation's healthcare system? Or began collecting national security cred on Day 1 in the Senate by landing a seat on the Armed Services Committee?

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The Clintons are a great reflection of the national zeitgeist. So don't take Hillary's appearance in Iowa in pastels lightly: It may mean we've come full circle, baby. After all these years of trying to be one of the guys-talking tough, playing backroom politics with the bad boys (more on those later)-do we now have to tone it down so people will like us again? Have we overcorrected the initial problem? "We can't decide if we want to wear iron britches or if we're sweet," says former Colorado Rep. Pat Schroeder. Remember her moment of fame? She cried when announcing that she would not run for president. "We got a lot of 'We don't want people who cry with their finger on the button,'" Schroeder told me. That happened 20 years ago, and we've tried not to cry ever since (although we love it when men do).

So here's my question: Is this a problem for all women at a certain stage, or is it mostly about Hillary? After all, when Speaker Nancy Pelosi gaveled her first session of the House of Representatives to order a few weeks back, she seemed to present pretty much the perfect, balanced portrait: a tough grandmother. When all the kiddies were invited to the podium, it seemed to be an entirely authentic moment-and a signal that Pelosi is, well, fully evolved. We accept it; in fact, we applaud it. "It was wonderful to watch her with the grandchildren," former vice presidential candidate Geraldine Ferraro told me. "If I had done that, I would have been judged as too soft, a mommy, not able to handle the issues." To be fair, Pelosi has an advantage that Clinton doesn't: We haven't tracked her every move, as we've watched Hillary morph from the wife bristling behind the podium to the candidate finally in front of it. Since we seem to have spent more than a decade observing her, maybe she just becomes someone with too many identities for us to sort out-or to decide which is real.

Sure, there's a natural affinity among women for Hillary Clinton when she tells voters that "I expect there will probably be more stories about my clothes and hair than some of the people running against me." You bet. And there will also be different kinds of girl questions, like the one from the man in Davenport, Iowa, who asked how she would handle the world's "evil and bad men." It was hard not to read something (aka Bill) into her playfully ambiguous response: "What in my background equips me to deal with evil and bad men?" With perfect comedic timing, she let the answer play as the audience erupted into laughter. And although she later denied she was even thinking about Bill Clinton, how could we think anything else? Can this possibly be the new, real, authentic, believable Hillary Clinton?

The $1 Million Bundler (WP)

The Washington Post, February 5, 2007

THE NUMBER alone is breathtaking. As she launches her presidential fundraising juggernaut, Sen. Hillary Rodham Clinton (D-N.Y.) is tasking her biggest financial backers to bring in $1 million or more for her campaign, the New York Times reported. Truth be told, for a fundraiser with a fat Rolodex of rich friends, this isn't quite as daunting as it sounds. Having decided to opt out of the public financing system, not just for the primary campaign but for the general election as well, Ms. Clinton can bring in, or ask her fundraisers to bring in, two checks for the hassle of one: Donors can give the maximum $2,300 for the primary and another $2,300 for the general election. Add in a spouse, and you're at $9,200 a pop. A mere 109 of those, and, voila, the $1 million bundle.

While the senator's not to blame for this state of affairs, the audacity of the $1 million target does evoke distasteful memories of the Lincoln Bedroom rake-it-all-in mentality of the Clinton presidential years. And the unwillingness of her campaign to commit to listing its big bundlers -- as President Bush did during both of his campaigns -- is appalling. A Clinton spokesman couldn't say what the campaign plans to do about disclosure. A campaign organized enough to task fundraisers with bringing in $1 million ought to be organized enough to think in advance about revealing the identities of these, and lesser, financiers.

All this underscores how outmoded and inadequate the system of disclosure has become. Under current reporting rules, there is no way of determining that a bundler has brought in big bucks for a candidate; all that would show up on campaign filings would be the bundler's own contributions. Yet candidates are as indebted to the $1 million bundler as they are to the $1 million check writer.

President Bush, who perfected the system of organizing big bundlers during his two campaigns, with his $100,000 Pioneers and $200,000 Rangers, made it a practice to disclose the individuals on his Web site; most Democratic contenders during the 2004 campaign did likewise. That is an important standard for all candidates to meet during the 2008 campaign. The public is entitled to know the names of the bundlers and, at least within some range, the size of their bundles.

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Among some of the leading Democratic and Republican candidates, the plans for disclosure are still unformed even as the bundlers are being recruited. Sen. Barack Obama (D-Ill.) will provide that information on his campaign Web site; he's also not taking checks, or bundles, from lobbyists. Former senator John Edwards (D-N.C.) balked at giving out these details last time around; his campaign said that at this point it was committing only to disclose what's legally required. The campaign of Sen. John McCain (R-Ariz.) hasn't yet decided what to do; this should be a no-brainer for a man who's been at the forefront of campaign finance reform.

Reporting this sort of critical information should not be left to the kindness of campaigns -- it should be required. The Federal Election Commission has it within its power to write regulations mandating such disclosure; Congress could also write the requirement into law. In the age of the $1 million bundler, the status quo is intolerable.

OFF THE CUFF, GOV. GETS IN SOME JABS (LAT)

By Peter Nicholas

The Los Angeles Times, February 5, 2007

SACRAMENTO — He has staked his governorship on bipartisan agreements, but recordings of Gov. Arnold Schwarzenegger bantering with aides in closed-door meetings reveal him complaining about lawmakers from both parties, casting some as obstructionist and two-faced.

The recordings, newly obtained by The Times, also feature him chatting about American resentment of illegal immigrants, about his taste for gas-hungry Hummers and about his wife's habit of tinkering with his speeches.

Made by Schwarzenegger's staff last year, the recordings offer a rare window onto the governor's operation and a more complex portrait of Schwarzenegger than typically emerges in public, where his appearances are carefully stage-managed.

In the latest recordings, the Republican governor describes Senate President Pro Tem Don Perata (D-Oakland) as a "very sick man" and Assembly Speaker Fabian Nuñez (D-Los Angeles) as "a political operator coming from the union background" who evinces no real "passion" about issues. And he worries that a federal plan to build a fence along the Mexican border will send a troubling message.

"Are we looking at Mexico now as the enemy?" he says in the recording. "No, it's not. This is our trading partner."

Married for two decades, Schwarzenegger still seems amused by some of his wife's habits. When Maria Shriver reviews one of his speeches, he says, "she is relentless. I can only talk about things for so many times because then I like to lock it in, even if it's not perfect…. But she goes until the last day…. I said, 'Maria, it's over. It's in the teleprompter.' "

The recordings were made in the first half of 2006. The Times first published about a 6-minute excerpt from similar recordings in September and recently obtained about 3 1/2 hours more. In the excerpts published in September, Schwarzenegger referred to Assemblywoman Bonnie Garcia (R-Cathedral City) as "hot," a reference to her ethnicity. He later apologized.

After The Times on Sunday asked the Schwarzenegger administration for comment about the latest recordings, communications director Adam Mendelsohn said he was going to release the tapes to other news media. The Schwarzenegger administration had previously turned down public records requests for the tapes.

In a prepared statement, Mendelsohn said the recordings show the governor to be "thoughtful, concerned and focused on solving some of California's most serious problems."

Gary Delsohn, a speechwriter working for the governor, made the recordings in an effort to produce better speeches by capturing the governor's thoughts and speech patterns. Attendees at the four recorded meetings include Delsohn, Mendelsohn, Chief of Staff Susan Kennedy and former aide Bonnie Reiss.

Aides to former Democratic gubernatorial candidate Phil Angelides copied the audio files from the governor's website last year, something they were able to do because of lax security on the site, state investigators concluded.

Proud of his legislative achievements, Schwarzenegger plans to deliver speeches around the country this year, touting California as a model of bipartisan cooperation. But the recordings suggest that he and his most trusted aides have sometimes viewed his legislative partners with disdain.

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Throughout the conversations, however, the tone is generally friendly, informal. Schwarzenegger sometimes sounds as if he has a cigar in his mouth.

In one exchange, Delsohn thanks the governor for cigars and schnapps.

Schwarzenegger's comments about Perata came early last year, amid negotiations over a proposed multibillion-dollar public works package. A deal ultimately came together, but Schwarzenegger aides at the time viewed Perata as a barrier.

In one recorded conversation, the governor says Perata "is trying to derail everything."

Delsohn asks: "In your past life, did you ever deal with people that could be so petty and so childish?"

"Yeah, in the movie business," the governor replies. "It's the same thing."

He adds: "It is a different level, but, I mean, yes, the movie business has been held up with a hundred-million-dollar movie just because someone doesn't like one scene."

At one point, Delsohn asks the governor how Perata acts in his presence after repeatedly "jamming" him in the press.

Schwarzenegger said: "Believe me when I tell you that it is shocking, and it took me a while to understand it because I am still naïve a little bit about it. Because when he comes in here, he's nice. And I want to work with him. But those guys, as soon as they step out of here or before they come in here, they are absolutely different personalities. They change like this."

Schwarzenegger was even more caustic about Perata in a discussion at a separate meeting about negotiations on the public works bond. He says Perata is "a very sick man." An aide says, "Really?" Schwarzenegger replies: "Yeah, absolutely."

Schwarzenegger's chief of staff, Kennedy, comes in later and reads aloud a memo from Perata to fellow Democrats laying out concerns about the infrastructure package. The governor listens and says: "He's lying. Unbelievable, this guy."

"So while those girls are sitting around pulling their hair …" Kennedy says, and trails off.

Kennedy at one point urges her boss to needle a Republican lawmaker who had said something objectionable in a news story.

"So when you see [Assemblyman] Guy Houston" (R-Livermore), she says on the recording, "just say to him, 'Nice quote.' "

The assemblyman, she predicts, will "pee his pants" at such sarcasm, she suggests.

Perhaps no lawmaker was more important to Schwarzenegger's legislative successes last year than Nuñez. The speaker helped Schwarzenegger pass bills raising the minimum wage, curbing greenhouse gas emissions and offering a program for cheaper prescription drugs.

In one exchange, though, the governor describes Nuñez as an unrelieved partisan.

"So for him," the governor says, "it's all politics. And because of that, everything that happens he sees through those glasses, through the political glasses."

In some ways, Schwarzenegger is equally tough on his fellow Republicans. He suggests the Republicans were unrealistic in having their own expectations for the public works package.

The governor characterizes his message to them: "You are not the majority! I said, When does it get in your mind? You are not the majority."

Invoking his wife's famous family, Schwarzenegger likens his ambitious effort to rebuild California's roads and ports to President John F. Kennedy's call for landing an American on the moon.

He mentions speaking to his mother-in-law, Eunice Kennedy Shriver, who told him "the most frustrating thing for Jack was to sit there and always kind of deal with that. You know, when there was a big idea and he had to go and ask all of those legislators, all of the Congress: 'Think like me.' "

He imagines the resistance Kennedy must have faced: "We still have such high unemployment. The economy has to be stimulated — and here you are worrying about going to the moon?"

At times Schwarzenegger seems to be working out answers, using the conversation with aides to clarify his thinking.

He talks with Delsohn about the wisdom of building a 700-mile fence between Mexico and the U.S. Delsohn asks him if the idea sounds "ridiculous."

"It sounds ridiculous to me simply because the border with Mexico is longer than 700 miles," Schwarzenegger says. "So now we need to know specifics."

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Conceding that it would be difficult for him to say so publicly, Schwarzenegger said that Latinos — because they are so close to their homeland — have more trouble assimilating than, say, Poles, Germans and French. Still, as an Austrian immigrant, he said, "I made an effort. But the Mexicans don't make that effort."

He later made similar remarks at a campaign appearance in Los Angeles. Mexican protesters marching here should not "wave the Mexican flag," he says. "America loves America."

Schwarzenegger also talks eloquently in the recordings about the importance of racial and religious tolerance. He recalls that his mother told him she saw Jews being hanged in public parks in Austria.

He mentions his regard for Nelson Mandela, who was imprisoned for decades for his opposition to apartheid in South Africa.

"Say to yourself every week, 'Now I'm going to reach out to someone that I really didn't care for,' " the governor says. "Or a race or a religion that you didn't care for … Make a point to go and take them to lunch, you know, somebody that is totally different than you."

In an exchange on another day, Schwarzenegger worries about appearances. Working on a speech about the environment, he wonders aloud if his past might leave him open to charges of hypocrisy.

"Before I was a governor, I was both a businessman and an environmentalist because here I was driving Hummers," he says. "I don't know if I want to leave myself open here by calling myself an environmentalist."

Happily recalling a visit to a local Hummer dealership, he describes the inventory and rattles off nationwide Hummer production numbers.

Then Schwarzenegger says California needs environmental protections.

"We have to take care of our state and our state's population growth," he says.

Kennedy responds: "You're such a flaming liberal."

Analysis: Bush's Iran Stance Echoes Iraq (AP)

By Tom Raum

AP, February 5, 2007

President Bush's tough new stance on Iran and his military buildup in the Persian Gulf recall some of the drumbeats that preceded the U.S.-led invasion of Iraq in 2003.

As then, the Bush administration is making allegations about Iran without providing proof.

It is suggesting Iran is sending weapons to Iraq, yet offering no evidence the supplies can be traced to Tehran. There are whispers, too, that Iranian intelligence agents were behind the recent abduction and execution of five U.S. soldiers.

Iran is the "axis of evil" country whose nuclear ambitions must be stopped. Iran's president, Mahmoud Ahmadinejad, is now Bush's primary Mideast nemesis, replacing the late Saddam Hussein.

Bush's efforts to rally public support behind his harder line on Iran have many lawmakers and some from the intelligence and defense world wondering if it is a prelude to military activity.

"We are not responsibly in the region if we don't deal with them," said Sen. Jim Webb, D-Va. "And the situation that we have right now where we continue to talk only about the military side — again, it's half a strategy," he told "Fox News Sunday."

Bush insists he has no plans to invade Iran, only to protect U.S. troops in Iraq.

But in recent days:

_Bush raised the U.S. naval presence in the Persian Gulf to its highest level since 2003 by ordering a second aircraft carrier strike group to the region.

_The administration confirmed that Bush has authorized the military to kill or capture Iranian agents who are plotting attacks on U.S. forces.

_The administration has armed Iran's Arab neighbors with Patriot missiles. The Pentagon halted sales of spare parts from the its recently retired F-14 fighter jet fleet because of concerns they could be transferred to Iran.

Administration critics suggest the White House is exaggerating Tehran's ties to attacks inside Iraq to justify a possible future military assault — just as it manipulated prewar intelligence to build its case for its 2003 invasion of Iraq, they claim.

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"He again is convinced that he's on the side of right, fighting against the forces of evil, expressing this somewhat oversimplified view of the world he has," said Michael O'Hanlon, a foreign policy analyst for the Brookings Institution and an adviser to the bipartisan Iraq Study Group. "He's doing what he thinks is right to show resoluteness."

Bush's saber-rattling — rather than reaching out to Iran and Syria diplomatically as recommended by the Iraq Study group and many in Congress — is a risky strategy. Many national security professionals suggest this approach could lead to wider conflict.

If conditions continue to deteriorate in Iraq, "the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large," Zbigniew Brezinski, President Carter's national security adviser, told the Senate Foreign Relations Committee.

Bush is betting he can help prop up the shaky government of Iraqi Prime Minister Nouri al-Maliki and stop a supply line of weapons and fighters into Iraq.

It's a big bet.

Iran has denied accusations it is supplying weapons to Shiite militias in Iraq. But an official assessment of Iraq by U.S. intelligence agencies said Iran was providing lethal support to select Shiite groups.

Still, the National Intelligence Estimate released Friday said "outside actors" such as Iran and Syria are "not likely to be a major driver of violence or the prospects for stability" in Iraq.

Stephen Hadley, Bush's national security adviser, said the declassified public document "does not adequately reflect" the degree of concern in nearby Sunni nations about Shiite-run Iran's meddling in Iraq. He disputed suggestions that Bush has overemphasized Iran's role.

In his Iraq speech to the nation last month, Bush said the U.S. would "seek out and destroy the networks providing advanced training and weaponry to our enemies in Iraq," citing Iran and Syria.

Critics of Bush's harder line on Iran fall into two camps: those who worry his recent strong talk might lead to a military conflict and those who claim he should have gotten tough earlier.

Democratic presidential hopeful John Edwards, for instance, has criticized what he suggests is previous indifference to the Iranian threat.

"In order to ensure Iran never gets nuclear weapons, all options must remain on the table," Edwards says in a hint at possible military action. The vice presidential nominee in 2004 has called for withdrawing troops from Iraq.

For now, time appears to favor Iran, says Anthony Cordesman, an analyst with the Center for Strategic and International Studies.

Even if the United States and Iraq's Shiite-led government can bring stability, "Iran must now feel it can outwait the U.S., exploit U.S. unpopularity in many Shiite areas, and has every reason to be opportunistic.

"Iran wins to some degree even if it does not exploit the situation. A Shiite-dominated Iraq is going to need Iranian help and support for years to come."

Report Spells Out Dangers Of Attack On Iran (FT)

By Gareth Smyth

Financial Times, February 5, 2007

Military action in response to Iran's atomic programme would be "highly dangerous" with diplomacy still an option, according to a report published today by a group of British non-governmental organisations, think-tanks and trade unions.

"It cannot be said that the potential for diplomacy has been fully explored while direct talks between Iran and the US have not taken place," says "Time to Talk: the Case for Diplomatic Solutions on Iran", from -Crisis Action.

The report warns that US or Israeli attacks on Iran's nuclear facilities could lead to civilian deaths, radioactive contamination, heightened conflict in neighbouring Iraq and Afghanistan, al-Qaeda attacks stemming from intensified anti-western feeling, higher oil prices and an acceleration of Tehran's nuclear programme.

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Among those endorsing the report is Sir Richard -Dalton, UK ambassador to Iran from 2003 to 2006. He said the report was "wagging a finger" to remind the British government that military action should be "a last resort in self-defence or to prevent an imminent threat".

Sir Richard defended the US and European Union's refusal to negotiate with Iran while Tehran refused to implement December's United Nations Security Council resolution that it suspend almost all its nuclear activities.

However, he argued London should "not just sit back on our heels". It should work "behind the scenes" to ensure the US was ready to supplement international negotiations "when re-quired".

The report appears sceptical that the Bush administration will engage Tehran, arguing "the sidelining" of the Baker-Hamilton report, which last month advocated talks with Iran, "illustrates further the rejection of direct negotiation".

Paul Rogers, professor of peace studies at Bradford university, said "an attack designed to diminish Iran's nuclear capacity would involve trying to kill as many technicians and scientists as possible".

Mr Rogers told the Financial Times that Iran would have "a huge range of retaliatory options", including attacks on the oil facilities of the Arab countries across the Persian Gulf.

At Iran's Isfahan nuclear site on Saturday, Ali-Asghar Soltanieh, the country's representative at the International Atomic Energy Agency, said the nuclear programme was "fully transparent".

Mr Soltanieh was welcoming reporters and IAEA representatives from developing countries on a trip around the facility, which processes uranium ore into uranium hexafluoride, the feeder fuel for the enrichment plant further north at Natanz.

He refused to say whether Iran would install anti-aircraft missiles being delivered from Russia at Isfahan Tor. The site is currently ringed by less sophisticated anti-aircraft guns.

Iran's Role In Iraq (NYT)

The New York Times, February 5, 2007

To the Editor:

Re "Bullying Iran (editorial, Feb. 1):

The United States has now resorted to the soft power of disinformation about Iran by leveling false charges regarding Iran's behavior toward Iraq. While Iran has fully supported the new government in Iraq and has signed various trade and energy agreements with Baghdad, the United States government continues to demonize Iran and blame it for America's own failures.

Contrary to your assertion that Iran is sowing chaos in Iraq, Iran is concerned about the growing chaos and the unwanted consequences of spill-over conflict and masses of refugees.

Iran favors a strong, unified Iraq whose sovereignty is not constantly trampled upon by the intrusive Western powers. To this effect, Iran has responded favorably to Iraq's call for a regional forum to discuss the country's dangerous crisis.

M. A. Mohammadi
Press Secretary
Mission of Iran to the United Nations
New York, Feb. 1, 2007

Congress Must Stop An Attack On Iran (LAT)

By Leonard Weiss And Larry Diamond

The Los Angeles Times, February 5, 2007

DESPITE ANGUISH and anger over the Bush administration's decision to escalate its failing war in Iraq, Congress is unlikely to cut off funding. Even most opponents of the war fear that they could be blamed for not supporting the troops in the field and for a possible descent into even greater catastrophe in the face of a precipitous U.S. withdrawal from Iraq.

But nothing prevents Congress from using its power of the purse to prevent an American attack on Iran. President Bush's neoconservative advisors and pundit supporters have been beating the drums of war with Iran since 2003, when the president declared Iran to be part of an "axis of evil." Recall that a senior administration official told The Times that Iran should "take a number" in the wake of the invasion of Iraq. In his recent address to the nation on the troop surge in Iraq, Bush issued more threats to Iran. Now the president has named a Navy admiral to head the U.S. Central Command and dispatched a second

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aircraft carrier and minesweepers to the Persian Gulf, presumably to prevent Iran from closing the Strait of Hormuz in the event of conflict.

These developments and other administration moves could presage an air attack on Iran's nuclear facilities.

Iran is not innocent of dangerous and provocative behavior. Tehran has supported insurgent groups in Iraq, including helping to provide sophisticated explosives that have killed U.S. soldiers. And Iran's continued development of a nuclear enrichment facility is in defiance of the international community's demand to halt those actions. President Mahmoud Ahmadinejad's repulsive statements about the Holocaust and Israel add to the nervousness about Iran's future actions.

But war is not yet justified, except in the minds of those who have been lobbying for it for years. Iran is still years away from being a nuclear threat, and our experience with "preventive war" in Iraq should teach us a thing or two. Launching another such war without international approval would leave us even more politically isolated and militarily overstretched. Attacking a Middle Eastern country — one much stronger than Iraq and with the ability to cut off oil supplies from the Strait of Hormuz — could inflame the region, intensify Shiite militia attacks on our soldiers in Iraq and stimulate terrorist attacks on Americans and U.S. interests worldwide.

But recklessness, not prudence, has been the hallmark of this administration's foreign policy. Beyond this, the president and vice president subscribe to what some call the "unitary executive," which is a fancy way of saying they believe that Congress cannot prevent the president from doing almost anything he wants. The 1973 War Powers Act, passed in the wake of our disastrous war in Vietnam, allows the president to put U.S. troops in a combat situation under certain conditions before obtaining any congressional authorization to do so. When Bush signed the Iraq war resolution, he issued a statement challenging the constitutionality of the War Powers Act, indicating that he could take the nation to war without obeying its restrictions. Unfortunately, even if the president were to agree to the act's restrictions, he could still attack Iran and have up to 90 days before being required to get congressional authorization for the attack.

What to do? Congress should not wait. It should hold hearings on Iran before the president orders a bombing attack on its nuclear facilities, or orders or supports a provocative act by the U.S. or an ally designed to get Iran to retaliate, and thus further raise war fever.

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, has warned the administration that it had better seek congressional authorization for any attack on Iran. But we need Senate and House hearings now to put the Bush administration on notice that, in the absence of an imminent military attack or a verified terrorist attack on the United States by Iran, Congress will not support a U.S. military strike on that country. Those hearings should aim toward passage of a law preventing the expenditure of any funds for a military attack on Iran unless Congress has either declared war with that country or has otherwise authorized military action under the War Powers Act.

The law should be attached to an appropriations bill, making it difficult for the president to veto. If he simply claims that he is not bound by the restriction even if he signs it into law, and then orders an attack on Iran without congressional authorization for it, Congress should file a lawsuit and begin impeachment proceedings.

It is, of course, possible that the president's truculent language and actions toward Iran are a bluff, an attempt to rein in its irresponsible behavior.

But the administration's mendacious and incompetent course of action in taking the nation to war with Iraq gives us no reason to provide the president with the benefit of any doubt. And stiffening economic sanctions — at a time when Iran's economy is ailing and the regime is losing popular support — offers a better and safer prospect of exerting leverage.

Another war of choice would only pour fuel on the fires of the Middle East. And the history of this administration shows that if Congress does not constrain this president, he could well act recklessly again, in ways that would profoundly damage our national interest.

India Faces Delicate Diplomacy In US, Iran Talks (AFP)

AFP, February 5, 2007

India will engage in delicate diplomacy this week during talks with Washington on a crucial civilian nuclear deal and with nuclear renegade Iran over energy and regional issues, analysts said.

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"India will have to maintain a very fine balance," said C.U. Bhaskar, an analyst with the Institute of Defence Studies and Analyses, to avoid raising the ire of, and damaging its economic ties with, both nations.

Energy cooperation will be high on Indian Foreign Minister Pranab Mukherjee's agenda when he visits Tehran, his first official trip outside South Asia since taking office in May.

His talks on Tuesday and Wednesday come amid growing US pressure on countries for tougher sanctions against the Islamic regime for defying demands to rein in its nuclear programme.

India and Iran are expected to discuss two multi-billion dollar gas deals including a pipeline that would cross Pakistan to help meet demand in energy-hungry India.

Mukherjee is also almost "certain to discuss the situation in the region," an Indian official said, as tension mounts over Tehran's nuclear ambitions and the US military build-up in the Gulf and Iraq.

In Washington, India's special envoy on the US nuclear deal, Shyam Saran, is expected to conclude a deal that lifts three decades of US sanctions barring the transfer of civilian nuclear technology and equipment to India.

The US Congress in December gave the go-ahead to Washington to begin the negotiations with New Delhi, seen as the high watermark of the rapidly warming ties between the two nations.

But the ties did not stop US ambassador to New Delhi, David C. Mulford, last week warning that Washington would be following Mukherjee's Iran visit.

Mulford also told reporters Washington "discouraged" any commercial dealings with Iran. The US has placed economic sanctions on Tehran that include halting cooperation with governments and companies abroad that invest in Iran.

Bharat Karnad, of the New Delhi-based Centre for Policy Studies, said New Delhi had to watch its step carefully or endanger the growing US relationship.

It "is a cross that India has to bear as, to an extent, the successful conclusion of the India-US accord depends on satisfying the US on certain issues," the analyst said.

Analyst Bhaskar and India's former envoy to the UN Conference on Disarmament, Arundhati Ghosh, agreed Mukherjee's visit to Iran was "very important" and the talks with the United States were "delicate."

"In diplomacy, there are always grey areas. The foreign minister's visit is key as it is important not to make Iran feel isolated at this point," Bhaskar said.

"India could play a valuable role as facilitator depending on the situation," he added.

Indian officials, however, dismissed suggestions New Delhi has a "high-wire balancing act" on its hands.

"Not at all," said a senior official who describes New Delhi's engagements with "strategic partner" Tehran on energy and other issues as pursuing the "national interest."

"India, as the prime minister (Manmohan Singh) has stated in parliament and at other times, follows an independent foreign policy. There is no question of any pressure from any quarter. But New Delhi in not in favour of another nuclear weapon state in the region," the official said.

India voted for a resolution last year that threatened Iran with possible UN-sponsored sanctions if it failed to stop uranium enrichment work that could create material used in nuclear weapons, the official noted.

But he added "India is also against the use of force to make Iran stop its nuclear program."

The Indian Giver (WSJ)

By William S. Cohen

The Wall Street Journal, February 5, 2007

NEW DELHI -- The U.S.-India relationship emanates from shared values, interests and objectives. Our two nations are multiethnic and secular democracies. Our commonalities and the potential for mutual benefit provide solid reasons for strengthening the relationship into a true bond of friendship and partnership.

India's military is the second largest in the world by number of members. As in the U.S., India's military is controlled by a civilian, democratically elected leadership. India has a transparent judicial system and insists upon a vibrant and free press, just as we do. India enrolls more than 100,000 students each year in U.S. colleges and universities -- and an effort is underway to

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grant more visas to provide even greater access in the future. Each day we see our economies working more closely together than ever before. Consistent with this convergence, the 2.2 million Americans of Indian origin are becoming increasingly influential in shaping the dynamics of the U.S. political stage.

These shared characteristics demonstrate that India and the U.S. are ideal partners in exerting a positive influence in the 21st century. The healthy relationship between the two serves as a working example of cooperation between countries of divergent history and composition. Not only does this allow both to display flexibility and candor in dealing with other nations, but it also furthers the common objective of promoting stability in the world. As a co-founder of the Global Democracy Initiative, India has already demonstrated global leadership as a committed democracy. India and the U.S. are working as partners to secure democracy and to defeat extremism in South Asia and around the world.

The recent U.S.-India civilian nuclear initiative has the potential to engender goodwill and partnership. This initiative finally removes the cinder from the eye, ending decades of misunderstanding and distrust about India's nuclear intent and capabilities. The increasing strategic connections between the U.S. and India should progress to closer military coordination -- and cooperation. Exchanges of technology, strategy and troops advance the capabilities and strategic capacities of both democracies. Such exchanges enable the U.S. and India to engage in coordinated action and to function independently at higher levels of proficiency.

U.S.-India military cooperation has already begun. Cooperative efforts in providing relief following the Indonesian tsunami in December 2004 are emblematic of the new relationship. The armed forces of the two nations have intensified collaboration on bioterrorism, homeland security and cyber security, resulting in further understanding and system interoperability. In June 2005, India and the U.S. signed a "New Defense Framework," including coproduction of military hardware. This will have a profound influence, enabling coproduction of U.S. technology on Indian soil, creating countless jobs and providing India with access to critical spares for its new, high-tech armed forces.

The effects of economic cooperation will shape the destiny of the 21st century. The U.S. and India both share an appreciation for free enterprise and market-driven economic progress to benefit citizens at all levels of society. India has been progressively dismantling its commercial barriers while strengthening intellectual property rights. Opening its infrastructure, insurance, banking, pension and retail markets to foreign competition will go a step further in creating the potential of more than $1 trillion in new investment in India's infrastructure sector where it is needed most.

India can be proud of its economic rise, which places it as the fourth-largest economy, with GDP galloping at a rate exceeding 8% annually. Some economic forecasts predict that India's economy measured in absolute dollar terms will overtake Italy, France and Britain in the next decade.

That said, there is still far to go in terms of India developing first-world infrastructure and delivering world-class education and health care to all its citizens. These challenges can best be met by true partnership and U.S.-India cooperation. U.S. industry stands ready to commit massive investment in the form of public-private partnerships, converting these challenges into opportunity. Already, U.S. defense industry leaders such as Pratt & Whitney, Sikorsky, Honeywell, Lockheed Martin and General Dynamics have committed to significant coproduction with Indian partners, recognizing India's engineering prowess. Likewise, U.S. companies have demonstrated a commitment to work with Indian partners to help India achieve a second Green Revolution. The public-private approach that has worked so well in the U.S., which has brought high technology to all aspects of the economy, can serve as a model for India as its farmers work towards achieving greater agricultural productivity.

Thus, the logic of U.S.-India partnership is clear. Strategically, militarily and economically the U.S.-India partnership makes perfect sense. With closer cooperation, India and the U.S. -- and all citizens of both countries -- will reap the rewards of mutual respect and trust working as equal partners in the 21st century.

Mr. Cohen, a former U.S. secretary of defense, is chairman and CEO of the Cohen Group.

In Europe, Pushback Against US 'War On Terror' (CSM)

By Robert Marquand

The Christian Science Monitor, February 5, 2007

PARIS

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Reaction in Germany was hardly neutral when a prosecutor in Munich indicted 13 CIA officials last week for kidnapping a German of Lebanese descent and interrogating him in Afghanistan before apparently realizing they had the wrong man. Germans solidly backed the prosecutor.

Since Christian Schmidt-Sommerfeld took the unprecedented step, both the right and left in Germany have supported the "rule of law" principles he articulated.

The media have been unified as well. Typical is the centrist Süddeutsche Zeitung: "The justice system has stood up for the rule of law. Whether the government will do so is a different matter. Berlin must push for the kidnappers to be extradited, or ... tried in the USA. But it is unlikely to have that much courage."

The solidarity underscores a shifting tone in Europe. As changes of leadership loom in Britain and France, and capitals contemplate relations with a post-Bush US, Uncle Sam may expect stronger "pushbacks" from Europe, experts here say. Public disapproval of the US-led "war on terror" is also growing, spurring the change.

"There is a deep gap between government policy and public opinion in Europe, and that opinion may be shaping the direction here right now," says Frederic Bozo, professor of European Studies at the Sorbonne in Paris. "Europe doesn't want to upset the careful balance with the US. I don't think there is a united opposition against the US at all. But Europe is setting the groundwork for its own identity."

Gordon Brown, who is shortly expected to take over as prime minister in Great Britain, opposed the Iraq war from the start, and has made no secret that he plans to carve out an independent line on the venerable "special relationship" with the US. Many anticipate that British troops will leave Iraq by the end of the year.

In France, even the avidly pro- American Nicolas Sarkozy, current front-runner in the French elections this spring, stated in an interview taped in New York last week that Americans need to "get interested in the world, and the world will learn to love you."

To be sure, European cooperation with the US on a wide range of areas, including counterterrorism, is extremely strong, even in France, where the Chirac government has steadily gone it alone in Europe in opposition to the Iraq campaign.Yet Europeans have steadily refused to accept the concept and phrase, "war on terror," a sentiment that extends to its application to Iraq.

Last week, European Union officials in Brussels sought to reduce the amount of information given to US agencies on air passengers leaving Europe. An official in charge of data protection for the European Central Bank similarly advised that millions of pieces of financial information being sent regularly to the US after Sept. 11 were in violation of EU privacy codes.

The "secret, routine, and massive access" by US agencies to banking SWIFT codes – needed to transfer in and out of European financial institutions – is "unacceptable," stated Peter Hustinx, the Brussels official responsible for EU data oversight.

Boosting this sentiment is Europeans' recognition that the US is also in flux with an election season starting up, and that President Bush's term appears to be winding down with the United States in a vulnerable position overseas.

The US legal basis for conducting interrogation centers at Guantánamo Bay, for example, has long rankled in Europe.

"Most of the French opinion, many of the German people, a large share of the Labor constituency in the UK, the Spanish, and now Italy, don't just oppose the policy, but the basis of US policy," says Georges Le Guelte, of the Institute for International and Strategic Relations in Paris. "You can't have renditions and Guantánamo and talk human rights at the same time. That is more clear to many of us."

In Italy, prosecutors put out warrants several months ago for 25 members of a CIA team that abducted a Muslim cleric in Milan.

Nor is Europe alone in its willingness to speak more pointedly to the White House about its foreign affairs. On page 1 of last Thursday's People's Daily, a newspaper of record in China, a Chinese official criticized Mr. Bush for inflammatory rhetoric that turned the war in Iraq into a "religious war."

The comment was unprecedented in a state where official decorum is rigidly maintained. (For nearly a decade, China has conducted a brutal campaign of summary executions of Muslims in its far-west Xinjiang region, as documented in human rights reports.)

In the case of the Munich renditions, announced Jan. 31, 13 American CIA operatives allegedly apprehended German citizen Khaled el-Masri in Macedonia in 2004 and whisked him to an Afghan prison called "the Salt Pit." Realizing he was the

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wrong man, they left him on a hillside in Albania five months later, warning him never to talk of his experience. Mr. el-Masri instead filed suit in a Virginia court. Masri's case was dropped in Virginia after arguments that a trial would jeopardize US security operations.

But with help from Spanish police, the Munich prosecutors discovered the identity of the operatives through flight and hotel records in Palma de Mallorca, where they stopped to relax.

On Friday, in Washington, German foreign minister Frank-Walter Steinmeier told US Secretary of State Condoleezza Rice that the Munich warrants were only valid in Germany at present, but that Berlin felt the local court might issue an international warrant, according to German papers.

Ms. Rice said the warrants would not harm US-German relations. Justice Department officials have not responded to approaches by the German prosecutors.

Germany's Rising Political Star (LAT)

By Jeffrey Fleishman

The Los Angeles Times, February 5, 2007

BERLIN — She is at her most convincing beyond the camera's flash, but German Chancellor Angela Merkel can work a room, turning pragmatism into an erudite, diplomatic charm that has made her Europe's most commanding leader.

She is neither brash nor rash; as a student she deliberated 45 minutes before jumping off a diving board. But despite her quiet manner, Merkel is rising in stature as British Prime Minister Tony Blair and French President Jacques Chirac are set to leave office. She is not as telegenic as Blair, or as suave as Chirac, but her sober intellectual confidence is increasingly influential.

Berlin has improved ties with the Bush administration even though Merkel has refused to send troops to Iraq and has criticized the treatment of terrorism suspects in U.S. custody. Her government is attempting to revive Middle East peace talks, negotiate an end to the crisis over Iran's uranium enrichment program, improve links with China and build a unified Europe less driven by the traditional German-French axis.

"She does not like grand visions. She's a pragmatic politician," said Gerd Langguth, who wrote a biography on Merkel in 2005. "The atmosphere of how Germany is talking to world leaders has changed. Blair is a political lame duck, so is Chirac. Italy and Spain are not very stable. So for the moment, the German chancellor is more important."

Merkel is using this clout to urge the continent's governments to be aggressive about reform and globalization, pushing especially for the loosening of regulations on business and the strengthening of transatlantic economic bonds to compete with India and other rising trading powers. She has cautioned Europe not to retract into a shell of protectionism.

The warning comes as the German economy is emerging from years of slow growth and high unemployment. Consumer confidence is up, and Germany, the world's third-largest economy, is benefiting from cuts to labor protection and social programs — safety net elements that had been championed by Merkel's predecessor, Gerhard Schroeder. But Merkel, who has been in office 14 months, fears the momentum will slip if more reforms aren't passed to keep Germany competitive in global markets.

The chancellor leads a contentious coalition government whose liberals and conservatives have produced no significant domestic reforms. Such deadlock perhaps makes it politically safer for Merkel to dabble in the world's problems, such as meeting with rock star Bono at the recent World Economic Forum in Switzerland, than to try to calm angry pensioners or thousands of German doctors striking for higher salaries.

Merkel's prominence on the international stage follows Schroeder's insistence that the generation of Germany's politicians that came of age after World War II should reassert the nation's voice in world affairs. The two leaders' styles, however, are different; the current chancellor prefers backroom deliberations to public schmoozing, and bar graphs to catchy one-liners.

"I think Mrs. Merkel is more academic, looking at dossiers and acting only after she understands a problem," said Andreas Maurer, an analyst with the German Institute for International and Security Affairs. "Schroeder was much more oriented to media exercises ... and acted much more on emotions."

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One of Merkel's foreign policy goals is a European Union that gives a more influential role to the newer, weaker members of the alliance. Once dominated by Paris and Berlin, the EU, which has grown to 27 countries, these days represents a continent of looser borders and more diverse voices.

Germany holds the EU's rotating presidency until July, and Merkel has been traveling to Western capitals, such as Brussels, and to former communist capitals, such as Prague, to find consensus on ratifying a European Constitution to fit everyone.

"The exclusivity of the Franco-German relationship is over," Maurer said. "Merkel is much more inclusive of other countries."

Berlin's strategy also has shifted toward Washington. Schroeder was a fierce critic of the Iraq war and other U.S. policies, but Merkel, who has met President Bush six times since 2005, has appeared more sensitive to European-American relations. The change indicates that the continent's ties to the United States, which were strong during the Cold War, are just as strategic in a new era of terrorism and globalization.

"The U.S. is still the European Union's most important trade partner," Merkel said in Switzerland. "We are also the most important investment partners for each other."

Security concerns have led the chancellor to be active in the Middle East. Her foreign minister, Frank-Walter Steinmeier, is a key negotiator, along with counterparts on the U.N. Security Council, in the effort to defuse tensions over Iran's nuclear ambitions. He also has been working with Washington, the United Nations, Russia and the EU to push for peace talks between Israel and the Palestinians.

"We know that resolving this conflict or at least making progress would also have an effect on all the other regional conflict," Merkel said last month after a meeting with Secretary of State Condoleezza Rice.

Unlike Schroeder, who was a friend of Russian President Vladimir V. Putin — a circumstance that many analysts say muted German criticism of Moscow's war in Chechnya and human rights record — Merkel is skeptical of Russia. Last year, Merkel, who is a physicist and the daughter of a Protestant minister, irritated the Kremlin when she met with rights groups and opposition figures during a visit to Moscow.

"Merkel is fluent in Russian and she was raised in the former communist" East Germany, Maurer said. "She is using her biography to speak to Europe about Russia."

The chancellor refers to Russia as a strategic partner, but she is unlikely to speak of Putin as a "flawless democrat" the way Schroeder did. She publicly rebuked Moscow several weeks ago when she questioned its reliability as an energy partner after a pipeline dispute between Russia and Belarus temporarily cut oil supplies to Germany.

Germany's largest newspaper, Bild, credited Merkel with bringing "soberness" to Berlin's relations with Moscow. "We depend on oil and gas from Russia, and Russia needs us as buyers.... Germany's interests are in good hands with Merkel. She banks less on feeling than on clear reason," Bild said.

Hamas Attacks Fatah Bases (WT/AP)

By Karin Laub

The Washington Times, February 5, 2007

GAZA CITY, Gaza Strip - Hamas gunmen attacked bases of Fatah-allied troops with mortars and rocket-propelled grenades early yesterday, part of a four-day campaign by the Islamic militants to weaken the security forces loyal to Palestinian Authority President Mahmoud Abbas.

As night fell, efforts were underway to restore a truce. Gunmen pulled back from their positions, to be replaced by police officers. Both sides began to exchange hostages and joint Hamas-Fatah patrols took to the streets to monitor the cease-fire. Previous truces have broken down quickly.

In the West Bank, a strategy session by Fatah leaders ended in a shouting match, with some participants demanding that Mr. Abbas' party take a tougher stand against Hamas in the struggle for control of the Palestinian government, and others pushing to give a mediation effort by Saudi Arabia a chance. In one particularly angry exchange, participants threw an empty cup and a shoe at each other, witnesses said.

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"We all agreed that Hamas has been trying for a long time to impose its control on the Gaza Strip, and Fatah needs to stand up to this policy of Hamas," said Amin Makboul, one of the group's members. Under fierce debate, though, is how to do so.

The infighting among Palestinians has overshadowed new efforts to restart the peace process with Israel. Hamas refuses to recognize Israel's right to exist and its hard-line approach has drawn international sanctions that have crippled the Palestinian economy. Mr. Abbas has sought negotiations in the past, but lately has been distracted by the power struggle within his own government.

Israeli Deputy Prime Minister Shimon Peres said yesterday that Israel must not intervene in the internal Palestinian fighting.

"We need to leave Gaza to the Gazans," Mr. Peres told Israel Army Radio. "Our intervention will not help; on the contrary, it will draw all the fire toward Israel. We need to leave the Gazans to deal with it and hope that it settles itself."

Mr. Abbas, Hamas' exiled leader Khalid Mashaal and Palestinian Prime Minister Ismail Haniyeh of Hamas are to meet in Islam's holy city of Mecca tomorrow for reconciliation talks hosted by Saudi Arabia's King Abdullah, the highest-profile mediation effort in several weeks of fighting.

The Palestinian ambassador to Saudi Arabia, Jamal Shobaki, said the meeting will be open-ended and will focus on negotiating a platform for a national unity government and distributing Cabinet positions.

More than 130 Palestinians have been killed in the factional fighting since May. The bloodiest round began Thursday, killing 28 persons and wounding more than 230 in four days.

Since Thursday, Hamas gunmen have attacked more than a dozen security installations in what appeared to be a systematic campaign to weaken Mr. Abbas' control of Gaza.

Late Saturday and early yesterday, Hamas fired mortar shells and rocket-propelled grenades at a training camp of the Presidential Guard and Mr. Abbas' nearby office compound in Gaza City. Mr. Abbas was not in Gaza during the current round of fighting.

Palestinians Say Clashes Hurt Their Cause (NYT)

By Steven Erlanger

The New York Times, February 5, 2007

JERUSALEM, Feb. 4 — The fierce internal clashes between Palestinian factions have shocked many Palestinians and Arab governments, who fear that the continuing bloodshed is damaging the Palestinian image before the world, Palestinians say.

“This fighting affects everyone’s morale,” said Daoud Kuttab, a Palestinian analyst who teaches at Al Quds University here. “We always felt we had this one big asset, our social unity as Palestinians, but to see it shredding, with lives being shed without much concern, is horrible. We’ve lost a lot of sensitivity to these deaths, to those killed by the Israelis and ourselves.”

Even as the Bush administration has moved in its second term to try for significant progress toward peace, Palestinians say their own infighting is making it too easy for Israel to argue that the time is not right to promote a Palestinian state.

Egypt, Jordan and Saudi Arabia have intensified efforts to stop the fighting, some of the worst internal Palestinian violence in years, and to push the warring Fatah and Hamas factions into a unity government of some type, no matter how fragile.

King Abdullah of Saudi Arabia has called a meeting in the holy city of Mecca on Tuesday between the Palestinian Authority president, Mahmoud Abbas, of Fatah, and senior Hamas figures in the hope of restoring at least a facade of Palestinian unity. “What is happening now is damaging our reputation and our standing with Arab public opinion and with Arab officials,” said Mkhaimar Abusada, a political scientist at Al Azhar University in Gaza. “My feeling is that Arab support for the Palestinians is beginning to evaporate. Arabs are looking at us as fighting ourselves now, not the Israeli occupation, and Arab officials are saying that we’re not very serious about establishing a state.”

Ahmed Abdel Rahman, a former adviser to Yasir Arafat and a member of Fatah’s Central Committee, said that “the Palestinian national enterprise is in danger now.”

Mr. Kuttab, of Al Quds University, said that since the Israelis pulled out of Gaza in the autumn of 2005, “there has been a lot of hopelessness and frustration and disappointment, with people thinking they can solve everything with a rifle.” The political and diplomatic impasse, he said, has fostered violence, and many people believe that Fatah and Hamas are not even sure why they are fighting each other.

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"Unfortunately power and violence do produce results in this part of the world," Mr. Kuttab said. "Talk of peace and nonviolence doesn't get us very far, unfortunately."

On Saturday evening in Ramallah, on the West Bank, a fierce argument broke out during a meeting of the Revolutionary Council of Fatah over how to deal with Hamas and the fighting in Gaza, participants said.

The West Bank intelligence chief, Tawfiq Tarawi, criticized some Fatah officials for trying to play "Red Cross" and mediate between Hamas and Fatah, said a security official who was there but did not want to be identified if he mentioned the names of the officials involved.

Mr. Tarawi criticized the former West Bank security chief, Jibril Rajoub, in particular, for blaming Fatah as well as Hamas for the infighting.

During the argument, heated words were exchanged and shoes were thrown, a severe insult in the Arab world. "I have a message from the three Balousha kids," Mr. Tarawi said, referring to three children killed in December on their way to school. Their father, Baha, is a prominent Fatah intelligence official in Gaza. Then he threw his shoes at Mr. Rajoub. The December attack is thought to have been carried out by Hamas supporters.

A consensus emerged from the meeting that Fatah must not bend to Hamas in the Gaza Strip, the unidentified Fatah official said.

Another participant, Amin Makboul, told The Associated Press, "We all agreed that Hamas has been trying for some time to impose its control on the Gaza Strip, and Fatah needs to stand up to this policy of Hamas." But he said there was disagreement over tactics.

The streets were calmer in Gaza on Sunday, as another effort at a cease-fire appeared to be taking hold, and some people ventured out in the morning to buy provisions. But there were clashes during the day, and gunmen from both sides remained on the streets.

Two members of Mr. Abbas's presidential guard died of wounds suffered Friday, and the total of dead since Thursday rose to 28, including 4 children. More ominously, the nephew of Fatah's most powerful figure in Gaza, Muhammad Dahlan, was kidnapped by Hamas on Saturday. Hamas considers Mr. Dahlan its main enemy in Gaza, and Mr. Dahlan is thought to be the unofficial commander of Fatah forces there.

His nephew, Sharaf Dahlan, 21, works for the Civil Affairs Ministry of the Palestinian Authority but helps out in his uncle's office. On his way to Gaza City on Saturday, his taxi was stopped at a Hamas checkpoint. He handed over his ID and was then taken away.

The news emerged Sunday when Hamas officials said he was providing them with "secrets" about Muhammad Dahlan, though aides to Mr. Dahlan say the young man knows very little.

In the fighting that began on Thursday, Hamas forces have taken most of northern Gaza and large areas of Gaza City. Hamas has destroyed or damaged Fatah security headquarters in the north and taken equipment, weapons and files. But Fatah has defended three of its major compounds in Gaza City: the main security headquarters, the Saraya; the headquarters of the preventive security force; and the presidential compound.

Palestinians are deeply upset that each side has gone after symbolic institutions that belong to the other, including the main Gaza universities and their libraries, which have been attacked by rockets and firebombs.

"Everything the Palestinians fought for in the 1980s and '90s is being undermined in a second," said Diana Buttu, a Palestinian and former aide to Mr. Dahlan and Mr. Abbas. "People were shot and killed to ensure universities stayed open. Now we're blowing up our own universities, and UNRWA is threatening to pull out, and no one cares." UNRWA is the agency that cares for and educates Palestinian refugees and their families.

What is more frustrating, Ms. Buttu said, was that "all the infighting diverts attention from the real issues, like the Israeli occupation and Jerusalem, and instead people are focusing on whether a national unity government emerges based on a political document no one cares about."

In Israel on Sunday, the cabinet approved the appointment of Gabi Ashkenazi as the new military chief of staff, replacing Lt. Gen. Dan Halutz, who resigned over the war with Hezbollah.

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Mr. Ashkenazi, 52, an infantryman and former deputy chief of staff, will be promoted to lieutenant general and will command in about 10 days. Some in the Israeli military argue that Israel should consider a major operation into the Gaza Strip to attack Hamas and seize weaponry, but such a move is considered unlikely now. The Israeli Shin Bet intelligence agency told the cabinet on Sunday that intra-Palestinian fighting was not likely to end soon.

Palestinian Factional Fighting May Spread (CSM)

By Joshua Mitnick

The Christian Science Monitor, February 5, 2007

NABLUS, WEST BANK

Violence between rival Palestinian factions Fatah and Hamas surged in the Gaza Strip for a second consecutive weekend, as at least 25 Palestinians died in three days of Hamas-Fatah fighting. The violence spurred Palestinian President Mahmoud Abbas and Hamas leader Khaled Meshal to arrange an emergency summit in the Muslim holy city of Mecca, Saudi Arabia, Tuesday.

Despite the mounting casualties and failed cease-fires in Gaza, internecine strife in the West Bank has been limited and mostly nonlethal. But now the violence is threatening to spill over, as Fatah militants in cities such as Nablus embark on a series of kidnappings as a counterpunch to Hamas gains in Gaza.

"Every day they are killing somebody in Gaza," says Da'as Kanna, a Fatah militant who kidnapped and later released five Hamas men from downtown Nablus. "The Al Aqsa Brigades [Fatah's military wing] in the West Bank can't sit by and watch. We are one Fatah."

A new West Bank battle front would expose nearly twice as many Palestinians to the daily skirmishes that have kept Gazans shuttered indoors, and threaten to drag Israeli forces into the fray.

Over the weekend, Hamas militants landed several blows to Fatah's power base in Gaza, capturing facilities throughout the north belonging to the Fatah-controlled security services of the Palestinian Authority. Hamas fighters abducted on Saturday the nephew of former Gaza security chief Mohammed Dahlan, one of dozens to be kidnapped in the violence, and on Thursday intercepted trucks believed to be carrying arms to forces loyal to Abbas.

Meanwhile, Fatah fighters destroyed laboratories, lecture halls, and a library at Hamas-run Islamic University. They also attacked Gaza's A-Shifa Hospital, thought to be controlled by Hamas.

Hamas starts new West Bank force?

Unlike Gaza, where the sides are thought to be evenly matched, Fatah's superiority in men and arms is undisputed in the West Bank. And yet, Fatah militants are spooked by rumors that Hamas is quietly moving to replicate its Gaza Executive Force, or tanfideyeh, in West Bank.

Bassem Ezbeidi, a Bir Zeit University political science professor, expects the Hamas-Fatah conflict to remain confined to Gaza, but cautions that a West Bank flare-up can't be ruled out.

"Fatah has been very provocative by kidnapping," says Mr. Ezbeidi. "Fatah is sending a message that, 'We are strong here and we are reacting to what Hamas is doing in Gaza.' It's a war of messages"

Militants like Mr. Kanna have spent most of the past six years bracing for Israeli incursions into Nablus. Last week, however, he and as many as 30 Al Aqsa Brigades gunmen ambushed the local Education Ministry building to kidnap five men accused of membership in the Hamas tanfidiyeh.

Brandishing an M-16, Kanna tells how he got word that a group of masked Hamas gunmen had unleashed a round of bullets near the Nablus municipality a week ago, and fled to the Education Ministry, which is controlled by Hamas. Kanna says the Fatah gunmen attacked the ministry building because it allegedly serves as a training base for the tanfidiyeh.

"The Ministry of Education has been used by Hamas as a military camp," he says. "The objective was to tell them we do not recognize the illegal Executive Force."

A stairwell gun battle between Hamas and Fatah sent employees throughout the building ducking for cover behind closed doors.

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Kanna claims to have extracted confessions from the five abductees, but they were released several hours later as a quid pro quo for Hamas's decision to release abductees of their own in Gaza. The militant says he planned to continue the tactic of kidnapping Hamas members to use as bargaining chips.

On the same day, Nablus council member Fayad al Aghbar – a Hamas politician – was kidnapped at gunpoint live on camera at a branch of the Arab Islamic Bank. Mr. Aghbar was hooded, taken to a refugee camp, and interrogated about his alleged involvement in the Hamas executive force. He was released after being held for 10 hours.

"It was a violent, uncivilized affair," he says, denying the existence of a new Hamas force. And yet, at an anniversary celebration of Hamas's founding several weeks ago, members of its military wing made a rare public appearance. "Hamas is capable of responding to Fatah's aggressiveness in Nablus, but Hamas leadership is not keen to transfer the chaos in Gaza to the West Bank," says Aghbar .

The fighting could draw in Israel

A Hamas activist was kidnapped in the West Bank city of Jenin on Friday, and on Sunday, Hamas offices in Bethlehem were torched, according to the Palestinian Ma'an News service. On Saturday in Nablus, two more Hamas activists were abducted.

A spike in West Bank violence threatens to draw the Israeli army into the fighting because it controls access to Palestinian towns to block suicide bombers and attacks on Jewish settlers in the region.

"If a confrontation is to take place around Ramallah and Nablus," says Ezbeidi, it's likely that the Israeli army will be forced to become involved. "They will find many ways to intervene and that would have destructive consequences for all sides."

To be sure, among the West Bank's major cities, Nablus is perhaps the most notorious as a den of crime where young Fatah militants have been making their own laws long before the outbreak of widespread clashes with Hamas. Prominent Nablus families are reported to be hoarding weapons in case of an escalation of internecine violence in the West Bank.

The recent Nablus kidnappings were condemned as unproductive by Nasser Juma'a, a Fatah legislator from Nablus who used to lead a division of Al Aqsa Martyrs Brigades. He accused Hamas of recruiting members in Nablus for its own security force and of "poking the bees' nest" of Fatah armed groups.

If Hamas unveils a new security force in the West Bank, "we will get to a stage like Gaza. It will escalate matters."

Mr. Juma'a says he's hopeful that Mr. Abbas, Mr. Meshal, and Hamas Prime Minister Ismail Haniyeh will reach an agreement on a unity government this week at talks hosted by Saudi Arabia.

Saudi Shiites Fear Gains Could Be Lost (NYT)

By Hassan M. Fattah And Rasheed Abou Al-Samh

The New York Times, February 5, 2007

QATIF, Saudi Arabia, Jan. 30 — As young men beat their chests in street processions marking the Shiite Muslim holiday of Ashura in this Shiite stronghold in eastern Saudi Arabia, Ibrahim al-Mugaiteeb looked on nervously, bracing for the region's political conflicts to close in on this downtrodden community.

With sectarian tensions rising between Sunnis and Shiites throughout the Middle East, and pressure growing on the Saudi government by the country's Sunni leadership, Saudi Shiites, who have made great strides in recent years, are worried that those gains will be rolled back.

"Things are dim and dark, and the worst is still to come," said Mr. Mugaiteeb, a human rights campaigner who runs an unlicensed Saudi human rights monitor here in the Eastern Province. "As always the minorities will be most affected when this is done. But it will affect everyone else too."

There are still no Shiites in positions of authority, and Shiites are rarely promoted to managerial positions in government and private companies, Shiite leaders here say. There are also virtually no Shiite headmasters in public schools.

More important, the government has stopped short of actually recognizing the minority, they say. Their hard-won rights have yet to be enshrined into law, meaning they could be rescinded at short notice.

Last week, the Sunni governor of Al Hasa, a mixed Sunni-Shiite town in the Eastern Province, banned all blood drives organized by Shiites. Sunni clerics have stepped up their preaching against Shiites recently, declaring them again to be infidels.

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And earlier this week King Abdullah, speaking of rumors that Shiites are seeking to convert Sunnis, said that such attempts would fail, and that Sunnis would always make up a majority of the world's Muslims.

In recent times, life had been growing better for Saudi Arabia's two million Shiites, who have long suffered religious and economic discrimination. Yet things are growing tenuous again.

After Iran's Islamic revolution in 1979 energized Shiites throughout the region, the allegiance of Saudi Shiites to the state became suspect as the country's Sunni religious leaders began viewing them as a potential fifth column that could bring down the government. When violent riots erupted during Ashura in the early 1980s, the government killed dozens of protesters and arrested thousands, sending many into exile and setting off a decade of repression.

In 1993, King Fahd tried to settle the differences and in 2003 met with a group of Shiite elders who presented him with a petition calling for equal rights. Suddenly, Shiite fortunes turned.

"There were problems before, but with the passing of time and with the insistence of the people for their rights, things have changed," said Sheik Hassan al-Saffar, a longtime opposition leader who has become a primary advocate for engaging with the government. "Saudi politics is much more focused now on delivering rights than ever before."

Sheik Saffar proudly read off a list of some of the important gains the Shiites have made since then: political prisoners have been released and exiles have returned; rituals have been allowed relatively unfettered; Shiites have been allowed to establish meeting halls and build mosques, and they have begun publishing their own religious books and importing some.

Ashura, the holiest period for Shiites, has become something of a litmus test for the change. Just a few years ago the 10-day commemoration of the seventh-century martyrdom of the Imam Hussein, the most defining event for Shiite Muslims, was largely hidden from public view, held in illegal community centers. This week Saudi Shiites burst into the open in the streets of the oil-rich Eastern Province, holding carnivals and re-enactments of the killing.

In Saudi Arabia, the commemorations have grown larger and more colorful. This year, about 500,000 people attended nightly lectures espousing Imam Hussein's virtues and applying the lessons of his life to modern times. Worshipers marched under large posters of Shiite figures as well as posters of the Lebanese Shiite Muslim leader Hassan Nasrallah, and they shared food and gifts, all emphasizing the human battle between good and evil.

Shiites have begun calling for the Saudi government to enshrine their rights, while encouraging residents here to focus their sights on local Saudi issues, not regional or international ones. They say all that they have achieved has been fought for.

"Things have changed here not because the government wanted the change, but because the world itself has changed," said Sheik Nimr al-Nimr, who advocates a more confrontational stance with the government. "We see better conditions not because of government support but because of our demands for change. The government will not give us anything unless we demand it."

Some Shiite leaders read much in the lack of coverage of Ashura in the Saudi news media. "This is one of the most important cultural events for us," said Sheik Fawzi al-Seif, a local Shiite cleric, who notes that the Saudi news media normally cover religious events in faraway places but rarely ever here. "But no one outside of here knows about it."

Sheik Seif said the government had passed up an opportunity to encourage unity and send a signal to the conservative Sunni leaders. But more significantly, he said, the government lends tacit acceptance to those who attack the Shiites by not responding to their actions.

"The big danger we face now is the growing sectarian division in the region and its slow move into the Persian Gulf, which can have explosive conditions," he said. "The fire could reach us very quickly here."

Shiite clerics here insist they are unwilling to have the Shiites used as a political card, either by the United States or Iran. They warn that any confrontation with Iran would put significant strains on the Shiite population, and fear that ultimately it could be split between those supporting Iran and those supporting the government.

"Things were just like this in the 1970s," said Jaffar al-Shayeb, a longtime Shiite campaigner who in 2005 was elected to Qatif's municipal council. He argues that the Shiites have become more politically astute and focused on their internal interests. But still, he worries that could change someday, too.

"Everything seems normal, then an event can come along and turn everything upside down," he said.

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Many fear that the dormant militant groups that once existed here could make a comeback as a result. Mr. Mugaiteeb noted, for instance, that cells of Hezbollah in the Hijaz, the Saudi version of the group, could still be put into action.

"If the U.S. attacks Iran, a lot of people will be violent against the Americans, including Sunnis," he said. "What I want to tell the Americans is that this will not be a picnic."

Doubt Persists On Al-Qaeda Casualties In Somalia Strike (FT)

By William Wallis

Financial Times, February 5, 2007

Ethiopia is working closely with the US to identify Islamist combatants killed in neighbouring Somalia, but there has been no confirmation yet of the death of targeted al-Qaeda suspects, according to Meles Zenawi, Ethiopia's prime minister.

Mr Meles said the US had been assisting with DNA testing on suspects killed in recent fighting, including a US air strike on Somalia last month.

Bloodied papers had been found belonging to Aden Hashi Ayro, the leader of the militant Somali al-Shabaab militia who Washington believes protected leaders of an east African al-Qaeda cell that bombed US embassies in Kenya and Tanzania in 1998. But reported sightings suggested he may have survived, Mr Meles said.

Sheikh Hassan Dahir Aweys and Hassan Turki, two hardline leaders of the Islamic Courts Union, whose expanding rule over southern Somalia prompted Ethiopia's invasion in December, were "alive and moving in and out of Kenya on the border", Mr Meles said. "We do not have definite information on a number of the key al-Qaeda targets. There are reports that one or two of them might have died but we have no confirmation."

During its six-month rule last year, the ICU coalition of Islamists provided the first semblance of law and order in southern Somalia since the 1991 overthrow of dictator Mohammed Siad Barre. Ethiopia invaded Somalia after leaders with alleged links to al-Qaeda threatened a regional jihad.

At the time, critics feared Ethiopian involvement in installing the weak UN-backed Transitional Federal Government would enflame religious tensions and provide a rallying cry for international jihadists.

Some of the defeated Islamists have threatened an insurgency and there has been a series of attacks on Ethiopian and allied troops in Mogadishu in recent days.

Mr Meles played down the risk of escalation. "If the TFG manages to pull off the plans it has for national reconciliation . . then the remnants of the Islamic Courts and international jihadists will be politically marginalised."

Looking For A Deal This Time? (USNEWS)

By Thomas Omestad

U.S. News and World Report, February 5, 2007

Like any good diplomat, Christopher Hill knows how to dampen expectations before sitting down to hash out a deal. But more than most envoys, Hill, the top U.S. negotiator in talks resuming in Beijing this week over North Korea's nuclear weapons programs, has ample reason to let some skepticism show.

Fifty-two frustrating months into a confrontation with North Korea over its nuclear weapons programs, the six-nation talks established to rein in Pyongyang's atomic breakout have, so far, netted nothing. Nothing, that is, except neglected promises on paper. In that time, North Korea has tested ballistic missiles and an atomic bomb, declared itself a nuclear power, and multiplied its supply of plutonium from enough for one or two bombs to as many as 13-with most estimates now suggesting six to eight.

Even advocates for negotiations increasingly suspect that, despite its decision to rejoin talks, the North has made a strategic choice to stick with nuclear weapons as the ultimate deterrent to any effort to dislodge Asia's most secretive and anti-American regime. Time, it seems, has been working against Hill and others seeking a deal: With Pyongyang's nuclear buildup and its seeming judgment that the administration is tied down by wars in Iraq and Afghanistan, North Korean leader Kim Jong Il may believe that he can wait out President Bush and gain global acquiescence to the North's nuclear status. The U.S. bargaining position, says Gary Samore, director of studies at the Council on Foreign Relations, is "really much weaker."

But it is not just the North's prickly intransigence that has made Hill's task look titanic. Policy struggles within the administration have led to fits of incoherence-or simply straitjacketed U.S. officials assigned to bargain with the North. The lines

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of battle have pitted hawks, who publicly back the negotiations with the communist North but privately see them as a dead end, against those who favor engagement. "We had warfare going on the entire time I was there," recalls David Straub, a former Korea policy aide who resigned from the State Department last year.

A window on these debates opened last month after the resignation of John Bolton, a key hard-liner who served as the U.S. ambassador to the United Nations. "Six-party talks have not worked," Bolton said in Tokyo. "Over time," he declared, "the only answer to the North Korean nuclear weapons program is the collapse of the regime." Despite repeated professions of support for a diplomatic approach, Bush himself has shown ambivalence at times about dickering with a dictatorship. He jettisoned the Clinton-era outreach to the North and did not conceal his personal antipathy toward Kim.

As the diplomatic stalemate wore on, hawks found a tool with unexpected capacity to reach out and hurt Kim's regime: a crackdown on money laundering, counterfeiting of U.S. dollars, and other illicit, money-making trade. The administration announced sanctions on a Macao bank alleged to be laundering money for North Korea. That happened just before Hill and envoys from South Korea, Japan, China, Russia-and North Korea-inked a joint statement on principles for nuclear disarmament in return for security assurances, normalization of relations, and economic and energy aid.

U.S.: N. Korea Must Live Up To Pledge (AP)

By Bo-mi Lim

AP, February 5, 2007

North Korea must live up to its pledge to fully dismantle its nuclear program, the main U.S. envoy to disarmament talks said Sunday, as news reports suggested Pyongyang may be willing to shut down a key reactor.

U.S. Assistant Secretary of State Christopher Hill made the comments in Seoul, where he met South Korean officials to discuss negotiating strategies before the six-nation talks resume in Beijing on Thursday.

North Korea agreed in September 2005 to give up its nuclear program in exchange for aid and security guarantees.

"Frankly, we cannot accept anything less than 100 percent implementation of the September statement," said Hill, who declined to comment on the Japanese news reports Sunday. "The ultimate task for us is to complete denuclearization."

He spoke before a meeting with his South Korean counterpart, Chun Yung-woo.

Afterward, Chun said the two sides had "complete consensus" on their strategy for the upcoming talks.

Japan's Asahi Shimbun newspaper reported on Sunday that North Korea was prepared to close the reactor in its main nuclear complex in Yongbyon and accept inspections by the International Atomic Energy Agency — though the reactor itself would remain off-limits.

Asahi quoted Joel Wit, a former State Department official who was in Beijing following meetings with chief North Korean arms negotiator Kim Kye Gwan and other senior officials in Pyongyang.

The North, however, does not intend to close the site used for its October nuclear weapons test, will not allow inspections there, and is not prepared to reveal details of its nuclear weapons program, the report cited Wit as saying. Wit was accompanied by U.S. nuclear expert David Albright and traveled to Pyongyang on an official invitation, the report said.

At the upcoming disarmament talks, North Korea will also demand to be taken off Washington's list of states sponsoring terrorism, the report said. It also plans to demand more than 500,000 tons of crude oil a year to compensate for an aborted project to build two light-water reactors in the country, according to Asahi.

Public broadcaster NHK and Kyodo News agency later carried similar reports.

The North will also insist that Washington take steps to lift financial sanctions against North Korean assets held in Macau, imposed over the communist regime's alleged counterfeiting of U.S. currency and money laundering, the reports said.

U.S. treasury and North Korean officials last week failed to reach agreement over the financial sanctions. But U.S. officials have since expressed optimism that the financial dispute would not disrupt the main nuclear talks.

The United States had supplied 500,000 tons of heavy fuel oil annually to the North until Pyongyang received the two light-water reactors as a reward under a 1994 deal to freeze its nuclear program.

The deal was scrapped in 2002, however, when the nuclear crisis re-emerged and North Korea kicked out IAEA inspectors.

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The international arms talks, which involve the U.S., the two Koreas, China, Japan and Russia, have made little headway since the 2005 accord — the only agreement reached in the process.

Kim Jr. In Macau (WSJ)

The Wall Street Journal, February 5, 2007

It's illegal for North Koreans to leave their country without permission -- a crime for which some of those caught and repatriated by China have paid with their lives. There's one North Korean, however, for whom Beijing rolls out the welcome mat: Kim Jong-nam, the eldest son of dictator Kim Jong Il.

According to a report in Hong Kong's South China Morning Post, Kim Jr. has been residing for the past three years in the Chinese-affiliated territory of Macau, where he's been living the high life at five-star hotels, gambling at Macau's famous casinos and relaxing with friends and family.

The paper reports that the North Korean scion makes occasional pleasure trips to Thailand and Hong Kong on Portuguese and Dominican Republic passports. Lisbon denies it, but the Dominican Republic, Macau and Beijing have kept mum. This isn't the first time the younger Kim has turned up outside his homeland. The Japanese caught him and his young son trying to enter Tokyo on a fake DR passport in 2001, apparently trying to visit Disneyland.

While the 35-year-old enjoys himself in Macau, his 23 million countrymen suffer in the world's most isolated regime. Thanks to malnutrition, most North Koreans are a good foot shorter, on average, than South Koreans. Mr. Kim is well fed and reportedly enjoys late-night whiskey and cognac. His life of luxury is a reminder of how North Korean elites profit from the exploitation of the country's workers.

It's also a reminder of another Macau-North Korea connection that Beijing would like to forget -- the laundering of ill-gotten North Korean money at Macau's Banco Delta Asia. After the U.S. Treasury put the bank on a watchlist in 2005, the Macau government froze $24 million in North Korean accounts and other banks refused to do business with Kim's regime for fear of also being cited.

The six-party talks resume Thursday in Beijing, and Pyongyang is demanding that the U.S. lift sanctions on Banco Delta Asia and hand over the $24 million. Doing so would only encourage Kim Jong Il in the pursuit of the illicit activities that make it possible for him to pay off the generals who sustain his regime -- and keep his son living it up in Macau.

To Reach For The Moon (NSWK)

By Melinda Liu And Mary Carmichael

Newsweek, February 4, 2007

Western analysts still can't say what Beijing was thinking when it shot down one of its aging weather satellites. True, the recent test was a fine show of marksmanship, destroying a refrigerator-size target sailing at orbital speed 500 miles up (as high as U.S. spy satellites). But was it worth risking a new arms race? Was it even worth the mess it caused? The Union of Concerned Scientists says the test left some 2 million pieces of shrapnel in orbit, each one a threat to any country's passing spacecraft. That's why Washington and Moscow gave up such tests decades ago: the space lanes are already littered with too much potentially lethal debris.

The drifting wreckage is a danger not only to other countries' spacecraft but to China's own ambitions for the heavens — which go far beyond blinding the U.S. military. Beijing put its first man into orbit less than four years ago. Today the Chinese are reaching for the moon. The first step, the launching of an unmanned lunar orbiter, is tentatively scheduled for April 17. A three-man mission will orbit the Earth later this year, and a spacewalk is planned for next year. Two years after that, the plan is to put down a lunar rover, followed in 2020 by a craft that will collect lunar samples and bring them home. Eventually Beijing wants to put people on the moon, although the target date remains undisclosed. "Their timetable is absolutely realistic," says Jim Benson, president of SpaceDev, a private space-exploration company in Poway, Calif. "Some of it actually seems a little conservative."

National pride is a big force behind China's moon program, but not the only one. The Chinese are aiming to do more than "just set up a flag or pick up a piece of rock," says Ye Zili of China's Space Science Society. What are they after? A limitless source of clean, safe energy to feed their voracious economy. The stable isotope helium 3 (3He), a potential fuel for nuclear fusion, was first found in moon rocks brought back by the Apollo missions. It is one constituent of the "solar wind" constantly given

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off by the Sun. The stuff bounces off Earth's magnetic field, but the moon has no magnetic field, and its surface has been soaking up 3He for billions of years. If you could dig it up and put it into a fusion reactor you would get ordinary helium 4 (as in balloons), ordinary hydrogen (as in H2O) and an abundance of radioactivity-free energy. According to Gerald Kulcinski, director of the Fusion Technology Institute at the University of Wisconsin at Madison, a mere 40 tons would be roughly enough to serve America's electrical needs for a year.

Or so the theory goes. The April mission is supposed to learn more about the distribution of 3He on the lunar surface. If significant deposits are found, China's engineers still need to design the world's first lunar mining machines and send them up—while the rest of us shrink in horror at the thought of strip mines on the moon. And meanwhile someone will have to develop a practical reactor. Kulcinski operates what he believes to be the only working model ever built, a device about the size of a basketball that sucks up far more energy than it produces. "We're not even close to breaking even," he says. What would that require? "It couldn't happen for less than tens of millions of dollars and at least 10 to 20 years," he says.

But don't count the Chinese out. "When you have a communist regime in a capitalist network, you have huge amounts of cash and the ability to direct it," says Lawrence Taylor, a director of the University of Tennessee's Planetary Geosciences Institute in Knoxville. "They could run away with this." And if they fail? At least they will have walked on the moon.

Ban Rankles U.N. With Early Moves (WT)

By Betsy Pisik

The Washington Times, February 5, 2007

NEW YORK -- Ban Ki-moon is off to a rocky start after one month as U.N. secretary-general, with diplomats complaining that his transition is progressing far too slowly and member states resisting his early proposals for restructuring.

U.N. insiders have questioned his early appointments, saying he is not striking out boldly with his own team, but relying too much on insiders from predecessor Kofi Annan's tenure.

The criticisms, which threaten to overshadow a well-received speech at the African Union summit last week in Addis Ababa, Ethiopia, have frustrated members of the transition team and worried Mr. Ban's early supporters.

"He has had a long transition period, and we are a little concerned that we still don't know what he is thinking," said one Western diplomat of Mr. Ban's first month in office. "They haven't briefed us on appointments or priorities. Everything is still a priority."

Some diplomats, U.N. elder statesmen and pundits say that Mr. Ban's team of handpicked aides -- many who came with him from the South Korean Foreign Ministry -- has been slow to reach out for advice from seasoned hands.

Permanent U.N. staff members acknowledge that they should have done a better job of explaining the first two planks of Mr. Ban's restructuring plan, which called for folding the U.N. disarmament department into the political-affairs department and splitting the peacekeeping department in two.

Both proposals received a chilly reception from member states last week. And until the structure of those departments is sorted out, officials say, it will be impossible to choose people to lead them.

A coalition of developing nations and Japan already has forced Mr. Ban to back away from his plan to merge the U.N. disarmament department with political affairs and is resisting a plan cut the disarmament agency's staff and have it report directly to Mr. Ban.

In a letter circulated last week, Mr. Ban said there is a "need for a greater role and personal involvement of the secretary-general in the field of disarmament and nonproliferation."

The letter noted that the existing department has produced little of significance.

"The department needs energizing," one senior U.N. official told The Washington Times, noting that a recent conference to review the nuclear Non-Proliferation Treaty collapsed because no one could agree on substantive steps.

But that is not the way U.N. delegations are hearing the message.

Developing countries resent Mr. Ban's insistence on acting immediately on the proposal, and in a letter to the president of the General Assembly last week, they insisted that changes be discussed in the assembly's budgetary and management committees, "in a manner that is smooth and nondivisive."

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Regional groups will continue to discuss the proposals this week and will meet with senior members of Mr. Ban's staff.

The backlash against the disarmament proposal "was so predictable," said a frustrated U.N. official, who noted that Mr. Ban had been repeatedly counseled to consult with key players to prepare the General Assembly for change.

"There has to be a plan, and you have to ready the battlefield, and this plan was launched before it was ready," the official said.

There is also concern about Mr. Ban's proposal to split the $4 billion peacekeeping department in two, with one side handling political and military affairs and the other administration and support of 18 peace missions.

Setting up a separate department will mean new high-level posts and increased spending that will either be borne by richer governments or gouged out of other budgets. Neither option has gathered much support, despite an acknowledged need to improve the management of the logistically complex peacekeeping department.

Within Mr. Ban's inner circle, there is a sense of disappointment that their message was not better-received. In conversations this week, several senior officials acknowledged that they should have held earlier consultations with key figures and done a better job of explaining their ideas.

UK Battles Europe's Largest Birdflu Outbreak (FT)

By Clive Cookson And John Aglionby

Financial Times, February 5, 2007

The UK authorities were on Sunday killing tens of thousands of turkeys in an effort to contain Europe's largest outbreak of H5N1 bird flu on a commercial poultry farm.

A biosecurity zone has also been set up around the Bernard Matthews farm in Suffolk, as a precaution against the deadly virus spreading.

The Department for Environment, Food and Rural Affairs said on Sunday night that the gassing operation, which has already killed 51,000 of the 159,000 turkeys on the farm, would continue on Monday. Their carcasses are being transported in "sealed, leak-proof lorries" for high-temperature rendering at a plant in Staffordshire.

Three security zones have been set up around the farm in Holton, which is 27km south-west of Lowestoft port on the east coast. Stringent precautions are in force in the 3km inner "protection zone" and 10km outer "surveillance zone". In addition a much wider "restricted zone" covers 2,090 sq km; here poultry have to be isolated from wild birds and all movements must be licensed.

The Suffolk H5N1 outbreak, the first to affect poultry in the country, follows a similar infection among geese in Hungary two weeks ago. Before that, Europe had had no reported cases of avian flu since last August. In Asia and Africa too there is an upsurge of international concern about the spread of the disease, after a few months in which bird flu had slipped out of the news media in most parts of the world.

On Saturday the World Health Organisation confirmed Nigeria's first human death from bird flu – a 22-year-old woman.

In Japan, the National Institute of Animal Health said the country's latest bird flu outbreak, its fourth this year, was caused by the H5N1 virus. Japanese Authorities have already ordered the killing of 93,000 chickens on a farm in Miyazaki prefecture on the southern island of Kyushu.

But the worst affected country remains Indonesia, where at least five people have died already this year, all but one in and around Jakarta. The government last month ordered the slaughter of the tens of millions of unlicensed backyard birds in the capital and the two surrounding provinces.

David Nabarro, the United Nations's bird flu coordinator, on Sunday urged Indonesia to declare a national emergency to fight H5N1 virus, which is endemic in poultry across much of the country. This "focuses the minds of everybody into understanding what's going on", he told the Financial Times in an interview during a visit to Jakarta.

Dr Nabarro was heartened by the new "real momentum to scale up the effort to deal with bird flu" in Indonesia. But he warned ministers against repeating recent statements that some previously infected areas were now bird flu-free.

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Brussels said on Sunday that the the UK had followed the correct procedures in dealing with the outbreak and had informed it in good time. The European Commission will on Monday formally endorse the security cordon established by the UK. Then on Tuesday government vets from all 27 member states will discuss how to deal with the return of bird flu.

An EU spokeswoman said she did not expect any internal or external pressure for a trade ban. “Last year there were 14 outbreaks in different member states and no calls for import bans. Trading partners have confidence in our measures,” she said.

French Blacks: J'accuse Racism (WT)

By Elizabeth Bryant

The Washington Times, February 5, 2007

PARIS -- France's comfortable image of itself as a colorblind society -- already weakened by race riots in 2005 -- received a further blow last week when a new survey found that a majority of French blacks believe they face discrimination in daily life.

Coinciding with a disturbing television documentary about living as a black person in France, the survey by the TNS-Sofres polling agency is the first of its kind and is galvanizing public debate just weeks before presidential election.

"This is going to change things," predicted Patrick Lozes, president of the Representative Council of Black Associations, an advocacy group that commissioned the survey. "Until now, blacks have never been counted in this country. And I have always said that blacks who aren't counted don't count."

There is no legal way to count France's black population. Census-takers and other government statisticians are barred by law from compiling figures based on religion or race. But the poll, which appears lawful, suggests France's cherished values of "egalite" and "fraternite" remain elusive goals for the nation's estimated 5 million blacks.

Of the 13,000 blacks surveyed, 61 percent said they experienced at least one racist incident within the past year. More than one in 10 said they were frequently the target of racism that ranged from verbal aggression to difficulty finding housing or jobs.

"The findings don't surprise me at all," said Mouloud Aounit, president of the Movement Against Racism and for Friendship Between Peoples, an anti-discrimination group. "Racism exists in our daily life. Look at the Senate, the National Assembly, regional councils. Ethnic representation is totally absent."

"Racism isn't daily, but I face it from time to time," agreed security guard Jacques Bassong, 36, who moved to France from his native Cameroon in 1979. "A little bit at work, at government offices, even in the stores. Some French are more racist than others, but on average, it's bearable."

Until now, much of the hand-wringing about minorities has focused on France's estimated 5 million ethnic Arabs.

The seething anger among young "beurs," French-born children of North African immigrants, grabbed the spotlight in the fall of 2005, when riots spread across France. But it was the accidental deaths of two black African teenagers, reportedly while fleeing police, which sparked the violence in the first place.

Today, only 10 of 577 National Assembly members are black, and all were elected from overseas territories. Blacks remain similarly underrepresented in the private sector, being less likely than whites to find jobs and to be promoted when they do.

Last week, France's Canal+ channel aired a two-part documentary, "In the Skin of a Black," a local spin on the U.S. reality series "Black. White," which aired early last year on the FX cable-TV network.

The French program tracked a series of small and large humiliations faced by members of a white French family that, using heavy makeup, had swapped places with a black family.

"It's important to show to our society what it doesn't see or know," said Mr. Lozes, who wants the government to adopt affirmative-action policies.

French politicians stumping in this year's presidential and legislative races are beginning to grasp the potential power of the minority vote, particularly since a voter-registration drive has been stunningly successful in many low-income areas where minorities live.

Even Jean-Marie Le Pen, whose far-right National Front party opposes most immigration, is reaching out with a poster featuring a black woman making the thumbs-down sign and the slogan: "Left-Right -- They've broken everything."

Mr. Lozes' organization has not ruled out fielding a black presidential candidate for the coming election. But France has no nationally known prospect comparable to Sen. Barack Obama, Illinois Democrat, on the horizon.

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"France is in no way ready to elect a Mohammed ... as president of the Republic, unfortunately," anti-discrimination activist Mr. Aounit said.

Seeing What We Want To See In Qaddafi (NYT)

By Hisham Matar

The New York Times, February 5, 2007

Paris

SINCE 2003, Libyan diplomats have been hard at work convincing the West that Libya is no longer interested in amassing weapons of mass destruction, blowing up Western airplanes or covertly financing armed movements abroad. Presenting this new face has been largely effective: sanctions, in place since 1982, have been lifted; Libya has been removed from the United States roster of terrorist nations; and the list of international trade agreements continues to grow.

As part of this public relations drive, Col. Muammar el-Qaddafi and his officials have been keen to reassure Libyan critics that it is now safe to return to Libya. Unsurprisingly, the vast majority of the hundreds of thousands of exiled Libyans have not returned. However, one did: Idrees Boufayed, a doctor living and working in Switzerland. On Sept. 30, 2006 he returned to Libya for the first time in 16 years. And on Nov. 5, he disappeared.

Throughout its 37-year rule, the Qaddafi government has found as many reasons to arrest its citizens as Libyans have found to abandon their country. Thousands of critics of the Qaddafi regime, inside and outside Libya, have either disappeared or been assassinated. My father, the political dissident Jaballa Matar, disappeared from his home in Cairo in March 1990. We still do not know whether he is alive or dead.

Astonishingly, on Dec. 29 — 55 days after his arrest — Dr. Boufayed was released. The Libyan authorities offered no explanation for his detention. And Dr. Boufayed, who had been a regular contributor to dissident Web sites, has remained uncharacteristically silent ever since. This change in behavior is not unusual: almost all political dissidents fortunate enough to be released have given up their criticism of the regime. The machinery of Colonel Qaddafi's government is as effective as ever.

Now that the United States has incorporated the Libyan regime into its so-called war on terrorism, it is difficult to see what political pressure it can exert on the Libyan government to reform. Western governments have had the power to effect change in Libya only as long as the dictator's government has hungered for the West's acceptance. The short-sighted paranoia with which the war on terrorism has been managed has weakened any moral advantage the United States might once have had.

The cards surrendered were hugely undervalued: the United States could have compelled the Libyan dictatorship to do much more than just hand over its outdated weapons of mass destruction and compensate the families of the victims of the 1988 bombing of a Pan Am jet over Lockerbie, Scotland, with $2.7 billion — a sum that would be earned back in trade deals during the first week after sanctions were lifted.

Although America has highlighted the issue of human rights in its negotiations with Libya, none of the countries that now profit from a close association with the Libyan leadership has demanded the release, or even the trial, of the silenced political prisoners who crowd Libya's prisons. No country made it a condition in negotiations that Libya investigate the countless cases of the "disappeared." None of them compelled the Qaddafi government even to address the massacre at Abu Salim prison, where, one night in June 1996, more than 1,000 political prisoners were shot dead.

In its 2003 negotiations with Libya, the United States lost a golden opportunity to link the improvement of Libya's dismal human rights situation to its acceptance into the international community. Indeed, it can be argued that the United States has instead helped worsen human rights in Libya. It has not only defended torture, which has softened the critical gaze on Libya's own practice of torture, but also encouraged the practice by sending Libyans suspected of terrorism to Tripoli for "interrogation."

Furthermore, Colonel Qaddafi has used the new panic — that the Islamist bogeyman will imminently shroud the world under his dark beard — as an excuse to silence the regime's critics. That tactic has fomented rather than curbed religious extremism in Libya as elsewhere.

The impression that a bloodless battle has been won in Libya rests on an inflated notion of the threat the country, even with its rusty weapons of mass destruction, ever posed to the West. It misreads an act of diplomatic negligence toward the rights of the Libyan people as a victory for world peace.

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Colonel Qaddafi deserves sole credit for Libya's foreign policy U-turn. He has never found it necessary to devote himself to a single political ideology; his only consistent policy has been to guard his personal political survival. The United States and Britain understand this, but have only exploited it for their own myopic objectives, forgetting that Libya's political development can lie only with its people.

A Palace For Sudan (WP)

By Sebastian Mallaby

The Washington Post, February 5, 2007

Last week China's leader, Hu Jintao, provided Sudan with an interest-free loan to build a presidential palace. With that gesture, Hu demonstrated his contempt for the Western understanding of the world -- and for Western policy toward his own country.

Sudan, you will recall, is the scene of the Darfur genocide. Since the killing began three years ago, the United States and its allies have flown in food and medicines, provided logistical help and money for a token African peacekeeping force, and done their best to isolate the Sudanese regime, which orchestrates the massacres. They have done this not because they have a selfish interest in Darfur but because tossing babies into bonfires is a crime against humanity.

In the run-up to Hu's visit to Sudan on Friday and Saturday, there were hopes that the Chinese leader would back the West's Sudan policy.

China's diplomats are forever reassuring the world about their country's "peaceful rise," and Hu duly expressed support for an expanded peacekeeping force in Darfur. But everything else about his visit demonstrated the gap between Chinese and Western priorities.

Hu called on nations to "respect the sovereignty of Sudan." But since the end of the Cold War, the Western view of sovereignty has grown increasingly contingent. If a nation slaughters its civilians (think Rwanda, Kosovo), harbors terrorists (Afghanistan) or refuses to cooperate with U.N. weapons inspectors (yes, Iraq), it forfeits its right to sovereignty. It may not be invaded, but it certainly can expect to face sanctions.

Sudan, by these standards, is an easy candidate for sanctions. But China's talk of "sovereignty" is code for the opposite policy. As well as paying for a presidential palace, Hu used his trip to cancel $80 million of Sudanese debt, to announce a plan to build a railway line and to visit an oil refinery that China partly owns, basking in the fact that 80 percent of Sudan's oil goes to his country.

Hu's visit was a statement that, in the Chinese view of the world, the principle of sovereignty trumps even the most appalling human rights abuses: It brushed aside the memory of the Rwandan genocide and the Holocaust. But at the same time, Hu was saying more than that. He was advancing an understanding of modernization that the West discarded 15 years ago.

By pursuing commercial ties with Sudan, Hu was implicitly saying that economic development comes first and that political development is unimportant. This was once the view of Western development organizations, which financed projects in health, education, infrastructure and so on -- but steered clear of human rights, corruption and anything else that could be deemed "political." But in the early 1990s, the Western approach changed. Development experts pointed out that independent courts and newspapers help to limit corruption and so make economic development possible. In the absence of minimal political accountability, aid money is stolen. Rather than helping Africa's poor, it is siphoned off to pay for presidential palaces.

China is not financing a presidential palace by mistake; it is doing so deliberately. It is not financing just any presidential palace; it has chosen a president so odious that his fellow African leaders hold their noses at him. But this gesture is only the tip of the iceberg. To read the accounts of Hu's Africa visit in China's People's Daily is to recall Western development thinking of a half a century ago. "From 1995 to 2003, China administered 43 sessions of the 'Advanced Education and Scientific Research Program' in 21 African countries," the paper's online version crowed yesterday. Development, in this conception, is all about technical transfers. Politics plays no part.

This Chinese understanding of development threatens to undermine the Western one. Western development aid is increasingly linked to measures of good governance, and investment from Western corporations and banks comes with

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conditions designed to ensure that ordinary people benefit. This promising advance cannot succeed if African dictators can ignore Western conditions with Chinese assistance.

But then there is an even more disturbing question: What does China's policy toward Sudan say about the West's policy toward China? The West is engaging with China on the theory that economic modernization will bring political modernization as well; otherwise, the West would merely be assisting the development of a communist adversary. China's Sudan policy is an assertion that this link between economic and political modernization is by no means inevitable, even in the extreme case. You can construct oil refineries, educate scientists, build ambitious new railways -- and simultaneously pursue a policy of genocide.

Bangladesh On The Brink (WSJ)

By C. Christine Fair And Sumit Ganguly

The Wall Street Journal, February 5, 2007

With the world's attention focused on whether accountable government can take root in Iraq, the democratic life blood of a much larger Muslim country -- Bangladesh -- is seeping away with hardly a murmur from the international community. Home to 147 million people and once considered a stable, secular Muslim democracy, Bangladesh is becoming a de facto military-controlled state.

Earlier this month, scheduled elections were cancelled and a state of emergency was imposed when the caretaker government stepped down under military pressure. The government is now headed by Fakhruddin Ahmed, a former World Bank official, along with 10 advisors and no functioning parliament. Mr. Ahmed has pledged to hold elections soon, but all indications suggest that the army is in control. While some foreign and domestic observers are optimistic that the army can clean up the corruption and dysfunctional political structure, this is wishful -- even dangerous -- thinking. The international community must act immediately to compel Dhaka to lift the state of emergency, restore full rights, withdraw the army from the political arena, and establish a specific date for credible elections.

Some 60,000 troops have been deployed in recent weeks and more than 2,000 people have been detained. With a history of prolonged military rule since gaining independence from Pakistan, the army's political adventurism is unlikely to rehabilitate Bangladesh's feeble democracy. The international community has not learned from Pervez Musharraf's similar experiment in Pakistan. Under Gen. Musharraf, democracy has not flourished and the political parties have not become more competent.

The roots of Bangladesh' problems run deep. The political system has been destroyed by an acrimonious power struggle between the Bangladesh National Party, led by the most recent prime minister, Khaleda Zia, and the opposition Awami League, led by the former PM, Sheikh Hasina Wajed. Both have prioritized personal gain above the needs of the state. They have forged Faustian bargains with Islamist groups to maximize their chances of victory. Since the 2001 elections, Islamist parties have become king-makers and enjoy some ministerial positions, which are not earned by their electoral strength. Some of these parties have been linked to terrorist groups.

These terrorists have targeted secular artists and intellectuals, Sufi shrines, the minuscule Ahamaddiya community, and key members of the opposition. In August 2005, within an hour's span, Islamist militants detonated hundreds of small bombs across the country and demanded that Bangladesh become an Islamic state based on Shariah. While some of the most notorious Islamist militants were detained, key members of Harkat-ul-Jihad-Bangladesh and Jagrata Muslim Janata Bangladesh remain at large.

Bangladesh is responsive to public exhortation and receives significant international aid. Donor countries can achieve leverage if they coordinate and render some forms of assistance conditional. Multilateral agencies can pressure Dhaka by convening high-profile meetings to discuss democracy. Some bilateral programs, such as U.S. aid to security forces, are subject to the provisions of the Leahy amendment, which restricts aid when there are human-rights abuses. Public discussions of the Leahy requirements may exert pressure on those institutions that value U.S. security programs. Finally, the U.S. and the Commonwealth (of which Bangladesh is a member) have a suite of punitive measures should there be martial law. The army must be reminded of this to discourage any extraconstitutional action -- and to teach it that the suppression of democracy cannot be a cost-free business.

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Ms. Fair is the managing editor of India Review. Mr. Ganguly is a professor of political science at Indiana University, Bloomington.

Russian Retail Politics (WP)

By Masha Lipman

The Washington Post, February 5, 2007

MOSCOW -- The government recently outlawed foreign migrant workers at Russian retail markets as of April 1. A similar restriction cuts out middlemen by requiring that at least half of all salespeople sell their own produce. The official rationale is that this legislation protects domestic producers. But this politically motivated, hasty decision is more likely to harm Russian consumers and further exacerbate the situation of migrant workers.

The affected markets are vast premises where salesmen pay for counter space and offer produce and other goods such as clothes. Buyers looking for lower prices or fresher produce than in conventional stores find such foods as homegrown or imported fruit and vegetables, homemade preserves, cottage cheese, pickles, meat and fish.

Given Russia's climate, throughout most of the year vegetables and especially fruit are imported from warmer parts of the world. But the law seeks to impose the same pattern on all regions, even though the products and markets in southern Russian and areas beyond the polar circle are not at all alike. Without the choices provided by middlemen, diet options in many places will be reduced to carrots, potatoes, cabbage and little else.

The new regulations were probably a reaction to growing ethnic intolerance, which took an alarming turn late last summer when a riot in the northwestern town of Kondopoga forced non-Slavic residents to flee, and their businesses were looted and burned. The Russian government is concerned about controlling such hostility, especially in an election year, when any sign of autonomous activism is regarded as a potential threat to the political status quo.

Propagation of tolerance is only a marginal policy for the Kremlin -- it would hardly be efficient given the current degree of xenophobia -- so instead it opted to co-opt the spreading nationalist sentiments. In October, President Vladimir Putin called for "additional measures to improve trade in . . . retail markets in order to protect the interests of the Russian manufacturers and . . . the native population of Russia." He reiterated this concern, in a more balanced form, in his annual news conference on Thursday, saying that "labor market issues . . . have not always been settled to the benefit of Russia's own people, its own citizens."

By this time, however, government monitoring had found that migrant workers at the markets were not a national issue: They were in high proportion to natives only in Moscow and the Far East.

This is not surprising, since those regions are the two that experience workforce shortages, making migrant workers a necessity. In Far East areas near China, this need is filled by Chinese workers, many of whom cross the border to sell cheap goods.

The new regulations have already pushed Chinese traders to sell their stock at catchpenny prices and leave. And local news reports indicate that the markets are staying empty: "The benefit of the new regulation looks vague. But the disadvantages are evident," reported a newspaper in Sakhalin, in the Far East. "For the time being there's no replacement for the cheap Chinese goods and southern fruit."

A Moscow official echoed those concerns: "Do we want to leave the Muscovites without tangerines, raisins and dried apricots?"

Other problems are expected because the law enables employers to cancel contracts with migrant workers without a court decision. Significant numbers of migrant workers could find themselves jobless. Meanwhile, Muscovites are unlikely to want the low-paying, menial jobs of market salesmen. "The citizens of Russia don't wait in lines to take those 28 to 30 thousand jobs in market trade that [the new law] will require. This is a serious vacuum that will have to be filled before April 1," the Moscow official said.

These consequences should have been obvious before the law was enacted. But there wasn't much time -- or desire -- for discussion, as is the case when an initiative originates with the president. After Putin asked his ministers to protect native

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manufacturers at the markets, the cabinet issued a regulation restricting foreigners' presence in retail trade; in less than three months a bill was put together, passed by both chambers of parliament and signed into law.

Such actions corrode what respect for law and lawmaking is left here. Local officials will probably think of ways around the restrictions, and some are sure to take advantage of new opportunities for graft. Still others expect that the absurdity of some provisions and the damage the law is inflicting on consumers will lead to its revision. Indeed, shortly after the new regulations -- drafted by his own ministry at the president's urging -- took effect, German Gref, the minister of economic development and trade, said a full ban on the employment of migrant foreign workers may be postponed.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

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TERRORISM NEWS:

In Another CIA Abduction, Germany Has An Uneasy Role (WP)

By Craig Whitlock

The Washington Post, February 5, 2007

HAMBURG -- The decision by Munich prosecutors to press charges against CIA counterterrorism operatives for kidnapping a German citizen, Khaled el-Masri, won widespread applause last week from German politicians and the public. "The great ally is not allowed to simply send its thugs out into Europe's streets," lectured the Munich newspaper Sueddeutsche Zeitung.

But there has been an awkward silence and no prosecutions in the parallel case of another German citizen, Mohammed Haydar Zammar, who was also covertly abducted in a CIA-sponsored mission after the attacks of Sept. 11, 2001. The difference: German agents were directly involved in the Zammar case, providing crucial information to the CIA about his travels and making a secret trip to Syria to interrogate him after he landed in prison there.

Zammar vanished from public view five years ago but resurfaced last fall in a Syrian courtroom, where he stands accused of training in al-Qaeda camps and faces the death penalty. After insisting for years that they couldn't confirm his whereabouts, German diplomats in Damascus have scrambled to provide him with a defense attorney and consular assistance.

Unlike Masri, a car salesman from Bavaria who was grabbed in an apparent case of mistaken identity, Zammar had previously drawn scrutiny from German and U.S. investigators for his role in the Hamburg cell that planned the Sept. 11 hijackings. German authorities have never assembled enough evidence to charge him with a crime. But given his association with the Hamburg group, few people in Germany have been willing to take up his cause or question the legality of how he was abducted.

"He's seen as being in a different category because there's the impression that he's a bad guy, and he's not around to defend himself," said Cem Ozdemir, a German legislator in the European Parliament and member of a committee that has investigated CIA activities in Europe. "Even if he is a bad guy, he doesn't deserve to be tortured."

Details of the German role in Zammar's disappearance have emerged gradually in recent months as legislative panels in Berlin and Brussels have conducted investigations into CIA counterterrorism operations in Europe.

German officials have said that they were not directly involved in Zammar's seizure and did not know where he had been taken until June 2002, when The Washington Post first reported that he had been arrested in Morocco and secretly transferred to Syria at the behest of the CIA. But the legislative probes have revealed that German federal police made the abduction possible by forwarding details of Zammar's travel plans to U.S. agents.

In addition, German officials have admitted that several German intelligence operatives and investigators went on a secret mission to Damascus in November 2002 to interrogate Zammar. According to lawmakers in Berlin who are reviewing the case, the Germans gained access to Zammar only after cutting a deal with the Syrian government to drop a criminal investigation into a suspected Syrian espionage ring based in southern Germany.

German Interior Minister Wolfgang Schaeuble defended the interrogation of Zammar as proper and legitimate. But he drew heavy criticism from other lawmakers when he suggested that German intelligence agents might use information shared by other countries, such as Syria, even if it was obtained as a result of torture.

Guel Pinar, a Hamburg lawyer who has represented Zammar and his family, said it was apparent German officials knew in advance that the CIA had targeted him for "extraordinary rendition," an extralegal tactic under which Islamic radicals have been abducted and interrogated at secret sites overseas.

"Clearly, the Germans at the very least were guilty of being an accessory in terms of his rendition to Syria," Pinar said in an interview. "They knew what they were doing when they gave his travel dates to the Americans. Why else would they do that?"

German prosecutors have not announced any criminal inquiries into Zammar's disappearance, even though his family reported him missing five years ago. Pinar said she has drafted a civil lawsuit on his behalf against the German government. But she said his wife, Rabab Banhaoui, has decided against filing it, for fear it would worsen his situation in Syria.

German authorities have made few statements about the case. The German Foreign Ministry did not respond to several requests for an interview. The German Embassy in Damascus, which has been monitoring Zammar's closed-door trial, declined to comment.

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Zammar reemerged last October, when a European Union official monitoring trials in Damascus saw him in a state security court and notified the German Embassy. If not for the chance encounter, Zammar might have remained out of sight forever, Pinar said. "No one in the world would have known," she said.

A spokeswoman for the European Commission delegation in Syria declined to comment, calling the case a "highly sensitive subject."

Zammar, 45, was born in Syria but emigrated to Germany in 1972 and obtained citizenship there. Syrian authorities have charged him with membership in the Muslim Brotherhood, a fundamentalist group that is banned in the country, and with visiting al-Qaeda training camps in Afghanistan. It is unclear whether he is charged with committing any crimes in Syria.

A parliamentary committee is expected to review the German government's handling of Zammar's case later this month. One question is whether information obtained by German interrogators is being used against him in court by Syrian prosecutors, a particularly sensitive issue since he faces the death penalty, which is banned in Germany.

"It is a big problem, I believe, for Germany and the federal government," said Hans-Christian Stroebele, a member of the committee from the Greens party. "It's the duty of a state to help its citizens. But clearly in Zammar's case, the state did not do this."

Former inmates in Syria, including Maher Arar, a Canadian citizen who was similarly targeted for rendition by the CIA but later released, have said that Zammar was kept in a tiny cell in a special prison wing. They said prisoners were regularly tortured, and that Zammar -- who tipped the scales at 300 pounds when he lived in Hamburg -- had lost about a third of his weight.

Congress, Spying & The Rule Of Law (PHDN)

By Shayana Kadidal & Ari Melber

Philadelphia Daily News, February 5, 2007

AFTER illegally spying on Americans without the required warrants for several years, the Bush administration is claiming a sudden change of heart.

Attorney General Alberto Gonzales recently announced that the administration's domestic-spying program will stop bypassing judicial oversight. Instead, it will submit domestic surveillance to review by a federal intelligence court, as required by law.

But before anyone celebrates the "good news" of an attorney general saying he will stop breaking the law, Congress must confront the administration's record of illegal spying and ensure that surveillance is truly back within the rule of law.

This is a big challenge because the administration spent the last six years undermining the traditional tools Congress uses to supervise intelligence by ignoring the law, stalling court oversight and declaring that warrantless spying would continue.

For Congress, that means there is little point in passing another law to restate rules that the administration is openly defying. Public hearings would also be ineffective for reforming or exposing the classified program. So what can the new Congress do?

The only way to bring spying back under the rule of law is for Congress to strengthen the branch of government that makes the law work: the courts.

Unfortunately, the courts, with their traditional deference to the political branches, have been slow to tackle this problem.

There are more than 70 spying lawsuits pending against the National Security Agency or phone companies, but few results so far. One federal district court did rule on the NSA program in August, finding it unconstitutional and issuing an injunction to ban it. But the administration has aggressively appealed and stalled all these cases - and the injunction was stayed on appeal.

Several other leading cases were transferred at the 11th hour into a new court, wiping out almost a year of work. (Justice Department officials claim the cases are "moot" because of the attorney general's announcement. But even if warrantless spying has ceased, plaintiffs are suing for harm caused by past conduct.)

At this rate, the domestic spying program may not even reach the Supreme Court before President Bush leaves office. That's probably no accident.

Yet there is much Congress can do to ensure swift and meaningful judicial oversight. First, there is precedent for providing fast-track review for important cases. Congress can require that the pending cases get accelerated review by either the appeals courts or the Supreme Court. Although the Supreme Court usually gets to choose whether to hear a case, Congress can make the right of appeal mandatory.

Of all the lawsuits, only one offers evidence that the NSA listened to the plaintiffs' calls. But that's because the government has tried to classify and conceal all potential evidence, and then claim that because plaintiffs do not have proof that their own calls were illegally intercepted, the suits are "frivolous" and should be dismissed.

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But many challengers reasonably argue that they were harmed by being forced to change their behavior by the news of the NSA's warrantless spying program. (Government whistleblowers won't call reporters, for example, once they know the government is listening to calls with no court oversight.)

Congress can address this problem by making it clear that Americans who were compelled to change their activities because of past illegal surveillance have standing to sue. Guaranteeing a day in court for such challenges would ensure that the NSA doesn't get off the hook on a technicality.

Finally, the new Congress must grapple with the administration's expansive assertions of the "state secrets privilege" to pre-empt legal challenges.

Most spying challengers had to spend months fighting the administration's demand that every case be dismissed without any court proceedings because the program was supposedly "too secret" for judges to consider - even in a closed setting. At least one court has already dismissed a challenge to the NSA program on those grounds.

But today the courts are well-equipped to hear cases with classified information - they routinely do so during criminal trials of former spies. Yet the Bush administration has invoked the secrets claim more than any other administration in history.

To ensure that the courts actually hear the spying cases, Congress should pass a statute curtailing the "state secrets privilege" with precise boundaries to prevent further misuse.

OUR SYSTEM OF checks and balances is supposed to enable each branch of government to assert itself by checking the others. Yet to check President Bush's spying, Congress cannot simply repeat itself by passing another wiretapping statute, or hope the administration's latest announcement will end the abuse.

Congress must strive for the higher ambition of protecting the rule of law itself by empowering the courts to swiftly enforce the laws Congress passed - and review the conduct of the president who broke them.

Wrong On Habeas Corpus (WT)

By Nat Hentoff

The Washington Times, February 5, 2007

Considering the state of the world, and the divisiveness in this nation, I am seldom startled these days by news from Washington. But an exception was the appearance of Attorney General Alberto Gonzales at a Jan. 18 hearing by the Senate Judiciary Committee in which he stated: "There is no express grant of habeas (corpus) in the Constitution... The Constitution doesn't say every individual in the United States is hereby guaranteed or assured the right of habeas corpus... there's (only) a prohibition against taking it away."

This is an astonishing dismissal by our chief law enforcement officer of the oldest fundamental right in Anglo-Saxon law that even precedes the Magna Carta of 1215.

Alberto Gonzales is dead wrong.

The Magna Carta has resonated for centuries and states: "No free man shall be taken or imprisoned... except by... the law of the land." In 1679, Parliament passed the Habeas Corpus Act that also extended the "Great Writ" to any citizen arbitrarily imprisoned "beyond the seas." In our country, as the Constitution was being proposed and debated, Thomas Jefferson, then our envoy to Paris, wrote to James Madison insisting that habeas corpus be imbedded in the body of the Constitution as it was. Jefferson even objected that habeas could be suspended during an insurrection or invasion. He didn't want any tampering with habeas corpus. He lost on that clause.

Alexander Hamilton, in the Federalist Papers, wrote that "the practice of arbitrary imprisonments, have been, in all ages, the favorite and most formidable instruments of tyranny." Hamilton cited the 18th-century English jurist, William Blackstone, whose commentaries are still referred to in courses on the law: "Confinement of the person, by secretly hurrying him to jail, where his sufferings are unknown or forgotten... is a... dangerous engine of arbitrary government," said Blackstone.

Hamilton was convinced that habeas corpus was such a strong anchor of our rights that he claimed a separate Bill of Rights (the first 10 amendments to the Constitution) would not be necessary. Madison and George Mason overruled him on that.

I would recommend urgently that Mr. Gonzales read the chapter on habeas corpus in professor Leonard W. Levy's "Origins of the Bill of Rights" (Yale University Press, 2001). For many years, Mr. Levy's many books and articles gave given me a continuing graduate-school course on why we are Americans. In "Origins," he also summonsSir William Blackstone into the 21st century, noting that in his 18th-century "Commentaries": "Blackstonedescribed habeas corpus as 'the most celebrated writ in the English law' and available to 'every subject of the kingdom that superseded all other proceedings and should not be evaded or delayed.' " Surely, Mr. Gonzales must have heard of Blackstone during his law-school years as well as our celebrated Chief Justice John Marshall, who rooted habeas corpus into American law. In the 1807 case, Ex Parte Bollman, Marshall congratulated Congress for enacting a system of federal courts that thereby gave judges the authority to issue writs of habeas corpus "this great constitutional privilege." It could be that Mr. Gonzales is critical of Justice Marshall as "an activist judge"

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because he established the power of the Supreme Court to declare acts of Congress unconstitutional through judicial review. But Justice Marshall's opinions on this and habeas corpus remain the law of the land. Accordingly, habeas is indeed guaranteed to every individual in the United States, contrary to the attorney general's statement to the Senate Judiciary Committee.

I would also suggest to Mr. Gonzales that he look into the chapter on habeas corpus in the four-volume "Encyclopedia of the American Constitution" (Macmillan 1986) of which Leonard Levy was the editor in chief. The chapter emphasizes that "a measure of the state of liberty in the United States is that so much of our constitutional liberties can be taken for granted." It continues: An essential definition of our freedom "from arbitrary authority" is habeas corpus and "the existence of the Great Writ precisely in its taken-for-granted quality plays a major role in supporting and reinforcing the conditions of freedom."

It is a pity that the chief law-enforcement officer of the United States not only does not take habeas corpus for granted, but says that it is not guaranteed to all of us. If our attorney general doesn't know that, consider how many students throughout our school systems may also be uneducated in the Great Writ -- and its history. How would the president do in an unannounced quiz on habeas corpus?

HOMELAND RESPONSE:

Rebellion Growing As States Challenge A Federal Law To Standardize Driver's Licenses (NYT)

By Eric Lipton

The New York Times, February 5, 2007

WASHINGTON, Feb. 4 — Opposition among state officials is turning into an open revolt against a federal law calling for the creation of standardized driver's licenses nationwide that are meant to be less vulnerable to fraud.

Maine legislators started off the rebellion late last month by passing a nonbinding resolution that rejected the law, called the Real ID Act, which Congress passed in 2005. They said that it would cost the state $185 million to put into place and that instead of making Maine's residents more secure, it would leave them more vulnerable to identity theft.

Since then, legislatures in five states — Georgia, Montana, New Mexico, Washington and Wyoming — have voted in committee or on the floor of one chamber to move similar legislation ahead. The bill adopted in a 99-to-1 vote by the Montana House of Representatives would go furthest, ordering state officials there to ignore the federal law.

Unless the federal law is revised, any state that defies it will risk causing major inconvenience for its residents, as noncompliant licenses will not be accepted as a proof of identification at airports, federal buildings or when applying for federal benefits.

What state officials are hoping is that Congress will repeal or modify the law, or at least provide some of the billions of dollars the states claim it will cost to establish the new licensing system nationwide.

The campaign features an odd mix of liberal Democrats, offended by a measure in the law that would effectively block illegal immigrants from getting federally compliant driver's licenses, and conservative Republicans, who see the law as an affront to civil liberties and to states' rights.

"This is a frontal assault on our freedoms," said State Representative Jim Guest of Missouri, a Republican who said he was working with more than two dozen states to pass laws opposing the federal statute. "One state standing alone is not enough. But we are already gaining strong momentum here."

Some states are not going as far as others. Vermont passed a law that would not defy the federal statute but called for more federal financial assistance in carrying it out.

Representative F. James Sensenbrenner Jr., Republican of Wisconsin, who led the effort in Congress to pass the 2005 law, as well as top officials at the Department of Homeland Security in Washington, said they were disturbed by the growing signs of a revolt.

"Certainly, it is a threat," Mr. Sensenbrenner said Saturday in an interview.

Representative Thomas M. Davis III, Republican of Virginia, wrote a letter last week to Homeland Security Secretary Michael Chertoff asking him what would happen to the federal program if individual states opted out.

Mr. Sensenbrenner attributed the growing resistance to the department's tardiness in publishing rules telling the states what they must do under the law, which calls for new licenses to be issued starting in May 2008. He said that had led to misconceptions about the program's costs and vulnerabilities. Mr. Sensenbrenner estimated that the real costs for states nationwide would not exceed about $100 million.

Federal officials acknowledge that with the final regulations not coming out until this summer, it is likely that some states will not be ready to begin issuing licenses on schedule.

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The Real ID Act requires states to confirm that documents submitted to get driver's licenses — like a birth certificate or a passport — are legitimate and that the applicants are in the United States legally. States will also have to check a linked database of state licensing data to make sure that applicants do not already have a license in another state and that they have not been banned from driving elsewhere.

The law effectively requires that all existing licenses be replaced by 2013.

The push to pass the law grew out of the attacks of Sept. 11, 2001, when some of the hijackers used driver's licenses as identification when they checked in for their flights.

Stewart A. Baker, an assistant secretary of homeland security, said opponents of the new law should remember this recent history.

"I understand there is a sense that states are being asked to do something and not being given the resources by the federal government," Mr. Baker said. "But people are forgetting that this was a 9/11 commission recommendation and a recommendation for a very good reason."

But Barry Steinhardt of the American Civil Liberties Union said the states were raising legitimate issues. The law sets a national standard for machine-readability, most likely using bar-code-like strips where information about the owner can be scanned. This may tempt merchants to collect the data and use it for marketing purposes, Mr. Steinhardt said. The linked national database of all licensing information will also be a target for identity theft, he said.

"Real ID is a real nightmare on a number of fronts," Mr. Steinhardt said.

Lawrence Halloran, deputy minority staff director at the House Oversight and Government Reform Committee, said the growing protests were a way for states to try to force more federal aid for the cost of issuing the new licenses.

"They are saying, 'Pay me,' " he said.

Senators Daniel K. Akaka, Democrat of Hawaii, and John E. Sununu, Republican of New Hampshire, introduced a bill in December calling for the repeal of the Real ID Act.

The bill has yet to be reintroduced in the new session, with a spokesman for Mr. Akaka saying last week that he was likely to wait to see the draft rules that the Homeland Security Department publishes for public comment before deciding whether to push the cause.

Homeland Security Attracts More Scrutiny (WSJ)

By Robert Block

The Wall Street Journal, February 5, 2007

WASHINGTON -- In a move last summer that wasn't made public, the Department of Homeland Security was tapped to join an elite group of seven agencies that would form the heart of America's spy network.

It was a surprise choice by John Negroponte, then National Intelligence director, who selected DHS to join the Intelligence Program Managers Group over more-established entities such as the Army and State Department. That decision perhaps had less to do with the department's mission and capabilities than with the reputation of its chief intelligence officer, Charles E. Allen.

Many officials say Mr. Allen has made progress in trying to transform the 22 squabbling agencies that comprise DHS into better data collectors. But as the intelligence system comes under scrutiny with the expected appointment of a new Director of National Intelligence, DHS and Mr. Allen's efforts there are coming in for a hard look.

Mr. Allen's nearly five decades at the CIA earned him the nickname "The Legend." But his experience has yet to turn DHS and its constituent agencies into top-notch intelligence collectors or analysts, say both DHS's congressional overseers and officials in the department. Since taking over in 2005, he has faced problems such as turf battles with other agencies, staffing issues and pushback from some of his agents.

Mr. Allen's success or failure will be pivotal in determining whether the department, created after the 9/11 attacks, will be a counterterrorist bulwark or a bureaucratic backwater.

Security officials who know Mr. Allen, 74 years old, said it is hard for anyone with experience in the business to dismiss him. "Most of the people he deals with today were trained and shaped by him," said Cresencio Arcos, a retired U.S. ambassador and a former director of international affairs for DHS.

Mr. Allen's career spanned most of the Cold War, in every aspect of the Central Intelligence Agency, from case manager to agent. He also worked as a senior intelligence official on Iraq, Iran and North Korea.

His vision is to turn the department into the prime source of border intelligence, critical infrastructure information and global supply-chain data, and into the conduit through which the government shares information with state and local authorities.

One of his innovations has been sending intelligence officers to state and local "fusion centers." These centers, in 43 locations around the U.S., seek to blend law-enforcement information and intelligence analysis collected at the local level to

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share with federal officials. He now has officers stationed in 12 centers and expects to have a presence in the remaining centers by the end of next year.

He also established an initiative on the nation's southwest border, sending intelligence officers to El Paso, Texas, to support border and customs agents, and local law-enforcement agencies.

Last week, Rep. Bennie Thompson (D., Miss.), chairman of the House Homeland Security Committee, took Mr. Allen and the department to task for allegedly trying to exclude state and local police from participating in a new federal intelligence unit called the Interagency Threat Assessment and Coordination Group. The group would be based outside DHS at the National Counterterrorism Center and would share information about possible terrorist threats to the country -- a job now done exclusively by DHS.

A number of state officials as well as police officers say that until now Mr. Allen has been working more to control their involvement than to include it. For months, big-city police chiefs have stressed that they are on the frontlines of counterterrorism efforts, needing access to real-time threat information to be able to respond to the possibility of an attack. Acting Washington D.C. Police Chief Cathy L. Lanier told senators two weeks ago that DHS policy of not sharing threat information unless the threat is "imminent" does not work because imminent is "too late."

Intelligence officials say Mr. Allen sees DHS representing the interests of state and local officials and that including them in the unit would undermine DHS, by making the department's input redundant or unnecessary. Mr. Allen says he isn't opposed to including police in the unit, which is due to start work today, after it becomes better established.

DHS has faced tension with other agencies since its creation. Senior counterterrorism officials from rival agencies routinely criticize DHS intelligence about terrorist threats and suspicious activities in the U.S.

Mr. Allen agrees that DHS intelligence reports have relied heavily on information from other agencies but that his focus recently on core areas such as border security is beginning to result in more unique DHS information making its way into the president's daily briefings.

Last week, Mr. Allen met with Mike McConnell, the retired admiral chosen by President Bush to succeed Mr. Negroponte as the country's spy chief, to explain why the department deserved a seat in the Intelligence Program Managers Group. The group meets weekly with the director of National Intelligence to discuss strategy and chart the direction of foreign and domestic intelligence operations. The other members are the CIA, the Federal Bureau of Investigation, the National Security Administration, the Defense Intelligence Agency, the National Reconnaissance Office and the National Geospatial-Intelligence Agency.

Adm. McConnell, who couldn't be reached to comment, was taking stock of institutions he was inheriting. Mr. Allen said he argued that the department -- which has fewer than 1,000 intelligence officers and a budget smaller than most local-police departments -- has a unique mission to prepare for terrorism. That, and the fact the some of the country's oldest and most experienced law-enforcement agencies, like the Secret Service and Customs and Border Protection, led Homeland Security's efforts were more than enough reason to keep DHS in the group, he said.

"Where I am throwing down my marker is, I do not want the other members of the national community working without my knowledge with DHS components without me being briefed and knowing what they are doing," Mr. Allen said.

John Gannon, a former CIA deputy director of intelligence and former colleague of Mr. Allen's, said Congress and the White House haven't given Mr. Allen the resources or authority to make his department work. In some cases, the White House ended up creating other entities, like the National Counterterrorism Center, that undermined DHS's intelligence efforts by giving it the responsibility for threat analysis that DHS was created to do but failed because it was spending its energy trying to knit 22 agencies into a new department.

Until recently, DHS had problems attracting analysts and agents with intelligence clearances. For those who joined, the department sometimes didn't have desks or computers for them because of funding shortfalls. (Its budget is secret.)

Some law-enforcement agencies inside the DHS have been openly resisting efforts by Mr. Allen to get more involved in their operations, trying to direct their collection efforts and get them to report directly to him rather than to their agency heads. One senior intelligence official at U.S. Customs and Border Protection said the direction that Mr. Allen is pushing the department ultimately will improve its ability to detect and thwart terrorism and turn it into a major intelligence player. But that still appears to be a long way off, the official said.

WAR NEWS:

Senate To Challenge Bush's Iraq Plan (FT)

By Caroline Daniel

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Financial Times, February 5, 2007

The Senate will on Monday -challenge President George W. Bush's proposed Iraq strategy with a debate on a non-binding resolution opposing the plan to send additional troops. However, several senators from both parties on Sunday warned it was unlikely to win the 60 votes needed for approval.

Republicans loyal to Mr Bush have attempted to undercut any political fallout from a resolution that would put on record the depth of cross-party dissent on the Iraq strategy. Their tactics include threats to filibuster a vote on the resolution and a "divide and conquer" strategy to allow votes on alternative resolutions.

Senator Lindsay Graham, a Bush loyalist, has proposed a competing resolution that lists benchmarks for the Iraqi government to achieve but supports the troop surge. He on Sunday said on Fox News: "A non-binding resolution is a political exercise that does nothing but harm to the war effort and it's a small moment for the Senate."

The debate comes as the Bush administration is preparing on Monday to submit a budget seeking an additional $100bn to pay for the war in Iraq and Afghanistan, and an additional $145bn in 2008, Rob Portman, director of the office of management and budget confirmed yesterday.

Dianne Feinstein, a Democratic senator, on CNN accused Republicans of "obstructionism" and warned that if the resolution was blocked, "a month or so down the pike there will be much stronger action".

There are dangers of a more serious confrontation with the White House if Congress chooses to exert its constitutional power over government spending and cuts off funds, as it did during the Vietnam war.

Republican John McCain, who is co-sponsor of the resolution with Mr Graham, criticised those who backed the bipartisan, non-binding resolution – including several Republican senators. He said it was more honest to vote to cut off funds than to pursue a vote of disapproval, "which is fundamentally a vote of no confidence in the troops".

The White House sought to address congressional unease ahead of the debate. Mr Bush on Saturday attended the annual retreat for Democrats for the first time since 2001. He said he welcomed "debate in a time of war" but mollified critics by noting that disagreements did not mean they were unpatriotic.

In Senate, Passage Of Iraq Resolution Uncertain (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 5, 2007

WASHINGTON

As the Senate launches a historic debate Monday over whether to oppose President Bush's new strategy for the Iraq war, the outcome may well turn on a few votes on both sides of the aisle.

Though not binding on the president, a vote in favor of a resolution to reject his plan to add 21,500 US forces in Iraq would be Congress's first against the war since it authorized the use of force in 2002.

Some backers of a compromise resolution worked out by Sens. John Warner (R) of Virginia and Carl Levin (D) of Michigan say it would be a first step toward pushing for more forceful moves, such as curbing war funds or setting a timetable for troop withdrawal. Opponents, including most Republican senators, say it would send a message of disunity to US friends and foes abroad and undermine prospects for success.

Both sides are weighing the risks of action – or inaction.

It may seem like an easy decision for Democrats, because polls show both the war and the president to be unpopular, says John Pitney, a political scientist at Claremont McKenna College in Claremont, Calif. "But if they succeed in hastening the withdrawal, and disaster results, they could wind up with some of the blame, so that's tempering the move to put some teeth in the resolution," he says. "If they put teeth in the resolution, they may be the ones to get bitten."

The risks for Republicans are different but no less sharp. "Association with an unpopular war is hurtful, as they saw in 2006 election," notes Mr. Pitney. "But if they're seen as abandoning President Bush, they could alienate a lot of primary voters and look like flip-floppers. For Republicans, it could become a character issue."

The Warner-Levin resolution calls for shifting responsibility to the Iraq government for dealing with sectarian conflict, but also specifies that nothing in the resolution should not be interpreted as "precipitating any immediate reduction in, or withdrawal of, the present level of forces." About 140,000 American troops were serving in Iraq before Mr. Bush laid out his plan on Jan. 10 to send 21,500 more.

The measure also rules out "the elimination or reduction of funds" because it could "endanger United States military forces in the field."

On the eve of debate, at least 12 Republicans were backing the Warner-Levin measure or were inclined to support it.

For Democrats, there is pressure to produce a bipartisan vote against the president's plan. But their own Sens. Russ Feingold of Wisconsin and Christopher Dodd of Connecticut say they will oppose the resolution because it isn't strong enough.

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A competing resolution – sponsored by Sens. John McCain (R) of Arizona, Joseph Lieberman (I) of Connecticut, and Lindsey Graham (R) of South Carolina – calls on Congress to provide "the full support necessary" to carry out the US mission in Iraq, including 11 benchmarks it says the Iraqis must meet.

"This debate is just beginning, and we intend to make a strong case that we believe that this mission ... can succeed," said Senator McCain at a briefing last week.

Senator Lieberman, who during his reelection campaign last year lost the Democratic primary largely over his support of the Iraq war, says a nonbinding resolution against the surge "will have no effect on what is happening on the ground, will discourage our troops and encourage those they are fighting."

Despite disagreement over the endgame in Iraq, consensus is growing on both ends of Pennsylvania Avenue regarding benchmarks the Iraqi government should be required to meet. These include a commitment to send additional Iraqi security forces to Baghdad and a fair distribution of government resources, including oil revenues, regardless of sect or ethnicity.

"They've got to pass an oil law. They've got to amend their constitution so that all segments of that society feel that the government is for them," Bush said Saturday at an issues conference in Williamsburg, Va., to applause from House Democrats in attendance.

Back on Capitol Hill, more than a dozen Republican senators have expressed doubts about Bush's plan to add to forces in Iraq. But GOP leaders said Friday that all 49 Republican senators will block the move to a vote on the Warner-Levin resolution – including Senator Warner – unless Democrats allow votes on three other resolutions, including one that opposes a cap on troop levels and curbs on war funding.

In the run-up to Monday's debate, lawmakers have two new pieces of information. One concerns the cost of the war. Monday, Bush is expected to ask Congress to approve $245 billion for war costs through fiscal year 2008 (October 2007 through September 2008), in addition to the $70 billion already approved for the current fiscal year – higher than many senators had expected.

The other is a long-awaited report by US intelligence agencies, which concludes that prospects for success in Iraq are "daunting" even if new moves do stem violence. Given the "current winner-take-all attitude and sectarian animosities infecting the political scene," Iraqis will be "hard pressed to achieve sustained political reconciliation" in the next 12 to 18 months, according to unclassified conclusions of the National Intelligence Estimate released Friday.

Moreover, the Congressional Budget Office predicts that the cost of putting the additional troops in Iraq will be greater than the White House estimate of $6 billion. A CBO report released Thursday put the cost at between $9 billion and $13 billion for a four-month deployment, and between $20 billion and $27 billion for a 12-month deployment. A two-year deployment would cost about $49 billion, the report said.

GOP Threatens To Block Vote On Iraq Resolution (USAT)

By Kathy Kiely

USA Today, February 5, 2007

WASHINGTON — A debate over President Bush's plan to send more troops to Iraq is set to begin in the Senate today, but it's not clear whether there will be a vote.

Republicans are threatening to use the filibuster, a parliamentary blocking maneuver, to prevent a vote on a resolution that expresses disapproval of the troop increase.

It may be the only way for Bush supporters to prevent a bipartisan vote of no confidence after the release of an intelligence report that painted a grim picture of the situation in Iraq. Further darkening the mood: continuing violence, including a car bomb explosion Saturday that killed 137 in Baghdad.

On CNN's Late Edition with Wolf Blitzer, Sen. Richard Lugar of Indiana, the senior Republican on the Foreign Relations Committee, predicted Sunday that Republicans would filibuster the non-binding resolution, which he called "inconsequential." Democratic Sen. Dianne Feinstein of California, on the same program, accused Republicans of "obstructionism."

"Debate is going on in every schoolyard, in every state, in every city of this nation. It should go on in the Senate of the United States as well," she said.

Democrats say there are enough votes to put the Senate on record in opposition to the troop increase. "There is a bipartisan majority of the U.S. Senate opposed to the president's plan to deepen our military involvement in Iraq," Jim Manley, a spokesman for Senate Majority Leader Harry Reid, a Nevada Democrat, said Sunday.

Reid does not have the 60 votes it would take to overcome a filibuster. Minority Leader Mitch McConnell, a Kentucky Republican, can block a vote. A test vote is scheduled for this afternoon. At issue are how many resolutions the Senate will consider and how many votes it will take to pass them.

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McConnell wants votes on three resolutions: one opposing the president's policy; one offering qualified support; and one putting the Senate on record as opposing cuts in funding for troops in Iraq. Reid does not want to put the Senate on record opposing funding cuts if he cannot pass the resolution opposing the president's policy. McConnell, however, is insisting that 60 votes be required for approval.

Some Democrats, such as Sens. Chris Dodd of Connecticut and Russ Feingold of Wisconsin, don't want a vote that could keep Congress from later using the power of the purse to force an end to the war in Iraq.

Opponents of the troop increase, including Nebraska Republican Sen. Chuck Hagel, argue that a diplomatic effort involving Iraq's neighbors is the only solution for the escalating violence. "We are not going to change the outcome in Iraq by putting American troops into the middle of a civil war," Hagel, a sponsor of the resolution of disapproval, said on ABC's This Week.

Republican Sen. John McCain, who co-authored the resolution backing the president, said on the program that more troops will give the Iraqis breathing room to build up their own troop strength. "I'm not saying this is going to succeed," he said. "I believe it has a good chance, but I know the consequences of failure."

Another supporter of the president's plan was less sanguine. "It's a long shot," Lugar said.

Critical Senate Resolution: Symbolic But Significant (LAT)

By Noam N. Levey

The Los Angeles Times, February 5, 2007

WASHINGTON — Not a single American soldier will do anything differently this week if the Senate approves a resolution criticizing President Bush's plans to increase troop levels in Iraq.

The nonbinding resolution would have no more force of law than the one approved Thursday commending the Miss America organization for its commitment to "the character of women in the United States."

Yet the immense symbolism of what may be the first formal rebuke of Bush's war strategy has produced the most passionate war debate on Capitol Hill since the invasion of Iraq nearly four years ago.

At its core is a furious argument over what the challenge really means -- not just to the president, but to the military, to the Iraqi government and to America's enemies and allies in the Middle East and elsewhere.

Several of the resolution's sponsors bill the eight-page document as little more than a polite suggestion to the country's chief executive, offering alternatives to Bush's plans to deploy an additional 21,500 troops, mainly in Baghdad, to contain sectarian violence.

Other advocates, including Democratic leaders on Capitol Hill, cast it as a first step in an escalating congressional campaign to bring the war to an end.

Some of the war's most passionate opponents, complaining about the resolution's nonbinding nature, dismiss it as a meaningless exercise.

Meanwhile, the Bush administration and its supporters in Congress warn of the dangerous message that approval would send to U.S. troops and to other Middle East countries.

Sen. John McCain, R-Ariz., is leading the push for an alternate resolution expressing congressional support for the mission, and Bush has said repeatedly that he will ignore any resolution challenging his plans.

The debate over the message is hardly unprecedented; Congress similarly wrestled with how to express itself when President Clinton was contemplating military involvement in the Balkans in the mid-1990s.

And when the House of Representatives ultimately passed a nonbinding resolution expressing "serious concerns and opposition" to the commitment of troops to enforce the Bosnian peace treaty, lawmakers were careful to declare their confidence that U.S. troops "will perform their responsibilities with professional excellence."

In the current debate, senators critical of the White House's Iraq policy also have assiduously insisted that they do not intend to undermine U.S. forces.

"I think it is important that we thank them for their service and that we make it very clear that this resolution does not impair their ability to move forward in their command," Sen. Ben Nelson, D-Neb., said last week. He is a cosponsor of the resolution stating that the Senate "disagrees" with the troop increase.

Sen. John Warner, R-Va., the resolution's main sponsor, has gone further, stressing that he does not intend to be "confrontational" with the White House or even to change the fundamental U.S. involvement in Iraq.

"The purpose of this resolution is not to cut our forces at the current level or to set any timetables for withdrawal," he said when he announced his resolution two weeks ago.

Last week, he added language explicitly stating that "Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field."

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That addition sparked opposition from such anti-war lawmakers as Sens. Russell Feingold, D-Wis., and Christopher Dodd, D-Conn., who have said Congress should not surrender its authority to limit funding as a means to force an end to the war.

Warner's amendment also did not mollify McCain and other critics of the resolution, who continue to call it an attack on the military. Senate Republican leaders are threatening to block any debate of the resolution Monday when it faces its first procedural vote in the Senate.

"This is a vote of no-confidence in both the mission and the troops who are going over there," McCain said Sunday on ABC's "This Week."

The military audience watching the debate is hardly unified.

Iraq war veterans have come to Capitol Hill several times in recent weeks to urge opposition to the president's plans. And surveys by the Military Times newspapers, though unscientific, have suggested growing opposition to the war among active-duty personnel.

But retired Army Lt. Col. James H. Willbanks, who heads the department of military history at the Army's Command and General Staff College at Fort Leavenworth, Kan., said Congress should be careful how far it goes.

"I don't necessarily subscribe to the `stab in the back' theory," he said, referring to the contention that congressional opposition to the Vietnam war doomed the U.S. effort.

But Willbanks, a Vietnam veteran who recently completed a book on the fall of South Vietnam, noted that congressional limitations made it increasingly difficult for U.S. forces to fight in Southeast Asia. "That's the worst-case scenario," he said.

Critics of the resolution have also warned that the debate may embolden America's enemies and, as Sen. Richard G. Lugar, R-Ind., said at a recent Foreign Relations Committee hearing, "confirm to our friends and allies that we are divided and in disarray."

There may be some truth to that, said Phebe Marr, a retired professor at the National Defense University and author of "The Modern History of Iraq."

"The bad guys are certainly going to be happy about this," said Marr, who was among several historians consulted by the Iraq Study Group last year.

But, she noted, the resolution also may push the Iraqi government to take more aggressive steps to reach political settlements that will diminish sectarian violence. "It is going to play both ways in Iraq," she said.

David L. Mack, deputy assistant secretary of State for Near Eastern affairs under President George H.W. Bush, said the resolution may actually help reassure some in the Middle East that the United States is remaining engaged.

"I think they will read that correctly, as they read the election, as a loss of support for Bush administration -- but not necessarily as a lack of interest in Iraq in the long term," said Mack, who heads the Washington-based Middle East Institute.

Indeed, if there is one audience that most observers agree will get an unambiguous message, it is the White House.

"A sense-of-Senate resolution that opposes the surge, no matter how delicately and respectfully worded, puts a bipartisan Senate on record that it has lost trust in presidential leadership," said Louis Fisher, a specialist on constitutional law at the Library of Congress who has written extensively about struggles between the White House and Congress over war powers.

"It's not just a vote against a surge, it's a vote against this administration," he said.

McCain: War Detractors Offer No Ideas (AP)

By Hope Yen

AP, February 5, 2007

Sen. John McCain sought to weaken support for a resolution opposing President Bush's Iraq war strategy Sunday, saying proponents are intellectually dishonest.

On the eve of a possible congressional showdown on Iraq strategy, McCain contended the bipartisan proposal amounted to a demoralizing "vote of no confidence" in the U.S. military.

The measure criticizes Bush's plan to add 21,500 troops in Iraq yet offers no concrete alternatives, he said.

"I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," said McCain, top Republican on the Senate Armed Services Committee and a 2008 presidential candidate from Arizona.

Sen. Dianne Feinstein, D-Calif., called GOP efforts to block a vote on the resolution "obstructionism." Neither a Senate majority nor voters, she said, will tolerate such a delaying tactic.

"If we can't get this done, you can be sure a month or so down the pike, there's going to be much stronger legislation," she said.

The Senate, where Democrats hold a 51-49 working majority, has tentatively set an early test vote for Monday on the nonbinding resolution by Sen. John Warner, R-Va.

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In a bid to attract more GOP support, Warner added a provision pledging to protect money for troops in combat.

That compromise drew the ire of some Democrats who said it leaned too far in endorsing the status quo. They want to see binding legislation to cap troop levels, force a new vote to authorize the war or begin bringing troops home.

McCain is sponsoring a resolution expressing support for a troop increase and setting benchmark goals for the Iraqi government. He sought to capitalize on some of the Democratic division.

"I do believe that if you really believe that this is doomed to failure and is going to cost American lives, then you should do what's necessary to prevent it from happening rather than a vote of 'disapproval,'" McCain said.

"This is a vote of no confidence in both the mission and the troops who are going over there," he said, noting the proposal does not seek to cut off money for troops.

A fellow Vietnam veteran, GOP Sen. Chuck Hagel of Nebraska, disagreed with McCain's assessment. Hagel said the resolution would make clear the Senate's belief that Bush's policy is misguided.

Hagel said the proposal also lays out alternatives such as moving troops away from the sectarian violence and closer to the Iraq border to provide "territorial integrity."

"We can't change the outcome of Iraq by putting American troops in the middle of a civil war," said Hagel, who is considering a run for the White House in 2008.

Republican leaders are working to block a vote on Warner's resolution. They insisted that at least two other GOP proposals also be considered — McCain's and one focused on maintaining money for troops in the field. Such a strategy could dilute support for Warner's measure and make it tougher for any measure to pass.

Democrats want to limit debate to just the Warner and McCain proposals.

Two Republicans who oppose Warner's proposal, Lindsey Graham of South Carolina and Richard Lugar of Indiana, said Sunday they were uncertain the Warner resolution would get the support of 60 senators.

"Even if there is, it's nonbinding, and has in my judgment no consequence," Lugar said.

Hagel said Warner's resolution strikes a careful balance for a majority of senators who oppose a troop buildup but differ on the appropriate response.

He called McCain's proposal meaningless because it offers benchmarks but does not spell out what the U.S. government will do if the Iraqi officials fail to meet them.

"What are the consequences? Are we then going to pull out?" Hagel asked. "Are we going to cut funding? Now, that falls more in the intellectually dishonest category."

The resolution debate comes as the White House and congressional Democrats prepared to square off over war spending.

Bush's new budget on Monday will ask for $100 billion more for military and diplomatic operations in Iraq and Afghanistan this year — on top of $70 billion already approved by Congress for the current year. The budget will call for $145 billion in war spending for 2008.

The spending request covers Bush's new war strategy, including the increase in troops, White House budget director Rob Portman said Sunday.

"It's extremely important that we support our troops," Portman said. He described the requested money as the amount needed "to be sure our troops have the equipment they need, that they are taken care of well."

Hagel and McCain appeared on ABC's "This Week," Graham was on "Fox News Sunday," and Feinstein, Lugar and Portman spoke on "Late Edition" on CNN.

McCain Questions Honesty Of Push For Resolution (WT)

By Eric Pfeiffer

The Washington Times, February 5, 2007

Sen. John McCain yesterday said his colleagues who support a nonbinding resolution opposing a troop surge in Iraq are "intellectually dishonest," an apparent bid to rally Republican opposition to the resolution, which could have its first test vote today.

"I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," the Arizona Republican said during an appearance on ABC's "This Week." "In other words, this is a vote of no confidence in both the mission and the troops who are going over there."

Most polls show Mr. McCain in a statistical tie with former New York Mayor Rudolph W. Giuliani for the lead in the 2008 Republican presidential primary. The Democratic National Committee has issued several press releases targeting Mr. McCain for his support of a troop surge.

Sen. Chuck Hagel, Nebraska Republican, was asked on "This Week" about Mr. McCain's charge of intellectual dishonesty. "I don't agree with that," he said.

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Both Vietnam combat veterans, Mr. Hagel and Mr. McCain said they remain close friends despite their political differences on Iraq.

"What this resolution is about is, first, disagreeing with the president's position on increasing our military involvement in Iraq," said Mr. Hagel, who is considering his own presidential campaign. "The other thing about it is this is not a cut-and-run resolution. This is not a withdrawal resolution. This is not a resolution that talks about timelines."

The Senate is scheduled for a test vote today on the nonbinding resolution by Sen. John W. Warner, Virginia Republican, and Carl Levin, Michigan Democrat. It contains a provision that pledges to protect money for combat troops.

Sen. Dianne Feinstein, California Democrat, warned Republicans yesterday that any efforts to block a vote on the resolution would be "obstructionism."

"If we can't get this done, you can be sure a month or so down the pike there's going to be much stronger legislation," she said on CNN's "Late Edition."

Sen. Lindsey Graham, South Carolina Republican, said critics of the troop increase were not being honest about its significance.

"[Lieutenant General David] Petraeus' plan is not more people doing the same. And if anybody says that, they're not listening to General Petraeus," Mr. Graham told "Fox News Sunday." The surge of 21,500 troops "would double the combat capability of the American military to hold areas cleared."

Despite his vocal support for the strategy, Mr. McCain acknowledged he has doubts.

"I'm worried. I'm also worried about the [Iraqi] government's ability to really do what we want," he said.

"They've been showing a lot of weakness in the past. I'm worried that this is not enough troops. But I looked General Petraeus in the eye and I said, 'Do you have enough troops?' He said, 'If I think I need more, I'll ask for them.' And he also said if he thought the mission was going to fail, he would tell the president and us."

Sunday Shows Preview Historic Senate Debate (POL)

By Carrie Sheffield

The Politico, February 5, 2007

The day before the Senate is set to begin its historic debate on Iraq, Sen. John McCain, R-Ariz., tried to rally support for President Bush's new troop surge strategy, warning that proposed resolutions of disapproval would demoralize U.S. forces. McCain, one of the leading supporters of the troop boost within an increasingly fractured GOP Senate caucus, also contended that the resolutions opposing Bush's plan lack the teeth to really change anything.

Speaking Sunday on ABC's "This Week," McCain, the top Republican on the Senate Armed Services Committee and a 2008 presidential candidate, said opponents should take broader action rather than simply voting to condemn Bush's plan to boost U.S. troop strength in Iraq by an additional 21,500.

"I don't think it's appropriate to say you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," McCain said. "If you really believe that this is doomed to failure and going to cost American lives, then you should do what's necessary to prevent it from happening, rather than a vote of, quote, 'disapproval,' which is fundamentally a vote of no confidence in the troops and their mission."

The Senate, where Democrats hold a 51-49 working majority, has tentatively set an early test vote for Monday on a nonbinding resolution opposing Bush's strategy sponsored by Sen. John Warner, R-Va.,

McCain said Bush's plan has "a good chance of success." "I'm not guaranteeing it. But I am guaranteeing the consequences of failure," he said. If troops are withdrawn, McCain said, "You'll see a bloodletting in Baghdad that makes Srebrenica look like a Sunday school picnic . . . It'll be a chaotic situation that is in our national security interest to not see take place."

Reflecting the strain the issue is putting on the GOP, Sen. Chuck Hagel, R-Neb., usually a McCain ally on national security issues, appeared after him to make the opposite case. Hagel argued that the military "can't change the outcome of Iraq by putting American troops in the middle of a civil war," and maintained: "This is not a cut and run resolution."

Hagel called McCain's proposal to place benchmarks on the Iraqi government "disingenuous," because he feels it fails to hold Iraqi Prime Minister Nouri al-Maliki accountable. "If the benchmarks are not met by the Maliki government, "are we then going to bring our troops home?" Hagel asked. "Are we going to cut funding? Now, that falls more in the intellectually dishonest category."

Asked if he's going to run for president, Hagel said: "I'll make that decision as time develops. .. I'm not an anti-war candidate...To have a different position than the president's on a war doesn't qualify anyone to be an anti-war candidate."

During the segment with McCain, host George Stephanopoulos asked if an independent presidential bid would cripple Republican chances of winning the White House in 2008. "I don't know," McCain replied. "It is a fact that independent voter

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registration is rising all over the country, including my home state of Arizona ... I think that if we get back on our message, get back to the principles, philosophies and message of Ronald Reagan and others, I think we'll do just fine. But first, we've got to get over our state of denial."

Edwards On "Meet The Press"

On NBC's "Meet the Press," Democratic presidential candidate John Edwards tried to make the case that he can be the "straight-talk" Democrat, offering tough criticism of the war in Iraq and previewing a universal health care plan he will release Monday.

Moderator Tim Russert had Edwards as his guest for the full hour, and asked the former U.S. senator from North Carolina about remarks he made at the Center for Strategic and International Studies on Oct. 7, 2002: "My position is very clear: The time has come for decisive action to eliminate the threat posed by Saddam Hussein's weapons of mass destruction ... Saddam Hussein's regime is a grave threat to America and our allies."

" 'A grave threat to America' -- do you still believe that?" Russert asked.

"No," Edwards replied.

Russert pressed: "Why were you so wrong?"

Edwards responded: "For the same reason a lot of people were wrong ... The intelligence information that we got was wrong."

Later, Russert noted that one of Edwards' competitors for the Democratic nomination, Illinois Sen. Barack Obama, had opposed the Iraq war as a state senator. Russert asked: "Why shouldn't voters in Democratic primaries say, `On the big issue of the war, Obama was right, Edwards was wrong'?"

"I was wrong," Edwards conceded. "They should say that. And the question becomes, `Who's best suited to be president of the United States? Who has the depth, the maturity, the judgment to be president of the United States?' "

On his health care plan, Edwards acknowledged, "Yes, we'll have to raise taxes." He said the plan would cost between $90 billion and $120 billion a year once it's fully implemented.

Edwards' elaboration: "We take the 46 million, 47 million people who don't have health care coverage, we expand Medicaid, we provide subsidies for people who don't have coverage. We ask employers to play a bigger role, which means they either have to have coverage, or they have to buy into what we're calling health markets. We're going to create health markets all across the country, which will help, provide some of these efficiencies. One of the choices, by the way, available in these health markets is the government plan. So people who like the idea of a single-payer insurer health plan, that is actually one of the alternatives that people can choose."

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by Black_Prespective on 02.05.2007 at 12:33 AM

Edwards got destroyed on Meet The Press by his on words and clear understanding that he doesnt fully understand the situation in Iraq. His domestic policy is borderline communism to me. I wouldnt vote him in charge of a canned food drive. Still remember that devil Chaney spanking him like a baby during the '04 debacle. Democrats better find someone electable. Hilary cant, Edwards cant, Biden cant. I like Obama and Richardson --if they were white men they would be your two options and way out ahead.

by sacksmb on 02.04.2007 at 05:42 PM

If we were going to elect "real people", we'd elect Joe Biden. He is the one who speaks off the cuff and is unabashedly found without handlers and PR flacks (probably the reason he has a reprutation for being long-winded). He is also, coincidentally, the one with the true depth of experience in foriegn policy on the Democratic side.

But, he says something about Obama, clearly meant to be complimentary, though admittedly awkwards, and gets eaten alive.

Americans want a real person, so long as they don't trip over their words. Unfortunately, real people mis-speak now and then.

by JSteele on 02.04.2007 at 05:10 PM

John Edwards is straight forward. This is what we need. No more "beat-around-the-Bush" politics! When was the last time we had a president that took responsibility for his actions? Edwards clearly defined himself and took responsibility for his vote on the war by stating it was mistake. He isn't defensive and trying to defend himself. America is tired of that kind of "bull**** spin." Hopefully we will wake up and take control of OUR government by electing REAL people into office.

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Lieberman Lives On Center Stage (RC)

By Erin P. Billings

Roll Call, February 5, 2007

When Senators go to the floor this week to debate the proposed Iraq troop surge, Sen. Joe Lieberman (ID-Conn.) will demonstrate once again to his Democratic colleagues that he is his own man. And while the Democratic leadership has made clear that Lieberman should be treated just as any other Caucus member, they cannot completely extinguish skepticism in their ranks about his long-term party loyalty.

Democratic Senators and aides said last week Lieberman's political posture hasn't changed much since winning re-election as an Independent Democrat. But in a narrow 51-49 seat majority, Democrats privately acknowledged they are still worried that as an Independent free from party peer pressure, Lieberman may cost them precious votes or even go so far as to join the GOP Senate minority.

"With a one-vote margin, there's no room for error," conceded one Senate Democratic aide. "But we have to take him at his word" that he is with the party.

"Of course there is some skepticism," added a senior Democratic Senate staffer. "He is the linchpin for the whole thing."

Democratic Senators and aides said that outwardly, Lieberman appears to be acting no differently in the first month of the 110th Congress than he did before he became an Independent last year after losing in

the Democratic primary to Ned Lamont. Lieberman went on to win a resounding victory in the general election, but his campaign divided his allies in the Senate, many of who turned away from him to support Lamont as the Democratic nominee.

Sen. Mark Pryor (Ark.), one of the moderate Democrats who stood by Lieberman throughout his switch to run as an Independent, said Lieberman always has been a true Senate centrist — left leaning on key domestic items and conservative on national security matters. "He's always been willing to break with the party in what he thought was the right thing to do," Pryor said. "He hasn't changed."

As such, Pryor doesn't believe Senate Democrats approach Lieberman any differently these days, nor does he sense "any awkwardness" toward him from the Caucus. And, Pryor said, he doesn't believe Lieberman — even as one of the most conservative Democrats these days — would ever defect to the Republican Party.

"My sense is, looking at it, he lines up much better with the Democrats than the Republicans," Pryor said. "It's a personal decision for him to make, but I don't see any real advantage for him switching parties."

Undoubtedly, Republicans would love to have Lieberman jump ship and tip the Senate to an even 50-50 split. Such a move would give the GOP the gavel since Vice President Cheney as the President of the Senate would get the tie-breaking vote.

Meantime, the GOP leadership will gladly accept Lieberman's support on the war as they confront opposition to President Bush's proposal to increase troops in Iraq by 21,500.

No other Democrat or Independent besides Lieberman has signaled support for the Bush proposal, which will face a hefty share of criticism from the well of the Senate during this week's multi-resolution debate.

Still, Lieberman makes no apologies for his Iraq War stance, and insists that his view on the surge is "consistent with the position I've taken over the last four years. That notwithstanding, I feel so deeply that we have an enormous stake in how Iraq comes out." Lieberman said he respects the disagreements among his colleagues over the war, and with the troop increase, but believes his position is the right course for a successful outcome to the conflict.

"I wish there were a few more Democrats that agreed with me," he said.

Lieberman appears completely at ease these days as an Independent, not only on his war positions but also with his political alliances. Lieberman has even flirted with the possibility of endorsing a Republican — most notably Sen. John McCain (Ariz.) — in the 2008 presidential contest.

Even so, sources say Democratic leaders have made clear that the veteran Connecticut Senator is still one of their own, and that while he deserves no special treatment, he should win equal favor from the Caucus. Lieberman holds a powerful slot as chairman of the Senate Homeland Security and Governmental Affairs Committee this Congress, a position Senate Majority Leader Harry Reid (D-Nev.) insisted he would hold as long as the Connecticut lawmaker agreed to caucus with the Democrats during the 110th Congress.

"Sen. Reid treats him like any other chairman," said a knowledgeable Democratic Senate aide.

"He's treated equally," added a Democratic Senator, speaking on the condition of anonymity. "I don't see him getting special privileges beyond what any other chairman would get."

Lieberman continues to participate in Democratic Caucus functions, and attends regular party luncheons and meetings, Democratic sources say. Lieberman said last week that he "absolutely" continues to feel comfortable with the Democrats, and

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doesn't believe his colleagues approach him differently these days — even though many of them campaigned against him when he decided to run as an Independent.

Lieberman said he is trying to fashion himself similarly to the independent-minded Democrats of the 1960s — progressive on domestic affairs and strong on foreign policy. "At this point, I am feeling a sense of mission ... I am fighting for that tradition — that [Sens.] Kennedy, [Hubert] Humphrey (Minn.), Scoop Jackson (Wash.) tradition."

His position on Iraq is the most notable break from the Democrats, and certainly comes as no surprise within the party ranks. Still, some Senate Democrats say the jury is out on how Lieberman will posture himself over the next two years, and they remain uncertain about where his votes will fall when leaders need his support in a narrow majority.

The Senate Democrat said that even though many of his colleagues sided with Lamont in the November election, Lieberman has been "well received" since returning to the Senate in January. And while no Member appears outwardly worried, Lieberman undoubtedly presents a challenge for the party that must capture 60 votes to avoid a filibuster on any legislation of consequence. "With a slight majority of 51, when he's off with the president on a certain issue — that's a challenge," the Senator noted.

"But that would have been a challenge whether he was a D or an I," the Senator added.

Sen. Frank Lautenberg (D-N.J.) said "functionally nothing has changed" with how Democrats treat Lieberman or in how he positions himself on the issues. "Obviously, Sen. Lieberman's opinions are his. He's an independent thinker, we know that."

Support Is Honorable Route (USAT)

By Jon Kyl

USA Today, February 5, 2007

The president's plan for success in Iraq should be given a chance. Although critics have focused almost exclusively on the reinforcement of troops — the so-called surge — the president's strategy is a comprehensive approach to the security and political problems facing Iraq.

Under this plan, the Iraqi government has committed to lead the effort to defeat the militias and any other challenges to the government's monopoly on force. The new plan also relies on political and economic measures that will help to create a more unified government capable of providing essential services to its citizens.

Opponents of the new strategy apparently do not agree that a political solution depends on peace and stability in Iraq. But, as Gen. David Petraeus made clear in his Senate testimony in January, Iraqis need to feel that the government is capable of providing for their security before they can give up their reliance on sectarian militias.

While American troops work with Iraqi units to establish security in Baghdad, and in the al-Qaeda-dominated Anbar province, the Iraqi government will be expected to act on promised reconciliation initiatives.

The new plan is not guaranteed to work. But everyone agrees Iraq cannot yet handle security by itself. If the United States withdraws, Iraqis will be slaughtered, terrorists will be emboldened throughout the region, and Iran and Syria will step into the void. These severe consequences to our national security make it clear that withdrawal is not an option.

Although many have summarily criticized the new strategy, they have contributed no viable plan of their own. No one has any illusions about the challenges we face, but we will be more likely to succeed if we are unified.

As Osama bin Laden has said, "This war is for you or for us to win. If we win, it means your defeat and disgrace forever." The Senate should also consider the message a nonbinding, no-confidence resolution would send to our enemies, our allies and our troops. Such a resolution would tell Gen. Petraeus, whom the Senate recently confirmed as U.S. commander in Iraq, that we don't support his mission.

In a TV news interview, Tyler Johnson, a 21-year-old soldier serving in Iraq, appropriately summed up the message a no-confidence resolution would send to our forces: "Those people are dying. You know what I'm saying? You may support — 'Oh, we support the troops,' but you're not supporting what they do, what they share and sweat for, what they believe (in), what we die for. It just don't make sense to me."

Iraq Vote Could Resonate In 2008 (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, February 5, 2007

When Sen. John E. Sununu (R-N.H.) saw reporters approaching him last week, he took off in a sprint, determined to say as little as possible about a nonbinding resolution opposing President Bush's troop-escalation plan, which is expected to come before the Senate today.

"You know where I stand," the senator, who is considered politically vulnerable back home, said repeatedly as he fled down stairways at the Capitol. "I'm still looking."

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The historic showdown to begin today represents the first bipartisan confrontation between Congress and the White House over the Iraq war since the invasion nearly four years ago. While the resolution will test the mettle of every member of the chamber, none will be challenged more than Sununu and the 19 other Senate Republicans facing reelection in 2008 -- many from states where voters are angry with Bush's war policy and want the troops to begin heading home.

Democrats won control of the Senate and House in November largely because of widespread opposition to the war, and the issue remains dangerous for the GOP heading into the 2008 campaign. Senate Republicans are torn between home-state voters eager for them to take a stand against a conflict that has claimed more than 3,000 U.S. troops and has cost hundreds of billions of dollars, and Bush and other Republican leaders who warn that passage of the resolution would undermine chances of a successful conclusion to the war.

"It's inevitable that people want to ascribe political motives to this, but I just hope a majority of Oregonians understand when it comes to issues of war and peace, there's no issue of greater gravity on your heart and mind," said Sen. Gordon Smith (R-Ore.), who must stand for reelection next year in a swing state.

"Oregonians are patriots and want to fight the war on terror, but they don't like the way this war has mutated," added Smith, once a war supporter but now an anguished foe.

Republican senators are loath to say that political calculations could weigh on their votes, but to GOP leaders battling to prevent their members from supporting the resolution against the troop buildup, politics present an unavoidable obstacle.

"I'm sure with some of them, that's a factor," said Minority Whip Trent Lott (Miss.). "But this is a very, very serious matter," he pleaded. "There are some things more important than getting reelected. This is one of them."

The drama is to begin late this afternoon with a procedural vote on whether to move ahead with the debate. Senate Minority Leader Mitch McConnell (R-Ky.) vowed Friday to try to block that, promising to rally his fractious party behind him.

The bipartisan resolution to be offered on the floor states that the Senate disagrees with the president's plan and urges Bush to consider all other options for achieving his strategic goals.

Should resolution supporters clear their first obstacle, the Senate will move to an anticipated long series of votes on amendments. The big ones to watch include a Republican call for the immediate withdrawal of all troops, intended to put Democrats on the spot, and attempts by antiwar Democrats to strike certain provisions, including one opposing the termination of funding for troops in the field.

The latter issue drew fire yesterday from John McCain (Ariz.), the top Republican on the Senate Armed Services Committee.

"I don't think it's appropriate to say that you disapprove of a mission and you don't want to fund it and you don't want it to go, but yet you don't take the action necessary to prevent it," McCain said on ABC's "This Week."

Sen. Dianne Feinstein (D-Calif.) warned that it would be "a terrible mistake to prevent this debate."

"If we can't get this done, you can be sure a month or so down the pike, there's going to be much stronger legislation," Feinstein said on CNN's "Late Edition."

Supporters of the resolution include most Democrats and at least seven, and possibly as many as 11, Republicans, led by Sen. John W. Warner of Virginia, who assembled the compromise measure under consideration. The pro-resolution Republicans include five senators who will face voters in 2008: Warner, Smith, Susan Collins of Maine, Norm Coleman of Minnesota and Chuck Hagel of Nebraska.

Hagel, who is considering running for president, initially supported a tougher resolution condemning Bush's war policy. Sen. Sam Brownback (Kan.) is the one declared GOP presidential candidate supporting the Warner bill.

The big unknown is what a handful of Republican fence-sitters such as Sununu will do. The GOP undecideds include Sens. Lamar Alexander (Tenn.) and Larry E. Craig (Idaho), who are also up for reelection in 2008, along with Sens. Lisa Murkowski (Alaska) and Arlen Specter (Pa.), who are not.

For many Republicans, the scrutiny will be intense. A coalition of liberal activists, labor unions and antiwar veterans aired Super Bowl advertisements yesterday targeting Coleman and Collins. Other advertisements are running in Richmond and Manchester, N.H., to pressure Warner, Sununu and Sen. Judd Gregg (R-N.H.).

Coleman said he found it "offensive" to suggest that senators' reelection concerns could influence their stand. But he conceded: "Certainly senators like myself and Collins and others are in tough states. Anything we do always gets measured against that."

Indeed, Coleman is under attack, first for opposing a tougher resolution approved last month by the Foreign Relations Committee, then for supporting Warner's resolution after standing by the president for so long.

"No matter what these guys do now, they're going to have to be held to account for the choices they made not to do oversight when they said we have to back the president no matter what," said Al Franken, a liberal comedian and talk-show host mulling a race against Coleman next year. "When he had the gavel, he gave the president a free pass."

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Alexander insisted that political considerations are not his foremost concern, but he conceded that he is struggling to strike the right note. "I'm unhappy about the conduct of the war in Iraq, and I would like to express my support for the troops at the same time. I want to find an appropriate way to say that," said the first-term senator, who could draw a formidable opponent in 2008 as his state drifts increasingly Democratic.

Sununu, whose once Republican-dominated state leaned Democratic last year, has drawn four potential Democratic opponents for 2008. Collins could face one of the toughest battles two years out, given that Maine has supported Democrats in the past two presidential elections.

But even her likely opponent, Rep. Tom Allen, was reluctant to criticize her positioning on the debate. Although the six-term House Democrat said opposition to the war appears to be growing in Maine, there is no consensus among voters on a way forward. "It's such a complicated issue," Allen said. "The ideas of what to do range from cut the funding now to stay the course and give it a little more time."

Indeed, many political experts think the Iraq situation is far too fluid to anticipate how it might play in the next election. Charles E. Schumer (N.Y.), the Senate Democrats' campaign chairman for 2006 and 2008, has warned party strategists and candidates not to expect Iraq to pack the political punch in the next cycle that it did last year.

But even the most seasoned veterans acknowledged that voters expect Congress to take a more active role in the war debate.

"There's just a general unrest in a lot of people," said Sen. Ted Stevens (R-Alaska), who is expected to seek an eighth term in 2008. "We've had a lot of people over there. We've lost a lot of people from Alaska."

One of the strongest factions is a group of Republicans, including some up for reelection next year from solid red states, who have vowed to filibuster any resolution opposing Bush's troop policy. Kansas may be showing a glimmer of Democratic blue, with a Democratic governor and a newly elected House Democrat, Nancy Boyda, but Sen. Pat Roberts (R-Kan.), the intelligence committee chairman at the outset of the war and for its first three years, called the various proposals "confetti resolutions" with no value.

Sen. Saxby Chambliss (R-Ga.) said he feels no political pressure, despite a looming reelection campaign that will be his first.

"Nobody likes war, but I come from a very military-oriented state," Chambliss said.

"They don't want to see us pour more people into a hopeless cause," Sen. Jeff Sessions (R-Ala.), another 2008 candidate, said of his home-state voters. "But they don't want us to leave if there's a realistic opportunity to be successful. I think they expect us to be smart and wise and do the right thing."

Democratic Sens. Russell Feingold (Wis.) and Christopher J. Dodd (Conn.) have announced that they will oppose the Warner resolution because they do not think it is tough enough, and they could bring a handful of Democrats with them. But those balking Democrats are expected to oppose Republican efforts to block the bill through parliamentary tactics.

Senate Democratic Whip Richard J. Durbin (Ill.) said he was reminding his colleagues that "you're not putting a stamp of approval" on the resolution by allowing the debate to proceed. "We should all remember the engine that's pulling this train -- disapproval of the escalation. All the problems we have, have nothing to do with that issue," Durbin said.

Washingtonpost.com staff writer Paul Kane contributed to this report.

In Democratic Race, Iraq Frames Debate (CSM)

By Linda Feldmann

The Christian Science Monitor, February 5, 2007

WASHINGTON

In speech after speech, Democratic presidential candidates agreed on the issues of the day: Global warming must be stopped, universal healthcare is imperative, the crumbling American education system must be fixed.

And on the biggest issue – Iraq – all the prospective and declared Democratic hopefuls speaking to party activists last weekend were also in basic agreement: that the US must extricate itself from the Iraq war. Where they differed was over one question: How?

As the Senate begins debate Monday on competing resolutions on Iraq, the Democrats are fresh out of their own debate on a way forward in Iraq at the Democratic National Committee's winter meeting. Sen. Hillary Rodham Clinton (D) of New York demonstrated the challenge inherent in being the early front-runner: As she seeks to win over enough of the party faithful to win the nomination, she is also looking ahead to the general election campaign, when a position too far to the left could hurt her chances among moderates.

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"There are many people who wish we could do more," Senator Clinton told the crowd, as a handful of hecklers cried out. "But let me say that if we can get a large bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said, 'No!' to President Bush and begin to reverse his policies."

Clinton also stated that she "wants to go further," arguing that the US needs to "threaten" Iraq's government with reduced funding for Iraqi troops if it does not start fulfilling its promises. And "if we in Congress don't end this war before January 2009, as president, I will!" she asserted.

But to many Democratic candidates, a nonbinding resolution rejecting Mr. Bush's plan to send more US troops to Iraq isn't enough, even as a starting point. Clinton and another top challenger for the nomination, Sen. Barack Obama (D) of Illinois, face pressure from many of the other contenders to take a more forceful stand. Some of these other candidates have the luxury of not having to cast votes in Congress – most notably, former Sen. John Edwards of North Carolina, who has carved out an Iraq position to the left of Clinton and Senator Obama.

The North Carolinian says senators should not support the bipartisan resolution rejecting Bush's surge, but rather cut off funding for the war. Mr. Edwards, who supported the war as a senator in 2002 and later repudiated his vote, is the most antiwar of the leading Democratic contenders – and commands a considerable following among Democrats affiliated with organized labor. He is also well-organized in Iowa, the first nominating state, and has the potential to stun the field next January.

"We cannot be satisfied with passing non-binding resolutions that we know this president will ignore," Edwards said. "We have the power to stop the escalation of this war."

Another candidate who still has a vote in the Senate, Christopher Dodd of Connecticut, has also aligned himself with antiwar liberals by saying he will not support the nonbinding resolution. But his presidential aspirations are seen as a long shot. The question is whether his presence in the race, and ability to gain media attention for his views, will put pressure on Clinton and Obama to move leftward.

Obama took perhaps the most unusual approach in his speech to the DNC. Instead of going through the usual list of policy positions, he focused instead on the nature of public discourse – and about the need to overcome the cynicism he says has become a staple of modern politics.

"The campaigns shouldn't be about making each other look bad, they should be about figuring out how we can all do some good for this precious country of ours," Obama said. "That's our mission. And in this mission, our rivals won't be one another, and I would assert it won't even be the other party. It's going to be cynicism that we're fighting against."

Obama asserted that everyone in the race has a responsibility to put forth a plan for ending the war, but did not discuss his own proposal, released last week. Obama's legislation would begin redeployment of US forces out of Iraq by May 1, 2007, and calls for the removal of all combat brigades by March 31, 2008, a date he says is consistent with the expectation of the bipartisan Iraq Study Group.

One candidate who did discuss his Iraq plan at length, Sen. Joseph Biden of Delaware, first came up against the axiom, "You never get a second chance to make a first impression."

Last Wednesday, on the day he announced his presidential campaign, he faced a maelstrom of controversy over his attempt to compliment Obama. In calling him "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Biden inadvertently insulted all the black presidential candidates of the past, and spent the rest of the week apologizing.

During his cattle call appearance on Saturday, Biden began with a quip: "So, how was your week?" Then he apologized again. By then, the chairman of the Senate Foreign Relations Committee was ready to rip into what he called "the very deep hole" the Bush administration has dug the nation into in Iraq.

Senate Vote: Discomforting, Revealing, Not About Morale (USAT)

USA Today, February 5, 2007

John Warner first volunteered to fight for his country at age 17, when he left high school and joined the Navy during World War II. He served until 1946, and four years later, he left law school to volunteer for the Marines in the Korean War. He eventually went on to serve as President Nixon's secretary of the Navy, and after being elected a Republican senator from Virginia in 1978, he rose to chair the Senate Armed Services Committee.

That's not the profile of someone who is naive about war. But now, at age 79, Warner is a leader in the fight to have Congress pass a non-binding resolution against President Bush's troop "surge" in Iraq — an undertaking that Bush and others criticize as undermining the war effort.

The crucial part of Warner's measure says, "The Senate disagrees with the 'plan' to augment our forces by 21,500, and urges the president instead to consider all options and alternatives … ."

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The Senate faces hard votes on Warner's resolution and competing measures this week. Despite the courage of American troops and many Iraqis, the war has gone badly, metastasizing into something critics feared and the administration never imagined. Almost four years in, there's no end in sight, growing frustration among voters and little support for Bush's leadership.

Now the question is what to do, and on that Congress and Americans are painfully divided.

Warner's resolution is not an easy call. Critics say it sends a dispiriting message to the troops, and there's no getting around that. But the administration diminishes its case by trying to imply that its critics are unpatriotic if they don't silently follow the president's lead. No American leader should need a sermon on the value of honest argument and dissent, even in wartime. Voters elected scores of new legislators in November with the demand they speak up. Lack of support for the war is driving the resolutions, not the other way around.

Many critics on both sides of the "surge" also deride an anti-war resolution as a worthless middle position, either because it's political posturing that undercuts the commander in chief, or a pointless gesture that avoids using Congress' power to cut off funding for the war. But that, too, misses the essential point.

All or nothing is not the responsible choice. The public is no more enthusiastic about abrupt withdrawal than it is about staying the current failing course, and even critics of Bush's strategy warn that abrupt withdrawal would backfire. If a resolution can be worded to draw bipartisan support, it might point a path to unity, not underscore division.

The Warner resolution, like other drafts, offers one, essentially the plan proposed by the bipartisan Iraq Study Group: Turn over most fighting to Iraqi forces while training them; help secure Iraq's borders; focus U.S. troops on fighting al-Qaeda; and engage Iraq's neighbors in diplomacy. Critics may not like that plan, but it's every bit as valid as Bush's. In fact, something similar is likely to follow Bush's troop surge whether the increase is effective or not.

The surge is underway, and nothing Congress can do in the short run will stop it. The resolutions are more about what happens next. Whether one passes or not — even whether they're a good idea or not — matters less than what the debate over them reveals: The Iraq war, with public support gone, is in its end game. What's being debated now is how best to get out.

A Bleak Assessment On Iraq (NYT)

The New York Times, February 5, 2007

There isn't much encouraging news in the new National Intelligence Estimate on Iraq. Ethnic and sectarian identities are hardening and violence is spiraling, as shown again in Saturday's horrific Baghdad market bombing. Iraq's new governing institutions are weak and leading politicians have a "winner-take-all attitude" that can only make matters even worse.

The intelligence agencies see "real improvements" in Iraqi security forces. But those gains are strictly relative and the report still finds those forces unlikely to be able to successfully battle Shiite militias in the next 12 to 18 months.

A good example of this problem can be found in the accounts of last week's battle between the Iraqi Army and a mysterious group of armed religious extremists outside the Shiite shrine city of Najaf. Najaf is supposed to be a showcase province for the American-trained Iraqi Army. The Pentagon chose it in December for the first symbolic handover of security responsibilities.

Barely a month later, in their first major battle, the Iraqis had to be bailed out by American air and ground forces. Hundreds of armed zealots had managed to set up a fortified encampment, complete with tunnels, trenches, blockades, 40 heavy machine guns and at least two antiaircraft weapons.

This happened just 10 miles northeast of the city at a time when hundreds of thousands of religious pilgrims and Iraq's leading Shiite clerics were headed there for annual holiday observances. A successful attack on top clerics and pilgrims in Najaf would have been disastrous.

The Iraqis' next mistake was sending only one army battalion and some police to raid this armed camp after its belated discovery. Government forces were quickly surrounded and called in American air support. Still pinned down, the Iraqis had to summon American ground support as well before they could advance on the camp.

This less-than-impressive performance by a supposedly top-of-the-line Iraqi Army division has grave implications for President Bush's new Baghdad security drive, in which an additional 17,000 or so American troops are supposed to work in tandem with a much larger Iraqi force.

Perhaps the Iraqi security forces will improve over the next 18 months. But as the intelligence estimate also makes clear, the only real hope for Iraq lies in a bold reversal of course by Iraqi politicians that puts national reconciliation ahead of sectarian advantage. Mr. Bush needs to get serious about demanding such a change, including enforceable deadlines for overdue steps like eliminating militia supporters from the police, ending vengeful anti-Baathist measures targeting the Sunni middle class, and guaranteeing the fair allocation of oil revenues.

Otherwise, Iraq seems headed over the cliff.

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The Perils Of Partitioning Iraq (LAT)

The Los Angeles Times, February 5, 2007

Physically dividing Iraq in an attempt to quell ethnic violence would only lead to more heartache and killing.

JUST WHEN IT SEEMS THAT Iraq's death-spiral cannot get worse comes news that it has. The civilization that grew between the Tigris and Euphrates rivers was nourished for centuries by the mingling of myriad cultures and ethnicities. Now a vile "sectarian cleansing" in Baghdad threatens that civilization — and it is proceeding faster than anyone thought possible.

More than 540,000 Iraqis have fled their homes because of sectarian fighting in the last 11 months — 80% of them in Baghdad, according to a carefully documented report from International Medical Corps, a Santa Monica-based humanitarian group that has teams in 16 of Iraq's 18 provinces. The pace of flight is accelerating: The number of people displaced jumped by 43% in November alone, the group found.

Although there have been widespread reports of an Iraqi diaspora to other Middle Eastern countries, most of the displaced are inside Iraq. They've taken refuge in segregated Sunni or Shiite neighborhoods within Baghdad or moved to provinces where people of similar ethnicities predominate. Many are living with impoverished relatives, and some face malnutrition. If the violence continues, estimates are for 1 million more such "internally displaced persons" within Baghdad alone in the next few months. That amounts to more than 20% of the population of a capital the United States vowed not only to liberate but to remake.

This disaster has prompted calls — first from hawkish humanitarians on the left, now joined by some voices on the right — for some sort of partitioning of Iraq that might quell the violence.

It is tempting to try to separate Shiite and Sunni combatants before they further shred and bleed their country, Yugoslavia style. But partition is a dangerous idea, the merits of which do not improve even as other options look worse. First and most important, the Iraqis do not want it. Second, the biggest prize in the ethnic wars — Baghdad — may be ghettoized, but it cannot be easily divided. Third, not all the violence is between Shiites and Sunnis; Shiite sects battle each other for power, and other ethnic strife may yet erupt in the north. Across Iraq, partition would force multiethnic cities and mixed families to choose sides and identities, however artificial. And the agony of Baghdad might simply be repeated in Kirkuk, Basra or Nasiriya.

Advocates of a "soft" partition seek to avoid these awful outcomes by keeping Iraq intact but encouraging Iraqis to use their new constitution (when fully implemented in 18 months' time) to allow the highly autonomous provinces to confederate as they see fit.

But the Bush administration should stick to its position and refuse to endorse any sort of plan to divide Iraq. Soft or hard, partition would inevitably be seen as another Western plot to weaken Iraq and draw a new Middle East map to U.S. specifications. It would fuel violence by seeming to ratify the end result of the sectarian killing, and do nothing to stop violence against unfortunate Iraqis caught on the wrong side of the tracks in the future.

The War: 'Ambiguous' Intel On Iran's Meddling In Iraq (NSWK)

By Mark Hosenball

Newsweek, February 4, 2007

How solid is evidence that Iran is stoking the conflict in Iraq? The White House has ratcheted up rhetorical attacks, suggesting that Iranian government elements were supplying Iraqi Shia insurgents with deadly weapons technology. But the idea that Iran plays a key role in fomenting violence inside Iraq took a knock last week with the publication, by the U.S. intelligence czar's office, of a new National Intelligence Estimate (NIE) on Iraq. The NIE, representing the consensus view of all 16 U.S. intel agencies, says that because sectarian antagonisms among Iraqis themselves are so intense and "self-sustaining," Iranian or Syrian involvement is "not likely to be a major driver of violence."

U.S. officials still maintain that Iran is helping Iraqi Shia insurgents build bombs that are particularly deadly because they can penetrate armored vehicles. But three U.S. officials familiar with unpublished intel (unnamed when discussing sensitive info) said evidence of official Tehran involvement is "ambiguous," in the words of one of the officials. For example, U.S. troops have been attacked by homemade bombs triggered by infrared sensors (like ones used on American burglar alarms). U.S. agencies know Iranian purchasers have made bulk orders for the sensors—which cost as little as $1 each—from manufacturers in the Far East. Some analysts think most of the sensors are used for innocent purposes: they note that the devices are so widely available that would-be supporters of Iraqi militants could simply buy them in an Iranian store and smuggle them to Iraq; high-level government involvement wouldn't be necessary. (Another intel challenge: it's difficult for U.S. personnel to ID Iranian operatives among Iraqi Shiites or Iranian pilgrims who visit Shia shrines in Iraq.)

Last week U.S. military officials in Baghdad were set to brief reporters about evidence American forces had assembled about Iran's interference in Iraq. But the briefing was canceled; one of the U.S. officials suggested it had been put off because intel officials couldn't agree about the info.

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Zakaria: The Road To Reformation (NSWK)

By Fareed Zakaria

Newsweek, February 4, 2007

Al Qaeda had hoped to rally the entire Muslim world against the West, but now it is in the middle of a dirty sectarian war within Islam.

For those in the West asking when Islam will have its Reformation, I have good news and bad news. The good news is that the process appears to have begun. The bad news is it's been marked by calumny, hatred and bloody violence. In this way it mirrors the Reformation itself, which we now remember in a highly sanitized way. During that era, Christians of differing sects massacred each other as they fought to own the true interpretation of their religion. No analogy is exact, but something similar seems to be happening within Islam. Here the divide is between the Sunnis, who make up 85 percent of the Muslim world, and the Shiites, who represent most of the other 15 percent.

The dominant new reality in the Middle East today is the growing schism between these two groups. Look at the daily sectarian killings in Iraq, listen to the dark warnings of Saudi and Jordanian leaders about a "Shia crescent," watch the power struggles in Lebanon. Islam's quiet cleavage has come out into the open. At a recent demonstration in the Palestinian territories, opponents of Hamas taunted the Sunni Islamists as "Shiites" because of their links to Iranian-backed Hizbullah.

We in the United States have spent much time asking what all this means for Iraq, for U.S. troops in the midst of this free-for-all and for America more generally. But think, for a moment, about what the trend means for Al Qaeda.

Osama bin Laden and Ayman Al-Zawahiri, both Sunnis, created Al Qaeda to be a Pan-Islamic organization, uniting all Muslims as it battled the West, Israel and Western-allied regimes like Saudi Arabia and Egypt. Neither Zawahiri nor bin Laden was animated by hatred of Shiites. In its original fatwas and other statements, Al Qaeda makes no mention of them, condemning only the "Crusaders" and "Jews."

But all ideologies change as they encounter reality. When bin Laden moved to Peshawar in the 1980s to fight the Russians in Afghanistan, he allied with radical Sunnis who had a long history of oppressing Afghanistan's Shiite minority, the Hazaras. (The novel "The Kite Runner" is about a young Hazara boy.) Even then, bin Laden didn't sanction anti-Shiite violence, nor did he add anti-Shiite accusations to his messages. But after the Sunni Taliban took power, Arab fighters under his command did support his hosts' anti-Shiite pogroms.

Iraq was the real turning point. The self-appointed leader of Al Qaeda in Iraq, Abu Mussab al-Zarqawi, had a poisonous attitude toward Shiites. In a letter to bin Laden, written in February 2004, he described Iraq's Shiite majority as "the insurmountable obstacle, the lurking snake, the crafty and malicious scorpion, the spying enemy ... The danger from the Shia ... is greater ... than the Americans ... I come back and again say that the only solution is for us to strike the religious, military, and other cadres among the Shia with blow after blow until they bend to the Sunnis." Zarqawi was drawing on Wahhabi Islam—and its offshoot Deobandism in South Asia—in which there is a deep and oppressive strain of anti-Shiite ideology.

Bin Laden and Zawahiri were clearly uncomfortable with this new line, and the latter reproached Zarqawi directly. Bin Laden remained largely silent on the matter, but by the end of 2004, both had decided that Al Qaeda in Iraq was too strong to rebuke. And, rousing anti-Shiite feelings seemed the only way to mobilize Iraq's Sunni minority. It also, crucially, made them see Al Qaeda as an ally. The trouble for Al Qaeda is that as a practical matter, loathing Shiites works in only a few places: principally Iraq, Pakistan, Saudi Arabia and some parts of the gulf. Most of the rest of the world's 1.3 billion Muslims are turned off by attacks on their co-religionists.

So, an organization that had hoped to rally the entire Muslim world to jihad against the West has been dragged instead into a dirty internal war within Islam. Bin Laden began his struggle hoping to topple the Saudi regime. He is now aligned with the Saudi monarchy as it organizes against Shiite domination. This necessarily limits Al Qaeda's broader appeal and complicates its basic anti-Western strategy.

These emerging divisions weaken Al Qaeda, but they will help most Muslims only if this story ends as the Reformation did. What is currently a war of sects must become a war of ideas. First, Islam must make space for differing views about what makes a good Muslim. Then it will be able to take the next step and accept the diversity among religions, each true in its own way.

The United States should avoid taking sides in this sectarian struggle and aim instead to move the debate to this broader plain. We should encourage the diversity within Islam, which has the potential to divide our enemies. But more important, we should encourage the emerging debate within it. In the end it was not murder but Martin Luther that made the Reformation matter.

Who's Stoking The Fires? (USNEWS)

By Mitchell Prothero

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U.S. News and World Report, February 5, 2007

BEIRUT-The presence of balaclava-clad young men waving weapons from motorbikes is never a good sign. Even so, their arrival during a recent series of street clashes between Sunni Muslim supporters of the current Lebanese government and the Shiite followers of the Hezbollah-led opposition is particularly ominous given Lebanon's tragic history of sectarian violence and civil war.

For more than two months, Lebanon has teetered on the brink of chaos. Hezbollah and its allies have been demanding the American-backed government of Prime Minister Fouad Siniora submit to the formation of a so-called national unity government-one that would tip the political balance in favor of the Shiite community. A series of escalating demonstrations finally exploded in late January into sectarian violence that left about 10 people dead and more than 200 wounded. There are concerns about further clashes next week if thousands of pro-government demonstrators turn out to mark the second anniversary of the assassination of former Prime Minister Rafiq Hariri.

This should be a parochial struggle among Lebanese in a tiny nation of 3.8 million where the mix of Sunnis, Shiites, and Christians is just diverse enough that no group can dominate. During Lebanon's 15-year civil war, which claimed some 100,000 lives and turned Beirut into a rubble-strewn battleground, the country mainly split between Christians and Muslims. Now, nearly two decades later, the conflict's defining characteristic is the rift within the Muslim community, a split that draws in on opposing sides the region's two major powers, Sunni Saudi Arabia and Shiite Iran. Lebanon is a testing ground for growing Iranian influence-and for Saudi Arabia's efforts to block it.

This has led to some unusual political twists. After war unexpectedly erupted last summer between Hezbollah and Israel, the major Sunni Arab states-Saudi Arabia, Egypt, and Jordan-moved quickly to condemn the provocation by Hezbollah. For the first time, these Arab states essentially took Israel's side.

Lebanon's Sunni Muslims-who include much of Beirut's economic elite-tend to look to the Saudis for patronage. And with the prime minister slot open only to a Sunni (Lebanon's Christians get the presidency and the Shiites get the parliament speaker), Hezbollah's political attack on Siniora is widely perceived as part of an Iran-backed challenge to the Sunni Islam power structure around the region.

When Hezbollah began protesting in downtown Beirut's gleaming shopping district (most of which is owned by Saudi companies), it looked to the Saudis as if Lebanon risked tipping to Iranian control-just as Iraq transformed from a Sunni power under Saddam Hussein to an Iranian-friendly Shiite one.

Political sources say that within days of Hezbollah's initial protests, Siniora was told by Saudis to hold firm and they would pay any economic bill necessary. "It began last summer during the war, when the Arab League came to Siniora's defense," says Michael Young, opinion editor of Beirut's English-language newspaper, the Daily Star. "The Saudis promised him then anything he needed. Siniora does not stand for Siniora; he's a steadfast symbol of the Sunni Arab world and its political establishment. He is always someone who has fought for an Arab consensus to every problem. So to assail him is to assail the Sunni Arab world itself."

But then came a series of street clashes between Sunnis and Shiites that seemed to take everyone by surprise, apparently including Hezbollah itself. "Look, Hezbollah is a disciplined organization, maybe the most disciplined in the Arab world," says one security official, who cannot speak for attribution on this subject. "But it's not enough to control your fighters and officials. They clearly lost control of the kids and their allies, who aren't organized like they are. This really scared everyone involved."

Even, perhaps, officials in Saudi Arabia and Iran, who may have their own interests in not having their rivalry push Lebanon over the brink. Whether or not that is the case, Saudi and Iranian officials unexpectedly opened direct talks to calm the crisis. They need to hurry to keep Lebanon from again sliding into civil war.

Armed With History (USNEWS)

By Anna Mulrine

U.S. News and World Report, February 5, 2007

It was on the eve of the U.S. invasion of Iraq, in March 2003, that Missouri Rep. Ike Skelton sent a letter to President Bush. "There is no doubt that our forces will be victorious in any conflict," he wrote. "But there is great potential," he warned, "for a ragged ending to a war as we deal with the aftermath." He noted that then Secretary of Defense Donald Rumsfeld "frequently talks about the list he keeps of things that could go wrong in an Iraq war." Added Skelton: "I have kept my own list."

He went on to outline some possibilities that would prove eerily prescient: Shiites attacking Sunnis, forcing U.S. troops to protect them. "Stabilization and reconstruction prove more difficult than expected," Skelton wrote. "This puts pressure on troop rotations, reservists, their families ... and requires a dramatic increase in end-strength."

Nearly four years later, it is just such an increase in end-strength, meaning the overall size of the military, as well as the strain of repeated rotations on the Army and Marine Corps, that Skelton will confront as the new chairman of the House Armed

Services Committee. In that role, this Democratic moderate figures to be a major player in examining America's wars on two fronts. As President Bush presses his case for sending 21,500 more troops to Iraq and details surface about wasted reconstruction aid (including Olympic-size swimming pools ordered up by Iraqi officials), Skelton summarizes the goals for his tenure with a word that has become his mantra: "Oversight. Oversight. Oversight."

No nonsense. That mantra is both a top item on his to-do list and a reminder of a lack of congressional supervision during critical phases of the Iraq war-and of the responsibility that Americans feel Capitol Hill should take up now. In a recent survey, nearly two thirds of Americans said that Congress has not been assertive enough in challenging the Bush administration's conduct of the war. "Oversight was nil," says Skelton. To that end, he has announced plans to revive the Subcommittee on Oversight and Investigation, disbanded when Republicans gained House control in 1994. Skelton's committee will take up topics including military readiness. "This causes me great heartburn, this chewing away at our armed forces," Skelton tells U.S. News. "Equipment is worn to a nubbin," he adds, noting that while Congress provided the military with $17 billion last year to make up for equipment wear and tear, units in America "still don't have a lot to train on-it's left over there for succeeding brigades. And what's left over there is often worn out."

A member of the committee since 1981-and its ranking Democrat since 1998-Skelton, 75, still describes himself as a simple country lawyer. Colleagues caution, however, that the moniker belies a gentle but no-nonsense questioning style that will set the committee's tone in the months to come.

Stricken with polio as a child, Skelton was unable to serve in combat but developed a voracious appetite for history books that he shares, he says, with military leaders. "That's my hobby. Some people bowl, some ski-I read history books." For that reason, says Robert Scales, the former president of the U.S. Army War College in Carlisle, Pa., "the strongest thing you can do when you talk with Ike is to come armed with those historical connections. He understands that for the military, the battlefield is our lab, our law library, our courtroom, our stock exchange. Soldiers do war so infrequently that if you're going to gain knowledge, you've got to go to the historical lab."

Iraq Battles A Shadowy Shiite Death Cult (NSWK)

By Babak Dehghanpisheh

Newsweek, February 4, 2007

Dhia Abdul Zahra claimed he was the messiah. And on the eve of the holiest day in the Shiite calendar, Ashura, when believers beat themselves bloody with chains and swords, Zahra tried to deliver salvation. Hundreds of his followers, armed with heavy weapons, clashed with Iraqi and American soldiers northeast of the holy city of Najaf on Jan. 28. The Soldiers of Heaven, as the cultists called themselves, apparently planned to storm Najaf and assassinate top Shiite clerics. They fought fiercely: an American helicopter was shot down, killing two soldiers, and Iraqi forces called for reinforcements at least twice. Iraqi police say this was no ordinary enemy. Fighters repeatedly tapped into their radio frequency and repeated an ominous message, "Imam Mahdi is coming." The return of the Mahdi—the 12th and last Shiite saint, who, believers say, vanished in the ninth century—signals the end of times.

It would be easy to write off the thirtysomething Zahra, who was killed along with more than 250 others in the battle, as an Iraqi David Koresh and his followers as misguided zealots. But the Soldiers of Heaven are only one of dozens of Shiite factions, some of whom have similar millenarian ideas, that have sprung up across southern Iraq. Dominated as it is by one sect, the south has generally been thought remote from the civil war that has engulfed Baghdad and its environs. The Iraqi Army took over security in Najaf from the Americans in late December; few if any of the 20,000 new U.S. troops heading to Iraq will be sent to the region. But as the new National Intelligence Estimate on Iraq released last week points out, the country is plagued by four overlapping battles—Al Qaeda and Sunni insurgent attacks on Americans, sectarian killings and Shia-on-Shia violence in the south. If left unchecked, that factional fighting could grow into as great a threat to Iraq's stability as the ethnic cleansing farther north. "The collapse of authority in southern Iraq could be devastating for both the United States and for Iraq," says Vali Nasr, author of "The Shia Revival."

Under Saddam Hussein, the Shiite south was viewed as a hotbed of Iranian intrigues and deliberately neglected. Its infrastructure is noticeably worse than other parts of the country: roads are full of potholes, and open sewers are common. And, despite millions of dollars pumped into projects since 2003, most recently under the Shiite-dominated government in Baghdad, the situation hasn't improved significantly. Unemployment in some areas is as high as 60 percent, and Iraq's five poorest provinces are all in the south. Many reconstruction projects have been abandoned because of corruption, kidnappings and killings.

The two biggest players in the region are Moqtada al-Sadr's Mahdi Army and the Supreme Council for Islamic Revolution in Iraq, run by cleric Abdul Aziz al-Hakim. But in Basra alone, whose oilfields account for about 90 percent of Iraq's budgetary revenue, at least half a dozen parties are competing for power—often violently. Basra's murder rate tripled in the first half of last

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year. "Security is bad in the Shiite south and may be getting worse," says Juan Cole, a professor of history at the University of Michigan and an expert on Iraq's Shiites.

In this chaotic environment, talk of the dhuhoor, or appearance of the Mahdi, has been growing. "The decrease of the things people need—electricity, water, a salary, peace of mind—makes them want to find something like a miracle," says Salama Khafaji, a former member of the Iraqi Governing Council from Najaf. Sadr has astutely tapped into this longing for a better world; loyalists have hinted that he may be the Mahdi himself. Fringe groups that take the Mahdi more literally—and that rail against a Shiite leadership who are doing nothing to hasten his return—are also growing, says Khafaji. "When you have the complete collapse of society is exactly when you get these pretenders who combine social anxiety, political frustration and fear with millenarian expectations," says Nasr.

Senior clerics familiar with Zahra say the Soldiers of Heaven was an offshoot of the Sadrist movement and had few friends among the Najaf establishment. "They were against the marjaiya [senior clerics], against the government, against the Americans," says Sheik Fatih Kashif al-Ghitta, a senior cleric from Najaf. On more than one occasion, Ghitta says, Zahra's followers had fought pitched battles against the Mahdi Army. They were particularly well entrenched in Zarqa, a village about 10 miles northeast of Najaf. The group had dug six-foot-deep trenches around their property and set up defensive sand berms. Weapons were buried underground or covered with palm leaves. Iraqi troops later found sniper rifles, heavy machine guns and even antiaircraft guns around the property. But the Soldiers of Heaven is hardly the only heavily armed faction in the south: gunmen from another Sadrist offshoot, the Fadhila Party, control Basra's oilfields. Baghdad security officials worry that even more Shiite fighters will soon flood into the area to avoid the "surge" of U.S. troops in the capital.

If Zarqa is any indication, that could spell trouble. Although President George W. Bush praised Iraqi forces after the battle ("The Iraqis are beginning to show me something," he said), in fact the Iraqis were nearly overrun. At one point, Col. Ahmad Silawi, the director of Najaf intelligence, and Abdul Hussein Abtan, the deputy governor of Najaf, were pinned down. "Help us! There's heavy shooting!" Abtan cried over the radio. Silawi later told NEWSWEEK he'd recited the shahada, the traditional prayer before death. Only repeated U.S. airstrikes crushed the cultists.

Ironically, Iran—which U.S. military officials have blamed for fueling attacks against American soldiers in the south—probably has more influence in the region than the Coalition. "If, after this attack, the Americans haven't realized that they need our help to stabilize Iraq, I don't know when they're going to learn anything," says a Tehran official who has close ties to the senior Iranian leadership and asked not to be identified because of the sensitivity of the subject. If he's expecting Washington to ask for help in the south, though, he may as well wait for the Mahdi, too.

With reports from Iraqi staff in Najaf and Maziar Bahari in Tehran, Christopher Dickey in Paris and Karen Fragala Smith in New York

Sandra Day O'Connor On Postcourt Life (NSWK)

By Debra Rosenberg

Newsweek, February 4, 2007

Walk down the hallway on the second floor of the Supreme Court, through the part of the massive marble building the public never gets to see, just past the chambers of Justice Ruth Bader Ginsburg, and you might think you've stumbled into a gallery. The walls of the long corridor are lined with artwork: there's a Georgia O'Keeffe print, a photograph of a Navajo woman (taken by Barry Goldwater) and a framed editorial cartoon of Lady Justice celebrating the first woman named to the Supreme Court. Turn the corner, and you'll find that woman, retired Justice Sandra Day O'Connor. "It wouldn't fit in my chambers," she says, pointing at the collection. When she left the court last January, she had to turn over her spacious digs to her replacement, Justice Samuel Alito. But a year later, nestled in a cozy corner office, O'Connor is still hard at work.

After her surprise announcement in July 2005 that she was leaving the court, O'Connor seemed likely to follow most of her former colleagues into a quiet private life. But America's first female justice is blazing a new path in retirement, too. At 76, O'Connor is still physically and mentally fit. Her current schedule—packed with appeals-court hearings, law-school lectures, speechmaking and book writing—can make her days on the court look practically languorous. And these commitments don't include her recent work with the Iraq Study Group (or her aerobics classes). She divides her time between Washington, where she maintains her chambers, and Phoenix, where she cares for her husband, John, who suffers from Alzheimer's. "She just put it in third gear and went on," says her brother, H. Alan Day.

Before she stepped down, O'Connor seemed dismissive of the life of an ex-justice. She once told her brother: "When you retire from the court, you become a nobody." Though Justice Potter Stewart, whose seat O'Connor filled, was an advocate of stepping down in your prime, O'Connor wasn't sure whether she'd one day follow his lead. "Most of them get ill and are really in bad shape, which I would've done at the end of the day myself, I suppose, except my husband was ill and I needed to take action there," she told NEWSWEEK recently in a rare interview in her chambers.

O'Connor carefully weighed when to quit the bench. In the spring of 2005, with Chief Justice William Rehnquist publicly battling thyroid cancer, the two justices discussed timing. "We talked a little bit," O'Connor recalls. "I was concerned about whether he had an intention to step down since his plans might have altered my own. It's hard for the nation to grapple with two [retirements] at once," she says. "He indicated he didn't want to step down." So she realized she had to go first.

After O'Connor left, she'd planned to spend time with her husband—but she couldn't predict the cruel trajectory of his disease. John, a lawyer, and O'Connor had long been fixtures on the Washington social circuit, known for their ballroom dancing. "Here you have this magnificent man full of Irish humor and tales and then suddenly the fog rolled in," says former Wyoming senator Alan Simpson, a family friend. In earlier stages of John's illness, O'Connor would take him to the court with her because he couldn't be left alone.

After O'Connor was freed from her daily duties at the court—it took six months before Alito took her seat—John's condition deteriorated. Last summer she reluctantly placed him in a care center near their home in Phoenix; she visits him often. "It's such a miserable disease. It's so sad. It's so hard. I did the best I could," she says. "He wants me there all the time." It's been a difficult transition, says Simpson. "It's tough to go home at night and no longer have this warm, witty guy there."

The void created by John's illness may help explain O'Connor's refusal to retire to Arizona and instead keep herself immersed in work. Now, she says, she's rethinking her earlier prediction of becoming a "nobody." "I think there is a fairly narrow margin of time in which the voice can still be heard," she says. Because O'Connor chose to retire rather than resign, she's still considered an active judge and draws a salary. So she has responsibilities as an officer of the court to fill in as a judge on appeals courts—a task that requires copious preparation. Even the most mundane duties of judgeship do not escape her: last month she spent two days swearing in public officials in Arizona. Being a judge also means O'Connor can't cash in on any of the speeches or public appearances she makes. That would change if she resigned. But then, she wouldn't have an office at the court. Maybe then she would be a nobody. "I'd be on my own," she says. "I have chosen a different route."

That route has led her to speak out on a handful of causes, like the importance of an independent judiciary and teaching civics. She's also waded into one of the nation's most difficult problems: what to do in Iraq. When James Baker first asked her to join the Iraq Study Group, O'Connor was baffled. "I wasn't sure I should do it," she recalls. "It was so out of my field of judging. I don't know anything about the military." Though the project was more grueling and time-consuming than she'd imagined, she found it fascinating.

Later, O'Connor had little patience when the media wanted to turn the commission members into celebrities. At one meeting, recalls Alan Simpson, also a study-group member, famed photographer Annie Leibovitz arrived to take a group portrait for Men's Vogue. "We all sat there, no one said anything," says Simpson. "Then she said, 'Not me. That's not what I'm here for. This is not about our pictures going out somewhere,' and the rest of us piped up to agree." (Baker and co-chair Lee Hamilton sat for the portrait.) Lately, some study-group members have expressed frustration that President George W. Bush has not embraced their recommendations, but O'Connor—still unwilling to plunge into politics—demurs. "There are probably no perfect answers," she says.

While O'Connor's been busy charting a new course, the court she left behind is changing, too. She's often said she's disappointed that her replacement was not a woman. But gender balance isn't the court's only shift. O'Connor gained a reputation as the swing vote on issues like abortion, affirmative action and school prayer—a designation she's always chafed against. Still, she acknowledges some decisions could change without her. "I'm sure there will be some sense that in some instances, had I been on the court, my vote might have differed from some of the new members," she says. "But that's all right. That's the way things go."

A year after her departure, O'Connor admits she misses the court. "Occasionally I'll see one [upcoming case] and say, 'Well, I wonder what they're going to do to my old writing in Case X'," she says. But O'Connor seems to live by the motto stitched into a needlepoint pillow on her couch: MAYBE IN ERROR BUT NEVER IN DOUBT. She says she has no regrets about leaving the bench. And she refuses to second-guess any old votes. "I don't look back and say, 'Oh, gee.' There's no use living that way. Do the best you can and look forward," she says. Even in retirement, O'Connor sees the road ahead.

With Eve Conant

Why We Can't Leave (USNEWS)

By Mortimer B. Zuckerman

U.S. News and World Report, February 5, 2007

Our hyperactive president's walkabouts, radio talks, interviews, conferences on energy, the economy, and obesity-and his recent State of the Union address-find him looking well and speaking well, but rather in the manner of the Wizard of Oz. When the curtain is drawn back on the big flashing pronouncements, the Wizard is revealed not as a powerful magician but someone who can't even dispossess a wicked witch of her broomstick without the help of a young girl, her little dog, a scarecrow, a

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toothless lion, and a tin man. (Cast those characters yourself!) The only thing that is melting before the wizard's eyes is not the wicked witch but the wizard's own support in the country, in the Congress, and within his own party.

George W. Bush bet his presidency on Iraq. And now he's betting his party's future on it. If the new troop "surge" fails, it will destroy the Republicans' reputation on national security for at least a generation.

The president said, "Nothing is more important at this moment in our history than for America to succeed in the Middle East, to succeed in Iraq." He's right. Abandoning Iraq would plunge the country we went to war to save into a grim horror movie. The Iraqi government cannot stop sectarian killing when it is able to call on the world's most powerful military. Who can expect it to do so if the Americans leave? Indeed, hundreds of thousands of Iraqi professionals-physicians, academics, and the like-have divined the answer and fled to other countries.

Unbelievable horrors. Of course, most Americans believe the nightmare in Iraq simply cannot get much worse. Wrong-it most certainly could. Advocates of a "phased" withdrawal of our troops must reckon with the certainty of a serial disaster: a full-blown civil war spreading a contagion of violence across the region, with Iran virtually uncontainable. Our enemies, as the president said, would emerge with new safe havens, new recruits, and new resources. The head of the CIA, Michael Hayden, put it starkly: "An al Qaeda victory in Iraq would mean a fundamentalist state that shelters jihadists and serves as a launching pad for terrorist operations throughout the region and against our own homeland." A premature pullout would condemn Iraq and the region to unbelievable horrors. It would be a historic victory for our Islamic enemies. If America is defeated in Iraq, a victory in the broader war on terror will be impossible. And unlike what happened after Vietnam, the enemy will undoubtedly follow America home.

How the president must rue his idealized concept of the war, and his obstinacy in persisting with the "too little, too late" way it was conducted. The desire for democracy in Iraq is a noble one, but democracy is not achieved by a single election. It was exhilarating to see so many Iraqis proudly raising their inky voting fingers in the face of threats, but installing democracy is different from organizing an election. Democracy requires security. It requires civil institutions, of which Iraq had none, except for the mosque where Islamists organized to the detriment of dreams of a secular state. It requires respect for the rule of law, for which the Shiite and Sunni extremists have only contempt. It requires tolerance for minorities, but in Iraq today people are murdered daily because of their name or the street where they live. Indeed, those elections had counterintuitive consequences for they divided the country into three sectarian communities and hardened the differences among them.

U.S. Threatens Crushing Offensive To Calm Baghdad (WT)

The Washington Times, February 5, 2007

From combined dispatches

BAGHDAD -- A U.S.-Iraqi offensive against militants in Baghdad will begin within days and take place on a scale never seen during four years of war, American officers said yesterday.

A military spokesman, meanwhile, acknowledged for the first time that hostile fire was probably to blame for the crashes of four helicopters in the past two weeks, and said the U.S. command has ordered changes in flight operations.

Briefing a small group of foreign reporters, three American colonels who are senior advisers to the Iraqi army and police in Baghdad said a command center overseeing the crackdown in the capital would be activated today.

"The expectation is the plan will be implemented very soon thereafter," a senior adviser to the 9th Iraqi army division said at a U.S. military base in Baghdad.

"It's going to be an operation unlike anything this city has seen," Col. Doug Heckman added. "It's a multiple-order magnitude of difference, not just a 30 percent, I mean a couple hundred percent" larger than previous offensives.

The job of stabilizing Baghdad had become increasingly urgent after a wave of violence that, an Interior Ministry official said, claimed nearly 1,000 lives in the past week alone -- about135 of them in a single truck bombing on Saturday. At least 103 persons were killed or found dead yesterday, most of them in Baghdad, police reported.

The officers said the new security operation will be headed by Lt. Gen. Abboud Gambar, a Shi'ite in his early 60s who was named to the post under pressure from the U.S. military. Prime Minister Nouri al-Maliki initially had selected Lt. Gen. Mohan al-Freiji for the job.

The plan will involve U.S. and Iraqi forces sweeping the capital's neighborhoods for militants and illegal weapons and then holding cleared areas. But some analysts fear that as in previous crackdowns, militants will simply melt away and wait out the forces or strike in areas where they are not deployed.

The four helicopters that have gone down since Jan. 20 crashed after claims by insurgents that they have received new stocks of anti-aircraft weapons -- and a recent boast by Sunni militants that "God has granted new ways" to threaten U.S. aircraft.

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Maj. Gen. William Caldwell, the chief military spokesman in Iraq, told reporters that the investigations into the crashes of three Army helicopters and one private copter were incomplete, but "it does appear they were all the result of some kind of anti-Iraqi ground fire."

Despite the losses, Gen. Caldwell said it was premature to conclude that the threat to U.S. aircraft posed by Sunni insurgents and Shi'ite militiamen had increased dramatically.

"There has been an ongoing effort since we've been here to target our helicopters," Gen. Caldwell said. "Based on what we have seen, we're already making adjustments in our tactics and techniques and procedures as to how we employ our helicopters."

Gen. Caldwell did not elaborate, presumably for security reasons. In the past, defensive measures have included flying lower and faster, varying routes and using zigzag patterns over dangerous areas.

Three crashed in mostly Sunni areas and the fourth was shot down during fighting with members of a Shi'ite messianic cult near Najaf. U.S. officials have accused Iran of providing sophisticated weapons to Shi'ite militants.

In December, a spokesman for the late dictator Saddam Hussein's ousted Ba'ath Party, Khudair al-Murshidi, said in Damascus, Syria, that Sunni insurgents had received shoulder-fired anti-aircraft missiles, and "we are going to surprise them," meaning U.S. forces.

Mr. al-Murshidi did not say when or how the missiles were obtained.

Insurgents have used SA-7s, a shoulder-fired missile with an infrared homing device, against U.S. and British aircraft since 2003.

U.S. military helicopters are equipped with long-range sensors and devices to jam radar and infrared technology, but they have proven vulnerable to intense gunfire, as well as rocket-propelled grenades.

Iraq's Sunni-Shiite Anguish Grows (CSM)

By Dan Murphy

The Christian Science Monitor, February 5, 2007

CAIRO

When National Intelligence Director John Negroponte briefed the Senate last week on Iraq, he cautioned lawmakers that the hope for stability there rests on quelling unabated sectarian violence.

That view was reflected in a new National Intelligence Estimate (NIE), parts of which were declassified Friday, that describes an Iraq Army and police bedeviled by the sectarian allegiances of their members. The report deemed it unlikely that these forces will move effectively against militias in the next 18 months – particularly against the Shiite groups with ties to Iraq's ruling parties.

Indeed, US military officials cautioned patience – despite the deployment of an additional 21,500 troops to Iraq.

"[That] will not turn the security situation overnight," Maj. Gen. William Caldwell said in Baghdad. "Iraqi forces suffer deficiencies in leadership and logistics. It will take more than two months to solve these problems."

The urgent need to address the strife that flows in Baghdad's streets as well as its political corridors was painfully evident in a devastating weekend attack.

The deadliest single suicide bombing since the war began hit a crowded Shiite market on Saturday, leaving at least 135 Iraqis dead.

Overall, the assessment from the NIE, a report from the US intelligence community, was bleak, especially in its evaluation of the ability of Iraqi security forces to get its arms around the burgeoning violence.

The violence is also leading to even greater polarization of Iraqi society, both among the man on the street and the country's political leaders, the report found.

Also, it underscored what experts and US government analysts have been saying for some time – that the solution to Iraq's problems rests on the creation of a national compact that will involve compromise for the country's Shiites, Sunnis, and Kurds. It noted that the trend is in the other direction.

"Even if the violence is diminished, the current winner-take-all attitude and sectarian animosities infecting the political scene Iraqi leaders will be hard pressed to achieve sustained political reconciliation" over the next 18 months, the term of the estimate, the report says.

Despite the report's downbeat assessment, it argues in line with the Bush administration that the situation would be worse if US troops were to withdraw now.

The report makes the argument that if the US withdrew "rapidly," Iraq's security force would be "unlikely to survive as a nonsectarian national institution," that "massive civilian casualties and forced population displacement would be probable," and that outside countries "might" intervene directly in the conflict.

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While the report finds that Iran provides support to Shiite militants, and says Syria isn't stopping the flow of foreign militants across its borders, it also argues that the solution to Iraq's problems does not lie in Damascus or Tehran.

"The involvement of these outside actors is not likely to be a major driver of violence ... because of the self-sustaining character of Iraq's internal sectarian dynamics," notes the report.

In the same vein, the report stated that the term "civil war does not adequately capture the complexity of the conflict in Iraq" but that it "accurately describes key elements of the Iraqi conflict."

As American forces start to move into Baghdad for the escalation of the US military presence there, there were also reminders of the growing sophistication of the country's insurgents.

General Caldwell, the top US military spokesman in Iraq, said Sunday that the three American helicopters that have crashed since mid-January, causing the loss of 16 US service members, were all shot down by ground fire. These three incidents constitute the most successful spate of insurgent attacks on US air power since the start of the war.

In the wake of Saturday's bombing, Shiite militia leaders blamed US efforts to curtail sectarian groups for the attack. Some said that joint US and Iraqi operations against them, which have recently netted scores militants, prevented them from securing their own neighborhoods.

There's little evidence that the militias do a better job of maintaining security than US and Iraqi forces – large-scale attacks have hit Shiite enclaves before. Such attacks have led average people to turn to the militias in frustration, and to blame the US for a security situation.

On Saturday, Grand Ayatollah Ali al-Sistani, the country's most respected religious figure broke more than three months of self-imposed silence, issuing a statement urging Shiites and Sunnis to set aside their differences.

Ayatollah Sistani had been a major figure calling for moderation, particularly among his Shiite constituency, during the first two years of the war. But he has largely withdrawn from making public statements as the violence has escalated.

His new fatwa, or religious edict, said, "The Islamic nation is passing through difficult conditions and facing tremendous challenges that threaten its future. . . Everybody knows the necessity for us to stand together and reject the sectarian tension to avoid stirring sectarian differences."

Iraqis Fault Delayed U.S. Plan In Attack (NYT)

By Damien Cave And Richard A. Oppel Jr.

The New York Times, February 5, 2007

BAGHDAD, Feb. 4 — A growing number of Iraqis blamed the United States on Sunday for creating conditions that led to the worst single suicide bombing in the war, which devastated a Shiite market in Baghdad the day before. They argued that the Americans had been slow in completing the vaunted new American security plan, making Shiite neighborhoods much more vulnerable to such horrific attacks.

The critics said the new plan, which the Americans have started to execute, had emasculated the Mahdi Army, the Shiite militia that is considered responsible for many attacks on Sunnis, but that many Shiites say had been the only effective deterrent against sectarian reprisal attacks in Baghdad's Shiite neighborhoods. Even some Iraqi supporters of the plan, like Hoshyar Zebari, the foreign minister who is a Kurd, said delays in carrying it out had caused great disappointment.

In advance of the plan, which would flood Baghdad with thousands of new American and Iraqi troops, many Mahdi Army checkpoints were dismantled and its leaders were either in hiding or under arrest, which was one of the plan's intended goals to reduce sectarian fighting. But with no immediate influx of new security forces to fill the void, Shiites say, Sunni militants and other anti-Shiite forces have been emboldened to plot the type of attack that obliterated the bustling Sadriya market on Saturday, killing at least 135 people and wounding more than 300 from a suicide driver's truck bomb.

"A long time has passed since the plan was announced," Basim Shareef, a Shiite member of Parliament, said Sunday. "But so far security has only deteriorated."

American officials have said the new plan will take time, but new concerns emerged Sunday about the readiness of Iraqi military units that are supposed to work with the roughly 17,000 additional American soldiers who will be stationed in Baghdad under the plan, which President Bush announced last month.

Iraqi and American military officials said the command structure of the Iraqi side had still not been resolved, although the plan is supposed to move forward this coming week.

Naeem al-Kabbi, the deputy mayor of Baghdad and a senior official loyal to Moktada al-Sadr, the powerful cleric who heads the Mahdi Army, said he believed the plan had been delayed "because the Iraqi Army is not ready."

American military officials have not laid out a precise timeline for the security plan, and would not say if undermanned Iraqi units had delayed its start. But American officials have said Iraqi units arriving in Baghdad to fulfill their part of the new plan are only at 55 to 60 percent of their full strength.

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With much of Baghdad devolving further into chaos, many Iraqis have begun to question whether the security plan has ambled along too slowly, setting up a situation in which American and Iraqi troops will be greeted with hostility rather than welcomed as protectors.

Concerns about the unintended consequences of the American security plan rippled through many levels of the Iraqi government.

"People's expectations went up," Mr. Zebari said. "They were hopeful, optimistic that this new surge, this new plan would provide a better life for them. And this daily killing — this bomb — they lose hope. Still the troops haven't arrived."

An American military official, responding to accusations that American efforts opened Shiite areas to attacks, said American checkpoints around eastern and central Baghdad last October seemed to reduce the number of car bombs until the checkpoints were removed because of objections from Prime Minister Nuri Kamal al-Maliki and Shiite officials loyal to Mr. Sadr. The official was not authorized to comment about the subject and spoke on condition of anonymity.

Maj. Gen. William B. Caldwell IV, the American military spokesman in Iraq, called for patience as the new security plan rolls out. "Give the government and coalition forces a chance to fully implement it," he said in remarks carried by several news agencies.

His comments, however, came as more than a dozen mortar shells crashed on Adhamiya, a Sunni area of eastern Baghdad, in what appeared to be an act of retaliation by Shiites. At least 15 people were killed and more than 56 wounded, an Interior Ministry official said.

Clashes in western Baghdad between Sunni and Shiite militias left 7 dead and 11 wounded, and the authorities found 35 bodies throughout the city, many showing signs of torture.

Meanwhile in the streets of Sadriya, the poor, mostly Shiite area of central Baghdad where the bomb exploded on Saturday, merchants and residents struggled to contain their anger.

"I saw with my own eyes young children flying from the windows of the apartments on top of the shops when the explosion arrived," said Haydar Abdul Jabbar, 28, a car mechanic who was standing near a barber shop when the bomb exploded. "One woman threw herself out of the window when the fire came close to her."

Mr. Abdul Jabbar said he rushed to collapsed buildings trying to help the wounded, but found mainly hands, skulls and other body parts.

"The government is supposed to protect us, but they are not doing their job," he said. "I watch the TV and see the announcements on the imminent implementation of the security plan. Where is it, for God's sake?"

"I wish they would attack us with a nuclear bomb and kill us all," he added, "so we will rest and anybody who wants the oil — which is the core of the problem — can come and get it. We can not live this way anymore. We are dying slowly every day."

The truck exploded around dusk on Saturday at a market flush with crowded food stands. The crater from the blast was large enough to hold a sedan; the blast threw the truck's gnarled engine block more than 100 yards away.

As the sun rose on Sunday, the rescue effort continued with workers and relatives tugging at concrete pieces in a mad search for victims amid the piles of debris where apartments and offices once stood. Processions heavy with death moved through the area. Men lashed simple wood coffins to the top of minibuses for the long journey to cemeteries, while families in the backs of trucks wailed after collecting the bodies of relatives.

While the American military put out a statement saying that the Iraqi Army assisted at the scene, the area closest to the crater was controlled by the Mahdi Army. Between 8 and 15 men dressed in black and carrying AK-47s, waved reporters away on Sunday morning.

The scene was thick with anger directed at the Iraqi government and American military for letting the people down and allowing such a devastating attack. When asked about the "tragedy" of the blast, one Mahdi guard responded, "The only tragedy was when we voted for weak officials."

He then pointed toward the bombed-out buildings and added, "This is the result."

Later, when two American Humvees and an Iraqi patrol passed just after 1 p.m., one of the men in black called the soldiers "apes and cowards."

"They're the ones who brought us the catastrophe," one of them said. "If they were not here such a thing wouldn't happen to us."

Mr. Abdul Jabbar, the car mechanic, was one of many Iraqis who said that the American military would have been better off leaving the Mahdi Army in charge of Shiite neighborhoods.

Uday Ahmed, 31, a Sunni whose three restaurants at the market were obliterated by the blast, killing 20 of his workers, said that until a few weeks ago, Mahdi militiamen were more visible on the streets, checking vehicles, watching and offering to arbitrate disputes. After American and Iraqi officials arrested several top Mahdi commanders last month, he said, many of the Mahdi militants drifted into the shadows or fled.

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He said their departure contributed to the recent spasm of violence in Shiite neighborhoods.

Some Shiites in the area said that the truck could have been stopped at a checkpoint, decreasing damage from its payload. Hussein Ali, 57, said Shiite militiamen might have recognized that the driver was not from the neighborhood.

"They don't have any system or apparatus to check the cars," he said. "But they know from looking at the faces who is supposed to come to Sadriya to bring vegetables or fruits. They have a relationship with the merchants."

Iraqi officials, after meeting with American military commanders, are expected to announce as early as Monday that they have agreed on some of the details of the command structure for the new security plan.

American military officials say that the Iraqi officer who will lead his forces participating in the new Baghdad security effort, Lt. Gen. Aboud Qanbar, will take command on Monday and that the Baghdad plan will be carried out soon.

McCain Criticizes War Resolution

WASHINGTON, Feb. 4 — On the eve of a Senate showdown over a bipartisan resolution opposing President Bush's war strategy in Iraq, Senator John McCain of Arizona, a leading Republican critic of the measure, accused its sponsors Sunday of intellectual dishonesty. He described the nonbinding resolution as a "vote of no confidence in both the mission and the troops who are going over there."

He said on the ABC News program "This Week" that if the sponsors wanted to block Mr. Bush's plans to expand the American troop presence in Iraq, they should be brave enough to vote to cut off financing.

A principal Republican backer of the resolution, Senator Chuck Hagel of Nebraska, said on the same program that it was important for the Senate to make a clear stand against the troop building, which he said would produce only more turmoil.

Senator Dianne Feinstein of California, a Democratic supporter of the resolution, said she was frustrated that Republican leaders would try to filibuster to block a vote. "Look, debate is going on in every schoolyard, in every state, in every city of this nation," she said on CNN's "Late Edition," describing the proposed filibuster as "obstructionism."

U.S. Copters Were Shot Down (WP)

By Ernesto Londono

The Washington Post, February 5, 2007

BAGHDAD, Feb. 4 -- Four American helicopters that crashed in Iraq in the past two weeks were shot down, a U.S. military spokesman said Sunday, prompting officials to reevaluate how troops move around in an increasingly hostile war zone.

"There has been an ongoing effort to target our helicopters," Maj. Gen. William B. Caldwell told reporters in Baghdad, according to news services. "We have had four helicopters shot down. . . . It appears they were all the result of some kind of ground fire."

In the most recent crash, an Apache helicopter was downed Friday morning near Taji, about 12 miles north of Baghdad, killing two crew members. An Iraqi police official said it was struck by a shoulder-fired antiaircraft missile.

A Sunni insurgent group backed by al-Qaeda, the Islamic State of Iraq, posted photographs and a video on its Web site Sunday that it said showed the downing of the helicopter. The group asserted responsibility for the attack and warned that Iraqi airspace will be inhospitable for U.S. forces.

In the video, a man is heard chanting "Allahu akbar" -- God is great -- as a helicopter is struck by what appears to be a missile. The aircraft catches fire and spirals down in a trail of smoke. The authenticity of the video could not be verified.

The deadliest helicopter crash this year occurred Jan. 20, when a Black Hawk was shot down northeast of Baghdad, killing 12 soldiers on board. On Jan. 28, two soldiers were killed when armed men shot down a helicopter en route to a farm area near Najaf to support Iraqi and U.S. troops in a clash with insurgents.

Five American private security contractors aboard two helicopters were killed Jan. 23 while assisting a U.S. Embassy convoy that had come under attack in central Baghdad. One of the helicopters was shot down, killing four contractors on board, and a fifth contractor was shot aboard another helicopter that did not crash.

"Based on what we've seen, we are already adjusting our tactics and procedures in how we deploy our helicopters," Caldwell said during the session with Iraqi reporters in the fortified Green Zone.

Military helicopters in Iraq generally travel in pairs and fly at low altitude. Gunners at both sides of the craft scan the landscape for threats. Caldwell did not say which tactics would change.

Helicopters are widely used to shuttle soldiers and civilians around Iraq, where roadside bombings and attacks on convoys have made ground travel dangerous.

In other developments, deadly explosions and attacks were reported in Baghdad and elsewhere Sunday, a day after a massive bomb in a central Baghdad market killed more than 130 people.

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Improvised explosive devices killed at least 11 people in Baghdad, according to Col. Sami Hassan, a spokesman for the Interior Ministry. At least nine people were killed in shootings and mortar attacks, he said. News services reported scores of other deaths in Baghdad or elsewhere.

'Speed Bumps' Deadly On Iraqi Roads (USAT)

By Tom Vanden Brook

USA Today, February 5, 2007

WASHINGTON — A type of homemade bomb that can include parts commonly found in Iraqi kitchens and that is easy to hide on desert roads has proliferated in Anbar province and spread to other parts of the country.

Troops in armored vehicles are endangered by the bomb, which U.S. military officials call a "speed bump." The weapon is formed by sandwiching plastic explosives between metal plates, such as baking trays, a Pentagon intelligence document shows. A detonator switch triggers the bomb when a vehicle rolls over it, ripping into the often-unarmored underside.

Homemade bombs, referred to by the military as improvised explosive devices, or IEDs, cause 70% of U.S. deaths and wounds in Iraq, Defense Secretary Robert Gates has said. Explosive devices had killed 1,337 U.S. troops and wounded 11,871 in Iraq through Jan. 27, the Pentagon said.

The speed bump first appeared in Anbar province, Pentagon records show. Anbar is a hotbed of the Sunni insurgency and is the scene of some of the heaviest fighting.

The first devices were built with baking trays; now they're fashioned from various types of metal.

"The enemy's IED arsenal evolves as we succeed in defeating his methods of attack," said Brig. Gen. Dan Allyn of the Pentagon's anti-IED office.

Part of the speed bump's effectiveness springs from its ease of disguise. It's tough to detect on desert roads where it can be covered with dirt, according to the Pentagon document.

The military spent $3.5 billion last year to defeat IEDs. Some of that money was spent on armored vehicles with V-shaped hulls. Those hulls can deflect the force of a blast from a speed bump or other IED outward, sparing the troops inside the vehicle the worst of the impact.

The Marine Corps, which provides most of the U.S. troops in Anbar, does not release details on causes of servicemembers' deaths. Recent Marine contracts, however, indicate that the service is reacting to the scope of the speed bump IED problem:

·In January, the Marines placed an urgent, $9.4 million order to buy vehicles with V-shaped hulls for anti-IED work, according to Force Protection Inc. The South Carolina company produced Buffalo and Cougar combat vehicles with V-shaped hulls.

·In October, the Marines ordered $14 million worth of mine rollers — wheeled devices that travel in front of vehicles to detonate pressure-triggered IEDs.

Sen. Lindsey Graham, R-S.C., said the Pentagon had been slow to recognize the value of V-shaped-hull vehicles but is now buying them as quickly as they can be made.

"They've literally saved hundreds of lives," said Graham, a member of the Senate Armed Services Committee.

Hindered By Delays And Corruption, The Iraqi Air Force Is Flying Again, But Barely (NYT)

By James Glanz

The New York Times, February 5, 2007

TAJI MILITARY BASE, Iraq — The five droopy blades of a new Russian-made helicopter painted with the Iraqi flag began spinning and the aircraft hovered off the ground, purring like an oversize Cadillac.

“Sir, you have the controls,” an American in the co-pilot’s seat said late last month.

“I have the controls,” replied the Iraqi pilot.

The helicopter lifted, banked hard to the right over a junkyard, a palm grove and a series of warehouses, then soared toward the greenish waters of the Tigris River at the perimeter of this base.

It would be an unremarkable sequence in almost any country, but here it is significant: it means that the Iraqi Air Force is flying again.

Like everything involving the rebuilding of Iraq’s security forces, the return of the air force is fraught with ambiguity. In fact, there may be no better illustration of what is right, wrong and intensely frustrating about the Iraqi armed forces than the four new Russian helicopters, called MI-17s, that for the moment are restricted to flying over the Taji Military Base on training missions.

The Iraqi government originally ordered a fleet of Russian helicopters from a Polish contractor as part of $400 million in arms deals in 2004 and 2005 that turned out to be corrupt. Lt. Gen. Nasier Abadi, the deputy commander of the Iraqi Joint

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Forces, said in an interview that many of the helicopters in that deal were more than a quarter-century old and could never have been flown.

"It's the worst deal," General Abadi said. "They were beyond their lifetimes."

That deal, a serious embarrassment for both the United States and Iraq, has received wide publicity. But in an undisclosed development, General Abadi said, Iraq has renegotiated an arrangement that will now bring 28 new MI-17s to the air force. The four new helicopters at Taji, about 15 miles north of Baghdad, are part of that arrangement, he said.

The reason their use has been restricted is that the Iraqi military has so far been unable to purchase certain crucial onboard systems that the helicopters need to fly combat missions.

The Iraqi government's failure to fully outfit the helicopters is a source of huge frustration to the American officers who are working with the Iraqis. "It's painful," said Col. Dan Groeschen of the United States Air Force, the deputy commander of the Coalition Air Force Transition Team. "Iraqis are itching to get going, to fly on a mission."

The Iraqi Air Force once boasted more than 500 combat aircraft. Now it has around 20 helicopters and planes and has barely figured in discussions on rebuilding the Iraqi security forces.

There are no fighter planes in the current fleet and none are expected in the next few years at least, indicating that the United States will be responsible for air defenses here for some time to come.

"In that part of the world, what you call a territory without a couple hundred fighter planes is a protectorate," said John Pike, the director of GlobalSecurity.org, a defense information organization in Alexandria, Va., which has studied the history of the Iraqi Air Force.

As with so much else in Iraq, the United States underestimated the difficulty of rebuilding the country's air force, predicting that Iraqi helicopters would be flying by the summer of 2004.

No such thing happened, and Colonel Groeschen said the early effort was further slowed by a training crash in which four Americans and an Iraqi were killed. But the enterprise gradually made progress, and now 915 Iraqi Air Force personnel are tending, repairing and flying aircraft at American-run bases in Baghdad, Taji, Kirkuk and Basra.

Most of the aircraft are small reconnaissance planes and training helicopters with varying degrees of usefulness, although a set of multipurpose Huey helicopters is expected to arrive soon, after having been refurbished in the United States. For now, the pride of the fleet is a trio of 40-year-old C-130 cargo planes donated by the United States and flying out of the Baghdad airport.

Helping push the Iraqi effort along, Colonel Groeschen said, are 125 United States Air Force personnel on his transition team, a number that is expected to increase. Originally, most of the team lived and worked with the Iraqis as part of an ambitious countrywide program to embed American military personnel with Iraqis 24 hours a day as advisers and trainers.

But Colonel Groeschen said he was forced to put most of his team back in American quarters because the Iraqis refused to guard their camps carefully at night, failed to provide enough fuel for electrical generators and did not seem to be bothered by highly unsanitary conditions.

"I have a responsibility to take care of these guys, too," Colonel Groeschen said of his transition team. If the Iraqi side of the effort falls short, though, it will not be for lack of confidence on the part of its pilots. General S., a 52-year-old combat veteran who flew the MI-17 around Taji, and who asked that his name not be used for security reasons, said Iraqi pilots "are ready for any mission" and were already prepared to go beyond the training flights.

General S. compared himself to a fish that cannot live without water. "I cannot live without flying," he said.

A tour of the air base and compounds at Taji shows some of the progress that the program has made as well as the deep challenges it faces.

Near a hangar in one part of the base, a group of American and Iraqi mechanics clustered around a small American-made helicopter, a Jet Ranger with a damaged rear rotor. The American officers there said the Iraqi mechanics, like the pilots, had good technical skills but suffered from an inability to make decisions on their own, a legacy of the centralized, command-and-control style of the old Iraqi military.

That is why when it comes to the pilots, Colonel Groeschen said, the mission is not teaching them how to fly but "teaching them how to think." The United States plans to start a pilot school in the fall to end its reliance on officers who are products of the old military tradition, he said.

With so much history to overcome and so much uncertainty about the future, a simple flight on the MI-17, even just a training run, palpably eases the tension all around. After all, said Major Paul, an American who asked that only his first name be used, they are all pilots.

"The only thing that we look at and they look at is the ability to fly," Major Paul said. "There is that mutual respect, and it's independent of age or background or anything like that."

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He stood back and let General S., wearing a green flight suit and a black aviator's scarf, do his preflight inspection of the big helicopter, checking for cracks in the rotor blades, damage to the fuel tanks, problems with the tires. And then they took off, passing the controls back and forth as they practiced landings and takeoffs.

"Very nice," Major Paul said after General S. set the helicopter down squarely in the center of a landing strip. "We'll see if I can do that."

Oversight Panel Ready To Dig Into U.S. Waste, Fraud (AJC)

By Julia Malone

The Atlanta Journal-Constitution, February 5, 2007

Washington — After years of stockpiling findings and allegations, Rep. Henry Waxman will unleash four days of hearings this week aimed at exposing an array of "waste, fraud and abuse" in government.

The new Democratic chairman of the House Committee on Oversight and Government Reform — who already has a reputation as the most feared congressional inquisitor — is set to begin Tuesday by digging into the Bush administration's program to rebuild war-torn Iraq.

Scheduled first is former Ambassador L. Paul Bremer, who oversaw the early reconstruction effort.

Waxman's outline for the hearing says Bremer will be asked about allegations that the reconstruction agency he ran "filled positions with unqualified staff who were politically connected."

The oversight panel also is set to focus on private contractors hired to provide supplies for the U.S. military effort in Iraq, especially subcontractors working for Halliburton, the corporate giant once led by Vice President Dick Cheney.

Another target later in the week is the Department of Homeland Security and its multibillion-dollar contracts to modernize the aging Coast Guard fleet and to install a Secure Border Initiative network, or SBInet, to protect the nation's borders with a system of technology, cameras and sensors.

By Friday, the last of the opening barrage of Waxman hearings is scheduled to examine whether the pharmaceutical industry is bilking federal health programs by overcharging for prescription drugs.

Among those set to testify Friday is Patrick O'Connell, the Texas assistant attorney general who mobilized a team of lawyers to sue drug manufacturers for overcharging the Medicaid program.

The packed week of hearings is the product of the California congressman's pent-up desire to perform oversight, which had been restrained by a dozen years of Republican control of the House.

Now, with a staff that doubled from 40 to 80 positions, Waxman controls the agenda, not to mention the potential power of the subpoena.

A senior Bush administration official appeared to welcome the scrutiny.

"There cannot be enough accountability in the federal government," Clay Johnson, deputy director of the Office of Management and Budget, told The Associated Press last week.

He added that there is "very little real accountability" in federal operations.

Many government auditors regularly churn out critical reports on federal programs and contractors.

But those reports have little effect "unless the Congress takes them on and does something with it," said Danielle Brian, executive director of the Project on Government Oversight, a private watchdog group.

She said that, for the most part, Congress has been ignoring government auditors, including inspectors general and the Defense Department's own contract agency.

She said she was hopeful that the new House would be stronger in oversight — largely because of the doggedness of Waxman.

"I don't see this as partisan," she said. "I do see this as Henry Waxman's strength."

Bremer Eager To Defend Record Overseeing Iraq (POL)

By Mike Allen

Pol – Bremer, Iraq legacy, February 3, 2007

L. Paul Bremer III, former administrator of the Coalition Provisional Authority, plans to point to unexpectedly chaotic conditions in post-Saddam Baghdad as he defends his record at a hearing on Iraq spending before House Democrats on Tuesday, according to sources familiar with his testimony.

This is the first aggressive exploration of the administration's Iraq contracts since Democrats took control of Congress last month. Rep. Henry A. Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, has billed it as a "hearing on waste, fraud and abuse," one some administration officials have been dreading.

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Bremer, the civilian in charge of all of Iraq from May 2003 to June 2004, told Politico he looks forward to committee members' questions, but also plans to give them a 5,000- to 6,000-word treatise in addition to his five-minute opening statement.

"I welcome the opportunity to go up and talk about it," he said in a telephone interview. "In the letter of invitation, the committee spoke about their interest in lessons learned. Given the difficulty that we've encountered in reconstruction in Iraq, I think it's helpful to look at lessons learned. That's a good approach to have. I look it as a constructive opportunity for me to do that."

Bremer calls his longer, written statement "a more extensive explanation of the circumstances we faced on the ground and how we tried to deal with those circumstances - how they complicated everything we did."

The questioning from Waxman's committee is likely to get rough, but Bremer seemed unfazed. "If they can come up with some ways to provide some lessons learned from the experiences we had in Iraq, or how we approach this kind of a problem in the future," he said, "that would be a very helpful contribution to American government."

The former ambassador to the Netherlands declined to preview the substance of his testimony, saying he wants to save it for the committee. But one of Bremer's former colleagues, who has been helping him prepare, suggested he will use the forum to correct misperceptions.

"Some of the decisions made during his time there have been the subject of major debate and often rather shallow debate," said the former colleague, speaking anonymously because Bremer has not yet appeared before Congress. "So, in some respects, hopefully this can be a forum for longer discussion."

Waxman will follow up Bremer's testimony with a session Wednesday on the administration's "reliance on private military contractors" for Iraq reconstruction. Bremer "has been requested to testify regarding reconstruction activities during his tenure at the CPA, as well as an audit report from January 2005 that concluded that more than $8.8 billion in cash under the CPA's control was disbursed without adequate financial controls or accountability," a committee statement said.

Bremer, who was awarded a Presidential Medal of Freedom for his work in Iraq, served on the personal staffs of six secretaries of state. He later was managing director of Kissinger Associates and chairman of the National Commission on Terrorism.

In preparing for his Capitol Hill appearance, Bremer said he has talked to lawmakers in both parties. He said they told him of "understandable frustration which has shown in all of the opinion polls about the overall situation in Iraq, and that does color any political considerations at this point."

"That didn't surprise me, but it was certainly there," he added.

Bremer said he has also reviewed CPA orders and other documents "to refresh my memory so that I can be responsive."

Asked if he believed committee members would be genuinely inquisitive, Bremer said: "Generally, congressmen try to do their job seriously, and I hope that will be what happens."

Another witness will be Stuart Bowen, the special inspector for Iraq reconstruction. In a letter appended to a report released by Bowen's office in 2005, Bremer offered a blistering response to Bowen's draft conclusions about the oversight of CPA funds, saying his report "does not meet the standards Americans have come to expect of the inspector general."

Bremer criticized "the authors' failure to understand and acknowledge the context in which the CPA was operating and their failure to recognize the major steps the CPA took to address the admitted weaknesses of the Iraqi budgeting system."

A third witness will be Timothy Carney, coordinator for Iraqi transitional assistance, a retired ambassador filling a new State Department position created as part of the president's "new way forward" in Iraq.

In his memoir, "My Year in Iraq: The Struggle to Build a Future of Hope," Bremer writes that he believed even before he went to Iraq that the United States needed more troops there. But recalling conversations the president had with his military commanders, Bremer said: "There were times when he was very direct and said, 'If you need more troops, I'll send them to you.' I remember many times when they simply said, 'We have enough troops to accomplish our mission.' "

KBR Faces Hearings On War Contracts (FT)

By Stephanie Kirchgaessner

Financial Times, February 5, 2007

Executives from government contractors in Iraq and Afghanistan, including KBR and Compass of the UK, face a rocky ride in Washington this week as Henry Waxman, the congressman, begins hearings on allegations of “waste, fraud and abuse”.

The hearings, which begin on Tuesday, are expected to mark the beginning of a new phase in which contracting practices are subject to tougher oversight.

Mr Waxman chairs the chief investigative committee in the House of Representatives. He has been a dogged critic of the Bush administration’s handling of billions of dollars of US taxpayers’ money in Iraq re-construction contracts.

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The committee has called on the chief executives of Blackwater, a security contractor, KBR, a subsidiary of Halliburton, and Compass, food services group, among others, to answer questions.

The hearing will feature testimony of family members of four Blackwater employees who were killed in Falluja in 2004, and whose bodies were burned and dragged through the streets. The families are suing Blackwater for wrongful death.

Mr Waxman is likely to focus his line of inquiry on allegations that Halliburton wrongly entered into a subcontracting arrangement with ESS, a division of Compass that ran a dining facility in Iraq, which in turn used Blackwater to provide it with security services.

Halliburton controls a $16bn contract in Iraq, known as Logcap, which provides logistical support to US troops.

Under provisions of the contract, Halliburton can only rely on US military – not private security companies such as Blackwater – to provide armed protection.

In response to questions from Congress, the Department of Defense in July said that KBR had "no knowledge" of Blackwater having been hired by any of its -subcontractors.

But in a memo Mr Waxman subsequently received from Compass, the company admitted that ESS had used Blackwater and that the US security group had been deployed by other subcontractors.

Mr Waxman said in a letter to Donald Rumsfeld, former defence secretary, in December that the security subcontract raised "serious questions" about the oversight exercised by Halliburton and the Pentagon regarding the tiering of subcontractors, and whether it was "proper" for Halliburton to bill the government for the services.

Compass said Steve Murray, the director of contracting at ESS, would testify at the hearing, scheduled for Wednesday, in spite of the fact that the committee had invited Compass chief executive Richard Cousins. Blackwater and KBR declined to answer questions about whether the chief executives of the groups would appear.

Iraq Accuses Syria Of Helping Rebels (LAT)

By Louise Roug

The Los Angeles Times, February 5, 2007

BAGHDAD — The Iraqi government on Sunday accused Syria of harboring insurgents fomenting violence here after a massive suicide bombing the previous day killed at least 130 people in a Shiite neighborhood of the capital.

The allegation strained relations with Iraq's neighbor just weeks after the two resumed diplomatic ties, and it led to squabbling among Iraqi politicians during a parliamentary session.

"I confirm that 50% of murders and bombings are by Arab extremists coming from Syria," government spokesman Ali Dabbagh said at a joint news conference with the top U.S. military spokesman inside Baghdad's heavily protected Green Zone. "They come from Syria, and we have evidence to prove it."

No such evidence was presented during the session with reporters.

Meanwhile, a Shiite Muslim lawmaker clashed with the Sunni Arab speaker of parliament, Mahmoud Mashadani, when he called for expelling Syrians and closing Iraq's entire border. "Be careful about what you say," Mashadani said, "because we have half a million Iraqis there."

After more heated arguments between Mashadani and Shiite lawmakers, the speaker abruptly ended the parliamentary session.

Syria is predominantly Sunni and since 2003 has been home to many Sunnis who have fled Iraq, including members of the Sunni-dominated regime of Saddam Hussein.

Iraq's current government, elected in the wake of the U.S.-led invasion that toppled Hussein, is largely Shiite.

The accusations drew angry responses from Syrian officials, who called them unsubstantiated.

"If they had just one piece of evidence, they would have presented it a long time ago," Mahdi Dakhlallah, Syria's former information minister, told Al Arabiya television.

Mohammed Habash, a Syrian lawmaker, said on the same program that the United States had put "40 million weapons" into the wrong hands by disbanding Iraq's army after it invaded.

"These weapons are now available on the black market in Iraq, sold by people with no conscience," he said.

"I would like to ask, is it believable that a tanker loaded with a … ton of explosives landed at Baghdad airport from Damascus?" Habash said. "Do you think [they] would need to import weapons from another place?"

American soldiers on Saturday discovered more than 1,100 mortar rounds buried in a stash just south of Baghdad, the U.S. military said Sunday. Army Maj. Mark Aitken described it as a "supermarket-type cache," drawn upon by insurgents for multiple attacks.

The explosives, which could be made into roadside bombs, were detonated in a blast heard more than 20 miles away.

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In the immediate aftermath of the March 2003 invasion, American troops left many Iraqi arms depots unguarded, and large quantities of weapons and munitions were stolen by looters.

Recently, U.S. officials have accused predominantly Shiite Iran of provoking instability in Iraq, but they have not produced evidence linking Tehran to attacks on American troops in Iraq.

There is "a gap between what we know and what we're willing to discuss," Army Maj. Gen. William B. Caldwell IV, a U.S. military spokesman, said at the news conference with Dabbagh.

The statements by Iraqi and American officials blaming Iraq's neighbors left many ordinary Iraqis unimpressed.

Ahmed Biden observed the death and destruction in the Sadriya neighborhood, where a truck filled with a ton of explosives detonated Saturday, leveling dozens of houses and shops.

"After what I saw, I swore that I would destroy the government," Biden said. "All they do is denounce and accuse countries like Syria and Iran for standing behind the violence. How long are we going to go on like this? We are fed up with denouncements."

A mother wept over her two dead sons. A cart held the severed limbs of victims. Tired men and women searched through the rubble, helped by Shiite militiamen affiliated with anti-American cleric Muqtada Sadr.

Biden watched, his eyes filling with tears, as residents pulled bodies from the heap of concrete and metal that was once a flourishing market.

At least 10 more bodies were found Sunday, three of them children, authorities said. That suggested an even higher death toll than 130, although officials said they could not confirm that.

Some residents became angry at a photographer, threatening to break his camera. Others defended him, saying he should take pictures "so that the world would see what had happened," Biden said.

Even as families buried their dead and overtaxed physicians labored throughout the day at Baghdad's main hospitals to treat the hundreds of wounded, new attacks Sunday brought more death to the capital and elsewhere in Iraq.

American officials at a base near Baghdad's airport said a new security plan for the capital would be implemented starting this week. An additional 21,500 U.S. troops are to be sent to Iraq under President Bush's plan. Most will deploy to Baghdad, where they will be based alongside Iraqi police and soldiers in small units in a number of yet-to-be-identified neighborhoods. An additional 8,000 to 10,000 Iraqi troops will also be brought to Baghdad from the south and north, authorities say.

Some troops have already arrived. Others are due in coming weeks, said Caldwell, who urged patience.

"It is important to acknowledge that it will not turn the security situation overnight," said the general, who also confirmed for the first time that all four American helicopters that have crashed in Iraq since Jan. 20 were brought down by "ground fire." He did not elaborate.

Twenty-one U.S. troops and private security contractors were killed in the crashes.

At least 3,098 U.S. troops have died in Iraq since March 2003, according to icasualties.org, which tracks military deaths.

By comparison, at least 1,000 Iraqis were killed in the last week alone, an Interior Ministry official told the Associated Press. In an average week, about 840 Iraqis are killed, according to the United Nations.

On Sunday, officials said bombings, assassinations and mortar rounds had killed at least 73 people.

Authorities recovered at least 33 bodies in various parts of Baghdad. In addition, a barrage of mortar shells fired at a Sunni neighborhood killed 15 people and injured 56.

In the capital's south, seven people died in a clash between Sunnis and Shiites before U.S. soldiers arrived.

A roadside bomb aimed at a police patrol killed four officers and injured two in central Baghdad. A similar bomb meant for police killed a civilian and injured three people.

A car bomb exploded at a minibus terminal in downtown Baghdad, killing four and injuring seven, all of them passengers inside a bus.

A car bomb went off near a cooking gas stall, killing two people. A bomb exploded near a bakery in south Baghdad, injuring five. Elsewhere, drive-by gunmen killed two people and wounded three.

South of the capital in Haswa, a bomb injured three women, and in Hillah, an Iraqi army colonel was found slain. In Wasit province, the body of an Iraqi soldier who had been beheaded and whose right hand was severed was fished out of the Tigris River.

Two other bodies were found floating in that part of the river, both men shot in the head and chest. Gunmen in Basra assassinated a prominent local Shiite leader affiliated with cleric Sadr.

Officers With PhDs Advising War Effort (WP)

By Thomas E. Ricks

The Washington Post, February 5, 2007

Gen. David H. Petraeus, the new U.S. commander in Iraq, is assembling a small band of warrior-intellectuals -- including a quirky Australian anthropologist, a Princeton economist who is the son of a former U.S. attorney general and a military expert on the Vietnam War sharply critical of its top commanders -- in an eleventh-hour effort to reverse the downward trend in the Iraq war.

Army officers tend to refer to the group as "Petraeus guys." They are smart colonels who have been noticed by Petraeus, and who make up one of the most selective clubs in the world: military officers with doctorates from top-flight universities and combat experience in Iraq.

Essentially, the Army is turning the war over to its dissidents, who have criticized the way the service has operated there the past three years, and is letting them try to wage the war their way.

"Their role is crucial if we are to reverse the effects of four years of conventional mind-set fighting an unconventional war," said a Special Forces colonel who knows some of the officers.

But there is widespread skepticism that even this unusual group, with its specialized knowledge of counterinsurgency methods, will be able to win the battle of Baghdad.

"Petraeus's 'brain trust' is an impressive bunch, but I think it's too late to salvage success in Iraq," said a professor at a military war college, who said he thinks that the general will still not have sufficient troops to implement a genuine counterinsurgency strategy and that the United States really has no solution for the sectarian violence tearing apart Iraq.

"It's too late to make a difference in Iraq," agreed Bruce Hoffman, a Georgetown University expert on terrorism who has advised the U.S. government on the war effort.Expanded Role for Academics

Having academic specialists advise top commanders is not new. Gen. George W. Casey Jr., Petraeus's predecessor, established a small panel of counterinsurgency experts, but it was limited to an advisory role. Also, Lt. Gen. Raymond T. Odierno, the No. 2 U.S. commander in Iraq, created a "Red Team" to examine his operations from the enemy's perspective and to report directly to him.

Still, the team being assembled by Petraeus promises to be both larger and more influential than anything seen in the U.S. war effort so far, both making plans and helping to implement them. The group's members are very much in the high-energy mold of Petraeus, whose 2003-04 tour commanding the 101st Airborne Division in Mosul, the biggest city in northern Iraq, gave the U.S. military one of its few notable success stories of the war. He also holds a PhD in international affairs from Princeton University.

"I cannot think of another case of so many highly educated officers advising a general," said Carter Malkasian, who has advised Marine Corps commanders in Iraq on counterinsurgency and himself holds an Oxford doctorate in the history of war.

As the U.S.-designed campaign to bring security to Baghdad unfolds, Petraeus's chief economic adviser, Col. Michael J. Meese, will coordinate security and reconstruction efforts, trying to ensure that "build" follows the "clear" and "hold" phases of action. Meese also holds a PhD from Princeton, where he studied how the Army historically handled budget cuts. He is the son of former attorney general Edwin Meese III, who was a member of the bipartisan Iraq Study Group, whose December critique helped push the Bush administration to shift its approach in Baghdad.

Petraeus, who along with the group's members declined to be interviewed for this article, has chosen as his chief adviser on counterinsurgency operations an outspoken officer in the Australian Army. Lt. Col. David Kilcullen holds a PhD in anthropology, for which he studied Islamic extremism in Indonesia.

Kilcullen has served in Cyprus, Papua New Guinea and East Timor and most recently was chief strategist for the State Department's counterterrorism office, lent by the Australian government. His 2006 essay "Twenty-Eight Articles: Fundamentals of Company-Level Counterinsurgency" was read by Petraeus, who sent it rocketing around the Army via e-mail. Among Kilcullen's dictums: "Rank is nothing: talent is everything" -- a subversive thought in an organization as hierarchical as the U.S. military.Veteran Strategists

The two most influential members of the brain trust are likely to be Col. Peter R. Mansoor and Col. H.R. McMaster, whose influence already outstrips their rank. Both men served on a secret panel convened last fall by Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, to review Iraq strategy. The panel's core conclusion, never released to the public but briefed to President Bush on Dec. 13, according to an officer on the Joint Staff, was that the U.S. government should "go long" in Iraq by shifting from a combat stance to a long-term training-and-advisory effort.

But to make that shift, the review also concluded, the U.S. military might first have to "spike" its presence by about 20,000 to 30,000 troops to curb sectarian violence and improve security in Baghdad. That is almost exactly what the U.S. government hopes to do over the next eight months.

Mansoor, who commanded a brigade of the 1st Armored Division in Baghdad in 2003-04, received a PhD at Ohio State for a dissertation on how U.S. Army infantry divisions were developed during World War II. He will be Petraeus's executive officer in Baghdad, a key figure in implementing the general's decisions.

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McMaster's command of the 3rd Armored Cavalry Regiment in northwestern Iraq in 2005-06 provided one of the few bright spots for the U.S. military in Iraq over that year. In a patiently executed campaign, he took back the city of Tall Afar from a terrorist group, and he was so successful that Bush dedicated much of a speech to the operation. McMaster, author of the well-received book "Dereliction of Duty," about the failures of the Joint Chiefs of Staff during the Vietnam War, is expected to operate for Petraeus as a long-distance adviser on strategy. He is based this year at the International Institute for Strategic Studies, a London think tank, but is likely to visit Iraq every month or two, according to a top U.S. military officer.

Beyond those senior officers is a larger ring of advisers whose views already are shaping planning for the coming operation in Baghdad.

Lt. Col. Douglas A. Ollivant caught Petraeus's eye last year by winning first prize in an Army "counterinsurgency writing" competition, sponsored by the general, with an essay that scorned the U.S. military's reliance in Iraq on big "forward operating bases." "Having a fortress mentality simply isolates the counterinsurgent from the fight," he wrote.

Ollivant, a veteran of battles in Najaf and Fallujah who earned a political science PhD studying Thomas Jefferson, argued that U.S. forces should instead operate from patrol bases shared with Iraqi military and police units. That is exactly what Petraeus plans to do in the coming months in Baghdad, setting up about three dozen such outposts across the city -- which isn't surprising, considering Ollivant has become a top planner for the U.S. military in Baghdad.

Another adviser will be Ahmed S. Hashim, a professor of strategy at the Naval War College who served as a military intelligence officer in Iraq and then wrote a book sharply critical of how the U.S. military has operated there. Hashim, who holds a PhD from MIT, concluded his critique by arguing that the best course would be to partition the country along ethnic and sectarian lines.A Different Arena

Many military insiders are skeptical that the extra brainpower ultimately will make much difference, or that lessons learned by McMaster in Tall Afar or Petraeus in Mosul will be easily applied in the far larger arena of Baghdad.

The joke among some staff officers was that Petraeus operated in such a freewheeling manner in Iraq's north that he had his own foreign policy with Syria and Turkey. In Baghdad, by contrast, he will have to operate constantly with Iraqi officials, with the U.S. government bureaucracy, and in the global media spotlight. Also, experts agree that the basic problem in Iraq is political, not military, and that although a military campaign can create a breathing space for politicians, it cannot by itself reverse the dynamic driving Iraqis to fight a civil war.

"It wouldn't surprise me if Congress pulled the rug out or the Iraqis blocked major revisions in strategy," said Erin M. Simpson, a Harvard University counterinsurgency expert. "I think they're going to be a very frustrated group."

Kilcullen, the counterinsurgency adviser, wrote recently on the Web site Small Wars Journal, "All that the new strategy can do is give us a fighting chance of success, and it certainly does give us that."

Covert British Unit A 'Secret Weapon' In Iraq (WT)

By Sean Rayment

The Washington Times, February 5, 2007

Deep inside the heart of the Green Zone, the heavily fortified administrative compound in Baghdad, lies one of the most carefully guarded secrets of the war in Iraq.

It is a cell from a small and anonymous British army unit that goes by the innocuous name of the Joint Support Group (JSG), and it has proved to be one of the coalition's most effective and deadly weapons in the fight against terror.

Its members -- servicemen and women of all ranks recruited from all three of the British armed forces -- are trained to turn hardened terrorists into coalition spies using methods developed on the streets of Northern Ireland, where the British Army managed to infiltrate the Irish Republican Army (IRA) at almost every level.

Since war broke out in Iraq in 2003, the cell has been responsible for running dozens of Iraqi double agents.

Working alongside the Special Air Service (SAS) and the American Delta Force as part of the Baghdad-based counterterrorist unit known as Task Force Black, the cell members have supplied intelligence that has saved hundreds of lives and resulted in some of the most notable successes against the myriad terror groups fighting in Iraq.

Last week, sources said, intelligence from the JSG led to a series of successful operations against Sunni militia groups in southern Baghdad.

Information obtained by the cell also is understood to have inspired one of the most successful operations carried out by Task Force Black, in November 2005, when SAS snipers fatally shot three would-be suicide bombers.

The killing of Abu Musab Zarqawi, the leader of al Qaeda in Iraq until his death in June, came after intelligence obtained by the JSG, as did the rescue of kidnapped British peace campaigner, Norman Kember.

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"The JSG is the coalition's secret weapon," said one defense source. "Their job is to recruit and run covert human intelligence sources or agents -- we never use the term informer. The Americans are in awe of the unit because they have nothing like them within their military."

During the long-running unrest in Northern Ireland, the JSG operated under the cover name of the Force Research Unit (FRU), which from the early 1980s to the late 1990s managed to penetrate the very heart of the IRA.

By targeting and then "turning" members of the paramilitary organization with a variety of "inducements," ranging from blackmail to bribes, the FRU operators developed agents at virtually every command level within the IRA.

The JSG recruits personnel up to age 42. Candidates who get through a rigorous pre-selection process spend four months in Britain being taught driving and close-quarter battle skills.

Most important, volunteers must be able to befriend people they actually may despise, win their trust and persuade them to become agents, which in some cases means getting them to inform on friends and relatives. Those who pass the course can expect to be posted to Iraq and Afghanistan.

JSG operators deal with dozens of Iraqis every week who are prepared, for a variety of reasons, to become informers.

"Some Iraqis come to us because they are simply fed up with the violence," one source said. "They may have had members of their families murdered, tortured or kidnapped.

"Unlike much of the middle class, which has already fled the country, they may be too poor to leave and so they come to us to see if they can make a difference."

To senior U.S. officers in Baghdad, the JSG is playing a vital role in the most important theater of the war on terror.

"In many respects, Afghanistan is a side issue, and that is something the Americans understand better than British politicians," a source said. "Ask any senior officer in Baghdad, given a choice, which war would they be prepared to lose and they will say the war in Afghanistan.

"In many respects, the war in Iraq has redefined insurgent warfare. Think of the very worst of Northern Ireland combined with the very worst of the Balkans and you are coming close to life on a daily basis in Baghdad."

Officer Fights A Battle All His Own (LAT)

By Tomas Alex Tizon

The Los Angeles Times, February 5, 2007

Olympia, Wash. — The soldier stands in his living room eyeing all the cool soldier stuff he never got to use in a real fight. Like the helmet with not a single ding and the sleek body armor with not a scuff. The gear piles high on the carpet.

First Lt. Ehren Watada is giving it all back and, out of courtesy, packing it up. The Army had treated him with utmost respect until the moment it decided to court-martial him. It was nothing personal. The Army does what it has to do.

Just like Watada himself did what he felt he had to do seven months ago when he became the first — and only — commissioned officer in the United States to publicly refuse deployment to Iraq.

His conscience, he said, had overtaken him. He told the world what he had privately told his superiors months earlier: that he believed the war was illegal and immoral, and he would play no role in it.

Watada tried to resign; the Army respectfully denied him. He said he was willing to fight in Afghanistan; the Army refused him again: A soldier can't pick and choose where he fights. As his unit shipped off to Iraq, Watada stayed to face the consequences.

Thousands of GIs have gone AWOL or voiced opposition to the Iraq war, but when an officer says he won't go, the whole military machine must take note. It means dissent has crept up the chain of command, potentially undermining the war effort.

The Army felt compelled to respond forcefully, charging Watada, 28, with one count of failure to deploy and four (later reduced to two) counts of "conduct unbecoming" for making public statements against the war and against the Bush administration. His court-martial begins today at Ft. Lewis, 15 miles north of here.

Watada ponders the prospect of spending four years in military prison, and he muses on his spiral from exemplary military man to reviled antiwar poster boy.

"Life has been ... " He laughs nervously and shakes his head, searching for words. "A little abnormal."

His living room, like the rest of the apartment complex, feels boxy and new and unmistakably inexpensive — made for function rather than form. A balcony looks out at a parking lot crowded with pickups and SUVs.

In the middle of the room he stands in stocking feet, wearing baggy fatigues like pajamas, hands on hips. He's deciding where to begin the packing. When all the world seemed chaotic, it made sense to organize. Should he start with his barely mussed chemical suit or his spotless all-weather traction-control camouflage boots?

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His smooth brown face is boyish and devoted, like a child inspecting his most precious toys. He's not a small man, but not big either. Certainly not as big as the Rushmore-sized symbol he's become to the antiwar movement, which hails him as nothing less than an American hero.

But he also bears no sign of the sniveling qualities ascribed him by pro-war groups that have branded him a coward. One syndicated columnist posted Watada's Army photo on her website with the caption: "The face of a deserter."

With everyone judging him, he wants to make one thing clear. "I'm not afraid to fight," he says. "I'm not a pacifist. If our country needed defending, I'd be the first one to pick up a rifle. But I won't be part of a war that I believe is criminal."

Watada calls himself "an ordinary American" and a patriot who unwittingly found himself in a moral dilemma he could never have imagined when he first put on a uniform 18 years ago. That's when the story begins, according to his mother, Carolyn Ho, a high school counselor in Honolulu.

It all started because she thought Cub Scout uniforms were cute.

The uniforms also represented wholesome activity. Ho and her then-husband, Bob Watada, wanted to keep their two young sons out of the malls and out of trouble. Ehren was the thoughtful one; his older brother, Lorin, the rambunctious one.

Ehren thrived on the order and discipline, and the little rewards that marked one's ascension up the scouting ranks. "He was the sort who studied for every merit badge possible," Ho says.

Thus Watada's kinship with the uniformed life was born. He went from Cub to Boy to Eagle Scout, and he had an inkling as early as 15 that he would end up in the armed forces. As an Eagle Scout, he got the idea of carving out a hiking trail on a hillside abutting a neighborhood park in Honolulu.

Neighbors privately snickered. Sure, kid. Go ahead. Good luck.

Ho says she still beams whenever she drives past the park today and she spots the trail zigzagging up the hill. That's my son's work, she thinks. It took many months. She'd never doubt his resolve again.

Ho tells one other story. At Kalani High School, where Watada was a four-sport athlete, he reported a fellow football player who had been stealing money from the cafeteria coffer. "He risked ostracism [as a snitch] in a very small, tight-knit community," Ho says. "But he's like that, very principled."

Ho is calling from a hotel in Indiana. Her ex-husband Bob is in a hotel in Washington, D.C. Both parents have spent the last six months speaking at schools and churches across the nation, telling their son's story and lobbying the government to acquit him.

The parents shudder at the thought of their son behind bars. Invariably, both Ho and Bob Watada entertain fleeting misgivings: Maybe joining Cub Scouts was a mistake. Maybe, Bob Watada says, he should have tried harder to persuade his son to simply go to Iraq and "lie low."

Lying low is better than prison.

But there's a counterpart to their parental protectiveness.

Rebecca Davis, head of a Maine-based group called Military Families Voice of Victory, prays every day for her son, Stuart, who is serving in Iraq. Davis has publicly called Watada a traitor. "What he's done," she says," is embolden an enemy who is aiming for my son's head."

Watada, kneeling on the carpet with an arm buried deep in an olive-green duffel, explains his epiphany about the war in Iraq. It was the slo-mo kind, not the brilliant flash of lightning in the night.

The way he tells it, the arc of his realization somewhat followed that of many Americans. That is, he believed at the beginning but grew disillusioned as the justifications for the war proved false and the strategy, flawed.

In 2003, after graduating near the top of his class at Hawaii Pacific University, he walked into a recruiting station in Honolulu and hopscotched from Officer Candidate School to his first tour of duty in Korea, where his superiors rated him exemplary.

His battalion commander, whom Watada won't name so as not to drag him into his predicament, spoke long and often of the paramount importance of preparation.

"He told us, 'If you don't know all there is to know about your mission, you're failing yourself and you're failing your soldiers,' " Watada says, still kneeling. He folds his hands in front of him now and looks vaguely like someone pleading or about to propose. "I took the lesson to heart."

So when he was reassigned to Ft. Lewis in early 2005 in anticipation of deploying to Iraq, he did his job: He got to know everything there was to know about Iraq. He spent nights online, read books, talked to combat veterans, devoured media reports.

At the end of 2005, he was convinced the Bush administration had purposefully manipulated intelligence to justify the invasion and the congressional approval of the war therefore was based on lies.

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He said he was so anguished by his conclusion and the knowledge that he would soon be "participating in the madness" that he grew deeply depressed. In December 2005, he sought guidance from a chaplain and a mental-health counselor. Neither helped. He considered filing for conscientious objector status but couldn't in good conscience, he says, because he does not oppose bearing arms.

"I was in this situation where I knew something was wrong," he says, still on his knees, "but I was being forced to do it anyway. It felt like I was in an invisible prison of my own making. It's a terrible place to be."

Then it occurred to him: He'd rather risk the other kind of prison. It would be difficult but ultimately easier to live with. In January 2006, he submitted a letter of resignation, was refused, and the process rolled inexorably to where it is today.

The Army could have chosen to accept Watada's resignation. Court-martialing him, however, sends a clear message to other officers thinking about defying orders to deploy. During a preliminary hearing in August, Army prosecutor Capt. Dan Kuecker called Watada's actions "dishonorable" and "disgraceful."

For his part, Watada doesn't blame the Army as much as he blames the administration. The Army does what it must to function. Military culture has always presumed that individuals lose certain kinds of freedom when joining the armed forces.

"The idea is when you put on a uniform, you put your personal opinions to the side," says Kathleen Duignan, executive director of the National Institute of Military Justice in Washington, D.C. A military could not be effective if soldiers had the option to choose which wars to fight and which to forego.

Duignan says the best known case that parallels Watada's occurred in 1965 during the Vietnam War, when 2nd Lt. Henry Howe was caught participating in an antiwar demonstration. The Army court-martialed Howe and sentenced him to two years of hard labor.

Watada's unit deployed to Iraq last summer. He has been doing administrative work ever since, barred from traveling farther than 250 miles from Ft. Lewis. His life settled into a workaday routine — going to work, coming home to his little apartment and wondering what the future holds.

Standing up, crossing his arms as if in defiance, he says he believes history will absolve him no matter what happens in court this week.

At the base, there have been no blatant acts of hostility. "But, yes," Watada says, "you can feel the seething just underneath."

During what was supposed to be a casual football scrimmage among officers late last year, two majors "accidentally" broke Watada's nose. One major shoved, the other smacked. Watada for weeks walked around with two black eyes, a crooked beak and a sneaking hunch it was no accident.

But what encourages him is how much quiet support he receives from individual soldiers. The support, he says, isn't showy. "Nobody wants any part of me officially," he says, laughing that nervous laugh again. There are the approving nods, the knowing glances, the subtle remarks about hanging in there and keeping the chin up.

"It happens almost every day," Watada says. And it makes him think that maybe, just maybe, a whole lot of other uniformed souls feel the same way he does and just haven't figured out a way to say so.

American Takes Over Command Of NATO Force In Afghanistan (NYT)

By Carlotta Gall

The New York Times, February 5, 2007

KABUL, Afghanistan, Feb. 4 — A senior American officer, Gen. Dan K. McNeill, took over command of the 35,000-member NATO force in Afghanistan from the departing British commander on Sunday, ahead of an expected spring offensive by a resurgent Taliban.

General McNeill inherits a force that has expanded its mission to cover all of Afghanistan and is still struggling to contain the Taliban. Although the group was largely defeated in 2002, it mounted a strong comeback last year, leading to the bloodiest fighting in the country since the beginning of the war in 2001.

The new commander will have some advantages his predecessor did not. He has been promised several thousand extra troops in the south, where much of the violence has been centered, although he will continue to have to work with some NATO countries that are restricting where their troops can be used.

The transfer of command came on a day when NATO forces sent a tough message to the Taliban, using an airstrike to kill a commander whose forces overran a town in southern Afghanistan last week.

General McNeill served as commander of United States-led coalition forces in Afghanistan from 2002 to 2003, long before NATO began to take over operations. He is returning for a one-year tour as commander of the United Nations-mandated International Security Assistance Force, drawn from 37 contributing nations.

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His primary mission will be to facilitate the reconstruction of Afghanistan, so that the "Afghan people might enjoy self-determination, education, health, and the peaceful realization of their hopes and dreams," he told a gathering at the change-of-command ceremony at NATO headquarters in Kabul on Sunday.

"We will quit neither post nor mission until the job is done or we are properly relieved," he said. "We will not leave a fallen comrade."

NATO troops expanded their mission to cover all of Afghanistan in 2006, taking over military operations in the south and absorbing mainly American forces in the east.

The departing NATO commander, Gen. David Richards, said in an interview before the ceremony that he expected a surge of violence as the Taliban prepared to carry out a spring offensive. But he said the NATO force, now reinforced by the extra troops that he repeatedly requested, was well-placed to defeat the Taliban militarily.

But in his speech before several hundred soldiers, diplomats and politicians, including the Afghan president, Hamid Karzai, the general warned that full victory in Afghanistan would take more than military success. What was needed beyond that, he said, was more reconstruction and development, a good system of government and improved relations with Pakistan, which Afghanistan has accused of continuing to support the Taliban.

The Taliban warned Sunday that 2007 would be the bloodiest year for foreign troops in Afghanistan, in comments to [a news agency] that were apparently timed to the change of command. And in what may be the opening salvo of a new campaign of violence, gunmen suspected of being Taliban fighters killed two senior Muslim clerics in the southern city of Kandahar: the deputy head of the religious council, Maulavi Sayed Amam Mutawal, and the caretaker of Afghanistan's holiest shrine, Shafi Akhund Zada, Agence France-Presse reported.

General Richards's parting shot was an airstrike on Sunday morning, which occurred just 90 minutes before the change of command. The strike killed a Taliban commander, Mullah Abdul Ghafoor, who seized control of the town of Musa Qala in Helmand Province on Thursday night and detained local leaders and members of the police.

The precision-guided airstrike killed the commander and 10 of his guards as he was driving in an open area called Ghundai, outside the town, according to residents. There were no other casualties, they said. A NATO spokesman, Col. Tom Collins, confirmed that the strike killed a "key Taliban leader," but he did not provide a name.

In October, the governor of Helmand negotiated a controversial agreement under which British troops within NATO and Taliban forces withdrew from the town, leaving a council of tribal elders in charge.

The agreement, which brought a temporary peace to the town but left the Taliban at large, signaled NATO's search for more conciliatory ways of dealing with the insurgency. The accord was criticized by American officials and members of the Afghan government for giving in to the Taliban, but General Richards and diplomats from other NATO countries defended it as an important step in driving a wedge between the local population and the Taliban and encouraging Afghans to resolve their own security issues.

On Sunday, he praised the courage of the tribal elders for standing up to the Taliban and promised NATO's support.

Despite the Americans' criticism of the agreement, General McNeill said he did not intend to change that strategy and would not risk shedding the blood of British, Canadian and Dutch soldiers in the area if the elders could resolve the issue of the town's control.

General McNeill's appointment, and his previous tour conducting combat operations in Afghanistan, has raised concerns among some NATO countries that he will conduct a more aggressive operation. President Karzai welcomed him as a friend who was "with the Afghan people from the beginning of the war on terror." Yet he is also remembered as the general in charge when two Afghan detainees died from beatings in American custody at Bagram Air Base in December 2002.

General Richards indicated that he doubted that his successor would significantly change the way NATO forces operated. He said that General McNeill would inherit a NATO plan and operation that the 37 contributing nations had signed up for, and that he would be under their orders. "Even if he was inclined to make radical changes, he can't do it easily," he said. "How he implements them on the ground is up to him."

General McNeill is the highest-ranking American to serve in Afghanistan; his previous post was commanding general of the United States Army Forces Command. His appointment is accompanied by a significant increase in troops and resources for Afghanistan.

The Bush administration is asking Congress for $10.6 billion to train and equip the Afghan Army and the police force and for reconstruction. The general will also have under his command the 3,200 American troops whose tour of duty was extended last month and an additional 800 British and 1,000 Polish soldiers, providing him with a vital reserve force for the south and southeastern regions where the insurgency is strongest.

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Some 14,000 American soldiers will be under his command within the NATO force in Afghanistan. An additional 11,000 American service members, who are training the Afghan Army and the police and conducting counterterrorism operations, will remain in Afghanistan under American two-star generals.

Under Lt. Gen. Karl Eikenberry, the departing commander of American coalition forces, the 14,000 American soldiers have focused on training and working as partners with Afghan forces. They also have taken on operations that are focused as much on reconstruction as on combat.

General Richards said American forces were uniquely capable of combining military and development operations. “They’ll have a road coming into a valley the day after they have cleared it out of Taliban,” he said.

Other NATO forces have to catch up on combining reconstruction and military operations so that one flows directly from the other and does not allow a vacuum for the Taliban to exploit, General Eikenberry said in a recent interview.

“You can launch your military operation and then look over your shoulder and find that there are going to be extraordinary delays in delivering the nonmilitary means — and you could actually make things worse,” he said.

“It’s not about thinking how we are going to fight into the area — that can be the relatively easy part of it,” he said. The real challenge is to make Afghans feel they are connected to their government, he added.

NATO needs to combine more forces with Afghan forces in strategic places and urgently move forward with reconstruction and nonmilitary assistance if it is to counter the expected Taliban spring offensive, he said.

Musharraf's Stale Promises (WP)

By Jackson Diehl

The Washington Post, February 5, 2007

In the months after Sept. 11, 2001, Pakistani President Pervez Musharraf was a new and shaky U.S. ally. He decided to side with the Bush administration against al-Qaeda, but there were persistent reports that elements of his army still supported the Afghan Taliban. He was an autocratic ruler who had seized power in a military coup against a democratic government, but in a televised speech to his nation in January 2002, he promised to turn Pakistan into a tolerant, "moderate Muslim" society. Largely because it had little choice, the Bush administration decided to give him the benefit of the doubt.

Five years later, little in Pakistan has changed. Musharraf is still promising a moderate and tolerant regime -- but there are still reports that his army is quietly helping the Taliban. He's also still promising democracy -- but just as in 2002, he's preparing to rig Pakistan's upcoming presidential and parliamentary elections to ensure that his term is extended and his power unchallenged.

What has changed is the response of the Bush administration. Five years ago it portrayed itself as giving Musharraf a chance to perform. Now it defends and apologizes for the general, despite his chronic failure to deliver.

The most recent example of this came 10 days ago, during a visit to the country by Deputy Assistant Secretary of State John Gastright. Islamabad was in an uproar over the news that Musharraf intends to seek a new five-year term next fall in a way that most of the country's civilian politicians consider undemocratic and unconstitutional. The other subject of conversation was legislation passed by the Democratic-controlled U.S. House during its "100 hours" blitz. It would condition future aid to the Pakistani military on Bush's certification that Pakistan "is making all possible efforts to prevent the Taliban from operating in areas under its sovereign control."

The House measure, backed by the new Foreign Affairs Committee chairman, California's Tom Lantos, was a logical response to recent reports by U.S. commanders that the Taliban leadership is based in Pakistan and that cross-border movements of insurgents are increasing. But Gastright rushed to assure Musharraf's government that the administration opposed it. "The president can certify that," Gastright said of the Taliban metric without explaining the basis for his confidence. "The issue is, he shouldn't have to."

Gastright went on to endorse what he said were steps by Musharraf to promote press and political freedom ahead of the elections: "That's an impressive track record," the Associated Press quoted him as saying. Then he said the administration was pleased with Musharraf's handling of the greatest criminal proliferator of nuclear weapons in history, A.Q. Khan, who was quickly pardoned in 2004 and then shielded from U.S. or U.N. interrogation. Musharraf had "a superb record addressing the legacy of the A.Q. Khan network," Gastright said.

It's at this point in a column like this that administration officials pop up to point out that the relationship with Musharraf is "complicated," that he has the right intentions and that he needs to be supported as well as urged to do more. Whatever his performance or lack of it, the argument goes, Musharraf is better than the alternatives in Pakistan, which include Islamic extremists and anti-Western generals. It's the same argument that's used to defend continued U.S. pandering to Egyptian President Hosni Mubarak.

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In Musharraf's case it's particularly perverse. That's because the second most popular leader in Pakistan behind Musharraf, according to polling by the International Republican Institute, is not an Islamist but former prime minister Benazir Bhutto, the leader of the moderate and pro-Western Pakistan People's Party. Bhutto and her party have made it clear that they would be willing to accept Musharraf in exchange for fair parliamentary elections and an end to criminal charges that keep Bhutto in exile. The PPP and the Muslim League party of former prime minister Nawaz Sharif have formed the Alliance for Restoration of Democracy; they are the obvious partners for a government that genuinely aims to modernize the country and marginalize Islamic extremism.

Only Musharraf refuses to deal with them. His supporters say he intends to extend his mandate by staging a presidential vote by the existing parliament and provincial assemblies -- which make up Pakistan's equivalent of the electoral college -- though they were elected in the rigged balloting of 2002 and their terms expire on the same day as the president's. For that maneuver he won't need Bhutto or Sharif or their parties -- and so he won't have to meet their demands for fair parliamentary elections.

In private, the Bush administration has been urging Musharraf for some time to come to terms with Pakistan's moderate democrats. And they've been asking him for years to stop allowing sanctuary for the Taliban. He's not responding. So what's wrong with congressional conditions? They might just produce what's been missing from Musharraf the past five years: results.

CORPORATE SCANDALS:

Justice Department Balks At Privacy Provision In Telephone Rules Under Review (AP)

By John Dunbar, Associated Press

AP, February 5, 2007

WASHINGTON – Federal regulators working on rules to secure the calling records and other private information of telephone customers are running into resistance from phone companies and law enforcement agencies.

The rules, an effort by the Federal Communications Commission to combat "pretexting," are circulating among the commissioners for comment and may be voted on this month.

Pretexting is the practice of impersonating a phone customer to gain access to his phone records. President Bush signed a law last month criminalizing the practice and imposing penalties including up to 10 years in prison.

The issue gained prominence last year when executives of the Hewlett-Packard Co. were charged with hiring private detectives who used the technique to investigate board members.

The new law gives police a weapon to punish perpetrators. But it leaves out any requirements for how phone companies should protect their customers' private data. Cell phone bills, for example, can reveal who a person has called and, in some cases, even the caller's location.

The FCC chairman, Kevin Martin, told reporters recently that the new rules will require that customers use a password to access their account information.

While that might protect calling data, telephone companies are wary. They fear a password requirement might upset customers.

AT&T Inc. spokesman Michael Balmoris said the company has to be careful to balance security against customers' wishes for easy access to their information.

The rules also are expected to require that phone companies get a customer's permission before they can release information that may be used for telemarketing.

Phone companies contend this requirement would violate their First Amendment right to communicate with customers – a position that was backed by a federal court in 1999.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, called that court decision "probably one of the oddest First Amendment cases in many, many years." Since that case, he said courts have been more inclined to support privacy rules.

Phone companies say there is no evidence that information shared with business partners falls into the wrong hands, making the proposed requirement unnecessary.

The departments of Justice and Homeland Security have taken issue with two other possible provisions in the emerging rules, both of which have privacy advocates concerned.

The first would tell phone companies to destroy customer records as soon as the records no longer are needed for legitimate business purposes. The government wants the records preserved for possible use in criminal investigations.

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Secondly, the two departments want phone companies to notify law enforcement officials first, before customers, when customers' private billing information has been disclosed improperly.

In written comments to the FCC, Deputy Attorney General Paul J. McNulty said immediately alerting customers in such cases may tip off investigative targets and lead them to destroy evidence, change their behavior or slip away.

He proposed that companies not tell customers for at least seven business days after notifying the FBI or the Secret Service.

For companies, this would mean they would have to determine, without the benefit of input from their own customers, whether an unauthorized breach had occurred. Companies also have raised questions about how such a notification system would work.

Consumer advocates are concerned a delay may result in more harm than good.

Jeannine Kenney, senior policy analyst with Consumers Union, said customers should learn immediately when someone is delving into their personal information.

"In fact, failing to notify a customer of a breach could impede prevention of actual harm or the commission of another crime," she said.

On the Net:

Federal Communications Commission: www.fcc.gov

US Courts To Decide On 'scheme Liability' (FT)

By Brooke Masters In New York And Patti Waldmeir

Financial Times, February 5, 2007

US courts are considering on Monday whether to bless a new legal theory thought up by plaintiffs' lawyers that could put banks, lawyers and business partners on the hook for billions of dollars when a public company goes bust because of fraud.

The fifth circuit federal appeals court in New Orleans will take up the issue of "scheme liability" when it hears arguments on whether Enron's shareholders can pursue a class action against Credit Suisse, Merrill Lynch and lawyer Vinson & Elkins.

Banks and lawyers have traditionally been protected by a 1994 Supreme Court decision that says shareholders cannot recover money from firms and people who simply "aided or abetted" securities fraud. But the recent corporate scandals prompted plaintiffs' attorneys and angry investors to look for a way around that rule. They argue that the banks and lawyers participated in a "scheme" to hide Enron's losses from investors and should be held "primarily responsible" for the company's collapse.

Scheme liability "is almost indispensable. There would have been no way to hold the big banks responsible in Enron without scheme liability," said Bill Lerach, the plaintiff's attorney who represents Enron shareholders.

But Greg Markel, a lawyer for banks, warned that the theory "creates uncertainty for financial institutions and that uncertainty increases the costs of doing business."

The trial judge in the Enron case initially agreed with investors, but other US courts have divided in cases involving fraud at Dynegy, Parmalat and HealthSouth. The Securities and Exchange Commission favours a limited form of scheme liability that could increase the number of companies targeted by such lawsuits.

"The scope of scheme liability is the single most important issue being litigated in securities class actions today," says Bob Giuffra, an attorney with Sullivan & Cromwell, which defends companies against securities lawsuits.

The US Supreme Court is also considering whether to hear two scheme liability cases. One includes companies allegedly involved in sham transactions conducted by Homestore, the online estate agents site. The influential ninth circuit federal appeals court found that business partners can be held liable if their transactions with a company had "the principal purpose and effect of creating a false appearance of fact in the fur-ther-ance of a scheme to defraud" even if they did not directly mislead investors.

If that ruling stands, "lawyers will begin naming as defendants all manner of companies [particularly those with 'deep pockets'], merely because they engaged in significant transactions with issuers who allegedly accounted for the transactions fraudulently," claim papers filed by Cendant and Time Warner, targets in the Homestore case.

Hyundai Chairman Is Found Guilty (WSJ)

By Evan Ramstad And Lina Yoon

The Wall Street Journal, February 5, 2007

SEOUL, South Korea -- A court here found Hyundai Motor Co. Chairman Chung Mong Koo guilty of embezzlement and fraud, and sentenced him to three years in prison, breaking a pattern of leniency for high-profile executives convicted of white-collar crime.

The decision poses a major leadership problem for Hyundai, the world's No. 6 auto maker by volume, as it faces slower growth and mounting challenges including new competitors from China.

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Prosecutors alleged that Mr. Chung took about $100 million from Hyundai and affiliated companies for political payoffs and personal use. They sought a six-year prison sentence. Mr. Chung, who told the court at one point during his trial, "I am guilty to a certain extent," had asked for leniency.

At a hearing where the verdict and sentencing were announced, Seoul Central Court Judge Kim Dong Oh said Mr. Chung engaged in "behavior that goes against market practices." The judge, one of three who listened to the trial and handed down the ruling, said, "It shows there's something wrong in the corporate culture of Korea."

The sentence presents Hyundai with a major quandary: Should it replace Mr. Chung, who is the son of Hyundai's founder and has been depicted for years both inside and outside the company as a near-omnipotent leader? A Hyundai spokesman said the company was "disappointed" and that Mr. Chung will appeal the decision. It said he remains in control of the company.

Mr. Chung is 68 years old, but he has no clear successor. He became chief executive in 1999 and chairman a year later. Mr. Chung's son runs the company's Kia affiliate.

Following his arrest last April and subsequent two-month jail stay, Hyundai canceled plant openings and delayed strategic decisions to show it was less able to function without Mr. Chung.

Hyundai said nothing publicly about preparations it was making in case Mr. Chung received a prison sentence. Company executives last week were privately saying they expected him to receive a financial penalty but no prison time.

Hyundai shares fell about 3% today immediately after the sentence was announced.

Hyundai is grappling with slowing growth in South Korea and the U.S., its two biggest markets. The rising value of the Korean won has eroded the price competitiveness of Hyundai and Kia vehicles overseas.

Bribery scandals have in the past engulfed many Korean executives. The problem is rooted in the country's fast growth in the 1960s and 1970s when Korean businesses were largely controlled by the government and the right political connection would bring capital and market protection.

President's Speech Shows CEO Pay Has Hit The Big Time (USAT)

By Greg Farrell

USA Today, February 5, 2007

Excessive executive compensation, an issue shareholder activists and labor unions have ridden for years, has suddenly become a hot topic in Washington, D.C.

Lawmakers in both houses of Congress plan to make laws affecting executive pay packages, and a new rule from the Securities and Exchange Commission is forcing companies to provide a simplified summary of top executives' compensation in their public filings. Even President Bush weighed in on the subject last week in New York, exhorting corporate boards to tie CEOs' salaries and bonuses to their success in improving companies and bringing value to shareholders.

"When President Bush talks about CEO pay, you know that it's moving to the top of the national agenda," says Robert Reich, professor of public policy at the University of California at Berkeley and former secretary of labor under President Clinton.

Jeffrey Sonnenfeld, a senior associate dean at the Yale School of Management and a prominent expert on corporate leadership, says the Bush speech represents a tipping point in the debate over executive pay.

"By the time Johnny Carson started to joke about Watergate, Nixon had lost his credibility in all quarters," says Sonnenfeld, author of Firing Back, a book about how CEOs deal with career reversals. "This is no longer seen as an edgy, controversial topic."

Several recent events have helped push CEO pay into the public spotlight:

·Bob Nardelli's $210 million exit package at Home Depot. Nardelli was considered a superstar CEO when Home Depot hired him six years ago, but the stock languished and Home Depot lost market share to Lowe's during his tenure.

"There are certain instances where pay is so excessive and the breach of trust that the board has with shareholders is so terribly broken, it's an outrage," says Rich Ferlauto of the government labor union AFSCME. "Nardelli was the catalyst."

·Virginia Sen. Jim Webb's response to Bush's State of the Union address last month. Webb, a Democrat, said robust corporate earnings disguised that the middle class was falling further behind. Webb noted that the average CEO makes more than 400 times what the average worker makes, and promised congressional action on the topic.

"Somebody in the White House noticed that he upstaged the president," says Damon Silvers of the AFL-CIO.

Rep. Barney Frank, D-Mass., the new chair of the House Financial Services Committee, plans to introduce a bill this spring that would require companies to allow shareholders to vote on CEO pay packages in proxy votes, a system in place in the U.K.

"You can count on that bill coming to the floor of the House and passing," he says.

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CRIMINAL LAW:

U.S. Set To Begin A Vast Expansion Of DNA Sampling (NYT)

By Julia Preston

The New York Times, February 5, 2007

The Justice Department is completing rules to allow the collection of DNA from most people arrested or detained by federal authorities, a vast expansion of DNA gathering that will include hundreds of thousands of illegal immigrants, by far the largest group affected.

The new forensic DNA sampling was authorized by Congress in a little-noticed amendment to a January 2006 renewal of the Violence Against Women Act, which provides protections and assistance for victims of sexual crimes. The amendment permits DNA collecting from anyone under criminal arrest by federal authorities, and also from illegal immigrants detained by federal agents.

Over the last year, the Justice Department has been conducting an internal review and consulting with other agencies to prepare regulations to carry out the law.

The goal, justice officials said, is to make the practice of DNA sampling as routine as fingerprinting for anyone detained by federal agents, including illegal immigrants. Until now, federal authorities have taken DNA samples only from convicted felons.

The law has strong support from crime victims' organizations and some women's groups, who say it will help law enforcement identify sexual predators and also detect dangerous criminals among illegal immigrants.

"Obviously, the bigger the DNA database, the better," said Lynn Parrish, the spokeswoman for the Rape, Abuse and Incest National Network, based in Washington. "If this had been implemented years ago, it could have prevented many crimes. Rapists are generalists. They don't just rape, they also murder."

Peter Neufeld, a lawyer who is a co-director of the Innocence Project, which has exonerated dozens of prison inmates using DNA evidence, said the government was overreaching by seeking to apply DNA sampling as universally as fingerprinting.

"Whereas fingerprints merely identify the person who left them," Mr. Neufeld said, "DNA profiles have the potential to reveal our physical diseases and mental disorders. It becomes intrusive when the government begins to mine our most intimate matters."

Immigration lawyers said they did not learn of the measure when it passed last year and were dismayed by its sweeping scope.

"This has taken us by storm," said Deborah Notkin, a lawyer who was president of the American Immigration Lawyers Association last year. "It's so broad, it's scary. It is a terrible thing to do because people are sometimes detained erroneously in the immigration system."

Immigration lawyers noted that most immigration violations, including those committed when people enter the country illegally, are civil, not criminal, offenses. They warned that the new law would make it difficult for immigrants to remove their DNA profiles from the federal database, even if they were never found to have committed any serious violation or crime.

Under the new law, DNA samples would be taken from any illegal immigrants who are detained and would normally be fingerprinted, justice officials said. Last year federal customs, Border Patrol and immigration agents detained more than 1.2 million immigrants, the majority of them at the border with Mexico. About 238,000 of those immigrants were detained in immigration enforcement investigations. A great majority of all immigration detainees were fingerprinted, immigration officials said. About 102,000 people were arrested on federal charges not related to immigration in 2005.

While the proposed rules have not been finished, justice officials said they were certain to bring a huge new workload for the F.B.I. laboratory that logs, analyzes and stores federal DNA samples. Federal Bureau of Investigation officials said they anticipated an increase ranging from 250,000 to as many as 1 million samples a year.

The laboratory currently receives about 96,000 samples a year, said Robert Fram, chief of the agency's Scientific Analysis Section.

DNA would not be taken from legal immigrants who are stopped briefly by the authorities, justice officials said, or from legal residents who are detained on noncriminal immigration violations.

"What this does is move the DNA collection to the arrest stage," said Erik Ablin, a Justice Department spokesman. "The general approach," he said, "is to bring the collection of DNA samples into alignment with current federal fingerprint collection practices." He said the department was "moving forward aggressively" to issue proposed regulations.

The 2006 amendment was sponsored by two border state Republicans, Senator Jon Kyl of Arizona and Senator John Cornyn of Texas. In an interview, Mr. Kyl said the measure was broadly drawn to encompass illegal immigrants as well as

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Americans arrested for federal crimes. He said that 13 percent of illegal immigrants detained in Arizona last year had criminal records.

"Some of these are very bad people," Mr. Kyl said. "The number of sexual assaults committed by illegal immigrants is astonishing. Right now there is a fingerprint system in use, but it is not as thorough as it could be."

Ms. Parrish, of the rape victims' organization, pointed to the case of Angel Resendiz, a Mexican immigrant who was known as the Railroad Killer. Starting in 1997, Mr. Resendiz committed at least 15 murders and numerous rapes in the United States. Over the years of his rampage, Mr. Resendiz was deported 17 times. He was executed in Texas in June.

"That was 17 missed opportunities to collect his DNA," Ms. Parrish said. "If he had been identified as the perpetrator of the first rapes, it would have prevented later ones."

Immigration lawyers said the DNA sampling could tar illegal immigrants with a criminal stigma, even though most of them have never committed any criminal offense.

"To equate somebody with a possible immigration violation in the same category as a suspected sex offender is an outrage," said David Leopold, an immigration lawyer who practices in Cleveland.

Forensic DNA is culled either from a tiny blood sample taken from a fingertip (the F.B.I.'s preferred method) or from a swab of the inside of the mouth. Federal samples are logged into the F.B.I.'s laboratory, analyzed and transformed into profiles that can be read by computer. The profiles are loaded into a database called the National DNA Index System.

The F.B.I. also loads DNA profiles from local and state police into the federal database and runs searches. Only seven states now collect DNA from suspects when they are arrested; of those, only two states are authorized by their laws to send those samples to the federal database.

Mr. Neufeld, of the Innocence Project, said his group supported broad DNA collection from convicted criminals. But, he said, "There is no demonstrable nexus between being detained for an immigration matter and the likelihood you are going to commit some serious violent crime."

The DNA amendment has divided women's groups that are usually unified supporters of the Violence Against Women Act, which was adopted in 1994.

"We were stunned by the extraordinary, broad sweep of this amendment," said Lisalyn Jacobs, vice president for government relations at Legal Momentum, a law group founded by the National Organization for Women. Ms. Jacobs recalled that the amendment had been adopted by a voice vote with little debate. She said many lawmakers eager to renew the act, which enjoys solid bipartisan support, appeared unaware of the scope of the DNA amendment.

"The pervasive problems of profiling in the United States will only be exacerbated by such a system," Ms. Jacobs said, because Latino and other immigrants will be greatly over-represented in the database. She noted that the law required a court order to remove a profile from the system.

Many groups warned that the measure would compound already severe backlogs in the F.B.I.'s DNA processing. Mr. Fram of the F.B.I. said there had been an enormous increase in the samples coming to the databank since it started to operate in 1998, but no new resources for the bureau's laboratory. Currently about 150,000 DNA samples from convicted criminals are waiting to be processed and loaded into the national database, Mr. Fram said.

He said the laboratory had added robot technology to speed the processing. But in the "worst case scenario," where the laboratory receives one million new samples a year, Mr. Fram said, "there is going to be a bottleneck."

Leak Case Hangs On Credibility (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 5, 2007

WASHINGTON — Former vice presidential aide I. Lewis "Scooter" Libby's defense in his perjury trial rests largely on the claim that he was too busy with pressing affairs of state to recall minor events such as conversations with reporters about an obscure CIA employee.

But after nine government witnesses testified in federal court here over the last two weeks, a question is starting to emerge: Given all the time and attention the White House devoted in 2003 to CIA operative Valerie Plame and her husband, former Ambassador Joseph C. Wilson IV, how credible is Libby's apparent forgetfulness?

Libby, 56, Vice President Dick Cheney's former chief of staff, is charged with obstructing a federal investigation into how the identity of Plame became public in the summer of 2003.

Wilson's public criticism of the justifications for the Iraq war spawned what the trial has shown to be a concerted effort by Cheney's office to discredit him. Prosecutors allege that as the administration pushed back, Plame became caught in the crossfire and was exposed.

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Libby's lead lawyer, Theodore V. Wells Jr., has painted a defense in broad strokes, portraying Libby as a senior official immersed in life-and-death national security issues who may have been the scapegoat in a White House cover-up.

Special prosecutor Patrick J. Fitzgerald, by contrast, has been methodically building a narrowly focused case that in large part is being made through the testimony of past and present Bush administration insiders.

That has resulted in a rare inside glimpse into how the White House mobilizes against critics, including an account of how, contrary to claims it made at the time, Cheney's public-relations machinery was operating full-throttle to rebut the questions Wilson was raising about Iraq's supposed nuclear weapons capabilities.

Experts said the fact that Cheney's office was attaching such importance to the issue suggests it was the sort of thing that would not be easily forgotten.

The government case "turns on showing that the need to link Wilson to the CIA was a high priority for Libby and the kind of thing that he would not forget about and that he would not want to be candid to investigators about," said Daniel Richman, a former federal prosecutor and a professor at Fordham law school. "The government has been making a strong case for that."

Legal experts cautioned against reading too much into what the jury might be thinking at this stage of the trial because Libby's lawyers have yet to present their case. And for the prosecution, proving that a senior government official intentionally lied is no easy matter.

Also, some of the government's witnesses have demonstrated memory problems of their own, potentially bolstering Libby's faulty memory defense.

Former New York Times reporter Judith Miller acknowledged under cross-examination last week that when she first appeared before the grand jury she did not remember the first time Libby gave her information about Plame. She said her memory was refreshed after she found a notebook in her office.

The closest thing to a smoking gun in the case so far are handwritten notes taken by Libby during a phone conversation with Cheney on June 12, 2003. Cheney told Libby, according to the notes, that Wilson's wife was a counter-proliferation specialist at the CIA.

Libby has acknowledged taking the notes, but has said he had forgotten that Cheney had passed him the tip by the time he started talking with reporters about Wilson a few weeks later. He has told investigators that he believed he first learned about Plame from the reporters; prosecutors say Libby lied out of concern that he could be charged with leaking classified information.

Trial testimony has indicated that other officials also discussed Plame's secret resume with Libby around the time he was speaking with Cheney. They include a high-ranking State Department official, a top spymaster from the CIA and Libby's morning intelligence briefer.

With those witnesses having no apparent motive to lie, legal experts say, their testimony threatens to undercut Libby's memory defense as his lawyers prepare to put on their case starting Wednesday. They say the cumulative effect of witnesses saying they were engaged with Libby on the subject earlier than when he has said he first learned about Plame could be a challenge the defense.

"Either these witnesses are wrong in their recollections or Libby will need to convince [the jury] that he simply forgot these multiple conversations," said Daniel French, a former federal prosecutor who represents a potential witness in the trial. "I think that could be problematic" for Libby.

Jeffrey Frederick, a Charlottesville, Va., jury consultant, said: "What the government had to do was show that this was not a one conversation gig. I think they are doing a very good job of nailing that down."

Testimony in the case has showed that Cheney was dictating talking points to rebut Wilson, while his public-relations handlers weighed strategic leaks to friendly reporters, among other moves.

Libby was the apparent lieutenant in the counter-offensive, and he seemed to get his marching orders in the June 12 phone conversation with Cheney that included the reference to Plame.

According to the notes from that conversation, Wilson was saying that Cheney's office had expressed strong interest in the notion that Iraq had sought weapons-grade uranium in Africa. Libby jotted down in the margin the orders he received from Cheney to "get agency to answer that."

Libby subsequently made a number of inquiries to senior State Department and CIA officials about Wilson and an agency-sponsored fact-finding trip he'd made to Africa in 2002.

The top CIA expert on Iraq, Robert Grenier, testified that Libby had him pulled out of a meeting with then-director George J. Tenet to discuss the issue in a phone call.

Former State Department undersecretary Marc Grossman said he also felt a sense of urgency when Libby called him, after which he promptly commissioned an internal intelligence analysis.

Both Grenier and Grossman testified that they promptly reported back to Libby with information about Wilson and the trip — and the fact that his wife was a CIA employee.

After Wilson went public with his criticism in a July 6 op-ed in the New York Times, saying he'd found no evidence of Iraq seeking nuclear material in Niger, Libby promptly passed on information about Wilson's wife, prosecutors allege.

Former White House Press Secretary Ari Fleischer testified that, on the following day, Libby offered the information to him on "the QT" over lunch at the White House mess. Miller testified that Libby told him about Wilson's wife the next day, a Tuesday.

Libby told the grand jury that he did not learn Plame's identity until the following Thursday, July 10, in a conversation with journalist Tim Russert, the moderator of the NBC's "Meet the Press." Libby has said he was surprised to hear the information from the newsman.

Russert, who is scheduled to testify for the government today or Tuesday, has denied that he gave Plame's identity to Libby.

Fitzgerald, in his opening statement to the jury last month, commented on the apparent contradiction. "You can't learn something startling on Thursday that you are giving out on Monday and Tuesday," he said.

The Big Uneasy (WP)

By Carol D. Leonnig

The Washington Post, February 5, 2007

Like an awkward cocktail party where the guests know each other too well and don't always get along, the trial of I. Lewis "Scooter" Libby has brought the capital's government celebs and media players back together in the close quarters of one Washington courthouse.

Maybe too close.

It's a sometimes genial and sometimes strained reunion -- with hearty backslapping as well as forced smiles and uncomfortable silences, but without the canapes and cocktails to lighten the mood. Against the grim backdrop of whether Vice President Cheney's right-hand man had lied about blowing a CIA officer's cover, witnesses called to the stand, their prominent attorneys and reporters covering the criminal case all try to exchange pleasantries in courthouse hallways while they tend to their intersecting duties.

Former White House press secretary Ari Fleischer, during a break in his testimony for the prosecution, makes small talk about his kids with reporters who once tried to pin him down on assertions the administration used faulty intelligence to justify a war.

During a recess, defense attorney Theodore V. Wells Jr. beams as he introduces Libby to Mike Espy, a Clinton administration agriculture secretary he helped out of a different jam.

In this slice of Washington, courtroom spectators, witnesses, lawyers -- even the judge -- have been the subjects, sources or authors of interconnected news stories.

Max Frankel, former executive editor of the New York Times and supervisor of reporter Judith Miller, a prosecution witness, is writing about the case, as are two former colleagues at the paper that ultimately questioned some of her reporting on Iraq's weapons of mass destruction. John Dickerson, a former Time magazine reporter, is writing about the testimony of his former colleague, Matthew Cooper.

Finally, a Newsweek reporter is old chums with one of the jurors. "I obviously did a double take when I saw him on the jury," said Newsweek's Michael Isikoff, who is also the co-author of a book about the administration's claims for justifying war with Iraq, the backdrop for the Libby case. "This whole thing reminds me of high school."

Like high school, some people just don't want to be here.

The best illustration may be Cooper, who grabbed a quick lunch last week in the courthouse cafeteria before returning to the witness chair to be questioned about his confidential phone conversation with Libby. The normally chatty scribe and amateur comedian wore a pasted-on smile and moved past the grill and salad bar as if picking his way through a minefield. He silently nodded at his buddies in the Washington press corps, then sidestepped them without chitchat.

His most forthcoming remark? "Oh. Hi."

An intensely private and surprisingly tall David Addington, the legal mastermind behind President Bush's expansive executive powers, slunk through the hall with head down to avoid human interaction. Nearly every reporter in the building would have loved to interview him; alas, he was questioned on the stand about subpoenas he received as Cheney's counsel -- and often mumbled.

In some cases, the participants' past dealings with one another have left a sour taste.

CIA former associate deputy director Robert Grenier averted his glance from the defense table where Libby sat as he joined the ranks of witnesses helping the prosecution paint Libby as a liar who tried to conceal his bosses' efforts to silence a war critic. Grenier's agency had repeatedly taken a beating from Cheney and Libby in the run-up to the Iraq war, with Cheney deriding the spooks as incompetent in finding evidence that Iraq had weapons of mass destruction.

With such odd intersections, the trial sometimes provides "Alice in Wonderland" moments. Dickerson, who is covering the trial for Slate, an online magazine, was in court scribbling notes last week when his picture was flashed on a courtroom screen. It was a glamour shot from his book jacket. Defense attorney William Jeffress Jr. implied that Dickerson -- not Libby -- told other reporters about the identity of CIA officer Valerie Plame.

Dickerson was also in court when he heard Fleischer allege that he shared that information with Dickerson, though Dickerson remembers the conversation differently. Dickerson wrote a story that day about their conflicting accounts.

"It was all very surreal," he said.

The CIA Leak: Boring In On The Veep (NSWK)

By Michael Isikoff

Newsweek, February 4, 2007

The Scooter Libby trial has put a new focus on Vice President Dick Cheney's own role in the leak of CIA officer Valerie Plame Wilson's identity. When the CIA on July 11, 2003, sent over a draft statement taking responsibility for President George W. Bush's inaccurate assertion that Iraq had sought uranium from Africa, Cheney wrote on the cover sheet "Unsatisfactory" and underlined the word, according to a trial document. The veep thought the agency wasn't going far enough in distancing Cheney's office from the trip by Joseph Wilson (in which the ex-ambassador claimed he'd debunked the uranium shopping reports). "The vice president was frustrated and upset," Libby told the FBI, according to Deborah Bond, an FBI agent who later questioned Libby on the leak.

The next day, aboard Air Force Two, Libby and Cheney talked media strategy, Bond said. "There was some discussion ... about whether they should report to the press that Ambassador Wilson's wife worked at the CIA," Bond testified that Libby told her. Bond added that Libby said "they may have talked about it." This is the first suggestion that Cheney himself talked about disclosing Wilson's wife's identity to the press as a way of undercutting Wilson's credibility.

After the talk on the plane, Libby at Cheney's direction began making phone calls to reporters. One of them, Matt Cooper, testified that Libby confirmed to him (he'd heard it from Karl Rove) that Wilson's wife worked at the CIA. Former New York Times reporter Judy Miller testified that Libby mentioned Wilson's wife to her that day (as in two previous talks). The new testimony could make things more awkward for Cheney, due to be called as a defense witness soon. Prosecutor Patrick Fitzgerald plans to wrap up his case with Tim Russert (likely to deny Libby's grand-jury testimony that Russert told him about Plame's CIA job). The defense may call reporters—including columnist Robert Novak—to say Libby never told them about Plame.

Pulling The Curtain (USNEWS)

By Liz Halloran

U.S. News and World Report, February 5, 2007

The perjury trial of Vice President Dick Cheney's former right-hand man won't go down in history as the turning point in the collapse of the Bush administration's once powerful control over its Iraq message. That milestone has long since passed.

But testimony by an all-star parade of witnesses in Lewis "Scooter" Libby's federal trial will make a fascinating footnote-with details about the usually secret and occasionally inept workings of a wartime White House and the reporters who cover it.

Libby is on trial in Washington for allegedly lying to a grand jury and FBI agents investigating whether administration officials illegally leaked to the media the name of CIA officer Valerie Plame in an effort to undermine the credibility of her husband, war critic Joseph Wilson. No one has been indicted for revealing her name, but Libby was charged with obstructing justice and perjury for discrepancies between his account and that of other witnesses about how he learned of the now former CIA operative and when he took that information to reporters.

The trial, which continues this week, has laid bare some of the capital's most peculiar tribal rituals. The jury has seen Libby's handwritten notes on the administration's plan to discredit Wilson, who, after a CIA-sponsored trip to Africa, wrote a New York Times piece disputing one of President Bush's arguments for going to war-that Iraq was attempting to buy uranium ore from Niger. Jurors heard former New York Times reporter Judith Miller's pricelessly convoluted, but largely accurate, explanation of how many journalists and their sources negotiate information-from "on the record" and "background" to "deep background" and beyond. And those jurors learned how far administration apparatchiks will go to protect themselves.

Libby, Cheney's powerful former chief of staff, walked a tortured path to Judge Reggie Walton's chambers in U.S. District Court. It all started in summer 2003, when the White House was in high dudgeon over Wilson's assertions. Libby's meeting notes say that staffers were agitated that the former ambassador's claims were topping news reports and undermining the president's "trustworthiness." Top Bush aide Karl Rove, Libby wrote, bemoaned that Wilson had been accepted as "a credible expert."

Coddling. A pushback was hatched, and on a list of national journalists to be coddled, according to testimony by Cheney's communications director, was Miller, a controversial veteran Times reporter who had written extensively about weapons of mass

destruction in the run-up to the war. Miller has since become a lightning rod; much of her prewar reporting has been discredited, and she has been criticized for being too cozy with the administration, including Libby, and thus helping it make the case for war.

Though Miller, who has since resigned from the Times, never wrote about Plame, she became a cause célèbre in 2005 when she spent 85 days in jail for refusing to reveal to the grand jury that Libby gave her information about Wilson's wife. Miller was released, and agreed to testify, after Libby sent a note permitting her to disclose his identity. Her incarceration raised profound questions about the sanctity of reporter-source interactions and reinvigorated the ongoing debate about whether, in the public interest, such relationships deserve protection.

Miller was among a half-dozen witnesses last week-including former White House spokesman Ari Fleischer-who contradicted Libby's claim that he learned about Plame from NBC's Tim Russert during a July 10, 2003, conversation. Miller testified that Libby mentioned Plame to her in two meetings and a phone call that predated July 10.

Before the prosecution rests this week, it will question Russert, who has denied Libby's claim they spoke about Plame. Libby's lawyers will press their case that the administration made their client a Plamegate scapegoat to protect the powerful Rove. But this case isn't about scapegoating or leaks. It's about whether Libby told the truth under oath. After last week, that may be a difficult sell.

Johnson Backs Away From Official (WP)

By Cheryl W. Thompson And Martin Weil

The Washington Post, February 5, 2007

Prince George's County Executive Jack B. Johnson distanced himself yesterday from Keith A. Washington, the county homeland security official and police officer who shot two men during an altercation at his Accokeek home. One of the two men has died, and the matter is under investigation.

Johnson said the relationship between him and Washington -- who had backed Johnson for office and once served as his driver -- is not one of personal friendship. He also said he did not believe Washington, a police corporal, should resume his homeland security post -- a job to which Johnson had appointed him.

"I don't think he should come back to Homeland Security, no matter what happens," Johnson told a reporter yesterday.

Johnson did not give reasons but said he believed Washington should return to the police department, which pays his salary.

It was not clear yesterday whether Washington could remain in the security post without the support of Johnson, who appointed him. Washington did not return calls last night.

Yesterday's telephone interview with a reporter was the most detailed account Johnson has provided of his position on the Jan. 24 shooting incident and his association with Washington.

Washington was appointed a deputy director of homeland security by Johnson in 2004. He is a longtime Johnson supporter who worked at one time as his driver.

He was one of few county police officers to support Johnson, who as state's attorney had focused on combating abuses by police.

Johnson and Washington belong to the same collegiate fraternity, and Washington has indicated that the two were close. Johnson said yesterday that the men's relationship has been misconstrued and would not affect the probe of the incident.

"Even if we were friends," Johnson said, "I wouldn't interfere" in the investigation of the shooting.

Washington, a 16-year police officer, has been on paid administrative leave since the night he shot unarmed deliverymen Brandon D. Clark, 22, and Robert White, 36.

The two were delivering a Marlo Furniture bedroom set to Washington when they were wounded during an altercation. Clark, who lived in Oxon Hill, died Friday at Prince George's Hospital Center. White, a District resident, has been in critical condition there.

Critics have described Washington as prone to losing his temper. Washington's supporters, including relatives and some county officials, have said little while the investigation has proceeded but have previously said he apparently acted in self-defense.

In the interview yesterday, Johnson depicted what he said was his relationship with Washington.

"I don't call him. He doesn't call me. My relationship with him is a professional one." Johnson, who is in his second term as county executive, said he has found that people often mischaracterize their relationships with him.

Johnson said that he and Washington are friendly when they see each other and that on the campaign trail they might have stopped to share a bite. But he said, "we are not friends."

The two do not socialize, and "I have never had dinner, lunch or anything else with him," Johnson said.

Washington was not his confidant, Johnson added.

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"I am the county executive," Johnson said. "I am not going to be talking about business with my driver. We talk about sports."

Johnson said he has not contacted the families of those involved in the shooting.

"I'm just going to wait," he said.

But, he said, "my heart goes out to everybody."

Little information has been released about the circumstances of the shooting.

"I don't know what went on in that house," Johnson said yesterday. "Whatever went on, it's a huge tragedy. I'm devastated."

When he named Washington to the homeland security job, Johnson said the Army veteran would ensure that the office "provides the protection and required services that the county needs."

Johnson did not elaborate yesterday on why he believed that Washington should not continue in the post, which Johnson said involved serving as a liaison with the police.

But he said Washington should return to the police department. "That's where he should go back to."

CIVIL RIGHTS:

Civil Rights-era Killers Escape Justice (USAT)

By Jerry Mitchell The (jackson, Miss.) Clarion-ledger

USA Today, February 5, 2007

Despite high-profile arrests, death is claiming potential witnesses — and many crimes were never probed

JACKSON, Miss. — Despite high-profile convictions in the past two decades, most killers from the civil rights era will go unpunished.

Many of the murder cases from 1954 to 1968, the years that bracket the height of the civil rights movement, were not investigated or were given only cursory attention, leaving authorities little to work with today. Now the window of time is closing. Death is claiming potential defendants and witnesses.

"In nearly all these cases, there was no investigation at the time, and without an investigation, I don't think you have any ability to prosecute these crimes," said Don Cochran, professor at Cumberland School of Law in Birmingham, Ala., who, in 2002, helped successfully prosecute Bobby Cherry, then 71, for the 1963 Birmingham church bombing that killed four girls.

James Seale's arrest Jan. 24 on kidnapping and conspiracy charges in connection with the May 2, 1964, abduction and killings of Henry Hezekiah Dee and Charles Eddie Moore — two of the 40 names listed on the National Civil Rights Memorial in Montgomery, Ala. — is certain to be one of the last because suspects are dying, former U.S. Attorney Doug Jones of Birmingham said. Seale, 71, suffers from cancer.

Jones led the prosecution that convicted Thomas Blanton, then 62, in 2001 in the Birmingham church bombing case and that won Cherry's conviction.

Since 1989, authorities in seven states have re-examined 29 killings from the civil rights era and made 28 arrests that led to 22 convictions. The latest was the 2005 conviction of Edgar Ray Killen, then 80, for orchestrating the 1964 slayings of Andrew Goodman, Michael Schwerner and James Chaney.

Just how many people died during that period is uncertain. Next to the National Civil Rights Memorial is the Civil Rights Memorial Center, where 86 additional names appear on a wall dedicated to the "forgotten others."

Johnnie Mae Chappell, a mother of 10, is one of those honored on the wall. She was killed March 23, 1964. She had bought ice cream earlier for her children and was looking for her missing billfold along a road in Jacksonville when she was shot from a car with four white men. Her admitted killer went to prison for three years; charges were dropped against three other suspects.

The plaque on the wall also says: "The names of all those who lost their lives to racial violence during the civil rights movement will never be known. The media often paid little attention to the death of black people. Many murders were never fully investigated."

Retired FBI agent Jim Ingram said he and other agents investigating racial violence in Mississippi in the 1960s often ran into hostile neighbors, frightened witnesses, reluctant prosecutors and all-white juries, many of whom refused to convict in these crimes.

Working for the New Orleans Times-Picayune, veteran reporter Bill Minor was one of the journalists in Mississippi willing to shed light on these crimes.

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"The bias permeated the entire journalistic apparatus back then," he said. "It was not only unpopular, it was unsafe to pursue civil rights stories."

Minor said he traveled to Poplarville, Miss., in 1959 to investigate the lynching of Mack Charles Parker, who was dragged from his jail cell and killed by a white mob.

In town, Minor spotted friends he knew. "They wouldn't come across the street for fear of being seen with me," he said.

The FBI investigated the killing, determined who the mob members were and turned the case over to state authorities, who refused to prosecute.

Minor eventually learned the names of those supposedly involved. The last of those suspects died a few years ago, he said.

Little is known about most of the "forgotten others" listed on the wall of the Civil Rights Memorial Center, said Penny Weaver of the Southern Poverty Law Center, which built the center.

Ellie Dahmer said these forgotten killings still should be investigated and prosecuted, if possible. "If they can find out who did it, I don't care how old they are, I think they should go to prison," she said. "Just think about the poor people that didn't get a chance to get old."

Dahmer watched her husband, Vernon, die in a hospital in 1966 after defending his family from an attack by Klansmen. It wasn't until 1998 that Sam Bowers went to prison for ordering the killing. On Nov. 5, 2006, Bowers died behind bars at 82.

U.S. Rep. John Lewis, D-Ga., believes there is bipartisan support in Congress for the Unsolved Civil Rights Crimes Act that would create a cold cases unit within the Justice Department to track down evidence in the unpunished killings.

By creating such a unit to punish these pre-1970 crimes, he said, "we are saying that historical context is no excuse for brutality in America, and we are reclaiming our integrity as a nation by doing what we can to right these wrongs today."

The 2005 investigation of the 1967 slaying of Wharlest Jackson shows how hard success is becoming. After Jackson was promoted into a "whites-only" job in Natchez, Miss., a bomb with a timer placed underneath his truck exploded, killing him. Last year, FBI agents concluded all of those involved in the bombing are dead.

After nearly three decades of waiting, Myrlie Evers-Williams, the widow of NAACP leader Medgar Evers, saw her late husband's killer convicted in 1994 and sentenced to life in prison. Byron De La Beckwith died in 2001 at 80.

"The issue goes beyond the murderers being brought to justice," she said. "These 'forgotten others' should never be forgotten. They and so many like them were the unsung heroes of the movement. Without them, there would have been no movement."

Gary Tyler's Lost Decades (NYT)

By Bob Herbert

The New York Times, February 5, 2007

Destrehan, La.

The term "time warp" could have been coined for this rural town of 11,000 residents that sits beside, and just a little below, the Mississippi River. A remnant of the sugar-plantation era, the region's racially troubled past is always here, seldom spoken about but inescapable, like the murk in the air of a perpetually stalled weather front.

The Harry Hurst Middle School is on the site of the old Destrehan High School, which was the scene of violent protests during the integration period of the 1970s. Local residents have tried to blot out the murder case that made Destrehan High notorious three decades ago, but there's a big problem with that collective effort to forget. The black teenager who was railroaded into prison (and almost into the electric chair) for the murder of a white student in 1974 is still in prison all these many years later. He's middle-aged now, still suffering through a life sentence without any chance for parole in the notorious state penitentiary at Angola.

There is no longer any doubt that the case against the teenager, Gary Tyler, was a travesty. A federal appeals court ruled unequivocally that he did not receive a fair trial. The Louisiana Board of Pardons issued rulings on three occasions that would have allowed Mr. Tyler to be freed.

But this is the South and Mr. Tyler was a black person convicted of killing a white. It didn't matter that the case was built on bogus evidence and coerced witnesses, or that the trial was, in the words of the U.S. Court of Appeals for the Fifth Circuit, "fundamentally unfair." Mr. Tyler was never given a new trial and the pardon board recommendations were rejected by two governors.

(Lurking in the background as the case unfolded was David Duke, a former grand wizard of the Ku Klux Klan who was very active politically in Louisiana and always ready to inject his poison into the public issues of the day. If you drive around Destrehan and nearby communities today you will still see some of the old blue-and-white campaign signs for Duke.)

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Mr. Tyler, a sophomore at Destrehan High, was on a bus filled with black students that was attacked on Oct. 7, 1974, by a white mob enraged over school integration. A shot was fired and a 13-year-old white boy standing outside the bus collapsed, mortally wounded. Mr. Tyler was arrested on a charge of disturbing the peace after he talked back to a sheriff's deputy.

Although the bus and its passengers were searched and no weapon was found, Mr. Tyler was taken into custody, savagely beaten and accused of committing the murder. A gun was "found" during a subsequent search of the bus and witnesses were rounded up to testify against Mr. Tyler. It turned out that the gun (which has since disappeared) had been stolen from a firing range used by officers of the sheriff's department. All of the witnesses who fingered Mr. Tyler would eventually recant, saying they had been terrorized into testifying falsely by the authorities.

Mr. Tyler was represented at trial by a white sole practitioner who had never handled a murder case, much less a death penalty case. He kept his meetings with his client to a minimum and would later complain about the money he was paid.

The outcome was predictable. Mr. Tyler was convicted and sentenced to die in the electric chair by an all-white jury. At 17, he was the youngest prisoner on death row in the country. He almost certainly would have been executed if the U.S. Supreme Court had not ruled the Louisiana death penalty unconstitutional.

The Fifth Circuit ruling in 1981 said that an improper charge to the jury had denied Mr. Tyler the presumption of innocence at his trial. "It is folly," the court said, "to argue that the erroneous charge did not affect the central determination of guilt or innocence."

What was folly was any expectation that Mr. Tyler would be treated fairly at any point. Despite the appeals court ruling, he was denied a new trial on a technicality.

Now consider this, because it will tell you all you need to know about racial justice in the South. A 19-year-old black man named Richard Dunn was shotgunned to death as he was heading home from a benefit dance in support of Mr. Tyler at Southern University in New Orleans in 1976. A white man, Anthony Mart, was arrested and convicted of shooting Mr. Dunn from a passing car.

Gary Tyler's current attorney, Mary Howell, ruefully explained what happened to Mr. Mart for the cold-blooded killing of a black stranger: He was sent to prison for life but was pardoned and freed after serving about 10 years.

Bush's Double Standard On Race In Schools (CSM)

By Alec Ian Gershberg And Darrick Hamilton

The Christian Science Monitor, February 5, 2007

The Supreme Court is considering two school desegregation cases that will probably result in limits on the use of race as a criterion for admission to public elementary and high schools.

Not surprisingly, the Bush administration is supporting the plaintiffs' arguments that the use of such racial criteria is unconstitutional. It was no doubt delighted to hear Justice Anthony Kennedy say during oral arguments that "characterizing each student by reason of the color of his or her skin should only be, if ever allowed, allowed as a last resort."

But Bush officials are being inconsistent. They don't apply that standard to their own public education policies. It's time they embraced the premise of their own student testing rules – race matters – and support efforts to promote access and diversity in schools.

The No Child Left Behind (NCLB) law, is remarkable because it deals with racial issues in a manner at odds with nearly every other policy advocated by the Bush administration – including its current argument to the Supreme Court that school desegregation plans must be "race neutral." NCLB requires that schools show adequate progress in each of 10 "subgroups" of students. These subgroups include nonracial categories such as disabled, poor, and limited English proficient students, as well as racial and ethnic categories such as blacks, Hispanics, Asians, native Americans, and whites.

We applaud the intent behind such policies to support students who, as a group, tend to have subpar academic performance. But the policy rests on flawed assumptions about the use of such tests to determine which students are being taught well. It also creates perverse incentives potentially harmful to the groups the policy intends to help and raises thorny philosophical issues about race.

Given the diversity of the way schools are organized, current research casts strong doubts on the ability of such tests to consistently evaluate a school's progress. Worse, testing tools get less reliable when disaggregated by the subgroups of concern in NCLB. In particular, small schools and schools with relatively small groups of different kinds of students pose nearly intractable statistical problems.

For instance, Midwood High School in Brooklyn, N.Y., got flagged because the scores of 33 disabled students (out of more than 3,700 total) did not improve. But statistically it is almost impossible to determine that the school is not teaching these students well. Another flaw in NCLB, pointed out by President Bush's brother, former Florida Gov. Jeb Bush, is that it does not track individual students over time. The difference in how schools are evaluated, using exactly the same tests, can be quite

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dramatic. For example, R.J. Longstreet Elementary School in Daytona Beach, Fla., failed under NCLB for four years, but got A's for five years in a row in Jeb Bush's program, which does track individual students over time. So to a school that George W. Bush gives an "F," Jeb Bush gives an "A"!

While we support policies aimed at addressing educational inequities, we are concerned by the perverse incentives that stem from NCLB's racialization of academic standards. At best, school staff must now view all their students through an explicitly racial lens. At worst, shrewd principals, understanding that their organizations' survival is so dependent on the average test scores of certain students, have an incentive to exclude these underperforming subgroups. Moreover, a Supreme Court decision to end the use of race in admissions can aid in this exclusion. Bush administration officials assert that NCLB does not allow schools to "hide behind averages," meaning that overall school improvement cannot come at the expense of smaller subgroups of concern.

But how does that stance jibe with the other prominent policies the Bush administration has pursued regarding race? In 2003, the administration sided with the plaintiffs against the University of Michigan in the Supreme Court precisely because their admissions system paid particular attention to race. And the administration recently used an obscure statement on energy policy to make clear that race should not be a factor in government programs.

Yet NCLB is a tacit admission that race matters. How can the Bush administration force primary and secondary schools to pay specific attention to test scores of students of particular racial groups while arguing that similar racial attention should be illegal for admission to the same public schools being tested? Even conservative opponents of affirmative action have called this approach "schizophrenic" and unprincipled.

To make it principled, the administration must reconsider its positions on affirmative action and school integration. And it must stop urging the Supreme Court to ban a tool some local school districts deem effective and desirable for providing access and expanding student diversity.

Through NCLB, the Bush administration has promoted "characterizing each student by reason of the color of his or her skin" for the purposes of assessing school performance. This is an admission that race matters in the public school arena. We agree. And race matters not only when it's convenient for political aims.

Good Election News From Florida (NYT)

The New York Times, February 5, 2007

Florida, famous for doing so much wrong in its elections, is poised to take two very important right steps. First, Gov. Charlie Crist says he plans to end the use of touch-screen voting machines that do not produce a paper record. Florida's move may finally sound the death knell for these unreliable, inherently antidemocratic voting machines.

After the 2000 election, there was a rush to eliminate the punch-card machines that produced the infamous hanging chads. But many states replaced them with paperless touch-screen machines that require voters to accept on faith that the reported vote totals accurately reflect the votes cast.

It has been hard to have faith. There have been widespread reports of "vote flipping," in which machines record votes cast for one candidate as votes for the opponent. The Florida courts are still trying to resolve a challenge to a Congressional race last fall in which as many as 18,000 votes may have disappeared. The race was extremely close, and the possibly missing votes were in the losing candidate's strongest county.

Governor Crist is asking the Legislature to finance the purchase of new optical-scan machines, and it is expected to agree. Choosing optical scans is Governor Crist's second good move. In optical-scan voting, voters mark a paper ballot that is then read by a computer. Polling place lines are shorter, because many voters can fill out ballots at the same time. These paper ballots are the official ballots, and can be recounted by hand to resolve a dispute.

More than half the states — including large ones like California, New York, Illinois and Ohio — require computerized voting machines to produce a paper record. The addition of Florida would be a major defeat for election officials and voting-machine companies that have stubbornly opposed paper-trail requirements.

Governor Crist's move should provide further momentum for a bill that Representative Rush Holt, Democrat of New Jersey, plans to introduce in Congress today that would require voting machines nationwide to produce voter-verified paper records.

With the Democrats in control of Congress, the bill has a good chance of passing. But it is gratifying that Florida's shift is led by a Republican governor, and expected to pass a Republican-controlled Legislature. This has for too long been considered a Democratic issue. It shouldn't be. It is, as Governor Crist said, "common sense."

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ANTITRUST:

Mill Developments Rest With Antitrust Decision (STEUBHS)

By Paul Giannamore, Business editor

Steubenville (OH) Herald-Star, February 5, 2007

STEUBENVILLE — Many developments for the local steel mills hinge upon the decision of the U.S. Department of Justice in an antitrust claim against Mittal Steel.

While the date has passed for expiration of a memorandum of understanding between Esmark and Mittal for the purchase of Mittal's Weirton mill, negotiations between the two firms are continuing.

Esmark spokesman Bill Keegan said Friday that Esmark and Mittal "continue to negotiate in earnest" on the potential purchase agreement and discussions are continuing.

Esmark, Mittal and Weirton's Independent Steelworkers Union officials all said they were not sure how Justice would make its decision known. A Justice spokeswoman said Friday the decision was "still pending" and a statement could be expected at some point.

The Department of Justice and Mittal entered into an antitrust consent decree in August when Mittal and Arcelor merged. The concern was over Mittal's control over tin-producing assets in the eastern United States. Through the merger, Mittal came into possession of the Canadian Dofasco mill in Hamilton, Ontario, which produces tin. It already owned the Weirton mill and the Sparrows Point, Md., plant, both of which produce tin.

Because of the placement of Dofasco into a Dutch trust by Arcelor when it had been fighting Mittal's offers earlier in 2006, Mittal faced difficulty in selling Dofasco. The company had been ordered to use its best efforts to sell Dofasco and, absent a sale, Justice would choose between Weirton and Sparrows Point to be sold to ease the antitrust concerns.

A November deadline on the decision was extended to Jan. 28, which passed without word from the Justice Department.

Mittal wanted to sell Dofasco to Germany's ThyssenKrupp, which sued and lost in a court in the Netherlands trying to force Mittal into the sale. The Dutch trustees voted against dissolving the trust that owns Dofasco.

Esmark, which controls Wheeling-Pittsburgh Steel Corp. and has won a board election for the steelmaker's holding company, has said it would make an offer for Weirton as soon as it is cleared for sale.

The ISU hasn't come out in favor of the Esmark proposal because it doesn't include the re-firing of the mill's hot end, shuttered by Mittal in 2005. Esmark's plan calls for Weirton's finishing capacity to augment its plans for Wheeling-Pitt. Other offers exist, according to the ISU, including one from steel investor Mitch Hecht, who would restart the hot end of the plant and return hundreds of ISU members to work. Esmark says its plans for Weirton would include about 100 more jobs in the finishing end of the plant.

One other item hanging in the balance on the Justice decision is the fate of the General Office and grounds at the south end of Three Springs Drive in Weirton.

The ISU said Friday the final move of Mittal management offices from the general offices has been completed. The offices are now headquartered at the Main Administration Building, at the corner of Main Street and Pennsylvania Avenue, across the street from the steel mill.

The MAB had been the headquarters of the mill until the General Offices were opened in the late 1950s or early 1960s. The General Offices were the headquarters for Weirton Steel as a division of National Steel Corp. and for the independent Weirton after it was sold by National to the mill's employees in 1984. The now-abandoned office building, once home to several hundred workers, has been slowly phased out in recent years, and Mittal management said shortly after taking over the Weirton mill in 2005 that it intended to move its management downtown, to be closer to the plant.

Mittal spokesman Dave Allen said Friday the move is a reflection that the mill no longer needs to house management for an entire steel company but functions as a single plant of a larger steelmaker. The ISU said the MAB offices include payroll, seniority and benefits, making it more convenient for employees.

"Anyone dropping off SUB pay forms or signing a bid sheet can stop at the MAB during normal workday hours, Monday through Friday, through the Pennsylvania Avenue parking lot doors," said Mark Glyptis, ISU president.

Allen said Mittal could not comment on the future of the General Office because of the pending Justice decision that could result in the sale of the building as part of the sale of the Weirton mill.

The independent Weirton Steel had sold outparcels of the property which are used by two firms as part of an industrial park. A sign in front of the General Office grounds, which also house a memorial to Weirton Steel's war veterans, says property is available for lease.

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Back at Wheeling-Pitt, Esmark's offer to finalize its purchase of the steelmaker has been given to an independent review committee for the board of directors. The committee will make a recommendation to the full Wheeling-Pitt board, which then, if it favors the proposal, could put it before the shareholders for a proxy vote. James and Craig Bouchard, the brothers who founded Esmark and were behind the drive for their steel service center firm to acquire Wheeling-Pitt, will recuse themselves from the board's handling of the offer. Both are top executives with Wheeling-Pitt under the new board of directors.

Esmark's offer, Keegan said, remains at the $20 per share that was first offered in July as part of its takeover battle for Wheeling-Pitt. The price was a premium above the $17.86 sale price that Wheeling-Pitt was trading in mid-July.

W-P's shares in recent days have risen to trade steadily above $25 a share and closed at $26.23 a share Friday.

Keegan further said Esmark could not comment on issues regarding the company's views of Wheeling-Pitt's joint ventures, including Wheeling-Nisshin in Follansbee and Ohio Coatings in Yorkville, until after it issues its fourth quarter and whole-year 2006 earnings reports, expected Feb. 28. Also, the amount of payouts to former Wheeling-Pitt executives who have been sacked by Esmark is anticipated to be revealed in the report.

BAR/BRI Monolopy Class Action Settled For $49M (NLJ)

By Amanda Bronstad, Staff reporter

National Law Journal, February 5, 2007

LOS ANGELES — The publishers of the BAR/BRI law review course have agreed to pay $49 million to settle a case brought by a class of nearly 300,000 law students alleging they each were overcharged by about $1,000.

West Publishing Corp., the owner of the BAR/BRI, and Kaplan Inc., which makes the preparatory coursework for the Law School Admission Test, agreed to settle claims that they conspired to monopolize the law exam market. Ryan Rodriguez v. West Publishing Corp., No. 05cv3222 (C.D. Calif.).

The antitrust case had sought triple the $300 million in damages and applied to all students who took the BAR/BRI course from 1997 to 2006.

The parent company of West Publishing, The Thomson Corp., has agreed to pay $36 million as part of the proposed settlement, according to John Shaughnessy, senior director of corporate communications at the legal and regulatory market group of The Thomson Corp.

"We are pleased to bring a close to his matter as the alleged actions that formed the basis of the suit occurred years prior to Thomson acquiring the business," he said in an e-mailed statement.

Kaplan agreed to pay nearly $13 million as part of the proposed settlement.

Eliot Disner, a partner in the Los Angeles office of McGuireWoods who brought the year-old case, said the proposed settlement, minus attorney fees, comes to $37 million for class members. He estimated that, with 290,000 anticipated class members, each would receive about $125, although that amount could be higher if some members don't claim their share.

"This gives a measure of relief to the injured class," Disner said, nothing that both companies also agreed to end certain co-marketing agreements that came into question in the case.

The proposed settlement has yet to be preliminarily approved by a judge.

Disner said he anticipated such approval by early March, with a final settlement to be approved sometime this summer. Class members could potentially receive their settlement checks by September or October, he said.

Simon Sets Rival Offer For Mills (WSJ)

By Dennis K. Berman

The Wall Street Journal, February 5, 2007

Simon Property Group Inc. and hedge fund Farallon Capital Management yesterday lobbed in a roughly $1.56 billion offer for Mills Corp., a move designed to derail a $1.35 billion agreement with Brookfield Asset Management.

Investors had for weeks been expecting a higher offer for Mills, a real-estate investment trust with dozens of shopping malls around the country. As Mills's largest shareholder, Farallon has aggressively pushed for a higher offer for the Chevy Chase, Md.-based company.

· The Play: Simon Property and hedge fund Farallon made a $1.56 billion offer for mall owner Mills, a move designed to derail a $1.35 billion pact with Canada's Brookfield.

· Takeover Trends: Hedge funds are increasingly comfortable assuming controlling ownership stakes, and the bid is another example of suitors showing little fear about busting up an agreed-upon deal.

· Hot Neighborhood: Commercial real estate remains a big lure for investors, even as residential property values continue to suffer.

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The emergence of Simon, the country's largest REIT by market value, gives Farallon's efforts some important momentum. The two are expected to put up equal amounts of equity to help fund their bid, creating a per-share price of $24, greater than the $21-per-share deal struck by Brookfield, based in Canada, last month. Mills also has an additional $6 billion-plus in debt and preferred stock that the two partners would assume.

The offer puts into relief two of the emerging deal-making themes of 2007: Hedge funds are getting increasingly comfortable assuming controlling ownership stakes and are finding willing allies among corporate stalwarts such as Simon. The new year has also brought a spate of "jumped" transactions, in which bidders have shown little fear about busting up an agreed-upon deal. Robust financing markets have made such maneuvers possible, and bankers on Wall Street expect still more unsolicited activity in the months ahead.

Simon's move also highlights the seemingly relentless rise of commercial real-estate, even while residential property values continue to suffer. Simon already is the country's largest mall developer, with interests in 285 properties throughout the U.S. The Indianapolis-based firm had developed five properties with Mills during the 1990s, and is in a "better position to enhance its assets" than other owners, a person close to Simon said yesterday.

To help push its efforts, Simon and Farallon are structuring their proposal as a cash tender offer, which would allow Mills shareholders to get their cash within a matter of weeks, this person said. That could be as much as six months earlier than Brookfield's plan. The team has also lined up support of another large shareholder, Stark Master Fund Ltd., which has given the duo an option to acquire its 2.8 million Mills shares.

To succeed, Farallon and Simon must first win support of Mills's board, which needs to find their proposal a "superior competing transaction" to begin negotiations. That would, in essence, kick off a new auction for Mills just weeks after a months-long auction appeared to conclude.

Brookfield, which owns a controlling stake in office-building owner Brookfield Properties Corp., focuses on long-term, income-producing investments such as hydropower, timber and commercial real estate, and has more than $50 billion in assets under management. But most of its commercial-real-estate holdings are in office buildings, not retail. That raised questions among some analysts.

The earlier Brookfield agreement appeared to end a 15-month drama for Mills, which ran into ill-fated developments and accounting woes that may have been a result of misconduct, according to the company. On Friday, Mills shares closed up 17 cents to $22.15 each, a price that is still 44% below the company's value of a year ago, and 8% lower than its market capitalization of 1997.

Triad Nears Private-Equity Pact (WSJ)

By Dennis K. Berman And Theo Francis

The Wall Street Journal, February 5, 2007

CCMP, Goldman to Lead $4.4 Billion Hospital Deal; Blackstone May Be Spoiler

Triad Hospitals Inc. was expected last night to announce a deal as early as this morning to sell the company to private-equity buyers for about $4.4 billion.

The likely buyers of the Plano, Texas, hospital chain were CCMP Capital Advisors LLC and the private-investment arm of Goldman Sachs Group Inc., people familiar with the matter said.

Rival Blackstone Group also was in the hunt and might still snatch Triad at the last moment, these people added.

The deal may presage more buyouts or acquisitions in the sector: Hospitals have been fertile territory for buyout shops lately, most notably in last year's record-setting purchase of hospital giant HCA Inc.

The deal would value the company at $50.25 a share, a 16% premium over Friday's close of $43.27 in New York Stock Exchange composite trading. Triad, spun off by HCA in May 1999, had 51 general acute-care hospitals and 10 ambulatory-surgery centers in early 2006, primarily in small southern U.S. cities.

Triad has been considered a likely buyout target by many analysts after an October conference call in which executives said they had held talks with "various groups" that would continue, though they said nothing was then imminent.

At about the same time, Community Health Systems Inc. of Brentwood, Tenn., said it was considering going private, among a variety of strategies. In addition, Health Management Associates Inc. of Naples, Fla., borrowed to pay shareholders a dividend valued at half its share price, which analysts described as the equivalent of a public buyout.

Generally, hospital stocks "are trading as if something is going to happen," Cowen & Co. health-care analyst Kemp Dolliver said last week. Mr. Dolliver didn't directly address the Triad deal.

Private-equity firms see opportunity in the hospital sector in part because of the extensive cash flow many companies have devoted to expansion and capital expense. By reducing capital expense, the buyers may free up enough cash to pay down leverage necessary to consummate the deals.

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HCA's buyers have said their goal is long-term, to improve the quality and efficiency of the chain's hospitals in anticipation of a sector comeback.

Still, private-equity firms face tough challenges. Hospital companies are struggling with, among other problems, stagnant admission in recent quarters and rising bad debt stemming from the expanding ranks of uninsured patients.

Analysts have noted that between a third and half of hospital-company revenue comes from the government, chiefly Medicare, the federal program for the elderly and disabled, and Medicaid, the joint state-federal health-care program for the poor. Both government and private insurers have been stingy with price increases, and even crack turnaround management won't have much pricing power, analysts say.

However, buyouts could give hospitals breathing room to make necessary changes while waiting for market conditions to improve. "It's almost analogous to Chapter 11—give them the protection to restructure," Paul Mango, a hospital consultant in Pittsburgh at McKinsey & Co., said last week, speaking generally.

Triad's board includes Gale Sayers, a former running back for the Chicago Bears and 1965 rookie of the year, who now runs The Sayers 40 Inc., a technology consulting firm founded by Mr. Sayers and his wife, Ardythe in 1982.

The likely buyers in the Triad deal were advised by J.P. Morgan Chase & Co., Goldman Sachs and Citigroup Inc. and attorneys at O'Melveny & Myers. Triad was advised by Lehman Bros. Holdings Inc. and law firm Baker Botts.

The company ran a limited auction, and the board's special committee pressed for a number of protections to seek a higher offer. Those include a small break-up fee and a 40-day so-called "go shop" period in which the company can find a higher price.

ENVIRONMENT:

A Climate-change Cost Analysis (USAT)

By Dan Vergano

USA Today, February 5, 2007

The human and economic cost of global warming will move to center stage when the Intergovernmental Panel on Climate Change releases the second and third installments of its report this spring, experts say.

"Now, stronger results are being expressed with higher confidence in terms of impacts that will be triggered by temperature increases," says economist Gary Yohe of Wesleyan University in Middletown, Conn. Yohe is an author of the climate change panel's report due in April called "Impacts, Adaptation and Vulnerability."

The panel's report is the creation of three separate "working groups," which each prepare a separate report. The first, which was released Friday and involved the efforts of thousands of scientists and government reviewers, concludes with 90% certainty that humanity is triggering global warming by burning fossil fuels, cutting down forests and other activities.

The April report will pick up the ball from there to answer the "So what?" question, Yohe says. The document will assess the effect of warming on socioeconomic and natural systems and show that the effects on people "are distributed across the globe and in every major sector of human activity," he says.

Like other climate panel reports, the impacts assessment will review and combine studies conducted since 2001. Ocean acidification that is killing corals and sea life, disappearing species, the failure of crops and water supplies and other calamities have been detailed in journals in recent years, notes climate scientist Patrick Gonzalez of the Nature Conservancy.

The third report, to be released in May, focuses on "mitigation" measures, such as taxing carbon dioxide production.

"Mitigation has become an issue of more broadly appreciated importance," says economist Jae Edmonds of the Pacific Northwest National Laboratory in College Park, Md., pointing to a flurry of legislative activity on Capitol Hill aimed at limiting carbon dioxide emissions. "If carbon change really is serious, probably it's about time to think seriously about it."

But the third report, which also examines technology options, from biofuels to windmills to "sequestration" of industrial greenhouse gases in underground rock layers, won't be a cookbook of fixes for global warming, Edmonds says. "People will find we face a complex problem — not an insoluble one, but it will take real efforts."

Landing just as congressional and state leaders have taken up climate change legislation, the three reports come at a pivotal moment, Gonzalez says. "All three reports are important; the progress of science is narrowing down answers."

The Nature Conservancy already uses published studies to target climate efforts worldwide, including:

·Sierra Nevada Mountains. With the Agriculture Department's Forest Service, conserving mountain valleys, meadows and wetlands vegetation as warming moves up mountain slopes over about 700,000 acres.

·Florida Keys. Monitoring coral reef bleaching and planning to farm heat-resistant corals.

·Yunnan, China. Mapping ecology of mountain areas already affected by warming.

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How Do We Stop The Warming? (LAT)

By Alan Zarembo

Los Angeles Times, February 5, 2007

Everybody in the United States could switch from cars to bicycles.

The Chinese could close all their factories.

Europe could give up electricity and return to the age of the lantern.

But all those steps together would not come close to stopping global warming.

A landmark report from the United Nations' Intergovernmental Panel on Climate Change, released Friday, warns that there is so much carbon dioxide and other greenhouse gases in the atmosphere that even if concentrations held at current levels, the effects of global warming would continue for centuries.

There is still hope. The report notes that a concerted world effort could stave off the direst consequences of global warming, such as widespread flooding, drought and extreme weather.

Ultimately eliminating the global warming threat, however, would require radical action.

To stabilize atmospheric levels of carbon dioxide — the primary contributor to global warming — CO2 emissions would have to drop 70% to 80%, said Richard Somerville, a theoretical meteorologist at the Scripps Institution of Oceanography in La Jolla.

Such a reduction would bring emissions into equilibrium with the planet's ability to absorb carbon dioxide. The last time the planet was in balance was more than 150 years ago, before the widespread use of coal and steam engines.

What would it take to bring that kind of reduction?

"All truck, all trains, all airplanes, cars, motorcycles and boats in the United States — that's 7.3% of global emissions," said Gregg Marland, a fossil fuel pollution expert at Oak Ridge National Laboratory in Tennessee.

Closing all fossil-fuel-powered electricity plants worldwide and replacing them with windmills, solar panels and nuclear power plants would make a serious dent — a 39% reduction globally, Marland said.

His calculation doesn't include all the fossil fuels that would have to be burned to build the greener facilities, though.

Trees could be planted to absorb more carbon dioxide. But even if every available space in the United States were turned into woodland, Marland said, it would not come close to offsetting U.S. emissions.

"There is not enough land area," he said.

The United States accounts for nearly a quarter of the carbon dioxide released each year, according to government statistics. China, in second at about 15%, is gaining fast.

If the rest of the world returned to the Stone Age, carbon concentrations would still rise.

Carbon does not dissipate rapidly. Some is eventually absorbed by oceans and plants, but about half stays in the atmosphere. And there is no easy way to get it out.

Maintaining current levels would require reducing worldwide carbon dioxide emissions by more than 20 billion tons a year, federal statistics suggest.

For some perspective on that number, consider an icon of the green movement: a 2007 Toyota Prius. Driving it 12,000 miles releases 4,200 pounds of carbon dioxide.

If hybrid cars replaced all 245 million cars in the United States — more than a third of the cars in the world — the carbon savings would be less than 3% of the needed reduction.

Rapid industrial development in some of the most populous nations has compounded the problem. Their burgeoning emissions could swamp environmental gains in other countries.

In India, carbon dioxide emissions increased 39% between 1993 and 2004 — nearly double the global rate. The figure was 36% in Indonesia. China, which saw a 45% rise, now opens a coal-fired power plant every week to 10 days.

Given the scale of the problem, experts see no realistic way to lower the concentration of atmospheric carbon.

In fact, Robert Socolow, a carbon mitigation expert at Princeton University, said that even if the entire world stopped burning fossil fuels, carbon wouldn't approach pre-Industrial Revolution levels for several hundred years.

The only possibility now is to slow the buildup of carbon. If emissions can be reduced enough, the gradual process of warming can be stretched into centuries.

From this perspective, there is some hope. Though the savings from any one measure may look small, in combination, they could add up to something significant, experts said.

There is no shortage of ideas.

The Environmental Protection Agency's administrator, Stephen L. Johnson, said high-efficiency appliances and other products in the Energy Star program last year eliminated greenhouse gas emissions equal to the pollution from 23 million cars.

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"As a citizen, each of us has an opportunity to make a difference," he said Friday after the release of the U.N. report.

He urged people to use compact fluorescent light bulbs, which provide the same light as a standard bulb on two-thirds of the energy. Replacing one standard light bulb in every U.S. home would prevent greenhouse gases equivalent to the emissions of nearly 800,000 cars.

Tips from TerraPass Inc. of Menlo Park, Calif., include going back to clotheslines. The company, which promotes alternative energy, says eliminating a family's dryer could save electricity equivalent to 1,016 pounds of carbon dioxide a year.

Socolow said the ultimate solution might rely on technology.

He said his research suggested that by improving energy efficiency now and phasing out fossil fuels over the next 100 years, carbon concentrations could remain within safe levels.

The biggest polluter, he said, should lead the way: "The U.S. is going to have to decarbonize."

AEI Critiques Of Warming Questioned (WP)

By Juliet Eilperin

Washington Post, February 5, 2007

A Washington-based think tank has been soliciting critiques of the just-released international assessment of the evidence on climate change, a move that prompted some academics and environmentalists to accuse the group of seeking to distort the latest evidence for global warming.

Advocacy groups such as Greenpeace and the Public Interest Research Group questioned why the American Enterprise Institute (AEI) has offered $10,000 to academics willing to contribute to a book on climate- change policy, an overture that was first reported Friday in London's Guardian newspaper.

Greenpeace spokeswoman Jane Kochersperger, who noted that AEI has received funding from Exxon Mobil in recent years, said yesterday that the think tank "has clearly hit a new low . . . when it's throwing out cash awards under the rubric of 'reason' to create confusion on the status of climate science. Americans are still suffering the impacts of Hurricane Katrina, and it's clearly time for policymakers on both sides of the aisle to take substantive action on global warming and ignore Exxon Mobil's disinformation campaign via climate skeptics."

AEI visiting scholar Kenneth Green -- one of two researchers who has sought to commission the critiques -- said in an interview that his group is examining the policy debate on global warming, not the science.

"It's completely policy-oriented," said Green, adding that a third of the academics AEI solicited for the project are interested in participating. "Somebody wants to distort this."

In July 2006, Green and AEI resident scholar Steven F. Hayward -- both of whom have questioned the need for caps on emissions of carbon dioxide and other gasses linked to global warming -- started soliciting essays from academics on the then-upcoming report on global warming by the U.N.-sponsored Intergovernmental Panel on Climate Change (IPCC). The survey's authors, who hail from more than 100 countries, said in their report Friday that they are at least 90 percent certain that human activity accounted for climate change over the past 50 years.

"The purpose of the project is to highlight the strengths and weaknesses of the IPCC process, especially as it bears on policy responses to climate change," the two men wrote. "As with any large-scale 'consensus' process, the IPCC is susceptible to self-selection bias in its personnel, resistant to reasonable criticism and dissent, and prone to summary conclusions that are poorly supported by the analytical work of the complete Working Group reports."

At least two academics -- Texas A&M University atmospheric sciences professor Gerald North and Texas A&M climate researcher Steven Schroeder -- turned down AEI's offer because they feared their work would be politicized.

Schroeder, who has worked with Green in the past and has questioned some aspects of traditional climate modeling, said in an interview that he did not think AEI would have skewed his results. But he added that he worried his contribution might have been published alongside "off-the-wall ideas" questioning the existence of global warming.

"We worried our work could be misused even if we produced a reasonable report," Schroeder said. "While any human endeavor can be criticized, the IPCC system greatly exceeds the cooperation, openness and scientific rigorousness of the process applied to any other problem area that has significant effects on society."

Faced with such resistance, AEI modified its proposal last month and sent out a new round of offers, asking academics to contribute to a book examining the broad policy options for dealing with global warming.

Hayward and Green wrote that "climate change has tended to be caught in a straightjacket between so-called 'skeptics' and so-called 'alarmists' with seemingly little room left in the middle for people who may have reasonable doubts or heterodox views about the range of policy descriptions that should be considered for climate change of uncertain dimensions."

Several environmental activists and climate scientists questioned why AEI would offer a $10,000 honorarium to scientists to critique the IPCC survey. Andrew Dessler, another Texas A&M atmospheric science professor, who has worked with both

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Schroeder and North, said the move represents an effort by climate skeptics to create "reasonable doubt" in the minds of policymakers who are debating whether to limit greenhouse gases.

AEI President Christopher DeMuth issued a letter Friday saying his group will continue to challenge orthodox thinking on climate change: "The effort to anathematize opposing views is the standard recourse of the ideologue; one of AEI's highest purposes, here as in many other contentious areas, is to ensure that such efforts to do not succeed."

Climate Of Opinion (WSJ)

The Wall Street Journal, February 5, 2007

Last week's headlines about the United Nation's latest report on global warming were typically breathless, predicting doom and human damnation like the most fervent religious evangelical. Yet the real news in the fourth assessment from the Intergovernmental Panel on Climate Change (IPCC) may be how far it is backpedaling on some key issues. Beware claims that the science of global warming is settled.

The document that caused such a stir was only a short policy report, a summary of the full scientific report due in May. Written mainly by policymakers (not scientists) who have a stake in the issue, the summary was long on dire predictions. The press reported the bullet points, noting that this latest summary pronounced with more than "90% confidence" that humans have been the main drivers of warming since the 1950s, and that higher temperatures and rising sea levels would result.

More pertinent is the underlying scientific report. And according to people who have seen that draft, it contains startling revisions of previous U.N. predictions. For example, the Center for Science and Public Policy has just released an illuminating analysis written by Lord Christopher Monckton, a one-time adviser to Margaret Thatcher who has become a voice of sanity on global warming.

Take rising sea levels. In its 2001 report, the U.N.'s best high-end estimate of the rise in sea levels by 2100 was three feet. Lord Monckton notes that the upcoming report's high-end best estimate is 17 inches, or half the previous prediction. Similarly, the new report shows that the 2001 assessment had overestimated the human influence on climate change since the Industrial Revolution by at least one-third.

Such reversals (and there are more) are remarkable, given that the IPCC's previous reports, in 1990, 1995 and 2001, have been steadily more urgent in their scientific claims and political tone. It's worth noting that many of the policymakers who tinker with the IPCC reports work for governments that have promoted climate fears as a way of justifying carbon-restriction policies. More skeptical scientists are routinely vetoed from contributing to the panel's work. The Pasteur Institute's Paul Reiter, a malaria expert who thinks global warming would have little impact on the spread of that disease, is one example.

U.N. scientists have relied heavily on computer models to predict future climate change, and these crystal balls are notoriously inaccurate. According to the models, for instance, global temperatures were supposed to have risen in recent years. Yet according to the U.S. National Climate Data Center, the world in 2006 was only 0.03 degrees Celsius warmer than it was in 2001 -- in the range of measurement error and thus not statistically significant.

The models also predicted that sea levels would rise much faster than they actually have. The models didn't predict the significant cooling the oceans have undergone since 2003 -- which is the opposite of what you'd expect with global warming. Cooler oceans have also put a damper on claims that global warming is the cause of more frequent or intense hurricanes. The models also failed to predict falling concentrations of methane in the atmosphere, another surprise.

Meanwhile, new scientific evidence keeps challenging previous assumptions. The latest report, for instance, takes greater note of the role of pollutant particles, which are thought to reflect sunlight back to space, supplying a cooling effect. More scientists are also studying the effect of solar activity on climate, and some believe it alone is responsible for recent warming.

All this appears to be resulting in a more cautious scientific approach, which is largely good news. We're told that the upcoming report is also missing any reference to the infamous "hockey stick," a study by Michael Mann that purported to show 900 years of minor fluctuations in temperature, followed by a dramatic spike over the past century. The IPCC featured the graph in 2001, but it has since been widely rebutted.

While everyone concedes that the Earth is about a degree Celsius warmer than it was a century ago, the debate continues over the cause and consequences. We don't deny that carbon emissions may play a role, but we don't believe that the case is sufficiently proven to justify a revolution in global energy use. The economic dislocations of such an abrupt policy change could be far more severe than warming itself, especially if it reduces the growth and innovation that would help the world cope with, say, rising sea levels. There are also other problems -- AIDS, malaria and clean drinking water, for example -- whose claims on scarce resources are at least as urgent as climate change.

The IPCC report should be understood as one more contribution to the warming debate, not some definitive last word that justifies radical policy change. It can be hard to keep one's head when everyone else is predicting the Apocalypse, but that's all the more reason to keep cool and focus on the actual science.

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Global Warning (WP)

Washington Post, February 5, 2007

IT'S NOT quite the hurricane-force blow to skeptics of global warming that many climatologists would have preferred, but for a document drafted by hundreds of scientists representing 113 governments, the latest report from the United Nations Intergovernmental Panel on Climate Change, released Friday, is nevertheless full of frightening evidence and, we hope, policy-inducing conclusions.

Here are some of the more notable conclusions: There is no doubt that the planet is warming, according to all sorts of measures, from rising air and ocean temperatures to widespread melting of snow and ice. Increases in global temperature are "very likely" the result of higher concentrations of greenhouse gases, which are far higher now than they have been over the past 650,000 years. Policymakers should expect global temperatures to continue to rise, even if greenhouse gas concentrations stay at the levels of the year 2000. Continuing to release greenhouse gases at current rates would warm the Earth even more and would be "very likely" to yield much more severe consequences during this century than those we saw in the previous one. Sea levels will rise, heat waves and droughts will strike longer and more often, hurricanes will become more intense, and it will rain more in high latitudes.

Many climate scientists say the report doesn't go far enough. Michael Mann, a leading climatologist at Pennsylvania State University, welcomes the assessment, but he says that it probably underestimates how high oceans could rise over the next century or so, especially if the ice covering Greenland melts faster than expected. He may be right: Recent research on melting ice caps suggests that cracks in the ice will speed up the melting process.

The assessment's value does not lie in its innovative approach to describing global climate change. On the contrary, because so many individuals and organizations signed on, the report's strong language is virtually unassailable. Even the Bush administration hailed it, which makes the president's continued neglect of the issue particularly troubling. Now that leaders in the United States and abroad have agreed on the basics of the problem and the seriousness of the consequences, sound policy -- the likes of which President Bush continues to oppose -- should follow.

Yellowstone Proposal Sets Greater Snowmobile Access (NYT)

By Jim Robbins

The New York Times, February 5, 2007

YELLOWSTONE NATIONAL PARK, Wyo. — The latest installment in the long-running debate over the use of snowmobiles in Yellowstone National Park is a proposal to allow as many as 720 to enter each day, nearly three times as many as permitted in the last several years.

The plan, which could be adopted by the end of the year, has drawn fire from environmentalists and praise from snowmobile advocates and some businesses in the communities around the park.

The plan is described in a preliminary draft environmental impact statement that was released to agencies and governments near the park for comment in December. The Park Service could change the plan before releasing a final version to the public next month for comment, but so far it is favoring greatly expanded winter use. About 250 snowmobiles a day use the park now. The historical average in the 1990s was 795 a day, before access was banned by the Clinton administration.

Critics say that snowmobiles will be detrimental to the park's pristine air, wildlife and quiet. Michael Finley, who was superintendent of Yellowstone for more than six years, and who oversaw the plan that banned snowmobiles, said the Park Service was skirting its responsibilities under the new plan.

"The facts and science gave them a direction to take, then they softened, twisted and contorted the science," Mr. Finley said. "The plan deserves to be challenged. It deserves burial in deep snow."

In late 2006, Interior Secretary Dirk Kempthorne reaffirmed the parks' commitment to policies emphasizing the conservation of natural and cultural resources over recreation.

But Tim Stevens, Yellowstone program director for the National Parks and Conservation Association, said the proposed standards were misguided.

"Instead of meeting the bars they set for themselves, they lowered the bars," Mr. Stevens said.

John Sacklin, a management assistant at Yellowstone who has worked on the issue since the 1990s, said that the park had not abdicated its responsibilities and that the new plan still protected the park's natural assets.

"We can achieve those goals," Mr. Sacklin said, "with a managed program that allows limited snowmobile and snow-coach use."

Mr. Sacklin said snowmobile technology had gotten much cleaner and quieter. And all snowmobiles must travel with a guide, who enforces strict rules. The new plan also requires noise reduction technology on snow-coaches.

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As far as increasing the limit from current use, he said, “It’s hard to know what the real demand or desire might be.”

“We were comfortable with a middle ground of 720,” he added.

Before 2000, snowmobile use was unregulated. Hundreds of vehicles with roaring two-stroke motors entered the park daily, and noise, pollution, harassment of wildlife and moving violations became serious problems. A lawsuit by a wildlife group, the Fund for Animals, forced the park to take a hard look at the issue.

The first study, in the late 1990s, found that banning snowmobiles and allowing only snow-coaches — buses or vans on large skis or treads — would protect the park the best. In 2000, near the end of the Clinton administration, the Park Service adopted that recommendation.

That decision was reversed after the Bush administration took over. Two subsequent studies, in 2002 and 2003, found that snowmobiles were compatible with park values. A lawsuit has followed each study and forced another.

Critics say the latest preliminary draft is faulty in three major areas, including its effects on air quality and on wildlife. Perhaps the most evident is the noise levels it would allow.

In the winter of 2003-4, a study by the Park Service looked at whether snowmobiles were audible more than 50 percent of the time at Old Faithful. Even the new, quieter snowmobiles, numbering about 250 a day, exceeded that threshold, creating “major adverse effects.”

The last two environmental studies raised the threshold. Major adverse effects were considered to exist if visitors to Old Faithful heard snowmobiles more than 75 percent of the time. This relaxed standard was still exceeded with 250 snowmobiles a day entering the park.

“People go to Yellowstone one time in their lives with a few hours at Old Faithful,” said Jon Catton, an independent environmentalist who has worked on the issue for eight years. “You can hear the hiss and splash of Old Faithful, the howl of a wolf, or the persistent buzz, whine and roar of snowmobiles.”

The Ethanol Mirage: What Is GM Talking About? (USNEWS)

By Marianne Lavelle And Bret Schulte

U.S. News and World Report, February 4, 2007

More from Money & Business

More from this issue Is Ethanol the Answer? Politically it's a winner. But experts aren't sure ethanol can deliver on its promise

Posted Sunday, February 4, 2007

Galva, Iowa-This farming town of fewer than 400 people might be most memorable for what it doesn't have: a Wal-Mart, a high school, even a stoplight. But humble Galva and its environs have two things in abundance: corn and, by extension, hope.

"We feel we're on the cusp here as far as things happening," says Rita Frahm, an 18-year resident and president of the county's economic development corporation. That's because Galva is the lucky home of an ethanol plant.

Since opening in 2002, the plant has produced ever increasing dividends, to date putting more than $13 million into the hands of the 420 local farmers and investors who own it. That cash is slowly but markedly changing Galva's landscape. For the first time in 30 years, the town witnessed construction of three new homes at once, and a whole new street, Sixth Street, on which to place the houses. Those dwellings are now occupied by families "who saw an opportunity to stay rather than the community dying," Frahm says.

Heartwarming stories like Galva's-in a state that hosts the first presidential contest-help explain why Washington is so fired up over ethanol. In 2006, production skyrocketed, and Washington is poised to push it still higher. What's not to like? Every gallon theoretically means more money for the iconic American farmer and less cash lining the pockets of foreign sheiks. "There's almost a sense," says Iowa State University political scientist Steffen Schmidt, "that ethanol is morally better than oil."

Washington loves a "win-win," but there are plenty of doubts as to whether the love affair with ethanol qualifies. Even though the ethanol industry profited handsomely last year, it continued to benefit from billions of dollars in taxpayer subsidies. And as ethanol becomes a larger part of the energy mix, it is not clear that Washington is prepared for the fallout. Ethanol already consumes so much corn that signs of strain on the food supply and prices are rippling across the marketplace. Environmental impacts will multiply as more land and water are devoted to the prized yellow grain. And, even if these problems were overcome, ethanol's potential growth could be stunted by an energy system currently tailored to gasoline. Ethanol undoubtedly plays a role in the quest for energy independence and the desire to curb global warming. But some observers worry that ethanol development may take the place of more effective initiatives: forcing automakers to increase gas mileage, for instance, or mandating cuts in carbon dioxide emissions. "Some members of Congress are looking for quick fixes," says one economist who has studied the issue. "It's an easy bandwagon to jump on. But there's a lot of exaggeration about what ethanol is capable of doing."

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Beginnings

Ethanol is alcohol distilled from fermented, mashed grain. It took a century for it to make a big splash on the U.S. energy scene, even though Henry Ford built his first Model T in 1908 to run on either gasoline or ethanol. Over the decades, petroleum proved cheaper, and grain alcohol was relegated to college fraternity parties rather than gas tanks. No one looked seriously at ethanol as fuel until the oil price shocks of the 1970s, when Congress decided to subsidize a homegrown alternative-most significantly through a tax credit to oil companies for every gallon of the costly alternative they blended into gasoline. But when oil prices fell again in the late 1980s through the 1990s, the nation's dependence on petroleum imports mushroomed to 60 percent, and ethanol was reduced to a performance-boosting additive for some midwestern gasoline-a nice, subsidized side business for the dominant producer, Archer Daniels Midland.

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Will: Inconvenient Kyoto Truths (NSWK)

By George F. Will

Newsweek, February 4, 2007

Was life better when a sheet of ice a mile thick covered Chicago? Was it worse when Greenland was so warm that Vikings farmed there?

Enough already. It is time to call some bluffs. John Kerry says that one reason America has become an "international pariah" is President Bush's decision to "walk away from global warming." Kerry's accusation is opaque, but it implies the usual complaint that Bush is insufficiently enthusiastic about the Kyoto Protocol's binding caps on emissions of greenhouse gases. Many senators and other experts in climate science say we must "do something" about global warming. Barack Obama says "the world" is watching to see "what action we take."

Fine. President Bush should give the world something amusing to watch. He should demand that the Senate vote on the protocol.

Climate Cassandras say the facts are clear and the case is closed. (Sen. Barbara Boxer: "We're not going to take a lot of time debating this anymore.") The consensus catechism about global warming has six tenets: 1. Global warming is happening. 2. It is our (humanity's, but especially America's) fault. 3. It will continue unless we mend our ways. 4. If it continues we are in grave danger. 5. We know how to slow or even reverse the warming. 6. The benefits from doing that will far exceed the costs.

Only the first tenet is clearly true, and only in the sense that the Earth warmed about 0.7 degrees Celsius in the 20th century. We do not know the extent to which human activity caused this. The activity is economic growth, the wealth-creation that makes possible improved well-being—better nutrition, medicine, education, etc. How much reduction of such social goods are we willing to accept by slowing economic activity in order to (try to) regulate the planet's climate?

We do not know how much we must change our economic activity to produce a particular reduction of warming. And we do not know whether warming is necessarily dangerous. Over the millennia, the planet has warmed and cooled for reasons that are unclear but clearly were unrelated to SUVs. Was life better when ice a mile thick covered Chicago? Was it worse when Greenland was so warm that Vikings farmed there? Are we sure the climate at this particular moment is exactly right, and that it must be preserved, no matter the cost?

It could cost tens of trillions (in expenditures and foregone economic growth, here and in less-favored parts of the planet) to try to fine-tune the planet's temperature. We cannot know if these trillions would purchase benefits commensurate with the benefits that would have come from social wealth that was not produced.

In 1997, when the Kyoto Protocol's essential provisions were known, a "sense of the Senate" resolution declared opposition to any agreement that would do what the protocol aims to do. The Senate warned against any agreement that would require significant reductions of greenhouse-gas emissions in the United States and other developed nations without mandating "specific scheduled commitments" on the part of the 129 "developing" countries, which include China, India, Brazil and South Korea—the second, fourth, 10th and 11th largest economies. Nothing Americans can do to reduce greenhouse-gas emissions will make a significant impact on the global climate while every 10 days China fires up a coal-fueled generating plant big enough to power San Diego. China will construct 2,200 new coal plants by 2030.

The Senate's resolution expressed opposition to any agreement that "would result in serious harm to the economy of the United States," which the Senate correctly thought Kyoto would do. The Senate said any agreement should be accompanied by "a detailed explanation of any legislation or regulatory actions that may be required to implement" it, and an analysis of the agreement's "detailed financial costs and other impacts" on the U.S. economy.

The president is now on the side of the angels, having promised to "confront" the challenge of climate change. The confronting is one reason for his fascination with new fuels. (Another reason, he says, is U.S. imports of oil from unstable nations. Our largest foreign source of oil is turbulent Canada. Our second largest is Mexico, which is experiencing turbulence because of the soaring cost of tortillas. They are made from corn, which is ... well, read on.)

Ethanol produces just slightly more energy than it takes to manufacture it. But now that the government is rigging energy markets with mandates, tariffs and subsidies, ethanol production might consume half of next year's corn crop. The price of corn already has doubled in a year. Hence the tortilla turbulence south of the border. Forests will be felled (will fewer trees mean more global warming?) to clear land for growing corn, which requires fertilizer, the manufacture of which requires energy. Oh, my.

President Clinton and his earnest vice president knew better than to seek ratification of Kyoto by a Senate that had passed its resolution of disapproval 95-0. Fifty-six of those 95 senators are still serving. Two of them are John Kerry and Barbara Boxer. That is an inconvenient truth.

FBI/DEA/ATF/USMS:

21 In Dorchester, Quincy Arrested (BOS)

By Shelley Murphy And Charles A. Radin, Globe Staff

The Boston Globe, February 3, 2007

Called members of drug rings tying Canada to Boston area

They worked out of nondescript little storefronts around Dorchester and Quincy: a flower shop, nail salon, grocery store, and wood floor finishing business. But yesterday law enforcement officials said the unidentified businesses were covers for members of Vietnamese drug rings who had been smuggling ecstasy and marijuana from Canada over the past two years and peddling it throughout Greater Boston.

Four indictments handed down by a federal grand jury Thursday and unsealed yesterday charged 23 people, ranging in age from 22 to 56, with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering.

"This ecstasy was manufactured in clandestine laboratories in Canada, then smuggled into the United States, ending up in Boston and further distributed to gangs and other buyers in the city," said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration's Boston office.

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The alleged drug organization was dismantled from top to bottom by investigators who targeted the Canadian supplier and arrested local gangs that sold the drugs in the Boston area, Stansbury told reporters during a news conference yesterday.

The investigation started when an immigrant, who was facing possible deportation in February 2005 after his arrest on charges involving drugs, guns, and an assault on a police officer, began cooperating with Boston police and the DEA and identified a list of local drug dealers, according to an affidavit filed in federal court.

A task force of federal agents, state troopers, and local police tapped telephones, sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials.

Investigators seized 85,000 ecstasy pills, worth nearly $2.6 million on the street, 130 pounds of marijuana, five guns, and $25,000.

Law enforcement officials raided houses in Dorchester and Quincy yesterday and arrested 21 of those charged.

The remaining two suspects were being sought last night, officials said.

US Attorney Michael J. Sullivan said the indictments "will have an immediate and positive impact on the city of Boston and the neighboring communities."

Some of the ecstasy pills seized were laced with methamphetamine, which was added by the manufacturer to make the drug more addictive.

Sullivan called the mixture "a dangerous trend" that has been developing across the country over the past few years.

Boston Police Commissioner Edward F. Davis said, "These drugs that were being sold on the streets of our city were destroying the qualify of life for people and driving the crime rate up."

Among those indicted were a family that lives on Bloomfield Street in Dorchester, including Tiem Trinh , 54; his wife, Anna , 51; and their sons Antwon Trinh , 24, and Quoc Boa Trinh, 27.

Quoc Boa Trinh, an alleged ringleader, is charged in three separate indictments with conspiring to sell ecstasy and marijuana and money laundering.

His parents and brother are charged with conspiring to possess with intent to distribute marijuana.

Boston lawyer Michael C. Andrews, who is representing Quoc Boa Trinh, said his client works at his father's convenience store, TJ Variety, and is "a hard-working young man from a good family."

His client is "looking forward to his day in court," Andrews said.

A neighbor of the Trinhs said they "were very nice people."

"I don't know much about them, but we never had any trouble," the neighbor said.

The family had lived in the house for more than two years, the neighbor said.

But affidavits filed in federal court offered a different portrait.

A witness told investigators that Quoc Boa Trinh wore a bulletproof vest, owned a couple of guns, and obtained up to 300 pounds of marijuana a week from his supplier, Tan Dinh Phung, 43, of Dorchester. Phung was also arrested yesterday.

Last night, investigators were searching for Hung Van Le, 37, of Revere and Van H. Nguyen, 25, of Dorchester.

Affidavits also assert that Nguyen and another man indicted , Long T. Vu, picked up 40,000 ecstasy pills in Buffalo in December. They were stopped by Massachusetts State Police, who seized the drugs. Vu, 23, of Christy Lane in Randolph, is in custody.

DEA: Wide-ranging Drug Ring Busted (BOSH)

Boston Herald, February 3, 2007

Federal authorities said they seized 85,000 tablets of ecstasy and 100 pounds of marijuana when they dismantled what they described as an international drug ring with tentacles that reached north to Canada and across the Pacific to Vietnam.

Twenty-three defendants - all Vietnamese or Vietnamese Americans from Dorchester, Quincy, and Randolph - are accused of orchestrating the operation, distributing the drugs and laundering thousands in cash. Nineteen of them were arrested in a sweep Thursday and yesterday by federal agents. Arraignments are set for Monday.

The Drug Enforcement Administration has been investigating the operation for the past 15 months though surveillance, undercover purchases and “trash pulls” - or garbage searches.

All of the ecstasy and some of the greenhouse-grown marijuana came from Canada, agents said, and hundreds of pounds of marijuana were moved into the United States each week. The ring transferred the money it reaped in the United States to Canada and Vietnam.

Federal prosecutors now want the defendants to turn over hundreds of thousands of dollars in cash and land purchases. The ring had more than $150,000 in Bank of America accounts, $16,000 in money orders and three pieces of property, one in Dorchester and two in New York state,federal court documents state.

Feds Charge 23 In Ecstasy, Marijuana Ring (AP)

AP, February 3, 2007

BOSTON (AP) - Federal authorities in Boston say 23 people in four states are facing drug charges for allegedly operating an ecstasy and marijuana ring with suppliers from Canada.

All but one of the defendants is Vietnamese, and most live in the Boston area.

One suspect lives in Woonsocket, Rhode Island; another in Hamden, Connecticut.

Nineteen arrests were made early Friday and authorities were searching for the other four.

Prosecutors say none of those charged live in Canada.

At the peak of the operation, officials say several hundred pounds of marijuana were transported to the Boston area from Canada and other U-S points.

The probe started in October 2005 and resulted in the seizure of 85-thousand ecstasy pills and 100 pounds of marijuana.

Mexico's Gangs Take Over U.S. Meth Trade (AR)

The Arizona Republic, February 4, 2007

MEXICO CITY - Four guards lay dead in pools of blood, their hands and feet bound with gray duct tape, as dawn broke over the Medix pharmaceutical plant in Mexico City. The gate was open, the security system dismantled.

It looked as well-planned as a bank heist. Except these robbers made off with a far bigger treasure: more than one ton of the chemical pseudoephedrine, enough to make 4 million hits of crystal methamphetamine, the hottest drug in America. The finished product could fetch $120 million on U.S. street corners.

The robbery at the Medix lab in July is part of a boom in Mexican meth as "superlabs" controlled by Mexican cartels take over what was once a mom-and-pop business in the United States.

"Mexican drug-trafficking organizations, being the entrepreneurs they are . . . decided they could produce large amounts of meth in Mexico, then smuggle it across the Southwest border using the same drug routes they've used for generations," said Steve Robertson, a spokesman for the U.S. Drug Enforcement Administration.

The cartels' labs in Mexico and California now produce about 80 percent of the meth in the United States, according to a November report by the U.S. National Drug Intelligence Center. And the cartels are far more organized than previous meth rings.

In August, Arizona prosecutors filed indictments against 69 people suspected of working with a meth and cocaine ring in Mexico's Sinaloa state. Police seized 50 pounds of meth and $2.5 million in cash.

"These were very sophisticated criminal operations," Arizona Attorney General Terry Goddard said. "They had lots of foot soldiers, they were very well armed, they were incredibly well financed. They are a very, very serious opponent."

A new business

Ice, crank, crystal, tweak, chalk, glass or speed: Methamphetamine goes by a lot of names. It's one of the most addictive drugs around and is as dangerous to make as it is to consume. The "cooking" process creates toxic chemicals, and labs often catch fire or explode.

For decades, homemade meth was a small-time drug. Meth "cooks" worked in home kitchens, making a few ounces for themselves or to sell through motorcycle gangs. A typical dose is one-quarter of a gram and costs $30, though price and purity vary widely.

The most popular meth recipe uses ephedrine, an ingredient in some asthma medications, or its chemical cousin pseudoephedrine, which is widely used in cold remedies.

But since the late 1990s, U.S. states have been passing laws limiting the sale of those drugs. Arizona passed a law in 2006 limiting purchases to 9 grams. Phoenix, Tucson, and 44 other Arizona cities and towns adopted even tougher rules, and President Bush signed a similar federal law in March.

As the raw materials become harder to get, small-time cooks are being put out of business. The Mexican cartels have rushed to fill the demand with California-based superlabs, which can produce more than 10 pounds of meth a day.

Less sophisticated cooks are usually caught when neighbors notice chemical smells or suspicious people hanging around at odd hours. But the Mexican cartels have built their superlabs shacks in remote areas of California's Central Valley.

Many of the labs have ventilation systems to combat the smells, and smugglers visit only a few times a week to pick up meth or drop off supplies. That makes the labs hard to find.

"We still have what we call the Beavis and Butthead labs . . . but the ones that we really have problems with are the large labs, the superlabs or even megalabs," said Kent Shaw, assistant chief of California's Bureau of Narcotics Enforcement. "Those are run by organized-crime groups, and almost exclusively those are Mexican-operated drug cartels."

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To augment their labs in California, the Mexican cartels began building labs in Mexico, where, until a recent crackdown, it was easy to import tons of raw pseudoephedrine from Asia.

In 2004, a Mexican government study found Mexico was importing four times the pseudoephedrine needed to treat the country's respiratory illnesses.

As the labs in Mexico ramp up production, meth seizures at border ports along the drug's main smuggling routes - California, Arizona, New Mexico and western Texas - have risen from 1,130 pounds in the 2002 fiscal year to 3,648 pounds in fiscal 2006.

"Most of the meth on the street right now is crystal meth from Mexico, I have no doubt about that," Goddard said. "It has created a national phenomenon, where a few years ago it was a regional phenomenon."

Butterflies and ice

For eons the towering fir trees of Michoacan state have sheltered clouds of monarch butterflies that migrate from across North America during the winter. They used to be the western state's only claim to international fame.

But now Michoacan is known for something else: cheap, high-quality meth.

Michoacan is ideally located between two big sources of raw materials: pharmaceutical plants in Mexico City, increasingly a target for looters, and the Pacific seaports where shipments of pseudoephedrine arrive from factories in Asia. Couriers take finished meth to Arizona and California along Mexico's Highway 15. Of the 31 major meth labs dismantled in Mexico in the past two years, 12 were in Michoacan, a Republic analysis shows.

During the same period, the state has become one of the bloodiest battlefields between warring cartels. Gangs have taken to decapitating their rivals: In one case in September, gunmen barged into a nightclub and threw five severed heads onto the dance floor.

In December, incoming President Felipe Calderón ordered 7,000 soldiers and federal police into Michoacan to stop the violence. During one raid, they seized 21 tons of Chinese pseudoephedrine at the port of Lazaro Cardenas. It was the biggest such bust in Mexican history.

Cracking down

Despite the boom, many experts believe the Mexican meth labs may have peaked.

"Further production increases are unlikely in the near term," the National Drug Intelligence Center said in its report.

It cited new rules the Mexican government has imposed on importers of pseudoephedrine and ephedrine. Authorities slashed the number of import permits from 246 tons in 2004 to 77 tons in 2006. Companies can import only 6,600 pounds of raw ephedrine or pseudoephedrine at a time, and they can get import permits only if the government determines there are enough patients to warrant more drug production.

To keep feeding the drug labs, gangs have begun looting pharmaceutical factories and hijacking medicine shipments. In August, shortly after the Medix heist, robbers stole a truck full of cold medicine from the Diprofar plant in Mexico City but were quickly caught.

In November, another gang killed a police officer and stole a truck full of cold medicine from the Marsan plant on the outskirts of the city.

The supply problem is acute because there are no producers of raw pseudoephedrine or ephedrine in Latin America.

"These (gangs) are facing serious difficulties in switching to the trafficking of pseudoephedrine," Mexican Attorney General Eduardo Medina told lawmakers in January.

Meanwhile, the U.S. has started training Mexican police to find meth labs. In September, 49 agents and six prosecutors graduated from the DEA's new anti-meth school in Quantico, Va. The U.S. government plans to train 1,000 more officers and is providing them hazardous-materials trucks.

"Whatever our differences in language, culture and, at times, opinion, we are united partners in our desire to drive the drug traffickers out of business and into jail," U.S. Attorney General Alberto Gonzales said at a binational conference on meth last year.

2 Of 3 Men Sentenced In Cocaine Racket Get Life (PALMBEACHP)

Palm Beach Post, February 3, 2007

Two Jupiter men were sentenced to life in federal prison Thursday for their roles in a countywide cocaine distribution ring.

Their supplier, a Boynton Beach man, was sentenced to 20 years.

Winfred Lorenzo Hunt, 33, and Leonard Allen, Jr., 31, sold the narcotic from Delray Beach to Jupiter, with Hunt dealing about 2 kilograms of crack cocaine and a kilogram of powder cocaine a week, according to the U.S. Attorney's Office.

Carlton Potts, 41, supplied Hunt with 2 to 3 kilograms of powder cocaine a week for more than 10 months. Hunt then turned the cocaine into crack cocaine and sold it on the streets of Delray Beach, officials said.

They were arrested along with 35 others in May in a massive sweep that included 450 officers from the U.S. Drug Enforcement Administration, Palm Beach County Sheriff's Office and the Boynton Beach, Delray Beach and Jupiter police departments.

Sixteen of those arrested are serving sentences ranging from two to 10 years, officials said.

Operation Magnum Force, the investigation leading to their convictions, spanned a year.

Hunt, considered a ringleader, had been arrested more than 25 times, according to Florida Department of Law Enforcement records. He was charged with several violent crimes, including shooting a 17-year-old in the abdomen, according to police records.

Allen had three prior convictions for selling cocaine, records show.

Potts' record includes 30 arrests on charges such as burglary, battery, drug sales and attempted murder.

"The investigation was in response to a community outcry for help," Delray Beach police Lt. Tommy Mitchell said. "It was a community effort involving law enforcement and the neighborhoods in which the drugs were being distributed."

Heroin In The Suburbs: Some Experts See Use On The Rise (PHI)

By Andrew Maykuth And Julie Stoiber

The Philadelphia Inquirer, February 4, 2007

The questioning last week of the eldest son of Eagles coach Andy Reid in Montgomery County and his alleged confession of heroin use has renewed attention to narcotics abuse by affluent suburbanites.

"These stories are not uncommon, but they still seem to shock people," said Jeremiah Daley, executive director of the Philadelphia County High Intensity Drug Trafficking Area, a law enforcement clearinghouse.

While national statistics indicate that heroin abuse has been steady in recent years, some Philadelphia-area drug-treatment experts say it appears to be on the rise.

"We're seeing a number of young, affluent kids getting themselves hooked on heroin," said Risa Vetri Ferman, first assistant district attorney in Montgomery County, where Garrett Reid, 23, was taken in for questioning after his Jeep Liberty reportedly was speeding, ran a red light, and crashed into a Ford sedan Tuesday in Plymouth Township. Police said Garrett Reid had acknowledged using heroin that day and possessed drug paraphernalia.

"I wouldn't call it an epidemic, but it's a trend," she said. She declined to speak specifically about Garrett Reid or his brother Britt, 21, whom police questioned after a separate road-rage confrontation in West Conshohocken the same day.

Kim Bowman, executive director of the Chester County Department of Drug and Alcohol Services, said she believed more young people were dabbling with the drug, which can be injected or inhaled in powder form.

In a survey of 2,839 Chester County high school seniors last year, Bowman said, 1.3 percent said they had used heroin the previous month - above the national average. Four years before, 0.3 percent admitted using the opiate.

Other law enforcement officials, however, say national statistics do not support the anecdotal accounts of regional officials.

"Heroin has been and continues to be a drug-trafficking and drug-abuse problem in the Philadelphia area," Daley said. "It has not changed much in the past eight to 10 years."

William R. Hocker, spokesman for the Philadelphia office of the U.S. Drug Enforcement Administration, said heroin use appeared stable.

"Heroin's a mainstay," he said. "It's always going to be there."

Most studies peg the number of Americans using heroin at a fraction of 1 percent. The federal Substance Abuse and Mental Health Services Administration in 2004 estimated that 400,000 people had used heroin the previous year, compared with 25.5 million marijuana and hashish users and 5.8 million cocaine users.

But heroin remains one of the most ferociously addictive drugs, and the tolerance that users develop with prolonged use can lead a two-bag-a-week dabbler to escalate into a 12-bag-a-day addict. A bag typically costs $10 to $20.

While heroin use may be steady, there was a dramatic increase in deaths last year tied to heroin spiked with the painkiller fentanyl.

In Philadelphia, about 70 people died last year from fentanyl-laced heroin, Hocker said.

In South Jersey, 133 people died between April and September from spiked heroin, half of them outside of Camden County, said Capt. Joe Bowen, with the Camden County Prosecutor's Office.

Bowen said that heroin had lost much of its stigma, and that young suburbanites routinely ventured into Camden to score from street-corner dealers.

"It's become more acceptable, more social," he said. "These young kids are not scared of heroin."

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Lloyd D. Johnston, a researcher at the University of Michigan and principal investigator for its annual survey of drug abuse, said heroin use among teens increased in the early 1990s, when the purity rose and forms of heroin that could be snorted or inhaled became more widely available.

Johnston's survey found that reported heroin use among eighth graders jumped in the early 1990s, reaching 1.2 percent in 1994. Use later declined and is now stable at about 0.8 percent.

Some heroin users say they started out first abusing legal painkillers such as OxyContin, an opiate frequently prescribed for patients recovering from surgery or injuries.

Most experts say the common impression of a heroin user as a destitute urban dweller is out of date.

"Our perception of an addict is someone who shoots dope, is homeless, and has lost everything," said William J. Lorman, clinical director of residential services at the Livengrin Foundation in Bensalem. "That is becoming less and less the case. We are seeing more middle-class working folks, young adults."

In that sense, the case of Garrett Reid is unusual only in that his father is a famous football coach, known as a practicing Mormon. The faith forbids use of alcohol, caffeine and drugs.

"It's sad that the Reid family has to deal with a substance-abuse problem in its midst with all the media attention," Daley said. "It's sadder still how may thousands of other families in the Delaware Valley have to deal with this every day."

Authorities served a search warrant Tuesday at Reid's home in Villanova. They said they had seized a shotgun and a handgun, along with containers of white powder or residue from a vehicle.

No charges have been filed against either of Reid's sons, and officials said their investigation was continuing. Police said they were waiting for drug and toxicology test results.

IMMIGRATION:

Ex-officer Pleads Guilty To Immigration Fraud (DMN)

By Jason Trahan, The Dallas Morning News Jtrahan@dallasnews.com

The Dallas Morning News, February 3, 2007

Dallas: He faces 10 years in deal for helping wife obtain fake visa

A former Dallas police officer has pleaded guilty to a federal charge of immigration fraud for helping his wife, a native of Mexico who was in the U.S. illegally and had ties to drug traffickers, obtain a fake visa.

Jose Luis Cabrera, 37, an 11-year Dallas Police Department veteran, was fired in December after a federal grand jury returned a nine-count indictment accusing him of conspiring with his wife, Moraima Cabrera, 34, to commit passport fraud.

Prosecutors on Thursday also said they had reached a plea deal with Mohammad Hakemy, 39, of Southlake, who officials said helped Mrs. Cabrera get a fake passport in 2002.

Mr. Hakemy, who owns several liquor stores and other businesses in the area, was once in a relationship with her. They have a 12-year-old daughter.

The Cabreras married in 2004.

Both Mr. Hakemy and Mr. Cabrera face up to 10 years in prison if their plea deals are accepted by a federal judge. Each could receive lighter sentences if they cooperate by giving prosecutors information about other crimes, but the U.S. attorney's office declined Thursday to say what cases they might know about.

Mrs. Cabrera has pleaded not guilty in her own case. She is accused of obtaining a driver's license and passport under a fake name and using it to travel to France and Italy with Mr. Hakemy, and, later, to Colombia with her husband after they married.

Her attorney, Jay Ethington, said she is ready for trial on Feb. 26. He said she hasn't been offered a plea bargain.

Patrick McClain, Mr. Cabrera's attorney, could not be reached for comment. Mr. Hakemy's attorney, Kevin Clancy, declined to comment on his client's plea deal.

Mrs. Cabrera helped prosecutors make cases against drug traffickers in the late 1990s after she herself faced a felony drug charge.

After they married in March 2004, Mr. Cabrera was so desperate for his wife to avoid deportation to Mexico that, according to federal officials, in April 2005 he brought her to the Dallas office of the federal Drug Enforcement Administration. He offered agents a deal: His wife would share what she learned from her drug trafficking past in exchange for legal immigration status. The interview room was wired, according to authorities, and efforts by the DEA to follow up with the couple were unsuccessful. Mrs. Cabrera remained in the country illegally.

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The pair traveled to Colombia shortly after their marriage to visit Mr. Cabrera's family. Mr. Cabrera also accompanied his wife when she transported more than $50,000 in cash across the border to Mexico. She told federal agents that the money belonged to another woman and that she was delivering it.

The current federal indictment makes no allegations of drug activity against either Mrs. Cabrera, her husband or Mr. Hakemy. But authorities say more charges and more arrests are pending.

Guatemalans In S. Florida Face Expulsion (FLSUNSEN)

By Tal Abbady, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 5, 2007

Juana Tomas resolved to forget the ghosts of San Miguel Acatán.

She fled her native Guatemalan village, tucked in the rural highlands where civil war raged, and headed north in 1991.

In the United States, Tomas sought political asylum. She was 17. Adolescence turned into adulthood. She gave birth to two sons and made a home for them in Lake Worth, joining a large, Qanjobal-speaking community of Mayan farm workers and day laborers in Palm Beach County. Raising her children and working in a nursery, she waited for a response from the government.

Fifteen years later in 2006, Tomas, now 33, learned that federal authorities denied her asylum claim. An immigration judge recently ordered her deported to Guatemala, a country still reeling from the effects of a war that ended a decade ago. Advocates say she is one of roughly 250,000 Guatemalans whose asylum claims from the 1990s U.S. authorities rejected. All could be deported.

U.S. officials say Guatemalans no longer qualify for political asylum because their country's civil war ended in 1996. Due to a massive backlog, the government only last year began notifying applicants that they must leave the country, immigration lawyers say.

During her long wait, Tomas took refuge in her new home and put the war behind her. A childhood memory of the great-aunt she saw dragged and decapitated slowly faded. So did the image of a neighbor whose body she found hanging from a tree one night while gathering firewood with her father. Every year, she renewed her work permit, raised her sons, and had little idea that her newfangled American life was built on borrowed time.

"The memories are less now. But I can't go back. We have a life here. There's only poverty in Guatemala, and crime," said Tomas in a dimly lighted apartment she shares with U.S.-born sons, Alex, 14, and Jesus, 10, and another family.

Now Tomas finds herself challenging the government whose protection she sought. She and other exiles in Florida, home to 28,650 Guatemalans, plan to join a California lawsuit against the Justice Department, said her attorney, Aileen Josephs.

Attorneys for the nonprofit group Casa de Cultura de Guatemala in Los Angeles are preparing a lawsuit demanding a halt to pending deportations of Guatemalans who entered the United States before the end of the civil war. The suit, which will seek class-action status, also will ask for legal status for Guatemalans who applied for asylum after 1990 but before that country's 1996 peace accords. Those who applied in the 1980s are protected under a federal program.

South Florida Guatemalan activists also have mobilized. Members of the Miami-based Coalition of Guatemalan Immigrants in the United States met with representatives of Congress in late January to press for a moratorium on deportations.

"Just when Congress is about to renew the push for immigration reform, immigration authorities decide to dump all these Guatemalan asylum cases," said Marlon Gonzalez, the coalition's president.

Government officials restricted their comments because of the pending lawsuit.

"We look at every case diligently before we let someone know they've been denied asylum," said Chris Bentley, spokesman for the U.S. Citizenship and Immigration Services.

Tomas, who was 8 when she says soldiers burned her house and jailed her father for one year, lived among villagers caught in the crossfire between leftist guerrillas and government militias that fanned out into the country's highlands. Roughly 200,000 Guatemalans died in the 36-year war, many of them indigenous farm workers.

"If the soldiers saw you speaking to the guerrillas, they killed you. If the guerrillas saw you speaking to the soldiers, they killed you. You spoke to no one. You locked yourself up inside your house," Tomas recalled.

In 1997, the Nicaraguan Adjustment and Central American Relief Act allowed Guatemalans who applied for asylum in the 1980s to seek legal residency, but it did not grant benefits to those who fled during the last years of the war.

Advocates argue that because the U.S. government had a role in the civil war that displaced about 1 million Guatemalans, all asylum seekers from that era should be allowed to stay here.

"The government that provoked this war is forcing us back to a country that we no longer know, a country where people now live in anarchy, amid gangs," said Byron Vasquez, director of the Case de la Cultura de Guatemala.

Vasquez referred to the U.S.-backed ouster of democratically elected leftist president Jacobo Arbenz Guzman in 1954, an event that was followed by years of instability and, in 1960, the rise of successive right-wing governments that, with U.S. support, waged decades of war against leftist guerrillas.

Despite the peace accord between the military and an umbrella leftist group, kidnappings and gang-related crime have overwhelmed parts of Guatemala.

"You could say, in quotation marks, that the war ended. But the war's legacy is the gangs. They'll murder you over a cell phone," said Reyna Valenzuela, a Hollywood housekeeper who left Guatemala in 1983 and is now a U.S. resident. Her nephew, Lester Betancourt, 17, was shot and strangled in the town of Villa Nueva last year by gang members, she said.

TAX:

Barry At Risk Of Losing Probation (WT)

By Jim Mcelhatton

The Washington Times, February 5, 2007

Federal prosecutors want to revoke D.C. Council member Marion Barry's probation in a criminal tax case because he has failed to pay 2005 federal and D.C. income taxes.

Assistant U.S. Attorneys James Cooper and Thomas Zeno said in a court memo Friday that Mr. Barry, a former D.C. mayor, has shown "unworthiness to reap the benefits of a lenient sanction." Mr. Barry was sentenced to three years' probation in federal court last year for not paying his income taxes, after reaching a plea deal with the U.S. attorney's office.

Mr. Barry was sentenced to three years' probation in federal court last year for not paying taxes for five years, after reaching a plea deal with the U.S. attorney's office. A spokesman declined to comment on the development.

"The court's patience should be at an end," the prosecutors wrote. "A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own return for six years."

Mr. Barry, a Ward 8 Democrat and four-term mayor, also has not made arrangements to pay taxes on more than $500,000 he earned in previous years, officials said.

The prosecutors call Mr. Barry's failure to file 2005 tax returns the latest in a series of "willful acts in defiance of the tax laws." They also say Mr. Barry's actions puts him in violation of an express condition of his release.

Mr. Barry asked the Internal Revenue Service for an extension to allow him to file his return by Oct. 15. However, no return had been filed as of last week, according to an affidavit submitted by an IRS special agent investigating the case.

The IRS began garnishing Mr. Barry's paycheck in November.

In December, the D.C. council voted to raise members' salaries to $115,000 a year.

Mr. Barry could not be reached for comment yesterday. WTOP Radio, which has reported on the request to revoke Mr. Barry's probation, reported that the tax troubles could be the result of his changing accountants.

If prosecutors succeed in getting probation revoked, Mr. Barry could return to prison. He faced up to 18 months in prison under sentencing guidelines before getting probation in the tax case.

Mr. Barry served six months in prison in 1990 after he was convicted of cocaine possession.

During a court-ordered drug test in the criminal tax case, Mr. Barry tested positive for cocaine and marijuana use. Under his probation, he must stay drug-free. The memo seeking to revoke Mr. Barry's probation gave no indication that he had relapsed.

Even if Mr. Barry goes to prison, he technically could retain his council seat because the criminal tax case charged him with a misdemeanor, not a felony crime.

Prosecutors did not charge Mr. Barry with tax evasion, a felony.

Citing Mr. Barry's prompt guilty plea in 2005, prosecutors at the time agreed to take no position at his sentencing on whether he deserved prison time.

Their memo last week, though, said Mr. Barry has continued to flout the "standards applicable to all persons who reside in the District of Columbia who pay a portion of their income to support his salary."

CONGRESS-ADMINISTRATION:

Bush To Nominate Former White House Associate Counsel To D.C. Court (LAW)

By Emma Schwartz, Legal Times

Legal Times, February 5, 2007

President George W. Bush is expected to nominate former White House insider Dabney Friedrich to fill the recently vacated seat on the U.S. District Court for the District of Columbia, two sources familiar with the process say.

The White House is in the final stages of finalizing her nomination to replace Judge Gladys Kessler, who took senior status last month.

Friedrich, 39, was appointed to the U.S. Sentencing Commission in December. Before that she spent three years as an associate counsel in the White House, where she oversaw judicial nominations, including nominations for the Supreme Court.

A Yale Law School graduate, Friedrich began her career as a clerk on the District Court to now-Chief Judge Thomas Hogan. In 1994, she joined Latham & Watkins in San Diego. A year later she became a prosecutor in the U.S. Attorney's Office for the Southern District of California, where she worked with now-U.S. Attorney for the District of Columbia Jeffrey Taylor.

In 1998, she moved to the Eastern District of Virginia, where she served until 2002. That year, Friedrich was hired as a staffer for the Senate Judiciary Committee under Sen. Orrin Hatch, R-Utah.

She is married to Matthew Friedrich, former Enron task force prosecutor and now counselor to Attorney General Alberto Gonzales.

Bush Budget Projects A Surplus By 2012 (WP)

By Lori Montgomery

The Washington Post, February 5, 2007

The budget that President Bush will submit to Congress today shows the federal deficit falling in each of the next four years and would produce a $61 billion surplus in 2012, administration officials said. But to get there, Bush is counting on strong economic growth, diminishing costs in the Iraq war and tight domestic spending to offset the cost of his tax cuts.

Democrats yesterday criticized the five-year budget plan as overly optimistic, and predicted that extending the tax cuts past their 2010 expiration date would dig the nation deeper into debt rather than produce a budget surplus. Republicans countered that the tax cuts are critical to maintaining a healthy economy and that a balanced budget is not possible without them.

"Raising taxes . . . won't help balance the budget -- it will slow the economic growth that is creating the new jobs of tomorrow and increasing revenue to the federal government," House Minority Leader John A. Boehner (R-Ohio) wrote in an essay distributed yesterday by his office. "Keeping our economy strong and promoting fiscal responsibility will get the job done. Raising taxes won't."

Republicans hope to make the tax cuts a central feature of this year's budget debate, the first in which Bush will present his request to a Democratic Congress. Both the White House and Democratic leaders have vowed to eliminate the federal deficit by 2012, but Democrats have signaled their intention to do it in part by targeting tax breaks for corporations and taxpayers earning more than $500,000 a year.

"We think it's absolutely critical that they be extended in 2010, when they otherwise would expire. Why? Because they have contributed to this growing economy," White House budget director Rob Portman said yesterday on CNN's "Late Edition."

"We think it would be a mistake and a risk to our strong economy to have these tax cuts not continue," Portman added.

Recent estimates by the nonpartisan Congressional Budget Office suggest that it would be difficult to balance the budget if the tax cuts -- a collection of rate reductions and tax credits that have reduced Treasury collections by an estimated $1 trillion since 2001 -- continue.

According to the CBO, a vibrant economy has indeed produced a gusher of revenue over the past two years that could help turn the nation's $248 billion deficit into a $170 billion surplus by 2012. But if the tax cuts and other expiring tax provisions are extended, the CBO predicts, the deficit would hit $146 billion in 2012 and grow thereafter as health costs skyrocket and the baby-boom generation retires.

The White House takes a different view, assuming that continuing the tax cuts would produce slightly more robust economic growth than the CBO foresees.

"The big difference between CBO and us is the tax relief. They don't make it permanent, and we do. And we stand behind the economic benefits of the tax relief," said an administration official, speaking on the condition of anonymity because the budget had not yet been released.

There are other differences between the two projections. Bush's budget projects slower spending growth from 2008 to 2012, with outlays rising 11.8 percent, compared with 14.7 percent in the CBO's estimates.

Administration officials also exclude some potentially expensive items. Their request, for the first time, attempts to show the true cost of the wars in Iraq and Afghanistan in the coming fiscal year, $145 billion, but includes just $50 billion for fiscal 2009 and nothing thereafter.

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The president's budget would also reduce spending for Medicare and Medicaid, the federal government's health programs for the elderly and the poor, by about $100 billion over five years. And it would provide insufficient extra cash to maintain coverage for poor children currently enrolled in the Children's Health Insurance Program.

Democrats blasted those proposals, noting that the Republican-controlled Congress last year did not approve much smaller reductions in federal health-care spending.

"Rather than trying to solve our health care crisis by lowering costs and covering more people, the President's plan will make the crisis worse by raising costs and failing to cover those who need it most -- our nation's children," Sen. Edward M. Kennedy (D-Mass.) said yesterday in a statement.

Democrats also pointed to an assumption common to projections by the CBO and White House: Both assume that the alternative minimum tax will be permitted to expand to millions of additional families, generating billions in additional tax dollars by 2012. Democrats and some Republicans have vowed to halt the growth of the tax and, ultimately, repeal it.

Portman said the White House proposal is a "tight budget, but a more realistic budget" that contains much to appeal to Democrats, such as a small increase in non-security domestic spending, the first in two years.

But Democrats were skeptical.

"With their track record, everything they present is going to be viewed skeptically. Because they've been deceptive year after year after year," said Senate Budget Committee Chairman Kent Conrad (D-N.D.). "Every projection shows the cost of making all the tax cuts permanent explodes at the very time the baby boomers start to retire," driving "the deficit and the growth of the debt to the moon."

Bush To Submit $2.9 Trillion Budget (WT/AP)

The Washington Times, February 5, 2007

President Bush will send Congress a $2.9 trillion spending request today that seeks billions of dollars more to fight the Iraq war and tries to restrain the spiraling cost of the government's big health care programs.

Responding to the new political realities of a Democrat-controlled Congress, Mr. Bush will propose balancing the budget in five years, matching a goal put forward by Democratic leaders. But Mr. Bush would achieve that feat while protecting his cherished first-term tax cuts.

The arrival of the massive four-volume set of green budget books, which will cover the budget year that begins Oct. 1, will be followed by months of debate in Congress. Democrats charged that Mr. Bush wants to make painful cuts across a wide swath of government programs to protect his tax cuts and to keep funneling money to the unpopular Iraq war.

"It just gives you sticker shock. Every time you turn around, it's another $100 billion," Senate Budget Committee Chairman Kent Conrad, North Dakota Democrat, said of Mr. Bush's war spending.

The federal deficit hit an all-time high under Mr. Bush of $413 billion in 2004. It has been declining since that time and the 2008 budget projects it will continue to decline and show a surplus in 2012, three years after Mr. Bush leaves office.

To accomplish those reductions, Mr. Bush would allow only modest growth in the government programs outside of defense and homeland security. He is proposing eliminations or sharp reductions in 141 government programs, for a savings over five years of $12 billion, although Congress has rejected many of the same proposals over the past two years.

Mr. Bush also will seek to trim spending on farm subsidies by $18 billion over five years, mainly by reducing payments to wealthier farmers, an effort certain to spark resistance among farm-state lawmakers.

The president's budget would achieve nearly $100 billion in savings over five years by trimming increases in Medicare, the health insurance program for 43 million retirees and disabled, and Medicaid which provides health care to the poor.

The president appealed for Democratic support during an appearance at a House Democrats' retreat on Saturday, saying the government must do something to restrain the soaring costs of costs of entitlement spending on health care and Social Security before the looming retirement of 78 million baby boomers.

"I'm under no illusions of how hard it's going to be," he told the Democrats. "The only thing I want to share with you is my desire to see if we can't work together to get it done."

For the first time, Mr. Bush will spell out details of the spending requests for Iraq and Afghanistan in the budget books. Previously, he has lumped that spending into supplemental requests with less detail.

Mr. Bush said he would ask for an additional $100 billion for Iraq and the global war on terrorism this year, on top of $70 billion already sought. For 2008, that spending would drop to $145 billion and fall to $50 billion in 2009, although administration officials conceded that the 2008 and 2009 requests could go higher depending on the progress of the war effort.

As in past years, the Pentagon is scheduled to get a hefty increase in spending authority of 11 percent, pushing its 2008 budget to $481.4 billion.

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Tank-size Defense Request (LAT)

By Peter Spiegel

The Los Angeles Times, February 5, 2007

WASHINGTON — When the Bush administration unveils its annual spending request today, it is expected to ask for a defense budget of $481 billion — near historic highs, even when adjusted for inflation.

It will also ask for additional funding for Iraq and Afghanistan, taking the cost of those wars this year to close to $165 billion, and will present estimates for next year's costs that would push war spending above the total cost of the Vietnam War.

But if the military's top officers have their way, today's proposal may be only a precursor to a future of even larger defense budgets.

The chiefs of the Army, Navy and Air Force are gearing up for a long-term campaign to convince Congress and the public that the growing demands of the Iraq war — plus the administration's aggressive global security ambitions — require tens of billions more each year to meet the nation's defense needs.

For more than a year, Gen. Peter J. Schoomaker, the outgoing Army chief of staff, has pointed out that defense spending accounts for about 3.8% of the gross domestic product — a figure that is projected to drop over the next five years, to near the lowest levels since World War II, even though the U.S. is involved in protracted fighting.

He is calling for a wider national debate on whether that percentage should be significantly increased — and the chiefs of the Navy and Air Force said in interviews last week that they would publicly support that call in upcoming hearings on the defense budget.

"In working that [budget] problem, I believe I'm seeing challenges that leads us to the notion that maybe it's time to have this discussion about a higher percentage of GDP" devoted to defense, Air Force Gen. T. Michael "Buzz" Moseley said in a telephone interview during a trip to Afghanistan and Iraq.

"It's going to be very, very hard to get where we're going as defined in the [Pentagon's strategic plans] and to do this business on a global scale with the resources that we have."

Navy Adm. Michael G. Mullen added: "At 3.8%, it just isn't enough for the strategic appetite, and the strategic appetite is tied directly to the world we're living in."

According to a senior Pentagon official, the Air Force alone is expected to tell Congress that it will need an additional $20 billion per year over the next five years, on top of the White House funding request, just to meet the strategic plans laid out by the Pentagon and the increasing demands resulting from the troop buildup in Iraq.

Questions of sacrifice

It is certainly not unexpected for military officers to seek more money for personnel and weapons systems, defense budget experts said. But the increasingly vocal complaints from all three service chiefs, even as the administration is increasing troop levels in Iraq, add complexity to the debate over the war and the challenges presented by other global adversaries.

It is also, in part, a reflection of a view held by many throughout the armed services that the military is the only U.S. institution bearing the burden of the Iraq war. In interviews and in comments reported by superior officers, many veterans have argued that the U.S. hardly seems like a country at war, with civilians making little sacrifice even as troops put their lives on the line.

That perspective on the war may set up awkward circumstances for the White House and Congress. For the White House, the services' appeal for more funding comes as Democrats argue that repeated deployments to Iraq are leaving the military without the equipment and personnel it needs if other situations arise.

At the same time, congressional Democrats — whose new House and Senate majorities are largely based on opposition to Bush's Iraq policy — must also balance that opposition with the public's ongoing support for the troops in harm's way.

"Nobody wants to cut off somebody's body armor or someone's Humvee, or somebody's ability to sustain themselves in Baghdad," Sen. Dianne Feinstein (D-Calif.) said Sunday on CNN's "Late Edition," referring to Democratic concerns that military spending is already too high. "Many people believe that the administration will turn around and say, 'See? They cut money from our troops that are there already.' "

Record spending

Any increase in military spending above the administration's request would be on top of what is, in inflation-adjusted dollars, one of the biggest defense budgets in history.

But even at those levels, the service chiefs argue that the war's wear and tear on their equipment, along with the strategic planning that calls on them to check such global threats as a rapidly modernizing China, a nuclear-armed North Korea and an increasingly hostile Iran, has begun to outstrip their ability to fund the Army brigades, Air Force wings and Navy strike groups needed to meet all contingencies.

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"What I have found in the 18 months I have been here as chief is … the worldwide demands are increasing," said Mullen. "Obviously, there's an extraordinary amount of pressure on the ground forces, but there are other things in the world right now, and there will be in the future, that don't have anything to do with Iraq and Afghanistan."

Tough trade-offs

Some defense budget experts say the military is in a crisis of its own making. Although critics acknowledge that the armed forces faced a nearly decade-long "procurement holiday" at the end of the Cold War, they argue that the services chose to replace aging, overused weaponry with highly sophisticated, complicated armaments that in some cases cost three times the systems they replaced.

By attempting to take huge technological leaps instead of incremental improvements, these critics argue, the replacement weapons face years of delays and vast cost increases, forcing the Pentagon to buy fewer of each weapon.

"They have demonstrated that they have absolutely no discipline in dealing with the money they've gotten, and their only response when they get more money is to ask for still more money," said Winslow Wheeler, a former defense budget staffer in the Senate who now works for the nonpartisan Center for Defense Information.

According to an October study by the Congressional Budget Office, the Pentagon may need as much as $560 billion every year — or $80 billion more than the administration is proposing in the nonwar portion of its 2008 budget plan — just to pay for all the weapons on order and to meet growing personnel and operational costs.

The services insist that they are working to drive down such delays and costs, but defend the need to push the technological envelope.

"When you actually have to put someone in an airplane and send them into combat, do you want to win this ballgame by one run in the bottom of the ninth, or do want to have the game called in the seventh inning by 20 runs?" Moseley asked.

The first hints of a rebellion within the armed services over funding levels came last summer when Schoomaker, convinced that he did not have the resources to maintain troop levels in Iraq and meet the Army's other commitments, did not submit his 2008 budget plan to then-Defense Secretary Donald H. Rumsfeld, saying Pentagon spending guidelines were nearly $25 billion short of what he needed.

When Bush's budget is announced today, Schoomaker is expected to get about $13 billion more than those original suggested guidelines. But his refusal to go along with the normal Pentagon process caused consternation among the other service chiefs. According to one senior Pentagon official, Mullen and Moseley confronted Deputy Defense Secretary Gordon R. England, expressing concerns that they were being penalized for playing by the rules.

"That has created some turmoil," said the Pentagon official. "It appears that a certain track and a certain behavior has paid off — and if that's reasonably valid, then stand by."

Another senior Defense official said the Air Force was likely to make an appeal directly to Congress that it is $9.8 billion short in 2008, and that over the next five years it will need about $20 billion more each year.

Mullen said he was not planning to go to Capitol Hill with a specific proposal for more money for the Navy, but he added that the current plan to reverse the shrinking number of ships under his command — there are now 276 warships, less than half the number in the 1980s — to a goal of 313 may not be sufficient.

"I'm about as tightly wound, budget-wise, as I can be and deliver the Navy we need for the future," Mullen said.

Defense budget experts said that any decision by Congress to examine greater increases in defense spending could evolve into a defining discussion over U.S. foreign policy goals and the Pentagon's vision of its armed services in a post-Cold War world.

"Clearly there's a big mismatch between the projected costs of the Defense Department's plans and the money that's currently projected to be provided for those plans," said Steven Kosiak, a defense budget expert at the Center for Strategic and Budgetary Assessments, a nonpartisan policy research organization. "Then the question becomes: Is the problem that not enough money is projected, or are the plans too ambitious?"

His Budget On The Line, Bush Courts Dems (USAT)

By Richard Wolf And David Jackson

USA Today, February 5, 2007

WASHINGTON — President Bush presents a $2.9 trillion budget to Congress Monday amid a charm offensive intended to woo Democrats.

His speech Saturday at a House Democratic retreat was the latest effort to reach out to opposing party members, who felt widely ignored during six years of GOP dominance. It was his first visit to the annual retreat since 2001.

Bush said he understood Democrats' doubts about White House cooperation, but "in order to do big things, we're going to have to do it together."

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Other signs of outreach:

·Bush regularly invites Democrats to the Oval Office and went out of his way to attend Saturday's getaway at Colonial Williamsburg, a historic district in Virginia. Before his Jan. 10 address on Iraq, Bush or top aides met with at least 45 congressional Democrats.

·Top administration officials, led by Treasury Secretary Henry Paulson and White House budget director Rob Portman, have made the rounds on Capitol Hill. They met with new committee chairmen and other influential Democrats, focusing particularly on moderates and those willing to work with the administration.

·The White House emphasizes areas of possible compromise, such as an expanded "guest worker" program for illegal immigrants and an increase in Pell grants for low- and middle-income college students. Both will be highlighted in the budget released Monday.

Even so, bigger issues loom. Congress has made clear its intention to play a stronger role on the Iraq war. Bush has stated his desire to tackle the long-term sustainability of Social Security, Medicare and Medicaid. Both sides want to balance the budget in five years but favor vastly different means to that end.

"This depends on the administration's attitude," said Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee. A panel meeting he arranged with Paulson and Portman went well, he said, but "I don't know how short a leash they're on."

Trying to build trust

Bush's immediate predecessors reached deals across the aisle. President Clinton worked with Republicans to overhaul welfare. The first President Bush raised taxes to get a major deficit reduction agreement with Democrats. President Reagan worked with Democrats to revamp the tax code.

None of them had so little time to get accustomed to a Congress run by the other party. To fix the long-term financing of Medicare and Social Security, Bush will have to get along with Democrats like he did as Texas governor in the 1990s.

Presidential historian Fred Greenstein of Princeton University said Bush can do it by reverting to "the Texas persona." He sees more of the affable Reagan than the obstinate Woodrow Wilson in Bush, who began his presidency socializing with the Democrats such as Sen. Edward Kennedy.

Others doubt Bush's ability to get major policies through a Democratic Congress. Republican John Kasich, who as House Budget Committee chairman helped craft a 1997 deficit reduction package with Clinton, said Bush lacks leverage. "People are not afraid of George Bush," he said.

Democrat Leon Panetta, a former Clinton chief of staff, said there's more bad blood to overcome now. "There has to be a degree of trust that you can work with the other side without getting a knife in your back," Panetta said.

That's where Paulson and Portman come in. The Treasury secretary, who left the chairmanship of Goldman Sachs to join the administration, has urged lawmakers to call him "Hank." His Wall Street pedigree gives him an above-politics reputation. The budget director, a former Republican congressman from Ohio and U.S. trade representative, wins friends with his personable demeanor.

"Part of this is about building trust," Portman said. "These are very frank exchanges."

Both Cabinet members want to make progress on what may be the toughest issue next to Iraq: making Medicare and Social Security whole for the long-term. Without changes in benefits, taxes or both, the programs will be insolvent within decades.

Portman worked with members from both parties before last week's announcement that Bush's proposed budget would include $25 million for 9/11-related health assistance. Rep. Carolyn Maloney, D-N.Y., credited his help.

"We want to get things done," Portman said. "There is a willingness to try to work together."

Democrats on the receiving end of the outreach give the administration better grades for style than substance. Still, Maloney said there is only one alternative: "Stalemate. No one wants that."

Lots of talk, little action

Paulson has used his friendship with House Ways and Means Committee Chairman Charles Rangel, D-N.Y., whose help will be needed to get anything done on taxes, trade or entitlement programs. "There's no question in my mind that Hank Paulson is a very sincere man," Rangel said.

The Treasury secretary has also renewed ties with House Budget Committee Chairman John Spratt, D-S.C., with whom he served as a budget analyst at the Pentagon during the Vietnam War. "It makes me more comfortable approaching Paulson," Spratt said.

Rep. Ellen Tauscher of California, chairwoman of the moderate New Democrat Coalition, said the administration should have the ability to wheel and deal with a Democratic Congress the way the Clinton White House did with a Republican majority.

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In his meeting with her group, Paulson "made all the right points" about working together and taking risks on tough issues, she said.

While the meetings have been cordial, Democrats say, little progress has been made. "With all of the progress in terms of discussion," Rangel said, "we haven't agreed on a darn thing so far."

Democrats say it's hard to trust an administration that largely ignored them when they were in the minority. "There's been virtually no communication for six years," said Rep. Allen Boyd of Florida, a co-chairman of the conservative Blue Dog Coalition, which met with Paulson and Portman. "There's a wall that exists. You have to figure out how to tear the wall down."

President Pushes Boost In Funding For National Parks (USAT)

By Richard Wolf

USA Today, February 5, 2007

WASHINGTON — National parks would be a big winner under President Bush's 2008 budget, and a plan to match up to $100 million annually in private donations could guarantee increases for a decade.

Bush's budget, being unveiled today, would give the National Park Service $2.4 billion next year, administration officials told USA TODAY. That includes a $258 million increase for daily operations, up 14.5%. Since 2002, those funds have risen 1.5% above inflation.

The president proposes adding at least $100 million a year for the next 10 years. The funds would be used to hire 3,000 seasonal park rangers, guides and maintenance workers each summer, an increase of more than 50%. In addition, more than 1 million children could be enrolled in youth programs.

On top of that, Bush wants Congress to guarantee that the federal government would match philanthropic donations each year, up to another $100 million. Currently, about $20 million is contributed each year by supporters of national parks, such as family foundations.

Taken together, the proposals could provide $3 billion in new parks funding over the coming decade. In 2016, the parks will celebrate their 100th anniversary; Bush wants them to be in better shape than they are today.

"I think it can be a source of healing for Americans," Interior Secretary Dirk Kempthorne said. "This one is not partisan. This one is American."

The proposal is being welcomed by groups that advocate on behalf of the nearly 400 sites managed by the National Park Service and have been a thorn in the Bush administration's side during lean years. The National Parks Conservation Association was seeking an increase of $250 million in operating funds for the parks.

"This is a renewed commitment that national parks should be a national priority," said Tom Kiernan, the group's president. "It's a catalyzing initiative at a wonderful time for the national parks."

The proposals would have to be approved separately by Congress. The $2.4 billion parks budget, with its record increase in operating funds, would become final if Congress allocates the funding. The matching-funds proposal would have to be approved by committees with jurisdiction over the Interior Department.

Taken together, they would add thousands of new park workers to guide visitors with programs such as interpretive walks and campfire talks. Volunteer coordinators would be added in 44 sites.

Seasonal workers have been cut during lean budget years, resulting in a 10-year decline.

"We simply have lost contact people who meet the American public," said Stephen Whitesell, superintendent of the San Antonio Missions National Historical Park in Texas. "What they're not seeing are rangers in flat hats."

Since 9/11, most of the money added to the National Park Service budget has gone for added security in such places as New York City, Washington, D.C., and along the U.S. borders with Canada and Mexico.

Some of the new funds will be used to attract young people to the parks through Internet programs and podcasts. Kempthorne and others see it as mutually beneficial: The parks would avoid a loss of visitors in future generations, and children would reap the health benefits of the great outdoors.

"We're competing with an electronic world," Kempthorne said.

Bush Plays Traffic Cop In Budget Request (WSJ)

By John D. Mckinnon

The Wall Street Journal, February 5, 2007

WASHINGTON -- With much of his domestic agenda stalled by Congress, President Bush is embracing a new cause he is hoping will cross party lines and leave him with an end-of-term accomplishment: easing rush-hour traffic.

In his annual budget blueprint to be unveiled today, Mr. Bush intends to showcase a highway "congestion initiative," according to White House documents, with grants for state and local governments to experiment with anti-jam strategies.

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In a surprise that could foreshadow how Mr. Bush might reach out to Democrats -- and disappoint conservatives -- for the rest of his term, the centerpiece of the traffic plan involves an initiative that some critics say amounts to a tax, a plan depicted by administration officials as "congestion pricing." The administration will award $130 million in grants starting this spring to help cities and states build electronic toll systems that would charge drivers fees for traveling in and out of big cities during peak traffic times. The money also could go to other congestion strategies such as expanded telecommuting, but administration officials make it clear they think congestion pricing is the most powerful tool they have. The White House will seek an additional $175 million for congestion initiatives in next year's budget.

Beyond automobile traffic, the administration will also introduce legislation soon that could seek to impose a form of "congestion pricing" on airline travel, likely through user fees on airlines. The idea is to spread flights more evenly.

Travel congestion is "increasingly troubling," Transportation Secretary Mary Peters said in an interview. "It's a cost to business and probably affects our ability to be competitive on the global market. But it's also something that just drives people crazy."

The White House is also planning a high-level transportation summit this month that will bring together officials from around the country to discuss the congestion initiative.

The Bush traffic plan is likely to draw support from some Democrats. It is reminiscent of Vice President Al Gore's 2000 campaign proposal to relieve traffic and other effects of urban sprawl through "smart growth" initiatives. Back then, Mr. Bush questioned the federal government's role in local planning.

Big-city mayors and urban business leaders may also embrace the administration initiative. Recently, many have been weighing politically dicey "congestion pricing," a strategy used to a limited extent today in Southern California, Denver and Minneapolis, among other places.

A New York business coalition that is pushing congestion pricing for lower Manhattan praised the new White House strategy. "Without some political cover ... it's a very hard thing to sell," says Kathryn Wylde, president of the Partnership for New York City. "We think the federal government stepping up to provide incentives for local government to take on what is a tough issue ... is very important."

But some conservative allies of the administration fear the initiative could mark a turn for the president, who has made cutting taxes the core of his domestic policy. Some critics are already upset that Mr. Bush's new health-insurance proposals include higher taxes on individuals with high-price employer-provided plans, and worry that the White House would accept higher Social Security taxes as a part of a deal to overhaul the retirement program.

Highway tolls "are increasingly a form of tax" to support other government spending, for instance on mass transit, says Ronald Utt, an expert on transportation at the Heritage Foundation, a conservative think tank. "Make it any more difficult or unattractive to get to downtown, and you'd reduce congestion -- but you'd do so largely by reducing jobs," he adds.

Anticipating such attacks, transportation officials have armed themselves with studies suggesting that traffic itself is becoming a big hidden tax on businesses across the country, as well as the No. 1 quality-of-life concern in many urban areas.

Congestion pricing "is a lot cheaper than the way we're paying now ... with time, unreliability, psychological hell," said Tyler Duvall, DOT's assistant secretary for policy.

The DOT estimates the total cost of U.S. congestion at about $200 billion annually, or almost 2% of GDP, counting wasted fuel, delays, environmental costs and increased inventory needs.

The White House, under fire for failing to embrace a more aggressive global-warming policy, is portraying the plan as part of a climate change strategy. Administration documents estimate that "travel delay ... wasted 2.3 billion gallons of fuel" in 2003, a total that "accounts for more than 20 million metric tons of carbon dioxide emissions."

In cities and regions that have adopted congestion-related fees, the most common approach is to offer solo commuters the choice of paying during rush hour to travel in the high-occupancy lanes reserved for car-poolers. Some tolls on existing turnpikes also have been adjusted higher for rush-hour travel.

Now the Bush administration is encouraging city and state transportation officials around the country to go further where appropriate, and even impose "cordon" tolls on rush-hour commuters -- in which toll-collecting devices are installed all around a city's perimeter. The tolls could be collected without making drivers stop, through electronic tag readers.

The Bush administration is distributing $130 million in grants to help cities build the electronic systems needed. Department of Transportation officials expect more than 10 major cities to apply before the April deadline.

Currently, only San Francisco is planning "cordon tolls" that would impose a charge on essentially all rush-hour commuters. Other cities, including New York, are taking a look.

Officials in northern Virginia plan to build four "High-Occupancy/Toll" lanes along 15 miles of the I-495 Beltway around Washington, according to DOT officials and documents. They are also studying converting High-Occupancy Vehicle, or HOV, lanes into HOT lanes along nearly 50 miles of the I-95/I-395 corridor in Virginia.

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Even a 5% reduction in traffic jams can increase traffic speeds by as much as 50%, says Mr. Duvall. DOT officials figure a typical big-city traffic jam can be cleared with tolls of as little as $2 to $2.50 a day, if all lanes on a big highway are charged. But on some Southern California highways where fees are charged only for the former high-occupancy lanes, prices at the peak of rush hour have reached $8.50.

Congestion pricing has already taken hold in Europe, and the success of a congestion pricing system for London's roads three years ago motivated U.S. officials and major businesses to consider the idea. Voters in Stockholm approved a similar plan in September, after a test run during the summer.

But tinkering with highway prices also means political perils. That became apparent in Indiana last year when Republican Gov. Mitch Daniels pushed through the sale of a big toll road to private investors, who announced plans to raise the tolls for the first time in years. State Republicans took a beating in the November elections.

GUNS AND BUTTER How War's Expense Didn't Strain Economy (WSJ)

By Deborah Solomon

The Wall Street Journal, February 5, 2007

WASHINGTON -- Since President Bush took office, he's boosted annual defense spending by 50% -- including $500 billion over five years for fighting in Iraq and Afghanistan -- and doubled spending on homeland security. At the same time, he's cut taxes, expanded Medicare to cover prescription drugs, approved $100 billion to clean up after Gulf Coast hurricanes, and signed bills that spend a little more each year on domestic programs.

For years, critics said it couldn't last, backed by some historical precedent: President Johnson is blamed by many for triggering inflation in the 1970s by spending on both guns and butter.

· The Issue: President Bush has managed to wage a war, cut taxes and boost other spending without triggering Vietnam-era inflation.

· The Background: The spending spree has been aided by foreign borrowing and a strong economy.

· What's Next: While economically painless so far, war and military spending will soon collide with looming entitlement obligations.

But this time, it's been nearly painless. Inflation is in check. The federal budget deficit is down from its 2004 peak, and rests near its historical average of 2% of gross domestic product, a measure of the nation's total output. Long-term interest rates are relatively low.

What's Mr. Bush's secret? Ingredient one: strong revenue growth driven by an economy distinguished by surging profits and rising incomes at the top, which are taxed more heavily than incomes at the bottom. Ingredient two: tax cuts and spending increases, which arrived when the U.S. economy needed a boost. Ingredient three, and perhaps the most significant: the willingness of foreigners to lend to the U.S., which finances the budget deficit without pushing up interest rates at a time when Americans don't save very much.

"This situation is what you'd call an exorbitant privilege," says Menzie Chinn, a University of Wisconsin economist. "We've gotten a pretty good deal so far."

No one knows when this bonanza might end, although end it must. For the coming year, Mr. Bush is expected to shave costs from programs and agencies unconnected to defense. In the future, the flow of cash from foreign lenders could dry up. Health care and Social Security could swamp the federal budget. In the shorter term, the combination of military spending and tax cuts could collide with spending priorities outlined by the capital's newly empowered Democrats.

For now, the budget the president will offer today essentially counts on continued good luck. Both he and Congress recognize that neither the war in Iraq nor the buildup in homeland-security spending is a one-time-only expense. Both sides are talking about the need for a larger military, a sharp contrast to the decline in post-Cold War defense spending that helped produce Bill Clinton's surpluses.

Mr. Bush's budget estimates Iraq and Afghanistan over the next two years alone will cost about $300 billion, and analysts say the five-year price tag could reach $500 billion. Mr. Bush is seeking to add 92,000 troops to overall Pentagon forces over the next five years. Democrats are even more eager to increase homeland-security spending than Mr. Bush. Indeed, the Congressional Budget Office last week estimated a bill the House has passed to improve aviation security and implement other recommendations of the 9/11 Commission would cost $21 billion over six years, a sum equal to roughly half the Department of Homeland Security's current annual budget.

Democrats also have a long list of other domestic priorities to fund, which include lower student-loan rates and more science and health research. They've pledged to balance the budget and adhere to rules that require tax cuts and benefits increases to be offset somehow.

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"It will be hard to attain those goals because of the squeeze that the defense budget, and in particular that the cost of war in Iraq, is placing on us," says House Budget Committee Chairman John Spratt, a South Carolina Democrat. "These expenditures at this sort of level are consequential -- they necessitate trade-offs."

In the budget for fiscal 2008, which begins Oct. 1, Mr. Bush has said he will show how the deficit can be eliminated by 2012 without raising taxes. The budget will give the administration's best guess (about $141 billion) at the cost of Iraq and Afghanistan for 2008, a departure from past practice, and what one administration official calls "a plug number" for 2009 -- an estimated $50 billion -- but nothing beyond that.

The president is also expected to project spending less, in inflation-adjusted terms, on annually appropriated spending outside of defense and homeland security. Much of that squeeze is expected to come in proposed freezes or cuts to federal agencies and programs.

"It's going to be the tightest budget we've seen," says Brian Riedl, a budget expert with Heritage Foundation, a conservative think tank. He predicts a call for "freezing most discretionary programs for the next five years."

The big problem, however, remains the government's entitlement programs. Treasury Secretary Henry Paulson says the budget deficit is "well below where anybody would have expected it to be several years ago" despite the costs of war and hurricanes. He credits a strong economy and record tax receipts.

But he warns of "a looming collision with entitlements," and adds: "I have no doubt we will deal with it. But the longer we wait to deal with it, the more expensive and the more painful it's going to be to do it."

Some academic economists are beginning to gauge what the sums spent on Iraq could have financed -- a down payment on a Social Security fix, for instance. Nobel laureate Joseph Stiglitz predicts Iraq will cost at least $1 trillion, assuming troops are withdrawn by 2010. "Half that sum would have put Social Security on a firm grounding for the next 75 years," he wrote last year in a paper. "If we spent even a small fraction of the remainder on education and research, it is likely our economy would be in a far stronger position."

Comparisons to Vietnam are tempting but Iraq isn't, at least yet, as costly as Vietnam, when compared to the overall economy. It's running about $100 billion a year, or about 1% of GDP. By the time it was over, Vietnam cost the equivalent of about $660 billion in today's dollars.

Overall defense spending today is higher than it was during Vietnam, when adjusted for inflation, but is just about 4% of GDP. That's an increase from when Mr. Bush took office, but far from the Vietnam peak of 9.5% of GDP in 1968, and less even than the 1980s Cold War buildup. Even with the planned troop surge, the U.S. will have about 160,000 troops in Iraq, well below the 550,000 Vietnam peak.

It was the combination of military spending and President Johnson's "Great Society" programs -- Medicare health insurance for the elderly and Medicaid for the poor -- that many say led to the "Great Inflation" of the 1970s. Like Mr. Bush, Mr. Johnson at first tried to fund the war through supplemental spending bills, a move historians and contemporaries believe was aimed at cloaking the true costs so Congress wouldn't scale back his ambitious domestic agenda. Inflation, which had been below 2% in the early 1960s, was running at above 6% in 1970. By 1970, the U.S. was in a recession.

Vietnam-era defense spending added fuel to an economy that was already running at full employment and producing at capacity. Mr. Johnson resisted calls for tax increases to reduce the inflation risk, fearing Southern Democrats would instead insist on cutting social programs. The Federal Reserve, partly under pressure from Mr. Johnson, but also because it mistakenly believed the economy had spare capacity, was reluctant to raise interest rates. To control inflation, it had to raise rates higher later on. By the time Mr. Johnson imposed a 10% surcharge on individual and corporate income taxes in 1968, it was too late.

Although the government borrowed heavily in the 1960s, most of its borrowing came from inside the U.S. Interest rates rose as a result. The yield on 10-year Treasurys, a benchmark interest rate, began the 1960s at 4.72%; it ended the decade at 7.65%. But the private sector saved enough to offset government borrowing, and the U.S. economy was a net lender to the world.

This time, interest rates haven't risen as much, because foreigners, particularly in Asia, are eager to lend to the U.S. economy at fairly low rates. The economy as a whole is a heavy borrower from the rest of the world.

In fact, the U.S. government is particularly dependent on the willingness of foreigners to lend it money. As of November 2006, foreigners owned about $2.2 trillion of U.S. Treasury securities -- or about 52% of the public debt not held by the U.S. government, compared with about 20% in the early 1990s. (The total U.S. debt, which includes what the government owes itself, is about $8.7 trillion.)

Mr. Bush's ability to sustain spending and tax cuts depends largely on the willingness of foreigners to continue lending the U.S. money. Mr. Chinn, the economist, says that at some point, global investors will lose their appetite for ever-larger amounts of American debt. That would trigger a decline in value of the U.S. dollar and an increase in interest rates.

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"So far it's not a problem because foreigners are willing to lend, but you've got to wonder what happens when the rest of the world says, 'We're tired of taking paper that loses value pretty quickly,' " says Mr. Chinn.

The Bush era upturn in defense and homeland-security spending came not during a 1960s-style boom, but in a lull in the U.S. economy, which had tumbled into recession even before the Sept. 11, 2001, attacks. That meant the economy had plenty of slack to absorb increased government spending without sparking inflation. Lee Price, an economist who until recently was research director at the Economic Policy Institute, a liberal Washington think tank, says defense spending created 1.3 million private-sector jobs between 2001 and 2005 while all other private-sector employment fell by 1.2 million.

At the same time, the Bush administration cut taxes in 2001 and 2003 on individuals, dividends, capital gains and estates, among other areas. The administration and some economists credit the cuts with spurring economic growth, saying they provided incentives to business to invest and buoyed consumer spending.

The moment of economic slack may be in the past, which raises the specter of inflation. Unemployment is about as low as the Fed will tolerate, and there are some hiring bottlenecks of the sort that were common during Vietnam. "We're starting to see tightening up in the high-tech market, and people who were tied up with defense or homeland security are not available," says EPI's Mr. Price.

War has other costs, too. Some companies are struggling to keep jobs open for military reservists. A 2005 Congressional Budget Office report found that "some businesses may absorb the loss of personnel at little cost, but others may experience slowdowns in production, lost sales or additional expenses as they attempt to compensate for a reservist's absence." The problems are more severe for small businesses or those that employ highly specialized workers, the CBO said.

At Fallon Ambulance Service in Quincy, Mass., more than 20 of the company's 500 full-time employees are reservists, and several have been deployed for stints lasting as long as two years.

"It does at times put a strain when we have large deployments," says Stephanie Eastwick, director of human resources for the family-owned company.

In the end, it may be Johnson's ballooning programs that prompt tough decision making. The government has expanded greatly since the 1960s and has made all sorts of promises to pay benefits, particularly to older Americans, in coming years. As war costs preoccupy official Washington, the retirement of the baby boom generation is growing closer; the oldest boomers turn 60 this year. There is no sign of a political consensus on changing Social Security, which has expanded since Roosevelt launched it, or on making more affordable Mr. Johnson's health-care programs.

Social Security, Medicare and Medicaid already consume 36 cents of every dollar that the government spends, about $1.2 trillion this year, and are growing faster than the economy as a whole. Defense accounts for about 20 cents of every dollar, up from 16 cents when Mr. Bush took office in 2001, more than the government spends on education, transportation, scientific research and housing aid combined.

"We can continue doing what we're now doing subject to foreigners being willing to finance it but eventually it's going to do us in because Medicare and Social Security are going to overwhelm the budget," says Charles Schultze, a Brookings Institution economist who was among Jimmy Carter's advisers.

The Fed is watching carefully, the lessons from the 1960s inscribed in the minds of today's policy makers. "There were plenty of signs in the 1960s that inflation was accelerating, yet monetary policy wasn't fundamentally changed," says former Fed Governor Edward Gramlich. "Today, [the Fed] would be more alert and is more likely to react forcefully to signs of accelerating inflation."

Democrats Seek Unpaid Taxes, Setting Up Clash (NYT)

By Edmund L. Andrews

The New York Times, February 5, 2007

WASHINGTON, Feb. 2 — Congressional Democrats, hoping to finance an ambitious agenda without raising taxes, are on a collision course with the Bush administration about pursuing the potentially vast amount of money that people hide from the Internal Revenue Service.

House and Senate Democrats say the government could collect as much as $100 billion more a year by whittling the tax gap — the unpaid taxes, mostly on unreported earnings, that the I.R.S. estimated was about $300 billion a year.

But the Treasury Department, which oversees the I.R.S., says it cannot realistically recover one-tenth as much as Democrats suggest.

On Monday, as part of President Bush's budget proposal, the Treasury Department will unveil more than a dozen proposals to pursue tax cheats. But officials said those ideas would bring in less than $10 billion a year in extra revenue.

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Mark W. Everson, the I.R.S. commissioner, has expressed far greater optimism. At a hearing of the Senate Budget Committee a year ago, he told lawmakers that the government could recover "between $50 billion and $100 billion without changing the dynamic between the I.R.S. and the people."

Recouping unpaid taxes is a perennial concern in Washington. But the issue may have new urgency with the Democrats now in power and driving the considerable momentum behind it. Representative Charles B. Rangel, Democrat of New York and chairman of the Ways and Means Committee, has cited the tax gap as a top priority for increasing revenue, ahead of any discussion about rolling back President Bush's tax cuts.

Democrats badly want the money because they have adopted strict "pay as you go" budgeting rules that require Congress to pay for any new programs or tax cuts with revenue from other areas.

"The tax gap is the logical place to go," said Representative Rahm Emanuel, Democrat of Illinois and chairman of the House Democratic Caucus. "It's also the fair thing to do. When you have a number as high as $300 billion in unreported and uncollected income taxes, that puts a burden on everybody."

Administration officials contend that Democrats have exaggerated the amount of money they can recover.

"At this point we have to do more research to understand where this money is," said Michele Davis, a Treasury Department spokeswoman. "We are very mindful of the compliance burden on taxpayers who do follow the law."

The Democrats have offered only a few specific proposals, and lawmakers have conspicuously refused to comment about proposals that could raise money but also provoke a political reaction from legions of self-employed people and family businesses.

Based on an analysis of audited tax returns from 2001, the I.R.S. recently estimated that the government lost $290 billion that year as a result of underreporting and underpayment of taxes.

More than 80 percent of that loss stemmed from underreporting by individuals, not corporations.

And the biggest problems were with people in business for themselves, who earned income that was not reported to the I.R.S. on W-2 forms or on the Form 1099 that businesses file when they pay independent contractors.

The I.R.S. estimated that it lost $109 billion on unreported business income, almost all of that from sole proprietors, like painters, plumbers, dry cleaners, florists, limousine drivers and restaurant owners.

Small-business lobbying groups have begun to mobilize against proposals intended to reduce the tax gap.

Two of the biggest trade associations in Washington, the United States Chamber of Commerce and the National Federation of Independent Business, organized the Coalition for Fairness in Tax Compliance in December to address lawmakers about proposals that might burden law-abiding business owners.

"I'm focused on avoiding the wrong solutions," said Macey Davis, tax counsel for the National Federation of Independent Business, which represents more than 600,000 small companies, half of which have fewer than five employees. "We're not out to protect noncompliance. We're out to protect those who are compliant and whose businesses could be hurt."

Small-business groups have provided powerful support to President Bush and to Republican lawmakers. But they are poised to fight at least one proposal by the Treasury Department, which would authorize the I.R.S. to obtain information about a business's revenues from credit card companies.

The proposal would allow the I.R.S. to compare the credit card payments made to a business with the revenues the business owner reports on his or her tax return. If the credit card payments were suspiciously high compared with what the business owner reported to the government, the I.R.S. could begin an audit.

Opponents of the proposal contend that it would catch very little wrong-doing because it would not examine payments made in cash or by check. They warn that it could have disruptive side effects on business operations. (A similar idea proposed by the Bush administration last year received virtually no attention from the Republican-led Congress.)

The Democrats' biggest obstacle is that the tax gap is in some ways as amorphous as "waste, fraud and abuse" — everyone is against it, but no one is sure how to go about dealing with it. Many tax experts agree that increasing compliance would require an array of tactics, from increased auditing to tougher reporting requirements, to address scores of different practices.

Many such efforts would probably prompt political resistance, whether from small-business lobbying groups or from the credit card companies that might be ordered to provide the I.R.S. with transaction data at no charge. And some efforts may not yield much extra revenue. Another proposal that could lead to organized political opposition is a plan to crack down on investors who understate their profits when selling stocks.

The I.R.S. estimated that it lost about $11 billion in 2001 from people who understated their capital gains after selling stock. According to the agency's review of tax returns that year, a year when the stock market was plunging and losses were more common than gains, about 38 percent of all people underreported their capital gains.

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The problem, I.R.S. officials said, is that brokerage firms report only how much money a person receives from the sale of stock, not how much the person paid for it. Without an audit, the government has no way of verifying the profits that people report.

Nina Olson, the I.R.S.'s independent taxpayer advocate, has proposed that Congress require brokerage firms to report a person's purchase cost as well as sales proceeds to the government. Mr. Emanuel has introduced a bill based on the idea.

The Bush administration is also planning to ask Congress to provide more money for enforcement efforts, including money for more auditors. But the I.R.S. currently audits fewer than one out of 435 tax returns. Doubling the number of auditors would mean that the I.R.S. would still audit less than 1 percent of all returns.

Democratic lawmakers contend that the Bush administration has been dragging its feet on efforts to track down underreporting.

"I know they can't recover every dollar of the tax gap, but the I.R.S. needs to make an aggressive effort, and an honest one," said Senator Max Baucus, Democrat of Montana and chairman of the Finance Committee. "Treasury shouldn't lowball their estimate."

But in an interview last week, Mr. Baucus declined to propose any of his own ideas for reducing cheating. "I'm leaving it up to them," he said, referring to the Treasury Department.

Some Treasury officials, who spoke on condition of anonymity because President Bush had not announced his proposals, said that Democrats had exaggerated the amount of money they could recover. But in his testimony before the Senate budget committee last February, Mr. Everson said the government could recover much more than it has been collecting.

"What we've said is, between now and 2009, we want to get the compliance rate from 83.5 percent to 85 percent," Mr. Everson said. "That gets you about $30 billion in improved compliance."

Ms. Olson, the I.R.S. taxpayer advocate, said it was not implausible to recover something in the neighborhood of $100 billion a year.

"There's no silver bullet," Ms. Olson cautioned, noting that the government had to use an array of tactics to address scores of different compliance problems. But she added, "I think there's a significant amount of money that's left on the table and that's not hard to recover."

Needy Seniors Still Have Trouble Getting Drugs (USAT)

By Julie Appleby

USA Today, February 5, 2007

Eight months after Congress implored pharmaceutical companies to restore programs offering free drugs to needy Medicare recipients, advocacy groups say that some patients are still having trouble.

"Before the Medicare program, we had close to 4,000 seniors getting free drugs," says Patricia White, executive director of the West Virginia Health Right clinic in Charleston, W.Va. "We're probably down to 400 now."

The issue arose after many drug companies halted their assistance programs for Medicare-eligible patients once Medicare's drug benefit began last year. The drug companies feared running afoul of federal anti-kickback rules if they did not. Since then, Medicare officials and other regulators have said such programs can be set up in a way to avoid violating any laws.

Currently, some drug companies, including AstraZeneca, GlaxoSmithKline, Merck, Pfizer and Wyeth, offer help to Medicare members. Income limits and other rules vary, as do which drugs are covered. Dozens of other drugmakers, however, bar Medicare-eligible patients from assistance programs.

In May, several members of the Senate Finance Committee met with top executives from eight drugmakers, urging them to continue the assistance programs.

"A company ought to be ashamed if it's still using (the Medicare drug program) as an excuse to abandon people with these extraordinary needs," Sen. Chuck Grassley, R-Iowa, said in a written statement Friday.

About half of the members of the Pharmaceutical Research and Manufacturers of America provide assistance to Medicare members, says spokesman Ken Johnson, but many are still concerned about the legality of doing so.

Affected Medicare members include Mary Morey and Pat Martinez of Charlotte. "It's like I have fallen through a crack," says Morey, 67, who takes 10 drugs for diabetes and high blood pressure.

Her $15,000 annual income is under the $19,600 limit for assistance through Merck's and Wyeth's programs. Still, letters from Merck and Wyeth have told her she doesn't qualify. Wyeth has a requirement that applicants, or their doctors, write a letter stating they have a hardship. Morey has asked her doctor to write a letter.

"Every month, before it's time for Social Security to come again, I run out of food money," she says.

Martinez, 76, takes 19 drugs. The insulin she needs for diabetes comes from samples her doctor gives her. One of her drugs is made by Glaxo, which requires patients spend $600 on drugs before being eligible for assistance.

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"Pat doesn't have $600 to spend, so she can't qualify," says Susan Basini, executive director of MedAssist, a free pharmacy for uninsured and low-income residents of Mecklenburg County, N.C. Martinez works part time at MedAssist.

Inside Bush's Fixation With Harry Truman (NSWK)

By Holly Bailey, Richard Wolffe And Evan Thomas

Newsweek, February 4, 2007

President Bush was reaching out—sort of. It was Dec. 7, the day after the bipartisan Iraq Study Group had delivered its recommendation that the administration begin to tamp down its war effort in Iraq and turn to diplomacy. Bush had invited the leadership of the newly Democratic Congress to the Oval Office, a sign that he was perhaps willing to listen to new ideas.

The president did seem mildly chastened by his party's defeat in the midterm elections—but not inclined to change course dramatically in Iraq.

He compared his situation to the crisis Harry Truman faced in the early days of the cold war. Then, as now, Bush said, the United States confronted a dangerous ideological foe. Truman had answered with the Truman Doctrine, a vow to protect free peoples wherever they were threatened with communist domination. Truman's policies had been unpopular in their time, but "history showed he was right," said Bush, according to Sen. Dick Durbin of Illinois, the second-ranking Democrat in the Senate.

The Truman comparison didn't seem quite right to Durbin. When the president went to him for comment, Durbin voiced his doubts. "Harry Truman had allies," Durbin pointed out. The Truman administration had helped create the North Atlantic Treaty Organization to contain communism. After Britain withdraws its troops later this year, Durbin says he told Bush, "we will be virtually alone in what we are trying to accomplish there." Durbin says that Bush did not become angry, but he did seem irritated and "insisted that this was an ideological struggle, which wasn't my point at all," says Durbin. "He was very defensive." (White House spokesman Tony Snow confirmed the exchange between Bush and Durbin but said "the president was not really trying to compare himself to Harry Truman so much as to talk about the duration and nature of the struggle.")

Bush's grasp of history may have been a little shaky, but there is no doubting the force of his conviction. Bush wants his legacy to be the long-term defeat of Islamic extremism. Indeed, senior officials close to Bush who did not wish to be identified discussing private conversations with the president tell NEWSWEEK that Bush's plan after he leaves the White House is to continue to promote the spread of democracy in the Middle East by inviting world leaders to his own policy institute, to be built alongside his presidential library.

Many presidents find solace in comparing themselves to their predecessors, the only people who could truly understand the job at hand. Truman is a favorite, particularly for presidents with low poll numbers. By 1952, the last year of his presidency, Truman's approval rating sank as low as 22 percent, about 10 points lower than Bush's. David McCullough, author of the Pulitzer Prize-winning biography "Truman," tells NEWSWEEK that, faced with an uphill re-election fight in 1992, George H.W. Bush invited McCullough to the White House to talk about how Truman had beaten the odds in the 1948 campaign (unlike Truman, Bush lost his re-election bid). The two Roosevelts and Lincoln, of course, are popular role models. Bill Clinton, who spent many hours in office fretting over his legacy, lamented that he might not rank highly because he lacked the opportunity to be a "war president"—perhaps overlooking in his meditations the impact of the Lewinsky scandal.

An avid reader of history and presidential biographies, President George W. Bush after 9/11 felt a kinship with war leaders, including Britain's Winston Churchill. In the last year or so, as Bush's approval ratings have tumbled and the Iraq quagmire has deepened, the president has increasingly invoked Truman. His aides say that Bush wants to be remembered for creating a new and effective framework for fighting the war on terror, just as Truman did for the cold war. That may be so, though no one would put the Department of Homeland Security on the same plane as the Marshall Plan.

Senator Durbin tells NEWSWEEK that the better historical model for Bush is Lyndon Johnson, who was overwhelmed by Vietnam. But that comparison is not quite right, either. Bush has said that he does not want to be like LBJ, who micromanaged the Vietnam War right down to picking bombing targets. Presidents, Bush has said, should leave war fighting to the generals. This is Bush's misreading of history: Lincoln constantly second-guessed his generals; Roosevelt and Churchill plotted strategy in the White House Map Room and John F. Kennedy was the strongest voice in the "ExComm," his council of advisers, during the Cuban missile crisis.

Those who see the war as a growing disaster might be surprised by Bush's ability to remain upbeat. When he visits the families of the dead, or sees the casualties come home from the battlefront, doesn't he have crises of confidence? Doesn't he wonder if he's made a terrible mistake that has cost the lives of more than 3,000 Americans and more than 54,000 Iraqis, not to mention the stature and prestige of the United States? Those close to Bush say that such questions misunderstand a fundamental aspect of his character: he doesn't get tangled up thinking about his own mistakes in the raw, recent times of his own making. "He's the least backward-looking person I have ever known in my life," says a senior staffer who didn't want to be

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named discussing the president's emotional state. Bush laments the casualties, says the aide, but never regrets the decision to go to war.

As more details emerge after Bush leaves office, we may learn that he was not quite so detached, that he privately agonized over decisions. A reconstruction of Bush's past six months as commander in chief shows that he has taken a greater interest in the details of the war in Iraq than he has before. Still, he has repeatedly followed his own certitudes over the advice of others. As the war and his poll numbers worsened, Bush did, for the first time, begin to talk to soldiers with on-the-ground experience and civilian experts with a range of views. But it appears that he was at least two years too late, and that he has somewhat simplistically and unrealistically narrowed his options to victory or defeat. He has kept his focus on the big picture, the great march of freedom, from decades past and decades into the imagined future, as a way to insulate himself against the horrors of the moment.

The Bush White House has long counted on democracy to produce a viable Iraqi government. Last June, when Bush traveled to Baghdad to meet Prime Minister Nuri al-Maliki, he returned optimistic. The president told reporters on Air Force One that he found Maliki to be tough, direct and truthful. Bush was buoyed by the lack of sectarian finger-pointing in his talks with Maliki and his cabinet.

American military commanders, however, were much less sanguine, say informed high-ranking officers who did not wish to publicly discuss the private views of their superiors. Senior officers on the ground feared that Maliki would be politically ineffective in confronting the growing violence.

The military's fears were quickly realized. Two successive major operations to pacify Baghdad, Together Forward I and II, were complete flops in the summer. Iraqi troops failed to show up as promised, and Maliki's administration interfered when American troops tried to go after Shiite militias. By September, the top American commander, Gen. George Casey, feared that his strategy of training Iraq forces was failing but did not know what else to do, say four senior military officials who declined to be quoted discussing the private views of top commanders. (Casey, who was preparing for Senate confirmation hearings, was unavailable for comment. Last week he testified to Congress that he believed that the war would be long, but still winnable.)

At the Pentagon, Defense Secretary Donald Rumsfeld sensed that his long and domineering reign was coming to an end, and offered his resignation. With the mid-term elections less than a month away, Bush could not publicly reveal that Rumsfeld was on the way out. At a post-election press conference, Bush virtually admitted that he had held back because voters would see Rummy's exit as a sign of failure.

The GOP defeat at the polls could have been an opening to find a bipartisan way out of Iraq. The report of the Iraq Study Group was greeted with much hoopla in the press. But at the White House, it was a nonstarter. Bush, say two aides who didn't want to be named discussing the president's thinking, dismissed its conclusions; the White House had already begun its own in-depth review, they point out.

The election forced Bush to make a public show of announcing a new strategy in Iraq. He had the usual three options: pull back, stand pat or escalate. Retreat was intolerable; the president could not conceive of managing defeat. In late November, Bush was almost truculent as he publicly addressed reports that the Iraq Study Group would call for a pullout from Iraq. He openly scoffed at the notion of a "graceful exit." At first, say the Bush aides, the president was tempted to pull U.S. troops out of Baghdad and let the sectarian fires burn themselves out. But he soon decided that U.S. forces could not stand by and watch civilian massacres or the breakup of the country.

The president is sensitive to the caricature of Bush-in-a-bubble, and he began reaching out more actively for independent assessments of Iraq. He had two important strategy sessions, described to NEWSWEEK by knowledgeable military and White House officials who wished to remain anonymous discussing confidential presidential meetings. On Dec. 11, Bush summoned five military experts to the Oval Office: retired Gens. Jack Keane (former vice chief of staff of the Army), Wayne Downing (former head of Special Forces) and Barry McCaffrey (armored-division commander in the first gulf war); and two well-known scholars, Eliot Cohen of Johns Hopkins University and Stephen Biddle of the Council on Foreign Relations. Two of the generals, Keane and Downing, argued for significantly more forces—but while Downing argued for more Special Forces, Keane pushed for as many as 50,000 to 60,000 combat troops to protect the population in Baghdad. McCaffrey countered that such a surge would fail. The two civilians warned that it might be too late to save Iraq, but backed a buildup.

On Dec. 13, Bush met directly with the Joint Chiefs of Staff in their Pentagon meeting room, the Tank. After four years of war, it was the first time Bush had directly quizzed the top brass in their own lair. The recently resigned Rumsfeld was still in the room, but for once he was not an overbearing presence. The chiefs were grim. The Coalition forces were not winning in Iraq, said Chairman of the Joint Chiefs Gen. Peter Pace, which meant they were losing because time was not on their side. (Pace's staff declined to comment.) The generals warned that a significant escalation—along the lines proposed by Keane—ran the risk of "breaking" the Army, which was already badly worn.

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The outcome of these dire warnings was a compromise. The clamor in Congress for a pullback seems to have only stiffened Bush's resolve to show that he could make the hard choices of a lonely war leader. But he could not create troops out of thin air. Bush decided to surge in Iraq, but to request essentially half a loaf—some 21,000 combat troops. Not a few military commanders have privately complained that those reinforcements are too few to really take control of Baghdad and Anbar province, which is ridden with Sunni insurgents.

Bush seemed once again to be counting on sheer will power to bring success. His apparent plan: to buy time while still hoping that Maliki can create a viable government that won't allow the country to collapse into sectarian slaughter. The strategy may indeed produce a lull in the fighting. Press reports suggest that Shiite militiamen have been told to put away their guns and lie low—until the Americans leave. But counting on Maliki to countenance raids on militias that keep him in power may be a forlorn hope. Even Bush's own national-security adviser, Steve Hadley, questioned Maliki's reliability and competence for the long haul in a secret memo that was leaked to the press, possibly by the military.

The cynical view is that Bush is also buying time for himself—so he can dump the problem on the next president without having to admit defeat. But two years is a long time, and Bush is no cynic. He is a true believer, and he is willing to wait to be vindicated by history. Though he has visibly aged on the job and can appear weary or miffed when speaking to reporters or in front of a camera, he is generally optimistic in private, say his friends and confidants. His routines are unvarying: he gets plenty of rest and exercise and reads voraciously. (After an election hiatus, he has recently resumed a competition with political adviser Karl Rove to see who can read the most books.) But when Bush reads, does he learn? At Henry Kissinger's recommendation, he recently read "A Savage War of Peace," an account of the failed French attempt to suppress the rebellion of its Algerian colony in the late 1950s. American military officers in Iraq regard the book, by British war historian Alistair Horne, as required reading. Bush found the book interesting, says one of the aides, but regards the French experience in Algiers as fundamentally different from the American experience in Iraq. Bush focused on the problems of the French bureaucracy—as if to say the French failed because they were, well, French.

In his history reading, Bush likes to identify with Truman because the former Missouri haberdasher was also mocked by the chattering classes for being inarticulate and unsophisticated. Bush and Truman share a kind of flinty self-reliance: just as Bush likes to call himself "the decider," Truman liked to say "The buck stops here." There is a crucial difference between the approaches of the two men, however. Truman early and often sought out the advice of establishment foreign-policy experts like Gen. George C. Marshall and Dean Acheson, the two men most responsible for postwar European recovery and the Western Alliance. And then he actually listened, with close attention to detail, to what they had to say.

With John Barry

The Press, Turning Up Its Nose At Lame Duck (WP)

By Howard Kurtz

The Washington Post, February 5, 2007

Six months after his party lost both houses of Congress, Bill Clinton was reduced to declaring at a news conference that he was still relevant.

The next day, the Oklahoma City federal building was bombed. Clinton regained his footing and cruised to reelection the following year, his relevance never again in doubt -- even after his impeachment.

These days, many in the media seem to be writing off President Bush.

"The American people basically fired George Bush in the last election," writes New York Times columnist Tom Friedman. "We're now just watching him clean out his desk."

"A lot of Americans consider this presidency over," says CNN's Bill Schneider.

"If America were a parliamentary democracy, we would have a no-confidence vote and a new prime minister by spring," writes New York Daily News columnist Michael Goodwin.

Are these and other pundits giving us the unvarnished truth, that we are witnessing the historic collapse of a presidency? Or is this the triumph of quick-draw, poll-driven journalism?

"It's a predictable bit of conventional wisdom," White House spokesman Tony Snow says in an interview. He insists that Bush can make progress on such issues as energy and immigration, "and he still has the bully pulpit. A lot of these narratives about 'the president is a lame duck' assume nothing is going to change politically, anywhere in the world, in the next two years."

But the gibes keep on coming. "If we had a straight dictatorship," writes the New Republic's Jonathan Chait, "Bush would long ago have been dragged out of the White House either by an angry mob or by disgruntled generals." (Not that he's in favor of either.)

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Chait agrees in an interview that the president still has power, but notes: "Psychologically, it does feel that people are starting to move past Bush. No one has changed his mind about Bush in the last two years. It's kind of boring to write about him anymore because he's so unchanging."

Fred Barnes, the Weekly Standard's executive editor, says Bush will concentrate on such areas as tightening control of regulatory policy to end-run a Democratic Congress. "The Republicans learned in the '90s -- and the press should have learned as well -- that presidents have great inherent powers," he says. But "Nancy Pelosi at the moment is a more interesting story than George Bush. She's new, she's attractive and she has an agenda."

The media, as always, are mesmerized by polls. When Bush was riding high in the "Mission Accomplished" days of 2003, some of the coverage was almost giddy. If Bush's current approval ratings were at 50 percent, his media portrayal would look very different. With the president having sunk as low as 28 percent in a CBS News survey, it is all too easy to dismiss him, even as he mounts an escalation of the war in Iraq.

That war, of course, is the reason why the mainstream media see no possibility of Bush bouncing back. Things are a mess in Iraq; the country has turned against the war; and few journalists think the "surge" is going to work. Therefore, the reasoning goes, Bush will continue to sink into the quagmire of the war he chose to wage.

There's little question that Bush has never been weaker politically. He got no traction from the State of the Union (as measured by the almighty polls). His domestic proposals seem to have sparked little interest, at least from the press. Here he is talking about income inequality, global warming and tougher auto mileage standards -- all typically Democratic themes -- and the journalistic reaction is a barely suppressed yawn. He's yesterday's news.

But with Bush constitutionally entitled to two more years in the White House, it is risky for journalists to declare him a marginal figure, even if they are far more absorbed in covering the race to succeed him.

Other unpopular war presidents have staggered to the ends of their terms -- Harry Truman and Lyndon Johnson come to mind -- and Bush may do the same. But because Iraq is now widely viewed as having been an unnecessary personal crusade on Bush's part, there seems to be an extra element of derision in the political commentary, especially from the left.

Bush's father recently vented his frustrations with the coverage. "It's one thing to have an adversarial . . . relationship -- hard-hitting journalism. It's another when the journalists' rhetoric goes beyond skepticism and goes over the line into overt, unrelenting hostility and personal animosity," the former president said.

Actually, even some of the journalists who are especially aggressive in their coverage of Bush like him in private settings, where the president has a joshing manner and enjoys handing out nicknames. But professional resentment may still be behind some of the increasingly negative coverage. "In the press corps," Chait says, "there's a little bit of a realization that they had been played."

From Iraq, where the media fell down on the WMD debate, to Bush's 2000 campaign persona as a compassionate conservative, many journalists now believe they were led astray. That has given an extra edge to their stories and columns on Bush being out of touch and has fueled an effort to vindicate their darker picture of the war. In short, the mainstream media no longer give this president the benefit of the doubt.Getting Even?

Jim Cramer, CNBC's manic "Mad Money" host, is accustomed to people taking potshots.

Former investment banker Henry Blodget used some heavy ammunition last week in Slate. Blodget said that although Cramer can be "brilliant, in an idiot-savant, freak-show sort of way," he gives "terrible investment advice," and that ordinary folks should invest in index funds rather than following stock picks from "a chair-throwing, self-aggrandizing clown."

Cramer, a former hedge fund manager, says this is nothing but "revenge." He harshly criticized Blodget for his conduct at Merrill Lynch, which led to a $4 million fine against the young analyst and a lifetime ban from the securities industry. Blodget kept touting high-flying Internet stocks that later crashed, while privately deriding them as "junk" and pieces of excrement.

"What he did was egregious," Cramer says. "He was paid millions of dollars to tell the truth. He should go opine on something else. He should not opine on stocks."

What's more, Cramer says it is "appalling" that CNBC recently interviewed Blodget about his new book. Blodget's retaliation, says Cramer, came after Cramer took the unusual step of criticizing his own network for doing the interview.

Blodget says he wrote the Slate column because Cramer is "so influential and omnipresent that just about everyone I know asks me what I think of him. . . . Jim can't possibly believe that trying to out-trade thousands of full-time professionals is an intelligent strategy for average investors."Media Lesson

Last Monday, the George Washington University student paper broke a story about college coaches checking out Facebook to see whether their players had posted racy pictures of themselves.

Days later, WJLA-TV ran the same story -- without credit.

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"Absolutely, the idea originated out of their article," says Channel 7 reporter Kris Van Cleave. "But I don't think anyone owns ideas. We went out and obtained the information ourselves. Honestly, it didn't feel like we needed to attribute the story. Otherwise, we would have."

David Ceasar, an editor at the GW Hatchet, says the station used similar phrases in its version. "I felt flattered that a network news affiliate would use material from a 19-year-old sophomore, but it rubbed me the wrong way that it didn't mention us at all."Risky Move

John Edwards has hired Amanda Marcotte, of the liberal site Pandagon, to blog for his presidential campaign. But the trouble with bloggers is that they leave a sometimes inflammatory trail.

As noted by OpinionJournal's James Taranto, Marcotte wrote last month of the Duke rape case that she "had to listen to how the poor dear lacrosse players at Duke are being persecuted just because they held someone down and [sexually assaulted] her against her will -- not rape, of course, because the charges have been thrown out. Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair."

A misguided attempt at sarcasm? "No comment," Marcotte e-mailed Friday. "But thanks for asking!"

U.S. Treasury Adviser To Leave; Post Played International Role (WSJ)

By Elizabeth Price

The Wall Street Journal, February 5, 2007

WASHINGTON -- The U.S. Treasury Department's top international-policy adviser, Timothy Adams, is resigning after seven years with the Bush administration.

Mr. Adams, a 45-year-old Kentucky native, led efforts to give the International Monetary Fund more power to crack down on members' economic policies, particularly countries that meddle with exchange rates to gain an advantage in international trade.

He also played a role in getting the IMF to overhaul its governance structure to give Asian countries more clout in decision making and pushed the powerful Group of Seven industrial countries to deepen the engagement with emerging economic powers, including China, Brazil and India.

In his resignation letter, Mr. Adams said his responsibilities to his wife and three young children were "incompatible" with the job's demands. Since becoming undersecretary for international affairs in 2005, Mr. Adams has spent much of his time traveling to more than 40 countries. He previously was chief of staff to former Treasury Secretaries John Snow and Paul O'Neill.

Pelosi To Fly In Air Force Plane (RC)

By Rachel Van Dongen

Roll Call, February 5, 2007

The Defense Department has agreed to furnish House Speaker Nancy Pelosi (D-Calif.) with a jet big enough to fly nonstop coast-to-coast, despite complaints from some Republicans that the request was causing friction at the Pentagon.

Drew Hammill, a spokesman for the Speaker, said Friday that Pelosi had asked the Pentagon for “clarification” on rules governing her use of military planes. After Sept. 11, 2001, the Speaker was granted access to military transport for additional security, given the person in that job is third in the line of succession to the presidency.

The plane used by former Speaker Dennis Hastert (R-Ill.) for frequent trips back to his Illinois home was a small, Lear-type jet, according to a Republican leadership aide. But that plane needs to refuel every 2,000 miles and could not make the nonstop haul to California.

“The Air Force determined that [Pelosi’s] safety would be best ensured by using a plane that has the fuel capacity to go coast-to-coast,” Hammill said. “All we’re asking for is what Hastert had.”

Hammill pointed to the busier Congressional work schedule as a reason why it was necessary to avoid lengthy layovers, especially in Plains States, where harsh winter weather could cause further delays.

“There’s a certain amount of inefficiency and risk involved in stopping and having to refuel,” he said.

On Friday, Pelosi’s office waded into the growing public relations battle over how the Speaker travels and with whom. The Washington Times reported last week that Pelosi was demanding permanent access to a large military jet for herself, her staff, other Members and supporters.

A Bush administration official and a senior Hill Republican said that Pelosi’s requests were causing serious friction in the Pentagon, which views them as a strain on a system that is charged with providing military transport for Cabinet officials and top generals and commanders. A permanent large plane for Pelosi, the Hill Republican said, would mean less availability for other high-ranking officials.

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"The Department of Defense offered Speaker Pelosi the same aircraft" as the one used by Hastert, said one senior Republican who has spoken extensively with Defense Department officials about Pelosi's requests. "She found it was not big enough for staff, supporters and other Members."

But Hammill denied any substantial controversy with the Pentagon brass. "Were not talking about major negotiations here. We're talking about a few phone calls seeking clarification."

One administration official said that the new Speaker had asked that a plane be designated for her use in traveling to the Democratic retreat late last week in Williamsburg, Va., which is 152 miles from Washington, D.C.

Hammill confirmed that Pelosi had asked the Pentagon for guidance regarding the use of military aircraft for Congressional retreats.

"The request was to clarify whether retreats are covered," Hammill said. "We had the knowledge that Hastert had used [a military plane] for a retreat on one occasion."

Ultimately, Pelosi did not use the plane to travel to the retreat; the administration official said that request had been denied.

Hammill said that so far, the California Democrat had only used the Air Force plane for a single January trip back to San Francisco. He added that Pelosi asked the Pentagon a number of questions regarding how the plane could be employed, such as whether it could be used solely for official business or also for political travel. The Speaker's office also requested clarification on who can legally travel on the plane in addition to the Speaker, such as staff and supporters.

Hammill said the Pentagon has yet to respond to these specific queries. Defense Department officials did not return repeated calls to comment for this story.

Lawmaker access to military jets may be even more important now that the House has instituted new gift rules that prohibit lawmakers from using corporate jets under any circumstances.

One Republican leadership aide said Hastert routinely flew commercially, usually on United Airlines, back to his Illinois district until Sept. 11, 2001. At that point, the White House decided for security reasons the Speaker should have access to a military plane for his travel.

Despite the lack of clear restrictions on the plane's use, the leadership aide said Hastert decided to use the plane solely for official business and not for political travel, which would have required reimbursements to the government of several thousand dollars per hour of use.

Hastert sometimes traveled on the plane, which was described as relatively small, with other staff and occasionally his wife.

"We would not use it for political business," said the leadership aide. "We would take corporate or commercial."

"There were no clear rules," the aide added.

The White House would not comment on the issue and referred all questions to the Defense Department, which responded with guidance on appropriate Congressional foreign trips.

Under Defense Department rules, Members of Congress typically fly military planes for official foreign travel or for domestic trips to military bases. Before Sept. 11, 2001, the Speaker had to abide by the same rules as everyone else.

Reached by phone on Friday, ex-Speaker Jim Wright (D-Texas) said that he typically flew commercial like everyone else.

"I traveled almost exclusively by commercial jet. I didn't have access to a military plane that I was aware of," Wright said. "I do have some memory that someone called me and said there would be one available if I needed to use it, and I don't think I ever did take them up on that."

US Public Sector Faces Talent Drain (FT)

By Rebecca Knight In Boston

Financial Times, February 5, 2007

The US federal government faces a massive talent drain in the coming years as many senior government officials reach retirement age and fewer bright young people opt for careers in public service.

About 90 per cent of senior managers in federal government are eligible to retire in 10 years, and more than 40 per cent of all federal employees will be eligible for retirement by 2010, according to the Council for Excellence in Government, a non-partisan research group.

At the same time, fewer young people are choosing to work for the federal government. Many top US colleges and public policy schools report that the number of graduating students going into public service has decreased. For instance, at Columbia University's School for Public Affairs, 73 per cent of the graduating class went to work for federal, state or local government in 1979, compared with 36 per cent who choose public sector work today.

Anne Marie Slaughter, dean of Princeton University's Woodrow Wilson School of Public and International Affairs, told the Financial Times she has observed a "brain drain both to private sector and the non-profit sector".

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"Students don't see the government as a place you can make a difference," she said. "The common perception is that if you go into the private sector, you're an economic entrepreneur, if you go into the non-profit sector you're a social entrepreneur, but if you go into government, you're a bureaucrat."

President John F. Kennedy once enticed the best and brightest of young people into careers in public service by saying: "Ask not what your country can do for you; ask what you can do for your country."

However, the Vietnam war, the Watergate scandal and the subsequent political apathy coupled with the changing economics of the marketplace – especially the rise of non-government industries – resulted in fewer of the best and the brightest choosing government work.

Stephen Bosworth, the dean of Fletcher School of Law and Diplomacy, said he believed one of the biggest reasons for this was pay. "Students have an opportunity to earn significantly more money in the private sector," he said.

The government also has a reputation among young people for having a slow and confusing recruitment pro-cess, according to Paul Light, a public service professor at the Wagner School at New York University. "This is stunningly evident at the college level perhaps because government is rarely a presence at job fairs and rarely mentioned by career counsellors."

Linda Springer, director of the Office of Personnel Management, said the federal government was trying hard-er to attract young workers by increasing its recruitment on college campuses and through television advertisements.

In addition, she said, the government was overhauling its hiring practices, expanding its health benefits and student loan forgiveness programmes.

Job Shadowing Sheds Light On Defense Work (WP)

By Stephen Barr

Washington Post, February 5, 2007

The first questions were right to the point: Is there a lot of paperwork in applying for a federal job? What's the easiest way to get a security clearance?

The questions came from Washington area high school students participating in the Information Technology Job Shadow Day at the Defense Department, one of 26 agencies hosting events last week aimed at recruiting the next generation of computer professionals into government.

As the shadow day activities underscored, many federal agencies are trying to build a recruitment pipeline that goes beyond colleges and into high schools, where teenagers can be introduced to federal work through summer jobs, internships and scholarship programs.

"We're hitting all ages," said Joyce France, director of the management services directorate for Defense's chief information officer. "We want to reach back to high schools, and show them how critical and important information technology is, and grow these students for the Defense Department and the federal government and for private industry."

Like other parts of the government, Defense is concerned about its aging workforce. The department has about 69,000 technology professionals in its civil service ranks, and officials estimate that 10,000 will be eligible to retire at the end of this year.

Not all of them will leave, of course, but Defense officials are looking to the future and want to make sure that teenagers understand the importance of math, science and English courses as building blocks for technology careers.

For the job shadow day, the Pentagon revved up briefings and tours worthy of visiting dignitaries.

Lt. Gen. Michael W. Peterson, the Air Force chief information officer, welcomed one group of students. Army Maj. Jim Enicks, who has served in Iraq and currently works for the Joint Chiefs of Staff, shared his experiences with another. Civilian executives and managers, including France, Debra Filippi and John Venit, offered advice and fielded questions.

Tour stops for the students included the National Military Command Center, which links the defense secretary to other top government leaders during emergencies; the office of Defense Secretary Robert M. Gates (who was not in); the Pentagon courtyard; and the 9/11 Memorial Chapel.

One group of students started their Pentagon day with a "talk show" segment taped by the Pentagon Channel, the in-house TV and Web broadcast service.

Two Defense computer scientists, Alex Eisen and Kunal Johar, urged the students to look into education scholarships provided by Defense and to think about what they want out of life and how a technology career might help them achieve personal goals.

Defense officials told the students they looked for potential hires who had good grades and had tried to apply their skills, by building a Web site or by using commercial software to compile data.

About 30 Washington area students participated in the Defense shadow day, coming from Ballou Senior High, Benjamin Banneker, the Edison Academy, the Fairfax Academy and T. C. Williams.

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They were part of an estimated 280 students attending technology job shadow days across the government, drawn from 27 area high schools. The schools included Anacostia, Cardoza, Chantilly, Frederick Douglas, Gaithersburg, Springbrook, West Potomac and Wheaton.

The government's effort was organized by the Federal Chief Information Officers Council, an interagency group, in partnership with the Association for Federal Information Resources Management, a nonprofit group; and Junior Achievement, a group dedicated to educating young people about business and economics.

Last week's events marked a reinvigoration of technology shadow day. It was last held in 2003, drawing about 100 students from nine high schools for visits at nine agencies.

Doris McGuire, a co-chair with Ned Kieloch of the information officers council's student outreach subcommittee, said organizers went into the event hoping to match past participation and double the turnout. The advance planning paid off.

She said the students turned in feedback cards with comments, such as "I had a first-hand experience of what people do at work" and "How cool is that!"

Jonathon Glad, a senior at Thomas Edison High School in Alexandria, told reporters that he decided to participate in the shadow day because of his interest in technology and he wanted to see the Pentagon. He said he thinks technology will mesh with his career plan -- to join the Army after completion of the Reserve Officers' Training Corps program.

The Green-Zoning Of America (NYT)

By Paul Krugman

The New York Times, February 5, 2007

One of the best of the many recent books about the Iraq debacle is Rajiv Chandrasekaran's "Imperial Life in the Emerald City." The book tells a tale of hopes squandered in the name of politicization and privatization: key jobs in Baghdad's Green Zone were assigned on the basis of loyalty rather than know-how, while key functions were outsourced to private contractors.

Two recent reports in The New York Times serve as a reminder that the Bush administration has brought the same corruption of governance to the home front. Call it the Green-Zoning of America.

In the first article, The Times reported that a new executive order requires that each agency contain a "regulatory policy office run by a political appointee," a change that "strengthens the hand of the White House in shaping rules that have, in the past, often been generated by civil servants and scientific experts." Yesterday, The Times turned to the rapid growth of federal contracting, fed "by a philosophy that encourages outsourcing almost everything government does."

These are two different pieces of the same story: under the guise of promoting a conservative agenda, the Bush administration has created a supersized version of the 19th-century spoils system.

The blueprint for Bush-era governance was laid out in a January 2001 manifesto from the Heritage Foundation, titled "Taking Charge of Federal Personnel." The manifesto's message, in brief, was that the professional civil service should be regarded as the enemy of the new administration's conservative agenda. And there's no question that Heritage's thinking reflected that of many people on the Bush team.

How should the civil service be defeated? First and foremost, Heritage demanded that politics take precedence over know-how: the new administration "must make appointment decisions based on loyalty first and expertise second."

Second, Heritage called for a big increase in outsourcing — "contracting out as a management strategy." This would supposedly reduce costs, but it would also have the desirable effect of reducing the total number of civil servants.

The Bush administration energetically put these recommendations into effect. Political loyalists were installed throughout the government, regardless of qualifications. And the administration outsourced many government functions previously considered too sensitive to privatize: yesterday's Times article begins with the case of CACI International, a private contractor hired, in spite of the obvious conflict of interest, to process cases of incompetence and fraud by private contractors. A few years earlier, CACI provided interrogators at Abu Ghraib.

The ostensible reason for politicizing and privatizing was to promote the conservative ideal of smaller, more efficient government. But the small-government rhetoric was never sincere: from Day 1, the administration set out to create a vast new patronage machine.

Those political appointees chosen for their loyalty, not their expertise, aren't very good at doing their proper jobs — as all the world learned after Hurricane Katrina struck. But they have been very good at rewarding campaign contributors, from energy companies that benefit from lax regulation of pollution to pharmaceutical companies that got a Medicare program systematically designed to protect their profits.

And the executive order described by The Times will make it even easier for political appointees to overrule the professionals, tailoring government regulations to suit the interests of companies that support the G.O.P. — or to give lucrative contracts to people with the right connections.

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Meanwhile, never mind the idea that outsourcing of government functions should be used to promote competition and save money. The Times reports that "fewer than half of all 'contract actions' — new contracts and payments against existing contracts — are now subject to full and open competition," down from 79 percent in 2001. And many contractors are paid far more than it would cost to do the job with government employees: those CACI workers processing claims against other contractors cost the government $104 an hour.

What's truly amazing is how far back we've slid in such a short time. The modern civil service system dates back more than a century; in just six years the Bush administration has managed to undo many of that system's achievements. And the administration still has two years to go.

A Bid For Better Student Loans (WP)

By Michael Dannenberg And Phillip Longman

The Washington Post, February 5, 2007

The average graduate of a four-year college now sets off in life burdened by almost $20,000 in student loans. Among those graduating from four-year private schools, it is not uncommon to owe $40,000 or more. Responding to this unprecedented burden on Americans seeking to improve themselves, the House recently passed a bill that, on average, would reduce the loan interest paid by college students by about $30 a month.

That's welcome relief. But by forcing banks to compete for the right to make government-guaranteed student loans, we can do much more to ensure that young Americans are not sunk by debt before they get a chance to start their careers and families.

How much could interest rates and government subsidies for student loans fall without causing banks to stop lending? Probably a lot, though no one can say for sure because there is no market mechanism for determining the price of student loan subsidies. Instead, the federal government guarantees banks that the student loans they issue will be repaid in full, and then, through the political process (i.e., after listening to bank lobbyists), promises banks a profit set in law by formula. Separately, Congress also sets the interest rates that borrowers pay.

Those terms leave the good folks who make student loans with little to complain about. Loan giant Sallie Mae makes a 43 percent return on its cost of capital while incurring virtually no risk. Such rich rewards suggest that guaranteed profits on guaranteed student loans could be cut substantially without reducing the number of Americans who can obtain such loans. But finding exactly the right subsidy price or market-clearing interest rate for student loans is not something Congress or anyone else can divine in the absence of a market.

Fortunately, there is an easy solution: Make lenders bid for the right to sell federally guaranteed student loans.

As the commercial says, when bankers compete, you win. The right to originate loans guaranteed against default by taxpayers is something of great value that the government currently gives away for free to the banking industry. Why shouldn't banks have to bid against one another to secure this sure source of profit, especially when it's the taxpayers who create this "business opportunity"? Banks could compete by offering the highest bid for the right to sell guaranteed student loans to designated schools or by agreeing to accept the lowest amount of subsidy.

How much revenue would such an auction raise? It's hard to say exactly in the absence of a market. But recently, one of the country's largest lenders, the Missouri Higher Education Loan Authority, sold off half its portfolio of student loans at a premium of 7.1 percent. This hints at the market value of government-guaranteed student loans and suggests that taxpayers could save $15 billion to $20 billion over the next five years if Washington relied on market mechanisms instead of backroom politics to establish subsidy rates.

We could use all that extra revenue to benefit needy college students directly through grants or by cutting interest rates on their loans. Or we could extend the No Child Left Behind Act into high schools, as the Bush administration wants. Really, we should do all three.

The idea of such an auction is hardly radical. The government auctions off its Treasury debt, as well as spectrum licenses and offshore drilling rights, among other things. These auctions are not without their flaws, but they are preferable to the government simply giving away public assets to the well-connected.

From the borrower's perspective, loan terms would not change. Banks with winning bids would be required to make the same government-guaranteed loans that are available today.

Yes, the auction system might reduce the number of lenders, but the difference wouldn't be much. According to the Education Department, 32 lenders control 90 percent of the market, and one, Sallie Mae, already owns more than half of all outstanding federal family education loans.

Besides, in the event of poor service, colleges that don't like the winning bidders would retain the option of shifting to the government's own Direct Loan program, which provides the same loans under the same terms and conditions as the subsidized

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bank alternative. And if borrowers are upset with the winning bidders' service, they could refinance with another lender, as millions who hold consolidated student loans already have.

The American system of financing higher education needs reform, and soon -- but we must do it by moving away from the current system of government price controls. Conservatives should approve of a system that lets a market mechanism determine the cost of student loans, while liberals should applaud the dismantling of one of the country's most egregious examples of corporate welfare.

Michael Dannenberg is director of education policy and Phillip Longman is a senior fellow at the New America Foundation, a nonpartisan public policy institute.

On Race And The Census: Struggling With Categories That No Longer Apply (NYT)

By Brent Staples

The New York Times, February 5, 2007

Imagine the Census Bureau announcing that it would end the practice of asking people to identify themselves by race beginning in 2010. Black elected officials and their allies in the civil rights community would fight the proposal tooth and nail by arguing that racial statistics were necessary for enforcing civil rights laws — especially the Voting Rights Act — and that dropping race from the census would dilute black political strength. Enemies of affirmative action would jump for joy, believing that they had finally won.

But these antagonists aren't the only factions in the fight. A growing number of demographers and historians who are fully sympathetic to the civil rights struggle would probably be happy to see the word "race" disappear from the census as well. There seems to be an emerging consensus that the system of racial classification that has dominated national politics and the census for nearly two centuries is so fraught with imprecision — and so tainted by racist ideas that have been disproved by science — that it should eventually be dropped altogether.

This view has been percolating among census historians for years. But it has gained traction since the 1990s, when there was a pitched battle over a proposal that would have added a "multiracial" category to the 2000 census. A compromise allowed people to check more than one box for race. But that change only fueled the debate by revealing a conflict between the fixed racial categories that have long dominated American life and a different sense of identity that's clearly on the rise among younger Americans.

Most Americans think of racial categories as objective, even benign, descriptions that are part of the social fabric. But the historian Margo Anderson writes that official statistics on "race" or "color" were inaugurated into the federal statistical system in the early 19th century. By then the government had embraced the view that people of African descent were from genetically inferior ancestral groups and could never escape subordinate status.

Armed with this view, the Census Bureau became the fountainhead of 19th-century racist dogma. The bureau reported, for example, that free black people were disproportionately insane, thus supporting the view that slavery was the only suitable status for them. It actively promoted the eugenicist view that Americans of African descent were so inferior and ill equipped to survive that they would eventually become extinct.

The bureau during this period was obsessed with the notion that sexual contact between people of African and European dissent was polluting the theoretically "pure" white society. The belief that the so-called "races" had been set apart by God and nature led to the popular theory that children of mixed ancestry were akin to mules, which are sterile, and would die out after a single generation.

With an eye out for what the government saw as racial abomination, census wardens went house to house, eyeballing ostensibly white people for traces of creeping "blackness." This period marked the rise of the so-called "one-drop rule" — which defined as black anyone with any African heritage at all. That often meant banishment from jobs, housing and public schools set aside for whites. The "one-drop rule" has been stripped of its worst penalties. But it is still evident in the census, as Kim Williams of Harvard points out in her recent book, "Mark One or More: Civil Rights in Multiracial America." For example, people who checked both "white" and one minority race in 2000 were counted in a single-race minority group.

The system of racial classification used in this country will never be scrubbed clean of its racist origins. Indeed, the seemingly innocuous act of assigning people to "races" still sets them sociologically and biologically apart in a way that scientists and anthropologists have long since rejected. The Americans who checked more than one box in 2000 seem to reject this fixed, "one drop" formulation of race.

Many people now see race as a facet of personal identity that changes from time to time or even from place to place. In a follow-up survey just a year after the initial 2000 census, for example, about 4 of 10 people who had listed more than one race decided to change their responses. Kenneth Prewitt, a Columbia University professor and former census director, wrote in the

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journal Daedalus in 2005 that these people seem to see race not as a fixed demographic fact, but as "something closer to an attitude toward oneself."

The 2000 census suggests that we are gradually moving away from the rigid, racialist system of classification that has long dominated this country and toward a system that sees racial identity as more fluid. Even historians and demographers who sympathize with the civil rights struggle and who recognize the need to document discrimination now see that the "one-drop rule" will not be sustainable in the new, multiracial America. We may be stuck with the old formulation for the moment. But it's no longer a matter of if it will fall away. It's a matter of when.

Exports And Free Trade (WSJ)

The Wall Street Journal, February 5, 2007

President Bush's trade promotion authority expires in a few months, and along with it the ability to strike new free-trade deals. So it's worth highlighting that some of the fastest-growing destinations for American products are the countries with which we've signed trade-opening accords.

According to the U.S. Trade Representative's office, U.S. goods exports have climbed by some 26% among the 10 countries with which the U.S. has signed accords since 2001. Meanwhile, goods exports to the rest of the world have only grown by 13% across the same period.

The differential is even larger over the 12 months through November 2006 for new free-trade partners Australia, Chile, Jordan and Singapore. U.S. exports to those nations rose at a rate of 40.5%, compared with 14.4% to the rest of the world. No doubt this reflects the commodity (copper) boom in Chile, where, for example, Caterpillar has been able to double its exports of heavy equipment.

But bilateral free-trade agreements have also made those markets more accessible by sharply reducing tariffs on U.S. manufactured goods. These export markets have been especially important to manufacturers during the recent U.S. housing and auto slumps, helping to keep American workers employed.

The U.S. had three free-trade accords when Mr. Bush took office, and his Administration has put in place 10 more. While these trading partners represent only 7.3% of world GDP, they are the destination for 42% of U.S. goods exports. Agreements with the Dominican Republic, Costa Rica and Oman have passed Congress and await implementation, while pacts have been signed with Peru and Colombia, and still others are in the works.

We don't want to sound like mercantilists here. The freer flow of imports is arguably even a more important by-product of free trade, because imports allow U.S. consumers to buy more at cheaper prices and because they make American companies more efficient and competitive. In developing countries, imports also help to disperse political power by opening up cartels and monopolies to competition.

However, the new trade "populists" in Congress like to claim that U.S. exporters are getting a raw deal from Bush trade policy. As the export facts show, the truth is precisely the opposite.

Moving Toward Greater Drug Safety (NYT)

The New York Times, February 5, 2007

The Food and Drug Administration is making encouraging moves to strengthen its regulation of drugs that are already on the market. But the changes fall far short of what's needed to protect millions of unsuspecting patients whose adverse effects may show up only after years of use.

The agency has traditionally focused on the drug-approval process to determine if a drug is safe and effective. Unfortunately, by that time a drug has typically been tested in only a few hundred or a few thousand patients — too few for many kinds of adverse effects to become apparent. Once the drug is being used by millions, the agency has limited powers to halt sales that begin to look risky.

Last September, the Institute of Medicine, part of the National Academy of Sciences, issued a report decrying the big imbalance between premarketing and postmarketing regulation. The report, which had been requested by the F.D.A., made some 25 recommendations for strengthening the agency.

The F.D.A had already been moving to strengthen its safety assessments but now has developed a more comprehensive approach. One notable venture is a pilot program to assess the safety of a few breakthrough drugs about 18 months after they are marketed. The F.D.A. will collaborate with the Department of Veterans Affairs, the Medicare and Medicaid programs, and other groups to track drugs in use. It will publish results on its Web site. Such steps should greatly improve the agency's ability to monitor the use of drugs in the real world.

Even so, Congress needs to give the agency more money and more teeth: including explicit powers to impose conditions on drugs that begin to look risky, to require additional testing and even to yank drugs from the market.

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Alter: No More Excuses For Bad Teachers (NSWK)

By Jonathan Alter

Newsweek, February 4, 2007

The crazy thing about the education debate in the United States is that anyone with an ounce of brains knows what must be done. Each political party is about half right. Republicans are right about the need for strict performance standards and wrong in believing that enduring change is possible without lots more money from Washington. Democrats are right about the need to pay teachers more but wrong to kiss up to teachers unions bent on preventing accountability.

As President Bush's flawed (but landmark) No Child Left Behind (NCLB) program comes up for reauthorization this year, the onus is on Democrats. Will they cave to their party's biggest special interest—or do what most of them acknowledge in private is essential? Among Democratic presidential candidates, supporting accountability with teeth and more charter schools should be a litmus test for anyone serious about proving he or she is not just another hack.

The good news is that we're getting some leadership in New York, long a bastion of mindless paleoliberalism. Gov. Eliot Spitzer unveiled his first budget last week and it offers a grand bargain on education—much more money in exchange for much more accountability—that should be a national model. Predictably, State Assembly Speaker Sheldon Silver, in the pocket of teachers unions, objects to Spitzer's plan to allow for more charter schools, even though thousands of low-income parents are on waiting lists to get into them. The president of the United Federation of Teachers, Randi Weingarten, called the new governor and tried to buffalo him on charters. She failed.

Spitzer seems game to fight his own party's instinct to pander. "The national Democratic Party has got to understand that real education reform is a central issue both politically and for our economic future," he told me last week. "We have to get our arms around the idea that if there's no performance, you must remove those responsible for the failure." It's a sad commentary on Democrats that they've allowed "educational accountability" to become a winning issue for the GOP.

In New York City—home to 1,400 schools, 80,000 teachers and 1.1 million students—Republican Mayor Michael Bloomberg (a huge improvement over his predecessor, Rudy Giuliani) is showing what accountability means. First, he won mayoral control of the school system, a prerequisite for getting anything done in a big city. Now his tough-minded schools chancellor, Joel Klein (a Democrat), is moving forward on an important new plan to slash administrative layers and empower individual schools. The idea is to make each principal "the CEO of the school instead of an agent of the bureaucracy," Klein says. More than 300 New York principals are signing performance contracts that give them more control in exchange for being accountable. Klein means business: "If your school gets a D or an F, I'm gonna fire your ass."

A big accountability problem nationwide is teacher tenure, which is almost automatically awarded whether a teacher is good or not. If he's not, he gets to commit educational malpractice for the next 40 years. In New York, Klein wants to toughen standards for receiving tenure, and he has already succeeded in ending union "bumping rights," where lousy teachers with seniority can bump good, younger teachers and move into a school where a good principal doesn't want them. Above all, a principal must have control of who teaches in his or her building. All other reforms depend on it.

At the five-year mark, NCLB is a mixed blessing. While Bush has sharply increased federal aid to at-risk schools, he broke his 2001 funding promises. Where's the cash to attract talented teachers? But once the Democratic Congress addresses the money problem and works out some testing kinks, the real fault of NCLB will become clear: it doesn't go far enough.

It's time to move from identifying failing schools to identifying failing teachers. That sounds obvious, but until now it hasn't happened in American education. "We need a management tool that can show whether Ms. Jones can teach long division," says Margaret Spellings, Bush's sensible secretary of Education. Too many educators are still caught in what Klein calls a "culture of excuses." The excuse du jour is that NCLB is "punitive." But Spellings has a point that basic assessment is both right and popular: "I don't think parents see reliable data as punitive."

Do Democratic presidential contenders? Education Week rated Iowa and New Hampshire as having the two least-accountable state education systems in the country. Uh-oh. Let's hope the press and public are prepared to call candidates to account if they undertake a primary-season panderfest.

OTHER NEWS:

A Bounce For Bush (USNEWS)

By James Pethokoukis

U.S. News and World Report, February 5, 2007

It's not really too surprising that George W. Bush's visit to the floor of the New York Stock Exchange last week marked only the second time that a sitting president had made such an appearance. (The first was Ronald Reagan in 1985.) After all, most

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politicians probably think it's better to be seen as a representative of the common man and Main Street than of shiny-suited financiers and Wall Street.

But Bush's big problem right now is that instead of Main Street or Wall Street, he might be more associated with Haifa Street, the lethal "street of fear" in Baghdad where U.S. and Iraqi troops fought insurgents last month. So Wall Street's not a bad alternative for an embattled president dealing with a foreign policy nightmare, especially when he can talk up what's turning out to be a vibrant economic boom. On the same day that Bush visited the NYSE and gave an upbeat speech at historic Federal Hall in Manhattan-"consumers are confident, investors are optimistic," the president declared-the Commerce Department reported that the U.S. economy grew at a snappy 3.5 percent pace in the fourth quarter of 2006. "This was a strong number," says Joel Prakken, chairman of Macroeconomic Advisers in St. Louis, "that showed the year really ended strong."

Investors agreed, pushing the Dow Jones industrials up nearly 100 points. The economy's performance was especially impressive considering that it wasn't so many weeks ago that economists were whispering that the fourth quarter might be a "one handle"-meaning growth between 1.0 and 1.9 percent. Now instead of a "hard" or "soft" landing, bearish investment pros are talking about a "growth scare" where a surprisingly robust economy would push the Federal Reserve into raising interest rates. (The Fed, in its placid statement last week, seems to be worrying less about both weak growth and rising inflation.)

The fourth-quarter spurt brings the economy full circle. Growth started fast in 2006, up 5.6 percent in the first three months of the year, but then weakened dramatically as the housing market tanked, oil prices rose sharply, and auto production slackened. Gross domestic product grew by only 2.6 percent in the second quarter and 2 percent in the third. Yet for the year, the economy expanded by 3.4 percent-better than the 3.2 percent rate in 2005 despite all those challenges.

Even though many Americans own houses worth less than they were a year ago, they continue to spend like NBA rookies after draft day. Real personal consumption expenditures-a measure of consumer strength-rose 4.4 percent in the fourth quarter. Helping consumers afford their spending habits was a 5.4 percent jump in real disposable personal income. For the year, it climbed 2.7 percent vs. 1.2 percent in 2005. The recent drop in gas prices "means that consumers had more money in their pockets than they expected," says Wachovia senior economist Mark Vitner, "and they spent it." Vitner also notes that lots of those dollars went toward buying ever cheaper flat-panel televisions. "They just flew off the shelves."

Most Agree: Housing Crunch Isn't Over Yet (USAT)

By Barbara Hagenbaugh

USA Today, February 5, 2007

WASHINGTON — Housing is proving to be one of the biggest wild cards in the economy in 2007 as analysts are deeply divided about whether the worst in the downturn is over or there is much more pain to go.

Only 9% of economists say the housing decline ended in 2006, according to a USA TODAY survey of 55 economists taken Jan. 18-24. Another 42% said the downturn will end in the first half of the year, and 45% said housing will bottom out in the second half.

"This is one of those hot-button issues," says Christopher Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi. He estimates the downturn ended last year. "I don't know why people are so pessimistic."

When housing bottoms out is key for the economy. Thus far, the fallout has been small. The economy grew at a faster pace in 2006 than in 2005 even though sales of previously owned homes fell 8.2%, the biggest drop in 17 years, the National Association of Realtors says.

But the economy may not be able to shrug off further declines, A.G. Edwards & Sons chief economist Gary Thayer says. Lower energy prices and a strong job market have thus far helped consumers weather the housing downturn. But going forward, those two factors may not be big enough to offset further weakening, Thayer says.

"Seeing things stabilize and hearing reports that housing is stabilizing is good for consumer confidence," he says.

The NAR's index of pending home sales, which is adjusted for seasonal variations, rose in December at the fastest pace since March 2004. The level of unsold homes on the market appeared to have peaked in July, the group says.

But Wachovia senior economist Mark Vitner says although recent housing data have been upbeat, they have been skewed by warmer-than-usual weather.

"That brought out a few more buyers and allowed for more building in the Northeast," he says. Vitner says the warm weather "pulled sales forward." Come spring, housing activity will be slower than normal, he says.

"I haven't met a home builder yet who thinks things have bottomed out," he says.

Economist Tucker Hart Adams says the housing market won't stabilize in 2007. The combination of resetting adjustable-rate mortgages, homeowners unable to keep up with payments on so-called exotic mortgages such as interest-only loans, and other debt will lead to higher foreclosure rates and more homes on the market, she says. "It's really optimistic to think that it just took a little adjustment and everything is fine," she says. "It's one time I would like to be wrong."

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Renters Will Dig Deeper In 2007 (USAT)

By Noelle Knox

USA Today, February 5, 2007

Renters be warned: Landlords are expected to raise apartment rents for a third-straight year in 2007, forcing tenants to turn over a growing chunk of their pay and making it harder to save for a home, a report to be issued today by Marcus & Millichap finds.

With the projected rise of 5% this year, rents would be 14% higher than at the end of 2004, the report says. Over the same period, paychecks are expected to rise 4%, adjusted for inflation.

The widening gap is likely to worsen the crisis for workforce housing, especially in coastal cities, says Hessam Nadji, a managing director at Marcus & Millichap, a real estate investment brokerage. "This is a national trend. We're seeing rents rise in the majority of markets, and we see this continuing for at least three years."

From 2000 to 2004, most landlords couldn't raise rents because so many tenants were leaving to buy houses or condos. To feed that buying frenzy, about 300,000 apartments were converted to condos for sale in the past three years. Now, even with 92,000 new rental units this year, the stock is still too little to meet rising demand.

"It's horrible. I'm going to pull my hair out," says Veronica Gonzales, 25, CEO of an event planning firm in Manhattan, where rents are expected to jump more than 7% this year, the sharpest increase in the USA. Gonzales has been hunting for six months for a place in the city for $2,000 a month. Unfortunately for Gonzales and other apartment dwellers, rents are rising because the payment gap between renting and owning remains wide. Even with this year's increase, the national median rent will be $943 a month, only 60% of the median mortgage payment of $1,566.

Renters will get a bit of a break in places such as Miami, Las Vegas and San Diego, where investors bought thousands of condos, hoping to flip them for a quick profit. Since the market faltered in late 2005, many of those condos have been empty, and investors are seeking tenants to help pay the mortgage.

Mohamed Amar bought two Las Vegas condos in 2005 that he's trying to rent. "I thought it was a good investment," says Amar. "But when I tried to put it on the market, the developer started cutting the price, and they killed everybody." Yet, even in these cities, the report says, rents will rise this year.

Democrats Expect GOP Bailout (RC)

By Nicole Duran

Roll Call, February 5, 2007

The Democratic Congressional Campaign Committee is watching more than two dozen House Republicans for signs they are ready to call it quits in 2008.

The Democrats believe a wave of Republican departures can help them cement their House majority.

“Democrats are on the offense and Republican seats that open up due to retirements are at the top of our bull’s-eye list,” said DCCC spokeswoman Jennifer Psaki.

Given the GOP’s new minority status in the House, Democratic strategists think some veteran Republicans will head into retirement while some younger Members will opt to run for other offices. Democrats also believe that ethics scrapes could force a handful of GOP

incumbents from office.

“Being a seasoned Republican in Washington right now is like being a fifth-year senior in college whose fraternity was kicked off campus,” said one Democratic source close to the DCCC who did not want to be named. “Why would you want to stay if you can leave, make more money and avoid being in the minority?”

Even though many of the 27 districts in question are notable for their Republican tilt, House Democratic strategists, emboldened by wins in the previous cycle in Republican territory such as Kansas and close calls in GOP bastions such as Wyoming, believe they can put many open seats in play.

Of the districts that the DCCC believes could become open, only New Mexico’s 1st district, where Rep. Heather Wilson (R) eked out a 879-vote win over Democrat Patricia Madrid in November, and Delaware’s at-large district preferred Sen. John Kerry (D-Mass.) to President Bush in 2004. Wilson is seen as a possible Senate candidate if Sen. Pete Domenici (R-N.M.) retires next year.

Republicans argue that if Democrats are counting on picking up seats such as Louisiana’s 1st district — which gave Kerry only 29 percent of the vote, and where Rep. Bobby Jindal (R) is running for governor this year — then the GOP will take back the House in 2008.

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"The National Republican Congressional Committee is optimistic about the energy, excitement and dedication of our incumbents to reclaiming the majority," spokeswoman Jessica Boulanger said. "We also plan to be on offense around the country, reclaiming seats that have historically been in the Republican column.

"Wishful thinking and spin on the part of the Democrats is not going to do anything to obscure the fact that their freshmen and vulnerable are already making mistakes and casting bad votes for their districts," Boulanger added.

Democratic strategists familiar with the DCCC list obtained by Roll Call acknowledged that the likelihood that a particular Republican Member will retire, or that their party can even take advantage of a vacancy, varies greatly from district to district.

Topping the Democrats' list of pickup opportunities among potential retirees is Rep. Mike Castle (R-Del.).

House Democrats made their biggest gains in the Midwest and Northeast in November and practically wiped out Republican moderates.

Castle, who suffered a minor stroke last year, may mount a Senate race if Sen. Joseph Biden (D-Del.) vacates his seat to concentrate full time on his presidential bid. Democrats also believe the 67-year-old Republican incumbent might decide now is a good time to leave a Congress that increasingly has seen his party move to the right and become dominated by Southern conservatives.

But a spokeswoman for Castle — like aides to most of the Republicans on the DCCC's watch list — denied that her boss, who just won a ninth term, is ready to leave Washington.

"He was just appointed to the NRCC executive committee," said spokeswoman Elizabeth Wenk. "It's kind of hard to say he's not going to run again when he's leading the effort to get the Republicans back in the majority."

That didn't stop the DCCC from deploying an operative to the First State last week to scout for potential candidates. The Democratic Party in Delaware is ready to target Castle, who won with 57 percent of the vote, even if he does not step down, according to a knowledgeable Democratic source.

Democrats picked up 11 House seats in the Northeast last year, and while they failed to knock off Rep. Christopher Shays (R-Conn.), they did not focus on Castle at all, which likely makes him an even more inviting target this time.

The DCCC also hopes to duplicate its success taking down Republicans caught in ethical storms. In 2006, Democrats ousted Rep. Richard Pombo (R-Calif.) and won open seats in Republican districts that had been held by indicted former GOP Reps. Bob Ney (Ohio) and Tom DeLay (Texas).

The Democrats' list demonstrates that they hope the ethics issue will play again in 2008.

Rep. Gary Miller (R-Calif.) reportedly is under FBI investigation, which has Democrats dreaming about his Inland Empire-based 42nd district, even though it gave Bush 62 percent of the vote in 2004. The same goes for the neighboring 41st district, where Rep. Jerry Lewis (R-Calif.), former Appropriations Committee chairman, also is being scrutinized by federal authorities.

Both have hefty campaign bank accounts. Miller confirmed through a spokesman that he plans to seek a sixth term.

A spokesman for Lewis, Jim Specht, said: "He's never speculated this early. He's focused on what he's supposed to be doing, which is providing the best possible service to his constituents and returning the Republicans back to the majority."

While Lewis has not committed to running for re-election, Democrats acknowledge that others on their list, such as Rep. Rick Renzi (R-Ariz.), are probably long shots for retirement.

Renzi, who was held to 51 percent of the vote in November amid allegations of wrong-doing in connection with a real estate transaction, looks like someone running for re-election. Republican leaders, including House Minority Leader John Boehner (Ohio), are hosting a reception at the Westin Kierland Resort & Spa in Scottsdale, Ariz., on Feb. 17 to benefit Renzi.

Renzi's office did not comment for this story.

Other Republicans made the DCCC list for various reasons.

Rep. Barbara Cubin (R-Wyo.) seemed to invite the DCCC to come after her when she won a seventh term by barely 1,000 votes in the Equality State in November, where only 29 percent of the electorate supported Kerry in 2004. Cubin's office did not respond to telephone messages.

Rep. Elton Gallegly (R-Calif.) had to be coaxed into running for an 11th term by GOP leaders, though a Gallegly aide told Roll Call late last year that his boss would run again in 2008.

A spokeswoman for Rep. Ralph Regula (R-Ohio), who will be 83 on Election Day 2008, said he hasn't formulated his plans for next term yet.

Can Republicans Count On A House Snapback? (RC)

By Stuart Rothenberg, Roll Call Contributing Writer

Roll Call, February 5, 2007

Most surge elections, during which one party makes sweeping gains in the House of Representatives at the expense of the opposition, have been followed by a surge back toward the other party two years later.

Will the 2006 elections produce the same snapback, with substantial Republican gains, or can Democrats minimize their losses, securing their control of the House after next year's presidential election?

The history of recent surges and snapbacks is pretty clear. In 1964, during the Democrats' anti-Goldwater surge, Democrats knocked off 39 GOP incumbents and won eight Republican open seats. Two years later, the Republicans snapped back, defeating 39 Democratic incumbents.

The wave that accompanied Ronald Reagan's presidential victory in 1980, which ousted 27 Democratic officeholders and secured 10 Democratic open seats for the GOP, beget 1982, when 22 GOP incumbents were bounced from office. And the wave against President Bill Clinton in 1994, which took down 34 Democratic House Members and turned a stunning 22 Democratic open seats red, produced 1996, when 18 GOP incumbents lost bids for re-election.

Snapbacks are not inevitable, of course. In the Watergate year of 1974, Democrats knocked off 36 Republican House Members seeking re-election and seized 13 GOP open seats, and two years later the parties lost almost equal numbers of incumbents (seven Democrats and five Republicans). Republican seats that went Democratic because of Watergate generally stayed that way for at least a couple of elections.

In November, Democrats knocked off 22 GOP incumbents and added eight Republican open seats. That means that the number of Republican incumbents defeated in their bids for re-election in 2006, while substantial, was below (and in some cases well below) the number of incumbents defeated in earlier waves.

In the three snapback elections mentioned above, the party that lost a large number of incumbents one year knocked off at least half as many of the opposition's incumbents two years later. Sometimes the snapback was even stronger, as in 1964 and 1966, when equal numbers of incumbents lost in consecutive elections.

But none of the examples noted above is exactly replicated in the scenario for 2006 and 2008. Both the 1964 and 1980 waves occurred in presidential years, which meant that the snapbacks occurred during a midterm election. The 2006 wave occurred in a midterm year, and any snapback, if there is one, would take place in a presidential year.

One wave/snapback sequence — 1994 and 1996 — did occur in a midterm election, followed by a presidential year. But 1994 was Clinton's first midterm election, while 2006 was President Bush's second, and that's a significant difference for many reasons. For instance, Clinton was able to run again and remake himself after only two years in office.

Moreover, the Iraq War was crucial in contributing to the formation of a Democratic wave in 2006, creating an environment that is unique in the recent history of surges.

The war could continue to pose problems for the Republicans in 2008, and if so, that would minimize the chances of a snapback. Even though Bush will not be on the ballot in 2008, he still could be a factor that undercuts the appeal of his party and enhances Democratic prospects up and down the ballot. If independents continue to reject the GOP, Republican candidates will have a hard time reclaiming districts that they lost last year.

The possibility of a GOP snapback also is minimized by the nature of the '06 wave. Almost half of the districts that turned from Republican to Democratic are either competitive or Democratic-leaning, and as long as the freshman Democrats in those districts don't stumble badly, history suggests that they will be difficult to dislodge.

Former Republican Congressmen Charles Bass (N.H.), Jeb Bradley (N.H.), Michael Fitzpatrick (Pa.), Gil Gutknecht (Minn.), Nancy Johnson (Conn.), Sue Kelly (N.Y.), Jim Leach (Iowa), Anne Northup (Ky.), Rob Simmons (Conn.) and Clay Shaw (Fla.) didn't lose because they were terrible candidates. They lost because they were in marginal seats or in districts carried by Al Gore in 2000 and Sen. John Kerry (D-Mass.) in 2004. It will be very difficult (though obviously not impossible) for the GOP to retake those districts, even if former Members run again for their former seats.

It also seems unlikely that GOP open seats that went Democratic in November in Iowa, Colorado, New York and Arizona suddenly will snapback to the Republicans.

So where are snapbacks most likely?

Republican chances of reclaiming seats lost in 2006 undoubtedly are strongest in fundamentally Republican and conservative districts. That means that Democratic House freshmen such as Nancy Boyda (Kan.), Nick Lampson (Texas), Tim Mahoney (Fla.) and possibly Jerry McNerney (Calif.) are at greatest risk.

In addition, a couple of Democratic incumbents who almost lost despite the strong wind at their backs — Georgia Reps. John Barrow and Jim Marshall — surely have to consider themselves at considerable risk.

Obviously, the presidential contest will have a strong impact on the election year, as will the Democratic Congress' performance, party fundraising, candidate recruitment and retirements. We won't know for months which party will have the edge in House races in 2008, but it's likely that divided government will make it difficult to oust incumbents — and that should improve Democrats' chances of maintaining their House majority in next year's elections.

Eighty Percent In GOP See Return To Majority (RC)

DOJ_NMG_0127183

By Susan Davis
Roll Call, February 5, 2007

A wide-ranging survey conducted recently by Rep. Scott Garrett's (R-N.J.) office provides a glimpse into the overall mood of the House's 202 Republican lawmakers now serving in the minority. The seven-page document was hand distributed to Congressional offices Jan. 17, and responses were culled and presented at the annual GOP retreat at the end of January.

Roll Call obtained a copy of the original survey last week, prompting Garrett's office to agree to review the results of the poll Friday. Sixty-one Members, or 30 percent of the Republican Conference, responded to the questionnaire. All responses were anonymous.

The most overwhelming response was that more than 80 percent of respondents said they believed the GOP could win a majority in the 2008 elections.

Members also were asked to rate the issues that resulted in Republicans losing the House on Election Day, and the overwhelming majority said that the ongoing Iraq War, federal spending issues, and the scandals surrounding former GOP Reps. Duke Cunningham (Calif.) and Mark Foley (Fla.) were the dominant reasons. "Nothing else was close," said Garrett's spokesman, Will Holley.

In fact, social issues were at the very bottom of the scale. For instance, the survey listed Congress' intervention into the case of Terri Schiavo in 2005, which received one of the lowest rankings in the survey. "I barely got anything, it was really low," added Chief of Staff Michelle Presson. "Social issues actually were pretty low overall; people were definitely more interested in the fiscal side."

Another question asked of Members was whether the GOP was better served in the minority by working with Democrats to get things done, or to fight back and attack their agenda. Not surprisingly, more senior Members leaned toward compromise, while the younger Members leaned toward battle. "There's a generational split on that, definitely the younger Members are not going to sit tight," Presson said.

Additionally, Members were asked whether they should pursue a conservative or more moderate legislative agenda, and a "large majority" said a conservative agenda, Holley said.

In line with that, a majority of Members who responded also identified themselves as on the "more conservative end of the spectrum," Presson said.

Those responses are tied to a broad feeling within the Conference that they need to fight Democrats, particularly on fiscal and spending issues. Garrett's office said that already is starting to play out on the House floor in debates over the $463.5 billion fiscal 2007 spending bill. While GOP leaders and Appropriations ranking member Jerry Lewis (R-Calif.) voted against and urged a "no" vote on the bill, 57 Republicans sided with Democrats.

On the other side of the aisle, Republicans said Democrats' use of outside groups aligned with their party and a message that touched on many of the GOP's long-standing identifiers helped seal the GOP's defeat.

Holley noted that groups such as MoveOn.org were in districts like defeated Rep. Chris Chocola's (R-Ind.) six months before Election Day. Left-leaning groups "went out early, they started to chip away, and then the [Democratic Congressional Campaign Committee] came in and finished it up," Presson said.

When asked what Democrats were credited for doing right, Presson said, "They stole our ideas, they ran as Republicans." Presson pointed to candidacies such as Sen. Bob Casey (Pa.), a pro-life, pro-gun Democrat who defeated Sen. Rick Santorum (R).

"They finally woke up to the fact that you have to accept some people who may not believe in everything you believe in," she said. "The question is: How long can they afford to have those people, one, not back in their districts and, two, voting on things that play really well with the Democratic base but not with the independent voters that put them in office?"

Garrett, a Member of the Republican Policy Committee, was given the green light to conduct the survey by RPC Chairman Thaddeus McCotter (Mich.). His office said it was undecided if these pulse-check surveys would become a routine matter for the Conference.

Cole: NRCC Will Sit Out Primaries (RC)

By David M. Drucker
Roll Call, February 5, 2007

The National Republican Congressional Committee will not take sides in any House GOP primaries this cycle, NRCC Chairman Tom Cole (Okla.) said in an interview Friday.

Cole also said that he will refrain from doling out personal endorsements and campaign contributions in primaries while he is chairman.

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Cole's decision partly is due to the wishes of House Republicans, who in a recent closed-door meeting were fairly unified — and vocal — in their desire that the NRCC avoid playing kingmaker in contested primaries. But Cole also attributed his policy to a belief that candidates who navigate a primary without help or anointing from Washington, D.C., insiders emerge battle-tested for the general election and in a better position to secure the support of grass-roots Republicans.

Cole said he will not be endorsing any primary candidates as the 4th district Representative from Oklahoma because he believes his job as NRCC chairman doesn't allow for a distinction — and because such a move could be interpreted as a de facto endorsement by the committee.

"We're not going to be in primary situations. Our membership has made it pretty clear that they don't want us to do that," Cole said. He added: "There were a number of primaries I was in last cycle because of personal relationships. I don't have that luxury this time."

Rep. Tom Reynolds (N.Y.), the NRCC chairman in the 2004 and 2006 cycles, took a slightly different view. During his tenure at the committee, the NRCC openly involved itself in at least one key primary, with Reynolds bestowing his personal endorsement on a primary candidate in an open or Democratic-held seat at least twice.

Reynolds' record on this front was mixed — and his moves angered some Members of the House Republican Conference. But some Republicans believe he was right on strategy, and say Cole must allow himself the same flexibility if the GOP is to have a shot at regaining the majority.

"If you seriously want to attempt to take the House back, you want to ensure the best candidate possible is running," said one Republican operative with experience running House races. "You can't do that if you're afraid of taking a risk."

Typically, the four Congressional campaign committees don't endorse in primaries as a general rule, though each cycle usually brings with it a few exceptions. It also is common for the committees to work behind the scenes on behalf of their preferred candidates, while maintaining an air of public neutrality.

In the previous cycle, the NRCC openly jumped into the primary in Arizona's 8th district, where staunch conservative Randy Graf was battling three moderate Republicans who were seen as a better philosophical fit for the moderate GOP seat and better positioned to beat the Democratic nominee in the general election.

The NRCC, believing Graf couldn't beat likely (and eventual) Democratic nominee Gabrielle Giffords, backed then-state Rep. Steve Huffman in the GOP primary. The NRCC spent money on independent expenditure advertising in an effort to aid Huffman, only to see him lose to Graf anyway.

Some Republicans believe this early pre-primary rebuke by the NRCC left Graf crippled in the general election, with almost no chance of beating Giffords, who went on to win handily. Had the committee refrained from playing in the primary, some critics say, Graf might have been able to beat her.

Still, Reynolds' strategy was successful elsewhere.

In 2004, in his capacity as the Congressman from the 26th district of New York, Reynolds personally endorsed now-Rep. Charlie Dent (R) in Pennsylvania's 15th district. Dent defeated two other primary challengers, winning 51 percent of the vote, and went on to win the open seat in the general election.

Last year, Reynolds personally endorsed Iraq War veteran Van Taylor in Texas' 17th district GOP primary. Taylor was seen as the most attractive candidate to take on incumbent Rep. Chet Edwards (D) in the solidly Republican district.

But after beating former Congressional aide Tucker Anderson in the primary, Taylor was beaten handily by Edwards in the general election.

Cole, a political consultant by trade before ascending to Congress in 2002, maintained that he is very unlikely to deviate from his vow to stay out of primary contests. However, there are exceptions.

If a GOP primary included a Republican candidate who is a racist or an anti-Semite, or exhibits other qualities that are extremely anathema to the values of the Republican Party, the committee would move to aid that candidate's opponent, Cole said.

Also, should a Republican incumbent draw a token primary challenger who is not in any real position to win the nomination, the NRCC will not sit on its hands and wait until after the primary contest to work on behalf of the incumbent's re-election. In the case where an incumbent Member attracts a serious challenger, those situations will be handled on a case-by-case basis.

"We will monitor races we think are important, but will not try and affect the outcome," Cole said. "We're really not in the game of picking winners and losers."

Inside Politics (WT)

By Jennifer Harper
The Washington Times, February 5, 2007
Madame front-runner

Sen. Hillary Rodham Clinton of New York has a definite lead among 10 Democratic hopefuls in the 2008 presidential race, according to the American Research Group, which polled 600 Democratic and independent likely voters in both Iowa and New Hampshire on Jan. 31 and Feb. 1. Mrs. Clinton is favored by 35 percent of Iowans and 39 percent of New Hampshire respondents -- compared with 18 percent and 13 percent in each state, respectively, who favored John Edwards.

Sen. Barack Obama of Illinois mustered 14 percent and 19 percent, "undecided" was cited by 13 percent and 21 percent, former Iowa Gov. Tom Vilsack 12 percent and 1 percent. The rest, including Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut and Rep. Dennis J. Kucinich of Ohio, only managed to garner the favor of between 1 percent and 2 percent of the respondents in both states, the survey found. It has a margin of error of plus or minus four percentage points.

Nader raiding

Republican strategists can count on it: Democrats may strut their stuff on Capitol Hill, but still quibble among themselves. Asked his opinion of Sen. Hillary Rodham Clinton, former Green Party presidential candidate Ralph Nader got crabby, indeed.

"I don't think she has the fortitude. Actually, she's really a panderer and a flatterer. As she goes around the country, you'll see more of that," Mr. Nader told CNN yesterday. "I think her main problem may well be right in New York City, [Mayor] Michael Bloomberg."

"You like Bloomberg?" asked anchorman Wolf Blitzer.

"I'm saying he'll give more diversity for sure, and he'll focus on urban problems," Mr. Nader replied, noting that he would never vote for Mrs. Clinton and is partial to Rep. Dennis J. Kucinich.

"We have got a money horse race now," Mr. Nader said. "The press and the polls are gravitating on cash-register politics as if there's a bar graph to see who's going to raise the $100 million or $200 million, [Senator John] McCain or [Senator Barack] Obama or Hillary. That's very unhealthy. That's rancid politics."

Still right-of-center

Sen. John McCain says it's only Washington insiders who think his 2008 presidential bid is in trouble because he supports President Bush's decision to send more troops to Iraq.

"I think there's that, maybe, perception inside the Beltway. But outside, a lot of Republicans are rallying to this belief that we need to have a strategy that can win and realize the consequences of failure," the Arizona Republican told ABC yesterday.

"Many people trust my judgment because they've known me for many years," he said. "I think we're doing just fine, and I think polls indicate that. We're still a right-of-center party. This nation is still a right-of-center nation. And I believe the Democrats are the left-of-center party. So, do we need to make significant adjustments, learn the lessons of the 2006 election? Absolutely."

The 'owe' factor

"A key supporter of Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still 'owe' Bill and Hillary Rodham Clinton their support," wrote Ben Smith of the Politico.com yesterday.

The comments were made by Illinois state Senate President Emil Jones during the Democratic National Committee's black caucus at the Washington Hilton this weekend and "angered Clinton backers and deepened a sharp rift among African-American political activists," according to Mr. Smith.

Mr. Jones asked his audience, "How long are you going to owe politicians for past favors?" and later implored the black officials and operatives not to act like "crabs in a barrel and drag down a successful member of their community."

Jamal Simmons, a political consultant, told Politico, "The heated response that followed highlighted the difficult, personal choice facing many black Democrats. The one thing that was extraordinarily clear this weekend is that many African-American political operatives are very conflicted internally about whether to support Obama or Clinton."

Snow no-show

American Spectator senior editor Quin Hillyer thinks Tony Snow should consider a run for the U.S. Senate. Yes, that Tony Snow, White House spokesman.

"Conservatives have been desperately searching for a champion who knows how to communicate, how to engage and inspire the public, ever since Ronald Reagan left the scene. What has been missing in the interim is not merely some acquired skill or a trick of communicating, but a communications talent that is married to a genuine, heartfelt, long-developed set of beliefs. It's the marriage of communication with philosophy that is needed; one without the other won't do. Snow is clearly genuine," Mr. Hillyer wrote in a Jan. 31 column.

"Is this, then, an endorsement of Tony Snow for president in 2008? Not exactly. But it is a suggestion that Snow has a great deal of the 'right stuff' for which conservatives have been looking, perhaps enough of the right stuff to make the idea worth pondering for 2012 or even 2016 (he's only 51 right now).

"If Snow can't exactly pull off a race for president in 2008, there is another public office he ought to consider. Virginia's senior U.S. Sen. John W. Warner will be just shy of 82 when the next election rolls around."

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The notion piqued the interest of U.S. News & World Report's Paul Bedard, who went right to the source yesterday, asking Mr. Snow if he intended to pursue office.

"I am absolutely Shermanesque," came the reply. "After this job, the best I am likely ever to have, I'm going to do something that will enable me to spend much more time with the family."

Tough choices

Retired Justice Sandra Day O'Connor left the Supreme Court because of her ailing husband, not because she was ready to retire, according to Newsweek. She had once planned to follow the tradition of previous justices, who work until they drop, essentially.

"Most of them get ill and are really in bad shape, which I would've done at the end of the day myself, I suppose, except my husband was ill and I needed to take action," she said.

Mrs. O'Connor, 76, currently divides her time between Washington and Arizona, where she cares for her husband, John, who has Alzheimer's and now resides in a Phoenix care center. She still has an office at the Supreme Court, still draws a salary and fills in as a federal judge. She also recently served on the 10-member bipartisan Iraq Study Group.

"I wasn't sure I should do it. It was so out of my field of judging. I don't know anything about the military," Mrs. O'Connor said, though she wouldn't weigh in on President Bush's rejection of the group's suggestions for a gradual withdrawal of troops.

"There are probably no perfect answers," she said.

Born Again Supply-Sider? (WP)

By Robert D. Novak

The Washington Post, February 5, 2007

Sen. John McCain, who echoed Teddy Kennedy on taxes when he ran for president in 2000, sounds more like Jack Kemp as a 2008 candidate. "I've never voted for a tax increase in 24 years," he told me last week. "Never, ever, not under any president, including President Reagan, and I will never vote for a tax increase, nor support a tax increase."

He wants to make the Bush tax cuts permanent. ("If I didn't vote to make those tax cuts permanent, it would have the effect of a tax increase.") He supports radically scaling back the estate tax and does not now favor upper-income increases in the Social Security tax. McCain gets tax policy advice from conservatives, including supply-side founding father Arthur Laffer. "I may have changed some of my views," the senator said. "You learn over 24 years."

Thus, McCain passes the Republican tax litmus test, as he did not in 2000. That may be why McCain has lost liberal journalists and other non-Republicans entranced by his campaign against George W. Bush. McCain pained these former admirers by making peace with Jerry Falwell and advocating more troops in Iraq, but it is his current position on taxes that most aggravates them.

In an Iowa presidential debate on Jan. 15, 2000, he confronted Gov. Bush: "Your tax plan has 36 percent of it going to the richest 1 percent in America. . . . I think that we ought to give the tax relief to the people who need it most." In 2001, he broke party ranks to oppose President Bush's tax cut. Interviewed by Stephen Moore of the Wall Street Journal in November 2005, he preached class warfare in defending that vote: "I just thought [Bush's tax cut] was too tilted to the wealthy, and I still do. . . . We have a wealth gap in this country, and that worries me."

In contrast, McCain told me he voted against the Bush tax cut "because of my concerns with no commensurate restraint in spending." He said, "We are all happy with results of the tax cuts as far as revenues are concerned, and they have been justified." He added, "I am glad the tax cuts had the effect they did." So did McCain regret voting no? "I can't tell you that I cast exactly right votes over the years."

McCain sounded most like Kemp when he told me: "I want everyone to be rich. I worry about inequities. I think that corporate greed is hurting their image. But trying to enact some kind of legislation that would take money from the rich and give it to the poor, that's just out of the question."

He has not yet joined his confidant, Sen. Lindsey Graham (R-S.C.), in wanting to raise the cap on taxable income -- taxing the rich -- as part of general Social Security reform: "I have not taken any position that would either increase taxes or raise the cap." McCain's economic policy chairman is Douglas J. Holtz-Eakin, former head of the Congressional Budget Office. The senator has reached out to California financier Gerald Parsky, a former assistant Treasury secretary described by McCain as "very important to me." That was also how he labelled Laffer, who has been counseling him the past year. McCain's longtime political ally, former Texas senator Phil Gramm, advises him frequently. While McCain conceded disagreement among them, "the people that advise me, I guarantee, are very conservative economists."

It is difficult to measure how much the transformation of McCain from taxer to tax-cutter has contributed to his fading popularity among Washington's media elite, but the romance is gone. The change, however, has not boosted McCain's stock in Congress, particularly the House. Conservatives justifiably complain about his positions on global warming and campaign

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finance. But McCain was fighting congressional earmarks before it was popular, and that has antagonized Republicans. So do comments like the ones he made to me that Republicans "have spent more and increased the size of government more than at any time since the Great Society." Passing the litmus test on taxes will not make McCain popular with the House GOP elite.

McCain Calls New Advisers 'Good People' (NYT)

By The New York Times

The New York Times, February 5, 2007

WASHINGTON, Feb. 4 — Senator John McCain said Sunday that several aides brought on to his presidential campaign were "good people," despite his own past criticisms of their work for others in the past.

Appearing on "This Week" on ABC, Mr. McCain was asked about a front-page article in The New York Times on Sunday noting that Mr. McCain's political team includes advisers who tried to skewer him in the 2000 primary against George W. Bush. And Mr. McCain has brought on members of the team that produced the Swift Boat Veterans for Truth advertisement in 2004 questioning the Vietnam War service record of Senator John Kerry, Democrat of Massachusetts, which Mr. McCain had criticized.

"These are good people who were doing as they were instructed," Mr. McCain said Sunday. "They are people who shape the message, don't dictate it."

Asked whether, as The Times reported, the hirings suggested that Mr. McCain would be "running a different kind of campaign this time around," he said: "Am I going to respond to a negative attack if there is one? Obviously, I would do so, but I hope we would do so in an honorable fashion. We will run an honorable campaign."

Edwards' Health Care Plan Includes Taxes (AP)

AP, February 5, 2007

Democratic presidential candidate John Edwards said Sunday his plan for universal health care would require higher taxes and cost up to $120 billion year.

"The bottom line is we're asking everybody to share in the responsibility of making health care work in this country. Employers, those who are in the medical insurance business, employees, the American people — everyone will have to contribute in order to make this work," the 2004 vice presidential nominee said.

"Yes, we'll have to raise taxes. The only way you can pay for a health care plan that costs anywhere from $90 (billion) to $120 billion is there has to be a revenue source," the former North Carolina senator said.

Edwards said his plan would aim to provide health care coverage for the 47 million people who currently lack it and reduce the cost of health care coverage for middle-class families, partly by making health care programs more efficient.

Edwards cited health care insurance premiums that he said have risen 90 percent over the past decade.

"We want to make sure everybody's covered. We want to help middle-class families with the costs. We want to try to create competition that doesn't exist today," he said.

To accomplish all this, Edwards said he would expand Medicaid and a program that now provides coverage to 6 million people, mostly children, and provide federal health care subsidies. He said he wants employers to play a bigger role, either by offering coverage or buying into "health markets" that would include a government plan.

Edwards said he would free up money for health care coverage by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes.

On the war in Iraq, Edwards sought to distinguish himself from one of the Democratic front-runners, Sen. Hillary Rodham Clinton of New York.

Edwards, who served on the Senate's intelligence committee, repeated earlier statements that his vote to authorize the use of force in Iraq was a mistake.

"My vote was wrong and I take responsibility for it," said Edwards.

He added, "I think anybody who wants to be president of the United States has got to be honest and open, be willing to admit when they've done things wrong."

Clinton, who also voted to authorize force, has said "there are no do-overs in life." She says Congress received bad information from the Bush administration going into the vote and she would have voted differently given what she knows now.

"If she believes that her vote was wrong, then yes, she should say so," Edwards said. "If she believes that her vote was right, then she should defend it."

Edwards appeared on "Meet the Press" on NBC.

Edwards Again Says He Was Wrong To Vote For War (WP)

DOJ_NMG_0127188

By Matthew Mosk

The Washington Post, February 5, 2007

Of the 2008 Democratic presidential contenders who voted to give President Bush authority to wage war in Iraq, only one will have no chance to make a very public U-turn when resolutions opposing the president's new war plan come before Congress in the coming days.

That one is John Edwards, the former North Carolina senator who showed again yesterday that he will find other venues to parlay his Senate vote into an extended mea culpa.

Edwards began drawing attention to his vote in fall 2005, writing an op-ed piece in The Washington Post that began with: "I was wrong."

The soul-searching continued yesterday on NBC's "Meet the Press."

"It wasn't just the weapons of mass destruction I was wrong about," Edwards said. "It's become absolutely clear -- and I'm very critical of myself for this -- become absolutely clear, looking back, that I should not have given the president this authority."

Edwards's nationally televised admission was just the start of a lengthy public dissection of the errors he said he made in casting the most important vote of his Senate tenure.

Some believe that kind of introspection has helped Edwards build a bridge to the most vocal anti-Iraq-war quarters of the Democratic Party and may help distinguish him from one of his chief rivals for the party's nomination, Sen. Hillary Rodham Clinton (N.Y.).

During yesterday's broadcast, Edwards said he believes that "anybody who wants to be president of the United States has got to be honest and open, be willing to admit when they've done things wrong."

"If she believes that her vote was wrong," Edwards said when asked about Clinton, "then, yes, she should say so. If she believes her vote was right, then she should defend it."

Clinton has not retracted her vote to authorize the war, saying "there are no do-overs in life." But she has made no secret of her distaste for the war.

On Friday, she defended her support for a nonbinding resolution expressing disapproval of Bush's plan to send more troops to Iraq but also said she is ready to press for tougher action.

"John Edwards is fully aware that Senator Clinton has been a strong and consistent critic of the war and has taken responsibility for her vote," said Phil Singer, a Clinton campaign spokesman. "Instead of attacking the character of fellow Democrats, she is working to stop President Bush's escalation and bring an end to the war."

Edwards's apologies have earned him respect in some quarters of the antiwar movement.

Tim Carpenter, national director of Progressive Democrats of America, said in a recent interview that he believes many in that camp "have really reacted to some very strong statements [by Edwards] on the war. What he has shown is a capacity to grow and to learn."

Darcy Scott Martin, who runs the antiwar True Majority Action PAC, said yesterday that she can sense candidates are "searching for a level of credibility" on the war.

"It's pretty clear," she said, "that antiwar people don't really have a candidate yet. And he's trying to capture those people."

One candidate who will not have to develop a strategy to justify early backing of the Iraq war is Sen. Barack Obama (D-Ill.), who expressed strong opposition while still a state senator in Illinois. Russert asked Edwards whether Democratic voters would say, "On the big issue of the war, Obama was right, Edwards was wrong."

"I was wrong," Edwards replied, but he added that voters should also consider "who has the depth, the maturity, the judgment to be president of the United States."

During the interview, Edwards also gave new details of his plan for universal health care, which he said would require new taxes.

He said he would propose spending $90 billion to $120 billion a year to expand Medicaid, provide subsidies for people who lack coverage, ask employers to take on additional coverage needs and create what he called "health markets" around the country to create some efficiencies.

"Yes, we will have to raise taxes," he said. That would start, he added, by repealing the tax cuts introduced by Bush during his first term.

Familiar Face, But A New Tone (NYT)

By John M. Broder

The New York Times, February 5, 2007

WASHINGTON, Feb. 4 — John Edwards has no intention of getting lost in the shuffle.

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Faced with what he always knew would be a tough race against Senator Hillary Rodham Clinton for the Democratic presidential nomination and now the challenge of convincing his party that he is also a better alternative than Senator Barack Obama, Mr. Edwards is trying to muscle his way past them and the rest of the field, in part by staking out early and provocative positions on the big issues.

On the war in Iraq, Mr. Edwards, a former senator from North Carolina, not only came out for a complete withdrawal within 12 to 18 months, but he also challenged his Democratic rivals who are still in government to confront President Bush more directly. And on Monday, Mr. Edwards will set out a plan to provide health insurance to the 46.6 million Americans who do not have it, stealing a march on Mrs. Clinton and other Democrats on what is shaping up to be one of the biggest domestic issues of the presidential race.

Appearing on "Meet the Press" on NBC on Sunday, Mr. Edwards said he would raise taxes on people making more than $200,000 a year to help pay for the plan, which he estimated could cost up to $120 billion a year.

Mr. Edwards, his party's nominee for vice president in 2004, has taken on a sharper tone since that campaign ended in defeat.

He is campaigning as a harder-edged economic populist now, which he says represents more a change in tone than in substance. He says he is both more electable and more authentic than Mrs. Clinton, and more experienced than Mr. Obama.

The rapid emergence of Mr. Obama has scrambled the Democratic field in a way that poses a particular challenge for Mr. Edwards. He now faces intense competition for the role of fresh-faced change agent. His appeal to voters who feel disenfranchised by the economy and aggrieved by the war must now carry over the similar message being developed by Mr. Obama.

But in the battle to be the most credible alternative to Mrs. Clinton in the Democratic primaries, Mr. Edwards has built some early advantages.

He has avidly pursued labor support, marching on picket lines in Miami, Las Vegas and Chicago, pushing for state minimum wage increases and speaking at union conventions. He is offering proposals on the war, health care and the environment that are more audacious and more specific than those of his rivals.

His efforts have paid substantial dividends. He leads in early polls in Iowa and is near the top in New Hampshire surveys. He is ahead of his principal rivals in organizing in the two new early caucus and primary states of Nevada and South Carolina. He has a solid financing base in trial lawyers and antiwar Internet activists, high name recognition and experience on the campaign trail.

Mr. Edwards acknowledged that he was running as a very different candidate this time. He said he had grown and matured and learned from his mistakes, and has told friends that he really was not ready to run for president in 2004. He has spent the past two years directing a poverty center at the University of North Carolina and traveling the country and world to learn about the problems that will confront the next president. He said he had learned more in the past two years, a period that included the recuperation of his wife, Elizabeth, from a life-threatening encounter with breast cancer, than in his six years in the Senate.

"I, like all of you, have evolved," Mr. Edwards said last week to a sizeable crowd at Dartmouth College in Hanover, N.H. "It is not enough to do small things. Baby steps and incremental change are not enough. We need transformational change."

Mr. Edwards said such change would involve considerable sacrifice by Americans who can afford it, in the form of higher taxes for the wealthy to pay for health care for those who do not have it now and voluntary reductions in the use of fossil fuels to address global warming. He said the nation had more important priorities than balancing the federal budget.

He has clearly migrated to the left in the past several years. He has repudiated his 2002 vote to authorize the war in Iraq and has called on Mrs. Clinton to do the same. He said nonbinding resolutions on the war, like those supported by Senators Clinton and Obama, were meaningless.

Some critics and aides to rival candidates say all of this is nothing more than an opportunistic rebranding to attract labor and Internet support to mount a viable primary challenge to Mrs. Clinton and the unexpected threat from Mr. Obama.

Others say that though Mr. Edwards is a credible contender, like anyone running an insurgency against the establishment candidate, he will not be able to fall back on the top-tier institutional and financial support that will rescue Mrs. Clinton if she should stumble in the early states where Mr. Edwards appears strongest.

"He has a distinguishing message, he has deep committed organizational help as a result of the work he's done both with unions and other groups around the country, and he's leading in Iowa," said John D. Podesta, who served as chief of staff in the Clinton White House and is now an adviser to Mrs. Clinton. Despite all that, Mr. Podesta said, Mr. Edwards will have trouble overcoming Mrs. Clinton's broad and deep support.

Mr. Podesta cited the example of Gary Hart in 1984, who ran as a progressive alternative to the establishment candidate, former Vice President Walter Mondale. "He couldn't convert his early strength into the nomination," Mr. Podesta said. "There was enough time and enough influence by the party elites to backstop Mondale when he took some early blows."

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The John Edwards of the 2004 campaign is still recognizable today: the youthful face, the story of the son of the mill worker who made good as a trial lawyer fighting for the wronged against the powerful.

But his campaign voice is different, at times angry and more impatient. He said that in his last campaign he was handicapped first by his inexperience as a national candidate, and then by his subordinate role as Mr. Kerry's vice presidential nominee. He said that this time he was more seasoned and unshackled, which he believes gives him advantages over his two most prominent rivals, Senators Clinton and Obama.

Americans assume they know Mrs. Clinton, he said, "But what is unknowable is what will happen during the course of the campaign, what it will reveal about the character, the integrity, the decency of the candidates involved." He said that Mr. Obama had no idea what was about to hit him. "The intense spotlight of a national campaign is an experience that is unique for any American," Mr. Edwards said. "You may think you know what it's like, but if you haven't been through it, you don't."

He said he had seen the impact of free trade on workers in the United States and abroad and now doubted whether he would again support permanent normal trade relations with China, which he voted for as a senator. He said he probably would support the antiterrorism law known as the USA Patriot Act again, but would demand stronger protections for domestic civil liberties.

He displayed another difference from 2004 at the meeting at Dartmouth last week. A student asked him whether he would support a law allowing for full marriage benefits for gay men and lesbians.

He said he had grown up as a Southern Baptist in a conservative small town and was torn by the concept of same-sex marriage. "I'll admit I'm personally conflicted about these issues," he said. "I am not personally for gay marriage, but it troubles me that I'd use my own experience as the basis for a policy decision." He said that while he opposed same-sex marriage, he supported civil unions for gay couples and all anti-discrimination laws.

Mr. Edwards said later that had he been asked the same question in 2004, "I would have finessed it and given a formulaic answer." He added, "I just find it easier to be more candid now."

Mr. Edwards and his aides are counting on the work of the past two years to help overcome his biggest challenges. He has hired a new campaign manager, David E. Bonior, former Democratic representative of Michigan and an unreconstructed pro-labor liberal, and is hoping for organizational help, if not endorsements, from politically active unions. Mr. Edwards makes a point of greeting bartenders, kitchen workers and hotel clerks at all his campaign stops.

Anna Burger, secretary-treasurer of the Service Employees International Union, which has 1.8 million members, said the union would not necessarily endorse a candidate in the Democratic primary, but she spoke warmly of Mr. Edwards.

"He's been in Los Angeles, San Francisco, Chicago and Boston talking to hotel workers," Ms. Burger said. "He believes deeply in the rights of working people."

What is unknown is how he, and all the other contenders, will stand up under a full year of scrutiny in a primary process that began earlier and promises to be more intense than ever.

"Now that," Mr. Edwards said as he and his wife flew to New York to raise money from a passel of Wall Street barons at the Regency Hotel, "is a good question. But we've been through it before."

Fineman: Dem Candidates Come Out Swinging (NSWK)

By Howard Fineman

Newsweek, February 4, 2007

John Edwards played defensive back in high school, and waiting offstage to speak, he looked eager to get onto the field and hit someone. That is what he did (rhetorically) in the first scrimmage of the 2008 presidential campaign last Friday. Speaking to the Democratic National Committee after Sen. Barack Obama and before Sen. Hillary Rodham Clinton, he accused Senate Democrats (that is, Obama and Clinton) of caving in to President Bush's Iraq escalation policy. Democrats had to use all their "vigor and tools and strength" to block the surge and begin a withdrawal. "Americans are counting on us not to be weak, political and careful," he said. "It's time for political courage."

Isn't it a little early to start calling your opponents cowards, even if you don't do it by name? Not this time: nasty is in season already. One reason is the insane money scramble, which literally raises the stakes. And with such a demographically diverse field, chances for emotional collisions abound. When Sen. Joe Biden called Obama "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy," Hillary's minions didn't focus on Biden; they focused on Obama, who was accused by some black leaders of not being indignant enough on behalf of his own racial heritage.

But the real flash point is Iraq. Hillary's idea of threatening to pull support for the Iraqi government would produce "nothing but disaster," Biden told The New York Observer. He was equally critical of Edwards's plan to call home 40,000 troops now.

Senators are bumping into each other as they move left. Sen. Chris Dodd says Democrats should stage a new "authorizing" vote on the war itself. "The original justifications are gone—discredited," he told me. Obama unveiled his own Iraq

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plan, which sets a March 31, 2008, deadline for removing all American troops unless the Iraqi government meets tough conditions.

Going "negative" on the war is tricky for Obama, who says he wants to walk the high road. At the DNC, he hushed the crowd with a sermon about how politics should not be "blood sport." But his campaign brags that he was "alone among the candidates in opposing the Iraq war" from the start, and in his speech he proclaimed that he was "opposed to this invasion publicly, frequently and before it began." No blood, but a sharp jab.

Edwards embodies the darker tone. In a hotel "holding room" after the DNC meeting, he was a tougher, more combative character than the one I had met eight years ago. Now you see the Dennis Quaid grin less often. "I've grown up," he said with a shrug.

And he brims with what seems like resentment at Democrats who won't support national health insurance right now (take that, Hillary) or who "talk about labor's concerns only in front of union audiences" (take that, Obama). "I want people to know exactly what I stand for." That sounds like an obvious enough game plan, but it is one he didn't have when he took the field four years ago.

Obama Confronts 'Outsider' Dilemma (WP)

By Anne E. Kornblut

The Washington Post, February 5, 2007

In the nearly three weeks since Sen. Barack Obama (D-Ill.) made his unofficial debut as a presidential candidate, his senior advisers have been holed up in a temporary office on Connecticut Avenue NW, feverishly working to translate the huge excitement about his candidacy into a political strategy.

For all the buzz about his running, Obama did not enter the race with the conventional weapons of a presidential candidate -- a deep database of donors, a tactical road map for winning primaries or even a sign marking the entrance to his ad hoc campaign headquarters. Obama is only now starting to build a political infrastructure that matches his growing support.

But the challenge for Obama is not just assembling the nuts and bolts of a national campaign on the fly. He must, his advisers believe, do so in a way that reflects the distinct, next-generation message of his candidacy, or at least avoids making him look like every other politician in the race. "I would sooner lose the race than lose having him the way he is," said David Axelrod, his chief media strategist.

While acknowledging that there are "certain immutable realities of the process," Axelrod insisted that "the kind of things we do over time will be emblematic of the campaign that we're running. And if we are doing it right, they won't be identical to everyone else's."

That vague mission -- not unlike the one that faced both Howard Dean and retired Gen. Wesley K. Clark as relative outsiders who came late to the 2004 presidential race -- is in the hands of a growing group of respected, if not exactly unconventional, operatives who have had to spend an inordinate amount of time in the past few weeks simply mastering logistics. Led by David Plouffe, the campaign manager, the team spent the day of Obama's exploratory-committee announcement answering phones and taking down volunteers' phone numbers.

Now the advisers are beginning to implement a broader strategy. In contrast to Sen. Hillary Rodham Clinton (D-N.Y.), who spent the first two weeks of her official candidacy trying to project strength and inevitability, Obama will seek a more pared-down image that focuses on the substance of his message ("the audacity of hope," as his book title put it) rather than on proving his ability to win a general election.

Obama gave a glimpse of how his campaign will look and feel on Friday, when he delivered somber remarks at the Democratic National Committee meeting that left the audience hushed at points. No one passed out "Obama" posters; the candidate took the stage without any music, unlike some other Democratic contenders who bounded to the dais to the blaring sounds of rock-and-roll oldies.

"There are those who don't believe in talking about hope," Obama told the crowd. "They say, 'Well, we want specifics, we want details, and we want white papers, and we want plans.' We've had a lot of plans, Democrats. What we've had is a shortage of hope. And over the next year, over the next two years, that will be my call to you."

From Washington, Obama headed to Fairfax for an event that his advisers said illustrated his campaign strategy even more directly: a student rally organized through the online networking site Facebook.com. Thousands of students attended the Web-driven event at George Mason University -- evidence, the Obama campaign said, that the popularity of its candidate will spread virally through the electorate rather than as a result of paid television ads or campaign mailings.

"Our campaign will never be the most rigid, structured, top-down, corporate-type campaign in this nomination battle," said senior Obama adviser Robert Gibbs. "There are plenty of other people that can do 'politics as usual' far better than we can. But I hope we have a campaign whose support continues to expand even faster than you can put a fence around it."

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Matt Bennett, a senior adviser to the Clark campaign in 2004, described the phenomenon as trying to "ride a tiger."

"It's the toughest thing to do in presidential politics, which is to walk the line between maintaining your genuine attractiveness to the grass roots and becoming a credible national candidate, because often those things are in direct conflict," he said. "He is the candidate that is exciting this huge mass of people, and he cannot let them down in a fundamental way. But he has also got to do the blocking and tackling that candidates do."

To that end, the Obama campaign spent the weekend moving its headquarters to Chicago (far away, they note, from the sprawling Clinton offices on K Street) and organizing Obama's official campaign debut this Saturday in Springfield, Ill.

And they are already bumping up against the realities of riding his booming grass-roots support while obeying the conventions of running for president. Logistical concerns, such as how much time to spend campaigning in Iowa and New Hampshire, are at odds with the imperative for him to prove his seriousness in the Senate.

The task of raising millions of dollars to survive the primaries is competing with Obama's core image as a fresh face -- a familiar dilemma for a professed outsider, but one that his advisers and rivals alike believe he can overcome.

Perhaps most important, Obama's strategists are scrambling to manage expectations. "Given the need to build a fundraising infrastructure and the fact that we do not accept contributions from federal lobbyists and political action committees, raising $8 to $10 million in the first quarter would be great news," spokesman Dan Pfeiffer said.

"An Obama campaign clearly has tremendous fundraising potential in the long term," Pfeiffer said. "But it is absurd to assume that we should raise as much or more than others who have been building fundraising networks for years and years."

Rivals in the Democratic contest contend that he could raise as much as $40 million, potentially raking in $1 million in a single Hollywood fundraiser, and will all but fail an early test of his viability if he comes up with less than former North Carolina senator John Edwards before April. Edwards is expected to raise as much as $15 million in the first quarter, and Clinton is expected to raise as much as $30 million, though both of those campaigns, like Obama's, insist they could take in less.

"By all accounts, Obama is poised for a huge fundraising quarter," said Clinton spokesman Howard Wolfson, predicting that Obama will raise $25 million or more. Wolfson played down the notion that Obama's campaign needs time to get up to speed. "You can build an operation fairly quickly if you know what you're doing, and I suspect they know what they're doing," he said.

Still, Clinton spent more than $30 million during the 2006 election cycle, much of it on building an infrastructure, including a donor database, that could be used in her presidential bid. That puts a gulf between her and her rivals, including Obama. "Nobody has ever come to the table with the built-in advantages that Hillary Clinton has," said Jim Jordan, a Democratic strategist advising Sen. Christopher J. Dodd (Conn.) in the race. "She has had decades to build this organization, and clearly has been running for president more or less for six years, on top of everything else that was previously built for her husband."

Obama "started later than other people, and that's going to show for a while," Jordan said. "But ultimately that's not what's going to decide whether he wins."

Instead, he and others said, Obama will rise or fall on his ability to continue coming across as the candidate who is different, new and charismatic.

"If he tries to run a traditional campaign -- that is run, staffed, managed and operated in a traditional way -- he is playing to his opponents' strengths, both in terms of going head-to-head where they're going to be really strong, but also in terms of undermining a good chunk of his message," said Chris Lehane, a former spokesman for Al Gore who is not currently on the payroll of any presidential campaign.

It remains to be seen how the kind of nontraditional campaign Lehane envisions would work in a round-the-clock news environment. Would Obama decline to respond to attacks? Or to skewer his rivals? Or to answer activists' questionnaires? Or to give detailed answers about his views on policy? Or to play pop music and blast red-white-and-blue confetti at his events?

For now, the answer is yes.

"I think he is very focused on the fact that he doesn't want to lose his essential self in this process, and if he does -- and if what he projects and delivers is just more of the kind of politics people have become accustomed to -- it would be a disappointment to him, and to them," Axelrod said.

"It's not just how he delivers the message but how we deliver the message, and what kind of relationship we develop with our supporters," he said. "If this campaign is what it should be, this is not going to be the hoisting of an icon. It's going to be the movement of millions of people."

Black Rift Widens Over Obama (POL)

By Ben Smith

The Politico, February 5, 2007

DOJ_NMG_0127193

A key supporter of Illinois Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still "owe" Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians.

The comments by Illinois Senate President Emil Jones Jr., which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists.

"How long are you going to owe politicians for past favors?" Jones asked in a speech Friday to more than 100 members of the Democratic National Committee's black caucus and other political operatives gathered at the Washington Hilton for the winter meeting of the DNC, according to people who were there.

Jones, a veteran black legislator, implored the black officials and operatives not to act like "crabs in a barrel" the attendees said, and drag down a successful member of their community.

Jamal Simmons, a political consultant who was at the caucus meeting, said Jones' words and the heated response that followed highlighted the difficult, personal choice facing many black Democrats.

"The one thing that was extraordinarily clear this weekend is that many African-American political operatives are very conflicted internally about whether to support Obama or Clinton," he said.

Jones spoke after the DNC's chief of staff, Leah Daughtry, told the group that she and the DNC would remain neutral in the 2008 presidential nominating contests.

"This is no time for neutrality," Jones said in an interview Saturday. "We have a well qualified candidate, and I urged them to get behind his candidacy."

"I didn't mention Clinton by name," he said.

But the remarks by one of Obama's longtime political mentors in Illinois was widely taken to refer to a debt felt in the black political community to Bill Clinton, who enjoyed deep black support in the White House and rewarded black allies.

Sen. Hillary Rodham Clinton, N.Y., who is now mounting her own campaign for the presidency, is trying to collect that debt by pushing hard for the endorsements of black political leaders, an effort that could force Obama onto an explicitly racial terrain that clashes with his national image as a figure of new, post-racial unity.

But while Hillary Clinton continues to lead in polls of African-American voters, Obama's extraordinary potential as a black presidential candidate has a powerful appeal to many black voters and officials.

Jones concluded his speech with a reference to the jobs and appointments Bill Clinton had given blacks, including many people in the room, and asked when they would stop owing the Clintons for that patronage, attendees said.

"You could hear a pin drop," said one person in the room who doesn't currently support either Obama or Clinton. "It was one of those moments when you say, 'I can't believe he just said that.'"

Jones' call was received frostily by Clinton allies, including Minyon Moore, the former White House aide who now heads Hillary Clinton's black outreach, and former Clinton and Gore campaign aide Donna Brazile, according to some attendees.

Moore walked out of the room when Jones stopped speaking, according to two people who were there. Moore said Sunday she'd left because she had somewhere else to be, and that she would "agree to disagree" with Jones.

Neither Moore nor Brazile could be reached for comment. But another Clinton supporter who was who at the meeting said Clinton's camp took Jones' remarks as an affront.

"The feeling was, 'Who is [Jones] to tell us how to be black?' " said the Clinton supporter, speaking on the condition of anonymity because of the political sensitivity of the issue.

Obama spokesman Bill Burton said Jones is "a mentor of the senator" but wouldn't comment on the substance of his speech. Clinton spokesman Howard Wolfson declined to comment.

But there was no doubt in the Washington Hilton that Jones struck a nerve. Black Democrats were walking around the hotel Saturday repeating - in jest, but not without an edge - Jones' refrain of "How long? How long?"

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by aimatjuice on 02.04.2007 at 11:52 PM

Good for Mr. Jones!!! Great for the democratic party. It's about time for the African American vote not to be taken so lightly. We Black Americans must vote on the issues and what is in our best interest. Up from the ranks a leader for the democratic has emerged to be reckon with, his name is Sen. Barack Obama....

by Happydad on 02.04.2007 at 11:51 PM

Well, just what percentage of Americans even have 401K's? Hmm? And how many people of those earn the median yearly salary. The wealthy have lots of money in 401K's and stocks. Not Middle America, and surely not the poor. So don't confuse

reality with half-baked statements. The bottomline is that most average people are spending home equity and money that should be going to savings to pay for rising college expenses for their kids, healthcare coverage, and interest on their credit card debt.

by Hardie on 02.04.2007 at 10:49 PM

The mainstream media recently made big news over the fact that personal savings are currently as low as they were during the Great Depression. And now here come the parrots, eager to reguritate what the media have spoon-fed them.

For the record, the government calculates savings as post-tax income minus spending, and investments are counted as spending. You read that right - investments are counted as spending. So, have you been buying stocks, or contributing to an IRA or a 401(k)? Then you are part of the "problem" because you have been spending too much and not saving enough! It's time to plan for the future by avoiding the record-setting market and putting more money into your passbook savings...

by exocet on 02.04.2007 at 07:17 PM

RE: drbillybob

"We are in the midst of a robust and growing economy...."

Praising and relying on a market-based economy is like showing-off the pristine exterior of a flashy McMansion while hiding the leaky basement and rotting beams. The economic storm hovering on the horizon is being stoked by a saggy housing market, low personal saving rates, rising healthcare costs, high deficits, high national debt, and the out of control multi-billion dollar costs of an unecessary war. Check Ben Bennake's testimony before Congress. Of course you're welcome to your flash McMansion view of the economy built by the dodgy team of Bush and Co. Afterall there's nothing like a Wall Street paint job to hide the cracks, especially if it is 100% stock market guaranteed. Unfortunately it will soon be clean up time for the Democrats.

by Happydad on 02.04.2007 at 05:01 PM

You left out surging deficit, shrinking Medicare and Social Security funding, the lowest individual savings levels since the Depression, and the largest non-discretionary spending levels in American history. Not to mention rising bankruptcies and home foreclosures, and rising debt levels of senior cisitzens that have to choose between food and prescription drugs.

Why is that?

by drbillybob on 02.04.2007 at 04:38 PM

RE exocet on 02.04.2007 at 04:24 PM

You suggest that our economy needs improvement and that a democrat will save us from our problems "... a the candidate that will deliver healthcare and a better economy."

How can you say this? We are in the midst of a robust and growing economy with low unemployment, record productivity, low inflation, stable interest rates, rising wages, low taxes and surging markets.

Just because the dominant media won't tell you this is no excuse for ignorance.

by exocet on 02.04.2007 at 04:24 PM

The only debt one imagines African-American voters have is to themselves and to the candidate that will deliver healthcare and a better economy. If you think Obama can deliver most of this while battling the Republican party and while enacting his vision go for it. Frankly the fact that Obama would let his surrogates roil the waters between members of the African-American community does not speak well for his "I'm a unifier" vision of things. If I were the Clinton's I'd stay out of this and watch from the sidelines, while courting the Hispanic community. At least the latter have no trouble identifying their interests. The African-American communitly meanwhile is like a circular firing squad.

by yankeejoshua on 02.04.2007 at 02:34 PM

I think the anonymous supporter said it best: "Who is he to tell us how to be black?" You can expand this to include my question: "Who is anyone to tell me how to be a Democrat?" Even if I am a staunch supporter of the Clinton agenda, does that automatically translate into my absolute rejection of all other viable Democratic candidates? It is interesting to hear Obama supporters using the exact divisive political jargon that he has been actively seeking to shut down. If you tear down the Clinton White House to build the Obama Black House, isn't it still all about race? I thought we were "post racial". We're all aware of the social stratification of racial groups and the continuation of institutiional racial discrimination in Corporate America. Yet, am I the only person disturbed by the fact that everyone keeps clapping for Obama because he's made it this far? It's like we EXPECT Blacks people to not aspire to be the president, or senator or representative. How sad is that? I have a question to Jones, or anyone else for that matter, who thinks all Blacks should support Obama. What about Black women? Aren't they choosing between the first Black president and the first woman? What's more important to those voters, being Black or being a woman? Both identities are influential and cannot be summed up by arguing that Hillary is the past because of her husband. She has significant support among Black voters not only because of Bill, but because she, too, has been an advocate for not only Blacks, but many social minority groups. Hillary also represents great change in that a woman will finally lead this country. Many people may feel that she is more electable and will go with her as the surer bet to advance their political goals. We should not underestimate this aspect of the race.

ps This is not a stump speech for Hillary, but to point out that you can't base arguments on race OR gender alone. I am so sick of people saying Hillary cannot be commander-in-chief becau

by Iron Weed on 02.04.2007 at 02:27 PM

Osama Obama is half black, half Moslem and doesn?t have half a chance of being elected in the general election but I do hope the black community shows its blind devotion to others of color no matter what qualifications they may have.

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by jameskbachman on 02.04.2007 at 02:23 PM

Maybe it shouldn't matter who is commenting on this article, black or white. The solution seems simple to me as an outsider: vote for the candidate who puts forth the best ideas, and whose life shows she or he puts those ideas into action, regardless of skin color.

by Hardie on 02.04.2007 at 02:19 PM

I never thought the day would come that I defend Bill Clinton, but being angry at him over the fact that, during his administartion, 400,000 more blacks were incarcerated than in the previous two Republican administrations is not only foolish, it smacks more than a little of racism.

America saw crime rates fall during much of the 90's. Why? The smart money - and even half of the dumb - says crime rates fell because more criminals were in prison. And if people assert that racism is the reason that blacks are incarcerated at rates disproportionate to whites, is sexism then the reason why males are imprisoned at higher rates than females? Of course not. Men go to prison far more often than women because men commit far more cromes. And among men, black men are incarcerated at higher rates than white men because black men commit a disproportionate number of crimes.

by soundisgood on 02.04.2007 at 01:30 PM

Right or wrong it will be interesting to see if it works.

by dtd on 02.04.2007 at 01:26 PM

JTH,

I'm glad to know that there are still a few of us African Americans who do not drink from the Clinton Kool Aid. It seems that there is pervasive selective amnesia throughout our community. To expound on your well crafted list of failed policies that were devasting to our community, more than 400,000 more African American were incarcerated during the Clinton Administration than the two previous Republican administrations, resulting in 1 in 3 African American men now under criminal justice supervision. He did a terrific job of surrounding himself by African Americans to insulate himself from well deserved criticism. As oxymoronic as it may sound, we suffer from both a White savior and White Boogeyman complex. We need both Whites to lead us and Whites to blame for our lack of progress. And unfortunately that presents a no win situation for Barrack Obama.

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by glaucon5177 on 02.04.2007 at 01:10 PM

I think it is a mistake for the Democratic party to fight over the African-American vote over what blacks might "owe" any candidate. They, nor any other Democratic voter owe Clinton anything for her husband's past administration nor is Obama "owed" their vote because he is black. In fact I think it would be best for no candidate in the Democratic party to haggle over any owed votes because of any origin or legacy. As someone who sits much more to the right of the Democratic party this is one of the public debates regarding the party that turns me off and much of the rest of the country. Blacks do have some issues that the majority of their race may agree on, but blacks are a part of every social and economic class and discussing their vote as if their race should be voting for one candidate as a whole and as a race is patronizing and it doesn't make their "leaders" like Mr. Sharpton or Mr. Jackson look like anything other than demagogic and naive. With all of the issues coming up in the next election the fact is a debate over the "black" vote shouldn't be fought so publicly by the Democratic candidates, there are far more important matters and realistic matters to argue over.

by jth on 02.04.2007 at 12:32 PM

What do the Blacks owe the Clinton's? I'm serious. During the Clinton Administration one million innocent BLACK human beings were slaughtered in Rwanda. The Clinton Administration did nothing, said nothing, looked the other way. Sudan and North Africa arabs had a profitable enterprize with 'chattel slavery of BLACK Africans' and another half a million were murdered. Sierra Leone became a mecca for the child forced labor trade, especially the diamond industry. There is no telling how many children were murdered and maimed. And these were all BLACK children. Liberia was a mess. It wasn't until President Bush sent some marines in that the country became stablized. They were crying out for Clinton to do something but he looked the other way. And we know the tragedies in Congo, Uganda, and religious and tribal conflicts in Nigeria started during those years. However, he (Clinton) did save some white folks in Bosnia. Also, is everybody aware, during the Clinton years, that more young African-American males were incarcerated into our penal system, mostly non-violent drug offenses, then during any other two presidential administrations? So again I asked," what do blacks owe the Clinton's?"

by Phar on 02.04.2007 at 12:12 PM

While I am not a supporter of Hillary Clinton, I am a bit uneasy with the idea of supporting Barak Obama at this time. I think that Mr Obama has a great future and would very likely make an excellent president in the future. However, I think it would be best for both him and the country if he is given some time to mature into a much more significant candidate in the future. I fear that as president he would be another Jimmie Carter; namely, great talent and statesmanship but insufficient political savy for the top job of President. We don't want to see our first black president fail for lack of a little bit of time.

by drbillybob on 02.04.2007 at 11:10 AM

How many Americans really know Obama's positions on economic or social issues? Most of us know he has the luxury of opposing the Iraq war now that it is not going as well as expected - he never had to vote on it!

This public and media fawning over his candidacy is amazing to me. And what do we hear from the press? "Is America ready for a black President?" This is crap. America's number one advertising icon is Tiger Woods. The Cosby Show and now Oprah dominated ratings in the 80s/90s/00s.

If Obama loses, it's because he is damn near a socialist and should be recognized and reported as such! Remember that old notion about "content of character"?

by Bette Jeanne on 02.04.2007 at 10:49 AM

Hillay is yesterday; Obama is tomorrow. Beware media pundits: We have yet to vote. If you shove Hillary down our throats, we will throw up.

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Gore Resists Push For '08 Run (WT)

By Christina Bellantoni

The Washington Times, February 5, 2007

SAN JOSE, Calif. -- Former Vice President Al Gore is basking in the global spotlight for nominations for the Nobel Peace Prize and an Oscar, but a growing number of Democrats want him to make another bid for the presidency.

He says he is interested in a "different kind of campaign to try to change enough minds" to solve the global-warming problem, but that doesn't stop people from asking.

Mr. Gore spoke to 1,500 Silicon Valley leaders gathered Friday for the annual "State of the Valley" conference, hosted by Joint Venture: Silicon Valley Network. The audience sent the Democrat questions via text-messaging during the speech. The first on the list, projected on jumbo screens to Mr. Gore's left and right: "Will you run for president?"

He tried to dodge the question, rolling his eyes and inspiring laughter from the crowd, but he couldn't avoid the probing glances in the crowd or the attendee who shouted, "Please?"

"I don't have any plans to run for president, but I appreciate the request," he said, after a pause.

Not everyone is convinced, and "Draft Gore" movements are sprouting across the country.

"A lot of people are very excited, not only about Al Gore's potential candidacy, but about his ideas," said former San Jose Mayor Tom McEnery, a Democrat. "Very seldom in politics do ideas drive candidacy."

The problem is that Mr. Gore doesn't seem to want to renew his political career, and nothing about his lifestyle suggests that he'll mount a bid. His friends and former advisers say privately that he is happy with his life as a somewhat regular -- albeit wealthy -- public figure.

He closes events to the press while other Democrats seek headlines. His Web site, AlGore.com, is far from a campaign site.

DraftGore.com organizers say 2000 Democratic nominee should give it another try, calling him the "conscience of the Democratic Party" for his early opposition to the Iraq war.

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"Given his unmatched experience and leadership on issues of moral imperative, Gore is increasingly seen as Democrats' best bet to win back the White House," the site declares.

Supporters say he wouldn't need to mount a traditional campaign because he is so well-known.

"I'll wait as long as necessary to see if Gore will jump in," wrote Markos Moulitsas, founder of the liberal DailyKos.com. "That's ultimately my guy this cycle. And even though I don't think he'll run, he's really got all the time in the world to make a final decision. It's not as if he'll need the full year to get his name-recognition up or make the case for his candidacy."

Donna Brazile, Mr. Gore's campaign manager in 2000, told voters recently: "Wait till Oscar night. If Al Gore has slimmed down 25 or 30 pounds, Lord knows," the Allentown (Pa.) Morning Call reported.

Mr. Gore on Friday did not appear to have lost any weight. The Academy Award winners will be announced Feb. 25. Mr. Gore's global-warming documentary, "An Inconvenient Truth," is contending for two Oscars.

Some other Democrats have suggested that if Mr. Gore is named the winner of the Nobel Peace Prize in October, he could easily wait to announce a presidential run until Dec. 10 when the award would be presented.

Also looming is the expected release of his new book, "The Assault on Reason," which will explore the "damage" he says has been done by the Bush administration "to the functioning of our democracy," according to a description on Amazon.com.

Russell Hancock, Joint Venture's chief executive officer, introduced the former vice president as "the one man who has done more than any other American to bring these issues to the forefront of the nation's consciousness."

Mr. Hancock later said Mr. Gore seems to be done with politics.

"He's done that. Now he's going to save the world," he said.

Aart de Geus, CEO of semiconductor software giant Synopsys, agreed.

"I'm thinking that ... looking back 100 years from now that may be a bigger impact than any president of the U.S. would have had," Mr. de Geus said. "In that sense, the platform that he's taken of dealing with global warming may be a more important platform than anything else he could do."

Mr. Gore's talk was held the same day the Intergovernmental Panel on Climate Change (IPCC) released a summary of a forthcoming report authored by scientists from more than 100 countries predicting the earth's temperature will rise by 2 to 11 degrees by 2100.

He told the leaders that they are on the forefront of innovation and said business will profit from technology's efforts to stop climate change or slow its effects.

He explored the valley's evolution from being the birthplace of electronics and the computer to the Internet and biotechnology.

"It's abundantly obvious that clean tech, green tech ventures ... will be a new pathway that attracts a lot more energy and time and investment," he said.

Mr. Gore, a member of Apple Computer's board of directors and an adviser to Google, seemed comfortable in the valley, which he called his "second home."

He spoke in a calm, patient voice, telling self-deprecating jokes and chatting about laws of thermodynamics in between jabs at the Bush administration.

'08 Hopefuls Hash Out Pressing Issues Of '07 (USAT)

USA Today, February 5, 2007

As the next presidential campaign gets underway, USA TODAY asked two former governors who are planning bids to discuss their positions on the Iraq war, climate change and immigration.

Former Iowa governor Tom Vilsack, a Democrat, and former Wisconsin governor Tommy Thompson, a Republican who was secretary of Health and Human Services in President Bush's first term, spoke Friday at the J.D. Power convention in Las Vegas.

The forum was moderated by Susan Page, USA TODAY's Washington Bureau chief. Comments have been edited for space and clarity.

On Iraq

The Senate is going to begin considering a resolution Monday (today) that would express opposition to President Bush's plan to increase U.S. troop levels in Iraq. If you were in the Senate, would you vote for or against this resolution?

Thompson: I would vote against the resolution. President Bush was asked by the (Iraq) Study Committee, by the American public, by the electorate to try something different in Iraq. He's come up with a program that was really brought to the forefront by Gen. (David) Petraeus, who is the commanding general in Iraq. And Gen. Petraeus sincerely believes that the surge capacity will stabilize Baghdad and will allow the government to work. We should give this opportunity a chance to work.

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Give President Bush and the new deployment and the government of Iraq, which is really now starting to step up, (Prime Minister Nouri al-Maliki's) government, give it a chance to work. I'm not confident that it's going to, but at least I think we should support the president and the troops in the field at this point in time.

Vilsack: The president's escalation plan is about to make a big mistake even bigger. I was in Iraq last March talking to Gen. (George) Casey, who at the time was in charge. It was his belief that we had about six months to give the Iraqi government the ability to stand up, and at that point it was time for our troops to come home.

The reality is that an escalation is not the answer. I believe Congress actually has to go further than that resolution. I think it is time for us to take our troops out of harm's way. It's time to have the Iraqis assume full responsibility for their security.

We've been there four years, 3,000 lives lost, over 20,000 injuries, and hundreds of billions of dollars spent. I think it's time to ask the Iraqis to assume full responsibility.

If U.S. forces withdraw now, does that mean the United States has not met an obligation it owes to the Iraqis who have worked with us and supported us there?

Vilsack: We have absolutely met our obligation. We created an opportunity. We spent four years, longer than we were in Europe during World War II. We sent many of our brightest and best. We are undermining our military. As commander in chief of the (Iowa) National Guard, I know full well what has happened to our National Guard as a result of this long-standing war. We are not as well equipped as we need to be for the future.

When I was over in Iraq last March, I had an interesting experience. In speaking to an Iraqi security officer — this was a man who was being trained to protect the prime minister and Cabinet officials — he got very agitated when he started talking about the United States.

He said, "Why can't you, America, keep us safe?" This was a man being trained to keep his people safe. It's clear the mind-set needs to change in Iraq. As long as we are there, the mind-set will not change.

We have got to force them to make the tough decisions that only they can make.

Gov. Thompson, you said "terrible mistakes" were made in the execution of this war. Who is responsible for those terrible mistakes?

Thompson: People got lulled into believing that we moved so rapidly in Iraq that the Iraqi people were just going to stand up and embrace us. They didn't do that. We didn't put enough force in there to protect the borders.

No. 1, when you go to war, as Colin Powell has said, go in with the force to win. We didn't do that. We went in with a slimmed-down force because we thought we were so good and so able to defeat the enemy so quick that we didn't need a big army anymore. That was the mistake.

Second thing we should have done is allowed the Iraqi army to stand in and be able to continue to support the borders and prevent other people from coming in from Iran, Syria, and Jordan. We didn't do that. Those were the two big mistakes.

Do you think President Bush is ultimately responsible for these mistakes you've identified?

Thompson: The president is the ultimate determiner. The president is responsible. He's the one that is going to reap the successes but also the failures. Success has a thousand fathers, and failure has but one.

But Congress has a role to play. Congress, you know, needs to step up. The Department of Defense, the generals — I mean, the president, I can assure you, did not set up this war plan. This war plan was set up by the generals in the Department of Defense. He agreed to go ahead and execute on it, but it actually is a plan by the generals. So the generals in the Department of Defense have a big role and a big responsibility for the failures.

On other adversaries

Do you think the administration should be negotiating directly with Iran and Syria?

Thompson: I believe strongly that the United States should take the leadership — not alone, but in conjunction with all the European countries that support our philosophy, our way of government, Japan and our allies. (We should) have a conference, have a summit and develop a unified position. America cannot do it alone.

Vilsack: We have made a mistake over the course of the last several years in not having direct discussions with Syria, Iran, and North Korea. We in all areas have made situations that were quite dangerous be more dangerous.

The reality is that in Iran, you have extremists and moderates. Our position in not engaging has emboldened the extremists and marginalized the moderates. It's important for the United States as a great nation to always be willing to talk. The fact that you talk doesn't mean that you capitulate, it doesn't mean that you don't negotiate hard.

By failing to do so, we clearly exacerbated the situation in Lebanon. We clearly allowed the Iranian government to become more extreme in its rhetoric. We obviously made a very dangerous situation in North Korea much more dangerous.

On climate change

Do you support raising mileage standards for cars?

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Thompson: The president has come up with a plan that's going to reduce the reliance on gasoline and fuel by 20% by 2018. I think that's a step in the right direction. In order to (combat global warming), the standards are going to have to be raised.

Vilsack: I think we need to change the debate about this. I'm not so sure it's about miles per gallon. I think it's about emissions per tailpipes. I think we ought to be taking a look at a different structure and a different system to regulate emissions from tailpipes.

It gets you into a discussion of how you expand renewable fuels and energy production in this country. … We need to see a rather significant expansion in this country of renewable fuels. The reality is so long as we continue to import the level of oil we are importing, we are literally funding both sides of the global insurgency that we are confronting.

On immigration

Do you support providing a way for illegal immigrants to gain legal status while remaining in the USA?

Vilsack: These are people coming across the border seeking to do what? Seeking to do right by their family. It's pretty hard to criticize them for trying to have a better life for their family. I'm not critical of them. I am critical of governments that don't create economies that will allow them to be able to live at home and raise their families.

There are currently between 12 and 13 million people who are here in an unauthorized fashion. If we were to try to deport all of these people based on the current system that we have in place, it would, I'm told, take 238 years to complete that project. That's not feasible.

In this country, when you violate the law, you're held accountable in some way. You're either put in jail, but most often you're required to pay a fine. I think these folks should have to pay a fine. I think they should have to pay back taxes, because that's only fair to the rest of us. I think they should be put at the back of the line, given no preference, and be given the opportunity to earn their way to citizenship.

If they're not interested in doing that, then I think it's at that point in time to ask them to leave. But if they are interested in doing it, I think we ought to give them a pathway to citizenship.

Thompson: There is no question that there has to be a procedure to take care of the 12 million individuals who are unauthorized or illegal in this country.

The truth of the matter is, we have laws on the books, and you should not be able to have amnesty. … I think what they really need to do is, they have to go back to their country and apply. They've got to go to the back of the line and allow those individuals who come into this country legally really to have preference.

To say to the other 12 million that have not obeyed the law that you're automatically going to be (allowed to stay) in this country is wrong. They should have to go back and petition.

On health care

We have 46 million Americans who lack health insurance. What is it that the federal government should be doing differently on this issue?

Vilsack: The federal government and state governments need to cooperate together to provide universal coverage. But every politician is likely to say that. I think one of the things that Secretary Thompson and I will absolutely agree on is that this system needs to be changed from a health care system to a wellness system.

We have to really focus on driving health care costs down. And one way you can do that is by preventing illnesses to begin with. So as we take a look at redesigning the health care system, we have to incorporate significantly wellness components, both in the way we insure, what we incent, what we encourage, and even how we educate parents and children.

Thompson: The government is not doing nearly enough on health care. No. 1, we spend $2 trillion on health care in America. That's 16% of the GDP. In seven years, ladies and gentlemen, that's going to go to $4 trillion, to 21% of GDP, unless we make a change. …

Out of that $2 trillion, 75% of the costs of health care go to chronic illnesses. These are items that you have to personally change, like tobacco smoking, like obesity, like sugar diabetes.

None of us would set up a health care system, in which we wait for people to get sick and then spend thousands and hundreds of thousands of dollars to get you well. You've got to start preventing. We have to go to a wellness system.

You're going to have to cover the uninsured. …We've got to cover everybody in America on health insurance. It would be cheaper. It would stimulate the economy.

A Massachusetts Conservative (USNEWS)

By Dan Gilgoff

U.S. News and World Report, February 5, 2007

MOUNT PLEASANT, S.C.-In his stump speech to supporters gathered among the shrimp boats on the bank of Shem Creek, Mitt Romney makes no mention of hot-button issues like abortion or the role of religion in politics. But when the speech is

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finished, the Republican presidential hopeful is swarmed by reporters asking only hot-button questions: Will conservative voters believe that the formerly pro-choice ex-governor of Massachusetts is now antiabortion? How did he make the conversion? Will evangelical Christians back a devout Mormon like Romney?

Romney, in a tailored suit and flawlessly coiffed hair, insists that voters are more concerned with other issues, like "How are we going to beat the jihadists? How are we going to be competitive with Asia? How to improve our schools and healthcare."

And yet answering those hotter-button questions may hold the key to whether Romney has a shot at winning the Republican nomination. Romney has so far sold himself as the more conservative alternative to front-runners John McCain, who riled many conservatives by supporting a path to citizenship for illegal immigrants and opposing a constitutional amendment to ban gay marriage, and likely contender Rudolph Giuliani, a supporter of gay rights and abortion rights. In doing so, however, Romney is battling his own past. He admits to being "effectively pro-choice" as recently as two years ago. "Voters can respect a politician who changes parties," says Republican strategist Scott Reed. "But it's more difficult for a politician that changes philosophies."

Competition. While convincing social conservatives that he has become one of them, Romney must also develop broad enough appeal to be seen as truly competitive with McCain and Giuliani. A CNN poll last week had Romney winning support from just 7 percent of Republican-leaning voters, compared with 32 percent for Giuliani and 26 percent for McCain. Still, with Hollywood-style charisma, a résumé that includes a big win in the bluest of states, and a team of marquee activists and aides, Romney is probably the strongest White House hopeful that most Americans have never heard of. "You want to ask some presidential candidates who aren't well known, 'Why did you decide to do this?'" says Whit Ayres, a GOP strategist. "With Romney, you can see a path to go all the way."

Even before leaving office, Romney raised his profile among conservatives by fighting the Massachusetts Supreme Court's 2003 decision to legalize gay marriage. He helped prod the state legislature into voting to put the issue before voters in a referendum. Romney also began trumpeting his new antiabortion stance, tracing his conversion to a 2004 meeting with Harvard scientists. Romney says one scientist told him cloning human embryos was not a moral issue because they were destroyed within two weeks. "It struck me that we had so cheapened the value of human life," Romney tells U.S. News, "that someone would feel that racks of human embryos being created ... was not a moral issue." Now, Romney is drawing parallels between his own antiabortion conversion and that of Ronald Reagan, who as governor of California signed a liberal abortion rights law. Mark DeMoss, an evangelical publicity executive who organized a meeting between Romney and evangelical leaders, says he was won over by Romney's story about the Harvard scientists: "To hear him tell it, it's almost like Paul's road-to-Damascus experience in the New Testament."

A Presidential Also-Ran, Kerry Adjusts To What Passes For A Normal Life In The Senate (NYT)

By Mark Leibovich

The New York Times, February 5, 2007

WASHINGTON, Feb. 4 — Senator John Kerry keeps to himself around the Capitol. He is always rushing somewhere, head down, disappearing into elevators. A Senate loner for 22 years, Mr. Kerry seems all the more isolated now as he darts past the media hordes around the next set of presidential seekers, colleagues that include Hillary Rodham Clinton, John McCain and Barack Obama.

Even in the best of times, Mr. Kerry's face hung droopy and funereal, one of the most weary in American politics. Today, Mr. Kerry, the Massachusetts Democrat who was the exit poll president-elect for a few hours in November 2004, endures the peculiar pariah status that his party reserves for its losing nominees.

"America does not tolerate losing, even though it's through losing that we learn the most," said David Thorne, the twin brother of Mr. Kerry's late first wife, Julia Thorne, and his closest friend. "People want fresh faces. Or they think they do."

As the 2008 campaign begins in earnest, Mr. Kerry has been forced to adapt to something resembling a normal Senate life. This has been no small challenge for a man whose identity has long been steeped in becoming president, or trying to.

Last week, days after he announced he would not run again, Mr. Kerry said there was no point to dwelling on what might have been. "You know, that's such a waste of time right now," he said in a Capitol hallway interview. "I came close, but so what? I didn't make it, so move on. Just go forward. There's no sense going backwards."

Mr. Kerry ratified his status as Dead Candidate Walking in an emotional speech on the Senate floor two weeks ago. "We came close, certainly close enough to be tempted to try again," Mr. Kerry said, referring to his 2004 campaign.

Only two colleagues attended his announcement, Senator Edward M. Kennedy, a fellow Massachusetts Democrat, and the Senate majority leader, Harry Reid of Nevada (another, Senator Ken Salazar, Democrat of Colorado, walked in late). "I have concluded this is not the time for me to mount a presidential campaign."

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The grave Kerry face was on stark display that day, his voice breaking at times. When it was over, Mr. Reid hugged him and said he loved him, and then Mr. Kerry left the chamber by himself.

His announcement could have been a dignified valedictory moment. But the enigmatic Mr. Kerry is often misunderstood, and several news reports said he had cried when saying he would not run; in fact, he choked up earlier in his speech when talking about an Army captain he had met in Iraq who had been killed.

No matter, the photo of Mr. Kerry breaking down ran prominently in the Drudge Report and elsewhere. It buttressed the notion of John Kerry as the forlorn loser who had finally bottomed out. It also served as a grim visual to another round of Kerry abuse, conjuring up the caricature of him as a helmet-haired, flip-flopping elitist.

"Who will the windsurfing caucus back now?" a columnist for The Boston Herald wisecracked. A cartoonist for The Times-Picayune of New Orleans mocked Mr. Kerry as saying, "Actually I was for another White House bid before I was against it." A few days earlier in a new book, Terry McAuliffe, the former Democratic National Committee chairman, became the latest party bigwig to pan Mr. Kerry's 2004 campaign.

Mr. Kerry says he finds it "freeing" not to be a presidential candidate. "Hopefully, the things I say and do will not be taken in the light of a presidential race anymore," he said. "And I think that's positive."

He will seek re-election in Massachusetts next year and says he is looking forward to immersing himself in Senate life, particularly on issues related to the Iraq war. Mr. Kerry has sought counsel from Mr. Kennedy, who himself returned to the Senate after a bitter primary defeat and went on to have a storied career as a lawmaker.

Yet to many eyes, Mr. Kerry will always be trapped in yesterday's news and lingering disappointment. He is a member of the tiny club that knows what it is like to lose an election to George W. Bush — to blow an election, by some accounts.

At least Al Gore was allowed to slip away, grow a beard and come back when he was ready. Mr. Kerry had to return to his very public job, hear all about how "winnable" his race was, how "unlikable" a candidate he was and how ridiculous it would be for him to consider ever trying again. His name elicited instant eye-rolls among many former supporters.

But Mr. Kerry held out hope. Last year, he campaigned for Democrats, wielding an impressive e-mail list, bankroll and political network. He kept his options open. Until, finally, he shed what had been the guiding aspiration of his career seemingly from its outset.

"Your heart goes out to him," Mr. McCain, Republican of Arizona, said in a brief interview a few days after Mr. Kerry said he was not running. "It just isn't easy to shift your ambitions away from something that's been his ambition for a long time."

Running for president — or losing — hardly makes Mr. Kerry unique among senators (scores have run, but no sitting senator has been elected since John F. Kennedy in 1960). But Mr. Kerry stands out for coming so close, and people who know him say it has made it all the harder to give up. "He is a stubborn, competitive guy, and it must have been very, very hard to get those words out," said Jim Jordan, a former Kerry campaign manager.

Senate colleagues and staff members say Mr. Kerry struggled to reintegrate himself in the Capitol after losing to Mr. Bush. He was never much a creature of the Senate to begin with, an outcast with few close friends there and a reputation for aloofness and occasional grandstanding. His solemn bearing betrayed a certain joylessness in his job. ("John Kerry walks into a bar," goes the Washington version of the old joke. "Bartender says, 'Hey, Senator Kerry, why the long face?' ")

Shortly after he returned to work, Mr. Reid gave him a stern talking-to and urged him, in so many words, to get off his high horse and rejoin the team, according to a senior Democratic staff member.

But after laying the groundwork for a return engagement, Mr. Kerry stumbled just before November's midterm elections, when he told what he called a "botched joke" that appeared to denigrate the intelligence of American soldiers in Iraq. Democrats distanced themselves from him, Republicans ridiculed him, and Congressional candidates dumped him on the campaign trail.

He was defiant, refusing to apologize at first, offering explanations that he was criticizing Mr. Bush and not the troops. But few people wanted to listen. " 'Please stop it," Don Imus, the radio talk show host and a Kerry friend, urged him on the air. "Stop talking. Go home."

As the 2008 presidential campaign takes shape, friends say it has annoyed Mr. Kerry to keep hearing about how formidable his onetime running mate, John Edwards, the former North Carolina senator, might be.

Friends say that Mr. Kerry feels betrayed by Mr. Edwards, whom he defeated easily in the 2004 Democratic primaries and faults for being too quick to second-guess their campaign, distance himself from it and embark on his own 2008 effort.

Mr. Edwards was also spared the flagellation that losing Democratic nominees typically endure. Republicans are kinder to their also-rans. Bob Dole lost to Bill Clinton in 1996, but has remained a gray eminence within the party. Barry Goldwater was slaughtered by President Lyndon B. Johnson in 1964 but later became a patron saint of the conservative movement. Richard M. Nixon lost narrowly to John F. Kennedy in 1960 but ran again and won in 1968.

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Mr. Kerry and his surrogates always emphasize how warmly he is still received whenever he ventures out of Washington. “John was treated like a rock star in Switzerland,” said Senator Patrick J. Leahy, Democrat of Vermont, who traveled to Davos, Switzerland, with Mr. Kerry and other colleagues last month for the World Economic Forum.

Of course, this is precisely the kind of compliment that feeds an impression of Mr. Kerry as a high-society jetsetter who is more at home overseas than among everyday Americans. Sure enough, Mr. Kerry was being pilloried anew by Republicans last week for saying in Davos that the United States had become an “international pariah” under Mr. Bush.

Mr. Kerry genuinely seems not to care about such criticism these days. He still wears his burdens plainly, but the burdens could be shifting.

“You can be more focused when you’re not running,” Mr. Kerry said. “You can actually get something done on the issues instead of running around as fast as you can.”

He is still running plenty fast. Mr. Kerry is hard to catch up to, probably by design. He zooms by, gone before you know it. He was seen dashing through a press-crammed Capitol after President Bush’s State of the Union address.

“Can’t now; got to go,” Mr. Kerry said after a news conference about climate change last week. He was off to the Senate for a vote, then exited by another door 20 minutes later.

“I’m running, I’m running,” Mr. Kerry told a reporter. He boarded an elevator with fellow senators and fixed his gaze straight ahead.

What Are Hillary Clinton's Religious Beliefs? (NSWK)

By Susannah Meadows

Newsweek, February 4, 2007

At 13, she met a Methodist minister who became a lifelong friend.

If Hillary Clinton and George W. Bush have anything in common, it is a deeply rooted wariness of outsiders. Both the president and the woman who hopes to succeed him have always relied on a small, closed circle of friends and advisers who have been with them for years. So it's not surprising that there are so many familiar faces on Clinton's new campaign team. Ad maker Mandy Grunwald, pollster Mark Penn, strategist Ann Lewis and others are loyalists from Bill Clinton's White House.

There is another person on Hillary's shortlist of confidants who goes back farther than any of them, but whom you've probably never heard of. The Rev. Don Jones, a Methodist minister who is now 75, was perhaps Hillary's earliest spiritual and political mentor. She has written of her "lifelong friendship" with him. It was Jones who first awakened young Hillary to the civil-rights movement and counseled her on questions of faith. They continued to be in touch as Hillary became a national figure. Years later, he helped her through the darkest period in her life, the aftermath of her husband's affair with Monica Lewinsky.

Precocious and confident, 13-year-old Hillary was an active member of her Methodist church in Park Ridge, Ill., when Jones arrived in 1961 to lead the youth group. Fresh from the seminary, he was anything but stuffy in his red Chevy Impala convertible. He carried the Bible, but also the collected poems of E. E. Cummings. Hillary, politically aware even then, was a budding Republican who took after her staunchly conservative father. In long discussions at the church, Jones introduced Hillary to the left. The young minister was determined to show his white, privileged parishioners the world beyond their suburban town. He took them to the South Side of Chicago to hear Martin Luther King Jr. speak. Jones introduced each of them to the civil-rights leader.

But the conversation wasn't all politics. "Hillary would come up to talk to me after I preached and make comments about the sermon, how the hymns, prayers and Biblical passages were coordinated with the message," Jones tells NEWSWEEK. Jones hewed closely to the social-justice tradition of the Methodist Church, preaching that helping those in need was a means of practicing their faith. "I think she responded to my ministry in part for its intellectual content," Jones says. "Her heart responded to the social-responsibility aspects."

Not everyone appreciated the minister's lessons. Within two years, the conservative members of the congregation asked him to leave. Jones landed at Drew University in Madison, N.J., where he spent his career teaching theology. They were in communication while Hillary was in high school and later at Wellesley. During her time as First Lady, he visited the White House nine times. After Bill Clinton admitted his affair with Lewinsky, Jones gave Hillary a Paul Tillich sermon about grace, and how it comes to you when you feel great pain. Jones says he hoped Hillary would pass the words on to her husband. "It was my secret agenda," he says. Sure enough, five days later, Jones received a thank-you note from the president. Last year he saw the Clintons at their home in Chappaqua, N.Y. The senator had called him to invite her old friend to her mother's birthday party.

Though she's been accused of adopting a religious patina for political gain, her relationship with Jones shows that from the time she was young, Hillary was thinking seriously about her faith. She clearly talks more about religion these days, as many politicians do—but her connection to Jones reveals that her Christianity has always been at the center of her identity. "She's not using the language of prayer and God for the first time," says Jones. "While there may be a political dimension, it's authentic."

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Jones describes Hillary's beliefs as falling, like her politics, somewhere in the middle of the spectrum. Unlike the extreme left, she understands the limitations of human beings, he says. And unlike the extreme right, he argues, she believes in humanity's potential. She does take seriously the doctrine of original sin. And after a lifetime in politics, she's seen plenty of it.

The Mommy Factor (USNEWS)

By Gloria Borger

U.S. News and World Report, February 5, 2007

It was striking. On her first foray into Iowa as a presidential candidate, Hillary Rodham Clinton was clearly trying to soften up her image. "I am going to be asking people to vote for me based on my entire life experience," she said. "The fact that I'm a woman, the fact that I'm a mom is part of who I am." Wow. Could this be the same Hillary Clinton who told voters way back in her husband's first run for the White House that she wasn't just going to stay home and bake cookies? Or the first lady who tried to redo the nation's healthcare system? Or began collecting national security cred on Day 1 in the Senate by landing a seat on the Armed Services Committee?

The Clintons are a great reflection of the national zeitgeist. So don't take Hillary's appearance in Iowa in pastels lightly: It may mean we've come full circle, baby. After all these years of trying to be one of the guys-talking tough, playing backroom politics with the bad boys (more on those later)-do we now have to tone it down so people will like us again? Have we overcorrected the initial problem? "We can't decide if we want to wear iron britches or if we're sweet," says former Colorado Rep. Pat Schroeder. Remember her moment of fame? She cried when announcing that she would not run for president. "We got a lot of 'We don't want people who cry with their finger on the button,'" Schroeder told me. That happened 20 years ago, and we've tried not to cry ever since (although we love it when men do).

So here's my question: Is this a problem for all women at a certain stage, or is it mostly about Hillary? After all, when Speaker Nancy Pelosi gaveled her first session of the House of Representatives to order a few weeks back, she seemed to present pretty much the perfect, balanced portrait: a tough grandmother. When all the kiddies were invited to the podium, it seemed to be an entirely authentic moment-and a signal that Pelosi is, well, fully evolved. We accept it; in fact, we applaud it. "It was wonderful to watch her with the grandchildren," former vice presidential candidate Geraldine Ferraro told me. "If I had done that, I would have been judged as too soft, a mommy, not able to handle the issues." To be fair, Pelosi has an advantage that Clinton doesn't: We haven't tracked her every move, as we've watched Hillary morph from the wife bristling behind the podium to the candidate finally in front of it. Since we seem to have spent more than a decade observing her, maybe she just becomes someone with too many identities for us to sort out-or to decide which is real.

Sure, there's a natural affinity among women for Hillary Clinton when she tells voters that "I expect there will probably be more stories about my clothes and hair than some of the people running against me." You bet. And there will also be different kinds of girl questions, like the one from the man in Davenport, Iowa, who asked how she would handle the world's "evil and bad men." It was hard not to read something (aka Bill) into her playfully ambiguous response: "What in my background equips me to deal with evil and bad men?" With perfect comedic timing, she let the answer play as the audience erupted into laughter. And although she later denied she was even thinking about Bill Clinton, how could we think anything else? Can this possibly be the new, real, authentic, believable Hillary Clinton?

The $1 Million Bundler (WP)

The Washington Post, February 5, 2007

THE NUMBER alone is breathtaking. As she launches her presidential fundraising juggernaut, Sen. Hillary Rodham Clinton (D-N.Y.) is tasking her biggest financial backers to bring in $1 million or more for her campaign, the New York Times reported. Truth be told, for a fundraiser with a fat Rolodex of rich friends, this isn't quite as daunting as it sounds. Having decided to opt out of the public financing system, not just for the primary campaign but for the general election as well, Ms. Clinton can bring in, or ask her fundraisers to bring in, two checks for the hassle of one: Donors can give the maximum $2,300 for the primary and another $2,300 for the general election. Add in a spouse, and you're at $9,200 a pop. A mere 109 of those, and, voila, the $1 million bundle.

While the senator's not to blame for this state of affairs, the audacity of the $1 million target does evoke distasteful memories of the Lincoln Bedroom rake-it-all-in mentality of the Clinton presidential years. And the unwillingness of her campaign to commit to listing its big bundlers -- as President Bush did during both of his campaigns -- is appalling. A Clinton spokesman couldn't say what the campaign plans to do about disclosure. A campaign organized enough to task fundraisers with bringing in $1 million ought to be organized enough to think in advance about revealing the identities of these, and lesser, financiers.

All this underscores how outmoded and inadequate the system of disclosure has become. Under current reporting rules, there is no way of determining that a bundler has brought in big bucks for a candidate; all that would show up on campaign filings

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would be the bundler's own contributions. Yet candidates are as indebted to the $1 million bundler as they are to the $1 million check writer.

President Bush, who perfected the system of organizing big bundlers during his two campaigns, with his $100,000 Pioneers and $200,000 Rangers, made it a practice to disclose the individuals on his Web site; most Democratic contenders during the 2004 campaign did likewise. That is an important standard for all candidates to meet during the 2008 campaign. The public is entitled to know the names of the bundlers and, at least within some range, the size of their bundles.

Among some of the leading Democratic and Republican candidates, the plans for disclosure are still unformed even as the bundlers are being recruited. Sen. Barack Obama (D-Ill.) will provide that information on his campaign Web site; he's also not taking checks, or bundles, from lobbyists. Former senator John Edwards (D-N.C.) balked at giving out these details last time around; his campaign said that at this point it was committing only to disclose what's legally required. The campaign of Sen. John McCain (R-Ariz.) hasn't yet decided what to do; this should be a no-brainer for a man who's been at the forefront of campaign finance reform.

Reporting this sort of critical information should not be left to the kindness of campaigns -- it should be required. The Federal Election Commission has it within its power to write regulations mandating such disclosure; Congress could also write the requirement into law. In the age of the $1 million bundler, the status quo is intolerable.

OFF THE CUFF, GOV. GETS IN SOME JABS (LAT)

By Peter Nicholas

The Los Angeles Times, February 5, 2007

SACRAMENTO — He has staked his governorship on bipartisan agreements, but recordings of Gov. Arnold Schwarzenegger bantering with aides in closed-door meetings reveal him complaining about lawmakers from both parties, casting some as obstructionist and two-faced.

The recordings, newly obtained by The Times, also feature him chatting about American resentment of illegal immigrants, about his taste for gas-hungry Hummers and about his wife's habit of tinkering with his speeches.

Made by Schwarzenegger's staff last year, the recordings offer a rare window onto the governor's operation and a more complex portrait of Schwarzenegger than typically emerges in public, where his appearances are carefully stage-managed.

In the latest recordings, the Republican governor describes Senate President Pro Tem Don Perata (D-Oakland) as a "very sick man" and Assembly Speaker Fabian Nuñez (D-Los Angeles) as "a political operator coming from the union background" who evinces no real "passion" about issues. And he worries that a federal plan to build a fence along the Mexican border will send a troubling message.

"Are we looking at Mexico now as the enemy?" he says in the recording. "No, it's not. This is our trading partner."

Married for two decades, Schwarzenegger still seems amused by some of his wife's habits. When Maria Shriver reviews one of his speeches, he says, "she is relentless. I can only talk about things for so many times because then I like to lock it in, even if it's not perfect…. But she goes until the last day…. I said, 'Maria, it's over. It's in the teleprompter.' "

The recordings were made in the first half of 2006. The Times first published about a 6-minute excerpt from similar recordings in September and recently obtained about 3 1/2 hours more. In the excerpts published in September, Schwarzenegger referred to Assemblywoman Bonnie Garcia (R-Cathedral City) as "hot," a reference to her ethnicity. He later apologized.

After The Times on Sunday asked the Schwarzenegger administration for comment about the latest recordings, communications director Adam Mendelsohn said he was going to release the tapes to other news media. The Schwarzenegger administration had previously turned down public records requests for the tapes.

In a prepared statement, Mendelsohn said the recordings show the governor to be "thoughtful, concerned and focused on solving some of California's most serious problems."

Gary Delsohn, a speechwriter working for the governor, made the recordings in an effort to produce better speeches by capturing the governor's thoughts and speech patterns. Attendees at the four recorded meetings include Delsohn, Mendelsohn, Chief of Staff Susan Kennedy and former aide Bonnie Reiss.

Aides to former Democratic gubernatorial candidate Phil Angelides copied the audio files from the governor's website last year, something they were able to do because of lax security on the site, state investigators concluded.

Proud of his legislative achievements, Schwarzenegger plans to deliver speeches around the country this year, touting California as a model of bipartisan cooperation. But the recordings suggest that he and his most trusted aides have sometimes viewed his legislative partners with disdain.

Throughout the conversations, however, the tone is generally friendly, informal. Schwarzenegger sometimes sounds as if he has a cigar in his mouth.

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In one exchange, Delsohn thanks the governor for cigars and schnapps.

Schwarzenegger's comments about Perata came early last year, amid negotiations over a proposed multibillion-dollar public works package. A deal ultimately came together, but Schwarzenegger aides at the time viewed Perata as a barrier.

In one recorded conversation, the governor says Perata "is trying to derail everything."

Delsohn asks: "In your past life, did you ever deal with people that could be so petty and so childish?"

"Yeah, in the movie business," the governor replies. "It's the same thing."

He adds: "It is a different level, but, I mean, yes, the movie business has been held up with a hundred-million-dollar movie just because someone doesn't like one scene."

At one point, Delsohn asks the governor how Perata acts in his presence after repeatedly "jamming" him in the press.

Schwarzenegger said: "Believe me when I tell you that it is shocking, and it took me a while to understand it because I am still naïve a little bit about it. Because when he comes in here, he's nice. And I want to work with him. But those guys, as soon as they step out of here or before they come in here, they are absolutely different personalities. They change like this."

Schwarzenegger was even more caustic about Perata in a discussion at a separate meeting about negotiations on the public works bond. He says Perata is "a very sick man." An aide says, "Really?" Schwarzenegger replies: "Yeah, absolutely."

Schwarzenegger's chief of staff, Kennedy, comes in later and reads aloud a memo from Perata to fellow Democrats laying out concerns about the infrastructure package. The governor listens and says: "He's lying. Unbelievable, this guy."

"So while those girls are sitting around pulling their hair …" Kennedy says, and trails off.

Kennedy at one point urges her boss to needle a Republican lawmaker who had said something objectionable in a news story.

"So when you see [Assemblyman] Guy Houston" (R-Livermore), she says on the recording, "just say to him, 'Nice quote.' "

The assemblyman, she predicts, will "pee his pants" at such sarcasm, she suggests.

Perhaps no lawmaker was more important to Schwarzenegger's legislative successes last year than Nuñez. The speaker helped Schwarzenegger pass bills raising the minimum wage, curbing greenhouse gas emissions and offering a program for cheaper prescription drugs.

In one exchange, though, the governor describes Nuñez as an unrelieved partisan.

"So for him," the governor says, "it's all politics. And because of that, everything that happens he sees through those glasses, through the political glasses."

In some ways, Schwarzenegger is equally tough on his fellow Republicans. He suggests the Republicans were unrealistic in having their own expectations for the public works package.

The governor characterizes his message to them: "You are not the majority! I said, When does it get in your mind? You are not the majority."

Invoking his wife's famous family, Schwarzenegger likens his ambitious effort to rebuild California's roads and ports to President John F. Kennedy's call for landing an American on the moon.

He mentions speaking to his mother-in-law, Eunice Kennedy Shriver, who told him "the most frustrating thing for Jack was to sit there and always kind of deal with that. You know, when there was a big idea and he had to go and ask all of those legislators, all of the Congress: 'Think like me.' "

He imagines the resistance Kennedy must have faced: "We still have such high unemployment. The economy has to be stimulated — and here you are worrying about going to the moon?"

At times Schwarzenegger seems to be working out answers, using the conversation with aides to clarify his thinking.

He talks with Delsohn about the wisdom of building a 700-mile fence between Mexico and the U.S. Delsohn asks him if the idea sounds "ridiculous."

"It sounds ridiculous to me simply because the border with Mexico is longer than 700 miles," Schwarzenegger says. "So now we need to know specifics."

Conceding that it would be difficult for him to say so publicly, Schwarzenegger said that Latinos — because they are so close to their homeland — have more trouble assimilating than, say, Poles, Germans and French. Still, as an Austrian immigrant, he said, "I made an effort. But the Mexicans don't make that effort."

He later made similar remarks at a campaign appearance in Los Angeles. Mexican protesters marching here should not "wave the Mexican flag," he says. "America loves America."

Schwarzenegger also talks eloquently in the recordings about the importance of racial and religious tolerance. He recalls that his mother told him she saw Jews being hanged in public parks in Austria.

He mentions his regard for Nelson Mandela, who was imprisoned for decades for his opposition to apartheid in South Africa.

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"Say to yourself every week, 'Now I'm going to reach out to someone that I really didn't care for,' " the governor says. "Or a race or a religion that you didn't care for … Make a point to go and take them to lunch, you know, somebody that is totally different than you."

In an exchange on another day, Schwarzenegger worries about appearances. Working on a speech about the environment, he wonders aloud if his past might leave him open to charges of hypocrisy.

"Before I was a governor, I was both a businessman and an environmentalist because here I was driving Hummers," he says. "I don't know if I want to leave myself open here by calling myself an environmentalist."

Happily recalling a visit to a local Hummer dealership, he describes the inventory and rattles off nationwide Hummer production numbers.

Then Schwarzenegger says California needs environmental protections.

"We have to take care of our state and our state's population growth," he says.

Kennedy responds: "You're such a flaming liberal."

Analysis: Bush's Iran Stance Echoes Iraq (AP)

By Tom Raum

AP, February 5, 2007

President Bush's tough new stance on Iran and his military buildup in the Persian Gulf recall some of the drumbeats that preceded the U.S.-led invasion of Iraq in 2003.

As then, the Bush administration is making allegations about Iran without providing proof.

It is suggesting Iran is sending weapons to Iraq, yet offering no evidence the supplies can be traced to Tehran. There are whispers, too, that Iranian intelligence agents were behind the recent abduction and execution of five U.S. soldiers.

Iran is the "axis of evil" country whose nuclear ambitions must be stopped. Iran's president, Mahmoud Ahmadinejad, is now Bush's primary Mideast nemesis, replacing the late Saddam Hussein.

Bush's efforts to rally public support behind his harder line on Iran have many lawmakers and some from the intelligence and defense world wondering if it is a prelude to military activity.

"We are not responsibly in the region if we don't deal with them," said Sen. Jim Webb, D-Va. "And the situation that we have right now where we continue to talk only about the military side — again, it's half a strategy," he told "Fox News Sunday."

Bush insists he has no plans to invade Iran, only to protect U.S. troops in Iraq.

But in recent days:

_Bush raised the U.S. naval presence in the Persian Gulf to its highest level since 2003 by ordering a second aircraft carrier strike group to the region.

_The administration confirmed that Bush has authorized the military to kill or capture Iranian agents who are plotting attacks on U.S. forces.

_The administration has armed Iran's Arab neighbors with Patriot missiles. The Pentagon halted sales of spare parts from the its recently retired F-14 fighter jet fleet because of concerns they could be transferred to Iran.

Administration critics suggest the White House is exaggerating Tehran's ties to attacks inside Iraq to justify a possible future military assault — just as it manipulated prewar intelligence to build its case for its 2003 invasion of Iraq, they claim.

"He again is convinced that he's on the side of right, fighting against the forces of evil, expressing this somewhat oversimplified view of the world he has," said Michael O'Hanlon, a foreign policy analyst for the Brookings Institution and an adviser to the bipartisan Iraq Study Group. "He's doing what he thinks is right to show resoluteness."

Bush's saber-rattling — rather than reaching out to Iran and Syria diplomatically as recommended by the Iraq Study group and many in Congress — is a risky strategy. Many national security professionals suggest this approach could lead to wider conflict.

If conditions continue to deteriorate in Iraq, "the final destination on this downhill track is likely to be a head-on conflict with Iran and with much of the world of Islam at large," Zbigniew Brezinski, President Carter's national security adviser, told the Senate Foreign Relations Committee.

Bush is betting he can help prop up the shaky government of Iraqi Prime Minister Nouri al-Maliki and stop a supply line of weapons and fighters into Iraq.

It's a big bet.

Iran has denied accusations it is supplying weapons to Shiite militias in Iraq. But an official assessment of Iraq by U.S. intelligence agencies said Iran was providing lethal support to select Shiite groups.

Still, the National Intelligence Estimate released Friday said "outside actors" such as Iran and Syria are "not likely to be a major driver of violence or the prospects for stability" in Iraq.

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Stephen Hadley, Bush's national security adviser, said the declassified public document "does not adequately reflect" the degree of concern in nearby Sunni nations about Shiite-run Iran's meddling in Iraq. He disputed suggestions that Bush has overemphasized Iran's role.

In his Iraq speech to the nation last month, Bush said the U.S. would "seek out and destroy the networks providing advanced training and weaponry to our enemies in Iraq," citing Iran and Syria.

Critics of Bush's harder line on Iran fall into two camps: those who worry his recent strong talk might lead to a military conflict and those who claim he should have gotten tough earlier.

Democratic presidential hopeful John Edwards, for instance, has criticized what he suggests is previous indifference to the Iranian threat.

"In order to ensure Iran never gets nuclear weapons, all options must remain on the table," Edwards says in a hint at possible military action. The vice presidential nominee in 2004 has called for withdrawing troops from Iraq.

For now, time appears to favor Iran, says Anthony Cordesman, an analyst with the Center for Strategic and International Studies.

Even if the United States and Iraq's Shiite-led government can bring stability, "Iran must now feel it can outwait the U.S., exploit U.S. unpopularity in many Shiite areas, and has every reason to be opportunistic.

"Iran wins to some degree even if it does not exploit the situation. A Shiite-dominated Iraq is going to need Iranian help and support for years to come."

Report Spells Out Dangers Of Attack On Iran (FT)

By Gareth Smyth

Financial Times, February 5, 2007

Military action in response to Iran's atomic programme would be "highly dangerous" with diplomacy still an option, according to a report published today by a group of British non-governmental organisations, think-tanks and trade unions.

"It cannot be said that the potential for diplomacy has been fully explored while direct talks between Iran and the US have not taken place," says "Time to Talk: the Case for Diplomatic Solutions on Iran", from -Crisis Action.

The report warns that US or Israeli attacks on Iran's nuclear facilities could lead to civilian deaths, radioactive contamination, heightened conflict in neighbouring Iraq and Afghanistan, al-Qaeda attacks stemming from intensified anti-western feeling, higher oil prices and an acceleration of Tehran's nuclear programme.

Among those endorsing the report is Sir Richard -Dalton, UK ambassador to Iran from 2003 to 2006. He said the report was "wagging a finger" to remind the British government that military action should be "a last resort in self-defence or to prevent an imminent threat".

Sir Richard defended the US and European Union's refusal to negotiate with Iran while Tehran refused to implement December's United Nations Security Council resolution that it suspend almost all its nuclear activities.

However, he argued London should "not just sit back on our heels". It should work "behind the scenes" to ensure the US was ready to supplement international negotiations "when re-quired".

The report appears sceptical that the Bush administration will engage Tehran, arguing "the sidelining" of the Baker-Hamilton report, which last month advocated talks with Iran, "illustrates further the rejection of direct negotiation".

Paul Rogers, professor of peace studies at Bradford university, said "an attack designed to diminish Iran's nuclear capacity would involve trying to kill as many technicians and scientists as possible".

Mr Rogers told the Financial Times that Iran would have "a huge range of retaliatory options", including attacks on the oil facilities of the Arab countries across the Persian Gulf.

At Iran's Isfahan nuclear site on Saturday, Ali-Asghar Soltanieh, the country's representative at the International Atomic Energy Agency, said the nuclear programme was "fully transparent".

Mr Soltanieh was welcoming reporters and IAEA representatives from developing countries on a trip around the facility, which processes uranium ore into uranium hexafluoride, the feeder fuel for the enrichment plant further north at Natanz.

He refused to say whether Iran would install anti-aircraft missiles being delivered from Russia at Isfahan Tor. The site is currently ringed by less sophisticated anti-aircraft guns.

Iran's Role In Iraq (NYT)

The New York Times, February 5, 2007

To the Editor:

Re "Bullying Iran (editorial, Feb. 1):

DOJ_NMG_0127208

The United States has now resorted to the soft power of disinformation about Iran by leveling false charges regarding Iran's behavior toward Iraq. While Iran has fully supported the new government in Iraq and has signed various trade and energy agreements with Baghdad, the United States government continues to demonize Iran and blame it for America's own failures.

Contrary to your assertion that Iran is sowing chaos in Iraq, Iran is concerned about the growing chaos and the unwanted consequences of spill-over conflict and masses of refugees.

Iran favors a strong, unified Iraq whose sovereignty is not constantly trampled upon by the intrusive Western powers. To this effect, Iran has responded favorably to Iraq's call for a regional forum to discuss the country's dangerous crisis.

M. A. Mohammadi
Press Secretary
Mission of Iran to the United Nations
New York, Feb. 1, 2007

Congress Must Stop An Attack On Iran (LAT)

By Leonard Weiss And Larry Diamond
The Los Angeles Times, February 5, 2007

DESPITE ANGUISH and anger over the Bush administration's decision to escalate its failing war in Iraq, Congress is unlikely to cut off funding. Even most opponents of the war fear that they could be blamed for not supporting the troops in the field and for a possible descent into even greater catastrophe in the face of a precipitous U.S. withdrawal from Iraq.

But nothing prevents Congress from using its power of the purse to prevent an American attack on Iran. President Bush's neoconservative advisors and pundit supporters have been beating the drums of war with Iran since 2003, when the president declared Iran to be part of an "axis of evil." Recall that a senior administration official told The Times that Iran should "take a number" in the wake of the invasion of Iraq. In his recent address to the nation on the troop surge in Iraq, Bush issued more threats to Iran. Now the president has named a Navy admiral to head the U.S. Central Command and dispatched a second aircraft carrier and minesweepers to the Persian Gulf, presumably to prevent Iran from closing the Strait of Hormuz in the event of conflict.

These developments and other administration moves could presage an air attack on Iran's nuclear facilities.

Iran is not innocent of dangerous and provocative behavior. Tehran has supported insurgent groups in Iraq, including helping to provide sophisticated explosives that have killed U.S. soldiers. And Iran's continued development of a nuclear enrichment facility is in defiance of the international community's demand to halt those actions. President Mahmoud Ahmadinejad's repulsive statements about the Holocaust and Israel add to the nervousness about Iran's future actions.

But war is not yet justified, except in the minds of those who have been lobbying for it for years. Iran is still years away from being a nuclear threat, and our experience with "preventive war" in Iraq should teach us a thing or two. Launching another such war without international approval would leave us even more politically isolated and militarily overstretched. Attacking a Middle Eastern country — one much stronger than Iraq and with the ability to cut off oil supplies from the Strait of Hormuz — could inflame the region, intensify Shiite militia attacks on our soldiers in Iraq and stimulate terrorist attacks on Americans and U.S. interests worldwide.

But recklessness, not prudence, has been the hallmark of this administration's foreign policy. Beyond this, the president and vice president subscribe to what some call the "unitary executive," which is a fancy way of saying they believe that Congress cannot prevent the president from doing almost anything he wants. The 1973 War Powers Act, passed in the wake of our disastrous war in Vietnam, allows the president to put U.S. troops in a combat situation under certain conditions before obtaining any congressional authorization to do so. When Bush signed the Iraq war resolution, he issued a statement challenging the constitutionality of the War Powers Act, indicating that he could take the nation to war without obeying its restrictions. Unfortunately, even if the president were to agree to the act's restrictions, he could still attack Iran and have up to 90 days before being required to get congressional authorization for the attack.

What to do? Congress should not wait. It should hold hearings on Iran before the president orders a bombing attack on its nuclear facilities, or orders or supports a provocative act by the U.S. or an ally designed to get Iran to retaliate, and thus further raise war fever.

Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, has warned the administration that it had better seek congressional authorization for any attack on Iran. But we need Senate and House hearings now to put the Bush administration on notice that, in the absence of an imminent military attack or a verified terrorist attack on the United States by Iran, Congress will not support a U.S. military strike on that country. Those hearings should aim toward passage of a law preventing the expenditure of any funds for a military attack on Iran unless Congress has either declared war with that country or has otherwise authorized military action under the War Powers Act.

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The law should be attached to an appropriations bill, making it difficult for the president to veto. If he simply claims that he is not bound by the restriction even if he signs it into law, and then orders an attack on Iran without congressional authorization for it, Congress should file a lawsuit and begin impeachment proceedings.

It is, of course, possible that the president's truculent language and actions toward Iran are a bluff, an attempt to rein in its irresponsible behavior.

But the administration's mendacious and incompetent course of action in taking the nation to war with Iraq gives us no reason to provide the president with the benefit of any doubt. And stiffening economic sanctions — at a time when Iran's economy is ailing and the regime is losing popular support — offers a better and safer prospect of exerting leverage.

Another war of choice would only pour fuel on the fires of the Middle East. And the history of this administration shows that if Congress does not constrain this president, he could well act recklessly again, in ways that would profoundly damage our national interest.

India Faces Delicate Diplomacy In US, Iran Talks (AFP)

AFP, February 5, 2007

India will engage in delicate diplomacy this week during talks with Washington on a crucial civilian nuclear deal and with nuclear renegade Iran over energy and regional issues, analysts said.

"India will have to maintain a very fine balance," said C.U. Bhaskar, an analyst with the Institute of Defence Studies and Analyses, to avoid raising the ire of, and damaging its economic ties with, both nations.

Energy cooperation will be high on Indian Foreign Minister Pranab Mukherjee's agenda when he visits Tehran, his first official trip outside South Asia since taking office in May.

His talks on Tuesday and Wednesday come amid growing US pressure on countries for tougher sanctions against the Islamic regime for defying demands to rein in its nuclear programme.

India and Iran are expected to discuss two multi-billion dollar gas deals including a pipeline that would cross Pakistan to help meet demand in energy-hungry India.

Mukherjee is also almost "certain to discuss the situation in the region," an Indian official said, as tension mounts over Tehran's nuclear ambitions and the US military build-up in the Gulf and Iraq.

In Washington, India's special envoy on the US nuclear deal, Shyam Saran, is expected to conclude a deal that lifts three decades of US sanctions barring the transfer of civilian nuclear technology and equipment to India.

The US Congress in December gave the go-ahead to Washington to begin the negotiations with New Delhi, seen as the high watermark of the rapidly warming ties between the two nations.

But the ties did not stop US ambassador to New Delhi, David C. Mulford, last week warning that Washington would be following Mukherjee's Iran visit.

Mulford also told reporters Washington "discouraged" any commercial dealings with Iran. The US has placed economic sanctions on Tehran that include halting cooperation with governments and companies abroad that invest in Iran.

Bharat Karnad, of the New Delhi-based Centre for Policy Studies, said New Delhi had to watch its step carefully or endanger the growing US relationship.

It "is a cross that India has to bear as, to an extent, the successful conclusion of the India-US accord depends on satisfying the US on certain issues," the analyst said.

Analyst Bhaskar and India's former envoy to the UN Conference on Disarmament, Arundhati Ghosh, agreed Mukherjee's visit to Iran was "very important" and the talks with the United States were "delicate."

"In diplomacy, there are always grey areas. The foreign minister's visit is key as it is important not to make Iran feel isolated at this point," Bhaskar said.

"India could play a valuable role as facilitator depending on the situation," he added.

Indian officials, however, dismissed suggestions New Delhi has a "high-wire balancing act" on its hands.

"Not at all," said a senior official who describes New Delhi's engagements with "strategic partner" Tehran on energy and other issues as pursuing the "national interest."

"India, as the prime minister (Manmohan Singh) has stated in parliament and at other times, follows an independent foreign policy. There is no question of any pressure from any quarter. But New Delhi in not in favour of another nuclear weapon state in the region," the official said.

India voted for a resolution last year that threatened Iran with possible UN-sponsored sanctions if it failed to stop uranium enrichment work that could create material used in nuclear weapons, the official noted.

But he added "India is also against the use of force to make Iran stop its nuclear program."

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The Indian Giver (WSJ)

By William S. Cohen

The Wall Street Journal, February 5, 2007

NEW DELHI -- The U.S.-India relationship emanates from shared values, interests and objectives. Our two nations are multiethnic and secular democracies. Our commonalities and the potential for mutual benefit provide solid reasons for strengthening the relationship into a true bond of friendship and partnership.

India's military is the second largest in the world by number of members. As in the U.S., India's military is controlled by a civilian, democratically elected leadership. India has a transparent judicial system and insists upon a vibrant and free press, just as we do. India enrolls more than 100,000 students each year in U.S. colleges and universities -- and an effort is underway to grant more visas to provide even greater access in the future. Each day we see our economies working more closely together than ever before. Consistent with this convergence, the 2.2 million Americans of Indian origin are becoming increasingly influential in shaping the dynamics of the U.S. political stage.

These shared characteristics demonstrate that India and the U.S. are ideal partners in exerting a positive influence in the 21st century. The healthy relationship between the two serves as a working example of cooperation between countries of divergent history and composition. Not only does this allow both to display flexibility and candor in dealing with other nations, but it also furthers the common objective of promoting stability in the world. As a co-founder of the Global Democracy Initiative, India has already demonstrated global leadership as a committed democracy. India and the U.S. are working as partners to secure democracy and to defeat extremism in South Asia and around the world.

The recent U.S.-India civilian nuclear initiative has the potential to engender goodwill and partnership. This initiative finally removes the cinder from the eye, ending decades of misunderstanding and distrust about India's nuclear intent and capabilities. The increasing strategic connections between the U.S. and India should progress to closer military coordination -- and cooperation. Exchanges of technology, strategy and troops advance the capabilities and strategic capacities of both democracies. Such exchanges enable the U.S. and India to engage in coordinated action and to function independently at higher levels of proficiency.

U.S.-India military cooperation has already begun. Cooperative efforts in providing relief following the Indonesian tsunami in December 2004 are emblematic of the new relationship. The armed forces of the two nations have intensified collaboration on bioterrorism, homeland security and cyber security, resulting in further understanding and system interoperability. In June 2005, India and the U.S. signed a "New Defense Framework," including coproduction of military hardware. This will have a profound influence, enabling coproduction of U.S. technology on Indian soil, creating countless jobs and providing India with access to critical spares for its new, high-tech armed forces.

The effects of economic cooperation will shape the destiny of the 21st century. The U.S. and India both share an appreciation for free enterprise and market-driven economic progress to benefit citizens at all levels of society. India has been progressively dismantling its commercial barriers while strengthening intellectual property rights. Opening its infrastructure, insurance, banking, pension and retail markets to foreign competition will go a step further in creating the potential of more than $1 trillion in new investment in India's infrastructure sector where it is needed most.

India can be proud of its economic rise, which places it as the fourth-largest economy, with GDP galloping at a rate exceeding 8% annually. Some economic forecasts predict that India's economy measured in absolute dollar terms will overtake Italy, France and Britain in the next decade.

That said, there is still far to go in terms of India developing first-world infrastructure and delivering world-class education and health care to all its citizens. These challenges can best be met by true partnership and U.S.-India cooperation. U.S. industry stands ready to commit massive investment in the form of public-private partnerships, converting these challenges into opportunity. Already, U.S. defense industry leaders such as Pratt & Whitney, Sikorsky, Honeywell, Lockheed Martin and General Dynamics have committed to significant coproduction with Indian partners, recognizing India's engineering prowess. Likewise, U.S. companies have demonstrated a commitment to work with Indian partners to help India achieve a second Green Revolution. The public-private approach that has worked so well in the U.S., which has brought high technology to all aspects of the economy, can serve as a model for India as its farmers work towards achieving greater agricultural productivity.

Thus, the logic of U.S.-India partnership is clear. Strategically, militarily and economically the U.S.-India partnership makes perfect sense. With closer cooperation, India and the U.S. -- and all citizens of both countries -- will reap the rewards of mutual respect and trust working as equal partners in the 21st century.

Mr. Cohen, a former U.S. secretary of defense, is chairman and CEO of the Cohen Group.

In Europe, Pushback Against US 'War On Terror' (CSM)

DOJ_NMG_0127211

By Robert Marquand
The Christian Science Monitor, February 5, 2007
PARIS

Reaction in Germany was hardly neutral when a prosecutor in Munich indicted 13 CIA officials last week for kidnapping a German of Lebanese descent and interrogating him in Afghanistan before apparently realizing they had the wrong man. Germans solidly backed the prosecutor.

Since Christian Schmidt-Sommerfeld took the unprecedented step, both the right and left in Germany have supported the "rule of law" principles he articulated.

The media have been unified as well. Typical is the centrist Süddeutsche Zeitung: "The justice system has stood up for the rule of law. Whether the government will do so is a different matter. Berlin must push for the kidnappers to be extradited, or ... tried in the USA. But it is unlikely to have that much courage."

The solidarity underscores a shifting tone in Europe. As changes of leadership loom in Britain and France, and capitals contemplate relations with a post-Bush US, Uncle Sam may expect stronger "pushbacks" from Europe, experts here say. Public disapproval of the US-led "war on terror" is also growing, spurring the change.

"There is a deep gap between government policy and public opinion in Europe, and that opinion may be shaping the direction here right now," says Frederic Bozo, professor of European Studies at the Sorbonne in Paris. "Europe doesn't want to upset the careful balance with the US. I don't think there is a united opposition against the US at all. But Europe is setting the groundwork for its own identity."

Gordon Brown, who is shortly expected to take over as prime minister in Great Britain, opposed the Iraq war from the start, and has made no secret that he plans to carve out an independent line on the venerable "special relationship" with the US. Many anticipate that British troops will leave Iraq by the end of the year.

In France, even the avidly pro- American Nicolas Sarkozy, current front-runner in the French elections this spring, stated in an interview taped in New York last week that Americans need to "get interested in the world, and the world will learn to love you."

To be sure, European cooperation with the US on a wide range of areas, including counterterrorism, is extremely strong, even in France, where the Chirac government has steadily gone it alone in Europe in opposition to the Iraq campaign.Yet Europeans have steadily refused to accept the concept and phrase, "war on terror," a sentiment that extends to its application to Iraq.

Last week, European Union officials in Brussels sought to reduce the amount of information given to US agencies on air passengers leaving Europe. An official in charge of data protection for the European Central Bank similarly advised that millions of pieces of financial information being sent regularly to the US after Sept. 11 were in violation of EU privacy codes.

The "secret, routine, and massive access" by US agencies to banking SWIFT codes – needed to transfer in and out of European financial institutions – is "unacceptable," stated Peter Hustinx, the Brussels official responsible for EU data oversight.

Boosting this sentiment is Europeans' recognition that the US is also in flux with an election season starting up, and that President Bush's term appears to be winding down with the United States in a vulnerable position overseas.

The US legal basis for conducting interrogation centers at Guantánamo Bay, for example, has long rankled in Europe.

"Most of the French opinion, many of the German people, a large share of the Labor constituency in the UK, the Spanish, and now Italy, don't just oppose the policy, but the basis of US policy," says Georges Le Guelte, of the Institute for International and Strategic Relations in Paris. "You can't have renditions and Guantánamo and talk human rights at the same time. That is more clear to many of us."

In Italy, prosecutors put out warrants several months ago for 25 members of a CIA team that abducted a Muslim cleric in Milan.

Nor is Europe alone in its willingness to speak more pointedly to the White House about its foreign affairs. On page 1 of last Thursday's People's Daily, a newspaper of record in China, a Chinese official criticized Mr. Bush for inflammatory rhetoric that turned the war in Iraq into a "religious war."

The comment was unprecedented in a state where official decorum is rigidly maintained. (For nearly a decade, China has conducted a brutal campaign of summary executions of Muslims in its far-west Xinjiang region, as documented in human rights reports.)

In the case of the Munich renditions, announced Jan. 31, 13 American CIA operatives allegedly apprehended German citizen Khaled el-Masri in Macedonia in 2004 and whisked him to an Afghan prison called "the Salt Pit." Realizing he was the wrong man, they left him on a hillside in Albania five months later, warning him never to talk of his experience. Mr. el-Masri instead filed suit in a Virginia court. Masri's case was dropped in Virginia after arguments that a trial would jeopardize US security operations.

But with help from Spanish police, the Munich prosecutors discovered the identity of the operatives through flight and hotel records in Palma de Mallorca, where they stopped to relax.

On Friday, in Washington, German foreign minister Frank-Walter Steinmeier told US Secretary of State Condoleezza Rice that the Munich warrants were only valid in Germany at present, but that Berlin felt the local court might issue an international warrant, according to German papers.

Ms. Rice said the warrants would not harm US-German relations. Justice Department officials have not responded to approaches by the German prosecutors.

Germany's Rising Political Star (LAT)

By Jeffrey Fleishman

The Los Angeles Times, February 5, 2007

BERLIN — She is at her most convincing beyond the camera's flash, but German Chancellor Angela Merkel can work a room, turning pragmatism into an erudite, diplomatic charm that has made her Europe's most commanding leader.

She is neither brash nor rash; as a student she deliberated 45 minutes before jumping off a diving board. But despite her quiet manner, Merkel is rising in stature as British Prime Minister Tony Blair and French President Jacques Chirac are set to leave office. She is not as telegenic as Blair, or as suave as Chirac, but her sober intellectual confidence is increasingly influential.

Berlin has improved ties with the Bush administration even though Merkel has refused to send troops to Iraq and has criticized the treatment of terrorism suspects in U.S. custody. Her government is attempting to revive Middle East peace talks, negotiate an end to the crisis over Iran's uranium enrichment program, improve links with China and build a unified Europe less driven by the traditional German-French axis.

"She does not like grand visions. She's a pragmatic politician," said Gerd Langguth, who wrote a biography on Merkel in 2005. "The atmosphere of how Germany is talking to world leaders has changed. Blair is a political lame duck, so is Chirac. Italy and Spain are not very stable. So for the moment, the German chancellor is more important."

Merkel is using this clout to urge the continent's governments to be aggressive about reform and globalization, pushing especially for the loosening of regulations on business and the strengthening of transatlantic economic bonds to compete with India and other rising trading powers. She has cautioned Europe not to retract into a shell of protectionism.

The warning comes as the German economy is emerging from years of slow growth and high unemployment. Consumer confidence is up, and Germany, the world's third-largest economy, is benefiting from cuts to labor protection and social programs — safety net elements that had been championed by Merkel's predecessor, Gerhard Schroeder. But Merkel, who has been in office 14 months, fears the momentum will slip if more reforms aren't passed to keep Germany competitive in global markets.

The chancellor leads a contentious coalition government whose liberals and conservatives have produced no significant domestic reforms. Such deadlock perhaps makes it politically safer for Merkel to dabble in the world's problems, such as meeting with rock star Bono at the recent World Economic Forum in Switzerland, than to try to calm angry pensioners or thousands of German doctors striking for higher salaries.

Merkel's prominence on the international stage follows Schroeder's insistence that the generation of Germany's politicians that came of age after World War II should reassert the nation's voice in world affairs. The two leaders' styles, however, are different; the current chancellor prefers backroom deliberations to public schmoozing, and bar graphs to catchy one-liners.

"I think Mrs. Merkel is more academic, looking at dossiers and acting only after she understands a problem," said Andreas Maurer, an analyst with the German Institute for International and Security Affairs. "Schroeder was much more oriented to media exercises ... and acted much more on emotions."

One of Merkel's foreign policy goals is a European Union that gives a more influential role to the newer, weaker members of the alliance. Once dominated by Paris and Berlin, the EU, which has grown to 27 countries, these days represents a continent of looser borders and more diverse voices.

Germany holds the EU's rotating presidency until July, and Merkel has been traveling to Western capitals, such as Brussels, and to former communist capitals, such as Prague, to find consensus on ratifying a European Constitution to fit everyone.

"The exclusivity of the Franco-German relationship is over," Maurer said. "Merkel is much more inclusive of other countries."

Berlin's strategy also has shifted toward Washington. Schroeder was a fierce critic of the Iraq war and other U.S. policies, but Merkel, who has met President Bush six times since 2005, has appeared more sensitive to European-American relations. The change indicates that the continent's ties to the United States, which were strong during the Cold War, are just as strategic in a new era of terrorism and globalization.

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"The U.S. is still the European Union's most important trade partner," Merkel said in Switzerland. "We are also the most important investment partners for each other."

Security concerns have led the chancellor to be active in the Middle East. Her foreign minister, Frank-Walter Steinmeier, is a key negotiator, along with counterparts on the U.N. Security Council, in the effort to defuse tensions over Iran's nuclear ambitions. He also has been working with Washington, the United Nations, Russia and the EU to push for peace talks between Israel and the Palestinians.

"We know that resolving this conflict or at least making progress would also have an effect on all the other regional conflict," Merkel said last month after a meeting with Secretary of State Condoleezza Rice.

Unlike Schroeder, who was a friend of Russian President Vladimir V. Putin — a circumstance that many analysts say muted German criticism of Moscow's war in Chechnya and human rights record — Merkel is skeptical of Russia. Last year, Merkel, who is a physicist and the daughter of a Protestant minister, irritated the Kremlin when she met with rights groups and opposition figures during a visit to Moscow.

"Merkel is fluent in Russian and she was raised in the former communist" East Germany, Maurer said. "She is using her biography to speak to Europe about Russia."

The chancellor refers to Russia as a strategic partner, but she is unlikely to speak of Putin as a "flawless democrat" the way Schroeder did. She publicly rebuked Moscow several weeks ago when she questioned its reliability as an energy partner after a pipeline dispute between Russia and Belarus temporarily cut oil supplies to Germany.

Germany's largest newspaper, Bild, credited Merkel with bringing "soberness" to Berlin's relations with Moscow. "We depend on oil and gas from Russia, and Russia needs us as buyers.... Germany's interests are in good hands with Merkel. She banks less on feeling than on clear reason," Bild said.

Hamas Attacks Fatah Bases (WT/AP)

By Karin Laub

The Washington Times, February 5, 2007

GAZA CITY, Gaza Strip - Hamas gunmen attacked bases of Fatah-allied troops with mortars and rocket-propelled grenades early yesterday, part of a four-day campaign by the Islamic militants to weaken the security forces loyal to Palestinian Authority President Mahmoud Abbas.

As night fell, efforts were underway to restore a truce. Gunmen pulled back from their positions, to be replaced by police officers. Both sides began to exchange hostages and joint Hamas-Fatah patrols took to the streets to monitor the cease-fire. Previous truces have broken down quickly.

In the West Bank, a strategy session by Fatah leaders ended in a shouting match, with some participants demanding that Mr. Abbas' party take a tougher stand against Hamas in the struggle for control of the Palestinian government, and others pushing to give a mediation effort by Saudi Arabia a chance. In one particularly angry exchange, participants threw an empty cup and a shoe at each other, witnesses said.

"We all agreed that Hamas has been trying for a long time to impose its control on the Gaza Strip, and Fatah needs to stand up to this policy of Hamas," said Amin Makboul, one of the group's members. Under fierce debate, though, is how to do so.

The infighting among Palestinians has overshadowed new efforts to restart the peace process with Israel. Hamas refuses to recognize Israel's right to exist and its hard-line approach has drawn international sanctions that have crippled the Palestinian economy. Mr. Abbas has sought negotiations in the past, but lately has been distracted by the power struggle within his own government.

Israeli Deputy Prime Minister Shimon Peres said yesterday that Israel must not intervene in the internal Palestinian fighting.

"We need to leave Gaza to the Gazans," Mr. Peres told Israel Army Radio. "Our intervention will not help; on the contrary, it will draw all the fire toward Israel. We need to leave the Gazans to deal with it and hope that it settles itself."

Mr. Abbas, Hamas' exiled leader Khalid Mashaal and Palestinian Prime Minister Ismail Haniyeh of Hamas are to meet in Islam's holy city of Mecca tomorrow for reconciliation talks hosted by Saudi Arabia's King Abdullah, the highest-profile mediation effort in several weeks of fighting.

The Palestinian ambassador to Saudi Arabia, Jamal Shobaki, said the meeting will be open-ended and will focus on negotiating a platform for a national unity government and distributing Cabinet positions.

More than 130 Palestinians have been killed in the factional fighting since May. The bloodiest round began Thursday, killing 28 persons and wounding more than 230 in four days.

Since Thursday, Hamas gunmen have attacked more than a dozen security installations in what appeared to be a systematic campaign to weaken Mr. Abbas' control of Gaza.

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Late Saturday and early yesterday, Hamas fired mortar shells and rocket-propelled grenades at a training camp of the Presidential Guard and Mr. Abbas' nearby office compound in Gaza City. Mr. Abbas was not in Gaza during the current round of fighting.

Palestinians Say Clashes Hurt Their Cause (NYT)

By Steven Erlanger

The New York Times, February 5, 2007

JERUSALEM, Feb. 4 — The fierce internal clashes between Palestinian factions have shocked many Palestinians and Arab governments, who fear that the continuing bloodshed is damaging the Palestinian image before the world, Palestinians say.

"This fighting affects everyone's morale," said Daoud Kuttab, a Palestinian analyst who teaches at Al Quds University here. "We always felt we had this one big asset, our social unity as Palestinians, but to see it shredding, with lives being shed without much concern, is horrible. We've lost a lot of sensitivity to these deaths, to those killed by the Israelis and ourselves."

Even as the Bush administration has moved in its second term to try for significant progress toward peace, Palestinians say their own infighting is making it too easy for Israel to argue that the time is not right to promote a Palestinian state.

Egypt, Jordan and Saudi Arabia have intensified efforts to stop the fighting, some of the worst internal Palestinian violence in years, and to push the warring Fatah and Hamas factions into a unity government of some type, no matter how fragile.

King Abdullah of Saudi Arabia has called a meeting in the holy city of Mecca on Tuesday between the Palestinian Authority president, Mahmoud Abbas, of Fatah, and senior Hamas figures in the hope of restoring at least a facade of Palestinian unity. "What is happening now is damaging our reputation and our standing with Arab public opinion and with Arab officials," said Mkhaimar Abusada, a political scientist at Al Azhar University in Gaza. "My feeling is that Arab support for the Palestinians is beginning to evaporate. Arabs are looking at us as fighting ourselves now, not the Israeli occupation, and Arab officials are saying that we're not very serious about establishing a state."

Ahmed Abdel Rahman, a former adviser to Yasir Arafat and a member of Fatah's Central Committee, said that "the Palestinian national enterprise is in danger now."

Mr. Kuttab, of Al Quds University, said that since the Israelis pulled out of Gaza in the autumn of 2005, "there has been a lot of hopelessness and frustration and disappointment, with people thinking they can solve everything with a rifle." The political and diplomatic impasse, he said, has fostered violence, and many people believe that Fatah and Hamas are not even sure why they are fighting each other.

"Unfortunately power and violence do produce results in this part of the world," Mr. Kuttab said. "Talk of peace and nonviolence doesn't get us very far, unfortunately."

On Saturday evening in Ramallah, on the West Bank, a fierce argument broke out during a meeting of the Revolutionary Council of Fatah over how to deal with Hamas and the fighting in Gaza, participants said.

The West Bank intelligence chief, Tawfiq Tarawi, criticized some Fatah officials for trying to play "Red Cross" and mediate between Hamas and Fatah, said a security official who was there but did not want to be identified if he mentioned the names of the officials involved.

Mr. Tarawi criticized the former West Bank security chief, Jibril Rajoub, in particular, for blaming Fatah as well as Hamas for the infighting.

During the argument, heated words were exchanged and shoes were thrown, a severe insult in the Arab world. "I have a message from the three Balousha kids," Mr. Tarawi said, referring to three children killed in December on their way to school. Their father, Baha, is a prominent Fatah intelligence official in Gaza. Then he threw his shoes at Mr. Rajoub. The December attack is thought to have been carried out by Hamas supporters.

A consensus emerged from the meeting that Fatah must not bend to Hamas in the Gaza Strip, the unidentified Fatah official said.

Another participant, Amin Makboul, told The Associated Press, "We all agreed that Hamas has been trying for some time to impose its control on the Gaza Strip, and Fatah needs to stand up to this policy of Hamas." But he said there was disagreement over tactics.

The streets were calmer in Gaza on Sunday, as another effort at a cease-fire appeared to be taking hold, and some people ventured out in the morning to buy provisions. But there were clashes during the day, and gunmen from both sides remained on the streets.

Two members of Mr. Abbas's presidential guard died of wounds suffered Friday, and the total of dead since Thursday rose to 28, including 4 children. More ominously, the nephew of Fatah's most powerful figure in Gaza, Muhammad Dahlan, was kidnapped by Hamas on Saturday. Hamas considers Mr. Dahlan its main enemy in Gaza, and Mr. Dahlan is thought to be the unofficial commander of Fatah forces there.

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His nephew, Sharaf Dahlan, 21, works for the Civil Affairs Ministry of the Palestinian Authority but helps out in his uncle's office. On his way to Gaza City on Saturday, his taxi was stopped at a Hamas checkpoint. He handed over his ID and was then taken away.

The news emerged Sunday when Hamas officials said he was providing them with "secrets" about Muhammad Dahlan, though aides to Mr. Dahlan say the young man knows very little.

In the fighting that began on Thursday, Hamas forces have taken most of northern Gaza and large areas of Gaza City. Hamas has destroyed or damaged Fatah security headquarters in the north and taken equipment, weapons and files. But Fatah has defended three of its major compounds in Gaza City: the main security headquarters, the Saraya; the headquarters of the preventive security force; and the presidential compound.

Palestinians are deeply upset that each side has gone after symbolic institutions that belong to the other, including the main Gaza universities and their libraries, which have been attacked by rockets and firebombs.

"Everything the Palestinians fought for in the 1980s and '90s is being undermined in a second," said Diana Buttu, a Palestinian and former aide to Mr. Dahlan and Mr. Abbas. "People were shot and killed to ensure universities stayed open. Now we're blowing up our own universities, and UNRWA is threatening to pull out, and no one cares." UNRWA is the agency that cares for and educates Palestinian refugees and their families.

What is more frustrating, Ms. Buttu said, was that "all the infighting diverts attention from the real issues, like the Israeli occupation and Jerusalem, and instead people are focusing on whether a national unity government emerges based on a political document no one cares about."

In Israel on Sunday, the cabinet approved the appointment of Gabi Ashkenazi as the new military chief of staff, replacing Lt. Gen. Dan Halutz, who resigned over the war with Hezbollah.

Mr. Ashkenazi, 52, an infantryman and former deputy chief of staff, will be promoted to lieutenant general and will command in about 10 days. Some in the Israeli military argue that Israel should consider a major operation into the Gaza Strip to attack Hamas and seize weaponry, but such a move is considered unlikely now. The Israeli Shin Bet intelligence agency told the cabinet on Sunday that intra-Palestinian fighting was not likely to end soon.

Palestinian Factional Fighting May Spread (CSM)

By Joshua Mitnick

The Christian Science Monitor, February 5, 2007

NABLUS, WEST BANK

Violence between rival Palestinian factions Fatah and Hamas surged in the Gaza Strip for a second consecutive weekend, as at least 25 Palestinians died in three days of Hamas-Fatah fighting. The violence spurred Palestinian President Mahmoud Abbas and Hamas leader Khaled Meshal to arrange an emergency summit in the Muslim holy city of Mecca, Saudi Arabia, Tuesday.

Despite the mounting casualties and failed cease-fires in Gaza, internecine strife in the West Bank has been limited and mostly nonlethal. But now the violence is threatening to spill over, as Fatah militants in cities such as Nablus embark on a series of kidnappings as a counterpunch to Hamas gains in Gaza.

"Every day they are killing somebody in Gaza," says Da'as Kanna, a Fatah militant who kidnapped and later released five Hamas men from downtown Nablus. "The Al Aqsa Brigades [Fatah's military wing] in the West Bank can't sit by and watch. We are one Fatah."

A new West Bank battle front would expose nearly twice as many Palestinians to the daily skirmishes that have kept Gazans shuttered indoors, and threaten to drag Israeli forces into the fray.

Over the weekend, Hamas militants landed several blows to Fatah's power base in Gaza, capturing facilities throughout the north belonging to the Fatah-controlled security services of the Palestinian Authority. Hamas fighters abducted on Saturday the nephew of former Gaza security chief Mohammed Dahlan, one of dozens to be kidnapped in the violence, and on Thursday intercepted trucks believed to be carrying arms to forces loyal to Abbas.

Meanwhile, Fatah fighters destroyed laboratories, lecture halls, and a library at Hamas-run Islamic University. They also attacked Gaza's A-Shifa Hospital, thought to be controlled by Hamas.

Hamas starts new West Bank force?

Unlike Gaza, where the sides are thought to be evenly matched, Fatah's superiority in men and arms is undisputed in the West Bank. And yet, Fatah militants are spooked by rumors that Hamas is quietly moving to replicate its Gaza Executive Force, or tanfideyeh, in West Bank.

Bassem Ezbeidi, a Bir Zeit University political science professor, expects the Hamas-Fatah conflict to remain confined to Gaza, but cautions that a West Bank flare-up can't be ruled out.

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"Fatah has been very provocative by kidnapping," says Mr. Ezbeidi. "Fatah is sending a message that, 'We are strong here and we are reacting to what Hamas is doing in Gaza.' It's a war of messages"

Militants like Mr. Kanna have spent most of the past six years bracing for Israeli incursions into Nablus. Last week, however, he and as many as 30 Al Aqsa Brigades gunmen ambushed the local Education Ministry building to kidnap five men accused of membership in the Hamas tanfidiyeh.

Brandishing an M-16, Kanna tells how he got word that a group of masked Hamas gunmen had unleashed a round of bullets near the Nablus municipality a week ago, and fled to the Education Ministry, which is controlled by Hamas. Kanna says the Fatah gunmen attacked the ministry building because it allegedly serves as a training base for the tanfidiyeh.

"The Ministry of Education has been used by Hamas as a military camp," he says. "The objective was to tell them we do not recognize the illegal Executive Force."

A stairwell gun battle between Hamas and Fatah sent employees throughout the building ducking for cover behind closed doors.

Kanna claims to have extracted confessions from the five abductees, but they were released several hours later as a quid pro quo for Hamas's decision to release abductees of their own in Gaza. The militant says he planned to continue the tactic of kidnapping Hamas members to use as bargaining chips.

On the same day, Nablus council member Fayad al Aghbar – a Hamas politician – was kidnapped at gunpoint live on camera at a branch of the Arab Islamic Bank. Mr. Aghbar was hooded, taken to a refugee camp, and interrogated about his alleged involvement in the Hamas executive force. He was released after being held for 10 hours.

"It was a violent, uncivilized affair," he says, denying the existence of a new Hamas force. And yet, at an anniversary celebration of Hamas's founding several weeks ago, members of its military wing made a rare public appearance. "Hamas is capable of responding to Fatah's aggressiveness in Nablus, but Hamas leadership is not keen to transfer the chaos in Gaza to the West Bank," says Aghbar .

The fighting could draw in Israel

A Hamas activist was kidnapped in the West Bank city of Jenin on Friday, and on Sunday, Hamas offices in Bethlehem were torched, according to the Palestinian Ma'an News service. On Saturday in Nablus, two more Hamas activists were abducted.

A spike in West Bank violence threatens to draw the Israeli army into the fighting because it controls access to Palestinian towns to block suicide bombers and attacks on Jewish settlers in the region.

"If a confrontation is to take place around Ramallah and Nablus," says Ezbeidi, it's likely that the Israeli army will be forced to become involved. "They will find many ways to intervene and that would have destructive consequences for all sides."

To be sure, among the West Bank's major cities, Nablus is perhaps the most notorious as a den of crime where young Fatah militants have been making their own laws long before the outbreak of widespread clashes with Hamas. Prominent Nablus families are reported to be hoarding weapons in case of an escalation of internecine violence in the West Bank.

The recent Nablus kidnappings were condemned as unproductive by Nasser Juma'a, a Fatah legislator from Nablus who used to lead a division of Al Aqsa Martyrs Brigades. He accused Hamas of recruiting members in Nablus for its own security force and of "poking the bees' nest" of Fatah armed groups.

If Hamas unveils a new security force in the West Bank, "we will get to a stage like Gaza. It will escalate matters."

Mr. Juma'a says he's hopeful that Mr. Abbas, Mr. Meshal, and Hamas Prime Minister Ismail Haniyeh will reach an agreement on a unity government this week at talks hosted by Saudi Arabia.

Saudi Shiites Fear Gains Could Be Lost (NYT)

By Hassan M. Fattah And Rasheed Abou Al-Samh

The New York Times, February 5, 2007

QATIF, Saudi Arabia, Jan. 30 — As young men beat their chests in street processions marking the Shiite Muslim holiday of Ashura in this Shiite stronghold in eastern Saudi Arabia, Ibrahim al-Mugaiteeb looked on nervously, bracing for the region's political conflicts to close in on this downtrodden community.

With sectarian tensions rising between Sunnis and Shiites throughout the Middle East, and pressure growing on the Saudi government by the country's Sunni leadership, Saudi Shiites, who have made great strides in recent years, are worried that those gains will be rolled back.

"Things are dim and dark, and the worst is still to come," said Mr. Mugaiteeb, a human rights campaigner who runs an unlicensed Saudi human rights monitor here in the Eastern Province. "As always the minorities will be most affected when this is done. But it will affect everyone else too."

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There are still no Shiites in positions of authority, and Shiites are rarely promoted to managerial positions in government and private companies, Shiite leaders here say. There are also virtually no Shiite headmasters in public schools.

More important, the government has stopped short of actually recognizing the minority, they say. Their hard-won rights have yet to be enshrined into law, meaning they could be rescinded at short notice.

Last week, the Sunni governor of Al Hasa, a mixed Sunni-Shiite town in the Eastern Province, banned all blood drives organized by Shiites. Sunni clerics have stepped up their preaching against Shiites recently, declaring them again to be infidels. And earlier this week King Abdullah, speaking of rumors that Shiites are seeking to convert Sunnis, said that such attempts would fail, and that Sunnis would always make up a majority of the world's Muslims.

In recent times, life had been growing better for Saudi Arabia's two million Shiites, who have long suffered religious and economic discrimination. Yet things are growing tenuous again.

After Iran's Islamic revolution in 1979 energized Shiites throughout the region, the allegiance of Saudi Shiites to the state became suspect as the country's Sunni religious leaders began viewing them as a potential fifth column that could bring down the government. When violent riots erupted during Ashura in the early 1980s, the government killed dozens of protesters and arrested thousands, sending many into exile and setting off a decade of repression.

In 1993, King Fahd tried to settle the differences and in 2003 met with a group of Shiite elders who presented him with a petition calling for equal rights. Suddenly, Shiite fortunes turned.

"There were problems before, but with the passing of time and with the insistence of the people for their rights, things have changed," said Sheik Hassan al-Saffar, a longtime opposition leader who has become a primary advocate for engaging with the government. "Saudi politics is much more focused now on delivering rights than ever before."

Sheik Saffar proudly read off a list of some of the important gains the Shiites have made since then: political prisoners have been released and exiles have returned; rituals have been allowed relatively unfettered; Shiites have been allowed to establish meeting halls and build mosques, and they have begun publishing their own religious books and importing some.

Ashura, the holiest period for Shiites, has become something of a litmus test for the change. Just a few years ago the 10-day commemoration of the seventh-century martyrdom of the Imam Hussein, the most defining event for Shiite Muslims, was largely hidden from public view, held in illegal community centers. This week Saudi Shiites burst into the open in the streets of the oil-rich Eastern Province, holding carnivals and re-enactments of the killing.

In Saudi Arabia, the commemorations have grown larger and more colorful. This year, about 500,000 people attended nightly lectures espousing Imam Hussein's virtues and applying the lessons of his life to modern times. Worshipers marched under large posters of Shiite figures as well as posters of the Lebanese Shiite Muslim leader Hassan Nasrallah, and they shared food and gifts, all emphasizing the human battle between good and evil.

Shiites have begun calling for the Saudi government to enshrine their rights, while encouraging residents here to focus their sights on local Saudi issues, not regional or international ones. They say all that they have achieved has been fought for.

"Things have changed here not because the government wanted the change, but because the world itself has changed," said Sheik Nimr al-Nimr, who advocates a more confrontational stance with the government. "We see better conditions not because of government support but because of our demands for change. The government will not give us anything unless we demand it."

Some Shiite leaders read much in the lack of coverage of Ashura in the Saudi news media. "This is one of the most important cultural events for us," said Sheik Fawzi al-Seif, a local Shiite cleric, who notes that the Saudi news media normally cover religious events in faraway places but rarely ever here. "But no one outside of here knows about it."

Sheik Seif said the government had passed up an opportunity to encourage unity and send a signal to the conservative Sunni leaders. But more significantly, he said, the government lends tacit acceptance to those who attack the Shiites by not responding to their actions.

"The big danger we face now is the growing sectarian division in the region and its slow move into the Persian Gulf, which can have explosive conditions," he said. "The fire could reach us very quickly here."

Shiite clerics here insist they are unwilling to have the Shiites used as a political card, either by the United States or Iran. They warn that any confrontation with Iran would put significant strains on the Shiite population, and fear that ultimately it could be split between those supporting Iran and those supporting the government.

"Things were just like this in the 1970s," said Jaffar al-Shayeb, a longtime Shiite campaigner who in 2005 was elected to Qatif's municipal council. He argues that the Shiites have become more politically astute and focused on their internal interests. But still, he worries that could change someday, too.

"Everything seems normal, then an event can come along and turn everything upside down," he said.

Many fear that the dormant militant groups that once existed here could make a comeback as a result. Mr. Mugaiteeb noted, for instance, that cells of Hezbollah in the Hijaz, the Saudi version of the group, could still be put into action.

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"If the U.S. attacks Iran, a lot of people will be violent against the Americans, including Sunnis," he said. "What I want to tell the Americans is that this will not be a picnic."

Doubt Persists On Al-Qaeda Casualties In Somalia Strike (FT)

By William Wallis

Financial Times, February 5, 2007

Ethiopia is working closely with the US to identify Islamist combatants killed in neighbouring Somalia, but there has been no confirmation yet of the death of targeted al-Qaeda suspects, according to Meles Zenawi, Ethiopia's prime minister.

Mr Meles said the US had been assisting with DNA testing on suspects killed in recent fighting, including a US air strike on Somalia last month.

Bloodied papers had been found belonging to Aden Hashi Ayro, the leader of the militant Somali al-Shabaab militia who Washington believes protected leaders of an east African al-Qaeda cell that bombed US embassies in Kenya and Tanzania in 1998. But reported sightings suggested he may have survived, Mr Meles said.

Sheikh Hassan Dahir Aweys and Hassan Turki, two hardline leaders of the Islamic Courts Union, whose expanding rule over southern Somalia prompted Ethiopia's invasion in December, were "alive and moving in and out of Kenya on the border", Mr Meles said. "We do not have definite information on a number of the key al-Qaeda targets. There are reports that one or two of them might have died but we have no confirmation."

During its six-month rule last year, the ICU coalition of Islamists provided the first semblance of law and order in southern Somalia since the 1991 overthrow of dictator Mohammed Siad Barre. Ethiopia invaded Somalia after leaders with alleged links to al-Qaeda threatened a regional jihad.

At the time, critics feared Ethiopian involvement in installing the weak UN-backed Transitional Federal Government would enflame religious tensions and provide a rallying cry for international jihadists.

Some of the defeated Islamists have threatened an insurgency and there has been a series of attacks on Ethiopian and allied troops in Mogadishu in recent days.

Mr Meles played down the risk of escalation. "If the TFG manages to pull off the plans it has for national reconciliation . . then the remnants of the Islamic Courts and international jihadists will be politically marginalised."

Looking For A Deal This Time? (USNEWS)

By Thomas Omestad

U.S. News and World Report, February 5, 2007

Like any good diplomat, Christopher Hill knows how to dampen expectations before sitting down to hash out a deal. But more than most envoys, Hill, the top U.S. negotiator in talks resuming in Beijing this week over North Korea's nuclear weapons programs, has ample reason to let some skepticism show.

Fifty-two frustrating months into a confrontation with North Korea over its nuclear weapons programs, the six-nation talks established to rein in Pyongyang's atomic breakout have, so far, netted nothing. Nothing, that is, except neglected promises on paper. In that time, North Korea has tested ballistic missiles and an atomic bomb, declared itself a nuclear power, and multiplied its supply of plutonium from enough for one or two bombs to as many as 13-with most estimates now suggesting six to eight.

Even advocates for negotiations increasingly suspect that, despite its decision to rejoin talks, the North has made a strategic choice to stick with nuclear weapons as the ultimate deterrent to any effort to dislodge Asia's most secretive and anti-American regime. Time, it seems, has been working against Hill and others seeking a deal: With Pyongyang's nuclear buildup and its seeming judgment that the administration is tied down by wars in Iraq and Afghanistan, North Korean leader Kim Jong Il may believe that he can wait out President Bush and gain global acquiescence to the North's nuclear status. The U.S. bargaining position, says Gary Samore, director of studies at the Council on Foreign Relations, is "really much weaker."

But it is not just the North's prickly intransigence that has made Hill's task look titanic. Policy struggles within the administration have led to fits of incoherence-or simply straitjacketed U.S. officials assigned to bargain with the North. The lines of battle have pitted hawks, who publicly back the negotiations with the communist North but privately see them as a dead end, against those who favor engagement. "We had warfare going on the entire time I was there," recalls David Straub, a former Korea policy aide who resigned from the State Department last year.

A window on these debates opened last month after the resignation of John Bolton, a key hard-liner who served as the U.S. ambassador to the United Nations. "Six-party talks have not worked," Bolton said in Tokyo. "Over time," he declared, "the only answer to the North Korean nuclear weapons program is the collapse of the regime." Despite repeated professions of support for a diplomatic approach, Bush himself has shown ambivalence at times about dickering with a dictatorship. He jettisoned the Clinton-era outreach to the North and did not conceal his personal antipathy toward Kim.

As the diplomatic stalemate wore on, hawks found a tool with unexpected capacity to reach out and hurt Kim's regime: a crackdown on money laundering, counterfeiting of U.S. dollars, and other illicit, money-making trade. The administration announced sanctions on a Macao bank alleged to be laundering money for North Korea. That happened just before Hill and envoys from South Korea, Japan, China, Russia-and North Korea-inked a joint statement on principles for nuclear disarmament in return for security assurances, normalization of relations, and economic and energy aid.

U.S.: N. Korea Must Live Up To Pledge (AP)

By Bo-mi Lim

AP, February 5, 2007

North Korea must live up to its pledge to fully dismantle its nuclear program, the main U.S. envoy to disarmament talks said Sunday, as news reports suggested Pyongyang may be willing to shut down a key reactor.

U.S. Assistant Secretary of State Christopher Hill made the comments in Seoul, where he met South Korean officials to discuss negotiating strategies before the six-nation talks resume in Beijing on Thursday.

North Korea agreed in September 2005 to give up its nuclear program in exchange for aid and security guarantees.

"Frankly, we cannot accept anything less than 100 percent implementation of the September statement," said Hill, who declined to comment on the Japanese news reports Sunday. "The ultimate task for us is to complete denuclearization."

He spoke before a meeting with his South Korean counterpart, Chun Yung-woo.

Afterward, Chun said the two sides had "complete consensus" on their strategy for the upcoming talks.

Japan's Asahi Shimbun newspaper reported on Sunday that North Korea was prepared to close the reactor in its main nuclear complex in Yongbyon and accept inspections by the International Atomic Energy Agency — though the reactor itself would remain off-limits.

Asahi quoted Joel Wit, a former State Department official who was in Beijing following meetings with chief North Korean arms negotiator Kim Kye Gwan and other senior officials in Pyongyang.

The North, however, does not intend to close the site used for its October nuclear weapons test, will not allow inspections there, and is not prepared to reveal details of its nuclear weapons program, the report cited Wit as saying. Wit was accompanied by U.S. nuclear expert David Albright and traveled to Pyongyang on an official invitation, the report said.

At the upcoming disarmament talks, North Korea will also demand to be taken off Washington's list of states sponsoring terrorism, the report said. It also plans to demand more than 500,000 tons of crude oil a year to compensate for an aborted project to build two light-water reactors in the country, according to Asahi.

Public broadcaster NHK and Kyodo News agency later carried similar reports.

The North will also insist that Washington take steps to lift financial sanctions against North Korean assets held in Macau, imposed over the communist regime's alleged counterfeiting of U.S. currency and money laundering, the reports said.

U.S. treasury and North Korean officials last week failed to reach agreement over the financial sanctions. But U.S. officials have since expressed optimism that the financial dispute would not disrupt the main nuclear talks.

The United States had supplied 500,000 tons of heavy fuel oil annually to the North until Pyongyang received the two light-water reactors as a reward under a 1994 deal to freeze its nuclear program.

The deal was scrapped in 2002, however, when the nuclear crisis re-emerged and North Korea kicked out IAEA inspectors.

The international arms talks, which involve the U.S., the two Koreas, China, Japan and Russia, have made little headway since the 2005 accord — the only agreement reached in the process.

Kim Jr. In Macau (WSJ)

The Wall Street Journal, February 5, 2007

It's illegal for North Koreans to leave their country without permission -- a crime for which some of those caught and repatriated by China have paid with their lives. There's one North Korean, however, for whom Beijing rolls out the welcome mat: Kim Jong-nam, the eldest son of dictator Kim Jong Il.

According to a report in Hong Kong's South China Morning Post, Kim Jr. has been residing for the past three years in the Chinese-affiliated territory of Macau, where he's been living the high life at five-star hotels, gambling at Macau's famous casinos and relaxing with friends and family.

The paper reports that the North Korean scion makes occasional pleasure trips to Thailand and Hong Kong on Portuguese and Dominican Republic passports. Lisbon denies it, but the Dominican Republic, Macau and Beijing have kept mum. This isn't the first time the younger Kim has turned up outside his homeland. The Japanese caught him and his young son trying to enter Tokyo on a fake DR passport in 2001, apparently trying to visit Disneyland.

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While the 35-year-old enjoys himself in Macau, his 23 million countrymen suffer in the world's most isolated regime. Thanks to malnutrition, most North Koreans are a good foot shorter, on average, than South Koreans. Mr. Kim is well fed and reportedly enjoys late-night whiskey and cognac. His life of luxury is a reminder of how North Korean elites profit from the exploitation of the country's workers.

It's also a reminder of another Macau-North Korea connection that Beijing would like to forget -- the laundering of ill-gotten North Korean money at Macau's Banco Delta Asia. After the U.S. Treasury put the bank on a watchlist in 2005, the Macau government froze $24 million in North Korean accounts and other banks refused to do business with Kim's regime for fear of also being cited.

The six-party talks resume Thursday in Beijing, and Pyongyang is demanding that the U.S. lift sanctions on Banco Delta Asia and hand over the $24 million. Doing so would only encourage Kim Jong Il in the pursuit of the illicit activities that make it possible for him to pay off the generals who sustain his regime -- and keep his son living it up in Macau.

To Reach For The Moon (NSWK)

By Melinda Liu And Mary Carmichael

Newsweek, February 4, 2007

Western analysts still can't say what Beijing was thinking when it shot down one of its aging weather satellites. True, the recent test was a fine show of marksmanship, destroying a refrigerator-size target sailing at orbital speed 500 miles up (as high as U.S. spy satellites). But was it worth risking a new arms race? Was it even worth the mess it caused? The Union of Concerned Scientists says the test left some 2 million pieces of shrapnel in orbit, each one a threat to any country's passing spacecraft. That's why Washington and Moscow gave up such tests decades ago: the space lanes are already littered with too much potentially lethal debris.

The drifting wreckage is a danger not only to other countries' spacecraft but to China's own ambitions for the heavens—which go far beyond blinding the U.S. military. Beijing put its first man into orbit less than four years ago. Today the Chinese are reaching for the moon. The first step, the launching of an unmanned lunar orbiter, is tentatively scheduled for April 17. A three-man mission will orbit the Earth later this year, and a spacewalk is planned for next year. Two years after that, the plan is to put down a lunar rover, followed in 2020 by a craft that will collect lunar samples and bring them home. Eventually Beijing wants to put people on the moon, although the target date remains undisclosed. "Their timetable is absolutely realistic," says Jim Benson, president of SpaceDev, a private space-exploration company in Poway, Calif. "Some of it actually seems a little conservative."

National pride is a big force behind China's moon program, but not the only one. The Chinese are aiming to do more than "just set up a flag or pick up a piece of rock," says Ye Zili of China's Space Science Society. What are they after? A limitless source of clean, safe energy to feed their voracious economy. The stable isotope helium 3 (3He), a potential fuel for nuclear fusion, was first found in moon rocks brought back by the Apollo missions. It is one constituent of the "solar wind" constantly given off by the Sun. The stuff bounces off Earth's magnetic field, but the moon has no magnetic field, and its surface has been soaking up 3He for billions of years. If you could dig it up and put it into a fusion reactor you would get ordinary helium 4 (as in balloons), ordinary hydrogen (as in H2O) and an abundance of radioactivity-free energy. According to Gerald Kulcinski, director of the Fusion Technology Institute at the University of Wisconsin at Madison, a mere 40 tons would be roughly enough to serve America's electrical needs for a year.

Or so the theory goes. The April mission is supposed to learn more about the distribution of 3He on the lunar surface. If significant deposits are found, China's engineers still need to design the world's first lunar mining machines and send them up—while the rest of us shrink in horror at the thought of strip mines on the moon. And meanwhile someone will have to develop a practical reactor. Kulcinski operates what he believes to be the only working model ever built, a device about the size of a basketball that sucks up far more energy than it produces. "We're not even close to breaking even," he says. What would that require? "It couldn't happen for less than tens of millions of dollars and at least 10 to 20 years," he says.

But don't count the Chinese out. "When you have a communist regime in a capitalist network, you have huge amounts of cash and the ability to direct it," says Lawrence Taylor, a director of the University of Tennessee's Planetary Geosciences Institute in Knoxville. "They could run away with this." And if they fail? At least they will have walked on the moon.

Ban Rankles U.N. With Early Moves (WT)

By Betsy Pisik

The Washington Times, February 5, 2007

NEW YORK -- Ban Ki-moon is off to a rocky start after one month as U.N. secretary-general, with diplomats complaining that his transition is progressing far too slowly and member states resisting his early proposals for restructuring.

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U.N. insiders have questioned his early appointments, saying he is not striking out boldly with his own team, but relying too much on insiders from predecessor Kofi Annan's tenure.

The criticisms, which threaten to overshadow a well-received speech at the African Union summit last week in Addis Ababa, Ethiopia, have frustrated members of the transition team and worried Mr. Ban's early supporters.

"He has had a long transition period, and we are a little concerned that we still don't know what he is thinking," said one Western diplomat of Mr. Ban's first month in office. "They haven't briefed us on appointments or priorities. Everything is still a priority."

Some diplomats, U.N. elder statesmen and pundits say that Mr. Ban's team of handpicked aides -- many who came with him from the South Korean Foreign Ministry -- has been slow to reach out for advice from seasoned hands.

Permanent U.N. staff members acknowledge that they should have done a better job of explaining the first two planks of Mr. Ban's restructuring plan, which called for folding the U.N. disarmament department into the political-affairs department and splitting the peacekeeping department in two.

Both proposals received a chilly reception from member states last week. And until the structure of those departments is sorted out, officials say, it will be impossible to choose people to lead them.

A coalition of developing nations and Japan already has forced Mr. Ban to back away from his plan to merge the U.N. disarmament department with political affairs and is resisting a plan cut the disarmament agency's staff and have it report directly to Mr. Ban.

In a letter circulated last week, Mr. Ban said there is a "need for a greater role and personal involvement of the secretary-general in the field of disarmament and nonproliferation."

The letter noted that the existing department has produced little of significance.

"The department needs energizing," one senior U.N. official told The Washington Times, noting that a recent conference to review the nuclear Non-Proliferation Treaty collapsed because no one could agree on substantive steps.

But that is not the way U.N. delegations are hearing the message.

Developing countries resent Mr. Ban's insistence on acting immediately on the proposal, and in a letter to the president of the General Assembly last week, they insisted that changes be discussed in the assembly's budgetary and management committees, "in a manner that is smooth and nondivisive."

Regional groups will continue to discuss the proposals this week and will meet with senior members of Mr. Ban's staff.

The backlash against the disarmament proposal "was so predictable," said a frustrated U.N. official, who noted that Mr. Ban had been repeatedly counseled to consult with key players to prepare the General Assembly for change.

"There has to be a plan, and you have to ready the battlefield, and this plan was launched before it was ready," the official said.

There is also concern about Mr. Ban's proposal to split the $4 billion peacekeeping department in two, with one side handling political and military affairs and the other administration and support of 18 peace missions.

Setting up a separate department will mean new high-level posts and increased spending that will either be borne by richer governments or gouged out of other budgets. Neither option has gathered much support, despite an acknowledged need to improve the management of the logistically complex peacekeeping department.

Within Mr. Ban's inner circle, there is a sense of disappointment that their message was not better-received. In conversations this week, several senior officials acknowledged that they should have held earlier consultations with key figures and done a better job of explaining their ideas.

UK Battles Europe's Largest Birdflu Outbreak (FT)

By Clive Cookson And John Aglionby

Financial Times, February 5, 2007

The UK authorities were on Sunday killing tens of thousands of turkeys in an effort to contain Europe's largest outbreak of H5N1 bird flu on a commercial poultry farm.

A biosecurity zone has also been set up around the Bernard Matthews farm in Suffolk, as a precaution against the deadly virus spreading.

The Department for Environment, Food and Rural Affairs said on Sunday night that the gassing operation, which has already killed 51,000 of the 159,000 turkeys on the farm, would continue on Monday. Their carcasses are being transported in "sealed, leak-proof lorries" for high-temperature rendering at a plant in Staffordshire.

Three security zones have been set up around the farm in Holton, which is 27km south-west of Lowestoft port on the east coast. Stringent precautions are in force in the 3km inner "protection zone" and 10km outer "surveillance zone". In addition a

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much wider “restricted zone” covers 2,090 sq km; here poultry have to be isolated from wild birds and all movements must be licensed.

The Suffolk H5N1 outbreak, the first to affect poultry in the country, follows a similar infection among geese in Hungary two weeks ago. Before that, Europe had had no reported cases of avian flu since last August. In Asia and Africa too there is an upsurge of international concern about the spread of the disease, after a few months in which bird flu had slipped out of the news media in most parts of the world.

On Saturday the World Health Organisation confirmed Nigeria’s first human death from bird flu – a 22-year-old woman.

In Japan, the National Institute of Animal Health said the country’s latest bird flu outbreak, its fourth this year, was caused by the H5N1 virus. Japanese Authorities have already ordered the killing of 93,000 chickens on a farm in Miyazaki prefecture on the southern island of Kyushu.

But the worst affected country remains Indonesia, where at least five people have died already this year, all but one in and around Jakarta. The government last month ordered the slaughter of the tens of millions of unlicensed backyard birds in the capital and the two surrounding provinces.

David Nabarro, the United Nations’s bird flu coordinator, on Sunday urged Indonesia to declare a national emergency to fight H5N1 virus, which is endemic in poultry across much of the country. This “focuses the minds of everybody into understanding what’s going on”, he told the Financial Times in an interview during a visit to Jakarta.

Dr Nabarro was heartened by the new “real momentum to scale up the effort to deal with bird flu” in Indonesia. But he warned ministers against repeating recent statements that some previously infected areas were now bird flu-free.

Brussels said on Sunday that the the UK had followed the correct procedures in dealing with the outbreak and had informed it in good time. The European Commission will on Monday formally endorse the security cordon established by the UK. Then on Tuesday government vets from all 27 member states will discuss how to deal with the return of bird flu.

An EU spokeswoman said she did not expect any internal or external pressure for a trade ban. “Last year there were 14 outbreaks in different member states and no calls for import bans. Trading partners have confidence in our measures,” she said.

French Blacks: J'accuse Racism (WT)

By Elizabeth Bryant

The Washington Times, February 5, 2007

PARIS -- France's comfortable image of itself as a colorblind society -- already weakened by race riots in 2005 -- received a further blow last week when a new survey found that a majority of French blacks believe they face discrimination in daily life.

Coinciding with a disturbing television documentary about living as a black person in France, the survey by the TNS-Sofres polling agency is the first of its kind and is galvanizing public debate just weeks before presidential election.

"This is going to change things," predicted Patrick Lozes, president of the Representative Council of Black Associations, an advocacy group that commissioned the survey. "Until now, blacks have never been counted in this country. And I have always said that blacks who aren't counted don't count."

There is no legal way to count France's black population. Census-takers and other government statisticians are barred by law from compiling figures based on religion or race. But the poll, which appears lawful, suggests France's cherished values of "egalite" and "fraternite" remain elusive goals for the nation's estimated 5 million blacks.

Of the 13,000 blacks surveyed, 61 percent said they experienced at least one racist incident within the past year. More than one in 10 said they were frequently the target of racism that ranged from verbal aggression to difficulty finding housing or jobs.

"The findings don't surprise me at all," said Mouloud Aounit, president of the Movement Against Racism and for Friendship Between Peoples, an anti-discrimination group. "Racism exists in our daily life. Look at the Senate, the National Assembly, regional councils. Ethnic representation is totally absent."

"Racism isn't daily, but I face it from time to time," agreed security guard Jacques Bassong, 36, who moved to France from his native Cameroon in 1979. "A little bit at work, at government offices, even in the stores. Some French are more racist than others, but on average, it's bearable."

Until now, much of the hand-wringing about minorities has focused on France's estimated 5 million ethnic Arabs.

The seething anger among young "beurs," French-born children of North African immigrants, grabbed the spotlight in the fall of 2005, when riots spread across France. But it was the accidental deaths of two black African teenagers, reportedly while fleeing police, which sparked the violence in the first place.

Today, only 10 of 577 National Assembly members are black, and all were elected from overseas territories. Blacks remain similarly underrepresented in the private sector, being less likely than whites to find jobs and to be promoted when they do.

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Last week, France's Canal+ channel aired a two-part documentary, "In the Skin of a Black," a local spin on the U.S. reality series "Black. White," which aired early last year on the FX cable-TV network.

The French program tracked a series of small and large humiliations faced by members of a white French family that, using heavy makeup, had swapped places with a black family.

"It's important to show to our society what it doesn't see or know," said Mr. Lozes, who wants the government to adopt affirmative-action policies.

French politicians stumping in this year's presidential and legislative races are beginning to grasp the potential power of the minority vote, particularly since a voter-registration drive has been stunningly successful in many low-income areas where minorities live.

Even Jean-Marie Le Pen, whose far-right National Front party opposes most immigration, is reaching out with a poster featuring a black woman making the thumbs-down sign and the slogan: "Left-Right -- They've broken everything."

Mr. Lozes' organization has not ruled out fielding a black presidential candidate for the coming election. But France has no nationally known prospect comparable to Sen. Barack Obama, Illinois Democrat, on the horizon.

"France is in no way ready to elect a Mohammed ... as president of the Republic, unfortunately," anti-discrimination activist Mr. Aounit said.

Seeing What We Want To See In Qaddafi (NYT)

By Hisham Matar

The New York Times, February 5, 2007

Paris

SINCE 2003, Libyan diplomats have been hard at work convincing the West that Libya is no longer interested in amassing weapons of mass destruction, blowing up Western airplanes or covertly financing armed movements abroad. Presenting this new face has been largely effective: sanctions, in place since 1982, have been lifted; Libya has been removed from the United States roster of terrorist nations; and the list of international trade agreements continues to grow.

As part of this public relations drive, Col. Muammar el-Qaddafi and his officials have been keen to reassure Libyan critics that it is now safe to return to Libya. Unsurprisingly, the vast majority of the hundreds of thousands of exiled Libyans have not returned. However, one did: Idrees Boufayed, a doctor living and working in Switzerland. On Sept. 30, 2006 he returned to Libya for the first time in 16 years. And on Nov. 5, he disappeared.

Throughout its 37-year rule, the Qaddafi government has found as many reasons to arrest its citizens as Libyans have found to abandon their country. Thousands of critics of the Qaddafi regime, inside and outside Libya, have either disappeared or been assassinated. My father, the political dissident Jaballa Matar, disappeared from his home in Cairo in March 1990. We still do not know whether he is alive or dead.

Astonishingly, on Dec. 29 — 55 days after his arrest — Dr. Boufayed was released. The Libyan authorities offered no explanation for his detention. And Dr. Boufayed, who had been a regular contributor to dissident Web sites, has remained uncharacteristically silent ever since. This change in behavior is not unusual: almost all political dissidents fortunate enough to be released have given up their criticism of the regime. The machinery of Colonel Qaddafi's government is as effective as ever.

Now that the United States has incorporated the Libyan regime into its so-called war on terrorism, it is difficult to see what political pressure it can exert on the Libyan government to reform. Western governments have had the power to effect change in Libya only as long as the dictator's government has hungered for the West's acceptance. The short-sighted paranoia with which the war on terrorism has been managed has weakened any moral advantage the United States might once have had.

The cards surrendered were hugely undervalued: the United States could have compelled the Libyan dictatorship to do much more than just hand over its outdated weapons of mass destruction and compensate the families of the victims of the 1988 bombing of a Pan Am jet over Lockerbie, Scotland, with $2.7 billion — a sum that would be earned back in trade deals during the first week after sanctions were lifted.

Although America has highlighted the issue of human rights in its negotiations with Libya, none of the countries that now profit from a close association with the Libyan leadership has demanded the release, or even the trial, of the silenced political prisoners who crowd Libya's prisons. No country made it a condition in negotiations that Libya investigate the countless cases of the "disappeared." None of them compelled the Qaddafi government even to address the massacre at Abu Salim prison, where, one night in June 1996, more than 1,000 political prisoners were shot dead.

In its 2003 negotiations with Libya, the United States lost a golden opportunity to link the improvement of Libya's dismal human rights situation to its acceptance into the international community. Indeed, it can be argued that the United States has instead helped worsen human rights in Libya. It has not only defended torture, which has softened the critical gaze on Libya's own practice of torture, but also encouraged the practice by sending Libyans suspected of terrorism to Tripoli for "interrogation."

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Furthermore, Colonel Qaddafi has used the new panic — that the Islamist bogeyman will imminently shroud the world under his dark beard — as an excuse to silence the regime's critics. That tactic has fomented rather than curbed religious extremism in Libya as elsewhere.

The impression that a bloodless battle has been won in Libya rests on an inflated notion of the threat the country, even with its rusty weapons of mass destruction, ever posed to the West. It misreads an act of diplomatic negligence toward the rights of the Libyan people as a victory for world peace.

Colonel Qaddafi deserves sole credit for Libya's foreign policy U-turn. He has never found it necessary to devote himself to a single political ideology; his only consistent policy has been to guard his personal political survival. The United States and Britain understand this, but have only exploited it for their own myopic objectives, forgetting that Libya's political development can lie only with its people.

A Palace For Sudan (WP)

By Sebastian Mallaby

The Washington Post, February 5, 2007

Last week China's leader, Hu Jintao, provided Sudan with an interest-free loan to build a presidential palace. With that gesture, Hu demonstrated his contempt for the Western understanding of the world -- and for Western policy toward his own country.

Sudan, you will recall, is the scene of the Darfur genocide. Since the killing began three years ago, the United States and its allies have flown in food and medicines, provided logistical help and money for a token African peacekeeping force, and done their best to isolate the Sudanese regime, which orchestrates the massacres. They have done this not because they have a selfish interest in Darfur but because tossing babies into bonfires is a crime against humanity.

In the run-up to Hu's visit to Sudan on Friday and Saturday, there were hopes that the Chinese leader would back the West's Sudan policy.

China's diplomats are forever reassuring the world about their country's "peaceful rise," and Hu duly expressed support for an expanded peacekeeping force in Darfur. But everything else about his visit demonstrated the gap between Chinese and Western priorities.

Hu called on nations to "respect the sovereignty of Sudan." But since the end of the Cold War, the Western view of sovereignty has grown increasingly contingent. If a nation slaughters its civilians (think Rwanda, Kosovo), harbors terrorists (Afghanistan) or refuses to cooperate with U.N. weapons inspectors (yes, Iraq), it forfeits its right to sovereignty. It may not be invaded, but it certainly can expect to face sanctions.

Sudan, by these standards, is an easy candidate for sanctions. But China's talk of "sovereignty" is code for the opposite policy. As well as paying for a presidential palace, Hu used his trip to cancel $80 million of Sudanese debt, to announce a plan to build a railway line and to visit an oil refinery that China partly owns, basking in the fact that 80 percent of Sudan's oil goes to his country.

Hu's visit was a statement that, in the Chinese view of the world, the principle of sovereignty trumps even the most appalling human rights abuses: It brushed aside the memory of the Rwandan genocide and the Holocaust. But at the same time, Hu was saying more than that. He was advancing an understanding of modernization that the West discarded 15 years ago.

By pursuing commercial ties with Sudan, Hu was implicitly saying that economic development comes first and that political development is unimportant. This was once the view of Western development organizations, which financed projects in health, education, infrastructure and so on -- but steered clear of human rights, corruption and anything else that could be deemed "political." But in the early 1990s, the Western approach changed. Development experts pointed out that independent courts and newspapers help to limit corruption and so make economic development possible. In the absence of minimal political accountability, aid money is stolen. Rather than helping Africa's poor, it is siphoned off to pay for presidential palaces.

China is not financing a presidential palace by mistake; it is doing so deliberately. It is not financing just any presidential palace; it has chosen a president so odious that his fellow African leaders hold their noses at him. But this gesture is only the tip of the iceberg. To read the accounts of Hu's Africa visit in China's People's Daily is to recall Western development thinking of a half a century ago. "From 1995 to 2003, China administered 43 sessions of the 'Advanced Education and Scientific Research Program' in 21 African countries," the paper's online version crowed yesterday. Development, in this conception, is all about technical transfers. Politics plays no part.

This Chinese understanding of development threatens to undermine the Western one. Western development aid is increasingly linked to measures of good governance, and investment from Western corporations and banks comes with conditions designed to ensure that ordinary people benefit. This promising advance cannot succeed if African dictators can ignore Western conditions with Chinese assistance.

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But then there is an even more disturbing question: What does China's policy toward Sudan say about the West's policy toward China? The West is engaging with China on the theory that economic modernization will bring political modernization as well; otherwise, the West would merely be assisting the development of a communist adversary. China's Sudan policy is an assertion that this link between economic and political modernization is by no means inevitable, even in the extreme case. You can construct oil refineries, educate scientists, build ambitious new railways -- and simultaneously pursue a policy of genocide.

Bangladesh On The Brink (WSJ)

By C. Christine Fair And Sumit Ganguly

The Wall Street Journal, February 5, 2007

With the world's attention focused on whether accountable government can take root in Iraq, the democratic life blood of a much larger Muslim country -- Bangladesh -- is seeping away with hardly a murmur from the international community. Home to 147 million people and once considered a stable, secular Muslim democracy, Bangladesh is becoming a de facto military-controlled state.

Earlier this month, scheduled elections were cancelled and a state of emergency was imposed when the caretaker government stepped down under military pressure. The government is now headed by Fakhruddin Ahmed, a former World Bank official, along with 10 advisors and no functioning parliament. Mr. Ahmed has pledged to hold elections soon, but all indications suggest that the army is in control. While some foreign and domestic observers are optimistic that the army can clean up the corruption and dysfunctional political structure, this is wishful -- even dangerous -- thinking. The international community must act immediately to compel Dhaka to lift the state of emergency, restore full rights, withdraw the army from the political arena, and establish a specific date for credible elections.

Some 60,000 troops have been deployed in recent weeks and more than 2,000 people have been detained. With a history of prolonged military rule since gaining independence from Pakistan, the army's political adventurism is unlikely to rehabilitate Bangladesh's feeble democracy. The international community has not learned from Pervez Musharraf's similar experiment in Pakistan. Under Gen. Musharraf, democracy has not flourished and the political parties have not become more competent.

The roots of Bangladesh' problems run deep. The political system has been destroyed by an acrimonious power struggle between the Bangladesh National Party, led by the most recent prime minister, Khaleda Zia, and the opposition Awami League, led by the former PM, Sheikh Hasina Wajed. Both have prioritized personal gain above the needs of the state. They have forged Faustian bargains with Islamist groups to maximize their chances of victory. Since the 2001 elections, Islamist parties have become king-makers and enjoy some ministerial positions, which are not earned by their electoral strength. Some of these parties have been linked to terrorist groups.

These terrorists have targeted secular artists and intellectuals, Sufi shrines, the minuscule Ahamaddiya community, and key members of the opposition. In August 2005, within an hour's span, Islamist militants detonated hundreds of small bombs across the country and demanded that Bangladesh become an Islamic state based on Shariah. While some of the most notorious Islamist militants were detained, key members of Harkat-ul-Jihad-Bangladesh and Jagrata Muslim Janata Bangladesh remain at large.

Bangladesh is responsive to public exhortation and receives significant international aid. Donor countries can achieve leverage if they coordinate and render some forms of assistance conditional. Multilateral agencies can pressure Dhaka by convening high-profile meetings to discuss democracy. Some bilateral programs, such as U.S. aid to security forces, are subject to the provisions of the Leahy amendment, which restricts aid when there are human-rights abuses. Public discussions of the Leahy requirements may exert pressure on those institutions that value U.S. security programs. Finally, the U.S. and the Commonwealth (of which Bangladesh is a member) have a suite of punitive measures should there be martial law. The army must be reminded of this to discourage any extraconstitutional action -- and to teach it that the suppression of democracy cannot be a cost-free business.

Ms. Fair is the managing editor of India Review. Mr. Ganguly is a professor of political science at Indiana University, Bloomington.

Russian Retail Politics (WP)

By Masha Lipman

The Washington Post, February 5, 2007

MOSCOW -- The government recently outlawed foreign migrant workers at Russian retail markets as of April 1. A similar restriction cuts out middlemen by requiring that at least half of all salespeople sell their own produce. The official rationale is that this legislation protects domestic producers. But this politically motivated, hasty decision is more likely to harm Russian consumers and further exacerbate the situation of migrant workers.

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The affected markets are vast premises where salesmen pay for counter space and offer produce and other goods such as clothes. Buyers looking for lower prices or fresher produce than in conventional stores find such foods as homegrown or imported fruit and vegetables, homemade preserves, cottage cheese, pickles, meat and fish.

Given Russia's climate, throughout most of the year vegetables and especially fruit are imported from warmer parts of the world. But the law seeks to impose the same pattern on all regions, even though the products and markets in southern Russian and areas beyond the polar circle are not at all alike. Without the choices provided by middlemen, diet options in many places will be reduced to carrots, potatoes, cabbage and little else.

The new regulations were probably a reaction to growing ethnic intolerance, which took an alarming turn late last summer when a riot in the northwestern town of Kondopoga forced non-Slavic residents to flee, and their businesses were looted and burned. The Russian government is concerned about controlling such hostility, especially in an election year, when any sign of autonomous activism is regarded as a potential threat to the political status quo.

Propagation of tolerance is only a marginal policy for the Kremlin -- it would hardly be efficient given the current degree of xenophobia -- so instead it opted to co-opt the spreading nationalist sentiments. In October, President Vladimir Putin called for "additional measures to improve trade in . . . retail markets in order to protect the interests of the Russian manufacturers and . . . the native population of Russia." He reiterated this concern, in a more balanced form, in his annual news conference on Thursday, saying that "labor market issues . . . have not always been settled to the benefit of Russia's own people, its own citizens."

By this time, however, government monitoring had found that migrant workers at the markets were not a national issue: They were in high proportion to natives only in Moscow and the Far East.

This is not surprising, since those regions are the two that experience workforce shortages, making migrant workers a necessity. In Far East areas near China, this need is filled by Chinese workers, many of whom cross the border to sell cheap goods.

The new regulations have already pushed Chinese traders to sell their stock at catchpenny prices and leave. And local news reports indicate that the markets are staying empty: "The benefit of the new regulation looks vague. But the disadvantages are evident," reported a newspaper in Sakhalin, in the Far East. "For the time being there's no replacement for the cheap Chinese goods and southern fruit."

A Moscow official echoed those concerns: "Do we want to leave the Muscovites without tangerines, raisins and dried apricots?"

Other problems are expected because the law enables employers to cancel contracts with migrant workers without a court decision. Significant numbers of migrant workers could find themselves jobless. Meanwhile, Muscovites are unlikely to want the low-paying, menial jobs of market salesmen. "The citizens of Russia don't wait in lines to take those 28 to 30 thousand jobs in market trade that [the new law] will require. This is a serious vacuum that will have to be filled before April 1," the Moscow official said.

These consequences should have been obvious before the law was enacted. But there wasn't much time -- or desire -- for discussion, as is the case when an initiative originates with the president. After Putin asked his ministers to protect native manufacturers at the markets, the cabinet issued a regulation restricting foreigners' presence in retail trade; in less than three months a bill was put together, passed by both chambers of parliament and signed into law.

Such actions corrode what respect for law and lawmaking is left here. Local officials will probably think of ways around the restrictions, and some are sure to take advantage of new opportunities for graft. Still others expect that the absurdity of some provisions and the damage the law is inflicting on consumers will lead to its revision. Indeed, shortly after the new regulations -- drafted by his own ministry at the president's urging -- took effect, German Gref, the minister of economic development and trade, said a full ban on the employment of migrant foreign workers may be postponed.

Masha Lipman, editor of the Carnegie Moscow Center's Pro et Contra journal, writes a monthly column for The Post.

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TERRORISM NEWS:

US Responds To Hayat Retrial Motion, Dispute Juror Misconduct Claim. The Sacramento Bee (2/4, B1, Walsh) reported, "Federal prosecutors said Saturday there is little or no evidence to support allegations of juror misconduct in a motion for a new trial of a Lodi man convicted of terrorist activity. Misconduct claims on behalf of Hamid Hayat are barred by rules of evidence, cannot be substantiated, actually describe proper conduct, or describe conduct not harmful to Hayat, prosecutors maintain in a 187-page brief opposing a new trial. In their October motion, defense attorneys cite a statement by juror Alicia Lopez that jury foreman Joseph Cote made a 'hangman gesture' and once said 'hang him' in discussions with other jurors during the trial." The Bee adds, "Burrell erroneously rejected the defense's attempt to present James Wedick, a retired FBI agent, as an expert witness on the bureau's policies and procedures for interviews, the defense lawyers argued in their motion. … But the prosecutors argued in Saturday's brief that Wedick's testimony 'would have been needlessly confusing, cumulative and wasteful of time.'"

The Stockton Record (2/4, Hood) reported that in addition to addressing the juror misconduct allegations, prosecutors "stated the defense's claim that it has new proof of Hayat's innocence -- the testimony of Hayat cousins Usama Ismail and Jaber Ismail of Lodi -- is not accurate, saying there is a legal difference between 'newly discovered' and 'newly available' evidence, because they did not subpoena Usama Ismail to testify and made no effort to obtain testimony from Jaber Ismail, who was in Pakistan during the trial." The AP (2/4) noted, "The defense motion also highlights post-trial statement's by Cote in an Atlantic magazine report suggesting that, when deliberating, he likened Hayat to young Pakistani men responsible for London subway bombings. Prosecutors answered that the Atlantic article should be given little weight and that 'it is far from clear whether Cote's reported statement is a "racist statement," or what it reveals about the foreperson's views in general with respect to individuals of different races, nationalities or creeds.'"

Man Acquitted Of Terror Charges Faces Continuing Legal Battles. The Daily Southtown (IL) (2/4, Hack) reports, "Attorneys for Mohammed Salah, who was acquitted of racketeering charges last week, have vowed to keep working to clear the name of the Bridgeview man deemed a terrorist by the federal government and to help his family lead a normal life. … 'These good people have had their lives put through the wringer,' longtime Salah attorney Matthew Piers said Friday. 'We are not done fighting on behalf of this family.'" The Southtown continues, "While the long-looming threat of a hefty prison sentence may now be off the table, Salah still faces an uncertain future of civil-court judgments, restricted liberties and the stigma of the government's terrorist label." The Southtown adds, "Salah, 53, was acquitted Thursday of the terrorism-related charges after a three-month trial. He was found guilty of a far lesser charge of obstruction of justice, but the overall outcome marked a dramatic victory for the defense in a case once touted by the U.S. Justice Department as an important component of the war on terror. … 'If this is the government's idea of the war on terror, it should keep us all awake at night,' said Piers, a vocal critic of several federal anti-terror cases unveiled after 9-11. 'This was a political prosecution plain and simple, and I think everyone in that courtroom knew it.' … In the racketeering case, Salah was accused of breaking American laws to aid the militant Palestinian group Hamas, which is considered a terrorist group by the U.S. government. According to federal prosecutors, he delivered laundered money to Hamas operatives in the Occupied Territories in the early 1990s and helped recruit would-be terrorists." The Southtown notes, "The obstruction charge normally wouldn't carry much prison time, although prosecutors might push to have Salah's 1993 conviction in an Israeli military court on Hamas money-running charges count against him here. Defense attorneys, who insist the Israeli conviction was the result of bogus confessions tortured out of Salah during a two-month interrogation session, contend Salah should receive only probation for the U.S. conviction. … Also hanging over Salah's head is a 1998 civil case filed by federal prosecutors in a bid to seize $1.4 million in cash and assets they claimed Salah meant to funnel to Hamas. That civil case was put on hold as a criminal probe into Salah's alleged Hamas links stopped and started over the years."

Columnist Blasts US Over Treatment Of Arar. In a column for the St. Petersburg (FL) Times (2/4), Robyn E. Blumner writes, "'On behalf of the United States, I wish to apologize to you and your family,' President Bush told Maher Arar in a televised news conference, during which the president announced that the United States was also giving Arar $8.9-million in compensation for our role in sending the

Canadian to a Syrian prison where he was tortured. … Okay, now it's time to wake up from a dream. This scene happened all right, not in the United States but in Canada, and the nobly contrite politician was Canadian Prime Minister Stephen Harper, not our own Decider-in-Chief." Blumner continues, "Since Arar's return to Canada, our neighbor to the north has committed itself to investigating its role in this outrage. A two-year inquiry by Justice Dennis O'Connor concluded that there was no evidence linking Arar to terrorism and that the Royal Canadian Mounted Police were demonstrably wrong when they informed U.S. border agents that Arar was suspected of Islamic extremism. The head of the RCMP resigned over the incident. … Canada has now issued a very public apology, coming straight from its national leader, and the nation will compensate Arar for its hand in his terrifying ordeal … Before George W. Bush came to the White House, I would have expected our own government to act in a very similar manner: a public apology, the rolling of heads responsible, a promise to exert tighter controls and due compensation to the victim. … Instead, we've responded to Arar by keeping him, his wife and his children on a government watch list so that they cannot travel in or over our country or its territories. We have stymied his lawsuit against the United States for abducting and deporting him, claiming that to allow it to go forward would jeopardize state secrets. And, perhaps most galling, even though it is an open secret that we send people to other countries for interrogation where they are sure to be tortured, we continue to claim that our actions are consistent with the Convention Against Torture - a treaty that explicitly bars such conduct." Blumner notes, "Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff claim that there is reason to keep Arar on a watch list. But when Canada's minister of public safety, Stockwell Day, examined Arar's confidential U.S. files, he announced that there was 'nothing new' to justify any continued suspicion. … Gonzales could only reiterate the bald-faced lie that the United States tries to meet its antitorture treaty obligations. How lame. … When Canada is better at demonstrating American values than we are, it's time our government took a refresher in Civics 101. Learn how to apologize and admit error and maybe our great nation will live up to its billing once again."

WAR NEWS:

Addressing House Democrats, Bush Says Iraq War Is "Sapping Our Nation's Soul." The AP (2/3) reports President Bush "squarely addressed the issue most on the mind of House Democrats, saying Saturday that deep divisions over the Iraq war need not bring anyone's patriotism into question. 'You know, I welcome debate in a time of war and I hope you know that,' Bush said. … He said disagreeing with him over the war -- as many in the room do -- does not mean 'you don't share the same sense of patriotism I do.' 'You can get that thought out of your mind, if that's what some believe,' the president said. 'These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do.' Bush's conciliatory words were similar to some of his previous statements. But the applause that followed them offered some indication that this audience was happy to hear them so directly and in person."

All three broadcast networks reported on the meeting, generally casting the President's visit in a positive light. ABC World News (2/3, story 5, 2:30, Weir, 8.78M) said, "A day of political fence mending as President Bush reached out to House Democrats at their meeting in Williamsburg, Virginia. The President hasn't addressed the Democrats gathering since 2001, and poked a little him fun at himself with his opposition now in power in Capitol Hill. But for all the banter, divisions, especially over Iraq, were very much in evidence." The CBS Evening News (2/3, story 5, 1:40, Chen, 7.66M) said that Democrats" stopped just short of licking their chops as they welcomed the other team's quarterback into their arena," but "both sides canned the usual trash talk. The President stayed away from his pre-election 'cut-and-run slams' against Democrats' plans for Iraq, and gave a nod to the Speaker's demands for benchmark for Iraq's leaders." NBC Nightly News (2/3, story 3, 2:30, Yang, 9.87M) said, "The last time President Bush met with House Democrats like this was February 2001. He just had been elected; 9/11 was months away. Today's visit was very different. The tone on both sides was concilatory."

On its Web site, The Hill (2/3, Kaplan) reports Bush "admitted that the country's morale has suffered because of the war in Iraq. Bush said that the war in Iraq is 'sapping our nation's soul,' as part of his answer to a question from Rep. Susan Davis (D-Calif.) about why the burden of fighting the Iraq war has fallen primarily on the military. … Democratic aides were stunned at the pronouncement perhaps recollecting President Carter's pronouncement in 1979 that there exited a 'crisis of the spirit in our country.'

The Politico (2/3, Hearn) reports that when "asked whether the president had responded to Democrats' criticism

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of his plan to send more troops to Iraq, House Speaker Nancy Pelosi, D-Calif., offered a flat: 'No.' 'The president really stood his ground on Iraq,' she said."

The Los Angeles Times (2/4, Levey, 850K) reports Bush "invite[d] the new congressional majority to work with him on immigration, energy and even national security. … But even the meticulous planning that went into the encounter could not conceal the deep divisions" and "no issue brought out the divisions more than the war in Iraq. The president devoted less than two minutes of his 16-minute address to the subject. And his attempt to highlight common ground over the feeling that the Iraqi government should do more to bridge sectarian divisions offered little comfort to his critics. The president suggested, as he has before, that Prime Minister Nouri Maliki would have to meet a list of 'benchmarks,' including providing adequate troops to help American soldiers in Baghdad. But Bush did not discuss timetables for Maliki's government or specify consequences if it should fail — omissions that have been repeatedly criticized by Democrats."

Bush Strikes Conciliatory Notes During Speech. The AP (2/3, Loven) reports, "Relying on self-deprecating jokes, unusual candor and outright flattery, President Bush on Saturday wooed lawmakers he not only needs but will have to answer to in the final two years of his presidency."

The Washington Post (2/4, A1, Abramowitz, Kane, 690K), in a front-page article titled, "At Democrats' Meeting, Bush Appeals For Cooperation," reports that the president, "forced by circumstance to reach out to some of his strongest adversaries, appealed directly to House Democrats on Saturday to work with him to reform the immigration system, limit the cost of Social Security, curb the consumption of gasoline and balance the federal budget. Visiting the Democrats' annual retreat for the first time since 2001, the president told lawmakers there are 'big things' they could accomplish by working together and sought to defuse any bad blood with self-deprecating humor. He opened his public remarks with an allusion to his tendency to mispronounce the name of the rival party by calling it the Democrat Party, seen by many party activists as a calculated insult." According to the Post, "Democrats rose to politely applaud Bush before and after the speech, a sign of the outwardly cordial and respectful nature of the day's session."

The New York Times (2/4, A26, Zeleny, 1.16M) reports that "for nearly two hours, Mr. Bush held forth with some of the very Democrats he has spent the better part of six years sparring with. He spoke to members of Congress and their spouses, took pointed questions in a private session about Iraq, the budget deficit and immigration, and shook hands and posed for pictures. … The political reality, of course, requires Mr. Bush to work with Democrats in the final two years of his presidency if he wants his legacy to include legislation like overhauling the nation's immigration and health care systems, and beginning to curb America's dependence on foreign oil. … The president's speech, which lasted about 16 minutes, was interrupted by applause 21 times. Occasionally, the clapping seemed tepid, as some legislators looked across the room to see whether fellow Democrats were joining in. At other times, particularly if Mr. Bush delivered a self-deprecating line, the clapping boomed."

The New York Times (2/4, WK1, Stolberg, 1.16M), in a "Week in Review" piece reports, "Now that Democrats are in charge, the president is making a great show of Congressional outreach. Consider the last week: On Tuesday, Mr. Bush agreed on a bipartisan panel to advise him on the war. On Wednesday…Pelosi dropped by the Oval Office to report on her trip to Iraq. On Friday, Mr. Bush held a White House reception for Republican senators. On Saturday, he was headed to Williamsburg, Va., to a House Democratic retreat. But there is little evidence that the Congressional courtship has influenced the president who famously called himself 'the decider,' whether the issue is Social Security or the decision to send more troops to Iraq."

Bush Signals Willingness To Work With Democrats On Immigration. The Washington Times (2/4, A1, Dinan, 88K) titles its account of the meeting "Bush Builds Bonds With House Democrats At Retreat," and reports that Bush and House Democrats "got off to a good start in finding common ground yesterday at the Democrats' annual retreat -- with Mr. Bush saying they even share a bond in having been shot in the back by Republicans on immigration. 'You are not the only one with arrows in your back,' the president said during a closed-door question-and-answer session with the House Democratic Caucus, according to two individuals who were in the room. He was responding to Rep. Luis Gutierrez, Illinois Democrat, who said Republicans had been merciless during last year's elections in attacking Democrats on border security. He asked Mr. Bush to win more Republican support for the Democrats' preferred bill. To a round of applause, the president said he will fight for a bill that does not deport illegal aliens. Mr. Bush said it would be a mistake to miss the opportunity for reform this year and let the issue enter the

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2008 election campaign, when he worried it would become too political."

At Least 130 Killed By Baghdad Truck Bomb. Coverage of the high-casualty suicide bombing in Baghdad emphasized the scale of the carnage and the pall it cast over efforts to stabilize Iraq. ABC World News (2/3, story 4, 1:30, Weir, 8.78M) reported, "Baghdad is reeling from one of the worst attacks of the war. A 2,000-pound truck bomb driving into a crowded marketplace and unleashing carnage on a marketplace. Over one hundred killed and hundreds injured and the White House is calling the brazen attack an atrocity." The CBS Evening News (2/3, story 3, 2:10, Logan, 7.66M) reported, "It was the second time this market has been targeted in less than two months. Three car bombs killed fifty one people there last December. ... tonight, in what was thought to be revenge for the bombing, mortars rained down on Sunni neighborhoods, a sign that it will take more than words to stop the cycle of violence here." NBC Nightly News (2/3, lead story, 2:30, Arraf, 9.87M), reported, "It was the latest in a series of devastating attacks in dense Shi'ia areas."

The New York Times (2/4, A1, Oppel, Mizher, 1.16M) reports, "A mammoth truck bomb obliterated a popular central Baghdad market on Saturday, ripping through scores of shops and flattening apartment buildings, killing at least 130 people and wounding more than 300 in the worst of a series of horrific attacks against Shiites in recent weeks. ... It was the deadliest single bomb blast since the United States invasion almost four years ago." The bombing "seemed sure to inflame Shiite political and militia leaders just as more than 20,000 American troops begin to arrive in an attempt to stop the civil war that threatens to tear Iraq apart." The Washington Post (2/4, A1, Londono, 690K) reports, "The attack followed a recent string of bombings targeting places where Shiites congregate in Baghdad and elsewhere in the country. Officials say Sunni insurgents are behind the violence." Maliki spokesman Ali Dabbagh "blamed Syria for not doing enough to stop the violence, saying that 50 percent of insurgents enter Iraq through Syria."

The Los Angeles Times (2/4, A1, Susman, 850K) reports that the attack "was designed to inflict a massive physical as well as psychological toll." The payload "included land mines, ammunition, rockets, mortars and other explosives, which erupted in a fireball and sent buildings crashing down on top of merchants and customers, said Maj. Gen. Jihad Jabiri of Iraq's Interior Ministry. The White House and Iraqi Prime Minister Nouri al-Maliki denounced the attack, which was another reminder that their vows to counter spiraling bloodshed with increased troops are having no deterrent effect." The Chicago Tribune (2/4, Sly, 617K) reports, "Two buildings were obliterated, 10 others collapsed, dozens of stalls were incinerated, and many victims died instantly in the huge explosion, which reverberated across the city. ... this bombing was shocking, in its size and in the number of casualties inflicted," even by Iraq's standards. The bombing occurred "40 days after the execution of Saddam Hussein, prompting some speculation that it was intended to mark the day normally commemorated as the end of the traditional mourning period in Iraq."

The AP (2/4, Hurst) reports, "Suspected Sunni attackers have appeared emboldened in recent weeks after radical anti-American Shiite cleric Muqtada al-Sadr, under pressure from fellow Shiites who dominate the government, ordered the thousands of gunmen in his Mahdi Army militia to avoid American attacks in the coming assault." An Interior Ministry general "called for the government to 'deport (non-Iraqi) Arabs immediately.' The general's comments reflected growing displeasure inside the government of Shiite Prime Minister Nouri al-Maliki with neighboring Syria, which Baghdad charges has done too little to close its border to Sunni militants." BBC.com (2/4) reports the "attacks on markets are widely seen as Sunni insurgent groups stepping up their activities before a new joint Iraqi-US security operation in Baghdad gets under way."

Bush's Iraq Plan Said To Hinge On "Go-For-Broke" Reforms. A 1,500-word piece in today's Washington Post (2/4, A16, DeYoung, 690K) says "doubts run deep" about the probable success of many reforms in Iraq. "The success of the Bush administration's new Iraq strategy depends on a series of rapid and dramatic political and economic reforms that even the plan's authors have little confidence will work. In the current go-for-broke atmosphere, administration officials say they are aware that failure to achieve the reforms would result in a repeat of last year's unsuccessful Baghdad offensive, when efforts to consolidate military gains with lasting stability on the ground did not work. This time, they acknowledge, there will be no second chance." Several anonymous sources described "the administration as standing on the brink of an intricate combination of maneuvers whose outcome is far from assured." The Post cites several "deep uncertainties,"

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including Prime Minister Nouri al-Maliki's ability and commitment "to spearheading what the administration foresees as a fundamental realignment of Iraqi politics." Also in question, the Post says, is "whether Maliki's Shiite-dominated government and its sluggish financial bureaucracy will part with $10 billion for rapid job creation and reconstruction, at least some of it directed to sectarian opponents; and whether the U.S. military and State Department can calibrate their own stepped-up reconstruction assistance to push for action without once again taking over."

Antiwar Criticism Of Rice Said To Be Increasing. In an analysis of changing criticism of Secretary of State Condoleezza Rice, the New York Times (2/4, Cooper, 1.16M) notes, "For six years, first as national security adviser and then as secretary of state," Rice "worked under the cover of a very effective shield: Defense Secretary Donald H. Rumsfeld, who was the administration's lightning rod for criticism over its handling of Iraq. But in recent weeks, with Mr. Rumsfeld gone, Ms. Rice has faced increased, and somewhat unfamiliar, criticism." The "criticism of Ms. Rice has yet to reach the decibel level of that directed against Mr. Rumsfeld, and it may never get to that point, in part because she is not highhanded in her behavior toward colleagues and underlings, her close friends and aides said." Rice "has yet to inspire that level of exasperation from colleagues, either from inside the State Department or the National Security Council," but "she sometimes does take criticism personally."

Japan's Aso Calls Initial Iraq Occupation "Very Naïve." AFP (2/4) carries remarks by Japanese Foreign Minister Taro Aso, in which he "criticised the US occupation of Iraq as 'very naïve' and blamed it for spiralling unrest there, in another swipe at US tactics by the key Washington ally." He said former Secretary Rumsfeld "'started off the war, but the operation after the occupation was very naive. Because this operation did not work well, it (Iraq) is in trouble now. It became clear that the operation after a war is very important when you think about peace-building.'" AFP notes Aso's remarks "follow those by Japanese Defence Minister Fumio Kyuma, who has made a series of critical comments about US policies. Last month Kyuma said US President George W. Bush was wrong to invade Iraq and warned that Tokyo might not automatically renew its air force mission to the war-torn country."

Prophets Of Iraqi Troubles Saddened To Be Proven Right. The Washington Post (2/4, D1, Duke, 690K) reports, "It is the culture of this town -- trafficking in rightness. People clamor day in and day out, in that polished and politic way of the Washingtonian, to be proved right. But on Iraq, the vindicated are pained. There is no gloating -- not with thousands of people dead, Americans and Iraqis; not with the Iraq war precipitating an ongoing foreign policy crisis that has left the United States' global image in tatters. ... Lots of people predicted things would turn out this way." Now, "a cynical Washington exercise is underway, some of the vindicated say. It's a snake-like shedding of skin, a policy metamorphosis in which people who once were prominent cheerleaders for the war now are cozying up with the war's early opponents and distancing themselves from their earlier roles."

Kristof Looks For Classical Allusions Relevant To Administration. New York Times (2/4, WK17, 1.16M) columnist Nicholas Kristof writes, "Thucydides' account of the failed 'surge' in the Sicilian expedition 2,400 years ago is newly relevant, and 'Moby Dick' is interesting reading today as a bracing warning of the dangers of an obsessive adventure that casts aside all rules." Kristof adds, "The classics have an overwhelmingly cautionary bias, operating as a check on any impulsive rush to war. Perhaps that is because…humans have an ingrained psychological tilt to hawkishness."

Coalition Phases In Iraqi Sailors. The Los Angeles Times (2/4, Perry, 850K) reports," Here and elsewhere in the Persian Gulf off Iraq's shores, Iraqis are gradually taking over jobs once done by U.S. Marines and sailors. They stand guard on terminals such as this one, which is often compared to the bizarre structures of the movie 'Waterworld.' ... It is a slow process for a nation whose navy was destroyed in the early hours of the 2003 assault led by the United States." The Times continues, "'They're learning as they go, but they're definitely getting better,' said Coast Guard Lt. j.g. Kristopher Ensley, executive officer of the cutter Aquidneck. U.S. officials say Iraq's navy faces the same challenge as its army: changing a top-down style that does not encourage leadership in the enlisted ranks."

Contractors To Continue Providing Security In Iraq. The Washington Post (2/4, A19, Pincus, 690K) reports, "The Defense Department plans to continue hiring private contractors to provide security at reconstruction projects in Iraq and to train U.S. and Iraqi military officers in counterinsurgency, despite problems with past contracts for such jobs that traditionally have been done by military

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personnel. The contracting out of these wartime activities comes at a time when the United States is stretching its resources to provide the additional 21,500 troops in Iraq that are needed under President Bush's new strategy."

Bremer Eager To Defend Record. The Politico (2/3, Allen) reports former Coalition Provisional Authority chief L. Paul Bremer "plans to point to unexpectedly chaotic conditions in post-Saddam Baghdad as he defends his record at a hearing on Iraq spending before House Democrats on Tuesday, according to sources familiar with his testimony. ... Rep. Henry A. Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, has billed it as a 'hearing on waste, fraud and abuse,' one some administration officials have been dreading." Bremer "told Politico he looks forward to committee members' questions, but also plans to give them a 5,000- to 6,000-word treatise in addition to his five-minute opening statement."

Mass Migration Driven By Iraq War. The Washington Post (2/4, A1, Raghavan, 690K) reports in a pessimistic article, "Nearly 2 million Iraqis -- about 8 percent of the prewar population -- have embarked on a desperate migration, mostly to Jordan, Syria and Lebanon, according to the U.N. High Commissioner for Refugees. The refugees include large numbers of doctors, academics and other professionals vital for Iraq's recovery. Another 1.7 million have been forced to move to safer towns and villages inside Iraq, and as many as 50,000 Iraqis a month flee their homes, the U.N. agency said in January." The AP (2/3, Hendawi) reports of the exodus, "When it might peak, nobody knows, but if it continues at its present rate, the consequences for the region would be profound. Iraqis now make up more than 5 percent of Syria's population, the U.N. refugee agency says. Jordan says its 700,000 Iraqis have swollen its population by 12 percent, and its officials say they have already moved to cut off the flow. So has Egypt, with 130,000 Iraqi newcomers."

Key Taliban Figure Killed By NATO Airstrike. The AP (2/4) carries a NATO statement that "NATO-led troops killed a senior Taliban leader with a precision airstrike near a southern Afghan town overrun by militants." Initial reports suggest that Mullah Abdul Gafoor and several associates were killed today "while they were riding in a truck through a small village just outside Musa Qala." Outgoing SACEUR Gen. David Richards told the AP "that 'very surgical and deliberate' force would be used to evict the fighters from Musa Qala, where he said the alliance's strategy of avoiding military action has driven a wedge between residents and Taliban insurgents."

Residents Flee Taliban-Occupied Town. An earlier AP (2/3) report stated, "Hundreds of villagers fled a southern Afghan town overrun by Taliban militants, fearful of a NATO attack on the insurgent fighters who have hoisted their trademark white flag over the town's ransacked government center, residents said."

US General Takes Over NATO Afghan Force. BBC.com (2/4) reports, "UK General David Richards has handed over control of the Nato force in Afghanistan to US General Dan McNeil. During Gen Richards's nine months in charge, the International Security Assistance Force (Isaf) has increased from 9,000 to more than 33,000 troops."

Afghan Schools Take On Taliban. The Los Angeles Times (2/4, King, 850K) reports that a school in Wach Tangi, Afghanistan, "was one of nearly 200 schools across the country burned in the last year by Islamic insurgents. Four hundred more schools were closed by threats and intimidation, driving more than 130,000 students from their classrooms and dealing a harsh blow to massive international efforts to rebuild an education system ravaged during the years of Taliban rule. Over the last three months, however, the rate of attacks has fallen dramatically, with fewer than half a dozen schools believed to have been targeted. ... There are no reliable figures, but the [education] ministry believes more than half the country's 9,000 schools are under some form of locally organized protection, whose effectiveness remains to be seen." On the other hand, "Some educators believe that the recent lull in school burnings and other attacks is only partly due to the establishment of protection committees. Violence traditionally decreases during the coldest months, and they think the insurgents will become more active again during the spring. Other school officials believe that the Taliban, after initially underestimating the strength of the country's education ethic, may have discerned that the school-burning campaign was backfiring."

Former Aid Worker Says Good Intentions Insufficient In Afghanistan. In a Washington Post (2/4, 690K) Outlook piece, former aid worker Holly Barnes Higgins writes, "I went to Afghanistan in October 2005 to work on an economic development project funded by the U.S. government. I went because I believed in the mission: helping

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to improve the quality of life in a war-torn land. I was lucky to get out. Now I am home, hearing with dismay that President Bush lauds our work as a success and is requesting more aid for Afghanistan. ... I know about the millions of dollars already wasted there." Higgins says of her time in Helmand province, "I now think that the West can do little if anything to quell the opium poppy trade, except to intercept the traffickers. This will be true as long as Helmand's residents refuse to recognize and respect the central government; as long as streets and schools, markets, mosques and government buildings are targeted by suicide bombers; as long as elders strike deals with the Taliban and government officials themselves profit from poppy production."

NYTimes Says Colombian Model Will Not Work In Afghanistan. The New York Times (2/4, B1, 1.16M) editorializes, "There is no question that Afghanistan needs to wage a far more effective fight against opium trafficking if it ever hopes to achieve a stable peace. But Colombia -- another United States ally whose narcotics trade is helping finance a lethal insurgency -- is not the model to follow. ... The limited gains Colombia has achieved in recent years have been offset by an overly generous amnesty program for right-wing paramilitary leaders and drug traffickers, which has seriously compromised the rule of law. And American aid has been disproportionately directed into military and police programs, leaving far too little to promote alternative livelihoods for Colombia's farmers. ... The amount of land planted with coca crops has risen and the net harvest has been reduced only slightly. Afghanistan's problems will not be solved by copying these mistakes.

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US Attorney Firings Prove Controversial. The Washington Post (2/4, A7, Eggen, 690K) reports, "H.E. 'Bud' Cummins III had served for five years as the U.S. attorney in Little Rock -- a job he obtained in large part because of his credentials as a longtime GOP lawyer and avid supporter of President Bush. So Cummins, 47, was more than a little surprised when he got a call from the Justice Department last year asking him to resign. He was told there was nothing wrong with his performance, but that officials in Washington wanted to give the job to another GOP loyalist." Cummins "was replaced by J. Timothy Griffin, a former aide to presidential adviser Karl Rove. … Cummins was the first in a wave of seven U.S. attorneys to be fired by the Justice Department, a move that has prompted sharp criticism from Democrats in Congress and has set the stage for a legislative battle over the attorney general's power to appoint federal prosecutors." The Post goes on to report, "there is also evidence that broader political forces are at work. One administration official, who spoke on the condition of anonymity in discussing personnel issues, said the spate of firings was the result of 'pressure from people who make personnel decisions outside of Justice who wanted to make some things happen in these places.'"

CORPORATE SCANDALS:

Thomas Group To Review Stock Option Grants. The AP (2/4) reports, "Thomas Group Inc., a management consulting firm, said Friday that it is initiating a review of its past stock option granting practices and will report its fourth-quarter and full-year results when the review is complete." The AP continues, "The company said that the stock options review was initiated voluntarily and not in response to an inquiry by the Securities and Exchange Commission or any other regulatory agency. More than 100 companies are under investigation by the SEC or Justice Department for their stock option granting practices, and at least 93 others have launched their own internal reviews, according to an Associated Press review." The AP adds, "Thomas said it plans to report its full quarterly and full-year earnings and file its Form 10-K annual report by the March 31 filing deadline. … The company did report revenue for the quarter ended Dec. 31 and the full year. Thomas said quarterly revenue increased 26 percent to $14.8 million from $11.7 million in the year-earlier period. For the full-year, revenue increased 38 percent to $59.5 million from $43.1 million in 2005."

CRIMINAL LAW:

Libby Trial Spotlights Cheney's Role In Rebutting Wilson. The Washington Post (2/4, A5, Smith, Leonnig, 690K) reports, "the unanswered question hanging over [Vice President Cheney's former chief of staff Scooter] Libby's trial is, did the vice president's former chief of staff decide to leak that disparaging information on his own? No evidence has emerged that Cheney told him to do it. But

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Cheney's dictated reply [regarding Joseph Wilson's NYTimes op-ed] is one of many signs to emerge at the trial of the vice president's unusual attentiveness to the controversy and his desire to blunt it. His efforts included the extraordinary disclosure of classified information, including one-sided synopses of Wilson's report and a 2002 intelligence estimate on Iraq. Under questioning from FBI agent Deborah S. Bond, Libby acknowledged that he and Cheney 'may have talked' aboard the plane from Norfolk that day about whether to make public Plame's CIA employment, Bond testified Thursday. Her testimony brought Cheney closer than ever to the heart of the controversy surrounding the Bush administration's efforts to discredit Wilson."

Libby Lawyers Fighting Release Of Grand Jury Testimony Tapes. The AP (2/4, Apuzzo) reported, "Former White House aide I. Lewis 'Scooter' Libby is fighting to keep his grand jury testimony about the leak of a CIA officer's name from being released and broadcast. That testimony -- the sworn statements Libby gave investigators about his conversations with Vice President Cheney and journalists -- is at the heart of his perjury trial. Special prosecutor Patrick Fitzgerald plans to play hours of recordings of that testimony in court next week to bolster his case that Libby lied and obstructed Fitzgerald's leak investigation." The AP noted, "If the tapes are released, they could be broadcast on television, radio and online. U.S. District Judge Reggie B. Walton said he worried that would sensationalize an already public trial."

Prosecutors Could Rest Case As Soon As Tuesday. CNN.com (2/4, Courson) reported that prosecutors "plan to rest their case as soon as Tuesday. Nearly a dozen witnesses have taken the stand in the past two weeks. The last witness is expected to be Tim Russert, moderator of NBC's 'Meet the Press.'" CNN added that Special Prosecutor Patrick Fitzgerald "wants the jury to consider two undisclosed newspaper articles Libby had saved in his office files. Defense attorneys have objected, saying the articles contain all manner of hearsay they would not be able to challenge in court. U.S. District Judge Reggie Walton hopes to rule on the evidence by the time the trial resumes Monday."

Rich Says Cheney "Lost It" During Interview. The New York Times' Frank Rich (2/4, WK16) writes, "In the days since Dick Cheney lost it on CNN, our nation's armchair shrinks have had a blast. The vice president who boasted of 'enormous successes' in Iraq and barked 'hogwash' at the congenitally mild Wolf Blitzer has been roundly judged delusional, pathologically dishonest or just plain nuts. … The vice president's on-camera crackup reflected his understandable fear that a White House cover-up was crumbling. He knew that sworn testimony in a Washington courtroom would reveal still more sordid details about how the administration lied to take the country into war in Iraq. He knew that those revelations could cripple the White House's current campaign to escalate that war and foment apocalyptic scenarios about Iran. Scariest of all, he knew that he might yet have to testify under oath himself."

Libby Defense Seeks To Block WPost Articles. The Washington Post (2/4, A5, Leonnig, 690K) reports, "The day of his interview with the FBI" Libby "hand-marked copies of two Washington Post articles about the breadth of a criminal leak investigation -- and underlined were passages suggesting that any official who had told reporters about a CIA officer could be in legal jeopardy, prosecutors said in court filings yesterday. Government prosecutors argued that the October 2003 articles -- stored in former chief of staff I. Lewis 'Scooter' Libby's personal folders, and printed from the Internet at his request -- show that Libby had a motive to lie about his secret conversations with reporters and knew that he could be in trouble. The prosecutors are urging presiding U.S. District Judge Reggie B. Walton to let the articles be placed into evidence so the jury can see them. … Defense attorneys argued in competing filings yesterday that the Oct. 4 and Oct. 12 articles, written by Walter Pincus and Mike Allen, would prejudice the jury against Libby. They say the articles are 'inflammatory' because they indicate that Plame had been engaged in covert work in recent years and that revelations about her identity could harm national security interests -- both issues that, they argue, the judge has ruled are not relevant to Libby's trial."

Reporter Provides Behind-The-Scenes Look At Libby Trial. In a behind the scenes look at the trial of Vice President Cheney's former chief of staff I. Lewis "Scooter" Libby, CNN.com (2/4) reporter Kevin Bohn reports, "As the trial… goes on, we are learning more and more about special counsel Patrick Fitzgerald's investigation, which was prompted by the leak that Valerie Plame was an undercover CIA agent. … Now we learning what witnesses told FBI agents or testified before a grand jury, and we are gaining more insight through the release of many documents related to the case. … Those range from a mundane calendar of then-Undersecretary of State Marc Grossman to the often-talked about memo from the State Department's intelligence

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unit about former ambassador Joseph Wilson's 2002 trip to investigate claims that Iraq was trying to obtain uranium in Africa." CNN adds, "We have seen correspondence between the Justice Department and Fitzgerald's office and Vice President Dick Cheney's office asking for documents, as well as subpoenas that were issued. … In fact, David Addington, the vice president's current chief of staff, says his office handed over more than 12,000 documents as part of the probe, including many handwritten notes from Libby himself. … Some of those notes had to be analyzed by experts to figure out exactly what Libby was saying since his handwriting is notoriously bad." CNN notes, "One unusual thing in this trial: allowing the jurors to ask questions of witnesses. Lawyers say it's rare in federal courtrooms but occurring more in some federal trials. … The presiding judge, Reggie Walton, is a former superior court judge where this practice is more common. Some lawyers say there is a lot of discussion about this type of activity to try to get the jury more involved and to allow them to address any doubts they might have. … Jurors have so far posed several questions for most of the witnesses."

FBI Investigating Miller's Failure To Pay Taxes On Land Sales. The New York Times (2/4, A20, Steinhauer, Shenon, 1.16M) reports the FBI is investigating whether Rep. Gary Miller "improperly used an unusual tax provision to avoid paying capital gains taxes on profits from land sales to California cities, law enforcement and government officials said. Last summer, Citizens for Responsibility and Ethics in Washington, a watchdog group, filed a complaint with the Internal Revenue Service saying that Mr. Miller had failed to pay capital gains tax on the 2002 sale of 165 acres in Monrovia, Calif. The complaint said Mr. Miller invoked a rarely used provision that allows tax deferment if the land that is sold is facing an eminent domain threat and the protected proceeds are reinvested within two years. Mr. Miller, who would have faced about a 30 percent tax on the property under a normal sale, used the roughly $10 million in profits from the Monrovia sale to buy property in Fontana, Calif., from Lewis Operating Corp., one of his major campaign contributors, and then resold some of that land to the City of Fontana in 2005 and later in 2006."

FBI Arrests Longtime Kentucky Mayor On Suspected Corruption Charges. The Lexington Herald-Leader (2/4) reported, "Federal authorities have arrested a longtime Eastern Kentucky mayor who lost re-election last November. Former Manchester Mayor Daugh K. White was being held yesterday at the Laurel County Detention Center on federal charges," although the "charge against White was not available. The FBI raided Manchester City Hall last October and seized a variety of records, but has not disclosed the nature of its investigation. However, a state audit released in December said that while White was mayor, the city misused taxpayers' money by paving more than 30 private driveways, making undocumented loans to employees and private companies and paying for personal travel expenses of city workers." The Herald-Leader notes, "White becomes the third Clay County public figure arrested by federal authorities in the last few months."

Indictment Expected Soon In FBI Probe Of Pennsylvania State Senator. The Philadelphia Inquirer (2/4, Shiffman, Cattabiani, McCoy) reported, "The four-year investigation of State Sen. Vincent J. Fumo is coming to an end, and lawyers familiar with the case expect him to be indicted soon, possibly as early as Tuesday. Fumo, one of the most powerful politicians in Pennsylvania, last year received a target letter -- a formal notice that he is likely to face charges related to the fraud and obstruction-of-justice probe. … 'He's looking forward to clearing his name,' said a person close to the Philadelphia Democrat." The Inquirer noted, "Since 2003, the FBI and IRS have grilled everyone from Fumo's florist to a Senate-paid private eye. … But the heart of the case appears to be whether Fumo illegally exploited a multimillion-dollar South Philadelphia charity to fund his personal and political agenda - using it, as one person close to the case put it, 'as his personal piggy bank.'"

FBI Probe Of Perata Appears To Have Stalled. The San Mateo County Times (2/4, Harmon) reported, "Senate President Pro Tem Don Perata has spent nearly $1 million defending himself against a federal probe into whether he illegally funneled money to family and close associates. But more than two years after the harsh light of suspicion first fell on the 61-year-old East Bay Democrat, the FBI investigation appears to have fallen quietly into a black hole of obscurity. The flurry of subpoenas flying out of FBI offices in San Francisco has slowed to an apparent stop. There haven't been any publicly acknowledged FBI interviews of witnesses since last summer." The Times added, "Perata refuses to talk about the investigation with reporters and it

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appears to be a nonissue in the Capitol. … But no one knows if another shoe is out there ready to drop. The FBI has made no comment on where the investigation is, whether they're about to indict or if they're ready to close up shop — and a spokeswoman said they won't comment."

Scope Of "Operation Dollar Bill" Continues To Expand. The Providence Journal (2/4, Stanton) reported, "Politicians are looking over their shoulder, witnesses are lawyering up and the FBI and state police have spent many hours at the State House library, poring over the arcane details of committee votes and the travel of legislation. Welcome to Operation Dollar Bill, the newly minted federal corruption probe that seeks to connect the dots between dollars, as in payoffs, and bills, as in legislation." The Journal added, "Like a hurricane gathering force, a case that began three years ago with one state senator, John A. Celona, has gained sufficient strength to recently earn its own name in the FBI register. Not since Operation Plunder Dome, the corruption probe of Providence City Hall that brought down Mayor Vincent A. Cianci Jr., has Rhode Island seen such a high-profile public corruption case. And this case is bigger. While Plunder Dome focused on one mayor and one city, Operation Dollar Bill encompasses 'multiple entities and a lot of players,'" according to US Attorney Robert Clark Corrente. However, "Corrente noted last week that an investigation does not necessarily lead to criminal charges, and he declined to identify specific targets."

FBI Investigating Top Aide To Minnesota Sheriff. The St. Paul Pioneer Press (2/3, Gottfried) reported, "Ramsey County Sheriff Bob Fletcher said Friday the FBI is investigating a high-level civilian aide in his department. Mark Naylon, a public information officer and Fletcher's friend, is being investigated for allegations of criminal conduct, the sheriff said. … No other county employees were being investigated, he said." The Pioneer-Press noted, "The FBI contacted Fletcher about its investigation into Naylon for the first time Friday and asked for a meeting, the sheriff said. Agents requested documents and access to employees for interviews. Fletcher said his office is cooperating." The Minneapolis Star Tribune (2/4, McEnroe, Smith, Padilla) added, "Sources have told the Star Tribune that the FBI is particularly interested in Naylon's relationship with the Hell's Outcasts motorcycle gang, which has a history of gun and drug trafficking. … Officially, Naylon is the office's public information officer. Fletcher said that Naylon also has played a key role for the office's interaction with drug and gun task forces."

Killings Of Four Indiana Men Spark Fear Among Homeless. The New York Times (2/4, Saulny) reports, "The first two bodies were found on a hunch in early January in South Bend, Ind., during a search of an old industrial part town. Two police officers popped open the lid of a manhole and down there, beaten to death and stacked upright one above the other, were two missing men, Michael S. Nolan Jr. and Michael W. Lawson." The Times continues, "Just three days later, as the investigation expanded, the police opened another manhole about 100 yards away from the first and found two more men, Jason A. Coates and Brian Talboom, their bodies bludgeoned and discarded underground the same way. … To one officer on the scene, Sgt. David Wells, the discovery seemed more like something from a dark crime drama than anything that tranquil and academic South Bend had ever experienced. 'It was really horrific,' Sergeant Wells said. 'And really perplexing.'" The Times notes, "The four men had only two things in common: they lived together in a burned-out building that they had painstakingly transformed into a makeshift home. And they made money by 'scrapping' — hunting the urban landscape for increasingly valuable and marketable metals like copper and brass to sell to recyclers and construction businesses. … On Saturday night, the police announced that two homeless men had been arrested and charged with murder in the four deaths, said Capt. Jeffrey Walters of the South Bend Police Department. … The men, Daniel J. Sharp, 56, and Randy L. Reeder, 50, were being held in St. Joseph County, Ind., and Berrien County, Mich., respectively, according to The Associated Press. The police said Mr. Sharp and Mr. Reeder killed the four men because they believed they had stolen salvaged scrap metal that Mr. Sharp and Mr. Reeder had intended to sell. … The killings have fostered a sense of dread in the unusually tight-knit community of homeless men and women in South Bend."

Michigan Man Sentenced For Offering Bribe To Iraqi Police Official. The AP (2/4) reports, "A suburban Detroit man who worked as a translator in Iraq was sentenced today to three years in prison for offering a bribe to a police official for the purchase of armored vests and other equipment for $1 million." The AP continues, "Faheem

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Mousa Salam, 29, was sentenced in U.S. District Court for the District of Columbia by Judge Richard J. Leon, according to a statement from the Justice Department. … Salam, of Livonia, pleaded guilty on Aug. 4 to violating the Foreign Corrupt Practices Act." The AP adds, "He admitted that he offered $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, the Civilian Police Assistance Training Team, prosecutors said. Salam said he had 1,000 vests and a sophisticated map printer to sell. … Salam tried to complete the sale with someone he believed was an official of the training group, but who actually was an undercover agent of the Special Inspector General for Iraq Reconstruction. Salam offered the agent a separate payment of $28,000 to $35,000 for his help."

US Indicts Missouri Man On Child Pornography Charges. The Jefferson City (MO) News Tribune (2/4) reports, "David Matthew McCormick is facing new federal charges after a grand jury on Friday issued a new indictment in his case." The Tribune continues, "Bradley J. Schlozman, the United States Attorney for the Western District of Missouri, announced in a Friday news release the federal grand jury in Jefferson City added a charge in its new, two-count indictment that replaces one issued last Nov. 6. … McCormick, 20, now is charged with possessing child pornography on April 27, 2005, and distributing child pornography over the Internet on March 26, 2005." The Tribune adds, "Friday's indictment also includes a forfeiture allegation, which would require McCormick to give the government any property used to commit the alleged crimes, including two computer hard drives, a computer tower, a compact disc and a cellular camera telephone. … Schlozman said the case is being brought as part of 'Project Safe Childhood,' a nationwide federal Justice Department initiative designed to protect children from online exploitation and abuse launched in February 2006 by U.S. Attorney General Alberto R. Gonzales. … The national effort is led by the United States Attorneys' offices, with help from federal, state and local resources to identify and rescue victims and to better locate, apprehend, and prosecute individuals who exploit children using the Internet."

Report Raises Questions About Weed & Seed Grant Spending. The Andover (MA) Eagle Tribune (2/4, Chelf, Church) reports from Methuen, MA, "Methuen police Capt. Kristopher McCarthy treated himself and other top police brass to an afternoon snack of pretzels and water at an Atlanta mall in March 2005 and billed taxpayers $11.22. … Later on, someone wanted cheese sauce, and taxpayers picked up that tab, too - a bill for 45 cents at Mr. Pretzel. … These expenses were among $27,000 in travel costs billed to a $1 million federal grant meant to fight crime in the Arlington district, the city's poorest neighborhood. The receipts are just a small part of the police spending records subpoenaed by the federal government last August. The U.S. attorney's office will not discuss the subpoena, its investigation or whether it is looking into the travel costs." The Tribune continues, "An Eagle-Tribune analysis of the records shows that between 2001 and 2006, the grant known as 'Weed and Seed' paid for 11 trips to conferences across the country for seven people - police Chief Joseph Solomon, his secretary Patricia Giarrusso, Deputy Chief Joseph Alaimo, Lt. Kevin Mahoney, Sgt. Michael Havey, Capt. Katherine Lavigne and McCarthy. … For the first several trips, police officials documented their expenses with receipts backing up each reimbursement claim. But by 2005, police began using a per diem system granting themselves a daily spending allowance. Fewer supporting documents were provided." The Tribune adds, "During the March 2005 trip to Atlanta, Solomon, Giarrusso, Mahoney and McCarthy stayed for nearly six days at the Hyatt Regency on the government's dime. They had dinner at the Hard Rock Cafe, racked up a $70 breakfast bill for three at the Hyatt Hotel, spent another $203 for dinner at a Brazilian steakhouse and took more than $400 worth of cab rides. … McCarthy also expensed $8.06 for breakfast at Logan Airport in Boston. Solomon was paid $305.59 for food and transportation on the trip, but did not submit receipts to the city. … Five months later, the group got together in Los Angeles and did it all again." The Tribune notes, "Solomon, in a written response to questions for this story, said the trips 'form an integral part of the Weed and Seed program' and that federal grant officials expect attendance."

LATimes Mocks Government Efforts To Curtail Gambling. The Los Angeles Times (2/4, 850K), in an editorial, writes, "President Bush in October signed the Unlawful Internet Gambling Enforcement Act, a law intended to resolve any ambiguities about the unlawfulness of placing bets online. Although most fans in the free world can place bets with regulated online casinos, U.S. law enforcement has

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been busy cracking down on the heinous crime, going after enabling credit card companies, detaining those who run legal foreign online sites if they deign to enter the country and subpoenaing major Wall Street investment banks involved in overseas initial public offerings of online casinos. It's another brazen attempt to extend prudish American mores to other jurisdictions."

CIVIL LAW:

FTC Fines Telemarketer $1 Million For Violations. The AP (2/4, Rugaber) reports, "Federal regulators have slapped a $1 million penalty on a telemarketer that automatically dialed and then illegally hung up on more than 64 million people." The AP continues, "A Florida-based company known as The Broadcast Team settled charges brought by the Federal Trade Commission and the Department of Justice by agreeing to a court order that will bar them from making similar calls in the future and require them to pay a $1 million penalty. … The Broadcast Team also called more than a million numbers on the national Do Not Call Registry, the FTC said. … The company's principals, Robert J. Tuttle and Mark S. Edwards, were also named in the FTC's complaint." The AP adds, "The FTC said that the company was able to deliver over a million recorded messages per day to voice mailboxes and answering machines. But the company violated the commission's telemarketing sales rule by calling tens of millions of numbers and, when the calls were answered by people, hanging up or playing a recording. … The commission's rules require that calls answered by a person rather than an answering machine be connected to a live representative within two seconds, and not be 'abandoned' by hanging up or playing a recording. … Telemarketers that make sales calls or for-profit telemarketers seeking charitable contributions are bound by the restrictions on abandoning calls, the commission said. .. .And the Broadcast Team received more than $2 million in revenue for telemarketing calls that violated the FTC's telemarketing sales rules, the commission said last year." The AP notes, "The Justice Department first filed a complaint in federal court at the FTC's request in December 2005. The complaint said the company abandoned 64 million calls on behalf of debt management companies and more than 450,000 calls made for charities and other purposes. … The complaint also said that the company violated the law by calling numbers on the national "Do Not Call" Registry and for making calls without paying the required annual fee for access to that Registry."

ITT To Settle US-China Technology Case. Bloomberg (2/4, Schmidt, Capaccio) reports, "Defense contractor ITT Corp. may pay as much as $100 million to resolve U.S. charges the company violated export control rules by allowing the transfer of night- vision technology to China, people familiar with the case said." Bloomberg continues, "ITT, the world's biggest maker of night vision goggles, is in advanced talks with Justice Department prosecutors in Virginia, said the people who asked not to be identified because negotiations with the government are continuing and the size of the settlement could still change. The agreement probably will be announced within a few weeks, the people said." Bloomberg adds, "China has been energetic in trying to obtain so-called Generation 3 night-vision technology and develop ways to counteract the devices, analysts say. The goggles, binoculars and scopes are used by soldiers to see clearly when fighting in darkness and low light. … The settlement would be ITT's second in a little more than two years for export control violations. In November 2004, the company agreed to settle a State Department civil case by paying $8 million and improving its internal controls for preventing sensitive technology from falling into the wrong hands. … The company must still honor the terms of the settlement in that case, which involved export violations of night-vision technology and remote sensing equipment for satellites. The agreement with the State Department requires ITT to submit to heightened government scrutiny, including arranging for on-site audits at the request of the agency, until 2009."

CIVIL RIGHTS:

Concerns Raised About Report Showing Increase In NYPD Searches. The New York Times (2/4, Lee) reports, "On Friday, the New York Police Department released a report showing that police officers stopped 508,540 people on city streets in 2006, an average of 1,393 a day and quintuple the number from 2002. While it was difficult to find a consensus on the significance of those statistics — good patrolling, overly aggressive officers and more faithful recordkeeping are just a few explanations — it was not hard yesterday in Red Hook to find a handful of that number walking around. … More than half of those stopped,

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and sometimes frisked, by the police were black. The Red Hook projects have a large black population, a history of crime problems and, at least in a few young men, a wariness of the police." The Times adds, "At a press conference outside police headquarters yesterday, representatives of black and Hispanic officers' groups called the data damning, and renewed calls for Police Commissioner Raymond W. Kelly to step down. … The Police Department said that officers stop people only if they are suspected of committing a crime, and that the practice is vital in getting guns off the streets. About 21,000 of the stops ended in arrests and about 29,000 in summonses."

Officer Convicted In Louima Case To Finish Sentence In NY Halfway House. The New York Times (2/4, Ramirez) reports, "A former police officer convicted of perjury in the 1997 assault on Abner Louima, a case that scarred both the city's race relations and its police force for years, has been released from prison to a halfway house in upstate New York, his lawyer said yesterday." The Times continues, "The officer, Charles Schwarz, 41, was released from a minimum-security facility on a former Air Force base in Duluth, Minn., more than two months ago, said the lawyer, Ronald Fischetti. Mr. Schwarz is expected to complete the remainder of his five-year sentence in May. … Mr. Fischetti would not disclose the location of the halfway house but said Mr. Schwarz's wife, Andra, and 2-year-old son, William, lived nearby. … Mr. Schwarz 'plans to relocate in a different area and doesn't plan to come back to the city,' Mr. Fischetti said, because of unwanted press attention." The Times adds, "In August 1997, Mr. Louima, a Haitian immigrant arrested after a nightclub disturbance, was beaten in a police station's bathroom by an officer who then sodomized him with a broomstick. The officer, Justin A. Volpe, later pleaded guilty and was sentenced to 30 years in prison. … Mr. Louima has contended that there was a second officer in the bathroom, Mr. Schwarz. Mr. Schwarz has denied the allegation, and Mr. Volpe also said Mr. Schwarz was not there."

California Taser Task Force To Study Weapon's Effects. The San Jose Mercury News (2/4, Wykes) reports, "The members of the Palo Alto Taser Task Force, beginning their journey toward a decision about whether stun guns should be a part of any police officer's equipment in the city, will get as close as they can Tuesday to test-driving the experience." The News continues, "Part of Palo Alto Police Chief Lynne Johnson's presentation will include videos of people being shocked with a stun gun. … These videos were taken in real-life situations by other police agencies, Johnson said." The News adds, "At last week's meeting, Johnson told the panel that the presentation would include a live Taser stunning of a volunteer from the police department. … Some members of the task force balked at the idea, not wanting to be directly responsible for a deliberate infliction of pain, so Johnson changed to the video format. .. But she held fast to the idea that if the task force is going to educate itself as wholly as possible, the use of a stun gun is important to see." The News notes, "In November, the family of a Fresno man, who died after being stunned by San Jose police, filed a federal lawsuit claiming he was the victim of excessive and unreasonable force. The Santa Clara County coroner included the use of the Taser and pepper spray as a contributing factor in the man's death -- one of the first times that has happened in Santa Clara County. …More than a quarter-million Tasers are in use by police departments nationwide and justified as a control method far less lethal than a gun. … The San Jose Police Department was the first in the Bay Area to use the weapon. Other Taser-carrying departments now include Gilroy, Fremont, Morgan Hill, Belmont, San Bruno, San Mateo and San Mateo County SWAT teams. … The U.S. Justice Department is reviewing its use and researchers at Wayne State University in Indiana are applying biomedical engineering to determine if a stun gun can be made safer by lessening its power."

Curb Cuts Offer Disabled An Easier Way To Get Around. McClatchy Newspapers (2/4, Greve) reports, "The barricades that quadriplegic Ed Roberts and his comrades stormed nearly 40 years ago were a few inches high. Yet today, millions of Americans pass daily through the breaches they created. … Curb cuts, the breaches are called. Or curb ramps." McClatchy continues, Since 1990, the Americans with Disabilities Act has required them in construction, renovation and wherever a city does major street or sidewalk work. All this curb-ramp building has helped the United States lead the world when it comes to providing public access for people with disabilities. … 'For all this country's many faults, one thing we do better than anybody is architectural-barrier removal,' said Mary Lou Breslin, the co-founder and senior policy adviser of the Disability Rights Education and Defense Fund, based in

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Berkeley. By her estimate, more than 60 countries are trying to catch up." McClatchy adds, "Curb ramps also are a boon for bicyclists, stroller-pushers, skateboarders and in-line skaters. They're a help, too, for travelers with wheeled luggage and delivery truckers with hand carts. … In fact, nine out of 10 unencumbered pedestrians will veer off course to take advantage of a curb ramp, according to Jim Terry, an architect specializing in accessible design who studied pedestrian behavior at a shopping mall in Sarasota, Fla." McClatchy notes, "Curb ramps are crucial to independence for people who use wheelchairs, according to architect Bill Hecker of Hecker Design Ltd. in Birmingham, Ala., a specialist in access for people with disabilities. … It's unclear how many ramps are in existence or how much they've cost. The simplest single curb ramp runs about $900, according to Hecker. As a rule, cities put them in when it's convenient or when the Justice Department convinces them that they must."

Former Louisiana Deputy Claims Home Seizure Violated Rights. The Monroe (LA) News-Star (2/4, Gunter, Temple) reports, "Another volley has been fired in the dispute between the Ouachita Parish Sheriff's Office and some of its former deputies." The News-Star continues, "Former deputy Stan Felts said he has filed a federal civil rights complaint against Lt. Mike Rowlan and Chief Deputy Joe Davis. … Felts was a 16-year employee of the Sheriff's Office and headed up the department's Special Crimes Apprehension Team before resigning Jan. 4 with the rank of sergeant. His resignation came in the middle of an Internet scandal that accuses the department of corruption. The complaint alleges that Davis and Rowlan, who has been the major target of the Internet postings, conspired under color of the law to deprive Felts and his wife of their civil rights to privacy." The News-Star adds, "The complaint states that Rowlan, under Davis' direction, tried in July 2003 to remove a personal computer from Felts' western Ouachita Parish residence without probable cause or without trying to obtain a search warrant. … Felts' federal filing follows a lawsuit filed Jan. 25 by Rowlan naming three former deputies — Gene Caviness, Jacob Greer and Todd Newton — claiming defamation, invasion of privacy and Internet stalking. The postings on the Copwatch.com Web site accuse Rowlan of illegal activity and accuse Sheriff Richard Fewell of covering up for him. Rowlan works with Metro Narcotics Unit, and the postings on Copwatch.com revealed his identity by showing his driver's license photo and even his home address." The News-Star notes, "Only Greer was employed by the department at the time of the Internet postings and was fired after an internal investigation revealed he passed along his personal identification number to Newton so Newton could enter the Thinkstream law enforcement information center. Newton had left the Sheriff's Office for a job with the West Monroe Police Department. … Caviness was working with the FBI Task Force through his employment with the East Carroll Parish Sheriff's Office. After the internal investigations by the Sheriff's Office and West Monroe police, Caviness resigned his job with FBI Task Force but still works with the East Carroll Sheriff's Office."

DOJ Asked To Monitor New York Election. The New York Times (2/4, Lambert) reports, "The already ferocious campaign to fill a State Senate seat on Long Island reached a new pitch yesterday with a mass mailing featuring Osama bin Laden, accusations of improper donations, and a request for federal monitors to guard against voter intimidation at the polls on Tuesday." The Times continues, "The contest has drawn intense statewide political attention because a Democratic victory would edge that party closer to controlling the Senate. Unions and other special interest groups are funneling money and workers into the contest, which could become New York's most expensive state legislative race. … Gov. Eliot Spitzer has taken a direct role by campaigning and filming a television commercial for the Democratic nominee, Craig M. Johnson. Equally determined to preserve their majority, top Republicans are marshalling their forces behind their candidate, Maureen O'Connell." The Times adds, "Citing fears that Republicans will challenge the legitimacy of Democratic voters on Election Day to sway the outcome, the Democratic campaign formally asked the United States Department of Justice to dispatch monitors to polling places to prevent 'voter intimidation' and voting delays. … 'Independent federal monitors are critical to ensure a fair election,' the request said. A Justice Department spokeswoman said the request was under review."

The Long Island Newsday (2/4, Hadrick) reports, "Democrats raised the issue of intimidation this week after Republicans requested that poll inspectors be supplied with voter challenge forms and validation oaths. … Nassau Republican Chairman Joseph Mondello said, 'We welcome federal monitoring because it will prevent anyone from running people in from New York City who are not eligible to vote in Nassau County.'" Newsday adds, "A Justice

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Department spokeswoman said the agency is considering Johnson's request and will decide by Monday 'if there is a factual and legal basis that warrants' monitors."

US Shiites Complain Of Discrimination By Sunni Organizations. The New York Times (2/4, A1, MacFarquhar, 1.16M) reports, "Escalating tensions between Sunnis and Shiites across the Middle East are rippling through some American Muslim communities, and have been blamed for events including vandalism and student confrontations. … Some Shiite students said they had faced repeated discrimination, like being formally barred by the Sunni-dominated Muslim Student Association from leading prayers." According to the Times, "At the University of Michigan's campus in Dearborn, the Muslim association pushed through rules that effectively banned Shiites from leading collective prayers. … At Rutgers University, the tension started last year after…conservative Sunni students began openly mocking Shiites, and considered barring women from leading the student association. Several students involved said the group was heavily influenced by teachings from Saudi Arabia."

California To Export Inmates To Other States. The New York Times/AP (2/4, A23) reports, "As many as 5,000 California convicts will be transferred out of state to ease an overcrowding crisis in the state prison system, the top corrections official said Friday. 'We are severely overcrowded, and the need for more space is absolutely critical,' James E. Tilton, the secretary of the Department of Corrections and Rehabilitation, said in a statement. 'This decision is being made to protect public safety.' In December, a federal judge warned that he would start releasing inmates early or prohibit convicts from being sent to state prisons from county jails unless the state acted immediately to ease overcrowding. The threat followed an executive order signed by Gov. Arnold Schwarzenegger in October authorizing voluntary and involuntary transfers of up to 5,000 inmates."

ANTITRUST:

Faked Letters Cloud Dispute Over Monsanto's Bid For Delta & Pine. The St. Louis Post-Dispatch (2/4, Melcer) reports, "Biotech crop giant Monsanto Co.'s proposed purchase of the nation's largest cottonseed company is alarming some farmers and agribusiness competitors — but Charles Martin isn't one of them." The Post-Dispatch continues, "Martin said he doesn't know how a letter opposing the deal, bearing his name, address and purported signature, was sent to a U.S. senator by a former congressional colleague as part of a lobbying campaign. … The letter identifies Martin as a longtime family farmer. 'Somebody is using my name falsely,' said Martin, a retired mechanical engineer from Hawkinsville, Ga. 'I've never farmed. … I can't even raise dust.'" The Post-Dispatch adds, "The letter is one part of varied efforts aimed at derailing Creve Coeur-based Monsanto's plan to buy Delta & Pine Land Co. of Scott, Miss., for $1.5 billion. Opponents say the acquisition would give Monsanto too much control over American cotton. … Some opponents are pushing for congressional hearings on the deal, which Washington observers say are unlikely. Letter-writing campaigns are sparking interest among states' attorneys general; 32 have requested information from Monsanto. Staff at a Minneapolis public-relations firm are e-mailing appeals for an outcry in regions where no cotton is planted. … Monsanto already provides — and profits from — genetic traits that last year protected nearly 86 percent of the U.S. cotton crop from worms, herbicide or both, according to data from the Agriculture Department. … If Monsanto buys D&PL and fulfills a related promise to sell its own Stoneville cottonseed business, Monsanto's share of the U.S. cottonseed market will jump to nearly 50 percent, up from about 12 percent. In a half-dozen Southern states where D&PL is the preferred brand, that market share would top 85 percent."

Lame-Duck Delta CEO Leads Successful Takeover Resistance. The Atlanta Journal-Constitution (2/4, Hirschman, Grantham) reports, "At first glance, the battle for Delta Air Lines seemed likely to be a rout. … The youthful, dynamic executive team at US Airways seized the initiative last fall when it launched a surprise takeover bid that caught a wounded Delta off guard." The AJC continues, "The group had already transformed a second-tier airline, the Tempe, Ariz-based America West, into a major player by buying US Airways and taking its name a year earlier. By snatching Delta from bankruptcy court, 45-year-old Chief Executive Officer Doug Parker would get a tarnished gem and create the world's biggest airline in a single audacious stroke. … All that stood in the way was lame-duck Delta CEO Gerald Grinstein who, at 74, already planned to

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step down as soon as the Atlanta icon got out of bankruptcy court. He led a corps of untested executives who got their jobs when the previous executive team bailed out with controversial bonuses and protected pensions. Delta's 45,000-member work force had been battered by a string of layoffs, pay cuts and benefit reductions." The AJC adds, "Grinstein vowed to resist the US Airways offer, but some wondered if the opposition would wilt. Many airline analysts — always eager to see fewer players in the fractious industry — thought the deal would be a long-awaited catalyst for consolidation. … What neither US Airways nor Wall Street anticipated, however, was the high-spirited campaign Grinstein and Delta workers waged to defeat the merger proposal, which died last week when the airline's bankruptcy creditors refused to back it. Instead, they endorsed Delta's standalone reorganization plan, forcing Parker to abandon his $10 billion bid." The AJC notes, "Delta's strategy took advantage of Grinstein's long experience as a smooth boardroom operator and persuasive leader, as well as workers' hunger for a positive cause to rally around … It also benefited from the daunting obstacles that have long made large-scale airline mergers easier to talk about than pull off. While such deals may make financial sense, they are rarely popular with labor leaders, politicians or passenger advocates — and merger foes played those cards as well."

ENVIRONMENT/INDIAN AFFAIRS:

CDC Flu Pandemic Drill Halted By Weather Concerns. The Washington Post (2/4, A3, Brown, 690K) reports the Centers for Disease Control and Prevention "held a pandemic 'war game' here [Georgetown] last week but aborted it at midnight Wednesday, halfway through its planned 24-hour run. The reason -- ironically, but perhaps not surprisingly -- was concern about public safety. CDC did not want a hundred of its most valuable employees rushing on Thursday morning over ice-slick roads to a mock disaster. … CDC's director, Julie L. Gerberding, who spent Wednesday facing nail-biting pseudo-decisions -- and made the real one to call things off -- was happy with half a pandemic."

Administration's "Interference" With Climate Change Research Denounced. In an op-ed for the Los Angeles Times (2/4, 850K) Chris Mooney, author of 'The Republican War on Science,' and Alan Sokal, professor of physics at New York University, write, "By beginning to investigate the Bush administration's interference with scientists' work on global warming, the Democratic Congress has embarked on a key task: restoring respect for science — and more generally, for evidence and reason — in the federal government. That we need such reform, and from Democrats, is a historic irony, because it's the Republicans who have often tried to paint themselves as defenders of 'sound science' against ideologically motivated attacks."

Bush's Global Warming Measures Considered "Demonstrably Inadequate." The New York Times (2/4, WK15, 1.16M) editorializes, "Should Congress require any further reason to move aggressively to limit greenhouse gas emissions, it need only read Friday's report from the Intergovernmental Panel on Climate Change, the world's authoritative voice on global warming. … As we have learned over the years, talk is cheap in Washington, while meaningful action is almost certain to be expensive. President Bush has brandished those very real costs of moving to a new energy-delivery system again and again to argue against mandatory caps on emissions and to make the case for his own cost-free (and demonstrably inadequate) program of voluntary reductions. Yet what the panel is telling us is that the costs of doing nothing, especially to future generations, will be far greater than the price of acting now."

FBI/DEA/ATF/USMS:

FBI, Los Angeles Police Cracking Down On Rising Gang Violence. The Chicago Tribune (2/4, Martinez) reported, "With one recent study enumerating 40,000 members in 700 gangs in Los Angeles, the city is the originator and exporter of dangerous gangs gone national, such as the Bloods, the Crips and Mara Salvatrucha 13 (MS-13), said FBI spokesman Kenneth Smith. … Chicago Crime Commission President Jim Wagner acknowledged Los Angeles as a breeding ground for gangs that are now in Chicago's western suburbs." The Tribune added that "on Wednesday, local officials and the FBI office in Los Angeles will host a long-planned summit with law officials from the U.S., Canada and Central America on 'transnational' gangs such as MS-13, which has ties to El Salvador. During the conference, the mayor and police chief are expected to announce anti-gang programs emphasizing prevention and intervention, officials said.

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3rd Circuit Overturns Pennsylvania Man's Gun Conviction. The Pittsburgh Post-Gazette (2/4, Ove) reports, "Jason Korey, suspected by police of being a serial hit man and once described by one detective as 'John Dillinger Jr.' and by another as the 'closest to the devil I'll ever come,' again has proved a slippery target for prosecutors. … Already acquitted of two killings, and with charges of attempting a third withdrawn, he's won another legal battle." The Post-Gazette continues, "An appellate court has thrown out a federal gun conviction that would have sent him to prison for three decades. The case was built largely on evidence from a homicide trial that the district attorney's office lost. … The 3rd U.S. Circuit Court of Appeals ruled last month that faulty jury instructions by U.S. District Judge Gary Lancaster might have influenced jurors to convict Mr. Korey in 2005." The Post-Gazette adds, "The appellate court also took the unusual step of admonishing the judge for his handling of an inappropriate remark by the prosecutor. Judge Lancaster allowed an assistant U.S. attorney to launch into a speech to the jury instead of apologizing after the remark. … U.S. Attorney Mary Beth Buchanan is now considering whether her office will retry Mr. Korey, 24, of Baldwin Borough, whose ability to escape homicide charges has long frustrated Pittsburgh police." The Post-Gazette notes, "He was acquitted in 2000 in the 1999 slaying of William Kuhn III, 24, a South Side cocaine dealer. The decision outraged detectives, especially because they believed that Mr. Korey had beaten another murder charge in 1999 when he was acquitted in the killing of Joseph Brucker, 17, of Whitehall. … Police didn't give up, though, and turned instead to the federal court system. … As part of Project Safe Neighborhoods, a U.S. Justice Department crackdown on illegal guns, they teamed up with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives to link Mr. Korey and the .22-caliber pistol used in the Kuhn killing. … A jury found him guilty of using a gun during a drug-trafficking crime and Judge Lancaster sentenced him to nearly 33 years in prison. … But among several challenges to the sentence, his public defenders said he was denied a fair trial because of prejudicial jury instructions and because the judge allowed Assistant U.S. Attorney James Love to issue an 'apology for foul language that bolstered the prosecutor's reputation.'"

Police Reap Benefits Of Seized Assets. The New York Times (2/4, Domash) reports, "In 2001, federal Drug Enforcement Administration agents gave the Nassau County Police Department Asset Forfeiture Unit a license plate number that was registered to an elderly woman in the county. It was the only lead they had on a suspected major drug and money-laundering operation, but it paid off in arrests — and, for the Nassau police, much more." The Times continues, "After a two-year investigation started by that lead, the Forfeiture Unit executed six search warrants in Nassau County, New York City, Miami and Boston and seized guns, drugs, $300,000 in jewelry, $600,000 in vehicles, $750,000 in cash and $3 million in real property — assets with a total value of more than $4.6 million. Spinoff investigations are continuing, and officials expect that the total forfeitures will eventually exceed an additional $5 million. … Most of that money will wind up in the bank accounts of law enforcement agencies instead of the criminals', paying for a wide array of crime-fighting equipment." The Times adds, "By confiscating equipment used in a crime, like cars; the proceeds of a crime; or items purchased with those proceeds, like jewelry or houses, asset forfeiture is designed to strip criminals of their ability to continue illegal activities. But it also has financial benefits for the police and taxpayers. … Although the Suffolk County Police and some municipal departments have also received forfeiture money, the Nassau County Police have been in the forefront locally in getting it. And the payoff has been substantial. … Nassau County established its forfeiture office in 1992. Twelve years later, Suffolk County started a unit as part of its narcotics bureau. … The forfeiture process is overseen by federal, state and local regulations. Once a prosecution begins, the forfeiture action runs parallel to it, but the distribution is not made until the criminal action is completed. … Distribution is determined by federal and state laws that first require an administrative or judicial finding that the property seized is an instrument or proceed of criminal conduct. The laws then address how the seized assets will be distributed, including the share that each law enforcement agency involved in the investigation will receive."

IMMIGRATION:

Former Circus Acrobat Pleads Guilty In Visa Scam. The Washington Times (2/4, Seper) reports, "A former acrobat has pleaded guilty to charges of helping as many as 870 foreign nationals enter the United States illegally and making false statements in visa applications, the Justice Department said." The Times continues, "Assistant Attorney General Alice S. Fisher, who heads the Justice Department's

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Criminal Division, said Kristo Ivanov, 70, of Orlando, Fla., entered the plea Thursday before U.S. District Judge Donald P. Dietrich in federal court in Orlando." The Times adds, "In his plea agreement with federal prosecutors, Ivanov admitted that from 2001 to February 2006, he helped the illegal aliens enter or remain in the United States through fraudulent means, preparing visa applications falsely saying they were circus performers coming to work in Florida. … Mrs. Fisher said none of the aliens had been hired by any of the circuses listed in the visa applications, adding that they were 'simply a means for the aliens to enter or remain in the United States.' She said Ivanov charged each alien from $500 to $2,500 to prepare the applications. … 'Ivanov admits to helping hundreds of illegal aliens into the United States under false pretenses so that he could benefit financially,' Mrs. Fisher said. 'We will not allow this type of exploitation of our immigration system, which poses a risk to the security of our nation.' … A Bulgarian native who is now a naturalized American citizen, Ivanov came to the United States in 1980 as an acrobat for Ringling Bros. and Barnum & Bailey Circus. He has owned and operated a circus booking agency, Magic Star Entertainment, of Lake Mary, Fla., for more than five years and used that agency to sponsor illegal aliens to enter or remain in this country."

Contractors Decry Lack Of Rules For Hiring Immigrants. The Denver Post (2/4, Aguilera) reports, "Facing growing public criticism from activists opposed to illegal immigration, Colorado's construction contractors have begun to shed their reluctance to debate the issue publicly. … Contractors are joining a growing chorus of business leaders - including hotels, restaurants and agriculture - who say they are trying to hire only legal workers but lack a foolproof system for confirming an employee's legal status." The Post adds, "A company's best option is the beleaguered Basic Pilot Program, which uses Social Security numbers to verify worker eligibility. But federal authorities acknowledge that Basic Pilot can't reliably show when someone is misusing a citizen's identity. … As a result, the state's contractors say they are left with a difficult choice: Use Basic Pilot and risk hiring undocumented workers or aggressively profile prospective employees, which could lead to legal penalties." The Post notes, "Like contractors, meatpacking company Swift & Co. has walked both sides of the line when hiring, each time leading to federal scrutiny, observers say. … The company's efforts to confirm citizenship of its foreign applicants led to a Justice Department investigation in 2000. The company eventually paid a $200,000 settlement in 2002 and increased its reliance on the Basic Pilot Program. By 2006, however, federal authorities suspected Swift had become a job haven for illegal immigrants. In December, federal authorities raided six Swift plants and arrested 1,282 undocumented workers, many suspected of or charged with identity theft."

Immigration Fees Increase Deemed "Exorbitant" By NYTimes. The New York Times (2/4, WK15, 1.16M), in an editorial, notes, "Citizenship and Immigration Services, the beleaguered federal bureaucracy that makes new Americans, has announced plans to increase fees sharply to cover its costs. The agency is distinctive in the federal government for being entirely dependent on fees it collects. It is also notable for backlogs and what its director, Emilio Gonzalez, acknowledges are 'dingy buildings' and 'rude employees.' Mr. Gonzalez promises that if the agency is granted an average increase of 66 percent in the price of visas and citizenship papers, it will process applications more quickly and take other steps to fulfill its responsibilities, the costs of which have risen sharply since 9/11. … Advocacy groups on both sides of the immigration debate agree that the increases are exorbitant, and we agree."

TAX:

Court Upholds Evasion Ruling In New York Tax Case. The New York Times (2/4, Johnston) reports, "The federal tax court has ruled in favor of the Internal Revenue Service in a 14-year-old evasion case involving a now-dead lawyer who was one of the nation's leading tax advisers, millions of dollars in reported real estate kickbacks and a Supreme Court ruling that ended a longstanding practice of secrecy in tax court." The Times continues, "In the decision last week, Judge Harry A. Haines of the United States Tax Court ruled that the lawyer, Burton W. Kanter, and two associates had accepted kickbacks from the Pritzker family of Chicago, which owns the Hyatt hotels, and then evaded taxes on the payments. … Lawyers for the three said they were stunned by the decision and would appeal it, expecting it to go to the Supreme Court for a second time." The Times adds, "They said the decision ran counter to the findings of a special trial judge who heard the case in 1994. That judge, they said, determined that small amounts of tax

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were due because of technical violations but that there was no civil fraud. … The two associates are Claude M. Ballard, a former general partner at Goldman Sachs who before that was a real estate executive at Prudential Insurance, and Robert W. Lisle, a Prudential real estate executive who died before the original trial. Mr. Kanter died in 2001."

Netherlands Is Tax Shelter Hot-Spot For Royalty Earnings. The New York Times (2/4, Browning) reports, "Last spring, Keith Richards, the craggy-faced and hard-partying lead guitarist for the Rolling Stones, fell from a tree at a beach resort in Fiji, slamming his head against the trunk on his way down. Mr. Richards was flown to New Zealand, where a surgeon provided emergency care to treat swelling in his brain. While the accident forced the Rolling Stones to cancel part of their summer tour, Mr. Richards, 62, handily survived his plunge. … What two of the other three Rolling Stones apparently learned, including Mick Jagger and Charlie Watts, was that Mr. Richards's near-death experience meant that it was time to think about their heirs. For that, the aging rockers turned to a reclusive Dutch accountant, Johannes Favie, whose company, Promogroup, has helped them minimize their tax bills for more than 30 years. (The fourth Rolling Stone, Ron Wood, handles his finances apart from Promogroup.)" The Times adds, "And so, last August, according to details disclosed in documents maintained by the Handelsregister, the trade registry of the Netherlands, Promogroup helped the three performers set up a pair of private Dutch foundations that will allow them to transfer assets tax-free to heirs when they die. Other Dutch shelters that Promogroup has arranged for the three have already paid off handsomely; over the last 20 years, according to Dutch documents, the three musicians have paid just $7.2 million in taxes on earnings of $450 million that they have channeled through Amsterdam — a tax rate of about 1.5 percent, well below the British rate of 40 percent. … The Rolling Stones are not the only celebrities sheltering income in the land of tulips, windmills and Rembrandt. The rock powerhouse U2 has transferred lucrative assets to Amsterdam, as have other pop singers and well-known athletes, all of whom have used or continue to take advantage of the Netherlands' tax shelters, according to a Dutch tax lawyer who requested anonymity because of client confidentiality agreements." The Times notes, "When it comes to attracting celebrity wealth seeking shelter from taxes, the Cayman Islands and other classic Caribbean tax havens are receding in favor like so many waves on the beach, according to tax experts here and overseas. While old-school, offshore tax havens — the warm ones with tropical fish, off-the-shelf holding companies sporting post-office-box addresses, and scant regulation or transparency — still attract money, they are largely patronized, tax lawyers and entertainment bankers say, by hedge funds and private equity firms looking to protect lush trading profits from taxes. … But for earnings derived from intellectual property such as royalties, the Netherlands has become a tax shelter of choice. With celebrities lending their names and images to clothing lines, licensing their hit songs to corporate sponsors, seeking roles in Hollywood and engaging in other ventures that generate significant taxable income, the Dutch system, which does not tax royalties, offers a nifty shelter."

CONGRESS-ADMINISTRATION:

Bush Proposing 11% Pentagon Spending Jump, Medicaid And Medicare Cuts. The AP (2/3) reports the Pentagon "is the big winner in President Bush's proposed budget for next year, while domestic items such as aid to schools and grants to local governments will get slight increases. Medicare and Medicaid, the health program for the poor and disabled, would shoulder modest but politically difficult cost curbs in the budget the White House is submitting to Congress on Monday. Some $18 billion in budget savings would come from farm programs over five years. … Domestic agencies would not face an outright cut, as proposed last year, but would see increases averaging 1 percent, White House Budget director Rob Portman said. That is less than anticipated inflation, but higher costs for veterans' health care probably would result in a larger than average increase." The Pentagon "would get an 11 percent increase, to $481.4 billion in its core budget. And that is before accounting for an additional $235 billion in war costs over the next year and a half." The AP notes Bush's plan "will get a skeptical reception from the Democratic-controlled Congress. Democrats say it meets the president's promise to balance the budget by 2012 by omitting war costs and expensive changes to the alternative minimum tax and assuming politically untenable cuts in payments to doctors under Medicare."

Medicare Beneficiaries Face Higher Premiums. The New York Times (2/4, A23, Pear, 1.16M) reports, "More and more Medicare beneficiaries would have to pay higher

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premiums for coverage of prescription drugs and doctors' services under President Bush's 2008 budget, to be unveiled on Monday. Single people with annual incomes over $80,000 and married couples with incomes over $160,000 already have to pay higher premiums for the part of Medicare that covers doctors' services. … Budget documents show that Mr. Bush will propose a similar surcharge on premiums for Medicare's new prescription drug benefit. In addition, the president will ask Congress to 'eliminate annual indexing of income thresholds,' so that more people would eventually have to pay the higher premiums."

Senators Seek To Close $300 Billion Tax Gap. The Los Angeles Times (2/4, Havemann, 850K) reports, "Washington has suddenly discovered a new buzzword — the 'tax gap' — and the roughly $300-billion pot of untouched gold that it promises. That's how much the Internal Revenue Service says taxpayers owe the government annually but, for various reasons, never pay. … Democrats and Republicans alike are talking it up as a way to fund politically appealing initiatives — and bring down the deficit to boot. 'Closing the tax gap has got to be one of our top priorities,' said Senate Budget Committee Chairman Kent Conrad (D-N.D.). The IRS is probably low-balling its estimate of the tax gap, he said, and there should be more than $300 billion available. To boost efforts to harvest it, the chairman and the top Republican member of the Senate's tax-writing finance committee, Sens. Max Baucus of Montana and Chuck Grassley of Iowa, took the unusual step last week of visiting the IRS and asking some of its top bureaucrats about the tax gap — and presumably ways it might be closed."

Bush Tax Cuts Said To Have Exacerbated Income Inequality. The Washington Post (2/4, B6, 690K), in an editorial, writes that President Bush "went to Manhattan and acknowledged for the first time the reality of income inequality. … This week Mr. Bush will insist in his proposed budget that all of his tax cuts be extended. Those have proved enormously more beneficial to the super-rich than to anyone else. Given the reality that Mr. Bush has at last taken note of, such a policy just makes no sense."

Waxman Hearings Will Probe Administration's Reliance On Contractors. The New York Times (2/4, A1, Shane, Nixon, 1.16M) reports, "Without a public debate or formal policy decision, contractors have become a virtual fourth branch of government. On the rise for decades, spending on federal contracts has soared during the Bush administration, to about $400 billion last year from $207 billion in 2000, fueled by the war in Iraq, domestic security and Hurricane Katrina, but also by a philosophy that encourages outsourcing almost everything government does. … The contracting explosion raises questions about propriety, cost and accountability that have long troubled watchdog groups and are coming under scrutiny from the Democratic majority in Congress." The Times notes that the House Committee on Oversight and Government Reform, whose new Democratic chairman, Rep. Henry Waxman, "added the word 'oversight' to signal his intentions, begins a series of investigative hearings on Tuesday focusing on contracts in Iraq and at the Department of Homeland Security. 'Billions of dollars are being squandered, and the taxpayer is being taken to the cleaners,' said Mr. Waxman, who got an 'F' rating last year from the Contract Services Association, an industry coalition. The chairman he succeeded, Representative Thomas M. Davis III, Republican of Virginia, earned an 'A.'"

Tester Becomes First Senator To Post His Daily Schedule. The Washington Post (2/4, A6, Layton, 690K) reports Sen. Jon Tester stands out from the other 99 members of the Senate" in that he "posts his daily schedule on his Web site for all the world to see. In a culture where lawmakers spend hours in closed-door meetings, and their activities out of the public eye are considered proprietary, Tester is a trailblazer bent on opening up the inner workings of his office. His radical practice comes after irate voters in November tossed out longtime incumbents implicated in lobbying scandals and as public interest groups clamor for more transparency in the way Congress does business. … Every session with lobbyists, constituents and other lawmakers is conscientiously recorded, including names, affiliations and the duration of the meeting. 'I just wanted to give people an opportunity to see who I meet with,' said Tester. … 'I believe in transparent government and this is my effort.'" The Post notes Rep. Kirsten Gillibrand "is doing something similar. Although she gives less detail than Tester, Gillibrand lists her work-related meetings each day on her Web site."

WPost Decries Attempts To Stop Disclosure Of Lobbyists' Contributions. The Washington Post (2/4, B6, 690K), in an editorial, notes that "disturbing, though not particularly surprising, rumblings are emanating from the House of Representatives to the effect that some Democrats

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are balking at requiring lobbyists to disclose the campaign contributions they arrange or collect for lawmakers. … The Capitol Hill newspaper Roll Call reported last week that some Democratic House members, egged on by K Street lobbyists, are agitating to have the provision removed. That can't be allowed to happen."

Cardin Assumes More Active Role As Senator. The Washington Times (2/4, Miller, 88K) reports Sen. Benjamin Cardin "has distinguished himself…with bold words and an aggressive style. In his first speech on the Senate floor, delivered a week after taking office, Mr. Cardin denounced President Bush's plan to send 21,500 more troops to Iraq and called for the withdrawal of U.S. forces." Cardin "also spoke passionately about global warming as a member of the Environment and Public Works Committee. 'The impact of global warming is real and right before our eyes,' he said. 'It's a crisis that affects every human being on this Earth, and we must take action now.'" Cardin's "quick transition from 20-year House veteran to up-and-coming freshman senator has not gone unnoticed by his colleagues."

Experts, Officials Protest Planned Closure Of Armed Forces Institute Of Pathology. The Washington Post (2/4, A10, Lee, 690K) reports, "Medical specialists and former military officials are protesting the planned dismantling of a Defense Department health agency whose origin dates to the Civil War, saying the move would eliminate an invaluable tool in the diagnosis and understanding of disease. The Armed Forces Institute of Pathology is scheduled to be broken up as part of the federal base-closing process that will shutter Walter Reed Army Medical Center by 2011."

Bush Health Care Proposal Seen As Step Toward Systemic Reform. The Washington Post's David Broder (2/4, B7) writes, ""A major barrier to" healthcare reform "is the feature of the federal tax code that subsidizes job-based health insurance by making its cost deductible to the business and tax-free to the employee. As C. Eugene Steuerle of the Urban Institute testified to Congress last week, this represents a $200 billion-a-year subsidy, with most of the benefits going to the well-to-do -- a sum that could be much better spent on helping the uninsured. President Bush has proposed a partial remedy for that problem, substituting a flat deduction for the value of every health insurance policy costing the employer and worker up to $7,500 a person. … Rep. Jim McCrery of Louisiana, the ranking Republican on the House Ways and Means Committee, joined many Democrats in saying that Bush's proposal can be improved by using tax credits, rather than deductions, to distribute the benefits."

NYTimes Urges Congress To Update Public Campaign Financing. The New York Times (2/4, WK15, 1.16M), in an editorial, writes, "Senators Hillary Rodham Clinton and John McCain have already signaled their intentions to make a shameful and lucrative retreat to private fund-raising. The Clinton camp is creating a new honored donor category for those who bag at least a million dollars each. … All of this is because past Congresses failed to update the public financing option to keep pace with the costs of running a modern campaign." The Times concludes, "The new Congress pledged to clean up big-money corruption; it can make a good start by rescuing the good that came of Watergate."

LATimes Calls New Farm Bill A "Modest Fix." The Los Angeles Times (2/4, 850K) editorializes, "The Bush administration last week unveiled its proposal for the 2007 farm bill, a blueprint spelling out U.S. agricultural subsidies and food stamp payments for the next five years. For anybody interested in fairness, government waste, free trade or economic growth, it was a deeply disappointing document, even if it is a major improvement over the trade-distorting porkapalooza that was the 2002 farm bill. The trouble is, even this modest fix is being heavily resisted by the farm lobby and its backers in Congress."

OTHER NEWS:

Giuliani Says "There's A Real Good Chance" He Will Seek Presidency. The New York Times (2/4, A27, Rivera, 1.16M) reports Rudy Giuliani "appeared to move a step closer to announcing his presidential ambitions yesterday, saying after an appearance in South Carolina that 'there's a real good chance' he will run." While Giuliani "has made two trips to New Hampshire…and has promised to make more," on the "nascent campaign trail itself," Giuliani "has coyly stepped around the question of 'Will he or won't he?'" The AP (2/3) says that Giuliani made the comment

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following a 30-minute speech and question-and-answer session with South Carolina GOP leaders.

"Oral History" Chronicles Giuliani's Career. The New York Times (2/4, A30, Roberts, 1.16M) examines "Giuliani: Flawed or Flawless?" by Deborah Hart Strober and Gerald S. Strober, an "oral history" consisting of interviews with "friends, former friends, and unforgiving foes" of Giuliani.

McCain Turns To Ex-Foes For Campaign Team. The New York Times (2/4, Rutenberg, 1.16M) reports on its front page that Sen. John McCain's "team of political bruisers for 2008" includes "advisers who once sought to skewer him and whose work he has criticized as stepping over the line in the past." For example, McCain has hired three members of the 2000 George W. Bush campaign team to make ads. McCain's advisers "said he was not changing. But they were unapologetic about putting together a group dedicated to doing what it takes to reach the White House and employing lessons from his defeat at the hands of Mr. Bush in 2000." McCain's "longtime senior strategist" John Weaver said, "This is about winning at the end of the day. I don't want to be in a knife fight ever again, but if I am, we're going to win it."

Romney Plans To "Derail" McCain In South Carolina. In the South Carolina newspaper the State (2/4), Lee Bandy writes, "Mitt Romney's assignment in the 2008 S.C. Republican presidential primary is simply this: Derail John McCain's 'Straight Talk Express.' If there were any doubts about Romney's mission, they were erased during the former Massachusetts governor's two-day visit to the state last week." Romney "attracted large, enthusiastic crowds at stops in Charleston, Aiken and Columbia. It was a shot in the arm for his campaign."

Hagel, McCain Pursue Different Maverick Paths. The New York Times (2/4, A27, Zeleny, 1.16M) reports, "he first time Senator John McCain ran for president, few allies were more loyal than Senator Chuck Hagel ... But at the dawn of the 2008 presidential campaign, as a debate over the administration's Iraq policy intensifies on Capitol Hill, Mr. Hagel is standing alone. Mr. McCain is perhaps the most influential and outspoken supporter in Congress of the president's plan to send more troops to Iraq. Mr. Hagel is the most outspoken critic of the war among Senate Republicans." The "gulf between them is a personal manifestation of the broader national debate over the war and, to some degree, the legacy and lessons of Vietnam. It also speaks to the deep divisions among Republicans as they confront the political fallout from the war, the need to develop a post-Bush posture on national security and the fight over who should lead their party and the country."

Lieberman Not Interested In Being McCain's Running Mate. The Hartford Courant (2/3, Pazniokas, 190K) reported Saturday that Sen. Joe Lieberman put the damper on "speculation he might join Republican Sen. John McCain on a fusion ticket" in 2008, saying, "No, that's not going to happen. My days of seeking national office are over."

House Conservatives Debate 2008 Strategy. The Washington Times (2/4, Hallow, 88K) reports, "Conservative House Republicans are disappointed that their leaders have no strategy to win back in 2008 the majority they lost in November. 'We think they need to be a lot more aggressive than they are,' Rep. Steve King of Iowa said. 'They don't seem willing to have blood on the floor, and there's got to be blood on the floor.' … The 48 conservative lawmakers who met here for the annual House Republican Study Committee (RSC) retreat generally agreed that their 2008 presidential nominee would be Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney or former New York Mayor Rudolph W. Giuliani. 'I don't see any one of them being singled out as a great front-runner by the House Republican members or any one of them being singled out as a "no-go,"' Rep. Tom Price of Georgia said. 'But whichever one of the three gets the nomination is going to have to have some link to the South, which is the bedrock of the Republican Party.' But the legislators also agreed they were not inclined to coalesce behind any one of the three and thought each of them fell short of the highest conservative standards. Though the Heritage Foundation, sponsor of the annual retreat, had invited all three of the men to speak, only Mr. Romney showed up."

Giuliani Leads McCain By Seven Points In ARG Iowa Poll. An American Research Group of 600 likely Iowa Republican caucus voters (+/- 4%), made up of 509 Republicans and 91 independents and conducted January 29-February 1, finds Rudy Giuliani at 27%, Sen. John McCain 22%, Newt Gingrich 16%, Mitt Romney 11%, Sen. Chuck Hagel 5%, Mike Huckabee 2%, Sen. Sam Brownback 1%, Rep. Tom Tancredo 1%, and Jim Gilmore, Rep. Duncan

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Hunter, George Pataki, Rep. Ron Paul, and Tommy Thompson each at 0%, with 15% undecided.

McCain Leads, Giuliani And Romney Tied For Second, In ARG New Hampshire Poll. An American Research Group of 600 likely New Hampshire Republican primary voters (+/- 4%), made up of 427 Republicans and 173 independents and conducted January 31-February 1, finds Sen. John McCain at 27%, Rudy Giuliani at Mitt Romney tied at 20% each, Newt Gingrich 11%, Sen. Chuck Hagel 4%, Sen. Sam Brownback 1%, Mike Huckabee 1%, Rep. Tom Tancredo 1%, and Jim Gilmore, Rep. Duncan Hunter, George Pataki, Rep. Ron Paul, and Tommy Thompson each at 0%, with 15% undecided.

McCain Leads Giuliani By Nine Points In South Carolina Poll. A Whit Ayres poll of 500 likely South Carolina Republican primary voters conducted January 24-28 finds Sen. John McCain at 29%, Rudy Giuliani 20%, Newt Gingrich 14%, Mitt Romney 6%, Sen. Sam Brownback 2%, Mike Huckabee 2%, Rep. Duncan Hunter 2%, and Rep. Tom Tancredo 1%, with 23% undecided.

Giuliani, McCain Closely Matched In Michigan Poll. A Detroit Free Press-Local 4 Michigan poll on the Michigan Republican primary (+/- 8%) conducted last week finds Rudy Giuliani at 32%, Sen. John McCain 28%, Newt Gingrich 16%, and Mitt Romney at 8%.

Democratic Presidential Candidates Continue Attacks On Iraq War. The Washington Times (2/4, Lambro, 88K) reports, "Democratic candidates whom many consider underdogs for the presidential nomination in 2008 continued their party's attacks on the Iraq war yesterday, demanding it be ended and the troops brought home immediately." Sen. Joseph Biden, Gov. Bill Richardson, and ex- Gov. Tom Vilsack addressed the meeting Saturday. Biden "said reducing the number of troops in Iraq, 'not escalating America's troops, is the only way to force Iraq's leaders to seek a political settlement.'" Vilsack "went further than many of his Democratic rivals who are calling for a phased troop withdrawal from Iraq over the next year or two." Richardson "also raised the end-the-war ante against his party's pack of candidates in a speech that pointedly criticized the Democrats' pending nonbinding Senate resolution against Mr. Bush's troop surge."

The Washington Post (2/4, A4, Balz, 690K) says the Iraq war "is shaping the opening stages of the contest for the 2008 Democratic presidential nomination, just as it did in the 2004 campaign. After 10 candidates' speeches over two days at the winter meeting of the Democratic National Committee in Washington, the war proved again to be the central point of differentiation among the party's presidential contenders." While "everyone" in the field now opposes the war, the "self-styled outsiders in the race -- those not in the Senate -- see political gain in pressing for a speedy end to the war."

The Albuquerque Tribune (2/4, Brosnan) says Richardson told Democrats Congress "should repeal the authorization for the Iraq War and 'bring our troops home by the end of this year.'" The Des Moines Register (2/4, 160K) reports Tom Vilsack "painted himself as an outsider and a truth-teller before members" of the DNC, "calling for an immediate end to financing of the war in Iraq." Vilsack "was the last of 10 presidential candidates to speak over two days to key Democrats from across the country shopping for their next nominee."

DNC Unanimously Backs House Vote For District Of Columbia. The Washington Post (2/4, C3, Pierre, 690K) reports the District of Columbia's "effort to win a full seat in the House of Representatives won unanimous support yesterday from the Democratic National Committee. It was the first step in a national lobbying campaign that will ask each of the presidential candidates to embrace the idea and will include grass-roots efforts in such early-voting states as Iowa and New Hampshire."

Biden Expresses "Regret" Over Comments About Obama. The AP (2/3, Pickler) reports Sen. Joseph Biden "tried yesterday to stem the damage from the botched launch of his presidential campaign as underdog candidates in the Democratic field looked to gain momentum from the party faithful." Biden "got right to the matter that has threatened his candidacy before it even gets off the ground," saying of his comments on Sen. Barack Obama and past black presidential candidates, "I want to say that I truly regret that the words I spoke offended people that I admire very much."

More Commentary On Biden. Under the headline "Nominate Biden: America Needs The Comic Relief," the New Hampshire Union Leader (2/4) editorializes, "This guy is a one-man laugh factory. Despite his lack of tact, we don't think Biden really is a bigot. He is, however, the court jester of

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the U.S. Senate. Bringing his act on the road would provide some much-needed stress relief for the American people. If Democrats really cared about providing relief to the American people, they'd nominate a walking punch line so we could all spend the bulk of the election year laughing at the ineptitude of their candidate -- just like in 2004. If we get really lucky, Biden will get the nomination and pick Dennis Kucinich as his straight man/running mate."

In his Washington Post (2/4, B7, 690K) column, Jim Hoagland writes, "Reporters who long ago learned to concentrate on Biden's ideas rather than on his ill-assorted nouns, verbs and adjectives had to treat this gaffe as momentous: Against much of the available evidence, Biden had just declared that he was a serious presidential contender. The Delaware senator is a thoroughly decent, hardworking and thoughtful legislator. But I found it unnerving in his previous bid for the Democratic nomination, in 1988, to have him frequently deliver a loosely connected set of ideas during an interview and then look up to ask: 'Am I making sense here?' So I say, plus ça change."

In his Los Angeles Times (2/4, 850K) column, Jonathan Chait writes, "I'm not saying Biden shouldn't be president. I have tons of respect for him, and I think he'd do a terrific job if he could get it. I just find it amusing that he thinks there's some chance he could actually become president. It's a case study of that bizarre mental affliction that strikes so many senators. They see younger, less-experienced Senate colleagues -- who are far less esteemed than they are -- running for president, and they're offended. If the 100 senators were the only ones who could vote, Biden would probably beat Hillary Clinton or Barack Obama. Unfortunately for Biden, that's not how it works. … Biden looks as if he's the product of a laboratory experiment designed to create the world's worst presidential candidate. If the Obama gaffe doesn't knock him out of the race, something else will. I doubt he makes it to Iowa. Yes, Biden's very knowledgeable and dedicated. But to win the presidency, you actually have to be good at mass politics. Why is Biden not smart enough to recognize that?"

In the New York Times (2/4, WK1, 1.16M), Lynette Clemetson writes that Biden's characterization of Obama "as 'the first mainstream African-American who is articulate and bright and clean and a nice-looking guy' was so painfully clumsy that it nearly warranted pity. There are not enough column inches on this page to parse interpretations of each of Mr. Biden's chosen adjectives. But among his string of loaded words, one is so pervasive -- and is generally used and viewed so differently by blacks and whites -- that it calls out for a national chat, perhaps a national therapy session. It is amazing that this still requires clarification, but here it is. Black people get a little testy when white people call them 'articulate.'"

Gore Again Says He Has No Plans To Run In 2008. KEYT-TV Santa Barbara, California (2/3, 6:55 p.m.) reported, "Some say he will, some say he won't; KEY News has the official answer. Former Vice President Al Gore told us he has no plans to run for president in 2008. The Oscar nominee made a stop in Santa Barbara Saturday night to receive an honor from the Santa Barbara International Film Festival."

"Power Couple" Close To Clintons Hosted Richardson Fundraiser. The Washington Post (2/4, A2, Cillizza, Murray, 690K) writes that "power couple" Beth and Ron Dozoretz, "longtime heavyweights in national Democratic money circles" and "close friends" of the Clintons, are making "tough choices." They hosted a fundraiser for Gov. Bill Richardson Friday; a Richardson spokesman said, "They and the governor are longtime friends." Some suggest the couple "has indicated privately that they will be with Richardson. Clinton communications director Howard Wolfson begged to differ." Wolfson said, "Beth Dozoretz is a good friend of the campaign, and she has made a major commitment to help Hillary. We appreciate her strong support."

Richardson Brings International Experience To Campaign. The AP (2/3, Pickler) profiles Richardson, saying it has been said that he "would negotiate with the devil. And by some definitions, he has -- several times." Richardson "has bartered with some of the most notorious rulers of modern times: Iraq 's Saddam Hussein , Yugoslavia's Slobodan Milosevic , Cuba's Fidel Castro , Kenya's Daniel Arap Moi, Zaire's Mobutu Sese Seko, Nigeria's Sani Abacha and most recently, Sudan's Omar al-Bashir. Richardson has compared himself to Red Adair, renowned for his ability to put out erupting oil well fires." Richardson "has more international experience than just about anyone else in the 2008 field. The 59-year-old was ambassador to the United Nations in the Clinton administration, served on the intelligence committee during his 14 years in the House and

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has done international work from his perch as a small-state governor."

Richardson Not Interested In Vice Presidency, State Department. The New York Times Magazine (2/4, Solomon) interviews Richardson, asking, "As the popular governor of New Mexico but one of the less-popular candidates seeking the Democratic nomination for president, did you enter the race to actually win or merely to angle for another position at the national level?" Richardson replied, "I want to be president. If I don't win the presidency, I am not interested in the vice presidency or in being secretary of state."

Illinois Senate President Says Blacks Should Back Obama. The Politico (2/3, Ben Smith) reports Illinois Senate President Emil Jones Jr., a "key supporter of Illinois Sen. Barack Obama," urged "united African-American support for his presidential bid, questioning whether black Democrats still 'owe' Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians." The comments by Jones, "which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists."

Safire Says Obama Chooses Words With Care. In his New York Times Magazine (2/4) "On Language" column, William Safire writes that Obama "is a politician who apparently chooses his words with care." Safire also warns Obama that "one way to zap a hitherto little-known person getting a rush of publicity is to afflict him with the bogus title media darling. That's because media, when construed as singular -- especially as mass media and mainstream media -- connotes to its crowd of critics some manipulative monolith whose control of communication is to be resisted."

Clinton Jumps To 17-Point Lead Over Edwards In ARG Iowa Poll. An American Research Group of 600 likely Iowa Democratic caucus voters (+/- 4%), made up of 493 Republicans and 107 independents and conducted January 29-February 1, finds Sen. Hillary Clinton at 35%, John Edwards 18%, Sen. Barack Obama 14%, Tom Vilsack 12%, Sen. Joseph Biden 2%, Wesley Clark 2%, Rep. Dennis Kucinich 2%, Sen. Christopher Dodd 1%, Gov. Bill Richardson 1%, and Mike Gravel 0%, with 12% undecided.

Clinton Leads Obama By 20 Points In ARG New Hampshire Poll. An American Research Group of 600 likely New Hampshire Democratic primary voters (+/- 4%), made up of 408 Democrats and 192 independents and conducted January 31-February 1, finds Sen. Hillary Clinton at 39%, Sen. Barack Obama 19%, John Edwards 13%, Wesley Clark 2%, Gov. Bill Richardson 2%, Sen. Joseph Biden 1%, Sen. Christopher Dodd 1%, Rep. Dennis Kucinich 1%, Tom Vilsack 1%, and Mike Gravel 0%, with 21% undecided.

Grove Biographer Questions Prohibition On Immigrants Seeking Presidency. In a Los Angeles Times (2/4, 850K) op-ed, Richard Tedlow of the Harvard Business School, author of "Andy Grove: The Life and Times of an American," writes that immigrant innovators like the former Intel chief are not prohibited from "leading a U.S.-based company" but are prohibited from seeking the presidency. Tedlow writes, "What if our Constitution had told Grove: 'You can't change the world because you come from Hungary.' Sound ridiculous? Of course it does. Imagine what else would have been lost if we faced such constraints in the business world. What if the Constitution said: Pierre Omidyar, you can't found eBay here because you were born in France. Sergey Brin, you can't co-found Google here because you were born in Russia. Jerry Yang, you can't co-found Yahoo here because you were born in Taiwan. … It is odd that this freedom to harness the best and the brightest Americans, including immigrants, is a guiding principle at every address in our nation except for one: 1600 Pennsylvania Avenue."

Iran Invites Diplomats, Reporters To Tour Nuclear Site. Under the headline, "Iran Has Guests In To See, But Not Inspect, Nuclear Site," the New York Times (2/4, Fathi, 1.16M) notes Tehran "opened" the Isfahan facility "to a large number of local and international reporters and a delegation of foreign ambassadors on Saturday in an effort to show the transparency of its program before a United Nations Security Council deadline this month." Officials have "kept up efforts to give the Isfahan facility more publicity, and a senior tourism official said late last year that Iran planned to open it and other nuclear sites to foreign tourists." Ambassador Ali Asghar Soltanieh "said Saturday that the purpose of the tour was to assure the world that Iran's program was peaceful." The Times notes that reporters "passed the Natanz

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enrichment facility but were not permitted to tour the site, where Iran recently said it was installing 3,000 centrifuges."

The AP (2/4, Dareini) calls Isfahan "a key uranium conversion facility," and says Tehran "opened" its "gates" to "visiting diplomats and journalists in an effort to show that its disputed nuclear program is peaceful and not a cover for nuclear bomb making." The "visitors saw several areas of the Isfahan facility, including two cameras installed by the IAEA to monitor activity where uranium gas is produced."

On its front page today, the Los Angeles Times (2/4, A1, Murphy, 850K) describes Isfahan as the city "where Iran has been taking the initial technological steps to turn ordinary uranium into the makings of nuclear fuel." Those foreigners accepting Tehran's "rare invitation" to tour the site heard from officials "that the fledgling conversion program, which was in its infancy only three years ago, has now manufactured 250 tons of uranium hexafluoride gas, the feedstock for Iran's controversial uranium enrichment program." The Times adds, "Saturday's tour was mainly a publicity exercise; the delegates admitted that they understood little of what they were seeing. But it was clearly part of a strong effort on Iran's part to demonstrate its willingness to open up its nuclear program to inspection." However, "not all of the uranium conversion facility was on view Saturday."

Iran May Not Have Know-How To Back Up Nuclear Claims. An extensive analysis in today's New York Times (2/4, Broad, Sanger, 1.16M) notes, "After decades of largely clandestine efforts, Iran is expected to declare in coming days that it has made a huge leap toward industrial-scale production of enriched uranium — a defiant act that the country's leaders will herald as a major technical stride and its neighbors will denounce as a looming threat. But for now, many nuclear experts say, the frenetic activity at the desert enrichment plant in Natanz may be mostly about political showmanship." The Times cites the "many setbacks and outright failures of Tehran's experimental program," and says that history suggests "that its bluster may outstrip its technical expertise." The Times continues, "What the Iranians are not talking about, experts with access to the atomic agency's information say, is that their experimental effort to make centrifuges work has struggled to achieve even limited success and appears to have been put on the back burner so the country's leaders can declare that they are moving to the next stage." Tehran's "nuclear boasts come in the midst of an increasingly rancorous chess game between Tehran's mullahs and the Bush administration over the aims of Iran's nuclear programs, its role in Iraq and its ambitions to become the dominant power in the Middle East."

Retired Flag Officers Ask Bush, Blair To Engage Diplomatically With Tehran. The AP (2/4, Lawless) reports, "Three former high-ranking U.S. military officers have called for Britain to help defuse the crisis over Iran's nuclear program, saying military action against Tehran would be a disaster for the region." The letter to the editor of the Sunday Times, written by Lt. Gen. Robert Gard, Gen. Joseph Hoar, and Vice Admiral Jack Shanahan, "urged President Bush to open talks 'without preconditions' with the Iranian government to find a diplomatic solution." The three retired officers "said Britain 'has a vital role to play in securing a renewed diplomatic push' and urged Prime Minister Tony Blair to make it clear he would oppose any military attack on Iran." They "said an attack 'would have disastrous consequences for security in the region, coalition forces in Iraq and would further exacerbate regional and global tensions.'"

Ex-Intelligence Offer Considers What To Ask Before "Next War." In the Washington Post (2/4, B7, 690K) Outlook, war critic and former intelligence officer Paul Pillar writes, "The administration so successfully shaped the policy question around its chosen selling points [on war with Iraq] that what passed for a national debate gave little attention to important questions about the likely nature and consequences of a war. ... Now, an accelerating debate about Iran and its nuclear program shows signs of the same dangerous reductionism." Pillar writes, "Some might argue that the worst case that could ensue from an Iranian nuclear weapon is so bad that it trumps all other considerations. But there is no more reason than there was with Iraq to consider the worst case of only one side of the policy equation. And the worst case that could result from U.S.-Iranian combat is plenty frightening: thousands of Americans dead from retaliatory terrorist attacks, a broader war in the Persian Gulf, $150-per-barrel oil, a global recession and more."

North Korea Allegedly Offers To Trade Nuclear Activity For Oil, Sanctions Relief. The AP (2/4, Chang) carries Japanese press reports that North Korea "is ready to freeze a key nuclear facility and allow international inspectors limited access to the country in exchange for millions of barrels of oil and an easing of U.S. financial restrictions." The Japanese reporting "quoted former U.S. State Department official Joel Wit, who met the North's chief nuclear negotiator, Kim Kye-gwan, and other

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regime officials during a visit to Pyongyang last week. It said the North was demanding half a million tons of oil a year — the equivalent of about 3.5 million barrels — in energy aid."

Kosovo Status Plan Said To Be Fraught With Regional Risks. The New York Times (2/4, Smith, 1.16M) describes Kosovar reactions to likely changes in the province's political status. It remains "bitterly divided between Serbian enclaves, including a large chunk of the north, and the rest of the territory, which is overwhelmingly ethnic Albanian." Any movement towards "secession by northern Serbs could provoke Albanian reprisals against Serbian enclaves elsewhere in Kosovo, warn Serbs and Albanians alike, and could destabilize a still fragile region full of ethnic slivers separated from their homelands." The Times says "the continued standoff suggested that the intended end may instead be a prologue to another difficult chapter in a troubled history." Noting the "deep" and "emotional connection to place [that] many Europeans have," the Times says European "countries facing their own secessionist movements … are skeptical of what they see as an American effort to jam a solution into place so Washington can turn its attention elsewhere."

Amid Continued Fighting, Hamas, Fatah Jointly Condemn Quartet's Aid Ban. Under the headline, "Palestinians Slam Major Powers Over Aid Boycott," AFP (2/4) notes Hamas and Fatah "have both condemned the failure of the major powers involved in Middle East peacemaking to end a punishing Western aid embargo on the Palestinians." Prime Minsiter Ismail Haniya is quoted saying the Quartet's "decisions mean more suffering for our people. Continuing the siege is to continue the pain and injury we suffer from throughout the year."

BBC.com (2/4) focuses its coverage on comments by Egyptian President Hosni Mubarak that Hamas and Fatah "have made progress towards agreeing a government of national unity." Mubarak "said he was working to 'seal the crack' between the two sides. … 'What is happening now is a problem between the Palestinians themselves, and it is impossible for the Palestinian side to sit with the Israelis, as they are still not agreeing with each other.'" German Chancellor Angela Merkel, appearing with Mubarak, "praised Egypt's efforts to broker a deal between the two factions. She also said she hoped the Middle East quartet of the US, UN, EU and Russia would develop a coherent strategy for peace rather than working in isolation towards peace in the region." Describing yesterday's violence in Gaza, the BBC says the two sides "have repeatedly agreed to ceasefires, aimed at ending a bitter power struggle," however, "a very similar plan was declared on Friday but failed to halt the violence."

Hamas "Consolidating" Hold On Gaza. A lengthy New York Times (2/4, Erlanger, 1.16M) piece describes the tactical situation in Gaza. "Forces loyal to Hamas appeared to consolidate their hold on northern Gaza and much of Gaza City on Saturday, with at least 12 more people wounded in continuing clashes between" the two sides. "What has been some of the worst internal Palestinian fighting in years ebbed overnight after the warring factions … met to try to arrange a cease-fire." Hamas is coordinating an extensive system of roadblocks, and "detentions or kidnappings of fighters were reported, with Fatah accusing Hamas of detaining as many as 40 of its" fighters. Among civilians, "few people ventured from their homes, and many stayed away from windows."

The Los Angeles Times (2/4, Ellingwood, 850K) titles its coverage, "Factional Clashes Shoot Holes In Palestinian Truce." The fighting was "not as sustained or heavy as those of the previous two days, which left 23 people dead and scores injured. … Although the fighting had tapered off, the air in Gaza City was of a place besieged." The AP (2/4, Barzak) says both sides are "ignoring" the "truce deal" within Gaza. "Gunbattles raged across Gaza after the truce was announced, continuing through the night and early Saturday. With no casualties reported overnight, some Gazans, who had spent the previous two days huddled at home for safety, were emboldened to leave their houses to go to work."

Labor Revolt Against Blair Called Increasingly Likely. The Washington Times (2/4, Helm, 88K) reports, "The first cracks in Cabinet support for Prime Minister Tony Blair have emerged, with senior ministers questioning whether he can remain in office for another five months without inflicting lasting damage on the Labor Party." Blair's "defiant" refusal to "be hounded from office" has "failed to stem growing pressure for him to quit before the midterm May elections." The Times says high-ranking Labor MPs "have reported a collapse of morale within the party," and "some senior" Labor MPs are said to seek the Cabinet's support for Blair's removal. The Times also cites an opinion poll suggesting "that more than half of British voters believe Mr. Blair should leave office immediately."

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UK Turkey Farm Infected With Deadly H5N1 Bird Flu. On its front page today, the Washington Times (2/4, A1, 88K) reports British authorities "scrambled to contain [the nation's] first outbreak of the highly pathogenic H5N1 strain of bird flu in domestic poultry yesterday after the virus was found at a farm run by Europe's biggest turkey producer." Officials will cull all of the 159,000 turkeys currently at the Bernard Matthews farm, near the town of Lowestoft. This outbreak is "the first time the deadly H5N1 strain was found on a British farm." The New York Times (2/4, A12, Cowell, 1.16M) adds the 2,500 turkeys killed by the virus so far at the Bernard Matthews farm makes this "the biggest outbreak of the strain reported in Britain since concern about its global spread began to take root in 2003." The Times says the "prospect of a mass slaughter recalled Britain's battle with foot-and-mouth disease in 2001, when nearly four million animals, mainly sheep, pigs and cows, were burned."

All three broadcast networks reported on the outbreak. ABC World News (2/3, story 7, :10, Weir, 8.78M) reported officials "are scrambling to contain an outbreak of bird flu on a turkey farm. … The first time bird flu has been detected in Britain since a dead wild swan washed ashore in Scotland last spring." The CBS Evening News (2/3, story 4, 1:30, Mitchell, 7.66M) reported, "For the first time, the deadly strain of bird flu has shown up in England." NBC Nightly News (2/3, story 4, :10, Seigenthaler, 9.87M) reported, "The bird flu is back in the news. Officials in the United Kingdom have confirmed their first major outbreak of bird flu. More than 2,500 turkeys have died in the same strain of bird flu that's killed people around the world. No sign this outbreak has spread to humans."

The Washington Post (2/4, A14, Sullivan, 690K) notes the H5N1 strain "has killed 165 people" worldwide in the past four years. This "outbreak is the first confirmed case of H5N1 among British domestic poultry in more than 15 years, officials said, and it comes at a time of increasing concern that migrating birds are carrying the disease from its origins in Asia through Africa, the Middle East and deeper into Europe." The Post adds that "health officials said the immediate risk to humans from the Suffolk case was 'extremely low.'" The AP (2/3) calls the infection "Britain's first mass outbreak of the disease that has ravaged Asia's poultry stocks and killed more than 160 people worldwide." This outbreak "was the first time the deadly H5N1 strain was found on a British farm." British "experts stressed the situation did not pose a public health threat, and that eating well-cooked poultry products posed no risk."

Turkmen Presidential Candidates Expand Debate Despite Certain Outcome. The Washington Post (2/4, A14, Finn, 690K) profiles the candidates and probable outcome of Turkmenistan's February 11 presidential vote. "Acting President Gurbanguly Berdymukhammedov, 49, will almost certainly win when the Central Asian country's citizens go to the polls Feb. 11. His opponents, a deputy minister and four regional officials, are willing foils, according to analysts and exiled politicians." However, "the modicum of debate in a country that during its 15-plus years of independence lived under the megalomaniacal shadow of president-for-life Saparmurad Niyazov amounts to a slight thaw. For the first time, the country will hold a presidential election in which more than one candidate is running." While "each of the six candidates continues to pledge loyalty to the legacy of Niyazov," many of their "speeches contain some implicit criticism of the late president by acknowledging the need to reverse the erosion of social programs, in particular."

China's Hu Faces Skeptical Public In Zambia. Continuing coverage of Chinese President Hu Jintao's trip to Africa, the Washington Times/AP (2/4, Schatz) says Hu "brought his eight-nation African tour to Zambia, a copper-rich country where China's growing clout has prompted charges of exploitation and has emerged as a volatile political issue." Hu "has used the tour to cement China's increasing economic and political ties and its fast-growing role as a foreign donor throughout the continent." He planned "to attend a state banquet and meet with" Zambian President Levy Mwanawasa, "who has cultivated close ties with China. The country is a major foreign aid donor to Mr. Mwanawasa's government," and "has poured hundreds of millions of dollars into Zambia's copper sector, which accounts for 60 percent of the impoverished nation's exports." Hu's stop in Lusaka "is expected to focus on new Chinese aid for Zambia and the inauguration today of an economic partnership zone in Zambia's Copperbelt province, which has become a key source of copper for China's growing economy."

LATimes Implores Bush To Back Turkish-American Genocide Resolution. In an editorial

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today, the Los Angeles Times (2/4, 850K) says there is "new hope" for Rep. Adam Schiff's non-binding Turkish-Armenian genocide resolution. The January murder of journalist Hrant Dink has increased pressure for passage, and "has sent a collective shiver down Turkey's spine, triggering street demonstrations and renewed calls for the government to change its policy." The Times says Schiff's "mild" text "makes the White House's opposition all the more vexing." While "Ankara has considerable diplomatic influence, and Turkey is too valuable an ally to alienate with congressional resolutions," the Times concludes that Washington "is at its best when it chooses truth over expedience, especially in matters as grave as genocide. It's hard to say 'never again' convincingly if you're too afraid to speak bluntly about what you aim to prevent."

Fukuyama Warns Against Pessimism, Says US, World Still Seeing Progress. In a 1,700-word op-ed in today's Los Angeles Times (2/4, 850K), scholar Francis Fukuyama cautions against becoming "very discouraged" about the modern world. "We "should stop to consider a broader context in which things look a lot brighter. The single most notable but overlooked fact about today's world is that the global economy has been driving ahead full speed, raising living standards and closing the gap between the First and Third worlds." China, India and East Asia are enjoying relative prosperity, and "the rest of the world is growing steadily too," especially Latin America and Sub-Saharan Africa. "These trends in the developing world are increasingly driven by south-south trade," and that "has spawned world-class multinational companies from developing countries." Fukuyama notes the "robustness" of worldwide growth, and says the "huge vulnerabilities" many experts see are exaggerated. He adds that, "in the long run, many of today's troublesome political trends are unlikely to be sustained," and "even pessimism about Iraq is overdone."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Blast Kills At Least 130 In Central Baghdad Market."
"East L.A. Leaders Push For Cityhood."
"Online Learning Goes Mainstream."
"This Isn't Your Mother's Salary."

New York Times:

"In Washington, Contractors Take On Biggest Role Ever."
"At Least 130 Die As Blast Levels Baghdad Market."
"Iraq's Shadow Widens Sunni-Shiite Split In U.S."
"McCain's Advisers Once Made Ads That Drew His Ire."
"Iran's Boast On Uranium Enrichment Is Put To Test."
"Far Away, Super Bowl's Losers Will Be Champs."

Washington Post:

"At Least 125 Killed In Blast At Baghdad Market."
"War In Iraq Sets Off A Massive Migration."
"At Democrats' Meeting, Bush Appeals For Cooperation."
"Reaching Out With The Word -- And Technology."
"At Last, A Historic First."

Washington Times:

"Deadliest Blast Kills 135 In Iraq."
"Ready For Some Football?"
"Bush Builds Bonds With House Democrats At Retreat."
"Cell-Phone Taxes Subsidize Land Lines, Enrich Telecoms."
"Britons Strive To Contain Bird Flu."

Detroit Free Press:

"It's Official: Sanders Is A Hall Of Famer."
"Dodge Unveils Redesigned 2008 Dakota."
"MSU Can't Upset OSU, Even In Cleaves' Presence."

Atlanta Journal-Constitution:

"Bush Courting Skeptical Dems."
"Horror Of Forced Sterilization."
"Child In Room Before Mom Shot."
"Baghdad Bombing Kills Scores."
"Dog Drags Woman To Safety."
"Trial Brings Back S.C. Shootout."
"More Horses Rounded Up."

Dallas Morning News:

"Hall Of Fame Says Yes To Irvin."
"Bodies Are Missing Couple's, Families Told."
"Deadly Lightning's Impact Lingers 35 Years Later."
"USO Program Lets Soldiers, Kids Share Storytime."
"Euless Tries To Block Santeria Lawsuit."
"Experts: Super Sunday Isn't Automatic Diet Timeout."
"Dallas Facility Would Let Autistic Adults Live Independently."

Houston Chronicle:

"No Probe Planned In Houston Elevator Death."
"Injured Sugar Land GI Returns Home To New Fight."
"A&M Downs Kansas On Law's Late 3-Pointer."
"Hornets, Bad Aim End Rockets' Streak At 4 Wins."
"New Bayport Terminal Must Prove It Can Deliver."

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"Texas Group Fills Need For Free Mental Health Care."
"Immigration Raid Fuels War Of Words In N. Houston."
"Houston Trash Pickup To Add 85,000 Homes."
"Texas Lawmakers Debate Slash To Pre-K Funding."
"HISD Sends Aspiring Principals Back To Class."
"Historian: CIA Funded Russian-Language 'Zhivago.'"

Story Lineup From Last Night's Network News:

ABC: Florida Tornado; Florida Tornado Aftermath; Freezing Weather In Midwest; Violence In Iraq; Bush-Democrats; Indonesian Flooding; Global Warming Forecast; Bird Flu Outbreak In England; Shortage Of Male Teachers; Super Bowl Town Rivalry.

CBS: Florida Tornado; Florida Tornado Aftermath; Violence In Iraq; Bird Flu Outbreak In England; NFL-Black Coaches; Bush-Democrats; Sicilian Soccer Riot; Schools-Security; Madden NFL 07.

NBC: Violence In Iraq; Florida Tornado; Bush-Democrats; Bird Flu Outbreak In England; Global Warming; Cervical Cancer Vaccine; Military Advice Columnist.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — In Washington. No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: SHERIFF'S ASSOCIATION _ The National Sheriff's Association holds its 2007 Winter Conference. Location: JW Marriott, 1331 Pennsylvania Ave, NW Contacts: n/a, 202-836-7827

CLIMATE CHANGE _ George Washington University's School for Business hosts a conference, "Implementing Solutions to Climate Crises: Strategic Actions for Bueinesses, Communities, Citizens, and Consumers." Speakers include Chad O. Holliday Jr., chairman and CEO of DuPont; Lester Brown, founder of the Earth Policy Institute; and WorldWatch Institute President Chris Flavin. Location: Sunday's sessions at George Washington University's City View Room, 1957 E St. NE. Monday's sessions at George Washington University's Cloyd Heck Marvin Center, third floor, 800 21st St. NW. Contacts: Mark Starik, 202-994-5621

RESERVE OFFICERS _ The Reserve officers Association holds its Mid-Winter Conference and Military Exposition. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: n/a, 202-479-2200

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, FEBRUARY 4, 2007 7:45 AM EST

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TERRORISM NEWS:

US Responds To Hayat Retrial Motion, Dispute Juror Misconduct Claim. The Sacramento Bee (2/4, B1, Walsh) reported, "Federal prosecutors said Saturday there is little or no evidence to support allegations of juror misconduct in a motion for a new trial of a Lodi man convicted of terrorist activity. Misconduct claims on behalf of Hamid Hayat are barred by rules of evidence, cannot be substantiated, actually describe proper conduct, or describe conduct not harmful to Hayat, prosecutors maintain in a 187-page brief opposing a new trial. In their October motion, defense attorneys cite a statement by juror Alicia Lopez that jury foreman Joseph Cote made a 'hangman gesture' and once said 'hang him' in discussions with other jurors during the trial." The Bee adds, "Burrell erroneously rejected the defense's attempt to present James Wedick, a retired FBI agent, as an expert witness on the bureau's policies and procedures for interviews, the defense lawyers argued in their motion. … But the prosecutors argued in Saturday's brief that Wedick's testimony 'would have been needlessly confusing, cumulative and wasteful of time.'"

The Stockton Record (2/4, Hood) reported that in addition to addressing the juror misconduct allegations, prosecutors "stated the defense's claim that it has new proof of Hayat's innocence -- the testimony of Hayat cousins Usama Ismail and Jaber Ismail of Lodi -- is not accurate, saying there is a legal difference between 'newly discovered' and 'newly available' evidence, because they did not subpoena Usama Ismail to testify and made no effort to obtain testimony from Jaber Ismail, who was in Pakistan during the trial." The AP (2/4) noted, "The defense motion also highlights post-trial statement's by Cote in an Atlantic magazine report suggesting that, when deliberating, he likened Hayat to young Pakistani men responsible for London subway bombings. Prosecutors answered that the Atlantic article should be given little weight and that 'it is far from clear whether Cote's reported statement is a "racist statement," or what it reveals about the foreperson's views in general with respect to individuals of different races, nationalities or creeds.'"

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Man Acquitted Of Terror Charges Faces Continuing Legal Battles. The Daily Southtown (IL) (2/4, Hack) reports, "Attorneys for Mohammed Salah, who was acquitted of racketeering charges last week, have vowed to keep working to clear the name of the Bridgeview man deemed a terrorist by the federal government and to help his family lead a normal life. … 'These good people have had their lives put through the wringer,' longtime Salah attorney Matthew Piers said Friday. 'We are not done fighting on behalf of this family.'" The Southtown continues, "While the long-looming threat of a hefty prison sentence may now be off the table, Salah still faces an uncertain future of civil-court judgments, restricted liberties and the stigma of the government's terrorist label." The Southtown adds, "Salah, 53, was acquitted Thursday of the terrorism-related charges after a three-month trial. He was found guilty of a far lesser charge of obstruction of justice, but the overall outcome marked a dramatic victory for the defense in a case once touted by the U.S. Justice Department as an important component of the war on terror. … 'If this is the government's idea of the war on terror, it should keep us all awake at night,' said Piers, a vocal critic of several federal anti-terror cases unveiled after 9-11. 'This was a political prosecution plain and simple, and I think everyone in that courtroom knew it.' … In the racketeering case, Salah was accused of breaking American laws to aid the militant Palestinian group Hamas, which is considered a terrorist group by the U.S. government. According to federal prosecutors, he delivered laundered money to Hamas operatives in the Occupied Territories in the early 1990s and helped recruit would-be terrorists." The Southtown notes, "The obstruction charge normally wouldn't carry much prison time, although prosecutors might push to have Salah's 1993 conviction in an Israeli military court on Hamas money-running charges count against him here. Defense attorneys, who insist the Israeli conviction was the result of bogus confessions tortured out of Salah during a two-month interrogation session, contend Salah should receive only probation for the U.S. conviction. … Also hanging over Salah's head is a 1998 civil case filed by federal prosecutors in a bid to seize $1.4 million in cash and assets they claimed Salah meant to funnel to Hamas. That civil case was put on hold as a criminal probe into Salah's alleged Hamas links stopped and started over the years."

Columnist Blasts US Over Treatment Of Arar. In a column for the St. Petersburg (FL) Times (2/4), Robyn E. Blumner writes, "'On behalf of the United States, I wish to apologize to you and your family,' President Bush told Maher Arar in a televised news conference, during which the president announced that the United States was also giving Arar $8.9-million in compensation for our role in sending the Canadian to a Syrian prison where he was tortured. … Okay, now it's time to wake up from a dream. This scene happened all right, not in the United States but in Canada, and the nobly contrite politician was Canadian Prime Minister Stephen Harper, not our own Decider-in-Chief." Blumner continues, "Since Arar's return to Canada, our neighbor to the north has committed itself to investigating its role in this outrage. A two-year inquiry by Justice Dennis O'Connor concluded that there was no evidence linking Arar to terrorism and that the Royal Canadian Mounted Police were demonstrably wrong when they informed U.S. border agents that Arar was suspected of Islamic extremism. The head of the RCMP resigned over the incident. … Canada has now issued a very public apology, coming straight from its national leader, and the nation will compensate Arar for its hand in his terrifying ordeal … Before George W. Bush came to the White House, I would have expected our own government to act in a very similar manner: a public apology, the rolling of heads responsible, a promise to exert tighter controls and due compensation to the victim. … Instead, we've responded to Arar by keeping him, his wife and his children on a government watch list so that they cannot travel in or over our country or its territories. We have stymied his lawsuit against the United States for abducting and deporting him, claiming that to allow it to go forward would jeopardize state secrets. And, perhaps most galling, even though it is an open secret that we send people to other countries for interrogation where they are sure to be tortured, we continue to claim that our actions are consistent with the Convention Against Torture - a treaty that explicitly bars such conduct." Blumner notes, "Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff claim that there is reason to keep Arar on a watch list. But when Canada's minister of public safety, Stockwell Day, examined Arar's confidential U.S. files, he announced that there was 'nothing new' to justify any continued suspicion. … Gonzales could only reiterate the bald-faced lie that the United States tries to meet its antitorture treaty obligations. How lame. … When Canada is better at demonstrating American values than we are, it's time our government took a refresher in Civics 101. Learn how to apologize and admit error and maybe our great nation will live up to its billing once again."

WAR NEWS:

Addressing House Democrats, Bush Says Iraq War Is "Sapping Our Nation's Soul." The AP (2/3) reports President Bush "squarely addressed the issue most on the mind of House Democrats, saying Saturday that deep divisions over the Iraq war need not bring anyone's patriotism into question. 'You know, I welcome debate in a time of war and I hope you know that,' Bush said. … He said disagreeing with him over the war -- as many in the room do -- does not

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mean 'you don't share the same sense of patriotism I do.' 'You can get that thought out of your mind, if that's what some believe,' the president said. 'These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do.' Bush's conciliatory words were similar to some of his previous statements. But the applause that followed them offered some indication that this audience was happy to hear them so directly and in person."

All three broadcast networks reported on the meeting, generally casting the President's visit in a positive light. ABC World News (2/3, story 5, 2:30, Weir, 8.78M) said, "A day of political fence mending as President Bush reached out to House Democrats at their meeting in Williamsburg, Virginia. The President hasn't addressed the Democrats gathering since 2001, and poked a little him fun at himself with his opposition now in power in Capitol Hill. But for all the banter, divisions, especially over Iraq, were very much in evidence." The CBS Evening News (2/3, story 5, 1:40, Chen, 7.66M) said that Democrats" stopped just short of licking their chops as they welcomed the other team's quarterback into their arena," but "both sides canned the usual trash talk. The President stayed away from his pre-election 'cut-and-run slams' against Democrats' plans for Iraq, and gave a nod to the Speaker's demands for benchmark for Iraq's leaders." NBC Nightly News (2/3, story 3, 2:30, Yang, 9.87M) said, "The last time President Bush met with House Democrats like this was February 2001. He just had been elected; 9/11 was months away. Today's visit was very different. The tone on both sides was concilatory."

On its Web site, The Hill (2/3, Kaplan) reports Bush "admitted that the country's morale has suffered because of the war in Iraq. Bush said that the war in Iraq is 'sapping our nation's soul,' as part of his answer to a question from Rep. Susan Davis (D-Calif.) about why the burden of fighting the Iraq war has fallen primarily on the military. … Democratic aides were stunned at the pronouncement perhaps recollecting President Carter's pronouncement in 1979 that there exited a 'crisis of the spirit in our country.'

The Politico (2/3, Hearn) reports that when "asked whether the president had responded to Democrats' criticism of his plan to send more troops to Iraq, House Speaker Nancy Pelosi, D-Calif., offered a flat: 'No.' 'The president really stood his ground on Iraq,' she said."

The Los Angeles Times (2/4, Levey, 850K) reports Bush "invite[d] the new congressional majority to work with him on immigration, energy and even national security. … But even the meticulous planning that went into the encounter could not conceal the deep divisions" and "no issue brought out the divisions more than the war in Iraq. The president devoted less than two minutes of his 16-minute address to the subject. And his attempt to highlight common ground over the feeling that the Iraqi government should do more to bridge sectarian divisions offered little comfort to his critics. The president suggested, as he has before, that Prime Minister Nouri Maliki would have to meet a list of 'benchmarks,' including providing adequate troops to help American soldiers in Baghdad. But Bush did not discuss timetables for Maliki's government or specify consequences if it should fail — omissions that have been repeatedly criticized by Democrats."

Bush Strikes Conciliatory Notes During Speech. The AP (2/3, Loven) reports, "Relying on self-deprecating jokes, unusual candor and outright flattery, President Bush on Saturday wooed lawmakers he not only needs but will have to answer to in the final two years of his presidency."

The Washington Post (2/4, A1, Abramowitz, Kane, 690K), in a front-page article titled, "At Democrats' Meeting, Bush Appeals For Cooperation," reports that the president, "forced by circumstance to reach out to some of his strongest adversaries, appealed directly to House Democrats on Saturday to work with him to reform the immigration system, limit the cost of Social Security, curb the consumption of gasoline and balance the federal budget. Visiting the Democrats' annual retreat for the first time since 2001, the president told lawmakers there are 'big things' they could accomplish by working together and sought to defuse any bad blood with self-deprecating humor. He opened his public remarks with an allusion to his tendency to mispronounce the name of the rival party by calling it the Democrat Party, seen by many party activists as a calculated insult." According to the Post, "Democrats rose to politely applaud Bush before and after the speech, a sign of the outwardly cordial and respectful nature of the day's session."

The New York Times (2/4, A26, Zeleny, 1.16M) reports that "for nearly two hours, Mr. Bush held forth with some of the very Democrats he has spent the better part of six years sparring with. He spoke to members of Congress and their spouses, took pointed questions in a private session about Iraq, the budget deficit and immigration, and shook hands and posed for pictures. … The political reality, of course, requires Mr. Bush to work with Democrats in the final two years of his presidency if he wants his legacy to include legislation like overhauling the nation's immigration and health care systems, and beginning to curb America's dependence on foreign oil. … The president's speech, which lasted about 16 minutes, was interrupted by applause 21 times. Occasionally, the clapping seemed tepid, as some legislators looked across the room to see whether fellow Democrats were joining in. At other times, particularly if Mr. Bush delivered a self-deprecating line, the clapping boomed."

The New York Times (2/4, WK1, Stolberg, 1.16M), in a "Week in Review" piece reports, "Now that Democrats are in charge, the president is making a great show of Congressional outreach. Consider the last week: On Tuesday, Mr. Bush agreed on a bipartisan panel to advise him on the war. On Wednesday…Pelosi dropped by the

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Oval Office to report on her trip to Iraq. On Friday, Mr. Bush held a White House reception for Republican senators. On Saturday, he was headed to Williamsburg, Va., to a House Democratic retreat. But there is little evidence that the Congressional courtship has influenced the president who famously called himself 'the decider,' whether the issue is Social Security or the decision to send more troops to Iraq."

Bush Signals Willingness To Work With Democrats On Immigration. The Washington Times (2/4, A1, Dinan, 88K) titles its account of the meeting "Bush Builds Bonds With House Democrats At Retreat," and reports that Bush and House Democrats "got off to a good start in finding common ground yesterday at the Democrats' annual retreat -- with Mr. Bush saying they even share a bond in having been shot in the back by Republicans on immigration. 'You are not the only one with arrows in your back,' the president said during a closed-door question-and-answer session with the House Democratic Caucus, according to two individuals who were in the room. He was responding to Rep. Luis Gutierrez, Illinois Democrat, who said Republicans had been merciless during last year's elections in attacking Democrats on border security. He asked Mr. Bush to win more Republican support for the Democrats' preferred bill. To a round of applause, the president said he will fight for a bill that does not deport illegal aliens. Mr. Bush said it would be a mistake to miss the opportunity for reform this year and let the issue enter the 2008 election campaign, when he worried it would become too political."

At Least 130 Killed By Baghdad Truck Bomb. Coverage of the high-casualty suicide bombing in Baghdad emphasized the scale of the carnage and the pall it cast over efforts to stabilize Iraq. ABC World News (2/3, story 4, 1:30, Weir, 8.78M) reported, "Baghdad is reeling from one of the worst attacks of the war. A 2,000-pound truck bomb driving into a crowded marketplace and unleashing carnage on a marketplace. Over one hundred killed and hundreds injured and the White House is calling the brazen attack an atrocity." The CBS Evening News (2/3, story 3, 2:10, Logan, 7.66M) reported, "It was the second time this market has been targeted in less than two months. Three car bombs killed fifty one people there last December. ... tonight, in what was thought to be revenge for the bombing, mortars rained down on Sunni neighborhoods, a sign that it will take more than words to stop the cycle of violence here." NBC Nightly News (2/3, lead story, 2:30, Arraf, 9.87M), reported, "It was the latest in a series of devastating attacks in dense Shi'ia areas."

The New York Times (2/4, A1, Oppel, Mizher, 1.16M) reports, "A mammoth truck bomb obliterated a popular central Baghdad market on Saturday, ripping through scores of shops and flattening apartment buildings, killing at least 130 people and wounding more than 300 in the worst of a series of horrific attacks against Shiites in recent weeks. ... It was the deadliest single bomb blast since the United States invasion almost four years ago." The bombing "seemed sure to inflame Shiite political and militia leaders just as more than 20,000 American troops begin to arrive in an attempt to stop the civil war that threatens to tear Iraq apart." The Washington Post (2/4, A1, Londono, 690K) reports, "The attack followed a recent string of bombings targeting places where Shiites congregate in Baghdad and elsewhere in the country. Officials say Sunni insurgents are behind the violence." Maliki spokesman Ali Dabbagh "blamed Syria for not doing enough to stop the violence, saying that 50 percent of insurgents enter Iraq through Syria."

The Los Angeles Times (2/4, A1, Susman, 850K) reports that the attack "was designed to inflict a massive physical as well as psychological toll." The payload "included land mines, ammunition, rockets, mortars and other explosives, which erupted in a fireball and sent buildings crashing down on top of merchants and customers, said Maj. Gen. Jihad Jabiri of Iraq's Interior Ministry. The White House and Iraqi Prime Minister Nouri al-Maliki denounced the attack, which was another reminder that their vows to counter spiraling bloodshed with increased troops are having no deterrent effect." The Chicago Tribune (2/4, Sly, 617K) reports, "Two buildings were obliterated, 10 others collapsed, dozens of stalls were incinerated, and many victims died instantly in the huge explosion, which reverberated across the city. ... this bombing was shocking, in its size and in the number of casualties inflicted," even by Iraq's standards. The bombing occurred "40 days after the execution of Saddam Hussein, prompting some speculation that it was intended to mark the day normally commemorated as the end of the traditional mourning period in Iraq."

The AP (2/4, Hurst) reports, "Suspected Sunni attackers have appeared emboldened in recent weeks after radical anti-American Shiite cleric Muqtada al-Sadr, under pressure from fellow Shiites who dominate the government, ordered the thousands of gunmen in his Mahdi Army militia to avoid American attacks in the coming assault." An Interior Ministry general "called for the government to 'deport (non-Iraqi) Arabs immediately.' The general's comments reflected growing displeasure inside the government of Shiite Prime Minister Nouri al-Maliki with neighboring Syria, which Baghdad charges has done too little to close its border to Sunni militants." BBC.com (2/4) reports the "attacks on markets are widely seen as Sunni insurgent groups stepping up their activities before a new joint Iraqi-US security operation in Baghdad gets under way."

Bush's Iraq Plan Said To Hinge On "Go-For-Broke" Reforms. A 1,500-word piece in today's Washington Post (2/4, A16, DeYoung, 690K) says "doubts run deep" about the probable success of many reforms in

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Iraq. "The success of the Bush administration's new Iraq strategy depends on a series of rapid and dramatic political and economic reforms that even the plan's authors have little confidence will work. In the current go-for-broke atmosphere, administration officials say they are aware that failure to achieve the reforms would result in a repeat of last year's unsuccessful Baghdad offensive, when efforts to consolidate military gains with lasting stability on the ground did not work. This time, they acknowledge, there will be no second chance." Several anonymous sources described "the administration as standing on the brink of an intricate combination of maneuvers whose outcome is far from assured." The Post cites several "deep uncertainties," including Prime Minister Nouri al-Maliki's ability and commitment "to spearheading what the administration foresees as a fundamental realignment of Iraqi politics." Also in question, the Post says, is "whether Maliki's Shiite-dominated government and its sluggish financial bureaucracy will part with $10 billion for rapid job creation and reconstruction, at least some of it directed to sectarian opponents; and whether the U.S. military and State Department can calibrate their own stepped-up reconstruction assistance to push for action without once again taking over."

Antiwar Criticism Of Rice Said To Be Increasing. In an analysis of changing criticism of Secretary of State Condoleezza Rice, the New York Times (2/4, Cooper, 1.16M) notes, "For six years, first as national security adviser and then as secretary of state," Rice "worked under the cover of a very effective shield: Defense Secretary Donald H. Rumsfeld, who was the administration's lightning rod for criticism over its handling of Iraq. But in recent weeks, with Mr. Rumsfeld gone, Ms. Rice has faced increased, and somewhat unfamiliar, criticism." The "criticism of Ms. Rice has yet to reach the decibel level of that directed against Mr. Rumsfeld, and it may never get to that point, in part because she is not highhanded in her behavior toward colleagues and underlings, her close friends and aides said." Rice "has yet to inspire that level of exasperation from colleagues, either from inside the State Department or the National Security Council," but "she sometimes does take criticism personally."

Japan's Aso Calls Initial Iraq Occupation "Very Naïve." AFP (2/4) carries remarks by Japanese Foreign Minister Taro Aso, in which he "criticised the US occupation of Iraq as 'very naïve' and blamed it for spiralling unrest there, in another swipe at US tactics by the key Washington ally." He said former Secretary Rumsfeld "'started off the war, but the operation after the occupation was very naive. Because this operation did not work well, it (Iraq) is in trouble now. It became clear that the operation after a war is very important when you think about peace-building.'" AFP notes Aso's remarks "follow those by Japanese Defence Minister Fumio Kyuma, who has made a series of critical comments about US policies. Last month Kyuma said US President George W. Bush was wrong to invade Iraq and warned that Tokyo might not automatically renew its air force mission to the war-torn country."

Prophets Of Iraqi Troubles Saddened To Be Proven Right. The Washington Post (2/4, D1, Duke, 690K) reports, "It is the culture of this town -- trafficking in rightness. People clamor day in and day out, in that polished and politic way of the Washingtonian, to be proved right. But on Iraq, the vindicated are pained. There is no gloating -- not with thousands of people dead, Americans and Iraqis; not with the Iraq war precipitating an ongoing foreign policy crisis that has left the United States' global image in tatters. ... Lots of people predicted things would turn out this way." Now, "a cynical Washington exercise is underway, some of the vindicated say. It's a snake-like shedding of skin, a policy metamorphosis in which people who once were prominent cheerleaders for the war now are cozying up with the war's early opponents and distancing themselves from their earlier roles."

Kristof Looks For Classical Allusions Relevant To Administration. New York Times (2/4, WK17, 1.16M) columnist Nicholas Kristof writes, "Thucydides' account of the failed 'surge' in the Sicilian expedition 2,400 years ago is newly relevant, and 'Moby Dick' is interesting reading today as a bracing warning of the dangers of an obsessive adventure that casts aside all rules." Kristof adds, "The classics have an overwhelmingly cautionary bias, operating as a check on any impulsive rush to war. Perhaps that is because…humans have an ingrained psychological tilt to hawkishness."

Coalition Phases In Iraqi Sailors. The Los Angeles Times (2/4, Perry, 850K) reports," Here and elsewhere in the Persian Gulf off Iraq's shores, Iraqis are gradually taking over jobs once done by U.S. Marines and sailors. They stand guard on terminals such as this one, which is often compared to the bizarre structures of the movie 'Waterworld.' ... It is a slow process for a nation whose navy was destroyed in the early hours of the 2003 assault led by the United States." The Times continues, "'They're learning as they go, but they're definitely getting better,' said Coast Guard Lt. j.g. Kristopher Ensley, executive officer of the cutter Aquidneck. U.S. officials say Iraq's navy faces the same challenge as its army: changing a top-down style that does not encourage leadership in the enlisted ranks."

Contractors To Continue Providing Security In Iraq. The Washington Post (2/4, A19, Pincus, 690K) reports, "The Defense Department plans to continue hiring private contractors to provide security at reconstruction projects in Iraq and to train U.S. and Iraqi military officers in counterinsurgency, despite problems with past contracts for

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such jobs that traditionally have been done by military personnel. The contracting out of these wartime activities comes at a time when the United States is stretching its resources to provide the additional 21,500 troops in Iraq that are needed under President Bush's new strategy."

Bremer Eager To Defend Record. The Politico (2/3, Allen) reports former Coalition Provisional Authority chief L. Paul Bremer "plans to point to unexpectedly chaotic conditions in post-Saddam Baghdad as he defends his record at a hearing on Iraq spending before House Democrats on Tuesday, according to sources familiar with his testimony. ... Rep. Henry A. Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, has billed it as a 'hearing on waste, fraud and abuse,' one some administration officials have been dreading." Bremer "told Politico he looks forward to committee members' questions, but also plans to give them a 5,000- to 6,000-word treatise in addition to his five-minute opening statement."

Mass Migration Driven By Iraq War. The Washington Post (2/4, A1, Raghavan, 690K) reports in a pessimistic article, "Nearly 2 million Iraqis -- about 8 percent of the prewar population -- have embarked on a desperate migration, mostly to Jordan, Syria and Lebanon, according to the U.N. High Commissioner for Refugees. The refugees include large numbers of doctors, academics and other professionals vital for Iraq's recovery. Another 1.7 million have been forced to move to safer towns and villages inside Iraq, and as many as 50,000 Iraqis a month flee their homes, the U.N. agency said in January." The AP (2/3, Hendawi) reports of the exodus, "When it might peak, nobody knows, but if it continues at its present rate, the consequences for the region would be profound. Iraqis now make up more than 5 percent of Syria's population, the U.N. refugee agency says. Jordan says its 700,000 Iraqis have swollen its population by 12 percent, and its officials say they have already moved to cut off the flow. So has Egypt, with 130,000 Iraqi newcomers."

Key Taliban Figure Killed By NATO Airstrike. The AP (2/4) carries a NATO statement that "NATO-led troops killed a senior Taliban leader with a precision airstrike near a southern Afghan town overrun by militants." Initial reports suggest that Mullah Abdul Gafoor and several associates were killed today "while they were riding in a truck through a small village just outside Musa Qala." Outgoing SACEUR Gen. David Richards told the AP "that 'very surgical and deliberate' force would be used to evict the fighters from Musa Qala, where he said the alliance's strategy of avoiding military action has driven a wedge between residents and Taliban insurgents."

Residents Flee Taliban-Occupied Town. An earlier AP (2/3) report stated, "Hundreds of villagers fled a southern Afghan town overrun by Taliban militants, fearful of a NATO attack on the insurgent fighters who have hoisted their trademark white flag over the town's ransacked government center, residents said."

US General Takes Over NATO Afghan Force. BBC.com (2/4) reports, "UK General David Richards has handed over control of the Nato force in Afghanistan to US General Dan McNeil. During Gen Richards's nine months in charge, the International Security Assistance Force (Isaf) has increased from 9,000 to more than 33,000 troops."

Afghan Schools Take On Taliban. The Los Angeles Times (2/4, King, 850K) reports that a school in Wach Tangi, Afghanistan, "was one of nearly 200 schools across the country burned in the last year by Islamic insurgents. Four hundred more schools were closed by threats and intimidation, driving more than 130,000 students from their classrooms and dealing a harsh blow to massive international efforts to rebuild an education system ravaged during the years of Taliban rule. Over the last three months, however, the rate of attacks has fallen dramatically, with fewer than half a dozen schools believed to have been targeted. ... There are no reliable figures, but the [education] ministry believes more than half the country's 9,000 schools are under some form of locally organized protection, whose effectiveness remains to be seen." On the other hand, "Some educators believe that the recent lull in school burnings and other attacks is only partly due to the establishment of protection committees. Violence traditionally decreases during the coldest months, and they think the insurgents will become more active again during the spring. Other school officials believe that the Taliban, after initially underestimating the strength of the country's education ethic, may have discerned that the school-burning campaign was backfiring."

Former Aid Worker Says Good Intentions Insufficient In Afghanistan. In a Washington Post (2/4, 690K) Outlook piece, former aid worker Holly Barnes Higgins writes, "I went to Afghanistan in October 2005 to work on an economic development project funded by the U.S. government. I went because I believed in the mission: helping to improve the quality of life in a war-torn land. I was lucky to get out. Now I am home, hearing with dismay that President Bush lauds our work as a success and is requesting more aid for Afghanistan. ... I know about the millions of dollars already wasted there." Higgins says of her time in Helmand province, "I now think that the West can do little if anything to quell the opium poppy trade, except to intercept the traffickers. This will be true as long as Helmand's residents refuse to recognize and respect the central government; as long as streets and

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schools, markets, mosques and government buildings are targeted by suicide bombers; as long as elders strike deals with the Taliban and government officials themselves profit from poppy production."

NYTimes Says Colombian Model Will Not Work In Afghanistan. The New York Times (2/4, B1, 1.16M) editorializes, "There is no question that Afghanistan needs to wage a far more effective fight against opium trafficking if it ever hopes to achieve a stable peace. But Colombia -- another United States ally whose narcotics trade is helping finance a lethal insurgency -- is not the model to follow. ... The limited gains Colombia has achieved in recent years have been offset by an overly generous amnesty program for right-wing paramilitary leaders and drug traffickers, which has seriously compromised the rule of law. And American aid has been disproportionately directed into military and police programs, leaving far too little to promote alternative livelihoods for Colombia's farmers. ... The amount of land planted with coca crops has risen and the net harvest has been reduced only slightly. Afghanistan's problems will not be solved by copying these mistakes.

DOJ:

US Attorney Firings Prove Controversial. The Washington Post (2/4, A7, Eggen, 690K) reports, "H.E. 'Bud' Cummins III had served for five years as the U.S. attorney in Little Rock -- a job he obtained in large part because of his credentials as a longtime GOP lawyer and avid supporter of President Bush. So Cummins, 47, was more than a little surprised when he got a call from the Justice Department last year asking him to resign. He was told there was nothing wrong with his performance, but that officials in Washington wanted to give the job to another GOP loyalist." Cummins "was replaced by J. Timothy Griffin, a former aide to presidential adviser Karl Rove. … Cummins was the first in a wave of seven U.S. attorneys to be fired by the Justice Department, a move that has prompted sharp criticism from Democrats in Congress and has set the stage for a legislative battle over the attorney general's power to appoint federal prosecutors." The Post goes on to report, "there is also evidence that broader political forces are at work. One administration official, who spoke on the condition of anonymity in discussing personnel issues, said the spate of firings was the result of 'pressure from people who make personnel decisions outside of Justice who wanted to make some things happen in these places.'"

CORPORATE SCANDALS:

Thomas Group To Review Stock Option Grants. The AP (2/4) reports, "Thomas Group Inc., a management consulting firm, said Friday that it is initiating a review of its past stock option granting practices and will report its fourth-quarter and full-year results when the review is complete." The AP continues, "The company said that the stock options review was initiated voluntarily and not in response to an inquiry by the Securities and Exchange Commission or any other regulatory agency. More than 100 companies are under investigation by the SEC or Justice Department for their stock option granting practices, and at least 93 others have launched their own internal reviews, according to an Associated Press review." The AP adds, "Thomas said it plans to report its full quarterly and full-year earnings and file its Form 10-K annual report by the March 31 filing deadline. … The company did report revenue for the quarter ended Dec. 31 and the full year. Thomas said quarterly revenue increased 26 percent to $14.8 million from $11.7 million in the year-earlier period. For the full-year, revenue increased 38 percent to $59.5 million from $43.1 million in 2005."

CRIMINAL LAW:

Libby Trial Spotlights Cheney's Role In Rebutting Wilson. The Washington Post (2/4, A5, Smith, Leonnig, 690K) reports, "the unanswered question hanging over [Vice President Cheney's former chief of staff Scooter] Libby's trial is, did the vice president's former chief of staff decide to leak that disparaging information on his own? No evidence has emerged that Cheney told him to do it. But Cheney's dictated reply [regarding Joseph Wilson's NYTimes op-ed] is one of many signs to emerge at the trial of the vice president's unusual attentiveness to the controversy and his desire to blunt it. His efforts included the extraordinary disclosure of classified information, including one-sided synopses of Wilson's report and a 2002 intelligence estimate on Iraq. Under questioning from FBI agent Deborah S. Bond, Libby acknowledged that he and Cheney 'may have talked' aboard the plane from Norfolk that day about whether to make public Plame's CIA employment, Bond testified Thursday. Her testimony brought Cheney closer than ever to the heart of the controversy surrounding the Bush administration's efforts to discredit Wilson."

Libby Lawyers Fighting Release Of Grand Jury Testimony Tapes. The AP (2/4, Apuzzo) reported, "Former White House aide I. Lewis 'Scooter' Libby is fighting to keep his grand jury testimony about the leak of a CIA officer's name from being released and broadcast. That testimony -- the sworn statements Libby gave investigators about his

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conversations with Vice President Cheney and journalists -- is at the heart of his perjury trial. Special prosecutor Patrick Fitzgerald plans to play hours of recordings of that testimony in court next week to bolster his case that Libby lied and obstructed Fitzgerald's leak investigation." The AP noted, "If the tapes are released, they could be broadcast on television, radio and online. U.S. District Judge Reggie B. Walton said he worried that would sensationalize an already public trial."

Prosecutors Could Rest Case As Soon As Tuesday. CNN.com (2/4, Courson) reported that prosecutors "plan to rest their case as soon as Tuesday. Nearly a dozen witnesses have taken the stand in the past two weeks. The last witness is expected to be Tim Russert, moderator of NBC's 'Meet the Press.'" CNN added that Special Prosecutor Patrick Fitzgerald "wants the jury to consider two undisclosed newspaper articles Libby had saved in his office files. Defense attorneys have objected, saying the articles contain all manner of hearsay they would not be able to challenge in court. U.S. District Judge Reggie Walton hopes to rule on the evidence by the time the trial resumes Monday."

Rich Says Cheney "Lost It" During Interview. The New York Times' Frank Rich (2/4, WK16) writes, "In the days since Dick Cheney lost it on CNN, our nation's armchair shrinks have had a blast. The vice president who boasted of 'enormous successes' in Iraq and barked 'hogwash' at the congenitally mild Wolf Blitzer has been roundly judged delusional, pathologically dishonest or just plain nuts. … The vice president's on-camera crackup reflected his understandable fear that a White House cover-up was crumbling. He knew that sworn testimony in a Washington courtroom would reveal still more sordid details about how the administration lied to take the country into war in Iraq. He knew that those revelations could cripple the White House's current campaign to escalate that war and foment apocalyptic scenarios about Iran. Scariest of all, he knew that he might yet have to testify under oath himself."

Libby Defense Seeks To Block WPost Articles. The Washington Post (2/4, A5, Leonnig, 690K) reports, "The day of his interview with the FBI" Libby "hand-marked copies of two Washington Post articles about the breadth of a criminal leak investigation -- and underlined were passages suggesting that any official who had told reporters about a CIA officer could be in legal jeopardy, prosecutors said in court filings yesterday. Government prosecutors argued that the October 2003 articles -- stored in former chief of staff I. Lewis 'Scooter' Libby's personal folders, and printed from the Internet at his request -- show that Libby had a motive to lie about his secret conversations with reporters and knew that he could be in trouble. The prosecutors are urging presiding U.S. District Judge Reggie B. Walton to let the articles be placed into evidence so the jury can see them. … Defense attorneys argued in competing filings yesterday that the Oct. 4 and Oct. 12 articles, written by Walter Pincus and Mike Allen, would prejudice the jury against Libby. They say the articles are 'inflammatory' because they indicate that Plame had been engaged in covert work in recent years and that revelations about her identity could harm national security interests -- both issues that, they argue, the judge has ruled are not relevant to Libby's trial."

Reporter Provides Behind-The-Scenes Look At Libby Trial. In a behind the scenes look at the trial of Vice President Cheney's former chief of staff I. Lewis "Scooter" Libby, CNN.com (2/4) reporter Kevin Bohn reports, "As the trial… goes on, we are learning more and more about special counsel Patrick Fitzgerald's investigation, which was prompted by the leak that Valerie Plame was an undercover CIA agent. … Now we learning what witnesses told FBI agents or testified before a grand jury, and we are gaining more insight through the release of many documents related to the case. … Those range from a mundane calendar of then-Undersecretary of State Marc Grossman to the often-talked about memo from the State Department's intelligence unit about former ambassador Joseph Wilson's 2002 trip to investigate claims that Iraq was trying to obtain uranium in Africa." CNN adds, "We have seen correspondence between the Justice Department and Fitzgerald's office and Vice President Dick Cheney's office asking for documents, as well as subpoenas that were issued. … In fact, David Addington, the vice president's current chief of staff, says his office handed over more than 12,000 documents as part of the probe, including many handwritten notes from Libby himself. … Some of those notes had to be analyzed by experts to figure out exactly what Libby was saying since his handwriting is notoriously bad." CNN notes, "One unusual thing in this trial: allowing the jurors to ask questions of witnesses. Lawyers say it's rare in federal courtrooms but occurring more in some federal trials. … The presiding judge, Reggie Walton, is a former superior court judge where this practice is more common. Some lawyers say there is a lot of discussion about this type of activity to try to get the jury more involved and to allow them to address any doubts they might have. … Jurors have so far posed several questions for most of the witnesses."

FBI Investigating Miller's Failure To Pay Taxes On Land Sales. The New York Times (2/4, A20, Steinhauer, Shenon, 1.16M) reports the FBI is investigating whether Rep. Gary Miller "improperly used an unusual tax provision to avoid paying capital gains taxes on profits from land sales to California cities, law enforcement and government officials said. Last summer, Citizens for Responsibility and Ethics in Washington, a watchdog group, filed a complaint with the Internal Revenue Service saying that Mr. Miller had failed to pay capital gains tax on the 2002 sale of 165 acres in Monrovia, Calif. The complaint said Mr.

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Miller invoked a rarely used provision that allows tax deferment if the land that is sold is facing an eminent domain threat and the protected proceeds are reinvested within two years. Mr. Miller, who would have faced about a 30 percent tax on the property under a normal sale, used the roughly $10 million in profits from the Monrovia sale to buy property in Fontana, Calif., from Lewis Operating Corp., one of his major campaign contributors, and then resold some of that land to the City of Fontana in 2005 and later in 2006."

FBI Arrests Longtime Kentucky Mayor On Suspected Corruption Charges. The Lexington Herald-Leader (2/4) reported, "Federal authorities have arrested a longtime Eastern Kentucky mayor who lost re-election last November. Former Manchester Mayor Daugh K. White was being held yesterday at the Laurel County Detention Center on federal charges," although the "charge against White was not available. The FBI raided Manchester City Hall last October and seized a variety of records, but has not disclosed the nature of its investigation. However, a state audit released in December said that while White was mayor, the city misused taxpayers' money by paving more than 30 private driveways, making undocumented loans to employees and private companies and paying for personal travel expenses of city workers." The Herald-Leader notes, "White becomes the third Clay County public figure arrested by federal authorities in the last few months."

Indictment Expected Soon In FBI Probe Of Pennsylvania State Senator. The Philadelphia Inquirer (2/4, Shiffman, Cattabiani, McCoy) reported, "The four-year investigation of State Sen. Vincent J. Fumo is coming to an end, and lawyers familiar with the case expect him to be indicted soon, possibly as early as Tuesday. Fumo, one of the most powerful politicians in Pennsylvania, last year received a target letter -- a formal notice that he is likely to face charges related to the fraud and obstruction-of-justice probe. … 'He's looking forward to clearing his name,' said a person close to the Philadelphia Democrat." The Inquirer noted, "Since 2003, the FBI and IRS have grilled everyone from Fumo's florist to a Senate-paid private eye. … But the heart of the case appears to be whether Fumo illegally exploited a multimillion-dollar South Philadelphia charity to fund his personal and political agenda - using it, as one person close to the case put it, 'as his personal piggy bank.'"

FBI Probe Of Perata Appears To Have Stalled. The San Mateo County Times (2/4, Harmon) reported, "Senate President Pro Tem Don Perata has spent nearly $1 million defending himself against a federal probe into whether he illegally funneled money to family and close associates. But more than two years after the harsh light of suspicion first fell on the 61-year-old East Bay Democrat, the FBI investigation appears to have fallen quietly into a black hole of obscurity. The flurry of subpoenas flying out of FBI offices in San Francisco has slowed to an apparent stop. There haven't been any publicly acknowledged FBI interviews of witnesses since last summer." The Times added, "Perata refuses to talk about the investigation with reporters and it appears to be a nonissue in the Capitol. … But no one knows if another shoe is out there ready to drop. The FBI has made no comment on where the investigation is, whether they're about to indict or if they're ready to close up shop — and a spokeswoman said they won't comment."

Scope Of "Operation Dollar Bill" Continues To Expand. The Providence Journal (2/4, Stanton) reported, "Politicians are looking over their shoulder, witnesses are lawyering up and the FBI and state police have spent many hours at the State House library, poring over the arcane details of committee votes and the travel of legislation. Welcome to Operation Dollar Bill, the newly minted federal corruption probe that seeks to connect the dots between dollars, as in payoffs, and bills, as in legislation." The Journal added, "Like a hurricane gathering force, a case that began three years ago with one state senator, John A. Celona, has gained sufficient strength to recently earn its own name in the FBI register. Not since Operation Plunder Dome, the corruption probe of Providence City Hall that brought down Mayor Vincent A. Cianci Jr., has Rhode Island seen such a high-profile public corruption case. And this case is bigger. While Plunder Dome focused on one mayor and one city, Operation Dollar Bill encompasses 'multiple entities and a lot of players,'" according to US Attorney Robert Clark Corrente. However, "Corrente noted last week that an investigation does not necessarily lead to criminal charges, and he declined to identify specific targets."

FBI Investigating Top Aide To Minnesota Sheriff. The St. Paul Pioneer Press (2/3, Gottfried) reported, "Ramsey County Sheriff Bob Fletcher said Friday the FBI is investigating a high-level civilian aide in his department. Mark Naylon, a public information officer and Fletcher's friend, is being investigated for allegations of criminal conduct, the sheriff said. … No other county employees were being investigated, he said." The Pioneer-Press noted, "The FBI contacted Fletcher about its investigation into Naylon for the first time Friday and asked for a meeting, the sheriff said. Agents requested documents and access to employees for interviews. Fletcher said his office is cooperating." The Minneapolis Star Tribune (2/4, McEnroe, Smith, Padilla) added, "Sources have told the Star Tribune that the FBI is particularly interested in Naylon's relationship with the Hell's Outcasts motorcycle gang, which has a history of gun and drug trafficking. … Officially, Naylon is the office's

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public information officer. Fletcher said that Naylon also has played a key role for the office's interaction with drug and gun task forces."

Killings Of Four Indiana Men Spark Fear Among Homeless. The New York Times (2/4, Saulny) reports, "The first two bodies were found on a hunch in early January in South Bend, Ind., during a search of an old industrial part town. Two police officers popped open the lid of a manhole and down there, beaten to death and stacked upright one above the other, were two missing men, Michael S. Nolan Jr. and Michael W. Lawson." The Times continues, "Just three days later, as the investigation expanded, the police opened another manhole about 100 yards away from the first and found two more men, Jason A. Coates and Brian Talboom, their bodies bludgeoned and discarded underground the same way. … To one officer on the scene, Sgt. David Wells, the discovery seemed more like something from a dark crime drama than anything that tranquil and academic South Bend had ever experienced. 'It was really horrific,' Sergeant Wells said. 'And really perplexing.'" The Times notes, "The four men had only two things in common: they lived together in a burned-out building that they had painstakingly transformed into a makeshift home. And they made money by 'scrapping' — hunting the urban landscape for increasingly valuable and marketable metals like copper and brass to sell to recyclers and construction businesses. … On Saturday night, the police announced that two homeless men had been arrested and charged with murder in the four deaths, said Capt. Jeffrey Walters of the South Bend Police Department. … The men, Daniel J. Sharp, 56, and Randy L. Reeder, 50, were being held in St. Joseph County, Ind., and Berrien County, Mich., respectively, according to The Associated Press. The police said Mr. Sharp and Mr. Reeder killed the four men because they believed they had stolen salvaged scrap metal that Mr. Sharp and Mr. Reeder had intended to sell. … The killings have fostered a sense of dread in the unusually tight-knit community of homeless men and women in South Bend."

Michigan Man Sentenced For Offering Bribe To Iraqi Police Official. The AP (2/4) reports, "A suburban Detroit man who worked as a translator in Iraq was sentenced today to three years in prison for offering a bribe to a police official for the purchase of armored vests and other equipment for $1 million." The AP continues, "Faheem Mousa Salam, 29, was sentenced in U.S. District Court for the District of Columbia by Judge Richard J. Leon, according to a statement from the Justice Department. … Salam, of Livonia, pleaded guilty on Aug. 4 to violating the Foreign Corrupt Practices Act." The AP adds, "He admitted that he offered $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, the Civilian Police Assistance Training Team, prosecutors said. Salam said he had 1,000 vests and a sophisticated map printer to sell. … Salam tried to complete the sale with someone he believed was an official of the training group, but who actually was an undercover agent of the Special Inspector General for Iraq Reconstruction. Salam offered the agent a separate payment of $28,000 to $35,000 for his help."

US Indicts Missouri Man On Child Pornography Charges. The Jefferson City (MO) News Tribune (2/4) reports, "David Matthew McCormick is facing new federal charges after a grand jury on Friday issued a new indictment in his case." The Tribune continues, "Bradley J. Schlozman, the United States Attorney for the Western District of Missouri, announced in a Friday news release the federal grand jury in Jefferson City added a charge in its new, two-count indictment that replaces one issued last Nov. 6. … McCormick, 20, now is charged with possessing child pornography on April 27, 2005, and distributing child pornography over the Internet on March 26, 2005." The Tribune adds, "Friday's indictment also includes a forfeiture allegation, which would require McCormick to give the government any property used to commit the alleged crimes, including two computer hard drives, a computer tower, a compact disc and a cellular camera telephone. … Schlozman said the case is being brought as part of 'Project Safe Childhood,' a nationwide federal Justice Department initiative designed to protect children from online exploitation and abuse launched in February 2006 by U.S. Attorney General Alberto R. Gonzales. … The national effort is led by the United States Attorneys' offices, with help from federal, state and local resources to identify and rescue victims and to better locate, apprehend, and prosecute individuals who exploit children using the Internet."

Report Raises Questions About Weed & Seed Grant Spending. The Andover (MA) Eagle Tribune (2/4, Chelf, Church) reports from Methuen, MA, "Methuen police Capt. Kristopher McCarthy treated himself and other top police brass to an afternoon snack of pretzels and water at an Atlanta mall in March 2005 and billed taxpayers $11.22. … Later on, someone wanted cheese sauce, and taxpayers picked up that tab, too - a bill for 45 cents at Mr. Pretzel. … These expenses were among $27,000 in travel costs billed to a $1 million federal grant meant to fight crime in the Arlington district, the city's poorest neighborhood. The receipts are just a small part of the police spending records subpoenaed by the federal government last August. The U.S. attorney's office will not discuss the subpoena, its investigation or whether it is looking into the travel costs." The Tribune continues, "An

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Eagle-Tribune analysis of the records shows that between 2001 and 2006, the grant known as 'Weed and Seed' paid for 11 trips to conferences across the country for seven people - police Chief Joseph Solomon, his secretary Patricia Giarrusso, Deputy Chief Joseph Alaimo, Lt. Kevin Mahoney, Sgt. Michael Havey, Capt. Katherine Lavigne and McCarthy. … For the first several trips, police officials documented their expenses with receipts backing up each reimbursement claim. But by 2005, police began using a per diem system granting themselves a daily spending allowance. Fewer supporting documents were provided." The Tribune adds, "During the March 2005 trip to Atlanta, Solomon, Giarrusso, Mahoney and McCarthy stayed for nearly six days at the Hyatt Regency on the government's dime. They had dinner at the Hard Rock Cafe, racked up a $70 breakfast bill for three at the Hyatt Hotel, spent another $203 for dinner at a Brazilian steakhouse and took more than $400 worth of cab rides. … McCarthy also expensed $8.06 for breakfast at Logan Airport in Boston. Solomon was paid $305.59 for food and transportation on the trip, but did not submit receipts to the city. … Five months later, the group got together in Los Angeles and did it all again." The Tribune notes, "Solomon, in a written response to questions for this story, said the trips 'form an integral part of the Weed and Seed program' and that federal grant officials expect attendance."

LATimes Mocks Government Efforts To Curtail Gambling. The Los Angeles Times (2/4, 850K), in an editorial, writes, "President Bush in October signed the Unlawful Internet Gambling Enforcement Act, a law intended to resolve any ambiguities about the unlawfulness of placing bets online. Although most fans in the free world can place bets with regulated online casinos, U.S. law enforcement has been busy cracking down on the heinous crime, going after enabling credit card companies, detaining those who run legal foreign online sites if they deign to enter the country and subpoenaing major Wall Street investment banks involved in overseas initial public offerings of online casinos. It's another brazen attempt to extend prudish American mores to other jurisdictions."

CIVIL LAW:

FTC Fines Telemarketer $1 Million For Violations. The AP (2/4, Rugaber) reports, "Federal regulators have slapped a $1 million penalty on a telemarketer that automatically dialed and then illegally hung up on more than 64 million people." The AP continues, "A Florida-based company known as The Broadcast Team settled charges brought by the Federal Trade Commission and the Department of Justice by agreeing to a court order that will bar them from making similar calls in the future and require them to pay a $1 million penalty. … The Broadcast Team also called more than a million numbers on the national Do Not Call Registry, the FTC said. … The company's principals, Robert J. Tuttle and Mark S. Edwards, were also named in the FTC's complaint." The AP adds, "The FTC said that the company was able to deliver over a million recorded messages per day to voice mailboxes and answering machines. But the company violated the commission's telemarketing sales rule by calling tens of millions of numbers and, when the calls were answered by people, hanging up or playing a recording. … The commission's rules require that calls answered by a person rather than an answering machine be connected to a live representative within two seconds, and not be 'abandoned' by hanging up or playing a recording. … Telemarketers that make sales calls or for-profit telemarketers seeking charitable contributions are bound by the restrictions on abandoning calls, the commission said. .. .And the Broadcast Team received more than $2 million in revenue for telemarketing calls that violated the FTC's telemarketing sales rules, the commission said last year." The AP notes, "The Justice Department first filed a complaint in federal court at the FTC's request in December 2005. The complaint said the company abandoned 64 million calls on behalf of debt management companies and more than 450,000 calls made for charities and other purposes. … The complaint also said that the company violated the law by calling numbers on the national "Do Not Call" Registry and for making calls without paying the required annual fee for access to that Registry."

ITT To Settle US-China Technology Case. Bloomberg (2/4, Schmidt, Capaccio) reports, "Defense contractor ITT Corp. may pay as much as $100 million to resolve U.S. charges the company violated export control rules by allowing the transfer of night- vision technology to China, people familiar with the case said." Bloomberg continues, "ITT, the world's biggest maker of night vision goggles, is in advanced talks with Justice Department prosecutors in Virginia, said the people who asked not to be identified because negotiations with the government are continuing and the size of the settlement could still change. The agreement probably will be announced within a few weeks, the people said." Bloomberg adds, "China has been energetic in trying to obtain so-called Generation 3 night-vision technology and develop ways to counteract the devices, analysts say. The goggles, binoculars and scopes are used by soldiers to see clearly when fighting in darkness and low light. … The settlement would be ITT's second in a little more than two years for export control violations. In November 2004, the company agreed to settle a State Department civil case by paying $8 million and improving its internal controls for preventing sensitive technology from falling into the wrong hands. … The company must still honor

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the terms of the settlement in that case, which involved export violations of night-vision technology and remote sensing equipment for satellites. The agreement with the State Department requires ITT to submit to heightened government scrutiny, including arranging for on-site audits at the request of the agency, until 2009."

CIVIL RIGHTS:

Concerns Raised About Report Showing Increase In NYPD Searches. The New York Times (2/4, Lee) reports, "On Friday, the New York Police Department released a report showing that police officers stopped 508,540 people on city streets in 2006, an average of 1,393 a day and quintuple the number from 2002. While it was difficult to find a consensus on the significance of those statistics — good patrolling, overly aggressive officers and more faithful recordkeeping are just a few explanations — it was not hard yesterday in Red Hook to find a handful of that number walking around. … More than half of those stopped, and sometimes frisked, by the police were black. The Red Hook projects have a large black population, a history of crime problems and, at least in a few young men, a wariness of the police." The Times adds, "At a press conference outside police headquarters yesterday, representatives of black and Hispanic officers' groups called the data damning, and renewed calls for Police Commissioner Raymond W. Kelly to step down. … The Police Department said that officers stop people only if they are suspected of committing a crime, and that the practice is vital in getting guns off the streets. About 21,000 of the stops ended in arrests and about 29,000 in summonses."

Officer Convicted In Louima Case To Finish Sentence In NY Halfway House. The New York Times (2/4, Ramirez) reports, "A former police officer convicted of perjury in the 1997 assault on Abner Louima, a case that scarred both the city's race relations and its police force for years, has been released from prison to a halfway house in upstate New York, his lawyer said yesterday." The Times continues, "The officer, Charles Schwarz, 41, was released from a minimum-security facility on a former Air Force base in Duluth, Minn., more than two months ago, said the lawyer, Ronald Fischetti. Mr. Schwarz is expected to complete the remainder of his five-year sentence in May. … Mr. Fischetti would not disclose the location of the halfway house but said Mr. Schwarz's wife, Andra, and 2-year-old son, William, lived nearby. … Mr. Schwarz 'plans to relocate in a different area and doesn't plan to come back to the city,' Mr. Fischetti said, because of unwanted press attention." The Times adds, "In August 1997, Mr. Louima, a Haitian immigrant arrested after a nightclub disturbance, was beaten in a police station's bathroom by an officer who then sodomized him with a broomstick. The officer, Justin A. Volpe, later pleaded guilty and was sentenced to 30 years in prison. … Mr. Louima has contended that there was a second officer in the bathroom, Mr. Schwarz. Mr. Schwarz has denied the allegation, and Mr. Volpe also said Mr. Schwarz was not there."

California Taser Task Force To Study Weapon's Effects. The San Jose Mercury News (2/4, Wykes) reports, "The members of the Palo Alto Taser Task Force, beginning their journey toward a decision about whether stun guns should be a part of any police officer's equipment in the city, will get as close as they can Tuesday to test-driving the experience." The News continues, "Part of Palo Alto Police Chief Lynne Johnson's presentation will include videos of people being shocked with a stun gun. … These videos were taken in real-life situations by other police agencies, Johnson said." The News adds, "At last week's meeting, Johnson told the panel that the presentation would include a live Taser stunning of a volunteer from the police department. … Some members of the task force balked at the idea, not wanting to be directly responsible for a deliberate infliction of pain, so Johnson changed to the video format. .. But she held fast to the idea that if the task force is going to educate itself as wholly as possible, the use of a stun gun is important to see." The News notes, "In November, the family of a Fresno man, who died after being stunned by San Jose police, filed a federal lawsuit claiming he was the victim of excessive and unreasonable force. The Santa Clara County coroner included the use of the Taser and pepper spray as a contributing factor in the man's death -- one of the first times that has happened in Santa Clara County. …More than a quarter-million Tasers are in use by police departments nationwide and justified as a control method far less lethal than a gun. … The San Jose Police Department was the first in the Bay Area to use the weapon. Other Taser-carrying departments now include Gilroy, Fremont, Morgan Hill, Belmont, San Bruno, San Mateo and San Mateo County SWAT teams. … The U.S. Justice Department is reviewing its use and researchers at Wayne State University in Indiana are applying biomedical engineering to determine if a stun gun can be made safer by lessening its power."

Curb Cuts Offer Disabled An Easier Way To Get Around. McClatchy Newspapers (2/4, Greve) reports, "The barricades that quadriplegic Ed Roberts and his comrades stormed nearly 40 years ago were a few inches high. Yet today, millions of Americans pass daily through the breaches they created. … Curb cuts, the breaches are called. Or curb ramps." McClatchy continues, Since 1990, the Americans with Disabilities Act has required them in construction,

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renovation and wherever a city does major street or sidewalk work. All this curb-ramp building has helped the United States lead the world when it comes to providing public access for people with disabilities. … 'For all this country's many faults, one thing we do better than anybody is architectural-barrier removal,' said Mary Lou Breslin, the co-founder and senior policy adviser of the Disability Rights Education and Defense Fund, based in Berkeley. By her estimate, more than 60 countries are trying to catch up." McClatchy adds, "Curb ramps also are a boon for bicyclists, stroller-pushers, skateboarders and in-line skaters. They're a help, too, for travelers with wheeled luggage and delivery truckers with hand carts. … In fact, nine out of 10 unencumbered pedestrians will veer off course to take advantage of a curb ramp, according to Jim Terry, an architect specializing in accessible design who studied pedestrian behavior at a shopping mall in Sarasota, Fla." McClatchy notes, "Curb ramps are crucial to independence for people who use wheelchairs, according to architect Bill Hecker of Hecker Design Ltd. in Birmingham, Ala., a specialist in access for people with disabilities. … It's unclear how many ramps are in existence or how much they've cost. The simplest single curb ramp runs about $900, according to Hecker. As a rule, cities put them in when it's convenient or when the Justice Department convinces them that they must."

Former Louisiana Deputy Claims Home Seizure Violated Rights. The Monroe (LA) News-Star (2/4, Gunter, Temple) reports, "Another volley has been fired in the dispute between the Ouachita Parish Sheriff's Office and some of its former deputies." The News-Star continues, "Former deputy Stan Felts said he has filed a federal civil rights complaint against Lt. Mike Rowlan and Chief Deputy Joe Davis. … Felts was a 16-year employee of the Sheriff's Office and headed up the department's Special Crimes Apprehension Team before resigning Jan. 4 with the rank of sergeant. His resignation came in the middle of an Internet scandal that accuses the department of corruption. The complaint alleges that Davis and Rowlan, who has been the major target of the Internet postings, conspired under color of the law to deprive Felts and his wife of their civil rights to privacy." The News-Star adds, "The complaint states that Rowlan, under Davis' direction, tried in July 2003 to remove a personal computer from Felts' western Ouachita Parish residence without probable cause or without trying to obtain a search warrant. … Felts' federal filing follows a lawsuit filed Jan. 25 by Rowlan naming three former deputies — Gene Caviness, Jacob Greer and Todd Newton — claiming defamation, invasion of privacy and Internet stalking. The postings on the Copwatch.com Web site accuse Rowlan of illegal activity and accuse Sheriff Richard Fewell of covering up for him. Rowlan works with Metro Narcotics Unit, and the postings on Copwatch.com revealed his identity by showing his driver's license photo and even his home address." The News-Star notes, "Only Greer was employed by the department at the time of the Internet postings and was fired after an internal investigation revealed he passed along his personal identification number to Newton so Newton could enter the Thinkstream law enforcement information center. Newton had left the Sheriff's Office for a job with the West Monroe Police Department. … Caviness was working with the FBI Task Force through his employment with the East Carroll Parish Sheriff's Office. After the internal investigations by the Sheriff's Office and West Monroe police, Caviness resigned his job with FBI Task Force but still works with the East Carroll Sheriff's Office."

DOJ Asked To Monitor New York Election. The New York Times (2/4, Lambert) reports, "The already ferocious campaign to fill a State Senate seat on Long Island reached a new pitch yesterday with a mass mailing featuring Osama bin Laden, accusations of improper donations, and a request for federal monitors to guard against voter intimidation at the polls on Tuesday." The Times continues, "The contest has drawn intense statewide political attention because a Democratic victory would edge that party closer to controlling the Senate. Unions and other special interest groups are funneling money and workers into the contest, which could become New York's most expensive state legislative race. … Gov. Eliot Spitzer has taken a direct role by campaigning and filming a television commercial for the Democratic nominee, Craig M. Johnson. Equally determined to preserve their majority, top Republicans are marshalling their forces behind their candidate, Maureen O'Connell." The Times adds, "Citing fears that Republicans will challenge the legitimacy of Democratic voters on Election Day to sway the outcome, the Democratic campaign formally asked the United States Department of Justice to dispatch monitors to polling places to prevent 'voter intimidation' and voting delays. … 'Independent federal monitors are critical to ensure a fair election,' the request said. A Justice Department spokeswoman said the request was under review."

The Long Island Newsday (2/4, Hadrick) reports, "Democrats raised the issue of intimidation this week after Republicans requested that poll inspectors be supplied with voter challenge forms and validation oaths. … Nassau Republican Chairman Joseph Mondello said, 'We welcome federal monitoring because it will prevent anyone from running people in from New York City who are not eligible to vote in Nassau County.'" Newsday adds, "A Justice Department spokeswoman said the agency is considering Johnson's request and will decide by Monday 'if there is a factual and legal basis that warrants' monitors."

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US Shiites Complain Of Discrimination By Sunni Organizations. The New York Times (2/4, A1, MacFarquhar, 1.16M) reports, "Escalating tensions between Sunnis and Shiites across the Middle East are rippling through some American Muslim communities, and have been blamed for events including vandalism and student confrontations. … Some Shiite students said they had faced repeated discrimination, like being formally barred by the Sunni-dominated Muslim Student Association from leading prayers." According to the Times, "At the University of Michigan's campus in Dearborn, the Muslim association pushed through rules that effectively banned Shiites from leading collective prayers. … At Rutgers University, the tension started last year after…conservative Sunni students began openly mocking Shiites, and considered barring women from leading the student association. Several students involved said the group was heavily influenced by teachings from Saudi Arabia."

California To Export Inmates To Other States. The New York Times/AP (2/4, A23) reports, "As many as 5,000 California convicts will be transferred out of state to ease an overcrowding crisis in the state prison system, the top corrections official said Friday. 'We are severely overcrowded, and the need for more space is absolutely critical,' James E. Tilton, the secretary of the Department of Corrections and Rehabilitation, said in a statement. 'This decision is being made to protect public safety.' In December, a federal judge warned that he would start releasing inmates early or prohibit convicts from being sent to state prisons from county jails unless the state acted immediately to ease overcrowding. The threat followed an executive order signed by Gov. Arnold Schwarzenegger in October authorizing voluntary and involuntary transfers of up to 5,000 inmates."

ANTITRUST:

Faked Letters Cloud Dispute Over Monsanto's Bid For Delta & Pine. The St. Louis Post-Dispatch (2/4, Melcer) reports, "Biotech crop giant Monsanto Co.'s proposed purchase of the nation's largest cottonseed company is alarming some farmers and agribusiness competitors — but Charles Martin isn't one of them." The Post-Dispatch continues, "Martin said he doesn't know how a letter opposing the deal, bearing his name, address and purported signature, was sent to a U.S. senator by a former congressional colleague as part of a lobbying campaign. … The letter identifies Martin as a longtime family farmer. 'Somebody is using my name falsely,' said Martin, a retired mechanical engineer from Hawkinsville, Ga. 'I've never farmed. … I can't even raise dust.'" The Post-Dispatch adds, "The letter is one part of varied efforts aimed at derailing Creve Coeur-based Monsanto's plan to buy Delta & Pine Land Co. of Scott, Miss., for $1.5 billion. Opponents say the acquisition would give Monsanto too much control over American cotton. … Some opponents are pushing for congressional hearings on the deal, which Washington observers say are unlikely. Letter-writing campaigns are sparking interest among states' attorneys general; 32 have requested information from Monsanto. Staff at a Minneapolis public-relations firm are e-mailing appeals for an outcry in regions where no cotton is planted. … Monsanto already provides — and profits from — genetic traits that last year protected nearly 86 percent of the U.S. cotton crop from worms, herbicide or both, according to data from the Agriculture Department. … If Monsanto buys D&PL and fulfills a related promise to sell its own Stoneville cottonseed business, Monsanto's share of the U.S. cottonseed market will jump to nearly 50 percent, up from about 12 percent. In a half-dozen Southern states where D&PL is the preferred brand, that market share would top 85 percent."

Lame-Duck Delta CEO Leads Successful Takeover Resistance. The Atlanta Journal-Constitution (2/4, Hirschman, Grantham) reports, "At first glance, the battle for Delta Air Lines seemed likely to be a rout. … The youthful, dynamic executive team at US Airways seized the initiative last fall when it launched a surprise takeover bid that caught a wounded Delta off guard." The AJC continues, "The group had already transformed a second-tier airline, the Tempe, Ariz.-based America West, into a major player by buying US Airways and taking its name a year earlier. By snatching Delta from bankruptcy court, 45-year-old Chief Executive Officer Doug Parker would get a tarnished gem and create the world's biggest airline in a single audacious stroke. … All that stood in the way was lame-duck Delta CEO Gerald Grinstein who, at 74, already planned to step down as soon as the Atlanta icon got out of bankruptcy court. He led a corps of untested executives who got their jobs when the previous executive team bailed out with controversial bonuses and protected pensions. Delta's 45,000-member work force had been battered by a string of layoffs, pay cuts and benefit reductions." The AJC adds, "Grinstein vowed to resist the US Airways offer, but some wondered if the opposition would wilt. Many airline analysts — always eager to see fewer players in the fractious industry — thought the deal would be a long-awaited catalyst for consolidation. … What neither US Airways nor Wall Street anticipated, however, was the high-spirited campaign Grinstein and Delta workers waged to defeat the merger proposal, which died last week when the airline's bankruptcy creditors refused to back it. Instead, they endorsed Delta's standalone reorganization plan, forcing

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Parker to abandon his $10 billion bid." The AJC notes, "Delta's strategy took advantage of Grinstein's long experience as a smooth boardroom operator and persuasive leader, as well as workers' hunger for a positive cause to rally around … It also benefited from the daunting obstacles that have long made large-scale airline mergers easier to talk about than pull off. While such deals may make financial sense, they are rarely popular with labor leaders, politicians or passenger advocates — and merger foes played those cards as well."

ENVIRONMENT/INDIAN AFFAIRS:

CDC Flu Pandemic Drill Halted By Weather Concerns. The Washington Post (2/4, A3, Brown, 690K) reports the Centers for Disease Control and Prevention "held a pandemic 'war game' here [Georgetown] last week but aborted it at midnight Wednesday, halfway through its planned 24-hour run. The reason -- ironically, but perhaps not surprisingly -- was concern about public safety. CDC did not want a hundred of its most valuable employees rushing on Thursday morning over ice-slick roads to a mock disaster. … CDC's director, Julie L. Gerberding, who spent Wednesday facing nail-biting pseudo-decisions -- and made the real one to call things off -- was happy with half a pandemic."

Administration's "Interference" With Climate Change Research Denounced. In an op-ed for the Los Angeles Times (2/4, 850K) Chris Mooney, author of 'The Republican War on Science,' and Alan Sokal, professor of physics at New York University, write, "By beginning to investigate the Bush administration's interference with scientists' work on global warming, the Democratic Congress has embarked on a key task: restoring respect for science — and more generally, for evidence and reason — in the federal government. That we need such reform, and from Democrats, is a historic irony, because it's the Republicans who have often tried to paint themselves as defenders of 'sound science' against ideologically motivated attacks."

Bush's Global Warming Measures Considered "Demonstrably Inadequate." The New York Times (2/4, WK15, 1.16M) editorializes, "Should Congress require any further reason to move aggressively to limit greenhouse gas emissions, it need only read Friday's report from the Intergovernmental Panel on Climate Change, the world's authoritative voice on global warming. … As we have learned over the years, talk is cheap in Washington, while meaningful action is almost certain to be expensive. President Bush has brandished those very real costs of moving to a new energy-delivery system again and again to argue against mandatory caps on emissions and to make the case for his own cost-free (and demonstrably inadequate) program of voluntary reductions. Yet what the panel is telling us is that the costs of doing nothing, especially to future generations, will be far greater than the price of acting now."

FBI/DEA/ATF/USMS:

FBI, Los Angeles Police Cracking Down On Rising Gang Violence. The Chicago Tribune (2/4, Martinez) reported, "With one recent study enumerating 40,000 members in 700 gangs in Los Angeles, the city is the originator and exporter of dangerous gangs gone national, such as the Bloods, the Crips and Mara Salvatrucha 13 (MS-13), said FBI spokesman Kenneth Smith. … Chicago Crime Commission President Jim Wagner acknowledged Los Angeles as a breeding ground for gangs that are now in Chicago's western suburbs." The Tribune added that "on Wednesday, local officials and the FBI office in Los Angeles will host a long-planned summit with law officials from the U.S., Canada and Central America on 'transnational' gangs such as MS-13, which has ties to El Salvador. During the conference, the mayor and police chief are expected to announce anti-gang programs emphasizing prevention and intervention, officials said.

3rd Circuit Overturns Pennsylvania Man's Gun Conviction. The Pittsburgh Post-Gazette (2/4, Ove) reports, "Jason Korey, suspected by police of being a serial hit man and once described by one detective as 'John Dillinger Jr.' and by another as the 'closest to the devil I'll ever come,' again has proved a slippery target for prosecutors. … Already acquitted of two killings, and with charges of attempting a third withdrawn, he's won another legal battle." The Post-Gazette continues, "An appellate court has thrown out a federal gun conviction that would have sent him to prison for three decades. The case was built largely on evidence from a homicide trial that the district attorney's office lost. … The 3rd U.S. Circuit Court of Appeals ruled last month that faulty jury instructions by U.S. District Judge Gary Lancaster might have influenced jurors to convict Mr. Korey in 2005." The Post-Gazette adds, "The appellate court also took the unusual step of admonishing the judge for his handling of an inappropriate remark by the prosecutor. Judge Lancaster allowed an assistant U.S. attorney to launch into a speech to the jury instead of apologizing after the remark. … U.S. Attorney Mary Beth Buchanan is now considering whether her office will retry Mr. Korey, 24, of Baldwin Borough, whose ability to escape homicide charges has long frustrated Pittsburgh police." The Post-Gazette notes, "He was acquitted in 2000 in the 1999 slaying of William Kuhn III, 24, a South Side cocaine dealer. The decision outraged detectives, especially because they believed that Mr. Korey had beaten

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another murder charge in 1999 when he was acquitted in the killing of Joseph Brucker, 17, of Whitehall. … Police didn't give up, though, and turned instead to the federal court system. … As part of Project Safe Neighborhoods, a U.S. Justice Department crackdown on illegal guns, they teamed up with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives to link Mr. Korey and the .22-caliber pistol used in the Kuhn killing. … A jury found him guilty of using a gun during a drug-trafficking crime and Judge Lancaster sentenced him to nearly 33 years in prison. … But among several challenges to the sentence, his public defenders said he was denied a fair trial because of prejudicial jury instructions and because the judge allowed Assistant U.S. Attorney James Love to issue an 'apology for foul language that bolstered the prosecutor's reputation.'"

Police Reap Benefits Of Seized Assets. The New York Times (2/4, Domash) reports, "In 2001, federal Drug Enforcement Administration agents gave the Nassau County Police Department Asset Forfeiture Unit a license plate number that was registered to an elderly woman in the county. It was the only lead they had on a suspected major drug and money-laundering operation, but it paid off in arrests — and, for the Nassau police, much more." The Times continues, "After a two-year investigation started by that lead, the Forfeiture Unit executed six search warrants in Nassau County, New York City, Miami and Boston and seized guns, drugs, $300,000 in jewelry, $600,000 in vehicles, $750,000 in cash and $3 million in real property — assets with a total value of more than $4.6 million. Spinoff investigations are continuing, and officials expect that the total forfeitures will eventually exceed an additional $5 million. … Most of that money will wind up in the bank accounts of law enforcement agencies instead of the criminals', paying for a wide array of crime-fighting equipment." The Times adds, "By confiscating equipment used in a crime, like cars; the proceeds of a crime; or items purchased with those proceeds, like jewelry or houses, asset forfeiture is designed to strip criminals of their ability to continue illegal activities. But it also has financial benefits for the police and taxpayers. … Although the Suffolk County Police and some municipal departments have also received forfeiture money, the Nassau County Police have been in the forefront locally in getting it. And the payoff has been substantial. … Nassau County established its forfeiture office in 1992. Twelve years later, Suffolk County started a unit as part of its narcotics bureau. … The forfeiture process is overseen by federal, state and local regulations. Once a prosecution begins, the forfeiture action runs parallel to it, but the distribution is not made until the criminal action is completed. … Distribution is determined by federal and state laws that first require an administrative or judicial finding that the property seized is an instrument or proceed of criminal conduct. The laws then address how the seized assets will be distributed, including the share that each law enforcement agency involved in the investigation will receive."

IMMIGRATION:

Former Circus Acrobat Pleads Guilty In Visa Scam. The Washington Times (2/4, Seper) reports, "A former acrobat has pleaded guilty to charges of helping as many as 870 foreign nationals enter the United States illegally and making false statements in visa applications, the Justice Department said." The Times continues, "Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said Kristo Ivanov, 70, of Orlando, Fla., entered the plea Thursday before U.S. District Judge Donald P. Dietrich in federal court in Orlando." The Times adds, "In his plea agreement with federal prosecutors, Ivanov admitted that from 2001 to February 2006, he helped the illegal aliens enter or remain in the United States through fraudulent means, preparing visa applications falsely saying they were circus performers coming to work in Florida. … Mrs. Fisher said none of the aliens had been hired by any of the circuses listed in the visa applications, adding that they were 'simply a means for the aliens to enter or remain in the United States.' She said Ivanov charged each alien from $500 to $2,500 to prepare the applications. … 'Ivanov admits to helping hundreds of illegal aliens into the United States under false pretenses so that he could benefit financially,' Mrs. Fisher said. 'We will not allow this type of exploitation of our immigration system, which poses a risk to the security of our nation.' … A Bulgarian native who is now a naturalized American citizen, Ivanov came to the United States in 1980 as an acrobat for Ringling Bros. and Barnum & Bailey Circus. He has owned and operated a circus booking agency, Magic Star Entertainment, of Lake Mary, Fla., for more than five years and used that agency to sponsor illegal aliens to enter or remain in this country."

Contractors Decry Lack Of Rules For Hiring Immigrants. The Denver Post (2/4, Aguilera) reports, "Facing growing public criticism from activists opposed to illegal immigration, Colorado's construction contractors have begun to shed their reluctance to debate the issue publicly. … Contractors are joining a growing chorus of business leaders - including hotels, restaurants and agriculture - who say they are trying to hire only legal workers but lack a foolproof system for confirming an employee's legal status." The Post adds, "A company's best option is the beleaguered Basic Pilot Program, which uses Social Security numbers to verify worker eligibility. But federal authorities acknowledge that Basic Pilot can't reliably show when someone is misusing a citizen's identity. … As a result, the state's contractors say they are left with a difficult choice: Use Basic Pilot and risk

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hiring undocumented workers or aggressively profile prospective employees, which could lead to legal penalties." The Post notes, "Like contractors, meatpacking company Swift & Co. has walked both sides of the line when hiring, each time leading to federal scrutiny, observers say. … The company's efforts to confirm citizenship of its foreign applicants led to a Justice Department investigation in 2000. The company eventually paid a $200,000 settlement in 2002 and increased its reliance on the Basic Pilot Program. By 2006, however, federal authorities suspected Swift had become a job haven for illegal immigrants. In December, federal authorities raided six Swift plants and arrested 1,282 undocumented workers, many suspected of or charged with identity theft."

Immigration Fees Increase Deemed "Exorbitant" By NYTimes. The New York Times (2/4, WK15, 1.16M), in an editorial, notes, "Citizenship and Immigration Services, the beleaguered federal bureaucracy that makes new Americans, has announced plans to increase fees sharply to cover its costs. The agency is distinctive in the federal government for being entirely dependent on fees it collects. It is also notable for backlogs and what its director, Emilio Gonzalez, acknowledges are 'dingy buildings' and 'rude employees.' Mr. Gonzalez promises that if the agency is granted an average increase of 66 percent in the price of visas and citizenship papers, it will process applications more quickly and take other steps to fulfill its responsibilities, the costs of which have risen sharply since 9/11. … Advocacy groups on both sides of the immigration debate agree that the increases are exorbitant, and we agree."

TAX:

Court Upholds Evasion Ruling In New York Tax Case. The New York Times (2/4, Johnston) reports, "The federal tax court has ruled in favor of the Internal Revenue Service in a 14-year-old evasion case involving a now-dead lawyer who was one of the nation's leading tax advisers, millions of dollars in reported real estate kickbacks and a Supreme Court ruling that ended a longstanding practice of secrecy in tax court." The Times continues, "In the decision last week, Judge Harry A. Haines of the United States Tax Court ruled that the lawyer, Burton W. Kanter, and two associates had accepted kickbacks from the Pritzker family of Chicago, which owns the Hyatt hotels, and then evaded taxes on the payments. … Lawyers for the three said they were stunned by the decision and would appeal it, expecting it to go to the Supreme Court for a second time." The Times adds, "They said the decision ran counter to the findings of a special trial judge who heard the case in 1994. That judge, they said, determined that small amounts of tax were due because of technical violations but that there was no civil fraud. … The two associates are Claude M. Ballard, a former general partner at Goldman Sachs who before that was a real estate executive at Prudential Insurance, and Robert W. Lisle, a Prudential real estate executive who died before the original trial. Mr. Kanter died in 2001."

Netherlands Is Tax Shelter Hot-Spot For Royalty Earnings. The New York Times (2/4, Browning) reports, "Last spring, Keith Richards, the craggy-faced and hard-partying lead guitarist for the Rolling Stones, fell from a tree at a beach resort in Fiji, slamming his head against the trunk on his way down. Mr. Richards was flown to New Zealand, where a surgeon provided emergency care to treat swelling in his brain. While the accident forced the Rolling Stones to cancel part of their summer tour, Mr. Richards, 62, handily survived his plunge. … What two of the other three Rolling Stones apparently learned, including Mick Jagger and Charlie Watts, was that Mr. Richards's near-death experience meant that it was time to think about their heirs. For that, the aging rockers turned to a reclusive Dutch accountant, Johannes Favie, whose company, Promogroup, has helped them minimize their tax bills for more than 30 years. (The fourth Rolling Stone, Ron Wood, handles his finances apart from Promogroup.)" The Times adds, "And so, last August, according to details disclosed in documents maintained by the Handelsregister, the trade registry of the Netherlands, Promogroup helped the three performers set up a pair of private Dutch foundations that will allow them to transfer assets tax-free to heirs when they die. Other Dutch shelters that Promogroup has arranged for the three have already paid off handsomely; over the last 20 years, according to Dutch documents, the three musicians have paid just $7.2 million in taxes on earnings of $450 million that they have channeled through Amsterdam — a tax rate of about 1.5 percent, well below the British rate of 40 percent. … The Rolling Stones are not the only celebrities sheltering income in the land of tulips, windmills and Rembrandt. The rock powerhouse U2 has transferred lucrative assets to Amsterdam, as have other pop singers and well-known athletes, all of whom have used or continue to take advantage of the Netherlands' tax shelters, according to a Dutch tax lawyer who requested anonymity because of client confidentiality agreements." The Times notes, "When it comes to attracting celebrity wealth seeking shelter from taxes, the Cayman Islands and other classic Caribbean tax havens are receding in favor like so many waves on the beach, according to tax experts here and overseas. While old-school, offshore tax havens — the warm ones with tropical fish, off-the-shelf holding companies sporting post-office-box addresses, and scant regulation or transparency — still attract money, they are largely patronized, tax lawyers

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and entertainment bankers say, by hedge funds and private equity firms looking to protect lush trading profits from taxes. … But for earnings derived from intellectual property such as royalties, the Netherlands has become a tax shelter of choice. With celebrities lending their names and images to clothing lines, licensing their hit songs to corporate sponsors, seeking roles in Hollywood and engaging in other ventures that generate significant taxable income, the Dutch system, which does not tax royalties, offers a nifty shelter."

CONGRESS-ADMINISTRATION:

Bush Proposing 11% Pentagon Spending Jump, Medicaid And Medicare Cuts. The AP (2/3) reports the Pentagon "is the big winner in President Bush's proposed budget for next year, while domestic items such as aid to schools and grants to local governments will get slight increases. Medicare and Medicaid, the health program for the poor and disabled, would shoulder modest but politically difficult cost curbs in the budget the White House is submitting to Congress on Monday. Some $18 billion in budget savings would come from farm programs over five years. … Domestic agencies would not face an outright cut, as proposed last year, but would see increases averaging 1 percent, White House Budget director Rob Portman said. That is less than anticipated inflation, but higher costs for veterans' health care probably would result in a larger than average increase." The Pentagon "would get an 11 percent increase, to $481.4 billion in its core budget. And that is before accounting for an additional $235 billion in war costs over the next year and a half." The AP notes Bush's plan "will get a skeptical reception from the Democratic-controlled Congress. Democrats say it meets the president's promise to balance the budget by 2012 by omitting war costs and expensive changes to the alternative minimum tax and assuming politically untenable cuts in payments to doctors under Medicare."

Medicare Beneficiaries Face Higher Premiums. The New York Times (2/4, A23, Pear, 1.16M) reports, "More and more Medicare beneficiaries would have to pay higher premiums for coverage of prescription drugs and doctors' services under President Bush's 2008 budget, to be unveiled on Monday. Single people with annual incomes over $80,000 and married couples with incomes over $160,000 already have to pay higher premiums for the part of Medicare that covers doctors' services. … Budget documents show that Mr. Bush will propose a similar surcharge on premiums for Medicare's new prescription drug benefit. In addition, the president will ask Congress to 'eliminate annual indexing of income thresholds,' so that more people would eventually have to pay the higher premiums."

Senators Seek To Close $300 Billion Tax Gap. The Los Angeles Times (2/4, Havemann, 850K) reports, "Washington has suddenly discovered a new buzzword — the 'tax gap' — and the roughly $300-billion pot of untouched gold that it promises. That's how much the Internal Revenue Service says taxpayers owe the government annually but, for various reasons, never pay. … Democrats and Republicans alike are talking it up as a way to fund politically appealing initiatives — and bring down the deficit to boot. 'Closing the tax gap has got to be one of our top priorities,' said Senate Budget Committee Chairman Kent Conrad (D-N.D.). The IRS is probably low-balling its estimate of the tax gap, he said, and there should be more than $300 billion available. To boost efforts to harvest it, the chairman and the top Republican member of the Senate's tax-writing finance committee, Sens. Max Baucus of Montana and Chuck Grassley of Iowa, took the unusual step last week of visiting the IRS and asking some of its top bureaucrats about the tax gap — and presumably ways it might be closed."

Bush Tax Cuts Said To Have Exacerbated Income Inequality. The Washington Post (2/4, B6, 690K), in an editorial, writes that President Bush "went to Manhattan and acknowledged for the first time the reality of income inequality. … This week Mr. Bush will insist in his proposed budget that all of his tax cuts be extended. Those have proved enormously more beneficial to the super-rich than to anyone else. Given the reality that Mr. Bush has at last taken note of, such a policy just makes no sense."

Waxman Hearings Will Probe Administration's Reliance On Contractors. The New York Times (2/4, A1, Shane, Nixon, 1.16M) reports, "Without a public debate or formal policy decision, contractors have become a virtual fourth branch of government. On the rise for decades, spending on federal contracts has soared during the Bush administration, to about $400 billion last year from $207 billion in 2000, fueled by the war in Iraq, domestic security and Hurricane Katrina, but also by a philosophy that encourages outsourcing almost everything government does. … The contracting explosion raises questions about propriety, cost and accountability that have long troubled watchdog groups and are coming under scrutiny from the Democratic majority in Congress." The Times notes that the House Committee on Oversight and Government Reform, whose new Democratic chairman, Rep. Henry Waxman, "added the word 'oversight' to signal his intentions, begins a series of investigative hearings on Tuesday focusing on contracts in Iraq and at the Department of Homeland Security. 'Billions of dollars are being squandered, and the taxpayer is being taken to the cleaners,' said Mr. Waxman, who got an 'F' rating last year from the Contract Services Association, an industry coalition. The chairman he

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succeeded, Representative Thomas M. Davis III, Republican of Virginia, earned an 'A.'"

Tester Becomes First Senator To Post His Daily Schedule. The Washington Post (2/4, A6, Layton, 690K) reports Sen. Jon Tester stands out from the other 99 members of the Senate" in that he "posts his daily schedule on his Web site for all the world to see. In a culture where lawmakers spend hours in closed-door meetings, and their activities out of the public eye are considered proprietary, Tester is a trailblazer bent on opening up the inner workings of his office. His radical practice comes after irate voters in November tossed out longtime incumbents implicated in lobbying scandals and as public interest groups clamor for more transparency in the way Congress does business. … Every session with lobbyists, constituents and other lawmakers is conscientiously recorded, including names, affiliations and the duration of the meeting. 'I just wanted to give people an opportunity to see who I meet with,' said Tester. … 'I believe in transparent government and this is my effort.'" The Post notes Rep. Kirsten Gillibrand "is doing something similar. Although she gives less detail than Tester, Gillibrand lists her work-related meetings each day on her Web site."

WPost Decries Attempts To Stop Disclosure Of Lobbyists' Contributions. The Washington Post (2/4, B6, 690K), in an editorial, notes that "disturbing, though not particularly surprising, rumblings are emanating from the House of Representatives to the effect that some Democrats are balking at requiring lobbyists to disclose the campaign contributions they arrange or collect for lawmakers. … The Capitol Hill newspaper Roll Call reported last week that some Democratic House members, egged on by K Street lobbyists, are agitating to have the provision removed. That can't be allowed to happen."

Cardin Assumes More Active Role As Senator. The Washington Times (2/4, Miller, 88K) reports Sen. Benjamin Cardin "has distinguished himself…with bold words and an aggressive style. In his first speech on the Senate floor, delivered a week after taking office, Mr. Cardin denounced President Bush's plan to send 21,500 more troops to Iraq and called for the withdrawal of U.S. forces." Cardin "also spoke passionately about global warming as a member of the Environment and Public Works Committee. 'The impact of global warming is real and right before our eyes,' he said. 'It's a crisis that affects every human being on this Earth, and we must take action now.'" Cardin's "quick transition from 20-year House veteran to up-and-coming freshman senator has not gone unnoticed by his colleagues."

Experts, Officials Protest Planned Closure Of Armed Forces Institute Of Pathology. The Washington Post (2/4, A10, Lee, 690K) reports, "Medical specialists and former military officials are protesting the planned dismantling of a Defense Department health agency whose origin dates to the Civil War, saying the move would eliminate an invaluable tool in the diagnosis and understanding of disease. The Armed Forces Institute of Pathology is scheduled to be broken up as part of the federal base-closing process that will shutter Walter Reed Army Medical Center by 2011."

Bush Health Care Proposal Seen As Step Toward Systemic Reform. The Washington Post's David Broder (2/4, B7) writes, ""A major barrier to" healthcare reform "is the feature of the federal tax code that subsidizes job-based health insurance by making its cost deductible to the business and tax-free to the employee. As C. Eugene Steuerle of the Urban Institute testified to Congress last week, this represents a $200 billion-a-year subsidy, with most of the benefits going to the well-to-do -- a sum that could be much better spent on helping the uninsured. President Bush has proposed a partial remedy for that problem, substituting a flat deduction for the value of every health insurance policy costing the employer and worker up to $7,500 a person. … Rep. Jim McCrery of Louisiana, the ranking Republican on the House Ways and Means Committee, joined many Democrats in saying that Bush's proposal can be improved by using tax credits, rather than deductions, to distribute the benefits."

NYTimes Urges Congress To Update Public Campaign Financing. The New York Times (2/4, WK15, 1.16M), in an editorial, writes, "Senators Hillary Rodham Clinton and John McCain have already signaled their intentions to make a shameful and lucrative retreat to private fund-raising. The Clinton camp is creating a new honored donor category for those who bag at least a million dollars each. … All of this is because past Congresses failed to update the public financing option to keep pace with the costs of running a modern campaign." The Times concludes, "The new Congress pledged to clean up big-money corruption; it can make a good start by rescuing the good that came of Watergate."

LATimes Calls New Farm Bill A "Modest Fix." The Los Angeles Times (2/4, 850K) editorializes, "The Bush administration last week unveiled its proposal for the 2007 farm bill, a blueprint spelling out U.S. agricultural subsidies and food stamp payments for the next five years. For anybody interested in fairness, government waste, free trade or economic growth, it was a deeply disappointing document, even if it is a major improvement over the trade-distorting porkapalooza that was the 2002 farm bill. The trouble is,

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even this modest fix is being heavily resisted by the farm lobby and its backers in Congress."

OTHER NEWS:

Giuliani Says "There's A Real Good Chance" He Will Seek Presidency. The New York Times (2/4, A27, Rivera, 1.16M) reports Rudy Giuliani "appeared to move a step closer to announcing his presidential ambitions yesterday, saying after an appearance in South Carolina that 'there's a real good chance' he will run." While Giuliani "has made two trips to New Hampshire…and has promised to make more," on the "nascent campaign trail itself," Giuliani "has coyly stepped around the question of 'Will he or won't he?'" The AP (2/3) says that Giuliani made the comment following a 30-minute speech and question-and-answer session with South Carolina GOP leaders.

"Oral History" Chronicles Giuliani's Career. The New York Times (2/4, A30, Roberts, 1.16M) examines "Giuliani: Flawed or Flawless?" by Deborah Hart Strober and Gerald S. Strober, an "oral history" consisting of interviews with "friends, former friends, and unforgiving foes" of Giuliani.

McCain Turns To Ex-Foes For Campaign Team. The New York Times (2/4, Rutenberg, 1.16M) reports on its front page that Sen. John McCain's "team of political bruisers for 2008" includes "advisers who once sought to skewer him and whose work he has criticized as stepping over the line in the past." For example, McCain has hired three members of the 2000 George W. Bush campaign team to make ads. McCain's advisers "said he was not changing. But they were unapologetic about putting together a group dedicated to doing what it takes to reach the White House and employing lessons from his defeat at the hands of Mr. Bush in 2000." McCain's "longtime senior strategist" John Weaver said, "This is about winning at the end of the day. I don't want to be in a knife fight ever again, but if I am, we're going to win it."

Romney Plans To "Derail" McCain In South Carolina. In the South Carolina newspaper the State (2/4), Lee Bandy writes, "Mitt Romney's assignment in the 2008 S.C. Republican presidential primary is simply this: Derail John McCain's 'Straight Talk Express.' If there were any doubts about Romney's mission, they were erased during the former Massachusetts governor's two-day visit to the state last week." Romney "attracted large, enthusiastic crowds at stops in Charleston, Aiken and Columbia. It was a shot in the arm for his campaign."

Hagel, McCain Pursue Different Maverick Paths. The New York Times (2/4, A27, Zeleny, 1.16M) reports, "he first time Senator John McCain ran for president, few allies were more loyal than Senator Chuck Hagel ... But at the dawn of the 2008 presidential campaign, as a debate over the administration's Iraq policy intensifies on Capitol Hill, Mr. Hagel is standing alone. Mr. McCain is perhaps the most influential and outspoken supporter in Congress of the president's plan to send more troops to Iraq. Mr. Hagel is the most outspoken critic of the war among Senate Republicans." The "gulf between them is a personal manifestation of the broader national debate over the war and, to some degree, the legacy and lessons of Vietnam. It also speaks to the deep divisions among Republicans as they confront the political fallout from the war, the need to develop a post-Bush posture on national security and the fight over who should lead their party and the country."

Lieberman Not Interested In Being McCain's Running Mate. The Hartford Courant (2/3, Pazniokas, 190K) reported Saturday that Sen. Joe Lieberman put the damper on "speculation he might join Republican Sen. John McCain on a fusion ticket" in 2008, saying, "No, that's not going to happen. My days of seeking national office are over."

House Conservatives Debate 2008 Strategy. The Washington Times (2/4, Hallow, 88K) reports, "Conservative House Republicans are disappointed that their leaders have no strategy to win back in 2008 the majority they lost in November. 'We think they need to be a lot more aggressive than they are,' Rep. Steve King of Iowa said. 'They don't seem willing to have blood on the floor, and there's got to be blood on the floor.' … The 48 conservative lawmakers who met here for the annual House Republican Study Committee (RSC) retreat generally agreed that their 2008 presidential nominee would be Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney or former New York Mayor Rudolph W. Giuliani. 'I don't see any one of them being singled out as a great front-runner by the House Republican members or any one of them being singled out as a "no-go,"' Rep. Tom Price of Georgia said. 'But whichever one of the three gets the nomination is going to have to have some link to the South, which is the bedrock of the Republican Party.' But the legislators also agreed they were not inclined to coalesce behind any one of the three and thought each of them fell short of the highest conservative standards. Though the Heritage Foundation, sponsor of the annual retreat, had invited all three of the men to speak, only Mr. Romney showed up."

Giuliani Leads McCain By Seven Points In ARG Iowa Poll. An American Research Group of 600 likely Iowa Republican caucus voters (+/- 4%), made up of 509 Republicans and 91 independents and conducted January 29-February 1, finds Rudy Giuliani at 27%, Sen. John McCain

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22%, Newt Gingrich 16%, Mitt Romney 11%, Sen. Chuck Hagel 5%, Mike Huckabee 2%, Sen. Sam Brownback 1%, Rep. Tom Tancredo 1%, and Jim Gilmore, Rep. Duncan Hunter, George Pataki, Rep. Ron Paul, and Tommy Thompson each at 0%, with 15% undecided.

McCain Leads, Giuliani And Romney Tied For Second, In ARG New Hampshire Poll. An American Research Group of 600 likely New Hampshire Republican primary voters (+/- 4%), made up of 427 Republicans and 173 independents and conducted January 31-February 1, finds Sen. John McCain at 27%, Rudy Giuliani at Mitt Romney tied at 20% each, Newt Gingrich 11%, Sen. Chuck Hagel 4%, Sen. Sam Brownback 1%, Mike Huckabee 1%, Rep. Tom Tancredo 1%, and Jim Gilmore, Rep. Duncan Hunter, George Pataki, Rep. Ron Paul, and Tommy Thompson each at 0%, with 15% undecided.

McCain Leads Giuliani By Nine Points In South Carolina Poll. A Whit Ayres poll of 500 likely South Carolina Republican primary voters conducted January 24-28 finds Sen. John McCain at 29%, Rudy Giuliani 20%, Newt Gingrich 14%, Mitt Romney 6%, Sen. Sam Brownback 2%, Mike Huckabee 2%, Rep. Duncan Hunter 2%, and Rep. Tom Tancredo 1%, with 23% undecided.

Giuliani, McCain Closely Matched In Michigan Poll. A Detroit Free Press-Local 4 Michigan poll on the Michigan Republican primary (+/- 8%) conducted last week finds Rudy Giuliani at 32%, Sen. John McCain 28%, Newt Gingrich 16%, and Mitt Romney at 8%.

Democratic Presidential Candidates Continue Attacks On Iraq War. The Washington Times (2/4, Lambro, 88K) reports, "Democratic candidates whom many consider underdogs for the presidential nomination in 2008 continued their party's attacks on the Iraq war yesterday, demanding it be ended and the troops brought home immediately." Sen. Joseph Biden, Gov. Bill Richardson, and ex- Gov. Tom Vilsack addressed the meeting Saturday. Biden "said reducing the number of troops in Iraq, 'not escalating America's troops, is the only way to force Iraq's leaders to seek a political settlement.'" Vilsack "went further than many of his Democratic rivals who are calling for a phased troop withdrawal from Iraq over the next year or two." Richardson "also raised the end-the-war ante against his party's pack of candidates in a speech that pointedly criticized the Democrats' pending nonbinding Senate resolution against Mr. Bush's troop surge."

The Washington Post (2/4, A4, Balz, 690K) says the Iraq war "is shaping the opening stages of the contest for the 2008 Democratic presidential nomination, just as it did in the 2004 campaign. After 10 candidates' speeches over two days at the winter meeting of the Democratic National Committee in Washington, the war proved again to be the central point of differentiation among the party's presidential contenders." While "everyone" in the field now opposes the war, the "self-styled outsiders in the race -- those not in the Senate -- see political gain in pressing for a speedy end to the war."

The Albuquerque Tribune (2/4, Brosnan) says Richardson told Democrats Congress "should repeal the authorization for the Iraq War and 'bring our troops home by the end of this year.'" The Des Moines Register (2/4, 160K) reports Tom Vilsack "painted himself as an outsider and a truth-teller before members" of the DNC, "calling for an immediate end to financing of the war in Iraq." Vilsack "was the last of 10 presidential candidates to speak over two days to key Democrats from across the country shopping for their next nominee."

DNC Unanimously Backs House Vote For District Of Columbia. The Washington Post (2/4, C3, Pierre, 690K) reports the District of Columbia's "effort to win a full seat in the House of Representatives won unanimous support yesterday from the Democratic National Committee. It was the first step in a national lobbying campaign that will ask each of the presidential candidates to embrace the idea and will include grass-roots efforts in such early-voting states as Iowa and New Hampshire."

Biden Expresses "Regret" Over Comments About Obama. The AP (2/3, Pickler) reports Sen. Joseph Biden "tried yesterday to stem the damage from the botched launch of his presidential campaign as underdog candidates in the Democratic field looked to gain momentum from the party faithful." Biden "got right to the matter that has threatened his candidacy before it even gets off the ground," saying of his comments on Sen. Barack Obama and past black presidential candidates, "I want to say that I truly regret that the words I spoke offended people that I admire very much."

More Commentary On Biden. Under the headline "Nominate Biden: America Needs The Comic Relief," the New Hampshire Union Leader (2/4) editorializes, "This guy is a one-man laugh factory. Despite his lack of tact, we don't think Biden really is a bigot. He is, however, the court jester of the U.S. Senate. Bringing his act on the road would provide some much-needed stress relief for the American people. If Democrats really cared about providing relief to the American people, they'd nominate a walking punch line so we could all spend the bulk of the election year laughing at the ineptitude of their candidate -- just like in 2004. If we get really lucky, Biden will get the nomination and pick Dennis Kucinich as his straight man/running mate."

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In his Washington Post (2/4, B7, 690K) column, Jim Hoagland writes, "Reporters who long ago learned to concentrate on Biden's ideas rather than on his ill-assorted nouns, verbs and adjectives had to treat this gaffe as momentous: Against much of the available evidence, Biden had just declared that he was a serious presidential contender. The Delaware senator is a thoroughly decent, hardworking and thoughtful legislator. But I found it unnerving in his previous bid for the Democratic nomination, in 1988, to have him frequently deliver a loosely connected set of ideas during an interview and then look up to ask: 'Am I making sense here?' So I say, plus ça change."

In his Los Angeles Times (2/4, 850K) column, Jonathan Chait writes, "I'm not saying Biden shouldn't be president. I have tons of respect for him, and I think he'd do a terrific job if he could get it. I just find it amusing that he thinks there's some chance he could actually become president. It's a case study of that bizarre mental affliction that strikes so many senators. They see younger, less-experienced Senate colleagues -- who are far less esteemed than they are -- running for president, and they're offended. If the 100 senators were the only ones who could vote, Biden would probably beat Hillary Clinton or Barack Obama. Unfortunately for Biden, that's not how it works. … Biden looks as if he's the product of a laboratory experiment designed to create the world's worst presidential candidate. If the Obama gaffe doesn't knock him out of the race, something else will. I doubt he makes it to Iowa. Yes, Biden's very knowledgeable and dedicated. But to win the presidency, you actually have to be good at mass politics. Why is Biden not smart enough to recognize that?"

In the New York Times (2/4, WK1, 1.16M), Lynette Clemetson writes that Biden's characterization of Obama "as 'the first mainstream African-American who is articulate and bright and clean and a nice-looking guy' was so painfully clumsy that it nearly warranted pity. There are not enough column inches on this page to parse interpretations of each of Mr. Biden's chosen adjectives. But among his string of loaded words, one is so pervasive -- and is generally used and viewed so differently by blacks and whites -- that it calls out for a national chat, perhaps a national therapy session. It is amazing that this still requires clarification, but here it is. Black people get a little testy when white people call them 'articulate.'"

Gore Again Says He Has No Plans To Run In 2008. KEYT-TV Santa Barbara, California (2/3, 6:55 p.m.) reported, "Some say he will, some say he won't; KEY News has the official answer. Former Vice President Al Gore told us he has no plans to run for president in 2008. The Oscar nominee made a stop in Santa Barbara Saturday night to receive an honor from the Santa Barbara International Film Festival."

"Power Couple" Close To Clintons Hosted Richardson Fundraiser. The Washington Post (2/4, A2, Cillizza, Murray, 690K) writes that "power couple" Beth and Ron Dozoretz, "longtime heavyweights in national Democratic money circles" and "close friends" of the Clintons, are making "tough choices." They hosted a fundraiser for Gov. Bill Richardson Friday; a Richardson spokesman said, "They and the governor are longtime friends." Some suggest the couple "has indicated privately that they will be with Richardson. Clinton communications director Howard Wolfson begged to differ." Wolfson said, "Beth Dozoretz is a good friend of the campaign, and she has made a major commitment to help Hillary. We appreciate her strong support."

Richardson Brings International Experience To Campaign. The AP (2/3, Pickler) profiles Richardson, saying it has been said that he "would negotiate with the devil. And by some definitions, he has -- several times." Richardson "has bartered with some of the most notorious rulers of modern times: Iraq 's Saddam Hussein , Yugoslavia's Slobodan Milosevic , Cuba's Fidel Castro , Kenya's Daniel Arap Moi, Zaire's Mobutu Sese Seko, Nigeria's Sani Abacha and most recently, Sudan's Omar al-Bashir. Richardson has compared himself to Red Adair, renowned for his ability to put out erupting oil well fires." Richardson "has more international experience than just about anyone else in the 2008 field. The 59-year-old was ambassador to the United Nations in the Clinton administration, served on the intelligence committee during his 14 years in the House and has done international work from his perch as a small-state governor."

Richardson Not Interested In Vice Presidency, State Department. The New York Times Magazine (2/4, Solomon) interviews Richardson, asking, "As the popular governor of New Mexico but one of the less-popular candidates seeking the Democratic nomination for president, did you enter the race to actually win or merely to angle for another position at the national level?" Richardson replied, "I want to be president. If I don't win the presidency, I am not interested in the vice presidency or in being secretary of state."

Illinois Senate President Says Blacks Should Back Obama. The Politico (2/3, Ben Smith) reports Illinois Senate President Emil Jones Jr., a "key supporter of Illinois Sen. Barack Obama," urged "united African-American support for his presidential bid, questioning whether black Democrats still 'owe' Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians." The comments by Jones,

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"which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists."

Safire Says Obama Chooses Words With Care. In his New York Times Magazine (2/4) "On Language" column, William Safire writes that Obama "is a politician who apparently chooses his words with care." Safire also warns Obama that "one way to zap a hitherto little-known person getting a rush of publicity is to afflict him with the bogus title media darling. That's because media, when construed as singular -- especially as mass media and mainstream media -- connotes to its crowd of critics some manipulative monolith whose control of communication is to be resisted."

Clinton Jumps To 17-Point Lead Over Edwards In ARG Iowa Poll. An American Research Group of 600 likely Iowa Democratic caucus voters (+/- 4%), made up of 493 Republicans and 107 independents and conducted January 29-February 1, finds Sen. Hillary Clinton at 35%, John Edwards 18%, Sen. Barack Obama 14%, Tom Vilsack 12%, Sen. Joseph Biden 2%, Wesley Clark 2%, Rep. Dennis Kucinich 2%, Sen. Christopher Dodd 1%, Gov. Bill Richardson 1%, and Mike Gravel 0%, with 12% undecided.

Clinton Leads Obama By 20 Points In ARG New Hampshire Poll. An American Research Group of 600 likely New Hampshire Democratic primary voters (+/- 4%), made up of 408 Democrats and 192 independents and conducted January 31-February 1, finds Sen. Hillary Clinton at 39%, Sen. Barack Obama 19%, John Edwards 13%, Wesley Clark 2%, Gov. Bill Richardson 2%, Sen. Joseph Biden 1%, Sen. Christopher Dodd 1%, Rep. Dennis Kucinich 1%, Tom Vilsack 1%, and Mike Gravel 0%, with 21% undecided.

Grove Biographer Questions Prohibition On Immigrants Seeking Presidency. In a Los Angeles Times (2/4, 850K) op-ed, Richard Tedlow of the Harvard Business School, author of "Andy Grove: The Life and Times of an American," writes that immigrant innovators like the former Intel chief are not prohibited from "leading a U.S.-based company" but are prohibited from seeking the presidency. Tedlow writes, "What if our Constitution had told Grove: 'You can't change the world because you come from Hungary.' Sound ridiculous? Of course it does. Imagine what else would have been lost if we faced such constraints in the business world. What if the Constitution said: Pierre Omidyar, you can't found eBay here because you were born in France. Sergey Brin, you can't co-found Google here because you were born in Russia. Jerry Yang, you can't co-found Yahoo here because you were born in Taiwan. … It is odd that this freedom to harness the best and the brightest Americans, including immigrants, is a guiding principle at every address in our nation except for one: 1600 Pennsylvania Avenue."

Iran Invites Diplomats, Reporters To Tour Nuclear Site. Under the headline, "Iran Has Guests In To See, But Not Inspect, Nuclear Site," the New York Times (2/4, Fathi, 1.16M) notes Tehran "opened" the Isfahan facility "to a large number of local and international reporters and a delegation of foreign ambassadors on Saturday in an effort to show the transparency of its program before a United Nations Security Council deadline this month." Officials have "kept up efforts to give the Isfahan facility more publicity, and a senior tourism official said late last year that Iran planned to open it and other nuclear sites to foreign tourists." Ambassador Ali Asghar Soltanieh "said Saturday that the purpose of the tour was to assure the world that Iran's program was peaceful." The Times notes that reporters "passed the Natanz enrichment facility but were not permitted to tour the site, where Iran recently said it was installing 3,000 centrifuges."

The AP (2/4, Dareini) calls Isfahan "a key uranium conversion facility," and says Tehran "opened" its "gates" to "visiting diplomats and journalists in an effort to show that its disputed nuclear program is peaceful and not a cover for nuclear bomb making." The "visitors saw several areas of the Isfahan facility, including two cameras installed by the IAEA to monitor activity where uranium gas is produced."

On its front page today, the Los Angeles Times (2/4, A1, Murphy, 850K) describes Isfahan as the city "where Iran has been taking the initial technological steps to turn ordinary uranium into the makings of nuclear fuel." Those foreigners accepting Tehran's "rare invitation" to tour the site heard from officials "that the fledgling conversion program, which was in its infancy only three years ago, has now manufactured 250 tons of uranium hexafluoride gas, the feedstock for Iran's controversial uranium enrichment program." The Times adds, "Saturday's tour was mainly a publicity exercise; the delegates admitted that they understood little of what they were seeing. But it was clearly part of a strong effort on Iran's part to demonstrate its willingness to open up its nuclear program to inspection." However, "not all of the uranium conversion facility was on view Saturday."

Iran May Not Have Know-How To Back Up Nuclear Claims. An extensive analysis in today's New York Times (2/4, Broad, Sanger, 1.16M) notes, "After decades of largely clandestine efforts, Iran is expected to declare in coming days that it has made a huge leap toward industrial-scale production of enriched uranium — a defiant act that the country's leaders will herald as a major technical stride and its neighbors will denounce as a looming threat. But for now, many nuclear experts say, the frenetic activity at the desert enrichment plant in Natanz may be mostly about political

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showmanship." The Times cites the "many setbacks and outright failures of Tehran's experimental program," and says that history suggests "that its bluster may outstrip its technical expertise." The Times continues, "What the Iranians are not talking about, experts with access to the atomic agency's information say, is that their experimental effort to make centrifuges work has struggled to achieve even limited success and appears to have been put on the back burner so the country's leaders can declare that they are moving to the next stage." Tehran's "nuclear boasts come in the midst of an increasingly rancorous chess game between Tehran's mullahs and the Bush administration over the aims of Iran's nuclear programs, its role in Iraq and its ambitions to become the dominant power in the Middle East."

Retired Flag Officers Ask Bush, Blair To Engage Diplomatically With Tehran. The AP (2/4, Lawless) reports, "Three former high-ranking U.S. military officers have called for Britain to help defuse the crisis over Iran's nuclear program, saying military action against Tehran would be a disaster for the region." The letter to the editor of the Sunday Times, written by Lt. Gen. Robert Gard, Gen. Joseph Hoar, and Vice Admiral Jack Shanahan, "urged President Bush to open talks 'without preconditions' with the Iranian government to find a diplomatic solution." The three retired officers "said Britain 'has a vital role to play in securing a renewed diplomatic push' and urged Prime Minister Tony Blair to make it clear he would oppose any military attack on Iran." They "said an attack 'would have disastrous consequences for security in the region, coalition forces in Iraq and would further exacerbate regional and global tensions.'"

Ex-Intelligence Offer Considers What To Ask Before "Next War." In the Washington Post (2/4, B7, 690K) Outlook, war critic and former intelligence officer Paul Pillar writes, "The administration so successfully shaped the policy question around its chosen selling points [on war with Iraq] that what passed for a national debate gave little attention to important questions about the likely nature and consequences of a war. ... Now, an accelerating debate about Iran and its nuclear program shows signs of the same dangerous reductionism." Pillar writes, "Some might argue that the worst case that could ensue from an Iranian nuclear weapon is so bad that it trumps all other considerations. But there is no more reason than there was with Iraq to consider the worst case of only one side of the policy equation. And the worst case that could result from U.S.-Iranian combat is plenty frightening: thousands of Americans dead from retaliatory terrorist attacks, a broader war in the Persian Gulf, $150-per-barrel oil, a global recession and more."

North Korea Allegedly Offers To Trade Nuclear Activity For Oil, Sanctions Relief. The AP (2/4, Chang) carries Japanese press reports that North Korea "is ready to freeze a key nuclear facility and allow international inspectors limited access to the country in exchange for millions of barrels of oil and an easing of U.S. financial restrictions." The Japanese reporting "quoted former U.S. State Department official Joel Wit, who met the North's chief nuclear negotiator, Kim Kye-gwan, and other regime officials during a visit to Pyongyang last week. It said the North was demanding half a million tons of oil a year — the equivalent of about 3.5 million barrels — in energy aid."

Kosovo Status Plan Said To Be Fraught With Regional Risks. The New York Times (2/4, Smith, 1.16M) describes Kosovar reactions to likely changes in the province's political status. It remains "bitterly divided between Serbian enclaves, including a large chunk of the north, and the rest of the territory, which is overwhelmingly ethnic Albanian." Any movement towards "secession by northern Serbs could provoke Albanian reprisals against Serbian enclaves elsewhere in Kosovo, warn Serbs and Albanians alike, and could destabilize a still fragile region full of ethnic slivers separated from their homelands." The Times says "the continued standoff suggested that the intended end may instead be a prologue to another difficult chapter in a troubled history." Noting the "deep" and "emotional connection to place [that] many Europeans have," the Times says European "countries facing their own secessionist movements … are skeptical of what they see as an American effort to jam a solution into place so Washington can turn its attention elsewhere."

Amid Continued Fighting, Hamas, Fatah Jointly Condemn Quartet's Aid Ban. Under the headline, "Palestinians Slam Major Powers Over Aid Boycott," AFP (2/4) notes Hamas and Fatah "have both condemned the failure of the major powers involved in Middle East peacemaking to end a punishing Western aid embargo on the Palestinians." Prime Minsiter Ismail Haniya is quoted saying the Quartet's "decisions mean more suffering for our people. Continuing the siege is to continue the pain and injury we suffer from throughout the year."

BBC.com (2/4) focuses its coverage on comments by Egyptian President Hosni Mubarak that Hamas and Fatah "have made progress towards agreeing a government of national unity." Mubarak "said he was working to 'seal the crack' between the two sides. … 'What is happening now is a problem between the Palestinians themselves, and it is impossible for the Palestinian side to sit with the Israelis, as they are still not agreeing with each other.'" German Chancellor Angela Merkel, appearing with Mubarak, "praised Egypt's efforts to broker a deal between the two factions. She also said she hoped the Middle East quartet of the US, UN, EU and Russia would develop a coherent strategy for peace rather than working in isolation towards peace in the

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region." Describing yesterday's violence in Gaza, the BBC says the two sides "have repeatedly agreed to ceasefires, aimed at ending a bitter power struggle," however, "a very similar plan was declared on Friday but failed to halt the violence."

Hamas "Consolidating" Hold On Gaza. A lengthy New York Times (2/4, Erlanger, 1.16M) piece describes the tactical situation in Gaza. "Forces loyal to Hamas appeared to consolidate their hold on northern Gaza and much of Gaza City on Saturday, with at least 12 more people wounded in continuing clashes between" the two sides. "What has been some of the worst internal Palestinian fighting in years ebbed overnight after the warring factions … met to try to arrange a cease-fire." Hamas is coordinating an extensive system of roadblocks, and "detentions or kidnappings of fighters were reported, with Fatah accusing Hamas of detaining as many as 40 of its" fighters. Among civilians, "few people ventured from their homes, and many stayed away from windows."

The Los Angeles Times (2/4, Ellingwood, 850K) titles its coverage, "Factional Clashes Shoot Holes In Palestinian Truce." The fighting was "not as sustained or heavy as those of the previous two days, which left 23 people dead and scores injured. … Although the fighting had tapered off, the air in Gaza City was of a place besieged." The AP (2/4, Barzak) says both sides are "ignoring" the "truce deal" within Gaza. "Gunbattles raged across Gaza after the truce was announced, continuing through the night and early Saturday. With no casualties reported overnight, some Gazans, who had spent the previous two days huddled at home for safety, were emboldened to leave their houses to go to work."

Labor Revolt Against Blair Called Increasingly Likely. The Washington Times (2/4, Helm, 88K) reports, "The first cracks in Cabinet support for Prime Minister Tony Blair have emerged, with senior ministers questioning whether he can remain in office for another five months without inflicting lasting damage on the Labor Party." Blair's "defiant" refusal to "be hounded from office" has "failed to stem growing pressure for him to quit before the midterm May elections." The Times says high-ranking Labor MPs "have reported a collapse of morale within the party," and "some senior" Labor MPs are said to seek the Cabinet's support for Blair's removal. The Times also cites an opinion poll suggesting "that more than half of British voters believe Mr. Blair should leave office immediately."

UK Turkey Farm Infected With Deadly H5N1 Bird Flu. On its front page today, the Washington Times (2/4, A1, 88K) reports British authorities "scrambled to contain [the nation's] first outbreak of the highly pathogenic H5N1 strain of bird flu in domestic poultry yesterday after the virus was found at a farm run by Europe's biggest turkey producer." Officials will cull all of the 159,000 turkeys currently at the Bernard Matthews farm, near the town of Lowestoft. This outbreak is "the first time the deadly H5N1 strain was found on a British farm." The New York Times (2/4, A12, Cowell, 1.16M) adds the 2,500 turkeys killed by the virus so far at the Bernard Matthews farm makes this "the biggest outbreak of the strain reported in Britain since concern about its global spread began to take root in 2003." The Times says the "prospect of a mass slaughter recalled Britain's battle with foot-and-mouth disease in 2001, when nearly four million animals, mainly sheep, pigs and cows, were burned."

All three broadcast networks reported on the outbreak. ABC World News (2/3, story 7, :10, Weir, 8.78M) reported officials "are scrambling to contain an outbreak of bird flu on a turkey farm. … The first time bird flu has been detected in Britain since a dead wild swan washed ashore in Scotland last spring." The CBS Evening News (2/3, story 4, 1:30, Mitchell, 7.66M) reported, "For the first time, the deadly strain of bird flu has shown up in England." NBC Nightly News (2/3, story 4, :10, Seigenthaler, 9.87M) reported, "The bird flu is back in the news. Officials in the United Kingdom have confirmed their first major outbreak of bird flu. More than 2,500 turkeys have died in the same strain of bird flu that's killed people around the world. No sign this outbreak has spread to humans."

The Washington Post (2/4, A14, Sullivan, 690K) notes the H5N1 strain "has killed 165 people" worldwide in the past four years. This "outbreak is the first confirmed case of H5N1 among British domestic poultry in more than 15 years, officials said, and it comes at a time of increasing concern that migrating birds are carrying the disease from its origins in Asia through Africa, the Middle East and deeper into Europe." The Post adds that "health officials said the immediate risk to humans from the Suffolk case was 'extremely low.'" The AP (2/3) calls the infection "Britain's first mass outbreak of the disease that has ravaged Asia's poultry stocks and killed more than 160 people worldwide." This outbreak "was the first time the deadly H5N1 strain was found on a British farm." British "experts stressed the situation did not pose a public health threat, and that eating well-cooked poultry products posed no risk."

Turkmen Presidential Candidates Expand Debate Despite Certain Outcome. The Washington Post (2/4, A14, Finn, 690K) profiles the candidates and probable outcome of Turkmenistan's February 11 presidential vote. "Acting President Gurbanguly Berdymukhammedov, 49, will almost certainly win when the Central Asian country's citizens go to the polls Feb. 11. His opponents, a deputy minister and four regional officials, are willing foils, according to analysts and exiled politicians." However, "the modicum of

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debate in a country that during its 15-plus years of independence lived under the megalomaniacal shadow of president-for-life Saparmurad Niyazov amounts to a slight thaw. For the first time, the country will hold a presidential election in which more than one candidate is running." While "each of the six candidates continues to pledge loyalty to the legacy of Niyazov," many of their "speeches contain some implicit criticism of the late president by acknowledging the need to reverse the erosion of social programs, in particular."

China's Hu Faces Skeptical Public In Zambia. Continuing coverage of Chinese President Hu Jintao's trip to Africa, the Washington Times/AP (2/4, Schatz) says Hu "brought his eight-nation African tour to Zambia, a copper-rich country where China's growing clout has prompted charges of exploitation and has emerged as a volatile political issue." Hu "has used the tour to cement China's increasing economic and political ties and its fast-growing role as a foreign donor throughout the continent." He planned "to attend a state banquet and meet with" Zambian President Levy Mwanawasa, "who has cultivated close ties with China. The country is a major foreign aid donor to Mr. Mwanawasa's government," and "has poured hundreds of millions of dollars into Zambia's copper sector, which accounts for 60 percent of the impoverished nation's exports." Hu's stop in Lusaka "is expected to focus on new Chinese aid for Zambia and the inauguration today of an economic partnership zone in Zambia's Copperbelt province, which has become a key source of copper for China's growing economy."

LATimes Implores Bush To Back Turkish-American Genocide Resolution. In an editorial today, the Los Angeles Times (2/4, 850K) says there is "new hope" for Rep. Adam Schiff's non-binding Turkish-Armenian genocide resolution. The January murder of journalist Hrant Dink has increased pressure for passage, and "has sent a collective shiver down Turkey's spine, triggering street demonstrations and renewed calls for the government to change its policy." The Times says Schiff's "mild" text "makes the White House's opposition all the more vexing." While "Ankara has considerable diplomatic influence, and Turkey is too valuable an ally to alienate with congressional resolutions," the Times concludes that Washington "is at its best when it chooses truth over expedience, especially in matters as grave as genocide. It's hard to say 'never again' convincingly if you're too afraid to speak bluntly about what you aim to prevent."

Fukuyama Warns Against Pessimism, Says US, World Still Seeing Progress. In a 1,700-word op-ed in today's Los Angeles Times (2/4, 850K), scholar Francis Fukuyama cautions against becoming "very discouraged" about the modern world. "We "should stop to consider a broader context in which things look a lot brighter. The single most notable but overlooked fact about today's world is that the global economy has been driving ahead full speed, raising living standards and closing the gap between the First and Third worlds." China, India and East Asia are enjoying relative prosperity, and "the rest of the world is growing steadily too," especially Latin America and Sub-Saharan Africa. "These trends in the developing world are increasingly driven by south-south trade," and that "has spawned world-class multinational companies from developing countries." Fukuyama notes the "robustness" of worldwide growth, and says the "huge vulnerabilities" many experts see are exaggerated. He adds that, "in the long run, many of today's troublesome political trends are unlikely to be sustained," and "even pessimism about Iraq is overdone."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Blast Kills At Least 130 In Central Baghdad Market."
"East L.A. Leaders Push For Cityhood."
"Online Learning Goes Mainstream."
"This Isn't Your Mother's Salary."

New York Times:
"In Washington, Contractors Take On Biggest Role Ever."
"At Least 130 Die As Blast Levels Baghdad Market."
"Iraq's Shadow Widens Sunni-Shiite Split In U.S."
"McCain's Advisers Once Made Ads That Drew His Ire."
"Iran's Boast On Uranium Enrichment Is Put To Test."
"Far Away, Super Bowl's Losers Will Be Champs."

Washington Post:
"At Least 125 Killed In Blast At Baghdad Market."
"War In Iraq Sets Off A Massive Migration."
"At Democrats' Meeting, Bush Appeals For Cooperation."
"Reaching Out With The Word -- And Technology."
"At Last, A Historic First."

Washington Times:
"Deadliest Blast Kills 135 In Iraq."
"Ready For Some Football?"
"Bush Builds Bonds With House Democrats At Retreat."
"Cell-Phone Taxes Subsidize Land Lines, Enrich Telecoms."
"Britons Strive To Contain Bird Flu."

Detroit Free Press:
"It's Official: Sanders Is A Hall Of Famer."
"Dodge Unveils Redesigned 2008 Dakota."
"MSU Can't Upset OSU, Even In Cleaves' Presence."

Atlanta Journal-Constitution:
"Bush Courting Skeptical Dems."

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"Horror Of Forced Sterilization."
"Child In Room Before Mom Shot."
"Baghdad Bombing Kills Scores."
"Dog Drags Woman To Safety."
"Trial Brings Back S.C. Shootout."
"More Horses Rounded Up."

Dallas Morning News:
"Hall Of Fame Says Yes To Irvin."
"Bodies Are Missing Couple's, Families Told."
"Deadly Lightning's Impact Lingers 35 Years Later."
"USO Program Lets Soldiers, Kids Share Storytime."
"Euless Tries To Block Santeria Lawsuit."
"Experts: Super Sunday Isn't Automatic Diet Timeout."
"Dallas Facility Would Let Autistic Adults Live Independently."

Houston Chronicle:
"No Probe Planned In Houston Elevator Death."
"Injured Sugar Land GI Returns Home To New Fight."
"A&M Downs Kansas On Law's Late 3-Pointer."
"Hornets, Bad Aim End Rockets' Streak At 4 Wins."
"New Bayport Terminal Must Prove It Can Deliver."
"Texas Group Fills Need For Free Mental Health Care."
"Immigration Raid Fuels War Of Words In N. Houston."
"Houston Trash Pickup To Add 85,000 Homes."
"Texas Lawmakers Debate Slash To Pre-K Funding."
"HISD Sends Aspiring Principals Back To Class."
"Historian: CIA Funded Russian-Language 'Zhivago.'"

Story Lineup From Last Night's Network News:
ABC: Florida Tornado; Florida Tornado Aftermath; Freezing Weather In Midwest; Violence In Iraq; Bush-Democrats; Indonesian Flooding; Global Warming Forecast; Bird Flu Outbreak In England; Shortage Of Male Teachers; Super Bowl Town Rivalry.
CBS: Florida Tornado; Florida Tornado Aftermath; Violence In Iraq; Bird Flu Outbreak In England; NFL-Black Coaches; Bush-Democrats; Sicilian Soccer Riot; Schools-Security; Madden NFL 07.
NBC: Violence In Iraq; Florida Tornado; Bush-Democrats; Bird Flu Outbreak In England; Global Warming; Cervical Cancer Vaccine; Military Advice Columnist.

WASHINGTON'S SCHEDULE

Today's Events In Washington.
White House:
PRESIDENT BUSH — In Washington. No public schedule.
VICE PRESIDENT CHENEY — No public schedule.
US Senate: Not in session.
US House: Not in session.

Other: SHERIFF'S ASSOCIATION _ The National Sheriff's Association holds its 2007 Winter Conference. Location: JW Marriott, 1331 Pennsylvania Ave, NW Contacts: n/a, 202-836-7827

CLIMATE CHANGE _ George Washington University's School for Business hosts a conference, "Implementing Solutions to Climate Crises: Strategic Actions for Bueinesses, Communities, Citizens, and Consumers." Speakers include Chad O. Holliday Jr., chairman and CEO of DuPont; Lester Brown, founder of the Earth Policy Institute; and WorldWatch Institute President Chris Flavin. Location: Sunday's sessions at George Washington University's City View Room, 1957 E St. NE. Monday's sessions at George Washington University's Cloyd Heck Marvin Center, third floor, 800 21st St. NW. Contacts: Mark Starik, 202-994-5621

RESERVE OFFICERS _ The Reserve officers Association holds its Mid-Winter Conference and Military Exposition. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: n/a, 202-479-2200

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, FEBRUARY 4, 2007 7:45 AM EST

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TERRORISM NEWS:

Attorneys Downplay Comments By Juror (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, February 4, 2007

Federal prosecutors said Saturday there is little or no evidence to support allegations of juror misconduct in a motion for a new trial of a Lodi man convicted of terrorist activity.

Misconduct claims on behalf of Hamid Hayat are barred by rules of evidence, cannot be substantiated, actually describe proper conduct, or describe conduct not harmful to Hayat, prosecutors maintain in a 187-page brief opposing a new trial.

In their October motion, defense attorneys cite a statement by juror Alicia Lopez that jury foreman Joseph Cote made a "hangman gesture" and once said "hang him" in discussions with other jurors during the trial.

"These bare bone allegations, on their face, are vague and ambiguous and do not constitute substantial evidence that (Cote) was actually biased against the defendant," wrote prosecutors S. Robert Tice-Raskin and Laura Ferris in the opposition brief.

Defense attorneys also cited statements by jurors Lopez and Theresa Berkeley-Simmons that Cote used racial slurs during the trial, including his opinion that Pakistanis or Muslims all "look alike" if dressed the same.

Hayat is a U.S. citizen of Pakistani descent.

But the prosecutors answered that "it is far from clear whether Cote's reported statement is a 'racist statement,' or what it reveals about the foreperson's views in general with respect to individuals of different races, nationalities or creeds."

The statement does not seem to be aimed at "any individual or group in a marked or virulent derogatory fashion," Tice-Raskin and Ferris wrote.

Also highlighted in the defense motion are Cote's post-trial statements to an Atlantic magazine reporter suggesting that, when deliberating, he likened Hayat to young Pakistani men responsible for London subway bombings.

The Atlantic article should be given little weight given its "double-hearsay nature," and testimony regarding jury deliberations is inadmissible, the prosecutors answered.

Beyond that, they said, the "mere fact that the foreperson recalled the London bombings or that some of the bombers were Pakistani does not suggest he is prejudiced against Pakistanis or Muslims; that recollection is simply a neutral recollection of widely reported and known information."

Additionally, case law allows a juror "to utilize his/her life experiences and general, common knowledge when evaluating evidence," they wrote.

Cote spoke in the Atlantic article in 2006 of "new rules of engagement" that he viewed as applying in terrorism cases, and said he did "not want to see the government lose its case."

The prosecutors said this statement "reflected nothing more than his belief that the intent and danger issues were difficult and complex for the jury."

On April 25, the jury found Hayat guilty of undergoing terrorist training in Pakistan, returning to Lodi prepared to wage violent jihad -- or holy war -- against fellow Americans, and lying to the FBI when initially questioned.

The 23-year-old Hayat faces up to 39 years in prison. Sentencing has been postponed while U.S. District Judge Garland E. Burrell Jr. considers the motion for a new trial.

Oral arguments on the motion are next month.

At the same time the jury found Hayat guilty, a separate jury deadlocked in a parallel prosecution of his father, Umer Hayat. A mistrial was declared in that case. The elder Hayat was charged with initially lying to the FBI in 2005 about his son's support of terrorism and his own firsthand knowledge of terrorist training camps in Pakistan.

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Umer Hayat, a Lodi ice cream street vendor, later pleaded guilty to lying to customs officials in 2003 about the amount of money he and his family were taking on a trip to Pakistan. He was sentenced in August to the 11 months he had spent in jail awaiting trial.

The primary evidence against Hamid Hayat was a lengthy, videotaped interview conducted by FBI agents over two days in June 2005. He eventually made some damaging admissions, and the interview was seen by the jurors as a confession.

Burrell erroneously rejected the defense's attempt to present James Wedick, a retired FBI agent, as an expert witness on the bureau's policies and procedures for interviews, the defense lawyers argued in their motion.

They said Wedick, a highly decorated veteran of 34 years in the bureau, would have testified that it was inappropriate to start videotaping Hayat's interview only after a "confession" had been elicited following hours of questioning.

But the prosecutors argued in Saturday's brief that Wedick's testimony "would have been needlessly confusing, cumulative and wasteful of time."

Moreover, they wrote, it "would have amounted to nothing more than an impermissible attempt by (Hayat's lawyers) to argue his case via an expert; something that defense counsel was qualified to argue and, in fact, did argue during closing."

The defense motion said Hayat truthfully told the FBI he did not attend a terrorist training camp, but he eventually was worn down by the agents' marathon interrogation.

"Wanting simply to be permitted to go home, Hayat agreed, albeit rather incoherently, to his interrogators' insistent suggestions that he had so trained," the defense lawyers wrote in the motion.

Prosecutors responded that there was no showing Wedick "had any particularized experience rendering him qualified to opine on the issue of false confessions."

Burrell was being asked "to accept nothing more than Mr. Wedick's unsupported conjecture and supposition that these confessions were somehow contaminated," the prosecutors contended.

"That was plainly insufficient," they wrote. About the writer:

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Prosecutors Rebut Hayat Request (STOCKREC)

By Jeff Hood, Lodi Bureau Chief

Stockton Record, February 4, 2007

Bid for new trial called an attempt to fix mistakes

Federal prosecutors on Saturday characterized Hamid Hayat's request for a new trial on terrorism-related charges as an attempt by his defense attorneys to fix mistakes they made before and during his case last year.

Hayat, 24, was convicted in April of aiding terrorists and lying to the FBI about it after his return to his Lodi home following a two-year visit to his ancestral homeland of Pakistan.

Hayat's attorneys in October filed a 106-page motion for a new trial, stating they have new evidence that proves Hayat did not attend a terrorist training camp. The request for a new trial also alleges U.S. District Judge Garland E. Burrell Jr. made several improper rulings, such as denying Hayat the right to cross-examine government informant Naseem Khan on several matters.

Defense attorneys also claim Burrell erred by not prohibiting expert testimony that would have helped the U.S.-born Hayat's case, and that there were several instances of juror misconduct.

In their 187-page reply filed early Saturday, prosecutors restated the evidence that led to Hayat's conviction, which carries a possible 38-year federal prison sentence, and then argued against each of the eight points defense attorneys cited as grounds for a new trial.

Defense attorneys have an opportunity to file a rebuttal, and both sides will offer arguments supporting their positions on March 23 in Burrell's courtroom.

Prosecutors claimed Hayat's attorneys, Wazhma Mojaddidi and Dennis Riordan, want a second chance to fix Mojaddidi's procedural errors that kept her from asking certain questions of witnesses and from calling one of her experts, retired FBI Agent Jim Wedick.

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Government attorneys called Mojaddidi's strategy during the trial "tactical gamesmanship" that backfired. They stated the defense's claim that it has new proof of Hayat's innocence - the testimony of Hayat cousins Usama Ismail and Jaber Ismail of Lodi - is not accurate, saying there is a legal difference between "newly discovered" and "newly available" evidence, because they did not subpoena Usama Ismail to testify and made no effort to obtain testimony from Jaber Ismail, who was in Pakistan during the trial.

Prosecutors downplayed the alleged juror misconduct, including a gesture by foreman Joseph Cote in which he pulled up on an imaginary noose around his neck and said "Hang him," after the second day of testimony.

"It would be fair to say that the juror's act, at most, appears to be a premature reaction to compelling government evidence, but nothing more," prosecutors Robert Tice-Raskin, Laura Ferris and Sharon Lever state in their reply.

Other instances of jurors failing to abide by Burrell's orders did not have any significant effect on the trial, they argue.

Hayat and his father, Umer, were arrested by federal authorities in June 2005 after being questioned for several hours at the FBI's Sacramento office.

A trial for Umer Hayat, 48, on two counts of lying to FBI agents ended with a hung jury. He later pleaded guilty to lying about the amount of cash he was carrying during a trip to his native Pakistan in 2003 and was released from custody in August.

Contact Lodi Bureau Chief Jeff Hood at (209) 367-7427 or jhood@recordnet.com.

Feds Say No Juror Misconduct In Lodi Terror Trial (CCT)

The Contra Costa Times, February 4, 2007

SACRAMENTO, Calif. - Defense arguments that a jury foreman was biased in the trial of a Lodi man convicted of terrorist activity are not supported by evidence, federal prosecutors said Saturday.

The federal government's comments came in a 187-page brief opposing a motion for a new trial by Hamid Hayat's defense. The defense motion is based on statements made by juror Alicia Lopez that jury foreman Joseph Cote made a "hangman gesture" and once said "hang him" in front of others on the panel.

"These bare bone allegations, on their face, are vague and ambiguous and do not constitute substantial evidence that (Cote) was actually biased against the defendant," wrote prosecutors S. Robert Tice-Raskin and Laura Ferris.

The defense motion also highlights post-trial statement's by Cote in an Atlantic magazine report suggesting that, when deliberating, he likened Hayat to young Pakistani men responsible for London subway bombings.

Prosecutors answered that the Atlantic article should be given little weight and that "it is far from clear whether Cote's reported statement is a 'racist statement,' or what it reveals about the foreperson's views in general with respect to individuals of different races, nationalities or creeds."

Hayat is a U.S. citizen of Pakistani descent. On April 25 a jury found him guilty of undergoing terrorist training in Pakistan, returning to Lodi prepared to wage violent jihad against fellow Americans, and lying to the FBI when initially questioned.

Oral arguments on the motion are next month in front of U.S. District Judge Garland E. Burrell Jr.

Salah's Long Road To Clear Name (DSOUTH)

By Chris Hack, Staff writer

Daily Southtown (IL), February 4, 2007

More battles ahead

Attorneys for Mohammed Salah, who was acquitted of racketeering charges last week, have vowed to keep working to clear the name of the Bridgeview man deemed a terrorist by the federal government and to help his family lead a normal life.

"These good people have had their lives put through the wringer," longtime Salah attorney Matthew Piers said Friday. "We are not done fighting on behalf of this family."

While the long-looming threat of a hefty prison sentence may now be off the table, Salah still faces an uncertain future of civil-court judgments, restricted liberties and the stigma of the government's terrorist label.

Salah, 53, was acquitted Thursday of the terrorism-related charges after a three-month trial. He was found guilty of a far lesser charge of obstruction of justice, but the overall outcome marked a dramatic victory for the defense in a case once touted by the U.S. Justice Department as an important component of the war on terror.

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"If this is the government's idea of the war on terror, it should keep us all awake at night," said Piers, a vocal critic of several federal anti-terror cases unveiled after 9-11. "This was a political prosecution plain and simple, and I think everyone in that courtroom knew it."

In the racketeering case, Salah was accused of breaking American laws to aid the militant Palestinian group Hamas, which is considered a terrorist group by the U.S. government. According to federal prosecutors, he delivered laundered money to Hamas operatives in the Occupied Territories in the early 1990s and helped recruit would-be terrorists.

The obstruction charge normally wouldn't carry much prison time, although prosecutors might push to have Salah's 1993 conviction in an Israeli military court on Hamas money-running charges count against him here. Defense attorneys, who insist the Israeli conviction was the result of bogus confessions tortured out of Salah during a two-month interrogation session, contend Salah should receive only probation for the U.S. conviction.

Also hanging over Salah's head is a 1998 civil case filed by federal prosecutors in a bid to seize $1.4 million in cash and assets they claimed Salah meant to funnel to Hamas. That civil case was put on hold as a criminal probe into Salah's alleged Hamas links stopped and started over the years.

Records show prosecutors were prepared to settle the case in July 2001 under an agreement that would have let the government keep the cash and Salah keep his Thomas Street house. But after the terrorist attacks on Sept. 11, 2001, the investigation into Salah's past was rekindled and the deal died.

"It's still pending and the government plans on pursuing it," First Assistant U.S. Attorney Gary Shapiro said of prosecutors' civil case after the verdict in the criminal case was announced.

Piers said he'll likely argue the case should be tossed out on double-jeopardy grounds: The criminal case included many of the same allegations as the government's civil case, and prosecutors would have moved to seize Salah's cash and assets if he had been convicted on the racketeering charge.

"Our position is that the government had their shot and they lost," Piers said. "Beyond that, the government would come off looking extremely vindictive and they would be skating on very thin ice legally."

"But we're more than ready to take on the government if they want to pursue the civil forfeiture case."

Salah's assets have been blocked by the federal government since August 1995, more than two years before he would be released from an Israeli prison and return to Bridgeview. His family initially was allowed to withdraw living expenses from the frozen money, but Piers said that arrangement ended years ago.

"They're penniless," Piers said. "They've been living off the support of people in their community, and they would have starved to death without that."

Indeed, after the racketeering acquittal Thursday, Salah pointed out that generosity among crowds of supporters swarming the Dirksen Federal Building in a tearful celebration that continued into that night at the Bridgeview mosque.

"I have to thank everyone who helped my family put food on the table," Salah said.

Salah also could someday be on the hook for a share of a $156 million judgment against him and a group of local organizations accused of financing Hamas in the 1990s. The judgment was the result of a civil lawsuit filed by the parents of a Jewish teen killed in a West Bank terrorist attack.

Although the organizations had little money and the federal government already had dibs on Salah's assets, attorneys for the teen's family have aggressively moved to seize books, fax machines and Internet domain names from the groups in an effort to dismantle what they said was once a clandestine terrorist financing network.

The judgment has been appealed, and attorneys expect a decision soon. Oral arguments in the case were heard well over a year ago; the appeals court may have been reluctant to release a ruling in the high-profile civil case while the equally high-profile criminal trial was unfolding.

But perhaps most difficult to overcome is the fact Salah was declared a "Specially Designated Terrorist" in an executive order of the U.S. government in 1997; he's still the only American citizen to hold the distinction. It means Salah needs special licenses from the U.S. Treasury Department to get a job or conduct financial transactions, must account for his spending and explain any travel plans.

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The terror classification was made outside the judicial system, but Piers said Salah may eventually mount a legal challenge to the designation now that he's been acquitted of terrorism charges 10 years after he was labeled a terrorist.

Just as his racketeering trial drew crowds of supporters for months, Salah's fight to clear his name would be closely watched in the local Muslim community.

"We hope that the suffering of the Salah family is over," Chicago director of the Council on American-Islamic Relations Ahmed Rehab said in a statement last week. "We also hope that the 'terrorism' label be reserved in the future for those found guilty of that charge in an open and fair trial administered in a respected court of law."

Robyn E. Blumner column: Truly Tortured Logic (SPT)

By ROBYN E. BLUMNER, Times Perspective Columnist

St. Petersburg (FL) Times, February 4, 2007

Canada apologizes for aiding innocent man's torture, so why can't we?

"On behalf of the United States, I wish to apologize to you and your family," President Bush told Maher Arar in a televised news conference, during which the president announced that the United States was also giving Arar $8.9-million in compensation for our role in sending the Canadian to a Syrian prison where he was tortured.

Okay, now it's time to wake up from a dream. This scene happened all right, not in the United States but in Canada, and the nobly contrite politician was Canadian Prime Minister Stephen Harper, not our own Decider-in-Chief.

Arar's ordeal is well known. The software engineer was detained during a stopover at New York's John F. Kennedy Airport in 2002. After being subject to days of interrogation in the United States, the Canadian of Syrian descent was sent to Syria under the American program of extraordinary rendition. He spent 10 months in a grave-size cell and was tortured into signing a false confession that he was associated with terrorists and had trained in Afghanistan - a place he had never visited. He was eventually released without charge.

Since Arar's return to Canada, our neighbor to the north has committed itself to investigating its role in this outrage. A two-year inquiry by Justice Dennis O'Connor concluded that there was no evidence linking Arar to terrorism and that the Royal Canadian Mounted Police were demonstrably wrong when they informed U.S. border agents that Arar was suspected of Islamic extremism. The head of the RCMP resigned over the incident.

Canada has now issued a very public apology, coming straight from its national leader, and the nation will compensate Arar for its hand in his terrifying ordeal. Harper has also promised increased oversight of Canada's intelligence agencies "to lessen the likelihood that something like this will ever happen again."

Arar responded to the prime minister's gesture by declaring: "I feel proud as a Canadian."

Before George W. Bush came to the White House, I would have expected our own government to act in a very similar manner: a public apology, the rolling of heads responsible, a promise to exert tighter controls and due compensation to the victim.

Instead, we've responded to Arar by keeping him, his wife and his children on a government watch list so that they cannot travel in or over our country or its territories. We have stymied his lawsuit against the United States for abducting and deporting him, claiming that to allow it to go forward would jeopardize state secrets. And, perhaps most galling, even though it is an open secret that we send people to other countries for interrogation where they are sure to be tortured, we continue to claim that our actions are consistent with the Convention Against Torture - a treaty that explicitly bars such conduct.

The contrast between the model of responsible and responsive governance in Canada and the sniveling, defensive, fabulizing posture of the White House and Justice Department on this matter of national character is the answer to the question: Why does the rest of the world hate us?

The Arar case is the perfect storm of Bush administration arrogance, dishonesty and incompetence coalescing with its utter disregard for the principles of due process and human rights that used to pulse at the core of our nation.

Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff claim that there is reason to keep Arar on a watch list. But when Canada's minister of public safety, Stockwell Day, examined Arar's confidential U.S. files, he announced that there was "nothing new" to justify any continued suspicion.

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Arar is a terrorist the same way our Iraq adventure is full of "enormous successes" as the vice president just declared. When reality doesn't fit the script, Team Bush ignores it.

Some of our nation's more responsible political leaders have tried to act more Canada-like. Rep. Edward Markey, D-Mass., has called on the White House to "admit publicly that it was cruel to detain and transfer" Arar for torture.

And it was a moment of national pride when Senate Judiciary Chairman Patrick Leahy, D-Vt., publicly called Gonzales to the mat at a recent Senate Judiciary Committee hearing for claiming that assurances were given by Syria that Arar wouldn't be tortured.

"We knew damn well if he went to Canada he wouldn't be tortured," Leahy declared loudly. "He'd be held. He'd be investigated.

"We also knew damn well, if he went to Syria, he'd be tortured."

Gonzales could only reiterate the bald-faced lie that the United States tries to meet its antitorture treaty obligations. How lame.

When Canada is better at demonstrating American values than we are, it's time our government took a refresher in Civics 101. Learn how to apologize and admit error and maybe our great nation will live up to its billing once again.

WAR NEWS:

Bush Tells Democrats He Welcomes Iraq Debate (AP)

AP, February 3, 2007

WILLIAMSBURG, Virginia (AP) -- President Bush squarely addressed the issue most on the mind of House Democrats, saying Saturday that deep divisions over the Iraq war need not bring anyone's patriotism into question.

"You know, I welcome debate in a time of war and I hope you know that," Bush said in opening remarks as the guest speaker at a retreat that drew about 200 lawmakers to a Virginia resort.

He said disagreeing with him over the war -- as many in the room do -- does not mean "you don't share the same sense of patriotism I do."

"You can get that thought out of your mind, if that's what some believe," the president said. "These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do."

Bush's conciliatory words were similar to some of his previous statements. But the applause that followed them offered some indication that this audience was happy to hear them so directly and in person.

Democrats, who in November wrestled control of the House from Republicans for the first time in a dozen years, have yet to settle on a legislative response to Bush's war plan. It involves adding 21,500 troops to the 132,000 already in Iraq.

Deciding what any nonbinding resolution in opposition should say or what should be done if the buildup fails to stop the violence were primary topics at the lawmakers' two-day retreat.

Options could include stripping the budget of war money, capping the number of troops in Iraq or refusing to pay for future deployments.

With that in mind, Bush gave his plan a soft sell.

"I listened to many members here, I listened to members of my own party, I listened to the military and came up with a plan that I genuinely believe has the best chance of succeeding," the president said.

He received applause for repeating his insistence that Iraqi Prime Minister Nuri al-Maliki's government in Baghdad must show tangible improvement on the political front.

"I do know we agree on some things and that is that the Maliki government is going to have to show strong leadership," Bush said. "There's benchmarks that they have got to achieve."Achievements praised

Iraq was hardly the only topic on which Bush sought to win over a crowd of skeptics with flattery and acknowledgments of differences of opinion. With Democrats now in charge in the House and Senate, he had little choice.

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Among the "big things" he singled out as prospects for bipartisan cooperation were balancing the budget, tackling budget-busting entitlements, immigration overhaul, health care, education and alternative energy production. He also frequently complimented the Democrats for their out-of-the-gate accomplishments since the session began in early January.

"I look forward to working with you," he said. "I know you've probably heard that and doubt whether it's true. It's true."

Already, Bush has granted several of the new majority's demands. He has acknowledged making mistakes in Iraq, fired Defense Secretary Donald H. Rumsfeld and surrendered the fight for John Bolton to be U.S. ambassador to the United Nations.

Reflecting the target set by Democrats, Bush has promised a plan to balance the budget by 2012 after presiding over record deficits and tax cuts. Also, the president tentatively has agreed to increasing the federal minimum wage. The House and Senate have passed competing versions of this legislation.

The president also had a little fun at his own expense, hoping it would prove his willingness to find bipartisan consensus. His reference in his State of the Union address to their party as the "Democrat majority" -- as opposed to the "Democratic majority" -- caused grumbling and offense and he sought to make up for it.

"Now look, my diction isn't all that good," Bush said to laughter. "I have been accused of occasionally mangling the English language. And so I appreciate you inviting the head of the Republic Party."

After Bush's remarks, reporters were ushered out of the room while lawmakers asked the president a few questions.

House Speaker Nancy Pelosi of California and caucus chairman Rahm Emanuel of Illinois said Democrats would focus mostly on the war in Iraq.

White House spokesman Scott Stanzel said the question portion of Bush's appearance was closed to be consistent with his appearances at gatherings of congressional Republicans. At those events, Bush spoke in public but the questioning was closed "to provide frank and open discussion," Stanzel said.

He said Bush last attended the House and Senate Democratic retreats in early 2001, right after he took office.

Bush Says Iraq War Has Sapped "Our Nation's Soul" (HILL)

By Jonathan Kaplan

The Hill, February 3, 2007

WILLIAMSBURG, Va. – Speaking to House Democrats Saturday at a resort in this historic town, President Bush admitted that the country's morale has suffered because of the war in Iraq.

Bush said that the war in Iraq is "sapping our nation's soul," as part of his answer to a question from Rep. Susan Davis (D-Calif.) about why the burden of fighting the Iraq war has fallen primarily on the military. Davis represents San Diego where many active duty military personnel live.

Unlike a parliamentary system, U.S. lawmakers do not get to question the nation's head of state and chief executive. But Democratic aides were stunned at the pronouncement perhaps recollecting President Carter's pronouncement in 1979 that there exited a "crisis of the spirit in our country."

Bush began speaking to a packed conference of lawmakers, spouses, and a few babies (including Speaker Nancy Pelosi's newborn grandson) and children around 10:15 a.m. after arriving in Newport News, Va., via Air Force One. He was driven to the Kingsmill Resort & Spa a few miles away.

Bush attempted to charm the new majority by explaining that he meant no offense during the State of the Union address by calling them the "Democrat Party."

"My diction isn't all that good," Bush said. "Thank you for inviting the head of the Republic Party."

He also thanked the families of the lawmakers who serve in public office.

"I know it's tough...sometimes they say bad things about you in the newspaper," Bush said, chuckling himself and eliciting the same from the crowd.

At times pointed and direct, he also told them that he wants to "do some big things together" and added that he did not question the patriotism of those who disagreed with the decision to go to war in Iraq.

"You can get that thought out of your mind, if that's what some believe," the president said. "These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do."

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Bush rattled off policy areas in which he said he wanted to make some progress, including balancing the budget, immigration, energy, Iraq and some smaller bore foreign policy issues, such as slowing the growth of HIV/AIDS and malaria in Africa.

After Bush concluded his speech, Democratic leadership aides asked the press to exit the room so that lawmakers could ask Bush some questions on the war, veterans' issues, global warming, Hurricane Katrina and immigration.

According to staffers in the room, Rep. John Tanner (D-Tenn.) asked a question about budget deficits, Reps. Tim Walz (D-Minn.) and Bennie Thompson (D-Miss.) asked why veterans and Katrina, respectively, were not mentioned in his State of the Union address, Rep. Jay Inslee (D-Wash.) prodded Bush on global warming and Rep. Luis Gutierrez (D-Ill.) asked about immigration.

To Thompson's question, Bush said he did not mention national parks in his speech to the nation but that he considers those important as well.

After the speech, questions and working a rope line, Bush appeared at a press conference with Pelosi and other Democratic leaders.

Bush described the session with the lawmakers as "relaxed, informative and enjoyable," and that the questions were very good.

"We don't always agree - that's why we're in different political parties," he said.

Bush: War Is "Sapping Our Soul" (POL)

By Josephine Hearn

The Politico, February 3, 2007

WILLIAMSBURG, Va. – President Bush told a closed-door gathering of House Democrats Saturday that the war in Iraq was "sapping our soul in some ways," according to congressional aides who heard him.

During the private question-and-answer session, Rep. Susan Davis, D-Calif., had asked the president whether he agreed the effort in Iraq amounted to "a military at war and not a country at war," congressional aides said.

Later, in a meeting with reporters, both Bush and House Democratic leaders sounded notes of bipartisanship. But asked whether the president had responded to Democrats' criticism of his plan to send more troops to Iraq, House Speaker Nancy Pelosi, D-Calif., offered a flat: "No."

"The president really stood his ground on Iraq," she said.

In other questions from Democrats to the president, according to the aides:

Rep. John Tanner of Tennessee asked what Bush would do to reduce the budget deficit and foreign debt. Rep. Tim Walz of Minnesota asked how he would handle skyrocketing medical costs for veterans. Rep. Luis Gutierrez of Illinois asked about comprehensive immigration reform. Rep. Bennie G. Thompson of Mississippi wanted to know what the president would do to improve rebuilding of the Gulf Coast after Hurricane Katrina. And Rep. Jay Inslee of Washington raised concerns about the declining number of polar bears and increased risk of flooding in a question about global warming.

All of the questions followed Bush's brief speech to the Democrats.

In it, he drew applause when he mentioned common goals such as comprehensive immigration reform, promoting democracy in Afghanistan, eradicating disease in Africa and remaining focused on the humanitarian crisis in Darfur.

But Democrats sat on their hands when he renewed his call for new heath care legislation.

On Iraq, he stressed common ground.

"We agree on some things - that the Maliki government will have to show strong leadership," he said, drawing applause, in a reference to Prime Minister Jawad al Maliki.

Speaking at the House Democrats' retreat for the first time since 2001, Bush led off with a little conciliatory charm, joking about his reference to the "Democrat majority" in the State of the Union address, a choice of words that many Democrats had viewed as a calculated insult.

"My diction isn't all that good," the president ventured. "I've been accused of occasionally mangling the English language, so I appreciate you inviting the head of the Republic Party."

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The quip drew laughs and applause.

Referring to four Pelosi generations, the president wondered how her father would have reacted to her becoming the first female speaker, mentioning the recent birth of her sixth grandchild and praising the child's mother, Alexandra Pelosi, for being "spunky."

He called House Majority Leader Steny H. Hoyer, Md., a "down-to-earth, no-nonsense guy."

And Hoyer took the comment as a genuine bipartisan gesture.

"I thought it was the expression of a sincere desire on part of the president and the caucus that we do want to work together," Hoyer said.

Bush Drops In On House Democrats (LAT)

By Noam N. Levey

The Los Angeles Times, February 4, 2007

WILLIAMSBURG, VA. — Venturing into enemy territory, President Bush traveled to a retreat for House Democrats on Saturday to invite the new congressional majority to work with him on immigration, energy and even national security.

"I do know we agree on some things," the president told a ballroom full of lawmakers and their families in a carefully choreographed meeting of Washington's competing centers of power.

Bush sought to turn on the charm for his Democratic rivals, cracking jokes about his diction and showering praise on House Speaker Nancy Pelosi of San Francisco and her new grandson (who also got a hug from the president, days after getting one from former President Clinton).

"I kind of remembered — help me remember the good old days," Bush said later in brief remarks to reporters. The president had not gone to House Democrats' annual retreat since 2001, shortly after he took office.

But even the meticulous planning that went into the encounter could not conceal the deep divisions between the White House and the Democratic majority on Capitol Hill. Pelosi introduced the president from a lectern bearing the slogan "Governing for a New Direction," but he spoke from his own lectern, emblazoned with the presidential seal, a few feet away.

No issue brought out the divisions more than the war in Iraq. The president devoted less than two minutes of his 16-minute address to the subject. And his attempt to highlight common ground over the feeling that the Iraqi government should do more to bridge sectarian divisions offered little comfort to his critics.

The president suggested, as he has before, that Prime Minister Nouri Maliki would have to meet a list of "benchmarks," including providing adequate troops to help American soldiers in Baghdad.

But Bush did not discuss timetables for Maliki's government or specify consequences if it should fail — omissions that have been repeatedly criticized by Democrats.

After his speech, Bush faced several tough questions from lawmakers in a private question-and-answer session, according to members of Congress and aides who were in the room.

In response to one question about Iraq, the president, who as recently as a few months ago insisted that America was winning, acknowledged that if he were asked about the conflict by a pollster, he would express concern as well. Large majorities of Americans say they believe the war is going poorly.

Bush also said the war was "sapping our souls," according to people in the room.

"The president's body language changed," one lawmaker said. "He was quite defensive." The White House and the Democratic caucus had carefully negotiated how many questions the president would face, ultimately agreeing that the Democrats could ask six — and only after reporters left the room.

In addition to the question about Iraq, which was asked by San Diego Rep. Susan A. Davis, lawmakers also asked about immigration, the budget and the government response to Hurricane Katrina.

In public, however, Bush, Pelosi and other Democratic leaders took pains to avoid appearing partisan.

In opening his speech, the president joked about having used the term "Democrat Party" in his recent State of the Union address — a phrase that some lawmakers interpreted as derogatory.

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"Now, look, my diction isn't all that good," the president said. "I have been accused of occasionally mangling the English language. And so I appreciate you inviting the head of the Republic Party."

Democrats laughed appreciatively.

"Still has the touch," Pelosi noted later.

But some of her caucus seemed less impressed.

"I think people were grateful he came. But Iraq is the issue," said Massachusetts Rep. Jim McGovern, who staunchly opposes the war. "It is the issue that concerns most Americans … and telling jokes and hugging babies is not going to make these tough issues go away."

Bush Puts "Ic" Back In "Democrat Party" (AP)

By Jennifer Loven

AP, February 3, 2007

Williamsburg, Va. (AP) -- Relying on self-deprecating jokes, unusual candor and outright flattery, President Bush on Saturday wooed lawmakers he not only needs but will have to answer to in the final two years of his presidency.

Bush had not seen fit to attend a Democratic congressional retreat since 2001, his first year in office. But the new political reality that has Democrats in charge of Capitol Hill for the first time in a dozen years changed his mind. When he appeared before House Democrats at a Virginia resort, he seemed to be trying to make up for lost time.

With his first words, he sought to put to rest one bone of contention between the White House and the new congressional majority: The dropped "ic."

Democrats found it demeaning when the president, in his State of the Union address last month, referred to the "Democrat majority," as opposed to the "Democratic majority."

"Now look, my diction isn't all that good," Bush told the 200 lawmakers who wrapped up two days away from Washington with family and aides. "I have been accused of occasionally mangling the English language. And so I appreciate you inviting the head of the Republic Party."

He got hearty laughs. And he was careful to keep the "ic" firmly tacked on for the rest of his remarks.

Bush's address was followed by a private session. With the media ushered out of the room, lawmakers were allowed to ask the president a half-dozen questions that covered Iraq, immigration, education and other topics.

Even though this was expected to be the toughest part of Bush's foray onto Democratic turf, both he and House Speaker Nancy Pelosi of California emerged with good things to say.

"We were honored by your presence," Pelosi told Bush. "We're also encouraged by your remarks."

Speaking to reporters after the president had departed for Washington, she added: "Let's make no mistake. The choice is bipartisanship or stalemate. We have to work together."

Still, divisions over Iraq were never far.

One of the primary topics at the retreat was how to legislate opposition to Bush's overhauled Iraq strategy, which involves adding 21,500 troops to the 132,000 already in the country.

Democrats have not settled conclusively on the approach for any anti-war resolution or on what action to take if the buildup fails to halt the violence.

Bush explained how he settled on his proposal.

"I listened to many members here. I listened to members of my own party. I listened to the military and came up with a plan that I genuinely believe has the best of succeeding," he said.

The president earned applause for repeating his insistence that Iraqi Prime Minister Nouri al-Maliki's government in Baghdad must show tangible improvement on the political front. "The Maliki government is going to have to show strong leadership," Bush said.

Seeking to earn his bipartisan stripes, he also said that opposing him on the war — as many in the room do — does not mean "you don't share the same sense of patriotism I do."

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"You know, I welcome debate in a time of war and I hope you know that," the president said. "These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do."

Bush's conciliatory words were similar to statements he has made before. But the applause offered some indication that this audience was pleased to hear them so directly and in person.

In the private session, Bush told the Democrats he empathizes with their anguish, saying the war is "sapping our soul," according to two officials who attended the session. They spoke on condition of anonymity because it was a closed meeting.

Pelosi heard nothing to suggest the president is bending to any criticism.

"The president really stood his ground on Iraq. He explained why additional troops would be needed and why it would work this time," she said, adding parenthetically, "even though it had failed four times before."

No matter the topic, the president stayed on point, saying he wants to work together on "big things" and he respects that Democrats disagree on some issues:

_On balancing the budget and the spending blueprint for 2008 that he submits Monday to Congress, he said, "Some of it you'll like, some of it you won't like, but it achieves the goal that we have said, which is to balance the budget."

_On addressing the looming insolvency of entitlement programs such as Social Security, he said, "I'm under no illusions of how hard it's going to be. The only thing I want to share with you is, is my desire to see if we can't work together to get it done."

_On his proposal to make health insurance more available through changes in tax laws, he said, "I've already heard from some members who thought it was a lousy idea, I understand that. But please look at it in depth."

Bush brushed past the veto threats his aides have issued for one-third of the agenda that Pelosi's caucus approved in the House's first 100 hours of the year.

Instead, he focused on compliments, on the Democrats' choice of Pelosi — "this fine woman" — as the first female speaker ever and for their approval this past week of billions for fighting AIDS, malaria and tuberculosis overseas.

"I look forward to working with you," he said. "I know you've probably heard that and you doubt whether it's true. It's true."

At Democrats' Meeting, Bush Appeals For Cooperation (WP)

By Michael Abramowitz, Paul Kane

The Washington Post, February 4, 2007

WILLIAMSBURG, Feb. 3 -- President Bush, forced by circumstance to reach out to some of his strongest adversaries, appealed directly to House Democrats on Saturday to work with him to reform the immigration system, limit the cost of Social Security, curb the consumption of gasoline and balance the federal budget.

Visiting the Democrats' annual retreat for the first time since 2001, the president told lawmakers there are "big things" they could accomplish by working together and sought to defuse any bad blood with self-deprecating humor. He opened his public remarks with an allusion to his tendency to mispronounce the name of the rival party by calling it the Democrat Party, seen by many party activists as a calculated insult.

"I appreciate you inviting the head of the Republic Party," Bush said to laughter. He drew scattered applause a few moments later when he used the correct name in calling on the "Democratic Party" to work with him to address the mounting future liabilities of Social Security and Medicare.

Democrats rose to politely applaud Bush before and after the speech, a sign of the outwardly cordial and respectful nature of the day's session.

Democrats had a rare opportunity to question the president directly, using a private session after his speech to press him on Iraq, immigration, global warming, the deficit and the absence of Hurricane Katrina and veterans' issues in his recent State of the Union address. While Bush asked Democrats to keep the conversation private, some people present said he gave no ground on his basic position on the war but was upfront in talking about its impact on the populace.

According to some Democrats present, Rep. Susan A. Davis (Calif.) told Bush about her concern that the military is fighting a war without the rest of the country sharing the sacrifice. Bush disagreed with that proposition, according to the Democrats there; he said that the war is psychologically draining for the entire country and that it is "sapping our souls" in some ways.

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Bush also defended his plan to send an additional 21,500 troops to Iraq, saying that they would operate under new rules of engagement and that they could clear and hold troublesome areas. One senior Democratic staffer present said Bush spoke favorably of some of the recommendations of the Iraq Study Group, the commission that recently evaluated the administration's war policy, such as embedding Americans to train Iraqi forces and eventually withdrawing U.S. troops. But he said there is too much sectarian violence to carry out such recommendations immediately.

The friendly tone, as described by officials on both sides of the day's session, was a marked change from a campaign season of heated rhetoric from Bush and the Democrats and followed six years of mistrust and lack of cooperation. As he closed his unsuccessful campaign last year to hold GOP majorities in Congress, for example, Bush described the Democratic war strategy as "The terrorists win, and America loses." In a 2004 interview with the San Francisco Chronicle, Rep. Nancy Pelosi (Calif.), now House speaker, called Bush an "incompetent leader."

Deep divisions remain, especially on the war, and despite the talk of bipartisan goodwill, Pelosi was already making plans Saturday morning for symbolic showdowns with the White House on international affairs. Before Bush arrived at the Kingsmill Resort for the House members' strategy session, she told her caucus that they will be voting on a no-confidence resolution on the president's plan to send additional troops to Iraq.

Moreover, Pelosi told her colleagues that if it appears likely that Bush wants to take the country to war against Iran, the House would take up a bill to deny him the authority to do so, according to Pelosi spokesman Brendan Daly.

Still, both sides may have incentives to cooperate in the next year or so. If Bush has any hope of domestic achievements in the remainder of his term, he must find Democratic votes, while many top Democrats concede they are under some pressure to show that they can be more than just an opposition party.

The president spent close to half an hour shaking hands and greeting people at the end of the question-and-answer session. He also spent time holding and hugging Pelosi's sixth grandchild, born shortly after the November elections. Pelosi's daughter, Alexandra Pelosi, is a documentary filmmaker whose 2002 film "Journeys with George" chronicled the president's 2000 campaign. She had a front-row seat Saturday and was filming the event with a hand-held camera.

"I felt welcomed," Bush said as he and the House speaker met with reporters afterward. "I felt like people understood that I've got pressures on me, like I understand they have pressures on them. And I really hope that the members out there get a sense that I bear no ill will, I bring no animosity about the fact that we may not agree on every position."

Pelosi said she came away "encouraged" by the president's remarks. After Bush left to return to the White House, Pelosi said she believes there is room for compromise with him on three areas: a jobs innovation program, energy independence and immigration.

"The choice is bipartisanship or stalemate," she said.

In the private session, two Democrats -- freshman Rep. Tim Walz (Minn.) and Rep. Bennie Thompson (Miss.) -- pushed the president in separate questions on why he did not talk about veterans' issues or the relief effort for Hurricane Katrina victims in his opening remarks to the caucus or in his State of the Union address.

Bush defended his record in those areas and said his silence in a particular speech should not be interpreted as a lack of concern, Democrats present said. As an example, Bush said he cares about maintaining national parks, even though the subject did not come up in the State of the Union.

Some Democrats said they remain wary of Bush. In his question to the president, Rep. Luis V. Gutierrez (Ill.) said it is difficult for Democrats to trust Bush on immigration after Republicans used the issue "so brutally" against his party in the elections -- a remark that drew a loud ovation from other Democrats, according to people in attendance.

Bush said Democrats are not the only ones with "arrows" in their backs, a reference to the deep divisions in his own party on immigration. He spoke about his desire to combine tough border enforcement and a path to citizenship for illegal immigrants, and he indicated a hope to keep politics out of the debate.

After he was pressed by Rep. Jay Inslee (Wash.) about curbing carbon emissions to reduce global warming, Bush strongly defended his environmental record and the progress of the nation. According to some in the room, Bush told Inslee not to assume that he does not care as much about greenhouse gasses as Inslee does.

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Bush Meets With Democrats On Their Turf (NYT)

By Jeff Zeleny

The New York Times, February 4, 2007

WILLIAMSBURG, Va., Feb. 3 — In a rare appearance before an audience of Democrats, President Bush said Saturday that he did not question the patriotism of those who disagreed with his Iraq strategy and asked lawmakers not to let dissension over the war entirely erode their trust in him.

"I welcome debate in a time of war, and I hope you know that," Mr. Bush said. "Nor do I consider a belief that if you don't happen to agree with me, you don't share the same sense of patriotism I do. You can get that thought out of your mind if that's what some believe."

The president's words were met with applause from House Democrats, who gathered here at a secluded resort along the James River for their annual issues conference. Newly in control of Congress, Democrats invited Mr. Bush to their retreat, eager to show that they could no longer be overlooked by the White House.

"The choice," said Representative Nancy Pelosi, the House speaker, "is bipartisanship or stalemate."

So for nearly two hours, Mr. Bush held forth with some of the very Democrats he has spent the better part of six years sparring with. He spoke to members of Congress and their spouses, took pointed questions in a private session about Iraq, the budget deficit and immigration, and shook hands and posed for pictures.

"I'm looking forward to working with you," Mr. Bush said, gesturing to those seated in the crowded ballroom. "I know you've probably heard that and you doubt whether it's true — but it's true. We're going to do big things together."

The political reality, of course, requires Mr. Bush to work with Democrats in the final two years of his presidency if he wants his legacy to include legislation like overhauling the nation's immigration and health care systems, and beginning to curb America's dependence on foreign oil.

"A great goal is a comprehensive immigration bill," Mr. Bush said. "In order to get it done, it's going to require members in the House and the Senate — Republican members, Democratic members — finding common ground, and the White House wants to help."

The president's speech, which lasted about 16 minutes, was interrupted by applause 21 times. Occasionally, the clapping seemed tepid, as some legislators looked across the room to see whether fellow Democrats were joining in. At other times, particularly if Mr. Bush delivered a self-deprecating line, the clapping boomed.

He began his remarks with such a moment, saying he meant no ill will at the State of the Union address when he referred to the lawmakers as members of the "Democrat Party." The remark stirred a mini-dustup among some Democrats, who believed he was being pejorative.

"Look, my diction isn't all that good," Mr. Bush said. "I have been accused of occasionally mangling the English language, so I appreciate you inviting the head of the Republic Party."

The event's cordiality stood in contrast to the coming days on Capitol Hill, where the Congress is heading toward a confrontation with the White House over Iraq policy. In a private session with lawmakers, several participants said, Mr. Bush conceded the war is "sapping our soul," but he said he intended to pursue his plan to send more troops to Iraq.

"We share a common goal," Mr. Bush said in his public remarks, "and that is to keep America safe."

In his weekly radio address on Saturday, Mr. Bush said the top priority of the budget he will submit to Congress on Monday was "keeping America safe and winning the war against extremists who want to destroy our way of life." He intends to request nearly three-quarters of a trillion dollars in military spending, which Democrats vowed to thoroughly scrutinize.

Mr. Bush did not wade deeply into the specifics of his budget proposals in his speech to Democrats, but he warned with a smile, "Some of it you'll like, some of it you won't."

Before Mr. Bush arrived, Representative Steny H. Hoyer of Maryland, the House majority leader, conceded that some Democrats were not thrilled about their guest speaker. "There was a little controversy about the president coming," he said. "Some of our members said, 'Well, why is he coming down?' "

But by the time he left the room, the president's critics almost certainly were not won over, yet they said they felt empowered by being able to ask questions and raise concerns after spending most of Mr. Bush's presidency in the minority.

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"Look, we don't always agree," Mr. Bush said. "That's why we're in different parties."

A Decider Meets 535 More Of 'Em (NYT)

By Sheryl Gay Stolberg

The New York Times, February 4, 2007

GEORGE W. BUSH was never one to cozy up to Capitol Hill.

From the outset of his presidency, Mr. Bush treated the Republican-run Congress like a tool at his disposal. If he invited lawmakers to the White House, it was to speak, not to listen. Rob Simmons, a moderate Republican from Connecticut who lost his House seat in November, recalls how a colleague recounted that Ronald Reagan invited freshman lawmakers in, four at a time, just to hear what was on their minds.

"I never had that opportunity, and that's a little disappointing, because when it comes to intelligence issues, I think I have something to offer," said Mr. Simmons, a former military intelligence officer who spent 10 years as a spy with the C.I.A. "The best I could do was to be invited in a fairly large group, up to 20 people, to receive essentially a briefing on the president's position."

Now that Democrats are in charge, the president is making a great show of Congressional outreach. Consider the last week: On Tuesday, Mr. Bush agreed on a bipartisan panel to advise him on the war. On Wednesday, the House speaker, Nancy Pelosi, dropped by the Oval Office to report on her trip to Iraq. On Friday, Mr. Bush held a White House reception for Republican senators. On Saturday, he was headed to Williamsburg, Va., to a House Democratic retreat.

But there is little evidence that the Congressional courtship has influenced the president who famously called himself "the decider," whether the issue is Social Security or the decision to send more troops to Iraq. So this week, the Senate plans to push back, taking up a bipartisan resolution condemning the new Iraq strategy. The debate is more than a simple policy dispute, or even a public rebuke of the way Mr. Bush has managed the war.

It is a lawmakers' revolution, of sorts, an uprising against the way Mr. Bush has treated the 535 people who spend their workdays at the other end of Pennsylvania Avenue.

"What has become clear with the troop surge is that there is not just a policy difference, but a real level of personal animosity as well," said Julian E. Zelizer, a professor of history at Boston University who writes frequently about Congress. "There's no trust. There's no respect. There's no love."

That animosity is palpable not only among Democrats — who are suddenly in the unfamiliar position of no longer being ignored by Mr. Bush — but also Republicans. Lawmakers of both parties are irked by the president's muscular expansion of executive authority, and what they see as his cavalier attitude toward their constitutional authority as a co-equal branch.

"The president repeatedly makes reference to the fact that he is the decider," Senator Arlen Specter of Pennsylvania, the senior Republican on the Judiciary Committee, said about troop levels last week. "I would respectfully suggest to the president that he is not the sole decider, that the decider is a joint and shared responsibility."

Even Senator Richard G. Lugar of Indiana, the senior Republican on the Foreign Relations Committee who often backs the administration, tried to warn Mr. Bush to pay Congress more heed.

"The administration has been inclined not to disregard Congress, but to not take Congress very seriously," Mr. Lugar told Fox News in December. "I think this time Congress has to be taken seriously."

From his first days in Washington, Mr. Bush expected his fellow Republicans to work uncomplainingly in service of his agenda. And they did. Party unity was tight; White House officials say there were few policy disagreements that required the kind of discussions Mr. Bush has initiated over Iraq. Instead, the president devoted himself to campaigning to get Republicans re-elected.

Still, tensions built. When Senator Trent Lott, the Mississippi Republican, ran into trouble over remarks considered racially inappropriate, the White House did the unthinkable, inserting itself into Congressional affairs to orchestrate Mr. Lott's ouster. When Senator John Thune, the South Dakota Republican who passed up a bid for a governorship because Mr. Bush asked him to run for the Senate instead, wanted help saving a military base in his state, the White House spurned his request.

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"The attitude in the White House was, 'They're going to need us more than we need them,' " said Scott Reed, a Republican strategist. "The president liked to campaign, he liked to have an active schedule raising money for candidates, and there was a belief that was enough."

Now Mr. Bush is paying the price, says James Thurber, director of the Center for Congressional and Presidential Studies at American University. "Are the chickens coming home to roost?" Mr. Thurber asked. "Yes. If he had been a real solid guy with Republicans along the way, they'd be with him now, a lot more than they are."

Presidents past have used the power and glamour of the White House to stroke the occupants of Capitol Hill but also to forge relationships that produced legislation. President Bill Clinton got along with Newt Gingrich when he was speaker of the House, and the two paired to overhaul the welfare system. Lyndon Johnson, a creature of Congress and a master at manipulating it, maintained strong ties on Capitol Hill, even during the darkest days of Vietnam.

"As he struggled himself with his presidency, he wasn't isolated from legislators," Professor Zelizer said. "I think it's very different with this president."

With just two years left in the administration, White House officials say the president hopes to persuade Democrats to work with him on domestic issues like immigration and energy, even as they thwart him on Iraq. Tony Snow, the White House press secretary, said the aim is for Mr. Bush to reassure his own party that "he's still a Republican" and "at the same time find common ground with Democrats."

The effort has not gone unnoticed. Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate, jokes that he has been to the White House so often that, "I'm going to get a coffee cup and leave it there." Mrs. Pelosi's aides say she was touched when Mr. Bush, in his State of the Union Address, introduced her as "Madam Speaker" with a flourish — a moment so carefully orchestrated that White House aides deleted it from the advance text to preserve an element of surprise.

Yet even there, Mr. Bush stumbled, referring to the "Democrat Party," a phrase Democrats find insulting — though the president later said he meant no offense. And just last week, Mr. Bush grabbed more power for the White House, signing a directive giving the administration greater control over rule-making on matters of public health, safety and the environment.

"We're going to give him the benefit of the doubt," said Representative Rahm Emanuel of Illinois, chairman of the House Democratic Caucus. "But in my view, the most important test is: Are they going to shed the Dick Cheney view of the Congress, which is that it is a second-class branch of government?"

And therein lies the rub for Mr. Bush as he tries to repair his frayed relations with Capitol Hill. Unless he gives ground on policy matters, playing nice with lawmakers is not going to do him much good. Senator Susan Collins, the Maine Republican who is a lead sponsor of the resolution opposing the Iraq policy, gives Mr. Bush good marks for trying.

"But there is a difference," she said, "between being heard, and being heeded."

Bush Builds Bonds With House Democrats At Retreat (WT)

By Stephen Dinan

The Washington Times, February 4, 2007

WILLIAMSBURG -- President Bush and House Democrats got off to a good start in finding common ground yesterday at the Democrats' annual retreat -- with Mr. Bush saying they even share a bond in having been shot in the back by Republicans on immigration.

"You are not the only one with arrows in your back," the president said during a closed-door question-and-answer session with the House Democratic Caucus, according to two individuals who were in the room.

He was responding to Rep. Luis Gutierrez, Illinois Democrat, who said Republicans had been merciless during last year's elections in attacking Democrats on border security. He asked Mr. Bush to win more Republican support for the Democrats' preferred bill.

To a round of applause, the president said he will fight for a bill that does not deport illegal aliens. Mr. Bush said it would be a mistake to miss the opportunity for reform this year and let the issue enter the 2008 election campaign, when he worried it would become too political.

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Immigration is one issue on which Mr. Bush may fare better with Democrats in control than with his own party. But, dependent on Democrats for his final two years, the president has made overtures on a host of other issues during the past month that he hopes can come to fruition under the new regime.

Yesterday, Democratic leaders said he convinced them he wants to work with them on some issues.

Rep. Rahm Emanuel, Illinois Democrat, said Mr. Bush's acknowledgment of global warming in his State of the Union address and of growing "income inequality" in a speech on Wall Street last week both bode well, as did his admission that the Iraq war isn't going well and his early steps to increase education spending.

"We had plenty of common ground, which the president was willing to acknowledge," House Speaker Nancy Pelosi, California Democrat, said after the session.

During her introduction, she invoked Lincoln's second inaugural address calling for reconciliation between the North and South "with malice toward none, with charity for all."

She said Democrats can work with Mr. Bush on what she called the "three i's" -- immigration, energy independence and innovation for the economy.

The president broke the ice with Democrats by explaining his use of the term "Democrat Party" during his State of the Union address last month. The phrase had angered some lawmakers, who consider it a slur.

"Look, my diction isn't all that good," Mr. Bush explained, drawing chuckles. "I have been accused of occasionally mangling the English language, and so, I appreciate you inviting the head of the Republic Party."

The president assured Democrats he doesn't question their patriotism for disagreeing with his Iraq policy.

"You can get that thought out of your mind, if that's what some believe," he said, to a smattering of applause.

That's a change from the past, when Mr. Bush has wondered whether his political opponents would "forget the lessons of September 11th." And it's a sharp departure from the midterm campaign last year, when Republicans accused Democrats of favoring a "cut-and-run" strategy.

The president drew the biggest applause when he talked about spending on AIDS in Africa and keeping pressure on Sudan to find a solution to the mass killing and displacement in the Darfur region of that northeast African nation.

He faced six questions during the closed portion, including why his new Iraq plan would succeed when past troop surges have failed, what he plans to do about the size of the national debt, and whether he would agree to mandatory caps on carbon emissions to curb global warming.

Mr. Bush didn't outright reject caps, but said his focus on technology is a smarter approach. He also said Kyoto treaty-style caps, such as ones that Europeans have adopted, have failed and said fast-growing Asian countries won't participate in that solution, anyway, leaving technology as the only path.

Mr. Bush also was asked why he didn't mention Hurricane Katrina or veterans during his State of the Union address. He compared those issues to the national park system, saying he didn't talk about it either, but still considers it important.

One person in the room said Mr. Bush "sounded very defensive" on Katrina.

It was the first time since 2001 that the president addressed one of the Democratic caucus' annual retreats. He spoke to both House and Senate Democrats that year.

Mr. Bush was so warmly received yesterday that he stayed in the room to shake hands for a half-hour after he was done answering questions.

Protesters weren't allowed at the King's Mill resort, where the gathering took place, but they congregated on a corner just outside the complex.

"Stop funding; start impeaching; mandate peace" read the painted slogan on the back of one panel truck driving the streets nearby.

At Least 130 Die As Blast Levels Baghdad Market (NYT)

By Richard A. Oppel, Qais Mizher

The New York Times, February 4, 2007

DOJ_NMG_0127308

BAGHDAD, Sunday, Feb. 4 — A mammoth truck bomb obliterated a popular central Baghdad market on Saturday, ripping through scores of shops and flattening apartment buildings, killing at least 130 people and wounding more than 300 in the worst of a series of horrific attacks against Shiites in recent weeks.

The attack was the work of a suicide bomber who detonated about one ton of explosives in the bustling Sadriya market, in a largely Shiite enclave at 5 p.m., as shoppers finished buying food for dinner and men sipped coffee at cafes nearby, the police said. It was the deadliest single bomb blast since the United States invasion almost four years ago.

The bombing, the fourth major attack against a densely populated Shiite area in less than three weeks, seemed sure to inflame Shiite political and militia leaders just as more than 20,000 American troops begin to arrive in an attempt to stop the civil war that threatens to tear Iraq apart.

The unrelenting killing of Shiites also promises to put more pressure on Prime Minister Nuri Kamal al-Maliki, who finds himself squeezed between American demands to crack down on Shiite militias and his fellow Shiites' increasing belief that the militias are their best defense against Sunni insurgents.

American commanders say that in recent weeks, as Mr. Maliki has tried to show he is supporting the current plan to secure Baghdad, top Shiite government officials have meddled less in the Americans' efforts to pursue militia leaders.

But Shiite community leaders say that as a result, they are now more exposed to Sunni insurgent attacks. And some Shiite militia commanders acknowledge that they have reduced militia checkpoints to avoid confrontation with American forces.

Within hours of the bombing, Mr. Maliki denounced the attack as the work of "Saddamists" and other Sunni insurgents.

The chaotic scene after the blast suggested how much pressure Shiite political leaders would face to seek revenge against Sunnis for the recent attacks: as onlookers cursed the Iraqi government for not protecting them from Sunni militants, Shiite militiamen descended on the area, angrily questioning people they believed did not belong in the neighborhood.

The bomber struck close to the middle of the narrow market, which stretches for about an eighth of a mile, killing everyone nearby and dozens more in collapsed apartment buildings and coffeehouses that line the market, witnesses said.

"Look at all these buildings," shouted Qadir Ali Ismael, a 41-year-old vegetable seller who escaped the blast. "There were families living in these apartments and they didn't find anyone alive in there. All of those people were killed!"

The attack left a crater 15 feet long, 10 feet wide and 5 feet deep. Blast waves left buildings a block away badly damaged.

Police officers rushed frantically to rescue wounded people trapped inside buildings, only to find that they could not break through damaged doors to get inside. By the time they did, some of the wounded had bled to death, said Abu Ali, who runs a health clinic a few blocks from the market.

"The doors wouldn't open," he said. "The rescuers are getting there too late." He said he treated more than 40 people himself, mostly children and women, and quickly ran out of first-aid supplies.

As the loudspeaker of a nearby Shiite mosque called for people to donate blood, American Humvees took up positions on a street that leads to a nearby Sunni neighborhood, apparently in an effort to prevent clashes between the sects.

Anger spread through the crowd that gathered at the blast site as people said that the attack was the work of Sunni insurgents. Although no group claimed responsibility by early morning Sunday, suspicion fell on Sunni militants, who have conducted large-scale suicide bombings in the past.

One elderly man, crying and shouting, was surrounded by younger men.

"They tried to kill us because we are Shia," the older man said. "Why are there no bombs in Adhamiya?," he said, referring to a large Sunni district of Baghdad. "Maliki and the Americans are the sons of dogs because they do nothing to protect us."

Grieving relatives rushed to hospitals. At the Imam Ali Hospital in the Sadr City neighborhood, the refrigerated portion of the morgue quickly filled and bodies were piled up next to it. People tried to donate blood, but were told to go to a blood bank that is in a dangerous area of Baghdad.

The American ambassador to Iraq, Zalmay Khalilzad, condemned the attack as an "example of what the forces of evil will do to intimidate the Iraqi people." And the White House called the bombing an atrocity, saying, "Free nations of the world must not stand by while terrorists commit mass murder in an attempt to derail democratic progress in Iraq and throughout the greater Middle East."

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Several Sunni neighborhoods came under retaliatory attack Saturday night. A Western official said Adhamiya was struck by several mortars, and an Interior Ministry official said another Sunni neighborhood in eastern Baghdad, Slaykh, was also hit by at least three mortar rounds.

The death toll on Saturday eclipsed the number in September 2005 attack in a Shiite area of Baghdad and one in the February 2005 bombing of a Hilla market, each of which killed at least 120 people. The largest overall attack remains a series of bombs that killed about 200 people in Sadr City last November.

With Saturday's bombing, more than 400 people have been killed in about a half-dozen bomb attacks on Shiite areas in Baghdad and Hilla in just the past three weeks. The Sadriya market was also hit by two large bombs in early December.

Saturday's attack came as both the Iraqi and United States governments have committed to yet another attempt to quell sectarian violence in Baghdad. Many Democrats and some Republicans have assailed the White House for its decision to send extra troops.

The United States Senate is most likely to vote soon on a nonbinding resolution opposing the troop buildup.

Earlier on Saturday, Iraq's most revered Shiite cleric, Grand Ayatollah Ali al-Sistani, repeated his call for Muslims to "stand together and repel division and reject sectarian rifts," and he denounced those who he said were "deepening the sectarian disputes between the Muslims."

The calamity in Baghdad came after a bloody day throughout the rest of Iraq that included a coordinated volley of seven car bombs in Kirkuk, apparently the latest strike by insurgents seeking to thwart Kurdish efforts to fully annex the disputed oil-rich city.

The first Kirkuk suicide attacker detonated his bomb-laden Toyota near the offices of the powerful Kurdistan Democratic Party at about 10:30 a.m., killing one civilian and wounding 17 others while damaging 10 nearby houses, according to Burhan Habib Tayeb, a senior police officer in Kirkuk. Other reports placed the casualty toll at 2 dead and 30 wounded.

The next four car bombs were detonated about every 10 minutes, beginning at 11 a.m. One wounded two students at a school for girls and another wounded four people at a gas station. Two more bombs went off later in the day, wounding two civilians, said a Kirkuk police captain, Emad Jasim.

Gunmen fatally struck Iraqi forces twice in Samarra, north of Baghdad, where the destruction of a Shiite shrine last February set off a wave of sectarian violence. Gunmen struck a police checkpoint north of the city about 7:30 a.m., killing six policemen and wounding six more, a police official said. Four Iraqi soldiers were later killed just south of the city after gunmen attacked their checkpoint. Three other soldiers were wounded, and three of the gunmen were killed, the police official said.

The Iraqi police also battled insurgents in a neighborhood of western Mosul on Saturday, while a large bomb wounded three policemen in another part of western Mosul, a police official said. Several insurgents were killed in the gun battle, but no policemen died, he said.

Iraqi forces imposed a curfew in Kirkuk, Mosul and Samarra following the violence.

The American military on Saturday reported the deaths of six more servicemen. Two soldiers assigned to units in insurgent-dominated Anbar Province in western Iraq died Friday from "wounds sustained due to enemy action," the American military announced. The names and specific units were not released.

Two other soldiers based near Baghdad were killed when a roadside bomb struck their patrol south of the capital on Friday.

A soldier from the 13th Sustainment Command (Expeditionary) died from an apparent heart attack after physical training on Friday, while another from the same command died Jan. 30 from "noncombat-related causes" during a two-week leave, the military said.

At Least 125 Killed In Blast At Baghdad Market (WP)

By Ernesto Londono

The Washington Post, February 4, 2007

BAGHDAD, Feb. 3 -- A suicide bomber detonated more than a ton of explosives in a market in central Baghdad late Saturday afternoon, killing at least 125 people and wounding 300 in the deadliest single bombing in the capital since the war started.

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The blast at the al-Sadriya market in a predominantly Shiite Muslim area leveled at least three buildings and set fire to dozens of businesses, trapping scores of people under piles of rubble.

The explosives were hidden under produce and bags of groceries in the back of a pickup truck that the driver parked near an entrance to the market.

"It's a massacre," said Tahsin Abu Lubna, who lives near the area. "It's like a slaughterhouse. You can see blood everywhere. It's an unbelievable sight."

The attack followed a recent string of bombings targeting places where Shiites congregate in Baghdad and elsewhere in the country. Officials say Sunni insurgents are behind the violence, which comes as the Iraqi government and U.S. military are stepping up security in the capital as an intended first step to restoring order in Iraq.

Ambulances rushed to the scene after the bombing, but many of the corpses and the wounded were loaded on the back of pickup trucks.

"They were carrying the bodies like sheep," Abu Lubna said in a phone interview as he watched emergency vehicles stream out of the devastated area outside his window.

A 29-year-old mechanic who works nearby said he rushed to the scene to help.

"This is a real disaster," said the mechanic, who gave only his first name, Amjad. "I carried four bodies," he added, including two he recognized: a yogurt vendor and a man who sold tea.

Iraqi officials said that determining the exact death toll would take at least a day.

"The bodies are still under the destroyed buildings, so this is why it is hard to have a final number now," Maj. Gen. Jihad al-Jabiri, an explosives expert at the Interior Ministry, said on state-run al-Iraqiya television.

Iraqi news stations showed piles of bloody bodies lying in the street outside a hospital.

"The hospitals are equipped to handle this number of casualties because they get used to it," Health Minister Ali Hussein al-Shamari said on the state-run station.

Ali Dabbagh, a spokesman for the Iraqi prime minister, said authorities suspect that a Sunni insurgent group sponsored the attack. Most recent large bombs in Iraq have been detonated during the morning hours, but the two large bombings this week -- two suicide bombers killed dozens of shoppers at a bazaar in the southern city of Hilla on Thursday -- came in the evening.

"They're trying to change their strategy," Dabbagh said. "They change in order to show that they have the upper hand."

Dabbagh said the pickup truck used in Saturday's attack did not have a license plate, making it difficult to trace it to the bomber's accomplices.

Dabbagh blamed Syria for not doing enough to stop the violence, saying that 50 percent of insurgents enter Iraq through Syria.

Iraqi Prime Minister Nouri al-Maliki attributed the attack to "forces of evil and terrorism" driven by "Saddamists and Baathists" who have "cheapened the blood of innocent civilians."

The market has been struck at least twice before, last month and in December.

Shoppers frequent the market to buy meat, poultry, vegetables and household goods. Vendors work out of small stores and wooden carts. The market is generally packed on Friday and Saturday afternoons, when many Iraqis do not work.

The White House condemned the attack, saying in a statement issued last night: "Another atrocity in Baghdad today has targeted the innocent people of Iraq. Free nations of the world must not stand by while terrorists commit mass murder in an attempt to derail democratic progress in Iraq and throughout the greater Middle East."

The U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement, "To those who commit these heinous crimes, we send this message: You will be relentlessly hunted until you are apprehended and brought to justice. Have no doubt; you will pay for your role in these crimes."

Earlier in the day, seven car bombs detonated in the northern city of Kirkuk, killing at least two people and wounding nearly 30. One of the bombs exploded in front of the Kurdish Democratic Party building in the ethnically mixed city.

The city's police chief decried the recent loss of an Iraqi military brigade based in Kirkuk -- one of the units the government has sent to Baghdad as part of the capital's security plan.

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Also Saturday, the U.S. military announced the deaths of four soldiers Friday. Two were killed in Anbar province in western Iraq. The other two were killed in a roadside bombing south of Baghdad. Their names will be released after relatives have been notified, the statement said.

Deadly Blast's Damage Is Physical And Psychological (LAT)

By Tina Susman

The Los Angeles Times, February 4, 2007

BAGHDAD, Iraq — A dump truck hauling a ton of explosives hidden beneath boxes of food exploded in the center of a crowded Baghdad market Saturday, killing at least 130 people and injuring more than 300 in the deadliest blast since the U.S. invasion of Iraq.

The attack, carried out by a suicide bomber, was designed to inflict a massive physical as well as psychological toll on a population haunted by a string of devastating strikes on other markets, including one Thursday that killed 73 people in the southern city of Hillah, and another in Baghdad last month that killed more than 80.

This one came in the evening, when the Sadriya market was crowded with after-work shoppers stocking up for dinner.

The truck's deadly payload included land mines, ammunition, rockets, mortars and other explosives, which erupted in a fireball and sent buildings crashing down on top of merchants and customers, said Maj. Gen. Jihad Jabiri of Iraq's Interior Ministry.

The White House and Iraqi Prime Minister Nouri al-Maliki denounced the attack, which was another reminder that their vows to counter spiraling bloodshed with increased troops are having no deterrent effect. Ten other explosions, including seven car bombs in the northern city of Kirkuk and one south of Baghdad, killed at least three more people Saturday. In addition, Iraqi police reported finding the bodies of 15 Iraqi men around Baghdad, all shot to death and apparent victims of the sectarian warfare enveloping the country.

Shirwan Ridha, a taxi driver, was on his last run of the day and was standing near his minivan, waiting for it to fill with passengers, when the truck blew up about 300 feet away from him. "Huge fire rose to the sky. I was thrown into the air and then to the ground," said Ridha. "I saw my car being destroyed, and the people inside it were shouting and screaming."

Hamed Majed, a butcher who works in the market, said he was tending to customers when he noticed a large yellow truck struggling to navigate through the narrow street, which was lined with cafes, food shops, and stores selling everything from DVDs to computer goods. When some people asked the driver where he was trying to go, he "told them he was carrying food products for the shops in the area," Majed said.

Seconds later, after the truck had gone about 500 feet down the road, it exploded. "The explosion was the biggest one that I have seen in my life," said Majed, adding that he has seen several in the area. The market area was hit by a series of blasts on Dec. 2 that killed 51 people, and a June bombing in the market killed four people.

"The shop walls, ceiling and the refrigerators fell on us," said Majed, 35, who suffered leg and head injuries. "The people rescued me . . . and transferred me to the main street by a cart." He spoke from Kindi Hospital, which was so overwhelmed with casualties that it began turning away new ones and sending them to other medical facilities.

Bodies covered in white sheets were laid out on the hospital floor outside the emergency room. Survivors also were being treated on the floors. "The situation is catastrophic," said one hospital official. "It is turmoil over here. The halls are filled with the blood of the injured and the dead. There are children, women and men."

The explosion severely damaged 10 apartment buildings and left a ghastly landscape of human remains, food, shattered goods and animal meat that was sent hurtling from butchers' stalls. Witnesses said fuel from generators added to the blast's fiery aftermath. One man, wearing a black leather jacket, sobbed as he clung to a piece of blackened metal protruding from the ground.

In a statement, the White House called the attack an "atrocity." Al-Maliki, the Shiite prime minister, echoed the denunciation and blamed it on "Saddamists and Takfirists," a reference to supporters of former Iraqi leader Saddam Hussein and Sunni Muslim extremists. The attack was similar to others blamed on Sunni forces, who frequently have used car bombs to target crowded, civilian targets in Shiite-dominated or ethnically mixed areas, such as Sadriya.

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Just hours earlier, Grand Ayatollah Ali al-Sistani, the country's most revered Shiite cleric, had appealed for an end to sectarian bloodshed, saying it was the duty of good Muslims to discourage violence and dissension. "We need to be more united than ever and keep ourselves away from sectarian tumult and sectarian clashes," he said in a statement.

At the same time, a Sunni militant group linked to al-Qaida vowed to step up attacks across Iraq and claimed responsibility for the string of Kirkuk bombs.

The same group claimed responsibility for shooting down a U.S. military helicopter north of Baghdad Friday, which killed two U.S. crew members.

Three more U.S. military deaths were reported Saturday by military officials -- two in fighting in western Anbar province, and another in a noncombat incident.

President Bush plans to send an additional 21,500 troops to attempt to quell violence in Baghdad and other areas of Iraq in coming months, but U.S. intelligence agencies said Friday the situation is so bleak that it will be well more than a year before the country can be stabilized. In their report, known as the National Intelligence Estimate, the agencies said the causes of violence in Iraq were so complicated that the term "civil war" was too simplistic to explain the situation.

The attacks in Kirkuk on Saturday underscored the complexities of Iraq's violence. The worst attack targeted offices of one of the main Kurdish parties, the Kurdish Democratic Party, which favors autonomy for the oil-rich region. Two people were killed when a suicide bomber tried to ram a car into the building, the Kirkuk police chief, Shirko Shaker, said.

In the next few hours, seven more car bombs and two other explosions rocked the city, injuring 28 people, and prompting officials to place the city under a 4 p.m.-6 a.m. curfew.

A party official, Nashat Hassan, blamed the violence on forces opposed to efforts to return to the city thousands of Kurds displaced by Saddam as part of his plan to remake the city for Arabs.

A referendum is scheduled later this year for Kirkuk residents to decide whether to join the autonomous region of Kurdistan, a move that could deny Iraq's other regions much of the area's oil wealth.

"What kind of Islam is this?" said Kirkuk resident, Bashar Hassan, 42, in an emotional voice. "They have created their own rules by killing innocent people from all backgrounds," he said of the bombers. "May they go to hell."

130 Killed In Baghdad Bombing (CHIT)

By Liz Sly

Chicago Tribune, February 4, 2007

The deadliest single bombing in Iraq since the 2003 invasion killed at least 130 people and wounded at least 300 in a crowded Baghdad street market Saturday, the latest in an escalating campaign of terror targeting shoppers that has claimed hundreds of lives in recent weeks.

A fuel truck packed with a ton of explosives detonated in the narrow streets of the Sadriyah open-air market in central Baghdad just before dusk, at a time when the market was crammed with people stocking up on supplies before nightfall. Two buildings were obliterated, 10 others collapsed, dozens of stalls were incinerated, and many victims died instantly in the huge explosion, which reverberated across the city.

Police and witness accounts said the blast was caused by a suicide bomber who disguised his cargo with boxes of oil and flour. But government officials later said the explosives were packed into a fuel tanker that was parked in the street and then detonated by remote control.

It was just the latest attack in a string of bombings against markets that appear designed to maximize civilian casualties and inflame sectarian tensions ahead of the deployment of an extra 17,500 U.S. troops to Baghdad to help enforce a tough new security plan.

Two days earlier, a pair of suicide bombers killed 73 people in the Shiite town of Hillah, and on Jan. 22 a bombing in a different Baghdad market killed 88--the worst recent examples of the sustained bombing campaign that has intensified since President Bush announced his plans to "surge" the number of troops in Baghdad. The mostly Shiite Sadriyah market was hit last December by a wave of car bombings and mortar shells that killed more than 50.

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Even by Iraqi standards, however, this bombing was shocking, in its size and in the number of casualties inflicted. Previous waves of attacks have claimed more lives, such as last November's onslaught of six car bombs in the Shiite Sadr City slum neighborhood in which more than 200 people died.

Rarely, however, has such a large bomb been used against a purely civilian target. Until Saturday, the bloodiest attack was a suicide bombing in Hillah in February 2005, also against a market, in which 115 people died.

In a strongly worded statement, Prime Minister Nouri al-Maliki blamed the attack on "Saddamists and taqfiris," or Sunni extremists.

"The forces of terror and evil have united together against our dear Iraqi people," he said. "We were shocked today, and so were all Iraqis and honest people around the world by this despicable crime."

The bombing came 40 days after the execution of Saddam Hussein, prompting some speculation that it was intended to mark the day normally commemorated as the end of the traditional mourning period in Iraq.

"Maybe the terrorists wanted to do something big to commemorate the death of Saddam," said Shiite lawmaker Hassan Snaid, a security adviser to al-Maliki.

Another theory is that insurgent cells are disposing of their stockpile of prepared bombs ahead of the security plan. Most of the extra U.S. units won't reach Iraq for several more weeks, but al-Maliki has said his security plan is due to go into effect within days, reinforced by the U.S. troops now in the capital.

Yet another possibility is that insurgents are seeking to intensify the sectarian conflict engulfing many Baghdad neighborhoods before extra U.S. troops arrive, rendering Bush's plan unworkable.

Although many of the attacks have occurred in Shiite neighborhoods and none in Sunni ones, markets such as Sadriyah in the heart of the capital can't be considered as belonging to any particular sect. "The victims would have been Shiites, Sunnis and Kurds," Snaid said.

The bombing came hours after the most senior Shiite cleric in Iraq, Grand Ayatollah Ali Sistani, issued a statement appealing to Iraqis not to fall prey to attempts to divide them along sectarian lines.

"Unite, reject division, stay away from sectarianism and avoid provoking religious disputes. Those disputes are several centuries old, and there's no solution to be found which satisfies everybody," he said. "We must focus on the issues we all share in order to strengthen Islamic unity and spread love and brotherhood among the sons of this nation."

Past such appeals by the revered ayatollah have failed to halt the intensifying attacks against Sunnis and Sunni neighborhoods by Shiite death squads and militias, often acting in revenge for bombings against Shiite neighborhoods.

Saturday also saw a wave of seven coordinated suicide bombings against Kurdish and government targets in the northern city of Kirkuk, in which two people died. The authorities imposed a curfew in the northern city of Mosul after gunmen staged a major ambush against Iraqi police in which six died.

Those attacks were claimed by the Islamic State of Iraq, an Al Qaeda-linked group that says it represents an Islamic government in Sunni areas of Iraq.

But none of the recent bombings against civilian markets has been claimed by any group.

Also Saturday, the U.S. military reported the deaths of five more soldiers -- four in fighting and one of an apparent heart attack. All of the victims died Friday.

Scores Killed In Baghdad Market Blast (AP)

By STEVEN R. HURST

Associated Press, February 4, 2007

BAGHDAD, Iraq (AP) -- A suicide bomber driving a truck loaded with a ton of explosives hidden beneath cooking oil, canned food and bags of flour obliterated a Baghdad food market on Saturday, killing at least 132 people in one of the most fearsome attacks in the capital since the U.S.-led invasion in 2003.

The explosion was the deadliest strike by a single suicide car bomber since the war started, surpassing the Feb. 28, 2005, attack targeting mostly Shiite police and national guard recruits in Hillah that killed 125.

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Saturday's attack also was the bloodiest in the capital since a series of car bombs and mortars killed at least 215 people in the Shiite district of Sadr City on Nov. 23, and the fifth major bombing in less than a month targeting predominantly Shiite districts in Baghdad and the southern city of Hillah.

The attack leveled about 30 shops and 40 houses, witnesses said.

Hospital officials said 132 people were killed and 305 were wounded in the thunderous explosion that sent a column of smoke into the sky on the east bank of the Tigris River. The nearby al-Kindi hospital - quickly overwhelmed - began turning away the wounded and directing ambulances to hospitals in the Shiite Sadr City neighborhood.

U.S. Ambassador Zalmay Khalilzad said the bombing was "an example of what the forces of evil will do to intimidate the Iraqi people."

The bombing came just days before American and Iraqi forces were expected to start an all-out assault on Sunni and Shiite gunmen and bombers in the capital.

Only a day earlier, 16 American intelligence agencies made public a National Intelligence Estimate that said conditions in Baghdad were perilous.

"Unless efforts to reverse these conditions show measurable progress ... in the coming 12 to 18 months, we assess that the overall security situation will continue to deteriorate," a declassified synopsis of the report declared.

Emergency workers and civilians wheeled scores of bloodied and mangled victims into the hospitals with intravenous drips already in their arms. Doctors and paramedics were in a frantic triage to save the lives of the most seriously wounded.

"We don't allow big trucks in the market, but the driver convinced us that he had food to deliver for a shop. Once he got inside, he detonated the bomb," said Kamil Ibrahim, a 36-year-old vegetable vendor at the entrance to the market district.

Ibrahim - wounded in his head, chest and abdomen - said two of his workers, young men 18 and 19 years old, were killed instantly.

The shopkeeper spoke from a bed in al-Kindi Hospital, where he was rushed in a private car after rescuers wheeled him out of the market on a wooden cart.

Suspicion immediately fell on Sunni insurgents - al-Qaida in Iraq and allied groups in particular. The militant bombers are believed to have stepped up their campaign against Shiites in the final days before the joint U.S.-Iraqi crackdown in Baghdad. Many saw the operation as a last-chance effort to clamp off violence that has turned the capital into a sectarian battleground.

Suspected Sunni attackers have appeared emboldened in recent weeks after radical anti-American Shiite cleric Muqtada al-Sadr, under pressure from fellow Shiites who dominate the government, ordered the thousands of gunmen in his Mahdi Army militia to avoid American attacks in the coming assault.

In the hours after the explosion, Shiite and Sunni mortar teams traded fire across the darkened city. Two people were killed and 20 wounded in one predominantly Sunni district.

The White House called the bombing an atrocity and said, "Free nations of the world must not stand by while terrorists commit mass murder in an attempt to derail democratic progress in Iraq and throughout the greater Middle East."

On Sunday, a roadside bomb struck a police patrol in a predominantly Sunni area in Baghdad, killing four policemen and wounding three.

The blast occurred about 7:30 a.m. in the Azamiyah neighborhood in northern Baghdad, police said, giving the casualty toll. The area, which is mainly inhabited by Sunni Arabs, also has faced mortar attacks in recent days in apparent retaliation for a series of bombings against Shiite targets.

Also Sunday, a mortar round landed at about 8 a.m. in a religiously mixed residential area in downtown Baghdad, killing one woman and wounding three civilians, police said.

Violence shattered the northern city of Kirkuk on Saturday as well. Eight bombs exploded within two hours, the opening blast a suicide car bomber apparently targeting the offices of the Kurdish Democratic Party of Massoud Barzani, leader of Iraq's autonomous Kurdish region.

Two people were killed in that blast and four nearby homes destroyed. There was no claim of responsibility for the series of bombings in the oil-rich city where Arabs, Kurds and Turkomen all claim ascendance.

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Sunni insurgents were seen as likely suspects, however, as many of them have fled to the north of the country in a bid to escape the crackdown in the capital.

Further signs the insurgents were migrating north appeared in Mosul, where insurgent forces fought Iraqi police and soldiers. Police said five insurgents were killed. Police spokesman Brig. Abdul Karim al-Jubouri said fighters abandoned their attack when Iraqi security forces moved in backed by U.S. air power.

In the Baghdad blast, Maj. Gen. Jihad al-Jabiri of the Iraqi Interior Ministry said one ton of explosives ripped through the Sadriyah market.

"There are still bodies under the rubble," he said. In an outburst of frustration and anger he called for the government to "deport (non-Iraqi) Arabs immediately."

The general's comments reflected growing displeasure inside the government of Shiite Prime Minister Nouri al-Maliki with neighboring Syria, which Baghdad charges has done too little to close its border to Sunni militants.

In his second heated verbal attack on Damascus in two days, government spokesman Ali al-Dabbagh said "50 percent of terrorism enters Iraq from Syria, and we have evidence" to prove that.

"The Interior Ministry and the Ministry of State for National Security gave them (the Syrians) evidence about those who are conspiring and are sending car bombs. We gave them the numbers of their apartments and the buildings where they live," al-Dabbagh said on Al-Arabiya satellite television.

The Sadriyah market sits on a side street lined with shops and vendors selling produce, meat and other staples. The market is about 500 meters from a Sunni shrine.

Not far from the Sadriyah marketplace, a suicide bomber crashed his car into the Bab al-Sharqi market 12 days ago and killed 88 people.

South of Baghdad, a pair of suicide bombers detonated explosives Thursday among shoppers in a crowded outdoor market in the Shiite city of Hillah, killing at least 73 people and wounding 163.

An Iraqi militant group tied to al-Qaida in Iraq announced, meanwhile, it had launched its own new strategy to counter the coming U.S.-Iraqi crackdown.

In an audiotape posted on a Web site commonly used by the insurgents, a voice purported to be that of Abu Abdullah Rashid al-Baghdadi, also known as Abu Omar al-Baghdadi, said the group would "widen the circle of battles" beyond Baghdad to all of Iraq. Al-Baghdadi heads The Mujahedeen Shura Council, an umbrella organization of insurgent groups in Iraq.

The U.S. military reported the deaths of five more soldiers - four in fighting and one of an apparent heart attack. All died Friday.

Iraqi authorities said that 145 people were killed or were found dead Saturday, including those killed in the market bombing. Of the total, 19 were found dumped in the capital, most of the bodies showing signs of torture.

Iraqi PM Vows To End Bomb Terror (BBC)

BBC.com, February 4, 2007

Iraq's PM has vowed to put an end to attacks like Saturday's deadly truck bombing in Baghdad, which he blamed on followers of ex-leader Saddam Hussein.

The vehicle blew up in the mainly Shia al-Sadriya district in central Baghdad, killing more than 130 people and injuring more than 300.

Washington said the attack was another atrocity aimed at innocent Iraqis.

Free nations should not stand by while mass murder was committed, the White House statement said.

"The Iraqi people and the world is shocked by this... The Saddamists have returned to commit a new crime," Mr Maliki said.

"We reassure the population that we will put an end to these crimes," he added.

An Iraqi government spokesman, meanwhile, said that half of the attacks in Baghdad were carried out by extremists who came from Syria.

"We say that - and we have evidence to prove it," Ali al-Dabbagh told al-Iraqiya TV.

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'Tonne of explosives'

Saturday's blast took place as people bought food ahead of a night-time curfew.

It shattered stalls and left a huge crater in the street.

Maj Gen Jihad al-Jaberi of the interior ministry told state television the truck was carrying one tonne of explosives that were detonated by a suicide bomber.

Nearby hospitals were overflowing with dead and injured

Rescuers pulled the dead and injured from the rubble of the blast and loaded them on to pick-up trucks to be ferried to hospital.

Wards and corridors overflowed at the nearby Ibn al-Nafis hospital, with relatives screaming for help for their loved ones.

The same market was hit by car bombs on 2 December that killed more than 50 people.

Another attack, on the Haraj market in Baghdad on 22 January, killed 88 people.

BBC world affairs correspondent Mike Wooldridge says the attacks on markets are widely seen as Sunni insurgent groups stepping up their activities before a new joint Iraqi-US security operation in Baghdad gets under way.

He says the fear is always that bombings like this will bring retaliation form Shia militias.

Iraq's most prominent Shia cleric, Ayatollah Ali al-Sistani, made a new appeal to all Iraqis to "reject sectarian violence".

In a separate attack on Saturday, five people were killed and some 40 injured in car bomb blasts in the northern city of Kirkuk.

In the central city of Samarra, six policemen were shot dead by unidentified gunmen, police said.

Doubts Run Deep On Reforms Crucial To Bush's Iraq Strategy (WP)

By Karen DeYoung

The Washington Post, February 4, 2007

The success of the Bush administration's new Iraq strategy depends on a series of rapid and dramatic political and economic reforms that even the plan's authors have little confidence will work.

In the current go-for-broke atmosphere, administration officials say they are aware that failure to achieve the reforms would result in a repeat of last year's unsuccessful Baghdad offensive, when efforts to consolidate military gains with lasting stability on the ground did not work. This time, they acknowledge, there will be no second chance.

Among many deep uncertainties are whether Prime Minister Nouri al-Maliki is up to the task and committed to spearheading what the administration foresees as a fundamental realignment of Iraqi politics; whether Maliki's Shiite-dominated government and its sluggish financial bureaucracy will part with $10 billion for rapid job creation and reconstruction, at least some of it directed to sectarian opponents; and whether the U.S. military and State Department can calibrate their own stepped-up reconstruction assistance to push for action without once again taking over.

A pessimistic new National Intelligence Estimate released Friday described the Iraqi government as "hard-pressed" to achieve sectarian reconciliation, even in the unlikely event that violence diminishes. Without directly mentioning Maliki, it noted that "the absence of unifying leaders among the Arab Sunni or Shia with the capacity to speak for or exert control over their confessional groups limits prospects."

Several senior officials involved in formulating the political and economic aspects of the administration's strategy, along with a number of informed outsiders, agreed to discuss its assumptions and risks on the condition that they not be identified by name. Other sources refused to be even anonymously quoted, describing the administration as standing on the brink of an intricate combination of maneuvers whose outcome is far from assured.

The foundation of the strategy is not new -- U.S. policy since the March 2003 invasion has been to use American military might, money and know-how to foster a peaceful Iraq with a unified government and a solid economy. The strategy incorporates major elements of last year's "clear, hold and build" plan, whose "hold and build" parts never got off the ground.

Several sources expressed concern that the administration, by publicly rejecting a "containment" option -- withdrawing U.S. troops to Iraqi borders to avoid sectarian fighting while preventing outside arms and personnel from entering the country -- has not left itself a fall-back plan in the event of failure.Shift in Political Climate

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The strategy's political component centers on replacing deepening Sunni-Shiite-Kurdish divides with a new delineation between "extremists" and "moderates." Moderates are defined as those of all religious and political persuasions who eschew violence in favor of safety and employment.

With the help of outside Iraq experts, the administration has compiled lists of active and still-untapped moderates around the country. "They wondered could I give them some [names] from the provinces or anywhere" from which to construct a new political base, recalled one think-tank expert called to the State Department in December. According to the intelligence estimate, however, Iraq's reservoir of such people, especially trained technocrats and entrepreneurs, has been drained as they have fled the country in droves.

As American and Iraqi combat forces focus on cooling the cauldron of violence in Baghdad, U.S. military commanders and State Department teams plan to funnel "bridge money" toward moderate designees in outer provinces and in the capital to create jobs, start businesses and revitalize moribund factories. Iraqi money would come in behind to make it all permanent.

Iraqis with physical and economic security, the thinking goes, will give their political support to the government that produces both. Closing the circle, the Iraqi government will see non-sectarian moderates as the central support for a new political coalition.

As they put the plan together, officials held heated internal debates over whether Maliki was the right man to head such an effort. Some argued in favor of engineering a new Iraqi government under Maliki's Shiite coalition partner, Abdul Aziz al-Hakim, head of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), and Hakim's political stalking horse, Iraqi Vice President Adel Abdul Mahdi.

They closely examined the makeup of Iraq's 275-seat parliament, where a no-confidence vote requires only a simple majority. Maliki's Dawa party is part of the Hakim-led United Iraqi Alliance, the largest Shiite group, with 130 seats. Making a strong case for SCIRI, some argued that the Iraqis themselves were so fed up with Maliki that a different governing coalition is possible with realigned Sunni and Kurdish elements. This view found proponents in the White House and Pentagon, and it extended into parts of the normally more cautious State Department.

Maliki, whose Dawa party holds 12 seats in the parliament, was seen as unwilling to separate voluntarily from his existing power base -- dominated by the violent and unruly Baghdad-based Jaish al-Mahdi militia, also known as the Mahdi Army, of Shiite cleric Moqtada al-Sadr. With a new coalition, the Alliance would not need Sadr's 30 seats.

SCIRI's own militia, the Badr Organization, is seen as more cohesive, "an actual organization with command and control" that might be integrated into the Iraqi military, said one State Department official. The administration has charged that both the Sadr and Badr militias receive assistance from Iran. But officials regularly note that Badr forces have not attacked the U.S. military and that SCIRI has voiced equal opposition to Iranian and U.S. domination.

Other officials find that view naive, noting that evidence of Iran's involvement in Iraqi violence was found in a SCIRI compound during a raid last month.

Several officials said they believe that Hakim's backers in the Bush administration have been seduced by his forceful demeanor and Abdul Mahdi's fluent English. And while many emphasized the importance of a single, visible Iraqi leader, others have said it is a mistake to personalize the policy in one Shiite actor.

After extensive discussions last month with Maliki, Hakim and Vice President Tariq al-Hashimi, the most senior Sunni in the Iraqi government, policymakers decided to place their bets on Maliki. "We judge that Maliki does not wish to fail in his role," National Intelligence Council Chairman Thomas Fingar told Congress in a tepid endorsement recently. "He has some, but not all, of the obvious requirements for success."

In any case, replacing Maliki was determined to be "too hard," in the words of one analyst. A two-thirds parliamentary majority is required to install a new prime minister, and any attempt to remove Maliki by parliamentary maneuver, it was agreed, should remain a Plan B that Iraqis themselves would undertake if he failed to produce results.

So far, Maliki has said the right things about cracking down on the sectarian violence -- including by Sadr's militia -- that is tearing Baghdad apart. But there are worrisome signs. A parliamentary session late last month in which Maliki introduced the new plan was adjourned after it erupted in sectarian squabbling in which the prime minister gave as good as he got.

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Many experts believe that the administration's effort to build a new political center, supported by "moderate" Sunni allies in the region that fear Shiite Iranian expansion, such as Saudi Arabia, Jordan and Egypt, is hopelessly outdated. "Our struggle may be between moderates and extremists," Brookings Institution scholar Martin Indyk said last month. "Their struggle is between Sunnis and Shias."New Economic Initiatives

On the economic front, where the United States has already invested more than $38 billion, the administration has asked for $538 million to keep current programs running and has proposed an additional $1.2 billion for new initiatives that it says will receive long-term Iraqi funding.

A combination of violent attacks on previous projects, sectarian favors, inefficient and overly cautious officials, and a complex bureaucracy -- much of it installed by the United States under the post-invasion Coalition Provisional Authority -- has left the Iraqi government with a significant capital surplus in each of the past several years.

Getting approval for reconstruction expenditures in the past, observed one U.S. official, has been like "pushing wet spaghetti." The surplus, which is kept in the Federal Reserve Bank of New York, now totals $12.5 billion. Maliki has publicly agreed to spend $10 billion of it on reconstruction and jobs.

The State Department has sent new "tiger teams" to six Iraqi ministries to help clear away the wreckage of the past and speed financing for approved projects, and it plans to double to 20 the number of U.S.-staffed provisional reconstruction teams in Baghdad and around the country.

In addition to Foreign Service officers, experts including small-business advisers and camel veterinarians are being recruited from the U.S. Agriculture Department and elsewhere to staff the teams, the State Department's Iraq coordinator, David Satterfield, told Congress last week.

Former Foreign Service officer Timothy M. Carney, who worked in Iraq in 2003, has been appointed to coordinate the U.S. and Iraqi bureaucracies, to get the Iraqi government's money moving and to make sure that Iraqi funding priorities coincide with the administration's.

But some officials worry that the expanded U.S. presence will repeat the mistakes of the past -- when the United States oversaw virtually every part of the Iraqi government -- and undermine the goal of turning the country over to the Iraqis themselves.

"It's the same old problem as in 2003," cautioned one official. "The same impatience that if they can't do it we'll step in and do it. There is a bit of that creeping into this dialogue."

With Rumsfeld Gone, Critics Of War Look To Rice (NYT)

By Helene Cooper

The New York Times, February 4, 2007

WASHINGTON, Feb. 3 — For six years, first as national security adviser and then as secretary of state, Condoleezza Rice worked under the cover of a very effective shield: Defense Secretary Donald H. Rumsfeld, who was the administration's lightning rod for criticism over its handling of Iraq.

But in recent weeks, with Mr. Rumsfeld gone, Ms. Rice has faced increased, and somewhat unfamiliar, criticism. At a Senate hearing on Jan. 11, she confronted a wall of opposition from Republicans as well as Democrats. During hearings this week on Iraq, several of her predecessors were pointed in their disapproval of her job performance.

Former Secretary of State James A. Baker III took issue with Ms. Rice's refusal to engage Syria diplomatically. Back in his day, he told the Senate Foreign Relations Committee, "We practiced diplomacy full time, and it paid off."

This week, Senators Carl Levin, Democrat of Michigan, and John McCain, Republican of Arizona, released three letters demanding that Ms. Rice make public the administration's requirements for actions to be taken by the Iraqi government to earn continued American support. Along with the letters, and Ms. Rice's reply — which indicated that the Iraqis had already missed most of the benchmarks — the senators also released an irate statement.

"Secretary Rice finally provided a response" to the senators' repeated requests, the statement said. "What Secretary Rice's letter makes abundantly clear is that the administration does not intend to attach meaningful consequences for the Iraqis continuing to fail to meet their commitments."

And on Jan. 20, The Economist published an editorial titled "The Falling Star of Condoleezza Rice."

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"Condoleezza Rice," it said, "is not the woman she once was."

Ms. Rice rarely becomes flustered — she bristles whenever reporters ask her how she "feels" about anything — and her aides maintain that she has taken the criticism in stride. But the Jan. 11 hearing clearly took its toll. "Let's just say it was a bad day and leave it at that," one senior State Department official said. The next day, Ms. Rice hit back at Senator Barbara Boxer, the California Democrat, who said Ms. Rice did not pay a personal price for the war because she had no immediate family members serving in Iraq.

"I thought it was O.K. to be single," Ms. Rice said. "I thought it was O.K. to not have children, and I thought you could still make good decisions on behalf of the country if you were single and didn't have children."

Despite her role at the heart of the Iraq war from its beginnings, Ms. Rice had, thus far, avoided the public pillorying that Mr. Rumsfeld received. She has repeatedly had the highest approval ratings of anyone in the administration, and she continues to earn approval ratings that are substantially higher than her boss's.

In particular, as secretary of state, Ms. Rice has been treated like a celebrity, appearing on Vanity Fair's best-dressed list and in an article in the November issue of Vogue. There are Web sites devoted to persuading her to run for president — www.draftcondi.us says her nomination "would be the greatest political move of the century" — and a blog obsessed with her personal style: <></> includes a Rice "hairdo alert system," and on Jan. 29 it posted a photograph of an Italian designer's gown that features Ms. Rice's face.

But as the Bush administration's overall foreign policy has come under fire, and other senior officials have left the administration, Ms. Rice is starting to take the heat previously reserved for Mr. Rumsfeld.

"Before, nobody assigned her the kind of ownership or authorship over the administration's policy — she did get something of a pass," said Michael A. McFaul, a political science professor at Stanford who knows Ms. Rice. "Now, there aren't that many officials still around, and she's much more exposed."

Kenneth M. Pollack, a research director at the Brookings Institution, said: "It is no longer the case that Rumsfeld is the administration bad guy. People will look much harder at Condi's role now, and Iraq is really going to rest on her shoulders."

In the past, most of the criticism has come from the left. But now the disapproval has spread, and Republicans are joining in. The starkest example came on Jan. 11, when Ms. Rice faced a room full of skeptics as she defended, before a Senate panel, President Bush's new Iraq strategy. "You're going to have to do a much better job" explaining the rationale for the war, Senator George V. Voinovich, Republican of Ohio, told her, adding that the administration could no longer count on his support.

The censure continued this week during three days of rare Senate testimony from a cadre of Ms. Rice's predecessors. While the former secretaries of state and national security advisers — Mr. Baker, Henry A. Kissinger, Madeleine K. Albright, Brent Scowcroft and Zbigniew Brzezinski — were diplomatic in their critiques of the administration's foreign policy, all left the impression that as America's top diplomat, Ms. Rice was not engaging in real diplomacy.

"That's what we hire a secretary of state for, not to sit there and proclaim categorical statements, but to engage in the process," said Mr. Brzezinski, President Jimmy Carter's national security adviser.

Mr. Kissinger and Ms. Albright both sounded a similar note. Mr. Kissinger, while giving lukewarm support to the administration, said America should always be ready to negotiate with Iran and Syria, while Ms. Albright added that "one gains by communicating with countries with which one disagrees."

Ms. Rice's mentor, Mr. Scowcroft, who was national security adviser to President Gerald R. Ford and the first President Bush, called the troop increase a "tactic, not a strategy."

Ms. Rice remains extraordinarily close to the president — she spends time at Camp David and in Texas with Mr. Bush and his wife — and friends said that relationship was a source of comfort to her.

The criticism of Ms. Rice has yet to reach the decibel level of that directed against Mr. Rumsfeld, and it may never get to that point, in part because she is not highhanded in her behavior toward colleagues and underlings, her close friends and aides said. Mr. Rumsfeld was heavily criticized by Democrats, and eventually, Republicans, but he also received a lot of disapproval from people who worked with him and for him at the Pentagon and in the administration.

Mr. Rice has yet to inspire that level of exasperation from colleagues, either from inside the State Department or the National Security Council. "Whatever harping you may find, you won't find the same kind of internal dissent" which Mr. Rumsfeld

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provoked, said Philip D. Zelikow, the State Department's former counselor and a close friend of Ms. Rice. "She'll occasionally have a tart thing to say, but she's not one of those people who wrings their hands and worries incessantly about their press."

But she sometimes does take criticism personally. Last fall, she telephoned President Bush's father, who employed her on his National Security Council in the early 1990s, after Bob Woodward's book "State of Denial" reported that the elder Mr. Bush had said that she had been a "disappointment" and "not up to the job."

The former president told Larry King on CNN that Ms. Rice "called me and said, 'There's something in this book.' " He denied that he called her a disappointment. "I guess there were some hurt feelings," he said.

Japan's FM Calls US Operation In Iraq 'Naive' (AFP)

AFP, February 4, 2007

Japan's foreign minister has criticised the US occupation of Iraq as "very naive" and blamed it for spiralling unrest there, in another swipe at US tactics by the key Washington ally.

Taro Aso said in Kyoto that then-US Defence Secretary Donald Rumsfeld -- now replaced -- "started off the war, but the operation after the occupation was very naive."

"Because this operation did not work well, it (Iraq) is in trouble now," he said, quoted by Jiji Press.

"It became clear that the operation after a war is very important when you think about peace-building."

Aso's comments came on the day a suicide bomber blew up his Mercedes truck in a Baghdad market, killing at least 130 people and injuring hundreds, in the second deadliest attack since the US-led invasion of 2003.

They follow those by Japanese Defence Minister Fumio Kyuma who has made a series of critical comments about US policies.

Last month Kyuma said US President George W. Bush was wrong to invade Iraq and warned that Tokyo might not automatically renew its air force mission to the war-torn country.

That rebuke from one of Washington's closest foreign allies came just hours after an embattled Bush had used his annual State of the Union speech to plead for public support to send more troops to Iraq.

The White House last month announced that 21,500 extra US troops would be sent to Iraq in a bid to rein in the violence.

Kyuma also has criticised Rumsfeld, saying that "he was too bullish on the conditions in Iraq" and called the US decision to invade "premature".

Prime Minister Shinzo Abe has insisted Japan will continue supporting Iraq, however.

Japan was a staunch backer of the Iraq invasion. Former premier Junichiro Koizumi, a close friend of Bush, took the landmark step of deploying Japanese troops to Iraq.

Tokyo ended the troop mission in July but has kept its air force engaged in transporting goods and personnel to the war-torn country.

No I-Told-You-Sos (WP)

By Lynne Duke

The Washington Post, February 4, 2007

Sweet vindication. Who wouldn't want it? To be right. To be free of criticism and upheld by evidence, by actual proof, that one's predictions about a controversial war were correct.

It is the culture of this town -- trafficking in rightness. People clamor day in and day out, in that polished and politic way of the Washingtonian, to be proved right.

But on Iraq, the vindicated are pained. There is no gloating -- not with thousands of people dead, Americans and Iraqis; not with the Iraq war precipitating an ongoing foreign policy crisis that has left the United States' global image in tatters.

For people who were pilloried, penalized or warned to be careful because of their opposition to a powerful president's war, vindication is nothing to celebrate. It is a victory most bitter.

"Emotionally, it's a very traumatic and unhappy outcome." That is retired Army Lt. Gen. William E. Odom, head of the National Security Agency under President Ronald Reagan. "How can you be happy about being right about the disaster that's been created?"

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It weighs on him.

"Vindication is not pleasing," he says. "Even some of my friends have noted: the more vindicated I've been, the more irritable I become."

Back before the war even began, Odom said its aims were wrong. He criticized the doctrine of preemption, said al-Qaeda had nothing to do with Iraq and predicted that democracy could scarcely take hold there. A year after the war began, he was quoted calling it a failure -- and heard soon thereafter that he'd been dubbed a Benedict Arnold for his views. To dissent, back then, was risky. Not like now, when the conventional wisdom about the conflict has made a U-turn in a political climate where anger over the war toppled the majority party in Congress. The president sounded almost plaintive in his State of the Union address, saying, "This is not the fight we entered in Iraq, but it is the fight we are in."

Lots of people predicted things would turn out this way. They are military brass and lawmakers and foreign policy intellectuals, the kind of wise ones whose counsel is routinely sought and respected. In the run-up to this war, their concerns carried no weight against a swelling of patriotism, a backdrop of fear and an administration determined to oust Saddam Hussein. Their warnings that Iraq had nothing to do with the attacks of Sept. 11 were ignored. Worse, some were shunned and scolded.

As president of the Carnegie Endowment for International Peace, Jessica Tuchman Matthews, raised hard prewar questions about the looming Iraq engagement. They predicted Iraq would become a long occupation and recruiting tool for al-Qaeda and would damage U.S. relations with the Muslim world. And: No weapons of mass destruction would be found.

One day back then, one of Matthews's colleagues ran into an acquaintance on the street, and that acquaintance warned: " 'What is your boss doing? Nobody at Carnegie is ever going to get through another Senate confirmation.' " And Matthews was herself admonished by a colleague at another think tank, who told her: "You're going to make Carnegie irrelevant. The war's going to happen and you ought to have Carnegie working on the after-war rather than on 'we shouldn't go to war.' "

Amid what she calls the "seemingly inexorable roll" toward war, the clear message was "you better get on the bandwagon or you'll never be taken seriously in this town again."

Instead, she looks like an accurate prognosticator. But, "you can't take any pleasure in having been right," says Matthews, "because this is a catastrophe for the United States and people are dying and didn't have to die, and it's going to take us years and years and years to dig out of this, and it's been a catastrophe for the Iraqi people."

Also repudiated were people who supported the war but diverged from the official administration line. Gen. Eric K. Shinseki, then the Army's chief of staff, was sharply rebuffed in early 2003 for publicly saying that several hundred thousand U.S. troops would be needed to keep the peace in Baghdad.

Now, as President Bush seeks additional troops for Iraq, it is widely agreed that the war was indeed prosecuted with too few troops -- a seeming vindication for Shinseki, though he did not respond to an e-mail seeking comment.

Vindication is a difficult and complex concept and one that has to be considered with many caveats, such as those presented by Zbigniew Brzezinski when asked if he felt vindicated.

"If vindication was accompanied by a sense that America is likely to undo the damage they have done and can dis-embarrass itself of the tragic involvement, then my answer would be yes."

But Brzezinski, former national security adviser under President Jimmy Carter, scarcely believes such course corrections will happen.

He opposed Bush's doctrine of preemption and assessed the war policy as one that "was propelled forward by mendacity." He spoke out before and during the war, and he believes his criticisms began to sting as the war began to falter. As a result, he says, he was ultimately shut out of high-level Defense and State Department briefings he had often attended and was publicly upbraided by a foreign policy peer.

Despite the broad sea change in opinion among the political and policy class, Brzezinski's sense of vindication has its limits, he says, because "I have the feeling that the president's team is hellbent on digging itself in more deeply and if it does not succeed in Iraq some of its wilder policymakers seem to be eager to enlarge the scope of the war to Iran."

"I'm saddened," he said, "because I think it's doing terrible harm to America. But more than being sad, which is an emotion, I'm worried."

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From Afghanistan to Iraq to Iran? Could this scenario actually play out? It is, among the vindicated, not at all absurd, for official Washington's sights have turned to Iran with "the same signs, a very similar drumbeat" as that which preceded the war in Iraq, says Rep. Barbara Lee (D-Calif.).

Lee saw it coming -- not Iran, but Iraq. Back in September 2001, days after the terror attacks, she saw the broadly worded congressional resolution authorizing President Bush to use force to fight terrorism as giving him a dangerous degree of carte blanche.

That early resolution allowed the president to "use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed or aided the terrorist attacks that occurred on Sept. 11, 2001, or harbored such organizations or persons, in order to prevent any future acts of international terrorism against the United States by such nations, organizations or persons."

It is language that haunts her still.

"I said then it was giving the administration a blank check to use in perpetuity," Lee says. "If you read that resolution, it's very clear that it was the beginning of a march to war."

She voted against that resolution -- the only member of Congress to do so -- and then took the barbs.

"It was a very tough period," she says. "To call me unpatriotic was the lowest of the low," especially considering that her father, an Army lieutenant colonel, served for 25 years and saw duty in World War II and Korea.

Now, she says, people are eager to tell her she was right. But "it's not about feeling vindicated," she says.

"I want people to understand that this is a very dangerous foreign policy, the administration's foreign and military policy is very dangerous, that the notion of preemptive war is very dangerous and that we need to support more rational approaches to our foreign and military policy."

Lee, like Odom and many others, is calling for the war to end. They are strange bedfellows -- she, a progressive liberal; he, a usually hawkish conservative.

For months, Odom, a senior fellow at the Hudson Institute, has been pushing a "cut and run" policy. He even wrote a piece in the Los Angeles Times in October headlined "How to Cut and Run," in which he wrote, "We must cut and run tactically in order to succeed strategically."

He advocates troop withdrawal coupled with a diplomatic engagement with Iraq's neighbors, especially Iran, with whom the United States actually has common interests, nukes notwithstanding.

Retired Marine Gen. Anthony Zinni, formerly the top U.S. military man in the Middle East, started where Odom started -- in opposition to the war. Zinni argued that going into Iraq would destabilize the region and distract from the fight against al-Qaeda.

For his opposition, he says he was accused by some fellow officers of having political motivations and was disinvited from attending meetings at the Joint Forces Command, where he'd been a regular as a senior mentor for more junior officers.

But he diverges from most early critics of the war, because he now is arguing that withdrawing from Iraq would destabilize the region. Instead, he says, a new strategic framework for the war is needed -- something far broader than the increase Bush has proposed, which Zinni calls a "half-step."

"It's breaking my heart, watching it," he says of the war. "I was praying somehow I'd be wrong, but in my heart of hearts I knew it would happen this way -- the bad decision-making, the insufficient troops."

Congress now is mulling varying resolutions on the war, but Zinni complains that "the debate is wrong. I think Congress is debating the arrangement of the deck chairs on the Titanic."

But the ship, he argues, doesn't have to go down.

As the debate now centers on what can be salvaged from the U.S. engagement in Iraq, a cynical Washington exercise is underway, some of the vindicated say. It's a snake-like shedding of skin, a policy metamorphosis in which people who once were prominent cheerleaders for the war now are cozying up with the war's early opponents and distancing themselves from their earlier roles.

Matthews has seen it and fears it may warp the crucial debates about the way forward in Iraq and toward Iran.

"So many of the people who were wrong have gone on to being very visible pundits without ever admitting how wrong they were," Matthews says.

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Brzezinski says there are some people -- and he's talking "outside of the administration, of course" -- who have embraced his positions in the oddest and most disingenuous way.

They say "that they are happy to have associated themselves with these views . . . ," Brzezinski says. "That is the funny part, because you meet people who say, 'Oh, I was with you all along.' "

Under Bush's Pillow (NYT)

By Nicholas D. Kristof

The New York Times, February 4, 2007

Dick Cheney as Lord Voldemort?

A reader named Melissa S. e-mailed to say that she explains Iraq policy to her 8-year-old son in terms of Harry Potter characters: "Dick Cheney is Lord Voldemort. George W. Bush is Peter Pettigrew." Don Rumsfeld is Lucius Malfoy, while Cornelius Fudge represents administration supporters who deny that anything is wrong. And, she concludes, "Daily Prophet reporter Rita Skeeter is Fox News."

That was one of the 400 comments from readers offering literary or historical parallels to the Bush administration and Iraq. One of the most commonly cited was Xenophon's ancient warning, in "Anabasis," of how much easier it is to get into a Middle Eastern war than out.

As a reader named John H. summarized "Anabasis": "Ten thousand Greek mercenaries march from Greece to Iran to effect regime change (unseat one emperor and establish his younger brother). They win the first few battles (cakewalk, mission accomplished) but then the younger brother is killed."

So the invaders found themselves without an effective prime minister to hand power to, yet they were stuck deep inside enemy territory. Xenophon's subtext is how the slog of war corrodes soldiers and allows them to do terrible things. Xenophon is particularly pained when recounting a massacre that was the Haditha of its day.

The readers who sent in comments were responding to a column I wrote last month arguing that President Bush is inadvertently a fine education president, because he breathes new life into the classics. Thucydides' account of the failed "surge" in the Sicilian expedition 2,400 years ago is newly relevant, and "Moby Dick" is interesting reading today as a bracing warning of the dangers of an obsessive adventure that casts aside all rules. (You can submit your own favorite literary or historical parallel at nytimes.com/ontheground.)

Perhaps I'm cherry-picking from the classics to support my own opposition to a "surge" in Iraq. In writing this column, I wondered what classics Mr. Bush's supporters would cite to argue for his strategy. Shakespeare's "Henry V"? "Hamlet"?

Yet frankly, it's difficult to find great literature that encourages rulers to invade foreign lands, to escalate when battles go badly, to scorn critics, to be cocksure of themselves in the face of adversity. The themes of the classics tend to be the opposite.

Literature and history invariably counsel doubt and skepticism — even when you think you see Desdemona's infidelity with your own eyes, you don't; even when your advisers are telling you "it's a slam-dunk," it's not. The classics have an overwhelmingly cautionary bias, operating as a check on any impulsive rush to war.

Perhaps that is because, as Foreign Policy argues in its most recent issue, humans have an ingrained psychological tilt to hawkishness. In many ways, the authors note, human decision-making tends to err in ways that magnify conflict and make it difficult to climb down from confrontation.

My hunch is that the classics resonate in part because they are an antidote to that human frailty; literature has generated so many warnings about hubris in part to save us from ourselves.

Eastern classics have that same purpose of trying to tame and restrain us. The central theme of Chinese philosophy is the need for moderation, and Sun Tzu's famous "Art of War" advises generals on how to win without fighting. (Sun Tzu and Julius Caesar alike also appreciated the diplomatic benefits of treating enemy prisoners well; they would be appalled by Abu Ghraib and Guantánamo.)

So Mr. Bush should resolve that for every hour he spends with Mr. Cheney, he will spend another curled up with classical authors like Sophocles. "Antigone," for example, tells of King Creon, a good man who wants the best for his people — and yet

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ignores public opinion, refuses to admit error, goes double or nothing with his bets, and is slow to adapt to changing circumstance.

Creon's son pleads with his father to be less rigid. The trees that bend survive the seasons, he notes, while those that are inflexible are blown over and destroyed.

Americans today yearn for the same kind of wise leadership that the ancient Greeks did: someone with the wisdom to adjust course, to acknowledge error, to listen to critics, to show compassion as well as strength, to discern moral nuance as well as moral clarity. Alexander the Great used to sleep with the "Iliad" under his pillow; maybe Mr. Bush should try "Antigone."

Oh, and for Mrs. Bush? How about Aristophanes' "Lysistrata"?

Coalition Phases In Iraqi Sailors (LAT)

By Tony Perry

The Los Angeles Times, February 4, 2007

Khawr Al Amaya Oil Terminal, Persian Gulf — Every morning on this aging metal hulk, an Iraqi naval officer reads the weather report over the radio so it can be heard by dozens of civilian boats.

It's a job that used to be done by an American sailor.

Here and elsewhere in the Persian Gulf off Iraq's shores, Iraqis are gradually taking over jobs once done by U.S. Marines and sailors. They stand guard on terminals such as this one, which is often compared to the bizarre structures of the movie "Waterworld."

At the port of Umm al Qasr, Iraqis are lectured by U.S. Navy and Coast Guard personnel and British Royal Navy sailors on the techniques of boarding ships, quizzing often hostile crews and searching for contraband and weapons. Some Iraqi sailors participate in inspections with U.S., British and Australian sailors.

It is a slow process for a nation whose navy was destroyed in the early hours of the 2003 assault led by the United States.

"In 2003 we destroyed anything that floated," said Marine Maj. Gen. Carl Jensen, commander of a coalition task force assigned to guard terminals. "So we're trying literally to bring the Iraqi navy back from the grave."

The Khawr al Amaya terminal, and a second facility a few miles away, lie about 60 miles from Iraq and 12 miles from Iran. Together, they provide more than 95% of the Iraqi government's income.

The oil terminals have long been points of friction between Iran and Iraq, leading to several battles during their war. "This place has been shot to hell," said Jensen, walking the 1,000-yard length of the Khawr Al Amaya terminal.

U.S. military sources say the Iranians spy on the terminals from a sunken construction crane and that Iranian patrol boats are a frequent sight.

Tankers arrive daily to fill up with crude oil and depart for refineries around the globe. Disrupting the terminals could sink the Iraqi government's hopes of rebuilding its country.

"This is the economic anchor for Iraq," said Navy Capt. Chris Noble. "We need to guard that anchor."

Cmdr. Jaimie Hatcher, captain of the Australian frigate Toowoomba, puts it in what he calls Australian vernacular: "This mission is bloody important."

Insurgents made a bold assault on the terminals in 2004 but were repelled. Two U.S. sailors and a Coast Guardsman were killed.

Now, a dozen ships ring the terminals to thwart attacks on the hundreds of ships that transit this part of the gulf: fishermen, merchants, the Iranian Revolutionary Guard and even a few pirates. A 2.5-mile perimeter is kept around the terminals.

Newly arrived coalition sailors are lectured on the 2004 attack.

"It's not like everybody out here is trying to kill us," Lt. Cmdr. Cesar Rios told a group of Australian sailors last month. "But we have to be aware of what is normal."

In recent months, the Navy has tried to make its presence more friendly to passing ships and their captains. By having an Iraqi read the weather report, the U.S. hopes to encourage those captains to report anything suspicious on the water.

"Think of it as the 1950s cop on the beat in a complicated neighborhood. If you can establish trust, things will work out better," Noble said.

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For the fishermen, the coalition sailors have a message: An attack on the oil terminals could cause a disastrous oil spill. "We make it real to them," said Ensign Lisa Green. "They need to know we're here protecting the oil terminals so your fertile fishing grounds remain fertile."

Some of the Iraqi officers are veterans of the Iraqi navy. Many of the enlisted are new recruits.

"They're learning as they go, but they're definitely getting better," said Coast Guard Lt. j.g. Kristopher Ensley, executive officer of the cutter Aquidneck.

U.S. officials say Iraq's navy faces the same challenge as its army: changing a top-down style that does not encourage leadership in the enlisted ranks.

"The way they once worked, if you weren't the guy in charge, you weren't anything," said Lt. Aaron Bergman. "They're finally realizing that if you break into smaller units, you can be more effective."

Iraqi oil workers live aboard the terminals, as do U.S. personnel. Six months ago, the U.S. Navy docked a three-story barge at Khawr al Amaya to provide quarters and a chow hall.

Duty in the winter can be pleasant. During the summer it is brutal. Temperatures soar above 120 degrees. "The metal grates get so hot it will melt your shoes," Bergman said.

The U.S. ships are part of the 5th Fleet, based in Bahrain. The smaller craft, such as the 170-foot patrol boats, are permanently based in the gulf, but larger ones, such as the aircraft carriers and their escorts, are assigned from the Pacific and Atlantic fleets.

No one is putting a timetable on when the U.S. can withdraw from the terminals. The Iraqi navy has only half a dozen small boats; it has about 1,000 personnel but hopes to have 2,000 next year.

Security Contracts To Continue In Iraq (WP)

By Walter Pincus

The Washington Post, February 4, 2007

The Defense Department plans to continue hiring private contractors to provide security at reconstruction projects in Iraq and to train U.S. and Iraqi military officers in counterinsurgency, despite problems with past contracts for such jobs that traditionally have been done by military personnel.

The contracting out of these wartime activities comes at a time when the United States is stretching its resources to provide the additional 21,500 troops in Iraq that are needed under President Bush's new strategy, which involves stepped-up counterinsurgency operations in Baghdad and the expansion of economic reconstruction activities.

During an appearance before the Senate Armed Services Committee last month, Army Lt. Gen. David H. Petraeus, the new top commander in Iraq, said he counts the "thousands of contract security forces" among the assets available to him to supplement the limited number of U.S. and Iraqi troops to be used for dealing with the insurgency.

A former senior Defense Intelligence Agency expert on the Middle East, retired Army Col. W. Patrick Lang, said last week that contracting out intelligence collection and security for Army units and their contractors "results from actual military forces being too small." He added: "I can't remember a subordinate commander considering mercenaries as part of his forces."

Retired Marine Gen. Anthony C. Zinni, who once headed the U.S. Central Command and today serves on an advisory board of a defense contractor, said there is a role for private firms taking on security missions. But he warned that problems can arise "when they take on quasi-military roles."

Aegis Defence Services Ltd., a British security firm, has about 1,000 employees in Iraq, about 250 of them Iraqis, under a $300 million contract that began in 2004.

Under that contract, which is up for rebidding, Aegis provides security support services to U.S. Army Corps of Engineers personnel working on reconstruction projects throughout the country. Among its tasks is the operation of six Reconstruction Operations Centers, which disseminate threat warning information and track convoys.

Aegis also coordinates security in Iraq for 10 prime contractors and their subcontractors through security liaison teams, and the teams pass on to the military information gathered by their sources.

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Aegis provides about 300 guards to Corps of Engineers facilities in Iraq, along with personal security escort teams for Corps personnel and contractors when they travel to such sites. The firm also provides the reconstruction liaison teams that travel the country to get updates on projects and information about local communities.

In 2005, the U.S. special inspector general for Iraq reconstruction investigated the Aegis contract and found a number of shortcomings. Among them was that Aegis did not vet all of its Iraqi employees for security, as required.

A sample check of the personnel records of 20 of 125 Iraqi nationals then on the payroll found no evidence of an interview for six, no evidence of a police background check on 18 and no records at all on two. "As a result, there is no assurance that the Iraqi national employees do not pose an internal security threat," the inspection report said.

In response, Aegis managers said Iraqi police checks were too difficult to obtain, given the destruction of past records. The requirement was dropped. The report also said that the company agreed that Iraqis would be vetted through the State Department system. The inspection report said that, as of April 2005, only 17 of the "last" 213 Iraqis hired had been vetted through that system. Aegis employees include foreign nationals, among whom are Gurkhas from Nepal, and all must be vetted.

Under the new contract now out for bids, the winner is to monitor all convoys, maintain a Web site, provide "Iraq-wide unclassified daily reports," as well as "provide relevant and timely intel/ops reports throughout Iraq" -- referring to intelligence/operations reports.

The U.S. government will provide about 134 vehicles, primarily sport-utility vehicles, but also armored personnel carriers. The government will also furnish weapons and ammunition, but the contractor must identify the people to whom the weapons will be issued. Employees will have access to government dining facilities and post exchanges, "where available," and will be entitled to "acute medical and dental services to include medical evacuation under emergency circumstances . . . at no cost" while they are "in theater."

Another contract up for bids is the operation of the Counterinsurgency Center for Excellence (COIN CFE) for up to three years at Camp Taji, north of Baghdad, in a section called the Phoenix Academy, which is devoted to joint U.S.-Iraqi training. Established in 2005 by Army Gen. George W. Casey Jr., the commander of Multi-National Force-Iraq then, it will now operate under Petraeus, who recently rewrote the Army's counterinsurgency manual.

Last May, a Pentagon news release said COIN CFE, which involves U.S. and Iraqi personnel, was established "to help units adapt to and train for the war against terror in Iraq as it is fought today." At that time, it was a week-long course with 31 trainers and classes with about 40 trainees, including "brigade commanders, battalion commanders, company commanders and senior staff -- including noncommissioned officers," the news release said.

Under the new proposal, contractors will handle a variety of classes, including a special seminar for "general officers and senior field grade leaders at the multi-national corps and division levels." The group for senior leaders will be limited to 25, while the lower-level classes will include up to 70 students and will involve not just Iraqi army forces but also Iraqi National Police.

Lang, a former Green Beret who worked in counterinsurgency in the post-Vietnam War period, said the need to set up a counterinsurgency school in Iraq and rewrite the textbook showed that the Army had dropped that subject matter altogether during the 1980s and the 1990s. "The old doctrine died out, along with the lessons of East Africa, Vietnam and Bolivia," he said, "and now they need people with this kind of memory who are retired and know from experience."

War In Iraq Propelling A Massive Migration (WP)

By Sudarsan Raghavan

The Washington Post, February 4, 2007

AMMAN, Jordan -- Inside his cold, crumbling apartment, Saad Ali teeters on the fringes of life. Once a popular singer in his native Baghdad, he is now unemployed. To pay his $45 monthly rent, he borrows from friends. To bathe, he boils water on a tiny heater. He sleeps on a frayed mattress, under a tattered blanket.

Outside, Ali, 35, avoids police officers and disguises his Arabic with a Jordanian dialect. He returns home before 10 p.m. to stay clear of government checkpoints. Like hundreds of thousands of Iraqi refugees here, he fears being deported. Six months ago, near his home in Baghdad, two men threatened to kill him. Singing romantic songs, they said, was un-Islamic.

So when his pride hits a new low, he remembers that day.

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"Despite all the hardships I face here, it is better than going back to Baghdad," said Ali, long-faced with a sharp chin, who wore a thick red sweat shirt and rubbed his hands to keep warm. "They will behead me. What else can I do? I have no choice."

As the fourth year of war nears its end, the Middle East's largest refugee crisis since the Palestinian exodus from Israel in 1948 is unfolding in a climate of fear, persecution and tragedy.

Nearly 2 million Iraqis -- about 8 percent of the prewar population -- have embarked on a desperate migration, mostly to Jordan, Syria and Lebanon, according to the U.N. High Commissioner for Refugees. The refugees include large numbers of doctors, academics and other professionals vital for Iraq's recovery. Another 1.7 million have been forced to move to safer towns and villages inside Iraq, and as many as 50,000 Iraqis a month flee their homes, the U.N. agency said in January.

The rich began trickling out of Iraq as conditions deteriorated under U.N. sanctions in the 1990s, their flight growing in the aftermath of the 2003 U.S.-led invasion. Now, as the violence worsens, increasing numbers of poor Iraqis are on the move, aid officials say. To flee, Iraqis sell their possessions, raid their savings and borrow money from relatives. They ride buses or walk across terrain riddled with criminals and Sunni insurgents, preferring to risk death over remaining in Iraq.

The United Nations is struggling to find funding to assist Iraqi refugees. Fewer than 500 have been resettled in the United States since the invasion. Aid officials and human rights activists say the United States and other Western nations are focused on reconstructing Iraq while ignoring the war's human fallout.

"It's probably political," said Janvier de Riedmatten, U.N. refugee agency representative for Iraq, referring to the reason why the world hasn't helped Iraq's refugees.

"The Iraq story has to be a success story," he said.

For decades, Jordan welcomed refugees. Roughly a third of its 5.9 million residents are Palestinian refugees. According to the United Nations, 500,000 to 700,000 Iraqi refugees live in Jordan, but aid officials say the actual number is nearer to 1 million because many Iraqis live under the radar. Jordan's tolerance has waned, however, since a group of Iraqis bombed three hotels in November 2005, killing 60 people, according to Iraqis, aid officials and human rights groups. The government fears that Iraq's mostly Sunni Arab refugees could remain in the country permanently or become recruits for Iraq's insurgency.

Now, the exodus is generating friction and anger across the region, while straining basic services in already poor countries. Iraqis are blamed for driving up prices and taking away scarce jobs. Iraq's neighbors worry the new refugees will carry in Iraq's sectarian strife.

"The Jordan government does not want to encourage Iraqis to stay for a long time," said Gaby Daw, project officer for the Catholic charity Caritas Internationalis, one of the few aid agencies assisting Iraqi refugees.

Into their new havens, Iraqis are bringing their culture and way of life, gradually reshaping the face of the Arab world. But the cost of escape is high. Feeding the bitterness of exile is a sense that outside forces created their plight. Many Iraqis here view the U.S.-led invasion that ousted President Saddam Hussein as the root of their woes.

"We were promised a kind of heaven on earth," said Rabab Haider, who fled Baghdad last year. "But we've been given a real hell."Sad Goodbyes

The road out of Iraq begins on Salhiye Street in Baghdad.

On Jan. 13, knots of Iraqis waited to board 14 buses to Syria. Inside a travel agency, Raghed Moyed, 23, sat solemnly with her 12-year-old brother, Amar. It had become too dangerous for her to attend college, so she was heading to Damascus to continue her education. As she sat, her head bowed, she recalled the previous night, when she bade farewell to her friends.

"It's really sad," said Moyed, her voice cracking as tears slid down her face. "I cried the whole way from the house to here. I don't want to leave Iraq, but it is hard to stay."

Sameer Humfash, the travel agent, watched her cry. By his estimate, 50 to 60 families were fleeing each day on the buses lined up outside. Nowadays, Iraqis were heading mostly to Syria, he said.

"They are not letting Iraqis in at the Jordanian border," interrupted Ahmed Khudair, one of Humfash's employees.

Humfash makes all his passengers sign waiver forms that read: "I am traveling on my own responsibility and God is the only one that protects us." On the roads to both Jordan and Syria, Sunni insurgents have dragged Shiites from buses and executed them. Humfash stays in radio contact every hour with the bus driver, usually a Syrian. He always asks three questions, he said:

"How is the road?"

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"Did they take any passengers?"

"Did they hurt any passengers?"Angst at the Border

Along the Iraq-Jordan border Jan. 16, a brisk wind howled across the barren landscape. It was 1:45 p.m. Until recently, hundreds of cars and buses filled with Iraqis would have been lined up to enter Jordan. On this day, there were four vehicles. A Jordanian border security official said many Iraqis were afraid to travel through Anbar province, one of Iraq's most violent regions.

Abu Hussam al-Khaisy, an Iraqi taxi driver, offered another explanation. The day before he had brought a family of seven Iraqis to the border, but Jordanian officials, he said, denied them admission with no explanation.

"They are not giving permission to enter because they are scared about security," said Khaisy at a restaurant in Ruwayshid, a Jordanian rest stop about 55 miles from the border. In other instances, he said, officials have turned away young Iraqi men who could take jobs away from Jordanians.

Today, the government is making it increasingly difficult for Iraqis to reside legally in Jordan. It views Iraqis as temporary visitors, not refugees, and has not sought international assistance. Human rights activists and U.N. officials have accused Jordan of shutting its border to many Iraqis fleeing persecution and deporting others.

Nasir Judah, a government spokesman, said Jordan has kept its door open to Iraqis even as they have become a burden on Jordan's economy and natural resources. In recent years, the influx was largely unregulated, but now tighter security measures are needed, he said. Iraqis, he added, have tried to enter Jordan using fake passports and identity cards.

"There are no mass deportations of Iraqis," Judah said. "Otherwise the numbers would be dwindling, and they are not."

On this day, Khaisy was driving Abu Wisam al-Azzawi, 35, back to Baqubah, a city about 35 miles northeast of Baghdad. Two months ago, members of Azzawi's immediate family were refused entry into Jordan, even though he owned a car dealership in Amman. Azzawi still remembers his son, on the Iraq side of the border, pleading through the cellphone: "Daddy, don't leave us."

Now, he was planning to fetch them from Baqubah and take them to Syria.

"I haven't told my family I am coming back," said Azzawi, before getting into Khaisy's maroon Caprice Classic in Ruwayshid. "Maybe I am not going to see them."

"Maybe I will get killed on the road."Seeking Safety, Aid

Outside the restaurant, two sport-utility vehicles passed by, heading to Amman. One, with large red-checkered bags on its roof, carried Abu Saif al-Ajrami's family. The other vehicle carried their life's possessions.

The Jordanians let them in after the family waited more than 24 hours at the border. It helped that Ajrami's father was Jordanian. At night, they arrived in Amman near a place refugees call Iraq Square, where taxis drop off recent arrivals. Two relatives, whom the family had not seen in five years, met them. There were hugs and kisses, and praises to God.

"I feel psychologically relieved. You can see it is very safe," said Ajrami, waving his hands at the cars flowing by. "But I have left my family, friends, my neighbors, my memories back in Baghdad. The first day there is security, I will go back."

Then he declared he would find a job the next day. "From the border to here, we felt like we had entered paradise," he said.

Widad Shakur, 53, said that when she arrived in Amman in October, she felt the same way. A Shiite Muslim, she fled after Sunni extremists threatened to behead her daughter, a teacher. But Iraq's chaos is never far away. A week ago, Shakur learned that a Sunni family had occupied her house. Now, she cannot sleep at night.

And she cannot afford to return to Iraq. Her daughter, a saleswoman, earns barely $300 a month, half of which goes to their rent. "I wish I was a bird and I could fly back to my house," said Shakur, as tears welled in her eyes.

"Who expected it would turn out like this -- Sunni against Shia?" she continued. "We were like brothers. Why is this happening?"

She has a more pressing problem. Her legs hurt, she said. But she cannot afford a doctor. She worries that seeking help at a Jordanian hospital might lead to deportation, even though she has a three-month residency permit.

"I don't know whether we have the right to go to it or not," said Shakur, who wore a black, sequined head scarf. "I am afraid to go there."

At the Royal Association for Iraq Immigrants, Salah al-Samarai had 28 pink and yellow folders stacked on his desk. They belonged to Iraqis in need of surgeries.

"I don't know what to do," said Samarai, the head of the nonprofit that helps Iraqis, as visitors waited outside his door.

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In front of him sat Waad Abdul Rahim, a solemn Iraqi professor dressed in a tweed jacket. His 14-year-old daughter, Mina, needed an intestinal operation. It cost $5,000. For the past month and a half, he has visited Samarai's office.

"I come every day, and then I go back to suffer," Rahim said. "Her life is in danger. The longer it takes, the more dangerous it is going to be."

Samarai nodded in sympathy and said, "We have four or five more-serious cases."

Most of the organization's funds come from donations, he said. He doesn't blame the Jordanian government. "It's enough they opened their doors for us to stay here," Samarai said. But he wished the international community would do more to help.

"Lots of Americans tell us we don't need money: 'You are wealthy.' I even went to the European Union. They also said, 'You don't need money.' "A Taste of Baghdad

Rabab Haider and her husband, Ibrahim al-Shawy, live in an elegant, sunlit apartment in Amman. Along with other middle-class Iraqis, they live in a parallel Iraq. Many of their relatives and friends are here. Iraq's sectarian divisions rarely enter their lives.

The richest Iraqis can get residency permits by depositing $70,000 in a Jordanian bank, buying property or investing. Others simply pay a $2 daily fine for expired permits.

"I see more Iraqis here than I do in Baghdad," said Shawy, who travels every few months to Iraq, where he owns land.

Qaduri, a popular restaurant nearby, was once an institution in Baghdad. Then it was bombed. Seven months ago, its owners decided to resurrect it in Amman. Now it serves tashreeb, a traditional Iraqi stew, from midnight to noon, just as it did in Baghdad.

Next door, a sign reads that another restaurant plans to open soon. Its specialty: pacha, the dish of boiled lamb's head that Iraqis consider a delicacy.

At a recent Iraqi wedding in the upscale Bristol Hotel, an Iraqi singer sang songs and guests moved to the drumbeats of the jobee, an Iraqi folk dance. In Baghdad, with the car bombs, checkpoints and kidnappings, large weddings are all but extinct.

"You turned the clock back four years," Um Ammar, a guest who had recently arrived from Baghdad, told the groom's mother.

The singer began to hum a patriotic Iraqi hymn. In the audience, eyes filled with tears. Others sobbed.

Moments later, the singer crooned: "Baghdad."

The audience responded: "In my eyes is Heaven."

"Baghdad," the singer sang again.

"Is our one and only love," the audience sang. "Baghdad is our sole mother, may God safeguard you from the evil surrounding you."

On a January afternoon, over cake and coffee in their Amman apartment, Haider and Shawy spoke of nostalgia, guilt and uncertainty.

"What about the torment?" said Haider, a pleasant, short-haired woman with a faint British accent. "You being safe and your people in Baghdad are not."

They have six months of savings left, Shawy said. He's sending rÃ©sumÃ©s around the world.

"How long can we keep this?" asked Haider, looking at their plush sofas, the purple vase, the glass dining table.Living in Fear

On Jan. 18, a curly-haired artist named Qais Mohammed Ateih sat inside singer Saad Ali's two-room apartment, which is nestled near a warren of shops and narrow alleys. A third Iraqi refugee, Razzaq al-Okaeli, 35, joined them. The trio spoke about being like beggars, depending on friends for meals. Ateih said he knew at least 70 Iraqis who have been deported since 2003.

In the wake of Hussein's execution in December, many Iraqi Shiites say they have been targeted because of their sect. Jordan, a mostly Sunni nation, is home to many supporters of Hussein, who was a Sunni and a benefactor of Palestinians.

"Is the government targeting us for being Shiites? No. But from individual policemen, we feel this," said Ateih, 36. "They say, 'You betrayed Saddam.' "

If they are lucky, Ateih said, they find jobs as day laborers, earning $7 for a 14-hour workday. But Jordanian employers, they said, often exploit Iraqis. Okaeli said he recently worked for two months as an air-conditioning repairman; his employer paid him for only 10 days of work.

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"They know we cannot complain to the authorities," said Okaeli, a short man with brushed-back hair and long, trim sideburns. "If we complain, we will get deported."

Ali sat on a worn brown sofa, rubbing his hands, taking in the conversation. He had hoped to earn enough money to help his parents in Baghdad. Now, when he speaks to them, he never reveals the truth.

"They are inside Iraq. They should have to worry only about themselves," said Ali, his eyes lowered at the dusty red carpet. "So I tell them I am fine."

He paused, then glanced at the tiny heater, and said, "I never expected it would be like this."

Iraq War Spawns Growing Refugee Problem (AP)

By Hamza Hendawi, Associated Press Writer

AP, February 4, 2007

Decades after the Middle East was hit by the mass uprooting of Palestinians, it is again struggling with a gigantic refugee problem — this time from Iraq.

The exodus — one million to neighboring Syria alone, according to the U.N. — is another unforeseen byproduct of the 2003 Iraq invasion. When it might peak, nobody knows, but if it continues at its present rate, the consequences for the region would be profound.

Iraqis now make up more than 5 percent of Syria's population, the U.N. refugee agency says. Jordan says its 700,000 Iraqis have swollen its population by 12 percent, and its officials say they have already moved to cut off the flow. So has Egypt, with 130,000 Iraqi newcomers.

But Syria's doors remain open and the new arrivals have transformed some Damascus neighborhoods to such an extent that Iraqi-accented Arabic is all that's heard.

In the capital's Jarramana suburb, restaurants advertise Iraqi dishes, along with belly dancers and singers imported from Baghdad, Basra and Mosul. Many store windows advertise apartments and houses for rent or sale. In al-Sayda Zeinab, another Damascus suburb, Iraqis crowd into the marble-tiled plaza of a Shiite mosque, far outnumbering Iranian pilgrims.

Syria is poor and lacking in jobs, and many Syrians grumble about the newcomers pushing up the cost of food and housing. The U.N. refugee agency says it is struggling to help the Iraqis, many of whom are poor and running out of the meager funds they brought.

New York-based Human Rights Watch accuses the United States of doing too little, saying it should "significantly" increase the number of Iraqi refugees it will resettle this year and contribute generously to the U.N. appeal for funds to cope with the crisis.

"Washington is spending about $2 billion per week on the war in Iraq, but has barely begun to address the human fallout from the war," said Bill Frelick, Human Rights Watch's refugee policy director.

The U.S. resettled several hundred Iraqis in 2006, according to the U.N. agency, whose formal title, UNHCR, stands for U.N. High Commissioner for Refugees. It wants Washington to take up to 20,000 in 2007.

Egypt and Jordan have reported only minor security frictions with the refugees, but both say their fear of importing Iraq's violence forces them to clamp down.

Jordanian officials point to the killing of 60 people in 2005, when Iraqi suicide bombers linked to al-Qaida blew themselves up in three hotels in Jordan's capital, Amman.

Human Rights Watch says Jordan refuses entry to Iraqi men between ages 17 and 35. Government officials acknowledge restrictions on the entry of Iraqis, but won't give specifics.

The Iraqi presence in Jordan is a "burden," Jordanian government spokesman Nasser Judeh said. Jordan, he said, wants an international conference to discuss compensation for Arab nations hosting fleeing Iraqis.

Syria, population 18 million, is the refuge of choice primarily because of its relaxed entry regulations for Arabs, the relatively low cost of living and availability of schools and health care.

President Bashar Assad's government is reluctant to detail the costs. "There is indeed a burden, but Syria doesn't complain to anyone and is not asking anyone for help," Vice President Farouk al-Sharaa told reporters in Damascus in January.

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Still, the impact is felt. Housing prices in the Damascus area have soared by up to 300 percent. Syrians also complain about higher food prices and overcrowding at some schools, which have reportedly admitted up to 28,000 Iraqi children. In areas where Iraqis have settled, residents say some classes have swollen from 30 pupils to 50.

The Damascus office of the UNHCR says about 40,000 Iraqis arrive monthly. They can stay for six months, then must leave and renew the visa process from scratch. The quickest way is a short trip to neighboring Lebanon, but at $20 a person or more, the sightseeing packages are too costly for the poor.

Still, most Iraqis in Syria say they have no serious complaints about their life in exile, and have made a home away from home.

Some have settled in Palestinian refugee camps, where rents are lower, joining tens of thousands of Palestinians who came to Syria as refugees following the 1948 creation of Israel and the 1967 Arab-Israeli war.

Iraqis also have set up a private university outside the capital, with Iraqi lecturers and a mostly Iraqi student body — a reflection of Iraq's war-driven brain drain.

Two Damascus theaters are showing Iraqi plays, complete with star actors-in-exile. "Homesick," a slapstick comedy set in the offices of an imaginary Iraqi satellite TV channel based in Syria, has drawn near sellout crowds since opening Dec. 7.

"My homeland is like a paradise even if it resembles hell," blares a song from the theater's speakers.

For $5 a ticket, Iraqis who have fled suicide bombings, death squads, gunbattles, unemployment and violent crime laugh hysterically as comedians Majid Yassin and Nahi Mahdi joke about Baghdad's fuel shortages and power outages.

"It is not a good life, but at least we are safe here," said Ibrahim Hamad, a former Iraqi army officer who came to Syria eight months ago with his wife and three children from Anbar province, the heartland of Iraq's Sunni-led insurgency.

"No bombs, no shootings, no Americans, no militiamen and no power cuts," he said.

Hamad is not entitled to an army pension because he was an active member of Saddam's now-outlawed Baath party. The family lives on the $250 a month he collects from tenants living in his central Baghdad apartment, and from dabbling in cross-border commerce.

The promise of a well-paid job in a business run by relatives in the Persian Gulf city of Dubai keeps his hopes up.

The United States and Iraq's Shiite-dominated government accuse Syria of harboring leaders of Iraq's Sunni-led insurgency — particularly former Baath Party officials — and allowing them to move back and forth across the border with Iraq. Among the Iraqis in Syria are some 300,000 Shiites, but there have been no reports of Iraq's Sunni-Shiite tensions spilling over into Syria.

The UNHCR is struggling to deal with the flood of Iraqis across the region — and within their homeland. It says some 500,000 fled their homes to other parts of Iraq in 2006 alone, and that the number of internally displaced people could reach 2.3 million — nearly one in ten Iraqis — by the end of 2007.

This month, the Geneva-based agency made an emergency appeal for $60 million to help fleeing Iraqis.

"Unremitting violence in Iraq will likely mean continued mass internal and external displacement affecting much of the surrounding region," it said.

Already, its resources in Syria are stretched thin. The waiting time for seeing a UNHCR official is five months, said Laurens Jolles, the UNHCR representative in Syria. He hopes it will drop to one month after his office recruits 10 new staff.

"Syria's generosity is admirable and must be noted," he said in an interview.

But many Iraqi families are running out of money and becoming increasingly dependent on aid from religious and political support groups, he said. Up to 30 percent of young Iraqis aren't attending school, he added.

Some of the refugees are fortunate enough to find legal work, but Jolles said many more are employed illegally, and vulnerable to exploitation.

The Iraqis pose no security threat, "but there are social ills like theft and prostitution," said Elias Murad, editor-in-chief of the Al-Baath, official newspaper of Syria's ruling Baath Party.

Saad Hamza Ilwan, a retired primary school teacher from Mahmoudiyah, a particularly dangerous Sunni Arab town south of Baghdad, came to Syria with his wife and three children nearly two years ago. He could only afford a flat in the al-Yarmouk Palestinian refugee camp, which is more like a sprawling suburb of Damascus.

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He sells cellular telephones and phone cards. "Business is slow," he said as his 10-year-old son, Mohammed, dusted the shelves. "There are five shops selling the same things on this part of the street alone."

He said his children are struggling with a Syrian school system that is more rigorous than Iraq's.

"But the Syrians treat us well," said Ilwan, who says he fled Iraq four months after U.S. troops stormed his home, arrested two of his brothers and held them for eight months.

In al-Yarmouk, the men spend their evenings smoking and drinking sweet black tea while swapping stories of conditions at home learned from telephone conversations with relatives and friends in Iraq.

Mohammed, the 10-year-old, huddles by an electrical heater to fend off the cold and declares himself homesick.

"I don't like Damascus," he says, drawing protests from his father. "I want to be back in my school in Iraq."

Associated Press correspondents Jamal Halaby in Amman, Jordan, and Salah Nasrawi in Cairo, Egypt, contributed to this report.

Taliban Leader Killed In NATO Airstrike (AP)

AP, February 4, 2007

NATO-led troops killed a senior Taliban leader with a precision airstrike near a southern Afghan town overrun by militants, a spokesman for the alliance said Sunday.

Col. Tom Collins said the airstrike near Musa Qala on Sunday morning killed a senior Taliban leader riding in a car.

Musa Qala on Thursday was overrun by an estimated 200 Taliban fighters who disarmed local police, ransacked the district center and hoisted their trademark white flag.

The town had been subject to a peace deal brokered last October between village elders and the Helmand provincial government that prevented NATO, Afghan and Taliban fighters from coming within 3 miles of the town center.

Collins said the Taliban leader was killed within that 3-mile zone with the approval of the Afghan government. He said no NATO or Afghan forces were on the ground in Musa Qala.

Collins didn't immediately name the person killed in the strike, but Mohammad Wali, a Musa Qala resident, said the airstrike killed a Taliban leader named Mullah Abdul Gafoor and some of his associates while they were riding in a truck through a small village just outside Musa Qala.

Another resident, Lal Mohammad, told The Associated Press on Saturday that the fighters in Musa Qala were being led by Gafoor, the hardline militia's corps commander in western Afghanistan during the Taliban regime.

Musa Qala saw intense battles between Taliban fighters and British troops last summer and fall. The fighting caused widespread damage to the town of around 10,000 inhabitants, most of whom were forced to leave.

British forces withdrew from Musa Qala in October after the truce, which turned over security to local leaders and prevented NATO forces from entering the town.

Gen. David Richards, who was replaced Sunday as NATO's commander, told the AP on Saturday that "very surgical and deliberate" force would be used to evict the fighters from Musa Qala, where he said the alliance's strategy of avoiding military action has driven a wedge between residents and Taliban insurgents.

Residents Flee Taliban-held Town (AP)

AP, February 3, 2007

KABUL, Afghanistan (AP) -- Hundreds of villagers fled a southern Afghan town overrun by Taliban militants, fearful of a NATO attack on the insurgent fighters who have hoisted their trademark white flag over the town's ransacked government center, residents said.

NATO's outgoing commander, Gen. David Richards, said "very surgical and deliberate" force would be used if needed to solve the crisis in the town of Musa Qala, and Afghan Defense Minister Abdul Rahim Wardak said: "If there is a need for an operation, there will be one."

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said Saturday that NATO was watching the situation, but that no forces were in Musa Qala. NATO troops pulled out of the town in October after the government and village elders signed a peace agreement.

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"It is only a matter of time before (the) government re-establishes control," Collins said.

However, he said NATO had reports that Taliban militants had reinforced their defensive positions.

Abdul Baqi, a villager who fled Musa Qala with five family members on Saturday, said residents feared a bloody clash was imminent after the Taliban fighters swarmed the town Wednesday and Thursday, temporarily taking village elders hostage.

"I'm going to stay with my relatives and will return only if the situation gets better," Baqi said while sitting in his pickup truck in the nearby district of Gereshk.

Resident Mohammad Wali said Taliban fighters had hoisted a white flag over the damaged government compound, and villager Lal Mohammad said hundreds of residents had fled.

British troops fought intense battles with Taliban fighters in Musa Qala in the second half of last year. The clashes caused widespread damage to the surrounding town of around 10,000 inhabitants, most of whom were forced to flee.

British forces left Musa Qala in October after elders and the Helmand provincial governor struck a truce that turned over security to local leaders and prevented NATO forces from entering the town.

A purported Taliban spokesman, Qari Yousef Ahmadi, said the Taliban took over the town in response to NATO attacks he said violated that agreement -- an apparent reference to a NATO airstrike outside of Musa Qala that killed a senior militant leader and a number of his deputies late last month.

But NATO said the Taliban were never party to the agreement, and that "by their actions, the Taliban have ended over four months of peace in Musa Qala which, until now, had seen a return to normality with reconstruction and development getting under way."

"It is very clear that the Taliban are acting against the wishes of the people of Musa Qala," a NATO statement said.

Richards, a strong supporter of the British-backed peace agreement, said the Taliban move proved the agreement's success.

"These mechanisms to drive a wedge are an absolute classic part of any counterinsurgency," he said. "Far from being a failure, it shows what a success this can be and how upsetting it can be to the Taliban."

New Chief For NATO Afghan Force (BBC)

BBC.com, February 4, 2007

UK General David Richards has handed over control of the Nato force in Afghanistan to US General Dan McNeil.

During Gen Richards's nine months in charge, the International Security Assistance Force (Isaf) has increased from 9,000 to more than 33,000 troops.

Commanders who have recently faced a fierce Taleban offensive in the south have asked for further reinforcements to fight the insurgents.

But so far only the US and Britain have pledged more troops.

Criticism

It has been a challenging time for Gen Richards

Gen Richards faced Taleban attacks in the south where US, British, Canadian and Dutch troops were deployed in areas previously outside the control of the government, our correspondent says.

Nevertheless, he marked the end of his reign by declaring that the conflict in Afghanistan is a "winnable war".

In a BBC interview, Gen Richards said the Taleban commander in the disputed town of Musa Qala in Helmand province, Mullah Abdul Ghafoor, was killed in an air strike overnight.

"It's almost 100% certain that... the leader of the Taleban grouping in Musa Qala that intimidated the people and took over the centre, has just actually been taken out in an air strike along with some of his leading henchmen."

Speaking to the Associated Press, he said the Taleban had failed to recover from a major battle last year.

"They know in a conventional sense their attempt, which I will give them credit for was a good attempt, failed when they gathered 1,000 fighters in one place."

New approach?

Gen McNeil took command of the multinational headquarters in a ceremony on Sunday morning.

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He has been based in Afghanistan before, and will take on the Isaf mission of bringing security and development, and helping win over the people for the Afghan government, our correspondent says.

He says there has been some criticism from US quarters of the British policy of making peace deals with local elders - notably in Helmand province where a four-month ceasefire recently collapsed in one town.

The new commander is expected to have more troops available to him than Gen Richards could call upon.

There is an uncertainty as to whether Gen McNeil might take a more direct approach to the counter-insurgency but that is yet to be seen, our correspondent says.

Afghan Schools Take On The Taliban (LAT)

By Laura King

The Los Angeles Times, February 4, 2007

WACH TANGI, AFGHANISTAN — Even before the winter wind had scattered the ashes of their village school, the people of this poor hamlet in eastern Afghanistan decided they had to fight back.

On a bitterly cold night last month, suspected Taliban militants set fire to all five "classrooms," housed in canvas tents donated by a humanitarian agency. It was one of nearly 200 schools across the country burned in the last year by Islamic insurgents.

Four hundred more schools were closed by threats and intimidation, driving more than 130,000 students from their classrooms and dealing a harsh blow to massive international efforts to rebuild an education system ravaged during the years of Taliban rule.

Over the last three months, however, the rate of attacks has fallen dramatically, with fewer than half a dozen schools believed to have been targeted. Education officials attribute the decrease at least in part to a nationwide drive to create local "defense committees" for schools, enlisting the help of tribal elders, Islamic clerics and, in some cases, homegrown militias.

The people of Wach Tangi, which lies about 10 miles north of Jalalabad, the capital of Nangarhar province, believed their village was too remote and their tent school too rudimentary to attract the notice of any Taliban militants in the area.

The road leading to the village of 1,800 people resembles a dry riverbed: winding, pitted and stone-strewn. So arid and forbidding is the landscape that in the Pashto language, Wach Tangi means "valley without water."

But on the night of Jan. 6, arsonists took the trouble to make the journey, and methodically set each tent ablaze. Villagers raised the alarm within moments, but it was too late. The classrooms vanished in a whoosh of flames that scorched the stone foundations and charred the metal support poles.

"We realized right away that we had made a big mistake by not doing more to protect ourselves, to protect our school," headmaster Wali Mohammed said.

A posse of village men took to the dry hills, trying unsuccessfully to track the arsonists. The next day, virtually all of Wach Tangi's families, even the poorest, agreed to chip in what they could to have armed men guard the school at night once it reopened.

Within two days, the village had organized a protection committee made up of its most influential citizens, charged with the task of keeping the school, its pupils and its teachers safe.

The school is up and running again, in UNICEF-donated tents. Students still have the schoolbooks that were home with them when the old school was burned, and more are on the way from donors.

But the fire remains fresh in everyone's mind.

"Those who did this to our school are enemies of our country," said Abdul Wahed, a white-bearded tribal elder. "We won't allow this to happen to us or to our children."

Afghanistan's Education Ministry has encouraged grass-roots school-protection initiatives in recent months, even though the central government has no money to fund them. There are no reliable figures, but the ministry believes more than half the country's 9,000 schools are under some form of locally organized protection, whose effectiveness remains to be seen.

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"There just aren't enough police to watch over every school in the country," said Zuhoor Afghan, a ministry spokesman. "But the local people know their own towns and villages best. They know who is a stranger; they know who has business there and who does not."

Villagers are aware that their vigilante methods could cost them their lives. The Taliban, whose name means "students," see Western-style education as a threat to their concept of a pure Islamic state. Their followers regard modern education as a force for Western colonialism.

Wahed, the elder in Wach Tangi, said he did not know what would have happened if villagers had caught up with armed men on the night of the fire.

"We had only a few old guns," he said with a shrug. "But we would have done our best against them."

Likewise, the night watchmen hired by the village are equipped only with handguns, little match for the automatic rifles carried by Taliban fighters.

Still, the villagers believe their newfound watchfulness will be a deterrent. And the school-protection committee members are trying, each in his own way, to help stave off attacks.

The mullah on the committee has been using mosque sermons to emphasize that nothing in the Koran forbids girls from receiving an education, as they do in Wach Tangi, where about half the nearly 500 pupils are girls. Boys study in the morning and girls in the afternoon.

One of the tribal chieftains on the committee is calling in favors from kinsmen nearby, asking them to keep their ears open for word of any threat. Another committee member has lobbied the police to mount more frequent patrols, winning a sympathetic hearing from a commander who grew up in the area.

Many of those associated with the school remain deeply fearful. Teacher Gul Anar said that after the fire, she considered abandoning her work. Dozens of teachers have been killed in Afghanistan, and she was afraid of becoming a victim too.

"I was terrified," she said. "And losing our school was such a very sad moment. But then I thought of my students, how eager they are to learn, and I decided I must continue."

Some educators believe that the recent lull in school burnings and other attacks is only partly due to the establishment of protection committees. Violence traditionally decreases during the coldest months, and they think the insurgents will become more active again during the spring.

Other school officials believe that the Taliban, after initially underestimating the strength of the country's education ethic, may have discerned that the school-burning campaign was backfiring.

"People hated it during the time of the Taliban, when their daughters could not study and when nothing was taught in the schools but theology," said Mohammed, the Wach Tangi headmaster. "Attacking schools is not going to make them popular again. Even they can see that."

In what may have been a concession to that sentiment, a Taliban spokesman in the country's south announced last month that the movement would begin opening schools of its own, at which girls "eventually" would be welcome.

Educators and Western military officials scoffed at the notion.

"What's the curriculum going to be — suicide bombings?" asked Mark Laity, the chief spokesman in Afghanistan for NATO.

"We don't believe for a moment that education is a genuine goal of these people…. They don't want Afghanistan to have a functioning government or civil society."

"It's only a ruse," said Afghan, of the Education Ministry. "If they did open schools, they wouldn't teach anything but religion — no mathematics, no language, no history."

In the classroom tents of Wach Tangi, teachers said, they still had not been able to adequately explain to their pupils why their school had been a target.

"After the fire, they asked me over and over again, 'Why? Who would do this?' " said teacher Shoiabullah, who uses one name.

"We didn't have a real answer for them. We said only that we would try our best to keep it from happening again."

The Road To Helmand (WP)

DOJ_NMG_0127336

By Holly Barnes Higgins

The Washington Post, February 4, 2007

The news came in a phone call from Afghanistan. Ten days ago, a suicide bomber tried to talk his way into a compound in Lashkar Gah where I had worked until last October. He blew himself up without getting in and no one else was seriously hurt, but the story shook me. What I had expected for so long had finally happened.

I went to Afghanistan in October 2005 to work on an economic development project funded by the U.S. government. I went because I believed in the mission: helping to improve the quality of life in a war-torn land. I was lucky to get out.

Now I am home, hearing with dismay that President Bush lauds our work as a success and is requesting more aid for Afghanistan. I think of my colleagues still back in Helmand province, especially the young Afghans who risk their lives to work with us because the United States has insisted that progress is on the way.

I know about the millions of dollars already wasted there.

When I was in the field, I sometimes had to travel to Kabul to talk to U.S. officials about various assistance strategies and whether they were viable on the ground. They call the process "groundtruthing."

A year later, this is the story of my time in Afghanistan. This is my own groundtruthing.September 2005

I didn't want to go.

When a friend mentions the job in Afghanistan, I shake my head before he even finishes talking. I'm not looking for another adventure. I've worked with uban youth and in Angola. I've done enough hard time in hard circumstances. At 36, I feel it's my time to settle down. The most dangerous province in Afghanistan is the last place I want to go.

But my friend presses. "Would you be willing just to talk with them?" he asks. I imagine what I've seen of Afghanistan in the media -- a desperate place bombed to hell even though it already looked to be in pieces. Still vulnerable to the idea of humanitarian service, and to adventure, I agree to a meeting.

The project in question, run by a private contractor and funded by the U.S. Agency for International Development (USAID) to the tune of $121 million over four years, is intended to provide jobs, develop business and agriculture, and improve infrastructure in Helmand province -- all part of the effort to reduce poppy-growing in that region, one of the largest opium-production centers in the world. It seems a worthy goal.

But the project is also taking over from another that shut down after 11 members of its staff were killed. The Taliban have never claimed credit for the deaths, but most people assume they're to blame.

I talk to anyone I can find who has experience in the region. No one thinks I should take the job. Only one person I meet has ever even set foot in Helmand, and she sounds stunned that I'm considering working there for a year or two. The lone voice of optimism is that of a journalist. "You'll have a ball," he says.

Before I leave for Kabul, I put my belongings in long-term storage, ship my cats home to Texas, rent out my apartment. I also prepare a power of attorney and my will.October 2005

Our little plane hits the large swath of gravel that serves as an airstrip for Lashkar Gah, the capital of Helmand. The barrenness all around is astounding: no buildings, no parking lots, nothing but a few dust-colored structures.

A group of Afghan men with Soviet-era rocket-propelled grenade launchers watch us get off the plane. They follow every move I make, but I'm careful not to look them in the eye.

My living quarters are a bedroom and bath in a 10-bedroom, three-story pink stucco building that people call "the palace," short for "narco-palace." Blast-protection film covers the windows, and the security manager is preparing to hire a crew to fill thousands of sandbags to fortify the perimeter. The project office is in the same compound, so my commute is about six steps door to door.

The house speaks of rare wealth (and bad taste), but the periphery of our compound is just like everyone else's: rudimentary ditches filled with rubbish and a black-green soup of waste and water.

An American colleague takes me up to the roof. All around are grassless yards and square houses of mud or clay. Directly below us, a scrawny cow stands under a drought-shrunken tree, a chicken pecking at her hoof, while a child prepares to fly his plastic-bag kite. Passersby stare up in shock at the sight of a blond woman with an uncovered head. Ducking, I hurry back inside.

* * *

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One of 34 Afghan provinces, Helmand lies about 400 miles southwest of Kabul. It's home to the highly conservative Pashtun people. Poppy production was nearly unheard of here before the Soviet invasion in 1979. But today, most farmers grow poppy, along with smaller amounts of other produce. It's simple economics: A farmer can earn about $5,400 per hectare of opium yield, almost 10 times what he would get for a hectare of wheat.

In the 1950s and '60s, the U.S. Army Corps of Engineers and USAID developed a 1,600-kilometer irrigation system in the province. Many residents remember a time when Lashkar Gah, with its newly paved streets and neat rows of tree-shaded houses, was called "Little America."

Today, much of the pavement is ruined, and the sagging former USAID homes look much older than they are. Meanwhile, massive, gaudy structures built with drug money rise around them. Because of their bizarre, strange-colored exteriors dotted with mirrors and decorative tiles, these narco-palaces are also referred to as "Pakistani wedding cakes."

* * *

I am the only woman on our team. I'd been warned that locals would think I was a prostitute brought from the West for the male staff of American, Australian, British and Latin American contractors, and that this perceived violation of Islamic morality would put the team at heightened risk.

So I am required to stay on the first floor, while my expat male colleagues enjoy more private quarters upstairs. I dress in shapeless clothing and wear only enough makeup to feel comfortable, yet I still feel as though I'm surrounded by a neon light.

The only time I feel relief from this self-consciousness is around A., our Hazara cook. Unlike the Pashtun men, A. looks me in the eye, laughs easily, doesn't seem afraid of me. He spends hours preparing our meals, then watches our expressions as we eat, awaiting appreciation from the table, often winking at me.

Nonetheless, by and large the food is horrible -- sometimes really horrible. But about once a week, A. hits the bull's eye. His "Pashtun burgers" are a favorite. He uses an old coffee can to cut circles out of nan, the flat Afghan bread, to serve as buns.

More than anything, A. wants to be a chef in the United States. Sometimes I get excited about this idea and think about ways to help make it happen. But the barriers are too great.

I feel the same about S. and R., the two young Afghan women in our office. They want to go to medical school, but they have no passports and no money. Nor do they know much English. I feel impotent in the face of their dreams. Getting an Afghan into the United States post-9/11 is as ambitious an undertaking as, well, getting poppy out of Afghanistan.

* * *

The people of Helmand fall into two categories. The great majority believe that poppy is the only reliable source of income. The small minority believe that with help, alternative livelihoods are possible. They don't know how to make progress, but they're hungry for it, so they're willing to trust us.

The project's goal is to diversify the economy and create jobs. Plans include building roads and refurbishing the irrigation system, electrification improvements, job training, an industrial park. I'm responsible for setting up the public information office and developing a campaign to promote the project to Afghans. But there's a substantial caveat: illiteracy. The project's security manager tells me that not one man in his unit of 60 can write his own name; to receive their pay, they "sign" with their thumbprint. Whatever strategy I come up with will have to be compelling but simple.

The company seems most invested in pleasing its client, USAID. Meanwhile, USAID is concerned about pleasing the Afghan people, local and national Afghan leaders, the media, Capitol Hill and the State Department. So I am to issue reports every other week, as well as "success stories" that will convince everyone that these millions of dollars are well spent, that U.S. efforts in Helmand are a shining example of our good work in the world.

On paper, it sounds great. But in practice, all I have to promote are concepts. I'm told to wait before I initiate any public education effort. Weeks go by. Nothing happens. I tell the team I'm concerned about losing the confidence of Afghans who are interested in finding livelihoods other than poppy cultivation. I suggest announcing project timelines so that people can anticipate positive changes. We must provide something to generate discussion as people eat their meals, sit together for tea, walk to Friday prayers.

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But because of mismanagement at multiple levels, personnel turnover, lack of initiative and concerns about personal security, progress simply isn't forthcoming. Often the local Afghan government and its culture of corruption, or USAID, are blamed for the lack of results, but the bottom line is the same: We have very few accomplishments to report.

In the meantime, the reports are still due. And I feel pressure to explain to local residents what we are doing here. I hear over and over how the Afghans feel let down by the international community. So our words and images must be chosen with great care. I have little but words and images to offer.

* * *

Though the Taliban pulled out of Lashkar Gah after the U.S. invasion in 2001, they have gradually made their way back, working with drug lords to control the production of the poppy crop they once forbade, the profits from which now fuel their resistance. The Taliban and their collaborators approach our laborers regularly, making deals to ensure their loyalty during the planting and harvesting season.

But maintaining poppy production is only part of their mission. They are here to expel the infidels, maintain the status quo of fear and resist progress that suggests cooperation with the West.

We hear that the Taliban see Helmand province as their proving ground, the key to taking back Afghan territory from NATO and Afghan troops. Commanders on the ground describe the situation as the most brutal conflict the British army has been involved in since the Korean War.

* * *

I ask the elders who work in our office to help me find someone to serve as my assistant. B. comes in the next day. She's nervous, and her English is poor. She doesn't have any real qualifications. But I'm desperate for help, so I hire her.November 2005

Our security manager is continually checking rumors of danger. Recently, he has received reports of more "night letters" distributed locally.

The night letter calls on holy warriors to fight the infidels. One that I read states that cooperation with Christians and Jews and those associated with the U.S.-backed invasion is punishable by death. Any Afghan known to work as a cook or driver or to engage with Westerners will be executed.

I think of B. and the risks she takes to work with us. We agree that she will call me at the end of every work day to let us know that she has arrived home safely. She in turn worries that I could be poisoned, and insists that I eat food prepared only by people I trust.

* * *

A vehicle-borne suicide bomb detonates outside the provincial governor's office compound, about two blocks away. It's only a partial explosion, and the bomber survives the blast to be shot down as he gets out of the car. Several days later, we hear more blasts -- the rest of the suicide mission's explosives. U.S. Special Forces forgot to tell anyone they were going to set them off. Our ribs shake from the impact, and a tense silence descends on the office.

* * *

I hold a dry opium pod, and it rattles like a baby's toy. Today I learned that women are planting poppy openly in front of their homes, trying to attract buyers. I'm told that some are widows who can't imagine another way to provide for their children. Others are virtual widows, their husbands lost to the haze of opium addiction.

I met today with F., the director of women's affairs for the province. Apparently she secretly educated hundreds of girls in her home during the Taliban era. The Helmand Women's Association is housed in a dank, dilapidated building. F. receives no salary and faces begging, pleading women every day. She feels helpless, and is grateful that we are here.

* * *

Several of us go to the bazaar in search of spices for our Thanksgiving meal. I bite into things, hoping to find nutmeg, and examine the local version of peppercorn. My favorite senior Afghan staff member, H., is with me as the crowds gather to watch us.

Suddenly, I'm pushed. I assume it's an accident, but H. snaps at the crowd. We've just received a call from security about a possible car bomb, so he's already on edge. It's one of only two shopping trips we'll make before the market is designated "no go" for expats, and it is cut short. But I have nutmeg.December 2005

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I heard this today: "Helmand is where God comes to cry." The barren surroundings are so overwhelming that they blunt any interest in conversation, so our travels on the road are mostly quiet. Until we see a camel, or an enormous Kuchi dog, or a little girl decked out in something bright and sequined.

Every day here, it is palpable, the cost exacted from a people living between abject poverty and illegal income. I see it in the cautious eyes of turbaned men coming into the compound to meet with our agricultural team, and in the suspicious expressions of local leaders.

I don't think they know that we understand their situation. Inside this compound we think about it all day, every day. We talk about it at meals; we know the world outside these walls is waiting for more and better options.

But the team seems to face obstacles everywhere: some USAID regulation that management can't get around; resistance to new ideas; and a general sense of being overwhelmed that's the result of an ill-conceived mission.

Local residents live between a rock and a hard place, and expect us to extricate them. We live between a rock and a hard place, and clock time until our contracts are up.February 2006

I feel bad that we're not accomplishing more here, but I have no guilt about living in this compound and earning hardship pay. Especially because USAID keeps raising our danger pay, but never talks about evacuation. We're the only foreigners left here except the military. Even a Bangladeshi nongovernmental organization shut its doors recently after one of its Afghan staff members was killed as he prayed in the nearby mosque.

* * *

As harvest season approaches, we brace ourselves for foreign media inquiries. Predictably, most want to tell the sinister story of opium and violence. I am determined to show a different Helmand. But after the first two or three visits, it becomes obvious that the project has few activities to showcase. Over and over we take reporters to the cobblestone road at Qalai Bost.

Our one success story, the road was begun early this year, using stones harvested from the Helmand River. Nearly 350 men were paid $4 a day to leave the poppy fields and work on it. I never thought I could get excited about road construction, but it truly is a thing of beauty, as is the laborers' pride in it.

In preparation for a visit by reporters, I want the men to practice being interviewed, so I play reporter while B. serves as interpreter. I ask her to encourage the workers to use their own words. To my relief, each man speaks authentically about his fondness for the work. A day's wage on this project, one says, is enough to buy medicine and send his child to school, and he is proud of the fact that it is clean money.

The reporter I accompany to the site the next day has been around the region a lot longer than I have. When I suggest that she speak to the men I had talked to, she recoils and strikes off in the opposite direction, looking for other laborers who will tell her the darker story of poppy. We all could have saved her the time and risk and told her that over the phone. We all know that story.

* * *

B. has grown so much in the job. Once a young woman who refused to talk to men she didn't know, she now makes phone calls and engages with both men and women with confidence. Mortified when I first suggested that she accompany me to a meeting with government officials, she regularly makes presentations to groups.

She also has an acute case of wanderlust. When I return from London, she asks about my holiday. "It was lovely," I say. She smiles but her look is one of longing. "Where would you want to go if you could go anywhere in the world?" I ask her.

She stiffens, and says I must not suggest such things. "God has written on our foreheads where we are to go in this life," she says, "and he has not written that I am to leave Afghanistan."

I smile. "A few months ago, would you have believed it if someone had said: 'God has written on your forehead that you are to work with an American organization and make a good living'?"

She seems uncomfortable. I feel guilty and go back to my computer. Then she whispers, "Holly. I would like to visit India -- India and London!"

* * *

In the past, threats of poppy eradication have been empty, but now we hear that it has begun. Locals tell me the average citizen believes that "alternative livelihood programs" and eradication efforts go together. This is just what we didn't want, and

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what some on our team fear puts us at greater risk. We urgently need to make the public distinction between alternative livelihoods and eradication.

We all seem to know how inverted this process is. The options that the project is proposing should have been in place before the eradication threat returned. It comes to these farmers every year lately, and every year they ask, "What are our alternatives?" And every year, the answer is the same, though no one is honest enough to say it: "There are no other options."August 2006

I'm back from home leave, and B. tells me about the phone calls.

"I was called by this man," she says. "I don't know who he is, but you know, he shouldn't do this. So I said to him, 'What kind of Muslim are you to call an unmarried woman?' " But he responded: "What kind of Muslim are you to work with Americans?"

The caller said he knew where she lived, what time she left her family's home for the walk to our compound, what color her burqa is. I think of the threats to the women on the provincial council, to F., and the recent killing of F.'s counterpart in Kandahar, as well as of F.'s own driver. I tell B. she must now call me when she reaches her afternoon classes. I make her change her route and ask her to call me after she arrives home each night.

* * *

F. and the other women in Helmand's department of women's affairs have avoided going to their new building since her driver was killed, so B. and I head to the old office for a meeting. For this three-block drive, B. covers all but her eyes. She says she doesn't want to be seen in our vehicles; it frightens her. In the front seat, two middle-aged former soldiers from South Africa serve as our escorts. They are carrying automatic weapons; we all wear body armor.

During the meeting, we hear a large explosion. On the way back to the compound, we learn that it was a suicide bomb at the market nearby. It killed 23 people, many of them women and children doing their midday shopping.

The intentional killing of innocents, virtually around the corner. We go to dinner, talk about it briefly, then move on to new recipe ideas. Without our being conscious of it, numbness sets in.September 2006

The head of the British government's drug team is pacing on the tarmac in Kabul, his bulletproof vest a stark contrast to his summery plaid shirt and rumpled khaki suit. He and his colleagues don't get to Helmand much, and he seems anxious.

We are headed back to Lashkar Gah, to a counter-narcotics shura, a consultation with religious leaders and tribal elders. Planting season is fast approaching, so the pressure is on to encourage people to plant something other than poppy. To increase confidence in him, we've told locals that the governor of Helmand has called the meeting. In truth, the meeting was put together by the British drug team working with USAID and the State Department.

We arrive two hours late and enter a room crowded with somber, sweating men. Some have traveled for more than a day to be here.

After a series of benign speeches by the governor and the ministers of agriculture and of rural reconstruction and development -- speeches that fail to make use of the statistics and talking points we've worked around the clock to produce -- the crowd asks questions. The men become worked up, but all I hear are the predictable complaints: There are no alternatives to poppy. Why can't you just raise the price of cotton, we'd all grow it instead. Where has all the reconstruction money gone?

I am getting as agitated as the crowd, because I know that the materials in the unopened plastic folders would have preempted all these questions. I watch the ministers take notes as the governor mops the sweat from his face and neck.

I get up and go into the hall, where the governor's shooters are pacing. But before I can leave, the meeting breaks and I am led to a private lunch where 30 people sit in silence.

* * *

Another suicide bombing, this one even closer to the compound. I'm in the reception area. At first I think someone has slammed the metal-and-glass door behind me really hard, so I keep talking. We've just received 15,000 information booklets that I've designed. I'm showing them to our Afghan staff when I notice people running.

Our security force comes through the door and rushes past with weapons in hand. We cancel the road move we had planned and some of us gather to watch the smoke rise. The bomb killed 21 people down the street, about a block and a half away.

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Once every few days, I think about the very real chance that this could be B.'s last day, some guard's, even mine. Bribes are offered and accepted frequently here, and I wonder when someone wearing an explosive vest will pay off one of our Afghan guards for access to our building.October 2006

It is my final full day in Afghanistan. I feel spent. I make some green tea out of sight of colleagues who are fasting for Ramadan. If depressing had a taste, I think it would be lukewarm, unsweetened green tea.

It occurs to me that I have been set up to fail, and that this is what has made me so tired, not the dysentery or the malaria or the long days and nights. On the good days, I still feel like progress is possible. Other days, I internalize the project's failure, and that is the feeling I leave Afghanistan with. The sandbagged walls and armored vehicles have not prevented guilt from penetrating my bones.

I now think that the West can do little if anything to quell the opium poppy trade, except to intercept the traffickers. This will be true as long as Helmand's residents refuse to recognize and respect the central government; as long as streets and schools, markets, mosques and government buildings are targeted by suicide bombers; as long as elders strike deals with the Taliban and government officials themselves profit from poppy production.

Still, I wish I could have been and done more. Then on this last day, I see the photographs of our public information materials being distributed in the villages of Helmand. They show wide-eyed children studying the pictures, teachers in full classrooms pointing to pages in the booklets I wrote, smiling policemen handing them out.

I don't know if the words and images inspired any conversations about hope and possibility. But in my final hours in this country, these pictures allow me, at last, to feel some small glimmer of satisfaction.

Holly Barnes Higgins is a former aid worker in Afghanistan and Angola.

Wrong Model For Afghanistan (NYT)

The New York Times, February 4, 2007

There is no question that Afghanistan needs to wage a far more effective fight against opium trafficking if it ever hopes to achieve a stable peace. But Colombia — another United States ally whose narcotics trade is helping finance a lethal insurgency — is not the model to follow.

Unfortunately, that is exactly what America's top-ranking military officer, Gen. Peter Pace, recently called for, after the nomination of Washington's current ambassador in Bogotá, William Wood, to be the new American ambassador in Kabul.

The limited gains Colombia has achieved in recent years have been offset by an overly generous amnesty program for right-wing paramilitary leaders and drug traffickers, which has seriously compromised the rule of law. And American aid has been disproportionately directed into military and police programs, leaving far too little to promote alternative livelihoods for Colombia's farmers. Despite all the money spent, the amount of land planted with coca crops has risen and the net harvest has been reduced only slightly. Afghanistan's problems will not be solved by copying these mistakes.

Last year Afghanistan produced 90 percent of the world's opium — a rise of almost 50 percent from the year before. The exploding drug trade is not just a problem for Europe, where most of the heroin produced from that opium ends up. It is a major destabilizing force inside Afghanistan.

Drug money, which represents roughly 35 percent of the country's gross domestic product, is fueling government corruption, financing warlords — some pro-government and some pro-Taliban — and adding to a dangerous disillusionment with President Hamid Karzai's government.

Most of the American aid sent to Kabul since 2001 has gone into security programs and short-term relief and reconstruction, not the long-term development on which lasting security depends. This has left Afghan farmers prey to drug traffickers who often supply the only credit available, with repayment expected in opium poppies.

And with no visible help coming from Kabul or Washington toward alleviating crushing poverty, people in Afghanistan's southern provinces are beginning to look favorably toward a resurgent Taliban. The significantly increased American aid package for Afghanistan announced last month needs to focus more on development. Mr. Wood needs to bring a different set of priorities to Afghanistan, not simply repeat the mistakes Washington has made in Colombia.

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U.S. Attorney Firings Set Stage For Congressional Battle (WP)

By Dan Eggen

The Washington Post, February 4, 2007

H.E. "Bud" Cummins III had served for five years as the U.S. attorney in Little Rock -- a job he obtained in large part because of his credentials as a longtime GOP lawyer and avid supporter of President Bush.

So Cummins, 47, was more than a little surprised when he got a call from the Justice Department last year asking him to resign. He was told there was nothing wrong with his performance, but that officials in Washington wanted to give the job to another GOP loyalist.

"I don't think many of us were aware that the administration might want to ask someone to step aside just to give someone else an opportunity," said Cummins, who left office in December and was replaced by J. Timothy Griffin, a former aide to presidential adviser Karl Rove. "The precedent was that once you were appointed, assuming you were successful in office, you were there until there was a change in the White House."

Cummins was the first in a wave of seven U.S. attorneys to be fired by the Justice Department, a move that has prompted sharp criticism from Democrats in Congress and has set the stage for a legislative battle over the attorney general's power to appoint federal prosecutors.

Six of the prosecutors received calls notifying them of their firings on a single day shortly before Christmas, officials said, including the U.S. attorney who oversaw a prominent public corruption probe in San Diego and a prosecutor in New Mexico whose life as a military lawyer was portrayed by Tom Cruise in the movie "A Few Good Men." Most have told colleagues that they have no idea why they were shoved out, according to aides.

A little-noticed provision passed last year allows Attorney General Alberto R. Gonzales to appoint interim U.S. attorneys indefinitely without seeking approval from the Senate. Fearing an attempted end run around congressional prerogatives, both House and Senate Democrats have introduced legislation to repeal the provision. The Senate Judiciary Committee is scheduled to hold a hearing on the issue Tuesday.

"The U.S. attorneys' job is too important for there to be unnecessary disruptions, or worse, any appearance of undue influence," Sen. Dianne Feinstein (D-Calif.) said in a floor speech last month.

Gonzales and his aides say that they intend to seek Senate approval for every new U.S. attorney and that the old system, which allowed federal judges to appoint replacements, has both practical and constitutional problems. Justice Department officials also defend Gonzales's right to fire U.S. attorneys at will and have suggested that each of the recently dismissed prosecutors had performance problems.

"Every U.S. attorney, like the attorney general of the United States, serves at the pleasure of the president," Gonzales said in a recent interview with The Washington Post. "We can be asked to leave at any time; we can be asked to leave for any reason."

He added later: "From time, to time we make an evaluation as to whether we believe we can put in people who can produce better results, who can do a better job."

But there is also evidence that broader political forces are at work. One administration official, who spoke on the condition of anonymity in discussing personnel issues, said the spate of firings was the result of "pressure from people who make personnel decisions outside of Justice who wanted to make some things happen in these places."

Several of those fired have already left, and the rest will be gone by the end of the month.

The dismissals include the heads of two of the most important U.S. attorneys' offices in the country: Carol S. Lam in San Diego and Kevin Ryan in San Francisco. The others were John McKay in Seattle; David C. Iglesias in New Mexico; Daniel G. Bogden in Nevada; and Paul K. Charlton in Arizona. All declined to comment for this story.

Ryan's departure was perhaps the least surprising because his tenure had been marked by public complaints about plummeting morale and high staff turnover. But Lam's departure has been more controversial, prompting public complaints from the head of the local FBI field office and questions from Sen. Patrick J. Leahy (D-Vt.), Rep. John Conyers Jr. (D-Mich.) and others.

Some Democrats speculated that the administration was attempting to undermine the ongoing corruption probe centered on former representative Randy "Duke" Cunningham (R-Calif.), which was overseen by Lam.

"We have people from the FBI indicating that Carol Lam has not only been a straight shooter but a very good prosecutor," Feinstein said. "Therefore, it is surprising to me to see that she would be, in effect, forced out, without cause. This would go for any other U.S. attorney among the seven who are on that list."

Justice Department officials -- who discussed personnel issues on the condition of anonymity -- said that Lam's record was far more mixed, noting that prosecutions of firearms offenses plunged during her tenure and that she personally oversaw a major health-care fraud case that ended in a mistrial.

Another surprise was the firing of McKay, whom Cummins described as "a rock-star U.S. attorney" and whose effort to build a law enforcement database is the template for a new nationwide program at Justice. McKay was also rebuffed for a federal judgeship at the same time.

Like President Bill Clinton before him, Bush removed nearly all the U.S. attorneys when he came into office and replaced them with his own Senate-confirmed appointments. Under previous statutes, the attorney general had the power to appoint an interim prosecutor for 120 days in the case of a vacancy, but then it was up to the local district court to make an appointment until the Senate approved a final pick.

Gonzales and many legal experts say that arrangement was a troubling intrusion on the separation of powers between the independent branches of government.

A new provision, which was quietly tucked into USA Patriot Act reauthorization legislation last year, allows Gonzales to appoint interim prosecutors indefinitely. Not counting the recent dismissals, there have been 11 vacancies since the measure was enacted, and Justice Department officials said they will provide nominations to the Senate for each position.

Feinstein and other Democrats fear the provision would allow an attorney general to avoid Senate confirmation of U.S. attorneys altogether and are proposing a return to the previous system.

B. Mahlon Brown III, a former U.S. attorney for Nevada who now heads the National Association of Former United States Attorneys, said most members of the group are in "shock and awe" over the wave of firings. "It goes against all tradition, and it's very troubling to a lot of us," Brown said.

But Dennis W. Boyd, executive director of the National Association of Assistant U.S. Attorneys, which represents currently employed federal prosecutors, said many of the group's members "do not see it as particularly unusual." Seven firings among 93 U.S. attorneys offices are not that many, Boyd added.

Cummins said "the political aspect of it shouldn't really be a shock to anybody," noting his own status as an active Republican lawyer who served as one of Arkansas's electors committed to Bush in 2000.

"Every U.S. attorney knows they serve at the pleasure of the president," he said.

CORPORATE SCANDALS:

Thomas To Review Stock Option Grants (AP)

AP, February 4, 2007

Thomas Group to Review Stock Option Practices

IRVING, Texas (AP) -- Thomas Group Inc., a management consulting firm, said Friday that it is initiating a review of its past stock option granting practices and will report its fourth-quarter and full-year results when the review is complete.

The company said that the stock options review was initiated voluntarily and not in response to an inquiry by the Securities and Exchange Commission or any other regulatory agency. More than 100 companies are under investigation by the SEC or Justice Department for their stock option granting practices, and at least 93 others have launched their own internal reviews, according to an Associated Press review.

Thomas said it plans to report its full quarterly and full-year earnings and file its Form 10-K annual report by the March 31 filing deadline.

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The company did report revenue for the quarter ended Dec. 31 and the full year. Thomas said quarterly revenue increased 26 percent to $14.8 million from $11.7 million in the year-earlier period. For the full-year, revenue increased 38 percent to $59.5 million from $43.1 million in 2005.

Thomas Group also said it increased its signed contracts 46 percent in 2006 to $59.5 million from $40.8 million in 2005.

Shares of Thomas Group fell 14 cents to $13.70 in after-hours trading, after rising 13 cents to close at $13.84 on the Nasdaq.

CRIMINAL LAW:

Vice President's Shadow Hangs Over Trial (WP)

By R. Jeffrey Smith, Carol D. Leonnig

The Washington Post, February 4, 2007

Vice President Cheney's press officer, Cathie Martin, approached his chief of staff, I. Lewis "Scooter" Libby, on Air Force Two on July 12, 2003, to ask how she should respond to journalists' questions about Joseph C. Wilson IV. Libby looked over one of the reporters' questions and told Martin: "Well, let me go talk to the boss and I'll be back."

On Libby's return, Martin testified in federal court last week, he brought a card with detailed replies dictated by Cheney, including a highly partisan, incomplete summary of Wilson's investigation into Iraq's suspected weapons of mass destruction program.

Libby subsequently called a reporter, read him the statement, and said -- according to the reporter -- he had "heard" that Wilson's investigation was instigated by his wife, an employee at the CIA, later identified as Valerie Plame. The reporter, Matthew Cooper of Time magazine, was one of five people with whom Libby discussed Plame's CIA status during those critical weeks that summer.

After seven days of such courtroom testimony, the unanswered question hanging over Libby's trial is, did the vice president's former chief of staff decide to leak that disparaging information on his own?

No evidence has emerged that Cheney told him to do it. But Cheney's dictated reply is one of many signs to emerge at the trial of the vice president's unusual attentiveness to the controversy and his desire to blunt it. His efforts included the extraordinary disclosure of classified information, including one-sided synopses of Wilson's report and a 2002 intelligence estimate on Iraq.

Under questioning from FBI agent Deborah S. Bond, Libby acknowledged that he and Cheney "may have talked" aboard the plane from Norfolk that day about whether to make public Plame's CIA employment, Bond testified Thursday.

Her testimony brought Cheney closer than ever to the heart of the controversy surrounding the Bush administration's efforts to discredit Wilson, who had accused the White House of twisting intelligence he had gathered as it sought to justify the invasion of Iraq.

White House officials testified that Cheney was irritated because he thought Wilson had alleged the vice president sent him on the fact-finding trip to Niger but rejected the investigation's conclusions. Time after time at the height of the controversy, they said, Cheney directed the administration's response to Wilson's criticism and Libby carried it out.

Cheney personally dictated other talking points for use by the White House press office; helped negotiate the wording of a key statement by then-CIA Director George J. Tenet; instructed Libby to deal directly with selected reporters; told Libby to disclose selected passages from the national intelligence estimate and other classified reports; and held a luncheon for conservative columnists to discuss the controversy.

Throughout this period, Cheney kept a news clipping of Wilson's criticisms on his desk, annotated with the question, "did his wife send him on a junket?" according to court statements. Libby told a grand jury that he and Cheney discussed it on multiple occasions each day.

Randall Eliason, a former chief of public corruption prosecutions for the U.S. Attorney's Office in Washington, said, "There has been significant evidence of how deeply the vice president was involved. If Cheney is personally, deeply involved in it, it's Libby's job to be personally, deeply involved."

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Wilson was a former U.S. ambassador dispatched by the CIA the previous year -- at the suggestion of his wife but on a decision by other officials -- to determine whether Iraq had recently tried to acquire nuclear materials from Niger. The agency later said that it was responding to inquiries made by Cheney's office, the State Department and the Defense Department.

On July 6, 2003, 16 months after his return, Wilson publicly accused the administration of ignoring his report, which debunked the Iraq-Niger speculation, and of twisting his information to justify the invasion of Iraq.

Wilson's allegations provoked a political firestorm. Within days, the White House was forced to repudiate a key assertion President Bush had made in his State of the Union address, and Tenet issued an unusual public apology for failing to stop the president from making it. But rather than tamping down the controversy, the administration's backtracking only "made it flare up," as then-White House spokesman Ari Fleischer testified last week.

In its response, the White House wound up training its fire not only on the substance of Wilson's allegations but on him personally, trial testimony has shown.

Over the course of that week in July, bracketed by Wilson's published criticism and Cheney's flight back from Norfolk, three senior White House officials -- Libby, Fleischer and special presidential assistant Karl Rove -- inaccurately told or suggested to five reporters that Wilson had been dispatched to Niger by Plame, according to the testimony. Deputy Secretary of State Richard L. Armitage separately told columnist Robert D. Novak that Plame worked at the CIA, and Novak made that news public July 14.

The belittling implication of the disclosure, as Fleischer and others testified last week, was that nepotism, rather than Wilson's knowledge and experience, lay behind his involvement in the matter.

While Cheney and Libby have asserted that their sole intent in contacting journalists was to defend the credibility of their policy, prosecutors disclosed new evidence on Wednesday that the administration was focusing on Wilson himself. Cheney's then-communications director, Mary Matalin, advised Libby in a phone call July 10, prosecutor Peter Zeidenberg said.

Matalin, according to notes Libby made of the conversation, called Wilson "a snake" and warned that his "story has legs," Zeidenberg said. She laid out a plan: "We need to address the Wilson motivation. We need to be able to get the cable out. Declassified. The president should wave his wand."

While arguing unsuccessfully that the jury should see all of Libby's notes on the conversation, Zeidenberg said, "All we have heard from the defense all along is that Mr. Libby was only interested in responding on the merits." He said it was significant that Libby wrote down word for word "an extremely negative and ad hominem attack, if you will, about a critic."

Plame's employment at the CIA was classified, making it illegal for any official to knowingly and intentionally disclose it. Special Counsel Patrick J. Fitzgerald's 22-month investigation did not produce charges of that offense.

But Libby was indicted on charges of making false statements, obstruction of justice and perjury for denying that he was aware of Plame's employment and had disclosed it to journalists.

In courtroom testimony, witnesses have asserted that Cheney and two others told Libby about Plame in June, and that he told two journalists and Fleischer -- who in turn said he told two more journalists. It was, in short, a hot topic of gossip by the administration.

According to Martin's testimony, Cheney directed her early in the week of July 6 to keep track of daily news coverage of the controversy, including "who was continuing to comment." During a meeting on Capitol Hill, Martin said, Cheney "dictated to me what he wanted me to say" about it to reporters.

In a meeting July 8, Martin said, Cheney also decided that Libby would call NBC News reporters Andrea Mitchell and David Gregory to discuss the matter. Martin said she walked out during Libby's subsequent calls to the reporters.

After Mitchell suggested in a broadcast that the White House was "pushing blame" for the mess toward the CIA, Martin said, then-deputy national security adviser Stephen J. Hadley looked directly at Martin during a staff meeting and said such efforts were improper. At that moment, Martin said, Libby "looked down," in effect leaving her to absorb the blame.

Three months later, White House spokesman Scott McClellan publicly cleared Rove of leaking Plame's name -- inaccurately, as it turned out -- but provided no such statement about Libby.

According to Cheney's own notes, introduced at the trial last week, Cheney told McClellan that such a statement "has to happen today. Call out key press saying same thing about Scooter as Karl. Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

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Libby Fights To Keep Tapes From Public (PHI)

By Matt Apuzzo

The Philadelphia Inquirer, February 4, 2007

WASHINGTON - Former White House aide I. Lewis "Scooter" Libby is fighting to keep his grand jury testimony about the leak of a CIA officer's name from being released and broadcast.

That testimony - the sworn statements Libby gave investigators about his conversations with Vice President Cheney and journalists - is at the heart of his perjury trial. Special prosecutor Patrick Fitzgerald plans to play hours of recordings of that testimony in court next week to bolster his case that Libby lied and obstructed Fitzgerald's leak investigation.

Trial evidence is normally public, and all exhibits in Libby's case have been made public so far. Even though Fitzgerald successfully fought to get Libby's full grand jury testimony admitted into evidence, Libby's attorneys say the audiotapes should not be released outside the courtroom.

Defense attorney William Jeffress, who successfully argued a Supreme Court case that kept the Watergate tapes from being released, said in court Thursday that grand jury tapes are never meant to be made public.

He said he knew of no case in which such tapes have been released.

In the tapes, Libby discusses conversations he had regarding CIA officer Valerie Plame Wilson, the wife of a prominent Iraq war critic, former Ambassador Joseph Wilson. Her identity was leaked to reporters in 2003.

Nobody was charged with the leak. Fitzgerald said Libby learned her identity from Cheney and discussed it with journalists. Libby says that he forgot about his conversation with Cheney and that, when he heard about Valerie Wilson from a reporter weeks later, it struck him as new information.

Fitzgerald says Libby concocted that story to protect himself from prosecution, because repeating rumors from reporters was less serious than repeating sensitive information from Cheney.

If the tapes are released, they could be broadcast on television, radio and online. U.S. District Judge Reggie B. Walton said he worried that would sensationalize an already public trial.

Attorneys for the Associated Press and more than a dozen other news organizations argued in court documents yesterday that the tapes should be made public. Libby's testimony is far less sensational, they wrote, than other tapes that have been released in court, such as 911 phone calls from inside the World Trade Center and FBI tapes from the Abscam investigation.

Walton said he would consider the matter over the weekend.

Libby Prosecutors Await Judge's Rulings (CNN)

By Paul Courson, Cnn Washington Bureau

CNN, February 4, 2007

WASHINGTON (CNN) -- Prosecutors in the criminal trial of I. Lewis "Scooter" Libby plan to rest their case as soon as Tuesday.

Nearly a dozen witnesses have taken the stand in the past two weeks. The last witness is expected to be Tim Russert, moderator of NBC's "Meet the Press."

Libby, Vice President Dick Cheney's former chief of staff, is fighting a five-count indictment including charges of perjury and obstruction of justice related to the public disclosure of a one-time operative at the CIA.

Valerie Plame's identity was made public in a column by Robert Novak on July 14, 2003. Libby told a grand jury that Russert told him the operative's name four days earlier, but a former New York Times reporter testified last week that Libby gave her Plame's name the previous month.

Libby is not accused of leaking classified information, but Special Counsel Patrick Fitzgerald hopes to show Libby lied under oath trying to save his job.

"You may be involved in something that is a big mess in terms of law, in terms of politics and in terms of getting yourself fired," Fitzgerald said Thursday as he tried to establish Libby's state of mind with proposed evidence that could include newspaper articles Libby had saved in his office.

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Fitzgerald on Thursday asserted he has proof as to what Libby "had in mind when he made up a story that says, 'You know what? I forgot everything that ever came from the vice president. That wasn't what I passed on. I passed on what came from Mr. Russert when Mr. Russert told me that all the reporters are saying it.' "

Fitzgerald wants the jury to consider two undisclosed newspaper articles Libby had saved in his office files. Defense attorneys have objected, saying the articles contain all manner of hearsay they would not be able to challenge in court.

U.S. District Judge Reggie Walton hopes to rule on the evidence by the time the trial resumes Monday and before the defense makes its case.

Libby resigned after he was indicted by a federal grand jury in October 2005.

The story started more than three years earlier, when former Ambassador Joseph Wilson made a trip to Africa in February 2002, investigating whether Iraq, under Saddam Hussein, had tried to acquire uranium from the African country of Niger.

Wilson told the CIA he doubted there were any transactions.

Almost a year later, President Bush asserted the disputed link between Iraq and Niger in his State of the Union address. The reference was later renounced by the head of the CIA, partly because of a firestorm caused by Wilson openly questioning the claim in a column in the New York Times.

By June 2003, information began circulating more widely among reporters that Plame was Wilson's wife and worked at the CIA, and among officials that Plame had arranged for her husband's trip, according to testimony in the Libby case.

Thursday, an FBI agent took the witness stand for the prosecution to describe the first Libby interview in connection with an investigation as to how Plame's name got out.

Defense attorney William Jeffress, on cross-examination of Agent Deborah Bond, recounted her report that Libby had told her "he had been told by the vice president during a telephone call that Mrs. Wilson worked at the CIA in the Counter Proliferation Division, correct?"

Agent Bond replied, "Yes, but that he had forgotten about it."

The phone call between Libby and Cheney took place on June 12, 2003, about a month before Libby says he first learned about Wilson's wife from NBC's Russert, according to testimony and documents presented at trial.

Since the jury was seated January 23, prosecutors have called witnesses from the CIA, the White House and the press. Testimony and evidence include handwritten notes by Libby, Cheney, the vice-president's spokeswoman, his legal counsel, and two reporters with knowledge of the story.

Courtroom devices have included audiotapes of Libby's secret grand jury testimony, videotapes of White House briefings, and opportunities for the members of the jury to hand questions to the judge to ask witnesses.

Prosecutors have hours of recordings of Libby's grand jury testimony they want to introduce as evidence.

But if Walton allows the recordings to be played in the courtroom, defense attorneys hope to block their public release. Walton indicates he is inclined to agree, as he tries to avoid exposing the nonsequestered members of the jury to media coverage of LIbby's trial.

As the second week drew to a close, Walton said coverage would become all the more "sensational" if the recordings were broadcast on news and talk programs.

Walton already was thinking of putting constraints on evidence and testimony admitted after Libby lawyer Ted Wells declared his intention to call Cheney to the witness stand.

Defense attorneys also have former CIA Director George Tenet and Rove on a list of proposed witnesses.

Why Dick Cheney Cracked Up (NYT)

By Frank Rich

The New York Times, February 4, 2007

IN the days since Dick Cheney lost it on CNN, our nation's armchair shrinks have had a blast. The vice president who boasted of "enormous successes" in Iraq and barked "hogwash" at the congenitally mild Wolf Blitzer has been roundly judged delusional, pathologically dishonest or just plain nuts. But what else is new? We identified those diagnoses long ago. The more intriguing question is what ignited this particularly violent public flare-up.

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The answer can be found in the timing of the CNN interview, which was conducted the day after the start of the perjury trial of Mr. Cheney's former top aide, Scooter Libby. The vice president's on-camera crackup reflected his understandable fear that a White House cover-up was crumbling. He knew that sworn testimony in a Washington courtroom would reveal still more sordid details about how the administration lied to take the country into war in Iraq. He knew that those revelations could cripple the White House's current campaign to escalate that war and foment apocalyptic scenarios about Iran. Scariest of all, he knew that he might yet have to testify under oath himself.

Mr. Cheney, in other words, understands the danger this trial poses to the White House even as some of Washington remains oblivious. From the start, the capital has belittled the Joseph and Valerie Wilson affair as "a tempest in a teapot," as David Broder of The Washington Post reiterated just five months ago. When "all of the facts come out in this case, it's going to be laughable because the consequences are not that great," Bob Woodward said in 2005. Or, as Robert Novak suggested in 2003 before he revealed Ms. Wilson's identity as a C.I.A. officer in his column, "weapons of mass destruction or uranium from Niger" are "little elitist issues that don't bother most of the people." Those issues may not trouble Mr. Novak, but they do loom large to other people, especially those who sent their kids off to war over nonexistent weapons of mass destruction and nonexistent uranium.

In terms of the big issues, the question of who first leaked Ms. Wilson's identity (whether Mr. Libby, Richard Armitage, Ari Fleischer or Karl Rove) to which journalist (whether Mr. Woodward, Mr. Novak, Judith Miller or Matt Cooper) has always been a red herring. It's entirely possible that the White House has always been telling the truth when it says that no one intended to unmask a secret agent. (No one has been charged with that crime.) The White House is also telling the truth when it repeatedly says that Mr. Cheney did not send Mr. Wilson on his C.I.A.-sponsored African trip to check out a supposed Iraq-Niger uranium transaction. (Another red herring, since Mr. Wilson didn't make that accusation in the first place.)

But if the administration is telling the truth on these narrow questions and had little to hide about the Wilson trip per se, its wild overreaction to the episode was an incriminating sign it was hiding something else. According to testimony in the Libby case, the White House went berserk when Mr. Wilson published his Op-Ed article in The Times in July 2003 about what he didn't find in Africa. Top officials gossiped incessantly about both Wilsons to anyone who would listen, Mr. Cheney and Mr. Libby conferred about them several times a day, and finally Mr. Libby, known as an exceptionally discreet White House courtier, became so sloppy that his alleged lying landed him with five felony counts.

The explanation for the hysteria has long been obvious. The White House was terrified about being found guilty of a far greater crime than outing a C.I.A. officer: lying to the nation to hype its case for war. When Mr. Wilson, an obscure retired diplomat, touched that raw nerve, all the president's men panicked because they knew Mr. Wilson's modest finding in Africa was the tip of a far larger iceberg. They knew that there was still far more damning evidence of the administration's W.M.D. lies lurking in the bowels of the bureaucracy.

Thanks to the commotion caused by the leak case, that damning evidence has slowly dribbled out. By my count we now know of at least a half-dozen instances before the start of the Iraq war when various intelligence agencies and others signaled that evidence of Iraq's purchase of uranium in Africa might be dubious or fabricated. (These are detailed in the timelines at frankrich.com/timeline.htm.) The culmination of these warnings arrived in January 2003, the same month as the president's State of the Union address, when the White House received a memo from the National Intelligence Council, the coordinating body for all American spy agencies, stating unequivocally that the claim was baseless. Nonetheless President Bush brandished that fearful "uranium from Africa" in his speech to Congress as he hustled the country into war in Iraq.

If the war had been a cakewalk, few would have cared to investigate the administration's deceit at its inception. But by the time Mr. Wilson's Op-Ed article appeared — some five months after the State of the Union and two months after "Mission Accomplished" — there was something terribly wrong with the White House's triumphal picture. More than 60 American troops had been killed since Mr. Bush celebrated the end of "major combat operations" by prancing about an aircraft carrier. No W.M.D. had been found, and we weren't even able to turn on the lights in Baghdad. For the first time, more than half of Americans told a Washington Post-ABC News poll that the level of casualties was "unacceptable."

It was urgent, therefore, that the awkward questions raised by Mr. Wilson's revelation of his Africa trip be squelched as quickly as possible. He had to be smeared as an inconsequential has-been whose mission was merely a trivial boondoggle

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arranged by his wife. The C.I.A., which had actually resisted the uranium fictions, had to be strong-armed into taking the blame for the 16 errant words in the State of the Union speech.

What we are learning from Mr. Libby's trial is just what a herculean effort it took to execute this two-pronged cover-up after Mr. Wilson's article appeared. Mr. Cheney was the hands-on manager of the 24/7 campaign of press manipulation and high-stakes character assassination, with Mr. Libby as his chief hatchet man. Though Mr. Libby's lawyers are now arguing that their client was a sacrificial lamb thrown to the feds to shield Mr. Rove, Mr. Libby actually was — and still is — a stooge for the vice president.

Whether he will go to jail for his misplaced loyalty is the human drama of his trial. But for the country there are bigger issues at stake, and they are not, as the White House would have us believe, ancient history. The administration propaganda flimflams that sold us the war are now being retrofitted to expand and extend it.

In a replay of the run-up to the original invasion, a new National Intelligence Estimate, requested by Congress in August to summarize all intelligence assessments on Iraq, was mysteriously delayed until last week, well after the president had set his surge. Even the declassified passages released on Friday — the grim takes on the weak Iraqi security forces and the spiraling sectarian violence — foretell that the latest plan for victory is doomed. (As a White House communications aide testified at the Libby trial, this administration habitually releases bad news on Fridays because "fewer people pay attention when it's reported on Saturday.")

A Pentagon inspector general's report, uncovered by Business Week last week, was also kept on the q.t.: it shows that even as more American troops are being thrown into the grinder in Iraq, existing troops lack the guns and ammunition to "effectively complete their missions." Army and Marine Corps commanders told The Washington Post that both armor and trucks were in such short supply that their best hope is that "five brigades of up-armored Humvees fall out of the sky."

Tomorrow is the fourth anniversary of Colin Powell's notorious W.M.D. pantomime before the United Nations Security Council, a fair amount of it a Cheney-Libby production. To mark this milestone, the White House is reviving the same script to rev up the war's escalation, this time hyping Iran-Iraq connections instead of Al Qaeda-Iraq connections. In his Jan. 10 prime-time speech on Iraq, Mr. Bush said that Iran was supplying "advanced weaponry and training to our enemies," even though the evidence suggests that Iran is actually in bed with our "friends" in Iraq, the Maliki government. The administration promised a dossier to back up its claims, but that too has been delayed twice amid reports of what The Times calls "a continuing debate about how well the information proved the Bush administration's case."

Call it a coincidence — though there are no coincidences — but it's only fitting that the Libby trial began as news arrived of the death of E. Howard Hunt, the former C.I.A. agent whose bungling of the Watergate break-in sent him to jail and led to the unraveling of the Nixon presidency two years later. Still, we can't push the parallels too far. No one died in Watergate. This time around our country can't wait two more years for the White House to be stopped from playing its games with American blood.

Libby Prosecutors Hope To Show Marked News Articles (WP)

By Carol D. Leonnig

The Washington Post, February 4, 2007

The day of his interview with the FBI, Vice President Cheney's then-top aide hand-marked copies of two Washington Post articles about the breadth of a criminal leak investigation -- and underlined were passages suggesting that any official who had told reporters about a CIA officer could be in legal jeopardy, prosecutors said in court filings yesterday.

Government prosecutors argued that the October 2003 articles -- stored in former chief of staff I. Lewis "Scooter" Libby's personal folders, and printed from the Internet at his request -- show that Libby had a motive to lie about his secret conversations with reporters and knew that he could be in trouble.

The prosecutors are urging presiding U.S. District Judge Reggie B. Walton to let the articles be placed into evidence so the jury can see them.

Libby told investigators in 2004 that he kept and read the articles, according to the filings, and that he may have underlined the key passages about criminal liability and investigators' interest in any officials' discussions with reporters about CIA officer Valerie Plame.

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Plame's name was revealed in a syndicated column by Robert D. Novak on July 14, 2003 -- eight days after her husband, Joseph C. Wilson IV, accused the administration of twisting intelligence to justify war with Iraq.

Defense attorneys argued in competing filings yesterday that the Oct. 4 and Oct. 12 articles, written by Walter Pincus and Mike Allen, would prejudice the jury against Libby.

They say the articles are "inflammatory" because they indicate that Plame had been engaged in covert work in recent years and that revelations about her identity could harm national security interests -- both issues that, they argue, the judge has ruled are not relevant to Libby's trial.

Libby Trial Reveals What Prosecutor Wouldn't (CNN)

By Kevin Bohn, CNN Washington Bureau

CNN.com, February 4, 2007

In our Behind the Scenes series, CNN correspondents and producers share their experiences in covering news and analyze the stories behind the events. CNN's Kevin Bohn has been in the courtroom as the perjury and obstruction trial of the vice president's former chief of staff has unfolded.

WASHINGTON (CNN) -- As the trial of I. Lewis "Scooter" Libby goes on, we are learning more and more about special counsel Patrick Fitzgerald's investigation, which was prompted by the leak that Valerie Plame was an undercover CIA agent.

Fitzgerald was appointed in December 2003 to oversee the probe, which originally was being led by the Justice Department's criminal division.

The only public comment Fitzgerald made about the case before the trial began was in his news conference in October 2005.

Libby, the vice president's former chief of staff, is charged with lying to FBI agents and a grand jury investigating who leaked Plame's identity to the press.

Now we learning what witnesses told FBI agents or testified before a grand jury, and we are gaining more insight through the release of many documents related to the case.

Those range from a mundane calendar of then-Undersecretary of State Marc Grossman to the often-talked about memo from the State Department's intelligence unit about former ambassador Joseph Wilson's 2002 trip to investigate claims that Iraq was trying to obtain uranium in Africa.

We have seen correspondence between the Justice Department and Fitzgerald's office and Vice President Dick Cheney's office asking for documents, as well as subpoenas that were issued.

In fact, David Addington, the vice president's current chief of staff, says his office handed over more than 12,000 documents as part of the probe, including many handwritten notes from Libby himself.

Some of those notes had to be analyzed by experts to figure out exactly what Libby was saying since his handwriting is notoriously bad.

One of the more intriguing exhibits was the handwritten note from the vice president in which he appears to talk about how Libby should not be made a scapegoat.

"Not going to protect one staffer + sacrifice the guy (the words 'the Pres.' are marked out) that was asked to stick his neck in the meat grinder because of the incompetence of others," Cheney wrote.Jurors questioning witnesses

One unusual thing in this trial: allowing the jurors to ask questions of witnesses. Lawyers say it's rare in federal courtrooms but occurring more in some federal trials.

The presiding judge, Reggie Walton, is a former superior court judge where this practice is more common. Some lawyers say there is a lot of discussion about this type of activity to try to get the jury more involved and to allow them to address any doubts they might have.

Jurors have so far posed several questions for most of the witnesses.

When prosecutors and defense attorneys are finished with the witness, the jurors are given the chance to write questions on note cards which are handed to the judge. He and the lawyers on both sides then have a conference to decide if the questions

are appropriate for this witness or if they ask for speculation, whether they involve classified information, or whether they are asking about issues too far afield.

One of the questions posed by the jury for former New York Times reporter Judith Miller was, "Why did you make the decision to go to jail?"

Miller had discussed it briefly in her earlier testimony. In answer to the juror's question she said, "Because everything that I do and I have done in Washington -- all of my reporting depended on people coming to me and being able to trust me that I would protect them."

For former White House press secretary Ari Fleischer, one juror wanted to know more about the procedure used to make sure he understood an official was discussing classified information with him.

Many of the questions asked about specific points raised during testimony of the various witnesses, which seemed to indicate the jurors were paying pretty close attention.

There are several questions the judge has said he couldn't ask. One of them involved a request for classified information that caused the judge and lawyers to talk for an extended period. Eventually, the judge denied the request for the specific document.Journalists also on trial

Libby is not the only person being scrutinized in this trial. Several high-profile journalists have testified and others are expected to be called.

How journalists keep their notes, where they keep their notes and how they interpret attribution for information they were given have come under the microscope. There have been legal fights over the journalists' notes.

Some major points of stories weren't in their notes. Under cross-examination, Time magazine reporter Matthew Cooper admitted there is no reference to the quote he says Libby gave him confirming that Wilson's wife worked at the CIA. Defense attorneys also pointed out some of the sloppiness in Cooper's note taking.

When Miller explained that she had found about 50 notebooks in a shopping bag under her desk, defense attorney William Jeffress asked, "Was this standard method used for archiving your notes?"

After some in the courtroom chuckled, Miller responded "No. I was actually intending to take them home" but didn't get a chance to before she was jailed for contempt for refusing to discuss her sources with the grand jury.

Miller refused to answer questions from other reporters Wednesday afternoon after she had been grilled by Libby's attorneys. She was heard to tell her attorney that she was relieved it was over.

F.B.I. Investigating Complaint Against California Lawmaker (NYT)

By Jennifer Steinhauer, Philip Shenon

The New York Times, February 4, 2007

LOS ANGELES, Feb. 3 — The Federal Bureau of Investigation is investigating whether Representative Gary G. Miller, Republican of California, improperly used an unusual tax provision to avoid paying capital gains taxes on profits from land sales to California cities, law enforcement and government officials said.

Last summer, Citizens for Responsibility and Ethics in Washington, a watchdog group, filed a complaint with the Internal Revenue Service saying that Mr. Miller had failed to pay capital gains tax on the 2002 sale of 165 acres in Monrovia, Calif.

The complaint said Mr. Miller invoked a rarely used provision that allows tax deferment if the land that is sold is facing an eminent domain threat and the protected proceeds are reinvested within two years.

Mr. Miller, who would have faced about a 30 percent tax on the property under a normal sale, used the roughly $10 million in profits from the Monrovia sale to buy property in Fontana, Calif., from Lewis Operating Corp., one of his major campaign contributors, and then resold some of that land to the City of Fontana in 2005 and later in 2006.

Mr. Miller requested and was provided with letters from each city saying that they had the power to invoke eminent domain, said his spokesman, Scott Toussaint.

On Thursday, Mr. Toussaint said that Mr. Miller used the same tax deferment on the Fontana land sales, but on Friday said that he had not, and that Mr. Miller had paid back taxes to Monrovia.

Mr. Toussaint declined to provide documentation of those payments.

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Mr. Toussaint added that Mr. Miller had no knowledge of an F.B.I. investigation, and that the congressman, whose district snakes along a narrow swath of Los Angeles, Orange and San Bernardino Counties, had requested that the House Ethics Committee review the deals.

The committee has declined to comment on whether it has conducted an investigation. The committee's spokesman did not return a phone call for comment on Friday.

In recent weeks, the F.B.I. has interviewed current and former officials from Monrovia, said the city's spokesman, Dick Singer, and requested a videotape of a 2000 City Council meeting in which Mr. Miller appears, asking the council to buy his land.

Mr. Singer said in an interview that the city was interested in buying the land from Mr. Miller to avoid development on the site, which was later turned into a wildlife preserve.

The city passed a ballot measure to raise tax money from residents to match state funds to help buy the land, as well as parcels owned by other potential developers, but eminent domain was never invoked.

Mr. Singer said that Mr. Miller did request, and was given, a letter suggesting that the land could be condemned.

"We use eminent domain very, very, rarely," Mr. Singer said, saying its use was almost exclusively limited to commercial-use properties in areas where the city wants to develop housing.

"In 30 years we have done as much redevelopment as anyone in the country, and we have used it maybe a half-dozen times."

A former mayor of Monrovia, Lara Larramendi, has told reporters that she was contacted by investigators and that eminent domain was never mentioned in letters to Mr. Miller.

Reached Friday, Ms. Larramendi said she had been advised to not answer further press questions.

Multiple calls and an e-mail message to Kenneth Hunt, Fontana's city manager, were not returned, but in published reports, Mr. Hunt is quoted as saying that the city did not have eminent domain authority in the areas where Mr. Miller bought the land.

"You get a sense from the whole transaction that there is an unseemly underbelly of contacts and connections that, if not illegal, is deeply troubling," said Shaun P. Martin, a law professor at the University of San Diego. "Things are happening in this case that do not happen to regular people."

This week, Mr. Miller threatened to sue the City of Monrovia if it did not "retract or correct any misstatements made to the media or any governmental agencies" about the sale of the land.

"It was our feeling based on those letters that Miller had committed fraud," said Melanie Sloan, the executive director of the watchdog group that filed the complaint with the I.R.S. "There was no eminent domain and therefore he had no business claiming it."

In Washington, Mr. Miller sits on the Financial Services Committee and is the ranking Republican member of the subcommittee on oversight and investigations.

Former Manchester Mayor Arrested (LEXHL)

Lexington Herald-Leader (KY), February 4, 2007

DAUGH WHITE BEING HELD ON FEDERAL CHARGES

Federal authorities have arrested a longtime Eastern Kentucky mayor who lost re-election last November.

Former Manchester Mayor Daugh K. White was being held yesterday at the Laurel County Detention Center on federal charges, the facility confirmed. The charge against White was not available.

The FBI raided Manchester City Hall last October and seized a variety of records, but has not disclosed the nature of its investigation.

However, a state audit released in December said that while White was mayor, the city misused taxpayers' money by paving more than 30 private driveways, making undocumented loans to employees and private companies and paying for personal travel expenses of city workers.

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A spokesman for state Auditor Crit Luallen said the office had given a copy of its findings to the FBI, and current Mayor Carmen Lewis said questions from FBI agents indicated city finances are a focus of the inquiry. No information was available yesterday on whether charges against White had anything to do with that case.

Lewis beat White, a seven-term incumbent, in November after an aggressive campaign.

White becomes the third Clay County public figure arrested by federal authorities in the last few months.

Federal Indictment Of Fumo Is Expected Soon (PHI)

By John Shiffman, Mario F. Cattabiani And Craig R. Mccoy

The Philadelphia Inquirer, February 4, 2007

The four-year investigation of State Sen. Vincent J. Fumo is coming to an end, and lawyers familiar with the case expect him to be indicted soon, possibly as early as Tuesday.

Fumo, one of the most powerful politicians in Pennsylvania, last year received a target letter - a formal notice that he is likely to face charges related to the fraud and obstruction-of-justice probe.

Fumo recently told people close to him to brace for an indictment, and has assured them that he will vigorously fight the charges.

"He's looking forward to clearing his name," said a person close to the Philadelphia Democrat. "He's kind of relieved the investigation is coming to a close."

Since 2003, the FBI and IRS have grilled everyone from Fumo's florist to a Senate-paid private eye. Agents have scrutinized Fumo's yacht trips, his finances, his use of legislative staff - and his aides' alleged cover-up.

But the heart of the case appears to be whether Fumo illegally exploited a multimillion-dollar South Philadelphia charity to fund his personal and political agenda - using it, as one person close to the case put it, "as his personal piggy bank."

The charity, Citizens' Alliance for Better Neighborhoods, is funded mainly by public dollars and Peco Energy donations - most of the money won with Fumo's influence or help.

Early on, agents scrutinized those donations. Now, instead of pursuing how the money was raised, they are focused on how it was spent.

The Inquirer previously reported that the charity paid for political polls and secretly funded a lawsuit against a Fumo political rival.

The Inquirer has learned from sources that authorities are also investigating whether the charity bought Fumo household items and provided its SUVs - a Ford Expedition and a Lincoln Navigator - for Fumo to use on vacation.

Last week in Harrisburg, Fumo walked away without answering when asked whether he expected to be charged.

Fumo, who has served in the state Senate for nearly three decades, has said the investigation is politically inspired by the Bush White House.

Now 63, he has long been respected and at times feared for his intelligence, political instincts, and network of appointees and allies.

Fumo has faced criminal charges before, only to prevail against them.

In 1973, five years before he became a senator, he was arrested on charges of vote fraud, but the charges were quickly withdrawn.

In 1980, a federal jury convicted him of putting "ghost" employees on the state payroll, but a judge threw out the conviction, a decision affirmed on appeal.

Citizens' Alliance was founded in 1991 by Fumo allies, including two legislative aides.

One was Ruth Arnao, a close friend and a senior staffer in Fumo's legislative office in South Philadelphia until 2004. Until recently, Arnao, 51, was executive director of Citizens' Alliance. She, too, received a target letter last year. Her lawyer did not return phone calls seeking comment Friday.

The senator has extolled the charity's good works: rehabbing the Passyunk Avenue commercial strip, subsidizing charter schools, and doling out grants to the likes of the St. Edmunds Golden Age Club, a legal clinic for the disabled, and the Anti-Defamation League.

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FBI and IRS agents began investigating Fumo's relationship to Citizens' Alliance in 2004 after The Inquirer reported that the charity had collected millions of dollars in donations from unidentified sources.

The newspaper later revealed that the money had come from Peco Energy and the Delaware River Port Authority.

Peco secretly gave the charity $17 million as part of legal settlements in which Fumo agreed to drop his opposition to its business plans, the paper revealed. The senator has noted that Peco also agreed to cut bills to consumers as part of the settlements.

Fumo, long a power on the port authority, used his clout to obtain $10 million for Citizens' Alliance. The port authority is largely funded by tolls paid on its bridges and the PATCO commuter train.

Aside from the Peco and port authority money, Citizens' Alliance has received more than $4 million in state and other government grants.

As the federal probe nears its end, people knowledgeable about the inquiry say prosecutors have dropped the idea of bringing charges related to the Peco donations.

One source explained that prosecutors had concluded the donations weren't a crime because they had come as part of settlements in "real litigation," including a dispute over utility deregulation.

Fumo has portrayed his role in Citizens' Alliance as a patron.

"I don't get any benefits from it," Fumo said during a 2004 radio interview. "In fact, once in a while, I think they've picked up trash at my house and I've paid them $100 a month."

Trash pickup wasn't all that Citizens' Alliance did for Fumo, a source said.

On occasion, Fumo legislative aides drove Citizens' Alliance SUVs to Martha's Vineyard so Fumo could use them when he flew in for his annual vacations, according to a source familiar with the trips.

In a recent written response to Inquirer questions, Fumo's lawyer, Richard A. Sprague, said Fumo's work as a senator did not "cease even when he is on 'vacation.' "

Sprague said Fumo's Senate staff would drive office equipment to him - "computers, fax machines, etc."

"Sen. Fumo has long had the reputation as a tireless public servant whose efforts on behalf of Pennsylvania are not compressed into a 9-to-5, Monday through Friday schedule," Sprague wrote. "To the contrary, Sen. Fumo and his staff work 24/7 at the job of being the most effective Senate office in the commonwealth."

While Fumo has generally declined to talk about the investigation, his supporters have dismissed the inquiry as a witch-hunt that has ignored the good work of Citizens' Alliance and sought to criminalize mistakes and legitimate spending.

In reference to the lawsuit, the polls, and alleged obstruction of justice, Fumo's supporters offer explanations:

In 2001, the charity anonymously funded a legal challenge to then-Republican State Sen. Robert Jubelirer, a Fumo political enemy. The suit unsuccessfully sought to stop Jubelirer from serving simultaneously in the Senate and as lieutenant governor. Sprague has said the charity's payment was justified because the issue was of "great public importance." He suggested that the secrecy had been necessary to protect the nonprofit from "retaliation from the very officials involved in the litigation."

In 2002 and 2003, Citizens' Alliance paid more than $200,000 for political polling. After questions were raised, one of the senator's campaign funds reimbursed the charity. Fumo's supporters say it was an accounting error.

Last year, two former Senate aides, Leonard Luchko and Mark Eister, were charged with obstruction of justice, accused of deleting Fumo office e-mail as part of an effort to thwart the FBI investigation. In court filings, prosecutors have said they are investigating whether Fumo was involved in that alleged cover-up.

Fumo staffers have said that long before the investigation began, office policy required employees to delete old e-mail on a regular basis.

Prosecutors have tried to get Luchko and Eister to testify against Fumo - without success. Their lawyers say Luchko and Eister have done nothing wrong and have nothing bad to say about Fumo.

The grand jury investigating Fumo is set to expire within two weeks. Prosecutors have said they will complete their investigation by then.

Already, the grand jury has heard a mountain of evidence, generating thousands of pages of transcripts, a court filing shows.

FBI agents and prosecutors have issued scores of subpoenas. Seized e-mails alone run for 40,000 pages, prosecutors have said.

One other focus of the case has been Fumo's use of luxury yachts of the Independence Seaport Museum, where he sits on the board.

The museum leased one such boat for Fumo in 2001 at a cost of $13,375. He reimbursed the museum for the cruise in April 2004, three months after news of the investigation broke and more than 21/2 years after the trip, The Inquirer has learned.

Agents have conducted hundreds of interviews, seeking information from City Council members tied to Fumo, from the senator's political advisers - and from Frank Wallace, the private detective who has been retained by the state Senate Appropriations Committee.

Wallace's lawyer, Frank DeSimone, declined to comment Friday. It is not known why the FBI spoke with Wallace.

Two weeks ago, two of Fumo's close friends, South Philadelphia florists Jerry and Ann Catania, were seen trudging into the grand jury area. Their lawyer, Michael M. Mustokoff, declined to comment, and it could not be learned why the Catanias had been called to testify.

Fumo has long used the Catanias' business, Ten Pennies, to garland political fund-raisers. Since 2003, records show, Fumo's campaigns have paid the florists $176,000.

FBI Probe Of Perata Apparently In Limbo (SANMCT)

By Steven Harmon, MEDIANEWS SACRAMENTO BUREAU

San Mateo County Times, February 4, 2007

State senator seems unconcerned with investigation into campaign spending

SACRAMENTO — Senate President Pro Tem Don Perata has spent nearly $1 million defending himself against a federal probe into whether he illegally funneled money to family and close associates.

But more than two years after the harsh light of suspicion first fell on the 61-year-old East Bay Democrat, the FBI investigation appears to have fallen quietly into a black hole of obscurity.

The flurry of subpoenas flying out of FBI offices in San Francisco has slowed to an apparent stop. There haven't been any publicly acknowledged FBI interviews of witnesses since last summer. Images of FBI investigators carting off computer files and papers from Perata's home have faded. The urgency to defend Perata has also waned: Money going into Perata's legal defense fund has essentially dried up, and his debts are nearly all paid up.

Perata has walled himself and his staff from the investigation by handing all legal issues to his Sacramento-based law firms: Stevens & O'Connell, which serves as his main counsel, and Olson, Hagel & Fishburn, which specializes in campaign finance law. Democratic political consultant, Jason Kinney, a former political aide to former Gov. Gray Davis, is handling public relations duties for Perata.

"This situation — we don't even call it an investigation — doesn't touch him in any way," Kinney said. "He's been forced to put together a legal team so they can be prepared for anything that comes along ... and so he can focus 100 percent

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of his energies on rebuilding California, the needs of his caucus and constituents. Rarely do these worlds intertwine."

Perhaps one measure of Perata's concern over the probe can be discerned from his defense fund, which now totals $168.22. After receiving $441,000 in contributions in 2005, the fund took in just $5,150 in contributions last year, according to campaign finance reports released this week.

Not only has fundraising slowed, so has spending. Having shelled out $682,305 from his defense fund in 2005, last year Perata spent $283,609 to cover debts — and $260,000 of that was covered by a transfer from his campaign committee, Taxpayers for Perata.

Having paid $965,914 total in legal expenses, he still owes $55,255 to his lawyers.

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The original charges centered on payments that Perata's campaign committees, or side committees controlled by friends, made to Perata's relatives and close associates for campaign work. Some of that money went back to Perata for rent or consulting services.

Timothy Staples, a longtime friend and former college roommate, got similar treatment. A pair of political consulting businesses Staples ran received contracts from committees financed by the senator's campaign donors. Staples paid Perata more than $200,000 for consulting services in 2002 and 2003. Perata has since severed business relations with Staples.

Perata refuses to talk about the investigation with reporters and it appears to be a nonissue in the Capitol. In fact, he has never been stronger as the leader of the Senate, having just been re-elected by his caucus without a whiff of a challenge that would seem certain if anyone sensed he was vulnerable.

He made full use of his position to help usher one of the Legislature's most productive sessions last year, and took the lead in the successful campaign to pass $37.3 billion in infrastructure bonds.

Perata has appeared unfazed through it all, plowing through the daily demands of being leader and remaining unbridled in his views. He has regular meetings with the governor and Assembly Speaker Fabian Nunez, D-Los Angeles, has maintained a visible presence at the Capitol, and has even advocated extending his own term limits and, hence, his power as leader of the Senate.

But no one knows if another shoe is out there ready to drop. The FBI has made no comment on where the investigation is, whether they're about to indict or if they're ready to close up shop — and a spokeswoman said they won't comment. They don't even have to inform Perata if they've already abandoned their investigation, she said.

The apparent disarray in the U.S. Attorney's Northern District office may be Perata's biggest ally. More than half of the 101 federal prosecutors have left the office since Ryan, the Bush-appointed U.S. attorney, took over in 2002. The lead prosecutor on Perata's case, Ben Burch, left in 2005 for a spot on the Superior Court bench in Contra Costa County.

Trying to read into it has been a waste of time — whether the silence is a good or a bad sign — Kinney said. So Perata has taken a page from former President Bill Clinton, who stared down an endless array of investigations: He's learned to compartmentalize.

"I've never seen it affect Don," said former Senate President Pro Tem John Burton, a longtime friend. "If you know you didn't do anything, it doesn't bother you. It's obvious to me that Don feels secure in his own probity and he's just going ahead in his job. It says something about his inner strength. Seeing him, talking to him, you wouldn't even think he's got a care in the world."

Contact Steven Harmon at sharmon@cctimes.com or (916) 441-2101.

FBI Investigates High-level Aide To Sheriff (STPPP)

By Mara H. Gottfried

The St. Paul Pioneer-Press, February 4, 2007

Ramsey County Sheriff Bob Fletcher said Friday the FBI is investigating a high-level civilian aide in his department.

Mark Naylon, a public information officer and Fletcher's friend, is being investigated for allegations of criminal conduct, the sheriff said.

Fletcher declined to detail the allegations. No other county employees were being investigated, he said.

Naylon, 46, didn't return calls Friday. His lawyer, Paul Rogosheske, declined to comment.

The allegations are ones the FBI "is obligated to investigate," Fletcher said.

If they prove true, Fletcher said, "I would be shocked, but I'll let the investigation run its course."

Fletcher hired Naylon in 1998. Naylon served as best man at Fletcher's wedding in 2004. Fletcher narrowly defeated former St. Paul Police Chief Bill Finney in November to win another term.

The FBI contacted Fletcher about its investigation into Naylon for the first time Friday and asked for a meeting, the sheriff said. Agents requested documents and access to employees for interviews. Fletcher said his office is cooperating.

An FBI spokesman said the agency does not confirm or deny whether an investigation is taking place.

The sheriff's office will launch an internal affairs investigation, Fletcher said. Naylon is on vacation out of state and his employment status with the department didn't change Friday, Fletcher said.

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"Typically, we take the approach that a person is innocent until proven guilty," Fletcher said.

When Fletcher hired Naylon as public information officer, his friend didn't have a background in law enforcement or media relations.

"He's certainly one of the hardest workers at the sheriff's office," said Fletcher, who added that information from Naylon's community contacts has led to "dozens of felony arrests."

Naylon, who has lobbied for the sheriff's office at the Legislature, is hoping to get a part-time peace officer's license and start a career in law enforcement this year, Fletcher said. Naylon's salary is $64,660.

Naylon's name surfaced in a gambling investigation by the Minnesota Department of Public Safety's Alcohol and Gambling Enforcement Division in 2003.

The investigation focused on Naylon's friend, Michael Ogren, who then owned a bar called Rock in Maplewood.

Acting on a tip, investigators raided the bar July 14, 2003, and found people playing blackjack, craps and roulette. That night, Ogren told investigators he sent gambling proceeds from his annual game nights at the bar to Fletcher's re-election campaign.

"I think in the past couple of years we can go back, I have the canceled checks from right after this tournament that can substantiate that," Ogren said, according to a transcript of the interview.

The next day, Fletcher directed a sheriff's inspector to ask state investigators to interview Ogren about his allegation and investigate further, according to a July 2003 sheriff's office memo.

According to the same memo, the state Department of Public Safety declined to pursue the allegation. A state investigator there told the sheriff's department inspector that investigating the Fletcher allegation "doesn't fit" the department's job and that it "doesn't care where the money goes," according to the memo.

On July 16, 2003, the sheriff's inspector interviewed Ogren, who recanted his statement about routing gambling proceeds to Fletcher's campaign.

Ogren told the inspector that making the allegation about Fletcher was "stupid on my part" and "a bad case of judgment," according to a transcript of the interview.

In the meantime, the commissioner's office of the Department of Public Safety reviewed Ogren's allegation and referred it to the FBI, according to Assistant Commissioner Tim Leslie.

Leslie said he does not know what became of the referral.

In October 2003, the Ramsey County Attorney's Office charged Ogren with gambling, a felony. Ogren did not enter a plea of guilty or not guilty. He agreed to complete 100 hours of community service and, after remaining law abiding for one year, the county attorney's office dropped the charge against him.

Ogren did not return a call Friday.

Naylon was deposed in 2005 as part of an unrelated lawsuit against the sheriff's department. Naylon said in the deposition that he was gambling at the Rock bar the night of the raid, but left before investigators arrived. He was not arrested or charged.

"They gamble everywhere," Naylon said when a lawyer questioned him about gambling. "Why is it illegal? … I don't think gambling's a crime."

Ogren now owns the Myth nightclub in Maplewood. Fletcher said Naylon moonlights for Ogren as security director at Myth.

Mara H. Gottfried can be reached at mgottfried@pioneerpress.com or 651-228-5262.

Fletcher Aide Under FBI Probe Had Wide Reach (MINNST)

By Paul McEnroe, Mary Lynn Smith And Howie Padilla, Star Tribune

Minneapolis Star Tribune, February 4, 2007

Though not a sworn deputy, the public information officer has been credited with playing a key role in the Ramsey County Sheriff's Office.

Ramsey County Sheriff Bob Fletcher says his department has made "dozens, if not hundreds of arrests," based on the connections of his public information officer, Mark Naylon.

Those connections also appear to be why Naylon finds himself the target of an FBI investigation into allegations that he stole money, tampered with evidence and tipped off suspects and informants.

On Friday, FBI agents spent more than an hour in Fletcher's office informing him that Naylon was under criminal investigation. Agents seized Naylon's files and his office computer. Sources have told the Star Tribune that the FBI is particularly interested in Naylon's relationship with the Hell's Outcasts motorcycle gang, which has a history of gun and drug trafficking.

Naylon, who Fletcher said is on vacation out of state, couldn't be reached. Calls to his home and cell phone Saturday were not answered.

The probe has put Fletcher, who was elected to a fourth four-year term in November, on the defensive. He hired Naylon, whom he describes as a "great friend," to be the department's spokesman in 1998, though Naylon had no experience in law enforcement or in media relations.

Officially, Naylon is the office's public information officer. Fletcher said that Naylon also has played a key role for the office's interaction with drug and gun task forces.

While Naylon had no formal training or experience for the post, Fletcher lauds him for his work.

Fletcher said Naylon received a commendation letter from the FBI for his assistance in identifying the SpongeBob SquarePants bank robber, who in 2005 was convicted of robbing a Minneapolis TCF bank.

"He shares the passion of law enforcement," Fletcher said Friday. "Although he's not a sworn officer, he's been very valuable to the department."

Naylon grew up on St. Paul's East Side, graduated from Johnson High in 1978 and briefly attended then-Mankato State University. In 1992, he became business manager of a 4,000-member local laborers and construction union and held the job until 1998, when he resigned to work for Fletcher.

While with the union, he also co-owned a bar, Moose's Locker, on St. Paul's East Side. On his liquor license application, Naylon listed Fletcher, then-Hennepin County Sheriff Pat McGowan and then-St. Paul Mayor Norm Coleman as character references. The bar has since closed.

Fletcher, who was introduced to Naylon through a mutual friend in the St. Paul Police Department, has benefited from Naylon's political connections. One of the sheriff's favorite projects was to help establish the Minnesota Gang Strike Force, and Naylon lobbied on his behalf at the Legislature.

But records also show that, while working for Fletcher, Naylon also was a registered lobbyist several years ago for horse racing gambling interests, insurance companies and a bank.

Fletcher said Friday he didn't know whether Naylon, whose county salary is about $63,000 a year, actively lobbied for these groups while being paid by taxpayers. Fletcher said he also does not know much about Naylon's off-duty jobs.

Naylon runs a private security business that uses moonlighting Ramsey County deputies at Minnesota's largest nightclub, Myth, which is in Maplewood. That bar is owned by Naylon's friend, Mike Ogren, who was charged with illegal gambling when his former bar, the Rock, was raided by state gambling enforcement agents in 2003.

While agents were questioning witnesses, Naylon showed up at the bar to make sure that his friend didn't think he had given information leading to bust, according to court documents. Ogren told state investigators that the gambling proceeds were going into Fletcher's reelection fund. Days later, Ogren recanted his statement when questioned by two county investigators, who had been sent there on Fletcher's orders.

Naylon frequently shows up at crime scenes. Some deputies and authorities from other agencies have complained about his presence.

Within months of Naylon's hiring, Ramsey deputies first got a glimpse into Naylon's style. During a 1999 standoff, Naylon was accused of endangering deputies who were hiding and surrounding a house. He drove onto the scene, his headlights illuminating the deputies, according to a memo sent to a supervisor.

"I do not know what police training Naylon has, but putting an untrained civilian into these situations endangering deputies is obviously not a good idea," wrote then-Sgt. R.J. Sanchez

Fletcher dismissed Naylon's behavior, chalking it up to "enthusiasm." Fletcher didn't discipline Naylon. Fletcher said he "coached" him.

Since then, Fletcher said, he can't recall any formal or informal complaints about Naylon, only compliments.

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Indiana Killings Stir Fear Among Homeless (NYT)

By Susan Saulny

The New York Times, February 4, 2007

The first two bodies were found on a hunch in early January in South Bend, Ind., during a search of an old industrial part town. Two police officers popped open the lid of a manhole and down there, beaten to death and stacked upright one above the other, were two missing men, Michael S. Nolan Jr. and Michael W. Lawson.

Just three days later, as the investigation expanded, the police opened another manhole about 100 yards away from the first and found two more men, Jason A. Coates and Brian Talboom, their bodies bludgeoned and discarded underground the same way.

To one officer on the scene, Sgt. David Wells, the discovery seemed more like something from a dark crime drama than anything that tranquil and academic South Bend had ever experienced. "It was really horrific," Sergeant Wells said. "And really perplexing."

The four men had only two things in common: they lived together in a burned-out building that they had painstakingly transformed into a makeshift home. And they made money by "scrapping" — hunting the urban landscape for increasingly valuable and marketable metals like copper and brass to sell to recyclers and construction businesses.

On Saturday night, the police announced that two homeless men had been arrested and charged with murder in the four deaths, said Capt. Jeffrey Walters of the South Bend Police Department.

The men, Daniel J. Sharp, 56, and Randy L. Reeder, 50, were being held in St. Joseph County, Ind., and Berrien County, Mich., respectively, according to The Associated Press. The police said Mr. Sharp and Mr. Reeder killed the four men because they believed they had stolen salvaged scrap metal that Mr. Sharp and Mr. Reeder had intended to sell.

The killings have fostered a sense of dread in the unusually tight-knit community of homeless men and women in South Bend. "I don't go out at night anymore," said James Manns, 45, who is living in a homeless shelter near downtown. "All we can do is step back and see if it happens again."

These sorts of feelings represent a reversal for many. Particularly among the homeless, the quiet college town of South Bend cemented its reputation for tolerance and hospitality a long time ago. For years, it has been the place to go from around the region for emergency shelter, free meals, and even shots of hope, some said, from myriad charities and service groups. An accurate count is hard to come by but some of the larger shelters in this city of 107,000 can accommodate up to 200 people a night and are almost always full.

Sergeant Wells said before the arrests that the police thought the slayings of the four homeless men were neither a case of random violence nor the work of a serial killer, and they believed the killings were connected with the scrapping business.

Scrappers in an old rust-belt factory town like South Bend can make hundreds of dollars out of a single haul mining the mechanical past if, they are crafty and strong enough. Many scrappers team up for added manpower, as the four friends had done.

Some of what scrappers do involves demolition of abandoned property — ripping out pipes and electrical tubing — but often they tread into what is simply theft, the police said. They leave behind aggrieved property owners and, often, face turf wars over territory.

"We have both supply and demand here," said Capt. Philip A. Trent, a spokesman for the South Bend Police Department. He noted the high number of derelict buildings around town and that there were plenty of people desperate enough to engage in the dangerous, backbreaking work. "Add it all up, and you've got a cottage industry — and a profitable one at that."

The police first interviewed Mr. Sharp on Wednesday and noticed that his boots matched some forensic evidence from the building, Tim Corbett, commander of the St. Joseph County homicide unit told The Associated Press.

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Mr. Sharp confessed to the police on Friday that he and Mr. Reeder killed the other men sometime between Dec. 18 and Dec. 21, according to The Associated Press. Forensic evidence in the building confirmed Mr. Sharp's account, Mr. Corbett said.

While Mr. Lawson, 53, Mr. Nolan, 40, Mr. Talboom, 51, and Mr. Coates, 29, lived on their own, and they were well known among the staff and residents of several local shelters, where they would sometimes stop for food, or to do odd jobs. Over the years, the four had also lived off and on in various shelters.

"I'm just upset. I knew those guys. Good guys, all of them," said Jim Holleman, who was spending one night last week at the Hope Rescue Mission shelter near downtown.

Just days before they were killed, the men offered what they considered a "guest room" to Matthew Miller, who had been kicked out of a shelter for drinking alcohol. Mr. Miller said he had run into Mr. Lawson at the neighborhood library, where he passed the time on many cold days.

"Mike said: 'You don't have to be on the street. Come stay at our building,' " Mr. Miller said. "So I did for about three days, then I got back into the shelter. Three days after that, I heard about him being missing."

Mr. Miller, 30, said he was so distraught by the killings that he could not get out of bed for days, not even to attend the memorial services.

"My anxiety went up so high since then," he said. "I miss them. And I don't go places alone after dark by myself like I used to. A lot of people feel that way, they won't go anywhere around here by themselves anymore."

Mich. Translator In Iraq Sentenced For Offering Bribe (AP)

AP, February 4, 2007

WASHINGTON -- A suburban Detroit man who worked as a translator in Iraq was sentenced today to three years in prison for offering a bribe to a police official for the purchase of armored vests and other equipment for $1 million.

Faheem Mousa Salam, 29, was sentenced in U.S. District Court for the District of Columbia by Judge Richard J. Leon, according to a statement from the Justice Department.

Salam, of Livonia, pleaded guilty on Aug. 4 to violating the Foreign Corrupt Practices Act.

He admitted that he offered $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, the Civilian Police Assistance Training Team, prosecutors said. Salam said he had 1,000 vests and a sophisticated map printer to sell.

Salam tried to complete the sale with someone he believed was an official of the training group, but who actually was an undercover agent of the Special Inspector General for Iraq Reconstruction. Salam offered the agent a separate payment of $28,000 to $35,000 for his help.

Salam was arrested in March. He was an employee of the Titan Corp., a government contractor working in Iraq.

Prosecutors said at Friday's sentencing that Salam was motivated by greed, not a desire to provide troops with equipment.

Fulton Man Indicted For Child Pornography (JEFFCNT)

Jefferson City (MO) News Tribune, February 4, 2007

David Matthew McCormick is facing new federal charges after a grand jury on Friday issued a new indictment in his case.

Bradley J. Schlozman, the United States Attorney for the Western District of Missouri, announced in a Friday news release the federal grand jury in Jefferson City added a charge in its new, two-count indictment that replaces one issued last Nov. 6.

McCormick, 20, now is charged with possessing child pornography on April 27, 2005, and distributing child pornography over the Internet on March 26, 2005.

Friday's indictment also includes a forfeiture allegation, which would require McCormick to give the government any property used to commit the alleged crimes, including two computer hard drives, a computer tower, a compact disc and a cellular camera telephone.

Schlozman said the case is being brought as part of "Project Safe Childhood," a nationwide federal Justice Department initiative designed to protect children from online exploitation and abuse launched in February 2006 by U.S. Attorney General Alberto R. Gonzales.

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The national effort is led by the United States Attorneys' offices, with help from federal, state and local resources to identify and rescue victims and to better locate, apprehend, and prosecute individuals who exploit children using the Internet.

McCormick's case was investigated by the Federal Bureau of Investigation, the Fulton, Mo., Police Department, the Missouri State Technical Assistance Team and the Missouri Division of Family Services.

Assistant U.S. Attorney Lawrence E. Miller will handle the prosecution in federal District Court.

More information about Project Safe Childhood can be found on the Web site, www.projectsafechildhood.gov.

The Taxpayers' Tab: Police Billed $27,000 In Travel Costs To Federal Grant (AEAGT)

By Stephanie Chelf And Zach Church, Staff writers

Andover (MA) Eagle Tribune, February 4, 2007

METHUEN - Methuen police Capt. Kristopher McCarthy treated himself and other top police brass to an afternoon snack of pretzels and water at an Atlanta mall in March 2005 and billed taxpayers $11.22.

Later on, someone wanted cheese sauce, and taxpayers picked up that tab, too - a bill for 45 cents at Mr. Pretzel.

These expenses were among $27,000 in travel costs billed to a $1 million federal grant meant to fight crime in the Arlington district, the city's poorest neighborhood. The receipts are just a small part of the police spending records subpoenaed by the federal government last August. The U.S. attorney's office will not discuss the subpoena, its investigation or whether it is looking into the travel costs. A spokeswoman did not return a call for comment for this story.

An Eagle-Tribune analysis of the records shows that between 2001 and 2006, the grant known as "Weed and Seed" paid for 11 trips to conferences across the country for seven people - police Chief Joseph Solomon, his secretary Patricia Giarrusso, Deputy Chief Joseph Alaimo, Lt. Kevin Mahoney, Sgt. Michael Havey, Capt. Katherine Lavigne and McCarthy.

For the first several trips, police officials documented their expenses with receipts backing up each reimbursement claim. But by 2005, police began using a per diem system granting themselves a daily spending allowance. Fewer supporting documents were provided.

During the March 2005 trip to Atlanta, Solomon, Giarrusso, Mahoney and McCarthy stayed for nearly six days at the Hyatt Regency on the government's dime. They had dinner at the Hard Rock Cafe, racked up a $70 breakfast bill for three at the Hyatt Hotel, spent another $203 for dinner at a Brazilian steakhouse and took more than $400 worth of cab rides.

McCarthy also expensed $8.06 for breakfast at Logan Airport in Boston. Solomon was paid $305.59 for food and transportation on the trip, but did not submit receipts to the city.

Five months later, the group got together in Los Angeles and did it all again.

Solomon, in a written response to questions for this story, said the trips "form an integral part of the Weed and Seed program" and that federal grant officials expect attendance.

Attempts to reach the other officers, as well as Giarrusso, were unsuccessful. Methuen Mayor William Manzi said the decision to attend conferences is up to the local grant administrators.

"As a general rule, I think that be it city or federal or state grant money, you should be frugal and parsimonious (in travel)," Manzi said. "I think when you're out there, you have to use your best judgment."

From Methuen's Broadway to the Vegas Strip

In 2001, the U.S. Department of Justice awarded Methuen a $1 million, five-year grant to launch a community policing effort in the Arlington neighborhood, a 12-block area near the Lawrence line where the median income for 4,000 residents is about $33,000. Almost a third of the homes are occupied by single-parent families.

The grant's purpose is in its name - to weed out crime and seed the neighborhood with programs and initiatives. It has paid for officers' overtime and equipment, as well as many of the day-to-day expenses for Methuen Arlington Neighborhood Inc. at 1 Broadway, which provides resources for children and families.

The Justice Department invites those who receive Weed and Seed grants to attend conferences around the country in places like Los Angeles; Orlando, Fla.; New Orleans; and Las Vegas. The conferences are not mandatory, but a Justice Department spokesperson said they are highly recommended as a training tool and to provide technical assistance for law enforcement and other agencies involved in the program.

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"Conferences offer workshops on crime-prevention techniques, day-to-day site management, recruitment and retention of volunteers, and measuring performance," according to a written statement from the Department of Justice. "Conferences provide the opportunities for attendees to work directly with program staff from Washington, D.C., and meet and exchange best practices with representatives from over 250 active Weed and Seed communities nationwide."

The police department is permitted to pay for travel expenses with the grant money, according to the statement.

Linda Soucy, director of Methuen Arlington Neighborhood Inc., said the trips were indispensable to police. Soucy attended one conference in Philadelphia, though the city's Weed and Seed money was not used to pay for the trip.

"You go for just a couple of days, and you learn so much," said Soucy. "We can take things from what other people are doing and having success there and bring them back to our community."

McCarthy, who is head of the Police Department's Neighborhood Services Bureau and the city's Weed and Seed coordinator, went to eight conferences in the five-year span. Giarrusso, secretary to Solomon and program assistant for the Weed and Seed fund, attended seven conferences.

Solomon made four trips out of state, two before he became chief in the fall of 2002. Alaimo attended three conferences. Mahoney attended three, Havey attended two, and Lavigne went to one.

Where they ate

Police charged round-trip airfare, cab rides, dinners and snacks such as the pretzels and sauce to the grant. The trip to Los Angeles in 2005, for example, cost the U.S. Department of Justice and taxpayers $5,468.70.

Meals during these 10 trips ranged from pedestrian - Applebees in San Antonio and Subway in Indianapolis - to classy - Emeril Lagasse's Nola in New Orleans and a Japanese steakhouse in Orlando. The Hard Rock Cafe was a favorite, too. Police ate there in at least five cities.

Generally, the group ate moderately priced meals, always deducting food for guests and alcohol from the bills they charged to the grant. But at times, the group ate at pricey chain and tourist restaurants, including Jimmy Buffett's Margaritaville.

During the February 2004 trip to Dallas, McCarthy, Havey and Giarrusso spent $192 on dinner at a Brazilian steakhouse chain called Fogo De Chao. By comparison, the grant also paid $116 to a local Borders for 18 books for Arlington neighborhood children.

A year later, on March, 23, 2005, in Atlanta, three of the four conference attendees dined at another Fogo De Chao, where each ordered a $45.50 fixed-price dinner and spent a total of $18.40 on coffee and three desserts. A receipt for $203.50 was submitted for reimbursement. The grant paid about the same amount for bus service for 16 Methuen children to visit the planetarium in Concord, N.H.

The record keeping for later trips was far less specific. Solomon, McCarthy, Giarrusso and Mahoney each received $400 reimbursement for food and transportation during the six-day trip to Los Angeles in 2005, for example. That allowed each $300 per diem for food, which does not require receipts, and another $100 for incidentals.

The group kept receipts that justify $357 of those expenses, all of which were for cab and subway rides.

On all of the trips, in fact, cab fare represented a significant amount of the bills.

McCarthy and Havey spent more than $250 in cab fare on a trip to Albuquerque, New Mexico. Solomon, Alaimo and Giarrusso spent $233 on cabs in Indianapolis. In Dallas, Havey, McCarthy and Giarrusso charged for 22 cab rides that collectively cost more than $450. On the trip to Atlanta, McCarthy expensed $25 for a cab ride from The Cheesecake Factory to his hotel.

'We have done so much good'

Back in Methuen, Soucy is still working with the federal grant to bring opportunity to the children of the Arlington Neighborhood.

All the money, including the costs for the trips, has been spent wisely, she said. Strategies and tips police have picked up at the conferences have sped up improvements at home, she said.

Solomon in his statement pointed to the Safe Haven Afterschool Homework and Computer Center, a Youth Leadership Academy and tri-city police patrols as three ideas developed during conferences and later implemented in Methuen.

There is a "myriad of initiatives, ideas, plans and programs that are presented at each conference," he wrote.

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"We have done so much good with this money that it is unbelievable," Soucy said. "You take what's already working and you just run with it. And that's why we've been so successful, because we haven't tried to reinvent the wheel."

Manzi, too, said he was pleased overall with the results of the Weed and Seed program.

"I think overall the point here is that the Weed and Seed program has done good things for the community, has done good things for the target area," he said. "And if I had to accept it again, I would."

Are We All Gambling Criminals? (LAT)

The Los Angeles Times, February 4, 2007

MILLIONS OF Americans have engaged in criminal behavior leading up to today's Super Bowl. You know who you are — those of you outside Nevada who placed bets on the Indianapolis Colts or Chicago Bears. It's estimated that about $5 billion will be on the line this afternoon in a nation in which even office pools are technically illegal in some states.

President Bush in October signed the Unlawful Internet Gambling Enforcement Act, a law intended to resolve any ambiguities about the unlawfulness of placing bets online. Although most fans in the free world can place bets with regulated online casinos, U.S. law enforcement has been busy cracking down on the heinous crime, going after enabling credit card companies, detaining those who run legal foreign online sites if they deign to enter the country and subpoenaing major Wall Street investment banks involved in overseas initial public offerings of online casinos. It's another brazen attempt to extent prudish American mores to other jurisdictions.

One bemused Las Vegas sports handicapper told the Wall Street Journal last week that the ban on Internet gambling should be renamed the "Sopranos Support Bill," because the main beneficiaries of keeping closely regulated casinos from doing business online are bookies. Instead of protecting consumers and raising tax revenue from this popular entertainment, the government is protecting the turf of unsavory bookies, many of whom have ties to organized crime.

The gambling crackdown is part of a broader trend of a paternalist state protecting citizens from themselves, curtailing their freedoms in the process. We live in a nation still engaged in a war on terror and in a city struggling with escalating gang violence, yet precious law enforcement resources are being spent on prosecuting morality. But, for today, enjoy the game while pretending you don't know the spread. After all, that could prove incriminating.

CIVIL LAW:

FTC Slaps Telemarketer With $1M Fine (AP)

By Christopher S. Rugaber, Ap Business Writer

AP, February 4, 2007

FTC Penalizes Telemarketer With $1M Fine for Hanging Up on 64M People

WASHINGTON (AP) -- Federal regulators have slapped a $1 million penalty on a telemarketer that automatically dialed and then illegally hung up on more than 64 million people.

A Florida-based company known as The Broadcast Team settled charges brought by the Federal Trade Commission and the Department of Justice by agreeing to a court order that will bar them from making similar calls in the future and require them to pay a $1 million penalty.

The Broadcast Team also called more than a million numbers on the national Do Not Call Registry, the FTC said.

The company's principals, Robert J. Tuttle and Mark S. Edwards, were also named in the FTC's complaint. Edwards did not immediately return a call seeking comment.

The FTC said that the company was able to deliver over a million recorded messages per day to voice mailboxes and answering machines. But the company violated the commission's telemarketing sales rule by calling tens of millions of numbers and, when the calls were answered by people, hanging up or playing a recording.

The commission's rules require that calls answered by a person rather than an answering machine be connected to a live representative within two seconds, and not be "abandoned" by hanging up or playing a recording.

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Telemarketers that make sales calls or for-profit telemarketers seeking charitable contributions are bound by the restrictions on abandoning calls, the commission said.

And the Broadcast Team received more than $2 million in revenue for telemarketing calls that violated the FTC's telemarketing sales rules, the commission said last year.

The Justice Department first filed a complaint in federal court at the FTC's request in December 2005. The complaint said the company abandoned 64 million calls on behalf of debt management companies and more than 450,000 calls made for charities and other purposes.

The complaint also said that the company violated the law by calling numbers on the national "Do Not Call" Registry and for making calls without paying the required annual fee for access to that Registry.

The company has agreed to a proposed court order that bars TBT from hanging up or playing a recording when a person answers its calls, and prohibits the company from calling numbers on the "Do Not Call" list.

The proposed order would also impose a civil penalty of $2.8 million, with $1.8 million suspended due to the company's inability to pay.

The company's agreement with the court order does not constitute an admission by the defendants that they violated the law, the commission said.

Michael Tankersley, a spokesman for the FTC, said the order would become final when signed by a federal court judge, which is expected to occur imminently.

ITT To Settle U.S.-China Technology Case, People Say (Update1) (BLOOM)

By Robert Schmidt And Tony Capaccio

Bloomberg, February 4, 2007

Feb. 2 (Bloomberg) -- Defense contractor ITT Corp. may pay as much as $100 million to resolve U.S. charges the company violated export control rules by allowing the transfer of night- vision technology to China, people familiar with the case said.

ITT, the world's biggest maker of night vision goggles, is in advanced talks with Justice Department prosecutors in Virginia, said the people who asked not to be identified because negotiations with the government are continuing and the size of the settlement could still change. The agreement probably will be announced within a few weeks, the people said.

China has been energetic in trying to obtain so-called Generation 3 night-vision technology and develop ways to counteract the devices, analysts say. The goggles, binoculars and scopes are used by soldiers to see clearly when fighting in darkness and low light.

``The Chinese are aggressive collectors of all kinds of military-related technologies," said Steven Aftergood, a senior research analyst at the Federation of American Scientists in Washington.

The settlement would be ITT's second in a little more than two years for export control violations. In November 2004, the company agreed to settle a State Department civil case by paying $8 million and improving its internal controls for preventing sensitive technology from falling into the wrong hands.

The company must still honor the terms of the settlement in that case, which involved export violations of night-vision technology and remote sensing equipment for satellites. The agreement with the State Department requires ITT to submit to heightened government scrutiny, including arranging for on-site audits at the request of the agency, until 2009.

War-Fighting Devices

``The night vision devices produced by ITT contribute critical war-fighting capabilities to the U.S. military," the State Department said in an October 2004 document on the agreement. ``The ability to observe and target potential hostile forces at night is an important force multiplier for the U.S. military and its coalition partners."

Generation 3 is the most sophisticated night-vision technology available and, because it is considered critical by the U.S. military, can't be exported without the permission of the State Department.

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ITT bills itself on its Web site as ``the world's leading developer, producer and supplier of Gen 3 night-vision devices, specialty cameras and high-voltage miniaturized power supplies for U.S. and allied military forces as well as federal, state and local law enforcement."

Regulatory Filing

The company, based in White Plains, New York, disclosed the more recent probe, by the U.S. attorney in Roanoke, Virginia, last March in a regulatory filing. ITT also said it was conducting an internal probe of the matter and didn't reveal the nature of the violation or what country was involved.

The company said it expects to reach an agreement with the government soon. ``Because the negotiations are ongoing, we cannot speculate on the exact timing or the final terms -- financial or otherwise," ITT said in a statement.

The company reported today that its fourth quarter profit was $140.8 million, or 75 cents a share, compared with a loss of $84 million, or 45 cents, a year earlier. ITT shares fell $1.09 to $59.51 as oft 4:02 p.m. in New York Stock Exchange composite trading.

Failure to Safeguard Data

The export-control case is being investigated by the Pentagon's Defense Criminal Investigative Service, the State Department's trade controls office and the Department of Homeland Security's Immigration and Customs Enforcement. The probe began in 2002.

The case involves the failure of ITT to safeguard technical data on the manufacture and characteristics of the night-vision devices used by the U.S. military, according to the people familiar with the probe. The investigators suspect ITT technical data was illegally transferred to China between 2001 to 2005 by a Singapore-based subcontractor, the people said.

John Schoeneweis, the senior resident agent for the Richmond Office of the Defense Criminal Investigative Service, declined to comment, saying the case was ``an open investigation."

Heidi Coy, a spokeswoman for the U.S. attorney's office in Roanoke, declined to comment.

The company said in a statement in December and repeated today that it was taking a $25 million charge in connection with the investigation. That money, plus other reserves, would cover a settlement ``resolving all outstanding issues relating to this investigation that began several years ago," the company said.

``ITT is committed to having a world-class compliance culture," Chief Executive Officer Steven Loranger said in the Dec. 15, statement. ``We are working diligently with the government to resolve this matter by early next year."

CIVIL RIGHTS:

As Officers Stop And Frisk, Residents Raise Their Guard (NYT)

By Trymaine Lee

The New York Times, February 4, 2007

At 14, Rocky Harris knows the routine: You raise your hands high, you keep your mouth shut and you don't dare move a muscle.

Then the police officer's gloved hands go up and down each leg, around your waist, across your chest and back, then down your shoulders to your wrists.

When they don't find guns or drugs, Rocky said, they let you go. He said that he had been searched, fruitlessly, at least three times since last summer, and that he had friends who had been searched repeatedly.

"They tell you that you're selling drugs. But I don't do nothing wrong. I just play ball," he said, walking through the Red Hook East housing development in Brooklyn yesterday morning, headed to a community center for a game of basketball.

On Friday, the New York Police Department released a report showing that police officers stopped 508,540 people on city streets in 2006, an average of 1,393 a day and quintuple the number from 2002. While it was difficult to find a consensus on the significance of those statistics — good patrolling, overly aggressive officers and more faithful recordkeeping are just a few explanations — it was not hard yesterday in Red Hook to find a handful of that number walking around.

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More than half of those stopped, and sometimes frisked, by the police were black. The Red Hook projects have a large black population, a history of crime problems and, at least in a few young men, a wariness of the police.

Mikel Jamison, 32, said that "he came up in these Brooklyn streets," and that it is "hard being an African-American, hard to live and walk down the street without the police harassing us."

Mr. Jamison said some young men bring the unwanted attention of police on them, "with their pants down to their ankles and drugs in their pockets." He then urged that he and this reporter keep their voices down because "some of the dealers, they're out here right now."

But he said he blames police practices like the stop-and-frisks for tension between the community and the police. He said many officers might want to stop crime in the community, but many cannot discern between common criminals and the common people who live among them.

After having a police officer jam a gun in his chest a few years ago, in an incident he said he would rather not discuss, Mr. Jamison said he converted to Islam and is now more conscious of the way the community is affected by such police actions.

Anthony James, 28, who works for a large sanitation company and, as such, often keeps late hours, said the police frequently stop him as he leaves or comes home. He said that the stops had become such a problem that he has taken to carrying his work identification badge home to prove to the police that he has a job and is not selling drugs.

"You see where you're standing. This is the Red Zone," he said, mapping with his hands a section of the projects from Columbia Street to Clinton Avenue. "This is the war zone. If they catch you in here alone they're going to stop you. And they'll play mind games with you. Ten minutes after searching you, they'll come back by, just staring."

Mr. James, who said his "bad-boy days" are behind him, said officers doing the stops will say that the basis of the stops is that people are coming out of known "drug buildings."

"But we live here. I put my 7-year-old son to bed here. We have grandmas and old ladies up in here. This ain't just a drug building, this is home," he said. "It's serious and dangerous out here, and they wonder why some people want to pull out their guns and start blasting."

Dorothy Shields, 74, has served as president of the tenants association at the Red Hook East housing development for 33 years, and said she believes the issue is less about people being picked on by the police, and more about a new generation of young people who do not have respect for authority, or their neighbors for that matter.

Ms. Shields said she doubted some of the reports of overaggressive patrolling. "Some of them young men are not telling the truth about the police officers," she said. "A lot of them feel they should be able to do anything they want do, wherever and whenever they want to."

Ms. Shields said she thinks frisks, at least in her neighborhood, are happening but not as much as some suggested.

"Some people just don't care for the police, no matter how right or wrong they are," she said.

At a press conference outside police headquarters yesterday, representatives of black and Hispanic officers' groups called the data damning, and renewed calls for Police Commissioner Raymond W. Kelly to step down.

"These numbers substantiate what we've been saying for years," said Noel Leader, a co-founder of 100 Blacks in Law Enforcement Who Care. "The New York Police Department under Raymond Kelly is actively committing some of the grossest forms of racial profiling in the history of the New York Police Department."

The Police Department said that officers stop people only if they are suspected of committing a crime, and that the practice is vital in getting guns off the streets. About 21,000 of the stops ended in arrests and about 29,000 in summonses.

"I think it is one tool," Deputy Police Commissioner Paul J. Browne said yesterday. "One law enforcement tool that is used to apply pressure. One of many."

Responding to complaints of profiling, the department noted that while 55.2 percent of those stopped were black, 68.5 percent of reported crimes involved suspects described as black.

Mr. Browne said he could not speak about patrolling in Red Hook with any authority, but that in general the increase in reported stop-and-frisks was a result of the more scrupulous recording of such stops.

"I think some of the individuals who have been critical of the department in the past will be critical of the department for this as well," he said.

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At the community center in Red Hook where Rocky Harris had gone to play basketball, a 50-year-old man named Stanley, who is a big brother of sorts at the center, was shooting pool.

When asked if he had been stopped and frisked by the police, Stanley, who said he did not want his last name published, said, "I'm an old man now, and they don't bother me one bit. It's the youth that they're after. Not me."

Officer In Louima Case Returns To State To Finish Sentence (NYT)

By Anthony Ramirez

The New York Times, February 4, 2007

A former police officer convicted of perjury in the 1997 assault on Abner Louima, a case that scarred both the city's race relations and its police force for years, has been released from prison to a halfway house in upstate New York, his lawyer said yesterday.

The officer, Charles Schwarz, 41, was released from a minimum-security facility on a former Air Force base in Duluth, Minn., more than two months ago, said the lawyer, Ronald Fischetti. Mr. Schwarz is expected to complete the remainder of his five-year sentence in May.

"I talked to him five minutes ago," Mr. Fischetti said in a telephone interview yesterday. "His frame of mind is excellent because he knows he only has a few more months, and he can take his wife and child and move and put this episode behind him completely."

Mr. Fischetti would not disclose the location of the halfway house but said Mr. Schwarz's wife, Andra, and 2-year-old son, William, lived nearby.

Mr. Schwarz "plans to relocate in a different area and doesn't plan to come back to the city," Mr. Fischetti said, because of unwanted press attention.

"He's looking for opportunities in the northern area of the country" outside law enforcement, Mr. Fischetti said. "Something outdoors, maybe carpentry."

Mr. Schwarz's release was first reported yesterday in The Daily News.

In August 1997, Mr. Louima, a Haitian immigrant arrested after a nightclub disturbance, was beaten in a police station's bathroom by an officer who then sodomized him with a broomstick. The officer, Justin A. Volpe, later pleaded guilty and was sentenced to 30 years in prison.

Mr. Louima has contended that there was a second officer in the bathroom, Mr. Schwarz. Mr. Schwarz has denied the allegation, and Mr. Volpe also said Mr. Schwarz was not there.

After a tangled path through the courts — a conviction was reversed and two juries were hung — Mr. Schwarz agreed not to appeal a perjury conviction and was sentenced to the federal prison camp.

"The worst that Chuck did is that he saw Mr. Volpe walking Mr. Louima toward the bathroom, and when he was asked about that, a cop being a cop, he said he didn't remember it," Mr. Fischetti said.

Mr. Louima, who now lives in South Florida, could not be reached for comment yesterday. He sued the city and accepted an $8.75 million settlement in 2001.

At a March 2006 hearing on Mr. Schwarz's sentence, Judge Reena Raggi said that he had failed to accept responsibility for lying to protect other officers, including Mr. Volpe. She told Mr. Schwarz she was convinced that there had been another officer in the bathroom, and that "it was either you, which I think is highly probable — in fact, I think it's more than highly probable — or it was someone else."

Taser Task Force Will Get To See Weapon's Effects (MERCN)

By S.I. Wykes

The San Jose Mercury News, February 4, 2007

The members of the Palo Alto Taser Task Force, beginning their journey toward a decision about whether stun guns should be a part of any police officer's equipment in the city, will get as close as they can Tuesday to test-driving the experience.

Part of Palo Alto Police Chief Lynne Johnson's presentation will include videos of people being shocked with a stun gun.

These videos were taken in real-life situations by other police agencies, Johnson said.

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At last week's meeting, Johnson told the panel that the presentation would include a live Taser stunning of a volunteer from the police department.

Some members of the task force balked at the idea, not wanting to be directly responsible for a deliberate infliction of pain, so Johnson changed to the video format.

But she held fast to the idea that if the task force is going to educate itself as wholly as possible, the use of a stun gun is important to see.

``It is painful. It is an unpleasant experience, but hopefully, after our presentation, people will understand the myths and misconceptions and misunderstandings'' about such weapons, she said.

Santa Clara County Deputy District Attorney Jay Boyarsky is on the task force and knows that even just watching a video will not be a welcome sight. He compared it to what juries must sometimes go through when hearing cases involving child molestation or rape. ``It's scarring and unpleasant,'' he said, ``but it is done in the service of the greater good.''

It will not be an easy job. Taser use has generated many questions about how dangerous it is and under what circumstances it is used.

In November, the family of a Fresno man, who died after being stunned by San Jose police, filed a federal lawsuit claiming he was the victim of excessive and unreasonable force. The Santa Clara County coroner included the use of the Taser and pepper spray as a contributing factor in the man's death -- one of the first times that has happened in Santa Clara County.

More than a quarter-million Tasers are in use by police departments nationwide and justified as a control method far less lethal than a gun.

The San Jose Police Department was the first in the Bay Area to use the weapon. Other Taser-carrying departments now include Gilroy, Fremont, Morgan Hill, Belmont, San Bruno, San Mateo and San Mateo County SWAT teams.

The Taser inflicts five seconds of 50,000 volts of electricity, and its effect on the body is not completely predictable. The American Civil Liberties Union and Amnesty International have been lobbying hard for its use to be suspended.

The ACLU recently asked the San Jose City Council to produce a report on stun-gun incidents. The city gave Tasers to its officers in 2004, and five months after its institution released a summary of its use, but has not done so yet for 2005.

The U.S. Justice Department is reviewing its use and researchers at Wayne State University in Indiana are applying biomedical engineering to determine if a stun gun can be made safer by lessening its power.

The Palo Alto Task Force includes a physician, a public defender, a mediator, a nurse, two members of the city's Human Relations Commission, a rabbi, a member of the NAACP, a city attorney, a Palo Alto police captain and the attorney hired by the department to act as its auditor.

The group expects to have a recommendation to make to the city council this spring.

IF YOU'RE INTERESTED

The task force will meet at 6 p.m. in the meeting room of the city's Art Center, 1313 Newell Road.

Curb Cuts: Going With The Flow Easier For All (MCT)

By Frank Greve, McCLATCHY NEWSPAPERS

McClatchy Newspapers, February 4, 2007

WASHINGTON — The barricades that quadriplegic Ed Roberts and his comrades stormed nearly 40 years ago were a few inches high. Yet today, millions of Americans pass daily through the breaches they created.

Curb cuts, the breaches are called. Or curb ramps.

Since 1990, the Americans with Disabilities Act has required them in construction, renovation and wherever a city does major street or sidewalk work. All this curb-ramp building has helped the United States lead the world when it comes to providing public access for people with disabilities.

"For all this country's many faults, one thing we do better than anybody is architectural-barrier removal," said Mary Lou Breslin, the co-founder and senior policy adviser of the Disability Rights Education and Defense Fund, based in Berkeley. By her estimate, more than 60 countries are trying to catch up.

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Curb ramps also are a boon for bicyclists, stroller-pushers, skateboarders and in-line skaters. They're a help, too, for travelers with wheeled luggage and delivery truckers with hand carts.

In fact, nine out of 10 unencumbered pedestrians will veer off course to take advantage of a curb ramp, according to Jim Terry, an architect specializing in accessible design who studied pedestrian behavior at a shopping mall in Sarasota, Fla.

Roberts, quadriplegic because of polio, had none of this in mind when he enrolled at the University of California at Berkeley in 1962.

His dorm — and that of a dozen other students with severe disabilities who joined him over the next few years — was Cowell Hospital, high on a hill on the eastern end of the campus.

"I had to plan my classes so that each was downhill from the former one," recalled Michael Pachovas, who got around campus in an ineffectual powered wheelchair called a Motorette. "At the end of the day, I'd hitch rides with people or ask them to push me back uphill."

City of Berkeley was first?

Roberts and his cadre were determined to escape Cowell Hospital and live off campus.

"They were adults, living in a hospital with nursing charts and dating patterns being recorded (visitors, in other words), and it was no way to live," recalled activist Ken Stein, now a program administrator for the Mayor's Office on Disability in San Francisco.

Roberts, by then a graduate student, was the first to escape, but found himself confronting obstacles to independence at every street corner. Unassisted wheelchair users in those days would wheel to driveways at alleys or loading docks, then roll along in the street to the next driveway that tended in the right direction. It was slow, it wasn't always possible and it was often dangerous.

An ally of Roberts, Hale Zukas, persuaded the city of Berkeley's public works department in 1969-70 to create some cement curb ramps at intersections on Telegraph Avenue just south of the campus. Although two Illinois campuses had poured some curb ramps in the '50s, Berkeley's are thought to be the first built by a city government to promote independent living for people in wheelchairs.

Within a year, Roberts and Berkeley's other students with disabilities — by then politically charged enough to call themselves the Rolling Quads — were demanding curb ramps faster than the city's permitting procedure could provide them.

"We had a Wednesday night poker game in those days, and a lot of good ideas came up over those games," recalled Pachovas, 58. "One night, we decided to put in some curb ramps on our own after the game.

"A couple of our attendants did construction work, so they had access to cement, and I had a wheelbarrow."

They set out sometime after midnight.

"We didn't cut curbs; we just added skirts to existing curbs," Pachovas said. "The police threatened to arrest us, but they didn't."

The early results were crude. "You needed a running start to get up them, and going down, you could end up on your head in the street," Breslin said.

It didn't take long, however, to see how much the ramps enhanced mobility.

Curb ramps are crucial to independence for people who use wheelchairs, according to architect Bill Hecker of Hecker Design Ltd. in Birmingham, Ala., a specialist in access for people with disabilities.

Most wheelchair users rely on public transportation and need to cross several streets between their homes and the nearest mass transit stop, Hecker said.

"If you take out the curb ramp, which is the key link between the two, you've taken a huge, huge chunk out of accessibility," he said.

It's unclear how many ramps are in existence or how much they've cost. The simplest single curb ramp runs about $900, according to Hecker. As a rule, cities put them in when it's convenient or when the Justice Department convinces them that they must.

Among the most accessible cities, disabled-rights activists say, are Portland, Ore.; Sacramento; Chicago; Kansas City, Mo.; and, of course, Berkeley, where Roberts died in 1995 at the age of 55.

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The chair that he took his curbs in is now in the Smithsonian Institution's National Museum of American History in Washington.

Outside the museum, all the corners are ramped, enabling what Breslin described as "the seamless inclusion of people with disabilities into the mainstream."

Felts: Seizure Of Home In '03 Violated Rights (MONNS)

By Johnny Gunter and Stacy Temple

Monroe (LA) News-Star, February 4, 2007

Another volley has been fired in the dispute between the Ouachita Parish Sheriff's Office and some of its former deputies.

Former deputy Stan Felts said he has filed a federal civil rights complaint against Lt. Mike Rowlan and Chief Deputy Joe Davis.

Felts was a 16-year employee of the Sheriff's Office and headed up the department's Special Crimes Apprehension Team before resigning Jan. 4 with the rank of sergeant. His resignation came in the middle of an Internet scandal that accuses the department of corruption. The complaint alleges that Davis and Rowlan, who has been the major target of the Internet postings, conspired under color of the law to

deprive Felts and his wife of their civil rights to privacy.

The complaint states that Rowlan, under Davis' direction, tried in July 2003 to remove a personal computer from Felts' western Ouachita Parish residence without probable cause or without trying to obtain a search warrant.

Felts' federal filing follows a lawsuit filed Jan. 25 by Rowlan naming three former deputies — Gene Caviness, Jacob Greer and Todd Newton — claiming defamation, invasion of privacy and Internet stalking. The postings on the Copwatch.com Web site accuse Rowlan of illegal activity and accuse Sheriff Richard Fewell of covering up for him. Rowlan works with Metro Narcotics Unit, and the postings on Copwatch.com revealed his identity by showing his driver's license photo and even his home address.

Only Greer was employed by the department at the time of the Internet postings and was fired after an internal investigation revealed he passed along his personal identification number to Newton so Newton could enter the Thinkstream law enforcement information center. Newton had left the Sheriff's Office for a job with the West Monroe Police Department.

Caviness was working with the FBI Task Force through his employment with the East Carroll Parish Sheriff's Office. After the internal investigations by the Sheriff's Office and West Monroe police, Caviness resigned his job with FBI Task Force but still works with the East Carroll Sheriff's Office.

Even though he passed a polygraph test that showed he wasn't participating in the Internet postings on Copwatch.com, Felts was demoted to deputy and reassigned to the department's work-release program. He said the demotion resulted in an approximate $350-a-month cut in pay.

Felts, who is now employed by the Sterlington Police Department, said he did not file any complaints when the incident occurred because he feared for his job. He said at that time he still supported the sheriff and that the next election was upcoming.

"I am now coming forward with this information because I am no longer under threat of termination by exposing it and that his (Rowlan's) criminal actions ... must be dealt with," Felts wrote in his letter to the FBI, a copy of which he furnished to The News-Star.

The FBI's Monroe office referred The News-Star to the New Orleans office for confirmation of receipt of the complaint. Public Information Special Agent Sheila Thorne would not confirm nor deny receipt of the complaint. She did say such civil rights complaints are passed on to the U.S. Attorney's Office and the Justice Department to determine if such cases are to be pursued.

According to written reports and notes received from the Sheriff's Office, Felts had been running intelligence for almost a year on a white supremacist living in the Calhoun area with the approval of Maj. Royce Toney, head of investigations.

Meanwhile, Rowlan apparently became aware of the white supremacist and mentions in notes on the incident that local FBI Special Agent Niki Allen asked him to gather intelligence.

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Rowlan also admits in his notes that he did not follow the chain of command by letting his boss, Toney, know what he was doing. Rowlan also believed, because of things he was told, that Felts may have been involved with the white supremacist group, Aryan Nations.

In his complaint to the FBI, Felts states Rowlan's motive for attacking him may have been because (Rowlan) and another person were possibly involved with the supremacist group.

Rowlan called for Lt. James Purvis, Felts' immediate boss, and Felts to meet with him at his office at Metro Narcotics. Rowlan asked Felts if he would share the information he had gathered, and Felts agreed.

"When we left that meeting, Lt. Purvis asked me if I felt like I might be a part of the investigation, and I told him he was overreacting," Felts said.

Felts said he agreed to turn over his information to Rowlan and tried to do so the next day when Rowlan and other Metro Narcotics Unit agents showed up at his house.

The only information Felts could not give them were some e-mails that were lost when his computer crashed several months prior. Felts said he advised Rowlan that the e-mails from the white supremacist could be retrieved and was willing to let a technician come to his house and do so. He said Rowlan wanted to take the computer, and Felts did not like the accusatory tone taken by Rowlan. Felts told Rowlan the computer hard drive would not leave his house without a search warrant.

At this point, notes from Felts and Rowlan both state that Rowlan contacted Davis, and Rowlan was told to send Felts to his office to discuss the issue. Felts had to wait on his father to come to the house before leaving for Davis' office because he needed someone to watch his son.

In his notes, Rowlan said Davis asked him about getting a search warrant. Rowlan said he had contacted the FBI's Allen, and she advised against the search warrant because she did not want to reveal the agency's involvement in the intelligence gathering.

In his federal filing, Felts states that shortly after he left for Davis' office his wife returned home and that Rowlan "held his house" for nearly three hours. He explained that when officers have probable cause, they can "hold a house" to protect the evidence, giving them time to get a search warrant.

According to Felts' filing, Rowlan attempted to get a fellow Metro agent to write the search warrant, but that agent advised Rowlan he didn't have probable cause.

Rowlan left without a search warrant or the computer.

Fewell said that after he reviewed the facts of the case, he determined it occurred because of miscommunication among all the departments involved. The sheriff said he did not see where any laws or procedures were violated, so no disciplinary action was warranted.

Fewell said Rowlan was acting at his direct request.

Rowlan's notes only mention Davis and not Fewell.

Davis said Friday he was unaware of Felts' filing and that he would have no comment.

Harsh Accusations Intensify In L.I. State Senate Contest (NYT)

By Bruce Lambert

The New York Times, February 4, 2007

The already ferocious campaign to fill a State Senate seat on Long Island reached a new pitch yesterday with a mass mailing featuring Osama bin Laden, accusations of improper donations, and a request for federal monitors to guard against voter intimidation at the polls on Tuesday.

The contest has drawn intense statewide political attention because a Democratic victory would edge that party closer to controlling the Senate. Unions and other special interest groups are funneling money and workers into the contest, which could become New York's most expensive state legislative race.

Gov. Eliot Spitzer has taken a direct role by campaigning and filming a television commercial for the Democratic nominee, Craig M. Johnson. Equally determined to preserve their majority, top Republicans are marshalling their forces behind their candidate, Maureen O'Connell.

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Citing fears that Republicans will challenge the legitimacy of Democratic voters on Election Day to sway the outcome, the Democratic campaign formally asked the United States Department of Justice to dispatch monitors to polling places to prevent "voter intimidation" and voting delays.

"Independent federal monitors are critical to ensure a fair election," the request said. A Justice Department spokeswoman said the request was under review.

The Democrats cited past voting problems in the election district, in northwest Nassau County, and repeated incidents in last November's closely fought election for the Senate's 35th District in Westchester County, where the Democratic candidate, Andrea Stewart-Cousins, upset the longtime Republican incumbent, Nicholas A. Spano.

The Republican Party chairman for New York State and Nassau County, Joseph N. Mondello, said in an interview that he would "join in that request" for federal monitors. But he countered, "Perhaps that will help prevent the onslaught of people from New York City being bused here and trying to vote."

Democrats deny using such tactics and say that Republican operatives in Westchester challenged legitimate voters in Democratic areas in November, causing confusion, delays and discouragement.

In Nassau on Wednesday, Republican election officials sought to include forms for challenging voters in the kits prepared for polling place workers. The Democrats blocked the move, but there is nothing to stop Republican workers from taking the forms to the polls and using them.

Mr. Mondello served notice that his field workers would closely scrutinize voters. "Our poll watchers and election inspectors will challenge people to show some kind of identification as to who they are," he said. "They have a right to ask for identification to make sure you are John Smith. Our people have been cavalier about this in the past. This time, in this election, we're dearly concerned."

Among other last-minute issues, Ms. O'Connell's campaign sent out a flier on domestic security that featured a photograph of Osama bin Laden. And she was pictured with Michael A. L. Balboni, the popular Republican who held this seat until Governor Spitzer crossed party lines to appoint him as the new homeland security chief, thus creating the Senate vacancy.

Above Mr. Balboni's head in the leaflet is what appears to be the official seal of the State Office of Homeland Security. But it is slightly different from the real seal, and the homeland security office issued a rebuke: "It is completely inappropriate for a political candidate to use a falsified seal in the context of a political campaign. Politicizing security issues is inappropriate and trivializes the law enforcement efforts of New York's Office of Homeland Security."

The office also said that "such actions are arguably illegal" under the section of the state's criminal impersonation law regarding anyone who "wears or displays with authority any uniform, badge, insignia or facsimile thereof."

In another dispute, Mr. Mondello called for an investigation into whether Democrats effectively "purchased" the Working Families Party endorsement of Mr. Johnson. Mr. Mondello quoted a complaint from Chuck Pohanka, who calls himself the Working Families Party chairman in Suffolk County, that the statewide party received $225,000 from the Johnson campaign.

But the state party's executive director, Dan Cantor, denied the charge. He said that Mr. Pohanka led a small splinter group that did not represent the party in Suffolk but instead did the bidding of Republicans. He said Democratic donations helped finance Working Families operatives for Mr. Johnson, who knocked on the doors of 45,000 homes.

Final Push In Nassau State Senate Race (NSDY)

By Celeste Hadrick, Newsday Staff Writer

Long Island Newsday, February 4, 2007

Nassau's two major political parties begin their final campaign blitz Saturday in the hard-fought 7th Senate District race after Democrats on Friday called for federal poll monitors while a Republican mailing featuring Osama bin Laden and former Sen. Michael Balboni drew barbs.

The campaign manager for Democrat Craig Johnson, a Nassau legislator running against Republican County Clerk Maureen O'Connell in Tuesday's special election, faxed a request for federal monitors to the Justice Department, contending "there has been significant voter intimidation in previous elections within the 7th District."

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Democrats raised the issue of intimidation this week after Republicans requested that poll inspectors be supplied with voter challenge forms and validation oaths.

Nassau Republican Chairman Joseph Mondello said, "We welcome federal monitoring because it will prevent anyone from running people in from New York City who are not eligible to vote in Nassau County."

Mondello acknowledged he was "very concerned" that Democrats may bring in Queens residents to vote illegally in the district, which runs from Port Washington to Elmont and is bordered on the west by Queens. Democrats deny that.

A Justice Department spokeswoman said the agency is considering Johnson's request and will decide by Monday "if there is a factual and legal basis that warrants" monitors.

A new campaign flier that pairs O'Connell with Balboni, the district's former Republican senator who resigned to become the state's homeland security chief, hit mailboxes Friday.

It features a photo of bin Laden and states, "As long as New York and Tel Aviv are targets for terrorists, we need Maureen O'Connell protecting us in the Senate." Inside, there is a photo of O'Connell next to Balboni in front of a mock-up of the state Homeland Security seal.

Balboni said he has not endorsed any candidate and was not aware of the mailing. "To the extent that it implies that there is a governmental agency supporting the candidacy of anybody, that is incorrect and inappropriate," he said.

State homeland security office spokesman Dennis Michalski added in a statement, "It is completely inappropriate for a political candidate to use a falsified state seal in the context of a political campaign."

National Jewish Democratic Council also blasted the mailing. "This is a desperate and shameful attempt to try to use Israel as a wedge issue," said deputy executive director David Goldenberg.

O'Connell spokesman Mike Arens called both complaints "a smokescreen" to deflect allegations by Suffolk County Working Families Chairman Chuck Pohanka that Johnson bought the party's nomination through contributions. Pohanka requested a federal investigation.

State Working Families Chairman Dan Cantor dismissed the Pohanka complaint "as a political hit job by a Republican Party that's using this guy."

Meanwhile, Mondello expects 800 Republicans to rally this morning at the Williston Park American Legion hall to begin a walk-through of the district, visiting the houses of all Republican, Independence and Conservative party members, while Democratic Chairman Jay Jacobs said 800 to 1,000 of his party's workers will be out knocking on Democrats' doors.

Albany bureau chief Errol A. Cockfield Jr. contributed to this story.

Iraq's Shadow Widens Sunni-Shiite Split In U.S. (NYT)

By Neil MacFarquhar

The New York Times, February 4, 2007

DEARBORN, Mich. — Twice recently, vandals have shattered windows at three mosques and a dozen businesses popular among Shiite Muslims along Warren Avenue, the spine of the Arab community here.

Although the police have arrested no one, most in Dearborn's Iraqi Shiite community blame the Sunni Muslims.

"The Shiites were very happy that they killed Saddam, but the Sunnis were in tears," Aqeel Al-Tamimi, 34, an immigrant Iraqi truck driver and a Shiite, said as he ate roasted chicken and flatbread at Al-Akashi restaurant, one of the establishments damaged over the city line in Detroit. "These people look at us like we sold our country to America."

Escalating tensions between Sunnis and Shiites across the Middle East are rippling through some American Muslim communities, and have been blamed for events including vandalism and student confrontations. Political splits between those for and against the American invasion of Iraq fuel some of the animosity, but it is also a fight among Muslims about who represents Islam.

Long before the vandalism in Dearborn and Detroit, feuds had been simmering on some college campuses. Some Shiite students said they had faced repeated discrimination, like being formally barred by the Sunni-dominated Muslim Student Association from leading prayers. At numerous universities, Shiite students have broken away from the association, which has dozens of chapters nationwide, to form their own groups.

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"A microcosm of what is happening in Iraq happened in New Jersey because people couldn't put aside their differences," said Sami Elmansoury, a Sunni Muslim and former vice president of the Islamic Society at Rutgers University, where there has been a sharp dispute.

Though the war in Iraq is one crucial cause, some students and experts on sectarianism also attribute the fissure to the significant growth in the Muslim American population over the past few decades.

Before, most major cities had only one mosque and everyone was forced to get along. Now, some Muslim communities are so large that the majority Sunnis and minority Shiites maintain their own mosques, schools and social clubs. Many Muslim students first meet someone from the other branch of their faith at college. The Shiites constitute some 15 percent of the world's more than 1.3 billion Muslims, and are believed to be proportionally represented among America's estimated six million Muslims.

Sectarian tensions mushroomed during the current Muslim month of Muharram. The first 10 days ended on Tuesday with Ashura, the day when Shiites commemorate the death of Hussein, who was the grandson of the Prophet Mohammad and who was killed during the bloody seventh-century disputes over who would rule the faithful, a schism that gave birth to the Sunni and Shiite factions.

The Shiites and the Sunnis part company over who has the right to rule and interpret scripture. Shiites hold that only descendants of Mohammad can be infallible and hence should rule. Sunnis allow a broader group, as long as there is consensus among religious scholars.

Many Shiites mark Ashura with mourning processions that include self-flagellation or rhythmic chest beating, echoing the suffering of the seventh-century Hussein. As several thousand Shiites marched up Park Avenue in Manhattan on Jan. 28 to mark Ashura, the march's organizers handed out a flier describing his killing as "the first major terrorist act." Sunnis often dec ry Ashura marches as a barbaric, infidel practice.

Last year, a Sunni student at the University of Michigan at Ann Arbor sent a screed against Ashura to the Muslim Student Association's e-mail message list. The document had been taken off SunniPath.com, one of many Web sites of Islamic teachings that Shiite students said regularly spread hate disguised as religious scholarship.

Azmat Khan, a 21-year-old senior and political science major, said that she, like other Shiites on campus, was sometimes asked whether she was a real Muslim.

"To some extent, the minute you identify yourself as a Shiite, it outs you," Ms. Khan said. "You feel marginalized."

Yet some Shiite students said they were reluctant to speak up because they felt that Islam was under assault in the United States, so internal tension would only undermine much-needed unity among Muslims. At the same time, the students said, the ideas used by some Sunnis to label Shiites as heretics need to be confronted because they underlie jihadi radicalism.

At the Ann Arbor campus, Shiite students set up a forum for all Muslims to discuss their differences, but no Sunnis who had endorsed the e-mail message about Ashura showed up, and the group eventually disbanded.

Trying to ease tensions, the Muslim Student Association this year invited a prominent Shiite cleric to speak.

"I don't want Shiite students to feel alienated," said Nura Sediqe, the president of the Ann Arbor student group. "But the dominant group never sees as much of a problem as the minority."

At the University of Michigan's campus in Dearborn, the Muslim association pushed through rules that effectively banned Shiites from leading collective prayers.

Apart from a greater veneration among Shiites for the Prophet's descendants, there are slight variations in practice. Shiites, for example, pray with their hands at their sides, while Sunnis cross them over their chests.

"Most Sunni Muslims can't pray behind a Shiite because if you are praying differently from the way the leader is, then it doesn't work, it's not valid," said Ramy Shabana, the president of the association on the Dearborn campus.

Shiite students at various universities said they faced constant prejudice. Some Sunni students have refused to greet Shiites with "Salamu aleikum," or "Peace be upon you," to slight them.

At Johns Hopkins University in Baltimore, Salmah Y. Rizvi, a junior who stocked a reading room with Islamic texts, said the Muslim Student Association there told her to remove them because too many were by Shiite authors.

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Students have also taken note of attacks on their faith from the broader world through the Internet. One YouTube video showed Catholics bleeding by crucifying themselves and then showed Shiites bleeding through self-flagellation, as the Arabic voiceover suggested that Shiites were more Catholic than Muslim.

Not all campuses have been affected. Some, like Georgetown University and Cornell University, were considered oases of tolerance.

At Rutgers University, the tension started last year after 15 to 20 conservative Sunni students began openly mocking Shiites, and considered barring women from leading the student association. "They felt it was time to correct individuals within the organization, cleansing the beliefs of the students," said Mr. Elmansoury, who opposed the rift.

Several students involved said the group was heavily influenced by teachings from Saudi Arabia. The puritanical Wahhabi sect there holds that Shiite reverence for the Prophet's family smacks of idolatry.

Shiite advocates believe that that thinking has influenced some mainstream American Muslim organizations like the Islamic Society of North America and the Council on American Islamic Relations, which they said were slow to criticize attacks against Shiites abroad until the violence in Iraq escalated. As a consequence, Shiites founded their own national lobbying organizations.

Both organizations denied that they disregarded Shiite issues.

Still, some Muslims said that prejudices had continued.

After Saddam Hussein's execution Dec. 30, one Sunni cleric near Dearborn reportedly gave a sermon concluding that the Prophet Mohammad forgave his enemies, so why couldn't certain people in Iraq?

Much of the Middle East tension stems from the sense that Shiite power is growing, led by Iran. The grisly video of Mr. Hussein's execution, with his Shiite executioners mocking him, fanned the flames.

"As a Shiite, I was taking in this event very differently from the Sunnis," said Shenaaz Janmohamed, a graduate student at the University of Michigan at Ann Arbor. "In a lot of ways Saddam has become this martyr figure who sort of represents Shiite unruliness."

It is not the first time Shiite-Sunni tensions have spilled over into the West. Britain has experienced periodic outbursts for years. Stabbings and other violence between Sunni and Shiite prisoners in New York state jails prompted a long-running lawsuit by Shiite inmates seeking separate prayer facilities.

Some Muslims worry that the friction might erupt in greater violence in the United States. Others, in both camps, think the tension could prove healthy, forcing American Muslims to start a dialogue about Muslim differences.

With Jails Full, California Eyes Other States (NYT/AP)

By The Associated Press

The New York Times, February 4, 2007

SACRAMENTO, Feb. 3 (AP) — As many as 5,000 California convicts will be transferred out of state to ease an overcrowding crisis in the state prison system, the top corrections official said Friday.

"We are severely overcrowded, and the need for more space is absolutely critical," James E. Tilton, the secretary of the Department of Corrections and Rehabilitation, said in a statement. "This decision is being made to protect public safety."

In December, a federal judge warned that he would start releasing inmates early or prohibit convicts from being sent to state prisons from county jails unless the state acted immediately to ease overcrowding.

The threat followed an executive order signed by Gov. Arnold Schwarzenegger in October authorizing voluntary and involuntary transfers of up to 5,000 inmates. At the time, a survey found that nearly 20,000 inmates were willing to be sent voluntarily to other states.

Since then, however, only about 380 inmates have volunteered, despite a marketing campaign by the corrections department that included videos showing inmates in better conditions in out-of-state prisons. In one video, a former California inmate boasts about having television selections that include ESPN.

California's 33 state prisons are designed to hold 100,000 inmates but currently house about 174,000. About 16,000 inmates sleep in gymnasiums, hallways and other common areas filled with beds.

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"We will continue to seek volunteer inmates who are willing to serve their sentences in other states," Mr. Tilton said. "But we also will begin to move inmates involuntarily so that they are no longer sleeping in gymnasiums, day rooms and other inappropriate areas of the prisons."

The first transfers could start within days, although administrative appeals by inmates could delay some for up to 10 weeks.

Prison guards fear some inmates will turn violent if forced to transfer.

"This is lighting a match to an already tense powder keg," said Lance Corcoran, spokesman for the California Correctional Peace Officers Association.

But the pressure from the court is forcing the state to act, Mr. Tilton said. "We have tension now, and every day we don't move inmates, it just gets worse."

Private prisons in Mississippi, Arizona and Oklahoma are likely to get transfers.

Lawsuits have left federal courts in charge of various aspects of California prisons, with overcrowding at the root of many of the system's problems.

ANTITRUST:

Letters Of Ill Repute (SLPD)

By Rachel Melcer, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 4, 2007

Biotech crop giant Monsanto Co.'s proposed purchase of the nation's largest cottonseed company is alarming some farmers and agribusiness competitors — but Charles Martin isn't one of them.

Martin said he doesn't know how a letter opposing the deal, bearing his name, address and purported signature, was sent to a U.S. senator by a former congressional colleague as part of a lobbying campaign.

The letter identifies Martin as a longtime family farmer. "Somebody is using my name falsely," said Martin, a retired mechanical engineer from Hawkinsville, Ga. "I've never farmed. … I can't even raise dust."

The letter is one part of varied efforts aimed at derailing Creve Coeur-based Monsanto's plan to buy Delta & Pine Land Co. of Scott, Miss., for $1.5 billion. Opponents say the acquisition would give Monsanto too much control over American cotton.

Some opponents are pushing for congressional hearings on the deal, which Washington observers say are unlikely. Letter-writing campaigns are sparking interest among states' attorneys general; 32 have requested information from Monsanto. Staff at a Minneapolis public-relations firm are e-mailing appeals for an outcry in regions where no cotton is planted.

"There's a level at which this is just the way the game is played, by getting hearings and building pressure from stakeholders. … [It's] political hardball," said Jarol Manheim, a professor of media and public affairs and of political science at George Washington University School of Media in Washington.

However, "the letters from people who didn't write them — if that happens, that's clearly unethical," Manheim said.

Thomas Susman, a lawyer who is chairman of the professional ethics and standards committee of the American League of Lobbyists, said doing so "is never a standard or usual practice — period. Certainly not for lobbyists, whose reputation is their stock [in] trade."

Monsanto already provides — and profits from — genetic traits that last year protected nearly 86 percent of the U.S. cotton crop from worms, herbicide or both, according to data from the Agriculture Department.

If Monsanto buys D&PL and fulfills a related promise to sell its own Stoneville cottonseed business, Monsanto's share of the U.S. cottonseed market will jump to nearly 50 percent, up from about 12 percent. In a half-dozen Southern states where D&PL is the preferred brand, that market share would top 85 percent.

The combined company would control both valuable parts of the cottonseed market — the natural germplasm, or inherited traits that make particular hybrid seeds valuable, plus the genetic traits that are added to protect those seeds from herbicide and pests.

The annual cotton crop is worth about $4.7 billion to farmers, according to the National Cotton Council, a trade group.

Deal involves 'big players'

"There's a lot of money involved. There are some big players in this" and that is attracting attention, said Layne Lindebak, an assistant attorney general in the Farm Division of Iowa Attorney General Tom Miller's office.

Lindebak's division is coordinating a review of the deal's competitiveness on behalf of more than a dozen states' attorneys general — a role it has taken in other farm-related mergers due to its experience in agriculture and antitrust issues.

The Iowa attorney general generally is concerned with maintaining open agricultural markets, even when it comes to a crop unconnected with the state, such as cotton, Lindebak said. He said the interest of his office has nothing to do with the headquarters of agribusiness Pioneer Hi-Bred International Inc. in Des Moines.

"It's not like we play favorites for the neighborhood guy," he said. "They're obviously big enough to play on their own without our little help, if they want to. They've got more resources than we do."

Indeed, Pioneer is taking an active role. "We are telling our side of the story," said Doyle Karr, the company's spokesman.

The Monsanto—D&PL deal "is anti-competitive, and we have concerns about the impact it would have on farmers and the ag industry — and on consumers, ultimately," Karr said.

To make that point in Washington, Pioneer hired Tim Hutchinson, a former senator who is now a lobbyist. He is a Republican from Arkansas who is associated with Dickstein Shapiro LLP, a law firm in Washington with which Pioneer's parent, DuPont, has a long-term relationship.

Hutchinson declined to detail his efforts. But in an e-mail response to a request for an interview, he wrote: "Our client, DuPont, and others do not believe that Monsanto's proposed acquisition of Delta & Pine Land is conducive to fair competition and farmers' choice. We believe the acquisition should be rejected by federal and state regulators."

Letters to a senator

One federal official on the receiving end of Hutchinson's communication is Sen. Saxby Chambliss, R-Ga., who until this year was chairman of the Senate Agriculture Committee; he now is the ranking minority member.

Chambliss' office received an e-mail on Dec. 29 from Hutchinson containing seven letters apparently written by Georgia constituents in opposition to the Monsanto—D&PL deal, said the senator's spokeswoman, Erin Hamm. Two of those letters were addressed to Chambliss and the remainder to Georgia Attorney General Thurbert Baker; the latter group included the one purportedly written by Martin.

Baker's office could not confirm receiving any from that bundle, though it has received about a dozen others expressing concern about the Monsanto deal, said spokesman Russ Willard.

Of the seven letters e-mailed by Hutchinson, two others are suspect: One sent by Virginia Adams of Adams Farm, a self-pick strawberry-and-produce operation in Fayetteville, Ga., who said she has not written any letters about Monsanto; the other bore the purported signature of Georgia State Rep. Terry England.

When England learned of its existence, he fired off a letter on Jan. 3 to clear the air with Chambliss. "I received a copy of the letter on my House of Representatives letterhead bearing a signature that is not mine, making charges that I do not agree with," he wrote. A stance against Monsanto's acquisition of D&PL "is not, nor has it ever been, my position."

In an interview, England said his district includes just one cotton farm of about 50 acres — and that farmer plants neither Monsanto nor D&PL seed.

"I don't really have a dog in that fight," England said. "It's free enterprise and a free market. If two companies want to get together they ought to be allowed to, so long as the consumers … and farmers are protected from it being a complete monopoly."

England investigated the false letter and found that someone outside of his office, whom he would not identify, solicited it from a member of his staff, who mistakenly drafted it. "It was someone [here] doing what they thought I would want to be done, but obviously not," he said.

State legislator seeks letters

Among the genuine letters in the batch is one from Don Collins of Pike County, Ga., who raises pecans, not cotton. He said he is concerned about any business deal that limits competition. He said he wrote the letter at the request of a "good friend," Georgia state Sen. Ronnie Chance.

Douglas Dickens, a cotton farmer in Watkinsville, Ga., said he, too, sent a letter through Chance's office.

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Chance "owns a public relations firm that's been working on this and 100 other things," said England. Chance had brought up the Monsanto deal with England while talking as a state legislative colleague, he said.

Chance did not return calls seeking comment. Hutchinson said in an e-mail that he does not know Chance and has not worked with him. Hutchinson did not respond to questions about the letters he sent to Chambliss.

Meanwhile, on another front, staff at ASI Communications, a public-relations firm based in Minneapolis, have e-mailed farmers and agriculture leaders with personal appeals urging that opposition letters be written to officials such as state attorneys general.

In one such missive, addressed to "Dear Illinois Corn Grower," ASI also asks for a copy so it can be compiled "in the likely case that Monsanto be taken to court."

ASI declined to comment or to disclose its client.

Daryn McBeth, executive director of the Minnesota Agri-Growth Council, a St. Paul-based agriculture trade group, said he received an e-mail from ASI that he found strange on several levels:

•Monsanto as well as its competitors are members of his council.

•Minnesota is not a cotton-growing state.

•"And it's odd that I was getting this from ASI and they were putting themselves in the shoes of being concerned about this," rather than disclosing the letters are being sent on behalf of someone in the industry, McBeth said.

Farmers are concerned

While some communications about the Monsanto—D&PL deal may be suspect, the subject is raising concerns among some cotton farmers.

Dickens plants Monsanto's Roundup Ready cotton and said it is a valuable tool. But he worries about the increasing cost of Monsanto's technology and the power the company will have as owner of D&PL.

It's important that regulators take a close look at the deal, he said. "I want to be sure that it's done properly because Monsanto could corner the market. … I want to make sure research is continued into other kinds of chemicals and genetic traits."

The Arkansas Farm Bureau passed a resolution opposing the deal shortly after it was announced, and considered promoting a similar measure in January at the Beltwide Cotton Conference, a national meeting of the Cotton Council, said president Stanley Reed.

"We got [Monsanto's] attention," Reed said.

Monsanto representatives met with Arkansas farmers, as well as with others around the country, to listen to concerns and try to allay their fears. At the Beltwide conference, the company unveiled initiatives such as a crop-failure guarantee in certain states, funding for cotton research and more transparent pricing strategies.

As a result, the Arkansas Farm Bureau is less opposed to the Monsanto—D&PL deal, but still concerned about the need to ensure choices for farmers, Reed said.

Reed and his bureau have been lobbied by Monsanto competitors "and those companies have the same concerns that we have. But my response back to them is, 'If you don't like it, why don't you buy Delta & Pine Land?' Then we'd have more options and that's what we want. All they do is complain, but they don't want to rise to the occasion."

Efforts by Monsanto

Monsanto, like its competitors and nearly all corporations, employs lobbyists to promote its views among politicians and industry leaders. However, the company considers that a regular part of doing business and keeping open the lines of communication, regardless of any pending acquisition, said spokeswoman Lori Fisher.

"We feel like we've been addressing it from a business point of view, but some parties who are opposed to the deal seem to be politicizing the process," she said.

Monsanto has a lot at stake.

The company tried to buy D&PL once before, in 1998, but the acquisition fell apart when a Justice Department review dragged on.

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Since then, the cotton industry has changed and become more competitive; D&PL's U.S. cottonseed market share has dropped to about half from 71 percent. If the deal again falls through, Monsanto stands to pay D&PL a fee of up to $600 million.

"You just have to let the Department of Justice do their job," Fisher said. Monsanto hopes for a positive outcome and that the deal will close as soon as possible. In the meantime, the "noise level" being generated by opponents "is more disappointing and frustrating than anything," Fisher said.

Grinstein Stood Tall As Delta's Defender (AJC)

By Dave Hirschman, Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 4, 2007

At first glance, the battle for Delta Air Lines seemed likely to be a rout.

The youthful, dynamic executive team at US Airways seized the initiative last fall when it launched a surprise takeover bid that caught a wounded Delta off guard.

The group had already transformed a second-tier airline, the Tempe, Ariz.-based America West, into a major player by buying US Airways and taking its name a year earlier. By snatching Delta from bankruptcy court, 45-year-old Chief Executive Officer Doug Parker would get a tarnished gem and create the world's biggest airline in a single audacious stroke.

All that stood in the way was lame-duck Delta CEO Gerald Grinstein who, at 74, already planned to step down as soon as the Atlanta icon got out of bankruptcy court. He led a corps of untested executives who got their jobs when the previous executive team bailed out with controversial bonuses and protected pensions. Delta's 45,000-member work force had been battered by a string of layoffs, pay cuts and benefit reductions.

Grinstein vowed to resist the US Airways offer, but some wondered if the opposition would wilt. Many airline analysts — always eager to see fewer players in the fractious industry — thought the deal would be a long-awaited catalyst for consolidation.

"Wall Street declared us dead," said Ed Bastian, Delta's chief financial officer.

What neither US Airways nor Wall Street anticipated, however, was the high-spirited campaign Grinstein and Delta workers waged to defeat the merger proposal, which died last week when the airline's bankruptcy creditors refused to back it. Instead, they endorsed Delta's standalone reorganization plan, forcing Parker to abandon his $10 billion bid.

Delta's strategy took advantage of Grinstein's long experience as a smooth boardroom operator and persuasive leader, as well as workers' hunger for a positive cause to rally around.

It also benefited from the daunting obstacles that have long made large-scale airline mergers easier to talk about than pull off. While such deals may make financial sense, they are rarely popular with labor leaders, politicians or passenger advocates — and merger foes played those cards as well.

Creditors decide fate

With Delta in Chapter 11, the company's creditors — not its board or stockholders — got the final word on the US Airways proposal. The creditors are represented by a nine-member committee whose members included the biggest suppliers, banks and other groups with claims in Delta's bankruptcy case.

One of the members is Delta's pilots union, whose leaders vehemently opposed the merger. Jet maker Boeing, with close ties to both airlines, is also on board, as is the federal pension agency. But US Airways also had allies on the committee, including bond-trading firm MacKay Shields, which backed the takeover from the start.

Soon after US Airways' initial bid, Delta executives began holding daily 8:30 a.m. strategy meetings to plan and launch a broad counterattack.

Bastian was put in charge of two key fronts. One was finishing Delta's standalone reorganization plan, which laid out how the airline will leave bankruptcy and repay creditors. It also served as a counteroffer to the US Airways bid. Delta filed that plan in late December.

Bastian also arranged the financing Delta would need to make its standalone plan credible, and he pushed deals on various side issues with key creditors, including Boeing.

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Chief Operating Officer Jim Whitehurst, who oversees daily operations, was charged with making sure Delta met performance projections already given to creditors. He also dissected US Airways' proposal for antitrust issues, which Delta hoped would add to creditor doubts about whether the deal would fly with antitrust regulators.

Unlike most proposed or completed airline mergers that married complementary route networks, this one involved two carriers whose routes were centered along the Eastern Seaboard. Still, Parker exuded confidence that, in a post-9/11 landscape where older carriers faced extinction, regulators would approve such a deal.

Grinstein steps to front

Grinstein — a longtime Delta board member from Seattle who became CEO when Leo Mullin abruptly left at the end of 2003 — had preferred to put Bastian and Whitehurst out front as the bankruptcy case proceeded. But he took a leading role in the US Airways battle.

Charming and grandfatherly, the reluctant CEO had built a reserve of goodwill among many Delta employees despite the Chapter 11 filing and cutbacks. His first-year salary was $500,000, but he took only half. Usually mild-mannered, Grinstein bluntly set Delta's tone.

"No airline has ever been taken over in a hostile merger," he said in one meeting, "and we're not going to be the first." He termed US Airways "the worst of all potential merger partners."

It didn't take much to get Delta workers excited about the anti-merger campaign.

Bill Morey, who represents reservations workers on a Delta employee council, said he was inundated by e-mails after US Airways' bid.

"Everybody was asking, what are we doing [to fight it]?" he said. "People were just flabbergasted." Soon Morey's board was selling T-shirts and distributing buttons with the "Keep Delta My Delta" slogan.

Delta's pilots union, which had warred with management over two deep pay cuts negotiated since 2004, helped organize rallies and set aside $15 million to spend on anti-merger activities. Lee Moak, a scrappy former Marine Corps pilot who heads the union, relished his role as merger buster and likened Parker to fictional Wall Street raider Gordon Gekko.

By last week, Delta workers had collected more than 100,000 signatures from people backing their drive to remain independent. The continuous show of force was aimed at raising doubts among creditors that US Airways could smoothly integrate the larger airline.

"Airlines depend on their people to provide skilled labor and excellent customer service," aviation consultant Michael Boyd said. "They've got to be wholeheartedly on board for any merger to have a chance."

Playing political angles

Grinstein, who spent a chunk of his early career as a U.S. Senate staffer, personally worked the political angles. One of his first calls was to Sen. Johnny Isakson (R-Ga.).

Isakson had helped Delta pull off what many saw as an improbable victory last year by getting a bill approved that let the airline stretch out its pension funding obligations. That saved Delta's main pension plan from termination during the Chapter 11 case.

By contrast, US Airways had dumped its pension plans during an earlier bankruptcy case, adding $4.8 billion to the federal pension insurance agency's obligations. Isakson had his pitch as he lobbied colleagues to oppose the merger: If US Airways were to take control of Delta, would it turn around and abandon its pension obligations? Isakson said he contacted White House officials to make sure they understood how much both Republicans and Democrats objected to the deal.

"There wasn't anyone of any consequence that didn't know this was a big issue," he said.

Isakson also pushed for a Senate Commerce Committee hearing on the competitive effects of big airline mergers, which took place a few days before last week's deadline for a decision by the creditors.

Isakson introduced Grinstein, and the hearing room's walls were lined with uniformed Delta pilots. Hundreds of employees and retirees filled hallways outside. Parker and a few US Airways executives were also there but had no visible support among either spectators or senators.

"There is no question in my mind that the visibility of employees was a significant factor" in creating a political climate that was hostile to the transaction, Isakson said.

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The significance of that: While Congress plays no direct role in deciding airline mergers, the political opposition buttressed Delta's argument that anti-trust approval of the deal was anything but assured.

Down to the wire

Through it all, the creditors committee sent few public signals about its leanings. After Delta filed its standalone plan, the committee hired colorful ex-Continental Airlines Chief Executive Gordon Bethune — at $250,000 for 10 days' work — as an adviser. Bethune ran Continental during a time when it had repeated merger discussions with Delta, leading some to view the move as a positive sign for US Airways.

In early January, US Airways sweetened its cash-stock bid by about 20 percent, to around $10 billion.

But by mid-January the tide appeared to turn. A seemingly deflated Parker said in interviews that he'd had no response from the creditors to the sweetened bid.

The decision point came during a three-hour creditors committee meeting Tuesday in New York that was to end in a vote by secret ballot. That morning, Delta announced it had lined up six powerhouse Wall Street firms to supply $2.5 billion in exit financing for its standalone reorganization — a critical step.

But Delta also may have made a few concessions. It gave creditors the right to name more board members in the reorganized airline, as well as Grinstein's successor. It also agreed management's stake in the company will be between 2.6 percent and 4 percent — about half as big as what United Airlines' management got in that carrier's case.

The committee voted about 6 p.m., with an agreement that only the result — not the count — be revealed.

Delta prevailed.

The battle had lasted 77 days.

Boyd, the airline consultant, said Grinstein secured his legacy. "He wasn't trying to make a name for himself. He was trying to do the right thing for Delta. That counts for a lot."

Said Paul Lapides, director of Kennesaw State University's corporate governance center: "It was the first time in a very long time that rank-and-file workers had wanted to support their management."

Questions about Delta's future remain. The company still has to complete its restructuring and prove it can survive without the shield of bankruptcy protection. There's lingering speculation about other merger scenarios down the road.

But for now, the battle seems to have put air under the company's wings.

Wednesday night, a few hours after US Airways withdrew its bid, Delta officials symbolically relit the long dormant "Fly Delta Jets" sign atop the company's big hangar at Hartsfield-Jackson International Airport. Hundreds of employees watched as the retro neon lights — dark for years in an apparent cost-saving move — came to life.

Timothy Burns, a Delta mechanic attending the event, said years of hard times took a deep personal toll on many Delta workers. Some 25,000 jobs have been cut in the last six years.

"We all rode this horse to the ground," said Burns, 48, of Fayette County, "and now we're building it back up. We've been through hard times together. But I honestly believe the worst is over."

Cox Washington Bureau staff writer Marilyn Geewax contributed to this article.

ENVIRONMENT/INDIAN AFFAIRS:

In Drill, CDC Practices For Influenza Pandemic (WP)

By David Brown

The Washington Post, February 4, 2007

ATLANTA -- A 22-year-old Georgetown University swim team member just back from Indonesia eats dinner with his teammates but then develops a fever and doesn't accompany them to a meet in New York.

That is how a flu pandemic in the United States started.

A winter storm bears down on saltless and plowless Atlanta, closing schools and scaring commuters.

That is how it ended.

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The Centers for Disease Control and Prevention held a pandemic "war game" here last week but aborted it at midnight Wednesday, halfway through its planned 24-hour run. The reason -- ironically, but perhaps not surprisingly -- was concern about public safety. CDC did not want a hundred of its most valuable employees rushing on Thursday morning over ice-slick roads to a mock disaster.

A real pandemic, which is considered inevitable, won't be stopped by weather, which in this case turned out to be mostly rain. In fact, it probably won't be stopped by anything. But public health experts believe it could be made less disastrous with practice and preparation.

For that reason, CDC's director, Julie L. Gerberding, who spent Wednesday facing nail-biting pseudo-decisions -- and made the real one to call things off -- was happy with half a pandemic.

"The long-frame view is that this was a tremendous success. We exercised, we learned and we are definitely committed to this process," she said when it was over.

The federal government is hard at work trying to ready the country for a global outbreak of a new, highly transmissible strain of influenza -- a pandemic. Such events occur at unpredictable intervals. There were three in the last century, in 1918-19, 1957 and 1968.

The H5N1 strain of avian influenza, or bird flu, has killed millions of birds and 164 people, mostly in Asia, since 2003. It does not pass from person to person efficiently. But it is highly lethal and still evolving; many experts believe it has the potential to cause a pandemic.

Last week's exercise was conducted by MPRI, an Alexandria-based consultant with a $7 million contract to help CDC plan for pandemic flu. Founded in 1987 as Military Professionals Resources Inc., the company is run principally by retired officers.

Horace G. "Pete" Taylor, a retired Army lieutenant general, led a team of 24 people who wrote the outbreak scenario, "injected" new information as the exercise ran, played the roles of non-CDC decision makers, and are now helping the agency analyze its performance. Taylor, 69, used to run war games at the Pentagon.

The exercise began Jan. 12 with e-mail traffic to CDC officials describing H5N1 flu activity in Indonesia. With six cases and five deaths in 2007, that country is currently the most active place for bird flu.

A week ago a fictional element appeared in the e-mails in the form of the Georgetown student's story. Two days before the exercise began, his virus was identified as H5N1. When the game began at 7:30 Wednesday morning, he was a few hours from dying and two of his housemates were down with the flu, its type not yet identified.

About a hundred people -- many in the Navy-like uniforms of the U.S. Public Health Service -- filled the CDC's emergency operations center, typing and clicking at benchlike workstations, milling and meeting as maps, presentations and video feeds filled screens at the front of the room.

The exercise sought to capture the elements that make outbreaks hazardous and decisions difficult.

For example:

The ill person came from a country with less-than-optimal disease surveillance and laboratory testing. Nobody was certain what the facts of the Indonesian outbreak were. Was there casual spread of the illness in Jakarta? Were there outbreaks in other parts of the country? These are not minor details. They help determine whether the World Health Organization -- with lots of CDC help -- will try to mount a mass distribution of antiviral drugs in a one-shot effort to snuff out the virus at its source.

A passenger on one of the student's flights had died in Chicago and another was sick in Baltimore. Was this just a coincidence? It was flu season, and regular influenza virus makes some people very sick -- killing some of them.

The number of people who might be incubating flu grew by the hour. Should the whole swim team be quarantined? How about all the other swim teams at the meet?

The federal government has 20 million doses of oseltamivir (Tamiflu). When should this stockpile be distributed to the states? At the first hint of a pandemic, when many doses might prevent cases but also be wasted? Or later, when the outbreak is confirmed and the drugs will go only to the ill, possibly saving their lives?

There were hints that the Georgetown student might not be the only source. A passenger on a flight from Singapore to Hawaii developed fever and "respiratory distress." Did he have some link to Indonesia? Should all flights from Asia be diverted to

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the 20-odd airports that can screen and quarantine passengers? Should CDC push to have people leaving certain countries be medically evaluated?

And then there were the small annoyances.

The scenario said the student was "living in an on-campus dorm." But this was wrong. He lived in a rented house in Northwest with 10 people -- an error that gave headaches to the two cartographers who were marking satellite photos of the District -- all the places the "index patient" had been.

The exercise included a mock news conference. CDC media officers questioned Gerberding while four real reporters (from The Washington Post, the New York Times, the Associated Press and the Canadian Press) watched.

Gerberding ran two high-level meetings like an experienced college professor in a freshman seminar. She regularly summarized the avalanche of facts, cleared the air with concrete questions and demanded unambiguous answers from her advisers.

"We probably have to assume the worst," she said at one point, noting that even with woefully incomplete data from Indonesia it appeared that one-third of the people there with the flu were dying. Later, she asked: "So, do we agree there is strongly supporting evidence that we have a pandemic?" The senior staff agreed there was.

In the news conference, however, she avoided eye contact with reporters, emphasized uncertainty and concentrated on the paucity of facts. A news release quoted her as saying: "We have not yet seen sustained or repeated human-to-human transmission of H5N1. It's important for people to remember that one case does not mean that a pandemic has begun." She later admitted she hadn't had time to read the quotations attributed to her.

The game will pick up in April with an exercise in which pandemic flu has spread to many states. In a final round in May, the virus gets to Atlanta and takes out 40 percent of CDC's workforce.

It's unlikely there will be any snow to save them.

Can Washington Get Smart About Science? (LAT)

By Chris Mooney, Alan Sokal

The Los Angeles Times, February 4, 2007

By beginning to investigate the Bush administration's interference with scientists' work on global warming, the Democratic Congress has embarked on a key task: restoring respect for science — and more generally, for evidence and reason — in the federal government.

That we need such reform, and from Democrats, is a historic irony, because it's the Republicans who have often tried to paint themselves as defenders of "sound science" against ideologically motivated attacks.

In the 1990s, conservatives such as Dinesh D'Souza, Gertrude Himmelfarb and Roger Kimball wrote best-selling jeremiads attacking postmodernist academics who, they insisted, were taking over American universities and subverting the standards of scholarship. Although much exaggerated, this contained a grain of truth. Some self-described leftist academics did seem determined to reduce the real world to mere "discourse." No worldview, they insisted, could be considered objectively more valid or factual than any other. Even the findings of science were described as reflecting societal conditions and struggles for power and dominance rather than something true about the nature of the world.

One of us — Sokal — was sufficiently disturbed by these trends to try an unorthodox experiment: write a parody of postmodern science criticism to see whether a trendy academic journal would accept it as a serious scholarly article. Asserting up front that "physical 'reality' [note the scare quotes] … is at bottom a social and linguistic construct," Sokal averred that the latest conceptions of quantum gravity support deconstructive literary theory, Lacanian psychoanalysis, "postmodernist epistemology" and, of course, progressive politics. The cultural-studies journal Social Text ate it up.

After Sokal revealed his hoax in the magazine Lingua Franca, a debate exploded about the nature of science and rationality, popularly known as the "science wars." It pitted scientists and their staunch defenders within and outside of the academic community — spanning the political spectrum from left to right — against a band of intellectuals from the humanities, virtually all of them situated on the left.

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Sokal took on his postmodernist colleagues because he feared that the rejection of a rigorous, evidence-based standard for assessing claims of purported fact would disarm us not only in the face of quack medical remedies or alleged paranormal occurrences, but also when confronted by distortions of scientific information having major public-policy implications. A classic example is the tobacco industry's well-documented campaign to sow doubts about the health risks of smoking. Another is the interminable push by religious fundamentalists to undermine the teaching of evolution in American schools.

As these cases suggest, attacks on science by ideologues and special interests have a long history in this country. A stance of postmodernist relativism — or, on the part of the media, of giving "equal time" to unequally substantiated viewpoints — weakens us in the face of such strategic campaigns to undercut well-established knowledge.

But the abuse of science has lately materialized in an even more disturbing form, this time within the corridors of our own government. Driven by the Bush administration and its congressional allies, the new American "science wars" have reached an alarming stage.

HOW AND WHY did the science wars move out of academia and reemerge in Washington, with political poles reversed? During the Clinton years, many of the worst science abusers — such as anti-evolution fundamentalists — remained politically out in the cold, at least at the federal level. That began to change in 1994, as the Gingrich Republicans, highly sympathetic to the party's emerging socially conservative "base" and to the interests of private industry, laid claim to Congress.

They proceeded to attack evidence demonstrating a human role in climate change, all as well as in the depletion of the ozone layer as part of a sweeping attempt to undermine environmental regulation. Simultaneously, they dismantled Congress' world-renowned scientific advisory body, the Office of Technology Assessment, which had provided our elected representatives with reliable scientific counsel for more than two decades.

Meanwhile, the focus on the academic left's undermining of science following the Sokal hoax was generating worthwhile debates and even real soul-searching. For instance, the prominent French sociologist of science, Bruno Latour, has wondered whether his earlier work questioning the objectivity of scientific knowledge went too far: "Was I wrong to participate in the invention of this field known as science studies? Is it enough to say that we did not really mean what we meant?"

In truth, there was nothing wrong with inventing science studies; the error was to leap from the valid observation that science arises in a social context to the extreme conclusion that it is nothing more than politics in disguise.

Such introspection on the academic left has been a heartening sign, and the pronouncements of extreme relativism have subsided significantly in recent years. This frees up defenders of science to combat the enemy on our other flank: an unholy (and uneasy) alliance of economically driven attacks on science (on issues such as global climate change, mercury pollution and what constitutes a good diet) and theologically impelled ones (in areas such as evolution, reproductive health and embryonic stem cell research).

The potency of this combination has become apparent during the six years of the Bush administration, as many if not most scientific agencies of our government have become embroiled in scandals involving the misrepresentation or suppression of scientific information, gag orders on scientist employees, or other interferences with the processes by which science feeds into decision-making. Tracing these intrusions back to their source, we almost always uncover the same pattern: It concerns an issue in which one of the two principal constituencies of the current administration — religious conservatives or big corporations — has a vested interest.

Perhaps they wish to disrupt the path of Plan B emergency contraception (the "morning-after" pill) through the Food and Drug Administration on its way to over-the-counter availability. Or perhaps they don't like the way global warming has been discussed in government documents.

That's at the core of a case recently investigated by the new Congress: A lawyer who had formerly worked for the American Petroleum Institute and had moved to the Bush White House's Council on Environmental Quality was accused in 2005 of editing government climate science reports in such a way as to raise doubts about global warming and downplay the strong consensus of mainstream scientists. Following the initial scandal, the lawyer went to work for Exxon Mobil Corp.

In these and countless other cases, members of the Bush administration appear to have efficiently channeled their constituents' grudges, leading to a distortion of the scientific evidence and a steady stream of scandals.

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TO ADDRESS this new crisis over the relationship between science and politics, we propose a combination of political activism and institutional reform. Congress needs to establish safeguards to protect the integrity of scientific information in Washington — strong whistle-blower protections for scientists who work in government agencies would be a good start.

We also need a strengthening of the government scientific advisory apparatus, starting with the revival of the Office of Technology Assessment. And we need congressional committees to continue with their investigations of cases of science abuse within the Bush administration, in order to learn what other reforms are necessary.

At the same time, journalists and citizens must renounce a lazy "on the one hand, on the other hand" approach and start analyzing critically the quality of the evidence. For, in the end, all of us — conservative or liberal, believer or atheist — must share the same real world. Antibiotic-resistant bacteria do not spare deniers of evolution, and global climate change will not spare any of us. As physicist Richard Feynman wrote in connection with the space shuttle Challenger disaster, "nature cannot be fooled."

To avoid nature's punishment, we must take steps now to restore reality-based government.

CHRIS MOONEY is the Washington correspondent for Seed magazine and the author of "The Republican War on Science." ALAN SOKAL is a professor of physics at New York University and the coauthor of "Fashi

At Humanity's Doorstep (NYT)

The New York Times, February 4, 2007

Should Congress require any further reason to move aggressively to limit greenhouse gas emissions, it need only read Friday's report from the Intergovernmental Panel on Climate Change, the world's authoritative voice on global warming.

A distillation of the best peer-reviewed science, the report expresses more than 90 percent certainty that man-made emissions from the burning of fossil fuels have caused the steady rise in atmospheric temperatures, with the destruction of tropical rain forests playing a lesser but important role.

The report warns that if society keeps to its current course, emissions will increase to twice their preindustrial levels by the end of this century, causing temperatures to rise 3.5 to 8 degrees. The consequences will include rising seas, more powerful hurricanes, disappearing coral reefs and more intensive droughts in subtropical countries.

The report also offers hope, suggesting that what humans have caused, humans can mitigate; that even though the world is committed to centuries of further warming, the process can be slowed and the worst effects averted by swift and decisive action to limit and reverse emissions.

This is the fourth in a series of studies that began in 1990. The first left open the possibility that the warming that began with the onset of the Industrial Revolution and increased in the 1950s was "largely due to natural variability." The second and third reports detected a bigger human role, and this one lays the whole problem at humanity's doorstep.

A later paper will address specific remedies. But many climate experts believe the world must embark on a swift and sustained shift in the way energy is produced and used — away from fuels like oil and coal, and toward cleaner alternatives.

That is the objective of the many global warming bills now circulating in Washington. The best of these would put a price on carbon through a mandatory cap on emissions from sources like power plants and cars, thus making coal and oil relatively more expensive while driving the market toward cleaner sources of energy.

As we have learned over the years, talk is cheap in Washington, while meaningful action is almost certain to be expensive. President Bush has brandished those very real costs of moving to a new energy-delivery system again and again to argue against mandatory caps on emissions and to make the case for his own cost-free (and demonstrably inadequate) program of voluntary reductions. Yet what the panel is telling us is that the costs of doing nothing, especially to future generations, will be far greater than the price of acting now.

This is not a report compiled by a bunch of activists or alarmists. It is a consensus document, the inherently conservative product of three years of study and debate among mainstream scientists from 150 countries with often competing agendas. And in its modesty, it is alarming enough.

FBI/DEA/ATF/USMS:

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Gang `capital' Steps Up Fight (CHIT)

By Michael Martinez, Tribune National Correspondent

Chicago Tribune, February 4, 2007

Stung by failure to quell problem, L.A. goes gung-ho

LOS ANGELES -- Here in the nation's "capital" for street gangs, Jose Aleman is an ex-gangbanger with 26 bullet fragments in his brain. Lucky to be alive and well, Aleman is eating a Mexican pasta soup in the Homegirl Cafe, run by former female gang members, when he's interrupted by an aspiring gangster half his age.

They hug. Aleman, who has spent a third of his 36 years in Folsom and other prisons, is like a mentor and confessor.

"I've got a job, man. I'm going to be working full-time now," says Richard Hernandez, 18, who for the past few months has been unemployed and painting gang graffiti with his "tagging crew." Now Hernandez is going to quit running from the police, he says.

That's good news, Aleman later remarks. It's one less recruit in a city that Mayor Antonio Villaraigosa says is "the national epicenter" for gang activity.

With one recent study enumerating 40,000 members in 700 gangs in Los Angeles, the city is the originator and exporter of dangerous gangs gone national, such as the Bloods, the Crips and Mara Salvatrucha 13 (MS-13), said FBI spokesman Kenneth Smith.

"We have Blood and Crips sets in Indianapolis and Chicago, Cincinnati, Louisville--you know, that middle part of the country where people don't think they have a gang problem," said Smith, who was an Indianapolis police officer for eight years until 1997.

Chicago Crime Commission President Jim Wagner acknowledged Los Angeles as a breeding ground for gangs that are now in Chicago's western suburbs. "We are seeing in the suburban areas a growth in the presence of MS-13," he said.

After more than 20 years trying to eradicate Los Angeles' gangs--whose violence influenced American culture from video games to movies--officials were sharply rebuked for ongoing failures in a new study by a local civil rights group.

Indeed, as gang fighting has turned racial between blacks and Latinos, the mayor, Police Chief William Bratton and other local officials have launched a high-profile campaign with such blunt rhetoric that visitors and tourists may think twice about Los Angeles.

"We're the gang capital of the United States of America," Villaraigosa said in one interview.

Gangs aside, officials insist the city is as safe as it was in 1956, when Los Angeles had the same overall crime rates as in 2006. "L.A. is the second-safest city in America just behind New York," said mayoral spokesman Matt Szabo.

However, on Wednesday, local officials and the FBI office in Los Angeles will host a long-planned summit with law officials from the U.S., Canada and Central America on "transnational" gangs such as MS-13, which has ties to El Salvador. During the conference, the mayor and police chief are expected to announce anti-gang programs emphasizing prevention and intervention, officials said.

Gang crime on the rise in L.A.

To longtime Los Angeles activists, the renewed government pledges are welcomed, but the fervor appears a political response to a stinging report by civil rights lawyer Connie Rice of the Advancement Project, in which she calls for a "gang czar" and "a Marshall Plan" to end the gang epidemic.

"This is the third time that the Los Angeles City Council has officially asked the question, `Why are city gang reduction strategies failing?'" the report said.

The gung-ho response by officials appears to be a tactic to secure federal funds to combat the problem, said Rev. Greg Boyle, 52, a Jesuit priest who said over the past 19 years he has saved tens of thousands of youths and adults from gangs.

With the slogan "nothing stops a bullet like a job," Boyle oversees several employment enterprises under the umbrella group Homeboy Industries--which the mayor cited as a model program--that also includes the Homegirl Cafe. In fact, 18-year-old Hernandez's new job is mopping, sweeping and cleaning Boyle's 3,000-square-foot headquarters for $7.50 an hour. Aleman also works for Boyle as a motivational outreach speaker for $8 an hour.

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"You would ask yourself what would be the interests of the police chief and the mayor to call Los Angeles the nation's epicenter for gangs," Boyle said. "We'd think it would be a PR blunder, but if you scratch ever so slightly, you'll see that they'll be able to get federal money.

"Otherwise it would look insane: Wouldn't that upset tourists?" asked Boyle, who adds he believes that gang violence was worse in the 1990s.

Statistics, however, show a recent upswing in gang crime, though the city's overall crime rate is down, officials said.

Last year marked a 14 percent increase in gang-related offenses, and of the city's 481 homicides, more than half involved gang members, said Sgt. Lee Sands, a police spokesman.

A few of those homicides involved conflict between Latino and black gangs, especially as the city's Hispanic population grows and the African-American community doesn't.

The racial conflict isn't as prevalent as media coverage suggests, said police Lt. Paul Vernon.

He added: "We'll never arrest our way out of this.

"Society in general has to let their children know there are alternatives in life, that there isn't la vida loca. ... `Today I party and tomorrow I die.' That is not a mindset that young people in America should have."

`Hospitals, death, prison'

Overcrowded prisons, a 50 percent high school dropout rate and the lack of job training and after-school programs contribute to gang growth, officials said. Another factor is that Los Angeles is the "most underpoliced big city" in the country, with 9,000 officers compared with New York's 37,000 and Chicago's 13,500.

In the meantime, Aleman said, he's promoting Criminals and Gangmembers Anonymous, an organization that is modeled after Alcoholics Anonymous' 12-step program. In it, former gangsters help active ones to quit what Aleman calls the "addiction" of leading a violent life on the streets.

"I share everything I can in order to expose the truth that gangs never tell you: There's no future to it. There's only three dead ends to gangs: hospitals, death, prison," said Aleman, who was released from prison in 2004 after serving time for involuntary manslaughter. He credits Boyle with motivating him to quit the gangs.

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Gun Charges Dismissed On Suspected Hit Man (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, February 4, 2007

Appeals court overturns conviction of man already acquitted of two previous killings

Jason Korey, suspected by police of being a serial hit man and once described by one detective as "John Dillinger Jr." and by another as the "closest to the devil I'll ever come," again has proved a slippery target for prosecutors.

Already acquitted of two killings, and with charges of attempting a third withdrawn, he's won another legal battle.

An appellate court has thrown out a federal gun conviction that would have sent him to prison for three decades. The case was built largely on evidence from a homicide trial that the district attorney's office lost.

The 3rd U.S. Circuit Court of Appeals ruled last month that faulty jury instructions by U.S. District Judge Gary Lancaster might have influenced jurors to convict Mr. Korey in 2005.

The appellate court also took the unusual step of admonishing the judge for his handling of an inappropriate remark by the prosecutor. Judge Lancaster allowed an assistant U.S. attorney to launch into a speech to the jury instead of apologizing after the remark.

U.S. Attorney Mary Beth Buchanan is now considering whether her office will retry Mr. Korey, 24, of Baldwin Borough, whose ability to escape homicide charges has long frustrated Pittsburgh police.

He was acquitted in 2000 in the 1999 slaying of William Kuhn III, 24, a South Side cocaine dealer. The decision outraged detectives, especially because they believed that Mr. Korey had beaten another murder charge in 1999 when he was acquitted in the killing of Joseph Brucker, 17, of Whitehall.

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Police didn't give up, though, and turned instead to the federal court system.

As part of Project Safe Neighborhoods, a U.S. Justice Department crackdown on illegal guns, they teamed up with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives to link Mr. Korey and the .22-caliber pistol used in the Kuhn killing.

A jury found him guilty of using a gun during a drug-trafficking crime and Judge Lancaster sentenced him to nearly 33 years in prison.

But among several challenges to the sentence, his public defenders said he was denied a fair trial because of prejudicial jury instructions and because the judge allowed Assistant U.S. Attorney James Love to issue an "apology for foul language that bolstered the prosecutor's reputation."

The appellate court said the judge was wrong to tell jurors they could find Mr. Korey guilty if they agreed with the government's contention that he accepted cocaine from drug dealer Ray Erfort as payment for killing Mr. Kuhn.

The 3rd Circuit judges said that alone wasn't enough to prove Mr. Korey was involved in a conspiracy to distribute cocaine, as required by the statute under which he was charged.

"We do not mean to suggest with our holding in this case that a hit man hired by a drug distribution conspiracy cannot be a part of the conspiracy," Judge D. Michael Fisher wrote. "Rather, we simply hold that the jury instructions in this case did not properly instruct the jury about all of the elements the government must prove to establish participation in such a conspiracy."

The appellate judges didn't rule on Mr. Korey's other challenges, but they did take Judge Lancaster to task for how he handled a testy remark by Mr. Love.

As the judge was telling public defender W. Penn Hackney that he could look over police reports he hadn't previously seen and then cross-examine homicide Detective Tom Foley, Mr. Love blurted out, "Jesus Christ."

Federal courtrooms, big on decorum, aren't good places for intemperate comments.

"What did you say?" Judge Lancaster demanded. "What did you say?"

"What did I say?" Mr. Love replied, according to a transcript.

The judge stopped the trial and demanded to see Mr. Love in chambers. When they emerged, Mr. Love gave a rambling apology to the jury in which he recounted his experience and reputation as a prosecutor.

Mr. Hackney said that wasn't fair because it influenced the jury. The appellate judges agreed.

"The resulting comments inappropriately injected the character and experience of the attorney into the trial in a manner that has worried us in the past," Judge Fisher wrote.

Mr. Love said he couldn't comment. Mr. Hackney didn't return a message, but public defenders almost never comment on cases. Chief Public Defender Lisa Freeland, who argued the appellate case, said she could not comment beyond the public record.

Pittsburgh homicide Detective Steve Hitchings, whom Mr. Korey taunted after his federal court conviction, said he couldn't talk, either, and referred questions to the U.S. attorney's office.

After the 2005 verdict came in, Mr. Korey glowered at Detective Hitchings and shouted: "It took you two trials to get me!"

"You'll get prison for life," Detective Hitchings growled back.

He didn't get life, though, and it's not clear what will happen next. The case was returned to district court last week.

"We are reviewing the appellate court's decision to determine our course of action," Ms. Buchanan said.

More legal sparring is certain if she chooses to try Mr. Korey again, because a new prosecution could be challenged on double jeopardy grounds at both the state and federal levels.

Essentially, Mr. Korey has been tried twice on the same set of facts: Mr. Kuhn's killing.

Lawyers are likely to argue that the government should not get a third crack at him.

Despite the vacated sentence, he's not going anywhere soon.

He's in state prison on a drug charge until at least August 2008 and still has to complete 33 months of federal prison time on other weapons charges to which he pleaded guilty during the 2005 trial.

One of those charges was possession of a silencer for the .22 used in the killing of Mr. Kuhn.

For Police, Ill-Gotten Gains Become Money Well Spent (NYT)

By Shelly Feuer Domash

The New York Times, February 4, 2007

IN 2001, federal Drug Enforcement Administration agents gave the Nassau County Police Department Asset Forfeiture Unit a license plate number that was registered to an elderly woman in the county. It was the only lead they had on a suspected major drug and money-laundering operation, but it paid off in arrests — and, for the Nassau police, much more.

After a two-year investigation started by that lead, the Forfeiture Unit executed six search warrants in Nassau County, New York City, Miami and Boston and seized guns, drugs, $300,000 in jewelry, $600,000 in vehicles, $750,000 in cash and $3 million in real property — assets with a total value of more than $4.6 million. Spinoff investigations are continuing, and officials expect that the total forfeitures will eventually exceed an additional $5 million.

Most of that money will wind up in the bank accounts of law enforcement agencies instead of the criminals', paying for a wide array of crime-fighting equipment.

By confiscating equipment used in a crime, like cars; the proceeds of a crime; or items purchased with those proceeds, like jewelry or houses, asset forfeiture is designed to strip criminals of their ability to continue illegal activities. But it also has financial benefits for the police and taxpayers.

Although the Suffolk County Police and some municipal departments have also received forfeiture money, the Nassau County Police have been in the forefront locally in getting it. And the payoff has been substantial.

Nassau County established its forfeiture office in 1992. Twelve years later, Suffolk County started a unit as part of its narcotics bureau.

In the last five years, Nassau County has averaged $2 million a year in seizure money, allowing major additions to law enforcement capabilities without cost to taxpayers. Among purchases made with forfeiture money were Global Positioning System devices costing about $532,000 that were recently installed in 207 county patrol cars; two fast-response boats for the North and South Shores, costing a total of $500,000; and hazardous-materials suits and tactical gas masks for every member of the department, costing $750,000.

The department's photo evidence system was replaced with digital imaging equipment at a cost of more than $1 million, and a relocated and larger police academy was opened in Massapequa — all using forfeiture money.

In addition to equipment, Detective Lt. Michael Fleming said, "We spend a significant amount of forfeiture money on training."

"Without this money, we could not have made these advances," he said.

In Suffolk County, the police commissioner, Richard Dormer, said money from the asset forfeiture program enabled his office to "enhance training, purchase equipment that an officer can use on the streets and assist communities with their efforts to fight crime."

Specifically, he said, the money has been used to lease vehicles for the gang unit and for narcotics enforcement, computers and technology upgrades.

He said that since the Suffolk forfeiture unit was created, it had, with the help of other law enforcement agencies, seized shopping centers, apartment buildings, houses and vehicles. The department expects to be credited with a total of $1.2 million as its share of seizure money, Commissioner Dormer said.

The majority of the 19 local departments in Nassau County have also received forfeiture funds. Federal and state agencies often receive a share of seized assets, too.

"The share that a law enforcement agency receives is commensurate with the amount of work they contribute to the investigation that led to the seizure," Lieutenant Fleming said.

The Hempstead Police, one of the most active departments on Long Island, uses its forfeiture funds — tens of thousands of dollars a year — for training and equipment, said Detective Lt. Joseph Wing. He said this did not include money from seizures in collaborations with federal agencies that could yield $30,000 to $50,000 for each investigation.

How much a department receives varies from year to year, making it imprudent to budget for it, police officials say. Budgeting seizure money could also be unwise "because if you do, your motive for prosecuting a case could be challenged," Lieutenant Fleming said.

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He said that the process must be closely monitored so it is not abused. A panel of senior department members oversees how forfeiture money is allocated.

"The principal objective is effective law enforcement," Lieutenant Fleming said. "Extravagant purchases are prohibited."

The forfeiture process is overseen by federal, state and local regulations. Once a prosecution begins, the forfeiture action runs parallel to it, but the distribution is not made until the criminal action is completed.

Distribution is determined by federal and state laws that first require an administrative or judicial finding that the property seized is an instrument or proceed of criminal conduct. The laws then address how the seized assets will be distributed, including the share that each law enforcement agency involved in the investigation will receive.

In November 2005, the Asset Forfeiture and Money Laundering Section of the federal Department of Justice formed a working group to review the forfeiture program nationwide. Its purpose is to identify the program's strengths and weaknesses and develop a national strategy, working with other law enforcement agencies to develop consistent goals and policies.

The working group includes federal agencies like the F.B.I., the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco and Firearms and the United States Marshals Service. The only state or local police department represented is Nassau County's.

Richard Weber, the chief of the Asset Forfeiture and Money Laundering Section of the Justice Department, said he picked Nassau's department because he had worked with it and it is "a model for the country when it comes to asset forfeiture."

He cited the forfeiture unit's ability to work with other law enforcement agencies, the skills of its detectives and the "significant and complex financial investigations they had worked on with the New York asset forfeiture task force."

IMMIGRATION:

Acrobat Admits Guilt In Visa Scam (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 4, 2007

A former acrobat has pleaded guilty to charges of helping as many as 870 foreign nationals enter the United States illegally and making false statements in visa applications, the Justice Department said.

Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said Kristo Ivanov, 70, of Orlando, Fla., entered the plea Thursday before U.S. District Judge Donald P. Dietrich in federal court in Orlando.

In his plea agreement with federal prosecutors, Ivanov admitted that from 2001 to February 2006, he helped the illegal aliens enter or remain in the United States through fraudulent means, preparing visa applications falsely saying they were circus performers coming to work in Florida.

Mrs. Fisher said none of the aliens had been hired by any of the circuses listed in the visa applications, adding that they were "simply a means for the aliens to enter or remain in the United States." She said Ivanov charged each alien from $500 to $2,500 to prepare the applications.

"Ivanov admits to helping hundreds of illegal aliens into the United States under false pretenses so that he could benefit financially," Mrs. Fisher said. "We will not allow this type of exploitation of our immigration system, which poses a risk to the security of our nation."

A Bulgarian native who is now a naturalized American citizen, Ivanov came to the United States in 1980 as an acrobat for Ringling Bros. and Barnum & Bailey Circus. He has owned and operated a circus booking agency, Magic Star Entertainment, of Lake Mary, Fla., for more than five years and used that agency to sponsor illegal aliens to enter or remain in this country.

As part of his plea agreement, Ivanov agreed to forfeit $600,000 he earned in smuggling fees.

Sentencing is scheduled for next month.

"Businesses who knowingly sponsor foreign nationals under false pretenses should know that you will be caught," said FBI special agent in charge Robert Weber, who heads the U.S. Immigration and Customs Enforcement Office of Investigations in Tampa, Fla.

"The federal government will not tolerate the exploitation of our nation's visa system."

Contractors Walking Immigration Tightrope (DENP)

By Elizabeth Aguilera, Denver Post Staff Writer

Denver Post, February 4, 2007

Tony Milo of the Colorado Contractors Association says contractors are doing their best to hire within the law. He's standing near Interstate 25 and the Yosemite Bridge, part of a T-REX project he says could not have been finished without immigrant labor. (Post / John Prieto)

Facing growing public criticism from activists opposed to illegal immigration, Colorado's construction contractors have begun to shed their reluctance to debate the issue publicly.

Contractors are joining a growing chorus of business leaders - including hotels, restaurants and agriculture - who say they are trying to hire only legal workers but lack a foolproof system for confirming an employee's legal status.

A company's best option is the beleaguered Basic Pilot Program, which uses Social Security numbers to verify worker eligibility. But federal authorities acknowledge that Basic Pilot can't reliably show when someone is misusing a citizen's identity.

As a result, the state's contractors say they are left with a difficult choice: Use Basic Pilot and risk hiring undocumented workers or aggressively profile prospective employees, which could lead to legal penalties.

"Employers are walking this tightrope of anti-discrimination laws and immigration laws," said Tony Milo, executive director of the Colorado Contractors Association.

"We've certainly been feeling the squeeze. We've now got this complex web of state and federal regulations that sometimes conflict with each other."

Milo and other Colorado contractors began speaking out following a national television report on "Dateline NBC" in December that revealed how undocumented workers were employed by Roaring Fork Valley contractor Mark Gould.

Gould, who uses Basic Pilot, spoke to "Dateline" about the challenges of balancing the need to verify employees' citizenship with his need for manual labor.

His explanations, however, didn't satisfy state Sen. David Schultheis, R-Colorado Springs, one of Colorado's leading advocates for tougher immigration laws.

Schultheis says employers such as Gould can do more to avoid hiring illegal immigrants. He told The Denver Post that he wants employers to profile potential employees based on their ability to speak English.

"If the person cannot speak English, in many cases they can presume the person is fresh from the border," Schultheis said. "You have to take a little bit of a risk obviously."

What Schultheis is suggesting, however, is illegal, according to the Equal Employment Opportunity Commission.

"Whether an accent would indicate immigration status is a matter of opinion, but it has nothing to do with the rights of workers in America," said James Ryan, spokesman for the EEOC. "It's wrong to make any kind of prejudicial assumption because a person has an accent or a certain national origin."

Gould says Schultheis' point of view is another example of the pressure and dilemma that contractors face. "People don't realize that when you have an employee in front of you, you don't get to ask more questions if they have brown skin," he said. "We are regulated in a very strict way so that we do not discriminate."

Colorado contractors, in general, support comprehensive immigration reform that includes a guest-worker program, a path to legalization for qualified illegal immigrants and a more reliable form of Basic Pilot.

"Everyone deserves a fair chance," said Mike Villia, a partner at Denver-based Paramount Construction Group, which hires contractors as partners. "We require that contractors hire legal people. I'm not sure I agree with all the laws out there, but we have to follow them."

Swift was "following ... rules"

Like contractors, meatpacking company Swift & Co. has walked both sides of the line when hiring, each time leading to federal scrutiny, observers say.

The company's efforts to confirm citizenship of its foreign applicants led to a Justice Department investigation in 2000. The company eventually paid a $200,000 settlement in 2002 and increased its reliance on the Basic Pilot Program. By 2006,

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however, federal authorities suspected Swift had become a job haven for illegal immigrants. In December, federal authorities raided six Swift plants and arrested 1,282 undocumented workers, many suspected of or charged with identity theft.

"Swift Co. got into trouble ... despite the fact that it had been participating in the Basic Pilot and following all the rules," said Wayne Cornelius, director of the Center for Comparative Immigration Studies at the University of California, San Diego.

Some observers say Colorado's construction industry is equally vulnerable for such trouble. The construction industry employs about 167,000 people and demographers estimate that 10 percent to 20 percent are undocmented. The only real way to lower such high numbers of illegal-immigrant employment is to create a high-tech, universal identification card embedded with biometrics, Cornelius said.

Until then, he added, "the contractors and other employers will be dealing with a deeply flawed system of employment-eligibility verification."

Basic Pilot has "bugs"

After the "Dateline" segment, Gould received more than 1,000 calls. Some people were looking for a job; others left hateful messages.

Gould and other state contractors say they are frustrated by the negative attention from the report and are speaking out.

Former Colorado Gov. Dick Lamm, a proponent of tougher immigration laws, said everyone should go through the same screening process, and it would be unfair to do otherwise.

"If (employers) are using the Basic Pilot program, that is all they should need to do," Lamm wrote in an e-mail. "There are bugs in that system, but they are being worked out. ... There is only so much I would want to put on the employer."

Staff writer Elizabeth Aguilera can be reached at 303-820-1372 or eaguilera@denverpost.com.

The Price Of Citizenship (NYT)

The New York Times, February 4, 2007

With one hand, Lady Liberty lifts her lamp beside the golden door. With the other, she roots around in an immigrant's wallet, plucking out bills. It's not an appealing image, but that's where we are, now that Citizenship and Immigration Services, the beleaguered federal bureaucracy that makes new Americans, has announced plans to increase fees sharply to cover its costs.

The agency is distinctive in the federal government for being entirely dependent on fees it collects. It is also notable for backlogs and what its director, Emilio Gonzalez, acknowledges are "dingy buildings" and "rude employees." Mr. Gonzalez promises that if the agency is granted an average increase of 66 percent in the price of visas and citizenship papers, it will process applications more quickly and take other steps to fulfill its responsibilities, the costs of which have risen sharply since 9/11.

What this means for aspiring immigrants is simple: more cash upfront. The application fee for citizenship would rise to $595 from $330. The fee for permanent residency would increase to $905 from $325, and charges for bringing in a foreign spouse or employee would more than double. Refugees and victims of human trafficking or sex crimes would still have their fees waived, and other applicants could request hardship waivers.

There are no easy formulas for pricing services like these, but advocacy groups on both sides of the immigration debate agree that the increases are exorbitant, and we agree. The proposed fees would become a means test for new Americans, slamming the door on many people who desperately want to be part of this country and have much to contribute.

The blame clearly lies with Congress, which has required the agency to support itself entirely with fees. Congress should abandon this misguided rule and allocate the money to run the agency adequately and efficiently. All Americans benefit from the healthy, invigorating flow of naturalized citizens, and all Americans — not just the newest, least powerful ones — should help pay for it.

TAX:

Court Upholds Evasion Ruling In A Tax Case (NYT)

By David Cay Johnston

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The New York Times, February 4, 2007

The federal tax court has ruled in favor of the Internal Revenue Service in a 14-year-old evasion case involving a now-dead lawyer who was one of the nation's leading tax advisers, millions of dollars in reported real estate kickbacks and a Supreme Court ruling that ended a longstanding practice of secrecy in tax court.

In the decision last week, Judge Harry A. Haines of the United States Tax Court ruled that the lawyer, Burton W. Kanter, and two associates had accepted kickbacks from the Pritzker family of Chicago, which owns the Hyatt hotels, and then evaded taxes on the payments.

Lawyers for the three said they were stunned by the decision and would appeal it, expecting it to go to the Supreme Court for a second time.

They said the decision ran counter to the findings of a special trial judge who heard the case in 1994. That judge, they said, determined that small amounts of tax were due because of technical violations but that there was no civil fraud.

The two associates are Claude M. Ballard, a former general partner at Goldman Sachs who before that was a real estate executive at Prudential Insurance, and Robert W. Lisle, a Prudential real estate executive who died before the original trial. Mr. Kanter died in 2001.

The case involved a San Francisco hotel that Mr. Lisle had Prudential, now Prudential Financial, build in 1973. He then steered the management contract for the hotel, which became the Hyatt Embarcadero, to the Pritzkers in 1973. In return, court papers say, A. N. Pritzker, the family patriarch, agreed to pay 10 percent of the hotel's profit to the three men and two others, who soon left the deal. The I.R.S. audited the deal, leading the three men to sue the I.R.S., resulting in a 1994 trial before the special trial judge, D. Irvin Couvillion.

Five years later, a regular tax court judge, Howard A. Dawson Jr., issued the formal judgment, describing Mr. Kanter as the architect of a long-running scheme to evade taxes.

Judge Couvillion had reached the opposite conclusion, but the tax court maintained that the original report could not be disclosed.

The Supreme Court held otherwise in 2005, ending the tax court's practice of withholding such findings. When the report was made public, it showed that the trial judge had found no fraud. Mr. Kanter regarded himself as the nation's premier expert at legally eliminating taxes, his son Josh and several lawyers said Friday. If the decision stands, Mr. Kanter's estate will owe about $20 million.

The Netherlands, The New Tax Shelter Hot Spot (NYT)

By Lynnley Browning

The New York Times, February 4, 2007

Oh, a storm is threat'ning
My very life today
If I don't get some shelter
Oh yeah, I'm gonna fade away
"Gimme Shelter," The Rolling Stones

Amsterdam

LAST spring, Keith Richards, the craggy-faced and hard-partying lead guitarist for the Rolling Stones, fell from a tree at a beach resort in Fiji, slamming his head against the trunk on his way down. Mr. Richards was flown to New Zealand, where a surgeon provided emergency care to treat swelling in his brain. While the accident forced the Rolling Stones to cancel part of their summer tour, Mr. Richards, 62, handily survived his plunge.

"It's not the first brush with death I've had," Mr. Richards later told Rolling Stone magazine. "I guess what I learned is, don't sit in trees anymore."

What two of the other three Rolling Stones apparently learned, including Mick Jagger and Charlie Watts, was that Mr. Richards's near-death experience meant that it was time to think about their heirs. For that, the aging rockers turned to a

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reclusive Dutch accountant, Johannes Favie, whose company, Promogroup, has helped them minimize their tax bills for more than 30 years. (The fourth Rolling Stone, Ron Wood, handles his finances apart from Promogroup.)

And so, last August, according to details disclosed in documents maintained by the Handelsregister, the trade registry of the Netherlands, Promogroup helped the three performers set up a pair of private Dutch foundations that will allow them to transfer assets tax-free to heirs when they die. Other Dutch shelters that Promogroup has arranged for the three have already paid off handsomely; over the last 20 years, according to Dutch documents, the three musicians have paid just $7.2 million in taxes on earnings of $450 million that they have channeled through Amsterdam — a tax rate of about 1.5 percent, well below the British rate of 40 percent.

The Rolling Stones are not the only celebrities sheltering income in the land of tulips, windmills and Rembrandt. The rock powerhouse U2 has transferred lucrative assets to Amsterdam, as have other pop singers and well-known athletes, all of whom have used or continue to take advantage of the Netherlands' tax shelters, according to a Dutch tax lawyer who requested anonymity because of client confidentiality agreements.

Entertainment companies and others that benefit handsomely from the Dutch shelters include EMI, the giant record label, and CKX Inc., the entertainment company that owns stakes in "American Idol," the Elvis Presley estate and the soccer pin-up idol David Beckham.

When it comes to attracting celebrity wealth seeking shelter from taxes, the Cayman Islands and other classic Caribbean tax havens are receding in favor like so many waves on the beach, according to tax experts here and overseas. While old-school, offshore tax havens — the warm ones with tropical fish, off-the-shelf holding companies sporting post-office-box addresses, and scant regulation or transparency — still attract money, they are largely patronized, tax lawyers and entertainment bankers say, by hedge funds and private equity firms looking to protect lush trading profits from taxes.

But for earnings derived from intellectual property such as royalties, the Netherlands has become a tax shelter of choice. With celebrities lending their names and images to clothing lines, licensing their hit songs to corporate sponsors, seeking roles in Hollywood and engaging in other ventures that generate significant taxable income, the Dutch system, which does not tax royalties, offers a nifty shelter.

As they flock to Amsterdam, celebrities are taking a leaf out of the playbook of major corporations that also use Dutch tax shelters to help reduce or eliminate the royalty taxes on patents, another form of intellectual property.

"The Caribbeans are thinking about trading profits, not royalties, so the smaller European countries like Holland have had to be creative, tax-wise," said David Pullman, an investment banker in New York who caters to entertainers and athletes. "They are going for the high-end stuff and don't want to be seen as shady like some Caribbean haven."

Many of the world's multinational corporations, like Coca-Cola, Nike, Ikea and Gucci, have set up holding companies here in recent years to take advantage of tax shelters nearly identical to the ones that the Rolling Stones and U2 use. An additional draw is the Dutch Finance Ministry's recent willingness to issue advance rulings that effectively bless the tax shelters, a fast-track process that has lured in companies and individuals seeking to use the Netherlands as a tax shelter.

Sun Microsystems, the giant American software and computer manufacturer, operates Dutch holding companies and is candid about why it does so. Until recently, on the Web site of the Netherlands Foreign Investment Agency, www.nfia.com, Sun offered the following blurb about the country's accommodating tax laws: "Let's face it: ask foreign companies why they're really located here, and nearly everyone will reply that it's because of the favorable tax ruling. The combination of this with the country's political stability, well-trained labor force, their linguistic skills and international attitude as well as the stable infrastructure for roads and telecommunications — this is why we're here." (A Sun spokeswoman declined to comment.)

The Netherlands is home to almost 20,000 "mailbox companies," Dutch shorthand for corporate shells set up by foreign companies and wealthy foreigners who use them to relieve taxes on royalties, dividends and interest payments, according to a report last November by SOMO, the Center for Research on Multinational Corporations, a nonprofit group in Amsterdam that monitors the business practices of large companies. Globally, some 1,165 companies use Dutch tax shelters to reduce or eliminate taxes on royalties and patents, according to SOMO.

The report, which is critical of the emergence of the Netherlands as a tax haven, says that the number of mailbox companies "has been increasing rapidly in recent years" and that the shelters undermine efforts by governments worldwide to

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"ensure that a level playing field is created where each country receives the fair taxation due to it as a result of the commercial activities undertaken within its borders."

OFTEN mentioned as a candidate to receive the Nobel Peace Prize, or, perhaps less seriously, to run the World Bank, U2's 46-year-old lead singer, Bono, has toured Africa with senior American officials to campaign against AIDS, and hobnobbed with financiers and policymakers while speaking out on global poverty issues at the World Economic Forum in Davos, Switzerland. He even mugged for the cameras in 2000 with Pope John Paul II, who tried on his sunglasses.

U2's riches are equally well-traveled and, like the Rolling Stones, the band has become sophisticated about finding overseas shelters for its money. When Ireland announced last spring that it would sharply curtail a lucrative tax break for musicians, painters, writers and sculptors, the shift posed a financial threat to U2, which has made the Emerald Isle its financial power base for nearly three decades. The Dublin-born-and-bred rockers built their fortune on hit songs and, in part, on Irish laws that forgive taxes due on royalties.

As of last year, U2 had amassed a net worth of 629 million euros — around $908 million — according to the annual "Rich List" of top earners in The Sunday Times of Britain. Royalties are the income that artists and athletes earn from recordings, performances, trademarks, brands, patents, copyrights, film rights, product endorsements, videos, films and the ever-extending commercialization of those assets — in short, the major portion of an artist's or an athlete's income.

Last June, with the Irish tax break about to shrink, U2 heeded the advice of its longtime business manager, Paul McGuinness, and moved its most lucrative asset — a song-publishing catalog with hits like "Where the Streets Have No Name" and "It's A Beautiful Day" — from Mr. McGuinness's firm, located near the Liffey River in Dublin, to Promogroup, which operates beside the elegant Herengracht canal in the heart of elegant, old Amsterdam.

Promogroup's headquarters are in a maroon-brick town house built four centuries ago for slave traders and spice merchants. Mr. Favie did not respond to repeated requests for an interview. To date, his company has not filed any information on funds flowing through U2 Ltd., the Dutch entity that holds U2's song catalog.

In another Amsterdam neighborhood known as the Financial Mile, not far from Promogroup's headquarters, Dutch firms like TMF, EQ Management Services, and Fortis Intertrust also cater to this high-end niche of tax-shelter devotees.

On its Web site, Fortis boasts that its clients are "the world's top composers, performing artists and personalities such as classical musicians, pop artists, DJs, and fashion models." The firm says it specializes in offering the "tax efficient exploitation of image rights," among other things.

"A lot of sponsor-sensitive sports people are also doing this — tennis players, golf players, soccer players," said Frank Lhoëst, an intellectual-property specialist at Fortis. The Dutch government is also in on the act, drafting an extensive network of tax treaties with countries worldwide that make it easy to shuffle money from Dutch companies to foreign subsidiaries, and creating other tax incentives.

"For non-U.S. musicians that receive a substantial portion of their income from non-U.S. source royalties, the use of a back-to-back licensing arrangement in the Netherlands provides significant tax savings," said Jeffrey L. Rubinger, a tax lawyer in Fort Lauderdale, Fla., at Holland & Knight.

The Dutch shelter is simple: royalties that flow into or out of a Dutch holding company are exempt from taxes. Although the nominal corporate tax rate in the Netherlands is around 30 percent, analysts say that domestic tax shelters bring that rate down substantially.

"For 90 percent of the people who do this, the motivation for using these structures is tax minimization, or avoidance," said Ton Smit, a tax lawyer at Tax Consultants International in Rotterdam, a firm that caters to celebrities, athletes and multinational corporations seeking to minimize their taxes.

HISTORICALLY, of course, the Netherlands has always looked outward, building global trading links and establishing the world's first stock exchange in the 17th century. That outlook has spawned legendary leniency, generosity and openness. Prostitution and some drugs are regulated but legal. State-funded benefits are substantial. Even witches are treated well: the government offers tax breaks to students studying witchcraft.

"It's not only tax-motivated, it's our culture — Dutch people are traders all over the world," Mr. Smit said.

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Some experts see a darker side to the emergence of the Netherlands as a sought-after tax shelter. In 2000, the Organization for Economic Cooperation and Development, based in Paris, black-marked the country as one of the world's top five industrialized tax havens for promoting "treaty shopping" for low-tax jurisdictions. The Netherlands tightened certain rules, requiring more substance for Dutch companies set up solely to reduce or eliminate taxes. But some analysts say that troubles persist.

In its report last fall, SOMO, the research group, said the Dutch shelters affect "both the capacity of developing-country governments to supply essential services to their populations and the capacity of developed-country governments to provide finance for development in the form of debt relief and official development aid." The report also said that "tax haven features of the Netherlands also facilitate money laundering and attract companies with a dubious reputation."

While no one has suggested that any of the entertainers, athletes or celebrities making use of Dutch shelters are laundering illicit funds or engaging in illegal acts, the fact that some of them are gaming the tax system has invited criticism.

When news of the Rolling Stones' Dutch tax shelter first emerged last summer in Dutch and German newspapers, it did not particularly roil fans or the British tax authorities. After all, the Rolling Stones are widely regarded as one of the world's most commercial bands, with hundreds of officially licensed products ranging from Mick Jagger "quality resin" bobble-head dolls, Rolling Stones "Classic Rock" twin-bell alarm clocks, and "It's Only Rock and Roll" lava lamps to Rolling Stones Zippo lighters, Rolling Stones lounge pants and lingerie, leather jackets, diamond-encrusted gold and silver jewelry, and the band's ubiquitous trademark and calling card, the thick red Rolling Stones tongue.

But critics say that U2's tax move to Holland is threatening to tarnish the halo surrounding the well-regarded, affable and articulate Bono, by lending him a whiff of hypocrisy. After all, unlike Bono, Mr. Jagger is not out campaigning against third-world debt, or writing a foreword for "The End of Poverty," the most recent book by the prominent economist Jeffrey D. Sachs.

"Bono is a worldwide advocate for greater aid to the developing world, and I applaud him for that," said Joan Burton, the spokesperson for the Irish Labor Party's finance unit and a former cabinet minister, in a telephone interview. "But obviously the money for that comes from taxation, so it's very difficult to ask other people to pay tax to contribute to something very worthwhile while at the same time not paying taxes in a very modest environment."

IRELAND'S taxation of artists is, indeed, modest. Ireland currently allows unlimited tax-free earnings for artists from the sale of their work, but not from licensing or merchandising deals. The government set it up in 1969 to benefit resident struggling artists for whom books like "Blessed Art Thou a Monk Swimming" and "The Wild Red Deer of Killarney" — to name just two titles protected under the exemption — are unlikely to generate big licensing deals.

Next January, Ireland will cap the benefit at 250,000 euros, or around $319,000, after which a sliding tax scale sets in. The country already has a low corporate income tax rate of 12.5 percent.

Some tax advisers in Holland relish extolling the benefits of their service when compared with classic Caribbean tax regimes. In a pitch for the merits of the Dutch tax system, Gerwin de Widle, a tax lawyer at Greenberg Traurig in Amsterdam, observed that "it's better to be here than sit on an island, where they don't even take euros."

Amid such jousting, the fact that U2 is financially decamping to Holland has raised some eyebrows.

Jeff Swystun, a global director at Interbrand, a brand consulting firm based in New York, said that "the Stones will always be credible because of a very simple proposition: we want to have a great party." But U2, he said, "almost project themselves as a nonprofit, so the tax move doesn't really fit with the brand values that they're trying to communicate."

Not so, says U2.

"U2 is a global business and it pays taxes globally," said Mr. McGuinness, the band's business manager, who, in an unusual arrangement, shares equally in the band's earnings. "At least 95 percent of U2's business — including record and ticket sales — takes place outside of Ireland and as a result the band pays many different kinds of taxes all over the world. U2 is fully compliant with all Irish tax laws."

Mr. McGuinness said that Bono and U2 "continue to remain Ireland-based and are personal investors and employers in the country."

"Innovative tax policies have been the bedrock of Ireland's current prosperity," he added. "Like any other business, U2 operates in a tax-efficient manner."

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A spokeswoman for the Rolling Stones, Fran Curtis, declined to comment, other than to say that the band members "don't like to talk about their business." But Mr. Jagger, in a declaration filed last June in a civil lawsuit against his band in an unrelated matter, offered a glimpse of some of the machinery that supports the Rolling Stones' money machine.

In the declaration, Mr. Jagger noted that some of the revenue from his group's recordings flows through the Netherlands. He pointed out that "the recording services of the Rolling Stones are provided by companies that have the right to such services to Promotone B.V., which in turn owns the recordings of the Rolling Stones. My understanding is that Promotone licenses exploitation of those recordings to EMI Music Netherlands B.V., which releases and distributes those recordings through other companies in the United States."

A spokeswoman for EMI declined requests for comment.

According to documents from the Dutch trade registry, Promogroup's Mr. Favie, the principal director of the Stones' holdings in the Netherlands, is now also the main director of U2 Ltd., the Dutch-based entity that holds the lucrative master tapes to U2's song library. Song catalogs typically account for a large portion of successful band's royalty income, so U2 Ltd. is likely to be the recipient of a major piece of U2's income, analysts say. Likewise, U2's financial move to the Netherlands is likely to save it substantial sums it might otherwise have paid in royalty taxes.

Not everyone has access to Dutch shelters. Dutch tax benefits are typically available only to artists who are not citizens of the United States. While the Netherlands does not tax royalties going in or out of a Dutch company, the Treasury Department in the United States typically levies its standard corporate income tax rate of 35 percent on royalties coming into America from a Dutch entity.

Dutch holding companies set up to protect royalties often work in tandem with offshore Caribbean companies, shuffling money around to escape taxes, analysts say. For example, part of the Rolling Stones' Dutch-run assets are funneled through the Netherlands Antilles, a Dutch protectorate and a classic Caribbean tax haven, according to company registration documents.

"Ethically in my opinion, Bono's tax arrangements are entirely inconsistent with his calls upon government to support anti-poverty drives," said Richard Murphy, who runs Tax Research LLC, a research institute based in Norfolk, England, and was one of three co-authors of the SOMO report on Dutch tax shelters. "You cannot be demanding that resources be allocated to anti-poverty drives and then deny those resources to government."

Other tax experts say that such views are overly prim and that rock stars are simply following the leads of some of the world's biggest companies. U2 and the Stones "are taking advantage of this in the same way that all the drug companies are putting all their patents in favorable tax jurisdictions," said Prof. Michael J. Graetz of Yale, an authority on tax shelters and a self-described die-hard Rolling Stones fan. "I wouldn't go so far as to say it's fair, but it's not shocking either."

CONGRESS-ADMINISTRATION:

Budget's Ups And Downs Leave Big Chunk For War (AP)

AP, February 3, 2007

WASHINGTON (AP) -- The Pentagon is the big winner in President Bush's proposed budget for next year, while domestic items such as aid to schools and grants to local governments will get slight increases.

Medicare and Medicaid, the health program for the poor and disabled, would shoulder modest but politically difficult cost curbs in the budget the White House is submitting to Congress on Monday.

Some $18 billion in budget savings would come from farm programs over five years.

Bush's spending plan totals almost $3 trillion for the budget year starting October 1. It would produce a surplus in five years, helped by steady revenue growth and a squeeze on the one-sixth of the budget that covers domestic agencies such as the departments of Education, Energy and Health and Human Services.

Domestic agencies would not face an outright cut, as proposed last year, but would see increases averaging 1 percent, White House Budget director Rob Portman said. That is less than anticipated inflation, but higher costs for veterans' health care probably would result in a larger than average increase.

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The Pentagon, which also consumes one-sixth of the overall budget, would get an 11 percent increase, to $481.4 billion in its core budget. And that is before accounting for an additional $235 billion in war costs over the next year and a half.

Bush's plan will get a skeptical reception from the Democratic-controlled Congress. Democrats say it meets the president's promise to balance the budget by 2012 by omitting war costs and expensive changes to the alternative minimum tax and assuming politically untenable cuts in payments to doctors under Medicare.

"There's this continuing deception about our real fiscal condition," the chairman of the Senate Budget Committee said in an interview Saturday. "Over and over again we see things left out of his budget that we know are going to have to be dealt with," said Sen. Kent Conrad, D-North Dakota.

Democrats also say Bush's estimated cost of about $6 billion for increasing U.S. combat troop strength in Iraq greatly understates the likely total.

For months, Conrad has worked in back channels to establish a group of administration officials and lawmakers who would try to rein in costly benefit programs such as Social Security, Medicare and Medicaid. But the president's refusal to consider some tax increases has scuttled the idea, at least for now.

Bush pushed the balanced budget idea -- to applause -- before a meeting Saturday with House Democrats in Virginia. But he seemed to acknowledge that a large-scale budget agreement with Democrats is a long shot.

"I'm under no illusions of how hard it's going to be," Bush said. "The only thing I want to share with you is, is my desire to see if we can't work together to get it done."

There is room for some modest steps such as an increase in the maximum Pell Grant for low-income college students to $4,600, $550 more than the current cap. House Democrats last week passed an increase in the maximum grant to $4,310.Health care spending likely to be debated

The federal contribution to the popular State Children's Health Insurance Program would rise slightly to address chronic shortfalls. States, however, would get less money to cover children in families at twice the poverty level or more. Democrats are pressing for far greater increases in the children's health program.

The White House's budget also would trim $12 billion from Medicaid, mostly through lower payments to states for administrative costs. About $5 billion or so would go toward addressing shortfalls in the State Children's Health Insurance Program, according to the White House budget office.

The proposed cuts to Medicare and Medicaid are relatively modest, given the overall size of the programs. The Medicare reductions would come in part from smaller inflation adjustments for hospitals, nursing homes, home health care providers and hospices. More higher-income older people would face increased premiums.

Hospitals in particular are a powerful lobbying group and often are some of the leading employers in lawmakers' districts and states. Smaller Medicare cuts of $36 billion proposed last year went nowhere in a GOP-led Congress, and Democrats quickly pounced on the new proposal.

"I think that sounds like the president is declaring war on us and the poor people in this country," said Rep. Pete Stark, D-California.

Stark and other Democrats probably will go after what they see as excessive payments to private managed care plans that provide care to about 8 million Medicare beneficiaries.

Democrats also must deal with a scheduled 8 percent cut in Medicare payments to doctors, a byproduct from a 1997 budget bill. Bush's budget would leave the cut in place, though Congress is virtually certain to provide relief as it has since 2003 with other scheduled payment cuts. Such a move would eat up Bush's proposed Medicare savings and then some.

All told, Bush is seeking $96 billion over five years from mandatory programs providing fixed benefits such as Medicare, farm subsidies and Medicaid and whose spending rises each year.

"Unless we act, we will saddle our children and grandchildren with tens of trillions of dollars of unfunded obligations," Bush said Saturday in his weekly radio address. "They will face three bad options: huge tax increases, huge budget deficits or huge and immediate cuts in benefits."

Bush’s Medicare Budget Would Raise Premiums (NYT)

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By Robert Pear

The New York Times, February 4, 2007

WASHINGTON, Feb. 3 — More and more Medicare beneficiaries would have to pay higher premiums for coverage of prescription drugs and doctors' services under President Bush's 2008 budget, to be unveiled on Monday.

Single people with annual incomes over $80,000 and married couples with incomes over $160,000 already have to pay higher premiums for the part of Medicare that covers doctors' services. The income thresholds rise with inflation.

Budget documents show that Mr. Bush will propose a similar surcharge on premiums for Medicare's new prescription drug benefit. In addition, the president will ask Congress to "eliminate annual indexing of income thresholds," so that more people would eventually have to pay the higher premiums.

The proposal, expected to raise $10 billion over the next five years, is one of many advanced by Mr. Bush in a $2.8 trillion budget that aims to eliminate the deficit by 2012.

In his budget request, Mr. Bush expresses alarm about what he calls "the unsustainable growth of federal entitlement programs," and he proposes savings in Medicare and Medicaid that far surpass what he or any other president has sought.

The president contends that he can make the rule changes without any action by Congress. But Congress could try to block some or all of the changes.

Democrats immediately denounced the proposals. "This is exactly the wrong approach," said Senator Hillary Rodham Clinton of New York, who cited the proposals as evidence of what she called "the president's misplaced priorities."

Many Republicans like the idea of an "income-related premium," saying affluent beneficiaries can afford to pay a larger share of Medicare's costs. Democrats are divided. Some see it as a progressive way to finance the program. But others say it is fundamentally at odds with the idea of social insurance, and they fear that it could prompt some wealthy people to leave Medicare.

Administration officials said earlier this week that Mr. Bush would ask Congress to squeeze more than $70 billion from Medicare and Medicaid over five years. But the budget documents show that the actual figure is much larger: $101.5 billion of savings over five years.

The president's budget includes legislative proposals that would save $78.6 billion over the next five years — $65.6 billion in Medicare and $13 billion in Medicaid.

In addition, the budget documents say that Mr. Bush will propose changes in federal regulations to save $22.9 billion more over the next five years: $10.2 billion in Medicare and $12.7 billion in Medicaid.

Lobbyists for hospitals, nursing homes and other health care providers plan a huge campaign to kill the president's proposals, which they say will ultimately harm beneficiaries.

Mr. Bush said his proposals would just slow the programs' growth. "Our budget reduces Medicare's average annual growth rate over five years to 5.6 percent, from 6.5 percent," Mr. Bush said, while Medicaid would grow 7.1 percent a year, instead of 7.3 percent.

In the past, Mr. Bush has proposed trimming Medicare payments to health care providers for a few years, but now he proposes to make the cutbacks permanent, so that hospitals and nursing homes would never receive a full update for inflation.

For the Children's Health Insurance Program, Mr. Bush requests $5.4 billion in 2008, a reduction of $223 million, or 4 percent, from this year's level. Beyond the current levels of spending, the White House is seeking an "additional allotment" of $5 billion over the next five years, which is less than half of what would be needed to maintain coverage for children currently enrolled.

Mr. Bush said he wanted to return the program to its "original objective" of covering children with family incomes less than twice the poverty level. Budget documents note that 16 states cover children above that level, and "one state, New Jersey, covers children up to 350 percent of the federal poverty level." A family of four is considered poor if its annual income is less than $20,650.

In a visit to the National Institutes of Health last month, Mr. Bush said, "The N.I.H. is one of America's greatest assets, and it needs to be nourished," adding, "It makes sense to spend taxpayers' money on cancer research."

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But the president's budget for biomedical research is basically flat. He is requesting $28.9 billion for the health institutes in 2008, an increase of $232 million, or less than 1 percent. For the National Cancer Institute, Mr. Bush is requesting $4.8 billion, which is $9 million less than this year's level.

To fight childhood obesity, Mr. Bush asks Congress to set aside $17 million for a new program to promote "healthy behavior" among adolescents. But at the same time, he asks Congress to eliminate the preventive health services block grant, which provides $99 million a year to help states prevent obesity and other chronic conditions.

Mr. Bush proposes an 18 percent cut in the Low-Income Home Energy Assistance Program, which provides $2.2 billion to help people pay heating bills this year. At a time of high fuel prices, many lawmakers are likely to resist the cut.

Lawmakers See Pot Of Gold In Tax Gap (LAT)

By Joel Havemann

The Los Angeles Times, February 4, 2007

WASHINGTON — For members of Congress, thinking up bright ideas for spending tax dollars comes as naturally as breathing. But, constrained by big deficits and a pledge not to make them any bigger, lawmakers find themselves in an uncomfortable bind.

That's why Washington has suddenly discovered a new buzzword — the "tax gap" — and the roughly $300-billion pot of untouched gold that it promises. That's how much the Internal Revenue Service says taxpayers owe the government annually but, for various reasons, never pay.

The chances of significantly narrowing that gap appear slim. But as Congress gets ready to receive President Bush's 2008 budget Monday, Democrats and Republicans alike are talking it up as a way to fund politically appealing initiatives — and bring down the deficit to boot.

"Closing the tax gap has got to be one of our top priorities," said Senate Budget Committee Chairman Kent Conrad (D-N.D.).

The IRS is probably low-balling its estimate of the tax gap, he said, and there should be more than $300 billion available.

To boost efforts to harvest it, the chairman and the top Republican member of the Senate's tax-writing finance committee, Sens. Max Baucus of Montana and Chuck Grassley of Iowa, took the unusual step last week of visiting the IRS and asking some of its top bureaucrats about the tax gap — and presumably ways it might be closed.

Though the existence of the tax gap is real enough, the likelihood that any substantial part of it can be collected is more hope than fact. The gap has been around as long as there have been taxes, and past efforts to close it have yielded meager results.

"If the tax gap was easy to close, the IRS would already have done it," said Mark Zandi, chief economist at Moody's Economy.com.

For one thing, the IRS would have to use tougher tactics to get more revenue — and that would make taxpayers squawk. The last time Congress addressed the subject of tax collection methods, in 1998, it reined in overzealous IRS agents.

"The 1998 act tilted the table in tax disputes in favor of taxpayers suspected of noncompliance," wrote Max B. Sawicky, an economist at the Economic Policy Institute, in his book "Bridging the Tax Gap."

Collecting more would also require spending more for audits and investigations. In fact, the IRS last year had a smaller enforcement staff, and it conducted fewer audits — fewer than one individual return in 100 — than a decade earlier.

"You can ask for more audits, income-tax withholding and reporting of income to the IRS," said Mel Schwarz, a partner in the Washington office of the accounting firm Grant Thornton. "All of this would be invasive on a lot of taxpayers, many of whom already pay their taxes."

And as Robert D. Reischauer, president of the Urban Institute, pointed out, a lot of the money is owed by people who have gone bankrupt or moved overseas to escape the IRS' reach.

Also largely beyond the tax collectors' grasp is the huge underground cash economy, whose transactions go unreported to any financial authorities. It would take an American equivalent of the KGB to bring that into compliance with the U.S. tax code.

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Measuring the tax gap is as much art as science. To find out what taxpayers should have paid on their 2001 income, the IRS conducted reviews of a random sample of 46,000 individual returns.

The IRS estimates that taxpayers still owed $345 billion after most 2001 tax payments were due. A combination of voluntary late payments and IRS enforcement actions shaved that figure to $290 billion. That means taxpayers paid 86.6% of the $2.157 trillion they owed — the vast majority of it voluntarily.

Like just about everything else with a dollar sign in front of it, the $290-billion tax gap has probably grown since 2001. Even if it stayed the same, it would be enough to balance this year's budget, with about $50 billion left over.

Underpayment of individual income taxes dominates the tax gap. The IRS estimated that individuals accounted for 71% of the 2001 tax gap, with the rest coming from underpayments of corporate income taxes, payroll taxes for Social Security and Medicare, and estate taxes.

The IRS traced most of the gap to taxpayers who underreported their taxable income, either by failing to report some income or by taking more deductions and credits than they were entitled to. Failure to file tax returns and failure to pay taxes owed accounted for much less.

Some of the tax gap is the result of honest mistakes on tax forms, which grow more complex every year as Congress adds new wrinkles to the tax code. The IRS can't say how big this category is.

But one thing is apparent from the IRS' research: The government has a much better chance of collecting the money it is owed if a portion of it is withheld in advance and if the income is reported by two sources — taxpayers and their employers.

In 2001, for example, taxpayers failed to pay taxes on only 1.2% of income in cases in which employers reported substantial information to the IRS and withheld at least some taxes from their workers' paychecks. But when substantial information was reported to the IRS but no taxes were withheld — as with interest and dividend income — the noncompliance rate nearly quadrupled, to 4.5%. And when the IRS received little or no independent information, the noncompliance rate was 53.9%, meaning it received less than half the taxes owed.

More withholding, or at least more reporting when money changes hands, would undoubtedly mean a smaller tax gap. But it wouldn't always be easy to arrange. It's one thing to ask a huge corporation to withhold taxes from its employees; it has a brigade of accountants to take care of that.

But the IRS would set off the modern equivalent of the Boston Tea Party if it required families to withhold taxes or file a report with the IRS every time they paid the plumber or bought an apple at the corner market. Short of a technological breakthrough, it will be the responsibility of the plumber and the corner grocer to report their full income.

Of course, tax cheating can grow to a scale far beyond the local plumber or grocer.

Two recent examples: A North Carolina man was sentenced to 41 months in prison for not reporting $850,000 in commissions that he paid himself for investments he solicited in a company he started. And a Washington state man got a year and a day in prison for failing to report at least $1 million in income from the U.S. Postal Service for installing and maintaining mailboxes.

A favorite tax dodge involves transferring funds to banks in countries with little or no income taxes and arranging the books so that all the profits seem to have been made there. Sen. Conrad said a single five-story building in the Cayman Islands, a notorious tax haven, was listed as the local address of 12,000 U.S. companies.

Conrad said that while he was North Dakota's tax commissioner, he found an oil company that showed losses at every step of the marketing chain in the United States — but made up for it and then some in the Cayman Islands, even though it has only one employee there.

"That man is really a hard worker," Conrad said. "He's down there producing millions in profits when thousands of employees in the United States produce none."

Facing Inequality (WP)

The Washington Post, February 4, 2007

THERE WAS a flurry of excitement when President Bush allowed the words "global climate change" to escape his lips in his State of the Union address. He didn't propose any useful response to the problem, but somehow we were supposed to feel

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grateful that in his seventh year in office he finally had acknowledged the phenomenon's existence. Last week came a similar epiphany, when Mr. Bush went to Manhattan and acknowledged for the first time the reality of income inequality.

"The fact is that income inequality is real," Mr. Bush pronounced. Not only that, but "it's been rising for more than 25 years." The historical addendum no doubt was intended to insulate the president from any blame in the matter. But it has the opposite effect. If rising income inequality was already a problem when Mr. Bush took office, his regressive reshaping of the tax code becomes even less excusable.

Mr. Bush is right on his history. Post-tax income of the top fifth of households was 6.7 times higher than incomes of the bottom fifth 25 years ago; the multiple has risen to 9.8. That wouldn't be so terrible if everyone's incomes were rising at a healthy clip, but between 1980 and 2004 wages of the typical worker actually fell slightly, when adjusted for inflation. Mr. Bush says that "the reason is clear," which must come as alarming news to an army of economists who make their living debating the relative importance of globalization, technology and other factors. Mr. Bush's diagnosis -- "we have an economy that increasingly rewards education" -- leads to a useful prescription, namely, as he said, "strengthening public education."

But as everyone knows, that's a tall order, and one in which the federal government has only a modest say. The federal government could make college more accessible and expand access to Head Start and similar early-childhood programs, which would improve equality of opportunity. But as we argued in a series on inequality last year, there's also much the federal government could do to address the problem more directly. The federal mortgage-interest deduction, for example, overwhelmingly benefits top earners; so do tax incentives to promote retirement savings and (as Mr. Bush, to his credit, recently pointed out) health insurance. In 2004, for example, the richest one-tenth of households reaped 49 percent of the tax subsidies for IRAs, 401(k)s and other defined-contribution pensions. All of these tax benefits could be reformed, without being abolished, to tilt a bit less in the direction of the wealthy.

The government can't solve the problem of inequality by taking from the rich and giving to the poor, and it shouldn't try. If a tax system becomes too onerous for top earners, it discourages innovation, entrepreneurship and the economic growth on which everyone depends. But in an era when largely uncontrollable forces are pushing against equality and fairness, the government shouldn't be needlessly pushing in the same direction. This week Mr. Bush will insist in his proposed budget that all of his tax cuts be extended. Those have proved enormously more beneficial to the super-rich than to anyone else. Given the reality that Mr. Bush has at last taken note of, such a policy just makes no sense.

In Washington, Contractors Take On Biggest Role Ever (NYT)

By Scott Shane, Ron Nixon

The New York Times, February 4, 2007

WASHINGTON, Feb. 3 — In June, short of people to process cases of incompetence and fraud by federal contractors, officials at the General Services Administration responded with what has become the government's reflexive answer to almost every problem.

They hired another contractor.

It did not matter that the company they chose, CACI International, had itself recently avoided a suspension from federal contracting; or that the work, delving into investigative files on other contractors, appeared to pose a conflict of interest; or that each person supplied by the company would cost taxpayers $104 an hour. Six CACI workers soon joined hundreds of other private-sector workers at the G.S.A., the government's management agency.

Without a public debate or formal policy decision, contractors have become a virtual fourth branch of government. On the rise for decades, spending on federal contracts has soared during the Bush administration, to about $400 billion last year from $207 billion in 2000, fueled by the war in Iraq, domestic security and Hurricane Katrina, but also by a philosophy that encourages outsourcing almost everything government does.

Contractors still build ships and satellites, but they also collect income taxes and work up agency budgets, fly pilotless spy aircraft and take the minutes at policy meetings on the war. They sit next to federal employees at nearly every agency; far more people work under contracts than are directly employed by the government. Even the government's online database for tracking contracts, the Federal Procurement Data System, has been outsourced (and is famously difficult to use).

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The contracting explosion raises questions about propriety, cost and accountability that have long troubled watchdog groups and are coming under scrutiny from the Democratic majority in Congress. While flagrant cases of fraud and waste make headlines, concerns go beyond outright wrongdoing. Among them:

-Competition, intended to produce savings, appears to have sharply eroded. An analysis by The New York Times shows that fewer than half of all "contract actions" — new contracts and payments against existing contracts — are now subject to full and open competition. Just 48 percent were competitive in 2005, down from 79 percent in 2001.

-The most secret and politically delicate government jobs, like intelligence collection and budget preparation, are increasingly contracted out, despite regulations forbidding the outsourcing of "inherently governmental" work. Scott Amey, general counsel at the Project on Government Oversight, a watchdog group, said allowing CACI workers to review other contractors captured in microcosm "a government that's run by corporations."

-Agencies are crippled in their ability to seek low prices, supervise contractors and intervene when work goes off course because the number of government workers overseeing contracts has remained level as spending has shot up. One federal contractor explained candidly in a conference call with industry analysts last May that "one of the side benefits of the contracting officers being so overwhelmed" was that existing contracts were extended rather than put up for new competitive bidding.

-The most successful contractors are not necessarily those doing the best work, but those who have mastered the special skill of selling to Uncle Sam. The top 20 service contractors have spent nearly $300 million since 2000 on lobbying and have donated $23 million to political campaigns. "We've created huge behemoths that are doing 90 or 95 percent of their business with the government," said Peter W. Singer, who wrote a book on military outsourcing. "They're not really companies, they're quasi agencies." Indeed, the biggest federal contractor, Lockheed Martin, which has spent $53 million on lobbying and $6 million on donations since 2000, gets more federal money each year than the Departments of Justice or Energy.

¶Contracting almost always leads to less public scrutiny, as government programs are hidden behind closed corporate doors. Companies, unlike agencies, are not subject to the Freedom of Information Act. Members of Congress have sought unsuccessfully for two years to get the Army to explain the contracts for Blackwater USA security officers in Iraq, which involved several costly layers of subcontractors.

Weighing the Limits

The contracting surge has raised bipartisan alarms. A just-completed study by experts appointed by the White House and Congress, the Acquisition Advisory Panel, found that the trend "poses a threat to the government's long-term ability to perform its mission" and could "undermine the integrity of the government's decision making."

The House Committee on Oversight and Government Reform, whose new Democratic chairman, Representative Henry A. Waxman of California, added the word "oversight" to signal his intentions, begins a series of investigative hearings on Tuesday focusing on contracts in Iraq and at the Department of Homeland Security.

"Billions of dollars are being squandered, and the taxpayer is being taken to the cleaners," said Mr. Waxman, who got an "F" rating last year from the Contract Services Association, an industry coalition. The chairman he succeeded, Representative Thomas M. Davis III, Republican of Virginia, earned an "A."

David M. Walker, who as comptroller general of the United States leads the Government Accountability Office, has urged Congress to take a hard look at the proper limits of contracting. Mr. Walker has not taken a stand against contractors — his agency is also dependent on them, he admits — but he says they often fail to deliver the promised efficiency and savings. Private companies cannot be expected to look out for taxpayers' interests, he said.

"There's something civil servants have that the private sector doesn't," Mr. Walker said in an interview. "And that is the duty of loyalty to the greater good — the duty of loyalty to the collective best interest of all rather than the interest of a few. Companies have duties of loyalty to their shareholders, not to the country."

Even the most outspoken critics acknowledge that the government cannot operate without contractors, which provide the surge capacity to handle crises without expanding the permanent bureaucracy. Contractors provide specialized skills the government does not have. And it is no secret that some government executives favor contractors because they find the federal bureaucracy slow, inflexible or incompetent.

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Stan Soloway, president of the Professional Services Council, which represents government contractors, acknowledged occasional chicanery by contractors and too little competition in some areas. But Mr. Soloway asserted that critics had exaggerated the contracting problems.

"I don't happen to think the system is fundamentally broken," he said. "It's remarkable how well it works, given the dollar volume."

Blurring the Lines

Wariness of government contracting dates at least to 1941, when Harry S. Truman, then a senator, declared, "I have never yet found a contractor who, if not watched, would not leave the government holding the bag."

But the recent contracting boom had its origins in the "reinventing government" effort of the Clinton administration, which slashed the federal work force to the lowest level since 1960 and streamlined outsourcing. Limits on what is "inherently governmental" and therefore off-limits to contractors have grown fuzzy, as the General Services Administration's use of CACI International personnel shows.

"Hi Heinz," Renee Ballard, a G.S.A. official, wrote in an e-mail message to Heinz Ruppmann, a CACI official, last June 12, asking for six "contract specialists" to help with a backlog of 226 cases that could lead to companies being suspended or barred from federal contracting. The CACI workers would review files and prepare "proposed responses for review and signature," she wrote.

Mr. Amey, of the Project on Government Oversight, which obtained the contract documents under the Freedom of Information Act, said such work was clearly inherently governmental and called it "outrageous" to involve contractors in judging the misdeeds of potential competitors. CACI had itself been reviewed in 2004 for possible suspension in connection with supplying interrogators to the Abu Ghraib prison in Iraq. The company was ultimately cleared, though the G.S.A. found that CACI employees had improperly written parts of the "statements of work" for its own Iraq contract.

The price of $104 an hour — well over $200,000 per person annually — was roughly double the cost of pay and benefits of a comparable federal worker, Mr. Amey said.

Asked for comment, the G.S.A. said decisions on punishments for erring contractors "is indeed inherently governmental." But the agency said that while the CACI workers assisted for three months, "all suspension/debarment decisions were made by federal employees." A CACI spokeswoman made the same point.

The G.S.A., like other agencies, said it did not track the number or total cost of its contract workers. The agency administrator, Lurita Doan, who previously ran a Virginia contracting firm, has actively pushed contracting. Ms. Doan recently clashed with her agency's inspector general over her proposal to remove the job of auditing contractors' proposed prices from his office and to hire contractors to do it instead.

On some of the biggest government projects, Bush administration officials have sought to shift some decision making to contractors. When Michael P. Jackson, deputy secretary of the Department of Homeland Security, addressed potential bidders on the huge Secure Border Initiative last year, he explained the new approach.

"This is an unusual invitation," said Mr. Jackson, a contracting executive before joining the agency. "We're asking you to come back and tell us how to do our business."

Boeing, which won the $80 million first phase of the estimated $2 billion project, is assigned not only to develop technology but also to propose how to use it, which includes assigning roles to different government agencies and contractors. Homeland Security officials insist that they will make all final decisions, but the department's inspector general, Richard L. Skinner, reported bluntly in November that "the department does not have the capacity needed to effectively plan, oversee and execute the SBInet program."

A 'Blended Work Force'

If the government is exporting some traditional functions to contractors, it is also inviting contractors into agencies to perform delicate tasks. The State Department, for instance, pays more than $2 million a year to BearingPoint, the consulting giant, to provide support for Iraq policy making, running software, preparing meeting agendas and keeping minutes.

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State Department officials insist that the company's workers, who hold security clearances, merely relieve diplomats of administrative tasks and never influence policy. But the presence of contractors inside closed discussions on war strategy is a notable example of what officials call the "blended work force."

That blending is taking place in virtually every agency. When Polly Endreny, 29, sought work last year with the National Oceanographic and Atmospheric Administration, she was surprised to discover that most openings were with contractors.

"The younger generation is coming in on contracts," said Ms. Endreny, who likes the arrangement. Today, only the "Oak Management" on her ID badge distinguishes her from federal employees at the agency's headquarters.

She said her pay was "a little higher" than that of comparable federal workers, and she gets dental coverage they do not. Such disparities can cause trouble. A recent study of one NOAA program where two-thirds of the work force were contractors found that differences in salary and benefits could " substantially undermine staff relations and morale."

The shift away from open competition affects more than morale. One example among many: with troops short in Iraq, Congress in 2003 waived a ban on the use of private security guards to protect military bases in the United States. The results for the first $733 million were dismal, investigators at the Government Accountability Office found.

The Army spent 25 percent more than it had to because it used sole-source contracts at 46 of 57 sites, the investigators concluded. And screening of guards was so lax that at one base, 61 guards were hired despite criminal records, auditors reported. Yet the Army gave the contractors more than $18 million in incentive payments intended to reward good performance. (The Army did not contest G.A.O.'s findings and has changed its methods.)

A Coalition for Contracting

Mr. Soloway, of the contracting industry group, argues that the contracting boom has resulted from the collision of a high-technology economy with an aging government work force — twice as many employees are over 55 as under 30. To function, Mr. Soloway said, the government must now turn to younger, skilled personnel in the private sector, a phenomenon likely to grow when what demographers call a "retirement tsunami" occurs over the next decade.

"This is the new face of government," Mr. Soloway said. "This isn't companies gouging the government. This is the marketplace."

But Paul C. Light of New York University, who has long tracked the hidden contractor work force to assess what he calls the "true size of government," says the shift to contractors is driven in part by federal personnel ceilings. He calls such ceilings a "sleight of hand" intended to allow successive administrations to brag about cutting the federal work force.

Yet Mr. Light said the government had made no effort to count contractors and no assessment of the true costs and benefits. "We have no data to show that contractors are actually more efficient than the government," he said.

Meanwhile, he said, a potent coalition keeps contracting growing: the companies, their lobbyists and supporters in Congress and many government managers, who do not mind building ties to contractors who may hire them someday. "All the players with any power like it," he said.

That is evident wherever in Washington contractors gather to scout new opportunities. There is no target richer than the Homeland Security Department, whose Web site, in a section called "Open for Business," displays hundreds of open contracts, including "working with selected cities to develop and exercise their catastrophic plans" ($500,000 to $1 million) and "Conduct studies and analyses, systems engineering, or provide laboratory services to various organizations to support the DHS mission" ($20 to $50 million).

One crisp morning in an office building with a spectacular view of the Capitol, Alfonso Martinez-Fonts Jr., the agency's assistant secretary for the private sector, addressed a breakfast seminar on "The Business of Homeland Security." The session drew a standing-room crowd.

Mr. Martinez-Fonts, a banker before joining the government, said he could not personally hand out contracts but could offer "tips, hints and directions" to companies on the hunt.

Joe Haddock, a Sikorsky Helicopters executive, summed up the tone of the session. "To us contractors," Mr. Haddock said, "money is always a good thing."

Capitol's Newcomers Try A Little Openness (WP)

DOJ_NMG_0127406

By Lyndsey Layton

The Washington Post, February 4, 2007

Jon Tester stands out from the other 99 members of the Senate in these ways:

The organic farmer wears cowboy boots with his dark business suits. He sports a buzz haircut that is more Marine drill sergeant than wavy-haired senator. He passes more people on his five-block walk from his Washington apartment to the Capitol than he might see in a week in Montana.

And then there's this: He posts his daily schedule on his Web site for all the world to see.

In a culture where lawmakers spend hours in closed-door meetings, and their activities out of the public eye are considered proprietary, Tester is a trailblazer bent on opening up the inner workings of his office. His radical practice comes after irate voters in November tossed out longtime incumbents implicated in lobbying scandals and as public interest groups clamor for more transparency in the way Congress does business.

Tester's early days in office have been filled by half-hour meetings that start at 8 a.m. and stretch until sundown. He's hosted the Montana Wheat & Barley Committee and Big Timber Montana. He sat down with the Burlington Northern Santa Fe, the major freight railroad in the West, as well as the union which represents its labor force, the Brotherhood of Locomotive Engineers and Trainmen. One day, he had three separate meetings with three different Indian tribes.

Every session with lobbyists, constituents and other lawmakers is conscientiously recorded, including names, affiliations and the duration of the meeting.

"I just wanted to give people an opportunity to see who I meet with," said Tester, a freshman Democrat who unseated three-term Republican Conrad Burns, helping the Democrats win control of the Senate. "I believe in transparent government and this is my effort."

Before the newcomer's staff got his Web site up and running, they taped a paper copy of his daily schedule to his office door. "But we realized that doesn't do a lot of good for the people back in Montana," said Matt McKenna, his communications director.

Tester's schedule is quite detailed, including entries describing his visits to the Senate gym and dinners with his wife, Sharla. "I just thought it would be easier than trying to explain gaps in time," he said.

In the House, Rep. Kirsten Gillibrand, a freshman Democrat from Upstate New York, is doing something similar. Although she gives less detail than Tester, Gillibrand lists her work-related meetings each day on her Web site.

"I was trying to think what are ways to restore public's confidence that special interests don't have overwhelming influence," said Gillibrand, who promised during her campaign to publicize her schedule. "And I figured the best way is to provide information about who members are meeting with."

She does not describe the duration of meetings or include personal appointments. "If I have lunch with a girlfriend, I don't want that on the schedule," Gillibrand said. "This is not Reality Congress, where you live the life of a congressman. I'm not going to post how many calories I eat today. This is about ethics reform, letting people know who's bending your ear."

Richard A. Baker, the Senate historian, cannot find a precedent for what Tester and Gillibrand are doing. Former Democratic senator Bob Graham of Florida was known for his eccentric habit of keeping a running log of his every waking activity, including the brand of breakfast cereal he consumed, but he never published the 4,400 notebooks he filled over 26 years of scribbling.

During her campaign for office, Gillibrand signed a pledge circulated by the Sunlight Foundation, a nonpartisan organization dedicated to bringing greater transparency to government. Of the 92 congressional candidates nationwide who agreed to the pledge, Gillibrand was the only one to win office.

"This is a recognition that 60 percent of Americans punch a clock, report on time sheets how much time they work and how they spend at time," said Ellen Miller, executive director of the foundation, which would like nothing more than a law requiring lawmakers to make their schedules public. "Why shouldn't members of Congress do the same?"

The Sunlight Foundation is archiving Tester's and Gillibrand's daily schedules at http://www.congresspedia.com in a format to allow searches and analysis.

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Bill Frenzel, a scholar at the Brookings Institution who was a Republican member of Congress for 20 years, takes a dimmer view. "It sounds pretty silly," said Frenzel, who represented a Minnesota district. "People don't need to know who you're meeting with, they need to know whether you're available to meet with them."

He said he was reminded of former senator Richard Stone of Florida, who took the door to his office off its hinges to emphasize his own transparency. "Grandstanding is what you'd call it in minor league baseball," Frenzel said.

Tester and Gillibrand said their constituents like the public schedules and none of the lobbyists have grumbled about them. "If they're nervous about it it's probably someone I shouldn't be meeting with," Tester said.

According to his schedule, Tester sat down with AFL-CIO President John J. Sweeney and the union's legislative director, William Samuel on Jan. 24 for a half-hour. "I'm fine with it," Samuel said. "Unlike others in Washington, we have no interest in covering our tracks . . . We might have known more about how the Republicans were coming up with energy plans and prescription drug plans if we knew how much time they were spending with their corporate lobbyists."

Tester and Gillibrand both rode to office emphasizing corruption scandals and the need to bring new openness to Washington.

Tester, who was president of the Montana Senate in a Republican-leaning state, hammered on the fact that Burns accepted $150,000 in campaign contributions from disgraced lobbyist Jack Abramoff, his firm and his clients. Burns later returned the money but Tester made Burns's connection to Abramoff a major part of the campaign. Tester was heavily outspent by Burns but won by 2,565 votes.

Gillibrand won her seat after painting her rival, Republican John E. Sweeney, as ethically troubled. Sweeney, an eight-year House veteran, took a trip to the Northern Mariana Islands with an Abramoff associate. Late in the campaign, it became public that police responded to a domestic violence call involving Sweeney and his wife.

Miller said the Sunlight Foundation plans to lobby other members of Congress to post their schedules. But with just two of 535 participating, there is a lot of work ahead.

Gillibrand said she wants to create a special caucus of like-minded members. She already has a name -- the Sunshine Caucus. Now all she needs are members, she said.

Balking On Bundling (WP)

The Washington Post, February 4, 2007

DISTURBING, though not particularly surprising, rumblings are emanating from the House of Representatives to the effect that some Democrats are balking at requiring lobbyists to disclose the campaign contributions they arrange or collect for lawmakers.

This important requirement was included in the lobbying and ethics package that recently passed the Senate; Reps. Chris Van Hollen (D-Md.) and Martin T. Meehan (D-Mass.) have introduced the same measure in the House and want to see it included in the lobbying legislation that the House plans to take up in the next few months. A similar provision was overwhelmingly approved by the House Judiciary Committee last year but unceremoniously disappeared from the final version of the legislation, which never became law in any event.

The Capitol Hill newspaper Roll Call reported last week that some Democratic House members, egged on by K Street lobbyists, are agitating to have the provision removed. That can't be allowed to happen. Mr. Van Hollen, who's responsible for helping to raise big money from K Street and elsewhere as the new head of the House Democrats' campaign arm, nonetheless understands that providing accurate information about the real influence of lobbyists is a critical piece of reform.

As it stands, lawmakers who happily take the cash and the lobbyists who harvest it for them are all too aware of how much the former are indebted to the latter. The public is left in the dark. If House leaders want to have credibility on cleaning up the "culture of corruption" they decry, they will see to it that the lobbying package that passes the House is as strong on this score as the Senate version.

Cardin Finds Passion For Speeches (WT)

By S.A. Miller

The Washington Times, February 4, 2007

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There were jokes on the Maryland campaign trail last year that Benjamin L. Cardin would easily win the race to succeed longtime Sen. Paul S. Sarbanes because voters thought they were the same man.

Both are liberal Democrats, studious, reserved and -- after each spent years in the Maryland legislature and Congress -- prone to long-winded discourses on policy intricacies.

Neither was known for inspired oratory.

Since he took the oath last month as Maryland's freshman senator, however, Mr. Cardin has distinguished himself from his predecessor with bold words and an aggressive style.

In his first speech on the Senate floor, delivered a week after taking office, Mr. Cardin denounced President Bush's plan to send 21,500 more troops to Iraq and called for the withdrawal of U.S. forces.

"We need a surge in U.S. troops coming home, not a surge in those going to war," said Mr. Cardin, adding that the plan wasn't new but more of the same, "just now with more American troops in harm's way."

Mr. Cardin, 63, also spoke passionately about global warming as a member of the Environment and Public Works Committee.

"The impact of global warming is real and right before our eyes," he said. "It's a crisis that affects every human being on this Earth, and we must take action now."

He rose on the Senate floor in support of increasing the federal minimum wage, saying, "I believe it is wrong that millions of hard-working Americans who play by the rules still live in poverty and are unable to provide for their families."

Mr. Cardin's quick transition from 20-year House veteran to up-and-coming freshman senator has not gone unnoticed by his colleagues.

"He brings a fresh spirit to the Senate," said Sen. Barbara A. Mikulski, a Democrat who for two decades has been Maryland's firebrand senator beside the stately Mr. Sarbanes, now retired.

"Ben Cardin certainly shares Paul Sarbanes' integrity and dedication to the state of Maryland," Miss Mikulski said, "but Ben is his own man and will create his own legacy."

Mr. Cardin told The Washington Times that he is still finding his way as a senator, and he confided that "it is a thrill" every time he performs the freshman duty of presiding over the Senate.

"I still wake up every morning very thankful for the opportunities I have being a United States senator," he said. "I still have a smile on my face."

He also said he welcomed comparisons to Mr. Sarbanes and Miss Mikulski, two lawmakers he emulates. Still, Mr. Cardin said he would continue to build his own reputation.

"I have my own way of doing business," he said. "I call it my own brand name. I think I've developed a reputation of my own, and that's what I want. ... I've got a little Mikulski and Sarbanes in me, as well as a lot of other people. Certainly, there's a lot of my mother and father in me."

Pathologists Protest Defense Site's Closure (WP)

By Christopher Lee

The Washington Post, February 4, 2007

Medical specialists and former military officials are protesting the planned dismantling of a Defense Department health agency whose origin dates to the Civil War, saying the move would eliminate an invaluable tool in the diagnosis and understanding of disease.

The Armed Forces Institute of Pathology is scheduled to be broken up as part of the federal base-closing process that will shutter Walter Reed Army Medical Center by 2011. The AFIP board of governors will meet today to make final recommendations about how to proceed.

The institute is a descendant of the Army Medical Museum, created in 1862 to be a repository for tissue specimens from injured and diseased Civil War soldiers. With more than 800 employees, the AFIP provides pathology consultation, research and medical education for the military, other federal agencies and the civilian medical community. It has a repository of 95 million tissue samples that helps government scientists track disease and provide second opinions in difficult pathology cases.

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"It's sort of like the Supreme Court for pathology," said Gretchen Schaefer, a spokeswoman for the College of American Pathologists.

The institute made headlines last year when a team reconstructed the virus behind the 1918-19 Spanish flu, which killed 50 million people worldwide. The team used material from the AFIP collection -- tiny dried pieces of lung tissue from two soldiers who had died in the pandemic -- as a source of virus fragments, which were then amplified and reassembled into a working virus. The project is helping scientists understand what made the 1918 flu so contagious and so fatal as they seek ways to combat future pandemics.

But agency officials and outside experts say work of that caliber will no longer be possible after the breakup of the institute, with some functions moving to other Defense Department facilities and others discontinued. In particular, they object to plans to outsource to civilian laboratories the 55,000 second-opinion pathology consultations AFIP specialists provide each year, along with some initial-diagnosis work, and to move the tissue repository to another Defense facility in the Washington area. More than 400 support staff members and scientists would lose their jobs, said Prakash Jha, a pathologist at the agency.

The pathologists and other scientists at the institute have unmatched expertise and routinely handle the hardest cases, such as determining whether biopsied bone tissue is cancerous, said Vernon W. Armbrustmacher, the retired Air Force colonel who headed the agency from 1991 to 1995.

"There's a great variety in the way these things present, and to give a reliable answer requires a lot of experience," he said. "I don't think there's a comparable organization that looks at these kinds of problems in that depth."

Moreover, the repository -- which government scientists draw upon in analyzing new samples and add to in the course of their work -- will stagnate "like a library that can't get new books," he said.

Stephen L. Jones, principal deputy assistant secretary of defense for health affairs, said that the agency has done "tremendous work" but that commercial laboratories are capable of doing the civilian pathology consultations. He said the base-closing process and reviews by the institute's governing board have ensured that critical functions will be preserved.

Between the work of the Base Realignment and Closure Commission and the institute's board, Jones said, he thinks "we will not lose any capabilities that are necessary for national security purposes."

Jones said the department is studying ways to ensure that the tissue repository remains useful. "We want to make maximum benefits of any assets that it may have, from a research or an advancement-of-science standpoint," he said.

The agency's advocates, unconvinced, have urged the Defense Department to consider transferring the pathology services and other functions to the Uniformed Services University of the Health Sciences in Bethesda, a move that would keep the scientific expertise in-house and ensure continued growth of the tissue repository. That idea has been backed by 30 groups, including the American Medical Association, the American Society for Clinical Pathology and the National Association of Medical Examiners, and by at least seven Democratic lawmakers, including Sen. Edward M. Kennedy (Mass.) and Rep. Chris Van Hollen (Md.).

BearingPoint, hired by the Defense Department as a consultant, also recommended that course in a report last year, concluding that retaining the pathology functions would help with homeland security missions such as rapidly responding to bioterrorism. That option would cost $18.2 million, however, compared with about $5 million for outsourcing the work, according to BearingPoint.

Health Coverage's Momentum (WP)

By David S. Broder

The Washington Post, February 4, 2007

Piece by piece, the stage is being set for the long-overdue effort to rebuild America's creaky health-care system into one that can meet the needs of the 21st century. It probably won't happen until 2009, but the outlines of the big change are starting to become clear.

As is always the case, the driving force is coming from the people. More and more families are experiencing the terror of living without health insurance -- about 47 million uninsured at last count. And additional millions are facing rising premiums and co-payments that strain family budgets.

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As the costs rise, more and more employers are bailing out of providing health coverage, and the pressure for help from government is rising. With Congress wary of systemic reform after the collapse of the Clintons' initiative in 1994, states are being forced to improvise their own solutions.

Last year, Massachusetts, with Republican Gov. Mitt Romney and the Democratic legislature collaborating, devised a plan to provide coverage for all its residents. Now, the first cost estimates have come in, and monthly premiums are projected to be almost twice as expensive as Romney predicted. It's not clear whether the plan can go forward.

Meantime, California's Republican Gov. Arnold Schwarzenegger has offered his own universal coverage proposal -- based on the Massachusetts model -- to tackle the much larger challenge of his state's millions of uninsured. The Democratic-controlled Legislature is studying it, and its fate is uncertain.

Both the Massachusetts and California plans step away from the 65-year-old pattern of tying health insurance to the place of employment, a historical oddity now visibly failing in this far more mobile society. Instead, these plans require every individual to purchase health insurance, with subsidies as needed to be financed by government, business and, in Schwarzenegger's plan, hospitals and doctors.

A major barrier to all such schemes is the feature of the federal tax code that subsidizes job-based health insurance by making its cost deductible to the business and tax-free to the employee. As C. Eugene Steuerle of the Urban Institute testified to Congress last week, this represents a $200 billion-a-year subsidy, with most of the benefits going to the well-to-do -- a sum that could be much better spent on helping the uninsured.

President Bush has proposed a partial remedy for that problem, substituting a flat deduction for the value of every health insurance policy costing the employer and worker up to $7,500 a person. He would use the savings to help lower-income workers buy policies.

Rep. Jim McCrery of Louisiana, the ranking Republican on the House Ways and Means Committee, joined many Democrats in saying that Bush's proposal can be improved by using tax credits, rather than deductions, to distribute the benefits.

But the door has been opened by the president to a negotiation that could lead to a conversion to individual insurance, along with a guarantee of universal coverage. Democratic Sen. Ron Wyden of Oregon, who has written and vetted a plan for doing just that, told me last week that his conversations with some Republican colleagues convinced him that "there may be a window this year" for moving such a bill.

Chances are, however, that this session, Congress will simply renew and expand the existing program that provides health insurance for children. There is bipartisan support for that measure, and one of the newly formed coalitions of business, labor, consumer and provider groups has called for that as a first step toward covering everyone.

The emergence of these coalitions -- at least two of them are active -- is one more sign of the growing momentum for systemic reform.

Last October, health-care experts Drew Altman and Robert Blendon wrote in the journal Health Affairs that "the presidential candidates' level of attention will be decisive to where health ranks on the national agenda going into the 2008 election and the 2009 Congress. If they do play a leadership role on health, the media will follow, and the agenda-setting power of a debate driven from the top will meet the public's concern rising up from the bottom like two weather fronts colliding."

Exactly that is happening. As he seeks the GOP nomination, Romney is touting his plan for universal coverage, and last month Democratic Sen. Barack Obama committed to the same goal -- without saying how to get there. On her first trip to Iowa, Sen. Hillary Rodham Clinton showed her mastery of the subject, explaining what had gone wrong in 1994 and the lessons learned.

The bar has been raised to the point that any presidential candidate in either party without a plan for universal coverage may be seen as falling short. And that in turn could make 2009 the long-awaited breakthrough year.

A Billion-Dollar Election Warning (NYT)

The New York Times, February 4, 2007

Once upon a time, Washington managed to fully confront a corruption scandal and invent a government solution that actually worked for 30 years. The scandal was Watergate. The solution was the innovative option of providing public financing to

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presidential campaigns as a means of curbing the influence of big money donors like those who ran amok in President Richard Nixon's 1972 re-election.

Since then, candidates opted for the subsidies — and the spending limits that come with them — in every general election. And most did in the primary elections, too. But not next time. Senators Hillary Rodham Clinton and John McCain have already signaled their intentions to make a shameful and lucrative retreat to private fund-raising. The Clinton camp is creating a new honored donor category for those who bag at least a million dollars each, with strategists mirthfully debating whether to dub these fat-cat groomers "Pathfinders" or "Hillraisers." We suggest Recidivists.

Whoever the two nominees are, they will very likely ring up the first $1 billion presidential cycle between them. All of this is because past Congresses failed to update the public financing option to keep pace with the costs of running a modern campaign.

The new Congress already has a bipartisan proposal in the works to update the public financing formula in time for 2012. It roughly triples subsidies for a participating candidate to $150 million in the primaries, and increases them by a third, to $ 100 million, in the general election. There would be a four-to-one match of donations up to $200 instead of the current one-to-one, plus an extra subsidy if a privately funded candidate's checkbook overwhelms competitiveness. Funds would be available earlier for the ever-earlier primary cycle.

Public financing served the nation well. In three of six races in which an incumbent president ran, the challenger won — a healthy dynamic in a capital city where only one in 20 House incumbents is toppled by a challenger.

The new Congress pledged to clean up big-money corruption; it can make a good start by rescuing the good that came of Watergate.

Farm Bill Doesn't Go Far Enough (LAT)

The Los Angeles Times, February 4, 2007

THINKING ABOUT HOW much money Congress is gearing up to waste in the next farm bill makes us yearn for some help from on high. Not from heaven, mind you, but Canada.

The Bush administration last week unveiled its proposal for the 2007 farm bill, a blueprint spelling out U.S. agricultural subsidies and food stamp payments for the next five years. For anybody interested in fairness, government waste, free trade or economic growth, it was a deeply disappointing document, even if it is a major improvement over the trade-distorting porkapalooza that was the 2002 farm bill.

The trouble is, even this modest fix is being heavily resisted by the farm lobby and its backers in Congress.

Canada to the rescue, to cite a rarely uttered line. The Canadian government could prove to be the U.S. taxpayers' best friend in the upcoming legislative battles. That's because Ottawa has taken the initial steps toward a complaint against Washington at the World Trade Organization, claiming that U.S. corn subsidies violate international trade laws.

The corn case comes on the heels of a 2004 WTO decision, in a case filed by Brazil, that some U.S. cotton subsidies were illegal and ordered dismantled. Though the U.S. has been flouting the ruling, the Bush administration does seem more committed than Congress to making sure that farm subsidies don't run afoul of international trade rules.

Farm subsidies are a New Deal legacy once aimed at helping poor farmers. The program has become a form of corporate welfare for big agribusiness. The problem isn't just that these subsidies are unfair to farmers in other countries that aren't insulated from market realities by their governments. It's that many farm subsidies, with their built-in price supports, pervert those markets by stimulating inefficient production that affects global prices.

Say the price target for corn is $3 a bushel, but the actual price suddenly drops to $1 (and say the cost of production is $1.50 a bushel) because there's a glut. Normally, that would send a signal to farmers that they should stop growing corn and plant something else. But if the government makes up the $2 difference, they're encouraged to keep growing corn at an artificial profit. All that excess has to be sold on the world market at low prices. U.S. farmers don't care because they've got their subsidies, but corn growers overseas are wiped out.

So why should Americans care? First, because other nations retaliate against U.S. exports. Second, because subsidies kill competition with foreign growers that would ultimately lower prices on some produce in this country. Third, because taxpayers

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are shelling out roughly $20 billion a year in subsidies to an agribusiness juggernaut that neither needs nor deserves the money at a time of ballooning deficits. And fourth, because the poor countries most harmed by our trade policies are the ones most likely to become failed states, embittered by our hypocritical preaching on the merits of "free trade."

Members of the WTO have been trying since 2001 to pass a multilateral deal under the Doha round of trade talks that would lower trade barriers around the world, but the prime sticking point is high agricultural subsidies in the U.S. and, more so, in Europe.

Bush's farm bill doesn't go nearly as far as it should to spur a successful Doha round. It would cut farm subsidies by about $4.5 billion over the next 10 years, hardly enough to generate excitement among our trading partners. But it does do away with some of the more outrageous inequities of the current bill, such as paying corporate welfare to farmers making more than $200,000 a year, and it de-emphasizes price supports in favor of direct payments to farmers, which are far less trade-distorting and bring the country under compliance with WTO rules.

Most U.S. business interests would benefit from a relaxation of trade barriers worldwide, but the entrenched farm lobby is gearing up for a fight to protect its pork and to imperil Doha. So bring it on, Canada.

OTHER NEWS:

Giuliani On 2008 Bid: "A Real Good Chance" (NYT)

By Ray Rivera

The New York Times, February 4, 2007

Rudolph W. Giuliani appeared to move a step closer to announcing his presidential ambitions yesterday, saying after an appearance in South Carolina that “there’s a real good chance” he will run.

Mr. Giuliani’s intentions have been all but taken for granted by most political observers. He has made two trips to New Hampshire — home of the nation’s first primary — and has promised to make more. He has formed an exploratory committee, hired campaign workers and moved to divest himself from a large chunk of his consulting business to avoid conflicts in the event of a presidential bid.

But on the nascent campaign trail itself, the former New York City mayor has coyly stepped around the question of “Will he or won’t he?”

After a 30-minute speech before Republican Party leaders in South Carolina, Mr. Giuliani fielded the question again, but this time came closer than he had before to giving a definitive response in public. “There’s a real good chance,” he told an Associated Press reporter.

Mr. Giuliani’s aides declined to comment further on the remark.

Other signals of his impending bid can be seen in his tightly packed schedule of appearances and fund-raisers in the days and weeks to come. According a source close to the campaign, the itinerary includes fund-raisers in Florida on Tuesday followed by more stops across the country before appearing as the keynote speaker at the California Republican Convention in Sacramento on Saturday.

Mr. Giuliani is not alone among potential Republican White House contenders who have yet to formally declare their intentions. Others include Senator John McCain of Arizona and former Gov. Mitt Romney of Massachusetts.

But Mr. Giuliani’s delay has caused some political analysts to wonder if he is waiting too long, although others have said his name recognition gives him extra time before deciding to get into the race.

Patrick Dorinson, spokesman for the California Republican Party, said if Mr. Giuliani is thinking about announcing anytime soon, the convention in Sacramento could be an ideal setting.

“It’s going to be very well attended,” Mr. Dorinson said. “We’ve received a lot of media interest and members of the party are very excited about seeing Giuliani, so if he wanted to make an announcement, it certainly could be a place to do it.”

In addition, Mr. Dorinson said, Mr. Giuliani will be the only potential presidential candidate speaking at the convention, so he will have the floor to himself.

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The state party that propelled Arnold Schwarzenegger to the governor's mansion might also provide a warmer reception to Mr. Giuliani than, say, Iowa or South Carolina, where his moderate stands on abortion, gay rights and gun control are likely to find stiff resistance from social conservatives.

Mr. Dorinson said he had not heard any speculation that Mr. Giuliani would announce there and had not seen an advance copy of his speech. If it did happen, it would coincidentally come on the same day that Senator Barack Obama, a Democrat, has said he will formally declare his candidacy in Illinois.

"There's been so much talk about the Democratic race," Mr. Dorinson said. "We're just excited California Republicans will get to see a potential Republican candidate."

Rudy Giuliani Seriously Considering Presidential Bid (AP)

AP, February 3, 2007

COLUMBIA, South Carolina (AP) — Former New York City mayor Rudy Giuliani said Saturday he will probably run for president in 2008.

"There's a real good chance," Giuliani, a Republican, said after a 30-minute speech and question-and-answer session with party leaders in South Carolina.

On Giuliani's first visit to New Hampshire last weekend since setting up the committee, he told reporters he had received a tremendous amount of enthusiasm and support from people.

But he said he had not yet decided whether he could make a "unique contribution" toward strengthening the United States that would justify a run for president.

He has emphasized his steady hand dealing with the aftermath of the Sept. 11, 2001 attacks. However, his moderate stances on gun control, abortion, gay rights and other social issues could be liabilities for him in a Republican presidential primary that includes hard-core conservatives as a central voting group.

For instance, in November, South Carolina voters overwhelmingly approved a constitutional ban on same-sex unions.

"The fact is I appeal to conservative Christians the way I appeal to everyone else," Giuliani said at a news conference. "I don't think you have separate appeals to people."

Giuliani formed a presidential exploratory committee in November to prepare for a possible bid for the Republican nomination in 2008. It lets him raise money and travel the country, gauging how much support there could be for him.

In his few first weeks, Giuliani took in $1.4 million. He collected donations online, and held a major fundraising event in New York in December.

Financial documents show that by the start of this year Giuliani had about $1 million available, having spent money to set up campaign headquarters, buy equipment and hire workers.

The Republicans' top tier of candidates for 2008 includes Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney, former Arkansas Gov. Mike Huckabee and Kansas Sen. Sam Brownback.

Inspiring Strong Emotions, And Very Mixed Ones, Too (NYT)

By Sam Roberts

The New York Times, February 4, 2007

Flawed or flawless?

That is the subtitle of a new oral biography of Rudolph W. Giuliani. The book may not change the minds of readers who believe he is one or the other, but some of the insights of friends, former friends, and unforgiving foes — most of whom were interviewed by Deborah Hart Strober and Gerald S. Strober — are nonetheless revealing about the former mayor and about New York politics.

Some were glowing, some vitriolic. In "Giuliani" (John Wiley & Sons), they combine into what Mr. Strober described as "a mixed bag." Here are excerpts.

Did race play a role in the 1989 election, when David N. Dinkins, a Democrat, barely defeated Mr. Giuliani to become the city's first black mayor? Mr. Dinkins suggested that was a possibility: "How does one figure? Whatever frailties, whatever

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shortcomings I had were certainly not evident at that point, and whatever greatness there was in Rudy had not yet been revealed. So how come 1.9 million votes, and I win by the skin of my teeth?"

Mr. Giuliani and former Mayor Edward I. Koch are both larger than life. How did working for them compare? Henry J. Stern, the former parks commissioner, replied:

"Koch was more collegial than Giuliani, but people knew that if they disagreed with Koch they would pay a price."

Lillian Barrios-Paoli, who also served under both mayors, was Mr. Giuliani's welfare commissioner, among other jobs. She offered another perspective. If Mr. Koch said to his advisers that he wanted to kill all 12-year-olds, she said: "I can think of 10 people who would say, 'Please, get a life! What, are you crazy? No way!' And there'd be a big argument and at the end of the day, somebody's judgment would prevail.

"If Rudy would say, 'Let's kill 12-year-olds,' there would be deep silence in the room, and then somebody would say, 'That's brilliant!' And then somebody else would say, 'Have you thought of 13-year-olds, too?' "

Mr. Giuliani refused to meet with a number of prominent black leaders, including the Rev. Al Sharpton. Rudy Washington, who as deputy mayor was the highest-ranking black member of the Giuliani administration, explained why:

"Rudy didn't play that game: You don't call me a racist, Al Sharpton, and then expect to meet me and work out a deal. You declare me your enemy, fine. I'm going to be your enemy."

Mr. Giuliani's refusal to meet with certain black elected officials, even after the police shooting of Amadou Diallo, an unarmed immigrant from Guinea, angered Mr. Koch so much that, he recalled, he even decided to participate in a demonstration.

"And so — only in New York City can this happen — I called Al Sharpton, who was in charge of the picketing in front of Police Plaza, and I said, 'I want to get arrested. I have to get arrested early,' because I was teaching at a college near Boston, Brandeis, and it was on a Monday, the one day I went there. 'Can you arrange to get me arrested at 10 o'clock?' "

Why was Mr. Giuliani's second term disappointing to some? Fran Reiter, a deputy mayor, said that Mr. Giuliani was not jubilant about his re-election in part because he realized that term limits made him a lame duck.

"Psychologically, it makes for a very difficult approach to governing. This weighed very, very heavily on him and influenced how he governed in that second term. He seemed to lose his passion for the big projects. He got nitpicky."

Mr. Giuliani also was having marital problems, which he handled awkwardly. Herman Badillo, a mayoral adviser, said:

"As a matter of courtesy, you go and talk to your wife and say, 'I want a divorce.' You don't have a press conference to announce it."

His performance on and after 9/11 redeemed him in the eyes of many people. Some politicians, including Mr. Koch, criticized Mark Green, who was seeking the Democratic mayoral nomination in 2001, when he said he could have done the job as well as Mr. Giuliani or better. In the biography, Mr. Koch said:

"Nobody could have done it better than Rudy. But I believe that many, if not most, mayors would have done it as well because that's your job. And that saved Rudy's reputation: He became Mayor for the world, and you should not take any credit away from him. But to say that what he did was unique would be wrong."

Time may have altered Mr. Green's perspective on how he or his fellow Democrats might have performed:

"I can see some public officials overplaying the tough card, but I saw him up close during the weeks after 9/11, and he struck just the right note of toughness and compassion."

"Would someone else — Ruth Messinger or me or Dinkins — have done as well because the situation required that? I couldn't, and I wouldn't, say. You don't know until it happens."

Will Mr. Giuliani run for president? Interviewed in 2005, Mr. Sharpton said no.

"He knows that the honeymoon he's had with the media since 9/11 would be over if he ran and had to defend things that they don't now bring up."

"It's better to live the reinvention than to have somebody move the veil and see that the wizard really isn't the wizard. So right now, he can lead all the media and the national pundits on the Yellow Brick Road. He'd better never let us get near that veil. I know what's back there; I've pierced it before."

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Suppose he runs and wins? Mr. Dinkins replied: "Rudy as president is kind of frightening. My question would be, Will I move to Bermuda? Where will I go?"

Saikou Diallo, Amadou's father, was equivocal: "He's a good leader, a very good leader, and very intelligent. If he changes his character, he may be a good president. But he has to change."

Frank Luntz, Mr. Giuliani's second mayoral campaign pollster, offered another perspective on the former mayor's personality:

"No one in New York, not even Ed Koch, could equal Rudy in the phrase, 'He says what he means and means what he says.'

"That's one of the reasons he won so overwhelmingly in that election. It wasn't about policy or issues. It was about character."

McCain's Advisers Once Made Ads That Drew His Ire (NYT)

By Jim Rutenberg

The New York Times, February 4, 2007

WASHINGTON, Feb. 2 — Senator John McCain, intent on succeeding where his freewheeling presidential campaign of 2000 failed, is assembling a team of political bruisers for 2008. And it includes advisers who once sought to skewer him and whose work he has criticized as stepping over the line in the past.

In 2000, Mr. McCain, Republican of Arizona, said the advertisements run against him by George W. Bush, then the governor of Texas, distorted his record. But he has hired three members of the team that made those commercials — Mark McKinnon, Russell Schriefer and Stuart Stevens — to work on his presidential campaign.

In 2004, Mr. McCain said the Swift Boat Veterans for Truth advertisement asserting that Senator John Kerry of Massachusetts had not properly earned his medals from the Vietnam War was "dishonest and dishonorable." Nonetheless, he has hired the firm that made the spots, Stevens Reed Curcio & Potholm, which worked on his 2000 campaign, to work for him again this year.

In October, Mr. McCain's top adviser expressed public displeasure with an advertisement against former Representative Harold E. Ford Jr., Democrat of Tennessee, that some saw as having racist overtones for suggesting a flirtation between Mr. Ford, who is black, and a young, bare-shouldered white woman, played by a blond actress.

The Republican committee that sponsored the spot had as its leader Terry Nelson, a former Bush campaign strategist whom Mr. McCain hired as an adviser last spring. In December, just weeks after the Ford controversy broke, Mr. McCain elevated Mr. Nelson to the position of national campaign manager.

Taken together, the moves provide the strongest indication yet that Mr. McCain intends to run a far tougher campaign than the one he ran in the 2000 primary. And they come as he transitions from being a onetime maverick to a candidate seeking to gather his party around him and create an air of inevitability about his prospects for winning nomination.

As Mr. McCain assembles his team, he is also making it that much harder for his Republican challengers by scooping up a significant circle of the party's top talent.

In recent years, Mr. McCain has made a concerted effort to mend fences with Mr. Bush and reassure the Republican base that he is a reliable conservative. But his moves have focused new attention on the extent to which he may risk sacrificing the image he has long cultivated of being his own man, driven by principle rather than partisan politics.

Mr. McCain's advisers said he was not changing. But they were unapologetic about putting together a group dedicated to doing what it takes to reach the White House and employing lessons from his defeat at the hands of Mr. Bush in 2000.

"This is about winning at the end of the day," said John Weaver, Mr. McCain's longtime senior strategist. "I don't want to be in a knife fight ever again, but if I am, we're going to win it."

Mr. McCain's representatives said he would not provide an interview.

Seven years ago, Mr. McCain charmed the news media and the public with his Straight Talk Express bus tour. He had a lean operation befitting an upstart candidacy, and he regularly spoke out against attack advertising, a quaint notion in retrospect.

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In the end, he ran his share of confrontational advertisements, once even leveling the ultimate Republican-to-Republican insult: that Mr. Bush was as dishonest as Bill Clinton. But he was perceived as having been knocked back on his heels by the rougher, tougher Bush campaign.

Now Mr. McCain is building a larger organization, bringing together the heart of the bare-knuckled Bush crew once overseen by Karl Rove while keeping most of the advisers who ran his shoestring effort of 2000.

"It's like an all-star World Wrestling Federation cage match, except that instead of fighting one another, all of the brawlers are on the same team," said Steve McMahon, a strategist for the Democratic National Committee. "There are very few people who play this game at the highest level, and on the Republican side these guys are among the best."

Mr. McCain has also hired Brian Jones, an adviser to Mr. Bush's 2004 campaign; Fred Davis, a media consultant for Mr. Bush in 2004; and Steve Schmidt, who oversaw Mr. Bush's 2004 war room, exploiting any tidbit that could help paint Mr. Kerry as a "flip-flopper."

The hires are another signal that the 2008 primary campaign could be a combative one all around.

On the Democratic side, John Edwards, the former senator from North Carolina, has wasted no time attacking Senator Hillary Rodham Clinton's position on Iraq. And Mrs. Clinton's team includes strategists who invented the concept of the modern campaign war room for her husband 15 years ago. But Senator Barack Obama of Illinois drew cheers at a party gathering on Friday when he warned his fellow candidates against attacking one another.

Mitt Romney, a Republican and the former governor of Massachusetts, has hired Alex Castellanos, a onetime Bush strategist who also famously produced the 1990 commercial for Jesse Helms, the former North Carolina senator, in which a pair of white hands crumpled a rejection letter as a narrator said, "You needed that job and you were the best qualified, but it had to go to a minority because of a racial quota."

Given Mr. McCain's history with some of the people on his team, the evolution of his staff may present an early challenge: How does he stay true to the "Straight Talk" spirit of his 2000 campaign, which helped him win the stature he has now, while also engaging in the political brinkmanship it can take to win?

The Democratic National Committee is already criticizing Mr. McCain for his hires, issuing a statement this week calling them "a testament to how far he's gone down the do-anything-to-win path."

Tony Fabrizio, a Republican pollster who is not yet allied with a candidate, said Mr. McCain was running the risk of looking "politically expedient" and of blunting his brand as "Senator Straight Talk." He said the risk was highlighted by Mr. McCain's recent suggestions that he may not use the campaign finance system he has long championed.

In 2000, Mr. McCain received money from the system, which gives public financing to candidates who agree to strict spending limits. Mr. Weaver, the senior strategist, said Mr. McCain was keeping his options open because others, including Mrs. Clinton, were planning to work around the system.

As Mr. McCain's aides often point out, for all its appeal, the McCain 2000 campaign was a losing one. And they said it would be unfair to suggest that because Mr. McCain was augmenting his team he was somehow preparing to change who he was.

"There are no negotiations regarding his principles," Mr. Weaver said.

In an interview on Friday, Mr. Jones, the campaign communications director, said Mr. McCain was not allowing his distaste over the Swift Boat commercials to interfere with his relationship with Stevens Reed Curcio & Potholm, with whom Mr. McCain has his own decade-long association. In addition, he said, Mr. McCain hired Mr. Nelson because of his breadth of experience in national campaigns. "The campaign," Mr. Jones said, "is not going to let past contests on the battlefield limit how it's going to go after talent."

Presidential politics are rich in fungible allegiances. James A. Baker III ran the primary campaigns of Gerald Ford and the elder George Bush against Ronald Reagan, only to become Mr. Reagan's chief of staff. This year, David Axelrod is serving as a senior strategist for Mr. Obama; he was a senior strategist to Mr. Edwards in his 2004 campaign.

"You could dissect any campaign this way: this guy did this ad this one time," said Mr. Schriefer, the former Bush media strategist, who will run Mr. McCain's advertising team. "There's a tremendous history of foes becoming allies."

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Mr. McKinnon, who led Mr. Bush's advertising group in 2004, said he saw no inconsistency in working for Mr. McCain. Mr. Bush was right for 2000, he said, and Mr. McCain is right for 2008. "At the end of the day, the campaign will be won or lost on the character of the candidate and his or her core message," Mr. McKinnon said. "Of course, I believe that will be John McCain."

Asked if the senator would avoid the attacks he criticized in 2000, Mr. Jones said that while Mr. McCain had yet to declare his candidacy, any campaign he ran would be "consistent with his beliefs and values."

Romney Targeting McCain (TSSC)

By Lee Bandy

The State, February 4, 2007

Mitt Romney's assignment in the 2008 S.C. Republican presidential primary is simply this: Derail John McCain's "Straight Talk Express."

If there were any doubts about Romney's mission, they were erased during the former Massachusetts governor's two-day visit to the state last week.

Romney attracted large, enthusiastic crowds at stops in Charleston, Aiken and Columbia. It was a shot in the arm for his campaign.

Romney's chief rival in South Carolina is McCain, the U.S. senator from Arizona who leads in the polls here and enjoys the backing of the state's GOP establishment.

Romney isn't impressed.

Endorsements never elected anybody, he says.

"A message is what people want to hear. When you decide who you want to vote for, you don't say, 'Gosh, I wonder what my city counselor is going to do.'"

In the 2000 S.C. Republican presidential primary, McCain won 43 percent of the vote, losing to then-Texas Gov. George W. Bush.

Today, McCain is polling about 38 percent against Romney and former New York City Mayor Rudy Giuliani.

Romney suggested his business experience better prepares him for the White House than the backgrounds of his two rivals.

"I come from a private sector, where talk is worth nothing and action is everything," said Romney, who spent 25 years managing businesses and making investments around the world.

He tends to dismiss the experience of his primary challengers.

Giuliani was a mayor and a prosecutor — "a very different experience," Romney said.

And McCain?

Oh, he has been a U.S. senator for a decade or more, Romney said.

Then he pointed out his differences with McCain.

Romney noted his foe from Arizona wrote the McCain-Feingold campaign finance reform law that restricts certain types of contributions.

"That's a terrible piece of legislation," Romney said. "It hasn't taken the money out of politics. ... (But) it has hurt my party."

Conservative Christians, who make up a third of the GOP primary vote, oppose McCain-Feingold.

But that's not all.

McCain opposed President Bush's tax cuts, Romney noted.

"I supported them," the former governor said.

McCain believes the president's interrogation of terrorist detainees was a violation of the Geneva Accords.

"I disagree with him," Romney said.

Of the McCain-Kennedy immigration bill, Romney said, "I think it was a mistake."

The former governor couldn't have been any clearer in pointing out his differences with McCain.

He let Giuliani slide.

Perfectly understandable; his S.C. mission is to "stop McCain."

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Mavericks Both, But Different Iraq Paths (NYT)

By Jeff Zeleny

The New York Times, February 4, 2007

WASHINGTON, Feb. 2 — The first time Senator John McCain ran for president, few allies were more loyal than Senator Chuck Hagel, a fellow Vietnam veteran and co-chairman of his campaign, whose independent streak ran nearly as thick as Mr. McCain's.

Even after Mr. McCain lost that race seven years ago, the two friends seemed to revel in rankling the Republican establishment, often infuriating the White House from their side-by-side suites in the Russell Senate Office Building. A photograph in Mr. Hagel's office shows President Bush standing between the men, his arms slung around their necks.

Below the picture, the president scribbled, "Chuck, is it a rose between two thorns?"

But at the dawn of the 2008 presidential campaign, as a debate over the administration's Iraq policy intensifies on Capitol Hill, Mr. Hagel is standing alone.

Mr. McCain is perhaps the most influential and outspoken supporter in Congress of the president's plan to send more troops to Iraq. Mr. Hagel is the most outspoken critic of the war among Senate Republicans. Mr. McCain has moved to court conservatives. Mr. Hagel, conservative by any measure, seems to have assumed Mr. McCain's former role as their party's leading maverick.

And Mr. McCain is unambiguously running for president. Mr. Hagel is still trying to make up his mind.

The gulf between them is a personal manifestation of the broader national debate over the war and, to some degree, the legacy and lessons of Vietnam. It also speaks to the deep divisions among Republicans as they confront the political fallout from the war, the need to develop a post-Bush posture on national security and the fight over who should lead their party and the country.

The men's diverging views on Iraq set the parameters for the debate scheduled to unfold next week as the Senate opens its most extensive deliberations of the war since it began.

Mr. Hagel is a lead sponsor of a resolution intended to rebuke the president; Mr. McCain has offered a plan to give the administration one more chance in Iraq.

While the two senators may not talk as often as they once did, associates of both ascribed that to their chaotic schedules, particularly that of Mr. McCain, who often zips away on a political trip the moment the Senate is out of session. And both men insist their bond is rooted deep enough to withstand any dissension.

Mr. McCain, who once referred to Mr. Hagel as "a John McCain without the attitude problem," said his feelings had not changed. "You can disagree on an issue," he said, "without having it affect your relationship of many, many years."

Mr. Hagel, who once seemed certain to endorse his friend's candidacy if he did not seek the presidency himself, declined to say whether their differences on Iraq would keep him from supporting Mr. McCain. But, he added, "John McCain will always be one of my dearest friends, regardless of where this presidential campaign goes."

So how can two men, similar in temperament and background, come to such a different conclusions over military strategy in Iraq? Friends of both men say they believe that the respective Vietnam experiences of Mr. McCain, a prisoner of war for five years, and Mr. Hagel, an enlisted man on the front lines, offer a window into their diverging views.

"John McCain was a prisoner of war; I respect what he had to go through," said Senator Jim Webb, Democrat of Virginia and a combat veteran of Vietnam. "He did not see the ground environment, how difficult things really are on the ground. He did not really see how bad this country was torn apart by the war, for the unfortunate reason that he was in prison."

Mr. Webb, who opposes the plan to send more troops to Iraq, said he respected Mr. McCain immensely. But, he added, "Chuck Hagel and I both intrinsically understand how difficult it is in an infantry environment to carry out some of these goals and we both experienced what it was like to come back to a pretty hostile peer group."

Senator Lindsey Graham, a South Carolina Republican who is close to Mr. Hagel and Mr. McCain, said that political calculations did not play a role in the views of either.

"It is not popular for a Republican to be doing what Senator Hagel is doing; it is not popular for somebody who wants to be president and trying to capture the independent vote to be doing what Senator McCain is doing," Mr. Graham said. "Both of them

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have come to different conclusions about the long-term national security interests of the country. They have polar opposite views of how to proceed, but the commonality is that they're not worried about the political moment."

Unlike Mr. Hagel or other combat veterans in the Senate, Mr. McCain seldom draws comparisons to his own decorated military service when he discusses Iraq strategy.

"What drives my decisions is not experiences that I've had a generation ago," Mr. McCain said. "What drives my decisions is my knowledge, information, study, consultation that makes me decide on any issue. My views on the world and life are not driven by my experience in Vietnam."

Not so for Mr. Hagel, who has been a vocal critic of the administration's Iraq strategy since the start. Four years ago, he said the mission had similarities to his war from a generation ago, but since then he has denounced the Iraq war as "an absolute replay of Vietnam."

"I think I'm the only member of the Senate who was an enlisted man on the ground, who went over to Vietnam as a rifleman, a private, and I saw that war from the bottom up — really from the bottom up," Mr. Hagel said. "I saw the human dynamic of war that has stuck with me."

This week, on the same day that Senate leaders jockeyed over how to proceed with a bipartisan Iraq resolution, Mr. Hagel left the capital and flew back to Nebraska to attend the funeral of First Lt. Jacob N. Fritz, 25, who was abducted and killed on Jan. 20 in Karbala. Mr. Hagel appointed Lieutenant Fritz to the United States Military Academy at West Point.

In response to his forceful criticism, Mr. Hagel said, he has received letters calling him a "traitor" and "a yellow-chicken senator."

"I'm called 'a disloyal Republican' and I'm called 'not a real conservative Republican,' " Mr. Hagel said. "So conservative Republicans support the war and liberal Democrats don't support war? You see how silly all that is? Republicans and Democrats both die in war."

By being the fiercest Republican skeptic of the White House, Mr. Hagel acknowledged that his ambitions were also enmeshed in the politics of Iraq. He said he would decide in a few weeks whether he would run for president, re-election to the Senate or neither. If he seeks the presidency, he said, his views on Iraq will become suspect.

"Once you commit to being a candidate, your motives are impugned," Mr. Hagel said. "Is that a reason not to do it? Yes, it is."

A Bar, A Brew, A Drifting Senator (HARTC)

By Mark Pazniokas

The Hartford Courant, February 3, 2007

TORRINGTON -- Ollie's Café usually doesn't open until 3 p.m. on Fridays, when karaoke is the regular attraction. But two dozen patrons waited inside the dark, tiny bar at noon for a long-awaited beer with Sen. Joseph I. Lieberman.

Lieberman was a Democrat the last time he stood in Ollie's, asking conservative Democrats to stick with him in a tough re-election, when 65 percent of Democrats eventually would reject him over the war in Iraq. His supporters are still with him now, even as Lieberman drifts further from his old party.

He calls himself an independent, though he remains a member of the Senate Democratic caucus, giving it a one-vote majority. He publicly flirts with voting Republican for president in '08 - prompting speculation he might join Republican Sen. John McCain on a fusion ticket.

"No, that's not going to happen," Lieberman said Friday on his way into Ollie's. "My days of seeking national office are over. I'm very happy, particularly after what I went through last year to be the senator from Connecticut. I want to do the best job I can at that."

In Washington, six of the nine Democratic presidential hopefuls - including Sen. Christopher J. Dodd, D-Conn. - spent the morning addressing the Democratic National Committee. Dodd crowed that the Democratic takeover of Congress last fall represented a win by "the Democratic wing of the Democratic Party."

Outside Ollie's, Lieberman smiled when asked if he eventually might support Dodd, who opposes increasing U.S. troop levels in Iraq, a move that Lieberman supports.

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"I am going to support the presidential candidate that I think is best for our country at a very tough time in our country's history," Lieberman said.

He said he would not rule out supporting a candidate who opposes the war, saying he would weigh a range of issues. Connecticut voters re-elected him, even though a majority disagree with him over the war.

"On matters of domestic policy I agree more often than not with Democrats," Lieberman said. "On matters of foreign and defense policy these days, I seem to agree more often than not with Republicans."

Nancy DiNardo, the Democratic state chairwoman, doesn't know what to make of Lieberman, her party's 2000 nominee for vice president and, briefly, a presidential candidate in 2004.

Reached by phone at the Democratic National Committee meeting in Washington, DiNardo said she and Lieberman have yet to discuss his place in the party.

DiNardo supported Lieberman in the primary, then backed the eventual Democratic nominee, Ned Lamont, in the general election. It was a stance taken by Dodd and most other prominent Democrats.

"It has been awkward," DiNardo said of the three months since the election. "I think there have been bruised feelings on both sides."

DiNardo said she has found no road map, no precedent for how to deal with a major figure in the party who has one foot out the door, yet won't quite leave.

At Ollie's, no one found Lieberman's status awkward. He is the winner of the 2006 election, a hawk like them who came Friday to deliver on a promise to share in a celebratory beer.

"I am full of gratitude, I really am, to people who stuck with me last year and gave me the chance to continue to serve," Lieberman said. "So it's important for me to come back and say thank you - and also come back and listen."

Bill Battle and Lieberman threw their arms around each other inside the bar, which erupted in cheers. Battle stuck with him after the primary, quitting the Democratic town committee so he could run Lieberman's petitioning effort in Torrington, a community that went for Lieberman.

"What we have here is a robust common sense," Battle said.

The view at Ollie's is that America cannot afford to lose in Iraq.

Lieberman accepted a Samuel Adams winter lager in a frosted glass, then circled his way around the bar, pausing for photos and good wishes. He fell into a happy conversation by the door with Battle.

His driver reminded him of an interview he promised with National Public Radio.

Lieberman sipped a beer. Smiling, he shook his head and told his aide, "NPR will have to wait."

GOP's Conservatives Strain For Leadership (WT)

By Ralph Z. Hallow

The Washington Times, February 4, 2007

BALTIMORE -- Conservative House Republicans are disappointed that their leaders have no strategy to win back in 2008 the majority they lost in November.

"We think they need to be a lot more aggressive than they are," Rep. Steve King of Iowa said. "They don't seem willing to have blood on the floor, and there's got to be blood on the floor."

He and other House conservatives who came here from Washington for an annual meeting say they are united in thinking that the United States must win the war in Iraq.

That view, however, puts them at odds with the majority of voters, who say in poll after poll that they no longer support the war, think victory is unachievable and is not worth the cost in money or lives.

"We are united in understanding that we have to win the war," Rep. Lynn Westmoreland of Georgia said. "Our goal is to make sure we do whatever is necessary to strengthen and hold up Iraq's government and get that nation off on its own."

The 48 conservative lawmakers who met here for the annual House Republican Study Committee (RSC) retreat generally agreed that their 2008 presidential nominee would be Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney or former New York Mayor Rudolph W. Giuliani.

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"I don't see any one of them being singled out as a great front-runner by the House Republican members or any one of them being singled out as a 'no-go,' " Rep. Tom Price of Georgia said. "But whichever one of the three gets the nomination is going to have to have some link to the South, which is the bedrock of the Republican Party."

But the legislators also agreed they were not inclined to coalesce behind any one of the three and thought each of them fell short of the highest conservative standards.

Though the Heritage Foundation, sponsor of the annual retreat, had invited all three of the men to speak, only Mr. Romney showed up.

The lawmakers gave him a cordial hearing during his luncheon speech Friday, after which he took generally friendly questions from the members.

Mr. Romney said that while "no one wants to be at war with Iran," it's critical to make sure Iran "doesn't develop nuclear technology." He said engaging Iran in negotiations "is not the way to go."

On the divisive issue of illegal aliens, guest workers and amnesty, Mr. Romney said he eventually will take a position on whether citizenship should continue to be given automatically to anyone born on U.S. soil to parents who are not U.S. citizens. He also said that in approving immigration applications, U.S. officials should consider whether "someone has a high school or college degree and can bring skills to make them greater contributors to our society."

Former House Majority Leader Tom DeLay addressed the group Friday morning, but the most impressive performer, members said, was former House Speaker Newt Gingrich, who gave the dinner speech Thursday.

"We have to act independently of the White House. You do not serve the president, you serve with the president," Mr. Gingrich said, according to a Republican present at the dinner, which was closed to the press.

"Newt blew the group away," said another Republican who attended the dinner. "He is on such a different intellectual plane. He warned that the conference moves too slow and the RSC should be outmaneuvering the conference. He also said that the Republicans should neither blame nor support President Bush on issues that divide the Republicans from their base."

Underdogs Demand Iraq War's End, Troops Home (WT)

By Donald Lambro

The Washington Times, February 4, 2007

Democratic candidates whom many consider underdogs for the presidential nomination in 2008 continued their party's attacks on the Iraq war yesterday, demanding it be ended and the troops brought home immediately.

"We must stop this war," Sen. Joseph R. Biden Jr. of Delaware declared on the final day of the Democratic National Committee's (DNC) three-day winter meeting here.

Democrats at the meeting approved a party resolution opposing President Bush's plan to send 21,500 more troops to Iraq, calling instead for a "broadening of diplomatic initiatives" to end the conflict.

Mr. Biden, who is making a second bid for his party's nomination, said reducing the number of troops in Iraq, "not escalating America's troops, is the only way to force Iraq's leaders to seek a political settlement." "The surge in troops is not a solution," said Mr. Biden, chairman of the Senate Foreign Relations Committee. "It is a tragic mistake, and I will do everything in my power to stop it."

Former Iowa Gov. Tom Vilsack went further than many of his Democratic rivals who are calling for a phased troop withdrawal from Iraq over the next year or two. He said that reducing the number of U.S. forces in Iraq over time would not represent "a real change" in policy on the war.

"The real change is we want our troops out now. The war must end, and our troops must be brought home now, not eventually but immediately," Mr. Vilsack said.

The two-term governor also reminded DNC members that the only Democrats to win the presidency in recent decades were governors who ran against the Washington establishment.

Identifying himself as "an outsider" who has run a government, balanced a budget and managed a state economy, Mr. Vilsack said "we win as outsiders." Though he did not mention any names, his remark was a reminder to his audience that a half-

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dozen of the party's presidential contenders -- including front-runners Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois -- are members of Congress.

New Mexico Gov. Bill Richardson, the only other state chief executive seeking the Democratic nomination, also raised the end-the-war ante against his party's pack of candidates in a speech that pointedly criticized the Democrats' pending nonbinding Senate resolution against Mr. Bush's troop surge.

"As someone who served in Congress for 14 years, I know the power they hold, should they choose to wield it. The Congress passed a resolution authorizing the war. They need to pass another that overturns that authorization ... and brings our troops home by the end of the year," he said.

And in an unusual twist in the increasingly heated debate over the war, Mr. Richardson offered an assessment with which even Mr. Bush might partially agree.

"The reality is, we have done in Iraq what we said we would do. We have rid the world of a brutal dictator. We have brought about free and fair elections three times over," he said. "The Iraqis now have a constitution, over 200,000 armed soldiers and they have oil revenue. It's time for our troops to leave with honor."

Moreover, at a time when foreign policy and national security have become central issues, the former U.N. ambassador who has brokered foreign policy disputes around the world, implicitly raised the lack of foreign policy experience among most of his party's candidates.

"I know the usual rap on governors -- that we don't know anything about foreign affairs," Mr. Richardson said. "Well, maybe you can say that about governors from Texas, but not this governor."

Democrats Split On How To End The War (WP)

By Dan Balz

The Washington Post, February 4, 2007

The war in Iraq is shaping the opening stages of the contest for the 2008 Democratic presidential nomination, just as it did in the 2004 campaign.

After 10 candidates' speeches over two days at the winter meeting of the Democratic National Committee in Washington, the war proved again to be the central point of differentiation among the party's presidential contenders.

What emerged was a division over how to stop the war, one likely to intensify as Congress debates measures ranging from a nonbinding resolution condemning President Bush's proposal to send more troops to Iraq to more controversial legislation that would restrict or cut off funds for the military mission.

Four years ago, former Vermont governor Howard Dean tapped into the growing opposition to the war among party activists and turned a long-shot candidacy into a force to be reckoned with until his campaign imploded in Iowa.

Now everyone running opposes the war, but the self-styled outsiders in the race -- those not in the Senate -- see political gain in pressing for a speedy end to the war, and in the process they are putting pressure on prominent candidates such as Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) to follow suit.

"As someone who served in Congress for 14 years, I know the power they hold, should they choose to wield it," New Mexico Gov. Bill Richardson told the DNC yesterday at the Hilton Washington hotel. "The Congress passed a resolution authorizing war. They need to pass another one that overturns that authorization and brings our troops home by the end of the calendar year."

Former senator John Edwards (N.C.) was equally adamant on Friday that members of Congress stand up against the president. "It is a betrayal not to stop this president's plan to escalate the war when we have the responsibility, the power and the ability to stop it," he said. "We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore."

Edwards favors an immediate withdrawal of up to 50,000 troops, with the rest brought home within 18 months.

Former Iowa governor Tom Vilsack was just as pointed in calling for congressional Democrats to act boldly to stop the war. "I think Congress has a constitutional responsibility and a moral obligation to do it now," he said yesterday. "Not a cap, an end. Not eventually, immediately. Those who voted for the war, those who voted to continue to support the war, those who voted to continue funding the war can surely vote to stop the war."

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Clinton on Friday defended her support for a nonbinding resolution expressing disapproval of the plan to send more troops to Iraq, but she made a point to say that she is now ready to press for tougher action.

"I want to go further," she told the audience of Democrats who will be delegates at the party's national convention in 2008. She outlined other steps she has proposed to cap the number of U.S. troops in Iraq and pressure the Iraqi government. But she has so far resisted embracing any timetable for bringing home the troops.

Obama, who is to formally launch his candidacy Saturday in Illinois, opposed the war initially and last week moved past Clinton with a proposal to withdraw virtually all U.S. forces by March 31, 2008.

But in his speech on Friday, Obama was less explicit than other Democrats about the way forward. Calling the war "a tragic mistake," he said, "We all have a responsibility now to put forth a plan that offers the best chance of ending the bloodshed and bringing the troops home."

Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, condemned Bush in harsh language yesterday. "Mr. President," he said, "the majority of Americans who oppose you in Iraq are not the ones emboldening the enemy. That's the one mission you have accomplished."

Biden said he would do "everything in my power" to block the president's decision to deploy more troops. His broader proposal calls for a political solution that would provide regional autonomy for Shiites, Sunnis and Kurds and guarantees by the central government that Sunnis would share in the country's oil revenues. He wants to draw down U.S. forces.

The weekend of speeches did little to reorder the Democratic race, with Clinton seen as the early front-runner and Obama and Edwards viewed as her most serious rivals starting out.

Based on conversations with DNC members and others who attended the meeting, Edwards and Richardson helped themselves more than any of the other candidates did. Edwards won repeated applause with his speech, and Richardson drew strong reviews for his.

Former senator Mike Gravel (Alaska), the fourth speaker at yesterday's session, was perhaps the harshest of any of the candidates in denouncing those Democrats who supported the war initially. But he did little to advance his dark-horse candidacy, according to party activists, by delivering a 25-minute speech, the longest of the weekend and 18 minutes longer than the routinely ignored seven-minute time limit imposed by the DNC.

By that measure, Biden was the big winner. The normally windy senator delivered the shortest speech of the weekend. He opened with another apology for describing Obama as an African American who is "articulate and bright and clean and a nice-looking guy," a comment that ruined the opening day of his campaign Wednesday.

"So, how was your week?" he began, to laughter. He quickly turned contrite: "I want to say that I truly regret that the words I spoke offended people I admire very much."

Richardson To Democrats: Bring Troops Home Now (ABQ)

By Woody Brosnan

Albuquerque Tribune, February 4, 2007

WASHINGTON — Gov. Bill Richardson told Democrats here today that Congress should repeal the authorization for the Iraq War and "bring our troops home by the end of this year."

Like the other Democrats running for president, Richardson used the two-day meeting of the Democratic National Committee Friday and Saturday to stake out his position on the central issue of the campaign.

Sens. Hillary Clinton of New York and Joe Biden of Delaware are supporting a bipartisan resolution opposing President Bush on sending a surge of troops to Baghdad.

Connecticut Sen. Chris Dodd said that's not enough. Former North Carolina Sen. John Edwards said Congress should block the escalation. Sen. Barack Obama of Illinois wants to set a March, 2008 deadline for withdrawing troops. Rep. Dennis Kucinich of Ohio wants to cut off funds for the war.

Former Iowa Gov. Tom Vilsack is urging state legislatures and city councils to pass resolutions opposing the surge, but leave a combat force in northern Iraq.

"Those who voted for the war, those who voted to continue the war, can surely vote to end the war," Vilsack said today.

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Richardson, who initially supported the war but now says it was a mistake, said the United States has accomplished its mission of getting rid of Saddam Hussein, bringing about elections and creating an Iraqi army.

"It's time for our troops to leave with honor," said Richardson. "A struggle between a country's warring factions, where both sides hate the United States, is not worthy of one more lost American life."

The speaking times of the candidates Friday and Saturday were chosen by lot, as were the delegates introducing them. But Richardson's introduction was written by Linda Lynch, wife of journalist Paul Salopek, who was released from a Sudanese jail through Richardson's intervention.

"He brought my Paul home," wrote Lynch.

Candidates were supposed to speak for only seven minutes, but only Biden, often criticized for talking too much, did so.

Richardson spoke for 24 minutes, using much of his speech to talk about his record in New Mexico, tailoring his remarks to appeal to the delegates.

Richardson drew applause when he bragged about reinstating collective bargaining for public employees, for raising teacher pay in New Mexico from 48th in the country to 27th, for passing a state hate crimes law and adopting policies to reduce greenhouse gas emissions.

"Every one of these accomplishments can be done at the national level," he said.

Richardson also touted his experience as a negotiator with North Korea and Sudan.

"I know the usual rap on governors - that we don't anything about foreign affairs. Well, maybe you can say that about certain governors from Texas. But not this governor," said Richardson, drawing an appreciative laugh from the audience.

Richardson also called on all Democratic candidates to not attack each other and asked the DNC to pass a resolution to that effect. But DNC chairman Howard Dean said it would have to be taken up at their June meeting.

Richardson ended the speech by acknowledging his low standing in the polls but he asked the Democrats to "stay loose" and watch the campaign. Later, he told reporters, "I'm right where I want to be."

The state committee members represented at the meeting will automatically qualify as super-delegates, which also means most can wait until the primaries and caucuses are well underway before they commit to a candidate.

Former Mississippi Gov. Ray Mabus, who's backing Vilsack, said the advantage for candidates like Vilsack and Richardson is that all the attention on the so-called top three - Clinton, Edwards and Obama - allows them to get their "sea legs" in the race.

"It's all a beauty contest which means they (the top three) have nowhere to grow," said Richardson volunteer Kenneth Bulko, of Albany, N.Y., as he passed out bumper stickers and folders at the Richardson table.

Dustin Taylor, a 26-year-old University of New Mexico student, passed out stickers for Richardson along with a dozen or so other 20-somethings. Taylor, who is interning for Rep. Tom Udall, Santa Fe Democrat, said Richardson is "the most electable candidate."

Vilsack Calls For End To Financing Of Iraq War (DMR)

Des Moines Register, February 4, 2007

Washington, D.C. – Presidential candidate and ex-Gov. Tom Vilsack painted himself as an outsider and a truth-teller before members of the Democratic National Committee here today, calling for an immediate end to financing of the war in Iraq.

While some contenders for the Democratic nomination have advocated a cap on troops, the Iowa Democrat said that represents staying the course rather than real change. As president, he would withdraw the troops and force Iraqis to take charge, he said.

"Congress has the constitutional responsibility and a moral obligation to do it now," Vilsack said, to cheers, in a clear shot at opponents such as Sen. Hillary Clinton of New York, who said Friday that there aren't the votes in Congress for a speedy pullout.

"Those who voted for the war, those who voted to continue to support the war, those who voted to continue funding the war, can surely vote to stop the war," said Vilsack. "As an insider it's difficult to effect change . . . as an outsider we can change things . . . we win as outsiders."

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Vilsack was the last of 10 presidential candidates to speak over two days to key Democrats from across the country shopping for their next nominee. His speech came amidst a busy weekend in the capital, with an appearance on MSNBC early today and an interview Sunday with Wolf Blitzer on CNN's "Late Edition."

Looking on was Democrat Anne Dowling of Canterbury, N.H., who said she already had seen Vilsack at a breakfast in her early-primary state. "I like him," she said. "He's very organized in his thinking, and he communicates well."

While her mind is not yet made up, she said Vilsack remains a possibility. "I think he has a nice calm about him," Dowling said.

Preceding Vilsack in today's lineup were Sen. Joe Biden of Delaware, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel. Biden gained unwelcome and widespread attention earlier this week when he described Sen. Barack Obama of Illinois as "the first mainstream African-American who is articulate and bright and clean."

Biden opened his remarks today by asking: "So, how was your week?" as the hall rocked with laughter. But on a more serious note, he said that "I truly regret the words I spoke of people I respect very much."

On Iraq, he said the proposed increase in troops is a "tragic mistake" and "I will do everything in my power to stop it."

Richardson, the only other governor in the race, like Vilsack cited his success as the chief executive in a state and called on Democrats to approve a resolution calling on all the candidates to run clean campaigns.

"The American people need to know we're standing up for them and that we can get the job done," said Richardson, who also urged Democrats to "stay loose" and consider all the candidates.

Trent Armitage and Cameron Patterson, both 19 and students at Longwood University in Farmville, Va., said they are undecided on their first votes ever for a presidential candidate.

"I definitely want a strong Iraq war policy," said Armitage. "And I do really want a person who's going to do a lot for universal health care."

Patterson said he is leaning toward supporting Richardson or John Edwards, but "I'm willing to give Governor Vilsack a look," he said. "The fact he's a former governor would be a tremendous help, because he has strong executive experience."

Democrats Endorse Voting Measure (WP)

By Robert E. Pierre

The Washington Post, February 4, 2007

The District's effort to win a full seat in the House of Representatives won unanimous support yesterday from the Democratic National Committee.

It was the first step in a national lobbying campaign that will ask each of the presidential candidates to embrace the idea and will include grass-roots efforts in such early-voting states as Iowa and New Hampshire. The goal is to persuade members of the Democratic-controlled Congress to pass legislation by summer.

"We're very excited," said the DNC resolution's author, Donna Brazile, who ran Al Gore's 2000 presidential campaign. "This is the beginning of a 50-state campaign."

For decades, the District has fought for a voting seat in Congress. Del. Eleanor Holmes Norton (D-D.C.), can vote only in committees and on amendments to legislation. But legislation introduced last month would add a full seat in Congress for the heavily Democratic District and one for Utah, which is solidly Republican.

Passage is far from certain. Republicans are divided on the issue, and the measure would need 60 votes in the Senate to avoid a filibuster. Democrats, who have concerns of their own, hold a one-vote majority. Brazile remained optimistic about gaining traction.

Local activists and elected leaders, including D.C. Mayor Adrian M. Fenty (D), are also ramping up their efforts. On two days of lobbying and protest, one Feb. 15 and another in April, D.C. residents will take their message to Capitol Hill.

Biden Says He Regrets Remarks On Obama (AP)

By Nedra Pickler

AP, February 3, 2007

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WASHINGTON -- Senator Joseph Biden tried yesterday to stem the damage from the botched launch of his presidential campaign as underdog candidates in the Democratic field looked to gain momentum from the party faithful.

The Democratic National Committee wrapped up a three-day winter meeting that offered speeches from all 10 candidates already in the race or considering a bid. Those leading in the polls all appeared Friday.

The crowd thinned to less than half yesterday, but those in attendance were no less enthusiastic. Governor Bill Richardson of New Mexico stirred them by calling for a primary without negative campaigning and saying he would bring troops home from Iraq by the end of the year.

"Maybe I'm not up there in all these polls, but you are the deciders, not the man in the White House," Richardson said to cheers. "I say to you today, stay loose. We've got a year to go."

Tom Vilsack, former Iowa governor, positioned himself as a Washington outsider with a record of real change. He criticized senators in the race who refuse to cut the money that is paying for troops in Iraq.

Senators Barack Obama of Illinois and Hillary Rodham Clinton of New York are advocating a cap to the number of troops and their eventual withdrawal.

"The reality of capping troops or reducing the number of troops at some point in the future is not real change," Vilsack said. "It is time for us to clearly say the war must end and our troops must be brought home now."

Biden got right to the matter that has threatened his candidacy before it even gets off the ground.

The Delaware senator spent his first day as an official candidate Wednesday explaining his statement that Obama is "the first mainstream African-American who is articulate and bright and clean," raising questions about how he viewed other black candidates.

"I want to say that I truly regret that the words I spoke offended people that I admire very much," Biden said.

Nominate Biden: America Needs The Comic Relief (NHUL)

New Hampshire Union Leader, February 4, 2007

The United States is pretty stressed out right now. Iraq is going terribly, Boston was shut down by a bomb scare, famous people keep using the n-word as if it were 1860 again, and global warming's Chicken Littles are terrifying everyone with their cries of doom. Like never before, America needs Sen. Joe Biden.

Last week Sen. Blowhard said this of his rival for the Democratic nomination, Sen. Barack Obama: "I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

The very first? Wow.

That was after Biden ripped a few of his Democratic opponents' Iraq plans, calling Hillary Clinton's plan "nothing but disaster," and saying of John Edwards' proposal, "I don't think John Edwards knows what the heck he is talking about."

And that was after Biden said of Indian immigrants last summer, "You cannot go to a 7-Eleven or a Dunkin Donuts unless you have a slight Indian accent. I'm not joking."

And all of that was after Biden dropped out of the 1988 Presidential race for plagiarizing a speech by a British politician.

This guy is a one-man laugh factory.

Despite his lack of tact, we don't think Biden really is a bigot. He is, however, the court jester of the U.S. Senate. Bringing his act on the road would provide some much-needed stress relief for the American people.

If Democrats really cared about providing relief to the American people, they'd nominate a walking punch line so we could all spend the bulk of the election year laughing at the ineptitude of their candidate -- just like in 2004.

If we get really lucky, Biden will get the nomination and pick Dennis Kucinich as his straight man/running mate.

Twisting In Their Own Windiness (WP)

By Jim Hoagland

The Washington Post, February 4, 2007

Ladies and gentlemen of the jury of public opinion, I rise not to defend Joe Biden, Jacques Chirac and Bob Gates but to draw your attention to extenuating circumstances that may have caused these accused and other gaffe-prone speakers to plant their feet deeply in their mouths in recent days.

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What's that? Oh, yes. In the case of Gates, the new defense secretary, it should be made clear that he received help from Karl Rove and the White House in stumbling over his own infelicitous words. We will come to that shortly.

This outbreak of global political buffoonery is no accident. It spins out of a whirlwind of campaigns, elections and leadership changes sweeping across Britain, France, Russia, the United States and who knows where else over the next two years.

In a globalized world, if you will, a permanent campaign is underway somewhere and everywhere all the time. Politicians get endless opportunities to say dumb things into tape recorders and cameras. That provides endless material for the new savants of the age of interconnectivity, the snark artists of television's false news shows, talk radio, blogs and, yes, newspapers, bless their fearful, tarted-up souls.

Sorry. I digress. But context is everything in the case of Joe Biden making the evening news by praising Sen. Barack Obama for being, well, " clean." Reporters who long ago learned to concentrate on Biden's ideas rather than on his ill-assorted nouns, verbs and adjectives had to treat this gaffe as momentous: Against much of the available evidence, Biden had just declared that he was a serious presidential contender.

The Delaware senator is a thoroughly decent, hardworking and thoughtful legislator. But I found it unnerving in his previous bid for the Democratic nomination, in 1988, to have him frequently deliver a loosely connected set of ideas during an interview and then look up to ask: "Am I making sense here?" So I say, plus Ã§a change.

Yes, this French adage moves us to President Chirac, who also made the front page of the New York Times on Thursday by furiously trying to deny and then retract words he had said to three reporters and a tape recorder. After months of formally declaring that Iran must not be allowed to develop nuclear weapons, Chirac confided that an Iran possessing one or two nuclear weapons would not be so dangerous after all, since Tehran could be razed in retaliation for inappropriate behavior.

Hmmm. Well, doesn't he have a point there? And this is familiar behavior, too. Chirac made unsettling remarks about Germany and Israel to the Washington Times back in 1986 and then firmly denied making them until his questioner produced an unexpected tape recording.

Interviewing Chirac has always been a constant struggle to identify what he intends as policy pronouncements, as his version of clever repartee to lighten the atmosphere or as just plain banality. This, after all, is a politician nicknamed "the brother-in-law." His bonhomie is often forced and capable of leading him astray.

One would never say that of Bob Gates, who interrupted his skillful effort to smooth all Washington feathers ruffled by Don Rumsfeld by calling a news conference Jan. 26 to warn darkly that congressional opposition to U.S. troop increases in Iraq "emboldens the enemy and our adversaries."

There is cause for legitimate concern on that score. But this is also language out of the White House political playbook for turning arguments about Iraq strategy into arguments about patriotism. And yes, you will hear people with great connections in this administration say that Rove and communications czar Dan Bartlett encouraged Gates in this mission. At least, I have heard that.

But Gates denies it. And you must consider who is damaged most by this poisonous approach. First of all, Gates. It revives the fading criticisms from his CIA days that he politicized national security judgments to please his political masters. It is not in his interest to have those memories recalled.

Second, this was nothing less than a thinly veiled attack on GOP icon Sen. John Warner and his dissent on Iraq. A White House assault on Warner's responsible effort to reduce polarization on Iraq risks destroying what remains of the unity of the Republican Party's foreign policy establishment. Heck, it threatens to destroy that establishment altogether. I would be amazed if Warner were not stung by "what they are putting Gates up to," as one Warnerite puts it.

So surely, ladies and gentlemen of the jury, you will see that Bush White House politicos would never risk such damage for short-term political gain. That would make them seem even more ridiculous than the most snarky parodymeisters ever could. And who could possibly want that?

Joe Biden's Just A Barrel Of Gaffes (LAT)

By Jonathan Chait

DOJ_NMG_0127428

The Los Angeles Times, February 4, 2007

DELAWARE Sen. Joe Biden has been telling people for months that he's going to run for president, as if nobody could actually believe it. Even when he formally announced last week, I still didn't believe it. In fact, I'm not quite sure what it would take to make me believe it. If I turned on the television and watched Biden formally accepting the nomination at the Democratic National Convention, I might believe it then. (On the other hand, I'd probably figure I was suffering some hallucinatory episode and check myself into a hospital.)

I'm not saying Biden shouldn't be president. I have tons of respect for him, and I think he'd do a terrific job if he could get it. I just find it amusing that he thinks there's some chance he could actually become president. It's a case study of that bizarre mental affliction that strikes so many senators. They see younger, less-experienced Senate colleagues — who are far less esteemed than they are — running for president, and they're offended. If the 100 senators were the only ones who could vote, Biden would probably beat Hillary Clinton or Barack Obama. Unfortunately for Biden, that's not how it works.

Biden's charming cluelessness was on display in a recent ABC news interview. The famously verbose senator was asked to state in 25 words or less why Democrats should nominate him. His response was 45 words. I suppose that, by Biden's standards, coming in at just under twice his allotted length counts as a victory of sorts. Biden then explained why he could win: "If people learn my story, learn my record, I think I can compete. The question is, can I raise the money?" This is sort of like me saying that I think I can compete for a starting NFL quarterback job, but the question is, can I avoid injuries? It's a question, but it's certainly not the question.

In addition to his uncontrollable verbosity, Biden is a gaffe machine. He ran for president 20 years ago but had to abandon his campaign when it was discovered that he had plagiarized speeches from a British politician, substituting in key details to make the story his own.

In his latest effort, Biden wasted no time subverting his already microscopic chances. On the day of his announcement, he mused about Illinois Sen. Obama: "I mean, you got the first mainstream African American who is articulate and bright and clean and a nice-looking guy."

In Biden's defense, the quote was widely misunderstood. Having listened to it, it's obvious that Biden was not saying Obama is the first mainstream African American candidate who is also articulate and so on. He was saying he's the first mainstream candidate — meaning ideologically mainstream, unlike Carol Moseley Braun, Al Sharpton or Jesse Jackson — and that he's articulate and so on. He wasn't calling Jackson or the others inarticulate. To be sure, this is still a pretty cringe-inducing way for white people to talk about African Americans. There's a famous Chris Rock routine in which he complains about how people describe Colin Powell as "articulate," as if it were a surprise that a secretary of State can speak well.

And, of course, last summer Biden attempted to endear himself to an Indian American supporter by telling him that in Delaware, "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." Not only was this an offensive line, it didn't even make any sense: The observation, familiar to anybody who watched a comedian on cable television 15 years ago, is that Indian Americans are the only ones who work in convenience stores, not that they're the only ones who shop there. The man can't even keep his condescending cliches straight.

Biden looks as if he's the product of a laboratory experiment designed to create the world's worst presidential candidate. If the Obama gaffe doesn't knock him out of the race, something else will. I doubt he makes it to Iowa.

Yes, Biden's very knowledgeable and dedicated. But to win the presidency, you actually have to be good at mass politics. Why is Biden not smart enough to recognize that?

The Racial Politics Of Speaking Well (NYT)

By Lynette Clemetson

The New York Times, February 4, 2007

SENATOR JOSEPH R. BIDEN'S characterization of his fellow Democratic presidential contender Senator Barack Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy" was so painfully clumsy that it nearly warranted pity.

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There are not enough column inches on this page to parse interpretations of each of Mr. Biden's chosen adjectives. But among his string of loaded words, one is so pervasive — and is generally used and viewed so differently by blacks and whites — that it calls out for a national chat, perhaps a national therapy session.

It is amazing that this still requires clarification, but here it is. Black people get a little testy when white people call them "articulate."

Though it was little noted, on Wednesday President Bush on the Fox News Channel also described Mr. Obama as "articulate." On any given day, in any number of settings, it is likely to be one of the first things white people warmly remark about Oprah Winfrey; Richard Parsons, chief executive of Time Warner; Secretary of State Condoleezza Rice; Deval Patrick, the newly elected governor of Massachusetts; or a recently promoted black colleague at work.

A series of conversations about the word with a number of black public figures last week elicited the kind of frustrated responses often uttered between blacks, but seldom shared with whites.

"You hear it and you just think, 'Damn, this again?' " said Michael Eric Dyson, a professor of humanities at the University of Pennsylvania.

Anna Perez, the former communications counselor for Ms. Rice when she was national security adviser, said, "You just stand and wonder, 'When will this foolishness end?' "

Said Reginald Hudlin, president of entertainment for Black Entertainment Television: "It makes me weary, literally tired, like, 'Do I really want to spend my time right now educating this person?' "

So what is the problem with the word? Whites do not normally object when it is used to describe them. And it is not as if articulate black people do not wish to be thought of as that. The characterization is most often meant as a form of praise.

"Look, what I was attempting to be, but not very artfully, is complimentary," Mr. Biden explained to Jon Stewart on Wednesday on "The Daily Show." "This is an incredible guy. This is a phenomenon."

What faint praise, indeed. Being articulate must surely be a baseline requirement for a former president of The Harvard Law Review. After all, Webster's definitions of the word include "able to speak" and "expressing oneself easily and clearly." It would be more incredible, more of a phenomenon, to borrow two more of the senator's puzzling words, if Mr. Obama were inarticulate.

That is the core of the issue. When whites use the word in reference to blacks, it often carries a subtext of amazement, even bewilderment. It is similar to praising a female executive or politician by calling her "tough" or "a rational decision-maker."

"When people say it, what they are really saying is that someone is articulate ... for a black person," Ms. Perez said.

Such a subtext is inherently offensive because it suggests that the recipient of the "compliment" is notably different from other black people.

"Historically, it was meant to signal the exceptional Negro," Mr. Dyson said. "The implication is that most black people do not have the capacity to engage in articulate speech, when white people are automatically assumed to be articulate."

And such distinctions discount as inarticulate historically black patterns of speech. "Al Sharpton is incredibly articulate," said Tricia Rose, professor of Africana Studies at Brown University. "But because he speaks with a cadence and style that is firmly rooted in black rhetorical tradition you will rarely hear white people refer to him as articulate."

While many white people do not automatically recognize how, and how often, the word is applied, many black people can recall with clarity the numerous times it has stopped them in their tracks.

Melissa Harris-Lacewell, professor of politics and African-American studies at Princeton University, said her first notable encounter with the word was back in high school in Chester, Va., when she was dating the school's star football player. In post-game interviews and news stories she started to notice that he was always referred to as articulate.

"They never said that about the white quarterback," she said, "yet they couldn't help but say it about my boyfriend."

William E. Kennard, a managing director of the Carlyle Group and a former chairman of the Federal Communications Commission, recalled that in his days as partner at a Washington law firm in the early 1990s written reviews of prospective black hires almost always included the words, "articulate and poised." The characterization was so consistent and in such stark contrast to the notes taken on white job applicants that he mentioned it to his fellow partners.

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"It was a law firm; all of the people interviewing for jobs were articulate," said Mr. Kennard, 50, who is also on the board of The New York Times Company. "And yet my colleagues seemed struck by that quality in black applicants."

The comedian and actor D. L. Hughley, a frequent guest on HBO's "Real Time With Bill Maher," says that every time he appears on the show, where he riffs on the political and social issues of the day, people walk up to him afterward and tell him how "smart and articulate" his comments were.

"Everyone was up in arms about Michael Richards using the N-word, but subtle words like this are more insidious," Mr. Hughley said. "It's like weight loss. The last few pounds are the hardest to get rid of. It's the last vestiges of racism that are hard to get rid of."

Sometimes the "articulate" moniker is merely implied. My colleague Rachel Swarns and I chuckle wearily about the number of times we have finished interviews or casual conversations with people — always white, more often male — only to have the person end the meeting with some version of the statement, "something about you reminds me of Condoleezza Rice."

Neither Rachel nor I look anything like Ms. Rice, or each other for that matter, so the comparison is clearly not physical. The comment seems more a vocalized reach by the speaker for some sort of reference point, a context in which to understand us.

It is unlikely that whites will quickly or easily erase "articulate" and other damning forms of praise from the ways in which they discuss blacks. Listen for it in post-Super Bowl chatter, after the Academy Awards, at the next school board meeting or corporate retreat.

But here is a pointer. Do not use it as the primary attribute of note for a black person if you would not use it for a similarly talented, skilled or eloquent white person. Do not make it an outsized distinction for Brown University's president, Ruth Simmons, if you would not for the University of Michigan's president, Mary Sue Coleman. Do not make it the sole basis for your praise of the actor Forest Whitaker if it would never cross your mind to utter it about the expressive Peter O'Toole.

With the ballooning size of the black middle and upper class, qualities in blacks like intelligence, eloquence — the mere ability to string sentences together with tenses intact — must at some point become as unremarkable to whites as they are to blacks.

"How many flukes simply constitute reality?" Mr. Hudlin asked, with amused dismay.

Well said.

Clinton Camp Hasn't Written Off Fundraising Couple Who Helped Competitor (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, February 4, 2007

The life of a big-dollar Democratic donor isn't always easy. In between attending lavish parties and being wined and dined by various luminaries, sometimes you have to make tough choices.

Take Beth and Ron Dozoretz. The power couple are longtime heavyweights in national Democratic money circles; he is a health-care executive, she a former finance chairman for the Democratic National Committee.

They also happen to be close friends with the Clintons. The Dozoretzes were frequent guests at the Clinton White House, helped collect cash for the Clinton Presidential Library in Little Rock and chose Bill Clinton as the godfather for one of their children.

But, when the couple opened their Washington, D.C., manse on Friday for a fundraising event, it was New Mexico Gov. Bill Richardson, not New York Sen. Hillary Rodham Clinton, being feted.

"This is an opportunity for individuals to meet Governor Bill Richardson," reads a copy of the invite obtained by the Fix. "A contribution is not required to attend." Of course, if attendees do want to give money, the invite notes that checks can be written to the "Bill Richardson for President Exploratory Committee, Inc."

"They and the governor are longtime friends," Richardson communications director Pahl Shipley explained.

So does this mean that the Dozoretzes have picked their horse? Accounts vary. Some suggest that the couple has indicated privately that they will be with Richardson. Clinton communications director Howard Wolfson begged to differ.

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"Beth Dozoretz is a good friend of the campaign, and she has made a major commitment to help Hillary," he said. "We appreciate her strong support."

Reached at home, Beth Dozoretz chose not to comment. The plot thickens. . . .

CLUB FOR GROWTH ON '08

The Club for Growth wants to play a role in the 2008 GOP presidential primary. Anyone who doubts the implications, give former senator Lincoln Chafee (R-R.I.) a call.

A political group for fiscal conservatives, the club has become a force in congressional elections, taking aim at moderate Republicans who don't support conservative causes such as tax cuts and spending discipline. Some GOP lawmakers privately blame the group for the party's loss of Senate control in November. The Club for Growth threw substantial resources behind a primary challenge to Chafee that wound up weakening the longtime incumbent financially and politically.

Chafee survived the primary but lost in the general election to Democrat Sheldon Whitehouse. Seven Club-backed conservatives, however, won House races in November. Despite the grumbling from some GOP quarters, the group has plenty of conservative admirers for its refusal to compromise its principles.

In the coming months, those unyielding standards will be applied to Republican White House hopefuls. The Club for Growth intends to scour every contender's record and advise its 40,000 members on who passes ideological muster.

One will not be Mike Huckabee, the former Arkansas governor and the subject of "Presidential White Paper #1." Acknowledging that Huckabee pushed major tax cuts through his state legislature, the Club for Growth lists seven tax increases that he also supported, along with spending increases and a mixed record on school choice. "Calling oneself an economic conservative does not make one so," the paper concluded.

Tim Russert cited the findings on "Meet the Press" last week, after Huckabee announced his candidacy. "That's a tough record to sell to a Republican audience in primary states," Russert noted. "It shouldn't be if they look at the real record," Huckabee shot back.

Richardson Touts Unique Qualifications (AP)

By Nedra Pickler

AP, February 3, 2007

KHARTOUM, Sudan - It's been said that Bill Richardson would negotiate with the devil. And by some definitions, he has — several times.

New Mexico's Democratic governor has bartered with some of the most notorious rulers of modern times: Iraq 's Saddam Hussein , Yugoslavia's Slobodan Milosevic , Cuba's Fidel Castro , Kenya's Daniel Arap Moi, Zaire's Mobutu Sese Seko, Nigeria's Sani Abacha and most recently, Sudan's Omar al-Bashir. Richardson has compared himself to Red Adair, renowned for his ability to put out erupting oil well fires.

Richardson has more international experience than just about anyone else in the 2008 field. The 59-year-old was ambassador to the United Nations in the Clinton administration, served on the intelligence committee during his 14 years in the House and has done international work from his perch as a small-state governor.

"I have good news," Richardson told al-Bashir after four days of back-to-back meetings with all sides in the conflict, including two rare hourlong sessions with the elusive president. "We are going to leave today."

"With all that, we expect you to be the president of the United States!" he said in English, after speaking Arabic for the earlier discussions.

"I'm not one for tight bows or formal handshakes when a bear hug or a gentle fist on the shoulder is an available option," Richardson wrote in his autobiography, "Between Worlds."

Richardson had gone to Baghdad in 1995 at the request of the Iraqis to negotiate with Saddam for the release of two U.S. oil mechanics who had wandered over the border with Kuwait. Richardson has an impressive track record in convincing dictators that they should free U.S. prisoners from countries as isolated as North Korea , Cuba and Sudan.

After Saddam agreed to return, Richardson decided not to apologize but to continue making his case with respect and his feet firmly planted on the floor. Saddam authorized the mechanics' release after an hour of discussion.

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Richardson can be prickly and demanding of his staff. But he also likes to lighten the mood by having fun with people's names and their backgrounds.

Richardson bonded with Castro over their shared love of baseball and with Iraq's then-Deputy Prime Minister Tariq Aziz over their shared Catholic faith and penchant for cigars. As U.N. ambassador, Richardson took his colleagues from around the world to a game between the New York Yankees and Mets.

Richardson emerged from his diplomatic meetings with clear impressions. He has written:

_Castro had horrible dandruff, but was humorous, personable and extremely well-informed about U.S. politics and geopolitical issues.

_Mobutu was dignified and regal despite overseeing vast corruption. His successor, Laurent Kabila was street-smart and had no scruples.

_Saddam had a twitch on the right side of his face and made Richardson sweat by staring him down.

Richardson's first visit to Sudan was in 1996, when he went to free three Red Cross workers held by Marxist rebels.

Richardson learned the rebel leader had recently lost a daughter and a son was on his death bed in the rebels' disease-ridden camp. The rebel leader wanted $10 million. Richardson appealed to him by saying he could get him medicine, rice, vehicles and other aid so other children did not have to die.

Some criticized Richardson's effort because he violated a cardinal rule of hostage negotiators: never bargain for their release.

"If you give them money, that is negotiating with a terrorist," Richardson said in a recent Associated Press interview. "But a couple of Jeeps, a health study, medicine, that's what made it happen. It was a human connection with that rebel.

"I don't mind saying I try to psychologically go into their heads and see what's on their mind and what's important to them at the time," he said. "I do study my subject pretty intensely."

Richardson's freelance diplomacy has gotten mixed reaction from the White House over the years. President Clinton gave his private blessing to the Iraq trip, whispered to Richardson as the two were watching the premiere of the Spanish-language movie "Mi Familia."

David Goldwin, who worked in the Clinton State Department and later became Richardson's national security aide at the U.N., said the administration also was appreciative that Richardson negotiated for the release of two downed Army helicopter pilots in December 1994 in North Korea.

"They had no real diplomatic access in North Korea," Goldwin said. "He had good access first person. ... He's delivered them bad news every time he's dealt with them. But they feel listed to and respected by him and so they are willing to take that message."

James Dobbins, who worked for President Bush and his father as well as in the Clinton administration, said he does not recall anyone at the White House complaining about Richardson acting as a free agent.

"He was by and large taking missions that the president was happy to have him take," Dobbins said. "There have been many occasions where congressmen have been encouraged to go places where we have a difficult relationship or no relationship at all to see what develops."

Richardson writes in his book that Clinton administration officials urged him not to travel to Haiti to negotiate a peaceful transfer of power in July 1994, as Clinton was threatening military action.

Richardson went anyway, although it was Clinton's approach that eventually forced the military rulers to step down.

Upon his confirmation as Clinton's nominee for U.N. ambassador, Richardson wrote that incoming Secretary of State Madeleine Albright ordered him to stop all independent diplomacy and warned him that others had been fired for trying to negotiate side deals.

Interest in different cultures is rooted in Richardson's childhood. He is the son of an American businessman father and a Mexican mother. He grew up in Mexico City and is fluent in Spanish. His father sent him to high school in the United States and Richardson has said he often felt trapped between two worlds.

Michael Dukakis, the former Massachusetts governor who was the 1988 Democratic nominee for president, said Richardson's combination of foreign policy and executive experience should be an asset in the 2008 race.

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Governors often make stronger presidential candidates but can suffer from criticism that they are light on foreign affairs.

"Bill's foreign policy experience is a big plus for him," Dukakis said. "He has a lot more than most of us who began in state politics and came up through the ranks and became governors. ... And I think foreign policy is going to be a big issue in this campaign, especially in the Democratic primary."

Bill Weld, a Republican who was Massachusetts governor, was three years ahead of Richardson at the Middlesex School, a boarding school in Concord, Mass. Weld said Richardson does not need to prove himself like other governors who get most of their international experience through trade missions.

Richardson's experience in single-handedly brokering high-profile diplomatic deals and his time in the statehouse "is a very attractive combination," Weld said.

That is not to say all of Richardson's travels are successful.

Richardson was not able to achieve one his top goals on the trip to Sudan — persuading al-Bashir to allow U.N. peacekeepers in Darfur. But he persuaded al-Bashir to agree to a 60-day cease-fire with rebel armies while peace talks could be arranged. It didn't hold.

On The Run (NYT)

By Deborah Solomon

The New York Times Magazine, February 4, 2007

Q: As the popular governor of New Mexico but one of the less-popular candidates seeking the Democratic nomination for president, did you enter the race to actually win or merely to angle for another position at the national level? I want to be president. If I don't win the presidency, I am not interested in the vice presidency or in being secretary of state.

Why not? As a former ambassador to the U.N. under President Clinton, as well as a self-appointed global trouble-shooter, you seem like a natural for secretary of state. I can be a governor who practices foreign policy, as I do.

Right, just last month you toured a refugee camp in Darfur and went on to Khartoum, where you were able to arrange a 60-day cease-fire between rebel groups and the Sudanese dictator, Omar Hassan al-Bashir. What is he like? I met with him twice on that trip. He is very pragmatic and also very isolated. I got an American journalist out late last year, and as the American ambassador said, he likes me, Bashir. So I used that. That was the reason the Save Darfur Coalition asked me to go to try to get him to do a cease-fire.

How do you think Condoleezza Rice and the rest of the State Department view your interventions into foreign affairs? I am sure she would prefer that I not be involved, that her own diplomats take care of things.

So you think she considers you annoying? I would think so.

Do you hold her responsible for the unilateral thrust of this administration's policies? No, I believe it is President Bush, who is saying, "I don't talk to countries that exhibit bad behavior." And pretty soon, with that standard, we're only going to be talking to the Vatican.

In recognition of your diplomatic efforts in various countries including North Korea, you've been nominated four times for the Nobel Peace Prize. Have you lobbied for it? No, you're told that is the worst thing to do. Don't lobby, don't make public statements.

I once read somewhere that people who are obsessed with making peace between warring camps tend to have grown up in homes where there was a lot of arguing between the parents. Was that true in your case? In my case, my parents sent me away at a very early age. So I don't know if they fought. I was 12, and I was gone. I think I have tried to be a negotiator because of my bicultural background.

Your father was an American banker, and your mother was from Mexico, where you spent most of your boyhood. As the first Hispanic major-party candidate to seek the presidency, do you think this country should officially be bilingual? No.

Many people in New Mexico say they knew you were running for president a few months ago, when you suddenly began to shed pounds, which you seem to do every time you're seeking office. I think the American people want their leaders to be and look healthy. I've lost about 30 pounds in five months. I need to come down another 10 pounds.

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Why do I keep hearing about you and speeding tickets? We never did get a ticket, but I was speeding. I'm impatient. I try to get too many things done. But it happened twice, and then it became part of the lore.

Well, at least you drive your own car, instead of being chauffeured around town. No, I wasn't driving. The state police drive me. But it was my fault.

On what basis, other than your record-breaking speed, do you think you can win the presidency? A lot of other candidates can give speeches about renewable energy and Iraq and creating jobs. I've got the experience. I've got the background. I've got the training. I believe as a negotiator I can bring people and the country together.

Doesn't Hillary Clinton, for instance, also have experience? I don't want to get into that. I'm going to be positive in this campaign.

Obama Mentor Rallies Black Support (POL)

By Ben Smith

The Politico, February 3, 2007

A key supporter of Illinois Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still "owe" Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians.

The comments by Illinois Senate President Emil Jones Jr., which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists.

"How long are you going to owe?" politicians for past favors, Jones asked in a speech Friday to more than 100 members of the Democratic National Committee's black caucus and other political operatives gathered at the Washington Hilton for the winter meeting of the DNC, according to people who were there.

Jones, a veteran black legislator, implored the black officials and operatives not to act like "crabs in a barrel' " the attendees said, and drag down a successful member of their community.

Jamal Simmons, a political consultant who was at the caucus meeting, said Jones' words and the heated response that followed highlighted the difficult, personal choice facing many black Democrats.

"The one thing that was extraordinarily clear this weekend is that many African-American political operatives are very conflicted internally about whether to support Obama or Clinton," he said.

Jones spoke after the DNC's chief of staff, Leah Daughtry, told the group that she and the DNC would remain neutral in the 2008 presidential nominating contests.

"This is no time for neutrality," Jones said in an interview Saturday. "We have a well qualified candidate, and I urged them to get behind his candidacy."

"I didn't mention Clinton by name," he said.

But the remarks by one of Obama's longtime political mentors in Illinois was widely taken to refer to a debt felt in the black political community to Bill Clinton, who enjoyed deep black support in the White House and rewarded black allies.

Sen. Hillary Rodham Clinton, N.Y., who is now mounting her own campaign for the presidency, is trying to collect that debt by pushing hard for the endorsements of black political leaders, an effort that could force Obama onto an explicitly racial terrain that clashes with his national image as a figure of new, post-racial unity.

But while Hillary Clinton continues to lead in polls of African-American voters, Obama's extraordinary potential as a black presidential candidate has a powerful appeal to many black voters and officials.

Jones concluded his speech with a reference to the jobs and appointments Bill Clinton had given blacks, including many people in the room, and asked when they would stop owing the Clintons for that patronage, attendees said.

"You could hear a pin drop," said one person in the room who doesn't currently support either Obama or Clinton. "It was one of those moments when you say, 'I can't believe he just said that.'"

Jones' call was received frostily by Clinton allies, including Minyon Moore, the former White House aide who now heads Hillary Clinton's black outreach, and former Clinton and Gore campaign aide Donna Brazile, according to some attendees.

Moore walked out of the room when Jones stopped speaking, according to two people who were there.

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Neither Moore nor Brazile could be reached for comment. But another Clinton supporter who was who at the meeting said Clinton's camp took Jones' remarks as an affront.

"The feeling was, 'Who is [Jones] to tell us how to be black?' " said the Clinton supporter, speaking on the condition of anonymity because of the political sensitivity of the issue.

Obama spokesman Bill Burton said Jones is "a mentor of the senator" but wouldn't comment on the substance of his speech. Clinton spokesman Howard Wolfson declined to comment.

But there was no doubt in the Washington Hilton that Jones struck a nerve. Black Democrats were walking around the hotel Saturday repeating - in jest, but not without an edge - Jones' refrain of "How long? How long?"

Obamarama (NYT)

By William Safire

The New York Times Magazine, February 4, 2007

"Politics has become so bitter and partisan," Senator Barack Obama said, "so gummed up by money and influence. . . ." Though the rest of his sentence petered out into a bureaucratic "big problems that demand solutions," what struck me was the forceful word picture evoked by the verb phrase gummed up. Here was a presidential candidate unafraid to use a slang verb with verve.

It's an Americanism in the sense of "spoiled," first cited by the O.E.D. in the college slang at Yale in 1901. Rudyard Kipling helped it along to trans-Atlantic status with a pregnant observation in a 1932 short story: "Research is gummed up with thinking." (If you dare to hang that Kipling aphorism on the wall of a stiff-necked research institution or Washington think tank, then you're a man, my son.) Senator Bob Dole in 1982 cautioned against undue optimism about passage of an extension of the Voting Rights Act with "the works around here get gummed up pretty easily," and lest we forget, that senator went on to win the Republican nomination for president.

Obama, often described as a "media darling" (just as Senator John McCain was in 2000), is a politician who apparently chooses his words with care. Consider the adjective he chose to deal with questions about his purchase of a strip of land adjacent to his home from Tony Rezko, his longtime friend indicted (not convicted) last fall on charges of extorting kickbacks from companies seeking state business. At first, Obama acknowledged that "it was stupid," a harsh admission, but later found an adjective better suited to a candidate for high office: "I am the first one to acknowledge that it was a boneheaded move for me to purchase that strip from Rezko, given that he was already under a cloud of concern." (The usual metaphor is "cloud of suspicion"; Obama softened it to concern.)

Boneheaded was a perfect choice: not as condemnatory or self-flagellating as stupid, nor as dismissive as foolish, nor as formal as ignorant, nor carrying a secondary drug connotation as dopey, nor as frivolous as silly, nor as inapt as dumb (considered a slur by the speech-impaired). The successor adjective to blockheaded and woodenheaded, both in lexical desuetude, became fixed in American slang on or soon after Sept. 23, 1908, with the New York Giants facing the Chicago Cubs in the game that would ultimately decide which team would win the National League pennant.

In the bottom half of the ninth inning, with the score tied and Giants on first and third, the batter hit a single and the runner from third seemed to score with what should have been the winning run. But 19-year-old Fred Merkle, running from first, didn't bother to touch second. The Cubs' shrewd second baseman, Johnny Evers (remembered as the pivot man in Tinkers-to-Evers-to-Chance double plays), called the umpires' attention to this oversight; the game was ruled a tie and replayed at the end of the season, and the Giants lost. Merkle's innocent blunder became known as "the Great Bonehead Play."

Mixed Race

In a more serious vein, how does Senator Obama identify his personal racial mixture? The golf champion Tiger Woods told Oprah Winfrey that he likes to call himself a "Cablinasian," an amalgam of "Caucasian, black, American Indian and Asian," but perhaps that was jocular. Obama is the son of a white mother from Kansas and a black father from Kenya. The columnist Clarence Page, who is black, notes that the Illinois senator does not run away from the "black" label: "I can tell you a substantial number of black voters are mightily suspicious and even personally offended by black folks who don't want to be called 'black.' " In his recent book, "Audacity of Hope," the senator identifies himself as "a black man of mixed heritage."

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Mixed-race is a coinage first spotted by the O.E.D. in The Guardian in 1971, when the British newspaper referred to "a delegation of six mixed-race Rhodesians." That new usage was acceptable to many in South Africa categorized as colored, but that description fell out of favor there as well as in the U.S. as recalling the era of apartheid and segregation. Colored had one sense of "neither all black nor all white" and another sense of a euphemism for Negro. Colored is now taken by many to be offensive, but people of color is embraced proudly. In the U.S., black is now widely acceptable, especially in a second reference to African-Americans. Nonwhite is acceptable to demographers but will likely wither as suggesting that whiteness is the norm. Mixed heritage, Obama's usage following black, suggests ethnicity more than race — like the offspring of British and Russian parents — which is why mixed-race is the compound adjective to keep your eye on.

Media Darling

One way to zap a hitherto little-known person getting a rush of publicity is to afflict him with the bogus title media darling. That's because media, when construed as singular — especially as mass media and mainstream media — connotes to its crowd of critics some manipulative monolith whose control of communication is to be resisted.

In sports, "the hottest rookie in pro football" in 1983 was, according to The Boston Globe, Dan Marino, "embraced as the universal media darling." In business, The Times hailed Steve Jobs as "reinventing Apple Computer as a media darling with its popular iPod." (The Los Angeles Times updated the phrase by calling YouTube "a new-media darling.") In April 1976, Clifford Terry wrote in The Chicago Tribune about the actress Louise Lasser, whose role in the TV series "Mary Hartman, Mary Hartman" was "becoming a media darling, sort of the Margaux Hemingway of the Crock Pot set."

A Google search shows about 50,000 matches of the phrase with Barack Obama. One is this headlined prophecy from The Chicago Sun-Times: "Obama's sticky switch from media-darling to media-hounded."

Call It The "Andy Amendment" (LAT)

By Richard S. Tedlow

The Los Angeles Times, February 4, 2007

ANDY GROVE fled Hungary at the age of 20 in 1956, shortly after Soviet tanks rolled into Budapest to put down any illusion that freedom could flourish behind the Iron Curtain. He made his way to the United States and enrolled at the City College of New York, graduating first in his engineering class in 1960. He then went to UC Berkeley for his PhD in chemical engineering.

Grove's enthusiastic attachment to the U.S. began before he left his native country. There was never any question of his remaining in Europe once he escaped from communism. If ever there were a destination shopper in this life, it was Grove, and he pre-purchased the United States. He became a citizen in 1962, and he managed to extricate his parents from Hungary and bring them here as well.

Like millions of other naturalized Americans starting anew in this meritocratic nation of immigrants, Grove made the most of the opportunity this nation afforded him. In addition to becoming a wealthy man, Grove repaid his adopted nation nearly $2 00 billion, the increase in Intel's market capitalization during his tenure as chief executive of the microprocessor giant from 1987 to 1998.

Grove is one of three people most responsible, along with Bill Gates and Steve Jobs, for putting computers on our desks. Without Intel's chips, the computer revolution wouldn't have happened, and without Grove, Intel never would have managed the chip revolution as masterfully as it has. It was Grove who made Intel realize that "the PC is it," and it was his combination of managerial and technical expertise that put Intel inside so many PCs around the world.

Thankfully, no one questioned the depth of Grove's "Americanness" before he was entrusted with the responsibility of leading Intel. And no law prevented it.

The Constitution does not prohibit foreign-born individuals from leading a U.S.-based company. But what if it did? What if our Constitution had told Grove: "You can't change the world because you come from Hungary." Sound ridiculous? Of course it does. Imagine what else would have been lost if we faced such constraints in the business world.

What if the Constitution said:

• Pierre Omidyar, you can't found EBay here because you were born in France.

• Sergey Brin, you can't co-found Google here because you were born in Russia.

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• Jerry Yang, you can't co-found Yahoo here because you were born in Taiwan.

And what would happen to that most American of industries, soft drinks? The chief executive of PepsiCo, Indra Nooyi, was born in India. The chief executive of Coca-Cola, E. Neville Isdell, was born in Ireland. He follows in the footsteps of Cuban-born Roberto Goizueta.

We are not just talking about entrepreneurs from recent years. Levi Strauss was born in Bavaria. Andrew Carnegie was born in Scotland. U.S. business has flourished in no small part because of the vitality and imagination of individuals among the "huddled masses" assimilated into this country.

It is odd that this freedom to harness the best and the brightest Americans, including immigrants, is a guiding principle at every address in our nation except for one: 1600 Pennsylvania Avenue. Because he was born abroad, Grove is prohibited from serving as president, even though he has made significant and enduring contributions to U.S. business and society for decades. Although the Clintons and Bushes are the only dynasties threatening to control our government these days, we cling to an 18th century measure aimed at keeping European monarchs from scheming to control the then-young republic.

A noteworthy example of what the United States gained by its openness in business, but may have sacrificed because of this presidential prohibition, is the case of a man named James Couzens. Couzens was born the son of a grocery store clerk in Chatham, Canada. Some believe that he was the real brains behind the success of the early Ford Motor Co. a century ago. It was the United States' inclusiveness that allowed him to cross the border and play such a vital part in putting the nation on wheels.

Eventually, sick of Henry Ford's increasing megalomania, Couzens left the company for public service. He became mayor of Detroit in 1919 and represented Michigan in the U.S. Senate soon thereafter. After his death in 1936, Couzens was described by President Franklin D. Roosevelt as "a leader whose convictions were a part of the best [to which] America aspires." But this "Americanness" notwithstanding, Couzens could never become president of the United States because he was born on the wrong side of the border. He knew it and didn't like it, even as a youth.

"I can never become king of England," he said sharply to his parents, "but if I had been born in the United States, I could be president."

The prohibition against naturalized citizens becoming president of the United States is as counterproductive as a similar prohibition on their becoming chief executives of major corporations would be. It is telling that no other governmental position in the country is similarly restricted. The other branches of government all welcome naturalized citizens. Foreign-born U.S. citizens have served with great distinction in the Cabinet, from Alexander Hamilton, President Washington's brilliant and indispensable secretary of the Treasury, who was born in the West Indies, to Prague-born Madeleine Albright, President Clinton's secretary of State.

Is a person who happens to be born on U.S. soil somehow more capable, more trustworthy or more dedicated to upholding the principles of this nation than those born elsewhere? The record of countless naturalized Americans who have been leaders in business, government and other areas of our society says no.

Permitting a naturalized American, whether it be Silicon Valley entrepreneurs such as Grove or governors such as Arnold Schwarzenegger and Canadian-born Jennifer Granholm of Michigan, to become the nation's ultimate chief executive would be an important way to reaffirm that openness. Let's allow voters to pick the best American for the job, wherever he or she was born.

Iran Has Guests In To See, But Not Inspect, Nuclear Site (NYT)

By Nazila Fathi

The New York Times, February 4, 2007

ISFAHAN, Iran, Feb. 3 — Iran opened one of its nuclear sites to a large number of local and international reporters and a delegation of foreign ambassadors on Saturday in an effort to show the transparency of its program before a United Nations Security Council deadline this month.

Delegations from the Non-Aligned Movement, Group of 77 and League of Arab States arrived at the Isfahan Uranium Conversion Facility in central Iran with nearly 100 reporters. The delegation included representatives from the United Nations nuclear agency from Algeria, Cuba, Egypt and Malaysia, though none were official inspectors.

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Iran has kept up efforts to give the Isfahan facility more publicity, and a senior tourism official said late last year that Iran planned to open it and other nuclear sites to foreign tourists.

Iran's ambassador to the International Atomic Energy Agency, Ali Asghar Soltanieh, said Saturday that the purpose of the tour was to assure the world that Iran's program was peaceful.

"In fact we have representatives from all over the world," Mr. Soltanieh said. "We decided to have them come here and see for themselves." He emphasized that surveillance cameras of the United Nations' International Atomic Energy Agency were in place there.

Photographers and video camera operators were not allowed to take pictures in the outside area of the compound. But the visitors were given special clothes, gloves and masks to protect them from radiation and toured the main facility for nearly an hour.

The Isfahan site is where uranium ore is converted into yellowcake and gas. The gas is then transferred to a more sophisticated facility in Natanz, where it could be enriched with centrifuges.

Reporters on Saturday passed the Natanz enrichment facility but were not permitted to tour the site, where Iran recently said it was installing 3,000 centrifuges. The facility is near the main road, and like Isfahan, it was surrounded by antiaircraft artillery. The Isfahan site also had air-raid bunkers.

Iran insists that its program is for electricity production, but the United States and European countries contend that it is part of an effort that eventually could produce enough highly enriched uranium to make nuclear weapons.

The tour occurred as a United Nations deadline neared this month for Iran to suspend its uranium enrichment program or face tougher economic sanctions. The United Nations Security Council passed a resolution on Dec. 23 banning the trade of goods and technology related to Iran's nuclear program.

President Mahmoud Ahmadinejad has brushed off the sanctions as insignificant and has vowed to continue with the program.

Iran Shows Nuclear Facility To Diplomats (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, February 4, 2007

Iran on Saturday opened the gates to a key uranium conversion facility to visiting diplomats and journalists in an effort to show that its disputed nuclear program is peaceful and not a cover for nuclear bomb making.

The visit to the Isfahan plant in central Iran was the first such tour since Iran resumed uranium conversion in August 2005. The U.N. Security Council slapped economic sanctions on Iran on Dec. 23 over the country's refusal to halt uranium enrichment, which can be used for making weapons.

The visit also came ahead of a U.N. deadline for Iran to stop the enrichment. If Tehran doesn't comply by the end of the 60-day period stipulated by the U.N., the Security Council will consider new measures beyond the economic sanctions.

The United States and several of its Western allies believe that Iran is using the nuclear program to produce an atomic weapon — charges Iran denies, saying its aim is to generate electricity.

The diplomats visiting the plant came from Sudan, Cuba, Egypt, Malaysia and Algeria. They represented the Arab League and two groups of developing nations known as the Nonaligned Movement and the G-77 — organizations that have asserted the rights of members to pursue national interests unfettered by Western countries.

The plant at Isfahan, 255 miles south of Tehran, is responsible for an early stage of the nuclear fuel cycle, turning yellowcake uranium into uranium hexaflouride gas, or UF-6, the feedstock for enrichment.

International concerns have recently focused more on the facility in Natanz, where uranium can be enriched using cascades of centrifuges. Only highly enriched uranium can be used for bomb-making.

But Iranian officials on Saturday's tour talked only of the program's peaceful purposes, which Iran is determined to pursue.

Ali Ashgar Soltanieh, head of Iran's delegation to the U.N. nuclear watchdog agency — the International Atomic Energy Agency — said the message of the visit was to show "that Iran is determined to continue its peaceful nuclear activities."

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"This is an opportunity to see for yourselves what is going on and get first hand information about the activities here," Soltanieh told the diplomats and dozens of reporters.

The visitors saw several areas of the Isfahan facility, including two cameras installed by the IAEA to monitor activity where uranium gas is produced.

Soltanieh said the two cameras, which take photos every two minutes, are in place according to Iran's obligations under the Nonproliferation Treaty.

They are the only cameras at Isfahan. Iran removed others here when it stopped allowing the IAEA to conduct snap inspections, a measure it took after the agency referred it to the Security Council last February. IAEA inspectors visited the Isfahan facility twice in January.

Soltanieh said the tour was "an opportunity to see that the IAEA has full surveillance control over the activities of this facility."

At the end of the tour, Soltanieh told the visitors that all the 250 tons of UF-6 gas which Iran produced in 2006 have been safely stored at Isfahan's underground tunnels, but refused to answer questions about where the tunnels were located in the plant.

Anti-aircraft guns and radar stations surround the facility, much of which is built underground to protect it from airstrikes, which became a concern for Iran after Israel hit Iraq's main reactor in 1981.

On Friday, a top Iranian nuclear official said that U.N. inspectors have set up cameras at Natanz that would allow them to monitor the activity there. Centrifuge hookup is expected to start at Natanz next week.

Diplomats accredited with the IAEA in Vienna, Austria, said that hundreds of technicians and laborers have been "working feverishly" at Natanz over the past few weeks, setting up piping, control panels and electric cables before the centrifuge hookup.

But a U.N. official in Vienna, where the IAEA is based, said that Iran had met only some of the world body's requests for installing monitoring cameras at Natanz's underground site.

Tehran already has cascades of 164 centrifuges installed above ground at Natanz and has announced plans to operate 3,000 centrifuges below ground there, enabling it to speed up production of nuclear fuel.

Iran Gives Visitors Inside Look At Esfahan Nuclear Facility (LAT)

By Kim Murphy

The Los Angeles Times, February 4, 2007

ESFAHAN, Iran — The squat, tan buildings with barred windows can be reached only by driving well outside the city to a flat stretch of desert on the edge of the hills. The site is surrounded by an array of antiaircraft artillery emplacements, each with one or two soldiers at the ready, and a large metal fence topped with barbed wire.

Once inside the reception hall, visitors are greeted by a huge poster that reads, "Nuclear Energy Is Our Obvious Right."

Here, in a city considered the heart of its nuclear development program, is where Iran has been taking the initial technological steps to turn ordinary uranium into the makings of nuclear fuel.

In a rare invitation to foreign visitors Saturday, Iranian officials opened the doors of the normally closed facility. The officials reported that the fledgling conversion program, which was in its infancy only three years ago, has now manufactured 250 tons of uranium hexafluoride gas, the feedstock for Iran's controversial uranium enrichment program.

The group included visitors from all over the world, said Ali Asghar Soltanieh, Iran's ambassador to the International Atomic Energy Agency. "We have decided they would come here to have the opportunity to see themselves what is going on," he said as they walked through the large rooms of tanks, feeder lines, pressure gauges and control panels.

The official delegation of seven included representatives of the Non-Aligned Movement, the G-77 group of developing nations, and the Arab League, all accredited to the IAEA in Vienna. Iranian officials allowed a group of journalists to cover the visit.

"We want to remove these ambiguities and questions from our Arab brothers and sisters in the region. They have to know that everything is transparent and it is for peaceful purposes, and there is no concern as far as safety is concerned," Soltanieh said. "You will notice these facilities are of the highest standard, and a lot of investment has been made in order to prevent any environmental impact."

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The uranium conversion facility at Esfahan is only a piece of Iran's nuclear program, which the Islamic Republic says it is pursuing to develop new sources of electrical power and maintain a high level of oil exports.

The next and most controversial step is conducted at an even more secret plant at Natanz to the north, where the feedstock material produced at Esfahan is processed through a series of centrifuges to enrich the uranium for use as fuel for nuclear reactors. Enriching it far more than that, a level beyond Iran's present capability, most experts believe, would be sufficient for use in a nuclear weapon.

The U.S. and some other countries believe that may be the ultimate goal of Iran's nuclear program, but Iran contends that it is opposed to nuclear weapons and would simply withdraw from the Nuclear Nonproliferation Treaty if it wanted to build them.

The United Nations Security Council has adopted a first tier of sanctions against Iran. The measures freeze some assets and bar companies from selling materials and technology that could contribute to its nuclear program. The U.S. has warned that it will seek to toughen the sanctions soon if Iran does not halt enrichment activities, and there are growing fears in Tehran that the U.S. or Israel could launch military strikes against Iranian nuclear targets.

The Arab League's representative to the IAEA, Mikhail Wehbe of Syria, warned that military action against Iran's nuclear program would be a mistake.

"These issues should be dealt with with the utmost standard of diplomacy, not with a threat. Because any threat to a nuclear facility, it could be catastrophic," he said.

Saturday's tour was mainly a publicity exercise; the delegates admitted that they understood little of what they were seeing. But it was clearly part of a strong effort on Iran's part to demonstrate its willingness to open up its nuclear program to inspection.

Not all of the uranium conversion facility was on view Saturday. Reporters were not allowed to see the storage chambers, reportedly built in underground tunnels to make them immune from airstrikes, where the hexafluoride gas is stored. That location is monitored by IAEA video cameras, Iranian officials say.

But visitors were allowed into what was described as the most sensitive part of the plant, the room where two IAEA video cameras are trained on the large, white, horizontal capsules in which hexafluoride gas is made from uranium yellowcake.

Soltanieh said the IAEA maintains a strict count on both the intake and outflow of the capsules to ensure none goes missing. The video cameras, he said, are a gesture to build "confidence" and to make sure the capsules are not moved when inspectors are not present.

Soltanieh also said Iran was proceeding with its previously announced schedule to install 3,000 new centrifuges at Natanz, part of an industrial-sized enrichment operation whose debut Iranian officials are expected to announce soon, perhaps as early as the Feb. 11 anniversary of the 1979 Islamic Revolution.

"The bullying forces ... are against Iran's advancement and that of independent nations. However, they should know that the era of their hegemony is over and that Iranians will overcome all obstacles facing them to access the peak of technology," President Mahmoud Ahmadinejad said Saturday in remarks carried by the Islamic Republic News Agency. "During the current week, great achievements will be introduced to the Iranian nation."

Iran's Boast On Uranium Enrichment Is Put To Test (NYT)

By William J. Broad, David E. Sanger

The New York Times, February 4, 2007

After decades of largely clandestine efforts, Iran is expected to declare in coming days that it has made a huge leap toward industrial-scale production of enriched uranium — a defiant act that the country's leaders will herald as a major technical stride and its neighbors will denounce as a looming threat. But for now, many nuclear experts say, the frenetic activity at the desert enrichment plant in Natanz may be mostly about political showmanship.

The many setbacks and outright failures of Tehran's experimental program suggest that its bluster may outstrip its technical expertise. And the problems help explain American intelligence estimates that Iran is at least four years away from producing a nuclear weapon.

After weeks of limited access inside Iran, inspectors from the International Atomic Energy Agency have reported that Tehran has succeeded in manufacturing parts for about 3,000 centrifuges, the devices that can spin uranium into reactor fuel —

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or bomb fuel. In recent days, the Iranians have begun installing the machines and supporting gear in a cavernous plant at Natanz, which would be a potential target if the United States or one of its allies decided that diplomacy would never keep Iran from getting the bomb.

What the Iranians are not talking about, experts with access to the atomic agency's information say, is that their experimental effort to make centrifuges work has struggled to achieve even limited success and appears to have been put on the back burner so the country's leaders can declare that they are moving to the next stage.

To enrich uranium on an industrial scale, the machines must spin at very high speeds for months on end. But the latest report of the atomic agency, issued in November, said the primitive machines of the Iran's pilot plant ran only intermittently, to enrich small amounts of uranium. And the Iranians succeeded in setting up just two of the planned six groupings of 164 centrifuges at the pilot plant.

"It looks political unless they've made progress that we don't know about," said Mark Fitzpatrick, a senior fellow at the International Institute for Strategic Studies, a weapons analysis group in London.

Iran's nuclear boasts come in the midst of an increasingly rancorous chess game between Tehran's mullahs and the Bush administration over the aims of Iran's nuclear programs, its role in Iraq and its ambitions to become the dominant power in the Middle East. The speculation about imminent conflict has grown so strong that President Bush's new secretary of defense, Robert M. Gates, who is intimately familiar with Tehran's nuclear ambitions from his days as director of the Central Intelligence Agency, declared on Friday, "We are not planning for a war with Iran."

Nuclear experts outside the United States government say that if Iran is successful in its latest move and carries out the enrichment, in open defiance of a United Nations demand that it suspend such activity, it could potentially yield fuel for an atom bomb in two or three years, faster than American intelligence has suggested.

Even so, Iran's very public declarations appear to contain large doses of domestic political posturing and outright bluffing.

President Mahmoud Ahmadinejad, who has become the face of Iranian defiance, is under growing pressure at home because of unemployment and the squeeze of economic sanctions — and President Bush's advisers have said he may view a nuclear standoff with the United States as a way to help his standing. That, combined with evidence of problems at the pilot plant, suggest that the industrial push may be aimed as much at enriching Iran's political leverage as enriching uranium.

The Iranians insist their effort is solely to fuel nuclear reactors, a statement that in the recent words of R. Nicholas Burns, the under secretary of state for political affairs, "no country that has seriously looked at the evidence believes."

At Natanz, where Iranian crews are installing the centrifuges, the desert south of Tehran gives way to barbed wire, antiaircraft guns and a maze of buildings. Two of those buildings are cavernous halls that, together, are roughly half the size of the Pentagon. They are buried deep underground to withstand attack.

The crews are installing pipes, wiring and control panels and are now stringing together the centrifuges into a "cascade" of connected machines, which spin in parallel to achieve enrichment. "They're working on the first cascade," a European diplomat said Friday.

The diplomat, who spoke on the condition of anonymity as protocol, added that international inspectors who had just emerged from Tehran saw parts for 3,000 centrifuges. However, all of them are of the most elementary type, known as a P-1. The "P" stands for Pakistan, a legacy of the fact that Iran obtained the design from Abdul Qadeer Khan, the Pakistani rogue nuclear pioneer.

Mr. Ahmadinejad claimed last year that the Iranians were also working on a more sophisticated centrifuge, called the P-2, which would enrich uranium far faster. But inspectors have yet to be shown any of those — leading to speculation in Washington and Vienna about whether Iran has another, hidden facility.

In the underground halls at Natanz, Iranian officials say, the country plans to expand the number of centrifuges from 3,000 to 54,000 eventually, in theory letting it enrich uranium by the ton and giving it the capability to make many reactor fuel rods or nuclear weapons.

However, Mr. Fitzpatrick, a former State Department official in the field of nuclear nonproliferation, said the industrial push made little sense given Iran's problems, as reported the I.A.E.A., in getting its experimental centrifuges to run smoothly at the pilot plant near the cavernous halls of Natanz.

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"From a technical point of view," he said, "it's illogical to stand up 3,000 centrifuges before you know how to do it."

The dimensions of Iran's technical woes are suggested by its delayed schedules. Tehran originally planned to have all six cascades of its experimental plant operating by 2003, and to begin installing centrifuges in the industrial halls in 2005.

Mr. Fitzpatrick added that the industrial push made little strategic sense because the thousands of centrifuges would present a tempting target to an adversary. "You might as well draw a big bull's eye around them," he said of the cavernous halls.

Diplomats say they believe Iran plans to unveil its industrial push on Feb. 11, the anniversary of the Islamic revolution. Yesterday, as part of the anniversary celebrations, Iran took diplomats and journalists on a tour of another nuclear facility, at Isfahan.

Mr. Fitzpatrick said Iran would need this year to install the 3,000 machines at Natanz, next year to get them running smoothly, and 9 to 11 months of spinning to have them produce the fuel for a single bomb. He cautioned, however, that such an accomplishment would require all the machinery working more or less perfectly and the Iranians moving "as quickly as they can."

Iran's enrichment program, begun in 1985, was born in great secrecy and built on centrifuge plans obtained from the black market of Dr. Khan. In 2002, the covert program was exposed when an Iranian opposition group revealed the construction of the plant at Natanz.

At first, inspectors from the international atomic agency in Vienna had wide latitude to travel through Iran in an effort to comprehend the depth and breadth of the enrichment project — and assess its true nature, whether for war or peace. They toured centrifuge factories, found a hidden centrifuge factory behind a false wall in a small electric facility in downtown Tehran and hunted for signs of weapons-grade enrichment. They visited the cavernous hall at Natanz, until recently a huge, empty basement.

By the atomic agency's estimates, Iran could produce upwards of 100 centrifuges a month, and was stockpiling them.

Then, last February, after three years of unusual openness, Iran reacted to the growing pressure from Washington and Europe to suspend its enrichment — or face sanctions — by drastically reducing the access of international inspectors to Natanz and dozens of other atomic sites, programs and personnel.

No longer could the inspectors swab machines, scoop up bits of soil, study invoices, peek behind doors and gather seemingly innocuous clues. No longer would the Iranians let the inspectors investigate the origins of traces of highly enriched uranium or examine important documents from the Khan network. Now, the inspectors are limited to a narrow range of operations, leaving them partially blind.

The Iranians appear to have sped ahead. In interviews, diplomats and nuclear officials said recent inspector reports of rapid centrifuge mobilization and installation at Natanz show that Tehran had worked hard for the past year, even as it engaged in increasingly harsh language that some experts took as a cover for technical failings.

Mohamed ElBaradei, director general of the International Atomic Energy Agency, recently suggested that the Iranian strides amounted to something of a bargaining chip that might be traded away to head off a larger confrontation.

The West, he proposed at Davos, Switzerland, on Jan. 26, might suspend its economic sanctions against Iran while Tehran simultaneously suspended its enrichment of uranium. He floated the idea for what he called a "time-out" after saying that Iranian officials had told him they planned to begin installing centrifuges this month at their Natanz industrial-scale plant.

"Enough flexing muscles, enough calling names," Dr. ElBaradei told reporters at the World Economic Forum conference. "It's time to engage."

Ex-U.S. Military Leaders Urge Iran Talks (AP)

By Jill Lawless, Associated Press Writer

AP, February 4, 2007

Three former high-ranking U.S. military officers have called for Britain to help defuse the crisis over Iran's nuclear program, saying military action against Tehran would be a disaster for the region.

In a letter to the Sunday Times newspaper, the three former officers urged President Bush to open talks "without preconditions" with the Iranian government to find a diplomatic solution.

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The signatories were retired Lt. Gen. Robert G. Gard, a senior military fellow at the Center for Arms Control and Nonproliferation in Washington; retired Marine Gen. Joseph P. Hoar, former head of U.S. Central Command; and Vice Admiral Jack Shanahan, former director of the Center for Defense Information.

They said Britain "has a vital role to play in securing a renewed diplomatic push" and urged Prime Minister Tony Blair to make it clear he would oppose any military attack on Iran.

The officers said an attack "would have disastrous consequences for security in the region, coalition forces in Iraq and would further exacerbate regional and global tensions."

"The current crisis must be resolved through diplomacy," they said.

The United States and several of its Western allies believe Iran is using its nuclear program as a cover to produce a nuclear weapon — charges Iran denies, saying its aim is to generate electricity. Last week, a respected think tank, the International Institute for Strategic Studies, said Iran was likely two to three years from having the capacity to build a nuclear weapon.

The U.N. Security Council imposed economic sanctions on Iran last month for refusing to halt uranium enrichment, which can be used both for nuclear reactors and to make atomic weapons. The council said it would consider new measures if Iran's defiance continues.

The U.S. government has refused to rule out military action if Iran does not scale back its nuclear activities, and has beefed up the U.S. military presence in the Gulf. Bush also has vowed more aggressive moves against Iranian operatives in Iraq, where the United States accuses Iran of training and arming insurgents who attack U.S. troops.

In a separate letter, Muslim, Jewish and Christian leaders in Britain called for a peaceful resolution to the crisis with Iran.

There is "no justification in international law for attacking Iran militarily and the use of force is not an option at this juncture," said the letter to The Independent on Sunday newspaper, signed by Rabbi Tony Bayfield, head of reform Judaism in Britain; Lord Harries, the former Anglican Bishop of Oxford; and Imam Abduljalil Sajid of the Brighton Islamic Mission.

What To Ask Before The Next War (WP)

By Paul R. Pillar

The Washington Post, February 4, 2007

Imagine that the famously flawed intelligence judgments about Iraq's programs to develop unconventional weapons had been correct. What difference would that have made to the American effort in Iraq?

The Bush administration would have had fewer rhetorical difficulties in defending its decision to go to war, even though any discoveries of weapons programs would have confirmed nothing about the use to which Saddam Hussein might someday have put such weapons or whether Iraq would eventually have acquired nuclear weapons.

But the war itself would be the same agonizing ordeal. An insurgency driven by motives having nothing to do with weapons of mass destruction and little to do with Hussein would still be going on.

Iraq's sectarian divisions and intolerant political culture would still have pushed it into civil war. Iraq would still have become the latest and biggest jihad, winning recruits and donors for al-Qaeda and boosting the militant Islamic movement worldwide. And the United States would still be suffering the same drain of blood and treasure in Iraq and most of the same damage to its global standing and relationships.

This thought experiment highlights how problems with the policy process (or, rather, the lack of a process) that led the United States into the Iraq quagmire went beyond the administration's manipulation of intelligence on weapons programs and terrorist relationships. The administration so successfully shaped the policy question around its chosen selling points involving these two issues that what passed for a national debate gave little attention to important questions about the likely nature and consequences of a war. The debate was largely reduced to contemplating the terms of a pseudo-syllogism: Hussein has weapons of mass destruction; Hussein supports terrorism; therefore, we must use force to remove Hussein.

Now, an accelerating debate about Iran and its nuclear program shows signs of the same dangerous reductionism. Some argue for an airstrike against Iranian nuclear facilities sooner rather than later. Whether the Bush administration will act on such

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advice in the next two years is uncertain, but it is taking confrontational steps, including augmenting forces in the Persian Gulf and raiding an Iranian consulate, that increase the chance of heightened tension escalating into a military clash.

A long argument over many barely addressed issues would be needed to get from a belief that Iran is seeking nuclear weapons to a conclusion that a military strike, or even policies that increase the risk of U.S.-Iranian hostilities, is advisable. One issue is the uncertainty of the intelligence about Iran's nuclear program, although this is getting some discussion thanks to the recriminations about the intelligence on Iraq.

Other questions that need answering include:

What would be the urgency of taking forceful action, given that the announced estimate is that Iran is still several years from acquiring a nuclear weapon?

How malleable (and how well-defined) are Tehran's intentions, and what changes in Washington's policy might lead Tehran to abandon a weapons program? Even if Tehran's intentions do not change, what other options would impede or slow its nuclear program? If Iran were to acquire nuclear weapons, how would that change its behavior and affect U.S. interests? In particular, why would deterrence, which has kept nuclear peace with other adversaries, not work with Iran?

The likely hardening, concealment and dispersal of Iran's nuclear facilities raise questions about the impact any military strike would have on the program. How much would Iran's nuclear efforts be set back, especially given that bombs are not very good at destroying knowledge and expertise? Would the Iranian response be appreciably different from that of Iraq after Israel bombed its nuclear reactor in 1981 (Iraq redoubled its nuclear efforts while turning to different methods for producing fissile material)?

The most neglected questions concern other consequences of a U.S. strike or any other U.S.-Iranian combat, even if such combat did not lead to a prolonged occupation. How would Tehran respond to an act of war? What terrorism might it launch against the United States? How would it exploit U.S. vulnerabilities next door in Iraq, where it has barely begun to exploit the influence it has assiduously been cultivating? What other military action might it take, with the risk of a wider war in the Persian Gulf?

Other effects concern Iranian politics. How much would the direct assertion of U.S. hostility strengthen Iranian hard-liners, whose policies are partly premised on such hostility? How much would it add to all Iranians' list of historical grievances against the United States and adversely affect relations with future governments?

Broader regional and global ramifications include the impact on the oil market, whether other Middle Eastern nations would be less willing to cooperate with the United States and the prospect of exacerbating the damage the Iraq war already has dealt to U.S. standing worldwide.

Some might argue that the worst case that could ensue from an Iranian nuclear weapon is so bad that it trumps all other considerations. But there is no more reason than there was with Iraq to consider the worst case of only one side of the policy equation. And the worst case that could result from U.S.-Iranian combat is plenty frightening: thousands of Americans dead from retaliatory terrorist attacks, a broader war in the Persian Gulf, $150-per-barrel oil, a global recession and more.

That's not the most likely case -- neither is a vision of Iranian-generated mushroom clouds -- but it is plausible that substantial portions of that scenario would materialize.

Avoiding the next military folly in the Middle East requires that the agenda for analysis and debate not be so severely and tendentiously truncated as before Iraq. Not only must proponents of military action not be allowed to manipulate the answers, they also should not be allowed to define the questions.

The writer, a former national intelligence officer for the Near East and South Asia, teaches security studies at Georgetown University.

Report: N.Korea Considering Concessions (AP)

By Jae-soon Chang, Associated Press Writer

AP, February 4, 2007

North Korea is ready to freeze a key nuclear facility and allow international inspectors limited access to the country in exchange for millions of barrels of oil and an easing of U.S. financial restrictions, a Japanese news report said Sunday.

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The report came one day after the main U.S. negotiator on North Korea said he believed the next round of six-nation disarmament talks with the communist state starting Thursday in Beijing could produce real progress.

The Japanese daily Asahi Shimbun reported Pyongyang will also demand at the Beijing talks that it be removed from Washington's list of state sponsors of terrorism.

The report quoted former U.S. State Department official Joel Wit, who met the North's chief nuclear negotiator, Kim Kye-gwan, and other regime officials during a visit to Pyongyang last week. It said the North was demanding half a million tons of oil a year — the equivalent of about 3.5 million barrels — in energy aid.

Hopes for progress at the upcoming talks are high amid indications that Washington and Pyongyang recently narrowed differences over a key financial dispute that has hindered negotiations.

Earlier this week, the two sides held bilateral talks on that issue in Beijing. The meetings ended inconclusively, but officials indicated that enough goodwill was generated to prevent the issue from disrupting the nuclear negotiations.

"From all accounts, it was a very useful couple of days' discussions," U.S. Assistant Secretary of State Christopher Hill said Saturday upon arriving in Seoul to coordinate strategies for the coming talks. "Let's see how some of these useful substantive conversations we had can be put to use" in the nuclear talks.

"I think we do have some reason to believe we can make some progress," Hill said.

The Japanese newspaper report said North Korean officials told Wit they were prepared to close the reactor in its main nuclear complex in Yongbyon and accept inspections by the International Atomic Energy Agency, the U.N. nuclear watchdog.

But they said the reactor itself would remain off-limits and the North would not close the site used for its October nuclear weapons test, or allow inspections there. They also reportedly told the former U.S. official the North was not prepared to reveal details of its nuclear weapons program.

In return for its concessions, Pyongyang plans to demand oil in compensation for an aborted project to build two light-water reactors in the country, according to the report.

The North will also demand that Washington take steps to lift financial sanctions against North Korean assets, imposed over the regime's alleged counterfeiting of U.S. dollar bills and money laundering activities.

Hill said progress in the upcoming talks means beginning to implement a 2005 accord, in which North Korea pledged to disarm in exchange for aid and security guarantees.

The negotiations, involving China, Japan, the two Koreas, Russia and the U.S., have made little headway since the 2005 accord — the only ever reached in the process.

Progress stalled soon afterward because of Pyongyang's objection to the U.S. financial restrictions.

At the latest round of disarmament talks in December — the first after the North's October nuclear test — Pyongyang refused to address disarmament issues and demanded the U.S. lift financial restrictions first. The North claims the measures show Washington's hostile attitude and illustrate its need for a nuclear deterrent.

On Road To Kosovo Independence, A Warning: Go Slow (NYT)

By Craig S. Smith

The New York Times, February 4, 2007

MITROVICA, Kosovo, Jan. 29 — Thuggish Serbian “bridge watchers” still maintain their vigil on the north side of the Ibar River here, ready to punish any ethnic Albanian who dares to cross the unofficial boundary between Serbian and ethnic Albanian territory in Europe’s unfinished war.

Kosovo, still officially a province of Serbia, is bitterly divided between Serbian enclaves, including a large chunk of the north, and the rest of the territory, which is overwhelmingly ethnic Albanian. Now, as the United Nations nudges Kosovo toward what it calls “final status” and Belgrade calls independence, many of northern Kosovo’s Serbs are threatening to break away.

“Northern Kosovo will secede,” warned Oliver Ivanovic, a moderate Serbian politician here. Mr. Ivanovic says he has been warning the United Nations, NATO, the European Union and the United States that, nearly eight years after a NATO bombing campaign drove the Serbian Army and other security forces out of Kosovo, it is still too early to settle the status of the disputed territory. “Kosovo’s independence will leave no space for the moderates to act.”

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Secession by northern Serbs could provoke Albanian reprisals against Serbian enclaves elsewhere in Kosovo, warn Serbs and Albanians alike, and could destabilize a still fragile region full of ethnic slivers separated from their homelands.

Kosovo, which is more than 90 percent ethnic Albanian, has struggled since the early 20th century to free itself from the dominance of Belgrade. With the breakup of Yugoslavia in the early 1990s the fight began anew, but Serbia resisted fiercely.

The war was marked by atrocities on both sides and a horrific cycle of "ethnic cleansing," as the formerly mixed Serbian and ethnic Albanian populations pulled apart. Nearly 10,000 ethnic Albanians died as well as many Serbs. Thousands more, mostly ethnic Albanians, remain missing.

It ended with NATO's intervention in 1999, and the province has been administered by the United Nations ever since.

[A United Nations mediator, Martti Ahtisaari, presented his proposals for Kosovo's final status to officials in Belgrade and Pristina on Friday, but the two sides remained far apart. The Serbian president, Boris Tadic, immediately rejected the plans as a prelude to independence while Kosovo Albanians — who with the United States' blessing have said they will accept nothing less than independence — welcomed them. The continued standoff suggested that the intended end may instead be a prologue to another difficult chapter in a troubled history.]

Most of the Kosovo Serbs insist that they will never accept an independent Kosovo. Even if the government in Pristina does hoist a new national flag, they say, they will fight to recover the province that Serbs still consider their cultural heartland — the cradle and, in 1389 at the hand of the Turks, the grave of their great medieval empire.

"It would create a situation like Iraq or Lebanon here in Serbia," said Milan Ivanovic, a doctor at Mitrovica's hospital and head of Kosovo's hard-line Serbian National Council (no relation to Oliver Ivanovic). He cited the Christian reconquest of Moorish Spain and France's eventual recovery of the Alsace-Lorraine region from Germany as models. "We would fight to get Kosovo back with all legitimate means."

Kosovo Albanians and their international supporters hope that a high degree of autonomy in Serbian areas with guarantees for the protection of Serbian rights and strict international oversight will eventually persuade Serbs in the territory to accept an Albanian-led government in Pristina.

"Hopefully, with independence, a local Serb leadership will emerge to address the needs of the Serbs within the Kosovo system," said Muhamet Hamiti, an adviser to Kosovo's president, Fatmir Sejdiu.

Some moderate Serbian politicians are already willing to work within a Kosovo national system, even if their political support in the Serbian community is small.

But Serbian enclaves, particularly northern Kosovo, still operate under Serbian national authority and draw most of their financial support from Belgrade, raising questions about how Pristina could enforce sovereignty over Kosovo Serbs without coercive actions that would risk provoking more violence.

Nowhere is the divide as clear as in the region around this northern city. A United Nations-financed train that links the rest of Kosovo's Serb enclaves with the north carries Serbs and Albanians alike until it reaches the Mitrovica station south of the river. There, even the Albanian conductor gets off. Only Serbs ride on for another 15 minutes across an iron railroad bridge to the end of the line.

"I'm not brave enough to go up there," the conductor said, watching the train pull away. "I survived the war. I don't need another challenge."

Cars carry Serbian license plates and the economy still operates on the Serbian dinar even though the Albanian areas of this long-disputed territory, now administered by the United Nations, long ago converted to the euro. Serbia's Ministry of Education in Belgrade has even set up what it calls the "University of Pristina, Temporarily Located in Mitrovica."

"How can they force us to accept independence?" asked Dr. Ivanovic, the Serbian politician, who like many people working for Serbian institutions in Kosovo's Serbian enclaves is paid an above average salary by Belgrade as a reward for his loyalty.

While many people see fixing Kosovo's eventual independence as the last chapter of Yugoslav disintegration, Serbs see it as the dismemberment of their homeland.

The province, ringed by snowy mountains and populated with great colonies of inky rooks that gave it its name (kos means blackbird in Serbian), is home to the Serbian Orthodox Church's most sacred sites.

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“This is the spiritual center of the Serbian Church,” said Sister Dobrila, a nun at the monastery of the Patriarchate of Pec, which was built around a richly frescoed Byzantine church from the 13th century that holds the tombs of Serbia’s medieval archbishops.

She noted that western Kosovo, the site of the monastery, is called Metohija in Serbian, which means “church land.” “It’s sacred territory,” she said.

Even the birds, which swarm over Pristina to settle in its trees at night, are woven into the nationalist myth. According to Serbian folklore, the birds are the souls of the dead from the 14th century battle of Kosovo, in which a Serbian-led Christian army sought to stop the Ottoman advance — an advance whose legacy is the nominally Muslim Albanian majority in the province today.

The common analogy given to Americans, imperfect but pertinent in the emotions it stirs, is the notion of secession by Florida or New Mexico, if the Spanish-speaking populations in those states became a majority. The analogy is imperfect because few Americans, most of whom are already long separated from their cultural roots, have as deep an emotional connection to place as many Europeans have.

That is why Europe, understanding the violence of such emotions, is not united behind the United Nations plan. Countries facing their own secessionist movements — Spain with the Basques, Romania with ethnic Hungarians, and Russia with Chechens and peoples of other rebellious territories — are skeptical of what they see as an American effort to jam a solution into place so Washington can turn its attention elsewhere.

“A forced solution is not a solution,” said Marko Jaksic, head of the Democratic Party of Serbia and widely regarded as the most powerful politician in Mitrovica.

Palestinians Slam Major Powers Over Aid Boycott (AFP)

AFP, February 4, 2007

GAZA CITY - The rival Hamas and Fatah factions have both condemned the failure of the major powers involved in Middle East peacemaking to end a punishing Western aid embargo on the Palestinians.

"These decisions mean more suffering for our people. Continuing the siege is to continue the pain and injury we suffer from throughout the year," Palestinian prime minister Ismail Haniya of Hamas said from his home in Gaza City's Al Shati refugee camp.

The so-called Mideast Quartet -- the United States, Russia, the European Union and United Nations -- met in Washington on Friday in a bid to revive efforts to achieve an Arab-Israeli peace deal and establish a Palestinian state.

But the Quartet stopped short of resuming aid dollars to the cash-strapped authority, as Palestinian president Mahmud Abbas had expected, an aide said.

"We were expecting that the Quartet would take a decision to lift the oppressive siege on the Palestinian people to stop the suffering and create a atmosphere suitable to reviving the peace process," Abbas adviser Nabil Abu Rudeina told AFP.

The aid boycott was slapped on the Palestinian Authority last March when Hamas took power after roundly beating the previously dominant Fatah in January legislative elections.

Considered a terrorist organization by the West, Hamas has steadfastly refused to recognize Israel, renounce violence and abide by past peace accords -- conditions laid down by the Quartet if the flow of aid to the Hamas-led government is to resume.

US Secretary of State Condoleezza Rice hosted the Washington meeting on a day when 25 people were killed in factional clashes in the Gaza Strip between forces loyal to the Western-backed Abbas and those of the radical Hamas.

The fighting, the worst yet in a year-long power struggle between Abbas's secular Fatah party and the Islamists, continued on Saturday after a ceasefire agreed late on Friday quickly collapsed.

In a final communique read out by UN Secretary-General Ban Ki-moon on Friday, the Quartet expressed its "deep concern" over the factional fighting and called for an end to continuing Palestinian militant attacks on Israel.

Palestinians "Nearer" Power Deal (BBC)

BBC.com, February 4, 2007

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Rival Palestinian factions Hamas and Fatah have made progress towards agreeing a government of national unity, Egypt's president has said.

Hosni Mubarak's comments came as fighting between members of the two groups continued in the Gaza Strip. At least one man was killed.

More than 20 people have been killed and 100 wounded in recent days.

The factions have repeatedly agreed to ceasefires, aimed at ending a bitter power struggle.

Palestinian Interior Minister Saeed Seyam said on Saturday that he and Rashid Abu Shbak of Fatah agreed "an immediate ceasefire, removing gunmen from the streets and rooftops of buildings and removing all the checkpoints".

However the BBC's Alan Johnston in Gaza said a very similar plan was declared on Friday but failed to halt the violence.

A Fatah security official was shot dead in fighting near the faction's Gaza headquarters.

'Coherent strategy'

President Mubarak, speaking at a joint news conference with visiting German Chancellor Angela Merkel, said he was working to "seal the crack" between the two sides.

Gaza viewpoint

Factions locked in struggle

"What is happening now is a problem between the Palestinians themselves, and it is impossible for the Palestinian side to sit with the Israelis, as they are still not agreeing with each other," he said.

Ms Merkel, who also heads Germany's presidency of the European Union, praised Egypt's efforts to broker a deal between the two factions.

She also said she hoped the Middle East quartet of the US, UN, EU and Russia would develop a coherent strategy for peace rather than working in isolation towards peace in the region.

Bloodshed

Earlier Palestinian Prime Minister Ismail Haniya of Hamas and Fatah leaders appealed for calm.

The calls followed hours of violence which shattered the truce declared on Friday.

There were fierce exchanges of machine gun and heavier fire in the central area around the Islamic University, a Hamas stronghold.

University workers ran for cover as Hamas and Fatah gunmen traded fire from the rooftops of nearby buildings, the Associated Press news agency reported.

About 60 people have been killed since 25 January, in the deadliest factional unrest in recent months in Gaza.

Reports say Palestinian Authority President and Fatah chief Mahmoud Abbas and Hamas political chief Khaled Meshaal will meet in Saudi Arabia next Tuesday to try to end the fighting.

This would be a second meeting for the two leaders after a summit in Damascus on 21 January ended without a breakthrough.

Hamas and Fatah have been trying to form a unity government for months.

They are deadlocked over Hamas' rejection of international calls for it to recognise Israel.

Western donors have been withholding direct aid, resulting in a deep economic crisis in the Palestinian territories.

Hamas Fighters Appear To Tighten Hold In Gaza (NYT)

By Steven Erlanger

The New York Times, February 4, 2007

JERUSALEM, Feb. 3 — Forces loyal to Hamas appeared to consolidate their hold on northern Gaza and much of Gaza City on Saturday, with at least 12 more people wounded in continuing clashes between Palestinian factions, residents and doctors said.

What has been some of the worst internal Palestinian fighting in years ebbed overnight after the warring factions, Hamas and Fatah, met to try to arrange a cease-fire. But gun battles raged into Saturday, and masked men continued to hold positions and operate checkpoints throughout Gaza City.

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Hamas forces appear to be in control of northern Gaza, bordering Israel, down through most of Gaza City, with Fatah forces concentrated around the government and security compounds of the Remal neighborhood, surrounding the main security headquarters, Saraya, and the presidential compound of Mahmoud Abbas of Fatah, who is not in Gaza.

Hamas fighters at checkpoints were stopping all cars to look for Fatah members or members of the security forces, said Tawfiq Abu Khoussa, a Fatah leader in Gaza City. He demanded that "Hamas remove all the checkpoints throughout the Gaza Strip but mainly in Gaza City."

Detentions or kidnappings of fighters were reported, with Fatah accusing Hamas of detaining as many as 40 of its members or security officials at roadblocks. Hamas forces have also been overrunning and sometimes destroying headquarters of the Fatah-dominated Preventive Security forces in northern Gaza.

Few people ventured from their homes, and many stayed away from windows. On Friday, Wasi Kurdish, 20, was killed as he watched television when a bullet came through a window and hit him in the chest.

Ghada Abu Daoud, who works for the Gaza office of a Persian Gulf emirate, said: "Hamas is in control of the streets of Gaza City. It's Hamas that seems to initiate every raid, and the number of Fatah wounded seems higher."

Ms. Daoud said in a telephone interview that she ventured out on Saturday morning in a car, but that masked men stopped her at a checkpoint and strongly suggested that she return home. "Everyone is wearing black," she said. "But the Qassam Brigades seem stronger than anyone." The Qassam Brigades are the military wing of Hamas, which also dominates a separate, parallel police force known as the Executive Force.

Dr. Jumaa al-Saqqa, a surgeon and spokesman for Al Shifa hospital, Gaza's largest, said Hamas forces had taken over the hospital and were using it as a protected firing position. "We're extremely depressed," he said by telephone. "I'm afraid to walk to my office in the hospital. Even in my apartment I'm afraid of a bullet coming through the window."

Dr. Saqqa said that blood supplies were low, and that given the street fighting and what he called the "shame" of the internal fighting, few Gazans were going out to give blood. "People aren't willing to give blood for this internal fighting," he said.

Abed Salaam Shihada, a Gazan documentary maker, said: "One prisoner is punishing another. But Hamas feels itself under real threat; it's defending itself."

Mr. Shihada suggested that with the international boycott on Hamas and the increased pressure from the United States, including the prospect of $86.4 million in aid and training to Fatah forces loyal to Mr. Abbas, Hamas was asserting its presence in Gaza. "For them it's a battle for existence," he said.

Hamas sharply criticized the meeting of major countries involved in Middle East diplomacy on Friday in Washington. At the meeting, the so-called quartet — the United States, the European Union, Russia and the United Nations — expressed concern about the violence and pressed for a meeting soon of Mr. Abbas, Prime Minister Ehud Olmert of Israel and Secretary of State Condoleezza Rice to find a clearer "political horizon" toward peace. But the group insisted that it would not deal with Hamas until it recognized Israel, forswore violence and accepted previous Israeli-Palestinian agreements.

Ahmed Youssef, an adviser to the Palestinian prime minister, Ismail Haniya, who is a member of Hamas, said the meeting produced nothing positive. He criticized Germany, as the current head of the European Union, for failing to end the boycott of Hamas.

A small protest against the internal bloodletting was called Saturday in Unknown Soldiers Square in Gaza City, near the parliament building, but few Gazans felt safe to venture out to join it, residents said. Scores had come in previous days, but only 20 or so on Saturday.

The United Nations issued a statement on Saturday deploring the violence on behalf of the many agencies that work in Gaza to provide food, education and medical care to refugees and others. With their own workers at risk and often unable to travel safely, the agencies said: "It is becoming extremely difficult for us to fulfill our humanitarian mandates to alleviate the suffering of the Palestinian people. The implications of this for a population already facing extreme hardship are grave."

United Nations schools did not reopen Saturday after a vacation, leaving more than 200,000 students at home.

Mr. Abbas and the exiled leader of Hamas's political bureau, Khaled Meshal, are to meet Tuesday in Mecca at the invitation of King Abdullah of Saudi Arabia to continue talks on a unity government. Mr. Meshal, based in Damascus, is

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considered to have control over Hamas's military wing, which appears to ignore the authority of the Hamas-led Palestinian government and of Prime Minister Haniya.

Mr. Haniya and other noted Hamas leaders have been silent and apparently underground during these days of fighting, while many senior Fatah leaders left Gaza to go to the West Bank, taking their families.

Arab countries are embarrassed and angry about the fighting. The Palestinian negotiator Saeb Erekat said Saturday that the infighting had harmed the Palestinian cause. "This appeared clearly in the results of the quartet meeting yesterday and its statement that questioned the ability of the Palestinian people to rule themselves," he said.

At least 17 people, mostly fighters, were killed Friday, and 6 on Thursday. More than 200 people have been wounded, and neighboring universities, Hamas's Islamic University and Fatah's Al Azhar University, were both attacked and damaged by fire.

The latest clash between Hamas and Fatah, breaking yet another cease-fire, began when Hamas forces attacked a convoy of trucks from Egypt. Hamas said the trucks were full of weapons and military equipment.

A spokesman for the Executive Force, Islam Shahwan, said Saturday that the containers included Kalashnikov rifles, ammunition, flak jackets and helmets intended for Fatah forces in Gaza. Fatah spokesmen say the trucks contained tents and medical equipment, and Hamas has provided no evidence that the trucks were full of weapons.

Fatah also said that caches of weapons were at the Islamic University, and that it had captured some Iranian weapons experts there. But there has been nothing to back up those charges and no release of documentary evidence, and most experts regard the Iranian charge, in particular, as Fatah propaganda.

Factional Clashes Shoot Holes In Palestinian Truce (LAT)

By Ken Ellingwood

The Los Angeles Times, February 4, 2007

JERUSALEM — Gunmen from rival Palestinian factions battled sporadically in the Gaza Strip on Saturday despite a tentative cease-fire.

The skirmishes between the ruling Hamas movement and its rival, Fatah, were not as sustained or heavy as those of the previous two days, which left 23 people dead and scores injured. Still, at least one person was killed and at least 10 were wounded Saturday.

By evening, representatives of the two groups agreed to restore the cease-fire, which began to unravel nearly as soon as it was announced Friday.

Under terms announced late Saturday by Interior Minister Said Siyam of Hamas, the groups agreed to withdraw their forces, dismantle impromptu checkpoints and leave the streets in the hands of police. But there was no immediate sign of a pullback.

For much of the day, gunmen were virtually the only people on the streets of Gaza City and areas to the north.

Shooting broke out early Saturday near a base used by security forces loyal to Fatah and around the compound of Palestinian Authority President Mahmoud Abbas, who leads Fatah.

Meanwhile, Fatah forces occupied two ministries of the Hamas-led government, Agriculture and Communications. Hamas said the gunmen destroyed furniture and stole computer equipment.

Although the fighting had tapered off, the air in Gaza City was of a place besieged. Masked gunmen manned makeshift checkpoints to look for their rivals. Businesses, universities and most schools were shuttered, leaving more than 200,000 children without classes.

The United Nations called Saturday for an end to the violence, saying it was endangering aid workers and hindering the ability of humanitarian agencies to provide assistance.

Previous cease-fire deals have fallen apart, and there was no immediate sign that the new agreement would hold. The violent power struggle began after Hamas toppled the long-dominant Fatah in parliamentary elections in January 2006.

Both sides have heavily armed militias.

Most of the 70,000 members of the security forces are at least nominally loyal to Fatah. Hamas has thousands of its own armed militants and commands a new police agency, called the Executive Force, numbering about 6,000 men.

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Repeated efforts to negotiate a power-sharing deal have failed. Abbas is to travel to Saudi Arabia this week for talks with Khaled Meshaal, the exiled Hamas political leader who is based in Syria. The two men met in Damascus last month but didn't bridge their differences.

Abbas has tried to persuade Hamas to agree to a shared political program that would meet Western demands to recognize Israel, renounce violence and abide by past Israeli-Palestinian agreements. Western nations cut off most aid to the Palestinian Authority after the election last year because they consider Hamas a terrorist group.

Hamas, Fatah Ignore Truce Deal In Gaza (AP)

By Ibrahim Barzak, Associated Press Writer

AP, February 4, 2007

Fatah and Hamas clashed at Cabinet ministries, universities and security headquarters Saturday in defiance of a truce that was to have calmed the seething Gaza Strip.

The cease-fire agreement was announced late Friday on the deadliest single day of battles between the two sides, who have been fighting for control of the Palestinian government since the Islamic militant Hamas ousted Fatah from power in last year's elections.

Palestinian officials said the deal was approved by Palestinian President Mahmoud Abbas of Fatah and Hamas' supreme leader, Khaled Mashaal. But the cease-fire — the second announced this week — showed no signs of taking hold.

Gunbattles raged across Gaza after the truce was announced, continuing through the night and early Saturday. With no casualties reported overnight, some Gazans, who had spent the previous two days huddled at home for safety, were emboldened to leave their houses to go to work.

But 12 people had been wounded by late morning, hospital officials said, and Fatah said Hamas had kidnapped 40 of its security officials at roadblocks. Hamas reported one of its followers had been kidnapped.

Factional kidnappings have become a routine part of the Gaza landscape, but so far abducted men have been released quickly and unharmed.

In Gaza City, the coastal strip's largest town, Fatah gunmen stormed the Agriculture Ministry, ransacking offices and stealing computers, servers and official documents, said Agriculture Minister Mohammed al-Agha.

Fatah-affiliated security officials said nothing was stolen or destroyed, and denied al-Agha's assertion that gunmen opened fire from the building's rooftops.

Officials at the Hamas-run Communications and Postal Ministry said Fatah gunmen fired two rocket-propelled grenades at the building. Gunbattles also erupted around the Interior Ministry, which Hamas controls, and the Fatah-dominated National Security headquarters.

Universities also continued to be the site of clashes. Armed men at Islamic University, a Hamas stronghold, traded fire with Fatah fighters who took up position on the rooftop of nearby al-Azhar University and surrounding buildings. In southern Gaza, gunmen stormed the Fatah-affiliated Al-Quds University campus in the town of Rafah, torching the student council building, university officials said.

Gunmen in Gaza City stopped cars and searched them for rivals.

Even before the gunfire intensified, the streets of Gaza City had been almost empty. And the U.N. said it would not reopen its schools in Gaza on Saturday after a midyear recess, as scheduled, because of the fighting — a decision that kept nearly 200,000 students at home.

More than 100 Palestinians have been killed in internal violence since Hamas, which rejects Israel's right to exist, won parliamentary elections a year ago and wrested power from Fatah, which advocates peacemaking with the Jewish state.

On Friday alone, the day's death toll reached 17, including four children, and more than 200 people were wounded. Casualties were so high that hospitals ran out of ambulances to transport the dead and wounded, and blood supplies were running low.

In Washington, the so-called Quartet of Mideast negotiators met on Friday to explore ways to jump-start peacemaking between Israel and Abbas despite the latest round of Palestinian factional violence.

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"There's simply no reason to avoid the subject of how we get to a Palestinian state," Secretary of State Condoleezza Rice said after meeting with foreign ministers from the European Union, United Nations and Russia.

Pressure Grows For Blair To Depart Office Early (WT)

By Toby Helm, London Daily Telegraph

The Washington Times, February 4, 2007

LONDON -- The first cracks in Cabinet support for Prime Minister Tony Blair have emerged, with senior ministers questioning whether he can remain in office for another five months without inflicting lasting damage on the Labor Party.

Mr. Blair's defiant declaration Friday that he would not be hounded from office by a scandal over sales of knighthoods and other honors failed to stem growing pressure for him to quit before the midterm May elections.

Senior Labor members of Parliament have reported a collapse of morale within the party. The Daily Telegraph learned that at least three Cabinet ministers have been discreetly canvassing them about whether Mr. Blair should stay in office.

There are also reports that some senior Labor lawmakers are "actively encouraging" Cabinet ministers to wield the political dagger and allow Labor a fresh start under Gordon Brown.

Some wanted members of the Cabinet to urge Mr. Blair to quit "sooner rather than later," Channel 4 News reported.

A poll released yesterday indicated that more than half of British voters believe Mr. Blair should leave office immediately.

The survey of 1,014 adults by ICM for the center-right Sunday Express newspaper suggested 56 percent of the public want Mr. Blair to quit now, while 37 percent back him to stay on.

Mr. Blair says he plans to step down this summer.

Some lawmakers said they thought the only way to dislodge Mr. Blair would be for the Cabinet to persuade him to go voluntarily and put the party's interests before the desire to pass his 10th anniversary in office on May 2.

In an interview with the Daily Telegraph, David Cameron, leader of the opposition Conservative Party, said the Blair government was now "dysfunctional" and in a state of "paralysis."

"It seems to me it's got to that point where everyone in Parliament, everyone in government, everyone in the press, everyone in the country is thinking, 'Hello? It's over,' " he said.

The Conservative leader said that Mr. Blair was "losing it" and a "tipping point" had been reached.

In a highly charged interview on BBC Radio 4's Today program Friday, Mr. Blair dismissed suggestions that he was distracted from his work by the cash-for-honors inquiry after it emerged that he had been questioned by police for a second time last week.

He refused to bring forward his plans to leave office, saying: "You will have to put up with me for a bit longer."

But he appeared to acknowledge the damage the police inquiry was doing to his reputation, saying he was not going to "beg for my character in front of anyone."

Menzies Campbell, the Liberal Democrat party leader, said he detected "resignation" in Mr. Blair's voice.

Several other lawmakers said it was a low-key performance that reflected Mr. Blair's disappointment that his premiership is drawing to an end under a cloud.

Environment Secretary David Miliband pleaded for Mr. Blair to be allowed to carry on, saying there was a British tradition "that you are innocent until proven guilty."

But other Cabinet ministers are distancing themselves from Mr Blair.

Hazel Blears, the Labor Party chairman and minister without portfolio, acknowledged that the lengthy police investigation was creating "corrosive cynicism" that was damaging for the country.

Britons Strive To Contain Bird Flu (WT)

The Washington Times, February 4, 2007

HOLTON, England -- Britain scrambled to contain its first outbreak of the highly pathogenic H5N1 strain of bird flu in domestic poultry yesterday after the virus was found at a farm run by Europe's biggest turkey producer.

About 2,500 turkeys have died since Thursday at the Bernard Matthews farm near Lowestoft in eastern England. The Department for the Environment, Food and Rural Affairs (DEFRA) said all 159,000 turkeys on the farm would be culled.

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"We're in new territory," National Farmers' Union Poultry Board Chairman Charles Bourns said. "We've every confidence in DEFRA, but until we know how this disease arrived, this is a very apprehensive time for all poultry farmers."

The virus strain was identified as the highly pathogenic Asian strain, similar to a virus found in Hungary in January, DEFRA said.

It was the first time the deadly H5N1 strain was found on a British farm.

The outbreak mirrored a similar case in which hundreds of turkeys died at a farm in eastern France almost a year ago.

That outbreak was contained and there followed a lull in cases of H5N1 in European poultry until last month, when thousands of birds were culled after an outbreak among geese on a farm in Hungary.

Also yesterday, the World Heath Organization confirmed Nigeria's first human death from the strain. Nigerian health officials on Wednesday said several people had apparently contracted the virus, including a young woman who later died.

The strain tends to be transmitted to poultry by infected migrating wildfowl.

The disease has killed at least 164 persons worldwide since 2003, most of them in Asia, and more than 200 million birds have died from it, or been killed to prevent its spread.

But it has not yet fulfilled scientists' worst fears by mutating into a form that can be easily transmitted between humans and possibly cause a global pandemic.

Avian-flu specialist Colin Butter of the Institute of Animal Health said the British outbreak was surprising as it had happened outside the main bird-migration period.

"The next thing we need to know is if this is a primary or secondary case. If this is a secondary case, it is much more serious. If this is the first case, or 'reference case,' and we can stamp it out, the outbreak will be controlled," he said.

A protection zone was established with a radius of 2 miles and a surveillance zone of 6 miles around the infected farm. Bird-related gatherings, such as bird shows and pigeon racing, were suspended nationwide.

Television news footage showed piles of slaughtered birds being funneled into an open tractor-trailer before being taken away for incineration.

Britain's poultry industry is worth $6.7 billion, with 800 million birds produced each year.

In May, 50,000 chickens at three farms in Norfolk, also in eastern England and home to some of Europe's biggest poultry farms, were culled after another strain, H7N3, was detected.

A wild swan found dead in Scotland in March had the H5N1 version of the virus. It was thought to have caught the disease elsewhere, died at sea and been washed ashore in Scotland.

Britain's deputy chief veterinary officer, Fred Landeg, said the virus was found in only one of 22 turkey sheds on the farm, owned by Bernard Matthews PLC, Europe's largest turkey producer.

Experts stressed the situation did not pose a public health threat, and that eating well-cooked poultry products posed no risk. However, close contact with sick birds, such as in slaughtering or plucking, could lead to transmission of the disease.

Deadly Bird Flu Confirmed In British Turkeys (NYT)

By Alan Cowell

The New York Times, February 4, 2007

LONDON, Feb. 3 — British authorities confirmed Saturday that an outbreak of bird flu discovered among turkeys at a poultry farm in eastern Britain had been caused by the deadly A(H5N1) strain, which has killed humans in other parts of the world.

The disease has killed 2,500 turkeys near Lowestoft since Thursday, making it the biggest outbreak of the strain reported in Britain since concern about its global spread began to take root in 2003.

An additional 160,000 birds will now be culled in an effort to contain the outbreak, government officials said.

The prospect of a mass slaughter recalled Britain’s battle with foot-and-mouth disease in 2001, when nearly four million animals, mainly sheep, pigs and cows, were burned.

The Department for Environment, Food and Rural Affairs said that veterinary authorities had imposed restrictions in areas within six miles of the infected farm in eastern England, owned by the Bernard Matthews company, one of Europe’s biggest poultry businesses.

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The department also said all bird shows and pigeon racing was banned while scientists tried to establish more detail about the virus and the level of risk it presented to humans. The department did not say what had caused the outbreak.

Fred Landeg, a senior government veterinarian, said there was no public health concern. “Avian influenza is a disease of birds,” he said, “and whilst it can pass very rarely and with difficulty to humans, this requires extremely close contact with infected birds, particularly feces.”

Britain’s last brush with the virus was last April, when a dead swan that washed up in Scotland tested positive for the strain. Government scientists said it had probably carried the infection from Germany and posed no threat to humans.

Later that month, chickens in another part of eastern England — a center of poultry farming — died of a different strain of avian influenza, H7, which can cause mild symptoms in humans. At that time, a poultry farm worker fell ill with conjunctivitis, which was attributed to the virus.

The disease is commonly transmitted to farmed birds by infected migrating birds.

But since 2003, 164 people, most of them in Asia, have died of the A(H5N1) strain, and authorities worry that the virus could easily become transmissible among humans to create a global pandemic. About 200 million birds have either died or been killed in the same period.

On Saturday, the World Health Organization confirmed that the strain had killed a 22-year-old Nigerian woman, making her the first known human fatality in sub-Saharan Africa, [a news organization] reported.

Tests carried out at a laboratory in London confirmed the findings of Nigerian health authorities, who announced on Wednesday that the woman had died after catching the virus from an infected chicken.

Bird Flu Detected On Turkey Farm In England (WP)

By Kevin Sullivan

The Washington Post, February 4, 2007

LONDON, Feb. 3 -- The deadly H5N1 Asian strain of bird flu, which has killed 165 people since 2003, has been confirmed on a commercial turkey farm in eastern England, health authorities said Saturday.

Officials said the disease had killed 2,600 turkeys on the Bernard Matthews company turkey farm in Suffolk county, northeast of London. All 159,000 turkeys at Bernard Matthews, one of Europe's leading producers, were being slaughtered as a precaution, and television footage showed thousands of carcasses being dumped into trucks.

The outbreak is the first confirmed case of H5N1 among British domestic poultry in more than 15 years, officials said, and it comes at a time of increasing concern that migrating birds are carrying the disease from its origins in Asia through Africa, the Middle East and deeper into Europe. While transmission of the disease from birds to humans is rare, the World Health Organization says 271 people have been infected with H5N1 since 2003, mainly in Asia. There have been no reported cases of human infection in Europe or the United States.

British health officials said the immediate risk to humans from the Suffolk case was "extremely low." The Health Protection Agency said transmission of avian influenza from birds to humans occurs "very rarely and with difficulty" and requires "extremely close contact" with infected birds. Health officials advised that properly cooked poultry and eggs were safe to eat.

"In parts of the world where widespread infection in poultry has been reported, transmission of the virus to humans has occurred very infrequently," Maria Zambon, an influenza specialist at the health agency, said in a statement. "To date there is no evidence that avian influenza H5N1 has adapted to spread easily between humans."

David Nabarro, bird flu coordinator for the United Nations, told the BBC that it was "exceedingly unlikely" that the outbreak in Britain would lead to human infections. "The numbers of human cases are very, very small indeed, even though the virus has been moving through poultry in at least 50 countries in the last year," he said. "This is really not a human disease; it is a poultry disease."

The cause of the current outbreak is not yet known, but the disease was most likely carried to the turkey farm by a wild bird, said a spokeswoman for the Department for Environment, Food and Rural Affairs (Defra). She said that all of the turkeys were raised from eggs produced at a hatchery that is being monitored for signs of bird flu. So far, none have been found, she said.

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Bernard Matthews officials issued a statement Saturday confirming the outbreak but noting that "none of the affected birds have entered the food chain and there is no risk to consumers." A company spokesman referred further inquiries to government officials.

The company's Web site says Bernard Matthews is the biggest turkey producer in Europe, raising 8 million birds a year on 54 farms in Britain. The company does about $800 million a year in business and employs more than 6,000 people, according to the Web site.

Fred Landeg, Defra's deputy chief veterinary officer, said that only one of the 22 turkey houses at the Bernard Matthews farm appeared to have been affected but that all turkeys on the farm were being killed as a precaution. Officials have imposed severe restrictions on poultry owners within a six-mile radius of the infected farm, requiring that all poultry be kept inside. Poultry owners in a larger "restricted zone" covering 1,300 square miles of eastern England are being advised to keep domestic birds isolated from wild birds.

Landeg said further tests showed the disease is "the highly pathogenic Asian strain" of the virus. Indonesia, the country hit hardest, had 46 human deaths from bird flu last year and five already this year. Health officials around the world have been closely monitoring the potential spread of infected birds, and some have warned of the potential for a deadly pandemic.

Defra officials said the H5N1 strain has been confirmed in birds in at least 45 countries. It first appeared in the European Union last year and has been confirmed in wild birds in at least 13 E.U. countries, officials said. Britain is the seventh E.U. country where H5N1 has been found in domestic poultry, following France, Sweden, Germany, Denmark, Romania and Hungary.

A strain less dangerous to humans, H7, was found in chickens at a farm in Norfolk, England, last April, leading to the slaughter of more than 30,000 birds.

Peter Bradnock of the British Poultry Council said the outbreak could have an economic impact on the poultry industry.

"I think people understand this is first and foremost a problem for poultry, not for people," he said. "I am hoping we will not see any particular change in buying habits."

Deadly Bird Flu Virus Found In Britain (AP)

AP, February 3, 2007

LONDON (AP) - Officials confirmed Saturday that the H5N1 strain of bird flu had been found in turkeys on a commercial farm - Britain's first mass outbreak of the disease that has ravaged Asia's poultry stocks and killed more than 160 people worldwide.

The virus strain that killed about 2,500 turkeys on the British poultry farm was identified as the highly pathogenic Asian strain, similar to a virus found in Hungary in January, the Department for Environment, Food and Rural Affairs said.

It was the first time the deadly H5N1 strain was found on a British farm.

Also on Saturday, the World Heath Organization confirmed Nigeria's first human death from the strain. Nigerian health officials on Wednesday said several people had apparently contracted the virus, including a young woman who later died.

Last month Hungarian officials killed thousands of geese after H5N1 was detected in the southeast of the country - the first known case of the strain within the European Union since August 2006.

Britain's deputy chief veterinary officer, Fred Landeg, said all 159,000 turkeys on the affected farm in eastern England would be slaughtered. He said the virus was found in only one of 22 turkey sheds on the farm, owned by Bernard Matthews PLC, Europe's largest turkey producer.

Bird flu has killed or prompted the slaughter of millions of birds worldwide since late 2003. It has killed at least 164 people worldwide, but remains difficult for humans to catch.

Experts fear it could mutate into a form that spreads easily among people, potentially sparking a global pandemic. So far, most human cases have been traced to contact with sick birds.

The English outbreak near Holton in Suffolk county, about 130 miles northeast of London, represented the first known instance of H5N1 in Britain since an infected wild swan was found in Scotland in March. Turkeys and chickens are more susceptible to H5N1 than wild birds, who can carry the virus over long distances without showing symptoms.

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Television news footage showed piles of slaughtered birds being funneled into an open tractor-trailer before being taken away for incineration.

U.N. flu coordinator Dr. David Nabarro said experts had anticipated commercial flocks in Europe and elsewhere could be infected by migrating wild birds during the northern winter months.

"This virus is going to be in bird populations for years to come, and the way in which we'll deal with it is by implementing the well-rehearsed plan to stamp it out at source," he told British Broadcasting Corp. television. "We have to learn to accept that and not see it as a serious problem and just get on with normal poultry rearing and consumption."

Experts stressed the situation did not pose a public health threat, and that eating well-cooked poultry products posed no risk. However, close contact with sick birds, such as in slaughtering or plucking, could lead to the disease being transmitted.

"There is no need for immediate concern, but we do need to identify the source of the virus," said Colin Butter, a bird flu expert with the Institute of Animal Health. "If the virus has come from the wild bird population, we need to know which birds and how much of the population has been affected."

Last year, the H5N1 virus was discovered in countries in Africa, the Middle East, Central Asia and Europe.

Lab tests conducted by the World Health Organization in London confirmed that a 22-year-old woman was infected with H5N1 when she died on Jan. 17, Information Minister Frank Nweke Jr. said.

"It bears restating, therefore, that H5N1 is widespread and continuing in the poultry population in Nigeria," Nweke said.

Turkmen Candidates Practice Pliancy (WP)

By Peter Finn

The Washington Post, February 4, 2007

MOSCOW -- Six presidential candidates are barnstorming the country and holding public meetings to talk about improving education, reforming health care, ensuring adequate pensions and boosting agriculture.

It could be Iowa -- if it weren't Turkmenistan.

Acting President Gurbanguly Berdymukhammedov, 49, will almost certainly win when the Central Asian country's citizens go to the polls Feb. 11. His opponents, a deputy minister and four regional officials, are willing foils, according to analysts and exiled politicians.

Murad Karyev, the supposedly neutral chairman of the Central Election Commission, has already said Berdymukhammedov is the best man for the job.

But the modicum of debate in a country that during its 15-plus years of independence lived under the megalomaniacal shadow of president-for-life Saparmurad Niyazov amounts to a slight thaw. For the first time, the country will hold a presidential election in which more than one candidate is running.

Each of the six candidates continues to pledge loyalty to the legacy of Niyazov. But their stump speeches contain some implicit criticism of the late president by acknowledging the need to reverse the erosion of social programs, in particular.

"We know who the winner is already," said Murad Esenov, director of the Institute for Central Asian and Caucasian Studies in Sweden. "However, there are other candidates, and the fact that they have the possibility to speak up is significant and good. I believe there will be certain changes, because everyone realizes they cannot live as they lived before."

The exiled opposition has been prevented from returning to take part in the election. A coalition of exile organizations chose Khudaiberdy Orazov, a former vice premier and head of the Central Bank, to run as their candidate, but he is sitting out the campaign abroad.

"They are trying to create an image of real elections, but of course these are not elections. It's some sort of clownery," said Orazov, who lives in Sweden. "I believe we are entering the second stage of dictatorship."

Agents from Turkmenistan's internal security service, the MNB, are shadowing five of the candidates to ensure they don't stray from their scripts and say things contrary to policies laid out by the leading candidate, according to the Eurasian Transition Group, a nongovernmental organization in Germany that is one of the few with a presence in Turkmenistan.

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"The other five candidates have to attend security council meetings, where they receive their orders," said Michael Laubsch, executive director of the German group. "Everything is concentrated on Berdymukhammedov, and the MNB have total control over the other candidates."

For the outside world, the direction Turkmenistan takes will carry profound implications for energy security. The former Soviet republic is becoming the focus of competition among Russia, China and the West as they vie for its natural gas resources.

Most of Turkmenistan's gas is now exported through Russian pipelines. The supply could become vital to the ability of Gazprom, the Russian energy giant, to meet rising demand over the next decade. But Western governments would like to see construction of new export routes that bypass Russia and diversify the supply chain, something Niyazov had resisted.

China has already secured a deal to build a new pipeline that will deliver billions of cubic yards of natural gas annually over 30 years, beginning in 2009.

Russian President Vladimir Putin has embraced Berdymukhammedov. At a news conference Thursday, Putin mused favorably on the idea of an OPEC-like organization for natural gas, although he stressed, "We are not going to set up a cartel."

The United States and the European Union have stepped up contacts with Turkmenistan's new leadership. The opposition-in-exile has expressed frustration at what it sees as muted statements from those countries about the need for real democratic change.

Under Niyazov, who was 66 when he died of heart disease in December, Turkmenistan was one of the world's most isolated countries, subject to the bizarre whims of a leader who squandered vast amounts of revenue from natural gas resources on monuments to himself.

The country's education system, which forced students to study Niyazov's writings, was gutted. The number of years students spent in school was cut, and foreign degrees were not recognized. Pensions for 100,000 elderly citizens were summarily denied. Ballet and opera were banned as alien. Dissidents were jailed or forced into exile.

Exiled human rights activists have taken comfort from the release this week of an environmentalist who was given a three-year suspended sentence, rather than the usual prison term, after being convicted on a weapons possession charge that was widely seen as trumped-up. But that was offset by the ruthless suppression last month of a prison riot at a facility outside Ashkhabad, the capital. Twenty-three people were killed, according to human rights activists.

Berdymukhammedov, a dentist by profession and a former minister of health, has said that he will relax controls on Internet access, among the most stringent in the world, and that Turkmenistan may eventually move toward a multiparty system.

"I would like to be the president of a democratic country where people enjoy freedom and every condition to work and to rest, and where justice, peace and friendship dominate," Berdymukhammedov said, to sustained applause, at a televised meeting last month.

Whether such rhetoric is a short-term ploy to consolidate power by a governing class still unsure of its popular standing is unclear. But emerging regional and tribal concerns, suppressed under Niyazov, could also accelerate the need for broader power-sharing.

In a secretly conducted poll of 1,145 respondents across Turkmenistan after Niyazov's death, the Eurasian Transition Group found that 81 percent of those surveyed want a president who supports democratic reforms, and 55 percent believe their votes will not be counted on election day.

"Berdymukhammedov needs to build up a certain respect, and I believe he will allow some relaxation," said Farid Tuhbatullin, a former political prisoner in Turkmenistan and now the director of the Turkmen Initiative for Human Rights, based in Vienna. "The opposition who live in the West may have a chance to build up a dialogue with the authorities, and then maybe later they may be able to legalize their activity in the country."

Hu Cultivates Source Of Industrial Materials (WT/AP)

By Joseph J. Schatz

The Washington Times, February 4, 2007

LUSAKA, Zambia -- Chinese President Hu Jintao yesterday brought his eight-nation African tour to Zambia, a copper-rich country where China's growing clout has prompted charges of exploitation and has emerged as a volatile political issue.

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Huge photos of Mr. Hu and Zambian President Levy Mwanawasa greeted motorists on Lusaka's main roads in preparation for the tightly orchestrated three-day visit, which followed stops earlier this week in Cameroon, Liberia and Sudan.

"I am sure that this visit will serve to take Zambian-Chinese relations to a higher level," Mr. Hu said.

He has used the tour to cement China's increasing economic and political ties and its fast-growing role as a foreign donor throughout the continent.

The Chinese leader was expected to attend a state banquet and meet with Mr. Mwanawasa, who has cultivated close ties with China. The country is a major foreign aid donor to Mr. Mwanawasa's government, with investments in Zambia topping $500 million, according to China's state-run news agency, Xinhua.

China also has poured hundreds of millions of dollars into Zambia's copper sector, which accounts for 60 percent of the impoverished nation's exports.

Mr. Hu's visit to Lusaka is expected to focus on new Chinese aid for Zambia and the inauguration today of an economic partnership zone in Zambia's Copperbelt province, which has become a key source of copper for China's growing economy.

But the Chinese delegation decided against visiting the province, where 51 Zambian workers died in a 2005 explosion at a Chinese-run mine. Accidents and concerns over poor working conditions at Chinese-run copper mines -- plus resentment over an influx of Chinese traders into the local apparel industry -- fueled a political backlash in Zambia's presidential elections last September over the Chinese presence.

Opposition challenger Michael Sata won support in urban areas after criticizing what he called "exploiter" Chinese investors.

"They're not here to develop Zambia; they're here to develop China," said Guy Scott, a Sata ally who represents Lusaka's central district in parliament.

The government has not invited Mr. Sata's party to public events during Mr. Hu's visit, according to the state-owned Daily Mail newspaper.

Mr. Hu's visit was preceded by a raft of new Chinese commitments, including the release of more than $6 million for the construction of a new soccer stadium in the mining town of Ndola and a $39 million grant for road building.

New Hope For Genocide Resolution (LAT)

The Los Angeles Times, February 4, 2007

LAST WEEK, Rep. Adam B. Schiff (D-Burbank) engaged in what has become a biannual congressional ritual: Introducing a nonbinding resolution instructing the president of the United States to call Turkey's Ottoman-era slaughter of Armenians a genocide. Unlike in years past, however, this time the symbolic but important legislation actually has a legitimate chance at passage.

Two recent developments have created momentum. First, the Democratic Party, which has historically been more sympathetic to the resolution, now controls Congress. House Speaker Nancy Pelosi (D-San Francisco) in particular has taken a keen interest in bringing the matter to a vote. Second, a 17-year-old gunman last month executed in cold blood the respected Turkish Armenian journalist Hrant Dink on a crowded Istanbul street.

The slaying of Dink, who had been prosecuted for acknowledging the genocide, has sent a collective shiver down Turkey's spine, triggering street demonstrations and renewed calls for the government to change its policy. It is still a crime in Turkey to speak the truth about a period of history whose accepted worldwide interpretation Ankara still denies.

Schiff's resolution merely calls on the president to ensure that U.S. foreign policy "reflects appropriate understanding and sensitivity" regarding the genocide and that he use the G-word during his annual message commemorating the National Day of Remembrance of Man's Inhumanity to Man on April 24, the date in 1915 when Turkey rounded up 250 Armenian intellectuals to be slaughtered. That the resolution is so mild makes the White House's opposition all the more vexing.

Even though President Bush made a campaign promise in 2000 to use the word "genocide," his flip-flop is neither surprising nor mysterious — Ankara has considerable diplomatic influence, and Turkey is too valuable an ally to alienate with congressional resolutions. Yet the U.S. is at its best when it chooses truth over expedience, especially in matters as grave as genocide. It's hard to say "never again" convincingly if you're too afraid to speak bluntly about what you aim to prevent.

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Relax, It's Not The End Of The World (LAT)

By Francis Fukuyama

The Los Angeles Times, February 4, 2007

IT IS EASY TO GET very discouraged when surveying the state of the world. Few Americans need to be reminded about the chaos in Iraq, Iran's ambitions as a regional and potentially nuclear power or the possibility of Sunni-Shiite conflict spreading throughout the Persian Gulf.

But there's also the fact that Russia has been regressing politically, using its energy wealth to muscle Belarus and Western oil companies that invested in it, while using gangster-style tactics to silence critics at home and abroad. Nationalism is resurgent in Northeast Asia, with younger generations of Japanese, Chinese and Koreans at each other's throats over wrongs committed more than half a century ago. This in turn blocks cooperation over the threat posed by North Korea's nuclear weapons.

In our hemisphere, anti-American populists have been elected in Venezuela, Bolivia and Ecuador, and are busy centralizing power and reversing the trend of the 1990s toward openness and economic integration. Around the world, authoritarian regimes are learning repression from one another. What political scientist Samuel Huntington labeled the "third wave" of democratization began in the 1970s with Spain and Portugal, spread through Latin America and Asia, and culminated in the collapse of communism. But this wave has clearly crested. Not wanting to see another democratic upsurge like Ukraine's 2004 Orange Revolution, Russia, Egypt, Syria and Venezuela have all passed laws closing off international funding for pro-democracy groups.

Underlying these worrisome trends is a huge decline in the prestige of the American model, which since the Iraq war has come to be symbolized less by the Statue of Liberty than by the hooded prisoner at Abu Ghraib.

The world's evident instability has led the Bulletin of Atomic Scientists to move the hands of its "Doomsday Clock" to five minutes to midnight, two minutes closer to the figurative end of civilization. Even the fact that hundreds of millions of people are pulling themselves out of poverty lays the groundwork for global warming.

But before we get too discouraged with the state of the world at the beginning of 2007, we should stop to consider a broader context in which things look a lot brighter. The single most notable but overlooked fact about today's world is that the global economy has been driving ahead full speed, raising living standards and closing the gap between the First and Third worlds. The economies of the world's two most populous countries, India and China, have been growing in recent years at nearly 9% and 10%, respectively. A decade after the 1997-98 financial crisis, East Asia as a whole has returned to its torrid pace of development.

But the rest of the world is growing steadily too. Latin America, despite instability in the Andes and a backlash against "neo-liberalism," has been averaging 4% to 5% growth based on exports. Sub-Saharan Africa, after three decades of decline, has seen greater than 5% annual growth in recent years, and the Middle East is not far behind. These trends in the developing world are increasingly driven by south-south trade, as India and China consume commodities and natural resources from Latin America and Africa. This has spawned world-class multinational companies from developing countries, such as Mittal (originally of India), Cemex (Mexico) and Embraer (Brazil). Even Europe, despite the dislike of many of its intellectuals for an American-led globalization, has seen rates of unemployment fall to levels without recent precedent as the European Union expands and integrates with the global economy.

What is even more striking than the fact of economic growth has been its robustness. The early years of the 21st century have not been peaceful ones, after all: The world has seen the 9/11 attacks on the United States; horrific bombings in London, Madrid, Istanbul and Bali; two wars in the Middle East and one in Afghanistan; and an enormous increase in commodity prices. Similar shocks in the 1970s sent the global economy into a tailspin, leading to recession and inflation in the U.S., the debt crisis in Latin America and stagnation in Europe. And yet the U.S. economy has not even suffered a technical recession (two back-to-back quarters of declining output) in the last decade.

Ah, many would say, but today's rosy economic picture masks huge vulnerabilities, particularly in the form of the twin American trade and budget deficits and the unsustainable buildup of U.S. dollars in foreign central banks. These deficits, and the global imbalances they represent, are indeed worrisome and unsustainable, but people misunderstand where they come from.

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They do not arise primarily from American profligacy but rather from decisions taken by non-Americans to build up dollar reserves and thus ensure themselves against financial risks. The decade following the fall of the Berlin Wall was marked by constant financial instability, but since the Asian financial crisis, countries have weaned themselves off short-term capital flows and built up reserves through export-led growth. The International Monetary Fund is in trouble today because it has run out of customers for its fire brigade services. We evidently suffer, as Federal Reserve Chairman Ben Bernanke once suggested, from a global oversupply of capital that keeps real interest rates low even as growth takes off.

Economic growth by itself will not guarantee stability, any more than the period of globalization before 1914 could prevent the outbreak of World War I. But there is good reason to think that we have consistently overestimated threats to stability since 9/11 and that it is our reaction to this overestimation that has created special dangers. At the time of the Sept. 11 attacks, there were probably no more than a few dozen people in the world with the motivation and potential means to cause catastrophic harm to the United States. Once our mighty national security apparatus was turned to focus on this problem, the likelihood of a successful attack dropped dramatically. It was in deciding that we had to "make a statement" by invading Iraq that we created a brand new problem for ourselves, creating a new terrorist haven and shifting the power balance in the Persian Gulf in Iran's favor.

But various equilibrating forces are at work. The Sunni world is not sitting by idly as Iran's influence grows, but is mobilizing to contain the threat. At home, there are many more measures we could take to lower the risk of catastrophic terrorism, such as better port security and an upgrading of our public health system to deal with biological threats. Far more likely than a catastrophic attack on the U.S. using weapons of mass destruction are bombings, attacks on airplanes, assassinations and the like — terrible events, but ones we can deal with.

There are, of course, many good reasons to want to prevent rogue states such as Iran and North Korea from getting nuclear weapons. But countries — as opposed to stateless terrorist groups — have important equities to protect, and it is not clear why deterrence would not to continue to work to restrain them. Iran's foreign policy, despite frightening rhetoric, has remained relatively cautious from the start of the 1979 Islamic revolution whenever core national interests were involved. The most acute dangers presented by proliferation are those of miscalculation as new nuclear powers emerge and as other states are tempted to preempt them.

And although the behavior of the latest bunch of oil-empowered tyrants is disturbing, in the long run, many of today's troublesome political trends are unlikely to be sustained. Russia, Venezuela and Iran — leaders of the anti-democratic rollback — have been able to defy the normal laws of economics because they benefit from high energy prices. But oil prices have already come down from last year's high of $75 per barrel to about $57 per barrel Friday. This reflects the working of markets: Rising prices have stimulated heavy investment in new upstream capacity while persuading consumers to conserve or to switch to alternative sources of energy. It is unlikely that Venezuela will be able to waste another $25 billion trying to buy itself a seat on the U.N. Security Council anytime soon.

Even pessimism about Iraq is overdone. The Bush administration has indeed made a mess of things, creating a new terrorist base in Al Anbar province and facilitating the rise of Iranian and Shiite power throughout the Gulf. But we seem not to have noticed that the civil war engulfing Iraq involves two anti-American, radical Islamist groups that are increasingly interested in fighting one another rather than the U.S. This does not absolve Washington from moral culpability for bringing this situation about, but it does mean there are self-equilibrating forces in the region that will limit the damage that conflict will represent to U.S. interests once we disengage.

There are real dangers to being excessively pessimistic at this juncture. Growing numbers of people in the U.S. and Israel believe that Iran represents an existential threat, that it will behave irrationally and therefore cannot be deterred — and that we consequently have no choice but to preempt. It is this same logic — that our backs are against the wall — that led us to the Iraq debacle. But assuming a worst-case outcome is likely to make it a self-fulfilling prophecy.

For all of its stumbles in the last few years, the United States remains a rich and powerful country, with plenty of margin to absorb setbacks and make up for mistakes. The large part of the world that is modernizing successfully is dependent on us for continued progress, and perhaps for that reason is far less anti-American than those regions mired in conflict and stagnation. There are real risks out there today, but it may help to take a deep breath and assess calmly where we stand. Terrorists use the

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tools they do because they are weak and have no others. Americans need to remember that we are the 800-pound gorilla: We have choices, but we need to take care when we throw our weight around.

Francis Fukuyama is a professor at the Johns Hopkins School of Advanced International Studies and the author of "America at the Crossroads: Democracy, Power and the Neoconservative Legacy."

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TERRORISM NEWS:

Attorneys Downplay Comments By Juror (SACBEE)

By Denny Walsh, Bee Staff Writer

The Sacramento Bee, February 4, 2007

Federal prosecutors said Saturday there is little or no evidence to support allegations of juror misconduct in a motion for a new trial of a Lodi man convicted of terrorist activity.

Misconduct claims on behalf of Hamid Hayat are barred by rules of evidence, cannot be substantiated, actually describe proper conduct, or describe conduct not harmful to Hayat, prosecutors maintain in a 187-page brief opposing a new trial.

In their October motion, defense attorneys cite a statement by juror Alicia Lopez that jury foreman Joseph Cote made a "hangman gesture" and once said "hang him" in discussions with other jurors during the trial.

"These bare bone allegations, on their face, are vague and ambiguous and do not constitute substantial evidence that (Cote) was actually biased against the defendant," wrote prosecutors S. Robert Tice-Raskin and Laura Ferris in the opposition brief.

Defense attorneys also cited statements by jurors Lopez and Theresa Berkeley-Simmons that Cote used racial slurs during the trial, including his opinion that Pakistanis or Muslims all "look alike" if dressed the same.

Hayat is a U.S. citizen of Pakistani descent.

But the prosecutors answered that "it is far from clear whether Cote's reported statement is a 'racist statement,' or what it reveals about the foreperson's views in general with respect to individuals of different races, nationalities or creeds."

The statement does not seem to be aimed at "any individual or group in a marked or virulent derogatory fashion," Tice-Raskin and Ferris wrote.

Also highlighted in the defense motion are Cote's post-trial statements to an Atlantic magazine reporter suggesting that, when deliberating, he likened Hayat to young Pakistani men responsible for London subway bombings.

The Atlantic article should be given little weight given its "double-hearsay nature," and testimony regarding jury deliberations is inadmissible, the prosecutors answered.

Beyond that, they said, the "mere fact that the foreperson recalled the London bombings or that some of the bombers were Pakistani does not suggest he is prejudiced against Pakistanis or Muslims; that recollection is simply a neutral recollection of widely reported and known information."

Additionally, case law allows a juror "to utilize his/her life experiences and general, common knowledge when evaluating evidence," they wrote.

Cote spoke in the Atlantic article in 2006 of "new rules of engagement" that he viewed as applying in terrorism cases, and said he did "not want to see the government lose its case."

The prosecutors said this statement "reflected nothing more than his belief that the intent and danger issues were difficult and complex for the jury."

On April 25, the jury found Hayat guilty of undergoing terrorist training in Pakistan, returning to Lodi prepared to wage violent jihad -- or holy war -- against fellow Americans, and lying to the FBI when initially questioned.

The 23-year-old Hayat faces up to 39 years in prison. Sentencing has been postponed while U.S. District Judge Garland E. Burrell Jr. considers the motion for a new trial.

Oral arguments on the motion are next month.

At the same time the jury found Hayat guilty, a separate jury deadlocked in a parallel prosecution of his father, Umer Hayat. A mistrial was declared in that case. The elder Hayat was charged with initially lying to the FBI in 2005 about his son's support of terrorism and his own firsthand knowledge of terrorist training camps in Pakistan.

Umer Hayat, a Lodi ice cream street vendor, later pleaded guilty to lying to customs officials in 2003 about the amount of money he and his family were taking on a trip to Pakistan. He was sentenced in August to the 11 months he had spent in jail awaiting trial.

The primary evidence against Hamid Hayat was a lengthy, videotaped interview conducted by FBI agents over two days in June 2005. He eventually made some damaging admissions, and the interview was seen by the jurors as a confession.

Burrell erroneously rejected the defense's attempt to present James Wedick, a retired FBI agent, as an expert witness on the bureau's policies and procedures for interviews, the defense lawyers argued in their motion.

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They said Wedick, a highly decorated veteran of 34 years in the bureau, would have testified that it was inappropriate to start videotaping Hayat's interview only after a "confession" had been elicited following hours of questioning.

But the prosecutors argued in Saturday's brief that Wedick's testimony "would have been needlessly confusing, cumulative and wasteful of time."

Moreover, they wrote, it "would have amounted to nothing more than an impermissible attempt by (Hayat's lawyers) to argue his case via an expert; something that defense counsel was qualified to argue and, in fact, did argue during closing."

The defense motion said Hayat truthfully told the FBI he did not attend a terrorist training camp, but he eventually was worn down by the agents' marathon interrogation.

"Wanting simply to be permitted to go home, Hayat agreed, albeit rather incoherently, to his interrogators' insistent suggestions that he had so trained," the defense lawyers wrote in the motion.

Prosecutors responded that there was no showing Wedick "had any particularized experience rendering him qualified to opine on the issue of false confessions."

Burrell was being asked "to accept nothing more than Mr. Wedick's unsupported conjecture and supposition that these confessions were somehow contaminated," the prosecutors contended.

"That was plainly insufficient," they wrote. About the writer:

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Prosecutors Rebut Hayat Request (STOCKREC)

By Jeff Hood, Lodi Bureau Chief

Stockton Record, February 4, 2007

Bid for new trial called an attempt to fix mistakes

Federal prosecutors on Saturday characterized Hamid Hayat's request for a new trial on terrorism-related charges as an attempt by his defense attorneys to fix mistakes they made before and during his case last year.

Hayat, 24, was convicted in April of aiding terrorists and lying to the FBI about it after his return to his Lodi home following a two-year visit to his ancestral homeland of Pakistan.

Hayat's attorneys in October filed a 106-page motion for a new trial, stating they have new evidence that proves Hayat did not attend a terrorist training camp. The request for a new trial also alleges U.S. District Judge Garland E. Burrell Jr. made several improper rulings, such as denying Hayat the right to cross-examine government informant Naseem Khan on several matters.

Defense attorneys also claim Burrell erred by not prohibiting expert testimony that would have helped the U.S.-born Hayat's case, and that there were several instances of juror misconduct.

In their 187-page reply filed early Saturday, prosecutors restated the evidence that led to Hayat's conviction, which carries a possible 38-year federal prison sentence, and then argued against each of the eight points defense attorneys cited as grounds for a new trial.

Defense attorneys have an opportunity to file a rebuttal, and both sides will offer arguments supporting their positions on March 23 in Burrell's courtroom.

Prosecutors claimed Hayat's attorneys, Wazhma Mojaddidi and Dennis Riordan, want a second chance to fix Mojaddidi's procedural errors that kept her from asking certain questions of witnesses and from calling one of her experts, retired FBI Agent Jim Wedick.

Government attorneys called Mojaddidi's strategy during the trial "tactical gamesmanship" that backfired. They stated the defense's claim that it has new proof of Hayat's innocence - the testimony of Hayat cousins Usama Ismail and Jaber Ismail of Lodi - is not accurate, saying there is a legal difference between "newly discovered" and "newly available" evidence, because they did not subpoena Usama Ismail to testify and made no effort to obtain testimony from Jaber Ismail, who was in Pakistan during the trial.

Prosecutors downplayed the alleged juror misconduct, including a gesture by foreman Joseph Cote in which he pulled up on an imaginary noose around his neck and said "Hang him," after the second day of testimony.

"It would be fair to say that the juror's act, at most, appears to be a premature reaction to compelling government evidence, but nothing more," prosecutors Robert Tice-Raskin, Laura Ferris and Sharon Lever state in their reply.

Other instances of jurors failing to abide by Burrell's orders did not have any significant effect on the trial, they argue.

Hayat and his father, Umer, were arrested by federal authorities in June 2005 after being questioned for several hours at the FBI's Sacramento office.

A trial for Umer Hayat, 48, on two counts of lying to FBI agents ended with a hung jury. He later pleaded guilty to lying about the amount of cash he was carrying during a trip to his native Pakistan in 2003 and was released from custody in August.

Contact Lodi Bureau Chief Jeff Hood at (209) 367-7427 or jhood@recordnet.com.

Feds Say No Juror Misconduct In Lodi Terror Trial (CCT)

The Contra Costa Times, February 4, 2007

SACRAMENTO, Calif. - Defense arguments that a jury foreman was biased in the trial of a Lodi man convicted of terrorist activity are not supported by evidence, federal prosecutors said Saturday.

The federal government's comments came in a 187-page brief opposing a motion for a new trial by Hamid Hayat's defense. The defense motion is based on statements made by juror Alicia Lopez that jury foreman Joseph Cote made a "hangman gesture" and once said "hang him" in front of others on the panel.

"These bare bone allegations, on their face, are vague and ambiguous and do not constitute substantial evidence that (Cote) was actually biased against the defendant," wrote prosecutors S. Robert Tice-Raskin and Laura Ferris.

The defense motion also highlights post-trial statement's by Cote in an Atlantic magazine report suggesting that, when deliberating, he likened Hayat to young Pakistani men responsible for London subway bombings.

Prosecutors answered that the Atlantic article should be given little weight and that "it is far from clear whether Cote's reported statement is a 'racist statement,' or what it reveals about the foreperson's views in general with respect to individuals of different races, nationalities or creeds."

Hayat is a U.S. citizen of Pakistani descent. On April 25 a jury found him guilty of undergoing terrorist training in Pakistan, returning to Lodi prepared to wage violent jihad against fellow Americans, and lying to the FBI when initially questioned.

Oral arguments on the motion are next month in front of U.S. District Judge Garland E. Burrell Jr.

Salah's Long Road To Clear Name (DSOUTH)

By Chris Hack, Staff writer

Daily Southtown (IL), February 4, 2007

More battles ahead

Attorneys for Mohammed Salah, who was acquitted of racketeering charges last week, have vowed to keep working to clear the name of the Bridgeview man deemed a terrorist by the federal government and to help his family lead a normal life.

"These good people have had their lives put through the wringer," longtime Salah attorney Matthew Piers said Friday. "We are not done fighting on behalf of this family."

While the long-looming threat of a hefty prison sentence may now be off the table, Salah still faces an uncertain future of civil-court judgments, restricted liberties and the stigma of the government's terrorist label.

Salah, 53, was acquitted Thursday of the terrorism-related charges after a three-month trial. He was found guilty of a far lesser charge of obstruction of justice, but the overall outcome marked a dramatic victory for the defense in a case once touted by the U.S. Justice Department as an important component of the war on terror.

"If this is the government's idea of the war on terror, it should keep us all awake at night," said Piers, a vocal critic of several federal anti-terror cases unveiled after 9-11. "This was a political prosecution plain and simple, and I think everyone in that courtroom knew it."

In the racketeering case, Salah was accused of breaking American laws to aid the militant Palestinian group Hamas, which is considered a terrorist group by the U.S. government. According to federal prosecutors, he delivered laundered money to Hamas operatives in the Occupied Territories in the early 1990s and helped recruit would-be terrorists.

The obstruction charge normally wouldn't carry much prison time, although prosecutors might push to have Salah's 1993 conviction in an Israeli military court on Hamas money-running charges count against him here. Defense attorneys, who insist the Israeli conviction was the result of bogus confessions tortured out of Salah during a two-month interrogation session, contend Salah should receive only probation for the U.S. conviction.

Also hanging over Salah's head is a 1998 civil case filed by federal prosecutors in a bid to seize $1.4 million in cash and assets they claimed Salah meant to funnel to Hamas. That civil case was put on hold as a criminal probe into Salah's alleged Hamas links stopped and started over the years.

Records show prosecutors were prepared to settle the case in July 2001 under an agreement that would have let the government keep the cash and Salah keep his Thomas Street house. But after the terrorist attacks on Sept. 11, 2001, the investigation into Salah's past was rekindled and the deal died.

"It's still pending and the government plans on pursuing it," First Assistant U.S. Attorney Gary Shapiro said of prosecutors' civil case after the verdict in the criminal case was announced.

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Piers said he'll likely argue the case should be tossed out on double-jeopardy grounds: The criminal case included many of the same allegations as the government's civil case, and prosecutors would have moved to seize Salah's cash and assets if he had been convicted on the racketeering charge.

"Our position is that the government had their shot and they lost," Piers said. "Beyond that, the government would come off looking extremely vindictive and they would be skating on very thin ice legally."

"But we're more than ready to take on the government if they want to pursue the civil forfeiture case."

Salah's assets have been blocked by the federal government since August 1995, more than two years before he would be released from an Israeli prison and return to Bridgeview. His family initially was allowed to withdraw living expenses from the frozen money, but Piers said that arrangement ended years ago.

"They're penniless," Piers said. "They've been living off the support of people in their community, and they would have starved to death without that."

Indeed, after the racketeering acquittal Thursday, Salah pointed out that generosity among crowds of supporters swarming the Dirksen Federal Building in a tearful celebration that continued into that night at the Bridgeview mosque.

"I have to thank everyone who helped my family put food on the table," Salah said.

Salah also could someday be on the hook for a share of a $156 million judgment against him and a group of local organizations accused of financing Hamas in the 1990s. The judgment was the result of a civil lawsuit filed by the parents of a Jewish teen killed in a West Bank terrorist attack.

Although the organizations had little money and the federal government already had dibs on Salah's assets, attorneys for the teen's family have aggressively moved to seize books, fax machines and Internet domain names from the groups in an effort to dismantle what they said was once a clandestine terrorist financing network.

The judgment has been appealed, and attorneys expect a decision soon. Oral arguments in the case were heard well over a year ago; the appeals court may have been reluctant to release a ruling in the high-profile civil case while the equally high-profile criminal trial was unfolding.

But perhaps most difficult to overcome is the fact Salah was declared a "Specially Designated Terrorist" in an executive order of the U.S. government in 1997; he's still the only American citizen to hold the distinction. It means Salah needs special licenses from the U.S. Treasury Department to get a job or conduct financial transactions, must account for his spending and explain any travel plans.

The terror classification was made outside the judicial system, but Piers said Salah may eventually mount a legal challenge to the designation now that he's been acquitted of terrorism charges 10 years after he was labeled a terrorist.

Just as his racketeering trial drew crowds of supporters for months, Salah's fight to clear his name would be closely watched in the local Muslim community.

"We hope that the suffering of the Salah family is over," Chicago director of the Council on American-Islamic Relations Ahmed Rehab said in a statement last week. "We also hope that the 'terrorism' label be reserved in the future for those found guilty of that charge in an open and fair trial administered in a respected court of law."

Robyn E. Blumner column: Truly Tortured Logic (SPT)

By ROBYN E. BLUMNER, Times Perspective Columnist

St. Petersburg (FL) Times, February 4, 2007

Canada apologizes for aiding innocent man's torture, so why can't we?

"On behalf of the United States, I wish to apologize to you and your family," President Bush told Maher Arar in a televised news conference, during which the president announced that the United States was also giving Arar $8.9-million in compensation for our role in sending the Canadian to a Syrian prison where he was tortured.

Okay, now it's time to wake up from a dream. This scene happened all right, not in the United States but in Canada, and the nobly contrite politician was Canadian Prime Minister Stephen Harper, not our own Decider-in-Chief.

Arar's ordeal is well known. The software engineer was detained during a stopover at New York's John F. Kennedy Airport in 2002. After being subject to days of interrogation in the United States, the Canadian of Syrian descent was sent to Syria under the American program of extraordinary rendition. He spent 10 months in a grave-size cell and was tortured into signing a false confession that he was associated with terrorists and had trained in Afghanistan - a place he had never visited. He was eventually released without charge.

Since Arar's return to Canada, our neighbor to the north has committed itself to investigating its role in this outrage. A two-year inquiry by Justice Dennis O'Connor concluded that there was no evidence linking Arar to terrorism and that the Royal Canadian Mounted Police were demonstrably wrong when they informed U.S. border agents that Arar was suspected of Islamic extremism. The head of the RCMP resigned over the incident.

Canada has now issued a very public apology, coming straight from its national leader, and the nation will compensate Arar for its hand in his terrifying ordeal. Harper has also promised increased oversight of Canada's intelligence agencies "to lessen the likelihood that something like this will ever happen again."

Arar responded to the prime minister's gesture by declaring: "I feel proud as a Canadian."

Before George W. Bush came to the White House, I would have expected our own government to act in a very similar manner: a public apology, the rolling of heads responsible, a promise to exert tighter controls and due compensation to the victim.

Instead, we've responded to Arar by keeping him, his wife and his children on a government watch list so that they cannot travel in or over our country or its territories. We have stymied his lawsuit against the United States for abducting and deporting him, claiming that to allow it to go forward would jeopardize state secrets. And, perhaps most galling, even though it is an open secret that we send people to other countries for interrogation where they are sure to be tortured, we continue to claim that our actions are consistent with the Convention Against Torture - a treaty that explicitly bars such conduct.

The contrast between the model of responsible and responsive governance in Canada and the sniveling, defensive, fabulizing posture of the White House and Justice Department on this matter of national character is the answer to the question: Why does the rest of the world hate us?

The Arar case is the perfect storm of Bush administration arrogance, dishonesty and incompetence coalescing with its utter disregard for the principles of due process and human rights that used to pulse at the core of our nation.

Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff claim that there is reason to keep Arar on a watch list. But when Canada's minister of public safety, Stockwell Day, examined Arar's confidential U.S. files, he announced that there was "nothing new" to justify any continued suspicion.

Arar is a terrorist the same way our Iraq adventure is full of "enormous successes" as the vice president just declared. When reality doesn't fit the script, Team Bush ignores it.

Some of our nation's more responsible political leaders have tried to act more Canada-like. Rep. Edward Markey, D-Mass., has called on the White House to "admit publicly that it was cruel to detain and transfer" Arar for torture.

And it was a moment of national pride when Senate Judiciary Chairman Patrick Leahy, D-Vt., publicly called Gonzales to the mat at a recent Senate Judiciary Committee hearing for claiming that assurances were given by Syria that Arar wouldn't be tortured.

"We knew damn well if he went to Canada he wouldn't be tortured," Leahy declared loudly. "He'd be held. He'd be investigated.

"We also knew damn well, if he went to Syria, he'd be tortured."

Gonzales could only reiterate the bald-faced lie that the United States tries to meet its antitorture treaty obligations. How lame.

When Canada is better at demonstrating American values than we are, it's time our government took a refresher in Civics 101. Learn how to apologize and admit error and maybe our great nation will live up to its billing once again.

WAR NEWS:

Bush Tells Democrats He Welcomes Iraq Debate (AP)

AP, February 3, 2007

WILLIAMSBURG, Virginia (AP) -- President Bush squarely addressed the issue most on the mind of House Democrats, saying Saturday that deep divisions over the Iraq war need not bring anyone's patriotism into question.

"You know, I welcome debate in a time of war and I hope you know that," Bush said in opening remarks as the guest speaker at a retreat that drew about 200 lawmakers to a Virginia resort.

He said disagreeing with him over the war -- as many in the room do -- does not mean "you don't share the same sense of patriotism I do."

"You can get that thought out of your mind, if that's what some believe," the president said. "These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do."

Bush's conciliatory words were similar to some of his previous statements. But the applause that followed them offered some indication that this audience was happy to hear them so directly and in person.

Democrats, who in November wrestled control of the House from Republicans for the first time in a dozen years, have yet to settle on a legislative response to Bush's war plan. It involves adding 21,500 troops to the 132,000 already in Iraq.

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Deciding what any nonbinding resolution in opposition should say or what should be done if the buildup fails to stop the violence were primary topics at the lawmakers' two-day retreat.

Options could include stripping the budget of war money, capping the number of troops in Iraq or refusing to pay for future deployments.

With that in mind, Bush gave his plan a soft sell.

"I listened to many members here, I listened to members of my own party, I listened to the military and came up with a plan that I genuinely believe has the best chance of succeeding," the president said.

He received applause for repeating his insistence that Iraqi Prime Minister Nuri al-Maliki's government in Baghdad must show tangible improvement on the political front.

"I do know we agree on some things and that is that the Maliki government is going to have to show strong leadership," Bush said. "There's benchmarks that they have got to achieve."Achievements praised

Iraq was hardly the only topic on which Bush sought to win over a crowd of skeptics with flattery and acknowledgments of differences of opinion. With Democrats now in charge in the House and Senate, he had little choice.

Among the "big things" he singled out as prospects for bipartisan cooperation were balancing the budget, tackling budget-busting entitlements, immigration overhaul, health care, education and alternative energy production. He also frequently complimented the Democrats for their out-of-the-gate accomplishments since the session began in early January.

"I look forward to working with you," he said. "I know you've probably heard that and doubt whether it's true. It's true."

Already, Bush has granted several of the new majority's demands. He has acknowledged making mistakes in Iraq, fired Defense Secretary Donald H. Rumsfeld and surrendered the fight for John Bolton to be U.S. ambassador to the United Nations.

Reflecting the target set by Democrats, Bush has promised a plan to balance the budget by 2012 after presiding over record deficits and tax cuts. Also, the president tentatively has agreed to increasing the federal minimum wage. The House and Senate have passed competing versions of this legislation.

The president also had a little fun at his own expense, hoping it would prove his willingness to find bipartisan consensus. His reference in his State of the Union address to their party as the "Democrat majority" -- as opposed to the "Democratic majority" -- caused grumbling and offense and he sought to make up for it.

"Now look, my diction isn't all that good," Bush said to laughter. "I have been accused of occasionally mangling the English language. And so I appreciate you inviting the head of the Republic Party."

After Bush's remarks, reporters were ushered out of the room while lawmakers asked the president a few questions.

House Speaker Nancy Pelosi of California and caucus chairman Rahm Emanuel of Illinois said Democrats would focus mostly on the war in Iraq.

White House spokesman Scott Stanzel said the question portion of Bush's appearance was closed to be consistent with his appearances at gatherings of congressional Republicans. At those events, Bush spoke in public but the questioning was closed "to provide frank and open discussion," Stanzel said.

He said Bush last attended the House and Senate Democratic retreats in early 2001, right after he took office.

Bush Says Iraq War Has Sapped "Our Nation's Soul" (HILL)

By Jonathan Kaplan

The Hill, February 3, 2007

WILLIAMSBURG, Va. – Speaking to House Democrats Saturday at a resort in this historic town, President Bush admitted that the country's morale has suffered because of the war in Iraq.

Bush said that the war in Iraq is "sapping our nation's soul," as part of his answer to a question from Rep. Susan Davis (D-Calif.) about why the burden of fighting the Iraq war has fallen primarily on the military. Davis represents San Diego where many active duty military personnel live.

Unlike a parliamentary system, U.S. lawmakers do not get to question the nation's head of state and chief executive. But Democratic aides were stunned at the pronouncement perhaps recollecting President Carter's pronouncement in 1979 that there exited a "crisis of the spirit in our country."

Bush began speaking to a packed conference of lawmakers, spouses, and a few babies (including Speaker Nancy Pelosi's newborn grandson) and children around 10:15 a.m. after arriving in Newport News, Va., via Air Force One. He was driven to the Kingsmill Resort & Spa a few miles away.

Bush attempted to charm the new majority by explaining that he meant no offense during the State of the Union address by calling them the "Democrat Party."

"My diction isn't all that good," Bush said. "Thank you for inviting the head of the Republic Party."

He also thanked the families of the lawmakers who serve in public office.

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"I know it's tough...sometimes they say bad things about you in the newspaper," Bush said, chuckling himself and eliciting the same from the crowd.

At times pointed and direct, he also told them that he wants to "do some big things together" and added that he did not question the patriotism of those who disagreed with the decision to go to war in Iraq.

"You can get that thought out of your mind, if that's what some believe," the president said. "These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do."

Bush rattled off policy areas in which he said he wanted to make some progress, including balancing the budget, immigration, energy, Iraq and some smaller bore foreign policy issues, such as slowing the growth of HIV/AIDS and malaria in Africa.

After Bush concluded his speech, Democratic leadership aides asked the press to exit the room so that lawmakers could ask Bush some questions on the war, veterans' issues, global warming, Hurricane Katrina and immigration.

According to staffers in the room, Rep. John Tanner (D-Tenn.) asked a question about budget deficits, Reps. Tim Walz (D-Minn.) and Bennie Thompson (D-Miss.) asked why veterans and Katrina, respectively, were not mentioned in his State of the Union address, Rep. Jay Inslee (D-Wash.) prodded Bush on global warming and Rep. Luis Gutierrez (D-Ill.) asked about immigration.

To Thompson's question, Bush said he did not mention national parks in his speech to the nation but that he considers those important as well.

After the speech, questions and working a rope line, Bush appeared at a press conference with Pelosi and other Democratic leaders.

Bush described the session with the lawmakers as "relaxed, informative and enjoyable," and that the questions were very good.

"We don't always agree - that's why we're in different political parties," he said.

Bush: War Is "Sapping Our Soul" (POL)

By Josephine Hearn

The Politico, February 3, 2007

WILLIAMSBURG, Va. – President Bush told a closed-door gathering of House Democrats Saturday that the war in Iraq was "sapping our soul in some ways," according to congressional aides who heard him.

During the private question-and-answer session, Rep. Susan Davis, D-Calif., had asked the president whether he agreed the effort in Iraq amounted to "a military at war and not a country at war," congressional aides said.

Later, in a meeting with reporters, both Bush and House Democratic leaders sounded notes of bipartisanship. But asked whether the president had responded to Democrats' criticism of his plan to send more troops to Iraq, House Speaker Nancy Pelosi, D-Calif., offered a flat: "No."

"The president really stood his ground on Iraq," she said.

In other questions from Democrats to the president, according to the aides:

Rep. John Tanner of Tennessee asked what Bush would do to reduce the budget deficit and foreign debt. Rep. Tim Walz of Minnesota asked how he would handle skyrocketing medical costs for veterans. Rep. Luis Gutierrez of Illinois asked about comprehensive immigration reform. Rep. Bennie G. Thompson of Mississippi wanted to know what the president would do to improve rebuilding of the Gulf Coast after Hurricane Katrina. And Rep. Jay Inslee of Washington raised concerns about the declining number of polar bears and increased risk of flooding in a question about global warming.

All of the questions followed Bush's brief speech to the Democrats.

In it, he drew applause when he mentioned common goals such as comprehensive immigration reform, promoting democracy in Afghanistan, eradicating disease in Africa and remaining focused on the humanitarian crisis in Darfur.

But Democrats sat on their hands when he renewed his call for new heath care legislation.

On Iraq, he stressed common ground.

"We agree on some things - that the Maliki government will have to show strong leadership," he said, drawing applause, in a reference to Prime Minister Jawad al Maliki.

Speaking at the House Democrats' retreat for the first time since 2001, Bush led off with a little conciliatory charm, joking about his reference to the "Democrat majority" in the State of the Union address, a choice of words that many Democrats had viewed as a calculated insult.

"My diction isn't all that good," the president ventured. "I've been accused of occasionally mangling the English language, so I appreciate you inviting the head of the Republic Party."

The quip drew laughs and applause.

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Referring to four Pelosi generations, the president wondered how her father would have reacted to her becoming the first female speaker, mentioning the recent birth of her sixth grandchild and praising the child's mother, Alexandra Pelosi, for being "spunky."

He called House Majority Leader Steny H. Hoyer, Md., a "down-to-earth, no-nonsense guy."

And Hoyer took the comment as a genuine bipartisan gesture.

"I thought it was the expression of a sincere desire on part of the president and the caucus that we do want to work together," Hoyer said.

Bush Drops In On House Democrats (LAT)

By Noam N. Levey

The Los Angeles Times, February 4, 2007

WILLIAMSBURG, VA. — Venturing into enemy territory, President Bush traveled to a retreat for House Democrats on Saturday to invite the new congressional majority to work with him on immigration, energy and even national security.

"I do know we agree on some things," the president told a ballroom full of lawmakers and their families in a carefully choreographed meeting of Washington's competing centers of power.

Bush sought to turn on the charm for his Democratic rivals, cracking jokes about his diction and showering praise on House Speaker Nancy Pelosi of San Francisco and her new grandson (who also got a hug from the president, days after getting one from former President Clinton).

"I kind of remembered — help me remember the good old days," Bush said later in brief remarks to reporters. The president had not gone to House Democrats' annual retreat since 2001, shortly after he took office.

But even the meticulous planning that went into the encounter could not conceal the deep divisions between the White House and the Democratic majority on Capitol Hill. Pelosi introduced the president from a lectern bearing the slogan "Governing for a New Direction," but he spoke from his own lectern, emblazoned with the presidential seal, a few feet away.

No issue brought out the divisions more than the war in Iraq. The president devoted less than two minutes of his 16-minute address to the subject. And his attempt to highlight common ground over the feeling that the Iraqi government should do more to bridge sectarian divisions offered little comfort to his critics.

The president suggested, as he has before, that Prime Minister Nouri Maliki would have to meet a list of "benchmarks," including providing adequate troops to help American soldiers in Baghdad.

But Bush did not discuss timetables for Maliki's government or specify consequences if it should fail — omissions that have been repeatedly criticized by Democrats.

After his speech, Bush faced several tough questions from lawmakers in a private question-and-answer session, according to members of Congress and aides who were in the room.

In response to one question about Iraq, the president, who as recently as a few months ago insisted that America was winning, acknowledged that if he were asked about the conflict by a pollster, he would express concern as well. Large majorities of Americans say they believe the war is going poorly.

Bush also said the war was "sapping our souls," according to people in the room.

"The president's body language changed," one lawmaker said. "He was quite defensive." The White House and the Democratic caucus had carefully negotiated how many questions the president would face, ultimately agreeing that the Democrats could ask six — and only after reporters left the room.

In addition to the question about Iraq, which was asked by San Diego Rep. Susan A. Davis, lawmakers also asked about immigration, the budget and the government response to Hurricane Katrina.

In public, however, Bush, Pelosi and other Democratic leaders took pains to avoid appearing partisan.

In opening his speech, the president joked about having used the term "Democrat Party" in his recent State of the Union address — a phrase that some lawmakers interpreted as derogatory.

"Now, look, my diction isn't all that good," the president said. "I have been accused of occasionally mangling the English language. And so I appreciate you inviting the head of the Republic Party."

Democrats laughed appreciatively.

"Still has the touch," Pelosi noted later.

But some of her caucus seemed less impressed.

"I think people were grateful he came. But Iraq is the issue," said Massachusetts Rep. Jim McGovern, who staunchly opposes the war. "It is the issue that concerns most Americans … and telling jokes and hugging babies is not going to make these tough issues go away."

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Bush Puts "Ic" Back In "Democrat Party" (AP)

By Jennifer Loven

AP, February 3, 2007

Williamsburg, Va. (AP) -- Relying on self-deprecating jokes, unusual candor and outright flattery, President Bush on Saturday wooed lawmakers he not only needs but will have to answer to in the final two years of his presidency.

Bush had not seen fit to attend a Democratic congressional retreat since 2001, his first year in office. But the new political reality that has Democrats in charge of Capitol Hill for the first time in a dozen years changed his mind. When he appeared before House Democrats at a Virginia resort, he seemed to be trying to make up for lost time.

With his first words, he sought to put to rest one bone of contention between the White House and the new congressional majority: The dropped "ic."

Democrats found it demeaning when the president, in his State of the Union address last month, referred to the "Democrat majority," as opposed to the "Democratic majority."

"Now look, my diction isn't all that good," Bush told the 200 lawmakers who wrapped up two days away from Washington with family and aides. "I have been accused of occasionally mangling the English language. And so I appreciate you inviting the head of the Republic Party."

He got hearty laughs. And he was careful to keep the "ic" firmly tacked on for the rest of his remarks.

Bush's address was followed by a private session. With the media ushered out of the room, lawmakers were allowed to ask the president a half-dozen questions that covered Iraq, immigration, education and other topics.

Even though this was expected to be the toughest part of Bush's foray onto Democratic turf, both he and House Speaker Nancy Pelosi of California emerged with good things to say.

"We were honored by your presence," Pelosi told Bush. "We're also encouraged by your remarks."

Speaking to reporters after the president had departed for Washington, she added: "Let's make no mistake. The choice is bipartisanship or stalemate. We have to work together."

Still, divisions over Iraq were never far.

One of the primary topics at the retreat was how to legislate opposition to Bush's overhauled Iraq strategy, which involves adding 21,500 troops to the 132,000 already in the country.

Democrats have not settled conclusively on the approach for any anti-war resolution or on what action to take if the buildup fails to halt the violence.

Bush explained how he settled on his proposal.

"I listened to many members here. I listened to members of my own party. I listened to the military and came up with a plan that I genuinely believe has the best of succeeding," he said.

The president earned applause for repeating his insistence that Iraqi Prime Minister Nouri al-Maliki's government in Baghdad must show tangible improvement on the political front. "The Maliki government is going to have to show strong leadership," Bush said.

Seeking to earn his bipartisan stripes, he also said that opposing him on the war — as many in the room do — does not mean "you don't share the same sense of patriotism I do."

"You know, I welcome debate in a time of war and I hope you know that," the president said. "These are tough times, but there's no doubt in my mind that you want to secure this homeland as much as I do."

Bush's conciliatory words were similar to statements he has made before. But the applause offered some indication that this audience was pleased to hear them so directly and in person.

In the private session, Bush told the Democrats he empathizes with their anguish, saying the war is "sapping our soul," according to two officials who attended the session. They spoke on condition of anonymity because it was a closed meeting.

Pelosi heard nothing to suggest the president is bending to any criticism.

"The president really stood his ground on Iraq. He explained why additional troops would be needed and why it would work this time," she said, adding parenthetically, "even though it had failed four times before."

No matter the topic, the president stayed on point, saying he wants to work together on "big things" and he respects that Democrats disagree on some issues:

_On balancing the budget and the spending blueprint for 2008 that he submits Monday to Congress, he said, "Some of it you'll like, some of it you won't like, but it achieves the goal that we have said, which is to balance the budget."

_On addressing the looming insolvency of entitlement programs such as Social Security, he said, "I'm under no illusions of how hard it's going to be. The only thing I want to share with you is, is my desire to see if we can't work together to get it done."

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_On his proposal to make health insurance more available through changes in tax laws, he said, "I've already heard from some members who thought it was a lousy idea, I understand that. But please look at it in depth."

Bush brushed past the veto threats his aides have issued for one-third of the agenda that Pelosi's caucus approved in the House's first 100 hours of the year.

Instead, he focused on compliments, on the Democrats' choice of Pelosi — "this fine woman" — as the first female speaker ever and for their approval this past week of billions for fighting AIDS, malaria and tuberculosis overseas.

"I look forward to working with you," he said. "I know you've probably heard that and you doubt whether it's true. It's true."

At Democrats' Meeting, Bush Appeals For Cooperation (WP)

By Michael Abramowitz, Paul Kane

The Washington Post, February 4, 2007

WILLIAMSBURG, Feb. 3 -- President Bush, forced by circumstance to reach out to some of his strongest adversaries, appealed directly to House Democrats on Saturday to work with him to reform the immigration system, limit the cost of Social Security, curb the consumption of gasoline and balance the federal budget.

Visiting the Democrats' annual retreat for the first time since 2001, the president told lawmakers there are "big things" they could accomplish by working together and sought to defuse any bad blood with self-deprecating humor. He opened his public remarks with an allusion to his tendency to mispronounce the name of the rival party by calling it the Democrat Party, seen by many party activists as a calculated insult.

"I appreciate you inviting the head of the Republic Party," Bush said to laughter. He drew scattered applause a few moments later when he used the correct name in calling on the "Democratic Party" to work with him to address the mounting future liabilities of Social Security and Medicare.

Democrats rose to politely applaud Bush before and after the speech, a sign of the outwardly cordial and respectful nature of the day's session.

Democrats had a rare opportunity to question the president directly, using a private session after his speech to press him on Iraq, immigration, global warming, the deficit and the absence of Hurricane Katrina and veterans' issues in his recent State of the Union address. While Bush asked Democrats to keep the conversation private, some people present said he gave no ground on his basic position on the war but was upfront in talking about its impact on the populace.

According to some Democrats present, Rep. Susan A. Davis (Calif.) told Bush about her concern that the military is fighting a war without the rest of the country sharing the sacrifice. Bush disagreed with that proposition, according to the Democrats there; he said that the war is psychologically draining for the entire country and that it is "sapping our souls" in some ways.

Bush also defended his plan to send an additional 21,500 troops to Iraq, saying that they would operate under new rules of engagement and that they could clear and hold troublesome areas. One senior Democratic staffer present said Bush spoke favorably of some of the recommendations of the Iraq Study Group, the commission that recently evaluated the administration's war policy, such as embedding Americans to train Iraqi forces and eventually withdrawing U.S. troops. But he said there is too much sectarian violence to carry out such recommendations immediately.

The friendly tone, as described by officials on both sides of the day's session, was a marked change from a campaign season of heated rhetoric from Bush and the Democrats and followed six years of mistrust and lack of cooperation. As he closed his unsuccessful campaign last year to hold GOP majorities in Congress, for example, Bush described the Democratic war strategy as "The terrorists win, and America loses." In a 2004 interview with the San Francisco Chronicle, Rep. Nancy Pelosi (Calif.), now House speaker, called Bush an "incompetent leader."

Deep divisions remain, especially on the war, and despite the talk of bipartisan goodwill, Pelosi was already making plans Saturday morning for symbolic showdowns with the White House on international affairs. Before Bush arrived at the Kingsmill Resort for the House members' strategy session, she told her caucus that they will be voting on a no-confidence resolution on the president's plan to send additional troops to Iraq.

Moreover, Pelosi told her colleagues that if it appears likely that Bush wants to take the country to war against Iran, the House would take up a bill to deny him the authority to do so, according to Pelosi spokesman Brendan Daly.

Still, both sides may have incentives to cooperate in the next year or so. If Bush has any hope of domestic achievements in the remainder of his term, he must find Democratic votes, while many top Democrats concede they are under some pressure to show that they can be more than just an opposition party.

The president spent close to half an hour shaking hands and greeting people at the end of the question-and-answer session. He also spent time holding and hugging Pelosi's sixth grandchild, born shortly after the November elections. Pelosi's daughter, Alexandra Pelosi, is a documentary filmmaker whose 2002 film "Journeys with George" chronicled the president's 2000 campaign. She had a front-row seat Saturday and was filming the event with a hand-held camera.

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"I felt welcomed," Bush said as he and the House speaker met with reporters afterward. "I felt like people understood that I've got pressures on me, like I understand they have pressures on them. And I really hope that the members out there get a sense that I bear no ill will, I bring no animosity about the fact that we may not agree on every position."

Pelosi said she came away "encouraged" by the president's remarks. After Bush left to return to the White House, Pelosi said she believes there is room for compromise with him on three areas: a jobs innovation program, energy independence and immigration.

"The choice is bipartisanship or stalemate," she said.

In the private session, two Democrats -- freshman Rep. Tim Walz (Minn.) and Rep. Bennie Thompson (Miss.) -- pushed the president in separate questions on why he did not talk about veterans' issues or the relief effort for Hurricane Katrina victims in his opening remarks to the caucus or in his State of the Union address.

Bush defended his record in those areas and said his silence in a particular speech should not be interpreted as a lack of concern, Democrats present said. As an example, Bush said he cares about maintaining national parks, even though the subject did not come up in the State of the Union.

Some Democrats said they remain wary of Bush. In his question to the president, Rep. Luis V. Gutierrez (Ill.) said it is difficult for Democrats to trust Bush on immigration after Republicans used the issue "so brutally" against his party in the elections -- a remark that drew a loud ovation from other Democrats, according to people in attendance.

Bush said Democrats are not the only ones with "arrows" in their backs, a reference to the deep divisions in his own party on immigration. He spoke about his desire to combine tough border enforcement and a path to citizenship for illegal immigrants, and he indicated a hope to keep politics out of the debate.

After he was pressed by Rep. Jay Inslee (Wash.) about curbing carbon emissions to reduce global warming, Bush strongly defended his environmental record and the progress of the nation. According to some in the room, Bush told Inslee not to assume that he does not care as much about greenhouse gasses as Inslee does.

Bush Meets With Democrats On Their Turf (NYT)

By Jeff Zeleny

The New York Times, February 4, 2007

WILLIAMSBURG, Va., Feb. 3 — In a rare appearance before an audience of Democrats, President Bush said Saturday that he did not question the patriotism of those who disagreed with his Iraq strategy and asked lawmakers not to let dissension over the war entirely erode their trust in him.

“I welcome debate in a time of war, and I hope you know that,” Mr. Bush said. “Nor do I consider a belief that if you don’t happen to agree with me, you don’t share the same sense of patriotism I do. You can get that thought out of your mind if that’s what some believe.”

The president’s words were met with applause from House Democrats, who gathered here at a secluded resort along the James River for their annual issues conference. Newly in control of Congress, Democrats invited Mr. Bush to their retreat, eager to show that they could no longer be overlooked by the White House.

“The choice,” said Representative Nancy Pelosi, the House speaker, “is bipartisanship or stalemate.”

So for nearly two hours, Mr. Bush held forth with some of the very Democrats he has spent the better part of six years sparring with. He spoke to members of Congress and their spouses, took pointed questions in a private session about Iraq, the budget deficit and immigration, and shook hands and posed for pictures.

“I’m looking forward to working with you,” Mr. Bush said, gesturing to those seated in the crowded ballroom. “I know you’ve probably heard that and you doubt whether it’s true — but it’s true. We’re going to do big things together.”

The political reality, of course, requires Mr. Bush to work with Democrats in the final two years of his presidency if he wants his legacy to include legislation like overhauling the nation’s immigration and health care systems, and beginning to curb America’s dependence on foreign oil.

“A great goal is a comprehensive immigration bill,” Mr. Bush said. “In order to get it done, it’s going to require members in the House and the Senate — Republican members, Democratic members — finding common ground, and the White House wants to help.”

The president’s speech, which lasted about 16 minutes, was interrupted by applause 21 times. Occasionally, the clapping seemed tepid, as some legislators looked across the room to see whether fellow Democrats were joining in. At other times, particularly if Mr. Bush delivered a self-deprecating line, the clapping boomed.

He began his remarks with such a moment, saying he meant no ill will at the State of the Union address when he referred to the lawmakers as members of the “Democrat Party.” The remark stirred a mini-dustup among some Democrats, who believed he was being pejorative.

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"Look, my diction isn't all that good," Mr. Bush said. "I have been accused of occasionally mangling the English language, so I appreciate you inviting the head of the Republic Party."

The event's cordiality stood in contrast to the coming days on Capitol Hill, where the Congress is heading toward a confrontation with the White House over Iraq policy. In a private session with lawmakers, several participants said, Mr. Bush conceded the war is "sapping our soul," but he said he intended to pursue his plan to send more troops to Iraq.

"We share a common goal," Mr. Bush said in his public remarks, "and that is to keep America safe."

In his weekly radio address on Saturday, Mr. Bush said the top priority of the budget he will submit to Congress on Monday was "keeping America safe and winning the war against extremists who want to destroy our way of life." He intends to request nearly three-quarters of a trillion dollars in military spending, which Democrats vowed to thoroughly scrutinize.

Mr. Bush did not wade deeply into the specifics of his budget proposals in his speech to Democrats, but he warned with a smile, "Some of it you'll like, some of it you won't."

Before Mr. Bush arrived, Representative Steny H. Hoyer of Maryland, the House majority leader, conceded that some Democrats were not thrilled about their guest speaker. "There was a little controversy about the president coming," he said. "Some of our members said, 'Well, why is he coming down?' "

But by the time he left the room, the president's critics almost certainly were not won over, yet they said they felt empowered by being able to ask questions and raise concerns after spending most of Mr. Bush's presidency in the minority.

"Look, we don't always agree," Mr. Bush said. "That's why we're in different parties."

A Decider Meets 535 More Of 'Em (NYT)

By Sheryl Gay Stolberg

The New York Times, February 4, 2007

GEORGE W. BUSH was never one to cozy up to Capitol Hill.

From the outset of his presidency, Mr. Bush treated the Republican-run Congress like a tool at his disposal. If he invited lawmakers to the White House, it was to speak, not to listen. Rob Simmons, a moderate Republican from Connecticut who lost his House seat in November, recalls how a colleague recounted that Ronald Reagan invited freshman lawmakers in, four at a time, just to hear what was on their minds.

"I never had that opportunity, and that's a little disappointing, because when it comes to intelligence issues, I think I have something to offer," said Mr. Simmons, a former military intelligence officer who spent 10 years as a spy with the C.I.A. "The best I could do was to be invited in a fairly large group, up to 20 people, to receive essentially a briefing on the president's position."

Now that Democrats are in charge, the president is making a great show of Congressional outreach. Consider the last week: On Tuesday, Mr. Bush agreed on a bipartisan panel to advise him on the war. On Wednesday, the House speaker, Nancy Pelosi, dropped by the Oval Office to report on her trip to Iraq. On Friday, Mr. Bush held a White House reception for Republican senators. On Saturday, he was headed to Williamsburg, Va., to a House Democratic retreat.

But there is little evidence that the Congressional courtship has influenced the president who famously called himself "the decider," whether the issue is Social Security or the decision to send more troops to Iraq. So this week, the Senate plans to push back, taking up a bipartisan resolution condemning the new Iraq strategy. The debate is more than a simple policy dispute, or even a public rebuke of the way Mr. Bush has managed the war.

It is a lawmakers' revolution, of sorts, an uprising against the way Mr. Bush has treated the 535 people who spend their workdays at the other end of Pennsylvania Avenue.

"What has become clear with the troop surge is that there is not just a policy difference, but a real level of personal animosity as well," said Julian E. Zelizer, a professor of history at Boston University who writes frequently about Congress. "There's no trust. There's no respect. There's no love."

That animosity is palpable not only among Democrats — who are suddenly in the unfamiliar position of no longer being ignored by Mr. Bush — but also Republicans. Lawmakers of both parties are irked by the president's muscular expansion of executive authority, and what they see as his cavalier attitude toward their constitutional authority as a co-equal branch.

"The president repeatedly makes reference to the fact that he is the decider," Senator Arlen Specter of Pennsylvania, the senior Republican on the Judiciary Committee, said about troop levels last week. "I would respectfully suggest to the president that he is not the sole decider, that the decider is a joint and shared responsibility."

Even Senator Richard G. Lugar of Indiana, the senior Republican on the Foreign Relations Committee who often backs the administration, tried to warn Mr. Bush to pay Congress more heed.

"The administration has been inclined not to disregard Congress, but to not take Congress very seriously," Mr. Lugar told Fox News in December. "I think this time Congress has to be taken seriously."

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From his first days in Washington, Mr. Bush expected his fellow Republicans to work uncomplainingly in service of his agenda. And they did. Party unity was tight; White House officials say there were few policy disagreements that required the kind of discussions Mr. Bush has initiated over Iraq. Instead, the president devoted himself to campaigning to get Republicans re-elected.

Still, tensions built. When Senator Trent Lott, the Mississippi Republican, ran into trouble over remarks considered racially inappropriate, the White House did the unthinkable, inserting itself into Congressional affairs to orchestrate Mr. Lott's ouster. When Senator John Thune, the South Dakota Republican who passed up a bid for a governorship because Mr. Bush asked him to run for the Senate instead, wanted help saving a military base in his state, the White House spurned his request.

"The attitude in the White House was, 'They're going to need us more than we need them,' " said Scott Reed, a Republican strategist. "The president liked to campaign, he liked to have an active schedule raising money for candidates, and there was a belief that was enough."

Now Mr. Bush is paying the price, says James Thurber, director of the Center for Congressional and Presidential Studies at American University. "Are the chickens coming home to roost?" Mr. Thurber asked. "Yes. If he had been a real solid guy with Republicans along the way, they'd be with him now, a lot more than they are."

Presidents past have used the power and glamour of the White House to stroke the occupants of Capitol Hill but also to forge relationships that produced legislation. President Bill Clinton got along with Newt Gingrich when he was speaker of the House, and the two paired to overhaul the welfare system. Lyndon Johnson, a creature of Congress and a master at manipulating it, maintained strong ties on Capitol Hill, even during the darkest days of Vietnam.

"As he struggled himself with his presidency, he wasn't isolated from legislators," Professor Zelizer said. "I think it's very different with this president."

With just two years left in the administration, White House officials say the president hopes to persuade Democrats to work with him on domestic issues like immigration and energy, even as they thwart him on Iraq. Tony Snow, the White House press secretary, said the aim is for Mr. Bush to reassure his own party that "he's still a Republican" and "at the same time find common ground with Democrats."

The effort has not gone unnoticed. Senator Richard J. Durbin of Illinois, the No. 2 Democrat in the Senate, jokes that he has been to the White House so often that, "I'm going to get a coffee cup and leave it there." Mrs. Pelosi's aides say she was touched when Mr. Bush, in his State of the Union Address, introduced her as "Madam Speaker" with a flourish — a moment so carefully orchestrated that White House aides deleted it from the advance text to preserve an element of surprise.

Yet even there, Mr. Bush stumbled, referring to the "Democrat Party," a phrase Democrats find insulting — though the president later said he meant no offense. And just last week, Mr. Bush grabbed more power for the White House, signing a directive giving the administration greater control over rule-making on matters of public health, safety and the environment.

"We're going to give him the benefit of the doubt," said Representative Rahm Emanuel of Illinois, chairman of the House Democratic Caucus. "But in my view, the most important test is: Are they going to shed the Dick Cheney view of the Congress, which is that it is a second-class branch of government?"

And therein lies the rub for Mr. Bush as he tries to repair his frayed relations with Capitol Hill. Unless he gives ground on policy matters, playing nice with lawmakers is not going to do him much good. Senator Susan Collins, the Maine Republican who is a lead sponsor of the resolution opposing the Iraq policy, gives Mr. Bush good marks for trying.

"But there is a difference," she said, "between being heard, and being heeded."

Bush Builds Bonds With House Democrats At Retreat (WT)

By Stephen Dinan

The Washington Times, February 4, 2007

WILLIAMSBURG -- President Bush and House Democrats got off to a good start in finding common ground yesterday at the Democrats' annual retreat -- with Mr. Bush saying they even share a bond in having been shot in the back by Republicans on immigration.

"You are not the only one with arrows in your back," the president said during a closed-door question-and-answer session with the House Democratic Caucus, according to two individuals who were in the room.

He was responding to Rep. Luis Gutierrez, Illinois Democrat, who said Republicans had been merciless during last year's elections in attacking Democrats on border security. He asked Mr. Bush to win more Republican support for the Democrats' preferred bill.

To a round of applause, the president said he will fight for a bill that does not deport illegal aliens. Mr. Bush said it would be a mistake to miss the opportunity for reform this year and let the issue enter the 2008 election campaign, when he worried it would become too political.

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Immigration is one issue on which Mr. Bush may fare better with Democrats in control than with his own party. But, dependent on Democrats for his final two years, the president has made overtures on a host of other issues during the past month that he hopes can come to fruition under the new regime.

Yesterday, Democratic leaders said he convinced them he wants to work with them on some issues.

Rep. Rahm Emanuel, Illinois Democrat, said Mr. Bush's acknowledgment of global warming in his State of the Union address and of growing "income inequality" in a speech on Wall Street last week both bode well, as did his admission that the Iraq war isn't going well and his early steps to increase education spending.

"We had plenty of common ground, which the president was willing to acknowledge," House Speaker Nancy Pelosi, California Democrat, said after the session.

During her introduction, she invoked Lincoln's second inaugural address calling for reconciliation between the North and South "with malice toward none, with charity for all."

She said Democrats can work with Mr. Bush on what she called the "three i's" -- immigration, energy independence and innovation for the economy.

The president broke the ice with Democrats by explaining his use of the term "Democrat Party" during his State of the Union address last month. The phrase had angered some lawmakers, who consider it a slur.

"Look, my diction isn't all that good," Mr. Bush explained, drawing chuckles. "I have been accused of occasionally mangling the English language, and so, I appreciate you inviting the head of the Republic Party."

The president assured Democrats he doesn't question their patriotism for disagreeing with his Iraq policy.

"You can get that thought out of your mind, if that's what some believe," he said, to a smattering of applause.

That's a change from the past, when Mr. Bush has wondered whether his political opponents would "forget the lessons of September 11th." And it's a sharp departure from the midterm campaign last year, when Republicans accused Democrats of favoring a "cut-and-run" strategy.

The president drew the biggest applause when he talked about spending on AIDS in Africa and keeping pressure on Sudan to find a solution to the mass killing and displacement in the Darfur region of that northeast African nation.

He faced six questions during the closed portion, including why his new Iraq plan would succeed when past troop surges have failed, what he plans to do about the size of the national debt, and whether he would agree to mandatory caps on carbon emissions to curb global warming.

Mr. Bush didn't outright reject caps, but said his focus on technology is a smarter approach. He also said Kyoto treaty-style caps, such as ones that Europeans have adopted, have failed and said fast-growing Asian countries won't participate in that solution, anyway, leaving technology as the only path.

Mr. Bush also was asked why he didn't mention Hurricane Katrina or veterans during his State of the Union address. He compared those issues to the national park system, saying he didn't talk about it either, but still considers it important.

One person in the room said Mr. Bush "sounded very defensive" on Katrina.

It was the first time since 2001 that the president addressed one of the Democratic caucus' annual retreats. He spoke to both House and Senate Democrats that year.

Mr. Bush was so warmly received yesterday that he stayed in the room to shake hands for a half-hour after he was done answering questions.

Protesters weren't allowed at the King's Mill resort, where the gathering took place, but they congregated on a corner just outside the complex.

"Stop funding; start impeaching; mandate peace" read the painted slogan on the back of one panel truck driving the streets nearby.

At Least 130 Die As Blast Levels Baghdad Market (NYT)

By Richard A. Oppel, Qais Mizher

The New York Times, February 4, 2007

BAGHDAD, Sunday, Feb. 4 — A mammoth truck bomb obliterated a popular central Baghdad market on Saturday, ripping through scores of shops and flattening apartment buildings, killing at least 130 people and wounding more than 300 in the worst of a series of horrific attacks against Shiites in recent weeks.

The attack was the work of a suicide bomber who detonated about one ton of explosives in the bustling Sadriya market, in a largely Shiite enclave at 5 p.m., as shoppers finished buying food for dinner and men sipped coffee at cafes nearby, the police said. It was the deadliest single bomb blast since the United States invasion almost four years ago.

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The bombing, the fourth major attack against a densely populated Shiite area in less than three weeks, seemed sure to inflame Shiite political and militia leaders just as more than 20,000 American troops begin to arrive in an attempt to stop the civil war that threatens to tear Iraq apart.

The unrelenting killing of Shiites also promises to put more pressure on Prime Minister Nuri Kamal al-Maliki, who finds himself squeezed between American demands to crack down on Shiite militias and his fellow Shiites' increasing belief that the militias are their best defense against Sunni insurgents.

American commanders say that in recent weeks, as Mr. Maliki has tried to show he is supporting the current plan to secure Baghdad, top Shiite government officials have meddled less in the Americans' efforts to pursue militia leaders.

But Shiite community leaders say that as a result, they are now more exposed to Sunni insurgent attacks. And some Shiite militia commanders acknowledge that they have reduced militia checkpoints to avoid confrontation with American forces.

Within hours of the bombing, Mr. Maliki denounced the attack as the work of "Saddamists" and other Sunni insurgents.

The chaotic scene after the blast suggested how much pressure Shiite political leaders would face to seek revenge against Sunnis for the recent attacks: as onlookers cursed the Iraqi government for not protecting them from Sunni militants, Shiite militiamen descended on the area, angrily questioning people they believed did not belong in the neighborhood.

The bomber struck close to the middle of the narrow market, which stretches for about an eighth of a mile, killing everyone nearby and dozens more in collapsed apartment buildings and coffeehouses that line the market, witnesses said.

"Look at all these buildings," shouted Qadir Ali Ismael, a 41-year-old vegetable seller who escaped the blast. "There were families living in these apartments and they didn't find anyone alive in there. All of those people were killed!"

The attack left a crater 15 feet long, 10 feet wide and 5 feet deep. Blast waves left buildings a block away badly damaged.

Police officers rushed frantically to rescue wounded people trapped inside buildings, only to find that they could not break through damaged doors to get inside. By the time they did, some of the wounded had bled to death, said Abu Ali, who runs a health clinic a few blocks from the market.

"The doors wouldn't open," he said. "The rescuers are getting there too late." He said he treated more than 40 people himself, mostly children and women, and quickly ran out of first-aid supplies.

As the loudspeaker of a nearby Shiite mosque called for people to donate blood, American Humvees took up positions on a street that leads to a nearby Sunni neighborhood, apparently in an effort to prevent clashes between the sects.

Anger spread through the crowd that gathered at the blast site as people said that the attack was the work of Sunni insurgents. Although no group claimed responsibility by early morning Sunday, suspicion fell on Sunni militants, who have conducted large-scale suicide bombings in the past.

One elderly man, crying and shouting, was surrounded by younger men.

"They tried to kill us because we are Shia," the older man said. "Why are there no bombs in Adhamiya?," he said, referring to a large Sunni district of Baghdad. "Maliki and the Americans are the sons of dogs because they do nothing to protect us."

Grieving relatives rushed to hospitals. At the Imam Ali Hospital in the Sadr City neighborhood, the refrigerated portion of the morgue quickly filled and bodies were piled up next to it. People tried to donate blood, but were told to go to a blood bank that is in a dangerous area of Baghdad.

The American ambassador to Iraq, Zalmay Khalilzad, condemned the attack as an "example of what the forces of evil will do to intimidate the Iraqi people." And the White House called the bombing an atrocity, saying, "Free nations of the world must not stand by while terrorists commit mass murder in an attempt to derail democratic progress in Iraq and throughout the greater Middle East."

Several Sunni neighborhoods came under retaliatory attack Saturday night. A Western official said Adhamiya was struck by several mortars, and an Interior Ministry official said another Sunni neighborhood in eastern Baghdad, Slaykh, was also hit by at least three mortar rounds.

The death toll on Saturday eclipsed the number in September 2005 attack in a Shiite area of Baghdad and one in the February 2005 bombing of a Hilla market, each of which killed at least 120 people. The largest overall attack remains a series of bombs that killed about 200 people in Sadr City last November.

With Saturday's bombing, more than 400 people have been killed in about a half-dozen bomb attacks on Shiite areas in Baghdad and Hilla in just the past three weeks. The Sadriya market was also hit by two large bombs in early December.

Saturday's attack came as both the Iraqi and United States governments have committed to yet another attempt to quell sectarian violence in Baghdad. Many Democrats and some Republicans have assailed the White House for its decision to send extra troops.

The United States Senate is most likely to vote soon on a nonbinding resolution opposing the troop buildup.

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Earlier on Saturday, Iraq's most revered Shiite cleric, Grand Ayatollah Ali al-Sistani, repeated his call for Muslims to "stand together and repel division and reject sectarian rifts," and he denounced those who he said were "deepening the sectarian disputes between the Muslims."

The calamity in Baghdad came after a bloody day throughout the rest of Iraq that included a coordinated volley of seven car bombs in Kirkuk, apparently the latest strike by insurgents seeking to thwart Kurdish efforts to fully annex the disputed oil-rich city.

The first Kirkuk suicide attacker detonated his bomb-laden Toyota near the offices of the powerful Kurdistan Democratic Party at about 10:30 a.m., killing one civilian and wounding 17 others while damaging 10 nearby houses, according to Burhan Habib Tayeb, a senior police officer in Kirkuk. Other reports placed the casualty toll at 2 dead and 30 wounded.

The next four car bombs were detonated about every 10 minutes, beginning at 11 a.m. One wounded two students at a school for girls and another wounded four people at a gas station. Two more bombs went off later in the day, wounding two civilians, said a Kirkuk police captain, Emad Jasim.

Gunmen fatally struck Iraqi forces twice in Samarra, north of Baghdad, where the destruction of a Shiite shrine last February set off a wave of sectarian violence. Gunmen struck a police checkpoint north of the city about 7:30 a.m., killing six policemen and wounding six more, a police official said. Four Iraqi soldiers were later killed just south of the city after gunmen attacked their checkpoint. Three other soldiers were wounded, and three of the gunmen were killed, the police official said.

The Iraqi police also battled insurgents in a neighborhood of western Mosul on Saturday, while a large bomb wounded three policemen in another part of western Mosul, a police official said. Several insurgents were killed in the gun battle, but no policemen died, he said.

Iraqi forces imposed a curfew in Kirkuk, Mosul and Samarra following the violence.

The American military on Saturday reported the deaths of six more servicemen. Two soldiers assigned to units in insurgent-dominated Anbar Province in western Iraq died Friday from "wounds sustained due to enemy action," the American military announced. The names and specific units were not released.

Two other soldiers based near Baghdad were killed when a roadside bomb struck their patrol south of the capital on Friday.

A soldier from the 13th Sustainment Command (Expeditionary) died from an apparent heart attack after physical training on Friday, while another from the same command died Jan. 30 from "noncombat-related causes" during a two-week leave, the military said.

At Least 125 Killed In Blast At Baghdad Market (WP)

By Ernesto Londono

The Washington Post, February 4, 2007

BAGHDAD, Feb. 3 -- A suicide bomber detonated more than a ton of explosives in a market in central Baghdad late Saturday afternoon, killing at least 125 people and wounding 300 in the deadliest single bombing in the capital since the war started.

The blast at the al-Sadriya market in a predominantly Shiite Muslim area leveled at least three buildings and set fire to dozens of businesses, trapping scores of people under piles of rubble.

The explosives were hidden under produce and bags of groceries in the back of a pickup truck that the driver parked near an entrance to the market.

"It's a massacre," said Tahsin Abu Lubna, who lives near the area. "It's like a slaughterhouse. You can see blood everywhere. It's an unbelievable sight."

The attack followed a recent string of bombings targeting places where Shiites congregate in Baghdad and elsewhere in the country. Officials say Sunni insurgents are behind the violence, which comes as the Iraqi government and U.S. military are stepping up security in the capital as an intended first step to restoring order in Iraq.

Ambulances rushed to the scene after the bombing, but many of the corpses and the wounded were loaded on the back of pickup trucks.

"They were carrying the bodies like sheep," Abu Lubna said in a phone interview as he watched emergency vehicles stream out of the devastated area outside his window.

A 29-year-old mechanic who works nearby said he rushed to the scene to help.

"This is a real disaster," said the mechanic, who gave only his first name, Amjad. "I carried four bodies," he added, including two he recognized: a yogurt vendor and a man who sold tea.

Iraqi officials said that determining the exact death toll would take at least a day.

"The bodies are still under the destroyed buildings, so this is why it is hard to have a final number now," Maj. Gen. Jihad al-Jabiri, an explosives expert at the Interior Ministry, said on state-run al-Iraqiya television.

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Iraqi news stations showed piles of bloody bodies lying in the street outside a hospital.

"The hospitals are equipped to handle this number of casualties because they get used to it," Health Minister Ali Hussein al-Shamari said on the state-run station.

Ali Dabbagh, a spokesman for the Iraqi prime minister, said authorities suspect that a Sunni insurgent group sponsored the attack. Most recent large bombs in Iraq have been detonated during the morning hours, but the two large bombings this week -- two suicide bombers killed dozens of shoppers at a bazaar in the southern city of Hilla on Thursday -- came in the evening.

"They're trying to change their strategy," Dabbagh said. "They change in order to show that they have the upper hand."

Dabbagh said the pickup truck used in Saturday's attack did not have a license plate, making it difficult to trace it to the bomber's accomplices.

Dabbagh blamed Syria for not doing enough to stop the violence, saying that 50 percent of insurgents enter Iraq through Syria.

Iraqi Prime Minister Nouri al-Maliki attributed the attack to "forces of evil and terrorism" driven by "Saddamists and Baathists" who have "cheapened the blood of innocent civilians."

The market has been struck at least twice before, last month and in December.

Shoppers frequent the market to buy meat, poultry, vegetables and household goods. Vendors work out of small stores and wooden carts. The market is generally packed on Friday and Saturday afternoons, when many Iraqis do not work.

The White House condemned the attack, saying in a statement issued last night: "Another atrocity in Baghdad today has targeted the innocent people of Iraq. Free nations of the world must not stand by while terrorists commit mass murder in an attempt to derail democratic progress in Iraq and throughout the greater Middle East."

The U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement, "To those who commit these heinous crimes, we send this message: You will be relentlessly hunted until you are apprehended and brought to justice. Have no doubt; you will pay for your role in these crimes."

Earlier in the day, seven car bombs detonated in the northern city of Kirkuk, killing at least two people and wounding nearly 30. One of the bombs exploded in front of the Kurdish Democratic Party building in the ethnically mixed city.

The city's police chief decried the recent loss of an Iraqi military brigade based in Kirkuk -- one of the units the government has sent to Baghdad as part of the capital's security plan.

Also Saturday, the U.S. military announced the deaths of four soldiers Friday. Two were killed in Anbar province in western Iraq. The other two were killed in a roadside bombing south of Baghdad. Their names will be released after relatives have been notified, the statement said.

Deadly Blast's Damage Is Physical And Psychological (LAT)

By Tina Susman

The Los Angeles Times, February 4, 2007

BAGHDAD, Iraq — A dump truck hauling a ton of explosives hidden beneath boxes of food exploded in the center of a crowded Baghdad market Saturday, killing at least 130 people and injuring more than 300 in the deadliest blast since the U.S. invasion of Iraq.

The attack, carried out by a suicide bomber, was designed to inflict a massive physical as well as psychological toll on a population haunted by a string of devastating strikes on other markets, including one Thursday that killed 73 people in the southern city of Hillah, and another in Baghdad last month that killed more than 80.

This one came in the evening, when the Sadriya market was crowded with after-work shoppers stocking up for dinner.

The truck's deadly payload included land mines, ammunition, rockets, mortars and other explosives, which erupted in a fireball and sent buildings crashing down on top of merchants and customers, said Maj. Gen. Jihad Jabiri of Iraq's Interior Ministry.

The White House and Iraqi Prime Minister Nouri al-Maliki denounced the attack, which was another reminder that their vows to counter spiraling bloodshed with increased troops are having no deterrent effect. Ten other explosions, including seven car bombs in the northern city of Kirkuk and one south of Baghdad, killed at least three more people Saturday. In addition, Iraqi police reported finding the bodies of 15 Iraqi men around Baghdad, all shot to death and apparent victims of the sectarian warfare enveloping the country.

Shirwan Ridha, a taxi driver, was on his last run of the day and was standing near his minivan, waiting for it to fill with passengers, when the truck blew up about 300 feet away from him. "Huge fire rose to the sky. I was thrown into the air and then to the ground," said Ridha. "I saw my car being destroyed, and the people inside it were shouting and screaming."

Hamed Majed, a butcher who works in the market, said he was tending to customers when he noticed a large yellow truck struggling to navigate through the narrow street, which was lined with cafes, food shops, and stores selling everything from

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DVDs to computer goods. When some people asked the driver where he was trying to go, he "told them he was carrying food products for the shops in the area," Majed said.

Seconds later, after the truck had gone about 500 feet down the road, it exploded. "The explosion was the biggest one that I have seen in my life," said Majed, adding that he has seen several in the area. The market area was hit by a series of blasts on Dec. 2 that killed 51 people, and a June bombing in the market killed four people.

"The shop walls, ceiling and the refrigerators fell on us," said Majed, 35, who suffered leg and head injuries. "The people rescued me . . . and transferred me to the main street by a cart." He spoke from Kindi Hospital, which was so overwhelmed with casualties that it began turning away new ones and sending them to other medical facilities.

Bodies covered in white sheets were laid out on the hospital floor outside the emergency room. Survivors also were being treated on the floors. "The situation is catastrophic," said one hospital official. "It is turmoil over here. The halls are filled with the blood of the injured and the dead. There are children, women and men."

The explosion severely damaged 10 apartment buildings and left a ghastly landscape of human remains, food, shattered goods and animal meat that was sent hurtling from butchers' stalls. Witnesses said fuel from generators added to the blast's fiery aftermath. One man, wearing a black leather jacket, sobbed as he clung to a piece of blackened metal protruding from the ground.

In a statement, the White House called the attack an "atrocity." Al-Maliki, the Shiite prime minister, echoed the denunciation and blamed it on "Saddamists and Takfirists," a reference to supporters of former Iraqi leader Saddam Hussein and Sunni Muslim extremists. The attack was similar to others blamed on Sunni forces, who frequently have used car bombs to target crowded, civilian targets in Shiite-dominated or ethnically mixed areas, such as Sadriya.

Just hours earlier, Grand Ayatollah Ali al-Sistani, the country's most revered Shiite cleric, had appealed for an end to sectarian bloodshed, saying it was the duty of good Muslims to discourage violence and dissension. "We need to be more united than ever and keep ourselves away from sectarian tumult and sectarian clashes," he said in a statement.

At the same time, a Sunni militant group linked to al-Qaida vowed to step up attacks across Iraq and claimed responsibility for the string of Kirkuk bombs.

The same group claimed responsibility for shooting down a U.S. military helicopter north of Baghdad Friday, which killed two U.S. crew members.

Three more U.S. military deaths were reported Saturday by military officials -- two in fighting in western Anbar province, and another in a noncombat incident.

President Bush plans to send an additional 21,500 troops to attempt to quell violence in Baghdad and other areas of Iraq in coming months, but U.S. intelligence agencies said Friday the situation is so bleak that it will be well more than a year before the country can be stabilized. In their report, known as the National Intelligence Estimate, the agencies said the causes of violence in Iraq were so complicated that the term "civil war" was too simplistic to explain the situation.

The attacks in Kirkuk on Saturday underscored the complexities of Iraq's violence. The worst attack targeted offices of one of the main Kurdish parties, the Kurdish Democratic Party, which favors autonomy for the oil-rich region. Two people were killed when a suicide bomber tried to ram a car into the building, the Kirkuk police chief, Shirko Shaker, said.

In the next few hours, seven more car bombs and two other explosions rocked the city, injuring 28 people, and prompting officials to place the city under a 4 p.m.-6 a.m. curfew.

A party official, Nashat Hassan, blamed the violence on forces opposed to efforts to return to the city thousands of Kurds displaced by Saddam as part of his plan to remake the city for Arabs.

A referendum is scheduled later this year for Kirkuk residents to decide whether to join the autonomous region of Kurdistan, a move that could deny Iraq's other regions much of the area's oil wealth.

"What kind of Islam is this?" said Kirkuk resident, Bashar Hassan, 42, in an emotional voice. "They have created their own rules by killing innocent people from all backgrounds," he said of the bombers. "May they go to hell."

130 Killed In Baghdad Bombing (CHIT)

By Liz Sly

Chicago Tribune, February 4, 2007

The deadliest single bombing in Iraq since the 2003 invasion killed at least 130 people and wounded at least 300 in a crowded Baghdad street market Saturday, the latest in an escalating campaign of terror targeting shoppers that has claimed hundreds of lives in recent weeks.

A fuel truck packed with a ton of explosives detonated in the narrow streets of the Sadriyah open-air market in central Baghdad just before dusk, at a time when the market was crammed with people stocking up on supplies before nightfall. Two

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buildings were obliterated, 10 others collapsed, dozens of stalls were incinerated, and many victims died instantly in the huge explosion, which reverberated across the city.

Police and witness accounts said the blast was caused by a suicide bomber who disguised his cargo with boxes of oil and flour. But government officials later said the explosives were packed into a fuel tanker that was parked in the street and then detonated by remote control.

It was just the latest attack in a string of bombings against markets that appear designed to maximize civilian casualties and inflame sectarian tensions ahead of the deployment of an extra 17,500 U.S. troops to Baghdad to help enforce a tough new security plan.

Two days earlier, a pair of suicide bombers killed 73 people in the Shiite town of Hillah, and on Jan. 22 a bombing in a different Baghdad market killed 88--the worst recent examples of the sustained bombing campaign that has intensified since President Bush announced his plans to "surge" the number of troops in Baghdad. The mostly Shiite Sadriyah market was hit last December by a wave of car bombings and mortar shells that killed more than 50.

Even by Iraqi standards, however, this bombing was shocking, in its size and in the number of casualties inflicted. Previous waves of attacks have claimed more lives, such as last November's onslaught of six car bombs in the Shiite Sadr City slum neighborhood in which more than 200 people died.

Rarely, however, has such a large bomb been used against a purely civilian target. Until Saturday, the bloodiest attack was a suicide bombing in Hillah in February 2005, also against a market, in which 115 people died.

In a strongly worded statement, Prime Minister Nouri al-Maliki blamed the attack on "Saddamists and taqfiris," or Sunni extremists.

"The forces of terror and evil have united together against our dear Iraqi people," he said. "We were shocked today, and so were all Iraqis and honest people around the world by this despicable crime."

The bombing came 40 days after the execution of Saddam Hussein, prompting some speculation that it was intended to mark the day normally commemorated as the end of the traditional mourning period in Iraq.

"Maybe the terrorists wanted to do something big to commemorate the death of Saddam," said Shiite lawmaker Hassan Snaid, a security adviser to al-Maliki.

Another theory is that insurgent cells are disposing of their stockpile of prepared bombs ahead of the security plan. Most of the extra U.S. units won't reach Iraq for several more weeks, but al-Maliki has said his security plan is due to go into effect within days, reinforced by the U.S. troops now in the capital.

Yet another possibility is that insurgents are seeking to intensify the sectarian conflict engulfing many Baghdad neighborhoods before extra U.S. troops arrive, rendering Bush's plan unworkable.

Although many of the attacks have occurred in Shiite neighborhoods and none in Sunni ones, markets such as Sadriyah in the heart of the capital can't be considered as belonging to any particular sect. "The victims would have been Shiites, Sunnis and Kurds," Snaid said.

The bombing came hours after the most senior Shiite cleric in Iraq, Grand Ayatollah Ali Sistani, issued a statement appealing to Iraqis not to fall prey to attempts to divide them along sectarian lines.

"Unite, reject division, stay away from sectarianism and avoid provoking religious disputes. Those disputes are several centuries old, and there's no solution to be found which satisfies everybody," he said. "We must focus on the issues we all share in order to strengthen Islamic unity and spread love and brotherhood among the sons of this nation."

Past such appeals by the revered ayatollah have failed to halt the intensifying attacks against Sunnis and Sunni neighborhoods by Shiite death squads and militias, often acting in revenge for bombings against Shiite neighborhoods.

Saturday also saw a wave of seven coordinated suicide bombings against Kurdish and government targets in the northern city of Kirkuk, in which two people died. The authorities imposed a curfew in the northern city of Mosul after gunmen staged a major ambush against Iraqi police in which six died.

Those attacks were claimed by the Islamic State of Iraq, an Al Qaeda-linked group that says it represents an Islamic government in Sunni areas of Iraq.

But none of the recent bombings against civilian markets has been claimed by any group.

Also Saturday, the U.S. military reported the deaths of five more soldiers -- four in fighting and one of an apparent heart attack. All of the victims died Friday.

Scores Killed In Baghdad Market Blast (AP)

By STEVEN R. HURST

Associated Press, February 4, 2007

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BAGHDAD, Iraq (AP) -- A suicide bomber driving a truck loaded with a ton of explosives hidden beneath cooking oil, canned food and bags of flour obliterated a Baghdad food market on Saturday, killing at least 132 people in one of the most fearsome attacks in the capital since the U.S.-led invasion in 2003.

The explosion was the deadliest strike by a single suicide car bomber since the war started, surpassing the Feb. 28, 2005, attack targeting mostly Shiite police and national guard recruits in Hillah that killed 125.

Saturday's attack also was the bloodiest in the capital since a series of car bombs and mortars killed at least 215 people in the Shiite district of Sadr City on Nov. 23, and the fifth major bombing in less than a month targeting predominantly Shiite districts in Baghdad and the southern city of Hillah.

The attack leveled about 30 shops and 40 houses, witnesses said.

Hospital officials said 132 people were killed and 305 were wounded in the thunderous explosion that sent a column of smoke into the sky on the east bank of the Tigris River. The nearby al-Kindi hospital - quickly overwhelmed - began turning away the wounded and directing ambulances to hospitals in the Shiite Sadr City neighborhood.

U.S. Ambassador Zalmay Khalilzad said the bombing was "an example of what the forces of evil will do to intimidate the Iraqi people."

The bombing came just days before American and Iraqi forces were expected to start an all-out assault on Sunni and Shiite gunmen and bombers in the capital.

Only a day earlier, 16 American intelligence agencies made public a National Intelligence Estimate that said conditions in Baghdad were perilous.

"Unless efforts to reverse these conditions show measurable progress ... in the coming 12 to 18 months, we assess that the overall security situation will continue to deteriorate," a declassified synopsis of the report declared.

Emergency workers and civilians wheeled scores of bloodied and mangled victims into the hospitals with intravenous drips already in their arms. Doctors and paramedics were in a frantic triage to save the lives of the most seriously wounded.

"We don't allow big trucks in the market, but the driver convinced us that he had food to deliver for a shop. Once he got inside, he detonated the bomb," said Kamil Ibrahim, a 36-year-old vegetable vendor at the entrance to the market district.

Ibrahim - wounded in his head, chest and abdomen - said two of his workers, young men 18 and 19 years old, were killed instantly.

The shopkeeper spoke from a bed in al-Kindi Hospital, where he was rushed in a private car after rescuers wheeled him out of the market on a wooden cart.

Suspicion immediately fell on Sunni insurgents - al-Qaida in Iraq and allied groups in particular. The militant bombers are believed to have stepped up their campaign against Shiites in the final days before the joint U.S.-Iraqi crackdown in Baghdad. Many saw the operation as a last-chance effort to clamp off violence that has turned the capital into a sectarian battleground.

Suspected Sunni attackers have appeared emboldened in recent weeks after radical anti-American Shiite cleric Muqtada al-Sadr, under pressure from fellow Shiites who dominate the government, ordered the thousands of gunmen in his Mahdi Army militia to avoid American attacks in the coming assault.

In the hours after the explosion, Shiite and Sunni mortar teams traded fire across the darkened city. Two people were killed and 20 wounded in one predominantly Sunni district.

The White House called the bombing an atrocity and said, "Free nations of the world must not stand by while terrorists commit mass murder in an attempt to derail democratic progress in Iraq and throughout the greater Middle East."

On Sunday, a roadside bomb struck a police patrol in a predominantly Sunni area in Baghdad, killing four policemen and wounding three.

The blast occurred about 7:30 a.m. in the Azamiyah neighborhood in northern Baghdad, police said, giving the casualty toll. The area, which is mainly inhabited by Sunni Arabs, also has faced mortar attacks in recent days in apparent retaliation for a series of bombings against Shiite targets.

Also Sunday, a mortar round landed at about 8 a.m. in a religiously mixed residential area in downtown Baghdad, killing one woman and wounding three civilians, police said.

Violence shattered the northern city of Kirkuk on Saturday as well. Eight bombs exploded within two hours, the opening blast a suicide car bomber apparently targeting the offices of the Kurdish Democratic Party of Massoud Barzani, leader of Iraq's autonomous Kurdish region.

Two people were killed in that blast and four nearby homes destroyed. There was no claim of responsibility for the series of bombings in the oil-rich city where Arabs, Kurds and Turkomen all claim ascendance.

Sunni insurgents were seen as likely suspects, however, as many of them have fled to the north of the country in a bid to escape the crackdown in the capital.

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Further signs the insurgents were migrating north appeared in Mosul, where insurgent forces fought Iraqi police and soldiers. Police said five insurgents were killed. Police spokesman Brig. Abdul Karim al-Jubouri said fighters abandoned their attack when Iraqi security forces moved in backed by U.S. air power.

In the Baghdad blast, Maj. Gen. Jihad al-Jabiri of the Iraqi Interior Ministry said one ton of explosives ripped through the Sadriyah market.

"There are still bodies under the rubble," he said. In an outburst of frustration and anger he called for the government to "deport (non-Iraqi) Arabs immediately."

The general's comments reflected growing displeasure inside the government of Shiite Prime Minister Nouri al-Maliki with neighboring Syria, which Baghdad charges has done too little to close its border to Sunni militants.

In his second heated verbal attack on Damascus in two days, government spokesman Ali al-Dabbagh said "50 percent of terrorism enters Iraq from Syria, and we have evidence" to prove that.

"The Interior Ministry and the Ministry of State for National Security gave them (the Syrians) evidence about those who are conspiring and are sending car bombs. We gave them the numbers of their apartments and the buildings where they live," al-Dabbagh said on Al-Arabiya satellite television.

The Sadriyah market sits on a side street lined with shops and vendors selling produce, meat and other staples. The market is about 500 meters from a Sunni shrine.

Not far from the Sadriyah marketplace, a suicide bomber crashed his car into the Bab al-Sharqi market 12 days ago and killed 88 people.

South of Baghdad, a pair of suicide bombers detonated explosives Thursday among shoppers in a crowded outdoor market in the Shiite city of Hillah, killing at least 73 people and wounding 163.

An Iraqi militant group tied to al-Qaida in Iraq announced, meanwhile, it had launched its own new strategy to counter the coming U.S.-Iraqi crackdown.

In an audiotape posted on a Web site commonly used by the insurgents, a voice purported to be that of Abu Abdullah Rashid al-Baghdadi, also known as Abu Omar al-Baghdadi, said the group would "widen the circle of battles" beyond Baghdad to all of Iraq. Al-Baghdadi heads The Mujahedeen Shura Council, an umbrella organization of insurgent groups in Iraq.

The U.S. military reported the deaths of five more soldiers - four in fighting and one of an apparent heart attack. All died Friday.

Iraqi authorities said that 145 people were killed or were found dead Saturday, including those killed in the market bombing. Of the total, 19 were found dumped in the capital, most of the bodies showing signs of torture.

Iraqi PM Vows To End Bomb Terror (BBC)

BBC.com, February 4, 2007

Iraq's PM has vowed to put an end to attacks like Saturday's deadly truck bombing in Baghdad, which he blamed on followers of ex-leader Saddam Hussein.

The vehicle blew up in the mainly Shia al-Sadriya district in central Baghdad, killing more than 130 people and injuring more than 300.

Washington said the attack was another atrocity aimed at innocent Iraqis.

Free nations should not stand by while mass murder was committed, the White House statement said.

"The Iraqi people and the world is shocked by this... The Saddamists have returned to commit a new crime," Mr Maliki said.

"We reassure the population that we will put an end to these crimes," he added.

An Iraqi government spokesman, meanwhile, said that half of the attacks in Baghdad were carried out by extremists who came from Syria.

"We say that - and we have evidence to prove it," Ali al-Dabbagh told al-Iraqiya TV.

'Tonne of explosives'

Saturday's blast took place as people bought food ahead of a night-time curfew.

It shattered stalls and left a huge crater in the street.

Maj Gen Jihad al-Jaberi of the interior ministry told state television the truck was carrying one tonne of explosives that were detonated by a suicide bomber.

Nearby hospitals were overflowing with dead and injured

Rescuers pulled the dead and injured from the rubble of the blast and loaded them on to pick-up trucks to be ferried to hospital.

Wards and corridors overflowed at the nearby Ibn al-Nafis hospital, with relatives screaming for help for their loved ones.

The same market was hit by car bombs on 2 December that killed more than 50 people.

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Another attack, on the Haraj market in Baghdad on 22 January, killed 88 people.

BBC world affairs correspondent Mike Wooldridge says the attacks on markets are widely seen as Sunni insurgent groups stepping up their activities before a new joint Iraqi-US security operation in Baghdad gets under way.

He says the fear is always that bombings like this will bring retaliation form Shia militias.

Iraq's most prominent Shia cleric, Ayatollah Ali al-Sistani, made a new appeal to all Iraqis to "reject sectarian violence".

In a separate attack on Saturday, five people were killed and some 40 injured in car bomb blasts in the northern city of Kirkuk.

In the central city of Samarra, six policemen were shot dead by unidentified gunmen, police said.

Doubts Run Deep On Reforms Crucial To Bush's Iraq Strategy (WP)

By Karen DeYoung

The Washington Post, February 4, 2007

The success of the Bush administration's new Iraq strategy depends on a series of rapid and dramatic political and economic reforms that even the plan's authors have little confidence will work.

In the current go-for-broke atmosphere, administration officials say they are aware that failure to achieve the reforms would result in a repeat of last year's unsuccessful Baghdad offensive, when efforts to consolidate military gains with lasting stability on the ground did not work. This time, they acknowledge, there will be no second chance.

Among many deep uncertainties are whether Prime Minister Nouri al-Maliki is up to the task and committed to spearheading what the administration foresees as a fundamental realignment of Iraqi politics; whether Maliki's Shiite-dominated government and its sluggish financial bureaucracy will part with $10 billion for rapid job creation and reconstruction, at least some of it directed to sectarian opponents; and whether the U.S. military and State Department can calibrate their own stepped-up reconstruction assistance to push for action without once again taking over.

A pessimistic new National Intelligence Estimate released Friday described the Iraqi government as "hard-pressed" to achieve sectarian reconciliation, even in the unlikely event that violence diminishes. Without directly mentioning Maliki, it noted that "the absence of unifying leaders among the Arab Sunni or Shia with the capacity to speak for or exert control over their confessional groups limits prospects."

Several senior officials involved in formulating the political and economic aspects of the administration's strategy, along with a number of informed outsiders, agreed to discuss its assumptions and risks on the condition that they not be identified by name. Other sources refused to be even anonymously quoted, describing the administration as standing on the brink of an intricate combination of maneuvers whose outcome is far from assured.

The foundation of the strategy is not new -- U.S. policy since the March 2003 invasion has been to use American military might, money and know-how to foster a peaceful Iraq with a unified government and a solid economy. The strategy incorporates major elements of last year's "clear, hold and build" plan, whose "hold and build" parts never got off the ground.

Several sources expressed concern that the administration, by publicly rejecting a "containment" option -- withdrawing U.S. troops to Iraqi borders to avoid sectarian fighting while preventing outside arms and personnel from entering the country -- has not left itself a fall-back plan in the event of failure.Shift in Political Climate

The strategy's political component centers on replacing deepening Sunni-Shiite-Kurdish divides with a new delineation between "extremists" and "moderates." Moderates are defined as those of all religious and political persuasions who eschew violence in favor of safety and employment.

With the help of outside Iraq experts, the administration has compiled lists of active and still-untapped moderates around the country. "They wondered could I give them some [names] from the provinces or anywhere" from which to construct a new political base, recalled one think-tank expert called to the State Department in December. According to the intelligence estimate, however, Iraq's reservoir of such people, especially trained technocrats and entrepreneurs, has been drained as they have fled the country in droves.

As American and Iraqi combat forces focus on cooling the cauldron of violence in Baghdad, U.S. military commanders and State Department teams plan to funnel "bridge money" toward moderate designees in outer provinces and in the capital to create jobs, start businesses and revitalize moribund factories. Iraqi money would come in behind to make it all permanent.

Iraqis with physical and economic security, the thinking goes, will give their political support to the government that produces both. Closing the circle, the Iraqi government will see non-sectarian moderates as the central support for a new political coalition.

As they put the plan together, officials held heated internal debates over whether Maliki was the right man to head such an effort. Some argued in favor of engineering a new Iraqi government under Maliki's Shiite coalition partner, Abdul Aziz al-Hakim,

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head of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), and Hakim's political stalking horse, Iraqi Vice President Adel Abdul Mahdi.

They closely examined the makeup of Iraq's 275-seat parliament, where a no-confidence vote requires only a simple majority. Maliki's Dawa party is part of the Hakim-led United Iraqi Alliance, the largest Shiite group, with 130 seats. Making a strong case for SCIRI, some argued that the Iraqis themselves were so fed up with Maliki that a different governing coalition is possible with realigned Sunni and Kurdish elements. This view found proponents in the White House and Pentagon, and it extended into parts of the normally more cautious State Department.

Maliki, whose Dawa party holds 12 seats in the parliament, was seen as unwilling to separate voluntarily from his existing power base -- dominated by the violent and unruly Baghdad-based Jaish al-Mahdi militia, also known as the Mahdi Army, of Shiite cleric Moqtada al-Sadr. With a new coalition, the Alliance would not need Sadr's 30 seats.

SCIRI's own militia, the Badr Organization, is seen as more cohesive, "an actual organization with command and control" that might be integrated into the Iraqi military, said one State Department official. The administration has charged that both the Sadr and Badr militias receive assistance from Iran. But officials regularly note that Badr forces have not attacked the U.S. military and that SCIRI has voiced equal opposition to Iranian and U.S. domination.

Other officials find that view naive, noting that evidence of Iran's involvement in Iraqi violence was found in a SCIRI compound during a raid last month.

Several officials said they believe that Hakim's backers in the Bush administration have been seduced by his forceful demeanor and Abdul Mahdi's fluent English. And while many emphasized the importance of a single, visible Iraqi leader, others have said it is a mistake to personalize the policy in one Shiite actor.

After extensive discussions last month with Maliki, Hakim and Vice President Tariq al-Hashimi, the most senior Sunni in the Iraqi government, policymakers decided to place their bets on Maliki. "We judge that Maliki does not wish to fail in his role," National Intelligence Council Chairman Thomas Fingar told Congress in a tepid endorsement recently. "He has some, but not all, of the obvious requirements for success."

In any case, replacing Maliki was determined to be "too hard," in the words of one analyst. A two-thirds parliamentary majority is required to install a new prime minister, and any attempt to remove Maliki by parliamentary maneuver, it was agreed, should remain a Plan B that Iraqis themselves would undertake if he failed to produce results.

So far, Maliki has said the right things about cracking down on the sectarian violence -- including by Sadr's militia -- that is tearing Baghdad apart. But there are worrisome signs. A parliamentary session late last month in which Maliki introduced the new plan was adjourned after it erupted in sectarian squabbling in which the prime minister gave as good as he got.

Many experts believe that the administration's effort to build a new political center, supported by "moderate" Sunni allies in the region that fear Shiite Iranian expansion, such as Saudi Arabia, Jordan and Egypt, is hopelessly outdated. "Our struggle may be between moderates and extremists," Brookings Institution scholar Martin Indyk said last month. "Their struggle is between Sunnis and Shias."New Economic Initiatives

On the economic front, where the United States has already invested more than $38 billion, the administration has asked for $538 million to keep current programs running and has proposed an additional $1.2 billion for new initiatives that it says will receive long-term Iraqi funding.

A combination of violent attacks on previous projects, sectarian favors, inefficient and overly cautious officials, and a complex bureaucracy -- much of it installed by the United States under the post-invasion Coalition Provisional Authority -- has left the Iraqi government with a significant capital surplus in each of the past several years.

Getting approval for reconstruction expenditures in the past, observed one U.S. official, has been like "pushing wet spaghetti." The surplus, which is kept in the Federal Reserve Bank of New York, now totals $12.5 billion. Maliki has publicly agreed to spend $10 billion of it on reconstruction and jobs.

The State Department has sent new "tiger teams" to six Iraqi ministries to help clear away the wreckage of the past and speed financing for approved projects, and it plans to double to 20 the number of U.S.-staffed provisional reconstruction teams in Baghdad and around the country.

In addition to Foreign Service officers, experts including small-business advisers and camel veterinarians are being recruited from the U.S. Agriculture Department and elsewhere to staff the teams, the State Department's Iraq coordinator, David Satterfield, told Congress last week.

Former Foreign Service officer Timothy M. Carney, who worked in Iraq in 2003, has been appointed to coordinate the U.S. and Iraqi bureaucracies, to get the Iraqi government's money moving and to make sure that Iraqi funding priorities coincide with the administration's.

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But some officials worry that the expanded U.S. presence will repeat the mistakes of the past -- when the United States oversaw virtually every part of the Iraqi government -- and undermine the goal of turning the country over to the Iraqis themselves.

"It's the same old problem as in 2003," cautioned one official. "The same impatience that if they can't do it we'll step in and do it. There is a bit of that creeping into this dialogue."

With Rumsfeld Gone, Critics Of War Look To Rice (NYT)

By Helene Cooper

The New York Times, February 4, 2007

WASHINGTON, Feb. 3 — For six years, first as national security adviser and then as secretary of state, Condoleezza Rice worked under the cover of a very effective shield: Defense Secretary Donald H. Rumsfeld, who was the administration's lightning rod for criticism over its handling of Iraq.

But in recent weeks, with Mr. Rumsfeld gone, Ms. Rice has faced increased, and somewhat unfamiliar, criticism. At a Senate hearing on Jan. 11, she confronted a wall of opposition from Republicans as well as Democrats. During hearings this week on Iraq, several of her predecessors were pointed in their disapproval of her job performance.

Former Secretary of State James A. Baker III took issue with Ms. Rice's refusal to engage Syria diplomatically. Back in his day, he told the Senate Foreign Relations Committee, "We practiced diplomacy full time, and it paid off."

This week, Senators Carl Levin, Democrat of Michigan, and John McCain, Republican of Arizona, released three letters demanding that Ms. Rice make public the administration's requirements for actions to be taken by the Iraqi government to earn continued American support. Along with the letters, and Ms. Rice's reply — which indicated that the Iraqis had already missed most of the benchmarks — the senators also released an irate statement.

"Secretary Rice finally provided a response" to the senators' repeated requests, the statement said. "What Secretary Rice's letter makes abundantly clear is that the administration does not intend to attach meaningful consequences for the Iraqis continuing to fail to meet their commitments."

And on Jan. 20, The Economist published an editorial titled "The Falling Star of Condoleezza Rice."

"Condoleezza Rice," it said, "is not the woman she once was."

Ms. Rice rarely becomes flustered — she bristles whenever reporters ask her how she "feels" about anything — and her aides maintain that she has taken the criticism in stride. But the Jan. 11 hearing clearly took its toll. "Let's just say it was a bad day and leave it at that," one senior State Department official said. The next day, Ms. Rice hit back at Senator Barbara Boxer, the California Democrat, who said Ms. Rice did not pay a personal price for the war because she had no immediate family members serving in Iraq.

"I thought it was O.K. to be single," Ms. Rice said. "I thought it was O.K. to not have children, and I thought you could still make good decisions on behalf of the country if you were single and didn't have children."

Despite her role at the heart of the Iraq war from its beginnings, Ms. Rice had, thus far, avoided the public pillorying that Mr. Rumsfeld received. She has repeatedly had the highest approval ratings of anyone in the administration, and she continues to earn approval ratings that are substantially higher than her boss's.

In particular, as secretary of state, Ms. Rice has been treated like a celebrity, appearing on Vanity Fair's best-dressed list and in an article in the November issue of Vogue. There are Web sites devoted to persuading her to run for president — www.draftcondi.us says her nomination "would be the greatest political move of the century" — and a blog obsessed with her personal style: <></> includes a Rice "hairdo alert system," and on Jan. 29 it posted a photograph of an Italian designer's gown that features Ms. Rice's face.

But as the Bush administration's overall foreign policy has come under fire, and other senior officials have left the administration, Ms. Rice is starting to take the heat previously reserved for Mr. Rumsfeld.

"Before, nobody assigned her the kind of ownership or authorship over the administration's policy — she did get something of a pass," said Michael A. McFaul, a political science professor at Stanford who knows Ms. Rice. "Now, there aren't that many officials still around, and she's much more exposed."

Kenneth M. Pollack, a research director at the Brookings Institution, said: "It is no longer the case that Rumsfeld is the administration bad guy. People will look much harder at Condi's role now, and Iraq is really going to rest on her shoulders."

In the past, most of the criticism has come from the left. But now the disapproval has spread, and Republicans are joining in. The starkest example came on Jan. 11, when Ms. Rice faced a room full of skeptics as she defended, before a Senate panel, President Bush's new Iraq strategy. "You're going to have to do a much better job" explaining the rationale for the war, Senator George V. Voinovich, Republican of Ohio, told her, adding that the administration could no longer count on his support.

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The censure continued this week during three days of rare Senate testimony from a cadre of Ms. Rice's predecessors. While the former secretaries of state and national security advisers — Mr. Baker, Henry A. Kissinger, Madeleine K. Albright, Brent Scowcroft and Zbigniew Brzezinski — were diplomatic in their critiques of the administration's foreign policy, all left the impression that as America's top diplomat, Ms. Rice was not engaging in real diplomacy.

"That's what we hire a secretary of state for, not to sit there and proclaim categorical statements, but to engage in the process," said Mr. Brzezinski, President Jimmy Carter's national security adviser.

Mr. Kissinger and Ms. Albright both sounded a similar note. Mr. Kissinger, while giving lukewarm support to the administration, said America should always be ready to negotiate with Iran and Syria, while Ms. Albright added that "one gains by communicating with countries with which one disagrees."

Ms. Rice's mentor, Mr. Scowcroft, who was national security adviser to President Gerald R. Ford and the first President Bush, called the troop increase a "tactic, not a strategy."

Ms. Rice remains extraordinarily close to the president — she spends time at Camp David and in Texas with Mr. Bush and his wife — and friends said that relationship was a source of comfort to her.

The criticism of Ms. Rice has yet to reach the decibel level of that directed against Mr. Rumsfeld, and it may never get to that point, in part because she is not highhanded in her behavior toward colleagues and underlings, her close friends and aides said. Mr. Rumsfeld was heavily criticized by Democrats, and eventually, Republicans, but he also received a lot of disapproval from people who worked with him and for him at the Pentagon and in the administration.

Mr. Rice has yet to inspire that level of exasperation from colleagues, either from inside the State Department or the National Security Council. "Whatever harping you may find, you won't find the same kind of internal dissent" which Mr. Rumsfeld provoked, said Philip D. Zelikow, the State Department's former counselor and a close friend of Ms. Rice. "She'll occasionally have a tart thing to say, but she's not one of those people who wrings their hands and worries incessantly about their press."

But she sometimes does take criticism personally. Last fall, she telephoned President Bush's father, who employed her on his National Security Council in the early 1990s, after Bob Woodward's book "State of Denial" reported that the elder Mr. Bush had said that she had been a "disappointment" and "not up to the job."

The former president told Larry King on CNN that Ms. Rice "called me and said, 'There's something in this book.' " He denied that he called her a disappointment. "I guess there were some hurt feelings," he said.

Japan's FM Calls US Operation In Iraq 'Naive' (AFP)

AFP, February 4, 2007

Japan's foreign minister has criticised the US occupation of Iraq as "very naive" and blamed it for spiralling unrest there, in another swipe at US tactics by the key Washington ally.

Taro Aso said in Kyoto that then-US Defence Secretary Donald Rumsfeld -- now replaced -- "started off the war, but the operation after the occupation was very naive."

"Because this operation did not work well, it (Iraq) is in trouble now," he said, quoted by Jiji Press.

"It became clear that the operation after a war is very important when you think about peace-building."

Aso's comments came on the day a suicide bomber blew up his Mercedes truck in a Baghdad market, killing at least 130 people and injuring hundreds, in the second deadliest attack since the US-led invasion of 2003.

They follow those by Japanese Defence Minister Fumio Kyuma who has made a series of critical comments about US policies.

Last month Kyuma said US President George W. Bush was wrong to invade Iraq and warned that Tokyo might not automatically renew its air force mission to the war-torn country.

That rebuke from one of Washington's closest foreign allies came just hours after an embattled Bush had used his annual State of the Union speech to plead for public support to send more troops to Iraq.

The White House last month announced that 21,500 extra US troops would be sent to Iraq in a bid to rein in the violence.

Kyuma also has criticised Rumsfeld, saying that "he was too bullish on the conditions in Iraq" and called the US decision to invade "premature".

Prime Minister Shinzo Abe has insisted Japan will continue supporting Iraq, however.

Japan was a staunch backer of the Iraq invasion. Former premier Junichiro Koizumi, a close friend of Bush, took the landmark step of deploying Japanese troops to Iraq.

Tokyo ended the troop mission in July but has kept its air force engaged in transporting goods and personnel to the war-torn country.

No I-Told-You-Sos (WP)

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By Lynne Duke

The Washington Post, February 4, 2007

Sweet vindication. Who wouldn't want it? To be right. To be free of criticism and upheld by evidence, by actual proof, that one's predictions about a controversial war were correct.

It is the culture of this town -- trafficking in rightness. People clamor day in and day out, in that polished and politic way of the Washingtonian, to be proved right.

But on Iraq, the vindicated are pained. There is no gloating -- not with thousands of people dead, Americans and Iraqis; not with the Iraq war precipitating an ongoing foreign policy crisis that has left the United States' global image in tatters.

For people who were pilloried, penalized or warned to be careful because of their opposition to a powerful president's war, vindication is nothing to celebrate. It is a victory most bitter.

"Emotionally, it's a very traumatic and unhappy outcome." That is retired Army Lt. Gen. William E. Odom, head of the National Security Agency under President Ronald Reagan. "How can you be happy about being right about the disaster that's been created?"

It weighs on him.

"Vindication is not pleasing," he says. "Even some of my friends have noted: the more vindicated I've been, the more irritable I become."

Back before the war even began, Odom said its aims were wrong. He criticized the doctrine of preemption, said al-Qaeda had nothing to do with Iraq and predicted that democracy could scarcely take hold there. A year after the war began, he was quoted calling it a failure -- and heard soon thereafter that he'd been dubbed a Benedict Arnold for his views. To dissent, back then, was risky. Not like now, when the conventional wisdom about the conflict has made a U-turn in a political climate where anger over the war toppled the majority party in Congress. The president sounded almost plaintive in his State of the Union address, saying, "This is not the fight we entered in Iraq, but it is the fight we are in."

Lots of people predicted things would turn out this way. They are military brass and lawmakers and foreign policy intellectuals, the kind of wise ones whose counsel is routinely sought and respected. In the run-up to this war, their concerns carried no weight against a swelling of patriotism, a backdrop of fear and an administration determined to oust Saddam Hussein. Their warnings that Iraq had nothing to do with the attacks of Sept. 11 were ignored. Worse, some were shunned and scolded.

As president of the Carnegie Endowment for International Peace, Jessica Tuchman Matthews, raised hard prewar questions about the looming Iraq engagement. They predicted Iraq would become a long occupation and recruiting tool for al-Qaeda and would damage U.S. relations with the Muslim world. And: No weapons of mass destruction would be found.

One day back then, one of Matthews's colleagues ran into an acquaintance on the street, and that acquaintance warned: " 'What is your boss doing? Nobody at Carnegie is ever going to get through another Senate confirmation.' " And Matthews was herself admonished by a colleague at another think tank, who told her: "You're going to make Carnegie irrelevant. The war's going to happen and you ought to have Carnegie working on the after-war rather than on 'we shouldn't go to war.' "

Amid what she calls the "seemingly inexorable roll" toward war, the clear message was "you better get on the bandwagon or you'll never be taken seriously in this town again."

Instead, she looks like an accurate prognosticator. But, "you can't take any pleasure in having been right," says Matthews, "because this is a catastrophe for the United States and people are dying and didn't have to die, and it's going to take us years and years and years to dig out of this, and it's been a catastrophe for the Iraqi people."

Also repudiated were people who supported the war but diverged from the official administration line. Gen. Eric K. Shinseki, then the Army's chief of staff, was sharply rebuffed in early 2003 for publicly saying that several hundred thousand U.S. troops would be needed to keep the peace in Baghdad.

Now, as President Bush seeks additional troops for Iraq, it is widely agreed that the war was indeed prosecuted with too few troops -- a seeming vindication for Shinseki, though he did not respond to an e-mail seeking comment.

Vindication is a difficult and complex concept and one that has to be considered with many caveats, such as those presented by Zbigniew Brzezinski when asked if he felt vindicated.

"If vindication was accompanied by a sense that America is likely to undo the damage they have done and can dis-embarrass itself of the tragic involvement, then my answer would be yes."

But Brzezinski, former national security adviser under President Jimmy Carter, scarcely believes such course corrections will happen.

He opposed Bush's doctrine of preemption and assessed the war policy as one that "was propelled forward by mendacity." He spoke out before and during the war, and he believes his criticisms began to sting as the war began to falter. As a result, he says, he was ultimately shut out of high-level Defense and State Department briefings he had often attended and was publicly upbraided by a foreign policy peer.

Despite the broad sea change in opinion among the political and policy class, Brzezinski's sense of vindication has its limits, he says, because "I have the feeling that the president's team is hellbent on digging itself in more deeply and if it does not succeed in Iraq some of its wilder policymakers seem to be eager to enlarge the scope of the war to Iran."

"I'm saddened," he said, "because I think it's doing terrible harm to America. But more than being sad, which is an emotion, I'm worried."

From Afghanistan to Iraq to Iran? Could this scenario actually play out? It is, among the vindicated, not at all absurd, for official Washington's sights have turned to Iran with "the same signs, a very similar drumbeat" as that which preceded the war in Iraq, says Rep. Barbara Lee (D-Calif.).

Lee saw it coming -- not Iran, but Iraq. Back in September 2001, days after the terror attacks, she saw the broadly worded congressional resolution authorizing President Bush to use force to fight terrorism as giving him a dangerous degree of carte blanche.

That early resolution allowed the president to "use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed or aided the terrorist attacks that occurred on Sept. 11, 2001, or harbored such organizations or persons, in order to prevent any future acts of international terrorism against the United States by such nations, organizations or persons."

It is language that haunts her still.

"I said then it was giving the administration a blank check to use in perpetuity," Lee says. "If you read that resolution, it's very clear that it was the beginning of a march to war."

She voted against that resolution -- the only member of Congress to do so -- and then took the barbs.

"It was a very tough period," she says. "To call me unpatriotic was the lowest of the low," especially considering that her father, an Army lieutenant colonel, served for 25 years and saw duty in World War II and Korea.

Now, she says, people are eager to tell her she was right. But "it's not about feeling vindicated," she says.

"I want people to understand that this is a very dangerous foreign policy, the administration's foreign and military policy is very dangerous, that the notion of preemptive war is very dangerous and that we need to support more rational approaches to our foreign and military policy."

Lee, like Odom and many others, is calling for the war to end. They are strange bedfellows -- she, a progressive liberal; he, a usually hawkish conservative.

For months, Odom, a senior fellow at the Hudson Institute, has been pushing a "cut and run" policy. He even wrote a piece in the Los Angeles Times in October headlined "How to Cut and Run," in which he wrote, "We must cut and run tactically in order to succeed strategically."

He advocates troop withdrawal coupled with a diplomatic engagement with Iraq's neighbors, especially Iran, with whom the United States actually has common interests, nukes notwithstanding.

Retired Marine Gen. Anthony Zinni, formerly the top U.S. military man in the Middle East, started where Odom started -- in opposition to the war. Zinni argued that going into Iraq would destabilize the region and distract from the fight against al-Qaeda.

For his opposition, he says he was accused by some fellow officers of having political motivations and was disinvited from attending meetings at the Joint Forces Command, where he'd been a regular as a senior mentor for more junior officers.

But he diverges from most early critics of the war, because he now is arguing that withdrawing from Iraq would destabilize the region. Instead, he says, a new strategic framework for the war is needed -- something far broader than the increase Bush has proposed, which Zinni calls a "half-step."

"It's breaking my heart, watching it," he says of the war. "I was praying somehow I'd be wrong, but in my heart of hearts I knew it would happen this way -- the bad decision-making, the insufficient troops."

Congress now is mulling varying resolutions on the war, but Zinni complains that "the debate is wrong. I think Congress is debating the arrangement of the deck chairs on the Titanic."

But the ship, he argues, doesn't have to go down.

As the debate now centers on what can be salvaged from the U.S. engagement in Iraq, a cynical Washington exercise is underway, some of the vindicated say. It's a snake-like shedding of skin, a policy metamorphosis in which people who once were prominent cheerleaders for the war now are cozying up with the war's early opponents and distancing themselves from their earlier roles.

Matthews has seen it and fears it may warp the crucial debates about the way forward in Iraq and toward Iran.

"So many of the people who were wrong have gone on to being very visible pundits without ever admitting how wrong they were," Matthews says.

Brzezinski says there are some people -- and he's talking "outside of the administration, of course" -- who have embraced his positions in the oddest and most disingenuous way.

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They say "that they are happy to have associated themselves with these views . . . ," Brzezinski says. "That is the funny part, because you meet people who say, 'Oh, I was with you all along.' "

Under Bush's Pillow (NYT)

By Nicholas D. Kristof

The New York Times, February 4, 2007

Dick Cheney as Lord Voldemort?

A reader named Melissa S. e-mailed to say that she explains Iraq policy to her 8-year-old son in terms of Harry Potter characters: "Dick Cheney is Lord Voldemort. George W. Bush is Peter Pettigrew." Don Rumsfeld is Lucius Malfoy, while Cornelius Fudge represents administration supporters who deny that anything is wrong. And, she concludes, "Daily Prophet reporter Rita Skeeter is Fox News."

That was one of the 400 comments from readers offering literary or historical parallels to the Bush administration and Iraq. One of the most commonly cited was Xenophon's ancient warning, in "Anabasis," of how much easier it is to get into a Middle Eastern war than out.

As a reader named John H. summarized "Anabasis": "Ten thousand Greek mercenaries march from Greece to Iran to effect regime change (unseat one emperor and establish his younger brother). They win the first few battles (cakewalk, mission accomplished) but then the younger brother is killed."

So the invaders found themselves without an effective prime minister to hand power to, yet they were stuck deep inside enemy territory. Xenophon's subtext is how the slog of war corrodes soldiers and allows them to do terrible things. Xenophon is particularly pained when recounting a massacre that was the Haditha of its day.

The readers who sent in comments were responding to a column I wrote last month arguing that President Bush is inadvertently a fine education president, because he breathes new life into the classics. Thucydides' account of the failed "surge" in the Sicilian expedition 2,400 years ago is newly relevant, and "Moby Dick" is interesting reading today as a bracing warning of the dangers of an obsessive adventure that casts aside all rules. (You can submit your own favorite literary or historical parallel at nytimes.com/ontheground.)

Perhaps I'm cherry-picking from the classics to support my own opposition to a "surge" in Iraq. In writing this column, I wondered what classics Mr. Bush's supporters would cite to argue for his strategy. Shakespeare's "Henry V"? "Hamlet"?

Yet frankly, it's difficult to find great literature that encourages rulers to invade foreign lands, to escalate when battles go badly, to scorn critics, to be cocksure of themselves in the face of adversity. The themes of the classics tend to be the opposite.

Literature and history invariably counsel doubt and skepticism — even when you think you see Desdemona's infidelity with your own eyes, you don't; even when your advisers are telling you "it's a slam-dunk," it's not. The classics have an overwhelmingly cautionary bias, operating as a check on any impulsive rush to war.

Perhaps that is because, as Foreign Policy argues in its most recent issue, humans have an ingrained psychological tilt to hawkishness. In many ways, the authors note, human decision-making tends to err in ways that magnify conflict and make it difficult to climb down from confrontation.

My hunch is that the classics resonate in part because they are an antidote to that human frailty; literature has generated so many warnings about hubris in part to save us from ourselves.

Eastern classics have that same purpose of trying to tame and restrain us. The central theme of Chinese philosophy is the need for moderation, and Sun Tzu's famous "Art of War" advises generals on how to win without fighting. (Sun Tzu and Julius Caesar alike also appreciated the diplomatic benefits of treating enemy prisoners well; they would be appalled by Abu Ghraib and Guantánamo.)

So Mr. Bush should resolve that for every hour he spends with Mr. Cheney, he will spend another curled up with classical authors like Sophocles. "Antigone," for example, tells of King Creon, a good man who wants the best for his people — and yet ignores public opinion, refuses to admit error, goes double or nothing with his bets, and is slow to adapt to changing circumstance.

Creon's son pleads with his father to be less rigid. The trees that bend survive the seasons, he notes, while those that are inflexible are blown over and destroyed.

Americans today yearn for the same kind of wise leadership that the ancient Greeks did: someone with the wisdom to adjust course, to acknowledge error, to listen to critics, to show compassion as well as strength, to discern moral nuance as well as moral clarity. Alexander the Great used to sleep with the "Iliad" under his pillow; maybe Mr. Bush should try "Antigone."

Oh, and for Mrs. Bush? How about Aristophanes' "Lysistrata"?

Coalition Phases In Iraqi Sailors (LAT)

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By Tony Perry

The Los Angeles Times, February 4, 2007

Khawr Al Amaya Oil Terminal, Persian Gulf — Every morning on this aging metal hulk, an Iraqi naval officer reads the weather report over the radio so it can be heard by dozens of civilian boats.

It's a job that used to be done by an American sailor.

Here and elsewhere in the Persian Gulf off Iraq's shores, Iraqis are gradually taking over jobs once done by U.S. Marines and sailors. They stand guard on terminals such as this one, which is often compared to the bizarre structures of the movie "Waterworld."

At the port of Umm al Qasr, Iraqis are lectured by U.S. Navy and Coast Guard personnel and British Royal Navy sailors on the techniques of boarding ships, quizzing often hostile crews and searching for contraband and weapons. Some Iraqi sailors participate in inspections with U.S., British and Australian sailors.

It is a slow process for a nation whose navy was destroyed in the early hours of the 2003 assault led by the United States.

"In 2003 we destroyed anything that floated," said Marine Maj. Gen. Carl Jensen, commander of a coalition task force assigned to guard terminals. "So we're trying literally to bring the Iraqi navy back from the grave."

The Khawr al Amaya terminal, and a second facility a few miles away, lie about 60 miles from Iraq and 12 miles from Iran. Together, they provide more than 95% of the Iraqi government's income.

The oil terminals have long been points of friction between Iran and Iraq, leading to several battles during their war. "This place has been shot to hell," said Jensen, walking the 1,000-yard length of the Khawr Al Amaya terminal.

U.S. military sources say the Iranians spy on the terminals from a sunken construction crane and that Iranian patrol boats are a frequent sight.

Tankers arrive daily to fill up with crude oil and depart for refineries around the globe. Disrupting the terminals could sink the Iraqi government's hopes of rebuilding its country.

"This is the economic anchor for Iraq," said Navy Capt. Chris Noble. "We need to guard that anchor."

Cmdr. Jaimie Hatcher, captain of the Australian frigate Toowoomba, puts it in what he calls Australian vernacular: "This mission is bloody important."

Insurgents made a bold assault on the terminals in 2004 but were repelled. Two U.S. sailors and a Coast Guardsman were killed.

Now, a dozen ships ring the terminals to thwart attacks on the hundreds of ships that transit this part of the gulf: fishermen, merchants, the Iranian Revolutionary Guard and even a few pirates. A 2.5-mile perimeter is kept around the terminals.

Newly arrived coalition sailors are lectured on the 2004 attack.

"It's not like everybody out here is trying to kill us," Lt. Cmdr. Cesar Rios told a group of Australian sailors last month. "But we have to be aware of what is normal."

In recent months, the Navy has tried to make its presence more friendly to passing ships and their captains. By having an Iraqi read the weather report, the U.S. hopes to encourage those captains to report anything suspicious on the water.

"Think of it as the 1950s cop on the beat in a complicated neighborhood. If you can establish trust, things will work out better," Noble said.

For the fishermen, the coalition sailors have a message: An attack on the oil terminals could cause a disastrous oil spill. "We make it real to them," said Ensign Lisa Green. "They need to know we're here protecting the oil terminals so your fertile fishing grounds remain fertile."

Some of the Iraqi officers are veterans of the Iraqi navy. Many of the enlisted are new recruits.

"They're learning as they go, but they're definitely getting better," said Coast Guard Lt. j.g. Kristopher Ensley, executive officer of the cutter Aquidneck.

U.S. officials say Iraq's navy faces the same challenge as its army: changing a top-down style that does not encourage leadership in the enlisted ranks.

"The way they once worked, if you weren't the guy in charge, you weren't anything," said Lt. Aaron Bergman. "They're finally realizing that if you break into smaller units, you can be more effective."

Iraqi oil workers live aboard the terminals, as do U.S. personnel. Six months ago, the U.S. Navy docked a three-story barge at Khawr al Amaya to provide quarters and a chow hall.

Duty in the winter can be pleasant. During the summer it is brutal. Temperatures soar above 120 degrees. "The metal grates get so hot it will melt your shoes," Bergman said.

The U.S. ships are part of the 5th Fleet, based in Bahrain. The smaller craft, such as the 170-foot patrol boats, are permanently based in the gulf, but larger ones, such as the aircraft carriers and their escorts, are assigned from the Pacific and Atlantic fleets.

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No one is putting a timetable on when the U.S. can withdraw from the terminals. The Iraqi navy has only half a dozen small boats; it has about 1,000 personnel but hopes to have 2,000 next year.

Security Contracts To Continue In Iraq (WP)

By Walter Pincus

The Washington Post, February 4, 2007

The Defense Department plans to continue hiring private contractors to provide security at reconstruction projects in Iraq and to train U.S. and Iraqi military officers in counterinsurgency, despite problems with past contracts for such jobs that traditionally have been done by military personnel.

The contracting out of these wartime activities comes at a time when the United States is stretching its resources to provide the additional 21,500 troops in Iraq that are needed under President Bush's new strategy, which involves stepped-up counterinsurgency operations in Baghdad and the expansion of economic reconstruction activities.

During an appearance before the Senate Armed Services Committee last month, Army Lt. Gen. David H. Petraeus, the new top commander in Iraq, said he counts the "thousands of contract security forces" among the assets available to him to supplement the limited number of U.S. and Iraqi troops to be used for dealing with the insurgency.

A former senior Defense Intelligence Agency expert on the Middle East, retired Army Col. W. Patrick Lang, said last week that contracting out intelligence collection and security for Army units and their contractors "results from actual military forces being too small." He added: "I can't remember a subordinate commander considering mercenaries as part of his forces."

Retired Marine Gen. Anthony C. Zinni, who once headed the U.S. Central Command and today serves on an advisory board of a defense contractor, said there is a role for private firms taking on security missions. But he warned that problems can arise "when they take on quasi-military roles."

Aegis Defence Services Ltd., a British security firm, has about 1,000 employees in Iraq, about 250 of them Iraqis, under a $300 million contract that began in 2004.

Under that contract, which is up for rebidding, Aegis provides security support services to U.S. Army Corps of Engineers personnel working on reconstruction projects throughout the country. Among its tasks is the operation of six Reconstruction Operations Centers, which disseminate threat warning information and track convoys.

Aegis also coordinates security in Iraq for 10 prime contractors and their subcontractors through security liaison teams, and the teams pass on to the military information gathered by their sources.

Aegis provides about 300 guards to Corps of Engineers facilities in Iraq, along with personal security escort teams for Corps personnel and contractors when they travel to such sites. The firm also provides the reconstruction liaison teams that travel the country to get updates on projects and information about local communities.

In 2005, the U.S. special inspector general for Iraq reconstruction investigated the Aegis contract and found a number of shortcomings. Among them was that Aegis did not vet all of its Iraqi employees for security, as required.

A sample check of the personnel records of 20 of 125 Iraqi nationals then on the payroll found no evidence of an interview for six, no evidence of a police background check on 18 and no records at all on two. "As a result, there is no assurance that the Iraqi national employees do not pose an internal security threat," the inspection report said.

In response, Aegis managers said Iraqi police checks were too difficult to obtain, given the destruction of past records. The requirement was dropped. The report also said that the company agreed that Iraqis would be vetted through the State Department system. The inspection report said that, as of April 2005, only 17 of the "last" 213 Iraqis hired had been vetted through that system. Aegis employees include foreign nationals, among whom are Gurkhas from Nepal, and all must be vetted.

Under the new contract now out for bids, the winner is to monitor all convoys, maintain a Web site, provide "Iraq-wide unclassified daily reports," as well as "provide relevant and timely intel/ops reports throughout Iraq" -- referring to intelligence/operations reports.

The U.S. government will provide about 134 vehicles, primarily sport-utility vehicles, but also armored personnel carriers. The government will also furnish weapons and ammunition, but the contractor must identify the people to whom the weapons will be issued. Employees will have access to government dining facilities and post exchanges, "where available," and will be entitled to "acute medical and dental services to include medical evacuation under emergency circumstances . . . at no cost" while they are "in theater."

Another contract up for bids is the operation of the Counterinsurgency Center for Excellence (COIN CFE) for up to three years at Camp Taji, north of Baghdad, in a section called the Phoenix Academy, which is devoted to joint U.S.-Iraqi training. Established in 2005 by Army Gen. George W. Casey Jr., the commander of Multi-National Force-Iraq then, it will now operate under Petraeus, who recently rewrote the Army's counterinsurgency manual.

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Last May, a Pentagon news release said COIN CFE, which involves U.S. and Iraqi personnel, was established "to help units adapt to and train for the war against terror in Iraq as it is fought today." At that time, it was a week-long course with 31 trainers and classes with about 40 trainees, including "brigade commanders, battalion commanders, company commanders and senior staff -- including noncommissioned officers," the news release said.

Under the new proposal, contractors will handle a variety of classes, including a special seminar for "general officers and senior field grade leaders at the multi-national corps and division levels." The group for senior leaders will be limited to 25, while the lower-level classes will include up to 70 students and will involve not just Iraqi army forces but also Iraqi National Police.

Lang, a former Green Beret who worked in counterinsurgency in the post-Vietnam War period, said the need to set up a counterinsurgency school in Iraq and rewrite the textbook showed that the Army had dropped that subject matter altogether during the 1980s and the 1990s. "The old doctrine died out, along with the lessons of East Africa, Vietnam and Bolivia," he said, "and now they need people with this kind of memory who are retired and know from experience."

War In Iraq Propelling A Massive Migration (WP)

By Sudarsan Raghavan

The Washington Post, February 4, 2007

AMMAN, Jordan -- Inside his cold, crumbling apartment, Saad Ali teeters on the fringes of life. Once a popular singer in his native Baghdad, he is now unemployed. To pay his $45 monthly rent, he borrows from friends. To bathe, he boils water on a tiny heater. He sleeps on a frayed mattress, under a tattered blanket.

Outside, Ali, 35, avoids police officers and disguises his Arabic with a Jordanian dialect. He returns home before 10 p.m. to stay clear of government checkpoints. Like hundreds of thousands of Iraqi refugees here, he fears being deported. Six months ago, near his home in Baghdad, two men threatened to kill him. Singing romantic songs, they said, was un-Islamic.

So when his pride hits a new low, he remembers that day.

"Despite all the hardships I face here, it is better than going back to Baghdad," said Ali, long-faced with a sharp chin, who wore a thick red sweat shirt and rubbed his hands to keep warm. "They will behead me. What else can I do? I have no choice."

As the fourth year of war nears its end, the Middle East's largest refugee crisis since the Palestinian exodus from Israel in 1948 is unfolding in a climate of fear, persecution and tragedy.

Nearly 2 million Iraqis -- about 8 percent of the prewar population -- have embarked on a desperate migration, mostly to Jordan, Syria and Lebanon, according to the U.N. High Commissioner for Refugees. The refugees include large numbers of doctors, academics and other professionals vital for Iraq's recovery. Another 1.7 million have been forced to move to safer towns and villages inside Iraq, and as many as 50,000 Iraqis a month flee their homes, the U.N. agency said in January.

The rich began trickling out of Iraq as conditions deteriorated under U.N. sanctions in the 1990s, their flight growing in the aftermath of the 2003 U.S.-led invasion. Now, as the violence worsens, increasing numbers of poor Iraqis are on the move, aid officials say. To flee, Iraqis sell their possessions, raid their savings and borrow money from relatives. They ride buses or walk across terrain riddled with criminals and Sunni insurgents, preferring to risk death over remaining in Iraq.

The United Nations is struggling to find funding to assist Iraqi refugees. Fewer than 500 have been resettled in the United States since the invasion. Aid officials and human rights activists say the United States and other Western nations are focused on reconstructing Iraq while ignoring the war's human fallout.

"It's probably political," said Janvier de Riedmatten, U.N. refugee agency representative for Iraq, referring to the reason why the world hasn't helped Iraq's refugees.

"The Iraq story has to be a success story," he said.

For decades, Jordan welcomed refugees. Roughly a third of its 5.9 million residents are Palestinian refugees. According to the United Nations, 500,000 to 700,000 Iraqi refugees live in Jordan, but aid officials say the actual number is nearer to 1 million because many Iraqis live under the radar. Jordan's tolerance has waned, however, since a group of Iraqis bombed three hotels in November 2005, killing 60 people, according to Iraqis, aid officials and human rights groups. The government fears that Iraq's mostly Sunni Arab refugees could remain in the country permanently or become recruits for Iraq's insurgency.

Now, the exodus is generating friction and anger across the region, while straining basic services in already poor countries. Iraqis are blamed for driving up prices and taking away scarce jobs. Iraq's neighbors worry the new refugees will carry in Iraq's sectarian strife.

"The Jordan government does not want to encourage Iraqis to stay for a long time," said Gaby Daw, project officer for the Catholic charity Caritas Internationalis, one of the few aid agencies assisting Iraqi refugees.

Into their new havens, Iraqis are bringing their culture and way of life, gradually reshaping the face of the Arab world. But the cost of escape is high. Feeding the bitterness of exile is a sense that outside forces created their plight. Many Iraqis here view the U.S.-led invasion that ousted President Saddam Hussein as the root of their woes.

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"We were promised a kind of heaven on earth," said Rabab Haider, who fled Baghdad last year. "But we've been given a real hell."Sad Goodbyes

The road out of Iraq begins on Salhiye Street in Baghdad.

On Jan. 13, knots of Iraqis waited to board 14 buses to Syria. Inside a travel agency, Raghed Moyed, 23, sat solemnly with her 12-year-old brother, Amar. It had become too dangerous for her to attend college, so she was heading to Damascus to continue her education. As she sat, her head bowed, she recalled the previous night, when she bade farewell to her friends.

"It's really sad," said Moyed, her voice cracking as tears slid down her face. "I cried the whole way from the house to here. I don't want to leave Iraq, but it is hard to stay."

Sameer Humfash, the travel agent, watched her cry. By his estimate, 50 to 60 families were fleeing each day on the buses lined up outside. Nowadays, Iraqis were heading mostly to Syria, he said.

"They are not letting Iraqis in at the Jordanian border," interrupted Ahmed Khudair, one of Humfash's employees.

Humfash makes all his passengers sign waiver forms that read: "I am traveling on my own responsibility and God is the only one that protects us." On the roads to both Jordan and Syria, Sunni insurgents have dragged Shiites from buses and executed them. Humfash stays in radio contact every hour with the bus driver, usually a Syrian. He always asks three questions, he said:

"How is the road?"

"Did they take any passengers?"

"Did they hurt any passengers?"Angst at the Border

Along the Iraq-Jordan border Jan. 16, a brisk wind howled across the barren landscape. It was 1:45 p.m. Until recently, hundreds of cars and buses filled with Iraqis would have been lined up to enter Jordan. On this day, there were four vehicles. A Jordanian border security official said many Iraqis were afraid to travel through Anbar province, one of Iraq's most violent regions.

Abu Hussam al-Khaisy, an Iraqi taxi driver, offered another explanation. The day before he had brought a family of seven Iraqis to the border, but Jordanian officials, he said, denied them admission with no explanation.

"They are not giving permission to enter because they are scared about security," said Khaisy at a restaurant in Ruwayshid, a Jordanian rest stop about 55 miles from the border. In other instances, he said, officials have turned away young Iraqi men who could take jobs away from Jordanians.

Today, the government is making it increasingly difficult for Iraqis to reside legally in Jordan. It views Iraqis as temporary visitors, not refugees, and has not sought international assistance. Human rights activists and U.N. officials have accused Jordan of shutting its border to many Iraqis fleeing persecution and deporting others.

Nasir Judah, a government spokesman, said Jordan has kept its door open to Iraqis even as they have become a burden on Jordan's economy and natural resources. In recent years, the influx was largely unregulated, but now tighter security measures are needed, he said. Iraqis, he added, have tried to enter Jordan using fake passports and identity cards.

"There are no mass deportations of Iraqis," Judah said. "Otherwise the numbers would be dwindling, and they are not."

On this day, Khaisy was driving Abu Wisam al-Azzawi, 35, back to Baqubah, a city about 35 miles northeast of Baghdad. Two months ago, members of Azzawi's immediate family were refused entry into Jordan, even though he owned a car dealership in Amman. Azzawi still remembers his son, on the Iraq side of the border, pleading through the cellphone: "Daddy, don't leave us."

Now, he was planning to fetch them from Baqubah and take them to Syria.

"I haven't told my family I am coming back," said Azzawi, before getting into Khaisy's maroon Caprice Classic in Ruwayshid. "Maybe I am not going to see them."

"Maybe I will get killed on the road."Seeking Safety, Aid

Outside the restaurant, two sport-utility vehicles passed by, heading to Amman. One, with large red-checkered bags on its roof, carried Abu Saif al-Ajrami's family. The other vehicle carried their life's possessions.

The Jordanians let them in after the family waited more than 24 hours at the border. It helped that Ajrami's father was Jordanian. At night, they arrived in Amman near a place refugees call Iraq Square, where taxis drop off recent arrivals. Two relatives, whom the family had not seen in five years, met them. There were hugs and kisses, and praises to God.

"I feel psychologically relieved. You can see it is very safe," said Ajrami, waving his hands at the cars flowing by. "But I have left my family, friends, my neighbors, my memories back in Baghdad. The first day there is security, I will go back."

Then he declared he would find a job the next day. "From the border to here, we felt like we had entered paradise," he said.

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Widad Shakur, 53, said that when she arrived in Amman in October, she felt the same way. A Shiite Muslim, she fled after Sunni extremists threatened to behead her daughter, a teacher. But Iraq's chaos is never far away. A week ago, Shakur learned that a Sunni family had occupied her house. Now, she cannot sleep at night.

And she cannot afford to return to Iraq. Her daughter, a saleswoman, earns barely $300 a month, half of which goes to their rent. "I wish I was a bird and I could fly back to my house," said Shakur, as tears welled in her eyes.

"Who expected it would turn out like this -- Sunni against Shia?" she continued. "We were like brothers. Why is this happening?"

She has a more pressing problem. Her legs hurt, she said. But she cannot afford a doctor. She worries that seeking help at a Jordanian hospital might lead to deportation, even though she has a three-month residency permit.

"I don't know whether we have the right to go to it or not," said Shakur, who wore a black, sequined head scarf. "I am afraid to go there."

At the Royal Association for Iraq Immigrants, Salah al-Samarai had 28 pink and yellow folders stacked on his desk. They belonged to Iraqis in need of surgeries.

"I don't know what to do," said Samarai, the head of the nonprofit that helps Iraqis, as visitors waited outside his door.

In front of him sat Waad Abdul Rahim, a solemn Iraqi professor dressed in a tweed jacket. His 14-year-old daughter, Mina, needed an intestinal operation. It cost $5,000. For the past month and a half, he has visited Samarai's office.

"I come every day, and then I go back to suffer," Rahim said. "Her life is in danger. The longer it takes, the more dangerous it is going to be."

Samarai nodded in sympathy and said, "We have four or five more-serious cases."

Most of the organization's funds come from donations, he said. He doesn't blame the Jordanian government. "It's enough they opened their doors for us to stay here," Samarai said. But he wished the international community would do more to help.

"Lots of Americans tell us we don't need money: 'You are wealthy.' I even went to the European Union. They also said, 'You don't need money.' "A Taste of Baghdad

Rabab Haider and her husband, Ibrahim al-Shawy, live in an elegant, sunlit apartment in Amman. Along with other middle-class Iraqis, they live in a parallel Iraq. Many of their relatives and friends are here. Iraq's sectarian divisions rarely enter their lives.

The richest Iraqis can get residency permits by depositing $70,000 in a Jordanian bank, buying property or investing. Others simply pay a $2 daily fine for expired permits.

"I see more Iraqis here than I do in Baghdad," said Shawy, who travels every few months to Iraq, where he owns land.

Qaduri, a popular restaurant nearby, was once an institution in Baghdad. Then it was bombed. Seven months ago, its owners decided to resurrect it in Amman. Now it serves tashreeb, a traditional Iraqi stew, from midnight to noon, just as it did in Baghdad.

Next door, a sign reads that another restaurant plans to open soon. Its specialty: pacha, the dish of boiled lamb's head that Iraqis consider a delicacy.

At a recent Iraqi wedding in the upscale Bristol Hotel, an Iraqi singer sang songs and guests moved to the drumbeats of the jobee, an Iraqi folk dance. In Baghdad, with the car bombs, checkpoints and kidnappings, large weddings are all but extinct.

"You turned the clock back four years," Um Ammar, a guest who had recently arrived from Baghdad, told the groom's mother.

The singer began to hum a patriotic Iraqi hymn. In the audience, eyes filled with tears. Others sobbed.

Moments later, the singer crooned: "Baghdad."

The audience responded: "In my eyes is Heaven."

"Baghdad," the singer sang again.

"Is our one and only love," the audience sang. "Baghdad is our sole mother, may God safeguard you from the evil surrounding you."

On a January afternoon, over cake and coffee in their Amman apartment, Haider and Shawy spoke of nostalgia, guilt and uncertainty.

"What about the torment?" said Haider, a pleasant, short-haired woman with a faint British accent. "You being safe and your people in Baghdad are not."

They have six months of savings left, Shawy said. He's sending rÃ©sumÃ©s around the world.

"How long can we keep this?" asked Haider, looking at their plush sofas, the purple vase, the glass dining table.Living in Fear

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On Jan. 18, a curly-haired artist named Qais Mohammed Ateih sat inside singer Saad Ali's two-room apartment, which is nestled near a warren of shops and narrow alleys. A third Iraqi refugee, Razzaq al-Okaeli, 35, joined them. The trio spoke about being like beggars, depending on friends for meals. Ateih said he knew at least 70 Iraqis who have been deported since 2003.

In the wake of Hussein's execution in December, many Iraqi Shiites say they have been targeted because of their sect. Jordan, a mostly Sunni nation, is home to many supporters of Hussein, who was a Sunni and a benefactor of Palestinians.

"Is the government targeting us for being Shiites? No. But from individual policemen, we feel this," said Ateih, 36. "They say, 'You betrayed Saddam.' "

If they are lucky, Ateih said, they find jobs as day laborers, earning $7 for a 14-hour workday. But Jordanian employers, they said, often exploit Iraqis. Okaeli said he recently worked for two months as an air-conditioning repairman; his employer paid him for only 10 days of work.

"They know we cannot complain to the authorities," said Okaeli, a short man with brushed-back hair and long, trim sideburns. "If we complain, we will get deported."

Ali sat on a worn brown sofa, rubbing his hands, taking in the conversation. He had hoped to earn enough money to help his parents in Baghdad. Now, when he speaks to them, he never reveals the truth.

"They are inside Iraq. They should have to worry only about themselves," said Ali, his eyes lowered at the dusty red carpet. "So I tell them I am fine."

He paused, then glanced at the tiny heater, and said, "I never expected it would be like this."

Iraq War Spawns Growing Refugee Problem (AP)

By Hamza Hendawi, Associated Press Writer

AP, February 4, 2007

Decades after the Middle East was hit by the mass uprooting of Palestinians, it is again struggling with a gigantic refugee problem — this time from Iraq.

The exodus — one million to neighboring Syria alone, according to the U.N. — is another unforeseen byproduct of the 2003 Iraq invasion. When it might peak, nobody knows, but if it continues at its present rate, the consequences for the region would be profound.

Iraqis now make up more than 5 percent of Syria's population, the U.N. refugee agency says. Jordan says its 700,000 Iraqis have swollen its population by 12 percent, and its officials say they have already moved to cut off the flow. So has Egypt, with 130,000 Iraqi newcomers.

But Syria's doors remain open and the new arrivals have transformed some Damascus neighborhoods to such an extent that Iraqi-accented Arabic is all that's heard.

In the capital's Jarramana suburb, restaurants advertise Iraqi dishes, along with belly dancers and singers imported from Baghdad, Basra and Mosul. Many store windows advertise apartments and houses for rent or sale. In al-Sayda Zeinab, another Damascus suburb, Iraqis crowd into the marble-tiled plaza of a Shiite mosque, far outnumbering Iranian pilgrims.

Syria is poor and lacking in jobs, and many Syrians grumble about the newcomers pushing up the cost of food and housing. The U.N. refugee agency says it is struggling to help the Iraqis, many of whom are poor and running out of the meager funds they brought.

New York-based Human Rights Watch accuses the United States of doing too little, saying it should "significantly" increase the number of Iraqi refugees it will resettle this year and contribute generously to the U.N. appeal for funds to cope with the crisis.

"Washington is spending about $2 billion per week on the war in Iraq, but has barely begun to address the human fallout from the war," said Bill Frelick, Human Rights Watch's refugee policy director.

The U.S. resettled several hundred Iraqis in 2006, according to the U.N. agency, whose formal title, UNHCR, stands for U.N. High Commissioner for Refugees. It wants Washington to take up to 20,000 in 2007.

Egypt and Jordan have reported only minor security frictions with the refugees, but both say their fear of importing Iraq's violence forces them to clamp down.

Jordanian officials point to the killing of 60 people in 2005, when Iraqi suicide bombers linked to al-Qaida blew themselves up in three hotels in Jordan's capital, Amman.

Human Rights Watch says Jordan refuses entry to Iraqi men between ages 17 and 35. Government officials acknowledge restrictions on the entry of Iraqis, but won't give specifics.

The Iraqi presence in Jordan is a "burden," Jordanian government spokesman Nasser Judeh said. Jordan, he said, wants an international conference to discuss compensation for Arab nations hosting fleeing Iraqis.

Syria, population 18 million, is the refuge of choice primarily because of its relaxed entry regulations for Arabs, the relatively low cost of living and availability of schools and health care.

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President Bashar Assad's government is reluctant to detail the costs. "There is indeed a burden, but Syria doesn't complain to anyone and is not asking anyone for help," Vice President Farouk al-Sharaa told reporters in Damascus in January.

Still, the impact is felt. Housing prices in the Damascus area have soared by up to 300 percent. Syrians also complain about higher food prices and overcrowding at some schools, which have reportedly admitted up to 28,000 Iraqi children. In areas where Iraqis have settled, residents say some classes have swollen from 30 pupils to 50.

The Damascus office of the UNHCR says about 40,000 Iraqis arrive monthly. They can stay for six months, then must leave and renew the visa process from scratch. The quickest way is a short trip to neighboring Lebanon, but at $20 a person or more, the sightseeing packages are too costly for the poor.

Still, most Iraqis in Syria say they have no serious complaints about their life in exile, and have made a home away from home.

Some have settled in Palestinian refugee camps, where rents are lower, joining tens of thousands of Palestinians who came to Syria as refugees following the 1948 creation of Israel and the 1967 Arab-Israeli war.

Iraqis also have set up a private university outside the capital, with Iraqi lecturers and a mostly Iraqi student body — a reflection of Iraq's war-driven brain drain.

Two Damascus theaters are showing Iraqi plays, complete with star actors-in-exile. "Homesick," a slapstick comedy set in the offices of an imaginary Iraqi satellite TV channel based in Syria, has drawn near sellout crowds since opening Dec. 7.

"My homeland is like a paradise even if it resembles hell," blares a song from the theater's speakers.

For $5 a ticket, Iraqis who have fled suicide bombings, death squads, gunbattles, unemployment and violent crime laugh hysterically as comedians Majid Yassin and Nahi Mahdi joke about Baghdad's fuel shortages and power outages.

"It is not a good life, but at least we are safe here," said Ibrahim Hamad, a former Iraqi army officer who came to Syria eight months ago with his wife and three children from Anbar province, the heartland of Iraq's Sunni-led insurgency.

"No bombs, no shootings, no Americans, no militiamen and no power cuts," he said.

Hamad is not entitled to an army pension because he was an active member of Saddam's now-outlawed Baath party. The family lives on the $250 a month he collects from tenants living in his central Baghdad apartment, and from dabbling in cross-border commerce.

The promise of a well-paid job in a business run by relatives in the Persian Gulf city of Dubai keeps his hopes up.

The United States and Iraq's Shiite-dominated government accuse Syria of harboring leaders of Iraq's Sunni-led insurgency — particularly former Baath Party officials — and allowing them to move back and forth across the border with Iraq. Among the Iraqis in Syria are some 300,000 Shiites, but there have been no reports of Iraq's Sunni-Shiite tensions spilling over into Syria.

The UNHCR is struggling to deal with the flood of Iraqis across the region — and within their homeland. It says some 500,000 fled their homes to other parts of Iraq in 2006 alone, and that the number of internally displaced people could reach 2.3 million — nearly one in ten Iraqis — by the end of 2007.

This month, the Geneva-based agency made an emergency appeal for $60 million to help fleeing Iraqis.

"Unremitting violence in Iraq will likely mean continued mass internal and external displacement affecting much of the surrounding region," it said.

Already, its resources in Syria are stretched thin. The waiting time for seeing a UNHCR official is five months, said Laurens Jolles, the UNHCR representative in Syria. He hopes it will drop to one month after his office recruits 10 new staff.

"Syria's generosity is admirable and must be noted," he said in an interview.

But many Iraqi families are running out of money and becoming increasingly dependent on aid from religious and political support groups, he said. Up to 30 percent of young Iraqis aren't attending school, he added.

Some of the refugees are fortunate enough to find legal work, but Jolles said many more are employed illegally, and vulnerable to exploitation.

The Iraqis pose no security threat, "but there are social ills like theft and prostitution," said Elias Murad, editor-in-chief of the Al-Baath, official newspaper of Syria's ruling Baath Party.

Saad Hamza Ilwan, a retired primary school teacher from Mahmoudiyah, a particularly dangerous Sunni Arab town south of Baghdad, came to Syria with his wife and three children nearly two years ago. He could only afford a flat in the al-Yarmouk Palestinian refugee camp, which is more like a sprawling suburb of Damascus.

He sells cellular telephones and phone cards. "Business is slow," he said as his 10-year-old son, Mohammed, dusted the shelves. "There are five shops selling the same things on this part of the street alone."

He said his children are struggling with a Syrian school system that is more rigorous than Iraq's.

"But the Syrians treat us well," said Ilwan, who says he fled Iraq four months after U.S. troops stormed his home, arrested two of his brothers and held them for eight months.

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In al-Yarmouk, the men spend their evenings smoking and drinking sweet black tea while swapping stories of conditions at home learned from telephone conversations with relatives and friends in Iraq.

Mohammed, the 10-year-old, huddles by an electrical heater to fend off the cold and declares himself homesick.

"I don't like Damascus," he says, drawing protests from his father. "I want to be back in my school in Iraq."

Associated Press correspondents Jamal Halaby in Amman, Jordan, and Salah Nasrawi in Cairo, Egypt, contributed to this report.

Taliban Leader Killed In NATO Airstrike (AP)

AP, February 4, 2007

NATO-led troops killed a senior Taliban leader with a precision airstrike near a southern Afghan town overrun by militants, a spokesman for the alliance said Sunday.

Col. Tom Collins said the airstrike near Musa Qala on Sunday morning killed a senior Taliban leader riding in a car.

Musa Qala on Thursday was overrun by an estimated 200 Taliban fighters who disarmed local police, ransacked the district center and hoisted their trademark white flag.

The town had been subject to a peace deal brokered last October between village elders and the Helmand provincial government that prevented NATO, Afghan and Taliban fighters from coming within 3 miles of the town center.

Collins said the Taliban leader was killed within that 3-mile zone with the approval of the Afghan government. He said no NATO or Afghan forces were on the ground in Musa Qala.

Collins didn't immediately name the person killed in the strike, but Mohammad Wali, a Musa Qala resident, said the airstrike killed a Taliban leader named Mullah Abdul Gafoor and some of his associates while they were riding in a truck through a small village just outside Musa Qala.

Another resident, Lal Mohammad, told The Associated Press on Saturday that the fighters in Musa Qala were being led by Gafoor, the hardline militia's corps commander in western Afghanistan during the Taliban regime.

Musa Qala saw intense battles between Taliban fighters and British troops last summer and fall. The fighting caused widespread damage to the town of around 10,000 inhabitants, most of whom were forced to leave.

British forces withdrew from Musa Qala in October after the truce, which turned over security to local leaders and prevented NATO forces from entering the town.

Gen. David Richards, who was replaced Sunday as NATO's commander, told the AP on Saturday that "very surgical and deliberate" force would be used to evict the fighters from Musa Qala, where he said the alliance's strategy of avoiding military action has driven a wedge between residents and Taliban insurgents.

Residents Flee Taliban-held Town (AP)

AP, February 3, 2007

KABUL, Afghanistan (AP) -- Hundreds of villagers fled a southern Afghan town overrun by Taliban militants, fearful of a NATO attack on the insurgent fighters who have hoisted their trademark white flag over the town's ransacked government center, residents said.

NATO's outgoing commander, Gen. David Richards, said "very surgical and deliberate" force would be used if needed to solve the crisis in the town of Musa Qala, and Afghan Defense Minister Abdul Rahim Wardak said: "If there is a need for an operation, there will be one."

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said Saturday that NATO was watching the situation, but that no forces were in Musa Qala. NATO troops pulled out of the town in October after the government and village elders signed a peace agreement.

"It is only a matter of time before (the) government re-establishes control," Collins said.

However, he said NATO had reports that Taliban militants had reinforced their defensive positions.

Abdul Baqi, a villager who fled Musa Qala with five family members on Saturday, said residents feared a bloody clash was imminent after the Taliban fighters swarmed the town Wednesday and Thursday, temporarily taking village elders hostage.

"I'm going to stay with my relatives and will return only if the situation gets better," Baqi said while sitting in his pickup truck in the nearby district of Gereshk.

Resident Mohammad Wali said Taliban fighters had hoisted a white flag over the damaged government compound, and villager Lal Mohammad said hundreds of residents had fled.

British troops fought intense battles with Taliban fighters in Musa Qala in the second half of last year. The clashes caused widespread damage to the surrounding town of around 10,000 inhabitants, most of whom were forced to flee.

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British forces left Musa Qala in October after elders and the Helmand provincial governor struck a truce that turned over security to local leaders and prevented NATO forces from entering the town.

A purported Taliban spokesman, Qari Yousef Ahmadi, said the Taliban took over the town in response to NATO attacks he said violated that agreement -- an apparent reference to a NATO airstrike outside of Musa Qala that killed a senior militant leader and a number of his deputies late last month.

But NATO said the Taliban were never party to the agreement, and that "by their actions, the Taliban have ended over four months of peace in Musa Qala which, until now, had seen a return to normality with reconstruction and development getting under way."

"It is very clear that the Taliban are acting against the wishes of the people of Musa Qala," a NATO statement said.

Richards, a strong supporter of the British-backed peace agreement, said the Taliban move proved the agreement's success.

"These mechanisms to drive a wedge are an absolute classic part of any counterinsurgency," he said. "Far from being a failure, it shows what a success this can be and how upsetting it can be to the Taliban."

New Chief For NATO Afghan Force (BBC)

BBC.com, February 4, 2007

UK General David Richards has handed over control of the Nato force in Afghanistan to US General Dan McNeil.

During Gen Richards's nine months in charge, the International Security Assistance Force (Isaf) has increased from 9,000 to more than 33,000 troops.

Commanders who have recently faced a fierce Taleban offensive in the south have asked for further reinforcements to fight the insurgents.

But so far only the US and Britain have pledged more troops.

Criticism

It has been a challenging time for Gen Richards

Gen Richards faced Taleban attacks in the south where US, British, Canadian and Dutch troops were deployed in areas previously outside the control of the government, our correspondent says.

Nevertheless, he marked the end of his reign by declaring that the conflict in Afghanistan is a "winnable war".

In a BBC interview, Gen Richards said the Taleban commander in the disputed town of Musa Qala in Helmand province, Mullah Abdul Ghafoor, was killed in an air strike overnight.

"It's almost 100% certain that... the leader of the Taleban grouping in Musa Qala that intimidated the people and took over the centre, has just actually been taken out in an air strike along with some of his leading henchmen."

Speaking to the Associated Press, he said the Taleban had failed to recover from a major battle last year.

"They know in a conventional sense their attempt, which I will give them credit for was a good attempt, failed when they gathered 1,000 fighters in one place."

New approach?

Gen McNeil took command of the multinational headquarters in a ceremony on Sunday morning.

He has been based in Afghanistan before, and will take on the Isaf mission of bringing security and development, and helping win over the people for the Afghan government, our correspondent says.

He says there has been some criticism from US quarters of the British policy of making peace deals with local elders - notably in Helmand province where a four-month ceasefire recently collapsed in one town.

The new commander is expected to have more troops available to him than Gen Richards could call upon.

There is an uncertainty as to whether Gen McNeil might take a more direct approach to the counter-insurgency but that is yet to be seen, our correspondent says.

Afghan Schools Take On The Taliban (LAT)

By Laura King

The Los Angeles Times, February 4, 2007

WACH TANGI, AFGHANISTAN — Even before the winter wind had scattered the ashes of their village school, the people of this poor hamlet in eastern Afghanistan decided they had to fight back.

On a bitterly cold night last month, suspected Taliban militants set fire to all five "classrooms," housed in canvas tents donated by a humanitarian agency. It was one of nearly 200 schools across the country burned in the last year by Islamic insurgents.

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Four hundred more schools were closed by threats and intimidation, driving more than 130,000 students from their classrooms and dealing a harsh blow to massive international efforts to rebuild an education system ravaged during the years of Taliban rule.

Over the last three months, however, the rate of attacks has fallen dramatically, with fewer than half a dozen schools believed to have been targeted. Education officials attribute the decrease at least in part to a nationwide drive to create local "defense committees" for schools, enlisting the help of tribal elders, Islamic clerics and, in some cases, homegrown militias.

The people of Wach Tangi, which lies about 10 miles north of Jalalabad, the capital of Nangarhar province, believed their village was too remote and their tent school too rudimentary to attract the notice of any Taliban militants in the area.

The road leading to the village of 1,800 people resembles a dry riverbed: winding, pitted and stone-strewn. So arid and forbidding is the landscape that in the Pashto language, Wach Tangi means "valley without water."

But on the night of Jan. 6, arsonists took the trouble to make the journey, and methodically set each tent ablaze. Villagers raised the alarm within moments, but it was too late. The classrooms vanished in a whoosh of flames that scorched the stone foundations and charred the metal support poles.

"We realized right away that we had made a big mistake by not doing more to protect ourselves, to protect our school," headmaster Wali Mohammed said.

A posse of village men took to the dry hills, trying unsuccessfully to track the arsonists. The next day, virtually all of Wach Tangi's families, even the poorest, agreed to chip in what they could to have armed men guard the school at night once it reopened.

Within two days, the village had organized a protection committee made up of its most influential citizens, charged with the task of keeping the school, its pupils and its teachers safe.

The school is up and running again, in UNICEF-donated tents. Students still have the schoolbooks that were home with them when the old school was burned, and more are on the way from donors.

But the fire remains fresh in everyone's mind.

"Those who did this to our school are enemies of our country," said Abdul Wahed, a white-bearded tribal elder. "We won't allow this to happen to us or to our children."

Afghanistan's Education Ministry has encouraged grass-roots school-protection initiatives in recent months, even though the central government has no money to fund them. There are no reliable figures, but the ministry believes more than half the country's 9,000 schools are under some form of locally organized protection, whose effectiveness remains to be seen.

"There just aren't enough police to watch over every school in the country," said Zuhoor Afghan, a ministry spokesman. "But the local people know their own towns and villages best. They know who is a stranger; they know who has business there and who does not."

Villagers are aware that their vigilante methods could cost them their lives. The Taliban, whose name means "students," see Western-style education as a threat to their concept of a pure Islamic state. Their followers regard modern education as a force for Western colonialism.

Wahed, the elder in Wach Tangi, said he did not know what would have happened if villagers had caught up with armed men on the night of the fire.

"We had only a few old guns," he said with a shrug. "But we would have done our best against them."

Likewise, the night watchmen hired by the village are equipped only with handguns, little match for the automatic rifles carried by Taliban fighters.

Still, the villagers believe their newfound watchfulness will be a deterrent. And the school-protection committee members are trying, each in his own way, to help stave off attacks.

The mullah on the committee has been using mosque sermons to emphasize that nothing in the Koran forbids girls from receiving an education, as they do in Wach Tangi, where about half the nearly 500 pupils are girls. Boys study in the morning and girls in the afternoon.

One of the tribal chieftains on the committee is calling in favors from kinsmen nearby, asking them to keep their ears open for word of any threat. Another committee member has lobbied the police to mount more frequent patrols, winning a sympathetic hearing from a commander who grew up in the area.

Many of those associated with the school remain deeply fearful. Teacher Gul Anar said that after the fire, she considered abandoning her work. Dozens of teachers have been killed in Afghanistan, and she was afraid of becoming a victim too.

"I was terrified," she said. "And losing our school was such a very sad moment. But then I thought of my students, how eager they are to learn, and I decided I must continue."

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Some educators believe that the recent lull in school burnings and other attacks is only partly due to the establishment of protection committees. Violence traditionally decreases during the coldest months, and they think the insurgents will become more active again during the spring.

Other school officials believe that the Taliban, after initially underestimating the strength of the country's education ethic, may have discerned that the school-burning campaign was backfiring.

"People hated it during the time of the Taliban, when their daughters could not study and when nothing was taught in the schools but theology," said Mohammed, the Wach Tangi headmaster. "Attacking schools is not going to make them popular again. Even they can see that."

In what may have been a concession to that sentiment, a Taliban spokesman in the country's south announced last month that the movement would begin opening schools of its own, at which girls "eventually" would be welcome.

Educators and Western military officials scoffed at the notion.

"What's the curriculum going to be — suicide bombings?" asked Mark Laity, the chief spokesman in Afghanistan for NATO.

"We don't believe for a moment that education is a genuine goal of these people…. They don't want Afghanistan to have a functioning government or civil society."

"It's only a ruse," said Afghan, of the Education Ministry. "If they did open schools, they wouldn't teach anything but religion — no mathematics, no language, no history."

In the classroom tents of Wach Tangi, teachers said, they still had not been able to adequately explain to their pupils why their school had been a target.

"After the fire, they asked me over and over again, 'Why? Who would do this?' " said teacher Shoiabullah, who uses one name.

"We didn't have a real answer for them. We said only that we would try our best to keep it from happening again."

The Road To Helmand (WP)

By Holly Barnes Higgins

The Washington Post, February 4, 2007

The news came in a phone call from Afghanistan. Ten days ago, a suicide bomber tried to talk his way into a compound in Lashkar Gah where I had worked until last October. He blew himself up without getting in and no one else was seriously hurt, but the story shook me. What I had expected for so long had finally happened.

I went to Afghanistan in October 2005 to work on an economic development project funded by the U.S. government. I went because I believed in the mission: helping to improve the quality of life in a war-torn land. I was lucky to get out.

Now I am home, hearing with dismay that President Bush lauds our work as a success and is requesting more aid for Afghanistan. I think of my colleagues still back in Helmand province, especially the young Afghans who risk their lives to work with us because the United States has insisted that progress is on the way.

I know about the millions of dollars already wasted there.

When I was in the field, I sometimes had to travel to Kabul to talk to U.S. officials about various assistance strategies and whether they were viable on the ground. They call the process "groundtruthing."

A year later, this is the story of my time in Afghanistan. This is my own groundtruthing.September 2005

I didn't want to go.

When a friend mentions the job in Afghanistan, I shake my head before he even finishes talking. I'm not looking for another adventure. I've worked with uban youth and in Angola. I've done enough hard time in hard circumstances. At 36, I feel it's my time to settle down. The most dangerous province in Afghanistan is the last place I want to go.

But my friend presses. "Would you be willing just to talk with them?" he asks. I imagine what I've seen of Afghanistan in the media -- a desperate place bombed to hell even though it already looked to be in pieces. Still vulnerable to the idea of humanitarian service, and to adventure, I agree to a meeting.

The project in question, run by a private contractor and funded by the U.S. Agency for International Development (USAID) to the tune of $121 million over four years, is intended to provide jobs, develop business and agriculture, and improve infrastructure in Helmand province -- all part of the effort to reduce poppy-growing in that region, one of the largest opium-production centers in the world. It seems a worthy goal.

But the project is also taking over from another that shut down after 11 members of its staff were killed. The Taliban have never claimed credit for the deaths, but most people assume they're to blame.

I talk to anyone I can find who has experience in the region. No one thinks I should take the job. Only one person I meet has ever even set foot in Helmand, and she sounds stunned that I'm considering working there for a year or two. The lone voice of optimism is that of a journalist. "You'll have a ball," he says.

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Before I leave for Kabul, I put my belongings in long-term storage, ship my cats home to Texas, rent out my apartment. I also prepare a power of attorney and my will.October 2005

Our little plane hits the large swath of gravel that serves as an airstrip for Lashkar Gah, the capital of Helmand. The barrenness all around is astounding: no buildings, no parking lots, nothing but a few dust-colored structures.

A group of Afghan men with Soviet-era rocket-propelled grenade launchers watch us get off the plane. They follow every move I make, but I'm careful not to look them in the eye.

My living quarters are a bedroom and bath in a 10-bedroom, three-story pink stucco building that people call "the palace," short for "narco-palace." Blast-protection film covers the windows, and the security manager is preparing to hire a crew to fill thousands of sandbags to fortify the perimeter. The project office is in the same compound, so my commute is about six steps door to door.

The house speaks of rare wealth (and bad taste), but the periphery of our compound is just like everyone else's: rudimentary ditches filled with rubbish and a black-green soup of waste and water.

An American colleague takes me up to the roof. All around are grassless yards and square houses of mud or clay. Directly below us, a scrawny cow stands under a drought-shrunken tree, a chicken pecking at her hoof, while a child prepares to fly his plastic-bag kite. Passersby stare up in shock at the sight of a blond woman with an uncovered head. Ducking, I hurry back inside.

* * *

One of 34 Afghan provinces, Helmand lies about 400 miles southwest of Kabul. It's home to the highly conservative Pashtun people. Poppy production was nearly unheard of here before the Soviet invasion in 1979. But today, most farmers grow poppy, along with smaller amounts of other produce. It's simple economics: A farmer can earn about $5,400 per hectare of opium yield, almost 10 times what he would get for a hectare of wheat.

In the 1950s and '60s, the U.S. Army Corps of Engineers and USAID developed a 1,600-kilometer irrigation system in the province. Many residents remember a time when Lashkar Gah, with its newly paved streets and neat rows of tree-shaded houses, was called "Little America."

Today, much of the pavement is ruined, and the sagging former USAID homes look much older than they are. Meanwhile, massive, gaudy structures built with drug money rise around them. Because of their bizarre, strange-colored exteriors dotted with mirrors and decorative tiles, these narco-palaces are also referred to as "Pakistani wedding cakes."

* * *

I am the only woman on our team. I'd been warned that locals would think I was a prostitute brought from the West for the male staff of American, Australian, British and Latin American contractors, and that this perceived violation of Islamic morality would put the team at heightened risk.

So I am required to stay on the first floor, while my expat male colleagues enjoy more private quarters upstairs. I dress in shapeless clothing and wear only enough makeup to feel comfortable, yet I still feel as though I'm surrounded by a neon light.

The only time I feel relief from this self-consciousness is around A., our Hazara cook. Unlike the Pashtun men, A. looks me in the eye, laughs easily, doesn't seem afraid of me. He spends hours preparing our meals, then watches our expressions as we eat, awaiting appreciation from the table, often winking at me.

Nonetheless, by and large the food is horrible -- sometimes really horrible. But about once a week, A. hits the bull's eye. His "Pashtun burgers" are a favorite. He uses an old coffee can to cut circles out of nan, the flat Afghan bread, to serve as buns.

More than anything, A. wants to be a chef in the United States. Sometimes I get excited about this idea and think about ways to help make it happen. But the barriers are too great.

I feel the same about S. and R., the two young Afghan women in our office. They want to go to medical school, but they have no passports and no money. Nor do they know much English. I feel impotent in the face of their dreams. Getting an Afghan into the United States post-9/11 is as ambitious an undertaking as, well, getting poppy out of Afghanistan.

* * *

The people of Helmand fall into two categories. The great majority believe that poppy is the only reliable source of income. The small minority believe that with help, alternative livelihoods are possible. They don't know how to make progress, but they're hungry for it, so they're willing to trust us.

The project's goal is to diversify the economy and create jobs. Plans include building roads and refurbishing the irrigation system, electrification improvements, job training, an industrial park. I'm responsible for setting up the public information office and developing a campaign to promote the project to Afghans. But there's a substantial caveat: illiteracy. The project's security manager tells me that not one man in his unit of 60 can write his own name; to receive their pay, they "sign" with their thumbprint. Whatever strategy I come up with will have to be compelling but simple.

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The company seems most invested in pleasing its client, USAID. Meanwhile, USAID is concerned about pleasing the Afghan people, local and national Afghan leaders, the media, Capitol Hill and the State Department. So I am to issue reports every other week, as well as "success stories" that will convince everyone that these millions of dollars are well spent, that U.S. efforts in Helmand are a shining example of our good work in the world.

On paper, it sounds great. But in practice, all I have to promote are concepts. I'm told to wait before I initiate any public education effort. Weeks go by. Nothing happens. I tell the team I'm concerned about losing the confidence of Afghans who are interested in finding livelihoods other than poppy cultivation. I suggest announcing project timelines so that people can anticipate positive changes. We must provide something to generate discussion as people eat their meals, sit together for tea, walk to Friday prayers.

But because of mismanagement at multiple levels, personnel turnover, lack of initiative and concerns about personal security, progress simply isn't forthcoming. Often the local Afghan government and its culture of corruption, or USAID, are blamed for the lack of results, but the bottom line is the same: We have very few accomplishments to report.

In the meantime, the reports are still due. And I feel pressure to explain to local residents what we are doing here. I hear over and over how the Afghans feel let down by the international community. So our words and images must be chosen with great care. I have little but words and images to offer.

* * *

Though the Taliban pulled out of Lashkar Gah after the U.S. invasion in 2001, they have gradually made their way back, working with drug lords to control the production of the poppy crop they once forbade, the profits from which now fuel their resistance. The Taliban and their collaborators approach our laborers regularly, making deals to ensure their loyalty during the planting and harvesting season.

But maintaining poppy production is only part of their mission. They are here to expel the infidels, maintain the status quo of fear and resist progress that suggests cooperation with the West.

We hear that the Taliban see Helmand province as their proving ground, the key to taking back Afghan territory from NATO and Afghan troops. Commanders on the ground describe the situation as the most brutal conflict the British army has been involved in since the Korean War.

* * *

I ask the elders who work in our office to help me find someone to serve as my assistant. B. comes in the next day. She's nervous, and her English is poor. She doesn't have any real qualifications. But I'm desperate for help, so I hire her.November 2005

Our security manager is continually checking rumors of danger. Recently, he has received reports of more "night letters" distributed locally.

The night letter calls on holy warriors to fight the infidels. One that I read states that cooperation with Christians and Jews and those associated with the U.S.-backed invasion is punishable by death. Any Afghan known to work as a cook or driver or to engage with Westerners will be executed.

I think of B. and the risks she takes to work with us. We agree that she will call me at the end of every work day to let us know that she has arrived home safely. She in turn worries that I could be poisoned, and insists that I eat food prepared only by people I trust.

* * *

A vehicle-borne suicide bomb detonates outside the provincial governor's office compound, about two blocks away. It's only a partial explosion, and the bomber survives the blast to be shot down as he gets out of the car. Several days later, we hear more blasts -- the rest of the suicide mission's explosives. U.S. Special Forces forgot to tell anyone they were going to set them off. Our ribs shake from the impact, and a tense silence descends on the office.

* * *

I hold a dry opium pod, and it rattles like a baby's toy. Today I learned that women are planting poppy openly in front of their homes, trying to attract buyers. I'm told that some are widows who can't imagine another way to provide for their children. Others are virtual widows, their husbands lost to the haze of opium addiction.

I met today with F., the director of women's affairs for the province. Apparently she secretly educated hundreds of girls in her home during the Taliban era. The Helmand Women's Association is housed in a dank, dilapidated building. F. receives no salary and faces begging, pleading women every day. She feels helpless, and is grateful that we are here.

* * *

Several of us go to the bazaar in search of spices for our Thanksgiving meal. I bite into things, hoping to find nutmeg, and examine the local version of peppercorn. My favorite senior Afghan staff member, H., is with me as the crowds gather to watch us.

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Suddenly, I'm pushed. I assume it's an accident, but H. snaps at the crowd. We've just received a call from security about a possible car bomb, so he's already on edge. It's one of only two shopping trips we'll make before the market is designated "no go" for expats, and it is cut short. But I have nutmeg.December 2005

I heard this today: "Helmand is where God comes to cry." The barren surroundings are so overwhelming that they blunt any interest in conversation, so our travels on the road are mostly quiet. Until we see a camel, or an enormous Kuchi dog, or a little girl decked out in something bright and sequined.

Every day here, it is palpable, the cost exacted from a people living between abject poverty and illegal income. I see it in the cautious eyes of turbaned men coming into the compound to meet with our agricultural team, and in the suspicious expressions of local leaders.

I don't think they know that we understand their situation. Inside this compound we think about it all day, every day. We talk about it at meals; we know the world outside these walls is waiting for more and better options.

But the team seems to face obstacles everywhere: some USAID regulation that management can't get around; resistance to new ideas; and a general sense of being overwhelmed that's the result of an ill-conceived mission.

Local residents live between a rock and a hard place, and expect us to extricate them. We live between a rock and a hard place, and clock time until our contracts are up.February 2006

I feel bad that we're not accomplishing more here, but I have no guilt about living in this compound and earning hardship pay. Especially because USAID keeps raising our danger pay, but never talks about evacuation. We're the only foreigners left here except the military. Even a Bangladeshi nongovernmental organization shut its doors recently after one of its Afghan staff members was killed as he prayed in the nearby mosque.

* * *

As harvest season approaches, we brace ourselves for foreign media inquiries. Predictably, most want to tell the sinister story of opium and violence. I am determined to show a different Helmand. But after the first two or three visits, it becomes obvious that the project has few activities to showcase. Over and over we take reporters to the cobblestone road at Qalai Bost.

Our one success story, the road was begun early this year, using stones harvested from the Helmand River. Nearly 350 men were paid $4 a day to leave the poppy fields and work on it. I never thought I could get excited about road construction, but it truly is a thing of beauty, as is the laborers' pride in it.

In preparation for a visit by reporters, I want the men to practice being interviewed, so I play reporter while B. serves as interpreter. I ask her to encourage the workers to use their own words. To my relief, each man speaks authentically about his fondness for the work. A day's wage on this project, one says, is enough to buy medicine and send his child to school, and he is proud of the fact that it is clean money.

The reporter I accompany to the site the next day has been around the region a lot longer than I have. When I suggest that she speak to the men I had talked to, she recoils and strikes off in the opposite direction, looking for other laborers who will tell her the darker story of poppy. We all could have saved her the time and risk and told her that over the phone. We all know that story.

* * *

B. has grown so much in the job. Once a young woman who refused to talk to men she didn't know, she now makes phone calls and engages with both men and women with confidence. Mortified when I first suggested that she accompany me to a meeting with government officials, she regularly makes presentations to groups.

She also has an acute case of wanderlust. When I return from London, she asks about my holiday. "It was lovely," I say. She smiles but her look is one of longing. "Where would you want to go if you could go anywhere in the world?" I ask her.

She stiffens, and says I must not suggest such things. "God has written on our foreheads where we are to go in this life," she says, "and he has not written that I am to leave Afghanistan."

I smile. "A few months ago, would you have believed it if someone had said: 'God has written on your forehead that you are to work with an American organization and make a good living'?"

She seems uncomfortable. I feel guilty and go back to my computer. Then she whispers, "Holly. I would like to visit India -- India and London!"

* * *

In the past, threats of poppy eradication have been empty, but now we hear that it has begun. Locals tell me the average citizen believes that "alternative livelihood programs" and eradication efforts go together. This is just what we didn't want, and what some on our team fear puts us at greater risk. We urgently need to make the public distinction between alternative livelihoods and eradication.

We all seem to know how inverted this process is. The options that the project is proposing should have been in place before the eradication threat returned. It comes to these farmers every year lately, and every year they ask, "What are our

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alternatives?" And every year, the answer is the same, though no one is honest enough to say it: "There are no other options."August 2006

I'm back from home leave, and B. tells me about the phone calls.

"I was called by this man," she says. "I don't know who he is, but you know, he shouldn't do this. So I said to him, 'What kind of Muslim are you to call an unmarried woman?' " But he responded: "What kind of Muslim are you to work with Americans?"

The caller said he knew where she lived, what time she left her family's home for the walk to our compound, what color her burqa is. I think of the threats to the women on the provincial council, to F., and the recent killing of F.'s counterpart in Kandahar, as well as of F.'s own driver. I tell B. she must now call me when she reaches her afternoon classes. I make her change her route and ask her to call me after she arrives home each night.

* * *

F. and the other women in Helmand's department of women's affairs have avoided going to their new building since her driver was killed, so B. and I head to the old office for a meeting. For this three-block drive, B. covers all but her eyes. She says she doesn't want to be seen in our vehicles; it frightens her. In the front seat, two middle-aged former soldiers from South Africa serve as our escorts. They are carrying automatic weapons; we all wear body armor.

During the meeting, we hear a large explosion. On the way back to the compound, we learn that it was a suicide bomb at the market nearby. It killed 23 people, many of them women and children doing their midday shopping.

The intentional killing of innocents, virtually around the corner. We go to dinner, talk about it briefly, then move on to new recipe ideas. Without our being conscious of it, numbness sets in.September 2006

The head of the British government's drug team is pacing on the tarmac in Kabul, his bulletproof vest a stark contrast to his summery plaid shirt and rumpled khaki suit. He and his colleagues don't get to Helmand much, and he seems anxious.

We are headed back to Lashkar Gah, to a counter-narcotics shura, a consultation with religious leaders and tribal elders. Planting season is fast approaching, so the pressure is on to encourage people to plant something other than poppy. To increase confidence in him, we've told locals that the governor of Helmand has called the meeting. In truth, the meeting was put together by the British drug team working with USAID and the State Department.

We arrive two hours late and enter a room crowded with somber, sweating men. Some have traveled for more than a day to be here.

After a series of benign speeches by the governor and the ministers of agriculture and of rural reconstruction and development -- speeches that fail to make use of the statistics and talking points we've worked around the clock to produce -- the crowd asks questions. The men become worked up, but all I hear are the predictable complaints: There are no alternatives to poppy. Why can't you just raise the price of cotton, we'd all grow it instead. Where has all the reconstruction money gone?

I am getting as agitated as the crowd, because I know that the materials in the unopened plastic folders would have preempted all these questions. I watch the ministers take notes as the governor mops the sweat from his face and neck.

I get up and go into the hall, where the governor's shooters are pacing. But before I can leave, the meeting breaks and I am led to a private lunch where 30 people sit in silence.

* * *

Another suicide bombing, this one even closer to the compound. I'm in the reception area. At first I think someone has slammed the metal-and-glass door behind me really hard, so I keep talking. We've just received 15,000 information booklets that I've designed. I'm showing them to our Afghan staff when I notice people running.

Our security force comes through the door and rushes past with weapons in hand. We cancel the road move we had planned and some of us gather to watch the smoke rise. The bomb killed 21 people down the street, about a block and a half away.

Once every few days, I think about the very real chance that this could be B.'s last day, some guard's, even mine. Bribes are offered and accepted frequently here, and I wonder when someone wearing an explosive vest will pay off one of our Afghan guards for access to our building.October 2006

It is my final full day in Afghanistan. I feel spent. I make some green tea out of sight of colleagues who are fasting for Ramadan. If depressing had a taste, I think it would be lukewarm, unsweetened green tea.

It occurs to me that I have been set up to fail, and that this is what has made me so tired, not the dysentery or the malaria or the long days and nights. On the good days, I still feel like progress is possible. Other days, I internalize the project's failure, and that is the feeling I leave Afghanistan with. The sandbagged walls and armored vehicles have not prevented guilt from penetrating my bones.

I now think that the West can do little if anything to quell the opium poppy trade, except to intercept the traffickers. This will be true as long as Helmand's residents refuse to recognize and respect the central government; as long as streets and schools,

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markets, mosques and government buildings are targeted by suicide bombers; as long as elders strike deals with the Taliban and government officials themselves profit from poppy production.

Still, I wish I could have been and done more. Then on this last day, I see the photographs of our public information materials being distributed in the villages of Helmand. They show wide-eyed children studying the pictures, teachers in full classrooms pointing to pages in the booklets I wrote, smiling policemen handing them out.

I don't know if the words and images inspired any conversations about hope and possibility. But in my final hours in this country, these pictures allow me, at last, to feel some small glimmer of satisfaction.

Holly Barnes Higgins is a former aid worker in Afghanistan and Angola.

Wrong Model For Afghanistan (NYT)

The New York Times, February 4, 2007

There is no question that Afghanistan needs to wage a far more effective fight against opium trafficking if it ever hopes to achieve a stable peace. But Colombia — another United States ally whose narcotics trade is helping finance a lethal insurgency — is not the model to follow.

Unfortunately, that is exactly what America's top-ranking military officer, Gen. Peter Pace, recently called for, after the nomination of Washington's current ambassador in Bogotá, William Wood, to be the new American ambassador in Kabul.

The limited gains Colombia has achieved in recent years have been offset by an overly generous amnesty program for right-wing paramilitary leaders and drug traffickers, which has seriously compromised the rule of law. And American aid has been disproportionately directed into military and police programs, leaving far too little to promote alternative livelihoods for Colombia's farmers. Despite all the money spent, the amount of land planted with coca crops has risen and the net harvest has been reduced only slightly. Afghanistan's problems will not be solved by copying these mistakes.

Last year Afghanistan produced 90 percent of the world's opium — a rise of almost 50 percent from the year before. The exploding drug trade is not just a problem for Europe, where most of the heroin produced from that opium ends up. It is a major destabilizing force inside Afghanistan.

Drug money, which represents roughly 35 percent of the country's gross domestic product, is fueling government corruption, financing warlords — some pro-government and some pro-Taliban — and adding to a dangerous disillusionment with President Hamid Karzai's government.

Most of the American aid sent to Kabul since 2001 has gone into security programs and short-term relief and reconstruction, not the long-term development on which lasting security depends. This has left Afghan farmers prey to drug traffickers who often supply the only credit available, with repayment expected in opium poppies.

And with no visible help coming from Kabul or Washington toward alleviating crushing poverty, people in Afghanistan's southern provinces are beginning to look favorably toward a resurgent Taliban. The significantly increased American aid package for Afghanistan announced last month needs to focus more on development. Mr. Wood needs to bring a different set of priorities to Afghanistan, not simply repeat the mistakes Washington has made in Colombia.

DOJ:

U.S. Attorney Firings Set Stage For Congressional Battle (WP)

By Dan Eggen

The Washington Post, February 4, 2007

H.E. "Bud" Cummins III had served for five years as the U.S. attorney in Little Rock -- a job he obtained in large part because of his credentials as a longtime GOP lawyer and avid supporter of President Bush.

So Cummins, 47, was more than a little surprised when he got a call from the Justice Department last year asking him to resign. He was told there was nothing wrong with his performance, but that officials in Washington wanted to give the job to another GOP loyalist.

"I don't think many of us were aware that the administration might want to ask someone to step aside just to give someone else an opportunity," said Cummins, who left office in December and was replaced by J. Timothy Griffin, a former aide to presidential adviser Karl Rove. "The precedent was that once you were appointed, assuming you were successful in office, you were there until there was a change in the White House."

Cummins was the first in a wave of seven U.S. attorneys to be fired by the Justice Department, a move that has prompted sharp criticism from Democrats in Congress and has set the stage for a legislative battle over the attorney general's power to appoint federal prosecutors.

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Six of the prosecutors received calls notifying them of their firings on a single day shortly before Christmas, officials said, including the U.S. attorney who oversaw a prominent public corruption probe in San Diego and a prosecutor in New Mexico whose life as a military lawyer was portrayed by Tom Cruise in the movie "A Few Good Men." Most have told colleagues that they have no idea why they were shoved out, according to aides.

A little-noticed provision passed last year allows Attorney General Alberto R. Gonzales to appoint interim U.S. attorneys indefinitely without seeking approval from the Senate. Fearing an attempted end run around congressional prerogatives, both House and Senate Democrats have introduced legislation to repeal the provision. The Senate Judiciary Committee is scheduled to hold a hearing on the issue Tuesday.

"The U.S. attorneys' job is too important for there to be unnecessary disruptions, or worse, any appearance of undue influence," Sen. Dianne Feinstein (D-Calif.) said in a floor speech last month.

Gonzales and his aides say that they intend to seek Senate approval for every new U.S. attorney and that the old system, which allowed federal judges to appoint replacements, has both practical and constitutional problems. Justice Department officials also defend Gonzales's right to fire U.S. attorneys at will and have suggested that each of the recently dismissed prosecutors had performance problems.

"Every U.S. attorney, like the attorney general of the United States, serves at the pleasure of the president," Gonzales said in a recent interview with The Washington Post. "We can be asked to leave at any time; we can be asked to leave for any reason."

He added later: "From time, to time we make an evaluation as to whether we believe we can put in people who can produce better results, who can do a better job."

But there is also evidence that broader political forces are at work. One administration official, who spoke on the condition of anonymity in discussing personnel issues, said the spate of firings was the result of "pressure from people who make personnel decisions outside of Justice who wanted to make some things happen in these places."

Several of those fired have already left, and the rest will be gone by the end of the month.

The dismissals include the heads of two of the most important U.S. attorneys' offices in the country: Carol S. Lam in San Diego and Kevin Ryan in San Francisco. The others were John McKay in Seattle; David C. Iglesias in New Mexico; Daniel G. Bogden in Nevada; and Paul K. Charlton in Arizona. All declined to comment for this story.

Ryan's departure was perhaps the least surprising because his tenure had been marked by public complaints about plummeting morale and high staff turnover. But Lam's departure has been more controversial, prompting public complaints from the head of the local FBI field office and questions from Sen. Patrick J. Leahy (D-Vt.), Rep. John Conyers Jr. (D-Mich.) and others. Some Democrats speculated that the administration was attempting to undermine the ongoing corruption probe centered on former representative Randy "Duke" Cunningham (R-Calif.), which was overseen by Lam.

"We have people from the FBI indicating that Carol Lam has not only been a straight shooter but a very good prosecutor," Feinstein said. "Therefore, it is surprising to me to see that she would be, in effect, forced out, without cause. This would go for any other U.S. attorney among the seven who are on that list."

Justice Department officials -- who discussed personnel issues on the condition of anonymity -- said that Lam's record was far more mixed, noting that prosecutions of firearms offenses plunged during her tenure and that she personally oversaw a major health-care fraud case that ended in a mistrial.

Another surprise was the firing of McKay, whom Cummins described as "a rock-star U.S. attorney" and whose effort to build a law enforcement database is the template for a new nationwide program at Justice. McKay was also rebuffed for a federal judgeship at the same time.

Like President Bill Clinton before him, Bush removed nearly all the U.S. attorneys when he came into office and replaced them with his own Senate-confirmed appointments. Under previous statutes, the attorney general had the power to appoint an interim prosecutor for 120 days in the case of a vacancy, but then it was up to the local district court to make an appointment until the Senate approved a final pick.

Gonzales and many legal experts say that arrangement was a troubling intrusion on the separation of powers between the independent branches of government.

A new provision, which was quietly tucked into USA Patriot Act reauthorization legislation last year, allows Gonzales to appoint interim prosecutors indefinitely. Not counting the recent dismissals, there have been 11 vacancies since the measure was enacted, and Justice Department officials said they will provide nominations to the Senate for each position.

Feinstein and other Democrats fear the provision would allow an attorney general to avoid Senate confirmation of U.S. attorneys altogether and are proposing a return to the previous system.

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B. Mahlon Brown III, a former U.S. attorney for Nevada who now heads the National Association of Former United States Attorneys, said most members of the group are in "shock and awe" over the wave of firings. "It goes against all tradition, and it's very troubling to a lot of us," Brown said.

But Dennis W. Boyd, executive director of the National Association of Assistant U.S. Attorneys, which represents currently employed federal prosecutors, said many of the group's members "do not see it as particularly unusual." Seven firings among 93 U.S. attorneys offices are not that many, Boyd added.

Cummins said "the political aspect of it shouldn't really be a shock to anybody," noting his own status as an active Republican lawyer who served as one of Arkansas's electors committed to Bush in 2000.

"Every U.S. attorney knows they serve at the pleasure of the president," he said.

CORPORATE SCANDALS:

Thomas To Review Stock Option Grants (AP)

AP, February 4, 2007

Thomas Group to Review Stock Option Practices

IRVING, Texas (AP) -- Thomas Group Inc., a management consulting firm, said Friday that it is initiating a review of its past stock option granting practices and will report its fourth-quarter and full-year results when the review is complete.

The company said that the stock options review was initiated voluntarily and not in response to an inquiry by the Securities and Exchange Commission or any other regulatory agency. More than 100 companies are under investigation by the SEC or Justice Department for their stock option granting practices, and at least 93 others have launched their own internal reviews, according to an Associated Press review.

Thomas said it plans to report its full quarterly and full-year earnings and file its Form 10-K annual report by the March 31 filing deadline.

The company did report revenue for the quarter ended Dec. 31 and the full year. Thomas said quarterly revenue increased 26 percent to $14.8 million from $11.7 million in the year-earlier period. For the full-year, revenue increased 38 percent to $59.5 million from $43.1 million in 2005.

Thomas Group also said it increased its signed contracts 46 percent in 2006 to $59.5 million from $40.8 million in 2005.

Shares of Thomas Group fell 14 cents to $13.70 in after-hours trading, after rising 13 cents to close at $13.84 on the Nasdaq.

CRIMINAL LAW:

Vice President's Shadow Hangs Over Trial (WP)

By R. Jeffrey Smith, Carol D. Leonnig

The Washington Post, February 4, 2007

Vice President Cheney's press officer, Cathie Martin, approached his chief of staff, I. Lewis "Scooter" Libby, on Air Force Two on July 12, 2003, to ask how she should respond to journalists' questions about Joseph C. Wilson IV. Libby looked over one of the reporters' questions and told Martin: "Well, let me go talk to the boss and I'll be back."

On Libby's return, Martin testified in federal court last week, he brought a card with detailed replies dictated by Cheney, including a highly partisan, incomplete summary of Wilson's investigation into Iraq's suspected weapons of mass destruction program.

Libby subsequently called a reporter, read him the statement, and said -- according to the reporter -- he had "heard" that Wilson's investigation was instigated by his wife, an employee at the CIA, later identified as Valerie Plame. The reporter, Matthew Cooper of Time magazine, was one of five people with whom Libby discussed Plame's CIA status during those critical weeks that summer.

After seven days of such courtroom testimony, the unanswered question hanging over Libby's trial is, did the vice president's former chief of staff decide to leak that disparaging information on his own?

No evidence has emerged that Cheney told him to do it. But Cheney's dictated reply is one of many signs to emerge at the trial of the vice president's unusual attentiveness to the controversy and his desire to blunt it. His efforts included the extraordinary disclosure of classified information, including one-sided synopses of Wilson's report and a 2002 intelligence estimate on Iraq.

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Under questioning from FBI agent Deborah S. Bond, Libby acknowledged that he and Cheney "may have talked" aboard the plane from Norfolk that day about whether to make public Plame's CIA employment, Bond testified Thursday.

Her testimony brought Cheney closer than ever to the heart of the controversy surrounding the Bush administration's efforts to discredit Wilson, who had accused the White House of twisting intelligence he had gathered as it sought to justify the invasion of Iraq.

White House officials testified that Cheney was irritated because he thought Wilson had alleged the vice president sent him on the fact-finding trip to Niger but rejected the investigation's conclusions. Time after time at the height of the controversy, they said, Cheney directed the administration's response to Wilson's criticism and Libby carried it out.

Cheney personally dictated other talking points for use by the White House press office; helped negotiate the wording of a key statement by then-CIA Director George J. Tenet; instructed Libby to deal directly with selected reporters; told Libby to disclose selected passages from the national intelligence estimate and other classified reports; and held a luncheon for conservative columnists to discuss the controversy.

Throughout this period, Cheney kept a news clipping of Wilson's criticisms on his desk, annotated with the question, "did his wife send him on a junket?" according to court statements. Libby told a grand jury that he and Cheney discussed it on multiple occasions each day.

Randall Eliason, a former chief of public corruption prosecutions for the U.S. Attorney's Office in Washington, said, "There has been significant evidence of how deeply the vice president was involved. If Cheney is personally, deeply involved in it, it's Libby's job to be personally, deeply involved."

Wilson was a former U.S. ambassador dispatched by the CIA the previous year -- at the suggestion of his wife but on a decision by other officials -- to determine whether Iraq had recently tried to acquire nuclear materials from Niger. The agency later said that it was responding to inquiries made by Cheney's office, the State Department and the Defense Department.

On July 6, 2003, 16 months after his return, Wilson publicly accused the administration of ignoring his report, which debunked the Iraq-Niger speculation, and of twisting his information to justify the invasion of Iraq.

Wilson's allegations provoked a political firestorm. Within days, the White House was forced to repudiate a key assertion President Bush had made in his State of the Union address, and Tenet issued an unusual public apology for failing to stop the president from making it. But rather than tamping down the controversy, the administration's backtracking only "made it flare up," as then-White House spokesman Ari Fleischer testified last week.

In its response, the White House wound up training its fire not only on the substance of Wilson's allegations but on him personally, trial testimony has shown.

Over the course of that week in July, bracketed by Wilson's published criticism and Cheney's flight back from Norfolk, three senior White House officials -- Libby, Fleischer and special presidential assistant Karl Rove -- inaccurately told or suggested to five reporters that Wilson had been dispatched to Niger by Plame, according to the testimony. Deputy Secretary of State Richard L. Armitage separately told columnist Robert D. Novak that Plame worked at the CIA, and Novak made that news public July 14.

The belittling implication of the disclosure, as Fleischer and others testified last week, was that nepotism, rather than Wilson's knowledge and experience, lay behind his involvement in the matter.

While Cheney and Libby have asserted that their sole intent in contacting journalists was to defend the credibility of their policy, prosecutors disclosed new evidence on Wednesday that the administration was focusing on Wilson himself. Cheney's then-communications director, Mary Matalin, advised Libby in a phone call July 10, prosecutor Peter Zeidenberg said.

Matalin, according to notes Libby made of the conversation, called Wilson "a snake" and warned that his "story has legs," Zeidenberg said. She laid out a plan: "We need to address the Wilson motivation. We need to be able to get the cable out. Declassified. The president should wave his wand."

While arguing unsuccessfully that the jury should see all of Libby's notes on the conversation, Zeidenberg said, "All we have heard from the defense all along is that Mr. Libby was only interested in responding on the merits." He said it was significant that Libby wrote down word for word "an extremely negative and ad hominem attack, if you will, about a critic."

Plame's employment at the CIA was classified, making it illegal for any official to knowingly and intentionally disclose it. Special Counsel Patrick J. Fitzgerald's 22-month investigation did not produce charges of that offense.

But Libby was indicted on charges of making false statements, obstruction of justice and perjury for denying that he was aware of Plame's employment and had disclosed it to journalists.

In courtroom testimony, witnesses have asserted that Cheney and two others told Libby about Plame in June, and that he told two journalists and Fleischer -- who in turn said he told two more journalists. It was, in short, a hot topic of gossip by the administration.

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According to Martin's testimony, Cheney directed her early in the week of July 6 to keep track of daily news coverage of the controversy, including "who was continuing to comment." During a meeting on Capitol Hill, Martin said, Cheney "dictated to me what he wanted me to say" about it to reporters.

In a meeting July 8, Martin said, Cheney also decided that Libby would call NBC News reporters Andrea Mitchell and David Gregory to discuss the matter. Martin said she walked out during Libby's subsequent calls to the reporters.

After Mitchell suggested in a broadcast that the White House was "pushing blame" for the mess toward the CIA, Martin said, then-deputy national security adviser Stephen J. Hadley looked directly at Martin during a staff meeting and said such efforts were improper. At that moment, Martin said, Libby "looked down," in effect leaving her to absorb the blame.

Three months later, White House spokesman Scott McClellan publicly cleared Rove of leaking Plame's name -- inaccurately, as it turned out -- but provided no such statement about Libby.

According to Cheney's own notes, introduced at the trial last week, Cheney told McClellan that such a statement "has to happen today. Call out key press saying same thing about Scooter as Karl. Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others."

Libby Fights To Keep Tapes From Public (PHI)

By Matt Apuzzo

The Philadelphia Inquirer, February 4, 2007

WASHINGTON - Former White House aide I. Lewis "Scooter" Libby is fighting to keep his grand jury testimony about the leak of a CIA officer's name from being released and broadcast.

That testimony - the sworn statements Libby gave investigators about his conversations with Vice President Cheney and journalists - is at the heart of his perjury trial. Special prosecutor Patrick Fitzgerald plans to play hours of recordings of that testimony in court next week to bolster his case that Libby lied and obstructed Fitzgerald's leak investigation.

Trial evidence is normally public, and all exhibits in Libby's case have been made public so far. Even though Fitzgerald successfully fought to get Libby's full grand jury testimony admitted into evidence, Libby's attorneys say the audiotapes should not be released outside the courtroom.

Defense attorney William Jeffress, who successfully argued a Supreme Court case that kept the Watergate tapes from being released, said in court Thursday that grand jury tapes are never meant to be made public.

He said he knew of no case in which such tapes have been released.

In the tapes, Libby discusses conversations he had regarding CIA officer Valerie Plame Wilson, the wife of a prominent Iraq war critic, former Ambassador Joseph Wilson. Her identity was leaked to reporters in 2003.

Nobody was charged with the leak. Fitzgerald said Libby learned her identity from Cheney and discussed it with journalists. Libby says that he forgot about his conversation with Cheney and that, when he heard about Valerie Wilson from a reporter weeks later, it struck him as new information.

Fitzgerald says Libby concocted that story to protect himself from prosecution, because repeating rumors from reporters was less serious than repeating sensitive information from Cheney.

If the tapes are released, they could be broadcast on television, radio and online. U.S. District Judge Reggie B. Walton said he worried that would sensationalize an already public trial.

Attorneys for the Associated Press and more than a dozen other news organizations argued in court documents yesterday that the tapes should be made public. Libby's testimony is far less sensational, they wrote, than other tapes that have been released in court, such as 911 phone calls from inside the World Trade Center and FBI tapes from the Abscam investigation.

Walton said he would consider the matter over the weekend.

Libby Prosecutors Await Judge's Rulings (CNN)

By Paul Courson, Cnn Washington Bureau

CNN, February 4, 2007

WASHINGTON (CNN) -- Prosecutors in the criminal trial of I. Lewis "Scooter" Libby plan to rest their case as soon as Tuesday.

Nearly a dozen witnesses have taken the stand in the past two weeks. The last witness is expected to be Tim Russert, moderator of NBC's "Meet the Press."

Libby, Vice President Dick Cheney's former chief of staff, is fighting a five-count indictment including charges of perjury and obstruction of justice related to the public disclosure of a one-time operative at the CIA.

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Valerie Plame's identity was made public in a column by Robert Novak on July 14, 2003. Libby told a grand jury that Russert told him the operative's name four days earlier, but a former New York Times reporter testified last week that Libby gave her Plame's name the previous month.

Libby is not accused of leaking classified information, but Special Counsel Patrick Fitzgerald hopes to show Libby lied under oath trying to save his job.

"You may be involved in something that is a big mess in terms of law, in terms of politics and in terms of getting yourself fired," Fitzgerald said Thursday as he tried to establish Libby's state of mind with proposed evidence that could include newspaper articles Libby had saved in his office.

Fitzgerald on Thursday asserted he has proof as to what Libby "had in mind when he made up a story that says, 'You know what? I forgot everything that ever came from the vice president. That wasn't what I passed on. I passed on what came from Mr. Russert when Mr. Russert told me that all the reporters are saying it.' "

Fitzgerald wants the jury to consider two undisclosed newspaper articles Libby had saved in his office files. Defense attorneys have objected, saying the articles contain all manner of hearsay they would not be able to challenge in court.

U.S. District Judge Reggie Walton hopes to rule on the evidence by the time the trial resumes Monday and before the defense makes its case.

Libby resigned after he was indicted by a federal grand jury in October 2005.

The story started more than three years earlier, when former Ambassador Joseph Wilson made a trip to Africa in February 2002, investigating whether Iraq, under Saddam Hussein, had tried to acquire uranium from the African country of Niger.

Wilson told the CIA he doubted there were any transactions.

Almost a year later, President Bush asserted the disputed link between Iraq and Niger in his State of the Union address. The reference was later renounced by the head of the CIA, partly because of a firestorm caused by Wilson openly questioning the claim in a column in the New York Times.

By June 2003, information began circulating more widely among reporters that Plame was Wilson's wife and worked at the CIA, and among officials that Plame had arranged for her husband's trip, according to testimony in the Libby case.

Thursday, an FBI agent took the witness stand for the prosecution to describe the first Libby interview in connection with an investigation as to how Plame's name got out.

Defense attorney William Jeffress, on cross-examination of Agent Deborah Bond, recounted her report that Libby had told her "he had been told by the vice president during a telephone call that Mrs. Wilson worked at the CIA in the Counter Proliferation Division, correct?"

Agent Bond replied, "Yes, but that he had forgotten about it."

The phone call between Libby and Cheney took place on June 12, 2003, about a month before Libby says he first learned about Wilson's wife from NBC's Russert, according to testimony and documents presented at trial.

Since the jury was seated January 23, prosecutors have called witnesses from the CIA, the White House and the press. Testimony and evidence include handwritten notes by Libby, Cheney, the vice-president's spokeswoman, his legal counsel, and two reporters with knowledge of the story.

Courtroom devices have included audiotapes of Libby's secret grand jury testimony, videotapes of White House briefings, and opportunities for the members of the jury to hand questions to the judge to ask witnesses.

Prosecutors have hours of recordings of Libby's grand jury testimony they want to introduce as evidence.

But if Walton allows the recordings to be played in the courtroom, defense attorneys hope to block their public release. Walton indicates he is inclined to agree, as he tries to avoid exposing the nonsequestered members of the jury to media coverage of LIbby's trial.

As the second week drew to a close, Walton said coverage would become all the more "sensational" if the recordings were broadcast on news and talk programs.

Walton already was thinking of putting constraints on evidence and testimony admitted after Libby lawyer Ted Wells declared his intention to call Cheney to the witness stand.

Defense attorneys also have former CIA Director George Tenet and Rove on a list of proposed witnesses.

Why Dick Cheney Cracked Up (NYT)

By Frank Rich

The New York Times, February 4, 2007

IN the days since Dick Cheney lost it on CNN, our nation's armchair shrinks have had a blast. The vice president who boasted of "enormous successes" in Iraq and barked "hogwash" at the congenitally mild Wolf Blitzer has been roundly judged

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delusional, pathologically dishonest or just plain nuts. But what else is new? We identified those diagnoses long ago. The more intriguing question is what ignited this particularly violent public flare-up.

The answer can be found in the timing of the CNN interview, which was conducted the day after the start of the perjury trial of Mr. Cheney's former top aide, Scooter Libby. The vice president's on-camera crackup reflected his understandable fear that a White House cover-up was crumbling. He knew that sworn testimony in a Washington courtroom would reveal still more sordid details about how the administration lied to take the country into war in Iraq. He knew that those revelations could cripple the White House's current campaign to escalate that war and foment apocalyptic scenarios about Iran. Scariest of all, he knew that he might yet have to testify under oath himself.

Mr. Cheney, in other words, understands the danger this trial poses to the White House even as some of Washington remains oblivious. From the start, the capital has belittled the Joseph and Valerie Wilson affair as "a tempest in a teapot," as David Broder of The Washington Post reiterated just five months ago. When "all of the facts come out in this case, it's going to be laughable because the consequences are not that great," Bob Woodward said in 2005. Or, as Robert Novak suggested in 2003 before he revealed Ms. Wilson's identity as a C.I.A. officer in his column, "weapons of mass destruction or uranium from Niger" are "little elitist issues that don't bother most of the people." Those issues may not trouble Mr. Novak, but they do loom large to other people, especially those who sent their kids off to war over nonexistent weapons of mass destruction and nonexistent uranium.

In terms of the big issues, the question of who first leaked Ms. Wilson's identity (whether Mr. Libby, Richard Armitage, Ari Fleischer or Karl Rove) to which journalist (whether Mr. Woodward, Mr. Novak, Judith Miller or Matt Cooper) has always been a red herring. It's entirely possible that the White House has always been telling the truth when it says that no one intended to unmask a secret agent. (No one has been charged with that crime.) The White House is also telling the truth when it repeatedly says that Mr. Cheney did not send Mr. Wilson on his C.I.A.-sponsored African trip to check out a supposed Iraq-Niger uranium transaction. (Another red herring, since Mr. Wilson didn't make that accusation in the first place.)

But if the administration is telling the truth on these narrow questions and had little to hide about the Wilson trip per se, its wild overreaction to the episode was an incriminating sign it was hiding something else. According to testimony in the Libby case, the White House went berserk when Mr. Wilson published his Op-Ed article in The Times in July 2003 about what he didn't find in Africa. Top officials gossiped incessantly about both Wilsons to anyone who would listen, Mr. Cheney and Mr. Libby conferred about them several times a day, and finally Mr. Libby, known as an exceptionally discreet White House courtier, became so sloppy that his alleged lying landed him with five felony counts.

The explanation for the hysteria has long been obvious. The White House was terrified about being found guilty of a far greater crime than outing a C.I.A. officer: lying to the nation to hype its case for war. When Mr. Wilson, an obscure retired diplomat, touched that raw nerve, all the president's men panicked because they knew Mr. Wilson's modest finding in Africa was the tip of a far larger iceberg. They knew that there was still far more damning evidence of the administration's W.M.D. lies lurking in the bowels of the bureaucracy.

Thanks to the commotion caused by the leak case, that damning evidence has slowly dribbled out. By my count we now know of at least a half-dozen instances before the start of the Iraq war when various intelligence agencies and others signaled that evidence of Iraq's purchase of uranium in Africa might be dubious or fabricated. (These are detailed in the timelines at frankrich.com/timeline.htm.) The culmination of these warnings arrived in January 2003, the same month as the president's State of the Union address, when the White House received a memo from the National Intelligence Council, the coordinating body for all American spy agencies, stating unequivocally that the claim was baseless. Nonetheless President Bush brandished that fearful "uranium from Africa" in his speech to Congress as he hustled the country into war in Iraq.

If the war had been a cakewalk, few would have cared to investigate the administration's deceit at its inception. But by the time Mr. Wilson's Op-Ed article appeared — some five months after the State of the Union and two months after "Mission Accomplished" — there was something terribly wrong with the White House's triumphal picture. More than 60 American troops had been killed since Mr. Bush celebrated the end of "major combat operations" by prancing about an aircraft carrier. No W.M.D. had been found, and we weren't even able to turn on the lights in Baghdad. For the first time, more than half of Americans told a Washington Post-ABC News poll that the level of casualties was "unacceptable."

It was urgent, therefore, that the awkward questions raised by Mr. Wilson's revelation of his Africa trip be squelched as quickly as possible. He had to be smeared as an inconsequential has-been whose mission was merely a trivial boondoggle arranged by his wife. The C.I.A., which had actually resisted the uranium fictions, had to be strong-armed into taking the blame for the 16 errant words in the State of the Union speech.

What we are learning from Mr. Libby's trial is just what a herculean effort it took to execute this two-pronged cover-up after Mr. Wilson's article appeared. Mr. Cheney was the hands-on manager of the 24/7 campaign of press manipulation and high-stakes character assassination, with Mr. Libby as his chief hatchet man. Though Mr. Libby's lawyers are now arguing that their

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client was a sacrificial lamb thrown to the feds to shield Mr. Rove, Mr. Libby actually was — and still is — a stooge for the vice president.

Whether he will go to jail for his misplaced loyalty is the human drama of his trial. But for the country there are bigger issues at stake, and they are not, as the White House would have us believe, ancient history. The administration propaganda flimflams that sold us the war are now being retrofitted to expand and extend it.

In a replay of the run-up to the original invasion, a new National Intelligence Estimate, requested by Congress in August to summarize all intelligence assessments on Iraq, was mysteriously delayed until last week, well after the president had set his surge. Even the declassified passages released on Friday — the grim takes on the weak Iraqi security forces and the spiraling sectarian violence — foretell that the latest plan for victory is doomed. (As a White House communications aide testified at the Libby trial, this administration habitually releases bad news on Fridays because "fewer people pay attention when it's reported on Saturday.")

A Pentagon inspector general's report, uncovered by Business Week last week, was also kept on the q.t.: it shows that even as more American troops are being thrown into the grinder in Iraq, existing troops lack the guns and ammunition to "effectively complete their missions." Army and Marine Corps commanders told The Washington Post that both armor and trucks were in such short supply that their best hope is that "five brigades of up-armored Humvees fall out of the sky."

Tomorrow is the fourth anniversary of Colin Powell's notorious W.M.D. pantomime before the United Nations Security Council, a fair amount of it a Cheney-Libby production. To mark this milestone, the White House is reviving the same script to rev up the war's escalation, this time hyping Iran-Iraq connections instead of Al Qaeda-Iraq connections. In his Jan. 10 prime-time speech on Iraq, Mr. Bush said that Iran was supplying "advanced weaponry and training to our enemies," even though the evidence suggests that Iran is actually in bed with our "friends" in Iraq, the Maliki government. The administration promised a dossier to back up its claims, but that too has been delayed twice amid reports of what The Times calls "a continuing debate about how well the information proved the Bush administration's case."

Call it a coincidence — though there are no coincidences — but it's only fitting that the Libby trial began as news arrived of the death of E. Howard Hunt, the former C.I.A. agent whose bungling of the Watergate break-in sent him to jail and led to the unraveling of the Nixon presidency two years later. Still, we can't push the parallels too far. No one died in Watergate. This time around our country can't wait two more years for the White House to be stopped from playing its games with American blood.

Libby Prosecutors Hope To Show Marked News Articles (WP)

By Carol D. Leonnig

The Washington Post, February 4, 2007

The day of his interview with the FBI, Vice President Cheney's then-top aide hand-marked copies of two Washington Post articles about the breadth of a criminal leak investigation -- and underlined were passages suggesting that any official who had told reporters about a CIA officer could be in legal jeopardy, prosecutors said in court filings yesterday.

Government prosecutors argued that the October 2003 articles -- stored in former chief of staff I. Lewis "Scooter" Libby's personal folders, and printed from the Internet at his request -- show that Libby had a motive to lie about his secret conversations with reporters and knew that he could be in trouble.

The prosecutors are urging presiding U.S. District Judge Reggie B. Walton to let the articles be placed into evidence so the jury can see them.

Libby told investigators in 2004 that he kept and read the articles, according to the filings, and that he may have underlined the key passages about criminal liability and investigators' interest in any officials' discussions with reporters about CIA officer Valerie Plame.

Plame's name was revealed in a syndicated column by Robert D. Novak on July 14, 2003 -- eight days after her husband, Joseph C. Wilson IV, accused the administration of twisting intelligence to justify war with Iraq.

Defense attorneys argued in competing filings yesterday that the Oct. 4 and Oct. 12 articles, written by Walter Pincus and Mike Allen, would prejudice the jury against Libby.

They say the articles are "inflammatory" because they indicate that Plame had been engaged in covert work in recent years and that revelations about her identity could harm national security interests -- both issues that, they argue, the judge has ruled are not relevant to Libby's trial.

Libby Trial Reveals What Prosecutor Wouldn't (CNN)

By Kevin Bohn, CNN Washington Bureau

CNN.com, February 4, 2007

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In our Behind the Scenes series, CNN correspondents and producers share their experiences in covering news and analyze the stories behind the events. CNN's Kevin Bohn has been in the courtroom as the perjury and obstruction trial of the vice president's former chief of staff has unfolded.

WASHINGTON (CNN) -- As the trial of I. Lewis "Scooter" Libby goes on, we are learning more and more about special counsel Patrick Fitzgerald's investigation, which was prompted by the leak that Valerie Plame was an undercover CIA agent.

Fitzgerald was appointed in December 2003 to oversee the probe, which originally was being led by the Justice Department's criminal division.

The only public comment Fitzgerald made about the case before the trial began was in his news conference in October 2005.

Libby, the vice president's former chief of staff, is charged with lying to FBI agents and a grand jury investigating who leaked Plame's identity to the press.

Now we learning what witnesses told FBI agents or testified before a grand jury, and we are gaining more insight through the release of many documents related to the case.

Those range from a mundane calendar of then-Undersecretary of State Marc Grossman to the often-talked about memo from the State Department's intelligence unit about former ambassador Joseph Wilson's 2002 trip to investigate claims that Iraq was trying to obtain uranium in Africa.

We have seen correspondence between the Justice Department and Fitzgerald's office and Vice President Dick Cheney's office asking for documents, as well as subpoenas that were issued.

In fact, David Addington, the vice president's current chief of staff, says his office handed over more than 12,000 documents as part of the probe, including many handwritten notes from Libby himself.

Some of those notes had to be analyzed by experts to figure out exactly what Libby was saying since his handwriting is notoriously bad.

One of the more intriguing exhibits was the handwritten note from the vice president in which he appears to talk about how Libby should not be made a scapegoat.

"Not going to protect one staffer + sacrifice the guy (the words 'the Pres.' are marked out) that was asked to stick his neck in the meat grinder because of the incompetence of others," Cheney wrote.Jurors questioning witnesses

One unusual thing in this trial: allowing the jurors to ask questions of witnesses. Lawyers say it's rare in federal courtrooms but occurring more in some federal trials.

The presiding judge, Reggie Walton, is a former superior court judge where this practice is more common. Some lawyers say there is a lot of discussion about this type of activity to try to get the jury more involved and to allow them to address any doubts they might have.

Jurors have so far posed several questions for most of the witnesses.

When prosecutors and defense attorneys are finished with the witness, the jurors are given the chance to write questions on note cards which are handed to the judge. He and the lawyers on both sides then have a conference to decide if the questions are appropriate for this witness or if they ask for speculation, whether they involve classified information, or whether they are asking about issues too far afield.

One of the questions posed by the jury for former New York Times reporter Judith Miller was, "Why did you make the decision to go to jail?"

Miller had discussed it briefly in her earlier testimony. In answer to the juror's question she said, "Because everything that I do and I have done in Washington -- all of my reporting depended on people coming to me and being able to trust me that I would protect them."

For former White House press secretary Ari Fleischer, one juror wanted to know more about the procedure used to make sure he understood an official was discussing classified information with him.

Many of the questions asked about specific points raised during testimony of the various witnesses, which seemed to indicate the jurors were paying pretty close attention.

There are several questions the judge has said he couldn't ask. One of them involved a request for classified information that caused the judge and lawyers to talk for an extended period. Eventually, the judge denied the request for the specific document.Journalists also on trial

Libby is not the only person being scrutinized in this trial. Several high-profile journalists have testified and others are expected to be called.

How journalists keep their notes, where they keep their notes and how they interpret attribution for information they were given have come under the microscope. There have been legal fights over the journalists' notes.

Some major points of stories weren't in their notes. Under cross-examination, Time magazine reporter Matthew Cooper admitted there is no reference to the quote he says Libby gave him confirming that Wilson's wife worked at the CIA. Defense attorneys also pointed out some of the sloppiness in Cooper's note taking.

When Miller explained that she had found about 50 notebooks in a shopping bag under her desk, defense attorney William Jeffress asked, "Was this standard method used for archiving your notes?"

After some in the courtroom chuckled, Miller responded "No. I was actually intending to take them home" but didn't get a chance to before she was jailed for contempt for refusing to discuss her sources with the grand jury.

Miller refused to answer questions from other reporters Wednesday afternoon after she had been grilled by Libby's attorneys. She was heard to tell her attorney that she was relieved it was over.

F.B.I. Investigating Complaint Against California Lawmaker (NYT)

By Jennifer Steinhauer, Philip Shenon

The New York Times, February 4, 2007

LOS ANGELES, Feb. 3 — The Federal Bureau of Investigation is investigating whether Representative Gary G. Miller, Republican of California, improperly used an unusual tax provision to avoid paying capital gains taxes on profits from land sales to California cities, law enforcement and government officials said.

Last summer, Citizens for Responsibility and Ethics in Washington, a watchdog group, filed a complaint with the Internal Revenue Service saying that Mr. Miller had failed to pay capital gains tax on the 2002 sale of 165 acres in Monrovia, Calif.

The complaint said Mr. Miller invoked a rarely used provision that allows tax deferment if the land that is sold is facing an eminent domain threat and the protected proceeds are reinvested within two years.

Mr. Miller, who would have faced about a 30 percent tax on the property under a normal sale, used the roughly $10 million in profits from the Monrovia sale to buy property in Fontana, Calif., from Lewis Operating Corp., one of his major campaign contributors, and then resold some of that land to the City of Fontana in 2005 and later in 2006.

Mr. Miller requested and was provided with letters from each city saying that they had the power to invoke eminent domain, said his spokesman, Scott Toussaint.

On Thursday, Mr. Toussaint said that Mr. Miller used the same tax deferment on the Fontana land sales, but on Friday said that he had not, and that Mr. Miller had paid back taxes to Monrovia.

Mr. Toussaint declined to provide documentation of those payments.

Mr. Toussaint added that Mr. Miller had no knowledge of an F.B.I. investigation, and that the congressman, whose district snakes along a narrow swath of Los Angeles, Orange and San Bernardino Counties, had requested that the House Ethics Committee review the deals.

The committee has declined to comment on whether it has conducted an investigation. The committee's spokesman did not return a phone call for comment on Friday.

In recent weeks, the F.B.I. has interviewed current and former officials from Monrovia, said the city's spokesman, Dick Singer, and requested a videotape of a 2000 City Council meeting in which Mr. Miller appears, asking the council to buy his land.

Mr. Singer said in an interview that the city was interested in buying the land from Mr. Miller to avoid development on the site, which was later turned into a wildlife preserve.

The city passed a ballot measure to raise tax money from residents to match state funds to help buy the land, as well as parcels owned by other potential developers, but eminent domain was never invoked.

Mr. Singer said that Mr. Miller did request, and was given, a letter suggesting that the land could be condemned.

"We use eminent domain very, very, rarely," Mr. Singer said, saying its use was almost exclusively limited to commercial-use properties in areas where the city wants to develop housing.

"In 30 years we have done as much redevelopment as anyone in the country, and we have used it maybe a half-dozen times."

A former mayor of Monrovia, Lara Larramendi, has told reporters that she was contacted by investigators and that eminent domain was never mentioned in letters to Mr. Miller.

Reached Friday, Ms. Larramendi said she had been advised to not answer further press questions.

Multiple calls and an e-mail message to Kenneth Hunt, Fontana's city manager, were not returned, but in published reports, Mr. Hunt is quoted as saying that the city did not have eminent domain authority in the areas where Mr. Miller bought the land.

"You get a sense from the whole transaction that there is an unseemly underbelly of contacts and connections that, if not illegal, is deeply troubling," said Shaun P. Martin, a law professor at the University of San Diego. "Things are happening in this case that do not happen to regular people."

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This week, Mr. Miller threatened to sue the City of Monrovia if it did not “retract or correct any misstatements made to the media or any governmental agencies” about the sale of the land.

“It was our feeling based on those letters that Miller had committed fraud,” said Melanie Sloan, the executive director of the watchdog group that filed the complaint with the I.R.S. “There was no eminent domain and therefore he had no business claiming it.”

In Washington, Mr. Miller sits on the Financial Services Committee and is the ranking Republican member of the subcommittee on oversight and investigations.

Former Manchester Mayor Arrested (LEXHL)

Lexington Herald-Leader (KY), February 4, 2007

DAUGH WHITE BEING HELD ON FEDERAL CHARGES

Federal authorities have arrested a longtime Eastern Kentucky mayor who lost re-election last November.

Former Manchester Mayor Daugh K. White was being held yesterday at the Laurel County Detention Center on federal charges, the facility confirmed. The charge against White was not available.

The FBI raided Manchester City Hall last October and seized a variety of records, but has not disclosed the nature of its investigation.

However, a state audit released in December said that while White was mayor, the city misused taxpayers' money by paving more than 30 private driveways, making undocumented loans to employees and private companies and paying for personal travel expenses of city workers.

A spokesman for state Auditor Crit Luallen said the office had given a copy of its findings to the FBI, and current Mayor Carmen Lewis said questions from FBI agents indicated city finances are a focus of the inquiry. No information was available yesterday on whether charges against White had anything to do with that case.

Lewis beat White, a seven-term incumbent, in November after an aggressive campaign.

White becomes the third Clay County public figure arrested by federal authorities in the last few months.

Federal Indictment Of Fumo Is Expected Soon (PHI)

By John Shiffman, Mario F. Cattabiani And Craig R. Mccoy

The Philadelphia Inquirer, February 4, 2007

The four-year investigation of State Sen. Vincent J. Fumo is coming to an end, and lawyers familiar with the case expect him to be indicted soon, possibly as early as Tuesday.

Fumo, one of the most powerful politicians in Pennsylvania, last year received a target letter - a formal notice that he is likely to face charges related to the fraud and obstruction-of-justice probe.

Fumo recently told people close to him to brace for an indictment, and has assured them that he will vigorously fight the charges.

"He's looking forward to clearing his name," said a person close to the Philadelphia Democrat. "He's kind of relieved the investigation is coming to a close."

Since 2003, the FBI and IRS have grilled everyone from Fumo's florist to a Senate-paid private eye. Agents have scrutinized Fumo's yacht trips, his finances, his use of legislative staff - and his aides' alleged cover-up.

But the heart of the case appears to be whether Fumo illegally exploited a multimillion-dollar South Philadelphia charity to fund his personal and political agenda - using it, as one person close to the case put it, "as his personal piggy bank."

The charity, Citizens' Alliance for Better Neighborhoods, is funded mainly by public dollars and Peco Energy donations - most of the money won with Fumo's influence or help.

Early on, agents scrutinized those donations. Now, instead of pursuing how the money was raised, they are focused on how it was spent.

The Inquirer previously reported that the charity paid for political polls and secretly funded a lawsuit against a Fumo political rival.

The Inquirer has learned from sources that authorities are also investigating whether the charity bought Fumo household items and provided its SUVs - a Ford Expedition and a Lincoln Navigator - for Fumo to use on vacation.

Last week in Harrisburg, Fumo walked away without answering when asked whether he expected to be charged.

Fumo, who has served in the state Senate for nearly three decades, has said the investigation is politically inspired by the Bush White House.

Now 63, he has long been respected and at times feared for his intelligence, political instincts, and network of appointees and allies.

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Fumo has faced criminal charges before, only to prevail against them.

In 1973, five years before he became a senator, he was arrested on charges of vote fraud, but the charges were quickly withdrawn.

In 1980, a federal jury convicted him of putting "ghost" employees on the state payroll, but a judge threw out the conviction, a decision affirmed on appeal.

Citizens' Alliance was founded in 1991 by Fumo allies, including two legislative aides.

One was Ruth Arnao, a close friend and a senior staffer in Fumo's legislative office in South Philadelphia until 2004. Until recently, Arnao, 51, was executive director of Citizens' Alliance. She, too, received a target letter last year. Her lawyer did not return phone calls seeking comment Friday.

The senator has extolled the charity's good works: rehabbing the Passyunk Avenue commercial strip, subsidizing charter schools, and doling out grants to the likes of the St. Edmunds Golden Age Club, a legal clinic for the disabled, and the Anti-Defamation League.

FBI and IRS agents began investigating Fumo's relationship to Citizens' Alliance in 2004 after The Inquirer reported that the charity had collected millions of dollars in donations from unidentified sources.

The newspaper later revealed that the money had come from Peco Energy and the Delaware River Port Authority.

Peco secretly gave the charity $17 million as part of legal settlements in which Fumo agreed to drop his opposition to its business plans, the paper revealed. The senator has noted that Peco also agreed to cut bills to consumers as part of the settlements.

Fumo, long a power on the port authority, used his clout to obtain $10 million for Citizens' Alliance. The port authority is largely funded by tolls paid on its bridges and the PATCO commuter train.

Aside from the Peco and port authority money, Citizens' Alliance has received more than $4 million in state and other government grants.

As the federal probe nears its end, people knowledgeable about the inquiry say prosecutors have dropped the idea of bringing charges related to the Peco donations.

One source explained that prosecutors had concluded the donations weren't a crime because they had come as part of settlements in "real litigation," including a dispute over utility deregulation.

Fumo has portrayed his role in Citizens' Alliance as a patron.

"I don't get any benefits from it," Fumo said during a 2004 radio interview. "In fact, once in a while, I think they've picked up trash at my house and I've paid them $100 a month."

Trash pickup wasn't all that Citizens' Alliance did for Fumo, a source said.

On occasion, Fumo legislative aides drove Citizens' Alliance SUVs to Martha's Vineyard so Fumo could use them when he flew in for his annual vacations, according to a source familiar with the trips.

In a recent written response to Inquirer questions, Fumo's lawyer, Richard A. Sprague, said Fumo's work as a senator did not "cease even when he is on 'vacation.' "

Sprague said Fumo's Senate staff would drive office equipment to him - "computers, fax machines, etc."

"Sen. Fumo has long had the reputation as a tireless public servant whose efforts on behalf of Pennsylvania are not compressed into a 9-to-5, Monday through Friday schedule," Sprague wrote. "To the contrary, Sen. Fumo and his staff work 24/7 at the job of being the most effective Senate office in the commonwealth."

While Fumo has generally declined to talk about the investigation, his supporters have dismissed the inquiry as a witch-hunt that has ignored the good work of Citizens' Alliance and sought to criminalize mistakes and legitimate spending.

In reference to the lawsuit, the polls, and alleged obstruction of justice, Fumo's supporters offer explanations:

In 2001, the charity anonymously funded a legal challenge to then-Republican State Sen. Robert Jubelirer, a Fumo political enemy. The suit unsuccessfully sought to stop Jubelirer from serving simultaneously in the Senate and as lieutenant governor. Sprague has said the charity's payment was justified because the issue was of "great public importance." He suggested that the secrecy had been necessary to protect the nonprofit from "retaliation from the very officials involved in the litigation."

In 2002 and 2003, Citizens' Alliance paid more than $200,000 for political polling. After questions were raised, one of the senator's campaign funds reimbursed the charity. Fumo's supporters say it was an accounting error.

Last year, two former Senate aides, Leonard Luchko and Mark Eister, were charged with obstruction of justice, accused of deleting Fumo office e-mail as part of an effort to thwart the FBI investigation. In court filings, prosecutors have said they are investigating whether Fumo was involved in that alleged cover-up.

Fumo staffers have said that long before the investigation began, office policy required employees to delete old e-mail on a regular basis.

Prosecutors have tried to get Luchko and Eister to testify against Fumo - without success. Their lawyers say Luchko and Eister have done nothing wrong and have nothing bad to say about Fumo.

The grand jury investigating Fumo is set to expire within two weeks. Prosecutors have said they will complete their investigation by then.

Already, the grand jury has heard a mountain of evidence, generating thousands of pages of transcripts, a court filing shows.

FBI agents and prosecutors have issued scores of subpoenas. Seized e-mails alone run for 40,000 pages, prosecutors have said.

One other focus of the case has been Fumo's use of luxury yachts of the Independence Seaport Museum, where he sits on the board.

The museum leased one such boat for Fumo in 2001 at a cost of $13,375. He reimbursed the museum for the cruise in April 2004, three months after news of the investigation broke and more than 21/2 years after the trip, The Inquirer has learned.

Agents have conducted hundreds of interviews, seeking information from City Council members tied to Fumo, from the senator's political advisers - and from Frank Wallace, the private detective who has been retained by the state Senate Appropriations Committee.

Wallace's lawyer, Frank DeSimone, declined to comment Friday. It is not known why the FBI spoke with Wallace.

Two weeks ago, two of Fumo's close friends, South Philadelphia florists Jerry and Ann Catania, were seen trudging into the grand jury area. Their lawyer, Michael M. Mustokoff, declined to comment, and it could not be learned why the Catanias had been called to testify.

Fumo has long used the Catanias' business, Ten Pennies, to garland political fund-raisers. Since 2003, records show, Fumo's campaigns have paid the florists $176,000.

FBI Probe Of Perata Apparently In Limbo (SANMCT)

By Steven Harmon, MEDIANEWS SACRAMENTO BUREAU

San Mateo County Times, February 4, 2007

State senator seems unconcerned with investigation into campaign spending

SACRAMENTO — Senate President Pro Tem Don Perata has spent nearly $1 million defending himself against a federal probe into whether he illegally funneled money to family and close associates.

But more than two years after the harsh light of suspicion first fell on the 61-year-old East Bay Democrat, the FBI investigation appears to have fallen quietly into a black hole of obscurity.

The flurry of subpoenas flying out of FBI offices in San Francisco has slowed to an apparent stop. There haven't been any publicly acknowledged FBI interviews of witnesses since last summer. Images of FBI investigators carting off computer files and papers from Perata's home have faded. The urgency to defend Perata has also waned: Money going into Perata's legal defense fund has essentially dried up, and his debts are nearly all paid up.

Perata has walled himself and his staff from the investigation by handing all legal issues to his Sacramento-based law firms: Stevens & O'Connell, which serves as his main counsel, and Olson, Hagel & Fishburn, which specializes in campaign finance law. Democratic political consultant, Jason Kinney, a former political aide to former Gov. Gray Davis, is handling public relations duties for Perata.

"This situation — we don't even call it an investigation — doesn't touch him in any way," Kinney said. "He's been forced to put together a legal team so they can be prepared for anything that comes along ... and so he can focus 100 percent

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of his energies on rebuilding California, the needs of his caucus and constituents. Rarely do these worlds intertwine."

Perhaps one measure of Perata's concern over the probe can be discerned from his defense fund, which now totals $168.22. After receiving $441,000 in contributions in 2005, the fund took in just $5,150 in contributions last year, according to campaign finance reports released this week.

Not only has fundraising slowed, so has spending. Having shelled out $682,305 from his defense fund in 2005, last year Perata spent $283,609 to cover debts — and $260,000 of that was covered by a transfer from his campaign committee, Taxpayers for Perata.

Having paid $965,914 total in legal expenses, he still owes $55,255 to his lawyers.

The original charges centered on payments that Perata's campaign committees, or side committees controlled by friends, made to Perata's relatives and close associates for campaign work. Some of that money went back to Perata for rent or consulting services.

Timothy Staples, a longtime friend and former college roommate, got similar treatment. A pair of political consulting businesses Staples ran received contracts from committees financed by the senator's campaign donors. Staples paid Perata more than $200,000 for consulting services in 2002 and 2003. Perata has since severed business relations with Staples.

Perata refuses to talk about the investigation with reporters and it appears to be a nonissue in the Capitol. In fact, he has never been stronger as the leader of the Senate, having just been re-elected by his caucus without a whiff of a challenge that would seem certain if anyone sensed he was vulnerable.

He made full use of his position to help usher one of the Legislature's most productive sessions last year, and took the lead in the successful campaign to pass $37.3 billion in infrastructure bonds.

Perata has appeared unfazed through it all, plowing through the daily demands of being leader and remaining unbridled in his views. He has regular meetings with the governor and Assembly Speaker Fabian Nunez, D-Los Angeles, has maintained a visible presence at the Capitol, and has even advocated extending his own term limits and, hence, his power as leader of the Senate.

But no one knows if another shoe is out there ready to drop. The FBI has made no comment on where the investigation is, whether they're about to indict or if they're ready to close up shop — and a spokeswoman said they won't comment. They don't even have to inform Perata if they've already abandoned their investigation, she said.

The apparent disarray in the U.S. Attorney's Northern District office may be Perata's biggest ally. More than half of the 101 federal prosecutors have left the office since Ryan, the Bush-appointed U.S. attorney, took over in 2002. The lead prosecutor on Perata's case, Ben Burch, left in 2005 for a spot on the Superior Court bench in Contra Costa County.

Trying to read into it has been a waste of time — whether the silence is a good or a bad sign — Kinney said. So Perata has taken a page from former President Bill Clinton, who stared down an endless array of investigations: He's learned to compartmentalize.

"I've never seen it affect Don," said former Senate President Pro Tem John Burton, a longtime friend. "If you know you didn't do anything, it doesn't bother you. It's obvious to me that Don feels secure in his own probity and he's just going ahead in his job. It says something about his inner strength. Seeing him, talking to him, you wouldn't even think he's got a care in the world."

Contact Steven Harmon at sharmon@cctimes.com or (916) 441-2101.

FBI Investigates High-level Aide To Sheriff (STPPP)

By Mara H. Gottfried

The St. Paul Pioneer-Press, February 4, 2007

Ramsey County Sheriff Bob Fletcher said Friday the FBI is investigating a high-level civilian aide in his department.

Mark Naylon, a public information officer and Fletcher's friend, is being investigated for allegations of criminal conduct, the sheriff said.

Fletcher declined to detail the allegations. No other county employees were being investigated, he said.

Naylon, 46, didn't return calls Friday. His lawyer, Paul Rogosheske, declined to comment.

The allegations are ones the FBI "is obligated to investigate," Fletcher said.

If they prove true, Fletcher said, "I would be shocked, but I'll let the investigation run its course."

Fletcher hired Naylon in 1998. Naylon served as best man at Fletcher's wedding in 2004. Fletcher narrowly defeated former St. Paul Police Chief Bill Finney in November to win another term.

The FBI contacted Fletcher about its investigation into Naylon for the first time Friday and asked for a meeting, the sheriff said. Agents requested documents and access to employees for interviews. Fletcher said his office is cooperating.

An FBI spokesman said the agency does not confirm or deny whether an investigation is taking place.

The sheriff's office will launch an internal affairs investigation, Fletcher said. Naylon is on vacation out of state and his employment status with the department didn't change Friday, Fletcher said.

"Typically, we take the approach that a person is innocent until proven guilty," Fletcher said.

When Fletcher hired Naylon as public information officer, his friend didn't have a background in law enforcement or media relations.

"He's certainly one of the hardest workers at the sheriff's office," said Fletcher, who added that information from Naylon's community contacts has led to "dozens of felony arrests."

Naylon, who has lobbied for the sheriff's office at the Legislature, is hoping to get a part-time peace officer's license and start a career in law enforcement this year, Fletcher said. Naylon's salary is $64,660.

Naylon's name surfaced in a gambling investigation by the Minnesota Department of Public Safety's Alcohol and Gambling Enforcement Division in 2003.

The investigation focused on Naylon's friend, Michael Ogren, who then owned a bar called Rock in Maplewood.

Acting on a tip, investigators raided the bar July 14, 2003, and found people playing blackjack, craps and roulette. That night, Ogren told investigators he sent gambling proceeds from his annual game nights at the bar to Fletcher's re-election campaign.

"I think in the past couple of years we can go back, I have the canceled checks from right after this tournament that can substantiate that," Ogren said, according to a transcript of the interview.

The next day, Fletcher directed a sheriff's inspector to ask state investigators to interview Ogren about his allegation and investigate further, according to a July 2003 sheriff's office memo.

According to the same memo, the state Department of Public Safety declined to pursue the allegation. A state investigator there told the sheriff's department inspector that investigating the Fletcher allegation "doesn't fit" the department's job and that it "doesn't care where the money goes," according to the memo.

On July 16, 2003, the sheriff's inspector interviewed Ogren, who recanted his statement about routing gambling proceeds to Fletcher's campaign.

Ogren told the inspector that making the allegation about Fletcher was "stupid on my part" and "a bad case of judgment," according to a transcript of the interview.

In the meantime, the commissioner's office of the Department of Public Safety reviewed Ogren's allegation and referred it to the FBI, according to Assistant Commissioner Tim Leslie.

Leslie said he does not know what became of the referral.

In October 2003, the Ramsey County Attorney's Office charged Ogren with gambling, a felony. Ogren did not enter a plea of guilty or not guilty. He agreed to complete 100 hours of community service and, after remaining law abiding for one year, the county attorney's office dropped the charge against him.

Ogren did not return a call Friday.

Naylon was deposed in 2005 as part of an unrelated lawsuit against the sheriff's department. Naylon said in the deposition that he was gambling at the Rock bar the night of the raid, but left before investigators arrived. He was not arrested or charged.

"They gamble everywhere," Naylon said when a lawyer questioned him about gambling. "Why is it illegal? … I don't think gambling's a crime."

Ogren now owns the Myth nightclub in Maplewood. Fletcher said Naylon moonlights for Ogren as security director at Myth.

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Fletcher Aide Under FBI Probe Had Wide Reach (MINNST)

By Paul McEnroe, Mary Lynn Smith And Howie Padilla, Star Tribune

Minneapolis Star Tribune, February 4, 2007

Though not a sworn deputy, the public information officer has been credited with playing a key role in the Ramsey County Sheriff's Office.

Ramsey County Sheriff Bob Fletcher says his department has made "dozens, if not hundreds of arrests," based on the connections of his public information officer, Mark Naylon.

Those connections also appear to be why Naylon finds himself the target of an FBI investigation into allegations that he stole money, tampered with evidence and tipped off suspects and informants.

On Friday, FBI agents spent more than an hour in Fletcher's office informing him that Naylon was under criminal investigation. Agents seized Naylon's files and his office computer. Sources have told the Star Tribune that the FBI is particularly interested in Naylon's relationship with the Hell's Outcasts motorcycle gang, which has a history of gun and drug trafficking.

Naylon, who Fletcher said is on vacation out of state, couldn't be reached. Calls to his home and cell phone Saturday were not answered.

The probe has put Fletcher, who was elected to a fourth four-year term in November, on the defensive. He hired Naylon, whom he describes as a "great friend," to be the department's spokesman in 1998, though Naylon had no experience in law enforcement or in media relations.

Officially, Naylon is the office's public information officer. Fletcher said that Naylon also has played a key role for the office's interaction with drug and gun task forces.

While Naylon had no formal training or experience for the post, Fletcher lauds him for his work.

Fletcher said Naylon received a commendation letter from the FBI for his assistance in identifying the SpongeBob SquarePants bank robber, who in 2005 was convicted of robbing a Minneapolis TCF bank.

"He shares the passion of law enforcement," Fletcher said Friday. "Although he's not a sworn officer, he's been very valuable to the department."

Naylon grew up on St. Paul's East Side, graduated from Johnson High in 1978 and briefly attended then-Mankato State University. In 1992, he became business manager of a 4,000-member local laborers and construction union and held the job until 1998, when he resigned to work for Fletcher.

While with the union, he also co-owned a bar, Moose's Locker, on St. Paul's East Side. On his liquor license application, Naylon listed Fletcher, then-Hennepin County Sheriff Pat McGowan and then-St. Paul Mayor Norm Coleman as character references. The bar has since closed.

Fletcher, who was introduced to Naylon through a mutual friend in the St. Paul Police Department, has benefited from Naylon's political connections. One of the sheriff's favorite projects was to help establish the Minnesota Gang Strike Force, and Naylon lobbied on his behalf at the Legislature.

But records also show that, while working for Fletcher, Naylon also was a registered lobbyist several years ago for horse racing gambling interests, insurance companies and a bank.

Fletcher said Friday he didn't know whether Naylon, whose county salary is about $63,000 a year, actively lobbied for these groups while being paid by taxpayers. Fletcher said he also does not know much about Naylon's off-duty jobs.

Naylon runs a private security business that uses moonlighting Ramsey County deputies at Minnesota's largest nightclub, Myth, which is in Maplewood. That bar is owned by Naylon's friend, Mike Ogren, who was charged with illegal gambling when his former bar, the Rock, was raided by state gambling enforcement agents in 2003.

While agents were questioning witnesses, Naylon showed up at the bar to make sure that his friend didn't think he had given information leading to bust, according to court documents. Ogren told state investigators that the gambling proceeds were going into Fletcher's reelection fund. Days later, Ogren recanted his statement when questioned by two county investigators, who had been sent there on Fletcher's orders.

Naylon frequently shows up at crime scenes. Some deputies and authorities from other agencies have complained about his presence.

Within months of Naylon's hiring, Ramsey deputies first got a glimpse into Naylon's style. During a 1999 standoff, Naylon was accused of endangering deputies who were hiding and surrounding a house. He drove onto the scene, his headlights illuminating the deputies, according to a memo sent to a supervisor.

"I do not know what police training Naylon has, but putting an untrained civilian into these situations endangering deputies is obviously not a good idea," wrote then-Sgt. R.J. Sanchez

Fletcher dismissed Naylon's behavior, chalking it up to "enthusiasm." Fletcher didn't discipline Naylon. Fletcher said he "coached" him.

Since then, Fletcher said, he can't recall any formal or informal complaints about Naylon, only compliments.

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Indiana Killings Stir Fear Among Homeless (NYT)

By Susan Saulny

The New York Times, February 4, 2007

The first two bodies were found on a hunch in early January in South Bend, Ind., during a search of an old industrial part town. Two police officers popped open the lid of a manhole and down there, beaten to death and stacked upright one above the other, were two missing men, Michael S. Nolan Jr. and Michael W. Lawson.

Just three days later, as the investigation expanded, the police opened another manhole about 100 yards away from the first and found two more men, Jason A. Coates and Brian Talboom, their bodies bludgeoned and discarded underground the same way.

To one officer on the scene, Sgt. David Wells, the discovery seemed more like something from a dark crime drama than anything that tranquil and academic South Bend had ever experienced. “It was really horrific,” Sergeant Wells said. “And really perplexing.”

The four men had only two things in common: they lived together in a burned-out building that they had painstakingly transformed into a makeshift home. And they made money by “scrapping” — hunting the urban landscape for increasingly valuable and marketable metals like copper and brass to sell to recyclers and construction businesses.

On Saturday night, the police announced that two homeless men had been arrested and charged with murder in the four deaths, said Capt. Jeffrey Walters of the South Bend Police Department.

The men, Daniel J. Sharp, 56, and Randy L. Reeder, 50, were being held in St. Joseph County, Ind., and Berrien County, Mich., respectively, according to The Associated Press. The police said Mr. Sharp and Mr. Reeder killed the four men because they believed they had stolen salvaged scrap metal that Mr. Sharp and Mr. Reeder had intended to sell.

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The killings have fostered a sense of dread in the unusually tight-knit community of homeless men and women in South Bend. “I don’t go out at night anymore,” said James Manns, 45, who is living in a homeless shelter near downtown. “All we can do is step back and see if it happens again.”

These sorts of feelings represent a reversal for many. Particularly among the homeless, the quiet college town of South Bend cemented its reputation for tolerance and hospitality a long time ago. For years, it has been the place to go from around the region for emergency shelter, free meals, and even shots of hope, some said, from myriad charities and service groups. An accurate count is hard to come by but some of the larger shelters in this city of 107,000 can accommodate up to 200 people a night and are almost always full.

Sergeant Wells said before the arrests that the police thought the slayings of the four homeless men were neither a case of random violence nor the work of a serial killer, and they believed the killings were connected with the scrapping business.

Scrappers in an old rust-belt factory town like South Bend can make hundreds of dollars out of a single haul mining the mechanical past if, they are crafty and strong enough. Many scrappers team up for added manpower, as the four friends had done.

Some of what scrappers do involves demolition of abandoned property — ripping out pipes and electrical tubing — but often they tread into what is simply theft, the police said. They leave behind aggrieved property owners and, often, face turf wars over territory.

“We have both supply and demand here,” said Capt. Philip A. Trent, a spokesman for the South Bend Police Department. He noted the high number of derelict buildings around town and that there were plenty of people desperate enough to engage in the dangerous, backbreaking work. “Add it all up, and you’ve got a cottage industry — and a profitable one at that.”

The police first interviewed Mr. Sharp on Wednesday and noticed that his boots matched some forensic evidence from the building, Tim Corbett, commander of the St. Joseph County homicide unit told The Associated Press.

Mr. Sharp confessed to the police on Friday that he and Mr. Reeder killed the other men sometime between Dec. 18 and Dec. 21, according to The Associated Press. Forensic evidence in the building confirmed Mr. Sharp’s account, Mr. Corbett said.

While Mr. Lawson, 53, Mr. Nolan, 40, Mr. Talboom, 51, and Mr. Coates, 29, lived on their own, and they were well known among the staff and residents of several local shelters, where they would sometimes stop for food, or to do odd jobs. Over the years, the four had also lived off and on in various shelters.

“I’m just upset. I knew those guys. Good guys, all of them,” said Jim Holleman, who was spending one night last week at the Hope Rescue Mission shelter near downtown.

Just days before they were killed, the men offered what they considered a “guest room” to Matthew Miller, who had been kicked out of a shelter for drinking alcohol. Mr. Miller said he had run into Mr. Lawson at the neighborhood library, where he passed the time on many cold days.

“Mike said: ‘You don’t have to be on the street. Come stay at our building,’ ” Mr. Miller said. “So I did for about three days, then I got back into the shelter. Three days after that, I heard about him being missing.”

Mr. Miller, 30, said he was so distraught by the killings that he could not get out of bed for days, not even to attend the memorial services.

“My anxiety went up so high since then,” he said. “I miss them. And I don’t go places alone after dark by myself like I used to. A lot of people feel that way, they won’t go anywhere around here by themselves anymore.”

Mich. Translator In Iraq Sentenced For Offering Bribe (AP)

AP, February 4, 2007

WASHINGTON -- A suburban Detroit man who worked as a translator in Iraq was sentenced today to three years in prison for offering a bribe to a police official for the purchase of armored vests and other equipment for $1 million.

Faheem Mousa Salam, 29, was sentenced in U.S. District Court for the District of Columbia by Judge Richard J. Leon, according to a statement from the Justice Department.

Salam, of Livonia, pleaded guilty on Aug. 4 to violating the Foreign Corrupt Practices Act.

He admitted that he offered $60,000 to an Iraqi police official who Salam believed could help arrange the purchase of the goods by a police training organization, the Civilian Police Assistance Training Team, prosecutors said. Salam said he had 1,000 vests and a sophisticated map printer to sell.

Salam tried to complete the sale with someone he believed was an official of the training group, but who actually was an undercover agent of the Special Inspector General for Iraq Reconstruction. Salam offered the agent a separate payment of $28,000 to $35,000 for his help.

Salam was arrested in March. He was an employee of the Titan Corp., a government contractor working in Iraq.

Prosecutors said at Friday's sentencing that Salam was motivated by greed, not a desire to provide troops with equipment.

Fulton Man Indicted For Child Pornography (JEFFCNT)

Jefferson City (MO) News Tribune, February 4, 2007

David Matthew McCormick is facing new federal charges after a grand jury on Friday issued a new indictment in his case.

Bradley J. Schlozman, the United States Attorney for the Western District of Missouri, announced in a Friday news release the federal grand jury in Jefferson City added a charge in its new, two-count indictment that replaces one issued last Nov. 6.

McCormick, 20, now is charged with possessing child pornography on April 27, 2005, and distributing child pornography over the Internet on March 26, 2005.

Friday's indictment also includes a forfeiture allegation, which would require McCormick to give the government any property used to commit the alleged crimes, including two computer hard drives, a computer tower, a compact disc and a cellular camera telephone.

Schlozman said the case is being brought as part of "Project Safe Childhood," a nationwide federal Justice Department initiative designed to protect children from online exploitation and abuse launched in February 2006 by U.S. Attorney General Alberto R. Gonzales.

The national effort is led by the United States Attorneys' offices, with help from federal, state and local resources to identify and rescue victims and to better locate, apprehend, and prosecute individuals who exploit children using the Internet.

McCormick's case was investigated by the Federal Bureau of Investigation, the Fulton, Mo., Police Department, the Missouri State Technical Assistance Team and the Missouri Division of Family Services.

Assistant U.S. Attorney Lawrence E. Miller will handle the prosecution in federal District Court.

More information about Project Safe Childhood can be found on the Web site, www.projectsafechildhood.gov.

The Taxpayers' Tab: Police Billed $27,000 In Travel Costs To Federal Grant (AEAGT)

By Stephanie Chelf And Zach Church, Staff writers

Andover (MA) Eagle Tribune, February 4, 2007

METHUEN - Methuen police Capt. Kristopher McCarthy treated himself and other top police brass to an afternoon snack of pretzels and water at an Atlanta mall in March 2005 and billed taxpayers $11.22.

Later on, someone wanted cheese sauce, and taxpayers picked up that tab, too - a bill for 45 cents at Mr. Pretzel.

These expenses were among $27,000 in travel costs billed to a $1 million federal grant meant to fight crime in the Arlington district, the city's poorest neighborhood. The receipts are just a small part of the police spending records subpoenaed by the federal government last August. The U.S. attorney's office will not discuss the subpoena, its investigation or whether it is looking into the travel costs. A spokeswoman did not return a call for comment for this story.

An Eagle-Tribune analysis of the records shows that between 2001 and 2006, the grant known as "Weed and Seed" paid for 11 trips to conferences across the country for seven people - police Chief Joseph Solomon, his secretary Patricia Giarrusso, Deputy Chief Joseph Alaimo, Lt. Kevin Mahoney, Sgt. Michael Havey, Capt. Katherine Lavigne and McCarthy.

For the first several trips, police officials documented their expenses with receipts backing up each reimbursement claim. But by 2005, police began using a per diem system granting themselves a daily spending allowance. Fewer supporting documents were provided.

During the March 2005 trip to Atlanta, Solomon, Giarrusso, Mahoney and McCarthy stayed for nearly six days at the Hyatt Regency on the government's dime. They had dinner at the Hard Rock Cafe, racked up a $70 breakfast bill for three at the Hyatt Hotel, spent another $203 for dinner at a Brazilian steakhouse and took more than $400 worth of cab rides.

McCarthy also expensed $8.06 for breakfast at Logan Airport in Boston. Solomon was paid $305.59 for food and transportation on the trip, but did not submit receipts to the city.

Five months later, the group got together in Los Angeles and did it all again.

Solomon, in a written response to questions for this story, said the trips "form an integral part of the Weed and Seed program" and that federal grant officials expect attendance.

Attempts to reach the other officers, as well as Giarrusso, were unsuccessful. Methuen Mayor William Manzi said the decision to attend conferences is up to the local grant administrators.

"As a general rule, I think that be it city or federal or state grant money, you should be frugal and parsimonious (in travel)," Manzi said. "I think when you're out there, you have to use your best judgment."

From Methuen's Broadway to the Vegas Strip

In 2001, the U.S. Department of Justice awarded Methuen a $1 million, five-year grant to launch a community policing effort in the Arlington neighborhood, a 12-block area near the Lawrence line where the median income for 4,000 residents is about $33,000. Almost a third of the homes are occupied by single-parent families.

DOJ_NMG_0127525

The grant's purpose is in its name - to weed out crime and seed the neighborhood with programs and initiatives. It has paid for officers' overtime and equipment, as well as many of the day-to-day expenses for Methuen Arlington Neighborhood Inc. at 1 Broadway, which provides resources for children and families.

The Justice Department invites those who receive Weed and Seed grants to attend conferences around the country in places like Los Angeles; Orlando, Fla.; New Orleans; and Las Vegas. The conferences are not mandatory, but a Justice Department spokesperson said they are highly recommended as a training tool and to provide technical assistance for law enforcement and other agencies involved in the program.

"Conferences offer workshops on crime-prevention techniques, day-to-day site management, recruitment and retention of volunteers, and measuring performance," according to a written statement from the Department of Justice. "Conferences provide the opportunities for attendees to work directly with program staff from Washington, D.C., and meet and exchange best practices with representatives from over 250 active Weed and Seed communities nationwide."

The police department is permitted to pay for travel expenses with the grant money, according to the statement.

Linda Soucy, director of Methuen Arlington Neighborhood Inc., said the trips were indispensable to police. Soucy attended one conference in Philadelphia, though the city's Weed and Seed money was not used to pay for the trip.

"You go for just a couple of days, and you learn so much," said Soucy. "We can take things from what other people are doing and having success there and bring them back to our community."

McCarthy, who is head of the Police Department's Neighborhood Services Bureau and the city's Weed and Seed coordinator, went to eight conferences in the five-year span. Giarrusso, secretary to Solomon and program assistant for the Weed and Seed fund, attended seven conferences.

Solomon made four trips out of state, two before he became chief in the fall of 2002. Alaimo attended three conferences. Mahoney attended three, Havey attended two, and Lavigne went to one.

Where they ate

Police charged round-trip airfare, cab rides, dinners and snacks such as the pretzels and sauce to the grant. The trip to Los Angeles in 2005, for example, cost the U.S. Department of Justice and taxpayers $5,468.70.

Meals during these 10 trips ranged from pedestrian - Applebees in San Antonio and Subway in Indianapolis - to classy - Emeril Lagasse's Nola in New Orleans and a Japanese steakhouse in Orlando. The Hard Rock Cafe was a favorite, too. Police ate there in at least five cities.

Generally, the group ate moderately priced meals, always deducting food for guests and alcohol from the bills they charged to the grant. But at times, the group ate at pricey chain and tourist restaurants, including Jimmy Buffett's Margaritaville.

During the February 2004 trip to Dallas, McCarthy, Havey and Giarrusso spent $192 on dinner at a Brazilian steakhouse chain called Fogo De Chao. By comparison, the grant also paid $116 to a local Borders for 18 books for Arlington neighborhood children.

A year later, on March, 23, 2005, in Atlanta, three of the four conference attendees dined at another Fogo De Chao, where each ordered a $45.50 fixed-price dinner and spent a total of $18.40 on coffee and three desserts. A receipt for $203.50 was submitted for reimbursement. The grant paid about the same amount for bus service for 16 Methuen children to visit the planetarium in Concord, N.H.

The record keeping for later trips was far less specific. Solomon, McCarthy, Giarrusso and Mahoney each received $400 reimbursement for food and transportation during the six-day trip to Los Angeles in 2005, for example. That allowed each $300 per diem for food, which does not require receipts, and another $100 for incidentals.

The group kept receipts that justify $357 of those expenses, all of which were for cab and subway rides.

On all of the trips, in fact, cab fare represented a significant amount of the bills.

McCarthy and Havey spent more than $250 in cab fare on a trip to Albuquerque, New Mexico. Solomon, Alaimo and Giarrusso spent $233 on cabs in Indianapolis. In Dallas, Havey, McCarthy and Giarrusso charged for 22 cab rides that collectively cost more than $450. On the trip to Atlanta, McCarthy expensed $25 for a cab ride from The Cheesecake Factory to his hotel.

'We have done so much good'

Back in Methuen, Soucy is still working with the federal grant to bring opportunity to the children of the Arlington Neighborhood.

All the money, including the costs for the trips, has been spent wisely, she said. Strategies and tips police have picked up at the conferences have sped up improvements at home, she said.

Solomon in his statement pointed to the Safe Haven Afterschool Homework and Computer Center, a Youth Leadership Academy and tri-city police patrols as three ideas developed during conferences and later implemented in Methuen.

There is a "myriad of initiatives, ideas, plans and programs that are presented at each conference," he wrote.

"We have done so much good with this money that it is unbelievable," Soucy said. "You take what's already working and you just run with it. And that's why we've been so successful, because we haven't tried to reinvent the wheel."

Manzi, too, said he was pleased overall with the results of the Weed and Seed program.

"I think overall the point here is that the Weed and Seed program has done good things for the community, has done good things for the target area," he said. "And if I had to accept it again, I would."

Are We All Gambling Criminals? (LAT)

The Los Angeles Times, February 4, 2007

MILLIONS OF Americans have engaged in criminal behavior leading up to today's Super Bowl. You know who you are — those of you outside Nevada who placed bets on the Indianapolis Colts or Chicago Bears. It's estimated that about $5 billion will be on the line this afternoon in a nation in which even office pools are technically illegal in some states.

President Bush in October signed the Unlawful Internet Gambling Enforcement Act, a law intended to resolve any ambiguities about the unlawfulness of placing bets online. Although most fans in the free world can place bets with regulated online casinos, U.S. law enforcement has been busy cracking down on the heinous crime, going after enabling credit card companies, detaining those who run legal foreign online sites if they deign to enter the country and subpoenaing major Wall Street investment banks involved in overseas initial public offerings of online casinos. It's another brazen attempt to extent prudish American mores to other jurisdictions.

One bemused Las Vegas sports handicapper told the Wall Street Journal last week that the ban on Internet gambling should be renamed the "Sopranos Support Bill," because the main beneficiaries of keeping closely regulated casinos from doing business online are bookies. Instead of protecting consumers and raising tax revenue from this popular entertainment, the government is protecting the turf of unsavory bookies, many of whom have ties to organized crime.

The gambling crackdown is part of a broader trend of a paternalist state protecting citizens from themselves, curtailing their freedoms in the process. We live in a nation still engaged in a war on terror and in a city struggling with escalating gang violence, yet precious law enforcement resources are being spent on prosecuting morality. But, for today, enjoy the game while pretending you don't know the spread. After all, that could prove incriminating.

CIVIL LAW:

FTC Slaps Telemarketer With $1M Fine (AP)

By Christopher S. Rugaber, Ap Business Writer

AP, February 4, 2007

FTC Penalizes Telemarketer With $1M Fine for Hanging Up on 64M People

WASHINGTON (AP) -- Federal regulators have slapped a $1 million penalty on a telemarketer that automatically dialed and then illegally hung up on more than 64 million people.

A Florida-based company known as The Broadcast Team settled charges brought by the Federal Trade Commission and the Department of Justice by agreeing to a court order that will bar them from making similar calls in the future and require them to pay a $1 million penalty.

The Broadcast Team also called more than a million numbers on the national Do Not Call Registry, the FTC said.

The company's principals, Robert J. Tuttle and Mark S. Edwards, were also named in the FTC's complaint. Edwards did not immediately return a call seeking comment.

The FTC said that the company was able to deliver over a million recorded messages per day to voice mailboxes and answering machines. But the company violated the commission's telemarketing sales rule by calling tens of millions of numbers and, when the calls were answered by people, hanging up or playing a recording.

The commission's rules require that calls answered by a person rather than an answering machine be connected to a live representative within two seconds, and not be "abandoned" by hanging up or playing a recording.

Telemarketers that make sales calls or for-profit telemarketers seeking charitable contributions are bound by the restrictions on abandoning calls, the commission said.

And the Broadcast Team received more than $2 million in revenue for telemarketing calls that violated the FTC's telemarketing sales rules, the commission said last year.

The Justice Department first filed a complaint in federal court at the FTC's request in December 2005. The complaint said the company abandoned 64 million calls on behalf of debt management companies and more than 450,000 calls made for charities and other purposes.

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The complaint also said that the company violated the law by calling numbers on the national "Do Not Call" Registry and for making calls without paying the required annual fee for access to that Registry.

The company has agreed to a proposed court order that bars TBT from hanging up or playing a recording when a person answers its calls, and prohibits the company from calling numbers on the "Do Not Call" list.

The proposed order would also impose a civil penalty of $2.8 million, with $1.8 million suspended due to the company's inability to pay.

The company's agreement with the court order does not constitute an admission by the defendants that they violated the law, the commission said.

Michael Tankersley, a spokesman for the FTC, said the order would become final when signed by a federal court judge, which is expected to occur imminently.

ITT To Settle U.S.-China Technology Case, People Say (Update1) (BLOOM)

By Robert Schmidt And Tony Capaccio

Bloomberg, February 4, 2007

Feb. 2 (Bloomberg) -- Defense contractor ITT Corp. may pay as much as $100 million to resolve U.S. charges the company violated export control rules by allowing the transfer of night- vision technology to China, people familiar with the case said.

ITT, the world's biggest maker of night vision goggles, is in advanced talks with Justice Department prosecutors in Virginia, said the people who asked not to be identified because negotiations with the government are continuing and the size of the settlement could still change. The agreement probably will be announced within a few weeks, the people said.

China has been energetic in trying to obtain so-called Generation 3 night-vision technology and develop ways to counteract the devices, analysts say. The goggles, binoculars and scopes are used by soldiers to see clearly when fighting in darkness and low light.

``The Chinese are aggressive collectors of all kinds of military-related technologies," said Steven Aftergood, a senior research analyst at the Federation of American Scientists in Washington.

The settlement would be ITT's second in a little more than two years for export control violations. In November 2004, the company agreed to settle a State Department civil case by paying $8 million and improving its internal controls for preventing sensitive technology from falling into the wrong hands.

The company must still honor the terms of the settlement in that case, which involved export violations of night-vision technology and remote sensing equipment for satellites. The agreement with the State Department requires ITT to submit to heightened government scrutiny, including arranging for on-site audits at the request of the agency, until 2009.

War-Fighting Devices

``The night vision devices produced by ITT contribute critical war-fighting capabilities to the U.S. military," the State Department said in an October 2004 document on the agreement. ``The ability to observe and target potential hostile forces at night is an important force multiplier for the U.S. military and its coalition partners."

Generation 3 is the most sophisticated night-vision technology available and, because it is considered critical by the U.S. military, can't be exported without the permission of the State Department.

ITT bills itself on its Web site as ``the world's leading developer, producer and supplier of Gen 3 night-vision devices, specialty cameras and high-voltage miniaturized power supplies for U.S. and allied military forces as well as federal, state and local law enforcement."

Regulatory Filing

The company, based in White Plains, New York, disclosed the more recent probe, by the U.S. attorney in Roanoke, Virginia, last March in a regulatory filing. ITT also said it was conducting an internal probe of the matter and didn't reveal the nature of the violation or what country was involved.

The company said it expects to reach an agreement with the government soon. ``Because the negotiations are ongoing, we cannot speculate on the exact timing or the final terms -- financial or otherwise," ITT said in a statement.

The company reported today that its fourth quarter profit was $140.8 million, or 75 cents a share, compared with a loss of $84 million, or 45 cents, a year earlier. ITT shares fell $1.09 to $59.51 as oft 4:02 p.m. in New York Stock Exchange composite trading.

Failure to Safeguard Data

The export-control case is being investigated by the Pentagon's Defense Criminal Investigative Service, the State Department's trade controls office and the Department of Homeland Security's Immigration and Customs Enforcement. The probe began in 2002.

The case involves the failure of ITT to safeguard technical data on the manufacture and characteristics of the night-vision devices used by the U.S. military, according to the people familiar with the probe. The investigators suspect ITT technical data was illegally transferred to China between 2001 to 2005 by a Singapore-based subcontractor, the people said.

John Schoeneweis, the senior resident agent for the Richmond Office of the Defense Criminal Investigative Service, declined to comment, saying the case was ``an open investigation."

Heidi Coy, a spokeswoman for the U.S. attorney's office in Roanoke, declined to comment.

The company said in a statement in December and repeated today that it was taking a $25 million charge in connection with the investigation. That money, plus other reserves, would cover a settlement ``resolving all outstanding issues relating to this investigation that began several years ago," the company said.

``ITT is committed to having a world-class compliance culture," Chief Executive Officer Steven Loranger said in the Dec. 15, statement. ``We are working diligently with the government to resolve this matter by early next year."

CIVIL RIGHTS:

As Officers Stop And Frisk, Residents Raise Their Guard (NYT)

By Trymaine Lee

The New York Times, February 4, 2007

At 14, Rocky Harris knows the routine: You raise your hands high, you keep your mouth shut and you don't dare move a muscle.

Then the police officer's gloved hands go up and down each leg, around your waist, across your chest and back, then down your shoulders to your wrists.

When they don't find guns or drugs, Rocky said, they let you go. He said that he had been searched, fruitlessly, at least three times since last summer, and that he had friends who had been searched repeatedly.

"They tell you that you're selling drugs. But I don't do nothing wrong. I just play ball," he said, walking through the Red Hook East housing development in Brooklyn yesterday morning, headed to a community center for a game of basketball.

On Friday, the New York Police Department released a report showing that police officers stopped 508,540 people on city streets in 2006, an average of 1,393 a day and quintuple the number from 2002. While it was difficult to find a consensus on the significance of those statistics — good patrolling, overly aggressive officers and more faithful recordkeeping are just a few explanations — it was not hard yesterday in Red Hook to find a handful of that number walking around.

More than half of those stopped, and sometimes frisked, by the police were black. The Red Hook projects have a large black population, a history of crime problems and, at least in a few young men, a wariness of the police.

Mikel Jamison, 32, said that "he came up in these Brooklyn streets," and that it is "hard being an African-American, hard to live and walk down the street without the police harassing us."

Mr. Jamison said some young men bring the unwanted attention of police on them, "with their pants down to their ankles and drugs in their pockets." He then urged that he and this reporter keep their voices down because "some of the dealers, they're out here right now."

But he said he blames police practices like the stop-and-frisks for tension between the community and the police. He said many officers might want to stop crime in the community, but many cannot discern between common criminals and the common people who live among them.

After having a police officer jam a gun in his chest a few years ago, in an incident he said he would rather not discuss, Mr. Jamison said he converted to Islam and is now more conscious of the way the community is affected by such police actions.

Anthony James, 28, who works for a large sanitation company and, as such, often keeps late hours, said the police frequently stop him as he leaves or comes home. He said that the stops had become such a problem that he has taken to carrying his work identification badge home to prove to the police that he has a job and is not selling drugs.

"You see where you're standing. This is the Red Zone," he said, mapping with his hands a section of the projects from Columbia Street to Clinton Avenue. "This is the war zone. If they catch you in here alone they're going to stop you. And they'll play mind games with you. Ten minutes after searching you, they'll come back by, just staring."

Mr. James, who said his "bad-boy days" are behind him, said officers doing the stops will say that the basis of the stops is that people are coming out of known "drug buildings."

"But we live here. I put my 7-year-old son to bed here. We have grandmas and old ladies up in here. This ain't just a drug building, this is home," he said. "It's serious and dangerous out here, and they wonder why some people want to pull out their guns and start blasting."

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Dorothy Shields, 74, has served as president of the tenants association at the Red Hook East housing development for 33 years, and said she believes the issue is less about people being picked on by the police, and more about a new generation of young people who do not have respect for authority, or their neighbors for that matter.

Ms. Shields said she doubted some of the reports of overaggressive patrolling. "Some of them young men are not telling the truth about the police officers," she said. "A lot of them feel they should be able to do anything they want do, wherever and whenever they want to."

Ms. Shields said she thinks frisks, at least in her neighborhood, are happening but not as much as some suggested.

"Some people just don't care for the police, no matter how right or wrong they are," she said.

At a press conference outside police headquarters yesterday, representatives of black and Hispanic officers' groups called the data damning, and renewed calls for Police Commissioner Raymond W. Kelly to step down.

"These numbers substantiate what we've been saying for years," said Noel Leader, a co-founder of 100 Blacks in Law Enforcement Who Care. "The New York Police Department under Raymond Kelly is actively committing some of the grossest forms of racial profiling in the history of the New York Police Department."

The Police Department said that officers stop people only if they are suspected of committing a crime, and that the practice is vital in getting guns off the streets. About 21,000 of the stops ended in arrests and about 29,000 in summonses.

"I think it is one tool," Deputy Police Commissioner Paul J. Browne said yesterday. "One law enforcement tool that is used to apply pressure. One of many."

Responding to complaints of profiling, the department noted that while 55.2 percent of those stopped were black, 68.5 percent of reported crimes involved suspects described as black.

Mr. Browne said he could not speak about patrolling in Red Hook with any authority, but that in general the increase in reported stop-and-frisks was a result of the more scrupulous recording of such stops.

"I think some of the individuals who have been critical of the department in the past will be critical of the department for this as well," he said.

At the community center in Red Hook where Rocky Harris had gone to play basketball, a 50-year-old man named Stanley, who is a big brother of sorts at the center, was shooting pool.

When asked if he had been stopped and frisked by the police, Stanley, who said he did not want his last name published, said, "I'm an old man now, and they don't bother me one bit. It's the youth that they're after. Not me."

Officer In Louima Case Returns To State To Finish Sentence (NYT)

By Anthony Ramirez

The New York Times, February 4, 2007

A former police officer convicted of perjury in the 1997 assault on Abner Louima, a case that scarred both the city's race relations and its police force for years, has been released from prison to a halfway house in upstate New York, his lawyer said yesterday.

The officer, Charles Schwarz, 41, was released from a minimum-security facility on a former Air Force base in Duluth, Minn., more than two months ago, said the lawyer, Ronald Fischetti. Mr. Schwarz is expected to complete the remainder of his five-year sentence in May.

"I talked to him five minutes ago," Mr. Fischetti said in a telephone interview yesterday. "His frame of mind is excellent because he knows he only has a few more months, and he can take his wife and child and move and put this episode behind him completely."

Mr. Fischetti would not disclose the location of the halfway house but said Mr. Schwarz's wife, Andra, and 2-year-old son, William, lived nearby.

Mr. Schwarz "plans to relocate in a different area and doesn't plan to come back to the city," Mr. Fischetti said, because of unwanted press attention.

"He's looking for opportunities in the northern area of the country" outside law enforcement, Mr. Fischetti said. "Something outdoors, maybe carpentry."

Mr. Schwarz's release was first reported yesterday in The Daily News.

In August 1997, Mr. Louima, a Haitian immigrant arrested after a nightclub disturbance, was beaten in a police station's bathroom by an officer who then sodomized him with a broomstick. The officer, Justin A. Volpe, later pleaded guilty and was sentenced to 30 years in prison.

Mr. Louima has contended that there was a second officer in the bathroom, Mr. Schwarz. Mr. Schwarz has denied the allegation, and Mr. Volpe also said Mr. Schwarz was not there.

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After a tangled path through the courts — a conviction was reversed and two juries were hung — Mr. Schwarz agreed not to appeal a perjury conviction and was sentenced to the federal prison camp.

"The worst that Chuck did is that he saw Mr. Volpe walking Mr. Louima toward the bathroom, and when he was asked about that, a cop being a cop, he said he didn't remember it," Mr. Fischetti said.

Mr. Louima, who now lives in South Florida, could not be reached for comment yesterday. He sued the city and accepted an $8.75 million settlement in 2001.

At a March 2006 hearing on Mr. Schwarz's sentence, Judge Reena Raggi said that he had failed to accept responsibility for lying to protect other officers, including Mr. Volpe. She told Mr. Schwarz she was convinced that there had been another officer in the bathroom, and that "it was either you, which I think is highly probable — in fact, I think it's more than highly probable — or it was someone else."

Taser Task Force Will Get To See Weapon's Effects (MERCN)

By S.I. Wykes

The San Jose Mercury News, February 4, 2007

The members of the Palo Alto Taser Task Force, beginning their journey toward a decision about whether stun guns should be a part of any police officer's equipment in the city, will get as close as they can Tuesday to test-driving the experience.

Part of Palo Alto Police Chief Lynne Johnson's presentation will include videos of people being shocked with a stun gun.

These videos were taken in real-life situations by other police agencies, Johnson said.

At last week's meeting, Johnson told the panel that the presentation would include a live Taser stunning of a volunteer from the police department.

Some members of the task force balked at the idea, not wanting to be directly responsible for a deliberate infliction of pain, so Johnson changed to the video format.

But she held fast to the idea that if the task force is going to educate itself as wholly as possible, the use of a stun gun is important to see.

``It is painful. It is an unpleasant experience, but hopefully, after our presentation, people will understand the myths and misconceptions and misunderstandings" about such weapons, she said.

Santa Clara County Deputy District Attorney Jay Boyarsky is on the task force and knows that even just watching a video will not be a welcome sight. He compared it to what juries must sometimes go through when hearing cases involving child molestation or rape. ``It's scarring and unpleasant," he said, ``but it is done in the service of the greater good."

It will not be an easy job. Taser use has generated many questions about how dangerous it is and under what circumstances it is used.

In November, the family of a Fresno man, who died after being stunned by San Jose police, filed a federal lawsuit claiming he was the victim of excessive and unreasonable force. The Santa Clara County coroner included the use of the Taser and pepper spray as a contributing factor in the man's death -- one of the first times that has happened in Santa Clara County.

More than a quarter-million Tasers are in use by police departments nationwide and justified as a control method far less lethal than a gun.

The San Jose Police Department was the first in the Bay Area to use the weapon. Other Taser-carrying departments now include Gilroy, Fremont, Morgan Hill, Belmont, San Bruno, San Mateo and San Mateo County SWAT teams.

The Taser inflicts five seconds of 50,000 volts of electricity, and its effect on the body is not completely predictable. The American Civil Liberties Union and Amnesty International have been lobbying hard for its use to be suspended.

The ACLU recently asked the San Jose City Council to produce a report on stun-gun incidents. The city gave Tasers to its officers in 2004, and five months after its institution released a summary of its use, but has not done so yet for 2005.

The U.S. Justice Department is reviewing its use and researchers at Wayne State University in Indiana are applying biomedical engineering to determine if a stun gun can be made safer by lessening its power.

The Palo Alto Task Force includes a physician, a public defender, a mediator, a nurse, two members of the city's Human Relations Commission, a rabbi, a member of the NAACP, a city attorney, a Palo Alto police captain and the attorney hired by the department to act as its auditor.

The group expects to have a recommendation to make to the city council this spring.

IF YOU'RE INTERESTED

The task force will meet at 6 p.m. in the meeting room of the city's Art Center, 1313 Newell Road.

Curb Cuts: Going With The Flow Easier For All (MCT)

By Frank Greve, McCLATCHY NEWSPAPERS

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McClatchy Newspapers, February 4, 2007

WASHINGTON — The barricades that quadriplegic Ed Roberts and his comrades stormed nearly 40 years ago were a few inches high. Yet today, millions of Americans pass daily through the breaches they created.

Curb cuts, the breaches are called. Or curb ramps.

Since 1990, the Americans with Disabilities Act has required them in construction, renovation and wherever a city does major street or sidewalk work. All this curb-ramp building has helped the United States lead the world when it comes to providing public access for people with disabilities.

"For all this country's many faults, one thing we do better than anybody is architectural-barrier removal," said Mary Lou Breslin, the co-founder and senior policy adviser of the Disability Rights Education and Defense Fund, based in Berkeley. By her estimate, more than 60 countries are trying to catch up.

Curb ramps also are a boon for bicyclists, stroller-pushers, skateboarders and in-line skaters. They're a help, too, for travelers with wheeled luggage and delivery truckers with hand carts.

In fact, nine out of 10 unencumbered pedestrians will veer off course to take advantage of a curb ramp, according to Jim Terry, an architect specializing in accessible design who studied pedestrian behavior at a shopping mall in Sarasota, Fla.

Roberts, quadriplegic because of polio, had none of this in mind when he enrolled at the University of California at Berkeley in 1962.

His dorm — and that of a dozen other students with severe disabilities who joined him over the next few years — was Cowell Hospital, high on a hill on the eastern end of the campus.

"I had to plan my classes so that each was downhill from the former one," recalled Michael Pachovas, who got around campus in an ineffectual powered wheelchair called a Motorette. "At the end of the day, I'd hitch rides with people or ask them to push me back uphill."

City of Berkeley was first?

Roberts and his cadre were determined to escape Cowell Hospital and live off campus.

"They were adults, living in a hospital with nursing charts and dating patterns being recorded (visitors, in other words), and it was no way to live," recalled activist Ken Stein, now a program administrator for the Mayor's Office on Disability in San Francisco.

Roberts, by then a graduate student, was the first to escape, but found himself confronting obstacles to independence at every street corner. Unassisted wheelchair users in those days would wheel to driveways at alleys or loading docks, then roll along in the street to the next driveway that tended in the right direction. It was slow, it wasn't always possible and it was often dangerous.

An ally of Roberts, Hale Zukas, persuaded the city of Berkeley's public works department in 1969-70 to create some cement curb ramps at intersections on Telegraph Avenue just south of the campus. Although two Illinois campuses had poured some curb ramps in the '50s, Berkeley's are thought to be the first built by a city government to promote independent living for people in wheelchairs.

Within a year, Roberts and Berkeley's other students with disabilities — by then politically charged enough to call themselves the Rolling Quads — were demanding curb ramps faster than the city's permitting procedure could provide them.

"We had a Wednesday night poker game in those days, and a lot of good ideas came up over those games," recalled Pachovas, 58. "One night, we decided to put in some curb ramps on our own after the game.

"A couple of our attendants did construction work, so they had access to cement, and I had a wheelbarrow."

They set out sometime after midnight.

"We didn't cut curbs; we just added skirts to existing curbs," Pachovas said. "The police threatened to arrest us, but they didn't."

The early results were crude. "You needed a running start to get up them, and going down, you could end up on your head in the street," Breslin said.

It didn't take long, however, to see how much the ramps enhanced mobility.

Curb ramps are crucial to independence for people who use wheelchairs, according to architect Bill Hecker of Hecker Design Ltd. in Birmingham, Ala., a specialist in access for people with disabilities.

Most wheelchair users rely on public transportation and need to cross several streets between their homes and the nearest mass transit stop, Hecker said.

"If you take out the curb ramp, which is the key link between the two, you've taken a huge, huge chunk out of accessibility," he said.

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It's unclear how many ramps are in existence or how much they've cost. The simplest single curb ramp runs about $900, according to Hecker. As a rule, cities put them in when it's convenient or when the Justice Department convinces them that they must.

Among the most accessible cities, disabled-rights activists say, are Portland, Ore.; Sacramento; Chicago; Kansas City, Mo.; and, of course, Berkeley, where Roberts died in 1995 at the age of 55.

The chair that he took his curbs in is now in the Smithsonian Institution's National Museum of American History in Washington.

Outside the museum, all the corners are ramped, enabling what Breslin described as "the seamless inclusion of people with disabilities into the mainstream."

Felts: Seizure Of Home In '03 Violated Rights (MONNS)

By Johnny Gunter and Stacy Temple

Monroe (LA) News-Star, February 4, 2007

Another volley has been fired in the dispute between the Ouachita Parish Sheriff's Office and some of its former deputies.

Former deputy Stan Felts said he has filed a federal civil rights complaint against Lt. Mike Rowlan and Chief Deputy Joe Davis.

Felts was a 16-year employee of the Sheriff's Office and headed up the department's Special Crimes Apprehension Team before resigning Jan. 4 with the rank of sergeant. His resignation came in the middle of an Internet scandal that accuses the department of corruption. The complaint alleges that Davis and Rowlan, who has been the major target of the Internet postings, conspired under color of the law to

deprive Felts and his wife of their civil rights to privacy.

The complaint states that Rowlan, under Davis' direction, tried in July 2003 to remove a personal computer from Felts' western Ouachita Parish residence without probable cause or without trying to obtain a search warrant.

Felts' federal filing follows a lawsuit filed Jan. 25 by Rowlan naming three former deputies — Gene Caviness, Jacob Greer and Todd Newton — claiming defamation, invasion of privacy and Internet stalking. The postings on the Copwatch.com Web site accuse Rowlan of illegal activity and accuse Sheriff Richard Fewell of covering up for him. Rowlan works with Metro Narcotics Unit, and the postings on Copwatch.com revealed his identity by showing his driver's license photo and even his home address.

Only Greer was employed by the department at the time of the Internet postings and was fired after an internal investigation revealed he passed along his personal identification number to Newton so Newton could enter the Thinkstream law enforcement information center. Newton had left the Sheriff's Office for a job with the West Monroe Police Department.

Caviness was working with the FBI Task Force through his employment with the East Carroll Parish Sheriff's Office. After the internal investigations by the Sheriff's Office and West Monroe police, Caviness resigned his job with FBI Task Force but still works with the East Carroll Sheriff's Office.

Even though he passed a polygraph test that showed he wasn't participating in the Internet postings on Copwatch.com, Felts was demoted to deputy and reassigned to the department's work-release program. He said the demotion resulted in an approximate $350-a-month cut in pay.

Felts, who is now employed by the Sterlington Police Department, said he did not file any complaints when the incident occurred because he feared for his job. He said at that time he still supported the sheriff and that the next election was upcoming.

"I am now coming forward with this information because I am no longer under threat of termination by exposing it and that his (Rowlan's) criminal actions ... must be dealt with," Felts wrote in his letter to the FBI, a copy of which he furnished to The News-Star.

The FBI's Monroe office referred The News-Star to the New Orleans office for confirmation of receipt of the complaint. Public Information Special Agent Sheila Thorne would not confirm nor deny receipt of the complaint. She did say such civil rights complaints are passed on to the U.S. Attorney's Office and the Justice Department to determine if such cases are to be pursued.

According to written reports and notes received from the Sheriff's Office, Felts had been running intelligence for almost a year on a white supremacist living in the Calhoun area with the approval of Maj. Royce Toney, head of investigations.

Meanwhile, Rowlan apparently became aware of the white supremacist and mentions in notes on the incident that local FBI Special Agent Niki Allen asked him to gather intelligence.

Rowlan also admits in his notes that he did not follow the chain of command by letting his boss, Toney, know what he was doing. Rowlan also believed, because of things he was told, that Felts may have been involved with the white supremacist group, Aryan Nations.

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In his complaint to the FBI, Felts states Rowlan's motive for attacking him may have been because (Rowlan) and another person were possibly involved with the supremacist group.

Rowlan called for Lt. James Purvis, Felts' immediate boss, and Felts to meet with him at his office at Metro Narcotics. Rowlan asked Felts if he would share the information he had gathered, and Felts agreed.

"When we left that meeting, Lt. Purvis asked me if I felt like I might be a part of the investigation, and I told him he was overreacting," Felts said.

Felts said he agreed to turn over his information to Rowlan and tried to do so the next day when Rowlan and other Metro Narcotics Unit agents showed up at his house.

The only information Felts could not give them were some e-mails that were lost when his computer crashed several months prior. Felts said he advised Rowlan that the e-mails from the white supremacist could be retrieved and was willing to let a technician come to his house and do so. He said Rowlan wanted to take the computer, and Felts did not like the accusatory tone taken by Rowlan. Felts told Rowlan the computer hard drive would not leave his house without a search warrant.

At this point, notes from Felts and Rowlan both state that Rowlan contacted Davis, and Rowlan was told to send Felts to his office to discuss the issue. Felts had to wait on his father to come to the house before leaving for Davis' office because he needed someone to watch his son.

In his notes, Rowlan said Davis asked him about getting a search warrant. Rowlan said he had contacted the FBI's Allen, and she advised against the search warrant because she did not want to reveal the agency's involvement in the intelligence gathering.

In his federal filing, Felts states that shortly after he left for Davis' office his wife returned home and that Rowlan "held his house" for nearly three hours. He explained that when officers have probable cause, they can "hold a house" to protect the evidence, giving them time to get a search warrant.

According to Felts' filing, Rowlan attempted to get a fellow Metro agent to write the search warrant, but that agent advised Rowlan he didn't have probable cause.

Rowlan left without a search warrant or the computer.

Fewell said that after he reviewed the facts of the case, he determined it occurred because of miscommunication among all the departments involved. The sheriff said he did not see where any laws or procedures were violated, so no disciplinary action was warranted.

Fewell said Rowlan was acting at his direct request.

Rowlan's notes only mention Davis and not Fewell.

Davis said Friday he was unaware of Felts' filing and that he would have no comment.

Harsh Accusations Intensify In L.I. State Senate Contest (NYT)

By Bruce Lambert

The New York Times, February 4, 2007

The already ferocious campaign to fill a State Senate seat on Long Island reached a new pitch yesterday with a mass mailing featuring Osama bin Laden, accusations of improper donations, and a request for federal monitors to guard against voter intimidation at the polls on Tuesday.

The contest has drawn intense statewide political attention because a Democratic victory would edge that party closer to controlling the Senate. Unions and other special interest groups are funneling money and workers into the contest, which could become New York's most expensive state legislative race.

Gov. Eliot Spitzer has taken a direct role by campaigning and filming a television commercial for the Democratic nominee, Craig M. Johnson. Equally determined to preserve their majority, top Republicans are marshalling their forces behind their candidate, Maureen O'Connell.

Citing fears that Republicans will challenge the legitimacy of Democratic voters on Election Day to sway the outcome, the Democratic campaign formally asked the United States Department of Justice to dispatch monitors to polling places to prevent "voter intimidation" and voting delays.

"Independent federal monitors are critical to ensure a fair election," the request said. A Justice Department spokeswoman said the request was under review.

The Democrats cited past voting problems in the election district, in northwest Nassau County, and repeated incidents in last November's closely fought election for the Senate's 35th District in Westchester County, where the Democratic candidate, Andrea Stewart-Cousins, upset the longtime Republican incumbent, Nicholas A. Spano.

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The Republican Party chairman for New York State and Nassau County, Joseph N. Mondello, said in an interview that he would "join in that request" for federal monitors. But he countered, "Perhaps that will help prevent the onslaught of people from New York City being bused here and trying to vote."

Democrats deny using such tactics and say that Republican operatives in Westchester challenged legitimate voters in Democratic areas in November, causing confusion, delays and discouragement.

In Nassau on Wednesday, Republican election officials sought to include forms for challenging voters in the kits prepared for polling place workers. The Democrats blocked the move, but there is nothing to stop Republican workers from taking the forms to the polls and using them.

Mr. Mondello served notice that his field workers would closely scrutinize voters. "Our poll watchers and election inspectors will challenge people to show some kind of identification as to who they are," he said. "They have a right to ask for identification to make sure you are John Smith. Our people have been cavalier about this in the past. This time, in this election, we're dearly concerned."

Among other last-minute issues, Ms. O'Connell's campaign sent out a flier on domestic security that featured a photograph of Osama bin Laden. And she was pictured with Michael A. L. Balboni, the popular Republican who held this seat until Governor Spitzer crossed party lines to appoint him as the new homeland security chief, thus creating the Senate vacancy.

Above Mr. Balboni's head in the leaflet is what appears to be the official seal of the State Office of Homeland Security. But it is slightly different from the real seal, and the homeland security office issued a rebuke: "It is completely inappropriate for a political candidate to use a falsified seal in the context of a political campaign. Politicizing security issues is inappropriate and trivializes the law enforcement efforts of New York's Office of Homeland Security."

The office also said that "such actions are arguably illegal" under the section of the state's criminal impersonation law regarding anyone who "wears or displays with authority any uniform, badge, insignia or facsimile thereof."

In another dispute, Mr. Mondello called for an investigation into whether Democrats effectively "purchased" the Working Families Party endorsement of Mr. Johnson. Mr. Mondello quoted a complaint from Chuck Pohanka, who calls himself the Working Families Party chairman in Suffolk County, that the statewide party received $225,000 from the Johnson campaign.

But the state party's executive director, Dan Cantor, denied the charge. He said that Mr. Pohanka led a small splinter group that did not represent the party in Suffolk but instead did the bidding of Republicans. He said Democratic donations helped finance Working Families operatives for Mr. Johnson, who knocked on the doors of 45,000 homes.

Final Push In Nassau State Senate Race (NSDY)

By Celeste Hadrick, Newsday Staff Writer

Long Island Newsday, February 4, 2007

Nassau's two major political parties begin their final campaign blitz Saturday in the hard-fought 7th Senate District race after Democrats on Friday called for federal poll monitors while a Republican mailing featuring Osama bin Laden and former Sen. Michael Balboni drew barbs.

The campaign manager for Democrat Craig Johnson, a Nassau legislator running against Republican County Clerk Maureen O'Connell in Tuesday's special election, faxed a request for federal monitors to the Justice Department, contending "there has been significant voter intimidation in previous elections within the 7th District."

Democrats raised the issue of intimidation this week after Republicans requested that poll inspectors be supplied with voter challenge forms and validation oaths.

Nassau Republican Chairman Joseph Mondello said, "We welcome federal monitoring because it will prevent anyone from running people in from New York City who are not eligible to vote in Nassau County."

Mondello acknowledged he was "very concerned" that Democrats may bring in Queens residents to vote illegally in the district, which runs from Port Washington to Elmont and is bordered on the west by Queens. Democrats deny that.

A Justice Department spokeswoman said the agency is considering Johnson's request and will decide by Monday "if there is a factual and legal basis that warrants" monitors.

A new campaign flier that pairs O'Connell with Balboni, the district's former Republican senator who resigned to become the state's homeland security chief, hit mailboxes Friday.

It features a photo of bin Laden and states, "As long as New York and Tel Aviv are targets for terrorists, we need Maureen O'Connell protecting us in the Senate." Inside, there is a photo of O'Connell next to Balboni in front of a mock-up of the state Homeland Security seal.

Balboni said he has not endorsed any candidate and was not aware of the mailing. "To the extent that it implies that there is a governmental agency supporting the candidacy of anybody, that is incorrect and inappropriate," he said.

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State homeland security office spokesman Dennis Michalski added in a statement, "It is completely inappropriate for a political candidate to use a falsified state seal in the context of a political campaign."

National Jewish Democratic Council also blasted the mailing. "This is a desperate and shameful attempt to try to use Israel as a wedge issue," said deputy executive director David Goldenberg.

O'Connell spokesman Mike Arens called both complaints "a smokescreen" to deflect allegations by Suffolk County Working Families Chairman Chuck Pohanka that Johnson bought the party's nomination through contributions. Pohanka requested a federal investigation.

State Working Families Chairman Dan Cantor dismissed the Pohanka complaint "as a political hit job by a Republican Party that's using this guy."

Meanwhile, Mondello expects 800 Republicans to rally this morning at the Williston Park American Legion hall to begin a walk-through of the district, visiting the houses of all Republican, Independence and Conservative party members, while Democratic Chairman Jay Jacobs said 800 to 1,000 of his party's workers will be out knocking on Democrats' doors.

Albany bureau chief Errol A. Cockfield Jr. contributed to this story.

Iraq's Shadow Widens Sunni-Shiite Split In U.S. (NYT)

By Neil MacFarquhar

The New York Times, February 4, 2007

DEARBORN, Mich. — Twice recently, vandals have shattered windows at three mosques and a dozen businesses popular among Shiite Muslims along Warren Avenue, the spine of the Arab community here.

Although the police have arrested no one, most in Dearborn's Iraqi Shiite community blame the Sunni Muslims.

"The Shiites were very happy that they killed Saddam, but the Sunnis were in tears," Aqeel Al-Tamimi, 34, an immigrant Iraqi truck driver and a Shiite, said as he ate roasted chicken and flatbread at Al-Akashi restaurant, one of the establishments damaged over the city line in Detroit. "These people look at us like we sold our country to America."

Escalating tensions between Sunnis and Shiites across the Middle East are rippling through some American Muslim communities, and have been blamed for events including vandalism and student confrontations. Political splits between those for and against the American invasion of Iraq fuel some of the animosity, but it is also a fight among Muslims about who represents Islam.

Long before the vandalism in Dearborn and Detroit, feuds had been simmering on some college campuses. Some Shiite students said they had faced repeated discrimination, like being formally barred by the Sunni-dominated Muslim Student Association from leading prayers. At numerous universities, Shiite students have broken away from the association, which has dozens of chapters nationwide, to form their own groups.

"A microcosm of what is happening in Iraq happened in New Jersey because people couldn't put aside their differences," said Sami Elmansoury, a Sunni Muslim and former vice president of the Islamic Society at Rutgers University, where there has been a sharp dispute.

Though the war in Iraq is one crucial cause, some students and experts on sectarianism also attribute the fissure to the significant growth in the Muslim American population over the past few decades.

Before, most major cities had only one mosque and everyone was forced to get along. Now, some Muslim communities are so large that the majority Sunnis and minority Shiites maintain their own mosques, schools and social clubs. Many Muslim students first meet someone from the other branch of their faith at college. The Shiites constitute some 15 percent of the world's more than 1.3 billion Muslims, and are believed to be proportionally represented among America's estimated six million Muslims.

Sectarian tensions mushroomed during the current Muslim month of Muharram. The first 10 days ended on Tuesday with Ashura, the day when Shiites commemorate the death of Hussein, who was the grandson of the Prophet Mohammad and who was killed during the bloody seventh-century disputes over who would rule the faithful, a schism that gave birth to the Sunni and Shiite factions.

The Shiites and the Sunnis part company over who has the right to rule and interpret scripture. Shiites hold that only descendants of Mohammad can be infallible and hence should rule. Sunnis allow a broader group, as long as there is consensus among religious scholars.

Many Shiites mark Ashura with mourning processions that include self-flagellation or rhythmic chest beating, echoing the suffering of the seventh-century Hussein. As several thousand Shiites marched up Park Avenue in Manhattan on Jan. 28 to mark Ashura, the march's organizers handed out a flier describing his killing as "the first major terrorist act." Sunnis often decry Ashura marches as a barbaric, infidel practice.

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Last year, a Sunni student at the University of Michigan at Ann Arbor sent a screed against Ashura to the Muslim Student Association's e-mail message list. The document had been taken off SunniPath.com, one of many Web sites of Islamic teachings that Shiite students said regularly spread hate disguised as religious scholarship.

Azmat Khan, a 21-year-old senior and political science major, said that she, like other Shiites on campus, was sometimes asked whether she was a real Muslim.

"To some extent, the minute you identify yourself as a Shiite, it outs you," Ms. Khan said. "You feel marginalized."

Yet some Shiite students said they were reluctant to speak up because they felt that Islam was under assault in the United States, so internal tension would only undermine much-needed unity among Muslims. At the same time, the students said, the ideas used by some Sunnis to label Shiites as heretics need to be confronted because they underlie jihadi radicalism.

At the Ann Arbor campus, Shiite students set up a forum for all Muslims to discuss their differences, but no Sunnis who had endorsed the e-mail message about Ashura showed up, and the group eventually disbanded.

Trying to ease tensions, the Muslim Student Association this year invited a prominent Shiite cleric to speak.

"I don't want Shiite students to feel alienated," said Nura Sediqe, the president of the Ann Arbor student group. "But the dominant group never sees as much of a problem as the minority."

At the University of Michigan's campus in Dearborn, the Muslim association pushed through rules that effectively banned Shiites from leading collective prayers.

Apart from a greater veneration among Shiites for the Prophet's descendants, there are slight variations in practice. Shiites, for example, pray with their hands at their sides, while Sunnis cross them over their chests.

"Most Sunni Muslims can't pray behind a Shiite because if you are praying differently from the way the leader is, then it doesn't work, it's not valid," said Ramy Shabana, the president of the association on the Dearborn campus.

Shiite students at various universities said they faced constant prejudice. Some Sunni students have refused to greet Shiites with "Salamu aleikum," or "Peace be upon you," to slight them.

At Johns Hopkins University in Baltimore, Salmah Y. Rizvi, a junior who stocked a reading room with Islamic texts, said the Muslim Student Association there told her to remove them because too many were by Shiite authors.

Students have also taken note of attacks on their faith from the broader world through the Internet. One YouTube video showed Catholics bleeding by crucifying themselves and then showed Shiites bleeding through self-flagellation, as the Arabic voiceover suggested that Shiites were more Catholic than Muslim.

Not all campuses have been affected. Some, like Georgetown University and Cornell University, were considered oases of tolerance.

At Rutgers University, the tension started last year after 15 to 20 conservative Sunni students began openly mocking Shiites, and considered barring women from leading the student association. "They felt it was time to correct individuals within the organization, cleansing the beliefs of the students," said Mr. Elmansoury, who opposed the rift.

Several students involved said the group was heavily influenced by teachings from Saudi Arabia. The puritanical Wahhabi sect there holds that Shiite reverence for the Prophet's family smacks of idolatry.

Shiite advocates believe that that thinking has influenced some mainstream American Muslim organizations like the Islamic Society of North America and the Council on American Islamic Relations, which they said were slow to criticize attacks against Shiites abroad until the violence in Iraq escalated. As a consequence, Shiites founded their own national lobbying organizations.

Both organizations denied that they disregarded Shiite issues.

Still, some Muslims said that prejudices had continued.

After Saddam Hussein's execution Dec. 30, one Sunni cleric near Dearborn reportedly gave a sermon concluding that the Prophet Mohammad forgave his enemies, so why couldn't certain people in Iraq?

Much of the Middle East tension stems from the sense that Shiite power is growing, led by Iran. The grisly video of Mr. Hussein's execution, with his Shiite executioners mocking him, fanned the flames.

"As a Shiite, I was taking in this event very differently from the Sunnis," said Shenaaz Janmohamed, a graduate student at the University of Michigan at Ann Arbor. "In a lot of ways Saddam has become this martyr figure who sort of represents Shiite unruliness."

It is not the first time Shiite-Sunni tensions have spilled over into the West. Britain has experienced periodic outbursts for years. Stabbings and other violence between Sunni and Shiite prisoners in New York state jails prompted a long-running lawsuit by Shiite inmates seeking separate prayer facilities.

Some Muslims worry that the friction might erupt in greater violence in the United States. Others, in both camps, think the tension could prove healthy, forcing American Muslims to start a dialogue about Muslim differences.

With Jails Full, California Eyes Other States (NYT/AP)

DOJ_NMG_0127537

By The Associated Press

The New York Times, February 4, 2007

SACRAMENTO, Feb. 3 (AP) — As many as 5,000 California convicts will be transferred out of state to ease an overcrowding crisis in the state prison system, the top corrections official said Friday.

"We are severely overcrowded, and the need for more space is absolutely critical," James E. Tilton, the secretary of the Department of Corrections and Rehabilitation, said in a statement. "This decision is being made to protect public safety."

In December, a federal judge warned that he would start releasing inmates early or prohibit convicts from being sent to state prisons from county jails unless the state acted immediately to ease overcrowding.

The threat followed an executive order signed by Gov. Arnold Schwarzenegger in October authorizing voluntary and involuntary transfers of up to 5,000 inmates. At the time, a survey found that nearly 20,000 inmates were willing to be sent voluntarily to other states.

Since then, however, only about 380 inmates have volunteered, despite a marketing campaign by the corrections department that included videos showing inmates in better conditions in out-of-state prisons. In one video, a former California inmate boasts about having television selections that include ESPN.

California's 33 state prisons are designed to hold 100,000 inmates but currently house about 174,000. About 16,000 inmates sleep in gymnasiums, hallways and other common areas filled with beds.

"We will continue to seek volunteer inmates who are willing to serve their sentences in other states," Mr. Tilton said. "But we also will begin to move inmates involuntarily so that they are no longer sleeping in gymnasiums, day rooms and other inappropriate areas of the prisons."

The first transfers could start within days, although administrative appeals by inmates could delay some for up to 10 weeks.

Prison guards fear some inmates will turn violent if forced to transfer.

"This is lighting a match to an already tense powder keg," said Lance Corcoran, spokesman for the California Correctional Peace Officers Association.

But the pressure from the court is forcing the state to act, Mr. Tilton said. "We have tension now, and every day we don't move inmates, it just gets worse."

Private prisons in Mississippi, Arizona and Oklahoma are likely to get transfers.

Lawsuits have left federal courts in charge of various aspects of California prisons, with overcrowding at the root of many of the system's problems.

ANTITRUST:

Letters Of Ill Repute (SLPD)

By Rachel Melcer, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 4, 2007

Biotech crop giant Monsanto Co.'s proposed purchase of the nation's largest cottonseed company is alarming some farmers and agribusiness competitors — but Charles Martin isn't one of them.

Martin said he doesn't know how a letter opposing the deal, bearing his name, address and purported signature, was sent to a U.S. senator by a former congressional colleague as part of a lobbying campaign.

The letter identifies Martin as a longtime family farmer. "Somebody is using my name falsely," said Martin, a retired mechanical engineer from Hawkinsville, Ga. "I've never farmed. … I can't even raise dust."

The letter is one part of varied efforts aimed at derailing Creve Coeur-based Monsanto's plan to buy Delta & Pine Land Co. of Scott, Miss., for $1.5 billion. Opponents say the acquisition would give Monsanto too much control over American cotton.

Some opponents are pushing for congressional hearings on the deal, which Washington observers say are unlikely. Letter-writing campaigns are sparking interest among states' attorneys general; 32 have requested information from Monsanto. Staff at a Minneapolis public-relations firm are e-mailing appeals for an outcry in regions where no cotton is planted.

"There's a level at which this is just the way the game is played, by getting hearings and building pressure from stakeholders. … [It's] political hardball," said Jarol Manheim, a professor of media and public affairs and of political science at George Washington University School of Media in Washington.

However, "the letters from people who didn't write them — if that happens, that's clearly unethical," Manheim said.

Thomas Susman, a lawyer who is chairman of the professional ethics and standards committee of the American League of Lobbyists, said doing so "is never a standard or usual practice — period. Certainly not for lobbyists, whose reputation is their stock [in] trade."

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Monsanto already provides — and profits from — genetic traits that last year protected nearly 86 percent of the U.S. cotton crop from worms, herbicide or both, according to data from the Agriculture Department.

If Monsanto buys D&PL and fulfills a related promise to sell its own Stoneville cottonseed business, Monsanto's share of the U.S. cottonseed market will jump to nearly 50 percent, up from about 12 percent. In a half-dozen Southern states where D&PL is the preferred brand, that market share would top 85 percent.

The combined company would control both valuable parts of the cottonseed market — the natural germplasm, or inherited traits that make particular hybrid seeds valuable, plus the genetic traits that are added to protect those seeds from herbicide and pests.

The annual cotton crop is worth about $4.7 billion to farmers, according to the National Cotton Council, a trade group.

Deal involves 'big players'

"There's a lot of money involved. There are some big players in this" and that is attracting attention, said Layne Lindebak, an assistant attorney general in the Farm Division of Iowa Attorney General Tom Miller's office.

Lindebak's division is coordinating a review of the deal's competitiveness on behalf of more than a dozen states' attorneys general — a role it has taken in other farm-related mergers due to its experience in agriculture and antitrust issues.

The Iowa attorney general generally is concerned with maintaining open agricultural markets, even when it comes to a crop unconnected with the state, such as cotton, Lindebak said. He said the interest of his office has nothing to do with the headquarters of agribusiness Pioneer Hi-Bred International Inc. in Des Moines.

"It's not like we play favorites for the neighborhood guy," he said. "They're obviously big enough to play on their own without our little help, if they want to. They've got more resources than we do."

Indeed, Pioneer is taking an active role. "We are telling our side of the story," said Doyle Karr, the company's spokesman.

The Monsanto—D&PL deal "is anti-competitive, and we have concerns about the impact it would have on farmers and the ag industry — and on consumers, ultimately," Karr said.

To make that point in Washington, Pioneer hired Tim Hutchinson, a former senator who is now a lobbyist. He is a Republican from Arkansas who is associated with Dickstein Shapiro LLP, a law firm in Washington with which Pioneer's parent, DuPont, has a long-term relationship.

Hutchinson declined to detail his efforts. But in an e-mail response to a request for an interview, he wrote: "Our client, DuPont, and others do not believe that Monsanto's proposed acquisition of Delta & Pine Land is conducive to fair competition and farmers' choice. We believe the acquisition should be rejected by federal and state regulators."

Letters to a senator

One federal official on the receiving end of Hutchinson's communication is Sen. Saxby Chambliss, R-Ga., who until this year was chairman of the Senate Agriculture Committee; he now is the ranking minority member.

Chambliss' office received an e-mail on Dec. 29 from Hutchinson containing seven letters apparently written by Georgia constituents in opposition to the Monsanto—D&PL deal, said the senator's spokeswoman, Erin Hamm. Two of those letters were addressed to Chambliss and the remainder to Georgia Attorney General Thurbert Baker; the latter group included the one purportedly written by Martin.

Baker's office could not confirm receiving any from that bundle, though it has received about a dozen others expressing concern about the Monsanto deal, said spokesman Russ Willard.

Of the seven letters e-mailed by Hutchinson, two others are suspect: One sent by Virginia Adams of Adams Farm, a self-pick strawberry-and-produce operation in Fayetteville, Ga., who said she has not written any letters about Monsanto; the other bore the purported signature of Georgia State Rep. Terry England.

When England learned of its existence, he fired off a letter on Jan. 3 to clear the air with Chambliss. "I received a copy of the letter on my House of Representatives letterhead bearing a signature that is not mine, making charges that I do not agree with," he wrote. A stance against Monsanto's acquisition of D&PL "is not, nor has it ever been, my position."

In an interview, England said his district includes just one cotton farm of about 50 acres — and that farmer plants neither Monsanto nor D&PL seed.

"I don't really have a dog in that fight," England said. "It's free enterprise and a free market. If two companies want to get together they ought to be allowed to, so long as the consumers … and farmers are protected from it being a complete monopoly."

England investigated the false letter and found that someone outside of his office, whom he would not identify, solicited it from a member of his staff, who mistakenly drafted it. "It was someone [here] doing what they thought I would want to be done, but obviously not," he said.

State legislator seeks letters

Among the genuine letters in the batch is one from Don Collins of Pike County, Ga., who raises pecans, not cotton. He said he is concerned about any business deal that limits competition. He said he wrote the letter at the request of a "good friend," Georgia state Sen. Ronnie Chance.

Douglas Dickens, a cotton farmer in Watkinsville, Ga., said he, too, sent a letter through Chance's office.

Chance "owns a public relations firm that's been working on this and 100 other things," said England. Chance had brought up the Monsanto deal with England while talking as a state legislative colleague, he said.

Chance did not return calls seeking comment. Hutchinson said in an e-mail that he does not know Chance and has not worked with him. Hutchinson did not respond to questions about the letters he sent to Chambliss.

Meanwhile, on another front, staff at ASI Communications, a public-relations firm based in Minneapolis, have e-mailed farmers and agriculture leaders with personal appeals urging that opposition letters be written to officials such as state attorneys general.

In one such missive, addressed to "Dear Illinois Corn Grower," ASI also asks for a copy so it can be compiled "in the likely case that Monsanto be taken to court."

ASI declined to comment or to disclose its client.

Daryn McBeth, executive director of the Minnesota Agri-Growth Council, a St. Paul-based agriculture trade group, said he received an e-mail from ASI that he found strange on several levels:

·Monsanto as well as its competitors are members of his council.

·Minnesota is not a cotton-growing state.

·"And it's odd that I was getting this from ASI and they were putting themselves in the shoes of being concerned about this," rather than disclosing the letters are being sent on behalf of someone in the industry, McBeth said.

Farmers are concerned

While some communications about the Monsanto—D&PL deal may be suspect, the subject is raising concerns among some cotton farmers.

Dickens plants Monsanto's Roundup Ready cotton and said it is a valuable tool. But he worries about the increasing cost of Monsanto's technology and the power the company will have as owner of D&PL.

It's important that regulators take a close look at the deal, he said. "I want to be sure that it's done properly because Monsanto could corner the market. … I want to make sure research is continued into other kinds of chemicals and genetic traits."

The Arkansas Farm Bureau passed a resolution opposing the deal shortly after it was announced, and considered promoting a similar measure in January at the Beltwide Cotton Conference, a national meeting of the Cotton Council, said president Stanley Reed.

"We got [Monsanto's] attention," Reed said.

Monsanto representatives met with Arkansas farmers, as well as with others around the country, to listen to concerns and try to allay their fears. At the Beltwide conference, the company unveiled initiatives such as a crop-failure guarantee in certain states, funding for cotton research and more transparent pricing strategies.

As a result, the Arkansas Farm Bureau is less opposed to the Monsanto—D&PL deal, but still concerned about the need to ensure choices for farmers, Reed said.

Reed and his bureau have been lobbied by Monsanto competitors "and those companies have the same concerns that we have. But my response back to them is, 'If you don't like it, why don't you buy Delta & Pine Land?' Then we'd have more options and that's what we want. All they do is complain, but they don't want to rise to the occasion."

Efforts by Monsanto

Monsanto, like its competitors and nearly all corporations, employs lobbyists to promote its views among politicians and industry leaders. However, the company considers that a regular part of doing business and keeping open the lines of communication, regardless of any pending acquisition, said spokeswoman Lori Fisher.

"We feel like we've been addressing it from a business point of view, but some parties who are opposed to the deal seem to be politicizing the process," she said.

Monsanto has a lot at stake.

The company tried to buy D&PL once before, in 1998, but the acquisition fell apart when a Justice Department review dragged on.

Since then, the cotton industry has changed and become more competitive; D&PL's U.S. cottonseed market share has dropped to about half from 71 percent. If the deal again falls through, Monsanto stands to pay D&PL a fee of up to $600 million.

"You just have to let the Department of Justice do their job," Fisher said. Monsanto hopes for a positive outcome and that the deal will close as soon as possible. In the meantime, the "noise level" being generated by opponents "is more disappointing and frustrating than anything," Fisher said.

Grinstein Stood Tall As Delta's Defender (AJC)

By Dave Hirschman, Russell Grantham, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 4, 2007

At first glance, the battle for Delta Air Lines seemed likely to be a rout.

The youthful, dynamic executive team at US Airways seized the initiative last fall when it launched a surprise takeover bid that caught a wounded Delta off guard.

The group had already transformed a second-tier airline, the Tempe, Ariz.-based America West, into a major player by buying US Airways and taking its name a year earlier. By snatching Delta from bankruptcy court, 45-year-old Chief Executive Officer Doug Parker would get a tarnished gem and create the world's biggest airline in a single audacious stroke.

All that stood in the way was lame-duck Delta CEO Gerald Grinstein who, at 74, already planned to step down as soon as the Atlanta icon got out of bankruptcy court. He led a corps of untested executives who got their jobs when the previous executive team bailed out with controversial bonuses and protected pensions. Delta's 45,000-member work force had been battered by a string of layoffs, pay cuts and benefit reductions.

Grinstein vowed to resist the US Airways offer, but some wondered if the opposition would wilt. Many airline analysts — always eager to see fewer players in the fractious industry — thought the deal would be a long-awaited catalyst for consolidation.

"Wall Street declared us dead," said Ed Bastian, Delta's chief financial officer.

What neither US Airways nor Wall Street anticipated, however, was the high-spirited campaign Grinstein and Delta workers waged to defeat the merger proposal, which died last week when the airline's bankruptcy creditors refused to back it. Instead, they endorsed Delta's standalone reorganization plan, forcing Parker to abandon his $10 billion bid.

Delta's strategy took advantage of Grinstein's long experience as a smooth boardroom operator and persuasive leader, as well as workers' hunger for a positive cause to rally around.

It also benefited from the daunting obstacles that have long made large-scale airline mergers easier to talk about than pull off. While such deals may make financial sense, they are rarely popular with labor leaders, politicians or passenger advocates — and merger foes played those cards as well.

Creditors decide fate

With Delta in Chapter 11, the company's creditors — not its board or stockholders — got the final word on the US Airways proposal. The creditors are represented by a nine-member committee whose members included the biggest suppliers, banks and other groups with claims in Delta's bankruptcy case.

One of the members is Delta's pilots union, whose leaders vehemently opposed the merger. Jet maker Boeing, with close ties to both airlines, is also on board, as is the federal pension agency. But US Airways also had allies on the committee, including bond-trading firm MacKay Shields, which backed the takeover from the start.

Soon after US Airways' initial bid, Delta executives began holding daily 8:30 a.m. strategy meetings to plan and launch a broad counterattack.

Bastian was put in charge of two key fronts. One was finishing Delta's standalone reorganization plan, which laid out how the airline will leave bankruptcy and repay creditors. It also served as a counteroffer to the US Airways bid. Delta filed that plan in late December.

Bastian also arranged the financing Delta would need to make its standalone plan credible, and he pushed deals on various side issues with key creditors, including Boeing.

Chief Operating Officer Jim Whitehurst, who oversees daily operations, was charged with making sure Delta met performance projections already given to creditors. He also dissected US Airways' proposal for antitrust issues, which Delta hoped would add to creditor doubts about whether the deal would fly with antitrust regulators.

Unlike most proposed or completed airline mergers that married complementary route networks, this one involved two carriers whose routes were centered along the Eastern Seaboard. Still, Parker exuded confidence that, in a post-9/11 landscape where older carriers faced extinction, regulators would approve such a deal.

Grinstein steps to front

Grinstein — a longtime Delta board member from Seattle who became CEO when Leo Mullin abruptly left at the end of 2003 — had preferred to put Bastian and Whitehurst out front as the bankruptcy case proceeded. But he took a leading role in the US Airways battle.

Charming and grandfatherly, the reluctant CEO had built a reserve of goodwill among many Delta employees despite the Chapter 11 filing and cutbacks. His first-year salary was $500,000, but he took only half. Usually mild-mannered, Grinstein bluntly set Delta's tone.

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"No airline has ever been taken over in a hostile merger," he said in one meeting, "and we're not going to be the first." He termed US Airways "the worst of all potential merger partners."

It didn't take much to get Delta workers excited about the anti-merger campaign.

Bill Morey, who represents reservations workers on a Delta employee council, said he was inundated by e-mails after US Airways' bid.

"Everybody was asking, what are we doing [to fight it]?" he said. "People were just flabbergasted." Soon Morey's board was selling T-shirts and distributing buttons with the "Keep Delta My Delta" slogan.

Delta's pilots union, which had warred with management over two deep pay cuts negotiated since 2004, helped organize rallies and set aside $15 million to spend on anti-merger activities. Lee Moak, a scrappy former Marine Corps pilot who heads the union, relished his role as merger buster and likened Parker to fictional Wall Street raider Gordon Gekko.

By last week, Delta workers had collected more than 100,000 signatures from people backing their drive to remain independent. The continuous show of force was aimed at raising doubts among creditors that US Airways could smoothly integrate the larger airline.

"Airlines depend on their people to provide skilled labor and excellent customer service," aviation consultant Michael Boyd said. "They've got to be wholeheartedly on board for any merger to have a chance."

Playing political angles

Grinstein, who spent a chunk of his early career as a U.S. Senate staffer, personally worked the political angles. One of his first calls was to Sen. Johnny Isakson (R-Ga.).

Isakson had helped Delta pull off what many saw as an improbable victory last year by getting a bill approved that let the airline stretch out its pension funding obligations. That saved Delta's main pension plan from termination during the Chapter 11 case.

By contrast, US Airways had dumped its pension plans during an earlier bankruptcy case, adding $4.8 billion to the federal pension insurance agency's obligations. Isakson had his pitch as he lobbied colleagues to oppose the merger: If US Airways were to take control of Delta, would it turn around and abandon its pension obligations? Isakson said he contacted White House officials to make sure they understood how much both Republicans and Democrats objected to the deal.

"There wasn't anyone of any consequence that didn't know this was a big issue," he said.

Isakson also pushed for a Senate Commerce Committee hearing on the competitive effects of big airline mergers, which took place a few days before last week's deadline for a decision by the creditors.

Isakson introduced Grinstein, and the hearing room's walls were lined with uniformed Delta pilots. Hundreds of employees and retirees filled hallways outside. Parker and a few US Airways executives were also there but had no visible support among either spectators or senators.

"There is no question in my mind that the visibility of employees was a significant factor" in creating a political climate that was hostile to the transaction, Isakson said.

The significance of that: While Congress plays no direct role in deciding airline mergers, the political opposition buttressed Delta's argument that anti-trust approval of the deal was anything but assured.

Down to the wire

Through it all, the creditors committee sent few public signals about its leanings. After Delta filed its standalone plan, the committee hired colorful ex-Continental Airlines Chief Executive Gordon Bethune — at $250,000 for 10 days' work — as an adviser. Bethune ran Continental during a time when it had repeated merger discussions with Delta, leading some to view the move as a positive sign for US Airways.

In early January, US Airways sweetened its cash-stock bid by about 20 percent, to around $10 billion.

But by mid-January the tide appeared to turn. A seemingly deflated Parker said in interviews that he'd had no response from the creditors to the sweetened bid.

The decision point came during a three-hour creditors committee meeting Tuesday in New York that was to end in a vote by secret ballot. That morning, Delta announced it had lined up six powerhouse Wall Street firms to supply $2.5 billion in exit financing for its standalone reorganization — a critical step.

But Delta also may have made a few concessions. It gave creditors the right to name more board members in the reorganized airline, as well as Grinstein's successor. It also agreed management's stake in the company will be between 2.6 percent and 4 percent — about half as big as what United Airlines' management got in that carrier's case.

The committee voted about 6 p.m., with an agreement that only the result — not the count — be revealed.

Delta prevailed.

The battle had lasted 77 days.

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Boyd, the airline consultant, said Grinstein secured his legacy. "He wasn't trying to make a name for himself. He was trying to do the right thing for Delta. That counts for a lot."

Said Paul Lapides, director of Kennesaw State University's corporate governance center: "It was the first time in a very long time that rank-and-file workers had wanted to support their management."

Questions about Delta's future remain. The company still has to complete its restructuring and prove it can survive without the shield of bankruptcy protection. There's lingering speculation about other merger scenarios down the road.

But for now, the battle seems to have put air under the company's wings.

Wednesday night, a few hours after US Airways withdrew its bid, Delta officials symbolically relit the long dormant "Fly Delta Jets" sign atop the company's big hangar at Hartsfield-Jackson International Airport. Hundreds of employees watched as the retro neon lights — dark for years in an apparent cost-saving move — came to life.

Timothy Burns, a Delta mechanic attending the event, said years of hard times took a deep personal toll on many Delta workers. Some 25,000 jobs have been cut in the last six years.

"We all rode this horse to the ground," said Burns, 48, of Fayette County, "and now we're building it back up. We've been through hard times together. But I honestly believe the worst is over."

Cox Washington Bureau staff writer Marilyn Geewax contributed to this article.

ENVIRONMENT/INDIAN AFFAIRS:

In Drill, CDC Practices For Influenza Pandemic (WP)

By David Brown

The Washington Post, February 4, 2007

ATLANTA -- A 22-year-old Georgetown University swim team member just back from Indonesia eats dinner with his teammates but then develops a fever and doesn't accompany them to a meet in New York.

That is how a flu pandemic in the United States started.

A winter storm bears down on saltless and plowless Atlanta, closing schools and scaring commuters.

That is how it ended.

The Centers for Disease Control and Prevention held a pandemic "war game" here last week but aborted it at midnight Wednesday, halfway through its planned 24-hour run. The reason -- ironically, but perhaps not surprisingly -- was concern about public safety. CDC did not want a hundred of its most valuable employees rushing on Thursday morning over ice-slick roads to a mock disaster.

A real pandemic, which is considered inevitable, won't be stopped by weather, which in this case turned out to be mostly rain. In fact, it probably won't be stopped by anything. But public health experts believe it could be made less disastrous with practice and preparation.

For that reason, CDC's director, Julie L. Gerberding, who spent Wednesday facing nail-biting pseudo-decisions -- and made the real one to call things off -- was happy with half a pandemic.

"The long-frame view is that this was a tremendous success. We exercised, we learned and we are definitely committed to this process," she said when it was over.

The federal government is hard at work trying to ready the country for a global outbreak of a new, highly transmissible strain of influenza -- a pandemic. Such events occur at unpredictable intervals. There were three in the last century, in 1918-19, 1957 and 1968.

The H5N1 strain of avian influenza, or bird flu, has killed millions of birds and 164 people, mostly in Asia, since 2003. It does not pass from person to person efficiently. But it is highly lethal and still evolving; many experts believe it has the potential to cause a pandemic.

Last week's exercise was conducted by MPRI, an Alexandria-based consultant with a $7 million contract to help CDC plan for pandemic flu. Founded in 1987 as Military Professionals Resources Inc., the company is run principally by retired officers.

Horace G. "Pete" Taylor, a retired Army lieutenant general, led a team of 24 people who wrote the outbreak scenario, "injected" new information as the exercise ran, played the roles of non-CDC decision makers, and are now helping the agency analyze its performance. Taylor, 69, used to run war games at the Pentagon.

The exercise began Jan. 12 with e-mail traffic to CDC officials describing H5N1 flu activity in Indonesia. With six cases and five deaths in 2007, that country is currently the most active place for bird flu.

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A week ago a fictional element appeared in the e-mails in the form of the Georgetown student's story. Two days before the exercise began, his virus was identified as H5N1. When the game began at 7:30 Wednesday morning, he was a few hours from dying and two of his housemates were down with the flu, its type not yet identified.

About a hundred people -- many in the Navy-like uniforms of the U.S. Public Health Service -- filled the CDC's emergency operations center, typing and clicking at benchlike workstations, milling and meeting as maps, presentations and video feeds filled screens at the front of the room.

The exercise sought to capture the elements that make outbreaks hazardous and decisions difficult.

For example:

The ill person came from a country with less-than-optimal disease surveillance and laboratory testing. Nobody was certain what the facts of the Indonesian outbreak were. Was there casual spread of the illness in Jakarta? Were there outbreaks in other parts of the country? These are not minor details. They help determine whether the World Health Organization -- with lots of CDC help -- will try to mount a mass distribution of antiviral drugs in a one-shot effort to snuff out the virus at its source.

A passenger on one of the student's flights had died in Chicago and another was sick in Baltimore. Was this just a coincidence? It was flu season, and regular influenza virus makes some people very sick -- killing some of them.

The number of people who might be incubating flu grew by the hour. Should the whole swim team be quarantined? How about all the other swim teams at the meet?

The federal government has 20 million doses of oseltamivir (Tamiflu). When should this stockpile be distributed to the states? At the first hint of a pandemic, when many doses might prevent cases but also be wasted? Or later, when the outbreak is confirmed and the drugs will go only to the ill, possibly saving their lives?

There were hints that the Georgetown student might not be the only source. A passenger on a flight from Singapore to Hawaii developed fever and "respiratory distress." Did he have some link to Indonesia? Should all flights from Asia be diverted to the 20-odd airports that can screen and quarantine passengers? Should CDC push to have people leaving certain countries be medically evaluated?

And then there were the small annoyances.

The scenario said the student was "living in an on-campus dorm." But this was wrong. He lived in a rented house in Northwest with 10 people -- an error that gave headaches to the two cartographers who were marking satellite photos of the District -- all the places the "index patient" had been.

The exercise included a mock news conference. CDC media officers questioned Gerberding while four real reporters (from The Washington Post, the New York Times, the Associated Press and the Canadian Press) watched.

Gerberding ran two high-level meetings like an experienced college professor in a freshman seminar. She regularly summarized the avalanche of facts, cleared the air with concrete questions and demanded unambiguous answers from her advisers.

"We probably have to assume the worst," she said at one point, noting that even with woefully incomplete data from Indonesia it appeared that one-third of the people there with the flu were dying. Later, she asked: "So, do we agree there is strongly supporting evidence that we have a pandemic?" The senior staff agreed there was.

In the news conference, however, she avoided eye contact with reporters, emphasized uncertainty and concentrated on the paucity of facts. A news release quoted her as saying: "We have not yet seen sustained or repeated human-to-human transmission of H5N1. It's important for people to remember that one case does not mean that a pandemic has begun." She later admitted she hadn't had time to read the quotations attributed to her.

The game will pick up in April with an exercise in which pandemic flu has spread to many states. In a final round in May, the virus gets to Atlanta and takes out 40 percent of CDC's workforce.

It's unlikely there will be any snow to save them.

Can Washington Get Smart About Science? (LAT)

By Chris Mooney, Alan Sokal

The Los Angeles Times, February 4, 2007

By beginning to investigate the Bush administration's interference with scientists' work on global warming, the Democratic Congress has embarked on a key task: restoring respect for science — and more generally, for evidence and reason — in the federal government.

That we need such reform, and from Democrats, is a historic irony, because it's the Republicans who have often tried to paint themselves as defenders of "sound science" against ideologically motivated attacks.

In the 1990s, conservatives such as Dinesh D'Souza, Gertrude Himmelfarb and Roger Kimball wrote best-selling jeremiads attacking postmodernist academics who, they insisted, were taking over American universities and subverting the standards of

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scholarship. Although much exaggerated, this contained a grain of truth. Some self-described leftist academics did seem determined to reduce the real world to mere "discourse." No worldview, they insisted, could be considered objectively more valid or factual than any other. Even the findings of science were described as reflecting societal conditions and struggles for power and dominance rather than something true about the nature of the world.

One of us — Sokal — was sufficiently disturbed by these trends to try an unorthodox experiment: write a parody of postmodern science criticism to see whether a trendy academic journal would accept it as a serious scholarly article. Asserting up front that "physical 'reality' [note the scare quotes] … is at bottom a social and linguistic construct," Sokal averred that the latest conceptions of quantum gravity support deconstructive literary theory, Lacanian psychoanalysis, "postmodernist epistemology" and, of course, progressive politics. The cultural-studies journal Social Text ate it up.

After Sokal revealed his hoax in the magazine Lingua Franca, a debate exploded about the nature of science and rationality, popularly known as the "science wars." It pitted scientists and their staunch defenders within and outside of the academic community — spanning the political spectrum from left to right — against a band of intellectuals from the humanities, virtually all of them situated on the left.

Sokal took on his postmodernist colleagues because he feared that the rejection of a rigorous, evidence-based standard for assessing claims of purported fact would disarm us not only in the face of quack medical remedies or alleged paranormal occurrences, but also when confronted by distortions of scientific information having major public-policy implications. A classic example is the tobacco industry's well-documented campaign to sow doubts about the health risks of smoking. Another is the interminable push by religious fundamentalists to undermine the teaching of evolution in American schools.

As these cases suggest, attacks on science by ideologues and special interests have a long history in this country. A stance of postmodernist relativism — or, on the part of the media, of giving "equal time" to unequally substantiated viewpoints — weakens us in the face of such strategic campaigns to undercut well-established knowledge.

But the abuse of science has lately materialized in an even more disturbing form, this time within the corridors of our own government. Driven by the Bush administration and its congressional allies, the new American "science wars" have reached an alarming stage.

HOW AND WHY did the science wars move out of academia and reemerge in Washington, with political poles reversed? During the Clinton years, many of the worst science abusers — such as anti-evolution fundamentalists — remained politically out in the cold, at least at the federal level. That began to change in 1994, as the Gingrich Republicans, highly sympathetic to the party's emerging socially conservative "base" and to the interests of private industry, laid claim to Congress.

They proceeded to attack evidence demonstrating a human role in climate change, all as well as in the depletion of the ozone layer as part of a sweeping attempt to undermine environmental regulation. Simultaneously, they dismantled Congress' world-renowned scientific advisory body, the Office of Technology Assessment, which had provided our elected representatives with reliable scientific counsel for more than two decades.

Meanwhile, the focus on the academic left's undermining of science following the Sokal hoax was generating worthwhile debates and even real soul-searching. For instance, the prominent French sociologist of science, Bruno Latour, has wondered whether his earlier work questioning the objectivity of scientific knowledge went too far: "Was I wrong to participate in the invention of this field known as science studies? Is it enough to say that we did not really mean what we meant?"

In truth, there was nothing wrong with inventing science studies; the error was to leap from the valid observation that science arises in a social context to the extreme conclusion that it is nothing more than politics in disguise.

Such introspection on the academic left has been a heartening sign, and the pronouncements of extreme relativism have subsided significantly in recent years. This frees up defenders of science to combat the enemy on our other flank: an unholy (and uneasy) alliance of economically driven attacks on science (on issues such as global climate change, mercury pollution and what constitutes a good diet) and theologically impelled ones (in areas such as evolution, reproductive health and embryonic stem cell research).

The potency of this combination has become apparent during the six years of the Bush administration, as many if not most scientific agencies of our government have become embroiled in scandals involving the misrepresentation or suppression of scientific information, gag orders on scientist employees, or other interferences with the processes by which science feeds into decision-making. Tracing these intrusions back to their source, we almost always uncover the same pattern: It concerns an issue in which one of the two principal constituencies of the current administration — religious conservatives or big corporations — has a vested interest.

Perhaps they wish to disrupt the path of Plan B emergency contraception (the "morning-after" pill) through the Food and Drug Administration on its way to over-the-counter availability. Or perhaps they don't like the way global warming has been discussed in government documents.

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That's at the core of a case recently investigated by the new Congress: A lawyer who had formerly worked for the American Petroleum Institute and had moved to the Bush White House's Council on Environmental Quality was accused in 2005 of editing government climate science reports in such a way as to raise doubts about global warming and downplay the strong consensus of mainstream scientists. Following the initial scandal, the lawyer went to work for Exxon Mobil Corp.

In these and countless other cases, members of the Bush administration appear to have efficiently channeled their constituents' grudges, leading to a distortion of the scientific evidence and a steady stream of scandals.

TO ADDRESS this new crisis over the relationship between science and politics, we propose a combination of political activism and institutional reform. Congress needs to establish safeguards to protect the integrity of scientific information in Washington — strong whistle-blower protections for scientists who work in government agencies would be a good start.

We also need a strengthening of the government scientific advisory apparatus, starting with the revival of the Office of Technology Assessment. And we need congressional committees to continue with their investigations of cases of science abuse within the Bush administration, in order to learn what other reforms are necessary.

At the same time, journalists and citizens must renounce a lazy "on the one hand, on the other hand" approach and start analyzing critically the quality of the evidence. For, in the end, all of us — conservative or liberal, believer or atheist — must share the same real world. Antibiotic-resistant bacteria do not spare deniers of evolution, and global climate change will not spare any of us. As physicist Richard Feynman wrote in connection with the space shuttle Challenger disaster, "nature cannot be fooled."

To avoid nature's punishment, we must take steps now to restore reality-based government.

CHRIS MOONEY is the Washington correspondent for Seed magazine and the author of "The Republican War on Science." ALAN SOKAL is a professor of physics at New York University and the coauthor of "Fashi

At Humanity's Doorstep (NYT)

The New York Times, February 4, 2007

Should Congress require any further reason to move aggressively to limit greenhouse gas emissions, it need only read Friday's report from the Intergovernmental Panel on Climate Change, the world's authoritative voice on global warming.

A distillation of the best peer-reviewed science, the report expresses more than 90 percent certainty that man-made emissions from the burning of fossil fuels have caused the steady rise in atmospheric temperatures, with the destruction of tropical rain forests playing a lesser but important role.

The report warns that if society keeps to its current course, emissions will increase to twice their preindustrial levels by the end of this century, causing temperatures to rise 3.5 to 8 degrees. The consequences will include rising seas, more powerful hurricanes, disappearing coral reefs and more intensive droughts in subtropical countries.

The report also offers hope, suggesting that what humans have caused, humans can mitigate; that even though the world is committed to centuries of further warming, the process can be slowed and the worst effects averted by swift and decisive action to limit and reverse emissions.

This is the fourth in a series of studies that began in 1990. The first left open the possibility that the warming that began with the onset of the Industrial Revolution and increased in the 1950s was "largely due to natural variability." The second and third reports detected a bigger human role, and this one lays the whole problem at humanity's doorstep.

A later paper will address specific remedies. But many climate experts believe the world must embark on a swift and sustained shift in the way energy is produced and used — away from fuels like oil and coal, and toward cleaner alternatives.

That is the objective of the many global warming bills now circulating in Washington. The best of these would put a price on carbon through a mandatory cap on emissions from sources like power plants and cars, thus making coal and oil relatively more expensive while driving the market toward cleaner sources of energy.

As we have learned over the years, talk is cheap in Washington, while meaningful action is almost certain to be expensive. President Bush has brandished those very real costs of moving to a new energy-delivery system again and again to argue against mandatory caps on emissions and to make the case for his own cost-free (and demonstrably inadequate) program of voluntary reductions. Yet what the panel is telling us is that the costs of doing nothing, especially to future generations, will be far greater than the price of acting now.

This is not a report compiled by a bunch of activists or alarmists. It is a consensus document, the inherently conservative product of three years of study and debate among mainstream scientists from 150 countries with often competing agendas. And in its modesty, it is alarming enough.

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FBI/DEA/ATF/USMS:

Gang `capital' Steps Up Fight (CHIT)

By Michael Martinez, Tribune National Correspondent

Chicago Tribune, February 4, 2007

Stung by failure to quell problem, L.A. goes gung-ho

LOS ANGELES -- Here in the nation's "capital" for street gangs, Jose Aleman is an ex-gangbanger with 26 bullet fragments in his brain. Lucky to be alive and well, Aleman is eating a Mexican pasta soup in the Homegirl Cafe, run by former female gang members, when he's interrupted by an aspiring gangster half his age.

They hug. Aleman, who has spent a third of his 36 years in Folsom and other prisons, is like a mentor and confessor.

"I've got a job, man. I'm going to be working full-time now," says Richard Hernandez, 18, who for the past few months has been unemployed and painting gang graffiti with his "tagging crew." Now Hernandez is going to quit running from the police, he says.

That's good news, Aleman later remarks. It's one less recruit in a city that Mayor Antonio Villaraigosa says is "the national epicenter" for gang activity.

With one recent study enumerating 40,000 members in 700 gangs in Los Angeles, the city is the originator and exporter of dangerous gangs gone national, such as the Bloods, the Crips and Mara Salvatrucha 13 (MS-13), said FBI spokesman Kenneth Smith.

"We have Blood and Crips sets in Indianapolis and Chicago, Cincinnati, Louisville--you know, that middle part of the country where people don't think they have a gang problem," said Smith, who was an Indianapolis police officer for eight years until 1997.

Chicago Crime Commission President Jim Wagner acknowledged Los Angeles as a breeding ground for gangs that are now in Chicago's western suburbs. "We are seeing in the suburban areas a growth in the presence of MS-13," he said.

After more than 20 years trying to eradicate Los Angeles' gangs--whose violence influenced American culture from video games to movies--officials were sharply rebuked for ongoing failures in a new study by a local civil rights group.

Indeed, as gang fighting has turned racial between blacks and Latinos, the mayor, Police Chief William Bratton and other local officials have launched a high-profile campaign with such blunt rhetoric that visitors and tourists may think twice about Los Angeles.

"We're the gang capital of the United States of America," Villaraigosa said in one interview.

Gangs aside, officials insist the city is as safe as it was in 1956, when Los Angeles had the same overall crime rates as in 2006. "L.A. is the second-safest city in America just behind New York," said mayoral spokesman Matt Szabo.

However, on Wednesday, local officials and the FBI office in Los Angeles will host a long-planned summit with law officials from the U.S., Canada and Central America on "transnational" gangs such as MS-13, which has ties to El Salvador. During the conference, the mayor and police chief are expected to announce anti-gang programs emphasizing prevention and intervention, officials said.

Gang crime on the rise in L.A.

To longtime Los Angeles activists, the renewed government pledges are welcomed, but the fervor appears a political response to a stinging report by civil rights lawyer Connie Rice of the Advancement Project, in which she calls for a "gang czar" and "a Marshall Plan" to end the gang epidemic.

"This is the third time that the Los Angeles City Council has officially asked the question, `Why are city gang reduction strategies failing?'" the report said.

The gung-ho response by officials appears to be a tactic to secure federal funds to combat the problem, said Rev. Greg Boyle, 52, a Jesuit priest who said over the past 19 years he has saved tens of thousands of youths and adults from gangs.

With the slogan "nothing stops a bullet like a job," Boyle oversees several employment enterprises under the umbrella group Homeboy Industries--which the mayor cited as a model program--that also includes the Homegirl Cafe. In fact, 18-year-old Hernandez's new job is mopping, sweeping and cleaning Boyle's 3,000-square-foot headquarters for $7.50 an hour. Aleman also works for Boyle as a motivational outreach speaker for $8 an hour.

"You would ask yourself what would be the interests of the police chief and the mayor to call Los Angeles the nation's epicenter for gangs," Boyle said. "We'd think it would be a PR blunder, but if you scratch ever so slightly, you'll see that they'll be able to get federal money.

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"Otherwise it would look insane: Wouldn't that upset tourists?" asked Boyle, who adds he believes that gang violence was worse in the 1990s.

Statistics, however, show a recent upswing in gang crime, though the city's overall crime rate is down, officials said.

Last year marked a 14 percent increase in gang-related offenses, and of the city's 481 homicides, more than half involved gang members, said Sgt. Lee Sands, a police spokesman.

A few of those homicides involved conflict between Latino and black gangs, especially as the city's Hispanic population grows and the African-American community doesn't.

The racial conflict isn't as prevalent as media coverage suggests, said police Lt. Paul Vernon.

He added: "We'll never arrest our way out of this.

"Society in general has to let their children know there are alternatives in life, that there isn't la vida loca. ... `Today I party and tomorrow I die.' That is not a mindset that young people in America should have."

`Hospitals, death, prison'

Overcrowded prisons, a 50 percent high school dropout rate and the lack of job training and after-school programs contribute to gang growth, officials said. Another factor is that Los Angeles is the "most underpoliced big city" in the country, with 9,000 officers compared with New York's 37,000 and Chicago's 13,500.

In the meantime, Aleman said, he's promoting Criminals and Gangmembers Anonymous, an organization that is modeled after Alcoholics Anonymous' 12-step program. In it, former gangsters help active ones to quit what Aleman calls the "addiction" of leading a violent life on the streets.

"I share everything I can in order to expose the truth that gangs never tell you: There's no future to it. There's only three dead ends to gangs: hospitals, death, prison," said Aleman, who was released from prison in 2004 after serving time for involuntary manslaughter. He credits Boyle with motivating him to quit the gangs.

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Gun Charges Dismissed On Suspected Hit Man (PPG)

By Torsten Ove, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, February 4, 2007

Appeals court overturns conviction of man already acquitted of two previous killings

Jason Korey, suspected by police of being a serial hit man and once described by one detective as "John Dillinger Jr." and by another as the "closest to the devil I'll ever come," again has proved a slippery target for prosecutors.

Already acquitted of two killings, and with charges of attempting a third withdrawn, he's won another legal battle.

An appellate court has thrown out a federal gun conviction that would have sent him to prison for three decades. The case was built largely on evidence from a homicide trial that the district attorney's office lost.

The 3rd U.S. Circuit Court of Appeals ruled last month that faulty jury instructions by U.S. District Judge Gary Lancaster might have influenced jurors to convict Mr. Korey in 2005.

The appellate court also took the unusual step of admonishing the judge for his handling of an inappropriate remark by the prosecutor. Judge Lancaster allowed an assistant U.S. attorney to launch into a speech to the jury instead of apologizing after the remark.

U.S. Attorney Mary Beth Buchanan is now considering whether her office will retry Mr. Korey, 24, of Baldwin Borough, whose ability to escape homicide charges has long frustrated Pittsburgh police.

He was acquitted in 2000 in the 1999 slaying of William Kuhn III, 24, a South Side cocaine dealer. The decision outraged detectives, especially because they believed that Mr. Korey had beaten another murder charge in 1999 when he was acquitted in the killing of Joseph Brucker, 17, of Whitehall.

Police didn't give up, though, and turned instead to the federal court system.

As part of Project Safe Neighborhoods, a U.S. Justice Department crackdown on illegal guns, they teamed up with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives to link Mr. Korey and the .22-caliber pistol used in the Kuhn killing.

A jury found him guilty of using a gun during a drug-trafficking crime and Judge Lancaster sentenced him to nearly 33 years in prison.

But among several challenges to the sentence, his public defenders said he was denied a fair trial because of prejudicial jury instructions and because the judge allowed Assistant U.S. Attorney James Love to issue an "apology for foul language that bolstered the prosecutor's reputation."

The appellate court said the judge was wrong to tell jurors they could find Mr. Korey guilty if they agreed with the government's contention that he accepted cocaine from drug dealer Ray Erfort as payment for killing Mr. Kuhn.

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The 3rd Circuit judges said that alone wasn't enough to prove Mr. Korey was involved in a conspiracy to distribute cocaine, as required by the statute under which he was charged.

"We do not mean to suggest with our holding in this case that a hit man hired by a drug distribution conspiracy cannot be a part of the conspiracy," Judge D. Michael Fisher wrote. "Rather, we simply hold that the jury instructions in this case did not properly instruct the jury about all of the elements the government must prove to establish participation in such a conspiracy."

The appellate judges didn't rule on Mr. Korey's other challenges, but they did take Judge Lancaster to task for how he handled a testy remark by Mr. Love.

As the judge was telling public defender W. Penn Hackney that he could look over police reports he hadn't previously seen and then cross-examine homicide Detective Tom Foley, Mr. Love blurted out, "Jesus Christ."

Federal courtrooms, big on decorum, aren't good places for intemperate comments.

"What did you say?" Judge Lancaster demanded. "What did you say?"

"What did I say?" Mr. Love replied, according to a transcript.

The judge stopped the trial and demanded to see Mr. Love in chambers. When they emerged, Mr. Love gave a rambling apology to the jury in which he recounted his experience and reputation as a prosecutor.

Mr. Hackney said that wasn't fair because it influenced the jury. The appellate judges agreed.

"The resulting comments inappropriately injected the character and experience of the attorney into the trial in a manner that has worried us in the past," Judge Fisher wrote.

Mr. Love said he couldn't comment. Mr. Hackney didn't return a message, but public defenders almost never comment on cases. Chief Public Defender Lisa Freeland, who argued the appellate case, said she could not comment beyond the public record.

Pittsburgh homicide Detective Steve Hitchings, whom Mr. Korey taunted after his federal court conviction, said he couldn't talk, either, and referred questions to the U.S. attorney's office.

After the 2005 verdict came in, Mr. Korey glowered at Detective Hitchings and shouted: "It took you two trials to get me!"

"You'll get prison for life," Detective Hitchings growled back.

He didn't get life, though, and it's not clear what will happen next. The case was returned to district court last week.

"We are reviewing the appellate court's decision to determine our course of action," Ms. Buchanan said.

More legal sparring is certain if she chooses to try Mr. Korey again, because a new prosecution could be challenged on double jeopardy grounds at both the state and federal levels.

Essentially, Mr. Korey has been tried twice on the same set of facts: Mr. Kuhn's killing.

Lawyers are likely to argue that the government should not get a third crack at him.

Despite the vacated sentence, he's not going anywhere soon.

He's in state prison on a drug charge until at least August 2008 and still has to complete 33 months of federal prison time on other weapons charges to which he pleaded guilty during the 2005 trial.

One of those charges was possession of a silencer for the .22 used in the killing of Mr. Kuhn.

For Police, Ill-Gotten Gains Become Money Well Spent (NYT)

By Shelly Feuer Domash

The New York Times, February 4, 2007

IN 2001, federal Drug Enforcement Administration agents gave the Nassau County Police Department Asset Forfeiture Unit a license plate number that was registered to an elderly woman in the county. It was the only lead they had on a suspected major drug and money-laundering operation, but it paid off in arrests — and, for the Nassau police, much more.

After a two-year investigation started by that lead, the Forfeiture Unit executed six search warrants in Nassau County, New York City, Miami and Boston and seized guns, drugs, $300,000 in jewelry, $600,000 in vehicles, $750,000 in cash and $3 million in real property — assets with a total value of more than $4.6 million. Spinoff investigations are continuing, and officials expect that the total forfeitures will eventually exceed an additional $5 million.

Most of that money will wind up in the bank accounts of law enforcement agencies instead of the criminals', paying for a wide array of crime-fighting equipment.

By confiscating equipment used in a crime, like cars; the proceeds of a crime; or items purchased with those proceeds, like jewelry or houses, asset forfeiture is designed to strip criminals of their ability to continue illegal activities. But it also has financial benefits for the police and taxpayers.

Although the Suffolk County Police and some municipal departments have also received forfeiture money, the Nassau County Police have been in the forefront locally in getting it. And the payoff has been substantial.

Nassau County established its forfeiture office in 1992. Twelve years later, Suffolk County started a unit as part of its narcotics bureau.

In the last five years, Nassau County has averaged $2 million a year in seizure money, allowing major additions to law enforcement capabilities without cost to taxpayers. Among purchases made with forfeiture money were Global Positioning System devices costing about $532,000 that were recently installed in 207 county patrol cars; two fast-response boats for the North and South Shores, costing a total of $500,000; and hazardous-materials suits and tactical gas masks for every member of the department, costing $750,000.

The department's photo evidence system was replaced with digital imaging equipment at a cost of more than $1 million, and a relocated and larger police academy was opened in Massapequa — all using forfeiture money.

In addition to equipment, Detective Lt. Michael Fleming said, "We spend a significant amount of forfeiture money on training."

"Without this money, we could not have made these advances," he said.

In Suffolk County, the police commissioner, Richard Dormer, said money from the asset forfeiture program enabled his office to "enhance training, purchase equipment that an officer can use on the streets and assist communities with their efforts to fight crime."

Specifically, he said, the money has been used to lease vehicles for the gang unit and for narcotics enforcement, computers and technology upgrades.

He said that since the Suffolk forfeiture unit was created, it had, with the help of other law enforcement agencies, seized shopping centers, apartment buildings, houses and vehicles. The department expects to be credited with a total of $1.2 million as its share of seizure money, Commissioner Dormer said.

The majority of the 19 local departments in Nassau County have also received forfeiture funds. Federal and state agencies often receive a share of seized assets, too.

"The share that a law enforcement agency receives is commensurate with the amount of work they contribute to the investigation that led to the seizure," Lieutenant Fleming said.

The Hempstead Police, one of the most active departments on Long Island, uses its forfeiture funds — tens of thousands of dollars a year — for training and equipment, said Detective Lt. Joseph Wing. He said this did not include money from seizures in collaborations with federal agencies that could yield $30,000 to $50,000 for each investigation.

How much a department receives varies from year to year, making it imprudent to budget for it, police officials say. Budgeting seizure money could also be unwise "because if you do, your motive for prosecuting a case could be challenged," Lieutenant Fleming said.

He said that the process must be closely monitored so it is not abused. A panel of senior department members oversees how forfeiture money is allocated.

"The principal objective is effective law enforcement," Lieutenant Fleming said. "Extravagant purchases are prohibited."

The forfeiture process is overseen by federal, state and local regulations. Once a prosecution begins, the forfeiture action runs parallel to it, but the distribution is not made until the criminal action is completed.

Distribution is determined by federal and state laws that first require an administrative or judicial finding that the property seized is an instrument or proceed of criminal conduct. The laws then address how the seized assets will be distributed, including the share that each law enforcement agency involved in the investigation will receive.

In November 2005, the Asset Forfeiture and Money Laundering Section of the federal Department of Justice formed a working group to review the forfeiture program nationwide. Its purpose is to identify the program's strengths and weaknesses and develop a national strategy, working with other law enforcement agencies to develop consistent goals and policies.

The working group includes federal agencies like the F.B.I., the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco and Firearms and the United States Marshals Service. The only state or local police department represented is Nassau County's.

Richard Weber, the chief of the Asset Forfeiture and Money Laundering Section of the Justice Department, said he picked Nassau's department because he had worked with it and it is "a model for the country when it comes to asset forfeiture."

He cited the forfeiture unit's ability to work with other law enforcement agencies, the skills of its detectives and the "significant and complex financial investigations they had worked on with the New York asset forfeiture task force."

IMMIGRATION:

Acrobat Admits Guilt In Visa Scam (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 4, 2007

A former acrobat has pleaded guilty to charges of helping as many as 870 foreign nationals enter the United States illegally and making false statements in visa applications, the Justice Department said.

Assistant Attorney General Alice S. Fisher, who heads the Justice Department's Criminal Division, said Kristo Ivanov, 70, of Orlando, Fla., entered the plea Thursday before U.S. District Judge Donald P. Dietrich in federal court in Orlando.

In his plea agreement with federal prosecutors, Ivanov admitted that from 2001 to February 2006, he helped the illegal aliens enter or remain in the United States through fraudulent means, preparing visa applications falsely saying they were circus performers coming to work in Florida.

Mrs. Fisher said none of the aliens had been hired by any of the circuses listed in the visa applications, adding that they were "simply a means for the aliens to enter or remain in the United States." She said Ivanov charged each alien from $500 to $2,500 to prepare the applications.

"Ivanov admits to helping hundreds of illegal aliens into the United States under false pretenses so that he could benefit financially," Mrs. Fisher said. "We will not allow this type of exploitation of our immigration system, which poses a risk to the security of our nation."

A Bulgarian native who is now a naturalized American citizen, Ivanov came to the United States in 1980 as an acrobat for Ringling Bros. and Barnum & Bailey Circus. He has owned and operated a circus booking agency, Magic Star Entertainment, of Lake Mary, Fla., for more than five years and used that agency to sponsor illegal aliens to enter or remain in this country.

As part of his plea agreement, Ivanov agreed to forfeit $600,000 he earned in smuggling fees.

Sentencing is scheduled for next month.

"Businesses who knowingly sponsor foreign nationals under false pretenses should know that you will be caught," said FBI special agent in charge Robert Weber, who heads the U.S. Immigration and Customs Enforcement Office of Investigations in Tampa, Fla.

"The federal government will not tolerate the exploitation of our nation's visa system."

Contractors Walking Immigration Tightrope (DENP)

By Elizabeth Aguilera, Denver Post Staff Writer

Denver Post, February 4, 2007

Tony Milo of the Colorado Contractors Association says contractors are doing their best to hire within the law. He's standing near Interstate 25 and the Yosemite Bridge, part of a T-REX project he says could not have been finished without immigrant labor. (Post / John Prieto)

Facing growing public criticism from activists opposed to illegal immigration, Colorado's construction contractors have begun to shed their reluctance to debate the issue publicly.

Contractors are joining a growing chorus of business leaders - including hotels, restaurants and agriculture - who say they are trying to hire only legal workers but lack a foolproof system for confirming an employee's legal status.

A company's best option is the beleaguered Basic Pilot Program, which uses Social Security numbers to verify worker eligibility. But federal authorities acknowledge that Basic Pilot can't reliably show when someone is misusing a citizen's identity.

As a result, the state's contractors say they are left with a difficult choice: Use Basic Pilot and risk hiring undocumented workers or aggressively profile prospective employees, which could lead to legal penalties.

"Employers are walking this tightrope of anti-discrimination laws and immigration laws," said Tony Milo, executive director of the Colorado Contractors Association.

"We've certainly been feeling the squeeze. We've now got this complex web of state and federal regulations that sometimes conflict with each other."

Milo and other Colorado contractors began speaking out following a national television report on "Dateline NBC" in December that revealed how undocumented workers were employed by Roaring Fork Valley contractor Mark Gould.

Gould, who uses Basic Pilot, spoke to "Dateline" about the challenges of balancing the need to verify employees' citizenship with his need for manual labor.

His explanations, however, didn't satisfy state Sen. David Schultheis, R-Colorado Springs, one of Colorado's leading advocates for tougher immigration laws.

Schultheis says employers such as Gould can do more to avoid hiring illegal immigrants. He told The Denver Post that he wants employers to profile potential employees based on their ability to speak English.

"If the person cannot speak English, in many cases they can presume the person is fresh from the border," Schultheis said. "You have to take a little bit of a risk obviously."

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What Schultheis is suggesting, however, is illegal, according to the Equal Employment Opportunity Commission.

"Whether an accent would indicate immigration status is a matter of opinion, but it has nothing to do with the rights of workers in America," said James Ryan, spokesman for the EEOC. "It's wrong to make any kind of prejudicial assumption because a person has an accent or a certain national origin."

Gould says Schultheis' point of view is another example of the pressure and dilemma that contractors face. "People don't realize that when you have an employee in front of you, you don't get to ask more questions if they have brown skin," he said. "We are regulated in a very strict way so that we do not discriminate."

Colorado contractors, in general, support comprehensive immigration reform that includes a guest-worker program, a path to legalization for qualified illegal immigrants and a more reliable form of Basic Pilot.

"Everyone deserves a fair chance," said Mike Villia, a partner at Denver-based Paramount Construction Group, which hires contractors as partners. "We require that contractors hire legal people. I'm not sure I agree with all the laws out there, but we have to follow them."

Swift was "following ... rules"

Like contractors, meatpacking company Swift & Co. has walked both sides of the line when hiring, each time leading to federal scrutiny, observers say.

The company's efforts to confirm citizenship of its foreign applicants led to a Justice Department investigation in 2000. The company eventually paid a $200,000 settlement in 2002 and increased its reliance on the Basic Pilot Program. By 2006, however, federal authorities suspected Swift had become a job haven for illegal immigrants. In December, federal authorities raided six Swift plants and arrested 1,282 undocumented workers, many suspected of or charged with identity theft.

"Swift Co. got into trouble ... despite the fact that it had been participating in the Basic Pilot and following all the rules," said Wayne Cornelius, director of the Center for Comparative Immigration Studies at the University of California, San Diego.

Some observers say Colorado's construction industry is equally vulnerable for such trouble. The construction industry employs about 167,000 people and demographers estimate that 10 percent to 20 percent are undocmented. The only real way to lower such high numbers of illegal-immigrant employment is to create a high-tech, universal identification card embedded with biometrics, Cornelius said.

Until then, he added, "the contractors and other employers will be dealing with a deeply flawed system of employment-eligibility verification."

Basic Pilot has "bugs"

After the "Dateline" segment, Gould received more than 1,000 calls. Some people were looking for a job; others left hateful messages.

Gould and other state contractors say they are frustrated by the negative attention from the report and are speaking out.

Former Colorado Gov. Dick Lamm, a proponent of tougher immigration laws, said everyone should go through the same screening process, and it would be unfair to do otherwise.

"If (employers) are using the Basic Pilot program, that is all they should need to do," Lamm wrote in an e-mail. "There are bugs in that system, but they are being worked out. ... There is only so much I would want to put on the employer."

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The Price Of Citizenship (NYT)

The New York Times, February 4, 2007

With one hand, Lady Liberty lifts her lamp beside the golden door. With the other, she roots around in an immigrant's wallet, plucking out bills. It's not an appealing image, but that's where we are, now that Citizenship and Immigration Services, the beleaguered federal bureaucracy that makes new Americans, has announced plans to increase fees sharply to cover its costs.

The agency is distinctive in the federal government for being entirely dependent on fees it collects. It is also notable for backlogs and what its director, Emilio Gonzalez, acknowledges are "dingy buildings" and "rude employees." Mr. Gonzalez promises that if the agency is granted an average increase of 66 percent in the price of visas and citizenship papers, it will process applications more quickly and take other steps to fulfill its responsibilities, the costs of which have risen sharply since 9/11.

What this means for aspiring immigrants is simple: more cash upfront. The application fee for citizenship would rise to $595 from $330. The fee for permanent residency would increase to $905 from $325, and charges for bringing in a foreign spouse or employee would more than double. Refugees and victims of human trafficking or sex crimes would still have their fees waived, and other applicants could request hardship waivers.

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There are no easy formulas for pricing services like these, but advocacy groups on both sides of the immigration debate agree that the increases are exorbitant, and we agree. The proposed fees would become a means test for new Americans, slamming the door on many people who desperately want to be part of this country and have much to contribute.

The blame clearly lies with Congress, which has required the agency to support itself entirely with fees. Congress should abandon this misguided rule and allocate the money to run the agency adequately and efficiently. All Americans benefit from the healthy, invigorating flow of naturalized citizens, and all Americans — not just the newest, least powerful ones — should help pay for it.

TAX:

Court Upholds Evasion Ruling In A Tax Case (NYT)

By David Cay Johnston

The New York Times, February 4, 2007

The federal tax court has ruled in favor of the Internal Revenue Service in a 14-year-old evasion case involving a now-dead lawyer who was one of the nation's leading tax advisers, millions of dollars in reported real estate kickbacks and a Supreme Court ruling that ended a longstanding practice of secrecy in tax court.

In the decision last week, Judge Harry A. Haines of the United States Tax Court ruled that the lawyer, Burton W. Kanter, and two associates had accepted kickbacks from the Pritzker family of Chicago, which owns the Hyatt hotels, and then evaded taxes on the payments.

Lawyers for the three said they were stunned by the decision and would appeal it, expecting it to go to the Supreme Court for a second time.

They said the decision ran counter to the findings of a special trial judge who heard the case in 1994. That judge, they said, determined that small amounts of tax were due because of technical violations but that there was no civil fraud.

The two associates are Claude M. Ballard, a former general partner at Goldman Sachs who before that was a real estate executive at Prudential Insurance, and Robert W. Lisle, a Prudential real estate executive who died before the original trial. Mr. Kanter died in 2001.

The case involved a San Francisco hotel that Mr. Lisle had Prudential, now Prudential Financial, build in 1973. He then steered the management contract for the hotel, which became the Hyatt Embarcadero, to the Pritzkers in 1973. In return, court papers say, A. N. Pritzker, the family patriarch, agreed to pay 10 percent of the hotel's profit to the three men and two others, who soon left the deal. The I.R.S. audited the deal, leading the three men to sue the I.R.S., resulting in a 1994 trial before the special trial judge, D. Irvin Couvillion.

Five years later, a regular tax court judge, Howard A. Dawson Jr., issued the formal judgment, describing Mr. Kanter as the architect of a long-running scheme to evade taxes.

Judge Couvillion had reached the opposite conclusion, but the tax court maintained that the original report could not be disclosed.

The Supreme Court held otherwise in 2005, ending the tax court's practice of withholding such findings. When the report was made public, it showed that the trial judge had found no fraud. Mr. Kanter regarded himself as the nation's premier expert at legally eliminating taxes, his son Josh and several lawyers said Friday. If the decision stands, Mr. Kanter's estate will owe about $20 million.

The Netherlands, The New Tax Shelter Hot Spot (NYT)

By Lynnley Browning

The New York Times, February 4, 2007

Oh, a storm is threat'ning
My very life today
If I don't get some shelter
Oh yeah, I'm gonna fade away
"Gimme Shelter," The Rolling Stones

Amsterdam

LAST spring, Keith Richards, the craggy-faced and hard-partying lead guitarist for the Rolling Stones, fell from a tree at a beach resort in Fiji, slamming his head against the trunk on his way down. Mr. Richards was flown to New Zealand, where a

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surgeon provided emergency care to treat swelling in his brain. While the accident forced the Rolling Stones to cancel part of their summer tour, Mr. Richards, 62, handily survived his plunge.

"It's not the first brush with death I've had," Mr. Richards later told Rolling Stone magazine. "I guess what I learned is, don't sit in trees anymore."

What two of the other three Rolling Stones apparently learned, including Mick Jagger and Charlie Watts, was that Mr. Richards's near-death experience meant that it was time to think about their heirs. For that, the aging rockers turned to a reclusive Dutch accountant, Johannes Favie, whose company, Promogroup, has helped them minimize their tax bills for more than 30 years. (The fourth Rolling Stone, Ron Wood, handles his finances apart from Promogroup.)

And so, last August, according to details disclosed in documents maintained by the Handelsregister, the trade registry of the Netherlands, Promogroup helped the three performers set up a pair of private Dutch foundations that will allow them to transfer assets tax-free to heirs when they die. Other Dutch shelters that Promogroup has arranged for the three have already paid off handsomely; over the last 20 years, according to Dutch documents, the three musicians have paid just $7.2 million in taxes on earnings of $450 million that they have channeled through Amsterdam — a tax rate of about 1.5 percent, well below the British rate of 40 percent.

The Rolling Stones are not the only celebrities sheltering income in the land of tulips, windmills and Rembrandt. The rock powerhouse U2 has transferred lucrative assets to Amsterdam, as have other pop singers and well-known athletes, all of whom have used or continue to take advantage of the Netherlands' tax shelters, according to a Dutch tax lawyer who requested anonymity because of client confidentiality agreements.

Entertainment companies and others that benefit handsomely from the Dutch shelters include EMI, the giant record label, and CKX Inc., the entertainment company that owns stakes in "American Idol," the Elvis Presley estate and the soccer pin-up idol David Beckham.

When it comes to attracting celebrity wealth seeking shelter from taxes, the Cayman Islands and other classic Caribbean tax havens are receding in favor like so many waves on the beach, according to tax experts here and overseas. While old-school, offshore tax havens — the warm ones with tropical fish, off-the-shelf holding companies sporting post-office-box addresses, and scant regulation or transparency — still attract money, they are largely patronized, tax lawyers and entertainment bankers say, by hedge funds and private equity firms looking to protect lush trading profits from taxes.

But for earnings derived from intellectual property such as royalties, the Netherlands has become a tax shelter of choice. With celebrities lending their names and images to clothing lines, licensing their hit songs to corporate sponsors, seeking roles in Hollywood and engaging in other ventures that generate significant taxable income, the Dutch system, which does not tax royalties, offers a nifty shelter.

As they flock to Amsterdam, celebrities are taking a leaf out of the playbook of major corporations that also use Dutch tax shelters to help reduce or eliminate the royalty taxes on patents, another form of intellectual property.

"The Caribbeans are thinking about trading profits, not royalties, so the smaller European countries like Holland have had to be creative, tax-wise," said David Pullman, an investment banker in New York who caters to entertainers and athletes. "They are going for the high-end stuff and don't want to be seen as shady like some Caribbean haven."

Many of the world's multinational corporations, like Coca-Cola, Nike, Ikea and Gucci, have set up holding companies here in recent years to take advantage of tax shelters nearly identical to the ones that the Rolling Stones and U2 use. An additional draw is the Dutch Finance Ministry's recent willingness to issue advance rulings that effectively bless the tax shelters, a fast-track process that has lured in companies and individuals seeking to use the Netherlands as a tax shelter.

Sun Microsystems, the giant American software and computer manufacturer, operates Dutch holding companies and is candid about why it does so. Until recently, on the Web site of the Netherlands Foreign Investment Agency, www.nfia.com, Sun offered the following blurb about the country's accommodating tax laws: "Let's face it: ask foreign companies why they're really located here, and nearly everyone will reply that it's because of the favorable tax ruling. The combination of this with the country's political stability, well-trained labor force, their linguistic skills and international attitude as well as the stable infrastructure for roads and telecommunications — this is why we're here." (A Sun spokeswoman declined to comment.)

The Netherlands is home to almost 20,000 "mailbox companies," Dutch shorthand for corporate shells set up by foreign companies and wealthy foreigners who use them to relieve taxes on royalties, dividends and interest payments, according to a report last November by SOMO, the Center for Research on Multinational Corporations, a nonprofit group in Amsterdam that monitors the business practices of large companies. Globally, some 1,165 companies use Dutch tax shelters to reduce or eliminate taxes on royalties and patents, according to SOMO.

The report, which is critical of the emergence of the Netherlands as a tax haven, says that the number of mailbox companies "has been increasing rapidly in recent years" and that the shelters undermine efforts by governments worldwide to

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"ensure that a level playing field is created where each country receives the fair taxation due to it as a result of the commercial activities undertaken within its borders."

OFTEN mentioned as a candidate to receive the Nobel Peace Prize, or, perhaps less seriously, to run the World Bank, U2's 46-year-old lead singer, Bono, has toured Africa with senior American officials to campaign against AIDS, and hobnobbed with financiers and policymakers while speaking out on global poverty issues at the World Economic Forum in Davos, Switzerland. He even mugged for the cameras in 2000 with Pope John Paul II, who tried on his sunglasses.

U2's riches are equally well-traveled and, like the Rolling Stones, the band has become sophisticated about finding overseas shelters for its money. When Ireland announced last spring that it would sharply curtail a lucrative tax break for musicians, painters, writers and sculptors, the shift posed a financial threat to U2, which has made the Emerald Isle its financial power base for nearly three decades. The Dublin-born-and-bred rockers built their fortune on hit songs and, in part, on Irish laws that forgive taxes due on royalties.

As of last year, U2 had amassed a net worth of 629 million euros — around $908 million — according to the annual "Rich List" of top earners in The Sunday Times of Britain. Royalties are the income that artists and athletes earn from recordings, performances, trademarks, brands, patents, copyrights, film rights, product endorsements, videos, films and the ever-extending commercialization of those assets — in short, the major portion of an artist's or an athlete's income.

Last June, with the Irish tax break about to shrink, U2 heeded the advice of its longtime business manager, Paul McGuinness, and moved its most lucrative asset — a song-publishing catalog with hits like "Where the Streets Have No Name" and "It's A Beautiful Day" — from Mr. McGuinness's firm, located near the Liffey River in Dublin, to Promogroup, which operates beside the elegant Herengracht canal in the heart of elegant, old Amsterdam.

Promogroup's headquarters are in a maroon-brick town house built four centuries ago for slave traders and spice merchants. Mr. Favie did not respond to repeated requests for an interview. To date, his company has not filed any information on funds flowing through U2 Ltd., the Dutch entity that holds U2's song catalog.

In another Amsterdam neighborhood known as the Financial Mile, not far from Promogroup's headquarters, Dutch firms like TMF, EQ Management Services, and Fortis Intertrust also cater to this high-end niche of tax-shelter devotees.

On its Web site, Fortis boasts that its clients are "the world's top composers, performing artists and personalities such as classical musicians, pop artists, DJs, and fashion models." The firm says it specializes in offering the "tax efficient exploitation of image rights," among other things.

"A lot of sponsor-sensitive sports people are also doing this — tennis players, golf players, soccer players," said Frank Lhoëst, an intellectual-property specialist at Fortis. The Dutch government is also in on the act, drafting an extensive network of tax treaties with countries worldwide that make it easy to shuffle money from Dutch companies to foreign subsidiaries, and creating other tax incentives.

"For non-U.S. musicians that receive a substantial portion of their income from non-U.S. source royalties, the use of a back-to-back licensing arrangement in the Netherlands provides significant tax savings," said Jeffrey L. Rubinger, a tax lawyer in Fort Lauderdale, Fla., at Holland & Knight.

The Dutch shelter is simple: royalties that flow into or out of a Dutch holding company are exempt from taxes. Although the nominal corporate tax rate in the Netherlands is around 30 percent, analysts say that domestic tax shelters bring that rate down substantially.

"For 90 percent of the people who do this, the motivation for using these structures is tax minimization, or avoidance," said Ton Smit, a tax lawyer at Tax Consultants International in Rotterdam, a firm that caters to celebrities, athletes and multinational corporations seeking to minimize their taxes.

HISTORICALLY, of course, the Netherlands has always looked outward, building global trading links and establishing the world's first stock exchange in the 17th century. That outlook has spawned legendary leniency, generosity and openness. Prostitution and some drugs are regulated but legal. State-funded benefits are substantial. Even witches are treated well: the government offers tax breaks to students studying witchcraft.

"It's not only tax-motivated, it's our culture — Dutch people are traders all over the world," Mr. Smit said.

Some experts see a darker side to the emergence of the Netherlands as a sought-after tax shelter. In 2000, the Organization for Economic Cooperation and Development, based in Paris, black-marked the country as one of the world's top five industrialized tax havens for promoting "treaty shopping" for low-tax jurisdictions. The Netherlands tightened certain rules, requiring more substance for Dutch companies set up solely to reduce or eliminate taxes. But some analysts say that troubles persist.

In its report last fall, SOMO, the research group, said the Dutch shelters affect "both the capacity of developing-country governments to supply essential services to their populations and the capacity of developed-country governments to provide

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finance for development in the form of debt relief and official development aid." The report also said that "tax haven features of the Netherlands also facilitate money laundering and attract companies with a dubious reputation."

While no one has suggested that any of the entertainers, athletes or celebrities making use of Dutch shelters are laundering illicit funds or engaging in illegal acts, the fact that some of them are gaming the tax system has invited criticism.

When news of the Rolling Stones' Dutch tax shelter first emerged last summer in Dutch and German newspapers, it did not particularly roil fans or the British tax authorities. After all, the Rolling Stones are widely regarded as one of the world's most commercial bands, with hundreds of officially licensed products ranging from Mick Jagger "quality resin" bobble-head dolls, Rolling Stones "Classic Rock" twin-bell alarm clocks, and "It's Only Rock and Roll" lava lamps to Rolling Stones Zippo lighters, Rolling Stones lounge pants and lingerie, leather jackets, diamond-encrusted gold and silver jewelry, and the band's ubiquitous trademark and calling card, the thick red Rolling Stones tongue.

But critics say that U2's tax move to Holland is threatening to tarnish the halo surrounding the well-regarded, affable and articulate Bono, by lending him a whiff of hypocrisy. After all, unlike Bono, Mr. Jagger is not out campaigning against third-world debt, or writing a foreword for "The End of Poverty," the most recent book by the prominent economist Jeffrey D. Sachs.

"Bono is a worldwide advocate for greater aid to the developing world, and I applaud him for that," said Joan Burton, the spokesperson for the Irish Labor Party's finance unit and a former cabinet minister, in a telephone interview. "But obviously the money for that comes from taxation, so it's very difficult to ask other people to pay tax to contribute to something very worthwhile while at the same time not paying taxes in a very modest environment."

IRELAND'S taxation of artists is, indeed, modest. Ireland currently allows unlimited tax-free earnings for artists from the sale of their work, but not from licensing or merchandising deals. The government set it up in 1969 to benefit resident struggling artists for whom books like "Blessed Art Thou a Monk Swimming" and "The Wild Red Deer of Killarney" — to name just two titles protected under the exemption — are unlikely to generate big licensing deals.

Next January, Ireland will cap the benefit at 250,000 euros, or around $319,000, after which a sliding tax scale sets in. The country already has a low corporate income tax rate of 12.5 percent.

Some tax advisers in Holland relish extolling the benefits of their service when compared with classic Caribbean tax regimes. In a pitch for the merits of the Dutch tax system, Gerwin de Widle, a tax lawyer at Greenberg Traurig in Amsterdam, observed that "it's better to be here than sit on an island, where they don't even take euros."

Amid such jousting, the fact that U2 is financially decamping to Holland has raised some eyebrows.

Jeff Swystun, a global director at Interbrand, a brand consulting firm based in New York, said that "the Stones will always be credible because of a very simple proposition: we want to have a great party." But U2, he said, "almost project themselves as a nonprofit, so the tax move doesn't really fit with the brand values that they're trying to communicate."

Not so, says U2.

"U2 is a global business and it pays taxes globally," said Mr. McGuinness, the band's business manager, who, in an unusual arrangement, shares equally in the band's earnings. "At least 95 percent of U2's business — including record and ticket sales — takes place outside of Ireland and as a result the band pays many different kinds of taxes all over the world. U2 is fully compliant with all Irish tax laws."

Mr. McGuinness said that Bono and U2 "continue to remain Ireland-based and are personal investors and employers in the country."

"Innovative tax policies have been the bedrock of Ireland's current prosperity," he added. "Like any other business, U2 operates in a tax-efficient manner."

A spokeswoman for the Rolling Stones, Fran Curtis, declined to comment, other than to say that the band members "don't like to talk about their business." But Mr. Jagger, in a declaration filed last June in a civil lawsuit against his band in an unrelated matter, offered a glimpse of some of the machinery that supports the Rolling Stones' money machine.

In the declaration, Mr. Jagger noted that some of the revenue from his group's recordings flows through the Netherlands. He pointed out that "the recording services of the Rolling Stones are provided by companies that have the right to such services to Promotone B.V., which in turn owns the recordings of the Rolling Stones. My understanding is that Promotone licenses exploitation of those recordings to EMI Music Netherlands B.V., which releases and distributes those recordings through other companies in the United States."

A spokeswoman for EMI declined requests for comment.

According to documents from the Dutch trade registry, Promogroup's Mr. Favie, the principal director of the Stones' holdings in the Netherlands, is now also the main director of U2 Ltd., the Dutch-based entity that holds the lucrative master tapes to U2's song library. Song catalogs typically account for a large portion of successful band's royalty income, so U2 Ltd. is likely to be the recipient of a major piece of U2's income, analysts say. Likewise, U2's financial move to the Netherlands is likely to save it substantial sums it might otherwise have paid in royalty taxes.

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Not everyone has access to Dutch shelters. Dutch tax benefits are typically available only to artists who are not citizens of the United States. While the Netherlands does not tax royalties going in or out of a Dutch company, the Treasury Department in the United States typically levies its standard corporate income tax rate of 35 percent on royalties coming into America from a Dutch entity.

Dutch holding companies set up to protect royalties often work in tandem with offshore Caribbean companies, shuffling money around to escape taxes, analysts say. For example, part of the Rolling Stones' Dutch-run assets are funneled through the Netherlands Antilles, a Dutch protectorate and a classic Caribbean tax haven, according to company registration documents.

"Ethically in my opinion, Bono's tax arrangements are entirely inconsistent with his calls upon government to support anti-poverty drives," said Richard Murphy, who runs Tax Research LLC, a research institute based in Norfolk, England, and was one of three co-authors of the SOMO report on Dutch tax shelters. "You cannot be demanding that resources be allocated to anti-poverty drives and then deny those resources to government."

Other tax experts say that such views are overly prim and that rock stars are simply following the leads of some of the world's biggest companies. U2 and the Stones "are taking advantage of this in the same way that all the drug companies are putting all their patents in favorable tax jurisdictions," said Prof. Michael J. Graetz of Yale, an authority on tax shelters and a self-described die-hard Rolling Stones fan. "I wouldn't go so far as to say it's fair, but it's not shocking either."

CONGRESS-ADMINISTRATION:

Budget's Ups And Downs Leave Big Chunk For War (AP)

AP, February 3, 2007

WASHINGTON (AP) -- The Pentagon is the big winner in President Bush's proposed budget for next year, while domestic items such as aid to schools and grants to local governments will get slight increases.

Medicare and Medicaid, the health program for the poor and disabled, would shoulder modest but politically difficult cost curbs in the budget the White House is submitting to Congress on Monday.

Some $18 billion in budget savings would come from farm programs over five years.

Bush's spending plan totals almost $3 trillion for the budget year starting October 1. It would produce a surplus in five years, helped by steady revenue growth and a squeeze on the one-sixth of the budget that covers domestic agencies such as the departments of Education, Energy and Health and Human Services.

Domestic agencies would not face an outright cut, as proposed last year, but would see increases averaging 1 percent, White House Budget director Rob Portman said. That is less than anticipated inflation, but higher costs for veterans' health care probably would result in a larger than average increase.

The Pentagon, which also consumes one-sixth of the overall budget, would get an 11 percent increase, to $481.4 billion in its core budget. And that is before accounting for an additional $235 billion in war costs over the next year and a half.

Bush's plan will get a skeptical reception from the Democratic-controlled Congress. Democrats say it meets the president's promise to balance the budget by 2012 by omitting war costs and expensive changes to the alternative minimum tax and assuming politically untenable cuts in payments to doctors under Medicare.

"There's this continuing deception about our real fiscal condition," the chairman of the Senate Budget Committee said in an interview Saturday. "Over and over again we see things left out of his budget that we know are going to have to be dealt with," said Sen. Kent Conrad, D-North Dakota.

Democrats also say Bush's estimated cost of about $6 billion for increasing U.S. combat troop strength in Iraq greatly understates the likely total.

For months, Conrad has worked in back channels to establish a group of administration officials and lawmakers who would try to rein in costly benefit programs such as Social Security, Medicare and Medicaid. But the president's refusal to consider some tax increases has scuttled the idea, at least for now.

Bush pushed the balanced budget idea -- to applause -- before a meeting Saturday with House Democrats in Virginia. But he seemed to acknowledge that a large-scale budget agreement with Democrats is a long shot.

"I'm under no illusions of how hard it's going to be," Bush said. "The only thing I want to share with you is, is my desire to see if we can't work together to get it done."

There is room for some modest steps such as an increase in the maximum Pell Grant for low-income college students to $4,600, $550 more than the current cap. House Democrats last week passed an increase in the maximum grant to $4,310.Health care spending likely to be debated

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The federal contribution to the popular State Children's Health Insurance Program would rise slightly to address chronic shortfalls. States, however, would get less money to cover children in families at twice the poverty level or more. Democrats are pressing for far greater increases in the children's health program.

The White House's budget also would trim $12 billion from Medicaid, mostly through lower payments to states for administrative costs. About $5 billion or so would go toward addressing shortfalls in the State Children's Health Insurance Program, according to the White House budget office.

The proposed cuts to Medicare and Medicaid are relatively modest, given the overall size of the programs. The Medicare reductions would come in part from smaller inflation adjustments for hospitals, nursing homes, home health care providers and hospices. More higher-income older people would face increased premiums.

Hospitals in particular are a powerful lobbying group and often are some of the leading employers in lawmakers' districts and states. Smaller Medicare cuts of $36 billion proposed last year went nowhere in a GOP-led Congress, and Democrats quickly pounced on the new proposal.

"I think that sounds like the president is declaring war on us and the poor people in this country," said Rep. Pete Stark, D-California.

Stark and other Democrats probably will go after what they see as excessive payments to private managed care plans that provide care to about 8 million Medicare beneficiaries.

Democrats also must deal with a scheduled 8 percent cut in Medicare payments to doctors, a byproduct from a 1997 budget bill. Bush's budget would leave the cut in place, though Congress is virtually certain to provide relief as it has since 2003 with other scheduled payment cuts. Such a move would eat up Bush's proposed Medicare savings and then some.

All told, Bush is seeking $96 billion over five years from mandatory programs providing fixed benefits such as Medicare, farm subsidies and Medicaid and whose spending rises each year.

"Unless we act, we will saddle our children and grandchildren with tens of trillions of dollars of unfunded obligations," Bush said Saturday in his weekly radio address. "They will face three bad options: huge tax increases, huge budget deficits or huge and immediate cuts in benefits."

Bush's Medicare Budget Would Raise Premiums (NYT)

By Robert Pear

The New York Times, February 4, 2007

WASHINGTON, Feb. 3 — More and more Medicare beneficiaries would have to pay higher premiums for coverage of prescription drugs and doctors' services under President Bush's 2008 budget, to be unveiled on Monday.

Single people with annual incomes over $80,000 and married couples with incomes over $160,000 already have to pay higher premiums for the part of Medicare that covers doctors' services. The income thresholds rise with inflation.

Budget documents show that Mr. Bush will propose a similar surcharge on premiums for Medicare's new prescription drug benefit. In addition, the president will ask Congress to "eliminate annual indexing of income thresholds," so that more people would eventually have to pay the higher premiums.

The proposal, expected to raise $10 billion over the next five years, is one of many advanced by Mr. Bush in a $2.8 trillion budget that aims to eliminate the deficit by 2012.

In his budget request, Mr. Bush expresses alarm about what he calls "the unsustainable growth of federal entitlement programs," and he proposes savings in Medicare and Medicaid that far surpass what he or any other president has sought.

The president contends that he can make the rule changes without any action by Congress. But Congress could try to block some or all of the changes.

Democrats immediately denounced the proposals. "This is exactly the wrong approach," said Senator Hillary Rodham Clinton of New York, who cited the proposals as evidence of what she called "the president's misplaced priorities."

Many Republicans like the idea of an "income-related premium," saying affluent beneficiaries can afford to pay a larger share of Medicare's costs. Democrats are divided. Some see it as a progressive way to finance the program. But others say it is fundamentally at odds with the idea of social insurance, and they fear that it could prompt some wealthy people to leave Medicare.

Administration officials said earlier this week that Mr. Bush would ask Congress to squeeze more than $70 billion from Medicare and Medicaid over five years. But the budget documents show that the actual figure is much larger: $101.5 billion of savings over five years.

The president's budget includes legislative proposals that would save $78.6 billion over the next five years — $65.6 billion in Medicare and $13 billion in Medicaid.

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In addition, the budget documents say that Mr. Bush will propose changes in federal regulations to save $22.9 billion more over the next five years: $10.2 billion in Medicare and $12.7 billion in Medicaid.

Lobbyists for hospitals, nursing homes and other health care providers plan a huge campaign to kill the president's proposals, which they say will ultimately harm beneficiaries.

Mr. Bush said his proposals would just slow the programs' growth. "Our budget reduces Medicare's average annual growth rate over five years to 5.6 percent, from 6.5 percent," Mr. Bush said, while Medicaid would grow 7.1 percent a year, instead of 7.3 percent.

In the past, Mr. Bush has proposed trimming Medicare payments to health care providers for a few years, but now he proposes to make the cutbacks permanent, so that hospitals and nursing homes would never receive a full update for inflation.

For the Children's Health Insurance Program, Mr. Bush requests $5.4 billion in 2008, a reduction of $223 million, or 4 percent, from this year's level. Beyond the current levels of spending, the White House is seeking an "additional allotment" of $5 billion over the next five years, which is less than half of what would be needed to maintain coverage for children currently enrolled.

Mr. Bush said he wanted to return the program to its "original objective" of covering children with family incomes less than twice the poverty level. Budget documents note that 16 states cover children above that level, and "one state, New Jersey, covers children up to 350 percent of the federal poverty level." A family of four is considered poor if its annual income is less than $20,650.

In a visit to the National Institutes of Health last month, Mr. Bush said, "The N.I.H. is one of America's greatest assets, and it needs to be nourished," adding, "It makes sense to spend taxpayers' money on cancer research."

But the president's budget for biomedical research is basically flat. He is requesting $28.9 billion for the health institutes in 2008, an increase of $232 million, or less than 1 percent. For the National Cancer Institute, Mr. Bush is requesting $4.8 billion, which is $9 million less than this year's level.

To fight childhood obesity, Mr. Bush asks Congress to set aside $17 million for a new program to promote "healthy behavior" among adolescents. But at the same time, he asks Congress to eliminate the preventive health services block grant, which provides $99 million a year to help states prevent obesity and other chronic conditions.

Mr. Bush proposes an 18 percent cut in the Low-Income Home Energy Assistance Program, which provides $2.2 billion to help people pay heating bills this year. At a time of high fuel prices, many lawmakers are likely to resist the cut.

Lawmakers See Pot Of Gold In Tax Gap (LAT)

By Joel Havemann

The Los Angeles Times, February 4, 2007

WASHINGTON — For members of Congress, thinking up bright ideas for spending tax dollars comes as naturally as breathing. But, constrained by big deficits and a pledge not to make them any bigger, lawmakers find themselves in an uncomfortable bind.

That's why Washington has suddenly discovered a new buzzword — the "tax gap" — and the roughly $300-billion pot of untouched gold that it promises. That's how much the Internal Revenue Service says taxpayers owe the government annually but, for various reasons, never pay.

The chances of significantly narrowing that gap appear slim. But as Congress gets ready to receive President Bush's 2008 budget Monday, Democrats and Republicans alike are talking it up as a way to fund politically appealing initiatives — and bring down the deficit to boot.

"Closing the tax gap has got to be one of our top priorities," said Senate Budget Committee Chairman Kent Conrad (D-N.D.).

The IRS is probably low-balling its estimate of the tax gap, he said, and there should be more than $300 billion available.

To boost efforts to harvest it, the chairman and the top Republican member of the Senate's tax-writing finance committee, Sens. Max Baucus of Montana and Chuck Grassley of Iowa, took the unusual step last week of visiting the IRS and asking some of its top bureaucrats about the tax gap — and presumably ways it might be closed.

Though the existence of the tax gap is real enough, the likelihood that any substantial part of it can be collected is more hope than fact. The gap has been around as long as there have been taxes, and past efforts to close it have yielded meager results.

"If the tax gap was easy to close, the IRS would already have done it," said Mark Zandi, chief economist at Moody's Economy.com.

For one thing, the IRS would have to use tougher tactics to get more revenue — and that would make taxpayers squawk. The last time Congress addressed the subject of tax collection methods, in 1998, it reined in overzealous IRS agents.

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"The 1998 act tilted the table in tax disputes in favor of taxpayers suspected of noncompliance," wrote Max B. Sawicky, an economist at the Economic Policy Institute, in his book "Bridging the Tax Gap."

Collecting more would also require spending more for audits and investigations. In fact, the IRS last year had a smaller enforcement staff, and it conducted fewer audits — fewer than one individual return in 100 — than a decade earlier.

"You can ask for more audits, income-tax withholding and reporting of income to the IRS," said Mel Schwarz, a partner in the Washington office of the accounting firm Grant Thornton. "All of this would be invasive on a lot of taxpayers, many of whom already pay their taxes."

And as Robert D. Reischauer, president of the Urban Institute, pointed out, a lot of the money is owed by people who have gone bankrupt or moved overseas to escape the IRS' reach.

Also largely beyond the tax collectors' grasp is the huge underground cash economy, whose transactions go unreported to any financial authorities. It would take an American equivalent of the KGB to bring that into compliance with the U.S. tax code.

Measuring the tax gap is as much art as science. To find out what taxpayers should have paid on their 2001 income, the IRS conducted reviews of a random sample of 46,000 individual returns.

The IRS estimates that taxpayers still owed $345 billion after most 2001 tax payments were due. A combination of voluntary late payments and IRS enforcement actions shaved that figure to $290 billion. That means taxpayers paid 86.6% of the $2.157 trillion they owed — the vast majority of it voluntarily.

Like just about everything else with a dollar sign in front of it, the $290-billion tax gap has probably grown since 2001. Even if it stayed the same, it would be enough to balance this year's budget, with about $50 billion left over.

Underpayment of individual income taxes dominates the tax gap. The IRS estimated that individuals accounted for 71% of the 2001 tax gap, with the rest coming from underpayments of corporate income taxes, payroll taxes for Social Security and Medicare, and estate taxes.

The IRS traced most of the gap to taxpayers who underreported their taxable income, either by failing to report some income or by taking more deductions and credits than they were entitled to. Failure to file tax returns and failure to pay taxes owed accounted for much less.

Some of the tax gap is the result of honest mistakes on tax forms, which grow more complex every year as Congress adds new wrinkles to the tax code. The IRS can't say how big this category is.

But one thing is apparent from the IRS' research: The government has a much better chance of collecting the money it is owed if a portion of it is withheld in advance and if the income is reported by two sources — taxpayers and their employers.

In 2001, for example, taxpayers failed to pay taxes on only 1.2% of income in cases in which employers reported substantial information to the IRS and withheld at least some taxes from their workers' paychecks. But when substantial information was reported to the IRS but no taxes were withheld — as with interest and dividend income — the noncompliance rate nearly quadrupled, to 4.5%. And when the IRS received little or no independent information, the noncompliance rate was 53.9%, meaning it received less than half the taxes owed.

More withholding, or at least more reporting when money changes hands, would undoubtedly mean a smaller tax gap. But it wouldn't always be easy to arrange. It's one thing to ask a huge corporation to withhold taxes from its employees; it has a brigade of accountants to take care of that.

But the IRS would set off the modern equivalent of the Boston Tea Party if it required families to withhold taxes or file a report with the IRS every time they paid the plumber or bought an apple at the corner market. Short of a technological breakthrough, it will be the responsibility of the plumber and the corner grocer to report their full income.

Of course, tax cheating can grow to a scale far beyond the local plumber or grocer.

Two recent examples: A North Carolina man was sentenced to 41 months in prison for not reporting $850,000 in commissions that he paid himself for investments he solicited in a company he started. And a Washington state man got a year and a day in prison for failing to report at least $1 million in income from the U.S. Postal Service for installing and maintaining mailboxes.

A favorite tax dodge involves transferring funds to banks in countries with little or no income taxes and arranging the books so that all the profits seem to have been made there. Sen. Conrad said a single five-story building in the Cayman Islands, a notorious tax haven, was listed as the local address of 12,000 U.S. companies.

Conrad said that while he was North Dakota's tax commissioner, he found an oil company that showed losses at every step of the marketing chain in the United States — but made up for it and then some in the Cayman Islands, even though it has only one employee there.

"That man is really a hard worker," Conrad said. "He's down there producing millions in profits when thousands of employees in the United States produce none."

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Facing Inequality (WP)

The Washington Post, February 4, 2007

THERE WAS a flurry of excitement when President Bush allowed the words "global climate change" to escape his lips in his State of the Union address. He didn't propose any useful response to the problem, but somehow we were supposed to feel grateful that in his seventh year in office he finally had acknowledged the phenomenon's existence. Last week came a similar epiphany, when Mr. Bush went to Manhattan and acknowledged for the first time the reality of income inequality.

"The fact is that income inequality is real," Mr. Bush pronounced. Not only that, but "it's been rising for more than 25 years." The historical addendum no doubt was intended to insulate the president from any blame in the matter. But it has the opposite effect. If rising income inequality was already a problem when Mr. Bush took office, his regressive reshaping of the tax code becomes even less excusable.

Mr. Bush is right on his history. Post-tax income of the top fifth of households was 6.7 times higher than incomes of the bottom fifth 25 years ago; the multiple has risen to 9.8. That wouldn't be so terrible if everyone's incomes were rising at a healthy clip, but between 1980 and 2004 wages of the typical worker actually fell slightly, when adjusted for inflation. Mr. Bush says that "the reason is clear," which must come as alarming news to an army of economists who make their living debating the relative importance of globalization, technology and other factors. Mr. Bush's diagnosis -- "we have an economy that increasingly rewards education" -- leads to a useful prescription, namely, as he said, "strengthening public education."

But as everyone knows, that's a tall order, and one in which the federal government has only a modest say. The federal government could make college more accessible and expand access to Head Start and similar early-childhood programs, which would improve equality of opportunity. But as we argued in a series on inequality last year, there's also much the federal government could do to address the problem more directly. The federal mortgage-interest deduction, for example, overwhelmingly benefits top earners; so do tax incentives to promote retirement savings and (as Mr. Bush, to his credit, recently pointed out) health insurance. In 2004, for example, the richest one-tenth of households reaped 49 percent of the tax subsidies for IRAs, 401(k)s and other defined-contribution pensions. All of these tax benefits could be reformed, without being abolished, to tilt a bit less in the direction of the wealthy.

The government can't solve the problem of inequality by taking from the rich and giving to the poor, and it shouldn't try. If a tax system becomes too onerous for top earners, it discourages innovation, entrepreneurship and the economic growth on which everyone depends. But in an era when largely uncontrollable forces are pushing against equality and fairness, the government shouldn't be needlessly pushing in the same direction. This week Mr. Bush will insist in his proposed budget that all of his tax cuts be extended. Those have proved enormously more beneficial to the super-rich than to anyone else. Given the reality that Mr. Bush has at last taken note of, such a policy just makes no sense.

In Washington, Contractors Take On Biggest Role Ever (NYT)

By Scott Shane, Ron Nixon

The New York Times, February 4, 2007

WASHINGTON, Feb. 3 — In June, short of people to process cases of incompetence and fraud by federal contractors, officials at the General Services Administration responded with what has become the government's reflexive answer to almost every problem.

They hired another contractor.

It did not matter that the company they chose, CACI International, had itself recently avoided a suspension from federal contracting; or that the work, delving into investigative files on other contractors, appeared to pose a conflict of interest; or that each person supplied by the company would cost taxpayers $104 an hour. Six CACI workers soon joined hundreds of other private-sector workers at the G.S.A., the government's management agency.

Without a public debate or formal policy decision, contractors have become a virtual fourth branch of government. On the rise for decades, spending on federal contracts has soared during the Bush administration, to about $400 billion last year from $207 billion in 2000, fueled by the war in Iraq, domestic security and Hurricane Katrina, but also by a philosophy that encourages outsourcing almost everything government does.

Contractors still build ships and satellites, but they also collect income taxes and work up agency budgets, fly pilotless spy aircraft and take the minutes at policy meetings on the war. They sit next to federal employees at nearly every agency; far more people work under contracts than are directly employed by the government. Even the government's online database for tracking contracts, the Federal Procurement Data System, has been outsourced (and is famously difficult to use).

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The contracting explosion raises questions about propriety, cost and accountability that have long troubled watchdog groups and are coming under scrutiny from the Democratic majority in Congress. While flagrant cases of fraud and waste make headlines, concerns go beyond outright wrongdoing. Among them:

-Competition, intended to produce savings, appears to have sharply eroded. An analysis by The New York Times shows that fewer than half of all "contract actions" — new contracts and payments against existing contracts — are now subject to full and open competition. Just 48 percent were competitive in 2005, down from 79 percent in 2001.

-The most secret and politically delicate government jobs, like intelligence collection and budget preparation, are increasingly contracted out, despite regulations forbidding the outsourcing of "inherently governmental" work. Scott Amey, general counsel at the Project on Government Oversight, a watchdog group, said allowing CACI workers to review other contractors captured in microcosm "a government that's run by corporations."

-Agencies are crippled in their ability to seek low prices, supervise contractors and intervene when work goes off course because the number of government workers overseeing contracts has remained level as spending has shot up. One federal contractor explained candidly in a conference call with industry analysts last May that "one of the side benefits of the contracting officers being so overwhelmed" was that existing contracts were extended rather than put up for new competitive bidding.

-The most successful contractors are not necessarily those doing the best work, but those who have mastered the special skill of selling to Uncle Sam. The top 20 service contractors have spent nearly $300 million since 2000 on lobbying and have donated $23 million to political campaigns. "We've created huge behemoths that are doing 90 or 95 percent of their business with the government," said Peter W. Singer, who wrote a book on military outsourcing. "They're not really companies, they're quasi agencies." Indeed, the biggest federal contractor, Lockheed Martin, which has spent $53 million on lobbying and $6 million on donations since 2000, gets more federal money each year than the Departments of Justice or Energy.

¶Contracting almost always leads to less public scrutiny, as government programs are hidden behind closed corporate doors. Companies, unlike agencies, are not subject to the Freedom of Information Act. Members of Congress have sought unsuccessfully for two years to get the Army to explain the contracts for Blackwater USA security officers in Iraq, which involved several costly layers of subcontractors.

Weighing the Limits

The contracting surge has raised bipartisan alarms. A just-completed study by experts appointed by the White House and Congress, the Acquisition Advisory Panel, found that the trend "poses a threat to the government's long-term ability to perform its mission" and could "undermine the integrity of the government's decision making."

The House Committee on Oversight and Government Reform, whose new Democratic chairman, Representative Henry A. Waxman of California, added the word "oversight" to signal his intentions, begins a series of investigative hearings on Tuesday focusing on contracts in Iraq and at the Department of Homeland Security.

"Billions of dollars are being squandered, and the taxpayer is being taken to the cleaners," said Mr. Waxman, who got an "F" rating last year from the Contract Services Association, an industry coalition. The chairman he succeeded, Representative Thomas M. Davis III, Republican of Virginia, earned an "A."

David M. Walker, who as comptroller general of the United States leads the Government Accountability Office, has urged Congress to take a hard look at the proper limits of contracting. Mr. Walker has not taken a stand against contractors — his agency is also dependent on them, he admits — but he says they often fail to deliver the promised efficiency and savings. Private companies cannot be expected to look out for taxpayers' interests, he said.

"There's something civil servants have that the private sector doesn't," Mr. Walker said in an interview. "And that is the duty of loyalty to the greater good — the duty of loyalty to the collective best interest of all rather than the interest of a few. Companies have duties of loyalty to their shareholders, not to the country."

Even the most outspoken critics acknowledge that the government cannot operate without contractors, which provide the surge capacity to handle crises without expanding the permanent bureaucracy. Contractors provide specialized skills the government does not have. And it is no secret that some government executives favor contractors because they find the federal bureaucracy slow, inflexible or incompetent.

Stan Soloway, president of the Professional Services Council, which represents government contractors, acknowledged occasional chicanery by contractors and too little competition in some areas. But Mr. Soloway asserted that critics had exaggerated the contracting problems.

"I don't happen to think the system is fundamentally broken," he said. "It's remarkable how well it works, given the dollar volume."

Blurring the Lines

Wariness of government contracting dates at least to 1941, when Harry S. Truman, then a senator, declared, "I have never yet found a contractor who, if not watched, would not leave the government holding the bag."

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But the recent contracting boom had its origins in the "reinventing government" effort of the Clinton administration, which slashed the federal work force to the lowest level since 1960 and streamlined outsourcing. Limits on what is "inherently governmental" and therefore off-limits to contractors have grown fuzzy, as the General Services Administration's use of CACI International personnel shows.

"Hi Heinz," Renee Ballard, a G.S.A. official, wrote in an e-mail message to Heinz Ruppmann, a CACI official, last June 12, asking for six "contract specialists" to help with a backlog of 226 cases that could lead to companies being suspended or barred from federal contracting. The CACI workers would review files and prepare "proposed responses for review and signature," she wrote.

Mr. Amey, of the Project on Government Oversight, which obtained the contract documents under the Freedom of Information Act, said such work was clearly inherently governmental and called it "outrageous" to involve contractors in judging the misdeeds of potential competitors. CACI had itself been reviewed in 2004 for possible suspension in connection with supplying interrogators to the Abu Ghraib prison in Iraq. The company was ultimately cleared, though the G.S.A. found that CACI employees had improperly written parts of the "statements of work" for its own Iraq contract.

The price of $104 an hour — well over $200,000 per person annually — was roughly double the cost of pay and benefits of a comparable federal worker, Mr. Amey said.

Asked for comment, the G.S.A. said decisions on punishments for erring contractors "is indeed inherently governmental." But the agency said that while the CACI workers assisted for three months, "all suspension/debarment decisions were made by federal employees." A CACI spokeswoman made the same point.

The G.S.A., like other agencies, said it did not track the number or total cost of its contract workers. The agency administrator, Lurita Doan, who previously ran a Virginia contracting firm, has actively pushed contracting. Ms. Doan recently clashed with her agency's inspector general over her proposal to remove the job of auditing contractors' proposed prices from his office and to hire contractors to do it instead.

On some of the biggest government projects, Bush administration officials have sought to shift some decision making to contractors. When Michael P. Jackson, deputy secretary of the Department of Homeland Security, addressed potential bidders on the huge Secure Border Initiative last year, he explained the new approach.

"This is an unusual invitation," said Mr. Jackson, a contracting executive before joining the agency. "We're asking you to come back and tell us how to do our business."

Boeing, which won the $80 million first phase of the estimated $2 billion project, is assigned not only to develop technology but also to propose how to use it, which includes assigning roles to different government agencies and contractors. Homeland Security officials insist that they will make all final decisions, but the department's inspector general, Richard L. Skinner, reported bluntly in November that "the department does not have the capacity needed to effectively plan, oversee and execute the SBInet program."

A 'Blended Work Force'

If the government is exporting some traditional functions to contractors, it is also inviting contractors into agencies to perform delicate tasks. The State Department, for instance, pays more than $2 million a year to BearingPoint, the consulting giant, to provide support for Iraq policy making, running software, preparing meeting agendas and keeping minutes.

State Department officials insist that the company's workers, who hold security clearances, merely relieve diplomats of administrative tasks and never influence policy. But the presence of contractors inside closed discussions on war strategy is a notable example of what officials call the "blended work force."

That blending is taking place in virtually every agency. When Polly Endreny, 29, sought work last year with the National Oceanographic and Atmospheric Administration, she was surprised to discover that most openings were with contractors.

"The younger generation is coming in on contracts," said Ms. Endreny, who likes the arrangement. Today, only the "Oak Management" on her ID badge distinguishes her from federal employees at the agency's headquarters.

She said her pay was "a little higher" than that of comparable federal workers, and she gets dental coverage they do not. Such disparities can cause trouble. A recent study of one NOAA program where two-thirds of the work force were contractors found that differences in salary and benefits could " substantially undermine staff relations and morale."

The shift away from open competition affects more than morale. One example among many: with troops short in Iraq, Congress in 2003 waived a ban on the use of private security guards to protect military bases in the United States. The results for the first $733 million were dismal, investigators at the Government Accountability Office found.

The Army spent 25 percent more than it had to because it used sole-source contracts at 46 of 57 sites, the investigators concluded. And screening of guards was so lax that at one base, 61 guards were hired despite criminal records, auditors reported. Yet the Army gave the contractors more than $18 million in incentive payments intended to reward good performance. (The Army did not contest G.A.O.'s findings and has changed its methods.)

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A Coalition for Contracting

Mr. Soloway, of the contracting industry group, argues that the contracting boom has resulted from the collision of a high-technology economy with an aging government work force — twice as many employees are over 55 as under 30. To function, Mr. Soloway said, the government must now turn to younger, skilled personnel in the private sector, a phenomenon likely to grow when what demographers call a "retirement tsunami" occurs over the next decade.

"This is the new face of government," Mr. Soloway said. "This isn't companies gouging the government. This is the marketplace."

But Paul C. Light of New York University, who has long tracked the hidden contractor work force to assess what he calls the "true size of government," says the shift to contractors is driven in part by federal personnel ceilings. He calls such ceilings a "sleight of hand" intended to allow successive administrations to brag about cutting the federal work force.

Yet Mr. Light said the government had made no effort to count contractors and no assessment of the true costs and benefits. "We have no data to show that contractors are actually more efficient than the government," he said.

Meanwhile, he said, a potent coalition keeps contracting growing: the companies, their lobbyists and supporters in Congress and many government managers, who do not mind building ties to contractors who may hire them someday. "All the players with any power like it," he said.

That is evident wherever in Washington contractors gather to scout new opportunities. There is no target richer than the Homeland Security Department, whose Web site, in a section called "Open for Business," displays hundreds of open contracts, including "working with selected cities to develop and exercise their catastrophic plans" ($500,000 to $1 million) and "Conduct studies and analyses, systems engineering, or provide laboratory services to various organizations to support the DHS mission" ($20 to $50 million).

One crisp morning in an office building with a spectacular view of the Capitol, Alfonso Martinez-Fonts Jr., the agency's assistant secretary for the private sector, addressed a breakfast seminar on "The Business of Homeland Security." The session drew a standing-room crowd.

Mr. Martinez-Fonts, a banker before joining the government, said he could not personally hand out contracts but could offer "tips, hints and directions" to companies on the hunt.

Joe Haddock, a Sikorsky Helicopters executive, summed up the tone of the session. "To us contractors," Mr. Haddock said, "money is always a good thing."

Capitol's Newcomers Try A Little Openness (WP)

By Lyndsey Layton

The Washington Post, February 4, 2007

Jon Tester stands out from the other 99 members of the Senate in these ways:

The organic farmer wears cowboy boots with his dark business suits. He sports a buzz haircut that is more Marine drill sergeant than wavy-haired senator. He passes more people on his five-block walk from his Washington apartment to the Capitol than he might see in a week in Montana.

And then there's this: He posts his daily schedule on his Web site for all the world to see.

In a culture where lawmakers spend hours in closed-door meetings, and their activities out of the public eye are considered proprietary, Tester is a trailblazer bent on opening up the inner workings of his office. His radical practice comes after irate voters in November tossed out longtime incumbents implicated in lobbying scandals and as public interest groups clamor for more transparency in the way Congress does business.

Tester's early days in office have been filled by half-hour meetings that start at 8 a.m. and stretch until sundown. He's hosted the Montana Wheat & Barley Committee and Big Timber Montana. He sat down with the Burlington Northern Santa Fe, the major freight railroad in the West, as well as the union which represents its labor force, the Brotherhood of Locomotive Engineers and Trainmen. One day, he had three separate meetings with three different Indian tribes.

Every session with lobbyists, constituents and other lawmakers is conscientiously recorded, including names, affiliations and the duration of the meeting.

"I just wanted to give people an opportunity to see who I meet with," said Tester, a freshman Democrat who unseated three-term Republican Conrad Burns, helping the Democrats win control of the Senate. "I believe in transparent government and this is my effort."

Before the newcomer's staff got his Web site up and running, they taped a paper copy of his daily schedule to his office door. "But we realized that doesn't do a lot of good for the people back in Montana," said Matt McKenna, his communications director.

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Tester's schedule is quite detailed, including entries describing his visits to the Senate gym and dinners with his wife, Sharla. "I just thought it would be easier than trying to explain gaps in time," he said.

In the House, Rep. Kirsten Gillibrand, a freshman Democrat from Upstate New York, is doing something similar. Although she gives less detail than Tester, Gillibrand lists her work-related meetings each day on her Web site.

"I was trying to think what are ways to restore public's confidence that special interests don't have overwhelming influence," said Gillibrand, who promised during her campaign to publicize her schedule. "And I figured the best way is to provide information about who members are meeting with."

She does not describe the duration of meetings or include personal appointments. "If I have lunch with a girlfriend, I don't want that on the schedule," Gillibrand said. "This is not Reality Congress, where you live the life of a congressman. I'm not going to post how many calories I eat today. This is about ethics reform, letting people know who's bending your ear."

Richard A. Baker, the Senate historian, cannot find a precedent for what Tester and Gillibrand are doing. Former Democratic senator Bob Graham of Florida was known for his eccentric habit of keeping a running log of his every waking activity, including the brand of breakfast cereal he consumed, but he never published the 4,400 notebooks he filled over 26 years of scribbling.

During her campaign for office, Gillibrand signed a pledge circulated by the Sunlight Foundation, a nonpartisan organization dedicated to bringing greater transparency to government. Of the 92 congressional candidates nationwide who agreed to the pledge, Gillibrand was the only one to win office.

"This is a recognition that 60 percent of Americans punch a clock, report on time sheets how much time they work and how they spend at time," said Ellen Miller, executive director of the foundation, which would like nothing more than a law requiring lawmakers to make their schedules public. "Why shouldn't members of Congress do the same?"

The Sunlight Foundation is archiving Tester's and Gillibrand's daily schedules at http://www.congresspedia.com in a format to allow searches and analysis.

Bill Frenzel, a scholar at the Brookings Institution who was a Republican member of Congress for 20 years, takes a dimmer view. "It sounds pretty silly," said Frenzel, who represented a Minnesota district. "People don't need to know who you're meeting with, they need to know whether you're available to meet with them."

He said he was reminded of former senator Richard Stone of Florida, who took the door to his office off its hinges to emphasize his own transparency. "Grandstanding is what you'd call it in minor league baseball," Frenzel said.

Tester and Gillibrand said their constituents like the public schedules and none of the lobbyists have grumbled about them. "If they're nervous about it it's probably someone I shouldn't be meeting with," Tester said.

According to his schedule, Tester sat down with AFL-CIO President John J. Sweeney and the union's legislative director, William Samuel on Jan. 24 for a half-hour. "I'm fine with it," Samuel said. "Unlike others in Washington, we have no interest in covering our tracks . . . We might have known more about how the Republicans were coming up with energy plans and prescription drug plans if we knew how much time they were spending with their corporate lobbyists."

Tester and Gillibrand both rode to office emphasizing corruption scandals and the need to bring new openness to Washington.

Tester, who was president of the Montana Senate in a Republican-leaning state, hammered on the fact that Burns accepted $150,000 in campaign contributions from disgraced lobbyist Jack Abramoff, his firm and his clients. Burns later returned the money but Tester made Burns's connection to Abramoff a major part of the campaign. Tester was heavily outspent by Burns but won by 2,565 votes.

Gillibrand won her seat after painting her rival, Republican John E. Sweeney, as ethically troubled. Sweeney, an eight-year House veteran, took a trip to the Northern Mariana Islands with an Abramoff associate. Late in the campaign, it became public that police responded to a domestic violence call involving Sweeney and his wife.

Miller said the Sunlight Foundation plans to lobby other members of Congress to post their schedules. But with just two of 535 participating, there is a lot of work ahead.

Gillibrand said she wants to create a special caucus of like-minded members. She already has a name -- the Sunshine Caucus. Now all she needs are members, she said.

Balking On Bundling (WP)

The Washington Post, February 4, 2007

DISTURBING, though not particularly surprising, rumblings are emanating from the House of Representatives to the effect that some Democrats are balking at requiring lobbyists to disclose the campaign contributions they arrange or collect for lawmakers.

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This important requirement was included in the lobbying and ethics package that recently passed the Senate; Reps. Chris Van Hollen (D-Md.) and Martin T. Meehan (D-Mass.) have introduced the same measure in the House and want to see it included in the lobbying legislation that the House plans to take up in the next few months. A similar provision was overwhelmingly approved by the House Judiciary Committee last year but unceremoniously disappeared from the final version of the legislation, which never became law in any event.

The Capitol Hill newspaper Roll Call reported last week that some Democratic House members, egged on by K Street lobbyists, are agitating to have the provision removed. That can't be allowed to happen. Mr. Van Hollen, who's responsible for helping to raise big money from K Street and elsewhere as the new head of the House Democrats' campaign arm, nonetheless understands that providing accurate information about the real influence of lobbyists is a critical piece of reform.

As it stands, lawmakers who happily take the cash and the lobbyists who harvest it for them are all too aware of how much the former are indebted to the latter. The public is left in the dark. If House leaders want to have credibility on cleaning up the "culture of corruption" they decry, they will see to it that the lobbying package that passes the House is as strong on this score as the Senate version.

Cardin Finds Passion For Speeches (WT)

By S.A. Miller

The Washington Times, February 4, 2007

There were jokes on the Maryland campaign trail last year that Benjamin L. Cardin would easily win the race to succeed longtime Sen. Paul S. Sarbanes because voters thought they were the same man.

Both are liberal Democrats, studious, reserved and -- after each spent years in the Maryland legislature and Congress -- prone to long-winded discourses on policy intricacies.

Neither was known for inspired oratory.

Since he took the oath last month as Maryland's freshman senator, however, Mr. Cardin has distinguished himself from his predecessor with bold words and an aggressive style.

In his first speech on the Senate floor, delivered a week after taking office, Mr. Cardin denounced President Bush's plan to send 21,500 more troops to Iraq and called for the withdrawal of U.S. forces.

"We need a surge in U.S. troops coming home, not a surge in those going to war," said Mr. Cardin, adding that the plan wasn't new but more of the same, "just now with more American troops in harm's way."

Mr. Cardin, 63, also spoke passionately about global warming as a member of the Environment and Public Works Committee.

"The impact of global warming is real and right before our eyes," he said. "It's a crisis that affects every human being on this Earth, and we must take action now."

He rose on the Senate floor in support of increasing the federal minimum wage, saying, "I believe it is wrong that millions of hard-working Americans who play by the rules still live in poverty and are unable to provide for their families."

Mr. Cardin's quick transition from 20-year House veteran to up-and-coming freshman senator has not gone unnoticed by his colleagues.

"He brings a fresh spirit to the Senate," said Sen. Barbara A. Mikulski, a Democrat who for two decades has been Maryland's firebrand senator beside the stately Mr. Sarbanes, now retired.

"Ben Cardin certainly shares Paul Sarbanes' integrity and dedication to the state of Maryland," Miss Mikulski said, "but Ben is his own man and will create his own legacy."

Mr. Cardin told The Washington Times that he is still finding his way as a senator, and he confided that "it is a thrill" every time he performs the freshman duty of presiding over the Senate.

"I still wake up every morning very thankful for the opportunities I have being a United States senator," he said. "I still have a smile on my face."

He also said he welcomed comparisons to Mr. Sarbanes and Miss Mikulski, two lawmakers he emulates. Still, Mr. Cardin said he would continue to build his own reputation.

"I have my own way of doing business," he said. "I call it my own brand name. I think I've developed a reputation of my own, and that's what I want. ... I've got a little Mikulski and Sarbanes in me, as well as a lot of other people. Certainly, there's a lot of my mother and father in me."

Pathologists Protest Defense Site's Closure (WP)

By Christopher Lee

The Washington Post, February 4, 2007

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Medical specialists and former military officials are protesting the planned dismantling of a Defense Department health agency whose origin dates to the Civil War, saying the move would eliminate an invaluable tool in the diagnosis and understanding of disease.

The Armed Forces Institute of Pathology is scheduled to be broken up as part of the federal base-closing process that will shutter Walter Reed Army Medical Center by 2011. The AFIP board of governors will meet today to make final recommendations about how to proceed.

The institute is a descendant of the Army Medical Museum, created in 1862 to be a repository for tissue specimens from injured and diseased Civil War soldiers. With more than 800 employees, the AFIP provides pathology consultation, research and medical education for the military, other federal agencies and the civilian medical community. It has a repository of 95 million tissue samples that helps government scientists track disease and provide second opinions in difficult pathology cases.

"It's sort of like the Supreme Court for pathology," said Gretchen Schaefer, a spokeswoman for the College of American Pathologists.

The institute made headlines last year when a team reconstructed the virus behind the 1918-19 Spanish flu, which killed 50 million people worldwide. The team used material from the AFIP collection -- tiny dried pieces of lung tissue from two soldiers who had died in the pandemic -- as a source of virus fragments, which were then amplified and reassembled into a working virus. The project is helping scientists understand what made the 1918 flu so contagious and so fatal as they seek ways to combat future pandemics.

But agency officials and outside experts say work of that caliber will no longer be possible after the breakup of the institute, with some functions moving to other Defense Department facilities and others discontinued. In particular, they object to plans to outsource to civilian laboratories the 55,000 second-opinion pathology consultations AFIP specialists provide each year, along with some initial-diagnosis work, and to move the tissue repository to another Defense facility in the Washington area. More than 400 support staff members and scientists would lose their jobs, said Prakash Jha, a pathologist at the agency.

The pathologists and other scientists at the institute have unmatched expertise and routinely handle the hardest cases, such as determining whether biopsied bone tissue is cancerous, said Vernon W. Armbrustmacher, the retired Air Force colonel who headed the agency from 1991 to 1995.

"There's a great variety in the way these things present, and to give a reliable answer requires a lot of experience," he said. "I don't think there's a comparable organization that looks at these kinds of problems in that depth."

Moreover, the repository -- which government scientists draw upon in analyzing new samples and add to in the course of their work -- will stagnate "like a library that can't get new books," he said.

Stephen L. Jones, principal deputy assistant secretary of defense for health affairs, said that the agency has done "tremendous work" but that commercial laboratories are capable of doing the civilian pathology consultations. He said the base-closing process and reviews by the institute's governing board have ensured that critical functions will be preserved.

Between the work of the Base Realignment and Closure Commission and the institute's board, Jones said, he thinks "we will not lose any capabilities that are necessary for national security purposes."

Jones said the department is studying ways to ensure that the tissue repository remains useful. "We want to make maximum benefits of any assets that it may have, from a research or an advancement-of-science standpoint," he said.

The agency's advocates, unconvinced, have urged the Defense Department to consider transferring the pathology services and other functions to the Uniformed Services University of the Health Sciences in Bethesda, a move that would keep the scientific expertise in-house and ensure continued growth of the tissue repository. That idea has been backed by 30 groups, including the American Medical Association, the American Society for Clinical Pathology and the National Association of Medical Examiners, and by at least seven Democratic lawmakers, including Sen. Edward M. Kennedy (Mass.) and Rep. Chris Van Hollen (Md.).

BearingPoint, hired by the Defense Department as a consultant, also recommended that course in a report last year, concluding that retaining the pathology functions would help with homeland security missions such as rapidly responding to bioterrorism. That option would cost $18.2 million, however, compared with about $5 million for outsourcing the work, according to BearingPoint.

Health Coverage's Momentum (WP)

By David S. Broder

The Washington Post, February 4, 2007

Piece by piece, the stage is being set for the long-overdue effort to rebuild America's creaky health-care system into one that can meet the needs of the 21st century. It probably won't happen until 2009, but the outlines of the big change are starting to become clear.

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As is always the case, the driving force is coming from the people. More and more families are experiencing the terror of living without health insurance -- about 47 million uninsured at last count. And additional millions are facing rising premiums and co-payments that strain family budgets.

As the costs rise, more and more employers are bailing out of providing health coverage, and the pressure for help from government is rising. With Congress wary of systemic reform after the collapse of the Clintons' initiative in 1994, states are being forced to improvise their own solutions.

Last year, Massachusetts, with Republican Gov. Mitt Romney and the Democratic legislature collaborating, devised a plan to provide coverage for all its residents. Now, the first cost estimates have come in, and monthly premiums are projected to be almost twice as expensive as Romney predicted. It's not clear whether the plan can go forward.

Meantime, California's Republican Gov. Arnold Schwarzenegger has offered his own universal coverage proposal-- based on the Massachusetts model -- to tackle the much larger challenge of his state's millions of uninsured. The Democratic-controlled Legislature is studying it, and its fate is uncertain.

Both the Massachusetts and California plans step away from the 65-year-old pattern of tying health insurance to the place of employment, a historical oddity now visibly failing in this far more mobile society. Instead, these plans require every individual to purchase health insurance, with subsidies as needed to be financed by government, business and, in Schwarzenegger's plan, hospitals and doctors.

A major barrier to all such schemes is the feature of the federal tax code that subsidizes job-based health insurance by making its cost deductible to the business and tax-free to the employee. As C. Eugene Steuerle of the Urban Institute testified to Congress last week, this represents a $200 billion-a-year subsidy, with most of the benefits going to the well-to-do -- a sum that could be much better spent on helping the uninsured.

President Bush has proposed a partial remedy for that problem, substituting a flat deduction for the value of every health insurance policy costing the employer and worker up to $7,500 a person. He would use the savings to help lower-income workers buy policies.

Rep. Jim McCrery of Louisiana, the ranking Republican on the House Ways and Means Committee, joined many Democrats in saying that Bush's proposal can be improved by using tax credits, rather than deductions, to distribute the benefits.

But the door has been opened by the president to a negotiation that could lead to a conversion to individual insurance, along with a guarantee of universal coverage. Democratic Sen. Ron Wyden of Oregon, who has written and vetted a plan for doing just that, told me last week that his conversations with some Republican colleagues convinced him that "there may be a window this year" for moving such a bill.

Chances are, however, that this session, Congress will simply renew and expand the existing program that provides health insurance for children. There is bipartisan support for that measure, and one of the newly formed coalitions of business, labor, consumer and provider groups has called for that as a first step toward covering everyone.

The emergence of these coalitions -- at least two of them are active -- is one more sign of the growing momentum for systemic reform.

Last October, health-care experts Drew Altman and Robert Blendon wrote in the journal Health Affairs that "the presidential candidates' level of attention will be decisive to where health ranks on the national agenda going into the 2008 election and the 2009 Congress. If they do play a leadership role on health, the media will follow, and the agenda-setting power of a debate driven from the top will meet the public's concern rising up from the bottom like two weather fronts colliding."

Exactly that is happening. As he seeks the GOP nomination, Romney is touting his plan for universal coverage, and last month Democratic Sen. Barack Obama committed to the same goal -- without saying how to get there. On her first trip to Iowa, Sen. Hillary Rodham Clinton showed her mastery of the subject, explaining what had gone wrong in 1994 and the lessons learned.

The bar has been raised to the point that any presidential candidate in either party without a plan for universal coverage may be seen as falling short. And that in turn could make 2009 the long-awaited breakthrough year.

A Billion-Dollar Election Warning (NYT)

The New York Times, February 4, 2007

Once upon a time, Washington managed to fully confront a corruption scandal and invent a government solution that actually worked for 30 years. The scandal was Watergate. The solution was the innovative option of providing public financing to presidential campaigns as a means of curbing the influence of big money donors like those who ran amok in President Richard Nixon's 1972 re-election.

Since then, candidates opted for the subsidies — and the spending limits that come with them — in every general election. And most did in the primary elections, too. But not next time. Senators Hillary Rodham Clinton and John McCain have already

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signaled their intentions to make a shameful and lucrative retreat to private fund-raising. The Clinton camp is creating a new honored donor category for those who bag at least a million dollars each, with strategists mirthfully debating whether to dub these fat-cat groomers “Pathfinders” or “Hillraisers.” We suggest Recidivists.

Whoever the two nominees are, they will very likely ring up the first $1 billion presidential cycle between them. All of this is because past Congresses failed to update the public financing option to keep pace with the costs of running a modern campaign.

The new Congress already has a bipartisan proposal in the works to update the public financing formula in time for 2012. It roughly triples subsidies for a participating candidate to $150 million in the primaries, and increases them by a third, to $100 million, in the general election. There would be a four-to-one match of donations up to $200 instead of the current one-to-one, plus an extra subsidy if a privately funded candidate’s checkbook overwhelms competitiveness. Funds would be available earlier for the ever-earlier primary cycle.

Public financing served the nation well. In three of six races in which an incumbent president ran, the challenger won — a healthy dynamic in a capital city where only one in 20 House incumbents is toppled by a challenger.

The new Congress pledged to clean up big-money corruption; it can make a good start by rescuing the good that came of Watergate.

Farm Bill Doesn't Go Far Enough (LAT)

The Los Angeles Times, February 4, 2007

THINKING ABOUT HOW much money Congress is gearing up to waste in the next farm bill makes us yearn for some help from on high. Not from heaven, mind you, but Canada.

The Bush administration last week unveiled its proposal for the 2007 farm bill, a blueprint spelling out U.S. agricultural subsidies and food stamp payments for the next five years. For anybody interested in fairness, government waste, free trade or economic growth, it was a deeply disappointing document, even if it is a major improvement over the trade-distorting porkapalooza that was the 2002 farm bill.

The trouble is, even this modest fix is being heavily resisted by the farm lobby and its backers in Congress.

Canada to the rescue, to cite a rarely uttered line. The Canadian government could prove to be the U.S. taxpayers' best friend in the upcoming legislative battles. That's because Ottawa has taken the initial steps toward a complaint against Washington at the World Trade Organization, claiming that U.S. corn subsidies violate international trade laws.

The corn case comes on the heels of a 2004 WTO decision, in a case filed by Brazil, that some U.S. cotton subsidies were illegal and ordered dismantled. Though the U.S. has been flouting the ruling, the Bush administration does seem more committed than Congress to making sure that farm subsidies don't run afoul of international trade rules.

Farm subsidies are a New Deal legacy once aimed at helping poor farmers. The program has become a form of corporate welfare for big agribusiness. The problem isn't just that these subsidies are unfair to farmers in other countries that aren't insulated from market realities by their governments. It's that many farm subsidies, with their built-in price supports, pervert those markets by stimulating inefficient production that affects global prices.

Say the price target for corn is $3 a bushel, but the actual price suddenly drops to $1 (and say the cost of production is $1.50 a bushel) because there's a glut. Normally, that would send a signal to farmers that they should stop growing corn and plant something else. But if the government makes up the $2 difference, they're encouraged to keep growing corn at an artificial profit. All that excess has to be sold on the world market at low prices. U.S. farmers don't care because they've got their subsidies, but corn growers overseas are wiped out.

So why should Americans care? First, because other nations retaliate against U.S. exports. Second, because subsidies kill competition with foreign growers that would ultimately lower prices on some produce in this country. Third, because taxpayers are shelling out roughly $20 billion a year in subsidies to an agribusiness juggernaut that neither needs nor deserves the money at a time of ballooning deficits. And fourth, because the poor countries most harmed by our trade policies are the ones most likely to become failed states, embittered by our hypocritical preaching on the merits of "free trade."

Members of the WTO have been trying since 2001 to pass a multilateral deal under the Doha round of trade talks that would lower trade barriers around the world, but the prime sticking point is high agricultural subsidies in the U.S. and, more so, in Europe.

Bush's farm bill doesn't go nearly as far as it should to spur a successful Doha round. It would cut farm subsidies by about $4.5 billion over the next 10 years, hardly enough to generate excitement among our trading partners. But it does do away with some of the more outrageous inequities of the current bill, such as paying corporate welfare to farmers making more than $200,000 a year, and it de-emphasizes price supports in favor of direct payments to farmers, which are far less trade-distorting and bring the country under compliance with WTO rules.

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Most U.S. business interests would benefit from a relaxation of trade barriers worldwide, but the entrenched farm lobby is gearing up for a fight to protect its pork and to imperil Doha. So bring it on, Canada.

OTHER NEWS:

Giuliani On 2008 Bid: "A Real Good Chance" (NYT)

By Ray Rivera

The New York Times, February 4, 2007

Rudolph W. Giuliani appeared to move a step closer to announcing his presidential ambitions yesterday, saying after an appearance in South Carolina that "there's a real good chance" he will run.

Mr. Giuliani's intentions have been all but taken for granted by most political observers. He has made two trips to New Hampshire — home of the nation's first primary — and has promised to make more. He has formed an exploratory committee, hired campaign workers and moved to divest himself from a large chunk of his consulting business to avoid conflicts in the event of a presidential bid.

But on the nascent campaign trail itself, the former New York City mayor has coyly stepped around the question of "Will he or won't he?"

After a 30-minute speech before Republican Party leaders in South Carolina, Mr. Giuliani fielded the question again, but this time came closer than he had before to giving a definitive response in public. "There's a real good chance," he told an Associated Press reporter.

Mr. Giuliani's aides declined to comment further on the remark.

Other signals of his impending bid can be seen in his tightly packed schedule of appearances and fund-raisers in the days and weeks to come. According a source close to the campaign, the itinerary includes fund-raisers in Florida on Tuesday followed by more stops across the country before appearing as the keynote speaker at the California Republican Convention in Sacramento on Saturday.

Mr. Giuliani is not alone among potential Republican White House contenders who have yet to formally declare their intentions. Others include Senator John McCain of Arizona and former Gov. Mitt Romney of Massachusetts.

But Mr. Giuliani's delay has caused some political analysts to wonder if he is waiting too long, although others have said his name recognition gives him extra time before deciding to get into the race.

Patrick Dorinson, spokesman for the California Republican Party, said if Mr. Giuliani is thinking about announcing anytime soon, the convention in Sacramento could be an ideal setting.

"It's going to be very well attended," Mr. Dorinson said. "We've received a lot of media interest and members of the party are very excited about seeing Giuliani, so if he wanted to make an announcement, it certainly could be a place to do it."

In addition, Mr. Dorinson said, Mr. Giuliani will be the only potential presidential candidate speaking at the convention, so he will have the floor to himself.

The state party that propelled Arnold Schwarzenegger to the governor's mansion might also provide a warmer reception to Mr. Giuliani than, say, Iowa or South Carolina, where his moderate stands on abortion, gay rights and gun control are likely to find stiff resistance from social conservatives.

Mr. Dorinson said he had not heard any speculation that Mr. Giuliani would announce there and had not seen an advance copy of his speech. If it did happen, it would coincidentally come on the same day that Senator Barack Obama, a Democrat, has said he will formally declare his candidacy in Illinois.

"There's been so much talk about the Democratic race," Mr. Dorinson said. "We're just excited California Republicans will get to see a potential Republican candidate."

Rudy Giuliani Seriously Considering Presidential Bid (AP)

AP, February 3, 2007

COLUMBIA, South Carolina (AP) — Former New York City mayor Rudy Giuliani said Saturday he will probably run for president in 2008.

"There's a real good chance," Giuliani, a Republican, said after a 30-minute speech and question-and-answer session with party leaders in South Carolina.

On Giuliani's first visit to New Hampshire last weekend since setting up the committee, he told reporters he had received a tremendous amount of enthusiasm and support from people.

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But he said he had not yet decided whether he could make a "unique contribution" toward strengthening the United States that would justify a run for president.

He has emphasized his steady hand dealing with the aftermath of the Sept. 11, 2001 attacks. However, his moderate stances on gun control, abortion, gay rights and other social issues could be liabilities for him in a Republican presidential primary that includes hard-core conservatives as a central voting group.

For instance, in November, South Carolina voters overwhelmingly approved a constitutional ban on same-sex unions.

"The fact is I appeal to conservative Christians the way I appeal to everyone else," Giuliani said at a news conference. "I don't think you have separate appeals to people."

Giuliani formed a presidential exploratory committee in November to prepare for a possible bid for the Republican nomination in 2008. It lets him raise money and travel the country, gauging how much support there could be for him.

In his few first weeks, Giuliani took in $1.4 million. He collected donations online, and held a major fundraising event in New York in December.

Financial documents show that by the start of this year Giuliani had about $1 million available, having spent money to set up campaign headquarters, buy equipment and hire workers.

The Republicans' top tier of candidates for 2008 includes Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney, former Arkansas Gov. Mike Huckabee and Kansas Sen. Sam Brownback.

Inspiring Strong Emotions, And Very Mixed Ones, Too (NYT)

By Sam Roberts

The New York Times, February 4, 2007

Flawed or flawless?

That is the subtitle of a new oral biography of Rudolph W. Giuliani. The book may not change the minds of readers who believe he is one or the other, but some of the insights of friends, former friends, and unforgiving foes — most of whom were interviewed by Deborah Hart Strober and Gerald S. Strober — are nonetheless revealing about the former mayor and about New York politics.

Some were glowing, some vitriolic. In “Giuliani” (John Wiley & Sons), they combine into what Mr. Strober described as “a mixed bag.” Here are excerpts.

Did race play a role in the 1989 election, when David N. Dinkins, a Democrat, barely defeated Mr. Giuliani to become the city’s first black mayor? Mr. Dinkins suggested that was a possibility: “How does one figure? Whatever frailties, whatever shortcomings I had were certainly not evident at that point, and whatever greatness there was in Rudy had not yet been revealed. So how come 1.9 million votes, and I win by the skin of my teeth?”

Mr. Giuliani and former Mayor Edward I. Koch are both larger than life. How did working for them compare? Henry J. Stern, the former parks commissioner, replied:

“Koch was more collegial than Giuliani, but people knew that if they disagreed with Koch they would pay a price.”

Lillian Barrios-Paoli, who also served under both mayors, was Mr. Giuliani’s welfare commissioner, among other jobs. She offered another perspective. If Mr. Koch said to his advisers that he wanted to kill all 12-year-olds, she said: “I can think of 10 people who would say, ‘Please, get a life! What, are you crazy? No way!’ And there’d be a big argument and at the end of the day, somebody’s judgment would prevail.

“If Rudy would say, ‘Let’s kill 12-year-olds,’ there would be deep silence in the room, and then somebody would say, ‘That’s brilliant!’ And then somebody else would say, ‘Have you thought of 13-year-olds, too?’ ”

Mr. Giuliani refused to meet with a number of prominent black leaders, including the Rev. Al Sharpton. Rudy Washington, who as deputy mayor was the highest-ranking black member of the Giuliani administration, explained why:

“Rudy didn’t play that game: You don’t call me a racist, Al Sharpton, and then expect to meet me and work out a deal. You declare me your enemy, fine. I’m going to be your enemy.”

Mr. Giuliani’s refusal to meet with certain black elected officials, even after the police shooting of Amadou Diallo, an unarmed immigrant from Guinea, angered Mr. Koch so much that, he recalled, he even decided to participate in a demonstration.

“And so — only in New York City can this happen — I called Al Sharpton, who was in charge of the picketing in front of Police Plaza, and I said, ‘I want to get arrested. I have to get arrested early,’ because I was teaching at a college near Boston, Brandeis, and it was on a Monday, the one day I went there. ‘Can you arrange to get me arrested at 10 o’clock?’ ”

Why was Mr. Giuliani’s second term disappointing to some? Fran Reiter, a deputy mayor, said that Mr. Giuliani was not jubilant about his re-election in part because he realized that term limits made him a lame duck.

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"Psychologically, it makes for a very difficult approach to governing. This weighed very, very heavily on him and influenced how he governed in that second term. He seemed to lose his passion for the big projects. He got nitpicky."

Mr. Giuliani also was having marital problems, which he handled awkwardly. Herman Badillo, a mayoral adviser, said:

"As a matter of courtesy, you go and talk to your wife and say, 'I want a divorce.' You don't have a press conference to announce it."

His performance on and after 9/11 redeemed him in the eyes of many people. Some politicians, including Mr. Koch, criticized Mark Green, who was seeking the Democratic mayoral nomination in 2001, when he said he could have done the job as well as Mr. Giuliani or better. In the biography, Mr. Koch said:

"Nobody could have done it better than Rudy. But I believe that many, if not most, mayors would have done it as well because that's your job. And that saved Rudy's reputation: He became Mayor for the world, and you should not take any credit away from him. But to say that what he did was unique would be wrong."

Time may have altered Mr. Green's perspective on how he or his fellow Democrats might have performed:

"I can see some public officials overplaying the tough card, but I saw him up close during the weeks after 9/11, and he struck just the right note of toughness and compassion."

"Would someone else — Ruth Messinger or me or Dinkins — have done as well because the situation required that? I couldn't, and I wouldn't, say. You don't know until it happens."

Will Mr. Giuliani run for president? Interviewed in 2005, Mr. Sharpton said no.

"He knows that the honeymoon he's had with the media since 9/11 would be over if he ran and had to defend things that they don't now bring up."

"It's better to live the reinvention than to have somebody move the veil and see that the wizard really isn't the wizard. So right now, he can lead all the media and the national pundits on the Yellow Brick Road. He'd better never let us get near that veil. I know what's back there; I've pierced it before."

Suppose he runs and wins? Mr. Dinkins replied: "Rudy as president is kind of frightening. My question would be, Will I move to Bermuda? Where will I go?"

Saikou Diallo, Amadou's father, was equivocal: "He's a good leader, a very good leader, and very intelligent. If he changes his character, he may be a good president. But he has to change."

Frank Luntz, Mr. Giuliani's second mayoral campaign pollster, offered another perspective on the former mayor's personality:

"No one in New York, not even Ed Koch, could equal Rudy in the phrase, 'He says what he means and means what he says.'

"That's one of the reasons he won so overwhelmingly in that election. It wasn't about policy or issues. It was about character."

McCain's Advisers Once Made Ads That Drew His Ire (NYT)

By Jim Rutenberg

The New York Times, February 4, 2007

WASHINGTON, Feb. 2 — Senator John McCain, intent on succeeding where his freewheeling presidential campaign of 2000 failed, is assembling a team of political bruisers for 2008. And it includes advisers who once sought to skewer him and whose work he has criticized as stepping over the line in the past.

In 2000, Mr. McCain, Republican of Arizona, said the advertisements run against him by George W. Bush, then the governor of Texas, distorted his record. But he has hired three members of the team that made those commercials — Mark McKinnon, Russell Schriefer and Stuart Stevens — to work on his presidential campaign.

In 2004, Mr. McCain said the Swift Boat Veterans for Truth advertisement asserting that Senator John Kerry of Massachusetts had not properly earned his medals from the Vietnam War was "dishonest and dishonorable." Nonetheless, he has hired the firm that made the spots, Stevens Reed Curcio & Potholm, which worked on his 2000 campaign, to work for him again this year.

In October, Mr. McCain's top adviser expressed public displeasure with an advertisement against former Representative Harold E. Ford Jr., Democrat of Tennessee, that some saw as having racist overtones for suggesting a flirtation between Mr. Ford, who is black, and a young, bare-shouldered white woman, played by a blond actress.

The Republican committee that sponsored the spot had as its leader Terry Nelson, a former Bush campaign strategist whom Mr. McCain hired as an adviser last spring. In December, just weeks after the Ford controversy broke, Mr. McCain elevated Mr. Nelson to the position of national campaign manager.

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Taken together, the moves provide the strongest indication yet that Mr. McCain intends to run a far tougher campaign than the one he ran in the 2000 primary. And they come as he transitions from being a onetime maverick to a candidate seeking to gather his party around him and create an air of inevitability about his prospects for winning nomination.

As Mr. McCain assembles his team, he is also making it that much harder for his Republican challengers by scooping up a significant circle of the party's top talent.

In recent years, Mr. McCain has made a concerted effort to mend fences with Mr. Bush and reassure the Republican base that he is a reliable conservative. But his moves have focused new attention on the extent to which he may risk sacrificing the image he has long cultivated of being his own man, driven by principle rather than partisan politics.

Mr. McCain's advisers said he was not changing. But they were unapologetic about putting together a group dedicated to doing what it takes to reach the White House and employing lessons from his defeat at the hands of Mr. Bush in 2000.

"This is about winning at the end of the day," said John Weaver, Mr. McCain's longtime senior strategist. "I don't want to be in a knife fight ever again, but if I am, we're going to win it."

Mr. McCain's representatives said he would not provide an interview.

Seven years ago, Mr. McCain charmed the news media and the public with his Straight Talk Express bus tour. He had a lean operation befitting an upstart candidacy, and he regularly spoke out against attack advertising, a quaint notion in retrospect.

In the end, he ran his share of confrontational advertisements, once even leveling the ultimate Republican-to-Republican insult: that Mr. Bush was as dishonest as Bill Clinton. But he was perceived as having been knocked back on his heels by the rougher, tougher Bush campaign.

Now Mr. McCain is building a larger organization, bringing together the heart of the bare-knuckled Bush crew once overseen by Karl Rove while keeping most of the advisers who ran his shoestring effort of 2000.

"It's like an all-star World Wrestling Federation cage match, except that instead of fighting one another, all of the brawlers are on the same team," said Steve McMahon, a strategist for the Democratic National Committee. "There are very few people who play this game at the highest level, and on the Republican side these guys are among the best."

Mr. McCain has also hired Brian Jones, an adviser to Mr. Bush's 2004 campaign; Fred Davis, a media consultant for Mr. Bush in 2004; and Steve Schmidt, who oversaw Mr. Bush's 2004 war room, exploiting any tidbit that could help paint Mr. Kerry as a "flip-flopper."

The hires are another signal that the 2008 primary campaign could be a combative one all around.

On the Democratic side, John Edwards, the former senator from North Carolina, has wasted no time attacking Senator Hillary Rodham Clinton's position on Iraq. And Mrs. Clinton's team includes strategists who invented the concept of the modern campaign war room for her husband 15 years ago. But Senator Barack Obama of Illinois drew cheers at a party gathering on Friday when he warned his fellow candidates against attacking one another.

Mitt Romney, a Republican and the former governor of Massachusetts, has hired Alex Castellanos, a onetime Bush strategist who also famously produced the 1990 commercial for Jesse Helms, the former North Carolina senator, in which a pair of white hands crumpled a rejection letter as a narrator said, "You needed that job and you were the best qualified, but it had to go to a minority because of a racial quota."

Given Mr. McCain's history with some of the people on his team, the evolution of his staff may present an early challenge: How does he stay true to the "Straight Talk" spirit of his 2000 campaign, which helped him win the stature he has now, while also engaging in the political brinkmanship it can take to win?

The Democratic National Committee is already criticizing Mr. McCain for his hires, issuing a statement this week calling them "a testament to how far he's gone down the do-anything-to-win path."

Tony Fabrizio, a Republican pollster who is not yet allied with a candidate, said Mr. McCain was running the risk of looking "politically expedient" and of blunting his brand as "Senator Straight Talk." He said the risk was highlighted by Mr. McCain's recent suggestions that he may not use the campaign finance system he has long championed.

In 2000, Mr. McCain received money from the system, which gives public financing to candidates who agree to strict spending limits. Mr. Weaver, the senior strategist, said Mr. McCain was keeping his options open because others, including Mrs. Clinton, were planning to work around the system.

As Mr. McCain's aides often point out, for all its appeal, the McCain 2000 campaign was a losing one. And they said it would be unfair to suggest that because Mr. McCain was augmenting his team he was somehow preparing to change who he was.

"There are no negotiations regarding his principles," Mr. Weaver said.

In an interview on Friday, Mr. Jones, the campaign communications director, said Mr. McCain was not allowing his distaste over the Swift Boat commercials to interfere with his relationship with Stevens Reed Curcio & Potholm, with whom Mr. McCain has his own decade-long association. In addition, he said, Mr. McCain hired Mr. Nelson because of his breadth of experience in

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national campaigns. "The campaign," Mr. Jones said, "is not going to let past contests on the battlefield limit how it's going to go after talent."

Presidential politics are rich in fungible allegiances. James A. Baker III ran the primary campaigns of Gerald Ford and the elder George Bush against Ronald Reagan, only to become Mr. Reagan's chief of staff. This year, David Axelrod is serving as a senior strategist for Mr. Obama; he was a senior strategist to Mr. Edwards in his 2004 campaign.

"You could dissect any campaign this way: this guy did this ad this one time," said Mr. Schriefer, the former Bush media strategist, who will run Mr. McCain's advertising team. "There's a tremendous history of foes becoming allies."

Mr. McKinnon, who led Mr. Bush's advertising group in 2004, said he saw no inconsistency in working for Mr. McCain. Mr. Bush was right for 2000, he said, and Mr. McCain is right for 2008. "At the end of the day, the campaign will be won or lost on the character of the candidate and his or her core message," Mr. McKinnon said. "Of course, I believe that will be John McCain."

Asked if the senator would avoid the attacks he criticized in 2000, Mr. Jones said that while Mr. McCain had yet to declare his candidacy, any campaign he ran would be "consistent with his beliefs and values."

Romney Targeting McCain (TSSC)

By Lee Bandy

The State, February 4, 2007

Mitt Romney's assignment in the 2008 S.C. Republican presidential primary is simply this: Derail John McCain's "Straight Talk Express."

If there were any doubts about Romney's mission, they were erased during the former Massachusetts governor's two-day visit to the state last week.

Romney attracted large, enthusiastic crowds at stops in Charleston, Aiken and Columbia. It was a shot in the arm for his campaign.

Romney's chief rival in South Carolina is McCain, the U.S. senator from Arizona who leads in the polls here and enjoys the backing of the state's GOP establishment.

Romney isn't impressed.

Endorsements never elected anybody, he says.

"A message is what people want to hear. When you decide who you want to vote for, you don't say, 'Gosh, I wonder what my city counselor is going to do.'"

In the 2000 S.C. Republican presidential primary, McCain won 43 percent of the vote, losing to then-Texas Gov. George W. Bush.

Today, McCain is polling about 38 percent against Romney and former New York City Mayor Rudy Giuliani.

Romney suggested his business experience better prepares him for the White House than the backgrounds of his two rivals.

"I come from a private sector, where talk is worth nothing and action is everything," said Romney, who spent 25 years managing businesses and making investments around the world.

He tends to dismiss the experience of his primary challengers.

Giuliani was a mayor and a prosecutor — "a very different experience," Romney said.

And McCain?

Oh, he has been a U.S. senator for a decade or more, Romney said.

Then he pointed out his differences with McCain.

Romney noted his foe from Arizona wrote the McCain-Feingold campaign finance reform law that restricts certain types of contributions.

"That's a terrible piece of legislation," Romney said. "It hasn't taken the money out of politics. ... (But) it has hurt my party."

Conservative Christians, who make up a third of the GOP primary vote, oppose McCain-Feingold.

But that's not all.

McCain opposed President Bush's tax cuts, Romney noted.

"I supported them," the former governor said.

McCain believes the president's interrogation of terrorist detainees was a violation of the Geneva Accords.

"I disagree with him," Romney said.

Of the McCain-Kennedy immigration bill, Romney said, "I think it was a mistake."

The former governor couldn't have been any clearer in pointing out his differences with McCain.

He let Giuliani slide.

Perfectly understandable; his S.C. mission is to "stop McCain."

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Mavericks Both, But Different Iraq Paths (NYT)

By Jeff Zeleny

The New York Times, February 4, 2007

WASHINGTON, Feb. 2 — The first time Senator John McCain ran for president, few allies were more loyal than Senator Chuck Hagel, a fellow Vietnam veteran and co-chairman of his campaign, whose independent streak ran nearly as thick as Mr. McCain's.

Even after Mr. McCain lost that race seven years ago, the two friends seemed to revel in rankling the Republican establishment, often infuriating the White House from their side-by-side suites in the Russell Senate Office Building. A photograph in Mr. Hagel's office shows President Bush standing between the men, his arms slung around their necks.

Below the picture, the president scribbled, "Chuck, is it a rose between two thorns?"

But at the dawn of the 2008 presidential campaign, as a debate over the administration's Iraq policy intensifies on Capitol Hill, Mr. Hagel is standing alone.

Mr. McCain is perhaps the most influential and outspoken supporter in Congress of the president's plan to send more troops to Iraq. Mr. Hagel is the most outspoken critic of the war among Senate Republicans. Mr. McCain has moved to court conservatives. Mr. Hagel, conservative by any measure, seems to have assumed Mr. McCain's former role as their party's leading maverick.

And Mr. McCain is unambiguously running for president. Mr. Hagel is still trying to make up his mind.

The gulf between them is a personal manifestation of the broader national debate over the war and, to some degree, the legacy and lessons of Vietnam. It also speaks to the deep divisions among Republicans as they confront the political fallout from the war, the need to develop a post-Bush posture on national security and the fight over who should lead their party and the country.

The men's diverging views on Iraq set the parameters for the debate scheduled to unfold next week as the Senate opens its most extensive deliberations of the war since it began.

Mr. Hagel is a lead sponsor of a resolution intended to rebuke the president; Mr. McCain has offered a plan to give the administration one more chance in Iraq.

While the two senators may not talk as often as they once did, associates of both ascribed that to their chaotic schedules, particularly that of Mr. McCain, who often zips away on a political trip the moment the Senate is out of session. And both men insist their bond is rooted deep enough to withstand any dissension.

Mr. McCain, who once referred to Mr. Hagel as "a John McCain without the attitude problem," said his feelings had not changed. "You can disagree on an issue," he said, "without having it affect your relationship of many, many years."

Mr. Hagel, who once seemed certain to endorse his friend's candidacy if he did not seek the presidency himself, declined to say whether their differences on Iraq would keep him from supporting Mr. McCain. But, he added, "John McCain will always be one of my dearest friends, regardless of where this presidential campaign goes."

So how can two men, similar in temperament and background, come to such a different conclusions over military strategy in Iraq? Friends of both men say they believe that the respective Vietnam experiences of Mr. McCain, a prisoner of war for five years, and Mr. Hagel, an enlisted man on the front lines, offer a window into their diverging views.

"John McCain was a prisoner of war; I respect what he had to go through," said Senator Jim Webb, Democrat of Virginia and a combat veteran of Vietnam. "He did not see the ground environment, how difficult things really are on the ground. He did not really see how bad this country was torn apart by the war, for the unfortunate reason that he was in prison."

Mr. Webb, who opposes the plan to send more troops to Iraq, said he respected Mr. McCain immensely. But, he added, "Chuck Hagel and I both intrinsically understand how difficult it is in an infantry environment to carry out some of these goals and we both experienced what it was like to come back to a pretty hostile peer group."

Senator Lindsey Graham, a South Carolina Republican who is close to Mr. Hagel and Mr. McCain, said that political calculations did not play a role in the views of either.

"It is not popular for a Republican to be doing what Senator Hagel is doing; it is not popular for somebody who wants to be president and trying to capture the independent vote to be doing what Senator McCain is doing," Mr. Graham said. "Both of them have come to different conclusions about the long-term national security interests of the country. They have polar opposite views of how to proceed, but the commonality is that they're not worried about the political moment."

Unlike Mr. Hagel or other combat veterans in the Senate, Mr. McCain seldom draws comparisons to his own decorated military service when he discusses Iraq strategy.

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“What drives my decisions is not experiences that I’ve had a generation ago,” Mr. McCain said. “What drives my decisions is my knowledge, information, study, consultation that makes me decide on any issue. My views on the world and life are not driven by my experience in Vietnam.”

Not so for Mr. Hagel, who has been a vocal critic of the administration’s Iraq strategy since the start. Four years ago, he said the mission had similarities to his war from a generation ago, but since then he has denounced the Iraq war as “an absolute replay of Vietnam.”

“I think I’m the only member of the Senate who was an enlisted man on the ground, who went over to Vietnam as a rifleman, a private, and I saw that war from the bottom up — really from the bottom up,” Mr. Hagel said. “I saw the human dynamic of war that has stuck with me.”

This week, on the same day that Senate leaders jockeyed over how to proceed with a bipartisan Iraq resolution, Mr. Hagel left the capital and flew back to Nebraska to attend the funeral of First Lt. Jacob N. Fritz, 25, who was abducted and killed on Jan. 20 in Karbala. Mr. Hagel appointed Lieutenant Fritz to the United States Military Academy at West Point.

In response to his forceful criticism, Mr. Hagel said, he has received letters calling him a “traitor” and “a yellow-chicken senator.”

“I’m called ‘a disloyal Republican’ and I’m called ‘not a real conservative Republican,’ ” Mr. Hagel said. “So conservative Republicans support the war and liberal Democrats don’t support war? You see how silly all that is? Republicans and Democrats both die in war.”

By being the fiercest Republican skeptic of the White House, Mr. Hagel acknowledged that his ambitions were also enmeshed in the politics of Iraq. He said he would decide in a few weeks whether he would run for president, re-election to the Senate or neither. If he seeks the presidency, he said, his views on Iraq will become suspect.

“Once you commit to being a candidate, your motives are impugned,” Mr. Hagel said. “Is that a reason not to do it? Yes, it is.”

A Bar, A Brew, A Drifting Senator (HARTC)

By Mark Pazniokas

The Hartford Courant, February 3, 2007

TORRINGTON -- Ollie's Café usually doesn't open until 3 p.m. on Fridays, when karaoke is the regular attraction. But two dozen patrons waited inside the dark, tiny bar at noon for a long-awaited beer with Sen. Joseph I. Lieberman.

Lieberman was a Democrat the last time he stood in Ollie's, asking conservative Democrats to stick with him in a tough re-election, when 65 percent of Democrats eventually would reject him over the war in Iraq. His supporters are still with him now, even as Lieberman drifts further from his old party.

He calls himself an independent, though he remains a member of the Senate Democratic caucus, giving it a one-vote majority. He publicly flirts with voting Republican for president in '08 - prompting speculation he might join Republican Sen. John McCain on a fusion ticket.

"No, that's not going to happen," Lieberman said Friday on his way into Ollie's. "My days of seeking national office are over. I'm very happy, particularly after what I went through last year to be the senator from Connecticut. I want to do the best job I can at that."

In Washington, six of the nine Democratic presidential hopefuls - including Sen. Christopher J. Dodd, D-Conn. - spent the morning addressing the Democratic National Committee. Dodd crowed that the Democratic takeover of Congress last fall represented a win by "the Democratic wing of the Democratic Party."

Outside Ollie's, Lieberman smiled when asked if he eventually might support Dodd, who opposes increasing U.S. troop levels in Iraq, a move that Lieberman supports.

"I am going to support the presidential candidate that I think is best for our country at a very tough time in our country's history," Lieberman said.

He said he would not rule out supporting a candidate who opposes the war, saying he would weigh a range of issues. Connecticut voters re-elected him, even though a majority disagree with him over the war.

"On matters of domestic policy I agree more often than not with Democrats," Lieberman said. "On matters of foreign and defense policy these days, I seem to agree more often than not with Republicans."

Nancy DiNardo, the Democratic state chairwoman, doesn't know what to make of Lieberman, her party's 2000 nominee for vice president and, briefly, a presidential candidate in 2004.

Reached by phone at the Democratic National Committee meeting in Washington, DiNardo said she and Lieberman have yet to discuss his place in the party.

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DiNardo supported Lieberman in the primary, then backed the eventual Democratic nominee, Ned Lamont, in the general election. It was a stance taken by Dodd and most other prominent Democrats.

"It has been awkward," DiNardo said of the three months since the election. "I think there have been bruised feelings on both sides."

DiNardo said she has found no road map, no precedent for how to deal with a major figure in the party who has one foot out the door, yet won't quite leave.

At Ollie's, no one found Lieberman's status awkward. He is the winner of the 2006 election, a hawk like them who came Friday to deliver on a promise to share in a celebratory beer.

"I am full of gratitude, I really am, to people who stuck with me last year and gave me the chance to continue to serve," Lieberman said. "So it's important for me to come back and say thank you - and also come back and listen."

Bill Battle and Lieberman threw their arms around each other inside the bar, which erupted in cheers. Battle stuck with him after the primary, quitting the Democratic town committee so he could run Lieberman's petitioning effort in Torrington, a community that went for Lieberman.

"What we have here is a robust common sense," Battle said.

The view at Ollie's is that America cannot afford to lose in Iraq.

Lieberman accepted a Samuel Adams winter lager in a frosted glass, then circled his way around the bar, pausing for photos and good wishes. He fell into a happy conversation by the door with Battle.

His driver reminded him of an interview he promised with National Public Radio.

Lieberman sipped a beer. Smiling, he shook his head and told his aide, "NPR will have to wait."

GOP's Conservatives Strain For Leadership (WT)

By Ralph Z. Hallow

The Washington Times, February 4, 2007

BALTIMORE -- Conservative House Republicans are disappointed that their leaders have no strategy to win back in 2008 the majority they lost in November.

"We think they need to be a lot more aggressive than they are," Rep. Steve King of Iowa said. "They don't seem willing to have blood on the floor, and there's got to be blood on the floor."

He and other House conservatives who came here from Washington for an annual meeting say they are united in thinking that the United States must win the war in Iraq.

That view, however, puts them at odds with the majority of voters, who say in poll after poll that they no longer support the war, think victory is unachievable and is not worth the cost in money or lives.

"We are united in understanding that we have to win the war," Rep. Lynn Westmoreland of Georgia said. "Our goal is to make sure we do whatever is necessary to strengthen and hold up Iraq's government and get that nation off on its own."

The 48 conservative lawmakers who met here for the annual House Republican Study Committee (RSC) retreat generally agreed that their 2008 presidential nominee would be Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney or former New York Mayor Rudolph W. Giuliani.

"I don't see any one of them being singled out as a great front-runner by the House Republican members or any one of them being singled out as a 'no-go,' " Rep. Tom Price of Georgia said. "But whichever one of the three gets the nomination is going to have to have some link to the South, which is the bedrock of the Republican Party."

But the legislators also agreed they were not inclined to coalesce behind any one of the three and thought each of them fell short of the highest conservative standards.

Though the Heritage Foundation, sponsor of the annual retreat, had invited all three of the men to speak, only Mr. Romney showed up.

The lawmakers gave him a cordial hearing during his luncheon speech Friday, after which he took generally friendly questions from the members.

Mr. Romney said that while "no one wants to be at war with Iran," it's critical to make sure Iran "doesn't develop nuclear technology." He said engaging Iran in negotiations "is not the way to go."

On the divisive issue of illegal aliens, guest workers and amnesty, Mr. Romney said he eventually will take a position on whether citizenship should continue to be given automatically to anyone born on U.S. soil to parents who are not U.S. citizens. He also said that in approving immigration applications, U.S. officials should consider whether "someone has a high school or college degree and can bring skills to make them greater contributors to our society."

Former House Majority Leader Tom DeLay addressed the group Friday morning, but the most impressive performer, members said, was former House Speaker Newt Gingrich, who gave the dinner speech Thursday.

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"We have to act independently of the White House. You do not serve the president, you serve with the president," Mr. Gingrich said, according to a Republican present at the dinner, which was closed to the press.

"Newt blew the group away," said another Republican who attended the dinner. "He is on such a different intellectual plane. He warned that the conference moves too slow and the RSC should be outmaneuvering the conference. He also said that the Republicans should neither blame nor support President Bush on issues that divide the Republicans from their base."

Underdogs Demand Iraq War's End, Troops Home (WT)

By Donald Lambro

The Washington Times, February 4, 2007

Democratic candidates whom many consider underdogs for the presidential nomination in 2008 continued their party's attacks on the Iraq war yesterday, demanding it be ended and the troops brought home immediately.

"We must stop this war," Sen. Joseph R. Biden Jr. of Delaware declared on the final day of the Democratic National Committee's (DNC) three-day winter meeting here.

Democrats at the meeting approved a party resolution opposing President Bush's plan to send 21,500 more troops to Iraq, calling instead for a "broadening of diplomatic initiatives" to end the conflict.

Mr. Biden, who is making a second bid for his party's nomination, said reducing the number of troops in Iraq, "not escalating America's troops, is the only way to force Iraq's leaders to seek a political settlement." "The surge in troops is not a solution," said Mr. Biden, chairman of the Senate Foreign Relations Committee. "It is a tragic mistake, and I will do everything in my power to stop it."

Former Iowa Gov. Tom Vilsack went further than many of his Democratic rivals who are calling for a phased troop withdrawal from Iraq over the next year or two. He said that reducing the number of U.S. forces in Iraq over time would not represent "a real change" in policy on the war.

"The real change is we want our troops out now. The war must end, and our troops must be brought home now, not eventually but immediately," Mr. Vilsack said.

The two-term governor also reminded DNC members that the only Democrats to win the presidency in recent decades were governors who ran against the Washington establishment.

Identifying himself as "an outsider" who has run a government, balanced a budget and managed a state economy, Mr. Vilsack said "we win as outsiders." Though he did not mention any names, his remark was a reminder to his audience that a half-dozen of the party's presidential contenders -- including front-runners Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois -- are members of Congress.

New Mexico Gov. Bill Richardson, the only other state chief executive seeking the Democratic nomination, also raised the end-the-war ante against his party's pack of candidates in a speech that pointedly criticized the Democrats' pending nonbinding Senate resolution against Mr. Bush's troop surge.

"As someone who served in Congress for 14 years, I know the power they hold, should they choose to wield it. The Congress passed a resolution authorizing the war. They need to pass another that overturns that authorization ... and brings our troops home by the end of the year," he said.

And in an unusual twist in the increasingly heated debate over the war, Mr. Richardson offered an assessment with which even Mr. Bush might partially agree.

"The reality is, we have done in Iraq what we said we would do. We have rid the world of a brutal dictator. We have brought about free and fair elections three times over," he said. "The Iraqis now have a constitution, over 200,000 armed soldiers and they have oil revenue. It's time for our troops to leave with honor."

Moreover, at a time when foreign policy and national security have become central issues, the former U.N. ambassador who has brokered foreign policy disputes around the world, implicitly raised the lack of foreign policy experience among most of his party's candidates.

"I know the usual rap on governors -- that we don't know anything about foreign affairs," Mr. Richardson said. "Well, maybe you can say that about governors from Texas, but not this governor."

Democrats Split On How To End The War (WP)

By Dan Balz

The Washington Post, February 4, 2007

The war in Iraq is shaping the opening stages of the contest for the 2008 Democratic presidential nomination, just as it did in the 2004 campaign.

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After 10 candidates' speeches over two days at the winter meeting of the Democratic National Committee in Washington, the war proved again to be the central point of differentiation among the party's presidential contenders.

What emerged was a division over how to stop the war, one likely to intensify as Congress debates measures ranging from a nonbinding resolution condemning President Bush's proposal to send more troops to Iraq to more controversial legislation that would restrict or cut off funds for the military mission.

Four years ago, former Vermont governor Howard Dean tapped into the growing opposition to the war among party activists and turned a long-shot candidacy into a force to be reckoned with until his campaign imploded in Iowa.

Now everyone running opposes the war, but the self-styled outsiders in the race -- those not in the Senate -- see political gain in pressing for a speedy end to the war, and in the process they are putting pressure on prominent candidates such as Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.) to follow suit.

"As someone who served in Congress for 14 years, I know the power they hold, should they choose to wield it," New Mexico Gov. Bill Richardson told the DNC yesterday at the Hilton Washington hotel. "The Congress passed a resolution authorizing war. They need to pass another one that overturns that authorization and brings our troops home by the end of the calendar year."

Former senator John Edwards (N.C.) was equally adamant on Friday that members of Congress stand up against the president. "It is a betrayal not to stop this president's plan to escalate the war when we have the responsibility, the power and the ability to stop it," he said. "We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore."

Edwards favors an immediate withdrawal of up to 50,000 troops, with the rest brought home within 18 months.

Former Iowa governor Tom Vilsack was just as pointed in calling for congressional Democrats to act boldly to stop the war. "I think Congress has a constitutional responsibility and a moral obligation to do it now," he said yesterday. "Not a cap, an end. Not eventually, immediately. Those who voted for the war, those who voted to continue to support the war, those who voted to continue funding the war can surely vote to stop the war."

Clinton on Friday defended her support for a nonbinding resolution expressing disapproval of the plan to send more troops to Iraq, but she made a point to say that she is now ready to press for tougher action.

"I want to go further," she told the audience of Democrats who will be delegates at the party's national convention in 2008. She outlined other steps she has proposed to cap the number of U.S. troops in Iraq and pressure the Iraqi government. But she has so far resisted embracing any timetable for bringing home the troops.

Obama, who is to formally launch his candidacy Saturday in Illinois, opposed the war initially and last week moved past Clinton with a proposal to withdraw virtually all U.S. forces by March 31, 2008.

But in his speech on Friday, Obama was less explicit than other Democrats about the way forward. Calling the war "a tragic mistake," he said, "We all have a responsibility now to put forth a plan that offers the best chance of ending the bloodshed and bringing the troops home."

Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee, condemned Bush in harsh language yesterday. "Mr. President," he said, "the majority of Americans who oppose you in Iraq are not the ones emboldening the enemy. That's the one mission you have accomplished."

Biden said he would do "everything in my power" to block the president's decision to deploy more troops. His broader proposal calls for a political solution that would provide regional autonomy for Shiites, Sunnis and Kurds and guarantees by the central government that Sunnis would share in the country's oil revenues. He wants to draw down U.S. forces.

The weekend of speeches did little to reorder the Democratic race, with Clinton seen as the early front-runner and Obama and Edwards viewed as her most serious rivals starting out.

Based on conversations with DNC members and others who attended the meeting, Edwards and Richardson helped themselves more than any of the other candidates did. Edwards won repeated applause with his speech, and Richardson drew strong reviews for his.

Former senator Mike Gravel (Alaska), the fourth speaker at yesterday's session, was perhaps the harshest of any of the candidates in denouncing those Democrats who supported the war initially. But he did little to advance his dark-horse candidacy, according to party activists, by delivering a 25-minute speech, the longest of the weekend and 18 minutes longer than the routinely ignored seven-minute time limit imposed by the DNC.

By that measure, Biden was the big winner. The normally windy senator delivered the shortest speech of the weekend. He opened with another apology for describing Obama as an African American who is "articulate and bright and clean and a nice-looking guy," a comment that ruined the opening day of his campaign Wednesday.

"So, how was your week?" he began, to laughter. He quickly turned contrite: "I want to say that I truly regret that the words I spoke offended people I admire very much."

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Richardson To Democrats: Bring Troops Home Now (ABQ)

By Woody Brosnan

Albuquerque Tribune, February 4, 2007

WASHINGTON — Gov. Bill Richardson told Democrats here today that Congress should repeal the authorization for the Iraq War and "bring our troops home by the end of this year."

Like the other Democrats running for president, Richardson used the two-day meeting of the Democratic National Committee Friday and Saturday to stake out his position on the central issue of the campaign.

Sens. Hillary Clinton of New York and Joe Biden of Delaware are supporting a bipartisan resolution opposing President Bush on sending a surge of troops to Baghdad.

Connecticut Sen. Chris Dodd said that's not enough. Former North Carolina Sen. John Edwards said Congress should block the escalation. Sen. Barack Obama of Illinois wants to set a March, 2008 deadline for withdrawing troops. Rep. Dennis Kucinich of Ohio wants to cut off funds for the war.

Former Iowa Gov. Tom Vilsack is urging state legislatures and city councils to pass resolutions opposing the surge, but leave a combat force in northern Iraq.

"Those who voted for the war, those who voted to continue the war, can surely vote to end the war," Vilsack said today.

Richardson, who initially supported the war but now says it was a mistake, said the United States has accomplished its mission of getting rid of Saddam Hussein, bringing about elections and creating an Iraqi army.

"It's time for our troops to leave with honor," said Richardson. "A struggle between a country's warring factions, where both sides hate the United States, is not worthy of one more lost American life."

The speaking times of the candidates Friday and Saturday were chosen by lot, as were the delegates introducing them. But Richardson's introduction was written by Linda Lynch, wife of journalist Paul Salopek, who was released from a Sudanese jail through Richardson's intervention.

"He brought my Paul home," wrote Lynch.

Candidates were supposed to speak for only seven minutes, but only Biden, often criticized for talking too much, did so.

Richardson spoke for 24 minutes, using much of his speech to talk about his record in New Mexico, tailoring his remarks to appeal to the delegates.

Richardson drew applause when he bragged about reinstating collective bargaining for public employees, for raising teacher pay in New Mexico from 48th in the country to 27th, for passing a state hate crimes law and adopting policies to reduce greenhouse gas emissions.

"Every one of these accomplishments can be done at the national level," he said.

Richardson also touted his experience as a negotiator with North Korea and Sudan.

"I know the usual rap on governors - that we don't anything about foreign affairs. Well, maybe you can say that about certain governors from Texas. But not this governor," said Richardson, drawing an appreciative laugh from the audience.

Richardson also called on all Democratic candidates to not attack each other and asked the DNC to pass a resolution to that effect. But DNC chairman Howard Dean said it would have to be taken up at their June meeting.

Richardson ended the speech by acknowledging his low standing in the polls but he asked the Democrats to "stay loose" and watch the campaign. Later, he told reporters, "I'm right where I want to be."

The state committee members represented at the meeting will automatically qualify as super-delegates, which also means most can wait until the primaries and caucuses are well underway before they commit to a candidate.

Former Mississippi Gov. Ray Mabus, who's backing Vilsack, said the advantage for candidates like Vilsack and Richardson is that all the attention on the so-called top three - Clinton, Edwards and Obama - allows them to get their "sea legs" in the race.

"It's all a beauty contest which means they (the top three) have nowhere to grow," said Richardson volunteer Kenneth Bulko, of Albany, N.Y., as he passed out bumper stickers and folders at the Richardson table.

Dustin Taylor, a 26-year-old University of New Mexico student, passed out stickers for Richardson along with a dozen or so other 20-somethings. Taylor, who is interning for Rep. Tom Udall, Santa Fe Democrat, said Richardson is "the most electable candidate."

Vilsack Calls For End To Financing Of Iraq War (DMR)

Des Moines Register, February 4, 2007

Washington, D.C. – Presidential candidate and ex-Gov. Tom Vilsack painted himself as an outsider and a truth-teller before members of the Democratic National Committee here today, calling for an immediate end to financing of the war in Iraq.

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While some contenders for the Democratic nomination have advocated a cap on troops, the Iowa Democrat said that represents staying the course rather than real change. As president, he would withdraw the troops and force Iraqis to take charge, he said.

"Congress has the constitutional responsibility and a moral obligation to do it now," Vilsack said, to cheers, in a clear shot at opponents such as Sen. Hillary Clinton of New York, who said Friday that there aren't the votes in Congress for a speedy pullout.

"Those who voted for the war, those who voted to continue to support the war, those who voted to continue funding the war, can surely vote to stop the war," said Vilsack. "As an insider it's difficult to effect change . . . as an outsider we can change things . . . we win as outsiders."

Vilsack was the last of 10 presidential candidates to speak over two days to key Democrats from across the country shopping for their next nominee. His speech came amidst a busy weekend in the capital, with an appearance on MSNBC early today and an interview Sunday with Wolf Blitzer on CNN's "Late Edition."

Looking on was Democrat Anne Dowling of Canterbury, N.H., who said she already had seen Vilsack at a breakfast in her early-primary state. "I like him," she said. "He's very organized in his thinking, and he communicates well."

While her mind is not yet made up, she said Vilsack remains a possibility. "I think he has a nice calm about him," Dowling said.

Preceding Vilsack in today's lineup were Sen. Joe Biden of Delaware, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel. Biden gained unwelcome and widespread attention earlier this week when he described Sen. Barack Obama of Illinois as "the first mainstream African-American who is articulate and bright and clean."

Biden opened his remarks today by asking: "So, how was your week?" as the hall rocked with laughter. But on a more serious note, he said that "I truly regret the words I spoke of people I respect very much."

On Iraq, he said the proposed increase in troops is a "tragic mistake" and "I will do everything in my power to stop it."

Richardson, the only other governor in the race, like Vilsack cited his success as the chief executive in a state and called on Democrats to approve a resolution calling on all the candidates to run clean campaigns.

"The American people need to know we're standing up for them and that we can get the job done," said Richardson, who also urged Democrats to "stay loose" and consider all the candidates.

Trent Armitage and Cameron Patterson, both 19 and students at Longwood University in Farmville, Va., said they are undecided on their first votes ever for a presidential candidate.

"I definitely want a strong Iraq war policy," said Armitage. "And I do really want a person who's going to do a lot for universal health care."

Patterson said he is leaning toward supporting Richardson or John Edwards, but "I'm willing to give Governor Vilsack a look," he said. "The fact he's a former governor would be a tremendous help, because he has strong executive experience."

Democrats Endorse Voting Measure (WP)

By Robert E. Pierre

The Washington Post, February 4, 2007

The District's effort to win a full seat in the House of Representatives won unanimous support yesterday from the Democratic National Committee.

It was the first step in a national lobbying campaign that will ask each of the presidential candidates to embrace the idea and will include grass-roots efforts in such early-voting states as Iowa and New Hampshire. The goal is to persuade members of the Democratic-controlled Congress to pass legislation by summer.

"We're very excited," said the DNC resolution's author, Donna Brazile, who ran Al Gore's 2000 presidential campaign. "This is the beginning of a 50-state campaign."

For decades, the District has fought for a voting seat in Congress. Del. Eleanor Holmes Norton (D-D.C.), can vote only in committees and on amendments to legislation. But legislation introduced last month would add a full seat in Congress for the heavily Democratic District and one for Utah, which is solidly Republican.

Passage is far from certain. Republicans are divided on the issue, and the measure would need 60 votes in the Senate to avoid a filibuster. Democrats, who have concerns of their own, hold a one-vote majority. Brazile remained optimistic about gaining traction.

Local activists and elected leaders, including D.C. Mayor Adrian M. Fenty (D), are also ramping up their efforts. On two days of lobbying and protest, one Feb. 15 and another in April, D.C. residents will take their message to Capitol Hill.

Biden Says He Regrets Remarks On Obama (AP)

DOJ_NMG_0127581

By Nedra Pickler
AP, February 3, 2007

WASHINGTON -- Senator Joseph Biden tried yesterday to stem the damage from the botched launch of his presidential campaign as underdog candidates in the Democratic field looked to gain momentum from the party faithful.

The Democratic National Committee wrapped up a three-day winter meeting that offered speeches from all 10 candidates already in the race or considering a bid. Those leading in the polls all appeared Friday.

The crowd thinned to less than half yesterday, but those in attendance were no less enthusiastic. Governor Bill Richardson of New Mexico stirred them by calling for a primary without negative campaigning and saying he would bring troops home from Iraq by the end of the year.

"Maybe I'm not up there in all these polls, but you are the deciders, not the man in the White House," Richardson said to cheers. "I say to you today, stay loose. We've got a year to go."

Tom Vilsack, former Iowa governor, positioned himself as a Washington outsider with a record of real change. He criticized senators in the race who refuse to cut the money that is paying for troops in Iraq.

Senators Barack Obama of Illinois and Hillary Rodham Clinton of New York are advocating a cap to the number of troops and their eventual withdrawal.

"The reality of capping troops or reducing the number of troops at some point in the future is not real change," Vilsack said. "It is time for us to clearly say the war must end and our troops must be brought home now."

Biden got right to the matter that has threatened his candidacy before it even gets off the ground.

The Delaware senator spent his first day as an official candidate Wednesday explaining his statement that Obama is "the first mainstream African-American who is articulate and bright and clean," raising questions about how he viewed other black candidates.

"I want to say that I truly regret that the words I spoke offended people that I admire very much," Biden said.

Nominate Biden: America Needs The Comic Relief (NHUL)

New Hampshire Union Leader, February 4, 2007

The United States is pretty stressed out right now. Iraq is going terribly, Boston was shut down by a bomb scare, famous people keep using the n-word as if it were 1860 again, and global warming's Chicken Littles are terrifying everyone with their cries of doom. Like never before, America needs Sen. Joe Biden.

Last week Sen. Blowhard said this of his rival for the Democratic nomination, Sen. Barack Obama: "I mean, you got the first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

The very first? Wow.

That was after Biden ripped a few of his Democratic opponents' Iraq plans, calling Hillary Clinton's plan "nothing but disaster," and saying of John Edwards' proposal, "I don't think John Edwards knows what the heck he is talking about."

And that was after Biden said of Indian immigrants last summer, "You cannot go to a 7-Eleven or a Dunkin Donuts unless you have a slight Indian accent. I'm not joking."

And all of that was after Biden dropped out of the 1988 Presidential race for plagiarizing a speech by a British politician.

This guy is a one-man laugh factory.

Despite his lack of tact, we don't think Biden really is a bigot. He is, however, the court jester of the U.S. Senate. Bringing his act on the road would provide some much-needed stress relief for the American people.

If Democrats really cared about providing relief to the American people, they'd nominate a walking punch line so we could all spend the bulk of the election year laughing at the ineptitude of their candidate -- just like in 2004.

If we get really lucky, Biden will get the nomination and pick Dennis Kucinich as his straight man/running mate.

Twisting In Their Own Windiness (WP)

By Jim Hoagland
The Washington Post, February 4, 2007

Ladies and gentlemen of the jury of public opinion, I rise not to defend Joe Biden, Jacques Chirac and Bob Gates but to draw your attention to extenuating circumstances that may have caused these accused and other gaffe-prone speakers to plant their feet deeply in their mouths in recent days.

What's that? Oh, yes. In the case of Gates, the new defense secretary, it should be made clear that he received help from Karl Rove and the White House in stumbling over his own infelicitous words. We will come to that shortly.

This outbreak of global political buffoonery is no accident. It spins out of a whirlwind of campaigns, elections and leadership changes sweeping across Britain, France, Russia, the United States and who knows where else over the next two years.

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In a globalized world, if you will, a permanent campaign is underway somewhere and everywhere all the time. Politicians get endless opportunities to say dumb things into tape recorders and cameras. That provides endless material for the new savants of the age of interconnectivity, the snark artists of television's false news shows, talk radio, blogs and, yes, newspapers, bless their fearful, tarted-up souls.

Sorry. I digress. But context is everything in the case of Joe Biden making the evening news by praising Sen. Barack Obama for being, well, " clean." Reporters who long ago learned to concentrate on Biden's ideas rather than on his ill-assorted nouns, verbs and adjectives had to treat this gaffe as momentous: Against much of the available evidence, Biden had just declared that he was a serious presidential contender.

The Delaware senator is a thoroughly decent, hardworking and thoughtful legislator. But I found it unnerving in his previous bid for the Democratic nomination, in 1988, to have him frequently deliver a loosely connected set of ideas during an interview and then look up to ask: "Am I making sense here?" So I say, plus Ã§a change.

Yes, this French adage moves us to President Chirac, who also made the front page of the New York Times on Thursday by furiously trying to deny and then retract words he had said to three reporters and a tape recorder. After months of formally declaring that Iran must not be allowed to develop nuclear weapons, Chirac confided that an Iran possessing one or two nuclear weapons would not be so dangerous after all, since Tehran could be razed in retaliation for inappropriate behavior.

Hmmm. Well, doesn't he have a point there? And this is familiar behavior, too. Chirac made unsettling remarks about Germany and Israel to the Washington Times back in 1986 and then firmly denied making them until his questioner produced an unexpected tape recording.

Interviewing Chirac has always been a constant struggle to identify what he intends as policy pronouncements, as his version of clever repartee to lighten the atmosphere or as just plain banality. This, after all, is a politician nicknamed "the brother-in-law." His bonhomie is often forced and capable of leading him astray.

One would never say that of Bob Gates, who interrupted his skillful effort to smooth all Washington feathers ruffled by Don Rumsfeld by calling a news conference Jan. 26 to warn darkly that congressional opposition to U.S. troop increases in Iraq "emboldens the enemy and our adversaries."

There is cause for legitimate concern on that score. But this is also language out of the White House political playbook for turning arguments about Iraq strategy into arguments about patriotism. And yes, you will hear people with great connections in this administration say that Rove and communications czar Dan Bartlett encouraged Gates in this mission. At least, I have heard that.

But Gates denies it. And you must consider who is damaged most by this poisonous approach. First of all, Gates. It revives the fading criticisms from his CIA days that he politicized national security judgments to please his political masters. It is not in his interest to have those memories recalled.

Second, this was nothing less than a thinly veiled attack on GOP icon Sen. John Warner and his dissent on Iraq. A White House assault on Warner's responsible effort to reduce polarization on Iraq risks destroying what remains of the unity of the Republican Party's foreign policy establishment. Heck, it threatens to destroy that establishment altogether. I would be amazed if Warner were not stung by "what they are putting Gates up to," as one Warnerite puts it.

So surely, ladies and gentlemen of the jury, you will see that Bush White House politicos would never risk such damage for short-term political gain. That would make them seem even more ridiculous than the most snarky parodymeisters ever could. And who could possibly want that?

Joe Biden's Just A Barrel Of Gaffes (LAT)

By Jonathan Chait

The Los Angeles Times, February 4, 2007

DELAWARE Sen. Joe Biden has been telling people for months that he's going to run for president, as if nobody could actually believe it. Even when he formally announced last week, I still didn't believe it. In fact, I'm not quite sure what it would take to make me believe it. If I turned on the television and watched Biden formally accepting the nomination at the Democratic National Convention, I might believe it then. (On the other hand, I'd probably figure I was suffering some hallucinatory episode and check myself into a hospital.)

I'm not saying Biden shouldn't be president. I have tons of respect for him, and I think he'd do a terrific job if he could get it. I just find it amusing that he thinks there's some chance he could actually become president. It's a case study of that bizarre mental affliction that strikes so many senators. They see younger, less-experienced Senate colleagues — who are far less esteemed than they are — running for president, and they're offended. If the 100 senators were the only ones who could vote, Biden would probably beat Hillary Clinton or Barack Obama. Unfortunately for Biden, that's not how it works.

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Biden's charming cluelessness was on display in a recent ABC news interview. The famously verbose senator was asked to state in 25 words or less why Democrats should nominate him. His response was 45 words. I suppose that, by Biden's standards, coming in at just under twice his allotted length counts as a victory of sorts. Biden then explained why he could win: "If people learn my story, learn my record, I think I can compete. The question is, can I raise the money?" This is sort of like me saying that I think I can compete for a starting NFL quarterback job, but the question is, can I avoid injuries? It's a question, but it's certainly not the question.

In addition to his uncontrollable verbosity, Biden is a gaffe machine. He ran for president 20 years ago but had to abandon his campaign when it was discovered that he had plagiarized speeches from a British politician, substituting in key details to make the story his own.

In his latest effort, Biden wasted no time subverting his already microscopic chances. On the day of his announcement, he mused about Illinois Sen. Obama: "I mean, you got the first mainstream African American who is articulate and bright and clean and a nice-looking guy."

In Biden's defense, the quote was widely misunderstood. Having listened to it, it's obvious that Biden was not saying Obama is the first mainstream African American candidate who is also articulate and so on. He was saying he's the first mainstream candidate — meaning ideologically mainstream, unlike Carol Moseley Braun, Al Sharpton or Jesse Jackson — and that he's articulate and so on. He wasn't calling Jackson or the others inarticulate. To be sure, this is still a pretty cringe-inducing way for white people to talk about African Americans. There's a famous Chris Rock routine in which he complains about how people describe Colin Powell as "articulate," as if it were a surprise that a secretary of State can speak well.

And, of course, last summer Biden attempted to endear himself to an Indian American supporter by telling him that in Delaware, "you cannot go to a 7-Eleven or a Dunkin' Donuts unless you have a slight Indian accent." Not only was this an offensive line, it didn't even make any sense: The observation, familiar to anybody who watched a comedian on cable television 15 years ago, is that Indian Americans are the only ones who work in convenience stores, not that they're the only ones who shop there. The man can't even keep his condescending cliches straight.

Biden looks as if he's the product of a laboratory experiment designed to create the world's worst presidential candidate. If the Obama gaffe doesn't knock him out of the race, something else will. I doubt he makes it to Iowa.

Yes, Biden's very knowledgeable and dedicated. But to win the presidency, you actually have to be good at mass politics. Why is Biden not smart enough to recognize that?

The Racial Politics Of Speaking Well (NYT)

By Lynette Clemetson

The New York Times, February 4, 2007

SENATOR JOSEPH R. BIDEN'S characterization of his fellow Democratic presidential contender Senator Barack Obama as "the first mainstream African-American who is articulate and bright and clean and a nice-looking guy" was so painfully clumsy that it nearly warranted pity.

There are not enough column inches on this page to parse interpretations of each of Mr. Biden's chosen adjectives. But among his string of loaded words, one is so pervasive — and is generally used and viewed so differently by blacks and whites — that it calls out for a national chat, perhaps a national therapy session.

It is amazing that this still requires clarification, but here it is. Black people get a little testy when white people call them "articulate."

Though it was little noted, on Wednesday President Bush on the Fox News Channel also described Mr. Obama as "articulate." On any given day, in any number of settings, it is likely to be one of the first things white people warmly remark about Oprah Winfrey; Richard Parsons, chief executive of Time Warner; Secretary of State Condoleezza Rice; Deval Patrick, the newly elected governor of Massachusetts; or a recently promoted black colleague at work.

A series of conversations about the word with a number of black public figures last week elicited the kind of frustrated responses often uttered between blacks, but seldom shared with whites.

"You hear it and you just think, 'Damn, this again?' " said Michael Eric Dyson, a professor of humanities at the University of Pennsylvania.

Anna Perez, the former communications counselor for Ms. Rice when she was national security adviser, said, "You just stand and wonder, 'When will this foolishness end?' "

Said Reginald Hudlin, president of entertainment for Black Entertainment Television: "It makes me weary, literally tired, like, 'Do I really want to spend my time right now educating this person?' "

So what is the problem with the word? Whites do not normally object when it is used to describe them. And it is not as if articulate black people do not wish to be thought of as that. The characterization is most often meant as a form of praise.

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"Look, what I was attempting to be, but not very artfully, is complimentary," Mr. Biden explained to Jon Stewart on Wednesday on "The Daily Show." "This is an incredible guy. This is a phenomenon."

What faint praise, indeed. Being articulate must surely be a baseline requirement for a former president of The Harvard Law Review. After all, Webster's definitions of the word include "able to speak" and "expressing oneself easily and clearly." It would be more incredible, more of a phenomenon, to borrow two more of the senator's puzzling words, if Mr. Obama were inarticulate.

That is the core of the issue. When whites use the word in reference to blacks, it often carries a subtext of amazement, even bewilderment. It is similar to praising a female executive or politician by calling her "tough" or "a rational decision-maker."

"When people say it, what they are really saying is that someone is articulate ... for a black person," Ms. Perez said.

Such a subtext is inherently offensive because it suggests that the recipient of the "compliment" is notably different from other black people.

"Historically, it was meant to signal the exceptional Negro," Mr. Dyson said. "The implication is that most black people do not have the capacity to engage in articulate speech, when white people are automatically assumed to be articulate."

And such distinctions discount as inarticulate historically black patterns of speech. "Al Sharpton is incredibly articulate," said Tricia Rose, professor of Africana Studies at Brown University. "But because he speaks with a cadence and style that is firmly rooted in black rhetorical tradition you will rarely hear white people refer to him as articulate."

While many white people do not automatically recognize how, and how often, the word is applied, many black people can recall with clarity the numerous times it has stopped them in their tracks.

Melissa Harris-Lacewell, professor of politics and African-American studies at Princeton University, said her first notable encounter with the word was back in high school in Chester, Va., when she was dating the school's star football player. In post-game interviews and news stories she started to notice that he was always referred to as articulate.

"They never said that about the white quarterback," she said, "yet they couldn't help but say it about my boyfriend."

William E. Kennard, a managing director of the Carlyle Group and a former chairman of the Federal Communications Commission, recalled that in his days as partner at a Washington law firm in the early 1990s written reviews of prospective black hires almost always included the words, "articulate and poised." The characterization was so consistent and in such stark contrast to the notes taken on white job applicants that he mentioned it to his fellow partners.

"It was a law firm; all of the people interviewing for jobs were articulate," said Mr. Kennard, 50, who is also on the board of The New York Times Company. "And yet my colleagues seemed struck by that quality in black applicants."

The comedian and actor D. L. Hughley, a frequent guest on HBO's "Real Time With Bill Maher," says that every time he appears on the show, where he riffs on the political and social issues of the day, people walk up to him afterward and tell him how "smart and articulate" his comments were.

"Everyone was up in arms about Michael Richards using the N-word, but subtle words like this are more insidious," Mr. Hughley said. "It's like weight loss. The last few pounds are the hardest to get rid of. It's the last vestiges of racism that are hard to get rid of."

Sometimes the "articulate" moniker is merely implied. My colleague Rachel Swarns and I chuckle wearily about the number of times we have finished interviews or casual conversations with people — always white, more often male — only to have the person end the meeting with some version of the statement, "something about you reminds me of Condoleezza Rice."

Neither Rachel nor I look anything like Ms. Rice, or each other for that matter, so the comparison is clearly not physical. The comment seems more a vocalized reach by the speaker for some sort of reference point, a context in which to understand us.

It is unlikely that whites will quickly or easily erase "articulate" and other damning forms of praise from the ways in which they discuss blacks. Listen for it in post-Super Bowl chatter, after the Academy Awards, at the next school board meeting or corporate retreat.

But here is a pointer. Do not use it as the primary attribute of note for a black person if you would not use it for a similarly talented, skilled or eloquent white person. Do not make it an outsized distinction for Brown University's president, Ruth Simmons, if you would not for the University of Michigan's president, Mary Sue Coleman. Do not make it the sole basis for your praise of the actor Forest Whitaker if it would never cross your mind to utter it about the expressive Peter O'Toole.

With the ballooning size of the black middle and upper class, qualities in blacks like intelligence, eloquence — the mere ability to string sentences together with tenses intact — must at some point become as unremarkable to whites as they are to blacks.

"How many flukes simply constitute reality?" Mr. Hudlin asked, with amused dismay.

Well said.

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Clinton Camp Hasn't Written Off Fundraising Couple Who Helped Competitor (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, February 4, 2007

The life of a big-dollar Democratic donor isn't always easy. In between attending lavish parties and being wined and dined by various luminaries, sometimes you have to make tough choices.

Take Beth and Ron Dozoretz. The power couple are longtime heavyweights in national Democratic money circles; he is a health-care executive, she a former finance chairman for the Democratic National Committee.

They also happen to be close friends with the Clintons. The Dozoretzes were frequent guests at the Clinton White House, helped collect cash for the Clinton Presidential Library in Little Rock and chose Bill Clinton as the godfather for one of their children.

But, when the couple opened their Washington, D.C., manse on Friday for a fundraising event, it was New Mexico Gov. Bill Richardson, not New York Sen. Hillary Rodham Clinton, being feted.

"This is an opportunity for individuals to meet Governor Bill Richardson," reads a copy of the invite obtained by the Fix. "A contribution is not required to attend." Of course, if attendees do want to give money, the invite notes that checks can be written to the "Bill Richardson for President Exploratory Committee, Inc."

"They and the governor are longtime friends," Richardson communications director Pahl Shipley explained.

So does this mean that the Dozoretzes have picked their horse? Accounts vary. Some suggest that the couple has indicated privately that they will be with Richardson. Clinton communications director Howard Wolfson begged to differ.

"Beth Dozoretz is a good friend of the campaign, and she has made a major commitment to help Hillary," he said. "We appreciate her strong support."

Reached at home, Beth Dozoretz chose not to comment. The plot thickens. . . .

CLUB FOR GROWTH ON '08

The Club for Growth wants to play a role in the 2008 GOP presidential primary. Anyone who doubts the implications, give former senator Lincoln Chafee (R-R.I.) a call.

A political group for fiscal conservatives, the club has become a force in congressional elections, taking aim at moderate Republicans who don't support conservative causes such as tax cuts and spending discipline. Some GOP lawmakers privately blame the group for the party's loss of Senate control in November. The Club for Growth threw substantial resources behind a primary challenge to Chafee that wound up weakening the longtime incumbent financially and politically.

Chafee survived the primary but lost in the general election to Democrat Sheldon Whitehouse. Seven Club-backed conservatives, however, won House races in November. Despite the grumbling from some GOP quarters, the group has plenty of conservative admirers for its refusal to compromise its principles.

In the coming months, those unyielding standards will be applied to Republican White House hopefuls. The Club for Growth intends to scour every contender's record and advise its 40,000 members on who passes ideological muster.

One will not be Mike Huckabee, the former Arkansas governor and the subject of "Presidential White Paper #1." Acknowledging that Huckabee pushed major tax cuts through his state legislature, the Club for Growth lists seven tax increases that he also supported, along with spending increases and a mixed record on school choice. "Calling oneself an economic conservative does not make one so," the paper concluded.

Tim Russert cited the findings on "Meet the Press" last week, after Huckabee announced his candidacy. "That's a tough record to sell to a Republican audience in primary states," Russert noted. "It shouldn't be if they look at the real record," Huckabee shot back.

Richardson Touts Unique Qualifications (AP)

By Nedra Pickler

AP, February 3, 2007

KHARTOUM, Sudan - It‘s been said that Bill Richardson would negotiate with the devil. And by some definitions, he has — several times.

New Mexico‘s Democratic governor has bartered with some of the most notorious rulers of modern times: Iraq ‘s Saddam Hussein , Yugoslavia‘s Slobodan Milosevic , Cuba‘s Fidel Castro , Kenya‘s Daniel Arap Moi, Zaire‘s Mobutu Sese Seko, Nigeria‘s Sani Abacha and most recently, Sudan‘s Omar al-Bashir. Richardson has compared himself to Red Adair, renowned for his ability to put out erupting oil well fires.

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Richardson has more international experience than just about anyone else in the 2008 field. The 59-year-old was ambassador to the United Nations in the Clinton administration, served on the intelligence committee during his 14 years in the House and has done international work from his perch as a small-state governor.

"I have good news," Richardson told al-Bashir after four days of back-to-back meetings with all sides in the conflict, including two rare hourlong sessions with the elusive president. "We are going to leave today."

"With all that, we expect you to be the president of the United States!" he said in English, after speaking Arabic for the earlier discussions.

"I'm not one for tight bows or formal handshakes when a bear hug or a gentle fist on the shoulder is an available option," Richardson wrote in his autobiography, "Between Worlds."

Richardson had gone to Baghdad in 1995 at the request of the Iraqis to negotiate with Saddam for the release of two U.S. oil mechanics who had wandered over the border with Kuwait. Richardson has an impressive track record in convincing dictators that they should free U.S. prisoners from countries as isolated as North Korea , Cuba and Sudan.

After Saddam agreed to return, Richardson decided not to apologize but to continue making his case with respect and his feet firmly planted on the floor. Saddam authorized the mechanics' release after an hour of discussion.

Richardson can be prickly and demanding of his staff. But he also likes to lighten the mood by having fun with people's names and their backgrounds.

Richardson bonded with Castro over their shared love of baseball and with Iraq's then-Deputy Prime Minister Tariq Aziz over their shared Catholic faith and penchant for cigars. As U.N. ambassador, Richardson took his colleagues from around the world to a game between the New York Yankees and Mets.

Richardson emerged from his diplomatic meetings with clear impressions. He has written:

_Castro had horrible dandruff, but was humorous, personable and extremely well-informed about U.S. politics and geopolitical issues.

_Mobutu was dignified and regal despite overseeing vast corruption. His successor, Laurent Kabila was street-smart and had no scruples.

_Saddam had a twitch on the right side of his face and made Richardson sweat by staring him down.

Richardson's first visit to Sudan was in 1996, when he went to free three Red Cross workers held by Marxist rebels.

Richardson learned the rebel leader had recently lost a daughter and a son was on his death bed in the rebels' disease-ridden camp. The rebel leader wanted $10 million. Richardson appealed to him by saying he could get him medicine, rice, vehicles and other aid so other children did not have to die.

Some criticized Richardson's effort because he violated a cardinal rule of hostage negotiators: never bargain for their release.

"If you give them money, that is negotiating with a terrorist," Richardson said in a recent Associated Press interview. "But a couple of Jeeps, a health study, medicine, that's what made it happen. It was a human connection with that rebel.

"I don't mind saying I try to psychologically go into their heads and see what's on their mind and what's important to them at the time," he said. "I do study my subject pretty intensely."

Richardson's freelance diplomacy has gotten mixed reaction from the White House over the years. President Clinton gave his private blessing to the Iraq trip, whispered to Richardson as the two were watching the premiere of the Spanish-language movie "Mi Familia."

David Goldwin, who worked in the Clinton State Department and later became Richardson's national security aide at the U.N., said the administration also was appreciative that Richardson negotiated for the release of two downed Army helicopter pilots in December 1994 in North Korea.

"They had no real diplomatic access in North Korea," Goldwin said. "He had good access first person. ... He's delivered them bad news every time he's dealt with them. But they feel listed to and respected by him and so they are willing to take that message."

James Dobbins, who worked for President Bush and his father as well as in the Clinton administration, said he does not recall anyone at the White House complaining about Richardson acting as a free agent.

"He was by and large taking missions that the president was happy to have him take," Dobbins said. "There have been many occasions where congressmen have been encouraged to go places where we have a difficult relationship or no relationship at all to see what develops."

Richardson writes in his book that Clinton administration officials urged him not to travel to Haiti to negotiate a peaceful transfer of power in July 1994, as Clinton was threatening military action.

Richardson went anyway, although it was Clinton's approach that eventually forced the military rulers to step down.

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Upon his confirmation as Clinton's nominee for U.N. ambassador, Richardson wrote that incoming Secretary of State Madeleine Albright ordered him to stop all independent diplomacy and warned him that others had been fired for trying to negotiate side deals.

Interest in different cultures is rooted in Richardson's childhood. He is the son of an American businessman father and a Mexican mother. He grew up in Mexico City and is fluent in Spanish. His father sent him to high school in the United States and Richardson has said he often felt trapped between two worlds.

Michael Dukakis, the former Massachusetts governor who was the 1988 Democratic nominee for president, said Richardson's combination of foreign policy and executive experience should be an asset in the 2008 race.

Governors often make stronger presidential candidates but can suffer from criticism that they are light on foreign affairs.

"Bill's foreign policy experience is a big plus for him," Dukakis said. "He has a lot more than most of us who began in state politics and came up through the ranks and became governors. ... And I think foreign policy is going to be a big issue in this campaign, especially in the Democratic primary."

Bill Weld, a Republican who was Massachusetts governor, was three years ahead of Richardson at the Middlesex School, a boarding school in Concord, Mass. Weld said Richardson does not need to prove himself like other governors who get most of their international experience through trade missions.

Richardson's experience in single-handedly brokering high-profile diplomatic deals and his time in the statehouse "is a very attractive combination," Weld said.

That is not to say all of Richardson's travels are successful.

Richardson was not able to achieve one his top goals on the trip to Sudan — persuading al-Bashir to allow U.N. peacekeepers in Darfur. But he persuaded al-Bashir to agree to a 60-day cease-fire with rebel armies while peace talks could be arranged. It didn't hold.

On The Run (NYT)

By Deborah Solomon

The New York Times Magazine, February 4, 2007

Q: As the popular governor of New Mexico but one of the less-popular candidates seeking the Democratic nomination for president, did you enter the race to actually win or merely to angle for another position at the national level? I want to be president. If I don't win the presidency, I am not interested in the vice presidency or in being secretary of state.

Why not? As a former ambassador to the U.N. under President Clinton, as well as a self-appointed global trouble-shooter, you seem like a natural for secretary of state. I can be a governor who practices foreign policy, as I do.

Right, just last month you toured a refugee camp in Darfur and went on to Khartoum, where you were able to arrange a 60-day cease-fire between rebel groups and the Sudanese dictator, Omar Hassan al-Bashir. What is he like? I met with him twice on that trip. He is very pragmatic and also very isolated. I got an American journalist out late last year, and as the American ambassador said, he likes me, Bashir. So I used that. That was the reason the Save Darfur Coalition asked me to go to try to get him to do a cease-fire.

How do you think Condoleezza Rice and the rest of the State Department view your interventions into foreign affairs? I am sure she would prefer that I not be involved, that her own diplomats take care of things.

So you think she considers you annoying? I would think so.

Do you hold her responsible for the unilateral thrust of this administration's policies? No, I believe it is President Bush, who is saying, "I don't talk to countries that exhibit bad behavior." And pretty soon, with that standard, we're only going to be talking to the Vatican.

In recognition of your diplomatic efforts in various countries including North Korea, you've been nominated four times for the Nobel Peace Prize. Have you lobbied for it? No, you're told that is the worst thing to do. Don't lobby, don't make public statements.

I once read somewhere that people who are obsessed with making peace between warring camps tend to have grown up in homes where there was a lot of arguing between the parents. Was that true in your case? In my case, my parents sent me away at a very early age. So I don't know if they fought. I was 12, and I was gone. I think I have tried to be a negotiator because of my bicultural background.

Your father was an American banker, and your mother was from Mexico, where you spent most of your boyhood. As the first Hispanic major-party candidate to seek the presidency, do you think this country should officially be bilingual? No.

Many people in New Mexico say they knew you were running for president a few months ago, when you suddenly began to shed pounds, which you seem to do every time you're seeking office. I think the American people want their leaders to be and look healthy. I've lost about 30 pounds in five months. I need to come down another 10 pounds.

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Why do I keep hearing about you and speeding tickets? We never did get a ticket, but I was speeding. I'm impatient. I try to get too many things done. But it happened twice, and then it became part of the lore.

Well, at least you drive your own car, instead of being chauffeured around town. No, I wasn't driving. The state police drive me. But it was my fault.

On what basis, other than your record-breaking speed, do you think you can win the presidency? A lot of other candidates can give speeches about renewable energy and Iraq and creating jobs. I've got the experience. I've got the background. I've got the training. I believe as a negotiator I can bring people and the country together.

Doesn't Hillary Clinton, for instance, also have experience? I don't want to get into that. I'm going to be positive in this campaign.

Obama Mentor Rallies Black Support (POL)

By Ben Smith

The Politico, February 3, 2007

A key supporter of Illinois Sen. Barack Obama urged united African-American support for his presidential bid, questioning whether black Democrats still "owe" Bill and Hillary Rodham Clinton their support, according to several people who attended a meeting of black Democratic politicians.

The comments by Illinois Senate President Emil Jones Jr., which he confirmed Saturday, angered Clinton backers and deepened a sharp rift among African-American political activists.

"How long are you going to owe?" politicians for past favors, Jones asked in a speech Friday to more than 100 members of the Democratic National Committee's black caucus and other political operatives gathered at the Washington Hilton for the winter meeting of the DNC, according to people who were there.

Jones, a veteran black legislator, implored the black officials and operatives not to act like "crabs in a barrel' " the attendees said, and drag down a successful member of their community.

Jamal Simmons, a political consultant who was at the caucus meeting, said Jones' words and the heated response that followed highlighted the difficult, personal choice facing many black Democrats.

"The one thing that was extraordinarily clear this weekend is that many African-American political operatives are very conflicted internally about whether to support Obama or Clinton," he said.

Jones spoke after the DNC's chief of staff, Leah Daughtry, told the group that she and the DNC would remain neutral in the 2008 presidential nominating contests.

"This is no time for neutrality," Jones said in an interview Saturday. "We have a well qualified candidate, and I urged them to get behind his candidacy."

"I didn't mention Clinton by name," he said.

But the remarks by one of Obama's longtime political mentors in Illinois was widely taken to refer to a debt felt in the black political community to Bill Clinton, who enjoyed deep black support in the White House and rewarded black allies.

Sen. Hillary Rodham Clinton, N.Y., who is now mounting her own campaign for the presidency, is trying to collect that debt by pushing hard for the endorsements of black political leaders, an effort that could force Obama onto an explicitly racial terrain that clashes with his national image as a figure of new, post-racial unity.

But while Hillary Clinton continues to lead in polls of African-American voters, Obama's extraordinary potential as a black presidential candidate has a powerful appeal to many black voters and officials.

Jones concluded his speech with a reference to the jobs and appointments Bill Clinton had given blacks, including many people in the room, and asked when they would stop owing the Clintons for that patronage, attendees said.

"You could hear a pin drop," said one person in the room who doesn't currently support either Obama or Clinton. "It was one of those moments when you say, 'I can't believe he just said that.'"

Jones' call was received frostily by Clinton allies, including Minyon Moore, the former White House aide who now heads Hillary Clinton's black outreach, and former Clinton and Gore campaign aide Donna Brazile, according to some attendees.

Moore walked out of the room when Jones stopped speaking, according to two people who were there.

Neither Moore nor Brazile could be reached for comment. But another Clinton supporter who was who at the meeting said Clinton's camp took Jones' remarks as an affront.

"The feeling was, 'Who is [Jones] to tell us how to be black?' " said the Clinton supporter, speaking on the condition of anonymity because of the political sensitivity of the issue.

Obama spokesman Bill Burton said Jones is "a mentor of the senator" but wouldn't comment on the substance of his speech. Clinton spokesman Howard Wolfson declined to comment.

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But there was no doubt in the Washington Hilton that Jones struck a nerve. Black Democrats were walking around the hotel Saturday repeating - in jest, but not without an edge - Jones' refrain of "How long? How long?"

Obamarama (NYT)

By William Safire

The New York Times Magazine, February 4, 2007

"Politics has become so bitter and partisan," Senator Barack Obama said, "so gummed up by money and influence. . . ." Though the rest of his sentence petered out into a bureaucratic "big problems that demand solutions," what struck me was the forceful word picture evoked by the verb phrase gummed up. Here was a presidential candidate unafraid to use a slang verb with verve.

It's an Americanism in the sense of "spoiled," first cited by the O.E.D. in the college slang at Yale in 1901. Rudyard Kipling helped it along to trans-Atlantic status with a pregnant observation in a 1932 short story: "Research is gummed up with thinking." (If you dare to hang that Kipling aphorism on the wall of a stiff-necked research institution or Washington think tank, then you're a man, my son.) Senator Bob Dole in 1982 cautioned against undue optimism about passage of an extension of the Voting Rights Act with "the works around here get gummed up pretty easily," and lest we forget, that senator went on to win the Republican nomination for president.

Obama, often described as a "media darling" (just as Senator John McCain was in 2000), is a politician who apparently chooses his words with care. Consider the adjective he chose to deal with questions about his purchase of a strip of land adjacent to his home from Tony Rezko, his longtime friend indicted (not convicted) last fall on charges of extorting kickbacks from companies seeking state business. At first, Obama acknowledged that "it was stupid," a harsh admission, but later found an adjective better suited to a candidate for high office: "I am the first one to acknowledge that it was a boneheaded move for me to purchase that strip from Rezko, given that he was already under a cloud of concern." (The usual metaphor is "cloud of suspicion"; Obama softened it to concern.)

Boneheaded was a perfect choice: not as condemnatory or self-flagellating as stupid, nor as dismissive as foolish, nor as formal as ignorant, nor carrying a secondary drug connotation as dopey, nor as frivolous as silly, nor as inapt as dumb (considered a slur by the speech-impaired). The successor adjective to blockheaded and woodenheaded, both in lexical desuetude, became fixed in American slang on or soon after Sept. 23, 1908, with the New York Giants facing the Chicago Cubs in the game that would ultimately decide which team would win the National League pennant.

In the bottom half of the ninth inning, with the score tied and Giants on first and third, the batter hit a single and the runner from third seemed to score with what should have been the winning run. But 19-year-old Fred Merkle, running from first, didn't bother to touch second. The Cubs' shrewd second baseman, Johnny Evers (remembered as the pivot man in Tinkers-to-Evers-to-Chance double plays), called the umpires' attention to this oversight; the game was ruled a tie and replayed at the end of the season, and the Giants lost. Merkle's innocent blunder became known as "the Great Bonehead Play."

Mixed Race

In a more serious vein, how does Senator Obama identify his personal racial mixture? The golf champion Tiger Woods told Oprah Winfrey that he likes to call himself a "Cablinasian," an amalgam of "Caucasian, black, American Indian and Asian," but perhaps that was jocular. Obama is the son of a white mother from Kansas and a black father from Kenya. The columnist Clarence Page, who is black, notes that the Illinois senator does not run away from the "black" label: "I can tell you a substantial number of black voters are mightily suspicious and even personally offended by black folks who don't want to be called 'black.' " In his recent book, "Audacity of Hope," the senator identifies himself as "a black man of mixed heritage."

Mixed-race is a coinage first spotted by the O.E.D. in The Guardian in 1971, when the British newspaper referred to "a delegation of six mixed-race Rhodesians." That new usage was acceptable to many in South Africa categorized as colored, but that description fell out of favor there as well as in the U.S. as recalling the era of apartheid and segregation. Colored had one sense of "neither all black nor all white" and another sense of a euphemism for Negro. Colored is now taken by many to be offensive, but people of color is embraced proudly. In the U.S., black is now widely acceptable, especially in a second reference to African-Americans. Nonwhite is acceptable to demographers but will likely wither as suggesting that whiteness is the norm. Mixed heritage, Obama's usage following black, suggests ethnicity more than race — like the offspring of British and Russian parents — which is why mixed-race is the compound adjective to keep your eye on.

Media Darling

One way to zap a hitherto little-known person getting a rush of publicity is to afflict him with the bogus title media darling. That's because media, when construed as singular — especially as mass media and mainstream media — connotes to its crowd of critics some manipulative monolith whose control of communication is to be resisted.

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In sports, “the hottest rookie in pro football” in 1983 was, according to The Boston Globe, Dan Marino, “embraced as the universal media darling.” In business, The Times hailed Steve Jobs as “reinventing Apple Computer as a media darling with its popular iPod.” (The Los Angeles Times updated the phrase by calling YouTube “a new-media darling.”) In April 1976, Clifford Terry wrote in The Chicago Tribune about the actress Louise Lasser, whose role in the TV series “Mary Hartman, Mary Hartman” was “becoming a media darling, sort of the Margaux Hemingway of the Crock Pot set.”

A Google search shows about 50,000 matches of the phrase with Barack Obama. One is this headlined prophecy from The Chicago Sun-Times: “Obama’s sticky switch from media-darling to media-hounded.”

Call It The "Andy Amendment" (LAT)

By Richard S. Tedlow

The Los Angeles Times, February 4, 2007

ANDY GROVE fled Hungary at the age of 20 in 1956, shortly after Soviet tanks rolled into Budapest to put down any illusion that freedom could flourish behind the Iron Curtain. He made his way to the United States and enrolled at the City College of New York, graduating first in his engineering class in 1960. He then went to UC Berkeley for his PhD in chemical engineering.

Grove's enthusiastic attachment to the U.S. began before he left his native country. There was never any question of his remaining in Europe once he escaped from communism. If ever there were a destination shopper in this life, it was Grove, and he pre-purchased the United States. He became a citizen in 1962, and he managed to extricate his parents from Hungary and bring them here as well.

Like millions of other naturalized Americans starting anew in this meritocratic nation of immigrants, Grove made the most of the opportunity this nation afforded him. In addition to becoming a wealthy man, Grove repaid his adopted nation nearly $200 billion, the increase in Intel's market capitalization during his tenure as chief executive of the microprocessor giant from 1987 to 1998.

Grove is one of three people most responsible, along with Bill Gates and Steve Jobs, for putting computers on our desks. Without Intel's chips, the computer revolution wouldn't have happened, and without Grove, Intel never would have managed the chip revolution as masterfully as it has. It was Grove who made Intel realize that "the PC is it," and it was his combination of managerial and technical expertise that put Intel inside so many PCs around the world.

Thankfully, no one questioned the depth of Grove's "Americanness" before he was entrusted with the responsibility of leading Intel. And no law prevented it.

The Constitution does not prohibit foreign-born individuals from leading a U.S.-based company. But what if it did? What if our Constitution had told Grove: "You can't change the world because you come from Hungary." Sound ridiculous? Of course it does. Imagine what else would have been lost if we faced such constraints in the business world.

What if the Constitution said:

· Pierre Omidyar, you can't found EBay here because you were born in France.

· Sergey Brin, you can't co-found Google here because you were born in Russia.

· Jerry Yang, you can't co-found Yahoo here because you were born in Taiwan.

And what would happen to that most American of industries, soft drinks? The chief executive of PepsiCo, Indra Nooyi, was born in India. The chief executive of Coca-Cola, E. Neville Isdell, was born in Ireland. He follows in the footsteps of Cuban-born Roberto Goizueta.

We are not just talking about entrepreneurs from recent years. Levi Strauss was born in Bavaria. Andrew Carnegie was born in Scotland. U.S. business has flourished in no small part because of the vitality and imagination of individuals among the "huddled masses" assimilated into this country.

It is odd that this freedom to harness the best and the brightest Americans, including immigrants, is a guiding principle at every address in our nation except for one: 1600 Pennsylvania Avenue. Because he was born abroad, Grove is prohibited from serving as president, even though he has made significant and enduring contributions to U.S. business and society for decades. Although the Clintons and Bushes are the only dynasties threatening to control our government these days, we cling to an 18th century measure aimed at keeping European monarchs from scheming to control the then-young republic.

A noteworthy example of what the United States gained by its openness in business, but may have sacrificed because of this presidential prohibition, is the case of a man named James Couzens. Couzens was born the son of a grocery store clerk in Chatham, Canada. Some believe that he was the real brains behind the success of the early Ford Motor Co. a century ago. It was the United States' inclusiveness that allowed him to cross the border and play such a vital part in putting the nation on wheels.

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Eventually, sick of Henry Ford's increasing megalomania, Couzens left the company for public service. He became mayor of Detroit in 1919 and represented Michigan in the U.S. Senate soon thereafter. After his death in 1936, Couzens was described by President Franklin D. Roosevelt as "a leader whose convictions were a part of the best [to which] America aspires." But this "Americanness" notwithstanding, Couzens could never become president of the United States because he was born on the wrong side of the border. He knew it and didn't like it, even as a youth.

"I can never become king of England," he said sharply to his parents, "but if I had been born in the United States, I could be president."

The prohibition against naturalized citizens becoming president of the United States is as counterproductive as a similar prohibition on their becoming chief executives of major corporations would be. It is telling that no other governmental position in the country is similarly restricted. The other branches of government all welcome naturalized citizens. Foreign-born U.S. citizens have served with great distinction in the Cabinet, from Alexander Hamilton, President Washington's brilliant and indispensable secretary of the Treasury, who was born in the West Indies, to Prague-born Madeleine Albright, President Clinton's secretary of State.

Is a person who happens to be born on U.S. soil somehow more capable, more trustworthy or more dedicated to upholding the principles of this nation than those born elsewhere? The record of countless naturalized Americans who have been leaders in business, government and other areas of our society says no.

Permitting a naturalized American, whether it be Silicon Valley entrepreneurs such as Grove or governors such as Arnold Schwarzenegger and Canadian-born Jennifer Granholm of Michigan, to become the nation's ultimate chief executive would be an important way to reaffirm that openness. Let's allow voters to pick the best American for the job, wherever he or she was born.

Iran Has Guests In To See, But Not Inspect, Nuclear Site (NYT)

By Nazila Fathi

The New York Times, February 4, 2007

ISFAHAN, Iran, Feb. 3 — Iran opened one of its nuclear sites to a large number of local and international reporters and a delegation of foreign ambassadors on Saturday in an effort to show the transparency of its program before a United Nations Security Council deadline this month.

Delegations from the Non-Aligned Movement, Group of 77 and League of Arab States arrived at the Isfahan Uranium Conversion Facility in central Iran with nearly 100 reporters. The delegation included representatives from the United Nations nuclear agency from Algeria, Cuba, Egypt and Malaysia, though none were official inspectors.

Iran has kept up efforts to give the Isfahan facility more publicity, and a senior tourism official said late last year that Iran planned to open it and other nuclear sites to foreign tourists.

Iran's ambassador to the International Atomic Energy Agency, Ali Asghar Soltanieh, said Saturday that the purpose of the tour was to assure the world that Iran's program was peaceful.

"In fact we have representatives from all over the world," Mr. Soltanieh said. "We decided to have them come here and see for themselves." He emphasized that surveillance cameras of the United Nations' International Atomic Energy Agency were in place there.

Photographers and video camera operators were not allowed to take pictures in the outside area of the compound. But the visitors were given special clothes, gloves and masks to protect them from radiation and toured the main facility for nearly an hour.

The Isfahan site is where uranium ore is converted into yellowcake and gas. The gas is then transferred to a more sophisticated facility in Natanz, where it could be enriched with centrifuges.

Reporters on Saturday passed the Natanz enrichment facility but were not permitted to tour the site, where Iran recently said it was installing 3,000 centrifuges. The facility is near the main road, and like Isfahan, it was surrounded by antiaircraft artillery. The Isfahan site also had air-raid bunkers.

Iran insists that its program is for electricity production, but the United States and European countries contend that it is part of an effort that eventually could produce enough highly enriched uranium to make nuclear weapons.

The tour occurred as a United Nations deadline neared this month for Iran to suspend its uranium enrichment program or face tougher economic sanctions. The United Nations Security Council passed a resolution on Dec. 23 banning the trade of goods and technology related to Iran's nuclear program.

President Mahmoud Ahmadinejad has brushed off the sanctions as insignificant and has vowed to continue with the program.

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Iran Shows Nuclear Facility To Diplomats (AP)

By Ali Akbar Dareini, Associated Press Writer

AP, February 4, 2007

Iran on Saturday opened the gates to a key uranium conversion facility to visiting diplomats and journalists in an effort to show that its disputed nuclear program is peaceful and not a cover for nuclear bomb making.

The visit to the Isfahan plant in central Iran was the first such tour since Iran resumed uranium conversion in August 2005. The U.N. Security Council slapped economic sanctions on Iran on Dec. 23 over the country's refusal to halt uranium enrichment, which can be used for making weapons.

The visit also came ahead of a U.N. deadline for Iran to stop the enrichment. If Tehran doesn't comply by the end of the 60-day period stipulated by the U.N., the Security Council will consider new measures beyond the economic sanctions.

The United States and several of its Western allies believe that Iran is using the nuclear program to produce an atomic weapon — charges Iran denies, saying its aim is to generate electricity.

The diplomats visiting the plant came from Sudan, Cuba, Egypt, Malaysia and Algeria. They represented the Arab League and two groups of developing nations known as the Nonaligned Movement and the G-77 — organizations that have asserted the rights of members to pursue national interests unfettered by Western countries.

The plant at Isfahan, 255 miles south of Tehran, is responsible for an early stage of the nuclear fuel cycle, turning yellowcake uranium into uranium hexaflouride gas, or UF-6, the feedstock for enrichment.

International concerns have recently focused more on the facility in Natanz, where uranium can be enriched using cascades of centrifuges. Only highly enriched uranium can be used for bomb-making.

But Iranian officials on Saturday's tour talked only of the program's peaceful purposes, which Iran is determined to pursue.

Ali Ashgar Soltanieh, head of Iran's delegation to the U.N. nuclear watchdog agency — the International Atomic Energy Agency — said the message of the visit was to show "that Iran is determined to continue its peaceful nuclear activities."

"This is an opportunity to see for yourselves what is going on and get first hand information about the activities here," Soltanieh told the diplomats and dozens of reporters.

The visitors saw several areas of the Isfahan facility, including two cameras installed by the IAEA to monitor activity where uranium gas is produced.

Soltanieh said the two cameras, which take photos every two minutes, are in place according to Iran's obligations under the Nonproliferation Treaty.

They are the only cameras at Isfahan. Iran removed others here when it stopped allowing the IAEA to conduct snap inspections, a measure it took after the agency referred it to the Security Council last February. IAEA inspectors visited the Isfahan facility twice in January.

Soltanieh said the tour was "an opportunity to see that the IAEA has full surveillance control over the activities of this facility."

At the end of the tour, Soltanieh told the visitors that all the 250 tons of UF-6 gas which Iran produced in 2006 have been safely stored at Isfahan's underground tunnels, but refused to answer questions about where the tunnels were located in the plant.

Anti-aircraft guns and radar stations surround the facility, much of which is built underground to protect it from airstrikes, which became a concern for Iran after Israel hit Iraq's main reactor in 1981.

On Friday, a top Iranian nuclear official said that U.N. inspectors have set up cameras at Natanz that would allow them to monitor the activity there. Centrifuge hookup is expected to start at Natanz next week.

Diplomats accredited with the IAEA in Vienna, Austria, said that hundreds of technicians and laborers have been "working feverishly" at Natanz over the past few weeks, setting up piping, control panels and electric cables before the centrifuge hookup.

But a U.N. official in Vienna, where the IAEA is based, said that Iran had met only some of the world body's requests for installing monitoring cameras at Natanz's underground site.

Tehran already has cascades of 164 centrifuges installed above ground at Natanz and has announced plans to operate 3,000 centrifuges below ground there, enabling it to speed up production of nuclear fuel.

Iran Gives Visitors Inside Look At Esfahan Nuclear Facility (LAT)

By Kim Murphy

The Los Angeles Times, February 4, 2007

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ESFAHAN, Iran — The squat, tan buildings with barred windows can be reached only by driving well outside the city to a flat stretch of desert on the edge of the hills. The site is surrounded by an array of antiaircraft artillery emplacements, each with one or two soldiers at the ready, and a large metal fence topped with barbed wire.

Once inside the reception hall, visitors are greeted by a huge poster that reads, "Nuclear Energy Is Our Obvious Right."

Here, in a city considered the heart of its nuclear development program, is where Iran has been taking the initial technological steps to turn ordinary uranium into the makings of nuclear fuel.

In a rare invitation to foreign visitors Saturday, Iranian officials opened the doors of the normally closed facility. The officials reported that the fledgling conversion program, which was in its infancy only three years ago, has now manufactured 250 tons of uranium hexafluoride gas, the feedstock for Iran's controversial uranium enrichment program.

The group included visitors from all over the world, said Ali Asghar Soltanieh, Iran's ambassador to the International Atomic Energy Agency. "We have decided they would come here to have the opportunity to see themselves what is going on," he said as they walked through the large rooms of tanks, feeder lines, pressure gauges and control panels.

The official delegation of seven included representatives of the Non-Aligned Movement, the G-77 group of developing nations, and the Arab League, all accredited to the IAEA in Vienna. Iranian officials allowed a group of journalists to cover the visit.

"We want to remove these ambiguities and questions from our Arab brothers and sisters in the region. They have to know that everything is transparent and it is for peaceful purposes, and there is no concern as far as safety is concerned," Soltanieh said. "You will notice these facilities are of the highest standard, and a lot of investment has been made in order to prevent any environmental impact."

The uranium conversion facility at Esfahan is only a piece of Iran's nuclear program, which the Islamic Republic says it is pursuing to develop new sources of electrical power and maintain a high level of oil exports.

The next and most controversial step is conducted at an even more secret plant at Natanz to the north, where the feedstock material produced at Esfahan is processed through a series of centrifuges to enrich the uranium for use as fuel for nuclear reactors. Enriching it far more than that, a level beyond Iran's present capability, most experts believe, would be sufficient for use in a nuclear weapon.

The U.S. and some other countries believe that may be the ultimate goal of Iran's nuclear program, but Iran contends that it is opposed to nuclear weapons and would simply withdraw from the Nuclear Nonproliferation Treaty if it wanted to build them.

The United Nations Security Council has adopted a first tier of sanctions against Iran. The measures freeze some assets and bar companies from selling materials and technology that could contribute to its nuclear program. The U.S. has warned that it will seek to toughen the sanctions soon if Iran does not halt enrichment activities, and there are growing fears in Tehran that the U.S. or Israel could launch military strikes against Iranian nuclear targets.

The Arab League's representative to the IAEA, Mikhail Wehbe of Syria, warned that military action against Iran's nuclear program would be a mistake.

"These issues should be dealt with with the utmost standard of diplomacy, not with a threat. Because any threat to a nuclear facility, it could be catastrophic," he said.

Saturday's tour was mainly a publicity exercise; the delegates admitted that they understood little of what they were seeing. But it was clearly part of a strong effort on Iran's part to demonstrate its willingness to open up its nuclear program to inspection.

Not all of the uranium conversion facility was on view Saturday. Reporters were not allowed to see the storage chambers, reportedly built in underground tunnels to make them immune from airstrikes, where the hexafluoride gas is stored. That location is monitored by IAEA video cameras, Iranian officials say.

But visitors were allowed into what was described as the most sensitive part of the plant, the room where two IAEA video cameras are trained on the large, white, horizontal capsules in which hexafluoride gas is made from uranium yellowcake.

Soltanieh said the IAEA maintains a strict count on both the intake and outflow of the capsules to ensure none goes missing. The video cameras, he said, are a gesture to build "confidence" and to make sure the capsules are not moved when inspectors are not present.

Soltanieh also said Iran was proceeding with its previously announced schedule to install 3,000 new centrifuges at Natanz, part of an industrial-sized enrichment operation whose debut Iranian officials are expected to announce soon, perhaps as early as the Feb. 11 anniversary of the 1979 Islamic Revolution.

"The bullying forces ... are against Iran's advancement and that of independent nations. However, they should know that the era of their hegemony is over and that Iranians will overcome all obstacles facing them to access the peak of technology," President Mahmoud Ahmadinejad said Saturday in remarks carried by the Islamic Republic News Agency. "During the current week, great achievements will be introduced to the Iranian nation."

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Iran's Boast On Uranium Enrichment Is Put To Test (NYT)

By William J. Broad, David E. Sanger

The New York Times, February 4, 2007

After decades of largely clandestine efforts, Iran is expected to declare in coming days that it has made a huge leap toward industrial-scale production of enriched uranium — a defiant act that the country's leaders will herald as a major technical stride and its neighbors will denounce as a looming threat. But for now, many nuclear experts say, the frenetic activity at the desert enrichment plant in Natanz may be mostly about political showmanship.

The many setbacks and outright failures of Tehran's experimental program suggest that its bluster may outstrip its technical expertise. And the problems help explain American intelligence estimates that Iran is at least four years away from producing a nuclear weapon.

After weeks of limited access inside Iran, inspectors from the International Atomic Energy Agency have reported that Tehran has succeeded in manufacturing parts for about 3,000 centrifuges, the devices that can spin uranium into reactor fuel — or bomb fuel. In recent days, the Iranians have begun installing the machines and supporting gear in a cavernous plant at Natanz, which would be a potential target if the United States or one of its allies decided that diplomacy would never keep Iran from getting the bomb.

What the Iranians are not talking about, experts with access to the atomic agency's information say, is that their experimental effort to make centrifuges work has struggled to achieve even limited success and appears to have been put on the back burner so the country's leaders can declare that they are moving to the next stage.

To enrich uranium on an industrial scale, the machines must spin at very high speeds for months on end. But the latest report of the atomic agency, issued in November, said the primitive machines of the Iran's pilot plant ran only intermittently, to enrich small amounts of uranium. And the Iranians succeeded in setting up just two of the planned six groupings of 164 centrifuges at the pilot plant.

"It looks political unless they've made progress that we don't know about," said Mark Fitzpatrick, a senior fellow at the International Institute for Strategic Studies, a weapons analysis group in London.

Iran's nuclear boasts come in the midst of an increasingly rancorous chess game between Tehran's mullahs and the Bush administration over the aims of Iran's nuclear programs, its role in Iraq and its ambitions to become the dominant power in the Middle East. The speculation about imminent conflict has grown so strong that President Bush's new secretary of defense, Robert M. Gates, who is intimately familiar with Tehran's nuclear ambitions from his days as director of the Central Intelligence Agency, declared on Friday, "We are not planning for a war with Iran."

Nuclear experts outside the United States government say that if Iran is successful in its latest move and carries out the enrichment, in open defiance of a United Nations demand that it suspend such activity, it could potentially yield fuel for an atom bomb in two or three years, faster than American intelligence has suggested.

Even so, Iran's very public declarations appear to contain large doses of domestic political posturing and outright bluffing.

President Mahmoud Ahmadinejad, who has become the face of Iranian defiance, is under growing pressure at home because of unemployment and the squeeze of economic sanctions — and President Bush's advisers have said he may view a nuclear standoff with the United States as a way to help his standing. That, combined with evidence of problems at the pilot plant, suggest that the industrial push may be aimed as much at enriching Iran's political leverage as enriching uranium.

The Iranians insist their effort is solely to fuel nuclear reactors, a statement that in the recent words of R. Nicholas Burns, the under secretary of state for political affairs, "no country that has seriously looked at the evidence believes."

At Natanz, where Iranian crews are installing the centrifuges, the desert south of Tehran gives way to barbed wire, antiaircraft guns and a maze of buildings. Two of those buildings are cavernous halls that, together, are roughly half the size of the Pentagon. They are buried deep underground to withstand attack.

The crews are installing pipes, wiring and control panels and are now stringing together the centrifuges into a "cascade" of connected machines, which spin in parallel to achieve enrichment. "They're working on the first cascade," a European diplomat said Friday.

The diplomat, who spoke on the condition of anonymity as protocol, added that international inspectors who had just emerged from Tehran saw parts for 3,000 centrifuges. However, all of them are of the most elementary type, known as a P-1. The "P" stands for Pakistan, a legacy of the fact that Iran obtained the design from Abdul Qadeer Khan, the Pakistani rogue nuclear pioneer.

Mr. Ahmadinejad claimed last year that the Iranians were also working on a more sophisticated centrifuge, called the P-2, which would enrich uranium far faster. But inspectors have yet to be shown any of those — leading to speculation in Washington and Vienna about whether Iran has another, hidden facility.

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In the underground halls at Natanz, Iranian officials say, the country plans to expand the number of centrifuges from 3,000 to 54,000 eventually, in theory letting it enrich uranium by the ton and giving it the capability to make many reactor fuel rods or nuclear weapons.

However, Mr. Fitzpatrick, a former State Department official in the field of nuclear nonproliferation, said the industrial push made little sense given Iran's problems, as reported the I.A.E.A., in getting its experimental centrifuges to run smoothly at the pilot plant near the cavernous halls of Natanz.

"From a technical point of view," he said, "it's illogical to stand up 3,000 centrifuges before you know how to do it."

The dimensions of Iran's technical woes are suggested by its delayed schedules. Tehran originally planned to have all six cascades of its experimental plant operating by 2003, and to begin installing centrifuges in the industrial halls in 2005.

Mr. Fitzpatrick added that the industrial push made little strategic sense because the thousands of centrifuges would present a tempting target to an adversary. "You might as well draw a big bull's eye around them," he said of the cavernous halls.

Diplomats say they believe Iran plans to unveil its industrial push on Feb. 11, the anniversary of the Islamic revolution. Yesterday, as part of the anniversary celebrations, Iran took diplomats and journalists on a tour of another nuclear facility, at Isfahan.

Mr. Fitzpatrick said Iran would need this year to install the 3,000 machines at Natanz, next year to get them running smoothly, and 9 to 11 months of spinning to have them produce the fuel for a single bomb. He cautioned, however, that such an accomplishment would require all the machinery working more or less perfectly and the Iranians moving "as quickly as they can."

Iran's enrichment program, begun in 1985, was born in great secrecy and built on centrifuge plans obtained from the black market of Dr. Khan. In 2002, the covert program was exposed when an Iranian opposition group revealed the construction of the plant at Natanz.

At first, inspectors from the international atomic agency in Vienna had wide latitude to travel through Iran in an effort to comprehend the depth and breadth of the enrichment project — and assess its true nature, whether for war or peace. They toured centrifuge factories, found a hidden centrifuge factory behind a false wall in a small electric facility in downtown Tehran and hunted for signs of weapons-grade enrichment. They visited the cavernous hall at Natanz, until recently a huge, empty basement.

By the atomic agency's estimates, Iran could produce upwards of 100 centrifuges a month, and was stockpiling them.

Then, last February, after three years of unusual openness, Iran reacted to the growing pressure from Washington and Europe to suspend its enrichment — or face sanctions — by drastically reducing the access of international inspectors to Natanz and dozens of other atomic sites, programs and personnel.

No longer could the inspectors swab machines, scoop up bits of soil, study invoices, peek behind doors and gather seemingly innocuous clues. No longer would the Iranians let the inspectors investigate the origins of traces of highly enriched uranium or examine important documents from the Khan network. Now, the inspectors are limited to a narrow range of operations, leaving them partially blind.

The Iranians appear to have sped ahead. In interviews, diplomats and nuclear officials said recent inspector reports of rapid centrifuge mobilization and installation at Natanz show that Tehran had worked hard for the past year, even as it engaged in increasingly harsh language that some experts took as a cover for technical failings.

Mohamed ElBaradei, director general of the International Atomic Energy Agency, recently suggested that the Iranian strides amounted to something of a bargaining chip that might be traded away to head off a larger confrontation.

The West, he proposed at Davos, Switzerland, on Jan. 26, might suspend its economic sanctions against Iran while Tehran simultaneously suspended its enrichment of uranium. He floated the idea for what he called a "time-out" after saying that Iranian officials had told him they planned to begin installing centrifuges this month at their Natanz industrial-scale plant.

"Enough flexing muscles, enough calling names," Dr. ElBaradei told reporters at the World Economic Forum conference. "It's time to engage."

Ex-U.S. Military Leaders Urge Iran Talks (AP)

By Jill Lawless, Associated Press Writer

AP, February 4, 2007

Three former high-ranking U.S. military officers have called for Britain to help defuse the crisis over Iran's nuclear program, saying military action against Tehran would be a disaster for the region.

In a letter to the Sunday Times newspaper, the three former officers urged President Bush to open talks "without preconditions" with the Iranian government to find a diplomatic solution.

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The signatories were retired Lt. Gen. Robert G. Gard, a senior military fellow at the Center for Arms Control and Nonproliferation in Washington; retired Marine Gen. Joseph P. Hoar, former head of U.S. Central Command; and Vice Admiral Jack Shanahan, former director of the Center for Defense Information.

They said Britain "has a vital role to play in securing a renewed diplomatic push" and urged Prime Minister Tony Blair to make it clear he would oppose any military attack on Iran.

The officers said an attack "would have disastrous consequences for security in the region, coalition forces in Iraq and would further exacerbate regional and global tensions."

"The current crisis must be resolved through diplomacy," they said.

The United States and several of its Western allies believe Iran is using its nuclear program as a cover to produce a nuclear weapon — charges Iran denies, saying its aim is to generate electricity. Last week, a respected think tank, the International Institute for Strategic Studies, said Iran was likely two to three years from having the capacity to build a nuclear weapon.

The U.N. Security Council imposed economic sanctions on Iran last month for refusing to halt uranium enrichment, which can be used both for nuclear reactors and to make atomic weapons. The council said it would consider new measures if Iran's defiance continues.

The U.S. government has refused to rule out military action if Iran does not scale back its nuclear activities, and has beefed up the U.S. military presence in the Gulf. Bush also has vowed more aggressive moves against Iranian operatives in Iraq, where the United States accuses Iran of training and arming insurgents who attack U.S. troops.

In a separate letter, Muslim, Jewish and Christian leaders in Britain called for a peaceful resolution to the crisis with Iran.

There is "no justification in international law for attacking Iran militarily and the use of force is not an option at this juncture," said the letter to The Independent on Sunday newspaper, signed by Rabbi Tony Bayfield, head of reform Judaism in Britain; Lord Harries, the former Anglican Bishop of Oxford; and Imam Abduljalil Sajid of the Brighton Islamic Mission.

What To Ask Before The Next War (WP)

By Paul R. Pillar

The Washington Post, February 4, 2007

Imagine that the famously flawed intelligence judgments about Iraq's programs to develop unconventional weapons had been correct. What difference would that have made to the American effort in Iraq?

The Bush administration would have had fewer rhetorical difficulties in defending its decision to go to war, even though any discoveries of weapons programs would have confirmed nothing about the use to which Saddam Hussein might someday have put such weapons or whether Iraq would eventually have acquired nuclear weapons.

But the war itself would be the same agonizing ordeal. An insurgency driven by motives having nothing to do with weapons of mass destruction and little to do with Hussein would still be going on.

Iraq's sectarian divisions and intolerant political culture would still have pushed it into civil war. Iraq would still have become the latest and biggest jihad, winning recruits and donors for al-Qaeda and boosting the militant Islamic movement worldwide. And the United States would still be suffering the same drain of blood and treasure in Iraq and most of the same damage to its global standing and relationships.

This thought experiment highlights how problems with the policy process (or, rather, the lack of a process) that led the United States into the Iraq quagmire went beyond the administration's manipulation of intelligence on weapons programs and terrorist relationships. The administration so successfully shaped the policy question around its chosen selling points involving these two issues that what passed for a national debate gave little attention to important questions about the likely nature and consequences of a war. The debate was largely reduced to contemplating the terms of a pseudo-syllogism: Hussein has weapons of mass destruction; Hussein supports terrorism; therefore, we must use force to remove Hussein.

Now, an accelerating debate about Iran and its nuclear program shows signs of the same dangerous reductionism. Some argue for an airstrike against Iranian nuclear facilities sooner rather than later. Whether the Bush administration will act on such advice in the next two years is uncertain, but it is taking confrontational steps, including augmenting forces in the Persian Gulf and raiding an Iranian consulate, that increase the chance of heightened tension escalating into a military clash.

A long argument over many barely addressed issues would be needed to get from a belief that Iran is seeking nuclear weapons to a conclusion that a military strike, or even policies that increase the risk of U.S.-Iranian hostilities, is advisable. One issue is the uncertainty of the intelligence about Iran's nuclear program, although this is getting some discussion thanks to the recriminations about the intelligence on Iraq.

Other questions that need answering include:

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What would be the urgency of taking forceful action, given that the announced estimate is that Iran is still several years from acquiring a nuclear weapon?

How malleable (and how well-defined) are Tehran's intentions, and what changes in Washington's policy might lead Tehran to abandon a weapons program? Even if Tehran's intentions do not change, what other options would impede or slow its nuclear program? If Iran were to acquire nuclear weapons, how would that change its behavior and affect U.S. interests? In particular, why would deterrence, which has kept nuclear peace with other adversaries, not work with Iran?

The likely hardening, concealment and dispersal of Iran's nuclear facilities raise questions about the impact any military strike would have on the program. How much would Iran's nuclear efforts be set back, especially given that bombs are not very good at destroying knowledge and expertise? Would the Iranian response be appreciably different from that of Iraq after Israel bombed its nuclear reactor in 1981 (Iraq redoubled its nuclear efforts while turning to different methods for producing fissile material)?

The most neglected questions concern other consequences of a U.S. strike or any other U.S.-Iranian combat, even if such combat did not lead to a prolonged occupation. How would Tehran respond to an act of war? What terrorism might it launch against the United States? How would it exploit U.S. vulnerabilities next door in Iraq, where it has barely begun to exploit the influence it has assiduously been cultivating? What other military action might it take, with the risk of a wider war in the Persian Gulf?

Other effects concern Iranian politics. How much would the direct assertion of U.S. hostility strengthen Iranian hard-liners, whose policies are partly premised on such hostility? How much would it add to all Iranians' list of historical grievances against the United States and adversely affect relations with future governments?

Broader regional and global ramifications include the impact on the oil market, whether other Middle Eastern nations would be less willing to cooperate with the United States and the prospect of exacerbating the damage the Iraq war already has dealt to U.S. standing worldwide.

Some might argue that the worst case that could ensue from an Iranian nuclear weapon is so bad that it trumps all other considerations. But there is no more reason than there was with Iraq to consider the worst case of only one side of the policy equation. And the worst case that could result from U.S.-Iranian combat is plenty frightening: thousands of Americans dead from retaliatory terrorist attacks, a broader war in the Persian Gulf, $150-per-barrel oil, a global recession and more.

That's not the most likely case -- neither is a vision of Iranian-generated mushroom clouds -- but it is plausible that substantial portions of that scenario would materialize.

Avoiding the next military folly in the Middle East requires that the agenda for analysis and debate not be so severely and tendentiously truncated as before Iraq. Not only must proponents of military action not be allowed to manipulate the answers, they also should not be allowed to define the questions.

The writer, a former national intelligence officer for the Near East and South Asia, teaches security studies at Georgetown University.

Report: N.Korea Considering Concessions (AP)

By Jae-soon Chang, Associated Press Writer

AP, February 4, 2007

North Korea is ready to freeze a key nuclear facility and allow international inspectors limited access to the country in exchange for millions of barrels of oil and an easing of U.S. financial restrictions, a Japanese news report said Sunday.

The report came one day after the main U.S. negotiator on North Korea said he believed the next round of six-nation disarmament talks with the communist state starting Thursday in Beijing could produce real progress.

The Japanese daily Asahi Shimbun reported Pyongyang will also demand at the Beijing talks that it be removed from Washington's list of state sponsors of terrorism.

The report quoted former U.S. State Department official Joel Wit, who met the North's chief nuclear negotiator, Kim Kye-gwan, and other regime officials during a visit to Pyongyang last week. It said the North was demanding half a million tons of oil a year — the equivalent of about 3.5 million barrels — in energy aid.

Hopes for progress at the upcoming talks are high amid indications that Washington and Pyongyang recently narrowed differences over a key financial dispute that has hindered negotiations.

Earlier this week, the two sides held bilateral talks on that issue in Beijing. The meetings ended inconclusively, but officials indicated that enough goodwill was generated to prevent the issue from disrupting the nuclear negotiations.

"From all accounts, it was a very useful couple of days' discussions," U.S. Assistant Secretary of State Christopher Hill said Saturday upon arriving in Seoul to coordinate strategies for the coming talks. "Let's see how some of these useful substantive conversations we had can be put to use" in the nuclear talks.

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"I think we do have some reason to believe we can make some progress," Hill said.

The Japanese newspaper report said North Korean officials told Wit they were prepared to close the reactor in its main nuclear complex in Yongbyon and accept inspections by the International Atomic Energy Agency, the U.N. nuclear watchdog.

But they said the reactor itself would remain off-limits and the North would not close the site used for its October nuclear weapons test, or allow inspections there. They also reportedly told the former U.S. official the North was not prepared to reveal details of its nuclear weapons program.

In return for its concessions, Pyongyang plans to demand oil in compensation for an aborted project to build two light-water reactors in the country, according to the report.

The North will also demand that Washington take steps to lift financial sanctions against North Korean assets, imposed over the regime's alleged counterfeiting of U.S. dollar bills and money laundering activities.

Hill said progress in the upcoming talks means beginning to implement a 2005 accord, in which North Korea pledged to disarm in exchange for aid and security guarantees.

The negotiations, involving China, Japan, the two Koreas, Russia and the U.S., have made little headway since the 2005 accord — the only ever reached in the process.

Progress stalled soon afterward because of Pyongyang's objection to the U.S. financial restrictions.

At the latest round of disarmament talks in December — the first after the North's October nuclear test — Pyongyang refused to address disarmament issues and demanded the U.S. lift financial restrictions first. The North claims the measures show Washington's hostile attitude and illustrate its need for a nuclear deterrent.

On Road To Kosovo Independence, A Warning: Go Slow (NYT)

By Craig S. Smith

The New York Times, February 4, 2007

MITROVICA, Kosovo, Jan. 29 — Thuggish Serbian "bridge watchers" still maintain their vigil on the north side of the Ibar River here, ready to punish any ethnic Albanian who dares to cross the unofficial boundary between Serbian and ethnic Albanian territory in Europe's unfinished war.

Kosovo, still officially a province of Serbia, is bitterly divided between Serbian enclaves, including a large chunk of the north, and the rest of the territory, which is overwhelmingly ethnic Albanian. Now, as the United Nations nudges Kosovo toward what it calls "final status" and Belgrade calls independence, many of northern Kosovo's Serbs are threatening to break away.

"Northern Kosovo will secede," warned Oliver Ivanovic, a moderate Serbian politician here. Mr. Ivanovic says he has been warning the United Nations, NATO, the European Union and the United States that, nearly eight years after a NATO bombing campaign drove the Serbian Army and other security forces out of Kosovo, it is still too early to settle the status of the disputed territory. "Kosovo's independence will leave no space for the moderates to act."

Secession by northern Serbs could provoke Albanian reprisals against Serbian enclaves elsewhere in Kosovo, warn Serbs and Albanians alike, and could destabilize a still fragile region full of ethnic slivers separated from their homelands.

Kosovo, which is more than 90 percent ethnic Albanian, has struggled since the early 20th century to free itself from the dominance of Belgrade. With the breakup of Yugoslavia in the early 1990s the fight began anew, but Serbia resisted fiercely.

The war was marked by atrocities on both sides and a horrific cycle of "ethnic cleansing," as the formerly mixed Serbian and ethnic Albanian populations pulled apart. Nearly 10,000 ethnic Albanians died as well as many Serbs. Thousands more, mostly ethnic Albanians, remain missing.

It ended with NATO's intervention in 1999, and the province has been administered by the United Nations ever since.

[A United Nations mediator, Martti Ahtisaari, presented his proposals for Kosovo's final status to officials in Belgrade and Pristina on Friday, but the two sides remained far apart. The Serbian president, Boris Tadic, immediately rejected the plans as a prelude to independence while Kosovo Albanians — who with the United States' blessing have said they will accept nothing less than independence — welcomed them. The continued standoff suggested that the intended end may instead be a prologue to another difficult chapter in a troubled history.]

Most of the Kosovo Serbs insist that they will never accept an independent Kosovo. Even if the government in Pristina does hoist a new national flag, they say, they will fight to recover the province that Serbs still consider their cultural heartland — the cradle and, in 1389 at the hand of the Turks, the grave of their great medieval empire.

"It would create a situation like Iraq or Lebanon here in Serbia," said Milan Ivanovic, a doctor at Mitrovica's hospital and head of Kosovo's hard-line Serbian National Council (no relation to Oliver Ivanovic). He cited the Christian reconquest of Moorish Spain and France's eventual recovery of the Alsace-Lorraine region from Germany as models. "We would fight to get Kosovo back with all legitimate means."

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Kosovo Albanians and their international supporters hope that a high degree of autonomy in Serbian areas with guarantees for the protection of Serbian rights and strict international oversight will eventually persuade Serbs in the territory to accept an Albanian-led government in Pristina.

"Hopefully, with independence, a local Serb leadership will emerge to address the needs of the Serbs within the Kosovo system," said Muhamet Hamiti, an adviser to Kosovo's president, Fatmir Sejdiu.

Some moderate Serbian politicians are already willing to work within a Kosovo national system, even if their political support in the Serbian community is small.

But Serbian enclaves, particularly northern Kosovo, still operate under Serbian national authority and draw most of their financial support from Belgrade, raising questions about how Pristina could enforce sovereignty over Kosovo Serbs without coercive actions that would risk provoking more violence.

Nowhere is the divide as clear as in the region around this northern city. A United Nations-financed train that links the rest of Kosovo's Serb enclaves with the north carries Serbs and Albanians alike until it reaches the Mitrovica station south of the river. There, even the Albanian conductor gets off. Only Serbs ride on for another 15 minutes across an iron railroad bridge to the end of the line.

"I'm not brave enough to go up there," the conductor said, watching the train pull away. "I survived the war. I don't need another challenge."

Cars carry Serbian license plates and the economy still operates on the Serbian dinar even though the Albanian areas of this long-disputed territory, now administered by the United Nations, long ago converted to the euro. Serbia's Ministry of Education in Belgrade has even set up what it calls the "University of Pristina, Temporarily Located in Mitrovica."

"How can they force us to accept independence?" asked Dr. Ivanovic, the Serbian politician, who like many people working for Serbian institutions in Kosovo's Serbian enclaves is paid an above average salary by Belgrade as a reward for his loyalty.

While many people see fixing Kosovo's eventual independence as the last chapter of Yugoslav disintegration, Serbs see it as the dismemberment of their homeland.

The province, ringed by snowy mountains and populated with great colonies of inky rooks that gave it its name (kos means blackbird in Serbian), is home to the Serbian Orthodox Church's most sacred sites.

"This is the spiritual center of the Serbian Church," said Sister Dobrila, a nun at the monastery of the Patriarchate of Pec, which was built around a richly frescoed Byzantine church from the 13th century that holds the tombs of Serbia's medieval archbishops.

She noted that western Kosovo, the site of the monastery, is called Metohija in Serbian, which means "church land." "It's sacred territory," she said.

Even the birds, which swarm over Pristina to settle in its trees at night, are woven into the nationalist myth. According to Serbian folklore, the birds are the souls of the dead from the 14th century battle of Kosovo, in which a Serbian-led Christian army sought to stop the Ottoman advance — an advance whose legacy is the nominally Muslim Albanian majority in the province today.

The common analogy given to Americans, imperfect but pertinent in the emotions it stirs, is the notion of secession by Florida or New Mexico, if the Spanish-speaking populations in those states became a majority. The analogy is imperfect because few Americans, most of whom are already long separated from their cultural roots, have as deep an emotional connection to place as many Europeans have.

That is why Europe, understanding the violence of such emotions, is not united behind the United Nations plan. Countries facing their own secessionist movements — Spain with the Basques, Romania with ethnic Hungarians, and Russia with Chechens and peoples of other rebellious territories — are skeptical of what they see as an American effort to jam a solution into place so Washington can turn its attention elsewhere.

"A forced solution is not a solution," said Marko Jaksic, head of the Democratic Party of Serbia and widely regarded as the most powerful politician in Mitrovica.

Palestinians Slam Major Powers Over Aid Boycott (AFP)

AFP, February 4, 2007

GAZA CITY - The rival Hamas and Fatah factions have both condemned the failure of the major powers involved in Middle East peacemaking to end a punishing Western aid embargo on the Palestinians.

"These decisions mean more suffering for our people. Continuing the siege is to continue the pain and injury we suffer from throughout the year," Palestinian prime minister Ismail Haniya of Hamas said from his home in Gaza City's Al Shati refugee camp.

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The so-called Mideast Quartet -- the United States, Russia, the European Union and United Nations -- met in Washington on Friday in a bid to revive efforts to achieve an Arab-Israeli peace deal and establish a Palestinian state.

But the Quartet stopped short of resuming aid dollars to the cash-strapped authority, as Palestinian president Mahmud Abbas had expected, an aide said.

"We were expecting that the Quartet would take a decision to lift the oppressive siege on the Palestinian people to stop the suffering and create a atmosphere suitable to reviving the peace process," Abbas adviser Nabil Abu Rudeina told AFP.

The aid boycott was slapped on the Palestinian Authority last March when Hamas took power after roundly beating the previously dominant Fatah in January legislative elections.

Considered a terrorist organization by the West, Hamas has steadfastly refused to recognize Israel, renounce violence and abide by past peace accords -- conditions laid down by the Quartet if the flow of aid to the Hamas-led government is to resume.

US Secretary of State Condoleezza Rice hosted the Washington meeting on a day when 25 people were killed in factional clashes in the Gaza Strip between forces loyal to the Western-backed Abbas and those of the radical Hamas.

The fighting, the worst yet in a year-long power struggle between Abbas's secular Fatah party and the Islamists, continued on Saturday after a ceasefire agreed late on Friday quickly collapsed.

In a final communique read out by UN Secretary-General Ban Ki-moon on Friday, the Quartet expressed its "deep concern" over the factional fighting and called for an end to continuing Palestinian militant attacks on Israel.

Palestinians "Nearer" Power Deal (BBC)

BBC.com, February 4, 2007

Rival Palestinian factions Hamas and Fatah have made progress towards agreeing a government of national unity, Egypt's president has said.

Hosni Mubarak's comments came as fighting between members of the two groups continued in the Gaza Strip. At least one man was killed.

More than 20 people have been killed and 100 wounded in recent days.

The factions have repeatedly agreed to ceasefires, aimed at ending a bitter power struggle.

Palestinian Interior Minister Saeed Seyam said on Saturday that he and Rashid Abu Shbak of Fatah agreed "an immediate ceasefire, removing gunmen from the streets and rooftops of buildings and removing all the checkpoints".

However the BBC's Alan Johnston in Gaza said a very similar plan was declared on Friday but failed to halt the violence.

A Fatah security official was shot dead in fighting near the faction's Gaza headquarters.

'Coherent strategy'

President Mubarak, speaking at a joint news conference with visiting German Chancellor Angela Merkel, said he was working to "seal the crack" between the two sides.

Gaza viewpoint

Factions locked in struggle

"What is happening now is a problem between the Palestinians themselves, and it is impossible for the Palestinian side to sit with the Israelis, as they are still not agreeing with each other," he said.

Ms Merkel, who also heads Germany's presidency of the European Union, praised Egypt's efforts to broker a deal between the two factions.

She also said she hoped the Middle East quartet of the US, UN, EU and Russia would develop a coherent strategy for peace rather than working in isolation towards peace in the region.

Bloodshed

Earlier Palestinian Prime Minister Ismail Haniya of Hamas and Fatah leaders appealed for calm.

The calls followed hours of violence which shattered the truce declared on Friday.

There were fierce exchanges of machine gun and heavier fire in the central area around the Islamic University, a Hamas stronghold.

University workers ran for cover as Hamas and Fatah gunmen traded fire from the rooftops of nearby buildings, the Associated Press news agency reported.

About 60 people have been killed since 25 January, in the deadliest factional unrest in recent months in Gaza.

Reports say Palestinian Authority President and Fatah chief Mahmoud Abbas and Hamas political chief Khaled Meshaal will meet in Saudi Arabia next Tuesday to try to end the fighting.

This would be a second meeting for the two leaders after a summit in Damascus on 21 January ended without a breakthrough.

Hamas and Fatah have been trying to form a unity government for months.

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They are deadlocked over Hamas' rejection of international calls for it to recognise Israel.

Western donors have been withholding direct aid, resulting in a deep economic crisis in the Palestinian territories.

Hamas Fighters Appear To Tighten Hold In Gaza (NYT)

By Steven Erlanger

The New York Times, February 4, 2007

JERUSALEM, Feb. 3 — Forces loyal to Hamas appeared to consolidate their hold on northern Gaza and much of Gaza City on Saturday, with at least 12 more people wounded in continuing clashes between Palestinian factions, residents and doctors said.

What has been some of the worst internal Palestinian fighting in years ebbed overnight after the warring factions, Hamas and Fatah, met to try to arrange a cease-fire. But gun battles raged into Saturday, and masked men continued to hold positions and operate checkpoints throughout Gaza City.

Hamas forces appear to be in control of northern Gaza, bordering Israel, down through most of Gaza City, with Fatah forces concentrated around the government and security compounds of the Remal neighborhood, surrounding the main security headquarters, Saraya, and the presidential compound of Mahmoud Abbas of Fatah, who is not in Gaza.

Hamas fighters at checkpoints were stopping all cars to look for Fatah members or members of the security forces, said Tawfiq Abu Khoussa, a Fatah leader in Gaza City. He demanded that "Hamas remove all the checkpoints throughout the Gaza Strip but mainly in Gaza City."

Detentions or kidnappings of fighters were reported, with Fatah accusing Hamas of detaining as many as 40 of its members or security officials at roadblocks. Hamas forces have also been overrunning and sometimes destroying headquarters of the Fatah-dominated Preventive Security forces in northern Gaza.

Few people ventured from their homes, and many stayed away from windows. On Friday, Wasi Kurdish, 20, was killed as he watched television when a bullet came through a window and hit him in the chest.

Ghada Abu Daoud, who works for the Gaza office of a Persian Gulf emirate, said: "Hamas is in control of the streets of Gaza City. It's Hamas that seems to initiate every raid, and the number of Fatah wounded seems higher."

Ms. Daoud said in a telephone interview that she ventured out on Saturday morning in a car, but that masked men stopped her at a checkpoint and strongly suggested that she return home. "Everyone is wearing black," she said. "But the Qassam Brigades seem stronger than anyone." The Qassam Brigades are the military wing of Hamas, which also dominates a separate, parallel police force known as the Executive Force.

Dr. Jumaa al-Saqqa, a surgeon and spokesman for Al Shifa hospital, Gaza's largest, said Hamas forces had taken over the hospital and were using it as a protected firing position. "We're extremely depressed," he said by telephone. "I'm afraid to walk to my office in the hospital. Even in my apartment I'm afraid of a bullet coming through the window."

Dr. Saqqa said that blood supplies were low, and that given the street fighting and what he called the "shame" of the internal fighting, few Gazans were going out to give blood. "People aren't willing to give blood for this internal fighting," he said.

Abed Salaam Shihada, a Gazan documentary maker, said: "One prisoner is punishing another. But Hamas feels itself under real threat; it's defending itself."

Mr. Shihada suggested that with the international boycott on Hamas and the increased pressure from the United States, including the prospect of $86.4 million in aid and training to Fatah forces loyal to Mr. Abbas, Hamas was asserting its presence in Gaza. "For them it's a battle for existence," he said.

Hamas sharply criticized the meeting of major countries involved in Middle East diplomacy on Friday in Washington. At the meeting, the so-called quartet — the United States, the European Union, Russia and the United Nations — expressed concern about the violence and pressed for a meeting soon of Mr. Abbas, Prime Minister Ehud Olmert of Israel and Secretary of State Condoleezza Rice to find a clearer "political horizon" toward peace. But the group insisted that it would not deal with Hamas until it recognized Israel, forswore violence and accepted previous Israeli-Palestinian agreements.

Ahmed Youssef, an adviser to the Palestinian prime minister, Ismail Haniya, who is a member of Hamas, said the meeting produced nothing positive. He criticized Germany, as the current head of the European Union, for failing to end the boycott of Hamas.

A small protest against the internal bloodletting was called Saturday in Unknown Soldiers Square in Gaza City, near the parliament building, but few Gazans felt safe to venture out to join it, residents said. Scores had come in previous days, but only 20 or so on Saturday.

The United Nations issued a statement on Saturday deploring the violence on behalf of the many agencies that work in Gaza to provide food, education and medical care to refugees and others. With their own workers at risk and often unable to

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travel safely, the agencies said: "It is becoming extremely difficult for us to fulfill our humanitarian mandates to alleviate the suffering of the Palestinian people. The implications of this for a population already facing extreme hardship are grave."

United Nations schools did not reopen Saturday after a vacation, leaving more than 200,000 students at home.

Mr. Abbas and the exiled leader of Hamas's political bureau, Khaled Meshal, are to meet Tuesday in Mecca at the invitation of King Abdullah of Saudi Arabia to continue talks on a unity government. Mr. Meshal, based in Damascus, is considered to have control over Hamas's military wing, which appears to ignore the authority of the Hamas-led Palestinian government and of Prime Minister Haniya.

Mr. Haniya and other noted Hamas leaders have been silent and apparently underground during these days of fighting, while many senior Fatah leaders left Gaza to go to the West Bank, taking their families.

Arab countries are embarrassed and angry about the fighting. The Palestinian negotiator Saeb Erekat said Saturday that the infighting had harmed the Palestinian cause. "This appeared clearly in the results of the quartet meeting yesterday and its statement that questioned the ability of the Palestinian people to rule themselves," he said.

At least 17 people, mostly fighters, were killed Friday, and 6 on Thursday. More than 200 people have been wounded, and neighboring universities, Hamas's Islamic University and Fatah's Al Azhar University, were both attacked and damaged by fire.

The latest clash between Hamas and Fatah, breaking yet another cease-fire, began when Hamas forces attacked a convoy of trucks from Egypt. Hamas said the trucks were full of weapons and military equipment.

A spokesman for the Executive Force, Islam Shahwan, said Saturday that the containers included Kalashnikov rifles, ammunition, flak jackets and helmets intended for Fatah forces in Gaza. Fatah spokesmen say the trucks contained tents and medical equipment, and Hamas has provided no evidence that the trucks were full of weapons.

Fatah also said that caches of weapons were at the Islamic University, and that it had captured some Iranian weapons experts there. But there has been nothing to back up those charges and no release of documentary evidence, and most experts regard the Iranian charge, in particular, as Fatah propaganda.

Factional Clashes Shoot Holes In Palestinian Truce (LAT)

By Ken Ellingwood

The Los Angeles Times, February 4, 2007

JERUSALEM — Gunmen from rival Palestinian factions battled sporadically in the Gaza Strip on Saturday despite a tentative cease-fire.

The skirmishes between the ruling Hamas movement and its rival, Fatah, were not as sustained or heavy as those of the previous two days, which left 23 people dead and scores injured. Still, at least one person was killed and at least 10 were wounded Saturday.

By evening, representatives of the two groups agreed to restore the cease-fire, which began to unravel nearly as soon as it was announced Friday.

Under terms announced late Saturday by Interior Minister Said Siyam of Hamas, the groups agreed to withdraw their forces, dismantle impromptu checkpoints and leave the streets in the hands of police. But there was no immediate sign of a pullback.

For much of the day, gunmen were virtually the only people on the streets of Gaza City and areas to the north.

Shooting broke out early Saturday near a base used by security forces loyal to Fatah and around the compound of Palestinian Authority President Mahmoud Abbas, who leads Fatah.

Meanwhile, Fatah forces occupied two ministries of the Hamas-led government, Agriculture and Communications. Hamas said the gunmen destroyed furniture and stole computer equipment.

Although the fighting had tapered off, the air in Gaza City was of a place besieged. Masked gunmen manned makeshift checkpoints to look for their rivals. Businesses, universities and most schools were shuttered, leaving more than 200,000 children without classes.

The United Nations called Saturday for an end to the violence, saying it was endangering aid workers and hindering the ability of humanitarian agencies to provide assistance.

Previous cease-fire deals have fallen apart, and there was no immediate sign that the new agreement would hold. The violent power struggle began after Hamas toppled the long-dominant Fatah in parliamentary elections in January 2006.

Both sides have heavily armed militias.

Most of the 70,000 members of the security forces are at least nominally loyal to Fatah. Hamas has thousands of its own armed militants and commands a new police agency, called the Executive Force, numbering about 6,000 men.

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Repeated efforts to negotiate a power-sharing deal have failed. Abbas is to travel to Saudi Arabia this week for talks with Khaled Meshaal, the exiled Hamas political leader who is based in Syria. The two men met in Damascus last month but didn't bridge their differences.

Abbas has tried to persuade Hamas to agree to a shared political program that would meet Western demands to recognize Israel, renounce violence and abide by past Israeli-Palestinian agreements. Western nations cut off most aid to the Palestinian Authority after the election last year because they consider Hamas a terrorist group.

Hamas, Fatah Ignore Truce Deal In Gaza (AP)

By Ibrahim Barzak, Associated Press Writer

AP, February 4, 2007

Fatah and Hamas clashed at Cabinet ministries, universities and security headquarters Saturday in defiance of a truce that was to have calmed the seething Gaza Strip.

The cease-fire agreement was announced late Friday on the deadliest single day of battles between the two sides, who have been fighting for control of the Palestinian government since the Islamic militant Hamas ousted Fatah from power in last year's elections.

Palestinian officials said the deal was approved by Palestinian President Mahmoud Abbas of Fatah and Hamas' supreme leader, Khaled Mashaal. But the cease-fire — the second announced this week — showed no signs of taking hold.

Gunbattles raged across Gaza after the truce was announced, continuing through the night and early Saturday. With no casualties reported overnight, some Gazans, who had spent the previous two days huddled at home for safety, were emboldened to leave their houses to go to work.

But 12 people had been wounded by late morning, hospital officials said, and Fatah said Hamas had kidnapped 40 of its security officials at roadblocks. Hamas reported one of its followers had been kidnapped.

Factional kidnappings have become a routine part of the Gaza landscape, but so far abducted men have been released quickly and unharmed.

In Gaza City, the coastal strip's largest town, Fatah gunmen stormed the Agriculture Ministry, ransacking offices and stealing computers, servers and official documents, said Agriculture Minister Mohammed al-Agha.

Fatah-affiliated security officials said nothing was stolen or destroyed, and denied al-Agha's assertion that gunmen opened fire from the building's rooftops.

Officials at the Hamas-run Communications and Postal Ministry said Fatah gunmen fired two rocket-propelled grenades at the building. Gunbattles also erupted around the Interior Ministry, which Hamas controls, and the Fatah-dominated National Security headquarters.

Universities also continued to be the site of clashes. Armed men at Islamic University, a Hamas stronghold, traded fire with Fatah fighters who took up position on the rooftop of nearby al-Azhar University and surrounding buildings. In southern Gaza, gunmen stormed the Fatah-affiliated Al-Quds University campus in the town of Rafah, torching the student council building, university officials said.

Gunmen in Gaza City stopped cars and searched them for rivals.

Even before the gunfire intensified, the streets of Gaza City had been almost empty. And the U.N. said it would not reopen its schools in Gaza on Saturday after a midyear recess, as scheduled, because of the fighting — a decision that kept nearly 200,000 students at home.

More than 100 Palestinians have been killed in internal violence since Hamas, which rejects Israel's right to exist, won parliamentary elections a year ago and wrested power from Fatah, which advocates peacemaking with the Jewish state.

On Friday alone, the day's death toll reached 17, including four children, and more than 200 people were wounded. Casualties were so high that hospitals ran out of ambulances to transport the dead and wounded, and blood supplies were running low.

In Washington, the so-called Quartet of Mideast negotiators met on Friday to explore ways to jump-start peacemaking between Israel and Abbas despite the latest round of Palestinian factional violence.

"There's simply no reason to avoid the subject of how we get to a Palestinian state," Secretary of State Condoleezza Rice said after meeting with foreign ministers from the European Union, United Nations and Russia.

Pressure Grows For Blair To Depart Office Early (WT)

By Toby Helm, London Daily Telegraph

The Washington Times, February 4, 2007

DOJ_NMG_0127604

LONDON -- The first cracks in Cabinet support for Prime Minister Tony Blair have emerged, with senior ministers questioning whether he can remain in office for another five months without inflicting lasting damage on the Labor Party.

Mr. Blair's defiant declaration Friday that he would not be hounded from office by a scandal over sales of knighthoods and other honors failed to stem growing pressure for him to quit before the midterm May elections.

Senior Labor members of Parliament have reported a collapse of morale within the party. The Daily Telegraph learned that at least three Cabinet ministers have been discreetly canvassing them about whether Mr. Blair should stay in office.

There are also reports that some senior Labor lawmakers are "actively encouraging" Cabinet ministers to wield the political dagger and allow Labor a fresh start under Gordon Brown.

Some wanted members of the Cabinet to urge Mr. Blair to quit "sooner rather than later," Channel 4 News reported.

A poll released yesterday indicated that more than half of British voters believe Mr. Blair should leave office immediately.

The survey of 1,014 adults by ICM for the center-right Sunday Express newspaper suggested 56 percent of the public want Mr. Blair to quit now, while 37 percent back him to stay on.

Mr. Blair says he plans to step down this summer.

Some lawmakers said they thought the only way to dislodge Mr. Blair would be for the Cabinet to persuade him to go voluntarily and put the party's interests before the desire to pass his 10th anniversary in office on May 2.

In an interview with the Daily Telegraph, David Cameron, leader of the opposition Conservative Party, said the Blair government was now "dysfunctional" and in a state of "paralysis."

"It seems to me it's got to that point where everyone in Parliament, everyone in government, everyone in the press, everyone in the country is thinking, 'Hello? It's over,' " he said.

The Conservative leader said that Mr. Blair was "losing it" and a "tipping point" had been reached.

In a highly charged interview on BBC Radio 4's Today program Friday, Mr. Blair dismissed suggestions that he was distracted from his work by the cash-for-honors inquiry after it emerged that he had been questioned by police for a second time last week.

He refused to bring forward his plans to leave office, saying: "You will have to put up with me for a bit longer."

But he appeared to acknowledge the damage the police inquiry was doing to his reputation, saying he was not going to "beg for my character in front of anyone."

Menzies Campbell, the Liberal Democrat party leader, said he detected "resignation" in Mr. Blair's voice.

Several other lawmakers said it was a low-key performance that reflected Mr. Blair's disappointment that his premiership is drawing to an end under a cloud.

Environment Secretary David Miliband pleaded for Mr. Blair to be allowed to carry on, saying there was a British tradition "that you are innocent until proven guilty."

But other Cabinet ministers are distancing themselves from Mr Blair.

Hazel Blears, the Labor Party chairman and minister without portfolio, acknowledged that the lengthy police investigation was creating "corrosive cynicism" that was damaging for the country.

Britons Strive To Contain Bird Flu (WT)

The Washington Times, February 4, 2007

HOLTON, England -- Britain scrambled to contain its first outbreak of the highly pathogenic H5N1 strain of bird flu in domestic poultry yesterday after the virus was found at a farm run by Europe's biggest turkey producer.

About 2,500 turkeys have died since Thursday at the Bernard Matthews farm near Lowestoft in eastern England. The Department for the Environment, Food and Rural Affairs (DEFRA) said all 159,000 turkeys on the farm would be culled.

"We're in new territory," National Farmers' Union Poultry Board Chairman Charles Bourns said. "We've every confidence in DEFRA, but until we know how this disease arrived, this is a very apprehensive time for all poultry farmers."

The virus strain was identified as the highly pathogenic Asian strain, similar to a virus found in Hungary in January, DEFRA said.

It was the first time the deadly H5N1 strain was found on a British farm.

The outbreak mirrored a similar case in which hundreds of turkeys died at a farm in eastern France almost a year ago.

That outbreak was contained and there followed a lull in cases of H5N1 in European poultry until last month, when thousands of birds were culled after an outbreak among geese on a farm in Hungary.

Also yesterday, the World Heath Organization confirmed Nigeria's first human death from the strain. Nigerian health officials on Wednesday said several people had apparently contracted the virus, including a young woman who later died.

The strain tends to be transmitted to poultry by infected migrating wildfowl.

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The disease has killed at least 164 persons worldwide since 2003, most of them in Asia, and more than 200 million birds have died from it, or been killed to prevent its spread.

But it has not yet fulfilled scientists' worst fears by mutating into a form that can be easily transmitted between humans and possibly cause a global pandemic.

Avian-flu specialist Colin Butter of the Institute of Animal Health said the British outbreak was surprising as it had happened outside the main bird-migration period.

"The next thing we need to know is if this is a primary or secondary case. If this is a secondary case, it is much more serious. If this is the first case, or 'reference case,' and we can stamp it out, the outbreak will be controlled," he said.

A protection zone was established with a radius of 2 miles and a surveillance zone of 6 miles around the infected farm. Bird-related gatherings, such as bird shows and pigeon racing, were suspended nationwide.

Television news footage showed piles of slaughtered birds being funneled into an open tractor-trailer before being taken away for incineration.

Britain's poultry industry is worth $6.7 billion, with 800 million birds produced each year.

In May, 50,000 chickens at three farms in Norfolk, also in eastern England and home to some of Europe's biggest poultry farms, were culled after another strain, H7N3, was detected.

A wild swan found dead in Scotland in March had the H5N1 version of the virus. It was thought to have caught the disease elsewhere, died at sea and been washed ashore in Scotland.

Britain's deputy chief veterinary officer, Fred Landeg, said the virus was found in only one of 22 turkey sheds on the farm, owned by Bernard Matthews PLC, Europe's largest turkey producer.

Experts stressed the situation did not pose a public health threat, and that eating well-cooked poultry products posed no risk. However, close contact with sick birds, such as in slaughtering or plucking, could lead to transmission of the disease.

Deadly Bird Flu Confirmed In British Turkeys (NYT)

By Alan Cowell

The New York Times, February 4, 2007

LONDON, Feb. 3 — British authorities confirmed Saturday that an outbreak of bird flu discovered among turkeys at a poultry farm in eastern Britain had been caused by the deadly A(H5N1) strain, which has killed humans in other parts of the world.

The disease has killed 2,500 turkeys near Lowestoft since Thursday, making it the biggest outbreak of the strain reported in Britain since concern about its global spread began to take root in 2003.

An additional 160,000 birds will now be culled in an effort to contain the outbreak, government officials said.

The prospect of a mass slaughter recalled Britain's battle with foot-and-mouth disease in 2001, when nearly four million animals, mainly sheep, pigs and cows, were burned.

The Department for Environment, Food and Rural Affairs said that veterinary authorities had imposed restrictions in areas within six miles of the infected farm in eastern England, owned by the Bernard Matthews company, one of Europe's biggest poultry businesses.

The department also said all bird shows and pigeon racing was banned while scientists tried to establish more detail about the virus and the level of risk it presented to humans. The department did not say what had caused the outbreak.

Fred Landeg, a senior government veterinarian, said there was no public health concern. "Avian influenza is a disease of birds," he said, "and whilst it can pass very rarely and with difficulty to humans, this requires extremely close contact with infected birds, particularly feces."

Britain's last brush with the virus was last April, when a dead swan that washed up in Scotland tested positive for the strain. Government scientists said it had probably carried the infection from Germany and posed no threat to humans.

Later that month, chickens in another part of eastern England — a center of poultry farming — died of a different strain of avian influenza, H7, which can cause mild symptoms in humans. At that time, a poultry farm worker fell ill with conjunctivitis, which was attributed to the virus.

The disease is commonly transmitted to farmed birds by infected migrating birds.

But since 2003, 164 people, most of them in Asia, have died of the A(H5N1) strain, and authorities worry that the virus could easily become transmissible among humans to create a global pandemic. About 200 million birds have either died or been killed in the same period.

On Saturday, the World Health Organization confirmed that the strain had killed a 22-year-old Nigerian woman, making her the first known human fatality in sub-Saharan Africa, [a news organization] reported.

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Tests carried out at a laboratory in London confirmed the findings of Nigerian health authorities, who announced on Wednesday that the woman had died after catching the virus from an infected chicken.

Bird Flu Detected On Turkey Farm In England (WP)

By Kevin Sullivan

The Washington Post, February 4, 2007

LONDON, Feb. 3 -- The deadly H5N1 Asian strain of bird flu, which has killed 165 people since 2003, has been confirmed on a commercial turkey farm in eastern England, health authorities said Saturday.

Officials said the disease had killed 2,600 turkeys on the Bernard Matthews company turkey farm in Suffolk county, northeast of London. All 159,000 turkeys at Bernard Matthews, one of Europe's leading producers, were being slaughtered as a precaution, and television footage showed thousands of carcasses being dumped into trucks.

The outbreak is the first confirmed case of H5N1 among British domestic poultry in more than 15 years, officials said, and it comes at a time of increasing concern that migrating birds are carrying the disease from its origins in Asia through Africa, the Middle East and deeper into Europe. While transmission of the disease from birds to humans is rare, the World Health Organization says 271 people have been infected with H5N1 since 2003, mainly in Asia. There have been no reported cases of human infection in Europe or the United States.

British health officials said the immediate risk to humans from the Suffolk case was "extremely low." The Health Protection Agency said transmission of avian influenza from birds to humans occurs "very rarely and with difficulty" and requires "extremely close contact" with infected birds. Health officials advised that properly cooked poultry and eggs were safe to eat.

"In parts of the world where widespread infection in poultry has been reported, transmission of the virus to humans has occurred very infrequently," Maria Zambon, an influenza specialist at the health agency, said in a statement. "To date there is no evidence that avian influenza H5N1 has adapted to spread easily between humans."

David Nabarro, bird flu coordinator for the United Nations, told the BBC that it was "exceedingly unlikely" that the outbreak in Britain would lead to human infections. "The numbers of human cases are very, very small indeed, even though the virus has been moving through poultry in at least 50 countries in the last year," he said. "This is really not a human disease; it is a poultry disease."

The cause of the current outbreak is not yet known, but the disease was most likely carried to the turkey farm by a wild bird, said a spokeswoman for the Department for Environment, Food and Rural Affairs (Defra). She said that all of the turkeys were raised from eggs produced at a hatchery that is being monitored for signs of bird flu. So far, none have been found, she said.

Bernard Matthews officials issued a statement Saturday confirming the outbreak but noting that "none of the affected birds have entered the food chain and there is no risk to consumers." A company spokesman referred further inquiries to government officials.

The company's Web site says Bernard Matthews is the biggest turkey producer in Europe, raising 8 million birds a year on 54 farms in Britain. The company does about $800 million a year in business and employs more than 6,000 people, according to the Web site.

Fred Landeg, Defra's deputy chief veterinary officer, said that only one of the 22 turkey houses at the Bernard Matthews farm appeared to have been affected but that all turkeys on the farm were being killed as a precaution. Officials have imposed severe restrictions on poultry owners within a six-mile radius of the infected farm, requiring that all poultry be kept inside. Poultry owners in a larger "restricted zone" covering 1,300 square miles of eastern England are being advised to keep domestic birds isolated from wild birds.

Landeg said further tests showed the disease is "the highly pathogenic Asian strain" of the virus. Indonesia, the country hit hardest, had 46 human deaths from bird flu last year and five already this year. Health officials around the world have been closely monitoring the potential spread of infected birds, and some have warned of the potential for a deadly pandemic.

Defra officials said the H5N1 strain has been confirmed in birds in at least 45 countries. It first appeared in the European Union last year and has been confirmed in wild birds in at least 13 E.U. countries, officials said. Britain is the seventh E.U. country where H5N1 has been found in domestic poultry, following France, Sweden, Germany, Denmark, Romania and Hungary.

A strain less dangerous to humans, H7, was found in chickens at a farm in Norfolk, England, last April, leading to the slaughter of more than 30,000 birds.

Peter Bradnock of the British Poultry Council said the outbreak could have an economic impact on the poultry industry.

"I think people understand this is first and foremost a problem for poultry, not for people," he said. "I am hoping we will not see any particular change in buying habits."

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Deadly Bird Flu Virus Found In Britain (AP)

AP, February 3, 2007

LONDON (AP) - Officials confirmed Saturday that the H5N1 strain of bird flu had been found in turkeys on a commercial farm - Britain's first mass outbreak of the disease that has ravaged Asia's poultry stocks and killed more than 160 people worldwide.

The virus strain that killed about 2,500 turkeys on the British poultry farm was identified as the highly pathogenic Asian strain, similar to a virus found in Hungary in January, the Department for Environment, Food and Rural Affairs said.

It was the first time the deadly H5N1 strain was found on a British farm.

Also on Saturday, the World Heath Organization confirmed Nigeria's first human death from the strain. Nigerian health officials on Wednesday said several people had apparently contracted the virus, including a young woman who later died.

Last month Hungarian officials killed thousands of geese after H5N1 was detected in the southeast of the country - the first known case of the strain within the European Union since August 2006.

Britain's deputy chief veterinary officer, Fred Landeg, said all 159,000 turkeys on the affected farm in eastern England would be slaughtered. He said the virus was found in only one of 22 turkey sheds on the farm, owned by Bernard Matthews PLC, Europe's largest turkey producer.

Bird flu has killed or prompted the slaughter of millions of birds worldwide since late 2003. It has killed at least 164 people worldwide, but remains difficult for humans to catch.

Experts fear it could mutate into a form that spreads easily among people, potentially sparking a global pandemic. So far, most human cases have been traced to contact with sick birds.

The English outbreak near Holton in Suffolk county, about 130 miles northeast of London, represented the first known instance of H5N1 in Britain since an infected wild swan was found in Scotland in March. Turkeys and chickens are more susceptible to H5N1 than wild birds, who can carry the virus over long distances without showing symptoms.

Television news footage showed piles of slaughtered birds being funneled into an open tractor-trailer before being taken away for incineration.

U.N. flu coordinator Dr. David Nabarro said experts had anticipated commercial flocks in Europe and elsewhere could be infected by migrating wild birds during the northern winter months.

"This virus is going to be in bird populations for years to come, and the way in which we'll deal with it is by implementing the well-rehearsed plan to stamp it out at source," he told British Broadcasting Corp. television. "We have to learn to accept that and not see it as a serious problem and just get on with normal poultry rearing and consumption."

Experts stressed the situation did not pose a public health threat, and that eating well-cooked poultry products posed no risk. However, close contact with sick birds, such as in slaughtering or plucking, could lead to the disease being transmitted.

"There is no need for immediate concern, but we do need to identify the source of the virus," said Colin Butter, a bird flu expert with the Institute of Animal Health. "If the virus has come from the wild bird population, we need to know which birds and how much of the population has been affected."

Last year, the H5N1 virus was discovered in countries in Africa, the Middle East, Central Asia and Europe.

Lab tests conducted by the World Health Organization in London confirmed that a 22-year-old woman was infected with H5N1 when she died on Jan. 17, Information Minister Frank Nweke Jr. said.

"It bears restating, therefore, that H5N1 is widespread and continuing in the poultry population in Nigeria," Nweke said.

Turkmen Candidates Practice Pliancy (WP)

By Peter Finn

The Washington Post, February 4, 2007

MOSCOW -- Six presidential candidates are barnstorming the country and holding public meetings to talk about improving education, reforming health care, ensuring adequate pensions and boosting agriculture.

It could be Iowa -- if it weren't Turkmenistan.

Acting President Gurbanguly Berdymukhammedov, 49, will almost certainly win when the Central Asian country's citizens go to the polls Feb. 11. His opponents, a deputy minister and four regional officials, are willing foils, according to analysts and exiled politicians.

Murad Karyev, the supposedly neutral chairman of the Central Election Commission, has already said Berdymukhammedov is the best man for the job.

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But the modicum of debate in a country that during its 15-plus years of independence lived under the megalomaniacal shadow of president-for-life Saparmurad Niyazov amounts to a slight thaw. For the first time, the country will hold a presidential election in which more than one candidate is running.

Each of the six candidates continues to pledge loyalty to the legacy of Niyazov. But their stump speeches contain some implicit criticism of the late president by acknowledging the need to reverse the erosion of social programs, in particular.

"We know who the winner is already," said Murad Esenov, director of the Institute for Central Asian and Caucasian Studies in Sweden. "However, there are other candidates, and the fact that they have the possibility to speak up is significant and good. I believe there will be certain changes, because everyone realizes they cannot live as they lived before."

The exiled opposition has been prevented from returning to take part in the election. A coalition of exile organizations chose Khudaiberdy Orazov, a former vice premier and head of the Central Bank, to run as their candidate, but he is sitting out the campaign abroad.

"They are trying to create an image of real elections, but of course these are not elections. It's some sort of clownery," said Orazov, who lives in Sweden. "I believe we are entering the second stage of dictatorship."

Agents from Turkmenistan's internal security service, the MNB, are shadowing five of the candidates to ensure they don't stray from their scripts and say things contrary to policies laid out by the leading candidate, according to the Eurasian Transition Group, a nongovernmental organization in Germany that is one of the few with a presence in Turkmenistan.

"The other five candidates have to attend security council meetings, where they receive their orders," said Michael Laubsch, executive director of the German group. "Everything is concentrated on Berdymukhammedov, and the MNB have total control over the other candidates."

For the outside world, the direction Turkmenistan takes will carry profound implications for energy security. The former Soviet republic is becoming the focus of competition among Russia, China and the West as they vie for its natural gas resources.

Most of Turkmenistan's gas is now exported through Russian pipelines. The supply could become vital to the ability of Gazprom, the Russian energy giant, to meet rising demand over the next decade. But Western governments would like to see construction of new export routes that bypass Russia and diversify the supply chain, something Niyazov had resisted.

China has already secured a deal to build a new pipeline that will deliver billions of cubic yards of natural gas annually over 30 years, beginning in 2009.

Russian President Vladimir Putin has embraced Berdymukhammedov. At a news conference Thursday, Putin mused favorably on the idea of an OPEC-like organization for natural gas, although he stressed, "We are not going to set up a cartel."

The United States and the European Union have stepped up contacts with Turkmenistan's new leadership. The opposition-in-exile has expressed frustration at what it sees as muted statements from those countries about the need for real democratic change.

Under Niyazov, who was 66 when he died of heart disease in December, Turkmenistan was one of the world's most isolated countries, subject to the bizarre whims of a leader who squandered vast amounts of revenue from natural gas resources on monuments to himself.

The country's education system, which forced students to study Niyazov's writings, was gutted. The number of years students spent in school was cut, and foreign degrees were not recognized. Pensions for 100,000 elderly citizens were summarily denied. Ballet and opera were banned as alien. Dissidents were jailed or forced into exile.

Exiled human rights activists have taken comfort from the release this week of an environmentalist who was given a three-year suspended sentence, rather than the usual prison term, after being convicted on a weapons possession charge that was widely seen as trumped-up. But that was offset by the ruthless suppression last month of a prison riot at a facility outside Ashkhabad, the capital. Twenty-three people were killed, according to human rights activists.

Berdymukhammedov, a dentist by profession and a former minister of health, has said that he will relax controls on Internet access, among the most stringent in the world, and that Turkmenistan may eventually move toward a multiparty system.

"I would like to be the president of a democratic country where people enjoy freedom and every condition to work and to rest, and where justice, peace and friendship dominate," Berdymukhammedov said, to sustained applause, at a televised meeting last month.

Whether such rhetoric is a short-term ploy to consolidate power by a governing class still unsure of its popular standing is unclear. But emerging regional and tribal concerns, suppressed under Niyazov, could also accelerate the need for broader power-sharing.

In a secretly conducted poll of 1,145 respondents across Turkmenistan after Niyazov's death, the Eurasian Transition Group found that 81 percent of those surveyed want a president who supports democratic reforms, and 55 percent believe their votes will not be counted on election day.

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"Berdymukhammedov needs to build up a certain respect, and I believe he will allow some relaxation," said Farid Tuhbatullin, a former political prisoner in Turkmenistan and now the director of the Turkmen Initiative for Human Rights, based in Vienna. "The opposition who live in the West may have a chance to build up a dialogue with the authorities, and then maybe later they may be able to legalize their activity in the country."

Hu Cultivates Source Of Industrial Materials (WT/AP)

By Joseph J. Schatz

The Washington Times, February 4, 2007

LUSAKA, Zambia -- Chinese President Hu Jintao yesterday brought his eight-nation African tour to Zambia, a copper-rich country where China's growing clout has prompted charges of exploitation and has emerged as a volatile political issue.

Huge photos of Mr. Hu and Zambian President Levy Mwanawasa greeted motorists on Lusaka's main roads in preparation for the tightly orchestrated three-day visit, which followed stops earlier this week in Cameroon, Liberia and Sudan.

"I am sure that this visit will serve to take Zambian-Chinese relations to a higher level," Mr. Hu said.

He has used the tour to cement China's increasing economic and political ties and its fast-growing role as a foreign donor throughout the continent.

The Chinese leader was expected to attend a state banquet and meet with Mr. Mwanawasa, who has cultivated close ties with China. The country is a major foreign aid donor to Mr. Mwanawasa's government, with investments in Zambia topping $500 million, according to China's state-run news agency, Xinhua.

China also has poured hundreds of millions of dollars into Zambia's copper sector, which accounts for 60 percent of the impoverished nation's exports.

Mr. Hu's visit to Lusaka is expected to focus on new Chinese aid for Zambia and the inauguration today of an economic partnership zone in Zambia's Copperbelt province, which has become a key source of copper for China's growing economy.

But the Chinese delegation decided against visiting the province, where 51 Zambian workers died in a 2005 explosion at a Chinese-run mine. Accidents and concerns over poor working conditions at Chinese-run copper mines -- plus resentment over an influx of Chinese traders into the local apparel industry -- fueled a political backlash in Zambia's presidential elections last September over the Chinese presence.

Opposition challenger Michael Sata won support in urban areas after criticizing what he called "exploiter" Chinese investors.

"They're not here to develop Zambia; they're here to develop China," said Guy Scott, a Sata ally who represents Lusaka's central district in parliament.

The government has not invited Mr. Sata's party to public events during Mr. Hu's visit, according to the state-owned Daily Mail newspaper.

Mr. Hu's visit was preceded by a raft of new Chinese commitments, including the release of more than $6 million for the construction of a new soccer stadium in the mining town of Ndola and a $39 million grant for road building.

New Hope For Genocide Resolution (LAT)

The Los Angeles Times, February 4, 2007

LAST WEEK, Rep. Adam B. Schiff (D-Burbank) engaged in what has become a biannual congressional ritual: Introducing a nonbinding resolution instructing the president of the United States to call Turkey's Ottoman-era slaughter of Armenians a genocide. Unlike in years past, however, this time the symbolic but important legislation actually has a legitimate chance at passage.

Two recent developments have created momentum. First, the Democratic Party, which has historically been more sympathetic to the resolution, now controls Congress. House Speaker Nancy Pelosi (D-San Francisco) in particular has taken a keen interest in bringing the matter to a vote. Second, a 17-year-old gunman last month executed in cold blood the respected Turkish Armenian journalist Hrant Dink on a crowded Istanbul street.

The slaying of Dink, who had been prosecuted for acknowledging the genocide, has sent a collective shiver down Turkey's spine, triggering street demonstrations and renewed calls for the government to change its policy. It is still a crime in Turkey to speak the truth about a period of history whose accepted worldwide interpretation Ankara still denies.

Schiff's resolution merely calls on the president to ensure that U.S. foreign policy "reflects appropriate understanding and sensitivity" regarding the genocide and that he use the G-word during his annual message commemorating the National Day of Remembrance of Man's Inhumanity to Man on April 24, the date in 1915 when Turkey rounded up 250 Armenian intellectuals to be slaughtered. That the resolution is so mild makes the White House's opposition all the more vexing.

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Even though President Bush made a campaign promise in 2000 to use the word "genocide," his flip-flop is neither surprising nor mysterious — Ankara has considerable diplomatic influence, and Turkey is too valuable an ally to alienate with congressional resolutions. Yet the U.S. is at its best when it chooses truth over expedience, especially in matters as grave as genocide. It's hard to say "never again" convincingly if you're too afraid to speak bluntly about what you aim to prevent.

Relax, It's Not The End Of The World (LAT)

By Francis Fukuyama

The Los Angeles Times, February 4, 2007

IT IS EASY TO GET very discouraged when surveying the state of the world. Few Americans need to be reminded about the chaos in Iraq, Iran's ambitions as a regional and potentially nuclear power or the possibility of Sunni-Shiite conflict spreading throughout the Persian Gulf.

But there's also the fact that Russia has been regressing politically, using its energy wealth to muscle Belarus and Western oil companies that invested in it, while using gangster-style tactics to silence critics at home and abroad. Nationalism is resurgent in Northeast Asia, with younger generations of Japanese, Chinese and Koreans at each other's throats over wrongs committed more than half a century ago. This in turn blocks cooperation over the threat posed by North Korea's nuclear weapons.

In our hemisphere, anti-American populists have been elected in Venezuela, Bolivia and Ecuador, and are busy centralizing power and reversing the trend of the 1990s toward openness and economic integration. Around the world, authoritarian regimes are learning repression from one another. What political scientist Samuel Huntington labeled the "third wave" of democratization began in the 1970s with Spain and Portugal, spread through Latin America and Asia, and culminated in the collapse of communism. But this wave has clearly crested. Not wanting to see another democratic upsurge like Ukraine's 2004 Orange Revolution, Russia, Egypt, Syria and Venezuela have all passed laws closing off international funding for pro-democracy groups.

Underlying these worrisome trends is a huge decline in the prestige of the American model, which since the Iraq war has come to be symbolized less by the Statue of Liberty than by the hooded prisoner at Abu Ghraib.

The world's evident instability has led the Bulletin of Atomic Scientists to move the hands of its "Doomsday Clock" to five minutes to midnight, two minutes closer to the figurative end of civilization. Even the fact that hundreds of millions of people are pulling themselves out of poverty lays the groundwork for global warming.

But before we get too discouraged with the state of the world at the beginning of 2007, we should stop to consider a broader context in which things look a lot brighter. The single most notable but overlooked fact about today's world is that the global economy has been driving ahead full speed, raising living standards and closing the gap between the First and Third worlds. The economies of the world's two most populous countries, India and China, have been growing in recent years at nearly 9% and 10%, respectively. A decade after the 1997-98 financial crisis, East Asia as a whole has returned to its torrid pace of development.

But the rest of the world is growing steadily too. Latin America, despite instability in the Andes and a backlash against "neo-liberalism," has been averaging 4% to 5% growth based on exports. Sub-Saharan Africa, after three decades of decline, has seen greater than 5% annual growth in recent years, and the Middle East is not far behind. These trends in the developing world are increasingly driven by south-south trade, as India and China consume commodities and natural resources from Latin America and Africa. This has spawned world-class multinational companies from developing countries, such as Mittal (originally of India), Cemex (Mexico) and Embraer (Brazil). Even Europe, despite the dislike of many of its intellectuals for an American-led globalization, has seen rates of unemployment fall to levels without recent precedent as the European Union expands and integrates with the global economy.

What is even more striking than the fact of economic growth has been its robustness. The early years of the 21st century have not been peaceful ones, after all: The world has seen the 9/11 attacks on the United States; horrific bombings in London, Madrid, Istanbul and Bali; two wars in the Middle East and one in Afghanistan; and an enormous increase in commodity prices. Similar shocks in the 1970s sent the global economy into a tailspin, leading to recession and inflation in the U.S., the debt crisis in Latin America and stagnation in Europe. And yet the U.S. economy has not even suffered a technical recession (two back-to-back quarters of declining output) in the last decade.

Ah, many would say, but today's rosy economic picture masks huge vulnerabilities, particularly in the form of the twin American trade and budget deficits and the unsustainable buildup of U.S. dollars in foreign central banks. These deficits, and the global imbalances they represent, are indeed worrisome and unsustainable, but people misunderstand where they come from. They do not arise primarily from American profligacy but rather from decisions taken by non-Americans to build up dollar reserves and thus ensure themselves against financial risks. The decade following the fall of the Berlin Wall was marked by constant financial instability, but since the Asian financial crisis, countries have weaned themselves off short-term capital flows

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and built up reserves through export-led growth. The International Monetary Fund is in trouble today because it has run out of customers for its fire brigade services. We evidently suffer, as Federal Reserve Chairman Ben Bernanke once suggested, from a global oversupply of capital that keeps real interest rates low even as growth takes off.

Economic growth by itself will not guarantee stability, any more than the period of globalization before 1914 could prevent the outbreak of World War I. But there is good reason to think that we have consistently overestimated threats to stability since 9/11 and that it is our reaction to this overestimation that has created special dangers. At the time of the Sept. 11 attacks, there were probably no more than a few dozen people in the world with the motivation and potential means to cause catastrophic harm to the United States. Once our mighty national security apparatus was turned to focus on this problem, the likelihood of a successful attack dropped dramatically. It was in deciding that we had to "make a statement" by invading Iraq that we created a brand new problem for ourselves, creating a new terrorist haven and shifting the power balance in the Persian Gulf in Iran's favor.

But various equilibrating forces are at work. The Sunni world is not sitting by idly as Iran's influence grows, but is mobilizing to contain the threat. At home, there are many more measures we could take to lower the risk of catastrophic terrorism, such as better port security and an upgrading of our public health system to deal with biological threats. Far more likely than a catastrophic attack on the U.S. using weapons of mass destruction are bombings, attacks on airplanes, assassinations and the like — terrible events, but ones we can deal with.

There are, of course, many good reasons to want to prevent rogue states such as Iran and North Korea from getting nuclear weapons. But countries — as opposed to stateless terrorist groups — have important equities to protect, and it is not clear why deterrence would not to continue to work to restrain them. Iran's foreign policy, despite frightening rhetoric, has remained relatively cautious from the start of the 1979 Islamic revolution whenever core national interests were involved. The most acute dangers presented by proliferation are those of miscalculation as new nuclear powers emerge and as other states are tempted to preempt them.

And although the behavior of the latest bunch of oil-empowered tyrants is disturbing, in the long run, many of today's troublesome political trends are unlikely to be sustained. Russia, Venezuela and Iran — leaders of the anti-democratic rollback — have been able to defy the normal laws of economics because they benefit from high energy prices. But oil prices have already come down from last year's high of $75 per barrel to about $57 per barrel Friday. This reflects the working of markets: Rising prices have stimulated heavy investment in new upstream capacity while persuading consumers to conserve or to switch to alternative sources of energy. It is unlikely that Venezuela will be able to waste another $25 billion trying to buy itself a seat on the U.N. Security Council anytime soon.

Even pessimism about Iraq is overdone. The Bush administration has indeed made a mess of things, creating a new terrorist base in Al Anbar province and facilitating the rise of Iranian and Shiite power throughout the Gulf. But we seem not to have noticed that the civil war engulfing Iraq involves two anti-American, radical Islamist groups that are increasingly interested in fighting one another rather than the U.S. This does not absolve Washington from moral culpability for bringing this situation about, but it does mean there are self-equilibrating forces in the region that will limit the damage that conflict will represent to U.S. interests once we disengage.

There are real dangers to being excessively pessimistic at this juncture. Growing numbers of people in the U.S. and Israel believe that Iran represents an existential threat, that it will behave irrationally and therefore cannot be deterred — and that we consequently have no choice but to preempt. It is this same logic — that our backs are against the wall — that led us to the Iraq debacle. But assuming a worst-case outcome is likely to make it a self-fulfilling prophecy.

For all of its stumbles in the last few years, the United States remains a rich and powerful country, with plenty of margin to absorb setbacks and make up for mistakes. The large part of the world that is modernizing successfully is dependent on us for continued progress, and perhaps for that reason is far less anti-American than those regions mired in conflict and stagnation. There are real risks out there today, but it may help to take a deep breath and assess calmly where we stand. Terrorists use the tools they do because they are weak and have no others. Americans need to remember that we are the 800-pound gorilla: We have choices, but we need to take care when we throw our weight around.

Francis Fukuyama is a professor at the Johns Hopkins School of Advanced International Studies and the author of "America at the Crossroads: Democracy, Power and the Neoconservative Legacy."

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Stimson Resigns Over Controversy Involving Detainees' Legal Defense. The Washington Post (2/3, A6, 690K) reports Charles 'Cully' Stimson, deputy assistant secretary of defense for detainee affairs "resigned yesterday, the Defense Department announced, three weeks after criticizing lawyers who represent terrorism suspects." Stimson "called it 'shocking' that major U.S. law firms represented Guantanamo Bay detainees free of charge and said they would likely suffer financially after their corporate clients learned of the work." Stimson "believed that the controversy 'hampered his ability to be effective in this position,' department spokesman Bryan Whitman said. He stressed that Defense Secretary Robert M. Gates did not ask him to resign."

The New York Times (2/3, A12, Abruzzese, 1.16M) reports Stimson "named more than 12 firms that are defending detainees. 'I think, quite honestly, when corporate C.E.O.'s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms,' Mr. Stimson said." CNN.com (2/2) reports, "In a letter to the editor published in the Washington Post a week later, he said…'I apologize for what I said, those comments do not reflect my

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core beliefs.'" The Los Angeles Times (2/3, 850K) also noted Stimson's resignation.

Three Prominent Guantanamo Detainees Face New Charges. The AP (2/2) reports the Pentagon has "prepared new charges Friday against three of the best-known detainees at Guantanamo Bay — a key step toward resuming the military tribunals for terrorism suspects that were halted by the U.S. Supreme Court last year. Authorities drafted new charges — including murder, conspiracy and providing material support for terrorism — against Canadian Omar Khadr, Australian David Hicks and Salim Ahmed Hamdan of Yemen, said Air Force Col. Morris Davis, chief prosecutor in the Guantanamo war crimes trials."

Guantanamo Paralegal Alleged To Have Fabricated Torture Charges. The AP (2/2) reports a military defense lawyer "whose paralegal reported overhearing guards at the U.S. Navy base in southeastern Cuba brag about beating detainees said she was accused by a military investigator of filing a false statement. Army Col. Richard Basset, who was ordered by the U.S. Southern Command to investigate the allegations into guards' actions, told the paralegal, Marine Sgt. Heather Cerveny, that the guards denied her account of their September conversations in a Guantanamo bar, according to Marine Lt. Col. Colby Vokey. The investigator accused Cerveny of having made a false statement, Vokey told The Associated Press in a telephone interview."

Masri Vows To Pursue Rendition Case Against US Officials. BBC.com (2/2, Peter) reports, "A Lebanese-born German, who accuses the CIA of having kidnapped and tortured him, says he is determined to get an apology from the US authorities. Khaled al-Masri alleges that he was seized in Macedonia, flown to a secret jail in Afghanistan and tortured there. 'I'll pursue the case until the Americans admit what they did to me, give an explanation and make an apology,' he told the BBC News website. Munich prosecutors have ordered the arrest of 13 suspected CIA agents. Mr Masri says he was abducted at the end of 2003 and detained for five months before being released in Albania after the Americans realised they had got the wrong man."

HOMELAND RESPONSE:

FBI Arrests Missouri Palestinian On Weapons Charges. Under the headline "Man Was Arming For 'War,' FBI Says," The St. Louis Post-Dispatch (2/2, Patrick) reported, "A St. Charles man obtained fully automatic weapons and tried to buy as many explosives as possible in preparation for what an associate called 'war,' the FBI says in court documents. He bought three rifles and a Claymore anti-personnel mine and negotiated for a case of hand grenades, documents obtained by the Post-Dispatch show." Palestinian immigrant Mousa M. Abuelawi "was arrested Dec. 29 and charged on complaints accusing him of three counts of illegal possession or distribution of a machine gun and conspiracy to violate machine gun statutes." The Post-Dispatch noted, "The context of the word 'war' was not explained in court filings; the FBI declined to comment. The man to whom the word was attributed, Thaer Abde Sumad, said in an interview Thursday that the purchases were not intended for terrorism but to make money supplying street gangs in a St. Louis turf war. … The FBI thinks it's a 'terrorist thing,' Sumad said, 'especially after 9/11. They're trying to make it bigger than what it is.' Sumad said Abuelawi was 'trying to make a few extra bucks.'"

CBO Estimates Democrats' Antiterrorism Bill Will Cost $21 Billion Over Five Years. The New York Times (2/3, A12, Lipton, 1.16M) reports, "The antiterrorism bill that the House passed last month as part of the new Democratic majority's first-100-hours push would cost the federal government $21 billion over the next five years, according to a new Congressional estimate. The five-year estimate, issued Friday by the nonpartisan Congressional Budget Office, is equal to roughly half the Homeland Security Department's entire budget for the current fiscal year, and Republicans called it proof that adopting the bill so quickly had been irresponsible. 'This bill was rushed to the floor without the Democratic leadership giving us any indication of its massive cost,' said Representative Peter T. King of New York, the senior Republican on the House Homeland Security Committee. 'And now we know why.'" House Homeland Security Committee chairman Rep. Bennie Thompson "defended the price tag. 'Perhaps there would not be such sticker shock if the Congress and the Bush administration had addressed these security gaps identified

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by the bipartisan 9/11 commission over three years ago,' Mr. Thompson said in a statement."

The Washington Times (2/3, Seper, Dinan, 88K) reports, "The CBO said a bill to carry out the recommendations, which passed the House last month, would also raise airline passenger fees by nearly $1.3 billion between 2008 and 2011, with the money going to the Transportation Security Administration (TSA) to improve security at the nation's airports." President Bush "opposes the House bill, arguing it undermines many of the administration's own post-September 11 steps and it is impossible to scan 100 percent of all incoming cargo." CNN.com (2/2) reports the House "passed the bill January 9 during its heralded 'first 100 hours' of the new Congress. The Senate has not yet voted on the measure."

Federal Judge Allows Suits Against Corps Of Engineers Over Katrina. The New York Times (2/3, A10, Schwartz, 1.16M) reports, "Residents of several neighborhoods in the New Orleans area that were hardest hit by flooding after Hurricane Katrina can sue the Army Corps of Engineers over their claims that a government-built navigation channel was largely to blame, a federal judge ruled yesterday. … Since the flood, those who lived in the devastated neighborhoods near the east side of New Orleans — including the Lower Ninth Ward, New Orleans East and St. Bernard Parish — have contended that the Mississippi River Gulf Outlet caused much of their damage by intensifying the surge from the storm. The damage, they say, was foreseeable." Judge Stanwood R. Duval Jr. of the Federal District Court for the Eastern District of Louisiana, "cited previous cases saying that the channel was not a flood-control project. Instead, Judge Duval said, the cases say the channel — known locally as Mr. Go — was built as an aid to navigation, so the protection from liability might not apply. And so, he said, the questions deserved to be decided at trial."

Bush Nominates New Corps Commander. The New York Times (2/3, A10, Schwartz, 1.16M) reports President Bush "nominated a new leader for the corps, Lt. Gen. Robert L. Van Antwerp Jr. of the Army. If approved by the Senate, General Van Antwerp will succeed Lt. Gen. Carl A. Strock, who announced last August that he intended to resign."

WAR NEWS:

New National Intelligence Estimate Paints Grim Picture Of Iraq. Coverage of the new Iraq National Intelligence Estimate was eclipsed on Friday's network news broadcasts by the deadly storms in Florida, but many major newspapers put the story on the front page this morning. The reports are markedly negative, highlighting the bleak tone of the NIE. ABC World News (2/2, story 5, 1:40, Gibson, 8.78M) reported, "America's 16 spy agencies jointly, today, issued their estimate on the situation in Iraq. It is not encouraging. The report questions whether Iraqi leaders can improve security or get a political settlement in the next year and a half. And it says there's not one war underway, but many." ABC (Karl): "This sounds actually worse than civil war. It says you have at least four different wars raging in Iraq. You have a civil war between Sunnis and Shia. You have violence between those ethnic groups. You have the fight against al Qaeda. And widespread violence based on simple criminality." However, the report "warned of catastrophic consequences if US troops were to suddenly withdraw from Iraq."

The CBS Evening News (2/2, story 6, 2:18, Russ Mitchell, 7.66M) reported, "The release of a new intelligence report on Iraq paints a very bleak picture." CBS (Martin): "It's not just a civil war. Iraq is spiraling downward toward implosion. That's the stark picture painted by the national intelligence estimate. … One senior intelligence official rates the Iraqi government's chances at less than 50/50. Put another way, that means the US is closer to failure than it is to success."

NBC Nightly News (2/2, story 8, 3:00, Williams, 9.87M) reported, "The list of threats and dangers in Iraq is a long one in the form of the new national intelligence report prepared for the President and for Congress." NBC (Mitchell): "The National Intelligence Estimate paints a stark picture: a country torn by an accelerating cycle of violence like in Hilla yesterday. An Iraq where the Administration now admits sectarian violence is deadlier than attacks from al Qaeda."

The Washington Post (2/3, DeYoung, Pincus, 690K) reports on its front page, "The U.S. intelligence community yesterday released a starkly pessimistic assessment of the situation in Iraq, warning that even if security improves, deepening sectarian divisions threaten to destroy the government and ultimately could lead to anarchy, partition or

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the emergence of a new dictatorship. ... The estimate concluded that the Iraqi military will find it very difficult to carry out any new responsibilities or to operate independently against sectarian militias," causing the administration to struggle "yesterday to put the best face on the NIE's assessment." Congressional Democrats "embraced the estimate to bolster their rejection of Bush's plan." The" tough and unequivocal wording reflects the determination within the intelligence community to prove its independence from political pressure."

Also on the front page, the New York Times (2/3, Mazzetti, 1.16M) reports that the "bleak new" NIE "left the White House and its opponents vying over whether its findings buttressed their vastly different views about how to arrest the worsening sectarian chaos there." While the administration "seized on one conclusion — that American forces remain 'an essential stabilizing element in Iraq' -- to reinforce their view that more troops are needed to secure Baghdad, Democrats "said the estimate's conclusions supported their view that the best way to combat violence in Baghdad would be through new political and diplomatic programs." The NIE, "the first such estimate on Iraq in more than two years, described in sober language a rapidly unraveling country in which security has worsened despite four years of efforts by the administration." It "portrayed the violence as essentially 'self-sustaining,' and suggested that the involvement of outsiders, including Iran, was 'not likely to be a major driver of violence or the prospects for stability.'" The New York Times (2/3, A6, 1.16M) prints the "key judgments" of the NIE.

The Los Angeles Times (2/3, Miller, 850K) reports Iraq "is unraveling at an accelerating rate, and even if U.S. and Iraqi forces can slow the spreading violence, the country's fragile government is unlikely to deliver stability to its people during the next year, according to a much-anticipated assessment by U.S. intelligence agencies. ... The director of national intelligence took the unusual step of releasing the document's key judgments publicly even as the full, 90-page classified version was being delivered to members of Congress and senior government officials. ... The report offers a bleak assessment of the Iraqi security forces who are supposed to play the leading role under Bush's plan to stem violence.

The Washington Times (2/3, Gertz, 88K) emphasizes the report's warning "that pulling U.S. troops out of the country too soon would lead to a collapse of the Iraqi military, outside intervention and the creation of safe havens for al Qaeda terrorists," calling the conclusion "a blow to Iraq war critics in Congress and elsewhere who are advocating a pullout of U.S. troops." The Financial Times (2/3, Sevastopulo, Daniel) reports, "The Iraqi government will be 'hard-pressed' to achieve political reconciliation over the next 18 months as it tackles a 'civil war' and the insurgency, according to a key US intelligence report." The FT calls it "the first official US document released to the public that concluded that elements of the conflict in Iraq constituted a 'civil war.'"

BBC.com (2/2) reports that the NIE "says 'civil war' accurately describes certain aspects of the conflict, including intense sectarian violence." However, it "adds that the controversial term does not adequately sum up the complexity of the situation." CNN.com (2/2) reports that the NIE "does not address whether the president's plan to 'surge' up to 21,500 troops into Iraq will work, but it lays out an extremely chaotic and complex situation that will make it difficult for those troops to succeed, intelligence and military analysts told CNN." Former CIA deputy director John McLaughlin "said the intelligence community didn't make an assessment of whether the troop increase would work, in part, because it didn't have enough data to make a recommendation and, in part, because it did not want to weigh in on a debate that is essentially political."

NIE Said To Reflect Increased Pessimism Of Intelligence Community. The Washington Post (2/3, A11, Linzer, 690K) reports, in a pessimistic analytical article, "The intelligence community's bleak set of judgments about Iraq, made public yesterday, differs significantly from the flawed assessments of that country's alleged weapons programs that the White House released more than four years ago. Twenty-seven pages of confident assertions ... have been replaced, more than four years later, with heavily qualified glimmers of hope across a mere 3 1/2 pages laying out the prospects for reversing Iraq's dive into chaos." After US troops failed to find WMDs in Iraq, "the intelligence community -- particularly the CIA -- significantly altered the way in which it would conduct future analyses, highlight uncertainty and acknowledge dissent." The 2007 NIE "laid out three possible scenarios, each of which could have enormously negative consequences for Iraq: Chaos leading to partition, the emergence of a Shiite strongman who would seize power and rule by dictatorship, or a complete collapse of central control resulting in violent fiefdoms across the country."

Hunter Says NIE Confirms Need For Bush Strategy To Be Tried. Rep. Duncan Hunter said on MSNBC (2/2,

Witt), "I've read the NIE, and it says it's a civil war if you look at it in a certain way and maybe not if you look at it in another way. I don't think it makes a lot of difference what you call it. You obviously have a high level of violence. And what we have to do right now is a very difficult and challenging second step in standing up a free nation. And that is, once you've stood up the government, the free government, you got to stand up a military apparatus that can protect that free government. … The operation in Baghdad that the President's initiated…this plan and this increase in forces, this reinforcement, is in progress right now. And what we have to do, I think, is get behind it and let's make sure this thing works."

Kucinich, Vilsack See Argument For Withdrawal In NIE. Rep. Dennis Kucinich said on MSNBC's Tucker (2/2, Carlson), "We've got to get out of Iraq. Six hundred and fifty thousand innocent civilians died, 3,100 of our brave soldiers died. … I'm the only who's running for president who voted against authorizing the war, and I'm the only one who's consistently voted against funding the war."

Ex-Gov. Tom Vilsack said on MSNBC (2/2, O'Donnell), "I think it's time for Congress to step up and cut off the funding to the status quo. I think it's time for to us end this war. I think it's very clear from the intelligence information and from the American public awareness that this has been a civil war for some time and our kids are in the middle of it. If we don't get our kids out of harm's way soon, another 1,000 will die, another 5,000 will be injured, and tens of thousands will be coming back home different than they left. It's time for Congress to step up."

Dowd Decries Administration For Lack Of Candor. New York Times (2/3, A15, 1.16M) columnist Maureen Dowd writes, "It's rare to get a simple apology when a complex obfuscation will do. Even after releasing parts of an intelligence report so pessimistic that it may as well have been titled 'Iraq: We're Cooked,' Bush officials clung to their alternate reality, using nonsensical logic and cherry-picking whatever phrases they could find in the report that they could use to sell the Surge. ... It's official. We're in a cycle of violence so complex and awful that withdrawing American troops will make it worse and keeping American troops there may also make it worse."

Bush Will Request $245 Billion For GWOT.

The Washington Post (2/3, A1, Abramowitz, Montgomery, 690K) reports, "President Bush will ask Congress for close to three-quarters of a trillion dollars in defense spending on Monday, including $245 billion to cover the cost of fighting in Iraq and Afghanistan and other elements of the 'global war on terror,' senior administration officials said yesterday. Democrats said the gigantic spending request will precipitate 'sticker shock' on Capitol Hill ... If approved by Congress, the new war spending would bring the overall cost of fighting to about $745 billion since the Sept. 11, 2001, terrorist attacks on the United States -- adjusting for inflation, more than was spent on the Vietnam War." "Top" House Democrats "sounded skeptical about the new defense numbers and said they will not give the president a blank check," but "[John] Spratt, [Nancy] Pelosi and other lawmakers did not rule out supporting the request."

The New York Times (2/3, A11, Cloud, 1.16M) reports, "The Bush administration is seeking a record military budget of $622 billion for the 2008 fiscal year, Pentagon officials have said. The sum includes more than $140 billion for war-related costs. The administration is also seeking $93 billion in the current fiscal year, which ends on Sept. 30, to pay for military operations in Iraq, Afghanistan and elsewhere, the officials said. ... 'It is the highest level of spending since the height of the Korean War,' said Steven Kosiak, a military budget expert with the Center for Strategic and Budgetary Assessments, a policy analysis organization here." The Times notes, "Few if any budget experts expect significant cuts in military spending while large numbers of troops are in combat in Iraq and Afghanistan."

Intelligence Community "Divisions" Over Iran Analysis Detailed. In an analysis of Administration deliberations entitled, "Rifts Emerge On Iran Policy," the Wall Street Journal (2/3, A4, Dreazen, Solomon, 2.04M) reports the Administration's "war of words with Iran is sparking divisions within the government over how heavily Tehran actually is involved in fomenting instability in Iraq -- and how aggressive a stance the U.S. should adopt in response." Washington's "opinion about Iran is far from monolithic, and divisions over the country's intentions and activities in Iraq are emerging within the military and the intelligence community. The skeptics are challenging key aspects of the Bush administration's justifications for its hard-line approach toward Iran, making it more difficult for the White House to rally public support." The Journal says many of "those tensions broke into the open with the release" of the Iraq NIE.

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US Unable To Prove Iranian Link To Iraqi Violence. The Los Angeles Times (2/3, Reynolds, 850K) reports, "Bush administration officials acknowledged Friday that they had yet to compile evidence strong enough to back up publicly their claims that Iran is fomenting violence against U.S. troops in Iraq. ... despite several pledges to make the evidence public, the administration has twice postponed the release — most recently, a briefing by military officials scheduled for last Tuesday in Baghdad. 'The truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts,' national security advisor Stephen J. Hadley said Friday."

Gates Says US Not Planning War With Iran. The AP (2/2) reports Defense Secretary Robert Gates said the "decision to send a second U.S. carrier to the Persian Gulf region does not mean the United States is planning for a war with Iran. … He quickly added that the movement of the carrier is to demonstrate that America is committed to the Gulf region. He also said that he has not seen any credible proof yet that any Iranians were involved in the ambush last week in Karbala that left five soldiers dead." CNN.com (2/2) reports, "Gates said he was reiterating what President Bush and Secretary of State Condoleezza Rice have said earlier. ... He said that 'explosively formed projectiles' with roots in Iran were killing troops."

The Washington Times (2/3, Scarborough, 88K) reports, "Defense Secretary Robert M. Gates yesterday all but ruled out military strikes on Iran, declaring 'we are not planning for a war with Iran.' Mr. Gates, who has called military action against Iran an absolute last resort, made the denial during a flurry of press and Internet blogger speculation that President Bush is preparing to order strikes against Iran's nuclear facilities." Recent moves by Bush "stirred speculation that a war was in the offing," but "Administration officials say the buildup was done to mollify Persian Gulf Arab states who fear attacks from Iran, and to put pressure on Mr. Ahmadinejad."

Iraq-Based Kurds Train To Fight Iran. The AP (2/2, Gannon) reports from eastern Iraq, "Here, recruits are training to fight Iran, one of the four countries that rule the fractured Kurdish people. And although they belong to an organization officially outlawed as terrorist by Washington, they appear to be operating unhindered either by Iraqi-Kurdish units or the limited U.S. force in Kurdish areas. ... The PKK and its affiliates are spread through a region of some 35 million Kurds that straddles Turkey, Iraq, Iran and Syria. PEJAK, the newest group, claims to number thousands of recruits, and targets only Iran."

Centrifuge Installation Begins At Natanz. The New York Times (2/3, Sanger, 1.16M) reports, "International nuclear investigators have confirmed that Iran is beginning to install equipment in the large underground chamber in Natanz." IAEA teams now claim the long-delayed centrifuges "are just now beginning to be assembled," which the Times says "signals a continued defiance of the" UNSC. Noting Tehran's call to view the Isfahan site this weekend, the Times says Washington "dismissed the invitation as a diplomatic stunt, meant to create a false sense of openness about the program." Ambassador Schulte is quoted saying, "Instead of inviting I.A.E.A. ambassadors, Iran should invite I.A.E.A. inspectors. Iran should give them access to all the documents, nuclear facilities and individuals that it has refused to provide access to in the last three years."

The AP (2/3, Jahn) cites IAEA informal reports that "technical crews have hauled centrifuges into Iran's vast underground Natanz complex and were on the threshold of launching a program that could be used to create nuclear arms." That "recent activity in Natanz increases the tension between Tehran and the world's major powers over the Islamic republic's nuclear program, and will likely spur U.S. efforts to sharpen existing U.N. sanctions on Iran for its defiance of a Security Council demand that it freeze enrichment efforts."

Chirac Said To Preview Acceptance Of Nuclear Iran. In an analysis of French President Jacques Chirac's comments this week about Iran, the New York Times (2/3, Sciolino, 1.16M) says he "inadvertently said aloud what some policy makers and arms control experts have been whispering: that the world may have to learn to live with a nuclear Iran." By "veering from the prepared script and letting the veil of caution fall, he became the first Western leader to imply that containment of a nuclear Iran is preferable to other options, especially war." The Times continues, "Among the Europeans, there is an overwhelming consensus that the American-led war in Iraq has been a disaster and that Washington's Iran strategy could end in an even more destabilizing military confrontation. … Even inside the Bush administration, some officials have acknowledged over the past year that Iran eventually may get a nuclear weapon — or at least the technology and components to assemble one quickly."

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Clark Does Not Rule Out Military Option, But Prefers Diplomacy. Retired Gen. Wesley Clark said on Fox News (2/2, Colby), "I think of course there's a military option. And the military option must remain on the table. But, by far, the best solution is to persuade the Iranians that they will be safer, more secure, more influential, be able to take care of their people better and advance their own interests if they don't have nuclear weapons rather than if they do. To make that case persuasively, it's not a matter sending another aircraft carrier to the Persian Gulf. It really is a matter of this administration taking the lead in diplomacy in the region. We need to address, with the Iranians, exactly what they're afraid of. Why do they want a nuclear weapon? And what are they going to do with it? And what else do they have an interest in doing in the region?"

GOP Strives To Block Iraq Debate. The New York Times (2/3, A7, Hulse, 1.16M) reports, "Senator Mitch McConnell of Kentucky, the Republican leader, said Friday that his party would unite to block Senate debate next week on a bipartisan resolution opposing President Bush's troop buildup in Iraq unless the Democrats allowed votes on at least two Republican alternatives. Mr. McConnell said even Senator John W. Warner, the Virginia Republican who is the chief author of the bipartisan proposal, and other Republicans backing his plan had agreed to prevent the resolution from reaching the floor Monday if Democrats did not agree to that demand." Majority Leader Harry Reid "responded that the Republican leadership was essentially filibustering a debate of Iraq policy to avoid a judgment on Mr. Bush." McConnell's vow "reflects the Republican leadership's strategy to force a Senate review of a series of competing resolutions, muddying the outcome with multiple votes, rather than allow the focus to be on a central proposal objecting to the troop buildup."

The Washington Times (2/3, Hurt, 88K) reports on its front page that Sen. John Warner "will join his fellow Republicans in voting Monday to block the resolution he wrote rebuking President Bush's Iraq war policy. ... Senate Republicans are opposed to a vote on the Warner resolution unless they also get votes on two other resolutions. One of those alternatives supports Mr. Bush's plan, and the other would prohibit cutting funds for the war. Republicans also want each resolution to require 60 votes to pass."

Dodd Says Public Expects More Than Resolutions. Sen. Christopher Dodd said on MSNBC (2/2, Witt), "I have great respect for my colleagues who are offering the sense of the Senate resolutions. These are expressions of people's views. And my position, my view here is, at this point, we need to be doing more than expressing our views on the matter. We ought to be taking some action on this. … The fact that we're going to spend a week next week debating Iraq is a positive thing. At the end of it, we'll be asked to choose between two resolutions, neither of which do anything at all except allow us to express our views. And I think the American public expects more from us here than just expressing our views."

King Opposes Resolutions. Rep. Peter King said on Fox News' Your World (2/2, Cavuto), "If a person has real opposition to the war, real opposition to the President's policies, they should have expressed it up to now. If they do want to express it now, then I think it would make more sense for them to come out and say that we should withdraw the troops. But the fact to have these nonbinding resolutions, which all they do is send a terrible signal overseas to our enemies, they send the wrong signal to our own troops. … I can't guarantee the President is right. But I can guarantee that, if we lose in Iraq, it's going to be an absolute disaster for the United States."

US Loses Fourth Helicopter In Two Weeks. The Washington Post, the New York Times, the Los Angeles Times, and the AP all reported the downing of another American helicopter and the military's acknowledgment of an emerging, "disturbing" trend of such downings. The Washington Post (2/3, A11, Londono, 690K) reports, "A U.S. military helicopter crashed Friday morning north of Baghdad, killing two soldiers on board, officials said. It was the fourth fatal helicopter crash in Iraq this year. ... Military officials did not say what type of helicopter it was or how it crashed. But Iraqi police and an insurgent group that asserted responsibility for the crash identified the craft as an Apache and said it had been shot down by a shoulder-fired antiaircraft missile." The New York Times (2/3, A7, Santora, 1.16M) reports that the fourth such downing reflected "a trend that American military commanders acknowledged was disturbing. ... General Pace said he did not know if the recent strikes were the result of a new strategy, improved skills or simply a natural result of the military's heavy dependence on helicopters in the fight here."

The Los Angeles Times (2/3, Zavis, 850K) reports, "The spate of attacks raised questions about whether insurgents

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were increasingly targeting aircraft, a crucial component of U.S. operations in Iraq." The downings come "at a time when roadside bombings are becoming less effective against U.S. vehicles, which are protected by improved armor plating, signal-jamming devices and other measures." The Washington Times/AP (2/3, Gamel) reports, "America's top general [Pace] acknowledged that U.S. aircraft were increasingly in danger from groundfire." His "comments marked the first time a military official has publicly acknowledged the recent crashes were caused by groundfire." The AP (2/3, Mroue) reports, "An al-Qaida-affiliated group claimed responsibility and said its fighters had 'new ways' to attack American planes."

Too Few Iraqi Troops Arrive In Baghdad. The Los Angeles Times (2/3, Barnes, 850K) reports, "The army brigades promised by the Iraqi government to help secure Baghdad have begun to arrive in the city, but with only a little more than half of their manpower, representing at least a partial failure in a crucial first test of the Bush administration's new war plan. ... Previous efforts to secure Baghdad failed in part because the Iraqi government was never able to deliver the forces it promised. ... Administration officials have sought to portray the new Baghdad security push as an Iraqi plan. But it was developed by Americans and was only reluctantly accepted by the Maliki government, according to officials who have described its formation. ... Because the Iraqis will be most needed in the later phases, U.S. commanders believe they still have time to build up the Iraqi troop levels to full strength." The AP (2/3) also reports the shortfall.

Troops Plan To Drive Taliban From Overrun Town. The AP (2/3, Abrashi) reports, "Afghan security forces supported by NATO-led troops soon will launch an operation to recapture a southern town that was overrun by Taliban militants, an Afghan official said Saturday. Gen. Mohammad Zahir Azimi, the spokesman for the defense ministry, said the Taliban remained in control of the town of Musa Qala in Helmand province, which British troops left after a contentious peace agreement in October. ... The militants' assault, days after a Taliban commander was killed outside the town, raises doubts about the future of the peace deal [between "elders and the Helmand governor"], which has been criticized by some Western officials as a NATO retreat in hostile Taliban territory." Western officials had "complained that the deal put the area, which had been a center for clashes between British troops and resurgent Taliban militants, outside of government and NATO control."

In earlier coverage, the New York Times (2/3, A7, Gall, Shah, 1.16M) stated, "Taliban militants overran the town of Musa Qala in southern Afghanistan just three months after NATO troops had withdrawn and handed over control to a tribal council, officials said Friday. The insurgents detained police officers and tribal elders, seized weapons and government equipment and bulldozed part of the district offices, according to residents. ... The attack ended a British-brokered experiment aimed at bringing some control over remote regions and keeping Taliban insurgents at bay. Under the plan, British troops agreed to withdraw from the town, leaving a tribal council in charge with a locally recruited police force, and Taliban forces agreed to withdraw to nearby villages. ... A Taliban commander, Mullah Abdul Ghafoor, led the assault on the town Thursday in a rage, because his brother had been killed a few days before in a NATO airstrike, residents said."

Also in earlier coverage, the Washington Times/AP (2/3, Straziuso) reported, "Two residents of Musa Qala estimated that between 200 and 300 Taliban fighters had overtaken the town. They said the fighters took weapons from the police on Wednesday and destroyed the town's government center late Thursday. ... Late last month, NATO said an air strike outside of Musa Qala destroyed a Taliban command post, killing a senior militant leader and a number of his deputies. NATO said the Jan. 25 air strike 'was outside the area of the agreement' and did not violate it. However, [Helmand governor] Wafa said the Taliban told a gathering of elders last week that they considered the air strike a violation, and it appeared the assault was in retaliation."

AFP (2/3) reports, "The southern Afghan district of Musa Qala was under the control of the Taliban, the Afghan defence ministry said as NATO-led forces said the situation was still unclear."

Pakistan Says Taliban Activity Hard To Curb. The New York Times (2/3, A7, Masood, 1.16M) reports, "Faced with mounting criticism that Pakistan is not doing enough to thwart incursions into Afghanistan by Pakistan-based Taliban militants, the president, Gen. Pervez Musharraf, said Friday that securing the porous border was not the sole responsibility of this country. He also insisted that despite some lapses, Pakistan's security forces were fully behind him in an effort to root out the resurgent Taliban."

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Musharraf "said Pakistan would selectively fence 22 miles of the border in North-Western Frontier Province and would later erect a 155-mile fence in Baluchistan Province." Times correspondent Carlotta Gall "recently reported that she had found anecdotal evidence in and around Quetta to support charges by Western diplomats and Pakistani opposition figures that the Pakistani intelligence agencies were encouraging the Taliban insurgency in Afghanistan."

Pakistan To Fence Afghan Border. The AP (2/2, Pennington) reports, "Many observers have been skeptical that the [fencing] plan will prevent many militants from crossing, especially because the proposed fencing would cover only a tiny portion of the rugged frontier." Musharraf's "defense of Pakistan's efforts to fight terrorism — and his admission of lapses — follow criticism from U.S. military officials who say cross-border attacks into Afghanistan have risen threefold since Pakistan signed a September peace deal with pro-Taliban militants in its North Waziristan region."

Veteran Personally Welcomes Troops Back. ABC World News (2/2, story 9, 2:50, Gibson, 8.78M) reported, "Finally tonight, our 'Person of the Week.' A man who believes that the first thing a soldier sees when returning to the United States is all-important." Burt Brady: "They're glad to see us. And we're tickled to death to see them, of course, because they're our heroes." Gibson: "Every morning, for over a year now, Burt Brady gets up ... to welcome home American troops, returning from Iraq and Afghanistan." Brady: "I went 300 days last year." Gibson: "Brady, a 69-year-old veteran, is part of the welcome home a hero program, trying to make sure every soldier who comes through Dallas gets a special homecoming."

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Arkansas US Attorney Seeks Dismissal Of Challenge To Appointment. The Arkansas Democrat-Gazette (2/3, Satter) reports, "A filing last week challenging the constitutionality of the December appointment of Tim Griffin to be U. S. attorney for the Eastern District of Arkansas is off base and should be dismissed, Griffin's office said Friday in a written response." The ADG continues, "The challenge and the response were filed in the case of Antoine Demetrius Baker of Little Rock, who is charged with capital murder and may face the death penalty if Griffin's office seeks and obtains permission to present that option to jurors in the event of a conviction. … Baker is accused of engineering the December 2002 shooting death of Jerry Otis, 21, who was scheduled to testify against Baker in an aggravated robbery and theft case stemming from an August 2002 altercation in which Otis was hit in the face with a pistol and robbed of $ 250." The ADG adds, "On Jan. 23, Baker's newly appointed attorney, John Wesley Hall of Little Rock, filed a motion to declare Griffin's Dec. 20, 2006, interim appointment by U. S. Attorney General Alberto Gonzales unconstitutional. Hall said an illegal appointment would prevent Griffin's office from legally carrying out its plan to add allegations to an existing indictment to justify seeking the death penalty against Baker." The ADG notes, "Hall said the interim appointment violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments, as well as a section of the U. S. Code that was altered last year as part of Congress ' reauthorization of the USAPATRIOT Act. … Assistant U. S. Attorney Patrick Harris, the lead prosecutor in Baker's case, said in an 18-page response that Hall's interpretation of the sections and his corresponding arguments 'lack merit,' and that Griffin's appointment 'was plainly lawful' and 'also entirely constitutional.' … Griffin's appointment immediately followed the resignation of Bud Cummins, who says the Department of Justice asked him to resign after five years on the job to give someone else a chance at the plum political appointment."

CORPORATE SCANDALS:

DOJ Joins Siemens Probe. The Wall Street Journal (2/3, A4, Esterl) reports, "German industrial giant Siemens AG, already weighed down by a cross-border corruption probe, faces heightened scrutiny after it disclosed that U.S. authorities also are investigating the matter." The Journal continues, "Siemens said the Department of Justice is investigating 'possible criminal violations of U.S. law by Siemens.' It also said it understands that the enforcement division of the Securities and Exchange Commission is conducting an 'informal inquiry' into the allegations of wrongdoing." The Journal adds, "The Munich-based conglomerate said in December that it had uncovered €420 million, or about $545 million, in suspicious transactions stretching back more than seven years. That disclosure came after more than 200 German police raided offices and homes of Siemens employees in mid-November, arresting several people linked to the company's telecommunications-

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equipment business. … German prosecutors are working with investigators in neighboring countries and said they suspect Siemens officials diverted funds through sham consulting contracts into slush funds to bribe customers abroad. Authorities released half a dozen people -- including a former Siemens management-board member and a former chief financial officer of the telecom unit -- before Christmas after they agreed to cooperate. … Siemens says that it is cooperating fully with investigators and that it has 'zero tolerance' for illegal behavior. It says any alleged wrongdoing was confined to 'individual acts' by certain managers but acknowledged in December that it had identified 'a material weakness' in its financial controls."

Redstone Settles Suit With Son Over Family Fortune. The Wall Street Journal (2/3, A2, Karnitschnig) reports, "Hollywood mogul Sumner Redstone, the chairman of both CBS Corp. and Viacom Inc., settled a lawsuit with his estranged son over the family's vast fortune, ending a potentially messy confrontation that threatened to complicate his succession plans." The Journal continues, "The terms of the agreement, filed in a court in Maryland where the family business, National Amusements Inc., is incorporated, weren't disclosed. But people close to the matter said the family company repurchased the one-sixth stake held by the son, Brent Redstone. … The sale also consolidates the elder Mr. Redstone's control over the family business. Before the settlement, Sumner Redstone owned two-thirds of National Amusements stock, while his son and daughter, Shari Redstone, shared equal ownership of the other third. Sumner Redstone now owns 80% of National Amusements and his daughter the remaining 20%. It was unclear how much National Amusements paid for the stake. The lawsuit valued the company, which holds a controlling stake in Viacom, CBS and a large cinema chain, at $8 billion." The Journal adds, "A spokesman for Sumner Redstone confirmed that a settlement had been reached but said the two sides had agreed to keep the details confidential. … Brent Redstone's suit, in which he alleged that his father led a campaign to 'freeze out' his son from the family business, offered a rare glimpse into the difficult personal relationships of one of Hollywood's most powerful men. Sumner Redstone expressed shock at the suit and said it had both pained and angered him."

CRIMINAL LAW:

DOJ Seeking More Capital Punishment Sentences. The Wall Street Journal (2/3, A1, Conkey, Fields, 2.04M) reports, "At a time when many states are backing away from capital punishment, the federal government is aggressively pursuing -- and winning -- more death sentences, including in jurisdictions that traditionally oppose them. On Tuesday, federal prosecutors in New York persuaded a jury to give a death sentence to Ronell Wilson, a 24-year-old man convicted of killing two undercover detectives by shooting each in the back of the head. The decision -- the first time in more than 50 years that a federal jury in New York agreed to sentence someone to death -- marked something of a milestone for the Justice Department in its continuing effort to apply the death penalty more evenly across the country." The Journal notes there are "47 people on federal death row -- more than double the number six years ago -- and Mr. Wilson this week became the seventh sentenced in a state without a death statute of its own since the federal death penalty was reinstated in 1988. The ranks may grow in the months ahead, with several capital cases on tap in locales traditionally opposed to the death penalty."

Shifting Public Attitude Towards The Death Penalty Noted. In an op-ed for the Los Angeles Times (2/3, 850K) Andrew Cohen, CBS News' chief legal analyst, writes, "A majority of Americans still support capital punishment in one form or another (and there are still states, mostly in the South and the West, where juries are still handing down death sentences for murder). But there is a clear, marked trend toward limiting the circumstances in which capital punishment is applied and the manner in which executions are performed. As the Death Penalty Information Center notes, 'The number of death sentences per year has dropped dramatically since 1999.'"

Jury Convicts Former Coca-Cola Secretary Of Stealing Trade Secrets. The AP (2/3, Weber) reports, "A federal jury convicted a former Coca-Cola secretary Friday of conspiring to steal trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi." The AP continues, "Joya Williams faces up to 10 years in prison. No sentencing date was immediately set. … The jury of seven women and five men deliberated for 11 1/2 hours over three days. On Thursday, jurors told U.S. District

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Judge J. Owen Forrester they were "hung" and could not decide. Forrester told the jury to try again Friday. … She remains free on bond, pending sentencing." The AP adds, "Williams was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light. … The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, New York-based PepsiCo Inc. for at least $1.5 million. … Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify."

The Financial Times (2/3, Ward) reports, "Jurors had been deadlocked over the verdict, but on Thursday the judge told them to keep trying to reach a decision. … The trial was in Atlanta, where Ms Williams worked as an administrative assistant to Javier Sanchez Lamelas, a senior Coke marketing officer." The Times adds, "Prosecutors played surveillance video taken inside Coke's headquarters showing the 41-year-old stuffing documents into her bag and handling bottles of prototype beverages, sometimes late in the evening. … Jurors heard that the stolen materials included details of a new Coke product code-named Project Lancelot. … The 120-year-old recipe of Coke's trademark cola – the so-called 'secret formula' -- was not involved. … Prosecutors explained how Ms Williams passed the stolen materials to her co-conspirators, both ex-convicts, who told PepsiCo they planned to sell to the highest bidder."

Former Duracell Employee Pleads Guilty To Stealing Trade Secrets. The AP (2/3) reports from Bridgeport, CT, "A former Duracell employee pleaded guilty Friday in Federal District Court to stealing trade secrets from the company, the authorities said." The AP continues, "Prosecutors said the former employee, Edward R. Grande, 48, a cell development technologist from Seymour, Conn., copied and downloaded computer research last year about Duracell's AA batteries. … Mr. Grande then sent the information to two Duracell competitors, prosecutors said. Neither of Duracell's competitors had requested or solicited Duracell's trade secret information, and both of the rivals sent the information back to Duracell." The AP adds, "Duracell, a unit of Procter & Gamble, generates more than $1 billion in revenue from the sale of AA batteries. … Sentencing is scheduled for April 23. … 'The theft of trade secrets is a serious crime that has the potential to cause significant economic damage to the owners of trade secrets and their shareholders,' the United States attorney for the district of Connecticut, Kevin O'Connor, said."

Mover Shot By Maryland Official Dies. The Washington Post (2/3, B1, Rich, Castaneda) reports, "A furniture deliveryman who was shot last week by a Prince George's County homeland security official died yesterday without having recovered to the point that he could describe the circumstances of the shooting, authorities and an attorney for his family said." The Post continues, "Brandon D. Clark, 22, of Oxon Hill succumbed to his injuries at Prince George's Hospital Center. He and a co-worker had been in critical condition there since they were shot by Keith A. Washington, who is a veteran county police officer, as they delivered a Marlo Furniture bedroom set to his home in Accokeek." The Post adds, "Police initially said that Washington, a former driver for County Executive Jack B. Johnson, apparently acted in self-defense and that Clark and his co-worker, Robert White, would probably be charged with assault. They have since backed off that statement, saying they would wait until detectives have completed their work before deciding whom to charge. … The movers were unarmed, authorities have said." The Post notes, "In a statement yesterday confirming Clark's death, Prince George's Police Chief Melvin C. High said, 'This is an unfortunate turn of events that now becomes a part of the internal and criminal investigation.' … The case has attracted wide attention because of a pattern of previous complaints against Washington, 45, who was appointed deputy homeland security director by Johnson in 2004."

Official Has History Of Conflict, Sources Say. The Washington Post (2/3, B1, Thompson) reports, "In the 10 days since Prince George's County homeland security official Keith A. Washington shot two unarmed deliverymen at his Accokeek home, some critics have told of run-ins with him dating back 15 years. They describe a man who loses his temper easily and has ended up in physical and verbal altercations." The Post continues, "Washington's supporters, including relatives and some county officials, have been reluctant to talk in the midst of an investigation, other than to say that Washington acted in self-defense. … The case took a turn yesterday when one of the men, Brandon D. Clark, 22, died at Prince George's Hospital Center. Clark, of Oxon Hill, and Robert White, 36, were delivering a Marlo Furniture bedroom set to Washington when they were shot during an

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altercation. White, of the District, remained in critical condition." The Post adds, "Washington has come under investigation at least three times by the Prince George's police department for assault complaints or "unbecoming conduct" and has been sued at least twice, including once by a D.C. police officer who said that Washington assaulted him and had him falsely arrested, according to interviews and court records. … 'Keith has a bad temper,' said Michon Charles, the mother of Washington's teenage daughter, Hali. 'He gets hot under the collar very quickly.'"

Federal Agents Announce Early Successes In NOLA Crime Crackdown. The New Orleans Times-Picayune (2/3, Filosa) reported, "Federal agents announced a slew of arrests, indictments and convictions Friday, saying it marks only the start of their promise to team up with New Orleans police to end the violent crime wave plaguing New Orleans. … 'The feds are not screwing around,' said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. 'The train has left the station.' In all, the federal, state and local partnership racked up two guilty verdicts, nine indictments of ten defendants, four arrests and one guilty plea in a plot to murder a Drug Enforcement Administration agent." The Times-Picayune added, "'In the federal system, there is no revolving door,' Bernazzani said. On Monday, FBI agents will meet with NOPD homicide detectives and begin pounding the pavement Tuesday, Bernazzani said. Fifteen agents from the Drug Enforcement Administration have been in the city since last week, embedded with the New Orleans Police Department, said Bill Renton, the DEA special agent in charge in New Orleans."

Virginia Men Plead Guilty In Fake "Purse Party" Scam. The Washington Post (2/3, B3, Markon) reports, "A father and son pleaded guilty yesterday to supplying phony designer purses at massive discounts for 'purse parties' in Northern Virginia and for kiosks they operated at malls throughout the Washington region." The Post continues, "Lalit Kumar Ohri, 63, and his son Gaurav Ohri, 28, both of Fairfax, admitted that they sold purses bearing the trademarks of some of the nation's leading designer labels, including Gucci and Prada. The pair had the counterfeit bags embossed with the sought-after labels or gave the labels to purchasers, some of whom affixed them to the purses with glue. The purses were purchased by the father and son from suppliers in New York. … 'I bought bags. They were counterfeit bags. . . . They were not genuine,' Gaurav Ohri, director of operations for the family company, Sonya Handbags, said as he pleaded guilty to one count of conspiracy to traffic in counterfeit goods. … 'We had the labels we put on the bags. They looked like the real labels,' Lalit Ohri, the company's owner, said as he pleaded guilty to the same charge in U.S. District Court in Alexandria. Both face up to five years in prison when they are sentenced April 20." The Post notes, "With the last-minute pleas, they avoided a trial scheduled for Monday that had promised to be unusual at a federal courthouse that has hosted some of the nation's most prominent terrorism and spy cases. Representatives from Kate Spade, Louis Vuitton and other high-profile designers had been expected to testify, and prosecutors were planning to show the jury a sampling of hundreds of phony designer purses. … The case has focused attention on the trendy purse parties that began more than a decade ago in New York City and have been going on in Northern Virginia since at least 2000, according to partygoers. Held in private homes, the gatherings feature flowing wine and plentiful food, along with hundreds of designer handbags sold for hundreds of dollars less than the real deal. It is a crime to sell trademarked goods but not to purchase them. … Several women known as 'purse ladies,' who run the purse parties, had been expected to testify at the trial. The Ohris sold counterfeit purses to women who then re-sold them at purse parties 'throughout Northern Virginia,' Assistant U.S. Attorney Jeanine Linehan said in court yesterday."

Marion Barry Rejects Plea Offer. The Washington Post (2/3, B4, Cauvin) reports, "A D.C. Superior Court judge set a June 12 trial date yesterday for D.C. Council member Marion Barry on several traffic offenses -- charges that Barry and his attorney insist are unfounded." The Post continues, "Barry (D-Ward 8), a former D.C. mayor, has rejected an offer from prosecutors to plead guilty to operating a motor vehicle while impaired in an incident in which police said they detected the smell of alcohol. Had he accepted the offer, prosecutors would have dropped the other charges, including the more serious offense of driving under the influence. Prosecutors also would have dropped charges in connection with a subsequent traffic stop. … But in a hearing yesterday morning, Barry's attorney, Frederick D. Cooke Jr., told Magistrate Judge Milton C. Lee that there is little common ground between the D.C. attorney general's office

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and the defense and that a deal is unlikely. … 'He can't plead guilty to an offense he didn't commit,' Cooke said." The Post adds, "The charges against Barry, who stood next to his attorney during the brief hearing, stem from two traffic stops last year in the District. … In the first incident, Barry was pulled over Sept. 10 by uniformed Secret Service officers near the White House after allegedly running a red light. Police said he smelled of alcohol, and Barry was asked to take a breathalyzer test. An initial test came in below the legal limit, but officers said they wanted to conduct a urine test for alcohol, Cooke said in an interview. Barry declined to provide a urine sample, and according to Cooke, he said he was willing to take another breath test, which police chose not to administer. … The officers charged Barry with driving under the influence, which can be done when a driver refuses the urine test. But Cooke said that the officers should have given Barry another breath test unless they documented some reason why they could not. Absent that, Cooke said, all they have to stand on is Barry's .02 reading, which is below the legal limit."

US Cracking Down On Online Gambling. The Washington Post (2/3, D1, Johnson) reports, "Federal prosecutors and agents in the FBI's organized crime unit have been mounting a large-scale crackdown on Internet gambling, with indictments against executives at gaming Web sites, arrests of foreign businessmen who process payments, and subpoenas to investment banks that may have helped bankroll the operations." The Post continues, "The aggressive campaign has gathered steam in recent weeks, as Americans prepare to wager more than $5 billion on tomorrow's game between the Chicago Bears and the Indianapolis Colts, the biggest betting day of the year, according to industry experts." The Post adds, "The arrests in California and in the U.S. Virgin Islands last month of two board members of Neteller, a British company that facilitates online money transfers, is spurring overseas executives with even modest gambling connections to avoid traveling to the United States lest they be nabbed. And it is leaving legal analysts and bettors crying foul about the government's approach. … Justice Department officials have long been on record as saying that Internet gambling breaks the law. They cite the long-standing Wire Act, a statute making it a crime to use telephone lines to place a bet within the United States or overseas. The 1961 law, which applies to businesses instead of individual bettors, was designed to eradicate the Mafia from the gambling arena. … But after the 2000 wire-fraud conviction of sports betting entrepreneur Jay Cohen for operating a Web site in Antigua, federal prosecutors enforced it only sporadically. The campaign heated up last year, after the government indicted two popular sports betting Web sites: Antigua's WorldWide Telesports Inc., and London's BetOnSports PLC. Both companies have announced they will no longer accept wagers from U.S. clients."

New York Fire Department Examining Promotions Involving Fake Diplomas. The New York Times (2/3, Buckley) reports that the New York City Fire Department "has not decided whether to take disciplinary action two days after a report revealed that 14 of its employees had used, or tried to use, bogus diplomas to be promoted or hired." The Times continues, "According to the report, by the Department of Investigation, the 14 employees paid hundreds of dollars to buy fake degrees from 'St. Regis University,' an online diploma mill that required no course work, to fulfill the department's educational requirements. … But a spokesman from the Fire Department and a fire union official said the report overstated the extent of the problem. While 13 employees and one job applicant bought the degrees from a fake online university to be promoted or hired, the fire department rejected the phony diplomas from all but three. Ten were hired or promoted anyway because they later legitimately obtained the required credits. The Fire Department also said it began rejecting diplomas in 2003 from the so-called university, which claimed that it was based in Liberia. … 'Of the 14 people, only 3 were promoted with that degree,' said Francis X. Gribbon, a department spokesman. 'We promoted 2,500 people since 2001. This is a handful of people we are talking about.'" The Times adds, "Yet according to Thomas Von Essen, who was fire commissioner from 1996 to 2001, the report underscored what he described as a lax attitude toward obtaining college credits in the department. Beginning in the late 1990s, Mr. Von Essen introduced requirements that higher-ranking Fire Department officials obtain a set number of college credits to be promoted. New hires would need college credits, too. … The Uniformed Firefighters Association, the fire officers' union, fought part of the new requirements. One of their arguments was that higher-ranking officers who came on the job when only high school diplomas were required should not need college credits to advance."

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Former New York Judge Testifies To Political Pressures. The New York Times (2/3, Lee) reports, "A former Brooklyn judge told a jury yesterday that she feared her career would be over if she did not pay $10,000 to associates of Clarence Norman Jr., the longtime leader of the borough's Democratic machine, for get-out-the-vote efforts and fliers during her re-election campaign in 2002." The Times continues, "The former judge, Karen B. Yellen of Brooklyn Civil Court, who ran on the Democratic ticket in the 2002 primary along with Mr. Norman, was the key witness for the prosecution in the weekold corruption trial against Mr. Norman, a former 12-term state assemblyman, in State Supreme Court in Brooklyn. … It is Mr. Norman's fourth corruption trial in two years. In this case, he is accused of pressuring Judge Yellen and another judicial candidate for thousands of dollars. In the week leading up to the 2002 primary, prosecutors say, Mr. Norman demanded that Judge Yellen pay his associates or be 'dumped' and lose the party's support." The Times adds, "Ms. Yellen's testimony repeated much of that given on Thursday by Jeffrey Feldman, Mr. Norman's former second in command. … Mr. Feldman and Ms. Yellen testified that Mr. Norman became angry when a member of the judge's camp asked what would happen if she did not pay. Prosecutors have said Mr. Norman wanted her to pay Ernest Lendler, a printer, $1,000 for a flier he designed, and William H. Boone III, a longtime associate of Mr. Norman's, $9,000 for get-out-the-vote efforts on Primary Day in the mostly black districts of central Brooklyn."

CIVIL RIGHTS:

California Teenagers Given Probation After Halloween Hate-Crime Beating. The AP (2/3) reports from Long Beach, CA, "Four of nine black teenagers convicted in the racially charged beating of three white women on Halloween were sentenced to probation Friday." The AP continues, "Punishment could have ranged up to confinement in a California Youth Authority lockup until age 25. The teens were ordered to serve 250 hours of community service, 60 days house arrest, and take anger management and racial tolerance programs. … 'It was an awful crime. Terrible, emotional and physical injuries,' Juvenile Court Judge Gibson Lee said." The AP adds, "Last week, Lee convicted nine teens — eight female and one male — of felony assault, with a hate-crime enhancement against all but one. … Among those sentenced Friday were an 18-year-old youth, his twin sister, their 16-year-old sister — who didn't receive the hate-crime enhancement — and another 16-year-old girl. … The other five defendants face sentencing next week. Names of the defendants were withheld because they are juveniles or were juveniles at the time and were tried as juveniles."

Judge Delays Decision On Port Chester, NY, Election. The New York Journal News (2/3, Sadler) reports, "A federal judged deferred a decision yesterday on whether to stop the March 20 (Port Chester) village election for two seats on the Board of Trustees." The News continues, "U.S. District Judge Stephen Robinson will instead wait to hear arguments from both sides in the voting rights lawsuit filed by the U.S. Department of Justice against Port Chester, he said in a pre-trial conference. … The judge said he will presume that holding the election would cause irreparable harm, as the Justice Department alleges. The village must prove otherwise at trial later this month in order to proceed with the election." The News adds, "Anthony Piscionere, a lawyer for the village, argued that stopping the election would actually cause irreparable harm to the village because it would force a special election and disenfranchise voters. He said the trustee race would provide a good "snapshot" of Hispanic voter turnout because a Hispanic candidate is running. … But U.S. Attorney David Kennedy said 'this can only be decided after a full and fair hearing.' He said it would be 'informative but wrong' to hold the election in March." The News notes, "The Justice Department sued the village in December, asserting that its at-large method of electing its six trustees violates the federal Voting Rights Act. It is asking the judge to replace Port Chester's system with one in which trustees are elected from six districts. It is also asking the judge to stop the March trustee election until voting districts are implemented."

11th Circuit Finds No Discrimination In Georgia Farmworkers Case. The Moultrie (GA) Observer (2/3, Glenn) reports from Ellenton, GA, "The U.S. Court of Appeals 11th Circuit Thursday upheld a decision from the U.S. Justice Department that a Colquitt County farmer did not discriminate against 17 Puerto Rican farmworkers in favor of Mexican labor." The Observer continues, "The plaintiffs had traveled from Puerto Rico to Georgia in 2003 to work for Booth Farms under a contract

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approved by the U.S. Department of Labor. They arrived a few days after a group of federal H2A program workers from Mexico. … Producer Larry Booth, of Ellenton, had maintained that some of the citizen workers (Puerto Rico is a territory of the United States) were slow pickers and didn't pick enough to earn the equivalent piece rate of $7.49 an hour, the Adverse Effect Wage Rate at the time, so he fired them citing economic reasons. The plaintiffs complained that no Mexican H2A workers who didn't work up to Booth's standard weren't fired and subsequently filed a discrimination suit. Federal law requires that employers hire Americans over H2A workers, but the plainiffs said Booth favored Mexican workers over Puerto Rican regardless of production rates." The Observer adds, "The 17 workers, some of whom Booth said he didn't fire, were represented through the Georgia Legal Services Farmworker Division. Booth represented himself pro se with some assistance from friend and cousin former Georgia Senator Franklin Sutton, also of Ellenton. Booth wasn't able to secure financing for his farming operation because of the suit and had to sell out, he said. Plus, the same 17 plaintiffs have filed a suit in Puerto Rico against Booth Farms seeking about $383,000."

Mississippi VRA Challenge Seen As National Test. The Jackson (MS) Clarion-Ledger (2/3) editorializes, "Quietly, with little fanfare, a national test of the Voting Rights Act of 1965 is under way in Mississippi." The Clarion-Ledger continues, "This month, U.S. District Judge Tom S. Lee has been presiding over the first case in U.S. history in which the federal government has accused black election officials of violating the Voting Rights Act by discriminating against white voters. … The U.S. Justice Department is alleging that Noxubee County Democratic Party Chairman Ike Brown and other Noxubee County election officials have rigged the voting process against white voters by manipulating voter rolls, making public threats to ban some whites from voting, certifying candidates who did not live in districts they sought to represent, miscounting ballots to ensure white candidates lost and other discriminatory acts. … Brown has denied all allegations, accusing the white minority in Noxubee County of petty complaints after years of white discrimination against black voters there." The Clarion-Ledger concludes, "The key question facing Judge Lee isn't whether Noxubee County or Mississippi has a sordid history of white election officials discriminating against black voters. The county and the state are guilty on both counts. … The question is if Brown and other black officials in Noxubee have used their powers to do the very same thing to white voters. .. The Voting Rights Act must be enforced equally for voters of all races."

Civil-Rights Era Killings Under Renewed Scrutiny. The New York Times (2/3, Dewan) reports from Atlanta, "For every infamous killing that tore at the South in the 1950s and '60s, there were many more that were barely noted, much less investigated." The Times continues, "Virtually all such cases gained momentum only when the victims of the past found voices in the present, like those that helped arrest a 71-year-old man last month in connection with the Klan killings of two black teenagers in Mississippi in 1964. Rather than police officials, it has often been journalists and filmmakers who have combed through documents and tracked down witnesses, fueling some 15 years of successful prosecutions." The Times adds, "Only now, with time running out because potential witnesses and suspects are dying off, have law enforcement officials begun to take a systematic approach to unsolved civil rights crimes. The Federal Bureau of Investigation recently canvassed its field offices for the first time, compiling a list of 51 victims in 39 cases, most of which were never investigated by the bureau. … The list was prompted not by the string of convictions, but by a letter about the lynching of two black couples at the Moore's Ford Bridge, east of Atlanta, in 1946, said Chip Burrus, the assistant director of the F.B.I.'s criminal investigative division. … That a single letter prodded the F.B.I. to action illustrates how slender are the time-brittled fibers that knit together the outcome in these fading crimes. … In the case that produced the recent arrest, timing was crucial. If the bodies of the victims, Henry H. Dee and Charles E. Moore, had been found just three weeks earlier in the summer of 1964, their deaths might have been largely forgotten."

NYPD "Stop And Frisks" Soar. The New York Times (2/3, Baker, Vasquez) reports, "The New York Police Department released new information yesterday showing that police officers stopped 508,540 individuals on New York City streets last year — an average of 1,393 stops per day — often searching them for illegal weapons. The number was up from 97,296 in 2002, the last time the department divulged 12 months' worth of data." The Times continues, "After inquiries by the City Council and civil rights advocates, the department delivered four bound volumes of statistics to the Council in midafternoon. The raw data showed that more than half of

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those stopped last year were black: an average of 67,000 per quarter. … At the same time, the average number of people arrested per quarter as a result of such stops almost doubled to 5,317 last year, from 2,819 in 2002, and summonses nearly quintupled, to a quarterly average of 7,292 last year from 1,461 in 2002." The Times adds, "Until yesterday, the most recent information released by the Police Department about how and why it stops people to search them, sometimes looking for illegal guns, was from 2003, according to city officials and city and court records. Some officials have said that lag put the department at odds with a pair of legal requirements that sprang from public outrage at the 1999 fatal police shooting of Amadou Diallo, an unarmed black street peddler. … The department, which rejects such assertions, has not released numbers from 2004 and 2005, or from the last three months of 2003. … Those who review the data are now grappling with dual issues: determining why the Police Department waited so long to release any new figures, and why it is stopping more people and searching them." The Times notes, "The issue of these police-public encounters — called 'stop and frisks' — became an emotional flashpoint after the shooting of Mr. Diallo, whose death in a barrage of 41 police bullets led to weeks of protests and scores of arrests outside 1 Police Plaza, in Lower Manhattan. … Many of the protesters contended that there was a pattern of racial profiling in stop-and-frisks. A state study later in 1999 confirmed racial disparities in such stops."

Michigan Court Rules Against Domestic Partner Benefits. The New York Times (2/3, A10, Saulny, 1.16M) reports, "Same-sex domestic partners are not entitled to health benefits from public universities or local and state governments under the State Constitution's two-year-old marriage amendment, the Michigan Court of Appeals said in a ruling released Friday. In a reversal of a lower court ruling, a three-judge panel found that the amendment, which bans same-sex marriage, also prohibited government agencies from recognizing 'similar unions' like domestic partnerships for any purposes."

The Washington Times/AP (2/3) reports, "The appeals court agreed with the Michigan attorney general, Republican Mike Cox, who said in a March 2005 opinion that same-sex benefits are not allowed in a state that does not recognize same-sex unions. The legal challenge was mounted by 21 homosexual couples who work for the city of Kalamazoo, universities and the state."

WPost Endorses Voting Reform Paper Trail Requirement. The Washington Post (2/3, A14, 690K), in an editorial, writes, "Lawmakers locally and nationally are moving in the right direction in pushing for improvements in how Americans vote. Foremost is the growing movement to require an independent way to verify the results of electronic voting. It's critical, though, that this reform effort be calibrated so that local election officials are given the time and resources to do the job properly. Congress is expected to consider legislation this year requiring that the nation's electronic voting machines produce a paper trail so that people can verify the accuracy of their votes and to facilitate recounts in disputed elections. … While we have not been in the camp of those seeing fanciful conspiracies in electronic voting, a backup system is without question the best way to safeguard security and ensure voter confidence."

ANTITRUST:

Viacom Orders YouTube To Remove Its Videos. The Wall Street Journal (2/3, A3, Karnitschnig) reports, "Deciding that trading its copyright protection for Internet buzz was no longer viable, Viacom Inc. ordered Google Inc.'s YouTube to remove all of its content from the video Web site." The Journal continues, "Viacom's decision to force YouTube, which hosts a vast array of video content uploaded by its users, to take down more than 100,000 video clips from its Web site may yet prove to be a negotiating tactic aimed at drawing the company into a deal. But Viacom executives said privately they had determined that the marketing boost they once believed YouTube provided them has proved to be a mirage. … 'People are waking up to the fact that there is no marketing advantage,' a Viacom executive said. 'There's no novelty anymore.' YouTube Chief Executive Chad Hurley said in an interview that other media companies such as CBS and NBC that partnered with YouTube felt otherwise." The Journal notes, "Viacom's decision comes after the two camps failed to reach a distribution agreement despite months of negotiation punctuated by pointed rhetoric from Viacom, which owns a stable of cable networks that includes MTV, Nickelodeon and Comedy Central as well as the Paramount movie studio."

The Financial Times (2/3, Chaffin, Van Duyn) reports, "Viacom, which owns youth brands such as Nickelodeon and Comedy Central, made the demand after months of

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negotiations with YouTube and Google. It said more than 100,000 affected video clips on the YouTube site had generated more than 1.2bn video streams. … The move threatens to wreck Google's attempts to cement commercial relationships with traditional media groups, which supply most material."

The Washington Post (2/3, D1, Musgrove) reports, "The dilemma for Viacom, as it yanks back control over clips from its popular networks, is whether YouTube is more of a marketing tool that helps it win new viewers, or a business threat. … Though YouTube, which was purchased by Google last year, said it would take down the clips, as of yesterday afternoon there were still thousands for shows like Comedy Central's 'The Colbert Report' on its site." The Post notes, "The tussle between the companies is indicative of a rocky transition for traditional broadcast interests, which must try to make business sense out of the online entertainment age, in which content is easy to produce, copy and distribute. Many networks are putting shows on their own Web sites, but YouTube, which is just a year old, has become the online nexus for trading both homemade and cribbed video. It serves up 100 million videos and its users upload 65,000 videos a day, and now that it's backed by Google's massive advertising machine, YouTube stands to become its own advertising behemoth."

The San Francisco Chronicle (2/3, Lee) reports, "The dispute reflects how popular San Bruno's YouTube has become as an online source of entertainment. And it highlights the dilemmas media companies face as they try to keep control of their material in the digital age. … Since exploding onto the Web less than two years ago, YouTube has drawn ire -- as well as millions of loyal fans -- for its vast and rapidly growing library of videos, many of them copyrighted clips from popular television shows and movies. The site's mushrooming popularity got the attention of Internet powerhouse Google, which bought YouTube for $1.65 billion last year."

USA Today/AP (2/3, Sutel) reports, "Under federal copyright law, online services such as YouTube are generally immune from liability as long as it responds to takedown requests such as these, which YouTube often does. Less clear legally is what happens when another user posts the same video, something commonly done on the free video-sharing site. … In November, YouTube agreed to delete nearly 30,000 files after the Japan Society for Rights of Authors, Composers and Publishers complained of copyright infringement."

Equity Board Rejects Vornado Offer, Endorses Blackstone Bid. The Washington Post/Bloomberg (2/3, D2) reports, "Equity Office Properties Trust, the target of the largest real estate takeover, yesterday rejected a $41 billion offer from Vornado Realty Trust, saying a $38.3 billion cash bid by Blackstone Group L.P. is less risky for shareholders." Bloomberg continues, "Equity Office said a sale to New York-based Vornado would take months to complete, while a buyout by Blackstone would close within days. Given the time delay, Equity Office put the value of Vornado's bid of $56 a share in cash and stock at $54.28 to $54.88. Blackstone's offer is $54 a share. … The stock closed yesterday at $55.38, up 23 cents a share." Bloomberg adds, "Equity Office of Chicago postponed a vote on the Blackstone bid by two days to Feb. 7 to give shareholders time to review its stance on the Vornado offer, according to a statement filed yesterday with the Securities and Exchange Commission. If Blackstone's bid is approved, the purchase would be completed on or about Feb. 9. … The decision by the board of the biggest U.S. office landlord is a setback to Vornado chief executive Steven Roth, who first pursued the company in July. Now Blackstone's Stephen A. Schwarzman must win approval of Equity Office investors to complete the biggest leveraged buyout ever and gain 543 buildings across the country."

Suit Claims Dell Did Not Disclose Intel Payments. The San Jose Mercury News (2/3, Poletti) reports, "Intel's program of rebates to its computer-making customers has come under serious fire again, this time in a massive class-action complaint claiming the chip giant's rebates to Dell inflated the troubled computer maker's profits by $800 million a year." The News continues, "A 252-page lawsuit was filed against Dell in federal court in Austin, contending that Dell did not disclose the rebates -- which the suit also called kickback payments -- from Intel. The suit claims that Dell's reported profits were propped up by about $800 million a year by rebates Intel paid to Dell in return for exclusively using Intel chips in its computers. … The suit was filed by a well-known law firm, Lerach Coughlin Stoia Geller Rudman & Robbins, on behalf some Dell shareholders, including Amalgamated Bank." The News adds, "Until last year, Dell was the only computer maker to solely use chips

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developed by Intel. While most PC and computer server makers have been using chips developed by Intel archrival Advanced Micro Devices, Dell was a major holdout. Last year, it began to use AMD chips. … The suit was filed Wednesday, the same day founder Michael Dell said he was returning as chief executive after Kevin Rollins resigned. The company's chief financial officer, James Schneider, stepped down in December and was replaced by board member Donald Carty."

The AP (2/3, Koenig) reports, "Mary Blasy, one of the lawyers who filed the lawsuit, said in an interview that the plaintiffs don't claim that the payments were illegal. Rather, she said, they believed Dell cheated investors by concealing the payments, which the company didn't control and gave a false picture of Dell's financial strength." The AP adds, "The lawsuit charges that Dell got the Intel payments 'for shipping only Intel-based products and not doing business with AMD,' Advanced Micro Devices Inc. Dell began using chips from Intel's rival last year. … The payments to Dell were mentioned in an ongoing antitrust lawsuit that AMD filed against Intel in 2005. The Lerach law firm learned the size of the payments from Dell insiders, Blasy said."

Delta Creditors Approve Terms Of Bankruptcy Financing Program. The AP (2/3, Weber) reports, "Lawyers for Delta Air Lines Inc., the third-largest U.S. carrier, said Friday in court papers that the company's creditors' committee has approved the terms of the $2.5 billion in financing that Delta has secured to emerge from bankruptcy protection." The AP continues, "The disclosure was made as Delta amended its reorganization plan for a second time. Other technical changes also were made to the plan, which was first filed Dec. 19 and amended on Jan. 19. … Delta's chief bankruptcy lawyer, Marshall Huebner, said the official unsecured creditors' committee's support of the exit financing is a 'tremendous milestone for us as we move toward exiting Chapter 11 under our standalone plan.'" The AP adds, "The filing also provided a few new details of the behind-the-scenes discussions in recent weeks by Delta's board regarding US Airways' now withdrawn $9.8 billion hostile takeover bid. … Delta's board discussed US Airways' revised proposal several times before US Airways withdrew the bid on Wednesday, including that day. The board took no action. … Tempe, Arizona-based US Airways Group Inc. withdrew its bid for Atlanta-based Delta Air Lines Inc. after Delta's official committee of unsecured creditors said it supports Delta's plan to emerge from bankruptcy protection in the spring as a standalone carrier, thus rejected US Airways' merger offer."

MediaNews Purchases Santa Cruz Sentinel. The AP (2/3) reports, "MediaNews Group Inc. said Friday that it has acquired the Santa Cruz Sentinel from Community Newspaper Holdings Inc." The AP continues, "MediaNews, with 56 daily publications, said the California Newspapers Partnership -- which is majority-owned by MediaNews -- acquired the Sentinel, a daily. … MediaNews funded its share of the purchase through a revolving credit agreement. Gannett Co. and SF Holding Corp., the other partners, contributed their share of the purchase price. Financial terms were not disclosed." The AP adds, "Dean Singleton, MediaNews' chief executive officer, said the Santa Cruz newspaper will bolster the company's reach in California. 'The Santa Cruz Sentinel is a fine newspaper today but will be strengthened by the resources of our existing newspapers,' he said. … MediaNews, which owns the Oakland Tribune and seven other Bay Area newspapers, acquired the Monterey County Herald, San Jose Mercury News and Contra Costa Times from McClatchy Co. last year. The complex $1 billion deal included $300 million in financing from the Hearst Corp., owner of the San Francisco Chronicle. The deal between MediaNews and Hearst is the subject of a federal antitrust lawsuit filed by a San Francisco businessman."

Judge Rules Microsoft May Question Expert Who Discovered Violation. The Des Moines Register (2/3) reports, "The computer expert who said he found evidence that Microsoft is violating a federal consent decree can be interviewed by Microsoft lawyers for up to five hours, Polk County District Court Judge Scott Rosenberg has ruled." The Register continues, "The expert, Andrew Schulman, is a witness for Iowa consumers suing Microsoft for anti-trust violations and up to $330 million in damages. … The consent decree ended a federal anti-trust case against Microsoft several years ago." The Register adds, "Schulman reportedly found evidence it was being violated while digging through mountains of secret computer code that is used to drive Microsoft products. … Microsoft lawyers had already questioned Schulman for seven hours in an earlier deposition, but he reported the violation after that testimony. His report caused Microsoft lawyers to ask for permission to question Schulman again before he testifies in court."

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Express Scripts Sweetens Bid For Caremark. Dow Jones (2/3) reports, "Express Scripts Inc. is expected to triumph in its bidding war with CVS Corp. for pharmacy benefit manager Caremark Rx Inc. with a sweetened offer price, one industry analyst concluded after conducting a survey of Caremark and CVS clients. … 'Absent a significant external event (pressure from Congress, material adverse change in the industry) or a stronger sales pitch from Caremark-CVS (entirely possible), we expect Express Scripts will acquire Caremark at a higher price,' Cowen & Co. analyst Kemp Dolliver wrote in a research note Friday. He assumed a $3-a-share increase to Express Scripts' current offer, to roughly $62 a share. … 'We continue to think that Express Scripts has the upper hand in the competition for Caremark,' Dolliver said. 'Our survey indicates that Caremark's and CVS' clients share the same uncertainty over the deal as the investment community.' … Dolliver subsequently reiterated an outperform rating on Express Scripts shares." Dow Jones adds, "Caremark in November agreed to a so-called 'merger of equals' with retail drugstore chain CVS Corp. in a deal that would give Caremark shareholders 1.67 shares of CVS share for each share held.The following month, Express Scripts launched a competing, hostile $26 billion cash-and-stock bid for its larger PBM rival which, at the time, represented a 15% premium over CVS' offer. … The Caremark-CVS bid was sweetened in January with a $2 a share onetime dividend."

ENVIRONMENT/INDIAN AFFAIRS:

Bush Administration Expresses Agreement With Global Warming Report. ABC World News (2/2, story 3, 1:40, Gibson, 8.78M) reported, "The top climate experts from all around the world, speaking with one voice, issued a blunt and bleak assessment in global warming. They spoke of the damage already done and the fears about where we are headed." NBC Nightly News (2/2, story 4, 2:20, Williams, 9.87M) reported, "Some say it is a wakeup call loud and clear. But US Energy Secretary Samuel Bodman today called America a small contributor to it and called for a global discussion of today's report." ABC World News (2/2, story 4, 2:10, Gibson, 8.78M) reported the White House "said it agreed with today's report. But officials rejected the idea of mandatory reductions in greenhouse gas emissions. If anything new and significant is to be done about global warming, businesses, individuals and governments will all have to play a role. … But some companies, and many scientists, say not much will depend without a push from government. Tough, new laws to force companies to cut greenhouse gases. And the Bush administration is against that, especially if other countries, such as China and India, do not do the same."

The Financial Times (2/3, Harvey) reports, "The world's leading climate scientists on Friday swept away the last doubts surrounding global warming." BBC.com (2/3) reports, "Governments around the world have called for urgent action to tackle climate change, after a major report said mankind was very likely the cause. The EU said it was the starkest warning yet, while the UK said climate change threatened world peace and prosperity. The US administration said the report was 'valuable', but rejected mandatory controls to reduce greenhouse gases."

The Washington Post (2/3, Eilperin, 690K), in a front-page article, reports, "Declaring that 'warming of the climate system is unequivocal,' the authors said in their 'Summary for Policymakers' that even in the best-case scenario, temperatures are on track to cross a threshold to an unsustainable level." The Post notes Bush administration officials "welcomed the report and emphasized that U.S. research funding helped underpin its conclusions. National Oceanic and Atmospheric Administration Administrator Conrad C. Lautenbacher Jr., who oversees much of the nation's climate research, said in an interview that the international assessment will lead to 'a more objective and informative public debate.'"

The New York Times (2/3, Rosenthal, Revkin, 1.16M), also in a front-page story, reports the Bush administration, "which until recently avoided directly accepting that humans were warming the planet in potentially harmful ways, embraced the findings. …. Administration officials asserted Friday that the United States had played a leading role in studying and combating climate change, in part by an investment of an average of almost $5 billion a year for the past six years in research and tax incentives for new technologies. At the same time, Secretary of Energy Samuel Bodman rejected the idea of unilateral limits on emissions. 'We are a small contributor to the overall, when you look at the rest of the world, so it's really got to be a global solution,' he said."

The Chicago Tribune (2/3, Neikirk, 617K) reports the Bush administration "embraced the report but rejected demands for a mandatory system of capping 'greenhouse

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gas' emissions, such as carbon dioxide. Instead, the administration said President Bush would rely on his plans to develop more renewable fuel and require more efficient vehicles. But with Democrats controlling Congress, pressure is apt to build on the White House to take a tougher approach." Senate Democratic Leader Harry Reid said, "President Bush should immediately work with Congress to pass legislation that requires reductions in the emissions of greenhouse gases, and he should call together the leaders of the world to obtain their binding commitment to reducing pollution around the globe."

The Los Angeles Times (2/3, Maugh, Kaplan, 850K) reports, "Although most of the scientific data behind the report have come out before, their aggregation into a single report, phrased in the boldest of terms, sparked an intense reaction Friday. 'The degree of certainty, which was already very high, is now as close to certain as scientists are willing to say,' said former Vice President Al Gore. … Echoing a phrase that was widely heard Friday, Rep. Edward J. Markey (D-Mass.) called the report 'a scientific smoking gun.'"

US Scientists Claim New Report Underestimates Risks. The Wall Street Journal (2/3, A4, Fialka, 2.04M) reports, "U.S. government scientists Friday said the long-term outlook for global warming may be more dire than suggested by this week's United Nations' report, which they say doesn't fully address the impact of clouds and melting glaciers. … The computer models used for the IPCC report based their predictions only on the results of heating of the existing water in the world's oceans, causing the oceans to expand and sea levels to rise, said Tom Delworth, a climate modeler for the National Oceanic and Atmospheric Administration." The AP (2/2, Borenstein) reports, "The worst could mean more than 1 million dead and hundreds of billions of dollars in costs by 2100, said the NOAA's Kevin Trenberth. … 'It's later than we think,' said panel co-chair Susan Solomon, the U.S. National Oceanic and Atmospheric Administration scientist who helped push through the document's strong language."

Gore To Testify At House Hearing On Global Warming. The Politico (2/2, Grim) reports former Vice President Al Gore "has accepted an invitation to testify next month in a congressional hearing on the highly controversial issue of climate change. … For people who make a parlor game of guessing Gore's intentions for 2008, the appearance will surely stoke speculation that he may yet be a late entrant into the Democratic presidential derby. Gore will appear at a joint hearing on Wednesday, March 21. He will be the only witness to appear before the Energy and Commerce Subcommittee on Energy and Air Quality and the Science and Technology Subcommittee on Energy and Environment."

IPCC "Supercomittee" Dismissed As Overly Political. In an op-ed for the Wall Street Journal (2/3, A11, 2.04M) Philip Stott, Stott, professor emeritus of biogeography at the University of London, writes, "I confess I was afflicted by a profound world-weariness following the release yesterday of the latest gloomy machinations from the IPCC. … Unfortunately, the IPCC represents science by supercommittee. … Moreover, the IPCC does no original research, nor does it monitor climate-related data; its evidence is instead from selected secondary sources. But, above all, this supercommittee is more political than is often recognized, rule three firmly reminding delegates that: 'documents should involve both peer review by experts and review by governments.'"

States' Ocean Habitat Rescue Initiatives Hailed. In an op-ed for the Washington Post (2/3, A15, 690K) Leon Panetta and James Watkins, co-chairmen of the Joint Ocean Commission Initiative, write, "Buried beneath the headlines about warming oceans, harmful algae blooms and dwindling seafood stocks is the fact that it is within our power to make immediate, measurable progress toward solving the problems facing our oceans. Innovative state leaders are showing us the way, and the federal government needs to follow their example. Over the past three years, California, acting to preserve a vital state resource, has developed an Ocean Action Plan; launched the most comprehensive approach to marine protected areas in the nation; and invested more than $30 million in projects to improve water quality, protect ocean habitats and manage sand on its beaches. In the past year, at least 18 states have taken similar steps. … In most respects, though, the federal government and Congress lag behind states in efforts to protect our oceans."

Tribe Challenges Interior Official's Recognition Authority. Indian Country Today (2/3, Toensing) reports from Kent, CT, "The Schaghticoke Tribal Nation has challenged Interior Department Associate Deputy Secretary James Cason's authority to act as 'the decision-maker' in overturning the tribe's federal acknowledgement in October 2005." ICT continues, "In the latest twist in the Schaghticokes' decades-long quest for federal recognition,

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attorneys filed a motion Jan. 23 in U.S. District Court in New Haven, claiming that Cason violated both the Appointments Clause of the Constitution and the Vacancies Reform Act when on Oct. 12, 2005, he issued a Reconsidered Final Determination reversing the BIA's January 2004 positive federal acknowledgement decision. … Cason was functioning as an Assistant Secretary for Indian Affairs but was not appointed by the president or confirmed by Congress, and therefore exceeded his authority by issuing decisions that only a 'principal officer of the United States' can lawfully render; therefore, the RFD is void, STN's attorneys wrote. … Cason also reversed that day the federal status of the Eastern Pequots, whose federal recognition had been issued two years earlier." ICT adds, "The motion is part of the tribe's appeal of the reversal of its recognition. The appeal alleges, among other things, that the RFD was arbitrary and capricious, a violation of the tribe's due process rights and the product of unlawful political influence and congressional interference. It asks the court to restore the tribe's recognition. Interior and its officials are named as defendants. … The appeal is 'the Tribe's remaining hope to regain the federal recognition that was wrongly taken from it in the RFD. It is no exaggeration to say that the Tribe is fighting for its very existence. What happened to this Tribe, including the circumstances in which it lost its prior positive recognition are, at a minimum, unusual and deserving of careful review. The Tribe has alleged since its federal recognition first came under attack that various political officials acted improperly to reverse that recognition. This improper delegation of authority to Mr. Cason is one more part of the story of the illegal handling of the Tribe's recognition. The Court should hear the full story of the Tribe's fate,' one of the attorneys said. … The Schaghticokes' claims have 'no merit,' said Connecticut Attorney General Richard Blumenthal, who led the state's relentless opposition to the tribe's federal recognition."

CONGRESS-ADMINISTRATION:

Bush Budget Includes Additional Education Funding, Entitlements Cuts. The Los Angeles Times (2/3, Havemann, 850K) reports, "In a bid to balance the federal budget in five years, President Bush will seek cuts in several key programs. But the spending blueprint he sends to Congress on Monday leaves room for some sweeteners, according to administration officials. Under the Bush plan, grants for college students would rise after remaining stagnant for three years, and some parts of the No Child Left Behind Act would receive additional funding. There would be new money to spur the manufacture of hybrid cars and production of ethanol. And a new farm bill would give farmers $1 billion more a year than the current law. At the same time, Bush will ask for substantial cuts in Medicare and Medicaid, the government's main healthcare programs." The Times goes on to report that the Pentagon budget, including "will hit $623 billion, according to a senior Defense official. That total includes $481 billion for the military's normal annual budget, a 10% increase over this year's spending. … The budget request also includes, for the first time, funding details for the wars in Iraq and Afghanistan; in past years, these war costs have been approved as special emergency funding bills.'

Some Claim Bush Budget Numbers Are Unrealistic. The Wall Street Journal (2/3, A2, Solomon, 2.04M) reports that President Bush's budget "will be an early effort to cement his legacy in domestic policy. The key question: Can he convince members of Congress that they can extend his cherished tax cuts, all of which expire by 2010, and still balance the budget? Mr. Bush has pledged to show a path to erasing the existing $248 billion. … Those projections will assume that Mr. Bush's tax cuts, which are estimated to cost about $450 billion over the next five years, are made permanent But the White House is expected to leave out or underestimate other key costs, including an expensive fix to the alternative minimum tax and additional funding for the war in Iraq beyond 2009. It will also include strong revenue growth that some economists may see as unrealistic. As the Bush budget will show, the deficit numbers are notoriously dependent on such assumptions."

NYTimes Praises Democrats For Cutting Earmarks. The New York Times (2/3, A14, 1.16M) editorializes, "The Democratic-led House has made the most of a sorry budgetary business, stripping out billions of dollars in earmarked pork from a spending measure urgently needed to keep the government running this year. The $463.5 billion bill is an omnibus mop-up device necessitated by the fact that nine of 11 major spending bills were left unfinished last fall by the Republican leadership in its final weeks of power. The Democrats, who promised to cut out special-interest budget goodies, killed thousands of earmarks custom-designed by lawmakers. … The House measure now heads to the Senate as that rare piece of legislative sausage devoid of expensive, toothsome pork."

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Bush Backs Three Percent Raise For Federal Employees. The Washington Post (2/3, D1, Barr, 690K) reports Clay Johnson, deputy director for management at the OMB said President Bush "will propose a 3 percent pay raise for federal employees and military personnel in his fiscal 2008 budget, a senior administration official said yesterday." Johnson "said the president's civil service pay advisers and Pentagon officials had acted independently in coming up with their pay recommendations. If accepted by Congress, the raises would take effect next January." House Majority Leader Steny Hoyer, "a longtime advocate for federal employees," said he "planned to study the budget proposal, particularly in the context of what he called 'an already significant pay gap between federal employees and their private-sector counterparts.'"

Bush Said To Have "Adopted" Democrats' Rhetoric On Domestic Issues. The Washington Post (2/3, A4, Fletcher, 690K), in an article titled, "Bush To Urge Democrats To Consider His Domestic Policy," reports that in "an attempt to sustain key elements of a domestic agenda pronounced dead on arrival by congressional critics, President Bush will challenge the newly empowered House Democrats to give his health-care and energy proposals serious consideration when he addresses them today during a retreat in Virginia. … On domestic matters…Bush has recently adopted the rhetoric -- but not the policy positions -- often associated with Democrats. He has invoked the menace of global climate change, lamented the nation's growing income inequality, and set ambitious goals to develop alternative fuels and cut gasoline consumption. He has also proposed a plan to make health insurance more affordable." According to the Post, Democrats "have greeted such offerings with suspicion. Leading House Democrats remain dismissive of Bush's health-care proposals, in particular." Joel Kaplan, Bush's deputy chief of staff "and a key figure in the development of the president's agenda, said the president's domestic plans confront 'real challenges faced by real people, and they provide real solutions.'"

Senators' Failure To Promptly Disclose Campaign Donations Draws Scrutiny. The Los Angeles Times (2/3, Morain, 850K) reports, "Unlike candidates for president and the House, political action committees and most state offices, senators refuse to transmit their campaign donation reports over the Internet. Thanks to a labyrinthine process that takes weeks or months, they are able to delay public access to their campaign donors' identities — sometimes until after the election. Now that seven senators are running for the White House and using money raised as senators to jump-start their campaigns, the practice is under renewed scrutiny. Senators have blocked repeated efforts, backed by 25 of their colleagues from both parties, to change the law. … Like all federal officeholders, senators were required to submit year-end campaign finance reports by Wednesday. Such reports are public documents. But that doesn't mean they are publicly available. Nor will they be any time soon."

CHC Chairman Baca Rebuts Sanchez's Allegations. The Politico (2/2, Hearn) reports, "Amid roiling turmoil in the Congressional Hispanic Caucus, chairman Joe Baca Friday refuted accusations that he had called Rep. Loretta Sanchez, a 'whore,' had mismanaged the group's political arm, thwarted the advancement of female lawmakers and was improperly elected chairman. In a lengthy statement, Baca said he was 'deeply troubled' by the allegations made by several of his colleagues in the 21-member caucus. … 'A months-old internal CHC discussion has been repackaged into accusations with sexual overtones through irresponsible reporting and inflammatory headline writing,' he said. He reiterated his statement, issued Wednesday, that the claims were 'categorically untrue.' Aides to Sanchez and Reps. Hilda L. Solis and Linda Sanchez, two California Democrats who have been very critical of Baca, could not be reached for comment." Baca "dismissed Loretta Sanchez's charge that he had referred to her as a 'whore' during a meeting with California state legislators, including Democratic Assembly Speaker Fabian Nunez. Specifically, Baca noted news reports that Nunez had said he has 'no recollection' of the remark."

LATimes Explores Animosity Between Baca And Sanchez. The Los Angeles Times (2/3, 850K), in an editorial, notes "the bad feelings stretch back a year, when caucus PAC money was being used to boost the political fortunes of Baca's sons, Joe Jr. and Jeremy. Jeremy needed the money to help his family keep the state Assembly seat being vacated by Joe Jr., who was trying to extend the Baca empire into the state Senate. Both Baca brothers lost, despite the infusion of PAC money, and it may be worth noting that their opponents were women: Gloria Negrete McLeod defeated Joe Jr., and his old seat went not to his brother but to

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Wilmer Amina Carter. Sanchez and four other Californians — including her sister, Rep. Linda T. Sanchez (D-Lakewood) — and an Arizonan quit the PAC over the use of money for family members."

New Air Traffic Control System Could Cost As Much As $76 Billion. The Washington Post (2/3, D1, Wilber, 690K) reports, "Federal aviation officials expect on Monday to begin introducing a proposal to finance a new air-traffic control system that they say will be needed to keep pace with increasing air travel over the next two decades. Without a new system, officials say, passengers would face delays that would dwarf last year's snarls. 'In the long term, we could see real gridlock,' said Federal Aviation Administrator Marion C. Blakey. … A debate is unfolding over how to finance the next-generation network, which could cost $69 billion to $76 billion, according to the Congressional Research Service. The Federal Aviation Administration and other government agencies want the system completed by 2025. They have not said how much it would cost. The FAA would use its trust fund, which accumulates aviation-related taxes, to pay for the new system. The fund's balance has dropped to $1.8 billion, however, the lowest in a decade, officials said."

Football Fan Rice Picks Colts To Win Super Bowl. Secretary of State Condoleezza Rice appeared on ESPN (2/2) to talk about her love of football and Sunday's Super Bowl game. Asked about the significance of this being the first Super Bowl where both coaches will be black, Rice said, "I think it's terrific and as an African-American, I'm really, really proud." Asked for her prediction on the winner of the Chicago Bears-Indianapolis Colts matchup, Rice said, "I have to like the Colts, because I think that offensively, they are a better football team. I also think that they've been playing very well defensively."

Super Bowl Security Efforts Previewed. The CBS Evening News (2/2, story 7, 2:50, Couric, 7.66M) ran a detailed report on security planning for the big game, which has been designated a Level One National Security Event by the Department of Homeland Security, as it has been each year since the 9/11 attacks.

NYTimes Considers New NHTSA Crash Tests "Overdue." The New York Times (2/3, A14, 1.16M), in an editorial, writes that the National Highway Traffic Safety Administration "is exploring ways to strengthen its tests and its ratings system for the crashworthiness of motor vehicles. The effort is long overdue but still likely to fall short of what's needed. In far too many cases, the tests are weaker than they should be and fail to address current kinds of accidents, like what happens when one of today's larger vehicles collides with a smaller one."

OTHER NEWS:

Jobs Report "Just About Perfect," Bush Economic Adviser Says. The Wall Street Journal (2/3, A3, Conkey, 2.04M) reports the Labor Department said Friday that "nonfarm payrolls rose by 110,000 jobs last month following December's gain of 206,000 jobs. The smaller increase in January -- together with a rise in the unemployment rate to 4.6% from 4.5% in December and a tepid 0.2% gain in the typical employee's pay last month -- suggests the economy is slowing somewhat after a strong finish to 2006." The Financial Times (2/3, Callan, Mackenzie) says the "signs of cooling in the labour market are consistent with the Federal Reserve's view that inflation pressures are starting to moderate as the economy coasts towards a soft landing." Ed Lazear, an economic adviser to President Bush, said, "This jobs report is just about perfect. It suggests that the economy is balanced. It suggests we can sustain this into the future."

The Washington Post (2/3, D1, Henderson, 690K) also says the report "fits with widespread government and private forecasts that the economy will slow to a cooler but still-solid pace of growth this year after expanding rapidly last year. That is expected to cause the drum-tight job market to ease and inflation pressures to ebb." The New York Times (2/3, C3, Peters, Porter, 1.16M) also has a report on the jobs numbers, and ABC World News (2/2, story 6, :10, Gibson, 8.78M) and NBC Nightly News (2/2, story 6, :10, Williams, 9.87M) briefly mentioned them as well.

Dow Down Slightly; S&P, Nasdaq Notch Up. The Wall Street Journal (2/3, B1, McKay, 2.04M) and the New York Times/AP (2/3, C7) report the Dow Jones Industrial average was down 20.19 points Friday to 12653.49. The S&P 500 was up 2.45 points to a six-year high of 1448.39, while the Nasdaq was up 7.50 points to 2475.88.

WSJournal Derides Economists Who Spoke Of "Jobless Recovery." The Wall Street Journal (2/3, A10, 2.04M), in an editorial, writes, "The good economic news

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keeps rolling in. Yesterday's new-jobs estimate for January, at 110,000, was below Wall Street expectations but it was accompanied by upward revisions of 81,000 jobs for the prior two months. Those revisions brought the 2006 monthly average up to 187,000 new jobs, or 2.2 million for the year. Readers will recall that the current expansion was derided right through 2004 as a 'jobless recovery.' We now know the economy has created 7.4 million new jobs since mid-2003, as revisions by the Bureau of Labor Statistics have added hundreds of thousands to its original monthly estimates. Thus the hand-wringers have had no choice but to move on, turning their laments to allegedly 'stagnant wages.' Well, that's now vanishing too."

Leading Democratic Presidential Hopefuls Spar Over Iraq At Party Gathering. The Washington Post (2/3, A3, Balz, Kornblut, 690K) reports that "with Congress in their control and their eyes now on the White House, Democratic Party leaders took their first look at the party's field of presidential candidates yesterday at a forum in which the three front-runners presented their positions on Iraq and jockeyed over who can defeat the Republicans in 2008." Addressing the Democratic National Committee Winter Meeting, Sen. Hillary Clinton "presented herself as a tough, experienced pragmatist," while Sen. Barack Obama "offered himself as an inspirational critic of politics as usual," and John Edwards "made himself the keeper of the Democratic flame, delivering a call for Democrats to reclaim their heritage."

NBC Nightly News (2/2, story 7, 1:30, Williams, 9.87M) said "as expected, one topic dominated the red meat political speeches before the sympathetic crowd: the war in Iraq." The New York Times (2/3, A12, Nagourney, Healy, 1.16M) says the contenders, "to shouts and cheers from thousands of Democrats," condemned the war but differed "over how to end it -- and particularly whether Democrats should settle for a nonbinding resolution expressing the Senate's opposition to Mr. Bush's war policies." Clinton, "who voted for the war and has since turned against it," drew the "most attention. Talking over a handful of hecklers, she argued that a bipartisan resolution, supported by a large number of senators and soon to be debated on the Senate floor, was the most powerful way for Congress to begin the process of blocking Mr. Bush from moving ahead with his plan to send 21,000 more troops to Iraq." But she "faced strong opposition from the left in the form of Mr. Edwards…who said that his former colleagues should not support the nonbinding resolution next week and should instead vote for measures to cut off funds for the war." On its Web site, The Hill (2/2, Youngman) reports Edwards "continued to move to the left of his leading presidential rivals" with his remarks.

ABC World News (2/2, story 7, 2:20, Tapper, 8.78M) reported, "To a room full of Democratic activists, fund-raisers and party leaders needed for any presidential campaign, the candidates made their distinct pitches." Obama: "The campaigns shouldn't be about making each other look bad. They should be about figuring out how we can all do some good for this precious country of ours." Tapper: "The war in Iraq was another way to draw distinctions." Obama: "I was opposed to this invasion, publicly, frequently, before it began." Clinton: "I want to be very clear about this: If I had been President in October of 2002, I would not have started this war." Tapper: "Many Democrats think politicians expressing disapproval of the war, which is Senate is likely to do next week, is not enough. They want it ended now." Edwards: "We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore. We have the power to stop the escalation of this war. We have to use this power. We have to be strong. We have to do what's right."

The Washington Times (2/3, Lambro, 88K) headlines its front-page story "Hillary Vows To End War," leading by reporting that Clinton said she "would end the Iraq war as president if the conflict was still raging when she took office." Clinton told the gathering, "If we in Congress don't end this war before January 2009, as president, I will." Newsday (2/3, Thrush) also runs that quote from Clinton.

The Los Angeles Times (2/3, Hamburger, Hook, 850K) reports on its front page that Democrats "have begun an increasingly harsh debate" over Iraq. The Times says that, "until recently, most Democratic presidential candidates, like the party generally, found success by bashing President Bush's Iraq strategy without offering comprehensive alternatives." But this week, Obama, "in a departure from his own past statements, introduced legislation that would begin a phased redeployment of troops by April and require that all combat troops leave Iraq by March 2008," which "set him at odds" with Clinton. The AP (2/2, Pickler) says Obama "reminded the party's rank-and-file -- twice -- that he was against the Iraq invasion from the beginning." The Financial Times (2/3, Luce) says Obama received a "rock star reception" at the meeting.

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The Washington Post (2/3, A3, Milbank, 690K) writes that despite a seven-minute time limit on the speeches, Edwards spoke for 17 minutes and 40 seconds, Clinton for 16 minutes and 12 seconds, and Obama for 15 minutes and 30 seconds. Sen. Christopher Dodd and Rep. Dennis Kucinich also spoke Friday; Dodd took 20 minutes and 15 seconds for his speech, which Kucinich finished after 12 minutes and 38 seconds, "but this was probably because the audience treated his appearance as a chance to start conversations or to visit the restrooms."

DNC To Consider District Of Columbia House Seat Resolution. The Washington Post (2/3, B1, Sheridan, 690K) reports the DNC meeting will today consider a resolution backing a bill to give the District of Columbia a full seat in the House. The resolution is expected to pass.

Clinton Up By 20, McCain By Seven, In ARG New Hampshire Polls. The New Hampshire Union Leader (2/3, DiStaso) reports that a new American Research Group poll finds Sen. Hillary Clinton widening her lead in the New Hampshire Democratic primary field. Clinton stands at 39%, with Sen. Barack Obama at 19%, John Edwards 13%, and no other candidate above two percent, with 21% undecided. In December, Clinton led Obama by just six points, 27%-21%. On the GOP side, Sen. John McCain leads with 27%, with Rudy Giuliani and Mitt Romney tied at 20% each, Newt Gingrich 11%, and no other candidate above one percent, with 21% undecided. ARG surveyed 600 likely voters (+/- 4%) in each party primary January 31-February 1.

Clinton's "Flat Footedness" With Humor Seen As Gender Double-Standard. In her Los Angeles Times (2/3, 850K) column, Meghan Daum examines Sen. Hillary Clinton's campaign trail attempts at humor, saying it is likely her "flat footedness is a symptom of a double standard that rarely comes up in conversations about the challenges faced by powerful women. If there's anything that can hinder a woman's credibility faster than becoming visibly pregnant or getting caught watching Lifetime, it's revealing the ability to be genuinely funny. … Clinton, hyper-focused wonk that she is, has a personality that has long appeared to be the product of focus groups. … She has been so ravaged by the media, the public and, it would seem, her own perfectionism that she comes across less as a human being than as a historical figure whose legacy depends on keeping her humanity out of the equation. … But the fact that we're seeing a black candidate who seems infinitely more relaxed with himself than his female competitor speaks volumes about just how much we're likely to punish women who step outside the bounds of corporate-flavored gravitas."

Obama Addresses Internet-Mobilized Supporters. The Washington Post (2/3, A5, Goldfarb, 690K) reports, "At his first rally since announcing his presidential exploratory committee," Sen. Barack Obama "appealed yesterday for support from the young people who had mobilized for the event online. The gathering of several thousand students at George Mason University in Fairfax underscored the potential power of online communities in the 2008 campaign. Its genesis was a group created last summer on Facebook.com, a Web site frequented by college students who post profiles and assemble virtually."

Obama Said To Have "Bubble Around Him." The Politico (2/2, Allen) writes that while "Clinton's opening slogan was, 'Let the conversation begin,'" Obama "just wanted the conversation to end. … Obama, riding an astonishing wave of glowing publicity for a candidate 21 months from an election, already has a bubble around him that is tighter than the one that surrounded Texas Gov. George W. Bush, who spent long hours of the fledgling days of his candidacy in bull sessions with reporters."

Biden Appears On Sharpton's Radio Show. Under the headline "Joe Biden Courts Al Sharpton," The Politico (2/2, Ben Smith) runs a brief item on the Delaware senator's appearance on Sharpton's radio show. When Biden "paused for breath at the end of his appearance," Sharpton told him, "I thought you were drowning in giving me flattery."

Romney Slams Clinton For "Timidity" Toward Iran. The AP (2/2, Dominguez) reports Mitt Romney accused Sen. Hillary Clinton "of 'timidity' regarding the security threat posed by Iran." Addressing the Republican Study Committee, Romney "lashed out at Clinton for telling a pro-Israel dinner that a dialogue with countries hostile to Israel -- including Iran and Syria -- is needed to promote peace in the Middle East." Romney said, "At this point, we don't need a listening tour about Iran. Someone who wants to engage Iran displays a troubling timidity toward a terrible threat of a nuclear Iran." Clinton spokesman Mo Elleithee responded, "Sen. Clinton believes that no option should be

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taken off the table when it comes to preventing Iran from developing nuclear weapons. Given his record of flip flops, the only thing that's timid are Gov. Romney's convictions." On its Web site, The Hill (2/2, Kucinich) also reports on Romney's remarks.

The Politico (2/2, Martin) reports Romney also "explained his shift on social issues" during his speech, presenting himself "not as a convert but as a student who had received an education on key social issues." Afterward, Rep. Wally Herger "said he was satisfied with Romney's explanation. 'I felt very comfortable,' said Herger, who is so far uncommitted in the presidential contest but offered that he could 'absolutely' back Romney." But Rep. Darrell Issa said that while Romney "said what he needed to say to the conservative audience, his address was short on specifics. … Asked about Romney's accounting of how he had come to oppose abortion rights, Issa acknowledged that it was 'artful,' but probably not quite as clear-cut as Romney tried to make it."

WSJournal Says Hagel Should Have Courage To Run For President. The Wall Street Journal (2/3, A10, 2.04M) headlines an editorial "Hagel For President," but immediately says, "No, we don't mean this as an endorsement. The Journal doesn't endorse candidates, and on the big issues of the day we don't much agree with Chuck Hagel in any case. But with the Nebraska Republican loudly agitating for a rapid withdrawal from Iraq, we think it's time the Senator tested his ideas somewhere other than the Sunday talk shows." If Hagel "thinks his foreign-policy vision is superior to President Bush's or to Senator John McCain's, he should stop booing from the gallery and get into the fight for the Republican Presidential nomination. The primaries are only a year away, and the GOP field awaits a genuine antiwar candidate. It's one thing to win the Beltway media primary, another to prevail among actual voters, as Mr. Bush has done twice."

Two Arkansas Journalists Advise Huckabee To "Cool It." In a Wall Street Journal (2/3, A10, 2.04M) op-ed, Paul Greenberg and Kane Webb of the Arkansas Democrat-Gazette examine some of Mike Huckabee's clashes with the media during his time as governor of Arkansas, saying that "Huckabee, at times, can be the most elevating of speakers. … But, too many other times, Brother Huckabee just likes to wallow in the old invective, and the pettier his complaint, the longer he wallows." Huckabee "has a lot of potential as a presidential candidate, and a record of accomplishment here in Arkansas -- from getting health care to kids whose families couldn't afford it to fixing our interstate highways. He's been willing to take on the educational establishment in order to improve our schools, and early on he finally simplified this state's once byzantine requirements for something as basic as renewing your car tags." But his "campaign will be history soon…unless he learns to cool it. Which may not be possible for the Huck, given his showman's personality and rhetorical impulses."

At Least 19 Dead Following Florida Storms. The AP (2/2, Ellis) has an update on the situation in central Florida, where "powerful storms, including at least one tornado, smashed hundreds of homes…and killed 19 people or more." Gov. Charlie Crist has declared a state of emergency in four counties. ABC World News, the CBS Evening News, and NBC Nightly News all led with the disaster and had detailed coverage. CBS gave the story about nine minutes of coverage, NBC eight, and ABC five and one-half.

Beltway Gossip Columns Multiply. The New York Times (2/3, Leibovich, 1.16M), in a front-page article titled, "Titillating Or Not, Washington Gossip Blossoms," reports, "As the globe warms, Iraq burns and a presidential campaign heats up, Washington finds itself red-hot in gossip, or what passes for such here. … Ten publications carry a total of 14 columns focusing on political tidbits that appear regularly, up from three columns a decade ago. They include the Reliable Source and In the Loop columns, The Washington Post's entrenched offerings (the paper's Web site started a new enterprise, the Sleuth, last month); In the Know and Under the Dome, which dish in the tabloid The Hill; and Heard on the Hill, which appears in Roll Call. The Examiner offers Yeas and Nays, while the latest entry, The Politico, nourishes its politerati with Shenanigans and the Crypt."

US Preeminence In Stem Cell Research Said To Be Vulnerable. In an op-ed for the Washington Post (2/3, A15, 690K) Joseph Fuller, founder of the Monitor Group, and Brock Reeve, executive director of the Harvard Stem Cell Institute, write, "Many Americans assume that once the current restrictions on federal funding of embryonic stem cell research have been lifted, America will surge to the forefront. … But closer examination suggests that such confidence might be misplaced. If one analyzes the state of the industry

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along some of the same critical dimensions that contributed to our come-from-behind win in biotechnology, unnerving patterns emerge. … In short, the stem cell sector is at risk of experiencing a failure to launch at the national level."

Noonan Notes Reagan's 1976 Fight Against GOP Establishment. In a column for the Wall Street Journal (2/3, P18, 2.04M) Peggy Noonan writes, "Next Tuesday would have been Ronald Reagan's 96th birthday, which is amazing when you consider he is, in a way, more with us than ever: his memory and meaning summoned in political conversation, his name evoked by candidates. … Lately we are hearing of President Reagan's famous 11th commandment: 'Speak no ill of a fellow Republican.' It's a good rule for both parties, but it's good also to remember how he approached it in practice. Ronald Reagan turned his own party upside down, enraged its establishment, and threatened its immediate future when, in 1976, he mounted a fierce challenge to an incumbent Republican president."

Texans Richards, Connally, Ivins Remembered. In an op-ed for the New York Times (2/3, A15, 1.16M) Mimi Swartz, executive editor of Texas Monthly magazine, writes, "Last September, we lost both a former governor, Ann Richards, and a former state first lady, Nellie Connally. When the columnist Molly Ivins died on Wednesday, it seemed that a certain kind of Texas woman might be gone forever."

Russia Challenges US On Engagement With Hamas, Syria. Under the headline, "Russia Clashes With U.S. On Mideast Policy," the Washington Post (2/3, A10, Kessler, 690K) says Russian Foreign Minister Sergei Lavrov "urged ending the isolation of the anti-Israeli militant group Hamas and including Syria in Middle East peace talks, exposing fissures in a high-level diplomatic group that [Secretary Rice] gathered yesterday in Washington to validate her new effort to end the Israeli-Palestinian conflict." Lavrov's "proposals run directly counter to Rice's strategy of rallying what she calls 'mainstream' Arabs to isolate what she calls 'extremist' elements in the region." Administration "officials were miffed at Lavrov's intervention, which overshadowed the group's endorsement of Rice's plans to bring together [Palestinian President Mahmoud] Abbas and Israeli Prime Minister Ehud Olmert and push them to accelerate a long-dormant peace plan." An anonymous administration source "said the Russians did not suggest any of the ideas in preliminary meetings nor in yesterday's gathering of foreign ministers."

The Los Angeles Times (2/3, Richter, 850K) adds the Quartet "blessed the latest American effort to restart the Middle East peace process, but not before signaling that divisions remained among its members." In "private talks, European officials signaled that they wanted to move faster than the Americans toward a deal to create a Palestinian state, diplomats said. And the Russian delegation urged the group to lift its economic boycott of the Palestinian government, saying the measure punished ordinary Palestinians without forcing Hamas to reform."

The AP (2/3, Gearan) uses similar language to describe the discussion, saying Washington and Moscow "clashed" over Lavrov's plan. Rice "expressed little enthusiasm for" engaging Syria. The AP says Washington has "expressed reluctance to reach out to Syria and Iran in a regional effort to reduce violence in Iraq, arguing that both countries' actions show they have little interest in stabilizing the area." For its part, the Quartet "reiterated the conditions they set for the Hamas-led Palestinian government to receive vital overseas financial aid and international political recognition." Assistant Secretary McCormack "said the internal divisions are issues for the Palestinians alone to resolve."

In somewhat more positive tones, the New York Times (2/3, Shanker, 1.16M) notes the Quartet "gave broad endorsement on Friday to American designs for three-way talks led by [Rice] and involving Israeli and Palestinian leaders. But discord immediately surfaced with Russian comments that Syria, too, could play a constructive role." AFP (2/3, Millikin) reports, "Major powers endorsed a US plan to accelerate efforts to achieve an Arab-Iraeli peace deal and establish a Palestinian state." However, that deal "initiative was marred by renewed Palestinian factional violence, a rift with Russia over whether to bring Syria into the process and a weary skepticism that Israeli and Palestinian leaders are strong enough to lead their people to peace."

The Washington Times (2/3, Kralev, 88K) adds Moscow "urged the United States and Europe yesterday to end a boycott of the Palestinians' Hamas-led government, exposing divisions in the group of international mediators known as the Quartet as it met in Washington in an effort to restart Middle East peace talks." The group "expressed support for Washington's initiative to begin talks between

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Israel and Palestinian Authority President Mahmoud Abbas, who also leads Fatah." Lavrov "said the U.S. and EU policy of boycotting Hamas is not working."

Gaza Deaths Leaves Truce "In Ashes." The Washington Post (2/3, A10, Wilson, 690K) reports, "At least 18 Palestinians, including two children, were killed in heavy factional fighting across the northern Gaza Strip on Friday, leaving a truce reached this week in ashes." At least 24 people have been killed and "more than 220 people" injured in two days of fighting, "described by witnesses in Gaza as some of the most sustained since Hamas took day-to-day control of the Palestinian government 10 months ago." The Post adds, "The fighting … appears increasingly resistant to efforts by party leaders to stop it."

The Los Angeles Times (2/3, Ellingwood, Alouf, 850K) adds, "As gunmen battled in the streets, Egyptian officials sought to broker a fresh truce between" Hamas and Fatah. "By day's end, the two sides had announced a tentative agreement to restore the cease-fire reached Tuesday, but it seemed at best a fragile deal as heavily armed men continued to stalk the streets."

Hughes Says US "Trying To Work Very Hard." Undersecretary of State for Public Diplomacy and Public Affairs Karen Hughes said on Fox News' On The Record (2/2, Van Susteren), "People don't recognize that we are trying to work very hard to create a situation where there are two states, Israel and Palestine, living side by side in peace and security."

Bloomberg Visits Israeli Town Frequented By Rocket Attacks. The New York Times (2/3, B3, Cardwell, 1.16M) notes New York Mayor Michael Bloomberg "touched down by helicopter on a bare patch of dirt [in Sderot] on Friday, bringing his message against terror to a town shaken by persistent attacks from Palestinian militants firing rockets over the border from Gaza." Bloomberg "said that the country needed to work with its Arab neighbors, but added that if groups did not renounce terrorism, abide by their accords and recognize Israel's right to exist, 'I personally think Israel shouldn't talk to them.'" The Times adds, "In a tour that lasted just under an hour, Mr. Bloomberg made the traditional stops for a visitor here, including one to examine a pile of spent and rusty rocket shells at the police station."

US Files WTO Case Against China. The Washington Post (2/3, D3, Crutsinger, 690K) reports the Administration, "under pressure from the Democratic-controlled Congress to do something about America's soaring trade deficit, filed a trade case yesterday against China in a dispute involving government subsidies." The WTO complaint "alleges that China is using government support and tax policies to bolster local companies in competition against U.S. and other foreign firms." The Post notes the "action will trigger a 60-day consultation during which trade negotiators will try to resolve the dispute. If that fails, a WTO hearing panel will be convened to handle it." Also, "a victory by the administration would clear the way for the United States to impose economic sanctions against China if it refuses to change its subsidy program." US Trade Representative Susan Schwab is quoted saying, "We are seeking to level the playing field to allow U.S. manufacturers to compete fairly with Chinese firms."

The Financial Times (2/3, Callan, McGregor) notes the Administration "launched a major trade dispute with China over alleged subsidies for manufacturing exports in an escalation of economic tensions with Beijing." This "escalation…follows pressure from the new Democratic majority in Congress and for tougher action over a record annual trade deficit with China of $214bn." The filing of the suit "is viewed by White House advisers as necessary to advance their economic agenda during President George W. Bush's last two years in office."

The New York Times (2/3, C3, Weisman, 1.16M) pairs the complaint filing with the resignation of Treasury Undersecretary Timothy Adams, titling its coverage, "U.S. Trade Effort On China Suffers 2 More Setbacks." Administration "efforts to ease economic strains with China suffered two setbacks Friday with the resignation of a top official in charge of the China dialogue and an announcement that talks on a critical trade dispute had failed to resolve differences." The Times calls the WTO suit "a major escalation in American pressure," and says Adams' move "was the second departure in five months of the person at Treasury in charge of the overall dialogue with China."

G-7 Could Consider Chinese, Japanese Currencies At Meeting. Under the headline, "G-7 May Cast A Wary Eye On Valuations Of The Yuan, Yen," the Wall Street Journal (2/3, A2, Perry, 2.04M) reports, "When finance ministers from the Group of Seven leading industrial nations meet in Germany next weekend, look out for a tussle over two Asian currencies." The Administration "will continue to focus on China's weak yuan at the talks, … but European policy makers have said they will push for a discussion about

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Japan's currency to be included in the talks, as well." The Journal says Tokyo "is expected to fight back, and this time will find the U.S. on its side," because "Treasury Secretary Henry Paulson said last week that the yen's value now accurately reflects Japan's economic situation."

WPost Backs Trade Promotion Authority Extension. In an editorial today, the Washington Post (2/3, A14, 690K) credits "burgeoning American exports" for "the strong growth in the U.S. economy," and notes export growth is now triple import growth. The Post backs President Bush's "request to renew his trade promotion authority," saying that "important bilateral trade pacts" and the WTO Doha Round "probably won't be finished by midyear, so the extra time will be needed." Bush's farm bill, which "would reduce U.S. agricultural subsidies by $18 billion in the next five years," is "an important step" towards successfully completing the Doha Round, and key Democrats including Congressman Charles Rangel and Senator Max Baucus "appear to recognize the harm that would be caused if Congress torpedoed" it. "They have signaled a willingness to talk with the administration about the renewal of trade promotion authority," and, "with flexibility on both sides, a deal should be possible."

Top Chinese Official Warns Against Independent Legal System. The New York Times (2/3, A5, Kahn, 1.16M) reports comments by Chinese Politburo member Luo Gan that "'enemy forces' are seeking to use China's legal system to Westernize and divide the country, and the Communist Party must fend them off by maintaining its dominance over lawyers, judges and prosecutors." The Times calls Luo "China's top law and order official," and says he noted "that judicial officials had the responsibility to 'prevent infiltration that might threaten national security.'" Luo also "said that China is now part of the global community and that it must consider 'international factors' when making judicial decisions. But he drew a sharp line between such interests and allowing greater leeway for lawyers, judges and prosecutors to make decisions independently as they do in the West." The Times says Luo's remarks "appeared to amplify President Hu Jintao's past calls to guard against a Western-inspired 'color revolution' of the kind that brought political change in Central Asia, Central Europe and Lebanon."

Hu's Commitment To Free Press Questioned. The New York Times (2/3, A5, Kahn, 1.16M) also reports today on criticisms of the openness of the Chinese press. Reporters Without Borders "accused" Hu "of seeking to bring the media to heel and instigating an expanding crackdown on the press despite China's pledge to enhance media freedoms before the 2008 Olympics, which are to be held in Beijing. That group's report is quoted saying, ""The press is being forced into self-censorship, the Internet is filtered, and the foreign media very closely watched. Faced with burgeoning social unrest and journalists who are becoming much less compliant, the authorities, directed by President Hu Jintao, have been bringing the media to heel in the name of a 'harmonious society.'"

China's Hu Said To Engage Khartoum On Darfur. The Financial Times (2/3, England) notes Chinese President Hu Jintao "embarked on the most contentious leg of his African tour, visiting Sudan for the first time to buttress bilateral trade with a government accused of multiple human rights abuses in its western Darfur region." Hu "urged Khartoum, behind closed doors, to solve the crisis and pursue dialogue with rebel groups. But no public statement was made on the issue," and Chinese Ambassador Zhang Dong said "that China 'never interferes in Sudan's internal affairs.'" Beijing "insists it has played a positive role in tackling the Darfur crisis, but critics regard its relations with Sudan as an example of what they see as China's questionable role in Africa."

Under the headline, "Chinese President Pushes Sudan On Darfur," the AP (2/2, De Montesquiou) says Hu "told Sudan's leader on Friday he must give the United Nations a bigger role in trying to resolve the conflict in Darfur… In what appeared to be China's bluntest message to Sudan on the Darfur crisis, Hu urged President Omar al-Bashir in a face-to-face meeting to boost the U.N.'s 'constructive role in realizing peace in Darfur' along with the African Union." The AP adds that Beijing "usually refuses to mix human rights issues with diplomacy, but Hu has come under international pressure to use his clout with Sudan to push it to accept U.N. peacekeepers in Darfur." AFP (2/2, Saeed) notes Hu "has offered Sudan assistance for the peaceful resolution of the Darfur conflict but ignored Western pressure to make future aid conditional on the progress made." Beijing's "mild words on Darfur seem to underscore the Asian giant's no-strings-attached stance on doing business in Sudan."

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Two Americans Arrested Near Somali-Kenyan Border. The Los Angeles Times/AP (2/3) carries comments by a Kenyan police official that "two Americans were among at least 10 foreigners detained by Kenyan police at the Somali border after allegedly fighting on the side of Somalia's ousted Islamist movement." That source told that AP that "one of the Americans is wanted in the U.S. on suspicion of links to radical movements." The police force "said it seized the foreigners after they fled from Ethiopian troops who had helped oust the Islamists. It was preparing to deport them to their home countries."

Morocco Said To Stifle Free And Open Media. In an op-ed in today's New York Times (2/3, A15, 1.16M), novelist Laila Lalami discusses freedom of expression in Morocco. "In the United States, Morocco is often seen as a liberal country and a bulwark against Islamic extremism," and recent reforms "are steps in the right direction. But while the court cases against independent news magazines like Nichane, Le Journal Hebdomadaire and several others are within the bounds of Moroccan law, they appear to single out the independent press, to the exclusion of more partisan publications." The Administration "has time and again referred to Morocco as a moderate Arab state that deserves to receive millions of dollars of taxpayers' money to encourage democratic reforms. American officials point to" some successes, "but they turn a blind eye to problems of press freedom." Lalami concludes, "Without freedom of expression, Morocco's reforms are merely a varnish. Underneath it lies the same old country."

Blair Vows Not To Resign During Honors Investigation. The Washington Post (2/3, A12, Jordan, 690K) reports British Prime Minister Tony Blair "said Friday he will not resign because of a growing scandal concerning his party's financing and added that 'I am not going to beg for my character in front of anyone.'" The Post says "calls for his resignation have intensified," noting that "many" Britons "want him to leave now, as members of his own party publicly admit the damage this scandal is doing to" them. In addition, "there has been noticeable tension between police and the prime minister's office as the case has dragged on," and that Post notes that "no one has been charged with a crime. All four of those arrested have denied wrongdoing."

Serbia Pans Draft Plan For Kosovo. The New York Times (2/3, Smith, 1.16M) notes Belgrade "rejected a United Nations proposal on Friday that paves the way for an independent Kosovo, setting up a possible showdown between its supporter, Russia, and the West over the disputed territory's final status." That "response came almost immediately" after UN envoy Martti Ahtisaari "resented the complex plan to politicians" in Belgrade and Pristina. Detractors included President Boris Tadic and Prime Minister Vojislav Kostunica. "The proposal, which is still subject to weeks of negotiation between the two sides, will require Russian acquiescence in order to win Security Council approval." Ahtisaari's plan "shifts the onus to Russia and, to a lesser extent, China, both of which have supported Serbia's territorial claims — in part, over concerns about ethnically motivated secessionist movements in their own countries." The Times explains, "While the plan does not mention independence, its provisions describe de facto statehood for Kosovo — providing for an army, constitution and flag — though it would still be protected by NATO and overseen by the international community for the indefinite future. The plan would also allow Kosovo to declare independence if the package is approved by the Security Council."

The AP (2/3, Kraja) adds, "Kosovo took its first tentative steps on the road to becoming what would look very much like a sovereign nation Friday after [Ahtisaari] unveiled a blueprint for the future of the tense, ethnically divided Balkan province." His "58-page roadmap spelled out conditions for internationally supervised self-rule — complete with the trappings of nationhood, including a flag, anthem, army and constitution and the right to apply for membership in international organizations."

The Los Angeles Times (2/3, Farley, 850K) titles its coverage, "U.N. Kosovo Proposal Tries To Appease All Sides." Ahtisaari "unveiled a blueprint for Kosovo's future Friday that gives the province de facto independence without formal sovereignty, a compromise between the Serbian government's demand for control and the majority Albanians' wish for nationhood."

Under the headline, "Debt Is Key To Kosovo's Status," the Financial Times (2/3, MacDonald) portrays the report as saying that "the future status of Kosovo must open the way for international financing to repair its fragile economy." Kosovo "would be able to join institutions such as the International Monetary Fund, opening the way for credit and possibly

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foreign investment." Nearly one "quarter of the document deals with unresolved economic questions – including what to do about debt inherited from the former Yugoslavia, amounting to nearly €1bn ($1.3bn, £660m). The European Union wants to see the debt question cleared up before taking charge of a new supervisory mission to monitor the local authorities after the close-down of the UN Interim Mission in Kosovo."

Bay Of Pigs Veterans Eye Return To Post-Castro Cuba. In a front-page feature entitled, "Bay of Pigs Vets Fight to Outlast An Ailing Castro," the Wall Street Journal (2/3, A1, Lagnado, 2.04M) notes the Brigadistas "have long lived with the hope of resuming their lives in a free Cuba. But today, many surviving members are just hoping to be buried there. The 80-year-old Mr. Castro's illness has given them a new lease on life."

Castro Said To Manipulate Enemies Even In Sickness. In an op-ed in today's Los Angeles Times (2/3, 850K), editorial page assistant editor Tim Cavanaugh discusses recent rumors of a decline in Cuban President Fidel Castro's health. "Inevitably, Castro got the last laugh. Late Tuesday, Cuban state television released footage of the president-for-life looking slightly stronger than he had during his last appearance." The rumor "was not motivated by any actual news, and this is not unusual. So flammable is the Duraflame of the Castro deathwatch that it can ignite spontaneously, at any time." Castro "and his watchers bring generations of built-up agon and emotional commitment. The dictator's death will almost certainly occasion a mass public outpouring in Miami," and Castro "will retain, probably until his last breath, a genius for working the media and humiliating his enemies. This week's uptick in the deathwatch leaves just one question: Did Fidel, maybe, plan it this way?"

Cubana Airlines Bomber Said To Seek Quiet Life In Caracas. This week's New York Times (2/3, A4, Romero, 1.16M) "Saturday Profile" details the life of Freddy Lugo, who was imprisoned for the destruction of a Cubana Airlines flight over Barbados in 1976. He "has tried to put the past behind him. … But the past has a way of catching up with him. There is the occasional journalist to contend with, and glimmers of recognition from among the many Cubans who live" in Caracas. "As many Americans would recognize Mohamed Atta if he were alive and walking the streets of New York, to Venezuelans, Mr. Lugo's face is haunting."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Iraq Plans Divide 2008 Democratic Hopefuls."
"Grand Avenue Project Needs Help."
"Separation Of Church And Football."
"EBay Bans Auctions Of Virtual Items."

New York Times:

"Science Panel Says Global Warming Is 'Unequivocal.'"
"Push To Resolve Fading Killings Of Rights Era."
"Among Hispanics, N.F.L. Mania Hits Cultural Wall."
"Silicon Valley's High-Tech Hunt For Colleague."
"Titillating Or Not, Washington Gossip Blossoms."
"Analysis Is Bleak On Iraq's Future."
"Number Of People Stopped By Police Soars In New York."

Washington Post:

"Bush To Request Billions For Wars."
"Bleak Iraq Report Is Sent To Congress."
"U.N. Climate Panel Says Warming Is Man-Made."
"Missing Md. Teens' Car Found With 2 Bodies."
"In Va. House, 'Profound Regret' On Slavery."
"Brazilians' Arrest Focuses Scrutiny On Evangelical Groups."

Washington Times:

"Hillary Vows To End War."
"Warner To Help Block His Own Resolution On Iraq."
"Dungy And Smith Ready To Make History."
"Anti-Super Bowl Gatherings Give Women The Big Night Off."
"Vaccine Center Issues Warning."
"Beloved Panda Tai Shan Stays, At Least For Now."

Detroit Free Press:

"Pointes Warned Of Mother's Drug Den."
"Court Rejects Same-Sex Benefits."
"Crowning Moment?"
"Sluggish Pistons Wake Up In Time."
"GM: 100,000-Mile Used Car Warranties."
"Panel Calls For Major Tax Hike."
"Auto Dealer Glut Hurts U.S. Makes."
"Lodge Traffic Disruptions Begin."

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Atlanta Journal-Constitution:
"Stray Bullet Kills Newton Co. Mom."
"Tapes Convinced Coke Jury."
"Search For Bodies In Fla. Storms."
"Horses Moved From Farm."
"City Takes Steps For Pedestrians."
"Blue Laws Don't Cover All Bases."
"Spy Agencies Pessimistic On Iraq."

Dallas Morning News:
"Couple's Families Await Id."
"Palestinian Family Gets New Chance At Asylum."
"Perry Orders HPV Vaccine."
"It's Time Irvin Got The Canton Call."
"Principal Resigns In DISD Inquiry."
"Church Of Convicted Pastor Owes Thousands In Tax Bills."
"Texans Still Paying Fee For Shuttered Grant Program."

Houston Chronicle:
"Perry's Vaccine Move Draws Financial, Sexual Concerns."
"Mexicans Abroad Send Home Record $25 Billion."
"New Chief At Bp's Texas City Plant Pushing Safety."
"Bush Will Seek $245 Billion In Defense Spending."
"Proposal Would Allow Houston To Sue Polluters."
"Texas' Future May Hold Heat, Drought, Dry Rivers."
"Regents Repay TSU For Children's Scholarships."
"Houston Ministry Aids Homeless."
"'Soul Bowl' T-Shirts Reflect Historic Super Bowl."

Story Lineup From Last Night's Network News:
ABC: Florida Tornado; Florida Tornado Details; Global Warming Report; Response To Global Warming; Iraq NIE; Economic Report; HPV Vaccine; Veteran Welcomes Troops Home.
CBS: Florida Tornado; Tornado Damage; Volusia County Damage; Florida Governor's Response; Florida Weather Analysis; Iraq NIE; Homeland Security-Super Bowl; Super Bowl Turf.
NBC: Florida Tornado; Tornado Damage; Tornado Victim; Global Warming Report; HPV Vaccine; Economic Report; Democratic National Committee Meeting; Iraq NIE; Former Tennis Star; Alternative Programming On Super Bowl Sunday.

WASHINGTON'S SCHEDULE

Today's Events In Washington.
White House:

PRESIDENT BUSH — 8:45 a.m. Departs The White House via Marine One. South Lawn. 10:10 a.m. Makes remarks to the House Democratic Caucus Issues Conference. Kingsmill Resort & Spa, Williamsburg, Va. 11:40 a.m. Makes a statement with House Democratic leadership. Kingsmill Resort & Spa, Williamsburg, Va. 1:15 p.m. Arrives The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Highlights:
9 a.m. General Session, with speakers in order of appearance: Governor Kathleen Sebelius of Kansas, Chair of the Democratic Governor's Association; Senator Joseph Biden; New Mexico Governor Bill Richardson; Senator Mike Gravel; and Governor Tom Vilsack. 2 p.m. Association of State Democratic Chairs. Speakers in order of appearance: Governor Howard Dean; Governor Kathleen Sebelius of Kansas, Chair of the Democratic Governor's Association. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW Contacts: Stacie Paxton, 202-863-8148

SHERIFF'S ASSOCIATION _ The National Sheriff's Association holds its 2007 Winter Conference. Location: JW Marriott, 1331 Pennsylvania Ave, NW Contacts: n/a, 202-836-7827

ISLAMIC LAW _ The Washington College of Law holds a conference, "Islamic Law in the West: Theory, Doctrine and Practice." Location: Room 603, 4801 Massachusetts Ave. NW. Contacts: n/a, 202-274-4279

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 3, 2007 7:45 AM EST

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TERRORISM NEWS:

Stimson Resigns Over Controversy Involving Detainees' Legal Defense. The Washington Post (2/3, A6, 690K) reports Charles 'Cully' Stimson, deputy assistant secretary of defense for detainee affairs "resigned yesterday, the Defense Department announced, three weeks after criticizing lawyers who represent terrorism suspects." Stimson "called it 'shocking' that major U.S. law firms represented Guantanamo Bay detainees free of charge and said they would likely suffer financially after their corporate clients learned of the work." Stimson "believed that the controversy 'hampered his ability to be effective in this position,' department spokesman Bryan Whitman said. He stressed that Defense Secretary Robert M. Gates did not ask him to resign."

The New York Times (2/3, A12, Abruzzese, 1.16M) reports Stimson "named more than 12 firms that are defending detainees. 'I think, quite honestly, when corporate C.E.O.'s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms,' Mr. Stimson said." CNN.com (2/2) reports, "In a letter to the editor published in the Washington Post a week later, he said…'I apologize for what I said, those comments do not reflect my core beliefs.'" The Los Angeles Times (2/3, 850K) also noted Stimson's resignation.

Three Prominent Guantanamo Detainees Face New Charges. The AP (2/2) reports the Pentagon has "prepared new charges Friday against three of the best-known detainees at Guantanamo Bay — a key step toward resuming the military tribunals for terrorism suspects that were halted by the U.S. Supreme Court last year. Authorities drafted new charges — including murder, conspiracy and providing material support for terrorism — against Canadian Omar Khadr, Australian David Hicks and Salim Ahmed Hamdan of Yemen, said Air Force Col. Morris Davis, chief prosecutor in the Guantanamo war crimes trials."

Guantanamo Paralegal Alleged To Have Fabricated Torture Charges. The AP (2/2) reports a military defense lawyer "whose paralegal reported overhearing guards at the U.S. Navy base in southeastern Cuba brag about beating detainees said she was accused by a military investigator of filing a false statement. Army Col. Richard Basset, who was ordered by the U.S. Southern Command to investigate the allegations into guards' actions, told the paralegal, Marine Sgt. Heather Cerveny, that the guards denied her account of their September conversations in a Guantanamo bar, according to Marine Lt. Col. Colby Vokey. The investigator accused Cerveny of having made a false statement, Vokey told The Associated Press in a telephone interview."

Masri Vows To Pursue Rendition Case Against US Officials. BBC.com (2/2, Peter) reports, "A Lebanese-born German, who accuses the CIA of having kidnapped and tortured him, says he is determined to get an apology from the US authorities. Khaled al-Masri alleges that he was seized in Macedonia, flown to a secret jail in Afghanistan and tortured there. 'I'll pursue the case until the Americans admit

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what they did to me, give an explanation and make an apology,' he told the BBC News website. Munich prosecutors have ordered the arrest of 13 suspected CIA agents. Mr Masri says he was abducted at the end of 2003 and detained for five months before being released in Albania after the Americans realised they had got the wrong man."

HOMELAND RESPONSE:

FBI Arrests Missouri Palestinian On Weapons Charges. Under the headline "Man Was Arming For 'War,' FBI Says," The St. Louis Post-Dispatch (2/2, Patrick) reported, "A St. Charles man obtained fully automatic weapons and tried to buy as many explosives as possible in preparation for what an associate called 'war,' the FBI says in court documents. He bought three rifles and a Claymore anti-personnel mine and negotiated for a case of hand grenades, documents obtained by the Post-Dispatch show." Palestinian immigrant Mousa M. Abuelawi "was arrested Dec. 29 and charged on complaints accusing him of three counts of illegal possession or distribution of a machine gun and conspiracy to violate machine gun statutes." The Post-Dispatch noted, "The context of the word 'war' was not explained in court filings; the FBI declined to comment. The man to whom the word was attributed, Thaer Abde Sumad, said in an interview Thursday that the purchases were not intended for terrorism but to make money supplying street gangs in a St. Louis turf war. … The FBI thinks it's a 'terrorist thing,' Sumad said, 'especially after 9/11. They're trying to make it bigger than what it is.' Sumad said Abuelawi was 'trying to make a few extra bucks.'"

CBO Estimates Democrats' Antiterrorism Bill Will Cost $21 Billion Over Five Years. The New York Times (2/3, A12, Lipton, 1.16M) reports, "The antiterrorism bill that the House passed last month as part of the new Democratic majority's first-100-hours push would cost the federal government $21 billion over the next five years, according to a new Congressional estimate. The five-year estimate, issued Friday by the nonpartisan Congressional Budget Office, is equal to roughly half the Homeland Security Department's entire budget for the current fiscal year, and Republicans called it proof that adopting the bill so quickly had been irresponsible. 'This bill was rushed to the floor without the Democratic leadership giving us any indication of its massive cost,' said Representative Peter T. King of New York, the senior Republican on the House Homeland Security Committee. 'And now we know why.'" House Homeland Security Committee chairman Rep. Bennie Thompson "defended the price tag. 'Perhaps there would not be such sticker shock if the Congress and the Bush administration had addressed these security gaps identified by the bipartisan 9/11 commission over three years ago,' Mr. Thompson said in a statement."

The Washington Times (2/3, Seper, Dinan, 88K) reports, "The CBO said a bill to carry out the recommendations, which passed the House last month, would also raise airline passenger fees by nearly $1.3 billion between 2008 and 2011, with the money going to the Transportation Security Administration (TSA) to improve security at the nation's airports." President Bush "opposes the House bill, arguing it undermines many of the administration's own post-September 11 steps and it is impossible to scan 100 percent of all incoming cargo." CNN.com (2/2) reports the House "passed the bill January 9 during its heralded 'first 100 hours' of the new Congress. The Senate has not yet voted on the measure."

Federal Judge Allows Suits Against Corps Of Engineers Over Katrina. The New York Times (2/3, A10, Schwartz, 1.16M) reports, "Residents of several neighborhoods in the New Orleans area that were hardest hit by flooding after Hurricane Katrina can sue the Army Corps of Engineers over their claims that a government-built navigation channel was largely to blame, a federal judge ruled yesterday. … Since the flood, those who lived in the devastated neighborhoods near the east side of New Orleans — including the Lower Ninth Ward, New Orleans East and St. Bernard Parish — have contended that the Mississippi River Gulf Outlet caused much of their damage by intensifying the surge from the storm. The damage, they say, was foreseeable." Judge Stanwood R. Duval Jr. of the Federal District Court for the Eastern District of Louisiana, "cited previous cases saying that the channel was not a flood-control project. Instead, Judge Duval said, the cases say the channel — known locally as Mr. Go — was built as an aid to navigation, so the protection from liability might not apply. And so, he said, the questions deserved to be decided at trial."

Bush Nominates New Corps Commander. The New York Times (2/3, A10, Schwartz, 1.16M) reports President Bush "nominated a new leader for the corps, Lt. Gen. Robert L. Van Antwerp Jr. of the Army. If approved by the Senate, General Van Antwerp will succeed Lt. Gen. Carl A. Strock, who announced last August that he intended to resign."

WAR NEWS:

New National Intelligence Estimate Paints Grim Picture Of Iraq. Coverage of the new Iraq National Intelligence Estimate was eclipsed on Friday's network news broadcasts by the deadly storms in Florida, but many major newspapers put the story on the front page this morning. The reports are markedly negative, highlighting the bleak tone of

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the NIE. ABC World News (2/2, story 5, 1:40, Gibson, 8.78M) reported, "America's 16 spy agencies jointly, today, issued their estimate on the situation in Iraq. It is not encouraging. The report questions whether Iraqi leaders can improve security or get a political settlement in the next year and a half. And it says there's not one war underway, but many." ABC (Karl): "This sounds actually worse than civil war. It says you have at least four different wars raging in Iraq. You have a civil war between Sunnis and Shia. You have violence between those ethnic groups. You have the fight against al Qaeda. And widespread violence based on simple criminality." However, the report "warned of catastrophic consequences if US troops were to suddenly withdraw from Iraq."

The CBS Evening News (2/2, story 6, 2:18, Russ Mitchell, 7.66M) reported, "The release of a new intelligence report on Iraq paints a very bleak picture." CBS (Martin): "It's not just a civil war. Iraq is spiraling downward toward implosion. That's the stark picture painted by the national intelligence estimate. … One senior intelligence official rates the Iraqi government's chances at less than 50/50. Put another way, that means the US is closer to failure than it is to success."

NBC Nightly News (2/2, story 8, 3:00, Williams, 9.87M) reported, "The list of threats and dangers in Iraq is a long one in the form of the new national intelligence report prepared for the President and for Congress." NBC (Mitchell): "The National Intelligence Estimate paints a stark picture: a country torn by an accelerating cycle of violence like in Hilla yesterday. An Iraq where the Administration now admits sectarian violence is deadlier than attacks from al Qaeda."

The Washington Post (2/3, DeYoung, Pincus, 690K) reports on its front page, "The U.S. intelligence community yesterday released a starkly pessimistic assessment of the situation in Iraq, warning that even if security improves, deepening sectarian divisions threaten to destroy the government and ultimately could lead to anarchy, partition or the emergence of a new dictatorship. ... The estimate concluded that the Iraqi military will find it very difficult to carry out any new responsibilities or to operate independently against sectarian militias," causing the administration to struggle "yesterday to put the best face on the NIE's assessment." Congressional Democrats "embraced the estimate to bolster their rejection of Bush's plan." The" tough and unequivocal wording reflects the determination within the intelligence community to prove its independence from political pressure."

Also on the front page, the New York Times (2/3, Mazzetti, 1.16M) reports that the "bleak new" NIE "left the White House and its opponents vying over whether its findings buttressed their vastly different views about how to arrest the worsening sectarian chaos there." While the administration "seized on one conclusion — that American forces remain 'an essential stabilizing element in Iraq' -- to reinforce their view that more troops are needed to secure Baghdad, Democrats "said the estimate's conclusions supported their view that the best way to combat violence in Baghdad would be through new political and diplomatic programs." The NIE, "the first such estimate on Iraq in more than two years, described in sober language a rapidly unraveling country in which security has worsened despite four years of efforts by the administration." It "portrayed the violence as essentially 'self-sustaining,' and suggested that the involvement of outsiders, including Iran, was 'not likely to be a major driver of violence or the prospects for stability.'" The New York Times (2/3, A6, 1.16M) prints the "key judgments" of the NIE.

The Los Angeles Times (2/3, Miller, 850K) reports Iraq "is unraveling at an accelerating rate, and even if U.S. and Iraqi forces can slow the spreading violence, the country's fragile government is unlikely to deliver stability to its people during the next year, according to a much-anticipated assessment by U.S. intelligence agencies. ... The director of national intelligence took the unusual step of releasing the document's key judgments publicly even as the full, 90-page classified version was being delivered to members of Congress and senior government officials. ... The report offers a bleak assessment of the Iraqi security forces who are supposed to play the leading role under Bush's plan to stem violence.

The Washington Times (2/3, Gertz, 88K) emphasizes the report's warning "that pulling U.S. troops out of the country too soon would lead to a collapse of the Iraqi military, outside intervention and the creation of safe havens for al Qaeda terrorists," calling the conclusion "a blow to Iraq war critics in Congress and elsewhere who are advocating a pullout of U.S. troops." The Financial Times (2/3, Sevastopulo, Daniel) reports, "The Iraqi government will be 'hard-pressed' to achieve political reconciliation over the next 18 months as it tackles a 'civil war' and the insurgency, according to a key US intelligence report." The FT calls it "the first official US document released to the public that concluded that elements of the conflict in Iraq constituted a 'civil war.'"

BBC.com (2/2) reports that the NIE "says 'civil war' accurately describes certain aspects of the conflict, including intense sectarian violence." However, it "adds that the controversial term does not adequately sum up the complexity of the situation." CNN.com (2/2) reports that the NIE "does not address whether the president's plan to 'surge' up to 21,500 troops into Iraq will work, but it lays out an extremely chaotic and complex situation that will make it difficult for those troops to succeed, intelligence and military analysts told CNN." Former CIA deputy director John McLaughlin "said the intelligence community didn't make an assessment of whether the troop increase would work, in

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part, because it didn't have enough data to make a recommendation and, in part, because it did not want to weigh in on a debate that is essentially political."

NIE Said To Reflect Increased Pessimism Of Intelligence Community. The Washington Post (2/3, A11, Linzer, 690K) reports, in a pessimistic analytical article, "The intelligence community's bleak set of judgments about Iraq, made public yesterday, differs significantly from the flawed assessments of that country's alleged weapons programs that the White House released more than four years ago. Twenty-seven pages of confident assertions ... have been replaced, more than four years later, with heavily qualified glimmers of hope across a mere 3 1/2 pages laying out the prospects for reversing Iraq's dive into chaos." After US troops failed to find WMDs in Iraq, "the intelligence community -- particularly the CIA -- significantly altered the way in which it would conduct future analyses, highlight uncertainty and acknowledge dissent." The 2007 NIE "laid out three possible scenarios, each of which could have enormously negative consequences for Iraq: Chaos leading to partition, the emergence of a Shiite strongman who would seize power and rule by dictatorship, or a complete collapse of central control resulting in violent fiefdoms across the country."

Hunter Says NIE Confirms Need For Bush Strategy To Be Tried. Rep. Duncan Hunter said on MSNBC (2/2, Witt), "I've read the NIE, and it says it's a civil war if you look at it in a certain way and maybe not if you look at it in another way. I don't think it makes a lot of difference what you call it. You obviously have a high level of violence. And what we have to do right now is a very difficult and challenging second step in standing up a free nation. And that is, once you've stood up the government, the free government, you got to stand up a military apparatus that can protect that free government. … The operation in Baghdad that the President's initiated…this plan and this increase in forces, this reinforcement, is in progress right now. And what we have to do, I think, is get behind it and let's make sure this thing works."

Kucinich, Vilsack See Argument For Withdrawal In NIE. Rep. Dennis Kucinich said on MSNBC's Tucker (2/2, Carlson), "We've got to get out of Iraq. Six hundred and fifty thousand innocent civilians died, 3,100 of our brave soldiers died. … I'm the only who's running for president who voted against authorizing the war, and I'm the only one who's consistently voted against funding the war."

Ex-Gov. Tom Vilsack said on MSNBC (2/2, O'Donnell), "I think it's time for Congress to step up and cut off the funding to the status quo. I think it's time for to us end this war. I think it's very clear from the intelligence information and from the American public awareness that this has been a civil war for some time and our kids are in the middle of it. If we don't get our kids out of harm's way soon, another 1,000 will die, another 5,000 will be injured, and tens of thousands will be coming back home different than they left. It's time for Congress to step up."

Dowd Decries Administration For Lack Of Candor. New York Times (2/3, A15, 1.16M) columnist Maureen Dowd writes, "It's rare to get a simple apology when a complex obfuscation will do. Even after releasing parts of an intelligence report so pessimistic that it may as well have been titled 'Iraq: We're Cooked,' Bush officials clung to their alternate reality, using nonsensical logic and cherry-picking whatever phrases they could find in the report that they could use to sell the Surge. ... It's official. We're in a cycle of violence so complex and awful that withdrawing American troops will make it worse and keeping American troops there may also make it worse."

Bush Will Request $245 Billion For GWOT. The Washington Post (2/3, A1, Abramowitz, Montgomery, 690K) reports, "President Bush will ask Congress for close to three-quarters of a trillion dollars in defense spending on Monday, including $245 billion to cover the cost of fighting in Iraq and Afghanistan and other elements of the 'global war on terror,' senior administration officials said yesterday. Democrats said the gigantic spending request will precipitate 'sticker shock' on Capitol Hill ... If approved by Congress, the new war spending would bring the overall cost of fighting to about $745 billion since the Sept. 11, 2001, terrorist attacks on the United States -- adjusting for inflation, more than was spent on the Vietnam War." "Top" House Democrats "sounded skeptical about the new defense numbers and said they will not give the president a blank check," but "[John] Spratt, [Nancy] Pelosi and other lawmakers did not rule out supporting the request."

The New York Times (2/3, A11, Cloud, 1.16M) reports, "The Bush administration is seeking a record military budget of $622 billion for the 2008 fiscal year, Pentagon officials have said. The sum includes more than $140 billion for war-related costs. The administration is also seeking $93 billion in the current fiscal year, which ends on Sept. 30, to pay for military operations in Iraq, Afghanistan and elsewhere, the officials said. ... 'It is the highest level of spending since the height of the Korean War,' said Steven Kosiak, a military budget expert with the Center for Strategic and Budgetary Assessments, a policy analysis organization here." The Times notes, "Few if any budget experts expect significant cuts in military spending while large numbers of troops are in combat in Iraq and Afghanistan."

Intelligence Community "Divisions" Over Iran Analysis Detailed. In an analysis of Administration deliberations entitled, "Rifts Emerge On Iran Policy," the Wall Street Journal (2/3, A4, Dreazen, Solomon, 2.04M) reports the Administration's "war of words with Iran is sparking

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divisions within the government over how heavily Tehran actually is involved in fomenting instability in Iraq -- and how aggressive a stance the U.S. should adopt in response." Washington's "opinion about Iran is far from monolithic, and divisions over the country's intentions and activities in Iraq are emerging within the military and the intelligence community. The skeptics are challenging key aspects of the Bush administration's justifications for its hard-line approach toward Iran, making it more difficult for the White House to rally public support." The Journal says many of "those tensions broke into the open with the release" of the Iraq NIE.

US Unable To Prove Iranian Link To Iraqi Violence. The Los Angeles Times (2/3, Reynolds, 850K) reports, "Bush administration officials acknowledged Friday that they had yet to compile evidence strong enough to back up publicly their claims that Iran is fomenting violence against U.S. troops in Iraq. ... despite several pledges to make the evidence public, the administration has twice postponed the release — most recently, a briefing by military officials scheduled for last Tuesday in Baghdad. 'The truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts,' national security advisor Stephen J. Hadley said Friday."

Gates Says US Not Planning War With Iran. The AP (2/2) reports Defense Secretary Robert Gates said the "decision to send a second U.S. carrier to the Persian Gulf region does not mean the United States is planning for a war with Iran. … He quickly added that the movement of the carrier is to demonstrate that America is committed to the Gulf region. He also said that he has not seen any credible proof yet that any Iranians were involved in the ambush last week in Karbala that left five soldiers dead." CNN.com (2/2) reports, "Gates said he was reiterating what President Bush and Secretary of State Condoleezza Rice have said earlier. ... He said that 'explosively formed projectiles' with roots in Iran were killing troops."

The Washington Times (2/3, Scarborough, 88K) reports, "Defense Secretary Robert M. Gates yesterday all but ruled out military strikes on Iran, declaring 'we are not planning for a war with Iran.' Mr. Gates, who has called military action against Iran an absolute last resort, made the denial during a flurry of press and Internet blogger speculation that President Bush is preparing to order strikes against Iran's nuclear facilities." Recent moves by Bush "stirred speculation that a war was in the offing," but "Administration officials say the buildup was done to mollify Persian Gulf Arab states who fear attacks from Iran, and to put pressure on Mr. Ahmadinejad."

Iraq-Based Kurds Train To Fight Iran. The AP (2/2, Gannon) reports from eastern Iraq, "Here, recruits are training to fight Iran, one of the four countries that rule the fractured Kurdish people. And although they belong to an organization officially outlawed as terrorist by Washington, they appear to be operating unhindered either by Iraqi-Kurdish units or the limited U.S. force in Kurdish areas. ... The PKK and its affiliates are spread through a region of some 35 million Kurds that straddles Turkey, Iraq, Iran and Syria. PEJAK, the newest group, claims to number thousands of recruits, and targets only Iran."

Centrifuge Installation Begins At Natanz. The New York Times (2/3, Sanger, 1.16M) reports, "International nuclear investigators have confirmed that Iran is beginning to install equipment in the large underground chamber in Natanz." IAEA teams now claim the long-delayed centrifuges "are just now beginning to be assembled," which the Times says "signals a continued defiance of the" UNSC. Noting Tehran's call to view the Isfahan site this weekend, the Times says Washington "dismissed the invitation as a diplomatic stunt, meant to create a false sense of openness about the program." Ambassador Schulte is quoted saying, "Instead of inviting I.A.E.A. ambassadors, Iran should invite I.A.E.A. inspectors. Iran should give them access to all the documents, nuclear facilities and individuals that it has refused to provide access to in the last three years."

The AP (2/3, Jahn) cites IAEA informal reports that "technical crews have hauled centrifuges into Iran's vast underground Natanz complex and were on the threshold of launching a program that could be used to create nuclear arms." That "recent activity in Natanz increases the tension between Tehran and the world's major powers over the Islamic republic's nuclear program, and will likely spur U.S. efforts to sharpen existing U.N. sanctions on Iran for its defiance of a Security Council demand that it freeze enrichment efforts."

Chirac Said To Preview Acceptance Of Nuclear Iran. In an analysis of French President Jacques Chirac's comments this week about Iran, the New York Times (2/3, Sciolino, 1.16M) says he "inadvertently said aloud what some policy makers and arms control experts have been whispering: that the world may have to learn to live with a nuclear Iran." By "veering from the prepared script and letting the veil of caution fall, he became the first Western leader to imply that containment of a nuclear Iran is preferable to other options, especially war." The Times continues, "Among the Europeans, there is an overwhelming consensus that the American-led war in Iraq has been a disaster and that Washington's Iran strategy could end in an even more destabilizing military confrontation. … Even inside the Bush administration, some officials have acknowledged over the past year that Iran eventually may get a nuclear weapon — or at least the technology and components to assemble one quickly."

Clark Does Not Rule Out Military Option, But Prefers Diplomacy. Retired Gen. Wesley Clark said on Fox News (2/2, Colby), "I think of course there's a military option. And the military option must remain on the table. But, by far,

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the best solution is to persuade the Iranians that they will be safer, more secure, more influential, be able to take care of their people better and advance their own interests if they don't have nuclear weapons rather than if they do. To make that case persuasively, it's not a matter sending another aircraft carrier to the Persian Gulf. It really is a matter of this administration taking the lead in diplomacy in the region. We need to address, with the Iranians, exactly what they're afraid of. Why do they want a nuclear weapon? And what are they going to do with it? And what else do they have an interest in doing in the region?"

GOP Strives To Block Iraq Debate. The New York Times (2/3, A7, Hulse, 1.16M) reports, "Senator Mitch McConnell of Kentucky, the Republican leader, said Friday that his party would unite to block Senate debate next week on a bipartisan resolution opposing President Bush's troop buildup in Iraq unless the Democrats allowed votes on at least two Republican alternatives. Mr. McConnell said even Senator John W. Warner, the Virginia Republican who is the chief author of the bipartisan proposal, and other Republicans backing his plan had agreed to prevent the resolution from reaching the floor Monday if Democrats did not agree to that demand." Majority Leader Harry Reid "responded that the Republican leadership was essentially filibustering a debate of Iraq policy to avoid a judgment on Mr. Bush." McConnell's vow "reflects the Republican leadership's strategy to force a Senate review of a series of competing resolutions, muddying the outcome with multiple votes, rather than allow the focus to be on a central proposal objecting to the troop buildup."

The Washington Times (2/3, Hurt, 88K) reports on its front page that Sen. John Warner "will join his fellow Republicans in voting Monday to block the resolution he wrote rebuking President Bush's Iraq war policy. ... Senate Republicans are opposed to a vote on the Warner resolution unless they also get votes on two other resolutions. One of those alternatives supports Mr. Bush's plan, and the other would prohibit cutting funds for the war. Republicans also want each resolution to require 60 votes to pass."

Dodd Says Public Expects More Than Resolutions. Sen. Christopher Dodd said on MSNBC (2/2, Witt), "I have great respect for my colleagues who are offering the sense of the Senate resolutions. These are expressions of people's views. And my position, my view here is, at this point, we need to be doing more than expressing our views on the matter. We ought to be taking some action on this. … The fact that we're going to spend a week next week debating Iraq is a positive thing. At the end of it, we'll be asked to choose between two resolutions, neither of which do anything at all except allow us to express our views. And I think the American public expects more from us here than just expressing our views."

King Opposes Resolutions. Rep. Peter King said on Fox News' Your World (2/2, Cavuto), "If a person has real opposition to the war, real opposition to the President's policies, they should have expressed it up to now. If they do want to express it now, then I think it would make more sense for them to come out and say that we should withdraw the troops. But the fact to have these nonbinding resolutions, which all they do is send a terrible signal overseas to our enemies, they send the wrong signal to our own troops. … I can't guarantee the President is right. But I can guarantee that, if we lose in Iraq, it's going to be an absolute disaster for the United States."

US Loses Fourth Helicopter In Two Weeks. The Washington Post, the New York Times, the Los Angeles Times, and the AP all reported the downing of another American helicopter and the military's acknowledgment of an emerging, "disturbing" trend of such downings. The Washington Post (2/3, A11, Londono, 690K) reports, "A U.S. military helicopter crashed Friday morning north of Baghdad, killing two soldiers on board, officials said. It was the fourth fatal helicopter crash in Iraq this year. ... Military officials did not say what type of helicopter it was or how it crashed. But Iraqi police and an insurgent group that asserted responsibility for the crash identified the craft as an Apache and said it had been shot down by a shoulder-fired antiaircraft missile." The New York Times (2/3, A7, Santora, 1.16M) reports that the fourth such downing reflected "a trend that American military commanders acknowledged was disturbing. ... General Pace said he did not know if the recent strikes were the result of a new strategy, improved skills or simply a natural result of the military's heavy dependence on helicopters in the fight here."

The Los Angeles Times (2/3, Zavis, 850K) reports, "The spate of attacks raised questions about whether insurgents were increasingly targeting aircraft, a crucial component of U.S. operations in Iraq." The downings come "at a time when roadside bombings are becoming less effective against U.S. vehicles, which are protected by improved armor plating, signal-jamming devices and other measures." The Washington Times/AP (2/3, Gamel) reports, "America's top general [Pace] acknowledged that U.S. aircraft were increasingly in danger from groundfire." His "comments marked the first time a military official has publicly acknowledged the recent crashes were caused by groundfire." The AP (2/3, Mroue) reports, "An al-Qaida-affiliated group claimed responsibility and said its fighters had 'new ways' to attack American planes."

Too Few Iraqi Troops Arrive In Baghdad. The Los Angeles Times (2/3, Barnes, 850K) reports, "The army brigades promised by the Iraqi government to help secure Baghdad have begun to arrive in the city, but with only a little

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more than half of their manpower, representing at least a partial failure in a crucial first test of the Bush administration's new war plan. ... Previous efforts to secure Baghdad failed in part because the Iraqi government was never able to deliver the forces it promised. ... Administration officials have sought to portray the new Baghdad security push as an Iraqi plan. But it was developed by Americans and was only reluctantly accepted by the Maliki government, according to officials who have described its formation. ... Because the Iraqis will be most needed in the later phases, U.S. commanders believe they still have time to build up the Iraqi troop levels to full strength." The AP (2/3) also reports the shortfall.

Troops Plan To Drive Taliban From Overrun Town. The AP (2/3, Abrashi) reports, "Afghan security forces supported by NATO-led troops soon will launch an operation to recapture a southern town that was overrun by Taliban militants, an Afghan official said Saturday. Gen. Mohammad Zahir Azimi, the spokesman for the defense ministry, said the Taliban remained in control of the town of Musa Qala in Helmand province, which British troops left after a contentious peace agreement in October. ... The militants' assault, days after a Taliban commander was killed outside the town, raises doubts about the future of the peace deal [between "elders and the Helmand governor"], which has been criticized by some Western officials as a NATO retreat in hostile Taliban territory." Western officials had "complained that the deal put the area, which had been a center for clashes between British troops and resurgent Taliban militants, outside of government and NATO control."

In earlier coverage, the New York Times (2/3, A7, Gall, Shah, 1.16M) stated, "Taliban militants overran the town of Musa Qala in southern Afghanistan just three months after NATO troops had withdrawn and handed over control to a tribal council, officials said Friday. The insurgents detained police officers and tribal elders, seized weapons and government equipment and bulldozed part of the district offices, according to residents. ... The attack ended a British-brokered experiment aimed at bringing some control over remote regions and keeping Taliban insurgents at bay. Under the plan, British troops agreed to withdraw from the town, leaving a tribal council in charge with a locally recruited police force, and Taliban forces agreed to withdraw to nearby villages. ... A Taliban commander, Mullah Abdul Ghafoor, led the assault on the town Thursday in a rage, because his brother had been killed a few days before in a NATO airstrike, residents said."

Also in earlier coverage, the Washington Times/AP (2/3, Straziuso) reported, "Two residents of Musa Qala estimated that between 200 and 300 Taliban fighters had overtaken the town. They said the fighters took weapons from the police on Wednesday and destroyed the town's government center late Thursday. ... Late last month, NATO said an air strike outside of Musa Qala destroyed a Taliban command post, killing a senior militant leader and a number of his deputies. NATO said the Jan. 25 air strike 'was outside the area of the agreement' and did not violate it. However, [Helmand governor] Wafa said the Taliban told a gathering of elders last week that they considered the air strike a violation, and it appeared the assault was in retaliation."

AFP (2/3) reports, "The southern Afghan district of Musa Qala was under the control of the Taliban, the Afghan defence ministry said as NATO-led forces said the situation was still unclear."

Pakistan Says Taliban Activity Hard To Curb. The New York Times (2/3, A7, Masood, 1.16M) reports, "Faced with mounting criticism that Pakistan is not doing enough to thwart incursions into Afghanistan by Pakistan-based Taliban militants, the president, Gen. Pervez Musharraf, said Friday that securing the porous border was not the sole responsibility of this country. He also insisted that despite some lapses, Pakistan's security forces were fully behind him in an effort to root out the resurgent Taliban." Musharraf "said Pakistan would selectively fence 22 miles of the border in North-Western Frontier Province and would later erect a 155-mile fence in Baluchistan Province." Times correspondent Carlotta Gall "recently reported that she had found anecdotal evidence in and around Quetta to support charges by Western diplomats and Pakistani opposition figures that the Pakistani intelligence agencies were encouraging the Taliban insurgency in Afghanistan."

Pakistan To Fence Afghan Border. The AP (2/2, Pennington) reports, "Many observers have been skeptical that the [fencing] plan will prevent many militants from crossing, especially because the proposed fencing would cover only a tiny portion of the rugged frontier." Musharraf's "defense of Pakistan's efforts to fight terrorism — and his admission of lapses — follow criticism from U.S. military officials who say cross-border attacks into Afghanistan have risen threefold since Pakistan signed a September peace deal with pro-Taliban militants in its North Waziristan region."

Veteran Personally Welcomes Troops Back. ABC World News (2/2, story 9, 2:50, Gibson, 8.78M) reported, "Finally tonight, our 'Person of the Week.' A man who believes that the first thing a soldier sees when returning to the United States is all-important." Burt Brady: "They're glad to see us. And we're tickled to death to see them, of course, because they're our heroes." Gibson: "Every morning, for over a year now, Burt Brady gets up ... to welcome home American troops, returning from Iraq and Afghanistan." Brady: "I went 300 days last year." Gibson: "Brady, a 69-year-old veteran, is part of the welcome home a

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hero program, trying to make sure every soldier who comes through Dallas gets a special homecoming."

DOJ:

Arkansas US Attorney Seeks Dismissal Of Challenge To Appointment. The Arkansas Democrat-Gazette (2/3, Satter) reports, "A filing last week challenging the constitutionality of the December appointment of Tim Griffin to be U. S. attorney for the Eastern District of Arkansas is off base and should be dismissed, Griffin's office said Friday in a written response." The ADG continues, "The challenge and the response were filed in the case of Antoine Demetrius Baker of Little Rock, who is charged with capital murder and may face the death penalty if Griffin's office seeks and obtains permission to present that option to jurors in the event of a conviction. … Baker is accused of engineering the December 2002 shooting death of Jerry Otis, 21, who was scheduled to testify against Baker in an aggravated robbery and theft case stemming from an August 2002 altercation in which Otis was hit in the face with a pistol and robbed of $ 250." The ADG adds, "On Jan. 23, Baker's newly appointed attorney, John Wesley Hall of Little Rock, filed a motion to declare Griffin's Dec. 20, 2006, interim appointment by U. S. Attorney General Alberto Gonzales unconstitutional. Hall said an illegal appointment would prevent Griffin's office from legally carrying out its plan to add allegations to an existing indictment to justify seeking the death penalty against Baker." The ADG notes, "Hall said the interim appointment violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments, as well as a section of the U. S. Code that was altered last year as part of Congress ' reauthorization of the USAPATRIOT Act. … Assistant U. S. Attorney Patrick Harris, the lead prosecutor in Baker's case, said in an 18-page response that Hall's interpretation of the sections and his corresponding arguments 'lack merit,' and that Griffin's appointment 'was plainly lawful' and 'also entirely constitutional.' … Griffin's appointment immediately followed the resignation of Bud Cummins, who says the Department of Justice asked him to resign after five years on the job to give someone else a chance at the plum political appointment."

CORPORATE SCANDALS:

DOJ Joins Siemens Probe. The Wall Street Journal (2/3, A4, Esterl) reports, "German industrial giant Siemens AG, already weighed down by a cross-border corruption probe, faces heightened scrutiny after it disclosed that U.S. authorities also are investigating the matter." The Journal continues, "Siemens said the Department of Justice is investigating 'possible criminal violations of U.S. law by Siemens.' It also said it understands that the enforcement division of the Securities and Exchange Commission is conducting an 'informal inquiry' into the allegations of wrongdoing." The Journal adds, "The Munich-based conglomerate said in December that it had uncovered €420 million, or about $545 million, in suspicious transactions stretching back more than seven years. That disclosure came after more than 200 German police raided offices and homes of Siemens employees in mid-November, arresting several people linked to the company's telecommunications-equipment business. … German prosecutors are working with investigators in neighboring countries and said they suspect Siemens officials diverted funds through sham consulting contracts into slush funds to bribe customers abroad. Authorities released half a dozen people -- including a former Siemens management-board member and a former chief financial officer of the telecom unit -- before Christmas after they agreed to cooperate. … Siemens says that it is cooperating fully with investigators and that it has 'zero tolerance' for illegal behavior. It says any alleged wrongdoing was confined to 'individual acts' by certain managers but acknowledged in December that it had identified 'a material weakness' in its financial controls."

Redstone Settles Suit With Son Over Family Fortune. The Wall Street Journal (2/3, A2, Karnitschnig) reports, "Hollywood mogul Sumner Redstone, the chairman of both CBS Corp. and Viacom Inc., settled a lawsuit with his estranged son over the family's vast fortune, ending a potentially messy confrontation that threatened to complicate his succession plans." The Journal continues, "The terms of the agreement, filed in a court in Maryland where the family business, National Amusements Inc., is incorporated, weren't disclosed. But people close to the matter said the family company repurchased the one-sixth stake held by the son, Brent Redstone. … The sale also consolidates the elder Mr. Redstone's control over the family business. Before the settlement, Sumner Redstone owned two-thirds of National Amusements stock, while his son and daughter, Shari Redstone, shared equal ownership of the other third. Sumner Redstone now owns 80% of National Amusements and his daughter the remaining 20%. It was unclear how much National Amusements paid for the stake. The lawsuit valued the company, which holds a controlling stake in Viacom, CBS and a large cinema chain, at $8 billion." The Journal adds, "A spokesman for Sumner Redstone confirmed that a settlement had been reached but said the two sides had agreed to keep the details confidential. … Brent Redstone's suit, in which he alleged that his father led a campaign to 'freeze out' his son from the family business, offered a rare glimpse into the difficult personal relationships of one of Hollywood's most

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powerful men. Sumner Redstone expressed shock at the suit and said it had both pained and angered him."

CRIMINAL LAW:

DOJ Seeking More Capital Punishment Sentences. The Wall Street Journal (2/3, A1, Conkey, Fields, 2.04M) reports, "At a time when many states are backing away from capital punishment, the federal government is aggressively pursuing -- and winning -- more death sentences, including in jurisdictions that traditionally oppose them. On Tuesday, federal prosecutors in New York persuaded a jury to give a death sentence to Ronell Wilson, a 24-year-old man convicted of killing two undercover detectives by shooting each in the back of the head. The decision -- the first time in more than 50 years that a federal jury in New York agreed to sentence someone to death -- marked something of a milestone for the Justice Department in its continuing effort to apply the death penalty more evenly across the country." The Journal notes there are "47 people on federal death row -- more than double the number six years ago -- and Mr. Wilson this week became the seventh sentenced in a state without a death statute of its own since the federal death penalty was reinstated in 1988. The ranks may grow in the months ahead, with several capital cases on tap in locales traditionally opposed to the death penalty."

Shifting Public Attitude Towards The Death Penalty Noted. In an op-ed for the Los Angeles Times (2/3, 850K) Andrew Cohen, CBS News' chief legal analyst, writes, "A majority of Americans still support capital punishment in one form or another (and there are still states, mostly in the South and the West, where juries are still handing down death sentences for murder). But there is a clear, marked trend toward limiting the circumstances in which capital punishment is applied and the manner in which executions are performed. As the Death Penalty Information Center notes, 'The number of death sentences per year has dropped dramatically since 1999.'"

Jury Convicts Former Coca-Cola Secretary Of Stealing Trade Secrets. The AP (2/3, Weber) reports, "A federal jury convicted a former Coca-Cola secretary Friday of conspiring to steal trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi." The AP continues, "Joya Williams faces up to 10 years in prison. No sentencing date was immediately set. … The jury of seven women and five men deliberated for 11 1/2 hours over three days. On Thursday, jurors told U.S. District Judge J. Owen Forrester they were "hung" and could not decide. Forrester told the jury to try again Friday. … She remains free on bond, pending sentencing." The AP adds, "Williams was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light. … The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, New York-based PepsiCo Inc. for at least $1.5 million. … Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify."

The Financial Times (2/3, Ward) reports, "Jurors had been deadlocked over the verdict, but on Thursday the judge told them to keep trying to reach a decision. … The trial was in Atlanta, where Ms Williams worked as an administrative assistant to Javier Sanchez Lamelas, a senior Coke marketing officer." The Times adds, "Prosecutors played surveillance video taken inside Coke's headquarters showing the 41-year-old stuffing documents into her bag and handling bottles of prototype beverages, sometimes late in the evening. … Jurors heard that the stolen materials included details of a new Coke product code-named Project Lancelot. … The 120-year-old recipe of Coke's trademark cola – the so-called 'secret formula' -- was not involved. … Prosecutors explained how Ms Williams passed the stolen materials to her co-conspirators, both ex-convicts, who told PepsiCo they planned to sell to the highest bidder."

Former Duracell Employee Pleads Guilty To Stealing Trade Secrets. The AP (2/3) reports from Bridgeport, CT, "A former Duracell employee pleaded guilty Friday in Federal District Court to stealing trade secrets from the company, the authorities said." The AP continues, "Prosecutors said the former employee, Edward R. Grande, 48, a cell development technologist from Seymour, Conn., copied and downloaded computer research last year about Duracell's AA batteries. … Mr. Grande then sent the information to two Duracell competitors, prosecutors said. Neither of Duracell's competitors had requested or solicited Duracell's trade secret information, and both of the rivals sent the information back to Duracell." The AP adds, "Duracell, a unit of Procter & Gamble, generates more than $1 billion in revenue from the sale of AA batteries. … Sentencing is scheduled for April 23. … 'The theft of trade secrets is a serious crime that has the potential to cause significant economic damage to the owners of trade secrets and their shareholders,' the United States attorney for the district of Connecticut, Kevin O'Connor, said."

Mover Shot By Maryland Official Dies. The Washington Post (2/3, B1, Rich, Castaneda) reports, "A furniture deliveryman who was shot last week by a Prince George's County homeland security official died yesterday without having recovered to the point that he could describe the circumstances of the shooting, authorities and an attorney

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for his family said." The Post continues, "Brandon D. Clark, 22, of Oxon Hill succumbed to his injuries at Prince George's Hospital Center. He and a co-worker had been in critical condition there since they were shot by Keith A. Washington, who is a veteran county police officer, as they delivered a Marlo Furniture bedroom set to his home in Accokeek." The Post adds, "Police initially said that Washington, a former driver for County Executive Jack B. Johnson, apparently acted in self-defense and that Clark and his co-worker, Robert White, would probably be charged with assault. They have since backed off that statement, saying they would wait until detectives have completed their work before deciding whom to charge. … The movers were unarmed, authorities have said." The Post notes, "In a statement yesterday confirming Clark's death, Prince George's Police Chief Melvin C. High said, 'This is an unfortunate turn of events that now becomes a part of the internal and criminal investigation.' … The case has attracted wide attention because of a pattern of previous complaints against Washington, 45, who was appointed deputy homeland security director by Johnson in 2004."

Official Has History Of Conflict, Sources Say. The Washington Post (2/3, B1, Thompson) reports, "In the 10 days since Prince George's County homeland security official Keith A. Washington shot two unarmed deliverymen at his Accokeek home, some critics have told of run-ins with him dating back 15 years. They describe a man who loses his temper easily and has ended up in physical and verbal altercations." The Post continues, "Washington's supporters, including relatives and some county officials, have been reluctant to talk in the midst of an investigation, other than to say that Washington acted in self-defense. … The case took a turn yesterday when one of the men, Brandon D. Clark, 22, died at Prince George's Hospital Center. Clark, of Oxon Hill, and Robert White, 36, were delivering a Marlo Furniture bedroom set to Washington when they were shot during an altercation. White, of the District, remained in critical condition." The Post adds, "Washington has come under investigation at least three times by the Prince George's police department for assault complaints or "unbecoming conduct" and has been sued at least twice, including once by a D.C. police officer who said that Washington assaulted him and had him falsely arrested, according to interviews and court records. … 'Keith has a bad temper,' said Michon Charles, the mother of Washington's teenage daughter, Hali. 'He gets hot under the collar very quickly.'"

Federal Agents Announce Early Successes In NOLA Crime Crackdown. The New Orleans Times-Picayune (2/3, Filosa) reported, "Federal agents announced a slew of arrests, indictments and convictions Friday, saying it marks only the start of their promise to team up with New Orleans police to end the violent crime wave plaguing New Orleans. … 'The feds are not screwing around,' said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. 'The train has left the station.' In all, the federal, state and local partnership racked up two guilty verdicts, nine indictments of ten defendants, four arrests and one guilty plea in a plot to murder a Drug Enforcement Administration agent." The Times-Picayune added, "'In the federal system, there is no revolving door,' Bernazzani said. On Monday, FBI agents will meet with NOPD homicide detectives and begin pounding the pavement Tuesday, Bernazzani said. Fifteen agents from the Drug Enforcement Administration have been in the city since last week, embedded with the New Orleans Police Department, said Bill Renton, the DEA special agent in charge in New Orleans."

Virginia Men Plead Guilty In Fake "Purse Party" Scam. The Washington Post (2/3, B3, Markon) reports, "A father and son pleaded guilty yesterday to supplying phony designer purses at massive discounts for 'purse parties' in Northern Virginia and for kiosks they operated at malls throughout the Washington region." The Post continues, "Lalit Kumar Ohri, 63, and his son Gaurav Ohri, 28, both of Fairfax, admitted that they sold purses bearing the trademarks of some of the nation's leading designer labels, including Gucci and Prada. The pair had the counterfeit bags embossed with the sought-after labels or gave the labels to purchasers, some of whom affixed them to the purses with glue. The purses were purchased by the father and son from suppliers in New York. … 'I bought bags. They were counterfeit bags. . . . They were not genuine,' Gaurav Ohri, director of operations for the family company, Sonya Handbags, said as he pleaded guilty to one count of conspiracy to traffic in counterfeit goods. … 'We had the labels we put on the bags. They looked like the real labels,' Lalit Ohri, the company's owner, said as he pleaded guilty to the same charge in U.S. District Court in Alexandria. Both face up to five years in prison when they are sentenced April 20." The Post notes, "With the last-minute pleas, they avoided a trial scheduled for Monday that had promised to be unusual at a federal courthouse that has hosted some of the nation's most prominent terrorism and spy cases. Representatives from Kate Spade, Louis Vuitton and other high-profile designers had been expected to testify, and prosecutors were planning to show the jury a sampling of hundreds of phony designer purses. … The case has focused attention on the trendy purse parties that began more than a decade ago in New York City and have been going on in Northern Virginia since at least 2000, according to partygoers. Held in private homes, the gatherings feature flowing wine and plentiful food, along with hundreds of designer handbags sold for hundreds of dollars less than the real deal. It is a crime to sell

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trademarked goods but not to purchase them. … Several women known as 'purse ladies,' who run the purse parties, had been expected to testify at the trial. The Ohris sold counterfeit purses to women who then re-sold them at purse parties 'throughout Northern Virginia,' Assistant U.S. Attorney Jeanine Linehan said in court yesterday."

Marion Barry Rejects Plea Offer. The Washington Post (2/3, B4, Cauvin) reports, "A D.C. Superior Court judge set a June 12 trial date yesterday for D.C. Council member Marion Barry on several traffic offenses -- charges that Barry and his attorney insist are unfounded." The Post continues, "Barry (D-Ward 8), a former D.C. mayor, has rejected an offer from prosecutors to plead guilty to operating a motor vehicle while impaired in an incident in which police said they detected the smell of alcohol. Had he accepted the offer, prosecutors would have dropped the other charges, including the more serious offense of driving under the influence. Prosecutors also would have dropped charges in connection with a subsequent traffic stop. … But in a hearing yesterday morning, Barry's attorney, Frederick D. Cooke Jr., told Magistrate Judge Milton C. Lee that there is little common ground between the D.C. attorney general's office and the defense and that a deal is unlikely. … 'He can't plead guilty to an offense he didn't commit,' Cooke said." The Post adds, "The charges against Barry, who stood next to his attorney during the brief hearing, stem from two traffic stops last year in the District. … In the first incident, Barry was pulled over Sept. 10 by uniformed Secret Service officers near the White House after allegedly running a red light. Police said he smelled of alcohol, and Barry was asked to take a breathalyzer test. An initial test came in below the legal limit, but officers said they wanted to conduct a urine test for alcohol, Cooke said in an interview. Barry declined to provide a urine sample, and according to Cooke, he said he was willing to take another breath test, which police chose not to administer. … The officers charged Barry with driving under the influence, which can be done when a driver refuses the urine test. But Cooke said that the officers should have given Barry another breath test unless they documented some reason why they could not. Absent that, Cooke said, all they have to stand on is Barry's .02 reading, which is below the legal limit."

US Cracking Down On Online Gambling. The Washington Post (2/3, D1, Johnson) reports, "Federal prosecutors and agents in the FBI's organized crime unit have been mounting a large-scale crackdown on Internet gambling, with indictments against executives at gaming Web sites, arrests of foreign businessmen who process payments, and subpoenas to investment banks that may have helped bankroll the operations." The Post continues, "The aggressive campaign has gathered steam in recent weeks, as Americans prepare to wager more than $5 billion on tomorrow's game between the Chicago Bears and the Indianapolis Colts, the biggest betting day of the year, according to industry experts." The Post adds, "The arrests in California and in the U.S. Virgin Islands last month of two board members of Neteller, a British company that facilitates online money transfers, is spurring overseas executives with even modest gambling connections to avoid traveling to the United States lest they be nabbed. And it is leaving legal analysts and bettors crying foul about the government's approach. … Justice Department officials have long been on record as saying that Internet gambling breaks the law. They cite the long-standing Wire Act, a statute making it a crime to use telephone lines to place a bet within the United States or overseas. The 1961 law, which applies to businesses instead of individual bettors, was designed to eradicate the Mafia from the gambling arena. … But after the 2000 wire-fraud conviction of sports betting entrepreneur Jay Cohen for operating a Web site in Antigua, federal prosecutors enforced it only sporadically. The campaign heated up last year, after the government indicted two popular sports betting Web sites: Antigua's WorldWide Telesports Inc., and London's BetOnSports PLC. Both companies have announced they will no longer accept wagers from U.S. clients."

New York Fire Department Examining Promotions Involving Fake Diplomas. The New York Times (2/3, Buckley) reports that the New York City Fire Department "has not decided whether to take disciplinary action two days after a report revealed that 14 of its employees had used, or tried to use, bogus diplomas to be promoted or hired." The Times continues, "According to the report, by the Department of Investigation, the 14 employees paid hundreds of dollars to buy fake degrees from 'St. Regis University,' an online diploma mill that required no course work, to fulfill the department's educational requirements. … But a spokesman from the Fire Department and a fire union official said the report overstated the extent of the problem. While 13 employees and one job applicant bought the degrees from a fake online university to be promoted or hired, the fire department rejected the phony diplomas from all but three. Ten were hired or promoted anyway because they later legitimately obtained the required credits. The Fire Department also said it began rejecting diplomas in 2003 from the so-called university, which claimed that it was based in Liberia. … 'Of the 14 people, only 3 were promoted with that degree,' said Francis X. Gribbon, a department spokesman. 'We promoted 2,500 people since 2001. This is a handful of people we are talking about.'" The Times adds, "Yet according to Thomas Von Essen, who was fire commissioner from 1996 to 2001, the report underscored what he described as a lax attitude toward obtaining college

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credits in the department. Beginning in the late 1990s, Mr. Von Essen introduced requirements that higher-ranking Fire Department officials obtain a set number of college credits to be promoted. New hires would need college credits, too. … The Uniformed Firefighters Association, the fire officers' union, fought part of the new requirements. One of their arguments was that higher-ranking officers who came on the job when only high school diplomas were required should not need college credits to advance."

Former New York Judge Testifies To Political Pressures. The New York Times (2/3, Lee) reports, "A former Brooklyn judge told a jury yesterday that she feared her career would be over if she did not pay $10,000 to associates of Clarence Norman Jr., the longtime leader of the borough's Democratic machine, for get-out-the-vote efforts and fliers during her re-election campaign in 2002." The Times continues, "The former judge, Karen B. Yellen of Brooklyn Civil Court, who ran on the Democratic ticket in the 2002 primary along with Mr. Norman, was the key witness for the prosecution in the weekold corruption trial against Mr. Norman, a former 12-term state assemblyman, in State Supreme Court in Brooklyn. … It is Mr. Norman's fourth corruption trial in two years. In this case, he is accused of pressuring Judge Yellen and another judicial candidate for thousands of dollars. In the week leading up to the 2002 primary, prosecutors say, Mr. Norman demanded that Judge Yellen pay his associates or be 'dumped' and lose the party's support." The Times adds, "Ms. Yellen's testimony repeated much of that given on Thursday by Jeffrey Feldman, Mr. Norman's former second in command. … Mr. Feldman and Ms. Yellen testified that Mr. Norman became angry when a member of the judge's camp asked what would happen if she did not pay. Prosecutors have said Mr. Norman wanted her to pay Ernest Lendler, a printer, $1,000 for a flier he designed, and William H. Boone III, a longtime associate of Mr. Norman's, $9,000 for get-out-the-vote efforts on Primary Day in the mostly black districts of central Brooklyn."

CIVIL RIGHTS:

California Teenagers Given Probation After Halloween Hate-Crime Beating. The AP (2/3) reports from Long Beach, CA, "Four of nine black teenagers convicted in the racially charged beating of three white women on Halloween were sentenced to probation Friday." The AP continues, "Punishment could have ranged up to confinement in a California Youth Authority lockup until age 25. The teens were ordered to serve 250 hours of community service, 60 days house arrest, and take anger management and racial tolerance programs. … 'It was an awful crime. Terrible, emotional and physical injuries,' Juvenile Court Judge Gibson Lee said." The AP adds, "Last week, Lee convicted nine teens — eight female and one male — of felony assault, with a hate-crime enhancement against all but one. … Among those sentenced Friday were an 18-year-old youth, his twin sister, their 16-year-old sister — who didn't receive the hate-crime enhancement — and another 16-year-old girl. … The other five defendants face sentencing next week. Names of the defendants were withheld because they are juveniles or were juveniles at the time and were tried as juveniles."

Judge Delays Decision On Port Chester, NY, Election. The New York Journal News (2/3, Sadler) reports, "A federal judged deferred a decision yesterday on whether to stop the March 20 (Port Chester) village election for two seats on the Board of Trustees." The News continues, "U.S. District Judge Stephen Robinson will instead wait to hear arguments from both sides in the voting rights lawsuit filed by the U.S. Department of Justice against Port Chester, he said in a pre-trial conference. … The judge said he will presume that holding the election would cause irreparable harm, as the Justice Department alleges. The village must prove otherwise at trial later this month in order to proceed with the election." The News adds, "Anthony Piscionere, a lawyer for the village, argued that stopping the election would actually cause irreparable harm to the village because it would force a special election and disenfranchise voters. He said the trustee race would provide a good "snapshot" of Hispanic voter turnout because a Hispanic candidate is running. … But U.S. Attorney David Kennedy said 'this can only be decided after a full and fair hearing.' He said it would be 'informative but wrong' to hold the election in March." The News notes, "The Justice Department sued the village in December, asserting that its at-large method of electing its six trustees violates the federal Voting Rights Act. It is asking the judge to replace Port Chester's system with one in which trustees are elected from six districts. It is also asking the judge to stop the March trustee election until voting districts are implemented."

11th Circuit Finds No Discrimination In Georgia Farmworkers Case. The Moultrie (GA) Observer (2/3, Glenn) reports from Ellenton, GA, "The U.S. Court of Appeals 11th Circuit Thursday upheld a decision from the U.S. Justice Department that a Colquitt County farmer did not discriminate against 17 Puerto Rican farmworkers in favor of Mexican labor." The Observer continues, "The plaintiffs had traveled from Puerto Rico to Georgia in 2003 to work for Booth Farms under a contract approved by the U.S. Department of Labor. They arrived a few days after a group of federal H2A program workers from Mexico. … Producer Larry Booth, of Ellenton, had maintained that some of the citizen workers (Puerto Rico

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is a territory of the United States) were slow pickers and didn't pick enough to earn the equivalent piece rate of $7.49 an hour, the Adverse Effect Wage Rate at the time, so he fired them citing economic reasons. The plaintiffs complained that no Mexican H2A workers who didn't work up to Booth's standard weren't fired and subsequently filed a discrimination suit. Federal law requires that employers hire Americans over H2A workers, but the plainiffs said Booth favored Mexican workers over Puerto Rican regardless of production rates." The Observer adds, "The 17 workers, some of whom Booth said he didn't fire, were represented through the Georgia Legal Services Farmworker Division. Booth represented himself pro se with some assistance from friend and cousin former Georgia Senator Franklin Sutton, also of Ellenton. Booth wasn't able to secure financing for his farming operation because of the suit and had to sell out, he said. Plus, the same 17 plaintiffs have filed a suit in Puerto Rico against Booth Farms seeking about $383,000."

Mississippi VRA Challenge Seen As National Test. The Jackson (MS) Clarion-Ledger (2/3) editorializes, "Quietly, with little fanfare, a national test of the Voting Rights Act of 1965 is under way in Mississippi." The Clarion-Ledger continues, "This month, U.S. District Judge Tom S. Lee has been presiding over the first case in U.S. history in which the federal government has accused black election officials of violating the Voting Rights Act by discriminating against white voters. … The U.S. Justice Department is alleging that Noxubee County Democratic Party Chairman Ike Brown and other Noxubee County election officials have rigged the voting process against white voters by manipulating voter rolls, making public threats to ban some whites from voting, certifying candidates who did not live in districts they sought to represent, miscounting ballots to ensure white candidates lost and other discriminatory acts. … Brown has denied all allegations, accusing the white minority in Noxubee County of petty complaints after years of white discrimination against black voters there." The Clarion-Ledger concludes, "The key question facing Judge Lee isn't whether Noxubee County or Mississippi has a sordid history of white election officials discriminating against black voters. The county and the state are guilty on both counts. … The question is if Brown and other black officials in Noxubee have used their powers to do the very same thing to white voters. .. The Voting Rights Act must be enforced equally for voters of all races."

Civil-Rights Era Killings Under Renewed Scrutiny. The New York Times (2/3, Dewan) reports from Atlanta, "For every infamous killing that tore at the South in the 1950s and '60s, there were many more that were barely noted, much less investigated." The Times continues, "Virtually all such cases gained momentum only when the victims of the past found voices in the present, like those that helped arrest a 71-year-old man last month in connection with the Klan killings of two black teenagers in Mississippi in 1964. Rather than police officials, it has often been journalists and filmmakers who have combed through documents and tracked down witnesses, fueling some 15 years of successful prosecutions." The Times adds, "Only now, with time running out because potential witnesses and suspects are dying off, have law enforcement officials begun to take a systematic approach to unsolved civil rights crimes. The Federal Bureau of Investigation recently canvassed its field offices for the first time, compiling a list of 51 victims in 39 cases, most of which were never investigated by the bureau. … The list was prompted not by the string of convictions, but by a letter about the lynching of two black couples at the Moore's Ford Bridge, east of Atlanta, in 1946, said Chip Burrus, the assistant director of the F.B.I.'s criminal investigative division. … That a single letter prodded the F.B.I. to action illustrates how slender are the time-brittled fibers that knit together the outcome in these fading crimes. … In the case that produced the recent arrest, timing was crucial. If the bodies of the victims, Henry H. Dee and Charles E. Moore, had been found just three weeks earlier in the summer of 1964, their deaths might have been largely forgotten."

NYPD "Stop And Frisks" Soar. The New York Times (2/3, Baker, Vasquez) reports, "The New York Police Department released new information yesterday showing that police officers stopped 508,540 individuals on New York City streets last year — an average of 1,393 stops per day — often searching them for illegal weapons. The number was up from 97,296 in 2002, the last time the department divulged 12 months' worth of data." The Times continues, "After inquiries by the City Council and civil rights advocates, the department delivered four bound volumes of statistics to the Council in midafternoon. The raw data showed that more than half of those stopped last year were black: an average of 67,000 per quarter. … At the same time, the average number of people arrested per quarter as a result of such stops almost doubled to 5,317 last year, from 2,819 in 2002, and summonses nearly quintupled, to a quarterly average of 7,292 last year from 1,461 in 2002." The Times adds, "Until yesterday, the most recent information released by the Police Department about how and why it stops people to search them, sometimes looking for illegal guns, was from 2003, according to city officials and city and court records. Some officials have said that lag put the department at odds with a pair of legal requirements that sprang from public outrage at the 1999 fatal police shooting of Amadou Diallo, an unarmed black street peddler. … The department, which rejects such assertions, has not released numbers from 2004 and 2005, or from the last three months of 2003. … Those who review the data are now grappling with dual issues: determining why

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the Police Department waited so long to release any new figures, and why it is stopping more people and searching them." The Times notes, "The issue of these police-public encounters — called 'stop and frisks' — became an emotional flashpoint after the shooting of Mr. Diallo, whose death in a barrage of 41 police bullets led to weeks of protests and scores of arrests outside 1 Police Plaza, in Lower Manhattan. … Many of the protesters contended that there was a pattern of racial profiling in stop-and-frisks. A state study later in 1999 confirmed racial disparities in such stops."

Michigan Court Rules Against Domestic Partner Benefits. The New York Times (2/3, A10, Saulny, 1.16M) reports, "Same-sex domestic partners are not entitled to health benefits from public universities or local and state governments under the State Constitution's two-year-old marriage amendment, the Michigan Court of Appeals said in a ruling released Friday. In a reversal of a lower court ruling, a three-judge panel found that the amendment, which bans same-sex marriage, also prohibited government agencies from recognizing 'similar unions' like domestic partnerships for any purposes."

The Washington Times/AP (2/3) reports, "The appeals court agreed with the Michigan attorney general, Republican Mike Cox, who said in a March 2005 opinion that same-sex benefits are not allowed in a state that does not recognize same-sex unions. The legal challenge was mounted by 21 homosexual couples who work for the city of Kalamazoo, universities and the state."

WPost Endorses Voting Reform Paper Trail Requirement. The Washington Post (2/3, A14, 690K), in an editorial, writes, "Lawmakers locally and nationally are moving in the right direction in pushing for improvements in how Americans vote. Foremost is the growing movement to require an independent way to verify the results of electronic voting. It's critical, though, that this reform effort be calibrated so that local election officials are given the time and resources to do the job properly. Congress is expected to consider legislation this year requiring that the nation's electronic voting machines produce a paper trail so that people can verify the accuracy of their votes and to facilitate recounts in disputed elections. … While we have not been in the camp of those seeing fanciful conspiracies in electronic voting, a backup system is without question the best way to safeguard security and ensure voter confidence."

ANTITRUST:

Viacom Orders YouTube To Remove Its Videos. The Wall Street Journal (2/3, A3, Karnitschnig) reports, "Deciding that trading its copyright protection for Internet buzz was no longer viable, Viacom Inc. ordered Google Inc.'s YouTube to remove all of its content from the video Web site." The Journal continues, "Viacom's decision to force YouTube, which hosts a vast array of video content uploaded by its users, to take down more than 100,000 video clips from its Web site may yet prove to be a negotiating tactic aimed at drawing the company into a deal. But Viacom executives said privately they had determined that the marketing boost they once believed YouTube provided them has proved to be a mirage. … 'People are waking up to the fact that there is no marketing advantage,' a Viacom executive said. 'There's no novelty anymore.' YouTube Chief Executive Chad Hurley said in an interview that other media companies such as CBS and NBC that partnered with YouTube felt otherwise." The Journal notes, "Viacom's decision comes after the two camps failed to reach a distribution agreement despite months of negotiation punctuated by pointed rhetoric from Viacom, which owns a stable of cable networks that includes MTV, Nickelodeon and Comedy Central as well as the Paramount movie studio."

The Financial Times (2/3, Chaffin, Van Duyn) reports, "Viacom, which owns youth brands such as Nickelodeon and Comedy Central, made the demand after months of negotiations with YouTube and Google. It said more than 100,000 affected video clips on the YouTube site had generated more than 1.2bn video streams. … The move threatens to wreck Google's attempts to cement commercial relationships with traditional media groups, which supply most material."

The Washington Post (2/3, D1, Musgrove) reports, "The dilemma for Viacom, as it yanks back control over clips from its popular networks, is whether YouTube is more of a marketing tool that helps it win new viewers, or a business threat. … Though YouTube, which was purchased by Google last year, said it would take down the clips, as of yesterday afternoon there were still thousands for shows like Comedy Central's 'The Colbert Report' on its site." The Post notes, "The tussle between the companies is indicative of a rocky transition for traditional broadcast interests, which must try to make business sense out of the online entertainment age, in which content is easy to produce, copy and distribute. Many networks are putting shows on their own Web sites, but YouTube, which is just a year old, has become the online nexus for trading both homemade and cribbed video. It serves up 100 million videos and its users upload 65,000 videos a day, and now that it's backed by Google's massive advertising machine, YouTube stands to become its own advertising behemoth."

The San Francisco Chronicle (2/3, Lee) reports, "The dispute reflects how popular San Bruno's YouTube has become as an online source of entertainment. And it highlights the dilemmas media companies face as they try to

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keep control of their material in the digital age. … Since exploding onto the Web less than two years ago, YouTube has drawn ire -- as well as millions of loyal fans -- for its vast and rapidly growing library of videos, many of them copyrighted clips from popular television shows and movies. The site's mushrooming popularity got the attention of Internet powerhouse Google, which bought YouTube for $1.65 billion last year."

USA Today/AP (2/3, Sutel) reports, "Under federal copyright law, online services such as YouTube are generally immune from liability as long as it responds to takedown requests such as these, which YouTube often does. Less clear legally is what happens when another user posts the same video, something commonly done on the free video-sharing site. … In November, YouTube agreed to delete nearly 30,000 files after the Japan Society for Rights of Authors, Composers and Publishers complained of copyright infringement."

Equity Board Rejects Vornado Offer, Endorses Blackstone Bid. The Washington Post/Bloomberg (2/3, D2) reports, "Equity Office Properties Trust, the target of the largest real estate takeover, yesterday rejected a $41 billion offer from Vornado Realty Trust, saying a $38.3 billion cash bid by Blackstone Group L.P. is less risky for shareholders." Bloomberg continues, "Equity Office said a sale to New York-based Vornado would take months to complete, while a buyout by Blackstone would close within days. Given the time delay, Equity Office put the value of Vornado's bid of $56 a share in cash and stock at $54.28 to $54.88. Blackstone's offer is $54 a share. … The stock closed yesterday at $55.38, up 23 cents a share." Bloomberg adds, "Equity Office of Chicago postponed a vote on the Blackstone bid by two days to Feb. 7 to give shareholders time to review its stance on the Vornado offer, according to a statement filed yesterday with the Securities and Exchange Commission. If Blackstone's bid is approved, the purchase would be completed on or about Feb. 9. … The decision by the board of the biggest U.S. office landlord is a setback to Vornado chief executive Steven Roth, who first pursued the company in July. Now Blackstone's Stephen A. Schwarzman must win approval of Equity Office investors to complete the biggest leveraged buyout ever and gain 543 buildings across the country."

Suit Claims Dell Did Not Disclose Intel Payments. The San Jose Mercury News (2/3, Poletti) reports, "Intel's program of rebates to its computer-making customers has come under serious fire again, this time in a massive class-action complaint claiming the chip giant's rebates to Dell inflated the troubled computer maker's profits by $800 million a year." The News continues, "A 252-page lawsuit was filed against Dell in federal court in Austin, contending that Dell did not disclose the rebates -- which the suit also called kickback payments -- from Intel. The suit claims that Dell's reported profits were propped up by about $800 million a year by rebates Intel paid to Dell in return for exclusively using Intel chips in its computers. … The suit was filed by a well-known law firm, Lerach Coughlin Stoia Geller Rudman & Robbins, on behalf some Dell shareholders, including Amalgamated Bank." The News adds, "Until last year, Dell was the only computer maker to solely use chips developed by Intel. While most PC and computer server makers have been using chips developed by Intel archrival Advanced Micro Devices, Dell was a major holdout. Last year, it began to use AMD chips. … The suit was filed Wednesday, the same day founder Michael Dell said he was returning as chief executive after Kevin Rollins resigned. The company's chief financial officer, James Schneider, stepped down in December and was replaced by board member Donald Carty."

The AP (2/3, Koenig) reports, "Mary Blasy, one of the lawyers who filed the lawsuit, said in an interview that the plaintiffs don't claim that the payments were illegal. Rather, she said, they believed Dell cheated investors by concealing the payments, which the company didn't control and gave a false picture of Dell's financial strength." The AP adds, "The lawsuit charges that Dell got the Intel payments 'for shipping only Intel-based products and not doing business with AMD,' Advanced Micro Devices Inc. Dell began using chips from Intel's rival last year. … The payments to Dell were mentioned in an ongoing antitrust lawsuit that AMD filed against Intel in 2005. The Lerach law firm learned the size of the payments from Dell insiders, Blasy said."

Delta Creditors Approve Terms Of Bankruptcy Financing Program. The AP (2/3, Weber) reports, "Lawyers for Delta Air Lines Inc., the third-largest U.S. carrier, said Friday in court papers that the company's creditors' committee has approved the terms of the $2.5 billion in financing that Delta has secured to emerge from bankruptcy protection." The AP continues, "The disclosure was made as Delta amended its reorganization plan for a second time. Other technical changes also were made to the plan, which was first filed Dec. 19 and amended on Jan. 19. … Delta's chief bankruptcy lawyer, Marshall Huebner, said the official unsecured creditors' committee's support of the exit financing is a 'tremendous milestone for us as we move toward exiting Chapter 11 under our standalone plan.'" The AP adds, "The filing also provided a few new details of the behind-the-scenes discussions in recent weeks by Delta's board regarding US Airways' now withdrawn $9.8 billion hostile takeover bid. … Delta's board discussed US Airways' revised proposal several times before US Airways withdrew the bid on Wednesday, including that day. The board took no action.

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… Tempe, Arizona-based US Airways Group Inc. withdrew its bid for Atlanta-based Delta Air Lines Inc. after Delta's official committee of unsecured creditors said it supports Delta's plan to emerge from bankruptcy protection in the spring as a standalone carrier, thus rejected US Airways' merger offer."

MediaNews Purchases Santa Cruz Sentinel. The AP (2/3) reports, "MediaNews Group Inc. said Friday that it has acquired the Santa Cruz Sentinel from Community Newspaper Holdings Inc." The AP continues, "MediaNews, with 56 daily publications, said the California Newspapers Partnership -- which is majority-owned by MediaNews -- acquired the Sentinel, a daily. … MediaNews funded its share of the purchase through a revolving credit agreement. Gannett Co. and SF Holding Corp., the other partners, contributed their share of the purchase price. Financial terms were not disclosed." The AP adds, "Dean Singleton, MediaNews' chief executive officer, said the Santa Cruz newspaper will bolster the company's reach in California. 'The Santa Cruz Sentinel is a fine newspaper today but will be strengthened by the resources of our existing newspapers,' he said. … MediaNews, which owns the Oakland Tribune and seven other Bay Area newspapers, acquired the Monterey County Herald, San Jose Mercury News and Contra Costa Times from McClatchy Co. last year. The complex $1 billion deal included $300 million in financing from the Hearst Corp., owner of the San Francisco Chronicle. The deal between MediaNews and Hearst is the subject of a federal antitrust lawsuit filed by a San Francisco businessman."

Judge Rules Microsoft May Question Expert Who Discovered Violation. The Des Moines Register (2/3) reports, "The computer expert who said he found evidence that Microsoft is violating a federal consent decree can be interviewed by Microsoft lawyers for up to five hours, Polk County District Court Judge Scott Rosenberg has ruled." The Register continues, "The expert, Andrew Schulman, is a witness for Iowa consumers suing Microsoft for anti-trust violations and up to $330 million in damages. … The consent decree ended a federal anti-trust case against Microsoft several years ago." The Register adds, "Schulman reportedly found evidence it was being violated while digging through mountains of secret computer code that is used to drive Microsoft products. … Microsoft lawyers had already questioned Schulman for seven hours in an earlier deposition, but he reported the violation after that testimony. His report caused Microsoft lawyers to ask for permission to question Schulman again before he testifies in court."

Express Scripts Sweetens Bid For Caremark. Dow Jones (2/3) reports, "Express Scripts Inc. is expected to triumph in its bidding war with CVS Corp. for pharmacy benefit manager Caremark Rx Inc. with a sweetened offer price, one industry analyst concluded after conducting a survey of Caremark and CVS clients. … 'Absent a significant external event (pressure from Congress, material adverse change in the industry) or a stronger sales pitch from Caremark-CVS (entirely possible), we expect Express Scripts will acquire Caremark at a higher price,' Cowen & Co. analyst Kemp Dolliver wrote in a research note Friday. He assumed a $3-a-share increase to Express Scripts' current offer, to roughly $62 a share. … 'We continue to think that Express Scripts has the upper hand in the competition for Caremark,' Dolliver said. 'Our survey indicates that Caremark's and CVS' clients share the same uncertainty over the deal as the investment community.' … Dolliver subsequently reiterated an outperform rating on Express Scripts shares." Dow Jones adds, "Caremark in November agreed to a so-called 'merger of equals' with retail drugstore chain CVS Corp. in a deal that would give Caremark shareholders 1.67 shares of CVS share for each share held.The following month, Express Scripts launched a competing, hostile $26 billion cash-and-stock bid for its larger PBM rival which, at the time, represented a 15% premium over CVS' offer. … The Caremark-CVS bid was sweetened in January with a $2 a share onetime dividend."

ENVIRONMENT/INDIAN AFFAIRS:

Bush Administration Expresses Agreement With Global Warming Report. ABC World News (2/2, story 3, 1:40, Gibson, 8.78M) reported, "The top climate experts from all around the world, speaking with one voice, issued a blunt and bleak assessment in global warming. They spoke of the damage already done and the fears about where we are headed." NBC Nightly News (2/2, story 4, 2:20, Williams, 9.87M) reported, "Some say it is a wakeup call loud and clear. But US Energy Secretary Samuel Bodman today called America a small contributor to it and called for a global discussion of today's report." ABC World News (2/2, story 4, 2:10, Gibson, 8.78M) reported the White House "said it agreed with today's report. But officials rejected the idea of mandatory reductions in greenhouse gas emissions. If anything new and significant is to be done about global warming, businesses, individuals and governments will all have to play a role. … But some companies, and many scientists, say not much will depend without a push from government. Tough, new laws to force companies to cut greenhouse gases. And the Bush administration is against that, especially if other countries, such as China and India, do not do the same."

The Financial Times (2/3, Harvey) reports, "The world's leading climate scientists on Friday swept away the last doubts surrounding global warming." BBC.com (2/3) reports,

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"Governments around the world have called for urgent action to tackle climate change, after a major report said mankind was very likely the cause. The EU said it was the starkest warning yet, while the UK said climate change threatened world peace and prosperity. The US administration said the report was 'valuable', but rejected mandatory controls to reduce greenhouse gases."

The Washington Post (2/3, Eilperin, 690K), in a front-page article, reports, "Declaring that 'warming of the climate system is unequivocal,' the authors said in their 'Summary for Policymakers' that even in the best-case scenario, temperatures are on track to cross a threshold to an unsustainable level." The Post notes Bush administration officials "welcomed the report and emphasized that U.S. research funding helped underpin its conclusions. National Oceanic and Atmospheric Administration Administrator Conrad C. Lautenbacher Jr., who oversees much of the nation's climate research, said in an interview that the international assessment will lead to 'a more objective and informative public debate.'"

The New York Times (2/3, Rosenthal, Revkin, 1.16M), also in a front-page story, reports the Bush administration, "which until recently avoided directly accepting that humans were warming the planet in potentially harmful ways, embraced the findings. …. Administration officials asserted Friday that the United States had played a leading role in studying and combating climate change, in part by an investment of an average of almost $5 billion a year for the past six years in research and tax incentives for new technologies. At the same time, Secretary of Energy Samuel Bodman rejected the idea of unilateral limits on emissions. 'We are a small contributor to the overall, when you look at the rest of the world, so it's really got to be a global solution,' he said."

The Chicago Tribune (2/3, Neikirk, 617K) reports the Bush administration "embraced the report but rejected demands for a mandatory system of capping 'greenhouse gas' emissions, such as carbon dioxide. Instead, the administration said President Bush would rely on his plans to develop more renewable fuel and require more efficient vehicles. But with Democrats controlling Congress, pressure is apt to build on the White House to take a tougher approach." Senate Democratic Leader Harry Reid said, "President Bush should immediately work with Congress to pass legislation that requires reductions in the emissions of greenhouse gases, and he should call together the leaders of the world to obtain their binding commitment to reducing pollution around the globe."

The Los Angeles Times (2/3, Maugh, Kaplan, 850K) reports, "Although most of the scientific data behind the report have come out before, their aggregation into a single report, phrased in the boldest of terms, sparked an intense reaction Friday. 'The degree of certainty, which was already very high, is now as close to certain as scientists are willing to say,' said former Vice President Al Gore. … Echoing a phrase that was widely heard Friday, Rep. Edward J. Markey (D-Mass.) called the report 'a scientific smoking gun.'"

US Scientists Claim New Report Underestimates Risks. The Wall Street Journal (2/3, A4, Fialka, 2.04M) reports, "U.S. government scientists Friday said the long-term outlook for global warming may be more dire than suggested by this week's United Nations' report, which they say doesn't fully address the impact of clouds and melting glaciers. … The computer models used for the IPCC report based their predictions only on the results of heating of the existing water in the world's oceans, causing the oceans to expand and sea levels to rise, said Tom Delworth, a climate modeler for the National Oceanic and Atmospheric Administration." The AP (2/2, Borenstein) reports, "The worst could mean more than 1 million dead and hundreds of billions of dollars in costs by 2100, said the NOAA's Kevin Trenberth. … 'It's later than we think,' said panel co-chair Susan Solomon, the U.S. National Oceanic and Atmospheric Administration scientist who helped push through the document's strong language."

Gore To Testify At House Hearing On Global Warming. The Politico (2/2, Grim) reports former Vice President Al Gore "has accepted an invitation to testify next month in a congressional hearing on the highly controversial issue of climate change. … For people who make a parlor game of guessing Gore's intentions for 2008, the appearance will surely stoke speculation that he may yet be a late entrant into the Democratic presidential derby. Gore will appear at a joint hearing on Wednesday, March 21. He will be the only witness to appear before the Energy and Commerce Subcommittee on Energy and Air Quality and the Science and Technology Subcommittee on Energy and Environment."

IPCC "Supercomittee" Dismissed As Overly Political. In an op-ed for the Wall Street Journal (2/3, A11, 2.04M) Philip Stott, Stott, professor emeritus of biogeography at the University of London, writes, "I confess I was afflicted by a profound world-weariness following the release yesterday of the latest gloomy machinations from the IPCC. … Unfortunately, the IPCC represents science by supercommittee. … Moreover, the IPCC does no original research, nor does it monitor climate-related data; its evidence is instead from selected secondary sources. But, above all, this supercommittee is more political than is often recognized, rule three firmly reminding delegates that: 'documents should involve both peer review by experts and review by governments.'"

States' Ocean Habitat Rescue Initiatives Hailed.

In an op-ed for the Washington Post (2/3, A15, 690K) Leon Panetta and James Watkins, co-chairmen of the Joint Ocean Commission Initiative, write, "Buried beneath the headlines about warming oceans, harmful algae blooms and dwindling

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seafood stocks is the fact that it is within our power to make immediate, measurable progress toward solving the problems facing our oceans. Innovative state leaders are showing us the way, and the federal government needs to follow their example. Over the past three years, California, acting to preserve a vital state resource, has developed an Ocean Action Plan; launched the most comprehensive approach to marine protected areas in the nation; and invested more than $30 million in projects to improve water quality, protect ocean habitats and manage sand on its beaches. In the past year, at least 18 states have taken similar steps. … In most respects, though, the federal government and Congress lag behind states in efforts to protect our oceans."

Tribe Challenges Interior Official's Recognition Authority. Indian Country Today (2/3, Toensing) reports from Kent, CT, "The Schaghticoke Tribal Nation has challenged Interior Department Associate Deputy Secretary James Cason's authority to act as 'the decision-maker' in overturning the tribe's federal acknowledgement in October 2005." ICT continues, "In the latest twist in the Schaghticokes' decades-long quest for federal recognition, attorneys filed a motion Jan. 23 in U.S. District Court in New Haven, claiming that Cason violated both the Appointments Clause of the Constitution and the Vacancies Reform Act when on Oct. 12, 2005, he issued a Reconsidered Final Determination reversing the BIA's January 2004 positive federal acknowledgement decision. … Cason was functioning as an Assistant Secretary for Indian Affairs but was not appointed by the president or confirmed by Congress, and therefore exceeded his authority by issuing decisions that only a 'principal officer of the United States' can lawfully render; therefore, the RFD is void, STN's attorneys wrote. … Cason also reversed that day the federal status of the Eastern Pequots, whose federal recognition had been issued two years earlier." ICT adds, "The motion is part of the tribe's appeal of the reversal of its recognition. The appeal alleges, among other things, that the RFD was arbitrary and capricious, a violation of the tribe's due process rights and the product of unlawful political influence and congressional interference. It asks the court to restore the tribe's recognition. Interior and its officials are named as defendants. … The appeal is 'the Tribe's remaining hope to regain the federal recognition that was wrongly taken from it in the RFD. It is no exaggeration to say that the Tribe is fighting for its very existence. What happened to this Tribe, including the circumstances in which it lost its prior positive recognition are, at a minimum, unusual and deserving of careful review. The Tribe has alleged since its federal recognition first came under attack that various political officials acted improperly to reverse that recognition. This improper delegation of authority to Mr. Cason is one more part of the story of the illegal handling of the Tribe's recognition. The Court should hear the full story of the Tribe's fate,' one of the attorneys said. … The Schaghticokes' claims have 'no merit,' said Connecticut Attorney General Richard Blumenthal, who led the state's relentless opposition to the tribe's federal recognition."

CONGRESS-ADMINISTRATION:

Bush Budget Includes Additional Education Funding, Entitlements Cuts. The Los Angeles Times (2/3, Havemann, 850K) reports, "In a bid to balance the federal budget in five years, President Bush will seek cuts in several key programs. But the spending blueprint he sends to Congress on Monday leaves room for some sweeteners, according to administration officials. Under the Bush plan, grants for college students would rise after remaining stagnant for three years, and some parts of the No Child Left Behind Act would receive additional funding. There would be new money to spur the manufacture of hybrid cars and production of ethanol. And a new farm bill would give farmers $1 billion more a year than the current law. At the same time, Bush will ask for substantial cuts in Medicare and Medicaid, the government's main healthcare programs." The Times goes on to report that the Pentagon budget, including "will hit $623 billion, according to a senior Defense official. That total includes $481 billion for the military's normal annual budget, a 10% increase over this year's spending. … The budget request also includes, for the first time, funding details for the wars in Iraq and Afghanistan; in past years, these war costs have been approved as special emergency funding bills.'

Some Claim Bush Budget Numbers Are Unrealistic. The Wall Street Journal (2/3, A2, Solomon, 2.04M) reports that President Bush's budget "will be an early effort to cement his legacy in domestic policy. The key question: Can he convince members of Congress that they can extend his cherished tax cuts, all of which expire by 2010, and still balance the budget? Mr. Bush has pledged to show a path to erasing the existing $248 billion. … Those projections will assume that Mr. Bush's tax cuts, which are estimated to cost about $450 billion over the next five years, are made permanent But the White House is expected to leave out or underestimate other key costs, including an expensive fix to the alternative minimum tax and additional funding for the war in Iraq beyond 2009. It will also include strong revenue growth that some economists may see as unrealistic. As the Bush budget will show, the deficit numbers are notoriously dependent on such assumptions."

NYTimes Praises Democrats For Cutting Earmarks. The New York Times (2/3, A14, 1.16M) editorializes, "The Democratic-led House has made the most of a sorry budgetary business, stripping out billions of dollars in earmarked pork from a spending measure urgently needed to

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keep the government running this year. The $463.5 billion bill is an omnibus mop-up device necessitated by the fact that nine of 11 major spending bills were left unfinished last fall by the Republican leadership in its final weeks of power. The Democrats, who promised to cut out special-interest budget goodies, killed thousands of earmarks custom-designed by lawmakers. … The House measure now heads to the Senate as that rare piece of legislative sausage devoid of expensive, toothsome pork."

Bush Backs Three Percent Raise For Federal Employees. The Washington Post (2/3, D1, Barr, 690K) reports Clay Johnson, deputy director for management at the OMB said President Bush "will propose a 3 percent pay raise for federal employees and military personnel in his fiscal 2008 budget, a senior administration official said yesterday." Johnson "said the president's civil service pay advisers and Pentagon officials had acted independently in coming up with their pay recommendations. If accepted by Congress, the raises would take effect next January." House Majority Leader Steny Hoyer, "a longtime advocate for federal employees," said he "planned to study the budget proposal, particularly in the context of what he called 'an already significant pay gap between federal employees and their private-sector counterparts.'"

Bush Said To Have "Adopted" Democrats' Rhetoric On Domestic Issues. The Washington Post (2/3, A4, Fletcher, 690K), in an article titled, "Bush To Urge Democrats To Consider His Domestic Policy," reports that in "an attempt to sustain key elements of a domestic agenda pronounced dead on arrival by congressional critics, President Bush will challenge the newly empowered House Democrats to give his health-care and energy proposals serious consideration when he addresses them today during a retreat in Virginia. … On domestic matters…Bush has recently adopted the rhetoric -- but not the policy positions -- often associated with Democrats. He has invoked the menace of global climate change, lamented the nation's growing income inequality, and set ambitious goals to develop alternative fuels and cut gasoline consumption. He has also proposed a plan to make health insurance more affordable." According to the Post, Democrats "have greeted such offerings with suspicion. Leading House Democrats remain dismissive of Bush's health-care proposals, in particular." Joel Kaplan, Bush's deputy chief of staff "and a key figure in the development of the president's agenda, said the president's domestic plans confront 'real challenges faced by real people, and they provide real solutions.'"

Senators' Failure To Promptly Disclose Campaign Donations Draws Scrutiny. The Los Angeles Times (2/3, Morain, 850K) reports, "Unlike candidates for president and the House, political action committees and most state offices, senators refuse to transmit their campaign donation reports over the Internet. Thanks to a labyrinthine process that takes weeks or months, they are able to delay public access to their campaign donors' identities — sometimes until after the election. Now that seven senators are running for the White House and using money raised as senators to jump-start their campaigns, the practice is under renewed scrutiny. Senators have blocked repeated efforts, backed by 25 of their colleagues from both parties, to change the law. … Like all federal officeholders, senators were required to submit year-end campaign finance reports by Wednesday. Such reports are public documents. But that doesn't mean they are publicly available. Nor will they be any time soon."

CHC Chairman Baca Rebuts Sanchez's Allegations. The Politico (2/2, Hearn) reports, "Amid roiling turmoil in the Congressional Hispanic Caucus, chairman Joe Baca Friday refuted accusations that he had called Rep. Loretta Sanchez, a 'whore,' had mismanaged the group's political arm, thwarted the advancement of female lawmakers and was improperly elected chairman. In a lengthy statement, Baca said he was 'deeply troubled' by the allegations made by several of his colleagues in the 21-member caucus. … 'A months-old internal CHC discussion has been repackaged into accusations with sexual overtones through irresponsible reporting and inflammatory headline writing,' he said. He reiterated his statement, issued Wednesday, that the claims were 'categorically untrue.' Aides to Sanchez and Reps. Hilda L. Solis and Linda Sanchez, two California Democrats who have been very critical of Baca, could not be reached for comment." Baca "dismissed Loretta Sanchez's charge that he had referred to her as a 'whore' during a meeting with California state legislators, including Democratic Assembly Speaker Fabian Nunez. Specifically, Baca noted news reports that Nunez had said he has 'no recollection' of the remark."

LATimes Explores Animosity Between Baca And Sanchez. The Los Angeles Times (2/3, 850K), in an editorial, notes "the bad feelings stretch back a year, when caucus PAC money was being used to boost the political fortunes of Baca's sons, Joe Jr. and Jeremy. Jeremy needed the money to help his family keep the state Assembly seat being vacated by Joe Jr., who was trying to extend the Baca empire into the state Senate. Both Baca brothers lost, despite the infusion of PAC money, and it may be worth noting that their opponents were women: Gloria Negrete McLeod defeated Joe Jr., and his old seat went not to his brother but to Wilmer Amina Carter. Sanchez and four other Californians — including her sister, Rep. Linda T. Sanchez

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(D-Lakewood) — and an Arizonan quit the PAC over the use of money for family members."

New Air Traffic Control System Could Cost As Much As $76 Billion. The Washington Post (2/3, D1, Wilber, 690K) reports, "Federal aviation officials expect on Monday to begin introducing a proposal to finance a new air-traffic control system that they say will be needed to keep pace with increasing air travel over the next two decades. Without a new system, officials say, passengers would face delays that would dwarf last year's snarls. 'In the long term, we could see real gridlock,' said Federal Aviation Administrator Marion C. Blakey. … A debate is unfolding over how to finance the next-generation network, which could cost $69 billion to $76 billion, according to the Congressional Research Service. The Federal Aviation Administration and other government agencies want the system completed by 2025. They have not said how much it would cost. The FAA would use its trust fund, which accumulates aviation-related taxes, to pay for the new system. The fund's balance has dropped to $1.8 billion, however, the lowest in a decade, officials said."

Football Fan Rice Picks Colts To Win Super Bowl. Secretary of State Condoleezza Rice appeared on ESPN (2/2) to talk about her love of football and Sunday's Super Bowl game. Asked about the significance of this being the first Super Bowl where both coaches will be black, Rice said, "I think it's terrific and as an African-American, I'm really, really proud." Asked for her prediction on the winner of the Chicago Bears-Indianapolis Colts matchup, Rice said, "I have to like the Colts, because I think that offensively, they are a better football team. I also think that they've been playing very well defensively."

Super Bowl Security Efforts Previewed. The CBS Evening News (2/2, story 7, 2:50, Couric, 7.66M) ran a detailed report on security planning for the big game, which has been designated a Level One National Security Event by the Department of Homeland Security, as it has been each year since the 9/11 attacks.

NYTimes Considers New NHTSA Crash Tests "Overdue." The New York Times (2/3, A14, 1.16M), in an editorial, writes that the National Highway Traffic Safety Administration "is exploring ways to strengthen its tests and its ratings system for the crashworthiness of motor vehicles. The effort is long overdue but still likely to fall short of what's needed. In far too many cases, the tests are weaker than they should be and fail to address current kinds of accidents, like what happens when one of today's larger vehicles collides with a smaller one."

OTHER NEWS:

Jobs Report "Just About Perfect," Bush Economic Adviser Says. The Wall Street Journal (2/3, A3, Conkey, 2.04M) reports the Labor Department said Friday that "nonfarm payrolls rose by 110,000 jobs last month following December's gain of 206,000 jobs. The smaller increase in January -- together with a rise in the unemployment rate to 4.6% from 4.5% in December and a tepid 0.2% gain in the typical employee's pay last month -- suggests the economy is slowing somewhat after a strong finish to 2006." The Financial Times (2/3, Callan, Mackenzie) says the "signs of cooling in the labour market are consistent with the Federal Reserve's view that inflation pressures are starting to moderate as the economy coasts towards a soft landing." Ed Lazear, an economic adviser to President Bush, said, "This jobs report is just about perfect. It suggests that the economy is balanced. It suggests we can sustain this into the future."

The Washington Post (2/3, D1, Henderson, 690K) also says the report "fits with widespread government and private forecasts that the economy will slow to a cooler but still-solid pace of growth this year after expanding rapidly last year. That is expected to cause the drum-tight job market to ease and inflation pressures to ebb." The New York Times (2/3, C3, Peters, Porter, 1.16M) also has a report on the jobs numbers, and ABC World News (2/2, story 6, :10, Gibson, 8.78M) and NBC Nightly News (2/2, story 6, :10, Williams, 9.87M) briefly mentioned them as well.

Dow Down Slightly; S&P, Nasdaq Notch Up. The Wall Street Journal (2/3, B1, McKay, 2.04M) and the New York Times/AP (2/3, C7) report the Dow Jones Industrial average was down 20.19 points Friday to 12653.49. The S&P 500 was up 2.45 points to a six-year high of 1448.39, while the Nasdaq was up 7.50 points to 2475.88.

WSJournal Derides Economists Who Spoke Of "Jobless Recovery." The Wall Street Journal (2/3, A10, 2.04M), in an editorial, writes, "The good economic news keeps rolling in. Yesterday's new-jobs estimate for January, at 110,000, was below Wall Street expectations but it was accompanied by upward revisions of 81,000 jobs for the prior two months. Those revisions brought the 2006 monthly average up to 187,000 new jobs, or 2.2 million for the year. Readers will recall that the current expansion was derided right through 2004 as a 'jobless recovery.' We now know the economy has created 7.4 million new jobs since mid-2003, as revisions by the Bureau of Labor Statistics have added hundreds of thousands to its original monthly estimates. Thus the hand-wringers have had no choice but to move on, turning their laments to allegedly 'stagnant wages.' Well, that's now vanishing too."

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Leading Democratic Presidential Hopefuls Spar Over Iraq At Party Gathering. The Washington Post (2/3, A3, Balz, Kornblut, 690K) reports that "with Congress in their control and their eyes now on the White House, Democratic Party leaders took their first look at the party's field of presidential candidates yesterday at a forum in which the three front-runners presented their positions on Iraq and jockeyed over who can defeat the Republicans in 2008." Addressing the Democratic National Committee Winter Meeting, Sen. Hillary Clinton "presented herself as a tough, experienced pragmatist," while Sen. Barack Obama "offered himself as an inspirational critic of politics as usual," and John Edwards "made himself the keeper of the Democratic flame, delivering a call for Democrats to reclaim their heritage."

NBC Nightly News (2/2, story 7, 1:30, Williams, 9.87M) said "as expected, one topic dominated the red meat political speeches before the sympathetic crowd: the war in Iraq." The New York Times (2/3, A12, Nagourney, Healy, 1.16M) says the contenders, "to shouts and cheers from thousands of Democrats," condemned the war but differed "over how to end it -- and particularly whether Democrats should settle for a nonbinding resolution expressing the Senate's opposition to Mr. Bush's war policies." Clinton, "who voted for the war and has since turned against it," drew the "most attention. Talking over a handful of hecklers, she argued that a bipartisan resolution, supported by a large number of senators and soon to be debated on the Senate floor, was the most powerful way for Congress to begin the process of blocking Mr. Bush from moving ahead with his plan to send 21,000 more troops to Iraq." But she "faced strong opposition from the left in the form of Mr. Edwards…who said that his former colleagues should not support the nonbinding resolution next week and should instead vote for measures to cut off funds for the war." On its Web site, The Hill (2/2, Youngman) reports Edwards "continued to move to the left of his leading presidential rivals" with his remarks.

ABC World News (2/2, story 7, 2:20, Tapper, 8.78M) reported, "To a room full of Democratic activists, fund-raisers and party leaders needed for any presidential campaign, the candidates made their distinct pitches." Obama: "The campaigns shouldn't be about making each other look bad. They should be about figuring out how we can all do some good for this precious country of ours." Tapper: "The war in Iraq was another way to draw distinctions." Obama: "I was opposed to this invasion, publicly, frequently, before it began." Clinton: "I want to be very clear about this: If I had been President in October of 2002, I would not have started this war." Tapper: "Many Democrats think politicians expressing disapproval of the war, which is Senate is likely to do next week, is not enough. They want it ended now." Edwards: "We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore. We have the power to stop the escalation of this war. We have to use this power. We have to be strong. We have to do what's right."

The Washington Times (2/3, Lambro, 88K) headlines its front-page story "Hillary Vows To End War," leading by reporting that Clinton said she "would end the Iraq war as president if the conflict was still raging when she took office." Clinton told the gathering, "If we in Congress don't end this war before January 2009, as president, I will." Newsday (2/3, Thrush) also runs that quote from Clinton.

The Los Angeles Times (2/3, Hamburger, Hook, 850K) reports on its front page that Democrats "have begun an increasingly harsh debate" over Iraq. The Times says that, "until recently, most Democratic presidential candidates, like the party generally, found success by bashing President Bush's Iraq strategy without offering comprehensive alternatives." But this week, Obama, "in a departure from his own past statements, introduced legislation that would begin a phased redeployment of troops by April and require that all combat troops leave Iraq by March 2008," which "set him at odds" with Clinton. The AP (2/2, Pickler) says Obama "reminded the party's rank-and-file -- twice -- that he was against the Iraq invasion from the beginning." The Financial Times (2/3, Luce) says Obama received a "rock star reception" at the meeting.

The Washington Post (2/3, A3, Milbank, 690K) writes that despite a seven-minute time limit on the speeches, Edwards spoke for 17 minutes and 40 seconds, Clinton for 16 minutes and 12 seconds, and Obama for 15 minutes and 30 seconds. Sen. Christopher Dodd and Rep. Dennis Kucinich also spoke Friday; Dodd took 20 minutes and 15 seconds for his speech, which Kucinich finished after 12 minutes and 38 seconds, "but this was probably because the audience treated his appearance as a chance to start conversations or to visit the restrooms."

DNC To Consider District Of Columbia House Seat Resolution. The Washington Post (2/3, B1, Sheridan, 690K) reports the DNC meeting will today consider a resolution backing a bill to give the District of Columbia a full seat in the House. The resolution is expected to pass.

Clinton Up By 20, McCain By Seven, In ARG New Hampshire Polls. The New Hampshire Union Leader (2/3, DiStaso) reports that a new American Research Group poll finds Sen. Hillary Clinton widening her lead in the New Hampshire Democratic primary field. Clinton stands at 39%, with Sen. Barack Obama at 19%, John Edwards 13%, and no other candidate above two percent, with 21% undecided. In December, Clinton led Obama by just six points, 27%-21%. On the GOP side, Sen. John McCain leads with 27%, with Rudy Giuliani and Mitt Romney tied at 20% each, Newt Gingrich 11%, and no other candidate

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above one percent, with 21% undecided. ARG surveyed 600 likely voters (+/- 4%) in each party primary January 31-February 1.

Clinton's "Flat Footedness" With Humor Seen As Gender Double-Standard. In her Los Angeles Times (2/3, 850K) column, Meghan Daum examines Sen. Hillary Clinton's campaign trail attempts at humor, saying it is likely her "flat footedness is a symptom of a double standard that rarely comes up in conversations about the challenges faced by powerful women. If there's anything that can hinder a woman's credibility faster than becoming visibly pregnant or getting caught watching Lifetime, it's revealing the ability to be genuinely funny. … Clinton, hyper-focused wonk that she is, has a personality that has long appeared to be the product of focus groups. … She has been so ravaged by the media, the public and, it would seem, her own perfectionism that she comes across less as a human being than as a historical figure whose legacy depends on keeping her humanity out of the equation. … But the fact that we're seeing a black candidate who seems infinitely more relaxed with himself than his female competitor speaks volumes about just how much we're likely to punish women who step outside the bounds of corporate-flavored gravitas."

Obama Addresses Internet-Mobilized Supporters. The Washington Post (2/3, A5, Goldfarb, 690K) reports, "At his first rally since announcing his presidential exploratory committee," Sen. Barack Obama "appealed yesterday for support from the young people who had mobilized for the event online. The gathering of several thousand students at George Mason University in Fairfax underscored the potential power of online communities in the 2008 campaign. Its genesis was a group created last summer on Facebook.com, a Web site frequented by college students who post profiles and assemble virtually."

Obama Said To Have "Bubble Around Him." The Politico (2/2, Allen) writes that while "Clinton's opening slogan was, 'Let the conversation begin,'" Obama "just wanted the conversation to end. … Obama, riding an astonishing wave of glowing publicity for a candidate 21 months from an election, already has a bubble around him that is tighter than the one that surrounded Texas Gov. George W. Bush, who spent long hours of the fledgling days of his candidacy in bull sessions with reporters."

Biden Appears On Sharpton's Radio Show. Under the headline "Joe Biden Courts Al Sharpton," The Politico (2/2, Ben Smith) runs a brief item on the Delaware senator's appearance on Sharpton's radio show. When Biden "paused for breath at the end of his appearance," Sharpton told him, "I thought you were drowning in giving me flattery."

Romney Slams Clinton For "Timidity" Toward Iran. The AP (2/2, Dominguez) reports Mitt Romney accused Sen. Hillary Clinton "of 'timidity' regarding the security threat posed by Iran." Addressing the Republican Study Committee, Romney "lashed out at Clinton for telling a pro-Israel dinner that a dialogue with countries hostile to Israel -- including Iran and Syria -- is needed to promote peace in the Middle East." Romney said, "At this point, we don't need a listening tour about Iran. Someone who wants to engage Iran displays a troubling timidity toward a terrible threat of a nuclear Iran." Clinton spokesman Mo Elleithee responded, "Sen. Clinton believes that no option should be taken off the table when it comes to preventing Iran from developing nuclear weapons. Given his record of flip flops, the only thing that's timid are Gov. Romney's convictions." On its Web site, The Hill (2/2, Kucinich) also reports on Romney's remarks.

The Politico (2/2, Martin) reports Romney also "explained his shift on social issues" during his speech, presenting himself "not as a convert but as a student who had received an education on key social issues." Afterward, Rep. Wally Herger "said he was satisfied with Romney's explanation. 'I felt very comfortable,' said Herger, who is so far uncommitted in the presidential contest but offered that he could 'absolutely' back Romney." But Rep. Darrell Issa said that while Romney "said what he needed to say to the conservative audience, his address was short on specifics. … Asked about Romney's accounting of how he had come to oppose abortion rights, Issa acknowledged that it was 'artful,' but probably not quite as clear-cut as Romney tried to make it."

WSJournal Says Hagel Should Have Courage To Run For President. The Wall Street Journal (2/3, A10, 2.04M) headlines an editorial "Hagel For President," but immediately says, "No, we don't mean this as an endorsement. The Journal doesn't endorse candidates, and on the big issues of the day we don't much agree with Chuck Hagel in any case. But with the Nebraska Republican loudly agitating for a rapid withdrawal from Iraq, we think it's time the Senator tested his ideas somewhere other than the Sunday talk shows." If Hagel "thinks his foreign-policy vision is superior to President Bush's or to Senator John McCain's, he should stop booing from the gallery and get into the fight for the Republican Presidential nomination. The primaries are only a year away, and the GOP field awaits a genuine antiwar candidate. It's one thing to win the Beltway media primary, another to prevail among actual voters, as Mr. Bush has done twice."

Two Arkansas Journalists Advise Huckabee To "Cool It." In a Wall Street Journal (2/3, A10, 2.04M) op-ed,

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Paul Greenberg and Kane Webb of the Arkansas Democrat-Gazette examine some of Mike Huckabee's clashes with the media during his time as governor of Arkansas, saying that "Huckabee, at times, can be the most elevating of speakers. … But, too many other times, Brother Huckabee just likes to wallow in the old invective, and the pettier his complaint, the longer he wallows." Huckabee "has a lot of potential as a presidential candidate, and a record of accomplishment here in Arkansas -- from getting health care to kids whose families couldn't afford it to fixing our interstate highways. He's been willing to take on the educational establishment in order to improve our schools, and early on he finally simplified this state's once byzantine requirements for something as basic as renewing your car tags." But his "campaign will be history soon…unless he learns to cool it. Which may not be possible for the Huck, given his showman's personality and rhetorical impulses."

At Least 19 Dead Following Florida Storms. The AP (2/2, Ellis) has an update on the situation in central Florida, where "powerful storms, including at least one tornado, smashed hundreds of homes…and killed 19 people or more." Gov. Charlie Crist has declared a state of emergency in four counties. ABC World News, the CBS Evening News, and NBC Nightly News all led with the disaster and had detailed coverage. CBS gave the story about nine minutes of coverage, NBC eight, and ABC five and one-half.

Beltway Gossip Columns Multiply. The New York Times (2/3, Leibovich, 1.16M), in a front-page article titled, "Titillating Or Not, Washington Gossip Blossoms," reports, "As the globe warms, Iraq burns and a presidential campaign heats up, Washington finds itself red-hot in gossip, or what passes for such here. … Ten publications carry a total of 14 columns focusing on political tidbits that appear regularly, up from three columns a decade ago. They include the Reliable Source and In the Loop columns, The Washington Post's entrenched offerings (the paper's Web site started a new enterprise, the Sleuth, last month); In the Know and Under the Dome, which dish in the tabloid The Hill; and Heard on the Hill, which appears in Roll Call. The Examiner offers Yeas and Nays, while the latest entry, The Politico, nourishes its politerati with Shenanigans and the Crypt."

US Preeminence In Stem Cell Research Said To Be Vulnerable. In an op-ed for the Washington Post (2/3, A15, 690K) Joseph Fuller, founder of the Monitor Group, and Brock Reeve, executive director of the Harvard Stem Cell Institute, write, "Many Americans assume that once the current restrictions on federal funding of embryonic stem cell research have been lifted, America will surge to the forefront. … But closer examination suggests that such confidence might be misplaced. If one analyzes the state of the industry along some of the same critical dimensions that contributed to our come-from-behind win in biotechnology, unnerving patterns emerge. … In short, the stem cell sector is at risk of experiencing a failure to launch at the national level."

Noonan Notes Reagan's 1976 Fight Against GOP Establishment. In a column for the Wall Street Journal (2/3, P18, 2.04M) Peggy Noonan writes, "Next Tuesday would have been Ronald Reagan's 96th birthday, which is amazing when you consider he is, in a way, more with us than ever: his memory and meaning summoned in political conversation, his name evoked by candidates. … Lately we are hearing of President Reagan's famous 11th commandment: 'Speak no ill of a fellow Republican.' It's a good rule for both parties, but it's good also to remember how he approached it in practice. Ronald Reagan turned his own party upside down, enraged its establishment, and threatened its immediate future when, in 1976, he mounted a fierce challenge to an incumbent Republican president."

Texans Richards, Connally, Ivins Remembered. In an op-ed for the New York Times (2/3, A15, 1.16M) Mimi Swartz, executive editor of Texas Monthly magazine, writes, "Last September, we lost both a former governor, Ann Richards, and a former state first lady, Nellie Connally. When the columnist Molly Ivins died on Wednesday, it seemed that a certain kind of Texas woman might be gone forever."

Russia Challenges US On Engagement With Hamas, Syria. Under the headline, "Russia Clashes With U.S. On Mideast Policy," the Washington Post (2/3, A10, Kessler, 690K) says Russian Foreign Minister Sergei Lavrov "urged ending the isolation of the anti-Israeli militant group Hamas and including Syria in Middle East peace talks, exposing fissures in a high-level diplomatic group that [Secretary Rice] gathered yesterday in Washington to validate her new effort to end the Israeli-Palestinian conflict." Lavrov's "proposals run directly counter to Rice's strategy of rallying what she calls 'mainstream' Arabs to isolate what she calls 'extremist' elements in the region." Administration "officials were miffed at Lavrov's intervention, which overshadowed the group's endorsement of Rice's plans to bring together [Palestinian President Mahmoud] Abbas and Israeli Prime Minister Ehud Olmert and push them to accelerate a long-dormant peace plan." An anonymous administration source "said the Russians did not suggest any of the ideas in preliminary meetings nor in yesterday's gathering of foreign ministers."

The Los Angeles Times (2/3, Richter, 850K) adds the Quartet "blessed the latest American effort to restart the Middle East peace process, but not before signaling that divisions remained among its members." In "private talks,

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European officials signaled that they wanted to move faster than the Americans toward a deal to create a Palestinian state, diplomats said. And the Russian delegation urged the group to lift its economic boycott of the Palestinian government, saying the measure punished ordinary Palestinians without forcing Hamas to reform."

The AP (2/3, Gearan) uses similar language to describe the discussion, saying Washington and Moscow "clashed" over Lavrov's plan. Rice "expressed little enthusiasm for" engaging Syria. The AP says Washington has "expressed reluctance to reach out to Syria and Iran in a regional effort to reduce violence in Iraq, arguing that both countries' actions show they have little interest in stabilizing the area." For its part, the Quartet "reiterated the conditions they set for the Hamas-led Palestinian government to receive vital overseas financial aid and international political recognition." Assistant Secretary McCormack "said the internal divisions are issues for the Palestinians alone to resolve."

In somewhat more positive tones, the New York Times (2/3, Shanker, 1.16M) notes the Quartet "gave broad endorsement on Friday to American designs for three-way talks led by [Rice] and involving Israeli and Palestinian leaders. But discord immediately surfaced with Russian comments that Syria, too, could play a constructive role." AFP (2/3, Millikin) reports, "Major powers endorsed a US plan to accelerate efforts to achieve an Arab-Iraeli peace deal and establish a Palestinian state." However, that deal "initiative was marred by renewed Palestinian factional violence, a rift with Russia over whether to bring Syria into the process and a weary skepticism that Israeli and Palestinian leaders are strong enough to lead their people to peace."

The Washington Times (2/3, Kralev, 88K) adds Moscow "urged the United States and Europe yesterday to end a boycott of the Palestinians' Hamas-led government, exposing divisions in the group of international mediators known as the Quartet as it met in Washington in an effort to restart Middle East peace talks." The group "expressed support for Washington's initiative to begin talks between Israel and Palestinian Authority President Mahmoud Abbas, who also leads Fatah." Lavrov "said the U.S. and EU policy of boycotting Hamas is not working."

Gaza Deaths Leaves Truce "In Ashes." The Washington Post (2/3, A10, Wilson, 690K) reports, "At least 18 Palestinians, including two children, were killed in heavy factional fighting across the northern Gaza Strip on Friday, leaving a truce reached this week in ashes." At least 24 people have been killed and "more than 220 people" injured in two days of fighting, "described by witnesses in Gaza as some of the most sustained since Hamas took day-to-day control of the Palestinian government 10 months ago." The Post adds, "The fighting … appears increasingly resistant to efforts by party leaders to stop it."

The Los Angeles Times (2/3, Ellingwood, Alouf, 850K) adds, "As gunmen battled in the streets, Egyptian officials sought to broker a fresh truce between" Hamas and Fatah. "By day's end, the two sides had announced a tentative agreement to restore the cease-fire reached Tuesday, but it seemed at best a fragile deal as heavily armed men continued to stalk the streets."

Hughes Says US "Trying To Work Very Hard." Undersecretary of State for Public Diplomacy and Public Affairs Karen Hughes said on Fox News' On The Record (2/2, Van Susteren), "People don't recognize that we are trying to work very hard to create a situation where there are two states, Israel and Palestine, living side by side in peace and security."

Bloomberg Visits Israeli Town Frequented By Rocket Attacks. The New York Times (2/3, B3, Cardwell, 1.16M) notes New York Mayor Michael Bloomberg "touched down by helicopter on a bare patch of dirt [in Sderot] on Friday, bringing his message against terror to a town shaken by persistent attacks from Palestinian militants firing rockets over the border from Gaza." Bloomberg "said that the country needed to work with its Arab neighbors, but added that if groups did not renounce terrorism, abide by their accords and recognize Israel's right to exist, 'I personally think Israel shouldn't talk to them.'" The Times adds, "In a tour that lasted just under an hour, Mr. Bloomberg made the traditional stops for a visitor here, including one to examine a pile of spent and rusty rocket shells at the police station."

US Files WTO Case Against China. The Washington Post (2/3, D3, Crutsinger, 690K) reports the Administration, "under pressure from the Democratic-controlled Congress to do something about America's soaring trade deficit, filed a trade case yesterday against China in a dispute involving government subsidies." The WTO complaint "alleges that China is using government support and tax policies to bolster local companies in competition against U.S. and other foreign firms." The Post notes the "action will trigger a 60-day consultation during which trade negotiators will try to resolve the dispute. If that fails, a WTO hearing panel will be convened to handle it." Also, "a victory by the administration would clear the way for the United States to impose economic sanctions against China if it refuses to change its subsidy program." US Trade Representative Susan Schwab is quoted saying, "We are seeking to level the playing field to allow U.S. manufacturers to compete fairly with Chinese firms."

The Financial Times (2/3, Callan, McGregor) notes the Administration "launched a major trade dispute with China over alleged subsidies for manufacturing exports in an escalation of economic tensions with Beijing." This "escalation…follows pressure from the new Democratic majority in Congress and for tougher action over a record

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annual trade deficit with China of $214bn." The filing of the suit "is viewed by White House advisers as necessary to advance their economic agenda during President George W. Bush's last two years in office."

The New York Times (2/3, C3, Weisman, 1.16M) pairs the complaint filing with the resignation of Treasury Undersecretary Timothy Adams, titling its coverage, "U.S. Trade Effort On China Suffers 2 More Setbacks." Administration "efforts to ease economic strains with China suffered two setbacks Friday with the resignation of a top official in charge of the China dialogue and an announcement that talks on a critical trade dispute had failed to resolve differences." The Times calls the WTO suit "a major escalation in American pressure," and says Adams' move "was the second departure in five months of the person at Treasury in charge of the overall dialogue with China."

G-7 Could Consider Chinese, Japanese Currencies At Meeting. Under the headline, "G-7 May Cast A Wary Eye On Valuations Of The Yuan, Yen," the Wall Street Journal (2/3, A2, Perry, 2.04M) reports, "When finance ministers from the Group of Seven leading industrial nations meet in Germany next weekend, look out for a tussle over two Asian currencies." The Administration "will continue to focus on China's weak yuan at the talks, … but European policy makers have said they will push for a discussion about Japan's currency to be included in the talks, as well." The Journal says Tokyo "is expected to fight back, and this time will find the U.S. on its side," because "Treasury Secretary Henry Paulson said last week that the yen's value now accurately reflects Japan's economic situation."

WPost Backs Trade Promotion Authority Extension. In an editorial today, the Washington Post (2/3, A14, 690K) credits "burgeoning American exports" for "the strong growth in the U.S. economy," and notes export growth is now triple import growth. The Post backs President Bush's "request to renew his trade promotion authority," saying that "important bilateral trade pacts" and the WTO Doha Round "probably won't be finished by midyear, so the extra time will be needed." Bush's farm bill, which "would reduce U.S. agricultural subsidies by $18 billion in the next five years," is "an important step" towards successfully completing the Doha Round, and key Democrats including Congressman Charles Rangel and Senator Max Baucus "appear to recognize the harm that would be caused if Congress torpedoed" it. "They have signaled a willingness to talk with the administration about the renewal of trade promotion authority," and, "with flexibility on both sides, a deal should be possible."

Top Chinese Official Warns Against Independent Legal System. The New York Times (2/3, A5, Kahn, 1.16M) reports comments by Chinese Politburo member Luo Gan that "'enemy forces' are seeking to use China's legal system to Westernize and divide the country, and the Communist Party must fend them off by maintaining its dominance over lawyers, judges and prosecutors." The Times calls Luo "China's top law and order official," and says he noted "that judicial officials had the responsibility to 'prevent infiltration that might threaten national security.'" Luo also "said that China is now part of the global community and that it must consider 'international factors' when making judicial decisions. But he drew a sharp line between such interests and allowing greater leeway for lawyers, judges and prosecutors to make decisions independently as they do in the West." The Times says Luo's remarks "appeared to amplify President Hu Jintao's past calls to guard against a Western-inspired 'color revolution' of the kind that brought political change in Central Asia, Central Europe and Lebanon."

Hu's Commitment To Free Press Questioned. The New York Times (2/3, A5, Kahn, 1.16M) also reports today on criticisms of the openness of the Chinese press. Reporters Without Borders "accused" Hu "of seeking to bring the media to heel and instigating an expanding crackdown on the press despite China's pledge to enhance media freedoms before the 2008 Olympics, which are to be held in Beijing. That group's report is quoted saying, ""The press is being forced into self-censorship, the Internet is filtered, and the foreign media very closely watched. Faced with burgeoning social unrest and journalists who are becoming much less compliant, the authorities, directed by President Hu Jintao, have been bringing the media to heel in the name of a 'harmonious society.'"

China's Hu Said To Engage Khartoum On Darfur. The Financial Times (2/3, England) notes Chinese President Hu Jintao "embarked on the most contentious leg of his African tour, visiting Sudan for the first time to buttress bilateral trade with a government accused of multiple human rights abuses in its western Darfur region." Hu "urged Khartoum, behind closed doors, to solve the crisis and pursue dialogue with rebel groups. But no public statement was made on the issue," and Chinese Ambassador Zhang Dong said "that China 'never interferes in Sudan's internal affairs.'" Beijing "insists it has played a positive role in tackling the Darfur crisis, but critics regard its relations with Sudan as an example of what they see as China's questionable role in Africa."

Under the headline, "Chinese President Pushes Sudan On Darfur," the AP (2/2, De Montesquiou) says Hu "told Sudan's leader on Friday he must give the United Nations a bigger role in trying to resolve the conflict in Darfur… In what appeared to be China's bluntest message to Sudan on the Darfur crisis, Hu urged President Omar al-Bashir in a face-to-face meeting to boost the U.N.'s 'constructive role in realizing peace in Darfur' along with the African Union." The AP adds

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that Beijing "usually refuses to mix human rights issues with diplomacy, but Hu has come under international pressure to use his clout with Sudan to push it to accept U.N. peacekeepers in Darfur." AFP (2/2, Saeed) notes Hu "has offered Sudan assistance for the peaceful resolution of the Darfur conflict but ignored Western pressure to make future aid conditional on the progress made." Beijing's "mild words on Darfur seem to underscore the Asian giant's no-strings-attached stance on doing business in Sudan."

Two Americans Arrested Near Somali-Kenyan Border. The Los Angeles Times/AP (2/3) carries comments by a Kenyan police official that "two Americans were among at least 10 foreigners detained by Kenyan police at the Somali border after allegedly fighting on the side of Somalia's ousted Islamist movement." That source told that AP that "one of the Americans is wanted in the U.S. on suspicion of links to radical movements." The police force "said it seized the foreigners after they fled from Ethiopian troops who had helped oust the Islamists. It was preparing to deport them to their home countries."

Morocco Said To Stifle Free And Open Media. In an op-ed in today's New York Times (2/3, A15, 1.16M), novelist Laila Lalami discusses freedom of expression in Morocco. "In the United States, Morocco is often seen as a liberal country and a bulwark against Islamic extremism," and recent reforms "are steps in the right direction. But while the court cases against independent news magazines like Nichane, Le Journal Hebdomadaire and several others are within the bounds of Moroccan law, they appear to single out the independent press, to the exclusion of more partisan publications." The Administration "has time and again referred to Morocco as a moderate Arab state that deserves to receive millions of dollars of taxpayers' money to encourage democratic reforms. American officials point to" some successes, "but they turn a blind eye to problems of press freedom." Lalami concludes, "Without freedom of expression, Morocco's reforms are merely a varnish. Underneath it lies the same old country."

Blair Vows Not To Resign During Honors Investigation. The Washington Post (2/3, A12, Jordan, 690K) reports British Prime Minister Tony Blair "said Friday he will not resign because of a growing scandal concerning his party's financing and added that 'I am not going to beg for my character in front of anyone.'" The Post says "calls for his resignation have intensified," noting that "many" Britons "want him to leave now, as members of his own party publicly admit the damage this scandal is doing to" them. In addition, "there has been noticeable tension between police and the prime minister's office as the case has dragged on," and that Post notes that "no one has been charged with a crime. All four of those arrested have denied wrongdoing."

Serbia Pans Draft Plan For Kosovo. The New York Times (2/3, Smith, 1.16M) notes Belgrade "rejected a United Nations proposal on Friday that paves the way for an independent Kosovo, setting up a possible showdown between its supporter, Russia, and the West over the disputed territory's final status." That "response came almost immediately" after UN envoy Martti Ahtisaari "resented the complex plan to politicians" in Belgrade and Pristina. Detractors included President Boris Tadic and Prime Minister Vojislav Kostunica. "The proposal, which is still subject to weeks of negotiation between the two sides, will require Russian acquiescence in order to win Security Council approval." Ahtisaari's plan "shifts the onus to Russia and, to a lesser extent, China, both of which have supported Serbia's territorial claims — in part, over concerns about ethnically motivated secessionist movements in their own countries." The Times explains, "While the plan does not mention independence, its provisions describe de facto statehood for Kosovo — providing for an army, constitution and flag — though it would still be protected by NATO and overseen by the international community for the indefinite future. The plan would also allow Kosovo to declare independence if the package is approved by the Security Council."

The AP (2/3, Kraja) adds, "Kosovo took its first tentative steps on the road to becoming what would look very much like a sovereign nation Friday after [Ahtisaari] unveiled a blueprint for the future of the tense, ethnically divided Balkan province." His "58-page roadmap spelled out conditions for internationally supervised self-rule — complete with the trappings of nationhood, including a flag, anthem, army and constitution and the right to apply for membership in international organizations."

The Los Angeles Times (2/3, Farley, 850K) titles its coverage, "U.N. Kosovo Proposal Tries To Appease All Sides." Ahtisaari "unveiled a blueprint for Kosovo's future Friday that gives the province de facto independence without formal sovereignty, a compromise between the Serbian government's demand for control and the majority Albanians' wish for nationhood."

Under the headline, "Debt Is Key To Kosovo's Status," the Financial Times (2/3, MacDonald) portrays the report as saying that "the future status of Kosovo must open the way for international financing to repair its fragile economy." Kosovo "would be able to join institutions such as the International Monetary Fund, opening the way for credit and possibly foreign investment." Nearly one "quarter of the document deals with unresolved economic questions – including what to do about debt inherited from the former Yugoslavia, amounting to nearly €1bn ($1.3bn, £660m). The European Union wants to see the debt question cleared up

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before taking charge of a new supervisory mission to monitor the local authorities after the close-down of the UN Interim Mission in Kosovo."

Bay Of Pigs Veterans Eye Return To Post-Castro Cuba. In a front-page feature entitled, "Bay of Pigs Vets Fight to Outlast An Ailing Castro," the Wall Street Journal (2/3, A1, Lagnado, 2.04M) notes the Brigadistas "have long lived with the hope of resuming their lives in a free Cuba. But today, many surviving members are just hoping to be buried there. The 80-year-old Mr. Castro's illness has given them a new lease on life."

Castro Said To Manipulate Enemies Even In Sickness. In an op-ed in today's Los Angeles Times (2/3, 850K), editorial page assistant editor Tim Cavanaugh discusses recent rumors of a decline in Cuban President Fidel Castro's health. "Inevitably, Castro got the last laugh. Late Tuesday, Cuban state television released footage of the president-for-life looking slightly stronger than he had during his last appearance." The rumor "was not motivated by any actual news, and this is not unusual. So flammable is the Duraflame of the Castro deathwatch that it can ignite spontaneously, at any time." Castro "and his watchers bring generations of built-up agon and emotional commitment. The dictator's death will almost certainly occasion a mass public outpouring in Miami," and Castro "will retain, probably until his last breath, a genius for working the media and humiliating his enemies. This week's uptick in the deathwatch leaves just one question: Did Fidel, maybe, plan it this way?"

Cubana Airlines Bomber Said To Seek Quiet Life In Caracas. This week's New York Times (2/3, A4, Romero, 1.16M) "Saturday Profile" details the life of Freddy Lugo, who was imprisoned for the destruction of a Cubana Airlines flight over Barbados in 1976. He "has tried to put the past behind him. … But the past has a way of catching up with him. There is the occasional journalist to contend with, and glimmers of recognition from among the many Cubans who live" in Caracas. "As many Americans would recognize Mohamed Atta if he were alive and walking the streets of New York, to Venezuelans, Mr. Lugo's face is haunting."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Iraq Plans Divide 2008 Democratic Hopefuls."
"Grand Avenue Project Needs Help."
"Separation Of Church And Football."
"EBay Bans Auctions Of Virtual Items."

New York Times:
"Science Panel Says Global Warming Is 'Unequivocal.'"
"Push To Resolve Fading Killings Of Rights Era."
"Among Hispanics, N.F.L. Mania Hits Cultural Wall."
"Silicon Valley's High-Tech Hunt For Colleague."
"Titillating Or Not, Washington Gossip Blossoms."
"Analysis Is Bleak On Iraq's Future."
"Number Of People Stopped By Police Soars In New York."

Washington Post:
"Bush To Request Billions For Wars."
"Bleak Iraq Report Is Sent To Congress."
"U.N. Climate Panel Says Warming Is Man-Made."
"Missing Md. Teens' Car Found With 2 Bodies."
"In Va. House, 'Profound Regret' On Slavery."
"Brazilians' Arrest Focuses Scrutiny On Evangelical Groups."

Washington Times:
"Hillary Vows To End War."
"Warner To Help Block His Own Resolution On Iraq."
"Dungy And Smith Ready To Make History."
"Anti-Super Bowl Gatherings Give Women The Big Night Off."
"Vaccine Center Issues Warning."
"Beloved Panda Tai Shan Stays, At Least For Now."

Detroit Free Press:
"Pointes Warned Of Mother's Drug Den."
"Court Rejects Same-Sex Benefits."
"Crowning Moment?"
"Sluggish Pistons Wake Up In Time."
"GM: 100,000-Mile Used Car Warranties."
"Panel Calls For Major Tax Hike."
"Auto Dealer Glut Hurts U.S. Makes."
"Lodge Traffic Disruptions Begin."

Atlanta Journal-Constitution:
"Stray Bullet Kills Newton Co. Mom."
"Tapes Convinced Coke Jury."
"Search For Bodies In Fla. Storms."
"Horses Moved From Farm."
"City Takes Steps For Pedestrians."
"Blue Laws Don't Cover All Bases."
"Spy Agencies Pessimistic On Iraq."

Dallas Morning News:
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"Palestinian Family Gets New Chance At Asylum."
"Perry Orders HPV Vaccine."
"It's Time Irvin Got The Canton Call."
"Principal Resigns In DISD Inquiry."
"Church Of Convicted Pastor Owes Thousands In Tax Bills."
"Texans Still Paying Fee For Shuttered Grant Program."

Houston Chronicle:
"Perry's Vaccine Move Draws Financial, Sexual Concerns."
"Mexicans Abroad Send Home Record $25 Billion."
"New Chief At Bp's Texas City Plant Pushing Safety."

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"Bush Will Seek $245 Billion In Defense Spending."
"Proposal Would Allow Houston To Sue Polluters."
"Texas' Future May Hold Heat, Drought, Dry Rivers."
"Regents Repay TSU For Children's Scholarships."
"Houston Ministry Aids Homeless."
"'Soul Bowl' T-Shirts Reflect Historic Super Bowl."

Story Lineup From Last Night's Network News:

ABC: Florida Tornado; Florida Tornado Details; Global Warming Report; Response To Global Warming; Iraq NIE; Economic Report; HPV Vaccine; Veteran Welcomes Troops Home.

CBS: Florida Tornado; Tornado Damage; Volusia County Damage; Florida Governor's Response; Florida Weather Analysis; Iraq NIE; Homeland Security-Super Bowl; Super Bowl Turf.

NBC: Florida Tornado; Tornado Damage; Tornado Victim; Global Warming Report; HPV Vaccine; Economic Report; Democratic National Committee Meeting; Iraq NIE; Former Tennis Star; Alternative Programming On Super Bowl Sunday.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — 8:45 a.m. Departs The White House via Marine One. South Lawn. 10:10 a.m. Makes remarks to the House Democratic Caucus Issues Conference. Kingsmill Resort & Spa, Williamsburg, Va. 11:40 a.m. Makes a statement with House Democratic leadership. Kingsmill Resort & Spa, Williamsburg, Va. 1:15 p.m. Arrives The White House via Marine One. South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: DEMOCRATIC MEETING _ Winter meeting of the Democratic National Committee. Highlights:
9 a.m. General Session, with speakers in order of appearance: Governor Kathleen Sebelius of Kansas, Chair of the Democratic Governor's Association; Senator Joseph Biden; New Mexico Governor Bill Richardson; Senator Mike Gravel; and Governor Tom Vilsack. 2 p.m. Association of State Democratic Chairs. Speakers in order of appearance: Governor Howard Dean; Governor Kathleen Sebelius of Kansas, Chair of the Democratic Governor's Association. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW Contacts: Stacie Paxton, 202-863-8148

SHERIFF'S ASSOCIATION _ The National Sheriff's Association holds its 2007 Winter Conference. Location: JW Marriott, 1331 Pennsylvania Ave, NW Contacts: n/a, 202-836-7827

ISLAMIC LAW _ The Washington College of Law holds a conference, "Islamic Law in the West: Theory, Doctrine and Practice." Location: Room 603, 4801 Massachusetts Ave. NW. Contacts: n/a, 202-274-4279

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 3, 2007 7:45 AM EST

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TERRORISM NEWS:

Pentagon Official Who Criticized Detainee Lawyers Quits (WP)

The Washington Post, February 3, 2007

A senior Pentagon official resigned yesterday, the Defense Department announced, three weeks after criticizing lawyers who represent terrorism suspects.

Charles "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, called it "shocking" that major U.S. law firms represented Guantanamo Bay detainees free of charge and said they would likely suffer financially after their corporate clients learned of the work.

"I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Stimson said in a Jan. 11 interview on Federal News Radio.

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The legal community was outraged by his comments. Stimson also suggested that some lawyers were being untruthful about doing the work free of charge and instead were "receiving moneys from who-knows-where."

Stimson believed that the controversy "hampered his ability to be effective in this position," department spokesman Bryan Whitman said. He stressed that Defense Secretary Robert M. Gates did not ask him to resign.

Stimson had been in his post since January 2006. He publicly apologized several days after the radio interview, saying his comments did not reflect his values and that he firmly believes in the principles of the U.S. legal system.

Official Quits After Remark On Lawyers (NYT)

By Sarah Abruzzese

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The senior Pentagon official who set off a controversy last month with remarks suggesting that corporations should consider severing business ties with law firms that represent Guantánamo Bay detainees has resigned.

The official, Charles D. Stimson, deputy assistant secretary for detainee affairs, said that it was his decision to resign and that he was not asked to leave by Defense Secretary Robert M. Gates, said Bryan Whitman, a spokesman for the Pentagon.

"He determined that it was going to hamper his ability to be effective in this position," Mr. Whitman said.

Mr. Stimson's comments in an interview on Jan. 11 on Federal News Radio angered many lawyers and caused the Defense Department to distance itself publicly from his remarks.

In the interview, Mr. Stimson named more than 12 firms that are defending detainees.

"I think, quite honestly, when corporate C.E.O.'s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms," Mr. Stimson said.

Mr. Stimson, a former Navy defense lawyer, wrote an apology published in The Washington Post, saying the remarks did not reflect his "core beliefs."

On Jan. 24, the Bar Association of San Francisco requested that the State Bar of California investigate Mr. Stimson for possible violations of California ethics rules, the San Francisco group's Web site says.

The president of the American Bar Association, Karen J. Mathis, said that she could not comment on the resignation, but that by reacting to his comments "the American public reaffirmed its commitment to a core principle of our justice system: that every accused person deserves adequate legal representation."

Mr. Whitman said Mr. Stimson did a lot for the department "with respect to setting policy standards, increasing transparency and working with international organizations and allies, with respect to the nature of our detention operations."

Guantanamo Remarks Cost Policy Chief His Job (CNN)

CNN.com, February 2, 2007

WASHINGTON (CNN) -- The Pentagon's man in charge of handling the department's policy on detainees from the war on terrorism has resigned, Defense Department officials said Friday.

Charles "Cully" Stimson resigned Thursday after making controversial remarks last month about law firms that represent terrorism suspects held by the U.S. military, Pentagon officials said.

Stimson, the deputy assistant secretary of defense for detainee affairs, submitted his resignation to Defense Secretary Robert Gates, who accepted it, the officials said.

Pentagon spokesman Bryan Whitman said Stimson resigned because "the controversy surrounding him ... was hampering his ability to be effective in his current position."

Last month during a radio interview, Stimson said major U.S. corporations should not do business with top law firms that are defending terrorist suspects held in the U.S. detention facility at Guantanamo Bay, Cuba.

During the interview, he also listed more than a dozen law firms that he thought should be boycotted.

"When corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Stimson said on a Washington radio station, Federal News Radio, on January 11.

The legal community denounced Stimson's comments.

Defense Department officials immediately distanced themselves from Stimson, saying his comments did not reflect those of the Bush administration.

In a letter to the editor published in the Washington Post a week later, he said, "I zealously represented unpopular clients. ... I believe that our justice system requires vigorous representation. ... I apologize for what I said, those comments do not reflect my core beliefs."

Stimson, a former prosecutor and defense attorney, took the job in January 2006 and had been responsible for strengthening the department's relationships with nongovernmental organizations, especially with the International Committee of the Red Cross, Whitman said.

Guantanamo Remarks Lead To Resignation (LAT)

The Los Angeles Times, February 3, 2007

The Pentagon official who criticized law firms for defending detainees held at the U.S. military prison at Guantanamo Bay, Cuba, has resigned, a Defense Department spokesman said.

Charles Stimson, deputy assistant secretary for detainee affairs, last month called it "shocking" that major U.S. law firms represented Guantanamo detainees for free and said they would probably suffer financially after their corporate clients learned of the work.

The Pentagon disavowed his remarks and Stimson apologized, saying that he supported pro bono work and that the legal system worked best when both sides had representation.

High-profile Guantanamo Detainees Face New Charges (AP)

AP, February 2, 2007

SAN JUAN, Puerto Rico (AP) — The U.S. military prepared new charges Friday against three of the best-known detainees at Guantanamo Bay — a key step toward resuming the military tribunals for terrorism suspects that were halted by the U.S. Supreme Court last year.

Authorities drafted new charges — including murder, conspiracy and providing material support for terrorism — against Canadian Omar Khadr, Australian David Hicks and Salim Ahmed Hamdan of Yemen, said Air Force Col. Morris Davis, chief prosecutor in the Guantanamo war crimes trials.

Under military rules, the charges are not considered formally filed against the detainees until they are approved by a U.S. Department of Defense legal adviser and another official who oversees the tribunals.

That process is expected to take two weeks, Davis said. Court hearings are not expected to begin at Guantanamo until at least the spring.

Also Friday, a military defense lawyer whose paralegal reported overhearing guards at the U.S. Navy base in southeastern Cuba brag about beating detainees said she was accused by a military investigator of filing a false statement.

Army Col. Richard Basset, who was ordered by the U.S. Southern Command to investigate the allegations into guards' actions, told the paralegal, Marine Sgt. Heather Cerveny, that the guards denied her account of their September conversations in a Guantanamo bar, according to Marine Lt. Col. Colby Vokey.

The investigator accused Cerveny of having made a false statement, Vokey told The Associated Press in a telephone interview. He said Basset met with the Cerveny late last year at Camp Pendleton, Calif., where she is based.

The probe began after Vokey filed a complaint with the Pentagon's Inspector General's office in October and attached a sworn statement from Cerveny. Jose Ruiz, a spokesman for Southern Command the where Basset is based, declined to comment on contents of the investigation.

In an earlier attempt to try detainees, the military had charged 10 of them and begun pretrial hearings at Guantanamo. The tribunals were halted by a Supreme Court ruling that their rules violated U.S. and international law.

Congress passed a new law authorizing the military commissions and President Bush signed it into law in October. The military then drafted a new set of rules for military commissions that have drawn criticism because they permit coerced or hearsay evidence.

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The military has said it plans to charge 60 to 80 of the detainees at Guantanamo, where nearly 400 men are held on suspicion of links to al-Qaeda or the Taliban.

Davis said it made sense to start with Hicks, Khadr and Hamdan, a former driver for Osama bin Laden, because all were among those previously charged.

"Those three have been around for a while, and they were prepared and ready to go," he said.

Hicks, a former kangaroo skinner who converted to Islam in his native Australia, allegedly fought for the Taliban before he was captured in Afghanistan. Toronto-born Khadr, who is accused of killing an American soldier in Afghanistan, has allegedly acknowledged being trained by al-Qaeda. Hamdan has said he worked for bin Laden but denied any links to terrorism.

Australian Prime Minister John Howard on Saturday welcomed the U.S. announcement that fresh charges have been prepared against Hicks.

"I'm glad that the charges are being laid and that the deadline I set has been met," Howard told reporters, referring to his demand that Hicks be charged by mid-February. Howard has come under mounting political pressure to have Hicks tried or set free.

"Torture Victim" Seeks US Justice (BBC)

By Laurence Peter

BBC.com, February 2, 2007

A Lebanese-born German, who accuses the CIA of having kidnapped and tortured him, says he is determined to get an apology from the US authorities.

Khaled al-Masri alleges that he was seized in Macedonia, flown to a secret jail in Afghanistan and tortured there.

"I'll pursue the case until the Americans admit what they did to me, give an explanation and make an apology," he told the BBC News website.

Munich prosecutors have ordered the arrest of 13 suspected CIA agents.

Mr Masri says he was abducted at the end of 2003 and detained for five months before being released in Albania after the Americans realised they had got the wrong man.

'Traumatised'

Mr Masri says his case is an example of the US policy of "extraordinary rendition" - a practice whereby the US government flies foreign terror suspects to third countries without judicial process for interrogation or detention.

"I'm suffering from stress - this experience has left me traumatised," he said.

His German lawyer Manfred Gnjidic told the BBC News website that his client was feeling "isolated and depressed".

"His life isn't back to normal, he was tortured, nobody cared about him until now. The trauma is so deep in him, he needs a lot of help, not just in psychotherapy. Nobody was able to get him a simple job."

Mr Gnjidic says that he has evidence of how his client was maltreated: "We have some witnesses, we worked a lot to get one of them, from Algeria."

The arrest warrants for the 13 agents accused of involvement were issued last month. The information for them came from Mr Masri's lawyers and a journalist and officials in Spain, where the flight carrying Mr Masri is thought to have originated.

Mr Gnjidic described the CIA agents as "contractors" from a base in North Carolina.

German arrest warrants are not valid in the US, but if the suspects were to travel to the European Union they could be arrested.

Milan case

Mr Masri says he was abducted on 31 December 2003 by US agents in Skopje, capital of the Former Yugoslav Republic of Macedonia.

He is seeking to sue the US government over his detention, but in May a judge dismissed a lawsuit he filed against the CIA, citing national security considerations.

"The most important thing is that the European and German authorities are saying directly to the CIA agents that this is an illegal way to act," Mr Gnjidic said.

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"Now the German government should insist on getting the rehabilitation of Mr Masri by the American side."

Meanwhile in the Italian city of Milan, court hearings to decide whether to indict 25 alleged CIA agents and several Italians accused of kidnapping a Muslim cleric in 2003 are under way.

Osama Mustafa Hassan, or Abu Omar, says he was abducted from the streets of Milan and then tortured in Egypt.

HOMELAND RESPONSE:

Man Was Arming For 'war,' FBI Says (SLPD)

By Robert Patrick

St. Louis Post-Dispatch, February 3, 2007

A St. Charles man obtained fully automatic weapons and tried to buy as many explosives as possible in preparation for what an associate called "war," the FBI says in court documents.

He bought three rifles and a Claymore anti-personnel mine and negotiated for a case of hand grenades, documents obtained by the Post-Dispatch show.

Mousa M. Abuelawi, 22, of Franjoe Court, was arrested Dec. 29 and charged on complaints accusing him of three counts of illegal possession or distribution of a machine gun and conspiracy to violate machine gun statutes.

Abuelawi, a Palestinian immigrant free on $50,000 bond, could not be reached. His brother declined to comment on his behalf. His lawyers, Scott Rosenblum and Gil Sison, did not return calls.

The context of the word "war" was not explained in court filings; the FBI declined to comment.

The man to whom the word was attributed, Thaer Abde Sumad, said in an interview Thursday that the purchases were not intended for terrorism but to make money supplying street gangs in a St. Louis turf war.

Sumad, 23, is not charged, although he is identified in an FBI affidavit as being present for one of the transactions.

He told a reporter he had no role in handling the firearms or explosives. He said he was at a meeting between Abuelawi and a federal informer outside a St. Louis gas station where Sumad works only because he knows both and wanted to say hello.

Sumad suggested that he and Abuelawi attracted special attention because of the sound of their names and their Arab ethnicity.

Abuelawi's lawyers have said he is a Palestinian immigrant.

Sumad is of Palestinian descent but was born in Indiana and raised in St. Louis, he said.

The FBI thinks it's a "terrorist thing," Sumad said, "especially after 9/11. They're trying to make it bigger than what it is."

Sumad said Abuelawi was "trying to make a few extra bucks."

An affidavit filed with the court by FBI Special Agent Stephen M. Smith, based in part on video and audio recordings, described these circumstances:

The informer used a cell phone to call Abuelawi on Nov. 8 and said he had a fully automatic rifle and a bomb or grenade for sale. Abuelawi and Sumad met with the informer at the gas station where they worked, in the 5700 block of West Florissant Road.

Abuelawi said he hoped the informer had brought the weapons and could sell them right away. He also said he would buy "whatever" the informer had to sell.

Sumad "stated he wants to buy as many explosives as possible because, 'we're going to war,'" the affidavit says. However, Sumad said in Thursday's interview that he does not remember making reference to "war," but added that if he did say it, he intended it as a flippant reference to a gang war.

The affidavit goes on to say:

On Nov. 21, the informer delivered a fully automatic M-16 rifle and a Claymore mine, or so Abuelawi was told. They had been rigged not to work.

That night, Abuelawi took the M-16 inside another gas station where he also worked, in the 6000 block of West Florissant Road, then put it back in his car.

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The next day Abuelawi met a man who "appears to be Middle Eastern" at the station in the 5700 block and showed him the M-16 and the Claymore.

On Nov. 23, three St. Louis police officers entered the station and said they had a report of someone seen there with a gun. Sumad denied knowing anything about a firearm. Officers found the M-16, seized it and left.

On Nov. 29, the informer offered Abuelawi a chance to buy 30 hand grenades for $15,000, or $500 per grenade. Abuelawi haggled the price down to $400 per grenade and asked the informer to get him more M-16s and some AK-47 assault rifles.

Abuelawi wanted four grenades immediately but the informer had only pictures.

Abuelawi told the informer, "this is not my first time dealing with this (expletive)," according to the affidavit.

The informer and Abuelawi met again Dec. 5. Abuelawi was nervous and said "he and his people" didn't want the hand grenades at the time because he thought the police were in the cemetery across the street.

In fact, they were.

The affidavit quotes Abuelawi as saying "if me and my people get caught with that (expletive) it is all over." It says, "He expressed that, if caught, he and others could be deported."

But Abuelawi still said he wanted any guns the informer could get, "big or small."

On Dec. 27, the informer sold Abuelawi an M-16 and a Heckler & Koch MP-5 fully automatic submachine gun, for $600.

Abuelawi and an unidentified man took the guns to a house in the 9700 block of Medford Drive in St. Louis County and asked the occupants to store them.

Investigators searched the house the next day and seized both guns.

No one answered when a reporter and photographer went to the house Thursday.

In contrast to the affidavit, Sumad said that when police asked him whether there was a gun at the gas station, he had said, "I don't think so."

Sumad said he had been off when Abuelawi dropped the gun off at the station. Another employee told Sumad about the gun, brought it out from a storage room, pulled it out of its case and waved it around, Sumad said.

Sumad said that after the police seized the gun, FBI agents came to interview him.

During 3½ hours in the store's back room, they asked him for personal information and asked what he knew about the M-16, he said. Sumad said he lied and told agents he didn't know anything about the gun. He said he didn't want them to associate him with Abuelawi or the weapon.

Sumad said the FBI asked him about overseas money transfers, whether he was a member of the factions Hamas or Fatah, and what he thought of President George W. Bush and the war in Iraq. Sumad said he dismissed the factions with an expletive, and said that because Bush got what he wanted by ridding Iraq of dictator Saddam Hussein, the troops should leave.

Abuelawi is single and has no children and no assets, court documents state. He was fired by the gas station, co-workers said.

Jeff Fulton, assistant special agent in charge of the St. Louis office of the Bureau of Alcohol, Tobacco, Firearms and Explosives, said devices such as grenades and mines are "not a common product" for gangs. "But it's not unheard of," he said.

Abuelawi was arrested Dec. 29. He has appeared in federal court in St. Louis multiple times, including a status conference on Monday. At that hearing, U.S. Magistrate Judge Audrey Fleissig told Assistant U.S. Attorney Matt Drake that prosecutors had 30 days to obtain a grand jury indictment against Abuelawi or she would dismiss the charges.

Drake did not return a message seeking comment. Roland Corvington, special agent in charge of FBI's St. Louis office, said he could not comment because it is an ongoing investigation.

Cost Of House-Passed Terror Bill Touches Off A Partisan Clash (NYT)

By Eric Lipton

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The antiterrorism bill that the House passed last month as part of the new Democratic majority's first-100-hours push would cost the federal government $21 billion over the next five years, according to a new Congressional estimate.

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The five-year estimate, issued Friday by the nonpartisan Congressional Budget Office, is equal to roughly half the Homeland Security Department's entire budget for the current fiscal year, and Republicans called it proof that adopting the bill so quickly had been irresponsible.

"This bill was rushed to the floor without the Democratic leadership giving us any indication of its massive cost," said Representative Peter T. King of New York, the senior Republican on the House Homeland Security Committee. "And now we know why."

The committee chairman, Representative Bennie Thompson of Mississippi, who was the chief sponsor of the legislation, defended the price tag. "Perhaps there would not be such sticker shock if the Congress and the Bush administration had addressed these security gaps identified by the bipartisan 9/11 commission over three years ago," Mr. Thompson said in a statement.

The Senate has not yet taken up its own version of the measure, but some Democrats there have already expressed reservations about tight and costly cargo inspections required by the House bill.

Most of the new spending — $13.1 billion, by the budget office's reckoning — would be for aviation security measures, including the inspection of all cargo loaded onto passenger jets.

A similar mandate requiring the overseas inspection of all ship containers headed to the United States would cost the federal government only $32 million a year, assuming, as the bill envisions, that foreign ports picked up the cost of the screening devices, at a cost of $1.5 billion over three years.

House Security Bill Tagged At $21 Billion (WT)

By Jerry Seper, Stephen Dinan

The Washington Times, February 3, 2007

Enacting the homeland security improvements recommended by the 9/11 commission will cost at least $21 billion over the next five years, according to a report yesterday by the Congressional Budget Office.

The CBO said a bill to carry out the recommendations, which passed the House last month, would also raise airline passenger fees by nearly $1.3 billion between 2008 and 2011, with the money going to the Transportation Security Administration (TSA) to improve security at the nation's airports.

House Democrats proposed the bill as part of their "100 hours" agenda. It would:

• Require the federal government to screen the contents of all cargo transported aboard passenger aircraft.

• Prohibit cargo shipping containers from entering the United States unless they have been sealed and scanned with imaging and radiation-detection equipment.

• Authorize grants to improve communications systems among first responders.

• Authorize appropriations for international broadcasting activities and assistance to Arab and predominantly Muslim countries, including Afghanistan and Pakistan.

• Aim to stem the proliferation of weapons of mass destruction by creating a White House office to coordinate a strategy for preventing WMD proliferation and an advisory commission to survey current nonproliferation efforts and recommend improvements.

The report was delivered to Rep. Bennie Thompson, Mississippi Democrat and chairman of the House Homeland Security Committee, who introduced the legislation. He said the 9/11 commissioners made "41 valuable recommendations on how to prevent" future terrorist attacks, but not all of them were completed.

"As a result, the American people remain at risk and our nation remains unprepared for a major emergency," he said.

But Rep. Peter T. King of New York, the committee's ranking Republican, said the bill was "rushed to the floor without the Democratic leadership giving us any indication of its massive cost -- and now we know why."

"I think this $21 billion estimate makes it clear that the bill actually contradicts 9/11 commission recommendations, which called for a risk-based allocation of homeland security resources," Mr. King said. "Had we known this before the bill was brought to the floor, it would have been a different story."

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Under the bill, the Department of Homeland Security would set the standards for scanning equipment and for container seals that could detect breaches. The bill's new requirements would become effective within three years for containers from countries with large ports and within five years for those with smaller operations.

President Bush opposes the House bill, arguing it undermines many of the administration's own post-September 11 steps and it is impossible to scan 100 percent of all incoming cargo.

The SAFE Ports Act, enacted in October 2006, requires Homeland Security to ensure that all containers are scanned before they arrive in the United States, although it sets no deadline for the department to put the program into operation. Department officials have described the 100 percent requirement as "unrealistic."

9/11 Security Could Cost $21 Billion (CNN)

CNN.com, February 2, 2007

WASHINGTON (CNN) -- A bill to enact the 9/11 Commission recommendations -- the first bill passed by the new Democratic-led House of Representatives -- will cost $21 billion over five years if enacted into law, congressional budget officials said Friday.

The House passed the bill January 9 during its heralded "first 100 hours" of the new Congress. The Senate has not yet voted on the measure.

The non-partisan Congressional Budget Office said the bill would also allow the Transportation Security Administration to collect nearly $1.3 billion in fees from airline passengers. The money would be spent for airport security improvements.

Rep. Peter King, R-New York., the ranking member of the Homeland Security Committee, said the report validated his opposition to the bill.

"This bill was rushed to the floor without the Democratic leadership giving us any indication of its massive cost -- and now we know why," King said in a written statement. "Had we known [the cost] before the bill was brought to the floor, it would have been a different story."

Democrats said the bill was needed to fulfill the recommendations of the 9/11 Commission.

The bill requires the federal government to screen cargo on passenger aircraft, authorize grants to improve police and fire communications, require shipping cargo containers to be scanned before entering the United States and take numerous other steps to improve security.

Court Clears Way For Suit On New Orleans Flooding (NYT)

By John Schwartz

The New York Times, February 3, 2007

Residents of several neighborhoods in the New Orleans area that were hardest hit by flooding after Hurricane Katrina can sue the Army Corps of Engineers over their claims that a government-built navigation channel was largely to blame, a federal judge ruled yesterday.

Successful lawsuits against the corps could result in billions of dollars in damage payments.

Since the flood, those who lived in the devastated neighborhoods near the east side of New Orleans — including the Lower Ninth Ward, New Orleans East and St. Bernard Parish — have contended that the Mississippi River Gulf Outlet caused much of their damage by intensifying the surge from the storm. The damage, they say, was foreseeable.

After residents filed lawsuits, the government tried to get them dismissed. The corps argued that it was protected from lawsuits by the Flood Control Act of 1928, which grants it immunity from liability for flood damage caused by flood-control projects, like levees.

But yesterday, Judge Stanwood R. Duval Jr. of the Federal District Court for the Eastern District of Louisiana, cited previous cases saying that the channel was not a flood-control project. Instead, Judge Duval said, the cases say the channel — known locally as Mr. Go — was built as an aid to navigation, so the protection from liability might not apply. And so, he said, the questions deserved to be decided at trial.

Pierce O'Donnell, a lawyer for those suing the government, called the ruling "a landmark victory for the Katrina victims." But Joseph Bruno, another lawyer for the residents, acknowledged that the judge's ruling was only the first step.

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The 76-mile canal was completed in 1965 as a shortcut for ships heading from the Mississippi River to the Gulf of Mexico. Environmentalists and local officials have long argued that it has done great damage to the coastal environment by piping salt water inland and killing off the cypress swamps and grassy marshes that serve as natural barriers to storms.

During Hurricane Katrina, several scientists have said, the canal was a crucial part of a funnel that amplified the storm's surge and brought its waters into the heart of the city.

A spokesman for the corps in New Orleans, René Poché, declined to discuss pending litigation. The corps has previously argued that the channel did not contribute greatly to the disaster, but announced a plan last year to close the outlet to navigation. That plan does not go far enough for the channel's critics, who demand that it be filled in and the wetland buffer restored.

Also yesterday, President Bush nominated a new leader for the corps, Lt. Gen. Robert L. Van Antwerp Jr. of the Army. If approved by the Senate, General Van Antwerp will succeed Lt. Gen. Carl A. Strock, who announced last August that he intended to resign. General Van Antwerp has been serving as commanding general for the Army accessions command, which manages recruiting and initial training.

WAR NEWS:

Bleak Iraq Report Is Sent To Congress (WP)

By Karen DeYoung, Walter Pincus

The Washington Post, February 3, 2007

The U.S. intelligence community yesterday released a starkly pessimistic assessment of the situation in Iraq, warning that even if security improves, deepening sectarian divisions threaten to destroy the government and ultimately could lead to anarchy, partition or the emergence of a new dictatorship.

Citing "the current winner-take-all attitude and sectarian animosities infecting the political scene," declassified judgments of a new National Intelligence Estimate predicted that Iraqi leaders will be "hard pressed" to reconcile over the next 18 months.

Despite the stepped-up training and U.S. support for Iraqi security forces -- major parts of the new Iraq strategy President Bush announced last month -- the estimate concluded that the Iraqi military will find it very difficult to carry out any new responsibilities or to operate independently against sectarian militias.

The administration struggled yesterday to put the best face on the NIE's assessment of a bleak situation that it says will sharply worsen unless "measurable" military and political progress is made.

National security adviser Stephen J. Hadley said the estimate "explains why the president concluded that a new approach and new strategy was required." He said Bush received extensive intelligence input before he announced his new plan, which includes the deployment of 21,500 additional U.S. combat troops to Iraq.

The NIE did not directly address the effect of sending more troops. But one section supported the administration's public insistence that U.S. forces are "an essential stabilizing element in Iraq." Their rapid withdrawal, the NIE said, "almost certainly would lead" to increased sectarian violence and make reconciliation more difficult.

The release of the estimate -- written over the past five months by the intelligence community's top Iraq analysts and approved by the heads of the CIA, the intelligence units at the Pentagon and those at the State and Justice departments -- comes on the eve of next week's Senate debate on the increase in U.S. forces in Iraq.

Key Democrats in Congress embraced the estimate to bolster their rejection of Bush's plan. "I do not see anything, so far, in the report that suggests the president's new plan is a winning strategy that protects America's national interest," said Senate Majority Leader Harry M. Reid (Nev.).

The entire 90-page, classified NIE, titled "Prospects for Iraq's Stability: A Challenging Road Ahead," was delivered to Congress yesterday morning after most members had left for the weekend.

Three and a half pages of "Key Judgments," unanimously agreed upon by the intelligence community, were released to the public. Although three dissents are included in the body of the classified document, they were described as tangential to the main conclusions. They deal with the extent to which the Syrian government controls the movement of foreign fighters across its border with Iraq and the extent and activities of al-Qaeda in Iran.

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The tough and unequivocal wording reflects the determination within the intelligence community to prove its independence from political pressure. The community came under harsh criticism for its 2002 assessment of then-Iraqi President Saddam Hussein's weapons programs, much of which proved to be inaccurate.

Though the administration has repeatedly asserted that al-Qaeda and Iranian operatives are responsible for provoking much of the violence in Iraq, the NIE played down their roles. Analysts studied what would happen if Iran were not a factor inside Iraq and concluded that, even though Iranian agents target U.S. troops, the absence of Tehran's agents would not appreciably alter the sectarian conflict.

The administration postponed plans to present its evidence of Iranian involvement, originally scheduled for last Wednesday. Hadley said yesterday that "the truth is, quite frankly, we thought the briefing overstated" Iran's role. "We sent it back to get it narrowed and focused on the facts."

But in a muted criticism of the NIE, Hadley said it failed to consider Iran's negative impact on the entire Middle East.

The NIE called Iran, along with al-Qaeda and other extremist groups, "accelerants" whose activities intensify the conflict. But Iran and Iraq's other neighbors, it said, are "not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics."

The sectarian nature of the fighting, along with the "ethno-sectarian mobilization and population displacements," the estimate said, is consistent with the definition of "civil war." But it said the term "does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, al-Qaeda and Sunni insurgent attacks on Coalition forces, and widely criminally motivated violence."

During a White House briefing, Hadley was pressed to reconcile that assessment with the president's refusal to describe the Iraq situation as a civil war. "I think I can't do better than the description of the facts on the ground that is in the NIE, with which we agree, and that says this is a complex, difficult situation," Hadley said. "And that's what it is."

At a Pentagon news conference, Defense Secretary Robert M. Gates, noting that he had not read the report, said he agreed with Hadley that "the words 'civil war' oversimplify a very complex situation." Gates said he was encouraged that Iraqi military units assigned to partner with U.S. forces in stepped-up operations in Baghdad are already arriving in the capital. But he acknowledged that the units have not reported with full strength, adding that "55 percent is probably not good enough."

The NIE analyzed the sharp differences among sectarian groups in Iraq, which it said are "driving the current trajectory of the country's security and political evolution."

Despite their majority status, the Shiites who now dominate the government remain "deeply insecure" after decades under the brutal control of Hussein and his Sunni regime, the NIE said. Their insecurity "leads the Shia to mistrust U.S. efforts to reconcile Iraqi sects and reinforces their unwillingness to engage with the Sunnis on a variety of issues," the estimate said.

Many Sunnis "remain unwilling to accept their minority status," the NIE continued, "believe the central government is illegitimate and incompetent, and are convinced that Shia dominance will increase Iranian influence over Iraq."

The Kurds, the country's third major group, "are moving systematically to increase their control" over the oil-rich city of Kirkuk and are looking to a constitutionally required referendum to take place no later than the end of this year, the NIE said. The voting will deal with the incorporation of the city within the Kurds' regional border. Such a move, the estimate said, "could prompt Turkey to launch a military incursion."

Without mentioning Iraqi Prime Minister Nouri al-Maliki, a Shiite, by name, the estimate noted that "the absence of unifying leaders among the Arab Sunni or Shia with the capacity to speak for or exert control over their confessional groups limits prospects for reconciliation."

It noted that some developments -- including broader Sunni acceptance of the current government, Shiite and Kurdish concessions and enhanced resources for local tribal and religious groups -- " could" help reverse the negative trends.

On the other hand, the NIE concluded, "a number of identifiable internal security and political triggering events . . . have the potential to convulse severely Iraq's security environment" and could "spark an abrupt increase in communal and insurgent violence and shift Iraq's trajectory from gradual decline to rapid deterioration."

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Those events include sustained mass sectarian killing, the assassination of major political and religious leaders, and a complete Sunni defection from the government. Any one of the three, the estimate said, could result in "chaos leading to partition . . . emergence of a Shia strongman . . . [or] anarchic fragmentation of power."

Analysis Is Bleak On Iraq's Future (NYT)

By Mark Mazzetti

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The release on Friday of portions of a bleak new National Intelligence Estimate about Iraq's future left the White House and its opponents vying over whether its findings buttressed their vastly different views about how to arrest the worsening sectarian chaos there.

The assessment, by American intelligence agencies, expressed deep doubts about the abilities of Iraqi politicians to hold together an increasingly balkanized country, and about whether Iraqi troops might be able to confront powerful militias over the next 18 months and assume more responsibility for security.

The analysis, the first such estimate on Iraq in more than two years, described in sober language a rapidly unraveling country in which security has worsened despite four years of efforts by the administration. [Text, Page A6.]

President Bush acknowledged last month that his strategy had failed so far.

The estimate suggested that the United States now faced an unpalatable decision in which a rapid withdrawal of American troops would only accelerate momentum toward Iraq's collapse, and in which Iraq faced long odds of quelling the violence and overcoming hardening sectarian divisions, regardless of how many American troops police Iraq's streets.

The report was released a week after Vice President Dick Cheney dismissed suggestions that Iraq is in a parlous state, saying, "The reality on the ground is, we've made major progress."

The administration has also intensified its criticism of Iran, accusing it of fueling the sectarian violence in Iraq and providing Shiite militias with material for bombs that the administration says have been used in attacks on American forces. The White House has thus far made little evidence public to support its case.

The intelligence report did conclude that Iran is providing "lethal support" for Shiite groups that is intensifying the violence. But it portrayed the violence as essentially "self-sustaining," and suggested that the involvement of outsiders, including Iran, was "not likely to be a major driver of violence or the prospects for stability."

National Intelligence Estimates provide a consensus of the 16 agencies that make up the intelligence community.

In choosing to take the rare step of making public three and a half pages of "key judgments" from the classified report, administration officials seized on one conclusion — that American forces remain "an essential stabilizing element in Iraq" — to reinforce their view that more troops are needed to secure Baghdad and give Iraqi leaders breathing room to develop a political settlement, particularly between the warring Sunnis and Shiites.

But top Democratic lawmakers said the estimate's conclusions supported their view that the best way to combat violence in Baghdad would be through new political and diplomatic programs.

The declassified portions included an assessment that an Iraqi military hampered by sectarian divisions would be "hard pressed" over the next 12 to 18 months to "execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with any success."

The report also concluded that security in Iraq would continue to deteriorate at current rates unless "measurable progress" can be made in efforts to reverse the conditions that fuel violence.

The full classified report was said by officials to be about 90 pages in length, and was provided to the White House and members of Congress. Top Democrats said the release of the intelligence estimate would strengthen their hand as the Senate prepares for a possible vote next week on a nonbinding resolution opposing President Bush's new Iraq strategy.

"The estimate reaffirms my belief that the best hope for progress toward stabilizing Iraq lies only with the Iraqi people and their political leaders," Senator John D. Rockefeller IV, the West Virginia Democrat and chairman of the Senate Intelligence Committee, said in a statement. "The steps identified by the intelligence community as having the best chance of reversing the chaos and bloodshed in Iraq are all political developments, not military."

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But Stephen J. Hadley, the national security adviser, said at the White House that the estimate "gives us some evidence" of why Mr. Bush had concluded that "an American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq, but the region."

Mr. Hadley said the estimate also bolstered the White House strategy of sending more than 20,000 new troops into Iraq.

The previous National Intelligence Estimate on Iraq, in the summer of 2004, detailed three possible outlooks for Iraq over the following 18 months, with the most pessimistic possibility that Iraq would descend into civil war.

By contrast the new report, struggling to describe the nature of the ongoing violence, said that calling it a "civil war" was hardly sufficient.

"The intelligence community judges that the term 'civil war' does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence," the assessment read.

John E. McLaughlin, who oversaw the previous intelligence estimate when he was acting director of central intelligence, said that he believed that intelligence officials in 2004 had presciently assessed what was to come in Iraq, but that the escalation of sectarian violence over the past year had made the situation even more complex.

"Civil war is checkers," he said. "This is chess."

The report also warned that a further sectarian splintering of Iraq could incite other countries in the Middle East to arm and finance various sects in the country: Saudi Arabia, Jordan and Egypt supporting the Sunnis, and Iran coming to the aid of Shiite forces.

A National Intelligence Estimate on Iraq that was produced in 2002 in the prelude to the American invasion has become infamous as an example of an intelligence failure, because most of its central assertions about Iraq's weapons capabilities and ties to terrorism have since been proven to have been mistaken.

Since then, American intelligence officials have made efforts to overhaul the process to produce the reports, in part by giving new emphasis to dissenting views that were once buried in obscure footnotes.

The latest analysis is understood to contain multiple dissents, one of which concerns the role of Syria in supporting Sunni insurgents in Iraq.

Intelligence analysts have been divided over whether it is the policy of the government in Damascus to aid the flow of foreign fighters who enter Iraq from Syria, or whether that assistance is the work of lower-level Syrian officials acting on their own.

American intelligence analysts have also disagreed about the extent to which Iranian government officials are aware of the flow of Qaeda operatives between Iran and Iraq.

Beyond the current grim picture, the report described several "triggering events" that could cause the situation to worsen significantly. Among them, it listed the assassination of major religious or political leaders, a complete Sunni defection from the government, and sustained mass sectarian killings that could "shift Iraq's trajectory from gradual decline to rapid deterioration with grave humanitarian, political and security consequences."

Were the already fragile government to collapse, the report outlined three possible outcomes: the emergence of a Shiite strongman to assert authority over minority sects, an "anarchic" fragmentation that puts power in the hands of hundreds of local potentates, or a period of sustained, bloody fighting leading to partition of Iraq along ethnic lines.

"Collapse of this magnitude would generate fierce violence for at least several years," the report concluded, "ranging well beyond the time frame of this estimate, before settling into a partially stable end-state."

The Analysis: On The "Polarization" Of Iraqis And Their "Ready Recourse To Violence" (NYT)

The New York Times, February 3, 2007

Following is the text of the "key judgments" of the new National Intelligence Estimate about Iraq's future that was released yesterday. The report, most of which remains classified, is titled "Prospects for Iraq's Stability: A Challenging Road Ahead" and is dated January 2007. Italic emphasis and parenthetical abbreviations are from the report.

Iraqi society's growing polarization, the persistent weakness of the security forces and the state in general, and all sides' ready recourse to violence are collectively driving an increase in communal and insurgent violence and political extremism.

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Unless efforts to reverse these conditions show measurable progress during the term of this estimate, the coming 12 to 18 months, we assess that the overall security situation will continue to deteriorate at rates comparable to the latter part of 2006.

If strengthened Iraqi Security Forces (I.S.F.), more loyal to the government and supported by coalition forces, are able to reduce levels of violence and establish more effective security for Iraq's population, Iraqi leaders could have an opportunity to begin the process of political compromise necessary for longer term stability, political progress, and economic recovery.

Nevertheless, even if violence is diminished, given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard pressed to achieve sustained political reconciliation in the time frame of this estimate.

The challenges confronting Iraqis are daunting, and multiple factors are driving the current trajectory of the country's security and political evolution.

Decades of subordination to Sunni political, social, and economic domination have made the Shia deeply insecure about their hold on power. This insecurity leads the Shia to mistrust U.S. efforts to reconcile Iraqi sects and reinforces their unwillingness to engage with the Sunnis on a variety of issues, including adjusting the structure of Iraq's federal system, reining in Shia militias, and easing de-Baathification.

Many Sunni Arabs remain unwilling to accept their minority status, believe the central government is illegitimate and incompetent, and are convinced that Shia dominance will increase Iranian influence over Iraq, in ways that erode the state's Arab character and increase Sunni repression.

The absence of unifying leaders among the Arab Sunni or Shia with the capacity to speak for or exert control over their confessional groups limits prospects for reconciliation. The Kurds remain willing to participate in Iraqi state-building but reluctant to surrender any of the gains in autonomy they have achieved.

The Kurds are moving systematically to increase their control of Kirkuk to guarantee annexation of all or most of the city and province into the Kurdistan Regional Government (K.R.G.) after the constitutionally mandated referendum scheduled to occur no later than 31 December 2007. Arab groups in Kirkuk continue to resist violently what they see as Kurdish encroachment.

Despite real improvements, the Iraqi Security Forces (I.S.F.) — particularly the Iraqi police — will be hard pressed in the next 12-18 months to execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with success. Sectarian divisions erode the dependability of many units, many are hampered by personnel and equipment shortfalls, and a number of Iraqi units have refused to serve outside of the areas where they were recruited.

Extremists — most notably the Sunni jihadist group Al Qaeda in Iraq (A.Q.I.) and Shia oppositionist Jaysh al-Mahdi (J.A.M.) — continue to act as very effective accelerators for what has become a self-sustaining inter-sectarian struggle between Shia and Sunnis.

Significant population displacement, both within Iraq and the movement of Iraqis into neighboring countries, indicates the hardening of ethno-sectarian divisions, diminishes Iraq's professional and entrepreneurial classes, and strains the capacities of the countries to which they have relocated. The U.N. estimates over a million Iraqis are now in Syria and Jordan.

The Intelligence Community judges that the term "civil war" does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence. Nonetheless, the term "civil war" accurately describes key elements of the Iraqi conflict, including the hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilization, and population displacements.

Coalition capabilities, including force levels, resources, and operations, remain an essential stabilizing element in Iraq.

If coalition forces were withdrawn rapidly during the term of this estimate, we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq, intensify Sunni resistance to the Iraqi government, and have adverse consequences for national reconciliation.

If such a rapid withdrawal were to take place, we judge that the I.S.F. would be unlikely to survive as a nonsectarian national institution; neighboring countries — invited by Iraqi factions or unilaterally — might intervene openly in the conflict; massive civilian casualties and forced population displacement would be probable; A.Q.I. would attempt to use parts of the

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country — particularly Al Anbar Province — to plan increased attacks in and outside of Iraq; and spiraling violence and political disarray in Iraq, along with Kurdish moves to control Kirkuk and strengthen autonomy, could prompt Turkey to launch a military incursion.

A number of identifiable developments could help to reverse the negative trends driving Iraq's current trajectory. They include:

¶Broader Sunni acceptance of the current political structure and federalism to begin to reduce one of the major sources of Iraq's instability.

¶Significant concessions by Shia and Kurds to create space for Sunni acceptance of federalism.

¶A bottom-up approach — deputizing, resourcing, and working more directly with neighborhood watch groups and establishing grievance committees — to help mend frayed relationships between tribal and religious groups, which have been mobilized into communal warfare over the past three years.

A key enabler for all of these steps would be stronger Iraqi leadership, which could enhance the positive impact of all the above developments.

Iraq's neighbors influence, and are influenced by, events within Iraq, but the involvement of these outside actors is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics.

Nonetheless, Iranian lethal support for select groups of Iraqi Shia militants clearly intensifies the conflict in Iraq. Syria continues to provide safe haven for expatriate Iraqi Baathists and to take less than adequate measures to stop the flow of foreign jihadists into Iraq.

For key Sunni regimes, intense communal warfare, Shia gains in Iraq, and Iran's assertive role have heightened fears of regional instability and unrest and contributed to a growing polarization between Iran and Syria on the one hand and other Middle East governments on the other.

But traditional regional rivalries, deepening ethnic and sectarian violence in Iraq over the past year, persistent anti-Americanism in the region, anti-Shia prejudice among Arab states, and fears of being perceived by their publics as abandoning their Sunni co-religionists in Iraq have constrained Arab states' willingness to engage politically and economically with the Shia-dominated government in Baghdad and led them to consider unilateral support to Sunni groups.

Turkey does not want Iraq to disintegrate and is determined to eliminate the safe haven in northern Iraq of the Kurdistan People's Congress (K.G.K., formerly P.K.K.) — a Turkish Kurdish terrorist group.

A number of identifiable internal security and political triggering events, including sustained mass sectarian killings, assassination of major religious and political leaders, and a complete Sunni defection from the government have the potential to convulse severely Iraq's security environment. Should these events take place, they could spark an abrupt increase in communal and insurgent violence and shift Iraq's trajectory from gradual decline to rapid deterioration with grave humanitarian, political, and security consequences. Three prospective security paths might then emerge:

¶Chaos leading to partition. With a rapid deterioration in the capacity of Iraq's central government to function, security services and other aspects of sovereignty would collapse. Resulting widespread fighting could produce de facto partition, dividing Iraq into three mutually antagonistic parts. Collapse of this magnitude would generate fierce violence for at least several years, ranging well beyond the time frame of this estimate, before settling into a partially stable end-state.

¶Emergence of a Shia strongman. Instead of a disintegrating central government producing partition, a security implosion could lead Iraq's potentially most powerful group, the Shia, to assert its latent strength.

¶Anarchic fragmentation of power. The emergence of a checkered pattern of local control would present the greatest potential for instability, mixing extreme ethno-sectarian violence with debilitating intra-group clashes.

U.S. Spy Chiefs Issue Grim Report On Iraq (LAT)

By Greg Miller,

The Los Angeles Times, February 3, 2007

Stability isn't possible within a year, they say, even if the fighting can be slowed.

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WASHINGTON — Iraq is unraveling at an accelerating rate, and even if U.S. and Iraqi forces can slow the spreading violence, the country's fragile government is unlikely to deliver stability to its people during the next year, according to a much-anticipated assessment by U.S. intelligence agencies.

The report, titled "Prospects for Iraq's Stability: A Challenging Road Ahead," catalogs an array of forces pulling the country apart and concludes that to call the situation a civil war "does not adequately capture the complexity of the conflict" because the causes of violence are so varied.

The assessment, delivered to Congress on Friday, says there are scenarios that could lead to political progress and a slow recovery, but it also identifies "triggering events" that could push Iraq into complete chaos, with neighboring nations choosing sides in what could become a regional conflagration.

"Given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard-pressed to achieve sustained political reconciliation in the [18-month] time frame of this estimate," the report says in a blunt, bottom-line summary.

The document, known as a National Intelligence Estimate, represents the consensus of all 16 U.S. spy agencies. The director of national intelligence took the unusual step of releasing the document's key judgments publicly even as the full, 90-page classified version was being delivered to members of Congress and senior government officials.

The assessment does not specifically address the prospects for success of President Bush's plan to send an additional 21,500 troops to Iraq. But it notes that "even if violence is diminished" over the next 12 to 18 months, prospects for "sustained political reconciliation" among Iraq's warring factions are dim.

That means that even under optimistic scenarios, the nation's top intelligence analysts do not envision meaningful stability within the period during which Bush has said additional U.S. troops would be deployed — raising the prospect that the so-called surge might drag on much longer than the administration has indicated.

Beyond that, the report provides fodder for proponents and critics of Bush's plan.

It warns that the presence of U.S. troops remains "an essential stabilizing element in Iraq" and that if there were a rapid withdrawal, Iraqi security forces "would be unlikely to survive as a nonsectarian national institution."

In such a scenario, neighboring countries — including Iran and Saudi Arabia — "might intervene openly in the conflict; massive civilian casualties and forced population displacement would be probable."

White House officials said that prospect helped make the case for the president's plan, which is under increasing fire on Capitol Hill.

The intelligence estimate is "not at war with this … new strategy the president has developed," national security advisor Stephen J. Hadley told reporters. The assessment, he said, "explains why the president concluded that a new approach, a new strategy was required" and "generally supports" that idea.

But Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee and a contender for his party's 2008 presidential nomination, called the report "a devastating repudiation of the president's new tactics in Iraq."

"It plainly shows the current strategy isn't working and that there is a dire need for a political settlement to give [breathing] room to the Sunnis, Shia and Kurds," Biden said in a statement. "Without it, Iraq will slide into further chaos and violence."

The report comes as the Senate is arguing over whether to approve a nonbinding resolution sponsored by Sen. John W. Warner (R-Va.) that criticizes the president's plan to increase troop levels.

Most Democrats and some Republican senators have lined up behind Warner's measure, expected to be debated next week. But Republican Senate leaders emerged from meetings Friday leaving no doubt they would seek to keep the measure from coming to a vote unless they were allowed to present alternative resolutions less critical of the president's policies. Democrats were working to line up the 60 votes needed in the 100-member Senate to thwart an effort to block the Warner resolution.

The assessment by the intelligence agencies was requested in July by senators alarmed by the deteriorating security situation in Iraq. The violence has worsened since then, and the NIE concludes that without significant political and military progress soon, "the overall security situation will continue to deteriorate at rates comparable to the latter part of 2006."

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In outlining the factors that have pushed Iraq toward chaos, the report cites the "insecurity" of Shiites, who were repressed for decades under dictator Saddam Hussein, a Sunni Arab; the refusal of Sunnis to accept their declining political fortunes after Hussein's regime was toppled in early 2003; and the disappearance of a large portion of the Iraqi "professional and entrepreneurial classes" as people fled to other countries.

The report offers a bleak assessment of the Iraqi security forces who are supposed to play the leading role under Bush's plan to stem violence.

These forces will be "hard-pressed" to carry out their responsibilities and operate against Shiite militias, the report concludes.

That assessment seems at odds with recent assertions by U.S. military officials, including Army Gen. George W. Casey Jr., who testified before Congress on Thursday that "Iraqis are poised to assume responsibility for their own security by the end of 2007, still with some level of support from us."

Echoing concerns Bush has raised, the NIE warns that if the United States withdrew, Al Qaeda "would attempt to use parts of the country — particularly Al Anbar province — to plan increased attacks in and outside of Iraq."

But the document does not indicate that intelligence officials believe Iraq is poised to become an Al Qaeda sanctuary, a scenario cited by Bush in his rejection of calls to set up timetables for a withdrawal of U.S. forces.

The NIE is measured in its assessment of the roles Iran and Syria play in fostering violence in Iraq.

It says that Iran has fueled the fighting by providing "lethal support" to groups of Iraqi Shiite militants and that Syria continues to shelter displaced members of Hussein's Baath Party.

Even so, the report finds that meddling by Iran and Syria "is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics."

The role played by Iraq's neighbors was the subject of some dissension among intelligence officials involved in assembling the report.

The classified portion of the NIE is said to include "alternate" judgments that reflect disagreements over whether Syria is directly involved in allowing Islamic militants to cross its border into Iraq and the extent to which Iran is aware of and tolerating Al Qaeda activity in its territory.

In giving the alternate assessments prominent placement alongside the document's key judgments, U.S. intelligence officials said, they were responding to criticism of previous NIEs in which dissenting views were often relegated to footnote status and overlooked by policymakers.

Downplaying of dissenting views was one of many major flaws in an NIE produced before the U.S.-led invasion of Iraq in March 2003, which concluded erroneously that Iraq had stockpiles of chemical and biological weapons and was pursuing the development of nuclear weapons.

The new NIE concludes with a discussion of scenarios that could push Iraq into deeper chaos. The triggering events could include mass sectarian killings, assassinations of major religious or political figures and a Sunni defection from the government, it says. Those events could lead to "rapid deterioration with grave humanitarian, political and security consequences."

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Times staff writers Maura Reynolds and Noam N. Levey contributed to this report.

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(INFOBOX BELOW)

Major findings of the report

From Times Staff and Wire Reports

Here are the main findings of the declassified portion of the National Intelligence Estimate on Iraq, with excerpts from the report in quotes. The full text of the summary, produced by 16 U.S. intelligence agencies, can be found at http://www.dni.gov.

• Growing polarization of Iraqi society, weak security forces and a weak government are driving violence and political extremism.

• If new plans for Iraq don't work over the coming year to 18 months, security in Iraq will continue to deteriorate as in the second half of 2006.

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• Even if the violence lessens, Iraqi leaders will be hard-pressed to stabilize the country by mid-2008 "given the current winner-take-all attitude and sectarian animosities infecting the political scene."

• Iraq faces daunting challenges driven by Shiite Muslim insecurity after years of Sunni Arab domination, Sunni unwillingness to accept minority status, divided leaders who can't control the groups they represent, a movement by ethnic Kurds toward autonomy, an ineffective Iraqi army, extremist groups inside and outside Iraq and problems with refugees.

"Despite real improvements, the Iraqi security forces (ISF) — particularly the Iraqi police — will be hard-pressed in the next 12 to 18 months to execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with success. Sectarian divisions erode the dependability of many units, many are hampered by personnel and equipment shortfalls, and a number of Iraqi units have refused to serve outside of the areas where they were recruited."

• The term "civil war" "accurately describes key aspects of the conflict in Iraq, including the hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilization and population displacements." Nevertheless, the term doesn't encompass all of the conflict's complexities.

• American and other foreign forces play a key role in the country, and the Iraqi army probably wouldn't survive a rapid U.S. withdrawal. "If coalition forces were withdrawn rapidly during the [12- to 18-month] term of this estimate, we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq, intensify Sunni resistance to the Iraqi government and have adverse consequences for national reconciliation. If such a rapid withdrawal were to take place, we judge that the ISF would be unlikely to survive as a nonsectarian national institution."

• Political developments, particularly Sunni acceptance of the current government, concessions from the Shiites and the Kurds and efforts to reduce violence in neighborhoods could help calm the conflict. "A key enabler for all of these steps would be stronger Iraqi leadership."

• Iraq's neighbors have some influence in the country and in some cases have intensified the conflict, but they don't play a major role because the sectarian divisions are firmly entrenched and driven by internal political forces.

• Other Sunni Arab regimes in the region are reluctant to support the Shiite-dominated Baghdad government and are considering supporting Sunni groups in Iraq. Turkey wants a stable Iraq to keep a Turkish Kurdish separatist group from finding safe haven in northern Iraq.

• "A number of identifiable internal security and political triggering events, including sustained mass sectarian killings, assassination of major religious and political leaders and a complete Sunni defection from the government have the potential to convulse severely Iraq's security environment. Should these events take place, they could spark an abrupt increase in communal and insurgent violence and shift Iraq's trajectory from gradual decline to rapid deterioration with grave humanitarian, political and security consequences."

• If the security situation worsens, one of three scenarios might emerge: The central government could disintegrate and lead to a de facto partition of Iraq along sectarian lines, resulting in protracted violence; a Shiite strongman could emerge; or an anarchic pattern of local control could arise, leading to chaos and extreme violence.

Intelligence Estimate Warns On Quick Iraq Pullout (WT)

By Bill Gertz

The Washington Times, February 3, 2007

A new National Intelligence Estimate on Iraq warns that pulling U.S. troops out of the country too soon would lead to a collapse of the Iraqi military, outside intervention and the creation of safe havens for al Qaeda terrorists.

An unclassified summary of the 90-page estimate, "Prospects for Iraq's Stability: A Challenging Road Ahead," stated that U.S. and allied troops "remain an essential stabilizing element in Iraq."

"If coalition forces were withdrawn rapidly, ... we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq, intensify Sunni resistance to the Iraqi government and have adverse consequences for national reconciliation," the report stated.

The conclusion is a blow to Iraq war critics in Congress and elsewhere who are advocating a pullout of U.S. troops.

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"If such a rapid withdrawal were to take place, we judge that the [Iraqi Security Force] would be unlikely to survive as a non-sectarian national institution; neighboring countries ... might intervene openly in the conflict; massive civilian casualties and forced population displacement would be probable," the report stated.

Also, the al Qaeda terrorist group in Iraq would try to "use parts of the country -- particularly al-Anbar province -- to plan increased attacks in and outside of Iraq."

Additionally, Turkey could launch a military incursion if there were no U.S. or allied troops to block Kurdish attempts to control northern Iraq, according to the report.

White House National Security Adviser Stephen J. Hadley said President Bush agreed with the report's conclusion about the danger of removing troops too rapidly.

"That's why the president concluded that while the current strategy was not working and it was a prescription for slow failure, an American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq but also the region and could potentially, by giving al Qaeda a safe haven in Iraq, result in risk and threats to the United States," Mr. Hadley said.

The estimate, a consensus of 16 U.S. intelligence agencies that was ordered by members of Congress, presents a pessimistic view of the prospects for stabilizing Iraq and halting the growing violence over the next 12 to 18 months.

Unless the trends are reversed in that time, "we assess that the overall security situation will continue to deteriorate at rates comparable to the latter part of 2006," the report stated.

However, it stated, the Iraqi military and police will be "hard-pressed" over the next 18 months to take on greater security roles or operate alone against Shi'ite militias.

A strengthened Iraqi military backed by U.S. and allied forces would give Iraqi leaders a chance to foster "political compromise" needed for long-term stability, political progress and economic renewal, the report stated.

The current violence is more than a religious and ethnic civil war, the report stated, citing extensive Shi'ite-on-Shi'ite violence, al Qaeda and Sunni insurgent attacks on coalition forces and criminal attacks.

Developments that could reverse the negative trends include broader Sunni acceptance of the political structure, concessions by Shi'ites and Kurds toward Sunnis, and a local community-outreach effort to mend differences between groups and tribes, according to the report.

"A key enabler for all of these steps would be stronger Iraqi leadership, which could enhance the positive impact of all the above developments," the report stated.

On outside influence, the report stated that Iranian support for insurgents intensifies the conflict, and that Syria is providing safe haven for insurgents and has failed to stop the flow of terrorists into Iraq.

Rep. Ike Skelton, Missouri Democrat and chairman of the House Armed Services Committee, said the report "demonstrates that the situation in Iraq is indeed dire and deteriorating," the Associated Press reported.

"It saddens me that the pessimistic impressions I gained during my recent trip to Iraq are reinforced by the conclusions of the latest NIE," Mr. Skelton said.

Iraq Conflict Has Elements Of "civil War" (FT)

By Demetri Sevastopulo, Caroline Daniel

Financial Times, February 3, 2007

The Iraqi government will be “hard-pressed” to achieve political reconciliation over the next 18 months as it tackles a “civil war” and the insurgency, according to a key US intelligence report.

The National Intelligence Estimate on Iraq, a comprehensive report approved by the entire intelligence community, also warned that Iraqi security forces would have great difficulty clamping down on Shia militias without US support.

“Even if violence is diminished, given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard-pressed to achieve sustained political reconciliation in the [next 12-18 months],” said the long-awaited report.

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It was the first official US document released to the public that concluded that elements of the conflict in Iraq constituted a "civil war".

"The term 'civil war' does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, al-Qaeda and Sunni insurgent attacks on coalition forces and widespread criminally motivated violence," said the report.

"Nonetheless, the term 'civil war' accurately describes key elements of the Iraqi conflict, including the hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilisation and population displacements."

The Bush administration has resisted using the term "civil war" to describe the deteriorating conditions in Iraq. Stephen Hadley, the national security adviser, shifted attention on Friday from the NIE's use of the phrase by citing a long passage from an Iraqi official, denying that Iraq was in a civil war.

When asked if Mr Bush now accepted that "civil war" did accurately describe part of the violence in Iraq, he said the president accepted the conclusions about "hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilisation and population displacements".

The declassified version of NIE did not include reference to two elements of the full 90-page report, which included dissenting views in the intelligence community over the role of Iran and Syria in Iraq.

On Syria, analysts disagree over the complicity of Damascus in allowing extremists to flow across the border into Iraq. On Iran, they differed over whether the government was harbouring al-Qaeda members inside Iran.

The Bush administration has stepped up both military and rhetorical pressure on Iran in recent weeks. Senior officials have argued that Iran is responsible for killing American and British soldiers inside Iraq.

But Robert Gates, the defence secretary, said on Friday that the Pentagon did not know whether the Iranian government was sponsoring the efforts.

Democrats immediately leapt on the report as evidence that Mr Bush's military surge in Iraq would fail. Harry Reid, the Senate majority leader, said the report was the "latest in a long line of bleak assessments . . . indicating the president's plan is flawed and failing".

But the report concluded that a sudden withdrawal of US troops would propel Iraq into great chaos. It said the Iraqi security forces "would be unlikely to survive as a non-sectarian national institution" and neighbouring countries might "intervene openly in the conflict".

Elements Of "Civil War" In Iraq (BBC)

BBC.com, February 2, 2007

A US intelligence assessment on Iraq says "civil war" accurately describes certain aspects of the conflict, including intense sectarian violence.

However the report, compiled by US security agencies, adds that the controversial term does not adequately sum up the complexity of the situation.

The National Intelligence Estimate gives a bleak assessment of Iraq's future unless the violence is stemmed.

The White House described the report as "tough but fair".

The document uses "civil war" to describe elements of the conflict, including "the hardening of ethno-sectarian identities, a sea change in the character of the violence and population displacements".

It says violence between Sunnis and Shias is being driven by increasing polarisation within Iraqi society, compounded by a weak government and security force.

The UN says the war has produced the biggest movement of refugees in the Middle East since the creation of Israel in 1948.

However, the report points out that the conflict also includes Shia-on-Shia violence, al-Qaeda and Sunni insurgent attacks on coalition forces, and widespread violence by criminals.

US Defence Secretary Robert Gates said the term "civil war" over-simplified the situation.

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"I believe that there are essentially four wars going on in Iraq: one is Shia-on-Shia, principally in the south; the second is sectarian conflict, principally in Baghdad; third is the insurgency; and fourth is al-Qaeda," he told reporters before the intelligence estimate was issued.

'Ominous consequences'

The report also warned of ominous consequences if the level of violence went unchecked.

"Unless efforts to reverse these conditions show measurable progress during the term of this estimate in the coming 12 to 18 months, we assess that the overall security situation will continue to deteriorate."

Bombings and mortar attacks are a daily threat to Iraqi civilians It adds: "Coalition capabilities including force levels, resources and operations remain an essential stabilising element in Iraq."

US national security adviser Steve Hadley said the report was "a tough look at Iraq", but did not contradict the president's plans to send 21,500 additional troops.

Instead, it "explains why the president concluded that a new approach, a new strategy was required", he said.

The BBC's Ian Watson in Washington says the Bush administration is likely to use the report to justify the president's new strategy, as it concludes the Iraqi security forces will be hard-pressed to operate on their own against Shia militias.

The document argued against a quick withdrawal of US troops, saying it would fracture the Iraqi army, strengthen al-Qaeda elements in the country and significantly increase violence.

However, the Democratic leader of the House of Representatives, Nancy Pelosi, said "no number of US troops is going to change" the deadly circle in Iraq.

"Our emphasis should be on working with Iraq's leaders and Iraq's neighbours to produce the kind of political and diplomatic breakthroughs that offer the best chance to stop the violence," she said.

The report - the first National Intelligence Estimate on Iraq in more than two years - also says Iran and to a lesser extent Syria are contributing to a worsening of the situation.

Analysts: Iraq Report Lays Out Tough Road For Success (CNN)

CNN.com, February 2, 2007

WASHINGTON (CNN) -- The national intelligence estimate on Iraq released Friday does not address whether the president's plan to "surge" up to 21,500 troops into Iraq will work, but it lays out an extremely chaotic and complex situation that will make it difficult for those troops to succeed, intelligence and military analysts told CNN.

It will be up to the policy makers -- including President Bush and Congress -- to decide if the additional troops have a legitimate chance of success in the situation that the report says is "deteriorating," said John McLaughlin, a former deputy director of the CIA and CNN intelligence analyst. (Watch how the report reached its blistering conclusions)

"This is a pretty clear-eyed assessment by the intelligence community," McLaughlin said. "They didn't hold anything back." (Read the report -- PDF)

The estimate was formulated at the time the president crafted his new Iraq policy, and Bush had access to the same information the intelligence community used to form the estimate's judgments.

McLaughlin said the intelligence community didn't make an assessment of whether the troop increase would work, in part, because it didn't have enough data to make a recommendation and, in part, because it did not want to weigh in on a debate that is essentially political. (Watch McLaughlin break down the NIE)

But the report did say that combating the increasing sectarian violence is a "daunting" task because Shiites are insecure about their hold on power after decades of Sunni hegemony in the social, political and economic realms, and Sunnis are deeply skeptical of a Shiite-controlled government they view as "illegitimate and incompetent."

"No matter how much we surge, no matter how many resources we pour into Iraq, unless you get unity of effort with the Iraqi government, that the Iraqi people themselves are the main purpose and not the tribes, the sects, the different pieces, we'll have a tough go at making any change," said retired Gen. David Grange, a CNN military analyst.

Yet, having viewed the intelligence that went into the estimate while drafting his new Iraq strategy, the president believes the U.S. still has a chance to stabilize the situation by adding up to five brigades.

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Stephen Hadley, the U.S. national security adviser, said Friday that Bush concluded that in Iraq, the "status quo is not stable" and that change was needed.

"It's going to be hard and the president made it clear it's going to be hard. There's no assurance for success," he said.

The president's plan is a strategy that many lawmakers -- both Democrats and Republicans -- in the Congress remain highly skeptical of, and little in the report, they said, gave the skeptical lawmakers reason to change their minds.

"I do not see anything so far in the report that suggests the president's new plan is a winning strategy that protects America's national interest," Senate Majority Leader Harry Reid, D-Nevada, said in a statement. "Rather this NIE appears to be the latest in a long line of bleak assessments by foreign policy and military experts indicating the president's plan is flawed and failing."

"Nothing in this document tells us that sending 21,500 additional troops to Iraq will make the situation better," the Democratic chairman of the House Intelligence Committee, Rep. Silvestre Reyes of Texas, said in a statement.

The estimate also makes it clear, however, that simply walking away from Iraq may even be worse. If the U.S. makes a "rapid withdrawal" from Iraq, a move many Democratic lawmakers have called for, the estimate said it could lead to the collapse of the Iraqi Security Forces, potentially plunging the country into a chaotic situation marked by "extreme ethno-sectarian violence with debilitating intra-group clashes."

And it is such a situation, the White House argues, the U.S. simply cannot accept.

"An American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq, but also the region," Hadley said.

Iraq, And Analysis, Revisited (WP)

By Dafna Linzer

The Washington Post, February 3, 2007

The intelligence community's bleak set of judgments about Iraq, made public yesterday, differs significantly from the flawed assessments of that country's alleged weapons programs that the White House released more than four years ago.

Twenty-seven pages of confident assertions about a nuclear weapons program, mustard gas, nerve agents and elusive government ties to al-Qaeda have been replaced, more than four years later, with heavily qualified glimmers of hope across a mere 3 1/2 pages laying out the prospects for reversing Iraq's dive into chaos.

The intelligence community's glossy October 2002 estimate, which claimed that Saddam Hussein had weapons of mass destruction, was touted by the White House as a main reason for war with Iraq. After no such weapons were found, the intelligence community -- particularly the CIA -- significantly altered the way in which it would conduct future analyses, highlight uncertainty and acknowledge dissent.

Current and former intelligence officers said a better system for producing the National Intelligence Estimate was put in place immediately. The result, they said, is that the new estimate -- which describes an Iraq engulfed by numerous bloody wars -- is strikingly similar to a still-classified assessment written in late 2004 and widely distributed among President Bush's top advisers.

That assessment predicted that over a period of 12 to 18 months, there would be "at best, tenuous stability, at worst a slide into civil war" in Iraq, said Paul R. Pillar, a Middle East scholar and veteran intelligence officer who was one of the report's principal authors.

"If you could compare the 2004 and 2007 estimates, it would be clear they are two installments of the same story, done the same way. The only difference is that the policy debate has become more intense in the intervening two years because the situation has become worse and worse," said Pillar, who left the intelligence community in 2005 and now teaches at Georgetown University.

Pillar could not discuss details of the 2004 assessment, but a senior intelligence official agreed to discuss some of its findings on the condition of anonymity. The official said that like yesterday's estimate, the 2004 review offered three difficult scenarios for Iraq, all of which have been borne out to some degree.

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"We imagined some slow and uneven progress, which has happened in parts of the country," the official said. The estimate also considered a breakup of Iraq along sectarian lines. "The preconditions for that have sort of happened, but only really up in the north with the Kurds; and the third one was chaos and instability and we've certainly seen some of that."

Based on the accuracy of the previous political estimates, Pillar said, it is very possible that the worst-case scenarios set out in yesterday's assessment could occur in the next year and a half.

In crafting key judgments of the 2007 estimate, analysts from across the intelligence community laid out three possible scenarios, each of which could have enormously negative consequences for Iraq: Chaos leading to partition, the emergence of a Shiite strongman who would seize power and rule by dictatorship, or a complete collapse of central control resulting in violent fiefdoms across the country.

The official said the new estimate "highlighted a trend of deterioration that is not irreversible. But if it's not reversed soon, then we're heading toward a worsening security situation over the next 12 to 18 months. It's more of a main judgment than we were able to give in 2004, if significantly caveated."

Robert Hutchings, who until 2004 was the chairman of the National Intelligence Council, which produced the earlier assessments, said, "The basic tack on the political, security and economic situation in Iraq has been pretty consistent, before, during and after the war."

Hutchings, who is now a diplomat-in-residence at Princeton University, said a January 2003 estimate, which was done two months before the U.S. invasion of Iraq and which also remains classified, was the first to include the word "insurgency." The 2004 estimate "was the first to use the term 'civil war,' " he said.

Pillar said, "What we saw and see today is a very unfavorable state of affairs and unfavorable trend lines."

The senior intelligence official who agreed to discuss some aspects of both reports said that while the 2004 estimate now seems prescient, analysts failed to predict "the rapid degree of intensification of sectarian mobilization and consciousness, and the speed in which that happened. I don't think we were that insightful."

No Way Out (NYT)

By Maureen Dowd

The New York Times, February 3, 2007

WASHINGTON

"Everything you've heard and read is true. And I am deeply sorry about that." Who said it?

(a) George Bush, about the chilling new intelligence report on Iraq.

(b) Joe Biden, about his self-imploding prolixity.

(c) Condi Rice, on her ability to understand Peyton Manning's vulnerabilities better than Nuri Kamal al-Malaki's.

(d) Silvio Berlusconi, on his wife's Junoesque lightning bolt after his public flirting.

(e) Jacques Chirac, after giving a Gallic shrug at the prospect of Iran getting un or deux nuclear weapons.

(f) Hillary Clinton, on enabling the president to invade Iraq.

(g) Barack Obama, for the ultimate sin of not being black enough or white enough.

(h) Mary Cheney, on her decision to work on her terrifying dad's homophobic campaign because the thought of John Kerry was "terrifying."

(i) Gavin Newsom, the mayor of San Francisco, about his affair with his campaign manager's wife.

The answer is Gavin Newsom.

It's rare to get a simple apology when a complex obfuscation will do.

Even after releasing parts of an intelligence report so pessimistic that it may as well have been titled "Iraq: We're Cooked," Bush officials clung to their alternate reality, using nonsensical logic and cherry-picking whatever phrases they could find in the report that they could use to sell the Surge.

In the 2004 National Intelligence Estimate, civil war was a worst-case scenario. In the 2007 one, Iraq has zoomed past civil war to hell: "The Intelligence Community judges that the term 'civil war' does not adequately capture the complexity of the

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conflict in Iraq, which includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence."

As John McLaughlin, the former acting director of central intelligence, told The Times's Mark Mazzetti: "Civil war is checkers. This is chess."

Far from Dick Cheney's claim of "enormous successes" and Gen. William Casey's claim of "slow progress," the report shows that any path the U.S. takes in Iraq could lead to a river of blood. It says that in the absence of any strong Sunni and Shiite leaders who can control their groups, prospects are dim for a cohesive government, much less a democracy.

If the violence gets worse, the report concludes, three sulfurous possibilities loom: chaos leading to partition, the emergence of a Shiite strongman or anarchy "mixing extreme ethnosectarian violence with debilitating intragroup clashes."

So after four years of war, we get to choose between chaos, another Saddam or anarchy. Good work, W. And at such bargain prices; the administration is breaking the record for the military budget, asking for $100 billion for Iraq and Afghanistan this year and $145 billion more for 2008.

The White House thinks it can somehow spin the Iraq apocalypse so it sounds as if multiple wars are better than one civil war.

At a Pentagon briefing yesterday, Bob Gates rebuffed the idea of a civil war, saying: "I think that the words 'civil war' oversimplify a very complex situation in Iraq. I believe that there are essentially four wars going on in Iraq. One is Shia on Shia, principally in the south. The second is sectarian conflict, principally in Baghdad but not solely. Third is the insurgency, and fourth is Al Qaeda."

That's a relief, all right — we're in four wars in Iraq and threatening another with Iran.

Stephen Hadley, the national security adviser, agreed that the term civil war is unacceptable: "We need to get across the complexities of the situation we face in Iraq ... and simple labels don't do that."

When General Casey testified before the Senate Armed Services Committee on Thursday, he sounded as if he was talking about a completely different Iraq than the one limned in the intelligence report. "Today," he said, "Iraqis are poised to assume responsibility for their own security by the end of 2007, still with some level of support from us."

Compare that with the bleak tone of the report, which states that "the Iraqi Security Forces — particularly the Iraqi police — will be hard-pressed in the next 12 to 18 months to execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with success."

It's official. We're in a cycle of violence so complex and awful that withdrawing American troops will make it worse and keeping American troops there may also make it worse.

We can try or we can leave, but either way, it seems, we're cooked.

Bush To Request Billions For Wars (WP)

By Michael Abramowitz, Lori Montgomery

The Washington Post, February 3, 2007

President Bush will ask Congress for close to three-quarters of a trillion dollars in defense spending on Monday, including $245 billion to cover the cost of fighting in Iraq and Afghanistan and other elements of the "global war on terror," senior administration officials said yesterday.

Democrats said the gigantic spending request will precipitate "sticker shock" on Capitol Hill, where lawmakers were already planning to scrutinize White House war-spending requests more zealously.

As expected, Bush will ask Congress for an additional $100 billion for Iraq and Afghanistan for the current fiscal year, to go with the $70 billion already approved. He will also seek an additional $145 billion for the wars in fiscal 2008, which begins Oct. 1, and administration officials warned that even more money probably will be needed.

Those totals come on top of regular spending for the Pentagon, which officials say will be $481 billion in 2008, a 10 percent increase over this year's budget.

If approved by Congress, the new war spending would bring the overall cost of fighting to about $745 billion since the Sept. 11, 2001, terrorist attacks on the United States -- adjusting for inflation, more than was spent on the Vietnam War.

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The administration has obtained most of the funding for the wars in Iraq and Afghanistan through emergency or supplemental spending bills, which are not subject to the same level of congressional scrutiny as the regular budget. That practice has drawn sharp criticism from lawmakers and members of the bipartisan Iraq Study Group.

To answer those critics, White House budget officials say they will offer a much more detailed accounting of the costs of the war than they have previously provided, adding a special chapter to the thick budget books the president plans to send to Congress. But those details could be used by opponents of the war in arguing their case, according to lawmakers and other experts on Pentagon spending. Moreover, some war critics in Congress have served notice that they intend to use the spending bills containing the new money to try to bring the war in Iraq to a close.

"The defense budget request is the sleeper political issue of the year," said John J. Hamre, a former top Pentagon official who is chief executive of the Center for Strategic and International Studies. "When you add the various supplemental requests to the baseline defense budget, you get an astounding number, a number easily exploited by political opponents."

Top House Democrats, gathered yesterday in Williamsburg for a retreat, sounded skeptical about the new defense numbers and said they will not give the president a blank check.

"This is a huge number," said House Speaker Nancy Pelosi (D-Calif.), who noted that it includes an "opportunity cost" that would cut into Democrats' ability to fund domestic priorities.

"You can't help but note the irony: The president calls for us to rein in spending but sends us a budget for more than $700 billion in new spending," said House Budget Committee Chairman John M. Spratt Jr. (D-S.C.). "For Republicans who profess to oppose big spending, this will be a budget they will find hard to swallow."

Still, Spratt, Pelosi and other lawmakers did not rule out supporting the request. "We clearly want to make sure our troops have everything they need," said Rep. Nita M. Lowey (D-N.Y.), a member of the House Appropriations Committee.

Senate Majority Leader Harry M. Reid (D-Nev.) said in a statement that Democrats pledge to provide U.S. troops with "everything they need to do their jobs" but warned: "It is past time for the President to accurately and appropriately budget for this war and give the American people a full accounting of its true cost."

Though defense spending would see huge increases, the president's budget would allow a 1 percent increase for spending other than on defense, the first time in two years Bush has not sought cuts in government operations outside the Pentagon and homeland security.

Bush's budget also calls for slowing the rapid growth of Medicare, the federal health program for the elderly, by one percentage point. The president proposes to slice $66 billion over five years from previous projections by reducing payments to health-care providers such as hospitals and nursing homes and by charging wealthier seniors higher premiums for prescription-drug coverage.

The president wants to extend tax cuts that were enacted in 2001 and 2003 instead of letting them expire in 2010, as they are scheduled to do, and his budget would prevent the alternative minimum tax from expanding to ensnare millions of additional families next year. But after that, the president's budget would depend on billions of dollars in new revenue because of the rapid growth of the AMT.

That additional revenue -- along with projections for a healthy economy -- would allow Bush to keep his promise that the budget would be balanced by 2012, according to administration estimates, and that there would be a surplus, the first since Bush took office in 2001, despite a significant increase in military spending.

Since the attacks on the World Trade Center and the Pentagon, Congress has approved about $500 billion for military operations and terrorism-related activities, much of it appropriated as emergency spending. The Iraq Study Group, headed by former secretary of state James A. Baker III and former congressman Lee H. Hamilton, concluded in December that the public has not been "well-served" by that process and that the funds have received minimal scrutiny from either the White House or the Republican-controlled Congress.

Since Democrats took charge on Capitol Hill last month, they have promised to scrutinize the administration's spending requests more aggressively.

"We're going to be very focused in looking to see whether the funds are being spent wisely or simply going to fatten the pockets of big contractors like Halliburton," said Rep. Chris Van Hollen (D-Md.).

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Vin Weber, a Republican strategist and former congressman, said he has long thought the coming defense bills would be among the most controversial facing the new Congress, which is now considering a nonbinding resolution to condemn Bush's decision to send more troops to Iraq.

Although some members have talked about tying the president's hands through the budget process, others are reluctant to try that for fear of being accused of not supporting the troops. If the situation in Iraq does not improve, however, many Democrats will be under pressure to restrict funding, Weber said.

Whatever happens on the battlefield, Senate Budget Committee Chairman Kent Conrad (D-N.D.) predicted, the United States will be paying for the war for years to come.

"There's going to be real sticker shock when we get down to what the truth is about the cost of this war," he said. "It's going to be way beyond what anybody has fessed up to."

Record $622 Billion Budget Requested For The Pentagon (NYT)

By David S. Cloud

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The Bush administration is seeking a record military budget of $622 billion for the 2008 fiscal year, Pentagon officials have said. The sum includes more than $140 billion for war-related costs.

The administration is also seeking $93 billion in the current fiscal year, which ends on Sept. 30, to pay for military operations in Iraq, Afghanistan and elsewhere, the officials said.

The requests are part of the annual budget request to Congress for all federal spending programs. The budget is to be made public on Monday, and Congress will revise it in the coming months.

Together with money for combat operations this year already approved by Congress, the new request would push spending related to Iraq and Afghanistan to $163 billion.

“It is the highest level of spending since the height of the Korean War,” said Steven Kosiak, a military budget expert with the Center for Strategic and Budgetary Assessments, a policy analysis organization here.

Mr. Kosiak said that in 1952 the United States spent the equivalent of $645 billion in today’s dollars, factoring in inflation, and that in the Korean War military spending exceeded 13 percent of the gross national product. The figure is now 4 percent.

With Democrats in control of Congress and opposition to the Iraq war running strong, the administration’s request may face even greater scrutiny than it has in recent years. But few if any budget experts expect significant cuts in military spending while large numbers of troops are in combat in Iraq and Afghanistan.

In a statement, the Senate majority leader, Harry Reid of Nevada, said: “Democrats pledge that our troops will receive everything they need to do their jobs. We will also subject this supplemental to the tough and serious oversight that Congress has ignored for four years.”

The regular Pentagon budget request for 2008, which excludes war-related costs but covers Army, Navy, Air Force and Marine costs as well as other spending, will be $481 billion, a Pentagon official said. That would be an increase of $49 billion over what Congress provided this year, Mr. Kosiak said.

“As long as we’re engaged in major military operations, you are probably not going to see decreases in the baseline budget,” he said.

The Pentagon is seeking $128.6 billion for the Army, $110.7 billion for the Air Force and $140 billion for the Navy, department officials said.Background briefings for members of Congress and their staffs have begun. As details leaked out, Pentagon officials agreed to provide an outline of the request. The officials said the budget included no cancellations of major weapons systems, despite delays and escalating costs in procurement accounts in all the services.

The $141 billion request for war-related costs in 2008 represents the first time the administration has tried at the beginning of the budget cycle to provide a total estimate for how much the wars in Iraq and Afghanistan and other military operations will cost a year in advance.

Congress has been pressing the administration for several years to provide such estimates. Even as they comply, Pentagon officials emphasized that actual costs could be far different, depending on the course of the wars.

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The budget request, which takes many months to prepare, is being released as the administration is sending an additional 21,500 troops to Iraq.

A spokesman for the Pentagon, Bryan Whitman, said Friday that that the Office of Management and Budget had estimated that the additional forces would cost $5.6 billion in the current fiscal year, which ends in September.

On Thursday, the Congressional Budget Office released its estimate, which said the costs could run much higher.

Defense Secretary Robert M. Gates, at a Pentagon news conference, disputed the office's estimate, saying it greatly overstated the number of support troops that would be necessary to go along with the 21,500 increase in combat forces.

Mr. Gates also said he had recommended that President Bush nominate Adm. Timothy J. Keating of the Navy, now commander of Norad, as commander of the United States Pacific Command, making him the top commander in the Pacific, and Lt. Gen. Gene Reunart of the Air Force to head the Northern Command, which is responsible for defending the continental United States.

Rifts Emerge On Iran Policy (WSJ)

By Yochi J. Dreazen, Jay Solomon

The Wall Street Journal, February 3, 2007

WASHINGTON -- The Bush administration's war of words with Iran is sparking divisions within the government over how heavily Tehran actually is involved in fomenting instability in Iraq -- and how aggressive a stance the U.S. should adopt in response.

The White House has steadily ratcheted up its public statements about Iran, with senior officials in both Washington and Baghdad promising to take steps to curb what they portray as Iran's continuing transfers of weapons, money and military trainers to Shiite militants in Iraq. Some U.S. officials have suggested Iran may have played a direct role in a sophisticated attack in the Iraqi city of Karbala in late January that left five Americans dead.

But U.S. opinion about Iran is far from monolithic, and divisions over the country's intentions and activities in Iraq are emerging within the military and the intelligence community. The skeptics are challenging key aspects of the Bush administration's justifications for its hard-line approach toward Iran, making it more difficult for the White House to rally public support.

Those tensions broke into the open with the release Friday of declassified portions of the new National Intelligence Estimate about Iraq, which represents the collective findings of the intelligence community's 16 agencies. The report said Iran is playing only a minimal role in stoking sectarian violence in Iraq, an assessment that runs counter to a string of recent public statements by administration officials accusing Tehran of contributing significantly to Iraq's instability.

While the report said "Iranian lethal support for select groups of Iraqi Shia militants clearly intensifies the conflict in Iraq," it concluded that Iraq's raging sectarian war would continue even if Iran completely ended its involvement.

"The involvement of these outside actors is not likely to be a major driver of violence ... because of the self-sustaining character of Iraq's internal sectarian dynamics," the report said.

The release came as the administration delayed -- for the second time -- a planned release of military evidence that it says will buttress its claims that Iran is funneling weapons to Iraqi Shiites. National Security Adviser Steve Hadley acknowledged that the administration was concerned about the quality of the evidence that was to be presented.

"The truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts," he said.

The intelligence report issued yesterday, entitled "Prospects for Iraq's Stability: A Challenging Road Ahead," was requested by Congress and runs to 90 pages in its classified form. It presented a bleak assessment of conditions in Iraq, arguing that the "term 'civil war' accurately describes key elements of the Iraq conflict" even though the overall violence there was part of a conflict even more dangerous and complex than a traditional civil war. (See related article1.)

The report's skeptical assessment of Iran's overall role in Iraq echoes what many current and former U.S. officials have been saying for months. While most agree that largely Shiite Iran has been working to expand its influence inside Iraq and its support for fellow Shiites there, they discount the idea that Tehran is a central player in fueling the unrest.

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"There are two main engines of violence: the Sunni jihadists and the Shiite militias that have been in operation since February 2006. Neither of these two cycles of violence was incited by the Iranians," says Wayne White, a member of the Iraq Study Group and a former State Department intelligence analyst. "Whatever the Iranians are doing has to be like 1% of the total problem."

While playing down Iran's influence on Iraq's overall security situation, U.S. intelligence agencies generally agree with the Bush administration's contention that Tehran is funding and supplying munitions to Shiite militias.

Military and intelligence officials say they are particularly concerned by Iran's alleged supplying of shaped charges -- a particularly lethal type of roadside bomb capable of penetrating tanks and armored vehicles. U.S. officials say members of Shiite militias have used those munitions to kill American and British servicemen.

Even here, the evidence remains murky. The Bush administration has long accused Iran of arming Iraq's Shiite fighters, but has never been able to provide clear evidence substantiating the allegations.

On Jan. 24, the U.S. ambassador to Baghdad, Zalmay Khalilzad, said the government would publicly release evidence buttressing the claims "in the coming days." The briefing was delayed without explanation, however, then delayed a second time a few days ago. Mr. Hadley declined to say when it would ultimately take place.

U.S. Can't Prove Iran Link To Iraq Strife (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, February 3, 2007

Despite pledges to show evidence, officials have repeatedly put off presenting their case.

WASHINGTON — Bush administration officials acknowledged Friday that they had yet to compile evidence strong enough to back up publicly their claims that Iran is fomenting violence against U.S. troops in Iraq.

Administration officials have long complained that Iran was supplying Shiite Muslim militants with lethal explosives and other materiel used to kill U.S. military personnel. But despite several pledges to make the evidence public, the administration has twice postponed the release — most recently, a briefing by military officials scheduled for last Tuesday in Baghdad.

"The truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts," national security advisor Stephen J. Hadley said Friday.

The acknowledgment comes amid shifting administration messages on Iran. After several weeks of saber rattling that included a stiff warning by President Bush and the dispatch of two aircraft carrier strike groups to the Persian Gulf, near Iran, the administration has insisted in recent days that it does not want to escalate tensions or to invade Iran.

Defense Secretary Robert M. Gates seemed to concede Friday that U.S. officials can't say for sure whether the Iranian government is involved in assisting the attacks on U.S. personnel in Iraq.

"I don't know that we know the answer to that question," Gates said.

Earlier this week, U.S. officials acknowledged that they were uncertain about the strength of their evidence and were reluctant to issue potentially questionable data in the wake of the intelligence failures and erroneous assessments that preceded the U.S.-led invasion of Iraq.

In particular, officials worried about a repetition of former Secretary of State Colin L. Powell's February 2003 U.N. appearance to present the U.S. case against Iraq. In that speech, Powell cited evidence that was later discredited.

In rejecting the case compiled against Iran, senior U.S. officials, including Hadley, Gates and Secretary of State Condoleezza Rice, confirmed Friday that they were concerned about possible inaccuracies.

"I and Secretary Rice and the national security advisor want to make sure that the briefing that is provided is absolutely accurate and is dominated by facts — serial numbers, technology and so on," Gates told reporters at the Pentagon.

Another reason for the delay, as is often the case when releasing intelligence, was that officials were concerned about inadvertently helping adversaries identify the agents or sources that provided the intelligence, Hadley said.

Hadley also said that the administration sought to delay the release of evidence until after a key intelligence report on Iraq was unveiled, so that Americans could place the evidence in the context of the broader conflict.

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That report, called a National Intelligence Estimate, was issued Friday, concluding that Iraq was deteriorating and faces a bleak future that U.S. efforts may do little to avert.

However, the report tends to downplay the role of Iran and Syria, another target of U.S. criticism, in fomenting sectarian violence, while acknowledging that Iranian involvement "intensifies" the conflict.

"The involvement of these outside actors is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics," says the report, compiled by experts from the nation's 16 intelligence agencies.

Few doubt that Iran is working to increase its influence inside Iraq, but many of its beneficiaries have been political groups that also are allied with the United States.

So far, the U.S. government has provided scant evidence that the government of Iran is directly supporting militant Shiite groups.

U.S. military leaders in Iraq have said they have evidence that Iran is behind the supply network of explosives. Military officials have blamed Iran for the increasing casualties caused by the use of "shaped charge" explosive devices that can penetrate armored vehicles.

"What we are trying to do is … counter what the Iranians are doing to our soldiers, their involvement in activities, particularly these explosively formed projectiles that are killing our troops, and we are trying to get them to stop their nuclear enrichment," Gates said.

U.S. officials detained five Iranians in a raid in the northern Iraqi city of Irbil last month, accusing them of planning attacks on Americans.

Gates also acknowledged Friday that there was "a lot of speculation" about involvement by Iranians in the abduction and killings of five U.S. servicemen in Karbala last month. But he refused to say whether an investigation had turned up any evidence that Iranians took part.

"I would just tell you flatly that the investigation is still going on, and the information that I've seen is ambiguous," Gates said. "It's not clear yet."

In a major speech on Iraq last month, Bush accused Iran of "providing material support for attacks on American troops" and vowed to "seek out and destroy" weapon transport networks.

Since then, Air Force officials have said they are planning new missions that could include flights along the Iran-Iraq border aimed at disrupting weapons shipments.

Iranian officials challenged the Americans to produce evidence of their charges, and Zalmay Khalilzad, the U.S. ambassador to Iraq, pledged last week to do so.

The increasingly harsh words from the Bush administration stoked fears of a possible U.S. attack on Iran. In recent days, the White House and top U.S. officials have sought to counter the concern. Gates became the latest administration official to offer such reassurances.

"The president has made clear, the secretary of State has made clear, I've made clear … we are not planning for a war with Iran," Gates said Friday.

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Times staff writer Julian E. Barnes in Washington contributed to this report.

Defense Secretary Says Carrier Dispatch To Gulf Meant To Dramatize Commitment There (AP)

AP, February 3, 2007

WASHINGTON (AP) - Defense Secretary Robert Gates said Friday that the decision to send a second U.S. carrier to the Persian Gulf region does not mean the United States is planning for a war with Iran.

Gates told Pentagon reporters the U.S. is trying to stem Iranian involvement in ongoing violence by Iraqi insurgents, and said there are continuing concerns about Iran's move toward nuclear power. But he quickly added that the movement of the carrier is to demonstrate that America is committed to the Gulf region.

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He also said that he has not seen any credible proof yet that any Iranians were involved in the ambush last week in Karbala that left five soldiers dead.

'Nobody is planning, we are not planning for a war with Iran,' Gates told reporters at a Defense Department briefing.

The Bush administration has increased pressure on Iran in recent months in response to allegations that Iran has been helping train and provide explosives to extremists fighting U.S. troops in Iraq, and the long-running dispute over Iran's nuclear program.

Besides sending a second carrier task force to the Gulf, U.S. raids inside Iraq have netted Iranian officials and Bush has said that the U.S. will send anti-missile batteries to the region. He has also spoken about breaking up networks the Iranians use to help groups battling U.S. troops.

Defense Secretary: No Plans For War With Iran (CNN)

CNN, February 3, 2007

WASHINGTON (CNN) -- U.S. Defense Secretary Robert Gates said Friday that the United States is "not planning for a war with Iran."

Gates said he was reiterating what President Bush and Secretary of State Condoleezza Rice have said earlier. The defense chief spoke at a press conference with Gen Peter Pace, chairman of Joint Chiefs of Staff.

But Gates said U.S. forces are "trying to counter" what Iranians are doing to U.S. forces in Iraq.

He said that "explosively formed projectiles" with roots in Iran were killing troops.

Calling the explosives by the acronym EFP, Gates said either the weaponry or the technology for it emanates from Iran. The weapon is more powerful than the roadside bombs that insurgents have used with deadly effectiveness to ambush American convoys in Iraq.

The EFP's increased sophistication allows it to penetrate armored vehicles, posing a greater threat to U.S. troops.

Gates said the U.S. military strategy is involved in "uprooting" the networks providing the EFP material as well as other explosives used to create the roadside bombs.

Referring to the latter explosives, Gates said, "these darn things account for about 70 percent of our casualties."

Pace said the military is "working day and night to disassemble" the networks bringing in explosives and the material to make them and is doing that "without regard to nationality" but to "who our enemies are."

"It is instructive that at least twice in the last month that in going after the networks we have picked up Iranians," Pace said.

When asked whether the government or rogue elements are shipping the material, Gates said, "I don't know that we know the answer to that question."

Military investigators reportedly have been looking into the possibility Iranians or Iranian-trained operatives carried out a January 20 attack on a Karbal military compound in southern Iraq that resulted in the deaths of five U.S. soldiers.

Gates said the investigation is ongoing and information about who was involved is "ambiguous."

Gates All But Rules Out Strike On Iran (WT)

By Rowan Scarborough

The Washington Times, February 3, 2007

Defense Secretary Robert M. Gates yesterday all but ruled out military strikes on Iran, declaring "we are not planning for a war with Iran."

Mr. Gates, who has called military action against Iran an absolute last resort, made the denial during a flurry of press and Internet blogger speculation that President Bush is preparing to order strikes against Iran's nuclear facilities.

In announcing a new strategy for Iraq on Jan. 10, the president said U.S. troops would target Iranian agents inside the country who are aiding the deadly insurgency. The administration said Iran is supplying Shi'ite insurgents with powerful improvised explosive devices whose explosions penetrate armor and result in multiple casualties.

Mr. Bush also ordered an increase in the U.S. military presence in the Persian Gulf by deploying Patriot anti-missile batteries and a second aircraft carrier in the region.

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Those twin moves stirred speculation that a war was in the offing. Iranian President Mahmoud Ahmadinejad has threaten to destroy Israel and refuses to stop enriching uranium, as the United Nations has demanded.

Administration officials say the buildup was done to mollify Persian Gulf Arab states who fear attacks from Iran, and to put pressure on Mr. Ahmadinejad.

Mr. Gates explained it this way: "What we are trying to do is, in Iraq, counter what the Iranians are doing to our soldiers, their involvement in activities, particularly these explosively formed projectiles that are killing our troops and we are trying to get them to stop their nuclear enrichment. We are doing the latter strictly through the diplomatic process. ... The diplomatic process is working and I think that that's where we are relying."

At the White House, where officials released a new intelligence estimate on the Iraq war's path, National Security Adviser Stephen J. Hadley said he has delayed release of a "white paper" detailing Iran's transgressions in Iraq.

Mr. Hadley told reporters the draft paper was "overstated, and we sent it back to get it narrowed and focused on the facts."

Mr. Gates said the briefing is being compiled by the U.S. command in Baghdad. He said Cabinet officials "want to make sure that the briefing that is provided is absolutely accurate and is dominated by facts -- serial numbers, technology and so on."

Kurds Train For Battle With Iran (AP)

By Kathy Gannon, Associated Press Writer

AP, February 3, 2007

Deep in the mountains of eastern Iraq, a cluster of mud huts and the chatter of machine gun fire reveal another piece of the jigsaw puzzle called Kurdistan.

Here, recruits are training to fight Iran, one of the four countries that rule the fractured Kurdish people. And although they belong to an organization officially outlawed as terrorist by Washington, they appear to be operating unhindered either by Iraqi-Kurdish units or the limited U.S. force in Kurdish areas.

A boulder-studded road spirals up through sun-soaked mountains to a pale yellow building that flies the flag of the Kurdistan Workers Party (PKK), condemned as a terrorist organization by the U.S. and its NATO ally, Turkey.

A giant face of Abdullah Ocalan, the PKK founder who is serving a life sentence in Turkey, is painted on the mountainside. Ten miles farther on lies the Qandil range, which runs like a snow-dusted spine along Iraq's northern border with both Turkey and Iran.

In the camp, lugging heavy machine guns and AK-47 assault rifles, are men and women of the Party for a Free Life in Kurdistan, or PEJAK, an offshoot set up by the PKK in 2004 to fight for Kurdish autonomy in Iran.

The PKK and its affiliates are spread through a region of some 35 million Kurds that straddles Turkey, Iraq, Iran and Syria. PEJAK, the newest group, claims to number thousands of recruits, and targets only Iran — a mission which has made PEJAK the subject of intense speculation that it is being used to undermine the radical Islamic regime of Iranian President Mahmoud Ahmadinejad.

In the Nov. 27 issue of The New Yorker, investigative reporter Seymour Hersh wrote that PEJAK was receiving support from the U.S. as well as from Israel, which fears Iran's nuclear ambitions and Ahmadinejad's call to wipe the Jewish state off the map.

The State Department Friday declined to comment on the claim of U.S. support for PEJAK.

PEJAK says it regularly launches raids into Iran, and Iran has fired back with artillery. In October the English-language Iran Daily, published by Iran's official news agency, said Iran accused PEJAK of killing dozens of its armed forces in insurgent attacks.

Rep. Dennis Kucinich (D-Ohio), a presidential candidate who claims the White House is overplaying the Iranian threat, last year wrote to President Bush expressing concern that the U.S. was using PEJAK to weaken Ahmadinejad.

James Brandon, an analyst for the U.S.-based Jamestown Foundation, told The Associated Press that PEJAK has refused to discuss its funding sources. But he said its greatest threat to Iran is not military. It has veins running deep into the Iranian Kurdish population and is offering to join forces with other restless minorities in Iran, he said.

Israeli Foreign Ministry spokesman Mark Regev said "Israel is not involved in any way in what's going on there."

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Meir Javedanfar, an Israel-based Iran expert, noted however that Israel has a long-standing relationship with Iraqi Kurdish leader Mustafa Barzani and "It would not surprise me to discover that Israel is using the Kurdish areas of Iraq to undermine Iran's influence in Iraq and monitor what's going on along the Iranian border, as well as to undermine the Iranian government itself."

The AP recently spent two winter days at a PEJAK training camp tucked in the shadow of the Qandil Mountains in northern Iraq, listening to its followers describe their goals and operations in Iran.

According to a camp commander, Hussein Afsheen, "PKK gives ideological and logistical support" while funding comes from Iranian Kurds. He said he didn't know of U.S. funding, but would gladly accept it.

The camp is designed to toughen up the new recruits, who numbered 38 during the AP's visit. Beds are single wool blankets spread over a rough concrete floor, or over a narrow steel bench that hugs an icy mud wall. The only heat comes from a wood-fired potbelly stove.

It's still pitch dark and freezing at 5 a.m., when the fighters line up and pledge allegiance to the Kurdish cause.

Soztar Afreen, a 22-year-old Syrian with a quick smile, says she joined five years ago and the first months were tough.

"I had trouble keeping up. You have to toughen yourself. The physical work is difficult but once you get used to it life here gets easier," she said.

She recalled that her parents, PKK sympathizers, sent her off with this plea: "Don't let down the struggle; make us proud."

Gunfire and explosions echo off mountainsides as recruits learn to fire artillery and rocket launchers and automatic rifles. They are taught to lay ambushes and to endure long hours isolated and in hiding.

Food is spartan — potatoes, tomato broth, onions and a lot of bread baked flat in a deep stone oven.

Much time is spent in ideological training and studying Ocalan's vision of a united Kurdistan, which the guerrillas say has gradually shifted from demanding full-blown independence to settling for autonomy as a distinct culture within the various countries where they live.

PEJAK ideology is rigorously leftist and includes equality of the sexes — unusual in this region. The camp has two leaders, a man and a woman.

The male one, Afsheen, is a Turkish Kurd who joined the PKK in 1990, at age 19. He said he enlisted after Turkish soldiers herded him, his family and his neighbors into the town square and burned down their homes.

Four shepherds were coming home and "The soldiers just opened fire on them. I had inside of me a lot of anger. I promised I would get my revenge," said Afsheen.

In training, "Recruits were put in a cave and left there for a month, allowed out only for half an hour each day. We walked for hours in frigid water," he said.

Afsheen said he has made several forays into Iran, including one monthlong trek to the Iranian town of Shahha three months ago, not to attack Iranians but to organize Kurds. "We were discovered. There was a firefight and it went on until dark. We were pinned down, trapped," he said.

"At nightfall we found an opening and we tried to slip out but we were discovered. The firing went on again and they called in their helicopters. One of our friends was wounded and three Iranian security men were killed."

Afsheen's co-leader is Beridon Dersim, who grew up in Austria and found her identity with the PKK.

"What I wanted I couldn't find from Turkey. I couldn't find from Europe. The PKK offered me answers about myself, about my ethnicity."

Dersim, 32, said she wanted to pick up a gun the day she joined the PKK at 17 but it was just before her 20th birthday that she was allowed into the guerrilla ranks.

Unlike Afreen of Syria, she did not have her family's blessing, she says, and her father, a Turkish civil servant, was tortured and left in a wheelchair. She said she has since fought in gunbattles.

The guerrillas vow not to marry or visit their families lest they put them in danger or be distracted from their struggle. Afsheen said he hasn't seen his parents since their village was destroyed 16 years ago. "I was the youngest of nine children, but maybe there are more now. I don't know."

Dersim says her presence encourages Kurdish women but also frightens the men.

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"We go to a village and when we speak they are surprised and they ask us: 'Where do you get such power to do this? How can you speak like this and in front of men?'"

Iran Installs Equipment For Large-Scale Uranium Enrichment (NYT)

By David E. Sanger

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — International nuclear investigators have confirmed that Iran is beginning to install equipment in the large underground chamber in Natanz, the center where Iranian officials have said they will move to industrial-scale enrichment of uranium, according to foreign diplomats and American officials.

Iran said last year that it planned to install 3,000 centrifuges by this spring at Natanz, as a first step toward putting more than 50,000 of the devices in operation to produce nuclear fuel. But the program has been behind schedule, and based on reports from investigators from the International Atomic Energy Agency, the centrifuges are just now beginning to be assembled.

Nonetheless, the move signals a continued defiance of the Untied Nations Security Council, which demanded last summer that Iran suspend all uranium enrichment. At the White House on Friday, the spokesman for the National Security Council said, "This clearly demonstrates that Iran is not moving to meet the U.N.'s mandate."

This weekend, ambassadors from several countries are invited by the Iranians to visit the plant at Isfahan, where Iran produces the uranium gas that is fed into centrifuges for enrichment. American officials dismissed the invitation as a diplomatic stunt, meant to create a false sense of openness about the program.

"Instead of inviting I.A.E.A. ambassadors, Iran should invite I.A.E.A. inspectors," said Gregory L. Schulte, the American ambassador to the atomic agency. "Iran should give them access to all the documents, nuclear facilities and individuals that it has refused to provide access to in the last three years."

He added that a United Nations resolution requires Iran to suspend its nuclear activities. "Suspending them would build confidence," he said. "Showcasing them does not."

In Tehran, Iranian officials said on Friday that President Jacques Chirac of France was speculating when he first said this week that Iran would not pose a big danger if it had one or two nuclear weapons. Mr. Chirac, who later retracted his remarks, also said that if Iran were to launch a nuclear weapon against a country like Israel, it would lead to the immediate destruction of Tehran.

"This is more like a fantasy by Mr. Chirac because the International Atomic Energy Organization and its director have repeatedly said that Iran is not moving in that direction," said a Foreign Ministry spokesman, Mohammad Ali Hosseini, referring to the agency's declarations that it has developed no evidence that Iran is enriching uranium for bomb production. But the agency has also said that Iran never answered a series of questions about suspicious activities that could indicate work on a weapons project. "We have also said that the Islamic Republic of Iran has no plans to have nuclear weapons and that nuclear weapons are religiously banned," he added. "We really hope they talk realistically."

Mr. Hosseini said that Iran was surprised that European leaders had ignored comments by Israel's prime minister, Ehud Olmert, recently that seemed to confirm that Israel possessed nuclear weapons. In a television interview, Mr. Olmert suggested that Iran was "aspiring to have nuclear weapons, as America, France, Israel, Russia."

The Israelis, clearly embarrassed by Mr. Olmert's statement, immediately said his remark was not intended as a confirmation or denial of whether his country possesses the weapons. But Iran has seized on it as evidence of a double standard, saying that European nations should be pressing the Israelis, not the Iranians.

If Iran is preparing to take its enrichment program to the next level, it may be rushing. It currently has a pilot program under way to determine if it can master the process. But so far that project is small and has run into numerous technical problems, according to foreign diplomats who have reviewed reports on its progress.

Iran's president, Mahmoud Ahmadinejad, had promised an announcement about Iran's latest advances during celebrations that began Thursday for the 28th anniversary of the Islamic Revolution.

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Diplomats in Vienna told The Associated Press that hundreds of technicians and laborers were “working feverishly” at the Natanz facility, near Tehran, over the past week. The news agency said that by Thursday, pipes, wiring, control panels and air-conditioning had been installed — setting the stage for hooking up the centrifuges that spin uranium into enriched levels.

The process can lead to making nuclear fuel for power plants, or for nuclear weapons if the uranium is enriched to higher levels. The United States and some European countries have accused Iran of having a clandestine weapons program, though Iran contends that its program is peaceful.

The United Nations Security Council passed a resolution on Dec. 23 banning the trade of goods and technology related to Iran’s nuclear program. Mr. Ahmadinejad has repeatedly scoffed at the measure, but in recent weeks he has faced internal public criticism for fanning a confrontation with the West.

Diplomats: Iran Working On Uranium Plant (AP)

By George Jahn, Associated Press Writer

AP, February 3, 2007

Technical crews have hauled centrifuges into Iran's vast underground Natanz complex and were on the threshold of launching a program that could be used to create nuclear arms, diplomats said Friday.

Hundreds of technicians have been "working feverishly" in recent weeks in the bunker-like hall beneath the desert near the central Iranian city of Natanz, said a diplomat accredited to the Vienna-based International Atomic Energy Agency, the U.N. nuclear monitor.

By Thursday, they had installed and tested the pipes, wiring, control panels and air conditioning, setting the stage for hooking up the centrifuges that spin uranium into enriched levels.

Iran says it wants to develop enrichment to generate power, with Natanz as the centerpiece of a program first to link 3,000 centrifuges, and then ultimately to expand to 54,000. The United States and other countries fear Tehran will enrich to a higher level than needed for energy and use the material for the fissile core of nuclear warheads.

The recent activity in Natanz increases the tension between Tehran and the world's major powers over the Islamic republic's nuclear program, and will likely spur U.S. efforts to sharpen existing U.N. sanctions on Iran for its defiance of a Security Council demand that it freeze enrichment efforts.

"This work is not necessary for a peaceful nuclear energy program, but is needed to give Iran's leaders the know-how to make highly enriched uranium for nuclear weapons," said Matt Boland, spokesman for the U.S. delegation to the IAEA.

A diplomat — one of four who spoke to The Associated Press on condition of anonymity because the information was confidential — said that with all the support equipment now installed, "everything is done except putting the machines in and hooking them up."

The centrifuges would be placed in "cascades" or series, allowing them to spin and re-spin uranium gas to a required level of enrichment — low for energy, high for the fissile core of nuclear warheads.

Another diplomat said that less critical preparatory work has been going on for weeks inside the Natanz facility — set underground below a barren desert mountain that is spiked with anti-aircraft batteries and radar to protect it from attack.

Even if Tehran successfully installs 3,000 centrifuges, experts estimate it would still take several years for all of them to be running smoothly.

The International Institute for Strategic Studies, a London-based think tank, on Wednesday estimated that Iran was two to three years away from having the capacity to build a nuclear weapon. The head of U.S. national intelligence, John Negroponte, has spoken of a four-year period.

Once enrichment begins, IAEA inspectors want to check to what level the uranium is being processed, and to ensure that none of the material produced is siphoned off. One of the diplomats familiar with the Iran nuclear dossier said the IAEA was negotiating with Iranian officials on details of what it would be allowed to see and control at the underground bunker.

In a further setback to IAEA monitoring attempts, a U.N. official familiar with Tehran's nuclear dossier said Thursday that Iranian officials had turned down a request from agency inspectors to install cameras in key areas of the underground facility.

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In Tehran on Friday, a top Iranian nuclear official — who demanded anonymity because he was not authorized to speak to the media — disputed that assertion, saying U.N. inspectors had set up cameras in the underground facility. But another U.N. official said Iran had met only some — not all — of the IAEA requests.

Other nations — among them Brazil — also do not allow cameras in their enrichment halls. But unlike Iran, none is under direct scrutiny for possible attempts to make nuclear weapons.

Associated Press writer Ali Akbar Dareini contributed to this report from Tehran.

Chirac's Iran Gaffe Reveals A Strategy: Containment (NYT)

By Elaine Sciolino

The New York Times, February 3, 2007

PARIS, Feb. 2 — When President Jacques Chirac said this week that he would not be overly worried if Iran obtained a nuclear weapon, he inadvertently said aloud what some policy makers and arms control experts have been whispering: that the world may have to learn to live with a nuclear Iran.

Mr. Chirac quickly retracted his words, and Élysée Palace reaffirmed France's commitment to preventing Iran from becoming a nuclear-weapons state. But in veering from the prepared script and letting the veil of caution fall, he became the first Western leader to imply that containment of a nuclear Iran is preferable to other options, especially war.

"Jacques Chirac said things that many experts are saying around the world, even in the United States," Hubert Védrine, foreign minister from 1997 to 2002, said on LCI television on Friday. "That is to say, that a country that possesses the bomb does not use it and automatically enters the system of deterrence and doesn't take absurd risks."

The logic of the argument goes this way: Iran is making enriched uranium, which can be used either for making electricity or, with additional enrichment, nuclear weapons. If Iran masters that process for military purposes, it may be able to build a bomb or two in the next few years.

Under that thinking, the only realistic goal is to slow down the process as long as possible. But even if Iran has the bomb, it will be subject to the same classic doctrine of nuclear deterrence that restrained the nuclear powers during the cold war.

"There is a growing realization that the international community is failing to stop Iran from acquiring a uranium enrichment capability," said Mark Fitzpatrick, a senior fellow at the International Institute for Strategic Studies in London. "The U.S. government wouldn't accept it, but it's becoming a fait accompli. Can the next step — a nuclear weapon — be prevented? Chirac skipped over that question and cut to the chase in saying, 'We can live with a nuclear-armed Iran.' "

The Bush administration has made stopping an Iranian bomb the object of an increasingly aggressive policy. But administration officials are concerned that the Iranians have learned from North Korea — which ignored Washington's warnings and detonated a nuclear device last year. Iran, they fear, is on the same path.

So the administration is pressing reluctant European governments to curtail support for exports to Iran and to block transactions and freeze the assets of some Iranian companies. In Iraq, the administration has pursued Iranian agents it believes to be involved in attacks against American and allied forces.

Among the Europeans, there is an overwhelming consensus that the American-led war in Iraq has been a disaster and that Washington's Iran strategy could end in an even more destabilizing military confrontation.

It was Mr. Chirac who led Europe's opposition to the war in Iraq, and in an I-told-you-so speech last month he said that his predictions that the war would spread more chaos, regional instability and terrorism had come true.

In his remarks this week, he could have been speaking for most of Europe when he said that what he called "the Iraq affair" had "shifted red lines" and made the region dangerous.

Even inside the Bush administration, some officials have acknowledged over the past year that Iran eventually may get a nuclear weapon — or at least the technology and components to assemble one quickly. In the United States, the view that the world might have to coexist with a nuclear Iran was laid out in an ambitious study by two government-financed scholars at the National Defense University in 2005.

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"Can the United States live with a nuclear-armed Iran?" the report asked. "Despite its rhetoric, it may have no choice." The report added that the costs of rolling back Iran's nuclear program "may be higher than the costs of deterring and containing a nuclear Iran."

In a sense, Mr. Chirac was trying to make just that point when he said in an interview with three publications, including The New York Times, that a bomb would do Iran little good because it would never be able to use it without facing swift retaliation.

Mr. Chirac also stressed his belief that Iran should not be completely humiliated and isolated, but encouraged to become a positive regional player. "How can we impose sufficiently strong constraints on Iran?" he asked in the Monday interview. Calling the Islamic Republic "a bit fragile," he said, "One has to know what Iran can withstand or not."

The following day, in retracting his statements about a nuclear Iran, he stressed the importance of having a "dialogue" with Iran, which he said had an important role to play in helping to stabilize the region.

In the past several years, Mr. Chirac has tried to navigate a middle course between the United States and Iran.

It was France, in the months after the invasion of Iraq in 2003, that conceived a diplomatic initiative joined by Britain and Germany in which Tehran would freeze its uranium enrichment activities in exchange for political, economic and technological incentives.

The European trio suspected that the United States was moving toward an open confrontation with Iran, much the way it did with Iraq.

But the initiative failed, even after the United States, Russia and China joined in. Sanctions, even in the unlikely eventuality that they can be tightened substantially, are not likely to be tough enough to change Iran's behavior.

Tehran insists that its nuclear program is for peaceful energy purposes. It views United Nations sanctions to punish it for enriching uranium as unjust and a violation of its rights as a signatory to the Nuclear Nonproliferation Treaty. It justifies its presence in Shiite-controlled Iraq as necessary to preserve its own national security interests and to protect itself should Iraq dissolve into chaos.

On Thursday, Iran's president, Mahmoud Ahmadinejad, said that his nation was becoming a "superpower" and that the United Nations sanctions would not deter it from pursuing its nuclear program.

Indeed, the Iranians are well aware that possession of the bomb would immediately transform the country into the dominant power in the Middle East, give it even greater influence over Iraq and allow it to threaten and blackmail its enemies.

Republicans Plan To Block Iraq Debate (NYT)

By Carl Hulse

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — Senator Mitch McConnell of Kentucky, the Republican leader, said Friday that his party would unite to block Senate debate next week on a bipartisan resolution opposing President Bush's troop buildup in Iraq unless the Democrats allowed votes on at least two Republican alternatives.

Mr. McConnell said even Senator John W. Warner, the Virginia Republican who is the chief author of the bipartisan proposal, and other Republicans backing his plan had agreed to prevent the resolution from reaching the floor Monday if Democrats did not agree to that demand.

"We're in a position to insist on a procedure for considering these matters that we think is fair to us," said Mr. McConnell, who has been negotiating the framework of the debate with Senator Harry Reid of Nevada, the majority leader. "We can't dictate the outcome necessarily, but we're insistent upon a process that we are comfortable with."

Mr. Reid responded that the Republican leadership was essentially filibustering a debate of Iraq policy to avoid a judgment on Mr. Bush.

"This obstruction is an abdication of their responsibility to the American people on the most important issue facing our nation today," Mr. Reid said in a statement.

Such back and forth is not unusual in the buildup to major debates in the Senate, where the minority party has significant power to influence the process.

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Lawmakers and senior Senate officials said they believed that an agreement would ultimately be worked out, since Republicans do not want to risk being accused of shutting off criticism of Mr. Bush on such a major issue, while Democrats are eager to get Republicans on the record on the troop increase.

Mr. McConnell's threat also reflects the Republican leadership's strategy to force a Senate review of a series of competing resolutions, muddying the outcome with multiple votes, rather than allow the focus to be on a central proposal objecting to the troop buildup.

Mr. Warner on Wednesday night revised his plan — which already had some Republican backing — and gained some new support, leading Democrats to make his version the main one to be considered.

Senate Republicans have also been squeamish about Mr. Reid's decision to debate the Iraq policy in the form of legislation, which would be sent to the president if passed as such. They see such a move as overly confrontational, even though Mr. Reid has said the Senate will ultimately convert the proposal to a resolution to avoid having to send it to the White House.

Republicans say they want votes on at least two alternatives. One is a resolution made public Thursday by Senators John McCain, Republican of Arizona, and Joseph I. Lieberman, the independent from Connecticut, among other lawmakers. Mr. McCain and Mr. Lieberman support the president's plan to increase troops.

Their resolution lays out 11 goals the Iraqi government should meet, including disarming militias and distributing Iraqi resources without regard to religious sect. It declares that Congress should ensure that American forces "have the resources they consider necessary to carry out their mission." The resolution does not say what the United States should do if the Iraqi government does not meet the goals.

A second likely alternative would be a Republican-backed resolution opposing any cutoff of money for added troops, a potentially tougher vote for some Democrats who want to retain that as a future option.

Warner To Help Block His Own Resolution On Iraq (WT)

By Charles Hurt

The Washington Times, February 3, 2007

Sen. John W. Warner will join his fellow Republicans in voting Monday to block the resolution he wrote rebuking President Bush's Iraq war policy.

"Senator Warner supports the Senate Republican leadership's effort to establish a free and open debate on Iraq on the Senate floor, including possible amendments," a spokesman for the Virginia Republican said yesterday afternoon.

Earlier in the day, Mr. Warner told colleagues during a closed-door strategy meeting at the Library of Congress that he opposes the manner in which Senate Majority Leader Harry Reid, Nevada Democrat, is conducting debate on his resolution, which condemns Mr. Bush's plan to send 21,500 more troops to Iraq.

Senate Republicans are opposed to a vote on the Warner resolution unless they also get votes on two other resolutions. One of those alternatives supports Mr. Bush's plan, and the other would prohibit cutting funds for the war. Republicans also want each resolution to require 60 votes to pass.

Senate Minority Leader Mitch McConnell, Kentucky Republican, told reporters yesterday that he expects to have all 49 Republicans in the chamber -- nine votes more than are needed for a filibuster -- to vote Monday to block the nonbinding resolution.

Mr. Reid said he has been acting in good faith to get a vote on the Warner resolution.

"The American people deserve better than a filibuster on the president's flawed plan," he said. "Senate Democrats will continue to negotiate with the Republican leadership to bring the plan to a vote."

Meanwhile, a National Intelligence Estimate (NIE) released yesterday raised new uncertainty about the prospect for withdrawing American troops from Iraq.

Iraqi leaders will be hard-pressed to craft a lasting political settlement or improve their security capabilities in the next 12 to 18 months, according to the collaborative assessment by 16 spy agencies.

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The assessment states that growing and entrenched polarization between Shi'ite and Sunni Muslims, inadequate Iraqi security forces, weak leaders and the success of extremists' efforts to use violence to exacerbate the sectarian war all create a situation that will be difficult to improve.

"We think it is accurate," said Stephen J. Hadley, Mr. Bush's national security adviser. "We would emphasize the 'hard-pressed,' because we will be pressing them hard and the Iraqi people will be pressing the government hard."

The news comes as the next major political showdown looms on Capitol Hill.

The Bush administration will ask for another $100 billion for military and diplomatic operations in Iraq and Afghanistan this year and seek $145 billion for 2008, a senior administration official said yesterday.

The requests Monday, which will accompany Mr. Bush's budget for the 2008 fiscal year that begins Oct. 1, would bring the total appropriations for 2007 to about $170 billion, with a decline the following year.

The additional request for the current year includes $93.4 billion for the Pentagon -- on top of $70 billion approved by Congress in September -- and is about $6 billion less than the Pentagon's request to the White House budget office.

U.S. Copter Crash In Iraq Kills 2 In Fourth Such Incident This Year (WP)

By Ernesto Londono

The Washington Post, February 3, 2007

BAGHDAD, Feb. 2 -- A U.S. military helicopter crashed Friday morning north of Baghdad, killing two soldiers on board, officials said. It was the fourth fatal helicopter crash in Iraq this year.

The helicopter went down at 7:20 a.m. near Taji, about 15 minutes north of the capital. The military said in a brief statement that the soldiers' remains "have been recovered and the site secured."

Military officials did not say what type of helicopter it was or how it crashed. But Iraqi police and an insurgent group that asserted responsibility for the crash identified the craft as an Apache and said it had been shot down by a shoulder-fired antiaircraft missile.

"We are saying to the enemies of God that the airspace of the Islamic state of Iraq is prohibited for you, just like its land," the Islamic State of Iraq, a Sunni insurgent group, said in a statement posted on its Web site. "God opened for the soldiers of the Islamic State of Iraq new ways to confront your aircrafts."

Before Friday's incident, 19 people had died in U.S. helicopter crashes in the past two weeks. A Black Hawk crashed north of Baghdad on Jan. 20, killing 12 soldiers on board. The following week, a civilian helicopter was downed in central Baghdad while assisting a U.S. Embassy convoy that had come under attack. Five security contractors employed by Blackwater USA were killed in that incident.

On Sunday, a military helicopter crashed while participating in an Iraqi-led raid on an insurgent camp in the southern province of Najaf, killing two soldiers. An Iraqi official involved in the raid said that helicopter had also been shot down.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, discussed the string of crashes Friday during a briefing at the Pentagon.

"Clearly, groundfire . . . has been more effective against our helicopters in the last couple of weeks," he said, according to a transcript of the briefing posted on the Department of Defense's Web site. "I've taken a hard look at that. Don't know whether or not this is just statistically what's going to happen over time when you're flying at that level and people are shooting at you, or if there are some kind of new tactics and techniques that we need to adjust to. And the folks on the ground are looking at that right now."

Also Friday, the U.S. military announced the deaths of six other service members.

A Marine and a sailor died Wednesday in Anbar province in western Iraq of wounds "sustained due to enemy action," the military said in a statement. Another Marine died Wednesday after apparently going into cardiac arrest, the military said.

A Task Force Lightning soldier was killed Thursday in a vehicle rollover accident, the military said in a statement. Two other American soldiers were killed Thursday in a car accident at Camp Liberty in Baghdad, it said in a separate statement.

The names of the soldiers will be released after their relatives have been notified, the military said.

Elsewhere, 13 people were killed Friday by mortar rounds that struck a village 20 miles south of Baghdad, according to a spokesman for the Iraqi Interior Ministry.

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Mortar fire also killed five people and wounded 18 at the Musa al-Kadhim shrine in the Kadhimiyah district of northern Baghdad, the spokesman said.

In Suwayrah, in southern Iraq, Iraqi army officials killed 35 people and captured 23 suspected of belonging to a terrorist organization, the spokesman said.

2 Killed As U.S. Helicopter Is Shot Down Near Baghdad (NYT)

By Marc Santora

The New York Times, February 3, 2007

BAGHDAD, Feb. 2 — An American Apache attack helicopter was shot down on Friday just north of Baghdad and its two-member crew was killed, an American military official said.

It was the fourth American helicopter to be shot down or crash under fire in the last two weeks, a trend that American military commanders acknowledged was disturbing.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that attacks by militants have "been more effective against our helicopters in the last couple of weeks."

Saying he has looked closely at the issue, General Pace said he did not know if the recent strikes were the result of a new strategy, improved skills or simply a natural result of the military's heavy dependence on helicopters in the fight here.

Traveling by road here has become increasingly fraught with danger as Shiite militia groups and Sunni insurgents continue to attack American vehicles with roadside bombs, more often using sophisticated devices that can penetrate even the best American armor.

The military would only say it was investigating the Friday crash, but witnesses indicated that the militants were clearly waiting to ambush passing helicopters.

A man who identified himself only as Abu Ahmed, who lives near the crash site, said gunmen were hiding near a manufacturing plant in Sheik Amir village, near the town of Taji, waiting for the helicopters. Taji is a central hub for helicopter traffic around Baghdad. Americans are currently training Iraqi pilots there and the Americans have expressed concern about enemies becoming more sophisticated in shooting at the helicopters.

On Friday, just after sunrise, two American Apache helicopters flew in low, and waiting militants successfully shot down one and hit the second, Mr. Ahmed said.

Before the military had confirmed the crash, a militant group was already taking responsibility and promising to post a video of the attack on the Internet.

The crash site was quickly secured and the two bodies recovered, said a military official who spoke on the condition of anonymity because an official report had not yet been released.

Just two weeks ago, an American Black Hawk helicopter was shot down north of Baghdad and all 12 service members on board were killed. Another American helicopter was shot down on Sunday during the battle in Najaf, south of Baghdad, killing two soldiers.

And five members of a private security detail protecting an American convoy in Baghdad were killed Jan. 23 when their helicopters came under attack and one crashed.

Separately, American forces engaged in a fierce battle overnight with militants in the restive western city of Ramadi.

American forces came under attack Thursday night as Sunni insurgents directed mortars at their main headquarters in the city, according to witnesses and the American military. When the Americans sent forces into two neighborhoods in response, they were ambushed, according to witnesses.

The city remains a hotbed of insurgent activity and militants and has been the scene of some of the fiercest street fighting in Iraq over the past four years.

The fiercest fighting in this clash occurred near the main cemetery, residents said. As the Americans approached the area, roadside bombs struck their vehicles and militants opened fired with machine guns.

The American military reported no casualties, but residents said civilians were caught in the middle of the battle.

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Hajj Ebrahim al-Jumaili said that he was sitting in his home when the fight broke out and his wife, daughter and two sons all were lightly wounded. The fighting, he said, lasted until 7:30 a.m. Friday.

Dr. Abdullah Saleh, at the main Ramadi hospital, said 4 people were killed and another 12 wounded.

Also in Anbar Province, Ali Hussein, the Sunni chairman of the City Council and an outspoken critic of Al Qaeda, was gunned down in Falluja. He is the third Falluja City Council leader to be killed this year.

Meanwhile, tensions remained high in the Shiite holy city of Najaf.

On Sunday, Iraqi government forces, backed by American air support and ground troops, killed at least 250 militants who they said were part of a renegade militia called the Soldiers of Heaven, bent on overthrowing the clerical hierarchy in that city.

Authorities imposed a 24-hour curfew there on Friday, fearful that the militia could still be active in the area.

During Friday Prayers there, a religious leader, Sadr Adeen al-Qubanchi, said that that there were many different forces conspiring to challenge the authority of the clerical hierarchy in Najaf, the renegade militia only being the latest threat.

"This attempt was big and very dangerous," he said in the speech. "It was about to drown Najaf in blood."

While praising the Iraqi military's efforts in the battle, he said there were at least two other groups in Najaf that have the same ideology as the militia and possibly the same intentions.

"I call on the security forces to watch them clearly and to question them according to the law," he said.

Late Friday, Iraqi officials said they took into custody six people they suspected of having ties with the Soldiers of Heaven and seized a sizable cache of weapons.

2 U.S. Troops Killed In Latest Helicopter Crash In Iraq (LAT)

By Alexandra Zavis, Times Staff Writer

The Los Angeles Times, February 3, 2007

The craft is the fourth to go down recently. Iraqis say it was attacked.

BAGHDAD — A U.S. military helicopter crashed amid heavy gunfire Friday north of Baghdad, police and witnesses said — the fourth American chopper to go down in two weeks. The U.S. military said two crew members were killed.

The spate of attacks raised questions about whether insurgents were increasingly targeting aircraft, a crucial component of U.S. operations in Iraq. Not only do U.S. forces rely on helicopters in combat, but they are being used more often to ferry personnel and equipment across the country to avoid roadside bombs, the major killer of U.S. troops.

The recent attacks on helicopters have inflicted a heavy toll on Americans in Iraq — 16 military personnel and five civilians killed — at a time when roadside bombings are becoming less effective against U.S. vehicles, which are protected by improved armor plating, signal-jamming devices and other measures.

Six other U.S. military personnel in Iraq died in the previous two days, two in combat in Al Anbar province, one of an apparent heart attack and three in vehicle accidents, the U.S. command said. At least 3,093 U.S. personnel have been killed in the Iraq theater since the 2003 U.S.-led invasion, according to the website icasualties.org.The U.S. military has lost 54 helicopters in Iraq since May 2003, about half of them to enemy fire, according to figures compiled by the Washington-based Brookings Institution.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged that insurgent ground fire in Iraq had been "more effective against our helicopters in the last couple of weeks."

But he said it was unclear whether "this is just statistically what's going to happen over time when you're flying at that level and people are shooting at you, or if there are some kind of new tactics and techniques that we need to adjust to."

"The folks on the ground are looking at that right now," Pace told journalists at a Pentagon briefing.

The U.S. command, in a brief statement, did not identify the latest helicopter felled or detail the circumstances of the crash.

Iraqi police and witnesses said the aircraft was shot down over farmland near Taji, a major U.S. air base about 10 miles north of Baghdad.

Hashim Assafi, a 37-year-old farmer, said he was irrigating his field when he saw a pair of helicopters fly by and heard a burst of gunfire, sending him ducking behind a well for cover. One helicopter was hit but continued flying, he said.

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Peeping out from behind the well, he said, he watched the other helicopter circle back to where the gunfire had come from. There was another burst of fire, which he said hit the second craft in the tail.

"I saw smoke coming out of the tail," he said. "The chopper was swinging around before it hit the ground one kilometer away from me, and I heard a big explosion."

Other witnesses, who said the helicopters were escorting a convoy of military vehicles, described seeing a ball of fire as the stricken aircraft hit the ground.

U.S. troops sealed off the area and additional helicopters circled overhead, police and witnesses said.

A group linked to Al Qaeda claimed responsibility for the attack in a statement posted on a militant website.

"We say to the enemies of God that the sky of the Islamic state of Iraq is forbidden just like its land," the statement said, adding that the group had "new ways" to attack helicopters. It was not possible to verify the authenticity of the statement.

Military analysts said the recent cluster of attacks was worrying, but cautioned that it was too early to confirm a trend.

"The insurgents constantly improve and adapt their methods," said Anthony Cordesman, a former Defense Department official who is a military expert at the Center for Strategic and International Studies in Washington.

"There may well be a change in tactics to focus on helicopters because they are the principal method of transportation as well as an important attack element…. The problem is that we don't have enough of a pattern yet to be sure," he said.

Two other military helicopters and a civilian helicopter have been lost since Jan. 20. All were believed to have been shot down in combat or in areas where Sunni Muslim-led insurgents were active, though the causes of the crashes are still officially under investigation.

One of the military helicopters went down Sunday near Najaf during an offensive by American and Iraqi forces against a violent messianic cult said to be plotting attacks against Shiite Muslim clerics and religious sites. Two crew members were killed.

The other military chopper was a Black Hawk that crashed two weeks ago near Baqubah, killing all 12 U.S. personnel aboard, including three officers and two command sergeants. And five Western security contractors employed by North Carolina-based Blackwater USA were killed when two helicopters came under attack Jan. 23 in Baghdad and one of them crashed.

Sunni-led insurgents and Shiite militias are known to have shoulder-fired SA-7 antiaircraft missiles, rocket-propelled grenades and heavy machine guns in their arsenals.

The U.S. military has developed tactics to minimize the risk. Routes are varied. Helicopters fly low and fast to make it difficult for gunmen to get them in their sights, and they drop flares to divert heat-seeking surface-to-air missiles.

Such countermeasures are reevaluated after every copter crash, said Col. Bryan Owens, commander of the 3rd Brigade Combat Team, 82nd Airborne Division, who was questioned about Friday's crash during a separate Pentagon briefing.

"It didn't happen in my area, but I fully expect that the lessons learned from the tragedy of helicopter crashes will be passed on to me so that we can take action in our area just to make sure that we are … not putting our soldiers at undue risk," said Owens, who spoke to journalists via teleconference from Tikrit, northwest of Baghdad.

In other violence, police recovered at least 15 bodies in Baghdad, apparent victims of sectarian death squads.

U.S. forces said they killed at least 18 suspected insurgents in two missile strikes during fierce clashes late Thursday and early Friday in Ramadi, a Sunni Arab insurgent stronghold in volatile Al Anbar, west of Baghdad. There were no immediate reports of U.S. military or Iraqi civilian casualties in the Ramadi clashes.

Also in Al Anbar, the municipal council chairman in Fallouja was killed in a drive-by shooting as he left his home to attend Friday afternoon prayers, authorities said.

South of Baghdad, three days of mourning were announced for the 73 people killed and 152 injured in twin bombings Thursday at a busy Shiite market in the heart of Hillah.

In Najaf, authorities imposed a daytime vehicle ban amid fears that surviving members of the Heaven's Army cult, the target of Sunday's U.S.-Iraqi offensive outside the city, were again planning attacks.

The city has been on edge since the weekend clash, when more than 200 cult members were killed and hundreds detained.

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Times staff writers Julian E. Barnes and Saif Rasheed in Baghdad and special correspondents in Baqubah, Hillah, Najaf and Taji contributed to this report.

Groundfire Downs Another U.S. Copter; Kills 2 Troops (WT/AP)

By Kim Gamel

The Washington Times, February 3, 2007

BAGHDAD -- A U.S. helicopter went down yesterday in Iraq in the fourth such incident in two weeks, killing two troops on board, and America's top general acknowledged that U.S. aircraft were increasingly in danger from groundfire.

Witnesses and local police said two helicopters were flying together when gunmen opened fire, sending one of the aircraft crashing to the ground, smoke trailing behind it, near Taji, an air base just north of Baghdad.

The military, acknowledging the loss of the Army helicopter in a statement, did not identity the type of aircraft nor say what caused it to go down.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said yesterday that clearly, "groundfire ... has been more effective against our helicopters in the last couple weeks." The comments marked the first time a military official has publicly acknowledged the recent crashes were caused by groundfire.

"I've taken a hard look at that, don't know whether or not this is statistically what's going to happen over time, when you're flying at that level and people are shooting at you, or if this is some kind of new tactics or techniques that we need to adjust to."

Three other helicopters -- two military and one civilian -- have been lost in Iraq since Jan. 20. All three were thought to have been shot down.

The U.S. military relies heavily on air transportation in Iraq to avoid roadside bombs and insurgent ambushes and the recent spate of losses has raised questions about whether Sunni insurgents and Shi'ite militias may have stepped up attacks on helicopters or may have received new supplies of shoulder-fired anti-aircraft weapons. Sunni insurgents are already known to have anti-aircraft weapons and heavy machine guns.

Since May 2003, the U.S. military has lost 54 helicopters in Iraq, about half of them to hostile fire, according to figures compiled by the Brookings Institution.

U.S. forces, meanwhile, said 18 insurgents were killed in fighting Thursday night and yesterday after insurgents opened fire on American troops from several positions in Ramadi, 70 miles west of Baghdad, the military said. No civilian or U.S. casualties were reported, the military said.

Ramadi, the capital of the western province of Anbar, where Sunni insurgents remain well-entrenched, has seen some of the bloodiest street battles of the war.

Elsewhere in Anbar, gunmen assassinated the Sunni chairman of the Fallujah City Council, Abbas Ali Hussein, an outspoken critic of al Qaeda, the third council leader to be killed in a year.

The U.S. military said six troops were killed Thursday, two in fighting in Anbar province, one of an apparent heart attack and three in vehicle accidents.

The deaths raise to at least 3,092 members of the U.S. military who have died in Iraq since the war started in March 2003, according to an Associated Press count. At least 2,480 died as a result of hostile action, according to the military's numbers.

Iraqi officials in Hillah, a Shi'ite city about 60 miles south of Baghdad, announced a three-day mourning period after Thursday's devastating suicide attack. Police spokesman Capt. Muthanna Khaled said at least 73 persons were killed and 163 wounded.

Another U.S. Helicopter Lost In Iraq (AP)

By Bassem Mroue, Associated Press Writer

AP, February 3, 2007

A U.S. Army helicopter crashed Friday in a hail of gunfire north of Baghdad, police and witnesses said — the fourth lost in Iraq in the last two weeks. The U.S. command said two crew members were killed, and the top U.S. general conceded that insurgent ground fire has become more effective.

An al-Qaida-affiliated group claimed responsibility and said its fighters had "new ways" to attack American planes.

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A brief U.S. military statement gave no reason for the crash and did not identify the type of aircraft. A Pentagon official said it was an Apache attack helicopter, which carries two crew members.

The official spoke on condition of anonymity because he was not authorized to release the information. Another Apache crashed Sunday during heavy fighting with a Shiite cult near Najaf, also killing two soldiers.

Iraqi police and witnesses said the latest crash occurred about 7:30 a.m. as two Apaches were flying along a well-established air route near Taji, a major U.S. base about 12 miles north of Baghdad.

One helicopter was struck by heavy machine gunfire but continued flying, the witnesses said. The other helicopter banked sharply and flew back toward the source of fire, apparently to attack the target.

But that helicopter was also struck by ground fire, exploded in a ball of fire and crashed, the witnesses said. The other helicopter flew away, they said. The witnesses spoke on condition of anonymity, fearing for their own safety.

The United States has lost more than 50 helicopters in Iraq since May 2003, about half of them to hostile fire.

However, the loss of four helicopters since Jan. 20 has raised new questions about whether Iraqi insurgents are using more sophisticated weapons or whether U.S. tactics need changing.

Three of the latest crashes involved Army helicopters — two Apaches and one Black Hawk. The fourth was an OH-6A observation helicopter operated by the Blackwater USA security firm. All were believed shot down, and 20 Americans, including four civilian, died in the crashes.

In Washington, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged that insurgent ground fire in Iraq "has been more effective against our helicopters in the last couple of weeks."

But Pace said it was unclear whether "this is some kind of new tactics or techniques that we need to adjust to."

The Islamic State of Iraq, an al-Qaida-linked group, claimed on Friday that it shot down the Apache near Taji in a statement posted on an extremist Web site.

"We tell the enemies of God that the airspace of the Islamic State in Iraq is prohibited to your aircraft just like its lands are," the statement said. "God has granted new ways for the soldiers of the State of Iraq to confront your aircraft."

Iraqi insurgents have used heavy machine guns, rocket-propelled grenades and shouldered-fired SA-7 anti-aircraft missiles throughout the Iraq conflict. U.S. officials believe Iran is supplying Shiite militias with new weapons including more powerful roadside bombs, Katysuha rockets and a newer class of rocket-propelled grenades.

Some of those weapons could have found their way into the hands of Sunni insurgents, who operate around Taji.

The U.S. military relies heavily on helicopters to avoid roadside bombs and insurgent ambushes. Any new threat to helicopters would be a serious challenge to the military as it gears up for a major crackdown against Sunni insurgents and Shiite militias in Baghdad.

Helicopters are always vulnerable to ground fire, said Stephen Trimble, Americas bureau chief for Jane's Defence Weekly. "A well-placed bullet can pretty much take down any helicopter," he said.

Protecting helicopters from attack is significantly more complicated than defending against roadside bombs, Trimble said.

"What you would do with a Humvee is up armor it," he said. But helicopters can't support a significant increase in weight. The U.S. military is looking into technology that tracks and fires at rocket-propelled grenades, he said, but its use on helicopters is a long way off.

Apaches carry multiple high-tech defenses, including long-range sensors, radar jammers and an infrared jammer for countering incoming missiles.

However, the Apaches, which were designed to fight the Soviet Union on the plains of central Europe, have proven vulnerable to intense ground fire.

During the 2003 invasion of Iraq, more than 30 Apaches had to break off an attack after suffering heavy damage in fighting with the Iraqi Republican Guard. One helicopter crashed but the two crew members survived.

Elsewhere, the U.S. command said 18 insurgents were killed in fighting Thursday night and Friday after insurgents opened fire on the Americans from several positions in Ramadi, 70 miles west of Baghdad. No civilian or U.S. casualties were reported, the military said.

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Ramadi, the capital of the western province of Anbar where Sunni insurgents remain well-entrenched, has seen some of the bloodiest street battles of the war.

The U.S. forces returned fire with machine guns, tanks and finally a missile, which struck the intended target, killing at least 15 insurgents.

Insurgents renewed their attacks on Friday, prompting U.S. forces to fire another missile that killed at least three attackers.

Also in Anbar, gunmen assassinated the Sunni chairman of the Fallujah City Council, Abbas Ali Hussein, an outspoken critic of al-Qaida. He was the third council chairman assassinated in Fallujah this year as insurgents target Sunnis willing to cooperate with the U.S. and its Iraqi partners.

The U.S. military said six more troops died Thursday, two in fighting in Anbar province, one of an apparent heart attack and three in vehicle accidents.

The deaths raise to at least 3,092 the number of members of the U.S. military who have died since the Iraq war started in March 2003, according to an Associated Press count. At least 2,480 died as a result of hostile action, according to the military's numbers.

In Baghdad, police said they found the bullet-riddled bodies of 23 people throughout the capital — apparent victims of Shiite or Sunni death squads. Three more bodies were found in Kut, southeast of Baghdad, and two in Mosul.

Prime Minister Nouri al-Maliki met Friday with U.S. Ambassador Zalmay Khalilzad and the outgoing U.S. commander in Baghdad, Gen. George Casey, to discuss a planned major military operation against armed groups in Baghdad, state television said. It gave no further details.

Iraqi officials in Hillah, a Shiite city about 60 miles south of Baghdad, announced a three-day mourning period after a devastating suicide attack Thursday. Police spokesman Capt. Muthanna Khaled said at least 73 people were killed and 163 wounded.

Police and witnesses said two bombers strolled into the central Maktabat market about 6 p.m. when the area was packed with shoppers buying food for the evening meal.

Police said an officer, Ahmed Abed Majood, became suspicious and grabbed one of the bombers but he managed to detonate his explosives. His partner then blew himself up, too.

No group claimed responsibility, but many residents blamed Sunni insurgents. The Shiite city, located in a religiously mixed province, was the scene of one of Iraq's deadliest attacks — a February 2005 suicide car bombing that killed 125 people.

Iraqi Army Brigades Not At Full Strength (LAT)

By Julian E. Barnes

The Los Angeles Times, February 3, 2007

WASHINGTON — The army brigades promised by the Iraqi government to help secure Baghdad have begun to arrive in the city, but with only a little more than half of their manpower, representing at least a partial failure in a crucial first test of the Bush administration's new war plan.

Administration officials had identified the participation of Iraqi military units as an important measure of support from Prime Minister Nouri Maliki's government for the new U.S. strategy in Iraq. Previous efforts to secure Baghdad failed in part because the Iraqi government was never able to deliver the forces it promised.

In disclosing the shortfall, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the first of the three Iraqi brigades ordered to Baghdad had arrived, and the second was en route. Iraqi brigades are supposed to consist of 2,000 to 2,500 soldiers, smaller than American brigades.

"There's good news and bad news," Pace said. "The good news is that, contrary to what has happened in the past, the units that were designated to arrive in Baghdad have begun to arrive, on the schedule they were supposed to be there."

But Pace said the units had only about 55% to 60% of the soldiers assigned to them.

Under the rules of the Iraq Defense Ministry, soldiers are on duty 21 days and then get a week off to take their pay home. These rules mean that as much as a quarter of each unit can be absent with permission at any time.

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Defense Secretary Robert M. Gates said it was unclear whether the manpower estimates of the units arriving in Baghdad included soldiers who are on authorized leave.

But asked whether the Iraqis were fulfilling their obligations, Pace said the units need to improve. "It needs to be stronger than that," he said.

Although "55% probably isn't good enough," Gates said, the strength of the Iraqi units could improve before they are sent into combat.

Last month, the day after Bush outlined his plan to increase the number of U.S. forces in Iraq, a senior military official said the Pentagon would be keeping a close watch on the movement of Iraqi forces to Baghdad.

"One of the very early things that we're going to monitor is the progress of the Iraqi government providing these additional security forces," the official said.

Pentagon officials said they also were interested in more than just numbers.

"We're watching them down to finite detail: which unit, why that unit, what's the training and readiness assessment of that unit, why was that unit picked, where's it coming from, how many guys got on the bus," the official said at the time. "We're going to watch this very carefully."

At a congressional hearing last month about the new plan, Gates emphasized the importance of the Iraqi troops. He told senators that the ability of the Iraqi government to move its army units to Baghdad would be a vital measure of its commitment.

Under questioning by Sen. Carl Levin (D-Mich.), chairman of the Senate Armed Services Committee, Gates had suggested that if Iraq failed to deliver its forces or to meet other benchmarks, the Defense Department would review the new plan.

"I think if at that time we conclude that, at a government level and on a broad level, they have not fulfilled their commitments, then I think we have to reevaluate our strategy," Gates said.

In subsequent public comments, Gates has made it clear that the U.S. has no intention of a wholesale change in approach until all 21,500 additional U.S. troops have arrived and the new commander, Army Gen. David H. Petraeus, has been given a chance to improve security. All the new U.S. troops are scheduled to arrive by May.

Although U.S. officials have made participation of Iraqi units an important benchmark, the Iraqi troops are not likely to be crucial to the early stages of the security plan.

Administration officials have sought to portray the new Baghdad security push as an Iraqi plan. But it was developed by Americans and was only reluctantly accepted by the Maliki government, according to officials who have described its formation. Iraqi forces are likely to have a more important role in the later phases than during the initial push into Baghdad neighborhoods to clear them of militias, insurgents and death squads.

In later phases, Americans plan to join with Iraqi military and police units to hold neighborhoods and prevent the return of violence.

Because the Iraqis will be most needed in the later phases, U.S. commanders believe they still have time to build up the Iraqi troop levels to full strength.

At a congressional hearing Thursday, Army Gen. George W. Casey Jr., the outgoing U.S. commander in Iraq, said that two of the Iraqi brigade headquarters units had arrived in Baghdad, as had four battalions, a subset of a brigade.

"We're working with them to increase the strength of the forces that they've got in Baghdad," Casey said. "But they are delivering so far on what they said they'd do."

Gates Says Not Enough Iraqi Troops Arriving In Baghdad (AP)

AP, February 3, 2007

The Pentagon says the extra brigades Iraq promised to send into Baghdad are starting to show up -- without enough troops.The outgoing chief U-S commander in Iraq told lawmakers yesterday the new units have only 55 to 65 percent of their intended troop levels.Defense Secretary Robert Gates says that "probably isn't good enough," while pointing out the units may be at full strength by the time they're needed for a ramped-up Baghdad security crackdown.The U-S has said it expects Iraq to live up to its troop commitments but hasn't specified what consequences if there aren't enough troops. Gates says it partly depends on "how quickly they get back up to strength."

DOJ_NMG_0127722

Troops Aim To Oust Taliban From Town (AP)

By Fisnik Abrashi,

AP, February 3, 2007

Afghanistan's security forces supported by NATO-led troops will "very soon" launch an operation to clear the southern Afghan town overrun and controlled by Taliban militants, an Afghan official said Saturday.

Gen. Mohammad Zahir Azimi, the spokesman for the defense ministry, said that the Taliban were now in control of the town of Musa Qala in Helmand province, which the British troops left after a contentious peace agreement in October.

Hundreds of Taliban militants overran Musa Qala on Thursday evening, destroying the government center and temporarily holding elders hostage, officials and residents said Friday.

The militants' assault, days after a Taliban commander was killed outside the town, raises doubts about the future of the peace deal, which has been criticized by some Western officials as a NATO retreat in hostile Taliban territory.

"We have a plan and we are going to launch that plan very soon," Azimi said. "All our operations are conducted jointly with the police and NATO," he said without elaborating further.

Squadron Leader Dave Marsh, a spokesman for the NATO-led troops in southern Afghanistan, said that the alliance troops stand ready to respond to any decision made by Afghan government.

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said an "unknown number" of militants had entered Musa Qala. He said late Friday that no NATO-led forces were in the town.

British forces are based in Helmand province but left Musa Qala in October after a peace agreement was signed between elders and the Helmand governor. According to the deal, security was turned over to local leaders, while NATO forces were prevented from entering the town.

Some Western officials complained that the deal put the area, which had been a center for clashes between British troops and resurgent Taliban militants, outside of government and NATO control.

Asadullah Wafa, the governor of Helmand province, said the militants destroyed part of the compound housing the district's governor and police. "People have closed down the shops this morning and those living near the area have moved out of fear," he said Friday.

Mohammad Wali, a resident of Musa Qala who estimated that between 200 and 300 fighters were in town, said residents feared fighting between NATO and militants would resume. Raz Mohammad, another resident, said the Taliban had taken about 12 town elders hostage. Collins said there were indications the elders were now safe.

Late last month, NATO said an airstrike outside of Musa Qala destroyed a Taliban command post, killing a senior militant leader and a number of his deputies. NATO said the Jan. 25 airstrike "was outside the area of the agreement" and did not violate it.

However, Wafa said the Taliban told a gathering of elders last week that they considered the airstrike a violation, and it appeared the assault was in retaliation.

Violence in Afghanistan has risen sharply in the last year. Some 4,000 people died in insurgency-related violence in 2006, according to a count by The Associated Press based on numbers from Afghan, NATO and U.S. officials.

American Gen. Dan McNeil on Sunday will replace British Gen. David Richards as the commander of more than 40,000 NATO-led troops in Afghanistan. Military officials have said privately that the change of command will mark a new approach in dealing with resurgent Taliban militants.

Afghan Town Is Overrun By Taliban (NYT)

By Carlotta Gall, Taimoor Shah

The New York Times, February 3, 2007

KABUL, Afghanistan, Feb. 2 — Taliban militants overran the town of Musa Qala in southern Afghanistan just three months after NATO troops had withdrawn and handed over control to a tribal council, officials said Friday. The insurgents detained police officers and tribal elders, seized weapons and government equipment and bulldozed part of the district offices, according to residents.

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Residents fled in fear that the Taliban's arrival would precipitate further fighting with NATO forces, according to one family. A spokesman for the Interior Ministry in Kabul, Zemarai Bashary, confirmed the attack, which took place on Thursday night, and said the Taliban had disarmed the police stationed there.

A provincial governor, Asadullah Wafa, told Agence France-Presse on Friday that the Taliban had left the town again and that the district offices were now empty. In a statement, NATO said that although the situation remained unclear, the town elders were safe in their homes. A NATO security force was monitoring the situation and ready to support the government and the elders of Musa Qala, it said.

The attack ended a British-brokered experiment aimed at bringing some control over remote regions and keeping Taliban insurgents at bay. Under the plan, British troops agreed to withdraw from the town, leaving a tribal council in charge with a locally recruited police force, and Taliban forces agreed to withdraw to nearby villages.

American officials in Afghanistan had opposed the agreement because it left the broader district of Musa Qala, a poppy-growing region of Helmand Province, open to the Taliban. But the British commander in Helmand at the time defended it as a way to release his men from a pointless and occasionally bloody siege of the town. Residents had welcomed the deal, brokered in October, because it brought a temporary peace to the badly damaged town. But some had warned at the time that it was handing a victory to the Taliban.

A Taliban commander, Mullah Abdul Ghafoor, led the assault on the town Thursday in a rage, because his brother had been killed a few days before in a NATO airstrike, residents said. Leading a large group of armed men, he used a bulldozer to smash through the wall of the district office, said Abdul Razziq, a shopkeeper who said his family fled Musa Qala on Friday. Mullah Ghafoor ordered the elders to leave the compound, burned the government flag and hoisted the banner of the Taliban, Mr. Razziq said.

Taliban Militants Overrun Town After British Exit (WT/AP)

By Jason Straziuso

The Washington Times, February 3, 2007

KABUL, Afghanistan -- Hundreds of Taliban militants overran a southern Afghan town that British troops left after a contentious peace agreement in October, destroying the government center and temporarily holding elders hostage, officials and residents said yesterday.

The assault, days after a Taliban commander was killed outside the town of Musa Qala, raises doubts about the future of the peace deal, which has been criticized by some Western officials as a NATO retreat in hostile Taliban territory.

Two residents of Musa Qala estimated that between 200 and 300 Taliban fighters had overtaken the town. They said the fighters took weapons from the police on Wednesday and destroyed the town's government center late Thursday.

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said an "unknown number" of militants had entered Musa Qala. He said late yesterday that no NATO-led forces were in the town.

British forces are based in Helmand province but left Musa Qala in October after a peace agreement was signed between elders and the Helmand governor. According to the deal, security was turned over to local leaders, while NATO forces were prevented from entering the town.

Some Western officials complained that the deal put the area, which had been a center for clashes between British troops and resurgent Taliban militants, outside of government and NATO control.

Asadullah Wafa, the governor of Helmand province, said the militants destroyed part of the compound housing the district's governor and police. "People have closed down the shops this morning and those living near the area have moved out of fear," he said.

Mohammad Wali, a resident of Musa Qala who estimated that between 200 and 300 fighters were in town, said residents feared fighting between NATO and militants would resume. Raz Mohammad, another resident, said the Taliban had taken about 12 town elders hostage. Col. Collins said there were indications the elders were now safe.

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Late last month, NATO said an air strike outside of Musa Qala destroyed a Taliban command post, killing a senior militant leader and a number of his deputies. NATO said the Jan. 25 air strike "was outside the area of the agreement" and did not violate it.

However, Mr. Wafa said the Taliban told a gathering of elders last week that they considered the air strike a violation, and it appeared the assault was in retaliation.

Violence in Afghanistan has risen sharply in the last year. About 4,000 people died in insurgency-related violence in 2006, according to a count by the Associated Press based on numbers from Afghan, NATO and U.S. officials.

Afghan District 'Under Taliban Control': Defence Ministry (AFP)

AFP, February 3, 2007

The southern Afghan district of Musa Qala was under the control of the Taliban, the Afghan defence ministry said as NATO-led forces said the situation was still unclear.

"It is under Taliban control since yesterday," ministry spokesman General Zahir Azimi told AFP of the remote, rural district in the southern province of Helmand.

Asked if that meant there were no police or administration structures in place, he said: "That's right."

The interior ministry told AFP Friday that the district centre -- the town of Musa Qala -- was "under serious threat and pressure from the enemy" after an attack late Thursday but was "not completely under control of the enemy."

The NATO-led International Security Assistance Force (ISAF) refused to confirm or deny Saturday that the Taliban were in control.

An ISAF statement late Friday said there were reports that "an unknown number of Taliban have entered the Musa Qala district centre in Helmand province, that pressure has been placed on the elders and the Afghan national flag has been taken down."

"The exact situation in the town is still unclear. Indications are that the town elders are currently safe in their residences," it said.

The British military, which has most of its 6,000 deployment to Afghanistan in Helmand, said it had no new information since a Ministry of Defence statement that the situation was unclear.

The statement also said it was "misleading to report that the Taliban have 'taken the town'."

British forces pulled out of the Musa Qala district centre four months ago on the request of the government, after tribal elders said they would keep the Taliban out.

The deal has been controversial, with fears that it would provide the Taliban with a sanctuary.

Pakistan Says Taliban Activity Is Hard To Stop (NYT)

By Salman Masood

The New York Times, February 3, 2007

RAWALPINDI, Pakistan, Feb. 2 — Faced with mounting criticism that Pakistan is not doing enough to thwart incursions into Afghanistan by Pakistan-based Taliban militants, the president, Gen. Pervez Musharraf, said Friday that securing the porous border was not the sole responsibility of this country.

He also insisted that despite some lapses, Pakistan's security forces were fully behind him in an effort to root out the resurgent Taliban.

"Pakistan will not be allowed to be made a scapegoat," he said, adding that securing the border was also the responsibility of Afghanistan and American and NATO forces.

Pakistan and Afghanistan have traded accusations in recent months over who bears responsibility for enabling the Taliban to regain strength and mount attacks on NATO and allied troops in Afghanistan.

While General Musharraf acknowledged that the Taliban were getting support from within Pakistan, he denied accusations that his security agencies were abetting the insurgency. "This is so preposterous I do not even want to comment," he said. Maintaining that the Pakistani military is a professional force, General Musharraf said there was "no question of anyone abetting."

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A correspondent for The New York Times, Carlotta Gall, recently reported that she had found anecdotal evidence in and around Quetta to support charges by Western diplomats and Pakistani opposition figures that the Pakistani intelligence agencies were encouraging the Taliban insurgency in Afghanistan.

General Musharraf said fighters had been able to slip over the border in part because Pakistan's border guards were poorly armed and were up against "well-trained, well-armed and well-motivated people." He said he would arm the guards better and provide them with security.

The president also denied allegations that some Taliban leaders were taking refuge in Pakistan. Last month the Afghan Intelligence Service announced that it had detained a Taliban spokesman who said the Taliban leader, Mullah Muhammad Omar, was in Pakistan. General Musharraf said he was "500 percent sure" that Mullah Omar was in Afghanistan. He said Mullah Dadullah, a top Taliban commander, and other top leaders were also in Afghanistan.

The president did say Mullah Dadullah had escaped arrest three times in Pakistan, though he did not mention when.

General Musharraf also defended the peace deal reached late last year with tribal militants in North Waziristan, a semiautonomous tribal area straddling the border with Afghanistan, calling it "a partial success."

Diplomats and intelligence officials from several countries have said Islamic militants are using the peace deal to consolidate their hold in northern Pakistan and are openly flouting the terms of the accord, in which they agreed to end cross-border help for the Taliban. But the president said that his government was trying to wean the local population away from the militants and that using military force was not the answer.

General Musharraf provided details of plans to fence the porous and craggy Pakistani-Afghan border — a solution to curb cross-border movement that Pakistan has advocated but Afghanistan has rejected.

He said Pakistan would selectively fence 22 miles of the border in North-Western Frontier Province and would later erect a 155-mile fence in Baluchistan Province. He said plans to mine the border had been suspended, "due to sensitivities of the international community."

Pakistan To Fence Border Of Afghanistan (AP)

By Matthew Pennington,

AP, February 3, 2007

President Gen. Pervez Musharraf acknowledged Friday that outgunned Pakistani frontier guards have allowed insurgents to cross into Afghanistan but denied the army or intelligence service was actively helping the Taliban.

Musharraf said the army would soon fence parts of the porous border to stop militant infiltration, despite Afghan opposition. Many observers have been skeptical that the plan will prevent many militants from crossing, especially because the proposed fencing would cover only a tiny portion of the rugged frontier.

Musharraf said Pakistan was being made a scapegoat for the bloodiest surge in violence in Afghanistan since the fundamentalist Taliban regime was ousted five years ago for hosting al-Qaida.

"A misperception is being created that the resurgence of Taliban is from Pakistan. This is absolutely wrong. The resurgence of the Taliban is in Afghanistan, but some support goes from Pakistan," Musharraf said at his army office in Rawalpindi.

His defense of Pakistan's efforts to fight terrorism — and his admission of lapses — follow criticism from U.S. military officials who say cross-border attacks into Afghanistan have risen threefold since Pakistan signed a September peace deal with pro-Taliban militants in its North Waziristan region.

Musharraf said there had been "some incidents" of security forces at isolated border posts "turning a blind eye." He cited an example of two guards, located 500 yards from their section base, being outnumbered by around 20 highly trained and motivated al-Qaida militants.

But he denied any official collusion with militants, saying the powerful Inter-Services Intelligence was staffed by army officers who obey the chain of command.

"There is no question of anyone abetting," Musharraf said.

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Anthony Cordesman, an analyst at the Washington-based Center for Strategic and International Studies, said the situation at the border could reflect divisions within Pakistan's security services.

But while individual Pakistani soldiers may be helping Taliban fighters, "it doesn't in any sense mean there is any coherent Pakistani military involvement," Cordesman said.

The role of the shadowy ISI — which helped create the Taliban in the 1990s to project Pakistan's influence over its western neighbor — has been the subject of growing international debate.

Afghan President Hamid Karzai has directly accused it of fomenting the insurgency and claims the agency is harboring Taliban leader Mullah Omar in the Pakistani city of Quetta.

Musharraf said Omar has not been in Pakistan since studying there as a teenager, although he revealed that other Taliban leaders come and go.

He said a top militant commander, Mullah Dadullah, had been inside Pakistan three times but evaded capture. He called it "a combined failure" of Pakistan and anti-terror allies who shared the intelligence.

But in December, Pakistan helped foreign forces "eliminate" Mullah Akhtar Mohammad Osmani — a top Omar lieutenant — in southern Afghanistan, just across the border from Pakistan, Musharraf said.

"You could not have done this unless ISI cooperated," he said.

He accused Afghanistan of failing to police its own border, saying Pakistan had about 1,000 posts along the 1,510-mile frontier, while on the Afghan side there were less than 100.

He announced Pakistan had begun preparations to fence seven or eight locations — a total of 22 miles — along its northwest border. They would not use land mines because of concerns from the international community, Musharraf said.

However, he said plans for a second phase foresaw using both fencing and mines to secure 150 miles of the border further south in Baluchistan province.

"No one has the right to criticize unless they come up with an alternative solution," Musharraf said.

Arsallah Jamal, governor of Afghanistan's eastern Khost province, which borders Pakistan, said the decision would just divide people and not stop terrorism.

Afghan federal government officials could not be reached for comment.

The United States, meanwhile, gave eight Cobra attack helicopters to Pakistan on Friday to help it combat Taliban and al-Qaida militants in the border regions. The U.S. Embassy said another 12 Cobras were to be delivered later in a military aid package worth $50 million.

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Associated Press writer Jason Straziuso in Kabul, Afghanistan, contributed to this report.

DOJ:

Challenge To U.S. Attorney Appointment Should Be Dismissed, Filing Says (ADG)

By Linda Satter

Arkansas Democrat-Gazette, February 3, 2007

A filing last week challenging the constitutionality of the December appointment of Tim Griffin to be U. S. attorney for the Eastern District of Arkansas is off base and should be dismissed, Griffin's office said Friday in a written response.

The challenge and the response were filed in the case of Antoine Demetrius Baker of Little Rock, who is charged with capital murder and may face the death penalty if Griffin's office seeks and obtains permission to present that option to jurors in the event of a conviction.

Baker is accused of engineering the December 2002 shooting death of Jerry Otis, 21, who was scheduled to testify against Baker in an aggravated robbery and theft case stemming from an August 2002 altercation in which Otis was hit in the face with a pistol and robbed of $ 250.

On Jan. 23, Baker's newly appointed attorney, John Wesley Hall of Little Rock, filed a motion to declare Griffin's Dec. 20, 2006, interim appointment by U. S. Attorney General Alberto Gonzales unconstitutional. Hall said an illegal appointment would

prevent Griffin's office from legally carrying out its plan to add allegations to an existing indictment to justify seeking the death penalty against Baker.

Hall said the interim appointment violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments, as well as a section of the U. S. Code that was altered last year as part of Congress ' reauthorization of the USAPATRIOT Act.

Assistant U. S. Attorney Patrick Harris, the lead prosecutor in Baker's case, said in an 18-page response that Hall's interpretation of the sections and his corresponding arguments "lack merit," and that Griffin's appointment "was plainly lawful" and "also entirely constitutional."

Griffin's appointment immediately followed the resignation of Bud Cummins, who says the Department of Justice asked him to resign after five years on the job to give someone else a chance at the plum political appointment.

Griffin is a lawyer who had worked as an assistant under Cummins for several months and previously was a military prosecutor, a legislative attorney and an attorney in private practice, as well as a special assistant to President Bush who worked under Bush's political adviser, Karl Rove.

The ouster of Cummins, a popular and well-respected U. S. attorney on both sides of the political aisle, along with the forced resignations of a handful of other U. S. attorneys across the country, prompted an outcry from those who say the Bush administration is trying to circumvent the normal process of selecting top federal prosecutors. The situation also has prompted proposed legislation to reinstate language in the USAPATRIOT Act to limit attorney general appointments to 120 days.

Harris reiterated what the Justice Department has said — that it intends to formally nominate Griffin and submit his nomination for Senate approval, in line with the standard procedure for installing new U. S. attorneys.

Harris also argued, in part, "Because United States Attorneys are 'inferior officers,' the Appointments Clause of the Constitution expressly permits Congress to vest their appointment in the Attorney General, and does not require the advice and consent of the Senate before they may be appointed."

He also noted, "It is wellestablished that a court cannot dismiss an indictment issued under a United States Attorney whose appointment was allegedly infirm."

The matter is pending before U. S. District Judge G. Thomas Eisele.

CORPORATE SCANDALS:

Siemens Faces Scrutiny In U.S. (WSJ)

By Mike Esterl

The Wall Street Journal, February 3, 2007

German industrial giant Siemens AG, already weighed down by a cross-border corruption probe, faces heightened scrutiny after it disclosed that U.S. authorities also are investigating the matter.

Siemens said the Department of Justice is investigating "possible criminal violations of U.S. law by Siemens." It also said it understands that the enforcement division of the Securities and Exchange Commission is conducting an "informal inquiry" into the allegations of wrongdoing.

The Munich-based conglomerate said in December that it had uncovered €420 million, or about $545 million, in suspicious transactions stretching back more than seven years. That disclosure came after more than 200 German police raided offices and homes of Siemens employees in mid-November, arresting several people linked to the company's telecommunications-equipment business.

German prosecutors are working with investigators in neighboring countries and said they suspect Siemens officials diverted funds through sham consulting contracts into slush funds to bribe customers abroad. Authorities released half a dozen people -- including a former Siemens management-board member and a former chief financial officer of the telecom unit -- before Christmas after they agreed to cooperate.

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Siemens says that it is cooperating fully with investigators and that it has "zero tolerance" for illegal behavior. It says any alleged wrongdoing was confined to "individual acts" by certain managers but acknowledged in December that it had identified "a material weakness" in its financial controls.

Some of the top suspects who have been interrogated by German prosecutors allege that top management was aware of bribes and other illegal payments. Prosecutors are investigating the allegations to determine how high up the corporate ladder the alleged corruption traveled.

The German company disclosed the DOJ investigation and the SEC's informal inquiry on Thursday as part of a regulatory filing with the SEC detailing its financial results for its first quarter ended Dec. 31, 2006. A Siemens spokesman said Friday that the company had learned of the DOJ investigation the previous week. He declined to provide more details.

The DOJ and SEC declined to comment.

The disclosure of a U.S. investigation doesn't come as a surprise. Shares of Siemens are listed on the New York Stock Exchange, and the company warned in a December regulatory filing with the SEC that both the SEC and the DOJ might launch investigations of their own. Still, a Washington-based investigation heightens the legal risks for Siemens, which could face lawsuits and be banned from bidding for infrastructure contracts in the U.S. and other countries if there is evidence of wrongdoing.

Siemens's shares were down 84 European cents at €84.30 in Frankfurt. Siemens's share price has risen in recent months despite the criminal probe. Most investors have been focusing on rising profit as management restructures far-flung holdings to narrow the company's focus and jettison underperforming businesses -- including the telecom unit, formerly Siemens's largest.

Siemens says it also is taking aggressive steps to improve its compliance procedures.

Write to Mike Esterl at mike.esterl@dowjones.com1

Sumner Redstone Settles Suit With Son Over Family's Fortune (WSJ)

By Matthew Karnitschnig

The Wall Street Journal, February 3, 2007

Hollywood mogul Sumner Redstone, the chairman of both CBS Corp. and Viacom Inc., settled a lawsuit with his estranged son over the family's vast fortune, ending a potentially messy confrontation that threatened to complicate his succession plans.

The terms of the agreement, filed in a court in Maryland where the family business, National Amusements Inc., is incorporated, weren't disclosed. But people close to the matter said the family company repurchased the one-sixth stake held by the son, Brent Redstone.

The sale also consolidates the elder Mr. Redstone's control over the family business. Before the settlement, Sumner Redstone owned two-thirds of National Amusements stock, while his son and daughter, Shari Redstone, shared equal ownership of the other third. Sumner Redstone now owns 80% of National Amusements and his daughter the remaining 20%. It was unclear how much National Amusements paid for the stake. The lawsuit valued the company, which holds a controlling stake in Viacom, CBS and a large cinema chain, at $8 billion.

A spokesman for Sumner Redstone confirmed that a settlement had been reached but said the two sides had agreed to keep the details confidential. A lawyer for Brent Redstone said his client had no comment.

Brent Redstone's suit, in which he alleged that his father led a campaign to "freeze out" his son from the family business, offered a rare glimpse into the difficult personal relationships of one of Hollywood's most powerful men. Sumner Redstone expressed shock at the suit and said it had both pained and angered him.

In his lawsuit, filed last year in the Circuit Court of Maryland for Baltimore, Brent Redstone, 56 years old, sought the dissolution of National Amusements. Brent, a former Boston prosecutor who now lives on a ranch in Colorado, claimed in the suit that he was barred from gaining access to his one-sixth stake and was allowed only to sell it back to his family.

It is unclear what role Shari will play when her father dies. But Sumner Redstone has said he would like his daughter to play a larger role in the company's affairs. She is president of National Amusements and runs the business's movie-theater chain.

Sumner Redstone faces another lawsuit, this one brought by his nephew, Michael, who claims he and other family members were bilked out of their inheritance. National Amusements says the allegations are "baseless."

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Write to Matthew Karnitschnig at matthew.karnitschnig@wsj.com1

CRIMINAL LAW:

Federal Prosecutors Widen Pursuit Of Death Penalty As States Ease Off (WSJ)

By Christopher Conkey, Gary Fields

The Wall Street Journal, February 3, 2007

At a time when many states are backing away from capital punishment, the federal government is aggressively pursuing -- and winning -- more death sentences, including in jurisdictions that traditionally oppose them.

On Tuesday, federal prosecutors in New York persuaded a jury to give a death sentence to Ronell Wilson, a 24-year-old man convicted of killing two undercover detectives by shooting each in the back of the head. The decision -- the first time in more than 50 years that a federal jury in New York agreed to sentence someone to death -- marked something of a milestone for the Justice Department in its continuing effort to apply the death penalty more evenly across the country.

Today, there are 47 people on federal death row -- more than double the number six years ago -- and Mr. Wilson this week became the seventh sentenced in a state without a death statute of its own since the federal death penalty was reinstated in 1988. The ranks may grow in the months ahead, with several capital cases on tap in locales traditionally opposed to the death penalty.

The last federal execution was in 2003, when Louis Jones Jr. died by lethal injection at an Indiana facility where all federal executions now take place.

"I get the sense that it's really beginning to change a lot. There seems to be a renewed emphasis on this," said Jensen Barber, an attorney defending Larry Gooch, a man facing federal drug-related murder charges and a potential death sentence in Washington, D.C.

The growth in federal capital cases, many observers say, results from a heightened effort by the Justice Department to centralize the process for deciding whether prosecutors should push for capital punishment.

Justice Department spokesman Erik Ablin says the government is making an effort to pursue capital punishment uniformly across the country. "We have in place a clearly defined review process to ensure the death penalty is applied in a consistent and fair manner nationwide," he said.

Congress in 1986 began expanding federal jurisdiction to crimes that traditionally had been prosecuted by states -- imposing mandatory minimum sentences in crack cocaine cases, for example -- and two years later expanded federal reach into capital cases. Still, it took 14 years before federal prosecutors under then-Attorney General John Ashcroft managed to obtain capital convictions in jurisdictions that didn't have the death penalty at the local level.

In many cases, the Justice Department has asserted jurisdiction even though local prosecutors were prepared to handle the cases. In Puerto Rico, for example, federal prosecutors have unsuccessfully sought death sentences for four defendants since 2003 although Puerto Rico's constitution explicitly states that "The death penalty shall not exist."

Puerto Rico's Secretary of Justice at the time, Anabelle Rodriguez, said her department's only recourse was to try to negotiate with the federal government to make it "respect local idiosyncrasy" so a death sentence wouldn't be enforced.

The rising count on federal death row comes as many states reconsider the death penalty or issue moratoriums on the punishment for a variety of reasons, including sloppy executions and exonerations of condemned inmates because of DNA evidence.

Since the 1988 reinstatement of the federal death penalty, prosecutors have attempted to bring capital cases in federal courts across the country. Typically, this has proved much easier in states such as Texas, which have death penalties of their own, than in states such as Iowa, which don't. In 2000, there were 18 inmates on federal death row, but none were from a state that disallows capital punishment.

Things began to change in 2002, when federal prosecutors secured a death sentence in Michigan, a state without a death penalty. A year later, Mr. Ashcroft ordered U.S. attorneys in New York and Connecticut to seek death penalties against 12

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defendants even though prosecutors handling the cases had recommended against doing so or decided not to pursue capital charges. At the time, the Justice Department said there shouldn't be "one standard in Georgia and another in Vermont."

"There's all this talk about how death row is declining, but that's not true for the federal system," said Ruth Friedman, director of the Federal Capital Habeas Project, a federally funded program that assists lawyers in the post-conviction stage of capital cases.

Indeed, the rising count on federal death row in recent years has occurred while the number of inmates on state death rows has been falling. After a long rise, the number of people on state death rows has fallen to 3,344 last year from 3,593 in 2000, according to the Death Penalty Information Center, an organization that tracks capital cases.

Eric Holder, a former U.S. attorney in Washington who was deputy attorney general during the Clinton administration, said that in the 1990s, he and then-Attorney General Janet Reno weren't as likely to override a local federal prosecutor who didn't think a crime warranted capital punishment.

Overriding local federal prosecutors "was relatively rare during the Clinton years," Mr. Holder said. "Having both been local prosecutors, we really deferred to our U.S. attorneys' understanding that they knew their local situations."

The Justice Department declined to comment on this point.

Richard Dieter, executive director of the Death Penalty Information Center, said concerns that federal capital cases were being clustered in pro-death penalty states led the Justice Department under Mr. Ashcroft to intensify its push for death sentences in states that traditionally oppose the punishment.

This process is often difficult. In two recent cases in Washington, D.C, federal judges ruled out the possibility of death penalties. In New York, juries have opted for life sentences instead of executions in more than a dozen federal cases.

Mr. Gooch, the defendant in the drug-related murder case, was initially charged with two murders and slated for trial under D.C. law, which prohibits capital punishment. Later, the U.S. attorneys charged him with two additional killings connected with a drug ring -- making it a federal case and bringing the death penalty into play.

Mr. Barber, his lawyer, unsuccessfully challenged the move, citing a 1992 referendum undertaken at the behest of Congress in which D.C. voters overwhelmingly banned the use of capital punishment. Del. Eleanor Holmes Norton, the District's nonvoting congressional delegate, has written a letter to the U.S. attorney for D.C., objecting to the "new and troubling pattern" of federal capital cases in the district.

Stay Of Executions (LAT)

By Andrew Cohen

The Los Angeles Times, February 3, 2007

LURKING LARGELY beneath the radar the last few weeks, while media coverage has focused on the perjury and obstruction-of-justice trial of I. Lewis "Scooter" Libby and the Bush administration's flip-flop on domestic surveillance, were a series of important legal and political developments in the increasingly muddled world of capital punishment in the United States.

Nearly 13 years after U.S. Supreme Court Justice Harry Blackmun famously promised that he would no "longer tinker with the machinery of death," judges and politicians are tinkering — and doing so in ever emboldened ways. From Jan. 19 through Jan. 26, reports the Death Penalty Information Center, eight executions were stayed in North Carolina, Ohio and Texas — with four more postponed Thursday in Tennessee.

In North Carolina, a state judge blocked three executions after death row inmates challenged the state's lethal injection procedures. In Ohio, three more executions were stayed pending more thorough clemency reviews. Two Texas capital cases were halted, one by a state judge and one by the U.S. Supreme Court.

And in California, a federal trial judge in December declared unconstitutional the state's method of lethal injection. Even the conservative U.S. Supreme Court, which in large measure has the final say on whether and to what extent capital punishment may be used, has begun to pay more attention to death penalty procedures. The justices in January heard three capital cases out of Texas and agreed to hear another out of Washington state before the end of the term.

But it's not just the judiciary that gummed up the machinery of death last month. In Maryland, legislators proposed a measure that would ban capital punishment in the state, a bill Gov. Martin O'Malley said he would sign into law. In the Ohio

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cases, Gov. Ted Strickland, new to his post, declared that he has "serious questions" about capital punishment, and a former corrections director who oversaw executions in the Buckeye State said he favors the end of capital punishment. In New Jersey, a state commission recommended the abolition of the death penalty in that state too. And it was Tennessee Gov. Phil Bredesen on Thursday who declared a 90-day moratorium on executions, halting the four in that state.

None of this means the end of capital punishment is near. A majority of Americans still support capital punishment in one form or another (and there are still states, mostly in the South and the West, where juries are still handing down death sentences for murder). But there is a clear, marked trend toward limiting the circumstances in which capital punishment is applied and the manner in which executions are performed. As the Death Penalty Information Center notes, "The number of death sentences per year has dropped dramatically since 1999."

In some cases, the architects of this national change are loyal to capital punishment and only want to protect it from substantive challenge by firming up the fairness in its procedures (which, trust me, needing firming up). These folks argue — and with good reason if Supreme Court precedent is any guide — that if more isn't done to ensure that death sentences are fairly meted out, they will one day be halted. In other cases, it is the opponents of capital punishment who have been able to muster support for their cause by using compelling statistics that show the failure of the death penalty as a deterrent.

In part, the refined attitudes about the death penalty also have come about because of advances in technology. New DNA testing and, just as important, a newfound willingness by judges and prosecutors to revisit old capital cases have led to many well-publicized exonerations of death row inmates, each one cutting into the core of confidence that people have about the reliability and accuracy of capital punishment. Since 1973, reports the Death Penalty Information Center, at least 120 people on death row have been exonerated for one reason or another.

Where is capital punishment likely to be at the end of this mini-upheaval? I have no idea. But I am willing to offer an educated guess: The death penalty will exist in fewer states than it does now. And in those states where it still exists, capital procedures, from jury selection through lethal injection, will be subject to a much more rigorous judicial review. Politicians may be more willing to ensure that capital defendants get decent representation at trial, and when they do not, judges may be more willing to toss tainted convictions. And DNA, the latest "great equalizer," will loom in the background of every capital case that does not otherwise involve irrefutable evidence.

After a generation of often reckless expansion of the death penalty, the pendulum is starting to swing back. The change didn't start in January 2007. But it sure looks like it is picking up the pace.

Andrew Cohen is CBS News' chief legal analyst.

Federal Jury Finds Former Secretary Guilty In Theft Of Coca-Cola Secrets (FINDLAW/AP)

By Harry R. Weber, Ap Business Writer

AP, February 3, 2007

(AP) - ATLANTA-A federal jury convicted a former Coca-Cola secretary Friday of conspiring to steal trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi.

Joya Williams faces up to 10 years in prison. No sentencing date was immediately set.

The jury of seven women and five men deliberated for 11 1/2 hours over three days. On Thursday, jurors told U.S. District Judge J. Owen Forrester they were "hung" and could not decide. Forrester told the jury to try again Friday.

Williams showed no visible reaction when the verdict was announced. She remains free on bond, pending sentencing.

Williams was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, New York-based PepsiCo Inc. for at least $1.5 million (â,¬1.15 million).

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

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The government said Williams was deeply in debt, unhappy in her job and seeking a big payday, so she embarked on the scheme to steal trade secrets.

Defense lawyer Janice Singer urged jurors to use their common sense, and she argued that prosecutors did not prove their case beyond a reasonable doubt.

Singer suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified earlier this week she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Assistant U.S. Attorney Byung J. Pak said during his closing argument Wednesday that the key under the mat claim was one of many lies told by Williams.

During two days on the stand, Williams testified that she did not steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 (â‚¬3,072) in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 (â‚¬23,041) in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400 (â‚¬307), and that was after her July 5 arrest.

Williams' credibility was an issue for the jury to weigh during its deliberations.

After the verdict was announced, Singer said her client had been "prepared for the worst. She was ready for whatever the jury did."

"She's holding her own," Singer added. "She seems pretty strong right now."

Pak, the prosecutor, said, "We're happy with the verdict. It was the right verdict based on the evidence in the case."

He said it is too early to tell what sentence the government will recommend. He noted that under federal guidelines, the fact that Williams testified and denied involvement could weigh against her at sentencing.

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Associated Press Writer Giovanna Dell'Orto contributed to this story.

Coke Worker Guilty Of Stealing Secrets (FT)

By Andrew Ward In Atlanta

Financial Times, February 3, 2007

A former Coca-Cola secretary was on Friday found guilty of conspiring to steal trade secrets from the soft drink company with the aim of selling them to PepsiCo for more than $1.5m.

Joya Williams could face up to 10 years in prison for the crime, which was foiled after PepsiCo received a letter offering “very detailed and confidential information” about its fierce rival.

PepsiCo informed Coke about the plot and the FBI was brought in to investigate, with the help of an undercover agent posing as a go-between for PepsiCo.

Two co-conspirators – Edmund Duhaney and Ibrahim Dimson – pleaded guilty in October but Ms Williams contested the charges.

Jurors had been deadlocked over the verdict, but on thursday the judge told them to keep trying to reach a decision.

The trial was in Atlanta, where Ms Williams worked as an administrative assistant to Javier Sanchez Lamelas, a senior Coke marketing officer.

Prosecutors played surveillance video taken inside Coke’s headquarters showing the 41-year-old stuffing documents into her bag and handling bottles of prototype beverages, sometimes late in the evening.

Jurors heard that the stolen materials included details of a new Coke product code-named Project Lancelot.

The 120-year-old recipe of Coke's trademark cola – the so-called “secret formula” -- was not involved.

Prosecutors explained how Ms Williams passed the stolen materials to her co-conspirators, both ex-convicts, who told PepsiCo they planned to sell to the highest bidder.

"Just think," PepsiCo was urged in a letter. "Instead of having to second-guess what your number one competitor is doing, you will know exactly what products and marketing campaigns they are going to set in motion."

The undercover FBI agent agreed to buy the clandestine information on behalf of PepsiCo and made several payments to Mr Dimson worth a combined $45,000, including a cookie tin full of cash handed over at Atlanta airport.

Mr Dimson wanted a further $1.5m for the most valuable items.

Ex-Duracell Worker Stole Trade Secrets (AP)

AP, February 3, 2007

BRIDGEPORT, Conn., Feb. 2 (AP) — A former Duracell employee pleaded guilty Friday in Federal District Court to stealing trade secrets from the company, the authorities said.

Prosecutors said the former employee, Edward R. Grande, 48, a cell development technologist from Seymour, Conn., copied and downloaded computer research last year about Duracell's AA batteries.

Mr. Grande then sent the information to two Duracell competitors, prosecutors said. Neither of Duracell's competitors had requested or solicited Duracell's trade secret information, and both of the rivals sent the information back to Duracell.

Duracell, a unit of Procter & Gamble, generates more than $1 billion in revenue from the sale of AA batteries.

Sentencing is scheduled for April 23.

"The theft of trade secrets is a serious crime that has the potential to cause significant economic damage to the owners of trade secrets and their shareholders," the United States attorney for the district of Connecticut, Kevin O'Connor, said.

Mover Shot By Prince George's Official Dies (WP)

By Eric Rich And Ruben Castaneda, Washington Post Staff Writers

The Washington Post, February 3, 2007

Hospitalized Man Too Ill To Give Details of Incident

A furniture deliveryman who was shot last week by a Prince George's County homeland security official died yesterday without having recovered to the point that he could describe the circumstances of the shooting, authorities and an attorney for his family said.

Brandon D. Clark, 22, of Oxon Hill succumbed to his injuries at Prince George's Hospital Center. He and a co-worker had been in critical condition there since they were shot by Keith A. Washington, who is a veteran county police officer, as they delivered a Marlo Furniture bedroom set to his home in Accokeek.

Police initially said that Washington, a former driver for County Executive Jack B. Johnson, apparently acted in self-defense and that Clark and his co-worker, Robert White, would probably be charged with assault. They have since backed off that statement, saying they would wait until detectives have completed their work before deciding whom to charge.

The movers were unarmed, authorities have said.

In a statement yesterday confirming Clark's death, Prince George's Police Chief Melvin C. High said, "This is an unfortunate turn of events that now becomes a part of the internal and criminal investigation."

The case has attracted wide attention because of a pattern of previous complaints against Washington, 45, who was appointed deputy homeland security director by Johnson in 2004.

A law enforcement source confirmed yesterday that -- as Clark's girlfriend and the attorney for the family have said -- the deliverymen contacted a supervisor on the night of the shooting. According to the girlfriend, Leelee Best, the men told the supervisor that Washington was angry over a bedrail. The family attorney, Michael J. Winkelman, said the men were instructed to give Washington whatever he wanted.

Another source familiar with the investigation said yesterday that, in a brief report filed immediately after the shooting, Washington alleged that Clark and White, 36, of the District, were in a part of the house they were not supposed to be in. Both sources spoke on the condition of anonymity because the investigation is ongoing.

Under state law, police officers have up to 10 days to give a full statement after a shooting. Washington has not responded to messages seeking comment since the incident.

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Speaking to reporters yesterday morning, Winkelman said Clark's family members were grieving but were grateful "for the outpouring of public and private support" they have received. He asked for "continued thoughts and prayers" for White, who remains in critical condition.

Winkelman said that during the time he was hospitalized, Clark was unable to communicate with his family in any substantive way about the events that led to his shooting. As far as he knows, Winkelman said, Clark "never told his side of the story to anyone before he died."

Clark was a graduate of DuVal High School, where he played on the football team. Clark's family has described him as a big, gentle man, easygoing and slow to anger, standing 6 feet 4 inches and weighing more than 260 pounds.

Glenn F. Ivey, state's attorney for Prince George's, has said two investigations of the shooting incident will proceed on separate tracks: One team of police detectives will investigate Washington's use of force; the other set of detectives will look into what crimes, if any, occurred during the encounter.

Ivey said yesterday that a grand jury would consider the matter once he has received the findings of the investigations, Clark's autopsy report and other documents. "We can't rush into the grand jury," he said. "It would be counterproductive to hurry the investigations."

Official Has History Of Altercations, Sources Say (WP)

By Cheryl W. Thompson, Washington Post Staff Writer

The Washington Post, February 3, 2007

In the 10 days since Prince George's County homeland security official Keith A. Washington shot two unarmed deliverymen at his Accokeek home, some critics have told of run-ins with him dating back 15 years. They describe a man who loses his temper easily and has ended up in physical and verbal altercations.

Washington's supporters, including relatives and some county officials, have been reluctant to talk in the midst of an investigation, other than to say that Washington acted in self-defense.

The case took a turn yesterday when one of the men, Brandon D. Clark, 22, died at Prince George's Hospital Center. Clark, of Oxon Hill, and Robert White, 36, were delivering a Marlo Furniture bedroom set to Washington when they were shot during an altercation. White, of the District, remained in critical condition.

Washington, a deputy director of homeland security and a 16-year member of the county's police force, did not respond to messages left on his cellphone. He has been on paid administrative leave since the incident Jan. 24.

Washington has come under investigation at least three times by the Prince George's police department for assault complaints or "unbecoming conduct" and has been sued at least twice, including once by a D.C. police officer who said that Washington assaulted him and had him falsely arrested, according to interviews and court records.

"Keith has a bad temper," said Michon Charles, the mother of Washington's teenage daughter, Hali. "He gets hot under the collar very quickly."

Charles, who dated Washington briefly, recalled the day 13 years ago when Washington stormed into the property management office where she worked in San Antonio and yelled at her with her co-workers in earshot.

"He had a fit," Charles said, when they began discussing child support.

Charles asked a fellow employee to call the police, and the employee, Frances Broussard Peterson, said she told Washington, "You can't act like that in here."

Washington, 45, is a close friend, occasional dinner partner and fraternity brother of County Executive Jack B. Johnson (D), who named him to the homeland security position in 2004. Johnson said at the time that Washington would "lead this county in the right direction, ensuring that the office of Homeland Security provides the protection and required services that the county needs and desires." He said in an interview last summer that he hired Washington because he was "mentally tough."

Washington once served as Johnson's driver. He also worked on and contributed to Johnson's campaign in 2002. He was one of few county police officers to support Johnson, who, as state's attorney, had focused on combating police abuses. Washington ran unsuccessfully last year for County Council.

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Washington, who was born in Houston, joined the Army at 18 so he could earn money to pay for college, he said in an interview last year. According to his rÃ©sumÃ©, he is a lieutenant colonel in the Army Reserve and has extensive training in counterterrorism.

Hali Washington, 18 and the elder of his two daughters, said she and her father have had a troubled relationship for years. He went through a period of not paying child support, court records show. She said she last saw him New Year's Eve, when she was visiting her aunt -- his sister -- in Houston for the holidays. He was upset that his sister had agreed to let his daughter and her cousin attend a party at a nightclub that evening, Hali Washington said.

"He made a huge scene in the courtyard of the apartment complex," she said in a phone interview from San Antonio, where she lives with her mother. "He was acting crazy and screaming. He told me he wasn't going to be my dad if I stayed there."

Washington has also had problems with other police officers, records show.

D.C. Police Officer Robert L. Johnson Jr. was walking across the parking lot of the Oak Tree Restaurant in Oxon Hill in 1994 when Washington, who had been hired to work security there, stopped him, according to a complaint by Johnson contained in a civil lawsuit.

Washington recognized Johnson from an earlier run-in at another nightclub, said another D.C. police officer who said he was with Johnson at the nightclub. Johnson said Washington "physically constrained" him and "placed him under arrest with no justification," according to court records. A judge found Johnson not guilty, said lawyer Robert Matty, who defended Johnson. Washington denied in the lawsuit that he acted improperly.

Johnson then sued Washington, the restaurant owner and the county for assault and battery and false arrest. The case was dismissed after Johnson was shot and killed in 1997 after a traffic dispute near the 6th District police station, where he worked, said G. Clifton Patterson, another attorney for Johnson.

Gerard F. Policicchio, who owned the Oak Tree Restaurant, said he hired Washington on the recommendation of another officer to work there in case "things got a little out of hand." He said that Washington was "outstanding."

"He was not over-physical with anybody at all," Policicchio said. "He was always level-headed. Never the rambunctious type to go after something that wasn't there."

In 2000, a jury found that Washington and a county corrections officer had violated the rights of an Adelphi man, David P. Maslousky, who was arrested after he objected to the way Washington treated a motorist in 1997. Maslousky said he was strip-searched by a corrections officer at the police station. He sued the officers and the county, and a jury awarded him $260,000. The case was appealed, and Washington prevailed at a new trial.

In January 2004, Dennis Tozser, a neighbor, complained to the police department about Washington. The two were members of a homeowners association board in Accokeek when, Tozser said, Washington pushed him during a neighborhood watch meeting. Washington was saying that the management company ignored him when he requested copies of contracts the association had with vendors, Tozser said.

"I stepped in to say there's more to the story, and Keith said, 'Let's go outside and settle this,' " Tozser recalled. "He wanted to duke it out and took off his jacket. I put my hands in my pocket and kept them there, because I wasn't getting involved with a police officer," he said. "That's when he shoved me in the chest."

Police Capt. A. Mark Ciccone told Tozser in a letter nearly a year later that there was no cause to discipline Washington. "The investigation of your complaint . . . has failed to sufficiently sustain any acts of misconduct on his part," Ciccone said.

Also in early 2004, Washington was charged with a misdemeanor on suspicion of assaulting a property manager during a homeowners board meeting. He was suspended with pay pending an investigation. The charge was later dropped.

Tozser said he sees Washington at civic association meetings and said the two are cordial.

"I've talked to him. I've met with him," Tozser said. "I thought he sought anger management and had things under control, because it's been a long while since I heard anything with regards to him getting involved in a situation like this."

News researcher Alice Crites contributed to this report.

Feds Tout Results In Crime Crackdown (NOTP)

By Gwen Filosa, Staff Writer

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New Orleans Times-Picayune, February 3, 2007

Team approach nets convictions, arrests

Federal agents announced a slew of arrests, indictments and convictions Friday, saying it marks only the start of their promise to team up with New Orleans police to end the violent crime wave plaguing New Orleans.

Their haul includes a north shore man who admitted trying to hire a hit man to murder a federal agent; a disgraced doctor now criminally charged with abusing her prescription power to deal painkillers; and a 21-year-old man accused of selling heroin and crack at a public housing complex.

By hitting suspects with gun and narcotics charges, federal law enforcement has vowed to stifle the group of violent offenders who seemingly glide in and out of the state criminal justice system.

"The feds are not screwing around," said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. "The train has left the station."

In all, the federal, state and local partnership racked up two guilty verdicts, nine indictments of ten defendants, four arrests and one guilty plea in a plot to murder a Drug Enforcement Administration agent.

"We are ratcheting up the pressure as we speak," said U.S. Attorney Jim Letten during a news conference Friday in which various federal agencies ticked off their recent results. "We're not going to be able to do this logistically every week. The federal numbers are small, but the power and leverage we wield is enormous."

Cases ticked off

Letten and his colleagues announced the following cases:

Chris Walker, 31, of Hammond, pleaded guilty in federal court Friday for hatching a plot to kill a DEA agent who helped bust him and others in a crack cocaine ring based in Tangipahoa Parish. He admitted shopping for a hit man while in jail and paying $1,000 as a down payment for the killing. Walker faces a maximum sentence of life in prison. Johnnie Sims, 26, of Robert, pleaded guilty in November to similar crimes.

Jacqueline Cleggett, a former doctor living in Baton Rouge, is charged with illegally distributing OxyContin, Vicodin, methadone and other drugs between June 2000 and February 2002 from her eastern New Orleans medical practice. She faces a 37-count indictment accusing her of handing out a few thousand tablets before her medical license was revoked.

John Sears, 21, of New Orleans is charged with dealing crack cocaine, heroin and marijuana in the courtyard of the Iberville public housing complex, which neighbors the French Quarter. New Orleans police arrested him Jan. 23 in the 1500 block of Bienville Street after recognizing him from previous arrests.

Sears had a loaded .38-caliber handgun in his waistband, police said, and a body search turned up five grams of crack and seven grams of heroin hidden in his underpants. Twenty grams of marijuana was found in his pants pocket, the indictment says.

When arrested Jan. 23, Sears was already awaiting trial at Orleans Parish Criminal District Court on a 2004 case of dealing cocaine and heroin, and a second case from 2005 in which he is charged with dealing crack. Sears is in federal custody without bond.

Jermaine Surtain, 29, is now in the custody of the U.S. Marshal's Office, charged with having firearms that were stolen from Puglia's Sporting Goods in Metairie on New Year's Day. Surtain, who has a 2000 conviction for possession of crack cocaine, faces the federal felon-in-possession charge and up to 10 years in prison.

Surtain was nabbed with a stolen M-15 assault rifle, one of 122 guns looted from the store, authorities said. Surtain, of Algiers, was arrested Jan. 7 in Luling and booked with one count of burglary. But as of Friday, he will face prosecution at U.S. District Court after a team-effort investigation between the Jefferson Parish Sheriff's Office and federal agents.

Surtain fits the federal effort's plan to remove armed convicted felons from the streets and send them through the U.S. Attorney's Office, officials said.

'No revolving door'

"In the federal system, there is no revolving door," Bernazzani said.

On Monday, FBI agents will meet with NOPD homicide detectives and begin pounding the pavement Tuesday, Bernazzani said.

Fifteen agents from the Drug Enforcement Administration have been in the city since last week, embedded with the New Orleans Police Department, said Bill Renton, the DEA special agent in charge in New Orleans.

"The city is populated by great people," Renton said. "We can't let a small cadre of thugs run them out of the city."

The NOPD said the federal agents are working side by side with patrol officers.

"They're at roll calls, they're in these dark alleys and they're kicking in the doors with us," said NOPD Deputy Chief James Scott, "They're in the cars with us."

On Thursday night alone, Scott said, police and DEA agents teamed up to confiscate 141 grams of cocaine and three weapons.

The Bureau of Alcohol, Tobacco, Firearms and Explosives announced Friday that it will reward tipsters to its hotline, (504) 581-GUNS, with $1,000 if their calls lead to arrests on federal firearms violations.

"We'll pay the caller $1,000 within 72 hours," said Bob Browning of ATF.

. . . . . .

Gwen Filosa can be reached at gfilosa@timespicayune.com or (504) 826-3304.

Va. Men Plead Guilty In Fake Purse Scam (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, February 3, 2007

Designer Knockoffs Were Sold at Parties

A father and son pleaded guilty yesterday to supplying phony designer purses at massive discounts for "purse parties" in Northern Virginia and for kiosks they operated at malls throughout the Washington region.

Lalit Kumar Ohri, 63, and his son Gaurav Ohri, 28, both of Fairfax, admitted that they sold purses bearing the trademarks of some of the nation's leading designer labels, including Gucci and Prada. The pair had the counterfeit bags embossed with the sought-after labels or gave the labels to purchasers, some of whom affixed them to the purses with glue. The purses were purchased by the father and son from suppliers in New York.

"I bought bags. They were counterfeit bags. . . . They were not genuine," Gaurav Ohri, director of operations for the family company, Sonya Handbags, said as he pleaded guilty to one count of conspiracy to traffic in counterfeit goods.

"We had the labels we put on the bags. They looked like the real labels," Lalit Ohri, the company's owner, said as he pleaded guilty to the same charge in U.S. District Court in Alexandria. Both face up to five years in prison when they are sentenced April 20.

With the last-minute pleas, they avoided a trial scheduled for Monday that had promised to be unusual at a federal courthouse that has hosted some of the nation's most prominent terrorism and spy cases. Representatives from Kate Spade, Louis Vuitton and other high-profile designers had been expected to testify, and prosecutors were planning to show the jury a sampling of hundreds of phony designer purses.

The case has focused attention on the trendy purse parties that began more than a decade ago in New York City and have been going on in Northern Virginia since at least 2000, according to partygoers. Held in private homes, the gatherings feature flowing wine and plentiful food, along with hundreds of designer handbags sold for hundreds of dollars less than the real deal. It is a crime to sell trademarked goods but not to purchase them.

Several women known as "purse ladies," who run the purse parties, had been expected to testify at the trial. The Ohris sold counterfeit purses to women who then re-sold them at purse parties "throughout Northern Virginia," Assistant U.S. Attorney Jeanine Linehan said in court yesterday. Purses at the parties could be purchased for $40 to $50 each. Prices of genuine designer handbags by labels such as Prada and Gucci range from hundreds of dollars to more than $2,000.

The investigation of the Ohris began with an anonymous tip from a partygoer, according to court documents and law enforcement officials. Federal agents then raided the home of one of the purse ladies, recovering about 100 handbags and self-adhesive designer labels. That led to a raid at the Ohris' warehouse in Lorton, where 30,000 purses were recovered, along with more than 100 phony Kate Spade labels in a desk drawer, court documents said.

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Of the 30,000 purses, more than 6,000, with a retail value of $198,000, were determined to be trademark-infringing, Linehan said.

Lalit Ohri is a retired lieutenant colonel in the army of India who started his business in the early 1990s. By 2003, kiosks operating under the name Sonya Handbags were in 13 malls, including Tysons Corner Center and Fair Oaks Shopping Center in Virginia, Montgomery Mall and Columbia Mall in Maryland and the Old Post Office Pavilion in the District.

Counterfeit purses are sold on street vendor carts in Washington and other major cities, and enforcement of trademark laws is spotty. Experts say the problem has mushroomed in recent years.

Barry Rejects Offer, Maintains Innocence (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, February 3, 2007

A D.C. Superior Court judge set a June 12 trial date yesterday for D.C. Council member Marion Barry on several traffic offenses -- charges that Barry and his attorney insist are unfounded.

Barry (D-Ward 8), a former D.C. mayor, has rejected an offer from prosecutors to plead guilty to operating a motor vehicle while impaired in an incident in which police said they detected the smell of alcohol. Had he accepted the offer, prosecutors would have dropped the other charges, including the more serious offense of driving under the influence. Prosecutors also would have dropped charges in connection with a subsequent traffic stop.

But in a hearing yesterday morning, Barry's attorney, Frederick D. Cooke Jr., told Magistrate Judge Milton C. Lee that there is little common ground between the D.C. attorney general's office and the defense and that a deal is unlikely.

"He can't plead guilty to an offense he didn't commit," Cooke said.

The charges against Barry, who stood next to his attorney during the brief hearing, stem from two traffic stops last year in the District.

In the first incident, Barry was pulled over Sept. 10 by uniformed Secret Service officers near the White House after allegedly running a red light. Police said he smelled of alcohol, and Barry was asked to take a breathalyzer test. An initial test came in below the legal limit, but officers said they wanted to conduct a urine test for alcohol, Cooke said in an interview. Barry declined to provide a urine sample, and according to Cooke, he said he was willing to take another breath test, which police chose not to administer.

The officers charged Barry with driving under the influence, which can be done when a driver refuses the urine test. But Cooke said that the officers should have given Barry another breath test unless they documented some reason why they could not. Absent that, Cooke said, all they have to stand on is Barry's .02 reading, which is below the legal limit.

"The only objective data says that he was not intoxicated," Cooke said.

Traci L. Hughes, a spokeswoman for the attorney general's office, said the officers had the discretion to demand that Barry submit to a different type of test and the authority to charge him when he did not. Barry also was charged with misuse of temporary tags and operating an unregistered vehicle.

The second episode was Dec. 16, when Barry was stopped by U.S. Park Police officers in Southeast Washington for driving too slowly. Police said that Barry's license was suspended; he insisted that it was valid and that the D.C. Department of Motor Vehicles verified it. The attorney general's office did not charge him with driving without a license.

Prosecutors did, however, file other charges against Barry, including misuse of temporary tags and operating an unregistered vehicle. In both incidents, Barry was driving a loaner vehicle while his car was being repaired.

Cooke said Barry did not know that there was a problem with the registration of the vehicle and therefore did nothing wrong.

"It's undue harassment," Barry said after the hearing. "They know they don't have a case."

Crashing The Party (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, February 3, 2007

As Super Bowl Looms, FBI Eyes Online Wagering

If the U.S. government gets its way on Super Bowl Sunday, all bets will be off -- all online bets, that is.

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Federal prosecutors and agents in the FBI's organized crime unit have been mounting a large-scale crackdown on Internet gambling, with indictments against executives at gaming Web sites, arrests of foreign businessmen who process payments, and subpoenas to investment banks that may have helped bankroll the operations.

The aggressive campaign has gathered steam in recent weeks, as Americans prepare to wager more than $5 billion on tomorrow's game between the Chicago Bears and the Indianapolis Colts, the biggest betting day of the year, according to industry experts.

The arrests in California and in the U.S. Virgin Islands last month of two board members of Neteller, a British company that facilitates online money transfers, is spurring overseas executives with even modest gambling connections to avoid traveling to the United States lest they be nabbed. And it is leaving legal analysts and bettors crying foul about the government's approach.

"This escalation or, no, we should say surge, in this war of intimidation Justice is waging right now really has had an effect," said I. Nelson Rose, a professor at Whittier Law School in California and author of a textbook on gambling law.

Justice Department officials have long been on record as saying that Internet gambling breaks the law. They cite the long-standing Wire Act, a statute making it a crime to use telephone lines to place a bet within the United States or overseas. The 1961 law, which applies to businesses instead of individual bettors, was designed to eradicate the Mafia from the gambling arena.

But after the 2000 wire-fraud conviction of sports betting entrepreneur Jay Cohen for operating a Web site in Antigua, federal prosecutors enforced it only sporadically. The campaign heated up last year, after the government indicted two popular sports betting Web sites: Antigua's WorldWide Telesports Inc., and London's BetOnSports PLC. Both companies have announced they will no longer accept wagers from U.S. clients.

Then Congress dealt in. At the last minute, lawmakers inserted an online-gaming measure into the port security bill that chokes the flow of money by barring the use of credit cards, checks and fund transfers to make and settle bets. President Bush signed the bill into law in October.

But it has been the wave of criminal charges against individual executives and businesses that prompted a real exodus from the U.S. market. Americans bet nearly $6 billion online in 2005, but the flood of public companies out of the country has made it difficult to estimate current amounts, said Eugene Christiansen, who tracks such spending.

Meanwhile, U.S. authorities show few, if any, signs of folding, even in the face of rulings by the World Trade Organization that the United States cannot put foreign rivals at an economic disadvantage on the Internet gambling issue.

"Criminal prosecutions related to online gambling will be pursued even in cases where assets and defendants are positioned outside of the United States," Michael J. Garcia, the U.S. Attorney for the Southern District of New York, said last month.

Yet legal experts say there are questions about whether Internet gaming is a crime worthy of extradition in most foreign jurisdictions, and whether the executives meant to break the law, given that their operations are legal in their home countries.

Moreover, although the Justice Department has suggested that all forms of Internet gambling violate the law, analysts say that online horse racing, poker and fantasy leagues may be exempt. Gambling in some form, from state-sponsored lotteries to race tracks and slot machines, is legal in a majority of the 50 states, which collect billions in tax revenue from the enterprises each year.

A. Jeff Ifrah, a defense lawyer in the District office of Greenberg Traurig, said the Justice crackdown is confounding some legal analysts because "it is unclear how the government randomly targets members of this industry for prosecution, and why it is doing so on the heels of legislation that only recently prohibited facilitating certain gaming activity."

Neteller, which had provided payment services to more than 80 percent of worldwide gaming merchants, watched its business swell after PayPal and parent company eBay agreed to leave the business and forfeit $10 million to settle civil charges three years ago over financial transfers to offshore and online gambling firms.

Now, however, with the arrest of two of its founders, the British Web site is scrambling to exit the U.S business. Neteller is besieged with requests from frustrated bettors who want to recoup billions in deposits and winnings. The money is being held in trust accounts while the company holds conversations with the Justice Department about the status of its executives and other board members.

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"The answer is, it's a bit confused at the moment," Neteller spokesman George Cazenove said. "I'm sure they will get their money back. You've got to give Neteller a bit of space."

Prosecutors have increased efforts to force advertising companies and Web sites to reject paid ads for Internet gambling sites. They also sent subpoenas to at least three investment banks, HSBC, Dresdner Kleinwort and Credit Suisse. Richard Lindsay, spokesman for HSBC, said the subpoena it received late last year requested information "pertaining to some Internet gambling companies."

The crackdown against public, regulated foreign businesses has left small private companies to fill the void, an issue that worries industry officials and consumer groups who say the smaller entities are less subject to oversight and more difficult to police. In essence, they argue, the government drive could turn into another prohibition, and have the perverse impact of fostering underground, illegal activity.

"The net effect of this is, responsible people are out of the business," said Frank J. Fahrenkopf Jr., president of the American Gaming Association, a casino industry trade group.

But federal officials disagree. Mark J. Mershon, FBI assistant director, last month cautioned that companies handling Americans' offshore bets "amount to a colossal criminal enterprise masquerading as legitimate business."

Staff writer Tomoeh Murakami Tse and staff researcher Richard Drezen contributed to this report.

Fake Degrees Bought By 14 Confound Fire Officials (NYT)

By Cara Buckley

The New York Times, February 3, 2007

The Fire Department has not decided whether to take disciplinary action two days after a report revealed that 14 of its employees had used, or tried to use, bogus diplomas to be promoted or hired.

According to the report, by the Department of Investigation, the 14 employees paid hundreds of dollars to buy fake degrees from "St. Regis University," an online diploma mill that required no course work, to fulfill the department's educational requirements.

But a spokesman from the Fire Department and a fire union official said the report overstated the extent of the problem. While 13 employees and one job applicant bought the degrees from a fake online university to be promoted or hired, the fire department rejected the phony diplomas from all but three. Ten were hired or promoted anyway because they later legitimately obtained the required credits. The Fire Department also said it began rejecting diplomas in 2003 from the so-called university, which claimed that it was based in Liberia.

"Of the 14 people, only 3 were promoted with that degree," said Francis X. Gribbon, a department spokesman. "We promoted 2,500 people since 2001. This is a handful of people we are talking about."

Yet according to Thomas Von Essen, who was fire commissioner from 1996 to 2001, the report underscored what he described as a lax attitude toward obtaining college credits in the department. Beginning in the late 1990s, Mr. Von Essen introduced requirements that higher-ranking Fire Department officials obtain a set number of college credits to be promoted. New hires would need college credits, too.

The Uniformed Firefighters Association, the fire officers' union, fought part of the new requirements. One of their arguments was that higher-ranking officers who came on the job when only high school diplomas were required should not need college credits to advance.

Though the new standards were adopted, Mr. Von Essen said resistance to them persisted.

"I'm absolutely not surprised that this happened, because the seriousness of education has never been accepted by the chiefs, and the higher ranks in the department," said Mr. Von Essen, now senior vice president at Giuliani Partners, the consulting firm of former Mayor Rudolph W. Giuliani.

But Peter L. Gorman, president of the officers' union, said most of the employees named in this week's report did nothing wrong. One of the employees, Daniel O'Gara, a battalion chief, had received a letter from a supervisor on the department's tenure desk, stating that his diploma met department requirements. But the letter writer confused "St. Regis University" with Regis

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College, a private college in Massachusetts. Still, Mr. Gorman said, the letter cleared Chief O'Gara of blame. "There was no cover-up; there was no intent to get false degrees," Mr. Gorman said.

Mr. Gribbon, the department spokesman, said the department began scrutinizing credits obtained, especially from online schools, after discovering in 2003 that "St. Regis University" was a fake. "We tightened up rules on all of them," he said.

But the department has also eliminated the requirement that new employees have college credits, in part to attract more minority applicants to its ranks. Starting in March, basic training will last 13 weeks instead of 8, Mr. Gribbon said, and will be extended to 23 weeks by year's end. Additional elements, like public relations and writing skills, were being folded into the training too, Mr. Gribbon said.

Several firefighters yesterday shrugged off the relevance of college credits to their jobs, saying experience rather than education mattered most.

Arthur Jens, 45, a retired firefighter from Engine 13, Ladder 12 in Chelsea, said: "Education's always a great thing. The more education you have, the better off you are. But as far as actual firefighting, I think the biggest thing is experience. That's the biggest factor in a fire."

According to Jason Post, a spokesman for Mayor Michael R. Bloomberg, Deputy Mayor Edward Skyler met with Nicholas Scoppetta, the fire commissioner, yesterday to review the report. All 14 employees were still on the job, a Fire Department spokesman said.

"It is acceptable to wait more than two days before taking any action," Mr. Post said.

Former Judge Cites Pressure To Pay Friends Of Party Boss (NYT)

By Trymaine Lee

The New York Times, February 3, 2007

A former Brooklyn judge told a jury yesterday that she feared her career would be over if she did not pay $10,000 to associates of Clarence Norman Jr., the longtime leader of the borough's Democratic machine, for get-out-the-vote efforts and fliers during her re-election campaign in 2002.

The former judge, Karen B. Yellen of Brooklyn Civil Court, who ran on the Democratic ticket in the 2002 primary along with Mr. Norman, was the key witness for the prosecution in the weekold corruption trial against Mr. Norman, a former 12-term state assemblyman, in State Supreme Court in Brooklyn.

It is Mr. Norman's fourth corruption trial in two years. In this case, he is accused of pressuring Judge Yellen and another judicial candidate for thousands of dollars. In the week leading up to the 2002 primary, prosecutors say, Mr. Norman demanded that Judge Yellen pay his associates or be "dumped" and lose the party's support.

Wearing a bright red blazer and a frilly white blouse, Ms. Yellen wiped away tears and gestured to the jury, saying, "This was a fight for my career, and I knew I had to do anything possible to save it."

She looked into the faces of the jurors and seemed to plead for their sympathy.

"I would no longer be a judge," she said. "I would be out of a job."

In the end, she lost anyway, beaten by upstart candidates.

Ms. Yellen's testimony repeated much of that given on Thursday by Jeffrey Feldman, Mr. Norman's former second in command.

Mr. Feldman and Ms. Yellen testified that Mr. Norman became angry when a member of the judge's camp asked what would happen if she did not pay. Prosecutors have said Mr. Norman wanted her to pay Ernest Lendler, a printer, $1,000 for a flier he designed, and William H. Boone III, a longtime associate of Mr. Norman's, $9,000 for get-out-the-vote efforts on Primary Day in the mostly black districts of central Brooklyn.

"The words he used was that 'we will dump her,' " Ms. Yellen testified. She said she was "shocked" and "astonished" by Mr. Norman's reaction.

During cross-examination, Mr. Norman's lawyers suggested that Ms. Yellen, who is white, was willing to spend money in white neighborhoods but not in black ones.

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Anthony Ricco, a lawyer for Mr. Norman, said that Ms. Yellen had had no problems courting the black vote but drew the line on spending money to capture it.

"Didn't you and your advisers say it was a waste of time because Jewish people vote for Jewish candidates and black people vote for black candidates?" Mr. Ricco asked.

"But when you went to the chicken dinners in the African-American neighborhoods, did you say to those people, 'I'm here for your support,' " he asked, "and how good the chicken was?"

Ms. Yellen looked over at the jury and said: "No, I didn't. Because the chicken wasn't that good."

CIVIL RIGHTS:

Calif. Teens Get Probation For Halloween Hate-crime Beating (AP)

AP, February 3, 2007

LONG BEACH, Calif. (AP) — Four of nine black teenagers convicted in the racially charged beating of three white women on Halloween were sentenced to probation Friday.

Punishment could have ranged up to confinement in a California Youth Authority lockup until age 25. The teens were ordered to serve 250 hours of community service, 60 days house arrest, and take anger management and racial tolerance programs.

"It was an awful crime. Terrible, emotional and physical injuries," Juvenile Court Judge Gibson Lee said.

Last week, Lee convicted nine teens — eight female and one male — of felony assault, with a hate-crime enhancement against all but one.

Among those sentenced Friday were an 18-year-old youth, his twin sister, their 16-year-old sister — who didn't receive the hate-crime enhancement — and another 16-year-old girl.

The other five defendants face sentencing next week. Names of the defendants were withheld because they are juveniles or were juveniles at the time and were tried as juveniles.

The 18-year-old male teenager had pleaded with the judge, saying he was innocent and tried to help the victims, including taking a skateboard away from an assailant who was using it as a weapon.

"What will my life be like? I'm 18 and convicted of a hate crime," he said.

The victims were in an affluent area of Long Beach that draws crowds with fancy Halloween displays when a crowd of black youths yelled racial insults and one shouted "I hate whites," according to prosecutors.

One victim testified the trio was pelted with small pumpkins and lemons. A witness testified two of the women were beaten with skateboards.

Prosecutors said the beating only ended when a black motorist stopped, pulled the assailants away and shielded the women with his body.

"I'm not sure if all the emotional scars will ever completely vanish," 21-year-old Loren Hyman, one of the victims, said earlier in a victim impact statement. "I feel like the beating I endured on Halloween night is still not over."

Two 15-year-old boys face trial later on charges of felony assault with the hate-crime enhancement.

Long Beach, 22 miles south of downtown Los Angeles, is a major U.S. cargo port with a racially diverse population of 475,000 and neighborhoods ranging from high-end shoreline condos to low-income urban areas.

Judge Defers Decision On Port Chester Election (NYJN)

By Liz Sadler, THE JOURNAL NEWS

New York Journal News, February 3, 2007

PORT CHESTER - A federal judged deferred a decision yesterday on whether to stop the March 20 village election for two seats on the Board of Trustees.

U.S. District Judge Stephen Robinson will instead wait to hear arguments from both sides in the voting rights lawsuit filed by the U.S. Department of Justice against Port Chester, he said in a pre-trial conference.

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The judge said he will presume that holding the election would cause irreparable harm, as the Justice Department alleges. The village must prove otherwise at trial later this month in order to proceed with the election.

Anthony Piscionere, a lawyer for the village, argued that stopping the election would actually cause irreparable harm to the village because it would force a special election and disenfranchise voters. He said the trustee race would provide a good "snapshot" of Hispanic voter turnout because a Hispanic candidate is running.

But U.S. Attorney David Kennedy said "this can only be decided after a full and fair hearing." He said it would be "informative but wrong" to hold the election in March.

The Justice Department sued the village in December, asserting that its at-large method of electing its six trustees violates the federal Voting Rights Act. It is asking the judge to replace Port Chester's system with one in which trustees are elected from six districts. It is also asking the judge to stop the March trustee election until voting districts are implemented.

The village argues that its election system is fair and has soundly denounced the Justice Department's case.

Trial dates are scheduled for Feb. 13-15 and 20-22.

Reach Liz Sadler at esadler@lohud.com or 914-694-3525.

Court: No Discrimination (MOULTO)

By Lori Glenn

Moultrie (GA) Observer, February 3, 2007

Ruling says Ellenton farmer was not unfair to Puerto Ricans

ELLENTON — The U.S. Court of Appeals 11th Circuit Thursday upheld a decision from the U.S. Justice Department that a Colquitt County farmer did not discriminate against 17 Puerto Rican farmworkers in favor of Mexican labor.

The plaintiffs had traveled from Puerto Rico to Georgia in 2003 to work for Booth Farms under a contract approved by the U.S. Department of Labor. They arrived a few days after a group of federal H2A program workers from Mexico.

Producer Larry Booth, of Ellenton, had maintained that some of the citizen workers (Puerto Rico is a territory of the United States) were slow pickers and didn't pick enough to earn the equivalent piece rate of $7.49 an hour, the Adverse Effect Wage Rate at the time, so he fired them citing economic reasons. The plaintiffs complained that no Mexican H2A workers who didn't work up to Booth's standard weren't fired and subsequently filed a discrimination suit. Federal law requires that employers hire Americans over H2A workers, but the plainiffs said Booth favored Mexican workers over Puerto Rican regardless of production rates.

The 17 workers, some of whom Booth said he didn't fire, were represented through the Georgia Legal Services Farmworker Division. Booth represented himself pro se with some assistance from friend and cousin former Georgia Senator Franklin Sutton, also of Ellenton. Booth wasn't able to secure financing for his farming operation because of the suit and had to sell out, he said. Plus, the same 17 plaintiffs have filed a suit in Puerto Rico against Booth Farms seeking about $383,000.

"Hell from Day One," Booth said. "I can truthfully say I would have worked them if they would have worked. And four of them I didn't fire."

"The argument that Georgia Legal Services had was that even though you had to pay them minimum wage, they weren't required to do anything. This makes a distinction between nonproduction and production, and that's a good thing," Sutton said.

Sutton said he isn't fool enough not to think that some farmworkers have been mistreated over the years, but he also thinks that Legal Services are extorting producers.

"They didn't care whether I was liable for those charges or not," Booth agreed. "All they wanted from me from day one is a settlement. They started sending me letters saying that we could settle for a lesser amount. They didn't have no concern on my part as far as I was liable or not. They never considered that. ... I'm proud that they did take it to the 11th Circuit Court of Appeals. That makes it a stronger case for us."

Georgia Legal Services, funded through private and public sources, often handles cases involving failure to pay workers, cheating workers out of wages, discrimination and failure to keep recruitment promises, according to its Web site. Legal Services has represented complaints against Colquitt County producers in the past. Many, if not all up until now, have been settled out of court.

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One local H2A farmer only would consent to an interview if The Moultrie Observer didn't use his name for fear of retaliation by Legal Services. He's been sued several times but settled each time because of the enormous expense of a trial.

"There for a while we were paying about $80,000 a year just to fight lawsuits. ... We settle just to get rid of it," he said.

And that's what these farmers think fuels Legal Services' fire.

"They want to settle it because they know they haven't got a case. It's frivolous stuff," he said.

This producer and several others, also wishing to remain anonymous, said they hire workers through the relatively costly H2A program because they want to hire legal workers to avoid trouble, but Legal Services haunts them with what they call "frivolous lawsuits."

"Immigration told us we needed to get legal, they were going to start raiding our farms," said one producer. "They don't go by what the law says. They sue for anything they want to sue on. If they win, it changes the playing field. If they don't win, so what — they're out soliciting for another case from somewhere else. It doesn't cost the worker anything. ...They say they don't target H2A, but they do."

Voting Rights: Noxubee Case A National Test (JCL)

Jackson Clarion-Ledger, February 3, 2007

Discriminating against the free exercise of the right to vote is wrong, regardless of race and regardless Mississippi's past history of white-on-black oppression.

Quietly, with little fanfare, a national test of the Voting Rights Act of 1965 is under way in Mississippi.

This month, U.S. District Judge Tom S. Lee has been presiding over the first case in U.S. history in which the federal government has accused black election officials of violating the Voting Rights Act by discriminating against white voters.

The U.S. Justice Department is alleging that Noxubee County Democratic Party Chairman Ike Brown and other Noxubee County election officials have rigged the voting process against white voters by manipulating voter rolls, making public threats to ban some whites from voting, certifying candidates who did not live in districts they sought to represent, miscounting ballots to ensure white candidates lost and other discriminatory acts.

Brown has denied all allegations, accusing the white minority in Noxubee County of petty complaints after years of white discrimination against black voters there.

The key question facing Judge Lee isn't whether Noxubee County or Mississippi has a sordid history of white election officials discriminating against black voters. The county and the state are guilty on both counts.

The question is if Brown and other black officials in Noxubee have used their powers to do the very same thing to white voters.

The Voting Rights Act must be enforced equally for voters of all races.

Push To Resolve Fading Killings Of Rights Era (NYT)

By Shaila Dewan

The New York Times, February 3, 2007

ATLANTA, Feb. 2 — For every infamous killing that tore at the South in the 1950s and '60s, there were many more that were barely noted, much less investigated.

Virtually all such cases gained momentum only when the victims of the past found voices in the present, like those that helped arrest a 71-year-old man last month in connection with the Klan killings of two black teenagers in Mississippi in 1964. Rather than police officials, it has often been journalists and filmmakers who have combed through documents and tracked down witnesses, fueling some 15 years of successful prosecutions.

Only now, with time running out because potential witnesses and suspects are dying off, have law enforcement officials begun to take a systematic approach to unsolved civil rights crimes. The Federal Bureau of Investigation recently canvassed its field offices for the first time, compiling a list of 51 victims in 39 cases, most of which were never investigated by the bureau.

The list was prompted not by the string of convictions, but by a letter about the lynching of two black couples at the Moore's Ford Bridge, east of Atlanta, in 1946, said Chip Burrus, the assistant director of the F.B.I.'s criminal investigative division.

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"When I read the letter, I said, 'I've never heard of Moore's Ford. What is this about?' " Mr. Burrus said. "There've got to be more of these things."

That a single letter prodded the F.B.I. to action illustrates how slender are the time-brittled fibers that knit together the outcome in these fading crimes.

In the case that produced the recent arrest, timing was crucial. If the bodies of the victims, Henry H. Dee and Charles E. Moore, had been found just three weeks earlier in the summer of 1964, their deaths might have been largely forgotten.

The two friends, a sawmill worker and a college student, were 19 when they disappeared in May 1964, last seen hitchhiking on the highway near Meadville, Miss. They were beaten and drowned by Klansmen who mistakenly believed the two were involved in plotting an armed uprising. Two months later, on July 12, a fisherman spotted the torso of Mr. Moore in a Mississippi River backwater called the Old River. Mr. Dee was found the next day.

At the time, an extensive search was under way for three civil rights workers, two of whom were white New Yorkers, who had disappeared on the opposite end of the state in what became known as the "Mississippi Burning" case. The initial classification of Mr. Moore's body as that of a Caucasian male, and thus potentially one of the missing rights workers, caused a spurt of media coverage.

That fleeting interest had two results, said David Ridgen, a Canadian Broadcasting Corporation producer who has made a documentary about the case. It prompted the F.B.I. to investigate, and it ensured that there was enough in the historical record to arouse the curiosity, decades later, of scholars and reporters.

Countless other race killings, however, were minimally recorded. In the late 1980s, when the Southern Poverty Law Center in Montgomery, Ala., was creating its memorial to 40 civil rights martyrs, most of whose cases remain unprosecuted, researchers found more than 80 victims who could not be included because not enough was known about the circumstances of their deaths.

"It was so frustrating and sad," said Sarah Bullard, the project's chief researcher. "If the information wasn't there I couldn't include them, no matter what I suspected or felt."

Mr. Burrus of the F.B.I. said he was not familiar with the monument or the center's research, but that the bureau had also consulted civil rights groups in compiling its list.

Because local newspapers often ignored such killings, Ms. Bullard pored over microfilm of national newspapers and records compiled by the Tuskegee Institute, internal memorandums of the N.A.A.C.P. and other civil rights groups, and cartons of news clippings collected by a research group called the Southern Regional Council and stored in the basement of a Korean grocery in Atlanta.

Ms. Bullard recalled references to an unidentified teenager who was found in the Big Black River in Mississippi wearing a Congress of Racial Equality T-shirt. After scouring all her sources, she learned only his name, Herbert Oarsby.

"There were activists who were trying to pay attention," Ms. Bullard said, "but at the same time there were African-American communities who knew that racist crimes amongst them were not going to be investigated or reported and made the choice not to seek justice because it would bring on further violence against them."

That may have been the case with Mr. Moore's mother, Mazie, who made her elder son Thomas promise not to avenge or seek justice for his brother's death. In 1964, when reporters found her at the country shack where she had lived all her life, she repeatedly praised the white residents of Franklin County, a Klan stronghold, and said there was nothing to be done.

Alvin Sykes, a civil rights advocate who has urged the federal government to pass the Unsolved Civil Rights Crime Bill, which would provide $11.5 million per year to investigate these cases, said part of that money would be used to encourage people scared into silence at the time to come forward. "We have absolutely no idea how many of them are out there," Mr. Sykes said.

Mazie Moore died in 1977, and in 1998 Thomas Moore finally decided to seek justice, contacting the local district attorney, Ronnie Harper, who was unaware of the case. Mr. Harper requested information from the F.B.I., and was told that no file on the case existed.

But in 2000 two journalists, Jerry Mitchell of The Clarion-Ledger in Jackson and Harry Phillips of ABC News, obtained copies of the F.B.I. investigation file that was said to be missing, which had led to the arrest of Charles M. Edwards and James F.

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Seale in November 1964, though the charges were dropped when the district attorney said there was not enough evidence to make a case.

Mr. Phillips used the file to track down the F.B.I.'s principal informant, Ernest Gilbert, then 74, persuading him to do an on-camera interview about the case, and Mr. Mitchell reported that because the crime began in the Homochitto National Forest, where the two victims were tied to trees and beaten with switches, federal prosecutors might have jurisdiction in the case.

But even those breakthroughs did not force prosecutors to act. Mr. Harper says he was told by the F.B.I. that Mr. Gilbert would not testify. The F.B.I. closed the case in 2003 because the jurisdiction issue could not be resolved, said Deborah Madden, a spokeswoman for the F.B.I. office in Jackson. Mr. Gilbert died in 2004.

Thomas Moore, living in Colorado Springs, grew tired of telling reporters his brother's story with no result. But in 2005, Mr. Ridgen, the documentary producer, convinced him that the two should go back to Mississippi together.

On that trip, they discovered that Mr. Seale was not dead, as several newspapers had reported, but was still living in Franklin County. Then came a coincidence: Thomas Moore had served in the same Army unit as Dunn Lampton, who became the United States attorney in Jackson in 2001. Mr. Moore and Mr. Ridgen persuaded Mr. Lampton to reopen the case, resulting in the recent arrest of Mr. Seale, who has pleaded not guilty.

"Thomas Moore had a lot of information about what happened, and I made use of that," Mr. Lampton said. "You don't come into an office and go back and start digging through all the old files to find something to do. It's only when someone brings that to your attention."

Number Of People Stopped By New York Police Soars (NYT)

By Al Baker And Emily Vasquez

The New York Times, February 3, 2007

The New York Police Department released new information yesterday showing that police officers stopped 508,540 individuals on New York City streets last year — an average of 1,393 stops per day — often searching them for illegal weapons. The number was up from 97,296 in 2002, the last time the department divulged 12 months' worth of data.

After inquiries by the City Council and civil rights advocates, the department delivered four bound volumes of statistics to the Council in midafternoon. The raw data showed that more than half of those stopped last year were black: an average of 67,000 per quarter.

At the same time, the average number of people arrested per quarter as a result of such stops almost doubled to 5,317 last year, from 2,819 in 2002, and summonses nearly quintupled, to a quarterly average of 7,292 last year from 1,461 in 2002.

Until yesterday, the most recent information released by the Police Department about how and why it stops people to search them, sometimes looking for illegal guns, was from 2003, according to city officials and city and court records. Some officials have said that lag put the department at odds with a pair of legal requirements that sprang from public outrage at the 1999 fatal police shooting of Amadou Diallo, an unarmed black street peddler.

The department, which rejects such assertions, has not released numbers from 2004 and 2005, or from the last three months of 2003.

Those who review the data are now grappling with dual issues: determining why the Police Department waited so long to release any new figures, and why it is stopping more people and searching them.

The issue of these police-public encounters — called "stop and frisks" — became an emotional flashpoint after the shooting of Mr. Diallo, whose death in a barrage of 41 police bullets led to weeks of protests and scores of arrests outside 1 Police Plaza, in Lower Manhattan.

Many of the protesters contended that there was a pattern of racial profiling in stop-and-frisks. A state study later in 1999 confirmed racial disparities in such stops.

The guidelines to monitor stop-and-frisks in detail were set forth in a city law signed in 2001, and in a federal court case settled by the Bloomberg administration in 2004. Both called for the Police Department to release to the City Council, four times a year, basic data about the people who are stopped and questioned by officers, and the reasons for such encounters.

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But until yesterday, it had been a year since the department reported its stop-and-frisk activity, and those numbers dated from a three-month period ending in September 2003.

In the meantime, the Civilian Complaint Review Board, an independent city agency that investigates charges of police misconduct, found that complaints involving stops and searches have more than doubled in recent years, increasing to 2,556 last year from 1,128 in 2003. Complaints involving police stops now account for 33 percent of all complaints, up from 20 percent in 2003.

At a City Council hearing on Jan. 24, Police Commissioner Raymond W. Kelly assured council members that his officers were not practicing racial profiling in street stops.

"Officers are stopping those they reasonably suspect of committing a crime, based on descriptions and circumstances," Mr. Kelly said, "and not on personal bias."

Paul J. Browne, the chief police spokesman, said later that the department's analysis of the numbers showed that while 55.2 percent of the stop encounters last year involved blacks, 68.5 percent of crimes involved suspects described as black by their victims (or by witnesses, in the case of homicides). Hispanics, he said, made up 30.5 percent of those stopped and 24.5 percent of suspected offenders. For whites, he said, the numbers were 11.1 percent and 5.3 percent, respectively.

Mr. Browne said that aggressive street enforcement was partly responsible for the increase in stop-and-frisks. Also, he said, "careful accounting" of such encounters by the department in recent years made the increase seem greater. "Part of it is taking guns off the street and responding to complaints where we use stop-and-frisk," he said.

It was unclear last night how much of the increase in stops was due to suspected gun possession or how many led to gun arrests. Mr. Browne could not confirm a direct line between gun arrests and increases in stops, and said officers' efforts to take guns off the streets were just one facet of the crime suppression the stop-and-frisk forms reflected.

The 2006 figures, delivered yesterday by two officers in plain clothes, were contained in four books of about 250 pages each. Councilman Peter F. Vallone Jr., chairman of the Council's public safety committee, said his staff was unable to interpret the numbers immediately.

The department's lag in releasing the numbers came to light after the fatal shooting in November of another unarmed black man, Sean Bell, and has been seized on by civil rights advocates, academics and current and former government officials. Mr. Bell's death was not related to a stop-and-frisk operation, but it has become a valve for frustrations over relations between the police and minority residents. But members of the City Council said they had been requesting the material even before the Bell shooting.

Jeffrey Fagan, a professor of law and public health at Columbia University who studied the issue in 1999 for Eliot Spitzer, then the attorney general, said he was not surprised that the number of stop-and-frisks went up "during a period of no accountability."

But, he added, "it is an astonishing fact that stop rates went up by 500 percent when crime rates were flat." Police officials and a city lawyer said there were several reasons the department had fallen behind in releasing the numbers. Compiling the reports, they said, has been hampered by antiquated technology, especially since the numbers have risen. The department has been working to modernize its reporting system, officials said, and has not been withholding the data deliberately.

Some observers questioned whether producing data on street stops remained on the department's front burner during the age of terrorism.

"I just don't think it's a priority," Dr. Fagan said of the data collection.

The total number of stops includes cases in which the officers acted to prevent what could have been terrorist activity, the police said. But those stops are relatively rare, they said, and there is no separate category for keeping track of them. Searches of subway riders' bags are not considered stop-and-frisk encounters because people willing to forgo entry to the subway can decline them.

Joel Berger, who monitored matters of police conduct as an executive in the city's Law Department from 1988 to 1996, said: "It is particularly frightening that the Police Department is not following the statute that requires reporting on stop, question and frisks. It is the thing that happens most often and most troubles people, and the failure to report the numbers is, effectively, very alarming."

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Mr. Spitzer first dug into the issue of street stops after the Diallo shooting and found that Hispanics and blacks were being disproportionately targeted. After adjusting for varying crime rates among racial groups, his analysis found that blacks were stopped 23 percent more often than whites. Hispanics were stopped 39 percent more often than whites.

In the wake of those findings, the city signed a law allowing the Council to collect the Police Department's stop-and-frisk data on a quarterly basis. Separately, the federal class-action lawsuit, Daniels v. City of New York, alleged that the police habitually used racial profiling in stop-and-frisk situations. When the city's corporation counsel settled the case in January 2004, the agreement required the police to disclose data on such encounters through 2007.

The idea was that increased transparency about police stops would not only foster analysis of one of the department's most crucial tactics for reducing crime, but also would help restore the public's trust.

Mr. Spitzer's study reviewed police records known as UF-250s. Officers must fill them out after making forcible stops, including those in which a person is frisked or searched. His report noted that officers did not always fill them out. The form shows the race of the person stopped as well as the reason.

Under a system begun in the spring of 1999, police officials said, forms completed at individual precincts were taken to 1 Police Plaza, where their 50 points of data were gathered. Envisioning a daunting backlog, Mr. Kelly in 2005 directed that the process be decentralized so that the raw data could be recorded quickly, at the precinct level.

Mr. Kelly told officials at the Jan. 24 hearing that the data for the remainder of 2003, and for all of 2004 and 2005, would take longer to provide. That is "because it must be compiled manually, rather than in a technologically advanced way," according to a letter sent Thursday from the Law Department to a plaintiff in the federal case.

"We've been patiently waiting for years now," Councilman Vallone, told Mr. Kelly at the hearing. "We would again request that you give us that information."

For a time, the police gave the data to the City Council with some regularity. But the frequency of the reports slowed, and in February 2006, the department released data for the third quarter of 2003.

Then, the flow of data stopped. Until yesterday.

But city leaders came under criticism as well for failing to more forcefully demand the data. "The City Council has failed to ensure that the Police Department is producing the reports, as required by the statute," said Christopher Dunn of the New York Civil Liberties Union. "As a result, it has not been doing any monitoring of stop-and-frisk activity, which was the very point of the statute."

Court Bars Government Benefit For Same-Sex Domestic Partners (NYT)

By Susan Saulny

The New York Times, February 3, 2007

CHICAGO, Feb. 2 — Same-sex domestic partners are not entitled to health benefits from public universities or local and state governments under the State Constitution's two-year-old marriage amendment, the Michigan Court of Appeals said in a ruling released Friday.

In a reversal of a lower court ruling, a three-judge panel found that the amendment, which bans same-sex marriage, also prohibited government agencies from recognizing "similar unions" like domestic partnerships for any purposes.

"By officially recognizing a same-sex union through the vehicle of a domestic partnership agreement, public employers give same-sex domestic couples similar status to that of married couples," the judges wrote.

Such action, they added, would "run directly afoul of the plain language of the amendment."

The American Civil Liberties Union, which filed a supporting brief in the case, expressed "deep disappointment" with the decision and said it would appeal to the State Supreme Court.

The issue of benefits became contentious when Michigan voters passed the marriage amendment in November 2004 because several public employers, including universities and local governments, had policies or agreements in place that extended health care to same-sex domestic partners of employees.

The formal case began in 2005 when National Pride at Work Inc., a gay advocacy group based in Washington, and a number of individuals sought to settle the question about benefits through the court.

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They sought a declaratory judgment that the amendment did not prohibit public employers from conferring health benefits to employees' same-sex domestic partners.

Among their arguments was that a denial of benefits would violate the state's equal- protection clause. They also said that proponents of the marriage amendment had made assurances that its passage would not affect benefits to same-sex partners.

A trial court in Ingham County granted the judgment in 2005, saying that the extension of benefits in the context of employment contracts did not come close to the legal status of marriage in society.

But Mike Cox, the Michigan attorney general, asked for a stay of the ruling and reconsideration, which was granted.

The new ruling was dated Thursday but released on Friday.

Deborah A. Labelle, a lawyer for the A.C.L.U. of Michigan, said in a statement, "After today's decision, many men and women in Michigan with children now stand to lose their benefits."

Michigan Court Rules Against Gay Benefits (WT/AP)

The Washington Times, February 3, 2007

LANSING, Mich. (AP) -- Public universities and state and local governments would violate the state constitution by providing health insurance to the partners of homosexual employees, the Michigan Court of Appeals ruled yesterday.

A three-judge panel said a 2004 voter-approved ban on homosexual "marriage" also applies to same-sex domestic partner benefits. The decision reverses a 2005 ruling from an Ingham County judge who said universities and governments could provide the benefits.

"The marriage amendment's plain language prohibits public employers from recognizing same-sex unions for any purpose," the court wrote.

A constitutional amendment passed by Michigan voters in November 2004 made the union between a man and a woman the only agreement recognized as a marriage "or similar union for any purpose." Those six words led to the court fight over benefits for homosexual couples.

Homosexual couples and others had argued that the public intended to ban homosexual "marriage" but not block benefits for unmarried opposite sex or same-sex domestic partners.

The appeals court agreed with the Michigan attorney general, Republican Mike Cox, who said in a March 2005 opinion that same-sex benefits are not allowed in a state that does not recognize same-sex unions.

The legal challenge was mounted by 21 homosexual couples who work for the city of Kalamazoo, universities and the state.

"The protection of the institution of marriage is a long-standing public policy and tradition in the law of Michigan," Judges Kurtis Wilder, Joel Hoekstra and Brian Zahra noted In the unanimous ruling.

Jeffrey Montgomery, executive director of the Triangle Foundation, a leading homosexual advocacy group in Michigan, said the legal sanctity of marriage was not in question.

"This ruling will result in families being robbed of their health care and other basic necessities that are fundamental to protecting their well-being," he said.

The case will be appealed to the Michigan Supreme Court, said Jay Kaplan, an attorney for the American Civil Liberties Union of Michigan.

"We're very disappointed by this result," he said. "It's a misguided analysis, and they produced a heartless result. It was never the voters' intention in 2004 to take away health insurance benefits from families and children."

The Right Reform (WP)

The Washington Post, February 3, 2007

LAWMAKERS locally and nationally are moving in the right direction in pushing for improvements in how Americans vote. Foremost is the growing movement to require an independent way to verify the results of electronic voting. It's critical, though, that this reform effort be calibrated so that local election officials are given the time and resources to do the job properly.

Congress is expected to consider legislation this year requiring that the nation's electronic voting machines produce a paper trail so that people can verify the accuracy of their votes and to facilitate recounts in disputed elections. Meanwhile, as

reported by the New York Times, states such as Florida may abandon touch-screen voting. The Virginia legislature is considering a bill that would phase out the machines, and Maryland appears headed toward some kind of requirement for a paper trail.

While we have not been in the camp of those seeing fanciful conspiracies in electronic voting, a backup system is without question the best way to safeguard security and ensure voter confidence. One worry, however, is whether unreasonable mandates will be placed on local communities. Some of the problems that Maryland experienced during last fall's elections were attributed to election workers being overwhelmed by new and unproven technology. Already, officials such as state Sen. President Thomas V. Mike Miller Jr. (D-Calvert) have expressed doubt about whether the state has the money or the time to implement big changes for the 2008 presidential election.

It's clear that this will be the impetus from Congress, where Rep. Rush D. Holt (D-N.J.) has lined up a majority of House members in support of his bill requiring paper ballots in time for the presidential primaries. Mr. Holt is correct about the urgency of the need for reform, but it's important that this reform be a lasting one.

ANTITRUST:

Viacom Orders Removal Of Videos From YouTube (WSJ)

By Matthew Karnitschnig

The Wall Street Journal, February 3, 2007

Deciding that trading its copyright protection for Internet buzz was no longer viable, Viacom Inc. ordered Google Inc.'s YouTube to remove all of its content from the video Web site.

Viacom's decision to force YouTube, which hosts a vast array of video content uploaded by its users, to take down more than 100,000 video clips from its Web site may yet prove to be a negotiating tactic aimed at drawing the company into a deal. But Viacom executives said privately they had determined that the marketing boost they once believed YouTube provided them has proved to be a mirage.

"People are waking up to the fact that there is no marketing advantage," a Viacom executive said. "There's no novelty anymore." YouTube Chief Executive Chad Hurley said in an interview that other media companies such as CBS and NBC that partnered with YouTube felt otherwise.

Viacom's decision comes after the two camps failed to reach a distribution agreement despite months of negotiation punctuated by pointed rhetoric from Viacom, which owns a stable of cable networks that includes MTV, Nickelodeon and Comedy Central as well as the Paramount movie studio.

Viacom wants to be paid for the inclusion of its content on YouTube. Viacom video clips, such as those from "The Daily Show with Jon Stewart," count among YouTube's most-viewed content. Viacom said the roughly 100,000 clips it ordered removed accounted for 1.2 billion video streams.

"We have been quite indulgent to this point," Viacom Chief Executive Philippe Dauman said in an interview. "We cannot continue to allow YouTube or Google to continue to profit from our content without a reasonable commercial agreement."

"They are more focused on the money they can make in the short term," said David Eun, Google's vice president of content partnerships. "We're still more focused on innovation than the short-term economics." Mr. Eun said Google still hoped to come to a licensing agreement with Viacom. Mr. Hurley said the company was in the process of removing the videos that Viacom requested, and that it currently doesn't generate any revenue from advertising on the YouTube pages where videos are displayed, a claim Viacom disputes.

Copyright law compels YouTube to remove all content it doesn't hold the rights to if it receives a complaint from the owner. YouTube regularly receives such requests from media companies and readily complies with them.

Viacom has previously asked the site to take down full-length episodes of its shows but has allowed it to continue to carry short clips. Like other media companies, Viacom has had to balance the advantages of exposure on YouTube, which says consumers view its videos more than 100 million times a day, with protecting its copyrights.

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Until now, the company considered YouTube's broad distribution worth the copyright infringement. Though Viacom offers much of its video content free on its own Web sites, those sites have struggled to draw the Web-savvy youngsters who regularly flock to YouTube.

Viacom also has provided YouTube with a list of all of its programs and ordered the Web concern to keep Viacom content off the site in the future. It is unclear whether there is a legal basis for Viacom to enforce this request, however. The so-called safe harbor provisions that govern online copyrights stipulate that Internet companies remove content they don't own when they receive a complaint from the copyright holder. But it isn't clear whether sites such as YouTube can be forced to prevent the content from being put online to begin with.

In explaining the reasons for its decision, Viacom complained that YouTube had yet to install filtering tools to slow the flow of unauthorized content onto the site.

"YouTube and Google retain all of the revenue generated from this practice, without extending fair compensation to the people who have expended all of the effort and cost to create it," the company said in a statement.

YouTube last year said it intended to introduce digital fingerprinting technology that could automatically identify copyrighted video and audio clips in order to remove them or share related ad revenue with content owners.

In an interview earlier this past week, Google Chief Executive Eric Schmidt said Google would "eventually do some very significant deals" related to its online video services, including YouTube. Google has been in discussions with a number of television and music companies about licensing their video and music for use on its video services, and at the same time stave off any copyright lawsuits against Google over content uploaded by users without its owners' permission.

The CEO declined to comment on any specific possible deals but said he "wasn't in a great hurry on this issue -- it's more important to get it right." He acknowledged copyright concerns but added, "We have answered those by saying we're working very hard on fingerprinting technologies."

--Kevin Delaney contributed to this article.

Write to Matthew Karnitschnig at matthew.karnitschnig@wsj.com5

Viacom Tells YouTube To Remove Content (FT)

By Joshua Chaffin And Aline Van Duyn In New York

Financial Times, February 3, 2007

Google's strategy for its newly acquired YouTube site was dealt a serious blow on Friday when Viacom, the owner of MTV, demanded that all its clips be removed from the user-generated internet company's site.

Viacom, which owns youth brands such as Nickelodeon and Comedy Central, made the demand after months of negotiations with YouTube and Google. It said more than 100,000 affected video clips on the YouTube site had generated more than 1.2bn video streams.

The move threatens to wreck Google's attempts to cement commercial relationships with traditional media groups, which supply most material.

Since acquiring YouTube for $1.65bn in October, Google and Eric Schmidt, its chief executive, have made a frantic effort to forge relationships with traditional media companies. They have managed to sign short-term deals with CBS, Warner Music, Sony-BMG and Universal Music.

Discussions with Viacom appeared to break down over the splitting of advertising revenues from Viacom content. There was also a fight over which company would make those sales.

Viacom executives were frustrated that YouTube had failed to implement a content-monitoring system by the beginning of the year, as it had promised, so companies could easily tell when their material was being posted.

It accused Google and YouTube of reaping all the revenue from their material "without extending fair compensation to the people who have expended all of the effort and cost to create it".

YouTube said it would comply with the request.

"It's unfortunate that Viacom will no longer be able to benefit from YouTube's passionate audience which has helped to promote many of Viacom's shows," YouTube said in a statement. "We take copyright issues very seriously. We prohibit users from

uploading infringing material, and we cooperate with all copyright holders to identify and promptly remove infringing content as soon as we are officially notified."

Viacom and other traditional media groups are eager to distribute their content to audiences of social networking and user-generated websites, which are wildly popular with young consumers. But they are wary of losing commercial and editorial control.

They complain that most clips posted on the sites are derived from their copyrighted work and have been appropriated without permission.

Viacom believes it has particular leverage because it specialise in youth-oriented and short-form video clips. It has previously demanded that clips from programmes such as Comedy Central's Daily Show be removed.

Under US copyright laws, sites are protected from legal action as long as they respond in a timely manner to requests to remove unauthorised material. NBC Universal, Disney and Viacom complain that they have to monitor hundreds of thousands of clips.

Viacom Decides YouTube Is A Foe (WP)

By Mike Musgrove, Washington Post Staff Writer

The Washington Post, February 3, 2007

Videos Reclaimed After Talks Fail

Viacom Inc. demanded that online-video-sharing site YouTube remove all video clips of its content yesterday and accused the site of profiteering.

The media company, which owns the Comedy Central, Nickelodeon and MTV cable networks, said there were some 100,000 clips of its shows on the site that have been viewed 1.2 billion times. The request, which YouTube said it would honor, came after months of profit-sharing negotiations between the two companies failed.

The dilemma for Viacom, as it yanks back control over clips from its popular networks, is whether YouTube is more of a marketing tool that helps it win new viewers, or a business threat.

"We have been very indulgent for a period of time, but we've come to the point where we can't let YouTube and Google continue to profit at our expense without an agreement in place," Viacom chief executive Philippe P. Dauman said in an interview yesterday.

Though YouTube, which was purchased by Google last year, said it would take down the clips, as of yesterday afternoon there were still thousands for shows like Comedy Central's "The Colbert Report" on its site.

The tussle between the companies is indicative of a rocky transition for traditional broadcast interests, which must try to make business sense out of the online entertainment age, in which content is easy to produce, copy and distribute. Many networks are putting shows on their own Web sites, but YouTube, which is just a year old, has become the online nexus for trading both homemade and cribbed video. It serves up 100 million videos and its users upload 65,000 videos a day, and now that it's backed by Google's massive advertising machine, YouTube stands to become its own advertising behemoth.

With valuable ad revenue at stake, Viacom is not the first company to publicly take YouTube to task over copyright issues. Last month, Twentieth Century Fox subpoenaed YouTube to learn who uploaded pirated copies of episodes of television shows "24" and "The Simpsons." Last year, a group representing Japanese authors and copyright holders asked the site to take down 30,000 videos.

Such copyrighted content often makes its way to YouTube's most-watched lists. Yesterday, an interview with Bill Gates that had aired Monday night on Comedy Central's "The Daily Show With Jon Stewart" ranked No. 6 on YouTube. The clip remained online early yesterday evening.

YouTube, in its own defense, has argued that the popularity of such clips helps promote programs.

"It's unfortunate that Viacom will no longer be able to benefit from YouTube's passionate audience which has helped to promote many of Viacom's shows," the company's statement said. Some networks, like NBC, have selectively allowed clips of such shows as "Saturday Night Live" and "The Office" to remain on the site for promotional reasons.

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Even when people violate YouTube's user agreement and post copyrighted material, the site is not in violation of the law so long as it removes the infringing videos at the copyright holders' request, said Tim Wu, a law professor at Columbia University.

"It's a common misconception that YouTube is a big land mine of liability," he said, "but the law in this area favors YouTube much more than people realize."

Because both sides have an interest in keeping content available, most of YouTube's copyright disputes with the television networks have been resolved through profitable arrangements, said Forrester Research media analyst James L. McQuivey.

CBS, for example, started a channel on YouTube's site last year, with clips from such programs as "The Late Show with David Letterman," and has even credited YouTube with boosting its ratings. In three months, the new channel has been viewed 90 million times.

McQuivey said he would expect Viacom and YouTube to eventually strike a similar deal. "It's a great way to drive eyeballs," he said.

YouTube, meanwhile, is not the only one defending itself against claims that it's making money piggybacking on others' content.

This week, Amanda Congdon, former host of the popular online show "Rocketboom," found that ablog, Valleywag, took one of her videos and added its logo. Though she doesn't mind when fans post videos of her content, Valleywag crossed the line, she said.

"They basically harvested a video from my site and plopped their logo on it. They made it seem like there was some sort of affiliation, which there isn't," she said. "I just think it's kind of underhanded to advertise on someone else's content."

YouTube Removing Viacom TV Shows Media Firm Says 'Daily Show,' MTV Snippets Must Go (SFC)

By Ellen Lee, Chronicle Staff Writer

San Francisco Chronicle, February 3, 2007

YouTube, the popular online video site, has begun removing more than 100,000 unauthorized clips belonging to entertainment giant Viacom -- everything from snippets of Jon Stewart's "The Daily Show" to Nickelodeon's "SpongeBob SquarePants."

The purge comes after Viacom demanded that YouTube take down the material, accusing the site of violating its copyrights. Viacom says it's the largest order to delete videos it has ever made.

The dispute reflects how popular San Bruno's YouTube has become as an online source of entertainment. And it highlights the dilemmas media companies face as they try to keep control of their material in the digital age.

Since exploding onto the Web less than two years ago, YouTube has drawn ire -- as well as millions of loyal fans -- for its vast and rapidly growing library of videos, many of them copyrighted clips from popular television shows and movies. The site's mushrooming popularity got the attention of Internet powerhouse Google, which bought YouTube for $1.65 billion last year.

Viacom, whose properties include MTV, Comedy Central, BET, TV Land and Nickelodeon, said it spent months negotiating with YouTube so that it could be paid for its material to appear on the site. That copyrighted material -- amounting to 1.2 billion streams, according to Viacom -- is uploaded by YouTube users, despite measures the site takes to stop the practice.

"YouTube and Google retain all of the revenue generated from this practice, without extending fair compensation to the people who have expended all of the effort and cost to create it," Viacom said in a statement.

YouTube said it takes copyright issues seriously, but it added that media companies gain from having their shows displayed.

"It's unfortunate that Viacom will no longer be able to benefit from YouTube's passionate audience, which has helped to promote many of Viacom's shows," a YouTube spokesperson said in a statement.

But in an interview, Viacom general counsel Mike Fricklas said that Viacom should have control over how and what it promotes. "When everyone gets a free pass to the movies, it's no longer promotional," he said.

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YouTube has already struck partnerships with CBS, NBC and others to post authorized clips on the site. Last fall, CBS said that in the first month it operated a YouTube channel, it garnered 29.2 million views, and credited the partnership for increasing ratings.

By law, YouTube must take down copyrighted material when it is alerted to it. This happens regularly. Last fall, the Japanese Society for Rights of Authors, Composers and Publishers demanded that YouTube delete 30,000 copyrighted clips from the site.

Even NBC, which, like CBS, has a branded YouTube channel, continues to order YouTube to remove some 1,000 clips a month.

James McQuivey, principal analyst with Forrester Research, said he expects the two sides to return to the bargaining table quickly. By demanding its clips be erased from YouTube, Viacom is making a point that its shows offer more value than YouTube's other partners. Viacom shows appear on paid cable rather than broadcast channels, for instance, and "The Daily Show" and "The Colbert Report" are consistently on YouTube's top-watched lists.

On the other hand, YouTube and Google want to come to an agreement quickly because they don't want it to appear that media companies can play hardball and dictate deal terms, McQuivey said.

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Viacom Asks YouTube To Remove Over 100,000 Unauthorized Video Clips (USAT/AP)

By Seth Sutel, The Associated Press

USA Today, February 3, 2007

NEW YORK — Media company Viacom, which owns the cable networks MTV, VH1, Nickelodeon and the Paramount Pictures movie studio, asked YouTube on Friday to remove more than 100,000 unauthorized clips from its hugely popular video-sharing site.

Viacom said in a statement that after several months of talks with YouTube and its corporate parent, the online search leader Google, "it has become clear that YouTube is unwilling to come to a fair market agreement that would make Viacom content available to YouTube users."

Viacom said that YouTube and Google had failed to deliver on several "filtering tools" to control unauthorized video from appearing on the hugely popular site.

The company was now asking YouTube to take the clips down, but stopped short of filing a lawsuit.

Under federal copyright law, online services such as YouTube are generally immune from liability as long as it responds to takedown requests such as these, which YouTube often does. Less clear legally is what happens when another user posts the same video, something commonly done on the free video-sharing site.

A spokesman for YouTube didn't immediately return a call seeking comment.

In November, YouTube agreed to delete nearly 30,000 files after the Japan Society for Rights of Authors, Composers and Publishers complained of copyright infringement.

Some media companies such as CBS and General Electric's NBC Universal have made deals to allow YouTube to use video clips from their programming, but others have yet to agree with the site over ways to get compensated for the use of their copyrighted material.

Universal Music Group, a division of French telecommunications giant Vivendi SA, had threatened to sue YouTube for copyright infringement, saying it was a hub for pirated music videos, but later reached a licensing deal with them last year.

Despite Viacom's problems with YouTube, the company's MTV Networks division reached a licensing deal last year with Google that allows the search company's video service to use clips from MTV and its sibling networks under a revenue-sharing agreement.

Equity Endorses Blackstone Bid (WP/BLOOM)

Bloomberg News

The Washington Post, February 3, 2007

Board Rejects Vornado's Larger Offer in Takeover Attempt

DOJ_NMG_0127755

Equity Office Properties Trust, the target of the largest real estate takeover, yesterday rejected a $41 billion offer from Vornado Realty Trust, saying a $38.3 billion cash bid by Blackstone Group L.P. is less risky for shareholders.

Equity Office said a sale to New York-based Vornado would take months to complete, while a buyout by Blackstone would close within days. Given the time delay, Equity Office put the value of Vornado's bid of $56 a share in cash and stock at $54.28 to $54.88. Blackstone's offer is $54 a share.

The stock closed yesterday at $55.38, up 23 cents a share.

Equity Office of Chicago postponed a vote on the Blackstone bid by two days to Feb. 7 to give shareholders time to review its stance on the Vornado offer, according to a statement filed yesterday with the Securities and Exchange Commission. If Blackstone's bid is approved, the purchase would be completed on or about Feb. 9.

The decision by the board of the biggest U.S. office landlord is a setback to Vornado chief executive Steven Roth, who first pursued the company in July. Now Blackstone's Stephen A. Schwarzman must win approval of Equity Office investors to complete the biggest leveraged buyout ever and gain 543 buildings across the country.

Equity Office's board said in its SEC filing that Vornado's offer "fails to adequately compensate Equity Office shareholders for the increased risk when compared to the Blackstone transaction, whose closing conditions have largely been satisfied."

The board "unanimously voted to reaffirm its recommendation" of Blackstone's bid, Equity Office said.

Equity Office said that even though four Vornado shareholders holding 7 percent to 9 percent of Vornado stock indicated they would approve the sale, Equity Office is still concerned that shareholders will reject the transaction.

Proxy adviser Glass, Lewis & Co. recommended that investors vote against the Blackstone bid. Vornado's offer is "financially superior" and allows shareholders to continue to own "important office property assets," the proxy adviser said in a report.

Lawsuit Targets Dell, Intel (MERCN)

By Therese Poletti

The San Jose Mercury News, February 3, 2007

Intel's program of rebates to its computer-making customers has come under serious fire again, this time in a massive class-action complaint claiming the chip giant's rebates to Dell inflated the troubled computer maker's profits by $800 million a year.

A 252-page lawsuit was filed against Dell in federal court in Austin, contending that Dell did not disclose the rebates -- which the suit also called kickback payments -- from Intel. The suit claims that Dell's reported profits were propped up by about $800 million a year by rebates Intel paid to Dell in return for exclusively using Intel chips in its computers.

The suit was filed by a well-known law firm, Lerach Coughlin Stoia Geller Rudman & Robbins, on behalf some Dell shareholders, including Amalgamated Bank.

Until last year, Dell was the only computer maker to solely use chips developed by Intel. While most PC and computer server makers have been using chips developed by Intel archrival Advanced Micro Devices, Dell was a major holdout. Last year, it began to use AMD chips.

The suit was filed Wednesday, the same day founder Michael Dell said he was returning as chief executive after Kevin Rollins resigned. The company's chief financial officer, James Schneider, stepped down in December and was replaced by board member Donald Carty.

Dell officials did not return calls seeking comment. But Chuck Mulloy, a spokesman for Intel in Santa Clara, said that upon a preliminary review of the suit, ``Some of the allegations with respect to Intel appear to be completely made up." Mulloy noted that the suit rehashes some of the allegations already put forth in an antitrust lawsuit filed against it in June 2005 by AMD.

``It is very thoroughly investigated," said Bill Lerach, one of the founding partners of Lerach Coughlin in San Diego.

The suit contends that Dell's direct business model was not operating successfully or creating the strong operating margins that the company was reporting. ``In truth, Dell's financial results were being falsified," the suit claimed. It also contended that Dell's results were ``temporarily inflated" by large cost cuts, improper accounting tricks and ``its secret receipt of some $200 million per quarter in rebate/kickback payments from Intel in return for exclusively purchasing Intel microprocessors/chips."

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The suit named as defendants 16 current and former Dell executives, including Randy Mott, who is now executive vice president and chief information officer at Hewlett-Packard. Intel is also named as a defendant, as is Dell's accounting firm, PricewaterhouseCoopers.

``We conduct discounting based on volume purchase, just like every other semiconductor supplier," said Mulloy of Intel. ``We are going to move very quickly" to respond, he added.

The suit even contends that there were several meetings to discuss how Dell would receive the so-called e-CAP dollars from Intel, how the rebates would be spread out and how Dell would account for them. The suit said these meetings typically took place ``behind closed doors at the top executive level," and participants included Dell, Rollins and former Intel Chairman Andy Grove.

The suit seeks to represent others who purchased Dell's stock from Feb. 13, 2003, to Sept. 8, 2006.

Dell Accused Of Hiding Intel Payments (AP)

By David Koenig, Ap Business Writer

AP, February 3, 2007

A new class-action lawsuit claims that computer maker Dell Inc. inflated profits with secret payments of about $1 billion a year from chip maker Intel Corp.

The lawsuit was filed Wednesday, the same day the company announced that founder Michael S. Dell would return to the chief executive's role amid more disappointing financial news.

Filed in U.S. District Court in Austin, the lawsuit also claimed that Dell concealed problems in accounting and product quality from shareholders while company executives reaped $3.3 billion from selling their stock.

Dell spokesman Dwayne Cox declined comment Friday on the lawsuit and wouldn't say whether the company had received payments from Intel.

A spokesman for Intel, which was also named as a defendant, said the company had done nothing wrong and vowed to fight the lawsuit. He said that some of the charges "appear to have been completely made up" and that Intel payments to Dell were legal.

"It's pricing. It's discounting," said the Intel spokesman, Chuck Mulloy. "It's a normal business practice. Our business practices are both fair and lawful."

Mulloy declined to describe the payments to Dell, saying it was a private matter of pricing with a customer. He said the company had not been contacted by securities regulators or federal prosecutors.

The case was filed by the class-action firm of lawsuit firm of Lerach, Coughlin, Stoia, Geller, Rudman & Robbins LLP on behalf of two institutional investors.

Mary Blasy, one of the lawyers who filed the lawsuit, said in an interview that the plaintiffs don't claim that the payments were illegal. Rather, she said, they believed Dell cheated investors by concealing the payments, which the company didn't control and gave a false picture of Dell's financial strength.

The lawsuit charges that Dell got the Intel payments "for shipping only Intel-based products and not doing business with AMD," Advanced Micro Devices Inc. Dell began using chips from Intel's rival last year.

The payments to Dell were mentioned in an ongoing antitrust lawsuit that AMD filed against Intel in 2005. The Lerach law firm learned the size of the payments from Dell insiders, Blasy said.

The lawsuit named as defendants Dell and 16 current and former officials; Intel; and Dell's accounting firm, PricewaterhouseCoopers LLP. It seeks class-action status for investors who bought Dell stock from February 2003 to September 2006.

Other lawyers continue to file securities lawsuits against Round Rock-based Dell, whose shares have lost nearly half their value in the past two years while stock of rival PC maker Hewlett-Packard Co. doubled. Dell shares fell 28 cents, or 1.18 percent, to close at $23.52 on the Nasdaq Stock Market.

Last week, lawyers for a Maryland investor filed a lawsuit in the same Austin court on behalf of Dell. The derivative lawsuit charged that Michael Dell, former CEO Kevin Rollins and other executives with unjust enrichment and gross mismanagement.

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Both the recent lawsuits claim that Dell executives pushed the stock to artificially high levels by making false statements about the company's operations dating to early 2003. They said Dell leaders withheld knowledge about such problems as faulty laptop computer batteries that were later recalled and a Securities and Exchange Commission investigation of Dell.

The lawsuits come at a tumultuous time for Dell. This week, Michael Dell stepped back into the CEO's role that he had turned over to Rollins in 2004. The same day, Dell said it expects fourth-quarter sales and earnings to be below Wall Street estimates.

Dell has been losing market share to rivals and failing to meet Wall Street's expectations for higher earnings. The company's image was also battered in August by the voluntary recall of 4.2 million laptop batteries made by Sony Corp (NYSE:SNE - news). and the disclosure of an ongoing SEC probe into accounting issues.

Delta Creditors' Committee Approves Terms Of $2.5 Billion In Bankruptcy Exit Financing (AP)

By Harry R. Weber, Ap Business Writer

AP, February 3, 2007

(AP) - ATLANTA-Lawyers for Delta Air Lines Inc., the third-largest U.S. carrier, said Friday in court papers that the company's creditors' committee has approved the terms of the $2.5 billion (â,¬1.9 billion) in financing that Delta has secured to emerge from bankruptcy protection.

The disclosure was made as Delta amended its reorganization plan for a second time. Other technical changes also were made to the plan, which was first filed Dec. 19 and amended on Jan. 19.

Delta's chief bankruptcy lawyer, Marshall Huebner, said the official unsecured creditors' committee's support of the exit financing is a "tremendous milestone for us as we move toward exiting Chapter 11 under our standalone plan."

The filing also provided a few new details of the behind-the-scenes discussions in recent weeks by Delta's board regarding US Airways' now withdrawn $9.8 billion hostile takeover bid.

Delta's board discussed US Airways' revised proposal several times before US Airways withdrew the bid on Wednesday, including that day. The board took no action.

"Given the withdrawal, no further action by the Delta board regarding the revised US Airways proposal is contemplated," Friday's court filing by Delta's lawyers says.

Tempe, Arizona-based US Airways Group Inc. withdrew its bid for Atlanta-based Delta Air Lines Inc. after Delta's official committee of unsecured creditors said it supports Delta's plan to emerge from bankruptcy protection in the spring as a standalone carrier, thus rejected US Airways' merger offer.

US Airways had wanted to postpone a Feb. 7 bankruptcy hearing involving the disclosure statement to Delta's reorganization plan. But the hearing will go forward. If the disclosure statement is approved, Delta can begin soliciting votes to approve its reorganization plan.

Several creditors have objected to the disclosure statement, but Delta's lawyers are currently working to resolve those objections.

Delta is hoping to hold a confirmation hearing on its reorganization plan in April.

Delta has estimated it will be worth $9.4 billion (â,¬7.22 billion) to $12 billion (â,¬9.22 billion) if it emerges from Chapter 11 as a standalone company. That valuation did not change in the amended reorganization plan filed Friday.

On the Net:

Delta Air Lines: http://www.delta.com

MediaNews Acquires Santa Cruz Sentinel (AP)

AP, February 3, 2007

DENVER - MediaNews Group Inc. said Friday that it has acquired the Santa Cruz Sentinel from Community Newspaper Holdings Inc.

MediaNews, with 56 daily publications, said the California Newspapers Partnership -- which is majority-owned by MediaNews -- acquired the Sentinel, a daily.

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MediaNews funded its share of the purchase through a revolving credit agreement. Gannett Co. and SF Holding Corp., the other partners, contributed their share of the purchase price. Financial terms were not disclosed.

Dean Singleton, MediaNews' chief executive officer, said the Santa Cruz newspaper will bolster the company's reach in California. "The Santa Cruz Sentinel is a fine newspaper today but will be strengthened by the resources of our existing newspapers," he said.

MediaNews, which owns the Oakland Tribune and seven other Bay Area newspapers, acquired the Monterey County Herald, San Jose Mercury News and Contra Costa Times from McClatchy Co. last year. The complex $1 billion deal included $300 million in financing from the Hearst Corp., owner of the San Francisco Chronicle. The deal between MediaNews and Hearst is the subject of a federal antitrust lawsuit filed by a San Francisco businessman.

MediaNews is the nation's fourth-largest newspaper company, with 56 daily newspapers and about 120 nondaily publications in 13 states.

Judge: Microsoft Can Question Expert Who Found Violation (DMR)

Des Moines Register, February 3, 2007

The computer expert who said he found evidence that Microsoft is violating a federal consent decree can be interviewed by Microsoft lawyers for up to five hours, Polk County District Court Judge Scott Rosenberg has ruled.

The expert, Andrew Schulman, is a witness for Iowa consumers suing Microsoft for anti-trust violations and up to $330 million in damages.

The consent decree ended a federal anti-trust case against Microsoft several years ago.

Schulman reportedly found evidence it was being violated while digging through mountains of secret computer code that is used to drive Microsoft products.

Microsoft lawyers had already questioned Schulman for seven hours in an earlier deposition, but he reported the violation after that testimony. His report caused Microsoft lawyers to ask for permission to question Schulman again before he testifies in court.

Lawyers on the other side resisted, requiring the ruling from Judge Rosenberg.

UPDATE: Analyst Sees Express Scripts Winning Caremark With Sweetened Bid (DOW)

Dow Jones, February 3, 2007

SAN FRANCISCO (Dow Jones) - Express Scripts Inc. is expected to triumph in its bidding war with CVS Corp. for pharmacy benefit manager Caremark Rx Inc. with a sweetened offer price, one industry analyst concluded after conducting a survey of Caremark and CVS clients.

"Absent a significant external event (pressure from Congress, material adverse change in the industry) or a stronger sales pitch from Caremark-CVS (entirely possible), we expect Express Scripts (ESRX) will acquire Caremark (CMX) at a higher price," Cowen & Co. analyst Kemp Dolliver wrote in a research note Friday. He assumed a $3-a-share increase to Express Scripts' current offer, to roughly $62 a share.

"We continue to think that Express Scripts has the upper hand in the competition for Caremark," Dolliver said. "Our survey indicates that Caremark's and CVS' clients share the same uncertainty over the deal as the investment community."

Dolliver subsequently reiterated an outperform rating on Express Scripts shares.

Caremark in November agreed to a so-called "merger of equals" with retail drugstore chain CVS Corp. (CVS) in a deal that would give Caremark shareholders 1.67 shares of CVS share for each share held.The following month, Express Scripts launched a competing, hostile $26 billion cash-and-stock bid for its larger PBM rival which, at the time, represented a 15% premium over CVS' offer.

The Caremark-CVS bid was sweetened in January with a $2 a share onetime dividend.

PBMs provide prescription services to health-benefit-plan sponsors, employers, managed-care organizations and others, dispensing prescriptions through a network of retail pharmacies and their own mail-order service. Some retail pharmacies, CVS included, operate their own mail-order services, but they primarily fill prescriptions in stores.

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As healthcare costs continue to rise, so does pressure to keep retail drug prices low. Though the market has shown it understands how the Caremark-CVS deal would benefit CVS, noted Cowen's Dolliver, by reducing exposure to cannibalization from the mail-order channel and offering the potential to attract more foot traffic, it is much less sure of the benefits for Caremark. " Both management teams have touted the potential benefits for customers, but we and the market view them as insignificant competitively," Dolliver wrote.

CVS and Caremark have also cited antitrust concerns as one of the top reasons to reject the competing offer from Express Scripts. Caremark is the largest PBM on a market capitalization basis and figures among the nation's three biggest, along with Express Scripts and Medco Health Solutions Inc. (MHS) . CVS is the second-largest drugstore chain in the U.S.

But Dolliver, who surveyed benefit managers and senior executives from 124 employers that use either CVS or Caremark as their PBM, said "very few" of them share the antitrust concerns.

"The majority of respondents are undecided, but only one of the eight Caremark clients with drug spending of $100 million or higher expressed any concern," Dolliver wrote. "This data confirms our view that the Federal Trade Commission should clear Express Scripts' offer after a brief review."

Express Scripts earlier this week said it would withdraw and subsequently refile its antitrust filing in connection with its bid in an attempt to get FTC approval without the need for a second request for information.

The CVS deal has already been given the green light by the FTC. Caremark shareholders are set to vote on it Feb. 20, and CVS shareholders will cast their votes Feb. 23. Both companies have said they expect to complete the deal by March if shareholders approve the proposal.

Shares of Express Scripts were changing hands for $70.11 in midday trading, up 21 cents. Caremark shares were down 20 cents, at $60.50, while shares of CVS were off by 16 cents, at $33.13.

ENVIRONMENT/INDIAN AFFAIRS:

Scientists Dispel Global Warming Doubts (FT)

By Fiona Harvey

Financial Times, February 3, 2007

The world's leading climate scientists on Friday swept away the last doubts surrounding global warming, saying they were certain human activities were altering the climate and warning severe effects were inevitable unless greenhouse gas emissions were curbed.

The evidence for climate change caused by fossil fuel combustion was "unequivocal", said the Intergovernmental Panel on Climate Change, a body comprising 2,500 climate experts convened by the UN.

Their report predicted severe heatwaves, droughts, storms and floods resulting from an expected rise of 3 degrees Celsius in average global temperatures by 2100. It will be difficult for governments to ignore because it was agreed by all UN members, including the US and China.

Six years in the making, the report is the most authoritative ever produced on climate change and will form the basis for negotiations on a possible successor to the Kyoto treaty, the main provisions of which expire in 2012.

Rajendra Pachauri, chairman of the IPCC, said: "You can see [from the report] what the costs of inaction are. Everything is [included in the report] by consensus, so the implication is that it has the stamp of acceptance by all governments in the world."

Yvo de Boer, secretary-general of the UN climate change secretariat, said work should now begin on a successor treaty to Kyoto that would include obligations on developed countries to cut carbon dioxide emissions and incentives for poor countries to limit theirs.

Stavros Dimas, the European Union's environment commissioner, called the IPCC's findings "a grim report" and urged governments to agree to the European Commission's proposal of reducing emissions by 30 per cent by 2020.

Jacques Chirac, French president, proposed a new worldwide environmental organisation under the UN, to spearhead action on emissions.

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But the report met a cool reception from the US government. Sharon Hays, leader of the US delegation in Paris and deputy director of the White House office of science and technology policy, said: “This summary for policymakers captures and summarises the current state of climate science research and will serve as a valuable source of information for policymakers.”

The US is the world’s biggest emitter of greenhouse gases and has rejected the Kyoto treaty.

Achim Steiner, director-general of the UN Environment Programme, said in the light of the report’s findings, it would be “irresponsible” to resist or seek to delay actions on mandatory emissions cuts.

Climate Paper Prompts Call To Act (BBC)

BBC.com, February 3, 2007

Governments around the world have called for urgent action to tackle climate change, after a major report said mankind was very likely the cause.

The EU said it was the starkest warning yet, while the UK said climate change threatened world peace and prosperity.

The US administration said the report was "valuable", but rejected mandatory controls to reduce greenhouse gases.

The report, by more than 2,000 top scientists, says world temperatures could increase by 3C by 2100.

The Intergovernmental Panel on Climate Change (IPCC) also projected that sea levels were most likely to rise by 28-43cm, and said global warming was likely to influence the intensity of tropical storms.

The findings are the first of four IPCC reports to be published this year.

'Serious negotiation'

EU Environment Commissioner Stavros Dimas said he was now deeply concerned by the accelerating pace of climate change.

"It is now more urgent than ever that the international community gets down to serious negotiations on a comprehensive new worldwide agreement to stop global warming," he said.

UK Environment Secretary David Milliband said that international political commitment, which had so far been lacking, was now needed.

South Africa's Environmental Affairs Minister Marthinus van Schalkwyk said failure to act would be "indefensible".

And officials from Indonesia and the Maldives said they feared for the future of their countries, both threatened by rising sea levels.

US Energy Secretary Sam Bodman said he accepted the conclusions of the scientists.

How computers model climate

"We're very pleased with it. We're embracing it. We agree with it," he said.

"Human activity is contributing to changes in our Earth's climate and that issue is no longer up for debate."

But he said that a unilateral US programme to cut emissions might damage the US economy and send business overseas.

Meanwhile the head of the Senate Environment Committee, Barbara Boxer, called on Mr Bush to show "real leadership" on the issue of climate change.

"I'm calling on the president to convene a summit at the White House of the 12 largest global warming emitters," she said, adding that she would bring the IPCC scientists to brief the Senate in the next few weeks.

The US contributes around one-quarter of the world's greenhouse gas emissions.

Strong language

The report, produced by a team tasked with assessing the science of climate change, was intended to be the definitive summary of climatic shifts facing the world in the coming years.

The agency said that it would use stronger language to assess humanity's influence on climatic change than it had previously done.

In 2001, it said that it was "likely" that human activities lay behind the trends observed at various parts of the planet; "likely" in IPCC terminology means between 66% and 90% probability.

Now, the panel concluded that it was at least 90% certain that human emissions of greenhouse gases rather than natural variations are warming the planet's surface.

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U.N. Climate Panel Says Warming Is Man-Made (WP)

By Juliet Eilperin

The Washington Post, February 3, 2007

An international panel of climate scientists said yesterday that there is an overwhelming probability that human activities are warming the planet at a dangerous rate, with consequences that could soon take decades or centuries to reverse.

The Intergovernmental Panel on Climate Change, made up of hundreds of scientists from 113 countries, said that based on new research over the last six years, it is 90 percent certain that human-generated greenhouse gases account for most of the global rise in temperatures over the past half-century.

Declaring that "warming of the climate system is unequivocal," the authors said in their "Summary for Policymakers" that even in the best-case scenario, temperatures are on track to cross a threshold to an unsustainable level. A rise of more than 3.6 degrees Fahrenheit above pre-industrial levels would cause global effects -- such as massive species extinctions and melting of ice sheets -- that could be irreversible within a human lifetime. Under the most conservative IPCC scenario, the increase will be 4.5 degrees by 2100.

Richard Somerville, a distinguished professor at the Scripps Institution of Oceanography and one of the lead authors, said the world would have to undertake "a really massive reduction in emissions," on the scale of 70 to 80 percent, to avert severe global warming.

The scientists wrote that it is "very likely" that hot days, heat waves and heavy precipitation will become more frequent in the years to come, and "likely" that future tropical hurricanes and typhoons will become more intense. Arctic sea ice will disappear "almost entirely" by the end of the century, they said, and snow cover will contract worldwide.

While the summary did not produce any groundbreaking observations -- it reflects a massive distillation of the peer-reviewed literature through the middle of 2006 -- it represents the definitive international scientific and political consensus on climate science. It provides much more definitive conclusions than the panel's previous report in 2001, which said only that it was "likely" -- meaning between 66 and 90 percent probability on a scale the panel adopted -- that human activity accounted for the warming recorded over the past 50 years.

Some of the report's most compelling sections focused on future climate changes, because the buildup of carbon dioxide in the atmosphere would exert an effect even if industrialized countries stopped emitting greenhouse gases tomorrow. Gerald Meehl, a senior scientist at the National Center for Atmospheric Research in Boulder, Colo., who helped oversee the chapter on climate projections, said that in the next two decades alone, global temperatures will rise by 0.7 degrees Fahrenheit.

"We're committed to a certain amount of warming," said Meehl, who worked with 16 computer-modeling teams from 11 countries. "A lot of these changes continue through the 21st century and become more severe as time goes on."

Meehl added, however, that a sharp cut in greenhouse gas emissions could still keep catastrophic consequences from occurring: "The message is, it does make a difference what we do."

For the first time, IPCC scientists also looked at regional climate shifts in detail, concluding that precipitation in the American Southwest will decline as summer temperatures rise, just as precipitation in the Northeast will increase. Linda Mearns -- another NCAR senior scientist who was also one of the lead authors -- said these changes could cause water shortages and affect recreational activities in the Southwest. Developing countries in Africa and elsewhere could also experience severe droughts.

Governments and scientific organizations across the globe nominate scientists to produce and review the IPCC assessment without pay under the auspices of the United Nations. A group of key authors and government officials met in Paris this week to finalize the document, which reflects three years of work.

"Every government in the world signed off on this document, including the U.S.," said World Bank chief scientist Robert T. Watson, who chaired the last round of deliberations. Watson added that compared with the 2001 report, "the difference is now they have more confidence in what they're doing."

The authors concluded that Earth's average temperature will increase between 3.2 and 7.8 degrees Fahrenheit over the next century, while sea levels will rise between seven and 23 inches.

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IPCC scientists also said that global warming will not trigger a shutdown within the next 100 years of the North Atlantic ocean current that keeps Northern Europe temperate, though they do not predict whether it might occur in future centuries. In a similar vein, the authors said they did not have sophisticated enough computer models to project how much melting of the Greenland ice sheet would boost sea levels over the next century, but they suggested that over several centuries the ice sheet's disappearance could raise sea levels by a devastating 23 feet.

Bush administration officials said yesterday that they welcomed the report and emphasized that U.S. research funding helped underpin its conclusions. National Oceanic and Atmospheric Administration Administrator Conrad C. Lautenbacher Jr., who oversees much of the nation's climate research, said in an interview that the international assessment will lead to "a more objective and informative public debate."

But environmental advocates said the White House -- which remains opposed to mandatory limits on U.S. carbon emissions -- is making a mistake in assuming research and technological advances alone will address global warming.

"The administration's proposals are at least a decade away," said Angela Anderson, vice president for climate programs at the National Environmental Trust. "The promise of better technologies tomorrow shouldn't stop us from doing what we can today."

House and Senate Democratic leaders back a cap on greenhouse gases and hope to enact such legislation this year; next week, several of the report's authors are to testify in congressional hearings.

In an interview yesterday, House Science and Technology Committee Chairman Bart Gordon (D-Tenn.) called the report "a unanimous, definitive world statement" on climate change that, if anything, was too conservative. "It's time to end the debate and act," Gordon said. "All the naysayers should step aside."

Some critics, however, question the push for nationwide limits on emissions from power plants, automobiles and other industrial sources. At the George C. Marshall Institute, a think tank that receives funding from Exxon Mobil, chief executive William O'Keefe and President Jeff Kueter issued a statement urging "great caution in reading too much" into the report until the panel releases its detailed scientific documentation a few months from now.

"Claims being made that a climate catastrophe later this century is more certain are unjustified," they said, adding that "the underlying state of knowledge does not justify scare tactics or provide sufficient support for proposals . . . to suppress energy use and impose large economic burdens on the U.S. economy."

Science Panel Says Global Warming Is "Unequivocal" (NYT)

By Elisabeth Rosenthal, Andrew C. Revkin

The New York Times, February 3, 2007

PARIS, Feb. 2 — In a grim and powerful assessment of the future of the planet, the leading international network of climate scientists has concluded for the first time that global warming is “unequivocal” and that human activity is the main driver, “very likely” causing most of the rise in temperatures since 1950.

They said the world was in for centuries of climbing temperatures, rising seas and shifting weather patterns — unavoidable results of the buildup of heat-trapping gases in the atmosphere.

But their report, released here on Friday by the Intergovernmental Panel on Climate Change, said warming and its harmful consequences could be substantially blunted by prompt action.

While the report provided scant new evidence of a climate apocalypse now, and while it expressly avoided recommending courses of action, officials from the United Nations agencies that created the panel in 1988 said it spoke of the urgent need to limit looming and momentous risks.

“In our daily lives we all respond urgently to dangers that are much less likely than climate change to affect the future of our children,” said Achim Steiner, executive director of the United Nations Environment Program, which administers the panel along with the World Meteorological Organization.

“Feb. 2 will be remembered as the date when uncertainty was removed as to whether humans had anything to do with climate change on this planet,” he went on. “The evidence is on the table.”

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The report is the panel's fourth assessment since 1990 on the causes and consequences of climate change, but it is the first in which the group asserts with near certainty — more than 90 percent confidence — that carbon dioxide and other greenhouse gases from human activities have been the main causes of warming in the past half century.

In its last report, in 2001, the panel, consisting of hundreds of scientists and reviewers, said the confidence level for its projections was "likely," or 66 to 90 percent. That level has now been raised to "very likely," better than 90 percent. Both reports are online at www.ipcc.ch.

The Bush administration, which until recently avoided directly accepting that humans were warming the planet in potentially harmful ways, embraced the findings, which had been approved by representatives from the United States and 112 other countries on Thursday night.

Administration officials asserted Friday that the United States had played a leading role in studying and combating climate change, in part by an investment of an average of almost $5 billion a year for the past six years in research and tax incentives for new technologies.

At the same time, Secretary of Energy Samuel Bodman rejected the idea of unilateral limits on emissions. "We are a small contributor to the overall, when you look at the rest of the world, so it's really got to be a global solution," he said.

The United States, with about 5 percent of the world's population, contributes about a quarter of greenhouse gas emissions, more than any other country.

Democratic lawmakers quickly fired off a round of news releases using the report to bolster a fresh flock of proposed bills aimed at cutting emissions of greenhouse gases. Senator James M. Inhofe, the Oklahoma Republican who has called the idea of dangerous human-driven warming a hoax, issued a news release headed "Corruption of Science" that rejected the report as "a political document."

The new report says the global climate is likely to warm 3.5 to 8 degrees Fahrenheit if carbon dioxide concentrations in the atmosphere reach twice the levels of 1750, before the Industrial Revolution.

Many energy and environment experts see such a doubling, or worse, as a foregone conclusion after 2050 unless there is a prompt and sustained shift away from the 20th-century pattern of unfettered burning of coal and oil, the main sources of carbon dioxide, and an aggressive expansion of nonpolluting sources of energy.

And the report says there is a more than a 1-in-10 chance of much greater warming, a risk that many experts say is far too high to ignore.

Even a level of warming that falls in the middle of the group's range of projections would be likely to cause significant stress to ecosystems, according to many climate experts and biologists. And it would alter longstanding climate patterns that shape water supplies and agricultural production.

Moreover, the warming has set in motion a rise in global sea levels, the report says. It forecasts a rise of 7 to 23 inches by 2100 and concludes that seas will continue to rise for at least 1,000 years to come. By comparison, seas rose about 6 to 9 inches in the 20th century.

John P. Holdren, an energy and climate expert at Harvard, said the report "powerfully underscores the need for a massive effort to slow the pace of global climatic disruption before intolerable consequences become inevitable."

"Since 2001, there has been a torrent of new scientific evidence on the magnitude, human origins and growing impacts of the climatic changes that are under way," said Mr. Holdren, who is the president of the American Association for the Advancement of Science. "In overwhelming proportions, this evidence has been in the direction of showing faster change, more danger and greater confidence about the dominant role of fossil-fuel burning and tropical deforestation in causing the changes that are being observed."

The conclusions came after a three-year review of hundreds of studies of past climate shifts; observations of retreating ice, warming and rising seas, and other changes around the planet; and a greatly expanded suite of supercomputer simulations used to test how the earth will respond to a growing blanket of gases that hold heat in the atmosphere.

The section released Friday was a 20-page summary for policymakers, which was approved early in the morning by teams of officials from more than 100 countries after three days and nights of wrangling over wording with the lead authors, all of whom are scientists.

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It described far-flung ramifications for both humans and nature.

"It is very likely that hot extremes, heat waves and heavy precipitation events will continue to become more frequent," said the summary.

Generally, the scientists said, more precipitation will fall at higher latitudes, which are also likely to see lengthened growing seasons. Semi-arid subtropical regions, already chronically plagued by drought, could have a further 20 percent drop in rainfall under the panel's midrange outlook for increases in the greenhouse gases.

The summary added a new chemical consequence of the buildup of carbon dioxide to the list of mainly climatic and biological effects foreseen in its previous reports: a drop in the pH of seawater as oceans absorb billions of tons of carbon dioxide, which forms carbonic acid when partly dissolved. The ocean would stay alkaline, but marine biologists have said that a change in the direction of acidity could imperil some kinds of corals and plankton.

The report essentially caps a half-century-long effort to discern whether humans, through the buildup of carbon dioxide and other gases released mainly by burning fuels and forests, could influence the earth's climate system in potentially momentous ways.

The group operates under the aegis of the United Nations and was chartered in 1988 — a year of record heat, burning forests and the first big headlines about global warming — to provide regular reviews of climate science to governments to inform policy choices.

Government officials are involved in shaping the summary of each report, but the scientist-authors, who are unpaid, have the final say over the thousands of pages in four underlying technical reports that will be completed and published later this year.

Big questions remain about the speed and extent of some impending changes, both because of uncertainty about future population and pollution trends and the complex interrelationships of the greenhouse emissions, clouds, dusty kinds of pollution, the oceans and earth's veneer of life, which both emits and soaks up carbon dioxide and other such gases.

But a broad array of scientists, including authors of the report and independent experts, said the latest analysis was the most sobering view yet of a century of transition — after thousands of years of relatively stable climate conditions — to a new norm of continual change.

Should greenhouse gases continue to accumulate in the atmosphere at even a moderate pace, average temperatures by the end of the century could match those last seen 125,000 years ago, in the previous warm spell between ice ages, the report said.

At that time, the panel said, sea levels were 12 to 20 feet higher than they are now. Much of that extra water is now trapped in the ice sheets of Greenland and Antarctica, which are eroding in some places.

The panel said there was no solid scientific understanding of how rapidly the vast stores of ice in polar regions will melt, so their estimates on new sea levels were based mainly on how much the warmed oceans will expand, and not on contributions from the melting of ice now on land.

Other scientists have recently reported evidence that the glaciers and ice sheets in the Arctic and Antarctic could flow seaward far more quickly than estimated in the past, and they have proposed that the risks to coastal areas could be much more imminent. But the climate change panel is forbidden by its charter to enter into speculation, and so could not include such possible instabilities in its assessment.

Michel Jarraud, the secretary general of the United Nations World Meteorological Organization, said the lack of clarity should offer no one comfort. "The speed with which melting ice sheets are raising sea levels is uncertain, but the report makes clear that sea levels will rise inexorably over the coming centuries," he said. "It is a question of when and how much, and not if."

The warming and other climate changes will be highly variable around the world, with the Arctic in particular seeing much higher temperatures, said Susan Solomon, the co-leader of the team writing the summary and the section of the panel's report on basic science. She is an atmospheric scientist for the National Oceanic and Atmospheric Administration.

The kinds of vulnerabilities are very much dependent on where you are, Dr. Solomon said in a telephone interview. "If you're living in parts of the tropics and they're getting drier and you're a farmer, there are some very acute issues associated with even small changes in rainfall — changes we're already seeing are significant," she said. "If you are an Inuit and you're seeing your sea ice retreating already, that's affecting your life style and culture."

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The 20-page summary is a sketch of the findings that are most germane to the public and world leaders.

The full report, thousands of pages of technical background, will be released in four sections through the year — the first on basic science, then sections on impacts and options for limiting emissions and limiting inevitable harms, and finally a synthesis of all of the findings near year's end.

In a news conference in Paris, Dr. Solomon declined to provide her own views on how society should respond to the momentous changes projected in the study.

"I honestly believe that it would be a much better service for me to keep my personal opinions separate than what I can actually offer the world as a scientist," she said. "My stepson, who is 29, has an utterly different view of risks than I do. People are going to have to make their own judgments."

Some authors of the report said that no one could honestly point to any remaining uncertainties as justification for further delay.

"Policy makers paid us to do good science, and now we have very high scientific confidence in this work — this is real, this is real, this is real," said Richard B. Alley, one of the lead authors and a professor at Pennsylvania State University. "So now act, the ball's back in your court."

UN Report Predicts Global Warming Effects In U.S. (CHIT)

By William Neikirk

Chicago Tribune, February 3, 2007

WASHINGTON -- Global warming is "very likely" a human-caused problem that will last for centuries and require concerted international action to reduce its potentially devastating impacts, a United Nations panel of climate experts declared Friday in a landmark report.

Now the question is whether the bleak report will change the politics of global warming in the U.S. and lead to a more united effort to deal with the problem—and for the moment, that appears uncertain.

The Bush administration embraced the report but rejected demands for a mandatory system of capping "greenhouse gas" emissions, such as carbon dioxide. Instead, the administration said President Bush would rely on his plans to develop more renewable fuel and require more efficient vehicles.

But with Democrats controlling Congress, pressure is apt to build on the White House to take a tougher approach. More than half a dozen bills—some of them bipartisan—have been presented to Congress calling for mandatory caps on emissions, though the administration said they would hurt the economy and not effectively deal with the problem.

Senate Democratic Leader Harry Reid (D-Nev.) said, "President Bush should immediately work with Congress to pass legislation that requires reductions in the emissions of greenhouse gases, and he should call together the leaders of the world to obtain their binding commitment to reducing pollution around the globe."

The report by the UN's Intergovernmental Panel on Climate Change struck a chord of urgency as it warned of rising sea levels, more powerful storms and rapidly shifting weather patterns, including floods and droughts, resulting from a warming of the planet that it said could last a thousand years.

The scientists from 113 countries said they are now 90 percent confident that global warming is caused by mankind, in contrast with a 2001 report in which they said they were 60 to 90 percent confident.

Achim Steiner, executive director of the UN Environment Program, said the focus should shift from the cause of global warming "to what on Earth are we going to do about it. The public should not sit back and say, `There's nothing we can do.'"

"Warming of the planet is unequivocal," the 21-page report concluded, "as is now evident from observations of global average air and ocean temperatures, widespread melting of snow and ice, and rising global mean sea level."

In effect, the panel said governments and people cannot prevent the planet from warming but that steps can be taken to stem the projected increases.

The panel forecast global temperature increases of 2 to 11.5 degrees Fahrenheit by the year 2100 but added that its best estimate was for a rise of 3.2 to 7.1 degrees. Warming during the 21st Century would "very likely be larger" than that of the 20th Century, the report said.

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Some scientists question such conclusions about global warming.

Patrick Michaels, a scholar at the CATO Institute, a Washington libertarian think tank, said that "it is not news to say that human beings are responsible for much of the warming in the late 20th Century."

But Michaels said the report was not as alarming as portrayed. He cited a prediction by the panel that sea levels would rise by a modest 7 to 23 inches by the end of the century and noted that this was slightly less than the panel reported in 2001.

"What this report does is place this very small but very widely quoted group of alarmists—who are talking about 20 feet of sea-rise—far, far beyond the fringes [of environmental science]," he said.

But the report, as well as Bush administration officials, said the relatively modest increases in the sea level do not take into account the recent increased rate of ice melting in Greenland and Antarctica.

"[The sea-rise prediction in the report] is less," Stephen Johnson, administrator of the Environmental Protection Agency, told reporters. "But we believe there are other effects that haven't been taken into account yet."

The report said an additional 3.9 to 7.98 inches of sea-level rise are possible if the recent melting of polar ice sheets continues at its recent rate.

Joseph Romm, an assistant secretary of energy in the Clinton administration, said in an interview that if the rate of recent ice loss from Greenland and Antarctica continues, there would be a dramatic rise in sea levels that would devastate coastlines around the world.

Romm, author of a book on global warming, called the report "very solid and alarming." He said a "hidden bombshell" in the report is a finding that as the Earth grows hotter, the less the soil is able to absorb carbon. That would lead to an acceleration of greenhouse gases, he said, and could be devastating to the ecosystem and to the economy.

"The key point is that it said humans are the most likely cause," Romm said. "If we are the main cause, we are the main solution. You can't endorse the report and not endorse strong action on climate change."

The Bush administration said it is already taking action. The White House noted that Bush has devoted nearly $29 billion to climate-related science, technology, international assistance and incentive programs since 2001.

Bush has spent nearly $9 billion on climate science research, "leading the world with unparalleled financial commitment," the White House said in a statement.

In his State of the Union speech last month, the president acknowledged that global warming is a problem and that he is taking steps to do something about it. But it has not been his top priority.

He refused to endorse the 1997 Kyoto agreement to create a mandatory system to cap carbon-dioxide emissions, saying it would harm the U.S. economy and wouldn't be effective because fast-developing countries like China and India are not abiding by it.

During his first presidential campaign, he had pledged to regulate carbon dioxide emissions under the Clean Air Act, but he backtracked when he took office.

At the Energy Department on Friday, Secretary Samuel Bodman said the president has set an "aggressive" goal to cut greenhouse gas emissions by 18 percent by 2012, through increasing the supply of renewable fuels like ethanol and reforming the government's fuel economy standards for cars.

Bodman also called for a dramatic increase in nuclear-power generation here and around the world.

Deal With Warming, Don't Debate It, Scientists Warn (LAT)

By Thomas H. Maugh, Karen Kaplan

The Los Angeles Times, February 3, 2007

A United Nations report released Friday that blames humans for the "runaway train" of global warming has abruptly shifted the international debate from "Are humans to blame?" to "What are we going to do about it?"

"The world's scientists have spoken," said Timothy E. Wirth, president of the United Nations Foundation. "It is time now to hear from the world's policymakers. The so-called and long-overstated 'debate' about global warming is now over."

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The 21-page report, released in Paris by the Intergovernmental Panel on Climate Change, proposed no solutions. There is no world consensus on how best to bring about the radical restrictions in emissions that would be needed to mitigate global warming.

The most significant effort to reach a common solution was the 1997 Kyoto Protocol, which so far has not had much impact.

The report said that it was "unequivocal" that global warming was occurring and that it was at least 90% certain humans were responsible. It predicted temperatures would rise 3.2 to 7.2 degrees Fahrenheit by 2100 and that sea level would rise 7 to 23 inches, perhaps more.

If the Greenland ice sheet were to melt completely, it would lead to a 21-foot increase in sea level, forcing the relocation of more than 300 million people living in low-lying areas worldwide.

The report also said warming would continue even in the extremely unlikely event that global carbon dioxide could be stabilized at its current level. Such a stabilization would require an immediate 70% to 80% reduction in emissions, said Richard Somerville of the Scripps Institution of Oceanography in La Jolla.

Although most of the scientific data behind the report have come out before, their aggregation into a single report, phrased in the boldest of terms, sparked an intense reaction Friday.

"The degree of certainty, which was already very high, is now as close to certain as scientists are willing to say," said former Vice President Al Gore, a longtime champion of environmental issues whose documentary on global warming, "An Inconvenient Truth," is nominated for two Oscars.

Echoing a phrase that was widely heard Friday, Rep. Edward J. Markey (D-Mass.) called the report "a scientific smoking gun."

The warming would have a powerful impact on California and the Southwest, with hotter weather, less rainfall and a loss of water supply because of the diminishing snowpack in the Rocky Mountains.

Deflecting criticism

Bush administration officials downplayed the United States' contribution to global warming.

"We are a small contributor when you look at the rest of the world," Energy Secretary Samuel Bodman said in a Friday teleconference.

The U.S. is the single largest contributor to global warming, producing about a quarter of the world's carbon dioxide emissions even though it accounts for about 4.5% of its population.

China, with 20% of the world's population, produces 14.5% of global emissions.

The proportion of emissions contributed by the U.S. is decreasing, however, as developing nations, particularly China and India, build up their economies.

Though global warming cannot be reversed, it can be mitigated, said climatologist Gerald Meehl of the National Center for Atmospheric Research in Boulder, Colo. If emissions are reduced, "we'll have fewer climate changes and less warming. If they are higher, we'll have much greater changes. The longer you wait to begin reducing emissions, the worse the problem gets and the more you have to do to do something about it."

The report is the fourth in a series compiled by 2,500 scientists from 130 nations. Although the projections in the report have not changed substantially from those of the last study, scientists' confidence in the assertions has increased sharply.

Compiling the report has been a large international effort with 16 climate modeling groups from 11 countries working independently. "What's really striking … is that the models keep improving with time, but the answers don't keep changing," Meehl said. "That allows us to say with a lot more confidence what we are looking at."

And since the last report was issued, "we have six years of new data, and they are among the seven warmest years on record," said climatologist Kevin Trenberth of the National Center for Atmospheric Research.

The data show that the warmth of the last half century "is unusual in at least the previous 1,300 years," the report said, and the last time the polar regions were significantly warmer for an extended period was about 125,000 years ago. That warming was caused by changes in Earth's orbit and led to melting of the Greenland ice cap.

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As warming continues, it will produce wide changes in regional climates, including: more droughts in the tropics and subtropics; more heat waves; fewer frosts; heavier rains, particularly in Canada, the U.S. Northeast and South America's eastern coast; a retreat of the polar ice caps; less snow cover in the Northern Hemisphere; less-saline ocean water because of the increased precipitation; and more intense hurricanes, though they won't become more frequent.

Sea level rises will cause flooding in low-lying areas, such as the island nation of Kiribati in the western Pacific Ocean, the southern tip of Florida and the lower half of Louisiana.

In Southern California, the modest rise in sea level forecast in the report would probably endanger beaches that are less than 100 feet wide, which account for more than half the state's coastline, said Reinhard Flick, an oceanographer with the California Department of Boating and Waterways.

"They are very likely to be lost if we see anything like a 1- to 3-foot rise in sea level," he said. "A lot of these beaches can be in trouble."

The average temperature in the Southland will probably increase by about 8 degrees by the end of the century and rainfall will decrease, according to climatologist Linda Mearns of the National Center for Atmospheric Research. What rain does fall will evaporate more quickly because of higher temperatures, accentuating the dryness of the climate.

The region's water supply will also be imperiled because in the Rocky Mountains, which provide much of the water for the Southwest, the snow season will be shorter and the snowpack diminished.

"Sections of this report read like the Book of Revelations," said Moira Chapin of Environment California.

Yvo de Boer, executive secretary of the U.N. Framework Convention on Climate Change, called for a summit of global leaders to address the problem. "The findings … leave no doubt as to the dangers that mankind is facing and must be acted upon without delay," he said.

French President Jacques Chirac echoed the call, saying, "Now is not the time for half measures…. We are in truth on the historical doorstep of the irreversible."

Curbing emissions

The only previous effort to reduce global emissions was the Kyoto Protocol, which proposed carbon dioxide emission caps for the 35 richest countries. The United States, where emissions are increasing about 1% a year, withdrew from the pact in 2001, contending it was unfair because it did not set limits for developing nations.

Bodman said Friday that the U.S. would not cap emissions because that would lead to a transfer of jobs and industries abroad. "You would have the U.S. economy damaged on the one hand, and the same emissions — in fact, potentially even worse emissions because in many of those countries they don't have the same kind of standards," he said.

Bodman also noted that the U.S. had spent $29 billion on global warming research, technology development and other initiatives — "more than the rest of the world combined."

Countries that agreed to the Kyoto pact are having trouble meeting its goals. Canada's emissions, for example, are a third higher than levels the country agreed to reach by 2012, and Canadian Prime Minister Stephen Harper says the goal is unachievable.

Scientists said it was not too late to take steps toward emission controls, but "it is later than we think," said atmospheric scientist Susan Solomon of the National Oceanic and Atmospheric Administration, who co-chaired the panel that produced the summary.

Global-Warming Report Gets U.S. Emphasis (WSJ)

By John J. Fialka

The Wall Street Journal, February 3, 2007

WASHINGTON -- U.S. government scientists Friday said the long-term outlook for global warming may be more dire than suggested by this week's United Nations' report, which they say doesn't fully address the impact of clouds and melting glaciers.

Recent evidence of accelerated melting of glaciers in Greenland and the Antarctic ice cap came too late to be included in the report released Thursday by the U.N.-sponsored Intergovernmental Panel on Climate Change.

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Glaciers are among the largest sources of fresh water in the world and are contributing to rising ocean levels. Rising sea levels could expose population centers bordering the ocean to more storm damage and could require evacuation in some areas. But the computer models used for the IPCC report based their predictions only on the results of heating of the existing water in the world's oceans, causing the oceans to expand and sea levels to rise, said Tom Delworth, a climate modeler for the National Oceanic and Atmospheric Administration, the government agency in charge of climate science and weather service.

The IPCC report predicts sea levels will rise by between one to two feet over the next 100 years. Mr. Delworth said there remains "much more uncertainty" over how much accelerated melting of glaciers might add to that.

A second area of continuing uncertainty has to do with the impact of clouds on climate change. Warming the ocean sends more water vapor into the air, and the resulting clouds accelerate global warming by trapping more of the sun's heat in the atmosphere and further warm the ocean. Jim Butler, deputy director of NOAA's global monitoring division, called this "a very scary feedback mechanism."

But, so far, the supercomputers the agency uses to model the effect on the earth's climate -- which were also used for the IPCC report -- aren't detailed or fast enough to predict how much clouds are accelerating the problem. Mr. Delworth said computer models divide the earth's oceans and atmosphere into four million boxes, each about 150 square miles, and that these boxes are too large to model the effects of clouds.

"We could use computers that are one million times faster than they are today and still not be satisfied," Mr. Delworth said.

Further complicating the issue are layers of haze containing pollutants from human activity. Such pollutants, including sulfates, soot, dust and nitrates, tend to make the atmosphere brighter, reflecting more of the sun's heat back into space. The IPCC has found that the net effect of the added pollution is to cool the atmosphere.

A.R. Ravishankara, an atmospheric chemist for NOAA, said this raises a problem for governments attempting to clean the air by removing pollutants. "If you take away this cooling effect, then the heating effect would be exacerbated. It's a highly complex problem."

Global Warming To Continue For Centuries (AP)

By Seth Borenstein

AP, February 2, 2007

PARIS (AP) - Global warming is so severe that it will "continue for centuries," leading to a far different planet in 100 years, warned a grim landmark report from the world's leading climate scientists and government officials. Yet, many of the experts are hopeful that nations will now take action to avoid the worst scenarios.

They tried to warn of dire risks without scaring people so much they'd do nothing - inaction that would lead to the worst possible scenarios.

"It's not too late," said Australian scientist Nathaniel Bindoff, a co-author of the authoritative Intergovernmental Panel on Climate Change report issued Friday. The worst can be prevented by acting quickly to curb greenhouse gas emissions, he said.

The worst could mean more than 1 million dead and hundreds of billions of dollars in costs by 2100, said Kevin Trenberth of the National Center for Atmospheric Research in Colorado, one of many study co-authors. He said that adapting will mean living with more extreme weather such as severe droughts, more hurricanes and wildfires.

"It's later than we think," said panel co-chair Susan Solomon, the U.S. National Oceanic and Atmospheric Administration scientist who helped push through the document's strong language.

Solomon, who remains optimistic about the future, said it's close to too late to alter the future for her children - but maybe it's not too late for her grandchildren.

The report was the first of four to be released this year by the panel, which was created by the United Nations in 1988. It found:

_Global warming is "very likely" caused by man, meaning more than 90 percent certain. That's the strongest expression of certainty to date from the panel.

_If nothing is done to change current emissions patterns of greenhouse gases, global temperature could increase as much as 11 degrees Fahrenheit by 2100.

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_But if the world does get greenhouse gas emissions under control - something scientists say they hope can be done - the best estimate is about 3 degrees Fahrenheit.

_Sea levels are projected to rise 7 to 23 inches by the end of the century. Add another 4 to 8 inches if recent, surprising melting of polar ice sheets continues.

Sea level rise could get worse after that. By 2100, if nothing is done to curb emissions, the melting of Greenland's ice sheet would be inevitable and the world's seas would eventually rise by more than 20 feet, Bindoff said.

That amount of sea rise would take centuries, said Andrew Weaver of the University of Victoria in Canada, but "if you're in Florida or Louisiana, or much of western Europe or southeast Asia or Bangladesh ... or Manhattan ... you don't want that," he said.

The report spurred bleak reactions from world leaders.

"We are on the historic threshold of the irreversible," warned French President Jacques Chirac, who called for an economic and political "revolution" to save the planet.

"While climate changes run like a rabbit, world politics move like a snail: Either we accelerate or we risk a disaster," said Italy's environment minister, Alfonso Pecoraro Scanio.

And South Africa's Environmental Affairs Minister Marthinus van Schalkwyk said failure to act would be "indefensible."

In Washington, Bush administration officials praised the report but said they still oppose mandatory cuts in greenhouse gas emissions. The problem can be addressed by better technology that will cut emissions, promote energy conservation, and hasten development of non-fossil fuels, said Energy Secretary Samuel Bodman.

About three-fourths of Americans say they expect global warming will get worse, according to a recent AP-AOL News poll. However, other recent polls have found they don't consider it a top priority for the U.S. government.

But doing nothing about global warming could mean up to a 10-degree Fahrenheit temperature rise by the end of the century in the United States, said report co-author Jonathan Overpeck at the University of Arizona.

Elsewhere, the projected effects of global warming would vary on different parts of the globe.

Temperatures would spike higher near the poles, according to the report. Within 22 years - whether greenhouse gases are controlled or not - most of the Northern Hemisphere will see more high temperature extremes, the report showed. Places like Northern Africa will get even less rainfall.

This climate change "is just not something you can stop," said Trenberth. "We're just going to have to live with it. If you were to come up back in 100 years time, we'll have a different climate."

People experience the harshest effects of global warming through extreme weather - heat waves, droughts, floods, and hurricanes - said study co-author Philip Jones of Britain's University of East Anglia. Those have increased significantly in the past decade and will get even worse in the future, he said.

Given all the dire predictions, why are scientists nearly all optimistic? They think their message is finally getting through to the people in charge.

United Nations environmental leaders are talking about a global summit on climate change for world leaders and they hope President Bush will attend.

"The signal that we received from the science is crystal clear," said Yvo de Boer, the executive secretary of the United Nations Framework Convention on Climate Change, a multi-national body that tries to change policy to fight global warming.

"That makes it imperative that the political response that comes from this crystal-clear science is as crystal-clear as well.

"I sense a growing sense of urgency to come to grips with the issue," de Boer said. "I think the major challenge is to further the negotiating agenda in a way that makes major players feel safe to step forwardly on this issue."

The major player that has at times been absent is the United States, the biggest emitter of greenhouse gases.

"The world cannot solve the climate change problem without the United States," Achim Steiner, who heads the UN Environment Program, told The Associated Press.

"The world is looking to the Bush administration and to the United States and how it has to be a key part" of solving global warming, he said.

De Boer was optimistic, there too. In an interview, he said that despite U.S. greenhouse gas emissions increasing 16 percent since 1990, change is afoot.

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Citing congressional interest and carbon dioxide emission limits requested by top industry CEOs, de Boer said: "I see a very important momentum building throughout the country."

Gore To Testify On Climate Change (POL)

By Ryan Grim

The Politico, February 2, 2007

Former Vice President Al Gore has accepted an invitation to testify next month in a congressional hearing on the highly controversial issue of climate change.

Gore's film, "An Inconvenient Truth," which focused on global warming, received two Oscar nominations this week, one for best documentary feature. For people who make a parlor game of guessing Gore's intentions for 2008, the appearance will surely stoke speculation that he may yet be a late entrant into the Democratic presidential derby.

Gore will appear at a joint hearing on Wednesday, March 21. He will be the only witness to appear before the Energy and Commerce Subcommittee on Energy and Air Quality and the Science and Technology Subcommittee on Energy and Environment. Gore served on both committees during his House tenure representing a Tennessee district.

House Energy and Commerce Chairman John D. Dingell, D-Mich., and Science Committee Chairman Bart Gordon, D-Tenn., will jointly chair the hearing. Climate change has proved a politically thorny issue for newly empowered House Democrats. Dingell, whose district includes many auto industry workers, has been locked in a political battle with Speaker Nancy Pelosi, D-Calif., over panel jurisdiction on climate change issues.

Political Science (WSJ)

By Philip Stott

The Wall Street Journal, February 3, 2007

I confess I was afflicted by a profound world-weariness following the release yesterday of the latest gloomy machinations from the Intergovernmental Panel on Climate Change (IPCC). The U.N.'s global-warming caravanserai, founded in 1988 by the World Meteorological Organization and the United Nations Environment Program, had this time pitched camp in Paris, in order to issue the "Summary for Policy Makers" relating to Working Group One of its "Fourth Assessment Report: Climate Change 2007." This is the group that focuses on "The Physical Science Basis" of climate change, and its summary was greeted with the usual razzmatazz, the Eiffel Tower's 20,000 flashing bulbs being symbolically blacked out on the evening before. Further IPCC reports are due this year, one in April from Working Group Two, on the impacts of, and adaptation to, climate change, and another in May, from Working Group Three on climate-change mitigation.

But it is the science summary that always gives rise to the jamboree -- with journalists, politicians and eager environmentalists desperate to claim that this particular report is the last word on climate change, that it represents a true consensus, that the world is doomed, and that we must recant our fossil-fuel ways. Moreover, as in 2001 with the Third Assessment Report, Friday's release was preceded by speculative leaks, the political shenanigans and spinning beginning even before the final text had been haggled over and agreed upon.

Unfortunately, the IPCC represents science by supercommittee, as rule 10 of its procedures states: "In taking decisions, and approving, adopting and accepting reports, the Panel, its Working Groups and any Task Forces shall use all best endeavors to reach consensus." I bet Galileo would have had a rough time with that.

In this context, it is vital to remember that science progresses by skepticism and by paradigm shifts: A consensus early last century would have given us eugenics. Moreover, the IPCC does no original research, nor does it monitor climate-related data; its evidence is instead from selected secondary sources. But, above all, this supercommittee is more political than is often recognized, rule three firmly reminding delegates that: "documents should involve both peer review by experts and review by governments."

Friday's summary and "best estimates" of temperature-rise by 2100 (as compared to preindustrial times) are thus little more than a committee compromise chewed over by governments with different agendas: an average potential rise of three degrees Celsius (up from 2.5 degrees in 2001); a probable rise of between 1.8 to 4 degrees; a possible rise of between 1.1 to 6.4 degrees. So you can take your pick, also bearing in mind that there are groups outside the IPCC predicting cooling by one or two degrees

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Celsius. Moreover, the conclusion that climate changes seen around the world are "very likely" to have a human cause is wonderful Alice-through-the-Looking-Glass talk.

Unsurprisingly, the report will please neither a Humeian skeptic nor a rabid apocalyptic. Indeed, even before it appeared, environmentalists were incensed that predictions for the rise in sea levels this century have been lowered to between 28 and 43 cm (11 to 17 inches). They want the polar bears to be drowning now!

For the skeptic, however, the problem remains, as ever, water vapor and clouds. Enormous uncertainties persist with respect to the role of clouds in climate change. Moreover, models that strive to incorporate everything, from aerosols to vegetation and volcanoes to ocean currents, may look convincing, but the error range associated with each additional factor results in near-total uncertainty. Yet, there is a greater concern. Throughout the history of science, monocausal explanations that overemphasize the dominance of one factor in immensely complex processes (in this case, the human-induced emissions of greenhouse gases) have been inevitably replaced by more powerful theories.

Worryingly for the IPCC's "consensus," there is a counterparadigm, relating to the serious uncertainties of water vapor and clouds, now waiting in the wings. In the words of Dr. Henrik Svensmark, director of the Center for Sun-Climate Research at the Danish National Space Center: "The greenhouse effect must play some role. But those who are absolutely certain that the rise in temperatures is due solely to carbon dioxide have no scientific justification. It's pure guesswork." A key piece of research in this emerging new paradigm was published in the Proceedings of the Royal Society A (October 2006): "Do electrons help to make the clouds?"

Using a box of air in a Copenhagen lab, physicists managed to trace the growth of clusters of molecules of the kind that build cloud condensation nuclei. These are specks of sulfuric acid on which cloud droplets form. High-energy particles driven through the laboratory ceiling by exploded stars far away in the galaxy -- cosmic rays -- liberated electrons in the air, which helped the molecular clusters to form much faster than atmospheric scientists have predicted. This process could well explain a long-touted link between cosmic rays, cloudiness and climate change.

The implications for climate physics, solar-terrestrial physics and terrestrial-galactic physics are enormous. This experiment ties in elegantly with the work of certain geochemists and astronomers, who for some time have been implicating cosmic rays and water vapor, rather than carbon dioxide, as the main drivers of climate change. Indeed, they have put down up to 75% of all change to these drivers.

Cosmic rays are known to boost cloud formation -- and, in turn, reduce earth temperatures -- by creating ions that cause water droplets to condense. Calculating temperature changes at the earth's surface -- by studying oxygen isotopes trapped in rocks formed by ancient marine fossils -- scientists then compared these with variations in cosmic-ray activity, determined by looking at how cosmic rays have affected iron isotopes in meteorites. Their results suggest that temperature fluctuations are more likely to relate to cosmic-ray activity than to carbon dioxide. By contrast, they found no correlation between temperature variation and the changing patterns of CO2 in the atmosphere. But the mechanism remained far from understood -- until last October, that is, when the team in the Copenhagen lab may have discovered it.

Who knows where this exciting research will lead? What it unquestionably shows, however, is that the science of climate change is far from settled, and most certainly not by a government-vetted committee policy "summary" from a U.N. supercommittee.

The inconvenient truth remains that climate is the most complex, coupled, nonlinear, chaotic system known. In such a system, both "doing something" (emitting human-induced gases) and "not doing something" (not emitting) at the margins are equally unpredictable. What climate will we produce? Will it be better? And, if we get there, won't it, too, change?

This is the fatal flaw at the heart of the whole global-warming debacle. Climate change must be accepted as the norm, not as an exception, and it must be seen primarily as a political and economic issue, focusing on how best humanity can continue to adapt to constant change, hot, wet, cold or dry. The concept of achieving a "stable climate" is a dangerous oxymoron.

We must hope that IPCC Working Group Two on adaptation will set a wiser agenda in their April report.

Mr. Stott, professor emeritus of biogeography at the University of London, is co-editor of "Political Ecology: Science, Myth and Power" (Oxford University Press, 2000).

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States' Map For Saving The Oceans (WP)

By Leon E. Panetta, James D. Watkins

The Washington Post, February 3, 2007

Buried beneath the headlines about warming oceans, harmful algae blooms and dwindling seafood stocks is the fact that it is within our power to make immediate, measurable progress toward solving the problems facing our oceans. Innovative state leaders are showing us the way, and the federal government needs to follow their example.

Over the past three years, California, acting to preserve a vital state resource, has developed an Ocean Action Plan; launched the most comprehensive approach to marine protected areas in the nation; and invested more than $30 million in projects to improve water quality, protect ocean habitats and manage sand on its beaches. In the past year, at least 18 states have taken similar steps. Regional, bipartisan alliances were formed to protect the waters, shores, species and economies of the Gulf of Mexico, New York, Puget Sound and the West Coast.

In all of these instances, governors prioritized ocean management and set aside individual state concerns to develop a more effective plan to manage the region's oceans and coasts.

The considerable strides the states and regions made last year in ocean governance earned an A-minus on the Joint Ocean Commission Initiative's latest report card on U.S. ocean policy. That is in stark contrast to the C-minus earned by the nation as a whole. When it comes to managing our oceans, the United States is barely treading water, threatening not only the survival of ocean life but also the lives and livelihoods of those who depend on the ocean as a food source and economic engine.

Our country's C-minus represents a modest improvement from the previous year's grade, a D-plus. The improvement is largely attributable to state action and a few notable federal accomplishments. For instance, passage of the Magnuson-Stevens Fisheries Conservation and Management Act set a firm deadline to end overfishing and will ensure a more scientific approach to fisheries management. The administration's designation of the Northwest Hawaiian Islands Marine National Monument provides important safeguards to 140,000 square miles of ocean and island bounty, and the release of a new national ocean research strategy provides a platform for advancing ocean sciences.

In most respects, though, the federal government and Congress lag behind states in efforts to protect our oceans. And the failure to commit funding and to reform national and international policy for the long-term preservation of our oceans will hamper additional progress in the states.

It's impossible to effectively manage our oceans without the research necessary to fully understand the complex processes of an ocean ecosystem. Nowhere is this more apparent than with climate change. It's no secret that the oceans and climate are deeply linked -- the oceans store vast amounts of energy in the form of heat and are a sink for much of the carbon dioxide emitted over the past century. Yet while sophisticated atmospheric monitoring systems have been in place for decades, only rudimentary systems exist for our oceans. This leaves us trying to fight climate change with one hand tied behind us. The only way to understand and respond to devastating climate change is with important tools such as an Integrated Ocean Observing System, which the administration's new ocean research plan recommended on Jan. 26.

Unfortunately, even the best-laid plans to preserve the oceans remain empty rhetoric when Congress and the administration fail to commit the funds necessary for implementation. For the second year in a row, federal funding for oceans was stagnant. The Joint Ocean Commission Initiative estimates that a $750 million investment would be a significant step forward for such research as the integrated observing system and management programs like the Magnuson-Stevens Act. Such an investment would protect an ecosystem that represents 95 percent of the habitable living space on the planet and supports ocean-dependent businesses that generate more than $138 billion each year.

The federal government can learn the most from the states by emulating their willingness to heed the advice of environmental and industry experts who say that collaboration is the key to preserving the vital resources in our oceans. The United States is one of the few nations that have failed to accede to the U.N. Convention on the Law of the Sea, essentially a global-scale version of our various regional alliances. Joining the convention would ensure the United States a stake in decisions that affect the health of our oceans, economy and security.

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The states have outpaced the federal government on ocean protection for years. It's time for the administration and Congress to dive in. By committing increased science and management funding and supporting the collaborative leadership described above, we can immediately begin to reverse the decline in our oceans.

The writers are co-chairmen of the Joint Ocean Commission Initiative.

Schaghticoke Challenges Cason's Legal Authority (ICT)

By Gale Courey Toensing, Indian Country Today

Indian Country Today, February 3, 2007

KENT, Conn. - The Schaghticoke Tribal Nation has challenged Interior Department Associate Deputy Secretary James Cason's authority to act as "the decision-maker" in overturning the tribe's federal acknowledgement in October 2005.

In the latest twist in the Schaghticokes' decades-long quest for federal recognition, attorneys filed a motion Jan. 23 in U.S. District Court in New Haven, claiming that Cason violated both the Appointments Clause of the Constitution and the Vacancies Reform Act when on Oct. 12, 2005, he issued a Reconsidered Final Determination reversing the BIA's January 2004 positive federal acknowledgement decision.

Cason was functioning as an Assistant Secretary for Indian Affairs but was not appointed by the president or confirmed by Congress, and therefore exceeded his authority by issuing decisions that only a "principal officer of the United States" can lawfully render; therefore, the RFD is void, STN's attorneys wrote.

Cason also reversed that day the federal status of the Eastern Pequots, whose federal recognition had been issued two years earlier.

Interior's Inspector General's office could not comment on what the implications would be concerning Cason's other high-level regulatory decisions, if the Schaghticokes' claims are upheld.

The motion is part of the tribe's appeal of the reversal of its recognition. The appeal alleges, among other things, that the RFD was arbitrary and capricious, a violation of the tribe's due process rights and the product of unlawful political influence and congressional interference. It asks the court to restore the tribe's recognition. Interior and its officials are named as defendants.

The appeal is "the Tribe's remaining hope to regain the federal recognition that was wrongly taken from it in the RFD. It is no exaggeration to say that the Tribe is fighting for its very existence. What happened to this Tribe, including the circumstances in which it lost its prior positive recognition are, at a minimum, unusual and deserving of careful review. The Tribe has alleged since its federal recognition first came under attack that various political officials acted improperly to reverse that recognition. This improper delegation of authority to Mr. Cason is one more part of the story of the illegal handling of the Tribe's recognition. The Court should hear the full story of the Tribe's fate," one of the attorneys said.

The Schaghticokes' claims have "no merit," said Connecticut Attorney General Richard Blumenthal, who led the state's relentless opposition to the tribe's federal recognition.

"They are yet another attempt to deflect attention from the real issue: the Schaghticoke Tribal Nation's woefully insufficient evidence in support of its petition for federal recognition. I am confident that the BIA's final decision denying the group federal recognition will stand," Blumenthal said.

On Aug. 2, 2001, Norton named Cason "associate deputy secretary" - a title that does not appear on Interior's organizational chart on its Web site at www.doi.gov. In February 2005, when the duly appointed and confirmed ASIA David Anderson resigned, Norton issued an order relegating all of the ASIA responsibilities, duties and functions to Cason.

"Information obtained by the Tribe - including the recent depositions of former Secretary Norton and Mr. Cason ... makes plain that, in this capacity as Associate Deputy Secretary, James Cason at all relevant times performed duties that rendered him a 'principal officer' of the United States. As such, he is required by the Constitution and case law to have been a PAS [presidential appointee, Senate confirmation] appointee. He was not," the attorneys wrote.

The tribe's attorneys declined to release transcripts of Cason's and Norton's depositions, but Blumenthal included excerpts in a brief he filed opposing the tribe's request to take testimony from other Interior officials.

The tribe's attorneys said "it was no accident" that Cason was appointed outside of the PAS process - he did so to avoid Senate scrutiny. Cason failed to win Senate confirmation in 1989 when former President George H.W. Bush nominated him as

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Assistant Secretary for Natural Resources Environment in the Agriculture Department. His inability to win Senate confirmation related to his actions in Interior's Land and Minerals Management and Bureau of Land Management during the 1980s.

"Mr. Cason's decisions at the Department of the Interior were uniformly bad when measured against any reasonable standard of public interest and fairness to the public which owns the public lands," said R. Max Peterson, the chief of the U.S. Forest Service during the Reagan years, in an article called "Leave No Tree Behind" posted on www.counter punch.org in August 2003.

Interior's Deputy Inspector General Mary Kendall could not comment on the merits of the Schaghticokes' claims because the issue is in litigation.

"But as a lawyer, not speaking on behalf of the IG's office, I think these are very, very interesting legal issues," Kendall said.

If the tribe's arguments are upheld, what would it mean for all the other high-level decisions Cason has made? Should they stand? Should they be reviewed or vacated?

"I can't go there," Kendall said.

Inspector General Earl Devaney's office has investigated both the tribe's positive recognition process and Cason's roles in Interior.

Devaney investigated the BIA's Schaghticoke recognition process in 2004 at the request of Connecticut Sen. Christopher Dodd, a Democrat who recently announced he is running for president in 2008. Connecticut officials had accused the BIA and the tribe of political influence, corruption and "bending the rules." The investigation exonerated both the BIA and the tribe of any wrongdoing. The recognition decision was "highly controversial," but the process had been honest and transparent, Devaney said. Connecticut officials then accused the IG's office of corruption and "whitewashing" the investigation.

The IG scrutinized Cason's actions during an 18-month investigation of former Deputy Secretary J. Steven Griles, who was notified by the Justice Department in January that he was likely to be indicted for lying under oath about his relationship with the criminal former lobbyist Jack Abramoff.

The investigation involved allegations that Griles and "DOI officials" had steered $1.6 million in Bureau of Land Management contracts to Griles' former clients. Griles had assigned Cason to screen all matters relating to the contracts from which he had ostensibly recused himself.

The investigation was not able to pin down any ethical violations, but issued a scathing indictment of Interior's "cowardly and disingenuous" failure "to provide rigorous ethics advice to the political leadership."

The investigation was impeded by the shape-shifting nature of Griles' former oil and gas industry clients who "continually merge, change names, and develop subsidiary companies," and by "an unanticipated lack of personal and institutional memory, conflicting recollections; poor record keeping" and other deficiencies.

Cason's authority to act without a presidential nomination and Senate confirmation also raised a red flag years before the tribe's current claims. In response to a query from Committee on Energy and Natural Resources Chairman Sen. Jeff Bingaman, D-N.M., in 2002, the Government Accountability Office reported that Cason at that time was not making high level regulatory decisions and, therefore, was not "a de facto officer" of the United States subject to presidential appointment and Senate confirmation.

CONGRESS-ADMINISTRATION:

Bush Budget To Seek Cuts For Medicare, Medicaid (LAT)

By Joel Havemann, Times Staff Writer

The Los Angeles Times, February 5, 2007

His effort to balance the books in five years includes new spending on education, energy initiatives, farmers and the wars.

WASHINGTON — In a bid to balance the federal budget in five years, President Bush will seek cuts in several key programs. But the spending blueprint he sends to Congress on Monday leaves room for some sweeteners, according to administration officials.

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Under the Bush plan, grants for college students would rise after remaining stagnant for three years, and some parts of the No Child Left Behind Act would receive additional funding.

There would be new money to spur the manufacture of hybrid cars and production of ethanol. And a new farm bill would give farmers $1 billion more a year than the current law.

At the same time, Bush will ask for substantial cuts in Medicare and Medicaid, the government's main healthcare programs.

The Pentagon budget, including a detailed request for war funding in 2008, will hit $623 billion, according to a senior Defense official. That total includes $481 billion for the military's normal annual budget, a 10% increase over this year's spending.

That increase is accounted for, in part, by Bush's proposal to increase the size of the Army and Marine Corps by a combined 92,000 troops over the next five years.

The budget request also includes, for the first time, funding details for the wars in Iraq and Afghanistan; in past years, these war costs have been approved as special emergency funding bills. The 2008 budget will include a $142-billion estimate for war costs, a clear indication that the administration anticipates a high troop level in Iraq through the end of next year.

The White House will also be asking for an additional $93 billion in war funding for the current fiscal year, which ends Sept. 30.

Combined, the two war requests would take total spending on Iraq and Afghanistan to about $737 billion.

Many aspects of Bush's budget almost assuredly will spark criticism from the Democratic-controlled Congress, which can be expected to offer alternative funding levels. His proposed Medicare cuts are likely to receive an especially cold reception.

Sen. Hillary Rodham Clinton (D-N.Y.), who is seeking the presidency in 2008, on Friday said she considered it "unconscionable that the president's answer to our healthcare crisis is to cut the already strained healthcare safety net."

Bush's proposal is expected to cut more than $65 billion over five years from Medicare and about $7 billion from Medicaid, relative to the spending levels that the programs would reach under current law. Large as these cuts seem, they represent only about 2% of the total projected spending for the two programs, which will cost about $590 billion this year.

Most of the Medicare cuts target hospitals and other service providers, rather than direct benefits to patients. The proposal includes cutting about 8% in Medicare payments to doctors.

At the same time, patients would have to pay more for their healthcare coverage through higher co-payments and other changes.

The president also will propose restraining the growth of the State Children's Health Insurance Program. In some states, children from families with incomes up to three times the poverty level qualify for assistance; Bush would reduce that threshold to twice the poverty line.

The president's budget would be more generous to low-income college students. The maximum Pell grant would rise to $4,600 in the 2008-09 school year, from $4,050.

The No Child Left Behind Act, which became law early in Bush's first term, would keep its goal of lifting every student to grade-level competency in reading and mathematics by 2014. Some components of the program would get more federal funding, but the Education Department did not say whether overall outlays would rise.

Bush, who in his State of the Union address last week highlighted a push to reduce U.S. dependence on foreign oil, is expected to ask for $2.7 billion for his "advanced energy initiative." This includes the efforts to develop more hybrid cars and to increase use of ethanol, an alternative fuel which can be produced from grains and grasses.

In the address, Bush proposed cutting the nation's consumption of gasoline 20% within 10 years.

On another front, Sen. David Vitter (R-La.) expressed displeasure with the funding proposal for levee fortifications and other projects to help Louisiana recover from Hurricane Katrina.

In a letter to Bush, he contended that the budget request would be a "step back" from the president's previous commitment.

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Times staff writers Ricardo Alonso-Zaldivar, Julian E. Barnes, Richard Simon and Peter Spiegel contributed to this report.

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Budget For Bush, Saving Tax Cuts Is A Tough Balancing Act (WSJ)

By Deborah Solomon

The Wall Street Journal, February 3, 2007

President Bush's budget, which he submits to Congress on Monday, will be an early effort to cement his legacy in domestic policy. The key question: Can he convince members of Congress that they can extend his cherished tax cuts, all of which expire by 2010, and still balance the budget?

Mr. Bush has pledged to show a path to erasing the existing $248 billion deficit a couple of years after he leaves office, partly so he can claim strong financial stewardship and, more importantly, so he can convince Congress to extend the tax cuts. If the projections are derided as fuzzy math or have unrealistic assumptions, Congress will scoff and ignore them.

Those projections will assume that Mr. Bush's tax cuts, which are estimated to cost about $450 billion over the next five years, are made permanent. But the White House is expected to leave out or underestimate other key costs, including an expensive fix to the alternative minimum tax and additional funding for the war in Iraq beyond 2009. It will also include strong revenue growth that some economists may see as unrealistic.

As the Bush budget will show, the deficit numbers are notoriously dependent on such assumptions. "The numbers don't tell the whole story," says Stan Collender, a budget expert who is managing director of Qorvis Communications LLC. Depending on how you do the math, he says, there's "either a big surplus coming or a big deficit coming."

Projections by the Congressional Budget Office show a $170 billion surplus in 2012. But that number quickly turns into a deficit when other widely expected costs are factored in, including a fix to the AMT, which is slated to snag 23 million Americans this year unless Congress acts, and more spending on defense and the war on terror.

"It's a little hard to see how there could be a meeting of the minds," Sen. Kent Conrad, (D., N.D.) told reporters the other day. "When you adjust the CBO forecast for the proposals of the president, you can see they just drive us right over the cliff in terms of massive growth of the debt."

The 2008 budget is expected to propose about a 10% increase for the Defense Department to $481 billion, as well as a separate request of $141 billion for the broader war on terror, including funding for the Iraq war. Mr. Bush is also expected to ask for another $93 billion in war funds for 2007, on top of the $70 billion Congress approved last year.

Other agencies are bracing for a squeeze, including the Securities and Exchange Commission, which expects flat funding in 2008 after several years of post-Enron increases. Other agencies have also been told to expect flat or small increases in 2008, according to people familiar with the administration's plans.

There will also be some new initiatives, including the president's proposal to provide a standard tax deduction to individuals who purchase health insurance either through their employer or on the open market. That plan, which would make employer-provided health insurance taxable as income and exclude as much as $15,000 of that income per family, is expected to cost the government about $30 billion to $40 billion a year for the first few years but eventually become "revenue neutral" within a decade.

The budget will also show plans to slow the current 7% annual growth rate in Medicare spending. Those savings are expected to come from squeezing health providers, like doctors and hospitals, which will undoubtedly spark a battle on Capitol Hill as those providers seek to escape the budget scalpel.

A Rare Bill In Congress (NYT)

The New York Times, February 3, 2007

The Democratic-led House has made the most of a sorry budgetary business, stripping out billions of dollars in earmarked pork from a spending measure urgently needed to keep the government running this year. The $463.5 billion bill is an omnibus mop-up device necessitated by the fact that nine of 11 major spending bills were left unfinished last fall by the Republican leadership in its final weeks of power. The Democrats, who promised to cut out special-interest budget goodies, killed thousands of earmarks custom-designed by lawmakers.

The stopgap measure roughly duplicates the spending levels of last year's budget, but has enough room for important changes neglected by the last Congress. More than $10 billion was voted for such programs as health care for wounded Iraq war veterans, Pell grants for students and housing vouchers for the poor, and for 500 additional health research grants. Democrats

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saved two vital Census Bureau initiatives that Republicans had tried to kill: the running survey of the effect of government programs on the poor and disabled, and the testing of new technology needed for the 2010 census.

The House measure now heads to the Senate as that rare piece of legislative sausage devoid of expensive, toothsome pork. The rush to passage was necessitated by a Feb. 15 deadline to keep the government financed by cleaning up the leftover mess before having to move full time to writing next year's budget.

Earmarks — those undebated dipperfuls of taxpayer-financed contracts that tripled under the Republicans — will undoubtedly return in the new budget. The difference is that they will be subject to new ethics rules, which say lawmakers are supposed to own up to their provenance by specifying the beneficiaries and justifications of earmarks and disavowing that they will personally benefit.

Bush To Seek 3 Percent Raise For Civil Service And Military (WP)

By Stephen Barr

The Washington Post, February 3, 2007

President Bush will propose a 3 percent pay raise for federal employees and military personnel in his fiscal 2008 budget, scheduled for release on Monday, a senior administration official said yesterday.

Clay Johnson III, deputy director for management at the Office of Management and Budget, said the president's civil service pay advisers and Pentagon officials had acted independently in coming up with their pay recommendations. If accepted by Congress, the raises would take effect next January.

Under current practice, most of the money for the annual civilian pay raise is allocated across the board, as a nationwide increase, and a small portion is parceled out by locality to reflect labor market conditions. The new budget will propose using an additional factor -- recruitment and retention needs for special occupations -- in distributing raises, officials said. This would give Bush more leeway in salary adjustments.

The administration proposed a similar, three-way pay allocation process in last year's budget, but the recommendation was not taken up by Congress.

Federal pay is an important part of the Washington-Baltimore economy. The region is home to about 10 percent of the federal workforce, and the annual federal employee payroll (not counting the military and U.S. Postal Service) runs about $20 billion. Many corporations and nonprofit organizations use the federal raise as a benchmark when deciding their annual salary adjustments.

House Majority Leader Steny H. Hoyer (D-Md.), a longtime advocate for federal employees, said he planned to study the budget proposal, particularly in the context of what he called "an already significant pay gap between federal employees and their private-sector counterparts."

Johnson said the proposal to provide the civil service and the military with a 3 percent raise next year was based on the Labor Department's Employment Cost Index, which tracks wage growth in the private sector. In most years, Congress relies on the index as a starting point for debate on government raises.

The pay proposal marks the second consecutive year that Bush's budget has called for equal adjustments in civil service and military pay. The fiscal 2007 budget proposed an average 2.2 percent raise for both groups. Bush put the raise into effect after Congress failed to complete work on fiscal 2007 spending bills.

The Washington-area congressional delegation usually supports equal adjustments in pay for the military and the civil service, and Hoyer and other area House members recently wrote Bush urging him to support a "pay parity" policy in 2008.

While the president's 2008 budget will propose comparable raises for the civil service and the military, Johnson said, he stressed that the recommendations resulted from "two independent agency processes. The goal is not parity, but that is what the two proposals ended being."

Bush To Urge Democrats To Consider His Domestic Policy (WP)

By Michael A. Fletcher

The Washington Post, February 3, 2007

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In an attempt to sustain key elements of a domestic agenda pronounced dead on arrival by congressional critics, President Bush will challenge the newly empowered House Democrats to give his health-care and energy proposals serious consideration when he addresses them today during a retreat in Virginia.

Confronted by the reality of a Congress now controlled by Democrats, Bush has maintained his trademark determination regarding Iraq, pushing forward with a military buildup despite widespread Democratic opposition.

On domestic matters, however, Bush has recently adopted the rhetoric -- but not the policy positions -- often associated with Democrats. He has invoked the menace of global climate change, lamented the nation's growing income inequality, and set ambitious goals to develop alternative fuels and cut gasoline consumption. He has also proposed a plan to make health insurance more affordable to the 47 million people in the country who lack coverage.

Congressional Democrats have greeted such offerings with suspicion. Leading House Democrats remain dismissive of Bush's health-care proposals, in particular. And as they met yesterday during their retreat in Williamsburg, caucus leaders said the onus remains on the president to reach out by backing the domestic initiatives -- including an increase in the minimum wage and a reduction in student-loan rates -- that the new House approved during its first weeks.

"Is he going to stand in the way, or is he going to join us?" asked Rep. Chris Van Hollen (Md.), the chairman of the Democratic Congressional Campaign Committee.

Joel D. Kaplan, Bush's deputy chief of staff and a key figure in the development of the president's agenda, said the president's domestic plans confront "real challenges faced by real people, and they provide real solutions."

Under Bush's health-care-coverage plan, the federal government would create a tax deduction to offset the cost of health insurance. The value of employer-provided health insurance that exceeds the deduction would be taxed as income.

Because the deduction would apply to income before taxes for Social Security and Medicare are subtracted, Bush's plan would mean a tax cut for families who buy health insurance even if they pay little or no income tax. For a family earning $20,000 a year, the savings would be significant -- $2,295 a year, the White House said.

The tax plan would be complemented by a Bush proposal to redirect some of the federal health dollars now being spent by states on hospitals and other institutions, so that they can use them to help pay the cost of health insurance for the poor and for people who have difficulty getting coverage because of chronic health problems.

The White House thought that the idea's progressive tilt would be attractive to Democrats. But key Democrats almost immediately rejected the two plans, calling them the latest in a line of GOP efforts to push workers away from employer-provided health insurance and into individually purchased plans.

"We're not too enthusiastic about either of those proposals," said House Majority Leader Steny H. Hoyer (Md.).

Senators Move Donor Disclosures At A Snail's Pace (LAT)

By Dan Morain

The Los Angeles Times, February 3, 2007

WASHINGTON — In a windowless office at the Federal Election Commission, a 10-year-old printer churns out 500 pages an hour — hour after hour.

"It's a mule," says J. Arnold Queen, the man who tends the Hewlett-Packard 8100-N, a discontinued model.

Overnight, the HP-8100 had spewed forth 2,000 pages. It can't crank out more until its trays are emptied. Tens of thousands more pages are backed up in the queue. It will be working through the day, into the night and over the weekend.

Like most beasts of burden, the machine is a throwback, part of an anachronistic and costly system that exists in large part to serve the members — the Luddites, some would say — of the United States Senate.

Unlike candidates for president and the House, political action committees and most state offices, senators refuse to transmit their campaign donation reports over the Internet.

Thanks to a labyrinthine process that takes weeks or months, they are able to delay public access to their campaign donors' identities — sometimes until after the election.

Now that seven senators are running for the White House and using money raised as senators to jump-start their campaigns, the practice is under renewed scrutiny.

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Senators have blocked repeated efforts, backed by 25 of their colleagues from both parties, to change the law.

"Here is something no one opposes. No one. Why hasn't it passed?" asks Steven Weissman of the nonprofit Campaign Finance Institute.

The answer, he and others say, is that senators don't really want it to pass. But no one argues against it publicly. It's killed in more subtle ways, away from public view.

Like all federal officeholders, senators were required to submit year-end campaign finance reports by Wednesday. Such reports are public documents. But that doesn't mean they are publicly available. Nor will they be any time soon.

"We've seen months go by when the records are not available," Weissman said.

"It's stupidity," said Bob Biersack, FEC spokesman.

"It's not an accident," said Fred Wertheimer, president of Democracy 21, which advocates more disclosure of campaign finances. "It's disclosure that no one can see."

It's not for lack of technology. Senators, good politicians that they are, use computers to track their campaign contributors and maintain campaign records. But rather than transmit this information electronically to comply with the disclosure laws, senators print the documents — which can run thousands of pages — and deliver them to the Senate's public disclosure unit two blocks away.

Many senators drop them in the mail. As long as they are postmarked by the filing date, they are in compliance with the law. Some reports may not arrive for days. The report for Sen. Hillary Rodham Clinton (D-N.Y.) didn't reach the Senate office until Friday.

There, Senate staffers scan the reports, page by page, transforming them back to digital images. That can take two days.

Then they send the reconstituted computer files by e-mail to the FEC. There, the HP-8100 goes to work, printing and collating the material and preparing it for key-punchers.

A report on all of the Senate Democrats' campaign donors last year consumed 5,487 pages. A similar Republican report weighed in at 4,650 pages. At 500 pages per hour, that equates to between nine and 11 hours, paper jams notwithstanding — though Queen notes that the 8100 "just keeps on going."

The process — which occurs quarterly, and more often in election years — doesn't end there.

Once the reports are collated and boxed, a courier picks them up and drives them an hour or so to Fredericksburg, Va. There, a private contractor, ILM Corp., employs workers to type the information back into a computer — at a cost to taxpayers of $250,000 a year.

Since key-punchers are human, they make mistakes. In one case, a $200,000 entry was reported as $2.3 million.

Once that's done, the data are transmitted electronically back to the FEC — which then posts them online. The process can take months.

As a result, voters had no clue who donated to candidates in the closing weeks in six tight races in November, Weissman said. The reports for some challengers and incumbents in Missouri, Montana, Pennsylvania and elsewhere did not become public until after the election.

Donations came from a tobacco company; corporate law firms; and energy, insurance, cable television and Wall Street firms — information that might have helped sway some voters.

Sen. Dianne Feinstein (D-Calif.), who chairs the influential Senate Rules Committee, is among those who endorsed legislation requiring senators to file electronically. The FEC has urged the change at least since 1997. Talk of requiring online filing comes as Congress considers legislation to expand disclosure requirements related to lobbyists. "It's time to bring the Senate into the modern era," Feinstein said in a statement this week.

Neither she nor another advocate of change, Sen. John McCain (R-Ariz.), was available to discuss why the change is being blocked, or by whom.

Baca Defends Actions (POL)

By Josephine Hearn

The Politico, February 2, 2007

DOJ_NMG_0127781

Amid roiling turmoil in the Congressional Hispanic Caucus, chairman Joe Baca Friday refuted accusations that he had called Rep. Loretta Sanchez, a "whore," had mismanaged the group's political arm, thwarted the advancement of female lawmakers and was improperly elected chairman.

In a lengthy statement, Baca said he was "deeply troubled" by the allegations made by several of his colleagues in the 21-member caucus. All its members are Democrats, and both Baca and Sanchez are from California

Sanchez resigned from the caucus Wednesday, accusing Baca of telling people she's a "whore."

"A months-old internal CHC discussion has been repackaged into accusations with sexual overtones through irresponsible reporting and inflammatory headline writing," he said.

He reiterated his statement, issued Wednesday, that the claims were "categorically untrue."

Aides to Sanchez and Reps. Hilda L. Solis and Linda Sanchez, two California Democrats who have been very critical of Baca, could not be reached for comment. Linda and Loretta Sanchez are sisters.

Baca again dismissed Loretta Sanchez's charge that he had referred to her as a "whore" during a meeting with California state legislators, including Democratic Assembly Speaker Fabian Nunez. Specifically, Baca noted news reports that Nunez had said he has "no recollection" of the remark.

Baca also disputed claims of Sanchez and three other Latina Democrats that his November election as caucus chairman had not followed the caucus's bylaws because it did not employ secret ballots.

"The election adhered to the established rules and procedures of the CHC so there should be no question about the validity of the process or the outcome," Baca said. "Our bylaws make no mention of secret ballots, simply requiring that there be an affirmative vote of a majority of the CHC Members."

Nonetheless, the caucus held a second vote Jan. 18, and Baca was elected again.

"Although this meeting was open to all CHC members, none of the members who have since expressed concern attended the executive session," he said.

Addressing accusations about the group's political arm, Baca said he had abstained from a vote to direct political contributions to his two sons, a move that had drawn criticism from half a dozen colleagues. He also noted that the sons had refunded the donations "upon concerns coming to light."

He also dismissed allegations of sexism, noting that he had appointed, or recommended, female lawmakers to various leadership posts. And he pointed out that his longtime chief of staff, Linda Macias, had been an "invaluable colleague and friend" for a dozen years and that the majority of his staff are women.

Who's A "Whore"? (LAT)

The Los Angeles Times, February 3, 2007

OK, so Loretta is all mad at Joe because he's using money from the club treasury for his boys, who Loretta totally can't stand, so Loretta and her sister, Linda, get some girls to go after Joe's boys, but he's elected to head the club, which makes Loretta go postal and she quits. And then Loretta says Fabian said Joe called her a whore! But now Fabian says he doesn't remember, and Joe's all like, "It never happened."

Sounds like junior high, doesn't it? It's not. It's the California congressional delegation. In particular, it's several Southern California Latino Democrats, hurling charges and countercharges about political money, family, voting improprieties and personality. But it comes down to this: Did Rep. Joe Baca (D-Rialto) call Rep. Loretta Sanchez (D-Santa Ana) a "whore"? And if so, why?

The trash talking went public this week when Politico.com reported that Orange County's Sanchez had quit the Congressional Hispanic Caucus, which the Inland Empire's Baca chairs. But the bad feelings stretch back a year, when caucus PAC money was being used to boost the political fortunes of Baca's sons, Joe Jr. and Jeremy. Jeremy needed the money to help his family keep the state Assembly seat being vacated by Joe Jr., who was trying to extend the Baca empire into the state Senate. Both Baca brothers lost, despite the infusion of PAC money, and it may be worth noting that their opponents were women: Gloria Negrete McLeod defeated Joe Jr., and his old seat went not to his brother but to Wilmer Amina Carter.

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Sanchez and four other Californians — including her sister, Rep. Linda T. Sanchez (D-Lakewood) — and an Arizonan quit the PAC over the use of money for family members. But the Sanchez sisters and other female caucus members angry over the PAC money, the Baca family's dynastic aspirations and the poor treatment of women also complained that the caucus broke its own rules by electing Baca without a secret ballot. Loretta Sanchez said that was the real reason she finally quit.

This week she also claimed that Baca lobbed the W-word at her. Fun as it may be to imagine the two Democrats yelling profanities across the Rotunda, it turns out that Sanchez heard about the "whore" comment secondhand — from, she implied, Assembly Speaker Fabian Nuñez (D-Los Angeles). Nunez says he remembers no such thing. Baca said it never happened.

Here are some universal truths: Our elected officials should not try to build family dynasties. Female politicians should be treated with as much respect as their male counterparts. Trash talking dirties everyone. And members of Congress should act like adults. Grow up.

FAA Looks For Money For New Air-Traffic Control System (WP)

By Del Quentin Wilber

The Washington Post, February 3, 2007

Federal aviation officials expect on Monday to begin introducing a proposal to finance a new air-traffic control system that they say will be needed to keep pace with increasing air travel over the next two decades.

Without a new system, officials say, passengers would face delays that would dwarf last year's snarls.

"In the long term, we could see real gridlock," said Federal Aviation Administrator Marion C. Blakey.

Few people in the aviation industry dispute Blakey's assessment of future air-traffic congestion, a problem that officials hope to fix by switching from a radar network to one that relies on satellites.

However, a debate is unfolding over how to finance the next-generation network, which could cost $69 billion to $76 billion, according to the Congressional Research Service. The Federal Aviation Administration and other government agencies want the system completed by 2025. They have not said how much it would cost.

The FAA would use its trust fund, which accumulates aviation-related taxes, to pay for the new system. The fund's balance has dropped to $1.8 billion, however, the lowest in a decade, officials said.

The officials say they must change how they collect money for the fund. Its largest source of funding -- taxes paid on airline tickets -- is not keeping pace with costs, they say.

The officials cite several reasons for the shortfall, but attribute it mostly to the growth of low-cost carriers. Those airlines charge less for flights, reducing tax revenue. Officials also note that airlines are using more small jets, adding to the workload of controllers.

Officials expect increased use of corporate aircraft and small private planes, known as very light jets, that are just hitting the market. Users of corporate jets and other private aircraft pay fuel taxes.

Blakey has hinted that the agency is considering a plan more in line with what airlines have advocated for years: replacing the ticket tax with user fees. Airlines want the FAA to charge fees for most planes, including private jets, that use controlled airspace.

It is not clear how broad the FAA proposal would be or how much it would rely on user fees, taxes or a combination of the two. Blakey has said only that the agency would try "to tie the actual costs of providing the services to the revenue that is coming in."

Owners of jets and small planes are lobbying against a change in the funding structure, saying it would unfairly hurt their businesses and aviation generally. They say the FAA has exaggerated its budget problems and has not explained how much the new system would cost. If the funding structure remains unchanged, they say, the trust fund would still accumulate billions of dollars to finance a new air-traffic system. They refer to estimates by the Congressional Budget Office that say the fund would have nearly $19 billion by 2016.

"I just don't understand why we need to change a system that works," said Phil Boyer, president of the Aircraft Owners and Pilots Association.

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Parts of the FAA proposal would be included in the agency's budget, which is to be submitted to Congress on Monday. More details are to emerge after the agency's reauthorization proposal is made public in the next few weeks.

The planned air-traffic system would be vastly different than today's network, which dates to the 1960s and relies on radar and air-traffic controllers to direct pilots. Controllers must maintain substantial distances between planes and often move aircraft along slower, indirect routes because of the imprecision of radar data.

The new system, parts of which are being tested, would rely on satellites and Global Positioning System devices, which can locate an aircraft within a few feet. That would make it easier for controllers to handle more aircraft safely and more efficiently, officials said.

Pilots also would be able to monitor the location of other planes on screens in their cockpits, giving them a far better idea of what is going on around them and how to avoid trouble.

The system would require new equipment for planes, which could cost thousands of dollars per aircraft. The government would have to ensure that other countries adopt similar systems so planes would not need additional computers or software. The new technology must be proven to be as reliable as radar.

The government probably would not get rid of all of its radar stations because it would not be able to track planes involved in terrorism incidents in which satellite positioning systems are disabled.

Crashworthy Motor Vehicles (NYT)

The New York Times, February 3, 2007

The federal government is exploring ways to strengthen its tests and its ratings system for the crashworthiness of motor vehicles. The effort is long overdue but still likely to fall short of what's needed. In far too many cases, the tests are weaker than they should be and fail to address current kinds of accidents, like what happens when one of today's larger vehicles collides with a smaller one.

The National Highway Traffic Safety Administration tackles vehicle crash protection in two major ways. It sets minimum crashworthiness standards and requires the manufacturers to test their vehicles and certify that they comply. And it conducts its own more rigorous tests on a number of new-model cars and then converts the results into a five-star rating system to indicate which vehicles are more crashworthy and which are less likely to roll over. The theory is that consumers will be more interested in buying the safer vehicles, thereby giving manufacturers a strong incentive to surpass the minimum requirements.

There is little doubt that these efforts have helped to prod manufacturers to design safer cars. But the ratings are a victim, in some sense, of their success. Nowadays, a vast majority of vehicles get four or five stars, providing little way for consumers to detect differences and giving manufacturers little incentive to keep improving.

Worse yet, the tests have not kept pace with the times as more sport utility vehicles, minivans and pickups have taken to the roads. Fortunately, the agency is belatedly exploring ways to upgrade its crash tests and strengthen the five-star rating system. The secretary of transportation, Mary Peters, announced last month that vehicles could be subjected to more stringent rollover, front- and side-crash tests. New ratings may also be developed for technologies that help drivers avoid crashes, like electronic stability control and lane departure warning systems.

The agency signaled that it was not yet ready to address such important issues as collisions between large and small vehicles, collisions with narrow objects like telephone poles, and the protection of occupants in rollover crashes, on the grounds that more research is needed. For everyone's safety, consumer advocates and vehicle insurers should press hard for the strongest possible tests and standards.

OTHER NEWS:

Jobs Data Signal Growth Is Easing But Still Solid (WSJ)

By Christopher Conkey

The Wall Street Journal, February 3, 2007

DOJ_NMG_0127784

U.S. employers were more cautious about taking on new workers in January, a hint that economic growth may be easing. But plenty of underlying signs suggest that a strong labor market will continue to lift wages and boost consumer spending in the months ahead.

The Labor Department Friday said nonfarm payrolls rose by 110,000 jobs last month following December's gain of 206,000 jobs. The smaller increase in January -- together with a rise in the unemployment rate to 4.6% from 4.5% in December and a tepid 0.2% gain in the typical employee's pay last month -- suggests the economy is slowing somewhat after a strong finish to 2006.

But the tone of the report wasn't entirely soft. Revised data showed that employers brought on 80,000 more workers in November and December than initially thought, which means employers have added an average of 170,000 jobs a month since November. That is more than enough to keep the economy growing at a pace that could stoke inflation, particularly if the unemployment rate stays low and wages keep rising faster than consumer prices.

The ambiguous signals from the labor market arrived as economists were trying to digest a separate report this past week that showed the economy bouncing back from a midyear slump to grow at an annualized, 3.5% inflation-adjusted rate in the fourth quarter. In leaving interest rates unchanged this past week, the Federal Reserve noted the recent signs of economic strength and said it remains concerned that inflation could flare up again.

Despite lukewarm job creation in January, a large, upward revision to last year's job estimates will likely keep those concerns alive. In its annual revision, based on a thorough count of unemployment insurance tax records, the Labor Department said the economy created more than 2.2 million jobs last year, 400,000 more than previously estimated. That helps explain why consumers seemed so resilient last year despite higher interest rates and a sharp reversal in the housing market, and it bodes well for economic growth this year.

"One reason the U.S. economy has weathered this downdraft in housing and autos is that it's been generating a lot of income" for consumers, said Robert Gay, a former senior economist at the Federal Reserve.

Indeed, the competitive labor market continues to boost wages. The average hourly wage of nonmanagerial workers in January was 4% higher than a year earlier, well above the current inflation rate of about 2.5%.

White-collar, service-sector workers like Mr. Gay, now a hedge-fund consultant in New York, have been in particular demand. Employment in the category of professional and business services, which includes accountants, consultants and lawyers, grew by 25,000 positions in January. The health-care field added 18,000 workers last month and an average 28,000 positions a month last year.

FairPoint Communications Inc., a Charlotte, N.C., telecommunications company, said it plans to add 600 jobs this year, to "support field operations" and mostly in the accounting, logistics, information-technology and human-resources departments.

Roy Krause, chief executive of Spherion, a staffing firm in Fort Lauderdale, Fla., said, "You're taking out of a lot of companies the 60-year-old middle-management professional that needs to be replaced somehow." He said Spherion's professional placements are running 8% to 10% higher than a year ago, compared with 4% to 5% growth for clerical or industrial placements.

Amid the vigorous labor market, the University of Michigan yesterday said its consumer-sentiment survey rose to 96.9 in January from 91.7 in December, hitting its highest mark in two years.

Meanwhile, the Commerce Department said factory orders surged 2.4% in December after a 1.2% gain in November, but underlying trends suggest the manufacturing sector could struggle in the months ahead as it works off stockpiles of unsold goods.

Economy Adds Fewer Jobs Than Expected (FT)

By Eoin Callan, Michael Mackenzie

Financial Times, February 3, 2007

The US unemployment rate rose this month as the economy added fewer jobs than expected, government figures showed.

The unemployment rate hit 4.6 per cent as employers added 111,000 workers to their payrolls in January, the department of labour said.

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The signs of cooling in the labour market are consistent with the Federal Reserve's view that inflation pressures are starting to moderate as the economy coasts towards a soft landing.

The increase in unemployment makes the central bank more likely to keep interest rates on hold as it waits to assess the full impact on consumer sentiment of a slowdown in the housing market.

Robert Mellman, an economist at JP Morgan, said: "The message from these figures is that the economy is not overheating. This gives the Fed less reason to be worried about inflation."

Ed Lazear, economic adviser to President George W. Bush, said: "This jobs report is just about perfect. It suggests that the economy is balanced. It suggests we can sustain this into the future."

The slower-than-expected job creation follows above trend economic growth in the last quarter, when the economy created 104,000 more jobs than previously thought, according to the latest figures.

The payroll increases were strongest in the service sector - which added 104,000 jobs, while the construction sector surprised many economists by adding 22,000 jobs, despite a housing slowdown.

Factories shed 16,000 jobs, underlining the weakness in the the manufacturing sector, according to the data on non-farm payrolls.

Alan Ruskin, chief international strategist at RBS Greenwich Capital said: "The data will leave expectations of a steady Fed through the first half of 2007 largely intact while encouraging some to flirt more actively with rate cuts toward the end of the year."

Equities rose as Treasury yields fell, with the benchmark 10-year bond yield down to 4.81 from 4.85 per cent. The dollar slipped a little against the euro and the yen.

Growth in average hourly earnings was slower than expected with an increase of 3 cents in January to $17.09. Over the year, both hourly earnings and weekly earnings rose by 4 per cent.

Employment Figures Fit "Soft Landing" Predictions (WP)

By Nell Henderson

The Washington Post, February 3, 2007

The nation's labor market softened slightly last month, with the unemployment rate edging up to 4.6 percent as job growth slowed, the Labor Department said yesterday.

The report fits with widespread government and private forecasts that the economy will slow to a cooler but still-solid pace of growth this year after expanding rapidly last year. That is expected to cause the drum-tight job market to ease and inflation pressures to ebb.

The Labor Department's report "paints a perfect picture of the U.S. economy and labor markets making a 'soft-landing,' " said Stuart Hoffman, chief economist at PNC Financial Services Group.

The jobless rate ticked up in January from 4.5 percent in December but remains low by historical standards. Much of the increase occurred because hundreds of thousands of workers poured into the labor force last month, likely drawn by booming job growth at the end of last year.

Employers increased their payrolls by 206,000 workers in December and by 196,000 in November, the department said, revising upward earlier estimates. That was more than the monthly number of new jobs, 100,000 to 150,000, that many economists think necessary to keep pace with growth in the labor force.

Employers turned more cautious in January, however, adding a more modest 111,000 jobs, the Labor Department said. Some of the biggest employment gains were in education, health care, finance and other services, as was the case last year.

Construction employment grew as job cuts by home builders were more than offset by hiring for nonresidential projects such as offices, hotels, factories and hospitals. Some of the gain was likely because of the unseasonably warm weather across much of the country in January, analysts said.

Manufacturing employment fell, with the losses concentrated in automaking, furniture and textiles, the Labor Department said.

"The end of the year was strong, so it was not unusual there was a little pullback" in hiring last month, said Roy G. Krause, chief executive of Spherion, a national staffing firm in Fort Lauderdale, Fla.

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Many economists predict that the unemployment rate will rise this year to about 5 percent.

The unemployment rate fell last month for African American workers, to 8 percent from 8.4 percent in December. The rate was the lowest since July 2001, but was still nearly double the rate for white workers, which rose to 4.1 percent from 4 percent. Latino joblessness rose to 5.7 percent from 4.9 percent.

Wage growth also slowed in January, which should help ease concerns at the Federal Reserve that a tight job market might drive inflation higher. Average hourly earnings for most workers rose 0.2 percent last month, the slowest pace since September, to $17.09.

Slower Job Growth, At Least For Now (NYT)

By Jeremy W. Peters, Eduardo Porter

The New York Times, February 3, 2007

Job growth slowed in January, the government reported yesterday, offering a tentative sign that the economy may be shifting down a notch from its unexpectedly robust pace of growth at the end of last year.

According to the Department of Labor's report, employers across the nation added 111,000 jobs last month, about half the monthly gains recorded at the end of last year and fewer than most Wall Street economists expected.

Unemployment rose a tenth of a percentage point, to 4.6 percent, the highest level since September, because of a substantial increase in the number of people entering the labor force seeking a job.

The weaker data for January soothed some investors in financial markets, who have been worrying that faster growth in jobs and wages may feed through to higher inflation. "We're looking at the ultimate rosy scenario," said Robert S. Gay, managing partner of Fenwick Advisors, a financial consulting firm. "Not too fast, not too slow."

But employers may be hiring at a faster clip than is immediately apparent. The Labor Department also acknowledged that employers added nearly one million more jobs from March 2005 through last December than it had previously estimated.

Last year, employment growth exceeded earlier estimates by more than 400,000 jobs. The magnitude of the change suggested that the Labor Department might be seriously underestimating the growth in employment.

"The size of the upward revisions was enormous," said Joshua Shapiro, chief United States economist with MFR. "You put the pieces of the puzzle together, and it sort of tells you that the 111,000 number is not something to focus on." January's number will be revised in February and March, and will be subject to an annual adjustment next year.

The reported changes to prior data were mostly because of the annual adjustment of the sample of businesses that the Labor Department surveys to put together its employment figures. The department also recalibrated its model of the birth and death of businesses — which feeds into its estimates of employment growth.

The adjustments fit an underlying picture of an economy that is somewhat stronger than previously thought, despite the continuing weakness in the housing market — which has affected employment in the housing sector. Early estimates put growth in the fourth quarter at 3.5 percent, faster than expected.

Indeed, the University of Michigan's consumer confidence gauge for January, which was released yesterday, rebounded to its highest level in two years, as cheaper energy encouraged expectations of a stronger economy, better jobs and higher wages.

Richard T. Curtin, who heads the university's surveys of consumers, noted that in January only 27 percent of consumers said they expected unemployment to rise over the next year, the lowest percentage in two years, down from 41 percent in the August survey. "Consumers expect a big increase in real incomes," Mr. Curtin added.

Wages did not grow much in January. Hourly wages increased 3 cents, or 0.2 percent, before inflation, the slowest since September. The total hours worked in the private sector declined to 33.8 a week, from 33.9 in December.

Though inflation in January has not yet been reported, it would not be surprising if it were to exceed the growth in hourly wages.

When the Federal Reserve voted on Wednesday to leave interest rates unchanged, it sounded its usual cautionary note about inflation. But this time, it was more optimistic that prices would "moderate over time," its statement said.

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Still, some economists remain nervous about wage growth. “Increases in wages should not necessarily lead to wage inflation of the sort that would worry the Fed if we continue to see productivity growth, but productivity growth has been slowing,” said Bernard Baumohl, managing director of the Economic Outlook Group.

Even so, Mr. Baumohl added, the Fed may find it difficult to raise interest rates just as workers are starting to see real wage gains. “It’s taken so long for workers to catch up, that you really don’t want to terminate that abrupt increase in income. The Fed is going to have to be very careful here.”

Yet, according to some economists, the Fed will not be faced with that decision because the labor market is about to take a turn for the worse as the boost from cheaper gas and the warm winter weather starts to fade.

“I think we’ll be looking at softer numbers,” said Jan Hatzius, chief United States economist at Goldman Sachs, “especially to the extent that you’ve gotten some help from weather. And there’s going to be payback for that. What it means is that seasonal layoffs in the winter weren’t as significant as they have been in past winters. And there’s going to be less seasonal hiring in the spring.”

The job figures, part of the Labor Department’s monthly employment report, underscored how the housing slump is still putting a drag on the economy. Last month, home builders and related businesses cut 11,400 jobs.

Still, other sectors have not followed housing down, as many economists had feared. For instance, hiring in commercial construction offset many of the losses in housing, and the construction industry as a whole posted a gain of 22,000 jobs.

Some of the sectors doing the most hiring in January were health care and social assistance (24,500 new jobs), food services (21,000 jobs) and government (14,000).

Cuts to blue-collar work forces were some of the deepest last month. Manufacturing continued to drag, losing a net 16,000 jobs in the month. Those losses were concentrated in the automobile industry, where carmakers and auto parts manufacturers eliminated 23,000 jobs. In all of 2006, auto and auto parts manufacturers shed more than 83,000 jobs, the government reported.

Despite Recent Oil-Price Rally, Stock Investors Hold On (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 3, 2007

If stock investors could spare a blanket, they might want to throw it on crude-oil prices, which are rising again. For now, they seem to be using their blankets to keep warm.

After a selloff in crude to begin 2007, colder weather throughout much of the U.S. has sent the commodity surging anew, up nearly 17% from its mid-January lows.

But while higher oil prices usually hurt stocks because of the impact of energy costs on businesses and consumers, this oil rally hasn't sent investors into a panic. Even after a small decline Friday, the Dow Jones Industrial Average is up 1.5% for the year after closing at a record Thursday.

Investors figure at less than $60 a barrel, off 23% from the midsummer high, oil prices aren't so bad. Still, they are paying attention to oil again, wary that if crude's rise continues, it could eventually hurt corporate profits.

"More than anything else, the effect of the oil price is very psychological," for both investors and consumers, says analyst Fadel Gheit, of brokerage firm Oppenheimer & Co. He says a return to retail gasoline prices over $3 a gallon could set off more conservation by consumers and possibly a stock selloff. For now, that scenario doesn't seem much of a risk.

After a rally in oil prices Friday, prices at the service station could be on the way up. Forecasts for cold weather and buying by traders who often like to guard against adverse news over the weekend sent crude prices up $1.72, or 3%, to $59.02 a barrel -- the highest finish so far this year. That trimmed oil futures' decline for 2007 to 3.3%.

The rally helped push the Dow lower Friday, though it had its best week in more than two months. The average fell 20.19 points Friday, or 0.2%, to 12653.49, up 1.3% for the week. Higher energy prices generally concern investors because they believe that when consumers spend more at the pump, it leaves fewer dollars to spend on other products and services.

Other stock indicators rose Friday. The Standard & Poor's 500-stock index edged up 0.2%, or 2.45 points, to 1448.39, a six-year high and up 2.1% on the year. It rose 1.8% for the week. The Nasdaq Composite Index gained 0.3%, or 7.50 points, to 2475.88, up 1.7% for the week and 2.5% on the year.

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Stocks were also held in check by the Labor Department's release of weaker-than-expected weekly employment data. Other economic signals were more upbeat. Measures of both consumer confidence and factory orders were up for December.

"The economy is stronger than most people think," says strategist James Paulsen of Wells Capital Management. "I don't think oil is down from [its summer highs] near $80 because the economy has slowed. If anything, it's accelerated."

In major U.S. market action:

Stocks were mixed; bonds rose. The 10-year note gained 2/32 point, or 62.50 cents per $1,000 invested, pushing the yield down to 4.828%.

The dollar strengthened, to 121.04 yen, compared with 120.71. The euro fell against it to $1.2967, from $1.3020.

Jobs Report Brings A Tepid End To A Strong Week (NYT/AP)

By The Associated Press

The New York Times, February 3, 2007

Wall Street ended a strong week narrowly mixed yesterday as the market absorbed a weaker-than-expected employment report that curbed investors' bullish sentiment after three straight days of gains.

The January jobs report, which showed the country's unemployment rate at a four-month high of 4.6 percent, came as a surprise on Wall Street. A reading of 4.5 percent had been expected. The Labor Department report signaled that employers were more cautious than expected in adding jobs in the new year. The economy added 111,000 jobs last month, below the 150,000 that had been expected.

Investors also received word from the Commerce Department that factory orders showed their biggest gain in nine months in December, rising 2.4 percent.

"They're by no means terrible numbers here," said Andy Richman, fixed-income strategist at SunTrust Bank's personal asset management arm. He said the readings indicate that the Federal Reserve's strategy of standing pat on interest rates is working.

The Dow Jones industrial average fell 20.19 points, or 0.16 percent, to 12,653.49.

Broader stock indicators were higher. The Standard & Poor's 500-stock index rose 2.45 points, or 0.17 percent, to 1,448.39, its highest level in more than six years, and the Nasdaq composite index advanced 7.50 points, or 0.30 percent, to 2,475.88.

For the week, the Dow was up 1.33 percent, while the Nasdaq gained 1.66 percent and the S.& P., 1.84 percent.

Bonds were little changed, with the benchmark 10-year Treasury note up 4/32, at 9815/32, and the yield, which moves in the opposite direction from the price, falling to 4.82 percent, from 4.84 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell.

Light crude oil settled up $1.72, at $59.02 a barrel, on the New York Mercantile Exchange.

Crude prices have risen this week on political concerns in the Middle East, and cold weather in the northeastern United States.

In a week full of corporate profit reports, the Fed's decision on interest rates and the jobs report stood out, and, as expected, played the greatest role in shaping investor sentiment.

The central bank's decision to leave short-term interest rates unchanged and its comments that the economy remains solid and that inflation appears to be in check helped drive stocks higher.

The Dow and the Russell 2000 index of smaller companies set closing highs Thursday.

The meandering trading yesterday after three days of gains was somewhat typical of Wall Street's behavior in the new year as run-ups have often been accompanied by a session or more of contemplation in which investors try to determine whether stocks are poised to move higher.

In corporate news, the Internet retailer Amazon.com fell $1.31, or 3.4 percent, to $37.39, after the company's fourth-quarter profit fell and raised concerns about thinning profit margins.

Intuitive Surgical rose $17.45, or 17.6 percent, to $116.77 after profit at the company, which makes robotic surgical gear, fell but came in better than Wall Street expected.

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The video game publisher Electronic Arts rose 59 cents, to $51.13, after the company's fourth-quarter earnings handily topped Wall Street's expectations.

Chevron fell 43 cents, to $74.04, after the company posted a decline in its fourth-quarter profit amid lower energy prices.

CA, the maker of business information software, rose $1.69, or 6.8 percent, to $26.69, after it raised its 2007 sales forecast.

The drop in gold prices pushed shares of mining companies lower. Barrick Gold fell 31 cents, to $29.98; Goldcorp fell 88 cents, or 3.1 percent, to $27.22.

Overseas, Japan's Nikkei stock average rose 0.16 percent.

The Current "Depression" (WSJ)

The Wall Street Journal, February 3, 2007

The good economic news keeps rolling in. Yesterday's new-jobs estimate for January, at 110,000, was below Wall Street expectations but it was accompanied by upward revisions of 81,000 jobs for the prior two months. Those revisions brought the 2006 monthly average up to 187,000 new jobs, or 2.2 million for the year.

Readers will recall that the current expansion was derided right through 2004 as a "jobless recovery." We now know the economy has created 7.4 million new jobs since mid-2003, as revisions by the Bureau of Labor Statistics have added hundreds of thousands to its original monthly estimates. Thus the hand-wringers have had no choice but to move on, turning their laments to allegedly "stagnant wages." Well, that's now vanishing too.

Let's look at the record of this expansion compared with that of the sainted 1990s. Economist Michael Darda has been looking at the numbers, and yesterday he put out a side-by-side employment comparison of the first five years of the 1991-2000 expansion with the current one that began in the fourth quarter of 2001.

Between 1991 and 1996, the unemployment rate averaged 6.4%, compared with 5.4% from 2001 to 2006. Today's jobless rate is now down to 4.6%. As for real (inflation-adjusted) wage growth, it averaged 0.6% annually for non-farm workers in the first half of the 1990s compared with 1.5% a year so far in this decade. "This cycle as a whole has witnessed twice the average real wage growth than the first 64 months of the previous expansion," Mr. Darda writes. For the last 12 months, real wages have risen even faster, at a 1.7% clip.

Anything else to worry about? Well, there's always the "trade deficit," though exports are now booming (up 10% last year), especially to the countries with which the U.S. has signed free-trade agreements. So moving right along, this week's bad news is said to be the U.S. "savings rate," which according to the official measure was "negative" for a whole calendar year for the first time "since the Great Depression," as Martin Crutsinger of the Associated Press helpfully put it. Hooverville, here we come!

As a statistic, however, the official "savings rate" is nearly as useless a guide to prosperity as the trade deficit. In the government accounts, what is called the savings rate is literally income less consumption. But the government defines income too narrowly and consumption broadly. For example, "income" doesn't measure capital gains (whether realized or not), the rising value of your home, or even increases in your retirement accounts.

Think about how you calculate your own personal "savings rate." Do you merely add up what you make in salary in a year minus what you spend? Or do you sneak a peak at whether your IRA increased in value, or check the sale price your neighbor got on his home to figure out what you might be able to get for yours? By any normal definition, "savings" should include your increase in total assets -- in other words, your gains in overall wealth.

For our part, these columns long ago began to watch a far more instructive figure known as "household net worth." That number, released by the Federal Reserve, includes all assets (tangible and financial) held by individuals less their liabilities (mortgage and other debt). At the end of last year's third quarter, U.S. household net worth had climbed to $54.1 trillion. That was an increase of more than $3 trillion over the previous four quarters. Rest assured, that's a much higher figure than during "the Great Depression," AP notwithstanding.

None of this means we should be complacent about economic growth. There are two genuine clouds on the horizon -- namely, inflation risk and political risk. Inflation remains somewhat higher than is comfortable, and we still expect the Fed will consider further interest-rate hikes if today's weak dollar and soaring commodity prices lead to a jump in the official inflation

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indicators later this year. As for politics, the Democrats now running Congress explicitly reject the tax cuts and freer trade that have helped to propel the current prosperity. If history is any guide, sooner or later this is a recipe for trouble.

DNC Turns Focus To White House (WP)

By Dan Balz, Anne E. Kornblut

The Washington Post, February 3, 2007

With Congress in their control and their eyes now on the White House, Democratic Party leaders took their first look at the party's field of presidential candidates yesterday at a forum in which the three front-runners presented their positions on Iraq and jockeyed over who can defeat the Republicans in 2008.

Sen. Hillary Rodham Clinton of New York presented herself as a tough, experienced pragmatist. Sen. Barack Obama of Illinois offered himself as an inspirational critic of politics as usual. And former senator John Edwards of North Carolina made himself the keeper of the Democratic flame, delivering a call for Democrats to reclaim their heritage.

Addressing the Democratic National Committee's winter meeting, Clinton put further distance between herself and President Bush on Iraq. "I want to be very clear about this," she said. "If I had been president in October of 2002, I would not have started this war. . . . If we in Congress don't end this war before January 2009, as president, I will."

For Clinton, who supported the 2002 resolution authorizing the U.S. invasion and then defended the mission long after the initial combat phase ended, the pledge to stop the war represented another break with Bush's Iraq policies.

Edwards drew a rousing reception with a sharp attack on Bush's plan to send more troops to Iraq and a populist appeal for Democrats to return to their roots as defenders of the union workers, the poor and struggling middle-class families. "Brothers and sisters, in times like these, we don't need to redefine the Democratic Party," he said. "We need to reclaim the Democratic Party."

Obama stated that he had repeatedly spoken out against the war before the invasion in 2003, but he pitched most of his message in a different direction. Warning that campaigns should be about more than skeletons in the candidates' closets and gaffes along the way, he urged Democrats to fight against the cynicism that he said has turned politics into a blood sport and has blocked consensus and cooperation on solving the country's problems.

"There are those who don't believe in talking about hope," he said. "They say, 'Well, we want specifics, we want details and we want white papers, we want plans.' We've had lots of plans, Democrats. What we've had is a shortage of hope. And over the next year, over the next two years, that will be my call to you."

The audience that filled the large ballroom at the Hilton Washington Hotel whooped and cheered and often rose to their feet in response to the candidates' rhetoric.

Besides the three front-runners, three other candidates also spoke yesterday: Connecticut Sen. Christopher J. Dodd, a former general chairman of the DNC, and two veterans of the 2004 campaign, retired Army Gen. Wesley K. Clark and Ohio Rep. Dennis J. Kucinich.

Today, the Democrats will hear from Delaware Sen. Joseph R. Biden Jr., whose campaign began in controversy and apology this week over a comment in which he described Obama as "articulate and bright and clean and a nice-looking guy." Others on today's schedule include New Mexico Gov. Bill Richardson, former Iowa governor Tom Vilsack and former Alaska senator Mike Gravel.

Yesterday's speakers refrained from attacking each other, using the forum as a brief opportunity to sound the main themes of their campaigns and distinguish themselves from their rivals.

Clinton described herself to party leaders as the Democrat best equipped to take on the Republicans in 2008. "I know a thing or two about winning campaigns," she said. "When our party and our candidates are attacked, we have got to stand up and fight back. . . . I know how they think, how they act and how to defeat them."

The candidates agreed on expanding health care and reducing dependence on foreign oil, but at times, yesterday's event sounded like an echo of candidate forums in 2003-04, with Iraq still the dominant issue and the Democrats debating what to do next.

Dodd, the leadoff speaker, demanded that Democrats, who now control Congress, do more than pass a nonbinding resolution on Iraq that is soon to be up for debate.

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"Frankly, I am disappointed that we can't find a way to do more than send a meaningless message to the White House -- a White House, I would add, that has said it will ignore anything that we have to say about the war in Iraq," Dodd said. "The American people sent us a message this past November; the voters were clear. They want a change in the policy in Iraq."

Edwards, who made no reference to his initial support for the war while he was in the Senate, called for Democrats to block the troop buildup, quoting the Rev. Martin Luther King Jr.'s words during the Vietnam War that "silence is betrayal." But he said the White House is counting on Democrats not to fight the new deployments.

"They don't think we have the backbone and courage to stand up to them," he said. "They don't think we are in this to stop the escalation of this war and to bring our men and women home from Iraq. They're counting on us to be weak, to be political and to be careful. This is not the time for political calculation."

Clinton defended efforts to pass a bipartisan, nonbinding resolution putting Congress on record in opposition to the president's new plan. To scattered antiwar protests, she said, "There are many people who wish we could do more, but let me say that if we can get a large, bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said no to President Bush and began to reverse his policies."

Obama, who called this week for combat troops to be out of Iraq by March 31, 2008, said criticism of the president alone is no longer a sufficient strategy for Democrats. "It was enough to run against George Bush during this past congressional election," he said. "It will not be enough now. . . . Every candidate for office in the next election should put forward in clear, unambiguous, uncertain terms exactly how they plan to get out of Iraq."

Clark, who has not set up a campaign committee, offered sharp criticism of the administration for "condoning torture, using rendition and these secrete detention camps, by creating a sense of callous disregard for the innocent lives lost in that conflict and by taking us to an unnecessary war in the first place."

Kucinich, who opposed the war, said Congress now should end it by cutting off funds. "Democrats have an obligation to reclaim Congress's constitutional power to end the war," he said.

Democratic Hopefuls Split Over The Best Path To Peace (NYT)

By Adam Nagourney, Patrick Healy

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — To shouts and cheers from thousands of Democrats assembled here, the party's leading presidential contenders condemned President Bush's war in Iraq on Friday but sharply differed over how to end it — and particularly whether Democrats should settle for a nonbinding resolution expressing the Senate's opposition to Mr. Bush's war policies.

The debate played out before an electrified audience of Democratic National Committee members who are eagerly anticipating the presidential race of 2008, and clearly cheered by the last election results. But the event spotlighted divisions among three leading contenders for the party's nomination — Hillary Rodham Clinton, Barack Obama and John Edwards — over how the party should seek to end the war.

It was Mrs. Clinton, the Democratic senator from New York who voted for the war and has since turned against it, who drew the most attention. Talking over a handful of hecklers, she argued that a bipartisan resolution, supported by a large number of senators and soon to be debated on the Senate floor, was the most powerful way for Congress to begin the process of blocking Mr. Bush from moving ahead with his plan to send 21,000 more troops to Iraq.

To this audience of hard-core Democrats, which has been against the war since Howard Dean rocketed to fame at a similar meeting four years ago by denouncing Democratic supporters of Mr. Bush's Iraq policy, Mrs. Clinton offered her toughest language yet as she sought to distance herself from the war.

"I want to be very clear about this: If I had been president in October of 2002, I would not have started this war," Mrs. Clinton said, her voice echoing across the ballroom at the Washington Hilton as thousands of delegates watched her image on two flickering video screens that flanked her lectern.

"If we in Congress don't end this war before January of 2009, as president I will," she said.

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But Mrs. Clinton faced strong opposition from the left in the form of Mr. Edwards, a former senator from North Carolina, who said that his former colleagues should not support the nonbinding resolution next week and should instead vote for measures to cut off funds for the war.

"This is not the time for political calculation," said Mr. Edwards, who voted for the war in 2002 and renounced his vote before beginning his second bid for the presidency. "This is the time for political courage."

"They're counting on us to be weak, to be political and to be careful," he said of the White House.

Mr. Obama, a senator from Illinois, said earlier this week that he was likely to support the resolution, but he made no reference to it at the meeting with Democrats. Instead, drawing clear contrasts with Mrs. Clinton and Mr. Edwards, Mr. Obama noted that he had opposed the war from the start.

"I was opposed to this invasion — publicly, frequently, before it began," Mr. Obama said to waves of cheers and applause. "I thought it was a tragic mistake. But whether you were for it or against it then, we all have a responsibility now to put forth a plan that offers the best chance of ending the bloodshed and bringing the troops home."

Over Friday and Saturday, the Democratic National Committee will hear from 10 Democrats who are — or may be — running for president. The order of the candidates was decided by a draw. To the luck of committee members, the three candidates who have drawn the most interest all spoke Friday morning, providing a revealing palette of comparisons and drawing thousands of Democrats.

The other prospective candidates who spoke were Senator Christopher J. Dodd of Connecticut. Representative Dennis J. Kucinich of Ohio and Wesley Clark, the retired Army general.

The meeting had all the energy and pizazz of a political convention: candidates had supporters (some more than others), bumper stickers, placards. Mr. Obama and Mrs. Clinton took the stage to the flicker of camera flashes in the audience.

"Love you!" one woman shouted out to Mr. Obama.

"I love you back," he said, flashing a grin.

Mr. Obama, Mrs. Clinton and Mr. Edwards all drew a notably warm reception. None stirred the kind of wild response that Mr. Dean did in 2003, but, as several Democrats noted, the reaction from this crowd of party insiders may be one of the most imprecise ways of measuring who is most likely to win the Democratic presidential nomination.

Mr. Obama spent little time on Iraq, instead arguing that the biggest opponent candidates face this year is not one another but cynicism.

"It's a cynicism that asks us to believe that our opponents are never just wrong, that they're bad; that our motives in politics can never be pure, that they're only driven by power and by greed; that the challenges that we face today aren't just daunting, but they're impossible," he said. "And if this is true, then politics is not a noble calling, it's a game; it's a blood sport with folks keeping score about who's up and who's down."

Mr. Obama suggested that in this environment, people should not look to campaigns for dry lists of programs. "There are those who don't believe in talking about hope. They say, 'Well, we want specifics; we want details; we want white papers; we want plans.' We've had a lot of plans, Democrats. What we've had is a shortage of hope."

Mrs. Clinton, speaking over isolated shouts of "cut the funding," argued that the nonbinding resolution was the most effective way to counter Mr. Bush's attempt to send more troops to Iraq. She said that as of now, war opponents did not have enough votes to override a veto on legislation to cut funds or, as she and others have proposed, to cap the number of troops.

"There are many people who wish we could do more, but let me say that if we can get a large bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said no to President Bush and begin to reverse his policies," she said.

Mr. Edwards called the resolution meaningless.

"It is a betrayal not to stop this president's plan to escalate the war when we have the responsibility, the power and the ability to stop it," he said. "We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore."

And Mr. Dodd echoed that position. "Frankly, I am disappointed that we can't find a way to do more than send a meaningless message to the White House," he said.

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Edwards Continues Swipes At Senate White House Rivals (HILL)

By Sam Youngman

The Hill, February 2, 2007

Former North Carolina Sen. John Edwards continued to move to the left of his leading presidential rivals Friday, saying Senate Democrats' efforts at passing a non-binding resolution are "not enough."

Saying repeatedly that "silence is betrayal," Edwards argued that Senate Democrats, two of whom spoke before and after him at the Democratic National Committee's Winter Meeting, are being too timid in engaging the White House on the Iraq War.

"They are counting on us to be weak, to be political, to be careful," Edwards said. "This is not the time for political calculation."

The Democratic vice presidential candidate of 2004 clearly targeted his main competitors, Sens. Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.), in his remarks. Befitting their frontrunner status, both received rousing receptions at the meeting Friday.

However, Clinton's speech was interrupted by anti-war protesters with the group Code Pink, who shouted at the former first lady to bring the troops home and get behind a binding resolution.

Clinton addressed their concerns to a point, but said though she wished she could do more, Democrats still don't have enough votes in the Senate, despite their new majority.

Clinton instead chose to focus on the past and the future of the increasingly unpopular war.

"If I had been president in October 2002, I would not have started this war," Clinton said. She later added, "If we in Congress don't end the war before January 2009, as president, I will."

Obama for the most part stayed away from the substantive points of disagreement on the war, saying only it should not have been started. He instead focused on a message of hope over cynicism and made a plea for thoughtful debate on the issues.

"It's going to be cynicism we're up against," Obama said, adding later, "The times we're in are too serious to let the cynics win this time."

Sen. Chris Dodd (D-Conn.), the only sitting senator and White House candidate to speak Friday morning who declared he will not support a non-binding resolution, said he wanted Senate Democrats to go further than what is being proposed.

"A real bill with real teeth and real accountability is what is needed," Dodd said.

Dodd, who was joined by about 25 vocal supporters waving his campaign signs, asked the gathered committee members, guests and media not to overlook his campaign in the crowded field.

"I'm standing before you to ask you to give me a chance," Dodd said. "Give me a chance to be heard."

Retired Gen. Wesley Clark, the only potential 2008 candidate speaking who had not filed papers either to form an exploratory committee or declare an all-out bid, played coy after his speech, saying only, "I haven't said I won't."

The Winter Meeting is scheduled to continue Saturday morning when Sen. Joseph Biden (D-Del.), former Sen. Mike Gravel (D-Alaska), New Mexico Gov. Bill Richardson (D) and former Iowa Gov. Tom Vilsack (D) will speak.

Hillary Vows To End War (WT)

By Donald Lambro

The Washington Times, February 3, 2007

Sen. Hillary Rodham Clinton said yesterday she would end the Iraq war as president if the conflict was still raging when she took office.

"If we in Congress don't end this war before January 2009, as president, I will," the New York Democrat said at the Democratic National Committee Winter Meeting here.

Iraq and economic populism were by far the dominant issues among the half-dozen presidential contenders who sought their party leadership's support at the DNC meeting. Mrs. Clinton and her chief rivals repeatedly brought the overflow crowd at the Washington Hilton to its feet in cheering each denunciation of President Bush's war policies.

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After well-received speeches by Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina, who called for early troop withdrawal from a war they said never should have been waged, Mrs. Clinton was under pressure to stake out an equally strong policy position before the fiercely anti-war audience.

"I want to be very clear about this: If I had been president in October 2002, I would not have started this war," said the former first lady, who has been criticized by anti-war voices for voting to authorize the war and steadfastly refusing to support calls for a military pullout.

Mrs. Clinton has refused to say her vote for the war was a mistake and has proposed a cap on troop levels instead of troop reductions. A group of anti-war hecklers could be heard in the packed hall when she talked about her support for a Senate resolution opposing Mr. Bush's plan to send an additional 21,500 troops to Iraq, a resolution some of her rivals have called weak and ineffective.

But she defended the nonbinding resolution being debated in the Senate.

"I understand there is frustration and outrage," Mrs. Clinton said, adding that "if we can pass a resolution disapproving of the troop escalation, that will be the first time we said no to President Bush." She also called for cutting funds for the Iraqi army if it does not achieve certain benchmarks.

Of the three top-tier candidates, Mr. Edwards drew the strongest responses for his emotional message of economic populism as he talked of poverty in America, "children who go to bed hungry" and do not have health care -- repeating the challenging refrain: "Will you stand up for them, will you stand up for America?"

He condemned the Senate resolution challenging the troop buildup in Iraq as meaningless, and in a pointed remark that some saw as a thinly veiled criticism of Democrats such as Mrs. Clinton, he said: "This is not a time for political calculation. This is a time for political courage. We have to stand up against George Bush's escalation of this war."

Denouncing those in the party who want to change its policies to broaden its appeal to more moderate voters, Mr. Edwards said, "We don't need to redefine the Democratic Party, we need to reclaim it."

Mr. Obama, who was received like a celebrity, also condemned the war, saying that the party's candidates had "a responsibility to put forward a plan to get us out of Iraq and [end] the bloodshed." He called for a phased withdrawal from Iraq in three to four months.

But much of his speech was a more muted, reflective critique of modern-day campaigning, which he said has turned politics "into a game, a blood sport" in which one's opponents "are not just wrong, but they are bad. This is not a game, this is not about digging up skeletons. This is not a contest for TV cameras. It's a contest for America," Mr. Obama said.

Sen. Christopher J. Dodd of Connecticut also criticized the Democrats' compromise resolution on the war.

"Frankly, I'm disappointed," Mr. Dodd said. "It's time to get our troops out of the country and we're debating a nonbinding resolution. It's time to send a bill to the president with real teeth in it."

Sen. Joseph R. Biden Jr. of Delaware, Gov. Bill Richardson of New Mexico and former Gov. Tom Vilsack of Iowa are scheduled to address the DNC today.

'08 Dems Split On Iraq (NSDY)

By Glenn Thrush

Newsday, February 3, 2007

WASHINGTON -- Sen. Hillary Rodham Clinton, facing a cascade of criticism from anti-war Democrats and party rivals, further distanced herself Friday from her pro-Iraq-war vote, vowing to end the conflict quickly if she's elected president.

Speaking at the Democrats' winter conclave with eight other presidential hopefuls, Clinton argued it would be politically impossible to defund President George W. Bush's plan to increase Iraq troop levels -- even as 2008 rival John Edwards decried her position a betrayal.

"If we in Congress don't end this war before January 2009, as president I will," said Clinton, who supports a phased withdrawal of U.S. troops and a cap on forces at 140,000, approximately the number there now.

Addressing her October 2002 vote authorizing the invasion, Clinton said, "If I had been president in October of 2002, I would not have started the war."

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A majority of Americans supported the war at the time. About half the Democrats in the Senate bucked public opinion and voted against war, including current Armed Services Chairman Carl Levin (D-Michigan).

Clinton's statements didn't impress a handful of anti-war protesters who briefly interrupted her address to the Democratic National Committee. And Edwards, who has recanted his yes vote on the war and urges a quick withdrawal, demanded that the Democrat-controlled Senate force a confrontation with Bush.

"It is a betrayal not to stop the president's escalation when we have the responsibility, the power and the actual tools to prevent it," the former vice presidential candidate said in a direct challenge to Clinton and Illinois Sen. Barack Obama, who haven't supported efforts to defund the 21,500-troop escalation. "Being satisfied with nonbinding resolutions we know this president will ignore is a betrayal."

The typically sleepy DNC winter meeting took on the fervid atmosphere of an auto show three months after the party seized Congress, with no less than nine prospective presidential candidates rolling onto the stage like 2008 concept cars.

At times, Edwards and Obama seemed to play tag-team against Clinton, hinting that Clintonesque calculation and caution needed to be abandoned for a bolder, more sincere approach.

"Cynicism ... caused our politics to become small and timid, calculating and cautious," Obama said. "We spend all our time thinking about tactics and maneuvers."

Echoed Edwards: "This is not the time for political calculation, this is the time for political courage."

Clinton, who postponed this weekend's trip to New Hampshire, will travel to the state Feb. 10 to 11, in a campaign that already seems to be simmering a year before the first vote is cast.

"You know, sometimes you feel like you're part of a reality TV show," Obama quipped. "You feel like this is 'American Idol' or 'Survivor.' You're trying to figure out, are you going to go to Hollywood, are you going to be voted off the island?"

Iraq Plans Divide Democratic Hopefuls (LAT)

By Tom Hamburger, Janet Hook

The Los Angeles Times, February 3, 2007

WASHINGTON — The 2008 Democratic presidential candidates, who have been nearly unified in support of universal healthcare, abortion rights and alternative energy, have begun an increasingly harsh debate over an issue that will probably define the early part of the campaign: when to remove troops from Iraq.

Until recently, most Democratic presidential candidates, like the party generally, found success by bashing President Bush's Iraq strategy without offering comprehensive alternatives.

But this week, Sen. Barack Obama (D-Ill.), in a departure from his own past statements, introduced legislation that would begin a phased redeployment of troops by April and require that all combat troops leave Iraq by March 2008.

Obama's announcement set him at odds with Sen. Hillary Rodham Clinton (D-N.Y.), who has declined to specify a date for the removal of all troops from Iraq. Last week, Clinton proposed placing a cap on the number of U.S. troops and threatening Iraq's government with a withdrawal of support.

Clinton's approach, in turn, drew a caustic attack this week from Sen. Joseph R. Biden Jr. (D-Del.) — a noteworthy development in a campaign that had been marked by collegiality. Biden said Clinton's proposed strategy for Iraq would "produce nothing but disaster."

Also coming in for Biden's scorn was former Sen. John Edwards (D-N.C.), who six months ago offered a plan for withdrawal and became the favorite of many antiwar activists. Edwards called for an immediate reduction of 40,000 troops, with all forces to leave the country — though not the region — within 18 months.

"John Edwards wants you and all the Democrats to think, 'I want us out of there,' but when you come back and you say, 'OK, John, what about the chaos that will ensue? Do we have any interest, John, left in the region?,' well, John will have to answer yes or no," Biden said in an interview with the New York Observer. He added: "So all this stuff is like so much Fluffernutter out there."

The jockeying and jostling over Iraq in the primary campaign were displayed anew Friday as six candidates addressed an energized crowd at the Democratic National Committee's winter meeting in Washington. The candidates drew loud applause when they condemned the Bush administration's Iraq policy.

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But Clinton was interrupted by seven antiwar protesters as she spoke. She has neither repudiated her vote in favor of the war in 2002 nor backed proposals to cut off funding for the war.

Speaking over the hecklers, Clinton said: "If I had been president in October of 2002, I would not have started this war." Then she added, "If we in Congress do not end this war before January of 2009, as president I will."

But Clinton has been reluctant to specify how she would do that. She and most other Democrats have appeared more comfortable talking about their immediate opposition to Bush's plan to increase troop levels in Iraq by 21,500.

The raucous forum Friday showed the candidates sharpening their differences over how to respond to the planned troop escalation, adding a new element to their differences over longer-term plans for Iraq and when forces should withdraw.

Clinton defended her decision to support a nonbinding bipartisan resolution opposing the troop escalation, which is expected to be debated in the Senate next week. She told the Democratic meeting that the resolution, if approved, would mark the first time Congress had taken a stand against the president over the war.

Others in the Democratic primary field said the Senate should pass something tougher.

"I am disappointed we can't find a way to do more than send a meaningless message to the White House," said Sen. Christopher J. Dodd (D-Conn.). "I don't believe spending a week debating a nonbinding resolution is the change that America voted for." Dodd has not advocated a specific withdrawal date but has called for drawing down forces in Iraq and cutting off funding for expansion of the war.

Edwards also criticized the nonbinding resolution as insufficient. Obama has not yet decided whether to support it.

Obama had previously opposed setting a date for withdrawing U.S. forces from Iraq. But as conditions deteriorated, he decided, with the advice of President Bill Clinton's former national security aide Anthony Lake, to propose his legislation this week setting a timetable for the complete withdrawal of combat troops under certain circumstances. On Friday, Obama pointedly called on all candidates to offer specifics about how they would end the war.

"It was enough to run against George Bush during this past congressional election; it will not be enough now," he said. "The American people are expecting more. They want to know what we are going to do."

Biden, who is to address the winter meeting today, has offered a multipart plan that calls for Iraq to become federated states. The states would share oil revenue, but the country effectively would be divided into Sunni, Shiite and Kurdish enclaves.

Once the plan was implemented, Biden says, he would hope to get most U.S. troops out of the country in 18 months.

He, like many candidates, also calls for trying to settle the sectarian differences in Iraq by engaging Iraq's neighbors, as well as major world powers.

Like Clinton, Dodd and Edwards, Biden voted for the 2002 resolution authorizing the war but has long criticized the administration's conduct of the conflict.

Democratic presidential hopefuls Rep. Dennis J. Kucinich of Ohio and former Sen. Mike Gravel of Alaska have long opposed the war. Both advocate an immediate withdrawal of U.S. forces.

Two Democratic governors seeking the presidency, Bill Richardson of New Mexico and Tom Vilsack of Iowa, also oppose the war.

Richardson, who supported the war's goals initially, has called for a phased withdrawal.

Vilsack says troops should be removed from much of the country, but he advocates leaving some forces along the Iranian border.

Clinton Promises To End War If Elected (AP)

By Nedra Pickler

AP, February 2, 2007

WASHINGTON (AP) - Sen. Hillary Rodham Clinton said Friday she would not have attacked Iraq if she were president in 2002 and would end the war if elected, as she tried to blunt rivals like John Edwards who are stoking anti-war passions in the Democratic Party.

Clinton, raising her voice at one point to be heard above anti-war hecklers, suggested that calls from Edwards and others to cut off funding for President Bush's troop increase are unlikely to win approval in a narrowly divided Senate.

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"Believe me, I understand the frustration and the outrage," Clinton said in a speech to the Democratic National Committee meeting that brought the party's nine White House hopefuls together for the first time. "You have to have 60 votes to cap troops, to limit funding to do anything. If we in Congress don't end this war before January 2009, as president, I will."

The New York senator's comments were her strongest against the war and signal an effort to confront one of the biggest threats to her front-runner status. As the conflict nears the four-year mark, she has been on the opposite side of the most outspoken anti-war activists who are a force in the Democratic primaries.

Sen. Barack Obama of Illinois reminded the party's rank-and-file - twice - that he was against the Iraq invasion from the beginning.

"But whether you were for it or against it then, we all have a responsibility now to put forth a plan that offers the best chance of ending the bloodshed and bringing the troops home," Obama told the audience.

Edwards voted with Clinton in 2002 to authorize Bush's war against Iraq, a vote he defended during his 2004 presidential race but has since said was a mistake. The former North Carolina senator has gone from being a war apologist to one of the most outspoken critics of the invasion in this campaign.

"Silence is a betrayal," Edwards said, one of 11 times he used the word betrayal in his 18-minute speech. "It is a betrayal not to stop this president's plan to escalate the war when we have the responsibility, the power and the ability to stop it. We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore."

Edwards was referring to a measure being debated in the Senate that would say lawmakers disagree with the president's decision to increase troop levels in an effort to stabilize Baghdad. Connecticut Sen. Chris Dodd, another 2008 candidate, also criticized the effort as meaningless.

"I don't believe spending a week debating a nonbinding resolution is the change that America voted for" in November when Democrats won a majority in Congress, Dodd said. "With all due respect, a real bill and real teeth and real accountability is what is needed in our country again."

Clinton said while the resolution may not be perfect, it represents the first time Congress has stood against the president on the war.

"There are many people who wish we could do more," Clinton said.

"You can!" came a call from a small gathering of activists from the peace group Code Pink. Others in their group standing along a side wall chimed in, calling for a binding resolution that would end the war immediately, while some nearby audience members asked them to quiet down.

"But let me say," Clinton said, her voice rising above the din, "that if we can get a large, bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said no to President Bush and began to reverse his policies. Now, I want to go further."

"Bring them home, then," said a man dressed in desert camouflage that said "Iraq Veterans Against the War." Clinton said she has proposed capping U.S. troop levels and pulling funding for Iraqi forces, but won't cut funding for U.S. troops while they are on the battlefield.

"And let me add one other thing, and I want to be very clear about this," she said. "If I had been president in October of 2002, I would not have started this war."

Former Gen. Wesley Clark, who has not indicated whether he will run, said he's the only potential candidate with the battlefield experience to succeed in Iraq.

Ohio Rep. Dennis Kucinich called for an immediate end to the war - the same message he ran on in 2004. But it's now is being echoed by several other candidates in a stronger position to win the nomination.

Democratic 2008 Hopefuls Put On A Show (FT)

By Edward Luce

Financial Times, February 3, 2007

Barack Obama best encapsulated what the Democratic party's increasingly feverish presidential nomination contest is becoming.

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"I sometimes feel you are part of a reality TV show – like American Idol or Survivor," the African-American senator from Illinois told a packed gathering of spell-bound Democratic activists in Washington on Friday.

"You wonder: are you going to be the first person to be voted off the island?"

Judging by the rock star reception he was accorded at the beauty contest of Democratic 2008 hopefuls, Mr Obama will keep the viewer ratings high until the very last moment.

With almost two years to go before George W. Bush's successor is chosen by the US electorate, media scrutiny of the nine Democratic party aspirants already resembles the final stretch. The Democratic National Committee gave each a chance to present their wares to the nation.

Following detailed ground rules more redolent of the televised presidential debates that take place in the two months before election day, candidates were permitted a maximum 100 banners each in the conference hall, they could speak for seven minutes only and introductions were limited to one minute. At times the enthusiasm was deafening.

Each candidate sought to underline the need to face up to what they presented as the epoch-moving challenges before the US of tackling global warming, providing universal health insurance to all Americans and ending the war in Iraq.

Hillary Clinton who, alone among the candidates, has not formally renounced her 2002 vote authorising Mr Bush to go to war, was periodically interrupted by anti-war hecklers.

But the former first lady, who leads Mr Obama by more than 20 points in most polls, went further on Iraq than she had gone before: "If I had been president in October 2002 I would not have started this war," she said.

"If we do not in Congress end this war by January 2009 [when the next president is inaugurated], then I will."

In spite of the long distance before the party primaries are held next January and February, it was clear that centre-left issues would dominate the nomination contest – Iraq, the economic anxieties of the middle class, the "haemorrhaging" of manufacturing jobs to China and elsewhere, healthcare and climate change.

One of the loudest cheers came when John Edwards, who ranks third in the polls behind Mr Obama and Mrs Clinton, said that it was "time to stand with the men and women of organised labour".

Mrs Clinton also drew cheers when she said the Bush administration's growing trade deficit had turned China into America's creditor: "How do you get tough on your banker?" she asked. "It is time to start standing up for the American worker."

By far the most emphatic ovations came in response to Mr Obama's at times electrifying oratory in which he called for an end to cynicism in politics and insisted that this presidential contest should not be a "blood sport". But to judge by the mood of the parade and the state of national opinion polls, the increasingly hated war in Iraq will dominate the campaign over the next 12 months.

"This is not a game – this is not a contest for the TV cameras: it is a serious moment in America and the American people are in a sober mood," he said. "We have 130,000 young Americans fighting a war halfway round the world in Iraq that should never have been waged. We don't have time to be cynical."

Democrats Control The Hill, But Not Themselves (WP)

By Dana Milbank

The Washington Post, February 3, 2007

Yesterday was the first cattle call of the Democratic presidential campaign and -- holy cow! -- these candidates can moo.

"Each candidate has been given seven minutes to speak," announced Democratic National Committee Chairman Howard Dean before the first of six Democratic candidates took the stage at the Hilton Washington. He further announced that an "official timekeeper" will hold up warning and "time's up" signs. "After 10 minutes, wild gesticulations will take place," he threatened.

This quaint exercise in Democratic Party discipline lasted about, well, seven minutes. The first candidate, Sen. Chris Dodd (Conn.), took the floor for 20 minutes and 15 seconds, ignoring Dean's hovering, the removal of Dodd's image from the projection screens, and the fact that he drew applause for saying "Let me conclude." Former senator John Edwards (17:40) wasn't far behind, trailed by Sens. Hillary Clinton (16:12) and Barack Obama (15:30).

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The closest to the limit was Rep. Dennis Kucinich (12:38), but this was probably because the audience treated his appearance as a chance to start conversations or to visit the restrooms. "Can you hear me in the back?" Kucinich called above the din. "Because I can hear you."

Now in control of Congress, Democrats were eager to demonstrate that they could make the trains run on time yesterday. They started the proceedings with an ROTC color guard. And Dean sternly read out the ground rules. "Each candidate was given the opportunity to play 30 seconds of music and can have up to 100 campaign signs evenly placed around the room."

But the Democratic National Committee is not exactly a precision drill team. The first speaker, Senate Majority Leader Harry Reid, wasn't ready when his time came to speak. Clinton, for her part, showed flagrant disregard for Dean's sign restrictions; her supporters hoisted about 300. And although most candidates chose the usual favorites for their theme music ("Our Country," "America the Beautiful"), Dodd went with the Temptations:

If you want to play hide and seek with love let me remind you (It's all right)

The lovin' you're gonna miss in the time it takes to find you. (It's outta sight)

But even in the confusion, the candidates found ways to establish a pecking order. Obama, rock star of the pack, got nearly a minute and a half of applause, leaving Edwards in the dust with just 30 seconds. Kucinich, who unintentionally drew laughter when he referred to 2009 and "my inauguration as president," used his brief moments on the stage to mention his third wife, Elizabeth -- seven times.

Reid, though not technically under the seven-minute rule, opened the proceedings with a poor example. After a 10-minute speech, Reid said "Thank you very much" and earned a lengthy standing ovation. But to the surprise of many in the hall, Reid remained at the lectern. "I want to talk a little bit about the West," he announced, rambling on for eight more minutes.

Four years ago at another DNC winter meeting, Dean's presidential ambitions soared with his famous claim to represent the "Democratic wing of the Democratic Party." Yesterday, the remarks were more lengthy than lofty.

Dodd, in his Phil Donohue hairdo, opened by noting that "sometimes, the introductions go on longer than my remarks." Not this time. He went on about Bill Clinton, Franklin Roosevelt and his 2-year-old daughter. At 10 minutes, he offered what could have been a rousing finale: "We're not going to take fear for an answer any longer in America."

During the applause, Dean stood up and attempted to reclaim the microphone. But Dodd wouldn't budge. As the timekeeper raised the red "TIME" sign repeatedly over the next 10 minutes, Dodd quickened his pace and added phrases such as "Let me also add here quickly."

Obama, next up, was already two minutes over his time when he proclaimed, "We don't have time to be cynical." By 13 minutes, he seemed to have tired himself out, for he announced that candidates should put forward their Iraq plans in "clear, unambiguous, uncertain terms."

Retired Gen. Wes Clark, who turned in a respectable time of 13:35, gave the impression that somebody had told him he had been insufficiently emotional. "It feels great," he announced. Also: "I feel that pain." And: "Makes me sad. But also, I get impassioned. To be honest with you, I get a little bit angry." And, finally: "We must also be strong."

Edwards must have thought he said "long." Two minutes over his time limit, Edwards stated his already-obvious view that "silence is betrayal." Four minutes over time, Edwards announced that "we cannot walk away" -- then remained planted for several more minutes.

After the Kucinich intermission, Clinton greeted the crowd with an announcement: "I'm here to start a conversation with our country." A couple of audience members took that offer seriously, and, eight minutes into Clinton's speech, began heckling her about Iraq. This made Clinton's speech louder, not shorter. "I've been fighting for more than 35 years," she said after talking for more than 13 minutes.

The timekeeper stood up and raised the red sign. Dean rose from his chair and stood at Clinton's shoulder. The candidate, having used 230 percent of her allotted time, surrendered the microphone.

DNC Backing Expected For D.C. Vote In House (WP)

By Mary Beth Sheridan

The Washington Post, February 3, 2007

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The Democratic National Committee is expected to throw its support today behind legislation to give the District a full seat in the House of Representatives, kicking off a grass-roots lobbying effort to get it passed.

A resolution in favor of the bill will be considered today at the group's winter meeting in Washington. It has the backing of party leaders, including DNC Chairman Howard Dean.

Donna Brazile, who authored the resolution and ran Al Gore's 2000 presidential campaign, said the DNC's action "will allow us to begin a 50-state campaign" in which party supporters urge their legislators to vote for the bill.

The D.C. voting rights bill, reintroduced last month, has sparked hopes among city activists and politicians that the District could get a full seat in the House after decades of seeking more representation. The measure would permanently add two seats to the House -- one for the District, which is heavily Democratic, and the other for Utah, a Republican stronghold. The District would still not have voting senators.

The District's congressional delegate, Eleanor Holmes Norton (D), can vote only in committees and on amendments to legislation. She co-sponsored the bill with Rep. Thomas M. Davis III (R-Va.), who has been trying to line up Republican support.

Norton met Thursday with Speaker Nancy Pelosi (D-Calif.) and other House leaders, who are grappling with Democrats' concerns about the bill. Some are concerned that the measure awards Utah an extra electoral college vote and leaves the District's electoral votes unchanged.

Party members also worry that Utah's only Democratic congressman, Rep. Jim Matheson, could be hurt politically if the state's districts are redrawn to add an extra seat. There is no set timetable for hearings on the bill.

Democrats have long supported the principle of D.C. voting rights. "What's different now is the DNC is endorsing a specific resolution of that question," said Ilir Zherka, executive director of advocacy group D.C. Vote.

Brazile, the chairwoman of the DNC Voting Rights Institute and a former Norton chief of staff, said she hoped that after the resolution passed, Dean would write to every member of Congress urging them to back the legislation.

In addition, she said, the party could "utilize not just their enormous mailing list, but their ability to help galvanize Democrats" at a grass-roots level, working with groups such as MoveOn.org.

Norman J. Ornstein, a political expert at the American Enterprise Institute, said it was unclear how effective a grass-roots campaign for the legislation would be.

"MoveOn.org is going to be, first, consumed by the war, and after that, probably by the presidential campaign," he said.

But, he added, Brazile's involvement was significant. "She's got credibility out there," he said.

Asked to comment, MoveOn.org official Noah Winer said the group "fully supports full voting representation in Congress for D.C. and what Donna Brazile is doing."

Although Democrats control both houses of Congress, the bill's passage is far from assured. It would need 60 votes to avoid a filibuster in the Senate. Republicans have been divided over the measure, with some saying that a full seat for the District would be unconstitutional.

Norton has been pressing to get the bill to the House floor by next month. Democratic congressional staffs are examining ways to fine-tune it before sending it to the Judiciary and Government Reform committees.

House leadership is leaning toward a change in the legislation to make the potential new Utah seat at-large, in order to protect Matheson, according to a Democratic aide close to the discussions. Leaders also are weighing the possibility of adding the House seats next year, to avoid special elections.

Utah has been seeking an extra seat since the 2000 Census, when it fell just short of the numbers needed to expand its delegation. State lawmakers argued that thousands of Utah's Mormon missionaries working abroad should have been counted.

Sen. Clinton To Visit New Hampshire Next Week (NHUL)

By John DiStaso

New Hampshire Union Leader, February 3, 2007

MANCHESTER – Presidential hopeful Hillary Clinton will visit the state in a week, after cancelling an appearance this weekend due to a death in the family.

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The announcement of a Granite State visit comes as a new poll showed Clinton remains very much in the good graces of the state's likely Democratic Presidential primary voters.

Clinton will be in the state Feb. 9 and 10 to "begin her conversation with New Hampshire residents," her Presidential exploratory committee announced.

Details of the visit were not released.

The survey this week by the Manchester-based American Research Group shows that the New York senator and former first lady widened her lead over Illinois Sen. Barack Obama in the first-in-the-nation primary state by 14 percentage points in the past month.

The same poll found Republican Arizona Sen. John McCain slightly widening the lead he had last month over Rudolph Giuliani, but it also found former Massachusetts Gov. Mitt Romney now tied with the former New York mayor and within striking distance of McCain.

The primary campaign is quickly gearing up, but the election is many months off and Granite State voters are just beginning to take a good look.

"I fully expect these numbers to move around a lot as the year goes on," said American Research Group president Dick Bennett. But here is how the races set up:

Among Democrats, Clinton leads Obama, 39 to 19 percent, with former North Carolina Sen. John Edwards at 13 percent. No other candidate received more than 2 percent, and 21 percent of likely Democratic primary voters were undecided.

Among Republicans, McCain receives support from 27 percent of likely GOP primary voters, followed by Romney and Giuliani at 20 percent each, and former House speaker Newt Gingrich at 11 percent. No other candidate drew more than 1 percent, while 21 percent of likely Republican primary voters were undecided.

Pollster Dick Bennett said his firm surveyed 600 likely voters in each party primary between Jan. 31 and Feb. 1. The margin of error is 4 percent.

In ARG's late December poll, Clinton drew 27 percent; Obama, 21 percent; and Edwards 18 percent, while McCain received 29 percent compared to 25 percent for Giuliani - a statistical dead heat - and 9 percent for Romney.

Since the December poll, top-tier candidates Romney, Giuliani, Clinton, Obama and Edwards filed Presidential exploratory committees. McCain had filed a committee in November.

Clinton has received heavy national and New Hampshire-based media attention since she announced, "I'm in."

She cancelled this weekend's visit in order to attend the funeral of her father-in-law, Dick Kelley.

Bennett said Clinton's chief strength is women voters, who, he said, made up 57 percent of the likely Democratic primary voter sample in the random survey. He said Clinton was backed by 43 percent of the women and 33 percent of the men in the sample. Obama was supported by 15 percent of the men and 24 percent of the women polled, while Edwards was supported by 15 percent of the women and 11 percent of the men in the sample.

Bennett said 68 percent of the likely Democratic primary voters said they were registered as Democrats, while 32 percent said they were registered independents. Clinton was supported by 39 percent of the Democrats and 39 percent of the independents, while Obama was supported by 23 percent of the Democrats and 12 percent of the independents. Edwards received support from 13 percent of the Democrats and 11 percent of the independents.

Bennett said Clinton has helped herself by leaving no question that she is a candidate when she filed her exploratory committee, while Giuliani has been less certain.

"Giuliani says he is unsure, yet, and gives what voters view as an obtuse answer to the question of whether he is in," Bennett said. "That hurts him because you have McCain and Romney, who are both clear that they are in."

Bennett said Giuliani had "a perfect opportunity in front of the perfect audience" of Republican State Committee members last weekend to say with certainty that he will be a candidate.

"He didn't pull the trigger and that hurt him. People want their President to be definitive," Bennett said. "His numbers among Republicans will probably improve if and when he announces."

McCain, meanwhile, has lost much support from independents since last spring, Bennett's poll indicates.

Bennett said the drop is probably due to McCain's support of the Bush administration's position on the Iraq war.

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Bennett said his April 2006 poll showed that 54 percent of likely New Hampshire Republican primary voters backed McCain. By December, 29 percent of independent votes backed him, and now, 25 percent support him.

Giuliani is supported by 24 percent of independent Republican primary voters in the new poll, while Romney is backed by 17 percent.

Among Republican primary voters who say they are registered Republicans, McCain received 28 percent, Romney received 21 percent, Giuliani is at 18 percent and Gingrich is at 14 percent.

Another New Hampshire poll released earlier this week showed Giuliani and McCain tied and Clinton with a substantial lead. The SurveyUSA poll, completed for WBZ-TV in Boston, was taken Jan. 26-28.

Among 582 self-identified likely Democratic primary voters, Clinton led Obama 40 to 25 percent, with Edwards at 23 percent. Among 412 likely Republican primary voters, Giuliani received 33 percent, McCain, 32 percent, and Romney, 21 percent.

What Hillary's Humor Reveals (LAT)

By Meghan Daum

The Los Angeles Times, February 3, 2007

THIS WEEK, Hillary Clinton tried out a joke in Iowa. "We face a lot of evil men," she told voters in Davenport. "People like Osama bin Laden come to mind. And what in my background equips me to deal with evil and bad men?" Clinton then smiled big and chortled, cueing the audience that this was not an oral presentation in a women's studies class but, indeed, a joke.

Questioned later by reporters, who weren't sure if they got it, Clinton said: "You guys keep telling me, 'Lighten up! Be funny!' I get a little funny and now I'm being psychoanalyzed."

The clip made the expected blogospheric rounds and wound up on "The Daily Show," but I think the only psychoanalysis this incident warrants is an examination of just why Clinton's search for a sense of humor has been tougher than locating a lost contact lens in the Dead Sea.

Surely it shouldn't be this hard. Just about every profile ever written about her has quoted friends and colleagues who point out her sense of humor, frequently prefaced with the word "wicked." Where's all that cutting hilarity when the world is telling her to "lighten up?"

It's possible, I suppose, that Clinton's friends' taste in humor is such that coy jabs at her husband (or could it be Newt? Or Kenneth Starr? Or President Bush himself?) passes for biting wit. But it's more likely that her flat footedness is a symptom of a double standard that rarely comes up in conversations about the challenges faced by powerful women. If there's anything that can hinder a woman's credibility faster than becoming visibly pregnant or getting caught watching Lifetime, it's revealing the ability to be genuinely funny.

Of course, in politics, men have never exactly given Oscar Wilde a run for his money either. Considering that, in 1996, Bob Dole was the wryest guy on the national campaign trail since, well, all the other times he ran for president or vice president, we should know better than to expect constant knee-slappers from these folks, at least intentional ones. But Clinton's problems have been thrown into high relief because her chief competitor for the Democratic presidential nomination, Illinois Sen. Barack Obama, appears to be as charismatic as she is stiff.

Obama has yet to let his handlers drive him into poll-driven blandness; so far, he looks like a natural. And although we don't know whether he has the chops to sell himself as president, his body language suggests that he's not working quite as hard as Clinton is. Stoop-shouldered and never quite sure what to do with his hands, Obama resembles the goofy math geek whom the girls had secret crushes on in high school because he made them laugh.

Clinton, hyper-focused wonk that she is, has a personality that has long appeared to be the product of focus groups and advisors from the Professor Henry Higgins Finishing School for Formerly Radical Broads. She has been so ravaged by the media, the public and, it would seem, her own perfectionism that she comes across less as a human being than as a historical figure whose legacy depends on keeping her humanity out of the equation.

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It's possible she's right about that. But the fact that we're seeing a black candidate who seems infinitely more relaxed with himself than his female competitor speaks volumes about just how much we're likely to punish women who step outside the bounds of corporate-flavored gravitas.

Part of this is Clinton's own fault — the very act of saying "you keep telling me to be funny" is depressing evidence of her burdensome self-consciousness. But then again, female humor is easily bent into the worst cliches about women. Funny men, after all, are considered smart, confident and sexy. But wisecracking chicks risk accusations of bitterness, hormonal instability and the assumption (no matter what they look like) that they're using wit to compensate for physical unattractiveness.

As a result, a lot of ambitious women have been conditioned not only to tone the comedy down (remember the old dating adage, "Laugh at his jokes, but don't be funnier than him"?) but to resist witty self-deprecation, a genre that some old-school feminists were too tin-eared to interpret as anything other than a sign of low self-esteem. What's left is stridency, earnestness and painstakingly rehearsed jokes ripe for reducing to male-bashing sound bites. The effect: the Cathy comic strip character with a campaign bus. Ouch.

Is Clinton funny deep down? I'm willing to bet she is, only because I doubt she could have survived the last 15 years without either a sense of humor or a serious Quaalude habit. But I'd also bet most of us will never see it, no matter how hard she tries. Even if she learns how to tell a joke, the colluding forces of media savagery, Washington banality and a culture in which female power is not yet entirely compatible with having a real personality will render her something less than human. Will it cost her the nomination? Who knows. But it's already cost her much more than that.

Mobilized Online, Thousands Gather To Hear Obama (WP)

By Zachary A. Goldfarb

The Washington Post, February 3, 2007

At his first rally since announcing his presidential exploratory committee, Sen. Barack Obama (D-Ill.) appealed yesterday for support from the young people who had mobilized for the event online.

The gathering of several thousand students at George Mason University in Fairfax underscored the potential power of online communities in the 2008 campaign. Its genesis was a group created last summer on Facebook.com, a Web site frequented by college students who post profiles and assemble virtually.

Barack Obama for President in 2008 now has more than 50,000 members, and its founders have created an offline presidential draft committee, Students for Barack Obama.

"This is a remarkable achievement, a remarkable event that speaks to what young people can do when they put their minds together," said Obama, who is scheduled to officially announce his candidacy next Saturday in Springfield, Ill.

"No one is more cynical about politics than young people," he said, adding that they would not tolerate "a politics that's all about slash and burn, nastiness and negative ads, and name-calling and gridlock."

"One thing that's been incredibly clear throughout this whole process is his commitment and dedication to students and all the young people of America. He sees our generation as a critical part of his campaign," said Meredith Seagal, a junior at Bowdoin College in Maine and executive director of the draft committee.

Another Facebook group, Barack Obama (One Million Strong for Barack), was started less than three weeks ago and has already recruited 200,000 members. "When you go on Facebook, as you always do, sign up," Farouk Olu Aregbe, who founded that group, told the crowd yesterday.

Jonathan Hicks, 19, a sophomore at American University, said he learned about the event through the Facebook group. "The majority of people to my knowledge found out through Facebook," he said. "Technology is changing. Politicians need to use it more, and more often, if they want to reach the youth of America today."

In his 25-minute speech, Obama promised that a better kind of politics -- led by young people -- is possible.

"You guys don't have much of a memory of the possibility of a politics that transcends and brings people together," he said. "[At] each and every juncture of our history, somebody has been audacious enough to say, 'We could do better.' . . . And more often than not, it's young people who've done it."

For Obama, No News Is Good News (POL)

DOJ_NMG_0127804

By Mike Allen

The Politico, February 2, 2007

Senator Clinton's opening slogan was, "Let the conversation begin." Senator Obama just wanted the conversation to end.

The Democratic presidential hopefuls are making appearances in Washington on Friday at the Democratic National Committee's Winter Meeting. I stopped by the hotel where they are congregating to catch a Thursday night preview with Sen. Barack Obama of Illinois, who is officially announcing his candidacy this week.

But it turns out that Obama, riding an astonishing wave of glowing publicity for a candidate 21 months from an election, already has a bubble around him that is tighter than the one that surrounded Texas Gov. George W. Bush, who spent long hours of the fledgling days of his candidacy in bull sessions with reporters.

A flier for DNC members said, "Senator Barack Obama Cordially invites you to an Evening Reception." It was held in a medium-sized reception room. Cocktails, sold by the hotel, were $6.75 and domestic beer was a buck less. "Space is limited, therefore this event is for DNC Members ONLY," the flier said. "Members can bring one guest to the event." The room was jammed and a line snaked onto the promenade as Obama workers checked their lists like it was a nightclub.

Reporters were barred – a somewhat unusual, although not unheard of, policy for a meet-and-greet-type event in a public place like a hotel. The White House, which keeps fairly strict control of the press, typically allows reporters into large receptions in a hotel, at least while President Bush is speaking, although it closes fund-raisers at residences. The Senator came, and an aide said he was "mostly just going to speak his mind." That included a closing line that got a good laugh from the supportive crowd.

As Obama left the hotel reception, smiling and saying, "Thank you AGAIN," I introduced myself and said, "Good evening, Senator, may I walk with you?" He replied, "You can walk with me. That doesn't mean you can ask questions." I chuckled, thinking he was kidding. "But you can certainly walk with me," he added. The Senator then underscored, "I'm sorry. I'm not answering questions."

The encounter pointed to some of the unusual dynamics of the '08, where several of the candidates – including Obama – are celebrities who have to manage the attention being thrust on them, rather than the more usual situation where a hopeful is desperate to gin up coverage.

Hillary Clinton, eager to overcome concerns about electability, has taken the opposite tack and is showcasing the warm and humorous side her aides have always insisted they see, conducting town halls and Web chats and holding availability with reporters after a recent appearance in Iowa.

Obama, whose hurdles include questions about the substance that will accompany the appealing persona, is taking no chances. Wanting to assure him I wasn't going to ask him a hardball question, I said after his aides had cut off his greetings and photos with DNC fans, "Senator, I was just hoping to ask what you want to accomplish this weekend." He replied: "It wouldn't be fair to everybody else. We didn't do a press avail for everybody else. Absolutely no questions this evening."

Even President Bush, who brings discipline to his interactions with the reporters, will have an on-the-fly, unscripted conversation without calling it a "press avail." So as Hillary tries to pierce her bubble, however tentatively, Obama appears to be building one.

An aide disputed that, saying that the Senator's purpose was to meet DNC members. "I don't think he's getting into any bubbles since he walks among reporters all the time and takes questions," the aide added.

On Friday morning, with a script, Obama showed why he is known as such a riveting speaker, wowing a crowd of 900 with a 16-minute address calling for the nation "to find the will to pass health care for all by the end of the first term of the very next president of the United States." He went on: "We don't want another election where voters are simply holding their noses and feel like they're choosing from the lesser of two evils." That drew applause, and he said the candidates' real fight is not against each other but against "the cynicism that has become so pervasive."

"We have always been at our best in this country when we aim high," he said. "This is our time."

Several of the candidates, including Obama, announced their exploratory committees in the totally controlled forum of a Web video. In his remarks Friday, the senator referred to the glitzy nature of politics today. "You know, as you look at all the cameras gathered around and the click of the photographers, and the pundits – " Obama was interrupted by a shriek of "I love you," and ad-libbed, "I love you back." Then he continued: "Sometimes you feel like you're part of a reality TV show. You feel like

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this is 'American Idol,' or 'Survivor.' You're trying to figure out if you're going to go to Hollywood, or you're going to be voted off the island. But that's not why I'm here. That's not why YOU'RE here. The decisions that have been made by this president and the challenges that have been ignored over the last six years have brought this country to a sobering place. … It's not a game. It's not a contest, with the TV cameras. It's a serious moment for America."

The winter meeting is a chance for the candidates to mingle with activists and sign up high-powered volunteers right at the starting gate. One attendee said Democrats were "kicking the tires." One top strategist pointed out: "It's like when you're playing golf. You can't win on the first hole, but you sure can get off to a bad start."

It's an opportunity to buy a Hillary travel mug, a donkey cookie cutter, a Gore 2008 button or a bumper sticker asking, "Who's Going to Clean Up After the Elephants?" The New York delegation held a closed-door "Hillary Ambassadors" meeting, and Sen. Joseph Biden's campaign gave out free red, white and blue bumper stickers saying, "Biden President '08."

Ten Democratic hopefuls are scheduled to speak to the three-day meeting, which has the theme, "Strong Leadership for America's Future." Later, they're holding meet-the-candidate receptions. Retired Army Gen. Wes Clark got a jump on the competition by working the halls briefly on Thursday night, then leaving rapidly. Organizers of the Nevada Democratic Caucus – one of the first nominating events, to be held Jan. 19, 2008 – drew an overflow crowd with a "Winning the West" reception featuring nachos and fajitas. They gave out information kits with "Fast Facts on Nevada" ("Important: Nevada is pronounced "Nev-Atta"), with "Clark County Hot Spots" that include houses of hash, coffee and bagels, but no casinos.

Obama, whose optimistic message seems to answer the yearning for bipartisanship that voters expressed at the polls in November, revealed this week that he will make his official announcement about a Presidential campaign at the Old State Capitol in Springfield, Ill., on Feb. 10.

Democratic sources say Obama's strategists decided not to engage in the "home run derby" that the DNC Winter Meeting has become in recent years. They see the meeting as an important introductory conversation with members he hasn't met, and an opportunity to reacquaint with members he has. They promised a show of energy when he appears at a "Yes We Can!" rally that Students for Barack Obama is holding in the Johnson Center Atrium at the hoops Cinderella school George Mason University in Fairfax, Va.

Joe Biden Courts Al Sharpton (POL)

By Ben Smith

The Politico, February 2, 2007

"I thought you were drowning in giving me flattery," Al Sharpton told Joe Biden when the Senator paused for breath at the end of his appearance on Sharpton's radio show yesterday.

The conversation began with Biden telling Sharpton, "You're one of the most articulate people in the country," and got friendlier from there.

There was, though, one second when Biden picked a word wrong, and you sort of saw him teeter on the brink of a new flap:

"I didn't know anybody tougher or straighter than Shirley Chisholm."

Straighter, as in "clean as a whistle," of course.

Romney Says Sen. Clinton "Timid" On Iran (AP)

By Alex Dominguez

AP, February 2, 2007

BALTIMORE (AP) - Republican presidential candidate Mitt Romney on Friday accused Democratic front-runner Sen. Hillary Rodham Clinton of "timidity" regarding the security threat posed by Iran.

In a speech to a retreat of conservative congressional Republicans, Romney lashed out at Clinton for telling a pro-Israel dinner that a dialogue with countries hostile to Israel - including Iran and Syria - is needed to promote peace in the Middle East.

"At this point, We don't need a listening tour about Iran," Romney told the Republican Study Committee. "Someone who wants to engage Iran displays a troubling timidity toward a terrible threat of a nuclear Iran."

In a speech Thursday night at a Manhattan dinner held by the nation's largest pro-Israel lobbying group, the American Israel Public Affairs Committee, Clinton called Iran a danger to the U.S. and one of Israel's greatest threats.

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But the New York senator also said, "We need to use every tool at our disposal, including diplomatic and economic in addition to the threat and use of military force" when dealing with Iran.

"I have advocated engagement with our enemies and Israel's enemies," Clinton said. "I believe we can gain valuable knowledge and leverage from being part of a process again that enables us to get a better idea of how to take on and defeat our adversaries.

"U.S. policy must be clear and unequivocal: We cannot, we should not, we must not permit Iran to build or acquire nuclear weapons," Clinton told the audience. "In dealing with this threat ... no option can be taken off the table."

Responding to Romney's criticism, Clinton spokesman Mo Elleithee said Friday: "Senator Clinton believes that no option should be taken off the table when it comes to preventing Iran from developing nuclear weapons. Given his record of flip flops, the only thing that's timid are Governor Romney's convictions."

Romney, who served one term as Massachusetts governor, said that rather than engagement, economic and diplomatic isolation should be the priority.

Last year, when former Iranian President Mohammad Khatami visited Harvard University, Romney criticized the visit and ordered state agencies not to cooperate if asked for assistance.

On Thursday, some 1,700 attendees applauded as Clinton cited her efforts on behalf of the Jewish state and spoke scathingly of Iran's decision to hold a conference last month that questioned whether the Holocaust took place.

"To deny the Holocaust places Iran's leadership in company with the most despicable bigots and historical revisionists," Clinton said, criticizing what she called the Iranian administration's "pro-terrorist, anti-American, anti-Israeli rhetoric."

Iranian President Mahmoud Ahmadinejad has repeatedly called the Holocaust a "myth" and said Israel should be "wiped off the map" and its Jews returned to Europe.

Iran insists its nuclear program is designed to produce energy, not weapons. Ahmadinejad said Thursday that his government is determined to continue with its nuclear program, despite U.N. Security Council sanctions imposed over its refusal to halt uranium enrichment, a process that can produce fuel to generate electricity or for the fissile core of an atomic bomb.

Romney Attacks Hillary Over Iran (HILL)

By Jackie Kucinich

The Hill, February 2, 2007

BALTIMORE - Speaking to GOP lawmakers Friday, Republican presidential candidate Mitt Romney criticized recent comments made by Sen. Hillary Rodham Clinton (D-N.Y.) regarding Iran.

The frontrunner for the Democratic presidential nomination said during a speech at the American Israel Public Affairs Committee Thursday night that she "needs to understand Iran" and wanted to engage in conversations about the region.

Romney, in remarks to the Republican Study Committee, said if Clinton needs to "understand Iran, [she] hasn't been paying attention."

The former Massachusetts governor expressed his concern over a nuclear Iran and detailed a "five-point plan" for dealing with the country.

The plan includes imposing tough sanctions, effecting diplomatic isolation and helping the people of Iran "understand that nuclear technology is a source of peril, not a source of pride." He expressed the need to cultivate and empower moderate Muslim countries in the Middle East, especially those that surround Israel, in order to further discourage extremism.

Romney also described a "circle of suspects" - a list of countries that make fissile material in the region. These countries should also be monitored, he said, so that they do not become safe havens for religious extremists.

Romney Explains Shifts (POL)

By Jonathan Martin

The Politico, February 2, 2007

BALTIMORE – Former Massachusetts Gov. Mitt Romney laid out his conservative credentials, explained his shift on social issues and took a few shots at two potential opponents Friday.

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Appearing before the conservative Republican Study Committee, Romney stuck to his usual explanation for his change of heart, but presented himself not as a convert but as a student who had received an education on key social issues.

The one-term governor said his time on Beacon Hill had "confirmed some principles and educated me on some principles." Romney told about 50 members of the GOP group that he ran as a fiscal conservative, but "learned some unexpected lessons about social conservative issues."

"Massachusetts became center stage for the most important social issues of our time," he said, detailing his efforts to limit stem cell research, thwart same-sex marriage and curb abortion rights.

At the end of his governorship, the man who ran supporting abortion rights and some gay rights said he'd undergone a transition.

"This fiscal conservative became a social conservative as well," he said.

After reporters were shooed out of the hotel ballroom, the Republicans asked Romney to elaborate on his abortion views.

According to one who remained in the room, Romney used a familiar anecdote to describe his change on the issue.

Romney, recounting a meeting with Harvard University scientists in 2004, recalled how they nonchalantly explained their cloning of embryos. That, Romney notes, was the moment when he first realized how the sanctity of life had become so cheapened.

In a brief press availability after what Romney described as a "probing follow-up" to his speech, the former governor said he felt like he had passed the examination.

In an interview, Rep. Wally Herger, R-Calif., said he was satisfied with Romney's explanation.

"I felt very comfortable," said Herger, who is so far uncommitted in the presidential contest but offered that he could "absolutely" back Romney.

Rep. Darrell Issa, another California Republican, noted that while Romney said what he needed to say to the conservative audience, his address was short on specifics.

"There wasn't a lot there," said Issa, who has also yet to weigh in on 2008. "He touched on a lot of broad themes that require a lot of money."

Asked about Romney's accounting of how he had come to oppose abortion rights, Issa acknowledged that it was "artful," but probably not quite as clear-cut as Romney tried to make it.

Unmistaken were two shots the former governor took at Sen. Hillary Rodham Clinton, D-N.Y. and Sen. John McCain, R-Ariz. – both presidential contenders.

Discussing his views on Iran, Romney noted that in addressing pro-Israel AIPAC Thursday night in New York, Clinton said the United States needs to "understand" Iran better. Emphasizing the quotation, Romney added that Clinton had also called for America to "engage" Tehran.

"Somebody who doesn't 'understand' Iran hasn't been paying attention," Romney said, adding that Clinton's view amounted to a "troubling timidity" toward the prospect of a nuclear Iran.

"We don't need a listening tour of Iran," he said.

Responding, Clinton campaign spokesman Mo Elleithee said the senator "believes that no option should be taken off the table when it comes to developing nuclear weapons."

"Given his record flip flops," Elleithee said, "the only thing that's timid are Governor Romney's convictions."

Romney's tweak of his GOP rival wasn't as pointed, nor as public.

A staffer in the room for Romney's private exchange with Republicans said that the former governor drew a standing ovation when he called McCain-Feingold campaign finance reform "a horrible policy."

Then, with a grin, Romney added: "I could have, of course, just called it campaign finance reform."

McCain's camp declined to comment.

Hagel For President (WSJ)

The Wall Street Journal, February 3, 2007

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No, we don't mean this as an endorsement. The Journal doesn't endorse candidates, and on the big issues of the day we don't much agree with Chuck Hagel in any case. But with the Nebraska Republican loudly agitating for a rapid withdrawal from Iraq, we think it's time the Senator tested his ideas somewhere other than the Sunday talk shows.

If Mr. Hagel thinks his foreign-policy vision is superior to President Bush's or to Senator John McCain's, he should stop booing from the gallery and get into the fight for the Republican Presidential nomination. The primaries are only a year away, and the GOP field awaits a genuine antiwar candidate. It's one thing to win the Beltway media primary, another to prevail among actual voters, as Mr. Bush has done twice.

We'd have thought Mr. Hagel would relish such a contest, especially given his remarks last week about his colleagues. Along with Democrat Joe Biden, the Senator co-sponsored a resolution condemning Mr. Bush's "surge" strategy for Baghdad. And while debating the resolution last week, the Nebraskan said that "I think all 100 Senators ought to be on the line on this. What do you believe? What are you willing to support? What do you think? Why were you elected? If you wanted a safe job, go sell shoes. This is a tough business."

That "tough" point in particular could use some fleshing out. Our guess is that only in Washington is it considered courageous for a politician to criticize a war that he voted for when it was popular but that public opinion has since turned against. And to do so by offering a "resolution" that has no force of law and is thus meaningless except for the message of American irresolution it sends to our enemies.

Somehow it seems far "tougher" to stand by one's original vote for the war even when it becomes unpopular, as Mr. McCain and Senator Joe Lieberman have done. Or, if you are truly antiwar, to have the courage of those convictions and attempt to cut off funds, as Senator Russ Feingold and Congressman Dennis Kucinich propose. The latter would at least mean taking some responsibility for what happens next.

As far as we can tell from his speeches, Mr. Hagel's larger vision for the Mideast is that the U.S. was much better off before Mr. Bush introduced all that "democracy" nonsense. He'd return to the status quo before 9/11, fighting the war on terror with the Arab dictators we have. The Senator also favors "engaging" Syria and Iran, and he says that "in the Middle East, the core of instability and conflict is the underlying Arab-Israeli problem."

Whatever one thinks of these views, they are not unique or innovative. John Kerry campaigned on them in 2004, but maybe the country has since changed its mind enough to embrace them in 2008. If Mr. Hagel believes what he says, he'll stop insulting shoe salesmen by comparing them to Senators and get into the ring himself.

Arkansas Underdog (WSJ)

By Paul Greenberg, Kane Webb

The Wall Street Journal, February 3, 2007

LITTLE ROCK, Ark. -- Once upon a pre-Clinton time, the announcement by the former Arkansas governor, Mike Huckabee, that he's running for president would have been stop-the-presses news in these latitudes. And while it's still front-page, above-the-fold stuff, Arkansas has been there, done that, and is doing it again. These days we seem to grow presidential candidates as bountifully as we do tomatoes and watermelons.

Hillary Clinton's in the race, right? Officially now, we mean. She's said to have been a first lady of this state way back when. Also, former NATO commander Wesley Clark, now of Little Rock, Ark., ran for president last time out and, far as we know, hasn't ruled out a reprise in '08.

Now there's Mike Huckabee of Hope, Ark. (Ring a bell?) He's just the latest to put Arkansas on the political map. Or rather to keep it there. Back when Bill Clinton was still largely an unknown -- can you imagine? -- and Arkansas Chic still all the rage, circa 1992-ish, Vernon Jordan pronounced this small, wonderful state the Political Capital of the Universe.

He had no idea.

So does Mike Huckabee have a chance? He was a Republican governor of this largely one-party Democratic state for a decade, so he's used to battling long odds. Now he's launched a longshot presidential campaign.

It may not last till spring if his first week on the campaign trail is any indication. Instead of toughening up for the road ahead, our thin-skinned former governor peeled off yet another layer of epidermis. "The Huck" followed up his Sunday morning

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presidential announcement on "Meet the Press" by meeting the press back here in Arkansas. After giving a perfectly proper speech at the state's Republican Party headquarters, he immediately tore into the local press, as is his wont. This time he was sore about a series of hotly debated stories in the Arkansas Democrat-Gazette about the destruction of a computer hard drive and his depleting an emergency fund during his final days in office.

He couldn't just criticize Them Lyin' Newspapers and be done with it. He had to go on to compare a reporter for the Democrat-Gazette to Janet Cooke and Jayson Blair.

Goodness. Lend this man a little perspective; he tends to be about two quarts high on hyperbole. Ms. Cooke and Mr. Blair are the evil twins of reckless, fabricating, plagiarizing journalism, the worst of the worst. That's a pretty serious charge -- or rather, it would be if anybody around here could take it seriously.

But we weren't surprised. Any more than we would be by a splendid piece of oratory from the same source. Mike Huckabee, at times, can be the most elevating of speakers -- we still haven't come down from his speech welcoming the Little Rock Nine back to Central High on the 40th anniversary of the crisis there, or his steadfast yet gracious performance July 15, 1996. That was the long, long day when his predecessor, Jim Guy Tucker, convicted for conspiracy and mail fraud in connection with the Whitewater investigation, at first refused to be pried out of the governor's office.

But, too many other times, Brother Huckabee just likes to wallow in the old invective, and the pettier his complaint, the longer he wallows. The man spent most of a fine administration snubbing the Arkansas Times, a free weekly tabloid that, of course, just loved all the attention. (He actually had the little weekly removed from the list of publications that got his public schedule. Petty, to say the least.)

Now he launches his presidential campaign by throwing some mud at a reporter for the Democrat-Gazette. How does he suppose that kind of thing will play in Peoria? Or Poughkeepsie? And coming from a dark-horse presidential candidate out to charm the national press, how would it play along the New York-Washington media axis? If he keeps it up, how long before the cable-news promos are asking: "Mike Huckabee: Legit longshot or loose cannon?"

The Huck's tendency to go into vendetta mode violates the first rule of smart politics and public discourse in general: Never get into a fight with someone who's not as well known as you are. It bumps up their status and lowers yours. Mr. Huckabee needs to learn to cut down the big trees, not mess with the little saplings. Besides being unworthy of him personally, it wastes all his high-powered rhetoric. If this candidate isn't more careful, a nickname like Gov. Petty may stick to him the way Slick Willie did to another presidential hopeful from Arkansas.

What a pity that would be. He has a lot of potential as a presidential candidate, and a record of accomplishment here in Arkansas -- from getting health care to kids whose families couldn't afford it to fixing our interstate highways. He's been willing to take on the educational establishment in order to improve our schools, and early on he finally simplified this state's once byzantine requirements for something as basic as renewing your car tags.

Does he stand a chance nationally? Candidate Huckabee said it himself: The American people love an underdog. It's hardly an original thought, but he's spot on. We the People love the up-from-nothin' kid, the outta-nowhere man, the longshot who catches the favorite at the wire. We love the underdog, that is, right up until the moment he makes a slip and reminds everybody why he was a longshot in the first place.

One of Mike Huckabee's Republican rivals in this campaign, Mitt Romney, had a father who ran for president, too. Briefly. George Romney broke from the gate with a rush in another presidential campaign just getting under way during an increasingly unpopular war. Then he let it slip that he'd been "brainwashed" about Vietnam.

Some of us had thought George Romney might get a little credit for that kind of humility and candor. Naturally he didn't. The guy was an ex-presidential candidate as soon as he'd spit out just a couple of syllables -- brainwashed. So long, underdog.

Mike Huckabee's campaign will be history soon, too, unless he learns to cool it. Which may not be possible for the Huck, given his showman's personality and rhetorical impulses. The man is a Baptist preacher and former radio broadcaster who may secretly yearn to be a stand-up comic. He can't pass up an opportunity to say something that sounds clever at the time, but then comes back to haunt him on Tim Russert's show.

Our advice: Be careful out there, Brother Huckabee. Your presidential campaign is one careless wisecrack from being over.

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Mr. Greenberg is editorial page editor of the Arkansas Democrat-Gazette, where Mr. Webb is assistant editorial page editor.

Powerful Fla. Storms Kill 19, Raze Homes (AP)

By Jim Ellis

AP, February 3, 2007

LADY LAKE, Fla. (AP) - Disaster crews with dogs went from one pile of debris to another in a search for bodies Friday after powerful storms, including at least one tornado, smashed hundreds of homes across central Florida and killed 19 people or more.

It was the second-deadliest combination of thunderstorms and tornados in Florida history, cutting a 40-mile swath of destruction across four counties just before daybreak, terrorizing residents of one of the nation's biggest retirement communities, and leaving trees and fields littered with clothes, furniture and splintered lumber.

Residents helped pull the dead from the ruins.

"It was scary, really scary," said Patrick Smith, who lives in the Paisley area, where at least 13 deaths were reported. He said he saw a weather alert on television, grabbed his wife and "went straight to the floor." After the storm passed, he pulled the bodies of a man and his 9- or 10-year-old son from a neighboring house.

(AP) Maria Helena, 34, holds her son, Diego, 2, as she walks around a tree that went through her mobile...

Full ImageFlorida's emergency management chief, Craig Fugate, said it could take several days to determine the exact number of dead, and the main priority was finding survivors who may be trapped.

Gov. Charlie Crist declared a state of emergency in four counties, but the worst damage was reported where the twister touched down in northern Lake County and eastern Volusia County. In typical tornado fashion, the storm hopscotched across the landscape, demolishing some homes and leaving others virtually untouched.

"Our priority today is search and rescue," said Crist, who toured the damaged area in his first natural disaster since taking office last month. "Everything's being done to get them the aid and assistance that they need."

Lake County spokesman Christopher Patton said there were 19 confirmed deaths, all in Lake County, about 50 miles northwest of Orlando. The dead included at least two high school students, authorities said. Numerous injuries were reported, but officials could not immediately estimate how many.

Officials in Lake and Volusia counties ordered dusk-to-dawn curfews in heavily damaged areas to prevent looting and injuries to residents trying to sift through wreckage in the dark.

(AP) Marianna Campos, 10, hugs her aunt, Maria Jasso, 47, after her aunts home was destroyed by a...

Full ImageAuthorities said hundreds of houses, mobile homes and other buildings were damaged or destroyed. Volusia County reported a preliminary estimate of $80 million in damage involving 500 properties.

The storm left yards strewn with chairs, beds and clothes, knocked tractor-trailers onto their sides as if they were toys, and tore away roofs. Debris hung from trees, and some homes were thrown off their foundations.

Bernadette Fields, 67, said two of her neighbors in mobile homes were blown through a bedroom wall into Lake Mack. Their bodies were found by their own dog, she said.

Dozens of rescue workers - many hardened by experience with Florida's multiple hurricanes - went from house to house, spray-painting big red X's to mark the husks of buildings that they had checked. Often they found people who awoke to the storm's roar and watched their homes disintegrate around them.

Lee Shaver, 54, said he and his wife, Irene, and their dog had "about 10 seconds" to take shelter in a closet before their roof was torn off.

(AP) Volusia County Sheriff Ben Johnson, left, shakes hands with Governor Charlie Crist at Volusia...

Full Image"Every muscle and bone in my body shook," said Lee Shaver outside his damaged home in The Villages, one of the nation's largest retirement communities.

"It was terrifying. You're not thinking consciously. You're just trying to save your life," added his 55-year-old wife.

Tornado watches had been posted hours before the twister struck, and warnings were issued between eight and 15 minutes before they touched down, said meteorologist Dave Sharp of the National Weather Service in Melbourne.

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But few people were listening to the radio or watching television at that hour, and few communities in the region have warning sirens.

"The most dangerous tornado scenario is a threat for killer tornadoes at night, and that was the case," Sharp said.

(AP) A wooden plank sticks out of the back of a car after severe storms hit the area of northern New...

Full ImageThe weather service estimated the tornado had winds of between 136 mph and 165 mph, Sharp said. But that was based on where the twister first touched down and did not include some of the hardest-hit areas, which researchers planned to examine Saturday, he said.

Vern Huber, 87, said his weather radio alarm went off around 3:30 a.m. and he and his wife, Louedna, 81, huddled in the hall and put pillows from the couch on top of themselves.

"It was a deafening roar," Huber said.

In Lady Lake, the Church of God was demolished, its pews, altar and torn Bibles left in a jumbled mess. The 31-year-old, steel-reinforced structure was built to withstand 150-mph winds, the Rev. Larry Lynn said.

By daybreak, parishioners gathered on the lot where the church once stood, hugging each other and consoling Lynn. They planned to clear the debris and hold Sunday services on the empty lot.

"That's just the building, the people are the church. We'll be back bigger and stronger," Lynn said.

While Lake County got the worst of it, Volusia County officials reported that 69 homes were damaged in New Smyrna Beach. A county medical clinic in DeLand was severely damaged.

"We heard a big boom then we heard the freight-train noise. All five of us got in the closet," said Linda Craig, 44, who lives in Hontoon Island, a heavily damaged area of Volusia County.

The winds lifted one tractor-trailer and dropped it on another, pinning the driver in the cab of the second semi, said Kim Miller, a spokeswoman with the Florida Highway Patrol. The driver's injuries were not considered life-threatening.

About 10,000 customers were without power. Several counties opened shelters for those who lost their homes.

Friday's storms were reminiscent of past tornados during years where El Nino was a weather factor, as it was again in this case, said state meteorologist Ben Nelson.

The 19 deaths made Friday's tornado the second-deadliest in Florida history, surpassing a 1962 tornado outbreak that killed 17 in the Panhandle.

The state's deadliest tornado event on record happened in February 1998, when five twisters hit near Orlando over two days, killing 42 people and damaging or destroying about 2,600 homes and businesses.

Associated Press reporters Curt Anderson, Damian Grass, Suzette Laboy, Stephen Majors, Adrian Sainz and Ron Word contributed to this report.

Titillating Or Not, Washington Gossip Blossoms (NYT)

By Mark Leibovich

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — Some big doings in the nation's capital this week.

Item: Dennis Hastert, the former House speaker, had his gallbladder removed.

Item: Karl Rove was spotted at a performance of "Who's Afraid of Virginia Woolf" at the Kennedy Center.

Item: Representative William Lacy Clay, a Missouri Democrat, got his braces taken off.

Item: A photograph of Paul Wolfowitz, president of the World Bank, revealed holes in his socks.

Item: Senator Norm Coleman, a Minnesota Republican, nearly committed the etiquette-crime of entering the Senate chamber without a tie (he found a loaner at the last minute).

As the globe warms, Iraq burns and a presidential campaign heats up, Washington finds itself red-hot in gossip, or what passes for such here. Never in memory has the political world been so awash in items about every little burp and wart and appendectomy of our nation's leaders.

Ten publications carry a total of 14 columns focusing on political tidbits that appear regularly, up from three columns a decade ago.

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They include the Reliable Source and In the Loop columns, The Washington Post's entrenched offerings (the paper's Web site started a new enterprise, the Sleuth, last month); In the Know and Under the Dome, which dish in the tabloid The Hill; and Heard on the Hill, which appears in Roll Call.

The Examiner offers Yeas and Nays, while the latest entry, The Politico, nourishes its politerati with Shenanigans and the Crypt.

So what does this all mean?

"It means I have to spend a lot more of my time fielding calls and e-mails from gossip columnists," said a slightly exasperated Jim Manley, the top communications aide to Senator Harry Reid of Nevada, the Democratic majority leader.

Mr. Manley had just finished responding to an e-mail message from a Roll Call reporter about whether Mr. Reid knew the date of Valentine's Day. (That day's Politico had broken the Watergate-like development that Mr. Reid had made a remark suggesting he thought it was February 12.)

As of now, Washington's gossip is tame compared to the sexier, snarkier variety from Hollywood and New York — that is, unless anyone considers it sexy that Representative Nita M. Lowey, a New York Democrat, is suffering from inflammation of the fascia (or foot problem, The Hill reported).

The most recent salacious Washington story, the Mark Foley intern case, was more squirm-provoking than fun. It is hard to recall a good, old-fashioned, career-killing scoop in any Washington gossip page.

That will change as the "Washington gossip wars" intensify, promises Chuck Conconi, a longtime editor at Washingtonian magazine who for many years wrote a gossip column in The Post.

"If you're in Hollywood and you write something about Brad Pitt that turns out to be wrong, so what, it will probably help him," Mr. Conconi said. But in Washington, he said, "If you're wrong, it can end a senator's career. So politics is going to breed more caution." At least for now.

Chuck Todd, editor of the online political clearinghouse Hotline, calls the gossip phenomenon "pack gossip journalism," a byproduct of the celebrification of politics and the attendant proliferation of media to cover it. "Look, Washington is Hollywood for ugly people for a reason, and this reflects it," he said.

Mr. Todd said Hotline was selective in the quality of material it elected to republish from the various and multiplying outlets.

"We're only going to cover the Denny Hastert gallbladder removal story once," he vowed. "We're not going to cover every angle of the Denny Hastert gallbladder story."

And thank goodness for restraint.

Will We Lose In The Stem Cell Race? (WP)

By Joseph Fuller, Brock Reeve

The Washington Post, February 3, 2007

Americans take it for granted that they are the world's leaders in the life sciences. And it's true that, today, American companies account for 60 percent of global pharmaceutical sales and 75 percent of biotech sales, and that they dominate the market for medical devices. But complacency is a powerful enemy; our leadership position is not a national birthright. We could fumble it just as we fumbled leadership in the consumer electronics and automotive sectors.

In science and technology-intensive fields, fumbling is particularly easy. Less than 30 years ago, five of the world's top 10 pharmaceutical companies, including the two largest, were European. Between 1980 and 1984, Europe invented more than half of the world's new drugs. Observers assumed that Europe would lead the anticipated revolution in biotechnology.

Today, however, American companies account for more than three-quarters of worldwide biotech revenue and have almost 4,500 products in development -- 2 1/2 times as many as European companies.

How did we turn the tables?

-- Government actions and court decisions allowed the patenting of living organisms and made it possible for private researchers to commercialize discoveries funded by federal grants. Further, Stanford University, which controlled key patents, ensured their widespread and rapid adoption.

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-- In Europe, the countries of the European Union had independent regulators until the 1990s. The patentability of living organisms remained uncertain until 1998. And state-funded academic institutions had little incentive to encourage academics to pursue commercially oriented research.

-- Between 1985 and 1995 the U.S. government invested more than $50 billion in the biological sciences. Federal spending during that period dwarfed the amount spent in Europe and encouraged private-sector investment.

-- With the availability of affordable, fundamental patents and a supportive public policy environment, between 1987 and 1997 investors bet some $6 billion of risk capital on the fledging sector in the United States, roughly five times as much as their European counterparts.

Can we repeat that success in new areas of science, such as stem cell research? Many Americans assume that once the current restrictions on federal funding of embryonic stem cell research have been lifted, America will surge to the forefront. A quick glance at the field seems to bear that out. The fundamental patents underlying embryonic stem cell research were developed in the United States and are held by the Wisconsin Alumni Research Foundation (WARF). Many leading scientists are based in this country. With private philanthropy supporting institutions such as the Harvard Stem Cell Institute, and public money in states including California, New Jersey, Connecticut and Maryland supporting research, history seems poised to repeat itself.

But closer examination suggests that such confidence might be misplaced. If one analyzes the state of the industry along some of the same critical dimensions that contributed to our come-from-behind win in biotechnology, unnerving patterns emerge.

-- While Stanford granted 73 nonexclusive licenses in less than a year, WARF has awarded just 13 licenses in eight years under economic terms that many believe have slowed the sector's growth.

-- The ongoing political debate over the appropriate use of embryonic stem cells and the low level of government support have denied stem cell research the catalyst provided to biotechnology -- even as other countries are investing aggressively.

-- The entry of individual states into the breach left by the federal government has helped drive research activity. But it has also created a patchwork of regulations and funding levels that constrains research collaboration.

-- Expensive and restrictive enabling patents, political controversy and the absence of federal research money, coupled with a long time to market, have made venture capitalists reluctant to invest. In 2005, just over $100 million in venture capital went to stem cell ventures, compared with $500 million in biotech ventures at an equivalent stage.

-- Constraining federal research support to a selected area -- such as certain cell types and lines -- is not a sensible research policy. Advances with stem cells from amniotic fluid and the pulp of baby teeth have been in the news recently, but as the authors of those studies point out, such cells, while promising, cannot take the place of embryonic cells. These restrictions divert valuable time and effort in a way that is not occurring in Britain or Singapore.

In short, the stem cell sector is at risk of experiencing a failure to launch at the national level. Yes, some progress is being made: WARF has just revised some of its licensing policies; venture capital activity has picked up recently; and academic research and clinical centers, disease foundations and patient-advocacy groups are adopting a more aggressive stance in breaking down existing barriers. But will this be enough? Or will foreign governments, using America's biotech success as a model, systematically encourage the development of stem cell research and, not satisfied with emulating our competitive performance, succeed in outstripping us?

Joseph Fuller is a founder of the Monitor Group. Brock Reeve is executive director of the Harvard Stem Cell Institute.

Happy Birthday, Mr. Reagan (WSJ)

By Peggy Noonan

The Wall Street Journal, February 3, 2007

Next Tuesday would have been Ronald Reagan's 96th birthday, which is amazing when you consider he is, in a way, more with us than ever: his memory and meaning summoned in political conversation, his name evoked by candidates. I remember 10 years ago when there was controversy over the movement to name things for him -- buildings and airports. I was away from home at the time, and I realized that to talk to people in Washington about it, I'd have to land at JFK, take the FDR Drive and go through the Lincoln Tunnel.

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This is America; we remember our greats. You tell yourself who you are by what you raise a statue to.

The other day a friend asked: What do you think made him so likable to many who disagreed with him and who look back with nostalgia on his White House?

It's funny that people like to talk about this even though they know the answers. There was the courage to swim against the tide, to show not a burst of bravery but guts in the long haul. The good cheer and good nature that amounted to a kind of faith. The air of pleasure Reagan emanated on meeting others, and his egalitarianism. He thought everyone, from Nobel Prize winners to doormen, equal. Not that he wasn't aware of status. When he stood behind Errol Flynn for a still photo to promote "Santa Fe Trail," he knew of Flynn's towering reputation. Between shots, Reagan kept quietly pushing little piles of dirt together. When he had a mound, he stood on it so that he was, literally, of equal stature. He told the story on himself for years because it was funny, and he believed in laughter. He was a little like Art Buchwald in this; he thought laughter was a value of its own. I think he thought that people who shared a laugh had in fact just voted for something together: something funny and human just got said or done.

Lesley Stahl of "60 Minutes" was CBS's White House correspondent during the Reagan administration, and I asked her what she remembered most. She said, "We reporters would stake out 'the driveway' to see who was going in to see the president. In the first few years there was a stream of people who came to argue against his budget-cutting proposals. They would march up that driveway in a huff, smoke coming out of their nostrils as they rehearsed their angry arguments about why he was destroying the lives of poor people, or schoolkids.

"I remember specifically a group of mayors from big cities, livid about cuts to their welfare programs, school-lunch programs, etc. They were there to give the president a scolding; they were going to tell him. And in they'd march. Two hours later, out they came. We were all ready with the cameras and the mikes to get their version of the telling off. But they were all little lambs, subdued....He had charmed them....The mayors told us Reagan agreed with them. That they had persuaded him....

"Thirty minutes later Larry Speakes was in the press room telling us the numbers would not in fact change. The mayors had 'misunderstood' the president. Still, I'll bet anything if you talked to those mayors today, they would tell you Reagan was a great guy."

She mentioned "his personal touch, his gallantry." You knew he was a good man and you knew he meant it. So you understood how he could be the biggest supporter of FDR and the New Deal in 1944, and the most persuasive voice for Barry Goldwater in 1964. He'd thought it through and changed, not overnight but in time and with effort. He could change his mind on abortion in the same way, and not because he feared the base. Reagan was the base.

Last week I was at a gathering of old Reagan hands and I asked aloud if something that I'd heard might be true. It was that Mikhail Gorbachev now lives in California and has a pool. The minute I said it, a longtime Reagan friend laughed. He knew where I was going. Reagan always said what he really wanted to do with a Russian premier was get him in a helicopter, ride over Southern California, point down at the million little houses and million little pools, and say "Mr. Gorbachev, that's how the proletariat lives in America."

But it wasn't true. Mr. Gorbachev lives in Moscow, where he has a think tank, a former cabinet secretary told me. Mr. Gorbachev had given the secretary a tour, and proudly noted that he paid for the building by renting out two floors. "Gorbachev has discovered the free market," the secretary said.

It was almost as good.

This led the Reagan intimate to remember being on a private plane with him one day. They had a steak and fine wine. "Reagan said to me, 'You know, I believe everyone in America can have these things.' I said, 'You really believe that?' Reagan said, 'Yes, I do.' " The intimate said to me, "See, I don't believe that, that anyone here can do it." Then he paused. "But it's good to have a president who does."

Lately we are hearing of President Reagan's famous 11th commandment: "Speak no ill of a fellow Republican." It's a good rule for both parties, but it's good also to remember how he approached it in practice. Ronald Reagan turned his own party upside down, enraged its establishment, and threatened its immediate future when, in 1976, he mounted a fierce challenge to an incumbent Republican president. He ran full and hard against Jerry Ford and it was bitter -- the stakes were high, the issue freedom at home and abroad. Reagan lost, his challenge doomed Ford in the general election, and four years later Reagan roared back. And when he won the nomination he turned around and seriously considered as his running mate...Jerry Ford.

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When he ran against Ford, it wasn't personal. And when he almost picked Ford as his vice president, that wasn't personal either. It was more like this: This is America. We have been arguing about everything for 200 years. It's what we do. It's our glory.

Our politics then were grimmer yet had a lighter touch. The Soviets could nuke us tomorrow; let's have a hellacious brawl. It was a serious time, but I don't think we were in general so somber, so locked in. The 11th commandment meant the fight should never be mean, low or unnecessarily injurious to the person, or the party. But a fight could be waged -- should be waged -- over big, big things.

That he knew that is part of why we remember him as great. It's part of why when you next fly to Washington, you'll land at Reagan National Airport.

Lone Starlets (NYT)

By Mimi Swartz

The New York Times, February 3, 2007

THE last few months have provided hard times for iconic Texas women and the Texans — and others — who worshipped them. Last September, we lost both a former governor, Ann Richards, and a former state first lady, Nellie Connally. When the columnist Molly Ivins died on Wednesday, it seemed that a certain kind of Texas woman might be gone forever.

If you've read the obituaries, you know the type: the funny, brave, irreverent kind, who spoke out against a life in a (supposedly) brutal, backward state. It was Ms. Richards who insisted that the elder President Bush was born with a "silver foot in his mouth," and Ms. Ivins who insisted that the younger one had rightfully earned the nickname of "Shrub." Mrs. Connally, less well known outside the state, was almost as funny and probably more beloved here, because she delivered her barbs in private.

As befits most icons, all of these women went by their first names among people who didn't know them. They will be remembered for their strength and their wit, but what stays with me even more is their fragility and their anger. I wrote about them all over the years, and with each of their deaths I found myself thinking, amid the tributes, that being a Texas icon of the female variety probably wasn't all it was cracked up to be.

You can make the case that fury goes with the territory here. The male-dominated, rough-and-tumble Texas these women grew up in wasn't hospitable to ladies in smarty pants; all three had to come up with novel ways to satisfy their needs and ambitions in a circumscribed world.

Ms. Ivins and Ms. Richards in particular were very interested in bringing about social change; the relationship between the state as a whole and the liberal coterie of which they were an integral part is one of the great, doomed romances of Texas history. Mrs. Connally was far from a liberal Democrat — her husband, Gov. John Connally, famously jumped from the Democratic Party to the Republicans — but she, too, triumphed over a youthful shyness to serve as her spouse's most undying loyalist, whether he was pushing for school reform in Texas or, later, trying to escape scandal in Washington.

In other words, rather than flee the state for friendlier waters, all three far preferred to stay and swim upstream. All three, in fact, felt a deep obligation to their home state: it energized them as it defined them — favorably — to the outside world, which always felt better when it could look down on Texas.

Nellie Connally had little choice but to play the part of the gracious, loving wife; there wasn't much else a woman of her generation could do (she was 87 when she died). She was a former beauty queen who married a true prince of Texas and became a very popular first lady. Yet when I last interviewed her in 2003 she was living in a two-bedroom apartment overflowing with memorabilia, waiting each day to have her two allotted drinks with Dan Rather at 5:30. She had attentive children and grandchildren, but she had by then lost a daughter to suicide, struggled with breast cancer, and endured her husband's very public bankruptcy.

And, of course, after the deaths of her husband in 1993 and Jacqueline Kennedy Onassis the next year, she alone lived to tell the tale of what happened in President John F. Kennedy's car on Nov. 22, 1963. I heard her describe it three times to three different audiences during the course of a few weeks. (It was Nellie, ever smoothing things over, who said, "Mr. President, you can't say Dallas doesn't love you," just before the shots were fired.) As horrible as that memory was, it kept her tied to history, and, more important, to the love of her life — a man who suffered from such profound arrogance and vanity that his personality has come to overshadow his many accomplishments.

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When you saw Ann Richards's weathered face you knew just what 73 years of life had cost her. Sure, she had given herself over to the harsh Texas sun on too many outings; but, like Nellie Connally, there had been other costs: she, too, had played geisha, not to an ambitious husband but to a group of ambitious Texas liberals. It was Ms. Richards who had planned the drunken, irreverent costume parties — memories of the time are hazy, but she once went, or dressed a friend up, as a tampon. Then she got up next morning to pack the children's lunches.

She did it all, pretty near perfectly for a while: a beautiful young woman of supreme competency with a tart tongue and ambitions far beyond the P.T.A. Triumphing over all that — as well as smoking, drinking and divorce — formed part of her campaign story when she ran for governor in 1990, and made her victory all the sweeter.

But her pain, smoothed over in folksy public speeches and slick campaign commercials, could catch you up short: when I traveled with her during her first gubernatorial campaign I marveled at how trussed up and hostile she was, how her coterie of female supporters were protective to a fault, trying to shield her from criticism. In the end, she lost her taste for the fight, and essentially ceded the 1994 gubernatorial election to George W. Bush.

Being a decade younger than her friend Ann Richards, Molly Ivins never had to serve as anyone's geisha, and she never would have. But she was a big, smart, ungainly girl in a state where a female could suffer something close to capital punishment for those crimes; in self-defense she turned the cracker vernacular on the crackers and won fame for herself in the process, playing the Professional Texan. (Those hacks in the Legislature wouldn't have given a Smith graduate from ritzy River Oaks the time of day, but a hard-drinking, foul-talking, big-boned country girl? Well, that worked.)

But in private, Ms. Ivins, too, battled alcohol, and had her coterie of human shields; they were protecting a woman whose loneliness was as incomprehensible as it was omnipresent. She was a performer who rarely allowed herself to be offstage, which, of course, ensured that the majority of us kept our distance.

There aren't so many iconic women left in Texas, now — Lady Bird Johnson and the oil baroness Lynn Wyatt come to mind — but maybe that's to the good. We don't have to fight so hard to be heard, or noticed, or to avoid being taken for a hick. It's easier for us, but for everyone who knew them, maybe, not quite as much fun.

Russia Clashes With U.S. On Mideast Policy (WP)

By Glenn Kessler

The Washington Post, February 3, 2007

Russia urged ending the isolation of the anti-Israeli militant group Hamas and including Syria in Middle East peace talks, exposing fissures in a high-level diplomatic group that Secretary of State Condoleezza Rice gathered yesterday in Washington to validate her new effort to end the Israeli-Palestinian conflict.

The Russian proposals run directly counter to Rice's strategy of rallying what she calls "mainstream" Arabs to isolate what she calls "extremist" elements in the region.

"I don't think that to resolve this problem, just like any problem that exists in the world, that you could do it through boycott and isolation," Russian Foreign Minister Sergei Lavrov said at a news conference after a meeting of the "Quartet," which also includes the European Union, the United Nations and the United States.

Lavrov, with Rice seated next to him, said that "Syria could play a constructive role," specifically citing a recent meeting between Mahmoud Abbas, the Palestinian Authority president, and Khaled Mashal, the exiled leader of Hamas's political wing, that Damascus had arranged. U.S. officials were furious at Abbas for agreeing to the meeting, Palestinian officials said.

Rice shot back that the United States, "even at the highest levels," has spoken to Syrian officials and that "Syria knows what it needs to do to be a stabilizing force."

Lavrov, asserting that "it is counterproductive to isolate anybody," said Russia believes that the Syrian-brokered meeting helped facilitate a dialogue between rival Palestinian factions and "will lead to positive results."

The Russia-U.S. clash over policy in the Middle East came amid some of the worst factional fighting in months between Palestinian forces; at least 18 Palestinians, including two children, were killed yesterday in fighting between Hamas gunmen and forces loyal to Abbas's Fatah party. Rice, when asked if the violence risked making the diplomatic gathering irrelevant, said that the group expressed concern and that "obviously innocent people are being caught up in this violence, and it needs to stop."

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U.S. officials were miffed at Lavrov's intervention, which overshadowed the group's endorsement of Rice's plans to bring together Abbas and Israeli Prime Minister Ehud Olmert and push them to accelerate a long-dormant peace plan.

A senior administration official, briefing reporters on the condition that his name not be disclosed, said the Russians did not suggest any of the ideas in preliminary meetings nor in yesterday's gathering of foreign ministers. "That is their view, but it isn't shared by others," he said.

During the briefing, the official pointedly -- and gleefully -- noted that the Russians contributed only $10 million of the $700 million in aid received by the Palestinians in 2006, suggesting that Moscow was at best a bit player in the region. He also dismissed the impact of the Palestinian meeting in Syria, saying it is "hard to see a positive influence was applied."

During the news conference, Lavrov said Russia supported the communique issued by the Quartet, which called for a Palestinian government "committed to nonviolence, recognition of Israel and acceptance of previous agreements and obligations."

The United States has led an international boycott of the Hamas-led government in an effort to persuade it to abandon its pledge to seek the destruction of Israel. Months of talks between Abbas and Hamas, seeking to forge a unity government that would empower him to negotiate a peace agreement, have not been successful.

The U.S. official boasted that the administration's campaign of isolating Hamas has been successful. He said the U.S. government believes that Hamas has been able to smuggle in only about $46 million in the past 10 months -- for a government that costs about $150 million a month to run. He said U.S. officials have succeeded in identifying and thwarting the delivery of about $400 million in funds that countries had planned to donate to the Hamas government. Instead, he said, the countries -- mainly Arab -- were persuaded to give the money directly to Abbas's independent presidential office.

Rice, accepting an approach long advocated by Europeans and Palestinians, plans to urge Olmert and Abbas to begin discussing the contours of a final peace deal. Previously, the administration argued that such negotiations would be premature until the Palestinians and the Israelis met the initial requirements of the stalled peace plan. Now, Rice says that sketching a "political horizon" would boost the confidence of the two sides to make those early steps.

"There is simply no reason to avoid the subject of how we get to a Palestinian state," Rice said yesterday. "I think, in fact, the political horizon of a Palestinian state can help to show the Palestinian people what is possible."

"Quartet" Backs Revived Middle East Peace Efforts (LAT)

By Paul Richter

The Los Angeles Times, February 3, 2007

WASHINGTON — A group of world powers Friday blessed the latest American effort to restart the Middle East peace process, but not before signaling that divisions remained among its members.

The so-called quartet — comprising the United States, United Nations, European Union and Russia — released a statement expressing support for a round of U.S.-led talks due to begin this month. It also reaffirmed its support for an economic boycott of the Palestinian government until the ruling Hamas movement agrees to foreswear violence and recognize Israel.

But in private talks, European officials signaled that they wanted to move faster than the Americans toward a deal to create a Palestinian state, diplomats said. And the Russian delegation urged the group to lift its economic boycott of the Palestinian government, saying the measure punished ordinary Palestinians without forcing Hamas to reform.

The new U.S. effort is based on the idea that progress toward peace can be accelerated by sketching the outlines of a final peace deal, the hope being that giving the Palestinians a glimpse of their "political horizon" would motivate them to make the sacrifices needed to get there.

This approach would allow the Palestinians and Israelis to temporarily bypass the initial requirements set out in the step-by-step "road map" to peace originally laid out by the quartet, conditions now seen as an impediment to progress. These steps, to which both sides agreed, include disarming Palestinian militant groups and clearing residents from illegal Jewish outposts in the West Bank.

But in recent discussions, it has become clear that some European and Arab governments want to put more emphasis on working toward a final deal, whereas the United States and Israel stress that the initial steps must not be completely neglected.

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Israeli officials argue that if the first-stage requirements are not met, neither the Israeli public nor the Palestinians will accept their leaders' eventual deal.

Some European and Arab officials fear that if tangible progress is not made within the next few months, the approach of the American presidential election and deepening international conflict over Iran's nuclear program could again put the talks in a deep freeze.

"We are all happy about the opportunity we have before us, but it is important to take it," a European diplomat said.

Germany, which currently holds the rotating presidency of the European Union, has been pushing to make the quartet more influential in the peace discussions. Although the United States has been eager to win its partners' support, the quartet's meetings have been infrequent and its role secondary.

At a news conference in Washington, German Foreign Minister Frank-Walter Steinmeier said he was pleased the quartet had made plans to meet again after U.S. Secretary of State Condoleezza Rice sits down with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas this month.

"We can only be credible if this becomes a long-term, sustainable process," he said.

American officials have been pushing for the new talks in part to solidify support for the United States among Sunni Arab governments in the Middle East, whose backing Washington badly needs in its efforts to stabilize Iraq and challenge Iran.

They also hope that progress in the talks will strengthen Abbas in his struggle against Hamas.

Yet most observers say the effort faces long odds, in part because of the precarious political position of Olmert and Abbas.

In their statement, the quartet members expressed "deep concern" about the latest fighting in the Palestinian territories between Hamas and Fatah, Abbas' movement.

David Makovsky, a senior fellow at the Washington Institute for Near East Policy, said it would be tricky for the Palestinians and Israelis to rough out a peace plan with the right amount of detail.

"The question is, will this 'political horizon' be in high definition, or will it be so blurry that it's meaningless?" he said. "You want it to have enough resolution that it can give people a sense of drive and focus, but not so much that it will enable opponents of these leaders to pick it apart. It's unclear you can strike a balance like that."

U.S., Russia Clash Over Syria In Mideast (AP)

By Anne Gearan

AP, February 3, 2007

The United States and Russia clashed on Friday over Moscow's suggestion that Syria should be included in efforts to advance an Israeli-Palestinian peace settlement.

"Syria could play a constructive role," Russian Foreign Minister Sergey Lavrov said after a meeting of world powers to discuss Mideast strategy.

However, Secretary of State Condoleezza Rice expressed little enthusiasm for such a prospect. "I hope that it (Syria) will in fact try and play a positive role rather than a negative one," she told reporters.

The Bush administration has resisted expanding diplomatic ties with Syria, which it blames for lending support to radical Islamic groups Hezbollah in Lebanon and Hamas in the Palestinian territories.

The U.S. has also expressed reluctance to reach out to Syria and Iran in a regional effort to reduce violence in Iraq, arguing that both countries' actions show they have little interest in stabilizing the area.

Still, said Lavrov, "It is counterproductive to isolate anybody."

Rice said that dormant Mideast peace talks should resume despite an outbreak of violence among Palestinian factions.

"It doesn't help to talk about a timetable, but it does help to talk about a commitment," Rice said after her meeting at the State Department with foreign ministers from the United Nations, the European Union and Russia.

The gathering of would-be peacemakers came amid renewed fighting between Hamas militants and security forces loyal to the former ruling Fatah Party that has raised new alarm about a possible Palestinian civil war.

More than 100 Palestinians have been killed in internal violence since Hamas won parliamentary elections last year and formed a Cabinet.

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Despite that violence, "there's simply no reason to avoid the subject of how we get to a Palestinian state," Rice said.

The international leaders reiterated the conditions they set for the Hamas-led Palestinian government to receive vital overseas financial aid and international political recognition.

Those include recognition of Israel, renouncing violence and embracing prior agreements between Israel and the Palestinians to work toward peace.

That statement was signed a year ago, days after Hamas won a surprise victory in Palestinian elections.

Hamas has refused to meet the terms, however, leading to a cutoff of direct international aid and a breakdown of services and order in the Palestinian territories.

World powers have largely abandoned hope that Hamas radicals will drop the anti-Israel positions and are looking for a new approach.

Rice was asked about the violence in Gaza and other Palestinian areas.

"We expressed our concern about events on the ground in the Palestinian territories. Obviously innocent people are being caught up in this violence and it needs to stop," she said.

But, she said, "The Palestinian people have waited a long time for a state and the Israeli people have waited a long time for the peace and security that would come from having a democratic neighbor."

The four-way meeting, convened by Rice, risked appearing irrelevant in light of the internal Palestinian disarray.

Any eventual political accommodation with Israel would require a Palestinian government unified and capable enough to negotiate lasting terms.

State Department spokesman Sean McCormack said the internal divisions are issues for the Palestinians alone to resolve.

The United States is looking for ways to revive peace efforts partly as a way to reassure Arab allies that it wants to improve the Palestinians' plight and solidify those allies against Iran.

Shiite Iran has close ties to Hamas, which the West considers a terrorist organization.

One goal of the session was to demonstrate tangible support for secular Palestinian President Mahmoud Abbas.

"The international community is going to do everything it can to settle the conflict between Israel and the Palestinians," German Foreign Minister Frank-Walter Steinmeier said before the meeting. He attended the session because Germany currently holds the European Union's rotating presidency.

Cease-fires between the two sides in recent weeks and months have quickly fallen apart — the most recent was announced early Tuesday.

In the latest fighting, gunmen waged battles in the streets with mortar shells, rockets and heavy machine guns.

Abbas appealed Friday for calm.

"I call on all parties in Gaza to stop these actions that harm the Palestinian people," he said.

U.S. Talks With Palestinians And Israelis Gain Support (NYT)

By Thom Shanker

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — Middle East peace negotiators gave broad endorsement on Friday to American designs for three-way talks led by Secretary of State Condoleezza Rice and involving Israeli and Palestinian leaders. But discord immediately surfaced with Russian comments that Syria, too, could play a constructive role.

After the meeting here of representatives of the so-called quartet of the United States, Russia, the United Nations and the European Union, Ban Ki-moon, the new United Nations secretary general, read a statement from the group expressing hopes that Ms. Rice's meetings in the Middle East this month "could begin to define more clearly the political horizon for the Palestinian people, and help engender a sense of partnership."

The talks, which officials said could include discussions of such sweeping issues as the shape of a final peace treaty and the nature of a Palestinian state, would not be a substitute for the internationally agreed framework for actions required of Israelis and Palestinians, which was drawn up in 2003.

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That so-called road map called for the Palestinians first to disarm militants and eliminate terrorist organizations while Israel froze the building of settlements.

The quartet, in its statement, said it "affirmed the primacy of the road map, and welcomed United States efforts to accelerate progress on the road map."

At a news conference after the meeting, though, Sergey V. Lavrov, the Russian foreign minister, expressed his country's view that "we are in favor of involving all those who can contribute to progress and to this process, and definitely in this case Syria could play a constructive role."

In looking for solutions to problems all across the Middle East, he added, "we believe that it is counterproductive to isolate anybody."

The United States maintains diplomatic relations with Syria, but State Department officials say no deeper engagement is warranted until the government in Damascus halts support for radical organizations, including Hezbollah in Lebanon and Hamas in the Palestinian territories.

"I think Syria knows what it needs to do to be a stabilizing force," Ms. Rice said. "And Syria doesn't need the United States to tell it what it could do to be a stabilizing force."

Mr. Lavrov underscored another difference with American policy, saying that resolving the Israeli-Palestinian dispute requires dealing with Hamas, which swept legislative elections in the Palestinian territories about a year ago.

"I can only repeat that we are convinced that it is necessary to work with Hamas to try to influence their position so that Hamas would accept those principles that were formulated by the quartet," Mr. Lavrov said. "In order for this to happen, what is necessary is to conduct persistent work with Hamas, and Russia is doing that."

When Ms. Rice travels to the region this month, she will meet with Ehud Olmert, the Israeli prime minister beleaguered by a clumsy war in Lebanon and financial scandal in his party, and with Mahmoud Abbas, the Palestinian Authority president whose Fatah movement is battling Hamas politically and on the streets.

The official statement expressed deep concern over the continued factional violence, and Ms. Rice argued that fighting on the streets — and years of political stalemate — did not render the quartet's work irrelevant.

"The Palestinian people have waited a long time for a state, and the Israeli people have waited a long time for the peace and security that would come from having a democratic neighbor that was willing to live in peace with them," Ms. Rice said. "And so I don't think we want to delay any longer the development of a political horizon for these people, and I think it would give great cause for hope in this region."

In their statements, the mediators reaffirmed that the Hamas-led government must adhere to international terms for ending violence and dealing with Israel in order to receive international financial contributions and political support.

In the absence of those actions by Hamas, the four negotiating partners reaffirmed that nations should embargo financial aid to Hamas institutions in the government.

A senior administration official, speaking anonymously under standard diplomatic rules, said after the meeting that more than $700 million in assistance flowed last year to organizations under the control of Mr. Abbas and his party, or to charitable groups in the Palestinian territories, while Hamas received about $110 million.

The official said the government in Moscow had sent only about $10 million in aid to the Palestinians last year. A proposal before Congress would send about $86 million to Mr. Abbas's security forces and other medical and humanitarian aid.

Major Powers Endorse US Initiative On Israeli-Palestinian Peace (AFP)

By David Millikin

AFP, February 3, 2007

Major powers endorsed a US plan to accelerate efforts to achieve an Arab-Israeli peace deal and establish a Palestinian state.

But the initiative was marred by renewed Palestinian factional violence, a rift with Russia over whether to bring Syria into the process and a weary skepticism that Israeli and Palestinian leaders are strong enough to lead their people to peace.

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US Secretary of State Condoleezza Rice hosted the meeting of her counterparts from Russia, the European Union and United Nations following a day of clashes in the Gaza Strip between forces loyal to the Western-backed Palestinian president, Mahmud Abbas, and the radical Islamic movement Hamas.

At least 25 people died in the fighting before the two sides agreed on a truce late Friday, but there was no certainty the ceasefire would stop the worst violence yet in a year-long power struggle between Abbas' secular Fatah party and Hamas.

In a final communique read out by UN Secretary-General Ban Ki-moon, the so-called Mideast Quartet expressed its "deep concern" over the factional fighting and called for an end to continuing Palestinian militant attacks on Israel.

But the main purpose of the meeting, the first in five months for the largely inactive group, was to provide backing to Rice's effort to jump-start the Quartet's still-born 2003 "road map" for Israeli-Palestinian peace.

The plan envisaged a three-phase effort focused first on ending Palestinian attacks on Israel and restricting Israeli activities inside the occupied territories and then moving on to steps towards the establishment of a Palestinian state, a goal it hoped to achieve in 2005.

But the plan never moved beyond stage one, torpedoed by Palestininian attacks on Israel and harsh Israeli clampdowns on the territories.

On Friday, the group supported Rice's new approach to move forward on two fronts -- strengthening Abbas' ability to govern and ensure security while, in parallel, holding talks on critical "final status" issues like the borders of a Palestinian state and the future of Jerusalem.

"There is simply no reason to avoid the subject of how we get to a Palestinian state," Rice said at a joint press conference with Ban, Russian Foreign Minister Sergei Lavrov, Frank-Walter Steinmeier of Germany and EU foreign policy chief Javier Solana.

Rice declined to set any new timetable for the process.

Friday's meeting was a prelude to a three-way meeting later this month between Rice, Abbas and Israeli Prime Minister Ehud Olmert.

Washington has billed the encounter as the premiere for its new peace drive, but given the political weakness of both Abbas and Olmert, success is far from guaranteed.

Although he is the elected Palestinian president, Abbas saw his authority eclipsed when Hamas won elections a year ago and gained control of the self-rule government.

The Quartet responded by suspending critical aid to the government, provoking an economic breakdown in the territories.

Olmert has been severely weakened by his perceived mismanagement of last year's war against the Hezbollah militia in Lebanon.

"We're doing this in an environment where, frankly, there is a lot of stress on each of the parties," a senior US official acknowledged.

"The conditions are such that expectations may outstrip the ability of the parties right now to deal with their situation," he said.

Steinmeier, participating because Germany currently holds the rotating EU presidency, was equally cautious.

"We are realistic enough to know it's not something that can be achieved overnight," he said.

Abbas has been trying for months to negotiate a unity government pact with Hamas which would meet the Quartet's conditions for lifting the aid embargo -- recognition of Israel, a renunciation of violence and compliance with past peace agreements with the Jewish state.

Hamas has refused.

The Quartet on Friday reaffirmed the boycott would remain in place until a Palestinian government that agrees to the principles is in place.

But that unity frayed when Russia argued publicly in favor of opening a dialogue with Syria -- which hosts Hamas' hardline leadership -- a stance Rice has ruled out.

"Syria could play a constructive role," Lavrov said, calling the "boycotts and isolation" backed by Washington "counterproductive."

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Russia Decries Hamas Boycott (WT)

By Nicholas Kralev

The Washington Times, February 3, 2007

Russia urged the United States and Europe yesterday to end a boycott of the Palestinians' Hamas-led government, exposing divisions in the group of international mediators known as the Quartet as it met in Washington in an effort to restart Middle East peace talks.

Secretary of State Condoleezza Rice hosted the meeting at the State Department on a day when fighting in the Gaza Strip raged between Hamas and the rival Fatah party, claiming at least 17 lives on the deadliest day thus far in a violent power struggle.

"We expressed our concern about events on the ground in the Palestinian territories," Miss Rice told reporters. "Obviously, innocent people are being caught up in this violence, and it needs to stop."

The Quartet -- consisting of the United States, European Union, Russia and the United Nations -- expressed support for Washington's initiative to begin talks between Israel and Palestinian Authority President Mahmoud Abbas, who also leads Fatah.

Miss Rice, who is expected to visit the Middle East later this month, plans to convene a three-way meeting with Israeli Prime Minister Ehud Olmert and Mr. Abbas, although the date and place have yet to be announced.

But at a press conference after yesterday's meeting, Russian Foreign Minister Sergey Lavrov said the U.S. and EU policy of boycotting Hamas is not working.

"I don't think that to resolve this problem -- just like any problem that exists in the world -- you could do it through boycott and isolation," he said. "We are convinced that it is necessary to work with Hamas to try to influence their position, so that Hamas would accept the principles formulated by the Quartet."

The United States and European Union refuse to speak directly with Hamas officials in the Palestinian government and have cut off most international aid to the Palestinians until Hamas renounces violence, recognizes Israel's right to exist and accepts previous Palestinian agreements with the Jewish state.

Russia will continue its contacts with Hamas because it "received support from the Palestinian people during the elections a year ago," Mr. Lavrov said.

A senior U.S. official, responding to Mr. Lavrov's comments, acknowledged that the Quartet does not have a "uniform contact policy" on Hamas. Asked if Russian influence has helped so far, the official said that Hamas is less comfortable saying "no," although it is not yet saying "yes."

The United States and the European Union consider Hamas a terrorist organization.

Mr. Lavrov also said that Syria can play a "constructive role" as a mediator between Fatah and Hamas, but Miss Rice countered that "there is no need for [Syria's] mediation."

In Gaza yesterday, Fatah and Hamas gunmen attacked two universities and a radio station and each other on the streets. At least 24 persons died and about 250 were wounded in a 24-hour period since a cease-fire collapsed Thursday. Another cease-fire was arranged late yesterday.

18 Palestinians Killed In Gaza Fighting (WP)

By Scott Wilson

The Washington Post, February 3, 2007

JERUSALEM, Feb. 2 -- At least 18 Palestinians, including two children, were killed in heavy factional fighting across the northern Gaza Strip on Friday, leaving a truce reached this week in ashes.

The street battles between gunmen from the rival Fatah and Hamas movements brought the two-day death toll among Palestinians to at least 24. The two groups have been locked for the past year in a political struggle for control of the Palestinian Authority.

More than 220 people were injured in the fighting, described by witnesses in Gaza as some of the most sustained since Hamas took day-to-day control of the Palestinian government 10 months ago. In terms of casualties, the violence ranks among the worst in a year.

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"I call on all parties in Gaza to stop these actions that harm the Palestinian people," said Palestinian Authority President Mahmoud Abbas, a Fatah leader.

The fighting, confined largely to northern Gaza, appears increasingly resistant to efforts by party leaders to stop it. Many of Gaza's streets, lined with barricades and echoing with the crackle of gunfire, were abandoned Friday as marauding gunmen torched meeting halls, security compounds and parts of the campus of Islamic University, which is affiliated with Hamas.

Over the past year, partisan violence has flared at moments of political stress between Fatah and Hamas leaders, who met with Egyptian mediators Friday in an effort to end the current fighting. After the meeting, Hamas and Fatah officials called for an immediate cease-fire and for all armed men to leave the streets, although it was unclear whether the order would be followed.

Hamas, a radical Islamic movement that does not recognize Israel's right to exist, deposed Fatah in January 2006 parliamentary elections that were supported by Israel and the United States.

The victory gave Hamas control of the Palestinian ministries, although disagreement with Fatah leaders arose immediately over control of the 70,000-plus members of the security services. Hamas formed its own security branch in Gaza, which is now involved in the fighting against the Fatah-controlled services. The movements also have potent armed wings, which often do not respond to orders from their parties' political leaders.

About 70 Palestinians have been killed since December, when Abbas, a relative moderate, threatened to call early elections if Hamas did not agree to form a power-sharing government that included Fatah and some smaller parties.

The United States, the European Union, Russia and the United Nations, the group of Middle East peace intermediaries known as the Quartet, cut off most aid to the Palestinian Authority soon after Hamas's election victory. The Quartet, which met Friday in Washington, is demanding that Hamas recognize Israel, renounce violence and abide by previously signed agreements with the Jewish state as conditions for renewed aid.

The embargo has impoverished the Palestinian government and much of the territories, especially Gaza, where a high proportion of the population relies on Palestinian Authority salaries. But Hamas has refused to moderate its position and characterizes Abbas's threat to call early elections, including for his own office, as an attempt to overthrow its elected government.

Abbas is scheduled to meet next week with Khaled Mashal, the exiled leader of Hamas's political wing, in the Muslim holy city of Mecca, Saudi Arabia. The two made little progress toward forming a unity government during a rare meeting last month in the Syrian capital of Damascus. King Abdullah of Saudi Arabia invited them to Mecca earlier this week to continue those talks in hopes of ending the factional fighting.

The rattle and bang of rifle and rocket-propelled grenade fire rang out across the northern strip throughout Friday, the Muslim day of prayer, and a column of black smoke billowed over Islamic University in the heart of Gaza City.

For the second straight day, Fatah forces stormed the campus and came under fire from the Hamas-controlled security force. After an operation there Thursday, Fatah officials said they had seized a large cache of assault rifles and captured seven Iranians, whom they described as "explosives experts."

Hamas, a Sunni Muslim movement, has accepted millions of dollars from Shiite Iran during the international aid embargo. But Hamas officials denied the presence of Iranians in Gaza, and Fatah officials presented no proof of the arrests.

Among the dead Friday was a commander of Fatah security services, who party officials said had been executed by Hamas gunmen. Health officials said two children, ages 5 and 7, also died of their wounds.

16 Die In Gaza Factional Clashes (LAT)

By Ken Ellingwood, Rushdi Abu Alouf

The Los Angeles Times, February 3, 2007

GAZA CITY — Fighting between rival Palestinian forces continued to rage across the Gaza Strip, killing at least 16 people Friday in violence that laid waste to a days-old cease-fire.

As gunmen battled in the streets, Egyptian officials sought to broker a fresh truce between the ruling Hamas movement and its main rival, Fatah. By day's end, the two sides had announced a tentative agreement to restore the cease-fire reached Tuesday, but it seemed at best a fragile deal as heavily armed men continued to stalk the streets.

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Some of the most intense fighting took place when Hamas gunmen attacked bases used by security forces loyal to Palestinian Authority President Mahmoud Abbas, who leads Fatah.

Hamas militants launched mortar rounds and crude Kassam rockets at a main base for security forces in Gaza City and at Abbas' compound nearby. Abbas was not in Gaza at the time.

Fatah forces struck back with heavy machine guns and by setting fire to a building at Islamic University, a Hamas stronghold, where more fierce exchanges took place. Hours later, attackers set fire to Al Quds University, which is affiliated with Fatah.

The dead included at least two children and three Hamas fighters. Most of those killed were Fatah members of the various security forces, including a regional commander of the national intelligence service.

More than 140 people were injured in Friday's violence, a continuation of skirmishing a night earlier that killed six people and left dozens hurt. The earlier fighting began when Hamas gunmen attacked a truck convoy that the group said was carrying arms from Egypt to Fatah's forces. Fatah and Egyptian officials denied the accusation.

For most of Friday, gunfire crackled through the largely deserted streets of Gaza City. Many people remained indoors, and even restaurants along main avenues were shuttered.

"I call on everybody, regardless of their political affiliation, to put an end to this bloodletting," Abbas said, speaking to reporters in the West Bank city of Ramallah.

Abbas is expected to travel to Saudi Arabia next week to meet with Hamas leaders for talks on a power-sharing arrangement that could end the factional tensions. Saudi officials invited the two sides for the talks in the Muslim holy city of Mecca. Abbas met last month with exiled Hamas leader Khaled Meshaal in Damascus, the Syrian capital, but they did not reach an agreement.

The groups have been locked in a power struggle since Hamas defeated Fatah in parliamentary elections in January 2006. Several cease-fire agreements have broken down as tensions between the rival militias surged and political leaders' appeals for calm went unheeded.

The violence has worsened since December, when Abbas said he would call new elections as a way to break the months-long political standoff.

Hamas leaders reject the idea of early elections, which they view as illegal and an attempt to topple them. Abbas has not formally declared elections, or set a date.

More than 70 people have died in factional clashes since mid-December.

Friday's flare-up came as Middle East peace mediators were meeting in Washington to consider how to bolster Abbas and restart the stalled diplomatic process between Israel and the Palestinians.

The Bush administration has said it will step up its involvement. Secretary of State Condoleezza Rice plans to travel to the region this month for a three-way meeting with Abbas and Israeli Prime Minister Ehud Olmert that is meant to spur informal discussions on the outlines of a possible final agreement.

But prospects for a breakthrough appear remote given the weak political standing of both Olmert and Abbas. Olmert has been highly unpopular among Israeli voters since the war in Lebanon last year, and Abbas is hobbled by the internal turmoil with Hamas.

Months of talks between Hamas and Fatah over a power-sharing arrangement have foundered in large part because of differences over how to divide Cabinet portfolios and Hamas' refusal to recognize Israel.

Abbas has sought to persuade Hamas to accept a political plan that would satisfy the West and bring an end to an aid embargo against the radical Islamist group, which many nations consider a terrorist organization.

In An Israeli Town Prone To Attacks, New York's Mayor Denounces Terror (NYT)

By Diane Cardwell

The New York Times, February 3, 2007

DOJ_NMG_0127825

SDEROT, Israel, Feb. 2 — Mayor Michael R. Bloomberg touched down by helicopter on a bare patch of dirt here on Friday, bringing his message against terror to a town shaken by persistent attacks from Palestinian militants firing rockets over the border from Gaza.

"I think this town, as much as any place you'll ever visit, tells you why we can never negotiate with terrorists," he said to a throng of reporters jostling on a hill overlooking Gaza, where violence between Palestinian factions has escalated in recent days. "Israel has a right to exist, and nobody should force on Israel anything."

He said that the country needed to work with its Arab neighbors, but added that if groups did not renounce terrorism, abide by their accords and recognize Israel's right to exist, "I personally think Israel shouldn't talk to them."

In a tour that lasted just under an hour, Mr. Bloomberg made the traditional stops for a visitor here, including one to examine a pile of spent and rusty rocket shells at the police station.

But what was striking in this town of roughly 23,000 was the sense of normalcy, despite the few rockets that had fallen just the night before. There were snaking rows of tidy, red-tile-topped houses, children walking through the streets and clusters of young people at sidewalk cafes. Even Mr. Bloomberg seemed to reflect that atmosphere, hauling out his well-worn joke to take credit for the morning's sunshine.

"The mayor brought good weather, that's the mayor's job," he told Eli Moyal, the mayor of Sderot, as the two walked together.

Just beneath the everyday veneer, though, lies the conflict's toll. Outside a youth center, Mr. Bloomberg met Yonatan Abukasis, whose 17-year-old daughter was killed in 2005 as she shielded her younger brother from an exploding rocket.

"I have two daughters, and I can't imagine," Mr. Bloomberg told Mr. Abukasis, who thanked the mayor for coming. "It's a reminder, all of us, how terrorists try to take away our freedoms. Sadly, some people pay with their lives, as in your case."

At the center, which is dedicated to the girl, a cluster of about three dozen small children greeted the mayor, singing songs for the festival of Tu Bishvat, which celebrates the new year of trees, and waving tiny Israeli flags.

In keeping with the traditional way of observing the holiday, the mayor planted a tree, helping hoist it up and shoveling dirt around the base.

Beside the tree, David Fendel, who is from Long Island and is head of an academy here, expressed his frustration to the mayor, saying that he could not understand how the American government could give aid to Palestinians. Mr. Bloomberg responded, "Well, it's up to the State Department to decide."

Still, Mr. Fendel told him that he appreciated Mr. Bloomberg's "whole attitude."

"You chose to come to Sderot," he said. "People living in fright and we're peace-loving."

On the hill overlooking Gaza, another man, Avi Farchan, approached Mr. Bloomberg and told him that missiles had destroyed his house. He gave the mayor a letter to give to President Bush seeking to end the aid.

Mr. Bloomberg, who traveled the town in an armored car and was accompanied by his New York police detail and a member of the Israeli secret service, told reporters that he was not fearful about visiting.

"I'm not afraid of terrorists," he said.

Yuval Donio Gideon, an official with Israel's Ministry of Foreign Affairs, said that Israelis appreciated his making the trip. "We think this is important, as the mayor of New York City that he's here and he's identifying with Israeli daily problems."

U.S. Takes China To WTO Over Subsidies (WP/AP)

By Martin Crutsinger

The Washington Post, February 3, 2007

The Bush administration, under pressure from the Democratic-controlled Congress to do something about America's soaring trade deficit, filed a trade case yesterday against China in a dispute involving government subsidies.

The complaint, filed with the World Trade Organization in Geneva, alleges that China is using government support and tax policies to bolster local companies in competition against U.S. and other foreign firms.

"We are seeking to level the playing field to allow U.S. manufacturers to compete fairly with Chinese firms," U.S. Trade Representative Susan C. Schwab said in announcing the case.

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The action will trigger a 60-day consultation during which trade negotiators will try to resolve the dispute. If that fails, a WTO hearing panel will be convened to handle it.

A victory by the administration would clear the way for the United States to impose economic sanctions against China if it refuses to change its subsidy program.

Schwab's announcement that a case was being filed came two days after Treasury Secretary Henry M. Paulson Jr. faced stiff questioning before a congressional panel where both Democrats and Republicans accused the administration of doing too little to deal with a swelling trade deficit with China.

An official with China's delegation to the WTO said the Chinese would have no immediate comment on the case.

Democrats in Congress praised the administration's action, saying they hoped it signaled a more aggressive policy toward what they say are unfair Chinese trade practices.

"Forcing China to eliminate its illegal subsidies will keep world markets open to U.S. goods, keeping jobs at home," said Senate Finance Committee Chairman Max Baucus (D-Mont).

"This case represents a step in the right direction, but it must be part of a much more aggressive program to take actions against violations of WTO obligations," said Rep. Sander M. Levin (D-Mich), the head of a House Ways and Means Committee trade panel.

John Engler, a former Michigan governor who heads the National Association of Manufacturers, said he was disappointed that other major trading partners, including Japan and the European Union, refused administration requests to join in filing the case. "We hope that other countries will reconsider joining the case, recognizing it is not fair to have the United States do all the heavy lifting," Engler said.

This is the second WTO case the administration has filed against China in the past year. Last March, it accused China of using a tax system deemed illegal by the WTO to block imports of American and other foreign-made auto parts into China.

Paulson told the Senate Banking Committee on Wednesday that he believed a high-level dialogue that began last December with top Chinese officials offered the best approach to dealing with trade issues.

The administration has been trying to get China to allow its currency to rise in value against the dollar. U.S. manufacturers contend that the Chinese currency, the yuan, is undervalued by as much as 40 percent, giving Chinese products a huge competitive advantage against American goods.

US-China Tensions Rise Over Subsidies (FT)

By Eoin Callan, ichard McGregor

Financial Times, February 3, 2007

The US on Friday launched a major trade dispute with China over alleged subsidies for manufacturing exports in an escalation of economic tensions with Beijing.

Susan Schwab, the US trade representative, said: “Our decision to bring this case to the World Trade Organisation comes after our efforts at dialogue failed.”

The escalation by the Bush administration follows pressure from the new Democratic majority in Congress and for tougher action over a record annual trade deficit with China of $214bn.

The US filing alleges China “uses its basic tax laws and other tools to encourage exports and to discriminate against imports of a variety of American manufactured goods”.

“The subsidies at issue are offered across the spectrum of industry sectors in China - whether in steel, wood products, information technology, or others,” said Ms Schwab.

The action by the Bush administration was viewed as part of a strategy to win Congressional approval for the renewal of the president’s fast-track trade negotiating authority when it expires on June 30.

The executive negotiating authority is viewed by White House advisers as necessary to advance their economic agenda during President George W. Bush’s last two years in office.

Edward Alden, a senior fellow at the Council on Foreign Relations, said: “It’s a smart move politically, though practically it’s a far bigger and more complicated case than anything the US has attempted against China so far.”

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Sander Levin, chairman of the trade subcommittee in House of Representatives, said: "This case represents a step in the right direction, but it must be part of a much more aggressive program to take actions against violations of WTO obligations."

Max Baucus, chairman of the Senate finance committee, said: "I hope that today's action is a signal that the US trade representative will take more vigorous action in the future when China or any other country fails to abide by trade agreements."

Daniel Griswold, an analyst at the Cato Institute, a conservative think tank, said the case would "give the US leverage with China to compel it to change its tax laws".

"I think this strategy does carry the risk that it will create tensions and maybe even harden the Chinese position," he said.

The dispute process allows time for the case to be resolved through dialogue and was several steps away from a "full-blown trade war", the analyst said.

US manufacturers welcomed the dispute and urged the White House to pursue the case to its conclusion.

John Engler, president of the National Association of Manufacturers, said: "Pursuing WTO cases like this one helps respond to widespread concern that trade is unfair and that the system does not work for us."

The US case may target the range of export tax rebates offered by China to local firms, many of which were introduced in the late nineties in the wake of the Asian financial crisis. The rebates were aimed at shielding Chinese exporters from the impact at the time of rapidly depreciating currencies in Asia, which made the goods of their regional rivals cheaper on overseas markets.

China has cut the rebates in some sectors in the last two years, but many remain, despite booming exports and a swelling trade surplus with both the US in particular and the world as a whole.

The US action also appears to attack the range of incentives offered by the both the central and local governments in China to attract foreign investment.

U.S. Trade Effort On China Suffers 2 More Setbacks (NYT)

By Steven R. Weisman

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The Bush administration's efforts to ease economic strains with China suffered two setbacks Friday with the resignation of a top official in charge of the China dialogue and an announcement that talks on a critical trade dispute had failed to resolve differences.

The United States trade representative, Susan C. Schwab, said Friday that "our efforts at dialogue failed" to resolve disputes over the American charge that China had illegally subsidized several industries to promote exports. She said Washington would bring the issue to the World Trade Organization, a major escalation in American pressure.

"We would have preferred to work this out," Ms. Schwab said. "We regret that was not possible."

The dispute was over Chinese subsidies of steel, wood products, information technology and other products that compete with goods made in the United States, Ms. Schwab said. Trade officials noted, however, that going to the trade organization would simply open a new phase of talks that could take years.

Meanwhile, the resignation of Timothy D. Adams as under secretary of the Treasury for international affairs was the second departure in five months of the person at Treasury in charge of the overall dialogue with China.

The departure of Mr. Adams comes at a time of rising impatience in Congress over the "strategic economic dialogue" started by Treasury Secretary Henry M. Paulson Jr. in September as one of his principal objectives on the international stage.

The dialogue is aimed at improving understanding and the atmosphere for resolving a range of economic disputes, particularly over the American demand that China allow its currency, the yuan, to float more freely on international exchange rates.

A higher value of the yuan would presumably affect the trade balance by making exports to America more expensive and American exports to China cheaper, economists say. The yuan has risen about 6.5 percent in the last year and a half but Mr. Paulson told a Senate committee this week that China had moved too slowly to make its exchange rate more flexible.

In his resignation letter to President Bush, whom he had served as an adviser in the 2000 presidential campaign and in Treasury posts since then, Mr. Adams said that he wanted to return to private life to spend more time with his wife and children.

"I refuse to give anything but my best as I endeavor to make a difference in public service," he said.

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Family reasons were also cited last fall in the departure of Mr. Adams's predecessor in the job of overseeing the dialogue, Deborah Lehr, a China specialist with experience in government and the private sector. Ms. Lehr resigned only six weeks after her recruitment by Mr. Paulson. Treasury officials are expected to name a new envoy to handle the dialogue soon.

Mr. Paulson praised Mr. Adams for his service, especially for his work on China. As under secretary, Mr. Adams also worked on changes at the International Monetary Fund and in coordinating economic policy with American allies around the world.

There has been speculation in Washington that Mr. Adams was growing impatient with the pace of progress on the China initiative. But when Treasury officials were asked about this some weeks ago, they said there was no truth to the rumors that Mr. Adams planned to leave.

Acquaintances of Mr. Adams said that his decision to go was fueled less by policy matters than by the lack of a personal chemistry with Mr. Paulson, who came aboard the administration only last summer.

Mr. Adams was said to have chafed when Ms. Lehr was appointed as the China envoy last fall, and then again this winter as others have assumed the role of organizing the dialogue. Mr. Adams is a political insider with ties to the campaign apparatus of the Bush team, and Mr. Paulson is a former executive at Goldman Sachs who freely acknowledges his lack of interest and even distaste for politics.

Some friends said that Mr. Adams had always intended to leave the administration before the end of its second term, having served as a top official to Mr. Paulson and two predecessors, Paul H. O'Neill and John W. Snow, both of whom were ousted from the job by the White House.

"I haven't seen any daylight between what I've heard Tim say about China and what I've heard the secretary say," said Tony Fratto, a former assistant secretary of the treasury for public affairs and now a White House spokesman. Mr. Fratto added that he would be surprised if any policy differences with Mr. Paulson led to Mr. Adams's decision to resign.

Nevertheless, Mr. Adams's departure means that yet another person will have to take over the economic talks with China only a few months before the next meeting, which is in May, at a time of mounting criticism in Congress that the dialogue has produced few results other than setting up an elaborate process to talk about the issues.

Mr. Paulson told the Senate Banking Committee that he shared the senators' "frustration" that the talks had not yet produced results. Treasury officials say he is hoping to produce tangible signs of progress on trade, commercial ties and currency before the next meeting.

But the failure of the trade talks on the decision to take the issue to the World Trade Organization suggests that the benchmarks already sought by the administration are proving difficult to meet. The move on manufactured goods announced by Ms. Schwab follows another such action last year, in which the United States took China to the World Trade Organization over what Washington regarded as China's failure to import American-made auto parts.

Currencies: G-7 May Cast A Wary Eye On Valuations Of The Yuan, Yen (WSJ)

By Joellen Perry

The Wall Street Journal, February 3, 2007

When finance ministers from the Group of Seven leading industrial nations meet in Germany next weekend, look out for a tussle over two Asian currencies.

U.S. officials will continue to focus on China's weak yuan at the talks, which take place in the former industrial powerhouse of Essen. But European policy makers have said they will push for a discussion about Japan's currency to be included in the talks, as well. They say the yen's low value gives Japanese exporters an unfair edge against competitors that have to pay for their costs in euros. After losing 10% against the euro in the past year, the yen hit record lows in January against the European Union's common currency, which is used by 13 nations, including Germany and France.

Japan is expected to fight back, and this time will find the U.S. on its side. Though Japan has often been criticized in the past for manipulating the yen's value, Treasury Secretary Henry Paulson said last week that the yen's value now accurately reflects Japan's economic situation. Though the yen recently hit four-year lows against the dollar, and U.S. car makers have also

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complained about the currency's weakness, U.S. Treasury officials are reluctant to champion any artificial adjustment in the yen at a time when they are pushing for a market-valued yuan.

Japan's timid recovery is part of the reason its currency is low. Rock-bottom interest rates, at 0.25%, have also made the currency a prime player in the global "carry trade," in which investors borrow in low-yielding currencies like the yen to invest in more lucrative currencies elsewhere. Carry trades further weaken the yen as traders sell off the currency. With domestic consumption and consumer-price data still muted, significant interest-rate rises from the Bank of Japan seem unlikely in the short term, so the yen will likely stay low.

That is a particular problem for countries that use the euro. Exports helped last year to power the euro bloc to its fastest economic growth since 2000. Policy makers worry a feeble yen, on top of the euro's recent rise against the dollar, will undercut that expansion. Manufacturing survey data for January show a stronger euro has already begun dampening export growth across the region.

A flagging yen also underscores the euro zone's widening disparities. Productivity increases and meager wage growth have helped Germany gain against reform laggards like France and Italy to become the world's largest exporter in terms of value. "We are more sensitive to the exchange rate because we are less good than Germany in terms of structural competitiveness," says Christian de Boissieu, chairman of the French Prime Minster's Council of Economic Analysis.

More fundamentally, as the euro strengthens simultaneously against the dollar and the yen, European policy makers worry the currency is unfairly bearing the burden of global imbalances. When the dollar slid last year, in part on fears of the U.S.'s huge trade deficit, Asian economies with trade surpluses and currencies pegged to the dollar helped stem the slide by buying dollars. At the same time, jittery investors world-wide switched dollar-denominated assets for euro ones, pushing up the European currency's value.

Trade Boom (WP)

The Washington Post, February 3, 2007

THE STRONG growth in the U.S. economy reported this week for the last quarter of 2006, and the year as a whole, had a lot to do with burgeoning American exports. In the first 11 months of 2006, they reached $1.1 trillion, a 13 percent increase over the same period in 2005. Though the U.S. trade deficit is still huge, recent figures show exports growing at three times the rate of imports; sales to China are up by a third. Moreover, U.S. exports to the handful of countries with which there are free-trade agreements are booming disproportionately: Though Mexico, Canada, Chile and other free-trade-pact partners make up only 7 percent of the non-U.S. global economy, they are buying 42 percent of the American goods and services sold abroad.

All this good news is one reason congressional Democrats should support President Bush's request to renew his trade promotion authority, which expires July 1. The authority allows the president to negotiate bilateral and multilateral trade agreements and submit them to a single, up-or-down vote by Congress; without it, the deals Mr. Bush has cut with Latin American, Middle Eastern and Asian countries would have been impossible. Important bilateral trade pacts with South Korea, Malaysia and Thailand, which could give another big boost to American exports, probably won't be finished by midyear, so the extra time will be needed.

Much more important, quiet talks between Bush administration and European Union officials in recent weeks have raised hopes that the global trade negotiation known as the Doha round can be raised from the grave where it was buried last summer. Doha offers the promise of enormous benefits to U.S. exporters and the world economy as a whole. The World Bank has estimated that it could lift 10 million people out of poverty in the poorest nations. But it will require big cuts by rich countries in subsidies for agricultural exports in exchange for reductions in tariffs on industrial goods and services by middle-income countries such as Brazil and India.

Mr. Bush took an important step toward reviving Doha last week by proposing a new farm bill that would reduce U.S. agricultural subsidies by $18 billion in the next five years. The average annual funding in the bill is $17 billion, the ceiling U.S. negotiators have talked about in bargaining with the European Union. In exchange, Europe would be expected to reduce its subsidies by 54 percent.

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A lot of Democrats got elected in November by running against free trade; more than three dozen of them recently wrote to the new House Ways and Means Committee chairman, Charles B. Rangel (D-N.Y.), asking for a reversal of "the troubling results of the administration's trade agreements and trade policies." Fortunately, Mr. Rangel and Sen. Max Baucus (D-Mont.) of the Senate Finance Committee appear to recognize the harm that would be caused if Congress torpedoed the Doha round. They have signaled a willingness to talk with the administration about the renewal of trade promotion authority; Mr. Bush, for his part, recognized in a speech last week that trade "can also lead to hardships for our workers and their families" and offered to work with Congress to improve assistance programs for those affected. With flexibility on both sides, a deal should be possible.

Chinese Official Warns Against Independence Of Courts (NYT)

By Joseph Kahn

The New York Times, February 3, 2007

BEIJING, Feb. 2 — "Enemy forces" are seeking to use China's legal system to Westernize and divide the country, and the Communist Party must fend them off by maintaining its dominance over lawyers, judges and prosecutors, China's top law and order official said in a detailed speech whose text was published Friday.

The official, Luo Gan, who is a member of the governing nine-man Politburo Standing Committee, said in an address published in the state-run magazine Seeking Truth that judicial officials had the responsibility to "prevent infiltration that might threaten national security."

Mr. Luo said that China is now part of the global community and that it must consider "international factors" when making judicial decisions. But he drew a sharp line between such interests and allowing greater leeway for lawyers, judges and prosecutors to make decisions independently as they do in the West.

"There is no question about where legal departments should stand," Mr. Luo said. "The correct political stand is where the party stands."

The speech appeared to amplify President Hu Jintao's past calls to guard against a Western-inspired "color revolution" of the kind that brought political change in Central Asia, Central Europe and Lebanon.

Lawsuits filed against party and government entities have sometimes made the courts a forum for public expressions of discontent.

Some Chinese lawyers and rights advocates have sought to use the country's laws and courts, which on paper resemble legal and judicial structures in place in Europe and the United States, to check abuses of power and enforce individual freedoms enshrined in China's Constitution.

China's highest profile cases attract attention from the media and international human rights groups that follow developments in China, which is especially sensitive given its designation as host of the 2008 Olympics.

In practice, prosecutors and judges answer to Political-Legal Committees run by the Communist Party. Verdicts in cases that involve delicate issues are decided by ranking party officials, often including Mr. Luo himself, Chinese legal experts say.

Some Chinese and Western legal scholars say the party's direct control may diminish over time, as courts handle millions of routine cases and establish legal precedents. But Mr. Luo gave no indication that party leaders are seeking to encourage a drift in that direction.

"Given the vital functions of political and legal organs, enemy forces always try to use them as the breaking point to Westernize and divide our country," Mr. Luo said. "Any mistake made by such organs may be used by enemy forces."

Despite his generally suspicious tone, Mr. Luo called on judicial authorities to be more attuned to the international impact of their decisions, while protecting foreign business and nongovernment organizations operating in China legally.

"Authorities should consider the possible international influence of and reaction to their decisions," he said.

But he listed a number of political challenges that he said would require closer integration between legal officials and other party and government units.

He said many people in China's more mobile and better educated society slipped through what he referred to as the "management net," mainly work units that once acted as the party's political eyes and ears. Officials need to restore more control over such people, he said.

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"There can't be any 'free people' who are outside the management net," he said. In particular, he said, organizations that provide telecommunications and Internet services must take "full responsibility" for preventing the spread of harmful information.

Mr. Luo said the courts should play a bigger role in defusing mass incidents of social unrest by "safeguarding justice and fairness." That appeared to be a plea to resolve protest incidents through legal means rather than relying on police crackdowns.

But he echoed recent calls to punish the "tiny minority" of troublemakers who try to mobilize social discontent. And he dashed hopes that China is prepared to phase out its extrajudicial system of re-education through labor, which often singles out political activists who have not committed crimes.

He said this system, known as laojiao, should be improved, not scrapped.

Journalist Group Criticizes Press Freedoms Under Hu Jintao (NYT)

By Joseph Kahn

The New York Times, February 3, 2007

BEIJING, Feb. 2 — A leading media watchdog group on Friday accused President Hu Jintao of China of seeking to bring the media to heel and instigating an expanding crackdown on the press despite China's pledge to enhance media freedoms before the 2008 Olympics, which are to be held in Beijing.

Reporters Without Borders, based in Paris, said in its annual report on press freedoms that conditions for the news media and for journalists had deteriorated in China.

"The press is being forced into self-censorship, the Internet is filtered, and the foreign media very closely watched," the group said in the report, which was released Friday.

It continued, "Faced with burgeoning social unrest and journalists who are becoming much less compliant, the authorities, directed by President Hu Jintao, have been bringing the media to heel in the name of a 'harmonious society.' "

The group cited the five-year sentence given to a Hong Kong reporter, Ching Cheong, and a three-year sentence for Zhao Yan, a researcher in the Beijing bureau of The New York Times, among other efforts to intimidate journalists.

"In both cases they were convicted after shoddy trials with no defense witnesses," the group said.

In total, the group estimated that 31 journalists were serving jail terms in China and that the authorities had convicted 52 more people for posting political views on the Internet.

Other reporters have faced physical attacks by hired thugs associated with the local authorities or powerful business interests, and the police often fail to investigate the assaults, the group said.

Hu Urges Sudan To Act On Darfur Crisis (FT)

By Andrew England

Financial Times, February 3, 2007

Hu Jintao, China's president, on Friday embarked on the most contentious leg of his African tour, visiting Sudan for the first time to buttress bilateral trade with a government accused of multiple human rights abuses in its western Darfur region.

Mr Hu's trip came amid western pressure on China to use its ties with Khartoum to influence the government to take greater steps to resolve the four-year conflict in Darfur.

The Chinese leader urged Khartoum, behind closed doors, to solve the crisis and pursue dialogue with rebel groups. But no public statement was made on the issue. Zhang Dong, China's ambassador in Khartoum, on Thursday told Xinhua news agency that China "never interferes in Sudan's internal affairs".

The focus of the trip was on economic issues, with China signing agreements to build two schools and a presidential palace, and provide loans of more than $70m, the Sudanese news agency said.

Billions of dollars of Chinese investment, particularly in the oil sector, have provided crucial support to President Omar al-Bashir's regime, enabling it to join the ranks of oil exporters and improve decaying infrastructure. Chinese companies are involved in building bridges, roads, government offices, a hydroelectric dam and an oil refinery, which the leaders visited on Friday.

But even in Sudan – where China is the biggest bilateral trading partner – some questioning the balance of the relationship. Sayed al-Khatib, director of the government's Centre for Strategic Studies said some feel Beijing has used the west's reluctance

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to invest in Sudan to over-charge on infrastructure projects and has failed to meet quotas on the employment of Sudanese in the oil sector.

"Some people are not quite comfortable with the way China is holding to its end of the partnership but still people are grateful that at the time they came we didn't have anybody else," Mr Khatib said. "You could say it's not that bad but questions are being asked."

Sudan is China's third-largest trading partner in Africa, with bilateral trade exceeding $2.9bn (£1.5bn, €2.2bn) in 2006. Sudanese officials estimate Sudan's oil output is almost 500,000bpd, of which about two-thirds goes to China.

Beijing insists it has played a positive role in tackling the Darfur crisis but critics regard its relations with Sudan as an example of what they see as China's questionable role in Africa.

Trade between China and Africa reached a record $55bn last year but there are concerns that Beijing's unconditional support could help prop up rogue regimes. Others accuse China of looting Africa, while flooding the continent with cheap, low quality goods that will hamper the development of African manufacturers.

China's heavy investment in Sudan during the past decade contrasts with its treatment by the west as a pariah because of allegations it sponsored terrorism, its dire human rights record and a decades-long conflict in southern Sudan where its main oilfields are located.

Chinese President Pushes Sudan On Darfur (AP)

By Alfred De Montesquiou, Associated Press Writer

AP, February 3, 2007

Chinese President Hu Jintao told Sudan's leader on Friday he must give the United Nations a bigger role in trying to resolve the conflict in Darfur and also said China wanted to do more business with its key African ally, Sudan state media reported.

In what appeared to be China's bluntest message to Sudan on the Darfur crisis, Hu urged President Omar al-Bashir in a face-to-face meeting to boost the U.N.'s "constructive role in realizing peace in Darfur" along with the African Union, the official Sudan news agency SUNA reported.

China buys two-thirds of Sudan's oil and is the largest investor in the country, giving it some leverage with al-Bashir's government. Sudan has defied a U.N. Security Council call for the underpowered African Union mission of 7,000 troops in the western region of Darfur to be taken over by a U.N. operation of 22,000 peacekeepers.

China usually refuses to mix human rights issues with diplomacy, but Hu has come under international pressure to use his clout with Sudan to push it to accept U.N. peacekeepers in Darfur. More than 200,000 people have been killed in four years of fighting in the region between rebels and the army, backed by the notorious janjaweed militia.

Human rights activists expressed concern ahead of Hu's eight-country tour of Africa that China is overlooking abuses to gain access to Africa's resources. Africa has become an important source of oil and other natural resources to feed China's rapid economic growth.

Sudanese officials briskly ushered journalists out of the room Friday when Hu began voicing his expectations on Darfur to al-Bashir. Later, a Sudanese official told The Associated Press that Hu had told al-Bashir his government "should work more earnestly to get the rebels who did not sign the Darfur peace agreement to join the peace process."

The government signed the peace agreement with one rebel group last May, but other rebels rejected the accord as inadequate and the conflict escalated.

This week, U.N. Secretary-General Ban Ki-moon urged Sudan to accept a compromise deal by which a U.N. force would deploy in Darfur in a "hybrid mission" with African peacekeepers. Ban has also asked China's U.N. ambassador for help in trying to persuade the Khartoum government.

U.S. Sen. Barbara Boxer urged Sudan Friday to accept a U.N.-led peacekeeping mission in Darfur.

"If the message the Chinese are bringing President Bashir is clear and is unequivocal that we need to move forward and they need to end this nightmare, it's going to be very positive," the California Democrat said of the meeting between the two leaders. Boxer was speaking at U.N. headquarters in New York.

Sudanese Foreign Minister Lam Akol insisted that Hu's words on Darfur were not hostile.

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Akol told reporters after the meeting that Sudan was willing to see the mixed U.N. and African Union force deployed in Darfur "as soon as funding and troops were secured."

Diplomats in Khartoum said Hu's position on Darfur could be linked to Chinese concerns about Sudan's stability, as well as that of neighboring Chad. The Chinese have recently improved relations with Chad, which also has important oil reserves and is fighting rebels in eastern provinces. Chad has accused Sudan of backing its rebels — a charge that Khartoum denies.

Sudan wanted to draw attention to the trade and investment side of its relationship with China.

After meeting him at the airport, al-Bashir took Hu to the Chinese-built Friendship Hall, where they signed several accords. China undertook to build schools and a new presidential palace, reduced import tariffs on some Sudanese goods, granted a loan of $77.4 million for infrastructure, and gave a grant of $40 million.

SUNA reported that China also canceled about $80 million of Sudan's debt.

"China is more fair than the West in dealing with Sudan and its policy has helped boost both business and peace in the country," said al-Bashir, who pointedly praised Beijing for not interfering politically in African countries.

The two later visited what they referred to as the finest Sino-Sudanese achievement: the Khartoum refinery where 100,000 barrels of oil — a fifth of Sudan's production — are refined each day.

Jointly owned by Sudan and the Chinese National Petroleum Company, the refinery stands near the village of Aljaili about 43 miles north of Khartoum.

Hu's trip to Cameroon, Liberia, Sudan, Zambia, Namibia, South Africa, Mozambique and Seychelles began Jan. 30 and runs until Feb. 10.

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Associated Press reporter Mohamed Osman in Khartoum contributed to this report.

China Offers Aid For 'Peaceful Resolution' Of Darfur Conflict (AFP)

By Mohammed Ali Saeed

AFP, February 3, 2007

Chinese President Hu Jintao has offered Sudan assistance for the peaceful resolution of the Darfur conflict but ignored Western pressure to make future aid conditional on the progress made.

"The African Union and the United Nations must play a constructive role in upholding peace in Darfur, advancing regional stability and improving the living conditions of the people," Hu told Sudanese counterpart Omar al-Beshir Friday, according to the website of state-run China Radio International.

"The Chinese side appreciates the efforts by the Sudanese government, the African Union, the United Nations and other concerned nations to resolve the Darfur problem," it quoted Hu as telling Beshir in their Khartoum talks.

"In resolving the Darfur question the following principles should be adhered to -- Sudan's sovereignty and territorial integrity should be respected and dialogue and consultations on the basis of equality should be upheld to peacefully resolve the issue."

Following talks between Hu and Beshir, China agreed to offer 40 million yuan (5.2 million dollars) in unspecified aid and materials for the peaceful resolution of the the Darfur question, the radio reported.

The two leaders held "frank, in-depth and fruitful" and reached "consensus... on major regional and international issues," China's official Xinhua news agency said.

The international community, led by Washington which accuses Khartoum of genocide in Darfur, had been hoping that Beijing would use its economic muscle to press Khartoum to accept the deployment of UN peacekeepers in Darfur, where African Union troops have failed to quell the bloodshed.

But Beshir has consistently rejected such a move, accusing Western powers of seeking to use the United Nations as a cover to invade his country and plunder its resources.

Sudanese Foreign Minister Lam Akol said: "The two sides agreed to support the Addis Ababa agreement," referring to the accord calling for a hybrid UN-African Union force in the troubled western Sudanese region.

Hu said Beijing was pleased to see that Khartoum had scored "remarkable achievements in national reconciliation" and had "signed accords with several factions in the north, east and west, thus promoting social stability."

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Khartoum has yet to approve the final phase of the three-stage plan for UN forces to supplement the African contingent in Darfur.

More than 200,000 people have died and 2.5 million fled their homes in Darfur as a result of a four-year-old war pitting ethnic minority rebels against government troops and their Arab militia allies.

But China's mild words on Darfur seem to underscore the Asian giant's no-strings-attached stance on doing business in Sudan.

China has agreed to give Sudan an interest-free loan of 100 million yuan (12.8 million dollars), Finance Minister Al-Zubair Ahmed Hassan told reporters.

Beijing also pledged increased cooperation in telecommunications, irrigation, energy and infrastructure, and promised to explore stepping up assistance in human resources, vocational training and health, Xinhua said.

"We are now officially economic partners," Beshir said before heading into his talks with Hu.

The agreements will further boost two-way trade that reached 2.9 billion dollars in the first 11 months of 2006.

China's energy-hungry economy -- the fourth largest in the world -- is badly in need of resources from Sudan and other African countries.

No other country has more clout on the Khartoum government than China, which takes 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime.

The China National Petroleum Corporation has huge stakes in Sudan's oil industry, producing around 500,000 barrels per day. China is also building a dam on the Nile, which is currently Africa's largest hydro-electric project.

Hu received a warm welcome Thursday in Liberia, the second leg of his African tour after Cameroon.

Emphasising its commitment to Africa, China said this week it would write off debts owed by 33 African countries as part of a multi-billion-dollar pledge made last year.

Hu is due in Zambia on Saturday.

2 Americans Held, Kenya Official Says (LAT/AP)

The Los Angeles Times, February 3, 2007

MOGADISHU, SOMALIA — Two Americans were among at least 10 foreigners detained by Kenyan police at the Somalian border after allegedly fighting on the side of Somalia's ousted Islamist movement, an official said Friday.

One of the Americans is wanted in the U.S. on suspicion of links to radical movements, the Kenyan police official said.

Kenya said it seized the foreigners after they fled from Ethiopian troops who had helped oust the Islamists. It was preparing to deport them to their home countries.

One of the Americans was arrested with his 9-year-old child, the police official said. The U.S. Embassy had no comment.

Among the foreigners in custody were four Britons and people from France, Tunisia and Syria, said the official, who spoke on condition of anonymity because of the sensitive nature of the information. The date of their deportation had not been determined.

Violence has been escalating in Mogadishu, the Somalian capital. A bombing at an Islamic girls school killed a student Friday, and at least eight people were killed overnight in mortar attacks.

Censorship's New Clothes (NYT)

By Laila Lalami

The New York Times, February 3, 2007

WHEN I went to visit my cousin in the capital, Rabat, in December, he was preparing for his pilgrimage to Mecca. He showed me the pamphlets he was reading to learn about the rituals and talked about how much he would miss his family while he was away.

As the afternoon wore on, the mood grew lighter, and he began to tell me jokes. "Did you hear the one about the Islamist whose wife has just delivered a daughter? He picks up his baby and says, 'Come here, my little bomb.' " My cousin chuckled as he said this — and so did I. It was an otherwise unremarkable afternoon, during which we shared funny stories satirizing our society.

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Yet two weeks ago, Driss Ksikes, the editor in chief of the weekly magazine Nichane, and Sanaa Al Aji, a journalist, were sentenced to three years' probation and a fine of more than $9,300 each, while Nichane was banned from publishing for two months — all for printing this joke, along with several others, in a cover article titled "Jokes: How Moroccans Make Fun of Religion, Sex and Politics."

The article, written by Ms. Al Aji, examined the role that jokes play in society and, quoting sociologists, stand-up comedians and intellectuals, concluded that "comedy is the most beautiful form of expression, inaccessible to censorship." Several insets included jokes about God, the Prophet Muhammad and the king, Mohammed VI. The magazine remained on newsstands for a week without incident.

Some religious conservatives started a small campaign online and on satellite news channels, calling for Nichane to be punished, while others passionately defended the magazine and signed petitions of support. A few days later, Nichane was shut down and its journalists taken to court for printing material that was deemed "offensive to the Islamic religion." As outrageous as the verdict was, it was light compared with what the state prosecutor was seeking: five years' prison time and a ban from practicing journalism for 10 years.

While the Nichane case was unfolding, another news magazine found itself in trouble. On three occasions, court bailiffs visited the offices of Le Journal Hebdomadaire to demand payment of a fine of more than $350,000.

A Casablanca court had called for the magazine to pay this sum to Claude Moniquet, the director of a small institute called the European Strategic Intelligence and Security Center. At issue was an article calling into question Mr. Moniquet's impartiality in a report he conducted about Western Sahara. The report was favorable to Morocco's position that this territory is part of its southern provinces.

In the United States, Morocco is often seen as a liberal country and a bulwark against Islamic extremism. Certainly, the reforms that have taken place over the last few years, particularly in terms of women's rights, are steps in the right direction.

But while the court cases against independent news magazines like Nichane, Le Journal Hebdomadaire and several others are within the bounds of Moroccan law, they appear to single out the independent press, to the exclusion of more partisan publications. These cases highlight a particularly troubling pattern, in which the regime represses the progressive voices it claims to champion.

Meanwhile, newspapers like Attajdid, the mouthpiece for an Islamic party, go unmolested, probably because they are careful to confine their criticism to social issues and generally avoid two of the three infamous "red lines" — the king and Western Sahara — that limit press freedom in Morocco. When it comes to the third taboo, Islam, such publications often set the tone for public debate, as they did during the Danish cartoons controversy.

The government then tries to prove that it, too, can defend Islamic values; hence the case against Nichane for printing jokes deemed offensive to the religion. It is a high-stakes game between the religious right and the government, and it is unclear which will come out the winner.

In a sign of the times, Nichane has retreated. The magazine has already announced that it will not appeal the court's decision, and it is likely that it will respect the "red lines" from now on. In contrast, Aboubakr Jamaï, Le Journal Hebdomadaire's besieged editor, resigned from his post in order to save his magazine. Since any salary he makes in Morocco can legally be seized to pay his colossal fine, he argued, he has to leave the country and work elsewhere. Morocco cannot afford to lose his voice.

The Bush administration has time and again referred to Morocco as a moderate Arab state that deserves to receive millions of dollars of taxpayers' money to encourage democratic reforms. American officials point to recent elections, changes in family law and a good growth rate as indicators of Morocco's success. But they turn a blind eye to problems of press freedom. A democracy cannot be established unless independent journalists, whatever their political beliefs, are allowed to work and publish freely.

Without freedom of expression, Morocco's reforms are merely a varnish. Underneath it lies the same old country.

Blair Vows To Stay Despite Scandal (WP)

By Mary Jordan

DOJ_NMG_0127836

The Washington Post, February 3, 2007

LONDON, Feb. 2 -- Prime Minister Tony Blair said Friday he will not resign because of a growing scandal concerning his party's financing and added that "I am not going to beg for my character in front of anyone."

As calls for his resignation have intensified, Blair has said little publicly about a police investigation that has led to the arrests of close aides. But in a BBC radio interview Friday, he spoke in some detail, variously asking for patience and forcefully saying he wouldn't be hounded out of office. "The sensible thing" is to wait until the police finish their investigation, he said. In the meantime, "I am not going to get into a situation where I am pleading for my integrity."

Prime minister for nearly a decade, Blair said last year that he would resign before September. But many people here want him to leave now, as members of his own party publicly admit the damage this scandal is doing to his party.

"I think inevitably when you have this kind of thing going on for months and months, it does have a corrosive effect," Hazel Blears, the Labor Party leader, said in a televised interview.

Former Labor leader Neil Kinnock told reporters it will take years for the political system to recover from the damage the scandal has caused.

"He is no longer casting about for a legacy but trying to avoid leaving under a tremendous cloud," Anthony Howard, a political commentator, said in an interview.

Police have arrested four people from Blair's party on suspicion of involvement in the offering of seats in the House of Lords and other government honors in exchange for cash.

"I totally understand why this obviously is very distracting and somewhat obsessive for the media. It's bound to be. But it isn't for me," Blair said, noting he was still able to do his job.

There has been noticeable tension between police and the prime minister's office as the case has dragged on -- the first arrest came in July. Blair supporters, for instance, have publicly asked why officers who arrested Ruth Turner, the director of government relations in Downing Street, had to do it in the early morning.

In the interview, Blair urged people not to believe everything "ricocheting around the media" because, he said, it wasn't all true.

Blair said he was determined not to leave office early because of this police inquiry. "I don't think that's the right way to do it, and I think it would be particularly wrong to do it before the inquiry has even run its course and come to any conclusions. So you'll have to put up with me for a bit longer."

No one has been charged with a crime. All four of those arrested have denied wrongdoing.

Blair also said in the interview that he has "tried to do my best over the last 10 years" but that he has made "mistakes along the way." He added: "People can make up their mind about me according to what they think about me. But I know what type of person I am."

Serbia Rejects Plan That Could Lead To Kosovo Independence (NYT)

By Craig S. Smith

The New York Times, February 3, 2007

PRISTINA, Kosovo, Feb. 2 — Serbia rejected a United Nations proposal on Friday that paves the way for an independent Kosovo, setting up a possible showdown between its supporter, Russia, and the West over the disputed territory's final status.

Serbia's response came almost immediately after a United Nations envoy, Martti Ahtisaari, presented the complex plan to politicians here and in Belgrade.

"I told Mr. Ahtisaari that Serbia and I, as its president, will never accept Kosovo's independence," President Boris Tadic said in a statement from Belgrade. He noted that while the plan does not mention statehood for Kosovo, it "opens the possibility for Kosovo's independence."

The proposal, which is still subject to weeks of negotiation between the two sides, will require Russian acquiescence in order to win Security Council approval. Russia, a permanent member of the Security Council with veto power over the plan, has until now backed Serbia's position that Kosovo must remain an integral, even if an autonomous, part of Serbia.

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A NATO bombing campaign stopped fighting between Serb and Kosovo Albanian forces in 1999 and put the disputed territory under United Nations administration. It has been in limbo since then. Mr. Ahtisaari's proposal is intended to finally fix the province's future, closing the last chapter of the 1990s Balkan wars.

While the plan does not mention independence, its provisions describe de facto statehood for Kosovo — providing for an army, constitution and flag — though it would still be protected by NATO and overseen by the international community for the indefinite future. The plan would also allow Kosovo to declare independence if the package is approved by the Security Council.

Mr. Ahtisaari avoided addressing the subject of independence on Friday at news conferences in Belgrade and Pristina, saying only that "there will be a clear definition of Kosovo's status when I submit my proposals to the Security Council."

He does not expect the provisions regarding Kosovo's status to change much before then, he said.

That shifts the onus to Russia and, to a lesser extent, China, both of which have supported Serbia's territorial claims — in part, over concerns about ethnically motivated secessionist movements in their own countries.

In Russia, officials have long said they would not back any solution that was not supported by Serbia, effectively ruling out a forced separation, even one that stopped short of outright independence.

By Friday evening, the Russian government had not responded officially, but Leonid E. Slutsky, deputy chairman of the international affairs committee of the lower house of Parliament, said that Mr. Ahtisaari's proposal was far from the last word. "It raises many questions," he said, according to Interfax, "and it appears to me that any haste in trying to implement this plan may bring negative consequences."

Mr. Ahtisaari did not give a timetable for taking the plan to the Security Council, but said he would set aside the rest of February for further negotiations with the two sides.

The proposal provides for the province's United Nations administration to be replaced by an International Civilian Representative who would have veto power over all government decisions for an indefinite period. It also foresees a multiethnic Kosovo security force of 2,500 troops and 800 reserves as well as a domestic intelligence agency to monitor threats to internal security.

The plan calls for the disbanding of the Kosovo Protection Force, which consists primarily of former fighters from the Kosovo Liberation Army, which fought Serbia and has been charged with human rights violations against Serbs.

Kosovo Serbs in six municipalities would be granted wide autonomy powers, including the right to receive financial donations and technical assistance from Serbia. The proposal would also establish more than 40 "protected zones" limiting building and commercial activity around Serbian churches and monasteries.

A constitution, to be written by a 21-member Constitutional Commission, will need a two-thirds majority for approval by Kosovo's Parliament. Kosovo Serbs and other minorities will be consulted on the document.

Serbs and other minorities would also be guaranteed seats in the Parliament and have the power to block legislation of "special interest" to them. But Mr. Ahtisaari said the provision could not be used to block more important measures like the constitution or a declaration of Kosovo's independence.

In Belgrade the mood was glum. Prime Minister Vojislav Kostunica, who refused to meet with Mr. Ahtisaari, called the proposal "illegitimate," saying that it violated the United Nations Charter because it would divide Serbia and "redraw its internationally recognized borders."

The proposal was met with only muted optimism in Pristina. "Kosovo will be sovereign like all other countries," said Kosovo's president, Fatmir Sejdiu, after meeting with Mr. Ahtisaari. The territory's prime minister, Agim Ceku, said the document "is very clear for Kosovo's future."

Not everyone is so sure. Albin Kurti, a Kosovo Albanian whose Movement for Self-Determination has called for protests against the proposal on Feb. 10, said Mr. Ahtisaari's slow approach would give Serbia time to strengthen its hold on Kosovo's Serb areas and "lead to more conflicts."

U.N. Envoy Unveils Kosovo Proposal (AP)

By Garentina Kraja, Associated Press Writer

AP, February 3, 2007

DOJ_NMG_0127838

Kosovo took its first tentative steps on the road to becoming what would look very much like a sovereign nation Friday after a U.N. envoy unveiled a blueprint for the future of the tense, ethnically divided Balkan province.

The plan's architect, former Finnish President Martti Ahtisaari, did not explicitly mention Kosovo's independence from Serbia in the proposal he presented to Serbian and ethnic Albanian leaders.

But his 58-page roadmap spelled out conditions for internationally supervised self-rule — complete with the trappings of nationhood, including a flag, anthem, army and constitution and the right to apply for membership in international organizations. It envisions a Kosovo "governing itself democratically and with full respect for the rule of law."

Both Serbia's pro-Western president, Boris Tadic, and its nationalist prime minister, Vojislav Kostunica, immediately rejected the plan and reasserted the country's claims to Kosovo as the heart of the ancient Serb homeland.

"I told Mr. Ahtisaari that Serbia and I, as its president, will never accept Kosovo's independence," Tadic declared in a statement hours after meeting with the envoy in Belgrade. Kostunica denounced the plan as "illegitimate."

In Pristina, Kosovo's provincial capital, President Fatmir Sejdiu said he and other leaders expected Kosovo to become an independent state soon, and pledged to guarantee the rights and security of its small 100,000-member Serb minority.

Kosovo's ethnic Albanian majority has long pressed for independence and fought a bloody war with Serbia in the late 1990s. Yet the mood was muted in the province Friday.

"It's good, but we're a bit reserved," said Lutfi Maloku, 40, an ethnic Albanian technician. "It wasn't called independence and it allows for the Serb minority, which accounts for 5 percent, to hold lots of power."

Kosovo's prime minister, Agim Ceku, was also disappointed by some aspects of the plan. "What Ahtisaari described is a sovereign state, an independent state," he said. "However, this document does not entail all our expectations, all our demands, what belongs to us. We will do everything so that his final document at the Security Council reflects in its entirety the will of Kosovo's people."

Describing his proposal as a draft subject to change, Ahtisaari said he would invite the rival sides to meet again on Feb. 13 for negotiations. He said he hoped to present a package to the U.N. Security Council — which will have the final say on Kosovo's future status — by the end of March.

Approval there would set the stage for the U.S. and other countries to formally recognize Kosovo's independence. But there are concerns the plan may, instead, trigger a showdown between the United States — long an advocate of an independent Kosovo — and Russia, a traditional ally of Serbia. Russia is one of five permanent Security Council members which hold veto power.

Kostunica has threatened to cut off diplomatic ties with any country that recognizes Kosovo as an independent state.

Ahtisaari, acknowledging that both sides remain far apart, conceded it could be difficult to come up with a settlement both sides could accept. "I think that might require so much time that I don't think I have years in my life to achieve (it)," he said.

His remark seemed to signal that the Security Council could wind up imposing some kind of settlement.

The European Union called on both the Serbs and ethnic Albanians to be ready to compromise on the issue of Kosovo's future. "Both sides must demonstrate responsibility, flexibility and a recognition of the need for realistic compromised-based solutions," the EU said in a statement.

The United States praised the plan as "fair and balanced," and also called on both sides to work toward a settlement.

Kosovo has been a U.N. protectorate since 1999, when NATO airstrikes stopped Serbia's crackdown on separatist ethnic Albanian rebels. Nearly 10,000 ethnic Albanians were killed in the Serbian onslaught, and nearly 1 million were forced to flee their homes.

Ahtisaari's plan would protect Serbian Orthodox Church sites and the Serbian language in the province. Ethnic Albanians, secular Muslims, account for 90 percent of Kosovo's 2 million population.

The plan would also grant the 200,000 Serbs who fled Kosovo after the war in the wake of revenge attacks by Albanians "the right to return and reclaim their property and personal possessions."

For Serbs, the plan outlines "a high degree of control" over their own affairs by granting them six new Serb-administered municipalities and a greater voice in the higher education and health systems. Serbs also would be granted "extensive municipal autonomy in financial matters, including the ability to accept transparent funding from Serbia."

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The plan recommends the establishment of an international representative — similar to the office set up in Bosnia after that country's bloody 1992-95 war — to oversee day-to-day affairs.

It also includes provisions for a 2,500-member Kosovo security force which would be overseen by NATO, which now maintains 16,500 peacekeepers in the province.

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Associated Press writers Dusan Stojanovic, Jovana Gec and Misha Savic in Belgrade and William J. Kole in Vienna contributed to this story.

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On the Net:

U.N. envoy for Kosovo, http://www.unosek.org

U.N. Kosovo Proposal Tries To Appease All Sides (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, February 3, 2007

Serbia, backed by Russia and China, says it won't accept independence.

UNITED NATIONS — A U.N. envoy unveiled a blueprint for Kosovo's future Friday that gives the province de facto independence without formal sovereignty, a compromise between the Serbian government's demand for control and the majority Albanians' wish for nationhood.

The road map for Kosovo's future does not mention independence from Serbia but provides the outlines of internationally supervised self-rule.

The ethnically divided province, where nine out of 10 people are ethnic Albanian, will have its own flag, anthem, army, constitution and membership in international organizations.

The 58-page plan provides for a NATO-led peacekeeping force to help ensure "a safe and secure environment … as long as necessary," plus an appointed international representative who would supervise the transition and have veto power over the Kosovo government.

It would allow Kosovo to declare independence with Security Council approval, but Russia — a veto-holding member — opposes statehood.

Though nominally a province of Serbia, Kosovo has been administered by the United Nations since U.S.-led NATO forces drove out the Serbian military in 1999 to protect Albanian residents from "ethnic cleansing" at the hands of the Belgrade government.

The architect of the U.N. plan, former Finnish President Martti Ahtisaari, presented the proposal Friday to Serbian and Kosovo Albanian leaders, after months of negotiations, saying it was as close as the two sides could get.

The positions of the opposing parties are "extremely fixed," Ahtisaari said. He invited both sides to meet again Feb. 13 in Vienna for final negotiations on a settlement that would be acceptable to all, but he hinted that the talks had reached their limit.

"I think that might require so much time that I don't think I have years in my life to achieve" it, he said.

Serbia's pro-Western president, Boris Tadic, and its nationalist prime minister, Vojislav Kostunica, rejected the plan Friday and vowed that Kosovo would never be independent.

"I told Mr. Ahtisaari that Serbia and I, as its president, will never accept Kosovo's independence," Tadic said in a statement after meeting with the U.N. envoy in Belgrade.

Kostunica refused to meet Ahtisaari, whom he accused of being biased against Serbia, and declared the plan "illegitimate."

The prime minister threatened to cut off diplomatic ties with any country that recognizes Kosovo as an independent state.

In Kosovo's capital, Pristina, President Fatmir Sejdiu said the plan set Kosovo on the path to independence and pledged to protect the rights of the minority Serbs if it did become a nation.

"Kosovo will be sovereign like all other countries," he said after meeting with Ahtisaari.

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The Security Council will have the final say on Kosovo's status, but Russia has said it will not support the plan if Serbia, a traditional ally, opposes it. China also has sided with Serbia, out of fear that Kosovo's secession could encourage its own minorities in Xinjiang and Tibet.

That foreshadows a stalemate on the council, with the U.S. and Europe supporting independence for the province.

U.S. State Department spokesman Sean McCormack praised the plan as "fair and balanced," and called on both sides to work toward an agreement.

The European Union said that resolving the status of Kosovo would be crucial to securing the region's stability and urged Pristina and Belgrade to be serious about reaching a settlement. "Both sides must demonstrate responsibility, flexibility and a recognition of the need for realistic compromise-based solutions," said a statement from the EU presidency, held by Germany.

The Security Council will meet with Ahtisaari this month after the Vienna meeting but will not formally take up the issue until March, said Slovakian Ambassador Peter Burian, the council's president for February.

Debt Is Key To Kosovo's Status (FT)

By Neil MacDonald

Financial Times, February 3, 2007

The future status of Kosovo must open the way for international financing to repair its fragile economy, Martti Ahtisaari, the United Nations envoy for the province, said on Friday.

Although he avoided mentioning "independence", his settlement, to be put before the UN Security Council, would bestow most of the attributes of independent statehood on the territory, which is 90 per cent ethnic Albanian.

While UN membership might be hard to achieve, Kosovo would be able to join institutions such as the International Monetary Fund, opening the way for credit and possibly foreign investment.

The UN has governed Kosovo since Nato aerial bombing forced out Serb forces in 1999.

"Everyone in Kosovo agrees that the dire economic situation needs most urgent attention," Mr Ahtisaari told reporters after presenting his draft status plan in Belgrade. "The settlement outlines provisions designed to promote sustainable economic development, including Kosovo's ability to apply for membership in international financial institutions," he said.

As expected, the plan mostly outlines protections for ethnic minorities, particularly Kosovo Serbs, who account for about 5 per cent of the population. However, roughly a quarter of the document deals with unresolved economic questions – including what to do about debt inherited from the former Yugoslavia, amounting to nearly €1bn ($1.3bn, £660m).

The European Union wants to see the debt question cleared up before taking charge of a new supervisory mission to monitor the local authorities after the close-down of the UN Interim Mission in Kosovo.

The question of ex-Yugoslav debt could flare up if Kosovo's parliament follows up the UN status resolution by declaring independence. The seceding province's debt servicing to international financial institutions and Paris and London club creditors would cost it between €50m and €100m per year, UN officials say.

Serbia currently foots most of these bills and might continue doing so to shore up its sovereignty claims.

Until the end of the 1980s, Yugoslavia drew heavily on loans from multilateral institutions to pay for industrial expansion and comparatively high living standards for a socialist country. Kosovo's inherited share is about 7 per cent of Serbia's current total external debt, according to the Serbian central bank.

But negotiators for the losing side of the war still view the ex-Yugoslav debt as a bargaining chip to block independence. Nenad Popovic, chief economist on the Serbian negotiating team, has said servicing the Kosovo debt costs Serbia nearly $100,000 per day.

The lack of a debt agreement drains Serbia and also hinders restructuring for Kosovo's underdeveloped economy, say IMF officials.

Mr Ahitsaari's plan follows the formula established for debt settlement after the earlier secessions of ex-Yugoslav republics – Slovenia, Croatia, Bosnia-Herzegovina and Macedonia – in the early 1990s.

"Once Serbia agrees to the principle, it's easy," said Joachim Ruecker, head of the United Nations interim mission in Kosovo.

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Bay Of Pigs Vets Fight To Outlast An Ailing Castro (WSJ)

By Lucette Lagnado

The Wall Street Journal, February 3, 2007

MIAMI -- Last December, a group of veterans of the 1961 Bay of Pigs invasion gathered for a board meeting at their small museum in Little Havana memorializing the event, and heard a bombshell announcement.

The Brigadistas, as veterans of the failed attempt to topple Fidel Castro are known, had just observed a minute of silence in memory of comrades killed in the failed attack when their president delivered the news they had been waiting to hear for 48 years.

"Fidel Castro esta muerto," -- Fidel Castro is dead, said Felix Rodriguez. Mr. Rodriguez, a retired CIA officer, said his sources had informed him that the Cuban dictator had passed away on Dec. 3, at 4 a.m.

The men were jubilant.

The report, of course, was false, and the Brigadistas' elation reverted to the melancholy they have felt for so many years as they have waited for their old nemesis to be gone.

Since July, when Mr. Castro, who has ruled the island since 1959, fell ill and ceded power to his younger brother, these unrepentant Cold Warriors have been in suspense, waiting.

The Brigadistas have long lived with the hope of resuming their lives in a free Cuba. But today, many surviving members are just hoping to be buried there. The 80-year-old Mr. Castro's illness has given them a new lease on life.

Jorge Marquet, who is 76, has been saving a bottle of Dewar's 12-year-old Scotch for the occasion of Mr. Castro's death. When the time comes, Nilo Messer, a devout Catholic, is planning to go to church and pray.

William Muir-Celorio, 62, a Brigadista who hasn't smoked in 25 years, says he has put aside an expensive, "non-Cuban" cigar to light up at an appropriate moment.

"Jews say, 'Next year in Jerusalem.' " We say, 'Next year in Havana,' " says Mr. Muir-Celorio, a software developer.

Some say they are planning to be on the first plane to Cuba, to fight if they have to. Mr. Rodriguez says that, at about 250 pounds, he is out of shape and currently on a diet. "We can hold a rifle, but we can't run up a hill," Mr. Rodriguez says.

Rodolfo Llorente, 68, who has scars on his chest from heart surgery, is prepared to do what he can to bring about a regime change. "I would go to the Brigada and say, "Let us go and help the Cuban people," he says.

The museum, which opened in 1986, has become a social club, a brotherhood, a charity, and a senior center for the lonely veterans of Brigade 2506, as the force is known. These days, it is also a makeshift mausoleum for those too poor to afford a proper burial.

The original U.S.-trained force that entered Cuba in the spring of 1961 was about 1,500 strong, according to Esteban Bovo, the Brigade's historian, though many more, he says, were associated with the battle. Mr. Castro was ready for them and waged a fierce fight even as promised U.S. air cover failed to materialize. Stranded, members of the Brigade were taken prisoner and held for 20 months.

When they returned to the U.S., many were tormented -- and remained so. Some committed suicide; others fell into alcoholism or homelessness. Several joined the armed forces, or pursued the American Dream by becoming professionals. But others took whatever menial jobs they could find -- waiter, busboy, porter. In 1972, a few of the men became Watergate burglars.

The small ranch house that is home to the museum, donated by a wealthy Brigade member, is their hangout. They don't get many visitors, just a few stray tourists who wander in to look at the photos of the dead and an assortment of articles and artifacts chronicling the invasion. On display is the Brigade 2506 flag members gave to President John F. Kennedy when he visited them in Florida upon their release.

Now in their 60s, 70s and 80s, some Brigadistas are barely scraping by.

Because they were part of a covert army recruited and trained by the CIA, they were never entitled to the benefits veterans of the armed services enjoy -- from health care to burial.

"I never thought I was going to stay in this country for so long. I lived day by day," says Mr. Marquet. As treasurer of the Bay of Pigs Museum, he earns a salary of $16,800 a year. His only other income is his Social Security check.

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Over the years, the Brigadistas have longed for respectability in the form of U.S. veterans' status. Miami Congresswoman Ileana Ros-Lehtinen tried years ago to obtain limited federal benefits for Brigadistas, such as access to Veterans Administration hospitals, but to no avail. She says she is getting ready to try again.

Because of their age, many now qualify for Medicare. Carlos Garrido, a Brigade member and a doctor, set up a practice in Miami. He welcomed ailing Brigadistas, treating them at little or no cost to them.

"Most of the Brigade is poor," says Dr. Garrido, 67, "I tried to help as much as I can."

Some groups, such as Filipinos who fought alongside U.S. forces in the Philippines in World War II have received veteran's status. But major veterans groups are skeptical. "It boils down to are you or aren't you a member of the five armed services -- and they are not," says Joe Davis, a spokesman for the Veterans of Foreign Wars service organization.

The CIA is more friendly. "As a general rule, retirement benefits are paid only to those individuals with an established status as employees of the Central Intelligence Agency. Members of Brigade 2506 don't qualify. That is a point of law and is no way a reflection of their courage," a CIA spokeswoman said.

Death is always on the Brigadistas' minds, not just Mr. Castro's but their own.

As caretaker of the Bay of Pigs Museum, 72-year-old Juan Torres-Mena answers the phones, cleans the toilets and dusts the rows of faded pictures that line the walls of this one-room shrine to one of the great fiascos in U.S. military history.

And when remains of Brigadistas arrive from the local cremation service, it is also Mr. Torres-Mena's job to pour the ashes into one of the new wooden "urns" stacked neatly on the floor in an office.

The containers are kept out of sight from visitors, on a desk in the president's office, even as the Brigadistas try to raise money to build a real mausoleum. "Maybe we take them to Cuba," Mr. Torres-Mena adds.

These days, Mr. Rodriguez is part fund-raiser, part museum administrator, part funeral director. The Brigade owns a parcel of land in a Miami cemetery, where members are buried two by two, one on top of the other. But traditional funerals are costly, so he has negotiated a price on cremations, he says, pointing to the prepaid cremation certificates he keeps in his desk.

"I bought another 20 in advance," he says.

He doesn't mind having the ashes around, he says. "They don't make any noise; they are friends of ours."

Waiting, And Waiting, For Fidel (LAT)

By Tim Cavanaugh

The Los Angeles Times, February 3, 2007

HERE'S A prediction you can take straight to the bank: One day, Fidel Castro will die. Until that time, the watch over the Cuban dictator's long-expiring body continues.

This week, it heated up, even without new evidence from el jefe's doctors. On Monday, Miami City Commissioner Tomas Regalado suggested that the Orange Bowl be made available, on Castro's death, as a venue for "helping a community celebrate." Meanwhile, a news conference about security at the Super Bowl in Miami got hung up on how the Magic City might react if Castro died during the big game.

Together, these stories produced the singular notion that the Super Bowl would be doubling as a venue for a celebration of the old revolutionary's death. By Tuesday, the proposed fiesta was talk-show fodder, and the city began downsizing, or at least re-characterizing, its Castro death contingency plan.

Inevitably, Castro got the last laugh. Late Tuesday, Cuban state television released footage of the president-for-life looking slightly stronger than he had during his last appearance.

Two things are notable in this hiccup of Castro eschatology: It was not motivated by any actual news, and this is not unusual. So flammable is the Duraflame of the Castro deathwatch that it can ignite spontaneously, at any time. A rumor circulating in late December, for example, held that the ailing leader was already dead and that the Cuban government was merely waiting to make the announcement on New Year's Day as a tie-in with the anniversary of the revolution (which we know from our readings in Cuban history — or from "The Godfather II" — occurred Jan. 1, 1959). Google "Castro is dead" and you'll get more than 62,000 results, going back many years. And whatever you do, don't open the "Castro is dead" spam; it contains a nasty virus.

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"Growing up in Miami, you would always hear these rumors that Fidel had died," said Juan Carlos Saizarbitoria, co-producer of "East of Havana," a documentary about the Rap Cubano festival. "I always thought it was going to end with a whimper, and it looks like that's what's happening."

Prominent members of the Cuban exile community are in fact opposing the Orange Bowl celebration plan and the deathwatch in general because they focus too much attention on Castro, who has already devolved his responsibilities onto his brother, Raul. "That he looked healthy in the latest footage has no bearing on the fact that he can't command the country anymore, and probably won't be able to come back to full power," said Ramon Saul Sanchez, leader of the Miami-based Movimiento Democracia. "The focus now should be on Raul and what he's going to do."

That's unlikely to stop wave after wave of rumors about a frozen corpse, "Weekend at Bernie's"-style trick photography and state secrets that have bypassed the mainstream media and gone straight to a friend of your friend in Union City, N.J. "Listening to Spanish-language radio in town, people call in with all kinds of theories," said Frank Calderon, a Miami-based blogger who runs castrodeathwatch.com.

Such speculating in a news vacuum has a long pedigree. A.J. Liebling's 1953 column, "Death on the One Hand," details the way U.S. media filled thousands of column inches with skylarking over a single datum — that Josef Stalin had suffered a stroke — and no further information. (Stalin subsequently died, or so the official record would have us believe.) Liebling's conclusion — "no-news is more voluminous than news" — applies in any situation in which information is both finite and unknown.

To this ancient game, Castro and his watchers bring generations of built-up agon and emotional commitment. The dictator's death will almost certainly occasion a mass public outpouring in Miami, where residents (and their elected officials) are in the position of people crouched and waiting at a surprise party: Every floor creak sounds like the arrival of the guest of honor.

And the guest will retain, probably until his last breath, a genius for working the media and humiliating his enemies. This week's uptick in the deathwatch leaves just one question: Did Fidel, maybe, plan it this way?

"He wouldn't mind causing a little chaos here in Miami, letting people think he died just to cause trouble," Calderon said. "I have my own theory about why he was out of sight for so long before this new footage. Perhaps there was some kind of loyalty test, to see who would make a move when they thought he was dead."

Tim Cavanaugh is assistant editor of the editorial pages.

Bomb Resonates With Diplomats, Not With The Bomber (NYT)

By Simon Romero

The New York Times, February 3, 2007

THERE are not many places where a man convicted in the bombing of a commercial airliner that killed 73 people can be found roaming the streets. This city, home to Freddy Lugo, is one of them.

Mr. Lugo, like an uneasy memory from the cold war, is tucked away here, obscure to most of his countrymen but not completely forgotten. He was one of two men sentenced to 20 years in prison for placing explosives on a DC-8 jetliner flown by Cubana Airlines in 1976.

The plane blew up in the sky above Barbados, killing everyone on board, including two dozen members of Cuba's national fencing team and a 9-year-old Guyanese girl. That explosion, considered the first act of midair terrorism in the Americas, poisons relations between Havana and Washington to this day.

Mr. Lugo, 65, who was released in 1993 after 17 years in prison, has tried to put the past behind him. "I have a tranquil life now," he said in a rare 90-minute interview, his eyes darting around him, at a bakery cafe near his home. "I have a clean conscience."

But the past has a way of catching up with him. There is the occasional journalist to contend with, and glimmers of recognition from among the many Cubans who live here. As many Americans would recognize Mohamed Atta if he were alive and walking the streets of New York, to Venezuelans, Mr. Lugo's face is haunting.

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A new book on the Cubana bombing, called "Terrorist of the Bush Family," by two Venezuelan journalists, Alexis Rosas and Ernesto Villegas, has not helped either. The book has become a best seller since its release here last November. It has focused new attention on the bombing and the request by Venezuela for Washington to extradite the Cuban exile accused of masterminding the bombing, Luis Posada Carriles, to face terrorism charges here.

So far the Bush administration has refused, and Mr. Posada Carriles, 78, a naturalized Venezuelan citizen who sneaked into the United States in 2005, currently sits in a jail in southern New Mexico on immigration charges.

PRESIDENT HUGO CHÁVEZ'S government, a staunch Cuban ally these days, says the difficulty in extraditing Mr. Posada Carriles illustrates American hypocrisy in battling terrorists. Likewise, Cuba's government points to documents that show the C.I.A. had knowledge that such an attack was being plotted in Caracas.

Since the book's publication, academic researchers and reporters have tried more than ever to track down Mr. Lugo for interviews, but he has almost always turned them away, preferring the banality of an anonymous life.

Mr. Lugo, who drives a gypsy cab to make ends meet, has tried his best to remain in the shadows of the diplomatic uproar surrounding Mr. Posada Carriles, whom he described simply as "an adventurer, capable of anything."

Despite his conviction, Mr. Lugo said he considered himself a pawn in the machinations of Cuban exiles to topple Fidel Castro. Along with many of those Cubans, Mr. Lugo, a Venezuelan, found himself in Caracas in the 1970s.

Ann Louise Bardach, a journalist and authority on Cuban politics, called the Caracas of that era the Casablanca of the Caribbean, as the city attracted a sordid collection of spies, guerrillas and drug traffickers.

It was here that Mr. Lugo, then a news photographer, met the man who recruited him for the bomb plot, a fellow Venezuelan journalist named Hernán Ricardo Lozano, according to police records.

Mr. Ricardo, it turned out, had been working on the side for Mr. Posada Carriles, doing photography and surveillance. Mr. Posada Carriles had a long history as a C.I.A. operative in the 1960s before moving to Caracas, where he became chief of operations at Venezuela's secret intelligence police, Disip, in the 1970s.

"My life would have taken a completely different path if I had never met Hernán Ricardo," Mr. Lugo said.

The two men boarded Cubana Airlines Flight 455 on Oct. 6, 1976, in Port-of-Spain, the capital of Trinidad and Tobago. They got off in Barbados, where the plane stopped en route to Havana. Before leaving the plane, they left C-4 plastic explosive in a camera bag and a tube of Colgate toothpaste on board, according to statements obtained by the police in Trinidad after the two men were arrested there in the days after the attack.

"We have an explosion," the Cubana pilot said with fear in his voice in a recording of the plane's last frantic moments before it crashed into the Caribbean. The recording, broadcast repeatedly here and in Havana last October in remembrances of the 30th anniversary of the episode, continued: "We are descending immediately. We have fire on board."

Documents recently obtained by the National Security Archive in Washington describe some of the mundane organizational details involved in the bombing. In questioning by Trinidadian police officials, Mr. Lugo said Mr. Ricardo had "told him he was going to blow up a Cubana airplane." He said he saw Mr. Ricardo "kneading a handful of something looking like dough" before boarding the flight.

Mr. Ricardo, after slitting his left wrist in a suicide attempt while in police custody in Port-of-Spain, said that he had been paid $16,000 for the job and that Mr. Lugo had received $8,000.

AN intelligence report prepared by Clarence Kelly, the F.B.I. director at the time, suggested that Mr. Posada Carriles had attended meetings in Caracas where the bombing was planned.

The report, quoting an informant in Caracas, said Mr. Ricardo had called Orlando Bosch, another Cuban exile in Caracas charged with planning the bombing, saying, "A bus with 73 dogs went off a cliff and all got killed."

Mr. Bosch was eventually cleared by Venezuelan courts and lives quietly in Miami, having been spared from deportation in 1990 by the administration of President George H. W. Bush, who was the C.I.A. director at the time of the bombing.

Mr. Posada Carriles escaped from prison here in 1985 and made his way to Central America, and from there entered the United States in 2005 and was caught.

Mr. Ricardo served 17 years along with Mr. Lugo. Today his whereabouts are hard to ascertain, though Mr. Lugo said he believed he had left Venezuela.

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FOR his part, Mr. Lugo divides his time now between an apartment where he lives with his wife, in an elegant if decaying building on a quiet, tree-lined street, and his son's home in a poor district. He says he avoids any involvement in politics.

He says his taxi, an aging beige sedan, is his only source of income. His journalist friends still greet him and shake his hand, he said, even though they know of his history. He is missing a few teeth, but otherwise appears younger than his 65 years. A recently discovered heart ailment, he said, had made him a teetotaler.

Asked if he felt remorse over the deaths of 73 people, including many teenagers on the Cuban fencing team, Mr. Lugo said he did not. He explained somewhat cryptically that he considered himself manipulated in an act beyond his control. "I am a normal man," he said. "I am innocent."

Others disagree. "Freddy Lugo may not want to admit it, but he's a mass murderer," said José Pertierra, a lawyer in Washington representing Venezuela's government in its attempt to extradite Mr. Posada Carriles. "He can claim he wasn't the mastermind; maybe he can claim he was duped. But he participated in a terrorist act that killed 73 people."

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Pentagon Official Who Criticized Detainee Lawyers Quits (WP)

The Washington Post, February 3, 2007

A senior Pentagon official resigned yesterday, the Defense Department announced, three weeks after criticizing lawyers who represent terrorism suspects.

Charles "Cully" Stimson, deputy assistant secretary of defense for detainee affairs, called it "shocking" that major U.S. law firms represented Guantanamo Bay detainees free of charge and said they would likely suffer financially after their corporate clients learned of the work.

"I think, quite honestly, when corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Stimson said in a Jan. 11 interview on Federal News Radio.

The legal community was outraged by his comments. Stimson also suggested that some lawyers were being untruthful about doing the work free of charge and instead were "receiving moneys from who-knows-where."

Stimson believed that the controversy "hampered his ability to be effective in this position," department spokesman Bryan Whitman said. He stressed that Defense Secretary Robert M. Gates did not ask him to resign.

Stimson had been in his post since January 2006. He publicly apologized several days after the radio interview, saying his comments did not reflect his values and that he firmly believes in the principles of the U.S. legal system.

Official Quits After Remark On Lawyers (NYT)

By Sarah Abruzzese

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The senior Pentagon official who set off a controversy last month with remarks suggesting that corporations should consider severing business ties with law firms that represent Guantánamo Bay detainees has resigned.

The official, Charles D. Stimson, deputy assistant secretary for detainee affairs, said that it was his decision to resign and that he was not asked to leave by Defense Secretary Robert M. Gates, said Bryan Whitman, a spokesman for the Pentagon.

"He determined that it was going to hamper his ability to be effective in this position," Mr. Whitman said.

Mr. Stimson's comments in an interview on Jan. 11 on Federal News Radio angered many lawyers and caused the Defense Department to distance itself publicly from his remarks.

In the interview, Mr. Stimson named more than 12 firms that are defending detainees.

"I think, quite honestly, when corporate C.E.O.'s see that those firms are representing the very terrorists who hit their bottom line back in 2001, those C.E.O.'s are going to make those law firms choose between representing terrorists or representing reputable firms," Mr. Stimson said.

Mr. Stimson, a former Navy defense lawyer, wrote an apology published in The Washington Post, saying the remarks did not reflect his "core beliefs."

On Jan. 24, the Bar Association of San Francisco requested that the State Bar of California investigate Mr. Stimson for possible violations of California ethics rules, the San Francisco group's Web site says.

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The president of the American Bar Association, Karen J. Mathis, said that she could not comment on the resignation, but that by reacting to his comments "the American public reaffirmed its commitment to a core principle of our justice system: that every accused person deserves adequate legal representation."

Mr. Whitman said Mr. Stimson did a lot for the department "with respect to setting policy standards, increasing transparency and working with international organizations and allies, with respect to the nature of our detention operations."

Guantanamo Remarks Cost Policy Chief His Job (CNN)

CNN.com, February 2, 2007

WASHINGTON (CNN) -- The Pentagon's man in charge of handling the department's policy on detainees from the war on terrorism has resigned, Defense Department officials said Friday.

Charles "Cully" Stimson resigned Thursday after making controversial remarks last month about law firms that represent terrorism suspects held by the U.S. military, Pentagon officials said.

Stimson, the deputy assistant secretary of defense for detainee affairs, submitted his resignation to Defense Secretary Robert Gates, who accepted it, the officials said.

Pentagon spokesman Bryan Whitman said Stimson resigned because "the controversy surrounding him ... was hampering his ability to be effective in his current position."

Last month during a radio interview, Stimson said major U.S. corporations should not do business with top law firms that are defending terrorist suspects held in the U.S. detention facility at Guantanamo Bay, Cuba.

During the interview, he also listed more than a dozen law firms that he thought should be boycotted.

"When corporate CEOs see that those firms are representing the very terrorists who hit their bottom line back in 2001, those CEOs are going to make those law firms choose between representing terrorists or representing reputable firms," Stimson said on a Washington radio station, Federal News Radio, on January 11.

The legal community denounced Stimson's comments.

Defense Department officials immediately distanced themselves from Stimson, saying his comments did not reflect those of the Bush administration.

In a letter to the editor published in the Washington Post a week later, he said, "I zealously represented unpopular clients. ... I believe that our justice system requires vigorous representation. ... I apologize for what I said, those comments do not reflect my core beliefs."

Stimson, a former prosecutor and defense attorney, took the job in January 2006 and had been responsible for strengthening the department's relationships with nongovernmental organizations, especially with the International Committee of the Red Cross, Whitman said.

Guantanamo Remarks Lead To Resignation (LAT)

The Los Angeles Times, February 3, 2007

The Pentagon official who criticized law firms for defending detainees held at the U.S. military prison at Guantanamo Bay, Cuba, has resigned, a Defense Department spokesman said.

Charles Stimson, deputy assistant secretary for detainee affairs, last month called it "shocking" that major U.S. law firms represented Guantanamo detainees for free and said they would probably suffer financially after their corporate clients learned of the work.

The Pentagon disavowed his remarks and Stimson apologized, saying that he supported pro bono work and that the legal system worked best when both sides had representation.

High-profile Guantanamo Detainees Face New Charges (AP)

AP, February 2, 2007

SAN JUAN, Puerto Rico (AP) — The U.S. military prepared new charges Friday against three of the best-known detainees at Guantanamo Bay — a key step toward resuming the military tribunals for terrorism suspects that were halted by the U.S. Supreme Court last year.

Authorities drafted new charges — including murder, conspiracy and providing material support for terrorism — against Canadian Omar Khadr, Australian David Hicks and Salim Ahmed Hamdan of Yemen, said Air Force Col. Morris Davis, chief prosecutor in the Guantanamo war crimes trials.

Under military rules, the charges are not considered formally filed against the detainees until they are approved by a U.S. Department of Defense legal adviser and another official who oversees the tribunals.

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That process is expected to take two weeks, Davis said. Court hearings are not expected to begin at Guantanamo until at least the spring.

Also Friday, a military defense lawyer whose paralegal reported overhearing guards at the U.S. Navy base in southeastern Cuba brag about beating detainees said she was accused by a military investigator of filing a false statement.

Army Col. Richard Basset, who was ordered by the U.S. Southern Command to investigate the allegations into guards' actions, told the paralegal, Marine Sgt. Heather Cerveny, that the guards denied her account of their September conversations in a Guantanamo bar, according to Marine Lt. Col. Colby Vokey.

The investigator accused Cerveny of having made a false statement, Vokey told The Associated Press in a telephone interview. He said Basset met with the Cerveny late last year at Camp Pendleton, Calif., where she is based.

The probe began after Vokey filed a complaint with the Pentagon's Inspector General's office in October and attached a sworn statement from Cerveny. Jose Ruiz, a spokesman for Southern Command the where Basset is based, declined to comment on contents of the investigation.

In an earlier attempt to try detainees, the military had charged 10 of them and begun pretrial hearings at Guantanamo. The tribunals were halted by a Supreme Court ruling that their rules violated U.S. and international law.

Congress passed a new law authorizing the military commissions and President Bush signed it into law in October. The military then drafted a new set of rules for military commissions that have drawn criticism because they permit coerced or hearsay evidence.

The military has said it plans to charge 60 to 80 of the detainees at Guantanamo, where nearly 400 men are held on suspicion of links to al-Qaeda or the Taliban.

Davis said it made sense to start with Hicks, Khadr and Hamdan, a former driver for Osama bin Laden, because all were among those previously charged.

"Those three have been around for a while, and they were prepared and ready to go," he said.

Hicks, a former kangaroo skinner who converted to Islam in his native Australia, allegedly fought for the Taliban before he was captured in Afghanistan. Toronto-born Khadr, who is accused of killing an American soldier in Afghanistan, has allegedly acknowledged being trained by al-Qaeda. Hamdan has said he worked for bin Laden but denied any links to terrorism.

Australian Prime Minister John Howard on Saturday welcomed the U.S. announcement that fresh charges have been prepared against Hicks.

"I'm glad that the charges are being laid and that the deadline I set has been met," Howard told reporters, referring to his demand that Hicks be charged by mid-February. Howard has come under mounting political pressure to have Hicks tried or set free.

"Torture Victim" Seeks US Justice (BBC)

By Laurence Peter

BBC.com, February 2, 2007

A Lebanese-born German, who accuses the CIA of having kidnapped and tortured him, says he is determined to get an apology from the US authorities.

Khaled al-Masri alleges that he was seized in Macedonia, flown to a secret jail in Afghanistan and tortured there.

"I'll pursue the case until the Americans admit what they did to me, give an explanation and make an apology," he told the BBC News website.

Munich prosecutors have ordered the arrest of 13 suspected CIA agents.

Mr Masri says he was abducted at the end of 2003 and detained for five months before being released in Albania after the Americans realised they had got the wrong man.

'Traumatised'

Mr Masri says his case is an example of the US policy of "extraordinary rendition" - a practice whereby the US government flies foreign terror suspects to third countries without judicial process for interrogation or detention.

"I'm suffering from stress - this experience has left me traumatised," he said.

His German lawyer Manfred Gnjidic told the BBC News website that his client was feeling "isolated and depressed".

"His life isn't back to normal, he was tortured, nobody cared about him until now. The trauma is so deep in him, he needs a lot of help, not just in psychotherapy. Nobody was able to get him a simple job."

Mr Gnjidic says that he has evidence of how his client was maltreated: "We have some witnesses, we worked a lot to get one of them, from Algeria."

The arrest warrants for the 13 agents accused of involvement were issued last month. The information for them came from Mr Masri's lawyers and a journalist and officials in Spain, where the flight carrying Mr Masri is thought to have originated.

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Mr Gnjidic described the CIA agents as "contractors" from a base in North Carolina.

German arrest warrants are not valid in the US, but if the suspects were to travel to the European Union they could be arrested.

Milan case

Mr Masri says he was abducted on 31 December 2003 by US agents in Skopje, capital of the Former Yugoslav Republic of Macedonia.

He is seeking to sue the US government over his detention, but in May a judge dismissed a lawsuit he filed against the CIA, citing national security considerations.

"The most important thing is that the European and German authorities are saying directly to the CIA agents that this is an illegal way to act," Mr Gnjidic said.

"Now the German government should insist on getting the rehabilitation of Mr Masri by the American side."

Meanwhile in the Italian city of Milan, court hearings to decide whether to indict 25 alleged CIA agents and several Italians accused of kidnapping a Muslim cleric in 2003 are under way.

Osama Mustafa Hassan, or Abu Omar, says he was abducted from the streets of Milan and then tortured in Egypt.

HOMELAND RESPONSE:

Man Was Arming For 'war,' FBI Says (SLPD)

By Robert Patrick

St. Louis Post-Dispatch, February 3, 2007

A St. Charles man obtained fully automatic weapons and tried to buy as many explosives as possible in preparation for what an associate called "war," the FBI says in court documents.

He bought three rifles and a Claymore anti-personnel mine and negotiated for a case of hand grenades, documents obtained by the Post-Dispatch show.

Mousa M. Abuelawi, 22, of Franjoe Court, was arrested Dec. 29 and charged on complaints accusing him of three counts of illegal possession or distribution of a machine gun and conspiracy to violate machine gun statutes.

Abuelawi, a Palestinian immigrant free on $50,000 bond, could not be reached. His brother declined to comment on his behalf. His lawyers, Scott Rosenblum and Gil Sison, did not return calls.

The context of the word "war" was not explained in court filings; the FBI declined to comment.

The man to whom the word was attributed, Thaer Abde Sumad, said in an interview Thursday that the purchases were not intended for terrorism but to make money supplying street gangs in a St. Louis turf war.

Sumad, 23, is not charged, although he is identified in an FBI affidavit as being present for one of the transactions.

He told a reporter he had no role in handling the firearms or explosives. He said he was at a meeting between Abuelawi and a federal informer outside a St. Louis gas station where Sumad works only because he knows both and wanted to say hello.

Sumad suggested that he and Abuelawi attracted special attention because of the sound of their names and their Arab ethnicity.

Abuelawi's lawyers have said he is a Palestinian immigrant.

Sumad is of Palestinian descent but was born in Indiana and raised in St. Louis, he said.

The FBI thinks it's a "terrorist thing," Sumad said, "especially after 9/11. They're trying to make it bigger than what it is."

Sumad said Abuelawi was "trying to make a few extra bucks."

An affidavit filed with the court by FBI Special Agent Stephen M. Smith, based in part on video and audio recordings, described these circumstances:

The informer used a cell phone to call Abuelawi on Nov. 8 and said he had a fully automatic rifle and a bomb or grenade for sale. Abuelawi and Sumad met with the informer at the gas station where they worked, in the 5700 block of West Florissant Road.

Abuelawi said he hoped the informer had brought the weapons and could sell them right away. He also said he would buy "whatever" the informer had to sell.

Sumad "stated he wants to buy as many explosives as possible because, 'we're going to war,'" the affidavit says. However, Sumad said in Thursday's interview that he does not remember making reference to "war," but added that if he did say it, he intended it as a flippant reference to a gang war.

The affidavit goes on to say:

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On Nov. 21, the informer delivered a fully automatic M-16 rifle and a Claymore mine, or so Abuelawi was told. They had been rigged not to work.

That night, Abuelawi took the M-16 inside another gas station where he also worked, in the 6000 block of West Florissant Road, then put it back in his car.

The next day Abuelawi met a man who "appears to be Middle Eastern" at the station in the 5700 block and showed him the M-16 and the Claymore.

On Nov. 23, three St. Louis police officers entered the station and said they had a report of someone seen there with a gun. Sumad denied knowing anything about a firearm. Officers found the M-16, seized it and left.

On Nov. 29, the informer offered Abuelawi a chance to buy 30 hand grenades for $15,000, or $500 per grenade. Abuelawi haggled the price down to $400 per grenade and asked the informer to get him more M-16s and some AK-47 assault rifles.

Abuelawi wanted four grenades immediately but the informer had only pictures.

Abuelawi told the informer, "this is not my first time dealing with this (expletive)," according to the affidavit.

The informer and Abuelawi met again Dec. 5. Abuelawi was nervous and said "he and his people" didn't want the hand grenades at the time because he thought the police were in the cemetery across the street.

In fact, they were.

The affidavit quotes Abuelawi as saying "if me and my people get caught with that (expletive) it is all over." It says, "He expressed that, if caught, he and others could be deported."

But Abuelawi still said he wanted any guns the informer could get, "big or small."

On Dec. 27, the informer sold Abuelawi an M-16 and a Heckler & Koch MP-5 fully automatic submachine gun, for $600.

Abuelawi and an unidentified man took the guns to a house in the 9700 block of Medford Drive in St. Louis County and asked the occupants to store them.

Investigators searched the house the next day and seized both guns.

No one answered when a reporter and photographer went to the house Thursday.

In contrast to the affidavit, Sumad said that when police asked him whether there was a gun at the gas station, he had said, "I don't think so."

Sumad said he had been off when Abuelawi dropped the gun off at the station. Another employee told Sumad about the gun, brought it out from a storage room, pulled it out of its case and waved it around, Sumad said.

Sumad said that after the police seized the gun, FBI agents came to interview him.

During 3½ hours in the store's back room, they asked him for personal information and asked what he knew about the M-16, he said. Sumad said he lied and told agents he didn't know anything about the gun. He said he didn't want them to associate him with Abuelawi or the weapon.

Sumad said the FBI asked him about overseas money transfers, whether he was a member of the factions Hamas or Fatah, and what he thought of President George W. Bush and the war in Iraq. Sumad said he dismissed the factions with an expletive, and said that because Bush got what he wanted by ridding Iraq of dictator Saddam Hussein, the troops should leave.

Abuelawi is single and has no children and no assets, court documents state. He was fired by the gas station, co-workers said.

Jeff Fulton, assistant special agent in charge of the St. Louis office of the Bureau of Alcohol, Tobacco, Firearms and Explosives, said devices such as grenades and mines are "not a common product" for gangs. "But it's not unheard of," he said.

Abuelawi was arrested Dec. 29. He has appeared in federal court in St. Louis multiple times, including a status conference on Monday. At that hearing, U.S. Magistrate Judge Audrey Fleissig told Assistant U.S. Attorney Matt Drake that prosecutors had 30 days to obtain a grand jury indictment against Abuelawi or she would dismiss the charges.

Drake did not return a message seeking comment. Roland Corvington, special agent in charge of FBI's St. Louis office, said he could not comment because it is an ongoing investigation.

Cost Of House-Passed Terror Bill Touches Off A Partisan Clash (NYT)

By Eric Lipton

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The antiterrorism bill that the House passed last month as part of the new Democratic majority's first-100-hours push would cost the federal government $21 billion over the next five years, according to a new Congressional estimate.

The five-year estimate, issued Friday by the nonpartisan Congressional Budget Office, is equal to roughly half the Homeland Security Department's entire budget for the current fiscal year, and Republicans called it proof that adopting the bill so quickly had been irresponsible.

"This bill was rushed to the floor without the Democratic leadership giving us any indication of its massive cost," said Representative Peter T. King of New York, the senior Republican on the House Homeland Security Committee. "And now we know why."

The committee chairman, Representative Bennie Thompson of Mississippi, who was the chief sponsor of the legislation, defended the price tag. "Perhaps there would not be such sticker shock if the Congress and the Bush administration had addressed these security gaps identified by the bipartisan 9/11 commission over three years ago," Mr. Thompson said in a statement.

The Senate has not yet taken up its own version of the measure, but some Democrats there have already expressed reservations about tight and costly cargo inspections required by the House bill.

Most of the new spending — $13.1 billion, by the budget office's reckoning — would be for aviation security measures, including the inspection of all cargo loaded onto passenger jets.

A similar mandate requiring the overseas inspection of all ship containers headed to the United States would cost the federal government only $32 million a year, assuming, as the bill envisions, that foreign ports picked up the cost of the screening devices, at a cost of $1.5 billion over three years.

House Security Bill Tagged At $21 Billion (WT)

By Jerry Seper, Stephen Dinan

The Washington Times, February 3, 2007

Enacting the homeland security improvements recommended by the 9/11 commission will cost at least $21 billion over the next five years, according to a report yesterday by the Congressional Budget Office.

The CBO said a bill to carry out the recommendations, which passed the House last month, would also raise airline passenger fees by nearly $1.3 billion between 2008 and 2011, with the money going to the Transportation Security Administration (TSA) to improve security at the nation's airports.

House Democrats proposed the bill as part of their "100 hours" agenda. It would:

· Require the federal government to screen the contents of all cargo transported aboard passenger aircraft.

· Prohibit cargo shipping containers from entering the United States unless they have been sealed and scanned with imaging and radiation-detection equipment.

· Authorize grants to improve communications systems among first responders.

· Authorize appropriations for international broadcasting activities and assistance to Arab and predominantly Muslim countries, including Afghanistan and Pakistan.

· Aim to stem the proliferation of weapons of mass destruction by creating a White House office to coordinate a strategy for preventing WMD proliferation and an advisory commission to survey current nonproliferation efforts and recommend improvements.

The report was delivered to Rep. Bennie Thompson, Mississippi Democrat and chairman of the House Homeland Security Committee, who introduced the legislation. He said the 9/11 commissioners made "41 valuable recommendations on how to prevent" future terrorist attacks, but not all of them were completed.

"As a result, the American people remain at risk and our nation remains unprepared for a major emergency," he said.

But Rep. Peter T. King of New York, the committee's ranking Republican, said the bill was "rushed to the floor without the Democratic leadership giving us any indication of its massive cost -- and now we know why."

"I think this $21 billion estimate makes it clear that the bill actually contradicts 9/11 commission recommendations, which called for a risk-based allocation of homeland security resources," Mr. King said. "Had we known this before the bill was brought to the floor, it would have been a different story."

Under the bill, the Department of Homeland Security would set the standards for scanning equipment and for container seals that could detect breaches. The bill's new requirements would become effective within three years for containers from countries with large ports and within five years for those with smaller operations.

President Bush opposes the House bill, arguing it undermines many of the administration's own post-September 11 steps and it is impossible to scan 100 percent of all incoming cargo.

The SAFE Ports Act, enacted in October 2006, requires Homeland Security to ensure that all containers are scanned before they arrive in the United States, although it sets no deadline for the department to put the program into operation. Department officials have described the 100 percent requirement as "unrealistic."

9/11 Security Could Cost $21 Billion (CNN)

CNN.com, February 2, 2007

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WASHINGTON (CNN) -- A bill to enact the 9/11 Commission recommendations -- the first bill passed by the new Democratic-led House of Representatives -- will cost $21 billion over five years if enacted into law, congressional budget officials said Friday.

The House passed the bill January 9 during its heralded "first 100 hours" of the new Congress. The Senate has not yet voted on the measure.

The non-partisan Congressional Budget Office said the bill would also allow the Transportation Security Administration to collect nearly $1.3 billion in fees from airline passengers. The money would be spent for airport security improvements.

Rep. Peter King, R-New York., the ranking member of the Homeland Security Committee, said the report validated his opposition to the bill.

"This bill was rushed to the floor without the Democratic leadership giving us any indication of its massive cost -- and now we know why," King said in a written statement. "Had we known [the cost] before the bill was brought to the floor, it would have been a different story."

Democrats said the bill was needed to fulfill the recommendations of the 9/11 Commission.

The bill requires the federal government to screen cargo on passenger aircraft, authorize grants to improve police and fire communications, require shipping cargo containers to be scanned before entering the United States and take numerous other steps to improve security.

Court Clears Way For Suit On New Orleans Flooding (NYT)

By John Schwartz

The New York Times, February 3, 2007

Residents of several neighborhoods in the New Orleans area that were hardest hit by flooding after Hurricane Katrina can sue the Army Corps of Engineers over their claims that a government-built navigation channel was largely to blame, a federal judge ruled yesterday.

Successful lawsuits against the corps could result in billions of dollars in damage payments.

Since the flood, those who lived in the devastated neighborhoods near the east side of New Orleans — including the Lower Ninth Ward, New Orleans East and St. Bernard Parish — have contended that the Mississippi River Gulf Outlet caused much of their damage by intensifying the surge from the storm. The damage, they say, was foreseeable.

After residents filed lawsuits, the government tried to get them dismissed. The corps argued that it was protected from lawsuits by the Flood Control Act of 1928, which grants it immunity from liability for flood damage caused by flood-control projects, like levees.

But yesterday, Judge Stanwood R. Duval Jr. of the Federal District Court for the Eastern District of Louisiana, cited previous cases saying that the channel was not a flood-control project. Instead, Judge Duval said, the cases say the channel — known locally as Mr. Go — was built as an aid to navigation, so the protection from liability might not apply. And so, he said, the questions deserved to be decided at trial.

Pierce O'Donnell, a lawyer for those suing the government, called the ruling "a landmark victory for the Katrina victims." But Joseph Bruno, another lawyer for the residents, acknowledged that the judge's ruling was only the first step.

The 76-mile canal was completed in 1965 as a shortcut for ships heading from the Mississippi River to the Gulf of Mexico. Environmentalists and local officials have long argued that it has done great damage to the coastal environment by piping salt water inland and killing off the cypress swamps and grassy marshes that serve as natural barriers to storms.

During Hurricane Katrina, several scientists have said, the canal was a crucial part of a funnel that amplified the storm's surge and brought its waters into the heart of the city.

A spokesman for the corps in New Orleans, René Poché, declined to discuss pending litigation. The corps has previously argued that the channel did not contribute greatly to the disaster, but announced a plan last year to close the outlet to navigation. That plan does not go far enough for the channel's critics, who demand that it be filled in and the wetland buffer restored.

Also yesterday, President Bush nominated a new leader for the corps, Lt. Gen. Robert L. Van Antwerp Jr. of the Army. If approved by the Senate, General Van Antwerp will succeed Lt. Gen. Carl A. Strock, who announced last August that he intended to resign. General Van Antwerp has been serving as commanding general for the Army accessions command, which manages recruiting and initial training.

WAR NEWS:

Bleak Iraq Report Is Sent To Congress (WP)

DOJ_NMG_0127855

By Karen DeYoung, Walter Pincus
The Washington Post, February 3, 2007

The U.S. intelligence community yesterday released a starkly pessimistic assessment of the situation in Iraq, warning that even if security improves, deepening sectarian divisions threaten to destroy the government and ultimately could lead to anarchy, partition or the emergence of a new dictatorship.

Citing "the current winner-take-all attitude and sectarian animosities infecting the political scene," declassified judgments of a new National Intelligence Estimate predicted that Iraqi leaders will be "hard pressed" to reconcile over the next 18 months.

Despite the stepped-up training and U.S. support for Iraqi security forces -- major parts of the new Iraq strategy President Bush announced last month -- the estimate concluded that the Iraqi military will find it very difficult to carry out any new responsibilities or to operate independently against sectarian militias.

The administration struggled yesterday to put the best face on the NIE's assessment of a bleak situation that it says will sharply worsen unless "measurable" military and political progress is made.

National security adviser Stephen J. Hadley said the estimate "explains why the president concluded that a new approach and new strategy was required." He said Bush received extensive intelligence input before he announced his new plan, which includes the deployment of 21,500 additional U.S. combat troops to Iraq.

The NIE did not directly address the effect of sending more troops. But one section supported the administration's public insistence that U.S. forces are "an essential stabilizing element in Iraq." Their rapid withdrawal, the NIE said, "almost certainly would lead" to increased sectarian violence and make reconciliation more difficult.

The release of the estimate -- written over the past five months by the intelligence community's top Iraq analysts and approved by the heads of the CIA, the intelligence units at the Pentagon and those at the State and Justice departments -- comes on the eve of next week's Senate debate on the increase in U.S. forces in Iraq.

Key Democrats in Congress embraced the estimate to bolster their rejection of Bush's plan. "I do not see anything, so far, in the report that suggests the president's new plan is a winning strategy that protects America's national interest," said Senate Majority Leader Harry M. Reid (Nev.).

The entire 90-page, classified NIE, titled "Prospects for Iraq's Stability: A Challenging Road Ahead," was delivered to Congress yesterday morning after most members had left for the weekend.

Three and a half pages of "Key Judgments," unanimously agreed upon by the intelligence community, were released to the public. Although three dissents are included in the body of the classified document, they were described as tangential to the main conclusions. They deal with the extent to which the Syrian government controls the movement of foreign fighters across its border with Iraq and the extent and activities of al-Qaeda in Iran.

The tough and unequivocal wording reflects the determination within the intelligence community to prove its independence from political pressure. The community came under harsh criticism for its 2002 assessment of then-Iraqi President Saddam Hussein's weapons programs, much of which proved to be inaccurate.

Though the administration has repeatedly asserted that al-Qaeda and Iranian operatives are responsible for provoking much of the violence in Iraq, the NIE played down their roles. Analysts studied what would happen if Iran were not a factor inside Iraq and concluded that, even though Iranian agents target U.S. troops, the absence of Tehran's agents would not appreciably alter the sectarian conflict.

The administration postponed plans to present its evidence of Iranian involvement, originally scheduled for last Wednesday. Hadley said yesterday that "the truth is, quite frankly, we thought the briefing overstated" Iran's role. "We sent it back to get it narrowed and focused on the facts."

But in a muted criticism of the NIE, Hadley said it failed to consider Iran's negative impact on the entire Middle East.

The NIE called Iran, along with al-Qaeda and other extremist groups, "accelerants" whose activities intensify the conflict. But Iran and Iraq's other neighbors, it said, are "not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics."

The sectarian nature of the fighting, along with the "ethno-sectarian mobilization and population displacements," the estimate said, is consistent with the definition of "civil war." But it said the term "does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, al-Qaeda and Sunni insurgent attacks on Coalition forces, and widely criminally motivated violence."

During a White House briefing, Hadley was pressed to reconcile that assessment with the president's refusal to describe the Iraq situation as a civil war. "I think I can't do better than the description of the facts on the ground that is in the NIE, with which we agree, and that says this is a complex, difficult situation," Hadley said. "And that's what it is."

At a Pentagon news conference, Defense Secretary Robert M. Gates, noting that he had not read the report, said he agreed with Hadley that "the words 'civil war' oversimplify a very complex situation." Gates said he was encouraged that Iraqi

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military units assigned to partner with U.S. forces in stepped-up operations in Baghdad are already arriving in the capital. But he acknowledged that the units have not reported with full strength, adding that "55 percent is probably not good enough."

The NIE analyzed the sharp differences among sectarian groups in Iraq, which it said are "driving the current trajectory of the country's security and political evolution."

Despite their majority status, the Shiites who now dominate the government remain "deeply insecure" after decades under the brutal control of Hussein and his Sunni regime, the NIE said. Their insecurity "leads the Shia to mistrust U.S. efforts to reconcile Iraqi sects and reinforces their unwillingness to engage with the Sunnis on a variety of issues," the estimate said.

Many Sunnis "remain unwilling to accept their minority status," the NIE continued, "believe the central government is illegitimate and incompetent, and are convinced that Shia dominance will increase Iranian influence over Iraq."

The Kurds, the country's third major group, "are moving systematically to increase their control" over the oil-rich city of Kirkuk and are looking to a constitutionally required referendum to take place no later than the end of this year, the NIE said. The voting will deal with the incorporation of the city within the Kurds' regional border. Such a move, the estimate said, "could prompt Turkey to launch a military incursion."

Without mentioning Iraqi Prime Minister Nouri al-Maliki, a Shiite, by name, the estimate noted that "the absence of unifying leaders among the Arab Sunni or Shia with the capacity to speak for or exert control over their confessional groups limits prospects for reconciliation."

It noted that some developments -- including broader Sunni acceptance of the current government, Shiite and Kurdish concessions and enhanced resources for local tribal and religious groups -- " could" help reverse the negative trends.

On the other hand, the NIE concluded, "a number of identifiable internal security and political triggering events . . . have the potential to convulse severely Iraq's security environment" and could "spark an abrupt increase in communal and insurgent violence and shift Iraq's trajectory from gradual decline to rapid deterioration."

Those events include sustained mass sectarian killing, the assassination of major political and religious leaders, and a complete Sunni defection from the government. Any one of the three, the estimate said, could result in "chaos leading to partition . . . emergence of a Shia strongman . . . [or] anarchic fragmentation of power."

Analysis Is Bleak On Iraq's Future (NYT)

By Mark Mazzetti

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The release on Friday of portions of a bleak new National Intelligence Estimate about Iraq's future left the White House and its opponents vying over whether its findings buttressed their vastly different views about how to arrest the worsening sectarian chaos there.

The assessment, by American intelligence agencies, expressed deep doubts about the abilities of Iraqi politicians to hold together an increasingly balkanized country, and about whether Iraqi troops might be able to confront powerful militias over the next 18 months and assume more responsibility for security.

The analysis, the first such estimate on Iraq in more than two years, described in sober language a rapidly unraveling country in which security has worsened despite four years of efforts by the administration. [Text, Page A6.]

President Bush acknowledged last month that his strategy had failed so far.

The estimate suggested that the United States now faced an unpalatable decision in which a rapid withdrawal of American troops would only accelerate momentum toward Iraq's collapse, and in which Iraq faced long odds of quelling the violence and overcoming hardening sectarian divisions, regardless of how many American troops police Iraq's streets.

The report was released a week after Vice President Dick Cheney dismissed suggestions that Iraq is in a parlous state, saying, "The reality on the ground is, we've made major progress."

The administration has also intensified its criticism of Iran, accusing it of fueling the sectarian violence in Iraq and providing Shiite militias with material for bombs that the administration says have been used in attacks on American forces. The White House has thus far made little evidence public to support its case.

The intelligence report did conclude that Iran is providing "lethal support" for Shiite groups that is intensifying the violence. But it portrayed the violence as essentially "self-sustaining," and suggested that the involvement of outsiders, including Iran, was "not likely to be a major driver of violence or the prospects for stability."

National Intelligence Estimates provide a consensus of the 16 agencies that make up the intelligence community.

In choosing to take the rare step of making public three and a half pages of "key judgments" from the classified report, administration officials seized on one conclusion — that American forces remain "an essential stabilizing element in Iraq" — to reinforce their view that more troops are needed to secure Baghdad and give Iraqi leaders breathing room to develop a political settlement, particularly between the warring Sunnis and Shiites.

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But top Democratic lawmakers said the estimate's conclusions supported their view that the best way to combat violence in Baghdad would be through new political and diplomatic programs.

The declassified portions included an assessment that an Iraqi military hampered by sectarian divisions would be "hard pressed" over the next 12 to 18 months to "execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with any success."

The report also concluded that security in Iraq would continue to deteriorate at current rates unless "measurable progress" can be made in efforts to reverse the conditions that fuel violence.

The full classified report was said by officials to be about 90 pages in length, and was provided to the White House and members of Congress. Top Democrats said the release of the intelligence estimate would strengthen their hand as the Senate prepares for a possible vote next week on a nonbinding resolution opposing President Bush's new Iraq strategy.

"The estimate reaffirms my belief that the best hope for progress toward stabilizing Iraq lies only with the Iraqi people and their political leaders," Senator John D. Rockefeller IV, the West Virginia Democrat and chairman of the Senate Intelligence Committee, said in a statement. "The steps identified by the intelligence community as having the best chance of reversing the chaos and bloodshed in Iraq are all political developments, not military."

But Stephen J. Hadley, the national security adviser, said at the White House that the estimate "gives us some evidence" of why Mr. Bush had concluded that "an American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq, but the region."

Mr. Hadley said the estimate also bolstered the White House strategy of sending more than 20,000 new troops into Iraq.

The previous National Intelligence Estimate on Iraq, in the summer of 2004, detailed three possible outlooks for Iraq over the following 18 months, with the most pessimistic possibility that Iraq would descend into civil war.

By contrast the new report, struggling to describe the nature of the ongoing violence, said that calling it a "civil war" was hardly sufficient.

"The intelligence community judges that the term 'civil war' does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence," the assessment read.

John E. McLaughlin, who oversaw the previous intelligence estimate when he was acting director of central intelligence, said that he believed that intelligence officials in 2004 had presciently assessed what was to come in Iraq, but that the escalation of sectarian violence over the past year had made the situation even more complex.

"Civil war is checkers," he said. "This is chess."

The report also warned that a further sectarian splintering of Iraq could incite other countries in the Middle East to arm and finance various sects in the country: Saudi Arabia, Jordan and Egypt supporting the Sunnis, and Iran coming to the aid of Shiite forces.

A National Intelligence Estimate on Iraq that was produced in 2002 in the prelude to the American invasion has become infamous as an example of an intelligence failure, because most of its central assertions about Iraq's weapons capabilities and ties to terrorism have since been proven to have been mistaken.

Since then, American intelligence officials have made efforts to overhaul the process to produce the reports, in part by giving new emphasis to dissenting views that were once buried in obscure footnotes.

The latest analysis is understood to contain multiple dissents, one of which concerns the role of Syria in supporting Sunni insurgents in Iraq.

Intelligence analysts have been divided over whether it is the policy of the government in Damascus to aid the flow of foreign fighters who enter Iraq from Syria, or whether that assistance is the work of lower-level Syrian officials acting on their own.

American intelligence analysts have also disagreed about the extent to which Iranian government officials are aware of the flow of Qaeda operatives between Iran and Iraq.

Beyond the current grim picture, the report described several "triggering events" that could cause the situation to worsen significantly. Among them, it listed the assassination of major religious or political leaders, a complete Sunni defection from the government, and sustained mass sectarian killings that could "shift Iraq's trajectory from gradual decline to rapid deterioration with grave humanitarian, political and security consequences."

Were the already fragile government to collapse, the report outlined three possible outcomes: the emergence of a Shiite strongman to assert authority over minority sects, an "anarchic" fragmentation that puts power in the hands of hundreds of local potentates, or a period of sustained, bloody fighting leading to partition of Iraq along ethnic lines.

"Collapse of this magnitude would generate fierce violence for at least several years," the report concluded, "ranging well beyond the time frame of this estimate, before settling into a partially stable end-state."

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The Analysis: On The "Polarization" Of Iraqis And Their "Ready Recourse To Violence" (NYT)

The New York Times, February 3, 2007

Following is the text of the "key judgments" of the new National Intelligence Estimate about Iraq's future that was released yesterday. The report, most of which remains classified, is titled "Prospects for Iraq's Stability: A Challenging Road Ahead" and is dated January 2007. Italic emphasis and parenthetical abbreviations are from the report.

Iraqi society's growing polarization, the persistent weakness of the security forces and the state in general, and all sides' ready recourse to violence are collectively driving an increase in communal and insurgent violence and political extremism. Unless efforts to reverse these conditions show measurable progress during the term of this estimate, the coming 12 to 18 months, we assess that the overall security situation will continue to deteriorate at rates comparable to the latter part of 2006.

If strengthened Iraqi Security Forces (I.S.F.), more loyal to the government and supported by coalition forces, are able to reduce levels of violence and establish more effective security for Iraq's population, Iraqi leaders could have an opportunity to begin the process of political compromise necessary for longer term stability, political progress, and economic recovery.

Nevertheless, even if violence is diminished, given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard pressed to achieve sustained political reconciliation in the time frame of this estimate.

The challenges confronting Iraqis are daunting, and multiple factors are driving the current trajectory of the country's security and political evolution.

Decades of subordination to Sunni political, social, and economic domination have made the Shia deeply insecure about their hold on power. This insecurity leads the Shia to mistrust U.S. efforts to reconcile Iraqi sects and reinforces their unwillingness to engage with the Sunnis on a variety of issues, including adjusting the structure of Iraq's federal system, reining in Shia militias, and easing de-Baathification.

Many Sunni Arabs remain unwilling to accept their minority status, believe the central government is illegitimate and incompetent, and are convinced that Shia dominance will increase Iranian influence over Iraq, in ways that erode the state's Arab character and increase Sunni repression.

The absence of unifying leaders among the Arab Sunni or Shia with the capacity to speak for or exert control over their confessional groups limits prospects for reconciliation. The Kurds remain willing to participate in Iraqi state-building but reluctant to surrender any of the gains in autonomy they have achieved.

The Kurds are moving systematically to increase their control of Kirkuk to guarantee annexation of all or most of the city and province into the Kurdistan Regional Government (K.R.G.) after the constitutionally mandated referendum scheduled to occur no later than 31 December 2007. Arab groups in Kirkuk continue to resist violently what they see as Kurdish encroachment.

Despite real improvements, the Iraqi Security Forces (I.S.F.) — particularly the Iraqi police — will be hard pressed in the next 12-18 months to execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with success. Sectarian divisions erode the dependability of many units, many are hampered by personnel and equipment shortfalls, and a number of Iraqi units have refused to serve outside of the areas where they were recruited.

Extremists — most notably the Sunni jihadist group Al Qaeda in Iraq (A.Q.I.) and Shia oppositionist Jaysh al-Mahdi (J.A.M.) — continue to act as very effective accelerators for what has become a self-sustaining inter-sectarian struggle between Shia and Sunnis.

Significant population displacement, both within Iraq and the movement of Iraqis into neighboring countries, indicates the hardening of ethno-sectarian divisions, diminishes Iraq's professional and entrepreneurial classes, and strains the capacities of the countries to which they have relocated. The U.N. estimates over a million Iraqis are now in Syria and Jordan.

The Intelligence Community judges that the term "civil war" does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence. Nonetheless, the term "civil war" accurately describes key elements of the Iraqi conflict, including the hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilization, and population displacements.

Coalition capabilities, including force levels, resources, and operations, remain an essential stabilizing element in Iraq.

If coalition forces were withdrawn rapidly during the term of this estimate, we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq, intensify Sunni resistance to the Iraqi government, and have adverse consequences for national reconciliation.

If such a rapid withdrawal were to take place, we judge that the I.S.F. would be unlikely to survive as a nonsectarian national institution; neighboring countries — invited by Iraqi factions or unilaterally — might intervene openly in the conflict;

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massive civilian casualties and forced population displacement would be probable; A.Q.I. would attempt to use parts of the country — particularly Al Anbar Province — to plan increased attacks in and outside of Iraq; and spiraling violence and political disarray in Iraq, along with Kurdish moves to control Kirkuk and strengthen autonomy, could prompt Turkey to launch a military incursion.

A number of identifiable developments could help to reverse the negative trends driving Iraq's current trajectory. They include:

¶Broader Sunni acceptance of the current political structure and federalism to begin to reduce one of the major sources of Iraq's instability.

¶Significant concessions by Shia and Kurds to create space for Sunni acceptance of federalism.

¶A bottom-up approach — deputizing, resourcing, and working more directly with neighborhood watch groups and establishing grievance committees — to help mend frayed relationships between tribal and religious groups, which have been mobilized into communal warfare over the past three years.

A key enabler for all of these steps would be stronger Iraqi leadership, which could enhance the positive impact of all the above developments.

Iraq's neighbors influence, and are influenced by, events within Iraq, but the involvement of these outside actors is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics.

Nonetheless, Iranian lethal support for select groups of Iraqi Shia militants clearly intensifies the conflict in Iraq. Syria continues to provide safe haven for expatriate Iraqi Baathists and to take less than adequate measures to stop the flow of foreign jihadists into Iraq.

For key Sunni regimes, intense communal warfare, Shia gains in Iraq, and Iran's assertive role have heightened fears of regional instability and unrest and contributed to a growing polarization between Iran and Syria on the one hand and other Middle East governments on the other.

But traditional regional rivalries, deepening ethnic and sectarian violence in Iraq over the past year, persistent anti-Americanism in the region, anti-Shia prejudice among Arab states, and fears of being perceived by their publics as abandoning their Sunni co-religionists in Iraq have constrained Arab states' willingness to engage politically and economically with the Shia-dominated government in Baghdad and led them to consider unilateral support to Sunni groups.

Turkey does not want Iraq to disintegrate and is determined to eliminate the safe haven in northern Iraq of the Kurdistan People's Congress (K.G.K., formerly P.K.K.) — a Turkish Kurdish terrorist group.

A number of identifiable internal security and political triggering events, including sustained mass sectarian killings, assassination of major religious and political leaders, and a complete Sunni defection from the government have the potential to convulse severely Iraq's security environment. Should these events take place, they could spark an abrupt increase in communal and insurgent violence and shift Iraq's trajectory from gradual decline to rapid deterioration with grave humanitarian, political, and security consequences. Three prospective security paths might then emerge:

¶Chaos leading to partition. With a rapid deterioration in the capacity of Iraq's central government to function, security services and other aspects of sovereignty would collapse. Resulting widespread fighting could produce de facto partition, dividing Iraq into three mutually antagonistic parts. Collapse of this magnitude would generate fierce violence for at least several years, ranging well beyond the time frame of this estimate, before settling into a partially stable end-state.

¶Emergence of a Shia strongman. Instead of a disintegrating central government producing partition, a security implosion could lead Iraq's potentially most powerful group, the Shia, to assert its latent strength.

¶Anarchic fragmentation of power. The emergence of a checkered pattern of local control would present the greatest potential for instability, mixing extreme ethno-sectarian violence with debilitating intra-group clashes.

U.S. Spy Chiefs Issue Grim Report On Iraq (LAT)

By Greg Miller,

The Los Angeles Times, February 3, 2007

Stability isn't possible within a year, they say, even if the fighting can be slowed.

WASHINGTON — Iraq is unraveling at an accelerating rate, and even if U.S. and Iraqi forces can slow the spreading violence, the country's fragile government is unlikely to deliver stability to its people during the next year, according to a much-anticipated assessment by U.S. intelligence agencies.

The report, titled "Prospects for Iraq's Stability: A Challenging Road Ahead," catalogs an array of forces pulling the country apart and concludes that to call the situation a civil war "does not adequately capture the complexity of the conflict" because the causes of violence are so varied.

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The assessment, delivered to Congress on Friday, says there are scenarios that could lead to political progress and a slow recovery, but it also identifies "triggering events" that could push Iraq into complete chaos, with neighboring nations choosing sides in what could become a regional conflagration.

"Given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard-pressed to achieve sustained political reconciliation in the [18-month] time frame of this estimate," the report says in a blunt, bottom-line summary.

The document, known as a National Intelligence Estimate, represents the consensus of all 16 U.S. spy agencies. The director of national intelligence took the unusual step of releasing the document's key judgments publicly even as the full, 90-page classified version was being delivered to members of Congress and senior government officials.

The assessment does not specifically address the prospects for success of President Bush's plan to send an additional 21,500 troops to Iraq. But it notes that "even if violence is diminished" over the next 12 to 18 months, prospects for "sustained political reconciliation" among Iraq's warring factions are dim.

That means that even under optimistic scenarios, the nation's top intelligence analysts do not envision meaningful stability within the period during which Bush has said additional U.S. troops would be deployed — raising the prospect that the so-called surge might drag on much longer than the administration has indicated.

Beyond that, the report provides fodder for proponents and critics of Bush's plan.

It warns that the presence of U.S. troops remains "an essential stabilizing element in Iraq" and that if there were a rapid withdrawal, Iraqi security forces "would be unlikely to survive as a nonsectarian national institution."

In such a scenario, neighboring countries — including Iran and Saudi Arabia — "might intervene openly in the conflict; massive civilian casualties and forced population displacement would be probable."

White House officials said that prospect helped make the case for the president's plan, which is under increasing fire on Capitol Hill.

The intelligence estimate is "not at war with this … new strategy the president has developed," national security advisor Stephen J. Hadley told reporters. The assessment, he said, "explains why the president concluded that a new approach, a new strategy was required" and "generally supports" that idea.

But Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee and a contender for his party's 2008 presidential nomination, called the report "a devastating repudiation of the president's new tactics in Iraq."

"It plainly shows the current strategy isn't working and that there is a dire need for a political settlement to give [breathing] room to the Sunnis, Shia and Kurds," Biden said in a statement. "Without it, Iraq will slide into further chaos and violence."

The report comes as the Senate is arguing over whether to approve a nonbinding resolution sponsored by Sen. John W. Warner (R-Va.) that criticizes the president's plan to increase troop levels.

Most Democrats and some Republican senators have lined up behind Warner's measure, expected to be debated next week. But Republican Senate leaders emerged from meetings Friday leaving no doubt they would seek to keep the measure from coming to a vote unless they were allowed to present alternative resolutions less critical of the president's policies. Democrats were working to line up the 60 votes needed in the 100-member Senate to thwart an effort to block the Warner resolution.

The assessment by the intelligence agencies was requested in July by senators alarmed by the deteriorating security situation in Iraq. The violence has worsened since then, and the NIE concludes that without significant political and military progress soon, "the overall security situation will continue to deteriorate at rates comparable to the latter part of 2006."

In outlining the factors that have pushed Iraq toward chaos, the report cites the "insecurity" of Shiites, who were repressed for decades under dictator Saddam Hussein, a Sunni Arab; the refusal of Sunnis to accept their declining political fortunes after Hussein's regime was toppled in early 2003; and the disappearance of a large portion of the Iraqi "professional and entrepreneurial classes" as people fled to other countries.

The report offers a bleak assessment of the Iraqi security forces who are supposed to play the leading role under Bush's plan to stem violence.

These forces will be "hard-pressed" to carry out their responsibilities and operate against Shiite militias, the report concludes.

That assessment seems at odds with recent assertions by U.S. military officials, including Army Gen. George W. Casey Jr., who testified before Congress on Thursday that "Iraqis are poised to assume responsibility for their own security by the end of 2007, still with some level of support from us."

Echoing concerns Bush has raised, the NIE warns that if the United States withdrew, Al Qaeda "would attempt to use parts of the country — particularly Al Anbar province — to plan increased attacks in and outside of Iraq."

DOJ_NMG_0127861

But the document does not indicate that intelligence officials believe Iraq is poised to become an Al Qaeda sanctuary, a scenario cited by Bush in his rejection of calls to set up timetables for a withdrawal of U.S. forces.

The NIE is measured in its assessment of the roles Iran and Syria play in fostering violence in Iraq.

It says that Iran has fueled the fighting by providing "lethal support" to groups of Iraqi Shiite militants and that Syria continues to shelter displaced members of Hussein's Baath Party.

Even so, the report finds that meddling by Iran and Syria "is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics."

The role played by Iraq's neighbors was the subject of some dissension among intelligence officials involved in assembling the report.

The classified portion of the NIE is said to include "alternate" judgments that reflect disagreements over whether Syria is directly involved in allowing Islamic militants to cross its border into Iraq and the extent to which Iran is aware of and tolerating Al Qaeda activity in its territory.

In giving the alternate assessments prominent placement alongside the document's key judgments, U.S. intelligence officials said, they were responding to criticism of previous NIEs in which dissenting views were often relegated to footnote status and overlooked by policymakers.

Downplaying of dissenting views was one of many major flaws in an NIE produced before the U.S.-led invasion of Iraq in March 2003, which concluded erroneously that Iraq had stockpiles of chemical and biological weapons and was pursuing the development of nuclear weapons.

The new NIE concludes with a discussion of scenarios that could push Iraq into deeper chaos. The triggering events could include mass sectarian killings, assassinations of major religious or political figures and a Sunni defection from the government, it says. Those events could lead to "rapid deterioration with grave humanitarian, political and security consequences."

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Times staff writers Maura Reynolds and Noam N. Levey contributed to this report.

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(INFOBOX BELOW)

Major findings of the report

From Times Staff and Wire Reports

Here are the main findings of the declassified portion of the National Intelligence Estimate on Iraq, with excerpts from the report in quotes. The full text of the summary, produced by 16 U.S. intelligence agencies, can be found at http://www.dni.gov .

· Growing polarization of Iraqi society, weak security forces and a weak government are driving violence and political extremism.

· If new plans for Iraq don't work over the coming year to 18 months, security in Iraq will continue to deteriorate as in the second half of 2006.

· Even if the violence lessens, Iraqi leaders will be hard-pressed to stabilize the country by mid-2008 "given the current winner-take-all attitude and sectarian animosities infecting the political scene."

· Iraq faces daunting challenges driven by Shiite Muslim insecurity after years of Sunni Arab domination, Sunni unwillingness to accept minority status, divided leaders who can't control the groups they represent, a movement by ethnic Kurds toward autonomy, an ineffective Iraqi army, extremist groups inside and outside Iraq and problems with refugees.

"Despite real improvements, the Iraqi security forces (ISF) — particularly the Iraqi police — will be hard-pressed in the next 12 to 18 months to execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with success. Sectarian divisions erode the dependability of many units, many are hampered by personnel and equipment shortfalls, and a number of Iraqi units have refused to serve outside of the areas where they were recruited."

· The term "civil war" "accurately describes key aspects of the conflict in Iraq, including the hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilization and population displacements." Nevertheless, the term doesn't encompass all of the conflict's complexities.

· American and other foreign forces play a key role in the country, and the Iraqi army probably wouldn't survive a rapid U.S. withdrawal. "If coalition forces were withdrawn rapidly during the [12- to 18-month] term of this estimate, we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq, intensify Sunni resistance to the Iraqi government and have adverse consequences for national reconciliation. If such a rapid withdrawal were to take place, we judge that the ISF would be unlikely to survive as a nonsectarian national institution."

· Political developments, particularly Sunni acceptance of the current government, concessions from the Shiites and the Kurds and efforts to reduce violence in neighborhoods could help calm the conflict. "A key enabler for all of these steps would be stronger Iraqi leadership."

DOJ_NMG_0127862

· Iraq's neighbors have some influence in the country and in some cases have intensified the conflict, but they don't play a major role because the sectarian divisions are firmly entrenched and driven by internal political forces.

· Other Sunni Arab regimes in the region are reluctant to support the Shiite-dominated Baghdad government and are considering supporting Sunni groups in Iraq. Turkey wants a stable Iraq to keep a Turkish Kurdish separatist group from finding safe haven in northern Iraq.

· "A number of identifiable internal security and political triggering events, including sustained mass sectarian killings, assassination of major religious and political leaders and a complete Sunni defection from the government have the potential to convulse severely Iraq's security environment. Should these events take place, they could spark an abrupt increase in communal and insurgent violence and shift Iraq's trajectory from gradual decline to rapid deterioration with grave humanitarian, political and security consequences."

· If the security situation worsens, one of three scenarios might emerge: The central government could disintegrate and lead to a de facto partition of Iraq along sectarian lines, resulting in protracted violence; a Shiite strongman could emerge; or an anarchic pattern of local control could arise, leading to chaos and extreme violence.

Intelligence Estimate Warns On Quick Iraq Pullout (WT)

By Bill Gertz

The Washington Times, February 3, 2007

A new National Intelligence Estimate on Iraq warns that pulling U.S. troops out of the country too soon would lead to a collapse of the Iraqi military, outside intervention and the creation of safe havens for al Qaeda terrorists.

An unclassified summary of the 90-page estimate, "Prospects for Iraq's Stability: A Challenging Road Ahead," stated that U.S. and allied troops "remain an essential stabilizing element in Iraq."

"If coalition forces were withdrawn rapidly, ... we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq, intensify Sunni resistance to the Iraqi government and have adverse consequences for national reconciliation," the report stated.

The conclusion is a blow to Iraq war critics in Congress and elsewhere who are advocating a pullout of U.S. troops.

"If such a rapid withdrawal were to take place, we judge that the [Iraqi Security Force] would be unlikely to survive as a non-sectarian national institution; neighboring countries ... might intervene openly in the conflict; massive civilian casualties and forced population displacement would be probable," the report stated.

Also, the al Qaeda terrorist group in Iraq would try to "use parts of the country -- particularly al-Anbar province -- to plan increased attacks in and outside of Iraq."

Additionally, Turkey could launch a military incursion if there were no U.S. or allied troops to block Kurdish attempts to control northern Iraq, according to the report.

White House National Security Adviser Stephen J. Hadley said President Bush agreed with the report's conclusion about the danger of removing troops too rapidly.

"That's why the president concluded that while the current strategy was not working and it was a prescription for slow failure, an American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq but also the region and could potentially, by giving al Qaeda a safe haven in Iraq, result in risk and threats to the United States," Mr. Hadley said.

The estimate, a consensus of 16 U.S. intelligence agencies that was ordered by members of Congress, presents a pessimistic view of the prospects for stabilizing Iraq and halting the growing violence over the next 12 to 18 months.

Unless the trends are reversed in that time, "we assess that the overall security situation will continue to deteriorate at rates comparable to the latter part of 2006," the report stated.

However, it stated, the Iraqi military and police will be "hard-pressed" over the next 18 months to take on greater security roles or operate alone against Shi'ite militias.

A strengthened Iraqi military backed by U.S. and allied forces would give Iraqi leaders a chance to foster "political compromise" needed for long-term stability, political progress and economic renewal, the report stated.

The current violence is more than a religious and ethnic civil war, the report stated, citing extensive Shi'ite-on-Shi'ite violence, al Qaeda and Sunni insurgent attacks on coalition forces and criminal attacks.

Developments that could reverse the negative trends include broader Sunni acceptance of the political structure, concessions by Shi'ites and Kurds toward Sunnis, and a local community-outreach effort to mend differences between groups and tribes, according to the report.

"A key enabler for all of these steps would be stronger Iraqi leadership, which could enhance the positive impact of all the above developments," the report stated.

DOJ_NMG_0127863

On outside influence, the report stated that Iranian support for insurgents intensifies the conflict, and that Syria is providing safe haven for insurgents and has failed to stop the flow of terrorists into Iraq.

Rep. Ike Skelton, Missouri Democrat and chairman of the House Armed Services Committee, said the report "demonstrates that the situation in Iraq is indeed dire and deteriorating," the Associated Press reported.

"It saddens me that the pessimistic impressions I gained during my recent trip to Iraq are reinforced by the conclusions of the latest NIE," Mr. Skelton said.

Iraq Conflict Has Elements Of "civil War" (FT)

By Demetri Sevastopulo, Caroline Daniel

Financial Times, February 3, 2007

The Iraqi government will be "hard-pressed" to achieve political reconciliation over the next 18 months as it tackles a "civil war" and the insurgency, according to a key US intelligence report.

The National Intelligence Estimate on Iraq, a comprehensive report approved by the entire intelligence community, also warned that Iraqi security forces would have great difficulty clamping down on Shia militias without US support.

"Even if violence is diminished, given the current winner-take-all attitude and sectarian animosities infecting the political scene, Iraqi leaders will be hard-pressed to achieve sustained political reconciliation in the [next 12-18 months]," said the long-awaited report.

It was the first official US document released to the public that concluded that elements of the conflict in Iraq constituted a "civil war".

"The term 'civil war' does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, al-Qaeda and Sunni insurgent attacks on coalition forces and widespread criminally motivated violence," said the report.

"Nonetheless, the term 'civil war' accurately describes key elements of the Iraqi conflict, including the hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilisation and population displacements."

The Bush administration has resisted using the term "civil war" to describe the deteriorating conditions in Iraq. Stephen Hadley, the national security adviser, shifted attention on Friday from the NIE's use of the phrase by citing a long passage from an Iraqi official, denying that Iraq was in a civil war.

When asked if Mr Bush now accepted that "civil war" did accurately describe part of the violence in Iraq, he said the president accepted the conclusions about "hardening of ethno-sectarian identities, a sea change in the character of the violence, ethno-sectarian mobilisation and population displacements".

The declassified version of NIE did not include reference to two elements of the full 90-page report, which included dissenting views in the intelligence community over the role of Iran and Syria in Iraq.

On Syria, analysts disagree over the complicity of Damascus in allowing extremists to flow across the border into Iraq. On Iran, they differed over whether the government was harbouring al-Qaeda members inside Iran.

The Bush administration has stepped up both military and rhetorical pressure on Iran in recent weeks. Senior officials have argued that Iran is responsible for killing American and British soldiers inside Iraq.

But Robert Gates, the defence secretary, said on Friday that the Pentagon did not know whether the Iranian government was sponsoring the efforts.

Democrats immediately leapt on the report as evidence that Mr Bush's military surge in Iraq would fail. Harry Reid, the Senate majority leader, said the report was the "latest in a long line of bleak assessments . . . indicating the president's plan is flawed and failing".

But the report concluded that a sudden withdrawal of US troops would propel Iraq into great chaos. It said the Iraqi security forces "would be unlikely to survive as a non-sectarian national institution" and neighbouring countries might "intervene openly in the conflict".

Elements Of "Civil War" In Iraq (BBC)

BBC.com, February 2, 2007

A US intelligence assessment on Iraq says "civil war" accurately describes certain aspects of the conflict, including intense sectarian violence.

However the report, compiled by US security agencies, adds that the controversial term does not adequately sum up the complexity of the situation.

The National Intelligence Estimate gives a bleak assessment of Iraq's future unless the violence is stemmed.

The White House described the report as "tough but fair".

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The document uses "civil war" to describe elements of the conflict, including "the hardening of ethno-sectarian identities, a sea change in the character of the violence and population displacements".

It says violence between Sunnis and Shias is being driven by increasing polarisation within Iraqi society, compounded by a weak government and security force.

The UN says the war has produced the biggest movement of refugees in the Middle East since the creation of Israel in 1948.

However, the report points out that the conflict also includes Shia-on-Shia violence, al-Qaeda and Sunni insurgent attacks on coalition forces, and widespread violence by criminals.

US Defence Secretary Robert Gates said the term "civil war" over-simplified the situation.

"I believe that there are essentially four wars going on in Iraq: one is Shia-on-Shia, principally in the south; the second is sectarian conflict, principally in Baghdad; third is the insurgency; and fourth is al-Qaeda," he told reporters before the intelligence estimate was issued.

'Ominous consequences'

The report also warned of ominous consequences if the level of violence went unchecked.

"Unless efforts to reverse these conditions show measurable progress during the term of this estimate in the coming 12 to 18 months, we assess that the overall security situation will continue to deteriorate."

Bombings and mortar attacks are a daily threat to Iraqi civilians It adds: "Coalition capabilities including force levels, resources and operations remain an essential stabilising element in Iraq."

US national security adviser Steve Hadley said the report was "a tough look at Iraq", but did not contradict the president's plans to send 21,500 additional troops.

Instead, it "explains why the president concluded that a new approach, a new strategy was required", he said.

The BBC's Ian Watson in Washington says the Bush administration is likely to use the report to justify the president's new strategy, as it concludes the Iraqi security forces will be hard-pressed to operate on their own against Shia militias.

The document argued against a quick withdrawal of US troops, saying it would fracture the Iraqi army, strengthen al-Qaeda elements in the country and significantly increase violence.

However, the Democratic leader of the House of Representatives, Nancy Pelosi, said "no number of US troops is going to change" the deadly circle in Iraq.

"Our emphasis should be on working with Iraq's leaders and Iraq's neighbours to produce the kind of political and diplomatic breakthroughs that offer the best chance to stop the violence," she said.

The report - the first National Intelligence Estimate on Iraq in more than two years - also says Iran and to a lesser extent Syria are contributing to a worsening of the situation.

Analysts: Iraq Report Lays Out Tough Road For Success (CNN)

CNN.com, February 2, 2007

WASHINGTON (CNN) -- The national intelligence estimate on Iraq released Friday does not address whether the president's plan to "surge" up to 21,500 troops into Iraq will work, but it lays out an extremely chaotic and complex situation that will make it difficult for those troops to succeed, intelligence and military analysts told CNN.

It will be up to the policy makers -- including President Bush and Congress -- to decide if the additional troops have a legitimate chance of success in the situation that the report says is "deteriorating," said John McLaughlin, a former deputy director of the CIA and CNN intelligence analyst. (Watch how the report reached its blistering conclusions)

"This is a pretty clear-eyed assessment by the intelligence community," McLaughlin said. "They didn't hold anything back." (Read the report -- PDF)

The estimate was formulated at the time the president crafted his new Iraq policy, and Bush had access to the same information the intelligence community used to form the estimate's judgments.

McLaughlin said the intelligence community didn't make an assessment of whether the troop increase would work, in part, because it didn't have enough data to make a recommendation and, in part, because it did not want to weigh in on a debate that is essentially political. (Watch McLaughlin break down the NIE)

But the report did say that combating the increasing sectarian violence is a "daunting" task because Shiites are insecure about their hold on power after decades of Sunni hegemony in the social, political and economic realms, and Sunnis are deeply skeptical of a Shiite-controlled government they view as "illegitimate and incompetent."

"No matter how much we surge, no matter how many resources we pour into Iraq, unless you get unity of effort with the Iraqi government, that the Iraqi people themselves are the main purpose and not the tribes, the sects, the different pieces, we'll have a tough go at making any change," said retired Gen. David Grange, a CNN military analyst.

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Yet, having viewed the intelligence that went into the estimate while drafting his new Iraq strategy, the president believes the U.S. still has a chance to stabilize the situation by adding up to five brigades.

Stephen Hadley, the U.S. national security adviser, said Friday that Bush concluded that in Iraq, the "status quo is not stable" and that change was needed.

"It's going to be hard and the president made it clear it's going to be hard. There's no assurance for success," he said.

The president's plan is a strategy that many lawmakers -- both Democrats and Republicans -- in the Congress remain highly skeptical of, and little in the report, they said, gave the skeptical lawmakers reason to change their minds.

"I do not see anything so far in the report that suggests the president's new plan is a winning strategy that protects America's national interest," Senate Majority Leader Harry Reid, D-Nevada, said in a statement. "Rather this NIE appears to be the latest in a long line of bleak assessments by foreign policy and military experts indicating the president's plan is flawed and failing."

"Nothing in this document tells us that sending 21,500 additional troops to Iraq will make the situation better," the Democratic chairman of the House Intelligence Committee, Rep. Silvestre Reyes of Texas, said in a statement.

The estimate also makes it clear, however, that simply walking away from Iraq may even be worse. If the U.S. makes a "rapid withdrawal" from Iraq, a move many Democratic lawmakers have called for, the estimate said it could lead to the collapse of the Iraqi Security Forces, potentially plunging the country into a chaotic situation marked by "extreme ethno-sectarian violence with debilitating intra-group clashes."

And it is such a situation, the White House argues, the U.S. simply cannot accept.

"An American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq, but also the region," Hadley said.

Iraq, And Analysis, Revisited (WP)

By Dafna Linzer

The Washington Post, February 3, 2007

The intelligence community's bleak set of judgments about Iraq, made public yesterday, differs significantly from the flawed assessments of that country's alleged weapons programs that the White House released more than four years ago.

Twenty-seven pages of confident assertions about a nuclear weapons program, mustard gas, nerve agents and elusive government ties to al-Qaeda have been replaced, more than four years later, with heavily qualified glimmers of hope across a mere 3 1/2 pages laying out the prospects for reversing Iraq's dive into chaos.

The intelligence community's glossy October 2002 estimate, which claimed that Saddam Hussein had weapons of mass destruction, was touted by the White House as a main reason for war with Iraq. After no such weapons were found, the intelligence community -- particularly the CIA -- significantly altered the way in which it would conduct future analyses, highlight uncertainty and acknowledge dissent.

Current and former intelligence officers said a better system for producing the National Intelligence Estimate was put in place immediately. The result, they said, is that the new estimate -- which describes an Iraq engulfed by numerous bloody wars -- is strikingly similar to a still-classified assessment written in late 2004 and widely distributed among President Bush's top advisers.

That assessment predicted that over a period of 12 to 18 months, there would be "at best, tenuous stability, at worst a slide into civil war" in Iraq, said Paul R. Pillar, a Middle East scholar and veteran intelligence officer who was one of the report's principal authors.

"If you could compare the 2004 and 2007 estimates, it would be clear they are two installments of the same story, done the same way. The only difference is that the policy debate has become more intense in the intervening two years because the situation has become worse and worse," said Pillar, who left the intelligence community in 2005 and now teaches at Georgetown University.

Pillar could not discuss details of the 2004 assessment, but a senior intelligence official agreed to discuss some of its findings on the condition of anonymity. The official said that like yesterday's estimate, the 2004 review offered three difficult scenarios for Iraq, all of which have been borne out to some degree.

"We imagined some slow and uneven progress, which has happened in parts of the country," the official said. The estimate also considered a breakup of Iraq along sectarian lines. "The preconditions for that have sort of happened, but only really up in the north with the Kurds; and the third one was chaos and instability and we've certainly seen some of that."

Based on the accuracy of the previous political estimates, Pillar said, it is very possible that the worst-case scenarios set out in yesterday's assessment could occur in the next year and a half.

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In crafting key judgments of the 2007 estimate, analysts from across the intelligence community laid out three possible scenarios, each of which could have enormously negative consequences for Iraq: Chaos leading to partition, the emergence of a Shiite strongman who would seize power and rule by dictatorship, or a complete collapse of central control resulting in violent fiefdoms across the country.

The official said the new estimate "highlighted a trend of deterioration that is not irreversible. But if it's not reversed soon, then we're heading toward a worsening security situation over the next 12 to 18 months. It's more of a main judgment than we were able to give in 2004, if significantly caveated."

Robert Hutchings, who until 2004 was the chairman of the National Intelligence Council, which produced the earlier assessments, said, "The basic tack on the political, security and economic situation in Iraq has been pretty consistent, before, during and after the war."

Hutchings, who is now a diplomat-in-residence at Princeton University, said a January 2003 estimate, which was done two months before the U.S. invasion of Iraq and which also remains classified, was the first to include the word "insurgency." The 2004 estimate "was the first to use the term 'civil war,' " he said.

Pillar said, "What we saw and see today is a very unfavorable state of affairs and unfavorable trend lines."

The senior intelligence official who agreed to discuss some aspects of both reports said that while the 2004 estimate now seems prescient, analysts failed to predict "the rapid degree of intensification of sectarian mobilization and consciousness, and the speed in which that happened. I don't think we were that insightful."

No Way Out (NYT)

By Maureen Dowd

The New York Times, February 3, 2007

WASHINGTON

"Everything you've heard and read is true. And I am deeply sorry about that." Who said it?

(a) George Bush, about the chilling new intelligence report on Iraq.

(b) Joe Biden, about his self-imploding prolixity.

(c) Condi Rice, on her ability to understand Peyton Manning's vulnerabilities better than Nuri Kamal al-Malaki's.

(d) Silvio Berlusconi, on his wife's Junoesque lightning bolt after his public flirting.

(e) Jacques Chirac, after giving a Gallic shrug at the prospect of Iran getting un or deux nuclear weapons.

(f) Hillary Clinton, on enabling the president to invade Iraq.

(g) Barack Obama, for the ultimate sin of not being black enough or white enough.

(h) Mary Cheney, on her decision to work on her terrifying dad's homophobic campaign because the thought of John Kerry was "terrifying."

(i) Gavin Newsom, the mayor of San Francisco, about his affair with his campaign manager's wife.

The answer is Gavin Newsom.

It's rare to get a simple apology when a complex obfuscation will do.

Even after releasing parts of an intelligence report so pessimistic that it may as well have been titled "Iraq: We're Cooked," Bush officials clung to their alternate reality, using nonsensical logic and cherry-picking whatever phrases they could find in the report that they could use to sell the Surge.

In the 2004 National Intelligence Estimate, civil war was a worst-case scenario. In the 2007 one, Iraq has zoomed past civil war to hell: "The Intelligence Community judges that the term 'civil war' does not adequately capture the complexity of the conflict in Iraq, which includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence."

As John McLaughlin, the former acting director of central intelligence, told The Times's Mark Mazzetti: "Civil war is checkers. This is chess."

Far from Dick Cheney's claim of "enormous successes" and Gen. William Casey's claim of "slow progress," the report shows that any path the U.S. takes in Iraq could lead to a river of blood. It says that in the absence of any strong Sunni and Shiite leaders who can control their groups, prospects are dim for a cohesive government, much less a democracy.

If the violence gets worse, the report concludes, three sulfurous possibilities loom: chaos leading to partition, the emergence of a Shiite strongman or anarchy "mixing extreme ethnosectarian violence with debilitating intragroup clashes."

So after four years of war, we get to choose between chaos, another Saddam or anarchy. Good work, W. And at such bargain prices; the administration is breaking the record for the military budget, asking for $100 billion for Iraq and Afghanistan this year and $145 billion more for 2008.

DOJ_NMG_0127867

The White House thinks it can somehow spin the Iraq apocalypse so it sounds as if multiple wars are better than one civil war.

At a Pentagon briefing yesterday, Bob Gates rebuffed the idea of a civil war, saying: "I think that the words 'civil war' oversimplify a very complex situation in Iraq. I believe that there are essentially four wars going on in Iraq. One is Shia on Shia, principally in the south. The second is sectarian conflict, principally in Baghdad but not solely. Third is the insurgency, and fourth is Al Qaeda."

That's a relief, all right — we're in four wars in Iraq and threatening another with Iran.

Stephen Hadley, the national security adviser, agreed that the term civil war is unacceptable: "We need to get across the complexities of the situation we face in Iraq ... and simple labels don't do that."

When General Casey testified before the Senate Armed Services Committee on Thursday, he sounded as if he was talking about a completely different Iraq than the one limned in the intelligence report. "Today," he said, "Iraqis are poised to assume responsibility for their own security by the end of 2007, still with some level of support from us."

Compare that with the bleak tone of the report, which states that "the Iraqi Security Forces — particularly the Iraqi police — will be hard-pressed in the next 12 to 18 months to execute significantly increased security responsibilities, and particularly to operate independently against Shia militias with success."

It's official. We're in a cycle of violence so complex and awful that withdrawing American troops will make it worse and keeping American troops there may also make it worse.

We can try or we can leave, but either way, it seems, we're cooked.

Bush To Request Billions For Wars (WP)

By Michael Abramowitz, Lori Montgomery

The Washington Post, February 3, 2007

President Bush will ask Congress for close to three-quarters of a trillion dollars in defense spending on Monday, including $245 billion to cover the cost of fighting in Iraq and Afghanistan and other elements of the "global war on terror," senior administration officials said yesterday.

Democrats said the gigantic spending request will precipitate "sticker shock" on Capitol Hill, where lawmakers were already planning to scrutinize White House war-spending requests more zealously.

As expected, Bush will ask Congress for an additional $100 billion for Iraq and Afghanistan for the current fiscal year, to go with the $70 billion already approved. He will also seek an additional $145 billion for the wars in fiscal 2008, which begins Oct. 1, and administration officials warned that even more money probably will be needed.

Those totals come on top of regular spending for the Pentagon, which officials say will be $481 billion in 2008, a 10 percent increase over this year's budget.

If approved by Congress, the new war spending would bring the overall cost of fighting to about $745 billion since the Sept. 11, 2001, terrorist attacks on the United States -- adjusting for inflation, more than was spent on the Vietnam War.

The administration has obtained most of the funding for the wars in Iraq and Afghanistan through emergency or supplemental spending bills, which are not subject to the same level of congressional scrutiny as the regular budget. That practice has drawn sharp criticism from lawmakers and members of the bipartisan Iraq Study Group.

To answer those critics, White House budget officials say they will offer a much more detailed accounting of the costs of the war than they have previously provided, adding a special chapter to the thick budget books the president plans to send to Congress. But those details could be used by opponents of the war in arguing their case, according to lawmakers and other experts on Pentagon spending. Moreover, some war critics in Congress have served notice that they intend to use the spending bills containing the new money to try to bring the war in Iraq to a close.

"The defense budget request is the sleeper political issue of the year," said John J. Hamre, a former top Pentagon official who is chief executive of the Center for Strategic and International Studies. "When you add the various supplemental requests to the baseline defense budget, you get an astounding number, a number easily exploited by political opponents."

Top House Democrats, gathered yesterday in Williamsburg for a retreat, sounded skeptical about the new defense numbers and said they will not give the president a blank check.

"This is a huge number," said House Speaker Nancy Pelosi (D-Calif.), who noted that it includes an "opportunity cost" that would cut into Democrats' ability to fund domestic priorities.

"You can't help but note the irony: The president calls for us to rein in spending but sends us a budget for more than $700 billion in new spending," said House Budget Committee Chairman John M. Spratt Jr. (D-S.C.). "For Republicans who profess to oppose big spending, this will be a budget they will find hard to swallow."

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Still, Spratt, Pelosi and other lawmakers did not rule out supporting the request. "We clearly want to make sure our troops have everything they need," said Rep. Nita M. Lowey (D-N.Y.), a member of the House Appropriations Committee.

Senate Majority Leader Harry M. Reid (D-Nev.) said in a statement that Democrats pledge to provide U.S. troops with "everything they need to do their jobs" but warned: "It is past time for the President to accurately and appropriately budget for this war and give the American people a full accounting of its true cost."

Though defense spending would see huge increases, the president's budget would allow a 1 percent increase for spending other than on defense, the first time in two years Bush has not sought cuts in government operations outside the Pentagon and homeland security.

Bush's budget also calls for slowing the rapid growth of Medicare, the federal health program for the elderly, by one percentage point. The president proposes to slice $66 billion over five years from previous projections by reducing payments to health-care providers such as hospitals and nursing homes and by charging wealthier seniors higher premiums for prescription-drug coverage.

The president wants to extend tax cuts that were enacted in 2001 and 2003 instead of letting them expire in 2010, as they are scheduled to do, and his budget would prevent the alternative minimum tax from expanding to ensnare millions of additional families next year. But after that, the president's budget would depend on billions of dollars in new revenue because of the rapid growth of the AMT.

That additional revenue -- along with projections for a healthy economy -- would allow Bush to keep his promise that the budget would be balanced by 2012, according to administration estimates, and that there would be a surplus, the first since Bush took office in 2001, despite a significant increase in military spending.

Since the attacks on the World Trade Center and the Pentagon, Congress has approved about $500 billion for military operations and terrorism-related activities, much of it appropriated as emergency spending. The Iraq Study Group, headed by former secretary of state James A. Baker III and former congressman Lee H. Hamilton, concluded in December that the public has not been "well-served" by that process and that the funds have received minimal scrutiny from either the White House or the Republican-controlled Congress.

Since Democrats took charge on Capitol Hill last month, they have promised to scrutinize the administration's spending requests more aggressively.

"We're going to be very focused in looking to see whether the funds are being spent wisely or simply going to fatten the pockets of big contractors like Halliburton," said Rep. Chris Van Hollen (D-Md.).

Vin Weber, a Republican strategist and former congressman, said he has long thought the coming defense bills would be among the most controversial facing the new Congress, which is now considering a nonbinding resolution to condemn Bush's decision to send more troops to Iraq.

Although some members have talked about tying the president's hands through the budget process, others are reluctant to try that for fear of being accused of not supporting the troops. If the situation in Iraq does not improve, however, many Democrats will be under pressure to restrict funding, Weber said.

Whatever happens on the battlefield, Senate Budget Committee Chairman Kent Conrad (D-N.D.) predicted, the United States will be paying for the war for years to come.

"There's going to be real sticker shock when we get down to what the truth is about the cost of this war," he said. "It's going to be way beyond what anybody has fessed up to."

Record $622 Billion Budget Requested For The Pentagon (NYT)

By David S. Cloud

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The Bush administration is seeking a record military budget of $622 billion for the 2008 fiscal year, Pentagon officials have said. The sum includes more than $140 billion for war-related costs.

The administration is also seeking $93 billion in the current fiscal year, which ends on Sept. 30, to pay for military operations in Iraq, Afghanistan and elsewhere, the officials said.

The requests are part of the annual budget request to Congress for all federal spending programs. The budget is to be made public on Monday, and Congress will revise it in the coming months.

Together with money for combat operations this year already approved by Congress, the new request would push spending related to Iraq and Afghanistan to $163 billion.

“It is the highest level of spending since the height of the Korean War,” said Steven Kosiak, a military budget expert with the Center for Strategic and Budgetary Assessments, a policy analysis organization here.

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Mr. Kosiak said that in 1952 the United States spent the equivalent of $645 billion in today's dollars, factoring in inflation, and that in the Korean War military spending exceeded 13 percent of the gross national product. The figure is now 4 percent.

With Democrats in control of Congress and opposition to the Iraq war running strong, the administration's request may face even greater scrutiny than it has in recent years. But few if any budget experts expect significant cuts in military spending while large numbers of troops are in combat in Iraq and Afghanistan.

In a statement, the Senate majority leader, Harry Reid of Nevada, said: "Democrats pledge that our troops will receive everything they need to do their jobs. We will also subject this supplemental to the tough and serious oversight that Congress has ignored for four years."

The regular Pentagon budget request for 2008, which excludes war-related costs but covers Army, Navy, Air Force and Marine costs as well as other spending, will be $481 billion, a Pentagon official said. That would be an increase of $49 billion over what Congress provided this year, Mr. Kosiak said.

"As long as we're engaged in major military operations, you are probably not going to see decreases in the baseline budget," he said.

The Pentagon is seeking $128.6 billion for the Army, $110.7 billion for the Air Force and $140 billion for the Navy, department officials said.Background briefings for members of Congress and their staffs have begun. As details leaked out, Pentagon officials agreed to provide an outline of the request. The officials said the budget included no cancellations of major weapons systems, despite delays and escalating costs in procurement accounts in all the services.

The $141 billion request for war-related costs in 2008 represents the first time the administration has tried at the beginning of the budget cycle to provide a total estimate for how much the wars in Iraq and Afghanistan and other military operations will cost a year in advance.

Congress has been pressing the administration for several years to provide such estimates. Even as they comply, Pentagon officials emphasized that actual costs could be far different, depending on the course of the wars.

The budget request, which takes many months to prepare, is being released as the administration is sending an additional 21,500 troops to Iraq.

A spokesman for the Pentagon, Bryan Whitman, said Friday that that the Office of Management and Budget had estimated that the additional forces would cost $5.6 billion in the current fiscal year, which ends in September.

On Thursday, the Congressional Budget Office released its estimate, which said the costs could run much higher.

Defense Secretary Robert M. Gates, at a Pentagon news conference, disputed the office's estimate, saying it greatly overstated the number of support troops that would be necessary to go along with the 21,500 increase in combat forces.

Mr. Gates also said he had recommended that President Bush nominate Adm. Timothy J. Keating of the Navy, now commander of Norad, as commander of the United States Pacific Command, making him the top commander in the Pacific, and Lt. Gen. Gene Reunart of the Air Force to head the Northern Command, which is responsible for defending the continental United States.

Rifts Emerge On Iran Policy (WSJ)

By Yochi J. Dreazen, Jay Solomon

The Wall Street Journal, February 3, 2007

WASHINGTON -- The Bush administration's war of words with Iran is sparking divisions within the government over how heavily Tehran actually is involved in fomenting instability in Iraq -- and how aggressive a stance the U.S. should adopt in response.

The White House has steadily ratcheted up its public statements about Iran, with senior officials in both Washington and Baghdad promising to take steps to curb what they portray as Iran's continuing transfers of weapons, money and military trainers to Shiite militants in Iraq. Some U.S. officials have suggested Iran may have played a direct role in a sophisticated attack in the Iraqi city of Karbala in late January that left five Americans dead.

But U.S. opinion about Iran is far from monolithic, and divisions over the country's intentions and activities in Iraq are emerging within the military and the intelligence community. The skeptics are challenging key aspects of the Bush administration's justifications for its hard-line approach toward Iran, making it more difficult for the White House to rally public support.

Those tensions broke into the open with the release Friday of declassified portions of the new National Intelligence Estimate about Iraq, which represents the collective findings of the intelligence community's 16 agencies. The report said Iran is playing only a minimal role in stoking sectarian violence in Iraq, an assessment that runs counter to a string of recent public statements by administration officials accusing Tehran of contributing significantly to Iraq's instability.

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While the report said "Iranian lethal support for select groups of Iraqi Shia militants clearly intensifies the conflict in Iraq," it concluded that Iraq's raging sectarian war would continue even if Iran completely ended its involvement.

"The involvement of these outside actors is not likely to be a major driver of violence ... because of the self-sustaining character of Iraq's internal sectarian dynamics," the report said.

The release came as the administration delayed -- for the second time -- a planned release of military evidence that it says will buttress its claims that Iran is funneling weapons to Iraqi Shiites. National Security Adviser Steve Hadley acknowledged that the administration was concerned about the quality of the evidence that was to be presented.

"The truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts," he said.

The intelligence report issued yesterday, entitled "Prospects for Iraq's Stability: A Challenging Road Ahead," was requested by Congress and runs to 90 pages in its classified form. It presented a bleak assessment of conditions in Iraq, arguing that the "term 'civil war' accurately describes key elements of the Iraq conflict" even though the overall violence there was part of a conflict even more dangerous and complex than a traditional civil war. (See related article1.)

The report's skeptical assessment of Iran's overall role in Iraq echoes what many current and former U.S. officials have been saying for months. While most agree that largely Shiite Iran has been working to expand its influence inside Iraq and its support for fellow Shiites there, they discount the idea that Tehran is a central player in fueling the unrest.

"There are two main engines of violence: the Sunni jihadists and the Shiite militias that have been in operation since February 2006. Neither of these two cycles of violence was incited by the Iranians," says Wayne White, a member of the Iraq Study Group and a former State Department intelligence analyst. "Whatever the Iranians are doing has to be like 1% of the total problem."

While playing down Iran's influence on Iraq's overall security situation, U.S. intelligence agencies generally agree with the Bush administration's contention that Tehran is funding and supplying munitions to Shiite militias.

Military and intelligence officials say they are particularly concerned by Iran's alleged supplying of shaped charges -- a particularly lethal type of roadside bomb capable of penetrating tanks and armored vehicles. U.S. officials say members of Shiite militias have used those munitions to kill American and British servicemen.

Even here, the evidence remains murky. The Bush administration has long accused Iran of arming Iraq's Shiite fighters, but has never been able to provide clear evidence substantiating the allegations.

On Jan. 24, the U.S. ambassador to Baghdad, Zalmay Khalilzad, said the government would publicly release evidence buttressing the claims "in the coming days." The briefing was delayed without explanation, however, then delayed a second time a few days ago. Mr. Hadley declined to say when it would ultimately take place.

U.S. Can't Prove Iran Link To Iraq Strife (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, February 3, 2007

Despite pledges to show evidence, officials have repeatedly put off presenting their case.

WASHINGTON — Bush administration officials acknowledged Friday that they had yet to compile evidence strong enough to back up publicly their claims that Iran is fomenting violence against U.S. troops in Iraq.

Administration officials have long complained that Iran was supplying Shiite Muslim militants with lethal explosives and other materiel used to kill U.S. military personnel. But despite several pledges to make the evidence public, the administration has twice postponed the release — most recently, a briefing by military officials scheduled for last Tuesday in Baghdad.

"The truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts," national security advisor Stephen J. Hadley said Friday.

The acknowledgment comes amid shifting administration messages on Iran. After several weeks of saber rattling that included a stiff warning by President Bush and the dispatch of two aircraft carrier strike groups to the Persian Gulf, near Iran, the administration has insisted in recent days that it does not want to escalate tensions or to invade Iran.

Defense Secretary Robert M. Gates seemed to concede Friday that U.S. officials can't say for sure whether the Iranian government is involved in assisting the attacks on U.S. personnel in Iraq.

"I don't know that we know the answer to that question," Gates said.

Earlier this week, U.S. officials acknowledged that they were uncertain about the strength of their evidence and were reluctant to issue potentially questionable data in the wake of the intelligence failures and erroneous assessments that preceded the U.S.-led invasion of Iraq.

In particular, officials worried about a repetition of former Secretary of State Colin L. Powell's February 2003 U.N. appearance to present the U.S. case against Iraq. In that speech, Powell cited evidence that was later discredited.

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In rejecting the case compiled against Iran, senior U.S. officials, including Hadley, Gates and Secretary of State Condoleezza Rice, confirmed Friday that they were concerned about possible inaccuracies.

"I and Secretary Rice and the national security advisor want to make sure that the briefing that is provided is absolutely accurate and is dominated by facts — serial numbers, technology and so on," Gates told reporters at the Pentagon.

Another reason for the delay, as is often the case when releasing intelligence, was that officials were concerned about inadvertently helping adversaries identify the agents or sources that provided the intelligence, Hadley said.

Hadley also said that the administration sought to delay the release of evidence until after a key intelligence report on Iraq was unveiled, so that Americans could place the evidence in the context of the broader conflict.

That report, called a National Intelligence Estimate, was issued Friday, concluding that Iraq was deteriorating and faces a bleak future that U.S. efforts may do little to avert.

However, the report tends to downplay the role of Iran and Syria, another target of U.S. criticism, in fomenting sectarian violence, while acknowledging that Iranian involvement "intensifies" the conflict.

"The involvement of these outside actors is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics," says the report, compiled by experts from the nation's 16 intelligence agencies.

Few doubt that Iran is working to increase its influence inside Iraq, but many of its beneficiaries have been political groups that also are allied with the United States.

So far, the U.S. government has provided scant evidence that the government of Iran is directly supporting militant Shiite groups.

U.S. military leaders in Iraq have said they have evidence that Iran is behind the supply network of explosives. Military officials have blamed Iran for the increasing casualties caused by the use of "shaped charge" explosive devices that can penetrate armored vehicles.

"What we are trying to do is … counter what the Iranians are doing to our soldiers, their involvement in activities, particularly these explosively formed projectiles that are killing our troops, and we are trying to get them to stop their nuclear enrichment," Gates said.

U.S. officials detained five Iranians in a raid in the northern Iraqi city of Irbil last month, accusing them of planning attacks on Americans.

Gates also acknowledged Friday that there was "a lot of speculation" about involvement by Iranians in the abduction and killings of five U.S. servicemen in Karbala last month. But he refused to say whether an investigation had turned up any evidence that Iranians took part.

"I would just tell you flatly that the investigation is still going on, and the information that I've seen is ambiguous," Gates said. "It's not clear yet."

In a major speech on Iraq last month, Bush accused Iran of "providing material support for attacks on American troops" and vowed to "seek out and destroy" weapon transport networks.

Since then, Air Force officials have said they are planning new missions that could include flights along the Iran-Iraq border aimed at disrupting weapons shipments.

Iranian officials challenged the Americans to produce evidence of their charges, and Zalmay Khalilzad, the U.S. ambassador to Iraq, pledged last week to do so.

The increasingly harsh words from the Bush administration stoked fears of a possible U.S. attack on Iran. In recent days, the White House and top U.S. officials have sought to counter the concern. Gates became the latest administration official to offer such reassurances.

"The president has made clear, the secretary of State has made clear, I've made clear … we are not planning for a war with Iran," Gates said Friday.

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Times staff writer Julian E. Barnes in Washington contributed to this report.

Defense Secretary Says Carrier Dispatch To Gulf Meant To Dramatize Commitment There (AP)

AP, February 3, 2007

WASHINGTON (AP) - Defense Secretary Robert Gates said Friday that the decision to send a second U.S. carrier to the Persian Gulf region does not mean the United States is planning for a war with Iran.

Gates told Pentagon reporters the U.S. is trying to stem Iranian involvement in ongoing violence by Iraqi insurgents, and said there are continuing concerns about Iran's move toward nuclear power. But he quickly added that the movement of the carrier is to demonstrate that America is committed to the Gulf region.

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He also said that he has not seen any credible proof yet that any Iranians were involved in the ambush last week in Karbala that left five soldiers dead.

'Nobody is planning, we are not planning for a war with Iran,' Gates told reporters at a Defense Department briefing.

The Bush administration has increased pressure on Iran in recent months in response to allegations that Iran has been helping train and provide explosives to extremists fighting U.S. troops in Iraq, and the long-running dispute over Iran's nuclear program.

Besides sending a second carrier task force to the Gulf, U.S. raids inside Iraq have netted Iranian officials and Bush has said that the U.S. will send anti-missile batteries to the region. He has also spoken about breaking up networks the Iranians use to help groups battling U.S. troops.

Defense Secretary: No Plans For War With Iran (CNN)

CNN, February 3, 2007

WASHINGTON (CNN) -- U.S. Defense Secretary Robert Gates said Friday that the United States is "not planning for a war with Iran."

Gates said he was reiterating what President Bush and Secretary of State Condoleezza Rice have said earlier. The defense chief spoke at a press conference with Gen Peter Pace, chairman of Joint Chiefs of Staff.

But Gates said U.S. forces are "trying to counter" what Iranians are doing to U.S. forces in Iraq.

He said that "explosively formed projectiles" with roots in Iran were killing troops.

Calling the explosives by the acronym EFP, Gates said either the weaponry or the technology for it emanates from Iran. The weapon is more powerful than the roadside bombs that insurgents have used with deadly effectiveness to ambush American convoys in Iraq.

The EFP's increased sophistication allows it to penetrate armored vehicles, posing a greater threat to U.S. troops.

Gates said the U.S. military strategy is involved in "uprooting" the networks providing the EFP material as well as other explosives used to create the roadside bombs.

Referring to the latter explosives, Gates said, "these darn things account for about 70 percent of our casualties."

Pace said the military is "working day and night to disassemble" the networks bringing in explosives and the material to make them and is doing that "without regard to nationality" but to "who our enemies are."

"It is instructive that at least twice in the last month that in going after the networks we have picked up Iranians," Pace said.

When asked whether the government or rogue elements are shipping the material, Gates said, "I don't know that we know the answer to that question."

Military investigators reportedly have been looking into the possibility Iranians or Iranian-trained operatives carried out a January 20 attack on a Karbal military compound in southern Iraq that resulted in the deaths of five U.S. soldiers.

Gates said the investigation is ongoing and information about who was involved is "ambiguous."

Gates All But Rules Out Strike On Iran (WT)

By Rowan Scarborough

The Washington Times, February 3, 2007

Defense Secretary Robert M. Gates yesterday all but ruled out military strikes on Iran, declaring "we are not planning for a war with Iran."

Mr. Gates, who has called military action against Iran an absolute last resort, made the denial during a flurry of press and Internet blogger speculation that President Bush is preparing to order strikes against Iran's nuclear facilities.

In announcing a new strategy for Iraq on Jan. 10, the president said U.S. troops would target Iranian agents inside the country who are aiding the deadly insurgency. The administration said Iran is supplying Shi'ite insurgents with powerful improvised explosive devices whose explosions penetrate armor and result in multiple casualties.

Mr. Bush also ordered an increase in the U.S. military presence in the Persian Gulf by deploying Patriot anti-missile batteries and a second aircraft carrier in the region.

Those twin moves stirred speculation that a war was in the offing. Iranian President Mahmoud Ahmadinejad has threaten to destroy Israel and refuses to stop enriching uranium, as the United Nations has demanded.

Administration officials say the buildup was done to mollify Persian Gulf Arab states who fear attacks from Iran, and to put pressure on Mr. Ahmadinejad.

Mr. Gates explained it this way: "What we are trying to do is, in Iraq, counter what the Iranians are doing to our soldiers, their involvement in activities, particularly these explosively formed projectiles that are killing our troops and we are trying to get

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them to stop their nuclear enrichment. We are doing the latter strictly through the diplomatic process. ... The diplomatic process is working and I think that that's where we are relying."

At the White House, where officials released a new intelligence estimate on the Iraq war's path, National Security Adviser Stephen J. Hadley said he has delayed release of a "white paper" detailing Iran's transgressions in Iraq.

Mr. Hadley told reporters the draft paper was "overstated, and we sent it back to get it narrowed and focused on the facts."

Mr. Gates said the briefing is being compiled by the U.S. command in Baghdad. He said Cabinet officials "want to make sure that the briefing that is provided is absolutely accurate and is dominated by facts -- serial numbers, technology and so on."

Kurds Train For Battle With Iran (AP)

By Kathy Gannon, Associated Press Writer

AP, February 3, 2007

Deep in the mountains of eastern Iraq, a cluster of mud huts and the chatter of machine gun fire reveal another piece of the jigsaw puzzle called Kurdistan.

Here, recruits are training to fight Iran, one of the four countries that rule the fractured Kurdish people. And although they belong to an organization officially outlawed as terrorist by Washington, they appear to be operating unhindered either by Iraqi-Kurdish units or the limited U.S. force in Kurdish areas.

A boulder-studded road spirals up through sun-soaked mountains to a pale yellow building that flies the flag of the Kurdistan Workers Party (PKK), condemned as a terrorist organization by the U.S. and its NATO ally, Turkey.

A giant face of Abdullah Ocalan, the PKK founder who is serving a life sentence in Turkey, is painted on the mountainside. Ten miles farther on lies the Qandil range, which runs like a snow-dusted spine along Iraq's northern border with both Turkey and Iran.

In the camp, lugging heavy machine guns and AK-47 assault rifles, are men and women of the Party for a Free Life in Kurdistan, or PEJAK, an offshoot set up by the PKK in 2004 to fight for Kurdish autonomy in Iran.

The PKK and its affiliates are spread through a region of some 35 million Kurds that straddles Turkey, Iraq, Iran and Syria. PEJAK, the newest group, claims to number thousands of recruits, and targets only Iran — a mission which has made PEJAK the subject of intense speculation that it is being used to undermine the radical Islamic regime of Iranian President Mahmoud Ahmadinejad.

In the Nov. 27 issue of The New Yorker, investigative reporter Seymour Hersh wrote that PEJAK was receiving support from the U.S. as well as from Israel, which fears Iran's nuclear ambitions and Ahmadinejad's call to wipe the Jewish state off the map.

The State Department Friday declined to comment on the claim of U.S. support for PEJAK.

PEJAK says it regularly launches raids into Iran, and Iran has fired back with artillery. In October the English-language Iran Daily, published by Iran's official news agency, said Iran accused PEJAK of killing dozens of its armed forces in insurgent attacks.

Rep. Dennis Kucinich (D-Ohio), a presidential candidate who claims the White House is overplaying the Iranian threat, last year wrote to President Bush expressing concern that the U.S. was using PEJAK to weaken Ahmadinejad.

James Brandon, an analyst for the U.S.-based Jamestown Foundation, told The Associated Press that PEJAK has refused to discuss its funding sources. But he said its greatest threat to Iran is not military. It has veins running deep into the Iranian Kurdish population and is offering to join forces with other restless minorities in Iran, he said.

Israeli Foreign Ministry spokesman Mark Regev said "Israel is not involved in any way in what's going on there."

Meir Javedanfar, an Israel-based Iran expert, noted however that Israel has a long-standing relationship with Iraqi Kurdish leader Mustafa Barzani and "It would not surprise me to discover that Israel is using the Kurdish areas of Iraq to undermine Iran's influence in Iraq and monitor what's going on along the Iranian border, as well as to undermine the Iranian government itself."

The AP recently spent two winter days at a PEJAK training camp tucked in the shadow of the Qandil Mountains in northern Iraq, listening to its followers describe their goals and operations in Iran.

According to a camp commander, Hussein Afsheen, "PKK gives ideological and logistical support" while funding comes from Iranian Kurds. He said he didn't know of U.S. funding, but would gladly accept it.

The camp is designed to toughen up the new recruits, who numbered 38 during the AP's visit. Beds are single wool blankets spread over a rough concrete floor, or over a narrow steel bench that hugs an icy mud wall. The only heat comes from a wood-fired potbelly stove.

It's still pitch dark and freezing at 5 a.m., when the fighters line up and pledge allegiance to the Kurdish cause.

Soztar Afreen, a 22-year-old Syrian with a quick smile, says she joined five years ago and the first months were tough.

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"I had trouble keeping up. You have to toughen yourself. The physical work is difficult but once you get used to it life here gets easier," she said.

She recalled that her parents, PKK sympathizers, sent her off with this plea: "Don't let down the struggle; make us proud."

Gunfire and explosions echo off mountainsides as recruits learn to fire artillery and rocket launchers and automatic rifles. They are taught to lay ambushes and to endure long hours isolated and in hiding.

Food is spartan — potatoes, tomato broth, onions and a lot of bread baked flat in a deep stone oven.

Much time is spent in ideological training and studying Ocalan's vision of a united Kurdistan, which the guerrillas say has gradually shifted from demanding full-blown independence to settling for autonomy as a distinct culture within the various countries where they live.

PEJAK ideology is rigorously leftist and includes equality of the sexes — unusual in this region. The camp has two leaders, a man and a woman.

The male one, Afsheen, is a Turkish Kurd who joined the PKK in 1990, at age 19. He said he enlisted after Turkish soldiers herded him, his family and his neighbors into the town square and burned down their homes.

Four shepherds were coming home and "The soldiers just opened fire on them. I had inside of me a lot of anger. I promised I would get my revenge," said Afsheen.

In training, "Recruits were put in a cave and left there for a month, allowed out only for half an hour each day. We walked for hours in frigid water," he said.

Afsheen said he has made several forays into Iran, including one monthlong trek to the Iranian town of Shahha three months ago, not to attack Iranians but to organize Kurds. "We were discovered. There was a firefight and it went on until dark. We were pinned down, trapped," he said.

"At nightfall we found an opening and we tried to slip out but we were discovered. The firing went on again and they called in their helicopters. One of our friends was wounded and three Iranian security men were killed."

Afsheen's co-leader is Beridon Dersim, who grew up in Austria and found her identity with the PKK.

"What I wanted I couldn't find from Turkey. I couldn't find from Europe. The PKK offered me answers about myself, about my ethnicity."

Dersim, 32, said she wanted to pick up a gun the day she joined the PKK at 17 but it was just before her 20th birthday that she was allowed into the guerrilla ranks.

Unlike Afreen of Syria, she did not have her family's blessing, she says, and her father, a Turkish civil servant, was tortured and left in a wheelchair. She said she has since fought in gunbattles.

The guerrillas vow not to marry or visit their families lest they put them in danger or be distracted from their struggle. Afsheen said he hasn't seen his parents since their village was destroyed 16 years ago. "I was the youngest of nine children, but maybe there are more now. I don't know."

Dersim says her presence encourages Kurdish women but also frightens the men.

"We go to a village and when we speak they are surprised and they ask us: 'Where do you get such power to do this? How can you speak like this and in front of men?'"

Iran Installs Equipment For Large-Scale Uranium Enrichment (NYT)

By David E. Sanger

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — International nuclear investigators have confirmed that Iran is beginning to install equipment in the large underground chamber in Natanz, the center where Iranian officials have said they will move to industrial-scale enrichment of uranium, according to foreign diplomats and American officials.

Iran said last year that it planned to install 3,000 centrifuges by this spring at Natanz, as a first step toward putting more than 50,000 of the devices in operation to produce nuclear fuel. But the program has been behind schedule, and based on reports from investigators from the International Atomic Energy Agency, the centrifuges are just now beginning to be assembled.

Nonetheless, the move signals a continued defiance of the Untied Nations Security Council, which demanded last summer that Iran suspend all uranium enrichment. At the White House on Friday, the spokesman for the National Security Council said, “This clearly demonstrates that Iran is not moving to meet the U.N.’s mandate.”

This weekend, ambassadors from several countries are invited by the Iranians to visit the plant at Isfahan, where Iran produces the uranium gas that is fed into centrifuges for enrichment. American officials dismissed the invitation as a diplomatic stunt, meant to create a false sense of openness about the program.

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"Instead of inviting I.A.E.A. ambassadors, Iran should invite I.A.E.A. inspectors," said Gregory L. Schulte, the American ambassador to the atomic agency. "Iran should give them access to all the documents, nuclear facilities and individuals that it has refused to provide access to in the last three years."

He added that a United Nations resolution requires Iran to suspend its nuclear activities. "Suspending them would build confidence," he said. "Showcasing them does not."

In Tehran, Iranian officials said on Friday that President Jacques Chirac of France was speculating when he first said this week that Iran would not pose a big danger if it had one or two nuclear weapons. Mr. Chirac, who later retracted his remarks, also said that if Iran were to launch a nuclear weapon against a country like Israel, it would lead to the immediate destruction of Tehran.

"This is more like a fantasy by Mr. Chirac because the International Atomic Energy Organization and its director have repeatedly said that Iran is not moving in that direction," said a Foreign Ministry spokesman, Mohammad Ali Hosseini, referring to the agency's declarations that it has developed no evidence that Iran is enriching uranium for bomb production. But the agency has also said that Iran never answered a series of questions about suspicious activities that could indicate work on a weapons project. "We have also said that the Islamic Republic of Iran has no plans to have nuclear weapons and that nuclear weapons are religiously banned," he added. "We really hope they talk realistically."

Mr. Hosseini said that Iran was surprised that European leaders had ignored comments by Israel's prime minister, Ehud Olmert, recently that seemed to confirm that Israel possessed nuclear weapons. In a television interview, Mr. Olmert suggested that Iran was "aspiring to have nuclear weapons, as America, France, Israel, Russia."

The Israelis, clearly embarrassed by Mr. Olmert's statement, immediately said his remark was not intended as a confirmation or denial of whether his country possesses the weapons. But Iran has seized on it as evidence of a double standard, saying that European nations should be pressing the Israelis, not the Iranians.

If Iran is preparing to take its enrichment program to the next level, it may be rushing. It currently has a pilot program under way to determine if it can master the process. But so far that project is small and has run into numerous technical problems, according to foreign diplomats who have reviewed reports on its progress.

Iran's president, Mahmoud Ahmadinejad, had promised an announcement about Iran's latest advances during celebrations that began Thursday for the 28th anniversary of the Islamic Revolution.

Diplomats in Vienna told The Associated Press that hundreds of technicians and laborers were "working feverishly" at the Natanz facility, near Tehran, over the past week. The news agency said that by Thursday, pipes, wiring, control panels and air-conditioning had been installed — setting the stage for hooking up the centrifuges that spin uranium into enriched levels.

The process can lead to making nuclear fuel for power plants, or for nuclear weapons if the uranium is enriched to higher levels. The United States and some European countries have accused Iran of having a clandestine weapons program, though Iran contends that its program is peaceful.

The United Nations Security Council passed a resolution on Dec. 23 banning the trade of goods and technology related to Iran's nuclear program. Mr. Ahmadinejad has repeatedly scoffed at the measure, but in recent weeks he has faced internal public criticism for fanning a confrontation with the West.

Diplomats: Iran Working On Uranium Plant (AP)

By George Jahn, Associated Press Writer

AP, February 3, 2007

Technical crews have hauled centrifuges into Iran's vast underground Natanz complex and were on the threshold of launching a program that could be used to create nuclear arms, diplomats said Friday.

Hundreds of technicians have been "working feverishly" in recent weeks in the bunker-like hall beneath the desert near the central Iranian city of Natanz, said a diplomat accredited to the Vienna-based International Atomic Energy Agency, the U.N. nuclear monitor.

By Thursday, they had installed and tested the pipes, wiring, control panels and air conditioning, setting the stage for hooking up the centrifuges that spin uranium into enriched levels.

Iran says it wants to develop enrichment to generate power, with Natanz as the centerpiece of a program first to link 3,000 centrifuges, and then ultimately to expand to 54,000. The United States and other countries fear Tehran will enrich to a higher level than needed for energy and use the material for the fissile core of nuclear warheads.

The recent activity in Natanz increases the tension between Tehran and the world's major powers over the Islamic republic's nuclear program, and will likely spur U.S. efforts to sharpen existing U.N. sanctions on Iran for its defiance of a Security Council demand that it freeze enrichment efforts.

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"This work is not necessary for a peaceful nuclear energy program, but is needed to give Iran's leaders the know-how to make highly enriched uranium for nuclear weapons," said Matt Boland, spokesman for the U.S. delegation to the IAEA.

A diplomat — one of four who spoke to The Associated Press on condition of anonymity because the information was confidential — said that with all the support equipment now installed, "everything is done except putting the machines in and hooking them up."

The centrifuges would be placed in "cascades" or series, allowing them to spin and re-spin uranium gas to a required level of enrichment — low for energy, high for the fissile core of nuclear warheads.

Another diplomat said that less critical preparatory work has been going on for weeks inside the Natanz facility — set underground below a barren desert mountain that is spiked with anti-aircraft batteries and radar to protect it from attack.

Even if Tehran successfully installs 3,000 centrifuges, experts estimate it would still take several years for all of them to be running smoothly.

The International Institute for Strategic Studies, a London-based think tank, on Wednesday estimated that Iran was two to three years away from having the capacity to build a nuclear weapon. The head of U.S. national intelligence, John Negroponte, has spoken of a four-year period.

Once enrichment begins, IAEA inspectors want to check to what level the uranium is being processed, and to ensure that none of the material produced is siphoned off. One of the diplomats familiar with the Iran nuclear dossier said the IAEA was negotiating with Iranian officials on details of what it would be allowed to see and control at the underground bunker.

In a further setback to IAEA monitoring attempts, a U.N. official familiar with Tehran's nuclear dossier said Thursday that Iranian officials had turned down a request from agency inspectors to install cameras in key areas of the underground facility.

In Tehran on Friday, a top Iranian nuclear official — who demanded anonymity because he was not authorized to speak to the media — disputed that assertion, saying U.N. inspectors had set up cameras in the underground facility. But another U.N. official said Iran had met only some — not all — of the IAEA requests.

Other nations — among them Brazil — also do not allow cameras in their enrichment halls. But unlike Iran, none is under direct scrutiny for possible attempts to make nuclear weapons.

Associated Press writer Ali Akbar Dareini contributed to this report from Tehran.

Chirac's Iran Gaffe Reveals A Strategy: Containment (NYT)

By Elaine Sciolino

The New York Times, February 3, 2007

PARIS, Feb. 2 — When President Jacques Chirac said this week that he would not be overly worried if Iran obtained a nuclear weapon, he inadvertently said aloud what some policy makers and arms control experts have been whispering: that the world may have to learn to live with a nuclear Iran.

Mr. Chirac quickly retracted his words, and Élysée Palace reaffirmed France's commitment to preventing Iran from becoming a nuclear-weapons state. But in veering from the prepared script and letting the veil of caution fall, he became the first Western leader to imply that containment of a nuclear Iran is preferable to other options, especially war.

"Jacques Chirac said things that many experts are saying around the world, even in the United States," Hubert Védrine, foreign minister from 1997 to 2002, said on LCI television on Friday. "That is to say, that a country that possesses the bomb does not use it and automatically enters the system of deterrence and doesn't take absurd risks."

The logic of the argument goes this way: Iran is making enriched uranium, which can be used either for making electricity or, with additional enrichment, nuclear weapons. If Iran masters that process for military purposes, it may be able to build a bomb or two in the next few years.

Under that thinking, the only realistic goal is to slow down the process as long as possible. But even if Iran has the bomb, it will be subject to the same classic doctrine of nuclear deterrence that restrained the nuclear powers during the cold war.

"There is a growing realization that the international community is failing to stop Iran from acquiring a uranium enrichment capability," said Mark Fitzpatrick, a senior fellow at the International Institute for Strategic Studies in London. "The U.S. government wouldn't accept it, but it's becoming a fait accompli. Can the next step — a nuclear weapon — be prevented? Chirac skipped over that question and cut to the chase in saying, 'We can live with a nuclear-armed Iran.' "

The Bush administration has made stopping an Iranian bomb the object of an increasingly aggressive policy. But administration officials are concerned that the Iranians have learned from North Korea — which ignored Washington's warnings and detonated a nuclear device last year. Iran, they fear, is on the same path.

So the administration is pressing reluctant European governments to curtail support for exports to Iran and to block transactions and freeze the assets of some Iranian companies. In Iraq, the administration has pursued Iranian agents it believes to be involved in attacks against American and allied forces.

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Among the Europeans, there is an overwhelming consensus that the American-led war in Iraq has been a disaster and that Washington's Iran strategy could end in an even more destabilizing military confrontation.

It was Mr. Chirac who led Europe's opposition to the war in Iraq, and in an I-told-you-so speech last month he said that his predictions that the war would spread more chaos, regional instability and terrorism had come true.

In his remarks this week, he could have been speaking for most of Europe when he said that what he called "the Iraq affair" had "shifted red lines" and made the region dangerous.

Even inside the Bush administration, some officials have acknowledged over the past year that Iran eventually may get a nuclear weapon — or at least the technology and components to assemble one quickly. In the United States, the view that the world might have to coexist with a nuclear Iran was laid out in an ambitious study by two government-financed scholars at the National Defense University in 2005.

"Can the United States live with a nuclear-armed Iran?" the report asked. "Despite its rhetoric, it may have no choice." The report added that the costs of rolling back Iran's nuclear program "may be higher than the costs of deterring and containing a nuclear Iran."

In a sense, Mr. Chirac was trying to make just that point when he said in an interview with three publications, including The New York Times, that a bomb would do Iran little good because it would never be able to use it without facing swift retaliation.

Mr. Chirac also stressed his belief that Iran should not be completely humiliated and isolated, but encouraged to become a positive regional player. "How can we impose sufficiently strong constraints on Iran?" he asked in the Monday interview. Calling the Islamic Republic "a bit fragile," he said, "One has to know what Iran can withstand or not."

The following day, in retracting his statements about a nuclear Iran, he stressed the importance of having a "dialogue" with Iran, which he said had an important role to play in helping to stabilize the region.

In the past several years, Mr. Chirac has tried to navigate a middle course between the United States and Iran.

It was France, in the months after the invasion of Iraq in 2003, that conceived a diplomatic initiative joined by Britain and Germany in which Tehran would freeze its uranium enrichment activities in exchange for political, economic and technological incentives.

The European trio suspected that the United States was moving toward an open confrontation with Iran, much the way it did with Iraq.

But the initiative failed, even after the United States, Russia and China joined in. Sanctions, even in the unlikely eventuality that they can be tightened substantially, are not likely to be tough enough to change Iran's behavior.

Tehran insists that its nuclear program is for peaceful energy purposes. It views United Nations sanctions to punish it for enriching uranium as unjust and a violation of its rights as a signatory to the Nuclear Nonproliferation Treaty. It justifies its presence in Shiite-controlled Iraq as necessary to preserve its own national security interests and to protect itself should Iraq dissolve into chaos.

On Thursday, Iran's president, Mahmoud Ahmadinejad, said that his nation was becoming a "superpower" and that the United Nations sanctions would not deter it from pursuing its nuclear program.

Indeed, the Iranians are well aware that possession of the bomb would immediately transform the country into the dominant power in the Middle East, give it even greater influence over Iraq and allow it to threaten and blackmail its enemies.

Republicans Plan To Block Iraq Debate (NYT)

By Carl Hulse

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — Senator Mitch McConnell of Kentucky, the Republican leader, said Friday that his party would unite to block Senate debate next week on a bipartisan resolution opposing President Bush's troop buildup in Iraq unless the Democrats allowed votes on at least two Republican alternatives.

Mr. McConnell said even Senator John W. Warner, the Virginia Republican who is the chief author of the bipartisan proposal, and other Republicans backing his plan had agreed to prevent the resolution from reaching the floor Monday if Democrats did not agree to that demand.

"We're in a position to insist on a procedure for considering these matters that we think is fair to us," said Mr. McConnell, who has been negotiating the framework of the debate with Senator Harry Reid of Nevada, the majority leader. "We can't dictate the outcome necessarily, but we're insistent upon a process that we are comfortable with."

Mr. Reid responded that the Republican leadership was essentially filibustering a debate of Iraq policy to avoid a judgment on Mr. Bush.

"This obstruction is an abdication of their responsibility to the American people on the most important issue facing our nation today," Mr. Reid said in a statement.

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Such back and forth is not unusual in the buildup to major debates in the Senate, where the minority party has significant power to influence the process.

Lawmakers and senior Senate officials said they believed that an agreement would ultimately be worked out, since Republicans do not want to risk being accused of shutting off criticism of Mr. Bush on such a major issue, while Democrats are eager to get Republicans on the record on the troop increase.

Mr. McConnell's threat also reflects the Republican leadership's strategy to force a Senate review of a series of competing resolutions, muddying the outcome with multiple votes, rather than allow the focus to be on a central proposal objecting to the troop buildup.

Mr. Warner on Wednesday night revised his plan — which already had some Republican backing — and gained some new support, leading Democrats to make his version the main one to be considered.

Senate Republicans have also been squeamish about Mr. Reid's decision to debate the Iraq policy in the form of legislation, which would be sent to the president if passed as such. They see such a move as overly confrontational, even though Mr. Reid has said the Senate will ultimately convert the proposal to a resolution to avoid having to send it to the White House.

Republicans say they want votes on at least two alternatives. One is a resolution made public Thursday by Senators John McCain, Republican of Arizona, and Joseph I. Lieberman, the independent from Connecticut, among other lawmakers. Mr. McCain and Mr. Lieberman support the president's plan to increase troops.

Their resolution lays out 11 goals the Iraqi government should meet, including disarming militias and distributing Iraqi resources without regard to religious sect. It declares that Congress should ensure that American forces "have the resources they consider necessary to carry out their mission." The resolution does not say what the United States should do if the Iraqi government does not meet the goals.

A second likely alternative would be a Republican-backed resolution opposing any cutoff of money for added troops, a potentially tougher vote for some Democrats who want to retain that as a future option.

Warner To Help Block His Own Resolution On Iraq (WT)

By Charles Hurt

The Washington Times, February 3, 2007

Sen. John W. Warner will join his fellow Republicans in voting Monday to block the resolution he wrote rebuking President Bush's Iraq war policy.

"Senator Warner supports the Senate Republican leadership's effort to establish a free and open debate on Iraq on the Senate floor, including possible amendments," a spokesman for the Virginia Republican said yesterday afternoon.

Earlier in the day, Mr. Warner told colleagues during a closed-door strategy meeting at the Library of Congress that he opposes the manner in which Senate Majority Leader Harry Reid, Nevada Democrat, is conducting debate on his resolution, which condemns Mr. Bush's plan to send 21,500 more troops to Iraq.

Senate Republicans are opposed to a vote on the Warner resolution unless they also get votes on two other resolutions. One of those alternatives supports Mr. Bush's plan, and the other would prohibit cutting funds for the war. Republicans also want each resolution to require 60 votes to pass.

Senate Minority Leader Mitch McConnell, Kentucky Republican, told reporters yesterday that he expects to have all 49 Republicans in the chamber -- nine votes more than are needed for a filibuster -- to vote Monday to block the nonbinding resolution.

Mr. Reid said he has been acting in good faith to get a vote on the Warner resolution.

"The American people deserve better than a filibuster on the president's flawed plan," he said. "Senate Democrats will continue to negotiate with the Republican leadership to bring the plan to a vote."

Meanwhile, a National Intelligence Estimate (NIE) released yesterday raised new uncertainty about the prospect for withdrawing American troops from Iraq.

Iraqi leaders will be hard-pressed to craft a lasting political settlement or improve their security capabilities in the next 12 to 18 months, according to the collaborative assessment by 16 spy agencies.

The assessment states that growing and entrenched polarization between Shi'ite and Sunni Muslims, inadequate Iraqi security forces, weak leaders and the success of extremists' efforts to use violence to exacerbate the sectarian war all create a situation that will be difficult to improve.

"We think it is accurate," said Stephen J. Hadley, Mr. Bush's national security adviser. "We would emphasize the 'hard-pressed,' because we will be pressing them hard and the Iraqi people will be pressing the government hard."

The news comes as the next major political showdown looms on Capitol Hill.

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The Bush administration will ask for another $100 billion for military and diplomatic operations in Iraq and Afghanistan this year and seek $145 billion for 2008, a senior administration official said yesterday.

The requests Monday, which will accompany Mr. Bush's budget for the 2008 fiscal year that begins Oct. 1, would bring the total appropriations for 2007 to about $170 billion, with a decline the following year.

The additional request for the current year includes $93.4 billion for the Pentagon -- on top of $70 billion approved by Congress in September -- and is about $6 billion less than the Pentagon's request to the White House budget office.

U.S. Copter Crash In Iraq Kills 2 In Fourth Such Incident This Year (WP)

By Ernesto Londono

The Washington Post, February 3, 2007

BAGHDAD, Feb. 2 -- A U.S. military helicopter crashed Friday morning north of Baghdad, killing two soldiers on board, officials said. It was the fourth fatal helicopter crash in Iraq this year.

The helicopter went down at 7:20 a.m. near Taji, about 15 minutes north of the capital. The military said in a brief statement that the soldiers' remains "have been recovered and the site secured."

Military officials did not say what type of helicopter it was or how it crashed. But Iraqi police and an insurgent group that asserted responsibility for the crash identified the craft as an Apache and said it had been shot down by a shoulder-fired antiaircraft missile.

"We are saying to the enemies of God that the airspace of the Islamic state of Iraq is prohibited for you, just like its land," the Islamic State of Iraq, a Sunni insurgent group, said in a statement posted on its Web site. "God opened for the soldiers of the Islamic State of Iraq new ways to confront your aircrafts."

Before Friday's incident, 19 people had died in U.S. helicopter crashes in the past two weeks. A Black Hawk crashed north of Baghdad on Jan. 20, killing 12 soldiers on board. The following week, a civilian helicopter was downed in central Baghdad while assisting a U.S. Embassy convoy that had come under attack. Five security contractors employed by Blackwater USA were killed in that incident.

On Sunday, a military helicopter crashed while participating in an Iraqi-led raid on an insurgent camp in the southern province of Najaf, killing two soldiers. An Iraqi official involved in the raid said that helicopter had also been shot down.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, discussed the string of crashes Friday during a briefing at the Pentagon.

"Clearly, groundfire . . . has been more effective against our helicopters in the last couple of weeks," he said, according to a transcript of the briefing posted on the Department of Defense's Web site. "I've taken a hard look at that. Don't know whether or not this is just statistically what's going to happen over time when you're flying at that level and people are shooting at you, or if there are some kind of new tactics and techniques that we need to adjust to. And the folks on the ground are looking at that right now."

Also Friday, the U.S. military announced the deaths of six other service members.

A Marine and a sailor died Wednesday in Anbar province in western Iraq of wounds "sustained due to enemy action," the military said in a statement. Another Marine died Wednesday after apparently going into cardiac arrest, the military said.

A Task Force Lightning soldier was killed Thursday in a vehicle rollover accident, the military said in a statement. Two other American soldiers were killed Thursday in a car accident at Camp Liberty in Baghdad, it said in a separate statement.

The names of the soldiers will be released after their relatives have been notified, the military said.

Elsewhere, 13 people were killed Friday by mortar rounds that struck a village 20 miles south of Baghdad, according to a spokesman for the Iraqi Interior Ministry.

Mortar fire also killed five people and wounded 18 at the Musa al-Kadhim shrine in the Kadhimiyah district of northern Baghdad, the spokesman said.

In Suwayrah, in southern Iraq, Iraqi army officials killed 35 people and captured 23 suspected of belonging to a terrorist organization, the spokesman said.

2 Killed As U.S. Helicopter Is Shot Down Near Baghdad (NYT)

By Marc Santora

The New York Times, February 3, 2007

BAGHDAD, Feb. 2 — An American Apache attack helicopter was shot down on Friday just north of Baghdad and its two-member crew was killed, an American military official said.

It was the fourth American helicopter to be shot down or crash under fire in the last two weeks, a trend that American military commanders acknowledged was disturbing.

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Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said that attacks by militants have "been more effective against our helicopters in the last couple of weeks."

Saying he has looked closely at the issue, General Pace said he did not know if the recent strikes were the result of a new strategy, improved skills or simply a natural result of the military's heavy dependence on helicopters in the fight here.

Traveling by road here has become increasingly fraught with danger as Shiite militia groups and Sunni insurgents continue to attack American vehicles with roadside bombs, more often using sophisticated devices that can penetrate even the best American armor.

The military would only say it was investigating the Friday crash, but witnesses indicated that the militants were clearly waiting to ambush passing helicopters.

A man who identified himself only as Abu Ahmed, who lives near the crash site, said gunmen were hiding near a manufacturing plant in Sheik Amir village, near the town of Taji, waiting for the helicopters. Taji is a central hub for helicopter traffic around Baghdad. Americans are currently training Iraqi pilots there and the Americans have expressed concern about enemies becoming more sophisticated in shooting at the helicopters.

On Friday, just after sunrise, two American Apache helicopters flew in low, and waiting militants successfully shot down one and hit the second, Mr. Ahmed said.

Before the military had confirmed the crash, a militant group was already taking responsibility and promising to post a video of the attack on the Internet.

The crash site was quickly secured and the two bodies recovered, said a military official who spoke on the condition of anonymity because an official report had not yet been released.

Just two weeks ago, an American Black Hawk helicopter was shot down north of Baghdad and all 12 service members on board were killed. Another American helicopter was shot down on Sunday during the battle in Najaf, south of Baghdad, killing two soldiers.

And five members of a private security detail protecting an American convoy in Baghdad were killed Jan. 23 when their helicopters came under attack and one crashed.

Separately, American forces engaged in a fierce battle overnight with militants in the restive western city of Ramadi.

American forces came under attack Thursday night as Sunni insurgents directed mortars at their main headquarters in the city, according to witnesses and the American military. When the Americans sent forces into two neighborhoods in response, they were ambushed, according to witnesses.

The city remains a hotbed of insurgent activity and militants and has been the scene of some of the fiercest street fighting in Iraq over the past four years.

The fiercest fighting in this clash occurred near the main cemetery, residents said. As the Americans approached the area, roadside bombs struck their vehicles and militants opened fired with machine guns.

The American military reported no casualties, but residents said civilians were caught in the middle of the battle.

Hajj Ebrahim al-Jumaili said that he was sitting in his home when the fight broke out and his wife, daughter and two sons all were lightly wounded. The fighting, he said, lasted until 7:30 a.m. Friday.

Dr. Abdullah Saleh, at the main Ramadi hospital, said 4 people were killed and another 12 wounded.

Also in Anbar Province, Ali Hussein, the Sunni chairman of the City Council and an outspoken critic of Al Qaeda, was gunned down in Falluja. He is the third Falluja City Council leader to be killed this year.

Meanwhile, tensions remained high in the Shiite holy city of Najaf.

On Sunday, Iraqi government forces, backed by American air support and ground troops, killed at least 250 militants who they said were part of a renegade militia called the Soldiers of Heaven, bent on overthrowing the clerical hierarchy in that city.

Authorities imposed a 24-hour curfew there on Friday, fearful that the militia could still be active in the area.

During Friday Prayers there, a religious leader, Sadr Adeen al-Qubanchi, said that that there were many different forces conspiring to challenge the authority of the clerical hierarchy in Najaf, the renegade militia only being the latest threat.

"This attempt was big and very dangerous," he said in the speech. "It was about to drown Najaf in blood."

While praising the Iraqi military's efforts in the battle, he said there were at least two other groups in Najaf that have the same ideology as the militia and possibly the same intentions.

"I call on the security forces to watch them clearly and to question them according to the law," he said.

Late Friday, Iraqi officials said they took into custody six people they suspected of having ties with the Soldiers of Heaven and seized a sizable cache of weapons.

2 U.S. Troops Killed In Latest Helicopter Crash In Iraq (LAT)

By Alexandra Zavis, Times Staff Writer

DOJ_NMG_0127881

The Los Angeles Times, February 3, 2007

The craft is the fourth to go down recently. Iraqis say it was attacked.

BAGHDAD — A U.S. military helicopter crashed amid heavy gunfire Friday north of Baghdad, police and witnesses said — the fourth American chopper to go down in two weeks. The U.S. military said two crew members were killed.

The spate of attacks raised questions about whether insurgents were increasingly targeting aircraft, a crucial component of U.S. operations in Iraq. Not only do U.S. forces rely on helicopters in combat, but they are being used more often to ferry personnel and equipment across the country to avoid roadside bombs, the major killer of U.S. troops.

The recent attacks on helicopters have inflicted a heavy toll on Americans in Iraq — 16 military personnel and five civilians killed — at a time when roadside bombings are becoming less effective against U.S. vehicles, which are protected by improved armor plating, signal-jamming devices and other measures.

Six other U.S. military personnel in Iraq died in the previous two days, two in combat in Al Anbar province, one of an apparent heart attack and three in vehicle accidents, the U.S. command said. At least 3,093 U.S. personnel have been killed in the Iraq theater since the 2003 U.S.-led invasion, according to the website icasualties.org.The U.S. military has lost 54 helicopters in Iraq since May 2003, about half of them to enemy fire, according to figures compiled by the Washington-based Brookings Institution.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged that insurgent ground fire in Iraq had been "more effective against our helicopters in the last couple of weeks."

But he said it was unclear whether "this is just statistically what's going to happen over time when you're flying at that level and people are shooting at you, or if there are some kind of new tactics and techniques that we need to adjust to."

"The folks on the ground are looking at that right now," Pace told journalists at a Pentagon briefing.

The U.S. command, in a brief statement, did not identify the latest helicopter felled or detail the circumstances of the crash.

Iraqi police and witnesses said the aircraft was shot down over farmland near Taji, a major U.S. air base about 10 miles north of Baghdad.

Hashim Assafi, a 37-year-old farmer, said he was irrigating his field when he saw a pair of helicopters fly by and heard a burst of gunfire, sending him ducking behind a well for cover. One helicopter was hit but continued flying, he said.

Peeping out from behind the well, he said, he watched the other helicopter circle back to where the gunfire had come from. There was another burst of fire, which he said hit the second craft in the tail.

"I saw smoke coming out of the tail," he said. "The chopper was swinging around before it hit the ground one kilometer away from me, and I heard a big explosion."

Other witnesses, who said the helicopters were escorting a convoy of military vehicles, described seeing a ball of fire as the stricken aircraft hit the ground.

U.S. troops sealed off the area and additional helicopters circled overhead, police and witnesses said.

A group linked to Al Qaeda claimed responsibility for the attack in a statement posted on a militant website.

"We say to the enemies of God that the sky of the Islamic state of Iraq is forbidden just like its land," the statement said, adding that the group had "new ways" to attack helicopters. It was not possible to verify the authenticity of the statement.

Military analysts said the recent cluster of attacks was worrying, but cautioned that it was too early to confirm a trend.

"The insurgents constantly improve and adapt their methods," said Anthony Cordesman, a former Defense Department official who is a military expert at the Center for Strategic and International Studies in Washington.

"There may well be a change in tactics to focus on helicopters because they are the principal method of transportation as well as an important attack element…. The problem is that we don't have enough of a pattern yet to be sure," he said.

Two other military helicopters and a civilian helicopter have been lost since Jan. 20. All were believed to have been shot down in combat or in areas where Sunni Muslim-led insurgents were active, though the causes of the crashes are still officially under investigation.

One of the military helicopters went down Sunday near Najaf during an offensive by American and Iraqi forces against a violent messianic cult said to be plotting attacks against Shiite Muslim clerics and religious sites. Two crew members were killed.

The other military chopper was a Black Hawk that crashed two weeks ago near Baqubah, killing all 12 U.S. personnel aboard, including three officers and two command sergeants. And five Western security contractors employed by North Carolina-based Blackwater USA were killed when two helicopters came under attack Jan. 23 in Baghdad and one of them crashed.

Sunni-led insurgents and Shiite militias are known to have shoulder-fired SA-7 antiaircraft missiles, rocket-propelled grenades and heavy machine guns in their arsenals.

The U.S. military has developed tactics to minimize the risk. Routes are varied. Helicopters fly low and fast to make it difficult for gunmen to get them in their sights, and they drop flares to divert heat-seeking surface-to-air missiles.

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Such countermeasures are reevaluated after every copter crash, said Col. Bryan Owens, commander of the 3rd Brigade Combat Team, 82nd Airborne Division, who was questioned about Friday's crash during a separate Pentagon briefing.

"It didn't happen in my area, but I fully expect that the lessons learned from the tragedy of helicopter crashes will be passed on to me so that we can take action in our area just to make sure that we are … not putting our soldiers at undue risk," said Owens, who spoke to journalists via teleconference from Tikrit, northwest of Baghdad.

In other violence, police recovered at least 15 bodies in Baghdad, apparent victims of sectarian death squads.

U.S. forces said they killed at least 18 suspected insurgents in two missile strikes during fierce clashes late Thursday and early Friday in Ramadi, a Sunni Arab insurgent stronghold in volatile Al Anbar, west of Baghdad. There were no immediate reports of U.S. military or Iraqi civilian casualties in the Ramadi clashes.

Also in Al Anbar, the municipal council chairman in Fallouja was killed in a drive-by shooting as he left his home to attend Friday afternoon prayers, authorities said.

South of Baghdad, three days of mourning were announced for the 73 people killed and 152 injured in twin bombings Thursday at a busy Shiite market in the heart of Hillah.

In Najaf, authorities imposed a daytime vehicle ban amid fears that surviving members of the Heaven's Army cult, the target of Sunday's U.S.-Iraqi offensive outside the city, were again planning attacks.

The city has been on edge since the weekend clash, when more than 200 cult members were killed and hundreds detained.

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Times staff writers Julian E. Barnes and Saif Rasheed in Baghdad and special correspondents in Baqubah, Hillah, Najaf and Taji contributed to this report.

Groundfire Downs Another U.S. Copter; Kills 2 Troops (WT/AP)

By Kim Gamel

The Washington Times, February 3, 2007

BAGHDAD -- A U.S. helicopter went down yesterday in Iraq in the fourth such incident in two weeks, killing two troops on board, and America's top general acknowledged that U.S. aircraft were increasingly in danger from groundfire.

Witnesses and local police said two helicopters were flying together when gunmen opened fire, sending one of the aircraft crashing to the ground, smoke trailing behind it, near Taji, an air base just north of Baghdad.

The military, acknowledging the loss of the Army helicopter in a statement, did not identity the type of aircraft nor say what caused it to go down.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said yesterday that clearly, "groundfire ... has been more effective against our helicopters in the last couple weeks." The comments marked the first time a military official has publicly acknowledged the recent crashes were caused by groundfire.

"I've taken a hard look at that, don't know whether or not this is statistically what's going to happen over time, when you're flying at that level and people are shooting at you, or if this is some kind of new tactics or techniques that we need to adjust to."

Three other helicopters -- two military and one civilian -- have been lost in Iraq since Jan. 20. All three were thought to have been shot down.

The U.S. military relies heavily on air transportation in Iraq to avoid roadside bombs and insurgent ambushes and the recent spate of losses has raised questions about whether Sunni insurgents and Shi'ite militias may have stepped up attacks on helicopters or may have received new supplies of shoulder-fired anti-aircraft weapons. Sunni insurgents are already known to have anti-aircraft weapons and heavy machine guns.

Since May 2003, the U.S. military has lost 54 helicopters in Iraq, about half of them to hostile fire, according to figures compiled by the Brookings Institution.

U.S. forces, meanwhile, said 18 insurgents were killed in fighting Thursday night and yesterday after insurgents opened fire on American troops from several positions in Ramadi, 70 miles west of Baghdad, the military said. No civilian or U.S. casualties were reported, the military said.

Ramadi, the capital of the western province of Anbar, where Sunni insurgents remain well-entrenched, has seen some of the bloodiest street battles of the war.

Elsewhere in Anbar, gunmen assassinated the Sunni chairman of the Fallujah City Council, Abbas Ali Hussein, an outspoken critic of al Qaeda, the third council leader to be killed in a year.

The U.S. military said six troops were killed Thursday, two in fighting in Anbar province, one of an apparent heart attack and three in vehicle accidents.

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The deaths raise to at least 3,092 members of the U.S. military who have died in Iraq since the war started in March 2003, according to an Associated Press count. At least 2,480 died as a result of hostile action, according to the military's numbers.

Iraqi officials in Hillah, a Shi'ite city about 60 miles south of Baghdad, announced a three-day mourning period after Thursday's devastating suicide attack. Police spokesman Capt. Muthanna Khaled said at least 73 persons were killed and 163 wounded.

Another U.S. Helicopter Lost In Iraq (AP)

By Bassem Mroue, Associated Press Writer

AP, February 3, 2007

A U.S. Army helicopter crashed Friday in a hail of gunfire north of Baghdad, police and witnesses said — the fourth lost in Iraq in the last two weeks. The U.S. command said two crew members were killed, and the top U.S. general conceded that insurgent ground fire has become more effective.

An al-Qaida-affiliated group claimed responsibility and said its fighters had "new ways" to attack American planes.

A brief U.S. military statement gave no reason for the crash and did not identify the type of aircraft. A Pentagon official said it was an Apache attack helicopter, which carries two crew members.

The official spoke on condition of anonymity because he was not authorized to release the information. Another Apache crashed Sunday during heavy fighting with a Shiite cult near Najaf, also killing two soldiers.

Iraqi police and witnesses said the latest crash occurred about 7:30 a.m. as two Apaches were flying along a well-established air route near Taji, a major U.S. base about 12 miles north of Baghdad.

One helicopter was struck by heavy machine gunfire but continued flying, the witnesses said. The other helicopter banked sharply and flew back toward the source of fire, apparently to attack the target.

But that helicopter was also struck by ground fire, exploded in a ball of fire and crashed, the witnesses said. The other helicopter flew away, they said. The witnesses spoke on condition of anonymity, fearing for their own safety.

The United States has lost more than 50 helicopters in Iraq since May 2003, about half of them to hostile fire.

However, the loss of four helicopters since Jan. 20 has raised new questions about whether Iraqi insurgents are using more sophisticated weapons or whether U.S. tactics need changing.

Three of the latest crashes involved Army helicopters — two Apaches and one Black Hawk. The fourth was an OH-6A observation helicopter operated by the Blackwater USA security firm. All were believed shot down, and 20 Americans, including four civilian, died in the crashes.

In Washington, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged that insurgent ground fire in Iraq "has been more effective against our helicopters in the last couple of weeks."

But Pace said it was unclear whether "this is some kind of new tactics or techniques that we need to adjust to."

The Islamic State of Iraq, an al-Qaida-linked group, claimed on Friday that it shot down the Apache near Taji in a statement posted on an extremist Web site.

"We tell the enemies of God that the airspace of the Islamic State in Iraq is prohibited to your aircraft just like its lands are," the statement said. "God has granted new ways for the soldiers of the State of Iraq to confront your aircraft."

Iraqi insurgents have used heavy machine guns, rocket-propelled grenades and shouldered-fired SA-7 anti-aircraft missiles throughout the Iraq conflict. U.S. officials believe Iran is supplying Shiite militias with new weapons including more powerful roadside bombs, Katysuha rockets and a newer class of rocket-propelled grenades.

Some of those weapons could have found their way into the hands of Sunni insurgents, who operate around Taji.

The U.S. military relies heavily on helicopters to avoid roadside bombs and insurgent ambushes. Any new threat to helicopters would be a serious challenge to the military as it gears up for a major crackdown against Sunni insurgents and Shiite militias in Baghdad.

Helicopters are always vulnerable to ground fire, said Stephen Trimble, Americas bureau chief for Jane's Defence Weekly. "A well-placed bullet can pretty much take down any helicopter," he said.

Protecting helicopters from attack is significantly more complicated than defending against roadside bombs, Trimble said.

"What you would do with a Humvee is up armor it," he said. But helicopters can't support a significant increase in weight. The U.S. military is looking into technology that tracks and fires at rocket-propelled grenades, he said, but its use on helicopters is a long way off.

Apaches carry multiple high-tech defenses, including long-range sensors, radar jammers and an infrared jammer for countering incoming missiles.

However, the Apaches, which were designed to fight the Soviet Union on the plains of central Europe, have proven vulnerable to intense ground fire.

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During the 2003 invasion of Iraq, more than 30 Apaches had to break off an attack after suffering heavy damage in fighting with the Iraqi Republican Guard. One helicopter crashed but the two crew members survived.

Elsewhere, the U.S. command said 18 insurgents were killed in fighting Thursday night and Friday after insurgents opened fire on the Americans from several positions in Ramadi, 70 miles west of Baghdad. No civilian or U.S. casualties were reported, the military said.

Ramadi, the capital of the western province of Anbar where Sunni insurgents remain well-entrenched, has seen some of the bloodiest street battles of the war.

The U.S. forces returned fire with machine guns, tanks and finally a missile, which struck the intended target, killing at least 15 insurgents.

Insurgents renewed their attacks on Friday, prompting U.S. forces to fire another missile that killed at least three attackers.

Also in Anbar, gunmen assassinated the Sunni chairman of the Fallujah City Council, Abbas Ali Hussein, an outspoken critic of al-Qaida. He was the third council chairman assassinated in Fallujah this year as insurgents target Sunnis willing to cooperate with the U.S. and its Iraqi partners.

The U.S. military said six more troops died Thursday, two in fighting in Anbar province, one of an apparent heart attack and three in vehicle accidents.

The deaths raise to at least 3,092 the number of members of the U.S. military who have died since the Iraq war started in March 2003, according to an Associated Press count. At least 2,480 died as a result of hostile action, according to the military's numbers.

In Baghdad, police said they found the bullet-riddled bodies of 23 people throughout the capital — apparent victims of Shiite or Sunni death squads. Three more bodies were found in Kut, southeast of Baghdad, and two in Mosul.

Prime Minister Nouri al-Maliki met Friday with U.S. Ambassador Zalmay Khalilzad and the outgoing U.S. commander in Baghdad, Gen. George Casey, to discuss a planned major military operation against armed groups in Baghdad, state television said. It gave no further details.

Iraqi officials in Hillah, a Shiite city about 60 miles south of Baghdad, announced a three-day mourning period after a devastating suicide attack Thursday. Police spokesman Capt. Muthanna Khaled said at least 73 people were killed and 163 wounded.

Police and witnesses said two bombers strolled into the central Maktabat market about 6 p.m. when the area was packed with shoppers buying food for the evening meal.

Police said an officer, Ahmed Abed Majood, became suspicious and grabbed one of the bombers but he managed to detonate his explosives. His partner then blew himself up, too.

No group claimed responsibility, but many residents blamed Sunni insurgents. The Shiite city, located in a religiously mixed province, was the scene of one of Iraq's deadliest attacks — a February 2005 suicide car bombing that killed 125 people.

Iraqi Army Brigades Not At Full Strength (LAT)

By Julian E. Barnes

The Los Angeles Times, February 3, 2007

WASHINGTON — The army brigades promised by the Iraqi government to help secure Baghdad have begun to arrive in the city, but with only a little more than half of their manpower, representing at least a partial failure in a crucial first test of the Bush administration's new war plan.

Administration officials had identified the participation of Iraqi military units as an important measure of support from Prime Minister Nouri Maliki's government for the new U.S. strategy in Iraq. Previous efforts to secure Baghdad failed in part because the Iraqi government was never able to deliver the forces it promised.

In disclosing the shortfall, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the first of the three Iraqi brigades ordered to Baghdad had arrived, and the second was en route. Iraqi brigades are supposed to consist of 2,000 to 2,500 soldiers, smaller than American brigades.

"There's good news and bad news," Pace said. "The good news is that, contrary to what has happened in the past, the units that were designated to arrive in Baghdad have begun to arrive, on the schedule they were supposed to be there."

But Pace said the units had only about 55% to 60% of the soldiers assigned to them.

Under the rules of the Iraq Defense Ministry, soldiers are on duty 21 days and then get a week off to take their pay home. These rules mean that as much as a quarter of each unit can be absent with permission at any time.

Defense Secretary Robert M. Gates said it was unclear whether the manpower estimates of the units arriving in Baghdad included soldiers who are on authorized leave.

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But asked whether the Iraqis were fulfilling their obligations, Pace said the units need to improve. "It needs to be stronger than that," he said.

Although "55% probably isn't good enough," Gates said, the strength of the Iraqi units could improve before they are sent into combat.

Last month, the day after Bush outlined his plan to increase the number of U.S. forces in Iraq, a senior military official said the Pentagon would be keeping a close watch on the movement of Iraqi forces to Baghdad.

"One of the very early things that we're going to monitor is the progress of the Iraqi government providing these additional security forces," the official said.

Pentagon officials said they also were interested in more than just numbers.

"We're watching them down to finite detail: which unit, why that unit, what's the training and readiness assessment of that unit, why was that unit picked, where's it coming from, how many guys got on the bus," the official said at the time. "We're going to watch this very carefully."

At a congressional hearing last month about the new plan, Gates emphasized the importance of the Iraqi troops. He told senators that the ability of the Iraqi government to move its army units to Baghdad would be a vital measure of its commitment.

Under questioning by Sen. Carl Levin (D-Mich.), chairman of the Senate Armed Services Committee, Gates had suggested that if Iraq failed to deliver its forces or to meet other benchmarks, the Defense Department would review the new plan.

"I think if at that time we conclude that, at a government level and on a broad level, they have not fulfilled their commitments, then I think we have to reevaluate our strategy," Gates said.

In subsequent public comments, Gates has made it clear that the U.S. has no intention of a wholesale change in approach until all 21,500 additional U.S. troops have arrived and the new commander, Army Gen. David H. Petraeus, has been given a chance to improve security. All the new U.S. troops are scheduled to arrive by May.

Although U.S. officials have made participation of Iraqi units an important benchmark, the Iraqi troops are not likely to be crucial to the early stages of the security plan.

Administration officials have sought to portray the new Baghdad security push as an Iraqi plan. But it was developed by Americans and was only reluctantly accepted by the Maliki government, according to officials who have described its formation. Iraqi forces are likely to have a more important role in the later phases than during the initial push into Baghdad neighborhoods to clear them of militias, insurgents and death squads.

In later phases, Americans plan to join with Iraqi military and police units to hold neighborhoods and prevent the return of violence.

Because the Iraqis will be most needed in the later phases, U.S. commanders believe they still have time to build up the Iraqi troop levels to full strength.

At a congressional hearing Thursday, Army Gen. George W. Casey Jr., the outgoing U.S. commander in Iraq, said that two of the Iraqi brigade headquarters units had arrived in Baghdad, as had four battalions, a subset of a brigade.

"We're working with them to increase the strength of the forces that they've got in Baghdad," Casey said. "But they are delivering so far on what they said they'd do."

Gates Says Not Enough Iraqi Troops Arriving In Baghdad (AP)

AP, February 3, 2007

The Pentagon says the extra brigades Iraq promised to send into Baghdad are starting to show up -- without enough troops.The outgoing chief U-S commander in Iraq told lawmakers yesterday the new units have only 55 to 65 percent of their intended troop levels.Defense Secretary Robert Gates says that "probably isn't good enough," while pointing out the units may be at full strength by the time they're needed for a ramped-up Baghdad security crackdown.The U-S has said it expects Iraq to live up to its troop commitments but hasn't specified what consequences if there aren't enough troops. Gates says it partly depends on "how quickly they get back up to strength."

Troops Aim To Oust Taliban From Town (AP)

By Fisnik Abrashi,

AP, February 3, 2007

Afghanistan's security forces supported by NATO-led troops will "very soon" launch an operation to clear the southern Afghan town overrun and controlled by Taliban militants, an Afghan official said Saturday.

Gen. Mohammad Zahir Azimi, the spokesman for the defense ministry, said that the Taliban were now in control of the town of Musa Qala in Helmand province, which the British troops left after a contentious peace agreement in October.

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Hundreds of Taliban militants overran Musa Qala on Thursday evening, destroying the government center and temporarily holding elders hostage, officials and residents said Friday.

The militants' assault, days after a Taliban commander was killed outside the town, raises doubts about the future of the peace deal, which has been criticized by some Western officials as a NATO retreat in hostile Taliban territory.

"We have a plan and we are going to launch that plan very soon," Azimi said. "All our operations are conducted jointly with the police and NATO," he said without elaborating further.

Squadron Leader Dave Marsh, a spokesman for the NATO-led troops in southern Afghanistan, said that the alliance troops stand ready to respond to any decision made by Afghan government.

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said an "unknown number" of militants had entered Musa Qala. He said late Friday that no NATO-led forces were in the town.

British forces are based in Helmand province but left Musa Qala in October after a peace agreement was signed between elders and the Helmand governor. According to the deal, security was turned over to local leaders, while NATO forces were prevented from entering the town.

Some Western officials complained that the deal put the area, which had been a center for clashes between British troops and resurgent Taliban militants, outside of government and NATO control.

Asadullah Wafa, the governor of Helmand province, said the militants destroyed part of the compound housing the district's governor and police. "People have closed down the shops this morning and those living near the area have moved out of fear," he said Friday.

Mohammad Wali, a resident of Musa Qala who estimated that between 200 and 300 fighters were in town, said residents feared fighting between NATO and militants would resume. Raz Mohammad, another resident, said the Taliban had taken about 12 town elders hostage. Collins said there were indications the elders were now safe.

Late last month, NATO said an airstrike outside of Musa Qala destroyed a Taliban command post, killing a senior militant leader and a number of his deputies. NATO said the Jan. 25 airstrike "was outside the area of the agreement" and did not violate it.

However, Wafa said the Taliban told a gathering of elders last week that they considered the airstrike a violation, and it appeared the assault was in retaliation.

Violence in Afghanistan has risen sharply in the last year. Some 4,000 people died in insurgency-related violence in 2006, according to a count by The Associated Press based on numbers from Afghan, NATO and U.S. officials.

American Gen. Dan McNeil on Sunday will replace British Gen. David Richards as the commander of more than 40,000 NATO-led troops in Afghanistan. Military officials have said privately that the change of command will mark a new approach in dealing with resurgent Taliban militants.

Afghan Town Is Overrun By Taliban (NYT)

By Carlotta Gall, Taimoor Shah

The New York Times, February 3, 2007

KABUL, Afghanistan, Feb. 2 — Taliban militants overran the town of Musa Qala in southern Afghanistan just three months after NATO troops had withdrawn and handed over control to a tribal council, officials said Friday. The insurgents detained police officers and tribal elders, seized weapons and government equipment and bulldozed part of the district offices, according to residents.

Residents fled in fear that the Taliban's arrival would precipitate further fighting with NATO forces, according to one family. A spokesman for the Interior Ministry in Kabul, Zemarai Bashary, confirmed the attack, which took place on Thursday night, and said the Taliban had disarmed the police stationed there.

A provincial governor, Asadullah Wafa, told Agence France-Presse on Friday that the Taliban had left the town again and that the district offices were now empty. In a statement, NATO said that although the situation remained unclear, the town elders were safe in their homes. A NATO security force was monitoring the situation and ready to support the government and the elders of Musa Qala, it said.

The attack ended a British-brokered experiment aimed at bringing some control over remote regions and keeping Taliban insurgents at bay. Under the plan, British troops agreed to withdraw from the town, leaving a tribal council in charge with a locally recruited police force, and Taliban forces agreed to withdraw to nearby villages.

American officials in Afghanistan had opposed the agreement because it left the broader district of Musa Qala, a poppy-growing region of Helmand Province, open to the Taliban. But the British commander in Helmand at the time defended it as a way to release his men from a pointless and occasionally bloody siege of the town. Residents had welcomed the deal, brokered

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in October, because it brought a temporary peace to the badly damaged town. But some had warned at the time that it was handing a victory to the Taliban.

A Taliban commander, Mullah Abdul Ghafoor, led the assault on the town Thursday in a rage, because his brother had been killed a few days before in a NATO airstrike, residents said. Leading a large group of armed men, he used a bulldozer to smash through the wall of the district office, said Abdul Razziq, a shopkeeper who said his family fled Musa Qala on Friday. Mullah Ghafoor ordered the elders to leave the compound, burned the government flag and hoisted the banner of the Taliban, Mr. Razziq said.

Taliban Militants Overrun Town After British Exit (WT/AP)

By Jason Straziuso

The Washington Times, February 3, 2007

KABUL, Afghanistan -- Hundreds of Taliban militants overran a southern Afghan town that British troops left after a contentious peace agreement in October, destroying the government center and temporarily holding elders hostage, officials and residents said yesterday.

The assault, days after a Taliban commander was killed outside the town of Musa Qala, raises doubts about the future of the peace deal, which has been criticized by some Western officials as a NATO retreat in hostile Taliban territory.

Two residents of Musa Qala estimated that between 200 and 300 Taliban fighters had overtaken the town. They said the fighters took weapons from the police on Wednesday and destroyed the town's government center late Thursday.

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said an "unknown number" of militants had entered Musa Qala. He said late yesterday that no NATO-led forces were in the town.

British forces are based in Helmand province but left Musa Qala in October after a peace agreement was signed between elders and the Helmand governor. According to the deal, security was turned over to local leaders, while NATO forces were prevented from entering the town.

Some Western officials complained that the deal put the area, which had been a center for clashes between British troops and resurgent Taliban militants, outside of government and NATO control.

Asadullah Wafa, the governor of Helmand province, said the militants destroyed part of the compound housing the district's governor and police. "People have closed down the shops this morning and those living near the area have moved out of fear," he said.

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However, Mr. Wafa said the Taliban told a gathering of elders last week that they considered the air strike a violation, and it appeared the assault was in retaliation.

Violence in Afghanistan has risen sharply in the last year. About 4,000 people died in insurgency-related violence in 2006, according to a count by the Associated Press based on numbers from Afghan, NATO and U.S. officials.

Afghan District 'Under Taliban Control': Defence Ministry (AFP)

AFP, February 3, 2007

The southern Afghan district of Musa Qala was under the control of the Taliban, the Afghan defence ministry said as NATO-led forces said the situation was still unclear.

"It is under Taliban control since yesterday," ministry spokesman General Zahir Azimi told AFP of the remote, rural district in the southern province of Helmand.

Asked if that meant there were no police or administration structures in place, he said: "That's right."

The interior ministry told AFP Friday that the district centre -- the town of Musa Qala -- was "under serious threat and pressure from the enemy" after an attack late Thursday but was "not completely under control of the enemy."

The NATO-led International Security Assistance Force (ISAF) refused to confirm or deny Saturday that the Taliban were in control.

An ISAF statement late Friday said there were reports that "an unknown number of Taliban have entered the Musa Qala district centre in Helmand province, that pressure has been placed on the elders and the Afghan national flag has been taken down."

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"The exact situation in the town is still unclear. Indications are that the town elders are currently safe in their residences," it said.

The British military, which has most of its 6,000 deployment to Afghanistan in Helmand, said it had no new information since a Ministry of Defence statement that the situation was unclear.

The statement also said it was "misleading to report that the Taliban have 'taken the town'."

British forces pulled out of the Musa Qala district centre four months ago on the request of the government, after tribal elders said they would keep the Taliban out.

The deal has been controversial, with fears that it would provide the Taliban with a sanctuary.

Pakistan Says Taliban Activity Is Hard To Stop (NYT)

By Salman Masood

The New York Times, February 3, 2007

RAWALPINDI, Pakistan, Feb. 2 — Faced with mounting criticism that Pakistan is not doing enough to thwart incursions into Afghanistan by Pakistan-based Taliban militants, the president, Gen. Pervez Musharraf, said Friday that securing the porous border was not the sole responsibility of this country.

He also insisted that despite some lapses, Pakistan's security forces were fully behind him in an effort to root out the resurgent Taliban.

"Pakistan will not be allowed to be made a scapegoat," he said, adding that securing the border was also the responsibility of Afghanistan and American and NATO forces.

Pakistan and Afghanistan have traded accusations in recent months over who bears responsibility for enabling the Taliban to regain strength and mount attacks on NATO and allied troops in Afghanistan.

While General Musharraf acknowledged that the Taliban were getting support from within Pakistan, he denied accusations that his security agencies were abetting the insurgency. "This is so preposterous I do not even want to comment," he said. Maintaining that the Pakistani military is a professional force, General Musharraf said there was "no question of anyone abetting."

A correspondent for The New York Times, Carlotta Gall, recently reported that she had found anecdotal evidence in and around Quetta to support charges by Western diplomats and Pakistani opposition figures that the Pakistani intelligence agencies were encouraging the Taliban insurgency in Afghanistan.

General Musharraf said fighters had been able to slip over the border in part because Pakistan's border guards were poorly armed and were up against "well-trained, well-armed and well-motivated people." He said he would arm the guards better and provide them with security.

The president also denied allegations that some Taliban leaders were taking refuge in Pakistan. Last month the Afghan Intelligence Service announced that it had detained a Taliban spokesman who said the Taliban leader, Mullah Muhammad Omar, was in Pakistan. General Musharraf said he was "500 percent sure" that Mullah Omar was in Afghanistan. He said Mullah Dadullah, a top Taliban commander, and other top leaders were also in Afghanistan.

The president did say Mullah Dadullah had escaped arrest three times in Pakistan, though he did not mention when.

General Musharraf also defended the peace deal reached late last year with tribal militants in North Waziristan, a semiautonomous tribal area straddling the border with Afghanistan, calling it "a partial success."

Diplomats and intelligence officials from several countries have said Islamic militants are using the peace deal to consolidate their hold in northern Pakistan and are openly flouting the terms of the accord, in which they agreed to end cross-border help for the Taliban. But the president said that his government was trying to wean the local population away from the militants and that using military force was not the answer.

General Musharraf provided details of plans to fence the porous and craggy Pakistani-Afghan border — a solution to curb cross-border movement that Pakistan has advocated but Afghanistan has rejected.

He said Pakistan would selectively fence 22 miles of the border in North-Western Frontier Province and would later erect a 155-mile fence in Baluchistan Province. He said plans to mine the border had been suspended, "due to sensitivities of the international community."

Pakistan To Fence Border Of Afghanistan (AP)

By Matthew Pennington,

AP, February 3, 2007

President Gen. Pervez Musharraf acknowledged Friday that outgunned Pakistani frontier guards have allowed insurgents to cross into Afghanistan but denied the army or intelligence service was actively helping the Taliban.

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Musharraf said the army would soon fence parts of the porous border to stop militant infiltration, despite Afghan opposition. Many observers have been skeptical that the plan will prevent many militants from crossing, especially because the proposed fencing would cover only a tiny portion of the rugged frontier.

Musharraf said Pakistan was being made a scapegoat for the bloodiest surge in violence in Afghanistan since the fundamentalist Taliban regime was ousted five years ago for hosting al-Qaida.

"A misperception is being created that the resurgence of Taliban is from Pakistan. This is absolutely wrong. The resurgence of the Taliban is in Afghanistan, but some support goes from Pakistan," Musharraf said at his army office in Rawalpindi.

His defense of Pakistan's efforts to fight terrorism — and his admission of lapses — follow criticism from U.S. military officials who say cross-border attacks into Afghanistan have risen threefold since Pakistan signed a September peace deal with pro-Taliban militants in its North Waziristan region.

Musharraf said there had been "some incidents" of security forces at isolated border posts "turning a blind eye." He cited an example of two guards, located 500 yards from their section base, being outnumbered by around 20 highly trained and motivated al-Qaida militants.

But he denied any official collusion with militants, saying the powerful Inter-Services Intelligence was staffed by army officers who obey the chain of command.

"There is no question of anyone abetting," Musharraf said.

Anthony Cordesman, an analyst at the Washington-based Center for Strategic and International Studies, said the situation at the border could reflect divisions within Pakistan's security services.

But while individual Pakistani soldiers may be helping Taliban fighters, "it doesn't in any sense mean there is any coherent Pakistani military involvement," Cordesman said.

The role of the shadowy ISI — which helped create the Taliban in the 1990s to project Pakistan's influence over its western neighbor — has been the subject of growing international debate.

Afghan President Hamid Karzai has directly accused it of fomenting the insurgency and claims the agency is harboring Taliban leader Mullah Omar in the Pakistani city of Quetta.

Musharraf said Omar has not been in Pakistan since studying there as a teenager, although he revealed that other Taliban leaders come and go.

He said a top militant commander, Mullah Dadullah, had been inside Pakistan three times but evaded capture. He called it "a combined failure" of Pakistan and anti-terror allies who shared the intelligence.

But in December, Pakistan helped foreign forces "eliminate" Mullah Akhtar Mohammad Osmani — a top Omar lieutenant — in southern Afghanistan, just across the border from Pakistan, Musharraf said.

"You could not have done this unless ISI cooperated," he said.

He accused Afghanistan of failing to police its own border, saying Pakistan had about 1,000 posts along the 1,510-mile frontier, while on the Afghan side there were less than 100.

He announced Pakistan had begun preparations to fence seven or eight locations — a total of 22 miles — along its northwest border. They would not use land mines because of concerns from the international community, Musharraf said.

However, he said plans for a second phase foresaw using both fencing and mines to secure 150 miles of the border further south in Baluchistan province.

"No one has the right to criticize unless they come up with an alternative solution," Musharraf said.

Arsallah Jamal, governor of Afghanistan's eastern Khost province, which borders Pakistan, said the decision would just divide people and not stop terrorism.

Afghan federal government officials could not be reached for comment.

The United States, meanwhile, gave eight Cobra attack helicopters to Pakistan on Friday to help it combat Taliban and al-Qaida militants in the border regions. The U.S. Embassy said another 12 Cobras were to be delivered later in a military aid package worth $50 million.

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Associated Press writer Jason Straziuso in Kabul, Afghanistan, contributed to this report.

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Challenge To U.S. Attorney Appointment Should Be Dismissed, Filing Says (ADG)

By Linda Satter

Arkansas Democrat-Gazette, February 3, 2007

A filing last week challenging the constitutionality of the December appointment of Tim Griffin to be U. S. attorney for the Eastern District of Arkansas is off base and should be dismissed, Griffin's office said Friday in a written response.

The challenge and the response were filed in the case of Antoine Demetrius Baker of Little Rock, who is charged with capital murder and may face the death penalty if Griffin's office seeks and obtains permission to present that option to jurors in the event of a conviction.

Baker is accused of engineering the December 2002 shooting death of Jerry Otis, 21, who was scheduled to testify against Baker in an aggravated robbery and theft case stemming from an August 2002 altercation in which Otis was hit in the face with a pistol and robbed of $ 250.

On Jan. 23, Baker's newly appointed attorney, John Wesley Hall of Little Rock, filed a motion to declare Griffin's Dec. 20, 2006, interim appointment by U. S. Attorney General Alberto Gonzales unconstitutional. Hall said an illegal appointment would prevent Griffin's office from legally carrying out its plan to add allegations to an existing indictment to justify seeking the death penalty against Baker.

Hall said the interim appointment violates Article II, Section 2, of the U. S. Constitution, which covers presidential appointments, as well as a section of the U. S. Code that was altered last year as part of Congress ' reauthorization of the USAPATRIOT Act.

Assistant U. S. Attorney Patrick Harris, the lead prosecutor in Baker's case, said in an 18-page response that Hall's interpretation of the sections and his corresponding arguments "lack merit," and that Griffin's appointment "was plainly lawful" and "also entirely constitutional."

Griffin's appointment immediately followed the resignation of Bud Cummins, who says the Department of Justice asked him to resign after five years on the job to give someone else a chance at the plum political appointment.

Griffin is a lawyer who had worked as an assistant under Cummins for several months and previously was a military prosecutor, a legislative attorney and an attorney in private practice, as well as a special assistant to President Bush who worked under Bush's political adviser, Karl Rove.

The ouster of Cummins, a popular and well-respected U. S. attorney on both sides of the political aisle, along with the forced resignations of a handful of other U. S. attorneys across the country, prompted an outcry from those who say the Bush administration is trying to circumvent the normal process of selecting top federal prosecutors. The situation also has prompted proposed legislation to reinstate language in the USAPATRIOT Act to limit attorney general appointments to 120 days.

Harris reiterated what the Justice Department has said — that it intends to formally nominate Griffin and submit his nomination for Senate approval, in line with the standard procedure for installing new U. S. attorneys.

Harris also argued, in part, "Because United States Attorneys are 'inferior officers,' the Appointments Clause of the Constitution expressly permits Congress to vest their appointment in the Attorney General, and does not require the advice and consent of the Senate before they may be appointed."

He also noted, "It is wellestablished that a court cannot dismiss an indictment issued under a United States Attorney whose appointment was allegedly infirm."

The matter is pending before U. S. District Judge G. Thomas Eisele.

CORPORATE SCANDALS:

Siemens Faces Scrutiny In U.S. (WSJ)

By Mike Esterl

The Wall Street Journal, February 3, 2007

German industrial giant Siemens AG, already weighed down by a cross-border corruption probe, faces heightened scrutiny after it disclosed that U.S. authorities also are investigating the matter.

Siemens said the Department of Justice is investigating "possible criminal violations of U.S. law by Siemens." It also said it understands that the enforcement division of the Securities and Exchange Commission is conducting an "informal inquiry" into the allegations of wrongdoing.

The Munich-based conglomerate said in December that it had uncovered €420 million, or about $545 million, in suspicious transactions stretching back more than seven years. That disclosure came after more than 200 German police raided offices and homes of Siemens employees in mid-November, arresting several people linked to the company's telecommunications-equipment business.

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German prosecutors are working with investigators in neighboring countries and said they suspect Siemens officials diverted funds through sham consulting contracts into slush funds to bribe customers abroad. Authorities released half a dozen people -- including a former Siemens management-board member and a former chief financial officer of the telecom unit -- before Christmas after they agreed to cooperate.

Siemens says that it is cooperating fully with investigators and that it has "zero tolerance" for illegal behavior. It says any alleged wrongdoing was confined to "individual acts" by certain managers but acknowledged in December that it had identified "a material weakness" in its financial controls.

Some of the top suspects who have been interrogated by German prosecutors allege that top management was aware of bribes and other illegal payments. Prosecutors are investigating the allegations to determine how high up the corporate ladder the alleged corruption traveled.

The German company disclosed the DOJ investigation and the SEC's informal inquiry on Thursday as part of a regulatory filing with the SEC detailing its financial results for its first quarter ended Dec. 31, 2006. A Siemens spokesman said Friday that the company had learned of the DOJ investigation the previous week. He declined to provide more details.

The DOJ and SEC declined to comment.

The disclosure of a U.S. investigation doesn't come as a surprise. Shares of Siemens are listed on the New York Stock Exchange, and the company warned in a December regulatory filing with the SEC that both the SEC and the DOJ might launch investigations of their own. Still, a Washington-based investigation heightens the legal risks for Siemens, which could face lawsuits and be banned from bidding for infrastructure contracts in the U.S. and other countries if there is evidence of wrongdoing.

Siemens's shares were down 84 European cents at €84.30 in Frankfurt. Siemens's share price has risen in recent months despite the criminal probe. Most investors have been focusing on rising profit as management restructures far-flung holdings to narrow the company's focus and jettison underperforming businesses -- including the telecom unit, formerly Siemens's largest.

Siemens says it also is taking aggressive steps to improve its compliance procedures.

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Sumner Redstone Settles Suit With Son Over Family's Fortune (WSJ)

By Matthew Karnitschnig

The Wall Street Journal, February 3, 2007

Hollywood mogul Sumner Redstone, the chairman of both CBS Corp. and Viacom Inc., settled a lawsuit with his estranged son over the family's vast fortune, ending a potentially messy confrontation that threatened to complicate his succession plans.

The terms of the agreement, filed in a court in Maryland where the family business, National Amusements Inc., is incorporated, weren't disclosed. But people close to the matter said the family company repurchased the one-sixth stake held by the son, Brent Redstone.

The sale also consolidates the elder Mr. Redstone's control over the family business. Before the settlement, Sumner Redstone owned two-thirds of National Amusements stock, while his son and daughter, Shari Redstone, shared equal ownership of the other third. Sumner Redstone now owns 80% of National Amusements and his daughter the remaining 20%. It was unclear how much National Amusements paid for the stake. The lawsuit valued the company, which holds a controlling stake in Viacom, CBS and a large cinema chain, at $8 billion.

A spokesman for Sumner Redstone confirmed that a settlement had been reached but said the two sides had agreed to keep the details confidential. A lawyer for Brent Redstone said his client had no comment.

Brent Redstone's suit, in which he alleged that his father led a campaign to "freeze out" his son from the family business, offered a rare glimpse into the difficult personal relationships of one of Hollywood's most powerful men. Sumner Redstone expressed shock at the suit and said it had both pained and angered him.

In his lawsuit, filed last year in the Circuit Court of Maryland for Baltimore, Brent Redstone, 56 years old, sought the dissolution of National Amusements. Brent, a former Boston prosecutor who now lives on a ranch in Colorado, claimed in the suit that he was barred from gaining access to his one-sixth stake and was allowed only to sell it back to his family.

It is unclear what role Shari will play when her father dies. But Sumner Redstone has said he would like his daughter to play a larger role in the company's affairs. She is president of National Amusements and runs the business's movie-theater chain.

Sumner Redstone faces another lawsuit, this one brought by his nephew, Michael, who claims he and other family members were bilked out of their inheritance. National Amusements says the allegations are "baseless."

Write to Matthew Karnitschnig at matthew.karnitschnig@wsj.com1

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CRIMINAL LAW:

Federal Prosecutors Widen Pursuit Of Death Penalty As States Ease Off (WSJ)

By Christopher Conkey, Gary Fields

The Wall Street Journal, February 3, 2007

At a time when many states are backing away from capital punishment, the federal government is aggressively pursuing -- and winning -- more death sentences, including in jurisdictions that traditionally oppose them.

On Tuesday, federal prosecutors in New York persuaded a jury to give a death sentence to Ronell Wilson, a 24-year-old man convicted of killing two undercover detectives by shooting each in the back of the head. The decision -- the first time in more than 50 years that a federal jury in New York agreed to sentence someone to death -- marked something of a milestone for the Justice Department in its continuing effort to apply the death penalty more evenly across the country.

Today, there are 47 people on federal death row -- more than double the number six years ago -- and Mr. Wilson this week became the seventh sentenced in a state without a death statute of its own since the federal death penalty was reinstated in 1988. The ranks may grow in the months ahead, with several capital cases on tap in locales traditionally opposed to the death penalty.

The last federal execution was in 2003, when Louis Jones Jr. died by lethal injection at an Indiana facility where all federal executions now take place.

"I get the sense that it's really beginning to change a lot. There seems to be a renewed emphasis on this," said Jensen Barber, an attorney defending Larry Gooch, a man facing federal drug-related murder charges and a potential death sentence in Washington, D.C.

The growth in federal capital cases, many observers say, results from a heightened effort by the Justice Department to centralize the process for deciding whether prosecutors should push for capital punishment.

Justice Department spokesman Erik Ablin says the government is making an effort to pursue capital punishment uniformly across the country. "We have in place a clearly defined review process to ensure the death penalty is applied in a consistent and fair manner nationwide," he said.

Congress in 1986 began expanding federal jurisdiction to crimes that traditionally had been prosecuted by states -- imposing mandatory minimum sentences in crack cocaine cases, for example -- and two years later expanded federal reach into capital cases. Still, it took 14 years before federal prosecutors under then-Attorney General John Ashcroft managed to obtain capital convictions in jurisdictions that didn't have the death penalty at the local level.

In many cases, the Justice Department has asserted jurisdiction even though local prosecutors were prepared to handle the cases. In Puerto Rico, for example, federal prosecutors have unsuccessfully sought death sentences for four defendants since 2003 although Puerto Rico's constitution explicitly states that "The death penalty shall not exist."

Puerto Rico's Secretary of Justice at the time, Anabelle Rodriguez, said her department's only recourse was to try to negotiate with the federal government to make it "respect local idiosyncrasy" so a death sentence wouldn't be enforced.

The rising count on federal death row comes as many states reconsider the death penalty or issue moratoriums on the punishment for a variety of reasons, including sloppy executions and exonerations of condemned inmates because of DNA evidence.

Since the 1988 reinstatement of the federal death penalty, prosecutors have attempted to bring capital cases in federal courts across the country. Typically, this has proved much easier in states such as Texas, which have death penalties of their own, than in states such as Iowa, which don't. In 2000, there were 18 inmates on federal death row, but none were from a state that disallows capital punishment.

Things began to change in 2002, when federal prosecutors secured a death sentence in Michigan, a state without a death penalty. A year later, Mr. Ashcroft ordered U.S. attorneys in New York and Connecticut to seek death penalties against 12 defendants even though prosecutors handling the cases had recommended against doing so or decided not to pursue capital charges. At the time, the Justice Department said there shouldn't be "one standard in Georgia and another in Vermont."

"There's all this talk about how death row is declining, but that's not true for the federal system," said Ruth Friedman, director of the Federal Capital Habeas Project, a federally funded program that assists lawyers in the post-conviction stage of capital cases.

Indeed, the rising count on federal death row in recent years has occurred while the number of inmates on state death rows has been falling. After a long rise, the number of people on state death rows has fallen to 3,344 last year from 3,593 in 2000, according to the Death Penalty Information Center, an organization that tracks capital cases.

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Eric Holder, a former U.S. attorney in Washington who was deputy attorney general during the Clinton administration, said that in the 1990s, he and then-Attorney General Janet Reno weren't as likely to override a local federal prosecutor who didn't think a crime warranted capital punishment.

Overriding local federal prosecutors "was relatively rare during the Clinton years," Mr. Holder said. "Having both been local prosecutors, we really deferred to our U.S. attorneys' understanding that they knew their local situations."

The Justice Department declined to comment on this point.

Richard Dieter, executive director of the Death Penalty Information Center, said concerns that federal capital cases were being clustered in pro-death penalty states led the Justice Department under Mr. Ashcroft to intensify its push for death sentences in states that traditionally oppose the punishment.

This process is often difficult. In two recent cases in Washington, D.C, federal judges ruled out the possibility of death penalties. In New York, juries have opted for life sentences instead of executions in more than a dozen federal cases.

Mr. Gooch, the defendant in the drug-related murder case, was initially charged with two murders and slated for trial under D.C. law, which prohibits capital punishment. Later, the U.S. attorneys charged him with two additional killings connected with a drug ring -- making it a federal case and bringing the death penalty into play.

Mr. Barber, his lawyer, unsuccessfully challenged the move, citing a 1992 referendum undertaken at the behest of Congress in which D.C. voters overwhelmingly banned the use of capital punishment. Del. Eleanor Holmes Norton, the District's nonvoting congressional delegate, has written a letter to the U.S. attorney for D.C., objecting to the "new and troubling pattern" of federal capital cases in the district.

Stay Of Executions (LAT)

By Andrew Cohen

The Los Angeles Times, February 3, 2007

LURKING LARGELY beneath the radar the last few weeks, while media coverage has focused on the perjury and obstruction-of-justice trial of I. Lewis "Scooter" Libby and the Bush administration's flip-flop on domestic surveillance, were a series of important legal and political developments in the increasingly muddled world of capital punishment in the United States.

Nearly 13 years after U.S. Supreme Court Justice Harry Blackmun famously promised that he would no "longer tinker with the machinery of death," judges and politicians are tinkering — and doing so in ever emboldened ways. From Jan. 19 through Jan. 26, reports the Death Penalty Information Center, eight executions were stayed in North Carolina, Ohio and Texas — with four more postponed Thursday in Tennessee.

In North Carolina, a state judge blocked three executions after death row inmates challenged the state's lethal injection procedures. In Ohio, three more executions were stayed pending more thorough clemency reviews. Two Texas capital cases were halted, one by a state judge and one by the U.S. Supreme Court.

And in California, a federal trial judge in December declared unconstitutional the state's method of lethal injection. Even the conservative U.S. Supreme Court, which in large measure has the final say on whether and to what extent capital punishment may be used, has begun to pay more attention to death penalty procedures. The justices in January heard three capital cases out of Texas and agreed to hear another out of Washington state before the end of the term.

But it's not just the judiciary that gummed up the machinery of death last month. In Maryland, legislators proposed a measure that would ban capital punishment in the state, a bill Gov. Martin O'Malley said he would sign into law. In the Ohio cases, Gov. Ted Strickland, new to his post, declared that he has "serious questions" about capital punishment, and a former corrections director who oversaw executions in the Buckeye State said he favors the end of capital punishment. In New Jersey, a state commission recommended the abolition of the death penalty in that state too. And it was Tennessee Gov. Phil Bredesen on Thursday who declared a 90-day moratorium on executions, halting the four in that state.

None of this means the end of capital punishment is near. A majority of Americans still support capital punishment in one form or another (and there are still states, mostly in the South and the West, where juries are still handing down death sentences for murder). But there is a clear, marked trend toward limiting the circumstances in which capital punishment is applied and the manner in which executions are performed. As the Death Penalty Information Center notes, "The number of death sentences per year has dropped dramatically since 1999."

In some cases, the architects of this national change are loyal to capital punishment and only want to protect it from substantive challenge by firming up the fairness in its procedures (which, trust me, needing firming up). These folks argue — and with good reason if Supreme Court precedent is any guide — that if more isn't done to ensure that death sentences are fairly meted out, they will one day be halted. In other cases, it is the opponents of capital punishment who have been able to muster support for their cause by using compelling statistics that show the failure of the death penalty as a deterrent.

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In part, the refined attitudes about the death penalty also have come about because of advances in technology. New DNA testing and, just as important, a newfound willingness by judges and prosecutors to revisit old capital cases have led to many well-publicized exonerations of death row inmates, each one cutting into the core of confidence that people have about the reliability and accuracy of capital punishment. Since 1973, reports the Death Penalty Information Center, at least 120 people on death row have been exonerated for one reason or another.

Where is capital punishment likely to be at the end of this mini-upheaval? I have no idea. But I am willing to offer an educated guess: The death penalty will exist in fewer states than it does now. And in those states where it still exists, capital procedures, from jury selection through lethal injection, will be subject to a much more rigorous judicial review. Politicians may be more willing to ensure that capital defendants get decent representation at trial, and when they do not, judges may be more willing to toss tainted convictions. And DNA, the latest "great equalizer," will loom in the background of every capital case that does not otherwise involve irrefutable evidence.

After a generation of often reckless expansion of the death penalty, the pendulum is starting to swing back. The change didn't start in January 2007. But it sure looks like it is picking up the pace.

Andrew Cohen is CBS News' chief legal analyst.

Federal Jury Finds Former Secretary Guilty In Theft Of Coca-Cola Secrets (FINDLAW/AP)

By Harry R. Weber, Ap Business Writer

AP, February 3, 2007

(AP) - ATLANTA-A federal jury convicted a former Coca-Cola secretary Friday of conspiring to steal trade secrets from the world's largest beverage maker in an effort to sell them to rival Pepsi.

Joya Williams faces up to 10 years in prison. No sentencing date was immediately set.

The jury of seven women and five men deliberated for 11 1/2 hours over three days. On Thursday, jurors told U.S. District Judge J. Owen Forrester they were "hung" and could not decide. Forrester told the jury to try again Friday.

Williams showed no visible reaction when the verdict was announced. She remains free on bond, pending sentencing.

Williams was fired as a secretary to Coca-Cola's global brand director at the company's Atlanta headquarters after the allegations came to light.

The government says Williams stole confidential documents and samples of products that hadn't been launched from The Coca-Cola Co. and gave them to Ibrahim Dimson and Edmund Duhaney as part of a conspiracy to sell the items to Purchase, New York-based PepsiCo Inc. for at least $1.5 million (â,¬1.15 million).

Dimson and Duhaney have pleaded guilty and are awaiting sentencing. Duhaney testified previously that Williams spearheaded the scheme. Dimson did not testify.

The government said Williams was deeply in debt, unhappy in her job and seeking a big payday, so she embarked on the scheme to steal trade secrets.

Defense lawyer Janice Singer urged jurors to use their common sense, and she argued that prosecutors did not prove their case beyond a reasonable doubt.

Singer suggested that Dimson and Duhaney stole the documents and product samples from Williams without her knowledge and conspired to sell them to Pepsi behind her back. Williams testified earlier this week she left a key under her doormat for one of the co-defendants, perhaps explaining how they could have gotten into her home.

But Assistant U.S. Attorney Byung J. Pak said during his closing argument Wednesday that the key under the mat claim was one of many lies told by Williams.

During two days on the stand, Williams testified that she did not steal anything from Coke, but rather took documents and product samples home to protect herself in case her boss questioned whether she was doing her job.

She also claimed that $4,000 (â,¬3,072) in cash she deposited into her bank account in June 2006, just days after Dimson was given $30,000 (â,¬23,041) in cash from an undercover FBI agent in exchange for Coke materials, came from a friend, not from Dimson.

But the friend, Clifton Carroll, testified Tuesday that Williams was lying; he said the most money he ever loaned her was $400 (â,¬307), and that was after her July 5 arrest.

Williams' credibility was an issue for the jury to weigh during its deliberations.

After the verdict was announced, Singer said her client had been "prepared for the worst. She was ready for whatever the jury did."

"She's holding her own," Singer added. "She seems pretty strong right now."

Pak, the prosecutor, said, "We're happy with the verdict. It was the right verdict based on the evidence in the case."

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He said it is too early to tell what sentence the government will recommend. He noted that under federal guidelines, the fact that Williams testified and denied involvement could weigh against her at sentencing.

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Associated Press Writer Giovanna Dell'Orto contributed to this story.

Coke Worker Guilty Of Stealing Secrets (FT)

By Andrew Ward In Atlanta

Financial Times, February 3, 2007

A former Coca-Cola secretary was on Friday found guilty of conspiring to steal trade secrets from the soft drink company with the aim of selling them to PepsiCo for more than $1.5m.

Joya Williams could face up to 10 years in prison for the crime, which was foiled after PepsiCo received a letter offering "very detailed and confidential information" about its fierce rival.

PepsiCo informed Coke about the plot and the FBI was brought in to investigate, with the help of an undercover agent posing as a go-between for PepsiCo.

Two co-conspirators – Edmund Duhaney and Ibrahim Dimson – pleaded guilty in October but Ms Williams contested the charges.

Jurors had been deadlocked over the verdict, but on thursday the judge told them to keep trying to reach a decision.

The trial was in Atlanta, where Ms Williams worked as an administrative assistant to Javier Sanchez Lamelas, a senior Coke marketing officer.

Prosecutors played surveillance video taken inside Coke's headquarters showing the 41-year-old stuffing documents into her bag and handling bottles of prototype beverages, sometimes late in the evening.

Jurors heard that the stolen materials included details of a new Coke product code-named Project Lancelot.

The 120-year-old recipe of Coke's trademark cola – the so-called "secret formula" -- was not involved.

Prosecutors explained how Ms Williams passed the stolen materials to her co-conspirators, both ex-convicts, who told PepsiCo they planned to sell to the highest bidder.

"Just think," PepsiCo was urged in a letter. "Instead of having to second-guess what your number one competitor is doing, you will know exactly what products and marketing campaigns they are going to set in motion."

The undercover FBI agent agreed to buy the clandestine information on behalf of PepsiCo and made several payments to Mr Dimson worth a combined $45,000, including a cookie tin full of cash handed over at Atlanta airport.

Mr Dimson wanted a further $1.5m for the most valuable items.

Ex-Duracell Worker Stole Trade Secrets (AP)

AP, February 3, 2007

BRIDGEPORT, Conn., Feb. 2 (AP) — A former Duracell employee pleaded guilty Friday in Federal District Court to stealing trade secrets from the company, the authorities said.

Prosecutors said the former employee, Edward R. Grande, 48, a cell development technologist from Seymour, Conn., copied and downloaded computer research last year about Duracell's AA batteries.

Mr. Grande then sent the information to two Duracell competitors, prosecutors said. Neither of Duracell's competitors had requested or solicited Duracell's trade secret information, and both of the rivals sent the information back to Duracell.

Duracell, a unit of Procter & Gamble, generates more than $1 billion in revenue from the sale of AA batteries.

Sentencing is scheduled for April 23.

"The theft of trade secrets is a serious crime that has the potential to cause significant economic damage to the owners of trade secrets and their shareholders," the United States attorney for the district of Connecticut, Kevin O'Connor, said.

Mover Shot By Prince George's Official Dies (WP)

By Eric Rich And Ruben Castaneda, Washington Post Staff Writers

The Washington Post, February 3, 2007

Hospitalized Man Too Ill To Give Details of Incident

A furniture deliveryman who was shot last week by a Prince George's County homeland security official died yesterday without having recovered to the point that he could describe the circumstances of the shooting, authorities and an attorney for his family said.

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Brandon D. Clark, 22, of Oxon Hill succumbed to his injuries at Prince George's Hospital Center. He and a co-worker had been in critical condition there since they were shot by Keith A. Washington, who is a veteran county police officer, as they delivered a Marlo Furniture bedroom set to his home in Accokeek.

Police initially said that Washington, a former driver for County Executive Jack B. Johnson, apparently acted in self-defense and that Clark and his co-worker, Robert White, would probably be charged with assault. They have since backed off that statement, saying they would wait until detectives have completed their work before deciding whom to charge.

The movers were unarmed, authorities have said.

In a statement yesterday confirming Clark's death, Prince George's Police Chief Melvin C. High said, "This is an unfortunate turn of events that now becomes a part of the internal and criminal investigation."

The case has attracted wide attention because of a pattern of previous complaints against Washington, 45, who was appointed deputy homeland security director by Johnson in 2004.

A law enforcement source confirmed yesterday that -- as Clark's girlfriend and the attorney for the family have said -- the deliverymen contacted a supervisor on the night of the shooting. According to the girlfriend, Leelee Best, the men told the supervisor that Washington was angry over a bedrail. The family attorney, Michael J. Winkelman, said the men were instructed to give Washington whatever he wanted.

Another source familiar with the investigation said yesterday that, in a brief report filed immediately after the shooting, Washington alleged that Clark and White, 36, of the District, were in a part of the house they were not supposed to be in. Both sources spoke on the condition of anonymity because the investigation is ongoing.

Under state law, police officers have up to 10 days to give a full statement after a shooting. Washington has not responded to messages seeking comment since the incident.

Speaking to reporters yesterday morning, Winkelman said Clark's family members were grieving but were grateful "for the outpouring of public and private support" they have received. He asked for "continued thoughts and prayers" for White, who remains in critical condition.

Winkelman said that during the time he was hospitalized, Clark was unable to communicate with his family in any substantive way about the events that led to his shooting. As far as he knows, Winkelman said, Clark "never told his side of the story to anyone before he died."

Clark was a graduate of DuVal High School, where he played on the football team. Clark's family has described him as a big, gentle man, easygoing and slow to anger, standing 6 feet 4 inches and weighing more than 260 pounds.

Glenn F. Ivey, state's attorney for Prince George's, has said two investigations of the shooting incident will proceed on separate tracks: One team of police detectives will investigate Washington's use of force; the other set of detectives will look into what crimes, if any, occurred during the encounter.

Ivey said yesterday that a grand jury would consider the matter once he has received the findings of the investigations, Clark's autopsy report and other documents. "We can't rush into the grand jury," he said. "It would be counterproductive to hurry the investigations."

Official Has History Of Altercations, Sources Say (WP)

By Cheryl W. Thompson, Washington Post Staff Writer

The Washington Post, February 3, 2007

In the 10 days since Prince George's County homeland security official Keith A. Washington shot two unarmed deliverymen at his Accokeek home, some critics have told of run-ins with him dating back 15 years. They describe a man who loses his temper easily and has ended up in physical and verbal altercations.

Washington's supporters, including relatives and some county officials, have been reluctant to talk in the midst of an investigation, other than to say that Washington acted in self-defense.

The case took a turn yesterday when one of the men, Brandon D. Clark, 22, died at Prince George's Hospital Center. Clark, of Oxon Hill, and Robert White, 36, were delivering a Marlo Furniture bedroom set to Washington when they were shot during an altercation. White, of the District, remained in critical condition.

Washington, a deputy director of homeland security and a 16-year member of the county's police force, did not respond to messages left on his cellphone. He has been on paid administrative leave since the incident Jan. 24.

Washington has come under investigation at least three times by the Prince George's police department for assault complaints or "unbecoming conduct" and has been sued at least twice, including once by a D.C. police officer who said that Washington assaulted him and had him falsely arrested, according to interviews and court records.

"Keith has a bad temper," said Michon Charles, the mother of Washington's teenage daughter, Hali. "He gets hot under the collar very quickly."

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Charles, who dated Washington briefly, recalled the day 13 years ago when Washington stormed into the property management office where she worked in San Antonio and yelled at her with her co-workers in earshot.

"He had a fit," Charles said, when they began discussing child support.

Charles asked a fellow employee to call the police, and the employee, Frances Broussard Peterson, said she told Washington, "You can't act like that in here."

Washington, 45, is a close friend, occasional dinner partner and fraternity brother of County Executive Jack B. Johnson (D), who named him to the homeland security position in 2004. Johnson said at the time that Washington would "lead this county in the right direction, ensuring that the office of Homeland Security provides the protection and required services that the county needs and desires." He said in an interview last summer that he hired Washington because he was "mentally tough."

Washington once served as Johnson's driver. He also worked on and contributed to Johnson's campaign in 2002. He was one of few county police officers to support Johnson, who, as state's attorney, had focused on combating police abuses. Washington ran unsuccessfully last year for County Council.

Washington, who was born in Houston, joined the Army at 18 so he could earn money to pay for college, he said in an interview last year. According to his rÃ©sumÃ©, he is a lieutenant colonel in the Army Reserve and has extensive training in counterterrorism.

Hali Washington, 18 and the elder of his two daughters, said she and her father have had a troubled relationship for years. He went through a period of not paying child support, court records show. She said she last saw him New Year's Eve, when she was visiting her aunt -- his sister -- in Houston for the holidays. He was upset that his sister had agreed to let his daughter and her cousin attend a party at a nightclub that evening, Hali Washington said.

"He made a huge scene in the courtyard of the apartment complex," she said in a phone interview from San Antonio, where she lives with her mother. "He was acting crazy and screaming. He told me he wasn't going to be my dad if I stayed there."

Washington has also had problems with other police officers, records show.

D.C. Police Officer Robert L. Johnson Jr. was walking across the parking lot of the Oak Tree Restaurant in Oxon Hill in 1994 when Washington, who had been hired to work security there, stopped him, according to a complaint by Johnson contained in a civil lawsuit.

Washington recognized Johnson from an earlier run-in at another nightclub, said another D.C. police officer who said he was with Johnson at the nightclub. Johnson said Washington "physically constrained" him and "placed him under arrest with no justification," according to court records. A judge found Johnson not guilty, said lawyer Robert Matty, who defended Johnson. Washington denied in the lawsuit that he acted improperly.

Johnson then sued Washington, the restaurant owner and the county for assault and battery and false arrest. The case was dismissed after Johnson was shot and killed in 1997 after a traffic dispute near the 6th District police station, where he worked, said G. Clifton Patterson, another attorney for Johnson.

Gerard F. Policicchio, who owned the Oak Tree Restaurant, said he hired Washington on the recommendation of another officer to work there in case "things got a little out of hand." He said that Washington was "outstanding."

"He was not over-physical with anybody at all," Policicchio said. "He was always level-headed. Never the rambunctious type to go after something that wasn't there."

In 2000, a jury found that Washington and a county corrections officer had violated the rights of an Adelphi man, David P. Maslousky, who was arrested after he objected to the way Washington treated a motorist in 1997. Maslousky said he was strip-searched by a corrections officer at the police station. He sued the officers and the county, and a jury awarded him $260,000. The case was appealed, and Washington prevailed at a new trial.

In January 2004, Dennis Tozser, a neighbor, complained to the police department about Washington. The two were members of a homeowners association board in Accokeek when, Tozser said, Washington pushed him during a neighborhood watch meeting. Washington was saying that the management company ignored him when he requested copies of contracts the association had with vendors, Tozser said.

"I stepped in to say there's more to the story, and Keith said, 'Let's go outside and settle this,' " Tozser recalled. "He wanted to duke it out and took off his jacket. I put my hands in my pocket and kept them there, because I wasn't getting involved with a police officer," he said. "That's when he shoved me in the chest."

Police Capt. A. Mark Ciccone told Tozser in a letter nearly a year later that there was no cause to discipline Washington. "The investigation of your complaint . . . has failed to sufficiently sustain any acts of misconduct on his part," Ciccone said.

Also in early 2004, Washington was charged with a misdemeanor on suspicion of assaulting a property manager during a homeowners board meeting. He was suspended with pay pending an investigation. The charge was later dropped.

Tozser said he sees Washington at civic association meetings and said the two are cordial.

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"I've talked to him. I've met with him," Tozser said. "I thought he sought anger management and had things under control, because it's been a long while since I heard anything with regards to him getting involved in a situation like this."

News researcher Alice Crites contributed to this report.

Feds Tout Results In Crime Crackdown (NOTP)

By Gwen Filosa, Staff Writer

New Orleans Times-Picayune, February 3, 2007

Team approach nets convictions, arrests

Federal agents announced a slew of arrests, indictments and convictions Friday, saying it marks only the start of their promise to team up with New Orleans police to end the violent crime wave plaguing New Orleans.

Their haul includes a north shore man who admitted trying to hire a hit man to murder a federal agent; a disgraced doctor now criminally charged with abusing her prescription power to deal painkillers; and a 21-year-old man accused of selling heroin and crack at a public housing complex.

By hitting suspects with gun and narcotics charges, federal law enforcement has vowed to stifle the group of violent offenders who seemingly glide in and out of the state criminal justice system.

"The feds are not screwing around," said Jim Bernazzani, the FBI's special agent in charge of the New Orleans field division. "The train has left the station."

In all, the federal, state and local partnership racked up two guilty verdicts, nine indictments of ten defendants, four arrests and one guilty plea in a plot to murder a Drug Enforcement Administration agent.

"We are ratcheting up the pressure as we speak," said U.S. Attorney Jim Letten during a news conference Friday in which various federal agencies ticked off their recent results. "We're not going to be able to do this logistically every week. The federal numbers are small, but the power and leverage we wield is enormous."

Cases ticked off

Letten and his colleagues announced the following cases:

Chris Walker, 31, of Hammond, pleaded guilty in federal court Friday for hatching a plot to kill a DEA agent who helped bust him and others in a crack cocaine ring based in Tangipahoa Parish. He admitted shopping for a hit man while in jail and paying $1,000 as a down payment for the killing. Walker faces a maximum sentence of life in prison. Johnnie Sims, 26, of Robert, pleaded guilty in November to similar crimes.

Jacqueline Cleggett, a former doctor living in Baton Rouge, is charged with illegally distributing OxyContin, Vicodin, methadone and other drugs between June 2000 and February 2002 from her eastern New Orleans medical practice. She faces a 37-count indictment accusing her of handing out a few thousand tablets before her medical license was revoked.

John Sears, 21, of New Orleans is charged with dealing crack cocaine, heroin and marijuana in the courtyard of the Iberville public housing complex, which neighbors the French Quarter. New Orleans police arrested him Jan. 23 in the 1500 block of Bienville Street after recognizing him from previous arrests.

Sears had a loaded .38-caliber handgun in his waistband, police said, and a body search turned up five grams of crack and seven grams of heroin hidden in his underpants. Twenty grams of marijuana was found in his pants pocket, the indictment says.

When arrested Jan. 23, Sears was already awaiting trial at Orleans Parish Criminal District Court on a 2004 case of dealing cocaine and heroin, and a second case from 2005 in which he is charged with dealing crack. Sears is in federal custody without bond.

Jermaine Surtain, 29, is now in the custody of the U.S. Marshal's Office, charged with having firearms that were stolen from Puglia's Sporting Goods in Metairie on New Year's Day. Surtain, who has a 2000 conviction for possession of crack cocaine, faces the federal felon-in-possession charge and up to 10 years in prison.

Surtain was nabbed with a stolen M-15 assault rifle, one of 122 guns looted from the store, authorities said. Surtain, of Algiers, was arrested Jan. 7 in Luling and booked with one count of burglary. But as of Friday, he will face prosecution at U.S. District Court after a team-effort investigation between the Jefferson Parish Sheriff's Office and federal agents.

Surtain fits the federal effort's plan to remove armed convicted felons from the streets and send them through the U.S. Attorney's Office, officials said.

'No revolving door'

"In the federal system, there is no revolving door," Bernazzani said.

On Monday, FBI agents will meet with NOPD homicide detectives and begin pounding the pavement Tuesday, Bernazzani said.

Fifteen agents from the Drug Enforcement Administration have been in the city since last week, embedded with the New Orleans Police Department, said Bill Renton, the DEA special agent in charge in New Orleans.

"The city is populated by great people," Renton said. "We can't let a small cadre of thugs run them out of the city."

The NOPD said the federal agents are working side by side with patrol officers.

"They're at roll calls, they're in these dark alleys and they're kicking in the doors with us," said NOPD Deputy Chief James Scott, "They're in the cars with us."

On Thursday night alone, Scott said, police and DEA agents teamed up to confiscate 141 grams of cocaine and three weapons.

The Bureau of Alcohol, Tobacco, Firearms and Explosives announced Friday that it will reward tipsters to its hotline, (504) 581-GUNS, with $1,000 if their calls lead to arrests on federal firearms violations.

"We'll pay the caller $1,000 within 72 hours," said Bob Browning of ATF.

. . . . . .

Gwen Filosa can be reached at gfilosa@timespicayune.com or (504) 826-3304.

Va. Men Plead Guilty In Fake Purse Scam (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, February 3, 2007

Designer Knockoffs Were Sold at Parties

A father and son pleaded guilty yesterday to supplying phony designer purses at massive discounts for "purse parties" in Northern Virginia and for kiosks they operated at malls throughout the Washington region.

Lalit Kumar Ohri, 63, and his son Gaurav Ohri, 28, both of Fairfax, admitted that they sold purses bearing the trademarks of some of the nation's leading designer labels, including Gucci and Prada. The pair had the counterfeit bags embossed with the sought-after labels or gave the labels to purchasers, some of whom affixed them to the purses with glue. The purses were purchased by the father and son from suppliers in New York.

"I bought bags. They were counterfeit bags. . . . They were not genuine," Gaurav Ohri, director of operations for the family company, Sonya Handbags, said as he pleaded guilty to one count of conspiracy to traffic in counterfeit goods.

"We had the labels we put on the bags. They looked like the real labels," Lalit Ohri, the company's owner, said as he pleaded guilty to the same charge in U.S. District Court in Alexandria. Both face up to five years in prison when they are sentenced April 20.

With the last-minute pleas, they avoided a trial scheduled for Monday that had promised to be unusual at a federal courthouse that has hosted some of the nation's most prominent terrorism and spy cases. Representatives from Kate Spade, Louis Vuitton and other high-profile designers had been expected to testify, and prosecutors were planning to show the jury a sampling of hundreds of phony designer purses.

The case has focused attention on the trendy purse parties that began more than a decade ago in New York City and have been going on in Northern Virginia since at least 2000, according to partygoers. Held in private homes, the gatherings feature flowing wine and plentiful food, along with hundreds of designer handbags sold for hundreds of dollars less than the real deal. It is a crime to sell trademarked goods but not to purchase them.

Several women known as "purse ladies," who run the purse parties, had been expected to testify at the trial. The Ohris sold counterfeit purses to women who then re-sold them at purse parties "throughout Northern Virginia," Assistant U.S. Attorney Jeanine Linehan said in court yesterday. Purses at the parties could be purchased for $40 to $50 each. Prices of genuine designer handbags by labels such as Prada and Gucci range from hundreds of dollars to more than $2,000.

The investigation of the Ohris began with an anonymous tip from a partygoer, according to court documents and law enforcement officials. Federal agents then raided the home of one of the purse ladies, recovering about 100 handbags and self-adhesive designer labels. That led to a raid at the Ohris' warehouse in Lorton, where 30,000 purses were recovered, along with more than 100 phony Kate Spade labels in a desk drawer, court documents said.

Of the 30,000 purses, more than 6,000, with a retail value of $198,000, were determined to be trademark-infringing, Linehan said.

Lalit Ohri is a retired lieutenant colonel in the army of India who started his business in the early 1990s. By 2003, kiosks operating under the name Sonya Handbags were in 13 malls, including Tysons Corner Center and Fair Oaks Shopping Center in Virginia, Montgomery Mall and Columbia Mall in Maryland and the Old Post Office Pavilion in the District.

Counterfeit purses are sold on street vendor carts in Washington and other major cities, and enforcement of trademark laws is spotty. Experts say the problem has mushroomed in recent years.

Barry Rejects Offer, Maintains Innocence (WP)

By Henri E. Cauvin, Washington Post Staff Writer

DOJ_NMG_0127900

The Washington Post, February 3, 2007

A D.C. Superior Court judge set a June 12 trial date yesterday for D.C. Council member Marion Barry on several traffic offenses -- charges that Barry and his attorney insist are unfounded.

Barry (D-Ward 8), a former D.C. mayor, has rejected an offer from prosecutors to plead guilty to operating a motor vehicle while impaired in an incident in which police said they detected the smell of alcohol. Had he accepted the offer, prosecutors would have dropped the other charges, including the more serious offense of driving under the influence. Prosecutors also would have dropped charges in connection with a subsequent traffic stop.

But in a hearing yesterday morning, Barry's attorney, Frederick D. Cooke Jr., told Magistrate Judge Milton C. Lee that there is little common ground between the D.C. attorney general's office and the defense and that a deal is unlikely.

"He can't plead guilty to an offense he didn't commit," Cooke said.

The charges against Barry, who stood next to his attorney during the brief hearing, stem from two traffic stops last year in the District.

In the first incident, Barry was pulled over Sept. 10 by uniformed Secret Service officers near the White House after allegedly running a red light. Police said he smelled of alcohol, and Barry was asked to take a breathalyzer test. An initial test came in below the legal limit, but officers said they wanted to conduct a urine test for alcohol, Cooke said in an interview. Barry declined to provide a urine sample, and according to Cooke, he said he was willing to take another breath test, which police chose not to administer.

The officers charged Barry with driving under the influence, which can be done when a driver refuses the urine test. But Cooke said that the officers should have given Barry another breath test unless they documented some reason why they could not. Absent that, Cooke said, all they have to stand on is Barry's .02 reading, which is below the legal limit.

"The only objective data says that he was not intoxicated," Cooke said.

Traci L. Hughes, a spokeswoman for the attorney general's office, said the officers had the discretion to demand that Barry submit to a different type of test and the authority to charge him when he did not. Barry also was charged with misuse of temporary tags and operating an unregistered vehicle.

The second episode was Dec. 16, when Barry was stopped by U.S. Park Police officers in Southeast Washington for driving too slowly. Police said that Barry's license was suspended; he insisted that it was valid and that the D.C. Department of Motor Vehicles verified it. The attorney general's office did not charge him with driving without a license.

Prosecutors did, however, file other charges against Barry, including misuse of temporary tags and operating an unregistered vehicle. In both incidents, Barry was driving a loaner vehicle while his car was being repaired.

Cooke said Barry did not know that there was a problem with the registration of the vehicle and therefore did nothing wrong.

"It's undue harassment," Barry said after the hearing. "They know they don't have a case."

Crashing The Party (WP)

By Carrie Johnson, Washington Post Staff Writer

The Washington Post, February 3, 2007

As Super Bowl Looms, FBI Eyes Online Wagering

If the U.S. government gets its way on Super Bowl Sunday, all bets will be off -- all online bets, that is.

Federal prosecutors and agents in the FBI's organized crime unit have been mounting a large-scale crackdown on Internet gambling, with indictments against executives at gaming Web sites, arrests of foreign businessmen who process payments, and subpoenas to investment banks that may have helped bankroll the operations.

The aggressive campaign has gathered steam in recent weeks, as Americans prepare to wager more than $5 billion on tomorrow's game between the Chicago Bears and the Indianapolis Colts, the biggest betting day of the year, according to industry experts.

The arrests in California and in the U.S. Virgin Islands last month of two board members of Neteller, a British company that facilitates online money transfers, is spurring overseas executives with even modest gambling connections to avoid traveling to the United States lest they be nabbed. And it is leaving legal analysts and bettors crying foul about the government's approach.

"This escalation or, no, we should say surge, in this war of intimidation Justice is waging right now really has had an effect," said I. Nelson Rose, a professor at Whittier Law School in California and author of a textbook on gambling law.

Justice Department officials have long been on record as saying that Internet gambling breaks the law. They cite the long-standing Wire Act, a statute making it a crime to use telephone lines to place a bet within the United States or overseas. The 1961 law, which applies to businesses instead of individual bettors, was designed to eradicate the Mafia from the gambling arena.

But after the 2000 wire-fraud conviction of sports betting entrepreneur Jay Cohen for operating a Web site in Antigua, federal prosecutors enforced it only sporadically. The campaign heated up last year, after the government indicted two popular sports betting Web sites: Antigua's WorldWide Telesports Inc., and London's BetOnSports PLC. Both companies have announced they will no longer accept wagers from U.S. clients.

Then Congress dealt in. At the last minute, lawmakers inserted an online-gaming measure into the port security bill that chokes the flow of money by barring the use of credit cards, checks and fund transfers to make and settle bets. President Bush signed the bill into law in October.

But it has been the wave of criminal charges against individual executives and businesses that prompted a real exodus from the U.S. market. Americans bet nearly $6 billion online in 2005, but the flood of public companies out of the country has made it difficult to estimate current amounts, said Eugene Christiansen, who tracks such spending.

Meanwhile, U.S. authorities show few, if any, signs of folding, even in the face of rulings by the World Trade Organization that the United States cannot put foreign rivals at an economic disadvantage on the Internet gambling issue.

"Criminal prosecutions related to online gambling will be pursued even in cases where assets and defendants are positioned outside of the United States," Michael J. Garcia, the U.S. Attorney for the Southern District of New York, said last month.

Yet legal experts say there are questions about whether Internet gaming is a crime worthy of extradition in most foreign jurisdictions, and whether the executives meant to break the law, given that their operations are legal in their home countries.

Moreover, although the Justice Department has suggested that all forms of Internet gambling violate the law, analysts say that online horse racing, poker and fantasy leagues may be exempt. Gambling in some form, from state-sponsored lotteries to race tracks and slot machines, is legal in a majority of the 50 states, which collect billions in tax revenue from the enterprises each year.

A. Jeff Ifrah, a defense lawyer in the District office of Greenberg Traurig, said the Justice crackdown is confounding some legal analysts because "it is unclear how the government randomly targets members of this industry for prosecution, and why it is doing so on the heels of legislation that only recently prohibited facilitating certain gaming activity."

Neteller, which had provided payment services to more than 80 percent of worldwide gaming merchants, watched its business swell after PayPal and parent company eBay agreed to leave the business and forfeit $10 million to settle civil charges three years ago over financial transfers to offshore and online gambling firms.

Now, however, with the arrest of two of its founders, the British Web site is scrambling to exit the U.S business. Neteller is besieged with requests from frustrated bettors who want to recoup billions in deposits and winnings. The money is being held in trust accounts while the company holds conversations with the Justice Department about the status of its executives and other board members.

"The answer is, it's a bit confused at the moment," Neteller spokesman George Cazenove said. "I'm sure they will get their money back. You've got to give Neteller a bit of space."

Prosecutors have increased efforts to force advertising companies and Web sites to reject paid ads for Internet gambling sites. They also sent subpoenas to at least three investment banks, HSBC, Dresdner Kleinwort and Credit Suisse. Richard Lindsay, spokesman for HSBC, said the subpoena it received late last year requested information "pertaining to some Internet gambling companies."

The crackdown against public, regulated foreign businesses has left small private companies to fill the void, an issue that worries industry officials and consumer groups who say the smaller entities are less subject to oversight and more difficult to police. In essence, they argue, the government drive could turn into another prohibition, and have the perverse impact of fostering underground, illegal activity.

"The net effect of this is, responsible people are out of the business," said Frank J. Fahrenkopf Jr., president of the American Gaming Association, a casino industry trade group.

But federal officials disagree. Mark J. Mershon, FBI assistant director, last month cautioned that companies handling Americans' offshore bets "amount to a colossal criminal enterprise masquerading as legitimate business."

Staff writer Tomoeh Murakami Tse and staff researcher Richard Drezen contributed to this report.

Fake Degrees Bought By 14 Confound Fire Officials (NYT)

By Cara Buckley

The New York Times, February 3, 2007

The Fire Department has not decided whether to take disciplinary action two days after a report revealed that 14 of its employees had used, or tried to use, bogus diplomas to be promoted or hired.

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According to the report, by the Department of Investigation, the 14 employees paid hundreds of dollars to buy fake degrees from "St. Regis University," an online diploma mill that required no course work, to fulfill the department's educational requirements.

But a spokesman from the Fire Department and a fire union official said the report overstated the extent of the problem. While 13 employees and one job applicant bought the degrees from a fake online university to be promoted or hired, the fire department rejected the phony diplomas from all but three. Ten were hired or promoted anyway because they later legitimately obtained the required credits. The Fire Department also said it began rejecting diplomas in 2003 from the so-called university, which claimed that it was based in Liberia.

"Of the 14 people, only 3 were promoted with that degree," said Francis X. Gribbon, a department spokesman. "We promoted 2,500 people since 2001. This is a handful of people we are talking about."

Yet according to Thomas Von Essen, who was fire commissioner from 1996 to 2001, the report underscored what he described as a lax attitude toward obtaining college credits in the department. Beginning in the late 1990s, Mr. Von Essen introduced requirements that higher-ranking Fire Department officials obtain a set number of college credits to be promoted. New hires would need college credits, too.

The Uniformed Firefighters Association, the fire officers' union, fought part of the new requirements. One of their arguments was that higher-ranking officers who came on the job when only high school diplomas were required should not need college credits to advance.

Though the new standards were adopted, Mr. Von Essen said resistance to them persisted.

"I'm absolutely not surprised that this happened, because the seriousness of education has never been accepted by the chiefs, and the higher ranks in the department," said Mr. Von Essen, now senior vice president at Giuliani Partners, the consulting firm of former Mayor Rudolph W. Giuliani.

But Peter L. Gorman, president of the officers' union, said most of the employees named in this week's report did nothing wrong. One of the employees, Daniel O'Gara, a battalion chief, had received a letter from a supervisor on the department's tenure desk, stating that his diploma met department requirements. But the letter writer confused "St. Regis University" with Regis College, a private college in Massachusetts. Still, Mr. Gorman said, the letter cleared Chief O'Gara of blame. "There was no cover-up; there was no intent to get false degrees," Mr. Gorman said.

Mr. Gribbon, the department spokesman, said the department began scrutinizing credits obtained, especially from online schools, after discovering in 2003 that "St. Regis University" was a fake. "We tightened up rules on all of them," he said.

But the department has also eliminated the requirement that new employees have college credits, in part to attract more minority applicants to its ranks. Starting in March, basic training will last 13 weeks instead of 8, Mr. Gribbon said, and will be extended to 23 weeks by year's end. Additional elements, like public relations and writing skills, were being folded into the training too, Mr. Gribbon said.

Several firefighters yesterday shrugged off the relevance of college credits to their jobs, saying experience rather than education mattered most.

Arthur Jens, 45, a retired firefighter from Engine 13, Ladder 12 in Chelsea, said: "Education's always a great thing. The more education you have, the better off you are. But as far as actual firefighting, I think the biggest thing is experience. That's the biggest factor in a fire."

According to Jason Post, a spokesman for Mayor Michael R. Bloomberg, Deputy Mayor Edward Skyler met with Nicholas Scoppetta, the fire commissioner, yesterday to review the report. All 14 employees were still on the job, a Fire Department spokesman said.

"It is acceptable to wait more than two days before taking any action," Mr. Post said.

Former Judge Cites Pressure To Pay Friends Of Party Boss (NYT)

By Trymaine Lee

The New York Times, February 3, 2007

A former Brooklyn judge told a jury yesterday that she feared her career would be over if she did not pay $10,000 to associates of Clarence Norman Jr., the longtime leader of the borough's Democratic machine, for get-out-the-vote efforts and fliers during her re-election campaign in 2002.

The former judge, Karen B. Yellen of Brooklyn Civil Court, who ran on the Democratic ticket in the 2002 primary along with Mr. Norman, was the key witness for the prosecution in the weekold corruption trial against Mr. Norman, a former 12-term state assemblyman, in State Supreme Court in Brooklyn.

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It is Mr. Norman's fourth corruption trial in two years. In this case, he is accused of pressuring Judge Yellen and another judicial candidate for thousands of dollars. In the week leading up to the 2002 primary, prosecutors say, Mr. Norman demanded that Judge Yellen pay his associates or be "dumped" and lose the party's support.

Wearing a bright red blazer and a frilly white blouse, Ms. Yellen wiped away tears and gestured to the jury, saying, "This was a fight for my career, and I knew I had to do anything possible to save it."

She looked into the faces of the jurors and seemed to plead for their sympathy.

"I would no longer be a judge," she said. "I would be out of a job."

In the end, she lost anyway, beaten by upstart candidates.

Ms. Yellen's testimony repeated much of that given on Thursday by Jeffrey Feldman, Mr. Norman's former second in command.

Mr. Feldman and Ms. Yellen testified that Mr. Norman became angry when a member of the judge's camp asked what would happen if she did not pay. Prosecutors have said Mr. Norman wanted her to pay Ernest Lendler, a printer, $1,000 for a flier he designed, and William H. Boone III, a longtime associate of Mr. Norman's, $9,000 for get-out-the-vote efforts on Primary Day in the mostly black districts of central Brooklyn.

"The words he used was that 'we will dump her,' " Ms. Yellen testified. She said she was "shocked" and "astonished" by Mr. Norman's reaction.

During cross-examination, Mr. Norman's lawyers suggested that Ms. Yellen, who is white, was willing to spend money in white neighborhoods but not in black ones.

Anthony Ricco, a lawyer for Mr. Norman, said that Ms. Yellen had had no problems courting the black vote but drew the line on spending money to capture it.

"Didn't you and your advisers say it was a waste of time because Jewish people vote for Jewish candidates and black people vote for black candidates?" Mr. Ricco asked.

"But when you went to the chicken dinners in the African-American neighborhoods, did you say to those people, 'I'm here for your support,' " he asked, "and how good the chicken was?"

Ms. Yellen looked over at the jury and said: "No, I didn't. Because the chicken wasn't that good."

CIVIL RIGHTS:

Calif. Teens Get Probation For Halloween Hate-crime Beating (AP)

AP, February 3, 2007

LONG BEACH, Calif. (AP) — Four of nine black teenagers convicted in the racially charged beating of three white women on Halloween were sentenced to probation Friday.

Punishment could have ranged up to confinement in a California Youth Authority lockup until age 25. The teens were ordered to serve 250 hours of community service, 60 days house arrest, and take anger management and racial tolerance programs.

"It was an awful crime. Terrible, emotional and physical injuries," Juvenile Court Judge Gibson Lee said.

Last week, Lee convicted nine teens — eight female and one male — of felony assault, with a hate-crime enhancement against all but one.

Among those sentenced Friday were an 18-year-old youth, his twin sister, their 16-year-old sister — who didn't receive the hate-crime enhancement — and another 16-year-old girl.

The other five defendants face sentencing next week. Names of the defendants were withheld because they are juveniles or were juveniles at the time and were tried as juveniles.

The 18-year-old male teenager had pleaded with the judge, saying he was innocent and tried to help the victims, including taking a skateboard away from an assailant who was using it as a weapon.

"What will my life be like? I'm 18 and convicted of a hate crime," he said.

The victims were in an affluent area of Long Beach that draws crowds with fancy Halloween displays when a crowd of black youths yelled racial insults and one shouted "I hate whites," according to prosecutors.

One victim testified the trio was pelted with small pumpkins and lemons. A witness testified two of the women were beaten with skateboards.

Prosecutors said the beating only ended when a black motorist stopped, pulled the assailants away and shielded the women with his body.

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"I'm not sure if all the emotional scars will ever completely vanish," 21-year-old Loren Hyman, one of the victims, said earlier in a victim impact statement. "I feel like the beating I endured on Halloween night is still not over."

Two 15-year-old boys face trial later on charges of felony assault with the hate-crime enhancement.

Long Beach, 22 miles south of downtown Los Angeles, is a major U.S. cargo port with a racially diverse population of 475,000 and neighborhoods ranging from high-end shoreline condos to low-income urban areas.

Judge Defers Decision On Port Chester Election (NYJN)

By Liz Sadler, THE JOURNAL NEWS

New York Journal News, February 3, 2007

PORT CHESTER - A federal judged deferred a decision yesterday on whether to stop the March 20 village election for two seats on the Board of Trustees.

U.S. District Judge Stephen Robinson will instead wait to hear arguments from both sides in the voting rights lawsuit filed by the U.S. Department of Justice against Port Chester, he said in a pre-trial conference.

The judge said he will presume that holding the election would cause irreparable harm, as the Justice Department alleges. The village must prove otherwise at trial later this month in order to proceed with the election.

Anthony Piscionere, a lawyer for the village, argued that stopping the election would actually cause irreparable harm to the village because it would force a special election and disenfranchise voters. He said the trustee race would provide a good "snapshot" of Hispanic voter turnout because a Hispanic candidate is running.

But U.S. Attorney David Kennedy said "this can only be decided after a full and fair hearing." He said it would be "informative but wrong" to hold the election in March.

The Justice Department sued the village in December, asserting that its at-large method of electing its six trustees violates the federal Voting Rights Act. It is asking the judge to replace Port Chester's system with one in which trustees are elected from six districts. It is also asking the judge to stop the March trustee election until voting districts are implemented.

The village argues that its election system is fair and has soundly denounced the Justice Department's case.

Trial dates are scheduled for Feb. 13-15 and 20-22.

Reach Liz Sadler at esadler@lohud.com or 914-694-3525.

Court: No Discrimination (MOULTO)

By Lori Glenn

Moultrie (GA) Observer, February 3, 2007

Ruling says Ellenton farmer was not unfair to Puerto Ricans

ELLENTON — The U.S. Court of Appeals 11th Circuit Thursday upheld a decision from the U.S. Justice Department that a Colquitt County farmer did not discriminate against 17 Puerto Rican farmworkers in favor of Mexican labor.

The plaintiffs had traveled from Puerto Rico to Georgia in 2003 to work for Booth Farms under a contract approved by the U.S. Department of Labor. They arrived a few days after a group of federal H2A program workers from Mexico.

Producer Larry Booth, of Ellenton, had maintained that some of the citizen workers (Puerto Rico is a territory of the United States) were slow pickers and didn't pick enough to earn the equivalent piece rate of $7.49 an hour, the Adverse Effect Wage Rate at the time, so he fired them citing economic reasons. The plaintiffs complained that no Mexican H2A workers who didn't work up to Booth's standard weren't fired and subsequently filed a discrimination suit. Federal law requires that employers hire Americans over H2A workers, but the plainiffs said Booth favored Mexican workers over Puerto Rican regardless of production rates.

The 17 workers, some of whom Booth said he didn't fire, were represented through the Georgia Legal Services Farmworker Division. Booth represented himself pro se with some assistance from friend and cousin former Georgia Senator Franklin Sutton, also of Ellenton. Booth wasn't able to secure financing for his farming operation because of the suit and had to sell out, he said. Plus, the same 17 plaintiffs have filed a suit in Puerto Rico against Booth Farms seeking about $383,000.

"Hell from Day One," Booth said. "I can truthfully say I would have worked them if they would have worked. And four of them I didn't fire."

"The argument that Georgia Legal Services had was that even though you had to pay them minimum wage, they weren't required to do anything. This makes a distinction between nonproduction and production, and that's a good thing," Sutton said.

Sutton said he isn't fool enough not to think that some farmworkers have been mistreated over the years, but he also thinks that Legal Services are extorting producers.

"They didn't care whether I was liable for those charges or not," Booth agreed. "All they wanted from me from day one is a settlement. They started sending me letters saying that we could settle for a lesser amount. They didn't have no concern on my

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part as far as I was liable or not. They never considered that. ... I'm proud that they did take it to the 11th Circuit Court of Appeals. That makes it a stronger case for us."

Georgia Legal Services, funded through private and public sources, often handles cases involving failure to pay workers, cheating workers out of wages, discrimination and failure to keep recruitment promises, according to its Web site. Legal Services has represented complaints against Colquitt County producers in the past. Many, if not all up until now, have been settled out of court.

One local H2A farmer only would consent to an interview if The Moultrie Observer didn't use his name for fear of retaliation by Legal Services. He's been sued several times but settled each time because of the enormous expense of a trial.

"There for a while we were paying about $80,000 a year just to fight lawsuits. ... We settle just to get rid of it," he said.

And that's what these farmers think fuels Legal Services' fire.

"They want to settle it because they know they haven't got a case. It's frivolous stuff," he said.

This producer and several others, also wishing to remain anonymous, said they hire workers through the relatively costly H2A program because they want to hire legal workers to avoid trouble, but Legal Services haunts them with what they call "frivolous lawsuits."

"Immigration told us we needed to get legal, they were going to start raiding our farms," said one producer. "They don't go by what the law says. They sue for anything they want to sue on. If they win, it changes the playing field. If they don't win, so what — they're out soliciting for another case from somewhere else. It doesn't cost the worker anything. ...They say they don't target H2A, but they do."

Voting Rights: Noxubee Case A National Test (JCL)

Jackson Clarion-Ledger, February 3, 2007

Discriminating against the free exercise of the right to vote is wrong, regardless of race and regardless Mississippi's past history of white-on-black oppression.

Quietly, with little fanfare, a national test of the Voting Rights Act of 1965 is under way in Mississippi.

This month, U.S. District Judge Tom S. Lee has been presiding over the first case in U.S. history in which the federal government has accused black election officials of violating the Voting Rights Act by discriminating against white voters.

The U.S. Justice Department is alleging that Noxubee County Democratic Party Chairman Ike Brown and other Noxubee County election officials have rigged the voting process against white voters by manipulating voter rolls, making public threats to ban some whites from voting, certifying candidates who did not live in districts they sought to represent, miscounting ballots to ensure white candidates lost and other discriminatory acts.

Brown has denied all allegations, accusing the white minority in Noxubee County of petty complaints after years of white discrimination against black voters there.

The key question facing Judge Lee isn't whether Noxubee County or Mississippi has a sordid history of white election officials discriminating against black voters. The county and the state are guilty on both counts.

The question is if Brown and other black officials in Noxubee have used their powers to do the very same thing to white voters.

The Voting Rights Act must be enforced equally for voters of all races.

Push To Resolve Fading Killings Of Rights Era (NYT)

By Shaila Dewan

The New York Times, February 3, 2007

ATLANTA, Feb. 2 — For every infamous killing that tore at the South in the 1950s and '60s, there were many more that were barely noted, much less investigated.

Virtually all such cases gained momentum only when the victims of the past found voices in the present, like those that helped arrest a 71-year-old man last month in connection with the Klan killings of two black teenagers in Mississippi in 1964. Rather than police officials, it has often been journalists and filmmakers who have combed through documents and tracked down witnesses, fueling some 15 years of successful prosecutions.

Only now, with time running out because potential witnesses and suspects are dying off, have law enforcement officials begun to take a systematic approach to unsolved civil rights crimes. The Federal Bureau of Investigation recently canvassed its field offices for the first time, compiling a list of 51 victims in 39 cases, most of which were never investigated by the bureau.

The list was prompted not by the string of convictions, but by a letter about the lynching of two black couples at the Moore's Ford Bridge, east of Atlanta, in 1946, said Chip Burrus, the assistant director of the F.B.I.'s criminal investigative division.

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"When I read the letter, I said, 'I've never heard of Moore's Ford. What is this about?' " Mr. Burrus said. "There've got to be more of these things."

That a single letter prodded the F.B.I. to action illustrates how slender are the time-brittled fibers that knit together the outcome in these fading crimes.

In the case that produced the recent arrest, timing was crucial. If the bodies of the victims, Henry H. Dee and Charles E. Moore, had been found just three weeks earlier in the summer of 1964, their deaths might have been largely forgotten.

The two friends, a sawmill worker and a college student, were 19 when they disappeared in May 1964, last seen hitchhiking on the highway near Meadville, Miss. They were beaten and drowned by Klansmen who mistakenly believed the two were involved in plotting an armed uprising. Two months later, on July 12, a fisherman spotted the torso of Mr. Moore in a Mississippi River backwater called the Old River. Mr. Dee was found the next day.

At the time, an extensive search was under way for three civil rights workers, two of whom were white New Yorkers, who had disappeared on the opposite end of the state in what became known as the "Mississippi Burning" case. The initial classification of Mr. Moore's body as that of a Caucasian male, and thus potentially one of the missing rights workers, caused a spurt of media coverage.

That fleeting interest had two results, said David Ridgen, a Canadian Broadcasting Corporation producer who has made a documentary about the case. It prompted the F.B.I. to investigate, and it ensured that there was enough in the historical record to arouse the curiosity, decades later, of scholars and reporters.

Countless other race killings, however, were minimally recorded. In the late 1980s, when the Southern Poverty Law Center in Montgomery, Ala., was creating its memorial to 40 civil rights martyrs, most of whose cases remain unprosecuted, researchers found more than 80 victims who could not be included because not enough was known about the circumstances of their deaths.

"It was so frustrating and sad," said Sarah Bullard, the project's chief researcher. "If the information wasn't there I couldn't include them, no matter what I suspected or felt."

Mr. Burrus of the F.B.I. said he was not familiar with the monument or the center's research, but that the bureau had also consulted civil rights groups in compiling its list.

Because local newspapers often ignored such killings, Ms. Bullard pored over microfilm of national newspapers and records compiled by the Tuskegee Institute, internal memorandums of the N.A.A.C.P. and other civil rights groups, and cartons of news clippings collected by a research group called the Southern Regional Council and stored in the basement of a Korean grocery in Atlanta.

Ms. Bullard recalled references to an unidentified teenager who was found in the Big Black River in Mississippi wearing a Congress of Racial Equality T-shirt. After scouring all her sources, she learned only his name, Herbert Oarsby.

"There were activists who were trying to pay attention," Ms. Bullard said, "but at the same time there were African-American communities who knew that racist crimes amongst them were not going to be investigated or reported and made the choice not to seek justice because it would bring on further violence against them."

That may have been the case with Mr. Moore's mother, Mazie, who made her elder son Thomas promise not to avenge or seek justice for his brother's death. In 1964, when reporters found her at the country shack where she had lived all her life, she repeatedly praised the white residents of Franklin County, a Klan stronghold, and said there was nothing to be done.

Alvin Sykes, a civil rights advocate who has urged the federal government to pass the Unsolved Civil Rights Crime Bill, which would provide $11.5 million per year to investigate these cases, said part of that money would be used to encourage people scared into silence at the time to come forward. "We have absolutely no idea how many of them are out there," Mr. Sykes said.

Mazie Moore died in 1977, and in 1998 Thomas Moore finally decided to seek justice, contacting the local district attorney, Ronnie Harper, who was unaware of the case. Mr. Harper requested information from the F.B.I., and was told that no file on the case existed.

But in 2000 two journalists, Jerry Mitchell of The Clarion-Ledger in Jackson and Harry Phillips of ABC News, obtained copies of the F.B.I. investigation file that was said to be missing, which had led to the arrest of Charles M. Edwards and James F. Seale in November 1964, though the charges were dropped when the district attorney said there was not enough evidence to make a case.

Mr. Phillips used the file to track down the F.B.I.'s principal informant, Ernest Gilbert, then 74, persuading him to do an on-camera interview about the case, and Mr. Mitchell reported that because the crime began in the Homochitto National Forest, where the two victims were tied to trees and beaten with switches, federal prosecutors might have jurisdiction in the case.

But even those breakthroughs did not force prosecutors to act. Mr. Harper says he was told by the F.B.I. that Mr. Gilbert would not testify. The F.B.I. closed the case in 2003 because the jurisdiction issue could not be resolved, said Deborah Madden, a spokeswoman for the F.B.I. office in Jackson. Mr. Gilbert died in 2004.

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Thomas Moore, living in Colorado Springs, grew tired of telling reporters his brother's story with no result. But in 2005, Mr. Ridgen, the documentary producer, convinced him that the two should go back to Mississippi together.

On that trip, they discovered that Mr. Seale was not dead, as several newspapers had reported, but was still living in Franklin County. Then came a coincidence: Thomas Moore had served in the same Army unit as Dunn Lampton, who became the United States attorney in Jackson in 2001. Mr. Moore and Mr. Ridgen persuaded Mr. Lampton to reopen the case, resulting in the recent arrest of Mr. Seale, who has pleaded not guilty.

"Thomas Moore had a lot of information about what happened, and I made use of that," Mr. Lampton said. "You don't come into an office and go back and start digging through all the old files to find something to do. It's only when someone brings that to your attention."

Number Of People Stopped By New York Police Soars (NYT)

By Al Baker And Emily Vasquez

The New York Times, February 3, 2007

The New York Police Department released new information yesterday showing that police officers stopped 508,540 individuals on New York City streets last year — an average of 1,393 stops per day — often searching them for illegal weapons. The number was up from 97,296 in 2002, the last time the department divulged 12 months' worth of data.

After inquiries by the City Council and civil rights advocates, the department delivered four bound volumes of statistics to the Council in midafternoon. The raw data showed that more than half of those stopped last year were black: an average of 67,000 per quarter.

At the same time, the average number of people arrested per quarter as a result of such stops almost doubled to 5,317 last year, from 2,819 in 2002, and summonses nearly quintupled, to a quarterly average of 7,292 last year from 1,461 in 2002.

Until yesterday, the most recent information released by the Police Department about how and why it stops people to search them, sometimes looking for illegal guns, was from 2003, according to city officials and city and court records. Some officials have said that lag put the department at odds with a pair of legal requirements that sprang from public outrage at the 1999 fatal police shooting of Amadou Diallo, an unarmed black street peddler.

The department, which rejects such assertions, has not released numbers from 2004 and 2005, or from the last three months of 2003.

Those who review the data are now grappling with dual issues: determining why the Police Department waited so long to release any new figures, and why it is stopping more people and searching them.

The issue of these police-public encounters — called "stop and frisks" — became an emotional flashpoint after the shooting of Mr. Diallo, whose death in a barrage of 41 police bullets led to weeks of protests and scores of arrests outside 1 Police Plaza, in Lower Manhattan.

Many of the protesters contended that there was a pattern of racial profiling in stop-and-frisks. A state study later in 1999 confirmed racial disparities in such stops.

The guidelines to monitor stop-and-frisks in detail were set forth in a city law signed in 2001, and in a federal court case settled by the Bloomberg administration in 2004. Both called for the Police Department to release to the City Council, four times a year, basic data about the people who are stopped and questioned by officers, and the reasons for such encounters.

But until yesterday, it had been a year since the department reported its stop-and-frisk activity, and those numbers dated from a three-month period ending in September 2003.

In the meantime, the Civilian Complaint Review Board, an independent city agency that investigates charges of police misconduct, found that complaints involving stops and searches have more than doubled in recent years, increasing to 2,556 last year from 1,128 in 2003. Complaints involving police stops now account for 33 percent of all complaints, up from 20 percent in 2003.

At a City Council hearing on Jan. 24, Police Commissioner Raymond W. Kelly assured council members that his officers were not practicing racial profiling in street stops.

"Officers are stopping those they reasonably suspect of committing a crime, based on descriptions and circumstances," Mr. Kelly said, "and not on personal bias."

Paul J. Browne, the chief police spokesman, said later that the department's analysis of the numbers showed that while 55.2 percent of the stop encounters last year involved blacks, 68.5 percent of crimes involved suspects described as black by their victims (or by witnesses, in the case of homicides). Hispanics, he said, made up 30.5 percent of those stopped and 24.5 percent of suspected offenders. For whites, he said, the numbers were 11.1 percent and 5.3 percent, respectively.

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Mr. Browne said that aggressive street enforcement was partly responsible for the increase in stop-and-frisks. Also, he said, "careful accounting" of such encounters by the department in recent years made the increase seem greater. "Part of it is taking guns off the street and responding to complaints where we use stop-and-frisk," he said.

It was unclear last night how much of the increase in stops was due to suspected gun possession or how many led to gun arrests. Mr. Browne could not confirm a direct line between gun arrests and increases in stops, and said officers' efforts to take guns off the streets were just one facet of the crime suppression the stop-and-frisk forms reflected.

The 2006 figures, delivered yesterday by two officers in plain clothes, were contained in four books of about 250 pages each. Councilman Peter F. Vallone Jr., chairman of the Council's public safety committee, said his staff was unable to interpret the numbers immediately.

The department's lag in releasing the numbers came to light after the fatal shooting in November of another unarmed black man, Sean Bell, and has been seized on by civil rights advocates, academics and current and former government officials. Mr. Bell's death was not related to a stop-and-frisk operation, but it has become a valve for frustrations over relations between the police and minority residents. But members of the City Council said they had been requesting the material even before the Bell shooting.

Jeffrey Fagan, a professor of law and public health at Columbia University who studied the issue in 1999 for Eliot Spitzer, then the attorney general, said he was not surprised that the number of stop-and-frisks went up "during a period of no accountability."

But, he added, "it is an astonishing fact that stop rates went up by 500 percent when crime rates were flat." Police officials and a city lawyer said there were several reasons the department had fallen behind in releasing the numbers. Compiling the reports, they said, has been hampered by antiquated technology, especially since the numbers have risen. The department has been working to modernize its reporting system, officials said, and has not been withholding the data deliberately.

Some observers questioned whether producing data on street stops remained on the department's front burner during the age of terrorism.

"I just don't think it's a priority," Dr. Fagan said of the data collection.

The total number of stops includes cases in which the officers acted to prevent what could have been terrorist activity, the police said. But those stops are relatively rare, they said, and there is no separate category for keeping track of them. Searches of subway riders' bags are not considered stop-and-frisk encounters because people willing to forgo entry to the subway can decline them.

Joel Berger, who monitored matters of police conduct as an executive in the city's Law Department from 1988 to 1996, said: "It is particularly frightening that the Police Department is not following the statute that requires reporting on stop, question and frisks. It is the thing that happens most often and most troubles people, and the failure to report the numbers is, effectively, very alarming."

Mr. Spitzer first dug into the issue of street stops after the Diallo shooting and found that Hispanics and blacks were being disproportionately targeted. After adjusting for varying crime rates among racial groups, his analysis found that blacks were stopped 23 percent more often than whites. Hispanics were stopped 39 percent more often than whites.

In the wake of those findings, the city signed a law allowing the Council to collect the Police Department's stop-and-frisk data on a quarterly basis. Separately, the federal class-action lawsuit, Daniels v. City of New York, alleged that the police habitually used racial profiling in stop-and-frisk situations. When the city's corporation counsel settled the case in January 2004, the agreement required the police to disclose data on such encounters through 2007.

The idea was that increased transparency about police stops would not only foster analysis of one of the department's most crucial tactics for reducing crime, but also would help restore the public's trust.

Mr. Spitzer's study reviewed police records known as UF-250s. Officers must fill them out after making forcible stops, including those in which a person is frisked or searched. His report noted that officers did not always fill them out. The form shows the race of the person stopped as well as the reason.

Under a system begun in the spring of 1999, police officials said, forms completed at individual precincts were taken to 1 Police Plaza, where their 50 points of data were gathered. Envisioning a daunting backlog, Mr. Kelly in 2005 directed that the process be decentralized so that the raw data could be recorded quickly, at the precinct level.

Mr. Kelly told officials at the Jan. 24 hearing that the data for the remainder of 2003, and for all of 2004 and 2005, would take longer to provide. That is "because it must be compiled manually, rather than in a technologically advanced way," according to a letter sent Thursday from the Law Department to a plaintiff in the federal case.

"We've been patiently waiting for years now," Councilman Vallone, told Mr. Kelly at the hearing. "We would again request that you give us that information."

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For a time, the police gave the data to the City Council with some regularity. But the frequency of the reports slowed, and in February 2006, the department released data for the third quarter of 2003.

Then, the flow of data stopped. Until yesterday.

But city leaders came under criticism as well for failing to more forcefully demand the data. "The City Council has failed to ensure that the Police Department is producing the reports, as required by the statute," said Christopher Dunn of the New York Civil Liberties Union. "As a result, it has not been doing any monitoring of stop-and-frisk activity, which was the very point of the statute."

Court Bars Government Benefit For Same-Sex Domestic Partners (NYT)

By Susan Saulny

The New York Times, February 3, 2007

CHICAGO, Feb. 2 — Same-sex domestic partners are not entitled to health benefits from public universities or local and state governments under the State Constitution's two-year-old marriage amendment, the Michigan Court of Appeals said in a ruling released Friday.

In a reversal of a lower court ruling, a three-judge panel found that the amendment, which bans same-sex marriage, also prohibited government agencies from recognizing "similar unions" like domestic partnerships for any purposes.

"By officially recognizing a same-sex union through the vehicle of a domestic partnership agreement, public employers give same-sex domestic couples similar status to that of married couples," the judges wrote.

Such action, they added, would "run directly afoul of the plain language of the amendment."

The American Civil Liberties Union, which filed a supporting brief in the case, expressed "deep disappointment" with the decision and said it would appeal to the State Supreme Court.

The issue of benefits became contentious when Michigan voters passed the marriage amendment in November 2004 because several public employers, including universities and local governments, had policies or agreements in place that extended health care to same-sex domestic partners of employees.

The formal case began in 2005 when National Pride at Work Inc., a gay advocacy group based in Washington, and a number of individuals sought to settle the question about benefits through the court.

They sought a declaratory judgment that the amendment did not prohibit public employers from conferring health benefits to employees' same-sex domestic partners.

Among their arguments was that a denial of benefits would violate the state's equal- protection clause. They also said that proponents of the marriage amendment had made assurances that its passage would not affect benefits to same-sex partners.

A trial court in Ingham County granted the judgment in 2005, saying that the extension of benefits in the context of employment contracts did not come close to the legal status of marriage in society.

But Mike Cox, the Michigan attorney general, asked for a stay of the ruling and reconsideration, which was granted.

The new ruling was dated Thursday but released on Friday.

Deborah A. Labelle, a lawyer for the A.C.L.U. of Michigan, said in a statement, "After today's decision, many men and women in Michigan with children now stand to lose their benefits."

Michigan Court Rules Against Gay Benefits (WT/AP)

The Washington Times, February 3, 2007

LANSING, Mich. (AP) -- Public universities and state and local governments would violate the state constitution by providing health insurance to the partners of homosexual employees, the Michigan Court of Appeals ruled yesterday.

A three-judge panel said a 2004 voter-approved ban on homosexual "marriage" also applies to same-sex domestic partner benefits. The decision reverses a 2005 ruling from an Ingham County judge who said universities and governments could provide the benefits.

"The marriage amendment's plain language prohibits public employers from recognizing same-sex unions for any purpose," the court wrote.

A constitutional amendment passed by Michigan voters in November 2004 made the union between a man and a woman the only agreement recognized as a marriage "or similar union for any purpose." Those six words led to the court fight over benefits for homosexual couples.

Homosexual couples and others had argued that the public intended to ban homosexual "marriage" but not block benefits for unmarried opposite sex or same-sex domestic partners.

The appeals court agreed with the Michigan attorney general, Republican Mike Cox, who said in a March 2005 opinion that same-sex benefits are not allowed in a state that does not recognize same-sex unions.

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The legal challenge was mounted by 21 homosexual couples who work for the city of Kalamazoo, universities and the state.

"The protection of the institution of marriage is a long-standing public policy and tradition in the law of Michigan," Judges Kurtis Wilder, Joel Hoekstra and Brian Zahra noted In the unanimous ruling.

Jeffrey Montgomery, executive director of the Triangle Foundation, a leading homosexual advocacy group in Michigan, said the legal sanctity of marriage was not in question.

"This ruling will result in families being robbed of their health care and other basic necessities that are fundamental to protecting their well-being," he said.

The case will be appealed to the Michigan Supreme Court, said Jay Kaplan, an attorney for the American Civil Liberties Union of Michigan.

"We're very disappointed by this result," he said. "It's a misguided analysis, and they produced a heartless result. It was never the voters' intention in 2004 to take away health insurance benefits from families and children."

The Right Reform (WP)

The Washington Post, February 3, 2007

LAWMAKERS locally and nationally are moving in the right direction in pushing for improvements in how Americans vote. Foremost is the growing movement to require an independent way to verify the results of electronic voting. It's critical, though, that this reform effort be calibrated so that local election officials are given the time and resources to do the job properly.

Congress is expected to consider legislation this year requiring that the nation's electronic voting machines produce a paper trail so that people can verify the accuracy of their votes and to facilitate recounts in disputed elections. Meanwhile, as reported by the New York Times, states such as Florida may abandon touch-screen voting. The Virginia legislature is considering a bill that would phase out the machines, and Maryland appears headed toward some kind of requirement for a paper trail.

While we have not been in the camp of those seeing fanciful conspiracies in electronic voting, a backup system is without question the best way to safeguard security and ensure voter confidence. One worry, however, is whether unreasonable mandates will be placed on local communities. Some of the problems that Maryland experienced during last fall's elections were attributed to election workers being overwhelmed by new and unproven technology. Already, officials such as state Sen. President Thomas V. Mike Miller Jr. (D-Calvert) have expressed doubt about whether the state has the money or the time to implement big changes for the 2008 presidential election.

It's clear that this will be the impetus from Congress, where Rep. Rush D. Holt (D-N.J.) has lined up a majority of House members in support of his bill requiring paper ballots in time for the presidential primaries. Mr. Holt is correct about the urgency of the need for reform, but it's important that this reform be a lasting one.

ANTITRUST:

Viacom Orders Removal Of Videos From YouTube (WSJ)

By Matthew Karnitschnig

The Wall Street Journal, February 3, 2007

Deciding that trading its copyright protection for Internet buzz was no longer viable, Viacom Inc. ordered Google Inc.'s YouTube to remove all of its content from the video Web site.

Viacom's decision to force YouTube, which hosts a vast array of video content uploaded by its users, to take down more than 100,000 video clips from its Web site may yet prove to be a negotiating tactic aimed at drawing the company into a deal. But Viacom executives said privately they had determined that the marketing boost they once believed YouTube provided them has proved to be a mirage.

"People are waking up to the fact that there is no marketing advantage," a Viacom executive said. "There's no novelty anymore." YouTube Chief Executive Chad Hurley said in an interview that other media companies such as CBS and NBC that partnered with YouTube felt otherwise.

Viacom's decision comes after the two camps failed to reach a distribution agreement despite months of negotiation punctuated by pointed rhetoric from Viacom, which owns a stable of cable networks that includes MTV, Nickelodeon and Comedy Central as well as the Paramount movie studio.

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Viacom wants to be paid for the inclusion of its content on YouTube. Viacom video clips, such as those from "The Daily Show with Jon Stewart," count among YouTube's most-viewed content. Viacom said the roughly 100,000 clips it ordered removed accounted for 1.2 billion video streams.

"We have been quite indulgent to this point," Viacom Chief Executive Philippe Dauman said in an interview. "We cannot continue to allow YouTube or Google to continue to profit from our content without a reasonable commercial agreement."

"They are more focused on the money they can make in the short term," said David Eun, Google's vice president of content partnerships. "We're still more focused on innovation than the short-term economics." Mr. Eun said Google still hoped to come to a licensing agreement with Viacom. Mr. Hurley said the company was in the process of removing the videos that Viacom requested, and that it currently doesn't generate any revenue from advertising on the YouTube pages where videos are displayed, a claim Viacom disputes.

Copyright law compels YouTube to remove all content it doesn't hold the rights to if it receives a complaint from the owner. YouTube regularly receives such requests from media companies and readily complies with them.

Viacom has previously asked the site to take down full-length episodes of its shows but has allowed it to continue to carry short clips. Like other media companies, Viacom has had to balance the advantages of exposure on YouTube, which says consumers view its videos more than 100 million times a day, with protecting its copyrights.

Until now, the company considered YouTube's broad distribution worth the copyright infringement. Though Viacom offers much of its video content free on its own Web sites, those sites have struggled to draw the Web-savvy youngsters who regularly flock to YouTube.

Viacom also has provided YouTube with a list of all of its programs and ordered the Web concern to keep Viacom content off the site in the future. It is unclear whether there is a legal basis for Viacom to enforce this request, however. The so-called safe harbor provisions that govern online copyrights stipulate that Internet companies remove content they don't own when they receive a complaint from the copyright holder. But it isn't clear whether sites such as YouTube can be forced to prevent the content from being put online to begin with.

In explaining the reasons for its decision, Viacom complained that YouTube had yet to install filtering tools to slow the flow of unauthorized content onto the site.

"YouTube and Google retain all of the revenue generated from this practice, without extending fair compensation to the people who have expended all of the effort and cost to create it," the company said in a statement.

YouTube last year said it intended to introduce digital fingerprinting technology that could automatically identify copyrighted video and audio clips in order to remove them or share related ad revenue with content owners.

In an interview earlier this past week, Google Chief Executive Eric Schmidt said Google would "eventually do some very significant deals" related to its online video services, including YouTube. Google has been in discussions with a number of television and music companies about licensing their video and music for use on its video services, and at the same time stave off any copyright lawsuits against Google over content uploaded by users without its owners' permission.

The CEO declined to comment on any specific possible deals but said he "wasn't in a great hurry on this issue -- it's more important to get it right." He acknowledged copyright concerns but added, "We have answered those by saying we're working very hard on fingerprinting technologies."

--Kevin Delaney contributed to this article.

Write to Matthew Karnitschnig at matthew.karnitschnig@wsj.com5

Viacom Tells YouTube To Remove Content (FT)

By Joshua Chaffin And Aline Van Duyn In New York

Financial Times, February 3, 2007

Google's strategy for its newly acquired YouTube site was dealt a serious blow on Friday when Viacom, the owner of MTV, demanded that all its clips be removed from the user-generated internet company's site.

Viacom, which owns youth brands such as Nickelodeon and Comedy Central, made the demand after months of negotiations with YouTube and Google. It said more than 100,000 affected video clips on the YouTube site had generated more than 1.2bn video streams.

The move threatens to wreck Google's attempts to cement commercial relationships with traditional media groups, which supply most material.

Since acquiring YouTube for $1.65bn in October, Google and Eric Schmidt, its chief executive, have made a frantic effort to forge relationships with traditional media companies. They have managed to sign short-term deals with CBS, Warner Music, Sony-BMG and Universal Music.

Discussions with Viacom appeared to break down over the splitting of advertising revenues from Viacom content. There was also a fight over which company would make those sales.

Viacom executives were frustrated that YouTube had failed to implement a content-monitoring system by the beginning of the year, as it had promised, so companies could easily tell when their material was being posted.

It accused Google and YouTube of reaping all the revenue from their material "without extending fair compensation to the people who have expended all of the effort and cost to create it".

YouTube said it would comply with the request.

"It's unfortunate that Viacom will no longer be able to benefit from YouTube's passionate audience which has helped to promote many of Viacom's shows," YouTube said in a statement. "We take copyright issues very seriously. We prohibit users from uploading infringing material, and we cooperate with all copyright holders to identify and promptly remove infringing content as soon as we are officially notified."

Viacom and other traditional media groups are eager to distribute their content to audiences of social networking and user-generated websites, which are wildly popular with young consumers. But they are wary of losing commercial and editorial control.

They complain that most clips posted on the sites are derived from their copyrighted work and have been appropriated without permission.

Viacom believes it has particular leverage because it specialise in youth-oriented and short-form video clips. It has previously demanded that clips from programmes such as Comedy Central's Daily Show be removed.

Under US copyright laws, sites are protected from legal action as long as they respond in a timely manner to requests to remove unauthorised material. NBC Universal, Disney and Viacom complain that they have to monitor hundreds of thousands of clips.

Viacom Decides YouTube Is A Foe (WP)

By Mike Musgrove, Washington Post Staff Writer

The Washington Post, February 3, 2007

Videos Reclaimed After Talks Fail

Viacom Inc. demanded that online-video-sharing site YouTube remove all video clips of its content yesterday and accused the site of profiteering.

The media company, which owns the Comedy Central, Nickelodeon and MTV cable networks, said there were some 100,000 clips of its shows on the site that have been viewed 1.2 billion times. The request, which YouTube said it would honor, came after months of profit-sharing negotiations between the two companies failed.

The dilemma for Viacom, as it yanks back control over clips from its popular networks, is whether YouTube is more of a marketing tool that helps it win new viewers, or a business threat.

"We have been very indulgent for a period of time, but we've come to the point where we can't let YouTube and Google continue to profit at our expense without an agreement in place," Viacom chief executive Philippe P. Dauman said in an interview yesterday.

Though YouTube, which was purchased by Google last year, said it would take down the clips, as of yesterday afternoon there were still thousands for shows like Comedy Central's "The Colbert Report" on its site.

The tussle between the companies is indicative of a rocky transition for traditional broadcast interests, which must try to make business sense out of the online entertainment age, in which content is easy to produce, copy and distribute. Many networks are putting shows on their own Web sites, but YouTube, which is just a year old, has become the online nexus for trading both homemade and cribbed video. It serves up 100 million videos and its users upload 65,000 videos a day, and now that it's backed by Google's massive advertising machine, YouTube stands to become its own advertising behemoth.

With valuable ad revenue at stake, Viacom is not the first company to publicly take YouTube to task over copyright issues. Last month, Twentieth Century Fox subpoenaed YouTube to learn who uploaded pirated copies of episodes of television shows "24" and "The Simpsons." Last year, a group representing Japanese authors and copyright holders asked the site to take down 30,000 videos.

Such copyrighted content often makes its way to YouTube's most-watched lists. Yesterday, an interview with Bill Gates that had aired Monday night on Comedy Central's "The Daily Show With Jon Stewart" ranked No. 6 on YouTube. The clip remained online early yesterday evening.

YouTube, in its own defense, has argued that the popularity of such clips helps promote programs.

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"It's unfortunate that Viacom will no longer be able to benefit from YouTube's passionate audience which has helped to promote many of Viacom's shows," the company's statement said. Some networks, like NBC, have selectively allowed clips of such shows as "Saturday Night Live" and "The Office" to remain on the site for promotional reasons.

Even when people violate YouTube's user agreement and post copyrighted material, the site is not in violation of the law so long as it removes the infringing videos at the copyright holders' request, said Tim Wu, a law professor at Columbia University.

"It's a common misconception that YouTube is a big land mine of liability," he said, "but the law in this area favors YouTube much more than people realize."

Because both sides have an interest in keeping content available, most of YouTube's copyright disputes with the television networks have been resolved through profitable arrangements, said Forrester Research media analyst James L. McQuivey.

CBS, for example, started a channel on YouTube's site last year, with clips from such programs as "The Late Show with David Letterman," and has even credited YouTube with boosting its ratings. In three months, the new channel has been viewed 90 million times.

McQuivey said he would expect Viacom and YouTube to eventually strike a similar deal. "It's a great way to drive eyeballs," he said.

YouTube, meanwhile, is not the only one defending itself against claims that it's making money piggybacking on others' content.

This week, Amanda Congdon, former host of the popular online show "Rocketboom," found that ablog, Valleywag, took one of her videos and added its logo. Though she doesn't mind when fans post videos of her content, Valleywag crossed the line, she said.

"They basically harvested a video from my site and plopped their logo on it. They made it seem like there was some sort of affiliation, which there isn't," she said. "I just think it's kind of underhanded to advertise on someone else's content."

YouTube Removing Viacom TV Shows Media Firm Says 'Daily Show,' MTV Snippets Must Go (SFC)

By Ellen Lee, Chronicle Staff Writer

San Francisco Chronicle, February 3, 2007

YouTube, the popular online video site, has begun removing more than 100,000 unauthorized clips belonging to entertainment giant Viacom -- everything from snippets of Jon Stewart's "The Daily Show" to Nickelodeon's "SpongeBob SquarePants."

The purge comes after Viacom demanded that YouTube take down the material, accusing the site of violating its copyrights. Viacom says it's the largest order to delete videos it has ever made.

The dispute reflects how popular San Bruno's YouTube has become as an online source of entertainment. And it highlights the dilemmas media companies face as they try to keep control of their material in the digital age.

Since exploding onto the Web less than two years ago, YouTube has drawn ire -- as well as millions of loyal fans -- for its vast and rapidly growing library of videos, many of them copyrighted clips from popular television shows and movies. The site's mushrooming popularity got the attention of Internet powerhouse Google, which bought YouTube for $1.65 billion last year.

Viacom, whose properties include MTV, Comedy Central, BET, TV Land and Nickelodeon, said it spent months negotiating with YouTube so that it could be paid for its material to appear on the site. That copyrighted material -- amounting to 1.2 billion streams, according to Viacom -- is uploaded by YouTube users, despite measures the site takes to stop the practice.

"YouTube and Google retain all of the revenue generated from this practice, without extending fair compensation to the people who have expended all of the effort and cost to create it," Viacom said in a statement.

YouTube said it takes copyright issues seriously, but it added that media companies gain from having their shows displayed.

"It's unfortunate that Viacom will no longer be able to benefit from YouTube's passionate audience, which has helped to promote many of Viacom's shows," a YouTube spokesperson said in a statement.

But in an interview, Viacom general counsel Mike Fricklas said that Viacom should have control over how and what it promotes. "When everyone gets a free pass to the movies, it's no longer promotional," he said.

YouTube has already struck partnerships with CBS, NBC and others to post authorized clips on the site. Last fall, CBS said that in the first month it operated a YouTube channel, it garnered 29.2 million views, and credited the partnership for increasing ratings.

By law, YouTube must take down copyrighted material when it is alerted to it. This happens regularly. Last fall, the Japanese Society for Rights of Authors, Composers and Publishers demanded that YouTube delete 30,000 copyrighted clips from the site.

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Even NBC, which, like CBS, has a branded YouTube channel, continues to order YouTube to remove some 1,000 clips a month.

James McQuivey, principal analyst with Forrester Research, said he expects the two sides to return to the bargaining table quickly. By demanding its clips be erased from YouTube, Viacom is making a point that its shows offer more value than YouTube's other partners. Viacom shows appear on paid cable rather than broadcast channels, for instance, and "The Daily Show" and "The Colbert Report" are consistently on YouTube's top-watched lists.

On the other hand, YouTube and Google want to come to an agreement quickly because they don't want it to appear that media companies can play hardball and dictate deal terms, McQuivey said.

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Viacom Asks YouTube To Remove Over 100,000 Unauthorized Video Clips (USAT/AP)

By Seth Sutel, The Associated Press

USA Today, February 3, 2007

NEW YORK — Media company Viacom, which owns the cable networks MTV, VH1, Nickelodeon and the Paramount Pictures movie studio, asked YouTube on Friday to remove more than 100,000 unauthorized clips from its hugely popular video-sharing site.

Viacom said in a statement that after several months of talks with YouTube and its corporate parent, the online search leader Google, "it has become clear that YouTube is unwilling to come to a fair market agreement that would make Viacom content available to YouTube users."

Viacom said that YouTube and Google had failed to deliver on several "filtering tools" to control unauthorized video from appearing on the hugely popular site.

The company was now asking YouTube to take the clips down, but stopped short of filing a lawsuit.

Under federal copyright law, online services such as YouTube are generally immune from liability as long as it responds to takedown requests such as these, which YouTube often does. Less clear legally is what happens when another user posts the same video, something commonly done on the free video-sharing site.

A spokesman for YouTube didn't immediately return a call seeking comment.

In November, YouTube agreed to delete nearly 30,000 files after the Japan Society for Rights of Authors, Composers and Publishers complained of copyright infringement.

Some media companies such as CBS and General Electric's NBC Universal have made deals to allow YouTube to use video clips from their programming, but others have yet to agree with the site over ways to get compensated for the use of their copyrighted material.

Universal Music Group, a division of French telecommunications giant Vivendi SA, had threatened to sue YouTube for copyright infringement, saying it was a hub for pirated music videos, but later reached a licensing deal with them last year.

Despite Viacom's problems with YouTube, the company's MTV Networks division reached a licensing deal last year with Google that allows the search company's video service to use clips from MTV and its sibling networks under a revenue-sharing agreement.

Equity Endorses Blackstone Bid (WP/BLOOM)

Bloomberg News

The Washington Post, February 3, 2007

Board Rejects Vornado's Larger Offer in Takeover Attempt

Equity Office Properties Trust, the target of the largest real estate takeover, yesterday rejected a $41 billion offer from Vornado Realty Trust, saying a $38.3 billion cash bid by Blackstone Group L.P. is less risky for shareholders.

Equity Office said a sale to New York-based Vornado would take months to complete, while a buyout by Blackstone would close within days. Given the time delay, Equity Office put the value of Vornado's bid of $56 a share in cash and stock at $54.28 to $54.88. Blackstone's offer is $54 a share.

The stock closed yesterday at $55.38, up 23 cents a share.

Equity Office of Chicago postponed a vote on the Blackstone bid by two days to Feb. 7 to give shareholders time to review its stance on the Vornado offer, according to a statement filed yesterday with the Securities and Exchange Commission. If Blackstone's bid is approved, the purchase would be completed on or about Feb. 9.

The decision by the board of the biggest U.S. office landlord is a setback to Vornado chief executive Steven Roth, who first pursued the company in July. Now Blackstone's Stephen A. Schwarzman must win approval of Equity Office investors to complete the biggest leveraged buyout ever and gain 543 buildings across the country.

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Equity Office's board said in its SEC filing that Vornado's offer "fails to adequately compensate Equity Office shareholders for the increased risk when compared to the Blackstone transaction, whose closing conditions have largely been satisfied."

The board "unanimously voted to reaffirm its recommendation" of Blackstone's bid, Equity Office said.

Equity Office said that even though four Vornado shareholders holding 7 percent to 9 percent of Vornado stock indicated they would approve the sale, Equity Office is still concerned that shareholders will reject the transaction.

Proxy adviser Glass, Lewis & Co. recommended that investors vote against the Blackstone bid. Vornado's offer is "financially superior" and allows shareholders to continue to own "important office property assets," the proxy adviser said in a report.

Lawsuit Targets Dell, Intel (MERCN)

By Therese Poletti

The San Jose Mercury News, February 3, 2007

Intel's program of rebates to its computer-making customers has come under serious fire again, this time in a massive class-action complaint claiming the chip giant's rebates to Dell inflated the troubled computer maker's profits by $800 million a year.

A 252-page lawsuit was filed against Dell in federal court in Austin, contending that Dell did not disclose the rebates -- which the suit also called kickback payments -- from Intel. The suit claims that Dell's reported profits were propped up by about $800 million a year by rebates Intel paid to Dell in return for exclusively using Intel chips in its computers.

The suit was filed by a well-known law firm, Lerach Coughlin Stoia Geller Rudman & Robbins, on behalf some Dell shareholders, including Amalgamated Bank.

Until last year, Dell was the only computer maker to solely use chips developed by Intel. While most PC and computer server makers have been using chips developed by Intel archrival Advanced Micro Devices, Dell was a major holdout. Last year, it began to use AMD chips.

The suit was filed Wednesday, the same day founder Michael Dell said he was returning as chief executive after Kevin Rollins resigned. The company's chief financial officer, James Schneider, stepped down in December and was replaced by board member Donald Carty.

Dell officials did not return calls seeking comment. But Chuck Mulloy, a spokesman for Intel in Santa Clara, said that upon a preliminary review of the suit, ``Some of the allegations with respect to Intel appear to be completely made up.'' Mulloy noted that the suit rehashes some of the allegations already put forth in an antitrust lawsuit filed against it in June 2005 by AMD.

``It is very thoroughly investigated,'' said Bill Lerach, one of the founding partners of Lerach Coughlin in San Diego.

The suit contends that Dell's direct business model was not operating successfully or creating the strong operating margins that the company was reporting. ``In truth, Dell's financial results were being falsified,'' the suit claimed. It also contended that Dell's results were ``temporarily inflated'' by large cost cuts, improper accounting tricks and ``its secret receipt of some $200 million per quarter in rebate/kickback payments from Intel in return for exclusively purchasing Intel microprocessors/chips.''

The suit named as defendants 16 current and former Dell executives, including Randy Mott, who is now executive vice president and chief information officer at Hewlett-Packard. Intel is also named as a defendant, as is Dell's accounting firm, PricewaterhouseCoopers.

``We conduct discounting based on volume purchase, just like every other semiconductor supplier,'' said Mulloy of Intel. ``We are going to move very quickly'' to respond, he added.

The suit even contends that there were several meetings to discuss how Dell would receive the so-called e-CAP dollars from Intel, how the rebates would be spread out and how Dell would account for them. The suit said these meetings typically took place ``behind closed doors at the top executive level,'' and participants included Dell, Rollins and former Intel Chairman Andy Grove.

The suit seeks to represent others who purchased Dell's stock from Feb. 13, 2003, to Sept. 8, 2006.

Dell Accused Of Hiding Intel Payments (AP)

By David Koenig, Ap Business Writer

AP, February 3, 2007

A new class-action lawsuit claims that computer maker Dell Inc. inflated profits with secret payments of about $1 billion a year from chip maker Intel Corp.

The lawsuit was filed Wednesday, the same day the company announced that founder Michael S. Dell would return to the chief executive's role amid more disappointing financial news.

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Filed in U.S. District Court in Austin, the lawsuit also claimed that Dell concealed problems in accounting and product quality from shareholders while company executives reaped $3.3 billion from selling their stock.

Dell spokesman Dwayne Cox declined comment Friday on the lawsuit and wouldn't say whether the company had received payments from Intel.

A spokesman for Intel, which was also named as a defendant, said the company had done nothing wrong and vowed to fight the lawsuit. He said that some of the charges "appear to have been completely made up" and that Intel payments to Dell were legal.

"It's pricing. It's discounting," said the Intel spokesman, Chuck Mulloy. "It's a normal business practice. Our business practices are both fair and lawful."

Mulloy declined to describe the payments to Dell, saying it was a private matter of pricing with a customer. He said the company had not been contacted by securities regulators or federal prosecutors.

The case was filed by the class-action firm of lawsuit firm of Lerach, Coughlin, Stoia, Geller, Rudman & Robbins LLP on behalf of two institutional investors.

Mary Blasy, one of the lawyers who filed the lawsuit, said in an interview that the plaintiffs don't claim that the payments were illegal. Rather, she said, they believed Dell cheated investors by concealing the payments, which the company didn't control and gave a false picture of Dell's financial strength.

The lawsuit charges that Dell got the Intel payments "for shipping only Intel-based products and not doing business with AMD," Advanced Micro Devices Inc. Dell began using chips from Intel's rival last year.

The payments to Dell were mentioned in an ongoing antitrust lawsuit that AMD filed against Intel in 2005. The Lerach law firm learned the size of the payments from Dell insiders, Blasy said.

The lawsuit named as defendants Dell and 16 current and former officials; Intel; and Dell's accounting firm, PricewaterhouseCoopers LLP. It seeks class-action status for investors who bought Dell stock from February 2003 to September 2006.

Other lawyers continue to file securities lawsuits against Round Rock-based Dell, whose shares have lost nearly half their value in the past two years while stock of rival PC maker Hewlett-Packard Co. doubled. Dell shares fell 28 cents, or 1.18 percent, to close at $23.52 on the Nasdaq Stock Market.

Last week, lawyers for a Maryland investor filed a lawsuit in the same Austin court on behalf of Dell. The derivative lawsuit charged that Michael Dell, former CEO Kevin Rollins and other executives with unjust enrichment and gross mismanagement.

Both the recent lawsuits claim that Dell executives pushed the stock to artificially high levels by making false statements about the company's operations dating to early 2003. They said Dell leaders withheld knowledge about such problems as faulty laptop computer batteries that were later recalled and a Securities and Exchange Commission investigation of Dell.

The lawsuits come at a tumultuous time for Dell. This week, Michael Dell stepped back into the CEO's role that he had turned over to Rollins in 2004. The same day, Dell said it expects fourth-quarter sales and earnings to be below Wall Street estimates.

Dell has been losing market share to rivals and failing to meet Wall Street's expectations for higher earnings. The company's image was also battered in August by the voluntary recall of 4.2 million laptop batteries made by Sony Corp (NYSE:SNE - news). and the disclosure of an ongoing SEC probe into accounting issues.

Delta Creditors' Committee Approves Terms Of $2.5 Billion In Bankruptcy Exit Financing (AP)

By Harry R. Weber, Ap Business Writer

AP, February 3, 2007

(AP) - ATLANTA-Lawyers for Delta Air Lines Inc., the third-largest U.S. carrier, said Friday in court papers that the company's creditors' committee has approved the terms of the $2.5 billion (â‚¬1.9 billion) in financing that Delta has secured to emerge from bankruptcy protection.

The disclosure was made as Delta amended its reorganization plan for a second time. Other technical changes also were made to the plan, which was first filed Dec. 19 and amended on Jan. 19.

Delta's chief bankruptcy lawyer, Marshall Huebner, said the official unsecured creditors' committee's support of the exit financing is a "tremendous milestone for us as we move toward exiting Chapter 11 under our standalone plan."

The filing also provided a few new details of the behind-the-scenes discussions in recent weeks by Delta's board regarding US Airways' now withdrawn $9.8 billion hostile takeover bid.

Delta's board discussed US Airways' revised proposal several times before US Airways withdrew the bid on Wednesday, including that day. The board took no action.

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"Given the withdrawal, no further action by the Delta board regarding the revised US Airways proposal is contemplated," Friday's court filing by Delta's lawyers says.

Tempe, Arizona-based US Airways Group Inc. withdrew its bid for Atlanta-based Delta Air Lines Inc. after Delta's official committee of unsecured creditors said it supports Delta's plan to emerge from bankruptcy protection in the spring as a standalone carrier, thus rejected US Airways' merger offer.

US Airways had wanted to postpone a Feb. 7 bankruptcy hearing involving the disclosure statement to Delta's reorganization plan. But the hearing will go forward. If the disclosure statement is approved, Delta can begin soliciting votes to approve its reorganization plan.

Several creditors have objected to the disclosure statement, but Delta's lawyers are currently working to resolve those objections.

Delta is hoping to hold a confirmation hearing on its reorganization plan in April.

Delta has estimated it will be worth $9.4 billion (â‚¬7.22 billion) to $12 billion (â‚¬9.22 billion) if it emerges from Chapter 11 as a standalone company. That valuation did not change in the amended reorganization plan filed Friday.

On the Net:

Delta Air Lines: http://www.delta.com

MediaNews Acquires Santa Cruz Sentinel (AP)

AP, February 3, 2007

DENVER - MediaNews Group Inc. said Friday that it has acquired the Santa Cruz Sentinel from Community Newspaper Holdings Inc.

MediaNews, with 56 daily publications, said the California Newspapers Partnership -- which is majority-owned by MediaNews -- acquired the Sentinel, a daily.

MediaNews funded its share of the purchase through a revolving credit agreement. Gannett Co. and SF Holding Corp., the other partners, contributed their share of the purchase price. Financial terms were not disclosed.

Dean Singleton, MediaNews' chief executive officer, said the Santa Cruz newspaper will bolster the company's reach in California. "The Santa Cruz Sentinel is a fine newspaper today but will be strengthened by the resources of our existing newspapers," he said.

MediaNews, which owns the Oakland Tribune and seven other Bay Area newspapers, acquired the Monterey County Herald, San Jose Mercury News and Contra Costa Times from McClatchy Co. last year. The complex $1 billion deal included $300 million in financing from the Hearst Corp., owner of the San Francisco Chronicle. The deal between MediaNews and Hearst is the subject of a federal antitrust lawsuit filed by a San Francisco businessman.

MediaNews is the nation's fourth-largest newspaper company, with 56 daily newspapers and about 120 nondaily publications in 13 states.

Judge: Microsoft Can Question Expert Who Found Violation (DMR)

Des Moines Register, February 3, 2007

The computer expert who said he found evidence that Microsoft is violating a federal consent decree can be interviewed by Microsoft lawyers for up to five hours, Polk County District Court Judge Scott Rosenberg has ruled.

The expert, Andrew Schulman, is a witness for Iowa consumers suing Microsoft for anti-trust violations and up to $330 million in damages.

The consent decree ended a federal anti-trust case against Microsoft several years ago.

Schulman reportedly found evidence it was being violated while digging through mountains of secret computer code that is used to drive Microsoft products.

Microsoft lawyers had already questioned Schulman for seven hours in an earlier deposition, but he reported the violation after that testimony. His report caused Microsoft lawyers to ask for permission to question Schulman again before he testifies in court.

Lawyers on the other side resisted, requiring the ruling from Judge Rosenberg.

UPDATE: Analyst Sees Express Scripts Winning Caremark With Sweetened Bid (DOW)

Dow Jones, February 3, 2007

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SAN FRANCISCO (Dow Jones) - Express Scripts Inc. is expected to triumph in its bidding war with CVS Corp. for pharmacy benefit manager Caremark Rx Inc. with a sweetened offer price, one industry analyst concluded after conducting a survey of Caremark and CVS clients.

"Absent a significant external event (pressure from Congress, material adverse change in the industry) or a stronger sales pitch from Caremark-CVS (entirely possible), we expect Express Scripts (ESRX) will acquire Caremark (CMX) at a higher price," Cowen & Co. analyst Kemp Dolliver wrote in a research note Friday. He assumed a $3-a-share increase to Express Scripts' current offer, to roughly $62 a share.

"We continue to think that Express Scripts has the upper hand in the competition for Caremark," Dolliver said. "Our survey indicates that Caremark's and CVS' clients share the same uncertainty over the deal as the investment community."

Dolliver subsequently reiterated an outperform rating on Express Scripts shares.

Caremark in November agreed to a so-called "merger of equals" with retail drugstore chain CVS Corp. (CVS) in a deal that would give Caremark shareholders 1.67 shares of CVS share for each share held.The following month, Express Scripts launched a competing, hostile $26 billion cash-and-stock bid for its larger PBM rival which, at the time, represented a 15% premium over CVS' offer.

The Caremark-CVS bid was sweetened in January with a $2 a share onetime dividend.

PBMs provide prescription services to health-benefit-plan sponsors, employers, managed-care organizations and others, dispensing prescriptions through a network of retail pharmacies and their own mail-order service. Some retail pharmacies, CVS included, operate their own mail-order services, but they primarily fill prescriptions in stores.

As healthcare costs continue to rise, so does pressure to keep retail drug prices low. Though the market has shown it understands how the Caremark-CVS deal would benefit CVS, noted Cowen's Dolliver, by reducing exposure to cannibalization from the mail-order channel and offering the potential to attract more foot traffic, it is much less sure of the benefits for Caremark. " Both management teams have touted the potential benefits for customers, but we and the market view them as insignificant competitively," Dolliver wrote.

CVS and Caremark have also cited antitrust concerns as one of the top reasons to reject the competing offer from Express Scripts. Caremark is the largest PBM on a market capitalization basis and figures among the nation's three biggest, along with Express Scripts and Medco Health Solutions Inc. (MHS) . CVS is the second-largest drugstore chain in the U.S.

But Dolliver, who surveyed benefit managers and senior executives from 124 employers that use either CVS or Caremark as their PBM, said "very few" of them share the antitrust concerns.

"The majority of respondents are undecided, but only one of the eight Caremark clients with drug spending of $100 million or higher expressed any concern," Dolliver wrote. "This data confirms our view that the Federal Trade Commission should clear Express Scripts' offer after a brief review."

Express Scripts earlier this week said it would withdraw and subsequently refile its antitrust filing in connection with its bid in an attempt to get FTC approval without the need for a second request for information.

The CVS deal has already been given the green light by the FTC. Caremark shareholders are set to vote on it Feb. 20, and CVS shareholders will cast their votes Feb. 23. Both companies have said they expect to complete the deal by March if shareholders approve the proposal.

Shares of Express Scripts were changing hands for $70.11 in midday trading, up 21 cents. Caremark shares were down 20 cents, at $60.50, while shares of CVS were off by 16 cents, at $33.13.

ENVIRONMENT/INDIAN AFFAIRS:

Scientists Dispel Global Warming Doubts (FT)

By Fiona Harvey

Financial Times, February 3, 2007

The world's leading climate scientists on Friday swept away the last doubts surrounding global warming, saying they were certain human activities were altering the climate and warning severe effects were inevitable unless greenhouse gas emissions were curbed.

The evidence for climate change caused by fossil fuel combustion was "unequivocal", said the Intergovernmental Panel on Climate Change, a body comprising 2,500 climate experts convened by the UN.

Their report predicted severe heatwaves, droughts, storms and floods resulting from an expected rise of 3 degrees Celsius in average global temperatures by 2100. It will be difficult for governments to ignore because it was agreed by all UN members, including the US and China.

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Six years in the making, the report is the most authoritative ever produced on climate change and will form the basis for negotiations on a possible successor to the Kyoto treaty, the main provisions of which expire in 2012.

Rajendra Pachauri, chairman of the IPCC, said: “You can see [from the report] what the costs of inaction are. Everything is [included in the report] by consensus, so the implication is that it has the stamp of acceptance by all governments in the world.”

Yvo de Boer, secretary-general of the UN climate change secretariat, said work should now begin on a successor treaty to Kyoto that would include obligations on developed countries to cut carbon dioxide emissions and incentives for poor countries to limit theirs.

Stavros Dimas, the European Union’s environment commissioner, called the IPCC’s findings “a grim report” and urged governments to agree to the European Commission’s proposal of reducing emissions by 30 per cent by 2020.

Jacques Chirac, French president, proposed a new worldwide environmental organisation under the UN, to spearhead action on emissions.

But the report met a cool reception from the US government. Sharon Hays, leader of the US delegation in Paris and deputy director of the White House office of science and technology policy, said: “This summary for policymakers captures and summarises the current state of climate science research and will serve as a valuable source of information for policymakers.”

The US is the world’s biggest emitter of greenhouse gases and has rejected the Kyoto treaty.

Achim Steiner, director-general of the UN Environment Programme, said in the light of the report’s findings, it would be “irresponsible” to resist or seek to delay actions on mandatory emissions cuts.

Climate Paper Prompts Call To Act (BBC)

BBC.com, February 3, 2007

Governments around the world have called for urgent action to tackle climate change, after a major report said mankind was very likely the cause.

The EU said it was the starkest warning yet, while the UK said climate change threatened world peace and prosperity.

The US administration said the report was "valuable", but rejected mandatory controls to reduce greenhouse gases.

The report, by more than 2,000 top scientists, says world temperatures could increase by 3C by 2100.

The Intergovernmental Panel on Climate Change (IPCC) also projected that sea levels were most likely to rise by 28-43cm, and said global warming was likely to influence the intensity of tropical storms.

The findings are the first of four IPCC reports to be published this year.

'Serious negotiation'

EU Environment Commissioner Stavros Dimas said he was now deeply concerned by the accelerating pace of climate change.

"It is now more urgent than ever that the international community gets down to serious negotiations on a comprehensive new worldwide agreement to stop global warming," he said.

UK Environment Secretary David Milliband said that international political commitment, which had so far been lacking, was now needed.

South Africa's Environmental Affairs Minister Marthinus van Schalkwyk said failure to act would be "indefensible".

And officials from Indonesia and the Maldives said they feared for the future of their countries, both threatened by rising sea levels.

US Energy Secretary Sam Bodman said he accepted the conclusions of the scientists.

How computers model climate

"We're very pleased with it. We're embracing it. We agree with it," he said.

"Human activity is contributing to changes in our Earth's climate and that issue is no longer up for debate."

But he said that a unilateral US programme to cut emissions might damage the US economy and send business overseas.

Meanwhile the head of the Senate Environment Committee, Barbara Boxer, called on Mr Bush to show "real leadership" on the issue of climate change.

"I'm calling on the president to convene a summit at the White House of the 12 largest global warming emitters," she said, adding that she would bring the IPCC scientists to brief the Senate in the next few weeks.

The US contributes around one-quarter of the world's greenhouse gas emissions.

Strong language

The report, produced by a team tasked with assessing the science of climate change, was intended to be the definitive summary of climatic shifts facing the world in the coming years.

The agency said that it would use stronger language to assess humanity's influence on climatic change than it had previously done.

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In 2001, it said that it was "likely" that human activities lay behind the trends observed at various parts of the planet; "likely" in IPCC terminology means between 66% and 90% probability.

Now, the panel concluded that it was at least 90% certain that human emissions of greenhouse gases rather than natural variations are warming the planet's surface.

U.N. Climate Panel Says Warming Is Man-Made (WP)

By Juliet Eilperin

The Washington Post, February 3, 2007

An international panel of climate scientists said yesterday that there is an overwhelming probability that human activities are warming the planet at a dangerous rate, with consequences that could soon take decades or centuries to reverse.

The Intergovernmental Panel on Climate Change, made up of hundreds of scientists from 113 countries, said that based on new research over the last six years, it is 90 percent certain that human-generated greenhouse gases account for most of the global rise in temperatures over the past half-century.

Declaring that "warming of the climate system is unequivocal," the authors said in their "Summary for Policymakers" that even in the best-case scenario, temperatures are on track to cross a threshold to an unsustainable level. A rise of more than 3.6 degrees Fahrenheit above pre-industrial levels would cause global effects -- such as massive species extinctions and melting of ice sheets -- that could be irreversible within a human lifetime. Under the most conservative IPCC scenario, the increase will be 4.5 degrees by 2100.

Richard Somerville, a distinguished professor at the Scripps Institution of Oceanography and one of the lead authors, said the world would have to undertake "a really massive reduction in emissions," on the scale of 70 to 80 percent, to avert severe global warming.

The scientists wrote that it is "very likely" that hot days, heat waves and heavy precipitation will become more frequent in the years to come, and "likely" that future tropical hurricanes and typhoons will become more intense. Arctic sea ice will disappear "almost entirely" by the end of the century, they said, and snow cover will contract worldwide.

While the summary did not produce any groundbreaking observations -- it reflects a massive distillation of the peer-reviewed literature through the middle of 2006 -- it represents the definitive international scientific and political consensus on climate science. It provides much more definitive conclusions than the panel's previous report in 2001, which said only that it was "likely" -- meaning between 66 and 90 percent probability on a scale the panel adopted -- that human activity accounted for the warming recorded over the past 50 years.

Some of the report's most compelling sections focused on future climate changes, because the buildup of carbon dioxide in the atmosphere would exert an effect even if industrialized countries stopped emitting greenhouse gases tomorrow. Gerald Meehl, a senior scientist at the National Center for Atmospheric Research in Boulder, Colo., who helped oversee the chapter on climate projections, said that in the next two decades alone, global temperatures will rise by 0.7 degrees Fahrenheit.

"We're committed to a certain amount of warming," said Meehl, who worked with 16 computer-modeling teams from 11 countries. "A lot of these changes continue through the 21st century and become more severe as time goes on."

Meehl added, however, that a sharp cut in greenhouse gas emissions could still keep catastrophic consequences from occurring: "The message is, it does make a difference what we do."

For the first time, IPCC scientists also looked at regional climate shifts in detail, concluding that precipitation in the American Southwest will decline as summer temperatures rise, just as precipitation in the Northeast will increase. Linda Mearns -- another NCAR senior scientist who was also one of the lead authors -- said these changes could cause water shortages and affect recreational activities in the Southwest. Developing countries in Africa and elsewhere could also experience severe droughts.

Governments and scientific organizations across the globe nominate scientists to produce and review the IPCC assessment without pay under the auspices of the United Nations. A group of key authors and government officials met in Paris this week to finalize the document, which reflects three years of work.

"Every government in the world signed off on this document, including the U.S.," said World Bank chief scientist Robert T. Watson, who chaired the last round of deliberations. Watson added that compared with the 2001 report, "the difference is now they have more confidence in what they're doing."

The authors concluded that Earth's average temperature will increase between 3.2 and 7.8 degrees Fahrenheit over the next century, while sea levels will rise between seven and 23 inches.

IPCC scientists also said that global warming will not trigger a shutdown within the next 100 years of the North Atlantic ocean current that keeps Northern Europe temperate, though they do not predict whether it might occur in future centuries. In a similar vein, the authors said they did not have sophisticated enough computer models to project how much melting of the

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Greenland ice sheet would boost sea levels over the next century, but they suggested that over several centuries the ice sheet's disappearance could raise sea levels by a devastating 23 feet.

Bush administration officials said yesterday that they welcomed the report and emphasized that U.S. research funding helped underpin its conclusions. National Oceanic and Atmospheric Administration Administrator Conrad C. Lautenbacher Jr., who oversees much of the nation's climate research, said in an interview that the international assessment will lead to "a more objective and informative public debate."

But environmental advocates said the White House -- which remains opposed to mandatory limits on U.S. carbon emissions -- is making a mistake in assuming research and technological advances alone will address global warming.

"The administration's proposals are at least a decade away," said Angela Anderson, vice president for climate programs at the National Environmental Trust. "The promise of better technologies tomorrow shouldn't stop us from doing what we can today."

House and Senate Democratic leaders back a cap on greenhouse gases and hope to enact such legislation this year; next week, several of the report's authors are to testify in congressional hearings.

In an interview yesterday, House Science and Technology Committee Chairman Bart Gordon (D-Tenn.) called the report "a unanimous, definitive world statement" on climate change that, if anything, was too conservative. "It's time to end the debate and act," Gordon said. "All the naysayers should step aside."

Some critics, however, question the push for nationwide limits on emissions from power plants, automobiles and other industrial sources. At the George C. Marshall Institute, a think tank that receives funding from Exxon Mobil, chief executive William O'Keefe and President Jeff Kueter issued a statement urging "great caution in reading too much" into the report until the panel releases its detailed scientific documentation a few months from now.

"Claims being made that a climate catastrophe later this century is more certain are unjustified," they said, adding that "the underlying state of knowledge does not justify scare tactics or provide sufficient support for proposals . . . to suppress energy use and impose large economic burdens on the U.S. economy."

Science Panel Says Global Warming Is "Unequivocal" (NYT)

By Elisabeth Rosenthal, Andrew C. Revkin

The New York Times, February 3, 2007

PARIS, Feb. 2 — In a grim and powerful assessment of the future of the planet, the leading international network of climate scientists has concluded for the first time that global warming is “unequivocal” and that human activity is the main driver, “very likely” causing most of the rise in temperatures since 1950.

They said the world was in for centuries of climbing temperatures, rising seas and shifting weather patterns — unavoidable results of the buildup of heat-trapping gases in the atmosphere.

But their report, released here on Friday by the Intergovernmental Panel on Climate Change, said warming and its harmful consequences could be substantially blunted by prompt action.

While the report provided scant new evidence of a climate apocalypse now, and while it expressly avoided recommending courses of action, officials from the United Nations agencies that created the panel in 1988 said it spoke of the urgent need to limit looming and momentous risks.

“In our daily lives we all respond urgently to dangers that are much less likely than climate change to affect the future of our children,” said Achim Steiner, executive director of the United Nations Environment Program, which administers the panel along with the World Meteorological Organization.

“Feb. 2 will be remembered as the date when uncertainty was removed as to whether humans had anything to do with climate change on this planet,” he went on. “The evidence is on the table.”

The report is the panel’s fourth assessment since 1990 on the causes and consequences of climate change, but it is the first in which the group asserts with near certainty — more than 90 percent confidence — that carbon dioxide and other greenhouse gases from human activities have been the main causes of warming in the past half century.

In its last report, in 2001, the panel, consisting of hundreds of scientists and reviewers, said the confidence level for its projections was “likely,” or 66 to 90 percent. That level has now been raised to “very likely,” better than 90 percent. Both reports are online at www.ipcc.ch.

The Bush administration, which until recently avoided directly accepting that humans were warming the planet in potentially harmful ways, embraced the findings, which had been approved by representatives from the United States and 112 other countries on Thursday night.

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Administration officials asserted Friday that the United States had played a leading role in studying and combating climate change, in part by an investment of an average of almost $5 billion a year for the past six years in research and tax incentives for new technologies.

At the same time, Secretary of Energy Samuel Bodman rejected the idea of unilateral limits on emissions. "We are a small contributor to the overall, when you look at the rest of the world, so it's really got to be a global solution," he said.

The United States, with about 5 percent of the world's population, contributes about a quarter of greenhouse gas emissions, more than any other country.

Democratic lawmakers quickly fired off a round of news releases using the report to bolster a fresh flock of proposed bills aimed at cutting emissions of greenhouse gases. Senator James M. Inhofe, the Oklahoma Republican who has called the idea of dangerous human-driven warming a hoax, issued a news release headed "Corruption of Science" that rejected the report as "a political document."

The new report says the global climate is likely to warm 3.5 to 8 degrees Fahrenheit if carbon dioxide concentrations in the atmosphere reach twice the levels of 1750, before the Industrial Revolution.

Many energy and environment experts see such a doubling, or worse, as a foregone conclusion after 2050 unless there is a prompt and sustained shift away from the 20th-century pattern of unfettered burning of coal and oil, the main sources of carbon dioxide, and an aggressive expansion of nonpolluting sources of energy.

And the report says there is a more than a 1-in-10 chance of much greater warming, a risk that many experts say is far too high to ignore.

Even a level of warming that falls in the middle of the group's range of projections would be likely to cause significant stress to ecosystems, according to many climate experts and biologists. And it would alter longstanding climate patterns that shape water supplies and agricultural production.

Moreover, the warming has set in motion a rise in global sea levels, the report says. It forecasts a rise of 7 to 23 inches by 2100 and concludes that seas will continue to rise for at least 1,000 years to come. By comparison, seas rose about 6 to 9 inches in the 20th century.

John P. Holdren, an energy and climate expert at Harvard, said the report "powerfully underscores the need for a massive effort to slow the pace of global climatic disruption before intolerable consequences become inevitable."

"Since 2001, there has been a torrent of new scientific evidence on the magnitude, human origins and growing impacts of the climatic changes that are under way," said Mr. Holdren, who is the president of the American Association for the Advancement of Science. "In overwhelming proportions, this evidence has been in the direction of showing faster change, more danger and greater confidence about the dominant role of fossil-fuel burning and tropical deforestation in causing the changes that are being observed."

The conclusions came after a three-year review of hundreds of studies of past climate shifts; observations of retreating ice, warming and rising seas, and other changes around the planet; and a greatly expanded suite of supercomputer simulations used to test how the earth will respond to a growing blanket of gases that hold heat in the atmosphere.

The section released Friday was a 20-page summary for policymakers, which was approved early in the morning by teams of officials from more than 100 countries after three days and nights of wrangling over wording with the lead authors, all of whom are scientists.

It described far-flung ramifications for both humans and nature.

"It is very likely that hot extremes, heat waves and heavy precipitation events will continue to become more frequent," said the summary.

Generally, the scientists said, more precipitation will fall at higher latitudes, which are also likely to see lengthened growing seasons. Semi-arid subtropical regions, already chronically plagued by drought, could have a further 20 percent drop in rainfall under the panel's midrange outlook for increases in the greenhouse gases.

The summary added a new chemical consequence of the buildup of carbon dioxide to the list of mainly climatic and biological effects foreseen in its previous reports: a drop in the pH of seawater as oceans absorb billions of tons of carbon dioxide, which forms carbonic acid when partly dissolved. The ocean would stay alkaline, but marine biologists have said that a change in the direction of acidity could imperil some kinds of corals and plankton.

The report essentially caps a half-century-long effort to discern whether humans, through the buildup of carbon dioxide and other gases released mainly by burning fuels and forests, could influence the earth's climate system in potentially momentous ways.

The group operates under the aegis of the United Nations and was chartered in 1988 — a year of record heat, burning forests and the first big headlines about global warming — to provide regular reviews of climate science to governments to inform policy choices.

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Government officials are involved in shaping the summary of each report, but the scientist-authors, who are unpaid, have the final say over the thousands of pages in four underlying technical reports that will be completed and published later this year.

Big questions remain about the speed and extent of some impending changes, both because of uncertainty about future population and pollution trends and the complex interrelationships of the greenhouse emissions, clouds, dusty kinds of pollution, the oceans and earth's veneer of life, which both emits and soaks up carbon dioxide and other such gases.

But a broad array of scientists, including authors of the report and independent experts, said the latest analysis was the most sobering view yet of a century of transition — after thousands of years of relatively stable climate conditions — to a new norm of continual change.

Should greenhouse gases continue to accumulate in the atmosphere at even a moderate pace, average temperatures by the end of the century could match those last seen 125,000 years ago, in the previous warm spell between ice ages, the report said.

At that time, the panel said, sea levels were 12 to 20 feet higher than they are now. Much of that extra water is now trapped in the ice sheets of Greenland and Antarctica, which are eroding in some places.

The panel said there was no solid scientific understanding of how rapidly the vast stores of ice in polar regions will melt, so their estimates on new sea levels were based mainly on how much the warmed oceans will expand, and not on contributions from the melting of ice now on land.

Other scientists have recently reported evidence that the glaciers and ice sheets in the Arctic and Antarctic could flow seaward far more quickly than estimated in the past, and they have proposed that the risks to coastal areas could be much more imminent. But the climate change panel is forbidden by its charter to enter into speculation, and so could not include such possible instabilities in its assessment.

Michel Jarraud, the secretary general of the United Nations World Meteorological Organization, said the lack of clarity should offer no one comfort. "The speed with which melting ice sheets are raising sea levels is uncertain, but the report makes clear that sea levels will rise inexorably over the coming centuries," he said. "It is a question of when and how much, and not if."

The warming and other climate changes will be highly variable around the world, with the Arctic in particular seeing much higher temperatures, said Susan Solomon, the co-leader of the team writing the summary and the section of the panel's report on basic science. She is an atmospheric scientist for the National Oceanic and Atmospheric Administration.

The kinds of vulnerabilities are very much dependent on where you are, Dr. Solomon said in a telephone interview. "If you're living in parts of the tropics and they're getting drier and you're a farmer, there are some very acute issues associated with even small changes in rainfall — changes we're already seeing are significant," she said. "If you are an Inuit and you're seeing your sea ice retreating already, that's affecting your life style and culture."

The 20-page summary is a sketch of the findings that are most germane to the public and world leaders.

The full report, thousands of pages of technical background, will be released in four sections through the year — the first on basic science, then sections on impacts and options for limiting emissions and limiting inevitable harms, and finally a synthesis of all of the findings near year's end.

In a news conference in Paris, Dr. Solomon declined to provide her own views on how society should respond to the momentous changes projected in the study.

"I honestly believe that it would be a much better service for me to keep my personal opinions separate than what I can actually offer the world as a scientist," she said. "My stepson, who is 29, has an utterly different view of risks than I do. People are going to have to make their own judgments."

Some authors of the report said that no one could honestly point to any remaining uncertainties as justification for further delay.

"Policy makers paid us to do good science, and now we have very high scientific confidence in this work — this is real, this is real, this is real," said Richard B. Alley, one of the lead authors and a professor at Pennsylvania State University. "So now act, the ball's back in your court."

UN Report Predicts Global Warming Effects In U.S. (CHIT)

By William Neikirk

Chicago Tribune, February 3, 2007

WASHINGTON -- Global warming is "very likely" a human-caused problem that will last for centuries and require concerted international action to reduce its potentially devastating impacts, a United Nations panel of climate experts declared Friday in a landmark report.

Now the question is whether the bleak report will change the politics of global warming in the U.S. and lead to a more united effort to deal with the problem—and for the moment, that appears uncertain.

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The Bush administration embraced the report but rejected demands for a mandatory system of capping "greenhouse gas" emissions, such as carbon dioxide. Instead, the administration said President Bush would rely on his plans to develop more renewable fuel and require more efficient vehicles.

But with Democrats controlling Congress, pressure is apt to build on the White House to take a tougher approach. More than half a dozen bills—some of them bipartisan—have been presented to Congress calling for mandatory caps on emissions, though the administration said they would hurt the economy and not effectively deal with the problem.

Senate Democratic Leader Harry Reid (D-Nev.) said, "President Bush should immediately work with Congress to pass legislation that requires reductions in the emissions of greenhouse gases, and he should call together the leaders of the world to obtain their binding commitment to reducing pollution around the globe."

The report by the UN's Intergovernmental Panel on Climate Change struck a chord of urgency as it warned of rising sea levels, more powerful storms and rapidly shifting weather patterns, including floods and droughts, resulting from a warming of the planet that it said could last a thousand years.

The scientists from 113 countries said they are now 90 percent confident that global warming is caused by mankind, in contrast with a 2001 report in which they said they were 60 to 90 percent confident.

Achim Steiner, executive director of the UN Environment Program, said the focus should shift from the cause of global warming "to what on Earth are we going to do about it. The public should not sit back and say, `There's nothing we can do.'"

"Warming of the planet is unequivocal," the 21-page report concluded, "as is now evident from observations of global average air and ocean temperatures, widespread melting of snow and ice, and rising global mean sea level."

In effect, the panel said governments and people cannot prevent the planet from warming but that steps can be taken to stem the projected increases.

The panel forecast global temperature increases of 2 to 11.5 degrees Fahrenheit by the year 2100 but added that its best estimate was for a rise of 3.2 to 7.1 degrees. Warming during the 21st Century would "very likely be larger" than that of the 20th Century, the report said.

Some scientists question such conclusions about global warming.

Patrick Michaels, a scholar at the CATO Institute, a Washington libertarian think tank, said that "it is not news to say that human beings are responsible for much of the warming in the late 20th Century."

But Michaels said the report was not as alarming as portrayed. He cited a prediction by the panel that sea levels would rise by a modest 7 to 23 inches by the end of the century and noted that this was slightly less than the panel reported in 2001.

"What this report does is place this very small but very widely quoted group of alarmists—who are talking about 20 feet of sea-rise—far, far beyond the fringes [of environmental science]," he said.

But the report, as well as Bush administration officials, said the relatively modest increases in the sea level do not take into account the recent increased rate of ice melting in Greenland and Antarctica.

"[The sea-rise prediction in the report] is less," Stephen Johnson, administrator of the Environmental Protection Agency, told reporters. "But we believe there are other effects that haven't been taken into account yet."

The report said an additional 3.9 to 7.98 inches of sea-level rise are possible if the recent melting of polar ice sheets continues at its recent rate.

Joseph Romm, an assistant secretary of energy in the Clinton administration, said in an interview that if the rate of recent ice loss from Greenland and Antarctica continues, there would be a dramatic rise in sea levels that would devastate coastlines around the world.

Romm, author of a book on global warming, called the report "very solid and alarming." He said a "hidden bombshell" in the report is a finding that as the Earth grows hotter, the less the soil is able to absorb carbon. That would lead to an acceleration of greenhouse gases, he said, and could be devastating to the ecosystem and to the economy.

"The key point is that it said humans are the most likely cause," Romm said. "If we are the main cause, we are the main solution. You can't endorse the report and not endorse strong action on climate change."

The Bush administration said it is already taking action. The White House noted that Bush has devoted nearly $29 billion to climate-related science, technology, international assistance and incentive programs since 2001.

Bush has spent nearly $9 billion on climate science research, "leading the world with unparalleled financial commitment," the White House said in a statement.

In his State of the Union speech last month, the president acknowledged that global warming is a problem and that he is taking steps to do something about it. But it has not been his top priority.

He refused to endorse the 1997 Kyoto agreement to create a mandatory system to cap carbon-dioxide emissions, saying it would harm the U.S. economy and wouldn't be effective because fast-developing countries like China and India are not abiding by it.

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During his first presidential campaign, he had pledged to regulate carbon dioxide emissions under the Clean Air Act, but he backtracked when he took office.

At the Energy Department on Friday, Secretary Samuel Bodman said the president has set an "aggressive" goal to cut greenhouse gas emissions by 18 percent by 2012, through increasing the supply of renewable fuels like ethanol and reforming the government's fuel economy standards for cars.

Bodman also called for a dramatic increase in nuclear-power generation here and around the world.

Deal With Warming, Don't Debate It, Scientists Warn (LAT)

By Thomas H. Maugh, Karen Kaplan

The Los Angeles Times, February 3, 2007

A United Nations report released Friday that blames humans for the "runaway train" of global warming has abruptly shifted the international debate from "Are humans to blame?" to "What are we going to do about it?"

"The world's scientists have spoken," said Timothy E. Wirth, president of the United Nations Foundation. "It is time now to hear from the world's policymakers. The so-called and long-overstated 'debate' about global warming is now over."

The 21-page report, released in Paris by the Intergovernmental Panel on Climate Change, proposed no solutions. There is no world consensus on how best to bring about the radical restrictions in emissions that would be needed to mitigate global warming.

The most significant effort to reach a common solution was the 1997 Kyoto Protocol, which so far has not had much impact.

The report said that it was "unequivocal" that global warming was occurring and that it was at least 90% certain humans were responsible. It predicted temperatures would rise 3.2 to 7.2 degrees Fahrenheit by 2100 and that sea level would rise 7 to 23 inches, perhaps more.

If the Greenland ice sheet were to melt completely, it would lead to a 21-foot increase in sea level, forcing the relocation of more than 300 million people living in low-lying areas worldwide.

The report also said warming would continue even in the extremely unlikely event that global carbon dioxide could be stabilized at its current level. Such a stabilization would require an immediate 70% to 80% reduction in emissions, said Richard Somerville of the Scripps Institution of Oceanography in La Jolla.

Although most of the scientific data behind the report have come out before, their aggregation into a single report, phrased in the boldest of terms, sparked an intense reaction Friday.

"The degree of certainty, which was already very high, is now as close to certain as scientists are willing to say," said former Vice President Al Gore, a longtime champion of environmental issues whose documentary on global warming, "An Inconvenient Truth," is nominated for two Oscars.

Echoing a phrase that was widely heard Friday, Rep. Edward J. Markey (D-Mass.) called the report "a scientific smoking gun."

The warming would have a powerful impact on California and the Southwest, with hotter weather, less rainfall and a loss of water supply because of the diminishing snowpack in the Rocky Mountains.

Deflecting criticism

Bush administration officials downplayed the United States' contribution to global warming.

"We are a small contributor when you look at the rest of the world," Energy Secretary Samuel Bodman said in a Friday teleconference.

The U.S. is the single largest contributor to global warming, producing about a quarter of the world's carbon dioxide emissions even though it accounts for about 4.5% of its population.

China, with 20% of the world's population, produces 14.5% of global emissions.

The proportion of emissions contributed by the U.S. is decreasing, however, as developing nations, particularly China and India, build up their economies.

Though global warming cannot be reversed, it can be mitigated, said climatologist Gerald Meehl of the National Center for Atmospheric Research in Boulder, Colo. If emissions are reduced, "we'll have fewer climate changes and less warming. If they are higher, we'll have much greater changes. The longer you wait to begin reducing emissions, the worse the problem gets and the more you have to do to do something about it."

The report is the fourth in a series compiled by 2,500 scientists from 130 nations. Although the projections in the report have not changed substantially from those of the last study, scientists' confidence in the assertions has increased sharply.

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Compiling the report has been a large international effort with 16 climate modeling groups from 11 countries working independently. "What's really striking … is that the models keep improving with time, but the answers don't keep changing," Meehl said. "That allows us to say with a lot more confidence what we are looking at."

And since the last report was issued, "we have six years of new data, and they are among the seven warmest years on record," said climatologist Kevin Trenberth of the National Center for Atmospheric Research.

The data show that the warmth of the last half century "is unusual in at least the previous 1,300 years," the report said, and the last time the polar regions were significantly warmer for an extended period was about 125,000 years ago. That warming was caused by changes in Earth's orbit and led to melting of the Greenland ice cap.

As warming continues, it will produce wide changes in regional climates, including: more droughts in the tropics and subtropics; more heat waves; fewer frosts; heavier rains, particularly in Canada, the U.S. Northeast and South America's eastern coast; a retreat of the polar ice caps; less snow cover in the Northern Hemisphere; less-saline ocean water because of the increased precipitation; and more intense hurricanes, though they won't become more frequent.

Sea level rises will cause flooding in low-lying areas, such as the island nation of Kiribati in the western Pacific Ocean, the southern tip of Florida and the lower half of Louisiana.

In Southern California, the modest rise in sea level forecast in the report would probably endanger beaches that are less than 100 feet wide, which account for more than half the state's coastline, said Reinhard Flick, an oceanographer with the California Department of Boating and Waterways.

"They are very likely to be lost if we see anything like a 1- to 3-foot rise in sea level," he said. "A lot of these beaches can be in trouble."

The average temperature in the Southland will probably increase by about 8 degrees by the end of the century and rainfall will decrease, according to climatologist Linda Mearns of the National Center for Atmospheric Research. What rain does fall will evaporate more quickly because of higher temperatures, accentuating the dryness of the climate.

The region's water supply will also be imperiled because in the Rocky Mountains, which provide much of the water for the Southwest, the snow season will be shorter and the snowpack diminished.

"Sections of this report read like the Book of Revelations," said Moira Chapin of Environment California.

Yvo de Boer, executive secretary of the U.N. Framework Convention on Climate Change, called for a summit of global leaders to address the problem. "The findings … leave no doubt as to the dangers that mankind is facing and must be acted upon without delay," he said.

French President Jacques Chirac echoed the call, saying, "Now is not the time for half measures…. We are in truth on the historical doorstep of the irreversible."

Curbing emissions

The only previous effort to reduce global emissions was the Kyoto Protocol, which proposed carbon dioxide emission caps for the 35 richest countries. The United States, where emissions are increasing about 1% a year, withdrew from the pact in 2001, contending it was unfair because it did not set limits for developing nations.

Bodman said Friday that the U.S. would not cap emissions because that would lead to a transfer of jobs and industries abroad. "You would have the U.S. economy damaged on the one hand, and the same emissions — in fact, potentially even worse emissions because in many of those countries they don't have the same kind of standards," he said.

Bodman also noted that the U.S. had spent $29 billion on global warming research, technology development and other initiatives — "more than the rest of the world combined."

Countries that agreed to the Kyoto pact are having trouble meeting its goals. Canada's emissions, for example, are a third higher than levels the country agreed to reach by 2012, and Canadian Prime Minister Stephen Harper says the goal is unachievable.

Scientists said it was not too late to take steps toward emission controls, but "it is later than we think," said atmospheric scientist Susan Solomon of the National Oceanic and Atmospheric Administration, who co-chaired the panel that produced the summary.

Global-Warming Report Gets U.S. Emphasis (WSJ)

By John J. Fialka

The Wall Street Journal, February 3, 2007

WASHINGTON -- U.S. government scientists Friday said the long-term outlook for global warming may be more dire than suggested by this week's United Nations' report, which they say doesn't fully address the impact of clouds and melting glaciers.

Recent evidence of accelerated melting of glaciers in Greenland and the Antarctic ice cap came too late to be included in the report released Thursday by the U.N.-sponsored Intergovernmental Panel on Climate Change.

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Glaciers are among the largest sources of fresh water in the world and are contributing to rising ocean levels. Rising sea levels could expose population centers bordering the ocean to more storm damage and could require evacuation in some areas. But the computer models used for the IPCC report based their predictions only on the results of heating of the existing water in the world's oceans, causing the oceans to expand and sea levels to rise, said Tom Delworth, a climate modeler for the National Oceanic and Atmospheric Administration, the government agency in charge of climate science and weather service.

The IPCC report predicts sea levels will rise by between one to two feet over the next 100 years. Mr. Delworth said there remains "much more uncertainty" over how much accelerated melting of glaciers might add to that.

A second area of continuing uncertainty has to do with the impact of clouds on climate change. Warming the ocean sends more water vapor into the air, and the resulting clouds accelerate global warming by trapping more of the sun's heat in the atmosphere and further warm the ocean. Jim Butler, deputy director of NOAA's global monitoring division, called this "a very scary feedback mechanism."

But, so far, the supercomputers the agency uses to model the effect on the earth's climate -- which were also used for the IPCC report -- aren't detailed or fast enough to predict how much clouds are accelerating the problem. Mr. Delworth said computer models divide the earth's oceans and atmosphere into four million boxes, each about 150 square miles, and that these boxes are too large to model the effects of clouds.

"We could use computers that are one million times faster than they are today and still not be satisfied," Mr. Delworth said.

Further complicating the issue are layers of haze containing pollutants from human activity. Such pollutants, including sulfates, soot, dust and nitrates, tend to make the atmosphere brighter, reflecting more of the sun's heat back into space. The IPCC has found that the net effect of the added pollution is to cool the atmosphere.

A.R. Ravishankara, an atmospheric chemist for NOAA, said this raises a problem for governments attempting to clean the air by removing pollutants. "If you take away this cooling effect, then the heating effect would be exacerbated. It's a highly complex problem."

Global Warming To Continue For Centuries (AP)

By Seth Borenstein

AP, February 2, 2007

PARIS (AP) - Global warming is so severe that it will "continue for centuries," leading to a far different planet in 100 years, warned a grim landmark report from the world's leading climate scientists and government officials. Yet, many of the experts are hopeful that nations will now take action to avoid the worst scenarios.

They tried to warn of dire risks without scaring people so much they'd do nothing - inaction that would lead to the worst possible scenarios.

"It's not too late," said Australian scientist Nathaniel Bindoff, a co-author of the authoritative Intergovernmental Panel on Climate Change report issued Friday. The worst can be prevented by acting quickly to curb greenhouse gas emissions, he said.

The worst could mean more than 1 million dead and hundreds of billions of dollars in costs by 2100, said Kevin Trenberth of the National Center for Atmospheric Research in Colorado, one of many study co-authors. He said that adapting will mean living with more extreme weather such as severe droughts, more hurricanes and wildfires.

"It's later than we think," said panel co-chair Susan Solomon, the U.S. National Oceanic and Atmospheric Administration scientist who helped push through the document's strong language.

Solomon, who remains optimistic about the future, said it's close to too late to alter the future for her children - but maybe it's not too late for her grandchildren.

The report was the first of four to be released this year by the panel, which was created by the United Nations in 1988. It found:

_Global warming is "very likely" caused by man, meaning more than 90 percent certain. That's the strongest expression of certainty to date from the panel.

_If nothing is done to change current emissions patterns of greenhouse gases, global temperature could increase as much as 11 degrees Fahrenheit by 2100.

_But if the world does get greenhouse gas emissions under control - something scientists say they hope can be done - the best estimate is about 3 degrees Fahrenheit.

_Sea levels are projected to rise 7 to 23 inches by the end of the century. Add another 4 to 8 inches if recent, surprising melting of polar ice sheets continues.

Sea level rise could get worse after that. By 2100, if nothing is done to curb emissions, the melting of Greenland's ice sheet would be inevitable and the world's seas would eventually rise by more than 20 feet, Bindoff said.

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That amount of sea rise would take centuries, said Andrew Weaver of the University of Victoria in Canada, but "if you're in Florida or Louisiana, or much of western Europe or southeast Asia or Bangladesh ... or Manhattan ... you don't want that," he said.

The report spurred bleak reactions from world leaders.

"We are on the historic threshold of the irreversible," warned French President Jacques Chirac, who called for an economic and political "revolution" to save the planet.

"While climate changes run like a rabbit, world politics move like a snail: Either we accelerate or we risk a disaster," said Italy's environment minister, Alfonso Pecoraro Scanio.

And South Africa's Environmental Affairs Minister Marthinus van Schalkwyk said failure to act would be "indefensible."

In Washington, Bush administration officials praised the report but said they still oppose mandatory cuts in greenhouse gas emissions. The problem can be addressed by better technology that will cut emissions, promote energy conservation, and hasten development of non-fossil fuels, said Energy Secretary Samuel Bodman.

About three-fourths of Americans say they expect global warming will get worse, according to a recent AP-AOL News poll. However, other recent polls have found they don't consider it a top priority for the U.S. government.

But doing nothing about global warming could mean up to a 10-degree Fahrenheit temperature rise by the end of the century in the United States, said report co-author Jonathan Overpeck at the University of Arizona.

Elsewhere, the projected effects of global warming would vary on different parts of the globe.

Temperatures would spike higher near the poles, according to the report. Within 22 years - whether greenhouse gases are controlled or not - most of the Northern Hemisphere will see more high temperature extremes, the report showed. Places like Northern Africa will get even less rainfall.

This climate change "is just not something you can stop," said Trenberth. "We're just going to have to live with it. If you were to come up back in 100 years time, we'll have a different climate."

People experience the harshest effects of global warming through extreme weather - heat waves, droughts, floods, and hurricanes - said study co-author Philip Jones of Britain's University of East Anglia. Those have increased significantly in the past decade and will get even worse in the future, he said.

Given all the dire predictions, why are scientists nearly all optimistic? They think their message is finally getting through to the people in charge.

United Nations environmental leaders are talking about a global summit on climate change for world leaders and they hope President Bush will attend.

"The signal that we received from the science is crystal clear," said Yvo de Boer, the executive secretary of the United Nations Framework Convention on Climate Change, a multi-national body that tries to change policy to fight global warming.

"That makes it imperative that the political response that comes from this crystal-clear science is as crystal-clear as well.

"I sense a growing sense of urgency to come to grips with the issue," de Boer said. "I think the major challenge is to further the negotiating agenda in a way that makes major players feel safe to step forwardly on this issue."

The major player that has at times been absent is the United States, the biggest emitter of greenhouse gases.

"The world cannot solve the climate change problem without the United States," Achim Steiner, who heads the UN Environment Program, told The Associated Press.

"The world is looking to the Bush administration and to the United States and how it has to be a key part" of solving global warming, he said.

De Boer was optimistic, there too. In an interview, he said that despite U.S. greenhouse gas emissions increasing 16 percent since 1990, change is afoot.

Citing congressional interest and carbon dioxide emission limits requested by top industry CEOs, de Boer said: "I see a very important momentum building throughout the country."

Gore To Testify On Climate Change (POL)

By Ryan Grim

The Politico, February 2, 2007

Former Vice President Al Gore has accepted an invitation to testify next month in a congressional hearing on the highly controversial issue of climate change.

Gore's film, "An Inconvenient Truth," which focused on global warming, received two Oscar nominations this week, one for best documentary feature. For people who make a parlor game of guessing Gore's intentions for 2008, the appearance will surely stoke speculation that he may yet be a late entrant into the Democratic presidential derby.

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Gore will appear at a joint hearing on Wednesday, March 21. He will be the only witness to appear before the Energy and Commerce Subcommittee on Energy and Air Quality and the Science and Technology Subcommittee on Energy and Environment. Gore served on both committees during his House tenure representing a Tennessee district.

House Energy and Commerce Chairman John D. Dingell, D-Mich., and Science Committee Chairman Bart Gordon, D-Tenn., will jointly chair the hearing. Climate change has proved a politically thorny issue for newly empowered House Democrats. Dingell, whose district includes many auto industry workers, has been locked in a political battle with Speaker Nancy Pelosi, D-Calif., over panel jurisdiction on climate change issues.

Political Science (WSJ)

By Philip Stott

The Wall Street Journal, February 3, 2007

I confess I was afflicted by a profound world-weariness following the release yesterday of the latest gloomy machinations from the Intergovernmental Panel on Climate Change (IPCC). The U.N.'s global-warming caravanserai, founded in 1988 by the World Meteorological Organization and the United Nations Environment Program, had this time pitched camp in Paris, in order to issue the "Summary for Policy Makers" relating to Working Group One of its "Fourth Assessment Report: Climate Change 2007." This is the group that focuses on "The Physical Science Basis" of climate change, and its summary was greeted with the usual razzmatazz, the Eiffel Tower's 20,000 flashing bulbs being symbolically blacked out on the evening before. Further IPCC reports are due this year, one in April from Working Group Two, on the impacts of, and adaptation to, climate change, and another in May, from Working Group Three on climate-change mitigation.

But it is the science summary that always gives rise to the jamboree -- with journalists, politicians and eager environmentalists desperate to claim that this particular report is the last word on climate change, that it represents a true consensus, that the world is doomed, and that we must recant our fossil-fuel ways. Moreover, as in 2001 with the Third Assessment Report, Friday's release was preceded by speculative leaks, the political shenanigans and spinning beginning even before the final text had been haggled over and agreed upon.

Unfortunately, the IPCC represents science by supercommittee, as rule 10 of its procedures states: "In taking decisions, and approving, adopting and accepting reports, the Panel, its Working Groups and any Task Forces shall use all best endeavors to reach consensus." I bet Galileo would have had a rough time with that.

In this context, it is vital to remember that science progresses by skepticism and by paradigm shifts: A consensus early last century would have given us eugenics. Moreover, the IPCC does no original research, nor does it monitor climate-related data; its evidence is instead from selected secondary sources. But, above all, this supercommittee is more political than is often recognized, rule three firmly reminding delegates that: "documents should involve both peer review by experts and review by governments."

Friday's summary and "best estimates" of temperature-rise by 2100 (as compared to preindustrial times) are thus little more than a committee compromise chewed over by governments with different agendas: an average potential rise of three degrees Celsius (up from 2.5 degrees in 2001); a probable rise of between 1.8 to 4 degrees; a possible rise of between 1.1 to 6.4 degrees. So you can take your pick, also bearing in mind that there are groups outside the IPCC predicting cooling by one or two degrees Celsius. Moreover, the conclusion that climate changes seen around the world are "very likely" to have a human cause is wonderful Alice-through-the-Looking-Glass talk.

Unsurprisingly, the report will please neither a Humeian skeptic nor a rabid apocalyptic. Indeed, even before it appeared, environmentalists were incensed that predictions for the rise in sea levels this century have been lowered to between 28 and 43 cm (11 to 17 inches). They want the polar bears to be drowning now!

For the skeptic, however, the problem remains, as ever, water vapor and clouds. Enormous uncertainties persist with respect to the role of clouds in climate change. Moreover, models that strive to incorporate everything, from aerosols to vegetation and volcanoes to ocean currents, may look convincing, but the error range associated with each additional factor results in near-total uncertainty. Yet, there is a greater concern. Throughout the history of science, monocausal explanations that overemphasize the dominance of one factor in immensely complex processes (in this case, the human-induced emissions of greenhouse gases) have been inevitably replaced by more powerful theories.

Worryingly for the IPCC's "consensus," there is a counterparadigm, relating to the serious uncertainties of water vapor and clouds, now waiting in the wings. In the words of Dr. Henrik Svensmark, director of the Center for Sun-Climate Research at the Danish National Space Center: "The greenhouse effect must play some role. But those who are absolutely certain that the rise in temperatures is due solely to carbon dioxide have no scientific justification. It's pure guesswork." A key piece of research in this emerging new paradigm was published in the Proceedings of the Royal Society A (October 2006): "Do electrons help to make the clouds?"

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Using a box of air in a Copenhagen lab, physicists managed to trace the growth of clusters of molecules of the kind that build cloud condensation nuclei. These are specks of sulfuric acid on which cloud droplets form. High-energy particles driven through the laboratory ceiling by exploded stars far away in the galaxy -- cosmic rays -- liberated electrons in the air, which helped the molecular clusters to form much faster than atmospheric scientists have predicted. This process could well explain a long-touted link between cosmic rays, cloudiness and climate change.

The implications for climate physics, solar-terrestrial physics and terrestrial-galactic physics are enormous. This experiment ties in elegantly with the work of certain geochemists and astronomers, who for some time have been implicating cosmic rays and water vapor, rather than carbon dioxide, as the main drivers of climate change. Indeed, they have put down up to 75% of all change to these drivers.

Cosmic rays are known to boost cloud formation -- and, in turn, reduce earth temperatures -- by creating ions that cause water droplets to condense. Calculating temperature changes at the earth's surface -- by studying oxygen isotopes trapped in rocks formed by ancient marine fossils -- scientists then compared these with variations in cosmic-ray activity, determined by looking at how cosmic rays have affected iron isotopes in meteorites. Their results suggest that temperature fluctuations are more likely to relate to cosmic-ray activity than to carbon dioxide. By contrast, they found no correlation between temperature variation and the changing patterns of CO2 in the atmosphere. But the mechanism remained far from understood -- until last October, that is, when the team in the Copenhagen lab may have discovered it.

Who knows where this exciting research will lead? What it unquestionably shows, however, is that the science of climate change is far from settled, and most certainly not by a government-vetted committee policy "summary" from a U.N. supercommittee.

The inconvenient truth remains that climate is the most complex, coupled, nonlinear, chaotic system known. In such a system, both "doing something" (emitting human-induced gases) and "not doing something" (not emitting) at the margins are equally unpredictable. What climate will we produce? Will it be better? And, if we get there, won't it, too, change?

This is the fatal flaw at the heart of the whole global-warming debacle. Climate change must be accepted as the norm, not as an exception, and it must be seen primarily as a political and economic issue, focusing on how best humanity can continue to adapt to constant change, hot, wet, cold or dry. The concept of achieving a "stable climate" is a dangerous oxymoron.

We must hope that IPCC Working Group Two on adaptation will set a wiser agenda in their April report.

Mr. Stott, professor emeritus of biogeography at the University of London, is co-editor of "Political Ecology: Science, Myth and Power" (Oxford University Press, 2000).

States' Map For Saving The Oceans (WP)

By Leon E. Panetta, James D. Watkins

The Washington Post, February 3, 2007

Buried beneath the headlines about warming oceans, harmful algae blooms and dwindling seafood stocks is the fact that it is within our power to make immediate, measurable progress toward solving the problems facing our oceans. Innovative state leaders are showing us the way, and the federal government needs to follow their example.

Over the past three years, California, acting to preserve a vital state resource, has developed an Ocean Action Plan; launched the most comprehensive approach to marine protected areas in the nation; and invested more than $30 million in projects to improve water quality, protect ocean habitats and manage sand on its beaches. In the past year, at least 18 states have taken similar steps. Regional, bipartisan alliances were formed to protect the waters, shores, species and economies of the Gulf of Mexico, New York, Puget Sound and the West Coast.

In all of these instances, governors prioritized ocean management and set aside individual state concerns to develop a more effective plan to manage the region's oceans and coasts.

The considerable strides the states and regions made last year in ocean governance earned an A-minus on the Joint Ocean Commission Initiative's latest report card on U.S. ocean policy. That is in stark contrast to the C-minus earned by the nation as a whole. When it comes to managing our oceans, the United States is barely treading water, threatening not only the survival of ocean life but also the lives and livelihoods of those who depend on the ocean as a food source and economic engine.

Our country's C-minus represents a modest improvement from the previous year's grade, a D-plus. The improvement is largely attributable to state action and a few notable federal accomplishments. For instance, passage of the Magnuson-Stevens Fisheries Conservation and Management Act set a firm deadline to end overfishing and will ensure a more scientific approach to fisheries management. The administration's designation of the Northwest Hawaiian Islands Marine National Monument provides important safeguards to 140,000 square miles of ocean and island bounty, and the release of a new national ocean research strategy provides a platform for advancing ocean sciences.

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In most respects, though, the federal government and Congress lag behind states in efforts to protect our oceans. And the failure to commit funding and to reform national and international policy for the long-term preservation of our oceans will hamper additional progress in the states.

It's impossible to effectively manage our oceans without the research necessary to fully understand the complex processes of an ocean ecosystem. Nowhere is this more apparent than with climate change. It's no secret that the oceans and climate are deeply linked -- the oceans store vast amounts of energy in the form of heat and are a sink for much of the carbon dioxide emitted over the past century. Yet while sophisticated atmospheric monitoring systems have been in place for decades, only rudimentary systems exist for our oceans. This leaves us trying to fight climate change with one hand tied behind us. The only way to understand and respond to devastating climate change is with important tools such as an Integrated Ocean Observing System, which the administration's new ocean research plan recommended on Jan. 26.

Unfortunately, even the best-laid plans to preserve the oceans remain empty rhetoric when Congress and the administration fail to commit the funds necessary for implementation. For the second year in a row, federal funding for oceans was stagnant. The Joint Ocean Commission Initiative estimates that a $750 million investment would be a significant step forward for such research as the integrated observing system and management programs like the Magnuson-Stevens Act. Such an investment would protect an ecosystem that represents 95 percent of the habitable living space on the planet and supports ocean-dependent businesses that generate more than $138 billion each year.

The federal government can learn the most from the states by emulating their willingness to heed the advice of environmental and industry experts who say that collaboration is the key to preserving the vital resources in our oceans. The United States is one of the few nations that have failed to accede to the U.N. Convention on the Law of the Sea, essentially a global-scale version of our various regional alliances. Joining the convention would ensure the United States a stake in decisions that affect the health of our oceans, economy and security.

The states have outpaced the federal government on ocean protection for years. It's time for the administration and Congress to dive in. By committing increased science and management funding and supporting the collaborative leadership described above, we can immediately begin to reverse the decline in our oceans.

The writers are co-chairmen of the Joint Ocean Commission Initiative.

Schaghticoke Challenges Cason's Legal Authority (ICT)

By Gale Courey Toensing, Indian Country Today

Indian Country Today, February 3, 2007

KENT, Conn. - The Schaghticoke Tribal Nation has challenged Interior Department Associate Deputy Secretary James Cason's authority to act as "the decision-maker" in overturning the tribe's federal acknowledgement in October 2005.

In the latest twist in the Schaghticokes' decades-long quest for federal recognition, attorneys filed a motion Jan. 23 in U.S. District Court in New Haven, claiming that Cason violated both the Appointments Clause of the Constitution and the Vacancies Reform Act when on Oct. 12, 2005, he issued a Reconsidered Final Determination reversing the BIA's January 2004 positive federal acknowledgement decision.

Cason was functioning as an Assistant Secretary for Indian Affairs but was not appointed by the president or confirmed by Congress, and therefore exceeded his authority by issuing decisions that only a "principal officer of the United States" can lawfully render; therefore, the RFD is void, STN's attorneys wrote.

Cason also reversed that day the federal status of the Eastern Pequots, whose federal recognition had been issued two years earlier.

Interior's Inspector General's office could not comment on what the implications would be concerning Cason's other high-level regulatory decisions, if the Schaghticokes' claims are upheld.

The motion is part of the tribe's appeal of the reversal of its recognition. The appeal alleges, among other things, that the RFD was arbitrary and capricious, a violation of the tribe's due process rights and the product of unlawful political influence and congressional interference. It asks the court to restore the tribe's recognition. Interior and its officials are named as defendants.

The appeal is "the Tribe's remaining hope to regain the federal recognition that was wrongly taken from it in the RFD. It is no exaggeration to say that the Tribe is fighting for its very existence. What happened to this Tribe, including the circumstances in which it lost its prior positive recognition are, at a minimum, unusual and deserving of careful review. The Tribe has alleged since its federal recognition first came under attack that various political officials acted improperly to reverse that recognition. This improper delegation of authority to Mr. Cason is one more part of the story of the illegal handling of the Tribe's recognition. The Court should hear the full story of the Tribe's fate," one of the attorneys said.

The Schaghticokes' claims have "no merit," said Connecticut Attorney General Richard Blumenthal, who led the state's relentless opposition to the tribe's federal recognition.

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"They are yet another attempt to deflect attention from the real issue: the Schaghticoke Tribal Nation's woefully insufficient evidence in support of its petition for federal recognition. I am confident that the BIA's final decision denying the group federal recognition will stand," Blumenthal said.

On Aug. 2, 2001, Norton named Cason "associate deputy secretary" - a title that does not appear on Interior's organizational chart on its Web site at www.doi.gov. In February 2005, when the duly appointed and confirmed ASIA David Anderson resigned, Norton issued an order relegating all of the ASIA responsibilities, duties and functions to Cason.

"Information obtained by the Tribe - including the recent depositions of former Secretary Norton and Mr. Cason ... makes plain that, in this capacity as Associate Deputy Secretary, James Cason at all relevant times performed duties that rendered him a 'principal officer' of the United States. As such, he is required by the Constitution and case law to have been a PAS [presidential appointee, Senate confirmation] appointee. He was not," the attorneys wrote.

The tribe's attorneys declined to release transcripts of Cason's and Norton's depositions, but Blumenthal included excerpts in a brief he filed opposing the tribe's request to take testimony from other Interior officials.

The tribe's attorneys said "it was no accident" that Cason was appointed outside of the PAS process - he did so to avoid Senate scrutiny. Cason failed to win Senate confirmation in 1989 when former President George H.W. Bush nominated him as Assistant Secretary for Natural Resources Environment in the Agriculture Department. His inability to win Senate confirmation related to his actions in Interior's Land and Minerals Management and Bureau of Land Management during the 1980s.

"Mr. Cason's decisions at the Department of the Interior were uniformly bad when measured against any reasonable standard of public interest and fairness to the public which owns the public lands," said R. Max Peterson, the chief of the U.S. Forest Service during the Reagan years, in an article called "Leave No Tree Behind" posted on www.counter punch.org in August 2003.

Interior's Deputy Inspector General Mary Kendall could not comment on the merits of the Schaghticokes' claims because the issue is in litigation.

"But as a lawyer, not speaking on behalf of the IG's office, I think these are very, very interesting legal issues," Kendall said.

If the tribe's arguments are upheld, what would it mean for all the other high-level decisions Cason has made? Should they stand? Should they be reviewed or vacated?

"I can't go there," Kendall said.

Inspector General Earl Devaney's office has investigated both the tribe's positive recognition process and Cason's roles in Interior.

Devaney investigated the BIA's Schaghticoke recognition process in 2004 at the request of Connecticut Sen. Christopher Dodd, a Democrat who recently announced he is running for president in 2008. Connecticut officials had accused the BIA and the tribe of political influence, corruption and "bending the rules." The investigation exonerated both the BIA and the tribe of any wrongdoing. The recognition decision was "highly controversial," but the process had been honest and transparent, Devaney said. Connecticut officials then accused the IG's office of corruption and "whitewashing" the investigation.

The IG scrutinized Cason's actions during an 18-month investigation of former Deputy Secretary J. Steven Griles, who was notified by the Justice Department in January that he was likely to be indicted for lying under oath about his relationship with the criminal former lobbyist Jack Abramoff.

The investigation involved allegations that Griles and "DOI officials" had steered $1.6 million in Bureau of Land Management contracts to Griles' former clients. Griles had assigned Cason to screen all matters relating to the contracts from which he had ostensibly recused himself.

The investigation was not able to pin down any ethical violations, but issued a scathing indictment of Interior's "cowardly and disingenuous" failure "to provide rigorous ethics advice to the political leadership."

The investigation was impeded by the shape-shifting nature of Griles' former oil and gas industry clients who "continually merge, change names, and develop subsidiary companies," and by "an unanticipated lack of personal and institutional memory, conflicting recollections; poor record keeping" and other deficiencies.

Cason's authority to act without a presidential nomination and Senate confirmation also raised a red flag years before the tribe's current claims. In response to a query from Committee on Energy and Natural Resources Chairman Sen. Jeff Bingaman, D-N.M., in 2002, the Government Accountability Office reported that Cason at that time was not making high level regulatory decisions and, therefore, was not "a de facto officer" of the United States subject to presidential appointment and Senate confirmation.

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CONGRESS-ADMINISTRATION:

Bush Budget To Seek Cuts For Medicare, Medicaid (LAT)

By Joel Havemann, Times Staff Writer

The Los Angeles Times, February 5, 2007

His effort to balance the books in five years includes new spending on education, energy initiatives, farmers and the wars.

WASHINGTON — In a bid to balance the federal budget in five years, President Bush will seek cuts in several key programs. But the spending blueprint he sends to Congress on Monday leaves room for some sweeteners, according to administration officials.

Under the Bush plan, grants for college students would rise after remaining stagnant for three years, and some parts of the No Child Left Behind Act would receive additional funding.

There would be new money to spur the manufacture of hybrid cars and production of ethanol. And a new farm bill would give farmers $1 billion more a year than the current law.

At the same time, Bush will ask for substantial cuts in Medicare and Medicaid, the government's main healthcare programs.

The Pentagon budget, including a detailed request for war funding in 2008, will hit $623 billion, according to a senior Defense official. That total includes $481 billion for the military's normal annual budget, a 10% increase over this year's spending.

That increase is accounted for, in part, by Bush's proposal to increase the size of the Army and Marine Corps by a combined 92,000 troops over the next five years.

The budget request also includes, for the first time, funding details for the wars in Iraq and Afghanistan; in past years, these war costs have been approved as special emergency funding bills. The 2008 budget will include a $142-billion estimate for war costs, a clear indication that the administration anticipates a high troop level in Iraq through the end of next year.

The White House will also be asking for an additional $93 billion in war funding for the current fiscal year, which ends Sept. 30.

Combined, the two war requests would take total spending on Iraq and Afghanistan to about $737 billion.

Many aspects of Bush's budget almost assuredly will spark criticism from the Democratic-controlled Congress, which can be expected to offer alternative funding levels. His proposed Medicare cuts are likely to receive an especially cold reception.

Sen. Hillary Rodham Clinton (D-N.Y.), who is seeking the presidency in 2008, on Friday said she considered it "unconscionable that the president's answer to our healthcare crisis is to cut the already strained healthcare safety net."

Bush's proposal is expected to cut more than $65 billion over five years from Medicare and about $7 billion from Medicaid, relative to the spending levels that the programs would reach under current law. Large as these cuts seem, they represent only about 2% of the total projected spending for the two programs, which will cost about $590 billion this year.

Most of the Medicare cuts target hospitals and other service providers, rather than direct benefits to patients. The proposal includes cutting about 8% in Medicare payments to doctors.

At the same time, patients would have to pay more for their healthcare coverage through higher co-payments and other changes.

The president also will propose restraining the growth of the State Children's Health Insurance Program. In some states, children from families with incomes up to three times the poverty level qualify for assistance; Bush would reduce that threshold to twice the poverty line.

The president's budget would be more generous to low-income college students. The maximum Pell grant would rise to $4,600 in the 2008-09 school year, from $4,050.

The No Child Left Behind Act, which became law early in Bush's first term, would keep its goal of lifting every student to grade-level competency in reading and mathematics by 2014. Some components of the program would get more federal funding, but the Education Department did not say whether overall outlays would rise.

Bush, who in his State of the Union address last week highlighted a push to reduce U.S. dependence on foreign oil, is expected to ask for $2.7 billion for his "advanced energy initiative." This includes the efforts to develop more hybrid cars and to increase use of ethanol, an alternative fuel which can be produced from grains and grasses.

In the address, Bush proposed cutting the nation's consumption of gasoline 20% within 10 years.

On another front, Sen. David Vitter (R-La.) expressed displeasure with the funding proposal for levee fortifications and other projects to help Louisiana recover from Hurricane Katrina.

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In a letter to Bush, he contended that the budget request would be a "step back" from the president's previous commitment.

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Times staff writers Ricardo Alonso-Zaldivar, Julian E. Barnes, Richard Simon and Peter Spiegel contributed to this report.

Budget For Bush, Saving Tax Cuts Is A Tough Balancing Act (WSJ)

By Deborah Solomon

The Wall Street Journal, February 3, 2007

President Bush's budget, which he submits to Congress on Monday, will be an early effort to cement his legacy in domestic policy. The key question: Can he convince members of Congress that they can extend his cherished tax cuts, all of which expire by 2010, and still balance the budget?

Mr. Bush has pledged to show a path to erasing the existing $248 billion deficit a couple of years after he leaves office, partly so he can claim strong financial stewardship and, more importantly, so he can convince Congress to extend the tax cuts. If the projections are derided as fuzzy math or have unrealistic assumptions, Congress will scoff and ignore them.

Those projections will assume that Mr. Bush's tax cuts, which are estimated to cost about $450 billion over the next five years, are made permanent. But the White House is expected to leave out or underestimate other key costs, including an expensive fix to the alternative minimum tax and additional funding for the war in Iraq beyond 2009. It will also include strong revenue growth that some economists may see as unrealistic.

As the Bush budget will show, the deficit numbers are notoriously dependent on such assumptions. "The numbers don't tell the whole story," says Stan Collender, a budget expert who is managing director of Qorvis Communications LLC. Depending on how you do the math, he says, there's "either a big surplus coming or a big deficit coming."

Projections by the Congressional Budget Office show a $170 billion surplus in 2012. But that number quickly turns into a deficit when other widely expected costs are factored in, including a fix to the AMT, which is slated to snag 23 million Americans this year unless Congress acts, and more spending on defense and the war on terror.

"It's a little hard to see how there could be a meeting of the minds," Sen. Kent Conrad, (D., N.D.) told reporters the other day. "When you adjust the CBO forecast for the proposals of the president, you can see they just drive us right over the cliff in terms of massive growth of the debt."

The 2008 budget is expected to propose about a 10% increase for the Defense Department to $481 billion, as well as a separate request of $141 billion for the broader war on terror, including funding for the Iraq war. Mr. Bush is also expected to ask for another $93 billion in war funds for 2007, on top of the $70 billion Congress approved last year.

Other agencies are bracing for a squeeze, including the Securities and Exchange Commission, which expects flat funding in 2008 after several years of post-Enron increases. Other agencies have also been told to expect flat or small increases in 2008, according to people familiar with the administration's plans.

There will also be some new initiatives, including the president's proposal to provide a standard tax deduction to individuals who purchase health insurance either through their employer or on the open market. That plan, which would make employer-provided health insurance taxable as income and exclude as much as $15,000 of that income per family, is expected to cost the government about $30 billion to $40 billion a year for the first few years but eventually become "revenue neutral" within a decade.

The budget will also show plans to slow the current 7% annual growth rate in Medicare spending. Those savings are expected to come from squeezing health providers, like doctors and hospitals, which will undoubtedly spark a battle on Capitol Hill as those providers seek to escape the budget scalpel.

A Rare Bill In Congress (NYT)

The New York Times, February 3, 2007

The Democratic-led House has made the most of a sorry budgetary business, stripping out billions of dollars in earmarked pork from a spending measure urgently needed to keep the government running this year. The $463.5 billion bill is an omnibus mop-up device necessitated by the fact that nine of 11 major spending bills were left unfinished last fall by the Republican leadership in its final weeks of power. The Democrats, who promised to cut out special-interest budget goodies, killed thousands of earmarks custom-designed by lawmakers.

The stopgap measure roughly duplicates the spending levels of last year's budget, but has enough room for important changes neglected by the last Congress. More than $10 billion was voted for such programs as health care for wounded Iraq war veterans, Pell grants for students and housing vouchers for the poor, and for 500 additional health research grants. Democrats saved two vital Census Bureau initiatives that Republicans had tried to kill: the running survey of the effect of government programs on the poor and disabled, and the testing of new technology needed for the 2010 census.

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The House measure now heads to the Senate as that rare piece of legislative sausage devoid of expensive, toothsome pork. The rush to passage was necessitated by a Feb. 15 deadline to keep the government financed by cleaning up the leftover mess before having to move full time to writing next year's budget.

Earmarks — those undebated dipperfuls of taxpayer-financed contracts that tripled under the Republicans — will undoubtedly return in the new budget. The difference is that they will be subject to new ethics rules, which say lawmakers are supposed to own up to their provenance by specifying the beneficiaries and justifications of earmarks and disavowing that they will personally benefit.

Bush To Seek 3 Percent Raise For Civil Service And Military (WP)

By Stephen Barr

The Washington Post, February 3, 2007

President Bush will propose a 3 percent pay raise for federal employees and military personnel in his fiscal 2008 budget, scheduled for release on Monday, a senior administration official said yesterday.

Clay Johnson III, deputy director for management at the Office of Management and Budget, said the president's civil service pay advisers and Pentagon officials had acted independently in coming up with their pay recommendations. If accepted by Congress, the raises would take effect next January.

Under current practice, most of the money for the annual civilian pay raise is allocated across the board, as a nationwide increase, and a small portion is parceled out by locality to reflect labor market conditions. The new budget will propose using an additional factor -- recruitment and retention needs for special occupations -- in distributing raises, officials said. This would give Bush more leeway in salary adjustments.

The administration proposed a similar, three-way pay allocation process in last year's budget, but the recommendation was not taken up by Congress.

Federal pay is an important part of the Washington-Baltimore economy. The region is home to about 10 percent of the federal workforce, and the annual federal employee payroll (not counting the military and U.S. Postal Service) runs about $20 billion. Many corporations and nonprofit organizations use the federal raise as a benchmark when deciding their annual salary adjustments.

House Majority Leader Steny H. Hoyer (D-Md.), a longtime advocate for federal employees, said he planned to study the budget proposal, particularly in the context of what he called "an already significant pay gap between federal employees and their private-sector counterparts."

Johnson said the proposal to provide the civil service and the military with a 3 percent raise next year was based on the Labor Department's Employment Cost Index, which tracks wage growth in the private sector. In most years, Congress relies on the index as a starting point for debate on government raises.

The pay proposal marks the second consecutive year that Bush's budget has called for equal adjustments in civil service and military pay. The fiscal 2007 budget proposed an average 2.2 percent raise for both groups. Bush put the raise into effect after Congress failed to complete work on fiscal 2007 spending bills.

The Washington-area congressional delegation usually supports equal adjustments in pay for the military and the civil service, and Hoyer and other area House members recently wrote Bush urging him to support a "pay parity" policy in 2008.

While the president's 2008 budget will propose comparable raises for the civil service and the military, Johnson said, he stressed that the recommendations resulted from "two independent agency processes. The goal is not parity, but that is what the two proposals ended being."

Bush To Urge Democrats To Consider His Domestic Policy (WP)

By Michael A. Fletcher

The Washington Post, February 3, 2007

In an attempt to sustain key elements of a domestic agenda pronounced dead on arrival by congressional critics, President Bush will challenge the newly empowered House Democrats to give his health-care and energy proposals serious consideration when he addresses them today during a retreat in Virginia.

Confronted by the reality of a Congress now controlled by Democrats, Bush has maintained his trademark determination regarding Iraq, pushing forward with a military buildup despite widespread Democratic opposition.

On domestic matters, however, Bush has recently adopted the rhetoric -- but not the policy positions -- often associated with Democrats. He has invoked the menace of global climate change, lamented the nation's growing income inequality, and set ambitious goals to develop alternative fuels and cut gasoline consumption. He has also proposed a plan to make health insurance more affordable to the 47 million people in the country who lack coverage.

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Congressional Democrats have greeted such offerings with suspicion. Leading House Democrats remain dismissive of Bush's health-care proposals, in particular. And as they met yesterday during their retreat in Williamsburg, caucus leaders said the onus remains on the president to reach out by backing the domestic initiatives -- including an increase in the minimum wage and a reduction in student-loan rates -- that the new House approved during its first weeks.

"Is he going to stand in the way, or is he going to join us?" asked Rep. Chris Van Hollen (Md.), the chairman of the Democratic Congressional Campaign Committee.

Joel D. Kaplan, Bush's deputy chief of staff and a key figure in the development of the president's agenda, said the president's domestic plans confront "real challenges faced by real people, and they provide real solutions."

Under Bush's health-care-coverage plan, the federal government would create a tax deduction to offset the cost of health insurance. The value of employer-provided health insurance that exceeds the deduction would be taxed as income.

Because the deduction would apply to income before taxes for Social Security and Medicare are subtracted, Bush's plan would mean a tax cut for families who buy health insurance even if they pay little or no income tax. For a family earning $20,000 a year, the savings would be significant -- $2,295 a year, the White House said.

The tax plan would be complemented by a Bush proposal to redirect some of the federal health dollars now being spent by states on hospitals and other institutions, so that they can use them to help pay the cost of health insurance for the poor and for people who have difficulty getting coverage because of chronic health problems.

The White House thought that the idea's progressive tilt would be attractive to Democrats. But key Democrats almost immediately rejected the two plans, calling them the latest in a line of GOP efforts to push workers away from employer-provided health insurance and into individually purchased plans.

"We're not too enthusiastic about either of those proposals," said House Majority Leader Steny H. Hoyer (Md.).

Senators Move Donor Disclosures At A Snail's Pace (LAT)

By Dan Morain

The Los Angeles Times, February 3, 2007

WASHINGTON — In a windowless office at the Federal Election Commission, a 10-year-old printer churns out 500 pages an hour — hour after hour.

"It's a mule," says J. Arnold Queen, the man who tends the Hewlett-Packard 8100-N, a discontinued model.

Overnight, the HP-8100 had spewed forth 2,000 pages. It can't crank out more until its trays are emptied. Tens of thousands more pages are backed up in the queue. It will be working through the day, into the night and over the weekend.

Like most beasts of burden, the machine is a throwback, part of an anachronistic and costly system that exists in large part to serve the members — the Luddites, some would say — of the United States Senate.

Unlike candidates for president and the House, political action committees and most state offices, senators refuse to transmit their campaign donation reports over the Internet.

Thanks to a labyrinthine process that takes weeks or months, they are able to delay public access to their campaign donors' identities — sometimes until after the election.

Now that seven senators are running for the White House and using money raised as senators to jump-start their campaigns, the practice is under renewed scrutiny.

Senators have blocked repeated efforts, backed by 25 of their colleagues from both parties, to change the law.

"Here is something no one opposes. No one. Why hasn't it passed?" asks Steven Weissman of the nonprofit Campaign Finance Institute.

The answer, he and others say, is that senators don't really want it to pass. But no one argues against it publicly. It's killed in more subtle ways, away from public view.

Like all federal officeholders, senators were required to submit year-end campaign finance reports by Wednesday. Such reports are public documents. But that doesn't mean they are publicly available. Nor will they be any time soon.

"We've seen months go by when the records are not available," Weissman said.

"It's stupidity," said Bob Biersack, FEC spokesman.

"It's not an accident," said Fred Wertheimer, president of Democracy 21, which advocates more disclosure of campaign finances. "It's disclosure that no one can see."

It's not for lack of technology. Senators, good politicians that they are, use computers to track their campaign contributors and maintain campaign records. But rather than transmit this information electronically to comply with the disclosure laws, senators print the documents — which can run thousands of pages — and deliver them to the Senate's public disclosure unit two blocks away.

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Many senators drop them in the mail. As long as they are postmarked by the filing date, they are in compliance with the law. Some reports may not arrive for days. The report for Sen. Hillary Rodham Clinton (D-N.Y.) didn't reach the Senate office until Friday.

There, Senate staffers scan the reports, page by page, transforming them back to digital images. That can take two days.

Then they send the reconstituted computer files by e-mail to the FEC. There, the HP-8100 goes to work, printing and collating the material and preparing it for key-punchers.

A report on all of the Senate Democrats' campaign donors last year consumed 5,487 pages. A similar Republican report weighed in at 4,650 pages. At 500 pages per hour, that equates to between nine and 11 hours, paper jams notwithstanding — though Queen notes that the 8100 "just keeps on going."

The process — which occurs quarterly, and more often in election years — doesn't end there.

Once the reports are collated and boxed, a courier picks them up and drives them an hour or so to Fredericksburg, Va. There, a private contractor, ILM Corp., employs workers to type the information back into a computer — at a cost to taxpayers of $250,000 a year.

Since key-punchers are human, they make mistakes. In one case, a $200,000 entry was reported as $2.3 million.

Once that's done, the data are transmitted electronically back to the FEC — which then posts them online. The process can take months.

As a result, voters had no clue who donated to candidates in the closing weeks in six tight races in November, Weissman said. The reports for some challengers and incumbents in Missouri, Montana, Pennsylvania and elsewhere did not become public until after the election.

Donations came from a tobacco company; corporate law firms; and energy, insurance, cable television and Wall Street firms — information that might have helped sway some voters.

Sen. Dianne Feinstein (D-Calif.), who chairs the influential Senate Rules Committee, is among those who endorsed legislation requiring senators to file electronically. The FEC has urged the change at least since 1997. Talk of requiring online filing comes as Congress considers legislation to expand disclosure requirements related to lobbyists. "It's time to bring the Senate into the modern era," Feinstein said in a statement this week.

Neither she nor another advocate of change, Sen. John McCain (R-Ariz.), was available to discuss why the change is being blocked, or by whom.

Baca Defends Actions (POL)

By Josephine Hearn

The Politico, February 2, 2007

Amid roiling turmoil in the Congressional Hispanic Caucus, chairman Joe Baca Friday refuted accusations that he had called Rep. Loretta Sanchez, a "whore," had mismanaged the group's political arm, thwarted the advancement of female lawmakers and was improperly elected chairman.

In a lengthy statement, Baca said he was "deeply troubled" by the allegations made by several of his colleagues in the 21-member caucus. All its members are Democrats, and both Baca and Sanchez are from California

Sanchez resigned from the caucus Wednesday, accusing Baca of telling people she's a "whore."

"A months-old internal CHC discussion has been repackaged into accusations with sexual overtones through irresponsible reporting and inflammatory headline writing," he said.

He reiterated his statement, issued Wednesday, that the claims were "categorically untrue."

Aides to Sanchez and Reps. Hilda L. Solis and Linda Sanchez, two California Democrats who have been very critical of Baca, could not be reached for comment. Linda and Loretta Sanchez are sisters.

Baca again dismissed Loretta Sanchez's charge that he had referred to her as a "whore" during a meeting with California state legislators, including Democratic Assembly Speaker Fabian Nunez. Specifically, Baca noted news reports that Nunez had said he has "no recollection" of the remark.

Baca also disputed claims of Sanchez and three other Latina Democrats that his November election as caucus chairman had not followed the caucus's bylaws because it did not employ secret ballots.

"The election adhered to the established rules and procedures of the CHC so there should be no question about the validity of the process or the outcome," Baca said. "Our bylaws make no mention of secret ballots, simply requiring that there be an affirmative vote of a majority of the CHC Members."

Nonetheless, the caucus held a second vote Jan. 18, and Baca was elected again.

"Although this meeting was open to all CHC members, none of the members who have since expressed concern attended the executive session," he said.

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Addressing accusations about the group's political arm, Baca said he had abstained from a vote to direct political contributions to his two sons, a move that had drawn criticism from half a dozen colleagues. He also noted that the sons had refunded the donations "upon concerns coming to light."

He also dismissed allegations of sexism, noting that he had appointed, or recommended, female lawmakers to various leadership posts. And he pointed out that his longtime chief of staff, Linda Macias, had been an "invaluable colleague and friend" for a dozen years and that the majority of his staff are women.

Who's A "Whore"? (LAT)

The Los Angeles Times, February 3, 2007

OK, so Loretta is all mad at Joe because he's using money from the club treasury for his boys, who Loretta totally can't stand, so Loretta and her sister, Linda, get some girls to go after Joe's boys, but he's elected to head the club, which makes Loretta go postal and she quits. And then Loretta says Fabian said Joe called her a whore! But now Fabian says he doesn't remember, and Joe's all like, "It never happened."

Sounds like junior high, doesn't it? It's not. It's the California congressional delegation. In particular, it's several Southern California Latino Democrats, hurling charges and countercharges about political money, family, voting improprieties and personality. But it comes down to this: Did Rep. Joe Baca (D-Rialto) call Rep. Loretta Sanchez (D-Santa Ana) a "whore"? And if so, why?

The trash talking went public this week when Politico.com reported that Orange County's Sanchez had quit the Congressional Hispanic Caucus, which the Inland Empire's Baca chairs. But the bad feelings stretch back a year, when caucus PAC money was being used to boost the political fortunes of Baca's sons, Joe Jr. and Jeremy. Jeremy needed the money to help his family keep the state Assembly seat being vacated by Joe Jr., who was trying to extend the Baca empire into the state Senate. Both Baca brothers lost, despite the infusion of PAC money, and it may be worth noting that their opponents were women: Gloria Negrete McLeod defeated Joe Jr., and his old seat went not to his brother but to Wilmer Amina Carter.

Sanchez and four other Californians — including her sister, Rep. Linda T. Sanchez (D-Lakewood) — and an Arizonan quit the PAC over the use of money for family members. But the Sanchez sisters and other female caucus members angry over the PAC money, the Baca family's dynastic aspirations and the poor treatment of women also complained that the caucus broke its own rules by electing Baca without a secret ballot. Loretta Sanchez said that was the real reason she finally quit.

This week she also claimed that Baca lobbed the W-word at her. Fun as it may be to imagine the two Democrats yelling profanities across the Rotunda, it turns out that Sanchez heard about the "whore" comment secondhand — from, she implied, Assembly Speaker Fabian Nuñez (D-Los Angeles). Nunez says he remembers no such thing. Baca said it never happened.

Here are some universal truths: Our elected officials should not try to build family dynasties. Female politicians should be treated with as much respect as their male counterparts. Trash talking dirties everyone. And members of Congress should act like adults. Grow up.

FAA Looks For Money For New Air-Traffic Control System (WP)

By Del Quentin Wilber

The Washington Post, February 3, 2007

Federal aviation officials expect on Monday to begin introducing a proposal to finance a new air-traffic control system that they say will be needed to keep pace with increasing air travel over the next two decades.

Without a new system, officials say, passengers would face delays that would dwarf last year's snarls.

"In the long term, we could see real gridlock," said Federal Aviation Administrator Marion C. Blakey.

Few people in the aviation industry dispute Blakey's assessment of future air-traffic congestion, a problem that officials hope to fix by switching from a radar network to one that relies on satellites.

However, a debate is unfolding over how to finance the next-generation network, which could cost $69 billion to $76 billion, according to the Congressional Research Service. The Federal Aviation Administration and other government agencies want the system completed by 2025. They have not said how much it would cost.

The FAA would use its trust fund, which accumulates aviation-related taxes, to pay for the new system. The fund's balance has dropped to $1.8 billion, however, the lowest in a decade, officials said.

The officials say they must change how they collect money for the fund. Its largest source of funding -- taxes paid on airline tickets -- is not keeping pace with costs, they say.

The officials cite several reasons for the shortfall, but attribute it mostly to the growth of low-cost carriers. Those airlines charge less for flights, reducing tax revenue. Officials also note that airlines are using more small jets, adding to the workload of controllers.

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Officials expect increased use of corporate aircraft and small private planes, known as very light jets, that are just hitting the market. Users of corporate jets and other private aircraft pay fuel taxes.

Blakey has hinted that the agency is considering a plan more in line with what airlines have advocated for years: replacing the ticket tax with user fees. Airlines want the FAA to charge fees for most planes, including private jets, that use controlled airspace.

It is not clear how broad the FAA proposal would be or how much it would rely on user fees, taxes or a combination of the two. Blakey has said only that the agency would try "to tie the actual costs of providing the services to the revenue that is coming in."

Owners of jets and small planes are lobbying against a change in the funding structure, saying it would unfairly hurt their businesses and aviation generally. They say the FAA has exaggerated its budget problems and has not explained how much the new system would cost. If the funding structure remains unchanged, they say, the trust fund would still accumulate billions of dollars to finance a new air-traffic system. They refer to estimates by the Congressional Budget Office that say the fund would have nearly $19 billion by 2016.

"I just don't understand why we need to change a system that works," said Phil Boyer, president of the Aircraft Owners and Pilots Association.

Parts of the FAA proposal would be included in the agency's budget, which is to be submitted to Congress on Monday. More details are to emerge after the agency's reauthorization proposal is made public in the next few weeks.

The planned air-traffic system would be vastly different than today's network, which dates to the 1960s and relies on radar and air-traffic controllers to direct pilots. Controllers must maintain substantial distances between planes and often move aircraft along slower, indirect routes because of the imprecision of radar data.

The new system, parts of which are being tested, would rely on satellites and Global Positioning System devices, which can locate an aircraft within a few feet. That would make it easier for controllers to handle more aircraft safely and more efficiently, officials said.

Pilots also would be able to monitor the location of other planes on screens in their cockpits, giving them a far better idea of what is going on around them and how to avoid trouble.

The system would require new equipment for planes, which could cost thousands of dollars per aircraft. The government would have to ensure that other countries adopt similar systems so planes would not need additional computers or software. The new technology must be proven to be as reliable as radar.

The government probably would not get rid of all of its radar stations because it would not be able to track planes involved in terrorism incidents in which satellite positioning systems are disabled.

Crashworthy Motor Vehicles (NYT)

The New York Times, February 3, 2007

The federal government is exploring ways to strengthen its tests and its ratings system for the crashworthiness of motor vehicles. The effort is long overdue but still likely to fall short of what's needed. In far too many cases, the tests are weaker than they should be and fail to address current kinds of accidents, like what happens when one of today's larger vehicles collides with a smaller one.

The National Highway Traffic Safety Administration tackles vehicle crash protection in two major ways. It sets minimum crashworthiness standards and requires the manufacturers to test their vehicles and certify that they comply. And it conducts its own more rigorous tests on a number of new-model cars and then converts the results into a five-star rating system to indicate which vehicles are more crashworthy and which are less likely to roll over. The theory is that consumers will be more interested in buying the safer vehicles, thereby giving manufacturers a strong incentive to surpass the minimum requirements.

There is little doubt that these efforts have helped to prod manufacturers to design safer cars. But the ratings are a victim, in some sense, of their success. Nowadays, a vast majority of vehicles get four or five stars, providing little way for consumers to detect differences and giving manufacturers little incentive to keep improving.

Worse yet, the tests have not kept pace with the times as more sport utility vehicles, minivans and pickups have taken to the roads. Fortunately, the agency is belatedly exploring ways to upgrade its crash tests and strengthen the five-star rating system. The secretary of transportation, Mary Peters, announced last month that vehicles could be subjected to more stringent rollover, front- and side-crash tests. New ratings may also be developed for technologies that help drivers avoid crashes, like electronic stability control and lane departure warning systems.

The agency signaled that it was not yet ready to address such important issues as collisions between large and small vehicles, collisions with narrow objects like telephone poles, and the protection of occupants in rollover crashes, on the grounds

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that more research is needed. For everyone's safety, consumer advocates and vehicle insurers should press hard for the strongest possible tests and standards.

OTHER NEWS:

Jobs Data Signal Growth Is Easing But Still Solid (WSJ)

By Christopher Conkey

The Wall Street Journal, February 3, 2007

U.S. employers were more cautious about taking on new workers in January, a hint that economic growth may be easing. But plenty of underlying signs suggest that a strong labor market will continue to lift wages and boost consumer spending in the months ahead.

The Labor Department Friday said nonfarm payrolls rose by 110,000 jobs last month following December's gain of 206,000 jobs. The smaller increase in January -- together with a rise in the unemployment rate to 4.6% from 4.5% in December and a tepid 0.2% gain in the typical employee's pay last month -- suggests the economy is slowing somewhat after a strong finish to 2006.

But the tone of the report wasn't entirely soft. Revised data showed that employers brought on 80,000 more workers in November and December than initially thought, which means employers have added an average of 170,000 jobs a month since November. That is more than enough to keep the economy growing at a pace that could stoke inflation, particularly if the unemployment rate stays low and wages keep rising faster than consumer prices.

The ambiguous signals from the labor market arrived as economists were trying to digest a separate report this past week that showed the economy bouncing back from a midyear slump to grow at an annualized, 3.5% inflation-adjusted rate in the fourth quarter. In leaving interest rates unchanged this past week, the Federal Reserve noted the recent signs of economic strength and said it remains concerned that inflation could flare up again.

Despite lukewarm job creation in January, a large, upward revision to last year's job estimates will likely keep those concerns alive. In its annual revision, based on a thorough count of unemployment insurance tax records, the Labor Department said the economy created more than 2.2 million jobs last year, 400,000 more than previously estimated. That helps explain why consumers seemed so resilient last year despite higher interest rates and a sharp reversal in the housing market, and it bodes well for economic growth this year.

"One reason the U.S. economy has weathered this downdraft in housing and autos is that it's been generating a lot of income" for consumers, said Robert Gay, a former senior economist at the Federal Reserve.

Indeed, the competitive labor market continues to boost wages. The average hourly wage of nonmanagerial workers in January was 4% higher than a year earlier, well above the current inflation rate of about 2.5%.

White-collar, service-sector workers like Mr. Gay, now a hedge-fund consultant in New York, have been in particular demand. Employment in the category of professional and business services, which includes accountants, consultants and lawyers, grew by 25,000 positions in January. The health-care field added 18,000 workers last month and an average 28,000 positions a month last year.

FairPoint Communications Inc., a Charlotte, N.C., telecommunications company, said it plans to add 600 jobs this year, to "support field operations" and mostly in the accounting, logistics, information-technology and human-resources departments.

Roy Krause, chief executive of Spherion, a staffing firm in Fort Lauderdale, Fla., said, "You're taking out of a lot of companies the 60-year-old middle-management professional that needs to be replaced somehow." He said Spherion's professional placements are running 8% to 10% higher than a year ago, compared with 4% to 5% growth for clerical or industrial placements.

Amid the vigorous labor market, the University of Michigan yesterday said its consumer-sentiment survey rose to 96.9 in January from 91.7 in December, hitting its highest mark in two years.

Meanwhile, the Commerce Department said factory orders surged 2.4% in December after a 1.2% gain in November, but underlying trends suggest the manufacturing sector could struggle in the months ahead as it works off stockpiles of unsold goods.

Economy Adds Fewer Jobs Than Expected (FT)

By Eoin Callan, Michael Mackenzie

Financial Times, February 3, 2007

The US unemployment rate rose this month as the economy added fewer jobs than expected, government figures showed.

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The unemployment rate hit 4.6 per cent as employers added 111,000 workers to their payrolls in January, the department of labour said.

The signs of cooling in the labour market are consistent with the Federal Reserve's view that inflation pressures are starting to moderate as the economy coasts towards a soft landing.

The increase in unemployment makes the central bank more likely to keep interest rates on hold as it waits to assess the full impact on consumer sentiment of a slowdown in the housing market.

Robert Mellman, an economist at JP Morgan, said: "The message from these figures is that the economy is not overheating. This gives the Fed less reason to be worried about inflation."

Ed Lazear, economic adviser to President George W. Bush, said: "This jobs report is just about perfect. It suggests that the economy is balanced. It suggests we can sustain this into the future."

The slower-than-expected job creation follows above trend economic growth in the last quarter, when the economy created 104,000 more jobs than previously thought, according to the latest figures.

The payroll increases were strongest in the service sector - which added 104,000 jobs, while the construction sector surprised many economists by adding 22,000 jobs, despite a housing slowdown.

Factories shed 16,000 jobs, underlining the weakness in the the manufacturing sector, according to the data on non-farm payrolls.

Alan Ruskin, chief international strategist at RBS Greenwich Capital said: "The data will leave expectations of a steady Fed through the first half of 2007 largely intact while encouraging some to flirt more actively with rate cuts toward the end of the year."

Equities rose as Treasury yields fell, with the benchmark 10-year bond yield down to 4.81 from 4.85 per cent. The dollar slipped a little against the euro and the yen.

Growth in average hourly earnings was slower than expected with an increase of 3 cents in January to $17.09. Over the year, both hourly earnings and weekly earnings rose by 4 per cent.

Employment Figures Fit "Soft Landing" Predictions (WP)

By Nell Henderson

The Washington Post, February 3, 2007

The nation's labor market softened slightly last month, with the unemployment rate edging up to 4.6 percent as job growth slowed, the Labor Department said yesterday.

The report fits with widespread government and private forecasts that the economy will slow to a cooler but still-solid pace of growth this year after expanding rapidly last year. That is expected to cause the drum-tight job market to ease and inflation pressures to ebb.

The Labor Department's report "paints a perfect picture of the U.S. economy and labor markets making a 'soft-landing,' " said Stuart Hoffman, chief economist at PNC Financial Services Group.

The jobless rate ticked up in January from 4.5 percent in December but remains low by historical standards. Much of the increase occurred because hundreds of thousands of workers poured into the labor force last month, likely drawn by booming job growth at the end of last year.

Employers increased their payrolls by 206,000 workers in December and by 196,000 in November, the department said, revising upward earlier estimates. That was more than the monthly number of new jobs, 100,000 to 150,000, that many economists think necessary to keep pace with growth in the labor force.

Employers turned more cautious in January, however, adding a more modest 111,000 jobs, the Labor Department said. Some of the biggest employment gains were in education, health care, finance and other services, as was the case last year.

Construction employment grew as job cuts by home builders were more than offset by hiring for nonresidential projects such as offices, hotels, factories and hospitals. Some of the gain was likely because of the unseasonably warm weather across much of the country in January, analysts said.

Manufacturing employment fell, with the losses concentrated in automaking, furniture and textiles, the Labor Department said.

"The end of the year was strong, so it was not unusual there was a little pullback" in hiring last month, said Roy G. Krause, chief executive of Spherion, a national staffing firm in Fort Lauderdale, Fla.

Many economists predict that the unemployment rate will rise this year to about 5 percent.

The unemployment rate fell last month for African American workers, to 8 percent from 8.4 percent in December. The rate was the lowest since July 2001, but was still nearly double the rate for white workers, which rose to 4.1 percent from 4 percent. Latino joblessness rose to 5.7 percent from 4.9 percent.

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Wage growth also slowed in January, which should help ease concerns at the Federal Reserve that a tight job market might drive inflation higher. Average hourly earnings for most workers rose 0.2 percent last month, the slowest pace since September, to $17.09.

Slower Job Growth, At Least For Now (NYT)

By Jeremy W. Peters, Eduardo Porter

The New York Times, February 3, 2007

Job growth slowed in January, the government reported yesterday, offering a tentative sign that the economy may be shifting down a notch from its unexpectedly robust pace of growth at the end of last year.

According to the Department of Labor's report, employers across the nation added 111,000 jobs last month, about half the monthly gains recorded at the end of last year and fewer than most Wall Street economists expected.

Unemployment rose a tenth of a percentage point, to 4.6 percent, the highest level since September, because of a substantial increase in the number of people entering the labor force seeking a job.

The weaker data for January soothed some investors in financial markets, who have been worrying that faster growth in jobs and wages may feed through to higher inflation. "We're looking at the ultimate rosy scenario," said Robert S. Gay, managing partner of Fenwick Advisors, a financial consulting firm. "Not too fast, not too slow."

But employers may be hiring at a faster clip than is immediately apparent. The Labor Department also acknowledged that employers added nearly one million more jobs from March 2005 through last December than it had previously estimated.

Last year, employment growth exceeded earlier estimates by more than 400,000 jobs. The magnitude of the change suggested that the Labor Department might be seriously underestimating the growth in employment.

"The size of the upward revisions was enormous," said Joshua Shapiro, chief United States economist with MFR. "You put the pieces of the puzzle together, and it sort of tells you that the 111,000 number is not something to focus on." January's number will be revised in February and March, and will be subject to an annual adjustment next year.

The reported changes to prior data were mostly because of the annual adjustment of the sample of businesses that the Labor Department surveys to put together its employment figures. The department also recalibrated its model of the birth and death of businesses — which feeds into its estimates of employment growth.

The adjustments fit an underlying picture of an economy that is somewhat stronger than previously thought, despite the continuing weakness in the housing market — which has affected employment in the housing sector. Early estimates put growth in the fourth quarter at 3.5 percent, faster than expected.

Indeed, the University of Michigan's consumer confidence gauge for January, which was released yesterday, rebounded to its highest level in two years, as cheaper energy encouraged expectations of a stronger economy, better jobs and higher wages.

Richard T. Curtin, who heads the university's surveys of consumers, noted that in January only 27 percent of consumers said they expected unemployment to rise over the next year, the lowest percentage in two years, down from 41 percent in the August survey. "Consumers expect a big increase in real incomes," Mr. Curtin added.

Wages did not grow much in January. Hourly wages increased 3 cents, or 0.2 percent, before inflation, the slowest since September. The total hours worked in the private sector declined to 33.8 a week, from 33.9 in December.

Though inflation in January has not yet been reported, it would not be surprising if it were to exceed the growth in hourly wages.

When the Federal Reserve voted on Wednesday to leave interest rates unchanged, it sounded its usual cautionary note about inflation. But this time, it was more optimistic that prices would "moderate over time," its statement said.

Still, some economists remain nervous about wage growth. "Increases in wages should not necessarily lead to wage inflation of the sort that would worry the Fed if we continue to see productivity growth, but productivity growth has been slowing," said Bernard Baumohl, managing director of the Economic Outlook Group.

Even so, Mr. Baumohl added, the Fed may find it difficult to raise interest rates just as workers are starting to see real wage gains. "It's taken so long for workers to catch up, that you really don't want to terminate that abrupt increase in income. The Fed is going to have to be very careful here."

Yet, according to some economists, the Fed will not be faced with that decision because the labor market is about to take a turn for the worse as the boost from cheaper gas and the warm winter weather starts to fade.

"I think we'll be looking at softer numbers," said Jan Hatzius, chief United States economist at Goldman Sachs, "especially to the extent that you've gotten some help from weather. And there's going to be payback for that. What it means is that seasonal layoffs in the winter weren't as significant as they have been in past winters. And there's going to be less seasonal hiring in the spring."

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The job figures, part of the Labor Department's monthly employment report, underscored how the housing slump is still putting a drag on the economy. Last month, home builders and related businesses cut 11,400 jobs.

Still, other sectors have not followed housing down, as many economists had feared. For instance, hiring in commercial construction offset many of the losses in housing, and the construction industry as a whole posted a gain of 22,000 jobs.

Some of the sectors doing the most hiring in January were health care and social assistance (24,500 new jobs), food services (21,000 jobs) and government (14,000).

Cuts to blue-collar work forces were some of the deepest last month. Manufacturing continued to drag, losing a net 16,000 jobs in the month. Those losses were concentrated in the automobile industry, where carmakers and auto parts manufacturers eliminated 23,000 jobs. In all of 2006, auto and auto parts manufacturers shed more than 83,000 jobs, the government reported.

Despite Recent Oil-Price Rally, Stock Investors Hold On (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 3, 2007

If stock investors could spare a blanket, they might want to throw it on crude-oil prices, which are rising again. For now, they seem to be using their blankets to keep warm.

After a selloff in crude to begin 2007, colder weather throughout much of the U.S. has sent the commodity surging anew, up nearly 17% from its mid-January lows.

But while higher oil prices usually hurt stocks because of the impact of energy costs on businesses and consumers, this oil rally hasn't sent investors into a panic. Even after a small decline Friday, the Dow Jones Industrial Average is up 1.5% for the year after closing at a record Thursday.

Investors figure at less than $60 a barrel, off 23% from the midsummer high, oil prices aren't so bad. Still, they are paying attention to oil again, wary that if crude's rise continues, it could eventually hurt corporate profits.

"More than anything else, the effect of the oil price is very psychological," for both investors and consumers, says analyst Fadel Gheit, of brokerage firm Oppenheimer & Co. He says a return to retail gasoline prices over $3 a gallon could set off more conservation by consumers and possibly a stock selloff. For now, that scenario doesn't seem much of a risk.

After a rally in oil prices Friday, prices at the service station could be on the way up. Forecasts for cold weather and buying by traders who often like to guard against adverse news over the weekend sent crude prices up $1.72, or 3%, to $59.02 a barrel -- the highest finish so far this year. That trimmed oil futures' decline for 2007 to 3.3%.

The rally helped push the Dow lower Friday, though it had its best week in more than two months. The average fell 20.19 points Friday, or 0.2%, to 12653.49, up 1.3% for the week. Higher energy prices generally concern investors because they believe that when consumers spend more at the pump, it leaves fewer dollars to spend on other products and services.

Other stock indicators rose Friday. The Standard & Poor's 500-stock index edged up 0.2%, or 2.45 points, to 1448.39, a six-year high and up 2.1% on the year. It rose 1.8% for the week. The Nasdaq Composite Index gained 0.3%, or 7.50 points, to 2475.88, up 1.7% for the week and 2.5% on the year.

Stocks were also held in check by the Labor Department's release of weaker-than-expected weekly employment data. Other economic signals were more upbeat. Measures of both consumer confidence and factory orders were up for December.

"The economy is stronger than most people think," says strategist James Paulsen of Wells Capital Management. "I don't think oil is down from [its summer highs] near $80 because the economy has slowed. If anything, it's accelerated."

In major U.S. market action:

Stocks were mixed; bonds rose. The 10-year note gained 2/32 point, or 62.50 cents per $1,000 invested, pushing the yield down to 4.828%.

The dollar strengthened, to 121.04 yen, compared with 120.71. The euro fell against it to $1.2967, from $1.3020.

Jobs Report Brings A Tepid End To A Strong Week (NYT/AP)

By The Associated Press

The New York Times, February 3, 2007

Wall Street ended a strong week narrowly mixed yesterday as the market absorbed a weaker-than-expected employment report that curbed investors' bullish sentiment after three straight days of gains.

The January jobs report, which showed the country's unemployment rate at a four-month high of 4.6 percent, came as a surprise on Wall Street. A reading of 4.5 percent had been expected. The Labor Department report signaled that employers were more cautious than expected in adding jobs in the new year. The economy added 111,000 jobs last month, below the 150,000 that had been expected.

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Investors also received word from the Commerce Department that factory orders showed their biggest gain in nine months in December, rising 2.4 percent.

"They're by no means terrible numbers here," said Andy Richman, fixed-income strategist at SunTrust Bank's personal asset management arm. He said the readings indicate that the Federal Reserve's strategy of standing pat on interest rates is working.

The Dow Jones industrial average fell 20.19 points, or 0.16 percent, to 12,653.49.

Broader stock indicators were higher. The Standard & Poor's 500-stock index rose 2.45 points, or 0.17 percent, to 1,448.39, its highest level in more than six years, and the Nasdaq composite index advanced 7.50 points, or 0.30 percent, to 2,475.88.

For the week, the Dow was up 1.33 percent, while the Nasdaq gained 1.66 percent and the S.& P., 1.84 percent.

Bonds were little changed, with the benchmark 10-year Treasury note up 4/32, at 9815/32, and the yield, which moves in the opposite direction from the price, falling to 4.82 percent, from 4.84 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell.

Light crude oil settled up $1.72, at $59.02 a barrel, on the New York Mercantile Exchange.

Crude prices have risen this week on political concerns in the Middle East, and cold weather in the northeastern United States.

In a week full of corporate profit reports, the Fed's decision on interest rates and the jobs report stood out, and, as expected, played the greatest role in shaping investor sentiment.

The central bank's decision to leave short-term interest rates unchanged and its comments that the economy remains solid and that inflation appears to be in check helped drive stocks higher.

The Dow and the Russell 2000 index of smaller companies set closing highs Thursday.

The meandering trading yesterday after three days of gains was somewhat typical of Wall Street's behavior in the new year as run-ups have often been accompanied by a session or more of contemplation in which investors try to determine whether stocks are poised to move higher.

In corporate news, the Internet retailer Amazon.com fell $1.31, or 3.4 percent, to $37.39, after the company's fourth-quarter profit fell and raised concerns about thinning profit margins.

Intuitive Surgical rose $17.45, or 17.6 percent, to $116.77 after profit at the company, which makes robotic surgical gear, fell but came in better than Wall Street expected.

The video game publisher Electronic Arts rose 59 cents, to $51.13, after the company's fourth-quarter earnings handily topped Wall Street's expectations.

Chevron fell 43 cents, to $74.04, after the company posted a decline in its fourth-quarter profit amid lower energy prices.

CA, the maker of business information software, rose $1.69, or 6.8 percent, to $26.69, after it raised its 2007 sales forecast.

The drop in gold prices pushed shares of mining companies lower. Barrick Gold fell 31 cents, to $29.98; Goldcorp fell 88 cents, or 3.1 percent, to $27.22.

Overseas, Japan's Nikkei stock average rose 0.16 percent.

The Current "Depression" (WSJ)

The Wall Street Journal, February 3, 2007

The good economic news keeps rolling in. Yesterday's new-jobs estimate for January, at 110,000, was below Wall Street expectations but it was accompanied by upward revisions of 81,000 jobs for the prior two months. Those revisions brought the 2006 monthly average up to 187,000 new jobs, or 2.2 million for the year.

Readers will recall that the current expansion was derided right through 2004 as a "jobless recovery." We now know the economy has created 7.4 million new jobs since mid-2003, as revisions by the Bureau of Labor Statistics have added hundreds of thousands to its original monthly estimates. Thus the hand-wringers have had no choice but to move on, turning their laments to allegedly "stagnant wages." Well, that's now vanishing too.

Let's look at the record of this expansion compared with that of the sainted 1990s. Economist Michael Darda has been looking at the numbers, and yesterday he put out a side-by-side employment comparison of the first five years of the 1991-2000 expansion with the current one that began in the fourth quarter of 2001.

Between 1991 and 1996, the unemployment rate averaged 6.4%, compared with 5.4% from 2001 to 2006. Today's jobless rate is now down to 4.6%. As for real (inflation-adjusted) wage growth, it averaged 0.6% annually for non-farm workers in the first half of the 1990s compared with 1.5% a year so far in this decade. "This cycle as a whole has witnessed twice the average real

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wage growth than the first 64 months of the previous expansion," Mr. Darda writes. For the last 12 months, real wages have risen even faster, at a 1.7% clip.

Anything else to worry about? Well, there's always the "trade deficit," though exports are now booming (up 10% last year), especially to the countries with which the U.S. has signed free-trade agreements. So moving right along, this week's bad news is said to be the U.S. "savings rate," which according to the official measure was "negative" for a whole calendar year for the first time "since the Great Depression," as Martin Crutsinger of the Associated Press helpfully put it. Hooverville, here we come!

As a statistic, however, the official "savings rate" is nearly as useless a guide to prosperity as the trade deficit. In the government accounts, what is called the savings rate is literally income less consumption. But the government defines income too narrowly and consumption broadly. For example, "income" doesn't measure capital gains (whether realized or not), the rising value of your home, or even increases in your retirement accounts.

Think about how you calculate your own personal "savings rate." Do you merely add up what you make in salary in a year minus what you spend? Or do you sneak a peak at whether your IRA increased in value, or check the sale price your neighbor got on his home to figure out what you might be able to get for yours? By any normal definition, "savings" should include your increase in total assets -- in other words, your gains in overall wealth.

For our part, these columns long ago began to watch a far more instructive figure known as "household net worth." That number, released by the Federal Reserve, includes all assets (tangible and financial) held by individuals less their liabilities (mortgage and other debt). At the end of last year's third quarter, U.S. household net worth had climbed to $54.1 trillion. That was an increase of more than $3 trillion over the previous four quarters. Rest assured, that's a much higher figure than during "the Great Depression," AP notwithstanding.

None of this means we should be complacent about economic growth. There are two genuine clouds on the horizon -- namely, inflation risk and political risk. Inflation remains somewhat higher than is comfortable, and we still expect the Fed will consider further interest-rate hikes if today's weak dollar and soaring commodity prices lead to a jump in the official inflation indicators later this year. As for politics, the Democrats now running Congress explicitly reject the tax cuts and freer trade that have helped to propel the current prosperity. If history is any guide, sooner or later this is a recipe for trouble.

DNC Turns Focus To White House (WP)

By Dan Balz, Anne E. Kornblut

The Washington Post, February 3, 2007

With Congress in their control and their eyes now on the White House, Democratic Party leaders took their first look at the party's field of presidential candidates yesterday at a forum in which the three front-runners presented their positions on Iraq and jockeyed over who can defeat the Republicans in 2008.

Sen. Hillary Rodham Clinton of New York presented herself as a tough, experienced pragmatist. Sen. Barack Obama of Illinois offered himself as an inspirational critic of politics as usual. And former senator John Edwards of North Carolina made himself the keeper of the Democratic flame, delivering a call for Democrats to reclaim their heritage.

Addressing the Democratic National Committee's winter meeting, Clinton put further distance between herself and President Bush on Iraq. "I want to be very clear about this," she said. "If I had been president in October of 2002, I would not have started this war. . . . If we in Congress don't end this war before January 2009, as president, I will."

For Clinton, who supported the 2002 resolution authorizing the U.S. invasion and then defended the mission long after the initial combat phase ended, the pledge to stop the war represented another break with Bush's Iraq policies.

Edwards drew a rousing reception with a sharp attack on Bush's plan to send more troops to Iraq and a populist appeal for Democrats to return to their roots as defenders of the union workers, the poor and struggling middle-class families. "Brothers and sisters, in times like these, we don't need to redefine the Democratic Party," he said. "We need to reclaim the Democratic Party."

Obama stated that he had repeatedly spoken out against the war before the invasion in 2003, but he pitched most of his message in a different direction. Warning that campaigns should be about more than skeletons in the candidates' closets and gaffes along the way, he urged Democrats to fight against the cynicism that he said has turned politics into a blood sport and has blocked consensus and cooperation on solving the country's problems.

"There are those who don't believe in talking about hope," he said. "They say, 'Well, we want specifics, we want details and we want white papers, we want plans.' We've had lots of plans, Democrats. What we've had is a shortage of hope. And over the next year, over the next two years, that will be my call to you."

The audience that filled the large ballroom at the Hilton Washington Hotel whooped and cheered and often rose to their feet in response to the candidates' rhetoric.

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Besides the three front-runners, three other candidates also spoke yesterday: Connecticut Sen. Christopher J. Dodd, a former general chairman of the DNC, and two veterans of the 2004 campaign, retired Army Gen. Wesley K. Clark and Ohio Rep. Dennis J. Kucinich.

Today, the Democrats will hear from Delaware Sen. Joseph R. Biden Jr., whose campaign began in controversy and apology this week over a comment in which he described Obama as "articulate and bright and clean and a nice-looking guy." Others on today's schedule include New Mexico Gov. Bill Richardson, former Iowa governor Tom Vilsack and former Alaska senator Mike Gravel.

Yesterday's speakers refrained from attacking each other, using the forum as a brief opportunity to sound the main themes of their campaigns and distinguish themselves from their rivals.

Clinton described herself to party leaders as the Democrat best equipped to take on the Republicans in 2008. "I know a thing or two about winning campaigns," she said. "When our party and our candidates are attacked, we have got to stand up and fight back. . . . I know how they think, how they act and how to defeat them."

The candidates agreed on expanding health care and reducing dependence on foreign oil, but at times, yesterday's event sounded like an echo of candidate forums in 2003-04, with Iraq still the dominant issue and the Democrats debating what to do next.

Dodd, the leadoff speaker, demanded that Democrats, who now control Congress, do more than pass a nonbinding resolution on Iraq that is soon to be up for debate.

"Frankly, I am disappointed that we can't find a way to do more than send a meaningless message to the White House -- a White House, I would add, that has said it will ignore anything that we have to say about the war in Iraq," Dodd said. "The American people sent us a message this past November; the voters were clear. They want a change in the policy in Iraq."

Edwards, who made no reference to his initial support for the war while he was in the Senate, called for Democrats to block the troop buildup, quoting the Rev. Martin Luther King Jr.'s words during the Vietnam War that "silence is betrayal." But he said the White House is counting on Democrats not to fight the new deployments.

"They don't think we have the backbone and courage to stand up to them," he said. "They don't think we are in this to stop the escalation of this war and to bring our men and women home from Iraq. They're counting on us to be weak, to be political and to be careful. This is not the time for political calculation."

Clinton defended efforts to pass a bipartisan, nonbinding resolution putting Congress on record in opposition to the president's new plan. To scattered antiwar protests, she said, "There are many people who wish we could do more, but let me say that if we can get a large, bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said no to President Bush and began to reverse his policies."

Obama, who called this week for combat troops to be out of Iraq by March 31, 2008, said criticism of the president alone is no longer a sufficient strategy for Democrats. "It was enough to run against George Bush during this past congressional election," he said. "It will not be enough now. . . . Every candidate for office in the next election should put forward in clear, unambiguous, uncertain terms exactly how they plan to get out of Iraq."

Clark, who has not set up a campaign committee, offered sharp criticism of the administration for "condoning torture, using rendition and these secrete detention camps, by creating a sense of callous disregard for the innocent lives lost in that conflict and by taking us to an unnecessary war in the first place."

Kucinich, who opposed the war, said Congress now should end it by cutting off funds. "Democrats have an obligation to reclaim Congress's constitutional power to end the war," he said.

Democratic Hopefuls Split Over The Best Path To Peace (NYT)

By Adam Nagourney, Patrick Healy

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — To shouts and cheers from thousands of Democrats assembled here, the party's leading presidential contenders condemned President Bush's war in Iraq on Friday but sharply differed over how to end it — and particularly whether Democrats should settle for a nonbinding resolution expressing the Senate's opposition to Mr. Bush's war policies.

The debate played out before an electrified audience of Democratic National Committee members who are eagerly anticipating the presidential race of 2008, and clearly cheered by the last election results. But the event spotlighted divisions among three leading contenders for the party's nomination — Hillary Rodham Clinton, Barack Obama and John Edwards — over how the party should seek to end the war.

It was Mrs. Clinton, the Democratic senator from New York who voted for the war and has since turned against it, who drew the most attention. Talking over a handful of hecklers, she argued that a bipartisan resolution, supported by a large number

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of senators and soon to be debated on the Senate floor, was the most powerful way for Congress to begin the process of blocking Mr. Bush from moving ahead with his plan to send 21,000 more troops to Iraq.

To this audience of hard-core Democrats, which has been against the war since Howard Dean rocketed to fame at a similar meeting four years ago by denouncing Democratic supporters of Mr. Bush's Iraq policy, Mrs. Clinton offered her toughest language yet as she sought to distance herself from the war.

"I want to be very clear about this: If I had been president in October of 2002, I would not have started this war," Mrs. Clinton said, her voice echoing across the ballroom at the Washington Hilton as thousands of delegates watched her image on two flickering video screens that flanked her lectern.

"If we in Congress don't end this war before January of 2009, as president I will," she said.

But Mrs. Clinton faced strong opposition from the left in the form of Mr. Edwards, a former senator from North Carolina, who said that his former colleagues should not support the nonbinding resolution next week and should instead vote for measures to cut off funds for the war.

"This is not the time for political calculation," said Mr. Edwards, who voted for the war in 2002 and renounced his vote before beginning his second bid for the presidency. "This is the time for political courage."

"They're counting on us to be weak, to be political and to be careful," he said of the White House.

Mr. Obama, a senator from Illinois, said earlier this week that he was likely to support the resolution, but he made no reference to it at the meeting with Democrats. Instead, drawing clear contrasts with Mrs. Clinton and Mr. Edwards, Mr. Obama noted that he had opposed the war from the start.

"I was opposed to this invasion — publicly, frequently, before it began," Mr. Obama said to waves of cheers and applause. "I thought it was a tragic mistake. But whether you were for it or against it then, we all have a responsibility now to put forth a plan that offers the best chance of ending the bloodshed and bringing the troops home."

Over Friday and Saturday, the Democratic National Committee will hear from 10 Democrats who are — or may be — running for president. The order of the candidates was decided by a draw. To the luck of committee members, the three candidates who have drawn the most interest all spoke Friday morning, providing a revealing palette of comparisons and drawing thousands of Democrats.

The other prospective candidates who spoke were Senator Christopher J. Dodd of Connecticut. Representative Dennis J. Kucinich of Ohio and Wesley Clark, the retired Army general.

The meeting had all the energy and pizazz of a political convention: candidates had supporters (some more than others), bumper stickers, placards. Mr. Obama and Mrs. Clinton took the stage to the flicker of camera flashes in the audience.

"Love you!" one woman shouted out to Mr. Obama.

"I love you back," he said, flashing a grin.

Mr. Obama, Mrs. Clinton and Mr. Edwards all drew a notably warm reception. None stirred the kind of wild response that Mr. Dean did in 2003, but, as several Democrats noted, the reaction from this crowd of party insiders may be one of the most imprecise ways of measuring who is most likely to win the Democratic presidential nomination.

Mr. Obama spent little time on Iraq, instead arguing that the biggest opponent candidates face this year is not one another but cynicism.

"It's a cynicism that asks us to believe that our opponents are never just wrong, that they're bad; that our motives in politics can never be pure, that they're only driven by power and by greed; that the challenges that we face today aren't just daunting, but they're impossible," he said. "And if this is true, then politics is not a noble calling, it's a game; it's a blood sport with folks keeping score about who's up and who's down."

Mr. Obama suggested that in this environment, people should not look to campaigns for dry lists of programs. "There are those who don't believe in talking about hope. They say, 'Well, we want specifics; we want details; we want white papers; we want plans.' We've had a lot of plans, Democrats. What we've had is a shortage of hope."

Mrs. Clinton, speaking over isolated shouts of "cut the funding," argued that the nonbinding resolution was the most effective way to counter Mr. Bush's attempt to send more troops to Iraq. She said that as of now, war opponents did not have enough votes to override a veto on legislation to cut funds or, as she and others have proposed, to cap the number of troops.

"There are many people who wish we could do more, but let me say that if we can get a large bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said no to President Bush and begin to reverse his policies," she said.

Mr. Edwards called the resolution meaningless.

"It is a betrayal not to stop this president's plan to escalate the war when we have the responsibility, the power and the ability to stop it," he said. "We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore."

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And Mr. Dodd echoed that position. “Frankly, I am disappointed that we can’t find a way to do more than send a meaningless message to the White House,” he said.

Edwards Continues Swipes At Senate White House Rivals (HILL)

By Sam Youngman

The Hill, February 2, 2007

Former North Carolina Sen. John Edwards continued to move to the left of his leading presidential rivals Friday, saying Senate Democrats' efforts at passing a non-binding resolution are "not enough."

Saying repeatedly that "silence is betrayal," Edwards argued that Senate Democrats, two of whom spoke before and after him at the Democratic National Committee's Winter Meeting, are being too timid in engaging the White House on the Iraq War.

"They are counting on us to be weak, to be political, to be careful," Edwards said. "This is not the time for political calculation."

The Democratic vice presidential candidate of 2004 clearly targeted his main competitors, Sens. Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.), in his remarks. Befitting their frontrunner status, both received rousing receptions at the meeting Friday.

However, Clinton's speech was interrupted by anti-war protesters with the group Code Pink, who shouted at the former first lady to bring the troops home and get behind a binding resolution.

Clinton addressed their concerns to a point, but said though she wished she could do more, Democrats still don't have enough votes in the Senate, despite their new majority.

Clinton instead chose to focus on the past and the future of the increasingly unpopular war.

"If I had been president in October 2002, I would not have started this war," Clinton said. She later added, "If we in Congress don't end the war before January 2009, as president, I will."

Obama for the most part stayed away from the substantive points of disagreement on the war, saying only it should not have been started. He instead focused on a message of hope over cynicism and made a plea for thoughtful debate on the issues.

"It's going to be cynicism we're up against," Obama said, adding later, "The times we're in are too serious to let the cynics win this time."

Sen. Chris Dodd (D-Conn.), the only sitting senator and White House candidate to speak Friday morning who declared he will not support a non-binding resolution, said he wanted Senate Democrats to go further than what is being proposed.

"A real bill with real teeth and real accountability is what is needed," Dodd said.

Dodd, who was joined by about 25 vocal supporters waving his campaign signs, asked the gathered committee members, guests and media not to overlook his campaign in the crowded field.

"I'm standing before you to ask you to give me a chance," Dodd said. "Give me a chance to be heard."

Retired Gen. Wesley Clark, the only potential 2008 candidate speaking who had not filed papers either to form an exploratory committee or declare an all-out bid, played coy after his speech, saying only, "I haven't said I won't."

The Winter Meeting is scheduled to continue Saturday morning when Sen. Joseph Biden (D-Del.), former Sen. Mike Gravel (D-Alaska), New Mexico Gov. Bill Richardson (D) and former Iowa Gov. Tom Vilsack (D) will speak.

Hillary Vows To End War (WT)

By Donald Lambro

The Washington Times, February 3, 2007

Sen. Hillary Rodham Clinton said yesterday she would end the Iraq war as president if the conflict was still raging when she took office.

"If we in Congress don't end this war before January 2009, as president, I will," the New York Democrat said at the Democratic National Committee Winter Meeting here.

Iraq and economic populism were by far the dominant issues among the half-dozen presidential contenders who sought their party leadership's support at the DNC meeting. Mrs. Clinton and her chief rivals repeatedly brought the overflow crowd at the Washington Hilton to its feet in cheering each denunciation of President Bush's war policies.

After well-received speeches by Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina, who called for early troop withdrawal from a war they said never should have been waged, Mrs. Clinton was under pressure to stake out an equally strong policy position before the fiercely anti-war audience.

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"I want to be very clear about this: If I had been president in October 2002, I would not have started this war," said the former first lady, who has been criticized by anti-war voices for voting to authorize the war and steadfastly refusing to support calls for a military pullout.

Mrs. Clinton has refused to say her vote for the war was a mistake and has proposed a cap on troop levels instead of troop reductions. A group of anti-war hecklers could be heard in the packed hall when she talked about her support for a Senate resolution opposing Mr. Bush's plan to send an additional 21,500 troops to Iraq, a resolution some of her rivals have called weak and ineffective.

But she defended the nonbinding resolution being debated in the Senate.

"I understand there is frustration and outrage," Mrs. Clinton said, adding that "if we can pass a resolution disapproving of the troop escalation, that will be the first time we said no to President Bush." She also called for cutting funds for the Iraqi army if it does not achieve certain benchmarks.

Of the three top-tier candidates, Mr. Edwards drew the strongest responses for his emotional message of economic populism as he talked of poverty in America, "children who go to bed hungry" and do not have health care -- repeating the challenging refrain: "Will you stand up for them, will you stand up for America?"

He condemned the Senate resolution challenging the troop buildup in Iraq as meaningless, and in a pointed remark that some saw as a thinly veiled criticism of Democrats such as Mrs. Clinton, he said: "This is not a time for political calculation. This is a time for political courage. We have to stand up against George Bush's escalation of this war."

Denouncing those in the party who want to change its policies to broaden its appeal to more moderate voters, Mr. Edwards said, "We don't need to redefine the Democratic Party, we need to reclaim it."

Mr. Obama, who was received like a celebrity, also condemned the war, saying that the party's candidates had "a responsibility to put forward a plan to get us out of Iraq and [end] the bloodshed." He called for a phased withdrawal from Iraq in three to four months.

But much of his speech was a more muted, reflective critique of modern-day campaigning, which he said has turned politics "into a game, a blood sport" in which one's opponents "are not just wrong, but they are bad. This is not a game, this is not about digging up skeletons. This is not a contest for TV cameras. It's a contest for America," Mr. Obama said.

Sen. Christopher J. Dodd of Connecticut also criticized the Democrats' compromise resolution on the war.

"Frankly, I'm disappointed," Mr. Dodd said. "It's time to get our troops out of the country and we're debating a nonbinding resolution. It's time to send a bill to the president with real teeth in it."

Sen. Joseph R. Biden Jr. of Delaware, Gov. Bill Richardson of New Mexico and former Gov. Tom Vilsack of Iowa are scheduled to address the DNC today.

'08 Dems Split On Iraq (NSDY)

By Glenn Thrush

Newsday, February 3, 2007

WASHINGTON -- Sen. Hillary Rodham Clinton, facing a cascade of criticism from anti-war Democrats and party rivals, further distanced herself Friday from her pro-Iraq-war vote, vowing to end the conflict quickly if she's elected president.

Speaking at the Democrats' winter conclave with eight other presidential hopefuls, Clinton argued it would be politically impossible to defund President George W. Bush's plan to increase Iraq troop levels -- even as 2008 rival John Edwards decried her position a betrayal.

"If we in Congress don't end this war before January 2009, as president I will," said Clinton, who supports a phased withdrawal of U.S. troops and a cap on forces at 140,000, approximately the number there now.

Addressing her October 2002 vote authorizing the invasion, Clinton said, "If I had been president in October of 2002, I would not have started the war."

A majority of Americans supported the war at the time. About half the Democrats in the Senate bucked public opinion and voted against war, including current Armed Services Chairman Carl Levin (D-Michigan).

Clinton's statements didn't impress a handful of anti-war protesters who briefly interrupted her address to the Democratic National Committee. And Edwards, who has recanted his yes vote on the war and urges a quick withdrawal, demanded that the Democrat-controlled Senate force a confrontation with Bush.

"It is a betrayal not to stop the president's escalation when we have the responsibility, the power and the actual tools to prevent it," the former vice presidential candidate said in a direct challenge to Clinton and Illinois Sen. Barack Obama, who haven't supported efforts to defund the 21,500-troop escalation. "Being satisfied with nonbinding resolutions we know this president will ignore is a betrayal."

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The typically sleepy DNC winter meeting took on the fervid atmosphere of an auto show three months after the party seized Congress, with no less than nine prospective presidential candidates rolling onto the stage like 2008 concept cars.

At times, Edwards and Obama seemed to play tag-team against Clinton, hinting that Clintonesque calculation and caution needed to be abandoned for a bolder, more sincere approach.

"Cynicism ... caused our politics to become small and timid, calculating and cautious," Obama said. "We spend all our time thinking about tactics and maneuvers."

Echoed Edwards: "This is not the time for political calculation, this is the time for political courage."

Clinton, who postponed this weekend's trip to New Hampshire, will travel to the state Feb. 10 to 11, in a campaign that already seems to be simmering a year before the first vote is cast.

"You know, sometimes you feel like you're part of a reality TV show," Obama quipped. "You feel like this is 'American Idol' or 'Survivor.' You're trying to figure out, are you going to go to Hollywood, are you going to be voted off the island?"

Iraq Plans Divide Democratic Hopefuls (LAT)

By Tom Hamburger, Janet Hook

The Los Angeles Times, February 3, 2007

WASHINGTON — The 2008 Democratic presidential candidates, who have been nearly unified in support of universal healthcare, abortion rights and alternative energy, have begun an increasingly harsh debate over an issue that will probably define the early part of the campaign: when to remove troops from Iraq.

Until recently, most Democratic presidential candidates, like the party generally, found success by bashing President Bush's Iraq strategy without offering comprehensive alternatives.

But this week, Sen. Barack Obama (D-Ill.), in a departure from his own past statements, introduced legislation that would begin a phased redeployment of troops by April and require that all combat troops leave Iraq by March 2008.

Obama's announcement set him at odds with Sen. Hillary Rodham Clinton (D-N.Y.), who has declined to specify a date for the removal of all troops from Iraq. Last week, Clinton proposed placing a cap on the number of U.S. troops and threatening Iraq's government with a withdrawal of support.

Clinton's approach, in turn, drew a caustic attack this week from Sen. Joseph R. Biden Jr. (D-Del.) — a noteworthy development in a campaign that had been marked by collegiality. Biden said Clinton's proposed strategy for Iraq would "produce nothing but disaster."

Also coming in for Biden's scorn was former Sen. John Edwards (D-N.C.), who six months ago offered a plan for withdrawal and became the favorite of many antiwar activists. Edwards called for an immediate reduction of 40,000 troops, with all forces to leave the country — though not the region — within 18 months.

"John Edwards wants you and all the Democrats to think, 'I want us out of there,' but when you come back and you say, 'OK, John, what about the chaos that will ensue? Do we have any interest, John, left in the region?,' well, John will have to answer yes or no," Biden said in an interview with the New York Observer. He added: "So all this stuff is like so much Fluffernutter out there."

The jockeying and jostling over Iraq in the primary campaign were displayed anew Friday as six candidates addressed an energized crowd at the Democratic National Committee's winter meeting in Washington. The candidates drew loud applause when they condemned the Bush administration's Iraq policy.

But Clinton was interrupted by seven antiwar protesters as she spoke. She has neither repudiated her vote in favor of the war in 2002 nor backed proposals to cut off funding for the war.

Speaking over the hecklers, Clinton said: "If I had been president in October of 2002, I would not have started this war." Then she added, "If we in Congress do not end this war before January of 2009, as president I will."

But Clinton has been reluctant to specify how she would do that. She and most other Democrats have appeared more comfortable talking about their immediate opposition to Bush's plan to increase troop levels in Iraq by 21,500.

The raucous forum Friday showed the candidates sharpening their differences over how to respond to the planned troop escalation, adding a new element to their differences over longer-term plans for Iraq and when forces should withdraw.

Clinton defended her decision to support a nonbinding bipartisan resolution opposing the troop escalation, which is expected to be debated in the Senate next week. She told the Democratic meeting that the resolution, if approved, would mark the first time Congress had taken a stand against the president over the war.

Others in the Democratic primary field said the Senate should pass something tougher.

"I am disappointed we can't find a way to do more than send a meaningless message to the White House," said Sen. Christopher J. Dodd (D-Conn.). "I don't believe spending a week debating a nonbinding resolution is the change that America

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voted for." Dodd has not advocated a specific withdrawal date but has called for drawing down forces in Iraq and cutting off funding for expansion of the war.

Edwards also criticized the nonbinding resolution as insufficient. Obama has not yet decided whether to support it.

Obama had previously opposed setting a date for withdrawing U.S. forces from Iraq. But as conditions deteriorated, he decided, with the advice of President Bill Clinton's former national security aide Anthony Lake, to propose his legislation this week setting a timetable for the complete withdrawal of combat troops under certain circumstances. On Friday, Obama pointedly called on all candidates to offer specifics about how they would end the war.

"It was enough to run against George Bush during this past congressional election; it will not be enough now," he said. "The American people are expecting more. They want to know what we are going to do."

Biden, who is to address the winter meeting today, has offered a multipart plan that calls for Iraq to become federated states. The states would share oil revenue, but the country effectively would be divided into Sunni, Shiite and Kurdish enclaves.

Once the plan was implemented, Biden says, he would hope to get most U.S. troops out of the country in 18 months.

He, like many candidates, also calls for trying to settle the sectarian differences in Iraq by engaging Iraq's neighbors, as well as major world powers.

Like Clinton, Dodd and Edwards, Biden voted for the 2002 resolution authorizing the war but has long criticized the administration's conduct of the conflict.

Democratic presidential hopefuls Rep. Dennis J. Kucinich of Ohio and former Sen. Mike Gravel of Alaska have long opposed the war. Both advocate an immediate withdrawal of U.S. forces.

Two Democratic governors seeking the presidency, Bill Richardson of New Mexico and Tom Vilsack of Iowa, also oppose the war.

Richardson, who supported the war's goals initially, has called for a phased withdrawal.

Vilsack says troops should be removed from much of the country, but he advocates leaving some forces along the Iranian border.

Clinton Promises To End War If Elected (AP)

By Nedra Pickler

AP, February 2, 2007

WASHINGTON (AP) - Sen. Hillary Rodham Clinton said Friday she would not have attacked Iraq if she were president in 2002 and would end the war if elected, as she tried to blunt rivals like John Edwards who are stoking anti-war passions in the Democratic Party.

Clinton, raising her voice at one point to be heard above anti-war hecklers, suggested that calls from Edwards and others to cut off funding for President Bush's troop increase are unlikely to win approval in a narrowly divided Senate.

"Believe me, I understand the frustration and the outrage," Clinton said in a speech to the Democratic National Committee meeting that brought the party's nine White House hopefuls together for the first time. "You have to have 60 votes to cap troops, to limit funding to do anything. If we in Congress don't end this war before January 2009, as president, I will."

The New York senator's comments were her strongest against the war and signal an effort to confront one of the biggest threats to her front-runner status. As the conflict nears the four-year mark, she has been on the opposite side of the most outspoken anti-war activists who are a force in the Democratic primaries.

Sen. Barack Obama of Illinois reminded the party's rank-and-file - twice - that he was against the Iraq invasion from the beginning.

"But whether you were for it or against it then, we all have a responsibility now to put forth a plan that offers the best chance of ending the bloodshed and bringing the troops home," Obama told the audience.

Edwards voted with Clinton in 2002 to authorize Bush's war against Iraq, a vote he defended during his 2004 presidential race but has since said was a mistake. The former North Carolina senator has gone from being a war apologist to one of the most outspoken critics of the invasion in this campaign.

"Silence is a betrayal," Edwards said, one of 11 times he used the word betrayal in his 18-minute speech. "It is a betrayal not to stop this president's plan to escalate the war when we have the responsibility, the power and the ability to stop it. We cannot be satisfied with passing nonbinding resolutions that we know this president will ignore."

Edwards was referring to a measure being debated in the Senate that would say lawmakers disagree with the president's decision to increase troop levels in an effort to stabilize Baghdad. Connecticut Sen. Chris Dodd, another 2008 candidate, also criticized the effort as meaningless.

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"I don't believe spending a week debating a nonbinding resolution is the change that America voted for" in November when Democrats won a majority in Congress, Dodd said. "With all due respect, a real bill and real teeth and real accountability is what is needed in our country again."

Clinton said while the resolution may not be perfect, it represents the first time Congress has stood against the president on the war.

"There are many people who wish we could do more," Clinton said.

"You can!" came a call from a small gathering of activists from the peace group Code Pink. Others in their group standing along a side wall chimed in, calling for a binding resolution that would end the war immediately, while some nearby audience members asked them to quiet down.

"But let me say," Clinton said, her voice rising above the din, "that if we can get a large, bipartisan vote to disapprove this president's plan for escalation, that will be the first time that we will have said no to President Bush and began to reverse his policies. Now, I want to go further."

"Bring them home, then," said a man dressed in desert camouflage that said "Iraq Veterans Against the War." Clinton said she has proposed capping U.S. troop levels and pulling funding for Iraqi forces, but won't cut funding for U.S. troops while they are on the battlefield.

"And let me add one other thing, and I want to be very clear about this," she said. "If I had been president in October of 2002, I would not have started this war."

Former Gen. Wesley Clark, who has not indicated whether he will run, said he's the only potential candidate with the battlefield experience to succeed in Iraq.

Ohio Rep. Dennis Kucinich called for an immediate end to the war - the same message he ran on in 2004. But it's now is being echoed by several other candidates in a stronger position to win the nomination.

Democratic 2008 Hopefuls Put On A Show (FT)

By Edward Luce

Financial Times, February 3, 2007

Barack Obama best encapsulated what the Democratic party's increasingly feverish presidential nomination contest is becoming.

"I sometimes feel you are part of a reality TV show – like American Idol or Survivor," the African-American senator from Illinois told a packed gathering of spell-bound Democratic activists in Washington on Friday.

"You wonder: are you going to be the first person to be voted off the island?"

Judging by the rock star reception he was accorded at the beauty contest of Democratic 2008 hopefuls, Mr Obama will keep the viewer ratings high until the very last moment.

With almost two years to go before George W. Bush's successor is chosen by the US electorate, media scrutiny of the nine Democratic party aspirants already resembles the final stretch. The Democratic National Committee gave each a chance to present their wares to the nation.

Following detailed ground rules more redolent of the televised presidential debates that take place in the two months before election day, candidates were permitted a maximum 100 banners each in the conference hall, they could speak for seven minutes only and introductions were limited to one minute. At times the enthusiasm was deafening.

Each candidate sought to underline the need to face up to what they presented as the epoch-moving challenges before the US of tackling global warming, providing universal health insurance to all Americans and ending the war in Iraq.

Hillary Clinton who, alone among the candidates, has not formally renounced her 2002 vote authorising Mr Bush to go to war, was periodically interrupted by anti-war hecklers.

But the former first lady, who leads Mr Obama by more than 20 points in most polls, went further on Iraq than she had gone before: "If I had been president in October 2002 I would not have started this war," she said.

"If we do not in Congress end this war by January 2009 [when the next president is inaugurated], then I will."

In spite of the long distance before the party primaries are held next January and February, it was clear that centre-left issues would dominate the nomination contest – Iraq, the economic anxieties of the middle class, the "haemorrhaging" of manufacturing jobs to China and elsewhere, healthcare and climate change.

One of the loudest cheers came when John Edwards, who ranks third in the polls behind Mr Obama and Mrs Clinton, said that it was "time to stand with the men and women of organised labour".

Mrs Clinton also drew cheers when she said the Bush administration's growing trade deficit had turned China into America's creditor: "How do you get tough on your banker?" she asked. "It is time to start standing up for the American worker."

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By far the most emphatic ovations came in response to Mr Obama's at times electrifying oratory in which he called for an end to cynicism in politics and insisted that this presidential contest should not be a "blood sport". But to judge by the mood of the parade and the state of national opinion polls, the increasingly hated war in Iraq will dominate the campaign over the next 12 months.

"This is not a game – this is not a contest for the TV cameras: it is a serious moment in America and the American people are in a sober mood," he said. "We have 130,000 young Americans fighting a war halfway round the world in Iraq that should never have been waged. We don't have time to be cynical."

Democrats Control The Hill, But Not Themselves (WP)

By Dana Milbank

The Washington Post, February 3, 2007

Yesterday was the first cattle call of the Democratic presidential campaign and -- holy cow! -- these candidates can moo.

"Each candidate has been given seven minutes to speak," announced Democratic National Committee Chairman Howard Dean before the first of six Democratic candidates took the stage at the Hilton Washington. He further announced that an "official timekeeper" will hold up warning and "time's up" signs. "After 10 minutes, wild gesticulations will take place," he threatened.

This quaint exercise in Democratic Party discipline lasted about, well, seven minutes. The first candidate, Sen. Chris Dodd (Conn.), took the floor for 20 minutes and 15 seconds, ignoring Dean's hovering, the removal of Dodd's image from the projection screens, and the fact that he drew applause for saying "Let me conclude." Former senator John Edwards (17:40) wasn't far behind, trailed by Sens. Hillary Clinton (16:12) and Barack Obama (15:30).

The closest to the limit was Rep. Dennis Kucinich (12:38), but this was probably because the audience treated his appearance as a chance to start conversations or to visit the restrooms. "Can you hear me in the back?" Kucinich called above the din. "Because I can hear you."

Now in control of Congress, Democrats were eager to demonstrate that they could make the trains run on time yesterday. They started the proceedings with an ROTC color guard. And Dean sternly read out the ground rules. "Each candidate was given the opportunity to play 30 seconds of music and can have up to 100 campaign signs evenly placed around the room."

But the Democratic National Committee is not exactly a precision drill team. The first speaker, Senate Majority Leader Harry Reid, wasn't ready when his time came to speak. Clinton, for her part, showed flagrant disregard for Dean's sign restrictions; her supporters hoisted about 300. And although most candidates chose the usual favorites for their theme music ("Our Country," "America the Beautiful"), Dodd went with the Temptations:

If you want to play hide and seek with love let me remind you (It's all right)

The lovin' you're gonna miss in the time it takes to find you. (It's outta sight)

But even in the confusion, the candidates found ways to establish a pecking order. Obama, rock star of the pack, got nearly a minute and a half of applause, leaving Edwards in the dust with just 30 seconds. Kucinich, who unintentionally drew laughter when he referred to 2009 and "my inauguration as president," used his brief moments on the stage to mention his third wife, Elizabeth -- seven times.

Reid, though not technically under the seven-minute rule, opened the proceedings with a poor example. After a 10-minute speech, Reid said "Thank you very much" and earned a lengthy standing ovation. But to the surprise of many in the hall, Reid remained at the lectern. "I want to talk a little bit about the West," he announced, rambling on for eight more minutes.

Four years ago at another DNC winter meeting, Dean's presidential ambitions soared with his famous claim to represent the "Democratic wing of the Democratic Party." Yesterday, the remarks were more lengthy than lofty.

Dodd, in his Phil Donohue hairdo, opened by noting that "sometimes, the introductions go on longer than my remarks." Not this time. He went on about Bill Clinton, Franklin Roosevelt and his 2-year-old daughter. At 10 minutes, he offered what could have been a rousing finale: "We're not going to take fear for an answer any longer in America."

During the applause, Dean stood up and attempted to reclaim the microphone. But Dodd wouldn't budge. As the timekeeper raised the red "TIME" sign repeatedly over the next 10 minutes, Dodd quickened his pace and added phrases such as "Let me also add here quickly."

Obama, next up, was already two minutes over his time when he proclaimed, "We don't have time to be cynical." By 13 minutes, he seemed to have tired himself out, for he announced that candidates should put forward their Iraq plans in "clear, unambiguous, uncertain terms."

Retired Gen. Wes Clark, who turned in a respectable time of 13:35, gave the impression that somebody had told him he had been insufficiently emotional. "It feels great," he announced. Also: "I feel that pain." And: "Makes me sad. But also, I get impassioned. To be honest with you, I get a little bit angry." And, finally: "We must also be strong."

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Edwards must have thought he said "long." Two minutes over his time limit, Edwards stated his already-obvious view that "silence is betrayal." Four minutes over time, Edwards announced that "we cannot walk away" -- then remained planted for several more minutes.

After the Kucinich intermission, Clinton greeted the crowd with an announcement: "I'm here to start a conversation with our country." A couple of audience members took that offer seriously, and, eight minutes into Clinton's speech, began heckling her about Iraq. This made Clinton's speech louder, not shorter. "I've been fighting for more than 35 years," she said after talking for more than 13 minutes.

The timekeeper stood up and raised the red sign. Dean rose from his chair and stood at Clinton's shoulder. The candidate, having used 230 percent of her allotted time, surrendered the microphone.

DNC Backing Expected For D.C. Vote In House (WP)

By Mary Beth Sheridan

The Washington Post, February 3, 2007

The Democratic National Committee is expected to throw its support today behind legislation to give the District a full seat in the House of Representatives, kicking off a grass-roots lobbying effort to get it passed.

A resolution in favor of the bill will be considered today at the group's winter meeting in Washington. It has the backing of party leaders, including DNC Chairman Howard Dean.

Donna Brazile, who authored the resolution and ran Al Gore's 2000 presidential campaign, said the DNC's action "will allow us to begin a 50-state campaign" in which party supporters urge their legislators to vote for the bill.

The D.C. voting rights bill, reintroduced last month, has sparked hopes among city activists and politicians that the District could get a full seat in the House after decades of seeking more representation. The measure would permanently add two seats to the House -- one for the District, which is heavily Democratic, and the other for Utah, a Republican stronghold. The District would still not have voting senators.

The District's congressional delegate, Eleanor Holmes Norton (D), can vote only in committees and on amendments to legislation. She co-sponsored the bill with Rep. Thomas M. Davis III (R-Va.), who has been trying to line up Republican support.

Norton met Thursday with Speaker Nancy Pelosi (D-Calif.) and other House leaders, who are grappling with Democrats' concerns about the bill. Some are concerned that the measure awards Utah an extra electoral college vote and leaves the District's electoral votes unchanged.

Party members also worry that Utah's only Democratic congressman, Rep. Jim Matheson, could be hurt politically if the state's districts are redrawn to add an extra seat. There is no set timetable for hearings on the bill.

Democrats have long supported the principle of D.C. voting rights. "What's different now is the DNC is endorsing a specific resolution of that question," said Ilir Zherka, executive director of advocacy group D.C. Vote.

Brazile, the chairwoman of the DNC Voting Rights Institute and a former Norton chief of staff, said she hoped that after the resolution passed, Dean would write to every member of Congress urging them to back the legislation.

In addition, she said, the party could "utilize not just their enormous mailing list, but their ability to help galvanize Democrats" at a grass-roots level, working with groups such as MoveOn.org.

Norman J. Ornstein, a political expert at the American Enterprise Institute, said it was unclear how effective a grass-roots campaign for the legislation would be.

"MoveOn.org is going to be, first, consumed by the war, and after that, probably by the presidential campaign," he said.

But, he added, Brazile's involvement was significant. "She's got credibility out there," he said.

Asked to comment, MoveOn.org official Noah Winer said the group "fully supports full voting representation in Congress for D.C. and what Donna Brazile is doing."

Although Democrats control both houses of Congress, the bill's passage is far from assured. It would need 60 votes to avoid a filibuster in the Senate. Republicans have been divided over the measure, with some saying that a full seat for the District would be unconstitutional.

Norton has been pressing to get the bill to the House floor by next month. Democratic congressional staffs are examining ways to fine-tune it before sending it to the Judiciary and Government Reform committees.

House leadership is leaning toward a change in the legislation to make the potential new Utah seat at-large, in order to protect Matheson, according to a Democratic aide close to the discussions. Leaders also are weighing the possibility of adding the House seats next year, to avoid special elections.

Utah has been seeking an extra seat since the 2000 Census, when it fell just short of the numbers needed to expand its delegation. State lawmakers argued that thousands of Utah's Mormon missionaries working abroad should have been counted.

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Sen. Clinton To Visit New Hampshire Next Week (NHUL)

By John DiStaso

New Hampshire Union Leader, February 3, 2007

MANCHESTER – Presidential hopeful Hillary Clinton will visit the state in a week, after cancelling an appearance this weekend due to a death in the family.

The announcement of a Granite State visit comes as a new poll showed Clinton remains very much in the good graces of the state's likely Democratic Presidential primary voters.

Clinton will be in the state Feb. 9 and 10 to "begin her conversation with New Hampshire residents," her Presidential exploratory committee announced.

Details of the visit were not released.

The survey this week by the Manchester-based American Research Group shows that the New York senator and former first lady widened her lead over Illinois Sen. Barack Obama in the first-in-the-nation primary state by 14 percentage points in the past month.

The same poll found Republican Arizona Sen. John McCain slightly widening the lead he had last month over Rudolph Giuliani, but it also found former Massachusetts Gov. Mitt Romney now tied with the former New York mayor and within striking distance of McCain.

The primary campaign is quickly gearing up, but the election is many months off and Granite State voters are just beginning to take a good look.

"I fully expect these numbers to move around a lot as the year goes on," said American Research Group president Dick Bennett. But here is how the races set up:

Among Democrats, Clinton leads Obama, 39 to 19 percent, with former North Carolina Sen. John Edwards at 13 percent. No other candidate received more than 2 percent, and 21 percent of likely Democratic primary voters were undecided.

Among Republicans, McCain receives support from 27 percent of likely GOP primary voters, followed by Romney and Giuliani at 20 percent each, and former House speaker Newt Gingrich at 11 percent. No other candidate drew more than 1 percent, while 21 percent of likely Republican primary voters were undecided.

Pollster Dick Bennett said his firm surveyed 600 likely voters in each party primary between Jan. 31 and Feb. 1. The margin of error is 4 percent.

In ARG's late December poll, Clinton drew 27 percent; Obama, 21 percent; and Edwards 18 percent, while McCain received 29 percent compared to 25 percent for Giuliani - a statistical dead heat - and 9 percent for Romney.

Since the December poll, top-tier candidates Romney, Giuliani, Clinton, Obama and Edwards filed Presidential exploratory committees. McCain had filed a committee in November.

Clinton has received heavy national and New Hampshire-based media attention since she announced, "I'm in."

She cancelled this weekend's visit in order to attend the funeral of her father-in-law, Dick Kelley.

Bennett said Clinton's chief strength is women voters, who, he said, made up 57 percent of the likely Democratic primary voter sample in the random survey. He said Clinton was backed by 43 percent of the women and 33 percent of the men in the sample. Obama was supported by 15 percent of the men and 24 percent of the women polled, while Edwards was supported by 15 percent of the women and 11 percent of the men in the sample.

Bennett said 68 percent of the likely Democratic primary voters said they were registered as Democrats, while 32 percent said they were registered independents. Clinton was supported by 39 percent of the Democrats and 39 percent of the independents, while Obama was supported by 23 percent of the Democrats and 12 percent of the independents. Edwards received support from 13 percent of the Democrats and 11 percent of the independents.

Bennett said Clinton has helped herself by leaving no question that she is a candidate when she filed her exploratory committee, while Giuliani has been less certain.

"Giuliani says he is unsure, yet, and gives what voters view as an obtuse answer to the question of whether he is in," Bennett said. "That hurts him because you have McCain and Romney, who are both clear that they are in."

Bennett said Giuliani had "a perfect opportunity in front of the perfect audience" of Republican State Committee members last weekend to say with certainty that he will be a candidate.

"He didn't pull the trigger and that hurt him. People want their President to be definitive," Bennett said. "His numbers among Republicans will probably improve if and when he announces."

McCain, meanwhile, has lost much support from independents since last spring, Bennett's poll indicates.

Bennett said the drop is probably due to McCain's support of the Bush administration's position on the Iraq war.

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Bennett said his April 2006 poll showed that 54 percent of likely New Hampshire Republican primary voters backed McCain. By December, 29 percent of independent votes backed him, and now, 25 percent support him.

Giuliani is supported by 24 percent of independent Republican primary voters in the new poll, while Romney is backed by 17 percent.

Among Republican primary voters who say they are registered Republicans, McCain received 28 percent, Romney received 21 percent, Giuliani is at 18 percent and Gingrich is at 14 percent.

Another New Hampshire poll released earlier this week showed Giuliani and McCain tied and Clinton with a substantial lead. The SurveyUSA poll, completed for WBZ-TV in Boston, was taken Jan. 26-28.

Among 582 self-identified likely Democratic primary voters, Clinton led Obama 40 to 25 percent, with Edwards at 23 percent. Among 412 likely Republican primary voters, Giuliani received 33 percent, McCain, 32 percent, and Romney, 21 percent.

What Hillary's Humor Reveals (LAT)

By Meghan Daum

The Los Angeles Times, February 3, 2007

THIS WEEK, Hillary Clinton tried out a joke in Iowa. "We face a lot of evil men," she told voters in Davenport. "People like Osama bin Laden come to mind. And what in my background equips me to deal with evil and bad men?" Clinton then smiled big and chortled, cueing the audience that this was not an oral presentation in a women's studies class but, indeed, a joke.

Questioned later by reporters, who weren't sure if they got it, Clinton said: "You guys keep telling me, 'Lighten up! Be funny!' I get a little funny and now I'm being psychoanalyzed."

The clip made the expected blogospheric rounds and wound up on "The Daily Show," but I think the only psychoanalysis this incident warrants is an examination of just why Clinton's search for a sense of humor has been tougher than locating a lost contact lens in the Dead Sea.

Surely it shouldn't be this hard. Just about every profile ever written about her has quoted friends and colleagues who point out her sense of humor, frequently prefaced with the word "wicked." Where's all that cutting hilarity when the world is telling her to "lighten up?"

It's possible, I suppose, that Clinton's friends' taste in humor is such that coy jabs at her husband (or could it be Newt? Or Kenneth Starr? Or President Bush himself?) passes for biting wit. But it's more likely that her flat footedness is a symptom of a double standard that rarely comes up in conversations about the challenges faced by powerful women. If there's anything that can hinder a woman's credibility faster than becoming visibly pregnant or getting caught watching Lifetime, it's revealing the ability to be genuinely funny.

Of course, in politics, men have never exactly given Oscar Wilde a run for his money either. Considering that, in 1996, Bob Dole was the wryest guy on the national campaign trail since, well, all the other times he ran for president or vice president, we should know better than to expect constant knee-slappers from these folks, at least intentional ones. But Clinton's problems have been thrown into high relief because her chief competitor for the Democratic presidential nomination, Illinois Sen. Barack Obama, appears to be as charismatic as she is stiff.

Obama has yet to let his handlers drive him into poll-driven blandness; so far, he looks like a natural. And although we don't know whether he has the chops to sell himself as president, his body language suggests that he's not working quite as hard as Clinton is. Stoop-shouldered and never quite sure what to do with his hands, Obama resembles the goofy math geek whom the girls had secret crushes on in high school because he made them laugh.

Clinton, hyper-focused wonk that she is, has a personality that has long appeared to be the product of focus groups and advisors from the Professor Henry Higgins Finishing School for Formerly Radical Broads. She has been so ravaged by the media, the public and, it would seem, her own perfectionism that she comes across less as a human being than as a historical figure whose legacy depends on keeping her humanity out of the equation.

It's possible she's right about that. But the fact that we're seeing a black candidate who seems infinitely more relaxed with himself than his female competitor speaks volumes about just how much we're likely to punish women who step outside the bounds of corporate-flavored gravitas.

Part of this is Clinton's own fault — the very act of saying "you keep telling me to be funny" is depressing evidence of her burdensome self-consciousness. But then again, female humor is easily bent into the worst cliches about women. Funny men, after all, are considered smart, confident and sexy. But wisecracking chicks risk accusations of bitterness, hormonal instability and the assumption (no matter what they look like) that they're using wit to compensate for physical unattractiveness.

As a result, a lot of ambitious women have been conditioned not only to tone the comedy down (remember the old dating adage, "Laugh at his jokes, but don't be funnier than him"?) but to resist witty self-deprecation, a genre that some old-school

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feminists were too tin-eared to interpret as anything other than a sign of low self-esteem. What's left is stridency, earnestness and painstakingly rehearsed jokes ripe for reducing to male-bashing sound bites. The effect: the Cathy comic strip character with a campaign bus. Ouch.

Is Clinton funny deep down? I'm willing to bet she is, only because I doubt she could have survived the last 15 years without either a sense of humor or a serious Quaalude habit. But I'd also bet most of us will never see it, no matter how hard she tries. Even if she learns how to tell a joke, the colluding forces of media savagery, Washington banality and a culture in which female power is not yet entirely compatible with having a real personality will render her something less than human. Will it cost her the nomination? Who knows. But it's already cost her much more than that.

Mobilized Online, Thousands Gather To Hear Obama (WP)

By Zachary A. Goldfarb

The Washington Post, February 3, 2007

At his first rally since announcing his presidential exploratory committee, Sen. Barack Obama (D-Ill.) appealed yesterday for support from the young people who had mobilized for the event online.

The gathering of several thousand students at George Mason University in Fairfax underscored the potential power of online communities in the 2008 campaign. Its genesis was a group created last summer on Facebook.com, a Web site frequented by college students who post profiles and assemble virtually.

Barack Obama for President in 2008 now has more than 50,000 members, and its founders have created an offline presidential draft committee, Students for Barack Obama.

"This is a remarkable achievement, a remarkable event that speaks to what young people can do when they put their minds together," said Obama, who is scheduled to officially announce his candidacy next Saturday in Springfield, Ill.

"No one is more cynical about politics than young people," he said, adding that they would not tolerate "a politics that's all about slash and burn, nastiness and negative ads, and name-calling and gridlock."

"One thing that's been incredibly clear throughout this whole process is his commitment and dedication to students and all the young people of America. He sees our generation as a critical part of his campaign," said Meredith Seagal, a junior at Bowdoin College in Maine and executive director of the draft committee.

Another Facebook group, Barack Obama (One Million Strong for Barack), was started less than three weeks ago and has already recruited 200,000 members. "When you go on Facebook, as you always do, sign up," Farouk Olu Aregbe, who founded that group, told the crowd yesterday.

Jonathan Hicks, 19, a sophomore at American University, said he learned about the event through the Facebook group. "The majority of people to my knowledge found out through Facebook," he said. "Technology is changing. Politicians need to use it more, and more often, if they want to reach the youth of America today."

In his 25-minute speech, Obama promised that a better kind of politics -- led by young people -- is possible.

"You guys don't have much of a memory of the possibility of a politics that transcends and brings people together," he said. "[At] each and every juncture of our history, somebody has been audacious enough to say, 'We could do better.' . . . And more often than not, it's young people who've done it."

For Obama, No News Is Good News (POL)

By Mike Allen

The Politico, February 2, 2007

Senator Clinton's opening slogan was, "Let the conversation begin." Senator Obama just wanted the conversation to end.

The Democratic presidential hopefuls are making appearances in Washington on Friday at the Democratic National Committee's Winter Meeting. I stopped by the hotel where they are congregating to catch a Thursday night preview with Sen. Barack Obama of Illinois, who is officially announcing his candidacy this week.

But it turns out that Obama, riding an astonishing wave of glowing publicity for a candidate 21 months from an election, already has a bubble around him that is tighter than the one that surrounded Texas Gov. George W. Bush, who spent long hours of the fledgling days of his candidacy in bull sessions with reporters.

A flier for DNC members said, "Senator Barack Obama Cordially invites you to an Evening Reception." It was held in a medium-sized reception room. Cocktails, sold by the hotel, were $6.75 and domestic beer was a buck less. "Space is limited, therefore this event is for DNC Members ONLY," the flier said. "Members can bring one guest to the event." The room was jammed and a line snaked onto the promenade as Obama workers checked their lists like it was a nightclub.

Reporters were barred – a somewhat unusual, although not unheard of, policy for a meet-and-greet-type event in a public place like a hotel. The White House, which keeps fairly strict control of the press, typically allows reporters into large receptions in

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a hotel, at least while President Bush is speaking, although it closes fund-raisers at residences. The Senator came, and an aide said he was "mostly just going to speak his mind." That included a closing line that got a good laugh from the supportive crowd.

As Obama left the hotel reception, smiling and saying, "Thank you AGAIN," I introduced myself and said, "Good evening, Senator, may I walk with you?" He replied, "You can walk with me. That doesn't mean you can ask questions." I chuckled, thinking he was kidding. "But you can certainly walk with me," he added. The Senator then underscored, "I'm sorry. I'm not answering questions."

The encounter pointed to some of the unusual dynamics of the '08, where several of the candidates – including Obama – are celebrities who have to manage the attention being thrust on them, rather than the more usual situation where a hopeful is desperate to gin up coverage.

Hillary Clinton, eager to overcome concerns about elect ability, has taken the opposite tack and is showcasing the warm and humorous side her aides have always insisted they see, conducting town halls and Web chats and holding availability with reporters after a recent appearance in Iowa.

Obama, whose hurdles include questions about the substance that will accompany the appealing persona, is taking no chances. Wanting to assure him I wasn't going to ask him a hardball question, I said after his aides had cut off his greetings and photos with DNC fans, "Senator, I was just hoping to ask what you want to accomplish this weekend." He replied: "It wouldn't be fair to everybody else. We didn't do a press avail for everybody else. Absolutely no questions this evening."

Even President Bush, who brings discipline to his interactions with the reporters, will have an on-the-fly, unscripted conversation without calling it a "press avail." So as Hillary tries to pierce her bubble, however tentatively, Obama appears to be building one.

An aide disputed that, saying that the Senator's purpose was to meet DNC members. "I don't think he's getting into any bubbles since he walks among reporters all the time and takes questions," the aide added.

On Friday morning, with a script, Obama showed why he is known as such a riveting speaker, wowing a crowd of 900 with a 16-minute address calling for the nation "to find the will to pass health care for all by the end of the first term of the very next president of the United States." He went on: "We don't want another election where voters are simply holding their noses and feel like they're choosing from the lesser of two evils." That drew applause, and he said the candidates' real fight is not against each other but against "the cynicism that has become so pervasive."

"We have always been at our best in this country when we aim high," he said. "This is our time."

Several of the candidates, including Obama, announced their exploratory committees in the totally controlled forum of a Web video. In his remarks Friday, the senator referred to the glitzy nature of politics today. "You know, as you look at all the cameras gathered around and the click of the photographers, and the pundits – " Obama was interrupted by a shriek of "I love you," and ad-libbed, "I love you back." Then he continued: "Sometimes you feel like you're part of a reality TV show. You feel like this is 'American Idol,' or 'Survivor.' You're trying to figure out if you're going to go to Hollywood, or you're going to be voted off the island. But that's not why I'm here. That's not why YOU'RE here. The decisions that have been made by this president and the challenges that have been ignored over the last six years have brought this country to a sobering place. … It's not a game. It's not a contest, with the TV cameras. It's a serious moment for America."

The winter meeting is a chance for the candidates to mingle with activists and sign up high-powered volunteers right at the starting gate. One attendee said Democrats were "kicking the tires." One top strategist pointed out: "It's like when you're playing golf. You can't win on the first hole, but you sure can get off to a bad start."

It's an opportunity to buy a Hillary travel mug, a donkey cookie cutter, a Gore 2008 button or a bumper sticker asking, "Who's Going to Clean Up After the Elephants?" The New York delegation held a closed-door "Hillary Ambassadors" meeting, and Sen. Joseph Biden's campaign gave out free red, white and blue bumper stickers saying, "Biden President '08."

Ten Democratic hopefuls are scheduled to speak to the three-day meeting, which has the theme, "Strong Leadership for America's Future." Later, they're holding meet-the-candidate receptions. Retired Army Gen. Wes Clark got a jump on the competition by working the halls briefly on Thursday night, then leaving rapidly. Organizers of the Nevada Democratic Caucus – one of the first nominating events, to be held Jan. 19, 2008 – drew an overflow crowd with a "Winning the West" reception featuring nachos and fajitas. They gave out information kits with "Fast Facts on Nevada" ("Important: Nevada is pronounced "Nev-Atta"), with "Clark County Hot Spots" that include houses of hash, coffee and bagels, but no casinos.

Obama, whose optimistic message seems to answer the yearning for bipartisanship that voters expressed at the polls in November, revealed this week that he will make his official announcement about a Presidential campaign at the Old State Capitol in Springfield, Ill., on Feb. 10.

Democratic sources say Obama's strategists decided not to engage in the "home run derby" that the DNC Winter Meeting has become in recent years. They see the meeting as an important introductory conversation with members he hasn't met, and an opportunity to reacquaint with members he has. They promised a show of energy when he appears at a "Yes We Can!" rally

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that Students for Barack Obama is holding in the Johnson Center Atrium at the hoops Cinderella school George Mason University in Fairfax, Va.

Joe Biden Courts Al Sharpton (POL)

By Ben Smith

The Politico, February 2, 2007

"I thought you were drowning in giving me flattery," Al Sharpton told Joe Biden when the Senator paused for breath at the end of his appearance on Sharpton's radio show yesterday.

The conversation began with Biden telling Sharpton, "You're one of the most articulate people in the country," and got friendlier from there.

There was, though, one second when Biden picked a word wrong, and you sort of saw him teeter on the brink of a new flap:

"I didn't know anybody tougher or straighter than Shirley Chisholm."

Straighter, as in "clean as a whistle," of course.

Romney Says Sen. Clinton "Timid" On Iran (AP)

By Alex Dominguez

AP, February 2, 2007

BALTIMORE (AP) - Republican presidential candidate Mitt Romney on Friday accused Democratic front-runner Sen. Hillary Rodham Clinton of "timidity" regarding the security threat posed by Iran.

In a speech to a retreat of conservative congressional Republicans, Romney lashed out at Clinton for telling a pro-Israel dinner that a dialogue with countries hostile to Israel - including Iran and Syria - is needed to promote peace in the Middle East.

"At this point, We don't need a listening tour about Iran," Romney told the Republican Study Committee. "Someone who wants to engage Iran displays a troubling timidity toward a terrible threat of a nuclear Iran."

In a speech Thursday night at a Manhattan dinner held by the nation's largest pro-Israel lobbying group, the American Israel Public Affairs Committee, Clinton called Iran a danger to the U.S. and one of Israel's greatest threats.

But the New York senator also said, "We need to use every tool at our disposal, including diplomatic and economic in addition to the threat and use of military force" when dealing with Iran.

"I have advocated engagement with our enemies and Israel's enemies," Clinton said. "I believe we can gain valuable knowledge and leverage from being part of a process again that enables us to get a better idea of how to take on and defeat our adversaries.

"U.S. policy must be clear and unequivocal: We cannot, we should not, we must not permit Iran to build or acquire nuclear weapons," Clinton told the audience. "In dealing with this threat ... no option can be taken off the table."

Responding to Romney's criticism, Clinton spokesman Mo Elleithee said Friday: "Senator Clinton believes that no option should be taken off the table when it comes to preventing Iran from developing nuclear weapons. Given his record of flip flops, the only thing that's timid are Governor Romney's convictions."

Romney, who served one term as Massachusetts governor, said that rather than engagement, economic and diplomatic isolation should be the priority.

Last year, when former Iranian President Mohammad Khatami visited Harvard University, Romney criticized the visit and ordered state agencies not to cooperate if asked for assistance.

On Thursday, some 1,700 attendees applauded as Clinton cited her efforts on behalf of the Jewish state and spoke scathingly of Iran's decision to hold a conference last month that questioned whether the Holocaust took place.

"To deny the Holocaust places Iran's leadership in company with the most despicable bigots and historical revisionists," Clinton said, criticizing what she called the Iranian administration's "pro-terrorist, anti-American, anti-Israeli rhetoric."

Iranian President Mahmoud Ahmadinejad has repeatedly called the Holocaust a "myth" and said Israel should be "wiped off the map" and its Jews returned to Europe.

Iran insists its nuclear program is designed to produce energy, not weapons. Ahmadinejad said Thursday that his government is determined to continue with its nuclear program, despite U.N. Security Council sanctions imposed over its refusal to halt uranium enrichment, a process that can produce fuel to generate electricity or for the fissile core of an atomic bomb.

Romney Attacks Hillary Over Iran (HILL)

By Jackie Kucinich

The Hill, February 2, 2007

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BALTIMORE - Speaking to GOP lawmakers Friday, Republican presidential candidate Mitt Romney criticized recent comments made by Sen. Hillary Rodham Clinton (D-N.Y.) regarding Iran.

The frontrunner for the Democratic presidential nomination said during a speech at the American Israel Public Affairs Committee Thursday night that she "needs to understand Iran" and wanted to engage in conversations about the region.

Romney, in remarks to the Republican Study Committee, said if Clinton needs to "understand Iran, [she] hasn't been paying attention."

The former Massachusetts governor expressed his concern over a nuclear Iran and detailed a "five-point plan" for dealing with the country.

The plan includes imposing tough sanctions, effecting diplomatic isolation and helping the people of Iran "understand that nuclear technology is a source of peril, not a source of pride." He expressed the need to cultivate and empower moderate Muslim countries in the Middle East, especially those that surround Israel, in order to further discourage extremism.

Romney also described a "circle of suspects" - a list of countries that make fissile material in the region. These countries should also be monitored, he said, so that they do not become safe havens for religious extremists.

Romney Explains Shifts (POL)

By Jonathan Martin

The Politico, February 2, 2007

BALTIMORE – Former Massachusetts Gov. Mitt Romney laid out his conservative credentials, explained his shift on social issues and took a few shots at two potential opponents Friday.

Appearing before the conservative Republican Study Committee, Romney stuck to his usual explanation for his change of heart, but presented himself not as a convert but as a student who had received an education on key social issues.

The one-term governor said his time on Beacon Hill had "confirmed some principles and educated me on some principles." Romney told about 50 members of the GOP group that he ran as a fiscal conservative, but "learned some unexpected lessons about social conservative issues."

"Massachusetts became center stage for the most important social issues of our time," he said, detailing his efforts to limit stem cell research, thwart same-sex marriage and curb abortion rights.

At the end of his governorship, the man who ran supporting abortion rights and some gay rights said he'd undergone a transition.

"This fiscal conservative became a social conservative as well," he said.

After reporters were shooed out of the hotel ballroom, the Republicans asked Romney to elaborate on his abortion views.

According to one who remained in the room, Romney used a familiar anecdote to describe his change on the issue.

Romney, recounting a meeting with Harvard University scientists in 2004, recalled how they nonchalantly explained their cloning of embryos. That, Romney notes, was the moment when he first realized how the sanctity of life had become so cheapened.

In a brief press availability after what Romney described as a "probing follow-up" to his speech, the former governor said he felt like he had passed the examination.

In an interview, Rep. Wally Herger, R-Calif., said he was satisfied with Romney's explanation.

"I felt very comfortable," said Herger, who is so far uncommitted in the presidential contest but offered that he could "absolutely" back Romney.

Rep. Darrell Issa, another California Republican, noted that while Romney said what he needed to say to the conservative audience, his address was short on specifics.

"There wasn't a lot there," said Issa, who has also yet to weigh in on 2008. "He touched on a lot of broad themes that require a lot of money."

Asked about Romney's accounting of how he had come to oppose abortion rights, Issa acknowledged that it was "artful," but probably not quite as clear-cut as Romney tried to make it.

Unmistaken were two shots the former governor took at Sen. Hillary Rodham Clinton, D-N.Y. and Sen. John McCain, R-Ariz. – both presidential contenders.

Discussing his views on Iran, Romney noted that in addressing pro-Israel AIPAC Thursday night in New York, Clinton said the United States needs to "understand" Iran better. Emphasizing the quotation, Romney added that Clinton had also called for America to "engage" Tehran.

"Somebody who doesn't 'understand' Iran hasn't been paying attention," Romney said, adding that Clinton's view amounted to a "troubling timidity" toward the prospect of a nuclear Iran.

"We don't need a listening tour of Iran," he said.

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Responding, Clinton campaign spokesman Mo Elleithee said the senator "believes that no option should be taken off the table when it comes to developing nuclear weapons."

"Given his record flip flops," Elleithee said, "the only thing that's timid are Governor Romney's convictions."

Romney's tweak of his GOP rival wasn't as pointed, nor as public.

A staffer in the room for Romney's private exchange with Republicans said that the former governor drew a standing ovation when he called McCain-Feingold campaign finance reform "a horrible policy."

Then, with a grin, Romney added: "I could have, of course, just called it campaign finance reform."

McCain's camp declined to comment.

Hagel For President (WSJ)

The Wall Street Journal, February 3, 2007

No, we don't mean this as an endorsement. The Journal doesn't endorse candidates, and on the big issues of the day we don't much agree with Chuck Hagel in any case. But with the Nebraska Republican loudly agitating for a rapid withdrawal from Iraq, we think it's time the Senator tested his ideas somewhere other than the Sunday talk shows.

If Mr. Hagel thinks his foreign-policy vision is superior to President Bush's or to Senator John McCain's, he should stop booing from the gallery and get into the fight for the Republican Presidential nomination. The primaries are only a year away, and the GOP field awaits a genuine antiwar candidate. It's one thing to win the Beltway media primary, another to prevail among actual voters, as Mr. Bush has done twice.

We'd have thought Mr. Hagel would relish such a contest, especially given his remarks last week about his colleagues. Along with Democrat Joe Biden, the Senator co-sponsored a resolution condemning Mr. Bush's "surge" strategy for Baghdad. And while debating the resolution last week, the Nebraskan said that "I think all 100 Senators ought to be on the line on this. What do you believe? What are you willing to support? What do you think? Why were you elected? If you wanted a safe job, go sell shoes. This is a tough business."

That "tough" point in particular could use some fleshing out. Our guess is that only in Washington is it considered courageous for a politician to criticize a war that he voted for when it was popular but that public opinion has since turned against. And to do so by offering a "resolution" that has no force of law and is thus meaningless except for the message of American irresolution it sends to our enemies.

Somehow it seems far "tougher" to stand by one's original vote for the war even when it becomes unpopular, as Mr. McCain and Senator Joe Lieberman have done. Or, if you are truly antiwar, to have the courage of those convictions and attempt to cut off funds, as Senator Russ Feingold and Congressman Dennis Kucinich propose. The latter would at least mean taking some responsibility for what happens next.

As far as we can tell from his speeches, Mr. Hagel's larger vision for the Mideast is that the U.S. was much better off before Mr. Bush introduced all that "democracy" nonsense. He'd return to the status quo before 9/11, fighting the war on terror with the Arab dictators we have. The Senator also favors "engaging" Syria and Iran, and he says that "in the Middle East, the core of instability and conflict is the underlying Arab-Israeli problem."

Whatever one thinks of these views, they are not unique or innovative. John Kerry campaigned on them in 2004, but maybe the country has since changed its mind enough to embrace them in 2008. If Mr. Hagel believes what he says, he'll stop insulting shoe salesmen by comparing them to Senators and get into the ring himself.

Arkansas Underdog (WSJ)

By Paul Greenberg, Kane Webb

The Wall Street Journal, February 3, 2007

LITTLE ROCK, Ark. -- Once upon a pre-Clinton time, the announcement by the former Arkansas governor, Mike Huckabee, that he's running for president would have been stop-the-presses news in these latitudes. And while it's still front-page, above-the-fold stuff, Arkansas has been there, done that, and is doing it again. These days we seem to grow presidential candidates as bountifully as we do tomatoes and watermelons.

Hillary Clinton's in the race, right? Officially now, we mean. She's said to have been a first lady of this state way back when. Also, former NATO commander Wesley Clark, now of Little Rock, Ark., ran for president last time out and, far as we know, hasn't ruled out a reprise in '08.

Now there's Mike Huckabee of Hope, Ark. (Ring a bell?) He's just the latest to put Arkansas on the political map. Or rather to keep it there. Back when Bill Clinton was still largely an unknown -- can you imagine? -- and Arkansas Chic still all the rage, circa 1992-ish, Vernon Jordan pronounced this small, wonderful state the Political Capital of the Universe.

He had no idea.

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So does Mike Huckabee have a chance? He was a Republican governor of this largely one-party Democratic state for a decade, so he's used to battling long odds. Now he's launched a longshot presidential campaign.

It may not last till spring if his first week on the campaign trail is any indication. Instead of toughening up for the road ahead, our thin-skinned former governor peeled off yet another layer of epidermis. "The Huck" followed up his Sunday morning presidential announcement on "Meet the Press" by meeting the press back here in Arkansas. After giving a perfectly proper speech at the state's Republican Party headquarters, he immediately tore into the local press, as is his wont. This time he was sore about a series of hotly debated stories in the Arkansas Democrat-Gazette about the destruction of a computer hard drive and his depleting an emergency fund during his final days in office.

He couldn't just criticize Them Lyin' Newspapers and be done with it. He had to go on to compare a reporter for the Democrat-Gazette to Janet Cooke and Jayson Blair.

Goodness. Lend this man a little perspective; he tends to be about two quarts high on hyperbole. Ms. Cooke and Mr. Blair are the evil twins of reckless, fabricating, plagiarizing journalism, the worst of the worst. That's a pretty serious charge -- or rather, it would be if anybody around here could take it seriously.

But we weren't surprised. Any more than we would be by a splendid piece of oratory from the same source. Mike Huckabee, at times, can be the most elevating of speakers -- we still haven't come down from his speech welcoming the Little Rock Nine back to Central High on the 40th anniversary of the crisis there, or his steadfast yet gracious performance July 15, 1996. That was the long, long day when his predecessor, Jim Guy Tucker, convicted for conspiracy and mail fraud in connection with the Whitewater investigation, at first refused to be pried out of the governor's office.

But, too many other times, Brother Huckabee just likes to wallow in the old invective, and the pettier his complaint, the longer he wallows. The man spent most of a fine administration snubbing the Arkansas Times, a free weekly tabloid that, of course, just loved all the attention. (He actually had the little weekly removed from the list of publications that got his public schedule. Petty, to say the least.)

Now he launches his presidential campaign by throwing some mud at a reporter for the Democrat-Gazette. How does he suppose that kind of thing will play in Peoria? Or Poughkeepsie? And coming from a dark-horse presidential candidate out to charm the national press, how would it play along the New York-Washington media axis? If he keeps it up, how long before the cable-news promos are asking: "Mike Huckabee: Legit longshot or loose cannon?"

The Huck's tendency to go into vendetta mode violates the first rule of smart politics and public discourse in general: Never get into a fight with someone who's not as well known as you are. It bumps up their status and lowers yours. Mr. Huckabee needs to learn to cut down the big trees, not mess with the little saplings. Besides being unworthy of him personally, it wastes all his high-powered rhetoric. If this candidate isn't more careful, a nickname like Gov. Petty may stick to him the way Slick Willie did to another presidential hopeful from Arkansas.

What a pity that would be. He has a lot of potential as a presidential candidate, and a record of accomplishment here in Arkansas -- from getting health care to kids whose families couldn't afford it to fixing our interstate highways. He's been willing to take on the educational establishment in order to improve our schools, and early on he finally simplified this state's once byzantine requirements for something as basic as renewing your car tags.

Does he stand a chance nationally? Candidate Huckabee said it himself: The American people love an underdog. It's hardly an original thought, but he's spot on. We the People love the up-from-nothin' kid, the outta-nowhere man, the longshot who catches the favorite at the wire. We love the underdog, that is, right up until the moment he makes a slip and reminds everybody why he was a longshot in the first place.

One of Mike Huckabee's Republican rivals in this campaign, Mitt Romney, had a father who ran for president, too. Briefly. George Romney broke from the gate with a rush in another presidential campaign just getting under way during an increasingly unpopular war. Then he let it slip that he'd been "brainwashed" about Vietnam.

Some of us had thought George Romney might get a little credit for that kind of humility and candor. Naturally he didn't. The guy was an ex-presidential candidate as soon as he'd spit out just a couple of syllables -- brainwashed. So long, underdog.

Mike Huckabee's campaign will be history soon, too, unless he learns to cool it. Which may not be possible for the Huck, given his showman's personality and rhetorical impulses. The man is a Baptist preacher and former radio broadcaster who may secretly yearn to be a stand-up comic. He can't pass up an opportunity to say something that sounds clever at the time, but then comes back to haunt him on Tim Russert's show.

Our advice: Be careful out there, Brother Huckabee. Your presidential campaign is one careless wisecrack from being over.

Mr. Greenberg is editorial page editor of the Arkansas Democrat-Gazette, where Mr. Webb is assistant editorial page editor.

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Powerful Fla. Storms Kill 19, Raze Homes (AP)

By Jim Ellis

AP, February 3, 2007

LADY LAKE, Fla. (AP) - Disaster crews with dogs went from one pile of debris to another in a search for bodies Friday after powerful storms, including at least one tornado, smashed hundreds of homes across central Florida and killed 19 people or more.

It was the second-deadliest combination of thunderstorms and tornados in Florida history, cutting a 40-mile swath of destruction across four counties just before daybreak, terrorizing residents of one of the nation's biggest retirement communities, and leaving trees and fields littered with clothes, furniture and splintered lumber.

Residents helped pull the dead from the ruins.

"It was scary, really scary," said Patrick Smith, who lives in the Paisley area, where at least 13 deaths were reported. He said he saw a weather alert on television, grabbed his wife and "went straight to the floor." After the storm passed, he pulled the bodies of a man and his 9- or 10-year-old son from a neighboring house.

(AP) Maria Helena, 34, holds her son, Diego, 2, as she walks around a tree that went through her mobile...

Full ImageFlorida's emergency management chief, Craig Fugate, said it could take several days to determine the exact number of dead, and the main priority was finding survivors who may be trapped.

Gov. Charlie Crist declared a state of emergency in four counties, but the worst damage was reported where the twister touched down in northern Lake County and eastern Volusia County. In typical tornado fashion, the storm hopscotched across the landscape, demolishing some homes and leaving others virtually untouched.

"Our priority today is search and rescue," said Crist, who toured the damaged area in his first natural disaster since taking office last month. "Everything's being done to get them the aid and assistance that they need."

Lake County spokesman Christopher Patton said there were 19 confirmed deaths, all in Lake County, about 50 miles northwest of Orlando. The dead included at least two high school students, authorities said. Numerous injuries were reported, but officials could not immediately estimate how many.

Officials in Lake and Volusia counties ordered dusk-to-dawn curfews in heavily damaged areas to prevent looting and injuries to residents trying to sift through wreckage in the dark.

(AP) Marianna Campos, 10, hugs her aunt, Maria Jasso, 47, after her aunts home was destroyed by a...

Full ImageAuthorities said hundreds of houses, mobile homes and other buildings were damaged or destroyed. Volusia County reported a preliminary estimate of $80 million in damage involving 500 properties.

The storm left yards strewn with chairs, beds and clothes, knocked tractor-trailers onto their sides as if they were toys, and tore away roofs. Debris hung from trees, and some homes were thrown off their foundations.

Bernadette Fields, 67, said two of her neighbors in mobile homes were blown through a bedroom wall into Lake Mack. Their bodies were found by their own dog, she said.

Dozens of rescue workers - many hardened by experience with Florida's multiple hurricanes - went from house to house, spray-painting big red X's to mark the husks of buildings that they had checked. Often they found people who awoke to the storm's roar and watched their homes disintegrate around them.

Lee Shaver, 54, said he and his wife, Irene, and their dog had "about 10 seconds" to take shelter in a closet before their roof was torn off.

(AP) Volusia County Sheriff Ben Johnson, left, shakes hands with Governor Charlie Crist at Volusia...

Full Image"Every muscle and bone in my body shook," said Lee Shaver outside his damaged home in The Villages, one of the nation's largest retirement communities.

"It was terrifying. You're not thinking consciously. You're just trying to save your life," added his 55-year-old wife.

Tornado watches had been posted hours before the twister struck, and warnings were issued between eight and 15 minutes before they touched down, said meteorologist Dave Sharp of the National Weather Service in Melbourne.

But few people were listening to the radio or watching television at that hour, and few communities in the region have warning sirens.

"The most dangerous tornado scenario is a threat for killer tornadoes at night, and that was the case," Sharp said.

(AP) A wooden plank sticks out of the back of a car after severe storms hit the area of northern New...

Full ImageThe weather service estimated the tornado had winds of between 136 mph and 165 mph, Sharp said. But that was based on where the twister first touched down and did not include some of the hardest-hit areas, which researchers planned to examine Saturday, he said.

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Vern Huber, 87, said his weather radio alarm went off around 3:30 a.m. and he and his wife, Louedna, 81, huddled in the hall and put pillows from the couch on top of themselves.

"It was a deafening roar," Huber said.

In Lady Lake, the Church of God was demolished, its pews, altar and torn Bibles left in a jumbled mess. The 31-year-old, steel-reinforced structure was built to withstand 150-mph winds, the Rev. Larry Lynn said.

By daybreak, parishioners gathered on the lot where the church once stood, hugging each other and consoling Lynn. They planned to clear the debris and hold Sunday services on the empty lot.

"That's just the building, the people are the church. We'll be back bigger and stronger," Lynn said.

While Lake County got the worst of it, Volusia County officials reported that 69 homes were damaged in New Smyrna Beach. A county medical clinic in DeLand was severely damaged.

"We heard a big boom then we heard the freight-train noise. All five of us got in the closet," said Linda Craig, 44, who lives in Hontoon Island, a heavily damaged area of Volusia County.

The winds lifted one tractor-trailer and dropped it on another, pinning the driver in the cab of the second semi, said Kim Miller, a spokeswoman with the Florida Highway Patrol. The driver's injuries were not considered life-threatening.

About 10,000 customers were without power. Several counties opened shelters for those who lost their homes.

Friday's storms were reminiscent of past tornados during years where El Nino was a weather factor, as it was again in this case, said state meteorologist Ben Nelson.

The 19 deaths made Friday's tornado the second-deadliest in Florida history, surpassing a 1962 tornado outbreak that killed 17 in the Panhandle.

The state's deadliest tornado event on record happened in February 1998, when five twisters hit near Orlando over two days, killing 42 people and damaging or destroying about 2,600 homes and businesses.

Associated Press reporters Curt Anderson, Damian Grass, Suzette Laboy, Stephen Majors, Adrian Sainz and Ron Word contributed to this report.

Titillating Or Not, Washington Gossip Blossoms (NYT)

By Mark Leibovich

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — Some big doings in the nation's capital this week.

Item: Dennis Hastert, the former House speaker, had his gallbladder removed.

Item: Karl Rove was spotted at a performance of "Who's Afraid of Virginia Woolf" at the Kennedy Center.

Item: Representative William Lacy Clay, a Missouri Democrat, got his braces taken off.

Item: A photograph of Paul Wolfowitz, president of the World Bank, revealed holes in his socks.

Item: Senator Norm Coleman, a Minnesota Republican, nearly committed the etiquette-crime of entering the Senate chamber without a tie (he found a loaner at the last minute).

As the globe warms, Iraq burns and a presidential campaign heats up, Washington finds itself red-hot in gossip, or what passes for such here. Never in memory has the political world been so awash in items about every little burp and wart and appendectomy of our nation's leaders.

Ten publications carry a total of 14 columns focusing on political tidbits that appear regularly, up from three columns a decade ago.

They include the Reliable Source and In the Loop columns, The Washington Post's entrenched offerings (the paper's Web site started a new enterprise, the Sleuth, last month); In the Know and Under the Dome, which dish in the tabloid The Hill; and Heard on the Hill, which appears in Roll Call.

The Examiner offers Yeas and Nays, while the latest entry, The Politico, nourishes its politerati with Shenanigans and the Crypt.

So what does this all mean?

"It means I have to spend a lot more of my time fielding calls and e-mails from gossip columnists," said a slightly exasperated Jim Manley, the top communications aide to Senator Harry Reid of Nevada, the Democratic majority leader.

Mr. Manley had just finished responding to an e-mail message from a Roll Call reporter about whether Mr. Reid knew the date of Valentine's Day. (That day's Politico had broken the Watergate-like development that Mr. Reid had made a remark suggesting he thought it was February 12.)

As of now, Washington's gossip is tame compared to the sexier, snarkier variety from Hollywood and New York — that is, unless anyone considers it sexy that Representative Nita M. Lowey, a New York Democrat, is suffering from inflammation of the fascia (or foot problem, The Hill reported).

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The most recent salacious Washington story, the Mark Foley intern case, was more squirm-provoking than fun. It is hard to recall a good, old-fashioned, career-killing scoop in any Washington gossip page.

That will change as the "Washington gossip wars" intensify, promises Chuck Conconi, a longtime editor at Washingtonian magazine who for many years wrote a gossip column in The Post.

"If you're in Hollywood and you write something about Brad Pitt that turns out to be wrong, so what, it will probably help him," Mr. Conconi said. But in Washington, he said, "If you're wrong, it can end a senator's career. So politics is going to breed more caution." At least for now.

Chuck Todd, editor of the online political clearinghouse Hotline, calls the gossip phenomenon "pack gossip journalism," a byproduct of the celebrification of politics and the attendant proliferation of media to cover it. "Look, Washington is Hollywood for ugly people for a reason, and this reflects it," he said.

Mr. Todd said Hotline was selective in the quality of material it elected to republish from the various and multiplying outlets.

"We're only going to cover the Denny Hastert gallbladder removal story once," he vowed. "We're not going to cover every angle of the Denny Hastert gallbladder story."

And thank goodness for restraint.

Will We Lose In The Stem Cell Race? (WP)

By Joseph Fuller, Brock Reeve

The Washington Post, February 3, 2007

Americans take it for granted that they are the world's leaders in the life sciences. And it's true that, today, American companies account for 60 percent of global pharmaceutical sales and 75 percent of biotech sales, and that they dominate the market for medical devices. But complacency is a powerful enemy; our leadership position is not a national birthright. We could fumble it just as we fumbled leadership in the consumer electronics and automotive sectors.

In science and technology-intensive fields, fumbling is particularly easy. Less than 30 years ago, five of the world's top 10 pharmaceutical companies, including the two largest, were European. Between 1980 and 1984, Europe invented more than half of the world's new drugs. Observers assumed that Europe would lead the anticipated revolution in biotechnology.

Today, however, American companies account for more than three-quarters of worldwide biotech revenue and have almost 4,500 products in development -- 2 1/2 times as many as European companies.

How did we turn the tables?

-- Government actions and court decisions allowed the patenting of living organisms and made it possible for private researchers to commercialize discoveries funded by federal grants. Further, Stanford University, which controlled key patents, ensured their widespread and rapid adoption.

-- In Europe, the countries of the European Union had independent regulators until the 1990s. The patentability of living organisms remained uncertain until 1998. And state-funded academic institutions had little incentive to encourage academics to pursue commercially oriented research.

-- Between 1985 and 1995 the U.S. government invested more than $50 billion in the biological sciences. Federal spending during that period dwarfed the amount spent in Europe and encouraged private-sector investment.

-- With the availability of affordable, fundamental patents and a supportive public policy environment, between 1987 and 1997 investors bet some $6 billion of risk capital on the fledging sector in the United States, roughly five times as much as their European counterparts.

Can we repeat that success in new areas of science, such as stem cell research? Many Americans assume that once the current restrictions on federal funding of embryonic stem cell research have been lifted, America will surge to the forefront. A quick glance at the field seems to bear that out. The fundamental patents underlying embryonic stem cell research were developed in the United States and are held by the Wisconsin Alumni Research Foundation (WARF). Many leading scientists are based in this country. With private philanthropy supporting institutions such as the Harvard Stem Cell Institute, and public money in states including California, New Jersey, Connecticut and Maryland supporting research, history seems poised to repeat itself.

But closer examination suggests that such confidence might be misplaced. If one analyzes the state of the industry along some of the same critical dimensions that contributed to our come-from-behind win in biotechnology, unnerving patterns emerge.

-- While Stanford granted 73 nonexclusive licenses in less than a year, WARF has awarded just 13 licenses in eight years under economic terms that many believe have slowed the sector's growth.

-- The ongoing political debate over the appropriate use of embryonic stem cells and the low level of government support have denied stem cell research the catalyst provided to biotechnology -- even as other countries are investing aggressively.

-- The entry of individual states into the breach left by the federal government has helped drive research activity. But it has also created a patchwork of regulations and funding levels that constrains research collaboration.

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-- Expensive and restrictive enabling patents, political controversy and the absence of federal research money, coupled with a long time to market, have made venture capitalists reluctant to invest. In 2005, just over $100 million in venture capital went to stem cell ventures, compared with $500 million in biotech ventures at an equivalent stage.

-- Constraining federal research support to a selected area -- such as certain cell types and lines -- is not a sensible research policy. Advances with stem cells from amniotic fluid and the pulp of baby teeth have been in the news recently, but as the authors of those studies point out, such cells, while promising, cannot take the place of embryonic cells. These restrictions divert valuable time and effort in a way that is not occurring in Britain or Singapore.

In short, the stem cell sector is at risk of experiencing a failure to launch at the national level. Yes, some progress is being made: WARF has just revised some of its licensing policies; venture capital activity has picked up recently; and academic research and clinical centers, disease foundations and patient-advocacy groups are adopting a more aggressive stance in breaking down existing barriers. But will this be enough? Or will foreign governments, using America's biotech success as a model, systematically encourage the development of stem cell research and, not satisfied with emulating our competitive performance, succeed in outstripping us?

Joseph Fuller is a founder of the Monitor Group. Brock Reeve is executive director of the Harvard Stem Cell Institute.

Happy Birthday, Mr. Reagan (WSJ)

By Peggy Noonan

The Wall Street Journal, February 3, 2007

Next Tuesday would have been Ronald Reagan's 96th birthday, which is amazing when you consider he is, in a way, more with us than ever: his memory and meaning summoned in political conversation, his name evoked by candidates. I remember 10 years ago when there was controversy over the movement to name things for him -- buildings and airports. I was away from home at the time, and I realized that to talk to people in Washington about it, I'd have to land at JFK, take the FDR Drive and go through the Lincoln Tunnel.

This is America; we remember our greats. You tell yourself who you are by what you raise a statue to.

The other day a friend asked: What do you think made him so likable to many who disagreed with him and who look back with nostalgia on his White House?

It's funny that people like to talk about this even though they know the answers. There was the courage to swim against the tide, to show not a burst of bravery but guts in the long haul. The good cheer and good nature that amounted to a kind of faith. The air of pleasure Reagan emanated on meeting others, and his egalitarianism. He thought everyone, from Nobel Prize winners to doormen, equal. Not that he wasn't aware of status. When he stood behind Errol Flynn for a still photo to promote "Santa Fe Trail," he knew of Flynn's towering reputation. Between shots, Reagan kept quietly pushing little piles of dirt together. When he had a mound, he stood on it so that he was, literally, of equal stature. He told the story on himself for years because it was funny, and he believed in laughter. He was a little like Art Buchwald in this; he thought laughter was a value of its own. I think he thought that people who shared a laugh had in fact just voted for something together: something funny and human just got said or done.

Lesley Stahl of "60 Minutes" was CBS's White House correspondent during the Reagan administration, and I asked her what she remembered most. She said, "We reporters would stake out 'the driveway' to see who was going in to see the president. In the first few years there was a stream of people who came to argue against his budget-cutting proposals. They would march up that driveway in a huff, smoke coming out of their nostrils as they rehearsed their angry arguments about why he was destroying the lives of poor people, or schoolkids.

"I remember specifically a group of mayors from big cities, livid about cuts to their welfare programs, school-lunch programs, etc. They were there to give the president a scolding; they were going to tell him. And in they'd march. Two hours later, out they came. We were all ready with the cameras and the mikes to get their version of the telling off. But they were all little lambs, subdued....He had charmed them....The mayors told us Reagan agreed with them. That they had persuaded him....

"Thirty minutes later Larry Speakes was in the press room telling us the numbers would not in fact change. The mayors had 'misunderstood' the president. Still, I'll bet anything if you talked to those mayors today, they would tell you Reagan was a great guy."

She mentioned "his personal touch, his gallantry." You knew he was a good man and you knew he meant it. So you understood how he could be the biggest supporter of FDR and the New Deal in 1944, and the most persuasive voice for Barry Goldwater in 1964. He'd thought it through and changed, not overnight but in time and with effort. He could change his mind on abortion in the same way, and not because he feared the base. Reagan was the base.

Last week I was at a gathering of old Reagan hands and I asked aloud if something that I'd heard might be true. It was that Mikhail Gorbachev now lives in California and has a pool. The minute I said it, a longtime Reagan friend laughed. He knew where I was going. Reagan always said what he really wanted to do with a Russian premier was get him in a helicopter, ride over

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Southern California, point down at the million little houses and million little pools, and say "Mr. Gorbachev, that's how the proletariat lives in America."

But it wasn't true. Mr. Gorbachev lives in Moscow, where he has a think tank, a former cabinet secretary told me. Mr. Gorbachev had given the secretary a tour, and proudly noted that he paid for the building by renting out two floors. "Gorbachev has discovered the free market," the secretary said.

It was almost as good.

This led the Reagan intimate to remember being on a private plane with him one day. They had a steak and fine wine. "Reagan said to me, 'You know, I believe everyone in America can have these things.' I said, 'You really believe that?' Reagan said, 'Yes, I do.' " The intimate said to me, "See, I don't believe that, that anyone here can do it." Then he paused. "But it's good to have a president who does."

Lately we are hearing of President Reagan's famous 11th commandment: "Speak no ill of a fellow Republican." It's a good rule for both parties, but it's good also to remember how he approached it in practice. Ronald Reagan turned his own party upside down, enraged its establishment, and threatened its immediate future when, in 1976, he mounted a fierce challenge to an incumbent Republican president. He ran full and hard against Jerry Ford and it was bitter -- the stakes were high, the issue freedom at home and abroad. Reagan lost, his challenge doomed Ford in the general election, and four years later Reagan roared back. And when he won the nomination he turned around and seriously considered as his running mate...Jerry Ford.

When he ran against Ford, it wasn't personal. And when he almost picked Ford as his vice president, that wasn't personal either. It was more like this: This is America. We have been arguing about everything for 200 years. It's what we do. It's our glory.

Our politics then were grimmer yet had a lighter touch. The Soviets could nuke us tomorrow; let's have a hellacious brawl. It was a serious time, but I don't think we were in general so somber, so locked in. The 11th commandment meant the fight should never be mean, low or unnecessarily injurious to the person, or the party. But a fight could be waged -- should be waged -- over big, big things.

That he knew that is part of why we remember him as great. It's part of why when you next fly to Washington, you'll land at Reagan National Airport.

Lone Starlets (NYT)

By Mimi Swartz

The New York Times, February 3, 2007

THE last few months have provided hard times for iconic Texas women and the Texans — and others — who worshipped them. Last September, we lost both a former governor, Ann Richards, and a former state first lady, Nellie Connally. When the columnist Molly Ivins died on Wednesday, it seemed that a certain kind of Texas woman might be gone forever.

If you've read the obituaries, you know the type: the funny, brave, irreverent kind, who spoke out against a life in a (supposedly) brutal, backward state. It was Ms. Richards who insisted that the elder President Bush was born with a "silver foot in his mouth," and Ms. Ivins who insisted that the younger one had rightfully earned the nickname of "Shrub." Mrs. Connally, less well known outside the state, was almost as funny and probably more beloved here, because she delivered her barbs in private.

As befits most icons, all of these women went by their first names among people who didn't know them. They will be remembered for their strength and their wit, but what stays with me even more is their fragility and their anger. I wrote about them all over the years, and with each of their deaths I found myself thinking, amid the tributes, that being a Texas icon of the female variety probably wasn't all it was cracked up to be.

You can make the case that fury goes with the territory here. The male-dominated, rough-and-tumble Texas these women grew up in wasn't hospitable to ladies in smarty pants; all three had to come up with novel ways to satisfy their needs and ambitions in a circumscribed world.

Ms. Ivins and Ms. Richards in particular were very interested in bringing about social change; the relationship between the state as a whole and the liberal coterie of which they were an integral part is one of the great, doomed romances of Texas history. Mrs. Connally was far from a liberal Democrat — her husband, Gov. John Connally, famously jumped from the Democratic Party to the Republicans — but she, too, triumphed over a youthful shyness to serve as her spouse's most undying loyalist, whether he was pushing for school reform in Texas or, later, trying to escape scandal in Washington.

In other words, rather than flee the state for friendlier waters, all three far preferred to stay and swim upstream. All three, in fact, felt a deep obligation to their home state: it energized them as it defined them — favorably — to the outside world, which always felt better when it could look down on Texas.

Nellie Connally had little choice but to play the part of the gracious, loving wife; there wasn't much else a woman of her generation could do (she was 87 when she died). She was a former beauty queen who married a true prince of Texas and became a very popular first lady. Yet when I last interviewed her in 2003 she was living in a two-bedroom apartment overflowing

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with memorabilia, waiting each day to have her two allotted drinks with Dan Rather at 5:30. She had attentive children and grandchildren, but she had by then lost a daughter to suicide, struggled with breast cancer, and endured her husband's very public bankruptcy.

And, of course, after the deaths of her husband in 1993 and Jacqueline Kennedy Onassis the next year, she alone lived to tell the tale of what happened in President John F. Kennedy's car on Nov. 22, 1963. I heard her describe it three times to three different audiences during the course of a few weeks. (It was Nellie, ever smoothing things over, who said, "Mr. President, you can't say Dallas doesn't love you," just before the shots were fired.) As horrible as that memory was, it kept her tied to history, and, more important, to the love of her life — a man who suffered from such profound arrogance and vanity that his personality has come to overshadow his many accomplishments.

When you saw Ann Richards's weathered face you knew just what 73 years of life had cost her. Sure, she had given herself over to the harsh Texas sun on too many outings; but, like Nellie Connally, there had been other costs: she, too, had played geisha, not to an ambitious husband but to a group of ambitious Texas liberals. It was Ms. Richards who had planned the drunken, irreverent costume parties — memories of the time are hazy, but she once went, or dressed a friend up, as a tampon. Then she got up next morning to pack the children's lunches.

She did it all, pretty near perfectly for a while: a beautiful young woman of supreme competency with a tart tongue and ambitions far beyond the P.T.A. Triumphing over all that — as well as smoking, drinking and divorce — formed part of her campaign story when she ran for governor in 1990, and made her victory all the sweeter.

But her pain, smoothed over in folksy public speeches and slick campaign commercials, could catch you up short: when I traveled with her during her first gubernatorial campaign I marveled at how trussed up and hostile she was, how her coterie of female supporters were protective to a fault, trying to shield her from criticism. In the end, she lost her taste for the fight, and essentially ceded the 1994 gubernatorial election to George W. Bush.

Being a decade younger than her friend Ann Richards, Molly Ivins never had to serve as anyone's geisha, and she never would have. But she was a big, smart, ungainly girl in a state where a female could suffer something close to capital punishment for those crimes; in self-defense she turned the cracker vernacular on the crackers and won fame for herself in the process, playing the Professional Texan. (Those hacks in the Legislature wouldn't have given a Smith graduate from ritzy River Oaks the time of day, but a hard-drinking, foul-talking, big-boned country girl? Well, that worked.)

But in private, Ms. Ivins, too, battled alcohol, and had her coterie of human shields; they were protecting a woman whose loneliness was as incomprehensible as it was omnipresent. She was a performer who rarely allowed herself to be offstage, which, of course, ensured that the majority of us kept our distance.

There aren't so many iconic women left in Texas, now — Lady Bird Johnson and the oil baroness Lynn Wyatt come to mind — but maybe that's to the good. We don't have to fight so hard to be heard, or noticed, or to avoid being taken for a hick. It's easier for us, but for everyone who knew them, maybe, not quite as much fun.

Russia Clashes With U.S. On Mideast Policy (WP)

By Glenn Kessler

The Washington Post, February 3, 2007

Russia urged ending the isolation of the anti-Israeli militant group Hamas and including Syria in Middle East peace talks, exposing fissures in a high-level diplomatic group that Secretary of State Condoleezza Rice gathered yesterday in Washington to validate her new effort to end the Israeli-Palestinian conflict.

The Russian proposals run directly counter to Rice's strategy of rallying what she calls "mainstream" Arabs to isolate what she calls "extremist" elements in the region.

"I don't think that to resolve this problem, just like any problem that exists in the world, that you could do it through boycott and isolation," Russian Foreign Minister Sergei Lavrov said at a news conference after a meeting of the "Quartet," which also includes the European Union, the United Nations and the United States.

Lavrov, with Rice seated next to him, said that "Syria could play a constructive role," specifically citing a recent meeting between Mahmoud Abbas, the Palestinian Authority president, and Khaled Mashal, the exiled leader of Hamas's political wing, that Damascus had arranged. U.S. officials were furious at Abbas for agreeing to the meeting, Palestinian officials said.

Rice shot back that the United States, "even at the highest levels," has spoken to Syrian officials and that "Syria knows what it needs to do to be a stabilizing force."

Lavrov, asserting that "it is counterproductive to isolate anybody," said Russia believes that the Syrian-brokered meeting helped facilitate a dialogue between rival Palestinian factions and "will lead to positive results."

The Russia-U.S. clash over policy in the Middle East came amid some of the worst factional fighting in months between Palestinian forces; at least 18 Palestinians, including two children, were killed yesterday in fighting between Hamas gunmen and

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forces loyal to Abbas's Fatah party. Rice, when asked if the violence risked making the diplomatic gathering irrelevant, said that the group expressed concern and that "obviously innocent people are being caught up in this violence, and it needs to stop."

U.S. officials were miffed at Lavrov's intervention, which overshadowed the group's endorsement of Rice's plans to bring together Abbas and Israeli Prime Minister Ehud Olmert and push them to accelerate a long-dormant peace plan.

A senior administration official, briefing reporters on the condition that his name not be disclosed, said the Russians did not suggest any of the ideas in preliminary meetings nor in yesterday's gathering of foreign ministers. "That is their view, but it isn't shared by others," he said.

During the briefing, the official pointedly -- and gleefully -- noted that the Russians contributed only $10 million of the $700 million in aid received by the Palestinians in 2006, suggesting that Moscow was at best a bit player in the region. He also dismissed the impact of the Palestinian meeting in Syria, saying it is "hard to see a positive influence was applied."

During the news conference, Lavrov said Russia supported the communique issued by the Quartet, which called for a Palestinian government "committed to nonviolence, recognition of Israel and acceptance of previous agreements and obligations."

The United States has led an international boycott of the Hamas-led government in an effort to persuade it to abandon its pledge to seek the destruction of Israel. Months of talks between Abbas and Hamas, seeking to forge a unity government that would empower him to negotiate a peace agreement, have not been successful.

The U.S. official boasted that the administration's campaign of isolating Hamas has been successful. He said the U.S. government believes that Hamas has been able to smuggle in only about $46 million in the past 10 months -- for a government that costs about $150 million a month to run. He said U.S. officials have succeeded in identifying and thwarting the delivery of about $400 million in funds that countries had planned to donate to the Hamas government. Instead, he said, the countries -- mainly Arab -- were persuaded to give the money directly to Abbas's independent presidential office.

Rice, accepting an approach long advocated by Europeans and Palestinians, plans to urge Olmert and Abbas to begin discussing the contours of a final peace deal. Previously, the administration argued that such negotiations would be premature until the Palestinians and the Israelis met the initial requirements of the stalled peace plan. Now, Rice says that sketching a "political horizon" would boost the confidence of the two sides to make those early steps.

"There is simply no reason to avoid the subject of how we get to a Palestinian state," Rice said yesterday. "I think, in fact, the political horizon of a Palestinian state can help to show the Palestinian people what is possible."

"Quartet" Backs Revived Middle East Peace Efforts (LAT)

By Paul Richter

The Los Angeles Times, February 3, 2007

WASHINGTON — A group of world powers Friday blessed the latest American effort to restart the Middle East peace process, but not before signaling that divisions remained among its members.

The so-called quartet — comprising the United States, United Nations, European Union and Russia — released a statement expressing support for a round of U.S.-led talks due to begin this month. It also reaffirmed its support for an economic boycott of the Palestinian government until the ruling Hamas movement agrees to foreswear violence and recognize Israel.

But in private talks, European officials signaled that they wanted to move faster than the Americans toward a deal to create a Palestinian state, diplomats said. And the Russian delegation urged the group to lift its economic boycott of the Palestinian government, saying the measure punished ordinary Palestinians without forcing Hamas to reform.

The new U.S. effort is based on the idea that progress toward peace can be accelerated by sketching the outlines of a final peace deal, the hope being that giving the Palestinians a glimpse of their "political horizon" would motivate them to make the sacrifices needed to get there.

This approach would allow the Palestinians and Israelis to temporarily bypass the initial requirements set out in the step-by-step "road map" to peace originally laid out by the quartet, conditions now seen as an impediment to progress. These steps, to which both sides agreed, include disarming Palestinian militant groups and clearing residents from illegal Jewish outposts in the West Bank.

But in recent discussions, it has become clear that some European and Arab governments want to put more emphasis on working toward a final deal, whereas the United States and Israel stress that the initial steps must not be completely neglected. Israeli officials argue that if the first-stage requirements are not met, neither the Israeli public nor the Palestinians will accept their leaders' eventual deal.

Some European and Arab officials fear that if tangible progress is not made within the next few months, the approach of the American presidential election and deepening international conflict over Iran's nuclear program could again put the talks in a deep freeze.

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"We are all happy about the opportunity we have before us, but it is important to take it," a European diplomat said.

Germany, which currently holds the rotating presidency of the European Union, has been pushing to make the quartet more influential in the peace discussions. Although the United States has been eager to win its partners' support, the quartet's meetings have been infrequent and its role secondary.

At a news conference in Washington, German Foreign Minister Frank-Walter Steinmeier said he was pleased the quartet had made plans to meet again after U.S. Secretary of State Condoleezza Rice sits down with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas this month.

"We can only be credible if this becomes a long-term, sustainable process," he said.

American officials have been pushing for the new talks in part to solidify support for the United States among Sunni Arab governments in the Middle East, whose backing Washington badly needs in its efforts to stabilize Iraq and challenge Iran.

They also hope that progress in the talks will strengthen Abbas in his struggle against Hamas.

Yet most observers say the effort faces long odds, in part because of the precarious political position of Olmert and Abbas.

In their statement, the quartet members expressed "deep concern" about the latest fighting in the Palestinian territories between Hamas and Fatah, Abbas' movement.

David Makovsky, a senior fellow at the Washington Institute for Near East Policy, said it would be tricky for the Palestinians and Israelis to rough out a peace plan with the right amount of detail.

"The question is, will this 'political horizon' be in high definition, or will it be so blurry that it's meaningless?" he said. "You want it to have enough resolution that it can give people a sense of drive and focus, but not so much that it will enable opponents of these leaders to pick it apart. It's unclear you can strike a balance like that."

U.S., Russia Clash Over Syria In Mideast (AP)

By Anne Gearan

AP, February 3, 2007

The United States and Russia clashed on Friday over Moscow's suggestion that Syria should be included in efforts to advance an Israeli-Palestinian peace settlement.

"Syria could play a constructive role," Russian Foreign Minister Sergey Lavrov said after a meeting of world powers to discuss Mideast strategy.

However, Secretary of State Condoleezza Rice expressed little enthusiasm for such a prospect. "I hope that it (Syria) will in fact try and play a positive role rather than a negative one," she told reporters.

The Bush administration has resisted expanding diplomatic ties with Syria, which it blames for lending support to radical Islamic groups Hezbollah in Lebanon and Hamas in the Palestinian territories.

The U.S. has also expressed reluctance to reach out to Syria and Iran in a regional effort to reduce violence in Iraq, arguing that both countries' actions show they have little interest in stabilizing the area.

Still, said Lavrov, "It is counterproductive to isolate anybody."

Rice said that dormant Mideast peace talks should resume despite an outbreak of violence among Palestinian factions.

"It doesn't help to talk about a timetable, but it does help to talk about a commitment," Rice said after her meeting at the State Department with foreign ministers from the United Nations, the European Union and Russia.

The gathering of would-be peacemakers came amid renewed fighting between Hamas militants and security forces loyal to the former ruling Fatah Party that has raised new alarm about a possible Palestinian civil war.

More than 100 Palestinians have been killed in internal violence since Hamas won parliamentary elections last year and formed a Cabinet.

Despite that violence, "there's simply no reason to avoid the subject of how we get to a Palestinian state," Rice said.

The international leaders reiterated the conditions they set for the Hamas-led Palestinian government to receive vital overseas financial aid and international political recognition.

Those include recognition of Israel, renouncing violence and embracing prior agreements between Israel and the Palestinians to work toward peace.

That statement was signed a year ago, days after Hamas won a surprise victory in Palestinian elections.

Hamas has refused to meet the terms, however, leading to a cutoff of direct international aid and a breakdown of services and order in the Palestinian territories.

World powers have largely abandoned hope that Hamas radicals will drop the anti-Israel positions and are looking for a new approach.

Rice was asked about the violence in Gaza and other Palestinian areas.

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"We expressed our concern about events on the ground in the Palestinian territories. Obviously innocent people are being caught up in this violence and it needs to stop," she said.

But, she said, "The Palestinian people have waited a long time for a state and the Israeli people have waited a long time for the peace and security that would come from having a democratic neighbor."

The four-way meeting, convened by Rice, risked appearing irrelevant in light of the internal Palestinian disarray.

Any eventual political accommodation with Israel would require a Palestinian government unified and capable enough to negotiate lasting terms.

State Department spokesman Sean McCormack said the internal divisions are issues for the Palestinians alone to resolve.

The United States is looking for ways to revive peace efforts partly as a way to reassure Arab allies that it wants to improve the Palestinians' plight and solidify those allies against Iran.

Shiite Iran has close ties to Hamas, which the West considers a terrorist organization.

One goal of the session was to demonstrate tangible support for secular Palestinian President Mahmoud Abbas.

"The international community is going to do everything it can to settle the conflict between Israel and the Palestinians," German Foreign Minister Frank-Walter Steinmeier said before the meeting. He attended the session because Germany currently holds the European Union's rotating presidency.

Cease-fires between the two sides in recent weeks and months have quickly fallen apart — the most recent was announced early Tuesday.

In the latest fighting, gunmen waged battles in the streets with mortar shells, rockets and heavy machine guns.

Abbas appealed Friday for calm.

"I call on all parties in Gaza to stop these actions that harm the Palestinian people," he said.

U.S. Talks With Palestinians And Israelis Gain Support (NYT)

By Thom Shanker

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — Middle East peace negotiators gave broad endorsement on Friday to American designs for three-way talks led by Secretary of State Condoleezza Rice and involving Israeli and Palestinian leaders. But discord immediately surfaced with Russian comments that Syria, too, could play a constructive role.

After the meeting here of representatives of the so-called quartet of the United States, Russia, the United Nations and the European Union, Ban Ki-moon, the new United Nations secretary general, read a statement from the group expressing hopes that Ms. Rice's meetings in the Middle East this month "could begin to define more clearly the political horizon for the Palestinian people, and help engender a sense of partnership."

The talks, which officials said could include discussions of such sweeping issues as the shape of a final peace treaty and the nature of a Palestinian state, would not be a substitute for the internationally agreed framework for actions required of Israelis and Palestinians, which was drawn up in 2003.

That so-called road map called for the Palestinians first to disarm militants and eliminate terrorist organizations while Israel froze the building of settlements.

The quartet, in its statement, said it "affirmed the primacy of the road map, and welcomed United States efforts to accelerate progress on the road map."

At a news conference after the meeting, though, Sergey V. Lavrov, the Russian foreign minister, expressed his country's view that "we are in favor of involving all those who can contribute to progress and to this process, and definitely in this case Syria could play a constructive role."

In looking for solutions to problems all across the Middle East, he added, "we believe that it is counterproductive to isolate anybody."

The United States maintains diplomatic relations with Syria, but State Department officials say no deeper engagement is warranted until the government in Damascus halts support for radical organizations, including Hezbollah in Lebanon and Hamas in the Palestinian territories.

"I think Syria knows what it needs to do to be a stabilizing force," Ms. Rice said. "And Syria doesn't need the United States to tell it what it could do to be a stabilizing force."

Mr. Lavrov underscored another difference with American policy, saying that resolving the Israeli-Palestinian dispute requires dealing with Hamas, which swept legislative elections in the Palestinian territories about a year ago.

"I can only repeat that we are convinced that it is necessary to work with Hamas to try to influence their position so that Hamas would accept those principles that were formulated by the quartet," Mr. Lavrov said. "In order for this to happen, what is necessary is to conduct persistent work with Hamas, and Russia is doing that."

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When Ms. Rice travels to the region this month, she will meet with Ehud Olmert, the Israeli prime minister beleaguered by a clumsy war in Lebanon and financial scandal in his party, and with Mahmoud Abbas, the Palestinian Authority president whose Fatah movement is battling Hamas politically and on the streets.

The official statement expressed deep concern over the continued factional violence, and Ms. Rice argued that fighting on the streets — and years of political stalemate — did not render the quartet's work irrelevant.

"The Palestinian people have waited a long time for a state, and the Israeli people have waited a long time for the peace and security that would come from having a democratic neighbor that was willing to live in peace with them," Ms. Rice said. "And so I don't think we want to delay any longer the development of a political horizon for these people, and I think it would give great cause for hope in this region."

In their statements, the mediators reaffirmed that the Hamas-led government must adhere to international terms for ending violence and dealing with Israel in order to receive international financial contributions and political support.

In the absence of those actions by Hamas, the four negotiating partners reaffirmed that nations should embargo financial aid to Hamas institutions in the government.

A senior administration official, speaking anonymously under standard diplomatic rules, said after the meeting that more than $700 million in assistance flowed last year to organizations under the control of Mr. Abbas and his party, or to charitable groups in the Palestinian territories, while Hamas received about $110 million.

The official said the government in Moscow had sent only about $10 million in aid to the Palestinians last year. A proposal before Congress would send about $86 million to Mr. Abbas's security forces and other medical and humanitarian aid.

Major Powers Endorse US Initiative On Israeli-Palestinian Peace (AFP)

By David Millikin

AFP, February 3, 2007

Major powers endorsed a US plan to accelerate efforts to achieve an Arab-Iraeli peace deal and establish a Palestinian state.

But the initiative was marred by renewed Palestinian factional violence, a rift with Russia over whether to bring Syria into the process and a weary skepticism that Israeli and Palestinian leaders are strong enough to lead their people to peace.

US Secretary of State Condoleezza Rice hosted the meeting of her counterparts from Russia, the European Union and United Nations following a day of clashes in the Gaza Strip between forces loyal to the Western-backed Palestinian president, Mahmud Abbas, and the radical Islamic movement Hamas.

At least 25 people died in the fighting before the two sides agreed on a truce late Friday, but there was no certainty the ceasefire would stop the worst violence yet in a year-long power struggle between Abbas' secular Fatah party and Hamas.

In a final communique read out by UN Secretary-General Ban Ki-moon, the so-called Mideast Quartet expressed its "deep concern" over the factional fighting and called for an end to continuing Palestinian militant attacks on Israel.

But the main purpose of the meeting, the first in five months for the largely inactive group, was to provide backing to Rice's effort to jump-start the Quartet's still-born 2003 "road map" for Israeli-Palestinian peace.

The plan envisaged a three-phase effort focused first on ending Palestinian attacks on Israel and restricting Israeli activities inside the occupied territories and then moving on to steps towards the establishment of a Palestinian state, a goal it hoped to achieve in 2005.

But the plan never moved beyond stage one, torpedoed by Palestininian attacks on Israel and harsh Israeli clampdowns on the territories.

On Friday, the group supported Rice's new approach to move forward on two fronts -- strengthening Abbas' ability to govern and ensure security while, in parallel, holding talks on critical "final status" issues like the borders of a Palestinian state and the future of Jerusalem.

"There is simply no reason to avoid the subject of how we get to a Palestinian state," Rice said at a joint press conference with Ban, Russian Foreign Minister Sergei Lavrov, Frank-Walter Steinmeier of Germany and EU foreign policy chief Javier Solana.

Rice declined to set any new timetable for the process.

Friday's meeting was a prelude to a three-way meeting later this month between Rice, Abbas and Israeli Prime Minister Ehud Olmert.

Washington has billed the encounter as the premiere for its new peace drive, but given the political weakness of both Abbas and Olmert, success is far from guaranteed.

Although he is the elected Palestinian president, Abbas saw his authority eclipsed when Hamas won elections a year ago and gained control of the self-rule government.

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The Quartet responded by suspending critical aid to the government, provoking an economic breakdown in the territories.

Olmert has been severely weakened by his perceived mismanagement of last year's war against the Hezbollah militia in Lebanon.

"We're doing this in an environment where, frankly, there is a lot of stress on each of the parties," a senior US official acknowledged.

"The conditions are such that expectations may outstrip the ability of the parties right now to deal with their situation," he said.

Steinmeier, participating because Germany currently holds the rotating EU presidency, was equally cautious.

"We are realistic enough to know it's not something that can be achieved overnight," he said.

Abbas has been trying for months to negotiate a unity government pact with Hamas which would meet the Quartet's conditions for lifting the aid embargo -- recognition of Israel, a renunciation of violence and compliance with past peace agreements with the Jewish state.

Hamas has refused.

The Quartet on Friday reaffirmed the boycott would remain in place until a Palestinian government that agrees to the principles is in place.

But that unity frayed when Russia argued publicly in favor of opening a dialogue with Syria -- which hosts Hamas' hardline leadership -- a stance Rice has ruled out.

"Syria could play a constructive role," Lavrov said, calling the "boycotts and isolation" backed by Washington "counterproductive."

Russia Decries Hamas Boycott (WT)

By Nicholas Kralev

The Washington Times, February 3, 2007

Russia urged the United States and Europe yesterday to end a boycott of the Palestinians' Hamas-led government, exposing divisions in the group of international mediators known as the Quartet as it met in Washington in an effort to restart Middle East peace talks.

Secretary of State Condoleezza Rice hosted the meeting at the State Department on a day when fighting in the Gaza Strip raged between Hamas and the rival Fatah party, claiming at least 17 lives on the deadliest day thus far in a violent power struggle.

"We expressed our concern about events on the ground in the Palestinian territories," Miss Rice told reporters. "Obviously, innocent people are being caught up in this violence, and it needs to stop."

The Quartet -- consisting of the United States, European Union, Russia and the United Nations -- expressed support for Washington's initiative to begin talks between Israel and Palestinian Authority President Mahmoud Abbas, who also leads Fatah.

Miss Rice, who is expected to visit the Middle East later this month, plans to convene a three-way meeting with Israeli Prime Minister Ehud Olmert and Mr. Abbas, although the date and place have yet to be announced.

But at a press conference after yesterday's meeting, Russian Foreign Minister Sergey Lavrov said the U.S. and EU policy of boycotting Hamas is not working.

"I don't think that to resolve this problem -- just like any problem that exists in the world -- you could do it through boycott and isolation," he said. "We are convinced that it is necessary to work with Hamas to try to influence their position, so that Hamas would accept the principles formulated by the Quartet."

The United States and European Union refuse to speak directly with Hamas officials in the Palestinian government and have cut off most international aid to the Palestinians until Hamas renounces violence, recognizes Israel's right to exist and accepts previous Palestinian agreements with the Jewish state.

Russia will continue its contacts with Hamas because it "received support from the Palestinian people during the elections a year ago," Mr. Lavrov said.

A senior U.S. official, responding to Mr. Lavrov's comments, acknowledged that the Quartet does not have a "uniform contact policy" on Hamas. Asked if Russian influence has helped so far, the official said that Hamas is less comfortable saying "no," although it is not yet saying "yes."

The United States and the European Union consider Hamas a terrorist organization.

Mr. Lavrov also said that Syria can play a "constructive role" as a mediator between Fatah and Hamas, but Miss Rice countered that "there is no need for [Syria's] mediation."

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In Gaza yesterday, Fatah and Hamas gunmen attacked two universities and a radio station and each other on the streets. At least 24 persons died and about 250 were wounded in a 24-hour period since a cease-fire collapsed Thursday. Another cease-fire was arranged late yesterday.

18 Palestinians Killed In Gaza Fighting (WP)

By Scott Wilson

The Washington Post, February 3, 2007

JERUSALEM, Feb. 2 -- At least 18 Palestinians, including two children, were killed in heavy factional fighting across the northern Gaza Strip on Friday, leaving a truce reached this week in ashes.

The street battles between gunmen from the rival Fatah and Hamas movements brought the two-day death toll among Palestinians to at least 24. The two groups have been locked for the past year in a political struggle for control of the Palestinian Authority.

More than 220 people were injured in the fighting, described by witnesses in Gaza as some of the most sustained since Hamas took day-to-day control of the Palestinian government 10 months ago. In terms of casualties, the violence ranks among the worst in a year.

"I call on all parties in Gaza to stop these actions that harm the Palestinian people," said Palestinian Authority President Mahmoud Abbas, a Fatah leader.

The fighting, confined largely to northern Gaza, appears increasingly resistant to efforts by party leaders to stop it. Many of Gaza's streets, lined with barricades and echoing with the crackle of gunfire, were abandoned Friday as marauding gunmen torched meeting halls, security compounds and parts of the campus of Islamic University, which is affiliated with Hamas.

Over the past year, partisan violence has flared at moments of political stress between Fatah and Hamas leaders, who met with Egyptian mediators Friday in an effort to end the current fighting. After the meeting, Hamas and Fatah officials called for an immediate cease-fire and for all armed men to leave the streets, although it was unclear whether the order would be followed.

Hamas, a radical Islamic movement that does not recognize Israel's right to exist, deposed Fatah in January 2006 parliamentary elections that were supported by Israel and the United States.

The victory gave Hamas control of the Palestinian ministries, although disagreement with Fatah leaders arose immediately over control of the 70,000-plus members of the security services. Hamas formed its own security branch in Gaza, which is now involved in the fighting against the Fatah-controlled services. The movements also have potent armed wings, which often do not respond to orders from their parties' political leaders.

About 70 Palestinians have been killed since December, when Abbas, a relative moderate, threatened to call early elections if Hamas did not agree to form a power-sharing government that included Fatah and some smaller parties.

The United States, the European Union, Russia and the United Nations, the group of Middle East peace intermediaries known as the Quartet, cut off most aid to the Palestinian Authority soon after Hamas's election victory. The Quartet, which met Friday in Washington, is demanding that Hamas recognize Israel, renounce violence and abide by previously signed agreements with the Jewish state as conditions for renewed aid.

The embargo has impoverished the Palestinian government and much of the territories, especially Gaza, where a high proportion of the population relies on Palestinian Authority salaries. But Hamas has refused to moderate its position and characterizes Abbas's threat to call early elections, including for his own office, as an attempt to overthrow its elected government.

Abbas is scheduled to meet next week with Khaled Mashal, the exiled leader of Hamas's political wing, in the Muslim holy city of Mecca, Saudi Arabia. The two made little progress toward forming a unity government during a rare meeting last month in the Syrian capital of Damascus. King Abdullah of Saudi Arabia invited them to Mecca earlier this week to continue those talks in hopes of ending the factional fighting.

The rattle and bang of rifle and rocket-propelled grenade fire rang out across the northern strip throughout Friday, the Muslim day of prayer, and a column of black smoke billowed over Islamic University in the heart of Gaza City.

For the second straight day, Fatah forces stormed the campus and came under fire from the Hamas-controlled security force. After an operation there Thursday, Fatah officials said they had seized a large cache of assault rifles and captured seven Iranians, whom they described as "explosives experts."

Hamas, a Sunni Muslim movement, has accepted millions of dollars from Shiite Iran during the international aid embargo. But Hamas officials denied the presence of Iranians in Gaza, and Fatah officials presented no proof of the arrests.

Among the dead Friday was a commander of Fatah security services, who party officials said had been executed by Hamas gunmen. Health officials said two children, ages 5 and 7, also died of their wounds.

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16 Die In Gaza Factional Clashes (LAT)

By Ken Ellingwood, Rushdi Abu Alouf

The Los Angeles Times, February 3, 2007

GAZA CITY — Fighting between rival Palestinian forces continued to rage across the Gaza Strip, killing at least 16 people Friday in violence that laid waste to a days-old cease-fire.

As gunmen battled in the streets, Egyptian officials sought to broker a fresh truce between the ruling Hamas movement and its main rival, Fatah. By day's end, the two sides had announced a tentative agreement to restore the cease-fire reached Tuesday, but it seemed at best a fragile deal as heavily armed men continued to stalk the streets.

Some of the most intense fighting took place when Hamas gunmen attacked bases used by security forces loyal to Palestinian Authority President Mahmoud Abbas, who leads Fatah.

Hamas militants launched mortar rounds and crude Kassam rockets at a main base for security forces in Gaza City and at Abbas' compound nearby. Abbas was not in Gaza at the time.

Fatah forces struck back with heavy machine guns and by setting fire to a building at Islamic University, a Hamas stronghold, where more fierce exchanges took place. Hours later, attackers set fire to Al Quds University, which is affiliated with Fatah.

The dead included at least two children and three Hamas fighters. Most of those killed were Fatah members of the various security forces, including a regional commander of the national intelligence service.

More than 140 people were injured in Friday's violence, a continuation of skirmishing a night earlier that killed six people and left dozens hurt. The earlier fighting began when Hamas gunmen attacked a truck convoy that the group said was carrying arms from Egypt to Fatah's forces. Fatah and Egyptian officials denied the accusation.

For most of Friday, gunfire crackled through the largely deserted streets of Gaza City. Many people remained indoors, and even restaurants along main avenues were shuttered.

"I call on everybody, regardless of their political affiliation, to put an end to this bloodletting," Abbas said, speaking to reporters in the West Bank city of Ramallah.

Abbas is expected to travel to Saudi Arabia next week to meet with Hamas leaders for talks on a power-sharing arrangement that could end the factional tensions. Saudi officials invited the two sides for the talks in the Muslim holy city of Mecca. Abbas met last month with exiled Hamas leader Khaled Meshaal in Damascus, the Syrian capital, but they did not reach an agreement.

The groups have been locked in a power struggle since Hamas defeated Fatah in parliamentary elections in January 2006. Several cease-fire agreements have broken down as tensions between the rival militias surged and political leaders' appeals for calm went unheeded.

The violence has worsened since December, when Abbas said he would call new elections as a way to break the months-long political standoff.

Hamas leaders reject the idea of early elections, which they view as illegal and an attempt to topple them. Abbas has not formally declared elections, or set a date.

More than 70 people have died in factional clashes since mid-December.

Friday's flare-up came as Middle East peace mediators were meeting in Washington to consider how to bolster Abbas and restart the stalled diplomatic process between Israel and the Palestinians.

The Bush administration has said it will step up its involvement. Secretary of State Condoleezza Rice plans to travel to the region this month for a three-way meeting with Abbas and Israeli Prime Minister Ehud Olmert that is meant to spur informal discussions on the outlines of a possible final agreement.

But prospects for a breakthrough appear remote given the weak political standing of both Olmert and Abbas. Olmert has been highly unpopular among Israeli voters since the war in Lebanon last year, and Abbas is hobbled by the internal turmoil with Hamas.

Months of talks between Hamas and Fatah over a power-sharing arrangement have foundered in large part because of differences over how to divide Cabinet portfolios and Hamas' refusal to recognize Israel.

Abbas has sought to persuade Hamas to accept a political plan that would satisfy the West and bring an end to an aid embargo against the radical Islamist group, which many nations consider a terrorist organization.

In An Israeli Town Prone To Attacks, New York's Mayor Denounces Terror (NYT)

By Diane Cardwell

The New York Times, February 3, 2007

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SDEROT, Israel, Feb. 2 — Mayor Michael R. Bloomberg touched down by helicopter on a bare patch of dirt here on Friday, bringing his message against terror to a town shaken by persistent attacks from Palestinian militants firing rockets over the border from Gaza.

"I think this town, as much as any place you'll ever visit, tells you why we can never negotiate with terrorists," he said to a throng of reporters jostling on a hill overlooking Gaza, where violence between Palestinian factions has escalated in recent days. "Israel has a right to exist, and nobody should force on Israel anything."

He said that the country needed to work with its Arab neighbors, but added that if groups did not renounce terrorism, abide by their accords and recognize Israel's right to exist, "I personally think Israel shouldn't talk to them."

In a tour that lasted just under an hour, Mr. Bloomberg made the traditional stops for a visitor here, including one to examine a pile of spent and rusty rocket shells at the police station.

But what was striking in this town of roughly 23,000 was the sense of normalcy, despite the few rockets that had fallen just the night before. There were snaking rows of tidy, red-tile-topped houses, children walking through the streets and clusters of young people at sidewalk cafes. Even Mr. Bloomberg seemed to reflect that atmosphere, hauling out his well-worn joke to take credit for the morning's sunshine.

"The mayor brought good weather, that's the mayor's job," he told Eli Moyal, the mayor of Sderot, as the two walked together.

Just beneath the everyday veneer, though, lies the conflict's toll. Outside a youth center, Mr. Bloomberg met Yonatan Abukasis, whose 17-year-old daughter was killed in 2005 as she shielded her younger brother from an exploding rocket.

"I have two daughters, and I can't imagine," Mr. Bloomberg told Mr. Abukasis, who thanked the mayor for coming. "It's a reminder, all of us, how terrorists try to take away our freedoms. Sadly, some people pay with their lives, as in your case."

At the center, which is dedicated to the girl, a cluster of about three dozen small children greeted the mayor, singing songs for the festival of Tu Bishvat, which celebrates the new year of trees, and waving tiny Israeli flags.

In keeping with the traditional way of observing the holiday, the mayor planted a tree, helping hoist it up and shoveling dirt around the base.

Beside the tree, David Fendel, who is from Long Island and is head of an academy here, expressed his frustration to the mayor, saying that he could not understand how the American government could give aid to Palestinians. Mr. Bloomberg responded, "Well, it's up to the State Department to decide."

Still, Mr. Fendel told him that he appreciated Mr. Bloomberg's "whole attitude."

"You chose to come to Sderot," he said. "People living in fright and we're peace-loving."

On the hill overlooking Gaza, another man, Avi Farchan, approached Mr. Bloomberg and told him that missiles had destroyed his house. He gave the mayor a letter to give to President Bush seeking to end the aid.

Mr. Bloomberg, who traveled the town in an armored car and was accompanied by his New York police detail and a member of the Israeli secret service, told reporters that he was not fearful about visiting.

"I'm not afraid of terrorists," he said.

Yuval Donio Gideon, an official with Israel's Ministry of Foreign Affairs, said that Israelis appreciated his making the trip. "We think this is important, as the mayor of New York City that he's here and he's identifying with Israeli daily problems."

U.S. Takes China To WTO Over Subsidies (WP/AP)

By Martin Crutsinger

The Washington Post, February 3, 2007

The Bush administration, under pressure from the Democratic-controlled Congress to do something about America's soaring trade deficit, filed a trade case yesterday against China in a dispute involving government subsidies.

The complaint, filed with the World Trade Organization in Geneva, alleges that China is using government support and tax policies to bolster local companies in competition against U.S. and other foreign firms.

"We are seeking to level the playing field to allow U.S. manufacturers to compete fairly with Chinese firms," U.S. Trade Representative Susan C. Schwab said in announcing the case.

The action will trigger a 60-day consultation during which trade negotiators will try to resolve the dispute. If that fails, a WTO hearing panel will be convened to handle it.

A victory by the administration would clear the way for the United States to impose economic sanctions against China if it refuses to change its subsidy program.

Schwab's announcement that a case was being filed came two days after Treasury Secretary Henry M. Paulson Jr. faced stiff questioning before a congressional panel where both Democrats and Republicans accused the administration of doing too little to deal with a swelling trade deficit with China.

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An official with China's delegation to the WTO said the Chinese would have no immediate comment on the case.

Democrats in Congress praised the administration's action, saying they hoped it signaled a more aggressive policy toward what they say are unfair Chinese trade practices.

"Forcing China to eliminate its illegal subsidies will keep world markets open to U.S. goods, keeping jobs at home," said Senate Finance Committee Chairman Max Baucus (D-Mont).

"This case represents a step in the right direction, but it must be part of a much more aggressive program to take actions against violations of WTO obligations," said Rep. Sander M. Levin (D-Mich), the head of a House Ways and Means Committee trade panel.

John Engler, a former Michigan governor who heads the National Association of Manufacturers, said he was disappointed that other major trading partners, including Japan and the European Union, refused administration requests to join in filing the case. "We hope that other countries will reconsider joining the case, recognizing it is not fair to have the United States do all the heavy lifting," Engler said.

This is the second WTO case the administration has filed against China in the past year. Last March, it accused China of using a tax system deemed illegal by the WTO to block imports of American and other foreign-made auto parts into China.

Paulson told the Senate Banking Committee on Wednesday that he believed a high-level dialogue that began last December with top Chinese officials offered the best approach to dealing with trade issues.

The administration has been trying to get China to allow its currency to rise in value against the dollar. U.S. manufacturers contend that the Chinese currency, the yuan, is undervalued by as much as 40 percent, giving Chinese products a huge competitive advantage against American goods.

US-China Tensions Rise Over Subsidies (FT)

By Eoin Callan, ichard McGregor

Financial Times, February 3, 2007

The US on Friday launched a major trade dispute with China over alleged subsidies for manufacturing exports in an escalation of economic tensions with Beijing.

Susan Schwab, the US trade representative, said: “Our decision to bring this case to the World Trade Organisation comes after our efforts at dialogue failed.”

The escalation by the Bush administration follows pressure from the new Democratic majority in Congress and for tougher action over a record annual trade deficit with China of $214bn.

The US filing alleges China “uses its basic tax laws and other tools to encourage exports and to discriminate against imports of a variety of American manufactured goods”.

“The subsidies at issue are offered across the spectrum of industry sectors in China - whether in steel, wood products, information technology, or others,” said Ms Schwab.

The action by the Bush administration was viewed as part of a strategy to win Congressional approval for the renewal of the president’s fast-track trade negotiating authority when it expires on June 30.

The executive negotiating authority is viewed by White House advisers as necessary to advance their economic agenda during President George W. Bush’s last two years in office.

Edward Alden, a senior fellow at the Council on Foreign Relations, said: “It’s a smart move politically, though practically it’s a far bigger and more complicated case than anything the US has attempted against China so far.”

Sander Levin, chairman of the trade subcommittee in House of Representatives, said: “This case represents a step in the right direction, but it must be part of a much more aggressive program to take actions against violations of WTO obligations.”

Max Baucus, chairman of the Senate finance committee, said: “I hope that today’s action is a signal that the US trade representative will take more vigorous action in the future when China or any other country fails to abide by trade agreements.”

Daniel Griswold, an analyst at the Cato Institute, a conservative think tank, said the case would “give the US leverage with China to compel it to change its tax laws”.

“I think this strategy does carry the risk that it will create tensions and maybe even harden the Chinese position,” he said.

The dispute process allows time for the case to be resolved through dialogue and was several steps away from a “full-blown trade war”, the analyst said.

US manufacturers welcomed the dispute and urged the White House to pursue the case to its conclusion.

John Engler, president of the National Association of Manufacturers, said: “Pursuing WTO cases like this one helps respond to widespread concern that trade is unfair and that the system does not work for us.”

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The US case may target the range of export tax rebates offered by China to local firms, many of which were introduced in the late nineties in the wake of the Asian financial crisis. The rebates were aimed at shielding Chinese exporters from the impact at the time of rapidly depreciating currencies in Asia, which made the goods of their regional rivals cheaper on overseas markets.

China has cut the rebates in some sectors in the last two years, but many remain, despite booming exports and a swelling trade surplus with both the US in particular and the world as a whole.

The US action also appears to attack the range of incentives offered by the both the central and local governments in China to attract foreign investment.

U.S. Trade Effort On China Suffers 2 More Setbacks (NYT)

By Steven R. Weisman

The New York Times, February 3, 2007

WASHINGTON, Feb. 2 — The Bush administration's efforts to ease economic strains with China suffered two setbacks Friday with the resignation of a top official in charge of the China dialogue and an announcement that talks on a critical trade dispute had failed to resolve differences.

The United States trade representative, Susan C. Schwab, said Friday that "our efforts at dialogue failed" to resolve disputes over the American charge that China had illegally subsidized several industries to promote exports. She said Washington would bring the issue to the World Trade Organization, a major escalation in American pressure.

"We would have preferred to work this out," Ms. Schwab said. "We regret that was not possible."

The dispute was over Chinese subsidies of steel, wood products, information technology and other products that compete with goods made in the United States, Ms. Schwab said. Trade officials noted, however, that going to the trade organization would simply open a new phase of talks that could take years.

Meanwhile, the resignation of Timothy D. Adams as under secretary of the Treasury for international affairs was the second departure in five months of the person at Treasury in charge of the overall dialogue with China.

The departure of Mr. Adams comes at a time of rising impatience in Congress over the "strategic economic dialogue" started by Treasury Secretary Henry M. Paulson Jr. in September as one of his principal objectives on the international stage.

The dialogue is aimed at improving understanding and the atmosphere for resolving a range of economic disputes, particularly over the American demand that China allow its currency, the yuan, to float more freely on international exchange rates.

A higher value of the yuan would presumably affect the trade balance by making exports to America more expensive and American exports to China cheaper, economists say. The yuan has risen about 6.5 percent in the last year and a half but Mr. Paulson told a Senate committee this week that China had moved too slowly to make its exchange rate more flexible.

In his resignation letter to President Bush, whom he had served as an adviser in the 2000 presidential campaign and in Treasury posts since then, Mr. Adams said that he wanted to return to private life to spend more time with his wife and children.

"I refuse to give anything but my best as I endeavor to make a difference in public service," he said.

Family reasons were also cited last fall in the departure of Mr. Adams's predecessor in the job of overseeing the dialogue, Deborah Lehr, a China specialist with experience in government and the private sector. Ms. Lehr resigned only six weeks after her recruitment by Mr. Paulson. Treasury officials are expected to name a new envoy to handle the dialogue soon.

Mr. Paulson praised Mr. Adams for his service, especially for his work on China. As under secretary, Mr. Adams also worked on changes at the International Monetary Fund and in coordinating economic policy with American allies around the world.

There has been speculation in Washington that Mr. Adams was growing impatient with the pace of progress on the China initiative. But when Treasury officials were asked about this some weeks ago, they said there was no truth to the rumors that Mr. Adams planned to leave.

Acquaintances of Mr. Adams said that his decision to go was fueled less by policy matters than by the lack of a personal chemistry with Mr. Paulson, who came aboard the administration only last summer.

Mr. Adams was said to have chafed when Ms. Lehr was appointed as the China envoy last fall, and then again this winter as others have assumed the role of organizing the dialogue. Mr. Adams is a political insider with ties to the campaign apparatus of the Bush team, and Mr. Paulson is a former executive at Goldman Sachs who freely acknowledges his lack of interest and even distaste for politics.

Some friends said that Mr. Adams had always intended to leave the administration before the end of its second term, having served as a top official to Mr. Paulson and two predecessors, Paul H. O'Neill and John W. Snow, both of whom were ousted from the job by the White House.

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"I haven't seen any daylight between what I've heard Tim say about China and what I've heard the secretary say," said Tony Fratto, a former assistant secretary of the treasury for public affairs and now a White House spokesman. Mr. Fratto added that he would be surprised if any policy differences with Mr. Paulson led to Mr. Adams's decision to resign.

Nevertheless, Mr. Adams's departure means that yet another person will have to take over the economic talks with China only a few months before the next meeting, which is in May, at a time of mounting criticism in Congress that the dialogue has produced few results other than setting up an elaborate process to talk about the issues.

Mr. Paulson told the Senate Banking Committee that he shared the senators' "frustration" that the talks had not yet produced results. Treasury officials say he is hoping to produce tangible signs of progress on trade, commercial ties and currency before the next meeting.

But the failure of the trade talks on the decision to take the issue to the World Trade Organization suggests that the benchmarks already sought by the administration are proving difficult to meet. The move on manufactured goods announced by Ms. Schwab follows another such action last year, in which the United States took China to the World Trade Organization over what Washington regarded as China's failure to import American-made auto parts.

Currencies: G-7 May Cast A Wary Eye On Valuations Of The Yuan, Yen (WSJ)

By Joellen Perry

The Wall Street Journal, February 3, 2007

When finance ministers from the Group of Seven leading industrial nations meet in Germany next weekend, look out for a tussle over two Asian currencies.

U.S. officials will continue to focus on China's weak yuan at the talks, which take place in the former industrial powerhouse of Essen. But European policy makers have said they will push for a discussion about Japan's currency to be included in the talks, as well. They say the yen's low value gives Japanese exporters an unfair edge against competitors that have to pay for their costs in euros. After losing 10% against the euro in the past year, the yen hit record lows in January against the European Union's common currency, which is used by 13 nations, including Germany and France.

Japan is expected to fight back, and this time will find the U.S. on its side. Though Japan has often been criticized in the past for manipulating the yen's value, Treasury Secretary Henry Paulson said last week that the yen's value now accurately reflects Japan's economic situation. Though the yen recently hit four-year lows against the dollar, and U.S. car makers have also complained about the currency's weakness, U.S. Treasury officials are reluctant to champion any artificial adjustment in the yen at a time when they are pushing for a market-valued yuan.

Japan's timid recovery is part of the reason its currency is low. Rock-bottom interest rates, at 0.25%, have also made the currency a prime player in the global "carry trade," in which investors borrow in low-yielding currencies like the yen to invest in more lucrative currencies elsewhere. Carry trades further weaken the yen as traders sell off the currency. With domestic consumption and consumer-price data still muted, significant interest-rate rises from the Bank of Japan seem unlikely in the short term, so the yen will likely stay low.

That is a particular problem for countries that use the euro. Exports helped last year to power the euro bloc to its fastest economic growth since 2000. Policy makers worry a feeble yen, on top of the euro's recent rise against the dollar, will undercut that expansion. Manufacturing survey data for January show a stronger euro has already begun dampening export growth across the region.

A flagging yen also underscores the euro zone's widening disparities. Productivity increases and meager wage growth have helped Germany gain against reform laggards like France and Italy to become the world's largest exporter in terms of value. "We are more sensitive to the exchange rate because we are less good than Germany in terms of structural competitiveness," says Christian de Boissieu, chairman of the French Prime Minster's Council of Economic Analysis.

More fundamentally, as the euro strengthens simultaneously against the dollar and the yen, European policy makers worry the currency is unfairly bearing the burden of global imbalances. When the dollar slid last year, in part on fears of the U.S.'s huge trade deficit, Asian economies with trade surpluses and currencies pegged to the dollar helped stem the slide by buying dollars. At the same time, jittery investors world-wide switched dollar-denominated assets for euro ones, pushing up the European currency's value.

Trade Boom (WP)

The Washington Post, February 3, 2007

THE STRONG growth in the U.S. economy reported this week for the last quarter of 2006, and the year as a whole, had a lot to do with burgeoning American exports. In the first 11 months of 2006, they reached $1.1 trillion, a 13 percent increase over the same period in 2005. Though the U.S. trade deficit is still huge, recent figures show exports growing at three times the rate of

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imports; sales to China are up by a third. Moreover, U.S. exports to the handful of countries with which there are free-trade agreements are booming disproportionately: Though Mexico, Canada, Chile and other free-trade-pact partners make up only 7 percent of the non-U.S. global economy, they are buying 42 percent of the American goods and services sold abroad.

All this good news is one reason congressional Democrats should support President Bush's request to renew his trade promotion authority, which expires July 1. The authority allows the president to negotiate bilateral and multilateral trade agreements and submit them to a single, up-or-down vote by Congress; without it, the deals Mr. Bush has cut with Latin American, Middle Eastern and Asian countries would have been impossible. Important bilateral trade pacts with South Korea, Malaysia and Thailand, which could give another big boost to American exports, probably won't be finished by midyear, so the extra time will be needed.

Much more important, quiet talks between Bush administration and European Union officials in recent weeks have raised hopes that the global trade negotiation known as the Doha round can be raised from the grave where it was buried last summer. Doha offers the promise of enormous benefits to U.S. exporters and the world economy as a whole. The World Bank has estimated that it could lift 10 million people out of poverty in the poorest nations. But it will require big cuts by rich countries in subsidies for agricultural exports in exchange for reductions in tariffs on industrial goods and services by middle-income countries such as Brazil and India.

Mr. Bush took an important step toward reviving Doha last week by proposing a new farm bill that would reduce U.S. agricultural subsidies by $18 billion in the next five years. The average annual funding in the bill is $17 billion, the ceiling U.S. negotiators have talked about in bargaining with the European Union. In exchange, Europe would be expected to reduce its subsidies by 54 percent.

A lot of Democrats got elected in November by running against free trade; more than three dozen of them recently wrote to the new House Ways and Means Committee chairman, Charles B. Rangel (D-N.Y.), asking for a reversal of "the troubling results of the administration's trade agreements and trade policies." Fortunately, Mr. Rangel and Sen. Max Baucus (D-Mont.) of the Senate Finance Committee appear to recognize the harm that would be caused if Congress torpedoed the Doha round. They have signaled a willingness to talk with the administration about the renewal of trade promotion authority; Mr. Bush, for his part, recognized in a speech last week that trade "can also lead to hardships for our workers and their families" and offered to work with Congress to improve assistance programs for those affected. With flexibility on both sides, a deal should be possible.

Chinese Official Warns Against Independence Of Courts (NYT)

By Joseph Kahn

The New York Times, February 3, 2007

BEIJING, Feb. 2 — “Enemy forces” are seeking to use China’s legal system to Westernize and divide the country, and the Communist Party must fend them off by maintaining its dominance over lawyers, judges and prosecutors, China’s top law and order official said in a detailed speech whose text was published Friday.

The official, Luo Gan, who is a member of the governing nine-man Politburo Standing Committee, said in an address published in the state-run magazine Seeking Truth that judicial officials had the responsibility to “prevent infiltration that might threaten national security.”

Mr. Luo said that China is now part of the global community and that it must consider “international factors” when making judicial decisions. But he drew a sharp line between such interests and allowing greater leeway for lawyers, judges and prosecutors to make decisions independently as they do in the West.

“There is no question about where legal departments should stand,” Mr. Luo said. “The correct political stand is where the party stands.”

The speech appeared to amplify President Hu Jintao’s past calls to guard against a Western-inspired “color revolution” of the kind that brought political change in Central Asia, Central Europe and Lebanon.

Lawsuits filed against party and government entities have sometimes made the courts a forum for public expressions of discontent.

Some Chinese lawyers and rights advocates have sought to use the country’s laws and courts, which on paper resemble legal and judicial structures in place in Europe and the United States, to check abuses of power and enforce individual freedoms enshrined in China’s Constitution.

China’s highest profile cases attract attention from the media and international human rights groups that follow developments in China, which is especially sensitive given its designation as host of the 2008 Olympics.

In practice, prosecutors and judges answer to Political-Legal Committees run by the Communist Party. Verdicts in cases that involve delicate issues are decided by ranking party officials, often including Mr. Luo himself, Chinese legal experts say.

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Some Chinese and Western legal scholars say the party's direct control may diminish over time, as courts handle millions of routine cases and establish legal precedents. But Mr. Luo gave no indication that party leaders are seeking to encourage a drift in that direction.

"Given the vital functions of political and legal organs, enemy forces always try to use them as the breaking point to Westernize and divide our country," Mr. Luo said. "Any mistake made by such organs may be used by enemy forces."

Despite his generally suspicious tone, Mr. Luo called on judicial authorities to be more attuned to the international impact of their decisions, while protecting foreign business and nongovernment organizations operating in China legally.

"Authorities should consider the possible international influence of and reaction to their decisions," he said.

But he listed a number of political challenges that he said would require closer integration between legal officials and other party and government units.

He said many people in China's more mobile and better educated society slipped through what he referred to as the "management net," mainly work units that once acted as the party's political eyes and ears. Officials need to restore more control over such people, he said.

"There can't be any 'free people' who are outside the management net," he said. In particular, he said, organizations that provide telecommunications and Internet services must take "full responsibility" for preventing the spread of harmful information.

Mr. Luo said the courts should play a bigger role in defusing mass incidents of social unrest by "safeguarding justice and fairness." That appeared to be a plea to resolve protest incidents through legal means rather than relying on police crackdowns.

But he echoed recent calls to punish the "tiny minority" of troublemakers who try to mobilize social discontent. And he dashed hopes that China is prepared to phase out its extrajudicial system of re-education through labor, which often singles out political activists who have not committed crimes.

He said this system, known as laojiao, should be improved, not scrapped.

Journalist Group Criticizes Press Freedoms Under Hu Jintao (NYT)

By Joseph Kahn

The New York Times, February 3, 2007

BEIJING, Feb. 2 — A leading media watchdog group on Friday accused President Hu Jintao of China of seeking to bring the media to heel and instigating an expanding crackdown on the press despite China's pledge to enhance media freedoms before the 2008 Olympics, which are to be held in Beijing.

Reporters Without Borders, based in Paris, said in its annual report on press freedoms that conditions for the news media and for journalists had deteriorated in China.

"The press is being forced into self-censorship, the Internet is filtered, and the foreign media very closely watched," the group said in the report, which was released Friday.

It continued, "Faced with burgeoning social unrest and journalists who are becoming much less compliant, the authorities, directed by President Hu Jintao, have been bringing the media to heel in the name of a 'harmonious society.' "

The group cited the five-year sentence given to a Hong Kong reporter, Ching Cheong, and a three-year sentence for Zhao Yan, a researcher in the Beijing bureau of The New York Times, among other efforts to intimidate journalists.

"In both cases they were convicted after shoddy trials with no defense witnesses," the group said.

In total, the group estimated that 31 journalists were serving jail terms in China and that the authorities had convicted 52 more people for posting political views on the Internet.

Other reporters have faced physical attacks by hired thugs associated with the local authorities or powerful business interests, and the police often fail to investigate the assaults, the group said.

Hu Urges Sudan To Act On Darfur Crisis (FT)

By Andrew England

Financial Times, February 3, 2007

Hu Jintao, China's president, on Friday embarked on the most contentious leg of his African tour, visiting Sudan for the first time to buttress bilateral trade with a government accused of multiple human rights abuses in its western Darfur region.

Mr Hu's trip came amid western pressure on China to use its ties with Khartoum to influence the government to take greater steps to resolve the four-year conflict in Darfur.

The Chinese leader urged Khartoum, behind closed doors, to solve the crisis and pursue dialogue with rebel groups. But no public statement was made on the issue. Zhang Dong, China's ambassador in Khartoum, on Thursday told Xinhua news agency that China "never interferes in Sudan's internal affairs".

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The focus of the trip was on economic issues, with China signing agreements to build two schools and a presidential palace, and provide loans of more than $70m, the Sudanese news agency said.

Billions of dollars of Chinese investment, particularly in the oil sector, have provided crucial support to President Omar al-Bashir's regime, enabling it to join the ranks of oil exporters and improve decaying infrastructure. Chinese companies are involved in building bridges, roads, government offices, a hydroelectric dam and an oil refinery, which the leaders visited on Friday.

But even in Sudan – where China is the biggest bilateral trading partner – some questioning the balance of the relationship. Sayed al-Khatib, director of the government's Centre for Strategic Studies said some feel Beijing has used the west's reluctance to invest in Sudan to over-charge on infrastructure projects and has failed to meet quotas on the employment of Sudanese in the oil sector.

"Some people are not quite comfortable with the way China is holding to its end of the partnership but still people are grateful that at the time they came we didn't have anybody else," Mr Khatib said. "You could say it's not that bad but questions are being asked."

Sudan is China's third-largest trading partner in Africa, with bilateral trade exceeding $2.9bn (£1.5bn, €2.2bn) in 2006. Sudanese officials estimate Sudan's oil output is almost 500,000bpd, of which about two-thirds goes to China.

Beijing insists it has played a positive role in tackling the Darfur crisis but critics regard its relations with Sudan as an example of what they see as China's questionable role in Africa.

Trade between China and Africa reached a record $55bn last year but there are concerns that Beijing's unconditional support could help prop up rogue regimes. Others accuse China of looting Africa, while flooding the continent with cheap, low quality goods that will hamper the development of African manufacturers.

China's heavy investment in Sudan during the past decade contrasts with its treatment by the west as a pariah because of allegations it sponsored terrorism, its dire human rights record and a decades-long conflict in southern Sudan where its main oilfields are located.

Chinese President Pushes Sudan On Darfur (AP)

By Alfred De Montesquiou, Associated Press Writer

AP, February 3, 2007

Chinese President Hu Jintao told Sudan's leader on Friday he must give the United Nations a bigger role in trying to resolve the conflict in Darfur and also said China wanted to do more business with its key African ally, Sudan state media reported.

In what appeared to be China's bluntest message to Sudan on the Darfur crisis, Hu urged President Omar al-Bashir in a face-to-face meeting to boost the U.N.'s "constructive role in realizing peace in Darfur" along with the African Union, the official Sudan news agency SUNA reported.

China buys two-thirds of Sudan's oil and is the largest investor in the country, giving it some leverage with al-Bashir's government. Sudan has defied a U.N. Security Council call for the underpowered African Union mission of 7,000 troops in the western region of Darfur to be taken over by a U.N. operation of 22,000 peacekeepers.

China usually refuses to mix human rights issues with diplomacy, but Hu has come under international pressure to use his clout with Sudan to push it to accept U.N. peacekeepers in Darfur. More than 200,000 people have been killed in four years of fighting in the region between rebels and the army, backed by the notorious janjaweed militia.

Human rights activists expressed concern ahead of Hu's eight-country tour of Africa that China is overlooking abuses to gain access to Africa's resources. Africa has become an important source of oil and other natural resources to feed China's rapid economic growth.

Sudanese officials briskly ushered journalists out of the room Friday when Hu began voicing his expectations on Darfur to al-Bashir. Later, a Sudanese official told The Associated Press that Hu had told al-Bashir his government "should work more earnestly to get the rebels who did not sign the Darfur peace agreement to join the peace process."

The government signed the peace agreement with one rebel group last May, but other rebels rejected the accord as inadequate and the conflict escalated.

This week, U.N. Secretary-General Ban Ki-moon urged Sudan to accept a compromise deal by which a U.N. force would deploy in Darfur in a "hybrid mission" with African peacekeepers. Ban has also asked China's U.N. ambassador for help in trying to persuade the Khartoum government.

U.S. Sen. Barbara Boxer urged Sudan Friday to accept a U.N.-led peacekeeping mission in Darfur.

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"If the message the Chinese are bringing President Bashir is clear and is unequivocal that we need to move forward and they need to end this nightmare, it's going to be very positive," the California Democrat said of the meeting between the two leaders. Boxer was speaking at U.N. headquarters in New York.

Sudanese Foreign Minister Lam Akol insisted that Hu's words on Darfur were not hostile.

Akol told reporters after the meeting that Sudan was willing to see the mixed U.N. and African Union force deployed in Darfur "as soon as funding and troops were secured."

Diplomats in Khartoum said Hu's position on Darfur could be linked to Chinese concerns about Sudan's stability, as well as that of neighboring Chad. The Chinese have recently improved relations with Chad, which also has important oil reserves and is fighting rebels in eastern provinces. Chad has accused Sudan of backing its rebels — a charge that Khartoum denies.

Sudan wanted to draw attention to the trade and investment side of its relationship with China.

After meeting him at the airport, al-Bashir took Hu to the Chinese-built Friendship Hall, where they signed several accords. China undertook to build schools and a new presidential palace, reduced import tariffs on some Sudanese goods, granted a loan of $77.4 million for infrastructure, and gave a grant of $40 million.

SUNA reported that China also canceled about $80 million of Sudan's debt.

"China is more fair than the West in dealing with Sudan and its policy has helped boost both business and peace in the country," said al-Bashir, who pointedly praised Beijing for not interfering politically in African countries.

The two later visited what they referred to as the finest Sino-Sudanese achievement: the Khartoum refinery where 100,000 barrels of oil — a fifth of Sudan's production — are refined each day.

Jointly owned by Sudan and the Chinese National Petroleum Company, the refinery stands near the village of Aljaili about 43 miles north of Khartoum.

Hu's trip to Cameroon, Liberia, Sudan, Zambia, Namibia, South Africa, Mozambique and Seychelles began Jan. 30 and runs until Feb. 10.

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Associated Press reporter Mohamed Osman in Khartoum contributed to this report.

China Offers Aid For 'Peaceful Resolution' Of Darfur Conflict (AFP)

By Mohammed Ali Saeed

AFP, February 3, 2007

Chinese President Hu Jintao has offered Sudan assistance for the peaceful resolution of the Darfur conflict but ignored Western pressure to make future aid conditional on the progress made.

"The African Union and the United Nations must play a constructive role in upholding peace in Darfur, advancing regional stability and improving the living conditions of the people," Hu told Sudanese counterpart Omar al-Beshir Friday, according to the website of state-run China Radio International.

"The Chinese side appreciates the efforts by the Sudanese government, the African Union, the United Nations and other concerned nations to resolve the Darfur problem," it quoted Hu as telling Beshir in their Khartoum talks.

"In resolving the Darfur question the following principles should be adhered to -- Sudan's sovereignty and territorial integrity should be respected and dialogue and consultations on the basis of equality should be upheld to peacefully resolve the issue."

Following talks between Hu and Beshir, China agreed to offer 40 million yuan (5.2 million dollars) in unspecified aid and materials for the peaceful resolution of the the Darfur question, the radio reported.

The two leaders held "frank, in-depth and fruitful" and reached "consensus... on major regional and international issues," China's official Xinhua news agency said.

The international community, led by Washington which accuses Khartoum of genocide in Darfur, had been hoping that Beijing would use its economic muscle to press Khartoum to accept the deployment of UN peacekeepers in Darfur, where African Union troops have failed to quell the bloodshed.

But Beshir has consistently rejected such a move, accusing Western powers of seeking to use the United Nations as a cover to invade his country and plunder its resources.

Sudanese Foreign Minister Lam Akol said: "The two sides agreed to support the Addis Ababa agreement," referring to the accord calling for a hybrid UN-African Union force in the troubled western Sudanese region.

Hu said Beijing was pleased to see that Khartoum had scored "remarkable achievements in national reconciliation" and had "signed accords with several factions in the north, east and west, thus promoting social stability."

Khartoum has yet to approve the final phase of the three-stage plan for UN forces to supplement the African contingent in Darfur.

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More than 200,000 people have died and 2.5 million fled their homes in Darfur as a result of a four-year-old war pitting ethnic minority rebels against government troops and their Arab militia allies.

But China's mild words on Darfur seem to underscore the Asian giant's no-strings-attached stance on doing business in Sudan.

China has agreed to give Sudan an interest-free loan of 100 million yuan (12.8 million dollars), Finance Minister Al-Zubair Ahmed Hassan told reporters.

Beijing also pledged increased cooperation in telecommunications, irrigation, energy and infrastructure, and promised to explore stepping up assistance in human resources, vocational training and health, Xinhua said.

"We are now officially economic partners," Beshir said before heading into his talks with Hu.

The agreements will further boost two-way trade that reached 2.9 billion dollars in the first 11 months of 2006.

China's energy-hungry economy -- the fourth largest in the world -- is badly in need of resources from Sudan and other African countries.

No other country has more clout on the Khartoum government than China, which takes 60 percent of Sudan's total oil output and has repeatedly used its UN Security Council veto power to block further sanctions on the regime.

The China National Petroleum Corporation has huge stakes in Sudan's oil industry, producing around 500,000 barrels per day. China is also building a dam on the Nile, which is currently Africa's largest hydro-electric project.

Hu received a warm welcome Thursday in Liberia, the second leg of his African tour after Cameroon.

Emphasising its commitment to Africa, China said this week it would write off debts owed by 33 African countries as part of a multi-billion-dollar pledge made last year.

Hu is due in Zambia on Saturday.

2 Americans Held, Kenya Official Says (LAT/AP)

The Los Angeles Times, February 3, 2007

MOGADISHU, SOMALIA — Two Americans were among at least 10 foreigners detained by Kenyan police at the Somalian border after allegedly fighting on the side of Somalia's ousted Islamist movement, an official said Friday.

One of the Americans is wanted in the U.S. on suspicion of links to radical movements, the Kenyan police official said.

Kenya said it seized the foreigners after they fled from Ethiopian troops who had helped oust the Islamists. It was preparing to deport them to their home countries.

One of the Americans was arrested with his 9-year-old child, the police official said. The U.S. Embassy had no comment.

Among the foreigners in custody were four Britons and people from France, Tunisia and Syria, said the official, who spoke on condition of anonymity because of the sensitive nature of the information. The date of their deportation had not been determined.

Violence has been escalating in Mogadishu, the Somalian capital. A bombing at an Islamic girls school killed a student Friday, and at least eight people were killed overnight in mortar attacks.

Censorship's New Clothes (NYT)

By Laila Lalami

The New York Times, February 3, 2007

WHEN I went to visit my cousin in the capital, Rabat, in December, he was preparing for his pilgrimage to Mecca. He showed me the pamphlets he was reading to learn about the rituals and talked about how much he would miss his family while he was away.

As the afternoon wore on, the mood grew lighter, and he began to tell me jokes. "Did you hear the one about the Islamist whose wife has just delivered a daughter? He picks up his baby and says, 'Come here, my little bomb.' " My cousin chuckled as he said this — and so did I. It was an otherwise unremarkable afternoon, during which we shared funny stories satirizing our society.

Yet two weeks ago, Driss Ksikes, the editor in chief of the weekly magazine Nichane, and Sanaa Al Aji, a journalist, were sentenced to three years' probation and a fine of more than $9,300 each, while Nichane was banned from publishing for two months — all for printing this joke, along with several others, in a cover article titled "Jokes: How Moroccans Make Fun of Religion, Sex and Politics."

The article, written by Ms. Al Aji, examined the role that jokes play in society and, quoting sociologists, stand-up comedians and intellectuals, concluded that "comedy is the most beautiful form of expression, inaccessible to censorship." Several insets included jokes about God, the Prophet Muhammad and the king, Mohammed VI. The magazine remained on newsstands for a week without incident.

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Some religious conservatives started a small campaign online and on satellite news channels, calling for Nichane to be punished, while others passionately defended the magazine and signed petitions of support. A few days later, Nichane was shut down and its journalists taken to court for printing material that was deemed "offensive to the Islamic religion." As outrageous as the verdict was, it was light compared with what the state prosecutor was seeking: five years' prison time and a ban from practicing journalism for 10 years.

While the Nichane case was unfolding, another news magazine found itself in trouble. On three occasions, court bailiffs visited the offices of Le Journal Hebdomadaire to demand payment of a fine of more than $350,000.

A Casablanca court had called for the magazine to pay this sum to Claude Moniquet, the director of a small institute called the European Strategic Intelligence and Security Center. At issue was an article calling into question Mr. Moniquet's impartiality in a report he conducted about Western Sahara. The report was favorable to Morocco's position that this territory is part of its southern provinces.

In the United States, Morocco is often seen as a liberal country and a bulwark against Islamic extremism. Certainly, the reforms that have taken place over the last few years, particularly in terms of women's rights, are steps in the right direction.

But while the court cases against independent news magazines like Nichane, Le Journal Hebdomadaire and several others are within the bounds of Moroccan law, they appear to single out the independent press, to the exclusion of more partisan publications. These cases highlight a particularly troubling pattern, in which the regime represses the progressive voices it claims to champion.

Meanwhile, newspapers like Attajdid, the mouthpiece for an Islamic party, go unmolested, probably because they are careful to confine their criticism to social issues and generally avoid two of the three infamous "red lines" — the king and Western Sahara — that limit press freedom in Morocco. When it comes to the third taboo, Islam, such publications often set the tone for public debate, as they did during the Danish cartoons controversy.

The government then tries to prove that it, too, can defend Islamic values; hence the case against Nichane for printing jokes deemed offensive to the religion. It is a high-stakes game between the religious right and the government, and it is unclear which will come out the winner.

In a sign of the times, Nichane has retreated. The magazine has already announced that it will not appeal the court's decision, and it is likely that it will respect the "red lines" from now on. In contrast, Aboubakr Jamaï, Le Journal Hebdomadaire's besieged editor, resigned from his post in order to save his magazine. Since any salary he makes in Morocco can legally be seized to pay his colossal fine, he argued, he has to leave the country and work elsewhere. Morocco cannot afford to lose his voice.

The Bush administration has time and again referred to Morocco as a moderate Arab state that deserves to receive millions of dollars of taxpayers' money to encourage democratic reforms. American officials point to recent elections, changes in family law and a good growth rate as indicators of Morocco's success. But they turn a blind eye to problems of press freedom. A democracy cannot be established unless independent journalists, whatever their political beliefs, are allowed to work and publish freely.

Without freedom of expression, Morocco's reforms are merely a varnish. Underneath it lies the same old country.

Blair Vows To Stay Despite Scandal (WP)

By Mary Jordan

The Washington Post, February 3, 2007

LONDON, Feb. 2 -- Prime Minister Tony Blair said Friday he will not resign because of a growing scandal concerning his party's financing and added that "I am not going to beg for my character in front of anyone."

As calls for his resignation have intensified, Blair has said little publicly about a police investigation that has led to the arrests of close aides. But in a BBC radio interview Friday, he spoke in some detail, variously asking for patience and forcefully saying he wouldn't be hounded out of office. "The sensible thing" is to wait until the police finish their investigation, he said. In the meantime, "I am not going to get into a situation where I am pleading for my integrity."

Prime minister for nearly a decade, Blair said last year that he would resign before September. But many people here want him to leave now, as members of his own party publicly admit the damage this scandal is doing to his party.

"I think inevitably when you have this kind of thing going on for months and months, it does have a corrosive effect," Hazel Blears, the Labor Party leader, said in a televised interview.

Former Labor leader Neil Kinnock told reporters it will take years for the political system to recover from the damage the scandal has caused.

"He is no longer casting about for a legacy but trying to avoid leaving under a tremendous cloud," Anthony Howard, a political commentator, said in an interview.

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Police have arrested four people from Blair's party on suspicion of involvement in the offering of seats in the House of Lords and other government honors in exchange for cash.

"I totally understand why this obviously is very distracting and somewhat obsessive for the media. It's bound to be. But it isn't for me," Blair said, noting he was still able to do his job.

There has been noticeable tension between police and the prime minister's office as the case has dragged on -- the first arrest came in July. Blair supporters, for instance, have publicly asked why officers who arrested Ruth Turner, the director of government relations in Downing Street, had to do it in the early morning.

In the interview, Blair urged people not to believe everything "ricocheting around the media" because, he said, it wasn't all true.

Blair said he was determined not to leave office early because of this police inquiry. "I don't think that's the right way to do it, and I think it would be particularly wrong to do it before the inquiry has even run its course and come to any conclusions. So you'll have to put up with me for a bit longer."

No one has been charged with a crime. All four of those arrested have denied wrongdoing.

Blair also said in the interview that he has "tried to do my best over the last 10 years" but that he has made "mistakes along the way." He added: "People can make up their mind about me according to what they think about me. But I know what type of person I am."

Serbia Rejects Plan That Could Lead To Kosovo Independence (NYT)

By Craig S. Smith

The New York Times, February 3, 2007

PRISTINA, Kosovo, Feb. 2 — Serbia rejected a United Nations proposal on Friday that paves the way for an independent Kosovo, setting up a possible showdown between its supporter, Russia, and the West over the disputed territory's final status.

Serbia's response came almost immediately after a United Nations envoy, Martti Ahtisaari, presented the complex plan to politicians here and in Belgrade.

"I told Mr. Ahtisaari that Serbia and I, as its president, will never accept Kosovo's independence," President Boris Tadic said in a statement from Belgrade. He noted that while the plan does not mention statehood for Kosovo, it "opens the possibility for Kosovo's independence."

The proposal, which is still subject to weeks of negotiation between the two sides, will require Russian acquiescence in order to win Security Council approval. Russia, a permanent member of the Security Council with veto power over the plan, has until now backed Serbia's position that Kosovo must remain an integral, even if an autonomous, part of Serbia.

A NATO bombing campaign stopped fighting between Serb and Kosovo Albanian forces in 1999 and put the disputed territory under United Nations administration. It has been in limbo since then. Mr. Ahtisaari's proposal is intended to finally fix the province's future, closing the last chapter of the 1990s Balkan wars.

While the plan does not mention independence, its provisions describe de facto statehood for Kosovo — providing for an army, constitution and flag — though it would still be protected by NATO and overseen by the international community for the indefinite future. The plan would also allow Kosovo to declare independence if the package is approved by the Security Council.

Mr. Ahtisaari avoided addressing the subject of independence on Friday at news conferences in Belgrade and Pristina, saying only that "there will be a clear definition of Kosovo's status when I submit my proposals to the Security Council."

He does not expect the provisions regarding Kosovo's status to change much before then, he said.

That shifts the onus to Russia and, to a lesser extent, China, both of which have supported Serbia's territorial claims — in part, over concerns about ethnically motivated secessionist movements in their own countries.

In Russia, officials have long said they would not back any solution that was not supported by Serbia, effectively ruling out a forced separation, even one that stopped short of outright independence.

By Friday evening, the Russian government had not responded officially, but Leonid E. Slutsky, deputy chairman of the international affairs committee of the lower house of Parliament, said that Mr. Ahtisaari's proposal was far from the last word. "It raises many questions," he said, according to Interfax, "and it appears to me that any haste in trying to implement this plan may bring negative consequences."

Mr. Ahtisaari did not give a timetable for taking the plan to the Security Council, but said he would set aside the rest of February for further negotiations with the two sides.

The proposal provides for the province's United Nations administration to be replaced by an International Civilian Representative who would have veto power over all government decisions for an indefinite period. It also foresees a multiethnic Kosovo security force of 2,500 troops and 800 reserves as well as a domestic intelligence agency to monitor threats to internal security.

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The plan calls for the disbanding of the Kosovo Protection Force, which consists primarily of former fighters from the Kosovo Liberation Army, which fought Serbia and has been charged with human rights violations against Serbs.

Kosovo Serbs in six municipalities would be granted wide autonomy powers, including the right to receive financial donations and technical assistance from Serbia. The proposal would also establish more than 40 “protected zones” limiting building and commercial activity around Serbian churches and monasteries.

A constitution, to be written by a 21-member Constitutional Commission, will need a two-thirds majority for approval by Kosovo’s Parliament. Kosovo Serbs and other minorities will be consulted on the document.

Serbs and other minorities would also be guaranteed seats in the Parliament and have the power to block legislation of “special interest” to them. But Mr. Ahtisaari said the provision could not be used to block more important measures like the constitution or a declaration of Kosovo’s independence.

In Belgrade the mood was glum. Prime Minister Vojislav Kostunica, who refused to meet with Mr. Ahtisaari, called the proposal “illegitimate,” saying that it violated the United Nations Charter because it would divide Serbia and “redraw its internationally recognized borders.”

The proposal was met with only muted optimism in Pristina. “Kosovo will be sovereign like all other countries,” said Kosovo’s president, Fatmir Sejdiu, after meeting with Mr. Ahtisaari. The territory’s prime minister, Agim Ceku, said the document “is very clear for Kosovo’s future.”

Not everyone is so sure. Albin Kurti, a Kosovo Albanian whose Movement for Self-Determination has called for protests against the proposal on Feb. 10, said Mr. Ahtisaari’s slow approach would give Serbia time to strengthen its hold on Kosovo’s Serb areas and “lead to more conflicts.”

U.N. Envoy Unveils Kosovo Proposal (AP)

By Garentina Kraja, Associated Press Writer

AP, February 3, 2007

Kosovo took its first tentative steps on the road to becoming what would look very much like a sovereign nation Friday after a U.N. envoy unveiled a blueprint for the future of the tense, ethnically divided Balkan province.

The plan's architect, former Finnish President Martti Ahtisaari, did not explicitly mention Kosovo's independence from Serbia in the proposal he presented to Serbian and ethnic Albanian leaders.

But his 58-page roadmap spelled out conditions for internationally supervised self-rule — complete with the trappings of nationhood, including a flag, anthem, army and constitution and the right to apply for membership in international organizations. It envisions a Kosovo "governing itself democratically and with full respect for the rule of law."

Both Serbia's pro-Western president, Boris Tadic, and its nationalist prime minister, Vojislav Kostunica, immediately rejected the plan and reasserted the country's claims to Kosovo as the heart of the ancient Serb homeland.

"I told Mr. Ahtisaari that Serbia and I, as its president, will never accept Kosovo's independence," Tadic declared in a statement hours after meeting with the envoy in Belgrade. Kostunica denounced the plan as "illegitimate."

In Pristina, Kosovo's provincial capital, President Fatmir Sejdiu said he and other leaders expected Kosovo to become an independent state soon, and pledged to guarantee the rights and security of its small 100,000-member Serb minority.

Kosovo's ethnic Albanian majority has long pressed for independence and fought a bloody war with Serbia in the late 1990s. Yet the mood was muted in the province Friday.

"It's good, but we're a bit reserved," said Lutfi Maloku, 40, an ethnic Albanian technician. "It wasn't called independence and it allows for the Serb minority, which accounts for 5 percent, to hold lots of power."

Kosovo's prime minister, Agim Ceku, was also disappointed by some aspects of the plan. "What Ahtisaari described is a sovereign state, an independent state," he said. "However, this document does not entail all our expectations, all our demands, what belongs to us. We will do everything so that his final document at the Security Council reflects in its entirety the will of Kosovo's people."

Describing his proposal as a draft subject to change, Ahtisaari said he would invite the rival sides to meet again on Feb. 13 for negotiations. He said he hoped to present a package to the U.N. Security Council — which will have the final say on Kosovo's future status — by the end of March.

Approval there would set the stage for the U.S. and other countries to formally recognize Kosovo's independence. But there are concerns the plan may, instead, trigger a showdown between the United States — long an advocate of an independent Kosovo — and Russia, a traditional ally of Serbia. Russia is one of five permanent Security Council members which hold veto power.

Kostunica has threatened to cut off diplomatic ties with any country that recognizes Kosovo as an independent state.

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Ahtisaari, acknowledging that both sides remain far apart, conceded it could be difficult to come up with a settlement both sides could accept. "I think that might require so much time that I don't think I have years in my life to achieve (it)," he said.

His remark seemed to signal that the Security Council could wind up imposing some kind of settlement.

The European Union called on both the Serbs and ethnic Albanians to be ready to compromise on the issue of Kosovo's future. "Both sides must demonstrate responsibility, flexibility and a recognition of the need for realistic compromised-based solutions," the EU said in a statement.

The United States praised the plan as "fair and balanced," and also called on both sides to work toward a settlement.

Kosovo has been a U.N. protectorate since 1999, when NATO airstrikes stopped Serbia's crackdown on separatist ethnic Albanian rebels. Nearly 10,000 ethnic Albanians were killed in the Serbian onslaught, and nearly 1 million were forced to flee their homes.

Ahtisaari's plan would protect Serbian Orthodox Church sites and the Serbian language in the province. Ethnic Albanians, secular Muslims, account for 90 percent of Kosovo's 2 million population.

The plan would also grant the 200,000 Serbs who fled Kosovo after the war in the wake of revenge attacks by Albanians "the right to return and reclaim their property and personal possessions."

For Serbs, the plan outlines "a high degree of control" over their own affairs by granting them six new Serb-administered municipalities and a greater voice in the higher education and health systems. Serbs also would be granted "extensive municipal autonomy in financial matters, including the ability to accept transparent funding from Serbia."

The plan recommends the establishment of an international representative — similar to the office set up in Bosnia after that country's bloody 1992-95 war — to oversee day-to-day affairs.

It also includes provisions for a 2,500-member Kosovo security force which would be overseen by NATO, which now maintains 16,500 peacekeepers in the province.

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Associated Press writers Dusan Stojanovic, Jovana Gec and Misha Savic in Belgrade and William J. Kole in Vienna contributed to this story.

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On the Net:

U.N. envoy for Kosovo, http://www.unosek.org

U.N. Kosovo Proposal Tries To Appease All Sides (LAT)

By Maggie Farley, Times Staff Writer

The Los Angeles Times, February 3, 2007

Serbia, backed by Russia and China, says it won't accept independence.

UNITED NATIONS — A U.N. envoy unveiled a blueprint for Kosovo's future Friday that gives the province de facto independence without formal sovereignty, a compromise between the Serbian government's demand for control and the majority Albanians' wish for nationhood.

The road map for Kosovo's future does not mention independence from Serbia but provides the outlines of internationally supervised self-rule.

The ethnically divided province, where nine out of 10 people are ethnic Albanian, will have its own flag, anthem, army, constitution and membership in international organizations.

The 58-page plan provides for a NATO-led peacekeeping force to help ensure "a safe and secure environment … as long as necessary," plus an appointed international representative who would supervise the transition and have veto power over the Kosovo government.

It would allow Kosovo to declare independence with Security Council approval, but Russia — a veto-holding member — opposes statehood.

Though nominally a province of Serbia, Kosovo has been administered by the United Nations since U.S.-led NATO forces drove out the Serbian military in 1999 to protect Albanian residents from "ethnic cleansing" at the hands of the Belgrade government.

The architect of the U.N. plan, former Finnish President Martti Ahtisaari, presented the proposal Friday to Serbian and Kosovo Albanian leaders, after months of negotiations, saying it was as close as the two sides could get.

The positions of the opposing parties are "extremely fixed," Ahtisaari said. He invited both sides to meet again Feb. 13 in Vienna for final negotiations on a settlement that would be acceptable to all, but he hinted that the talks had reached their limit.

"I think that might require so much time that I don't think I have years in my life to achieve" it, he said.

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Serbia's pro-Western president, Boris Tadic, and its nationalist prime minister, Vojislav Kostunica, rejected the plan Friday and vowed that Kosovo would never be independent.

"I told Mr. Ahtisaari that Serbia and I, as its president, will never accept Kosovo's independence," Tadic said in a statement after meeting with the U.N. envoy in Belgrade.

Kostunica refused to meet Ahtisaari, whom he accused of being biased against Serbia, and declared the plan "illegitimate."

The prime minister threatened to cut off diplomatic ties with any country that recognizes Kosovo as an independent state.

In Kosovo's capital, Pristina, President Fatmir Sejdiu said the plan set Kosovo on the path to independence and pledged to protect the rights of the minority Serbs if it did become a nation.

"Kosovo will be sovereign like all other countries," he said after meeting with Ahtisaari.

The Security Council will have the final say on Kosovo's status, but Russia has said it will not support the plan if Serbia, a traditional ally, opposes it. China also has sided with Serbia, out of fear that Kosovo's secession could encourage its own minorities in Xinjiang and Tibet.

That foreshadows a stalemate on the council, with the U.S. and Europe supporting independence for the province.

U.S. State Department spokesman Sean McCormack praised the plan as "fair and balanced," and called on both sides to work toward an agreement.

The European Union said that resolving the status of Kosovo would be crucial to securing the region's stability and urged Pristina and Belgrade to be serious about reaching a settlement. "Both sides must demonstrate responsibility, flexibility and a recognition of the need for realistic compromise-based solutions," said a statement from the EU presidency, held by Germany.

The Security Council will meet with Ahtisaari this month after the Vienna meeting but will not formally take up the issue until March, said Slovakian Ambassador Peter Burian, the council's president for February.

Debt Is Key To Kosovo's Status (FT)

By Neil MacDonald

Financial Times, February 3, 2007

The future status of Kosovo must open the way for international financing to repair its fragile economy, Martti Ahtisaari, the United Nations envoy for the province, said on Friday.

Although he avoided mentioning "independence", his settlement, to be put before the UN Security Council, would bestow most of the attributes of independent statehood on the territory, which is 90 per cent ethnic Albanian.

While UN membership might be hard to achieve, Kosovo would be able to join institutions such as the International Monetary Fund, opening the way for credit and possibly foreign investment.

The UN has governed Kosovo since Nato aerial bombing forced out Serb forces in 1999.

"Everyone in Kosovo agrees that the dire economic situation needs most urgent attention," Mr Ahtisaari told reporters after presenting his draft status plan in Belgrade. "The settlement outlines provisions designed to promote sustainable economic development, including Kosovo's ability to apply for membership in international financial institutions," he said.

As expected, the plan mostly outlines protections for ethnic minorities, particularly Kosovo Serbs, who account for about 5 per cent of the population. However, roughly a quarter of the document deals with unresolved economic questions – including what to do about debt inherited from the former Yugoslavia, amounting to nearly €1bn ($1.3bn, £660m).

The European Union wants to see the debt question cleared up before taking charge of a new supervisory mission to monitor the local authorities after the close-down of the UN Interim Mission in Kosovo.

The question of ex-Yugoslav debt could flare up if Kosovo's parliament follows up the UN status resolution by declaring independence. The seceding province's debt servicing to international financial institutions and Paris and London club creditors would cost it between €50m and €100m per year, UN officials say.

Serbia currently foots most of these bills and might continue doing so to shore up its sovereignty claims.

Until the end of the 1980s, Yugoslavia drew heavily on loans from multilateral institutions to pay for industrial expansion and comparatively high living standards for a socialist country. Kosovo's inherited share is about 7 per cent of Serbia's current total external debt, according to the Serbian central bank.

But negotiators for the losing side of the war still view the ex-Yugoslav debt as a bargaining chip to block independence. Nenad Popovic, chief economist on the Serbian negotiating team, has said servicing the Kosovo debt costs Serbia nearly $100,000 per day.

The lack of a debt agreement drains Serbia and also hinders restructuring for Kosovo's underdeveloped economy, say IMF officials.

Mr Ahitsaari's plan follows the formula established for debt settlement after the earlier secessions of ex-Yugoslav republics – Slovenia, Croatia, Bosnia-Herzegovina and Macedonia – in the early 1990s.

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“Once Serbia agrees to the principle, it’s easy,” said Joachim Ruecker, head of the United Nations interim mission in Kosovo.

Bay Of Pigs Vets Fight To Outlast An Ailing Castro (WSJ)

By Lucette Lagnado

The Wall Street Journal, February 3, 2007

MIAMI -- Last December, a group of veterans of the 1961 Bay of Pigs invasion gathered for a board meeting at their small museum in Little Havana memorializing the event, and heard a bombshell announcement.

The Brigadistas, as veterans of the failed attempt to topple Fidel Castro are known, had just observed a minute of silence in memory of comrades killed in the failed attack when their president delivered the news they had been waiting to hear for 48 years.

"Fidel Castro esta muerto," -- Fidel Castro is dead, said Felix Rodriguez. Mr. Rodriguez, a retired CIA officer, said his sources had informed him that the Cuban dictator had passed away on Dec. 3, at 4 a.m.

The men were jubilant.

The report, of course, was false, and the Brigadistas' elation reverted to the melancholy they have felt for so many years as they have waited for their old nemesis to be gone.

Since July, when Mr. Castro, who has ruled the island since 1959, fell ill and ceded power to his younger brother, these unrepentant Cold Warriors have been in suspense, waiting.

The Brigadistas have long lived with the hope of resuming their lives in a free Cuba. But today, many surviving members are just hoping to be buried there. The 80-year-old Mr. Castro's illness has given them a new lease on life.

Jorge Marquet, who is 76, has been saving a bottle of Dewar's 12-year-old Scotch for the occasion of Mr. Castro's death. When the time comes, Nilo Messer, a devout Catholic, is planning to go to church and pray.

William Muir-Celorio, 62, a Brigadista who hasn't smoked in 25 years, says he has put aside an expensive, "non-Cuban" cigar to light up at an appropriate moment.

"Jews say, 'Next year in Jerusalem.' " We say, 'Next year in Havana,' " says Mr. Muir-Celorio, a software developer.

Some say they are planning to be on the first plane to Cuba, to fight if they have to. Mr. Rodriguez says that, at about 250 pounds, he is out of shape and currently on a diet. "We can hold a rifle, but we can't run up a hill," Mr. Rodriguez says.

Rodolfo Llorente, 68, who has scars on his chest from heart surgery, is prepared to do what he can to bring about a regime change. "I would go to the Brigada and say, "Let us go and help the Cuban people," he says.

The museum, which opened in 1986, has become a social club, a brotherhood, a charity, and a senior center for the lonely veterans of Brigade 2506, as the force is known. These days, it is also a makeshift mausoleum for those too poor to afford a proper burial.

The original U.S.-trained force that entered Cuba in the spring of 1961 was about 1,500 strong, according to Esteban Bovo, the Brigade's historian, though many more, he says, were associated with the battle. Mr. Castro was ready for them and waged a fierce fight even as promised U.S. air cover failed to materialize. Stranded, members of the Brigade were taken prisoner and held for 20 months.

When they returned to the U.S., many were tormented -- and remained so. Some committed suicide; others fell into alcoholism or homelessness. Several joined the armed forces, or pursued the American Dream by becoming professionals. But others took whatever menial jobs they could find -- waiter, busboy, porter. In 1972, a few of the men became Watergate burglars.

The small ranch house that is home to the museum, donated by a wealthy Brigade member, is their hangout. They don't get many visitors, just a few stray tourists who wander in to look at the photos of the dead and an assortment of articles and artifacts chronicling the invasion. On display is the Brigade 2506 flag members gave to President John F. Kennedy when he visited them in Florida upon their release.

Now in their 60s, 70s and 80s, some Brigadistas are barely scraping by.

Because they were part of a covert army recruited and trained by the CIA, they were never entitled to the benefits veterans of the armed services enjoy -- from health care to burial.

"I never thought I was going to stay in this country for so long. I lived day by day," says Mr. Marquet. As treasurer of the Bay of Pigs Museum, he earns a salary of $16,800 a year. His only other income is his Social Security check.

Over the years, the Brigadistas have longed for respectability in the form of U.S. veterans' status. Miami Congresswoman Ileana Ros-Lehtinen tried years ago to obtain limited federal benefits for Brigadistas, such as access to Veterans Administration hospitals, but to no avail. She says she is getting ready to try again.

Because of their age, many now qualify for Medicare. Carlos Garrido, a Brigade member and a doctor, set up a practice in Miami. He welcomed ailing Brigadistas, treating them at little or no cost to them.

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"Most of the Brigade is poor," says Dr. Garrido, 67, "I tried to help as much as I can."

Some groups, such as Filipinos who fought alongside U.S. forces in the Philippines in World War II have received veteran's status. But major veterans groups are skeptical. "It boils down to are you or aren't you a member of the five armed services -- and they are not," says Joe Davis, a spokesman for the Veterans of Foreign Wars service organization.

The CIA is more friendly. "As a general rule, retirement benefits are paid only to those individuals with an established status as employees of the Central Intelligence Agency. Members of Brigade 2506 don't qualify. That is a point of law and is no way a reflection of their courage," a CIA spokeswoman said.

Death is always on the Brigadistas' minds, not just Mr. Castro's but their own.

As caretaker of the Bay of Pigs Museum, 72-year-old Juan Torres-Mena answers the phones, cleans the toilets and dusts the rows of faded pictures that line the walls of this one-room shrine to one of the great fiascos in U.S. military history.

And when remains of Brigadistas arrive from the local cremation service, it is also Mr. Torres-Mena's job to pour the ashes into one of the new wooden "urns" stacked neatly on the floor in an office.

The containers are kept out of sight from visitors, on a desk in the president's office, even as the Brigadistas try to raise money to build a real mausoleum. "Maybe we take them to Cuba," Mr. Torres-Mena adds.

These days, Mr. Rodriguez is part fund-raiser, part museum administrator, part funeral director. The Brigade owns a parcel of land in a Miami cemetery, where members are buried two by two, one on top of the other. But traditional funerals are costly, so he has negotiated a price on cremations, he says, pointing to the prepaid cremation certificates he keeps in his desk.

"I bought another 20 in advance," he says.

He doesn't mind having the ashes around, he says. "They don't make any noise; they are friends of ours."

Waiting, And Waiting, For Fidel (LAT)

By Tim Cavanaugh

The Los Angeles Times, February 3, 2007

HERE'S A prediction you can take straight to the bank: One day, Fidel Castro will die. Until that time, the watch over the Cuban dictator's long-expiring body continues.

This week, it heated up, even without new evidence from el jefe's doctors. On Monday, Miami City Commissioner Tomas Regalado suggested that the Orange Bowl be made available, on Castro's death, as a venue for "helping a community celebrate." Meanwhile, a news conference about security at the Super Bowl in Miami got hung up on how the Magic City might react if Castro died during the big game.

Together, these stories produced the singular notion that the Super Bowl would be doubling as a venue for a celebration of the old revolutionary's death. By Tuesday, the proposed fiesta was talk-show fodder, and the city began downsizing, or at least re-characterizing, its Castro death contingency plan.

Inevitably, Castro got the last laugh. Late Tuesday, Cuban state television released footage of the president-for-life looking slightly stronger than he had during his last appearance.

Two things are notable in this hiccup of Castro eschatology: It was not motivated by any actual news, and this is not unusual. So flammable is the Duraflame of the Castro deathwatch that it can ignite spontaneously, at any time. A rumor circulating in late December, for example, held that the ailing leader was already dead and that the Cuban government was merely waiting to make the announcement on New Year's Day as a tie-in with the anniversary of the revolution (which we know from our readings in Cuban history — or from "The Godfather II" — occurred Jan. 1, 1959). Google "Castro is dead" and you'll get more than 62,000 results, going back many years. And whatever you do, don't open the "Castro is dead" spam; it contains a nasty virus.

"Growing up in Miami, you would always hear these rumors that Fidel had died," said Juan Carlos Saizarbitoria, co-producer of "East of Havana," a documentary about the Rap Cubano festival. "I always thought it was going to end with a whimper, and it looks like that's what's happening."

Prominent members of the Cuban exile community are in fact opposing the Orange Bowl celebration plan and the deathwatch in general because they focus too much attention on Castro, who has already devolved his responsibilities onto his brother, Raul. "That he looked healthy in the latest footage has no bearing on the fact that he can't command the country anymore, and probably won't be able to come back to full power," said Ramon Saul Sanchez, leader of the Miami-based Movimiento Democracia. "The focus now should be on Raul and what he's going to do."

That's unlikely to stop wave after wave of rumors about a frozen corpse, "Weekend at Bernie's"-style trick photography and state secrets that have bypassed the mainstream media and gone straight to a friend of your friend in Union City, N.J. "Listening to Spanish-language radio in town, people call in with all kinds of theories," said Frank Calderon, a Miami-based blogger who runs castrodeathwatch.com.

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Such speculating in a news vacuum has a long pedigree. A.J. Liebling's 1953 column, "Death on the One Hand," details the way U.S. media filled thousands of column inches with skylarking over a single datum — that Josef Stalin had suffered a stroke — and no further information. (Stalin subsequently died, or so the official record would have us believe.) Liebling's conclusion — "no-news is more voluminous than news" — applies in any situation in which information is both finite and unknown.

To this ancient game, Castro and his watchers bring generations of built-up agon and emotional commitment. The dictator's death will almost certainly occasion a mass public outpouring in Miami, where residents (and their elected officials) are in the position of people crouched and waiting at a surprise party: Every floor creak sounds like the arrival of the guest of honor.

And the guest will retain, probably until his last breath, a genius for working the media and humiliating his enemies. This week's uptick in the deathwatch leaves just one question: Did Fidel, maybe, plan it this way?

"He wouldn't mind causing a little chaos here in Miami, letting people think he died just to cause trouble," Calderon said. "I have my own theory about why he was out of sight for so long before this new footage. Perhaps there was some kind of loyalty test, to see who would make a move when they thought he was dead."

Tim Cavanaugh is assistant editor of the editorial pages.

Bomb Resonates With Diplomats, Not With The Bomber (NYT)

By Simon Romero

The New York Times, February 3, 2007

THERE are not many places where a man convicted in the bombing of a commercial airliner that killed 73 people can be found roaming the streets. This city, home to Freddy Lugo, is one of them.

Mr. Lugo, like an uneasy memory from the cold war, is tucked away here, obscure to most of his countrymen but not completely forgotten. He was one of two men sentenced to 20 years in prison for placing explosives on a DC-8 jetliner flown by Cubana Airlines in 1976.

The plane blew up in the sky above Barbados, killing everyone on board, including two dozen members of Cuba's national fencing team and a 9-year-old Guyanese girl. That explosion, considered the first act of midair terrorism in the Americas, poisons relations between Havana and Washington to this day.

Mr. Lugo, 65, who was released in 1993 after 17 years in prison, has tried to put the past behind him. "I have a tranquil life now," he said in a rare 90-minute interview, his eyes darting around him, at a bakery cafe near his home. "I have a clean conscience."

But the past has a way of catching up with him. There is the occasional journalist to contend with, and glimmers of recognition from among the many Cubans who live here. As many Americans would recognize Mohamed Atta if he were alive and walking the streets of New York, to Venezuelans, Mr. Lugo's face is haunting.

A new book on the Cubana bombing, called "Terrorist of the Bush Family," by two Venezuelan journalists, Alexis Rosas and Ernesto Villegas, has not helped either. The book has become a best seller since its release here last November. It has focused new attention on the bombing and the request by Venezuela for Washington to extradite the Cuban exile accused of masterminding the bombing, Luis Posada Carriles, to face terrorism charges here.

So far the Bush administration has refused, and Mr. Posada Carriles, 78, a naturalized Venezuelan citizen who sneaked into the United States in 2005, currently sits in a jail in southern New Mexico on immigration charges.

PRESIDENT HUGO CHÁVEZ'S government, a staunch Cuban ally these days, says the difficulty in extraditing Mr. Posada Carriles illustrates American hypocrisy in battling terrorists. Likewise, Cuba's government points to documents that show the C.I.A. had knowledge that such an attack was being plotted in Caracas.

Since the book's publication, academic researchers and reporters have tried more than ever to track down Mr. Lugo for interviews, but he has almost always turned them away, preferring the banality of an anonymous life.

Mr. Lugo, who drives a gypsy cab to make ends meet, has tried his best to remain in the shadows of the diplomatic uproar surrounding Mr. Posada Carriles, whom he described simply as "an adventurer, capable of anything."

Despite his conviction, Mr. Lugo said he considered himself a pawn in the machinations of Cuban exiles to topple Fidel Castro. Along with many of those Cubans, Mr. Lugo, a Venezuelan, found himself in Caracas in the 1970s.

Ann Louise Bardach, a journalist and authority on Cuban politics, called the Caracas of that era the Casablanca of the Caribbean, as the city attracted a sordid collection of spies, guerrillas and drug traffickers.

It was here that Mr. Lugo, then a news photographer, met the man who recruited him for the bomb plot, a fellow Venezuelan journalist named Hernán Ricardo Lozano, according to police records.

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Mr. Ricardo, it turned out, had been working on the side for Mr. Posada Carriles, doing photography and surveillance. Mr. Posada Carriles had a long history as a C.I.A. operative in the 1960s before moving to Caracas, where he became chief of operations at Venezuela's secret intelligence police, Disip, in the 1970s.

"My life would have taken a completely different path if I had never met Hernán Ricardo," Mr. Lugo said.

The two men boarded Cubana Airlines Flight 455 on Oct. 6, 1976, in Port-of-Spain, the capital of Trinidad and Tobago. They got off in Barbados, where the plane stopped en route to Havana. Before leaving the plane, they left C-4 plastic explosive in a camera bag and a tube of Colgate toothpaste on board, according to statements obtained by the police in Trinidad after the two men were arrested there in the days after the attack.

"We have an explosion," the Cubana pilot said with fear in his voice in a recording of the plane's last frantic moments before it crashed into the Caribbean. The recording, broadcast repeatedly here and in Havana last October in remembrances of the 30th anniversary of the episode, continued: "We are descending immediately. We have fire on board."

Documents recently obtained by the National Security Archive in Washington describe some of the mundane organizational details involved in the bombing. In questioning by Trinidadian police officials, Mr. Lugo said Mr. Ricardo had "told him he was going to blow up a Cubana airplane." He said he saw Mr. Ricardo "kneading a handful of something looking like dough" before boarding the flight.

Mr. Ricardo, after slitting his left wrist in a suicide attempt while in police custody in Port-of-Spain, said that he had been paid $16,000 for the job and that Mr. Lugo had received $8,000.

AN intelligence report prepared by Clarence Kelly, the F.B.I. director at the time, suggested that Mr. Posada Carriles had attended meetings in Caracas where the bombing was planned.

The report, quoting an informant in Caracas, said Mr. Ricardo had called Orlando Bosch, another Cuban exile in Caracas charged with planning the bombing, saying, "A bus with 73 dogs went off a cliff and all got killed."

Mr. Bosch was eventually cleared by Venezuelan courts and lives quietly in Miami, having been spared from deportation in 1990 by the administration of President George H. W. Bush, who was the C.I.A. director at the time of the bombing.

Mr. Posada Carriles escaped from prison here in 1985 and made his way to Central America, and from there entered the United States in 2005 and was caught.

Mr. Ricardo served 17 years along with Mr. Lugo. Today his whereabouts are hard to ascertain, though Mr. Lugo said he believed he had left Venezuela.

FOR his part, Mr. Lugo divides his time now between an apartment where he lives with his wife, in an elegant if decaying building on a quiet, tree-lined street, and his son's home in a poor district. He says he avoids any involvement in politics.

He says his taxi, an aging beige sedan, is his only source of income. His journalist friends still greet him and shake his hand, he said, even though they know of his history. He is missing a few teeth, but otherwise appears younger than his 65 years. A recently discovered heart ailment, he said, had made him a teetotaler.

Asked if he felt remorse over the deaths of 73 people, including many teenagers on the Cuban fencing team, Mr. Lugo said he did not. He explained somewhat cryptically that he considered himself manipulated in an act beyond his control. "I am a normal man," he said. "I am innocent."

Others disagree. "Freddy Lugo may not want to admit it, but he's a mass murderer," said José Pertierra, a lawyer in Washington representing Venezuela's government in its attempt to extradite Mr. Posada Carriles. "He can claim he wasn't the mastermind; maybe he can claim he was duped. But he participated in a terrorist act that killed 73 people."

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From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, February 6, 2007 8:30 AM
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Subject:	Attorney General's News Briefing for Tuesday, February 06, 2007
Attachments:	agnb070206.pdf; agnb070206.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Proposed Budget Includes $7.2 Million More For Guantanamo Cases. The Miami Herald (2/6, Rosenberg) reports, "President Bush's budget request published today includes plans to spend $7.2 million on salaries and expenses for civilian lawyers -- to both fend off legal challenges at home and help prosecute terrorist suspects at the war-crimes court at Guantánamo." The Herald continues, "Until release of the budget, the military commissions had been described as a military function -- handled by the Defense Department and soon to be supervised by a former Pentagon inspector general. … But an annex of the budget released by the White House today lists a supplemental request of $1,736,000 for the government's National Security Division, part of the Justice Department run by Attorney General Alberto Gonzales. … 'This request would provide the National Security Division $2 million to support the Department of Defense's prosecution of high-value detainees at Guantánamo via the process established by the military commission,' the 2007 supplemental request released today says." The Herald adds, "Bush announced in September that he had ordered the CIA to transfer 14 so-called high-value captives to the U.S. Navy base in southeast Cuba, effectively putting them under Pentagon control. … They include Khalid Sheik Mohammed, the alleged mastermind of the 9/11 attacks, and a captive known as Hambali, who was allegedly an Islamic militant in Indonesia. … The budget request said the Justice Department's National Security Division 'will support the [Pentagon] effort by providing experienced assistant United States attorneys and paralegals.' … A Justice Department fact sheet explaining the supplemental budget request said the federal prosecutors, who are civilian lawyers, will get their assignments 'as soon as possible.' … The assignments, it said, 'will last a year or longer.' High-value prosecutions are expected to be more complex. The captives were held at so-called CIA 'black sites,' out of reach of the International Committee of the Red Cross." The Herald notes, "Separately, the Justice Department is seeking an additional $5.5 million for its civil division to fend off lawsuits filed by Guantánamo captives in the federal courts. … Civilian lawyers have filed habeas corpus petitions in U.S. District Court in Washington on behalf of several hundred captives -- and the Justice Department has been challenging them for years."

Budget Would Boost Funding For FISA Court. U.S. News and World Report (2/6) reports, "With the Bush administration's revelation that it will replace the controversial warrantless surveillance program conducted by the National Security Agency with a plan approved by the Foreign Intelligence Surveillance Act court, the fiscal 2007 budget includes a $3.1 million increase to address what is expected to be a spike in FISA applications." US News continues, "FISA, the secret court that issues wiretap orders from Justice Department requests to conduct electronic surveillance and physical searches of suspected international terrorists or spies, already has had an increased workload since 9/11. … A senior justice official told U.S. News that the department's newly retooled National Security Division has streamlined the FISA application process dramatically, and the increased funds along with the quicker processing will allow the department to handle the new surveillance workload. … But 'it will mean more work for our office,' the official said."

CNET News (2/6, Broache) reports, "President Bush's proposed $2.9 trillion budget for next year calls for increases in some scientific research funding, along with boosts for counterterrorism surveillance and screening programs." CNET continues, "The overall budgets for the U.S. Departments of Justice and Homeland Security… saw slight boosts, with an emphasis on government screening and surveillance programs." CNET adds, "Within the Homeland Security department, the president proposed $1 billion for the so-called Secure Border Initiative, which includes plans for a 'virtual fence' composed of motion sensors, infrared cameras and unmanned aerial vehicles, or UAVs, that the administration hopes will help keep better tabs on illicit entrants. … Homeland Security also would receive a $21.9 million increase in funding for its Science and Technology Office of Innovation, which hopes to develop technologies that would create a more resilient electric grid and detect tunnels along the border, among other things. Overall funding levels for the Science and Technology directorate under Bush's proposal, however, would drop from $848 million for fiscal year 2007 to $799 million for the upcoming year."

Acquitted "Virginia Jihad" Defendant Convicted Of Perjury, Obstruction. In a widely-distributed story, the AP (2/6, Barakat) reports, "A Virginia man

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was convicted Monday of lying to a federal grand jury about his training with a Pakistani militant group, three years after he was acquitted of giving aid to the Taliban as part of a group that trained with paintball games. A jury in U.S. District Court convicted Sabri Benkahla, 31, of four felony counts including perjury and obstruction of justice." The AP adds, "An FBI agent testified that Benkahla's testimony was important needed because the bureau was investigating his links to suspected terrorists including Ahmed Omar Abu Ali, another U.S. citizen from Falls Church who was subsequently convicted of joining al-Qaida and plotting to assassinate President Bush." The Washington Post (2/6, B2, Markon, 690K) notes in "Virginia Briefing" that Benkahla "had been acquitted in 2004 of being a member of a 'Virginia jihad network' but appeared before the grand jury later that year," when he made the statements which led to the perjury and obstruction case.

LATimes Says More Details About NSA Wiretapping Needed. The Los Angeles Times says in an editorial (2/6), "Slowly but surely, the National Security Agency's eavesdropping on Americans suspected of ties with foreign terrorists is being brought under the rule of law. But the Bush administration still owes not just Congress but the country some straight answers about the program." Last week, Atty. Gen. Alberto R. Gonzales "agreed to provide Congress details of the program's new arrangement for being monitored by a special court set up by the 1978 Foreign Intelligence Surveillance Act. Gonzales' latest concession comes a few weeks after the administration abruptly reversed itself and said that it could, after all, conduct surveillance of international calls and e-mails under the court's supervision." But the administration "has still refused to spell out whether the court will approve individual requests for wiretapping authority -- as it traditionally has done -- or just sign off on more general requests. This is the crucial question."

HOMELAND RESPONSE:

Turner Broadcasting To Pay Boston $2 Million Over Cartoon Terror Scare. USA Today (2/6, 2A, Koch, 2.27M) reports, "Boston won an apology and a $2 million settlement Monday from Turner Broadcasting and a marketing company for a campaign that caused a terrorism scare last week. The city, however, has lost ground on the comedy front. Cartoonists, comedians and entrepreneurs are poking fun at Boston officials for dispatching bomb squads and shutting down bridges and highways Wednesday in reaction to blinking electronic devices left on bridges and subway stations." USA notes, "The devices caused no stir in nine other cities where they were posted in recent weeks."

Tennessee Man Pleads Guilty To Possession Of Ricin. The AP (2/6, Rucker) reports from Nashville, TN, "A man pleaded guilty Monday to federal charges of possessing the potentially deadly poison ricin, firearms silencers and explosives." The AP continues, "William Matthews entered his plea in a deal with prosecutors that calls for a prison term of 7 years and 3 months when he is sentenced April 27. … The ricin charge could have been punished by up to life in prison, and the weapons charges each carried a maximum sentence of 10 years. … 'Mr. Matthews, I think, chose this (deal) as the best of the available options,' his lawyer, public defender Sumter Camp, said after court." The AP adds, "Neither the defendant nor the authorities explained why Matthews had the ricin, which is illegal to possess except for research, and the silencers and explosives, which are legal but were not properly registered. … Matthews was charged after a tip from his estranged wife led police and federal agents to search his property May 31. They found the ricin in a sealed baby jar, two functional pipe bombs, five gun silencers, three blasting caps and bomb-making materials."

Louisiana Official Says Some Katrina Evacuee Children Not In School. USA Today (2/6, Johnson, 2.27M) reports the leader "of Louisiana's largest school system says she believes that up to 200 children in the state's biggest hurricane evacuee camp are not registered in local schools. And she says the U.S. government — citing privacy laws — is doing little to help officials identify the youths." East Baton Rouge Parish School Superintendent Charlotte Placide "says the Federal Emergency Management Agency (FEMA) has refused to give school officials direct access to information about youths in Renaissance Village, a trailer park for families where 1,200-2,000 people live." Placide said, "The law requires students to be in school. We have families in the FEMA trailer park who concern me greatly."

Slow Pace Of New Orleans Reconstruction Criticized. In his Washington Post column (2/5, A17), Eugene Robinson says, "It's beyond frustrating to hear well-

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meaning bureaucrats cite all the reasons that so little has been done to rebuild this ruined city and the rest of the Gulf Coast -- why, for example, out of more than 100,000 Louisiana households that have applied to the state government for their share of $7 billion in federal reconstruction funds, fewer than 400 have received their money." The three senators "who flew down to conduct" the Senate Homeland Security Committee field hearing in New Orleans, Chairman Joseph Lieberman (I-Conn.), home-state champion Mary Landrieu (D-La.) and presidential hopeful Barack Obama (D-Ill.) – "were remarkably focused and patient, given the circumstances. I got so exasperated that I had to let my mind wander, and it settled on Brownian motion." That's "where the recovery of New Orleans stands, or floats. Factors such as subparagraph-level provisions of federal programs, fine-print details of a contract signed by the state government and shifting alliances in municipal politics -- minuscule things, compared with the size of the job that must be done -- push from all sides, and the result is a frenzied stasis."

WAR NEWS:

Vote On Warner Resolution Falls Eleven Votes Short. ABC World News (2/5, story 3, 1:55, Tapper, 8.78M) reported, "Senate Republicans filibustered the anti-surge resolution, preventing it from being formally debated or coming to a vote." Republicans "are doing this, they say, because Democrats won't let them introduce, under the same rules, a different resolution opposing any cuts in funding for troops in Iraq." Sen. Mitch McConnell: "We are, in effect, being denied, a fair process for this extremely important debate."

The Los Angeles Times (2/6, Levey, 850K) reports Republicans "complained that Reid was giving preferential treatment to a resolution by Sen. John Warner (R-Va.) to require benchmarks for Iraqi progress. The GOP asked for similar consideration for a measure by Sen. Judd Gregg." The AP (2/6, Espo) notes "the 49-47 vote was 11 short of the 60 needed to go ahead with debate, and left the fate of the measure uncertain." The resolution Republicans want to vote on, by Sen. Gregg, "says Congress should neither cut nor eliminate funding for troops in the field. That measure takes no position on the war or the president's decision to deploy additional forces."

USA Today (2/6, Kiely, 2.27M) notes "all three Republican co-sponsors of the resolution opposed it in the 49-47 vote. The only Republicans voting for that resolution were Norm Coleman of Minnesota and Susan Collins of Maine, both of whom face potentially difficult re-election bids next year. … Sens. Tim Johnson, D-S.D., Mary Landrieu, D-La., Mel Martinez, R-Fla., and John McCain, R-Ariz., did not vote."

The New York Times (2/6, Hulse, Zeleny, 1.16M) says the Republican "show of unity, with war critics including Mr. Warner of Virginia and Senator Chuck Hagel, Republican of Nebraska, siding with the leadership, lent some credibility to Republican claims that Democrats were being unfair." The Times adds, "In addition to the resolution introduced by Mr. Gregg, declaring that Congress should not cut off financing for forces in Iraq, Republican leaders had sought a Democratic commitment for a vote on another alternative, one introduced by Senator…McCain." That measure "would set 11 conditions for the Iraqi government if it wanted to retain American support. The Republican approach would need 60 votes for passage."

The Washington Post (2/6, A1, Weisman, Murray, 690K) reports, "The Democratic leadership gave Republicans a choice: Allow all…versions to come to a vote, with a simple majority needed for passing any of them, or debate and vote on the Warner and McCain resolutions, with both needing 60 votes to pass." McConnell "wanted all four resolutions to meet a 60-vote threshold, for a simple reason: Both Democrats and Republicans think the only measure that could attract 60 votes is Gregg's, because Democrats would be concerned about the political ramifications of appearing to take action that might harm troops in battle." The Washington Times (2/6, Hurt, 88K) says GOP Sen. Arlen Specter "called Mr. Reid's squelching of resolutions 'an effort to short-circuit debate.'"

McClatchy (2/6, Talev) also notes that after the vote, which "fell well short of the 60…that the Democrats needed to move to debate under Senate rules," Democrats "shot back that they'll go beyond nonbinding resolutions against the troop buildup in the months ahead, including efforts to attach strings to war appropriations. 'You can run but you can't hide,' said Senate Majority Leader Harry Reid, D-Nev."

NBC Nightly News (1/5, story 3, 2:00, Harwood, 9.87M) reported, "We are learning that President Bush may have more ability to hold Republicans together on Iraq than many assumed after the 2006 elections." And the CBS Evening

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News (2/5, story 4, 1:30, Couric, 7.66M) said the Senate debate "doesn't seem to be going according to the Democrats' plan." CBS (Attkisson) added, "Not at all." The President "has been warning Congress against passing critical resolutions and today also cautioned against setting timetables for withdrawing troops. … That argument has been hitting home even with some Republicans who are against sending more troops -- and there are quite a few of them. But privately expressing doubt is very different from casting a vote against a President's war plan."

On Fox News' Special Report roundtable (2/5, Hume), Fred Barnes of the Weekly Standard said Sen. McConnell "is fantastic on this maneuvering and the procedural stuff. He knows that the minority has the advantage. He once blocked a campaign finance reform bill by filibustering sending the Senate conferees to the conference to decide on the bill -- very brilliant."

Roll Call (2/6, Stanton) reports, "Following Republicans' successful filibuster…Senate Democrats are launching a national public relations campaign aimed at tying GOP moderates and incumbents facing difficult 2008 re-election races to Bush in the public's mind, Democratic leadership aides said Monday." The "final vote was something of a surprise, with 49 Members voting to begin debate. Sen. Joe Lieberman (ID-Conn.) joined 46 Republicans in filibustering the bill." Although "neither Reid's operation nor the DSCC is planning to delve into the paid media world at this point, one source noted that the activist group VoteVets ran an ad opposing the war during the Super Bowl and that MoveOn.org also is expected to play a role in the debate."

In his "Washington Sketch" column, Dana Milbank writes in the Washington Post (2/6, A2, 690K), "Those waiting for the much-anticipated Iraq debate in the Senate will have to wait a while longer." Republicans, "eager to avoid a public airing of views on the unpopular war, raised procedural objections. Democratic leaders, figuring that public pressure would force Republicans to capitulate, refused to meet their demand that all resolutions on the Iraq war get 60 votes to pass." And "each side got tangled up in talking points as it tried to blame the other for preventing a discussion."

On Fox News' Special Report (2/5, Garrett) reported said yesterday's events change "the onus, the political pressure on who is trying to put themselves in the most advantageous political situation on this debate. Two weeks ago Democrats thought that a vote opposing the troops surge would be the most advantageous, they'd split Republicans. Now Democrats are moving more towards a debate about cutting off funds. Republicans want to accelerate that, but Democrats are not organized. So in the end, Democrats feel more political pressure on this question of future funding than they do on opposing the troop surge."

On Fox News' Special Report roundtable (2/5, Hume), Morton Kondracke of Roll Call said, "If things go badly, we will revisit, I predict, the issue of funding." Brit Hume responded, "I know, but wouldn't it be easier for the White House if a whole bunch of Democratic senators, who are already on record, even on a non-biding resolution, saying that they don't want to cut funds?" Kondracke added, "Yeah, it'll help."

On MSNBC's Hardball (2/5, Matthews), GOP Sen. David Vitter outlined the Republican line on the Iraq resolution standoff, saying, "I support multiple votes on the Senate floor to give senators every opportunity to clearly articulate where they're coming from. The obstacle…isn't having a vote. It's how many different resolutions and votes we're going to be able to have. For some reason, Sen. Reid is adamant at holding it to just two. And there is a great diversity of opinion, perhaps particularly on the Republican side." Also on MSNBC's Hardball (2/5, Matthews), Sen. Jack Reed explained the Democratic position, saying Republicans "should get a chance to put up their option. What they want to do is put up two options and attempt to confuse what is very straightforward and simple. … This is a vote of whether you support or you don't support the President's proposed increase in forces in Iraq."

On CNN's "The Situation Room" (2/5, Blitzer), Sen. Trent Lott said, "We have to change the status quo in Iraq. We can't just summarily pull out. Nobody wants that. We have to support our troops that are there or are headed there. I think, broadly, people support that. Then, the question is: What do we do? You know, the President has a proposal, a plan. Maybe it's not, you know, a perfect plan. I don't deny that. But he -- he has made some recommendations. And we should look at that. I think we should give it a chance."

The Financial Times (2/6, Daniel) says the Senate debate is "the most significant sign of Congress reasserting itself against a powerful executive since the start of the war. … The debate forms part of an intensifying battle over Mr Bush's exercise of executive power. Congressional concern has prompted a White House compromise over its terrorist surveillance programme. But when it comes to the conduct of the war and a more direct challenge to the commander-in-

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chief's power, this debate goes to the heart of the administration's philosophical view of its authority."

Half Of Democratic Senators Who Backed War In 2002 Regret Vote. The Politico (2/5, Lowe, Reilly, Budoff) reported, "Half of the current Democratic senators who backed President Bush's call to war in 2002 say they now regret authorizing the invasion of Iraq, according to a Politico survey." But "while nine of 18 Democrats who backed Bush now wish they had not, Republicans had fewer misgivings -- only three voiced regret. The lack of a similar GOP groundswell highlights the dilemma that some senators from the president's party face as they seek re-election amid sagging voter support for the war -- and, specifically, the president's plan to send 21,000 additional troops to Iraq."

Powell's UN Speech On Iraqi WMD Remembered. The CBS Evening News (2/5, story 5, 2:25, Couric, 7.66M) reported, "And how is this for irony? Today's Capitol Hill confrontation began four years to the day after then-Secretary of State Colin Powell made a dramatic speech at the UN to make the case that Iraq was hiding weapons of mass destruction. It was a brilliant performance, enough to sell the Congress and the nation on going to war. But before long, it became an embarrassment." Secretary Colin Powell (February 5, 2003): "What we're giving you are facts and conclusions based on solid intelligence." CBS (Martin) added, "That statement about the evidence Saddam Hussein was hiding weapons of mass destruction was made by one of the most trusted men in America. Weapons inspector David Kay remembers being impressed." But "after the invasion, Kay was put in charge of finding the WMD and he found out where those diagrams came from." Kay: "It was a single source. A source that the US intelligence had never at that point talked to, didn't know his name. In fact, he was a fabricator." Martin: "The intelligence about Iraq was not all wrong. On the eve of the invasion, CIA analysts, including Paul Pilar warned the aftermath could get ugly. … But, says former CIA officer, and now CBS consultant, John Brennan, the Administration passed over that intelligence." Brennan: "I don't think there was enough attention paid to those assessments that said after the war, after the invasion, there's going to be difficulty in the streets of Iraq and in Baghdad."

More Commentary. The Washington Post (2/6, A16, 690K) editorializes, "Most senators seem to be aiming to position themselves against their domestic competitors -- in the case of Democrats such as Barack Obama or Joseph R. Biden Jr. -- or cover themselves with voters who are angry about the reverses in the war, in the case of Republicans such as Gordon Smith or Susan Collins. The most overtly political posture may be that of Hillary Rodham Clinton, who petulantly called on President Bush and Congress to 'end this war' -- whatever that means -- before the next president takes office, presumably so that it will not trouble the administration she hopes to lead." The war "will not end before the next president takes office. Mr. Bush's surge is unlikely to produce a breakthrough toward peace; in fact the violence may continue to worsen. All the same, the United States may not be able to withdraw from Iraq without triggering worse consequences than those that might arise from remaining. In short, the country needs a strategy for defending its interests in Iraq for years to come. That perspective, and not the American political calendar, is what Congress ought to be focused on."

Edward N. Luttwak, a fellow at the Center for Strategic and International Studies, writes in the New York Times (2/6, 1.16M), "The sooner President Bush can get his extra troops for a 'surge' in Iraq, the sooner he will be able to announce that all American troops are coming home because of the inevitable failure of the Iraqi government to 'live up to its side of the bargain.'" Prime Minister Nuri Kamal al-Maliki "was induced to issue promises -- particularly in terms of government troops taking on Shiite militias -- that he cannot possibly fulfill. Mr. Maliki, it seems, simply agreed to whatever was asked of him, to humor the White House and retain American support for a little while longer." Luttwak concludes that "in any case, it is time for the Iraqis to make their own history."

E.J. Dionne, in the Washington Post (2/6, A17, 690K), writes that Bush supporters are "saying that the resolution is meaningless and that true opponents of the war should prove their sincerity by cutting off funding altogether. But they are doing all they can to keep the Senate from even voting on a bipartisan anti-surge resolution that would send a powerful message to Bush that most Americans have lost faith in his bungled war policy. … The anti-surge resolution is a necessary first step, which is why those who are against a genuine change in our Iraq policy are fighting so hard to stop it."

Waxman Panel To Grill Bremer On Iraq Contracts. USA Today (2/6, Kelley, 2.27M) reports, "Democrats begin their scrutiny of contracts in Iraq today by grilling the top civilian official in Iraq after the 2003 invasion."

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Paul Bremer, the former head of the Coalition Provisional Authority, "testifies today before the House Oversight and Government Reform Committee about the billions of dollars his agency spent in Iraq. It will be his first appearance on Capitol Hill since he left office more than two years ago. It's all part of the examination of the Bush administration's conduct in Iraq that Democrats promised after regaining control of Congress." The committee's chairman, Rep. Henry Waxman, "is a longtime critic of the administration's handling of the Iraq war and reconstruction contracts. As head of the committee, Waxman has the power to force officials to testify and hand over documents, as well as to decide what the panel will investigate."

The Washington Times (2/6, Miller, 88K) notes "Waxman last week conducted a hearing on charges of White House meddling in the work of government climate-change scientists. He vowed more hearings into what he described as the abuses of power and taxpayer money by the Bush administration."

The New York Times (2/6, Shenon, 1.16M) profiles Waxman, in a largely positive story titled "As New 'Cop On The Beat,' Congressman Starts Patrol." Says the Times, "Halliburton? Tobacco executives? Vice President Dick Cheney? You've been warned." Waxman "is promising the sort of oversight that the Bush administration has not experienced before. … The congressman, a 67-year-old grandfather of four, would strike no one -- at least no one meeting him for the first time -- as a candidate for the role of Congress's most aggressive muckraker. But the liberal Nation magazine has called him the Democrats' Eliot Ness, and Republicans who have tangled with him say the description is apt."

Bremer Insists He Always Thought US Didn't Have Enough Troops In Iraq. The Politico (2/5, Allen) interviewed Bremer, who said, "I felt right from the start that we were the government of Iraq and the most fundamental response of any government is to provide security for its people. We, in my view, did not have sufficient troops to do that. It was protecting the people. It was guarding pipelines and electrical power lines and patrolling the border. All of the things that needed to be done, I thought we were stretched too thin." Speaking of Bush, Bremer said, "There probably were times when he was very direct and said: If you need more troops, I'll send them to you. I remember many times when they simply said: We have enough troops to accomplish our mission."

The Washington Post (2/6, A9, Chandrasekaran, 690K) reports, "While deep divisions remain about Bush's decision to send more troops to Iraq, there is near-unanimity among Democrats and Republicans that the United States needs to roll back key political and economic decisions that Bremer's Coalition Provisional Authority made." Bremer "has become something of a bipartisan-consensus candidate among those looking for officials to hold responsible for what has occurred in Iraq, eliciting that sort of opprobrium once reserved for Donald H. Rumsfeld." However, "some who worked for Bremer in Baghdad contend that he is a scapegoat for Bush administration decisions that were out of his control."

US, Iraqi Forces Prepare To Launch New Baghdad Security Plan. Coverage of the new security crackdown in Baghdad noted its backdrop of continuing violence and doubts about the selection of a little-known Iraqi general to command his country's side of the effort. The AP (2/5, Reid) reports, "Iraqi troops set up new checkpoints and an Iraqi general took command — indications that the much-awaited operation to restore peace to the capital is gearing up nearly a month after it was announced. With little sign of an end to the carnage, many Iraqis have begun complaining that the security drive has been too slow in starting, allowing extremists free rein to launch spectacular attacks that have killed nearly 1,000 in the past week. ... With so much at stake, U.S. commanders have moved methodically to plan the operation and assemble the force, eager to avoid the mistakes that accompanied two failed crackdowns last year."

NBC Nightly News (1/5, story 5, 1:35, Williams, 9.87M) reported, "In Iraq today, at least 25 people are dead after several car bombs in Baghdad as Iraqi and US forces start to accept up their newest plan for securing the capital city." NBC (Engel) added, "Today US and Iraqi forces launch what they are describing as the biggest, most comprehensive offensive yet here in Baghdad. What is different about the plan this time is that American forces are establishing small, forward operating bases…across the city." US and Iraqi forces "not only go out from here on patrols during the day but then return and live together on the same base at night."

On its front page, the Washington Post (2/6, A1, Partlow, 690K) says the new plan "rests on the assumption that US troops can win the trust of a wary population by protecting civilians trapped amid sectarian warfare." In addition, the plan also offers "a chance to cultivate Iraqis as sources of

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information about the violence entangling their neighborhoods," but soldiers "in a task force from the 1st Battalion, 26th Infantry Regiment, who have patrolled Baghdad for months, say that trying to gain cooperation from Iraqi civilians is a thankless struggle." The Post adds, "The selection of [Lt. Gen. Abboud] Gambar, a relatively unknown officer, was greeted with skepticism by some Iraqi and U.S. officials. But an aide to Maliki said the prime minister remains confident in his choice and that Gambar has the support of coalition commanders. During a meeting last month between Maliki and Lt. Gen. Graeme Lamb, the senior British general in Iraq, Lamb pronounced Gambar a 'good man,' the aide said." The Washington Times/AP (2/6, Yacoub) says Gambar "was named to the top position under pressure from the United States after it rejected Prime Minister Nouri al-Maliki's first choice, Lt. Gen. Mohan al-Freiji."

In addition, the Financial Times (2/6, Negus) says "a weekend of violence" in Baghdad "may undercut Shia support for the operations, particularly as many believe the US is focusing too heavily in its new offensive on Shia militias."

Report Says Iraqi Forces Lack Training, Equipment To Replace US Troops. USA Today (2/6, 1A, Michaels, 2.27M) reports in a front page article that "getting Iraqi forces trained, motivated and taking the lead in the fight against insurgents and illegal militias has been a struggle for the US military." Meanwhile, a "major US intelligence report released last Friday said that Iraqi security forces lack the training, equipment and skills necessary to replace US troops." The National Intelligence Estimate warned that, if US troops were withdrawn in the next 12 to 18 months, "this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq."

Iraqi Troops Kill Al-Sadr Aide. The New York Times (2/6, Oppel, 1.16M) reports, following AP coverage by one day, "The director of the political office in Diyala Province for the powerful anti-American Shiite militia leader Moktada al-Sadr [Ali Khazim al-Hamdani] was shot and killed by troops during a raid on Sunday, a Sadr political spokesman said Monday." A US military statement "said Iraqi troops had killed a leader of 'rogue' and criminal elements of Mr. Sadr's Mahdi Army in Diyala who had directed attacks on American forces as well as "kidnappings, assassinations and other violence targeting Iraqi civilians and Iraqi police." Other sources differ on the nationality of those who killed Al-Hamdani: the previous day's AP coverage quoted an Al-Sadr spokesman who identified Al-Hamdani's killers as "U.S. forces." The Washington Post (2/6, A13, Partlow, 690K) reports the killers as "Iraqi soldiers, backed by U.S. advisers." The Times implicitly questions the US military statement's allegation of Al-Hamdani's "rogue" status, saying, "Some American officials familiar with Diyala, a volatile province north of Baghdad, have said that [he] provided intelligence to the American military, beginning last summer."

Administration Officials Playing Down Evidence On Iran's Role In Iraq. The Christian Science Monitor (2/6, LaFranchi, 59K) reports, "In an atmosphere of sharp skepticism about intelligence and heightened sensitivity to saber rattling since the Iraq invasion," the Bush administration is "signaling a more cautious tone toward Iran." Senior officials from the White House, State Department, and Pentagon are now "playing down" the evidence the US possesses of "nefarious" Iranian involvement in Iraq. They are "also insisting the US wants to work out problems with Tehran diplomatically." A "repeated delay" in a "promised" presentation of evidence against Iran "reflects the administration's desire to get things right, and to neither overplay nor underestimate involvement," officials say. National security adviser Stephen Hadley, Friday told reporters that "the truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts." But the "moderated tone" also "suggests an administration still smarting over memories of the earlier botched campaign to justify taking on Saddam Hussein, some experts say."

Iraqi Officials Linked To Kidnapping Of Iranian Diplomat. The New York Times (2/6, A8, Glanz, 1.16M) reports an Iranian diplomat was "abducted Sunday evening when his convoy was stopped by men with official Defense Ministry identification" in Baghdad, senior Iraqi and American officials said Monday, "raising serious questions about whether government forces themselves were involved in the abduction." A senior Iraqi official "said that the credentials initially appeared to be genuine but that investigators later received conflicting information about whether the men had been dismissed from the ministry but somehow kept their identification." When asked about indications that an Iranian diplomat had been abducted in Baghdad, Mohammad al Hosseini, an Iranian Foreign Ministry spokesman in Tehran, said he could not confirm the reports. However, the Times says "if the kidnappers' credentials turn out to be genuine,

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there will be enormous pressure on the Iraqi government to recover the diplomat and capture all of those involved."

US May Seek Additional Sanctions Against Iran. The AP (2/6) reports the Bush administration "will push for more U.N. Security Council sanctions against Iran if Tehran continues to ignore council demands for suspension of the country's uranium enrichment program," the State Department said Monday. Assistant Secretary McCormack Iran appears to be continuing "down the path of isolation" by its recent announcement of stepped up installation of centrifuges. McCormack said the US would seek "incremental" sanctions at the U.N. "should the standoff continue, though he did not specify what they might be or the exact timing of any action."

Iran Installs 300 Centrifuges At Natanz Site. The Washington Post/AP (2/6, A12) reports, "Shrugging off the threat of tougher U.N. sanctions, Iran has set up more than 300 centrifuges in two uranium enrichment units at its underground Natanz complex," diplomats and officials said Monday. The move "potentially opens the way for larger-scale enrichment that could be used to build nuclear warheads." It also "poses a direct challenge to the U.N. Security Council."

Opinion On Engaging Iran Divided. Retired Air Force captain and former counterintelligence consultant in Iraq, Dr. Richard Saccone, writes in USA Today (2/6, 10A, 2.27M) that "an objective look at the ominous threat from Iran provides a clear solution to the policy the United States must pursue." Iran, he says, is "easily the most significant source of terror worldwide, providing financing, training, advice, support and supplies to its proxy Hezbollah as well as other groups as far away as Asia," which makes it "a major opponent in the war on terror." In addition, Iran "has increased efforts to undermine the US mission in Iraq through operations in the south as well as in Baghdad." Therefore, Saccone concludes, "The stakes are far too high to allow Iran to buy any more time through feigned receptivity to diplomacy" and "must be confronted quickly and persistently."

Meanwhile, in an editorial, USA Today (2/6, 10A, 2.27M) says the United States "needs a fresh approach" on Iran. An emerging US strategy in the Middle East "looks a lot like containment. Rather than direct military confrontation or outright appeasement, the Administration has been building up points of leverage to isolate and pressure the Iranian regime." President Bush "has been talking tough," while Secretary of State Condoleezza Rice "has been lining up Sunni allies." While "all are reasonable steps," the newspaper says "a vital part is missing: dialogue."

Assad Urges US-Syrian Cooperation On Iraq.

ABC World News (2/5, story 4, 3:20, Gibson, 8.78M) reported, "Tonight, we have a rare and exclusive interview with a man the Bush administration says is part of the problem in Iraq, Syria's President, Bashar Assad." ABC's Diane Sawyer, who spoke with Assad in Damascus, added, "There are a chorus of voices in the United States saying that talking to Syria is the way to end the war in Iraq." Assad told ABC, "The problem in Iraq is political, and talking to Syria…means talking to all the other parties inside Iraq and outside Iraq… It's not only about Syria. So, stopping the violence should be related to the political dialogue." However, Assad also said Syria doesn't "expect that [the US is] going to, after nearly four years of occupation, they haven't learned their lesson. They've stopped the dialogue. I think it's too late for them to move toward that." Asked about reports that insurgents are entering Iraq through Syria, Assad said the US needs "to stop looking for scapegoats and whipping boys." When asked what steps Syria can take to tightened control of the border, he responded, "You are the greatest power in the world and you can't control your border with Mexico. How do you want Syria to control its border with Iraq?"

The Washington Times/AP (2/6, Keath) reports briefly on Assad's interview with ABC News.

Iraqi Shiite Leader Says US Urged To Hold Talks With Iran. The New York Times (2/6, A8, Fathi, 1.16M) reports a senior Iraqi Shiite leader "said Monday that his country had urged Iran to hold talks with the United States and that such talks were important for the security of the region." Speaking to reporters in Tehran after meeting with Iranian national security chief, Ali Larijani, Abdel Aziz al-Hakim, one of Iraq's most powerful Shiite leaders, said, "Given the special conditions in the region, talks between the United States and Iran are of the utmost importance" and that negotiations between Iran and the United States "are useful for the whole region."

Allies "Dawdle" On Aiding Iraq. The Washington Times (2/6, Dinan, 88K) reports, "Foreign countries are billions of dollars delinquent on their pledges to help Iraq rebuild, and four years after the war began, the international reconstruction effort is still mostly funded by the United States. Some of the biggest deadbeats are Iraq's oil-rich neighbors, such as Saudi Arabia and Kuwait, which are both about a

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half-billion dollars in arrears, and the United Arab Emirates, which has failed to make good on one penny of a $215 million promise, according to Iraqi government statistics. ... Of $15 billion in initial pledges at the Madrid donors' conference in 2003 and in follow-up conferences, foreign donors have made good on about $4 billion." Even the US "is the most delinquent of any nation in nominal terms, with $6.4 billion still outstanding on the U.S. pledge of $18.4 billion, although the $12 billion the United States has sent is far and away the most of any country. ... The Defense Department's Special Inspector General for Iraq Reconstruction, Stuart W. Bowen Jr., in a new report last week, said international funding is reaching a turning point where those bilateral foreign donations will become more critical as the existing funds managed by the World Bank and United Nations become exhausted."

Rice Announces Task Force On Iraqi Refugees. AFP (2/6) reports Secretary of State Rice Monday announced the creation of a task force "to tackle the mounting Iraq refugee crisis, after Washington came under criticism for not doing enough to help millions of people displaced by the war it unleashed nearly four years ago." The task force, which will be headed by Undersecretary of State Paula Dobriansky, will "coordinate US assistance for Iraqi refugees and internally displaced persons and "devise strategies for Iraqis at risk because of their work with the US government," Assistant Secretary of State McCormack said. After coming under "growing criticism for taking in fewer than 500 Iraqi refugees since leading the 2003 invasion," McCormack last week said Washington was prepared to take in "a fairly significant number" of Iraqi refugees, but he declined to provide figures.

100th British Soldier Killed In Iraq. AFP (2/5) reports, "A British soldier was killed by a roadside bomb in southern Iraq, the 100th to die in military action in the violence-scarred country, the Ministry of Defence said. The bomb exploded near the US consulate in the main city of Basra ... There has been criticism in the past that British troops deployed in both Iraq and Afghanistan have not been sufficiently protected by their existing armoured vehicles."

Watada Court Martial Opens. The New York Times (2/6, Yardley, 1.16M) reports, "A court-martial started here on Monday against an Army officer who refused to serve in Iraq last summer because, he has said, the war is illegal. ... Many enlisted soldiers have faced discipline for refusing to serve in Iraq. Lieutenant Watada is the first officer to refuse to do so publicly. He could face up to four years in prison and be dishonorably discharged if convicted on all counts. The case has become a rallying point for antiwar groups, and scores of Lieutenant Watada's supporters waved signs on Monday at a highway overpass outside Fort Lewis. ... His prospects appear uncertain. The judge, Lt. Col. John Head, reinforced on Monday an earlier ruling that Lieutenant Watada could not base his defense on his contention that the war is illegal."

Afghan Ambassador Denounces Pakistani Haven For Taliban. In an op-ed for the Wall Street Journal (2/6, A16, 2.04M), Afghan Ambassador to the US Said Jawad writes, "Pakistan's recent proposal to fence and lay landmines along its 1,500-mile Afghanistan border is impractical, ineffective and irrelevant to the problem of terrorism and the Taliban. Terrorism will be contained only if we end the institutional support for extremism and strengthen traditional leadership in our region. ... the border is not where the problem lies. Terrorist sanctuaries in Pakistan are the real threat to regional stability and global security. Such sanctuaries are breeding grounds for extremism and violence."

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Senate Hearing To Examine US Attorney Departures. The Financial Times (2/6, Masters) reports, "The current mid-term turn-over in US attorneys is unprecedented and could seriously disrupt pending investigations, witnesses plan to testify at today's Senate judiciary committee hearing on whether the Bush administration is politicising the appointment process for top prosecutors." The Times continues, "Traditionally, US attorneys are named by the president and confirmed by the Senate, although 'interim' appointees could serve for 120 days without confirmation. … Last year a little noticed amendment to the Patriot Act reauthorisation allowed the president to make 'interim' appointments that lasted indefinitely. … Since then, 13 of the 93 US attorneys have left and at least seven of them were asked to leave by officials in Washington. The departures include the top lawyers in New Mexico, San Diego, Arkansas, Nevada, Washington state and Arizona, according to senators and Justice Department sources." The Times adds, "Democrats have described most

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of them as respected prosecutors who enjoyed the esteem of their subordinates and were reportedly asked to leave to make room for politically connected insiders. … Senator Chuck Schumer, the New York Democrat, will chair a hearing this morning on the issue. He said: 'The highly unusual recent flurry of firings of many well-respected US attorneys not only raises some flags, but also requires some explanations.' … Mark Pryor, Democratic senator from Arkansas, planned to testify about the recent appointment of a protege of Karl Rove as interim US attorney in his state. Several other witnesses gave advance copies of their written testimony to the Financial Times. … 'We have never seen the type of turnover now in progress, where the attorney-general, not the president, is asking mid-term that demonstrably capable US attorneys submit their resignations so that Washington insiders may be appointed in their place,' Laurie Levenson, a Loyola law professor, planned to say." The Times notes, "Mary Jo White, a former US attorney from New York, wrote that turnover has a price. 'Changing a United States attorney invariably causes disruption and loss of traction in cases and investigations,' she planned to testify. … Justice Department officials declined to make deputy attorney-general Paul McNulty's testimony available. But they have said the Bush administration is not trying to circumvent the traditional appointment process and will seek Senate confirmation for all replacement US attorneys."

DOJ Budget Includes Flat Funding For Several Flagship Programs. Government Computer News (2/6, Dizard) reports, "The draft Justice Department IT spending plan calls for increases in various FBI and department technology projects seeded throughout the department's overall discretionary funding request of $21.8 billion, according to the department's press release. … Detailed funding proposals point to flat or declining funding levels for several flagship programs, such as the Justice Information Sharing Technology program. That project, which covers IT investments across the department, is set to see its total new budget authority dwindle from $103 million in fiscal 2007 to $101 million next year." GCN adds, "The JIST account covers signature programs like the Joint Automated Booking System, the Justice Consolidated Office Network, the Litigation Case Management System, the Law Enforcement Information Sharing Program and the Unified Financial Management System that help hold the department's largely independent bureaus together. … Justice's CIO, Vance Hitch, controls the JIST account and is in position to use it to harmonize the various bureaus' operations. … But Justice's press release touted a $514 million boost to Interpol's links with state and local agencies. Using different yardsticks for the department's IT spending, Justice claimed that the draft budget, when taken as a whole, included $74.5 million in funds for new IT projects. … Justice claims a total IT program increase figure of $133.2 million for new IT projects including projects affecting several department components. That statement in the department's press materials was not reflected in detailed budget documents."

Government Executive (2/6, Pulliam) reports that "the budget identified agencies that will provide information security services to others as part of the Office of Management and Budget's 'lines of business' effort to consolidate back-end IT systems across government. The Office of Personnel Management, U.S. Agency for International Development and the Defense Department will provide shared service centers for security awareness training, and the Environmental Protection Agency and the Justice Department will offer centers for meeting the reporting requirements in a federal law -- the Federal Information Security Management Act."

DOJ Programs Included Among Budget "Losers." An analysis of the proposed budget by the Fresno Bee (2/6, Doyle) includes a list of budget winners and losers. Among the budget losers, the Bee includes several DOJ programs. The Bee reports, "The Community Oriented Policing Services grant program would be slashed to $32 million, down from the current level of $500 million. … The Justice Department would eliminate a number of other programs, including ones to assist Southwest border prosecutors, stop prison rape and protect Alzheimer's patients."

Budget Includes Increases To Fight Child Porn, Obscenity. CNET News (2/6, Broache) reports, "The Justice Department's budget also includes more than $25 million in program increases--up from $93.7 million last year--for investigations involving child pornography and obscenity, particularly tracking convicted sex offenders and apprehending 'online child pornographers and molesters.'"

Gonzales Addresses SMU Law Students. The SMU Daily Campus (2/6, Jukam) reports, "Law students flocked to the Underwood Law Library Friday at noon, and not just for the free lunch. U.S. Attorney General Alberto Gonzales, who was in town this weekend to receive a distinguished

alumni award, spoke to a lecture hall filled with students to discuss the responsibilities of the judicial branch and other topics related to law." The DC continues, "Although Gonzales initially emphasized that each of the three branches of government would affect law students' lives, his speech focused primarily on the role of the judicial branch and the characteristics of good judges. According to Gonzales, judges need to understand their role in the government. … 'I am concerned that some judges have lost sight of the goal of the judicial branch,' Gonzales said. 'It is not the role of judicial branch to make policy.'" The DC adds, "Gonzales said that judges could maintain the judiciary's independence by making decisions based on neutral policies and respecting precedent. He also believes that the Constitution wasn't intended to address every legal and policy issue, and that by making certain issues constitutional, decisions are then taken out of the hands of the people. … 'I'm concerned about judges who think they see a constitutional solution to every societal ill,' Gonzales said." The DC notes, "During a question-and-answer session, Gonzales spoke extensively about the USA Patriot Act. The Patriot Act, passed after the attacks of Sept. 11, gave law enforcement more authority to fight terrorism. … 'Shortly after the attacks of 9/11, we were looking for additional tools to protect the country,' Gonzales said. 'The Patriot Act has been extremely helpful in allowing the U.S. government [to] collect information about threats to the government.'"

CORPORATE SCANDALS:

Budget Includes Increase For SEC. The AP (2/6) reports, "The SEC's budget, after nearly doubling in 2003 under anti-fraud legislation enacted amid the wave of corporate scandals early in the decade, is roughly flat for the third straight year under President Bush's 2007 proposal. … In fact, the administration asked for nearly the same amount last year, $904.8 million. But the agency has been operating at an estimated level of $877.1 million for the budget year ending Oct. 1 because, as is the case for most federal agencies, Congress hasn't yet approved 2007 spending levels." The AP continues, "The budget proposal doesn't call for any new programs at the market watchdog agency. But it is 'sufficient for the (SEC) to do its job and do it well,' agency Executive Director Diego Ruiz told reporters in a conference call Monday." The AP adds, "It is the second budget under Chairman Christopher Cox, who became head of the agency in August 2005 after 16 years in the House as a Republican from California. Reflecting Cox's interest in technology, the spending plan provides $130 million for information technology, up from $118 million, including improvements in the SEC's online corporate disclosure system. … The budget also includes $321.2 million for investigations and enforcement actions, higher than estimated 2007 spending of $310.1 million but slightly below last year's original request of $328.1 million. The SEC plans to open 925 new investigations, compared with 960 the previous year. … The SEC and the Justice Department are investigating suspicious timing of stock options grants at more than 100 public companies -- with backdating of options awarded to executives having become corporate America's biggest scandal last year. SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors."

Banks Appeal Ruling On Enron Investor Class Action. The New York Times/Bloomberg (2/6) reports from New Orleans, "Two investment banks, Merrill Lynch and Credit Suisse, asked a federal appeals court yesterday to end a class-action lawsuit by Enron investors seeking $40 billion that they lost when the energy trader collapsed in 2001." Bloomberg continues, "The banks argued that a Houston judge was wrong to allow Enron investors to sue as a group and contended that they could not be sued because they did not participate directly in the accounting fraud that led to Enron's bankruptcy." Bloomberg adds, "The investors argued the court could address only whether the plaintiffs could sue as a group. Trial is set for April in Houston. … 'This class certification is putting enormous coercive impact on my client, facing a possible $40 billion exposure,' a lawyer for Merrill, Stuart Baskin, argued yesterday before the United States Court of Appeals for the Fifth Circuit, in New Orleans. … A ruling that invalidates class status may reduce any liability the banks might face for Enron losses. In June, Judge Melinda Harmon of Federal District in Houston said investors who bought Enron securities could combine their claims. The decision gave investors, who would otherwise be forced to sue individually, the possibility of a much higher recovery and more leverage in negotiating any settlement." Bloomberg notes, "Other former Enron lenders, like Citigroup, JPMorgan Chase and Canadian Imperial Bank of Commerce, have settled with investors for more than $7 billion. … Merrill and

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Credit Suisse argued that Judge Harmon's ruling was based on the mistaken theory that the banks were individually responsible for investor losses because they took part in a scheme run by Enron."

SEC Examines Front-Running Trading. The New York Times (2/6, Anderson) reports, "The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said." The Times continues, "The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move." The Times adds, "Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction. … But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect."

Hyundai Chairman Sentenced To Three Years By South Korean Court. The Financial Times (2/6, Jung-a) reports, "Hyundai Motor was thrown into disarray on Monday when Chung Mong-koo, its chairman, was sentenced to three years in prison for embezzlement and breach of trust, raising the possibility of a management vacuum at South Korea's largest carmaker." The Times continues, "The punishment was harsher than expected and compounded the woes at Hyundai, which was already grappling with the strong local currency, flagging profits and a disruptive labour union. … But the sentence was welcomed by corporate governance campaigners, who said it showed Korea would no longer tolerate chaebol owners using their companies to pursue their personal interest." The Times adds, "The court found Mr Chung guilty of embezzling about $100m of company funds and inflicting about $224m of damage on group affiliates during rights issues. … He was also convicted of using deals to boost his financial gains and those of his son, Eui-sun, who runs affiliate Kia Motors. … 'The defendant's act of secretively setting up massive slush funds and using them wilfully, using his status as the Hyundai Motor group's chairman, undermines the soundness and the autonomy of corporate management,' said Kim Dong-oh, the Seoul central district court judge. … The 68-year-old hairman was freed on bail to 'guarantee his defending rights and to minimise its impact on the economy' while he appeals the conviction, the court said."

Former Fannie Mae Head Seeks Earlier Hearing Date. The Washington Post (2/6, D01, Hilzenrath) reports, "Former Fannie Mae chairman and chief executive Franklin D. Raines, accused of manipulating the housing finance company's earnings, is challenging regulators to make their case against him beginning Feb. 16 instead of waiting until the end of the year." The Post continues, "Attorneys for Raines have argued that the Office of Federal Housing Enterprise Oversight, which issued administrative charges in December, is required by law to begin a hearing on the evidence within 60 days of that event. … The agency, however, has proposed a schedule that would have the two sides file pretrial statements in December. The agency's proposal did not say when the hearing should begin. … 'It's a fundamental issue of fairness,' said Mark Fabiani, a spokesman for Raines. 'Frank Raines is ready to disprove OFHEO's allegations starting this month, and OFHEO is seeking to delay the proceedings until 2008.'" The Post notes, "The agency previously expressed concern about being overwhelmed by litigation related to Raines and the accounting scandal. In a lawsuit shareholders brought over Fannie Mae's accounting, the agency stated that complying with Raines's document requests could pose such a burden that it could divert regulators from their mission. … Raines's trial before an administrative law judge would be the culmination of a process regulators set in motion more than two years ago. In fall 2004, after an extended probe, OFHEO issued a report alleging that Fannie Mae used improper accounting. The Securities and Exchange Commission later agreed."

Donohue Says SEC Investigation Into Sunrise Lacks Merit. The Washington Post (2/6, A15, Birnbaum) reports that as president of the US Chamber of

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Commerce, Thomas J. Donohue "has long been obliged to talk tough against federal regulation, especially by the Securities and Exchange Commission. But now, it's personal." For 12 years, Donohue "has been a board member (including serving on the audit committee) of Sunrise Senior Living, a publicly traded company being probed by the SEC." Recently, the SEC "opened an inquiry into allegations that" Sunrise founder Paul Klaassen and "other insiders, including Donohue, may have improperly cashed $32 million in stock options before Sunrise in May announced an accounting problem that caused its stock to drop. Donohue calls the allegations meritless and says they were drummed up by labor unions that want to organize the company. He said that he has not been contacted by the SEC and that its inquiry will amount to nothing." But the "controversy adds fuel to complaints that investor activists have leveled at Donohue ever since he took over and revived the Chamber, the nation's largest business lobby, in 1997."

CRIMINAL LAW:

FBI Agent Acknowledges Errors In Earlier Libby Trial Testimony. Fox News' Special Report With Brit Hume (2/5, Angle) reported, "Scooter Libby's defense got an unexpected break today when FBI agent Debra Bond was forced to reverse testimony she gave just last week. Bond had testified that when she first questioned Libby, he said he had learned from Karl Rove that Rove had informed columnist Robert Novak that Valerie Plame worked at the CIA. But today FBI agent Bond said her testimony last week was exactly backwards. As defense attorney Ted Wells asked pointedly, 'So when you said last week that Novak learned from Rove, that testimony was incorrect?' Bond, 'That's what I said. When I read that, it's like, I can't believe I said that.' Wells, 'Sometimes people make mistakes, right?' Bond, 'Yes.'" Fox added, "So yet another witness who told one story, then changed it; a perfect example of what the defense is arguing, that Libby also testified in good faith, but simply got it wrong."

MSNBC's Countdown (2/5, Shuster) reported that "Bond testified last week, on direct, that Libby, quote, 'adamantly denied telling White House Press Secretary Ari Fleischer anything about Valerie Wilson before Valerie Wilson was outed.' But under cross-examination today…Bond acknowledged that the words 'adamantly denied' were her characterization, and that Libby never used those words, but rather that Libby actually said he couldn't recall discussing Valerie Wilson with Ari Fleischer. It is a difference, so give the defense some credit, but again these are differences over shades of gray. This is not a blockbuster contradiction perhaps that the defense had been hoping for."

Under the headline "FBI Acknowledges Gaps In Notes On Libby," USA Today (2/6, Willing, 2.27M) reports both on Bond's testimony about Libby not "adamantly" denying the conversation with Fleischer, as well as her misstatement about Rove, and the New York Times (2/6, Lewis, 1.16M), at the end of its story focusing on the grand jury tapes played at trial yesterday, notes Bond's cross-examination and adds, "It was a reminder to the jury that one of the pillars of Mr. Libby's defense was that if he spoke inaccurately to the grand jury and investigators, it was only a case of faulty memory."

Jurors Hear Libby Tapes Of Libby's Grand Jury Testimony. The Washington Post (2/6, A3, Leonnig, Goldstein, 690K) reports, "I. Lewis 'Scooter' Libby told a grand jury in 2004 that Vice President Cheney did not encourage him to provide information about an undercover CIA officer to the media, but Libby also said he did not believe that the information was secret and had to be safeguarded, according to audiotapes of Libby's testimony played in court yesterday. … The eight hours of audiotapes, most of which are to be played today, are intended to back up the government's assertion that Libby lied to investigators about his role in disclosing the identity" of Valerie Plame Wilson. "On the tapes, Libby said that Cheney did not tell him Plame's CIA identity was 'super-super-secret' and that he used a 'curious' tone unlike his regular voice, which 'was much more matter-of-fact and straight.' Libby said he did not remember Cheney speaking harshly of Wilson or suggesting nepotism was the reason for his mission."

The Los Angeles Times (2/6, Schmitt, 850K) adds, "The transcript of Libby's two grand jury appearances in March 2004 also shows that special prosecutor Patrick J. Fitzgerald explored early on whether President Bush and Vice President Dick Cheney were involved in the circumstances leading to the disclosure of Plame's identity as a CIA employee. … Libby said he did not believe that Cheney wanted him to leak word about Wilson's wife to the press." The New York Times (2/6, Lewis, 1.16M) notes, "On the tape, Mr. Libby was heard saying repeatedly that he could not recall any conversation he ever had with Marc Grossman, a State Department official, about Ms. Wilson. Mr. Grossman, who

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was then the under secretary of state, has already testified about two such conversations."

Media Praise Judge's Decision To Release Tapes Publicly. In a widely-distributed story, the AP (2/6, Yen) reports, "News organizations praised a judge's decision Monday to release tapes of former White House aide I. Lewis 'Scooter' Libby's grand jury testimony, saying it would open a window into court proceedings. U.S. District Judge Reggie Walton said he would make the eight-hour recordings public even though he was worried that jurors could be influenced by outside media buzz." The AP notes that Libby's lawyers had fought the release, however, "Nathan Siegel, an attorney representing The Associated Press and more than a dozen other news organizations, contended that Libby's own words were far less prejudicial than evidence released in other cases, including 911 calls from inside the World Trade Center, FBI tapes in the Abscam investigation and mob wiretap tapes."

Kristof Calls For Cheney To Answer Questions About Libby, Or Resign. Under the headline "Mr. Cheney, Tear Down This Wall," Nicholas Kristof writes in his New York Times (2/6, 1.16M) column, "Mr. Cheney, now that the Scooter Libby trial is raising doubts about your own integrity, you owe the nation an explanation." Kristof poses a series of questions for Cheney, including, "did you push Mr. Libby to dig into Joe Wilson's background and discredit him?" and "What did you mean when you wrote, in a note to Scott McClellan…'not going to protect one staffer + sacrifice the guy the Pres. that was asked to stick his head in the meat grinder because of incompetence of others.'" Kristof notes Nixon's Checkers speech and Agnew's public comments about the corruption allegations he faced in 1973, adding, "I'm not accusing you of committing a crime. But there are serious questions here," and if "you continue to stonewall, then you don't belong in office and you should resign."

Trial Highlights Difference Between "Classified" And "Secret" Material. ABC News (2/5, Coulter) reports, "In government, there's often a conflict between what can be aired publicly and what should be kept under wraps. There is no doubt about the value of keeping secret the movement of military forces in wartime. There is plenty of information that should be released, yet is jealously guarded by government officials. Sunshine laws and the Freedom of Information Act are designed to counter too much secrecy. … Secrecy and the lack of it are at the heart of the perjury and obstruction trial of former White House aide Lewis 'Scooter' Libby. The case has its origins in allegations that the Bush Administration twisted intelligence data to justify a pre-emptive war with Iraq. The prosecution believes there was a concerted effort to discredit the war critic by unmasking his CIA wife." ABC News continues, "There is no dispute at the Libby trial that Valerie Plame's CIA identity was CLASSIFIED information. It was the CIA that officially requested a Justice Department investigation of who leaked her name to reporters, a possible violation of the Intelligence Identities Protection Act of 1982. But no one has been charged with violating that law, which carries a maximum penalty of 10 years in prison and a 50-thousand dollar fine." ABC News adds, "Documents in the case and testimony at the trial show a number of top administration officials discussed Valerie Plame with reporters. Former State Department official Richard Armitage, former White House spokesman Ari Fleischer, Karl Rove, and Scooter Libby, among them. An FBI agent also testified that Libby said it's possible he and Vice President Dick Cheney discussed leaking Plame's name to journalists. It was such an incendiary topic, former Time Magazine reporter Matthew Cooper told his bureau chief the information should be considered 'double super secret background.' … Simply discussing an undercover operative is not enough to violate the law. You have to know the agent in question is covert and the government is taking steps to conceal the person's identity, and the disclosure must be intentional. So after a more than three year long investigation, Special Counsel Patrick Fitzgerald has only charged Scooter Libby with lying and trying to obstruct his leak investigation. When he announced the indictment, Fitzgerald compared the offense to someone kicking sand into an umpire's eyes."

California Agency Fined Councilman For Accepting Funds From Miller In 1992. The Hill (2/6, Crabtree) reports Rep. Gary Miller "last week blamed an FBI review of his land deals on a media smear campaign. But this is not the first time government agencies have scrutinized his real estate transactions. In 1992, the California Fair Political Practices Commission (FPPC), a state government entity that regulates political activity and investigates conflict-of-interest allegations, levied a $1,750 fine against Covina City Councilman Christopher Lancaster for accepting $8,000 from Miller before voting in favor of a resolution Miller sponsored. The payment occurred when Lancaster was mayor of Covina and Miller was a member of the Diamond Bar City Council and running for state Senate."

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The Hill notes, "Shaun Martin, a law and ethics professor at the University of San Diego, said annexation of the land benefited Miller. 'The lingering question is whether the $8,000 he gave to the mayor had anything to do with the mayor's vote in favor' of the annexation tax deal, Martin said."

Fumo Lashes Out At Expected Indictment, Vows To "Stand Up And Fight." The Philadelphia Inquirer (2/6, Cattabiani, Shiffman, 385K) reports, "In a preemptive strike on the eve of his likely indictment, a defiant State Sen. Vincent J. Fumo took the fight to federal prosecutors yesterday, vowing to contest charges he called 'falsities and half-truths.' 'I know in my heart that I have not done anything illegal,' the Philadelphia Democrat said during a 12-minute speech on the Senate floor, his voice at times somber, at times bitter. 'Sometimes in life the only choice we have when we face blatant injustice is to have the courage to stand up and fight.' … Fumo stepped down from a powerful committee post yesterday…but will remain in the Senate." The Inquirer notes that Fumo "predicted the indictment would focus on two basic allegations: that he exploited a South Philadelphia charity and misused his Senate staff for personal and political purposes. … 'The indictment will not allege that I ever accepted a bribe,' Fumo said. 'And, as the government knows, I never did.'"

In a widely-distributed story, the AP (2/6, Jackson) reports that Fumo, "who has been under FBI scrutiny for four years, announced on the Senate floor today that he expects to be indicted this week. … Fumo would have been required to give up his leadership post as soon as he was indicted. He portrayed his resignation as minority party chairman of the Senate Appropriations Committee as a temporary measure 'until I am vindicated.' Fumo charged that the investigation 'has been marked by threats, intimidations and frequent leaks to the media intended to embarrass me' and vowed to fight the allegations."

Speech Called "Terrific Public-Relations Maneuver." The Philadelphia Inquirer (2/6, McCoy, Lounsberry, 385K) reports in a separate story, "It was vintage Senator Fumo – smart, heartfelt, combative, eloquent and shrewd. … He offered a counter-narrative: Fumo, the people's champion, fighting the good fight in the face of threats, leaks and intimidation. 'A terrific public-relations maneuver to get ahead of the indictment,' said lawyer John P. Pucci, a former federal prosecutor." The Inquirer notes Fumo "said the government was about to accuse him of misusing a South Philadelphia charity. To rebut that, he extolled the nonprofit's work on 'countless' community projects, from supporting charter schools to cleaning up 'trash-strewn, rat-infested, vacant lots.' … With members of his Senate staff standing behind him, he said prosecutors were about to paint them as his taxpayer-paid campaign workers and personal servants. To the contrary, he said, they work tirelessly for the public, without bonuses or overtime."

Indictment Expected To Have Mixed Effect On Fumo-Linked Politicians. The Philadelphia Daily News (2/6, Davies, 106K) reports, "When something as earth-shattering as a federal corruption indictment hits a politician as influential as Vince Fumo, his friends and allies feel the shock waves, too. … Fumo worked hard to get U.S. Rep. Bob Brady into the mayor's race, and longtime Fumocrats Jim Kenney and Frank DiCicco are running for re-election to their seats on City Council. Kenney and DiCicco, by now multi-term incumbents with their own legislative records, political relationships and fundraising capacity seem well-positioned to thrive on their own. It's harder to predict the impact on Brady, a longtime friend and associate of Fumo's who must fight the notion that he's a machine politician." The Daily News adds, "St. Joseph's University historian and analyst Randall Miller said the Fumo scandal could raise the profile of the issue of public corruption and help mayoral candidates Michael Nutter and Tom Knox, who are fighting 'pay-to-play' politics."

Florida Development Bribery Scheme Trial Begins Today. The Miami Herald (2/6, Clark, 286K) reports, "A decade after the late Monroe County Mayor John L. 'Jack' London was paid $29,000 as part of an alleged development bribery scheme, a former county attorney goes on trial today for his suspected role in the public corruption case. James Hendrick, who served as Monroe County attorney from 1995-2002, faces federal charges of conspiracy to obstruct justice, witness tampering and obstruction of justice. A 12-member jury was seated Monday." The Herald notes, "The case stems from a lengthy FBI investigation into alleged public corruption in the Keys. Prosecutors say Hendrick was the center of a ''secret deal' in which he, London and Miami-Dade political consultant Randy Hilliard conspired to get Marathon businessman Marvin Rappaport to pay $75,000 in exchange for building and zoning approval of his stymied redevelopment project."

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Man Sentenced To 8½ Years In Prison For FEMA Relief Fraud. In a widely-distributed story, the AP (2/6, Sanner) reports, "A 59-year-old man was sentenced Monday to 8 1/2 years in prison on charges stemming from his use of stolen identities in an attempt to acquire more than $100,000 in payments intended for victims of Hurricanes Katrina and Rita. Jeffrey Alan Rothschild, who's also known as Jeffrey Zahler, pleaded guilty in August to bank fraud, mail fraud and money laundering in late 2005. He was sentenced by U.S. District Judge Colleen Kollar-Kotelly in Washington. U.S. Attorney Jeffrey A. Taylor said Rothschild abused a system set up by the Federal Emergency Management Agency to allow hurricane victims to receive $2,000 in emergency funds after providing their names, Social Security numbers and other information." The AP notes, "Rothschild has no fixed address."

Mississippi Woman Pleads Guilty To Katrina Relief Fraud. The AP (2/6) reports, "A Gulfport woman pleaded guilty to hurricane disaster-relief fraud and faces five years in prison, the U.S. attorney's office said Monday. Amanda Rettig will be sentenced April 25 and could also be fined up to $250,000. She pleaded guilty to filing a false claim with the Federal Emergency Management Agency saying her property was damaged by Hurricane Katrina." The AP notes, "She received $22,253.23, a statement from U.S. Attorney Dunn Lampton said."

Suspect In Boys' Abduction Charged With Molestation. USA Today (2/6, Keen) reports from Clayton, MO, "Michael Devlin, who has been accused of kidnapping two Missouri boys who were found last month, was charged Monday with molesting the teenagers." USA continues, "St. Louis County prosecutor Robert McCulloch charged Devlin, 41, with 71 counts: two kidnapping charges and the rest for forcible sodomy. Each charge is a felony punishable by up to life in prison. He said Devlin was charged with 17 counts of forcible sodomy relating to an abduction last month and 52 more in a 2002 kidnapping. 'Devlin acknowledged committing these acts,' McCulloch said." USA adds, "Following his department's policy of not naming victims of sexual abuse, McCulloch did not name the teens. He noted that their identities 'are not a national secret.' … Ben Ownby, 13, of Beaufort, Mo., was kidnapped on Jan. 8. Shawn Hornbeck, 15, disappeared in 2002 in Richwoods, Mo. Both were found inside Devlin's apartment in Kirkwood, Mo., on Jan. 12. Devlin was charged last month with kidnapping in each boy's home county and pleaded not guilty. Monday's charges were filed in the county where Devlin lived."

States Consider Changes To Police Lineups. The Christian Science Monitor (2/6, Jonsson) reports from Atlanta, "More than two decades ago, a sexual-assault victim from Sandy Springs, Ga., pointed to a picture of her attacker in a photo lineup. … 'From zero to 100 percent, how sure are you?' a detective asked. … 'I'm 120 percent sure,' the woman said, as stated in court testimony. … It now appears that she was 100 percent wrong, according to the Fulton County district attorney. The result of DNA testing led to the release of Willie 'Pete' Williams on Jan. 23 after nearly 22 years in a south Georgia prison for a crime he did not commit. Her mistake and his exoneration have revived a debate about the accuracy of eyewitness identifications – and their central role in persuading juries to convict. … But even as a handful of police departments from Boston to Minneapolis have voluntarily changed lineup procedures to help reduce such tragic errors, resistance to top-down reform from the majority of American police chiefs and prosecutors is pushing the debate into the legislative chamber. Last week, Georgia introduced a bill that would scrap the side-by-side police lineup, and would instead require police departments to present suspects one by one – either in person or by photo. Georgia joins Texas, New Mexico, West Virginia, and Vermont, which have similar bills pending." The Monitor adds, "Some experts argue that the new procedure limits inaccurate 'relative judgments' that victims can make during a lineup. But police counter that they do not want to be forced to use a specific procedure that they say would undermine proven techniques detectives use. … Since 1992, 194 people have been exonerated on the basis of DNA evidence, and some 75 percent of the convictions involved at least one faulty eyewitness identification, according to the Innocence Project, which works to clear those who are falsely imprisoned. A separate study published by the University of Michigan in 2004 found that 90 percent of mistakes that led to false convictions in rape cases were caused by eyewitness errors."

Videographer Nears Jail Record For Resisting Grant Jury. The New York Times (2/6, McKinley) reports from San Francisco, "A freelance videographer who refused to cooperate with a grand jury investigation will become the longest incarcerated journalist

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in modern American history on Tuesday. The freelancer, Josh Wolf, will pass Vanessa Leggett, an investigator and a journalist who served 168 days in 2001 and 2002 for refusing to surrender information in a murder case." The Times continues, "Mr. Wolf, 24, has been in prison since August, with a brief break in September related to his appeal, after refusing to cooperate with a grand jury investigation of an anticapitalist protest in 2005 in which a police officer here was injured and a squad car was slightly damaged by a small explosive device. … Prosecutors have demanded that Mr. Wolf give them his raw video, some of which he has posted on his Web site, www.joshwolf.net, as well as testify about the protesters seen on the tape for an investigation into possible charges, including arson. … 'Wolf videotaped a public demonstration where there may have been an attempt to set a police car ablaze and where a San Francisco police officer's skull was fractured when he was hit from behind by a demonstrator,' said Luke Macaulay, a spokesman for the United States attorney for the Northern District of California." The Times notes, "Mr. Macaulay cited six federal decisions in the government's favor, including one last week that denied a request for a new hearing. … 'This office has issued a lawful subpoena for legitimate investigative purposes,' he said. … Mr. Wolf says he is protecting his sources. He remains behind bars even as the United States attorney who had him held, Kevin V. Ryan, has said he is stepping down and the San Francisco district attorney has dismissed the lone remaining criminal case involving the protest. … Mr. Wolf could stay jailed until the term of the grand jury ends in July. … The jailing has prompted outcries by advocates for freedom of the press who say it seems out of proportion to the scale of the investigation."

New Jersey Man Pleads Guilty To Child Porn Distribution. The Trenton Times (2/6, Shea) reports, "A former West Windsor man pleaded guilty in federal court yesterday to one count of receiving and distributing child pornography on the Internet. Mark Wasco, 46, was charged in March 2006 with possessing child pornography after an FBI agent and a New Jersey State Police investigator searched his home and computers and found numerous images of children engaged in sex." The Times notes, "The complaint also alleges that Wasco, at one point, posed as a teenage boy to solicit images of children using the Web site MySpace.com, and admitted to the ploy."

FBI Child Sex Sting Snares New York Elementary School Teacher. The Buffalo News (2/3, Herbeck, Pasciak) reported, "An elementary school teacher from Frontier School District is accused of using the Internet to arrange a sexual liaison with a 14-year-old boy." Kollin Roy King "is also a longtime Boy Scout volunteer who was scheduled to become director of Camp Scouthaven this summer, overseeing a program for boys in first to fifth grades who attend camp with their parents. The 'boy' who led to King's arrest was actually an undercover FBI agent, who arranged a meeting at a Cheektowaga restaurant. A team of agents arrested King when he showed up." The News noted FBI spokesman Paul M. Moskal said on Friday, "We see these sting operations on television all the time. The public is well aware that we have undercover agents on the Internet. And yet, people keep doing it. This kind of criminal activity seems to get more and more prevalent."

The AP (2/3, Thompson) reported, "When authorities asked King what he would have done had two boys arrived at the restaurant, King replied, 'I hope nothing would have happened,' Assistant U.S. Attorney Allison Gioia said. But King later acknowledged that it was not the first such meeting he had arranged, and that he had engaged in sexual activity with a 16-year-old boy he met on the Internet in a park and in his apartment, Gioia said. Other scheduled meetings never came to fruition, King told authorities, because the minors did not show up or the meeting location was fictitious."

Study Finds Identity Fraud Down Since 2003. The New York Times (2/6, Leland) reports, "The number of Americans who are victims of identity fraud has declined steadily since 2003, according to a new survey sponsored by credit-card and financial services companies. Last year, 3.7 percent of people surveyed said someone had stolen their identity in the previous 12 months, down from 4.7 percent in 2003, according to the report." The Times continues, "The study found that the total losses from the crime fell last year to $49 billion from the 2005 level of $56 billion. The thieves either used the victims' existing bank or credit card accounts or opened new ones. … The survey, based on telephone interviews with 5,000 adults, was conducted by Javelin Strategy & Research, a data research firm, and was sponsored by Visa, Wells Fargo and CheckFree. The margin of sampling error is below plus or minus one percentage point for the crimes' prevalence." The Times adds, "The findings contradict public perceptions that

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identity fraud is proliferating out of control, said James Van Dyke, president and founder of Javelin. 'For years identity fraud has been reported as the nation's fastest growing crime, with the assumption that the numbers would keep going up,' Mr. Van Dyke said. 'We find it's not the case. The trend is going down.'" The Times notes, "Because the survey relied on people's accounts of whether they had been victims, it does not measure 'synthetic identity theft,' in which criminals fabricate identities using names, addresses, Social Security numbers and other information that may or may or may not correspond to real people. A 2005 analysis by ID Analytics, a financial industry security firm, found that synthetic identity theft was more common than 'true-name' identity theft. … As in past years, the Javelin survey found that individuals whose identities were stolen bore less than 10 percent of the loss from the crimes."

New DC Police Chief Challenged By Rise In Homicides. The Washington Times (2/6, Taylor) reports, :A recent series of homicides will provide an early test for acting Metropolitan Police Chief Cathy L. Lanier as she faces D.C. Council confirmation hearings scheduled for next month, say some residents and council members. … 'I certainly think the way a city responds to a spike in homicides is an important indicator,' said council member Phil Mendelson, at-large Democrat and chairman of the Committee on Public Safety and the Judiciary, which will hold the hearing. 'It gives important insight into how the new administration will deal with violent crimes.'" The Times continues, "The number of homicides this year in the District as of yesterday was 17, the same as last year at this time. Among them was the series of four killings in less than five hours the weekend of Jan. 27-28. Police have made an arrest in one of the cases, and Chief Lanier announced initiatives to aggressively canvass neighborhoods in the 48 hours after a homicide and to target violent criminals wanted on fugitive warrants." The Times adds, "Mayor Adrian M. Fenty, a Democrat, replaced Chief Charles H. Ramsey shortly after being elected in November, in part to implement more community policing in the department, which has 3,800 officers and a budget of about $430 million. Chief Lanier officially took over Jan. 2. … Mary Cheh, Ward 3 Democrat, said she was 'excited' about Chief Lanier's appointment, but added she has some issues that need to be addressed."

Barry Faces Possible Revocation Of Probation. The Washington Post (2/6, Cauvin) reports, "Nearly a year after he agreed to follow the law and pay overdue taxes dating back several years, the former four-term mayor has not only flouted a plea agreement but has failed to file tax returns for 2005, prosecutors say." The Post continues, "Now, the U.S. attorney's office, which did not oppose probation for Barry when he was sentenced in March, wants the federal judge in the case to put him in prison. … 'The Court's patience should be at an end,' Assistant U.S. Attorneys James W. Cooper and Thomas E. Zeno wrote in a motion to Magistrate Judge Deborah A. Robinson, adding that Barry 'continues to flout' city and federal tax laws." The Post adds, "Under sentencing guidelines, Barry could have faced 12 to 18 months in prison for failure to file a federal income tax return and failure to make a District of Columbia return. Now that prison time could be back on the table if the judge decides that Barry isn't living up to his agreement with prosecutors and his promises to the court. … And that may only be the beginning of his problems in the case. In November, the Internal Revenue Service began garnishing Barry's city council salary because he failed to follow through with a payment plan for the taxes he owed for years 1999 through 2004. … Frederick D. Cooke Jr., Barry's attorney, said that he has not talked to his client about the problem with his 2005 taxes. But Cooke said he expects to file court papers challenging the prosecutors' bid to revoke Barry's probation. Cooke said he expected a hearing in the next month."

The Washington Times (2/6, Mcelhatton) reports, "The defense attorney for D.C. Council member Marion Barry said yesterday that he is meeting with the former mayor this week to decide how best to respond to a recent request by federal prosecutors to revoke Mr. Barry's probation in a criminal tax case. … If the motion is granted, the revocation could put Mr. Barry back behind bars more than 15 years after he served six months on drug charges. … 'Just because they write it doesn't mean it's true,' attorney Frederick D. Cooke Jr. said of the court filing last week in which prosecutors stated that Mr. Barry had failed to pay his 2005 taxes." The Times continues, "Mr. Barry received three years of probation last year after pleading guilty to failing to file returns on more than $500,000 in income from 1999 to 2004. … 'I haven't had a chance to draft a response because I have to talk to my client and gather information,' Mr. Cooke said. … In exchange for the guilty plea, prosecutors last year agreed to take no position on Mr. Barry's request for probation at his sentencing last year. …

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Now, prosecutors say, Mr. Barry hasn't lived up to his end of the deal."

CIVIL LAW:

Jury Finds FBI Retaliated Against Whistle-blowing Agent. The AP (2/6) reports from Minneapolis, "A jury awarded $565,000 in damages on Monday to a former FBI agent, agreeing that Jane Turner's superiors retaliated against her for filing a sex-discrimination complaint against her supervisor. … 'Today is a true vindication for whistleblowers in the FBI,' Turner said after the jury returned its verdict in federal court." The AP continues, "Turner retired in 2003, amid the pressure of both her discrimination case and a separate dispute that arose after she accused colleagues of stealing a Tiffany crystal globe from the World Trade Center ruins. … The jury awarded her $60,000 in damages for lost wages and $505,000 for emotional distress. One of her attorneys, Robert Hill, said the judge will have to reduce the $505,000 to $300,000 because of a statutory cap on nonmonetary damages, so she'll get $360,000. … Still, Hill said, it's believed to be the largest jury verdict for retaliation in the history of the FBI." The AP adds, "The defense team's jury consultant, Nikki Carlson, said it was clear that the jury didn't buy the government's defense, which attacked Turner's credibility and job performance. She said one juror told her that the two jurors seated either side of her wrote 'LIAR' on their notepads and stopped taking notes when one of Turner's superiors was testifying."

The Minneapolis Star Tribune (2/6, Browning, 395K) reports, "Federal jurors hugged former FBI agent Jane Turner on Monday after awarding her $565,000 in damages and finding that the agency had retaliated against her for filing a 1998 sex-discrimination complaint. 'I think you were the very best FBI agent,' juror Mashima Dickens told Turner, who investigated child sex-abuse crimes. 'Looking at the way you were treated, I just said you were screwed left and right,' Dickens said, tears rolling down her cheeks. … But Turner said she could never repair the damage done to her by her colleagues in the FBI, an organization she had dreamed of joining since she read Nancy Drew detective novels at age 12. 'I'm dead in their eyes because I betrayed them. And that's what's so sad,' Turner said." The Star Tribune notes, "Records show that she received superior or exceptional job ratings until after her supervisor, Craig Welken, was interviewed in 1999 about a sex-discrimination complaint she had filed the previous year."

Trial Begins Over Fatal Crash Of Small Aircraft. The Chicago Tribune (2/6, O'Connor) reports, "Nearly seven years to the day after a midair collision killed WGN radio personality Bob Collins and two others, a trial opened in federal court Monday to decide who was at fault for the crash of the two small aircraft." The Tribune continues, "Government lawyers laid the blame on Collins, while attorneys for the three victims said the collision was caused by an air traffic controller and was ultimately the responsibility of the Federal Aviation Administration." The Tribune adds, "Collins, 57, had been Chicago's top-ranked morning-radio personality for 14 years when his Moravan Z242L struck a Cessna 172P as the two aircraft approached the Waukegan Regional Airport on the hazy afternoon of Feb. 8, 2000. … Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, killing him and passenger Herman Luscher, 58. The Cessna's pilot, Sharon Hock, 31, a flight attendant who was on her second solo flight, died when her plane crashed on a Zion street. … No one on the ground was injured, but the hospital sustained $28 million in property damage and lost business." The Tribune notes, "The bench trial before U.S. District Judge John Darrah, expected to last about two weeks, opened with the federal government as the lone defendant after Midwest Air Traffic Control Inc., which operates the Waukegan airport's tower, admitted liability Monday. … But lawyers for survivors of the three victims, including Collins' widow, Christine, contend the FAA controlled the Waukegan airport's operations and bears the responsibility for the collision. … Jill Dahlmann Rosa, a Justice Department lawyer, said Collins set up the collision by misreporting his location to the tower, misleading Hock and the air traffic controller. … Collins' conduct 'fell below the standard of care of a reasonable pilot,' she said."

CIVIL RIGHTS:

Expert Will Not Testify At Mississippi Voting Rights Trial. The Jackson Clarion-Ledger (2/6, Gates) reports, "The Noxubee County case has apparently ended without court resuming after the defense decided against calling an expert witness to testify. … An out-of-state voting rights expert had been scheduled to testify Feb. 15." The Clarion-Ledger continues, "The lawsuit, the first of its kind in

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the United States filed by the U.S. Department of Justice, accuses black political leaders in Noxubee County of discriminating against white voters. … The three-week trial in U.S. District Court concluded last Wednesday, with the exception of the expert coming to Jackson to testify." The Clarion-Ledger adds, "The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters. … U.S. District Judge Tom S. Lee set March 26 as the deadline for both sides to submit final written briefs in the case. He will then make a ruling after that time."

FBI To Give Update On Civil Rights Cold Case Initiative. The Athens Banner-Herald (2/6, Quigley) reports, "FBI officials will hold a news conference later this month to give an update on the bureau's so-called 'cold case initiative' in the Moore's Ford lynching and 51 other unsolved race-related murders, said Nancy Nelson, section chief of the public corruption/civil rights section of the FBI's Criminal Investigation Division. The bureau has been reviewing the cold cases to see if new technology…and a new willingness by witnesses to come forward, will allow federal and state agents to give some conclusion to the decades-old and often forgotten murders, Nelson said. 'If we can get prosecutions out of it, terrific,' but agents mostly are seeking resolution for the victims' families, she said." The Banner-Herald notes, "In 2005, the Moore's Ford Memorial Committee sent letters to several members of Congress…urging them to ask the FBI to 'assign two agents to (the Moore's Ford) case," and the "committee also sent a letter to FBI officials asking agents to reopen the case. 'The letter certainly proved useful in bringing the case to the forefront,' said Stephen Emmett, spokesman for the FBI office in Atlanta."

Rights Groups Warn Of Increase In White Supremacist Activity. The AP (2/6, Texeira) reports, "Huge street protests against tougher immigration laws made millions of immigrants more visible and powerful in the United States last year, but, according to some rights groups, they seem to have revived a hateful counter force: white supremacists." The AP continues, "Groups linked to the Ku Klux Klan, skinheads and neo-Nazis grew significantly more active, holding more rallies, distributing leaflets and increasing their presence on the Internet - much of it focused on stirring anti-immigrant sentiment, a new report released by the Anti-Defamation League says. … 'Extremist groups are good at seizing on whatever the hot button is of the day and twisting the message to get new members,' Deborah M. Lauter, ADL Civil Rights director, said Monday. 'This one seems to be taking hold with more of mainstream America than we'd like to see.'" The AP adds, "Old Klan chapters have been revived and new ones started throughout the South, historically the heart of the group, and in other places such as Michigan, Iowa and New Jersey, says the report, which was scheduled for official release Tuesday. … Last May in Alabama, an anti-immigration rally included slogans such as, 'Let's get rid of the Mexicans!' according to the document, titled 'Ku Klux Klan Rebounds.' … 'The Klan is increasingly cooperating with other extremist groups and Neo-Nazi groups,' Lauter said. 'That's a new phenomenon.'" The AP notes, "Between 2000 and 2005, hate groups mushroomed 33 percent and Klan chapters by 63 percent, according to Mark Potok, director of the Southern Poverty Law Center, which tracks hate crimes. … Precise data are difficult to pin down, but Potok's group counts as many as 150 Klan chapters with up to 8,000 members across the United States, still well below a peak of 4 million in the 1920s. More than 800 hate groups exist around the country, Southern Poverty research shows."

NAACP Calls For Limits On "No-Knock" Warrants After Atlanta Shooting. The AP (2/6, Gross) reports from Atlanta, "A local chapter of a U.S. civil rights group on Monday called on police and politicians to limit the use of 'no-knock' warrants in the wake of the death of an elderly woman shot by police during such a search." The AP continues, "The Rev. R.L. White, Jr., chapter president for the National Association for the Advancement of Colored People, unveiled a list of recommendations the group compiled after a December community forum prompted by the shooting. … 'This is of utmost urgency,' said White, speaking at the chapter's Atlanta headquarters. 'The situation that happened last year was only the tip of the iceberg.'" The AP adds, "The NAACP chapter also called on police to require officers to receive sensitivity training, for the Atlanta Police Department to launch a goodwill initiative in the city's low-income, high-crime neighborhoods and for a citizens review board to be created to review incidents like the Nov. 21 shooting. … Kathryn Johnston died and three officers were wounded in the shootout during a no-knock search for drugs

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in Johnston's northwest Atlanta home. Family members say Johnston was 92 years old; authorities said she was 88. … When officers raided her home without first announcing their presence, police say Johnston fired a handgun before officers returned fire, killing her. … Narcotics officers said they were told by a paid informant that cocaine was being sold from Johnston's home. … No cocaine was found in the home, and a man who claims he was the paid informant later said he was told by officers to lie about buying drugs at the home." The AP notes, "The FBI and Georgia Bureau of investigation are investigating the incident at the request of Atlanta Police Chief Richard Pennington."

WPost Columnist Decries Anti-Semitism Charge. In a column for the Washington Post (2/6, A17), Richard Cohen writes that "it comes as a surprise that has the force of a mugging to be accused of aiding the very people I so hate -- of being an abettor of something called 'The New Anti-Semitism.' … The accusation comes from the pen of Indiana University's Alvin H. Rosenfeld, whose report ' "Progressive" Jewish Thought and the New Anti-Semitism' was published by the prestigious American Jewish Committee and given great play in the New York Times. Certain prominent American Jews -- the historian Tony Judt, the playwright Tony Kushner, the poet Adrienne Rich and I, among others -- were charged with aiding anti-Semitism with our writings. We were, in other words, enablers. As if that was not bad enough, Shulamit Reinharz, a Brandeis University professor and a columnist for a Jewish weekly, dispensed totally with Rosenfeld's qualification. She told the Boston Globe that all of us mentioned in the AJC report are just plain anti-Semites." Cohen continues, "At times, I have written coldly and provocatively about Israel, maybe once or twice in anger. This, in turn, has angered some readers who knew what I was thinking but not what I was feeling -- that, at bottom, I had a strong emotional attachment to Israel. … But having said that, let me wonder about those American Jews who interpret criticism of Israel as anti-Semitism or something that abets it. The charge has been leveled at Jimmy Carter over his recent book, 'Palestine: Peace Not Apartheid.' I, too, didn't like the book. I, too, found the book hostile, oddly unbalanced and chillingly lacking in historical context -- not just a near-total neglect of the Holocaust but also no mention of pre-1948 Arab pogroms, such as the 1929 murder of 67 Jews in Hebron. Still, Carter's overall point about Israeli occupation of the West Bank is apt, and calling him all sorts of names does not change that. The former president has in effect embraced the current, ahistorical context for Israel. For many, it is no longer the orphaned waif of the Holocaust but the bastard child of Western colonialism." Cohen concludes, "It's sad that the American Jewish Committee commissioned and published Rosenfeld's report. I can't imagine what good will come out of it. Instead, it has given license to the most intolerant and narrow-minded of Israel's defenders so that, as the AJC concedes in my case, any veering from orthodoxy is met with censure or, from someone like Reinharz, the most powerful of all post-Holocaust condemnations -- anti-Semite -- is diluted beyond recognition. The offense here is not just to a handful of relatively unimportant writers, but to memory itself. .. Shame."

ANTITRUST:

Smithfield Complies With DOJ Request For Information On Premium Deal. The AP (2/6) reports, "Smithfield Foods Inc. said Monday it has complied with a Department of Justice antitrust division request for information related to the pork processor's acquisition of rival Premium Standard Farms Inc." The AP continues, "Smithfield said it plans to acquire the pork producer for $674 million in cash and stock and assume $117 million in debt. … Smithfield said it hopes the antitrust division can complete its review in enough time for the deal to close in the first quarter of 2007." The AP adds, "A Premium Standard Farms shareholders meeting has been scheduled for Feb. 23 to vote on the deal."

Firms Trying To Beat Antitrust Clock Find Mixed Results. The Deal (2/6, Lindell) reports, "Companies trying to hasten the antitrust reviews of their deals are increasingly deciding to hit the reset button on the regulatory clock, a maneuver aimed at saving time and money on government reviews." The Deal continues, "Although the strategy is becoming increasingly popular, it's not a sure thing. … Two recent deals indicate that refiling produces mixed results. … Express Scripts Inc. Wednesday announced it was pulling and refiling its premerger notification, in the hope of evading a second request from the Federal Trade Commission regarding its hostile bid for rival pharmacy benefit manager Caremark Inc. But Genentech Inc., which earlier pulled and refiled its paperwork regarding its purchase of Tanox Inc., announced Monday it will have to

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comply with a longer, costly review." The Deal adds, "While the government hasn't historically kept track of corporate decisions to pull and refile merger notices, it is starting to, and on Wednesday a Department of Justice official said those corporate moves to pull and refile seem be increasing. About two-thirds of those cases have successfully skirted a government demand for documents and data, known as a second request for information. … The process of notifying the government's antitrust agency of merger plans and getting approval to proceed despite competitive issues has become an increasingly elaborate dance under the rubric of the Hart-Scott-Rodino Antirust Improvements Act of 1976." The Deal notes, "Tom Barnett, assistant attorney general in charge of the antirust division at DOJ, and FTC Chairman Deborah Platt Majoras have both repeatedly said they are trying to minimize the cost and time burden of the merger review process, and that as a part of that effort, both agencies are aggressively examining deals during the initial 30 days they are permitted to look over a deal before having to issue a second request. … But sometimes, one month just isn't enough for antitrust lawyers to collect, review, deliver and explain the data fast enough. During that same time, staff lawyers at the agencies also need to review information that may include sophisticated economic data, consider the implications and evaluate the merger's competitive impact in industries that may be new, arcane or rapidly evolving. … As a result, the staff decision to issue a second request for information can prolong the review, and dramatically increase the price tag on the merger review process. … But a second request may not mean the government is really interested in blocking the deal. During the past seven years, 265 cases at DOJ received second requests, according to Bob Kramer, a senior staff official, but only 104 of those cases saw enforcement actions, such as consent decrees involving divestitures or licensing agreements. And only four of those cases actually proceeded to trial."

FTC Reaffirms Antitrust Ruling Against Rambus. The AP (2/6) reports, "The Federal Trade Commission made final its ruling that the memory chip designer Rambus violated antitrust laws, imposing limits on the royalties the company can charge." The AP continues, "Wall Street was bracing for a potentially harsher order than the one the commission released Monday, and Rambus stock rose sharply. … Still, the final opinion provides the sharpest criticism to date of Rambus, and legal experts said it would set an important precedent for the broader technology industry." The AP adds, "The order said Rambus violated federal antitrust laws 'by deliberately engaging in a pattern of anticompetitive acts to deceive an industrywide standard-setting organization.' … Thomas R. Lavelle, senior vice president and general counsel for Rambus, said the company was disappointed with the opinion and would appeal." The AP notes, "The case hinges on whether Rambus illegally obtained a monopoly in the 1990s when it secured patents for two popular types of memory used in personal computers. Rambus was accused of failing to disclose to an engineering council that its patents had been incorporated into an industry standard regarding memory technology. … An administrative law judge dismissed the complaint in 2004, but the F.T.C. overturned that ruling in July 2006."

Market Watch (2/6, Andrejczak) reports, "Rambus, of Los Altos, Calif., said it plans to appeal the ruling that stems from government antitrust charges filed more than four years ago. … However, shares of Rambus surged 24% to $23.50 as the FTC remedy was deemed less severe than investors had expected." Market Watch continues, "The FTC issued its order on a 3-2 vote. Commissioners Pamela Jones Harbour and J. Thomas Rosch disagreed with parts of the remedy. … Importantly, one analyst said, the FTC order doesn't affect second-generation DDR and SDRAM memory-chip designs that Rambus has developed or other memory technologies that it's engineered. The order also didn't invalidate any Rambus patent."

USA Today (2/6, 3B, Iwata) reports, "In a statement, Rambus general counsel Tom Lavelle said the company will appeal the decision 'because we strongly disagree with a number of the commission's determinations.' Lavelle said that the FTC commission 'continues to ignore the extensive findings of fact' made earlier by FTC chief administrative law judge Stephen McGuire."

Beatles, Apple Near Settlement Of iTunes Dispute. The Financial Times (2/6, Waters, Tait, Terazono) reports, "The Beatles on Monday buried their latest trademark dispute with US technology company Apple, removing one of the obstacles to a potential deal that could bring the Fab Four's songs to the iTunes music store." The Times continues, "Bringing The Beatles to iTunes would open up a highly valued catalogue of songs and could represent a significant breakthrough for the entire digital

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music business, according to analysts. … However, others cautioned that personal and legal complications could still stand in the way of a deal."

The Wall Street Journal (2/6, A7, Clark, Smith) reports, "The companies have long squabbled over the word Apple, with the Beatles' Apple Corps Ltd. objecting to the use of its trademarks by the Silicon Valley company. Under a new agreement announced yesterday, Apple Inc. will take over those trademarks, and license some of them back to Apple Corps, which agreed to drop its trademark-infringement litigation. Financial terms weren't disclosed. … Neither company answered the biggest question for music fans -- whether they will finally be able to buy Beatles recordings from Apple's iTunes music store and transfer those purchases to an iPod music player. The Beatles are the most prominent holdout from iTunes, and the companies have privately discussed licensing deals in the past, but nothing has materialized."

USA Today (2/6, Graham) reports, "The move clears the way to get the Beatles music available as digital downloads on Apple's popular iTunes Store, say Wall Street analysts." USA continues, "The Beatles are the 'most notable iTunes holdout,' says Gene Munster, an analyst at equity firm Piper Jaffray. 'Once the Beatles are in, this will lead to a chain reaction among other bands and movie studios. No one will want to be left out anymore.'" USA notes, "Besides the Beatles, Led Zeppelin, Radiohead, AC/DC, Kid Rock and Garth Brooks have declined to offer their music as digital downloads. Last year, Apple added movies to iTunes with films from Walt Disney and, more recently, Paramount Pictures. Studio holdouts include 20th Century Fox, NBC Universal, Sony Pictures, MGM and Warner Bros. … Munster predicts that Apple Inc. will officially announce the Beatles availability on iTunes within the next three months."

The New York Times (2/6, Flynn) reports, "The new agreement replaces one signed by the companies in 1991, when Apple Corps, which represents Paul McCartney; Ringo Starr; the estate of George Harrison; and Yoko Ono, the widow of John Lennon, moved to ensure that the computer company did not use the apple logo in the music business. The Apple Corps logo is a Granny Smith apple. The logo for Apple Inc. is an apple with a bite taken out of it. … But things changed in 2003 when Apple Computer, as it was known until it dropped 'Computer' from its name last month, began signing deals with record labels to distribute music online through iTunes. … Apple Computer had approached the British company in hopes of distributing the Beatles' music on iTunes, but Apple Corps instead accused the technology company of breaching the 1991 contract, arguing that Apple was essentially entering the music business with its service. … The Beatles are considered the last major holdout from online downloading services like iTunes. Today, Beatles fans can play Beatles music on an iPod only by transferring the songs from a CD." The Times notes, "With the Beatles dispute behind it, Apple Inc. faces still another trademark battle: a lawsuit filed by Cisco Systems, the networking company, over the use of the iPhone brand. Cisco has said the two companies have been unable to reach an agreement over the name after several years of discussion." The Washington Post/AP (2/6, D2) also reports this story.

State Street To Purchase Investors Financial. The Wall Street Journal (2/6, C3, Levitz) reports from Boston, "Bulking up in a bid to stay independent, securities-processing company State Street Corp. said it plans to buy Investors Financial Services Corp. for $4.5 billion in stock to become a big player in the hedge-fund realm." The Journal continues, "For years, State Street has prospered here as a leader in the unglamorous business of offering back-office custody work, such as portfolio accounting and issuing monthly statements to institutional investors such as mutual funds. … But the company, which has in the past faced unwanted takeover interest, now grapples with intensified competition in a rapidly consolidating industry in which big players hope to achieve economies of scale through acquisitions." The Journal adds, "To shore up its position, State Street is buying fast-growing Investors Financial, a smaller Boston neighbor that provides similar investment services to customers, including hedge funds -- lightly regulated private investment partnerships that cater largely to institutions and wealthy people. Financial-services companies are eager to cater to these sophisticated and fast-moving clients that have exploded in popularity. The two companies say the deal will create the No. 1 administrator of hedge-fund assets, in terms of assets under custody."

Mills Corp. Receives Another Buyout Offer. The Washington Post (2/6, D3, Hedgpeth) reports, "The nation's largest mall owner and a hedge fund yesterday offered to buy the financially troubled Mills Corp. for $1.6 billion, exceeding the $1.35 billion offered by a Canadian company in January." The Post continues, "The latest offer for

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Mills of Chevy Chase, which owns about 40 malls nationwide, including Potomac Mills and Arundel Mills, was made by Simon Property Group and the hedge fund Farallon Capital Management. Simon is the country's largest real estate investment trust, by market value, and Farallon is Mills's largest shareholder." The Post adds, "Brookfield Asset Management, a Canadian investment company and owner of the World Financial Center in New York, made the earlier offer, which Mills accepted. … Simon, of Indianapolis, owns 285 properties across the country, including Bowie Town Center and Leesburg Corner Premium Outlet. Farallon of San Francisco manages $26 billion of equity capital." The Post notes, "Simon said its cash tender offer would allow Mills shareholders to get their cash as much as six months earlier than they would under Brookfield's deal. … In a statement, Mills said that it would 'promptly consider the proposal' from Simon but that the 'current merger agreement with Brookfield remains in effect.'"

The Washington Times (2/6, Haberkorn) reports, "What makes Mills so valuable, despite recent revelations that executives may have mismanaged funds and that it was running out of money, is its 38 shopping centers across the country. … Locally, it owns Lakeforest Mall in Gaithersburg, Potomac Mills and Potomac Town Center in Prince William County, Marley Station in Glen Burnie, Md., and Arundel Mills in Hanover, Md." The Times adds, "Simon's offer is cash, meaning shareholders could receive payment six months before they would under a Brookfield deal, the company said. … Simon Property Group is an Indianapolis real estate investment trust that owns the Fashion Centre at Pentagon City, Bowie Town Center, Leesburg (Va.) Corner Premium Outlets and St. Charles (Md.) Towne Center. … Simon said its experience would make it most qualified to run the Mills properties."

Icahn Seeks Takeover Of Lear. The Washington Post/Bloomberg (2/6, D02) reports, "Carl C. Icahn, the billionaire activist investor, offered to pay $2.31 billion for the 84 percent of auto-parts maker Lear Corp. that he does not already own." Bloomberg continues, "Lear and Icahn's American Real Estate Partners discussed the proposal over the weekend. Lear said in a regulatory filing yesterday that it was trying to reach an agreement. The cash offer of $36 a share from Icahn, the company's biggest shareholder, was criticized by its third-largest investor as too low. … Richard Pzena, whose New York investment group Pzena Investment Management owned 7.48 million, or 11 percent, of Lear's shares in November, sent a letter to the non-management directors expressing 'alarm' about the offer. 'To claim today that $36 is a fair price is quite disingenuous,' Pzena said in the letter. 'It is our fear that the company's management may have lost sight of the long-term value inherent in the company and that their personal interest in the transaction may create an inherent conflict.' … Pzena said that his staff and Icahn's staff met in November to talk about Icahn's increased stake in Lear and that analysts from both groups agreed on a valuation of $60 a share."

EU Judge To Make Microsoft Ruling By September. The AP (2/6) reports, "The judge due to rule on Microsoft Corp.'s appeal against the European Commission's antitrust order said Monday he hoped to publish his decision before he leaves office in September." The AP continues, "Bo Vesterdorf, the president of the Court of First Instance, refused to give a precise deadline for his ruling. … 'Obviously we would do our very best to get the case out as soon as at all possible,' he told reporters at an Informa legal conference in Brussels. 'It's a very big case.'" The AP adds, "Microsoft is challenging the European Union's 2004 antitrust order, which found the software maker broke competition law and fined it a record 497 million euros ($613 million). … To remedy market harms, the EU ordered the company to offer a version of its Windows computer operating system without Microsoft's media player software. The EU also ordered Microsoft to share communications code and information with rivals to help them develop server software that worked smoothly with the ubiquitous Windows platform."

ENVIRONMENT:

Pelosi, Dingell Reach Agreement On Global Warming Committee. The Hill (2/6, Kaplan) reports, "Ending a three-week long turf war, House Speaker Nancy Pelosi (D-Calif.) and Energy and Commerce Committee Chairman John Dingell (D-Mich.) have reached an agreement on the parameters of the select committee on global warming. In a new letter to Pelosi, Dingell wrote that the select committee has no legislative authority and that the panel will expire on Oct. 30, 2008." He "wrote that he has 'assurances' from Pelosi that his committee will get first dibs to call witnesses where there could be potential conflict and that Pelosi will be consulted 'before the exercise of any

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compulsory powers by the select committee to ensure the appropriate coordination of efforts.'" The Hill adds, "The negotiations between Pelosi and Dingell to establish the panel have overshadowed difficulties Democrats face drafting a comprehensive energy bill. While they have overcome one turf battle, they probably will face many more regional and ideological disputes."

China, UN Plan Beijing Carbon Trading Exchange. The Financial Times (2/6, Dickie, Harvey) reports China and the UN "are working to set up a carbon trading exchange in Beijing – a move that could establish the Chinese capital as an important centre for the multibillion-dollar global trade in carbon credits, according to the UN's top official in China." If successful, the exchange "would compete with private sector carbon exchanges established in Europe and the US, and would help to open up further the lucrative Chinese market in carbon credits."

WSJournal Blasts California "Nuisance" Suit Against Automakers. In an editorial, the Wall Street Journal (2/6, A16, 2.04M) writes that "it ought to be obvious that the absolute last branch of government that should set climate policy is the courts. As usual, California Attorney General Jerry Brown has his own ideas. At issue is a federal lawsuit filed last September by Mr. Brown's predecessor, Bill Lockyer, asking for billions of dollars worth of damages to be levied against six automakers...because their products allegedly create a common-law 'nuisance' by contributing to global warming." Brown "has decided to pursue the case, which he says rests on 'sound legal doctrine.'" There is "scarcely any economic activity imaginable that doesn't somehow affect the balance of greenhouse gases, which is why a 'nuisance' complaint against any single industry doesn't make sense. It's also why the judiciary has so far wisely refused to get drawn into this kind of blame game." The Journal concludes, "If environmentalists want the U.S. political system to do something about CO2 emissions, a good place to start would be convincing a majority of Americans that they are serious people with serious concerns. California's attempt to single out automakers -- which gives a whole new meaning to the term 'junk lawsuit' -- is not helping their case."

Applebaum Says Carbon Tax, Not Kyoto, Is Solution To Climate Change. In her Washington Post (2/6, A17, 690K) column, Anne Applebaum criticizes the Kyoto treaty, writing, "The limiting of fossil fuels cannot be carried out with an unenforceable international regime, using complicated regulations that the United Nations does not have the staff or the mandate to supervise, with the help of a treaty that effectively penalizes those who bother to abide by it." The solution to climate change "is grippingly unoriginal, requires no special knowledge of economics and is easy for any country to implement. It's called a carbon tax, and it should be applied across the board to every industry that uses fossil fuels, every home or building with a heating system, every motorist, and every public transportation system. Immediately, it would produce a wealth of innovations to save fuel, as well as new incentives to conserve." It "would produce a big chunk of money that could be used for other things." And "users of the tax would suddenly find themselves less dependent on Persian Gulf oil or Russian natural gas, too." Moreover, "the successful use of carbon taxes does not require 'American leadership,' or a U.N. committee, or a complicated international effort of any kind. It can be done country by country."

Energy Department Considers Ethanol Reserve. The Wall Street Journal (2/6, Jackson Randall, Heinsohn, 2.04M) reports, "As the U.S. Energy Department looks to expand the nation's emergency oil stockpile, officials are also considering whether it would be beneficial to create an ethanol reserve. 'Perhaps we should be thinking about having an ethanol reserve,' Energy Secretary Samuel Bodman told reporters Monday during a press briefing to discuss DOE's fiscal year 2008 budget proposal." Bodman "said there are several ideas being discussed as the Bush administration moves to expand the strategic petroleum reserve. The plan is to double the size of the oil stockpile, increasing it from its current capacity of 727 million barrels to 1.5 billion barrels in the next two decades. Administration officials are also considering whether there should be storage sites built in areas outside of the Gulf Coast, Mr. Bodman said." The Journal adds, "Aside from considering new locations for SPR sites, another question on the table is 'should we have an expansion in the type of fuel,' Mr. Bodman said, noting that the idea might have merit given the administration's newly announced goal of reducing gasoline use 20% in the next 10 years."

NYTimes Says US Needs To Reduce Appetite For Corn, Oil. The New York Times (2/6, 1.16M) says in an editorial, "The current price of corn is $3.23 a bushel, more than half again what it was a year ago, and beginning to bring to mind the record $5.545 a bushel set in July 1996. There are many reasons for this price spurt. The ethanol boom has

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created a sharp new demand for corn. The Department of Agriculture revised its estimate of the 2006 corn harvest downward by some 200 million bushels because of weather and other factors. There is also a smaller corn reserve on hand than usual — the smallest in a decade — which parallels shortages around the world." Gratifying our "two major appetites — cheap food and cheap gas — used to seem easy because both corn and oil were abundant. Cheap oil helped keep corn prices low because it cost farmers less to run their tractors and combines." But "no matter how high prices go, what will need to change isn't the amount of corn acreage available or even the size of the enormous harvests we are already getting. What will need to change is the size of our appetites."

Asarco Claims Mexican Owners Illegally Stripped Company's Assets. The Tacoma (WA) News Tribune (2/6, Blumenthal) reports, "One-time mining giant Asarco, charging that its Mexican owner stole its most valuable asset and left it to face $7 billion worth of environmental and asbestos-related claims, is asking a federal bankruptcy judge to void the transfer of two Peruvian copper mines to Grupo Mexico, S.A. de C.V." The Tribune continues, "The stakes are high for U.S. taxpayers, who would be stuck with the tab for cleaning up nearly 100 contaminated sites nationwide where Asarco once operated. If the court agrees that the mines were 'fraudulently transferred,' Asarco could recover several billion dollars, by some estimates." The Tribune adds, "In a 23-page complaint filed late Friday in a Texas bankruptcy court, Asarco alleged that Grupo Mexico plotted to gain control of Asarco's 54.2 percent interest in the Peruvian mines. The complaint, which one lawyer in the case said reads like a 'legal potboiler,' charges that Grupo Mexico took control of the mines with the "actual intent to hinder, delay and or defraud" Asarco's creditors. … Grupo Mexico is owned by one of Mexico's richest families, the Larreas. The complaint alleges that another of Mexico's super rich, Carlos Slim, who owns and controls Inbursa, a Mexican bank, may have benefited from the deal. The complaint describes Slim as a 'close associate' of the Larrea family." The Tribune notes, "Asarco is assembling a reorganization plan and trying to emerge from bankruptcy. It is still wholly owned by a Grupo Mexico subsidiary, but under federal bankruptcy laws it's now responsible to its creditors rather than to its stockholders. … Asarco, a century-old mining, smelting and refining company that once was listed on the Fortune 500, filed for bankruptcy protection in 2005. It faces about $6 billion in environmental claims filed by the federal government and more than a dozen states. It also faces 95,000 asbestos-related claims that could be worth between $500 million and $1 billion. … The federal Environmental Protection Agency filed a $1.3 billion claim for cleanup of Superfund sites across the country. The federal departments of Agriculture and Interior, along with local governments, several Indian tribes and private parties, have also filed environmental claims. … Asarco has talked with state and federal lawyers about the possibility of settling the environmental claims, though there are no offers in the table."

Extremely Cold Weather Makes News. All three network newscasts last night led their broadcasts with stories about the cold winter weather. ABC World News (2/5, lead story, 3:00, Gibson, 8.78M) said, "Yes, it is February. And, yes, it is supposed to be cold. But this is ridiculous." ABC (Reynolds) said in some places "it's the coldest it's been…this decade. And it's likely that future winters will be compared to this one." The CBS Evening News (2/5, lead story, 2:25, Couric, 7.66M) reported, "If you've been wondering what happened to winter, chances are you're getting your answer tonight," and NBC Nightly News (1/5, lead story, 2:45, Williams, 9.87M) said "a kind of cold weather has descended across a large part of this country that is cold enough to now be dangerous."

FBI/DEA/ATF/USMS:

Gonzales Visits El Salvador To Coordinate Anti-Gang Activities. KBNT-TV (Univision), San Diego, CA (2/5, 11:18 p.m.) broadcasted (translated from Spanish), "From the US Justice Department, Alberto Gonzales was in El Salavador to meet with president Antonio Saco, and with officials from El Salvador, Honduras and Guatemala. The meeting was to coordinate actions in the war against gangs. Gonzales' visit forms a union for Latin America, which includes visits to Argentina and Brazil. Felipe Calderon, president of Mexico, lost all political parties that surpass their differences and arrived to productive agreements for the country.

KWEX-TV, San Antonio, TX (2/5, 10:10 p.m.) and KDTV-TV, in San Francisco, Oakland and San Jose, CA also broadcasted this story.

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New Jersey Man Accused Of Leading Multimillion-Dollar Drug Network. The Pittsburgh Tribune-Review (2/6) reports a New Jersey man "was arrested Jan. 25 as the alleged ringleader of a multimillion-dollar narcotics network." Mohamed Hassanain "allegedly ran the drug ring from his home as well as his business, Lyons Avenue Auto Sales in Newark, said state police in New Jersey." The charges against Hassanain "stem from a six-month investigation led by New Jersey State Police and the Attorney General's Division of Criminal Justice, with assistance from the U.S. Drug Enforcement Administration. The investigation, dubbed 'Operation Pandora,' determined the network allegedly sold 20,000 to 30,000 OxyContin and Percocet pills per week, most going to a distribution ring based in Bronx, N.Y., according to state police Col. Rick Fuentes."

Authorities Say California Man Attempted To Smuggle Meth Aboard Hawaiian Airlines Flight. In San Jose, the AP (2/6) reports an East Palo Alto man "allegedly tried to smuggle three pounds of methamphetamine in his cargo pants while trying to board a Hawaiian Airlines flight. Michael James Cade, 26, was charged Friday in U.S. District Court in San Jose with possession with intent to distribute at least 50 grams of methamphetamine. … While patting him down, a Transportation Security Administration agent 'felt a large bulk item in the front right pocket of Cade's cargo pants,' Drug Enforcement Administration Special Agent Anthony Guzman wrote in a charging document." A test "concluded that the crystal-like substance was methamphetamine, Guzman wrote." The San Diego Union-Tribune used the AP story.

The San Francisco Chronicle (2/5, Lee) reported authorities "said they believe Cade was smuggling the drugs and, since he had only $10 with him, had hoped to be paid for the illicit cargo in his pants. Cade has previous convictions for felony theft, grand theft and narcotics possession, the affidavit said."

In New Jersey, Sentencing Of "Drug Kingpin" Expected Tomorrow. The Newark (NJ) Star-Ledger (2/6, Whelan) reports Hakeem Curry, "convicted by a jury last July of conspiracy, money laundering and drug trafficking, could face 30 years to life in prison under federal sentencing guidelines. … Curry's conviction was one of the most significant for federal law enforcement officials since they began investigating and prosecuting drug gang members as part of ongoing conspiracies. During an investigation that spanned more than a year, Drug Enforcement Administration agents built the case by secretly taping tens of thousands of phone calls of Curry and his associates." Prosecutors "said Curry's criminal organization pumped tens of millions of dollars of cocaine and heroin onto the streets in Essex and Union counties for more than a decade and arranged for the murders of a rival and another government witness slated to testify against one of Curry's allies." The Star-Ledger says Curry is set to be sentenced tomorrow.

South Carolina Judge Refuses To Suppress Evidence In Drug Conspiracy Case. The Spartanburg (SC) Herald Journal (2/6) reports a federal drug conspiracy case "involving hundreds of pounds of marijuana and more than 10 pounds of cocaine is headed to court this week for two men who have pleaded not guilty. Two women and 13 men in the Upstate have already pleaded guilty to charges including weapons violations and conspiracy to distribute cocaine, crack cocaine and marijuana, but none have been sentenced." On Monday in Spartanburg, U.S. District Judge Henry Floyd "refused to suppress evidence gathered using a search warrant at the home of one of the men who will stand trial, Alviero Mesa-Lopez of Greer. While executing the search warrant at Mesa-Lopez's residence…authorities found 1,400 pounds of marijuana, several ounces of crystal methamphetamine [and] one kilogram of cocaine."

Attorneys For Accused Mexican Drug Kingpin May Try To Blame Brother. The San Diego Union-Tribune (2/6, Soto) reports, "Defense lawyers for accused Tijuana drug cartel kingpin Francisco Javier Arellano Félix hinted at a defense in court yesterday: His brother Benjamín actually was running the drug organization from a Mexican prison." The Union-Tribune continues, "The lawyers mentioned the theory while asking federal prosecutors to give them any documents that might help prove that in preparation for a trial in less than a year. … Javier Arellano took over as head of the murderous drug-running ring in 2002 after Benjamín was jailed and another brother, Ramón, was killed, prosecutors said in court papers filed last week. … Defense lawyers said they hope to prove that's not the case as they defend Javier from charges that

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could lead to the death penalty." The Union-Tribune adds, "Prosecutors said they would turn over all their evidence as required by law. … U.S. Attorney General Alberto Gonzales is expected to decide whether prosecutors will seek the death penalty. U.S. District Judge Larry Alan Burns set an Oct. 10 deadline for prosecutors to announce how they plan to proceed. … Burns wants jury selection in the case to begin right after Thanksgiving and witnesses to begin testifying in January. Defense lawyers said that is too soon."

Convicted Officer Testifies In Former ATF Agent's Suit Against Chicago. The Chicago Tribune (2/6, Coen) reports, "Drawing chuckles from jurors for his Chicago mannerisms and colorful language, infamous former Police Officer Joseph Miedzianowski was back in federal court Monday, but only in a videotaped deposition in a case involving a one-time federal agent who is suing the city." The Tribune continues, "Tapes of Miedzianowski being questioned about his dealings with former Bureau of Alcohol, Tobacco and Firearms Agent Diane Klipfel were played for the panel. Klipfel and her agent husband are suing Chicago, charging that when they tried to blow the whistle on Miedzianowski in 1992, the city ignored the allegations and Miedzianowski was able to turn the Police Department's internal affairs unit against them." The Tribune adds, "Dressed in prison garb with short hair and a hint of a goatee, Miedzianowski admitted in the video that he doesn't like Klipfel. He called her out of control, a liar and a lunatic. He eventually was arrested in 1998 and later convicted of masterminding a massive Chicago-to-Miami drug ring and was dubbed the most corrupt police officer in Chicago history by federal prosecutors. … 'Lunatic would've been one of the nicer words I would've used on her,' Miedzianowski said." The Tribune notes, "Miedzianowski said Klipfel sowed dissent among agents and officers while she supervised a gang detail of which he was a member, and she made false allegations against him to cover her own questionable conduct. … In her testimony, Klipfel had described an enraged Miedzianowski who kicked her car and threatened her when she confronted him about taking money from the dealer and others. Miedzianowski described calmer meetings called by Klipfel, and he said the matter in dispute was that she wanted to give inventoried cash back to the dealer."

ATF Agent Tells Of Life Undercover Infiltrating Motorcycle Gang. CNN (2/6, Arena, Bronstein, Spellman) reports from Mesa, AZ, "In a parched, secluded desert, a brutal killing is caught on videotape. A member of the feared and violent Mongol motorcycle gang is shot in the head at close range. His body is dumped in a shallow grave. … That murder was Jay Dobyns' ticket for membership into the Hells Angels motorcycle gang, Dobyns said. … 'I had committed, like the ultimate deed, the ultimate act of loyalty to these guys,' Dobyns said in an exclusive CNN interview." CNN continues, "But that murder was a fake, complete with special effects, cow guts for brains and artificial blood. What's more, Dobyns had a dark secret he was keeping from his fellow Hells Angels gang members: He was actually an agent for the Bureau of Alcohol, Tobacco and Firearms and was infiltrating the gang to help bring them down. (Read about Dobyns' complaints against the ATF) … For nearly two years, from 2001-2003, Dobyns abandoned his old life, his family and his friends to wear the Hells Angels trademark vest and to simultaneously build a case against the most feared motorcycle gang in the world. If he'd been caught, he figured he would be dead. … The undercover plot was elaborate: Dobyns even had to fake a romantic relationship with a fellow biker played by a female agent, so he had an excuse not to sleep with other women. … Dobyns saw what few outsiders have ever seen -- the inner workings of the Hells Angels. He says that included gun and drug trafficking, extortion, rape and even murder. And Dobyns testified about it all in court."

California Officials Offer Reward For Illegal Guns. The Sacramento Bee (2/6, Jewett) reports, "Sacramento law enforcement leaders have announced a new program offering $1,000 rewards to get illegal guns off the street." The Bee continues, "Authorities are turning to YouTube, MySpace.com and text messaging - communication highways for teens - to promote a new program offering $1,000 rewards for information about illegal guns." The Bee adds, "The rewards will go to anonymous callers who provide police with information about an illegal gun or unlawful gun owner - if the information leads to an arrest. In California, felons are not allowed to own guns, and only people with permits can carry loaded firearms. … 'This is one of the things we're doing to try to reduce the level of violence we see on the streets,' Sacramento Police Chief Albert Najera said at a press conference with Sacramento

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County Sheriff John McGinness and agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives."

US Will Not Charge ATF Agents In Arlington Shooting. The Washington Post (2/6, B02, Stockwell) reports, "Arlington County's chief prosecutor has ruled that there will be no charges against the federal agents who exchanged gunfire with a man who then broke into an Arlington home, shot another man and kept police at bay for 10 hours last summer." The Post continues, "Commonwealth's Attorney Richard E. Trodden said an investigation into the July 5 incident found that the three agents acted in self-defense when they fired at Travis Hampton, 24. Hampton had fired several shots at the agents before leading them on a chase that zigzagged through the county's narrow streets, Trodden said. Hampton, of Southeast Washington, later fatally shot himself inside the home he had broken into. … 'We found no grounds for any kind of criminal case,' Trodden said. 'The only real issue here was whether the agents acted properly, and we found they certainly had a right to defend themselves.'" The Post adds, "The incident began as a minor collision at the height of rush hour on Interstate 395 south and evolved into a tense standoff that lasted into the next morning and involved out-of-town agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives. Moments before the crash, Trodden said, Hampton had robbed a drug dealer of marijuana at gunpoint from inside the car, which belonged to his girlfriend. … ATF spokeswoman Sheree Mixell would not comment on the case and declined to say whether the agents faced any internal action. She referred calls to the civil rights division of the Justice Department, which also reviewed the case. A spokesman there did not a return a message left yesterday."

IMMIGRATION:

Report Highlights Role Of Immigrant Entrepreneurs. The New York Times (2/6, Bernstein, 1.16M) reports as "the flow of immigrants to suburban and small-town America outpaces the growth of bustling ethnic centers in New York, many foreign-born entrepreneurs" are "facing an unfamiliar crossroads. In the city, rising rents and density hamper growth, while swelling ethnic enclaves in the suburbs generate competitors. Yet in other places, opportunity beckons as never before, as immigrants expand the tastes of mainstream America." Whether these businesses "exploit the new chances to break out or succumb to the new perils, the city's economy will feel the effects." Jonathan Bowles, director of the Center for an Urban Future, says, "These are precious and important economic generators for New York City, and there's a risk that we might lose them over the next decade." The Times adds a report published by the center says even in cities like New York, "where immigrant-friendly mayors have promoted programs to help small business…immigrant entrepreneurs have been overlooked in long-term strategies for economic development."

LATimes Urges Deportation For Convicted Illegal Immigrants. The Los Angeles Times (2/6) editorializes, "Police should not act like immigration agents, nor should landlords. But if there's one place it's wholly appropriate for local officials to crack down on illegal immigrants, it's in county jail." The Times continues, "Two years ago, Los Angeles County kicked off a controversial program to screen the immigration status of jail inmates more carefully. Eight custody assistants with the Sheriff's Department were trained to investigate inmates' backgrounds, and in October, U.S. Immigration and Customs Enforcement doubled the number of agents assigned to local jails. The result, as Times staff writers Patrick McGreevy and Stuart Pfeifer reported Monday, is that the number of inmates flagged for deportation nearly doubled last year, to 5,829." The Times adds, "L.A. jails are facing an overcrowding crisis, and illegal immigrants are part of the problem. Federal officials estimate that as many as 40,000 of the 170,000 inmates who pass through local jails each year are in this country illegally. Deporting them won't solve overcrowding in the short term because they have to serve their sentences before being turned over to the feds, but it will probably reduce crime and the jail population over the long term. Meanwhile, illegal residents will have more incentive to obey the law, without being unduly discouraged from cooperating with police. … The only legitimate fear about the jail program is that cops may bust street thugs they suspect to be illegal immigrants for the tiniest of infractions, knowing that a deportation hearing will follow the punishment. But this is a narrow concern that requires monitoring; it's not a deal-breaker. … There should be a path to citizenship for illegal immigrants, but convicts have forfeited the right to be on it. Send them home."

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CONGRESS-ADMINISTRATION:

Bush Presents Budget Plan As Blueprint To Balance Budget Without Raising Taxes. President Bush yesterday unveiled his budget proposal to largely negative media reviews. Reports tend to focus on proposed spending reductions on domestic programs, including Medicare, while casting a skeptical eye on the Administration's claims that its spending blueprint would balance the budget in five years. For example, the Wall Street Journal (2/6, A12, McKinnon, 2.04M), in a story titled "On Deficit Cutting, Skeptics Abound," says Bush "often describes himself as optimistic about the nation's future, and he demonstrated that again with his 2008 budget request to Congress. … Even if the White House is able to persuade Democrats to cut 141 federal programs, squeeze nonsecurity programs to a 1% annual growth rate and make sharp cuts in Medicare, Mr. Bush's projections still don't account for several big potential budget-busters, as budget analysts and Democratic critics were quick to note yesterday."

The Financial Times (2/6, Guha) says the "deficit dynamic" in Bush's plan "is substantially driven by the way the budget accounts for the cost of the wars in Iraq and Afghanistan." The White House "set out to show that it is possible to balance the budget by 2012 while making the Bush tax cuts permanent. The budget indeed does this, though the fiscal maths rests on certain assumptions, some of which – like the rapid decline in war costs – look optimistic. The biggest assumption is that it is possible to hold non-security discretionary spending growth to 1 per cent in nominal cash terms."

Likewise, ABC World News (2/5, story 2, 2:25, Gibson, 8.78M) said Bush's plan shows a balanced budget in 2012 "in part by projecting no war costs at all after 2009, increasing Medicare premiums for seniors with incomes over $80,000" and "reducing Medicaid costs by $12 billion and farm subsidies by $18 billion over five years." The budget also "wants to deeply cut 141 unnamed Federal programs." NBC Nightly News (1/5, story 4, 2:25, Gregory, 9.87M) noted "such proposals have been rejected in the past."

Bush's budget is being described as a reiteration of principles put forth throughout his presidency. The New York Times (2/6, Stolberg, 1.16M) says the budget "made few concessions to the political realities facing Mr. Bush. For a president less than two years from the end of his second term, and with his poll numbers low, it was a defiant statement of the principles he has championed for years." Likewise, the Chicago Tribune (2/6, Silva, 617K) reports Bush's plan "is much like the budgets he has presented for the past six years, averting new taxes and limiting spending in many 'discretionary' areas while boosting defense spending. … What is different is the political environment in which the president is delivering his newest spending plan." In fact, says the AP (2/6, Davis), Bush "asked Congress on Monday to slash taxes by $1.9 trillion over the next decade, cementing his first-term tax cuts while changing the way health insurance is taxed. The lion's share of the president's proposed tax reductions would come from making permanent his signature cuts enacted in 2001 and 2003, at a cost of $1.6 trillion over the next 10 years."

USA Today (2/6, Jackson, Wolf, 2.27M) says Bush's plan "sets the stage for a series of politically difficult debates over war, taxes and the safety net for poor, elderly and disabled Americans. By laying down his priorities, Bush wooed Democrats with spending proposals they favor and made clear that if they want to raise taxes to pay for more, they will have to propose it themselves." If Democrats "reject those proposals," they "may need to boost taxes in their own budget plan, to be written this spring." The Los Angeles Times (2/6, Simon, 850K) reports "promises of more federal dollars clashed with fiscal reality as a deficit-minded Bush sent his first budget to a Democratic-controlled Congress." The Washington Times (2/6, Dinan, 88K) says Bush is "butting heads with Democrats by calling for Mr. Bush's tax cuts to be made permanent -- at a value of $1.2 trillion over 10 years."

Fox News' Special Report (2/5, Baier) reported, "Senior administration officials call it a budget designed around pro-growth policies that have already proven they can keep the economy moving forward." Rob Portman, head of the Office of Management and Budget, was shown saying, "To increase taxes would to put at risk the economy that has generated the revenues that are largely responsible for putting us in a better fiscal condition."

Roll Call (2/6, Pierce) reports, "As Republicans go, Democrats really like…Portman. It's just too bad for the Office of Management and Budget director that he works for the Bush administration." Senate Budget Chairman Kent Conrad "praised Portman as 'a thoughtful, bright person who is concerned about the long-term unsustainability of our fiscal situation.' So does that mean that Conrad is approaching with an open mind the $2.9 trillion fiscal 2008 budget the

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White House delivered on Monday? 'The problem is not with the staff. The problem is at the top,' Conrad said." Roll Call adds, "That's the overwhelming sentiment Portman, a former Ohio Congressman, faces over the next few weeks as he teams up with Treasury Secretary Henry Paulson to sell…Bush's budget blueprint to a skeptical Democratic majority on Capitol Hill."

The expected partisan clash is another major focus of media reports this morning. The Wall Street Journal (2/6, A1, Rogers, 2.04M) reports Bush "put a little of everything in his 2008 budget: high spending, assumptions that the government will collect still-higher revenues, and the promise of a modest surplus in five years, even if his tax cuts remain intact." But "no amount of optimism is expected to head off what is likely to be a continuing series of conflicts in coming months between the White House and lawmakers on priorities ranging from urban housing to farm subsidies and defense spending to investments in child health care and education." Democrats "share the president's goal of erasing the federal budget deficit by 2012, but would take a very different path. The two biggest flash points between the White House and Congress are taxes and the war in Iraq. Conflict over these two issues alone could derail Mr. Bush's promise of a modest surplus in five years -- the first since 2001."

The Los Angeles Times (2/6, Havemann, Reynolds, 850K) says "the heat flared up immediately Monday as Republicans lined up squarely behind Bush's budget for fiscal 2008, while Democrats castigated it as both heartless and fiscally irresponsible." The "sharp divide seemed to shatter the spirit of bipartisanship that both parties had cultivated since the Democrats captured control of Congress in November's elections."

On NBC Nightly News (1/5, story 4, 2:25, Gregory, 9.87M), Democratic Sen. Kent Conrad was shown saying, "I would characterize this proposal as filled with debt and deception. It is disconnected from reality and it continues to move America in the wrong direction." McClatchy (2/6, Rosen) reports, "The new Democratic chairmen of the congressional budget committees assailed President Bush's spending plan Monday as a fiscal ruse that's based on inflated government revenue projections and understated future war costs." Conrad and Rep. John Spratt "gave caustic reviews to Bush's 2008 fiscal year budget, the first of the annual fiscal proposals he has submitted to a Democratic-controlled Congress. … Spratt accused Bush of using budgetary sleight of hand to buttress his claim that the federal deficit -- projected at $172 billion this year by the Congressional Budget Office (CBO) -- would disappear by 2012 under his plan."

The Wall Street Journal (2/6, A12, Solomon, 2.04M) reports, "In his new budget yesterday, Mr. Bush proposed some modest ways to restrain the wealth gap, particularly by offering new tax breaks to help the uninsured buy health insurance, but did little to fundamentally strengthen existing government efforts to alter the distribution of income. Included in his budget also was a proposal to extend his 2001 and 2003 tax cuts, which Democrats say benefit the rich over everyone else. … Rather than using the tax code to redistribute income more than it does already, Mr. Bush's budget looks to address inequality largely by helping people afford health insurance and providing more money for education, including increased Pell grants for college."

Skelton Says Congress May Pare Down Defense Spending. USA Today (2/6, 5A, Brook, 2.27M) reports, "Bush's budget brings Pentagon spending to $623 billion for 2008. It also includes a supplemental request for $99 billion to pay for fighting in Iraq and Afghanistan and other costs of the war on terror for the rest of this year." The Wall Street Journal (2/6, A13, Jaffe, Karp, 2.04M) notes Rep. Ike Skelton, "the Missouri Democrat who chairs the House Armed Services Committee, suggested the Democratic-led Congress may move to pare back the defense budget. 'We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request without performing the due diligence and oversight our Constitution requires,' Rep. Skelton said."

The Washington Post (2/6, A6, Tyson, 690K) says Bush's defense budget request "pushes US defense spending to levels not seen since the Reagan-era buildup of the 1980s." The Washington Times (2/6, Kralev, 88K) runs a similar report. The New York Times (2/6, Cloud, 1.16M) notes "more than a quarter of the money the Bush administration is requesting in the 2008 fiscal year for military operations in Iraq, Afghanistan and elsewhere would go toward repairing and replacing military equipment, according to budget figures released Monday by the Pentagon. The scale of the request illustrates the toll that years of combat in Iraq and Afghanistan are taking on the military's vehicles, aircraft, weapons and other equipment." But "some budget experts say its size also raises questions about whether the military is using the argument that troops fighting in the field

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need equipment in top condition to increase purchases of equipment generally."

Rumsfeld Shown In Old Footage Underestimating Cost Of Iraq War. ABC World News (2/5, story 2, 2:25, Karl, 8.78M) reported, "The staggering costs of the wars in Iraq and Afghanistan come through loud and clear in the President's budget: $163 billion this year, and at least $142 billion more estimated for next year. One Democratic Senator pointed out the Administration had at one point claimed the war would cost a fraction of that." Donald Rumsfeld, former Secretary of Defense (from January 19, 2003, appearance on ABC's "This Week"): "Office of Management and Budget estimated that it would be something under $50 billion." George Stephanopoulos: "Our estimates say under $300 billion." Rumsfeld: "Baloney."

Democrats Said To Face Limited Options. The New York Times (2/6, Weisman, 1.16M) reports, "In theory, the budget presents the Democrats their first real opportunity to rewrite the administration's policies, especially on tax cuts, that they have been attacking for six years. But in practice, Democrats know that the only way they can find the revenue to restore the administration's proposed spending cuts would be to cut back on military spending, delay their stated intentions to balance the budget or rescind the Bush tax cuts in future years. They are not especially eager to do any of these." The Times adds, "The most likely result, even some Democrats acknowledge, will be a limited reshaping of the budget by restoring some proposed cuts in a variety of domestic programs, including children's health care, Head Start and home heating assistance for the poor and the elderly."

The Christian Science Monitor (2/6, Grier, Chaddock, 59K) reports, "A president's opponents routinely deride his budget as dead on arrival. Despite this, months of congressional hearings on its details follow. In the end, much of the plan will provide a blueprint for the day-to-day operations of many federal departments and agencies."

Bush Calling For Means Testing, "Deepest Medicare Cuts" Of His Presidency. Much of the coverage emphasizes the budget's spending reductions on healthcare and other social programs. The Financial Times (2/6, Daniel, Guha) reports Bush's budget sets "the stage for a confrontation with Democrats by making greater means-testing for middle-class benefits a central part of his proposals to address entitlement reform. The budget represents a challenge to parts of the system of entitlements enacted as part of the Great Society agenda of the 1960s, with plans to cut Medicare spending, the main publicly funded health insurance programme for those over 65, by raising premiums for wealthier recipients." And in addition, says USA Today (2/6, Appleby, 2.27M), "Higher-income Medicare beneficiaries -- those earning more than $80,000 individually or $160,000 as a couple -- would pay more for the new drug benefit under the president's budget released Monday."

The AP (2/6, Taylor) reports that the proposal "pinches programs cherished by Democrats," while the Washington Post (2/6, A1, Abramowitz, Montgomery, 690K) says "Bush signaled he would attempt to squeeze spending on health care, education, housing and other domestic programs important to the Democratic majority for the duration of his term. Overall domestic spending would be held below the rate of inflation in the fiscal year that begins Oct. 1 and frozen thereafter."

The Los Angeles Times (2/6, Alonso-Zaldivar, 850K) reports, "The budget…calls for the deepest Medicare cuts of his six years in office and falls short in expanding health coverage to uninsured children -- a top priority for congressional Democrats this year. … Consumer and industry groups -- including AARP, the American Medical Association, the American Cancer Society, the Alzheimer's Association and the California Hospital Association -- roundly criticized Bush's plan, and their opposition signaled that it is unlikely to gain traction." The Wall Street Journal (2/6, A13, Zhang, 2.04M), in a story titled "Medicare Cuts To Be Painful," says "hospitals would bear the brunt of…Bush's proposal to cut Medicare spending by $65.6 billion over five years. … In total, hospitals would see about $30 billion in Medicare payment cuts over the next five years, industry analysts said. Industry lobbyists vowed a fierce fight to block the proposed cuts." The Washington Post (2/6, A7, Lee, 690K) also notes Bush's call for "across-the-board cuts in provider payments if Medicare spending reaches certain levels."

The AP (1/6, Freking) reports "hospitals, nursing homes and other providers say that they can't afford lower payments from the government. They said that the payments won't keep up with the cost of providing health care." The New York Times (2/6, Pérez-Peña, 1.16M) also runs a story on how the Bush budget would affect New York Hospitals. The Times says the Bush budget "includes deep cuts in spending to train young doctors, cuts that would hit New York especially hard,

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eliminating several hundred million dollars a year in payments to teaching hospitals around the state."

Budget's "Winners" And "Losers" Noted. In an analysis of the budget, McClatchy (2/6) lists the Defense Department, Veteran Affairs, and the State, Interior and Labor Departments the "winners," while it estimates the biggest "losers" are Amtrak, the Environmental Protection Agency, Low Income Home Energy Assistance, the Corporation for Public Broadcasting, the Education Department, the Labor Department's Bureau of International Labor Affairs, the Office of Disability Employment Policy and the Centers for Disease Control and Prevention. The Washington Post (2/6, A7, Hsu, 690K) offers a similar overview of the budget.

In its "Federal Diary," the Washington Post (2/6, D1, Barr, 690K) reports the budget "contains nuggets of good news for federal employees: Their numbers would grow, as would their salaries." But "those retiring after relatively short careers would lose part of the standard health insurance subsidy. And many employees not involved in national and homeland security would see their programs operate with flat or reduced funding in fiscal 2008."

The Washington Post (2/6, B1, Sheridan, MacGillis, 690K) reports the plan "would provide hundreds of millions of dollars for projects in the Washington area, including a new Homeland Security complex in Southeast and improvements to roads and Metro." But "Democratic lawmakers said it does not include enough for homeland security, health care and cleanup of the Chesapeake Bay."

The Washington Post (2/6, C3, Trescott, 690K) also reports, "The federal cultural agencies and museums received solid support yesterday from the White House in the proposed budget for fiscal 2008." The Administration proposed "$678.4 million for the Smithsonian complex, the largest of the cultural accounts. If passed by Congress at that level, the budget would include an increase of more than $20 million for utilities, rents and salaries; $10 million for improvements to a storage facility for anthropological and art collections in Suitland; $9.9 million for planning for the National Museum of African American History and Culture; and $18 million for improvements at the National Zoo, including $9 million for the new elephant habitat."

Budget Shifts $1 Billion To NCLB. The Washington Post (2/6, A7, Paley, 690K) reports, "Bush proposed $56 billion in Education Department funding, level with his proposal for the current fiscal year" and included "$1 billion in new spending related to the landmark No Child Left Behind law. Democrats and education groups attacked Bush's proposal" saying that it would "slash key education programs and fall short of full funding" for NCLB."

The Washington Times (2/6, 88K) reports, "The $2.9 trillion spending blueprint calls for establishing a national expectation that all high school students will graduate on time and be prepared for college or the workplace. Bush is seeking more than a $1 billion increase in Title I grants for students attending high schools in low-income areas and $100 million for reading programs. Some $412 million is being sought to help pay for achievement testing."

National Education Association President Reg Weaver writes in a letter to the editor of the Wall Street Journal (2/6, 2.04M) that school vouchers "would actually reduce attractive choices for most parents" because "most elite private schools charge higher fees than vouchers would provide, they would only serve as a subsidy for students already attending private schools" and "everyone else would be left in public schools with dwindling resources." Instead, "the way to give parents more positive choices is to improve our public schools. The NEA agrees with President Bush that the No Child Left Behind Act should be reauthorized; meantime, we have a positive agenda to improve the law."

Budget Includes Boost In Pell Grant, Cut In Student Loan Subsidy To Banks. USA Today (2/6, 3B, Block, 2.27M) reports, "The budget President Bush proposed Monday would increase federal grants to low-income college students by 33% over five years and pay for it by reducing subsidies to private lenders." The maximum Pell grant "which hasn't been increased since 2003," would be raised "to $5,400 from $4,050 over five years. To offset the cost, the administration proposes reducing interest-rate subsidies to private lenders by half a percentage point." And "news of the plan sparked a sell-off in shares of publicly traded lenders."

The Wall Street Journal (2/6, Godfrey, 2.04M) reports the plan "is substantially more ambitious than one being pursued in Congress, in which lawmakers also reduced lender guarantees, but cut the lender rate subsidy by just 10 basis points."

No Provisions To Build Entire Border Fence Or Reform Social Security, AMT. The Washington Times (2/6, Dinan, Seper, 88K) reports "Bush's new budget would pay for only about half of the 700 miles of US-Mexico border fence he and Congress four months ago promised to build." The plan "makes good on his promise to fund 3,000 new U.S. Border Patrol agents, putting him near his goal of doubling

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the agency's size" and "asks for $1 billion in new money to build the fence. Even coupled with $1.5 billion appropriated in the past two years, this would not pay for the entire fence called for in a bill Congress passed and the president signed into law in October."

Meanwhile, McClatchy (2/6, Hall) reports, "Bush's budget ducks tough issues such as shoring up Social Security and overhauling the alternative minimum tax, which threatens to punish millions of middle-class taxpayers in coming years. … For several years, Congress has avoided the AMT's impact on middle-class families by passing one-year patches. Bush's budget assumes no more patches after the 2008 tax year. He also assumes that new revenues from the AMT will help him balance the budget by 2012. Congress is unlikely to go along, however." However, says the Wall Street Journal (2/6, D1, Herman, Chaker, 2.04M), "some kind of AMT fix is likely to win congressional approval. Among those already feeling the pinch of the AMT are many people who live in high-tax areas, such as New York City, New Jersey, and California and those with large families."

Bush Budgets $71.7 Million For Mexico Border Water Treatment. The Wall Street Journal (2/6, A12, Paltrow, 2.04M) reports the White House, "stepping into a controversy over cross-border pollution from Mexico, asked Congress for $71.7 million to enhance treatment of sewage drifting from Tijuana to communities in Southern California if a plan to use a private contractor falls through." Until 2000, "the U.S. had planned to expand treatment of sewage from Tijuana at an existing government-owned treatment plant on the border in San Ysidro, Calif. The intent was to help stem pollution from raw sewage causing beach closings and damaging a wildlife estuary on the U.S. side." But "a group of Southern California lawmakers was able to cut off funding for that plan and instead helped a start-up company, Bajagua LLC, a generous contributor to their campaigns, get a no-bid contract to build an entirely new plant on the Mexican side of the border."

Bush Budget Would Close All Public Libraries In Oregon County. The Christian Science Monitor (2/6, Knickerbocker, 59K) reports, "In a corner of southwestern Oregon, a century's worth of American history is bumping up against the politics of federal spending. As a result, all 15 public libraries in Jackson County could be shuttered in a few weeks for loss of federal payments. Washington, Alaska, Montana, and other states would be affected as well. In California, more than 4,500 schools face imminent teacher and administrator layoffs." As "a portion of President Bush's $2.9 trillion budget sent to Congress Monday, not much money is involved: about $800 million or so." But "the cutoff in funding has united lawmakers across the political spectrum – from Sen. Ted Stevens (R) of Alaska on the right to Sen. Barbara Boxer (D) of California on the left. Normally mild-mannered Sen. Gordon Smith (R) of Oregon is threatening to filibuster a $464 billion continuing resolution meant to fund the federal government for the rest of the fiscal year because of what is, in essence, a quirk of history." The county, along with others, have been receiving federal funds to make up for the loss of revenue from the timber harvest, which declined sharply in the late 1990s.

More Commentary. The Wall Street Journal (2/6, 2.04M) editorializes, "Politicians are typically late in picking up trends, so it will be interesting to see how long it takes Washington to acknowledge the big story in the Fiscal 2008 budget that…Bush unveiled yesterday: To wit, with a little spending restraint, Congress could balance the budget in no time. You wouldn't know this from all the garment-rending yesterday in response to Mr. Bush's proposal to spend the not-so-meager sum of $2.9 trillion. Our favorite agonist is Kent Conrad, the Senate Budget Committee Chairman, and he didn't disappoint. 'The President's budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction,' said the Senator who was himself blocked from sneaking nearly $5 billion in 'emergency' farm spending into a military construction bill in the final days of the last Congress. … The news Mr. Conrad won't broadcast is that over the past three years the federal deficit has shrunk by 58%."

The Washington Post (2/6, A16, 690K) says in an editorial that "Bush's balance is more illusory than real. It ignores known costs such as ameliorating the impact of the alternative minimum tax, which would top $90 billion in 2012 alone; the administration, once again, would simply affix a one-year patch for 2008. It assumes the government will collect far more revenue than the Congressional Budget Office projects, amounting to a $150 billion difference in 2012. No one should start spending Mr. Bush's projected surplus." The Post adds, "The more fundamental problem with Mr. Bush's supposedly balanced budget is its fundamentally unbalanced approach. He squeezes social programs while his tax cuts remain untouchable."

The New York Times (2/6, 1.16M) editorializes, "Apart from war costs and personnel increases, this budget slips in

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more than $40 billion in other spending increases, compared with last year. Since Mr. Bush took office, the Pentagon budget has more than doubled. It is now higher, in real terms, than it has been in the past half-century." Congress "should direct particular attention to the roughly $140 billion in weapons procurement, research and development costs that are not part of the Iraq and Afghanistan section of the budget. Far too many of these programs are products of cold war strategic thinking and have outlived their rationale in a world with no superpower arms race. … This nation can afford to pay for all of its legitimate military needs. What it cannot afford are costly jobs programs disguised as defense and the wasteful weapons projects promoted by an army of well-connected Washington lobbyists."

Steven Rattner, managing principal at the Quadrangle Group, a private investment firm, writes in the New York Times (2/6, 1.16M) that when Bush "sent his new budget to Congress yesterday, he trumpeted a continuing decline in the deficit and projected a swing back into the black by 2012." But "the accounting in the thick volumes issued by his Office of Management and Budget bears about as much similarity to the practices of private sector companies as Sanskrit does to Chinese. For sometimes obscure and sometimes political reasons, the federal government reports its finances in a way that portrays them far more favorably than they deserve. … The Sarbanes-Oxley Act tried to reform misleading private sector practices. The federal government needs a similar effort."

Administration Plans To Cut "Tax Gap" By $29.5 Billion. The Wall Street Journal (2/6, Wells, 2.04M) reports the Bush Administration is "launching an effort to collect an estimated $29.5 billion in uncollected taxes, partly through new reporting requirements on securities sales." The proposals "to close part of the estimated $290 billion tax gap are included in the White House's proposed $2.9 trillion budget plan for the 2008 fiscal year, released Monday." The Bush budget "would require corporations, investors and merchants to report more details of their business dealings to the Internal Revenue Service. This is part of a move to boost the overall compliance rate with the tax code, which was 86% in 2001." A key proposal "in this expanded 'information reporting' includes new reporting requirements for the basis of publicly traded securities, which involves a measure of stock purchase price plus any necessary adjustments."

Bush Proposal Would Revamp FAA Funding. The Wall Street Journal (2/6, A12, Matthews, 2.04M) reports President Bush "told Congress he wants to scrap the passenger-ticket taxes used to help fund the air-traffic control system and replace them with user fees for commercial airlines." However, the result "will be some air travelers, commercial airlines and corporate jet owners are likely to end up paying more to fly to pay for a new generation of traffic control technology." The proposed changes "would take effect in 2009 and mark a major shift in how the Federal Aviation Administration is funded."

McConnell To Pressure Democrats On Judicial Nominations. The Hill (2/6, Bolton) reports Senate Minority Leader Mitch McConnell (R-Ky.) is "signaling to colleagues that he will take a personal and leading role in pressuring Democrats to confirm President Bush's judicial nominees, an issue that has received little attention since the election." Republican senators "agreed to make judicial nominees one of their top priorities at a one-day retreat held Friday at the Library of Congress before a meeting with Bush at the White House. Other key concerns, which senators designated in questionnaires they submitted to the Republican leadership, are fiscal policy, taxes, budget, healthcare, energy security, immigration reform and national security." While Bush "has said he still wants to push Social Security reform, the senators did not include it in their broad agenda for the next two years, indicating a lack of support for the measure." At the retreat, McConnell "kicked off the private talk on judges and reiterated his expectations of Democrats on judges during a press conference Monday." McConnell said, "Senate Republicans expect that Bush be treated the same way during the last two years of his presidency as each of the last three presidents were treated in the last two years of theirs when the Senate was controlled by the opposition party." McConnell said "that during the last two years of the Reagan, the first Bush, and the Clinton administrations, the Senate confirmed an average of 17 circuit court nominees, adding that conversations with Senate Majority Leader Reid (D-Nev.) have left him optimistic 'that standard will be met.'"

9th Circuit Increases En Banc Reviews. The National Law Journal (2/6, Maclean) reports, "The 9th U.S. Circuit Court of Appeals appears bent on reining in potential conflicts between its precedents and those in other circuits before they catch the eye of the U.S. Supreme Court." The

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Journal continues, "The nation's largest federal appellate court issued 25 orders to rehear appeals by 15-judge en banc panels in 2006, the highest number in decades, with a whopping nine orders in one five-week period between Dec. 21, 2006, and Jan. 23, 2007, according to court records. … The latest spate of nine orders all came in criminal or habeas petitions. … 'This is a noteworthy flurry of activity,' said Arthur Hellman, a professor at the University of Pittsburgh School of Law who has written a book about the circuit and follows it closely. 'One thing it says is the court is being proactive in clarifying its law.'" The Journal adds, "Judge Alex Kozinski, a 9th Circuit judge since 1985 and slated to be chief judge at the end of the year, agreed. 'There seems to be a greater willingness on the part of judges to view the en banc process as a continuing part of our responsibility in shaping circuit law,' he said." The Journal notes, "Circuit rules provide that a majority of the court's 26 active judges may order a full court reconsideration of three-judge panel decisions in a process known as en banc review. Because of the impracticality of all 26 judges sitting for rehearing, the circuit adopted a system of limited en bancs with random selections of 15 judges to rehear cases. … The en banc process is intended to eliminate conflicting panel decisions within the circuit and conflicts with precedents in other circuits. … In three of the nine cases that the court most recently voted to review en banc, the lower court panel had yet to issue a ruling. That generally happens when the three judges find a conflict within the circuit and refer the case to the entire court, according to Kozinski. Under circuit rules, three judges can't resolve the internal split; it must be done by en banc review."

Former Treasury Chief Criticitzes Bush's Insistence On Private Social Security Accounts. The Wall Street Journal (2/6, 2.04M) reports former Treasury Secretary John Snow "said the Bush Administration's first effort to overhaul Social Security failed because the administration was 'intransigent' on private accounts." Snow said the "Administration's insistence that a Social Security fix include private accounts carved out of the program shifted the focus from making the retirement program solvent. It would have been better, he said, to propose private accounts on top of the existing program, as some Democrats suggested."

"Winners Could Turn Into Losers" Under Bush Healthcare Plan. The Wall Street Journal (2/6, D1, Meckler, 2.04M) reports, "New prescriptions to help the uninsured are proliferating by the day, but some of the proposals would have a big impact on another group -- people who already have health insurance." The Journal assesses several proposals for their effect on consumers, including President Bush's proposal, one by Oregon Sen. John Wyden (D), another by the Health Coverage Coalition for the Uninsured, state proposals, and the Edwards proposal. The Journal reports that under the Bush plan, "[a]mong the winners would be those whose coverage costs less than $15,000 a year -- or about 80% of workers who have job-based insurance, the White House says." However, "winners could turn into losers with time. Even people with policies under the cap could eventually hit the ceiling as health costs rise." The Journal calls the Wyden proposal "the most radical one on the table." The Journal writes, "He would sever the link between employment and insurance altogether and require everyone to buy coverage directly from insurance companies, much like people now buy auto insurance. … Under this plan, people with insurance will have a greater choice of health plans than most get from work today, given that the market is likely to produce more options. But as health costs and insurance premiums rise, families would have to absorb the increase."

Senate Proposal Authorizes Space Intelligence Office. The Washington Times (2/6, Gertz, 88K) reports Congress is "calling for the creation of a new National Space Intelligence Center to better spy on space-based and other threats to U.S. military, intelligence and commercial satellites." A provision "of the Senate intelligence authorization bill for fiscal 2007 would require the Bush administration to set up the new center within the Office of the Director of National Intelligence (ODNI). The plan was disclosed in a little-noticed section of committee's report on the bill made public Jan. 24." The report "stated that threats to U.S. satellites are increasing, a fact highlighted by China's recent test of an anti-satellite (ASAT) missile interceptor that destroyed a Chinese weather satellite."

Pelosi Gets Use Of Larger Plane Than Hastert. The Washington Post (2/6, A15, Romano) reports amid "rumblings from conservatives that she is seeking special treatment, House Speaker Nancy Pelosi (D) will receive use of an Air Force jet larger than the one used by her predecessor, Rep. J. Dennis Hastert, so she can fly nonstop

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to her home in San Francisco." Since the "Sept. 11, 2001, attacks, the speaker, who is next in line for the presidency after the vice president, has been given use of a government plane for security reasons." Yesterday, the House sergeant-at-arms "issued a statement saying that the leadership is awaiting word from the Air Force on the rules for using the plane. It is unclear, for example, who can travel with Pelosi and whether she can return home from a political event on the taxpayer-funded plane."

Evan Thomas Says Reporters' Job Is To "Bash" Bush. The Washington Times (2/6, Harper, 88K) reports in its "Inside Politics" column, "Evan Thomas of Newsweek says it is the job of reporters to 'bash' President Bush. Friday on WETA-TV's 'Inside Washington' program, the topic was 'whether the media's been unfair to President Bush, given his abysmal approval ratings,' Tim Graham reports at www.NewsBusters.org. NPR reporter Nina Totenberg said Bush received a 'free ride' for years, so now the worm has turned and the coverage is fierce." Host Gordon Peterson then "asked for Mr. Thomas' opinion: 'What do you think, Evan? Are the mainstream media bashing the president unfairly?' Mr. Thomas: 'Well, our job is to bash the president; that's what we do almost.' Mr. Peterson: 'But unfairly?' Mr. Thomas: 'Mmmm -- I think when he rebuffed, I think when he just kissed off the Iraq Study Group, the Baker-Hamilton commission, there was a sense then that he was decoupling himself from public opinion and Congress and the mainstream media, going his own way. At that moment, he lost whatever support he had.'"

Parties Seen As Reversing Roles In Senate. Roll Call (2/6, Pierce) reports it "seems that no matter who is in the majority in the Senate, the ruling party bemoans the 'obstructionism' of the minority, while the minority bristles at the majority's efforts to limit the number of amendments and debate time." The "irony of this sudden and wholesale shift in rhetoric" since the 2006 elections "hasn't been completely lost on Senators of both parties, even as they swear they are doing things slightly differently than their predecessors." Senate Majority Whip Dick Durbin "defended the new majority, saying, 'I like to think we are taking a more reasonable approach. We want to give them time to amend without allowing them to obstruct.'" Roll Call adds, "Noting that Senate Democrats pulled the same stunt last year on the lobbying and ethics bill, Senate Minority Leader Mitch McConnell (R-Ky.) defended his party's adoption of the standard minority script." McConnell said, "In fairness to Senate Republicans, to portray an effort to get votes on this bill as something unusual is truly astonishing."

Roberts Offers Advice To Law Students. The Washington Post (2/6, A15, Barnes, 690K) reports that in remarks to law students and faculty at Northwestern Law School, Chief Justice John Roberts offered "Absolutely free advice on how to make your briefs better-read, your arguments more closely followed, your justices more sympathetic. … First, pretend that you're not always right." Roberts said, "We get hundreds and hundreds of briefs, and they're all the same. Somebody says, 'My client clearly deserves to win, the cases clearly do this, the language clearly reads this,' blah, blah blah. And you pick up the other side and, lo and behold, they think they clearly deserve to win.'" The Post adds, "How about a little recognition that it's a tough job? Roberts asked." After "16 months as a justice, he advised that lawyers try to become more 'attuned' to what judges are asking. 'I would try today to be much more receptive, try to process more effectively, 'Now what does that question tell me about what that judge is thinking?' and respond rapidly rather than trying to stick to my script,' Roberts said."

OTHER NEWS:

Service Sector Continues Expansion. The Wall Street Journal (2/6, A2, 2.04M) reports, "The service sector, whose strength fueled the nation's economic growth last year despite a housing slump and higher interest rates, extended its robust performance into 2007." The Institute for Supply Management, "an Arizona-based group of corporate purchasing managers, said its index of nonmanufacturing business activity in the U.S. rose to 59 in January from 56.7 in December. Readings over 50 indicate expansion, and January's surge marked the 46th consecutive month that the service sector, which includes everything from massage therapists to financial planners, has grown." The New York Times/AP (2/6) runs a similar report.

Stocks Finish Mixed. NBC Nightly News (1/5, story 7, :15, Williams, 9.87M) reported, "On Wall Street here in New York, stocks finished narrowly mixed. The Dow was up just over 8 points [to close at 12,661.74] on the day. NASDAQ was down more than 5 points [to close at 2,470.60]." The Wall

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Street Journal (2/6, C1, McKay, 2.04M) notes the Standard & Poor's 500-stock index "slipped 0.1%, or 1.40 points, to 1446.99, up 2% on the year." USA Today (2/6, 6B, Krantz, 2.27M) says it was a day of "mixed and unexciting action on Wall Street."

ABA Panel Recommends Diluting Code Of Judicial Conduct. The New York Times (2/6, Liptak, 1.16M) reports a commission of the American Bar Association "has recommended that the group weaken its code of judicial conduct by changing, from a mandatory rule to nonbinding advice, an instruction to judges to 'avoid impropriety and the appearance of impropriety.'" Supporters of the change "say disciplining judges for violating a concept as vague as 'the appearance of impropriety' is unfair. Opponents denounce any retreat from the longstanding and widely embraced standard, and one critic — Robert H. Tembeckjian, the administrator of the New York State Commission on Judicial Conduct — has resigned in protest as an adviser to the A.B.A. commission." The change "is part of what would be the first comprehensive revisions to the association's Model Code of Judicial Conduct since 1990; the revisions now go before the group's House of Delegates, which meets in Miami next week, before they can become formal policy."

Giuliani Files "Statement Of Candidacy" With FEC. The AP (2/6, Sidoti) reports that ex-New York City Mayor Rudy Giuliani (R) "suggested Monday that a formal presidential announcement was a matter of when, not if. 'Today we just took another step toward running for president,'" Giuliani "said, hours after filing a so-called 'statement of candidacy' with the Federal Election Commission, which moved him closer to a full-fledged campaign. 'It's a big step, an important one. Quite honestly, we're probably ahead of schedule,' Giuliani told reporters in Long Island while campaigning with a state Senate candidate. 'We still have to think about a formal announcement and how to do it, but this is a pretty strong step.' Later, in an interview on Fox News' 'Hannity & Colmes,' Giuliani was more direct. 'I'm in this to win,' he said. 'My campaign is going to be about the future.' Unlike chief GOP rivals Sen. John McCain and Mitt Romney, Giuliani had thus far been ambiguous about whether he would pursue the Republican nomination, even though he had taken the initial steps." However, "Monday's steps, including eliminating the phrase 'testing the waters,' put Giuliani on the same level legally as McCain and Romney, the other top-tier GOP candidates who have formed regular exploratory committees and filed statements of candidacy."

ABC World News (2/5, story 6, :20, Gibson, 8.78M) reported that "Giuliani took a major step today toward a full-fledged 2008 campaign," filing papers with the FEC "that put his hat very close to the ring." NBC Nightly News (1/5, story 2, 2:10, Williams, 9.87M) reported that Giuliani, "the man who was forced into a new national prominence after 9/11, today filed what is called a statement of candidacy with the Federal Election Commission, not an announcement, but it is this close."

The New York Times (2/6, 1.16M) reports that on FOX News' "Hannity and Colmes," Giuliani "just skirted the line on declaring his candidacy. 'We still have to formally announce it and do a few more things,' he said, but added that yesterday's paperwork 'is about as close as you're going to get.'" Asked if he could defeat New York Sen. Hillary Clinton (D), Giuliani "said, 'I'm in this to win.' Then he added, 'You do this because you believe that you can win the nomination of your party, and then you believe that you're the strongest candidate to win the election for your party.'"

Long Island Newsday (2/6, Gordon, 414K) reports that Giuliani's appearance on "Hannity and Colmes" "was part of a carefully choreographed effort by his campaign to put to rest questions among Republicans about whether he is serious about running. … Three people close to the campaign agreed, with one source saying Giuliani wouldn't have filed the papers if he didn't have every intention of running. 'There will be a time at some point when he makes a formal announcement, but…he's moving in that direction,' said another campaign source, who noted that Giuliani's communications and political staffs started work Monday."

Giuliani Bid Would Face Hurdles In Winning Over Social Conservatives. In a front-page story, the Washington Post (2/6, A1, Balz, Cillizza, 690K) reports that Giuliani "leads the field of declared and prospective Republican presidential candidates in national polls and, with Sen. John McCain of Arizona, ranks either first or second in most of the important early states. But his support for abortion rights and gay rights puts him sharply at odds with the majority of his party, a situation that many GOP strategists think will present a substantial obstacle to his hopes of winning the nomination." The Post notes, "Giuliani's challenge, aides believe, will be to convince Republican primary voters that, despite his

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disagreements with conservatives, he will not overturn what has been party orthodoxy on many social issues. One way of indicating that has been through his comments about judicial appointments, a topic he returned to last night. 'I think the appointment of judges that I would make would be very similar to, if not exactly the same as, the last two judges that were appointed' to the Supreme Court, he told Hannity."

On Fox News' Hannity & Colmes (2/5), Giuliani was asked to respond to criticism that he will not be able to "just explain away the fact that he's consistently taken positions that are completely opposite to the conservative Republican base on issues they hold near and dear." Giuliani said, "I don't think anyone has campaigned much more than I have for Republican candidates, going back to 1998. I mean, I've been in 45 states on behalf of 200 candidates, all Republicans. Sometimes differences on issues here and there, but the same basic philosophy of strong foreign policy, being on offense against terrorism, smaller government, lower taxes. And in my case, those are things that I did."

In a report on the NBC Nightly News (1/5, story 3, 2:00, Williams, 9.87M) John Harwood, chief Washington correspondent for CNBC, said, "The question about Giuliani is whether his first day as a candidate will be his best day once primary voters look at his personal life, mayoral record and his stance on social issues. The most important thing that happened today, he began to resolve doubts among Republican voters and donors that he is serious about the race."

In a report on the CBS Evening News (2/5, story 3, 1:20, Couric, 7.66M), anchor Katie Couric discussed a potential Giuliani bid with national political correspondent Gloria Borger. Couric: "Giuliani supports abortion rights, gay rights and gun control. Given the conservative Republican base that comes out during the primary process, does he have a chance?" Borger: "I think that Giuliani candidacy is going to test just how much sway those cultural conservatives will have in the Republican Party. Some of them have already come out and said that Giuliani is completely unacceptable. But I spoke with Giuliani aides today. They tell me that they have answers for conservatives on each of these issues. For example, they're going to tie gun control to crime. They're going to say he was the Mayor of New York city. New York was a mess with a terrible crime problem. He got guns off the street. Therefore, he's a leader."

In a report on the NBC Nightly News (1/5, story 2, 2:10, Williams, 9.87M), political analyst Stuart Rothenberg was quoted as saying of Giuliani, "As the year progresses and he becomes evaluated among conservative primary voters, they are going to have problems with his record." NBC News correspondent Ron Allen added, "He is pro-abortion, pro gun control, pro-gay rights. In recent weeks he supported the troop buildup in Iraq." Giuliani: "The fastest and quickest way to bringing about peace is by remaining on offense and remaining strong and not become weak in a time of pressure." Allen: "And there is also his personal life, two divorces, three marriages, with unflattering details splashed across New York's tabloids. On the other hand, Giuliani supporters will focus on his achievements here. A growing economy, cleaning up the city. Reducing crime. And Giuliani's supporters insist he is the one Republican who can win next November."

The Wall Street Journal (2/6, A4, Cooper, 2.04M) reports that in the 2008 GOP presidential race, "perhaps no candidate faces more trouble in gaining the nomination than Mr. Giuliani, which is ironic, given his early lead in many polls. His long-shot status in the nomination sweepstakes is based on his well-known moderate stances on litmus-test social issues. Such positions, along with his two divorces, won't enamor him to social conservatives." GOP hopefuls "McCain and Romney have had their own run-ins with the conservative wing of the party as well, but none quite as significant as that awaiting Mr. Giuliani. … Indeed, a Giuliani nomination would suggest a sea change has taken place within the Republican Party, where successful nominees traditionally have had to maintain allegiance to certain core social beliefs." Scott Reed, "a Washington Republican who managed Bob Dole's 1996 presidential campaign," said that "Giuliani has the potential to change the race even if he doesn't win the nomination, simply by taking a top share of the media spotlight. Mr. Giuliani 'sucks the air out of the room,' Mr. Reed said, making second-tier candidates compete for notice."

Giuliani Restates Belief "In A Woman's Right To Choose." On Fox News' Hannity & Colmes (2/5), Giuliani was asked about his position on abortion, Giuliani said, "Where I stand on abortion is, I oppose it. I don't like it. I hate it. I think abortion is something that, as a personal matter, I would advise somebody against. However, I believe in a woman's right to choose." But Giuliani added he would appoint judges "very similar to, if not exactly the same as, the last two judges that were appointed. Chief Justice Roberts is

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somebody I work with, somebody I admire, Justice Alito someone I knew when he was US attorney, also admire."

Morris Suggests Conservatives Appear More Likely To Back Giuliani Than McCain. On Fox News' Hannity & Colmes (2/5), Dick Morris said that he recently attended a weekly meeting of conservatives at Grover Norquist's office, "And I said, Show of hands. How many people here think McCain can overcome being against the Bush tax cuts, amnesty for illegal immigrants, McCain-Feingold campaign finance reform, and being in favor of global warming legislation? And three-quarters said he could not overcome that; one-quarter said he could. Then I said, OK, how many people here think Rudy can overcome being pro-choice, pro-gun control, pro-gay rights, pro-immigration? Three- quarters said he could overcome it. So I met with Norquist, who's sort of the leading tax reform person in the country, and I said, 'What, have you guys got religion or something?' And he said, 'No, we understand that we have to beat Hillary.'"

More House Republicans Set To Announce Support for Romney. Roll Call (2/6, Whittington) reports, "House Republicans supporting former Massachusetts Gov. Mitt Romney (R) will hold a Capitol Hill press event today to unveil new additions to their team -- additions that move him ahead of Sen. John McCain (Ariz.) in public Congressional endorsements as the battle for Member support continues at a torrid pace between two of the leading GOP presidential hopefuls." McCain "named his six-person House whip team last week and also announced the support of three Cuban-American Members. Members of Romney's team will appear at an afternoon news conference at the Republican National Committee. About half of Romney's Capitol Hill supporters previously have been announced. Rep. Jim McCrery (R-La.), who is Romney's liaison in the House chamber, said the Republicans now on board constitute the former governor's initial whip team. 'We'll be utilizing these 22 Members to bolster support for Romney here on Capitol Hill,' he said. Among the endorsements to be announced today are those of Reps. Rodney Alexander (La.), John Linder (Ga.), Ralph Regula (Ohio), Bill Shuster (Pa.) and Mike Simpson (Idaho)."

Obama, Clinton Could Be No-Shows At Early Debates. Roger Simon writes in The Politico (2/6, Simon), "What if the media-political complex announced a presidential debate…and then the major candidates said: 'Stick it in your ear. We're not coming.' That could happen this year for one good reason: Major candidates are complaining that too many states are planning too many debates too early. Nevada has two forums and three debates scheduled already. … Other states have already announced their own Democratic and Republican debates, but there are two developments that might alter things considerably. First, the Democratic National Committee is soon going to call the campaigns together to try to limit the debates. But that may not work. … More importantly, however, Barack Obama and Hillary Clinton may just say no. They might do the unthinkable and just refuse to show up." Simon, asserting that for "the top tier" presidential candidates, "early debates are a negative, an ordeal, a chance for the rest of the pack to nip them in their rear ends," notes that neither Clinton nor Obama "has accepted any debate or forum invitations as of yet. 'The two people who can blow up the debates are those two,' an adviser to the Obama campaign told me. 'All they have to do is say: 'Debate without me. Go ahead.'" Simon adds that "Obama and Hillary have the perfect excuse for not showing up: They have day jobs."

Eyeing White House, Obama Says He's Trying To Kick His Cigarette Habit. The Chicago Tribune (2/6, Parsons, Brachear, 617K) reports, "After struggling to quit smoking in the past, Sen. Barack Obama is trying a cessation aid not available over the counter: public attention." Obama "resolved to quit his cigarette habit over the winter holidays, just weeks before his expected presidential campaign would make photographers and reporters an even more regular part of his life. He said in a Monday interview that, although he has never been a heavy smoker, he has quit for periods over the last several years but then slipped back into the habit. On the cusp of a potential presidential bid seemed the right time to quit for good, he said. 'I've never been a heavy smoker,' Obama said. 'I've quit periodically over the last several years. I've got an ironclad demand from my wife that in the stresses of the campaign I don't succumb. I've been chewing Nicorette strenuously.' The incentive to quit is great for any office seeker, as increasingly negative attitudes about smoking translate into political pressure not to do it -- or at least not to be caught doing it publicly. At a time when most willing public figures also are expected to serve as role models, those with unhealthy habits face intense pressure to leave them behind."

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Edwards Outlines Healthcare Plan, Says Tax Hike Will Be Needed To Fund Proposal. The AP (2/6, Pickler) reports that Democratic presidential hopeful John Edwards "is embracing a position that has been political suicide in the past -- admitting he would raise taxes." Edwards "is betting that voters will back the idea in exchange for the promise of quality health coverage for all, part of the first major domestic policy initiative from a Democratic White House hopeful. The tax increase would pay for the plan's cost of up to $120 billion a year. Edwards' proposal would require that every business provide health care coverage for employees or help them pay for it and every American has insurance. … The plan would free up money for health care coverage by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes, Edwards said." Noting Edwards' "plan aims to have universal coverage by 2012," the AP adds that Illinois Sen. Barack Obama (D) "also has said that is his goal, but" he's "yet to provide more specifics about how he would get there. New York Sen. Hillary Rodham Clinton also has said she will have a universal plan."

The Wall Street Journal (2/6, A4, Lueck, 2.04M) reports, "It remains to be seen whether voters will accept Mr. Edwards's vision of 'shared responsibility,' in which employers would have to help fund their workers' coverage and individuals would be required to purchase insurance, often with the help of new tax credits aimed at low-income and middle-class people. Medicaid and the State Children's Health Insurance Program, or SCHIP, would be expanded to cover more children and low-income parents. New regional 'health markets' would offer comprehensive health-insurance plans to anyone who doesn't get insurance through their jobs or a government program. … Patrick Toomey, president of the Republican antitax group Club for Growth, said Mr. Edwards's plan wouldn't sit well with most voters, who, he said, 'already think taxes are too high.' The idea is 'very good news for the Republican candidate, whoever that may be.'"

Edwards was asked on CNN's The Situation Room (2/5, Blitzer) "if it was a "smart move" to say he would be "raising taxes if you're elected president" to pay for his health care plans. Edwards said, "No one can propose universal health care and say they can pay for it without doing anything to the tax structure. That is not the truth. And I think the American people deserve and are entitled to the truth, that I suspect the will be other Democratic candidates as we go forward who will follow the lead that I've put out there today and will come forward with their own universal health care plan. And if they contend that they can pay for it leaving the tax cuts and the tax structure exactly as it is, I don't believe that's true."

The New York Times (2/6, Broder, 1.16M) reports that Edwards' "plan would be partly financed by eliminating tax cuts for households earning more than $200,000 a year, cuts that Congress approved in the Bush administration. Mr. Edwards said he would also offset the program's cost by using the estimated $15 billion in capital gains taxes that go uncollected each year by requiring brokerage houses to report capital gains from taxpayers' stock sales to the Internal Revenue Service, just as interest and dividend income is reported now." Edwards' "plan would provide tax credits or subsidies to low-income families who cannot afford health insurance, expand Medicare and the federal program of health care for children, and create a federal health insurance agency that could become the basis for a single-payer system that would eventually do away with private health insurance." The Times adds, "One provision of the Edwards proposal certain to draw fire is a requirement that companies provide health insurance for all workers or pay 6 percent of their payrolls into a government fund to buy insurance for them. This type of 'play or pay' program was an element of former President Bill Clinton's failed 1994 health care plan that was shaped in large part by Mrs. Clinton."

The Washington Post (2/6, A3, Balz, 690K) reports that Edwards said his "plan bears some resemblance to the new health-care program enacted in Massachusetts, but he said it would require employers that do not provide health insurance to pay a greater share of their revenue into a government fund to help individuals buy insurance. He called the plan less complicated than that proposed by Bill Clinton and Hillary Rodham Clinton when they were in the White House."

The Los Angeles Times (2/6, Finnegan, 850K) reports, "Edwards' explicit call for a tax increase to broaden access to healthcare could carry wide appeal among Democratic primary voters. But if he wins the nomination, it risks exposing him to Republican attacks in a general election race, just as Walter Mondale, President Reagan's Democratic challenger in 1984, was pilloried for proposing higher taxes." Edwards, in an interview, "said he did not expect his plan to draw any storm of opposition, as the Clinton White House did with its failed effort, led by Hillary Clinton, to overhaul health coverage in the 1990s. 'I think it's appealing across the ideological and political spectrum,' he said."

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Edwards Won't Accept Public Funds For Presidential Bid. USA Today (2/6, Lawrence, Schouten, 2.27M) reports that former Sen. Edwards "on Monday joined New York Sen. Hillary Rodham Clinton in saying he will not use public money for the presidential primary campaign or, if he wins his party's nomination, for the general election." His move "is the latest sign of trouble for the public campaign funding system." In an interview yesterday, Edwards said "that he expects major candidates in both parties to raise unlimited private dollars rather than participate in the public system. He said he needs to do the same 'to have the funds to be competitive.'" Illinois Sen. Barack Obama (D) "is not disclosing his financial plans until after a formal announcement Saturday in Springfield, Ill." On the GOP "side, an aide to former Massachusetts governor Mitt Romney said Monday that Romney will not take public money in the primaries. 'Our focus right now is on securing the nomination. Decisions on the general election haven't been made yet,' Kevin Madden said in an e-mail. Two other top GOP prospects, Arizona Sen. John McCain and former New York mayor Rudy Giuliani, have not said yet whether they will use public money at any stage of the race."

Edwards, Richardson Wow Democrats At Winter Meeting. In his Washington Post column (2/6, A17), David Broder says, "The good news for the nation's Democrats is that neither of the supposed front-runners for the party's 2008 presidential nomination, Hillary Rodham Clinton and Barack Obama, stole the show when all 10 of the likely contenders spoke last weekend to the Democratic National Committee." Clinton and Obama "got good receptions from the crowd at the Washington Hilton, having filled many of the spectator seats with their young supporters. But they didn't blow away the field." The "stars of the weekend, judging from reactions in the ballroom and the lobby, were not Obama and Clinton but former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico." Both "played to the antiwar sentiments of this liberal-leaning audience by demanding that those now in Congress do more than pass resolutions decrying President Bush's decision to send more troops to Iraq." Their view, "which was echoed by former Iowa governor Tom Vilsack, left Obama, Clinton and Sen. Joe Biden of Delaware -- who have to deal with the realities of a 51-49 Senate where nothing can pass without significant Republican support -- in the uncomfortable position of seeming to be less fervent about the war. Only Sen. Chris Dodd of Connecticut and Rep. Dennis Kucinich of Ohio, among those with votes to cast, joined the call for early withdrawal." One of the "losers in the weekend oratorical marathon was retired Gen. Wesley Clark, who repeatedly invoked the West Point motto of 'Duty, Honor, Country,' forgetting that few in this particular audience have much experience with, or sympathy for, the military."

Biden's "Backpedaling" Examined. In a New York Times guest column (2/6), Stacy Schiff says, "Football season is over, but there is no cause for despair. We are smack in the middle of an all-star backpedaling tournament. Last week Joe Biden announced his candidacy with that loaded line about Barack Obama, 'the first mainstream African-American who is articulate and bright and clean and a nice-looking guy.' Forget what Mr. Biden really meant to say. Think instead about where he went next, which was where Michael Richards and Mel Gibson had gone before him. Not only did Mr. Obama understand what he meant, insisted Mr. Biden, but 'I have no doubt that Jesse Jackson and every other black leader — Al Sharpton and the rest — will know exactly what I meant.' Indeed they did. The day ended with Mr. Sharpton assuring Mr. Biden that he bathed regularly. Rehabilitation came that evening on Jon Stewart; this is why television was invented."

Labor Groups Hopeful For Measure To Ease Union Membership. The Washington Times (2/6, Lengell, 88K) reports labor groups "are hoping that the new Democratic majority in Congress will push through a measure that would make it easier for workers to join unions." The bill, "scheduled to be introduced today by Rep. George Miller, California Democrat, is prompting labor activists and union foes to square off in an intense and high-profile lobbying campaign." The Employee Free Choice Act "would allow workers to unionize by simply signing a card or petition stating their interest in joining the union, as opposed to the decades-old practice of secret-ballot elections. If a majority of employees sign, the employer would be required by law to recognize and bargain with the workers' union." Sen. Edward M. Kennedy "will introduce the Senate version of the act later this year, his office said yesterday." Labor activists "say the bill is crucial for helping defend them from anti-union companies and lawmakers, which they blame in part for decades of decline. Overall union membership was 12 percent nationally last year -- down from 12.5 percent in 2005."

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Texas Plan For HPV Vaccination For School Girls Generates Controversy. NBC Nightly News (1/5, story 10, 2:00, Williams, 9.87M) reported, "Now to a story that continues to generate talk in Texas. The Governor's executive order that all girls entering sixth grade must receive a new vaccine to protect them against cervical cancer. Today one of the allies spoke for many outraged citizens who want the Governor to rescind this unusual order." NBC (Teague) added, "The state of Texas will soon require girls entering the sixth grade to be immunized against HPV, a sexually transmitted virus that causes cervical cancer." In "mandating the vaccine which families can opt out of, he bypassed the state legislature and sidestepped public hearings." But "opponents insist the vaccine will encourage promiscuity. Some question Perry's ties to Merck, which makes the vaccine. Merck donated to Perry's re-election campaign and stands to make billions in the vaccine is mandated nationwide. But while many parents here in Texas are angered give the Governor's decision, some experts say the HPV vaccine should be mandatory in every state."

NYTimes Praises Texas For Requiring HPV Vaccination. The New York Times (2/6, 1.16M) praises the Texas decision, saying, "Congratulations to Texas for becoming the first state to require vaccinating young schoolgirls — ages 11 and 12 — against a sexually transmitted virus that causes cervical cancer and genital warts. Other states would be wise to follow the same path." There is "no doubt that Merck's vaccine against the human papillomavirus, given in three shots over eight months, is highly effective." Many parents "are appalled at the notion of vaccinating such young girls against a sexually transmitted disease. But the medical reality is that the vaccine will generally not work after a woman has been infected, so it is best for girls to be vaccinated well before they become sexually active."

Studies Showing Wealth Concentration Critiqued. In a Wall Street Journal op-ed (2/6, A17), Alan Reynolds of the Cato Institute and David Henderson of the Hoover Institution say, "Is the share of income of the top 1% in the United States high and rising? Those who say it is usually base their belief on statistics from one of two sources. One, a paper by Thomas Piketty and Emmanuel Saez, was discussed by Alan Reynolds in the Journal on Dec. 14, 2006. The other source is the Congressional Budget Office (CBO). It, too, is wrong." But at the IRS Statistics of Income (SOI) division, Barry Johnson and Brian Raub "examined 28,000 estate tax returns to calculate wealth shares. 'In 2001,' they noted, '1.0% of the U.S. adult population [2.1 million people] . . . owned approximately 22.3% of total U.S. individual wealth, a 1.0% decrease since 1998 but virtually identical to the shares of wealth held in 1995 and 1992.'"

Mecca Talks Seen As "Last Chance" To Avoid Palestinian Civil War. The AP (2/6, Daraghmeh) reports, "For the rival Palestinian factions, Hamas and Fatah, a reconciliation meeting this week in Saudi Arabia may be a last chance to avoid civil war. If Saudi prestige, money and discussions" in Mecca today "don't produce a power-sharing agreement, it's unlikely anything will, analysts said." In recent months, Egypt, Syria and Qatar have "tried in vain" to end the power struggle between the two groups. The clashes, writes the AP, have "deepened resentment and suspicion between the sides, making agreement on a coalition government seem more elusive than ever. But the fighting also served as a reminder that neither side can win by force without causing massive destruction, and that failure in Mecca could be followed by an even deadlier round of violence." At the same time, the "gaps" between the two sides "are small," with the "underlying" problem appearing to be "deep mistrust and an unwillingness to share power." However, both sides "might have a hard time saying no to the Saudis, particularly in a venue heavy with religious symbolism."

Saudi Arabia Takes On Central Role As Regional Violence Looms. On its front page, the New York Times (2/6, A1, Slackman, Fattah, 1.16M) reports, "With the prospect of three civil wars looming over the Middle East -- and Iran poised to gain from them all -- Saudi Arabia has abandoned its behind-the-scenes checkbook diplomacy and taken on a central, aggressive role in reshaping the region's conflicts." In recent months, the kingdom has increased its involvement in the Palestinian talks, in Iraq and its support of the Sunni-led government in Lebanon. The process is "shaping up as a counteroffensive to efforts by Iran to establish itself as the regional superpower, according to diplomats, analysts and officials here and throughout the region." Some even say that the "recent Saudi commitment to temper the price of oil is aimed at undermining Iran's economy, although officials here deny that." The Times notes that the "shift is occurring with encouragement from the Bush administration," yet Riyadh's goals "may not always be in alignment with those of the White

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House, and could complicate American interests." Nonetheless, both Washington and Riyadh believe that "one important way to block Iran and calm the many fires in the region is to resolve the Israeli-Palestinian conflict -- or at least appear to be trying to."

In a similar report, the AP (2/6, Faramarzi, Abu-Nasr) writes, "Relations between Iran and Saudi Arabia are bumpy at the best of times, but violence between Shiites and Sunnis in Lebanon and Iraq is prompting the two Mideast heavyweights to engage in new talks seeking to head off a regional crisis." The "clearest sign of the new diplomacy" has been in Lebanon, where "a joint Saudi-Iranian effort defused a general strike called by the pro-Iranian Shiite militant group Hezbollah after the country erupted into violence two weeks ago." The two sides have also engaged in a series of recent high-profile meetings involving former Ambassador in Washington, Prince Bandar, and Iranian nuclear negotiator Ali Larijani. One Saudi official told the AP last week that Iran "asked the kingdom to get Washington to tone down its verbal attacks on Iran."

Qatar Seeks Greater Regional Role. The Christian Science Monitor (2/6, Harman, 59K) reports, "Until 1995, Qatar did not have a distinguishable foreign policy to speak of, and instead took cues from Saudi Arabia and stayed on the sidelines of world affairs. But ever since reformist Sheikh Hamad bin Khalifa al-Thani deposed his father in 1995, Qatar has been charting an increasingly distinctive path." US Ambassador to Qatar, Chase Untermeyer, told the Monitor, "Qatar is a player now." Qatar "seems to be involved in everything lately," from funding Al Jazeera to being the "only Gulf country to maintain any sort of official relations" with Israel. It has also become involved in the Israeli-Palestinian crisis, providing funds to Hamas while remaining "closely allied with Palestinian President Mahmoud Abbas's Fatah Party."

US Officials Says Pyongyang Prepared To Negotiate. The AP (2/6, Tabuchi) reports Assistant Secretary of State Christopher Hill Monday said Pyongyang "must get out of the nuclear business if it wants energy or economic aid," adding he believed the North "was prepared to negotiate at the coming arms talks in Beijing." However, he "refused to speak on news reports that Pyongyang is prepared to freeze a key reactor and accept inspectors in exchange for 500,000 tons of heavy oil and other conditions." Hill was in Tokyo meeting with Japanese officials before leaving for Beijing on Wednesday. For its part, Japanese Prime Minister Shinzo Abe said Tokyo would "not consider giving North Korea energy aid unless the communist also came clean on its past abduction of Japanese nationals."

The Washington Times (2/6, Sands, 88K) also reports on Hill's comments.

Pyongyang Seeks To Improve Clinton-Era Deal. The Washington Post (2/6, A12, Kessler, 690K) reports Pyongyang North Korea "has set tough terms for a freeze of one of its nuclear facilities, demanding that the United States exceed commitments made under a Clinton-era deal that the Bush administration previously derided as inadequate." According to the Post, North Korea's top nuclear negotiator, Kim Gye Gwan, "and other officials outlined Pyongyang's position in meetings last week with two American nuclear experts, saying they would be presented when six-nation disarmament talks resume in Beijing on Thursday." In exchange for "a freeze of the Yongbyon facility and a return of international inspectors," Pyongyang wants "a substantial supply of heavy fuel oil, an end to a Treasury Department action that froze North Korean accounts at a Macau bank, an international commitment to build civilian nuclear reactors in North Korea and, most important, normalization of relations with Washington."

US Embassy Warns Of Terrorist Threat In Sudan. The AP (2/6, De Montesquiou) reports the US Embassy in Khartoum warned Americans Monday "of a heightened terrorist threat against Westerners in Sudan." In a message, the US Embassy said it has received "new information that an extremist group based in the country is likely to target Western interests." The US message followed "a similar warning that the United Nations sent its staff in Sudan last week," said a UN official.

US, Malaysia Resume Trade Talks. The Wall Street Journal/AP (2/6) reports the US and Malaysia Monday began "a fresh round of free-trade talks, bogged down by differences over opening two tightly protected sectors, and a controversy over a major gas deal with Iran." The latest round is "crucial to determine if negotiators can bridge differences and conclude the pact before a July 1 deadline," officials said. Deputy US Trade Representative Karan Bhatia "warned last week that the proposed pact may falter if negotiators fail to make firm progress this week over opening up Malaysia's

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services and government contracts -- two top hurdles to a deal."

Indonesia Withholding Bird Flu Data. The Financial Times (2/6, Aglionby, Jack) reports Indonesia, the country worst hit by the deadly H5N1 bird flu virus, "has stopped sharing human genetic samples of the highly pathogenic illness with foreign laboratories, raising fears it could slow international efforts to prepare for a pandemic." Officials say Indonesia stopped providing samples internationally last month, "hindering efforts to confirm whether the virus killing its citizens is H5N1 and limiting production of vaccines to help prevent its spread." Dr Triono Soendoro, director-general of Indonesia's National Institute of Health Research and Development, said the step to withhold samples was taken "because the government wanted to keep control of the intellectual property rights of the deadly strain of the virus."

India Walks "Tightrope" In Washington Talks. The Los Angeles Times (2/6, Chu, 850K) reports, "Amid mounting tension between Washington and Tehran, Indian and Iranian officials plan to meet today for their second round of high-level talks in less than three months, signaling the eagerness of the two countries to patch up differences that recently have clouded their historically close ties." Despite American "misgivings" over the relationship, Indian Foreign Minister Pranab Mukherjee is expected to land in Tehran for discussions on Iran's nuclear program and on boosting cooperation over energy issues. As India's economy continues to boom, the Indian government is "increasingly preoccupied with securing reliable sources of energy," including access to Iran's natural gas reserves. But its relations with Tehran have put New Delhi "in a delicate position" with the US.

US Firms Push For End To Cuban Embargo. The Hill (2/6, Swanson) reports congressional supporters of "easing restrictions on travel and agricultural trade to Cuba say business supporters need to offer stronger backing for several measures introduced this year if they are to become law." With Democrats in control of the House, Reps. Jeff Flake (R-AZ) and Sam Farr (D-CA) said Cuba legislation has "a great chance of moving this year," but Farr emphasized that the business community "must become more engaged." At a rally for USA Engage, an anti-embargo group, Flake "said business and farm groups should talk to more members about how lifting trade and travel restrictions will help the US and Cuba," an idea once considered "a lost cause given the Bush administration's active efforts to tighten Cuba trade and travel bans."

Former Ambassador Urges "Opening Doors" To Cuba. Ambassador Vicki Huddleston, former director of the State Department's Office of Cuban Affairs, writes in the Washington Times (2/6, 88K) that "very little change will take place in Cuba as long as the Cuban people are isolated from their loved ones and from the ideas and influences of the outside world." To "start the ball rolling," she says President Bush "should reinstitute the 'People-to-People' program and the annual Cuban American family visits that were in place during the first two years of his administration." However, the ambassador insists that "more needs to be done, it isn't all up to Mr. Bush. Congress will have to act if the president is to have the flexibility he needs in the coming months and years to respond to the challenges and opportunities Fidel Castro's death and Raul Castro's succession will bring."

US Urges Nicaragua To Destroy Missiles. The AP (2/6, Aleman) reports Washington "insisted Monday that Nicaragua destroy hundreds of Soviet-made surface-to-air missiles after President Daniel Ortega said the weapons were needed for the country's defense." Ortega said Friday it would be "absurd" to destroy Nicaragua's SAM-7 missiles "while neighboring Honduras is adding US planes to its military fleet." In response, the US Embassy said in a statement released Monday that Honduras is buying eight small planes from the US to be used "in the fight against drug trafficking and not offensive military aircraft," while stressing that the US government "expects that Nicaragua will continue its already established path of disarmament and destruction of all SAM-7 missiles."

Ban Faces Criticism Over Appointments, Slow Pace. The New York Times (2/6, A9, Hoge, 1.16M) reports new U.N. chief Ban Ki-moon "returned to his headquarters on Monday after a two-week working trip to Africa and Europe and ran into dissension over restructuring changes he has proposed and concern at the slow pace of his appointing top officials since taking office on Jan. 1." At issue are Ban's "proposals to divide peacekeeping, the fastest growing activity at the United Nations, into two departments, and to reshape the disarmament department in a way that many envoys believe downgrades it." While the changes

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"would strike a layman as bureaucratic nuance," the Times says at the United Nations," they fuel a continuing competition between the great powers….and the General Assembly, where the developing world feels its authority is threatened when its elaborate deliberative procedures are not respected."

The Los Angeles Times (2/6, Farley, 850K) adds, Ban "faced one of his first tests Monday when developing nations sent him back to the drawing board with his plan to restructure the U.N.'s peacekeeping department." The "setback could foretell troubles for the new secretary-general," who faces the task of reforming the U.N. at a time when its peacekeeping demands are growing in nations such as Sudan and perhaps Somalia.

China Cracks Down On Corruption In Shanghai. The Wall Street Journal (2/6, A1, Areddy, 2.04M) reports on its front page that "underneath the boom and glitter" in Shanghai, Communist Party leaders in Beijing "say, lay a secret: massive corruption." Last fall, the party fired Chen Liangyu, who "not only ran the city but sat in China's ruling Politburo," alleging "mismanagement and theft at a city pension fund, influence peddling and other misdeeds." The fall of Mr. Chen was China's "biggest political shakeup in a generation. But more than the ouster of one official, it amounted to an indictment of the business model known as Shanghai Inc." The crackdown, the Journal writes, is also "a reminder that China's system leaves great power in the hands of local Communist leaders, whose decisions can ripple unchecked through the economy. Now that the party has stepped in to take its Shanghai leader out of action, approval for the flashy big development projects for which Shanghai is famed has slowed to a crawl."

Expert Says Chinese Reform Must Come From "Below." Ross Terrill, an author and research associate at Harvard's Fairbank Center, writes in a Wall Street Journal (2/6, A17, 2.04M) op-ed, "As President Hu Jintao tries to transcend communism forward to 'market Leninism,' Mao [Zedong], now dead for 30 years, transcends communism backward to Chinese folk history." However, "Today, young pro-market Chinese who devour Hayek's 'Road to Serfdom' and books on American business are embracing an anti-state Chinese tradition (best known in the West through Taoism). They would like -- but will not get -- a China without politics. A new public philosophy, when it comes, as it must, will come from gestation below, not as a diktat from a father-figure or a paternalistic Communist Party."

Russia Brings New Charges Against Khodorkovsky. The New York Times (2/6, Chivers, 1.16M) reports, "Russian prosecutors brought new charges Monday against the imprisoned founder of the Yukos oil company and one of his business partners, opening a new line of legal attack against a Kremlin opponent. The former executive, Mikhail B. Khodorkovsky, and his partner, Platon A. Lebedev, were charged with embezzlement and money laundering." The two men's "lawyers said they had potentially qualified for parole late this year, when they would have served half of their sentences. The new charges, which accused the men of embezzling about $20 billion in Yukos revenues, appeared to destroy that possibility and opened a new chapter in the long saga of Yukos's legal troubles." The lawyers said the charges "were a means to keep Mr. Khodorkovsky and Mr. Lebedev in prison beyond Russia's presidential election in early 2008 and throughout the remainder of the liquidation of Yukos."

Charges Likely To Tighten Moscow's Grip On Energy Industry. In an analysis, the New York Times (2/6, Kramer, 1.16M) says the new charges "are likely to ease what remains of [Yukos] into state hands, strengthening the Kremlin's control over the industry, analysts and company officials said. In this sense, the Yukos affair is ending as it began — in an opaque mixture of criminal prosecution and Russian energy nationalism, where it is far from clear where one ends and the other begins." The Times adds, "State-owned companies already control a third of the oil production in Russia, one of the world's largest producing nations. Now, both of Russia's large state energy companies are expressing interest in buying Yukos oil fields and refineries, assets that critics say were expropriated by the government but that could look more like the spinoff from a corporate tax and accounting scandal if the new charges stick, as expected."

LATimes Welcomes Mexico's Lifting Of Avocado Tariff. In an editorial, the Los Angeles Times (2/6, 850K) says "free trade has never tasted so good" as it did February 1st when Mexico lifted its barrier on avocadoes. Mexican President Felipe Calderon, it notes, decided that Mexico "would rather send its avocados to the US than send its avocado farmers. So it's good news for everyone."

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THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Intrepid Armchair Explorers."
"High stakes for young test takers."
"Bottom Line For Bush's '08 Budget: Contention."
"GOP Bats Down Resolution Debate."
"A Union Boss With Some A-list Clout."
"Astronaut Arrested In Kidnap Attempt."

USA Today:
"Evacuee Camp Kids Worry Schools Chief."
"U.S. Advisers Find Joint Patrols With Iraqis Don't Go As Planned."
"Vote On Iraq Is Blocked By GOP."
"Wal-Mart To Launch Video Downloads."

New York Times:
"G.O.P. Senators Block Debate On Iraq Policy."
"Bush Releases Budget Aimed To Erase Deficit."
"S.E.C. Is Looking At Stock Trading."
"In Public View, Saudis Counter Iran In Region."
"A New Problem For Farmers: Few Veterinarians."
"Immigrant Entrepreneurs Shape A New Economy."
"Drawing Lines Across The Sand, Between Classes."

Washington Post:
"GOP Stalls Debate On Troop Increase."
"'It Was Just Shockingly Cold'."
"Bush Plan Reins In Domestic Spending."
"Overachieving Students Told to Lighten Up."
"U.S. Unit Walks 'A Fine Line' In Iraqi Capital."
"Giuliani Announces He's In '08 Presidential Race."

Washington Times:
"Bush Submits 'Staggering' $2.8 Trillion Budget."
"Senate GOP Blocks Iraq Resolution."
"House Bill Eases Union Sign-Ups."
"Anti-Violence Push Begins In Baghdad."
"National Driver's License Hits A Bump."
"Baseball A Hit In Ghana."

Detroit Free Press:
"Jefferson Plant Due For Huge Face-Lift."
"Family Stands By Mom Charged In Deaths'To The Deep Ends Of Hell'."
"Kids get Another Day Off For Cold."
"Bush's Budget Offers More For Plug-In Autos Research."
"Michiganders Favors Cuts Over Taxes."

Atlanta Journal-Constitution:
"Tech Puts Touch On Fans."
Dalai lama named As Emory Professor."
"Senate Vote On troops Buildup Blocked."
"Turner Pomes Up $2 Million To Ease Boston's Panic Pain."

Houston Chronicle:
"Vaccine Uproar Perry Not Budging."
"Astronaunt Arrested In Romantic Feud."
"A Small Texas Town Buries One Of Its Own."
"Houston Could Benefit Under Budget Proposal."
"Man Won't Face New Trial In Assault."

Story Lineup From Last Night's Network News:
ABC: Winter Weather-Chicago; Bush Budget; Senate Filibuster; President Assad Interview; Abortion Debate; Giuliani Presidential Bid; Teen Suicide Rate; Super Bowl Aftermath.
CBS: Winter Weather; FL Tornadoes; Giuliani-'08; Senate-Iraq Resolution; Iraq WMD Claims; Kalamazoo Scholarship Program; Ambush Porn; Unhealthy Models.
NBC: Winter Weather-Chicago; Giuliani Presidential Bid; Giuliani Presidential Run-Analysis; Bush Budget; Securing Baghdad; Securing Baghdad; Turner Pays Compensation; Stock Market; Rebuilding The Gulf Coast; Missouri Kidnapping Case; HPV Vaccine-Texas Debate; FL-Tornados-Warning.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate-Iraq Resolution Debate Blocked; US-Cold Weather; FL-NASA Astronaut Arrested; New Orleans Residents Requesting Katrina Investigation; Jakarta-Flooding; Giuliani Files Statement Of Candidacy; Parade For Super Bowl Champs.
CBS: FL-NASA Astronaut Arrested; Senate-Iraq Resolution Debate Blocked; WA-Lt. Ehren Watada's Military Trial For Refusing To Fight In Iraq; US-Cold Weather; Heating Oil, Crude Oil And Gasoline Prices Up; Giuliani Files Statement Of Candidacy; Research Shows Elderly Can Suffer Physiological Damage From Isolation.
NPR: US-Cold Weather; Senate-Iraq Resolution Debate Blocked; President Bush's Budget-State And Local Law Enforcement; Giuliani Files Statement Of Candidacy; Jakarta-Flooding; UN-Problems In Central African Republic; Tokyo Stock Exchange.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Makes remarks on fiscal responsibility, Micron Technology, Manassas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 defense budget and the FY07 war supplemental request. Defense Secretary Gates, Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on ``Preserving Prosecutorial Independence: Is the Department of Justice Politicizing the Hiring and Firing of U.S. Attorneys?" Paul J. McNulty, deputy attorney general; Mary Jo White, partner, Debevoise and Plimpton, New York; Laurie L. Levenson, Loyola Law School, Los Angeles; Stuart M. Gerson, partner, Epstein Becker and Green. Location: Room 226, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on the costs of the Iraq war. Steven Kosiak, Center for Strategic and Budgetary Assessments; Gordon Adams, Wilson International Center for Scholars; Michael Gilmore, CBO. Location: Room 608, Dirksen.

10 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Oversight hearing on recent EPA actions. Location: Room 406, Dirksen.

10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on stabilization, reconstruction and counter-terrorism strategy for Somalia. Jendayi Frazer, assistant secretary of State for African affairs; Michael Hess, USAID; David Shinn, George Washington University; Ken Menkhaus, Davidson College, Davidson, N.C . Location: Room 628, Dirksen.

2:30 p.m. JUDICIARY _ Full Committee. Hearing on judicial nominations. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committgee. Closed. Hearing on Iran. Location: Room 219, Hart.

2:45 p.m. FINANCE _ Full Committee. Hearing on the FY08 budget. Treasury Secretary Paulson. Location: Room 215, Dirksen.

US House: FLOOR SCHEDULE _ 10:30 a.m. Meets for morning hour and at noon for legislative business.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on management challenges in the DHS. Location: Room 2362A, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 budget. OMB Director Rob Portman. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on the FY08 HHS budget. Secretary Leavitt. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on Gulf Coast rebuilding housing needs and the federal response. Deputy HUD Secretary Roy A. Bernardi; David Garratt, Acting Director of Recovery, FEMA; Walter Leger, Chairman, Housing and Redevelopment Task Force, Louisiana Recovery Authority; Gray Swoope, Executive Director, Mississippi Development Authority; Sheila Crowley, President, National Low Income Housing Coalition; Kirk H. Tate, Chief Executive Office, Orion Real Estate Services; Ghebre Selassie Mehreteab, Co-Chairman & CEO, NHP Foundation; James H. Perry, Executive Director, Greater New Orleans Fair Housing Action Center; Edgar Bright, III, President, Standard Mortgage Corporation (New Orleans); James A. Richardson, Louisiana State University; Doris Koo, President & CEO, Enterprise Community Partners; Derrick Johnson, President, Mississippi State Conference NAACP; Mr. James R. Kelly, Chief Executive Officer, Catholic Charities Archdiocese of New Orleans; Margery Austin Turner, Urban Institute; Judith A. Browne, Co-Director, Advancement Project; Martha J. Kegel, UNITY of Greater New Orleans; Rep. William J. Jefferson, D-La. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Transportation Security and Infrastructure Protection Subcommittee. Hearing on federal rail and public transportation security efforts. Location: Room 311, Cannon.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on wasate, fraud and abuse dealing with Iraqi reconstruction. L. Paul Bremer, former head, Coalition Provisional Authority; Stuart W. Bowen Jr., special inspector general for Iraq reconstruction; Timothy Carney, coordinator, Economic Transition in Iraq, State Department; David Oliver, former adviser, Iraq Ministry of Finance and former director, Management and Budget, Coalition Provisional Authority. Location: Room 2154, Rayburn.

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10 a.m. TRANSPORTATION AND INFRASATRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Markup of pending legislation. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the FY08 budget. Treasury Secretary Paulson. Location: Room 1100, Longworth.

Other:

INDEPENDENT COLLEGES _ The National Association of Independent Colleges and Universities holds its 2007 meeting, ``Charting Our Course." Highlights: 9 a.m. Rep. Louie Gohmert, R-Texas. 9:45 a.m. Historian and author Michael Beschloss speaks on ``Great Presidents, Past and Present." Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

COAL TECHNOLOGY _ The Education Electric Institute, Electric Power Research Institute and the Coal Utilization Council hold a conference, ``The Power of Technology: Ensuring the Global Future of Coal." Highlights: 9:30 a.m. Keynote address: Rep. Rich Boucher. 12 p.m. Luncheon address - Undersecretary of State Paula Dobriansky. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

FEDERAL BUDGET BRIEFINGS _ Highlights: 1 p.m. The DOE's National Nuclear Security Administration holds a media roundtable to discuss its FY08 budget request. 1000 Independence Ave. SW. Contact: 202-586-7371. Media must RSVP. Credentialed media only. 3 p.m. GSA Administrator Lurita Doan holds a telephone briefing on the FY08 budget for the General Services Administration. Call Deborah Ruiz, 202-208-0861 no later than 5 p.m. Monday for phone number and passcode.

FEDERAL BUDGET-RELATED EVENTS _ Highlights: 9:30 a.m. Assistant Secretary for Energy Efficiency & Renewable Energy Andy Karsner participates in a teleconference on the FC'08 budget request. Dial-in : (888) 529-1867. Conference ID : 8481873. 1 p.m. Acting Under Secretary for the National Nuclear Security Administration Tom DAgostino holds a teleconference to react to the FY'08 budget request.Call 202-586-7371 for more information. 4:15 p.m. Assistant Secretary for Nuclear Energy Dennis Spurgeon holds a teleconference to recat to the FY'08 budget request. Dial-in 888- 529-1867. Conference ID : 8482683.

SHOW BUSINESS _ The Motion Picture Association of America holds a symposium, The Business of Show Business. Highlights: 8 a.m. Video Address: California Govenor Arnold Schwarzenegger. Welcome: Dan Glickman, Chairman and CEO, MPAA. Remarks: Representative Charlie Rangel, Chairman, Committee on Ways and Means. Keynote: Actor Will Smith. Presentation: Why I Am a Filmmaker, Rob Meyer, Sayeeda Clarke, Alrick Brown, Graduate Film Division, Kanbar Institute of Film & Television, Tisch School of the Arts, New York University. 9:30 a.m. - 10:45 a.m. Panel 1: The Art and Economics of Show Business and Intellectual Property: How a Movie Gets Made. Participants include: Opening Remarks: Sen. Dianne Feinstein, D-Calif.; by Ron Grover, Los Angeles bureau chief, Business Week, others. 12:30 p.m. - 2 p.m. Directors' luncheon. Welcome: Dan Glickman, Chairman and CEO, MPAA. Opening Address: Barry Meyer, Chairman & Chief Executive Officer of Warner Bros. Remarks: Sen. Patrick Leahy, Chairman, Committee on the Judiciary, United States Senate. Keynote: Michael Apted, President, of the Directors Guild of America. Director Luncheon.This event at the Hotel Monaco, 700 F Street NW, Second Floor, Paris Ballroom. NOTE: Luncheon is FULL. 2:15 p.m. Panel 3: The Future of Show Business: Entertainment in the Digital Age. Opening Remarks: Senattor Gordon Smith. Session is moderated by Bob Dowling, Former Editor-in-Chief and Publisher, The Hollywood Reporter; Founder, The Bob Dowling Group. Participants include: Reed Hastings, Founder and Chief Executive Officer, Netflix; and John Fithian, President, National Association of Theatre Owners. 5:30 p.m. The Chairmans Dinner, honoring Clint Eastwood, Recipient of the Jack Valenti Humanitarian Award. Note: Red Carpet Photo-Op at the Donald W. Reynolds Center, 8th and G Streets NW entrance. Media set-up/arrival at 5:30 p.m. Red Carpet at 6 p.m. Those wishing to participate in the photo-op must notify Cara Duckworth at cduckworthmpaa.org or 202-378-9144 to be assigned a credential. Credentials will be available on-site.Dinner is not open to the media, however, a pool camera will be available on-site.

HOMELAND SECURITY _ American Military University holds a two-day conference, ``Homeland Security: The Ripple Effect." Highlights: 8:15 a.m. Rep. Bennie Thompson. 9 a.m. Panel discussion on mass fatality management during a pandemic flu event. 12 p.m. Luncheon address - Mayor Patrick McCrory, of Charlotte, N.C., and member of the President's Homeland Security Advisory Council. 3:30 p.m.

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Panel discussion on local, state and national cooperation, with FEMA Director David Paulison, others. Location: National Press Club.

HOUSE REPUBLICANS _ 9 a.m. Meeting of the House Republican Conference. Closed press. Location: Room HC-9, Capitol. Notes: Media availability with the GOP leadership, HC-9, Capitol, at about 10 a.m.

KATRINA _ 9 a.m. New Orleans public housing residents, others hold a news conference to call on the public and politicians to support their right to return to their homes damaged by Hurricane Katrina. Location: Room HC-8, Capitol.

QUAD DEFICITS _ 9 a.m. The Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS) will hold a forum, ``The Quad Deficits: Why They Matter and What We Can Do About Them." Participants: Peter G. Peterson, senior chairman and co-founder of the Blackstone Group; David Wighton, New York City bureau chief of the Financial Times; and Robert Guttman, CPFR director. Location: Room 500, Bernstein-Offit Building, 1717 Massachusetts Ave. NW.

IMMIGRATION _ 9 a.m. - 11 a.m. The Migration Policy Institute holds a news conference to announce the launch of a National Center on Immigrant Integration Policy. Briefers include: Michael Fix, MPI Vice President and Director of Studies and Co-Director, National Center on Immigrant Integration Policy; Margie McHugh, Co-Director, National Center on Immigrant Integration Policy; and Demetrios Papademetriou, MPI President. Location: Migration Policy Institute Conference Room, 1400 16th St. NW, Suite 300, third floor.

CHINA-MILITARY _ 9:30 a.m. - 11 a.m. The Carnegie Endowment hosts a panel discussion on Chinas military modernization as the third in series ``Carnegie Debates: Reframing China Policy, regarding the most pressing issues in U.S.-China relations. Participants: Ambassador J. Stapelton Roy, Carnegie Endowment Board of Trustees; Dr. David Finkelstein, Director of Project Asia and the China Studies Center at The CNA Corporation; and Dr. Larry Wortzel, US-China Economic and Security Review Commission. Location: Room 562, Dirksen Senate Office Building.

IRAQ _ 10:15 a.m. Sen. Barack Obama, and Reps. Mike Thompson and Patrick Murphy hold a press conference on Iraq. Location: Senate Radio-TV Gallery.

ABU-GHRAIB-JORDAN _ 10:30 a.m. Hearing on defense motion to dismiss charges against Lt. Col. Steven L. Jordan for alleged crimes at Abu Ghraib prison in Iraq. Location: Fort McNair, 4th and P Sts. SW.

HOYER _ 11 a.m. House Majority Leader Steny Hoyer holds a pen and pad only briefing on the FY08 budget. Location: Room H-107, Capitol.

PEACE-NONVIOLENCE _ 11 a.m. Rep. Dennis Kucinich, others, hold a news conference to announce reintroduction of a bill to create the Department of Peace and Nonviolence. Location: Cannon Terrace. Rain site: HC-7, Capitol.

EMPLOYEE CHOICE _ 11:15 a.m. AFL-CIO President John Sweeney, Rep. George Miller, Sen. Edward Kennedy, others, hold a news conference to introduce the Employee Free Choice Act to restore workers' ability to form unions and bargain with employers. Location: Room 2175, Rayburn.

CRIME AGENDA _ 11:30 a.m. Reps. Lamar Smith and J. Randy Forbes hold a news conference on the antiviolence crime agenda. Location: House Radio-TV Gallery.

GLOBALIZATION _ 12 p.m. - 1:30 p.m. The Council on Foreign Relations hosts a panel, ``Has Globalization Passed Its Peak?" Panelists: Adam Segal, Maurice R. Greenberg Senior Fellow for China Studies, Council on Foreign Relationsl Rawi Abdelal, Associate Professor, Harvard Business School; and Marco Vicenzino, Founder and Director, Global Strategy Project. Location: World Bank J Building- J1- 050, 701 18th St. NW.

DEMOCRATIC LEADERSHIP _ 1 p.m. The House Democratic leadership hold a media availability. Participants: Majority Leader Steny Hoyer; Majority Whip James E. Clyburn; Caucus Chairman Rahm Emanuel; Caucus Vice Chairman John Larson; and Budget Committee Chairman John Spratt. Location: House Radio-TV Gallery.

PARK SERVICE _ 2 p.m. Secretary of the Interior Dirk Kempthorne, National Park Service (NPS) Director Mary Bomar, NPS Regional Directors, and several NPS Superintendents will be available to the media to discuss the recently announced budget and NPS Centennial Initiative. Notes: Media should call 888-566-5778. Pass Code: 2230.

TURKEY _ 2 p.m. Turkish Foreign Minister Abdullah Gul holds a news conference to discuss U.S.-Turkish relations. Location: NPC Broadcast Operations Center, Suite 480, National Press Club.

SENATE-IRAQ _ 2:30 p.m. There will be a closed Senate briefing by members of the intelligence community on Iraq. Location: Room S-407, Capitol.

HOUSE REPUBLICANS _ 3 p.m. House Republican Conference Chairman Adam Putnam and Whip Roy Blunt

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hold a pen and pad only briefing. Location: Room HC-9, Capitol.

SOCIAL SECURITY _ 3 p.m. Reps. Howard Berman, Howard McKeon, and Lloyd Doggett hold a news conference with others on the Social Security Fairness Act. Location: Room 2261, Rayburn.

INFLUENZA PANDEMIC _ 4 p.m. Assistant Labor Secretary Edwin Foulke Jr. holds a telphone media briefing on OSHA's ``Guidance on Preparing Workplaces for an Influenza Pandemic," guidance prepared by DOL and HHS support of President Bush's National Strategy for Pandemic Influenza Implementation Plan. Notes: Callin number: 800-475-8421; passcode: Pandemic Flu; leader: Kevin Ropp. Note: Callers will need both the passcode and leader's name to join the conference.

US-TAIWAN _ 5:30 p.m. The Taipei Economic and Cultural Representative Office, others, hold a reception marking the 5th anniversary of the Congressional Taiwan Caucus. Location: Room 2200, Rayburn.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Proposed Budget Includes $7.2 Million More For Guantanamo Cases. The Miami Herald (2/6, Rosenberg) reports, "President Bush's budget request published today includes plans to spend $7.2 million on salaries and expenses for civilian lawyers -- to both fend off legal challenges at home and help prosecute terrorist suspects at the war-crimes court at Guantánamo." The Herald continues, "Until release of the budget, the military commissions had been described as a military function -- handled by the Defense Department and soon to be supervised by a former Pentagon inspector general. … But an annex of the budget released by the White House today lists a supplemental request of $1,736,000 for the government's National Security Division, part of the Justice Department run by Attorney General Alberto Gonzales. … 'This request would provide the National Security Division $2 million to support the Department of Defense's prosecution of high-value detainees at Guantánamo via the process established by the military commission,' the 2007 supplemental request released today says." The Herald adds, "Bush announced in September that he had ordered the CIA to transfer 14 so-called high-value captives to the U.S. Navy base in southeast Cuba, effectively putting them under Pentagon control. … They include Khalid Sheik Mohammed, the alleged mastermind of the 9/11 attacks, and a captive known as Hambali, who was allegedly an Islamic militant in Indonesia. … The budget request said the Justice Department's National Security Division 'will support the [Pentagon] effort by providing experienced assistant United States attorneys and paralegals.' … A Justice Department fact sheet explaining the supplemental budget request said the federal prosecutors, who are civilian lawyers, will get their assignments 'as soon as possible.' … The assignments, it said, 'will last a year or longer.' High-value prosecutions are expected to be more complex. The captives were held at so-called CIA 'black sites,' out of reach of the International Committee of the Red Cross." The Herald notes, "Separately, the Justice Department is seeking an additional $5.5 million for its civil division to fend off lawsuits filed by Guantánamo captives in the federal courts. … Civilian lawyers have filed habeas corpus petitions in U.S. District Court in Washington on behalf of several hundred captives -- and the Justice Department has been challenging them for years."

Budget Would Boost Funding For FISA Court. U.S. News and World Report (2/6) reports, "With the Bush administration's revelation that it will replace the controversial warrantless surveillance program conducted by the National Security Agency with a plan approved by the Foreign Intelligence Surveillance Act court, the fiscal 2007 budget includes a $3.1 million increase to address what is expected to be a spike in FISA applications." US News continues, "FISA, the secret court that issues wiretap orders from Justice Department requests to conduct electronic surveillance and physical searches of suspected international terrorists or spies, already has had an increased workload since 9/11. … A senior justice official told U.S. News that the department's newly retooled National Security Division has streamlined the FISA application process dramatically, and the increased funds along with the quicker processing will allow the department to handle the new surveillance workload. … But 'it will mean more work for our office,' the official said."

CNET News (2/6, Broache) reports, "President Bush's proposed $2.9 trillion budget for next year calls for increases in some scientific research funding, along with boosts for counterterrorism surveillance and screening programs." CNET continues, "The overall budgets for the U.S. Departments of Justice and Homeland Security… saw slight boosts, with an emphasis on government screening and surveillance programs." CNET adds, "Within the Homeland Security department, the president proposed $1 billion for the so-called Secure Border Initiative, which includes plans for a 'virtual fence' composed of motion sensors, infrared cameras and unmanned aerial vehicles, or UAVs, that the administration hopes will help keep better tabs on illicit entrants. … Homeland Security also would receive a $21.9 million increase in funding for its Science and Technology Office of Innovation, which hopes to develop technologies that would create a more resilient electric grid and detect tunnels along the border, among other things. Overall funding levels for the Science and Technology directorate under Bush's proposal, however, would drop from $848 million for fiscal year 2007 to $799 million for the upcoming year."

Acquitted "Virginia Jihad" Defendant Convicted Of Perjury, Obstruction. In a widely-distributed story, the AP (2/6, Barakat) reports, "A Virginia man was convicted Monday of lying to a federal grand jury about his training with a Pakistani militant group, three years after he was acquitted of giving aid to the Taliban as part of a group that trained with paintball games. A jury in U.S. District Court convicted Sabri Benkahla, 31, of four felony counts including perjury and obstruction of justice." The AP adds, "An FBI agent testified that Benkahla's testimony was important needed because the bureau was investigating his links to suspected terrorists including Ahmed Omar Abu Ali, another U.S. citizen from Falls Church who was subsequently convicted of joining al-Qaida and plotting to assassinate President Bush." The Washington Post (2/6, B2, Markon,

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690K) notes in "Virginia Briefing" that Benkahla "had been acquitted in 2004 of being a member of a 'Virginia jihad network' but appeared before the grand jury later that year," when he made the statements which led to the perjury and obstruction case.

LATimes Says More Details About NSA Wiretapping Needed. The Los Angeles Times says in an editorial (2/6), "Slowly but surely, the National Security Agency's eavesdropping on Americans suspected of ties with foreign terrorists is being brought under the rule of law. But the Bush administration still owes not just Congress but the country some straight answers about the program." Last week, Atty. Gen. Alberto R. Gonzales "agreed to provide Congress details of the program's new arrangement for being monitored by a special court set up by the 1978 Foreign Intelligence Surveillance Act. Gonzales' latest concession comes a few weeks after the administration abruptly reversed itself and said that it could, after all, conduct surveillance of international calls and e-mails under the court's supervision." But the administration "has still refused to spell out whether the court will approve individual requests for wiretapping authority -- as it traditionally has done -- or just sign off on more general requests. This is the crucial question."

HOMELAND RESPONSE:

Turner Broadcasting To Pay Boston $2 Million Over Cartoon Terror Scare. USA Today (2/6, 2A, Koch, 2.27M) reports, "Boston won an apology and a $2 million settlement Monday from Turner Broadcasting and a marketing company for a campaign that caused a terrorism scare last week. The city, however, has lost ground on the comedy front. Cartoonists, comedians and entrepreneurs are poking fun at Boston officials for dispatching bomb squads and shutting down bridges and highways Wednesday in reaction to blinking electronic devices left on bridges and subway stations." USA notes, "The devices caused no stir in nine other cities where they were posted in recent weeks."

Tennessee Man Pleads Guilty To Possession Of Ricin. The AP (2/6, Rucker) reports from Nashville, TN, "A man pleaded guilty Monday to federal charges of possessing the potentially deadly poison ricin, firearms silencers and explosives." The AP continues, "William Matthews entered his plea in a deal with prosecutors that calls for a prison term of 7 years and 3 months when he is sentenced April 27. … The ricin charge could have been punished by up to life in prison, and the weapons charges each carried a maximum sentence of 10 years. … 'Mr. Matthews, I think, chose this (deal) as the best of the available options,' his lawyer, public defender Sumter Camp, said after court." The AP adds, "Neither the defendant nor the authorities explained why Matthews had the ricin, which is illegal to possess except for research, and the silencers and explosives, which are legal but were not properly registered. … Matthews was charged after a tip from his estranged wife led police and federal agents to search his property May 31. They found the ricin in a sealed baby jar, two functional pipe bombs, five gun silencers, three blasting caps and bomb-making materials."

Louisiana Official Says Some Katrina Evacuee Children Not In School. USA Today (2/6, Johnson, 2.27M) reports the leader "of Louisiana's largest school system says she believes that up to 200 children in the state's biggest hurricane evacuee camp are not registered in local schools. And she says the U.S. government — citing privacy laws — is doing little to help officials identify the youths." East Baton Rouge Parish School Superintendent Charlotte Placide "says the Federal Emergency Management Agency (FEMA) has refused to give school officials direct access to information about youths in Renaissance Village, a trailer park for families where 1,200-2,000 people live." Placide said, "The law requires students to be in school. We have families in the FEMA trailer park who concern me greatly."

Slow Pace Of New Orleans Reconstruction Criticized. In his Washington Post column (2/5, A17), Eugene Robinson says, "It's beyond frustrating to hear well-meaning bureaucrats cite all the reasons that so little has been done to rebuild this ruined city and the rest of the Gulf Coast -- why, for example, out of more than 100,000 Louisiana households that have applied to the state government for their share of $7 billion in federal reconstruction funds, fewer than 400 have received their money." The three senators "who flew down to conduct" the Senate Homeland Security Committee field hearing in New Orleans, Chairman Joseph Lieberman (I-Conn.), home-state champion Mary Landrieu (D-La.) and presidential hopeful Barack Obama (D-Ill.) – "were remarkably focused and patient, given the circumstances. I got so exasperated that I had to let my mind wander, and it settled on Brownian motion." That's "where the recovery of New Orleans stands, or floats. Factors such as subparagraph-level provisions of federal programs, fine-print details of a contract signed by the state government and shifting alliances in municipal politics -- minuscule things, compared with the size of the job that must be done -- push from all sides, and the result is a frenzied stasis."

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WAR NEWS:

Vote On Warner Resolution Falls Eleven Votes Short. ABC World News (2/5, story 3, 1:55, Tapper, 8.78M) reported, "Senate Republicans filibustered the anti-surge resolution, preventing it from being formally debated or coming to a vote." Republicans "are doing this, they say, because Democrats won't let them introduce, under the same rules, a different resolution opposing any cuts in funding for troops in Iraq." Sen. Mitch McConnell: "We are, in effect, being denied, a fair process for this extremely important debate."

The Los Angeles Times (2/6, Levey, 850K) reports Republicans "complained that Reid was giving preferential treatment to a resolution by Sen. John Warner (R-Va.) to require benchmarks for Iraqi progress. The GOP asked for similar consideration for a measure by Sen. Judd Gregg." The AP (2/6, Espo) notes "the 49-47 vote was 11 short of the 60 needed to go ahead with debate, and left the fate of the measure uncertain." The resolution Republicans want to vote on, by Sen. Gregg, "says Congress should neither cut nor eliminate funding for troops in the field. That measure takes no position on the war or the president's decision to deploy additional forces."

USA Today (2/6, Kiely, 2.27M) notes "all three Republican co-sponsors of the resolution opposed it in the 49-47 vote. The only Republicans voting for that resolution were Norm Coleman of Minnesota and Susan Collins of Maine, both of whom face potentially difficult re-election bids next year. … Sens. Tim Johnson, D-S.D., Mary Landrieu, D-La., Mel Martinez, R-Fla., and John McCain, R-Ariz., did not vote."

The New York Times (2/6, Hulse, Zeleny, 1.16M) says the Republican "show of unity, with war critics including Mr. Warner of Virginia and Senator Chuck Hagel, Republican of Nebraska, siding with the leadership, lent some credibility to Republican claims that Democrats were being unfair." The Times adds, "In addition to the resolution introduced by Mr. Gregg, declaring that Congress should not cut off financing for forces in Iraq, Republican leaders had sought a Democratic commitment for a vote on another alternative, one introduced by Senator…McCain." That measure "would set 11 conditions for the Iraqi government if it wanted to retain American support. The Republican approach would need 60 votes for passage."

The Washington Post (2/6, A1, Weisman, Murray, 690K) reports, "The Democratic leadership gave Republicans a choice: Allow all…versions to come to a vote, with a simple majority needed for passing any of them, or debate and vote on the Warner and McCain resolutions, with both needing 60 votes to pass." McConnell "wanted all four resolutions to meet a 60-vote threshold, for a simple reason: Both Democrats and Republicans think the only measure that could attract 60 votes is Gregg's, because Democrats would be concerned about the political ramifications of appearing to take action that might harm troops in battle." The Washington Times (2/6, Hurt, 88K) says GOP Sen. Arlen Specter "called Mr. Reid's squelching of resolutions 'an effort to short-circuit debate.'"

McClatchy (2/6, Talev) also notes that after the vote, which "fell well short of the 60…that the Democrats needed to move to debate under Senate rules," Democrats "shot back that they'll go beyond nonbinding resolutions against the troop buildup in the months ahead, including efforts to attach strings to war appropriations. 'You can run but you can't hide,' said Senate Majority Leader Harry Reid, D-Nev."

NBC Nightly News (1/5, story 3, 2:00, Harwood, 9.87M) reported, "We are learning that President Bush may have more ability to hold Republicans together on Iraq than many assumed after the 2006 elections." And the CBS Evening News (2/5, story 4, 1:30, Couric, 7.66M) said the Senate debate "doesn't seem to be going according to the Democrats' plan." CBS (Attkisson) added, "Not at all." The President "has been warning Congress against passing critical resolutions and today also cautioned against setting timetables for withdrawing troops. … That argument has been hitting home even with some Republicans who are against sending more troops -- and there are quite a few of them. But privately expressing doubt is very different from casting a vote against a President's war plan."

On Fox News' Special Report roundtable (2/5, Hume), Fred Barnes of the Weekly Standard said Sen. McConnell "is fantastic on this maneuvering and the procedural stuff. He knows that the minority has the advantage. He once blocked a campaign finance reform bill by filibustering sending the Senate conferees to the conference to decide on the bill -- very brilliant."

Roll Call (2/6, Stanton) reports, "Following Republicans' successful filibuster…Senate Democrats are launching a national public relations campaign aimed at tying GOP moderates and incumbents facing difficult 2008 re-election races to Bush in the public's mind, Democratic leadership aides said Monday." The "final vote was something of a surprise, with 49 Members voting to begin debate. Sen. Joe Lieberman (ID-Conn.) joined 46 Republicans in filibustering the bill." Although "neither Reid's operation nor the DSCC is planning to delve into the paid media world at this point, one source noted that the activist group VoteVets ran an ad opposing the war during the Super Bowl and that MoveOn.org also is expected to play a role in the debate."

In his "Washington Sketch" column, Dana Milbank writes in the Washington Post (2/6, A2, 690K), "Those waiting for the much-anticipated Iraq debate in the Senate will have to wait a while longer." Republicans, "eager to avoid a public

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airing of views on the unpopular war, raised procedural objections. Democratic leaders, figuring that public pressure would force Republicans to capitulate, refused to meet their demand that all resolutions on the Iraq war get 60 votes to pass." And "each side got tangled up in talking points as it tried to blame the other for preventing a discussion."

On Fox News' Special Report (2/5, Garrett) reported said yesterday's events change "the onus, the political pressure on who is trying to put themselves in the most advantageous political situation on this debate. Two weeks ago Democrats thought that a vote opposing the troops surge would be the most advantageous, they'd split Republicans. Now Democrats are moving more towards a debate about cutting off funds. Republicans want to accelerate that, but Democrats are not organized. So in the end, Democrats feel more political pressure on this question of future funding than they do on opposing the troop surge."

On Fox News' Special Report roundtable (2/5, Hume), Morton Kondracke of Roll Call said, "If things go badly, we will revisit, I predict, the issue of funding." Brit Hume responded, "I know, but wouldn't it be easier for the White House if a whole bunch of Democratic senators, who are already on record, even on a non-biding resolution, saying that they don't want to cut funds?" Kondracke added, "Yeah, it'll help."

On MSNBC's Hardball (2/5, Matthews), GOP Sen. David Vitter outlined the Republican line on the Iraq resolution standoff, saying, "I support multiple votes on the Senate floor to give senators every opportunity to clearly articulate where they're coming from. The obstacle…isn't having a vote. It's how many different resolutions and votes we're going to be able to have. For some reason, Sen. Reid is adamant at holding it to just two. And there is a great diversity of opinion, perhaps particularly on the Republican side." Also on MSNBC's Hardball (2/5, Matthews), Sen. Jack Reed explained the Democratic position, saying Republicans "should get a chance to put up their option. What they want to do is put up two options and attempt to confuse what is very straightforward and simple. … This is a vote of whether you support or you don't support the President's proposed increase in forces in Iraq."

On CNN's "The Situation Room" (2/5, Blitzer), Sen. Trent Lott said, "We have to change the status quo in Iraq. We can't just summarily pull out. Nobody wants that. We have to support our troops that are there or are headed there. I think, broadly, people support that. Then, the question is: What do we do? You know, the President has a proposal, a plan. Maybe it's not, you know, a perfect plan. I don't deny that. But he -- he has made some recommendations. And we should look at that. I think we should give it a chance."

The Financial Times (2/6, Daniel) says the Senate debate is "the most significant sign of Congress reasserting itself against a powerful executive since the start of the war. … The debate forms part of an intensifying battle over Mr Bush's exercise of executive power. Congressional concern has prompted a White House compromise over its terrorist surveillance programme. But when it comes to the conduct of the war and a more direct challenge to the commander-in-chief's power, this debate goes to the heart of the administration's philosophical view of its authority."

Half Of Democratic Senators Who Backed War In 2002 Regret Vote. The Politico (2/5, Lowe, Reilly, Budoff) reported, "Half of the current Democratic senators who backed President Bush's call to war in 2002 say they now regret authorizing the invasion of Iraq, according to a Politico survey." But "while nine of 18 Democrats who backed Bush now wish they had not, Republicans had fewer misgivings -- only three voiced regret. The lack of a similar GOP groundswell highlights the dilemma that some senators from the president's party face as they seek re-election amid sagging voter support for the war -- and, specifically, the president's plan to send 21,000 additional troops to Iraq."

Powell's UN Speech On Iraqi WMD Remembered. The CBS Evening News (2/5, story 5, 2:25, Couric, 7.66M) reported, "And how is this for irony? Today's Capitol Hill confrontation began four years to the day after then-Secretary of State Colin Powell made a dramatic speech at the UN to make the case that Iraq was hiding weapons of mass destruction. It was a brilliant performance, enough to sell the Congress and the nation on going to war. But before long, it became an embarrassment." Secretary Colin Powell (February 5, 2003): "What we're giving you are facts and conclusions based on solid intelligence." CBS (Martin) added, "That statement about the evidence Saddam Hussein was hiding weapons of mass destruction was made by one of the most trusted men in America. Weapons inspector David Kay remembers being impressed." But "after the invasion, Kay was put in charge of finding the WMD and he found out where those diagrams came from." Kay: "It was a single source. A source that the US intelligence had never at that point talked to, didn't know his name. In fact, he was a fabricator." Martin: "The intelligence about Iraq was not all wrong. On the eve of the invasion, CIA analysts, including Paul Pilar warned the aftermath could get ugly. … But, says former CIA officer, and now CBS consultant, John Brennan, the Administration passed over that intelligence." Brennan: "I don't think there was enough attention paid to those assessments that said after the war, after the invasion, there's going to be difficulty in the streets of Iraq and in Baghdad."

More Commentary. The Washington Post (2/6, A16, 690K) editorializes, "Most senators seem to be aiming to position themselves against their domestic competitors -- in the case of Democrats such as Barack Obama or Joseph R. Biden Jr. -- or cover themselves with voters who are angry about the reverses in the war, in the case of Republicans such as Gordon Smith or Susan Collins. The most overtly

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political posture may be that of Hillary Rodham Clinton, who petulantly called on President Bush and Congress to 'end this war' -- whatever that means -- before the next president takes office, presumably so that it will not trouble the administration she hopes to lead." The war "will not end before the next president takes office. Mr. Bush's surge is unlikely to produce a breakthrough toward peace; in fact the violence may continue to worsen. All the same, the United States may not be able to withdraw from Iraq without triggering worse consequences than those that might arise from remaining. In short, the country needs a strategy for defending its interests in Iraq for years to come. That perspective, and not the American political calendar, is what Congress ought to be focused on."

Edward N. Luttwak, a fellow at the Center for Strategic and International Studies, writes in the New York Times (2/6, 1.16M), "The sooner President Bush can get his extra troops for a 'surge' in Iraq, the sooner he will be able to announce that all American troops are coming home because of the inevitable failure of the Iraqi government to 'live up to its side of the bargain.'" Prime Minister Nuri Kamal al-Maliki "was induced to issue promises -- particularly in terms of government troops taking on Shiite militias -- that he cannot possibly fulfill. Mr. Maliki, it seems, simply agreed to whatever was asked of him, to humor the White House and retain American support for a little while longer." Luttwak concludes that "in any case, it is time for the Iraqis to make their own history."

E.J. Dionne, in the Washington Post (2/6, A17, 690K), writes that Bush supporters are "saying that the resolution is meaningless and that true opponents of the war should prove their sincerity by cutting off funding altogether. But they are doing all they can to keep the Senate from even voting on a bipartisan anti-surge resolution that would send a powerful message to Bush that most Americans have lost faith in his bungled war policy. … The anti-surge resolution is a necessary first step, which is why those who are against a genuine change in our Iraq policy are fighting so hard to stop it."

Waxman Panel To Grill Bremer On Iraq Contracts. USA Today (2/6, Kelley, 2.27M) reports, "Democrats begin their scrutiny of contracts in Iraq today by grilling the top civilian official in Iraq after the 2003 invasion." Paul Bremer, the former head of the Coalition Provisional Authority, "testifies today before the House Oversight and Government Reform Committee about the billions of dollars his agency spent in Iraq. It will be his first appearance on Capitol Hill since he left office more than two years ago. It's all part of the examination of the Bush administration's conduct in Iraq that Democrats promised after regaining control of Congress." The committee's chairman, Rep. Henry Waxman, "is a longtime critic of the administration's handling of the Iraq war and reconstruction contracts. As head of the committee, Waxman has the power to force officials to testify and hand over documents, as well as to decide what the panel will investigate."

The Washington Times (2/6, Miller, 88K) notes "Waxman last week conducted a hearing on charges of White House meddling in the work of government climate-change scientists. He vowed more hearings into what he described as the abuses of power and taxpayer money by the Bush administration."

The New York Times (2/6, Shenon, 1.16M) profiles Waxman, in a largely positive story titled "As New 'Cop On The Beat,' Congressman Starts Patrol." Says the Times, "Halliburton? Tobacco executives? Vice President Dick Cheney? You've been warned." Waxman "is promising the sort of oversight that the Bush administration has not experienced before. … The congressman, a 67-year-old grandfather of four, would strike no one -- at least no one meeting him for the first time -- as a candidate for the role of Congress's most aggressive muckraker. But the liberal Nation magazine has called him the Democrats' Eliot Ness, and Republicans who have tangled with him say the description is apt."

Bremer Insists He Always Thought US Didn't Have Enough Troops In Iraq. The Politico (2/5, Allen) interviewed Bremer, who said, "I felt right from the start that we were the government of Iraq and the most fundamental response of any government is to provide security for its people. We, in my view, did not have sufficient troops to do that. It was protecting the people. It was guarding pipelines and electrical power lines and patrolling the border. All of the things that needed to be done, I thought we were stretched too thin." Speaking of Bush, Bremer said, "There probably were times when he was very direct and said: If you need more troops, I'll send them to you. I remember many times when they simply said: We have enough troops to accomplish our mission."

The Washington Post (2/6, A9, Chandrasekaran, 690K) reports, "While deep divisions remain about Bush's decision to send more troops to Iraq, there is near-unanimity among Democrats and Republicans that the United States needs to roll back key political and economic decisions that Bremer's Coalition Provisional Authority made." Bremer "has become something of a bipartisan-consensus candidate among those looking for officials to hold responsible for what has occurred in Iraq, eliciting that sort of opprobrium once reserved for Donald H. Rumsfeld." However, "some who worked for Bremer in Baghdad contend that he is a scapegoat for Bush administration decisions that were out of his control."

US, Iraqi Forces Prepare To Launch New Baghdad Security Plan. Coverage of the new security

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crackdown in Baghdad noted its backdrop of continuing violence and doubts about the selection of a little-known Iraqi general to command his country's side of the effort. The AP (2/5, Reid) reports, "Iraqi troops set up new checkpoints and an Iraqi general took command — indications that the much-awaited operation to restore peace to the capital is gearing up nearly a month after it was announced. With little sign of an end to the carnage, many Iraqis have begun complaining that the security drive has been too slow in starting, allowing extremists free rein to launch spectacular attacks that have killed nearly 1,000 in the past week. ... With so much at stake, U.S. commanders have moved methodically to plan the operation and assemble the force, eager to avoid the mistakes that accompanied two failed crackdowns last year."

NBC Nightly News (1/5, story 5, 1:35, Williams, 9.87M) reported, "In Iraq today, at least 25 people are dead after several car bombs in Baghdad as Iraqi and US forces start to accept up their newest plan for securing the capital city." NBC (Engel) added, "Today US and Iraqi forces launch what they are describing as the biggest, most comprehensive offensive yet here in Baghdad. What is different about the plan this time is that American forces are establishing small, forward operating bases…across the city." US and Iraqi forces "not only go out from here on patrols during the day but then return and live together on the same base at night."

On its front page, the Washington Post (2/6, A1, Partlow, 690K) says the new plan "rests on the assumption that US troops can win the trust of a wary population by protecting civilians trapped amid sectarian warfare." In addition, the plan also offers "a chance to cultivate Iraqis as sources of information about the violence entangling their neighborhoods," but soldiers "in a task force from the 1st Battalion, 26th Infantry Regiment, who have patrolled Baghdad for months, say that trying to gain cooperation from Iraqi civilians is a thankless struggle." The Post adds, "The selection of [Lt. Gen. Abboud] Gambar, a relatively unknown officer, was greeted with skepticism by some Iraqi and U.S. officials. But an aide to Maliki said the prime minister remains confident in his choice and that Gambar has the support of coalition commanders. During a meeting last month between Maliki and Lt. Gen. Graeme Lamb, the senior British general in Iraq, Lamb pronounced Gambar a 'good man,' the aide said." The Washington Times/AP (2/6, Yacoub) says Gambar "was named to the top position under pressure from the United States after it rejected Prime Minister Nouri al-Maliki's first choice, Lt. Gen. Mohan al-Freiji."

In addition, the Financial Times (2/6, Negus) says "a weekend of violence" in Baghdad "may undercut Shia support for the operations, particularly as many believe the US is focusing too heavily in its new offensive on Shia militias."

Report Says Iraqi Forces Lack Training, Equipment To Replace US Troops. USA Today (2/6, 1A, Michaels, 2.27M) reports in a front page article that "getting Iraqi forces trained, motivated and taking the lead in the fight against insurgents and illegal militias has been a struggle for the US military." Meanwhile, a "major US intelligence report released last Friday said that Iraqi security forces lack the training, equipment and skills necessary to replace US troops." The National Intelligence Estimate warned that, if US troops were withdrawn in the next 12 to 18 months, "this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq."

Iraqi Troops Kill Al-Sadr Aide. The New York Times (2/6, Oppel, 1.16M) reports, following AP coverage by one day, "The director of the political office in Diyala Province for the powerful anti-American Shiite militia leader Moktada al-Sadr [Ali Khazim al-Hamdani] was shot and killed by troops during a raid on Sunday, a Sadr political spokesman said Monday." A US military statement "said Iraqi troops had killed a leader of 'rogue' and criminal elements of Mr. Sadr's Mahdi Army in Diyala who had directed attacks on American forces as well as "kidnappings, assassinations and other violence targeting Iraqi civilians and Iraqi police." Other sources differ on the nationality of those who killed Al-Hamdani: the previous day's AP coverage quoted an Al-Sadr spokesman who identified Al-Hamdani's killers as "U.S. forces." The Washington Post (2/6, A13, Partlow, 690K) reports the killers as "Iraqi soldiers, backed by U.S. advisers." The Times implicitly questions the US military statement's allegation of Al-Hamdani's "rogue" status, saying, "Some American officials familiar with Diyala, a volatile province north of Baghdad, have said that [he] provided intelligence to the American military, beginning last summer."

Administration Officials Playing Down Evidence On Iran's Role In Iraq. The Christian Science Monitor (2/6, LaFranchi, 59K) reports, "In an atmosphere of sharp skepticism about intelligence and heightened sensitivity to saber rattling since the Iraq invasion," the Bush administration is "signaling a more cautious tone toward Iran." Senior officials from the White House, State Department, and Pentagon are now "playing down" the evidence the US possesses of "nefarious" Iranian involvement in Iraq. They are "also insisting the US wants to work out problems with Tehran diplomatically." A "repeated delay" in a "promised" presentation of evidence against Iran "reflects the administration's desire to get things right, and to neither overplay nor underestimate involvement," officials say. National security adviser Stephen Hadley, Friday told reporters that "the truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts." But the "moderated tone" also "suggests an administration still smarting over memories of the earlier botched campaign to justify taking on Saddam Hussein, some experts say."

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Iraqi Officials Linked To Kidnapping Of Iranian Diplomat. The New York Times (2/6, A8, Glanz, 1.16M) reports an Iranian diplomat was "abducted Sunday evening when his convoy was stopped by men with official Defense Ministry identification" in Baghdad, senior Iraqi and American officials said Monday, "raising serious questions about whether government forces themselves were involved in the abduction." A senior Iraqi official "said that the credentials initially appeared to be genuine but that investigators later received conflicting information about whether the men had been dismissed from the ministry but somehow kept their identification." When asked about indications that an Iranian diplomat had been abducted in Baghdad, Mohammad al Hosseini, an Iranian Foreign Ministry spokesman in Tehran, said he could not confirm the reports. However, the Times says "if the kidnappers' credentials turn out to be genuine, there will be enormous pressure on the Iraqi government to recover the diplomat and capture all of those involved."

US May Seek Additional Sanctions Against Iran. The AP (2/6) reports the Bush administration "will push for more U.N. Security Council sanctions against Iran if Tehran continues to ignore council demands for suspension of the country's uranium enrichment program," the State Department said Monday. Assistant Secretary McCormack Iran appears to be continuing "down the path of isolation" by its recent announcement of stepped up installation of centrifuges. McCormack said the US would seek "incremental" sanctions at the U.N. "should the standoff continue, though he did not specify what they might be or the exact timing of any action."

Iran Installs 300 Centrifuges At Natanz Site. The Washington Post/AP (2/6, A12) reports, "Shrugging off the threat of tougher U.N. sanctions, Iran has set up more than 300 centrifuges in two uranium enrichment units at its underground Natanz complex," diplomats and officials said Monday. The move "potentially opens the way for larger-scale enrichment that could be used to build nuclear warheads." It also "poses a direct challenge to the U.N. Security Council."

Opinion On Engaging Iran Divided. Retired Air Force captain and former counterintelligence consultant in Iraq, Dr. Richard Saccone, writes in USA Today (2/6, 10A, 2.27M) that "an objective look at the ominous threat from Iran provides a clear solution to the policy the United States must pursue." Iran, he says, is "easily the most significant source of terror worldwide, providing financing, training, advice, support and supplies to its proxy Hezbollah as well as other groups as far away as Asia," which makes it "a major opponent in the war on terror." In addition, Iran "has increased efforts to undermine the US mission in Iraq through operations in the south as well as in Baghdad." Therefore, Saccone concludes, "The stakes are far too high to allow Iran to buy any more time through feigned receptivity to diplomacy" and "must be confronted quickly and persistently."

Meanwhile, in an editorial, USA Today (2/6, 10A, 2.27M) says the United States "needs a fresh approach" on Iran. An emerging US strategy in the Middle East "looks a lot like containment. Rather than direct military confrontation or outright appeasement, the Administration has been building up points of leverage to isolate and pressure the Iranian regime." President Bush "has been talking tough," while Secretary of State Condoleezza Rice "has been lining up Sunni allies." While "all are reasonable steps," the newspaper says "a vital part is missing: dialogue."

Assad Urges US-Syrian Cooperation On Iraq. ABC World News (2/5, story 4, 3:20, Gibson, 8.78M) reported, "Tonight, we have a rare and exclusive interview with a man the Bush administration says is part of the problem in Iraq, Syria's President, Bashar Assad." ABC's Diane Sawyer, who spoke with Assad in Damascus, added, "There are a chorus of voices in the United States saying that talking to Syria is the way to end the war in Iraq." Assad told ABC, "The problem in Iraq is political, and talking to Syria…means talking to all the other parties inside Iraq and outside Iraq… It's not only about Syria. So, stopping the violence should be related to the political dialogue." However, Assad also said Syria doesn't "expect that [the US is] going to, after nearly four years of occupation, they haven't learned their lesson. They've stopped the dialogue. I think it's too late for them to move toward that." Asked about reports that insurgents are entering Iraq through Syria, Assad said the US needs "to stop looking for scapegoats and whipping boys." When asked what steps Syria can take to tightened control of the border, he responded, "You are the greatest power in the world and you can't control your border with Mexico. How do you want Syria to control its border with Iraq?"

The Washington Times/AP (2/6, Keath) reports briefly on Assad's interview with ABC News.

Iraqi Shiite Leader Says US Urged To Hold Talks With Iran. The New York Times (2/6, A8, Fathi, 1.16M) reports a senior Iraqi Shiite leader "said Monday that his country had urged Iran to hold talks with the United States and that such talks were important for the security of the region." Speaking to reporters in Tehran after meeting with Iranian national security chief, Ali Larijani, Abdel Aziz al-Hakim, one of Iraq's most powerful Shiite leaders, said, "Given the special conditions in the region, talks between the United States and Iran are of the utmost importance" and that negotiations between Iran and the United States "are useful for the whole region."

Allies "Dawdle" On Aiding Iraq. The Washington Times (2/6, Dinan, 88K) reports, "Foreign countries are

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billions of dollars delinquent on their pledges to help Iraq rebuild, and four years after the war began, the international reconstruction effort is still mostly funded by the United States. Some of the biggest deadbeats are Iraq's oil-rich neighbors, such as Saudi Arabia and Kuwait, which are both about a half-billion dollars in arrears, and the United Arab Emirates, which has failed to make good on one penny of a $215 million promise, according to Iraqi government statistics. ... Of $15 billion in initial pledges at the Madrid donors' conference in 2003 and in follow-up conferences, foreign donors have made good on about $4 billion." Even the US "is the most delinquent of any nation in nominal terms, with $6.4 billion still outstanding on the U.S. pledge of $18.4 billion, although the $12 billion the United States has sent is far and away the most of any country. ... The Defense Department's Special Inspector General for Iraq Reconstruction, Stuart W. Bowen Jr., in a new report last week, said international funding is reaching a turning point where those bilateral foreign donations will become more critical as the existing funds managed by the World Bank and United Nations become exhausted."

Rice Announces Task Force On Iraqi Refugees. AFP (2/6) reports Secretary of State Rice Monday announced the creation of a task force "to tackle the mounting Iraq refugee crisis, after Washington came under criticism for not doing enough to help millions of people displaced by the war it unleashed nearly four years ago." The task force, which will be headed by Undersecretary of State Paula Dobriansky, will "coordinate US assistance for Iraqi refugees and internally displaced persons and "devise strategies for Iraqis at risk because of their work with the US government," Assistant Secretary of State McCormack said. After coming under "growing criticism for taking in fewer than 500 Iraqi refugees since leading the 2003 invasion," McCormack last week said Washington was prepared to take in "a fairly significant number" of Iraqi refugees, but he declined to provide figures.

100th British Soldier Killed In Iraq. AFP (2/5) reports, "A British soldier was killed by a roadside bomb in southern Iraq, the 100th to die in military action in the violence-scarred country, the Ministry of Defence said. The bomb exploded near the US consulate in the main city of Basra ... There has been criticism in the past that British troops deployed in both Iraq and Afghanistan have not been sufficiently protected by their existing armoured vehicles."

Watada Court Martial Opens. The New York Times (2/6, Yardley, 1.16M) reports, "A court-martial started here on Monday against an Army officer who refused to serve in Iraq last summer because, he has said, the war is illegal. ... Many enlisted soldiers have faced discipline for refusing to serve in Iraq. Lieutenant Watada is the first officer to refuse to do so publicly. He could face up to four years in prison and be dishonorably discharged if convicted on all counts. The case has become a rallying point for antiwar groups, and scores of Lieutenant Watada's supporters waved signs on Monday at a highway overpass outside Fort Lewis. ... His prospects appear uncertain. The judge, Lt. Col. John Head, reinforced on Monday an earlier ruling that Lieutenant Watada could not base his defense on his contention that the war is illegal."

Afghan Ambassador Denounces Pakistani Haven For Taliban. In an op-ed for the Wall Street Journal (2/6, A16, 2.04M), Afghan Ambassador to the US Said Jawad writes, "Pakistan's recent proposal to fence and lay landmines along its 1,500-mile Afghanistan border is impractical, ineffective and irrelevant to the problem of terrorism and the Taliban. Terrorism will be contained only if we end the institutional support for extremism and strengthen traditional leadership in our region. ... the border is not where the problem lies. Terrorist sanctuaries in Pakistan are the real threat to regional stability and global security. Such sanctuaries are breeding grounds for extremism and violence."

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Senate Hearing To Examine US Attorney Departures. The Financial Times (2/6, Masters) reports, "The current mid-term turn-over in US attorneys is unprecedented and could seriously disrupt pending investigations, witnesses plan to testify at today's Senate judiciary committee hearing on whether the Bush administration is politicising the appointment process for top prosecutors." The Times continues, "Traditionally, US attorneys are named by the president and confirmed by the Senate, although 'interim' appointees could serve for 120 days without confirmation. … Last year a little noticed amendment to the Patriot Act reauthorisation allowed the president to make 'interim' appointments that lasted indefinitely. … Since then, 13 of the 93 US attorneys have left and at least seven of them were asked to leave by officials in Washington. The departures include the top lawyers in New Mexico, San Diego, Arkansas, Nevada, Washington state and Arizona, according to senators and Justice Department sources." The Times adds, "Democrats have described most of them as respected prosecutors who enjoyed the esteem of their subordinates and were reportedly asked to leave to make room for politically connected insiders. … Senator Chuck Schumer, the New York Democrat, will chair a hearing this morning on the issue. He said: 'The highly unusual recent flurry of firings of many well-respected US attorneys not only raises some flags, but also requires some explanations.' … Mark Pryor, Democratic senator from Arkansas, planned to

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testify about the recent appointment of a protege of Karl Rove as interim US attorney in his state. Several other witnesses gave advance copies of their written testimony to the Financial Times. … 'We have never seen the type of turnover now in progress, where the attorney-general, not the president, is asking mid-term that demonstrably capable US attorneys submit their resignations so that Washington insiders may be appointed in their place,' Laurie Levenson, a Loyola law professor, planned to say." The Times notes, "Mary Jo White, a former US attorney from New York, wrote that turnover has a price. 'Changing a United States attorney invariably causes disruption and loss of traction in cases and investigations,' she planned to testify. … Justice Department officials declined to make deputy attorney-general Paul McNulty's testimony available. But they have said the Bush administration is not trying to circumvent the traditional appointment process and will seek Senate confirmation for all replacement US attorneys."

DOJ Budget Includes Flat Funding For Several Flagship Programs. Government Computer News (2/6, Dizard) reports, "The draft Justice Department IT spending plan calls for increases in various FBI and department technology projects seeded throughout the department's overall discretionary funding request of $21.8 billion, according to the department's press release. … Detailed funding proposals point to flat or declining funding levels for several flagship programs, such as the Justice Information Sharing Technology program. That project, which covers IT investments across the department, is set to see its total new budget authority dwindle from $103 million in fiscal 2007 to $101 million next year." GCN adds, "The JIST account covers signature programs like the Joint Automated Booking System, the Justice Consolidated Office Network, the Litigation Case Management System, the Law Enforcement Information Sharing Program and the Unified Financial Management System that help hold the department's largely independent bureaus together. … Justice's CIO, Vance Hitch, controls the JIST account and is in position to use it to harmonize the various bureaus' operations. … But Justice's press release touted a $514 million boost to Interpol's links with state and local agencies. Using different yardsticks for the department's IT spending, Justice claimed that the draft budget, when taken as a whole, included $74.5 million in funds for new IT projects. … Justice claims a total IT program increase figure of $133.2 million for new IT projects including projects affecting several department components. That statement in the department's press materials was not reflected in detailed budget documents."

Government Executive (2/6, Pulliam) reports that "the budget identified agencies that will provide information security services to others as part of the Office of Management and Budget's 'lines of business' effort to consolidate back-end IT systems across government. The Office of Personnel Management, U.S. Agency for International Development and the Defense Department will provide shared service centers for security awareness training, and the Environmental Protection Agency and the Justice Department will offer centers for meeting the reporting requirements in a federal law -- the Federal Information Security Management Act."

DOJ Programs Included Among Budget "Losers." An analysis of the proposed budget by the Fresno Bee (2/6, Doyle) includes a list of budget winners and losers. Among the budget losers, the Bee includes several DOJ programs. The Bee reports, "The Community Oriented Policing Services grant program would be slashed to $32 million, down from the current level of $500 million. … The Justice Department would eliminate a number of other programs, including ones to assist Southwest border prosecutors, stop prison rape and protect Alzheimer's patients."

Budget Includes Increases To Fight Child Porn, Obscenity. CNET News (2/6, Broache) reports, "The Justice Department's budget also includes more than $25 million in program increases--up from $93.7 million last year--for investigations involving child pornography and obscenity, particularly tracking convicted sex offenders and apprehending 'online child pornographers and molesters.'"

Gonzales Addresses SMU Law Students. The SMU Daily Campus (2/6, Jukam) reports, "Law students flocked to the Underwood Law Library Friday at noon, and not just for the free lunch. U.S. Attorney General Alberto Gonzales, who was in town this weekend to receive a distinguished alumni award, spoke to a lecture hall filled with students to discuss the responsibilities of the judicial branch and other topics related to law." The DC continues, "Although Gonzales initially emphasized that each of the three branches of government would affect law students' lives, his speech focused primarily on the role of the judicial branch and the characteristics of good judges. According to Gonzales, judges need to understand their role in the government. … 'I am concerned that some judges have lost sight of the goal of the judicial branch,' Gonzales said. 'It is not the role of judicial branch to make policy.'" The DC adds, "Gonzales said that judges could maintain the judiciary's independence by making decisions based on neutral policies and respecting precedent. He also believes that the Constitution wasn't intended to address every legal and policy issue, and that by making certain issues constitutional, decisions are then taken out of the hands of the people. … 'I'm concerned about judges who think they see a constitutional solution to every societal ill,' Gonzales said." The DC notes, "During a question-and-answer session, Gonzales spoke extensively about the USA Patriot Act. The Patriot Act, passed after the

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attacks of Sept. 11, gave law enforcement more authority to fight terrorism. … 'Shortly after the attacks of 9/11, we were looking for additional tools to protect the country,' Gonzales said. 'The Patriot Act has been extremely helpful in allowing the U.S. government [to] collect information about threats to the government.'"

CORPORATE SCANDALS:

Budget Includes Increase For SEC. The AP (2/6) reports, "The SEC's budget, after nearly doubling in 2003 under anti-fraud legislation enacted amid the wave of corporate scandals early in the decade, is roughly flat for the third straight year under President Bush's 2007 proposal. … In fact, the administration asked for nearly the same amount last year, $904.8 million. But the agency has been operating at an estimated level of $877.1 million for the budget year ending Oct. 1 because, as is the case for most federal agencies, Congress hasn't yet approved 2007 spending levels." The AP continues, "The budget proposal doesn't call for any new programs at the market watchdog agency. But it is 'sufficient for the (SEC) to do its job and do it well,' agency Executive Director Diego Ruiz told reporters in a conference call Monday." The AP adds, "It is the second budget under Chairman Christopher Cox, who became head of the agency in August 2005 after 16 years in the House as a Republican from California. Reflecting Cox's interest in technology, the spending plan provides $130 million for information technology, up from $118 million, including improvements in the SEC's online corporate disclosure system. … The budget also includes $321.2 million for investigations and enforcement actions, higher than estimated 2007 spending of $310.1 million but slightly below last year's original request of $328.1 million. The SEC plans to open 925 new investigations, compared with 960 the previous year. … The SEC and the Justice Department are investigating suspicious timing of stock options grants at more than 100 public companies -- with backdating of options awarded to executives having become corporate America's biggest scandal last year. SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors."

Banks Appeal Ruling On Enron Investor Class Action. The New York Times/Bloomberg (2/6) reports from New Orleans, "Two investment banks, Merrill Lynch and Credit Suisse, asked a federal appeals court yesterday to end a class-action lawsuit by Enron investors seeking $40 billion that they lost when the energy trader collapsed in 2001." Bloomberg continues, "The banks argued that a Houston judge was wrong to allow Enron investors to sue as a group and contended that they could not be sued because they did not participate directly in the accounting fraud that led to Enron's bankruptcy." Bloomberg adds, "The investors argued the court could address only whether the plaintiffs could sue as a group. Trial is set for April in Houston. … 'This class certification is putting enormous coercive impact on my client, facing a possible $40 billion exposure,' a lawyer for Merrill, Stuart Baskin, argued yesterday before the United States Court of Appeals for the Fifth Circuit, in New Orleans. … A ruling that invalidates class status may reduce any liability the banks might face for Enron losses. In June, Judge Melinda Harmon of Federal District in Houston said investors who bought Enron securities could combine their claims. The decision gave investors, who would otherwise be forced to sue individually, the possibility of a much higher recovery and more leverage in negotiating any settlement." Bloomberg notes, "Other former Enron lenders, like Citigroup, JPMorgan Chase and Canadian Imperial Bank of Commerce, have settled with investors for more than $7 billion. … Merrill and Credit Suisse argued that Judge Harmon's ruling was based on the mistaken theory that the banks were individually responsible for investor losses because they took part in a scheme run by Enron."

SEC Examines Front-Running Trading. The New York Times (2/6, Anderson) reports, "The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said." The Times continues, "The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move." The Times adds, "Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction. … But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect."

Hyundai Chairman Sentenced To Three Years By South Korean Court. The Financial Times (2/6, Jung-a) reports, "Hyundai Motor was thrown into disarray on Monday when Chung Mong-koo, its chairman, was sentenced to three years in prison for embezzlement and

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breach of trust, raising the possibility of a management vacuum at South Korea's largest carmaker." The Times continues, "The punishment was harsher than expected and compounded the woes at Hyundai, which was already grappling with the strong local currency, flagging profits and a disruptive labour union. … But the sentence was welcomed by corporate governance campaigners, who said it showed Korea would no longer tolerate chaebol owners using their companies to pursue their personal interest." The Times adds, "The court found Mr Chung guilty of embezzling about $100m of company funds and inflicting about $224m of damage on group affiliates during rights issues. … He was also convicted of using deals to boost his financial gains and those of his son, Eui-sun, who runs affiliate Kia Motors. … 'The defendant's act of secretively setting up massive slush funds and using them wilfully, using his status as the Hyundai Motor group's chairman, undermines the soundness and the autonomy of corporate management,' said Kim Dong-oh, the Seoul central district court judge. … The 68-year-old hairman was freed on bail to 'guarantee his defending rights and to minimise its impact on the economy' while he appeals the conviction, the court said."

Former Fannie Mae Head Seeks Earlier Hearing Date. The Washington Post (2/6, D01, Hilzenrath) reports, "Former Fannie Mae chairman and chief executive Franklin D. Raines, accused of manipulating the housing finance company's earnings, is challenging regulators to make their case against him beginning Feb. 16 instead of waiting until the end of the year." The Post continues, "Attorneys for Raines have argued that the Office of Federal Housing Enterprise Oversight, which issued administrative charges in December, is required by law to begin a hearing on the evidence within 60 days of that event. … The agency, however, has proposed a schedule that would have the two sides file pretrial statements in December. The agency's proposal did not say when the hearing should begin. … 'It's a fundamental issue of fairness,' said Mark Fabiani, a spokesman for Raines. 'Frank Raines is ready to disprove OFHEO's allegations starting this month, and OFHEO is seeking to delay the proceedings until 2008.'" The Post notes, "The agency previously expressed concern about being overwhelmed by litigation related to Raines and the accounting scandal. In a lawsuit shareholders brought over Fannie Mae's accounting, the agency stated that complying with Raines's document requests could pose such a burden that it could divert regulators from their mission. … Raines's trial before an administrative law judge would be the culmination of a process regulators set in motion more than two years ago. In fall 2004, after an extended probe, OFHEO issued a report alleging that Fannie Mae used improper accounting. The Securities and Exchange Commission later agreed."

Donohue Says SEC Investigation Into Sunrise Lacks Merit. The Washington Post (2/6, A15, Birnbaum) reports that as president of the US Chamber of Commerce, Thomas J. Donohue "has long been obliged to talk tough against federal regulation, especially by the Securities and Exchange Commission. But now, it's personal." For 12 years, Donohue "has been a board member (including serving on the audit committee) of Sunrise Senior Living, a publicly traded company being probed by the SEC." Recently, the SEC "opened an inquiry into allegations that" Sunrise founder Paul Klaassen and "other insiders, including Donohue, may have improperly cashed $32 million in stock options before Sunrise in May announced an accounting problem that caused its stock to drop. Donohue calls the allegations meritless and says they were drummed up by labor unions that want to organize the company. He said that he has not been contacted by the SEC and that its inquiry will amount to nothing." But the "controversy adds fuel to complaints that investor activists have leveled at Donohue ever since he took over and revived the Chamber, the nation's largest business lobby, in 1997."

CRIMINAL LAW:

FBI Agent Acknowledges Errors In Earlier Libby Trial Testimony. Fox News' Special Report With Brit Hume (2/5, Angle) reported, "Scooter Libby's defense got an unexpected break today when FBI agent Debra Bond was forced to reverse testimony she gave just last week. Bond had testified that when she first questioned Libby, he said he had learned from Karl Rove that Rove had informed columnist Robert Novak that Valerie Plame worked at the CIA. But today FBI agent Bond said her testimony last week was exactly backwards. As defense attorney Ted Wells asked pointedly, 'So when you said last week that Novak learned from Rove, that testimony was incorrect?' Bond, 'That's what I said. When I read that, it's like, I can't believe I said that.' Wells, 'Sometimes people make mistakes, right?' Bond, 'Yes.'" Fox added, "So yet another witness who told one story, then changed it; a perfect example of what the defense is arguing, that Libby also testified in good faith, but simply got it wrong."

MSNBC's Countdown (2/5, Shuster) reported that "Bond testified last week, on direct, that Libby, quote, 'adamantly denied telling White House Press Secretary Ari Fleischer anything about Valerie Wilson before Valerie Wilson was outed.' But under cross-examination today…Bond acknowledged that the words 'adamantly denied' were her characterization, and that Libby never used those words, but

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rather that Libby actually said he couldn't recall discussing Valerie Wilson with Ari Fleischer. It is a difference, so give the defense some credit, but again these are differences over shades of gray. This is not a blockbuster contradiction perhaps that the defense had been hoping for."

Under the headline "FBI Acknowledges Gaps In Notes On Libby," USA Today (2/6, Willing, 2.27M) reports both on Bond's testimony about Libby not "adamantly" denying the conversation with Fleischer, as well as her misstatement about Rove, and the New York Times (2/6, Lewis, 1.16M), at the end of its story focusing on the grand jury tapes played at trial yesterday, notes Bond's cross-examination and adds, "It was a reminder to the jury that one of the pillars of Mr. Libby's defense was that if he spoke inaccurately to the grand jury and investigators, it was only a case of faulty memory."

Jurors Hear Libby Tapes Of Libby's Grand Jury Testimony. The Washington Post (2/6, A3, Leonnig, Goldstein, 690K) reports, "I. Lewis 'Scooter' Libby told a grand jury in 2004 that Vice President Cheney did not encourage him to provide information about an undercover CIA officer to the media, but Libby also said he did not believe that the information was secret and had to be safeguarded, according to audiotapes of Libby's testimony played in court yesterday. … The eight hours of audiotapes, most of which are to be played today, are intended to back up the government's assertion that Libby lied to investigators about his role in disclosing the identity" of Valerie Plame Wilson. "On the tapes, Libby said that Cheney did not tell him Plame's CIA identity was 'super-super-secret' and that he used a 'curious' tone unlike his regular voice, which 'was much more matter-of-fact and straight.' Libby said he did not remember Cheney speaking harshly of Wilson or suggesting nepotism was the reason for his mission."

The Los Angeles Times (2/6, Schmitt, 850K) adds, "The transcript of Libby's two grand jury appearances in March 2004 also shows that special prosecutor Patrick J. Fitzgerald explored early on whether President Bush and Vice President Dick Cheney were involved in the circumstances leading to the disclosure of Plame's identity as a CIA employee. … Libby said he did not believe that Cheney wanted him to leak word about Wilson's wife to the press." The New York Times (2/6, Lewis, 1.16M) notes, "On the tape, Mr. Libby was heard saying repeatedly that he could not recall any conversation he ever had with Marc Grossman, a State Department official, about Ms. Wilson. Mr. Grossman, who was then the under secretary of state, has already testified about two such conversations."

Media Praise Judge's Decision To Release Tapes Publicly. In a widely-distributed story, the AP (2/6, Yen) reports, "News organizations praised a judge's decision Monday to release tapes of former White House aide I. Lewis 'Scooter' Libby's grand jury testimony, saying it would open a window into court proceedings. U.S. District Judge Reggie Walton said he would make the eight-hour recordings public even though he was worried that jurors could be influenced by outside media buzz." The AP notes that Libby's lawyers had fought the release, however, "Nathan Siegel, an attorney representing The Associated Press and more than a dozen other news organizations, contended that Libby's own words were far less prejudicial than evidence released in other cases, including 911 calls from inside the World Trade Center, FBI tapes in the Abscam investigation and mob wiretap tapes."

Kristof Calls For Cheney To Answer Questions About Libby, Or Resign. Under the headline "Mr. Cheney, Tear Down This Wall," Nicholas Kristof writes in his New York Times (2/6, 1.16M) column, "Mr. Cheney, now that the Scooter Libby trial is raising doubts about your own integrity, you owe the nation an explanation." Kristof poses a series of questions for Cheney, including, "did you push Mr. Libby to dig into Joe Wilson's background and discredit him?" and "What did you mean when you wrote, in a note to Scott McClellan…'not going to protect one staffer + sacrifice the guy the Pres. that was asked to stick his head in the meat grinder because of incompetence of others.'" Kristof notes Nixon's Checkers speech and Agnew's public comments about the corruption allegations he faced in 1973, adding, "I'm not accusing you of committing a crime. But there are serious questions here," and if "you continue to stonewall, then you don't belong in office and you should resign."

Trial Highlights Difference Between "Classified" And "Secret" Material. ABC News (2/5, Coulter) reports, "In government, there's often a conflict between what can be aired publicly and what should be kept under wraps. There is no doubt about the value of keeping secret the movement of military forces in wartime. There is plenty of information that should be released, yet is jealously guarded by government officials. Sunshine laws and the Freedom of Information Act are designed to counter too much secrecy. … Secrecy and the lack of it are at the heart of the perjury and obstruction trial of former White House aide Lewis 'Scooter' Libby. The case has its origins in allegations that the Bush Administration twisted intelligence data to justify a pre-emptive war with Iraq. The prosecution believes there was a concerted effort to discredit the war critic by unmasking his CIA wife." ABC News continues, "There is no dispute at the Libby trial that Valerie Plame's CIA identity was CLASSIFIED information. It was the CIA that officially requested a Justice Department investigation of who leaked her name to reporters, a possible violation of the Intelligence Identities Protection Act of 1982. But no one has been charged with violating that law, which carries a maximum penalty of 10 years in prison and a 50-thousand dollar fine." ABC News adds, "Documents in the case and testimony at the trial show a number of top administration officials discussed Valerie Plame with reporters. Former State Department official

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Richard Armitage, former White House spokesman Ari Fleischer, Karl Rove, and Scooter Libby, among them. An FBI agent also testified that Libby said it's possible he and Vice President Dick Cheney discussed leaking Plame's name to journalists. It was such an incendiary topic, former Time Magazine reporter Matthew Cooper told his bureau chief the information should be considered 'double super secret background.' … Simply discussing an undercover operative is not enough to violate the law. You have to know the agent in question is covert and the government is taking steps to conceal the person's identity, and the disclosure must be intentional. So after a more than three year long investigation, Special Counsel Patrick Fitzgerald has only charged Scooter Libby with lying and trying to obstruct his leak investigation. When he announced the indictment, Fitzgerald compared the offense to someone kicking sand into an umpire's eyes."

California Agency Fined Councilman For Accepting Funds From Miller In 1992. The Hill (2/6, Crabtree) reports Rep. Gary Miller "last week blamed an FBI review of his land deals on a media smear campaign. But this is not the first time government agencies have scrutinized his real estate transactions. In 1992, the California Fair Political Practices Commission (FPPC), a state government entity that regulates political activity and investigates conflict-of-interest allegations, levied a $1,750 fine against Covina City Councilman Christopher Lancaster for accepting $8,000 from Miller before voting in favor of a resolution Miller sponsored. The payment occurred when Lancaster was mayor of Covina and Miller was a member of the Diamond Bar City Council and running for state Senate." The Hill notes, "Shaun Martin, a law and ethics professor at the University of San Diego, said annexation of the land benefited Miller. 'The lingering question is whether the $8,000 he gave to the mayor had anything to do with the mayor's vote in favor' of the annexation tax deal, Martin said."

Fumo Lashes Out At Expected Indictment, Vows To "Stand Up And Fight." The Philadelphia Inquirer (2/6, Cattabiani, Shiffman, 385K) reports, "In a preemptive strike on the eve of his likely indictment, a defiant State Sen. Vincent J. Fumo took the fight to federal prosecutors yesterday, vowing to contest charges he called 'falsities and half-truths.' 'I know in my heart that I have not done anything illegal,' the Philadelphia Democrat said during a 12-minute speech on the Senate floor, his voice at times somber, at times bitter. 'Sometimes in life the only choice we have when we face blatant injustice is to have the courage to stand up and fight.' … Fumo stepped down from a powerful committee post yesterday…but will remain in the Senate." The Inquirer notes that Fumo "predicted the indictment would focus on two basic allegations: that he exploited a South Philadelphia charity and misused his Senate staff for personal and political purposes. … 'The indictment will not allege that I ever accepted a bribe,' Fumo said. 'And, as the government knows, I never did.'"

In a widely-distributed story, the AP (2/6, Jackson) reports that Fumo, "who has been under FBI scrutiny for four years, announced on the Senate floor today that he expects to be indicted this week. … Fumo would have been required to give up his leadership post as soon as he was indicted. He portrayed his resignation as minority party chairman of the Senate Appropriations Committee as a temporary measure 'until I am vindicated.' Fumo charged that the investigation 'has been marked by threats, intimidations and frequent leaks to the media intended to embarrass me' and vowed to fight the allegations."

Speech Called "Terrific Public-Relations Maneuver." The Philadelphia Inquirer (2/6, McCoy, Lounsberry, 385K) reports in a separate story, "It was vintage Senator Fumo – smart, heartfelt, combative, eloquent and shrewd. … He offered a counter-narrative: Fumo, the people's champion, fighting the good fight in the face of threats, leaks and intimidation. 'A terrific public-relations maneuver to get ahead of the indictment,' said lawyer John P. Pucci, a former federal prosecutor." The Inquirer notes Fumo "said the government was about to accuse him of misusing a South Philadelphia charity. To rebut that, he extolled the nonprofit's work on 'countless' community projects, from supporting charter schools to cleaning up 'trash-strewn, rat-infested, vacant lots.' … With members of his Senate staff standing behind him, he said prosecutors were about to paint them as his taxpayer-paid campaign workers and personal servants. To the contrary, he said, they work tirelessly for the public, without bonuses or overtime."

Indictment Expected To Have Mixed Effect On Fumo-Linked Politicians. The Philadelphia Daily News (2/6, Davies, 106K) reports, "When something as earth-shattering as a federal corruption indictment hits a politician as influential as Vince Fumo, his friends and allies feel the shock waves, too. … Fumo worked hard to get U.S. Rep. Bob Brady into the mayor's race, and longtime Fumocrats Jim Kenney and Frank DiCicco are running for re-election to their seats on City Council. Kenney and DiCicco, by now multi-term incumbents with their own legislative records, political relationships and fundraising capacity seem well-positioned to thrive on their own. It's harder to predict the impact on Brady, a longtime friend and associate of Fumo's who must fight the notion that he's a machine politician." The Daily News adds, "St. Joseph's University historian and analyst Randall Miller said the Fumo scandal could raise the profile of the issue of public corruption and help mayoral candidates Michael Nutter and Tom Knox, who are fighting 'pay-to-play' politics."

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Florida Development Bribery Scheme Trial Begins Today. The Miami Herald (2/6, Clark, 286K) reports, "A decade after the late Monroe County Mayor John L. 'Jack' London was paid $29,000 as part of an alleged development bribery scheme, a former county attorney goes on trial today for his suspected role in the public corruption case. James Hendrick, who served as Monroe County attorney from 1995-2002, faces federal charges of conspiracy to obstruct justice, witness tampering and obstruction of justice. A 12-member jury was seated Monday." The Herald notes, "The case stems from a lengthy FBI investigation into alleged public corruption in the Keys. Prosecutors say Hendrick was the center of a "secret deal' in which he, London and Miami-Dade political consultant Randy Hilliard conspired to get Marathon businessman Marvin Rappaport to pay $75,000 in exchange for building and zoning approval of his stymied redevelopment project."

Man Sentenced To 8½ Years In Prison For FEMA Relief Fraud. In a widely-distributed story, the AP (2/6, Sanner) reports, "A 59-year-old man was sentenced Monday to 8 1/2 years in prison on charges stemming from his use of stolen identities in an attempt to acquire more than $100,000 in payments intended for victims of Hurricanes Katrina and Rita. Jeffrey Alan Rothschild, who's also known as Jeffrey Zahler, pleaded guilty in August to bank fraud, mail fraud and money laundering in late 2005. He was sentenced by U.S. District Judge Colleen Kollar-Kotelly in Washington. U.S. Attorney Jeffrey A. Taylor said Rothschild abused a system set up by the Federal Emergency Management Agency to allow hurricane victims to receive $2,000 in emergency funds after providing their names, Social Security numbers and other information." The AP notes, "Rothschild has no fixed address."

Mississippi Woman Pleads Guilty To Katrina Relief Fraud. The AP (2/6) reports, "A Gulfport woman pleaded guilty to hurricane disaster-relief fraud and faces five years in prison, the U.S. attorney's office said Monday. Amanda Rettig will be sentenced April 25 and could also be fined up to $250,000. She pleaded guilty to filing a false claim with the Federal Emergency Management Agency saying her property was damaged by Hurricane Katrina." The AP notes, "She received $22,253.23, a statement from U.S. Attorney Dunn Lampton said."

Suspect In Boys' Abduction Charged With Molestation. USA Today (2/6, Keen) reports from Clayton, MO, "Michael Devlin, who has been accused of kidnapping two Missouri boys who were found last month, was charged Monday with molesting the teenagers." USA continues, "St. Louis County prosecutor Robert McCulloch charged Devlin, 41, with 71 counts: two kidnapping charges and the rest for forcible sodomy. Each charge is a felony punishable by up to life in prison. He said Devlin was charged with 17 counts of forcible sodomy relating to an abduction last month and 52 more in a 2002 kidnapping. 'Devlin acknowledged committing these acts,' McCulloch said." USA adds, "Following his department's policy of not naming victims of sexual abuse, McCulloch did not name the teens. He noted that their identities 'are not a national secret.' … Ben Ownby, 13, of Beaufort, Mo., was kidnapped on Jan. 8. Shawn Hornbeck, 15, disappeared in 2002 in Richwoods, Mo. Both were found inside Devlin's apartment in Kirkwood, Mo., on Jan. 12. Devlin was charged last month with kidnapping in each boy's home county and pleaded not guilty. Monday's charges were filed in the county where Devlin lived."

States Consider Changes To Police Lineups. The Christian Science Monitor (2/6, Jonsson) reports from Atlanta, "More than two decades ago, a sexual-assault victim from Sandy Springs, Ga., pointed to a picture of her attacker in a photo lineup. … 'From zero to 100 percent, how sure are you?' a detective asked. … 'I'm 120 percent sure,' the woman said, as stated in court testimony. … It now appears that she was 100 percent wrong, according to the Fulton County district attorney. The result of DNA testing led to the release of Willie 'Pete' Williams on Jan. 23 after nearly 22 years in a south Georgia prison for a crime he did not commit. Her mistake and his exoneration have revived a debate about the accuracy of eyewitness identifications – and their central role in persuading juries to convict. … But even as a handful of police departments from Boston to Minneapolis have voluntarily changed lineup procedures to help reduce such tragic errors, resistance to top-down reform from the majority of American police chiefs and prosecutors is pushing the debate into the legislative chamber. Last week, Georgia introduced a bill that would scrap the side-by-side police lineup, and would instead require police departments to present suspects one by one – either in person or by photo. Georgia joins Texas, New Mexico, West Virginia, and Vermont, which have similar bills pending." The Monitor adds, "Some experts argue that the new procedure limits inaccurate 'relative judgments' that victims can make during a lineup. But police counter that they do not want to be forced to use a specific procedure that they say would undermine proven techniques detectives use. … Since 1992, 194 people have been exonerated on the basis of DNA evidence, and some 75 percent of the convictions involved at least one faulty eyewitness identification, according to the Innocence Project, which works to clear those who are falsely imprisoned. A separate study published by the University of Michigan in 2004 found that 90 percent of mistakes that led to false convictions in rape cases were caused by eyewitness errors."

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Videographer Nears Jail Record For Resisting Grant Jury. The New York Times (2/6, McKinley) reports from San Francisco, "A freelance videographer who refused to cooperate with a grand jury investigation will become the longest incarcerated journalist in modern American history on Tuesday. The freelancer, Josh Wolf, will pass Vanessa Leggett, an investigator and a journalist who served 168 days in 2001 and 2002 for refusing to surrender information in a murder case." The Times continues, "Mr. Wolf, 24, has been in prison since August, with a brief break in September related to his appeal, after refusing to cooperate with a grand jury investigation of an anticapitalist protest in 2005 in which a police officer here was injured and a squad car was slightly damaged by a small explosive device. … Prosecutors have demanded that Mr. Wolf give them his raw video, some of which he has posted on his Web site, www.joshwolf.net, as well as testify about the protesters seen on the tape for an investigation into possible charges, including arson. … 'Wolf videotaped a public demonstration where there may have been an attempt to set a police car ablaze and where a San Francisco police officer's skull was fractured when he was hit from behind by a demonstrator,' said Luke Macaulay, a spokesman for the United States attorney for the Northern District of California." The Times notes, "Mr. Macaulay cited six federal decisions in the government's favor, including one last week that denied a request for a new hearing. … 'This office has issued a lawful subpoena for legitimate investigative purposes,' he said. … Mr. Wolf says he is protecting his sources. He remains behind bars even as the United States attorney who had him held, Kevin V. Ryan, has said he is stepping down and the San Francisco district attorney has dismissed the lone remaining criminal case involving the protest. … Mr. Wolf could stay jailed until the term of the grand jury ends in July. … The jailing has prompted outcries by advocates for freedom of the press who say it seems out of proportion to the scale of the investigation."

New Jersey Man Pleads Guilty To Child Porn Distribution. The Trenton Times (2/6, Shea) reports, "A former West Windsor man pleaded guilty in federal court yesterday to one count of receiving and distributing child pornography on the Internet. Mark Wasco, 46, was charged in March 2006 with possessing child pornography after an FBI agent and a New Jersey State Police investigator searched his home and computers and found numerous images of children engaged in sex." The Times notes, "The complaint also alleges that Wasco, at one point, posed as a teenage boy to solicit images of children using the Web site MySpace.com, and admitted to the ploy."

FBI Child Sex Sting Snares New York Elementary School Teacher. The Buffalo News (2/3, Herbeck, Pasciak) reported, "An elementary school teacher from Frontier School District is accused of using the Internet to arrange a sexual liaison with a 14-year-old boy." Kollin Roy King "is also a longtime Boy Scout volunteer who was scheduled to become director of Camp Scouthaven this summer, overseeing a program for boys in first to fifth grades who attend camp with their parents. The 'boy' who led to King's arrest was actually an undercover FBI agent, who arranged a meeting at a Cheektowaga restaurant. A team of agents arrested King when he showed up." The News noted FBI spokesman Paul M. Moskal said on Friday, "We see these sting operations on television all the time. The public is well aware that we have undercover agents on the Internet. And yet, people keep doing it. This kind of criminal activity seems to get more and more prevalent."

The AP (2/3, Thompson) reported, "When authorities asked King what he would have done had two boys arrived at the restaurant, King replied, 'I hope nothing would have happened,' Assistant U.S. Attorney Allison Gioia said. But King later acknowledged that it was not the first such meeting he had arranged, and that he had engaged in sexual activity with a 16-year-old boy he met on the Internet in a park and in his apartment, Gioia said. Other scheduled meetings never came to fruition, King told authorities, because the minors did not show up or the meeting location was fictitious."

Study Finds Identity Fraud Down Since 2003. The New York Times (2/6, Leland) reports, "The number of Americans who are victims of identity fraud has declined steadily since 2003, according to a new survey sponsored by credit-card and financial services companies. Last year, 3.7 percent of people surveyed said someone had stolen their identity in the previous 12 months, down from 4.7 percent in 2003, according to the report." The Times continues, "The study found that the total losses from the crime fell last year to $49 billion from the 2005 level of $56 billion. The thieves either used the victims' existing bank or credit card accounts or opened new ones. … The survey, based on telephone interviews with 5,000 adults, was conducted by Javelin Strategy & Research, a data research firm, and was sponsored by Visa, Wells Fargo and CheckFree. The margin of sampling error is below plus or minus one percentage point for the crimes' prevalence." The Times adds, "The findings contradict public perceptions that identity fraud is proliferating out of control, said James Van Dyke, president and founder of Javelin. 'For years identity fraud has been reported as the nation's fastest growing crime, with the assumption that the numbers would keep going up,' Mr. Van Dyke said. 'We find it's not the case. The trend is going down.'" The Times notes, "Because the survey relied on people's accounts of whether

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they had been victims, it does not measure 'synthetic identity theft,' in which criminals fabricate identities using names, addresses, Social Security numbers and other information that may or may or may not correspond to real people. A 2005 analysis by ID Analytics, a financial industry security firm, found that synthetic identity theft was more common than 'true-name' identity theft. … As in past years, the Javelin survey found that individuals whose identities were stolen bore less than 10 percent of the loss from the crimes."

New DC Police Chief Challenged By Rise In Homicides. The Washington Times (2/6, Taylor) reports, :A recent series of homicides will provide an early test for acting Metropolitan Police Chief Cathy L. Lanier as she faces D.C. Council confirmation hearings scheduled for next month, say some residents and council members. … 'I certainly think the way a city responds to a spike in homicides is an important indicator,' said council member Phil Mendelson, at-large Democrat and chairman of the Committee on Public Safety and the Judiciary, which will hold the hearing. 'It gives important insight into how the new administration will deal with violent crimes.'" The Times continues, "The number of homicides this year in the District as of yesterday was 17, the same as last year at this time. Among them was the series of four killings in less than five hours the weekend of Jan. 27-28. Police have made an arrest in one of the cases, and Chief Lanier announced initiatives to aggressively canvass neighborhoods in the 48 hours after a homicide and to target violent criminals wanted on fugitive warrants." The Times adds, "Mayor Adrian M. Fenty, a Democrat, replaced Chief Charles H. Ramsey shortly after being elected in November, in part to implement more community policing in the department, which has 3,800 officers and a budget of about $430 million. Chief Lanier officially took over Jan. 2. … Mary Cheh, Ward 3 Democrat, said she was 'excited' about Chief Lanier's appointment, but added she has some issues that need to be addressed."

Barry Faces Possible Revocation Of Probation. The Washington Post (2/6, Cauvin) reports, "Nearly a year after he agreed to follow the law and pay overdue taxes dating back several years, the former four-term mayor has not only flouted a plea agreement but has failed to file tax returns for 2005, prosecutors say." The Post continues, "Now, the U.S. attorney's office, which did not oppose probation for Barry when he was sentenced in March, wants the federal judge in the case to put him in prison. … 'The Court's patience should be at an end,' Assistant U.S. Attorneys James W. Cooper and Thomas E. Zeno wrote in a motion to Magistrate Judge Deborah A. Robinson, adding that Barry 'continues to flout' city and federal tax laws." The Post adds, "Under sentencing guidelines, Barry could have faced 12 to 18 months in prison for failure to file a federal income tax return and failure to make a District of Columbia return. Now that prison time could be back on the table if the judge decides that Barry isn't living up to his agreement with prosecutors and his promises to the court. … And that may only be the beginning of his problems in the case. In November, the Internal Revenue Service began garnishing Barry's city council salary because he failed to follow through with a payment plan for the taxes he owed for years 1999 through 2004. … Frederick D. Cooke Jr., Barry's attorney, said that he has not talked to his client about the problem with his 2005 taxes. But Cooke said he expects to file court papers challenging the prosecutors' bid to revoke Barry's probation. Cooke said he expected a hearing in the next month."

The Washington Times (2/6, Mcelhatton) reports, "The defense attorney for D.C. Council member Marion Barry said yesterday that he is meeting with the former mayor this week to decide how best to respond to a recent request by federal prosecutors to revoke Mr. Barry's probation in a criminal tax case. … If the motion is granted, the revocation could put Mr. Barry back behind bars more than 15 years after he served six months on drug charges. … 'Just because they write it doesn't mean it's true,' attorney Frederick D. Cooke Jr. said of the court filing last week in which prosecutors stated that Mr. Barry had failed to pay his 2005 taxes." The Times continues, "Mr. Barry received three years of probation last year after pleading guilty to failing to file returns on more than $500,000 in income from 1999 to 2004. … 'I haven't had a chance to draft a response because I have to talk to my client and gather information,' Mr. Cooke said. … In exchange for the guilty plea, prosecutors last year agreed to take no position on Mr. Barry's request for probation at his sentencing last year. … Now, prosecutors say, Mr. Barry hasn't lived up to his end of the deal."

CIVIL LAW:

Jury Finds FBI Retaliated Against Whistle-blowing Agent. The AP (2/6) reports from Minneapolis, "A jury awarded $565,000 in damages on Monday to a former FBI agent, agreeing that Jane Turner's superiors retaliated against her for filing a sex-discrimination complaint against her supervisor. … 'Today is a true vindication for whistleblowers in the FBI,' Turner said after the jury returned its verdict in federal court." The AP continues, "Turner retired in 2003, amid the pressure of both her discrimination case and a separate dispute that arose after she accused colleagues of stealing a Tiffany crystal globe from the World Trade Center ruins. … The jury awarded her $60,000 in damages for lost wages and $505,000 for emotional distress. One of her attorneys, Robert Hill, said the judge will have to reduce the $505,000 to $300,000 because of a statutory cap

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on nonmonetary damages, so she'll get $360,000. … Still, Hill said, it's believed to be the largest jury verdict for retaliation in the history of the FBI." The AP adds, "The defense team's jury consultant, Nikki Carlson, said it was clear that the jury didn't buy the government's defense, which attacked Turner's credibility and job performance. She said one juror told her that the two jurors seated either side of her wrote 'LIAR' on their notepads and stopped taking notes when one of Turner's superiors was testifying."

The Minneapolis Star Tribune (2/6, Browning, 395K) reports, "Federal jurors hugged former FBI agent Jane Turner on Monday after awarding her $565,000 in damages and finding that the agency had retaliated against her for filing a 1998 sex-discrimination complaint. 'I think you were the very best FBI agent,' juror Mashima Dickens told Turner, who investigated child sex-abuse crimes. 'Looking at the way you were treated, I just said you were screwed left and right,' Dickens said, tears rolling down her cheeks. … But Turner said she could never repair the damage done to her by her colleagues in the FBI, an organization she had dreamed of joining since she read Nancy Drew detective novels at age 12. 'I'm dead in their eyes because I betrayed them. And that's what's so sad,' Turner said." The Star Tribune notes, "Records show that she received superior or exceptional job ratings until after her supervisor, Craig Welken, was interviewed in 1999 about a sex-discrimination complaint she had filed the previous year."

Trial Begins Over Fatal Crash Of Small Aircraft. The Chicago Tribune (2/6, O'Connor) reports, "Nearly seven years to the day after a midair collision killed WGN radio personality Bob Collins and two others, a trial opened in federal court Monday to decide who was at fault for the crash of the two small aircraft." The Tribune continues, "Government lawyers laid the blame on Collins, while attorneys for the three victims said the collision was caused by an air traffic controller and was ultimately the responsibility of the Federal Aviation Administration." The Tribune adds, "Collins, 57, had been Chicago's top-ranked morning-radio personality for 14 years when his Moravan Z242L struck a Cessna 172P as the two aircraft approached the Waukegan Regional Airport on the hazy afternoon of Feb. 8, 2000. … Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, killing him and passenger Herman Luscher, 58. The Cessna's pilot, Sharon Hock, 31, a flight attendant who was on her second solo flight, died when her plane crashed on a Zion street. … No one on the ground was injured, but the hospital sustained $28 million in property damage and lost business." The Tribune notes, "The bench trial before U.S. District Judge John Darrah, expected to last about two weeks, opened with the federal government as the lone defendant after Midwest Air Traffic Control Inc., which operates the Waukegan airport's tower, admitted liability Monday. … But lawyers for survivors of the three victims, including Collins' widow, Christine, contend the FAA controlled the Waukegan airport's operations and bears the responsibility for the collision. … Jill Dahlmann Rosa, a Justice Department lawyer, said Collins set up the collision by misreporting his location to the tower, misleading Hock and the air traffic controller. … Collins' conduct 'fell below the standard of care of a reasonable pilot,' she said."

CIVIL RIGHTS:

Expert Will Not Testify At Mississippi Voting Rights Trial. The Jackson Clarion-Ledger (2/6, Gates) reports, "The Noxubee County case has apparently ended without court resuming after the defense decided against calling an expert witness to testify. … An out-of-state voting rights expert had been scheduled to testify Feb. 15." The Clarion-Ledger continues, "The lawsuit, the first of its kind in the United States filed by the U.S. Department of Justice, accuses black political leaders in Noxubee County of discriminating against white voters. … The three-week trial in U.S. District Court concluded last Wednesday, with the exception of the expert coming to Jackson to testify." The Clarion-Ledger adds, "The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters. … U.S. District Judge Tom S. Lee set March 26 as the deadline for both sides to submit final written briefs in the case. He will then make a ruling after that time."

FBI To Give Update On Civil Rights Cold Case Initiative. The Athens Banner-Herald (2/6, Quigley) reports, "FBI officials will hold a news conference later this month to give an update on the bureau's so-called 'cold case initiative' in the Moore's Ford lynching and 51 other unsolved race-related murders, said Nancy Nelson, section chief of the public corruption/civil rights section of the FBI's Criminal Investigation Division. The bureau has been reviewing the cold cases to see if new technology…and a new willingness by witnesses to come forward, will allow federal and state agents to give some conclusion to the decades-old and often forgotten murders, Nelson said. 'If we can get prosecutions out of it, terrific,' but agents mostly are seeking resolution for the victims' families, she said." The Banner-Herald notes, "In 2005, the Moore's Ford Memorial Committee sent letters to several members of Congress…urging them to ask the FBI to 'assign two agents to (the Moore's Ford) case," and the "committee also sent a letter to FBI officials asking agents to reopen the case. 'The letter certainly proved useful in bringing the case to the forefront,' said Stephen Emmett, spokesman for the FBI office in Atlanta."

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Rights Groups Warn Of Increase In White Supremacist Activity. The AP (2/6, Texeira) reports, "Huge street protests against tougher immigration laws made millions of immigrants more visible and powerful in the United States last year, but, according to some rights groups, they seem to have revived a hateful counter force: white supremacists." The AP continues, "Groups linked to the Ku Klux Klan, skinheads and neo-Nazis grew significantly more active, holding more rallies, distributing leaflets and increasing their presence on the Internet - much of it focused on stirring anti-immigrant sentiment, a new report released by the Anti-Defamation League says. … 'Extremist groups are good at seizing on whatever the hot button is of the day and twisting the message to get new members,' Deborah M. Lauter, ADL Civil Rights director, said Monday. 'This one seems to be taking hold with more of mainstream America than we'd like to see.'" The AP adds, "Old Klan chapters have been revived and new ones started throughout the South, historically the heart of the group, and in other places such as Michigan, Iowa and New Jersey, says the report, which was scheduled for official release Tuesday. … Last May in Alabama, an anti-immigration rally included slogans such as, 'Let's get rid of the Mexicans!' according to the document, titled 'Ku Klux Klan Rebounds.' … 'The Klan is increasingly cooperating with other extremist groups and Neo-Nazi groups,' Lauter said. 'That's a new phenomenon.'" The AP notes, "Between 2000 and 2005, hate groups mushroomed 33 percent and Klan chapters by 63 percent, according to Mark Potok, director of the Southern Poverty Law Center, which tracks hate crimes. … Precise data are difficult to pin down, but Potok's group counts as many as 150 Klan chapters with up to 8,000 members across the United States, still well below a peak of 4 million in the 1920s. More than 800 hate groups exist around the country, Southern Poverty research shows."

NAACP Calls For Limits On "No-Knock" Warrants After Atlanta Shooting. The AP (2/6, Gross) reports from Atlanta, "A local chapter of a U.S. civil rights group on Monday called on police and politicians to limit the use of 'no-knock' warrants in the wake of the death of an elderly woman shot by police during such a search." The AP continues, "The Rev. R.L. White, Jr., chapter president for the National Association for the Advancement of Colored People, unveiled a list of recommendations the group compiled after a December community forum prompted by the shooting. … 'This is of utmost urgency,' said White, speaking at the chapter's Atlanta headquarters. 'The situation that happened last year was only the tip of the iceberg.'" The AP adds, "The NAACP chapter also called on police to require officers to receive sensitivity training, for the Atlanta Police Department to launch a goodwill initiative in the city's low-income, high-crime neighborhoods and for a citizens review board to be created to review incidents like the Nov. 21 shooting. … Kathryn Johnston died and three officers were wounded in the shootout during a no-knock search for drugs in Johnston's northwest Atlanta home. Family members say Johnston was 92 years old; authorities said she was 88. … When officers raided her home without first announcing their presence, police say Johnston fired a handgun before officers returned fire, killing her. … Narcotics officers said they were told by a paid informant that cocaine was being sold from Johnston's home. … No cocaine was found in the home, and a man who claims he was the paid informant later said he was told by officers to lie about buying drugs at the home." The AP notes, "The FBI and Georgia Bureau of investigation are investigating the incident at the request of Atlanta Police Chief Richard Pennington."

WPost Columnist Decries Anti-Semitism Charge. In a column for the Washington Post (2/6, A17), Richard Cohen writes that "it comes as a surprise that has the force of a mugging to be accused of aiding the very people I so hate -- of being an abettor of something called 'The New Anti-Semitism.' … The accusation comes from the pen of Indiana University's Alvin H. Rosenfeld, whose report ' "Progressive" Jewish Thought and the New Anti-Semitism' was published by the prestigious American Jewish Committee and given great play in the New York Times. Certain prominent American Jews -- the historian Tony Judt, the playwright Tony Kushner, the poet Adrienne Rich and I, among others -- were charged with aiding anti-Semitism with our writings. We were, in other words, enablers. As if that was not bad enough, Shulamit Reinharz, a Brandeis University professor and a columnist for a Jewish weekly, dispensed totally with Rosenfeld's qualification. She told the Boston Globe that all of us mentioned in the AJC report are just plain anti-Semites." Cohen continues, "At times, I have written coldly and provocatively about Israel, maybe once or twice in anger. This, in turn, has angered some readers who knew what I was thinking but not what I was feeling -- that, at bottom, I had a strong emotional attachment to Israel. … But having said that, let me wonder about those American Jews who interpret criticism of Israel as anti-Semitism or something that abets it. The charge has been leveled at Jimmy Carter over his recent book, 'Palestine: Peace Not Apartheid.' I, too, didn't like the book. I, too, found the book hostile, oddly unbalanced and chillingly lacking in historical context -- not just a near-total neglect of the Holocaust but also no mention of pre-1948 Arab pogroms, such as the 1929 murder of 67 Jews in Hebron. Still, Carter's overall point about Israeli occupation of the West Bank is apt, and calling him all sorts of names does not change that. The former president has in effect embraced the current, ahistorical context for Israel. For

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many, it is no longer the orphaned waif of the Holocaust but the bastard child of Western colonialism." Cohen concludes, "It's sad that the American Jewish Committee commissioned and published Rosenfeld's report. I can't imagine what good will come out of it. Instead, it has given license to the most intolerant and narrow-minded of Israel's defenders so that, as the AJC concedes in my case, any veering from orthodoxy is met with censure or, from someone like Reinharz, the most powerful of all post-Holocaust condemnations -- anti-Semite -- is diluted beyond recognition. The offense here is not just to a handful of relatively unimportant writers, but to memory itself. .. Shame."

ANTITRUST:

Smithfield Complies With DOJ Request For Information On Premium Deal. The AP (2/6) reports, "Smithfield Foods Inc. said Monday it has complied with a Department of Justice antitrust division request for information related to the pork processor's acquisition of rival Premium Standard Farms Inc." The AP continues, "Smithfield said it plans to acquire the pork producer for $674 million in cash and stock and assume $117 million in debt. … Smithfield said it hopes the antitrust division can complete its review in enough time for the deal to close in the first quarter of 2007." The AP adds, "A Premium Standard Farms shareholders meeting has been scheduled for Feb. 23 to vote on the deal."

Firms Trying To Beat Antitrust Clock Find Mixed Results. The Deal (2/6, Lindell) reports, "Companies trying to hasten the antitrust reviews of their deals are increasingly deciding to hit the reset button on the regulatory clock, a maneuver aimed at saving time and money on government reviews." The Deal continues, "Although the strategy is becoming increasingly popular, it's not a sure thing. … Two recent deals indicate that refiling produces mixed results. … Express Scripts Inc. Wednesday announced it was pulling and refiling its premerger notification, in the hope of evading a second request from the Federal Trade Commission regarding its hostile bid for rival pharmacy benefit manager Caremark Inc. But Genentech Inc., which earlier pulled and refiled its paperwork regarding its purchase of Tanox Inc., announced Monday it will have to comply with a longer, costly review." The Deal adds, "While the government hasn't historically kept track of corporate decisions to pull and refile merger notices, it is starting to, and on Wednesday a Department of Justice official said those corporate moves to pull and refile seem be increasing. About two-thirds of those cases have successfully skirted a government demand for documents and data, known as a second request for information. … The process of notifying the government's antitrust agency of merger plans and getting approval to proceed despite competitive issues has become an increasingly elaborate dance under the rubric of the Hart-Scott-Rodino Antirust Improvements Act of 1976." The Deal notes, "Tom Barnett, assistant attorney general in charge of the antirust division at DOJ, and FTC Chairman Deborah Platt Majoras have both repeatedly said they are trying to minimize the cost and time burden of the merger review process, and that as a part of that effort, both agencies are aggressively examining deals during the initial 30 days they are permitted to look over a deal before having to issue a second request. … But sometimes, one month just isn't enough for antitrust lawyers to collect, review, deliver and explain the data fast enough. During that same time, staff lawyers at the agencies also need to review information that may include sophisticated economic data, consider the implications and evaluate the merger's competitive impact in industries that may be new, arcane or rapidly evolving. … As a result, the staff decision to issue a second request for information can prolong the review, and dramatically increase the price tag on the merger review process. … But a second request may not mean the government is really interested in blocking the deal. During the past seven years, 265 cases at DOJ received second requests, according to Bob Kramer, a senior staff official, but only 104 of those cases saw enforcement actions, such as consent decrees involving divestitures or licensing agreements. And only four of those cases actually proceeded to trial."

FTC Reaffirms Antitrust Ruling Against Rambus. The AP (2/6) reports, "The Federal Trade Commission made final its ruling that the memory chip designer Rambus violated antitrust laws, imposing limits on the royalties the company can charge." The AP continues, "Wall Street was bracing for a potentially harsher order than the one the commission released Monday, and Rambus stock rose sharply. … Still, the final opinion provides the sharpest criticism to date of Rambus, and legal experts said it would set an important precedent for the broader technology industry." The AP adds, "The order said Rambus violated federal antitrust laws 'by deliberately engaging in a pattern of anticompetitive acts to deceive an industrywide standard-setting organization.' … Thomas R. Lavelle, senior vice president and general counsel for Rambus, said the company was disappointed with the opinion and would appeal." The AP notes, "The case hinges on whether Rambus illegally obtained a monopoly in the 1990s when it secured patents for two popular types of memory used in personal computers. Rambus was accused of failing to disclose to an engineering council that its patents had been incorporated into an industry standard regarding memory technology. … An administrative

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law judge dismissed the complaint in 2004, but the F.T.C. overturned that ruling in July 2006."

Market Watch (2/6, Andrejczak) reports, "Rambus, of Los Altos, Calif., said it plans to appeal the ruling that stems from government antitrust charges filed more than four years ago. … However, shares of Rambus surged 24% to $23.50 as the FTC remedy was deemed less severe than investors had expected." Market Watch continues, "The FTC issued its order on a 3-2 vote. Commissioners Pamela Jones Harbour and J. Thomas Rosch disagreed with parts of the remedy. … Importantly, one analyst said, the FTC order doesn't affect second-generation DDR and SDRAM memory-chip designs that Rambus has developed or other memory technologies that it's engineered. The order also didn't invalidate any Rambus patent."

USA Today (2/6, 3B, Iwata) reports, "In a statement, Rambus general counsel Tom Lavelle said the company will appeal the decision 'because we strongly disagree with a number of the commission's determinations.' Lavelle said that the FTC commission 'continues to ignore the extensive findings of fact' made earlier by FTC chief administrative law judge Stephen McGuire."

Beatles, Apple Near Settlement Of iTunes Dispute. The Financial Times (2/6, Waters, Tait, Terazono) reports, "The Beatles on Monday buried their latest trademark dispute with US technology company Apple, removing one of the obstacles to a potential deal that could bring the Fab Four's songs to the iTunes music store." The Times continues, "Bringing The Beatles to iTunes would open up a highly valued catalogue of songs and could represent a significant breakthrough for the entire digital music business, according to analysts. … However, others cautioned that personal and legal complications could still stand in the way of a deal."

The Wall Street Journal (2/6, A7, Clark, Smith) reports, "The companies have long squabbled over the word Apple, with the Beatles' Apple Corps Ltd. objecting to the use of its trademarks by the Silicon Valley company. Under a new agreement announced yesterday, Apple Inc. will take over those trademarks, and license some of them back to Apple Corps, which agreed to drop its trademark-infringement litigation. Financial terms weren't disclosed. … Neither company answered the biggest question for music fans -- whether they will finally be able to buy Beatles recordings from Apple's iTunes music store and transfer those purchases to an iPod music player. The Beatles are the most prominent holdout from iTunes, and the companies have privately discussed licensing deals in the past, but nothing has materialized."

USA Today (2/6, Graham) reports, "The move clears the way to get the Beatles music available as digital downloads on Apple's popular iTunes Store, say Wall Street analysts." USA continues, "The Beatles are the 'most notable iTunes holdout,' says Gene Munster, an analyst at equity firm Piper Jaffray. 'Once the Beatles are in, this will lead to a chain reaction among other bands and movie studios. No one will want to be left out anymore.'" USA notes, "Besides the Beatles, Led Zeppelin, Radiohead, AC/DC, Kid Rock and Garth Brooks have declined to offer their music as digital downloads. Last year, Apple added movies to iTunes with films from Walt Disney and, more recently, Paramount Pictures. Studio holdouts include 20th Century Fox, NBC Universal, Sony Pictures, MGM and Warner Bros. … Munster predicts that Apple Inc. will officially announce the Beatles availability on iTunes within the next three months."

The New York Times (2/6, Flynn) reports, "The new agreement replaces one signed by the companies in 1991, when Apple Corps, which represents Paul McCartney; Ringo Starr; the estate of George Harrison; and Yoko Ono, the widow of John Lennon, moved to ensure that the computer company did not use the apple logo in the music business. The Apple Corps logo is a Granny Smith apple. The logo for Apple Inc. is an apple with a bite taken out of it. … But things changed in 2003 when Apple Computer, as it was known until it dropped 'Computer' from its name last month, began signing deals with record labels to distribute music online through iTunes. … Apple Computer had approached the British company in hopes of distributing the Beatles' music on iTunes, but Apple Corps instead accused the technology company of breaching the 1991 contract, arguing that Apple was essentially entering the music business with its service. … The Beatles are considered the last major holdout from online downloading services like iTunes. Today, Beatles fans can play Beatles music on an iPod only by transferring the songs from a CD." The Times notes, "With the Beatles dispute behind it, Apple Inc. faces still another trademark battle: a lawsuit filed by Cisco Systems, the networking company, over the use of the iPhone brand. Cisco has said the two companies have been unable to reach an agreement over the name after several years of discussion." The Washington Post/AP (2/6, D2) also reports this story.

State Street To Purchase Investors Financial. The Wall Street Journal (2/6, C3, Levitz) reports from Boston, "Bulking up in a bid to stay independent, securities-processing company State Street Corp. said it plans to buy Investors Financial Services Corp. for $4.5 billion in stock to become a big player in the hedge-fund realm." The Journal continues, "For years, State Street has prospered here as a leader in the unglamorous business of offering back-office custody work, such as portfolio accounting and issuing monthly statements to institutional investors such as mutual funds. … But the company, which has in the past faced unwanted takeover interest, now grapples with intensified

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competition in a rapidly consolidating industry in which big players hope to achieve economies of scale through acquisitions." The Journal adds, "To shore up its position, State Street is buying fast-growing Investors Financial, a smaller Boston neighbor that provides similar investment services to customers, including hedge funds -- lightly regulated private investment partnerships that cater largely to institutions and wealthy people. Financial-services companies are eager to cater to these sophisticated and fast-moving clients that have exploded in popularity. The two companies say the deal will create the No. 1 administrator of hedge-fund assets, in terms of assets under custody."

Mills Corp. Receives Another Buyout Offer. The Washington Post (2/6, D3, Hedgpeth) reports, "The nation's largest mall owner and a hedge fund yesterday offered to buy the financially troubled Mills Corp. for $1.6 billion, exceeding the $1.35 billion offered by a Canadian company in January." The Post continues, "The latest offer for Mills of Chevy Chase, which owns about 40 malls nationwide, including Potomac Mills and Arundel Mills, was made by Simon Property Group and the hedge fund Farallon Capital Management. Simon is the country's largest real estate investment trust, by market value, and Farallon is Mills's largest shareholder." The Post adds, "Brookfield Asset Management, a Canadian investment company and owner of the World Financial Center in New York, made the earlier offer, which Mills accepted. … Simon, of Indianapolis, owns 285 properties across the country, including Bowie Town Center and Leesburg Corner Premium Outlet. Farallon of San Francisco manages $26 billion of equity capital." The Post notes, "Simon said its cash tender offer would allow Mills shareholders to get their cash as much as six months earlier than they would under Brookfield's deal. … In a statement, Mills said that it would 'promptly consider the proposal' from Simon but that the 'current merger agreement with Brookfield remains in effect.'"

The Washington Times (2/6, Haberkorn) reports, "What makes Mills so valuable, despite recent revelations that executives may have mismanaged funds and that it was running out of money, is its 38 shopping centers across the country. … Locally, it owns Lakeforest Mall in Gaithersburg, Potomac Mills and Potomac Town Center in Prince William County, Marley Station in Glen Burnie, Md., and Arundel Mills in Hanover, Md." The Times adds, "Simon's offer is cash, meaning shareholders could receive payment six months before they would under a Brookfield deal, the company said. … Simon Property Group is an Indianapolis real estate investment trust that owns the Fashion Centre at Pentagon City, Bowie Town Center, Leesburg (Va.) Corner Premium Outlets and St. Charles (Md.) Towne Center. … Simon said its experience would make it most qualified to run the Mills properties."

Icahn Seeks Takeover Of Lear. The Washington Post/Bloomberg (2/6, D02) reports, "Carl C. Icahn, the billionaire activist investor, offered to pay $2.31 billion for the 84 percent of auto-parts maker Lear Corp. that he does not already own." Bloomberg continues, "Lear and Icahn's American Real Estate Partners discussed the proposal over the weekend. Lear said in a regulatory filing yesterday that it was trying to reach an agreement. The cash offer of $36 a share from Icahn, the company's biggest shareholder, was criticized by its third-largest investor as too low. … Richard Pzena, whose New York investment group Pzena Investment Management owned 7.48 million, or 11 percent, of Lear's shares in November, sent a letter to the non-management directors expressing 'alarm' about the offer. 'To claim today that $36 is a fair price is quite disingenuous,' Pzena said in the letter. 'It is our fear that the company's management may have lost sight of the long-term value inherent in the company and that their personal interest in the transaction may create an inherent conflict.' … Pzena said that his staff and Icahn's staff met in November to talk about Icahn's increased stake in Lear and that analysts from both groups agreed on a valuation of $60 a share."

EU Judge To Make Microsoft Ruling By September. The AP (2/6) reports, "The judge due to rule on Microsoft Corp.'s appeal against the European Commission's antitrust order said Monday he hoped to publish his decision before he leaves office in September." The AP continues, "Bo Vesterdorf, the president of the Court of First Instance, refused to give a precise deadline for his ruling. … 'Obviously we would do our very best to get the case out as soon as at all possible,' he told reporters at an Informa legal conference in Brussels. 'It's a very big case.'" The AP adds, "Microsoft is challenging the European Union's 2004 antitrust order, which found the software maker broke competition law and fined it a record 497 million euros ($613 million). … To remedy market harms, the EU ordered the company to offer a version of its Windows computer operating system without Microsoft's media player software. The EU also ordered Microsoft to share communications code and information with rivals to help them develop server software that worked smoothly with the ubiquitous Windows platform."

ENVIRONMENT:

Pelosi, Dingell Reach Agreement On Global Warming Committee. The Hill (2/6, Kaplan) reports, "Ending a three-week long turf war, House Speaker Nancy Pelosi (D-Calif.) and Energy and Commerce Committee Chairman John Dingell (D-Mich.) have reached an agreement

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on the parameters of the select committee on global warming. In a new letter to Pelosi, Dingell wrote that the select committee has no legislative authority and that the panel will expire on Oct. 30, 2008." He "wrote that he has 'assurances' from Pelosi that his committee will get first dibs to call witnesses where there could be potential conflict and that Pelosi will be consulted 'before the exercise of any compulsory powers by the select committee to ensure the appropriate coordination of efforts.'" The Hill adds, "The negotiations between Pelosi and Dingell to establish the panel have overshadowed difficulties Democrats face drafting a comprehensive energy bill. While they have overcome one turf battle, they probably will face many more regional and ideological disputes."

China, UN Plan Beijing Carbon Trading Exchange. The Financial Times (2/6, Dickie, Harvey) reports China and the UN "are working to set up a carbon trading exchange in Beijing – a move that could establish the Chinese capital as an important centre for the multibillion-dollar global trade in carbon credits, according to the UN's top official in China." If successful, the exchange "would compete with private sector carbon exchanges established in Europe and the US, and would help to open up further the lucrative Chinese market in carbon credits."

WSJournal Blasts California "Nuisance" Suit Against Automakers. In an editorial, the Wall Street Journal (2/6, A16, 2.04M) writes that "it ought to be obvious that the absolute last branch of government that should set climate policy is the courts. As usual, California Attorney General Jerry Brown has his own ideas. At issue is a federal lawsuit filed last September by Mr. Brown's predecessor, Bill Lockyer, asking for billions of dollars worth of damages to be levied against six automakers...because their products allegedly create a common-law 'nuisance' by contributing to global warming." Brown "has decided to pursue the case, which he says rests on 'sound legal doctrine.'" There is "scarcely any economic activity imaginable that doesn't somehow affect the balance of greenhouse gases, which is why a 'nuisance' complaint against any single industry doesn't make sense. It's also why the judiciary has so far wisely refused to get drawn into this kind of blame game." The Journal concludes, "If environmentalists want the U.S. political system to do something about CO2 emissions, a good place to start would be convincing a majority of Americans that they are serious people with serious concerns. California's attempt to single out automakers -- which gives a whole new meaning to the term 'junk lawsuit' -- is not helping their case."

Applebaum Says Carbon Tax, Not Kyoto, Is Solution To Climate Change. In her Washington Post (2/6, A17, 690K) column, Anne Applebaum criticizes the Kyoto treaty, writing, "The limiting of fossil fuels cannot be carried out with an unenforceable international regime, using complicated regulations that the United Nations does not have the staff or the mandate to supervise, with the help of a treaty that effectively penalizes those who bother to abide by it." The solution to climate change "is grippingly unoriginal, requires no special knowledge of economics and is easy for any country to implement. It's called a carbon tax, and it should be applied across the board to every industry that uses fossil fuels, every home or building with a heating system, every motorist, and every public transportation system. Immediately, it would produce a wealth of innovations to save fuel, as well as new incentives to conserve." It "would produce a big chunk of money that could be used for other things." And "users of the tax would suddenly find themselves less dependent on Persian Gulf oil or Russian natural gas, too." Moreover, "the successful use of carbon taxes does not require 'American leadership,' or a U.N. committee, or a complicated international effort of any kind. It can be done country by country."

Energy Department Considers Ethanol Reserve. The Wall Street Journal (2/6, Jackson Randall, Heinsohn, 2.04M) reports, "As the U.S. Energy Department looks to expand the nation's emergency oil stockpile, officials are also considering whether it would be beneficial to create an ethanol reserve. 'Perhaps we should be thinking about having an ethanol reserve,' Energy Secretary Samuel Bodman told reporters Monday during a press briefing to discuss DOE's fiscal year 2008 budget proposal." Bodman "said there are several ideas being discussed as the Bush administration moves to expand the strategic petroleum reserve. The plan is to double the size of the oil stockpile, increasing it from its current capacity of 727 million barrels to 1.5 billion barrels in the next two decades. Administration officials are also considering whether there should be storage sites built in areas outside of the Gulf Coast, Mr. Bodman said." The Journal adds, "Aside from considering new locations for SPR sites, another question on the table is 'should we have an expansion in the type of fuel,' Mr. Bodman said, noting that the idea might have merit given the administration's newly announced goal of reducing gasoline use 20% in the next 10 years."

NYTimes Says US Needs To Reduce Appetite For Corn, Oil. The New York Times (2/6, 1.16M) says in an editorial, "The current price of corn is $3.23 a bushel, more than half again what it was a year ago, and beginning to bring to mind the record $5.545 a bushel set in July 1996. There are many reasons for this price spurt. The ethanol boom has created a sharp new demand for corn. The Department of Agriculture revised its estimate of the 2006 corn harvest downward by some 200 million bushels because of weather and other factors. There is also a smaller corn reserve on hand than usual — the smallest in a decade — which

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parallels shortages around the world." Gratifying our "two major appetites — cheap food and cheap gas — used to seem easy because both corn and oil were abundant. Cheap oil helped keep corn prices low because it cost farmers less to run their tractors and combines." But "no matter how high prices go, what will need to change isn't the amount of corn acreage available or even the size of the enormous harvests we are already getting. What will need to change is the size of our appetites."

Asarco Claims Mexican Owners Illegally Stripped Company's Assets. The Tacoma (WA) News Tribune (2/6, Blumenthal) reports, "One-time mining giant Asarco, charging that its Mexican owner stole its most valuable asset and left it to face $7 billion worth of environmental and asbestos-related claims, is asking a federal bankruptcy judge to void the transfer of two Peruvian copper mines to Grupo Mexico, S.A. de C.V." The Tribune continues, "The stakes are high for U.S. taxpayers, who would be stuck with the tab for cleaning up nearly 100 contaminated sites nationwide where Asarco once operated. If the court agrees that the mines were 'fraudulently transferred,' Asarco could recover several billion dollars, by some estimates." The Tribune adds, "In a 23-page complaint filed late Friday in a Texas bankruptcy court, Asarco alleged that Grupo Mexico plotted to gain control of Asarco's 54.2 percent interest in the Peruvian mines. The complaint, which one lawyer in the case said reads like a 'legal potboiler,' charges that Grupo Mexico took control of the mines with the "actual intent to hinder, delay and or defraud" Asarco's creditors. … Grupo Mexico is owned by one of Mexico's richest families, the Larreas. The complaint alleges that another of Mexico's super rich, Carlos Slim, who owns and controls Inbursa, a Mexican bank, may have benefited from the deal. The complaint describes Slim as a 'close associate' of the Larrea family." The Tribune notes, "Asarco is assembling a reorganization plan and trying to emerge from bankruptcy. It is still wholly owned by a Grupo Mexico subsidiary, but under federal bankruptcy laws it's now responsible to its creditors rather than to its stockholders. … Asarco, a century-old mining, smelting and refining company that once was listed on the Fortune 500, filed for bankruptcy protection in 2005. It faces about $6 billion in environmental claims filed by the federal government and more than a dozen states. It also faces 95,000 asbestos-related claims that could be worth between $500 million and $1 billion. … The federal Environmental Protection Agency filed a $1.3 billion claim for cleanup of Superfund sites across the country. The federal departments of Agriculture and Interior, along with local governments, several Indian tribes and private parties, have also filed environmental claims. … Asarco has talked with state and federal lawyers about the possibility of settling the environmental claims, though there are no offers in the table."

Extremely Cold Weather Makes News. All three network newscasts last night led their broadcasts with stories about the cold winter weather. ABC World News (2/5, lead story, 3:00, Gibson, 8.78M) said, "Yes, it is February. And, yes, it is supposed to be cold. But this is ridiculous." ABC (Reynolds) said in some places "it's the coldest it's been…this decade. And it's likely that future winters will be compared to this one." The CBS Evening News (2/5, lead story, 2:25, Couric, 7.66M) reported, "If you've been wondering what happened to winter, chances are you're getting your answer tonight," and NBC Nightly News (1/5, lead story, 2:45, Williams, 9.87M) said "a kind of cold weather has descended across a large part of this country that is cold enough to now be dangerous."

FBI/DEA/ATF/USMS:

Gonzales Visits El Salvador To Coordinate Anti-Gang Activities. KBNT-TV (Univision), San Diego, CA (2/5, 11:18 p.m.) broadcasted (translated from Spanish), "From the US Justice Department, Alberto Gonzales was in El Salvador to meet with president Antonio Saco, and with officials from El Salvador, Honduras and Guatemala. The meeting was to coordinate actions in the war against gangs. Gonzales' visit forms a union for Latin America, which includes visits to Argentina and Brazil. Felipe Calderon, president of Mexico, lost all political parties that surpass their differences and arrived to productive agreements for the country.

KWEX-TV, San Antonio, TX (2/5, 10:10 p.m.) and KDTV-TV, in San Francisco, Oakland and San Jose, CA also broadcasted this story.

New Jersey Man Accused Of Leading Multimillion-Dollar Drug Network. The Pittsburgh Tribune-Review (2/6) reports a New Jersey man "was arrested Jan. 25 as the alleged ringleader of a multimillion-dollar narcotics network." Mohamed Hassanain "allegedly ran the drug ring from his home as well as his business, Lyons Avenue Auto Sales in Newark, said state police in New Jersey." The charges against Hassanain "stem from a six-month investigation led by New Jersey State Police and the Attorney General's Division of Criminal Justice, with assistance from the U.S. Drug Enforcement Administration. The investigation, dubbed 'Operation Pandora,' determined the network allegedly sold 20,000 to 30,000 OxyContin and Percocet pills per week, most going to a distribution ring based in Bronx, N.Y., according to state police Col. Rick Fuentes."

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Authorities Say California Man Attempted To Smuggle Meth Aboard Hawaiian Airlines Flight. In San Jose, the AP (2/6) reports an East Palo Alto man "allegedly tried to smuggle three pounds of methamphetamine in his cargo pants while trying to board a Hawaiian Airlines flight. Michael James Cade, 26, was charged Friday in U.S. District Court in San Jose with possession with intent to distribute at least 50 grams of methamphetamine. … While patting him down, a Transportation Security Administration agent 'felt a large bulk item in the front right pocket of Cade's cargo pants,' Drug Enforcement Administration Special Agent Anthony Guzman wrote in a charging document." A test "concluded that the crystal-like substance was methamphetamine, Guzman wrote." The San Diego Union-Tribune used the AP story.

The San Francisco Chronicle (2/5, Lee) reported authorities "said they believe Cade was smuggling the drugs and, since he had only $10 with him, had hoped to be paid for the illicit cargo in his pants. Cade has previous convictions for felony theft, grand theft and narcotics possession, the affidavit said."

In New Jersey, Sentencing Of "Drug Kingpin" Expected Tomorrow. The Newark (NJ) Star-Ledger (2/6, Whelan) reports Hakeem Curry, "convicted by a jury last July of conspiracy, money laundering and drug trafficking, could face 30 years to life in prison under federal sentencing guidelines. … Curry's conviction was one of the most significant for federal law enforcement officials since they began investigating and prosecuting drug gang members as part of ongoing conspiracies. During an investigation that spanned more than a year, Drug Enforcement Administration agents built the case by secretly taping tens of thousands of phone calls of Curry and his associates." Prosecutors "said Curry's criminal organization pumped tens of millions of dollars of cocaine and heroin onto the streets in Essex and Union counties for more than a decade and arranged for the murders of a rival and another government witness slated to testify against one of Curry's allies." The Star-Ledger says Curry is set to be sentenced tomorrow.

South Carolina Judge Refuses To Suppress Evidence In Drug Conspiracy Case. The Spartanburg (SC) Herald Journal (2/6) reports a federal drug conspiracy case "involving hundreds of pounds of marijuana and more than 10 pounds of cocaine is headed to court this week for two men who have pleaded not guilty. Two women and 13 men in the Upstate have already pleaded guilty to charges including weapons violations and conspiracy to distribute cocaine, crack cocaine and marijuana, but none have been sentenced." On Monday in Spartanburg, U.S. District Judge Henry Floyd "refused to suppress evidence gathered using a search warrant at the home of one of the men who will stand trial, Alviero Mesa-Lopez of Greer. While executing the search warrant at Mesa-Lopez's residence…authorities found 1,400 pounds of marijuana, several ounces of crystal methamphetamine [and] one kilogram of cocaine."

Attorneys For Accused Mexican Drug Kingpin May Try To Blame Brother. The San Diego Union-Tribune (2/6, Soto) reports, "Defense lawyers for accused Tijuana drug cartel kingpin Francisco Javier Arellano Félix hinted at a defense in court yesterday: His brother Benjamín actually was running the drug organization from a Mexican prison." The Union-Tribune continues, "The lawyers mentioned the theory while asking federal prosecutors to give them any documents that might help prove that in preparation for a trial in less than a year. … Javier Arellano took over as head of the murderous drug-running ring in 2002 after Benjamín was jailed and another brother, Ramón, was killed, prosecutors said in court papers filed last week. … Defense lawyers said they hope to prove that's not the case as they defend Javier from charges that could lead to the death penalty." The Union-Tribune adds, "Prosecutors said they would turn over all their evidence as required by law. … U.S. Attorney General Alberto Gonzales is expected to decide whether prosecutors will seek the death penalty. U.S. District Judge Larry Alan Burns set an Oct. 10 deadline for prosecutors to announce how they plan to proceed. … Burns wants jury selection in the case to begin right after Thanksgiving and witnesses to begin testifying in January. Defense lawyers said that is too soon."

Convicted Officer Testifies In Former ATF Agent's Suit Against Chicago. The Chicago Tribune (2/6, Coen) reports, "Drawing chuckles from jurors for his Chicago mannerisms and colorful language, infamous former Police Officer Joseph Miedzianowski was back in federal court Monday, but only in a videotaped deposition in a case involving a one-time federal agent who is suing the city." The Tribune continues, "Tapes of Miedzianowski being questioned about his dealings with former Bureau of Alcohol, Tobacco and Firearms Agent Diane Klipfel were played for the panel. Klipfel and her agent husband are suing Chicago, charging that when they tried to blow the whistle on Miedzianowski in 1992, the city ignored the allegations and Miedzianowski was able to turn the Police Department's internal affairs unit against them." The Tribune adds, "Dressed in prison garb with short hair and a hint of a goatee, Miedzianowski admitted in the video that he doesn't like Klipfel. He called her out of control, a liar and a lunatic. He eventually was arrested in 1998 and later convicted of masterminding a massive Chicago-to-Miami drug ring and

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was dubbed the most corrupt police officer in Chicago history by federal prosecutors. … 'Lunatic would've been one of the nicer words I would've used on her,' Miedzianowski said." The Tribune notes, "Miedzianowski said Klipfel sowed dissent among agents and officers while she supervised a gang detail of which he was a member, and she made false allegations against him to cover her own questionable conduct. … In her testimony, Klipfel had described an enraged Miedzianowski who kicked her car and threatened her when she confronted him about taking money from the dealer and others. Miedzianowski described calmer meetings called by Klipfel, and he said the matter in dispute was that she wanted to give inventoried cash back to the dealer."

ATF Agent Tells Of Life Undercover Infiltrating Motorcycle Gang. CNN (2/6, Arena, Bronstein, Spellman) reports from Mesa, AZ, "In a parched, secluded desert, a brutal killing is caught on videotape. A member of the feared and violent Mongol motorcycle gang is shot in the head at close range. His body is dumped in a shallow grave. … That murder was Jay Dobyns' ticket for membership into the Hells Angels motorcycle gang, Dobyns said. … 'I had committed, like the ultimate deed, the ultimate act of loyalty to these guys,' Dobyns said in an exclusive CNN interview." CNN continues, "But that murder was a fake, complete with special effects, cow guts for brains and artificial blood. What's more, Dobyns had a dark secret he was keeping from his fellow Hells Angels gang members: He was actually an agent for the Bureau of Alcohol, Tobacco and Firearms and was infiltrating the gang to help bring them down. (Read about Dobyns' complaints against the ATF) … For nearly two years, from 2001-2003, Dobyns abandoned his old life, his family and his friends to wear the Hells Angels trademark vest and to simultaneously build a case against the most feared motorcycle gang in the world. If he'd been caught, he figured he would be dead. … The undercover plot was elaborate: Dobyns even had to fake a romantic relationship with a fellow biker played by a female agent, so he had an excuse not to sleep with other women. … Dobyns saw what few outsiders have ever seen -- the inner workings of the Hells Angels. He says that included gun and drug trafficking, extortion, rape and even murder. And Dobyns testified about it all in court."

California Officials Offer Reward For Illegal Guns. The Sacramento Bee (2/6, Jewett) reports, "Sacramento law enforcement leaders have announced a new program offering $1,000 rewards to get illegal guns off the street." The Bee continues, "Authorities are turning to YouTube, MySpace.com and text messaging - communication highways for teens - to promote a new program offering $1,000 rewards for information about illegal guns." The Bee adds, "The rewards will go to anonymous callers who provide police with information about an illegal gun or unlawful gun owner - if the information leads to an arrest. In California, felons are not allowed to own guns, and only people with permits can carry loaded firearms. … 'This is one of the things we're doing to try to reduce the level of violence we see on the streets,' Sacramento Police Chief Albert Najera said at a press conference with Sacramento County Sheriff John McGinness and agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives."

US Will Not Charge ATF Agents In Arlington Shooting. The Washington Post (2/6, B02, Stockwell) reports, "Arlington County's chief prosecutor has ruled that there will be no charges against the federal agents who exchanged gunfire with a man who then broke into an Arlington home, shot another man and kept police at bay for 10 hours last summer." The Post continues, "Commonwealth's Attorney Richard E. Trodden said an investigation into the July 5 incident found that the three agents acted in self-defense when they fired at Travis Hampton, 24. Hampton had fired several shots at the agents before leading them on a chase that zigzagged through the county's narrow streets, Trodden said. Hampton, of Southeast Washington, later fatally shot himself inside the home he had broken into. … 'We found no grounds for any kind of criminal case,' Trodden said. 'The only real issue here was whether the agents acted properly, and we found they certainly had a right to defend themselves.'" The Post adds, "The incident began as a minor collision at the height of rush hour on Interstate 395 south and evolved into a tense standoff that lasted into the next morning and involved out-of-town agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives. Moments before the crash, Trodden said, Hampton had robbed a drug dealer of marijuana at gunpoint from inside the car, which belonged to his girlfriend. … ATF spokeswoman Sheree Mixell would not comment on the case and declined to say whether the agents faced any internal action. She referred calls to the civil rights division of the Justice Department, which also reviewed the case. A spokesman there did not a return a message left yesterday."

IMMIGRATION:

Report Highlights Role Of Immigrant Entrepreneurs. The New York Times (2/6, Bernstein, 1.16M) reports as "the flow of immigrants to suburban and small-town America outpaces the growth of bustling ethnic centers in New York, many foreign-born entrepreneurs" are "facing an unfamiliar crossroads. In the city, rising rents and density hamper growth, while swelling ethnic enclaves in the suburbs generate competitors. Yet in other places, opportunity beckons as never before, as immigrants expand

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the tastes of mainstream America." Whether these businesses "exploit the new chances to break out or succumb to the new perils, the city's economy will feel the effects." Jonathan Bowles, director of the Center for an Urban Future, says, "These are precious and important economic generators for New York City, and there's a risk that we might lose them over the next decade." The Times adds a report published by the center says even in cities like New York, "where immigrant-friendly mayors have promoted programs to help small business…immigrant entrepreneurs have been overlooked in long-term strategies for economic development."

LATimes Urges Deportation For Convicted Illegal Immigrants. The Los Angeles Times (2/6) editorializes, "Police should not act like immigration agents, nor should landlords. But if there's one place it's wholly appropriate for local officials to crack down on illegal immigrants, it's in county jail." The Times continues, "Two years ago, Los Angeles County kicked off a controversial program to screen the immigration status of jail inmates more carefully. Eight custody assistants with the Sheriff's Department were trained to investigate inmates' backgrounds, and in October, U.S. Immigration and Customs Enforcement doubled the number of agents assigned to local jails. The result, as Times staff writers Patrick McGreevy and Stuart Pfeifer reported Monday, is that the number of inmates flagged for deportation nearly doubled last year, to 5,829." The Times adds, "L.A. jails are facing an overcrowding crisis, and illegal immigrants are part of the problem. Federal officials estimate that as many as 40,000 of the 170,000 inmates who pass through local jails each year are in this country illegally. Deporting them won't solve overcrowding in the short term because they have to serve their sentences before being turned over to the feds, but it will probably reduce crime and the jail population over the long term. Meanwhile, illegal residents will have more incentive to obey the law, without being unduly discouraged from cooperating with police. … The only legitimate fear about the jail program is that cops may bust street thugs they suspect to be illegal immigrants for the tiniest of infractions, knowing that a deportation hearing will follow the punishment. But this is a narrow concern that requires monitoring; it's not a deal-breaker. … There should be a path to citizenship for illegal immigrants, but convicts have forfeited the right to be on it. Send them home."

CONGRESS-ADMINISTRATION:

Bush Presents Budget Plan As Blueprint To Balance Budget Without Raising Taxes. President Bush yesterday unveiled his budget proposal to largely negative media reviews. Reports tend to focus on proposed spending reductions on domestic programs, including Medicare, while casting a skeptical eye on the Administration's claims that its spending blueprint would balance the budget in five years. For example, the Wall Street Journal (2/6, A12, McKinnon, 2.04M), in a story titled "On Deficit Cutting, Skeptics Abound," says Bush "often describes himself as optimistic about the nation's future, and he demonstrated that again with his 2008 budget request to Congress. … Even if the White House is able to persuade Democrats to cut 141 federal programs, squeeze nonsecurity programs to a 1% annual growth rate and make sharp cuts in Medicare, Mr. Bush's projections still don't account for several big potential budget-busters, as budget analysts and Democratic critics were quick to note yesterday."

The Financial Times (2/6, Guha) says the "deficit dynamic" in Bush's plan "is substantially driven by the way the budget accounts for the cost of the wars in Iraq and Afghanistan." The White House "set out to show that it is possible to balance the budget by 2012 while making the Bush tax cuts permanent. The budget indeed does this, though the fiscal maths rests on certain assumptions, some of which – like the rapid decline in war costs – look optimistic. The biggest assumption is that it is possible to hold non-security discretionary spending growth to 1 per cent in nominal cash terms."

Likewise, ABC World News (2/5, story 2, 2:25, Gibson, 8.78M) said Bush's plan shows a balanced budget in 2012 "in part by projecting no war costs at all after 2009, increasing Medicare premiums for seniors with incomes over $80,000" and "reducing Medicaid costs by $12 billion and farm subsidies by $18 billion over five years." The budget also "wants to deeply cut 141 unnamed Federal programs." NBC Nightly News (1/5, story 4, 2:25, Gregory, 9.87M) noted "such proposals have been rejected in the past."

Bush's budget is being described as a reiteration of principles put forth throughout his presidency. The New York Times (2/6, Stolberg, 1.16M) says the budget "made few concessions to the political realities facing Mr. Bush. For a president less than two years from the end of his second term, and with his poll numbers low, it was a defiant statement of the principles he has championed for years." Likewise, the Chicago Tribune (2/6, Silva, 617K) reports Bush's plan "is much like the budgets he has presented for the past six years, averting new taxes and limiting spending in many 'discretionary' areas while boosting defense spending. … What is different is the political environment in which the president is delivering his newest spending plan." In fact, says the AP (2/6, Davis), Bush "asked Congress on Monday to slash taxes by $1.9 trillion over the next decade, cementing his first-term tax cuts while changing the way health insurance is taxed. The lion's share of the president's proposed tax reductions would come from making permanent

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his signature cuts enacted in 2001 and 2003, at a cost of $1.6 trillion over the next 10 years."

USA Today (2/6, Jackson, Wolf, 2.27M) says Bush's plan "sets the stage for a series of politically difficult debates over war, taxes and the safety net for poor, elderly and disabled Americans. By laying down his priorities, Bush wooed Democrats with spending proposals they favor and made clear that if they want to raise taxes to pay for more, they will have to propose it themselves." If Democrats "reject those proposals," they "may need to boost taxes in their own budget plan, to be written this spring." The Los Angeles Times (2/6, Simon, 850K) reports "promises of more federal dollars clashed with fiscal reality as a deficit-minded Bush sent his first budget to a Democratic-controlled Congress." The Washington Times (2/6, Dinan, 88K) says Bush is "butting heads with Democrats by calling for Mr. Bush's tax cuts to be made permanent -- at a value of $1.2 trillion over 10 years."

Fox News' Special Report (2/5, Baier) reported, "Senior administration officials call it a budget designed around pro-growth policies that have already proven they can keep the economy moving forward." Rob Portman, head of the Office of Management and Budget, was shown saying, "To increase taxes would to put at risk the economy that has generated the revenues that are largely responsible for putting us in a better fiscal condition."

Roll Call (2/6, Pierce) reports, "As Republicans go, Democrats really like…Portman. It's just too bad for the Office of Management and Budget director that he works for the Bush administration." Senate Budget Chairman Kent Conrad "praised Portman as 'a thoughtful, bright person who is concerned about the long-term unsustainability of our fiscal situation.' So does that mean that Conrad is approaching with an open mind the $2.9 trillion fiscal 2008 budget the White House delivered on Monday? 'The problem is not with the staff. The problem is at the top,' Conrad said." Roll Call adds, "That's the overwhelming sentiment Portman, a former Ohio Congressman, faces over the next few weeks as he teams up with Treasury Secretary Henry Paulson to sell…Bush's budget blueprint to a skeptical Democratic majority on Capitol Hill."

The expected partisan clash is another major focus of media reports this morning. The Wall Street Journal (2/6, A1, Rogers, 2.04M) reports Bush "put a little of everything in his 2008 budget: high spending, assumptions that the government will collect still-higher revenues, and the promise of a modest surplus in five years, even if his tax cuts remain intact." But "no amount of optimism is expected to head off what is likely to be a continuing series of conflicts in coming months between the White House and lawmakers on priorities ranging from urban housing to farm subsidies and defense spending to investments in child health care and education." Democrats "share the president's goal of erasing the federal budget deficit by 2012, but would take a very different path. The two biggest flash points between the White House and Congress are taxes and the war in Iraq. Conflict over these two issues alone could derail Mr. Bush's promise of a modest surplus in five years -- the first since 2001."

The Los Angeles Times (2/6, Havemann, Reynolds, 850K) says "the heat flared up immediately Monday as Republicans lined up squarely behind Bush's budget for fiscal 2008, while Democrats castigated it as both heartless and fiscally irresponsible." The "sharp divide seemed to shatter the spirit of bipartisanship that both parties had cultivated since the Democrats captured control of Congress in November's elections."

On NBC Nightly News (1/5, story 4, 2:25, Gregory, 9.87M), Democratic Sen. Kent Conrad was shown saying, "I would characterize this proposal as filled with debt and deception. It is disconnected from reality and it continues to move America in the wrong direction." McClatchy (2/6, Rosen) reports, "The new Democratic chairmen of the congressional budget committees assailed President Bush's spending plan Monday as a fiscal ruse that's based on inflated government revenue projections and understated future war costs." Conrad and Rep. John Spratt "gave caustic reviews to Bush's 2008 fiscal year budget, the first of the annual fiscal proposals he has submitted to a Democratic-controlled Congress. … Spratt accused Bush of using budgetary sleight of hand to buttress his claim that the federal deficit -- projected at $172 billion this year by the Congressional Budget Office (CBO) -- would disappear by 2012 under his plan."

The Wall Street Journal (2/6, A12, Solomon, 2.04M) reports, "In his new budget yesterday, Mr. Bush proposed some modest ways to restrain the wealth gap, particularly by offering new tax breaks to help the uninsured buy health insurance, but did little to fundamentally strengthen existing government efforts to alter the distribution of income. Included in his budget also was a proposal to extend his 2001 and 2003 tax cuts, which Democrats say benefit the rich over everyone else. … Rather than using the tax code to redistribute income more than it does already, Mr. Bush's budget looks to address inequality largely by helping people afford health insurance and providing more money for education, including increased Pell grants for college."

Skelton Says Congress May Pare Down Defense Spending. USA Today (2/6, 5A, Brook, 2.27M) reports, "Bush's budget brings Pentagon spending to $623 billion for 2008. It also includes a supplemental request for $99 billion to pay for fighting in Iraq and Afghanistan and other costs of the war on terror for the rest of this year." The Wall Street Journal (2/6, A13, Jaffe, Karp, 2.04M) notes Rep. Ike Skelton, "the Missouri Democrat who chairs the House Armed Services Committee, suggested the Democratic-led

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Congress may move to pare back the defense budget. 'We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request without performing the due diligence and oversight our Constitution requires,' Rep. Skelton said."

The Washington Post (2/6, A6, Tyson, 690K) says Bush's defense budget request "pushes US defense spending to levels not seen since the Reagan-era buildup of the 1980s." The Washington Times (2/6, Kralev, 88K) runs a similar report. The New York Times (2/6, Cloud, 1.16M) notes "more than a quarter of the money the Bush administration is requesting in the 2008 fiscal year for military operations in Iraq, Afghanistan and elsewhere would go toward repairing and replacing military equipment, according to budget figures released Monday by the Pentagon. The scale of the request illustrates the toll that years of combat in Iraq and Afghanistan are taking on the military's vehicles, aircraft, weapons and other equipment." But "some budget experts say its size also raises questions about whether the military is using the argument that troops fighting in the field need equipment in top condition to increase purchases of equipment generally."

Rumsfeld Shown In Old Footage Underestimating Cost Of Iraq War. ABC World News (2/5, story 2, 2:25, Karl, 8.78M) reported, "The staggering costs of the wars in Iraq and Afghanistan come through loud and clear in the President's budget: $163 billion this year, and at least $142 billion more estimated for next year. One Democratic Senator pointed out the Administration had at one point claimed the war would cost a fraction of that." Donald Rumsfeld, former Secretary of Defense (from January 19, 2003, appearance on ABC's "This Week"): "Office of Management and Budget estimated that it would be something under $50 billion." George Stephanopoulos: "Our estimates say under $300 billion." Rumsfeld: "Baloney."

Democrats Said To Face Limited Options. The New York Times (2/6, Weisman, 1.16M) reports, "In theory, the budget presents the Democrats their first real opportunity to rewrite the administration's policies, especially on tax cuts, that they have been attacking for six years. But in practice, Democrats know that the only way they can find the revenue to restore the administration's proposed spending cuts would be to cut back on military spending, delay their stated intentions to balance the budget or rescind the Bush tax cuts in future years. They are not especially eager to do any of these." The Times adds, "The most likely result, even some Democrats acknowledge, will be a limited reshaping of the budget by restoring some proposed cuts in a variety of domestic programs, including children's health care, Head Start and home heating assistance for the poor and the elderly."

The Christian Science Monitor (2/6, Grier, Chaddock, 59K) reports, "A president's opponents routinely deride his budget as dead on arrival. Despite this, months of congressional hearings on its details follow. In the end, much of the plan will provide a blueprint for the day-to-day operations of many federal departments and agencies."

Bush Calling For Means Testing, "Deepest Medicare Cuts" Of His Presidency. Much of the coverage emphasizes the budget's spending reductions on healthcare and other social programs. The Financial Times (2/6, Daniel, Guha) reports Bush's budget sets "the stage for a confrontation with Democrats by making greater means-testing for middle-class benefits a central part of his proposals to address entitlement reform. The budget represents a challenge to parts of the system of entitlements enacted as part of the Great Society agenda of the 1960s, with plans to cut Medicare spending, the main publicly funded health insurance programme for those over 65, by raising premiums for wealthier recipients." And in addition, says USA Today (2/6, Appleby, 2.27M), "Higher-income Medicare beneficiaries -- those earning more than $80,000 individually or $160,000 as a couple -- would pay more for the new drug benefit under the president's budget released Monday."

The AP (2/6, Taylor) reports that the proposal "pinches programs cherished by Democrats," while the Washington Post (2/6, A1, Abramowitz, Montgomery, 690K) says "Bush signaled he would attempt to squeeze spending on health care, education, housing and other domestic programs important to the Democratic majority for the duration of his term. Overall domestic spending would be held below the rate of inflation in the fiscal year that begins Oct. 1 and frozen thereafter."

The Los Angeles Times (2/6, Alonso-Zaldivar, 850K) reports, "The budget…calls for the deepest Medicare cuts of his six years in office and falls short in expanding health coverage to uninsured children -- a top priority for congressional Democrats this year. … Consumer and industry groups -- including AARP, the American Medical Association, the American Cancer Society, the Alzheimer's Association and the California Hospital Association -- roundly criticized Bush's plan, and their opposition signaled that it is unlikely to gain traction." The Wall Street Journal (2/6, A13, Zhang, 2.04M), in a story titled "Medicare Cuts To Be Painful," says "hospitals would bear the brunt of…Bush's proposal to cut Medicare spending by $65.6 billion over five years. … In total, hospitals would see about $30 billion in Medicare payment cuts over the next five years, industry analysts said. Industry lobbyists vowed a fierce fight to block the proposed cuts." The Washington Post (2/6, A7, Lee, 690K) also notes Bush's call for "across-the-board cuts in provider payments if Medicare spending reaches certain levels."

The AP (1/6, Freking) reports "hospitals, nursing homes and other providers say that they can't afford lower payments from the government. They said that the payments won't

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keep up with the cost of providing health care." The New York Times (2/6, Pérez-Peña, 1.16M) also runs a story on how the Bush budget would affect New York Hospitals. The Times says the Bush budget "includes deep cuts in spending to train young doctors, cuts that would hit New York especially hard, eliminating several hundred million dollars a year in payments to teaching hospitals around the state."

Budget's "Winners" And "Losers" Noted. In an analysis of the budget, McClatchy (2/6) lists the Defense Department, Veteran Affairs, and the State, Interior and Labor Departments the "winners," while it estimates the biggest "losers" are Amtrak, the Environmental Protection Agency, Low Income Home Energy Assistance, the Corporation for Public Broadcasting, the Education Department, the Labor Department's Bureau of International Labor Affairs, the Office of Disability Employment Policy and the Centers for Disease Control and Prevention. The Washington Post (2/6, A7, Hsu, 690K) offers a similar overview of the budget.

In its "Federal Diary," the Washington Post (2/6, D1, Barr, 690K) reports the budget "contains nuggets of good news for federal employees: Their numbers would grow, as would their salaries." But "those retiring after relatively short careers would lose part of the standard health insurance subsidy. And many employees not involved in national and homeland security would see their programs operate with flat or reduced funding in fiscal 2008."

The Washington Post (2/6, B1, Sheridan, MacGillis, 690K) reports the plan "would provide hundreds of millions of dollars for projects in the Washington area, including a new Homeland Security complex in Southeast and improvements to roads and Metro." But "Democratic lawmakers said it does not include enough for homeland security, health care and cleanup of the Chesapeake Bay."

The Washington Post (2/6, C3, Trescott, 690K) also reports, "The federal cultural agencies and museums received solid support yesterday from the White House in the proposed budget for fiscal 2008." The Administration proposed "$678.4 million for the Smithsonian complex, the largest of the cultural accounts. If passed by Congress at that level, the budget would include an increase of more than $20 million for utilities, rents and salaries; $10 million for improvements to a storage facility for anthropological and art collections in Suitland; $9.9 million for planning for the National Museum of African American History and Culture; and $18 million for improvements at the National Zoo, including $9 million for the new elephant habitat."

Budget Shifts $1 Billion To NCLB. The Washington Post (2/6, A7, Paley, 690K) reports, "Bush proposed $56 billion in Education Department funding, level with his proposal for the current fiscal year" and included "$1 billion in new spending related to the landmark No Child Left Behind law. Democrats and education groups attacked Bush's proposal" saying that it would "slash key education programs and fall short of full funding" for NCLB."

The Washington Times (2/6, 88K) reports, "The $2.9 trillion spending blueprint calls for establishing a national expectation that all high school students will graduate on time and be prepared for college or the workplace. Bush is seeking more than a $1 billion increase in Title I grants for students attending high schools in low-income areas and $100 million for reading programs. Some $412 million is being sought to help pay for achievement testing."

National Education Association President Reg Weaver writes in a letter to the editor of the Wall Street Journal (2/6, 2.04M) that school vouchers "would actually reduce attractive choices for most parents" because "most elite private schools charge higher fees than vouchers would provide, they would only serve as a subsidy for students already attending private schools" and "everyone else would be left in public schools with dwindling resources." Instead, "the way to give parents more positive choices is to improve our public schools. The NEA agrees with President Bush that the No Child Left Behind Act should be reauthorized; meantime, we have a positive agenda to improve the law."

Budget Includes Boost In Pell Grant, Cut In Student Loan Subsidy To Banks. USA Today (2/6, 3B, Block, 2.27M) reports, "The budget President Bush proposed Monday would increase federal grants to low-income college students by 33% over five years and pay for it by reducing subsidies to private lenders." The maximum Pell grant "which hasn't been increased since 2003," would be raised "to $5,400 from $4,050 over five years. To offset the cost, the administration proposes reducing interest-rate subsidies to private lenders by half a percentage point." And "news of the plan sparked a sell-off in shares of publicly traded lenders."

The Wall Street Journal (2/6, Godfrey, 2.04M) reports the plan "is substantially more ambitious than one being pursued in Congress, in which lawmakers also reduced lender guarantees, but cut the lender rate subsidy by just 10 basis points."

No Provisions To Build Entire Border Fence Or Reform Social Security, AMT. The Washington Times (2/6, Dinan, Seper, 88K) reports "Bush's new budget would pay for only about half of the 700 miles of US-Mexico border fence he and Congress four months ago promised to build." The plan "makes good on his promise to fund 3,000 new U.S. Border Patrol agents, putting him near his goal of doubling the agency's size" and "asks for $1 billion in new money to build the fence. Even coupled with $1.5 billion appropriated in the past two years, this would not pay for the entire fence called for in a bill Congress passed and the president signed into law in October."

Meanwhile, McClatchy (2/6, Hall) reports, "Bush's budget ducks tough issues such as shoring up Social Security and overhauling the alternative minimum tax, which

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threatens to punish millions of middle-class taxpayers in coming years. … For several years, Congress has avoided the AMT's impact on middle-class families by passing one-year patches. Bush's budget assumes no more patches after the 2008 tax year. He also assumes that new revenues from the AMT will help him balance the budget by 2012. Congress is unlikely to go along, however." However, says the Wall Street Journal (2/6, D1, Herman, Chaker, 2.04M), "some kind of AMT fix is likely to win congressional approval. Among those already feeling the pinch of the AMT are many people who live in high-tax areas, such as New York City, New Jersey, and California and those with large families."

Bush Budgets $71.7 Million For Mexico Border Water Treatment. The Wall Street Journal (2/6, A12, Paltrow, 2.04M) reports the White House, "stepping into a controversy over cross-border pollution from Mexico, asked Congress for $71.7 million to enhance treatment of sewage drifting from Tijuana to communities in Southern California if a plan to use a private contractor falls through." Until 2000, "the U.S. had planned to expand treatment of sewage from Tijuana at an existing government-owned treatment plant on the border in San Ysidro, Calif. The intent was to help stem pollution from raw sewage causing beach closings and damaging a wildlife estuary on the U.S. side." But "a group of Southern California lawmakers was able to cut off funding for that plan and instead helped a start-up company, Bajagua LLC, a generous contributor to their campaigns, get a no-bid contract to build an entirely new plant on the Mexican side of the border."

Bush Budget Would Close All Public Libraries In Oregon County. The Christian Science Monitor (2/6, Knickerbocker, 59K) reports, "In a corner of southwestern Oregon, a century's worth of American history is bumping up against the politics of federal spending. As a result, all 15 public libraries in Jackson County could be shuttered in a few weeks for loss of federal payments. Washington, Alaska, Montana, and other states would be affected as well. In California, more than 4,500 schools face imminent teacher and administrator layoffs." As "a portion of President Bush's $2.9 trillion budget sent to Congress Monday, not much money is involved: about $800 million or so." But "the cutoff in funding has united lawmakers across the political spectrum – from Sen. Ted Stevens (R) of Alaska on the right to Sen. Barbara Boxer (D) of California on the left. Normally mild-mannered Sen. Gordon Smith (R) of Oregon is threatening to filibuster a $464 billion continuing resolution meant to fund the federal government for the rest of the fiscal year because of what is, in essence, a quirk of history." The county, along with others, have been receiving federal funds to make up for the loss of revenue from the timber harvest, which declined sharply in the late 1990s.

More Commentary. The Wall Street Journal (2/6, 2.04M) editorializes, "Politicians are typically late in picking up trends, so it will be interesting to see how long it takes Washington to acknowledge the big story in the Fiscal 2008 budget that…Bush unveiled yesterday: To wit, with a little spending restraint, Congress could balance the budget in no time. You wouldn't know this from all the garment-rending yesterday in response to Mr. Bush's proposal to spend the not-so-meager sum of $2.9 trillion. Our favorite agonist is Kent Conrad, the Senate Budget Committee Chairman, and he didn't disappoint. 'The President's budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction,' said the Senator who was himself blocked from sneaking nearly $5 billion in 'emergency' farm spending into a military construction bill in the final days of the last Congress. … The news Mr. Conrad won't broadcast is that over the past three years the federal deficit has shrunk by 58%."

The Washington Post (2/6, A16, 690K) says in an editorial that "Bush's balance is more illusory than real. It ignores known costs such as ameliorating the impact of the alternative minimum tax, which would top $90 billion in 2012 alone; the administration, once again, would simply affix a one-year patch for 2008. It assumes the government will collect far more revenue than the Congressional Budget Office projects, amounting to a $150 billion difference in 2012. No one should start spending Mr. Bush's projected surplus." The Post adds, "The more fundamental problem with Mr. Bush's supposedly balanced budget is its fundamentally unbalanced approach. He squeezes social programs while his tax cuts remain untouchable."

The New York Times (2/6, 1.16M) editorializes, "Apart from war costs and personnel increases, this budget slips in more than $40 billion in other spending increases, compared with last year. Since Mr. Bush took office, the Pentagon budget has more than doubled. It is now higher, in real terms, than it has been in the past half-century." Congress "should direct particular attention to the roughly $140 billion in weapons procurement, research and development costs that are not part of the Iraq and Afghanistan section of the budget. Far too many of these programs are products of cold war strategic thinking and have outlived their rationale in a world with no superpower arms race. … This nation can afford to pay for all of its legitimate military needs. What it cannot afford are costly jobs programs disguised as defense and the wasteful weapons projects promoted by an army of well-connected Washington lobbyists."

Steven Rattner, managing principal at the Quadrangle Group, a private investment firm, writes in the New York Times (2/6, 1.16M) that when Bush "sent his new budget to Congress yesterday, he trumpeted a continuing decline in the deficit and projected a swing back into the black by 2012." But "the accounting in the thick volumes issued by his Office of Management and Budget bears about as much similarity to the practices of private sector companies as Sanskrit does to

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Chinese. For sometimes obscure and sometimes political reasons, the federal government reports its finances in a way that portrays them far more favorably than they deserve. … The Sarbanes-Oxley Act tried to reform misleading private sector practices. The federal government needs a similar effort."

Administration Plans To Cut "Tax Gap" By $29.5 Billion. The Wall Street Journal (2/6, Wells, 2.04M) reports the Bush Administration is "launching an effort to collect an estimated $29.5 billion in uncollected taxes, partly through new reporting requirements on securities sales." The proposals "to close part of the estimated $290 billion tax gap are included in the White House's proposed $2.9 trillion budget plan for the 2008 fiscal year, released Monday." The Bush budget "would require corporations, investors and merchants to report more details of their business dealings to the Internal Revenue Service. This is part of a move to boost the overall compliance rate with the tax code, which was 86% in 2001." A key proposal "in this expanded 'information reporting' includes new reporting requirements for the basis of publicly traded securities, which involves a measure of stock purchase price plus any necessary adjustments."

Bush Proposal Would Revamp FAA Funding. The Wall Street Journal (2/6, A12, Matthews, 2.04M) reports President Bush "told Congress he wants to scrap the passenger-ticket taxes used to help fund the air-traffic control system and replace them with user fees for commercial airlines." However, the result "will be some air travelers, commercial airlines and corporate jet owners are likely to end up paying more to fly to pay for a new generation of traffic control technology." The proposed changes "would take effect in 2009 and mark a major shift in how the Federal Aviation Administration is funded."

McConnell To Pressure Democrats On Judicial Nominations. The Hill (2/6, Bolton) reports Senate Minority Leader Mitch McConnell (R-Ky.) is "signaling to colleagues that he will take a personal and leading role in pressuring Democrats to confirm President Bush's judicial nominees, an issue that has received little attention since the election." Republican senators "agreed to make judicial nominees one of their top priorities at a one-day retreat held Friday at the Library of Congress before a meeting with Bush at the White House. Other key concerns, which senators designated in questionnaires they submitted to the Republican leadership, are fiscal policy, taxes, budget, healthcare, energy security, immigration reform and national security." While Bush "has said he still wants to push Social Security reform, the senators did not include it in their broad agenda for the next two years, indicating a lack of support for the measure." At the retreat, McConnell "kicked off the private talk on judges and reiterated his expectations of Democrats on judges during a press conference Monday." McConnell said, "Senate Republicans expect that Bush be treated the same way during the last two years of his presidency as each of the last three presidents were treated in the last two years of theirs when the Senate was controlled by the opposition party." McConnell said "that during the last two years of the Reagan, the first Bush, and the Clinton administrations, the Senate confirmed an average of 17 circuit court nominees, adding that conversations with Senate Majority Leader Reid (D-Nev.) have left him optimistic 'that standard will be met.'"

9th Circuit Increases En Banc Reviews. The National Law Journal (2/6, Maclean) reports, "The 9th U.S. Circuit Court of Appeals appears bent on reining in potential conflicts between its precedents and those in other circuits before they catch the eye of the U.S. Supreme Court." The Journal continues, "The nation's largest federal appellate court issued 25 orders to rehear appeals by 15-judge en banc panels in 2006, the highest number in decades, with a whopping nine orders in one five-week period between Dec. 21, 2006, and Jan. 23, 2007, according to court records. … The latest spate of nine orders all came in criminal or habeas petitions. … 'This is a noteworthy flurry of activity,' said Arthur Hellman, a professor at the University of Pittsburgh School of Law who has written a book about the circuit and follows it closely. 'One thing it says is the court is being proactive in clarifying its law.'" The Journal adds, "Judge Alex Kozinski, a 9th Circuit judge since 1985 and slated to be chief judge at the end of the year, agreed. 'There seems to be a greater willingness on the part of judges to view the en banc process as a continuing part of our responsibility in shaping circuit law,' he said." The Journal notes, "Circuit rules provide that a majority of the court's 26 active judges may order a full court reconsideration of three-judge panel decisions in a process known as en banc review. Because of the impracticality of all 26 judges sitting for rehearing, the circuit adopted a system of limited en bancs with random selections of 15 judges to rehear cases. … The en banc process is intended to eliminate conflicting panel decisions within the circuit and conflicts with precedents in other circuits. … In three of the nine cases that the court most recently voted to review en banc, the lower court panel had yet to issue a ruling. That generally happens when the three judges find a conflict within the circuit and refer the case to the entire court, according to Kozinski. Under circuit rules, three judges can't resolve the internal split; it must be done by en banc review."

Former Treasury Chief Criticitzes Bush's Insistence On Private Social Security Accounts. The Wall Street Journal (2/6, 2.04M) reports former Treasury Secretary John Snow "said the Bush Administration's first

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effort to overhaul Social Security failed because the administration was 'intransigent' on private accounts." Snow said the "Administration's insistence that a Social Security fix include private accounts carved out of the program shifted the focus from making the retirement program solvent. It would have been better, he said, to propose private accounts on top of the existing program, as some Democrats suggested."

"Winners Could Turn Into Losers" Under Bush Healthcare Plan. The Wall Street Journal (2/6, D1, Meckler, 2.04M) reports, "New prescriptions to help the uninsured are proliferating by the day, but some of the proposals would have a big impact on another group -- people who already have health insurance." The Journal assesses several proposals for their effect on consumers, including President Bush's proposal, one by Oregon Sen. John Wyden (D), another by the Health Coverage Coalition for the Uninsured, state proposals, and the Edwards proposal. The Journal reports that under the Bush plan, "[a]mong the winners would be those whose coverage costs less than $15,000 a year -- or about 80% of workers who have job-based insurance, the White House says." However, "winners could turn into losers with time. Even people with policies under the cap could eventually hit the ceiling as health costs rise." The Journal calls the Wyden proposal "the most radical one on the table." The Journal writes, "He would sever the link between employment and insurance altogether and require everyone to buy coverage directly from insurance companies, much like people now buy auto insurance. … Under this plan, people with insurance will have a greater choice of health plans than most get from work today, given that the market is likely to produce more options. But as health costs and insurance premiums rise, families would have to absorb the increase."

Senate Proposal Authorizes Space Intelligence Office. The Washington Times (2/6, Gertz, 88K) reports Congress is "calling for the creation of a new National Space Intelligence Center to better spy on space-based and other threats to U.S. military, intelligence and commercial satellites." A provision "of the Senate intelligence authorization bill for fiscal 2007 would require the Bush administration to set up the new center within the Office of the Director of National Intelligence (ODNI). The plan was disclosed in a little-noticed section of committee's report on the bill made public Jan. 24." The report "stated that threats to U.S. satellites are increasing, a fact highlighted by China's recent test of an anti-satellite (ASAT) missile interceptor that destroyed a Chinese weather satellite."

Pelosi Gets Use Of Larger Plane Than Hastert. The Washington Post (2/6, A15, Romano) reports amid "rumblings from conservatives that she is seeking special treatment, House Speaker Nancy Pelosi (D) will receive use of an Air Force jet larger than the one used by her predecessor, Rep. J. Dennis Hastert, so she can fly nonstop to her home in San Francisco." Since the "Sept. 11, 2001, attacks, the speaker, who is next in line for the presidency after the vice president, has been given use of a government plane for security reasons." Yesterday, the House sergeant-at-arms "issued a statement saying that the leadership is awaiting word from the Air Force on the rules for using the plane. It is unclear, for example, who can travel with Pelosi and whether she can return home from a political event on the taxpayer-funded plane."

Evan Thomas Says Reporters' Job Is To "Bash" Bush. The Washington Times (2/6, Harper, 88K) reports in its "Inside Politics" column, "Evan Thomas of Newsweek says it is the job of reporters to 'bash' President Bush. Friday on WETA-TV's 'Inside Washington' program, the topic was 'whether the media's been unfair to President Bush, given his abysmal approval ratings,' Tim Graham reports at www.NewsBusters.org. NPR reporter Nina Totenberg said Bush received a 'free ride' for years, so now the worm has turned and the coverage is fierce." Host Gordon Peterson then "asked for Mr. Thomas' opinion: 'What do you think, Evan? Are the mainstream media bashing the president unfairly?' Mr. Thomas: 'Well, our job is to bash the president; that's what we do almost.' Mr. Peterson: 'But unfairly?' Mr. Thomas: 'Mmmm -- I think when he rebuffed, I think when he just kissed off the Iraq Study Group, the Baker-Hamilton commission, there was a sense then that he was decoupling himself from public opinion and Congress and the mainstream media, going his own way. At that moment, he lost whatever support he had.'"

Parties Seen As Reversing Roles In Senate. Roll Call (2/6, Pierce) reports it "seems that no matter who is in the majority in the Senate, the ruling party bemoans the 'obstructionism' of the minority, while the minority bristles at the majority's efforts to limit the number of amendments and debate time." The "irony of this sudden and wholesale shift in rhetoric" since the 2006 elections "hasn't been completely lost on Senators of both parties, even as they swear they are doing things slightly differently than their predecessors." Senate Majority Whip Dick Durbin "defended the new majority, saying, 'I like to think we are taking a more reasonable approach. We want to give them time to amend without allowing them to obstruct.'" Roll Call adds, "Noting that Senate Democrats pulled the same stunt last year on the lobbying and ethics bill, Senate Minority Leader Mitch McConnell (R-Ky.) defended his party's adoption of the standard minority script." McConnell said, "In fairness to Senate Republicans, to portray an effort to get votes on this bill as something unusual is truly astonishing."

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Roberts Offers Advice To Law Students. The Washington Post (2/6, A15, Barnes, 690K) reports that in remarks to law students and faculty at Northwestern Law School, Chief Justice John Roberts offered "Absolutely free advice on how to make your briefs better-read, your arguments more closely followed, your justices more sympathetic. … First, pretend that you're not always right." Roberts said, "We get hundreds and hundreds of briefs, and they're all the same. Somebody says, 'My client clearly deserves to win, the cases clearly do this, the language clearly reads this,' blah, blah blah. And you pick up the other side and, lo and behold, they think they clearly deserve to win.'" The Post adds, "How about a little recognition that it's a tough job? Roberts asked." After "16 months as a justice, he advised that lawyers try to become more 'attuned' to what judges are asking. 'I would try today to be much more receptive, try to process more effectively, 'Now what does that question tell me about what that judge is thinking?' and respond rapidly rather than trying to stick to my script,' Roberts said."

OTHER NEWS:

Service Sector Continues Expansion. The Wall Street Journal (2/6, A2, 2.04M) reports, "The service sector, whose strength fueled the nation's economic growth last year despite a housing slump and higher interest rates, extended its robust performance into 2007." The Institute for Supply Management, "an Arizona-based group of corporate purchasing managers, said its index of nonmanufacturing business activity in the U.S. rose to 59 in January from 56.7 in December. Readings over 50 indicate expansion, and January's surge marked the 46th consecutive month that the service sector, which includes everything from massage therapists to financial planners, has grown." The New York Times/AP (2/6) runs a similar report.

Stocks Finish Mixed. NBC Nightly News (1/5, story 7, :15, Williams, 9.87M) reported, "On Wall Street here in New York, stocks finished narrowly mixed. The Dow was up just over 8 points [to close at 12,661.74] on the day. NASDAQ was down more than 5 points [to close at 2,470.60]." The Wall Street Journal (2/6, C1, McKay, 2.04M) notes the Standard & Poor's 500-stock index "slipped 0.1%, or 1.40 points, to 1446.99, up 2% on the year." USA Today (2/6, 6B, Krantz, 2.27M) says it was a day of "mixed and unexciting action on Wall Street."

ABA Panel Recommends Diluting Code Of Judicial Conduct. The New York Times (2/6, Liptak, 1.16M) reports a commission of the American Bar Association "has recommended that the group weaken its code of judicial conduct by changing, from a mandatory rule to nonbinding advice, an instruction to judges to 'avoid impropriety and the appearance of impropriety.'" Supporters of the change "say disciplining judges for violating a concept as vague as 'the appearance of impropriety' is unfair. Opponents denounce any retreat from the longstanding and widely embraced standard, and one critic — Robert H. Tembeckjian, the administrator of the New York State Commission on Judicial Conduct — has resigned in protest as an adviser to the A.B.A. commission." The change "is part of what would be the first comprehensive revisions to the association's Model Code of Judicial Conduct since 1990; the revisions now go before the group's House of Delegates, which meets in Miami next week, before they can become formal policy."

Giuliani Files "Statement Of Candidacy" With FEC. The AP (2/6, Sidoti) reports that ex-New York City Mayor Rudy Giuliani (R) "suggested Monday that a formal presidential announcement was a matter of when, not if. 'Today we just took another step toward running for president,'" Giuliani "said, hours after filing a so-called 'statement of candidacy' with the Federal Election Commission, which moved him closer to a full-fledged campaign. 'It's a big step, an important one. Quite honestly, we're probably ahead of schedule,' Giuliani told reporters in Long Island while campaigning with a state Senate candidate. 'We still have to think about a formal announcement and how to do it, but this is a pretty strong step.' Later, in an interview on Fox News' 'Hannity & Colmes,' Giuliani was more direct. 'I'm in this to win,' he said. 'My campaign is going to be about the future.' Unlike chief GOP rivals Sen. John McCain and Mitt Romney, Giuliani had thus far been ambiguous about whether he would pursue the Republican nomination, even though he had taken the initial steps." However, "Monday's steps, including eliminating the phrase 'testing the waters,' put Giuliani on the same level legally as McCain and Romney, the other top-tier GOP candidates who have formed regular exploratory committees and filed statements of candidacy."

ABC World News (2/5, story 6, :20, Gibson, 8.78M) reported that "Giuliani took a major step today toward a full-fledged 2008 campaign," filing papers with the FEC "that put his hat very close to the ring." NBC Nightly News (1/5, story 2, 2:10, Williams, 9.87M) reported that Giuliani, "the man who was forced into a new national prominence after 9/11, today filed what is called a statement of candidacy with the Federal Election Commission, not an announcement, but it is this close."

The New York Times (2/6, 1.16M) reports that on FOX News' "Hannity and Colmes," Giuliani "just skirted the line on declaring his candidacy. 'We still have to formally announce it and do a few more things,' he said, but added that

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yesterday's paperwork 'is about as close as you're going to get.'" Asked if he could defeat New York Sen. Hillary Clinton (D), Giuliani "said, 'I'm in this to win.' Then he added, 'You do this because you believe that you can win the nomination of your party, and then you believe that you're the strongest candidate to win the election for your party.'"

Long Island Newsday (2/6, Gordon, 414K) reports that Giuliani's appearance on "Hannity and Colmes" "was part of a carefully choreographed effort by his campaign to put to rest questions among Republicans about whether he is serious about running. … Three people close to the campaign agreed, with one source saying Giuliani wouldn't have filed the papers if he didn't have every intention of running. 'There will be a time at some point when he makes a formal announcement, but…he's moving in that direction,' said another campaign source, who noted that Giuliani's communications and political staffs started work Monday."

Giuliani Bid Would Face Hurdles In Winning Over Social Conservatives. In a front-page story, the Washington Post (2/6, A1, Balz, Cillizza, 690K) reports that Giuliani "leads the field of declared and prospective Republican presidential candidates in national polls and, with Sen. John McCain of Arizona, ranks either first or second in most of the important early states. But his support for abortion rights and gay rights puts him sharply at odds with the majority of his party, a situation that many GOP strategists think will present a substantial obstacle to his hopes of winning the nomination." The Post notes, "Giuliani's challenge, aides believe, will be to convince Republican primary voters that, despite his disagreements with conservatives, he will not overturn what has been party orthodoxy on many social issues. One way of indicating that has been through his comments about judicial appointments, a topic he returned to last night. 'I think the appointment of judges that I would make would be very similar to, if not exactly the same as, the last two judges that were appointed' to the Supreme Court, he told Hannity."

On Fox News' Hannity & Colmes (2/5), Giuliani was asked to respond to criticism that he will not be able to "just explain away the fact that he's consistently taken positions that are completely opposite to the conservative Republican base on issues they hold near and dear." Giuliani said, "I don't think anyone has campaigned much more than I have for Republican candidates, going back to 1998. I mean, I've been in 45 states on behalf of 200 candidates, all Republicans. Sometimes differences on issues here and there, but the same basic philosophy of strong foreign policy, being on offense against terrorism, smaller government, lower taxes. And in my case, those are things that I did."

In a report on the NBC Nightly News (1/5, story 3, 2:00, Williams, 9.87M) John Harwood, chief Washington correspondent for CNBC, said, "The question about Giuliani is whether his first day as a candidate will be his best day once primary voters look at his personal life, mayoral record and his stance on social issues. The most important thing that happened today, he began to resolve doubts among Republican voters and donors that he is serious about the race."

In a report on the CBS Evening News (2/5, story 3, 1:20, Couric, 7.66M), anchor Katie Couric discussed a potential Giuliani bid with national political correspondent Gloria Borger. Couric: "Giuliani supports abortion rights, gay rights and gun control. Given the conservative Republican base that comes out during the primary process, does he have a chance?" Borger: "I think that Giuliani candidacy is going to test just how much sway those cultural conservatives will have in the Republican Party. Some of them have already come out and said that Giuliani is completely unacceptable. But I spoke with Giuliani aides today. They tell me that they have answers for conservatives on each of these issues. For example, they're going to tie gun control to crime. They're going to say he was the Mayor of New York city. New York was a mess with a terrible crime problem. He got guns off the street. Therefore, he's a leader."

In a report on the NBC Nightly News (1/5, story 2, 2:10, Williams, 9.87M), political analyst Stuart Rothenberg was quoted as saying of Giuliani, "As the year progresses and he becomes evaluated among conservative primary voters, they are going to have problems with his record." NBC News correspondent Ron Allen added, "He is pro-abortion, pro gun control, pro-gay rights. In recent weeks he supported the troop buildup in Iraq." Giuliani: "The fastest and quickest way to bringing about peace is by remaining on offense and remaining strong and not become weak in a time of pressure." Allen: "And there is also his personal life, two divorces, three marriages, with unflattering details splashed across New York's tabloids. On the other hand, Giuliani supporters will focus on his achievements here. A growing economy, cleaning up the city. Reducing crime. And Giuliani's supporters insist he is the one Republican who can win next November."

The Wall Street Journal (2/6, A4, Cooper, 2.04M) reports that in the 2008 GOP presidential race, "perhaps no candidate faces more trouble in gaining the nomination than Mr. Giuliani, which is ironic, given his early lead in many polls. His long-shot status in the nomination sweepstakes is based on his well-known moderate stances on litmus-test social issues. Such positions, along with his two divorces, won't enamor him to social conservatives." GOP hopefuls "McCain and Romney have had their own run-ins with the conservative wing of the party as well, but none quite as significant as that awaiting Mr. Giuliani. … Indeed, a Giuliani nomination would suggest a sea change has taken place within the Republican Party, where successful nominees traditionally have had to maintain allegiance to certain core social beliefs." Scott Reed, "a Washington Republican who

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managed Bob Dole's 1996 presidential campaign," said that "Giuliani has the potential to change the race even if he doesn't win the nomination, simply by taking a top share of the media spotlight. Mr. Giuliani 'sucks the air out of the room,' Mr. Reed said, making second-tier candidates compete for notice."

Giuliani Restates Belief "In A Woman's Right To Choose." On Fox News' Hannity & Colmes (2/5), Giuliani was asked about his position on abortion, Giuliani said, "Where I stand on abortion is, I oppose it. I don't like it. I hate it. I think abortion is something that, as a personal matter, I would advise somebody against. However, I believe in a woman's right to choose." But Giuliani added he would appoint judges "very similar to, if not exactly the same as, the last two judges that were appointed. Chief Justice Roberts is somebody I work with, somebody I admire, Justice Alito someone I knew when he was US attorney, also admire."

Morris Suggests Conservatives Appear More Likely To Back Giuliani Than McCain. On Fox News' Hannity & Colmes (2/5), Dick Morris said that he recently attended a weekly meeting of conservatives at Grover Norquist's office, "And I said, Show of hands. How many people here think McCain can overcome being against the Bush tax cuts, amnesty for illegal immigrants, McCain-Feingold campaign finance reform, and being in favor of global warming legislation? And three-quarters said he could not overcome that; one-quarter said he could. Then I said, OK, how many people here think Rudy can overcome being pro-choice, pro-gun control, pro-gay rights, pro-immigration? Three- quarters said he could overcome it. So I met with Norquist, who's sort of the leading tax reform person in the country, and I said, 'What, have you guys got religion or something?' And he said, 'No, we understand that we have to beat Hillary.'"

More House Republicans Set To Announce Support for Romney. Roll Call (2/6, Whittington) reports, "House Republicans supporting former Massachusetts Gov. Mitt Romney (R) will hold a Capitol Hill press event today to unveil new additions to their team -- additions that move him ahead of Sen. John McCain (Ariz.) in public Congressional endorsements as the battle for Member support continues at a torrid pace between two of the leading GOP presidential hopefuls." McCain "named his six-person House whip team last week and also announced the support of three Cuban-American Members. Members of Romney's team will appear at an afternoon news conference at the Republican National Committee. About half of Romney's Capitol Hill supporters previously have been announced. Rep. Jim McCrery (R-La.), who is Romney's liaison in the House chamber, said the Republicans now on board constitute the former governor's initial whip team. 'We'll be utilizing these 22 Members to bolster support for Romney here on Capitol Hill,' he said. Among the endorsements to be announced today are those of Reps. Rodney Alexander (La.), John Linder (Ga.), Ralph Regula (Ohio), Bill Shuster (Pa.) and Mike Simpson (Idaho)."

Obama, Clinton Could Be No-Shows At Early Debates. Roger Simon writes in The Politico (2/6, Simon), "What if the media-political complex announced a presidential debate…and then the major candidates said: 'Stick it in your ear. We're not coming.' That could happen this year for one good reason: Major candidates are complaining that too many states are planning too many debates too early. Nevada has two forums and three debates scheduled already. … Other states have already announced their own Democratic and Republican debates, but there are two developments that might alter things considerably. First, the Democratic National Committee is soon going to call the campaigns together to try to limit the debates. But that may not work. … More importantly, however, Barack Obama and Hillary Clinton may just say no. They might do the unthinkable and just refuse to show up." Simon, asserting that for "the top tier" presidential candidates, "early debates are a negative, an ordeal, a chance for the rest of the pack to nip them in their rear ends," notes that neither Clinton nor Obama "has accepted any debate or forum invitations as of yet. 'The two people who can blow up the debates are those two,' an adviser to the Obama campaign told me. 'All they have to do is say: 'Debate without me. Go ahead.'" Simon adds that "Obama and Hillary have the perfect excuse for not showing up: They have day jobs."

Eyeing White House, Obama Says He's Trying To Kick His Cigarette Habit. The Chicago Tribune (2/6, Parsons, Brachear, 617K) reports, "After struggling to quit smoking in the past, Sen. Barack Obama is trying a cessation aid not available over the counter: public attention." Obama "resolved to quit his cigarette habit over the winter holidays, just weeks before his expected presidential campaign would make photographers and reporters an even more regular part of his life. He said in a Monday interview that, although he has never been a heavy smoker, he has quit for periods over the last several years but then slipped back into the habit. On the cusp of a potential presidential bid seemed the right time to quit for good, he said. 'I've never been a heavy smoker,' Obama said. 'I've quit periodically over the last several years. I've got an ironclad demand from my wife that in the stresses of the campaign I don't succumb. I've been chewing Nicorette strenuously.' The incentive to quit is great for any office seeker, as increasingly negative attitudes about smoking translate into political pressure not to do it -- or at least not to be caught doing it publicly. At a time when most willing public figures also are expected to serve as role models, those with unhealthy habits face intense pressure to leave them behind."

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Edwards Outlines Healthcare Plan, Says Tax Hike Will Be Needed To Fund Proposal. The AP (2/6, Pickler) reports that Democratic presidential hopeful John Edwards "is embracing a position that has been political suicide in the past -- admitting he would raise taxes." Edwards "is betting that voters will back the idea in exchange for the promise of quality health coverage for all, part of the first major domestic policy initiative from a Democratic White House hopeful. The tax increase would pay for the plan's cost of up to $120 billion a year. Edwards' proposal would require that every business provide health care coverage for employees or help them pay for it and every American has insurance. … The plan would free up money for health care coverage by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes, Edwards said." Noting Edwards' "plan aims to have universal coverage by 2012," the AP adds that Illinois Sen. Barack Obama (D) "also has said that is his goal, but" he's "yet to provide more specifics about how he would get there. New York Sen. Hillary Rodham Clinton also has said she will have a universal plan."

The Wall Street Journal (2/6, A4, Lueck, 2.04M) reports, "It remains to be seen whether voters will accept Mr. Edwards's vision of 'shared responsibility,' in which employers would have to help fund their workers' coverage and individuals would be required to purchase insurance, often with the help of new tax credits aimed at low-income and middle-class people. Medicaid and the State Children's Health Insurance Program, or SCHIP, would be expanded to cover more children and low-income parents. New regional 'health markets' would offer comprehensive health-insurance plans to anyone who doesn't get insurance through their jobs or a government program. … Patrick Toomey, president of the Republican antitax group Club for Growth, said Mr. Edwards's plan wouldn't sit well with most voters, who, he said, 'already think taxes are too high.' The idea is 'very good news for the Republican candidate, whoever that may be.'"

Edwards was asked on CNN's The Situation Room (2/5, Blitzer) "if it was a "smart move" to say he would be "raising taxes if you're elected president" to pay for his health care plans. Edwards said, "No one can propose universal health care and say they can pay for it without doing anything to the tax structure. That is not the truth. And I think the American people deserve and are entitled to the truth, that I suspect the will be other Democratic candidates as we go forward who will follow the lead that I've put out there today and will come forward with their own universal health care plan. And if they contend that they can pay for it leaving the tax cuts and the tax structure exactly as it is, I don't believe that's true."

The New York Times (2/6, Broder, 1.16M) reports that Edwards' "plan would be partly financed by eliminating tax cuts for households earning more than $200,000 a year, cuts that Congress approved in the Bush administration. Mr. Edwards said he would also offset the program's cost by using the estimated $15 billion in capital gains taxes that go uncollected each year by requiring brokerage houses to report capital gains from taxpayers' stock sales to the Internal Revenue Service, just as interest and dividend income is reported now." Edwards' "plan would provide tax credits or subsidies to low-income families who cannot afford health insurance, expand Medicare and the federal program of health care for children, and create a federal health insurance agency that could become the basis for a single-payer system that would eventually do away with private health insurance." The Times adds, "One provision of the Edwards proposal certain to draw fire is a requirement that companies provide health insurance for all workers or pay 6 percent of their payrolls into a government fund to buy insurance for them. This type of 'play or pay' program was an element of former President Bill Clinton's failed 1994 health care plan that was shaped in large part by Mrs. Clinton."

The Washington Post (2/6, A3, Balz, 690K) reports that Edwards said his "plan bears some resemblance to the new health-care program enacted in Massachusetts, but he said it would require employers that do not provide health insurance to pay a greater share of their revenue into a government fund to help individuals buy insurance. He called the plan less complicated than that proposed by Bill Clinton and Hillary Rodham Clinton when they were in the White House."

The Los Angeles Times (2/6, Finnegan, 850K) reports, "Edwards' explicit call for a tax increase to broaden access to healthcare could carry wide appeal among Democratic primary voters. But if he wins the nomination, it risks exposing him to Republican attacks in a general election race, just as Walter Mondale, President Reagan's Democratic challenger in 1984, was pilloried for proposing higher taxes." Edwards, in an interview, "said he did not expect his plan to draw any storm of opposition, as the Clinton White House did with its failed effort, led by Hillary Clinton, to overhaul health coverage in the 1990s. 'I think it's appealing across the ideological and political spectrum,' he said."

Edwards Won't Accept Public Funds For Presidential Bid. USA Today (2/6, Lawrence, Schouten, 2.27M) reports that former Sen. Edwards "on Monday joined New York Sen. Hillary Rodham Clinton in saying he will not use public money for the presidential primary campaign or, if he wins his party's nomination, for the general election." His move "is the latest sign of trouble for the public campaign funding system." In an interview yesterday, Edwards said "that he expects major candidates in both parties to raise unlimited private dollars rather than participate in the public system. He said he needs to do the same 'to have the funds to be competitive.'" Illinois Sen. Barack Obama (D) "is not disclosing his financial plans until after a formal

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announcement Saturday in Springfield, Ill." On the GOP "side, an aide to former Massachusetts governor Mitt Romney said Monday that Romney will not take public money in the primaries. 'Our focus right now is on securing the nomination. Decisions on the general election haven't been made yet,' Kevin Madden said in an e-mail. Two other top GOP prospects, Arizona Sen. John McCain and former New York mayor Rudy Giuliani, have not said yet whether they will use public money at any stage of the race."

Edwards, Richardson Wow Democrats At Winter Meeting. In his Washington Post column (2/6, A17), David Broder says, "The good news for the nation's Democrats is that neither of the supposed front-runners for the party's 2008 presidential nomination, Hillary Rodham Clinton and Barack Obama, stole the show when all 10 of the likely contenders spoke last weekend to the Democratic National Committee." Clinton and Obama "got good receptions from the crowd at the Washington Hilton, having filled many of the spectator seats with their young supporters. But they didn't blow away the field." The "stars of the weekend, judging from reactions in the ballroom and the lobby, were not Obama and Clinton but former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico." Both "played to the antiwar sentiments of this liberal-leaning audience by demanding that those now in Congress do more than pass resolutions decrying President Bush's decision to send more troops to Iraq." Their view, "which was echoed by former Iowa governor Tom Vilsack, left Obama, Clinton and Sen. Joe Biden of Delaware -- who have to deal with the realities of a 51-49 Senate where nothing can pass without significant Republican support -- in the uncomfortable position of seeming to be less fervent about the war. Only Sen. Chris Dodd of Connecticut and Rep. Dennis Kucinich of Ohio, among those with votes to cast, joined the call for early withdrawal." One of the "losers in the weekend oratorical marathon was retired Gen. Wesley Clark, who repeatedly invoked the West Point motto of 'Duty, Honor, Country,' forgetting that few in this particular audience have much experience with, or sympathy for, the military."

Biden's "Backpedaling" Examined. In a New York Times guest column (2/6), Stacy Schiff says, "Football season is over, but there is no cause for despair. We are smack in the middle of an all-star backpedaling tournament. Last week Joe Biden announced his candidacy with that loaded line about Barack Obama, 'the first mainstream African-American who is articulate and bright and clean and a nice-looking guy.' Forget what Mr. Biden really meant to say. Think instead about where he went next, which was where Michael Richards and Mel Gibson had gone before him. Not only did Mr. Obama understand what he meant, insisted Mr. Biden, but 'I have no doubt that Jesse Jackson and every other black leader — Al Sharpton and the rest — will know exactly what I meant.' Indeed they did. The day ended with Mr. Sharpton assuring Mr. Biden that he bathed regularly. Rehabilitation came that evening on Jon Stewart; this is why television was invented."

Labor Groups Hopeful For Measure To Ease Union Membership. The Washington Times (2/6, Lengell, 88K) reports labor groups "are hoping that the new Democratic majority in Congress will push through a measure that would make it easier for workers to join unions." The bill, "scheduled to be introduced today by Rep. George Miller, California Democrat, is prompting labor activists and union foes to square off in an intense and high-profile lobbying campaign." The Employee Free Choice Act "would allow workers to unionize by simply signing a card or petition stating their interest in joining the union, as opposed to the decades-old practice of secret-ballot elections. If a majority of employees sign, the employer would be required by law to recognize and bargain with the workers' union." Sen. Edward M. Kennedy "will introduce the Senate version of the act later this year, his office said yesterday." Labor activists "say the bill is crucial for helping defend them from anti-union companies and lawmakers, which they blame in part for decades of decline. Overall union membership was 12 percent nationally last year -- down from 12.5 percent in 2005."

Texas Plan For HPV Vaccination For School Girls Generates Controversy. NBC Nightly News (1/5, story 10, 2:00, Williams, 9.87M) reported, "Now to a story that continues to generate talk in Texas. The Governor's executive order that all girls entering sixth grade must receive a new vaccine to protect them against cervical cancer. Today one of the allies spoke for many outraged citizens who want the Governor to rescind this unusual order." NBC (Teague) added, "The state of Texas will soon require girls entering the sixth grade to be immunized against HPV, a sexually transmitted virus that causes cervical cancer." In "mandating the vaccine which families can opt out of, he bypassed the state legislature and sidestepped public hearings." But "opponents insist the vaccine will encourage promiscuity. Some question Perry's ties to Merck, which makes the vaccine. Merck donated to Perry's re-election campaign and stands to make billions in the vaccine is mandated nationwide. But while many parents here in Texas are angered give the Governor's decision, some experts say the HPV vaccine should be mandatory in every state."

NYTimes Praises Texas For Requiring HPV Vaccination. The New York Times (2/6, 1.16M) praises the Texas decision, saying, "Congratulations to Texas for becoming the first state to require vaccinating young

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schoolgirls — ages 11 and 12 — against a sexually transmitted virus that causes cervical cancer and genital warts. Other states would be wise to follow the same path." There is "no doubt that Merck's vaccine against the human papillomavirus, given in three shots over eight months, is highly effective." Many parents "are appalled at the notion of vaccinating such young girls against a sexually transmitted disease. But the medical reality is that the vaccine will generally not work after a woman has been infected, so it is best for girls to be vaccinated well before they become sexually active."

Studies Showing Wealth Concentration Critiqued. In a Wall Street Journal op-ed (2/6, A17), Alan Reynolds of the Cato Institute and David Henderson of the Hoover Institution say, "Is the share of income of the top 1% in the United States high and rising? Those who say it is usually base their belief on statistics from one of two sources. One, a paper by Thomas Piketty and Emmanuel Saez, was discussed by Alan Reynolds in the Journal on Dec. 14, 2006. The other source is the Congressional Budget Office (CBO). It, too, is wrong." But at the IRS Statistics of Income (SOI) division, Barry Johnson and Brian Raub "examined 28,000 estate tax returns to calculate wealth shares. 'In 2001,' they noted, '1.0% of the U.S. adult population [2.1 million people] . . . owned approximately 22.3% of total U.S. individual wealth, a 1.0% decrease since 1998 but virtually identical to the shares of wealth held in 1995 and 1992.'"

Mecca Talks Seen As "Last Chance" To Avoid Palestinian Civil War. The AP (2/6, Daraghmeh) reports, "For the rival Palestinian factions, Hamas and Fatah, a reconciliation meeting this week in Saudi Arabia may be a last chance to avoid civil war. If Saudi prestige, money and discussions" in Mecca today "don't produce a power-sharing agreement, it's unlikely anything will, analysts said." In recent months, Egypt, Syria and Qatar have "tried in vain" to end the power struggle between the two groups. The clashes, writes the AP, have "deepened resentment and suspicion between the sides, making agreement on a coalition government seem more elusive than ever. But the fighting also served as a reminder that neither side can win by force without causing massive destruction, and that failure in Mecca could be followed by an even deadlier round of violence." At the same time, the "gaps" between the two sides "are small," with the "underlying" problem appearing to be "deep mistrust and an unwillingness to share power." However, both sides "might have a hard time saying no to the Saudis, particularly in a venue heavy with religious symbolism."

Saudi Arabia Takes On Central Role As Regional Violence Looms. On its front page, the New York Times (2/6, A1, Slackman, Fattah, 1.16M) reports, "With the prospect of three civil wars looming over the Middle East -- and Iran poised to gain from them all -- Saudi Arabia has abandoned its behind-the-scenes checkbook diplomacy and taken on a central, aggressive role in reshaping the region's conflicts." In recent months, the kingdom has increased its involvement in the Palestinian talks, in Iraq and its support of the Sunni-led government in Lebanon. The process is "shaping up as a counteroffensive to efforts by Iran to establish itself as the regional superpower, according to diplomats, analysts and officials here and throughout the region." Some even say that the "recent Saudi commitment to temper the price of oil is aimed at undermining Iran's economy, although officials here deny that." The Times notes that the "shift is occurring with encouragement from the Bush administration," yet Riyadh's goals "may not always be in alignment with those of the White House, and could complicate American interests." Nonetheless, both Washington and Riyadh believe that "one important way to block Iran and calm the many fires in the region is to resolve the Israeli-Palestinian conflict -- or at least appear to be trying to."

In a similar report, the AP (2/6, Faramarzi, Abu-Nasr) writes, "Relations between Iran and Saudi Arabia are bumpy at the best of times, but violence between Shiites and Sunnis in Lebanon and Iraq is prompting the two Mideast heavyweights to engage in new talks seeking to head off a regional crisis." The "clearest sign of the new diplomacy" has been in Lebanon, where "a joint Saudi-Iranian effort defused a general strike called by the pro-Iranian Shiite militant group Hezbollah after the country erupted into violence two weeks ago." The two sides have also engaged in a series of recent high-profile meetings involving former Ambassador in Washington, Prince Bandar, and Iranian nuclear negotiator Ali Larijani. One Saudi official told the AP last week that Iran "asked the kingdom to get Washington to tone down its verbal attacks on Iran."

Qatar Seeks Greater Regional Role. The Christian Science Monitor (2/6, Harman, 59K) reports, "Until 1995, Qatar did not have a distinguishable foreign policy to speak of, and instead took cues from Saudi Arabia and stayed on the sidelines of world affairs. But ever since reformist Sheikh Hamad bin Khalifa al-Thani deposed his father in 1995, Qatar has been charting an increasingly distinctive path." US Ambassador to Qatar, Chase Untermeyer, told the Monitor, "Qatar is a player now." Qatar "seems to be involved in everything lately," from funding Al Jazeera to being the "only Gulf country to maintain any sort of official relations" with Israel. It has also become involved in the Israeli-Palestinian crisis, providing funds to Hamas while remaining "closely allied with Palestinian President Mahmoud Abbas's Fatah Party."

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US Officials Says Pyongyang Prepared To Negotiate. The AP (2/6, Tabuchi) reports Assistant Secretary of State Christopher Hill Monday said Pyongyang "must get out of the nuclear business if it wants energy or economic aid," adding he believed the North "was prepared to negotiate at the coming arms talks in Beijing." However, he "refused to speak on news reports that Pyongyang is prepared to freeze a key reactor and accept inspectors in exchange for 500,000 tons of heavy oil and other conditions." Hill was in Tokyo meeting with Japanese officials before leaving for Beijing on Wednesday. For its part, Japanese Prime Minister Shinzo Abe said Tokyo would "not consider giving North Korea energy aid unless the communist also came clean on its past abduction of Japanese nationals."

The Washington Times (2/6, Sands, 88K) also reports on Hill's comments.

Pyongyang Seeks To Improve Clinton-Era Deal. The Washington Post (2/6, A12, Kessler, 690K) reports Pyongyang North Korea "has set tough terms for a freeze of one of its nuclear facilities, demanding that the United States exceed commitments made under a Clinton-era deal that the Bush administration previously derided as inadequate." According to the Post, North Korea's top nuclear negotiator, Kim Gye Gwan, "and other officials outlined Pyongyang's position in meetings last week with two American nuclear experts, saying they would be presented when six-nation disarmament talks resume in Beijing on Thursday." In exchange for "a freeze of the Yongbyon facility and a return of international inspectors," Pyongyang wants "a substantial supply of heavy fuel oil, an end to a Treasury Department action that froze North Korean accounts at a Macau bank, an international commitment to build civilian nuclear reactors in North Korea and, most important, normalization of relations with Washington."

US Embassy Warns Of Terrorist Threat In Sudan. The AP (2/6, De Montesquiou) reports the US Embassy in Khartoum warned Americans Monday "of a heightened terrorist threat against Westerners in Sudan." In a message, the US Embassy said it has received "new information that an extremist group based in the country is likely to target Western interests." The US message followed "a similar warning that the United Nations sent its staff in Sudan last week," said a UN official.

US, Malaysia Resume Trade Talks. The Wall Street Journal/AP (2/6) reports the US and Malaysia Monday began "a fresh round of free-trade talks, bogged down by differences over opening two tightly protected sectors, and a controversy over a major gas deal with Iran." The latest round is "crucial to determine if negotiators can bridge differences and conclude the pact before a July 1 deadline," officials said. Deputy US Trade Representative Karan Bhatia "warned last week that the proposed pact may falter if negotiators fail to make firm progress this week over opening up Malaysia's services and government contracts -- two top hurdles to a deal."

Indonesia Withholding Bird Flu Data. The Financial Times (2/6, Aglionby, Jack) reports Indonesia, the country worst hit by the deadly H5N1 bird flu virus, "has stopped sharing human genetic samples of the highly pathogenic illness with foreign laboratories, raising fears it could slow international efforts to prepare for a pandemic." Officials say Indonesia stopped providing samples internationally last month, "hindering efforts to confirm whether the virus killing its citizens is H5N1 and limiting production of vaccines to help prevent its spread." Dr Triono Soendoro, director-general of Indonesia's National Institute of Health Research and Development, said the step to withhold samples was taken "because the government wanted to keep control of the intellectual property rights of the deadly strain of the virus."

India Walks "Tightrope" In Washington Talks. The Los Angeles Times (2/6, Chu, 850K) reports, "Amid mounting tension between Washington and Tehran, Indian and Iranian officials plan to meet today for their second round of high-level talks in less than three months, signaling the eagerness of the two countries to patch up differences that recently have clouded their historically close ties." Despite American "misgivings" over the relationship, Indian Foreign Minister Pranab Mukherjee is expected to land in Tehran for discussions on Iran's nuclear program and on boosting cooperation over energy issues. As India's economy continues to boom, the Indian government is "increasingly preoccupied with securing reliable sources of energy," including access to Iran's natural gas reserves. But its relations with Tehran have put New Delhi "in a delicate position" with the US.

US Firms Push For End To Cuban Embargo. The Hill (2/6, Swanson) reports congressional supporters of "easing restrictions on travel and agricultural trade to Cuba say business supporters need to offer stronger backing for several measures introduced this year if they are to become law." With Democrats in control of the House, Reps. Jeff Flake (R-AZ) and Sam Farr (D-CA.) said Cuba legislation has "a great chance of moving this year," but Farr emphasized that the business community "must become more engaged." At a rally for USA Engage, an anti-embargo group, Flake "said business and farm groups should talk to more members about how lifting trade and travel restrictions will help the US and Cuba," an idea once considered "a lost cause given the

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Bush administration's active efforts to tighten Cuba trade and travel bans."

Former Ambassador Urges "Opening Doors" To Cuba. Ambassador Vicki Huddleston, former director of the State Department's Office of Cuban Affairs, writes in the Washington Times (2/6, 88K) that "very little change will take place in Cuba as long as the Cuban people are isolated from their loved ones and from the ideas and influences of the outside world." To "start the ball rolling," she says President Bush "should reinstitute the 'People-to-People' program and the annual Cuban American family visits that were in place during the first two years of his administration." However, the ambassador insists that "more needs to be done, it isn't all up to Mr. Bush. Congress will have to act if the president is to have the flexibility he needs in the coming months and years to respond to the challenges and opportunities Fidel Castro's death and Raul Castro's succession will bring."

US Urges Nicaragua To Destroy Missiles. The AP (2/6, Aleman) reports Washington "insisted Monday that Nicaragua destroy hundreds of Soviet-made surface-to-air missiles after President Daniel Ortega said the weapons were needed for the country's defense." Ortega said Friday it would be "absurd" to destroy Nicaragua's SAM-7 missiles "while neighboring Honduras is adding US planes to its military fleet." In response, the US Embassy said in a statement released Monday that Honduras is buying eight small planes from the US to be used "in the fight against drug trafficking and not offensive military aircraft," while stressing that the US government "expects that Nicaragua will continue its already established path of disarmament and destruction of all SAM-7 missiles."

Ban Faces Criticism Over Appointments, Slow Pace. The New York Times (2/6, A9, Hoge, 1.16M) reports new U.N. chief Ban Ki-moon "returned to his headquarters on Monday after a two-week working trip to Africa and Europe and ran into dissension over restructuring changes he has proposed and concern at the slow pace of his appointing top officials since taking office on Jan. 1." At issue are Ban's "proposals to divide peacekeeping, the fastest growing activity at the United Nations, into two departments, and to reshape the disarmament department in a way that many envoys believe downgrades it." While the changes "would strike a layman as bureaucratic nuance," the Times says at the United Nations," they fuel a continuing competition between the great powers….and the General Assembly, where the developing world feels its authority is threatened when its elaborate deliberative procedures are not respected."

The Los Angeles Times (2/6, Farley, 850K) adds, Ban "faced one of his first tests Monday when developing nations sent him back to the drawing board with his plan to restructure the U.N.'s peacekeeping department." The "setback could foretell troubles for the new secretary-general," who faces the task of reforming the U.N. at a time when its peacekeeping demands are growing in nations such as Sudan and perhaps Somalia.

China Cracks Down On Corruption In Shanghai. The Wall Street Journal (2/6, A1, Areddy, 2.04M) reports on its front page that "underneath the boom and glitter" in Shanghai, Communist Party leaders in Beijing "say, lay a secret: massive corruption." Last fall, the party fired Chen Liangyu, who "not only ran the city but sat in China's ruling Politburo," alleging "mismanagement and theft at a city pension fund, influence peddling and other misdeeds." The fall of Mr. Chen was China's "biggest political shakeup in a generation. But more than the ouster of one official, it amounted to an indictment of the business model known as Shanghai Inc." The crackdown, the Journal writes, is also "a reminder that China's system leaves great power in the hands of local Communist leaders, whose decisions can ripple unchecked through the economy. Now that the party has stepped in to take its Shanghai leader out of action, approval for the flashy big development projects for which Shanghai is famed has slowed to a crawl."

Expert Says Chinese Reform Must Come From "Below." Ross Terrill, an author and research associate at Harvard's Fairbank Center, writes in a Wall Street Journal (2/6, A17, 2.04M) op-ed, "As President Hu Jintao tries to transcend communism forward to 'market Leninism,' Mao [Zedong], now dead for 30 years, transcends communism backward to Chinese folk history." However, "Today, young pro-market Chinese who devour Hayek's 'Road to Serfdom' and books on American business are embracing an anti-state Chinese tradition (best known in the West through Taoism). They would like -- but will not get -- a China without politics. A new public philosophy, when it comes, as it must, will come from gestation below, not as a diktat from a father-figure or a paternalistic Communist Party."

Russia Brings New Charges Against Khodorkovsky. The New York Times (2/6, Chivers, 1.16M) reports, "Russian prosecutors brought new charges Monday against the imprisoned founder of the Yukos oil company and one of his business partners, opening a new line of legal attack against a Kremlin opponent. The former executive, Mikhail B. Khodorkovsky, and his partner, Platon A. Lebedev, were charged with embezzlement and money laundering." The two men's "lawyers said they had potentially qualified for parole late this year, when they would have served half of their sentences. The new charges, which accused the men of embezzling about $20 billion in Yukos revenues, appeared to destroy that possibility and opened a

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new chapter in the long saga of Yukos's legal troubles." The lawyers said the charges "were a means to keep Mr. Khodorkovsky and Mr. Lebedev in prison beyond Russia's presidential election in early 2008 and throughout the remainder of the liquidation of Yukos."

Charges Likely To Tighten Moscow's Grip On Energy Industry. In an analysis, the New York Times (2/6, Kramer, 1.16M) says the new charges "are likely to ease what remains of [Yukos] into state hands, strengthening the Kremlin's control over the industry, analysts and company officials said. In this sense, the Yukos affair is ending as it began — in an opaque mixture of criminal prosecution and Russian energy nationalism, where it is far from clear where one ends and the other begins." The Times adds, "State-owned companies already control a third of the oil production in Russia, one of the world's largest producing nations. Now, both of Russia's large state energy companies are expressing interest in buying Yukos oil fields and refineries, assets that critics say were expropriated by the government but that could look more like the spinoff from a corporate tax and accounting scandal if the new charges stick, as expected."

LATimes Welcomes Mexico's Lifting Of Avocado Tariff. In an editorial, the Los Angeles Times (2/6, 850K) says "free trade has never tasted so good" as it did February 1st when Mexico lifted its barrier on avocadoes. Mexican President Felipe Calderon, it notes, decided that Mexico "would rather send its avocados to the US than send its avocado farmers. So it's good news for everyone."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Intrepid Armchair Explorers."
"High stakes for young test takers."
"Bottom Line For Bush's '08 Budget: Contention."
"GOP Bats Down Resolution Debate."
"A Union Boss With Some A-list Clout."
"Astronaut Arrested In Kidnap Attempt."

USA Today:
"Evacuee Camp Kids Worry Schools Chief."
"U.S. Advisers Find Joint Patrols With Iraqis Don't Go As Planned."
"Vote On Iraq Is Blocked By GOP."
"Wal-Mart To Launch Video Downloads."

New York Times:
"G.O.P. Senators Block Debate On Iraq Policy."
"Bush Releases Budget Aimed To Erase Deficit."
"S.E.C. Is Looking At Stock Trading."
"In Public View, Saudis Counter Iran In Region."
"A New Problem For Farmers: Few Veterinarians."
"Immigrant Entrepreneurs Shape A New Economy."
"Drawing Lines Across The Sand, Between Classes."

Washington Post:
"GOP Stalls Debate On Troop Increase."
"'It Was Just Shockingly Cold'."
"Bush Plan Reins In Domestic Spending."
"Overachieving Students Told to Lighten Up."
"U.S. Unit Walks 'A Fine Line' In Iraqi Capital."
"Giuliani Announces He's In '08 Presidential Race."

Washington Times:
"Bush Submits 'Staggering' $2.8 Trillion Budget."
"Senate GOP Blocks Iraq Resolution."
"House Bill Eases Union Sign-Ups."
"Anti-Violence Push Begins In Baghdad."
"National Driver's License Hits A Bump."
"Baseball A Hit In Ghana."

Detroit Free Press:
"Jefferson Plant Due For Huge Face-Lift."
"Family Stands By Mom Charged In Deaths'To The Deep Ends Of Hell'."
"Kids get Another Day Off For Cold."
"Bush's Budget Offers More For Plug-In Autos Research."
"Michiganders Favors Cuts Over Taxes."

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"Senate Vote On troops Buildup Blocked."
"Turner Pomes Up $2 Million To Ease Boston's Panic Pain."

Houston Chronicle:
"Vaccine Uproar Perry Not Budging."
"Astronaunt Arrested In Romantic Feud."
"A Small Texas Town Buries One Of Its Own."
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Story Lineup From Last Night's Network News:
ABC: Winter Weather-Chicago; Bush Budget; Senate Filibuster; President Assad Interview; Abortion Debate; Giuliani Presidential Bid; Teen Suicide Rate; Super Bowl Aftermath.
CBS: Winter Weather; FL Tornadoes; Giuliani-'08; Senate-Iraq Resolution; Iraq WMD Claims; Kalamazoo Scholarship Program; Ambush Porn; Unhealthy Models.
NBC: Winter Weather-Chicago; Giuliani Presidential Bid; Giuliani Presidential Run-Analysis; Bush Budget; Securing Baghdad; Securing Baghdad; Turner Pays Compensation; Stock Market; Rebuilding The Gulf Coast; Missouri Kidnapping Case; HPV Vaccine-Texas Debate; FL-Tornados-Warning.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: Senate-Iraq Resolution Debate Blocked; US-Cold Weather; FL-NASA Astronaut Arrested; New Orleans Residents Requesting Katrina Investigation; Jakarta-Flooding; Giuliani Files Statement Of Candidacy; Parade For Super Bowl Champs.

CBS: FL-NASA Astronaut Arrested; Senate-Iraq Resolution Debate Blocked; WA-Lt. Ehren Watada's Military Trial For Refusing To Fight In Iraq; US-Cold Weather; Heating Oil, Crude Oil And Gasoline Prices Up; Giuliani Files Statement Of Candidacy; Research Shows Elderly Can Suffer Physiological Damage From Isolation.

NPR: US-Cold Weather; Senate-Iraq Resolution Debate Blocked; President Bush's Budget-State And Local Law Enforcement; Giuliani Files Statement Of Candidacy; Jakarta-Flooding; UN-Problems In Central African Republic; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Makes remarks on fiscal responsibility, Micron Technology, Manassas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 defense budget and the FY07 war supplemental request. Defense Secretary Gates, Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 216, Hart.

9:30 a.m. JUDICIARY _ Full Committee. Hearing on ``Preserving Prosecutorial Independence: Is the Department of Justice Politicizing the Hiring and Firing of U.S. Attorneys?" Paul J. McNulty, deputy attorney general; Mary Jo White, partner, Debevoise and Plimpton, New York; Laurie L. Levenson, Loyola Law School, Los Angeles; Stuart M. Gerson, partner, Epstein Becker and Green. Location: Room 226, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on the costs of the Iraq war. Steven Kosiak, Center for Strategic and Budgetary Assessments; Gordon Adams, Wilson International Center for Scholars; Michael Gilmore, CBO. Location: Room 608, Dirksen.

10 a.m. ENVIRONMENT AND PUBLIC WORKS _ Full Committee. Oversight hearing on recent EPA actions. Location: Room 406, Dirksen.

10 a.m. FOREIGN RELATIONS _ Full Committee. Hearing on stabilization, reconstruction and counter-terrorism strategy for Somalia. Jendayi Frazer, assistant secretary of State for African affairs; Michael Hess, USAID; David Shinn, George Washington University; Ken Menkhaus, Davidson College, Davidson, N.C . Location: Room 628, Dirksen.

2:30 p.m. JUDICIARY _ Full Committee. Hearing on judicial nominations. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committgee. Closed. Hearing on Iran. Location: Room 219, Hart.

2:45 p.m. FINANCE _ Full Committee. Hearing on the FY08 budget. Treasury Secretary Paulson. Location: Room 215, Dirksen.

US House: FLOOR SCHEDULE _ 10:30 a.m. Meets for morning hour and at noon for legislative business.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on management challenges in the DHS. Location: Room 2362A, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 budget. OMB Director Rob Portman. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on the FY08 HHS budget. Secretary Leavitt. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on Gulf Coast rebuilding housing needs and the federal response. Deputy HUD Secretary Roy A. Bernardi; David Garratt, Acting Director of Recovery, FEMA; Walter Leger, Chairman, Housing and Redevelopment Task Force, Louisiana Recovery Authority; Gray Swoope, Executive Director, Mississippi Development Authority; Sheila Crowley, President, National Low Income Housing Coalition; Kirk H. Tate, Chief Executive Office, Orion Real Estate Services; Ghebre Selassie Mehreteab, Co-Chairman & CEO, NHP Foundation; James H. Perry, Executive Director, Greater New Orleans Fair Housing Action Center; Edgar Bright, III, President, Standard Mortgage Corporation (New Orleans); James A. Richardson, Louisiana State University; Doris Koo, President & CEO, Enterprise Community Partners; Derrick Johnson, President, Mississippi State Conference NAACP; Mr. James R. Kelly, Chief Executive Officer, Catholic Charities Archdiocese of New Orleans; Margery Austin Turner, Urban Institute; Judith A. Browne, Co-Director, Advancement Project; Martha J. Kegel, UNITY of Greater New Orleans; Rep. William J. Jefferson, D-La. Location: Room 2128, Rayburn.

10 a.m. HOMELAND SECURITY _ Transportation Security and Infrastructure Protection Subcommittee. Hearing on federal rail and public transportation security efforts. Location: Room 311, Cannon.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on wasate, fraud and abuse dealing with Iraqi reconstruction. L. Paul Bremer, former head, Coalition Provisional Authority; Stuart W. Bowen Jr., special inspector general for Iraq reconstruction; Timothy Carney, coordinator, Economic Transition in Iraq, State

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Department; David Oliver, former adviser, Iraq Ministry of Finance and former director, Management and Budget, Coalition Provisional Authority. Location: Room 2154, Rayburn.

10 a.m. TRANSPORTATION AND INFRASATRUCTURE _ Economic Development, Public Buildings and Emergency Management Subcommittee. Markup of pending legislation. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the FY08 budget. Treasury Secretary Paulson. Location: Room 1100, Longworth.

Other:

INDEPENDENT COLLEGES _ The National Association of Independent Colleges and Universities holds its 2007 meeting, ``Charting Our Course." Highlights: 9 a.m. Rep. Louie Gohmert, R-Texas. 9:45 a.m. Historian and author Michael Beschloss speaks on ``Great Presidents, Past and Present." Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

COAL TECHNOLOGY _ The Education Electric Institute, Electric Power Research Institute and the Coal Utilization Council hold a conference, ``The Power of Technology: Ensuring the Global Future of Coal." Highlights: 9:30 a.m. Keynote address: Rep. Rich Boucher. 12 p.m. Luncheon address - Undersecretary of State Paula Dobriansky. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

FEDERAL BUDGET BRIEFINGS _ Highlights: 1 p.m. The DOE's National Nuclear Security Administration holds a media roundtable to discuss its FY08 budget request. 1000 Independence Ave. SW. Contact: 202-586-7371. Media must RSVP. Credentialed media only. 3 p.m. GSA Administrator Lurita Doan holds a telephone briefing on the FY08 budget for the General Services Administration. Call Deborah Ruiz, 202-208-0861 no later than 5 p.m. Monday for phone number and passcode.

FEDERAL BUDGET-RELATED EVENTS _ Highlights: 9:30 a.m. Assistant Secretary for Energy Efficiency & Renewable Energy Andy Karsner participates in a teleconference on the FC'08 budget request. Dial-in : (888) 529-1867. Conference ID : 8481873. 1 p.m. Acting Under Secretary for the National Nuclear Security Administration Tom DAgostino holds a teleconference to react to the FY'08 budget request.Call 202-586-7371 for more information. 4:15 p.m. Assistant Secretary for Nuclear Energy Dennis Spurgeon holds a teleconference to recat to the FY'08 budget request. Dial-in 888- 529-1867. Conference ID : 8482683.

SHOW BUSINESS _ The Motion Picture Association of America holds a symposium, The Business of Show Business. Highlights: 8 a.m. Video Address: California Govenor Arnold Schwarzenegger. Welcome: Dan Glickman, Chairman and CEO, MPAA. Remarks: Representative Charlie Rangel, Chairman, Committee on Ways and Means. Keynote: Actor Will Smith. Presentation: Why I Am a Filmmaker, Rob Meyer, Sayeeda Clarke, Alrick Brown, Graduate Film Division, Kanbar Institute of Film & Television, Tisch School of the Arts, New York University. 9:30 a.m. - 10:45 a.m. Panel 1: The Art and Economics of Show Business and Intellectual Property: How a Movie Gets Made. Participants include: Opening Remarks: Sen. Dianne Feinstein, D-Calif.; by Ron Grover, Los Angeles bureau chief, Business Week, others. 12:30 p.m. - 2 p.m. Directors' luncheon. Welcome: Dan Glickman, Chairman and CEO, MPAA. Opening Address: Barry Meyer, Chairman & Chief Executive Officer of Warner Bros. Remarks: Sen. Patrick Leahy, Chairman, Committee on the Judiciary, United States Senate. Keynote: Michael Apted, President, of the Directors Guild of America. Director Luncheon.This event at the Hotel Monaco, 700 F Street NW, Second Floor, Paris Ballroom. NOTE: Luncheon is FULL. 2:15 p.m. Panel 3: The Future of Show Business: Entertainment in the Digital Age. Opening Remarks: Senattor Gordon Smith. Session is moderated by Bob Dowling, Former Editor-in-Chief and Publisher, The Hollywood Reporter; Founder, The Bob Dowling Group. Participants include: Reed Hastings, Founder and Chief Executive Officer, Netflix; and John Fithian, President, National Association of Theatre Owners. 5:30 p.m. The Chairmans Dinner, honoring Clint Eastwood, Recipient of the Jack Valenti Humanitarian Award. Note: Red Carpet Photo-Op at the Donald W. Reynolds Center, 8th and G Streets NW entrance. Media set-up/arrival at 5:30 p.m. Red Carpet at 6 p.m. Those wishing to participate in the photo-op must notify Cara Duckworth at cduckworthmpaa.org or 202-378-9144 to be assigned a credential. Credentials will be available on-site.Dinner is not open to the media, however, a pool camera will be available on-site.

HOMELAND SECURITY _ American Military University holds a two-day conference, ``Homeland Security: The Ripple Effect." Highlights: 8:15 a.m. Rep. Bennie Thompson. 9 a.m. Panel discussion on mass fatality management during a pandemic flu event. 12 p.m. Luncheon address - Mayor Patrick McCrory, of Charlotte, N.C., and member of the President's Homeland Security Advisory Council. 3:30 p.m. Panel discussion on local, state and national cooperation, with FEMA Director David Paulison, others. Location: National Press Club.

HOUSE REPUBLICANS _ 9 a.m. Meeting of the House Republican Conference. Closed press. Location: Room HC-9, Capitol. Notes: Media availability with the GOP leadership, HC-9, Capitol, at about 10 a.m.

KATRINA _ 9 a.m. New Orleans public housing residents, others hold a news conference to call on the public and politicians to support their right to return to their homes

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damaged by Hurricane Katrina. Location: Room HC-8, Capitol.

QUAD DEFICITS _ 9 a.m. The Johns Hopkins Paul H. Nitze School of Advanced International Studies (SAIS) will hold a forum, ``The Quad Deficits: Why They Matter and What We Can Do About Them." Participants: Peter G. Peterson, senior chairman and co-founder of the Blackstone Group; David Wighton, New York City bureau chief of the Financial Times; and Robert Guttman, CPFR director. Location: Room 500, Bernstein-Offit Building, 1717 Massachusetts Ave. NW.

IMMIGRATION _ 9 a.m. - 11 a.m. The Migration Policy Institute holds a news conference to announce the launch of a National Center on Immigrant Integration Policy. Briefers include: Michael Fix, MPI Vice President and Director of Studies and Co-Director, National Center on Immigrant Integration Policy; Margie McHugh, Co-Director, National Center on Immigrant Integration Policy; and Demetrios Papademetriou, MPI President. Location: Migration Policy Institute Conference Room, 1400 16th St. NW, Suite 300, third floor.

CHINA-MILITARY _ 9:30 a.m. - 11 a.m. The Carnegie Endowment hosts a panel discussion on Chinas military modernization as the third in series ``Carnegie Debates: Reframing China Policy, regarding the most pressing issues in U.S.-China relations. Participants: Ambassador J. Stapelton Roy, Carnegie Endowment Board of Trustees; Dr. David Finkelstein, Director of Project Asia and the China Studies Center at The CNA Corporation; and Dr. Larry Wortzel, US-China Economic and Security Review Commission. Location: Room 562, Dirksen Senate Office Building.

IRAQ _ 10:15 a.m. Sen. Barack Obama, and Reps. Mike Thompson and Patrick Murphy hold a press conference on Iraq. Location: Senate Radio-TV Gallery.

ABU-GHRAIB-JORDAN _ 10:30 a.m. Hearing on defense motion to dismiss charges against Lt. Col. Steven L. Jordan for alleged crimes at Abu Ghraib prison in Iraq. Location: Fort McNair, 4th and P Sts. SW.

HOYER _ 11 a.m. House Majority Leader Steny Hoyer holds a pen and pad only briefing on the FY08 budget. Location: Room H-107, Capitol.

PEACE-NONVIOLENCE _ 11 a.m. Rep. Dennis Kucinich, others, hold a news conference to announce reintroduction of a bill to create the Department of Peace and Nonviolence. Location: Cannon Terrace. Rain site: HC-7, Capitol.

EMPLOYEE CHOICE _ 11:15 a.m. AFL-CIO President John Sweeney, Rep. George Miller, Sen. Edward Kennedy, others, hold a news conference to introduce the Employee Free Choice Act to restore workers' ability to form unions and bargain with employers. Location: Room 2175, Rayburn.

CRIME AGENDA _ 11:30 a.m. Reps. Lamar Smith and J. Randy Forbes hold a news conference on the antiviolence crime agenda. Location: House Radio-TV Gallery.

GLOBALIZATION _ 12 p.m. - 1:30 p.m. The Council on Foreign Relations hosts a panel, ``Has Globalization Passed Its Peak?" Panelists: Adam Segal, Maurice R. Greenberg Senior Fellow for China Studies, Council on Foreign Relationsl Rawi Abdelal, Associate Professor, Harvard Business School; and Marco Vicenzino, Founder and Director, Global Strategy Project. Location: World Bank J Building- J1- 050, 701 18th St. NW.

DEMOCRATIC LEADERSHIP _ 1 p.m. The House Democratic leadership hold a media availability. Participants: Majority Leader Steny Hoyer; Majority Whip James E. Clyburn; Caucus Chairman Rahm Emanuel; Caucus Vice Chairman John Larson; and Budget Committee Chairman John Spratt. Location: House Radio-TV Gallery.

PARK SERVICE _ 2 p.m. Secretary of the Interior Dirk Kempthorne, National Park Service (NPS) Director Mary Bomar, NPS Regional Directors, and several NPS Superintendents will be available to the media to discuss the recently announced budget and NPS Centennial Initiative. Notes: Media should call 888-566-5778. Pass Code: 2230.

TURKEY _ 2 p.m. Turkish Foreign Minister Abdullah Gul holds a news conference to discuss U.S.-Turkish relations. Location: NPC Broadcast Operations Center, Suite 480, National Press Club.

SENATE-IRAQ _ 2:30 p.m. There will be a closed Senate briefing by members of the intelligence community on Iraq. Location: Room S-407, Capitol.

HOUSE REPUBLICANS _ 3 p.m. House Republican Conference Chairman Adam Putnam and Whip Roy Blunt hold a pen and pad only briefing. Location: Room HC-9, Capitol.

SOCIAL SECURITY _ 3 p.m. Reps. Howard Berman, Howard McKeon, and Lloyd Doggett hold a news conference with others on the Social Security Fairness Act. Location: Room 2261, Rayburn.

INFLUENZA PANDEMIC _ 4 p.m. Assistant Labor Secretary Edwin Foulke Jr. holds a telphone media briefing on OSHA's ``Guidance on Preparing Workplaces for an Influenza Pandemic," guidance prepared by DOL and HHS support of President Bush's National Strategy for Pandemic Influenza Implementation Plan. Notes: Callin number: 800-475-8421; passcode: Pandemic Flu; leader: Kevin Ropp. Note: Callers will need both the passcode and leader's name to join the conference.

US-TAIWAN _ 5:30 p.m. The Taipei Economic and Cultural Representative Office, others, hold a reception marking the 5th anniversary of the Congressional Taiwan Caucus. Location: Room 2200, Rayburn.

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TERRORISM NEWS:

Bush Seeks $7.2M More For Guantánamo Cases (MH)

By Carol Rosenberg
The Miami Herald, February 6, 2007

President Bush's budget request published today includes plans to spend $7.2 million on salaries and expenses for civilian lawyers -- to both fend off legal challenges at home and help prosecute terrorist suspects at the war-crimes court at Guantánamo.

Until release of the budget, the military commissions had been described as a military function -- handled by the Defense Department and soon to be supervised by a former Pentagon inspector general.

But an annex of the budget released by the White House today lists a supplemental request of $1,736,000 for the government's National Security Division, part of the Justice Department run by Attorney General Alberto Gonzales.

DOJ_NMG_0128101

"This request would provide the National Security Division $2 million to support the Department of Defense's prosecution of high-value detainees at Guantánamo via the process established by the military commission," the 2007 supplemental request released today says.

Bush announced in September that he had ordered the CIA to transfer 14 so-called high-value captives to the U.S. Navy base in southeast Cuba, effectively putting them under Pentagon control.

They include Khalid Sheik Mohammed, the alleged mastermind of the 9/11 attacks, and a captive known as Hambali, who was allegedly an Islamic militant in Indonesia.

The budget request said the Justice Department's National Security Division ``will support the [Pentagon] effort by providing experienced assistant United States attorneys and paralegals."

A Justice Department fact sheet explaining the supplemental budget request said the federal prosecutors, who are civilian lawyers, will get their assignments ``as soon as possible."

The assignments, it said, "will last a year or longer." High-value prosecutions are expected to be more complex. The captives were held at so-called CIA "black sites," out of reach of the International Committee of the Red Cross.

"Maybe they don't have the firepower," said Carl W. Tobias, a constitutional law professor at the University of Richmond.

He predicted the larger war-on-terror trials to touch on a range of issues from military law to international law to human rights questions.

"There is so much at stake, and there's so much uncharted territory," said Tobias, ``I think they really want some kind of specialized expertise that DOD [the Department of Defense] just doesn't have."

The Pentagon had no immediate comment Monday on whatcivilian Justice Department lawyers might do at the trials.

Nor could a spokesman say whether the budget and supplemental included any other Guantánamo related funding.

Defense officials have a proposal to build a legal compound in which to stage the trials at Guantánamo that could cost up to $125 million.

But the Pentagon shelved an earlier plan to fund them without explicit Congressional approval; it was not immediately clear Monday whether the funds were included in either the 2008 budget or the 2007 supplemental.

In the meantime, the chief Pentagon prosecutor for the tribunals, Air Force Col. Morris Davis, on Friday swore out new charges against three long-held captives at Guantánamo -- David Hicks, 31, of Australia; Salim Hamdan, 36, of Yemen, and Omar Khadr, 19, of Canada.

Separately, the Justice Department is seeking an additional $5.5 million for its civil division to fend off lawsuits filed by Guantánamo captives in the federal courts.

Civilian lawyers have filed habeas corpus petitions in U.S. District Court in Washington on behalf of several hundred captives -- and the Justice Department has been challenging them for years.

Then, late last year the Republican-led Congress stripped so-called "enemy combatants" of the traditional right to challenge their detention. So Justice Department attorneys have been working in the courts to get the captives' cases closed.

Now, the 2008 budget seeks $5.5 million for 30 attorneys and six other staff "to defend the government in Guantánamo Bay detainee litigation," according to a Justice Department fact sheet published today.

The justification for the expense said that, since 9/11, the Bush administration has adopted "numerous counterterrorism strategies" to disrupt attacks and weaken ``global terrorist networks."

But the strategies have "drawn legal challenges in courts," it said, ``including hundreds of lawsuits filed on behalf of alien enemy combatants held at Guantánamo Bay Naval Base in Cuba."

Surveillance Budget For Court Gets A Boost (USNEWS)

U.S. News and World Report, February 6, 2007

With the Bush administration's revelation that it will replace the controversial warrantless surveillance program conducted by the National Security Agency with a plan approved by the Foreign Intelligence Surveillance Act court, the fiscal 2007 budget includes a $3.1 million increase to address what is expected to be a spike in FISA applications.

FISA, the secret court that issues wiretap orders from Justice Department requests to conduct electronic surveillance and physical searches of suspected international terrorists or spies, already has had an increased workload since 9/11.

A senior justice official told U.S. News that the department's newly retooled National Security Division has streamlined the FISA application process dramatically, and the increased funds along with the quicker processing will allow the department to handle the new surveillance workload.

But "it will mean more work for our office," the official said.

Bush Seeks Spending Increases In Research, Surveillance (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, February 6, 2007

Proposed $2.9 trillion budget includes millions for science and tech studies, traveler screening programs--and a few cutbacks.

President Bush's proposed $2.9 trillion budget for next year calls for increases in some scientific research funding, along with boosts for counterterrorism surveillance and screening programs.

The proposal, unveiled Monday, seeks a balanced budget by 2012 while increasing spending on the wars in Iraq and Afghanistan. That means curbing so-called "mandatory" spending by domestic agencies, including slashing the "growth rate" of the government's Medicare, Medicaid and Social Security programs by $96 billion.

"My formula for a balanced budget reflects the priorities of our country at this moment in its history: protecting the homeland and fighting terrorism, keeping the economy strong with low taxes, and keeping spending under control while making federal programs more effective," Bush said in a message accompanying his proposal.

The budget, however, is only a nonbinding request from the Bush administration to a Democrat-controlled Congress, which has already suggested it will be radically reshaped.

The president's plan includes beefing up spending for his American Competitiveness Initiative, which aims to ensure that the United States keeps up with its global competitors in the science and technology realm.

Under the proposed budget, the National Science Foundation would receive $6.4 billion in funding, a 6.8 percent boost from last year. Of that amount, about $5.1 billion would go to "research and related activities," which in the past "has contributed to the development of the Internet and Internet search engines, fiber optics, color plasma displays, magnetic resonance imaging, and other advances that now help each of us in our daily lives," according to the president's budget breakdown for that agency.

That number includes $390 million--an increase of 4.5 percent from last year--for NSF's nanotechnology research arm, and $994 million--a 10 percent boost--for its Networking and Information Technology Research and Development program.

Some tech-centric agencies could experience cuts. The National Institute of Standards and Technology, for instance, saw an increase in budget levels for its core research activities. But its Advanced Technology Program, which is designed to explore "unproven, early stage technologies," appears to be on the way out. Its proposed funding plummeted from about $79 billion this year to zero dollars for the next fiscal year. NIST representatives did not respond immediately to requests for clarification.

As outlined during his State of the Union address last month, Bush asked Congress to set aside hundreds of millions of dollars for research on alternative energy technologies including solar photovoltaic, biofuels, and advanced battery hybrid and "plug-in" vehicle research. The largest chunk, at $385 billion, would go to coal research initiatives, closely followed by $309 million for hydrogen fuel studies.

The overall budgets for the U.S. Departments of Justice and Homeland Security also saw slight boosts, with an emphasis on government screening and surveillance programs.

Within the Homeland Security department, the president proposed $1 billion for the so-called Secure Border Initiative, which includes plans for a "virtual fence" composed of motion sensors, infrared cameras and unmanned aerial vehicles, or UAVs, that the administration hopes will help keep better tabs on illicit entrants.

Homeland Security also would receive a $21.9 million increase in funding for its Science and Technology Office of Innovation, which hopes to develop technologies that would create a more resilient electric grid and detect tunnels along the

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border, among other things. Overall funding levels for the Science and Technology directorate under Bush's proposal, however, would drop from $848 million for fiscal year 2007 to $799 million for the upcoming year.

Traveler screening projects, some of which have proven controversial, would also receive increased funding. Secure Flight, an airline passenger profiling system that was plagued by privacy concerns, would receive a $38 million boost in funding for the next fiscal year. The president requested $146.2 million for implementation of a system that would allow U.S. authorities to record and screen all 10 fingerprints of foreign entrants to the country, as opposed to the two prints that are currently required.

Under the banner of "preventing and combating terrorism," the president called for an additional $227 million for various Justice Department programs in that realm. Among those requests: an extra $37.8 million "to address the demand for secure interception of data from public and private networks" and $22.8 million for investigators engaged in computer analysis and digital forensics. Those requests mark significant boosts from last year, when those activities received $17.9 million and $19.7 million respectively.

The Justice Department's budget also includes more than $25 million in program increases--up from $93.7 million last year--for investigations involving child pornography and obscenity, particularly tracking convicted sex offenders and apprehending "online child pornographers and molesters."

For the fourth straight year, the president plans to allow the U.S. Patent and Trademark Office to keep all the fees it collects, which are expected to be around $1.9 billion. The agency said Monday that it hopes to use its funds to hire 1,200 new patent examiners in the next fiscal year.

With opposition to the budget already emanating from the Democrat-controlled Congress, it's unlikely the proposal will be enacted as is.

"Today's budget from the president is just more of the same fiscal irresponsibility and misplaced priorities," U.S. House of Representatives Speaker Nancy Pelosi (D-Calif.) said in a statement. "It takes our country in the wrong direction."

What remains to be seen is how the science- and technology-related provisions will hold up.

For instance, while the president requested $17.3 billion--a 3.1 percent increase over his request for the previous year--for NASA's fiscal year 2008 budget, the agency doesn't expect to get that from Congress. For 2007, Congress appropriated $400 million less than the president's requested $16.8 billion. NASA administrator Michael Griffin warned in a press conference Monday that continual NASA budget cuts may cause U.S. astronauts to be grounded for as long as five years and force cutbacks in science programs and lunar robotic explorations.

Rep. Bart Gordon (D-Tenn.), chairman of the House Science and Technology Committee, said the funding increases were helpful, but the plan overall "lacks the priorities and consistency to ensure our competitiveness now and in the long run."

CNET News.com's Candace Lombardi and Declan McCullagh contributed to this report.

Man Convicted In Terror Training Case (AP)

By Matthew Barakat, The Associated Press

AP, February 6, 2007

ALEXANDRIA, Va. (AP) — A Virginia man was convicted Monday of lying to a federal grand jury about his training with a Pakistani militant group, three years after he was acquitted of giving aid to the Taliban as part of a group that trained with paintball games.

A jury in U.S. District Court convicted Sabri Benkahla, 31, of four felony counts including perjury and obstruction of justice. He faces a maximum of 25 years in prison when he is sentenced April 27.

Benkahla told a grand jury in 2004 that he had never engaged in combat training during a 1999 trip to Pakistan, but the government contended that he trained with a militant group called Lashkar-e-Taiba to use rocket-propelled grenades and automatic weapons.

The defense argued that prosecutors, stung by Benkahla's 2004 acquittal, laid a perjury trap by summoning him before the grand jury and asking questions that had no bearing on the panel's terrorism investigation.

DOJ_NMG_0128104

An FBI agent testified that Benkahla's testimony was important needed because the bureau was investigating his links to suspected terrorists including Ahmed Omar Abu Ali, another U.S. citizen from Falls Church who was subsequently convicted of joining al-Qaida and plotting to assassinate President Bush.

Benkahla was one of two defendants acquitted in the government's prosecution of a dozen Muslim men who participated in what the government called a "Virginia jihad network" that used paintball games in the Virginia woods in 2000 and 2001 as a means to train for holy war around the globe.

VIRGINIA BRIEFING (WP)

The Washington Post, February 6, 2007

TERRORISM

Falls Church Man Convicted of Lying About Training

A Falls Church man was convicted yesterday of lying when he told a grand jury that he had never attended a terrorist training camp overseas.

Sabri Benkahla, 31, had been acquitted in 2004 of being a member of a "Virginia jihad network" but appeared before the grand jury later that year. Prosecutors said his denial that he had received terrorist training hindered the grand jury's investigation into who was being trained in weapons and explosives use at camps in Afghanistan and Pakistan.

Benkahla was indicted again last year on charges that included perjury and obstruction of justice. A federal jury in Alexandria convicted him yesterday on those and other counts. He faces up to 25 years in prison when he is sentenced April 27.

-- Jerry Markon

ARLINGTON COUNTY

Board Chairman Will Seek Job as Clerk of Court

Arlington County Board Chairman Paul Ferguson (D) announced yesterday that he will not seek another term in office in November because he wants to run for election as the clerk of the Arlington County Circuit Court. David Bell, the court's longtime clerk, said last week that he would not seek reelection.

Ferguson, 41, has served on the County Board since 1996. He recently drew widespread attention for a major initiative to reduce the county's greenhouse gas emissions.

-- Annie Gowen

Woman Escapes Knife-Wielding Abductor

Arlington County police are investigating the abduction of a woman who was walking alone Friday evening in the 1500 block of South George Mason Drive. Police said a man with a knife pulled the 23-year-old woman into some bushes, but she fought him off. The attacker ran from the scene, police said. The woman was treated for cuts on her face.

Police said the 8 p.m. incident might be related to a sexual assault that took place last month. On Jan. 11, police said, a 27-year-old woman who was walking in the 4200 block of South Four Mile Run was grabbed from behind by a man who threatened her with a knife. The man forced the woman to walk to a nearby grassy area, where he sexually assaulted her, police said.

-- Jamie Stockwell

ALEXANDRIA

SmarTrip Cards Now Work on DASH Buses

Riders on Alexandria's DASH buses now can use SmarTrip farecards when they transfer from Metrorail or Metrobus, officials said yesterday.

New fareboxes on the 57 DASH buses also allow customers to add up to $20 to their SmarTrip cards on the bus.

To encourage use of the blue-and-green cards beyond Metrobus and Metrorail, Metro officials have been trying to install equipment so the cards can be used on nine regional bus systems. But the process has been delayed repeatedly because of incompatible software, officials said. Other local bus systems are supposed to accept the cards by July.

-- Lena H. Sun

Congress Listens In On Wiretapping (LAT)

The Los Angeles Times, February 6, 2007

SLOWLY BUT surely, the National Security Agency's eavesdropping on Americans suspected of ties with foreign terrorists is being brought under the rule of law. But the Bush administration still owes not just Congress but the country some straight answers about the program.

Last week, Atty. Gen. Alberto R. Gonzales agreed to provide Congress details of the program's new arrangement for being monitored by a special court set up by the 1978 Foreign Intelligence Surveillance Act. Gonzales' latest concession comes a few weeks after the administration abruptly reversed itself and said that it could, after all, conduct surveillance of international calls and e-mails under the court's supervision.

But the administration has still refused to spell out whether the court will approve individual requests for wiretapping authority — as it traditionally has done — or just sign off on more general requests. This is the crucial question.

A Justice Department official said last month that the new court orders are not "cookie-cutter" and were more specific than an "advisory opinion" on the overall program. That sounds encouraging, but the public deserves to know whether the administration is providing the court with probable cause about specific U.S. citizens.

Perhaps the answer to that question is in the documents Gonzales is turning over to Congress. If so, it should be shared with the public.

No one suggests that investigators should publicize the names or locations of people under suspicion or the technology being used to capture their communications. But it shouldn't be a state secret whether the NSA is getting case-by-case approval for surveillance of Americans or engaging in some less discriminate "data mining."

Two realities strengthen the hand of Sen. Arlen Specter (R-Pa.) and other lawmakers who want to bring oversight to the program: the new Democratic-controlled Congress and a lawsuit that reached a federal appeals court in Cincinnati last week. Sen. Patrick J. Leahy (D-Vt.), who succeeded Specter as chairman of the Judiciary Committee, is threatening new legislation if the documents suggest the administration hasn't achieved the "proper balance" between privacy and security. Last week, two of three judges on a panel of the U.S. 6th Circuit Court of Appeals in Cincinnati reacted skeptically to the suggestion that a legal challenge to the original program was moot.

The attacks of 9/11 changed a lot of things in the United States — but not the meaning of the 4th Amendment or the need for congressional oversight of the executive branch. The administration can show its respect for these principles by being more forthcoming with the American people about its activities.

HOMELAND RESPONSE:

Man Pleads Guilty To Possessing Ricin (FINDLAW/AP)

By Beth Rucker, Associated Press Writer

AP, February 6, 2007

(AP) - NASHVILLE, Tennessee-A man pleaded guilty Monday to federal charges of possessing the potentially deadly poison ricin, firearms silencers and explosives.

William Matthews entered his plea in a deal with prosecutors that calls for a prison term of 7 years and 3 months when he is sentenced April 27.

The ricin charge could have been punished by up to life in prison, and the weapons charges each carried a maximum sentence of 10 years.

"Mr. Matthews, I think, chose this (deal) as the best of the available options," his lawyer, public defender Sumter Camp, said after court.

Neither the defendant nor the authorities explained why Matthews had the ricin, which is illegal to possess except for research, and the silencers and explosives, which are legal but were not properly registered.

A prosecutor declined to comment following the plea hearing.

DOJ_NMG_0128106

Matthews was charged after a tip from his estranged wife led police and federal agents to search his property May 31. They found the ricin in a sealed baby jar, two functional pipe bombs, five gun silencers, three blasting caps and bomb-making materials.

As little as 500 micrograms of the protein ricin, roughly the amount that fits on the head of a pin, is enough to kill an adult, according to the federal Centers for Disease Control and Prevention.

In his plea, the defendant acknowledged possessing 5.68 grams of the substance, which he had made from castor beans.

Matthews, 56, was already in a Davidson County jail serving a nine-month sentence for violating orders of protection taken out by his wife when he was charged with ricin possession. He has remained in custody since then.

Matthews, who worked as a Davidson County sheriff's officer and at the city's drug court before he left amid a sexual harassment investigation, testified that in the 1960s he was diagnosed with schizophrenia and bipolar disorder and received treatment then.

In February 2004, ricin was found in the office of then Senate Majority Leader Bill Frist. Dozens of Capitol employees were quarantined briefly and decontaminated, but none of them got sick. Authorities said at the time that Matthews was not believed to be connected to the incident.

Evacuee Camp Kids Worry Schools Chief (USAT)

By Kevin Johnson

USA Today, February 6, 2007

BATON ROUGE — The leader of Louisiana's largest school system says she believes that up to 200 children in the state's biggest hurricane evacuee camp are not registered in local schools. And she says the U.S. government — citing privacy laws — is doing little to help officials identify the youths.

East Baton Rouge Parish School Superintendent Charlotte Placide says the Federal Emergency Management Agency (FEMA) has refused to give school officials direct access to information about youths in Renaissance Village, a trailer park for families where 1,200-2,000 people live.

"The law requires students to be in school," Placide says. "We have families in the FEMA trailer park who concern me greatly."

She says schools have reached out to parents at Renaissance Village and registered about 200 youths, at least temporarily, until their families can find permanent homes. However, Placide — citing the trailer park's size, its designation as a place for families and her observations of daily life there — says it appears 200 or so more youths aren't in school.

Placide and state social service authorities say some households remain so unsettled that youths likely have jobs to help their families. Other kids might be staying home to watch their families' possessions when their parents are at work, she says.

Placide says officials' efforts to locate children would be much easier if FEMA would give the state more details about the families in Renaissance Village. But FEMA has declined to do so, she says, citing privacy laws that restrict the information the federal agency can release about benefit recipients.

FEMA spokesman James McIntyre says the agency's authority "doesn't include ensuring that kids are registered in schools. There comes a time when parents have to take responsibility."

McIntyre says FEMA has given information about evacuees receiving federal aid to the Louisiana Family Recovery Corps (LFRC), a state agency that helps families displaced by Hurricanes Katrina and Rita. FEMA officials hoped LFRC would share the information with social service agencies and schools.

However, Raymond Jetson, LFRC's chief executive officer, says the information from FEMA lacks key details about Renaissance Village, such as youths' ages. "I understand the quagmire FEMA is in, attempting to respect the privacy of people. But it's becoming far too difficult to do the right thing."

LFRC's Kim Landry says the state lacks the personnel to assign truancy officers to the trailer park. She thinks the issue has not gotten much attention locally because many kids from the park would need special attention, and some residents are wary about placing more burdens on an already crowded 48,465-student system.

A 'Road Home' To Lunacy (column) (WP)

DOJ_NMG_0128107

By Eugene Robinson

The Washington Post, February 5, 2007

NEW ORLEANS -- It's beyond frustrating to hear well-meaning bureaucrats cite all the reasons that so little has been done to rebuild this ruined city and the rest of the Gulf Coast -- why, for example, out of more than 100,000 Louisiana households that have applied to the state government for their share of $7 billion in federal reconstruction funds, fewer than 400 have received their money.

That's no misprint, and I'm being generous. As of last week, when I attended a Senate Homeland Security Committee hearing at the Louisiana Supreme Court building in the historic French Quarter, the actual number of homeowners who had gotten reconstruction money from this program, called Road Home, was 331. My hopeful assumption is that a few more checks have trickled out since then.

The three senators who flew down to conduct the hearing -- committee Chairman Joseph Lieberman (I-Conn.), home-state champion Mary Landrieu (D-La.) and presidential hopeful Barack Obama (D-Ill.) -- were remarkably focused and patient, given the circumstances. I got so exasperated that I had to let my mind wander, and it settled on Brownian motion.

That's not a reference to Michael Brown, the ridiculous former director of the Federal Emergency Management Agency. Brownian motion is a natural phenomenon that bewildered 19th-century physicists. Looking through their microscopes, they could see that a tiny particle suspended in a fluid -- a mote of dust, say -- didn't just float in place. It did a jittery little dance, abruptly jerking left and right and forward and back, always in motion.

It took Albert Einstein to figure out what was going on. Einstein explained that the infinitesimal molecules of the fluid, randomly zooming to and fro, are colliding with the relatively gargantuan piece of dust. If, at a given instant, more molecules hit it from the right than from the left, it moves left. The next instant, if more molecules hit it from the south than from the north, it moves north. The buffeted particle just zigzags aimlessly, never really getting anywhere.

That's where the recovery of New Orleans stands, or floats. Factors such as subparagraph-level provisions of federal programs, fine-print details of a contract signed by the state government and shifting alliances in municipal politics -- minuscule things, compared with the size of the job that must be done -- push from all sides, and the result is a frenzied stasis.

One example: Almost a year ago, Congress appropriated $10.4 billion in special housing funds for reconstruction in Louisiana. Federal bureaucrats at the hearing last week were at pains to tell the senators why the requirement that the state ante up 10 percent of that total in matching funds was being enforced, since this statutory provision was waived in other recent disasters such as the Sept. 11 attacks and several Florida hurricanes.

And no one even tried to explain why Washington won't just let Louisiana write a check for its 10 percent share, and instead wants the state to write, justify and track a separate 10 percent check for each individual rebuilding project -- thousands upon thousands of checks.

Everyone knows this is insanity. Nobody does anything about it.

Another example: Remember those lucky homeowners who have gotten their Road Home checks? The first thing they're being required to do is pay back, in full, any loans they previously received under a special Small Business Administration rebuilding program. Anything else we can do for you?

Washington complains that the state and local governments were painfully slow to develop their reconstruction plans -- and that's true. State and local officials respond that it took months to understand and comply with all the federal rules their projects must follow to qualify for funding -- and that's true, too.

Donald E. Powell, the Texas banker whom President Bush appointed to coordinate the federal post-Katrina recovery effort, was the committee hearing's opening witness. When Obama asked in plain language what the prospects were for an ordinary homeowner who wanted to rebuild and come home, Powell said thoughtfully, "That's a tough question . . . a complex question." Then he spoke about new tax incentives, which he is certain will persuade developers to build affordable housing.

Tax incentives? With most of the city still in ruins? Hello?

To escape the death dance of Brownian motion, New Orleans needs force applied in one coherent direction. I have an idea: If Gen. David H. Petraeus is as smart and tough as the president says he is, if he's good enough to save Baghdad, the

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president should immediately send him to New Orleans instead -- or explain why policing a civil war in Iraq takes priority over resurrecting a great American city.

WAR NEWS:

Republicans In Senate Block Debate On Iraq Resolution (LAT)

By Noam N. Levey

The Los Angeles Times, February 6, 2007

WASHINGTON — Republican Senate leaders succeeded today in blocking debate on a proposed resolution criticizing President Bush's plan to boost troop levels in Iraq. Democrats vowed to return to the issue soon.

"They may stop us temporarily," said Senate Majority Leader Harry Reid of Nevada. Vowing to return to the Iraq war in future debates over the 9/11 Commission's recommendations and on a supplemental appropriations bill, Reid said, "This does not end the debate on Iraq."

On a procedural vote, Senate Democrats mustered 49 votes -- far short of the 60 votes needed.

Republicans complained that Reid was giving preferential treatment to a resolution by Sen. John Warner (R-Va.) to require benchmarks for Iraqi progress. The GOP asked for similar consideration for a measure by Sen. Judd Gregg (R-N.H.), saying Congress would not cut funding for troops in the field.

"We are, in effect, being denied a fair process for this extremely important debate," said Senate Minority Leader Mitch McConnell (R-Ky.), who before the vote accused the Democratic majority of blocking consideration of alternatives to the critical amendment.

Democratic leaders, who have offered votes on several Republicans amendments, fired back that the GOP was using procedurals tactics to stifle debate on the most important issue confronting the country.

"The Republican leadership can't take 'yes' for an answer," said Reid earlier. "They have been given all they've asked for. It is clear their actions are not driven by getting votes on Republican proposals. They are driven by a desire to provide political cover for President Bush."

Over the past several weeks, senior Democrats in the Senate have been working with a handful of Republicans to craft a resolution opposing the president's plans to boost troop levels in Iraq by 21,500.

The Bush administration and its congressional allies have been fighting ferociously to stop the nonbinding resolution, which would mark an embarrassing rebuke for the White House.

As senators took to the floor this afternoon to assail each other's positions on the war, McConnell and Reid continued to confer. In the end the clock — and the slim margin of the Democrats' control over the Senate — doomed the effort.

Republicans Block Senate Debate On Iraq (AP)

By David Espo

AP, February 6, 2007

Republicans blocked a full-fledged Senate debate over Iraq on Monday, but Democrats vowed they would eventually find a way to force President Bush to change course in a war that has claimed the lives of more than 3,000 U.S. troops.

"We must heed the results of the November elections and the wishes of the American people," said Majority Leader Harry Reid.

Reid, D-Nev., spoke moments before a vote that sidetracked a nonbinding measure expressing disagreement with Bush's plan to deploy an additional 21,500 troops to Iraq. The 49-47 vote was 11 short of the 60 needed to go ahead with debate, and left the fate of the measure uncertain.

Senate Republican Leader Mitch McConnell of Kentucky described the test vote as merely a "bump in the road" that could possibly be overcome within hours. GOP lawmakers "welcome the debate and are happy to have it," he said, adding they were insisting on equal treatment for an alternative measure expected to draw strong support.

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The proposal, by Sen. Judd Gregg, R-N.H., says Congress should neither cut nor eliminate funding for troops in the field. That measure takes no position on the war or the president's decision to deploy additional forces.

The political jockeying unfolded as bombings and mortar attacks killed dozens across Baghdad amid indications that a much-awaited operation to restore peace to the capital is gearing up. Bush announced last month he would beef up U.S. troop deployments to work alongside Iraqi units in an attempt to quell sectarian violence.

Democrats sought passage of a measure, supported by Sen. John Warner, R-Va., that is critical of the administration's new Iraq policy. It was the first time Democrats had scheduled a sustained debate on the war since they won control over Congress in last fall's midterm elections.

"The American people do not support escalation. Last November, voters made it clear they want a change of course, not more of the same," said Reid. "The president must hear from Congress, so he knows he stands in the wrong place, alone."

Sen. Dick Durbin of Illinois, the second-ranking Democrat, echoed Reid. "If the Republicans want to stand by their president and his policy, they shouldn't run from this debate. If they believe we should send thousands of our young soldiers into the maws of this wretched civil war, they should at least have the courage to stand and defend their position," he said.

But Gregg differed with them. "We should not take action once soldiers have been sent into the field and are putting their lives at risk," he said. "We should not be saying to them through a resolution, which is nonbinding, that we don't think the mission you're on makes sense and we don't want you to do it."

Republican Sens. Susan Collins of Maine and Norm Coleman of Minnesota sided with Democrats on the vote. Reid switched sides at the end, a step that allows him to call for a new roll call at his discretion. Otherwise, Democrats voted to go ahead with debate and Republicans voted not to; Sens. Tim Johnson, D-S.D., Mary Landrieu, D-La., Mel Martinez, R-Fla., and John McCain, R-Ariz., did not vote.

The war has claimed the lives of more than 3,000 U.S. military personnel so far, and costs are counted in the hundreds of billions of dollars. The administration has asked Congress for $245 billion more to cover the costs of the conflict through 2008.

Political maneuvering surrounding the issue has been intense, and White House spokeswoman Dana Perino said the administration supports "Sen. McConnell's and the Republicans' right to be able to offer the amendments they want to offer."

Behind the procedural quarrel lay uncertainty about the verdict the Senate would ultimately reach on Bush's decision to send 21,500 additional troops.

Democrats hoped to gain enough Republican votes to pass the measure expressing disagreement with Bush's decision, and to send the commander in chief an extraordinary wartime rebuke on a bipartisan vote.

It was an outcome that the White House and Senate Republican leadership hoped to avoid. They concentrated on a relatively small number of swing votes, many of them belonging to GOP senators expected to be on the ballot in 2008.

Gregg's alternative said Congress should not take "any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field, as such an action with respect to funding would undermine their safety or harm their effectiveness in pursuing their assigned missions."

The measure advanced by Democrats and Warner said the same thing, but it also said the Senate "disagrees with the `plan' to augment our forces by 21,500 and urges the president instead to consider all options and alternatives."

Republicans and Democrats carried out their clash as 10 members of "Code Pink," an anti-war group, were arrested and charged with disorderly conduct during a protest in front of McCain's office in a building across the street from the Capitol. "They were absolutely compliant, peaceful," Sgt. Kimberly Schneider said of the protesters.

McCain, a likely Republican presidential candidate, opposes the measure expressing disagreement with the increase in troops.

Vote On Iraq Is Blocked By GOP (USAT)

By Kathy Kiely

USA Today, February 6, 2007

WASHINGTON — Republicans blocked the Senate from delivering a politically embarrassing rebuke of President Bush's Iraq policy Monday in a maneuver that could have implications for the conduct of the war and for next year's elections.

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Both parties immediately moved to gain political advantage from the impasse.

SENATE ROLL CALL: How they voted

Democrats said Republicans are trying to muzzle growing public opposition to the war in Iraq. "They are not permitting debate on the most pressing issue facing America," said Senate Majority Leader Harry Reid, D-Nev.

Republicans accused Democrats of trying to unfairly limit the debate on Iraq by refusing to agree on certain ground rules. "We're not trying to stop this debate," said Senate Minority Leader Mitch McConnell, R-Ky. "We're trying to structure it in a way that's fair to competing voices."

The high political stakes were evident in hours of negotiations over three non-binding but politically significant resolutions:

• One opposes the president's plan to increase troop numbers in Iraq.

• A second offers qualified support for the increase.

• A third opposes cutting funds for troops.

Democrats needed 60 votes to begin debating the resolution opposing the troop increase but could muster only 49. All three Republican co-sponsors of the resolution opposed it in the 49-47 vote. The only Republicans voting for that resolution were Norm Coleman of Minnesota and Susan Collins of Maine, both of whom face potentially difficult re-election bids next year.

McConnell said he's willing to allow a vote on that resolution provided he wins two concessions: a requirement that it get 60 votes to pass, and a vote on the resolution opposing cuts in funding for troops. That resolution is sponsored by Sen. Judd Gregg, R-N.H.

Reid objected because McConnell's demands set up the possibility that the Senate would have been on record as opposing cuts in funding for the troops, but not the president's policy.

That would "divert attention" from a Senate vote on the troop buildup, Reid said.

Democrats want to keep the focus on Bush's plan to increase troop levels in Iraq by 21,500 "to demonstrate to him that his policy has little or no support," Sen. Joseph Biden, D-Del., said.

Supporters of Bush's plan said a Senate vote against it could undercut America's last chance for preventing a catastrophic implosion in Iraq. Joe Lieberman of Connecticut, who calls himself an "independent Democrat," sided with Republicans to forestall debate on the resolution of disapproval. "Its passage would compromise America's security," he said.

Reid vowed that Democrats will find other ways to oppose the president's policies. "You can run, but you can't hide," he said. "We are going to debate Iraq."

Sens. Tim Johnson, D-S.D., Mary Landrieu, D-La., Mel Martinez, R-Fla., and John McCain, R-Ariz., did not vote.

G.O.P. Senators Thwart Debate On Iraq Policy (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — Republicans on Monday blocked Senate debate on a bipartisan resolution opposing President Bush's troop buildup in Iraq, leaving in doubt whether the Senate would render a judgment on what lawmakers of both parties described as the paramount issue of the day.

The decision short-circuited what had been building as the first major Congressional challenge to President Bush over his handling of the war since Democrats took control of Congress last month, and left each party blaming the other for frustrating debate on a topic that is likely to influence the 2008 presidential and Congressional races.

At issue is a compromise resolution drawn up chiefly by Senator John W. Warner, Republican of Virginia, that says the Senate disagrees with President Bush's plan to build up troops and calls for American forces to be kept out of sectarian violence in Iraq.

The deadlock came after Democrats refused a proposal by Senator Mitch McConnell of Kentucky, the Republican leader, that would have cleared the way for a floor fight on the Warner resolution in return for votes on two competing Republican alternatives that were more supportive of the president.

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One of those alternatives, by Senator Judd Gregg, Republican of New Hampshire, would declare that Congress should not cut off any funds for forces in the field. That vote was seen as problematic for Democrats because many of them opposed any move to curtail spending, raising the prospect that it could have attracted the broadest support in the Senate.

The procedural vote, which divided mostly along party lines, left the Democratic leadership 11 votes short of the 60 needed to begin debate on the bipartisan resolution. Forty-seven Democrats and two Republicans voted to open debate on the resolution; 45 Republicans and one independent were opposed.

The Republicans run a risk with their resistance in the event Democrats are able to persuade the public that Mr. Bush's allies are stonewalling in the Senate and shielding the president from criticism over an unpopular war. But their show of unity, with war critics including Mr. Warner of Virginia and Senator Chuck Hagel, Republican of Nebraska, siding with the leadership, lent some credibility to Republican claims that Democrats were being unfair. "I am confident that somehow this matter will be worked out," Mr. Warner said.

But Senator Harry Reid of Nevada, the majority leader, said that "time was tenuous" and that he would not guarantee that Democrats would try again to bring up the resolution. He did promise that there would be more clashes over Iraq policy as the Senate turned to measures like the president's request for $100 billion in emergency Iraq spending.

"You can run but you can't hide," Mr. Reid told his Republican colleagues on the floor. "We are going to debate Iraq."

The results left the future of the Iraq fight unsettled, though Senate leaders indicated that they would continue to negotiate over ways to restart the debate. Lawmakers on all sides of the issue said they anticipated that the Senate would ultimately approve a resolution of some kind because of intense public interest in the issue. Mr. Reid changed his vote and sided with Republicans at the end, a procedural move to allow him the option to reopen the issue.

Still, as they jousted over the terms of debate, senators provided a taste of what a floor fight over the resolution would look like as they traded tough words about the meaning of a resolution challenging Mr. Bush and what would happen if Congress remained silent.

Senator Joseph I. Lieberman of Connecticut, the independent who sided with Republicans in agreeing not to take up the resolution, called the proposal "a resolution of irresolution," saying it criticized the president's plan but did nothing concrete to stop it. He goaded colleagues who opposed the buildup to take more definitive action if that was their view. "Have the courage of your convictions to accept the consequences of your convictions," he said.

Senator Ben Nelson of Nebraska, a Democratic co-author of the resolution who typically promotes comity in the Senate, accused Republicans of stalling. "If not now, when?" he said. "If not now, do we wait for more troops to die before we oppose the president's plan?"

In addition to the resolution introduced by Mr. Gregg, declaring that Congress should not cut off financing for forces in Iraq, Republican leaders had sought a Democratic commitment for a vote on another alternative, one introduced by Senator John McCain, Republican of Arizona. That measure would set 11 conditions for the Iraqi government if it wanted to retain American support. The Republican approach would need 60 votes for passage.

Democrats said that the Gregg initiative was meant as a distraction and that they wanted to focus on the question of whether senators supported Mr. Bush's plan or opposed it. "We are witnessing the spectacle of a White House and Republican senators unwilling even to engage in a debate on a war that claims at least one American life every day and at least $2.5 billion dollars a week," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat.

Some Republicans admitted that they were unsure how long the unity would last and whether Republicans could continue to make a case against the resolution on procedural grounds. And two Republicans facing re-election in 2008, Senators Susan Collins of Maine and Norm Coleman of Minnesota, joined Democrats in voting to begin the debate.

Democrats tried to immediately pounce on the vote, with Mr. Reid saying Republicans had given Mr. Bush the green light to begin his buildup. They also warned of political consequences for Republicans given public frustration with the war.

"Senator McConnell led his Republican troops off the cliff," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

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The White House welcomed the Senate vote. “All sides have a right to be heard in this debate, and we support Senator McConnell’s and the Republicans’ right to be able to offer the amendments they want to offer,” said a spokeswoman, Dana Perino.

Senator John Sununu, a Republican of New Hampshire who is also up for re-election next year, acknowledged that voters were likely to be unhappy with the procedural wrangling over an issue as grave as Iraq.

Mr. Sununu, who sided with Republicans, but declined to say whether he would ultimately vote to oppose the Iraq plan, said, “It may come as a surprise to my colleagues, but most voting members of the American public think that the Senate spends all too much time talking and not enough time casting votes.”

GOP Stalls Debate On Troop Increase (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, February 6, 2007

A long-awaited Senate showdown on the war in Iraq was shut down before it even started yesterday, when nearly all Republicans voted to stop the Senate from considering a resolution opposing President Bush's plan to send 21,500 additional combat troops into battle.

A day of posturing, finger-pointing and backroom wrangling came to nothing when Democratic and Republican leaders could not reach agreement on which nonbinding resolutions would be debated and allowed to come to a vote. The Senate's 49 to 47 vote last night to proceed to debate on Bush's new war policy fell 11 votes short of the 60 needed to break the logjam. Just two Republicans, Norm Coleman (Minn.) and Susan Collins (Maine), voted with the Democrats to proceed with the debate. Both are considered among the most vulnerable senators standing for reelection in 2008.

Republicans insisted that the impasse will soon be broken. But the leaders of the two parties appeared to be far from a compromise last night, and the White House has worked hard to block action on a resolution disapproving of the president's decision to boost troop levels.

"What you just saw was Republicans giving the president the green light to escalate in Iraq," Senate Majority Leader Harry M. Reid (D-Nev.) said after the vote. Reid contended that Republicans "are trying to avoid a debate on this matter."

Republicans said they have no desire to avoid a debate, asserting that they simply want a fair hearing on their proposals.

"We are ready and anxious to have this debate this week," said Minority Leader Mitch McConnell (Ky.).

Reid and McConnell were expected to resume negotiations today after conferring with lawmakers. With the tremendous national interest and media buildup to this week's confrontation, it would be extraordinary if the two sides did not reach an agreement on ground rules. But regardless of the outcome of the talks, Congress is certain to be consumed with Iraq in the months ahead.

A huge budget bill for the remainder of the current fiscal year comes before the Senate tomorrow, and Reid promised war amendments to that debate. Bush has requested $245 billion in funding for the war, to cover this year and next year, and that legislation is certain to become a magnet for Iraq concerns.

Next week, the Democratic-led House is expected to move forward with its version of the nonbinding resolutions stuck in the Senate.

"You can run, but you can't hide," Reid said. "We are going to debate Iraq."

At issue are four separate measures. The main resolution, worked out by Sen. John W. Warner (R-Va.) and Armed Services Committee Chairman Carl M. Levin (D-Mich.), would put the Senate on record as opposing the additional troop deployment while calling for a diplomatic initiative to settle the conflict. It would oppose a cutoff of funds for troops in the field of battle.

The Republican leadership's alternative, drafted by John McCain (R-Ariz.), Lindsey O. Graham (R-S.C.) and Joseph I. Lieberman (I-Conn.), would establish tough new benchmarks for the Iraqi government to achieve but would not oppose the planned deployment.

Two other versions appear at the heart of the impasse. The first, drafted by Sen. Judd Gregg (R-N.H.), would staunchly back the White House and the president's decision to boost troop strength in Iraq. It recognizes the power of the president to

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deploy troops and the "responsibility" of Congress to fund them -- before stating that "Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds."

The other proposed resolution, hastily written by Democrats, would simply oppose Bush's plan and insist that all troops are properly protected with body armor and other material.

Gregg appeared to struggle to define the purpose of his proposal, insisting at one point that it is vital to protecting U.S. troops but then acknowledging that none of the resolutions under consideration would have any impact. He added that he may offer his language in binding legislative form during the upcoming debate on war spending.

The Democratic leadership gave Republicans a choice: Allow all four versions to come to a vote, with a simple majority needed for passing any of them, or debate and vote on the Warner and McCain resolutions, with both needing 60 votes to pass.

McConnell wanted all four resolutions to meet a 60-vote threshold, for a simple reason: Both Democrats and Republicans think the only measure that could attract 60 votes is Gregg's, because Democrats would be concerned about the political ramifications of appearing to take action that might harm troops in battle.

"If Republicans cannot swallow the thin soup of the Warner resolution, how are they going to stomach a real debate on Iraq?" asked Senate Majority Whip Richard J. Durbin (D-Ill.).

Republicans struck a less combative tone. Senate Minority Whip Trent Lott (Miss.) dismissed Democratic charges as "a bunch of show and tell," and McConnell called the dispute nothing more than "a bump in the road."

The White House worked closely with Senate Republican leaders on strategy while conducting an aggressive outreach that involved assurances from military leaders to wary GOP senators, in addition to personal interventions by Bush.

On Friday, Republican senators met with Bush on a variety of issues, including Iraq. The president walked the lawmakers through his reasoning for the troop increase and asked for their support.

"He wanted us to clearly understand this was not just, he woke up on Thursday and decided this is what he was going to do," said Sen. Lisa Murkowski (Alaska), who has been critical of the escalation but is undecided on the resolutions. Murkowski also met with Gen. David H. Petraeus, the new U.S. commander in Iraq.

The White House gave a measured response to yesterday's vote. "All sides have a right to be heard in this debate, and we support Senator McConnell's and the Republicans' right to be able to offer the amendments they want to offer," said White House spokeswoman Dana Perino.

Sen. John Cornyn, a Texas Republican who helped to rally his colleagues against moving ahead, said the vote was partly symbolic. "This is more of the principle that we're going to be a relevant minority and assert our rights to a fair process," he said. "They were either going to establish that they could roll us or that we'd be relevant in the process."

But Democrats believe Republicans may be losing politically, by defying what they perceive as a growing public desire for a robust war debate. Some Democratic senators were surprised that two Republican allies of Warner -- Collins and Coleman -- parted ways with their caucus and with Warner himself on the procedural vote.

After the vote, Collins issued a statement saying: "Since I returned from my third visit to Iraq in December, I have been convinced that it would be a mistake to send additional troops to Iraq. I believe that this is one of the most important issues facing our nation and that it is important for the Senate to go on record in opposition to the president's plan."

Collins continued: "It is my hope that the leadership will soon work out an agreement that will allow us to have a vote as soon as possible."

According to one senior Democratic aide, Reid left the Capitol last night confident that he is holding a winning hand. Negotiations between party leaders are expected to continue today, and Reid promised that the Senate will return to Iraq over and over until Democrats get a clean vote.

"Today, Senator McConnell led his Republican troops off a cliff," said Sen. Charles E. Schumer (N.Y.), the primary architect of the Democrats' takeover of the Senate in November.

Senate GOP Blocks Iraq Resolution (WT)

By Charles Hurt

The Washington Times, February 6, 2007

DOJ_NMG_0128114

Senate Republicans yesterday blocked a resolution that would have condemned President Bush's plan to send an additional 21,500 troops to Iraq.

On a 49-47 vote that largely followed partisan lines, Democrats fell 11 "ayes" short of the 60 needed to bring about a vote on the resolution, which is nonbinding but is widely viewed as a declaration of no confidence in the continued mission of the Iraq war and Mr. Bush's handling of it.

Among those who voted against last night's motion was Sen. John W. Warner of Virginia, who wrote the resolution but joined other Republicans in opposition to holding a vote because the new Democratic majority is not allowing votes on other war resolutions.

Only two Republicans -- Sens. Susan Collins of Maine and Norm Coleman of Minnesota -- backed voting on the resolution, and there was opposition from only two members of the Democratic caucus -- independent Joe Lieberman of Connecticut and, in a parliamentary maneuver that gives him the right to bring the resolution back up for debate, Majority Leader Harry Reid of Nevada.

Mr. Lieberman voted "no" because, he said, the resolution is meaningless.

"This resolution is not about Congress taking responsibility," said Mr. Lieberman, who was among the broad, bipartisan majority in Congress who in 2002 voted to go to war. "It is the opposite. It is a resolution of irresolution."

Before and after the vote, Democrats accused Republicans of trying to dodge a debate on the increasingly unpopular war.

"You can run, but you can't hide," declared Mr. Reid, a 2002 war supporter. "We are going to debate Iraq."

He promised that the resolution would resurface again during debates and votes on other matters.

Last night's "cloture motion," which Democrats supported, was a parliamentary procedure to end debate so that a final vote can be taken. Republicans accused Mr. Reid of restricting debate on the Iraq war.

"Senate Republicans are ready to proceed with a full and open debate on the president's strategy in Iraq," Sen. Jon Kyl, Arizona Republican, said after the vote. "But we want a full debate on all the various resolutions, not just one that was handpicked by the Democratic leadership."

Minority Leader Mitch McConnell of Kentucky said Republicans will not allow a vote on the Warner resolution unless it is accompanied by at least two others.

Sen. Judd Gregg of New Hampshire has a resolution that promises not to cut funding for the war. Sen. John McCain also has a resolution in support of Mr. Bush's "surge" plan, but also setting benchmarks for Iraqi self-governance.

Sen. Arlen Specter, Pennsylvania Republican, called Mr. Reid's squelching of resolutions "an effort to short-circuit debate."

Senate Armed Services Committee Chairman Carl Levin, Michigan Democrat, said a vote on cutting funds is not necessary.

"We don't want to withhold funds from the troops in the field," he said, referring to nonbinding resolution. "We want to change this policy."

But even as the rhetoric over the resolution escalated yesterday, there was agreement from all sides that the nonbinding resolution bore no legal consequences. While it condemns Mr. Bush's plan to increase troop levels, it doesn't withhold any money for doing so.

"The resolution before us, its sponsors concede, will not stop the new strategy from going forward," Mr. Lieberman said. "Instead, its sponsors say it will send a message of rebuke from the Senate to the president, from one end of Pennsylvania Avenue to the other. But there is a world beyond Pennsylvania Avenue that is watching and listening."

Sen. Trent Lott, Mississippi Republican, said the resolution was all "sound and fury ..."

"Signifying nothing," interrupted Sen. Robert C. Byrd, West Virginia Democrat, who was among the 23 senators who voted against war in 2002.

But, Mr. Lieberman warned yesterday, the nonbinding resolution could have far-reaching implications abroad.

"For the Senate to take up a symbolic vote of no confidence on the eve of a decisive battle is unprecedented, but it is not inconsequential," he said. "It is an act which I fear will discourage our troops, hearten our enemies and showcase our disunity."

Mr. Lieberman chided the Democrats with whom he still caucuses for pushing a toothless resolution.

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"If you believe that this new strategy is flawed or that our cause is hopeless in Iraq, then you should vote to stop it," he said. "Vote to cut off funds. Vote for a binding timeline for American withdrawal. If that is where your convictions lie, then have the courage of your convictions to accept the consequences of your convictions. That would be a resolution."

Four senators did not vote -- Republicans Mr. McCain and Mel Martinez of Florida and Democrats Tim Johnson of South Dakota and Mary L. Landrieu of Louisiana.

Senate Debate On Iraq Stalls (MCT)

By Margaret Talev

McClatchy Newspapers, February 6, 2007

WASHINGTON - Republicans blocked the Senate from beginning debate Monday on the Iraq war, a move that's expected to delay but not prevent a vote on a nonbinding resolution opposing President Bush's planned buildup of 21,500 troops.

The 49-47 procedural vote fell well short of the 60 votes that the Democrats needed to move to debate under Senate rules.

Senate Minority Leader Mitch McConnell, R-Ky., said Republicans were prepared to begin debate this week if Democrats agreed to allow debate on a proposal by Sen. Judd Gregg, R-N.H. His resolution takes no position on the troop buildup but rejects the notion of cutting off money for ground operations. "There's not a single Republican senator seeking to avoid this debate," McConnell said.

Democrats shot back that they'll go beyond nonbinding resolutions against the troop buildup in the months ahead, including efforts to attach strings to war appropriations.

"You can run but you can't hide," said Senate Majority Leader Harry Reid, D-Nev. "They can maybe stop us temporarily from debating the escalation. They're not going to stop us from debating Iraq."

Democratic leaders had hoped to confine debate this week to two measures, one a bipartisan resolution to oppose the buildup led by Sens. John Warner, R-Va., and Armed Services Committee Chairman Carl Levin, D-Mich., the other a resolution by Sen. John McCain, R-Ariz., that supports the president.

Republicans say Democrats are afraid that many in their own caucus would sign on to Gregg's plan. Such a vote might reveal Democrats' divisions over the idea of cutting off money for troops. It also might be the only resolution that can pass, if the Warner-Levin plan falls short of the 60-vote threshold needed to avoid a filibuster.

Democrats accused Republicans of teaming up with the White House to derail a debate that could embarrass the administration. They said the purpose of Gregg's plan was to muddy the waters and predicted that Republicans would keep making additional demands if they won on this one.

"Iraq dominates our national life. It's on the mind of tens of millions of Americans," said Joseph Biden, D-Del., the Senate Foreign Relations Committee chairman. Not voting on what course to pursue "would be a total forfeiture of our responsibility," he said.

Senate Republican Whip Trent Lott of Mississippi said, "This is all show and tell about nothing, because it's not binding. Let's stop questioning each other's motives. Let's work this out. This is all a whole lot of sound and fury signifying nothing, because the real debate will come on the supplemental or future appropriations" legislation.

The showdown over war powers came as a budget deadline approaches that also could force the war debate to be postponed. The Senate must pass a continuing budget resolution by Feb. 15 to avoid a federal government shutdown, because Republicans failed last year to pass spending bills for the current fiscal year.

While leaders were confident that a shutdown would be averted, they acknowledged that they'd probably need to put aside the war debate if it spills into next week. The week after that, Congress is in recess for Presidents Day.

Senate Majority Whip Richard Durbin, D-Ill., accused McConnell of trying to run out the clock until March.

"Senator McConnell is not new to the Senate," Durbin said. "If he can delay this matter for three days or four days, we'll reach a point where we can't reach it before the presidential break recess. That's their strategy."

McClatchy Newspapers correspondent Renee Schoof contributed to this report.

Democrats To Launch PR Blitz On Iraq Vote (RC)

By John Stanton

DOJ_NMG_0128116

Roll Call, February 6, 2007

Following Republicans' successful filibuster of a resolution opposing President Bush's handling of the Iraq War, Senate Democrats are launching a national public relations campaign aimed at tying GOP moderates and incumbents facing difficult 2008 re-election races to Bush in the public's mind, Democratic leadership aides said Monday.

As expected, Reid failed Monday to overcome the GOP filibuster. However, the final vote was something of a surprise, with 49 Members — including GOP Sens. Susan Collins (Maine) and Norm Coleman (Minn.) — voting to begin debate. Sen. Joe Lieberman (ID-Conn.) joined 46 Republicans in filibustering the bill.

Senate Majority Leader Harry Reid (D-Nev.) said a vote against beginning debate was a "green light to George Bush to continue down the same failed course. A no vote is an endorsement of escalation. ... We must heed the results of the November elections and the wishes of the American people. We must change course. That starts with this next vote."

With neither Reid nor Minority Leader Mitch McConnell (R-Ky.) inclined to give in on the issue, the Senate likely will remain at a standstill at least until Wednesday when Reid has said he will take up a continuing resolution to fund the government through fiscal 2007.

The defections of Collins and Coleman could represent a major setback for McConnell, who, just a few hours before, had confidently predicted at a press conference that all 49 Republicans would vote to block the debate. A Democratic aide said Democrats had not targeted either lawmaker prior to the vote, adding, "We're not going to now, either."

Hoping to increase defections, a senior leadership aide said Reid is closely coordinating his counteroffensive with other national leaders and Democratic Party organs, including Speaker Nancy Pelosi (D-Calif.), the Democratic National Committee, the Democratic Senatorial Campaign Committee and the 50 state-party chairmen.

Specifically, this aide said, Democrats will look to cast the filibuster not only as a blocking tactic against debating the Iraq War, but also as an endorsement of Bush's policies.

Reid lambasted Republicans following the vote Monday evening, arguing that "the minority can't rubber-stamp the White House so they've decided to stamp out debate," while DSCC Chairman Charles Schumer (N.Y.) warned that "Sen. McConnell today led his troops off a cliff ... it was lack of debate that got us in to this huge mess."

Likewise, Majority Whip Dick Durbin (D-Ill.) warned that "these [GOP] Senators will have to answer for their votes." Democrats will target both the 20 Members up for re-election in 2008 as well as Republicans like Sen. Olympia Snowe (Maine) who has backed a resolution opposing the troop "surge" proposal but who voted to filibuster the start of the debate, Democrats said.

A Senate Democratic aide said Pelosi has arranged to have Members use their one-minute morning speeches today to criticize Republican opposition to the resolution, and that Reid and the DSCC will be working with Democratic Party leaders in states of vulnerable Republican incumbents.

Additionally, leaders in the Senate are pushing their members to "amplify the issue" by doing radio and television interviews in their home states, while Reid and other leaders are working with the party's network of independent blogs, one source said.

And, although neither Reid's operation nor the DSCC is planning to delve into the paid media world at this point, one source noted that the activist group VoteVets ran an ad opposing the war during the Super Bowl and that MoveOn.org also is expected to play a role in the debate.

The Upshot Of The Debate: No Debate (WP)

By Dana Milbank

The Washington Post, February 6, 2007

Perhaps too much was expected of an organization that began its "Morning Business" yesterday at 2 in the afternoon.

Still, the U.S. Senate set a new standard for procrastination last night when lawmakers decided, after nearly four years of war in Iraq, that they were not quite ready to have a debate about the conflict. Among those who voted against having this modest discussion was Sen. John Warner (R-Va.), the sponsor of the resolution that was to be debated.

Like arms negotiators in years past bickering about the shape of the table, the senators dedicated themselves to fighting about the terms of the debate. They spent the better part of an hour just quibbling over the speaking order.

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"I'd like to inquire: At what point can other senators speak?" Warner queried.

Sen. Trent Lott (R-Miss.) asked that "I have 10 minutes to be followed by the time that Senator Byrd has."

But Sen. Robert Byrd (D-W.Va.) wanted to give an hour-long speech before Lott spoke.

"You want the full hour in one block?" asked the presiding officer, Sen. Mark Pryor (D-Ark.).

"Of course!" Byrd shot back. "An hour is an hour."

Laughter rippled through the gallery. Sen. Chuck Schumer (D-N.Y.) smiled. "If I could suggest, to speed this up, instead of taking the five minutes Senator Durbin was going to yield to me, I would defer to let Senator Lott speak for five minutes," he offered.

The matter was resolved. Byrd took the floor and spoke for 44 minutes -- about coal mining.

Those waiting for the much-anticipated Iraq debate in the Senate will have to wait a while longer. Republican leaders, eager to avoid a public airing of views on the unpopular war, raised procedural objections. Democratic leaders, figuring that public pressure would force Republicans to capitulate, refused to meet their demand that all resolutions on the Iraq war get 60 votes to pass. And each side got tangled up in talking points as it tried to blame the other for preventing a discussion.

"We are, in effect, being denied a fair process here for this extremely important debate," Senate Minority Leader Mitch McConnell (R-Ky.) declared at a news conference in his office.

But this assertion of importance was quickly contradicted by McConnell's deputy, Lott, who was sitting next to him. "We're going to produce, if anything, a nonbinding resolution that has no force in fact," he said.

McConnell took his act to the Senate floor, where Majority Leader Harry Reid (D-Nev.) was wielding a 30-inch pointing stick, with which he had been jabbing a poster. When he spied McConnell, Reid began to thrust the pointer in the direction of the minority leader.

"Is there anyone who believes the Senate should remain silent on the most pressing issue facing the country today?" Reid demanded. "Unfortunately, Mr. President, the answer is 'yes.' According to the Republican leader, all Republican senators will vote not to proceed."

McConnell parried Reid's thrust. "Make no mistake about it," he said. "This vote at 5 o'clock" -- the one that scuttled the Iraq debate -- "doesn't have anything whatsoever to do with scuttling the Iraq debate. We welcome the debate. . . . But the minority will insist on fair treatment."

"Fairness?" Reid sputtered. "You start throwing the 60-vote number around when you have something to hide or stall." Reid knew that, because he has thrown the 60-vote number around to block some of President Bush's judicial nominees.

The Reid tirade temporarily got McConnell off his talking points. "Let me just say there are many members on my side who would argue that we shouldn't be having this debate this week at all," he admitted. "I hope none of those watching this on C-SPAN or any people up in the gallery are confused."

Why would anybody be confused?

It was already tense in the chamber, but Sen. Dick Durbin (D-Ill.) hadn't had his turn yet. "If the Republicans in the Senate cannot swallow the thin soup of the Warner resolution, how will they ever stomach a real debate on the war in Iraq?" he taunted.

Republican leaders were having some trouble with such questions, so Sen. Judd Gregg (R-N.H.), sponsor of an Iraq resolution celebrating the troops, called a news conference. "I think we ought to have a debate," he said, "but I'm not sure we should be passing resolutions with no impact." Gregg could not explain why he made an exception for his own nonbinding resolution.

Out on the Senate floor, Warner was similarly tangled. "No matter how strongly I feel about my resolution, I shall vote with my leader," he announced, explaining why he was opposing debate on his own legislation.

A few lawmakers took the novel tack of addressing the merits of the resolutions themselves. Sen. Joe Lieberman (I-Conn.), the only member of the Democratic caucus to side with Republicans, said the Warner resolution, which objects to Bush's troop increase in Iraq, would "hearten our enemies." Quoting Abraham Lincoln at Gettysburg, Lieberman argued passionately that "what we say here is heard . . . by al-Qaeda terrorists eager for evidence that America's will is breaking."

But the argument quickly turned back to the debate about the debate. "They are trying to avoid a debate on this matter," charged Reid.

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"The Republican side of the aisle is ready for this debate," vowed McConnell.

Minutes later, all but two Republicans voted against allowing the debate. And, as the hour approached 6 p.m., the Senate returned to morning business. "I'd like to speak about two issues that have been in the news lately," announced Sen. Chuck Grassley (R-Iowa). "The tax gap and the minimum-wage bill."

President Bush Sends $2.9 Trillion Spending Plan To Congress; Giuliani Takes One More Step Toward Presidential Run (CNN)

CNN THE SITUATION ROOM, February 6, 2007

WOLF BLITZER, HOST: And happening right now, what can you get for a few trillion dollars?

President Bush has his wish list. He sent it to Congress. His $2.9 trillion spending plan covering items like tax cuts and health insurance. But it's getting a chilly reception from some in Congress, with one Democrat saying it's "filled with debt and deception." The budget also requests billions more for the war in Iraq.

But money and the military might have not yet been able to stop Iraq from exploding with violence. Right now, Iraqi and U.S. military officials are stepping up their plan to try to stop that bloodshed, at least in Baghdad.

And an explorer takes yet another step toward a presidential run. Rudy Giuliani -- we're going to tell you just what he's doing right now.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

$2.9 trillion from you, with Congress' approval, of course. Today, the president unveiled his $2.9 trillion spending plan for the fiscal year 2008. It covers spending on items like health care, education, tax cuts, the war -- money that would come from the pockets of American taxpayers.

We've measured this current budget against previous government budgets and even when adjusted for the value of the dollar in the year 2000, it's the biggest budget request ever.

By comparison, in 1978, the government spent just over $1 trillion. In 1988, it spent over $1.4 trillion, and in 1998, the government spent over $1.7 trillion. Again, those dollars adjusted for the year 2000.

Joining us now for more on this presidential budget request, our White House correspondent, Suzanne Malveaux -- Suzanne.

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, as you mentioned, of course, this is our money that the government is talking about spending. And it really is hard to imagine what this figure means. But if you crunch all the numbers today looking at the budget, there is really one number that stands out, and that is $800 billion, the total estimated cost of the wars in Afghanistan as well as Iraq. It will reach that level within two years or so.

Now, today, we've heard from the president. He justified the cost of the war, saying, indeed, that the country can afford these increases while, at the same time, balancing the budget.

(BEGIN VIDEO CLIP)

GEORGE BUSH, PRESIDENT OF THE UNITED STATES: Today we submitted a budget to the United States Congress which shows we can balancing the budget in five years without raising taxes. Our economy is strong because of good policy and because the entrepreneurial spirit is strong. By keeping taxes down, we actually generate strong revenues to the treasury.

And I appreciate Director Portman helping us devise a plan that sets priorities and, at the same time emphasizes fiscal restraint.

(END VIDEO CLIP)

MALVEAUX: Now, how is he going to do all of this, Wolf?

Well, the president, as well as his top economic advisers, laying out a plan here, saying that what they're going to do is really look for savings in the tune of $95 billion over the next five years or so. They are going to together more than 140 government programs to either reduce or eliminate and they are also going to together Medicaid and Medicare.

As you know, Wolf, this is a very controversial budget, a very controversial proposal and so far the Democrats have dismissed this. We know that this battle over the budget has really just begun -- Wolf.

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BLITZER: Some suggesting it's dead on arrival on Capitol Hill, but we'll see what happens in the course of the legislative process.

Suzanne, thank you.

Some members of Congress, as Suzanne says, are either skeptical or outright blasting the president's budget and its priorities.

The House speaker, Nancy Pelosi, says she wants more details.

(BEGIN VIDEO CLIP)

REP. NANCY PELOSI (D-CA), SPEAKER OF THE HOUSE: We'll have to take a look at what's in the budget, as we have discussed before. We'll put it to some scrutiny and see what it is. The day of the blank check for the president in the war is over.

(END VIDEO CLIP)

BLITZER: The Senate majority leader, Harry Reid, is not holding his tongue. Today he said -- and let me quote right now -- he said: "The budget uses deception to hide a massive increase in debt and its priorities are disconnected from the needs of middle class Americans." Meanwhile, there are new developments happening right now regarding a proposed resolution opposing President Bush's troop increase in Iraq.

Let's get the very latest from our Congressional correspondent, Dana Bash -- Dana, what is the latest?

DANA BASH, CNN CORRESPONDENT: Well, Wolf, there is intense debate going on right now on the floor of the United States Senate on Iraq. But it's not on the substance of the war, it's not over the president's plan there. Instead, it's over process, whether and how specific Iraq resolutions are even going to come up for a vote.

Now, what's going on is Republican senators, even those who oppose the president's plan to send more troops to Iraq, have united in order to make it clear that they will not vote for that unless two other Republican measures are given votes by Democrats.

Now, Democrats are getting their first real taste of what it's like to be in the majority there, with a razor thin majority. Meanwhile, they are calling this obstructionism. Republicans say it's a matter of fairness.

(BEGIN VIDEO CLIP)

SEN. HARRY REID (D-NV), MAJORITY LEADER: Their actions aren't driven by getting votes on Republican proposals. They're not being driven by votes on Republican proposals. They're driven by a desire to provide political cover.

The minority can't rubber stamp the president's policies on Iraq anymore, so they've decided to stamp out debate and let the president's actions in Iraq proceed unchecked.

SEN. MITCH MCCONNELL (R-KY), MINORITY LEADER: This vote this afternoon should not be misunderstood. This is a fairness vote. This vote this afternoon is a vote to insist that the minority have a fair process in going forward to this very important debate.

(END VIDEO CLIP)

BASH: Now, it sounds like a lot of parliamentary maneuvering. But, Wolf, as you know, in the Senate, politics equals process -- Wolf.

BLITZER: What's driving these Senate Republicans right now in this debate?

BASH: Well, what's driving them, the bottom line is they're trying to prevent an embarrassing vote that repudiates the president on the war. And here's how they're doing it. Take a look. There are three resolutions that are in play right now.

First of all, one that Democrats and some Republicans support, which says explicitly the Senate disagrees with this plan to send more troops to Iraq. There's one Republican measure that supports the plan, but says that there should be benchmarks for Iraqis and another Republican measure that makes clear that funding for troops won't be cut.

So what GOP leaders want is a 60 vote threshold on all three of those measures. What the -- what's at play there behind-the-scenes is that they are doing the math and they think, really, the only thing that would pass is something that senators are loathe to vote for, and that is a cut for -- for funding for -- cutting funding for troops in Iraq.

So Democrats are saying what Republicans are trying to do is demand a filibuster. And what they also say is that Republicans are simply trying to run out the clock because, Wolf, there's a limited amount of time that they can talk about this on

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the floor, because there's something else that's very important that's coming, and that is the Congress, the United States Senate, has to pass a resolution that continues to fund the government. That's left over from the last Congress.

BLITZER: All right, the rules of the Senate pretty complex. We're not going to get into all of them.

Dana will be watching this story for us.

Dana Bash and Suzanne Malveaux are part of the best political team on television.

And remember, for the latest political news at any time, check out our Political Ticker at cnn.com/ticker.

Another week. Jack Cafferty standing by with The Cafferty File -- Jack, the rules in the Senate, as you well know, and a lot of our viewers know, they are mind numbing.

JACK CAFFERTY, CNN CORRESPONDENT: Well, this whole thing is just stupid. And I'm going to talk about it, I think, in the next hour. But in the meantime the American public made their feelings on this war pretty clear in November and these morons in the Congress so far seem to be tone deaf to what was registered at the ballot box a month or two ago.

John Edwards wants universal health care for every American, but to do it, he's calling for a tax increase. The Democratic presidential candidate is out with the first detailed health care plan offered up by a Democrat running for the White House.

Other candidates are expected to come out with their own ideas about to help solve the health care crisis in this country.

Edwards' plan, which does address the 47 million uninsured Americans, aims for universal health care coverage by 2012. It's a combination of things, his program, including requiring all businesses to provide insurance.

Edwards says he'd free up $120 billion a year to pay for his plan by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes.

So the question is this -- can John Edwards be elected president by advocating raising taxes?

E-mail your thoughts on that to caffertyfile@cnn.com or go to cnn.com/caffertyfile.

It's all in the semantics, I suppose, Wolf, but canceling tax cuts for people who have been living with tax cuts is a tax increase for those people. So that's the way we worded it.

BLITZER: And he's about acknowledging that himself. And we're going to be speaking with him about this and the war in Iraq in the next hour here in THE SITUATION ROOM. He's down in North Carolina. But he'll be explaining his stands on all of these issues.

Thanks very much, Jack Cafferty.

Coming up, the man known as America's mayor takes another step toward running for the White House. We're going to tell you what Rudy Giuliani did today, in the past few hours. That's coming up.

Also, a very deadly day in Iraq following a horrific weekend of violence. Our Arwa Damon has a report from Baghdad. That's coming up next.

And much more on the battle in Congress over the war in Iraq. The number two Republican in the Senate, Trent Lott of Mississippi, he's standing by to join us live right here in THE SITUATION ROOM.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: It's a badly needed boost that's coming not a moment too soon. The plan to secure Baghdad expected, expected to intensify in the coming days. U.S. military officials say they're ramping up their efforts to stop the killings and the chaos. A drumbeat of violence that unfortunately continues today.

CNN's Arwa Damon is in Baghdad with more -- Arwa.

ARWA DAMON, CNN INTERNATIONAL CORRESPONDENT: Wolf, in the span of just five hours in the capital, Baghdad, more than two dozen Iraqis were killed, more than 100 wounded in a number of attacks, ranging from car bombs placed outside of automobile repair shops, car bombs once again placed on busy, crowded commercial streets and, disturbingly, even a car bomb placed near to a children's hospital.

Mortar attacks in a number of neighborhoods in the capital, some even landing next to Baghdad University. And small arms fire and drive-by shootings also targeting mainly Iraqi civilians.

All of this coming ATN is still trying to recovery from the weekend's devastating bombing, the single deadliest bombing to take place in the country since this war began, that killed over 120 Iraqis when a suicide truck bomber plowed into a busy central

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Baghdad marketplace. Many Iraqis amongst the civilian population and amongst the Iraqi government now increasingly critical of this new Baghdad security plan put forward by the Iraqi government, even criticizing the U.S. administration for not sending American troops to this capital faster -- Wolf.

BLITZER: Arwa Damon in Baghdad for us.

Arwa, thank you.

Meanwhile, in the race for 2008, one explorer takes yet another step in the direction of the White House. That would be Rudy Giuliani.

Today, the former mayor of New York filed a statement of candidacy with the Federal Election Commission. That, according to a Giuliani spokeswoman. Giuliani already has filed paperwork for an exploratory committee. He did that back in November.

Let's get some analysis now on what's going on from our senior political correspondent, Candy Crowley.

He filed the initial paperwork back in November. He didn't really do much immediately thereafter. But in the last two weeks, there's been a spurt of Giuliani activity. He's been to Iowa -- excuse me -- New Hampshire, South Carolina.

What's going on?

CANDY CROWLEY, SENIOR POLITICAL CORRESPONDENT: Well, you know, he is the master of the micro step, as you know. The mayor is pretty good at moving along at a very slow pace. And so what this does is it keeps us talking. I mean even the campaign itself says this is adjusting the paperwork.

What Giuliani has done is what everybody else has already done, which is mostly when you file your exploratory papers, you also file your statement of candidacy.

So what Giuliani is doing at this point is now keeping it -- catching up with the paperwork of the others, but he's also keeping his name out there. As you know, there have been a spate of stories about is he serious, is he not serious. And these now new stories say he's doing this and he's doing that. And so he's keeping his place on the page.

BLITZER: Let's take a look at some of the latest numbers, the poll numbers, involving Rudy Giuliani. In our most recent CNN/Opinion Research Corporation poll, just like a lot of other polls, national polls, registered Republicans, Giuliani comes out with 32 percent, John McCain at 26 percent. Everybody else in single digits.

But let's take a look at some other recent polls in Iowa, in New Hampshire, among registered Republicans. Giuliani in Iowa is ahead of McCain 27 to 22 percent; Newt Gingrich down at 16 percent. And in New Hampshire, in this ARG poll, McCain has got -- he's slightly ahead, 27 percent. Romney and Giuliani basically tied, both at 20 percent. Gingrich down at 11 percent.

It's very early in the process. Name recognition is always a key factor. But he does remarkably well, Rudy Giuliani, among these registered Republicans.

CROWLEY: He really does. And you wonder once he gets out there and they begin to look at his record exactly how these Republicans will feel. I don't think it's all that surprising that he would trail in New Hampshire, the one place where Giuliani seems to be trailing McCain, because McCain has a history of being very popular in New Hampshire. Obviously, he won that over George Bush in 2000.

So, I mean what's been happening here is that people like the Giuliani name. You know, it has a cachet. He was Mr. 9/11. He was the tough mayor of New York.

Now, here's the question. Are these social conservatives, most of whom vote in the primaries, going to take a gun who is pro-gun licensing, who is pro-choice, although he says he's personally against abortion, and who is pro-Gingrich?

I mean this is the huge question here.

But as you know, Wolf, in the end, what it all gets down to is who Republicans and, for that matter, who Democrats think is actually going to win. And if they believe Rudy Giuliani is the guy that's going to beat whoever the Democratic candidate is, that's who they'll go for.

BLITZER: He may be personally against abortion as an issue, but he's always supported a woman's right in the United States to have an abortion.

CROWLEY: Absolutely. Absolutely. And that's what he says. He's been down South explaining that presentation, trying to sort of draw the sting.

But obviously, South Carolina a really important primary. And that's where these social issues come to bear the most.

BLITZER: All right, Candy, we'll watch Rudy Giuliani and all of the other presidential candidates -- and there's a lot of them out there -- with you.

CROWLEY: There are.

BLITZER: Thank you.

Still ahead, we'll have much more on Rudy Giuliani. If he officially jumps in, will his past baggage actually hurt him?

James Carville and Terry Jeffrey -- they're standing by live for today's Strategy Session.

Plus, it's the trial that could rock the White House.

Will new audiotapes of "Scooter" Libby actually help or hurt his defense?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Our Carol Costello is monitoring the wires. She's keeping an eye on all of the video feeds coming into THE SITUATION ROOM from around the world.

She's joining us now from New York with a closer look at some other important stories making news right now -- Carol, I understand that just within the past few minutes, there has been some developments on that kidnapping case out in Missouri.

CAROL COSTELLO, CNN CORRESPONDENT: Yes, there was just a news conference held and prosecutors in St. Louis County, Missouri now have filed 71 more charges against kidnapping suspect Michael Devlin. They include kidnapping and forcible sodomy. He already faces kidnapping charges for allegedly abducting two young boys, Shawn Hornbeck and Ben Ownby, and has pleaded not guilty. Both youngsters were found and reunited with their families last month. Hornbeck had been missing four years.

Prosecutors, as I said, held a news conference just about an hour ago.

(BEGIN VIDEO CLIP)

ROBERT MCCULLOCH, ST. LOUIS COUNTY PROSECUTOR: A little while ago, we filed a total of 71 counts against Michael Devlin. The first 18 counts involve one count of kidnapping and 17 counts of forcible sodomy relating to an abduction that occurred in January of this year.

(END VIDEO CLIP)

BLITZER: Devlin could get life in prison if he is convicted.

The court-martial of an Army officer who refused to deploy to Iraq is underway at Fort Lewis, Washington. First Lieutenant Ehren Watada could get five years in jail if he's convicted. He says he refused to ship out because the Iraq War is illegal and immoral. An Army prosecutor says he betrayed his fellow soldiers. We'll have much more on this story in THE SITUATION ROOM in our 5:00 p.m. Eastern hour.

If you've been outside today, oh, man, is it cold, really cold. From the Northern Plains to the Northeast, a bone chilling Arctic blast has closed hundreds of schools. The mercury plunging to 38 below zero in Hallock, Minnesota. Whoo. And along with frigid temperatures, Upstate New York got two feet of snow. Amtrak had to shut down passenger train service in some areas.

Prosecutors have scored several victories in former White House aide Louis "Scooter" Libby's perjury and obstruction of justice trial. The judge says jurists can see newspaper articles on the fallout over the leaking of a CIA officer's identity. Despite defense objections, the judge also said grand jury tapes of Libby testifying about when he learned of Valerie Plame's identity will be made public after the jury hears them. Prosecutors could wrap up their case tomorrow.

Take a look at the headlines right now -- Wolf.

BLITZER: All right, we're going to watch this week. It's an important week in that trial.

Thank you, Carol.

Our Internet reporter, Abbi Tatton, is standing by.

She's got some more details on the audiotapes of "Scooter" Libby's grand jury testimony -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, the jury in this trial has just started listening to those audiotapes just in the last hour following this morning's ruling. And they haven't been released to the public just yet. They will be.

Right now, it's the bloggers who have been credentialed for this trial who are rapidly, on their Web sites, trying to keep up of just what the jury is hearing.

After the jury has heard what could be several hours, up to eight hours of this grand jury testimony recordings, they will be available for download on this, the Web site of the office of the special counsel. And this is where we've been seeing all kinds of trial exhibits appearing, from documents to video, as well. And this is where we are going to be seeing those audiotapes posted after the jury is through hearing them -- Wolf.

BLITZER: All right, we'll be watching together with you.

Thank you.

Up next, the Republicans' number two man in the United States Senate, Trent Lott.

What does he think about the president's plan to send more forces into Iraq.

And as the Senate debates a resolution on Iraq, what's the GOP's strategy?

Senator Trent Lott standing by live to join us next in THE SITUATION ROOM.

Also, the Rudy Giuliani factor.

Is he running for the White House? And how does a moderate Republican from the Northeast win the hearts and minds of conservative GOP voters?

That's coming up in our Strategy Session.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Happening right now, Rudy Giuliani takes a key step toward a run for the White House. The former New York mayor filed a statement of candidacy, as it's called, with the Federal Election Commission just a little while ago. But he could face conservative opposition over his pro-abortion and gay rights stands.

Britain tells its citizens don't panic. The country's largest poultry producer is destroying thousands of turkeys to stop Europe's biggest outbreak yet of the deadly bird flu virus.

And tough words from Arnold Schwarzenegger. In a newly released audio -- set of audiotapes, the California governor calls the Democratic assembly speaker a passionless political operator. He also suggests Republican lawmakers were unrealistic about past pushing through a public works package.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

Let's get some more now on one of our top stories, a Senate resolution opposing President Bush's troop increase plan for Iraq.

Joining us now from Capitol Hill is the Senate minority whip, the number two Republican in the Senate, Trent Lott of Mississippi.

Senator, thanks very much for coming in.

SEN. TRENT LOTT (R-MS), MINORITY WHIP: Glad to be with you, Wolf.

BLITZER: I know you have concerns about this troop increase going forward in Iraq. But I just want you to spell out what your concerns are.

LOTT: The vote this afternoon in the Senate is just a procedural vote that will set up a process that determines how we go forward and have a full debate on this issue. And hopefully we'll have a series of votes, three or four votes, on different options, because different senators have different ideas about how we should go into the future.

Here's my concern.

First of all, these are non-binding resolutions so they don't mean anything. When we get through, we will not have bound anybody to do anything.

BLITZER: They may not mean anything, Senator, but they do send a powerful message to constituents.

And, as you know, there are 20 Republican senators who are up for reelection in 2008. And a lot of them really don't want to be on the record voting on one of these resolutions, the so-called Levin-Warner, or Warner-Levin, resolution, which opposes a troop increase.

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LOTT: It also sends messages to our allies around the world and our enemies about what the United States is prepared to do here.

I have some concerns about how we're going to go forward. But here is the point. We have to change the status quo in Iraq. We can't just summarily pull out. Nobody wants that. We have to support our troops that are there or are headed there. I think, broadly, people support that.

Then, the question is: What do we do? You know, the president has a proposal, a plan. Maybe it's not, you know, a perfect plan. I don't deny that. But he -- he has made some recommendations. And we should look at that. I think we should give it a chance.

I realize it's -- it's a leap to expect things to really turn around there. But we have to move forward in a positive way. And I think this is the beginning of that process.

BLITZER: Is it -- is it -- the bottom -- the bottom line is this. Given the -- the arcane, very complex procedures in the United States Senate, what you're trying to do -- and correct me if I'm wrong -- is to avoid a formal vote, up-or-down vote, on the -- on the Warner-Levin resolution, which opposes this so-called surge the president has put forward?

LOTT: In the Senate, rightly or wrongly, over the years, it takes 60 votes out of 100, not 50, to take an action, because any one senator can stand up and say: I don't agree with this, and I'm going to filibuster it.

Then, you have to get 60 votes to cut off that senator or group of senators. So, that is the process that is under way. What will the votes be on? And, of course, any of them would probably have to have 60 votes, unless there was prior unanimous consent agreement not to do that. But it all gets too procedural.

BLITZER: Because I -- because, yesterday, when I spoke to Democratic Senator Dianne Feinstein, she -- she basically says, you're -- this is obstructor-ism. You're -- you're -- you're preventing the Senate from doing what everybody does in schools and neighborhoods around the country. They debate whether or not this policy the president has put forward is good or bad.

LOTT: Does anybody believe that we're not ready to have a full debate on this you, that you would oppose having a full debate?

The question is, what do you vote on at the end of the debate? We can work this out. And we should work it out. And I assume we will. We are going to have a debate, sooner or later, on this subject, probably more than once. So, the idea that we're trying to delay or obstruct a debate is just not credible.

The -- we do need to get an understanding of what the votes are going to be on. I think a lot of senators want to vote, showing their support for funds or the troops. I think that would have an overwhelming vote. And that is one of the things we have got to make sure we have an opportunity to vote on. BLITZER: So, what you're basically saying is, the Democrats could have their votes, as long as all the resolutions that are out there -- there are three major resolutions -- that all of them are allowed to come up for a vote?

LOTT: Well, as a matter of fact, Mitch McConnell has even agreed to a reduction.

Now, actually, we had some other senators that had some resolutions that had some good aspects to them. We had at least four or five. He has agreed to back that down to three.

Now, if the Democrats want to say, well, we want some balance, we want to add another one, maybe you could do that, too.

But I think that -- that, once again, this is a lot of sound and fury, signifying nothing. We will get some sort of agreement how to proceed, and we will have a full debate.

BLITZER: Do you have all 49 Republicans united on this procedural...

LOTT: Republicans...

BLITZER: ... issue?

LOTT: Republicans united against a procedure that's not fair, that would cut off a legislate alternative being debated and voted on.

That's not to say that they support what the president is planning to do or what he is doing. But they want to make sure that, when we go forward, there is a fair process. How -- everybody is for that. And I think it can be worked out.

BLITZER: We have got to leave it there, Senator. Thanks very much.

LOTT: OK.

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BLITZER: Good luck.

I know you understand the process. A lot of other people don't necessarily...

(LAUGHTER)

BLITZER: ... understand it. But you did a good job explaining it.

(CROSSTALK)

BLITZER: Thank you.

LOTT: Thanks, Wolf.

BLITZER: Senator Trent Lott of Mississippi. There's a story happening right now.

I want to bring in Carol Costello. She's watching it.

This is what we call good news, Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Oh, it's great news.

The Indianapolis Colts have arrived home. They're just getting...

(LAUGHTER)

COSTELLO: ... off the plane now.

And you can imagine the reception they're getting, after they just annihilated the Chicago Bears in the Super Bowl last night. They won 29-17. They're -- I expected to see jubilation and celebration. But this is a long shot of the airport.

You can see the Indianapolis Colts getting off the plane. I can't see close enough to see if the MVP, Peyton Manning, is getting off the plane right now. But, of course, he was the MVP. He received a call from President Bush earlier this morning congratulating him on a big win.

A parade is set for the city of Indianapolis at 5:00 p.m. this afternoon. And, then, after that, there will be this big celebration with fans in the RCA Dome. And, hopefully, we will have pictures from that and we can show even more celebration in Indianapolis this afternoon -- Wolf.

BLITZER: Very happy for Peyton Manning and all of the Indianapolis Colts. I know you are as well.

Carol, thank you.

Coming up: We're a year away from Super Tuesday, the day many analysts think the race for the White House actually will be set. Bill Schneider is standing. He will take a closer look at the front- loaded electoral calendar.

And, in our "Strategy Session" today: the Nader factor, among other things. Will Ralph Nader mount a run for the White House again? He had some tough words yesterday for Democratic front-runner Hillary Clinton. We will tell you what he is saying.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Candidates clamoring, contentious contests -- it must be the race for the White House. There's a flurry of activity, as presidential prospects jockey for your attention.

Let's get some more from our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, tired already of the 2008 presidential campaign? Here is some good news. Exactly one year from today, this could all be over.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): February 5, 2008, could be even bigger than Super Tuesday. It could be super-duper Tuesday.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: You say super-duper?

JUDGE SAMUEL ALITO, SUPREME COURT JUSTICE NOMINEE: Right.

SPECTER: Good.

ALITO: Any sort of categorization like that.

SPECTER: I like that.

ALITO: It sort of reminds me of the size of laundry detergent in the -- in the supermarket.

(END VIDEO CLIP)

SCHNEIDER: Look at the nominating calendar, as it currently stands.

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January 14, 2008, the Iowa caucuses open the race. Five days later, Nevada Democrats hold their caucuses -- January 22, the New Hampshire primary. January 29, South Carolina Democrats vote, followed by South Carolina Republicans on February 2.

Then, February 5 could be super-duper Tuesday. Right now, eight states are scheduled to hold primaries or caucuses that day. But another 12 states are considering moving their contests to February 5, including big states, like Florida, New Jersey, Michigan, and the biggest one of all, California.

February 5, super duper Tuesday, could become, essentially, a national primary. So, the campaign could start on January 14 and end just over three weeks later, with two-thirds of the Democratic delegates and over 80 percent of the Republican delegates chosen by February 5.

SEN. BARACK OBAMA (D), ILLINOIS: I'm so glad to be here in Manchester in New Hampshire.

SEN. HILLARY RODHAM CLINTON (D), NEW YORK: I want to start by thanking the people of Iowa.

SCHNEIDER: The big states want a cut of the action. But, to run in those big states, you need big money and national name recognition. Obscure contenders need not apply. But the new calendar could make Iowa and New Hampshire more important. You pull off a surprise win in one of the small states, and the news coverage propels you to victory in the big states. In 1984, Gary Hart upset Walter Mondale in New Hampshire, and then won the Florida primary a week later on sheer momentum, what President Bush's father once called the big mo'.

(END VIDEOTAPE)

SCHNEIDER: So, ironically, the best way to win a national primary may be to concentrate on Iowa, New Hampshire and South Carolina, and just ignore the big states -- Wolf.

BLITZER: And -- and some of those states, though -- correct me if I'm wrong -- do allow early voting.

SCHNEIDER: Yes.

In California and Florida and several other potential super-duper Tuesday states, people can start voting weeks before the primary. So, a lot of voters in those states could be casting ballots even before Iowa and New Hampshire, and long before the campaign ever gets to their states -- Wolf.

BLITZER: This is going to be very, very exciting for all of us. Thanks very much for that.

New numbers in the race for the White House top our "Political Radar" today.

Hillary Clinton comes out on top in a new poll of Iowa voters. Thirty-five percent of Democrats questioned by the American Research Group picked Senator Clinton as the Democratic presidential nominee. Eighteen percent are backing former Senator John Edwards. Fourteen percent pick Senator Barack Obama. The Iowa caucuses, of course, kick off the presidential primary season next January.

Senator Clinton also comes out on top in New Hampshire. Thirty- nine percent of the Granite State support Senator Clinton as their presidential nominee in a new American Research Group poll there. Senator Obama stands a distant second, at 19 percent, followed by former Senator Edwards at 13 percent. New Hampshire holds the first- in-the-nation primary.

And Ralph Nader says he is not -- repeat, not -- ruling out another run for the White House. The Green Party candidate told me yesterday, on "LATE EDITION," he will consider another presidential bid later this year. Nader ran for president back in '96, 2000, and 2004. Some Democrats blame Nader's 2000 bid for helping George W. Bush win the presidency over Al Gore.

They say, if Nader hadn't run, Al Gore would have won Florida and taken the White House.

Yesterday, Nader had some tough comments about Senator Clinton -- more on what he said coming up in a few minutes in our "Strategy Session."

And, as Jack Cafferty mentioned earlier this hour, John Edwards is out with a new health care plan. The Democratic presidential candidate is proposing health coverage for all Americans. The 2004 vice presidential nominee says, he would raise taxes on families making more than $200,000 a year to pay for the plan's $120-billion-a- year price tag.

I will be speaking to Senator Edwards about his controversial plan. That's coming up, right here in THE SITUATION ROOM, in the next hour. You're going to want to see that.

Let's get some more on what is going on, as far as that plan is concerned.

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As with most aspects of presidential campaigns, former Senator Edwards is going online to promote his new health care plan.

Our Internet reporter, Jacki Schechner, has been examining this new proposal.

Jacki, what are you seeing?

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, that's right.

The whole thing is online. Edwards is the first Democratic presidential candidate to put a detailed health care plan on his Web site. You can download it, and take a closer look for yourself.

Now, in addition to the tax hike, he is talking about the principle here of shared responsibility. Basically, it would be the responsibility that -- of businesses to either provide health care or help their employees pay for it. It would be the responsibility of the government to make insurance more affordable with things like tax credits, with things like fairer premiums, or an expansion of Medicaid.

And, then, it would be your responsibility, as an individual, to make sure that you have health insurance. The Edwards campaign tells us today that they know all Americans have their own health care stories. And they are planning on discussing these online. People are going to be able to share their stories. And they will help come up with some solutions.

They say they plan on having new health-care related content on their Web site every day this week -- Wolf.

BLITZER: Jacki Schechner, Bill Schneider, and, you saw earlier, Candy Crowley, they are all part of the best political team on television.

And, for all the latest political news at any time, check out our Political Ticker, CNN.com/ticker.

And, remember, CNN is a partner with WMUR Television and "The New Hampshire Union Leader" for the very first presidential debates of the campaign season. They are on April 4 and April 5 of this year. These are the first debates in the leadoff presidential primary state of New Hampshire.

In the next hour: John Edwards says he has a prescription for universal health care coverage in the United States, but also, raising taxes on the rich, good politics or good policy? He is here in THE SITUATION ROOM.

But up next in our "Strategy Session": Is America' mayor in the race for the White House? And, if so, will moderate views on social issues sink him with conservative voters?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Democrats are urging Republicans not to block a vote on -- on the bipartisan resolution criticizing President Bush's plan to send thousands of additional troops to Iraq.

Joining us now to discuss that and other hot political issues in our "Strategy Session," CNN political analyst and Democratic strategist James Carville and Terry Jeffrey. He's the editor at large of "Human Events."

Well, the explorer, another explorer...

(LAUGHTER)

BLITZER: ... Rudy Giuliani, he took another step today, a procedural step. But he seems to be stepping up his activity to run for president.

Are you convinced he is in?

JAMES CARVILLE, CNN POLITICAL ANALYST: Why wouldn't he?

Why -- why would he go to all this trouble if he weren't? And what he does is, he does one thing. And, of course, we cover it, because he's an interesting guy and a lot of people are interested in what he does. And he does another thing. And why wouldn't he take as many bites at the apple as we give him?

And I -- I have for reason to believe that he's not in, that he is going to all of this trouble, and forming all these committees, and doing all of these paperworks, and going to all these places just for the fun of it. Yes, I assume that he's in.

BLITZER: Because -- because some analysts were saying that he might be a little coy. But, in the last few weeks, he has really become very active.

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TERRY JEFFREY, EDITOR, "HUMAN EVENTS": Well, basically, I think he's in, Wolf, because the race is on right now. As your last report indicated, 11 months from now, people are actually going to be going out and voting for the nominees of the party. Twelve months from now, it's likely to be all over. So, this campaign is on right now. And people are in it right now.

BLITZER: Here is the latest national, registered Republicans, CNN/Opinion Research Corporation poll: Giuliani with 32 percent, McCain at 26 percent.

But, if you take a look at registered Republicans in Iowa and New Hampshire, Giuliani is ahead in Iowa, 27-22 over McCain. He is behind McCain in New Hampshire, 27-20 percent, tied with Mitt Romney there, the former Massachusetts governor. He is doing very well among registered Republicans, even though, on many of the social issues, he's very moderate.

CARVILLE: Well, first of all, I -- I know that our network, which I dearly love, spends a lot of money on these polls. I have no idea why, because they're meaningless. And we could go...

(CROSSTALK)

BLITZER: They're not meaning -- let me tell you why...

(CROSSTALK)

BLITZER: ... they are not meaningless.

CARVILLE: OK. Tell me why.

BLITZER: Because -- you know this better than I do.

When -- when you're fund-raising, and you can point...

CARVILLE: Right.

BLITZER: ... to polls showing that you're doing really, really well, and you need millions of dollars, doesn't that affect the race?

(CROSSTALK)

CARVILLE: He's -- he's going to have -- no.

He is going to have a ton of money. And, then, somebody says: Look, I was at 5 percent in this poll and I was at 10 in the next one. I have doubled it.

It -- it -- it's not going to -- it doesn't mean a lot right now. Obviously, everyone has heard of Rudy Giuliani. There's -- there's hardly anybody in America -- everyone has heard of John McCain. Everyone has heard of Senator Clinton. Everyone has heard of -- of Senator Obama. All right?

So they are, obviously, going to do better, and they're going to suffocate the coverage, which is kind of a difficult thing for -- for -- for these lesser candidates. But these earlier trial heats, I don't think, are going to make a darn, because, once somebody wins Iowa, it -- it switches around. Look what Hillary did in one visit.

(CROSSTALK) BLITZER: Among registered Republicans, he is doing excellent right now, Terry. And I know that a lot of conservative Republicans, social conservatives, are not happy that he supports abortion rights, supports gay rights, gun control, affirmative action, which you would -- which you would regard as very liberal positions.

JEFFREY: Well, there's no question about it, Wolf.

I -- I -- I agree with James, in part. I think Giuliani's numbers are high now because he has national name recognition. Everybody knows who he is. And the basic persona he has is a guy who did a spectacular job on 9/11, when we had the terrorist attacks.

But, you know, there was another interesting poll, "USA Today"/Gallup poll that was released February 1, that showed -- that polled Republicans and Republican-leaning independents. And it showed that 75 percent of the people do not know Giuliani's position on marriage. Sixty-four percent of the Republicans did not know Giuliani's position on abortion.

And when they were told what they were, about 18 percent said they would never vote for him, and 25 percent said they would be less likely to vote for him.

When you narrow that down -- that was a national poll -- you narrow that down to states like Iowa and South Carolina...

BLITZER: Right.

JEFFREY: ... I think Giuliani is going to lose a lot of support when people find out where he stands.

CARVILLE: Let me tell why -- how meaningless these polls are.

Senator Clinton was 15 points down in Iowa. She made one visit. Now she is 20 points up. And -- and, I mean, and -- and we would think a lot of people were saying, well, everybody knows everything. These things are in concrete.

The -- the truth of the matter, they are going to shift a lot between now and Election Day.

BLITZER: Yesterday -- yesterday, I interviewed Ralph Nader on "LATE EDITION."

(LAUGHTER)

BLITZER: Now, he did not have nice words to say about Senator Clinton.

(LAUGHTER)

BLITZER: He also said he is leaving open the possibility he might run again...

(CROSSTALK) BLITZER: ... this time around.

CARVILLE: Right.

BLITZER: Listen to what he said.

(BEGIN VIDEO CLIP, "LATE EDITION WITH WOLF BLITZER")

RALPH NADER, FORMER PRESIDENTIAL CANDIDATE: I -- I don't think she has the fortitude, actually. She's -- she's really a panderer and a flatterer. As she goes around the country, you will see more of that.

(END VIDEO CLIP)

BLITZER: And, certainly, if she were...

(LAUGHTER)

BLITZER: ... to get that Democratic nomination, I think that...

(CROSSTALK)

BLITZER: ... will increase the possibility he might run.

CARVILLE: You know, only the American Green Party could stop Al Gore from being president.

(LAUGHTER)

CARVILLE: I mean, you have to sit there and say, here is the Green Party that has stopped the greenest candidate in the history of American politics from being president.

I -- it -- it's almost -- if he wouldn't be -- if the man would not have accomplished so much in his life, if -- if, for the first -- until 2000, one of the most influential -- I think made more contributions to American society than almost any non-president, and he's, like, turned into an old fool. And it -- it's kind of tragic to see it.

I would rather remember that -- the Ralph Nader of the -- the '60s or '70s, even the '80s and '90s, than what you see now.

JEFFREY: You know -- you know what Ralph Nader does that is getting increasingly rare in American politics? He says exactly what he thinks.

And it resonates with people. And, if he gets out there, and he tells the truth about Hillary Clinton, I know James won't like it.

CARVILLE: But...

JEFFREY: But -- and some voters may go out and vote for him, because he is speaking his mind about what he believes in.

(CROSSTALK)

BLITZER: And you have no doubt that -- he got about 90,000 -- more than 90,000 votes in Florida. Al Gore lost by 500 or so votes.

(CROSSTALK)

CARVILLE: That's not -- that's not...

(CROSSTALK)

CARVILLE: ... no one -- again, no, that is indisputable.

But it is just so ironic that the Green Party of the United States of America is responsible for defeating Al Gore. I mean, if it wouldn't be so sad, you would just want to bust out laughing at the stupidity of the whole thing.

(CROSSTALK)

CARVILLE: I mean, it really is.

(LAUGHTER)

(CROSSTALK)

BLITZER: And he is thinking -- he is thinking about doing it again. But he says he is going to need more time...

CARVILLE: Right.

BLITZER: ... before he makes his decision.

We will watch what Ralph Nader does.

Guys, thanks for coming in.

CARVILLE: Thank you, Wolf. Appreciate it.

BLITZER: And still to come in our next hour: the Reverend Al Sharpton. Does he have an eye on a 2008 presidential candidacy, or does he have an eye on not running again? We are going to ask Al Sharpton: Will he be a candidate this time around?

But next: "The Cafferty File." Can John Edwards be elected president by advocating raising taxes? Jack Cafferty has your e-mail.

That's coming up next, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Here's a look at some of the "Hot Shots" coming in from our friends over at the Associated Press, pictures likely to be in your hometown newspapers tomorrow.

In Jakarta, Indonesia, children trek through flooded streets. Torrential rains and floods in Jakarta have already killed 25 people, left hundreds of thousands -- hundreds of thousands -- homeless.

In New Jersey, an ice-covered firefighter battles a blaze in a two-story condominium building.

In Pakistan, a child holds a toy gun at a rally for Kashmir day.

And, in Michigan, a man exits freezing cold water after taking a plunge during a polar bear challenge -- some of this hour's "Hot Shots," pictures often worth 1,000 words.

Let's go to Jack in New York.

These guys who like to jump in that cold water on freezing days, I don't get it.

JACK CAFFERTY, CNN ANCHOR: Do you understand why they would do that? There's some idiots in Brooklyn here that do that, too. They go...

BLITZER: I don't understand it.

CAFFERTY: They go running into the ocean when it's -- you know, when it's barely capable of supporting life outside.

BLITZER: Yes.

CAFFERTY: You would never do anything like that...

(CROSSTALK)

BLITZER: No. And I grew up in Buffalo. And I don't -- I don't like the cold. You know, I go outside now -- it's cold in Washington -- I don't like it.

CAFFERTY: Do the people in Buffalo know what became of you?

BLITZER: Some of them.

(LAUGHTER)

CAFFERTY: John Edwards, Wolf, is proposing universal health care for every American by 2012. He says he would free up the $120 billion a year he would need to pay this by abolishing President Bush's tax cuts for people who make more than $200,000 a year.

So, the question is: Can John Edwards be elected president by advocating raising taxes?

Sal in Buffalo: "I don't mind paying more taxes when it's for something that benefits Americans, like universal health care. John Edwards is my front-runner right now."

Pat in Idaho Falls: "What are the other options? One, forget about health care. Two, print more money -- i.e., borrow from China. Or, three, rob Peter to pay Paul -- i.e., juggle the books." Denise in Honolulu: "John Edwards should go back to North Carolina and put a few more additions on his mansion. He has been wrong about everything since he was elected to the Senate. Maybe, if he spent a few years learning, rather than campaigning, he would be ready for prime time."

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Ed in New York: "It all depends on who Senator Edwards would like to tax. Everyone thinks universal health care is a good thing. However, if that means a bigger tax bill for the average American, then, I don't think his tax increases will be supported."

David in Ann Arbor, Michigan: "Absolutely. President Bush's tax cuts are the second biggest mistake of his presidency. I hope Edwards isn't the only Democratic hopeful with the chutzpah to go this route."

C. in Coppell, Texas: "These people are all idiots. Raise taxes? How much blood will you take from my body before I die?"

And Adam in Boyds, Maryland: "John Edwards is being very courageous in admitting that he will raise taxes. However, so was Mondale in 1984" -- Wolf.

BLITZER: Jack, thank you.

War Debate Goes To Heart Of Bush's Power (FT)

By Caroline Daniel

Financial Times, February 6, 2007

The Senate moved on Monday towards a historic debate on resolutions opposing President George W. Bush's troop "surge" in Iraq, the most significant sign of Congress reasserting itself against a powerful executive since the start of the war.

Even the prospect of the debate had stirred bitter exchanges, Senator John McCain accusing supporters of a resolution opposing the surge as "intellectually dishonest". John Edwards, a Democratic presidential hopeful said Congress would be guilty of "betrayal" if it did not exercise its constitutional powers to stop the war. Dianne Feinstein, a Democratic senator, charged Republicans with "obstructionism" amid weekend manoeuvres by Bush supporters to avert a vote on the issues.

The central resolution – a bipartisan text that would express disapproval of the surge – is non-binding. That has prompted some to dismiss it as inconsequential but for others it would be the first symbolic no-confidence vote in the president's handling of the Iraq war. "For the majority of Congress to resolve [that] the president is not doing the right thing is not a trivial matter in a time of war, even if it does not have a legal effect," says Cass Sunstein, a law professor at the University of Chicago.

The debate forms part of an intensifying battle over Mr Bush's exercise of executive power. Congressional concern has prompted a White House compromise over its terrorist surveillance programme. But when it comes to the conduct of the war and a more direct challenge to the commander-in-chief's power, this debate goes to the heart of the administration's philosophical view of its authority.

Mr Bush and Dick Cheney, the vice-president, have reacted to the congressional challenge with characteristic bluntness. Mr Cheney said a resolution was "not going to stop us". Mr Bush has used plainer language, arguing that he is the "decider," and invoking his constitutional authority as commander-in-chief. Last week, Senator Arlen Specter, the former Republican chairman of the Senate judiciary committee, took him on, noting Mr Bush "is not the sole decider, that the decider is a shared and joint responsibility". He said Mr Bush's expansion of power created "an atmosphere of confrontation".

His comments came during a hearing on "exercising Congress's constitutional right to end a war", initiated by Senator Russell Feingold, a Democrat and one of the most assertive critics of the war. Last week he introduced legislation to prohibit the use of funds to continue the deployment of forces in Iraq six months after the bill is enacted. "If Congress doesn't stop this war, it's not because it doesn't have the power. It's because it doesn't have the will."

Compared with previous occasions when Congress has asserted itself at a time of war, such as Vietnam, the political will is limited.

"The non-binding resolution seems palsied by comparison. It does not prevent the president doing anything. It is just optics and play-acting," said Bruce Fein, a former Reagan administration official.

The most meaningful – and constitutionally clear – power that Congress has in a time of war is the direct power of the purse. In 1970, Congress set a date to cut off funds to prevent combat troops entering Cambodia. In 1973 it passed amendments stating that after August 15, 1973, no funds could be used to finance combat activities in or over Cambodia, Laos, North Vietnam and South Vietnam. In 1987 Congress cut off military assistance to the Nicaraguan Contras, and in 1988 passed legislation to restrict funding for Bosnia unless the president agreed to certain assurances.

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“There are two reasons Congress is weaker now,” says Mr Fein. “There is still a post-9/11 fear factor. And they fear that if funds are not forthcoming in Iraq and it gets worse and the whole thing erupts, they will get blamed for it. What is worrisome is that Congress as an institution is becoming effete in challenging the president.”

Yet, as the death toll mounts in Iraq and the proposed budget for the war rises, dissent is building. Amid concern about whether the Senate would even get to a vote on a non-binding resolution, Ms Feinstein this weekend threatened: “If we can’t get this done, you can be sure a month or so down the pike, there’s going to be stronger legislation.”

Half Of Democratic Senators Regret Iraq Vote (POL)

By Christian Lowe And Daniel W. Reilly And Carrie Budoff

The Politico, February 6, 2007

Half of the current Democratic senators who backed President Bush's call to war in 2002 say they now regret authorizing the invasion of Iraq, according to a Politico survey.

But while nine of 18 Democrats who backed Bush now wish they had not, Republicans had fewer misgivings -- only three voiced regret. The lack of a similar GOP groundswell highlights the dilemma that some senators from the president's party face as they seek re-election amid sagging voter support for the war -- and, specifically, the president's plan to send 21,000 additional troops to Iraq.

From Maine to New Hampshire to Minnesota, potential Democratic challengers in the 2008 elections are already gearing up campaigns that will try to capitalize on the past and present congressional debates on Iraq.

"It is hard to see how Iraq does not remain a central issue," said Steve Marchand, the Democratic mayor of Portsmouth, N.H., and a potential challenger to Sen. John Sununu, R-N.H., next year.

As senators began a historic debate Monday on Bush's troop surge, a majority said they were wary of its success, with 58 telling The Politico that they opposed the plan. Yet, a core group of Republicans remained undecided on whether to express that discontent with a "yes" vote on a resolution critical of the president's plan.

The survey findings underscore the volatility of the debate at the outset of the 2008 Senate campaigns. The vote on a resolution opposing a troop boost will likely emerge as a defining moment, second only to the 2002 vote authorizing the Iraq invasion that for some senators has become the most painful episode of their public careers.

While the prospect of an up-or-down vote has left senators from across the country weighing public opinion against party loyalty and political prospects against national security policy, for more than 50 senators who held office in 2002, the Iraq war vote remains a matter of conviction.

"When I made up my mind to vote no, I went home and slept like a log," said Sen. Patrick Leahy, D-Vt.

For others, the resolution is the chance to start righting a wrong. A dozen of the 100 senators surveyed by The Politico over the last week, including nine of the 18 Democrats who backed the war in 2002, said they regret their choice.

"I have apologized to my constituents and it will be something I will regret for as long as I live," said Sen. Tom Harkin, D-Iowa, who faces re-election next year and is supporting a non-binding, resolution crafted by Sen. John Warner, R-Va., and Sen. Carl Levin, D-Mich., that opposes Bush's troop boost.

Critics of a congressional rebuke of Bush say it is wrong-headed, the latest misstep in a four-year odyssey through the shifting sands of the Middle East with no simple resolution. At least 30 senators -- all Republicans, with the exception of Sen. Joseph I. Lieberman, I-Conn. -- told The Politico that the Bush plan should be given a chance.

Many of those senators also criticize the Warner-Levin measure as a feel-good resolution that offers little concrete direction about how to steer the nation through the mounting sectarian fighting in Iraq.

"The Democratic Party is making a huge mistake," said Sen. Lindsay Graham, R-S.C., also up for re-election next year. "We all embrace withdrawal at some point. But they will not talk in detail about what would happen in Iraq if we left in six months."

The senators facing the most excruciating decision in the coming days are the 20 Republicans and 12 Democrats -- particularly Sununu, Sen. Susan Collins, R-Maine, and Sen. Norm Coleman, R-Minn. -- who are next in line to face voters.

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On the eve of a historic Senate debate on President Bush's surge strategy for Iraq, the Politico surveyed the offices of all 100 senators to compare the senators' views on the 2002 vote to authorize the war with their most current positions on Bush's plan to boost troop levels and whether U.S. troops should begin to come home.

Of those who voted for the war in 2002, 35 senators said they do not regret their vote, while 14 now wish they had not voted for it.

On the question of Bush's new plan, the survey shows the White House faces significant opposition. Fifty-eight senators oppose it, 35 support it, and six are undecided or would not comment. Sen. Tim Johnson, D-S.D., remains hospitalized.

Most senators -- 65 -- oppose any timetable to withdraw U.S. forces, while 23 support a timetable and 11 are undecided or would not comment. Again, this tally does not include Sen. Johnson.

Some notes on the survey: Nineteen senators were not members of Congress in 2002. Current senators who were House members in 2002 and voted on the Iraq authorization in that body are noted with an asterisk. Five senators said they would support the president's surge strategy only if certain conditions were attached.

When senators or staff members did not respond to repeated requests for comment, Politico used public statements to attempt to establish the senator's position. The three Republicans are feeling intense pressure here and in their home states, as opposition researchers catalogue their moves. Democrats in New Hampshire, Minnesota and Maine say the war -- and how their Republican senators have voted on it -- will dominate their campaign strategies.

"It will be one of the litmus test issues for Senator Sununu," said Marchand, the Portsmouth mayor. "In New Hampshire, if you look at last November, it's pretty clear that people of New Hampshire have made a statement with regard to the war in Iraq."

Sununu can't escape the question.

Reporters chase him down in the Capitol hallways, and collar him near the Senate elevators. Antiwar activists cajole him with pickets outside his Portsmouth office and television ads in the state urge him to reject the troop buildup in Iraq.

Sununu's coyness might be expected: He is considered one of the most vulnerable senators.

Five years ago, Sununu was a three-term congressman, elected to the Senate by a slim margin in a state that puts a premium on independence. As divergent as Washington is from the North Country, the wooded territory of New Hampshire that hugs the Canadian border, the political climate was far different then.

Bush, who campaigned for Sununu, enjoyed a 72 percent approval rating in the state, nearly twice what it is now. A month before the election, Sununu, like many of his colleagues, urged the passage of the war resolution, saying Saddam Hussein had shepherded the development of weapons of mass destruction.

"If we wait until Iraq succeeds in achieving these goals, we will have waited too long," Sununu said in 2002, when he voted in the House to support the move to war.

These days, Sununu's position on Iraq is hard to categorize -- and his state's electorate increasingly impatient with the war.

Sununu voices discontent with Bush's policy. "We made significant mistakes after Saddam Hussein's fall in April of 2003," Sununu wrote in a column posted on his Senate Web site last month.

But he has not backed a resolution challenging Bush's policy, and he voted against the most critical one when it came before the Foreign Relations Committee -- although even then Sununu expressed concern about the buildup.

"John Sununu is looking at what happened in New Hampshire: the decapitation of the Republicans," said Ross K. Baker, a Rutgers University political science professor who has written several books on Congress. Voters ousted the state's two congressmen, both Republicans, and turned the statehouse Democratic.

Sununu and Sen. Judd Gregg, R-N.H., "both feel the ground is shifting under them," Baker added.

As Sununu surveys his options, at least five of his fellow Republicans have signed on to Warner's compromise resolution. All are among those up for reelection next year. Coleman, who could face a Democratic challenge from liberal radio talk show host Al Franken, has been trying to carve out a middle ground, criticizing Bush in one breath, and raising questions about a quick troop withdrawal in the next.

The first-term senator grew testy with reporters last week, ruffled at the suggestion that politics was steering his decisions.

"This is not about the election, and a lot of us … find that offensive," Coleman said. "This is about the toughest decision you make in the Senate."

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He can expect the issue to dog him.

Jessica McIntosh, spokeswoman for the Minnesota State Democratic-Farmer-Labor Party, said Iraq would "absolutely" be the centerpiece of the party's campaign against Coleman. And like Sununu and Collins, Coleman has been targeted by VoteVets, a political action committee that began a national campaign last week arguing that those who decline to oppose the president's plan "don't support the troops." The group has raised about $500,000, which it has spent in four states and the District of Columbia.

Collins, who voted for the war in 2002, also faces the likelihood of running for re-election against an antiwar candidate in a state that favored Democrats for president and governor during the last two elections. At least three potential challengers have emerged.

Collins, however, has been one of the most vocal critics of Bush's surge plan, resisting softer resolutions crafted by Sen. John McCain, R-Ariz., in favor of those pushed by Warner.

While she says politics has nothing to do with it, others wonder. Next year's election "certainly will be a challenge for her," said Chellie Pingree, the former president of Common Cause who got drubbed by Collins in the 2002 Senate race, and is considering another run. "Now, Collins, like a lot of Republicans, (are) looking for ways to re-craft their stand. That's the politically unpredictable part. That didn't work for everybody in this cycle."

Jonathan Martin contributed to this report.

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by Steve Slatten on 02.05.2007 at 11:37 PM

PolarBear -- Amen. I also supported Bush and the war back in 2003. Of course, that's before history proved him to be a blatant liar and the worst president in a hundred years.

by Show Me on 02.05.2007 at 11:26 PM

The Republicans are making a big mistake. The public wants a show of force from their Senators, they want push back to Bush and Cheney. The public understands that we can't just leave but we want the esclation to stop and we want the sabor rattling towards Iran to stop. If they block a debate on the subject they deserve the consequences.

by polarbear on 02.05.2007 at 11:03 PM

Mr. Badura, I suggest you take your argument door-to-door, like a real politician, and see how far you get. I can hear it now. "I'm here to tell you parents what to do with your children because, by God, I know what's best for you." Good luck, sir.

by tmlindsey on 02.05.2007 at 11:01 PM

As Pat Benator once put it: "It's a little too little, it's a little too late...

?Congress Makes Unprecedented Move: Actually Debate Iraq War!??

Nearly forty months after Congress approved the Iraq War Resolution, they?re prepared to make a bold, unprecedented move on the congressional floor: Hold a non-binding debate over the War in Iraq!?

If you remember, back in October of 2002 our Congress signed over their powers to President Bush, which granted the Commander in Chief the almighty power to authorize military intervention in Iraq if Saddam Hussein refused to give up weapons of mass destruction. All of this was done with little debate or dissent, other than Senator Byrd?s attempt to filibuster against the resolution -- arguing the resolution amounted to a ?blank check? for the White House (his attempt was cut off on a 75 to 25 vote). "This is the Tonkin Gulf resolution all over again," Byrd said. "Let us stop, look and listen. Let us not give this president or any president unchecked power. Remember the Constitution." (Wink, Wink*: the Senate voted overwhelmingly to repeal the Gulf of Tonkin Resolution on June 24th of 1970.)

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by AntiState on 02.05.2007 at 10:50 PM

only half? ha. big surprise there...

by jeff Badura on 02.05.2007 at 10:00 PM

point of recent history- the senate voted overwhelmingly in 02 to give bush support in his pending action in Iraq, the people were behind it, the press was behind it, and there was a national consensus from top to bottom to remove Saddam, from the "Iraq liberation Act" of 98 signed by Pres. Clinton and the congress to our national feeling of resolve after 9/11, we all (80%) were for this coarse of action!! now that the rating hungry press has flipped flopped and the Dem's have amnesia and are revising history with the Bush lied People died, rush to war slogans our national fecklessness and national cowardice is showing for all the world to see !! so we lost 3000 soldiers in 4 yrs, a total less than one day of causalities during the D-day invasion of WW II lets send the troops to war and refuse them reinforcements and tell them we think the mission is a failure and we will call it supporting the troops, to hell with our promises to the Iraqi people, to the US troops who already gave there life and limb it doesn't matter we will read the polls and act accordingly ??? this is what our Dem senate has become. I'm sorry to say Bin Laden might have been right ?? "bloody the nose of the Americans and they will run away" thank god there are GOP members in the senate still trying to do the right thing !!

by GGPSmith on 02.05.2007 at 09:01 PM

C'est la vie. We certainly can't get back the lives or money wasted on this debacle in the name of oil and neoconservatism. But staying the course appears to be the default option now for both parties, regardless of any rhetoric to the contrary. President Bush was given the power to execute this war by a now semi-regretful Congress and I don't see him ordering any troop withdrawals while he's in the White House. If the Democrats seriously want to leave Iraq, then they need to read their history books on how to instigate a Watergate: Investigate every instance of possible wrong-doing on the part of President Bush and Vice President Cheney; if found, indict Vice President Cheney and force his resignation; Bush can then pardon Cheney and choose his "Gerald Ford"; then the Democrats can impeach President Bush and/or make the GOP force the President's resignation; then President "Ford" can pardon then ex-President Bush; then the Democrats can force "Jerry" to get out of Iraq. But by then, it will be 2009! So, Big Oil be praised, the acquisition of Iraqi and Iranian oil marches on. C'est la vie.

by polarbear on 02.05.2007 at 08:44 PM

Well, myself and most of my neighbors supported President Bush at the time of the Iraq invasion. We believed he had access to intelligence, and we did not know that he and his administration were committed to this neoconservative nonsense.

Today, myself and my neighbors do not support President Bush, and regret having supported the Iraq invasion. The data we see, and the administrations' behavior indicates they lied about the WMDs, purposely exaggerating intelligence to favor what appears to be a predetermined strategy to invade. That, and the mismanagement of the war has voters frustrated, angry, and in a foul temperament.

It looks to me like the 9 Democratic Senators and 3 Republican Senators who have expressed regrets are representing their constituents.

by AH2 on 02.05.2007 at 08:23 PM

IF half the Democrats regret their original Iraq invasion vote in support of Presidebt Bush's plans IF they don't NOW go all out to defeat his latest "war" escalation (AKA expanded occupation) each should be forced to wear a sign around their necks with the old adage written on it .... "FOOL ME ONCE SHAME ON YOU FOOL ME TWICE SHAME ON ME"

by AH2 on 02.05.2007 at 08:21 PM

IF half the Democrats regret their original Iraq invasion vote in support of Presidebt Bush's plans IF they don't know go all out NOW to defeat his latest "war" escalation (AKA expanded occupation) each should be forced to wear a sign around their necks with the old adage written on it .... "FOOL ME ONCE SHAME ON YOU FOOL ME TWICE SHAME ON ME"

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A Detached Debate (WP)

The Washington Post, February 6, 2007

THE ARGUMENTS on Iraq in Washington, as so often in the past, don't seem to have much to do with the realities in Baghdad. The Senate yesterday was debating -- or debating whether to debate -- a fistful of resolutions for and against President Bush's surge of U.S. troops into the capital, with the loudest voices belonging to those senators planning or contemplating a run

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for president or facing reelection in 2008. Nothing that has been proposed would help in any material way in Iraq; nor is any resolution likely to demoralize the troops or encourage the enemy, as some opponents claim.

Most senators seem to be aiming to position themselves against their domestic competitors -- in the case of Democrats such as Barack Obama or Joseph R. Biden Jr. -- or cover themselves with voters who are angry about the reverses in the war, in the case of Republicans such as Gordon Smith or Susan Collins. The most overtly political posture may be that of Hillary Rodham Clinton, who petulantly called on President Bush and Congress to "end this war" -- whatever that means -- before the next president takes office, presumably so that it will not trouble the administration she hopes to lead.

But what of the actual situation in Iraq? As the horrific bombings in Baghdad over the past few days have all too graphically signaled, it is rapidly getting worse. Sunni insurgents have responded to President Bush's launch of a new counterinsurgency campaign with an offensive aimed at slaughtering as many innocent Shiites as possible. The Iraqi government, meanwhile, is already failing to live up to its commitments under the counterinsurgency plan. As Defense Secretary Robert M. Gates acknowledged last week, Iraqi army units that were supposed to arrive in Baghdad by the beginning of this month have shown up with about half of their troops, which "probably isn't good enough." Just four weeks ago, senior administration officials cited the arrival or non-arrival of those troops as a critical test for the new strategy.

These events reinforce the National Intelligence Estimate on Iraq that was released last week. The unclassified summary of the document has bad news for all sides. It predicts that during the next 12 to 18 months, Iraq's "overall security situation will continue to deteriorate at rates comparable to the latter part of 2006." It is not optimistic that the surge strategy, which is aimed at providing a space for Iraqi political accords, can work: "Even if violence is diminished . . . Iraqi leaders will be hard pressed to achieve sustained political reconciliation. . . ."

Yet the estimate also concludes that coalition troops "remain an essential stabilizing element in Iraq" and predicts dire consequences if they are "withdrawn rapidly" during the next 12 to 18 months. Among those are the dissolution of the Iraqi army, open intervention by neighboring countries, and the use of Iraq by al-Qaeda for "increased attacks in and outside the country." "Massive civilian casualties and forced population displacement," says the estimate, "would be probable."

What all this suggests is that, however much Ms. Clinton or other senators might wish it, the war in Iraq will not end before the next president takes office. Mr. Bush's surge is unlikely to produce a breakthrough toward peace; in fact the violence may continue to worsen. All the same, the United States may not be able to withdraw from Iraq without triggering worse consequences than those that might arise from remaining. In short, the country needs a strategy for defending its interests in Iraq for years to come. That perspective, and not the American political calendar, is what Congress ought to be focused on.

To Help Iraq, Let It Fend For Itself (NYT)

By Edward N. Luttwak

The New York Times, February 6, 2007

Chevy Chase, Md.

THE sooner President Bush can get his extra troops for a “surge” in Iraq, the sooner he will be able to announce that all American troops are coming home because of the inevitable failure of the Iraqi government to “live up to its side of the bargain.” In fact, in the run-up to the surge proposal, it is unlikely that there was any real two-sided bargaining before Prime Minister Nuri Kamal al-Maliki was induced to issue promises — particularly in terms of government troops taking on Shiite militias — that he cannot possibly fulfill. Mr. Maliki, it seems, simply agreed to whatever was asked of him, to humor the White House and retain American support for a little while longer.

For the Iraqi Army and police to disarm the Shiite militias, the prime minister would have to be a veritable Stalin or at least a Saddam Hussein, able to terrorize Iraqi soldiers and policemen into obedience. Mr. Maliki, of course, has no such authority over Iraqi soldiers or police officers; indeed he has little authority over his own 39-person cabinet, whose members mostly represent sectarian parties with militias of their own.

Actually the situation is even worse than that, because only the Kurdish militias unfailingly obey their political leaders — one is the president of Iraq no less, Jalal Talabani — while for the rest, it may be more true to say that Iraqi militias have political leaders to represent their wishes. The largest and most murderous of the Shiite militias, the Mahdi Army, which is invariably

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described as belonging to the truculent cleric Moktada al-Sadr, is actually divided under a bevy of local commanders, some of whom obey Mr. Sadr some of the time.

In sum, the most that Prime Minister Maliki can do is not to interfere when American troops arrest suspects and fight militias, as he has done in the past.

Nor can the Iraqi leader fulfill his other major promise: leading a new effort to reconcile the warring sects of Iraq. He is not another Gandhi, but a leader of the fiercely sectarian Dawa Party. It is very much as a militant Shiite that he speaks out; lately he has been threatening Sunni members of Parliament and accusing them of grave crimes. (It was not a coincidence that Saddam Hussein was tried, convicted and executed not for his greatest crimes, but for his 1982 reprisal killings for a failed attempt by Dawa members to assassinate him.) It would be remarkable if Mr. Maliki could even reconcile with his Shiite rivals, let alone the Sunni insurgents.

Fortunately, there is a promising, long-term policy ready and waiting for President Bush whenever he decides to call off the good old college try of his surge: disengagement. By this, I don't mean a phased withdrawal, let alone the leap in the dark of total abandonment. Rather, it would start with a tactical change: American soldiers would no longer patrol towns and villages, conduct cordon-and-search operations, or man outposts and checkpoints. An end to these tasks would allow the greatest part of the troops in Iraq to head home, starting with overburdened reservists and National Guard units.

The remaining American forces, including ground units, would hole up within safe and mostly remote bases in Iraq — to support the elected government, deter foreign invasion, dissuade visible foreign intrusions, and strike at any large concentration of jihadis should it emerge. This would mean, contrary to most plans being considered now, that United States military personnel could not remain embedded in large numbers within the Iraqi Army and police forces. At most, the Americans would operate training programs within safe bases.

What would be the result of disengagement along these lines? First, it would not be likely to increase the violence afflicting Iraqi civilians. The total number of American troops in Iraq — even including any surge — is so small, and their linguistic skills so limited, that they have little effect on day-to-day security. Nor have they really protected Iraqis from one another. At most, the presence of American soldiers in any one place merely diverts attacks elsewhere (unless they themselves are attacked, which is a sad way indeed of reducing Iraqi casualties).

Intelligence is to counterinsurgency what firepower is to conventional warfare, and we just do not have it or the capacity to gather information on our own. Thus the sacrifices of our troops on the ground are mostly futile.

Politically, on the other hand, disengagement should actually reduce the violence. American power has been interposed between Arab Sunnis and Arab Shiites. That has relieved the Shiite majority of responsibility to such an extent that many, notably the leaders of the Mahdi Army, feel free to attack the American and British troops who are busy protecting their co-religionist civilians from Sunni insurgents. For many Arab Sunnis, on the other hand, the United States must be the enemy simply because it upholds the majority of the heretical Shiites.

Were the United States to disengage, both Arab Sunnis and Shiites would have to take responsibility for their own security (as the Kurds have doing been all along). Where these three groups are not naturally separated by geography, they would be forced to find ways to stabilize relations with each other. That would most likely involve violence as well as talks, and some forcing of civilians from their homes. But all this is happening already, and there is no saying which ethno-religious group would be most favored by a reduction of the United States footprint.

One reason for optimism on that score is that the violence itself has been separating previously mixed populations, reducing motives and opportunities for further attacks. That is how civil wars can burn themselves out.

In any case, it is time for the Iraqis to make their own history.

The War To Save The Surge (WP)

By E. J. Dionne Jr.

The Washington Post, February 6, 2007

When political opponents tell you that to prove your seriousness you need to pursue a strategy they know is doomed to failure, shouldn't you be skeptical of their advice?

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As the Senate considers a resolution to put itself on record opposing President Bush's escalation of the Iraq war through a "surge" of troops, Bush's backers are saying one thing and doing another.

They are saying that the resolution is meaningless and that true opponents of the war should prove their sincerity by cutting off funding altogether. But they are doing all they can to keep the Senate from even voting on a bipartisan anti-surge resolution that would send a powerful message to Bush that most Americans have lost faith in his bungled war policy.

If you doubt that the war's supporters would love its opponents to put all their eggs in the fund-cutoff basket, consider what it means for them to sound as if the administration's only serious foes were the likes of Dennis Kucinich and Cindy Sheehan.

"I don't think these resolutions, nonbinding resolutions, are going to accomplish anything," Sen. John Cornyn, a Texas Republican and a Bush loyalist, told Gwen Ifill on PBS's "NewsHour" last week. "If we really had the courage of our convictions," Cornyn said, the "we" referring to the war's opponents, "if people said, 'You know what? This is an immoral task we've asked our troops to do because we don't believe in the mission, we think they're going to fail.' They ought to cut off funds. But to have this sort of -- this debate without any real consequence, I just don't think is the best use of our time."

So Cornyn wants to block a vote on a supposedly unimportant anti-surge resolution, but he would be happy to entertain a debate on a funding cutoff. Does that not send a message to the war's critics?

And it's not just Cornyn. It is now a standard talking point for supporters of this war, from the editorial pages of the Wall Street Journal and the Weekly Standard to Vice President Cheney himself, to try to block any statement by Congress of its views, except through a vote to block funds for Iraq.

"The Congress has control over the purse strings," said Cheney, who on most other occasions insists upon the executive's supremacy over Congress. In an interview with CNN's Wolf Blitzer last month, Cheney added: "They have the right, obviously, if they want to cut off funding, but in terms of this effort the president has made his decision. . . . We'll continue to consult with the Congress. But the fact of the matter is, we need to get the job done."

In other words: Even if a substantial majority of Congress that includes many Republicans demonstrates a lack of confidence in the Bush-Cheney surge, the administration will feel free to ignore the other elected branch of our government -- and the more recently elected branch (remember November, anyone?) at that.

Oh, and if an anti-surge resolution were trivial, why would William Kristol, editor of the Weekly Standard and one of the war's most passionate advocates, devote a long and angry editorial in the latest issue of his magazine to attacking Sen. John Warner (Va.) and other Republicans as "ignominious" for their support of an anti-surge measure? Kristol knows that every Republican vote against escalation carries special weight in speeding this war to an end. So does the Senate's Republican leadership, which used a procedural vote yesterday evening to impede the majority's will on the surge.

Supporters of Bush's war policy would love a vote on a full funding cutoff right now because they know that, at this moment, they could win it. They would love responsibility for the failures in Iraq to fall not on an administration that planned its policy so badly and carried it out so incompetently. Far better for them to heap blame on the war's opponents for "losing faith."

And they know, as the war's opponents should, that in a democracy whose constitution accords so much power to the president, turning around even a failed war policy takes time, persuasion, organizing, legislative strategizing and pressure.

The impatience of the administration's critics is entirely understandable. But it would be a shame if impatience got in the way of a sensible long-term strategy to bring America's engagement in this war to as decent an end as possible as quickly as possible -- even if not as quickly as they'd like. The anti-surge resolution is a necessary first step, which is why those who are against a genuine change in our Iraq policy are fighting so hard to stop it.

postchat@aol.com

Democrats To Question Bremer On Iraq Contracts (USAT)

By Matt Kelley

USA Today, February 6, 2007

WASHINGTON — Democrats begin their scrutiny of contracts in Iraq today by grilling the top civilian official in Iraq after the 2003 invasion.

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Paul Bremer, the former head of the Coalition Provisional Authority, testifies today before the House Oversight and Government Reform Committee about the billions of dollars his agency spent in Iraq. It will be his first appearance on Capitol Hill since he left office more than two years ago.

It's all part of the examination of the Bush administration's conduct in Iraq that Democrats promised after regaining control of Congress.

The committee's chairman, Rep. Henry Waxman, D-Calif., is a longtime critic of the administration's handling of the Iraq war and reconstruction contracts. As head of the committee, Waxman has the power to force officials to testify and hand over documents, as well as to decide what the panel will investigate.

The panel also will hold hearings this week on allegations of price-gouging by contractors and mismanagement by the Department of Homeland Security.

The stakes are high. Rep. John Murtha of Pennsylvania and other Democrats have criticized the reconstruction effort in Iraq as wasteful, suggesting that the money would be better spent to rebuild New Orleans or improve military readiness at home.

The president's 2008 budget proposal presented to Congress on Tuesday requests $3.4 billion in reconstruction funds, but Democratic leaders have said they would closely scrutinize the administration's spending requests for Iraq.

The committee cannot directly punish wrongdoing but can refer possible criminal conduct to prosecutors, publicize the faults and propose legislation to fix the problems.

The panel's hearing today will scrutinize spending and oversight by the Coalition Provisional Authority (CPA), which ruled Iraq from May 2003 to June 2004.

Audits by the United Nations and the U.S. Special Inspector General for Iraq Reconstruction found the provisional authority under Bremer couldn't properly account for the billions of dollars it spent. Bremer has responded that he and other CPA officials did the best they could in dangerous and chaotic post-invasion Iraq.

The inspector general, Stuart Bowen, also is scheduled to testify. Two years ago, his office found that the provisional authority never released spending guidelines and relied on a questionable Iraqi bureaucracy in spending the $8.8 billion allocated under U.N. auspices. As a result, the report said, there was no assurance that the money was spent on legitimate projects.

Last week, Bowen reported to Congress that corruption and mismanagement continue to plague Iraqi ministries, and the sectarian violence there threatens to undo the rebuilding efforts.

That report also highlighted audits finding waste and mismanagement of hundreds of millions of dollars of U.S. government money, including a Baghdad police academy with serious construction defects and a State Department police training program that paid more than $48 million for a training camp that was never used but included an Olympic-size swimming pool.

House To Probe Management Of Iraq, Health Care Programs (WT)

By S.a. Miller

The Washington Times, February 6, 2007

Rep. Henry A. Waxman today opens a series of hearings promised by Democrats to look into Bush administration management of Iraq reconstruction efforts, homeland security projects and federal health care programs.

Mr. Waxman, California Democrat and chairman of the Oversight and Government Reform Committee, has said the four days of hearings will examine "waste, fraud and abuse."

The hearings by the new Democratic majority are not designed to embarrass President Bush but are "just fact-finding," a committee aide said.

Witnesses will include L. Paul Bremer, former administrator of the U.S.-led Coalition Provisional Authority (CPA) in Iraq; testimony by the family of private security workers killed by a Fallujah mob in 2004; and an examination of "fraudulent, abusive or wasteful" drug pricing in Medicaid and Medicare programs.

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Mr. Waxman last week conducted a hearing on charges of White House meddling in the work of government climate-change scientists. He vowed more hearings into what he described as the abuses of power and taxpayer money by the Bush administration.

White House officials say they welcome added oversight, but House Republicans said the hearings more closely resemble a botched firing squad than a fact-finding exercise.

"This is a classic example of 'ready, fire, aim' oversight," said Rep. Thomas M. Davis III of Virginia, the committee's ranking Republican. He said the committee organized a "slap-and-dash" judgment instead of the methodical oversight that war and security demand.

"The main value in revisiting past mistakes is to make sure the right lessons are learned and corrective actions put in place," Mr. Davis said. "Self-righteous finger wagging and political scapegoating won't make Iraq any more secure, won't rebuild that ravaged nation and won't bring U.S. troops home any sooner."

The hearing today will delve into the administration's decisions on Iraq reconstruction. Mr. Bremer is scheduled as the first to testify and will answer charges that he "filled positions with unqualified staff who were politically connected," according to committee briefing documents.

"He will answer questions about an audit report issued in 2005 by the Special Inspector General for Iraq Reconstruction that concluded that more than $8.8 billion in cash was disbursed without adequate financial controls," the documents said.

Other officials scheduled to testify are Stuart W. Bowen Jr., the special inspector for Iraq reconstruction, and David Oliver, former CPA director of management and budget. The State Department refused a request for testimony by Timothy Carney, coordinator for economic transition in Iraq.

The hearing tomorrow will focus on four employees of security contractor Blackwater USA who were killed and mutilated by a mob in Fallujah in March 2004. Family members -- two mothers, a daughter and a wife -- are set to testify "about what they view as profiteering by Blackwater USA, including the company's alleged failure to provide armored vehicles and other critical safety equipment," the documents said.

The third day of hearings Thursday will look at the Department of Homeland Security's management of large projects, focusing on the Deepwater program to develop new Coast Guard ships and the Secure Border Initiative for high-tech border defense.

The committee Friday will explore whether more congressional oversight is needed to combat "fraudulent, abusive or wasteful" pricing by drug companies dealing with Medicare, Medicaid and other federal programs.

As New 'Cop On The Beat,' Congressman Starts Patrol (NYT)

By Philip Shenon

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — Halliburton? Tobacco executives? Vice President Dick Cheney? You've been warned.

Representative Henry A. Waxman, the California Democrat who is the new chairman of the House Oversight and Government Reform Committee, is promising the sort of oversight that the Bush administration has not experienced before.

"There has been no cop on the beat," said Mr. Waxman, who accuses Congressional Republicans of having abdicated their responsibility for oversight in recent years. "And when there is no cop on the beat, criminals are more willing to engage in crimes."

Without constant policing by Congress, he said, "the bad actors feel they can get away with anything."

Returned to power when the Democrats took over Congress last month, Mr. Waxman has already made things difficult for the Bush White House. Last week, he held a televised hearing on accusations that the administration was interfering with the work of climate scientists to protect polluters.

On Tuesday, he has scheduled a hearing on reports of fraud in multibillion-dollar reconstruction projects in Iraq. The main witness will be L. Paul Bremer III, the former American civilian administrator in Baghdad, who is expected to be questioned about his role in awarding some of the most troubled contracts.

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Also testifying will be Stuart W. Bowen Jr., the government's special inspector general for Iraq, whose most recent quarterly report found that the government's reconstruction program was riddled with waste and corruption.

Mr. Waxman is 5-foot-5. He has a big, toothy grin and a bushy mustache. He has none of the glitz of some of his constituents in the 30th Congressional District, which includes Beverly Hills, Malibu and Santa Monica, some of California's richest and flashiest communities.

The congressman, a 67-year-old grandfather of four, would strike no one — at least no one meeting him for the first time — as a candidate for the role of Congress's most aggressive muckraker.

But the liberal Nation magazine has called him the Democrats' Eliot Ness, and Republicans who have tangled with him say the description is apt.

"The guy is partisan," said Representative Dan Burton of Indiana, a Republican who was the oversight committee's chairman during the Clinton administration and often accused Mr. Waxman of ignoring the misdeeds of that White House, including campaign financing abuses that led to the prosecution of some Democratic fund-raisers.

"But I admire his tenacity," Mr. Burton said. "If the administration were to ask me what to expect, I would tell them to expect one of the toughest investigatory committees you've ever faced."

Other Democratic committee chairmen in the House are expected to bring fresh scrutiny to the administration, notably Representatives John D. Dingell, returning as chairman of the Energy and Commerce Committee, and John Conyers Jr., reinstalled as chairman of the Judiciary Committee, both from Michigan.

But Mr. Waxman may be more feared, if only because he alone among House committee chairmen can issue subpoenas without a committee vote. House rules give the chairman of his committee unusually broad power to force witnesses to testify or turn over evidence; if Mr. Waxman wants a subpoena, out it goes. And he can look into almost anything he wants. His is the main investigative committee in the House, with virtually unlimited jurisdiction over federal agencies.

Mr. Waxman acknowledged it had been difficult to figure out just where to start, but he said, "I want to concentrate on the theme of waste, fraud and abuse of taxpayer dollars."

Aside from looking at large government contractors in Iraq, Mr. Waxman said he intended to look at businesses involved in the cleanup after Hurricane Katrina.

"I don't think we've ever seen the magnitude of money that's being wasted through fraud and abuse and just pure lack of competence," he said. "There are criminal investigations going on right now about fraud, about billions of taxpayer dollars."

A Halliburton spokeswoman, Cathy G. Mann, did not address Mr. Waxman's criticisms of the company and its major subsidiary in Iraq, KBR. Ms. Mann said in a statement that Halliburton "has always been forthcoming with information regarding KBR's government contracts, and we will continue to do so."

Despite concerns at the White House and in corporate boardrooms about a blizzard of subpoenas in the first months of Democratic control in Congress, Mr. Waxman said he had no plans to issue any for now.

"I'd prefer not to," he said in an interview, insisting that he hoped to work with Republicans to press the administration to cooperate. "I am determined to try to restore some stability and bipartisanship."

Mr. Waxman noted that many of his investigative successes when Democrats had control of the House in the 1990s had not resulted from subpoenas.

He has long pushed for regulation of the tobacco industry; it was his 1994 public hearing at which executives of the nation's big cigarette makers swore under oath that they did not believe smoking was addictive. The televised hearing created momentum for the flood of litigation against the industry that followed. Those executives appeared voluntarily, Mr. Waxman pointed out. Mr. Waxman, who first entered Congress in 1974 and once described himself as a "proud, self-confessed, unapologetic liberal," said he became a muckraker with some reluctance.

Until the Republican takeover of the House in 1995, he was considered one of the ablest legislators, responsible for landmark bills on the environment and health care. In 1988, he was the chief architect of the government's first comprehensive bill on AIDS. He was a primary author of the Clean Air Act in 1990.

"The thing I love to do," Mr. Waxman said, "is legislate."

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But when Republicans took control, he found another focus. “When the Republicans excluded me and other Democrats from legislating, we had to figure out something else to do,” he said. “So we did our own investigations.”

In recent years, Mr. Waxman and his team of Democratic investigators managed to embarrass the Bush White House repeatedly, most recently with a report that documented meetings between Karl Rove, President Bush’s political adviser, and the corrupt lobbyist Jack Abramoff.

A repeated target of Mr. Waxman’s attention has been Vice President Cheney, both because of his ties to Halliburton, which he once ran, and Mr. Cheney’s refusal to discuss the workings of his energy task force.

Mr. Waxman has prodded other watchdog agencies, including the Government Accountability Office and the inspectors general at cabinet departments, to carry out the inquiries that he could not. Until now, that is.

With subpoena power, Mr. Waxman can demand answers from administration officials, even though he knows that may provoke lengthy court battles.

“Do they want to litigate this?” he asked. “If we’re doing our constitutional duty of oversight, how can they refuse to give us information? If they withhold information and try to get away with it, I think it will be very unfortunate for them.”

The Politico Interviews Bremer Prior To Testimony (POL)

By Mike Allen

The Politico, February 6, 2007

L. Paul Bremer III, for 14 months the civilian administrator of the Coalition Provisional Authority in post-Saddam Iraq, will be the marquee witness Tuesday when House Democrats begin an intensive probing of administration spending in Iraq.

Bremer, who has said little publicly since publication of his memoir "My Year in Iraq: The Struggle to Build a Future of Hope," talked with The Politico ahead of his testimony. Some excerpts:

Q: You voluntarily agreed to testify after receiving a letter of invitation from Rep. Henry A. Waxman, D-Calif., chairman of the Oversight and Government Reform Committee? Why?

A: I welcome the opportunity to go up and talk about it. In the letter of invitation, the committee spoke about their interest in lessons learned. Given the difficulty that we've encountered in reconstruction in Iraq, I think it's helpful to look at lessons learned. That's a good approach to have, and I look at it as a constructive opportunity for me to do that.

Q: Do you get the feeling that the committee members are genuinely inquisitive, or do you worry that this will be something of a show trial?

A: My experience with Congress is that congressmen tend to take their job seriously. It's kind of exciting to remember that this is the 110th American Congress. There are not a lot of countries in the world that can say they've been electing congress two years at a time, 110 times. There are times when they're not that way, but I think that generally congressmen try to do their job seriously, and I hope that will be what happens.

Q: You've given speeches in Pittsburgh and St. Louis and elsewhere. What's the main point you hope audiences will take away from these appearances?

A: I've been talking about the threat of Islamic terrorism. I've been involved in the war on terrorism now for more than 20 years, almost 30 years. I draw on my experience as chairman of the bipartisan National Commission on Terrorism, which reported to President Clinton in June of 2000. Our conclusions were that we face a new threat of Islamic extremists who, unlike old terrorists, intended to kill us by the hundreds and thousands if they could. It's very important in speeches to set the stage so people can understand what we're up against here in the beginning of the 21st century. I usually talk also about the situation in Iraq, the situation we encountered on the ground and how we tried to deal with it. But the important message I'm trying to get out is that much as the threat of international communism dominated American national security policy for almost half a century after World War II, we're, I think, at the beginning of a very long period where this Islamic extremism is going to be the dominant problem in American national security policy. We are really at a change point in our national security.

Q: Are you thinking decades?

A: Even perhaps generations, as it was in the Cold War.

Q: You've said you're supportive of the president's "new way forward."

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A. The president sort of looked around at the various alternatives: Baker-Hamilton, some of the Democratic proposals, some of the Republican proposals. And I think he correctly concluded that the strategy which has the best chance of success -- and it's certainly a risky strategy; it's by no means sure it will succeed -- was the one he chose, which was to augment our troops there. I agree with him. I think that is the strategy which has the best chance of success.

Q: You have long written and said that there should have been more U.S. troops, sooner.

A: I felt right from the start that we were the government of Iraq and the most fundamental response of any government is to provide security for its people. We, in my view, did not have sufficient troops to do that. It was protecting the people. It was guarding pipelines and electrical power lines and patrolling the border. All of the things that needed to be done, I thought we were stretched too thin.

Q: Did the lack of attention to your early call for more troops foreshadow other problems?

A: It's easy for me to say in hindsight that we should have had more troops, although I was saying it at the time. Here's the problem: I sat in literally hundreds of hours of meetings with our generals -- in Baghdad; out in their command posts in Mosul, Tikrit, Fallujah, down in the south in Basra; back in Doha, at the Central Command advance headquarters; here in Washington; classified video links in Baghdad -- I never heard a general ask for more troops. And the president always said if they asked for more troops, he'd give them to them. I can only tell you know what I know. That's what I know.

Q: Did the president ask if they wanted more troops, or did he wait for them to ask?

A: There probably were times when he was very direct and said: If you need more troops, I'll send them to you. I remember many times when they simply said: We have enough troops to accomplish our mission.

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Back On Capitol Hill, Bremer Is Facing A Cooler Reception (WP)

By Rajiv Chandrasekaran

The Washington Post, February 6, 2007

The last time L. Paul Bremer testified before Congress, he was lauded as an American hero. Rep. Ander Crenshaw (R-Fla.) congratulated Bremer, who was leading the U.S. occupation authority in Iraq, for a "tremendous success." Sen. Joseph R. Biden Jr. (D-Del.) commended his "energy and focus." Sen. Pete V. Domenici (R-N.M.) praised his "brilliant analysis."

When Bremer returns to Capitol Hill today to appear before the House Oversight and Government Reform Committee, he will receive a far less effusive reception than he did in September 2003. The now-ruling Democrats plan to pounce on him for disbanding Iraq's army, firing many members of the Baath Party, hiring GOP loyalists and not fully accounting for the spending of billions of dollars in Iraqi oil revenue.

Fellow Republicans have pointed questions for the first time in public as well.

"Had Bremer made better decisions, we would be in a very different place today," said Rep. Christopher Shays (Conn.).

"Some of the key mistakes in Iraq occurred on his watch," said Rep. Darrell Issa (Calif.). "I think there will be a tendency among Republicans to look very carefully and say, 'Who is this man . . . who made decisions that we're still paying for today?' "

Two and a half years after he left Baghdad, the steel-haired viceroy who wore combat boots with his navy-blue suits has emerged as an embodiment of reconstruction policy gone awry. The Senate began debate yesterday on a resolution

condemning President Bush's troop buildup, and House members will have their sights on Bremer this week as they seek to assign blame for U.S. mistakes in rebuilding Iraq.

While deep divisions remain about Bush's decision to send more troops to Iraq, there is near-unanimity among Democrats and Republicans that the United States needs to roll back key political and economic decisions that Bremer's Coalition Provisional Authority made.

Bremer has become something of a bipartisan-consensus candidate among those looking for officials to hold responsible for what has occurred in Iraq, eliciting that sort of opprobrium once reserved for Donald H. Rumsfeld, who as defense secretary was a chief architect of the war. For Democrats, Bremer is a particularly juicy target because he, along with retired Gen. Tommy R. Franks and former CIA director George J. Tenet, received the Presidential Medal of Freedom from Bush, who would shower Bremer with praise on his visits to Washington.

For many Republicans, who believe they must acknowledge mistakes if they want to increase public support for continued U.S. military involvement in Iraq, defending Bremer may be too much to ask. Even senior Bush administration officials who were once effusive in their descriptions of Bremer privately point to some of his decisions as key errors.

"With some of the major issues we're dealing with today, the roots of the problem go back to the days when Iraq was under Bremer's control," said Shays.

Some who worked for Bremer in Baghdad contend that he is a scapegoat for Bush administration decisions that were out of his control.

Bremer, they note, raised concerns about the number of troops in Iraq with Bush in the summer of 2003. And, they point out, Bremer wanted to capture Moqtada al-Sadr, a Shiite cleric and militia leader, in the fall of 2003, when he had far fewer supporters and the backlash would have been much smaller, but U.S. military commanders refused to act on the request.

Indeed, Democrats and Republicans have criticized others who have shaped the U.S. presence in Iraq, chief among them Gen. George W. Casey Jr., whom GOP senators lambasted last week for not trying harder to stem sectarian violence while serving as the overall military commander in Baghdad. Some have questioned whether Zalmay Khalilzad, the U.S. ambassador to Iraq, has done enough to push the government of Prime Minister Nouri al-Maliki to promote reconciliation between Sunnis and Shiites. In military and intelligence circles, veteran staffers still seethe over decisions Franks and Tenet made.

But Bremer is unique in this environment of finger-pointing because of his former visibility: For more than a year, he was the symbol of the U.S. occupation. A frequent presence in front of the cameras, Bremer was the only American to have the dictatorial powers of an occupation administrator -- the ability to enact laws with the scribble of his pen, the power to hire and fire Iraqis, the freedom to spend Iraq's oil revenue. The Americans who followed him have all been advisers to a sovereign Iraqi government.

"We spent a lot of money in Iraq with very little to show for it," said Rep. Henry A. Waxman (D-Calif.), chairman of the Oversight and Government Reform Committee. "I think it's important to understand, going back to the CPA period, how we got into the position we are in."

Bremer did not respond to repeated requests to comment.

The criticism of Bremer is often indirect, but the implication is clear. When Army Lt. Gen. David H. Petraeus, now the top military commander in Iraq, testified before the Senate last month, he called the occupation authority's "de-Baathification" and dissolution of Iraq's army two of the most "significant mistakes the U.S. has made to date in Iraq." Bremer made both decisions in Baghdad without extensive consultation with the State Department, the National Security Council or other U.S. government agencies.

"Disbanding the Iraqi army . . . without simultaneously announcing a stipend and pension program for those in the Army, the future plan for Iraq's defense forces, and provisions for joining those forces undoubtedly created tens of thousands of former soldiers and officers who were angry, feeling disrespected, and worried about how they would feed their families," Petraeus wrote in a response to questions submitted by the Senate Armed Services Committee.

Other less-recognized Bremer policies have also come under scrutiny in recent months, particularly his formation of the Commission on Public Integrity to ferret out government corruption. As with many of the occupation authority's decisions, it targeted a problem of the old Iraq -- the endemic graft and cronyism that existed under Saddam Hussein.

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But the result has been far from what the Americans expected: The commission's chairman has mounted so many investigations that Iraqi bureaucrats are afraid to spend government money even on crucial reconstruction projects, according to U.S. government officials. It is one reason the Iraqi government was unable to disburse $10 billion that it had budgeted last year. The Bush administration wants Maliki's government to spend that money on reconstruction this year, but it is still working on ways to mute the unexpected influence of Bremer's commission.

The administration is also pushing Maliki's government to modify Bremer's de-Baathification policy and his decision to transfer authority over the process to a commission headed by a controversial former exile, Ahmed Chalabi. David Satterfield, the State Department's Iraq coordinator, told the Senate last month that the U.S. government believes changes to the de-Baathification law are "a critical element in any meaningful national reconciliation."

Bremer has acknowledged that handing responsibility for de-Baathification to Chalabi's commission was a mistake. "The error was that I left the implementation of the policy to a political body within the nascent Iraqi government, where it became a tool of politicians who applied it much more broadly than we had intended," he wrote last year. "De-Baathification should have been administered by an independent judicial body."

The chief purpose of today's hearing is to focus on the Coalition Provisional Authority's spending of Iraqi oil revenue in 2003 and 2004. Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, issued an audit stating that the CPA engaged in "less than adequate" managerial and financial control of approximately $8.8 billion given to Iraqi government ministries.

"The CPA management of Iraq's national budget process and oversight of Iraqi funds was burdened by severe inefficiencies and poor management," Bowen wrote.

Bremer fired back with a blistering letter to Bowen. He argued that the audit incorrectly assumed "Western-style budgeting and accounting procedures could be immediately and fully implemented in the midst of a war." The CPA, he wrote, accepted that its payroll system was imperfect because "it would have been dangerous for security -- ours and Iraq's -- to stop paying armed young men."

Although Bowen issued his audit in 2005, the ruling party in Congress opted not to hold a hearing on the findings. "The Republicans chose to ignore it," Waxman said. "We believe examining what occurred during the CPA period is still relevant today."

Bowen, who is scheduled to sit at the same witness table as Bremer, will contend that there were basic steps the CPA could have taken to improve oversight of how the money was spent, according to an official familiar with his plans.

Bremer may get the benefit of the doubt from Republicans with regard to the expenditure of Iraqi oil money. "Mistakes have clearly been made," said David Marin, director of the Oversight Committee's Republican staff. "But every time we talk about money being spent without appropriate internal controls, we also need to remember the importance of getting money out quickly to get Iraq up and running."

But Shays indicated that GOP committee members are inclined to take a dim view of decisions other than the expenditure of oil money, particularly the dissolution of the Iraqi army and de-Baathification.

In those cases, "it's hard to imagine a lot of members coming to his defense," one congressional GOP official said. "He's got to defend himself."

Dozens Killed As Baghdad Crackdown Nears (AP)

By Robert H. Reid

AP, February 6, 2007

Bombings and mortar attacks killed dozens across Baghdad on Monday as Iraqi troops set up new checkpoints and an Iraqi general took command — indications that the much-awaited operation to restore peace to the capital is gearing up nearly a month after it was announced.

With little sign of an end to the carnage, many Iraqis have begun complaining that the security drive has been too slow in starting, allowing extremists free rein to launch spectacular attacks that have killed nearly 1,000 in the past week.

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Monday's death toll supported their frustration. At least 74 people were killed or found dead across the country — all but seven of them in Baghdad.

With so much at stake, U.S. commanders have moved methodically to plan the operation and assemble the force, eager to avoid the mistakes that accompanied two failed crackdowns last year.

The U.S. military officials said Monday they consider the operation to have been under way ever since Bush signed the order last month to start moving troops to Iraq. U.S. officers offered assurances that once the operation gets rolling, Iraqis will begin to see a difference.

"It's going to be much more than this city has ever seen and it's going to be a rolling surge," Col. Douglass Heckman, the senior adviser to the 9th Iraqi Army Division, said of the operation.

But Iraqi politicians — Shiite and Sunni alike — urged the government to speed up implementation of the plan, which President Bush announced Jan. 11. The operation would put thousands of U.S. and Iraqi troops on the street to protect civilians against sectarian bombers and death squads.

In a sign that the crackdown is near, Iraqi troops manned a major new checkpoint Monday at the northern gate to Baghdad, searching cars and trucks heading to and from Sunni insurgent areas to the north. Soldiers and police said the checkpoint was set up as part of the security plan.

Elsewhere, Rahim al-Daraji, a senior official in Sadr City, said police were already moving into the capital's sprawling Shiite slum, stronghold of the notorious Mahdi Army militia.

And Lt. Gen. Abboud Gambar, who will direct the operation, took charge of his still-unfinished command center Monday in a former Saddam Hussein palace located inside the American-controlled Green Zone.

Gambar, who was taken prisoner by U.S. troops in the 1991 Gulf War, will have two Iraqi deputies, one on each side of the Tigris River, which flows through the center of the capital. The city will be divided into nine districts, each with as many as 600 U.S. soldiers to back up Iraqi troops who will take the lead in the security drive.

In announcing the plan, Bush said he was sending 21,500 additional American troops mostly to Baghdad in what is widely seen as a last chance to quell the sectarian violence ravaging the capital and surrounding regions.

About 3,000 paratroopers from the 2nd Brigade of the 82nd Airborne Division arrived in Iraq in late January and were expected to begin operations in the coming days. But the last of the U.S. reinforcements are not due until May.

Monday's slaughter killed 15 people in back-to-back car bombings at a gasoline station in Sadiyah, a mostly Sunni neighborhood of southwestern Baghdad, police said. Eight people were killed when a bomb exploded in a garbage can in a Sunni enclave in central Baghdad, according to police.

Four mortar shells exploded about sundown in a Shiite part of Dora, killing seven people, police said.

The U.S. military reported the deaths of two American soldiers, both killed on Sunday north of Baghdad.

With violence roiling the capital, Prime Minister Nouri al-Maliki has come under strong pressure from fellow Shiite politicians to speed up the operation because most of the recent victims of Baghdad attacks have been Shiites.

They were joined in their appeal by Iraq's Sunni vice president, Tariq al-Hashimi, who said the government needs to move fast "because people cannot tolerate ... this sort of chaos and the killing around the clock."

"I am very much interested in fact to speed up the implementation of this plan in fact," al-Hashimi told the British Broadcasting Corp. Two of his brothers and one sister were assassinated last year in separate unsolved murders.

U.S. officials believe the previous crackdowns faltered because the Iraqis were unable to bring enough of their own troops to the capital. Some units in southern Iraq refused orders to move to Baghdad.

This time, the Iraqis have promised up to 8,000 new troops, including well-trained Kurdish units from the north.

While Iraqi units have been arriving on schedule, Defense Secretary Robert Gates said last week they were at only 55 to 65 percent strength and that "probably isn't good enough."

"There is no specified time for starting the security plan, but preparations and deployment of the forces including the checkpoints inside and surrounding Baghdad has begun," Deputy Prime Minister Salam al-Zobaie told Al-Jazeera television.

Al-Zobaie, a Sunni, said the government had great hopes for the success of the security plan although the Iraqi military contribution would be "less than expected."

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Public anger, especially among Shiites, has welled up since a huge truck bomb Saturday devastated the Sadriyah market in a mostly Shiite part of central Baghdad, killing 137 people. It was the fifth major bombing in less than a month against Shiite targets in Baghdad and southern Iraq.

Such attacks have discredited Iraqi security forces at a time when the government is urging people to put their trust in the army and police — rather than sectarian militias.

Under American pressure, Shiite politicians persuaded radical cleric Muqtada al-Sadr to pull his Mahdi militiamen off the streets to avoid a confrontation with the Americans.

But many Shiites complain that the move effectively handed the streets to Sunni extremists before U.S. and Iraqi forces were ready to assume control.

"This delay in the implementation of the security plan is not good and has had negative consequences for Iraqis," said Falah Hassan, a spokesman for al-Sadr's movement. "We demand that the plan be executed as soon as possible because the terrorists are going too far in their vicious attacks."

In Washington, Bush said he understood that the Iraqis are eager to see improvements in security.

"We'd like to do it as quickly as possible," he said. "The success of that plan is going to depend upon the capacity and willingness of the Iraqis to do hard work. We want to help them do that work."

Much of the sectarian violence has been blamed on forces loyal to al-Sadr, a close political ally of al-Maliki.

Last weekend, two key members of al-Sadr's organization were killed, one in the southern city of Basra and another in a confrontation with U.S. troops northeast of Baghdad.

Ali Khazim, who ran al-Sadr's political organization in volatile Diyala province, was killed Sunday by American soldiers at his home 12 miles east of Baqouba, according to Saleh al-Ageili, a spokesman for the Sadr Movement's parliamentary bloc.

The spokesman said Khazim was stabbed with a bayonet.

"What has happened to Khazim is part of the series of provocative acts by the occupation forces against the Sadr movement. The occupation forces know well who are the terrorists and their whereabouts, yet they are targeting our people," al-Ageili told The Associated Press.

The U.S. military said in a statement that Iraqi troops backed by Americans had shot and killed the leader of a rogue Mahdi Army group but did not name Khazim as the victim.

The second Sadr organization official, Khalil al-Maliki, was killed by three gunmen in a drive-by shooting on Sunday in Basra.

U.S. Unit Walks 'A Fine Line' In Iraqi Capital (WP)

By Joshua Partlow

The Washington Post, February 6, 2007

BAGHDAD, Feb. 5 -- The camouflaged American soldiers, weary from hours of struggling to talk with Iraqis during a patrol in eastern Baghdad, laughed with relief after an Iraqi army major's wife met them at her door. The soldiers had no interpreter. She had a master's degree in English translation.

"Do you want to work for the Americans?" asked U.S. Army Lt. Anthony Slamar, 26. "Do you want a job as a translator?"

The woman stepped back into her darkened doorway.

"With you? No. Not with you. Do I want to die?" she said. "I am afraid of you, I'm sorry."

The American and Iraqi plan to pacify the capital rests on the assumption that U.S. troops can win the trust of a wary population by protecting civilians trapped amid sectarian warfare. Each day, U.S. soldiers go door-to-door in the city, searching bedrooms and bathrooms, cabinets and closets, for unauthorized weapons. The operations also offer a chance to cultivate Iraqis as sources of information about the violence entangling their neighborhoods.

But soldiers in a task force from the 1st Battalion, 26th Infantry Regiment, who have patrolled Baghdad for months, say that trying to gain cooperation from Iraqi civilians is a thankless struggle. They say they feel powerless to prevent the city's slide into wider war and that Iraqis seldom open up to them with detailed intelligence. Since the task force of more than 800 soldiers arrived in August, 15 of them have been killed.

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Although their commanders argue otherwise, the extent of the challenge led some soldiers to express doubt in interviews that the additional 17,500 American troops slated for Baghdad can make a lasting difference.

"I don't think the infantry or pretty much anyone in the United States Army are properly trained to deal with the guerrilla tactics these guys use against us," said Spec. Jeffrey Steele, 22. "This is a policing thing, you know. It needs more investigation into how these guys work, where they're located. I don't think we can do any better."

At 7:30 a.m. Thursday, under a drizzling rain, Slamar gathered his unit in a circle in a gravel lot on their base to brief them on the day's mission. He passed around a photograph of a tire filled with explosives, a new type of roadside bomb found in the sector they patrol.

"They are filled with rifle ammunition, nails and pieces of iron to increase the intensity of the explosion and increase its fragmentation effect. Lovely," Slamar said. "Make sure you're . . . scanning, okay? Hey, now's not the . . . time to give up, all right? We've still got a long deployment ahead of us. Keep on going."

The five-Humvee convoy rumbled out of the camp gates and drove south to Qahira, a mixed Sunni-Shiite neighborhood in northeastern Baghdad caught between the Shiite militias in Sadr City to the east and Sunni insurgents in Adhamiyah to the west.

The first goal was to identify potential rooftop sniper positions for a future operation. The troops, armed with M-4 assault rifles, fanned out and soon found a resident, Ahmed, to lead them into a house they wanted to inspect. When the soldiers entered, past plates of orange peels and half-eaten bread in the kitchen, nervous children came down a marble staircase in their pajamas and stood next to their barefoot mother.

"We're just in the area to secure the area, so we're visiting people," said Capt. Andrew Jasso. "There's been a lot of explosions, like on the road here, the bombs."

"No, no, no, no, okay, okay," Ahmed said, motioning toward neighboring houses. "Friend and friend and friend, okay, no problem."

"So this area is pretty good?" Jasso said, sounding dubious. A single bullet hole was visible in the wall above the stairway.

"No problem," Ahmed said.

The lack of an Arabic interpreter -- a chronic problem, the soldiers say -- made communication more difficult. But even when Americans and Iraqis can understand each other, U.S. soldiers said, many Iraqis do not speak openly because they are afraid of being perceived in their neighborhood as collaborating with the Americans.

The Iraqi army major with the English-speaking wife begged the Americans not to reveal his profession to his neighbors, and said he would be risking his life even going outside with them.

"If the people see me with you, they do this," he said, shooting an imaginary gun with his hands. "Okay? Understand? They come and kill me: 'You work with the U.S.A.' "

The American troops took some care to be polite when entering Iraqi homes. During Thursday's six-hour patrol, they handed out Iraqi newspapers and packets of gum and attracted an eager following of young children. But machine-gun-toting Americans rooting through bedrooms, inspecting weapons and demanding identification cards clearly unsettled some residents.

Inside the Iraqi major's house, Jasso tried to put the major's wife and her relatives at ease by telling stories about his two young children. She interrupted him. "Sorry, I have to ask you. Why didn't you just knock at the door? Why did you just jump in?"

A soldier explained to her that the Americans avoid standing in the street in front of houses because of the threat of snipers.

"Just trying not to give everyone a bad impression of Americans is the hardest thing," said Staff Sgt. Andrew McKay, 27. "Being courteous, being nice to the kids, being nice to the families, but still maintaining your military bearing and doing your job -- it's a fine line to walk."

Faced with an often distrustful, frightened populace, members of the task force said they doubted that adding thousands more U.S. troops would change this frustrating dynamic. One soldier, on his second tour in Iraq, said the attitude of the Iraqi civilians toward the Americans continues to deteriorate.

"Whatever new plans they come up with, it won't work out here. It's getting worse and worse," the soldier said, speaking on condition of anonymity because he worried about a reprimand from his superior officers. "I was here last time, in the beginning. Now it's totally changed. They don't even respect us anymore. They spit at us, they throw rocks at us. It wasn't like that before."

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Higher-ranking officers with the task force said they see encouraging signs that cooperation with Iraqis will improve as the new security initiative in Baghdad begins.

The unit's acting commander, Maj. Clay Padgett, said the influx of U.S. troops and changes in tactics would generate more intelligence about insurgent and militia activity. He said the troops would move onto smaller bases to increase their presence in violent neighborhoods.

Within the past month, Padgett's task force has set up one office known as a joint security site, or JSS, that brings together representatives from the Iraqi police, army and coalition forces to coordinate information and operations. The new security plan calls for about 35 more such sites spread over Baghdad's nine security districts.

"When you hear the stories about soldiers who say the local Iraqis don't want us to be here, you would be amazed at the amount of tips that have come in just from us establishing inside of the JSS," Padgett said. "And because we're right there" with the Iraqi police, "we're right there inside the community. All of a sudden the community feels as though here's another window of opportunity to come up and talk to coalition forces."

Sgt. 1st Class Luis Enrique Gutierrez Rosales, 38, said most of the Iraqis he has met say they are pleased that the Americans patrol their neighborhoods. "They said they always feel safe when we're around. People stop on the road and say thank you. They say, 'If it wasn't for you, I probably wouldn't be alive,' " he said.

But some of his soldiers saw less reason to be hopeful about either their relations with the Iraqis or the troop increase. After the patrol on Thursday, Sgt. Michael Hiler, 26, stepped down from his Humvee and described the day's effort as "stupid."

"We should have pulled out a long time ago," Hiler said. "It's going to take the hand of God to change anything about what we do here, which is nothing. This country's going to fall apart sooner or later, and at this point I say, 'Good riddance.' "

Sitting on bunks while waiting for an evening patrol, a group of soldiers discussed the enemy and the latest security effort, described by Padgett as "the last best hope for Iraq."

"All these extra troops start coming into Baghdad, you'll start reducing the anti-American violence. That way, it will show quick results for the Bush administration. And that way, 'Hey, we won the war, let's get out of here,' " said Pfc. Daniel Gomez, 21, a medic. But he said of the forces opposing the Americans: "They're like the Viet Cong, they can wait it out. We're not going to be here forever, and they know that. And then we're gone, and it's all theirs."

Anti-violence Push Begins In Baghdad (WT/AP)

By Sameer N. Yacoub

The Washington Times, February 6, 2007

BAGHDAD -- An Iraqi general took charge of the security operation in Baghdad yesterday as Iraqi police and soldiers manned new roadblocks -- initial steps indicating the start of the anticipated joint operation with American forces to curb sectarian bloodshed.

Stung by continuing violence, Iraqi officials urged the United States to implement the plan as quickly as possible, particularly as some militias -- which had offered the only protection in certain neighborhoods -- have disappeared from the streets.

At least 38 persons died in bomb and mortar attacks across the city yesterday, 15 of them when two car bombs blew up in quick succession as they waited to buy gasoline in southern Baghdad. Seven persons died after nightfall, when four mortar shells struck a Shi'ite neighborhood in southern Baghdad.

The command center for the joint operation, staffed by Iraqis and Americans, opened yesterday inside the fortified Green Zone next to the prime minister's office.

U.S. military spokesman Lt. Col. Christopher Garver said the Baghdad command center was manned but "not yet up and running."

"It'll take a few days to get things organized," he said.

A spokesman for the Sadr Movement, an important Shi'ite bloc in parliament, complained that the security crackdown has been too long in coming, leaving a security vacuum that has allowed suicide bombers to devastate several Shi'ite marketplaces over the past few weeks.

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An estimated 135 persons died in a truck bombing Saturday in the Sadriyah market, the deadliest single bomb attack since the war began.

Falah Hassan, the Sadr bloc lawmaker and spokesman, said the delay "has negative consequences for the lives of the Iraqis."

"We demand that the plan be executed as soon as possible because the terrorists are going too far in their vicious attacks," Mr. Hassan said on behalf of the lawmakers loyal to renegade anti-American cleric Muqtada al-Sadr.

Two senior members of Sheik al-Sadr's political and military organization were killed outside Baghdad yesterday, a sign that leaders of the organization are being targeted by Sunni insurgents as well as U.S. and Iraqi forces.

Iraq's Sunni vice president, Tariq al-Hashimi, also called on the United States to speed up its the deployment of extra troops, telling the British Broadcasting Corp. that he wanted the plan in place "as soon as possible, because people cannot tolerate in fact this sort of chaos and the killing around the clock."

The White House said the new strategy was going about as well as could be expected.

"This is not a problem that's going to be solved overnight," spokesman Tony Fratto said. "This plan is intended to bring long-lasting security to Baghdad. It's going to take some time to put all of the elements in place."

The security sweep will be led by Lt. Gen. Abboud Gambar, who was named to the top position under pressure from the United States after it rejected Prime Minister Nouri al-Maliki's first choice, Lt. Gen. Mohan al-Freiji.

Gen. Gambar will have two Iraqi deputies, one on each side of the Tigris River, which splits Baghdad north to south. The city is to be divided into nine districts, and as many as 600 U.S. forces in each district are to back up Iraqi troops.

The security drive, for which President Bush has dispatched 21,500 additional American forces, was seen by many as a last chance to quell sectarian violence in and around the capital.

Two security operations over the past nine months -- Operations Together Forward I and II -- have failed to halt the violence, in part because Iraqi authorities failed to produce the number of troops promised.

Defense Secretary Robert M. Gates said last week that Iraqi troops who arrived to augment the newly assembled Baghdad force were only at about half strength.

US Prepares For Baghdad Crackdown (FT)

By Steve Negus

Financial Times, February 6, 2007

A new command centre for US-Iraqi operations aimed at restoring security in Baghdad will be operational “within days”, US officers said on Monday, paving the way for a planned offensive in the capital.

US advisers to Iraqi forces predicted that the scale of the operations – designed to contain both Shia militias and Sunni insurgents – would be larger than previous sweeps of the capital.

However, a weekend of violence – including an explosives-rigged truck that killed at least 135 in a Baghdad market on Saturday – may undercut Shia support for the operations, particularly as many believe the US is focusing too heavily in its new offensive on Shia militias, such as the Mahdi army associated with Moqtada al-Sadr, the radical cleric.

Saturday’s attack – possibly the most deadly single bombing since the US-led 2003 invasion – could feed perceptions that Shia have become more vulnerable as their militias take a low profile for fear of a crackdown by US forces. The deaths of two Sadrist leaders at the weekend – one in a raid by the US military and another by gunmen assumed to be Sunni insurgents – may reinforce Shia perceptions that they are being unfairly-targeted.

The new Baghdad offensive will be backed by reinforcements that are part of the “surge” pledged by US President George W. Bush last month.

US troops reportedly intend to move into Baghdad neighbourhoods in greater numbers than before and establish a more lasting presence in the form of small combat outposts that will prevent insurgents and militias – once forced out of districts – from returning.

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US officers have in the past suggested that the surge is intended to be a sustained, months-long effort, and Iraqis will not feel the full impact in their neighbourhoods until the late summer. Previous US offensives have often led to a short-term fall in violence, with bloodshed escalating again as forces move elsewhere.

However, supporters of the surge – both US and Iraqi – argue that a sustained period of stability may allow Iraqi state institutions to become more confident and more established on the neighbourhood level, with citizens putting their trust in government forces rather than militias or insurgents.

The deployment of additional US troops is predicated on support from the government of Nouri al-Maliki, prime minister, which is implementing its own security clampdown.

"What we're trying to do with this reinforcement of our troops is to provide enough space so that the Iraqi government can meet certain benchmarks or certain requirements for a unity government to survive and for the country to be strong," Mr Bush said on Monday.

Additional reporting by Caroline Daniel in Washington

U.S. Advisers Find Joint Patrols With Iraqis Don't Go As Planned (USAT)

By Jim Michaels

USA Today, February 6, 2007

MAHMOUDIYA, Iraq — In the pre-dawn chill, 1st Lt. Seth Reimers briefed his men. A joint patrol of about 60 soldiers equally divided between Iraqi and U.S. forces would storm a compound outside of town and grab a suspected insurgent financier.

"The Iraqi army is taking the lead," Reimers, 24, explained to the U.S. troops before they climbed into idling Humvees. "We're there to support."

It didn't quite work that way. A couple hours after the briefing, the combined patrol broke through a gate surrounding a compound and burst into the main house. The American soldiers immediately took the initiative. They stormed through, searching rooms and looking for suspects. With their weapons raised to their shoulders, the Americans moved deliberately up the stairs, calling to each other as they cleared rooms.

Meanwhile, many of the Iraqi soldiers hesitated, waiting for someone to tell them what to do. They stood to the side watching the action, their weapons at their sides.

Outside, two American Apache attack helicopters clattered overhead, tracking the locations of suspects who fled across surrounding farm fields. U.S. officers kept in radio touch with the pilots and directed the search.

Capt. Ian Perry, 26, executive officer of Battery A, Task Force 2-15, said later of the Iraqi soldiers, "They hung back a little bit. That's not common. Usually they're really into it." Perry said the Iraqi troops might not have been fully briefed about the mission or the pre-dawn start may have been a little early for them.

Getting Iraqi forces trained, motivated and taking the lead in the fight against insurgents and illegal militias has been a struggle for the U.S. military.

"This is occurring slower than we originally projected," Gen. George Casey, the outgoing top U.S. commander in Iraq, acknowledged last week in congressional testimony.

A major U.S. intelligence report released last Friday said that Iraqi security forces lack the training, equipment and skills necessary to replace U.S. troops. The National Intelligence Estimate said that, if U.S. troops were withdrawn in the next 12 to 18 months, "this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq."

To improve the performance of Iraqi forces, the U.S. military is boosting the number of advisers and American units training and living with Iraqi forces, says Maj. Gen. Carter Ham, commander of a new school for training military advisers at Fort Riley, Kan.

Raids such as the one Reimers led illustrate the complexity of their mission. Even the best of Iraqi units still have trouble operating without American assistance. "In my opinion it will take three or four years" before Iraqi forces are capable of functioning without any U.S. assistance, says Sgt. Olan Aldrich, 25, part of the American advisory team here.

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It's a risky mission. Since the first military and national police advisers came to Iraq in September 2004, 33 have been killed, according to the Iraqi Assistance Group, which oversees U.S. advisers. Almost half the deaths occurred in the past six months as Iraqis have played a more prominent combat role.

That has exposed advisers, as well as Iraqis, to greater dangers. "The Iraqi security forces are truly more in the lead, and the transition teams are with them," says Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group. "They're out there in harm's way constantly." There are about 5,000 American advisers in Iraq now.

Since 2004, the U.S. Army and Marines have placed about a dozen advisers with each Iraqi battalion of about 500 troops.

Reimers' unit is part of an experiment to take the partnership a step further, by placing an entire American battalion, in this case about 400 soldiers, with an Iraqi brigade of 3,000 soldiers. Col. Mike Kershaw, 45, says the move puts "more people against the problem."

The brass are watching the experiment closely. "That's the future," Pittard says. "We will see more and more of that."

Lt. Gen. Raymond Odierno, the No. 2 ranking U.S. commander in Iraq, says the Iraqi brigade based here, the 4th Brigade, 6th Army Division, is successful largely because of the decision to place more Americans with the unit.

Advising is not a role that comes naturally to American officers and non-commissioned officers. Advisers are told to take a back seat during operations, allowing Iraqi leaders to take charge. "We've taken officers and NCOs who for their entire time in the Army were encouraged to be aggressive," Ham says. "Now we're saying, 'Don't do that. I don't want you to lead from the front.' "

Reimers, from Ogden, Iowa, coached his Iraqi counterpart, Maj. Dhamad Shaiah al-Musawy, as the raid unfolded. Reimers and al-Musawy began questioning a suspect found in the compound. He wasn't the man they were looking for, but he might have been related.

Reimers turned to the Iraqi officer. "What do you want to do?" Reimers asked. "It's your call, brother. I recommend we detain him, but it's up to you." The Iraqi officer ordered the suspect detained.

After leaving the compound, the soldiers took off across fields in pursuit of men who had fled the compound moments before the soldiers arrived. Reimers yelled "Yallah," or "Let's go," as he encouraged Iraqi soldiers to keep up as the group dashed across muddy farm fields and jumped across irrigation ditches in pursuit of the men.

Overhead, one of the Apache helicopters dropped flares over locations where the pilots saw fleeing men. The stink of a nearby chicken coop hung in the air, and stray dogs barked at the running soldiers.

After the initial raid, Perry said the Iraqi soldiers did a thorough search of the compound and helped scour the surrounding farm fields for men who fled the compound. "With some guidance from Lt. Reimers, they performed to standard eventually," he said.

About a dozen men were detained during and after the raid. All were later released. It turned out the two informants who told U.S. forces about the suspect were not able to provide enough specifics to hold any of them, including a couple brothers of the suspect. Nor was anything incriminating found in the home.

In order to keep suspects in custody, U.S. and Iraqi forces have to provide evidence to hold up in Iraq's court system, where they are eventually tried. "The evidence was insufficient," Perry says.

Planning for the Americans started days before the raid. But most Iraqis going on the raid learned about the target only hours before it was launched. The Americans say they don't brief their Iraqi counterparts until the last moment to avoid a leak that might tip off a suspect. Iraqi troops often have ties to the community or can be intimidated by insurgents who regularly threaten the families of Iraqi soldiers.

"There are some leaks," Perry says. "That is recognized by everyone."

Still, the Americans work hard to develop relationships with their Iraqi counterparts. Sipping sweet tea and eating flat bread, American and Iraqi advisers gathered at an Iraqi base here to review satellite photos and discuss details of the plan before heading out on the raid.

"I work with this group (of Americans) like my family," says al-Musawy, 35, who has spent most of his adult life in the Iraqi military. "They're my brothers. They work hard. They know military science."

When the Iraqi brigade commander's father fell seriously ill, his American adviser, Lt. Col. Bob Morschauser, saw to it that he received treatment at an American military hospital.

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"The American adviser is not in command," says Col. Timothy Reese, director of the Combat Studies Institute at Fort Leavenworth, Kan., which has studied past U.S. adviser missions in Vietnam, Korea and elsewhere. "Your authority is limited to the personal rapport you develop with your counterpart."

U.S. advisers are encouraged to read the works of T.E. Lawrence, the legendary British author who helped lead an Arab revolt during World War I and became known as Lawrence of Arabia. "Do not try to do too much with your own hands," Lawrence wrote in a 1917 article in The Arab Bulletin. "Better the Arabs do it tolerably than you do it perfectly. It is their war, and you are to help them, not to win it for them."

"You can't go into this job thinking they're the American Army," says Maj. Matt Zimmerman, the operations officer of the 2-15 Task Force, which advises the Iraqi brigade. "They're not."

During a joint patrol in Mahmoudiya, one Iraqi officer strolled down the road without body armor or a rifle, a violation of normal operating procedures. He carried a handheld radio.

Reimers said he notices improvements and cannot correct every transgression he sees. Before a foot patrol got underway, the Iraqi battalion sergeant major, the top enlisted man, was hustling to get the Iraqi troops prepared when it was clear they were running late. In the past, only Iraqi officers had exercised any leadership. Reimers noted that non-commissioned officers were now taking initiative. "They feel like they're letting us down if they're not ready," Reimers said, watching him scramble after his troops. "That's more progress."

The Iraqi forces are not nearly as well-equipped and protected as their American counterparts.

The lack of equipment and logistical support is the largest problem facing Iraqi forces, say U.S. advisers.

The 566-man Iraqi battalion here in Mahmoudiya, just south of Baghdad, has only 11 Humvees that work. Four were disabled by roadside bombs and are waiting to be fixed. They have five pickups, used in part to ferry troops.

The Iraqi battalion is equipped with AK-47s and machine guns but has no mortars or artillery support.

A U.S. battalion of similar size has about 55 Humvees. American troops travel only in Humvees or other armored vehicles when they drive outside their base. Iraqi and U.S. troops here are regularly attacked by roadside bombs.

Iraq's Defense Ministry has struggled to support its troops. "There is a big problem with the Ministry of Defense," says Lt. Col. Abdul Muhsin Falei Jabar, the Iraqi battalion commander here.

"Iraqis need a little help in getting the wherewithal to run a large army," Ham says. "That is probably the next major undertaking" for the U.S. effort to build up the Iraqi military.

One advantage of placing an entire U.S. battalion with an Iraqi unit is that the Americans can plug the gaps left by Iraq's Defense Ministry. Instead of waiting on the ministry, the Americans fixed the Iraqi Humvees. The U.S. government has paid for new barracks on the Iraqi base here.

"They're trying to get flashlights for their weapons," Aldrich says. "They can't get them, but I can."

Aldrich, an armorer, sat on a wall eating a bowl of rice and meat given to him by Iraqi colleagues.

Pvt. Saif Saad sat next to Aldrich, watching him eat. "We're like brothers," Saad said. "We feel safe when we go with Americans."

Well-fed and equipped American troops are often a source of wonderment to Iraqi soldiers. Iraqi troops who eat at the U.S. mess hall are often amazed at the quantity and variety of food available to Americans.

A couple of Iraqi officers visiting the nearby U.S. base carried trays piled high with food. Chips, pastries and packages of small snacks were balanced precariously on their trays. One of the Iraqi officers expressed surprise, however, that smoking wasn't allowed in the mess hall.

Part of the idea behind having the Iraqis work closely with U.S. forces is to have American military values rub off on Iraqis.

In the former Iraqi army, "all the officers were like dictators," Jabar says.

"There were no good relations between officers and soldiers. We understand stuff now," he says.

"They strive to be like we are," Reimers says.

But not all the time. The American military has a tradition of officers serving enlisted troops in the mess hall during holidays. The sight of American officers at a Christmas dinner behind the serving line with small white hats appeared strange to Iraqi officers accustomed to a different, more autocratic, style of leadership.

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Said Capt. Jeremy Edge, 26: "I think we lost some face."

Troops In Iraq Kill Official Who Worked For Shiite Cleric (NYT)

By Richard A. Oppel Jr.

The New York Times, February 6, 2007

BAGHDAD, Feb. 5 — The director of the political office in Diyala Province for the powerful anti-American Shiite militia leader Moktada al-Sadr was shot and killed by troops during a raid on Sunday, a Sadr political spokesman said Monday.

A statement by the United States military did not identify the official who was killed. It said Iraqi troops had killed a leader of "rogue" and criminal elements of Mr. Sadr's Mahdi Army in Diyala who had directed attacks on American forces as well as "kidnappings, assassinations and other violence targeting Iraqi civilians and Iraqi police."

But a spokesman in Baghdad for Mr. Sadr's political movement, Salah al-Agaili, identified the official as Ali Khazim al-Hamdani. The spokesman said that Mr. Khazim had been the chief of Mr. Sadr's political office in Diyala and that he had not turned rogue or otherwise distanced himself from the Sadr movement. The spokesman also termed the death a "provocation."

Some American officials familiar with Diyala, a volatile province north of Baghdad, have said that Mr. Khazim provided intelligence to the American military, beginning last summer. In one instance, they said, Mr. Khazim supplied information that led to the capture of Shiite militiamen who had killed three American soldiers with a powerful roadside bomb near Baquba last fall.

One American official said that at one point last year Mr. Khazim sought to reduce the Mahdi militia's emphasis on attacking American and Iraqi forces, but that the effort had helped put Mr. Khazim in conflict with other more militant factions associated with the Mahdi Army, including forces allied with Abu Dera, the feared Shiite death squad commander.

In an interview last year, Mr. Khazim explained that Mahdi militiamen were pouring into Diyala to protect Shiites being terrorized by Sunni insurgents. "If my brothers are killed, we have to react to that," he said.

Sunni insurgents have overrun much of Diyala Province and killed or driven out thousands of Shiites. They often attack the province's Shiite-dominated security forces, whose commanders, American officials have said, include officers with close ties to Shiite militias and death squads.

2 Key Members Of Mahdi Army Killed (AP)

AP, February 5, 2007

Two key members of radical anti-American Shiite cleric Muqtada al-Sadr's political and military organization were gunned down just days before the U.S. and Iraqi forces planned to open a massive security drive in Baghdad.

Ali Khazim, who ran al-Sadr's political organization in volatile Diyala province northeast of Baghdad, was killed Sunday by U.S. forces at his home in Howaider village, 12 miles east of Baqouba, Saleh al-Ageili, a spokesman for the Sadr Movement's parliamentary bloc, said on Monday. Provincial police confirmed al-Ageili's account.

"What has happened to Khazim is part of the series of provocative acts by the occupation forces against the Sadr movement. The occupation forces know well who are the terrorists and their whereabouts, yet they are targeting our people," al-Ageili told The Associated Press.

The U.S. military did not immediately respond to telephone and e-mail requests for comment.

The second official, Khalil al-Maliki, a key figure in al-Sadr's Mahdi Army militia in Basra, was killed by three gunmen in a drive-by shooting on Sunday in the southern city of Basra, police reported. He survived an assassination attempt in the city last year.

As many as seven key figures in the al-Sadr organization have been killed or captured in the past two months, at least three of them by U.S. forces, after Prime Minister Nouri al-Maliki, also a Shiite, dropped his protection for the organization — a crucial backer in his rise to power.

The coming security drive, to which President Bush has dispatched 21,500 additional American forces, was seen as a last-chance effort to quell the sectarian violence ravaging the capital and surrounding regions.

Security Crackdown In Capital Takes Shape As Attacks Kill Dozens (WP)

By Joshua Partlow

DOJ_NMG_0128155

The Washington Post, February 6, 2007

BAGHDAD, Feb. 5 -- Bombs and mortar shells killed more than 37 people in Baghdad on Monday, as U.S. officials said that the command structure for the new security crackdown in the capital was ready.

In the deadliest attack, a small truck rigged with explosives was detonated near a gas station in the Bayya neighborhood, killing 15 people and wounding 58, according to Col. Fakher Hussein of the Interior Ministry. A car bomb that exploded in an industrial area of central Baghdad took the lives of 13 people, he said.

The U.S. and Iraqi militaries have for months been preparing a massive security initiative aimed at quelling the daily killing in the capital. A spokeswoman for the U.S. military, Lt. Col. Josslyn Aberle, said Monday that the command structure and choice of personnel to head the effort have now been established.

Iraqi forces in the capital will be led by Lt. Gen. Abboud Gambar, a former naval commander in the military of deposed president Saddam Hussein. Gambar was taken prisoner by U.S. forces during the 1991 Persian Gulf War.

A Shiite from the southern city of Amarah, he will report directly to Prime Minister Nouri al-Maliki, whose viability as Iraq's leader hinges on his ability to temper the violence in Baghdad.

The selection of Gambar, a relatively unknown officer, was greeted with skepticism by some Iraqi and U.S. officials. But an aide to Maliki said the prime minister remains confident in his choice and that Gambar has the support of coalition commanders. During a meeting last month between Maliki and Lt. Gen. Graeme Lamb, the senior British general in Iraq, Lamb pronounced Gambar a "good man," the aide said.

Gambar will have deputies in charge of the east and west sides of Baghdad, which is divided by the Tigris River, and will oversee the nine security districts recently established in the capital. President Bush plans to send an additional 21,500 troops to Iraq, and thousands of them have begun arriving in Baghdad.

The troop increase "changes the dynamic by adding an air of confidence to operations that we do in conjunction" with Iraqi forces, said Maj. Clay Padgett, acting commander of the 1st Battalion, 26th Infantry Regiment, a task force that patrols northeastern Baghdad.

"Quite frankly, we have had difficulties with areas inside of Baghdad that do not have a coalition forces presence. Because it's almost like putting your finger on a dot of mercury. You hit it and it goes all over the place. And unfortunately, you didn't have enough hands doing the same thing."

Also on Monday, Iraqi followers of Shiite cleric Moqtada al-Sadr reacted angrily to the killings of two alleged leaders of the Mahdi Army, the powerful militia that is largely controlled by Sadr. One Sadr follower, Ali Kadhum al-Hamdani, 38, was shot dead by Iraqi soldiers, backed by U.S. advisers, during a raid on his home in the insurgent hotbed of Baqubah, in Diyala province north of Baghdad.

The U.S. military did not name the dead man but identified him as a "rogue" leader of the Mahdi Army.

"The suspect is believed to have facilitated and directed numerous kidnappings, assassinations and other violence targeting Iraqi civilians and Iraqi Police. He is reportedly responsible for several attacks against Coalition and Iraqi Forces in the area," the military said in a statement.

A spokesman for the Diyala police, Ali al-Khaiyam, said Hamdani was killed near his home. He owned a flower shop in the main Baqubah market and handed out candy to children to celebrate the fall of Saddam Hussein.

The second Sadr official, Khalil al-Maliki, from the Mahdi Army in Basra, was killed in a drive-by shooting on Sunday, according to a Sadr spokesman.

Abdul Razzaq al-Windawi, the spokesman, said he viewed the killings as part of an increased effort by Americans "and their agents" to target Sadr's followers. The Iraqi government has been widely criticized for not doing enough to target violent followers of Sadr.

The U.S. military on Monday also announced the recent deaths of two U.S. soldiers. On Sunday, one soldier was killed and two were wounded by a roadside bomb during a patrol north of Baghdad. A soldier in Diyala province died during a small-arms attack by insurgents, the military said in a statement. The Americans' names were not released.

At least nine other people were killed in Baghdad on Monday, at least one in a mortar attack, officials said.

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US Eases Tone On Iran's Role In Iraq (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 6, 2007

WASHINGTON

In an atmosphere of sharp skepticism about intelligence and heightened sensitivity to saber rattling since the Iraq invasion, the Bush administration is signaling a more cautious tone toward Iran.

Less than a month ago, President Bush used a speech on a way forward in Iraq to present fresh accusations against Iran and roll out a more aggressive approach to the regime in Tehran. Now, the Iran debate is sounding markedly different.

Senior officials from the White House, State Department, and Pentagon are playing down the evidence the US possesses of "nefarious" Iranian involvement in Iraq's spiraling violence – in particular against US forces there. They're also insisting the US wants to work out problems with Tehran diplomatically.

A repeated delay in a promised presentation of evidence against Iran reflects the administration's desire to get things right, and to neither overplay nor underestimate involvement, officials say.

Explaining why the rollout of facts on Iranian involvement has been delayed, Stephen Hadley, Mr. Bush's national security adviser, told reporters Friday that "the truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts."

But the moderated tone also suggests an administration still smarting over memories of the earlier botched campaign to justify taking on Saddam Hussein, some experts say. And with some military officials cautioning against the risks of an "accidental escalation" resulting from a mishandling of the new aggressiveness toward Iran, the administration may have decided to pull back, they say.

Yet others with experience in similar situations involving both policy and intelligence motivations believe some evidence linking Iran to recent acts of violence is in US hands – but that intelligence officials have resisted its release for fear of compromising a fruitful information channel.

"What we've seen so far suggests information from somewhere in the Iranian government, perhaps from the Quds force of the Revolutionary Guard, but the intelligence people don't want to let it out for fear of tipping off the Iranians or losing a source," says Wayne White, a former Middle East analyst with the State Department's bureau of intelligence and research.

"Cat fights" are common, Mr. White says, between "policy people" who want to get the information out, and the intelligence side that is more focused on long-term effectiveness. "I suspect there was quite a lot of friction last week over Iran," he says.

The charges against Iran so far appear to stem from the following incidents:

•On Jan. 11, the United States raided the Iranian mission in the Kurdish city of Arbil, detaining six people and seizing what it said was material suggesting Iranian involvement in the supply of more powerful and sophisticated arms used in attacks on US forces.

•In late December, other Iranians, including two diplomats, were detained in Iraq and questioned. The diplomats were later released.

•Five US soldiers were abducted and killed in a sophisticated operation Jan. 20 in the Shiite city of Karbala. US military officials in Baghdad suspected the attackers, who wore US-style uniforms, of either being Iranian or benefiting from Iranian training. US military sources said they had never seen so sophisticated an attack from Iraqi insurgents.

•For more than a year, US armored vehicles, including the M1 Abrams battle tank, have been the target of increasingly powerful and sophisticated weaponry.

Last August, Brig. Gen. Michael Barbero cited "irrefutable" evidence that Iran was providing the technology for advanced explosive devices being used against US forces. In a Pentagon briefing, he said Iran was funding, equipping, and training "Shia extremist groups." But British forces patrolling Iraq's southeastern border with Iran reported last fall encountering more hearsay than evidence of such activity.

Zalmay Khalilzad, US ambassador to Iraq, said after the Arbil operation that some of the detained were from the Quds force and that one detainee was a director of operations for the Quds force.

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But last week, Defense Secretary Robert Gates said that information he had seen from the Karbala attack was "ambiguous" as to an Iranian role, adding that it was too early in the investigation to be conclusive.

Also last week, Nicholas Burns, undersecretary of State for political affairs, said it was "not possible to say exactly who" was responsible for the Karbala attack.

One issue the Bush administration faces is that it is seen to be focusing on Iran when Iraq's civil war – and Iraqi sectarian violence – is reaching a new intensity. Even the National Intelligence Estimate released last week minimized the Iranian role in Iraq, saying internal factors are more significant contributors to Iraq's instability.

"The involvement of [Iran and Syria] is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics," the report says.

That conclusion mirrors the view of experts like White, who believe Iran is involved in Iraq, but not in any decisive manner. "Yes, I believe the Iranians are doing this, but at a level that doesn't matter very much. Compared to the magnitude of the Iraqi-on-Iraqi violence, they are really playing a bit part in all of this," says White, now an adjunct scholar at the Middle East Institute in Washington.

Focusing on Iran now would risk suggesting the administration was trying to put up a smoke screen, some observers say. It would also not appear to be the right time to amplify accusations that Shiite Iran is providing material and personnel to target Sunni neighborhoods, given that the horrendous bombings of the last week have all hit Shiite neighborhoods.

As to why the Bush administration is choosing to verbally confront Iran now, White sees three reasons beyond a desire to stop suspected arms supplies. "I suspect they want to push Iran back a little to give the troop surge a slightly better chance of success," he says. "But I also think they are setting up a target to blame for if and when the surge fails. And then it is part of a steady vilifying of Iran, so that if they do go after them over their nuclear program, the US public is that much more prepared for it."

Iranian Diplomat Kidnapped In Baghdad By Iraqis With Official ID (NYT)

By James Glanz

The New York Times, February 6, 2007

BAGHDAD, Tuesday, Feb. 6 — An Iranian diplomat was abducted Sunday evening when his convoy was stopped by men with official Defense Ministry identification in the Karrada neighborhood here, senior Iraqi and American officials said Monday.

Iraqi security forces captured several suspects after pursuing their vehicles through the streets of Baghdad, two of the Iraqi officials said.

The vehicle with the diplomat was not caught, though.

Bombings killed at least 29 people and wounded 90 more in Baghdad as preparations for the latest attempt to secure the city were under way. Those preparations are part of the American-led troop buildup that some American and Iraqi officials view as a last-ditch effort to keep violence in the capital from degenerating into an all-out sectarian war between Shiite and Sunni Arabs.

The abduction of the Iranian took place in a largely Shiite section of the city not far from where a truck bomb killed at least 135 people on Saturday and where residents have complained that the slow pace of the increase in American troops has left them open to attacks.

The men captured in the chase by Iraqi forces on Sunday were Iraqis with Defense Ministry identification, Iraqi and American officials said, raising serious questions about whether government forces themselves were involved in the abduction.

A senior Iraqi official said that the credentials initially appeared to be genuine but that investigators later received conflicting information about whether the men had been dismissed from the ministry but somehow kept their identification.

When asked about indications that an Iranian diplomat had been abducted in Baghdad, Mohammad alHosseini, an Iranian Foreign Ministry spokesman in Tehran, said: “We need to investigate, because we have been receiving a lot of news like that these days. I cannot confirm it yet.”

If the kidnappers’ credentials turn out to be genuine, there will be enormous pressure on the Iraqi government to recover the diplomat and capture all of those involved. The Iraqi government has been critical of recent raids by American forces in which Iranians working with diplomatic offices in Iraq have been detained.

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The Americans have accused some of those Iranians of supporting illicit armed groups in Iraq, but the raids have been embarrassing to the Iraqi government, which has been encouraging foreign diplomatic missions — in particular Iran's — to increase their presence here. Iraqi officials have distanced themselves from the American raids, while Iran has simply termed those operations kidnappings.

In fact, the American position on those raids was weakened after American forces in Baghdad first announced that they would formally present evidence on illicit Iranian activity in Iraq, then pulled back amid indications that officials in Washington were not persuaded that the case was strong enough.

Tensions between the United States and Iran have recently soared over the issues of Iran's nuclear program and statements by its ambassador to Iraq that his country planned to increase its economic and military ties with Iraq substantially.

The Iranian Embassy has not publicly acknowledged the kidnapping. But in an indication of how high tensions between Iran and the United States have risen over the American raids, the embassy privately voiced suspicions that the kidnapping of its diplomat might have been done at the behest of American forces in Baghdad, an Iraqi official said.

American Embassy and military spokesmen did not immediately respond to requests for comment that were made after midnight on Monday in Baghdad.

Beyond the unsubstantiated suspicions about the involvement of the United States in the kidnapping, there were no clear indications of whether the Iranian diplomat might have been taken by insurgents seeking to cast doubt on the stability of Iraq's government, or simply for ransom.

But in videos, Sunni insurgents claimed responsibility for a series of attacks on Arab embassies in Baghdad in 2005, when the top diplomats from Egypt and Algeria were kidnapped and killed.

Also on Monday, the United States military reported that two American soldiers had been killed the day before.

One soldier from Task Force Lightning was shot by insurgents during combat in Diyala Province. Another soldier, assigned to the 13th Sustainment Command (Expeditionary), was killed by a roadside bomb during a patrol north of Baghdad.

A British soldier was killed Monday by a roadside bomb in Basra, the 100th British military combat death in Iraq, according to British news reports.

Another 31 members of the British military have died in Iraq from accidents or other causes.

U.S. May Seek Sanctions Against Iran (AP)

AP, February 6, 2007

The United States will push for more U.N. Security Council sanctions against Iran if Tehran continues to ignore council demands for suspension of the country's uranium enrichment program, the State Department said Monday.

Department spokesman Sean McCormack said Iran appears to be continuing "down the path of isolation" by its recent announcement of stepped up installation of centrifuges that process uranium gas into fuel that can be used for weapons or generating energy.

McCormack said the U.S. would seek "incremental" sanctions at the U.N. should the standoff continue, though he did not specify what they might be or the exact timing of any action.

The U.N. Security Council approved economic sanctions on Iran on Dec. 23 due to its refusal to halt uranium enrichment. If Tehran fails to comply by the end of a 60-day deadline that the U.N. imposed, the Security Council will consider new measures.

Tehran already has cascades of 164 centrifuges installed above ground at Natanz, and has announced plans to operate 3,000 centrifuges below ground there, enabling it to speed up production of nuclear fuel.

Defying U.N., Iran Installs Centrifuges (WP/AP)

The Washington Post, February 6, 2007

VIENNA, Feb. 5 -- Shrugging off the threat of tougher U.N. sanctions, Iran has set up more than 300 centrifuges in two uranium enrichment units at its underground Natanz complex, diplomats and officials said Monday.

The move potentially opens the way for larger-scale enrichment that could be used to build nuclear warheads. Iranian leaders have repeatedly said the Natanz facility would house 3,000 centrifuges at first and, ultimately, 54,000 of the machines.

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It also poses a direct challenge to the U.N. Security Council, which late last month imposed limited sanctions targeting programs and individuals linked to Tehran's nuclear and ballistic missile programs.

The uranium enrichment process can be used to fuel nuclear power plants. But at higher levels of enrichment, uranium can be used for the core of nuclear warheads.

Time To Act On Iran Is Now (USAT)

By Dr. Richard Saccone

USA Today, February 6, 2007

An objective look at the ominous threat from Iran provides a clear solution to the policy the United States must pursue. Iran is easily the most significant source of terror worldwide, providing financing, training, advice, support and supplies to its proxy Hezbollah as well as other groups as far away as Asia. That makes it a major opponent in the war on terror.

In addition, Iran has increased efforts to undermine the U.S. mission in Iraq through operations in the south as well as in Baghdad. It has dared to confront the United States, stirring Shiite sectarian violence and providing Shiite militias with advanced weapons and knowledge of constructing sophisticated explosive devices for use against U.S forces. Iran has consistently followed its goal of becoming a regional power while secretly hoping to gain control of combined oil reserves (in Iran and southern Iraq) that reportedly would stand second only to Saudi Arabia's.

Iranian officials have showed almost no inclination of pausing in their efforts to acquire nuclear weapons, even openly cooperating with the North Koreans to expedite the process. President Mahmoud Ahmadinejad routinely threatens to wipe out our closest ally in the region, Israel, and drive the United States from the Middle East.

And what have our multilateral efforts of diplomacy accomplished so far? Almost nothing. Iran has defied United Nations deadlines, played Europe and China against U.S. interests and deceived U.N. inspection teams with false reports on storage, processing and importing of nuclear materials.

Even more troubling, we are dealing with a president who firmly believes in an apocalyptic vision that the 12th Imam will return to Earth to establish a worldwide Islamic caliphate. Ahmadinejad told a cleric that he felt the "hand of God" mesmerizing world leaders as he spoke at the U.N. General Assembly in September.

The stakes are far too high to allow Iran to buy any more time through feigned receptivity to diplomacy. Iran must be confronted quickly and persistently, and the growing dissent within the country fanned so that it challenges the current regime. The clock is on the side of Ahmadinejad. Dealing resolutely with Iran is the only option that promises to yield tangible results.

Dr. Richard Saccone, a retired Air Force captain who served as a counterintelligence consultant in Iraq, teaches international relations at Saint Vincent College in Pennsylvania.

As U.S. Confronts Iran, Cold War Offers Lessons (USAT)

USA Today, February 6, 2007

With each passing week, tensions between Iran and the United States seem to escalate. Iran announces another step toward going nuclear; the United States presses for sanctions. Iraq helps Shiite militias in Iraq; the Bush administration detains Iranian agents and sends ships into the Persian Gulf. Iraq funds Mideast terror groups; the United States struggles to curb their influence.

All the while, Iran's extremist president, Mahmoud Ahmadinejad, rants in denial of the Holocaust and predicts apocalypse.

By any measure, Iran and the United States are in a long-term contest for power and influence that carries stakes even higher than those in Iraq, and there is little certainty as to how that contest will unfold.

What is certain is that the United States needs a fresh approach. So far, it has inadvertently been the primary enabler of Iran's ambitions to reclaim its historic role as a regional power. America toppled the two players who had kept Iran in check: Saddam Hussein in Iraq and the Taliban in Afghanistan.

How best to keep Iranian ambitions in check without incurring a new conflagration? A historical analogy, inexact but apt, offers important lessons.

In 1947, as Europe lay in ruins from World War II, a similar U.S. struggle for influence was taking shape with the Soviet Union. The novel approach the United States devised, the brainchild of diplomat George Kennan, came to be known as

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"containment." It sought to isolate and pressure the Soviets militarily and diplomatically, while relying on the power of the U.S. economy and the appeal of U.S. ideas to win allies. It was a high-stakes chess game and, in the long term, it worked.

An emerging U.S. strategy in the Middle East looks a lot like containment. Rather than direct military confrontation or outright appeasement, the administration has been building up points of leverage to isolate and pressure the Iranian regime.

President Bush has been talking tough. Secretary of State Condoleezza Rice has been lining up Sunni allies — Saudi Arabia and other Gulf Arab states, plus Jordan and Egypt — that are concerned about Shiite Iran's rising power. The United States has sent two aircraft carriers to the Persian Gulf as well as missile defense systems. It has disrupted Iranian international financial dealings.

All are reasonable steps. But a vital part is missing: dialogue. Through the Cold War, there was always a dialogue — sometimes just at embassy levels, sometimes at full-scale summits. Talking to Iran (and Syria) was a core recommendation of the bipartisan Iraq Study Group. But the administration insists Iran first suspend uranium enrichment.

Rather than insisting on a precondition, why not try to open regional or bilateral talks focused only on Iraq, where Iran and the United States have more converging interests than is usually recognized? Neither wants war spilling over Iraq's borders. And both want to combat al-Qaeda insurgents.

Perhaps the biggest irony in the current confrontation is that Iran is the Middle East country most ripe for the democracy Bush says he is fighting to bring. The present religious extremism is not the historic norm. Iran has elections. Women vote. Most Iranians are under 30 years old and tend to look westward. Even the tame U.N. sanctions on Iran have created a backlash against Ahmadinejad. He and the ayatollahs who hold real power are the problem, not the entire nation.

Iran, like the former Soviet Union, has caused much mischief and needs to be checked. But confrontation alone risks once again uniting nationalistic Iranians behind Ahmadinejad's extremism. It also risks igniting sectarian conflicts between Shiites and Sunnis across the Middle East.

Containment has more chance of forcing the regime to collapse from within. The wisdom of Kennan's approach is as relevant today as it was 60 years ago.

Syria Urges Talks On Iraq (WT/AP)

By Lee Keath

The Washington Times, February 6, 2007

CAIRO -- Syrian President Bashar Assad said cooperation -- and negotiations -- between Syria and the United States could be the "last chance" to avoid full-scale civil war in Iraq.

However, in an interview on ABC's "Good Morning America" aired yesterday, Mr. Assad said he wasn't optimistic that President Bush would seize the opportunity and talk to Damascus.

He said the Bush administration does not have the vision to bring peace in Iraq.

"This administration is not willing to achieve peace; they don't have the will, and they don't have the vision," Mr. Assad said in the interview from Damascus.

In contrast, he praised Mr. Bush's father, who sponsored a 1991 Arab-Israeli peace conference that included Syria. Mr. Assad said the first President Bush had the "will to achieve peace."

The interview was the strongest attempt yet by Mr. Assad to overcome President Bush's rejection of dialogue with Damascus over Iraq. Syria has been trying to break its international isolation and win a resumption of peace talks with Israel, with the ultimate hope of getting back the Golan Heights, seized by Israel in 1967.

Mr. Bush has stepped up criticism of Syria, accusing it of fueling the crises in Iraq and Lebanon. In recent weeks, Iraq's Shi'ite-led government also has increasingly spoken out against Syria, accusing it of harboring fugitives who finance and support the Sunni insurgency.

Mr. Assad said Syria could play an important role in Iraq, contending it has the trust of all sides, including those who "oppose [Iraq's] political process" -- a reference to Sunni insurgents.

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"We're not the only player; we're not the single player. But we are the main player in this issue," he said. "Our role is going to be through supporting the dialogue between the different parties inside Iraq with support from the other parties, like the Americans and any other country in the world. So that's how we can stop the violence."

Mr. Assad said the Syrians were not optimistic that the Bush administration would pursue diplomatic contacts despite pressure from Congress to do so.

"After nearly four years of occupation, [the Americans] haven't learned their lesson; they haven't started the dialogue," he said.

"I think it's too late for them to move toward that. It doesn't mean we can't turn the tide. But [it may be] too late because Iraqis are heading toward civil war. So maybe [this is] the last chance that we have now to start."

The bipartisan Iraq Study Group recommended in December that the Bush administration make diplomatic overtures to Syria and Iran to use their influence with Sunni and Shi'ite extremist groups to curb the violence and prevent the conflict from spilling over into the rest of the Middle East.

But the White House rejected the recommendation, instead deciding to send 21,500 more U.S. troops mostly to Baghdad for a major security crackdown.

Mr. Assad criticized Washington for trying to solve the Iraqi crisis with more troops. "They only talk about troops and power, not about the political process," he said.

Iraqi Shiite Calls For U.S.-Iran Talks (NYT)

By Nazila Fathi

The New York Times, February 6, 2007

TEHRAN, Feb. 5 — A senior Iraqi Shiite leader said Monday that his country had urged Iran to hold talks with the United States and that such talks were important for the security of the region.

“Given the special conditions in the region, talks between the United States and Iran are of the utmost importance,” Abdel Aziz al-Hakim, one of Iraq’s most powerful Shiite leaders, said at a news conference in Tehran after meeting with the chief of the Supreme National Security Council, Ali Larijani according to the ISNA news agency.

“Negotiations between Iran and the United States are useful for the whole region,” added Mr. Hakim, who lived in exile in Iran during Saddam Hussein’s rule in Iraq and who has close ties with Iranian leaders. But Mr. Hakim said he did not have any specific messages on the subject.

Other Iraqi officials have also urged Iran to hold talks with the United States. Iran has said it is open to the idea. The United States has refused to hold direct talks with Iran over Iraq or over Iran’s nuclear program.

Mr. Hakim also held talks on Monday with Iran’s supreme religious leader, Ayatollah Ali Khamenei.

The details of the discussion in Tehran were not disclosed. Mr. Larijani said only that the two sides discussed “security, economic and bilateral ties,” ISNA reported.

However, analysts speculated that they might have discussed the fate of six Iranians who were arrested by American forces in a raid on an Iranian consulate in Erbil last month. Mr. Hakim said the Iraqi government was continuing its efforts for their release.

Numerous diplomats have traveled to Iran in the past month as tension has grown over its nuclear program and its role in Iraq. The visitors have included the foreign ministers of Qatar and Syria, an envoy from Saudi Arabia and Iraq’s security minister, Shirwan al-Waili.

European diplomats said Monday that Iran had set up two cascades of 164 centrifuges each in its underground nuclear plant, laying a basis for full-scale enrichment of uranium and increasing the stakes in its standoff with the West over its plans to enrich uranium, [a news agency] reported.

President Pervez Musharraf of Pakistan visited Iran on Monday, meeting with Ayatollah Khamenei and President Mahmoud Ahmadinejad. ISNA reported that the two sides discussed a natural gas pipeline between Iran and India, which would cross Pakistan. The United States has been critical of the proposal. ISNA said the men also discussed Iraq and the Israeli-Palestinian situation.

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India's foreign minister, Pranab Mukherjee, is expected to be in Tehran on Tuesday to discuss the proposed pipeline.

Iraq Allies Dawdle On Aid For Rebuilding (WT)

By Stephen Dinan

The Washington Times, February 6, 2007

Foreign countries are billions of dollars delinquent on their pledges to help Iraq rebuild, and four years after the war began, the international reconstruction effort is still mostly funded by the United States.

Some of the biggest deadbeats are Iraq's oil-rich neighbors, such as Saudi Arabia and Kuwait, which are both about a half-billion dollars in arrears, and the United Arab Emirates, which has failed to make good on one penny of a $215 million promise, according to Iraqi government statistics.

The poor fundraising is another blow to President Bush, who in June assigned a special team to try to get other nations to meet their pledges -- but eight months later has little to show for it. Of $15 billion in initial pledges at the Madrid donors' conference in 2003 and in follow-up conferences, foreign donors have made good on about $4 billion.

Italy, Canada and the United Kingdom are all more than $100 million delinquent, as is Japan, which has finalized only $1.5 billion of its $5 billion pledge. And momentum has waned -- the international donor committee that oversees Iraqi reconstruction funding hasn't met since 2005 -- even as other demands pile up for international aid, such as the nearly $8 billion countries pledged last month to help Lebanon.

The Iraqi statistics also show that the United States is the most delinquent of any nation in nominal terms, with $6.4 billion still outstanding on the U.S. pledge of $18.4 billion, although the $12 billion the United States has sent is far and away the most of any country.

The Defense Department's Special Inspector General for Iraq Reconstruction, Stuart W. Bowen Jr., in a new report last week, said international funding is reaching a turning point where those bilateral foreign donations will become more critical as the existing funds managed by the World Bank and United Nations become exhausted.

"Assistance from other international donors is likely to play an increasing role in financing reconstruction in Iraq," the inspector general said.

Congress is also looking at reconstruction, with House Oversight and Government Reform Committee Chairman Henry A. Waxman, California Democrat, holding hearings today and tomorrow on the U.S. role in the process and the use of private military contractors.

The issue has been an on-again, off-again priority for Mr. Bush. Back in June, as he prepared to meet European leaders before the U.S.-EU summit, the president demanded other nations come through, noting that just $3.5 billion of the $13 billion in non-U.S. pledges had been paid at the time. He named a team of top officials, including Deputy Treasury Secretary Bob Kimmitt and State Department Counselor Phil Zelikow, to travel the world to secure support.

The White House has been reluctant to name the delinquents, with National Security Adviser Stephen J. Hadley telling reporters in June he didn't want to "get into specific names." But Iraq has now named them, establishing a Web site to track pledges, contributions and projects at www.mop-iraq.org.

Calls to the Iraqi Embassy in Washington went unanswered, as did an e-mail seeking information.

House Foreign Affairs Committee Chairman Tom Lantos said nations in the region, particularly Saudi Arabia, have benefited from oil prices but have not stepped up their commitments to help out neighboring Iraq.

"The countries in the region are not indifferent bystanders to the events in Iraq. They must engage, at a minimum, by sharing the financial burden of this enterprise," said Mr. Lantos, California Democrat, calling on Mr. Bush to lean harder on others. "The administration must do a better job at applying effective diplomacy to engage other partners who have a stake in the outcome in Iraq."

At a hearing last month, Mr. Lantos asked Secretary of State Condoleezza Rice why neighbors such as the Saudis have not come through. Miss Rice said they have had to try to convince the Saudis that a failed Iraq would be a problem for them.

"I think they are getting there," she said of the Saudis' thinking.

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Earlier reports by the inspector general also said the dangerous security situation in Iraq was making some nations wary of committing funds.

This week the State Department official told The Washington Times there are several avenues countries are working through, including debt forgiveness. The official also said the United Nations is trying to launch a new International Compact with Iraq (ICI) that would bind Iraq to an economic-restructuring program "in return for increased political and financial support from the international community." The compact has been negotiated but not finalized.

The official said some countries and multilateral organizations have fulfilled their pledges: The European Commission met its initial $235 million pledge and provided an additional $269 million by the end of 2006, with more on the way in 2007.

And the official said that Japan, the second-largest pledged nation, is giving much of its money as soft loans that have long-term durations, which take longer to set up. In December, Japan announced two new loans totaling $738 million.

In addition to international funds, the U.S. inspector general identified $50.45 billion the Iraqi government has had from oil sales, frozen or seized funds and new government spending that has gone to its own reconstruction.

US Sets Up Task Force On Iraqi Refugees (AFP)

AFP, February 6, 2007

The United States set up a task force to tackle the mounting Iraq refugee crisis, after Washington came under criticism for not doing enough to help millions of people displaced by the war it unleashed nearly four years ago.

Secretary of State Condoleezza Rice announced the creation of the task force, to be headed by Undersecretary of State Paula Dobriansky and including the State Department's top Middle East and Iraq officials.

The team will coordinate US assistance for Iraqi refugees and internally displaced persons and "devise strategies for Iraqis at risk because of their work with the US government," Rice spokesman Sean McCormack said.

According to the United Nations, about two million Iraqis, some eight percent of the pre-war population, have fled the country to escape the war and mounting sectarian violence.

Another 1.7 million have been forced to flee their homes to safer areas inside Iraq, and the number of these "internally displaced persons" is growing by 1,000 every day, the International Organization for Migration reported last week.

The United States has come under growing criticism for taking in fewer than 500 Iraqi refugees since leading the 2003 invasion which toppled the government of Saddam Hussein, and for failing to sufficiently fund UN efforts to help the displaced.

State Department spokesman Sean McCormack last week said Washington was prepared to take in "a fairly significant number" of Iraqi refugees, but he declined to provide figures and said the government had to follow UN procedures for determining who is eligible for asylum.

While he said the State Department and military were looking at specific cases of Iraqis who could be in danger for having worked with the United States occupation, McCormack expressed concern that offering asylum could unleash an exodus of trained people needed to help rebuild Iraq.

"Certainly we want to do everything we can to encourage those Iraqis who are going to be critical to help rebuilding their country stay in Iraq and invest in their future," he said.

"At the same time, you also want to honor the service of those individuals who in many cases have risked their lives to help us out."

100th British Soldier Killed In Action In Iraq (AFP)

AFP, February 6, 2007

A British soldier was killed by a roadside bomb in southern Iraq, the 100th to die in military action in the violence-scarred country, the Ministry of Defence said.

The bomb exploded near the US consulate in the main city of Basra, a spokesman said, adding that the soldier was part of a patrol in Warrior armoured vehicles.

"It is with deep regret that the MOD must confirm that the soldier who was killed by a roadside bomb today was a member of 2nd Battalion The Duke of Lancasters Regiment," said an MoD statement.

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"The roadside bomb detonated targeting a ... Warrior patrol manoeuvring on routine duties in the Al Ashshar district of Basra city. A number of civilians were also injured," it added.

His death brings to 131 the number of British soldiers who have died in Iraq since the US-led invasion was launched in March 2003 to topple Saddam Hussein, and the 100th death in action or as a result of injuries sustained in action.

The soldier's next of kin were informed, and requested a period of 24 hours before any further details were released, the ministry added.

Some 7,100 British soldiers are currently deployed in Iraq, mainly in and around Basra, although London says it hopes to withdraw "thousands" by the end of this year.

There has been criticism in the past that British troops deployed in both Iraq and Afghanistan have not been sufficiently protected by their existing armoured vehicles.

Britain was the United States' key ally in the controversial 2003 invasion of Iraq, and its main supporter in the multi-national coalition deployed since in the country.

Trial Starts For Officer Who Refused To Go To Iraq (NYT)

By William Yardley

The New York Times, February 6, 2007

FORT LEWIS, Wash., Feb. 5 — A court-martial started here on Monday against an Army officer who refused to serve in Iraq last summer because, he has said, the war is illegal.

The officer, First Lt. Ehren K. Watada, was charged in July with missing a movement and conduct unbecoming an officer and a gentleman after he refused to join his unit, the Third Brigade, Second Infantry, when it was deployed. Before and after his unit left, Lieutenant Watada gave interviews and made other public comments denouncing the war.

Lieutenant Watada has said the Bush administration has falsely used the 9/11 attacks to justify the war. He has said that the war has been proved unjust because unconventional weapons have not been found in Iraq and that American soldiers have mistreated the Iraqis.

Many enlisted soldiers have faced discipline for refusing to serve in Iraq. Lieutenant Watada is the first officer to refuse to do so publicly. He could face up to four years in prison and be dishonorably discharged if convicted on all counts.

The case has become a rallying point for antiwar groups, and scores of Lieutenant Watada's supporters waved signs on Monday at a highway overpass outside Fort Lewis.

His prospects appear uncertain. The judge, Lt. Col. John Head, reinforced on Monday an earlier ruling that Lieutenant Watada could not base his defense on his contention that the war is illegal.

Lieutenant Watada has pleaded not guilty but he has not disputed that he missed the deployment or that he commented against the war.

"From what I understand, that under military law those in the military are allowed to refuse — in fact, have the right to refuse unlawful orders — a duty to refuse," Lieutenant Watada said last month at a forum featuring war opponents, according to a transcript distributed on Monday by Zoltan Grossman, a professor at Evergreen State College who helped organize the forum.

In the transcript, Lieutenant Watada said being denied the chance to argue the legality of the war in his court-martial was "a violation of our most sacred premises of due process and, indeed, is un-American."

"We will fight it," he said. "I will always flight. We will try to appeal to the highest court."

Lieutenant Watada, of Honolulu, asked to go to Afghanistan instead of Iraq but he was denied. He also tried to resign but was denied. He has been working in an administrative office here. Experts expect the trial to last much of this week.

On Monday, Army prosecutors and a defense lawyer, Eric Seitz, interviewed potential jurors drawn from a pool of officers on this post. Under questioning, several officers said it was "odd" that Lieutenant Watada refused to go because, as one put it, officers "should support our leadership and our tent command."

Opening arguments could begin on Tuesday.

Outside the base, arguments were well under way. A woman held a sign reading "Lying and Bullying = Conduct Unbecoming a President." A man a few feet away held one that said "Jail Weasel Watada."

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Specialist Pleads Guilty to AWOL

FORT BLISS, Tex., Feb. 5 (AP) — A soldier from Minnesota pleaded guilty on Monday to being absent without leave and missing a flight to Kuwait in July.

The soldier, Specialist Melanie McPherson, 28, told a military judge that she had left for Minnesota the day before her Army unit was to leave for Kuwait because she was afraid that she would be sent to Iraq as a truck driver or a military police officer. Specialist McPherson is trained as a photojournalist.

The Taliban In Pakistan (WSJ)

By Said T. Jawad

The Wall Street Journal, February 6, 2007

Pakistan's recent proposal to fence and lay landmines along its 1,500-mile Afghanistan border is impractical, ineffective and irrelevant to the problem of terrorism and the Taliban. Terrorism will be contained only if we end the institutional support for extremism and strengthen traditional leadership in our region.

On Jan. 11, National Intelligence Director John Negroponte testified before the Senate Intelligence Committee. He identified Pakistan as "a major source of Islamic extremism" and said that al Qaeda leaders enjoy a "secure hideout" in Pakistan, while rebuilding their terrorist network and pursuing WMD. These statements reflect a growing consensus among political and military leaders. In his recent trip to the region, Secretary of Defense Robert Gates noted a "significant increase in cross-border attacks." Maj. Gen. Benjamin Freakley has stated that Jalaluddin Haqqani and other Taliban leaders are in Pakistan, and in Congress Rep. Frank Pallone urged President Bush and Condoleezza Rice to "work with President [Pervez] Musharraf to eliminate extremist training camps in western Pakistan." The Taliban are currently training and preparing for a bloody spring operation against Afghan, U.S. and NATO troops. Neither exchanging barbed comments nor concealing and misrepresenting the threat is the solution. Frank discussions and constructive engagements are necessary to contain the impending surge of Taliban violence.

The Afghan government values the high price the people of Pakistan are paying to restrain extremism. We appreciate that President Musharraf, a crucial ally of the U.S. and NATO in the war against terror, has recognized the threat posed by cross-border terrorist excursions into Afghanistan and is intending to do more. However, the border is not where the problem lies. Terrorist sanctuaries in Pakistan are the real threat to regional stability and global security. Such sanctuaries are breeding grounds for extremism and violence.

We share the concern of Canada, European countries, the U.N. and human-rights organizations such as Pakistan's Human Rights Commission that new mines will take the lives of many more innocent civilians in one of the most heavily mined regions in the world. In 2005, 825 new landmine casualties were recorded in Afghanistan. The tribes along the border demand and deserve peace, prosperity and human security. Expanding the benefits of development and trade and providing economic aid for the Federally Administered Tribal Areas and the North-West Frontier Province will be the best means of achieving these goals. Mining the border will neither stop trained terrorists nor deter suicide bombers. Rather, these measures will divide nations, tribes and communities with a shared culture and common heritage.

In the past, Pakistan has rightfully objected to the fencing of the Kashmir border as ineffective. The most secure fence becomes useless if the border guards at the crossing points are corrupt or accomplices to the extremists. Laying mines along some of the most mountainous terrain in the world is not only impractical but also irrelevant. If the sources of terror remain untouched we will continue to face this threat, even if the border were to become impenetrable.

Afghanistan remains the original front of the war on terror and the chief victim of the Taliban's safe havens in Pakistan. The international community must help Pakistan take additional steps to ensure that the terrorist threat posed by these havens is contained or eliminated. A concerted plan to close down sanctuaries for training, command, control, regrouping and supply will eliminate cross-border incursions. Such a plan should be accompanied by a dismantling of the Taliban's organizational structure in Quetta, Balochistan and Miranshah, North Waziristan. Our allies in the war against terror should work with Pakistan to shut down those madrassas that have become factories of hatred, as well as sources of recruitment and financial and logistical support.

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Strengthening the traditional leadership in the tribal areas will yield valuable dividends. The majority of Pashtuns in our region are victims of extremism. Talibanization is a threat to their identity and culture; extremist groups must not be allowed to suppress nationalist leaders who seek "enlightened moderation," traditional values and secular rule. Tribal elders and civic institutions should be provided effective resources to strengthen civil society and empower moderate political parties. Lifting the ban on political parties in the tribal areas will help fend off extremism. The proposed Joint Peace Jirgas in Afghanistan and Pakistan by President Hamid Karzai are intended to empower the border region's traditional leadership through an honorable and time-tested mechanism of conflict resolution.

Afghanistan is in favor of friendship with all its neighbors, through trade and commerce and people-to-people contacts. The people of Afghanistan and Pakistan demand constructive engagement, and the sincere cooperation of our governments. Since reconstruction began five years ago, Afghanistan has followed global trends to open borders and break down the boundaries, physical or otherwise, between peoples. If we must lay land mines and build fences to prevent attacks against Afghan and Coalition forces, it should be around the terrorist sanctuaries and training grounds, not along the border. We must isolate terrorists, not divide tribes and communities.

Mr. Jawad is the ambassador of Afghanistan to the United States.

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Turnover In US Attorneys 'Disruptive' (FT)

By Brooke Masters

Financial Times, February 6, 2007

The current mid-term turn-over in US attorneys is unprecedented and could seriously disrupt pending investigations, witnesses plan to testify at today's Senate judiciary committee hearing on whether the Bush administration is politicising the appointment process for top prosecutors.

Traditionally, US attorneys are named by the president and confirmed by the Senate, although "interim" appointees could serve for 120 days without confirmation.

Last year a little noticed amendment to the Patriot Act reauthorisation allowed the president to make "interim" appointments that lasted indefinitely.

Since then, 13 of the 93 US attorneys have left and at least seven of them were asked to leave by officials in Washington. The departures include the top lawyers in New Mexico, San Diego, Arkansas, Nevada, Washington state and Arizona, according to senators and Justice Department sources.

Democrats have described most of them as respected prosecutors who enjoyed the esteem of their subordinates and were reportedly asked to leave to make room for politically connected insiders.

Senator Chuck Schumer, the New York Democrat, will chair a hearing this morning on the issue. He said: "The highly unusual recent flurry of firings of many well-respected US attorneys not only raises some flags, but also requires some explanations."

Mark Pryor, Democratic senator from Arkansas, planned to testify about the recent appointment of a protege of Karl Rove as interim US attorney in his state. Several other witnesses gave advance copies of their written testimony to the Financial Times.

"We have never seen the type of turnover now in progress, where the attorney-general, not the president, is asking mid-term that demonstrably capable US attorneys submit their resignations so that Washington insiders may be appointed in their place," Laurie Levenson, a Loyola law professor, planned to say.

Mary Jo White, a former US attorney from New York, wrote that turnover has a price. "Changing a United States attorney invariably causes disruption and loss of traction in cases and investigations," she planned to testify.

Justice Department officials declined to make deputy attorney-general Paul McNulty's testimony available. But they have said the Bush administration is not trying to circumvent the traditional appointment process and will seek Senate confirmation for all replacement US attorneys.

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The Bush administration has nominated five permanent replacements for the 13 departed US attorneys and three have been confirmed by the Senate. Nine of the last 11 interim appointees are career prosecutors, the Justice Department said.

Justice IT Funding Appears Flat (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, February 6, 2007

But State's IT spending could rise amid centralization

Domestic agencies generally fared poorly in the 2008 budget proposal, and law enforcement technology spending appeared to reflect that reality.

But the State Department's technology arm appears to have both gained control over IT money formerly managed by other agency organizations and bumped up some of its systems spending.

The draft Justice Department IT spending plan calls for increases in various FBI and department technology projects seeded throughout the department's overall discretionary funding request of $21.8 billion, according to the department's press release.

Detailed funding proposals point to flat or declining funding levels for several flagship programs, such as the Justice Information Sharing Technology program. That project, which covers IT investments across the department, is set to see its total new budget authority dwindle from $103 million in fiscal 2007 to $101 million next year.

The JIST account covers signature programs like the Joint Automated Booking System, the Justice Consolidated Office Network, the Litigation Case Management System, the Law Enforcement Information Sharing Program and the Unified Financial Management System that help hold the department's largely independent bureaus together.

Justice's CIO, Vance Hitch, controls the JIST account and is in position to use it to harmonize the various bureaus' operations.

But Justice's press release touted a $514 million boost to Interpol's links with state and local agencies. Using different yardsticks for the department's IT spending, Justice claimed that the draft budget, when taken as a whole, included $74.5 million in funds for new IT projects.

Justice claims a total IT program increase figure of $133.2 million for new IT projects including projects affecting several department components. That statement in the department's press materials was not reflected in detailed budget documents.

Federal accounting methods, which include various types of transfers between programs and often redirection of funds among renamed projects, can render the analysis of such claims a matter of debate.

The FBI is slated to receive $7.1 billion in newly obligated funds in fiscal 2008, in contrast to a 2007 figure of $6.4 billion.

The bureau's 2008 IT work will partly fall under a $315 million proposed increase in projects to boost information sharing and communications as well as related systems work, according to budget documents.

One section of Justice's budget publicity materials referred to 2008 funding of "$47.5 million to advance the FBI's data intake, information sharing, and IT project management mechanisms, as well as $11.5 million to improve the organization's data storage and work facilities." That statement could not be immediately correlated with detailed budget accounts.

The State Department is slated to receive $10 billion overall in 2008, according to budget documents. Technology spending will account for about $905 million of that figure, State said.

Budget tables indicate that State's Information Resources Management arm is set to control about $848.2 million of that figure. The IRM organization appears set to gain control over significant IT operations of other parts of the department, officials said.

For example, $509.3 million of IRM's budget kitty will flow from diplomatic and consular program accounts, $70.7 million from the department's Capital Investment Fund and about $270 million from various passport and visa fees.

State's IT Central Fund, another method of slicing the diplomatic technology apple, reflects a planned increase to $313 million in technology spending for more than a dozen projects, up from a comparable 2007 figure of $289 million.

Budget Proposal Includes 2.6 Percent Increase For IT (GOVEXEC)

By Daniel Pulliam

Government Executive, February 6, 2007

The Bush administration's fiscal 2008 budget proposal contains a 2.6 percent increase for information technology, but offers few new governmentwide technology projects.

The budget includes about $65.5 billion for IT, up from the $63.8 billion requested for fiscal 2007. Because Congress has failed to finish up the fiscal 2007 spending bills, a detailed breakdown of the request traditionally available upon the budget's release will wait until the spring. In fiscal 2006, the administration sought $65.2 billion for IT.

Jonathan Breul, a senior fellow at the IBM Center for the Business of Government, said the increase in IT spending is not unexpected, "but there was reason to worry that [IT spending] was not going to increase as much."

"My bet is that a good deal of all that is money that's going to national security and homeland security," Breul said. "In many cases, you can count your program several ways. Budget guidance as I understand it was that the war, defense and homeland were going to get 'all that was needed.' So anyone was going to try to frame their activities that way."

The 2008 budget proposal stated that the percent of "well planned and managed" major IT investments went down 17 percent from fiscal 2007 to fiscal 2008, from 594 to 494. Meanwhile, the number of "not well planned and managed" major IT investments rose 32 percent, from 263 to 346. The overall number of major IT investments declined from 857 to 840.

As previously reported, the budget identified agencies that will provide information security services to others as part of the Office of Management and Budget's "lines of business" effort to consolidate back-end IT systems across government. The Office of Personnel Management, U.S. Agency for International Development and the Defense Department will provide shared service centers for security awareness training, and the Environmental Protection Agency and the Justice Department will offer centers for meeting the reporting requirements in a federal law -- the Federal Information Security Management Act.

OMB did not announce new lines of business consolidation projects, as it has in previous budget proposals.

Ray Bjorklund, senior vice president of McLean, Va., Federal Sources Inc., said the lack of initiatives is likely because OMB is still trying to achieve stability for the existing ones.

The budget proposal's update to the lines of business consolidation initiative lists the adoption of uniform governmentwide best practices under its accomplishments. A section on next steps does not include the creation of more shared service centers.

The budget proposal has a heavy emphasis on information security. The proposal stated that the percentage of certified and accredited IT systems rose from 85 percent in fiscal 2005 to 88 percent in fiscal 2006. But certification and accreditation processes deemed "satisfactory" as determined by agency inspector general offices decreased from 68 percent in fiscal 2005 to 60 percent in fiscal 2006 and the number of agencies that can demonstrate an effective process for correcting security weaknesses fell from 19 to 18.

In addition, the budget release included a document evaluating the effectiveness of agencies' IT management and e-government processes, a list of the number of agency IT investments on OMB's management watch list and updates on the e-government initiatives.

Jenny Mandel contributed to this report.

Analysis: Bush's Federal Budget Proposal (FRESBEE)

By Michael Doyle, Bee Washington Bureau

Fresno Bee, February 6, 2007

President Bush on Monday proposed a $2.9 trillion federal budget for Fiscal 2008. The new budget year starts Oct. 1, giving Congress the next eight months to work out the details.

WINNERS:

Yosemite National Park would receive an additional $3,259,000 for operational costs, a 14 percent increase. The money would pay for an additional 28 seasonal rangers to combat marijuana growing.

Sequoia and Kings Canyon national parks would gain an additional $1,410,000 for operations, a 10 percent increase. The money would pay for an additional 13 seasonal rangers.

The administration adds $1 billion to construct fences and other protective measures along the U.S.-Mexico border, and provides more money to hire an additional 3,000 Border Patrol agents.

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Some of the roughly 2 million Californians now receiving Food Stamps could benefit, under an administration proposal to exclude retirement savings when calculating eligibility.

The Army Corps of Engineers would spend an additional $42 million on Oakland Harbor to improve commercial navigation.

The Corps of Engineers would spend an additional $18 million on safety improvements for the Success Dam on the Tule River.

The Agriculture Department would spend $200 million on the Market Access Program, the maximum allowed for the grant program that California farm groups use to assist with overseas ads and promotions.

LOSERS:

Cal-Fed, the joint state and federal plan to restore and protect the Sacramento-San Joaquin Delta and other state waterways, would receive a total of $155.6 million. This represents a 44 percent decrease from the Fiscal 2007 total of $199 million.

The State Criminal Alien Assistance Program would be eliminated. Currently, the program receives about $660 million, with the funds provided to states like California that incarcerate large numbers of illegal immigrants.

The Community Oriented Policing Services grant program would be slashed to $32 million, down from the current level of $500 million.

The Justice Department would eliminate a number of other programs, including ones to assist Southwest border prosecutors, stop prison rape and protect Alzheimer's patients.

A Migrant and Seasonal Farm worker training program would be eliminated. This year, the Labor Department is spending $80 million on the program.

Head Start, which serves about 106,000 California children, would bet cut to $6.79 billion, down from $6.89 billion this year.

Sources: White House Office of Management and Budget; National Parks and Conservation Association.

Attorney General Speaks To Law Students (SMUDC)

By Kelsey Jukam, News Editor

SMU Daily Campus, February 6, 2007

Law students flocked to the Underwood Law Library Friday at noon, and not just for the free lunch. U.S. Attorney General Alberto Gonzales, who was in town this weekend to receive a distinguished alumni award, spoke to a lecture hall filled with students to discuss the responsibilities of the judicial branch and other topics related to law.

Although Gonzales initially emphasized that each of the three branches of government would affect law students' lives, his speech focused primarily on the role of the judicial branch and the characteristics of good judges. According to Gonzales, judges need to understand their role in the government.

"I am concerned that some judges have lost sight of the goal of the judicial branch," Gonzales said. "It is not the role of judicial branch to make policy."

Gonzales said that judges could maintain the judiciary's independence by making decisions based on neutral policies and respecting precedent. He also believes that the Constitution wasn't intended to address every legal and policy issue, and that by making certain issues constitutional, decisions are then taken out of the hands of the people.

"I'm concerned about judges who think they see a constitutional solution to every societal ill," Gonzales said.

During a question-and-answer session, Gonzales spoke extensively about the USA Patriot Act. The Patriot Act, passed after the attacks of Sept. 11, gave law enforcement more authority to fight terrorism.

"Shortly after the attacks of 9/11, we were looking for additional tools to protect the country," Gonzales said. "The Patriot Act has been extremely helpful in allowing the U.S. government [to] collect information about threats to the government."

Although the Foreign Intelligence Surveillance Act of 1978 (FISA) prescribes the procedures for requesting judicial authorization for electronic surveillance and physical searches of those who are engaged in espionage, the Bush administration decided that FISA wasn't enough.

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"I will say that we really believe FISA was not sufficient to get what we needed," Gonzales said. "So we said let's be creative, let's make this happen."

Gonzales also discussed how the Bush administration selects judges.

"The President and I think it's so important to select judges based on their philosophy of the judiciary's role," Gonzales said. "We do not ask about political views, as they're irrelevant."

Gonzales said that he looks for judges with a general philosophy of restraint, "judges who respect the rule of law, respect the right of the legislature to frame the law," he said.

According to Gonzales, the decision to put certain judges on the bench is the most important of the administration's decisions.

"It's the president's most lasting legacy," Gonzales said.

"The decisions the president makes today impact people around the country for years to come," he added.

CORPORATE SCANDALS:

Proposed SEC Budget Edges Up (AP)

AP, February 6, 2007

SEC Budget Would Rise 3.2 Percent Under Bush Proposal

--The SEC's budget, after nearly doubling in 2003 under anti-fraud legislation enacted amid the wave of corporate scandals early in the decade, is roughly flat for the third straight year under President Bush's 2007 proposal.

In fact, the administration asked for nearly the same amount last year, $904.8 million. But the agency has been operating at an estimated level of $877.1 million for the budget year ending Oct. 1 because, as is the case for most federal agencies, Congress hasn't yet approved 2007 spending levels.

The budget proposal doesn't call for any new programs at the market watchdog agency. But it is "sufficient for the (SEC) to do its job and do it well," agency Executive Director Diego Ruiz told reporters in a conference call Monday.

It is the second budget under Chairman Christopher Cox, who became head of the agency in August 2005 after 16 years in the House as a Republican from California. Reflecting Cox's interest in technology, the spending plan provides $130 million for information technology, up from $118 million, including improvements in the SEC's online corporate disclosure system.

"American taxpayers can be confident that they will receive an excellent return this year on their investment in the agency as we pursue vast improvements to corporate disclosure and vigorous enforcement of our securities laws," Cox said in a statement.

--The budget also includes $321.2 million for investigations and enforcement actions, higher than estimated 2007 spending of $310.1 million but slightly below last year's original request of $328.1 million. The SEC plans to open 925 new investigations, compared with 960 the previous year.

The SEC and the Justice Department are investigating suspicious timing of stock options grants at more than 100 public companies -- with backdating of options awarded to executives having become corporate America's biggest scandal last year. SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors.

In backdating, stock options are issued retroactively to coincide with low points in a company's share price, fattening profits for options recipients when they sell their shares at higher market prices. Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can violate federal accounting and tax laws.

The SEC also plans to continue enforcement efforts against serious accounting fraud, investment scams preying on seniors, market manipulation and insider trading.

--Also included is $45.1 million for mutual fund and hedge fund oversight, up from $43.6 million in estimated spending for 2007 but below last year's original request of $53.5 million. A program to make mutual funds' disclosures more useful to investors is among the priorities.

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--The SEC is funded from fees it charges companies to register and issue securities and for stock trading, though its budget still is subject to congressional approval.

In line with a 2002 federal law, the fees are being reduced by $1 billion starting in the 2007 fiscal year that began last Oct. 1. The reductions will not affect the amount of money available to fund the agency, the government says.

Securities and Exchange Commission: http://www.sec.gov

Banks Appeal Ruling Allowing Enron Investors To Sue As Class (NYT)

By Bloomberg News

The New York Times, February 6, 2007

NEW ORLEANS, Feb. 5 (Bloomberg News) — Two investment banks, Merrill Lynch and Credit Suisse, asked a federal appeals court yesterday to end a class-action lawsuit by Enron investors seeking $40 billion that they lost when the energy trader collapsed in 2001.

The banks argued that a Houston judge was wrong to allow Enron investors to sue as a group and contended that they could not be sued because they did not participate directly in the accounting fraud that led to Enron's bankruptcy.

The investors argued the court could address only whether the plaintiffs could sue as a group. Trial is set for April in Houston.

"This class certification is putting enormous coercive impact on my client, facing a possible $40 billion exposure," a lawyer for Merrill, Stuart Baskin, argued yesterday before the United States Court of Appeals for the Fifth Circuit, in New Orleans.

A ruling that invalidates class status may reduce any liability the banks might face for Enron losses. In June, Judge Melinda Harmon of Federal District in Houston said investors who bought Enron securities could combine their claims. The decision gave investors, who would otherwise be forced to sue individually, the possibility of a much higher recovery and more leverage in negotiating any settlement.

Other former Enron lenders, like Citigroup, JPMorgan Chase and Canadian Imperial Bank of Commerce, have settled with investors for more than $7 billion.

Merrill and Credit Suisse argued that Judge Harmon's ruling was based on the mistaken theory that the banks were individually responsible for investor losses because they took part in a scheme run by Enron.

That theory, the banks argued, unfairly allows shareholders to hold individual banks liable for the entire fraud, regardless of whether they knew or participated in the entire scheme.

Enron investors said the appeals court was limited to determining whether Judge Harmon properly combined their claims, not whether the claims had merit. They argued that Merrill and Credit Suisse could be sued under federal securities laws because they both knowingly engaged in the scheme.

"The conduct was directed at the Enron shareholders," Patrick Coughlin, a lawyer for the investors, argued. "That's when I say you've stepped over the line. That goes beyond aiding and abetting."

S.E.C. Is Looking At Stock Trading (NYT)

By Jenny Anderson

The New York Times, February 6, 2007

The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said.

The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move.

Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction.

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But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect.

The commission sent out letters in mid-January to the major Wall Street banks, including Merrill Lynch, Morgan Stanley, UBS and Deutsche Bank. The commission, according to one Wall Street employee, is requesting a wide swath of information: all stock and option trading data, for themselves and their customers, for the last two weeks of September. Those weeks are the close of the third quarter and investigators may be looking to see any pickup in trading activity as money mangers sought to dress up their returns.

Representatives for the Wall Street banks declined to comment on the investigation.

"Mutual fund traders have long complained that their big trades may be being front-run by market participants with inside information about their trades, and they believe the price on those trades suffers as a result," said Lori Richards, the director of the Office of Compliance Inspections and Examinations at the S.E.C. "We are looking into these allegations in a systemic way. It is fact-finding and too early for any conclusions."

The S.E.C. confirmed the existence of the investigation but declined to comment further.

Concerns about insider trading have escalated as mergers and buyouts have boomed and the use of complex derivatives has soared. Studies of various markets — including those for stocks and credit default swaps — have pointed to an unusual amount of trading ahead of announcements for deals.

The growing power of hedge funds — and their opaqueness and the wide range of trading strategies they employ — is feeding those concerns. Hedge funds control an estimated 30 percent to 50 percent of trading on most major markets. They are also Wall Street's best customers. Hedge funds trade, borrow and finance more, on average, than other clients And as more hedge funds enter a crowded field, the premium on information has never been higher.

With data on millions of trades from most major Wall Street banks, the S.E.C. will try to examine whether outside traders like hedge funds or internal traders like those inside the firm who are trading with the bank's money may be getting tips from the bank handling the mutual fund's trade and using the information to place a trade elsewhere.

"If an investment bank is tipping a hedge fund on a trade we are doing on Dell, those people all need to go to jail," said Andrew M. Brooks, vice president and head of equity trading at T. Rowe Price, the mutual fund company. "We are absolutely concerned and worried and paranoid about information leakage, information that would allow someone to know about our trades and run ahead."

If the commission finds any evidence of possible insider trading, it would then commence a formal investigation. The S.E.C. could ultimately bring civil charges against individuals or firms.

Regulators and law enforcement officials have pursued other cases related to the sharing of information about trades. In what became known as the squawk box case, brokers from institutions, including Merrill Lynch, Citigroup and Lehman Brothers, were accused of allowing traders to listen in on the public outcry system — the squawk box on the trading floors — to glean tips about customer orders coming in.

The S.E.C. sued the A. B. Watley Group and 16 people in the case. Next month, the United States attorney's office in Brooklyn will bring to trial a case against seven people. Two have pleaded guilty to insider trading. While the accusations in the squawk box case involve an obvious dissemination of insider information, detecting whether traders were illegally tipped in huge, fast-moving markets is much harder.

When Linda Chatman Thomsen, head of enforcement at the S.E.C., testified before Congress in September about insider trading, she outlined some of the problems inherent in such cases.

"Piecing together an insider trading case can be a complex and painstaking process," she said. "It is rare to find a 'smoking gun'; virtually all insider trading cases hinge on circumstantial evidence. It is quite common for insider traders to come up with alternative rationales for their trading — rationales that the staff must refute with inferences drawn from the timing of the trades, the movement of the funds and other facts and circumstances."

There are many gray areas. If Mr. Brooks of T. Rowe Price wants to sell stock in the XYZ Company and he hires a bank to do that, the bank has to call clients to gauge interest in the stock. That is not tipping, but legitimate work for the bank to do.

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And detecting any trades will be difficult. If a trader received a tip about a stock whose price was set to rise, that trader could enter into trades that are harder for regulators to detect — like derivatives transactions that are not traded on any exchange and whose value may be linked to a change in a stock price rather than the stock itself or an option on the stock.

Here's how a questionable trade might take place: If Fidelity asked brokerage firm X to sell a large part of its stake in I.B.M., and traders at that brokerage firm told its favorite clients to expect a drop in I.B.M.'s price as a result, that favorite client could go to another brokerage firm — or group of banks or trading venues — and sell I.B.M. shares short, betting on a decline and making money when Fidelity's order went through. The trader could pay back the source of the tip by directing more business to his bank.

"The information is going to the bank as an agent, and the bank is only supposed to use the information for the mutual fund's benefit," said Larry E. Ribstein, a professor of law at the University of Illinois. "If it uses it for someone else's benefit, you might have a concern."

The hedge fund business has long argued that it is unfairly tarnished with suggestions of insider trading. Amid increased scrutiny by regulators into hedge funds' use of information in the loan market, the Managed Funds Association said in a statement last year, "We reaffirm our collective commitment to promote fair and competitive markets in which inappropriate use of material nonpublic information is not tolerated."

Some money managers disagree.

"Hedge funds pay a lot in commissions," said Mr. Brooks of T. Rowe Price. "They are smart and work hard, but they can't be that smart and work that hard to get some of the advantages they have gotten."

"There are too many conflicts of interest between those who serve hedge funds and hedge funds themselves."

Hyundai Motor Chief Gets Three Year Jail Term (FT)

By Song Jung-a In Seoul

Financial Times, February 6, 2007

Hyundai Motor was thrown into disarray on Monday when Chung Mong-koo, its chairman, was sentenced to three years in prison for embezzlement and breach of trust, raising the possibility of a management vacuum at South Korea's largest carmaker.

The punishment was harsher than expected and compounded the woes at Hyundai, which was already grappling with the strong local currency, flagging profits and a disruptive labour union.

But the sentence was welcomed by corporate governance campaigners, who said it showed Korea would no longer tolerate chaebol owners using their companies to pursue their personal interest.

The court found Mr Chung guilty of embezzling about $100m of company funds and inflicting about $224m of damage on group affiliates during rights issues.

He was also convicted of using deals to boost his financial gains and those of his son, Eui-sun, who runs affiliate Kia Motors.

"The defendant's act of secretively setting up massive slush funds and using them wilfully, using his status as the Hyundai Motor group's chairman, undermines the soundness and the autonomy of corporate management," said Kim Dong-oh, the Seoul central district court judge.

"The court decided a strict execution of law was necessary to eradicate illegal and anti-market practices in the past and help South Korea build a more advanced economy," he said.

The 68-year-old hairman was freed on bail to "guarantee his defending rights and to minimise its impact on the economy" while he appeals the conviction, the court said.

Hyundai and Kia together make up more than 70 per cent of South Korea's auto exports – and about 7 per cent of the country's total exports – but has been buffeted by the strong Korean won and a series of strikes. It reported a 34 per cent slump in last year's profit.

The court also handed a two-and-half-year jail term to Kim Dong-jin, Hyundai's vice-chairman. Two other Hyundai executives were also given jail terms. The sentences were suspended.

Hyundai Motor shares fell more than 3 per cent after the verdict but ended the day flat at Won69,800.

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The company said it was “greatly disappointed” by the ruling but added it would not affect the group’s operations.

“Chairman Chung retains full operational control and decision-making authority for long-term strategic issues affecting Hyundai Motor and its affiliates,” Hyundai said, adding that Hyundai and Kia operations would continue to function as normal.

But the ruling cast a cloud over the company, analysts said, although they said it was unlikely Mr Chung would spend any time in a prison cell. The appellate court was likely to suspend his sentence, they added. The appeal could take up to a year.

Fannie Mae's Former Chief Wants Earlier Hearing Date (WP)

By David S. Hilzenrath, Washington Post Staff Writer

The Washington Post, February 6, 2007

Former Fannie Mae chairman and chief executive Franklin D. Raines, accused of manipulating the housing finance company's earnings, is challenging regulators to make their case against him beginning Feb. 16 instead of waiting until the end of the year.

Attorneys for Raines have argued that the Office of Federal Housing Enterprise Oversight, which issued administrative charges in December, is required by law to begin a hearing on the evidence within 60 days of that event.

The agency, however, has proposed a schedule that would have the two sides file pretrial statements in December. The agency's proposal did not say when the hearing should begin.

"It's a fundamental issue of fairness," said Mark Fabiani, a spokesman for Raines. "Frank Raines is ready to disprove OFHEO's allegations starting this month, and OFHEO is seeking to delay the proceedings until 2008."

A spokeswoman for OFHEO declined to explain the agency's reasons.

"We will respond in an appropriate filing as part of our routine communications in the administrative proceeding," spokeswoman Corinne Russell said.

The agency previously expressed concern about being overwhelmed by litigation related to Raines and the accounting scandal. In a lawsuit shareholders brought over Fannie Mae's accounting, the agency stated that complying with Raines's document requests could pose such a burden that it could divert regulators from their mission.

Raines's trial before an administrative law judge would be the culmination of a process regulators set in motion more than two years ago. In fall 2004, after an extended probe, OFHEO issued a report alleging that Fannie Mae used improper accounting. The Securities and Exchange Commission later agreed.

The ensuing storm drove Raines, a former federal budget director, into premature retirement.

District-based Fannie Mae, chartered by the federal government to promote affordable housing, ultimately determined that it overstated past profits by $6.3 billion.

In December, OFHEO issued administrative charges against Raines and two other former executives seeking to recoup more than $115 million of compensation they allegedly received while the earnings were misstated. The agency also is seeking penalties that could exceed $100 million.

All three former executives have denied the charges. The other executives, former chief financial officer J. Timothy Howard and former controller Leanne G. Spencer, back Raines's effort to force an administrative trial this month, their lawyers said.

At the trial's conclusion, an administrative law judge is to make a recommendation to the OFHEO director.

The three former executives say that the OFHEO director has prejudged the matter. An attorney for Raines has argued that the director, James B. Lockhart III, is using Raines as a prop in a campaign to persuade Congress to expand the powers of Fannie Mae's regulators.

As Raines seeks to begin the administrative trial sooner rather than later, he and the other former executives are seeking to move the case to federal court.

Probe Amplifies Conflict-of-Interest Questions For Chamber Of Commerce Chief (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 6, 2007

As president of the U.S. Chamber of Commerce, Thomas J. Donohue has long been obliged to talk tough against federal regulation, especially by the Securities and Exchange Commission. But now, it's personal.

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For 12 years, Donohue has been a board member (including serving on the audit committee) of Sunrise Senior Living, a publicly traded company being probed by the SEC.

Sunrise co-founder Paul Klaassen started as Donohue's driver while still in college and later was a Chamber speechwriter. Donohue, 68, believed in Klaassen so strongly that he allowed Klaassen and his wife to live in his house while they started Sunrise more than two decades ago. He then helped finance the firm's prototype facility by taking out a second mortgage and becoming one of the company's first big investors.

Recently, the SEC opened an inquiry into allegations that the Klaassens and other insiders, including Donohue, may have improperly cashed $32 million in stock options before Sunrise in May announced an accounting problem that caused its stock to drop. Donohue calls the allegations meritless and says they were drummed up by labor unions that want to organize the company. He said that he has not been contacted by the SEC and that its inquiry will amount to nothing.

Nonetheless, the controversy adds fuel to complaints that investor activists have leveled at Donohue ever since he took over and revived the Chamber, the nation's largest business lobby, in 1997.

They have questioned how Donohue could serve on boards at all. After all, they point out, an independent director is supposed to represent stockholders, not management, which is Donohue's constituency. They have also worried that Donohue might tilt the Chamber's potent lobbying to favor the companies he serves. Donohue is a director of Union Pacific, the country's biggest railroad, and XM Satellite Radio as well as Sunrise.

And now that Sunrise is being scrutinized by the SEC, critics are adding a new complaint. They say Donohue has diminished the value of his own arguments against certain regulations because he has a personal stake in curtailing them.

"It undercuts his credibility as a critic of SEC enforcement and regulation," said Barbara Roper, director of investor protection for the Consumer Federation of America. "He undermines any claim he might have to objectivity."

Donohue disagrees. He said the Chamber's board encourages him to serve as a director because it allows him to see firsthand the harm that overregulation causes.

"That I serve on corporate boards gives me a better understanding of what goes on in a boardroom," he said. "The better you understand something, the better you can figure out how to deal with it."The Chamber Fights Back

The Chamber faces a far more hostile Congress with Democrats in charge. But it is not retreating.

"We refuse to wring our hands and say, 'Oh, we have new chairmen, we have a president who's not as strong as we'd like. Oh, woe is me, what are we going to do?' " Donohue said. "We're going to saddle up the horse and get going."

The Chamber will soon launch its third anti-trial-lawyer newspaper. It already owns two legal periodicals, the Madison County Record in Illinois and the West Virginia Record in Charleston, which publish stories that highlight what it considers trial lawyers' abuse of lawsuits against businesses. It will shortly open a yet-unnamed newspaper in southeastern Texas, which it calls a hotbed of anti-business legal actions.

In addition, the Chamber plans a huge new effort to "manage" government's reaction to global warming. The tentatively named Institute for Energy Security, Competitiveness and American Jobs will raise about $20 million from oil companies, electric utilities and automakers to try to temper Washington's regulation of greenhouse gas emissions.Donohue vs. Airlines

A travel industry coalition called the Discover America Partnership unveiled a proposal last week to ease the entry of foreign visitors into this country and to promote tourism in the United States abroad. To pay the plan's $300 million tab, the group suggested that a modest fee could be imposed on airplane travelers leaving this country -- an option that the Air Transport Association opposed.

Donohue ridiculed the airlines' position. Nobody cares "about a $2 fee on the ticket or something, they just don't want to get in another line to pay it," he said. "Would your El Salvadoran maid, legitimately in the United States, who is going home to see her family, care about a $2 fee? If she does, she shouldn't go."

People will be miffed at that statement, he added, "but I don't care."Winners and Losers

Low-income people and small-business owners were the big winners in legislation the Senate passed last week that would boost the minimum wage and expand tax breaks for small businesses that would be hurt most by the change.

Yet buried in the bill were write-offs not just for small firms but also for restaurants and retailers of any size. Score victories for the National Restaurant Association and the National Retail Federation, which lobbied hard for the measure.

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The legislation's losers include the Chamber and the National Association of Manufacturers, which tried and failed to block the bill's elimination of tax-free deferred compensation for highly paid executives.

A major thumbs down also goes to the AFL-CIO, which called the Senate's action "disgraceful" because of the business benefits, even though it has fought for a minimum-wage increase for years.Hires of the Week

African Americans are vastly underrepresented among lobbyists. The Washington Government Relations Group, a trade association of black lobbyists, has about 100 members and a database of black federal lobbyists that tops 200 names. That compares with 31,000 registered lobbyists overall.

But the Democratic takeover on Capitol Hill has thickened the ranks of black lobbyists quickly, thanks in part to the new prominence of the Congressional Black Caucus. African American staffers who have recently joined the lobbying ranks include: Paul Brathwaite, former executive director of the caucus, now with Podesta Group; Joyce Brayboy, former chief of staff to Rep. Melvin Watt (D-N.C.), now with Glover Park Group; Richard R. Boykin, former chief of staff to Rep. Danny K. Davis (D-Ill.), now with Barnes & Thornburg; Jennifer Fisher, ex-aide to Rep. Artur Davis (D-Ala.), now at the American Dental Association; and ex-caucus aide Myra Dandridge, now at the National Association of Broadcasters.

CRIMINAL LAW:

FBI Acknowledges Gaps In Notes On Libby (USAT)

By Richard Willing

USA Today, February 6, 2007

WASHINGTON — An FBI agent acknowledged today that investigators' notes from an October 2003 interview with Lewis "Scooter" Libby differed from the agent's testimony last week.

FBI agent Deborah Bond testified on Friday that Libby "adamantly denied" that he discussed the identity of a covert CIA officer with other administration officials before July 10 or July 11, 2003. That's when Libby, Vice President Cheney's former chief of staff, said he learned the identity of CIA officer Valerie Plame from NBC reporter Tim Russert.

Plame is the wife of former State Department official Joseph Wilson. Wilson accused Cheney and the White House of exaggerating claims that Iraq was trying to buy uranium from the African nation of Niger.

Libby made the denial during an October 2003 interview with Bond and other agents, she said. The agents were investigating whether administration officials had violated the law prohibiting the disclosure of a covert officer's identity.

This morning, however, defense lawyer Theodore Wells pointed out that the FBI agents' notes of their interview with Libby don't use the words "adamant" or "denial."

Wells read from agents' notes that "Libby probably talked about the Wilson matter but does not recall talking about Wilson's wife" during a July 7, 2003, lunch with then-White House press secretary Ari Fleischer.

"He says he does not recall having discussions; he does not deny them, correct?" Wells asked.

"That's true," Bond replied. But she qualified her answer by saying that in other answers during the interview, Libby had effectively "denied" the allegation, even if he never used the precise word.

Wells was attempting to buttress the defense's argument that Libby never deliberately misled investigators or grand jurors about how and when he learned the CIA employee's identity. At worst, Wells has argued, Libby was a victim of poor memory.

Libby faces federal charges of perjury, obstruction of justice and lying to investigators about when he learned Plame's identity and with whom he discussed her. Since testimony in the trial began last month, eight government witnesses, including two reporters, have contradicted Libby's account of learning Plame's identity from Russert.

The government contends that Plame's identity was leaked as part of a plan by Cheney's office to undermine Wilson. On July 6, 2003, in two newspaper stories and on Meet the Press, Wilson had accused Cheney's office of ignoring Wilson's report that Iraq was not seeking uranium in Niger.

Before Bond's testimony, U.S. District Judge Reggie Walton ruled that audiotapes of Libby's grand jury appearances in 2004 will be made public after the tapes have been played in court.

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Another Libby lawyer, William Jeffress, had opposed releasing the tapes, arguing that the airplay and commentary that "sound bites" are likely to produce could prejudice jurors against his client.

"This is great stuff" from the media's standpoint, Jeffress argued.

Nathan Siegel, representing several media organizations including USA TODAY, argued for making the tapes public. He said that because jurors already will have heard the tapes in court, they are unlikely to be tainted by any sound bites or commentary they accidentally hear.

Walton, who instructs jurors every day to avoid coverage of the case, reluctantly agreed. He said case law in the District of Columbia supports the "right to access" and "gives me no choice."

Walton warned media organizations not to "cause mischief" by quoting segments of Libby's testimony out of context.

Libby's Grand Jury Tapes Are Heard In Court (NYT)

By Neil A. Lewis

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — Prosecutors in the perjury trial of I. Lewis Libby Jr. on Monday played audio tapes in which Mr. Libby was heard testifying under oath before a grand jury that he had not discussed the identity of a Central Intelligence Agency operative with fellow administration officials in the summer of 2003.

The sound of Mr. Libby's disembodied voice coursing through the courtroom vividly underlined the contrast between his sworn account and the testimony of the parade of prosecution witnesses presented to the jury in the last two weeks.

Mr. Libby, the former chief of staff to Vice President Dick Cheney, is charged with lying to that grand jury and to F.B.I. agents who were investigating the leak to reporters of the identity of the C.I.A. officer, Valerie Wilson.

The jury on Monday listened to 90 minutes of Mr. Libby's grand jury testimony from March 5, 2004, in which he was questioned in a straightforward, almost friendly manner by the chief prosecutor, Patrick J. Fitzgerald. Mr. Libby was heard responding in earnest tones.

On the tape, Mr. Libby was heard saying repeatedly that he could not recall any conversation he ever had with Marc Grossman, a State Department official, about Ms. Wilson.

Mr. Grossman, who was then the under secretary of state, has already testified about two such conversations. Mr. Grossman told the jury that Mr. Libby anxiously asked him that summer about news that a former ambassador had traveled to Africa to investigate reports that Saddam Hussein was trying to buy uranium there for his nuclear weapons program.

Mr. Grossman recounted his conversations with Mr. Libby, even noting that one occurred just outside the White House situation room after a meeting of senior officials.

Mr. Grossman told the jury that he had reported back to Mr. Libby at their second meeting that the former ambassador was Joseph C. Wilson IV, and that he had been sent to Africa by the C.I.A. He also told Mr. Libby that Mr. Wilson's wife worked at the agency and appeared to have had a major role in choosing him for the assignment.

The audio tapes, which were played with a synchronized running transcript on television screens in the courtroom, seemed to hold the attention of the jurors, who also followed the dialogue printed in loose-leaf binders.

Monday's tapes were only the first part of what is to be a total of eight hours that the jury will hear. Judge Reggie B. Walton warned jurors to ask for a break if their attention was flagging.

As the tapes were played, Mr. Libby sat mostly motionless and expressionless.

Judge Walton denied a defense motion arguing that the tapes should not be given to the news media to play to the public. The entire eight hours will be released after the jury has heard all the tapes.

The remaining grand jury testimony, which will include Mr. Libby's second appearance on March 24, 2004, is certain to include denials from Mr. Libby about conversations with other officials who have already testified that they spoke with him about Ms. Wilson.

Ms. Wilson's name was first disclosed in a July 14, 2003, column by Robert Novak, only days after The New York Times published an Op-Ed article written by Mr. Wilson asserting that the Bush White House had willfully distorted intelligence about Iraq's efforts to obtain uranium in Niger.

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To demonstrate that Mr. Libby lied to the F.B.I. as well, which is charged in the indictment, prosecutors put Deborah S. Bond, an agent, on the stand. Ms. Bond, who was present at the two interviews of Mr. Libby in his office in October and November of 2003 completed her testimony on Monday but acknowledged she may have testified incorrectly last Thursday.

Theodore V. Wells Jr., Mr. Libby's chief defense lawyer, was magnanimous with a purpose when he pointed out her error over a conversation between Mr. Libby and Karl Rove, the deputy White House chief of staff.

"I can't believe I said it," Ms. Bond said when shown last week's testimony. Mr. Wells then prodded her to say that she must have answered in good faith but simply forgot, a proposition to which she readily agreed.

It was a reminder to the jury that one of the pillars of Mr. Libby's defense was that if he spoke inaccurately to the grand jury and investigators, it was only a case of faulty memory.

Jurors Listen To Libby's Grand Jury Tapes (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 6, 2007

I. Lewis "Scooter" Libby told a grand jury in 2004 that Vice President Cheney did not encourage him to provide information about an undercover CIA officer to the media, but Libby also said he did not believe that the information was secret and had to be safeguarded, according to audiotapes of Libby's testimony played in court yesterday.

Testifying to the grand jury in the probe that eventually led to criminal charges against him, Libby, Cheney's then-chief of staff, said he remembered Cheney telling him in June 2003 that the wife of a prominent war critic worked at the CIA. Libby said it was the first time he had heard that, but that Cheney said it in "sort of an offhand manner, as a curiosity."

Libby also testified that he "could not recall" details of events and conversations he had that summer with Cheney and other administration officials regarding the war critic, former ambassador Joseph C. Wilson IV. Wilson that summer accused the administration of twisting intelligence he had gathered about Iraq's efforts to develop a nuclear weapons program as the White House launched the invasion of Iraq and sold it to the public.

The eight hours of audiotapes, most of which are to be played today, are intended to back up the government's claim that Libby lied to investigators about his role in disclosing the identity of undercover CIA officer Valerie Plame, Wilson's wife. Prosecutors have alleged that Plame's name was leaked as part of a campaign to discredit Wilson by spreading the idea that his CIA-sponsored trip was the result of nepotism.

Libby is charged not with the leak but with five felony counts of perjury, making false statements and obstruction of justice. He has pleaded not guilty, contending that he inaccurately remembered events when he said he learned of Plame from NBC News Washington bureau chief Tim Russert and forgot he first heard of her from Cheney.

U.S. District Judge Reggie B. Walton agreed yesterday that the audiotapes should be released to the media after they are played for the jury, despite strenuous arguments by Libby's defense attorneys that they not be released during trial. Defense lawyer William Jeffress Jr. said the news generated by the tapes -- and the public buzz about them -- could be so widespread that there was a risk jurors could accidentally encounter it, perhaps while riding buses or the Metro.

A consortium of news organizations, including The Washington Post, sought the tapes, arguing that they were no different from other evidence in the trial, which is being released publicly the day it is introduced. They successfully argued that Libby's testimony is far less sensational than other tapes that have been released in court, such as 911 emergency phone calls from inside the World Trade Center after the Sept. 11, 2001, terrorist attacks and FBI tapes from the Abscam investigation.

Inside the courtroom, the idea of listening to eight hours of Libby testimony had some jurors' mouths dropping open. But they listened keenly late into the afternoon.

On the tapes, Libby's voice became noticeably softer and trailed off on some questions. He paused often, never rushing his answers. Special Counsel Patrick J. Fitzgerald, who posed the questions, warned Libby he could face perjury charges if he did not tell the grand jury the truth.

On the tapes, Libby said that Cheney did not tell him Plame's CIA identity was "super-super-secret" and that he used a "curious" tone unlike his regular voice, which "was much more matter-of-fact and straight." Libby said he did not remember Cheney speaking harshly of Wilson or suggesting nepotism was the reason for his mission. He said Cheney made the reference

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to Wilson's wife in the middle of advising Libby on how to respond to claims that Wilson had been sent on the mission because of questions from the vice president's office.

Libby said a column by the New York Times's Nicholas Kristof in May 2003, which suggested Cheney's role, "caught my eye." But Libby said he did not "have any recollection" of Cheney or President Bush taking note of the article.

Libby also said he could not recall ever asking then-Undersecretary of State Marc Grossman in late May 2003 about Wilson's trip to Niger. Grossman testified two weeks ago that he directed some of his staff to produce a report about Wilson's CIA mission after Libby called him urgently trying to learn more about how and why Wilson was sent to investigate whether Iraq was trying to purchase uranium from the African nation.

Late last night, Libby's defense began laying the groundwork to keep Libby from having to testify. Walton had warned that Libby would have to take the stand in order for the court to allow his lawyers to claim his misstatements to investigators were caused by a faulty or overtaxed memory.

In court papers filed last night, though, Libby's attorneys argued that he should be allowed to present evidence of the "crush of his duties," including by having Cheney describe them on the witness stand, without being forced to testify on his own behalf.

Court Hears Grand Jury Testimony (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 6, 2007

WASHINGTON — I. Lewis "Scooter" Libby told a federal grand jury three years ago that he did not believe he had discussed the wife of an administration critic with officials from the CIA and the State Department, contradicting sworn testimony by the officials at Libby's perjury trial here.

The revelation came Monday as prosecutors began playing audiotapes of Libby's eight hours of testimony before a grand jury investigating how the identity of CIA officer Valerie Plame became public.

The transcript of Libby's two grand jury appearances in March 2004 also shows that special prosecutor Patrick J. Fitzgerald explored early on whether President Bush and Vice President Dick Cheney were involved in the circumstances leading to the disclosure of Plame's identity as a CIA employee.

Libby told the grand jury that Cheney was the first to tell him, in June 2003, that the wife of former envoy Joseph C. Wilson IV worked in the arms-proliferation division of the CIA. But the vice president's former chief of staff denied that his boss had instructed him to pass on information about Wilson's wife to anyone else.

Fitzgerald then asked Libby whether he or Cheney had ever discussed with Bush the criticism from Wilson that was beginning to surface in media reports. He said he had not.

Plame's identity was revealed in a syndicated column by Robert Novak on July 14, 2003, eight days after an opinion article by Wilson in the New York Times charged that the Bush administration had twisted intelligence reports about then-Iraqi President Saddam Hussein's interest in obtaining uranium yellowcake from the African nation of Niger.

At the CIA's request, Wilson had investigated those claims the previous year. Although he found them to be without merit, a 16-word section of Bush's 2003 State of the Union address asserted that Iraq was seeking nuclear material in Africa.

In May 2003, a New York Times op-ed columnist disputed the accuracy of that section. He wrote that "the vice president's office had asked for an investigation of the uranium deal" more than a year earlier, and that an unnamed ambassador had traveled to Africa and reported that the allegations were baseless.

Prosecutors contend that Plame's identity was disclosed as part of an effort to discredit her husband by suggesting that the trip to Africa came only because his wife worked at the CIA.

Under federal law, it can be a crime to intentionally disclose the status of a covert CIA employee, and Fitzgerald was asked by the Justice Department to determine whether that law had been broken. No one has been charged with that crime. The only charges filed have been against Libby, on perjury and obstruction of justice counts.

The audiotape of the grand jury proceedings is the first time that the jury in Libby's trial has heard from the defendant in any form. His words directly contradict the testimony last month of former CIA official Robert Grenier and former State Department Undersecretary Marc Grossman. Both said they had told Libby that Wilson's wife worked for the CIA.

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On the audiotape, Libby told the grand jury that he could not recall discussing Wilson's wife with either official.

"I, I don't recall," he said, asked specifically by Fitzgerald whether Grossman had told him about Wilson's wife.

"You have no memory of that whatsoever?" Fitzgerald said.

"Sorry, sir, I don't," Libby replied.

Fitzgerald also quizzed Libby about a series of notes he took while talking on the phone with Cheney on or about June 12, 2003.

Libby said that Cheney was giving him a series of talking points on rebutting Wilson's contentions, including a suggestion that the vice president had authorized the trip and should have known what was learned.

Cheney did mention that Wilson's wife worked at the CIA, Libby told the grand jury, adding that he did not attach much significance to the disclosure.

The vice president "said to me in sort of an offhand manner, as a curiosity, that his wife worked at the CIA," Libby testified.

"Was he curious about it in a sort of negative way?" Fitzgerald asked. "Did he think that was sort of odd that a former ambassador's wife worked … at the CIA?"

"I wouldn't say negative, but I would say it was a fact … not everybody's wife works there," Libby responded. "So it was a new fact, that's all."

Libby said he did not believe that Cheney wanted him to leak word about Wilson's wife to the press.

"Was there a reason?" Fitzgerald asked.

"No. It just wasn't a particularly powerful point compared to the other points. I didn't understand it to be a point worth mentioning in that context," Libby replied.

Fitzgerald has said that Libby lied to the grand jury and to federal investigators to cover up his concern that he had leaked classified information about Plame to reporters.

Libby has said that he first learned about Plame from Tim Russert, the moderator of "Meet the Press" and the Washington bureau chief of NBC News. Russert, who is expected to testify on Wednesday, has said he did not give Libby that information. Libby has said that at the time he spoke with Russert he had forgotten that Cheney had told him about Plame.

Fitzgerald said he would play the rest of the grand jury tapes today and complete his case Wednesday, at which time Libby's lawyers will begin their defense.

U.S. District Judge Reggie B. Walton ruled Monday morning that the tapes, along with the transcripts, would be made available to the public after Fitzgerald introduces them into evidence.

Libby's lawyers had fought to keep them secret because of concerns that the jury might hear them out of court and because the tapes included prejudicial statements.

Fitzgerald agreed to delete a portion of the transcript in which Libby recorded notes from a conversation with a Cheney media aide who described Wilson as "a snake."

Walton also ruled that the government could introduce two newspaper articles found in Libby's files discussing Plame's "clandestine" status at the CIA.

News Media Cheer Ruling On Libby Tapes (AP)

AP, February 6, 2007

WASHINGTON - News organizations praised a judge's decision Monday to release tapes of former White House aide I. Lewis "Scooter" Libby's grand jury testimony, saying it would open a window into court proceedings.

U.S. District Judge Reggie Walton said he would make the eight-hour recordings public even though he was worried that jurors could be influenced by outside media buzz.

Federal law supports the public release of evidence presented to a jury. But judges in high-profile cases occasionally have released only written transcripts or have delayed public disclosure until the trial's end.

"This is a victory for the public's right to know," said Karen Magnuson, president of the Associated Press Managing Editors and editor of the Democrat and Chronicle newspaper in Rochester, N.Y.

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"Audio adds a layer of information that citizens can use to become more informed about the way government operates," she said.

Walton's ruling is a bit of a rarity in a federal court system that generally bans tape recorders and cameras in the courtroom. In the Libby trial, the impact also could be magnified due to the growing influence of Internet news.

The tapes took up part of Monday and are expected to run through Tuesday, as well, with public release afterward.

"This is a blogger's dream," said Jim Angle, chief Washington correspondent for Fox News, who has been covering the trial and plans to use at least some audio snippets in his reports. "What was previously secret grand jury testimony, you now get a public window into the process."

"You get to hear over and over remarks on which he was indicted and you get to make your own judgment," he said.

Other major networks, including ABC, CBS, CNN and NBC, said they would go through the audiotapes and determine how much to broadcast.

"Federal courts are difficult and tricky things to cover. It's one area where the electronic media is really not as able to cover as well as print media," said David Bohrman, CNN's Washington bureau chief. "To be able to have some access to these electronic recordings will make our coverage more realistic."

C-SPAN will also review the recordings and anticipates they may be used on television, radio and its Internet site, said spokeswoman Jennifer Moire.

Libby is charged with perjury, obstruction and lying to the FBI in an indictment that focuses in part on his statements to a federal grand jury investigating the leak of the CIA identity of Valerie Plame.

Special Prosecutor Patrick Fitzgerald successfully fought to enter the tapes into evidence and planned to play about eight hours of Libby's closed-door testimony.

Although quotes from Libby's testimony would be widely distributed anyway by reporters who are covering the trial, his lawyers had argued that the audio was too sensitive to be released until the trial ended.

Nathan Siegel, an attorney representing The Associated Press and more than a dozen other news organizations, contended that Libby's own words were far less prejudicial than evidence released in other cases, including 911 calls from inside the World Trade Center, FBI tapes in the Abscam investigation and mob wiretap tapes.

In a telephone interview, Siegel said Walton's ruling could have significant impact for future cases at a time when audio and videotaping of statements for trial are becoming more common.

"It certainly helps the broadcast media," he said. "But it helps other outlets, too, now that you've got newspaper Web sites, with opportunities for greater use of audio and video."

In the tapes, Libby discusses conversations he had regarding Plame, whose identity was leaked to reporters in 2003.

Jane Kirtley, a media ethics professor at the University of Minnesota, said Walton's decision pointed to a "new generation of judges more comfortable" with removing roadblocks to public access to trial evidence.

As an example, Kirtley noted that the Supreme Court under Chief Justice John Roberts has shown some flexibility by releasing audio recordings of its own arguments in high-profile cases.

While there could be distortion of news accounts of the grand jury tapes, the same could be said of transcripts of grand jury proceedings that are routinely released during trials, she said.

Mr. Cheney, Tear Down This Wall (NYT)

By Nicholas D. Kristof

The New York Times, February 6, 2007

At the Republican National Convention in 2000 that nominated him for vice president, Dick Cheney told a rapturous crowd that Democrats “will offer more lectures, and legalisms, and carefully worded denials. We offer another way, a better way, and a stiff dose of truth.”

So, Mr. Cheney, now that the Scooter Libby trial is raising doubts about your own integrity, you owe the nation an explanation. Here are a few questions to help frame your explanation of your activities:

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Mr. Vice President, did you push Mr. Libby to dig into Joe Wilson's background and discredit him? Mr. Libby made such a major effort to gather materials from the C.I.A. and State Department about Mr. Wilson — both before and after you told him on June 12, 2003, that his wife worked at the C.I.A. — that it seems likely that you commanded the effort. True?

What did you mean when you wrote, in a note to Scott McClellan that has been entered into evidence, "not going to protect one staffer + sacrifice the guy the Pres. that was asked to stick his head in the meat grinder because of incompetence of others."

First, you wrote that it was "the Pres." who had asked Mr. Libby to do this, and then you crossed out those two words. Did President Bush indeed ask that Mr. Libby take charge of the effort to discredit Ambassador Wilson? And is it true, as was hinted at in the trial, that the White House tried to block the release of this document?

When you discussed Joe Wilson with Mr. Libby on Air Force Two on July 12, 2003, what instructions did you give him?

Trial testimony indicates that on that flight, Mr. Libby looked over some questions a reporter had sent in about Mr. Wilson and then said: "Let me go talk to the boss and I'll be back." After consulting with you, Mr. Libby later called reporters to feed them a skewed version of Mr. Wilson's trip.

Mr. Cheney, on that plane, did you specifically tell Mr. Libby to leak to reporters the fact that Mr. Wilson's wife worked at the C.I.A.?

Deborah Bond of the F.B.I. has testified that Mr. Libby acknowledged in one of his interviews that on that flight, he might have talked to you about whether to tell the news media about Valerie Wilson. So did he?

Since Mr. Libby is renowned for his caution, it seems highly unlikely that he would have leaked classified information twice to reporters right after talking to you, unless you had sanctioned the leak.

During the leak investigation, were you aware that Mr. Libby was telling the F.B.I. apparently false information?

You rode to work with him nearly every day in your limousine, and the issue never came up? Or did you ask Mr. Libby to protect you because you didn't want it known that in fact you were the one who had told him about Ms. Wilson? Was there some other information you wanted kept secret?

Were you trying to cover up your own reliance on misinformation about Iraqi W.M.D. by blaming the C.I.A. and anybody else within range, like Mr. Wilson?

More than anybody, Mr. Vice President, you made the argument in the run-up to the war that Iraq had weapons of mass destruction. And one senses, in the indictment and the trial testimony, that by the early summer of 2003, there was panic in your office that the W.M.D. had failed to materialize.

So when Ambassador Wilson came forward, you seem to have been infuriated. You tried to blame the C.I.A., and then your office tried to discredit Mr. Wilson by arguing that he had simply enjoyed a junket arranged by his wife.

Robert Grenier, a C.I.A. official, told the court that he thought the White House was "trying to avoid responsibility for positions that they took with regard to the truth about whether or not Iraq had attempted to acquire uranium from Niger." So did this all arise from an attempted cover-up?

So when are you going to come clean?

When Richard Nixon was accused of misusing campaign contributions in 1952, he gave his famous Checkers speech. When questions rose about Spiro Agnew's conduct in 1973, he repeatedly addressed them in public. (Look, you know you're in trouble when the press tries to hold you to the same standards of transparency and integrity as Nixon and Agnew.)

I'm not accusing you of committing a crime. But there are serious questions here, and you owe the nation not legalisms, but that "stiff dose of truth." If you continue to stonewall, then you don't belong in office and you should resign.

Difference Between Classified And Secret At Heart Of Libby Trial (ABC)

By Pam Coulter

ABC News, February 5, 2007

CIA Leak Case Focuses on Govt's Non Disclosure Agreements

WASHINGTON - Feb. 5, 2007— - In government, there's often a conflict between what can be aired publicly and what should be kept under wraps. There is no doubt about the value of keeping secret the movement of military forces in wartime.

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There is plenty of information that should be released, yet is jealously guarded by government officials. Sunshine laws and the Freedom of Information Act are designed to counter too much secrecy.

Secrecy and the lack of it are at the heart of the perjury and obstruction trial of former White House aide Lewis 'Scooter' Libby. The case has its origins in allegations that the Bush Administration twisted intelligence data to justify a pre-emptive war with Iraq. The prosecution believes there was a concerted effort to discredit the war critic by unmasking his CIA wife.

There is no dispute at the Libby trial that Valerie Plame's CIA identity was CLASSIFIED information. It was the CIA that officially requested a Justice Department investigation of who leaked her name to reporters, a possible violation of the Intelligence Identities Protection Act of 1982. But no one has been charged with violating that law, which carries a maximum penalty of 10 years in prison and a 50-thousand dollar fine.

Documents in the case and testimony at the trial show a number of top administration officials discussed Valerie Plame with reporters. Former State Department official Richard Armitage, former White House spokesman Ari Fleischer, Karl Rove, and Scooter Libby, among them. An FBI agent also testified that Libby said it's possible he and Vice President Dick Cheney discussed leaking Plame's name to journalists. It was such an incendiary topic, former Time Magazine reporter Matthew Cooper told his bureau chief the information should be considered "double super secret background."

Simply discussing an undercover operative is not enough to violate the law. You have to know the agent in question is covert and the government is taking steps to conceal the person's identity, and the disclosure must be intentional. So after a more than three year long investigation, Special Counsel Patrick Fitzgerald has only charged Scooter Libby with lying and trying to obstruct his leak investigation. When he announced the indictment, Fitzgerald compared the offense to someone kicking sand into an umpire's eyes.

It is possible that Libby and other officials violated an agreement all federal employees are required to sign before they are given access to sensitive national security data. It's the standard classified information nondisclosure agreement. That document recognizes that "special confidence and trust shall be placed in me by the United States Government."

The signatory (employee who signs the agreement) must acknowledge receiving a briefing on the nature and protection of classified information and a warning that any unauthorized disclosure or "negligent handling of classified information" could cause "irreparable injury to the United States." The agreement also says if the employee is uncertain about the classification status of information, he or she is required to confirm the information is unclassified before disclosing it. Any violation of the nondisclosure agreement can result in termination of security clearances, removal from a particular position, or firing.

The prosecution suggests this may be one reason why Libby lied to the FBI and a grand jury about his discussions with reporters. He may have feared loss of his clearance, which could have cost him his job of National Security Adviser to the Vice President.

And when the scandal was breaking, President Bush said anyone in his administration who leaked classified information would no longer work for his administration.

Miller Tied To '92 Conflict-of-interest Fine (HILL)

By Susan Crabtree

The Hill, February 6, 2007

Rep. Gary Miller (R-Calif.) last week blamed an FBI review of his land deals on a media smear campaign. But this is not the first time government agencies have scrutinized his real estate transactions.

In 1992, the California Fair Political Practices Commission (FPPC), a state government entity that regulates political activity and investigates conflict-of-interest allegations, levied a $1,750 fine against Covina City Councilman Christopher Lancaster for accepting $8,000 from Miller before voting in favor of a resolution Miller sponsored.

The payment occurred when Lancaster was mayor of Covina and Miller was a member of the Diamond Bar City Council and running for state Senate.

According to an FPPC summary of the case, Miller's campaign committee paid Lancaster the money for "his work as a political campaign consultant." On Sept. 17, 1990, Lancaster voted in favor of Miller's resolution, which created a formula for the exchange and division of property tax revenue between Los Angeles County and the City of Covina.

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"The resolution was initiated by Gary Miller to enable him to annex 52 acres of undeveloped land into the City of Covina," the case summary states. "Miller held an option to buy this acreage."

City councils regularly negotiate exchanges of the property tax for annexed land based on the expenses the city and the county have incurred regarding the land, usually in the form of government services. In many cases, these agreements must take place, and the city must pass a resolution laying out the exchange rate before the land can be transferred to the city.

An FPPC stipulation, decision and order signed by Lancaster and Wayne Ordos, executive director of the commission, in late 1992 pinpoints a critical matter in the case.

"Although the resolution had no impact on the amount of taxes on this property, passage of such a resolution was one of the steps necessary for the annexation process to move forward," it states. "Annexation into the City of Covina would have had a financial effect on the fifty-two acres on which Miller held an option agreement."

Annexing land from counties to cities immediately increases the value of the property because the city provides services such as sewer maintenance, according to an initial review of the case summary by the Center for Responsibility and Ethics in Washington (CREW).

Shaun Martin, a law and ethics professor at the University of San Diego, said annexation of the land benefited Miller.

"The lingering question is whether the $8,000 he gave to the mayor had anything to do with the mayor's vote in favor" of the annexation tax deal, Martin said. "To a neutral observer, the whole reason you're not allowed to vote on things when someone has paid you $8,000 is because it looks like a payoff."

Martin also said the case suggests a "pattern and a practice" in Miller's land dealings.

The 1992 FPPC case provides "a keen insight into how [Miller] was doing business," Martin said.

"For all I know, maybe [Lancaster] walked around and spent six straight months putting up yard signs [for Miller's campaign], but I highly doubt it."

Miller and Lancaster did not return calls for comment.

The San Gabriel Valley Tribune last week reported that the FBI had contacted officials and former officials from several cities in Southern California about Miller's land deals. A spokesman for the city of Monrovia also confirmed that the FBI had contacted several officials.

Miller has consistently denied any wrongdoing, and last week he lashed out at the press for conducting what he called a "smear" campaign against him.

Among various questionable land deals, The Hill first reported late last year that Monrovia city officials had tried to secure a federal earmark to help purchase a large swath of land to create a wilderness preserve in the nearby foothills, 165 acres of which Miller owned. The city's efforts were unsuccessful and it instead passed a tax increase and secured California state grant money to pay for the land. Miller ended up making nearly $10 million on the deal.

In August, CREW filed a complaint with the IRS following a Los Angeles Times report alleging that Miller failed to pay capital gains tax on the sale of the land to Monrovia, claiming that the city had exercised eminent domain, which lightened his tax load. The city denied doing so.

Fumo Strikes First (PHI)

By Mario F. Cattabiani And John Shiffman

The Philadelphia Inquirer, February 6, 2007

HARRISBURG - In a preemptive strike on the eve of his likely indictment, a defiant State Sen. Vincent J. Fumo took the fight to federal prosecutors yesterday, vowing to contest charges he called "falsities and half-truths."

"I know in my heart that I have not done anything illegal," the Philadelphia Democrat said during a 12-minute speech on the Senate floor, his voice at times somber, at times bitter.

"Sometimes in life the only choice we have when we face blatant injustice is to have the courage to stand up and fight. That is what I will do."

Fumo made the extraordinary remarks as lawyers close to the case said fraud, conspiracy, and obstruction-of-justice charges appeared imminent. An indictment could come as early as today.

Fumo stepped down from a powerful committee post yesterday - a day before the presentation of the annual state budget - but will remain in the Senate.

It was "a stunning development for the preeminent politico," said Fumo's longtime friend and fellow Democrat, House Majority Leader Bill DeWeese.

"There certainly has been only one Vince Fumo, and the long arm of the senator has exhibited unparalleled muscularity," he said.

After four years of near-silence on the investigation, Fumo, 63, a Philadelphia political baron and a Harrisburg fixture for three decades, said he expected the indictment to be voluminous - and misguided.

He predicted the indictment would focus on two basic allegations: that he exploited a South Philadelphia charity and misused his Senate staff for personal and political purposes.

It will not allege, Fumo said, that he ever cast a vote in his own interest or extorted money from businesses.

"The indictment will not allege that I ever accepted a bribe," Fumo said. "And, as the government knows, I never did."

Federal prosecutors John J. Pease and Robert A. Zauzmer declined to comment.

For nearly four years, the FBI and IRS have been investigating the finances of the multimillion-dollar charity Citizens' Alliance for Better Neighborhoods.

The organization, founded and run by Fumo allies, is funded mainly with public money and donations from Peco Energy Co. and the Delaware River Port Authority - money obtained through Fumo's influence or help.

The Inquirer has reported that the charity paid for political polls and secretly funded a lawsuit against a Fumo political rival. It is illegal for charities to participate in political activities and the IRS has been scrutinizing Citizens' Alliance tax returns to determine whether they were falsified.

Sources say the FBI is also investigating whether the charity bought Fumo household items and provided its SUVs - a Ford Expedition and a Lincoln Navigator - for Fumo to use on vacation.

Fumo defended his relationship with the charity.

"Make no mistake, I am proud of Citizens' Alliance," he said, ticking off a list of the nonprofit's accomplishments, from funding a charter school to cleaning up blighted neighborhoods.

The charity's lawyer, William J. Winning, declined last night to comment on the speech or the investigation.

In his speech, Fumo also defended his relationship with Harrisburg and Philadelphia staff. He said they work long hours serving constituents well.

"The suggestion that my staff members are political operatives or personal assistants reflects an amazing ignorance of both the legislative process and the facts," he said with a group of aides standing behind him on the Senate floor.

Fumo made no reference to possible obstruction-of-justice charges. Last year, two of his Senate computer technicians were accused of purging e-mails from government computers. In court papers, prosecutors said they believed the aides - Leonard Luchko and Mark Eister - deleted computer documents at Fumo's direction to thwart the federal probe. They have pleaded not guilty.

Several lawyers involved in the case said they expected the current charges against Luchko and Eister to be merged with the Fumo indictment.

Luchko's lawyer, James C. Schwartzman, said yesterday the government was overreaching.

"I'm looking forward to reading the novel the government is going to come out with," Schwartzman said. "If I were a betting man, I think we're looking at a couple of hundred pages."

Another person who may face charges is Ruth Arnao, a former Fumo Senate aide and Citizens' Alliance executive director. Sources say prosecutors have also sent her a so-called target letter, warning that charges were likely. Her lawyer did not return a call yesterday.

Fumo has been indicted twice before - in 1973 over vote fraud, and in 1980 over putting ghost employees on the state payroll. Charges in the first case were quickly dropped; he was convicted in the second, but a judge later threw out the conviction.

This time, he is represented by the firm of Sprague & Sprague, among the most prominent in Philadelphia. One of his lawyers, Mark Sheppard, declined to comment yesterday.

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Fumo or members of his inner circle serve on a web of government and quasi-government agencies - from the Delaware River Port Authority to the Pennsylvania Higher Education Assistance Agency - that control much of the city and state infrastructure, cultural institutions, and political innards.

Fumo will remain on the DRPA, higher education and other boards, spokesman Gary Tuma said.

Fumo took to the floor about 2 p.m. He called it "the most difficult speech I have ever had to deliver."

He ripped federal prosecutors for what he called a "years-long, one-sided campaign of scurrilous leaks to the media designed to undermine my office and attack my reputation."

"I am not happy about this, but in one sense I am relieved," Fumo said. "These years have not been easy on me or my family, my staff and my friends... . I will be able to meet the allegations head-on, instead of trying to answer the countless rumors that have attended this process."

In a move that caused a buzz in Harrisburg, both for its timing and its political impact, Fumo also announced he was stepping aside as the ranking Democrat on the Appropriations Committee, a powerful post he has held since 1985. State Sen. Gerald LaValle (D., Beaver) will take his place.

The news comes on the eve of Gov. Rendell's budget presentation - the traditional start of the busy season for the committee as it crafts the state's spending blueprint for the coming fiscal year.

Through a spokeswoman, Rendell called Fumo's decision to step down a "blow to Philadelphia and the surrounding region."

"Sen. Fumo has sharp knowledge of the budget process and the inner workings of the budget documents. His expertise will be missed," said Kate Philips, the governor's spokeswoman.

Under Senate rules, members indicted for a crime related to their office must temporarily relinquish leadership posts pending the outcome of the case.

Fumo presumably would also lose all the perks of the leadership post, including his large staff and huge discretionary account, which he has spent liberally on, among other things, a stable of consultants.

If acquitted, Fumo would get the position back. If convicted, he could be removed from office.

Pa. Senator Says He'll Be Indicted (NSDY/AP)

By Peter Jackson, Associated Press Writer

Long Island Newsday, February 6, 2007

HARRISBURG, Pa. -- One of Pennsylvania's most powerful politicians announced on the state Senate floor Monday that he expects to be indicted soon in an extortion case and that he was temporarily giving up a key committee post.

Sen. Vincent J. Fumo, a Philadelphia Democrat, said he would likely be charged this week with using a neighborhood nonprofit group for his own personal and political gain.

"I know in my heart that I have not done anything illegal," said Fumo, 63.

A federal grand jury has been investigating whether Fumo extorted tens of millions of dollars in corporate donations for the Citizens' Alliance for Better Neighborhoods. Two of his former Senate staffers are scheduled to stand trial on obstruction charges May 21 on suspicion of deleting e-mail about Fumo's ties to the charity from office and other computers.

Fumo would have been required to give up his leadership post as soon as he was indicted. He portrayed his resignation as minority party chairman of the Senate Appropriations Committee as a temporary measure "until I am vindicated."

Fumo charged that the investigation "has been marked by threats, intimidations and frequent leaks to the media intended to embarrass me" and vowed to fight the allegations.

Assistant U.S. Attorney Robert Zauzmer declined to comment on Fumo's remarks.

The Citizens' Alliance for Better Neighborhoods is run by Fumo's aides and does economic development and beautification projects in his district.

Peco Energy Co. gave the nonprofit group $17 million as it sought to win state deregulation of the electricity markets. Fumo initially opposed the effort but later threw his support behind the utility.

A lawyer, Fumo is an architect of the 2004 law that legalized slot-machine gambling in the state.

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Fumo's Defense: A Strong Offense (PHI)

By Craig R. Mccoy And Emilie Lounsberry

The Philadelphia Inquirer, February 6, 2007

It was vintage Senator Fumo - smart, heartfelt, combative, eloquent and shrewd.

Without waiting for a massive federal indictment that may shred his image, legal experts and public-relations people noted yesterday, State Sen. Vincent J. Fumo struck first. He offered a counter-narrative: Fumo, the people's champion, fighting the good fight in the face of threats, leaks and intimidation.

"A terrific public-relations maneuver to get ahead of the indictment," said lawyer John P. Pucci, a former federal prosecutor.

Or, as veteran Philadelphia ad man Elliott Curson put it: "It's a preemptive attack.... He's trying to get his side of the story out before the other side."

In his speech from the Senate floor, Fumo, 63, provided his own summary of the charges he is likely to face and then ripped into them.

He said the government was about to accuse him of misusing a South Philadelphia charity. To rebut that, he extolled the nonprofit's work on "countless" community projects, from supporting charter schools to cleaning up "trash-strewn, rat-infested, vacant lots.... It is truly about better neighborhoods."

With members of his Senate staff standing behind him, he said prosecutors were about to paint them as his taxpayer-paid campaign workers and personal servants. To the contrary, he said, they work tirelessly for the public, without bonuses or overtime.

And, lest anyone miss the news, Fumo's office circulated copies of his speech to the Capitol press corps.

A special case

An officeholder announcing his own indictment ahead of time is a rarity. While many defense lawyers say the only good client is a silent one, others say an indicted politician is a special case.

Dan Richman, a former federal prosecutor who now teaches law at Fordham University in New York City, noted that politicians must protect not only their liberty, but also their viability - and thus must play to both potential jurors and potential voters.

Neil Oxman, a veteran political strategist, said silent was not a smart option.

"The only other strategy is, you don't say a word, and the next time someone sees you is when you walk into court and somebody sticks a microphone in your face," said Oxman, who is based in Philadelphia. "This is a much better strategy."

Art Patterson, a jury expert in State College, Pa., said it was good strategy to send messages to the vast jury pool: "It's laying the groundwork of a vigorous defense."

If Fumo is indicted, a federal jury would likely be chosen from a wide swath of eastern Pennsylvania. Though jurors are not supposed to be influenced by what they see or read about a case, trial experts say it is hard to totally screen out such influences.

Jurors generally expect someone accused of a crime to mount a strong defense, Patterson said, and wonder about those who say, "No comment."

"Going on the offensive is always good," he said.

Patterson said big companies about to be sued often launch an ad campaign "in hopes that this will have a positive influence on jurors" in civil trials.

Not unprecedented

A few other Philadelphia figures have chosen a similar strategy when a federal indictment loomed.

In 1991, City Councilman James J. Tayoun, delivered a speech on the Council floor denouncing federal investigators' "malicious" attempt to destroy his career. He later pleaded guilty to crimes in office and went to prison. Now he publishes a weekly newspaper, the Public Record.

And in 1988, when six former members of the elite Philadelphia police "Five Squad" drug unit were indicted for corruption, two defendants crashed the news conference at FBI headquarters to attempt to rebut the charges.

Pucci, who prosecuted the Five Squad case and who now practices law in Massachusetts, recalled that move as a "startling event."

So, he noted that Fumo's bold statement on the House floor was "not unprecedented."

Pucci said Fumo's statement was not only a shrewd public-relations move, but also foreshadowed what any Fumo trial might be like - "a bare-knuckled battle."

FUMO'S COATTAILS ARE LONG (PHI)

By Dave Davies

The Philadelphia Inquirer, February 6, 2007

WHEN SOMETHING as earth-shattering as a federal corruption indictment hits a politician as influential as Vince Fumo, his friends and allies feel the shock waves, too.

And this spring, some of them are running for office.

What will become of Fumo's political family?

Fumo worked hard to get U.S. Rep. Bob Brady into the mayor's race, and longtime Fumocrats Jim Kenney and Frank DiCicco are running for re-election to their seats on City Council.

Kenney and DiCicco, by now multi-term incumbents with their own legislative records, political relationships and fundraising capacity seem well-positioned to thrive on their own.

It's harder to predict the impact on Brady, a longtime friend and associate of Fumo's who must fight the notion that he's a machine politician.

Opponents may produce pictures of Fumo with Brady, a Democratic ward leader and 20-year party chairman, hoping to taint Brady with Fumo's legal problems.

Political analyst Larry Ceisler said it's a tactic that's likely to fail or backfire.

"In this city, I just don't think guilt by association works," he said. "Brady has his own persona, his own identity."

St. Joseph's University historian and analyst Randall Miller said the Fumo scandal could raise the profile of the issue of public corruption and help mayoral candidates Michael Nutter and Tom Knox, who are fighting "pay-to-play" politics.

"The Fumo charges would be another example, another layer in the growing public perception that corruption is a big problem," Miller said.

Even if Brady isn't tainted by his friendship with Fumo, he's likely to miss Fumo's potent fundraising capacity.

Brady yesterday said he would not hide from Fumo.

"It's not in my nature to turn my back on a friend," Brady said. "I wish him and his family well."

Brady said he believes voters will judge him on his own merit and message, and he wasn't counting on Fumo to fund his campaign.

"It's not like I just got here," Brady said. "I've been around a long time, and there are plenty of people I can rely on."

Kenney and DiCicco said that they regard Fumo a friend but that they have their own records to run on.

"At some point, this 48-year-old, four-term incumbent has to be viewed as an individual, " Kenney said. "I've got a body of work I'm proud to take to the voters."

Kenney has been a focal point of controversy lately for his proposal to lift the campaign-contribution limit in a mayor's race in which millionaire Knox has given his campaign more than $2 million.

Although Kenney was among the first in Council to propose contribution limits and supported ethics reforms in the last term, his recent proposal has drawn fire from several civic and business groups.

DiCicco, who won his seat with Fumo's help in 1995, said he's stood on his own for a long time, opposing Fumo on some policy issues and getting little money from him in his last campaign.

DiCicco said he understands that an opponent of his or Brady's may try to make an issue of their friendship with Fumo.

"People aspiring to elected office will take any shot they can and see if it sticks," DiCicco said. "People will look at it and make reasonable judgments about it. You know, Vince touched a lot of lives in this city, and not just in the political arena."

Corruption Trial Begins Today (MH)

By Cammy Clark

The Miami Herald, February 6, 2007

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KEY WEST - A decade after the late Monroe County Mayor John L. "Jack" London was paid $29,000 as part of an alleged development bribery scheme, a former county attorney goes on trial today for his suspected role in the public corruption case.

James Hendrick, who served as Monroe County attorney from 1995-2002, faces federal charges of conspiracy to obstruct justice, witness tampering and obstruction of justice. A 12-member jury was seated Monday.

If convicted, the maximum penalty is 10 years imprisonment for witness tampering and obstruction of justice and five years for conspiracy.

The case stems from a lengthy FBI investigation into alleged public corruption in the Keys. Prosecutors say Hendrick was the center of a "secret deal" in which he, London and Miami-Dade political consultant Randy Hilliard conspired to get Marathon businessman Marvin Rappaport to pay $75,000 in exchange for building and zoning approval of his stymied redevelopment project.

The payments were made between April and August 1996, prosecutors say. On June 19, 1996, the County Commission approved Rappaport's project, called Halls Resort.

In December 1997, Hilliard used some of the money to send three cashier checks totaling $29,000 to pay off a lien on London's second home in Ireland, prosecutors say.

London pleaded guilty in July 2005 for tax evasion stemming from the $29,000 payment. Prosecutors dropped his three counts of lying to federal investigators in exchange for London testifying against Hendrick, once a close friend.

Hendrick was arrested two months earlier at his Whitehead Street office and flown to Miami, where he pleaded not guilty.

The prosecution lost a key witness when London died Nov. 21 from an aneurysm while awaiting sentencing in his plea deal.

Prosecutors are expected to call Hilliard, Rappaport and others as witnesses; they are cooperating and are not charged in the corruption case.

In addition to their testimony, the case against Hendrick hinges on 11 taped conservations between him and Hilliard that began in 2003. Eight were by phone and three were in person, with Hilliard wearing a wire for the FBI.

According to the indictment, transcripts of those tapes indicate Hendrick devised a false explanation of the $29,000 payment, saying it was a consulting fee. He then instructed Hilliard and London to tell the concocted story to the grand jury. Prosecutors also allege that Hendrick told London to leave South Florida to avoid appearing before the grand jury.

Prosecutors also say they plan to introduce evidence that Hilliard, London and Hendrick discussed using a Bahamian company and a bank account in Luxembourg to pay additional bribes to London.

The prosecutors said the use of the Luxembourg account would allow London to use an ATM card to make cash withdrawals in the United States.

The company's name was the Resources Conservancy, with an address in the United States that was the same as Hendrick's law firm in Key West.

Hendrick's attorney, Ed Shohat, filed a motion to exclude the "prior bad acts evidence." Senior U.S. District Judge Shelby Highsmith denied the motion, Assistant U.S. Attorney Christopher Clark said Monday.

"It's part and parcel of the same crime," Clark said after the jury -- 11 women and one man -- was selected for the trial, which is expected to last two weeks.

Hendrick declined to comment, saying anything he said would be misconstrued by the public.

Belleville Woman To Be Sentenced In Hurricane Katrina Fraud (AP)

By Ann Sanner

AP, February 6, 2007

WASHINGTON - A 59-year-old man was sentenced Monday to 8 1/2 years in prison on charges stemming from his use of stolen identities in an attempt to acquire more than $100,000 in payments intended for victims of Hurricanes Katrina and Rita.

Jeffrey Alan Rothschild, who's also known as Jeffrey Zahler, pleaded guilty in August to bank fraud, mail fraud and money laundering in late 2005. He was sentenced by U.S. District Judge Colleen Kollar-Kotelly in Washington.

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U.S. Attorney Jeffrey A. Taylor said Rothschild abused a system set up by the Federal Emergency Management Agency to allow hurricane victims to receive $2,000 in emergency funds after providing their names, Social Security numbers and other information.

Between about Sept. 13, 2005, and Dec. 31, 2005, Rothschild used personal information and addresses that he found on the Internet or material he made up to get money from FEMA, Taylor said.

As a result, FEMA issued 38 checks to people whose names Rothschild had provided. He then forged the checks and deposited them in accounts he controlled. He submitted 14 applications for which he did not receive checks, Taylor said.

Rothschild has no fixed address.

Gulfport Woman Pleads Guilty To Katrina Fraud (BSH)

Biloxi Sun Herald, February 6, 2007

JACKSON, Miss. - A Gulfport woman pleaded guilty to hurricane disaster-relief fraud and faces five years in prison, the U.S. attorney's office said Monday.

Amanda Rettig will be sentenced April 25 and could also be fined up to $250,000.

She pleaded guilty to filing a false claim with the Federal Emergency Management Agency saying her property was damaged by Hurricane Katrina. She submitted a false address in Saucier.

She received $22,253.23, a statement from U.S. Attorney Dunn Lampton said.

Suspect In 2 Boys' Abduction Charged With Molestation (USAT)

By Judy Keen

USA Today, February 6, 2007

CLAYTON, Mo. — Michael Devlin, who has been accused of kidnapping two Missouri boys who were found last month, was charged Monday with molesting the teenagers.

St. Louis County prosecutor Robert McCulloch charged Devlin, 41, with 71 counts: two kidnapping charges and the rest for forcible sodomy. Each charge is a felony punishable by up to life in prison. He said Devlin was charged with 17 counts of forcible sodomy relating to an abduction last month and 52 more in a 2002 kidnapping. "Devlin acknowledged committing these acts," McCulloch said.

Following his department's policy of not naming victims of sexual abuse, McCulloch did not name the teens. He noted that their identities "are not a national secret."

Ben Ownby, 13, of Beaufort, Mo., was kidnapped on Jan. 8. Shawn Hornbeck, 15, disappeared in 2002 in Richwoods, Mo. Both were found inside Devlin's apartment in Kirkwood, Mo., on Jan. 12. Devlin was charged last month with kidnapping in each boy's home county and pleaded not guilty. Monday's charges were filed in the county where Devlin lived.

USA TODAY does not usually identify victims of alleged sex crimes. In this case, however, the names have been widely used in the media. Hornbeck's stepfather, Craig Akers, told USA TODAY that it was "a logical assumption" that Shawn had been sexually abused. Devlin's lawyers, Ethan Corlija and Michael Kielty, said in a statement they have "received no evidence" on the charges. Scott Sherman, a lawyer for Shawn and his family, told the Associated Press that the family "is relieved that the speculation" about what happened is over.

The Police Lineup Is Becoming Suspect Practice (CSM)

By Patrik Jonsson

The Christian Science Monitor, February 6, 2007

ATLANTA

More than two decades ago, a sexual-assault victim from Sandy Springs, Ga., pointed to a picture of her attacker in a photo lineup.

"From zero to 100 percent, how sure are you?" a detective asked.

"I'm 120 percent sure," the woman said, as stated in court testimony.

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It now appears that she was 100 percent wrong, according to the Fulton County district attorney. The result of DNA testing led to the release of Willie "Pete" Williams on Jan. 23 after nearly 22 years in a south Georgia prison for a crime he did not commit. Her mistake and his exoneration have revived a debate about the accuracy of eyewitness identifications – and their central role in persuading juries to convict.

But even as a handful of police departments from Boston to Minneapolis have voluntarily changed lineup procedures to help reduce such tragic errors, resistance to top-down reform from the majority of American police chiefs and prosecutors is pushing the debate into the legislative chamber. Last week, Georgia introduced a bill that would scrap the side-by-side police lineup, and would instead require police departments to present suspects one by one – either in person or by photo. Georgia joins Texas, New Mexico, West Virginia, and Vermont, which have similar bills pending.

Some experts argue that the new procedure limits inaccurate "relative judgments" that victims can make during a lineup. But police counter that they do not want to be forced to use a specific procedure that they say would undermine proven techniques detectives use.

"You can start to see a move now in policymaking and the decisions that prosecutors are making about how they elicit evidence," says Professor Christian Meissner, director of the Investigative Interviewing Research Laboratory at the University of Texas at El Paso. "The involvement of legislatures is an attempt to get prosecutors to realize that these are real issues that need to be addressed."

Since 1992, 194 people have been exonerated on the basis of DNA evidence, and some 75 percent of the convictions involved at least one faulty eyewitness identification, according to the Innocence Project, which works to clear those who are falsely imprisoned. A separate study published by the University of Michigan in 2004 found that 90 percent of mistakes that led to false convictions in rape cases were caused by eyewitness errors.

"The way the [procedure] is now, it's easy to pick somebody out that's not involved," says Michael Moore, a private investigator in Cairo, Ga.

How new bills change lineups

To minimize errors, the new bills in the five states propose that police must employ a "blind" lineup administrator, who in a small town could be a retired police officer or even a barber. This person would not know anything about the case, and therefore would be unable to influence the witness, for example, to "take another look at No. 5." Also the measures would replace the lineup in which people or photos are shown side by side with a procedure where suspects are shown one at a time. This "blind sequential lineup" strategy reduces "relative discrimination" in which witnesses identify somebody who looks most like the perpetrator out of a group, researchers say.

"Let's learn the lessons not only about the fallibility of eyewitness identification, but also of the ... research that shows how to eliminate the inadvertent suggestiveness of traditional police lineup procedures," says Stephen Saloom, policy director at the Innocence Project in New York.

In recent years, research has showed that blind sequential photo lineups produce half as many mistakes as the traditional "parade" of suspects, but they also result in 3 percent fewer total identifications.

But the blind sequential photo lineup resulted in more false identifications when it was employed in Illinois in the squad rooms of Chicago, Joliet, and Evanston in 2005. Using this method, witnesses made positive identifications 62 percent of the time; the sequential method yielded identifications 53 percent of the time, according to a study by the Illinois attorney general.

With this study in mind, some criticize states' efforts to mandate a specific procedure that would replace the experience detectives have from "thousands of years of court with 25 years of studies on human memory," says Rick Malone, director of the Prosecuting Attorneys' Council of Georgia. "A clinical study in a research laboratory versus someone walking out of a liquor store who shoots the fellow across the street – those aren't the same conditions."

The change could also trigger a flood of appeals from convicts who say they were mistakenly identified, says Terence Campbell, a forensic psychologist in Sterling Heights, Mich., offering a reason prosecutors are against the legislation.

The exoneration of 'Pete' Williams

During his trial, Mr. Williams said he was playing cards with friends at the time of the rape, but his testimony could not overcome the jury's perception of the victim's "120 percent" certain identification. Williams wrote a letter from prison to the

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Georgia Innocence Project saying he was "a poor black man with a criminal record" who was convicted of a crime he did not commit. The group then used DNA technology to test the evidence again. "We are all human," Williams said after his release, as he forgave the witness for the mistake.

The story of Williams, an aspiring gospel singer who broke into a bar of "Amazing Grace" after his release, is likely to influence whether Georgia lawmakers vote to pass the bill, experts say.

"When you have someone just released from prison who was unjustly put in there, [the success of a reform bill] comes down to how much sympathy defense attorneys can garner in [the house judiciary] committee, and they could garner a lot," says Frank Rotondo, of the Georgia Association of Chiefs of Police.

Jail Record Near For Videographer Who Resisted Grand Jury (NYT)

By Jesse Mckinley

The New York Times, February 6, 2007

SAN FRANCISCO, Feb. 5 — A freelance videographer who refused to cooperate with a grand jury investigation will become the longest incarcerated journalist in modern American history on Tuesday. The freelancer, Josh Wolf, will pass Vanessa Leggett, an investigator and a journalist who served 168 days in 2001 and 2002 for refusing to surrender information in a murder case.

Mr. Wolf, 24, has been in prison since August, with a brief break in September related to his appeal, after refusing to cooperate with a grand jury investigation of an anticapitalist protest in 2005 in which a police officer here was injured and a squad car was slightly damaged by a small explosive device.

Prosecutors have demanded that Mr. Wolf give them his raw video, some of which he has posted on his Web site, www.joshwolf.net, as well as testify about the protesters seen on the tape for an investigation into possible charges, including arson.

“Wolf videotaped a public demonstration where there may have been an attempt to set a police car ablaze and where a San Francisco police officer’s skull was fractured when he was hit from behind by a demonstrator,” said Luke Macaulay, a spokesman for the United States attorney for the Northern District of California.

Mr. Macaulay cited six federal decisions in the government’s favor, including one last week that denied a request for a new hearing.

“This office has issued a lawful subpoena for legitimate investigative purposes,” he said.

Mr. Wolf says he is protecting his sources. He remains behind bars even as the United States attorney who had him held, Kevin V. Ryan, has said he is stepping down and the San Francisco district attorney has dismissed the lone remaining criminal case involving the protest.

Mr. Wolf could stay jailed until the term of the grand jury ends in July.

The jailing has prompted outcries by advocates for freedom of the press who say it seems out of proportion to the scale of the investigation.

“This is one more example of the increasing attacks on confidentiality of sources in the United States, one more blow to investigative journalism and, eventually, to the right for American people to be informed,” Lucie Morillon, a spokeswoman for Reporters Without Borders in Washington, wrote in an e-mail message. “This is a bad signal sent to the rest of the world.”

The case has also raised the question of whether Mr. Wolf is truly a reporter or simply a citizen who shot videotape. His lawyer, Martin Garbus, said Mr. Wolf established his journalistic status in part by selling videotape of the protest to local television stations.

The protest was timed to coincide with a Group of 8 meeting of world economic leaders in Scotland.

Judge William Alsup of Federal District Court here disagreed, referring to Mr. Wolf as an “alleged journalist” in court papers. Judge Alsup has also repeatedly cited Branzburg v. Hayes, a Supreme Court decision in 1972 that found that the First Amendment does not exempt any newsmen from testifying to a grand jury.

Supporters of Mr. Wolf intend to rally on the steps of San Francisco City Hall on Tuesday.

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Mr. Garbus said he would be return to court next month with a psychiatrist's affidavits, as well as statements from former co-workers and teachers that Mr. Wolf is unlikely to be persuaded to talk.

"The more acclimated he gets," Mr. Garbus said of the detention, "the more determined he gets."

Child Pornography Suspect Pleads Guilty (TRENT)

By Kevin Shea

Trenton Times, February 6, 2007

A former West Windsor man pleaded guilty in federal court yesterday to one count of receiving and distributing child pornography on the Internet.

Mark Wasco, 46, was charged in March 2006 with possessing child pornography after an FBI agent and a New Jersey State Police investigator searched his home and computers and found numerous images of children engaged in sex.

The investigation of Wasco eventually led to him pleading guilty yesterday to receipt and distribution of child pornography before U.S. District Chief Judge Garrett E. Brown Jr.

Wasco was not indicted and pleaded guilty to a one-count allegation against him. He is scheduled to be sentenced May 14.

The U.S. Attorney's office yesterday declined to comment further on the Wasco case.

Court papers and the criminal complaint against Wasco allege that when authorities searched his West Windsor home on South Post Road, they found numerous images of child pornography after searching two laptop computers, one external hard drive and some compact discs.

The complaint also alleges that Wasco, at one point, posed as a teenage boy to solicit images of children using the Web site MySpace.com, and admitted to the ploy.

Wasco also admitted to using more than one file-sharing site to trade child pornography images over the Internet.

Wasco, according to court documents, is free pending sentencing and living with a relative in Hamilton.

Kevin Shea can be reached at (609) 989-5705 or kshea@njtimes.com.

Fifth Worker At Frontier Accused Of Sex Crime (BUFFNEWS)

By DAN HERBECK And MARY B. PASCIAK, NEWS STAFF REPORTERS

Buffalo News, February 6, 2007

Elementary teacher arrested in Internet child sex sting

An elementary school teacher from Frontier School District is accused of using the Internet to arrange a sexual liaison with a 14-year-old boy.

Kollin Roy King, arrested Thursday night, is at least the fifth Frontier Schools employee to be charged with improper conduct with youngsters or Internet child pornography since the latter part of 2004.

King, 26, is also a longtime Boy Scout volunteer who was scheduled to become director of Camp Scouthaven this summer, overseeing a program for boys in first to fifth grades who attend camp with their parents.

The "boy" who led to King's arrest was actually an undercover FBI agent, who arranged a meeting at a Cheektowaga restaurant. A team of agents arrested King when he showed up.

Assistant U.S. Attorney Allison P. Gioia identified King as a fifth-grade teacher at Blasdell Elementary School and a Cub Scout leader in the Southtowns area. She said King faces a felony charge of attempting to entice a minor into engaging in sexual activity.

"It's a concern to the district and to board members," said Thomas J. DeBoy, the school district's attorney. "I've been in touch with the FBI and the U.S. Attorney, and the district is cooperating fully with the investigation."

When local scouting officials learned Friday of King's arrest, they notified him that he has been removed from the program pending resolution of the case, in keeping with Boy Scouts of America's policy.

"He's been involved in scouting for many years, and he was always held in high regard, both in his volunteer and paid positions," said Patrick Coviello, executive director of the Greater Niagara Frontier Council of the Boy Scouts of America.

"Everyone here has been shocked by this news. Certainly he always seemed to be a very professional, polite, well-intentioned young man."

According to Gioia, King's arrest followed a series of "explicit" Internet conversations with an undercover agent, during which King said he wanted to have sex with the purported teenager and a 12-year-old friend. FBI agents said King admitted after his arrest to past sexual activities with a 16-year-old he met on the Internet. But agents said he told them he has never molested any of his students or youths he met as a Cub Scout leader.

King, who lives on Southwestern Boulevard in Hamburg, has been a Frontier teacher for less than three years and does not yet have tenure, DeBoy said, adding that the district was unaware of any alleged wrongdoing by King before the arrest.

King taught sixth grade at Orchard Park Middle School for two years before going to Frontier. Orchard Park officials said they never received any complaints about him; he resigned because his job was in jeopardy from pending budget cuts.

A transcript of King's alleged Internet chats with the undercover agent indicates that King repeatedly made graphic requests for sex, strongly urging the agent to include a 12-year-old friend in the planned meeting.

In one excerpt, King asked the agent how old his friend was.

Agent: 12.

King: YES!!!!! lets threesome.

Agent: i dont know if he would be into it.

King: please please please.

But after his arrest, King was less enthusiastic when asked by FBI agents what he would have done if two minor boys had shown up instead of a team of federal agents.

"I hope nothing would have happened," the FBI quoted King as saying.

"We see these sting operations on television all the time. The public is well aware that we have undercover agents on the Internet," FBI spokesman Paul M. Moskal said on Friday. "And yet, people keep doing it. This kind of criminal activity seems to get more and more prevalent."

Moskal said it is difficult to understand why men continue to use the Internet to arrange sexual meetings with minors. "The men we've arrested are driven. They have a fire in their belly to do this, and they won't stop until they get caught," Moskal said. "And they will eventually get caught."

After a brief appearance Friday before U.S. Magistrate Judge H. Kenneth Schroeder Jr., King was ordered jailed until at least Tuesday. A federal public defender, Kimberly Schechter, represented King at the proceeding and declined to comment afterward.

DeBoy said the FBI told him that there are no allegations of King molesting students from the Frontier district. He said the district plans to arrange a meeting with King's students and their parents to discuss the arrest.

DeBoy said it was too soon to disclose whether King would be suspended from work, either with or without pay.

Teacher, Scout Leader Accused Of Soliciting Sex With Minor (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, February 6, 2007

BUFFALO, N.Y. -- An elementary school teacher and Boy Scout leader was charged Friday with arranging to meet teenage boys for sex.

Kollin King, 26, of Hamburg was arrested about 9 p.m. Thursday at a suburban restaurant, where he had arranged to meet an Internet acquaintance he thought was a 14-year-old boy.

The acquaintance, who had agreed to bring along a friend, was actually an undercover FBI agent.

When authorities asked King what he would have done had two boys arrived at the restaurant, King replied, "I hope nothing would have happened," Assistant U.S. Attorney Allison Gioia said.

But King later acknowledged that it was not the first such meeting he had arranged, and that he had engaged in sexual activity with a 16-year-old boy he met on the Internet in a park and in his apartment, Gioia said. Other scheduled meetings never came to fruition, King told authorities, because the minors did not show up or the meeting location was fictitious.

He was charged with one count of attempted enticement of a minor to engage in criminal sexual activity.

King denied having inappropriate contact with any of his students at Blasdell Elementary School, where he taught fourth grade, or members of a Cub Scout den _ a group of young Boy Scouts _ he led.

He was suspended from the Boy Scout program pending resolution of the charge, said Pat Coviello, executive director for the Greater Niagara Frontier Council of the Boy Scouts.

In addition to being a den leader, King was a paid staff member at the Boy Scout's Scouthaven camp for Scouts in grades one through five, Coviello said.

King, who passed a criminal background check and "youth protection training" required of all staff members, appeared to be "a professional, well-intentioned person," Coviello said.

"That's the shocking thing, is that there had been, over the years, no issues, no concerns, nothing that we were aware of or anything like this brought forward," Coviello said.

A woman who answered the phone at Blasdell Elementary School said officials would have no comment and hung up.

At an initial appearance Friday in U.S. District Court, King was ordered held pending an appearance Feb. 6. Gioia requested that King be detained as a danger to the community and a flight risk.

If convicted, he could be sentenced to between five and 30 years in prison.

Identity Fraud Has Dropped Since 2003, Survey Shows (NYT)

By John Leland

The New York Times, February 6, 2007

The number of Americans who are victims of identity fraud has declined steadily since 2003, according to a new survey sponsored by credit-card and financial services companies. Last year, 3.7 percent of people surveyed said someone had stolen their identity in the previous 12 months, down from 4.7 percent in 2003, according to the report.

The study found that the total losses from the crime fell last year to $49 billion from the 2005 level of $56 billion. The thieves either used the victims' existing bank or credit card accounts or opened new ones.

The survey, based on telephone interviews with 5,000 adults, was conducted by Javelin Strategy & Research, a data research firm, and was sponsored by Visa, Wells Fargo and CheckFree. The margin of sampling error is below plus or minus one percentage point for the crimes' prevalence.

The findings contradict public perceptions that identity fraud is proliferating out of control, said James Van Dyke, president and founder of Javelin. "For years identity fraud has been reported as the nation's fastest growing crime, with the assumption that the numbers would keep going up," Mr. Van Dyke said. "We find it's not the case. The trend is going down."

Because the survey relied on people's accounts of whether they had been victims, it does not measure "synthetic identity theft," in which criminals fabricate identities using names, addresses, Social Security numbers and other information that may or may or may not correspond to real people. A 2005 analysis by ID Analytics, a financial industry security firm, found that synthetic identity theft was more common than "true-name" identity theft.

As in past years, the Javelin survey found that individuals whose identities were stolen bore less than 10 percent of the loss from the crimes.

Young adults, ages 18 to 24, were the most likely to say they were victims, and the least likely to take precautions to prevent identity fraud like shredding documents and using computer firewall protections, the study found. People with high incomes were more likely to say they had been victims than were people with low incomes.

The survey did not study why the numbers were dropping, but Mr. Van Dyke attributed the declines to both greater consumer awareness and better prevention efforts by banks and credit card companies.

Edmund Mierzwinski, consumer program director at the United States Public Interest Research Group, a nonprofit group, said the report underplayed the effects of recent state legislation, which the financial services industry has largely resisted. The protections include requirements that companies notify people whose personal information has been compromised, and laws enabling people to freeze their credit reports.

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“Financial companies don’t want new regulations,” Mr. Mierzwinski said. “We think we need new regulations. The reason consumers are paying more attention to identity theft is that many are getting breach notices.”

He added, “From our perspective the decline is a good thing, but it’s still affecting many millions of Americans. The cost to victims remains very high in terms of lost time and frustration.”

Homicides Weigh On Confirmation For Chief Lanier (WT)

By Daniel Taylor

The Washington Times, February 6, 2007

A recent series of homicides will provide an early test for acting Metropolitan Police Chief Cathy L. Lanier as she faces D.C. Council confirmation hearings scheduled for next month, say some residents and council members.

"I certainly think the way a city responds to a spike in homicides is an important indicator," said council member Phil Mendelson, at-large Democrat and chairman of the Committee on Public Safety and the Judiciary, which will hold the hearing. "It gives important insight into how the new administration will deal with violent crimes."

The number of homicides this year in the District as of yesterday was 17, the same as last year at this time. Among them was the series of four killings in less than five hours the weekend of Jan. 27-28. Police have made an arrest in one of the cases, and Chief Lanier announced initiatives to aggressively canvass neighborhoods in the 48 hours after a homicide and to target violent criminals wanted on fugitive warrants.

Mayor Adrian M. Fenty, a Democrat, replaced Chief Charles H. Ramsey shortly after being elected in November, in part to implement more community policing in the department, which has 3,800 officers and a budget of about $430 million. Chief Lanier officially took over Jan. 2.

Mary Cheh, Ward 3 Democrat, said she was "excited" about Chief Lanier's appointment, but added she has some issues that need to be addressed.

"I expressed some concerns [to her] that I had about the department," Mrs. Cheh said. "So when she comes up for confirmation, there's a number of things I want to talk to her about."

Mrs. Cheh said she doesn't think violent crimes such as assaults and robberies get enough attention. She said if they did, the death last year of journalist David E. Rosenbaum -- killed by two men suspected of committing a violent robbery and assault two months before -- might have been prevented.

"I'm just not happy now with how the department is run," Mrs. Cheh said. "and I'm hoping she's going to change some things."

She plans to ask Chief Lanier, a 16-year veteran and former commander of the department's Special Operations Division, about her role in handling mass demonstrations. During protests in September 2002, hundreds of demonstrators and several bystanders were swept up in mass arrests, cuffed hand to ankle and detained at the department's training academy for several hours.

Since her nomination on Nov. 20, Chief Lanier has attended community meetings in every quadrant of the city and has pledged to improve the relationship between police and the neighborhoods they patrol, assign investigations to field teams and improve communication in the department.

However, Leroy Thorpe, a former advisory neighborhood commissioner in Ward 2, thinks the new chief has not done enough.

"She hasn't gone out in the community to meet with the players in the community," said Mr. Thorpe, who plans to testify at the hearings. "Ramsey was a people person. I don't think this woman is going to be a people person."

Despite the criticism, Chief Lanier appears to have the support of most of the D.C. Council members.

Ward 1 Democrat Jim Graham called her a "superb selection."

"Here's someone who came right up the ranks, totally engaged from Day One," he said. "She's been through the fire, and she's come out on top."

If the judiciary panel votes to recommend Chief Lanier, her nomination will go before the full council. If the committee votes against her, the mayor must either send down another nominee or seek to dislodge her nomination from the committee.

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Council member Marion Barry, Ward 8 Democrat, said he also supports the nomination.

"I'm very impressed," Mr. Barry said. "I think she's going to make a good chief."

Nominees for police chief typically face little opposition in the council. Only serious questions about the candidate's character or ability to do the job tend to derail an appointment.

"Unless I have very strong objections to individual appointees, I tend to let the captain pick his crew," said council member Carol Schwartz, at-large Republican.

Marion Barry Faces Possible Prison Time (WP)

By Henri E. Cauvin

The Washington Post, February 6, 2007

D.C. Council member Marion Barry (D-Ward 8) is back in trouble with federal authorities over his income taxes.

Nearly a year after he agreed to follow the law and pay overdue taxes dating back several years, the former four-term mayor has not only flouted a plea agreement but has failed to file tax returns for 2005, prosecutors say.

Now, the U.S. attorney's office, which did not oppose probation for Barry when he was sentenced in March, wants the federal judge in the case to put him in prison.

"The Court's patience should be at an end," Assistant U.S. Attorneys James W. Cooper and Thomas E. Zeno wrote in a motion to Magistrate Judge Deborah A. Robinson, adding that Barry "continues to flout" city and federal tax laws.

Under sentencing guidelines, Barry could have faced 12 to 18 months in prison for failure to file a federal income tax return and failure to make a District of Columbia return. Now that prison time could be back on the table if the judge decides that Barry isn't living up to his agreement with prosecutors and his promises to the court.

And that may only be the beginning of his problems in the case. In November, the Internal Revenue Service began garnishing Barry's city council salary because he failed to follow through with a payment plan for the taxes he owed for years 1999 through 2004.

Barry, 70, did not return calls seeking comment.

Frederick D. Cooke Jr., Barry's attorney, said that he has not talked to his client about the problem with his 2005 taxes. But Cooke said he expects to file court papers challenging the prosecutors' bid to revoke Barry's probation. Cooke said he expected a hearing in the next month.

The filings make clear that prosecutors are tired of Barry's promises. He paid $1,000 toward his tax debts in July, and his accountant expressed a willingness to establish a payment plan, an IRS agent said in an affidavit filed by prosecutors in U.S. District Court. But at another meeting in September, Barry's accountant talked about submitting amended returns along with the payment schedule.

Barry has yet to act, the agent, Don M. Sender, said in his affidavit.

Details about the latest tax dispute were first reported by CNN.

Why Barry failed to file federal or local income tax returns for 2005 is unclear. The prosecutors do not allege that he failed to pay taxes for 2005 -- without returns, it would be difficult if not impossible to determine if he paid enough to cover whatever would be owed for that year through payroll deductions. Prosecutors said Barry sought an extension in filing the federal income tax return that was due last April 15; the IRS gave him until Oct. 15, to no avail.

Barry now is facing hearings in two courthouses. Just last week, he was in D. C. Superior Court dealing with other legal entanglements.

Stopped by police twice last year in the District, he faces several charges, including driving under the influence in connection with the first stop, in September in Northwest Washington. At a court hearing, a judge set a June 12 date for a trial on the traffic charges after Cooke made it clear that Barry does not believe he did anything wrong and is not prepared to plead guilty to any of the charges.

It is in federal court, though, where Barry faces the most serious potential consequences.

Even before these latest revelations, Barry had stumbled in the tax case. Soon after pleading guilty to the misdemeanor tax charges in October 2005, he tested positive in a court-required drug screening for cocaine and marijuana. Then he waited until

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just before sentencing to contact the IRS about repayment, upsetting the judge as well as the prosecution. But prosecutors stuck to terms of the plea agreement, and the judge sentenced Barry to three years' probation.

Paying the back taxes was a key condition. How much he owes has not been publicly disclosed. Barry earned more than $530,000 in the period from 1999 through 2004.

D.C. Council members earn $92,500 a year.

In its filing, the government notes Barry's stature as a public figure in the District. "A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own tax returns for six years," Cooper and Zeno write.

With Probation At Risk, Barry To Meet Attorney (WT)

By Jim Mcelhatton

The Washington Times, February 6, 2007

The defense attorney for D.C. Council member Marion Barry said yesterday that he is meeting with the former mayor this week to decide how best to respond to a recent request by federal prosecutors to revoke Mr. Barry's probation in a criminal tax case.

If the motion is granted, the revocation could put Mr. Barry back behind bars more than 15 years after he served six months on drug charges.

"Just because they write it doesn't mean it's true," attorney Frederick D. Cooke Jr. said of the court filing last week in which prosecutors stated that Mr. Barry had failed to pay his 2005 taxes.

Mr. Barry received three years of probation last year after pleading guilty to failing to file returns on more than $500,000 in income from 1999 to 2004.

"I haven't had a chance to draft a response because I have to talk to my client and gather information," Mr. Cooke said.

In exchange for the guilty plea, prosecutors last year agreed to take no position on Mr. Barry's request for probation at his sentencing last year.

Now, prosecutors say, Mr. Barry hasn't lived up to his end of the deal.

In addition to failing to pay D.C. or federal income taxes in 2005, Mr. Barry also hasn't made plans to pay off prior years' tax debt stemming from the criminal tax case, the government memo states.

Mr. Barry's office did not return phone calls yesterday.

Former U.S. Attorney Joseph diGenova said yesterday that Mr. Barry almost certainly will be called to testify about whether he failed to pay his taxes.

Mr. diGenova said the government's latest request isn't out of the ordinary.

"It would be standard practice for the government to file such a pleading when someone had failed to comply with the terms of their probation," he said. "The courts expect the government to do this when they come into possession of knowledge that a court order, which is what probation is, has been violated."

It will be up to U.S. Magistrate Judge Deborah A. Robinson to decide whether to revoke Mr. Barry's probation.

"This is an elected public official, who has a higher duty of compliance than an ordinary citizen," Mr. diGenova said.

Prosecutors argued in their memo last week that Mr. Barry has shown "unworthiness to reap the benefits of a lenient sanction."

The prosecutors also called his failure to pay his taxes the latest in a series of "willful acts in defiance of the tax laws." They said Mr. Barry's actions violate his probation.

Mr. Barry had asked the Internal Revenue Service for an extension to allow him to file his return by Oct. 15, according to court records. However, no return had been filed as of last week, according to an affidavit submitted by an IRS special agent.

"The court's patience should be at an end," the prosecutors wrote. "A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own return for six years."

The IRS began garnishing Mr. Barry's paycheck in November.

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CIVIL LAW:

Jury Finds FBI Retaliated Against Agent, Awards Her $565,000 (AP)

AP, February 6, 2007

MINNEAPOLIS - A jury awarded $565,000 in damages on Monday to a former FBI agent, agreeing that Jane Turner's superiors retaliated against her for filing a sex-discrimination complaint against her supervisor.

"Today is a true vindication for whistleblowers in the FBI," Turner said after the jury returned its verdict in federal court.

Turner retired in 2003, amid the pressure of both her discrimination case and a separate dispute that arose after she accused colleagues of stealing a Tiffany crystal globe from the World Trade Center ruins.

The jury awarded her $60,000 in damages for lost wages and $505,000 for emotional distress. One of her attorneys, Robert Hill, said the judge will have to reduce the $505,000 to $300,000 because of a statutory cap on nonmonetary damages, so she'll get $360,000.

Still, Hill said, it's believed to be the largest jury verdict for retaliation in the history of the FBI.

Members of the six-woman, four-man jury expressed strong admiration for Turner afterward. Several gathered around and embraced her. Some had tears in their eyes.

"I just want to tell you I have nothing but the utmost respect for you," juror Renee Anderle said.

Deliberations took a half-day Thursday, all day Friday and half the day Monday.

The defense team's jury consultant, Nikki Carlson, said it was clear that the jury didn't buy the government's defense, which attacked Turner's credibility and job performance. She said one juror told her that the two jurors seated either side of her wrote "LIAR" on their notepads and stopped taking notes when one of Turner's superiors was testifying.

Spokespeople for the FBI and U.S. attorney's office did not immediately return phone calls seeking comment.

Over her 25-year FBI career, Turner was credited with solving some horrifying child-sex abuse and murder cases on North Dakota Indian reservations. She also helped capture Christopher Boyce, a Soviet spy portrayed in the 1985 movie "The Falcon and the Snowman."

Records show Turner was rated superior or exceptional in her job reviews until she filed a sex discrimination complaint against her supervisor, Craig Welken.

Turner said Monday that her initial Equal Employment Opportunity complaint was relatively minor. She recalled that it alleged female agents in the FBI's Minneapolis division, which covers Minnesota and the Dakotas, were being given lower ratings that male agents, and that she herself was not getting equal respect, among other things.

That case was separate from one still pending before the Justice Department's Office of Inspector General. She noticed a Tiffany globe paperweight on a secretary's desk in the Minneapolis FBI office and, after learning it came from Ground Zero, reported it to the inspector general. The FBI then began moves to fire her.

That case had been on hold pending a resolution of this case, Turner said, and she hopes the inspector general takes note that her jury didn't believe the government's claims.

Turner said the FBI's treatment of her had had a "chilling effect" on other agents, and that she'd received several congratulatory calls Monday from current FBI employees, after eight years of getting little support from her colleagues.

"I guess they maybe had a sense that it was OK to poke their heads up and say they did support me," she said.

Ex-agent Wins Lawsuit Against FBI (MINNST)

By Dan Browning

Minneapolis Star Tribune, February 6, 2007

Jurors said the FBI retaliated against the female agent, who filed a discrimination complaint in 1998.

Federal jurors hugged former FBI agent Jane Turner on Monday after awarding her $565,000 in damages and finding that the agency had retaliated against her for filing a 1998 sex-discrimination complaint.

"I think you were the very best FBI agent," juror Mashima Dickens told Turner, who investigated child sex-abuse crimes. "Looking at the way you were treated, I just said you were screwed left and right," Dickens said, tears rolling down her cheeks.

"I just want to tell you I have nothing but the utmost respect for you," juror Renee Anderle said as she hugged Turner in the hallway outside Chief U.S. District Judge James Rosenbaum's courtroom in Minneapolis.

"This is vindication," said Turner, 55, of St. Paul. "We spoke truth to power, and we won."

But Turner said she could never repair the damage done to her by her colleagues in the FBI, an organization she had dreamed of joining since she read Nancy Drew detective novels at age 12.

"I'm dead in their eyes because I betrayed them. And that's what's so sad," Turner said.

The government's attorneys declined to comment on the verdict in the trial, which began Jan. 24.

Stephen Kohn, one of Turner's attorneys and president of the National Whistleblower Center in Washington, called it historic. "I think it's the largest jury verdict in a civil rights case against the FBI for an individual plaintiff," he said.

The jury of six women and four men awarded Turner damages of $60,000 in lost wages and $505,000 for emotional distress, loss of reputation and similar injuries.

Rosenbaum will reduce the non-wage damages to the statutory limit of $300,000, said Robert Hill, of Eden Prairie, another of Turner's attorneys.

Turner had a noteworthy career. After joining the FBI in 1978, she helped capture Christopher Boyce, a Soviet spy, and solved some horrendous child-sex abuse and murder cases on North Dakota Indian reservations.

Records show that she received superior or exceptional job ratings until after her supervisor, Craig Welken, was interviewed in 1999 about a sex-discrimination complaint she had filed the previous year. Her ratings plummeted, which led to a transfer from Minot, N.D., to a desk job in Minneapolis.

Jurors decided that the negative job reviews were retaliation for filing the internal discrimination complaint, but that the transfer was not.

About a month after Turner filed the complaint against Welken, a task force was being formed to investigate a child pornographer who had confessed in an Internet chat room to murdering his 7-year-old daughter. The killer, Larry Froistad, recanted his confession, and the U.S. attorney in North Dakota at the time, the late John Schneider, wanted Turner's help. Welken resisted initially, but said he gave in because Schneider was "unrelenting."

Schneider later credited Turner in an e-mail with solving the Froistad case.

Martha Fagg, one of two assistant U.S. attorneys from Iowa who represented the FBI, argued that Turner had basically stopped working after the Froistad case, and that the transfer to Minneapolis was designed to help her get back on track.

"In my opinion, she was using the EEO [Equal Employment Opportunity] process not as a shield, but as a sword," Fagg said.

However, Turner's attorneys introduced evidence that she kept up her casework and solved some especially tough cases while she was being downgraded on her reviews. Two assistant U.S. attorneys testified that they never saw Turner slack off.

Turner's attorneys plan to file for compensation. Kohn said the final bill will be "well over $1 million to taxpayers in a case that should have been resolved at a fraction of the cost years ago."

Turner still has a complaint pending against the FBI with the U.S. inspector general's office. She reported that a fellow agent had brought back memorabilia from the World Trade Center in Manhattan after the Sept. 11 terrorist attacks. Turner said she was being run out of the FBI after that, so she retired in 2003.

Trial Starts In Collins' Air Crash (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, February 6, 2007

Nearly seven years to the day after a midair collision killed WGN radio personality Bob Collins and two others, a trial opened in federal court Monday to decide who was at fault for the crash of the two small aircraft.

Government lawyers laid the blame on Collins, while attorneys for the three victims said the collision was caused by an air traffic controller and was ultimately the responsibility of the Federal Aviation Administration.

Collins, 57, had been Chicago's top-ranked morning-radio personality for 14 years when his Moravan Z242L struck a Cessna 172P as the two aircraft approached the Waukegan Regional Airport on the hazy afternoon of Feb. 8, 2000.

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Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, killing him and passenger Herman Luscher, 58. The Cessna's pilot, Sharon Hock, 31, a flight attendant who was on her second solo flight, died when her plane crashed on a Zion street.

No one on the ground was injured, but the hospital sustained $28 million in property damage and lost business.

The bench trial before U.S. District Judge John Darrah, expected to last about two weeks, opened with the federal government as the lone defendant after Midwest Air Traffic Control Inc., which operates the Waukegan airport's tower, admitted liability Monday.

But lawyers for survivors of the three victims, including Collins' widow, Christine, contend the FAA controlled the Waukegan airport's operations and bears the responsibility for the collision.

In opening remarks, attorney Kevin Durkin, who represents Collins' estate, said air traffic controller Gregory Fowler failed to properly sequence the planes on their approach to the airfield and made other errors.

For years, Durkin said, the Waukegan airfield was mistakenly left off an FAA list of airports that qualified for radar.

The FAA had radar installed in the Waukegan tower after the collision because of political pressure following Collins' death, Durkin said. Another factor, he said: After the crash, Bulls great Michael Jordan wouldn't fly into Waukegan in his personal jet without the airfield equipped with radar.

Robert Clifford, another Collins attorney, said an economic expert hired by the plaintiffs estimates Collins would have earned more than $20 million if he hadn't perished in the crash. He disputed that Collins had planned to retire when his five-year contract was to expire 2004.

"Next to the Cubs, Bob personified WGN and was the heart and soul of WGN," Clifford said.

WGN is owned by Tribune Co., which also owns the Chicago Tribune.

Jill Dahlmann Rosa, a Justice Department lawyer, said Collins set up the collision by misreporting his location to the tower, misleading Hock and the air traffic controller.

Collins' conduct "fell below the standard of care of a reasonable pilot," she said.

Rosa also maintained that Collins failed to report his diabetes to the FAA and that it "impaired his ability to see and evaluate the threat and react accordingly."

Rosa scoffed at the lack of radar playing a part in the collision, saying the Waukegan airfield has low levels of activity and that thousands of small airports operate even without air traffic controllers and have no problems.

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CIVIL RIGHTS:

Voting Rights Expert Won't Testify In Noxubee County Election Dispute Case (JCL)

By Jimmie E. Gates

Jackson Clarion-Ledger, February 6, 2007

The Noxubee County case has apparently ended without court resuming after the defense decided against calling an expert witness to testify.

An out-of-state voting rights expert had been scheduled to testify Feb. 15.

The lawsuit, the first of its kind in the United States filed by the U.S. Department of Justice, accuses black political leaders in Noxubee County of discriminating against white voters.

The three-week trial in U.S. District Court concluded last Wednesday, with the exception of the expert coming to Jackson to testify.

The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters.

U.S. District Judge Tom S. Lee set March 26 as the deadline for both sides to submit final written briefs in the case. He will then make a ruling after that time.

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FBI To Share Progress On Race Crimes, Including Moore's Ford (ATHBH)

By Rebecca Quigley

Athens Banner-Herald, February 6, 2007

FBI officials will announce this month how they will proceed with more than 50 unsolved, racially motivated murders - including the 1946 lynchings of two couples in Walton County.

A mob of more than a dozen white men killed Roger and Dorothy Malcom and George and Mae Murray Dorsey near Moore's Ford Bridge on July 25, 1946, days after Roger Malcom fought with a white man.

Since 1997, a committee of locals, with the support of the Georgia Association of Black Elected Officials, have called for state and federal investigators to reopen the 60-year-old case while some of the suspects still are alive.

FBI officials will hold a news conference later this month to give an update on the bureau's so-called "cold case initiative" in the Moore's Ford lynching and 51 other unsolved race-related murders, said Nancy Nelson, section chief of the public corruption/civil rights section of the FBI's Criminal Investigation Division.

The bureau has been reviewing the cold cases to see if new technology, such as DNA testing, and a new willingness by witnesses to come forward, will allow federal and state agents to give some conclusion to the decades-old and often forgotten murders, Nelson said.

"If we can get prosecutions out of it, terrific," but agents mostly are seeking resolution for the victims' families, she said.

FBI officials have not yet set a date for the announcement, Nelson said.

In 2005, the Moore's Ford Memorial Committee sent letters to several members of Congress, including Sen. Arlen Specter, member of the Senate Judiciary Committee, urging them to ask the FBI to "assign two agents to (the Moore's Ford) case to review existing evidence and actively pursue new leads."

The letter helped spur the FBI to review nearly 40 unsolved race-related cases.

Last year, the U.S. Senate established a new division in the Department of Justice that was tasked with investigating those decades-old, unsolved racial murders.

While members of the Moore's Ford group aren't sure if media attention on the case or recent re-enactments of the crime prompted legislation, the advocacy committee's letter likely influenced the FBI to re-evaluate the Moore's Ford case and other unsolved cases, said Rich Rusk, the committee's secretary.

The committee also sent a letter to FBI officials asking agents to reopen the case.

"The letter certainly proved useful in bringing the case to the forefront," said Stephen Emmett, spokesman for the FBI office in Atlanta.

When the FBI originally investigated the murders, there were as many as 55 suspects, but no one was arrested or charged in connection with the case.

White Supremacist Activity In US Flourishes, Fueled By Anti-immigrant Sentiments (FINDLAW/AP)

By Erin Texeira, Ap National Writer

AP, February 6, 2007

(AP) - NEW YORK-Huge street protests against tougher immigration laws made millions of immigrants more visible and powerful in the United States last year, but, according to some rights groups, they seem to have revived a hateful counter force: white supremacists.

Groups linked to the Ku Klux Klan, skinheads and neo-Nazis grew significantly more active, holding more rallies, distributing leaflets and increasing their presence on the Internet - much of it focused on stirring anti-immigrant sentiment, a new report released by the Anti-Defamation League says.

"Extremist groups are good at seizing on whatever the hot button is of the day and twisting the message to get new members," Deborah M. Lauter, ADL Civil Rights director, said Monday. "This one seems to be taking hold with more of mainstream America than we'd like to see."

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Old Klan chapters have been revived and new ones started throughout the South, historically the heart of the group, and in other places such as Michigan, Iowa and New Jersey, says the report, which was scheduled for official release Tuesday.

Last May in Alabama, an anti-immigration rally included slogans such as, "Let's get rid of the Mexicans!" according to the document, titled "Ku Klux Klan Rebounds."

"The Klan is increasingly cooperating with other extremist groups and Neo-Nazi groups," Lauter said. "That's a new phenomenon."

Between 2000 and 2005, hate groups mushroomed 33 percent and Klan chapters by 63 percent, according to Mark Potok, director of the Southern Poverty Law Center, which tracks hate crimes.

Precise data are difficult to pin down, but Potok's group counts as many as 150 Klan chapters with up to 8,000 members across the United States, still well below a peak of 4 million in the 1920s. More than 800 hate groups exist around the country, Southern Poverty research shows.

In the late 1990s, memberships in such groups was crumbling as they lost leaders and struggled to organize, said Brian Levin, director of the Center for the Study of Hate and Extremism at California State University, San Bernardino. Many hit bottom around 2000.

"Whenever you think the Klan is down and out, they find another way to reinvent themselves," he said of the recent resurgence.

Historically, the Klan's focus had been to terrorize African-Americans - through race riots, lynchings and other killings - but it reached its highest membership in the 1920s by focusing on immigration.

Newcomers from Ireland and Germany were portrayed as Catholic usurpers invading the United States, taking jobs from native-born Americans and undermining national fabric, Levin said.

Said Potok: "It's remarkable to look back at the nativist sentiments toward Catholics - it's very similar to what we're seeing with Mexicans now."

Today, many white supremacists blame immigrants, particularly Hispanics, for crime, struggling schools or unemployment, for instance. With many Americans already divided on how to revamp laws and practices to address the nation's swelling immigrant communities, immigration "is an issue that works for hate groups," Potok said.

Some Latinos are feeling the effects firsthand. Last September, a Kentucky family originally from El Salvador found a wooden cross burning on their front lawn just weeks after they moved in. Earlier last year, a Latino teenager in Houston was brutally beaten and sodomized while one attacker screamed "White Power!" The victim barely survived, and one attacker was sentenced to life in prison.

"I've been doing (Hispanic advocacy work) for a long, long time and the atmosphere has never been as poisonous as it has been in the last few years," said Lisa Navarrete, a vice president at the National Council of La Raza. "The level of vitriol is new."

On the Net:

Anti-Defamation League: http://www.adl.org

U.S. Civil Rights Group Calls For Warrant Limits After Police Kill Elderly Woman (FINDLAW/AP)

By Doug Gross, Associated Press Writer

AP, February 6, 2007

(AP) - ATLANTA-A local chapter of a U.S. civil rights group on Monday called on police and politicians to limit the use of "no-knock" warrants in the wake of the death of an elderly woman shot by police during such a search.

The Rev. R.L. White, Jr., chapter president for the National Association for the Advancement of Colored People, unveiled a list of recommendations the group compiled after a December community forum prompted by the shooting.

"This is of utmost urgency," said White, speaking at the chapter's Atlanta headquarters. "The situation that happened last year was only the tip of the iceberg."

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The NAACP chapter also called on police to require officers to receive sensitivity training, for the Atlanta Police Department to launch a goodwill initiative in the city's low-income, high-crime neighborhoods and for a citizens review board to be created to review incidents like the Nov. 21 shooting.

Kathryn Johnston died and three officers were wounded in the shootout during a no-knock search for drugs in Johnston's northwest Atlanta home. Family members say Johnston was 92 years old; authorities said she was 88.

When officers raided her home without first announcing their presence, police say Johnston fired a handgun before officers returned fire, killing her.

Narcotics officers said they were told by a paid informant that cocaine was being sold from Johnston's home.

No cocaine was found in the home, and a man who claims he was the paid informant later said he was told by officers to lie about buying drugs at the home.

The FBI and Georgia Bureau of investigation are investigating the incident at the request of Atlanta Police Chief Richard Pennington.

The NAACP recommendations call for police to conduct advance surveillance of homes where they plan to use no-knock warrants. They also suggest that judges reserve the warrants for extreme cases.

"I commend the NAACP for their input and involvement on how the Atlanta Police Department conducts business," Pennington said in a statement. "Even though we are currently reviewing our internal policies and procedures, I do not oppose any measure that will strengthen our relationship with the community. I look forward to working together to reclaim the public's trust in our hard-working men and women."

White said the suggestions will be delivered to Mayor Shirley Franklin, Atlanta's city council and Georgia Supreme Court Chief Justice Leah Ward Sears.

Cheapening A Fight Against Hatred (WP)

By Richard Cohen

The Washington Post, February 6, 2007

I started writing a column for The Post in 1976. It was about local affairs, and so it took me about a year to write my first column about anti-Semitism. Since then, I have written about 90 more, most of them full-throated condemnations of the hatred that killed fully one-third of all Jews during my own lifetime. So it comes as a surprise that has the force of a mugging to be accused of aiding the very people I so hate -- of being an abettor of something called "The New Anti-Semitism."

The accusation comes from the pen of Indiana University's Alvin H. Rosenfeld, whose report " 'Progressive' Jewish Thought and the New Anti-Semitism" was published by the prestigious American Jewish Committee and given great play in the New York Times. Certain prominent American Jews -- the historian Tony Judt, the playwright Tony Kushner, the poet Adrienne Rich and I, among others -- were charged with aiding anti-Semitism with our writings. We were, in other words, enablers. As if that was not bad enough, Shulamit Reinharz, a Brandeis University professor and a columnist for a Jewish weekly, dispensed totally with Rosenfeld's qualification. She told the Boston Globe that all of us mentioned in the AJC report are just plain anti-Semites.

Among the first to call me after the Times piece appeared was the AJC itself. It apologized. It did not mean to include me with the others, and it would, its representative told me, soon set matters straight. It issued a news release saying that Rosenfeld's characterization of me does "not reflect the totality of [my] occasional writings on the Middle East." My "occasional writings" include at least 30 datelined columns from the region and a near-obsessive attention to the subject. The diligent can find the AJC statement on the Internet and the reference to me in paragraph 10, a parenthetical phrase of near-microscopic prominence. Oddly, it has not had the same impact as the Times story.

Let me take some responsibility. At times, I have written coldly and provocatively about Israel, maybe once or twice in anger. This, in turn, has angered some readers who knew what I was thinking but not what I was feeling -- that, at bottom, I had a strong emotional attachment to Israel. It is a country whose survival is not only important for the Jewish people but for the rest of mankind as well. I can enumerate many reasons why I support Israel -- it's a legitimate state, a real democracy, etc. But it is also where Jews went to escape the killers; to ignore that is to extinguish the twin lights of morality and memory and leave the world even darker than it now is.

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But having said that, let me wonder about those American Jews who interpret criticism of Israel as anti-Semitism or something that abets it. The charge has been leveled at Jimmy Carter over his recent book, "Palestine: Peace Not Apartheid." I, too, didn't like the book. I, too, found the book hostile, oddly unbalanced and chillingly lacking in historical context -- not just a near-total neglect of the Holocaust but also no mention of pre-1948 Arab pogroms, such as the 1929 murder of 67 Jews in Hebron. Still, Carter's overall point about Israeli occupation of the West Bank is apt, and calling him all sorts of names does not change that. The former president has in effect embraced the current, ahistorical context for Israel. For many, it is no longer the orphaned waif of the Holocaust but the bastard child of Western colonialism.

Rosenfeld is surely right about one thing: It's astonishing that in the 60 years since the Nazi extermination camps were liberated, anti-Semitism has revived and thrived. Still, it hardly makes sense to fight it by promiscuously throwing around the word "anti-Semite" so that it loses its punch or to flay Jewish critics of Israel. I strongly disagree with some of these critics and find some of their views obnoxious, but if somehow an anti-Semite finds common ground with them, that is hardly their fault -- and certainly not their intent. After all, anti-Semites do not concern themselves merely with Israel. They hate all Jews no matter where they may be.

It's sad that the American Jewish Committee commissioned and published Rosenfeld's report. I can't imagine what good will come out of it. Instead, it has given license to the most intolerant and narrow-minded of Israel's defenders so that, as the AJC concedes in my case, any veering from orthodoxy is met with censure or, from someone like Reinharz, the most powerful of all post-Holocaust condemnations -- anti-Semite -- is diluted beyond recognition. The offense here is not just to a handful of relatively unimportant writers, but to memory itself.

ANTITRUST:

Smithfield Foods Answers DOJ Query (AP)

AP, February 6, 2007

Smithfield Foods Says It Complied With Justice Department Information Request on Acquisition

SMITHFIELD, Va. (AP) -- Smithfield Foods Inc. said Monday it has complied with a Department of Justice antitrust division request for information related to the pork processor's acquisition of rival Premium Standard Farms Inc.

Smithfield said it plans to acquire the pork producer for $674 million in cash and stock and assume $117 million in debt.

Smithfield said it hopes the antitrust division can complete its review in enough time for the deal to close in the first quarter of 2007.

A Premium Standard Farms shareholders meeting has been scheduled for Feb. 23 to vote on the deal.

Smithfield Foods shares fell 25 cents to close at $26.13 on the New York Stock Exchange.

Companies Are Trying To Beat The Antitrust Clock (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, February 6, 2007

Companies trying to hasten the antitrust reviews of their deals are increasingly deciding to hit the reset button on the regulatory clock, a maneuver aimed at saving time and money on government reviews.

Although the strategy is becoming increasingly popular, it's not a sure thing.

Two recent deals indicate that refiling produces mixed results.

Express Scripts Inc. Wednesday announced it was pulling and refiling its premerger notification, in the hope of evading a second request from the Federal Trade Commission regarding its hostile bid for rival pharmacy benefit manager Caremark Inc. But Genentech Inc., which earlier pulled and refiled its paperwork regarding its purchase of Tanox Inc., announced Monday it will have to comply with a longer, costly review.

While the government hasn't historically kept track of corporate decisions to pull and refile merger notices, it is starting to, and on Wednesday a Department of Justice official said those corporate moves to pull and refile seem be increasing. About two-

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thirds of those cases have successfully skirted a government demand for documents and data, known as a second request for information.

The process of notifying the government's antitrust agency of merger plans and getting approval to proceed despite competitive issues has become an increasingly elaborate dance under the rubric of the Hart-Scott-Rodino Antirust Improvements Act of 1976.

Tom Barnett, assistant attorney general in charge of the antirust division at DOJ, and FTC Chairman Deborah Platt Majoras have both repeatedly said they are trying to minimize the cost and time burden of the merger review process, and that as a part of that effort, both agencies are aggressively examining deals during the initial 30 days they are permitted to look over a deal before having to issue a second request.

But sometimes, one month just isn't enough for antitrust lawyers to collect, review, deliver and explain the data fast enough. During that same time, staff lawyers at the agencies also need to review information that may include sophisticated economic data, consider the implications and evaluate the merger's competitive impact in industries that may be new, arcane or rapidly evolving.

As a result, the staff decision to issue a second request for information can prolong the review, and dramatically increase the price tag on the merger review process.

But a second request may not mean the government is really interested in blocking the deal. During the past seven years, 265 cases at DOJ received second requests, according to Bob Kramer, a senior staff official, but only 104 of those cases saw enforcement actions, such as consent decrees involving divestitures or licensing agreements. And only four of those cases actually proceeded to trial.

The cost of the review isn't chicken feed. Merging parties pay $1 million to $20 million for antitrust scrutiny, which varies based on the size of a deal, the nature of the markets involved, the scope of the overlapping product markets and the speed at which the parties submit the data, but on average runs about $10 million per party, according to antitrust lawyers.

Armed with the knowledge that the government is more likely to resolve the matter without action, and in an effort to hasten the process cost-effectively, private-firm antitrust lawyers have sought to increase the time of a review without forcing the government to issue a second request -- hence, the increase in the pull and refile maneuver.

In addition to pulling and refiling -- which can be done once without repaying fees and is sometimes done twice, doubling the fee cost but still avoiding the need to respond to a second request -- lawyers are trying to get ahead of the game.

Antitrust lawyers may enter discussions with agency staff to discuss issues or parse data about a deal even before the official merger notification paperwork is filed, and antitrust lawyers in Washington say it's often a good tactic to help staff narrow the focus to the critical competitive issues of a merger.

The FTC did not immediately provide any statistics on how often the process is successfully used.

F.T.C. Reaffirms Rambus Antitrust Ruling (AP)

AP, February 6, 2007

SAN FRANCISCO, Feb. 5 (AP) — The Federal Trade Commission made final its ruling that the memory chip designer Rambus violated antitrust laws, imposing limits on the royalties the company can charge.

Wall Street was bracing for a potentially harsher order than the one the commission released Monday, and Rambus stock rose sharply.

Still, the final opinion provides the sharpest criticism to date of Rambus, and legal experts said it would set an important precedent for the broader technology industry.

The order said Rambus violated federal antitrust laws “by deliberately engaging in a pattern of anticompetitive acts to deceive an industrywide standard-setting organization.”

Thomas R. Lavelle, senior vice president and general counsel for Rambus, said the company was disappointed with the opinion and would appeal.

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The case hinges on whether Rambus illegally obtained a monopoly in the 1990s when it secured patents for two popular types of memory used in personal computers. Rambus was accused of failing to disclose to an engineering council that its patents had been incorporated into an industry standard regarding memory technology.

An administrative law judge dismissed the complaint in 2004, but the F.T.C. overturned that ruling in July 2006.

Rambus, which is based in Los Altos, Calif., insisted for years that it disclosed the patents to the memory makers, Micron Technology and Hitachi, before the standards-setting discussions began. Rambus lawyers also argued that disclosure policies of the council, the JEDEC Solid State Technology Association, failed to specify what Rambus should have revealed to the committee.

On Monday, the commission required the company to hire an agency-approved compliance officer to ensure that its patents and patent applications "are disclosed to industry standard-setting bodies in which it participates."

The nearly five-year-old case has battered Rambus's shares for several years. News of the ruling sent the shares surging 24 percent, up $4.58, to $23.50 on Nasdaq.

Daniel I. Prywes, a lawyer at Bryan Cave in Washington, said the ruling set a precedent for the commission's handling of cases involving standards-setting organizations and would help Rambus and dozens of other companies understand the legal framework of such organizations.

"Now that the F.T.C. has laid the legal groundwork," Mr. Prywes wrote in an e-mail message, "future cases attacking 'patent ambushes' at standards organizations should be able to move more quickly and obtain powerful remedies before the technologies at issue are superseded in the marketplace by next-generation devices."

Rambus Shares Surge After FTC's Antitrust Order (MRKTWTCH)

By Matt Andrejczak

Market Watch, February 6, 2007

FTC's remedy less harsh than feared

SAN FRANCISCO (MarketWatch) -- The Federal Trade Commission ordered Rambus Inc. on Monday to license some of its older computer memory-chip technology and set maximum royalty rates it can collect for licensing.

Rambus, of Los Altos, Calif., said it plans to appeal the ruling that stems from government antitrust charges filed more than four years ago.

However, shares of Rambus (NasdaqGS:RMBS - News) surged 24% to $23.50 as the FTC remedy was deemed less severe than investors had expected.

In its final order, the FTC said Rambus can charge a maximum rate of 0.5% for DDR SDRAM and a rate of 0.25% for SDRAM -- memory chips widely used in personal computers, servers, printers, and cameras. Those rates would apply over three years and then go to zero.

The government's remedy also bars Rambus from attempting to collect more than the maximum royalty rates from companies that may already incorporate its DRAM technology.

The FTC issued its order on a 3-2 vote. Commissioners Pamela Jones Harbour and J. Thomas Rosch disagreed with parts of the remedy.

Importantly, one analyst said, the FTC order doesn't affect second-generation DDR and SDRAM memory-chip designs that Rambus has developed or other memory technologies that it's engineered. The order also didn't invalidate any Rambus patent.

"The remedy issued by the FTC could have been much worse and investors were expecting the decision to be harsher than it was," wrote BWS Financial analyst Hamed Khorsand, who rates Rambus shares as a buy, in a note to investors. "In three years, we would not expect RMBS to be making much, if anything, from the products the FTC is capping."

However, the legal significance of the government's action is enormous and should pave the way for quicker remedies in future legal cases, said antitrust attorney Daniel Prywes, a partner at Bryan Cave LLP.

"For the first time, the FTC has laid out in tremendous detail how it will impose remedies on companies that conduct patent ambushes at standards organizations," he said.

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The FTC charged Rambus in June 2002 with violating antitrust laws by engaging in anticompetitive acts to deceive, the Joint Electron Device Engineering Council, an organization formed to incorporate patented technologies into its published standards that companies could license on a royalty-free basis or on favorable terms.

Rambus was a participant, but the FTC charged that the company failed to disclose that it was working on technologies later adopted into the standards.

In February 2004, an FTC administrative judge ruled in favor of Rambus. The FTC overturned that decision last July.

Rambus said it plans to appeal the order, set to go in effect within 60 days. The order also barred the company from making misrepresentations or omissions to technology standard-setting groups.

"We believe the commission got it wrong," Rambus General Counsel Tom Lavelle said in a conference call.

He added the company was "disappointed the commission adopted rates below what we argued were reasonable rates and were the result of arm's-length negotiations."

Lavelle said if the FTC refuses to hear its appeal it will seek a federal appellate court hearing.

Rambus Stock Soars 24% After Antitrust Ruling By FTC (USAT)

By Edward Iwata

USA Today, February 6, 2007

In a long-running antitrust case, Silicon Valley company Rambus dodged harsher penalties when the Federal Trade Commission issued an order Monday capping royalties — rather than eliminating them — on some of its memory chip technology.

Wall Street seemed relieved: Rambus' stock price soared 24%, or $4.58 a share, to close at $23.50 in regular trading on Nasdaq.

The FTC charged in 2002 that Rambus illegally monopolized the market for some computer memory technologies by failing to disclose its patents to the Joint Electron Device Engineering Council (JEDEC), an engineering standards body. An FTC administrative law judge tossed the complaint in 2004, but the FTC overturned the ruling last year.

Under the FTC order, Rambus cannot charge royalty rates higher than 0.25% to 0.5% for four of its older memory chip products for three years. After that, the royalty rates on those chips drop to zero. It had been charging an average of 1% to 2%, according to the FTC.

The order also bars Rambus from misrepresenting its patents to any standards-setting group or its members. Rambus also must hire a compliance officer and allow the FTC to monitor its bookkeeping.

In a statement, Rambus general counsel Tom Lavelle said the company will appeal the decision "because we strongly disagree with a number of the commission's determinations." Lavelle said that the FTC commission "continues to ignore the extensive findings of fact" made earlier by FTC chief administrative law judge Stephen McGuire.

Daniel Prywes, an attorney for JEDEC, hailed the order. "This is a turning point that puts the industry on notice," he said. "This sends a strong message that deceptive conduct at standards-setting organizations will be met by strong remedies."

But others thought the FTC, which voted 3-2 for the order, should have been tougher and imposed penalties in which Rambus would collect no royalties at all.

In her dissenting opinion, Commissioner Pamela Jones Harbour wrote: "I believe the commission should have imposed a royalty-free remedy in this case. … I do not believe the remedy adopted by the majority goes far enough to restore competition."

Commissioner Thomas Rosch also wrote in dissent that without "zero-royalty rates," Rambus will "continue to reap the fruits of its ongoing violation of Section 2 (federal antitrust Wagner Act)."

The Rambus case and the FTC's remedy raise the question of whether rapidly changing technology is outpacing the enforcement efforts of regulators.

In her opinion, Jones Harbour wrote that the FTC also should have imposed a royalty cap on the newest DDR2 generation of Rambus memory devices that are gaining popularity in the market.

Prywes said the commission laid out a detailed road map that should enable it to enforce similar antitrust violations more quickly.

Rambus is entangled in major antitrust and patent lawsuits with Samsung, Micron Technology and other semiconductor makers in federal and state civil courts. The FTC order could affect those cases.

Rambus, based in Los Altos, Calif., designs so-called DRAM chips, or "dynamic random access memory chips," used in computers, printers and other devices.

Beatles End Trademark Dispute With Apple (FT)

By Richard Waters In San Francisco And Nikki Tait And Emiko Terazono In London

Financial Times, February 6, 2007

The Beatles on Monday buried their latest trademark dispute with US technology company Apple, removing one of the obstacles to a potential deal that could bring the Fab Four's songs to the iTunes music store.

The two sides did not comment on whether a digital music deal, which has been widely anticipated, would follow.

However, Neil Aspinall, manager of Apple Corps, The Beatles' record company, appeared to hint at the possibility of a future commercial relationship.

"We wish Apple Inc every success and look forward to many years of peaceful co-operation with them," he said.

A deal to put The Beatles on iTunes was already under discussion before Monday's settlement, according to a person familiar with the matter, although it is unclear how far the negotiations have got.

Bringing The Beatles to iTunes would open up a highly valued catalogue of songs and could represent a significant breakthrough for the entire digital music business, according to analysts.

There was already huge pent-up demand to buy Beatles music in digital form and many people over the age of 40 would be likely to turn to online purchases for the first time, said Richard Doherty, a digital media analyst at Envisioneering.

However, others cautioned that personal and legal complications could still stand in the way of a deal.

"The problem for Neil is he has four shareholders who have to approve every single thing, which doesn't always happen," one person familiar with the issue said.

The Beatles' representatives have also been in a legal dispute with EMI, which owns the recording rights to the band's music and would have to agree to an online deal.

The legal settlement came shortly before Apple Corps and Apple Inc were set to reopen their legal battle at an appeals court hearing in London.

Apple Corps had sued the US company, arguing that its use of the Apple brand for its digital music service broke a 1991 agreement between the two sides.

Last year, a High Court judge ruled in favour of Apple Inc. Under Monday's settlement, the US company will own all the trademarks relating to the Apple name, and license "certain trademarks" back to Apple Corp. Each side will bear its own legal costs.

Mike Lynd, partner at intellectual property specialists Marks & Clerk, said it was "highly unusual" to see the original owner of a trademark relinquish ownership and control of its identifying mark.

"It seems fair to deduce that Apple Inc has paid a substantial sum for the record companies' rights," he said, pointing out that decades of goodwill had built up.

"We love The Beatles, and it has been painful being at odds with them over these trademarks," Steve Jobs, chief executive officer of Apple, said in a statement.

"It feels great to resolve this in a positive manner, and in a way that should remove the potential for further disagreements in the future."

Apple, Beatles Make Some Peace (WSJ)

By Don Clark And Ethan Smith

The Wall Street Journal, February 6, 2007

Apple Inc. appears to have reached a final resolution of a trademark battle with the company that represents the Beatles. But today's iTunes users won't be able to download "Yesterday" tomorrow.

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The companies have long squabbled over the word Apple, with the Beatles' Apple Corps Ltd. objecting to the use of its trademarks by the Silicon Valley company. Under a new agreement announced yesterday, Apple Inc. will take over those trademarks, and license some of them back to Apple Corps, which agreed to drop its trademark-infringement litigation. Financial terms weren't disclosed.

Neither company answered the biggest question for music fans -- whether they will finally be able to buy Beatles recordings from Apple's iTunes music store and transfer those purchases to an iPod music player. The Beatles are the most prominent holdout from iTunes, and the companies have privately discussed licensing deals in the past, but nothing has materialized.

Michael McGuire, an analyst at Gartner, said the trademark pact was probably a prerequisite for the companies to reach any music licensing arrangement. But the deal doesn't necessarily clear away all impediments to a broader partnership. "Is it now a fait accompli? I'm not so sure," Mr. McGuire said.

Steve Jobs, Apple's chief executive, is known to be interested in selling recordings by the Beatles. At the company's Macworld trade show in January, he cued the band's "Lovely Rita" as part of a demonstration of his company's new iPhone device. But any agreement also requires the cooperation of surviving members of the band as well as EMI Group PLC, which distributes their music throughout the world. An EMI spokeswoman said it "has been in ongoing discussions with Apple Corps to get the Beatles to make their music available in a digital music format."

Publishing rights to the Beatles' music is controlled by Sony/ATV Music Publishing, which is jointly owned by Sony Corp. and Michael Jackson and would be expected to receive a cut of revenue from online sales. A spokeswoman for the Beatles said there is no implication about a music-licensing deal from the trademark settlement, which simply preserves the legal status quo.

An Apple Inc. spokeswoman, Natalie Kerris, sounded a bit more optimistic that the trademark deal could hasten a music-licensing pact. "Clearly it paves the way," she said. "We are certainly hopeful." But she added, "we don't have anything to announce at this time."

The companies' battles began after the 1976 founding of what was until recently called Apple Computer Inc. The Beatles' company, founded in 1968, complained about the use of the trademark; the companies reached a then-secret settlement in 1981 under which Apple Computer agreed that the Beatles' company would have exclusive use of the trademark in the field of music.

The Beatles' company sued for trademark infringement in 1989, after Apple's Macintosh began being widely used by musicians. They reached a settlement in 1991, but another flap arose in 2003 over Apple's iTunes music store. Last May, Britain's High Court dismissed Apple Corps suit; the settlement avoids the possibility of appeal.

Expect Beatles Downloads Soon, Media Watchers Say (USAT)

By Jefferson Graham

USA Today, February 6, 2007

The Apples have decided to give peace a chance.

Apple Corps. — the Beatles' business entity — and Apple Inc. (AAPL)— home of iTunes and the iconic iPod — on Monday said they have settled their longstanding trademark dispute.

The move clears the way to get the Beatles music available as digital downloads on Apple's popular iTunes Store, say Wall Street analysts.

The Beatles are the "most notable iTunes holdout," says Gene Munster, an analyst at equity firm Piper Jaffray. "Once the Beatles are in, this will lead to a chain reaction among other bands and movie studios. No one will want to be left out anymore."

Besides the Beatles, Led Zeppelin, Radiohead, AC/DC, Kid Rock and Garth Brooks have declined to offer their music as digital downloads. Last year, Apple added movies to iTunes with films from Walt Disney and, more recently, Paramount Pictures. Studio holdouts include 20th Century Fox, NBC Universal, Sony Pictures, MGM and Warner Bros.

Munster predicts that Apple Inc. will officially announce the Beatles availability on iTunes within the next three months.

The Beatles on iTunes "would be a boon for both sides," says Geoff Mayfield, director of charts for Billboard magazine. "It would give the baby-boomer-age consumer another reason to consider making the jump to an iPod, if they haven't already."

Mayfield expects Apple to do a major marketing campaign for the Beatles, and notes that Bob Dylan profited handsomely from such an alliance in 2006, with the release of his Modern Times album. "It was Dylan's first No. 1 album in more than 20 years, and directly attributable to iTunes," he says.

Apple Inc. declined to comment.

Love, a soundtrack remix of older songs for a Beatles-themed Las Vegas show, has sold 1.2 million copies since November, Mayfield says. A 2000 compilation of their No. 1 hits, 1, has sold more than 10 million copies.

Apple has an 80% market share of digital downloads, according to Paul Resnikoff, editor of the Digital Music News newsletter. A Beatles alliance would only "help Apple, and hurt competitors," he says.

Still, he notes, by now, "People have figured out how to get the Beatles music onto their iPods." Consumers transfer music from a CD into iTunes, then to an iPod.

The Beatles formed Apple Corps. in 1968. Apple Computer made its debut in 1976. Lawsuits about trademark issues have been ongoing since. A court showdown in England last year ended with a victory for Apple Inc. (See copy of the two firms' 1991 agreement.)

Under the new settlement, Apple Inc. owns trademark rights to the name and has agreed to license certain of the trademarks to Apple Corps. Both parties declined to address financial settlement terms.

After Long Dispute, Two Apples Work It Out (NYT)

By Laurie J. Flynn

The New York Times, February 6, 2007

The long and winding road has come to an end for the Beatles, at least as far as the dispute over their Apple logo is concerned.

Apple Inc., the maker of the iPod, and Apple Corps, the guardian of the Beatles' music interests, announced yesterday that they had settled their dispute over the technology company's name and its use of an apple logo.

Under the new agreement, Apple Inc. now owns all the trademarks related to "Apple" and will license certain trademarks back to Apple Corps Ltd., the London company founded by the Beatles in the late 1960s.

The agreement immediately raised speculation that the Beatles' music, which has been unavailable on legitimate digital music services, might soon be licensed for downloads from the Apple iTunes service.

Neither company would comment directly on that prospect, though both sides said they were happy to have worked things out.

"We love the Beatles, and it has been painful being at odds with them over these trademarks," said Steven P. Jobs, chief executive of Apple Inc., who is widely known as a huge fan of the Beatles' music. The companies declined to provide further details of the settlement.

The new agreement replaces one signed by the companies in 1991, when Apple Corps, which represents Paul McCartney; Ringo Starr; the estate of George Harrison; and Yoko Ono, the widow of John Lennon, moved to ensure that the computer company did not use the apple logo in the music business. The Apple Corps logo is a Granny Smith apple. The logo for Apple Inc. is an apple with a bite taken out of it.

But things changed in 2003 when Apple Computer, as it was known until it dropped "Computer" from its name last month, began signing deals with record labels to distribute music online through iTunes.

Apple Computer had approached the British company in hopes of distributing the Beatles' music on iTunes, but Apple Corps instead accused the technology company of breaching the 1991 contract, arguing that Apple was essentially entering the music business with its service.

Last May, a judge in London ruled in favor of Apple Computer, agreeing that the company's use of the logo was fair and reasonable. Apple Corps's appeal of that ruling was scheduled for this month.

"It is great to put this dispute behind us and move on," Neil Aspinall, manager of Apple Corps, said in a statement. "The years ahead are going to be very exciting times for us."

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The Beatles are considered the last major holdout from online downloading services like iTunes. Today, Beatles fans can play Beatles music on an iPod only by transferring the songs from a CD.

But the latest settlement does nothing to resolve that issue, and Mr. Jobs said nothing about it yesterday. Speculation about a deal to sell Beatles songs on iTunes reached fever pitch on fan Web sites and blogs after Mr. Jobs appeared to give the band a highly public nod last month. In introducing the Apple iPhone, he demonstrated the device's music-playing capabilities by displaying Beatles album covers and playing the song "Lovely Rita" for the audience.

Elizabeth Freund, a spokeswoman for Apple Corps, said the settlement had no bearing on any move to make Beatles music available on iTunes, saying that was a separate matter for the Beatles to discuss with EMI, which holds the rights to the Beatles' recordings.

A spokeswoman at EMI, where digital sales of Beatles songs could be a lucrative source of income, declined to comment on whether or when that might happen.

The iTunes service is by far the largest legal music downloading site, having sold more than two billion music downloads accounting for more than 70 percent of the market, according to the NPD Group, a market research company.

With the Beatles dispute behind it, Apple Inc. faces still another trademark battle: a lawsuit filed by Cisco Systems, the networking company, over the use of the iPhone brand. Cisco has said the two companies have been unable to reach an agreement over the name after several years of discussion.

Mark Chandler, Cisco's general counsel, said at the time the suit was filed in January that Cisco would have been willing to share the trademark if Apple had agreed to its terms. These included an agreement by Apple to differentiate its coming iPhone product — a combination iPod and cellphone — from Cisco's iPhone, a business phone that uses the Internet to transmit calls.

Warning of Vista-iTunes Problem

Apple Inc. recommended yesterday that users hold off upgrading their computers to Microsoft's new operating system, Windows Vista, because of compatibility problems with Apple's iTunes music software.

Users should wait to upgrade to Vista until a new version of iTunes becomes available in the next few weeks, said Derick Mains, a spokesman for Apple.

Apple And The Beatles Make Peace Over Their Logos (WP/AP)

The Washington Post, February 6, 2007

The maker of the iPod and the guardian of the Beatles' music resolved their long-simmering dispute yesterday over who has the right to the Apple trademark.

The settlement between Apple Inc. and Apple Corps, which holds the rights to the band's music, offered greater hope to fans that the two sides could now focus on permitting downloads of Beatles songs through the computer company's iTunes Store. The catalogue of Beatles songs is a holdout from iTunes and other online services.

The two Apples have been exchanging legal salvos for 20 years over their names and logos. The last skirmish came in May after a British judge ruled that iTunes did not violate a 1991 agreement stipulating that the computer maker could keep using its logo if it did not enter the music business. An appeal had been scheduled for this month.

The new settlement replaces that agreement and gives Apple Inc. ownership of all the trademarks related to Apple, meaning it can continue using its name and logos in iTunes. Apple Inc. would license some of those trademarks back to Apple Corps for its continued use.

Each side agreed to pay its own legal costs to end the trademark lawsuit. Further terms were not disclosed.

"We love the Beatles, and it has been painful being at odds with them over these trademarks," said Steve Jobs, Apple Inc.'s chief executive. "It feels great to resolve this in a positive manner and in a way that should remove the potential of further disagreements."

Neil Aspinall, manager of Apple Corps, said the company was glad to resolve the dispute.

"The years ahead are going to be very exciting times for us," he said. "We wish Apple Inc. every success and look forward to many years of peaceful cooperation with them."

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The joint announcement did not mention the prospects of Beatles downloads. The Beatles have not allowed any online service to sell their music. The only Beatles songs for sale on iTunes are cover versions and tributes, and the only legal way of getting the band's tunes onto iPods is to buy a CD and make a digital copy from that.

Seeking Heft, State Street To Add Investors Financial (WSJ)

By Jennifer Levitz

The Wall Street Journal, February 6, 2007

BOSTON -- Bulking up in a bid to stay independent, securities-processing company State Street Corp. said it plans to buy Investors Financial Services Corp. for $4.5 billion in stock to become a big player in the hedge-fund realm.

For years, State Street has prospered here as a leader in the unglamorous business of offering back-office custody work, such as portfolio accounting and issuing monthly statements to institutional investors such as mutual funds.

CONFERENCE CALL

See a transcript of State Street's conference call1, provided by Thomson StreetEvents (www.streetevents.com2). (Adobe Acrobat Required3.)

But the company, which has in the past faced unwanted takeover interest, now grapples with intensified competition in a rapidly consolidating industry in which big players hope to achieve economies of scale through acquisitions.

To shore up its position, State Street is buying fast-growing Investors Financial, a smaller Boston neighbor that provides similar investment services to customers, including hedge funds -- lightly regulated private investment partnerships that cater largely to institutions and wealthy people. Financial-services companies are eager to cater to these sophisticated and fast-moving clients that have exploded in popularity. The two companies say the deal will create the No. 1 administrator of hedge-fund assets, in terms of assets under custody.

Investors Financial, a 17-year-old firm, has $2.2 trillion in assets under custody. The deal, expected to close in the third quarter, would give State Street more than $14 trillion in assets of all kinds under custody, ranking it No. 2. (The No. 1 player emerged last month, when Bank of New York Co. agreed to buy Mellon Financial Corp. in a deal then valued at $16.5 billion.)

"We are very determined to remain independent, because we think that's the best strategy for our shareholders," Jay Hooley, vice chairman of State Street, of Boston, said in an interview. State Street's "plan and our strategy is to be a growth company -- acquiring companies and building business."

In the transaction, Investors Financial shareholders will receive 0.906 share of State Street common stock for each share of Investors Financial common stock, based upon the $71.75 closing price of State Street stock on Feb. 2. That values Investors Financial at $65.01 a share, a 38% premium to Friday's closing price of $46.95.

State Street's stock was off 6.5%, or $4.67, at $67.08 in 4 p.m. New York Stock Exchange composite trading. Investors Financial stock soared, rising $12.85, or 27% to $59.80 as of 4 p.m. Nasdaq Stock Market composite trading.

Gerard Cassidy, a banking analyst with RCB Capital Markets in Portland, Maine, said State Street's stock declined sharply because "the deal is expensive for State Street -- they paid Neiman Marcus prices rather than Filene's Basement prices." The company said it had other bidders.

Mills Receives Another Buyout Offer (WP)

By Dana Hedgpeth

The Washington Post, February 6, 2007

The nation's largest mall owner and a hedge fund yesterday offered to buy the financially troubled Mills Corp. for $1.6 billion, exceeding the $1.35 billion offered by a Canadian company in January.

The latest offer for Mills of Chevy Chase, which owns about 40 malls nationwide, including Potomac Mills and Arundel Mills, was made by Simon Property Group and the hedge fund Farallon Capital Management. Simon is the country's largest real estate investment trust, by market value, and Farallon is Mills's largest shareholder.

Brookfield Asset Management, a Canadian investment company and owner of the World Financial Center in New York, made the earlier offer, which Mills accepted.

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Simon, of Indianapolis, owns 285 properties across the country, including Bowie Town Center and Leesburg Corner Premium Outlet. Farallon of San Francisco manages $26 billion of equity capital.

Simon, which presented its offer in a letter yesterday, would pay $24 per share and assume Mills's debt. Brookfield would pay $21 per share. Mills closed yesterday at $25.87, up $3.72 on the New York Stock Exchange.

Simon said its cash tender offer would allow Mills shareholders to get their cash as much as six months earlier than they would under Brookfield's deal.

Executives at Mills declined to comment on the offers. In a statement, Mills said that it would "promptly consider the proposal" from Simon but that the "current merger agreement with Brookfield remains in effect."

The offers came as Mills is under investigation by the Securities and Exchange Commission for possible misconduct by management and for accounting errors totaling up to $352 million. Mills is best known for popularizing the notion of shopping mall as entertainment destinations. One of its projects, Madrid Xanadu, featured a bowling alley and indoor ski resort.

But some analysts said the company had trouble keeping up with its ambitious plans. Mills has not released an earnings report since the third quarter of 2005. It plans to restate its financial results from 2001 to 2004 and for the first three quarters of 2005. Its chief executive, Laurence C. Siegel, retired in 2006.

And in January, the company warned that it may be forced to seek bankruptcy protection. It has given up its role in the Xanadu project in New Jersey and sold off other assets.

Analysts said the Simon and Brookfield offers show the eagerness of large companies to pay high prices for commercial real estate.

"It is a little surprising that Simon made an offer for more, especially given the fact that there is no new information to show that Mills is worth $24 a share," said Benjamin Yang, an analyst at Green Street Advisors. "They still have not restated their financials, and coming up with a value for them is exceedingly difficult.

Still, he said "the mall industry has gone through a period of consolidation. Simon has the opportunity to acquire 30-odd properties in one fell swoop."

Paul Morgan, managing director at Friedman, Billings, Ramsey Group, said Simon has an opportunity to "create a synergy in its leasing with tenants."

"Mills has been in turmoil for the last 18 months," he said. "A lot of talent has left Mills. Assets are not being managed as well as they could be by someone like Simon."

$1.56 Billion Offered For Mills Corp. Sale (WT)

By Jen Haberkorn

The Washington Times, February 6, 2007

The battle over troubled local mall developer Mills Corp. continued yesterday as the largest shopping mall owner in the country offered to buy the company.

Simon Property Group Inc. and Farallon Capital Management LLC, Mill's largest shareholder, offered $1.56 billion, or $24 per share, to buy Mills, the companies announced yesterday. That figure beats an agreement Mills made last month to be bought by Brookfield Asset Management Inc. for $1.35 billion or $21 per share.

Mills Corp., a Chevy Chase developer, said the agreement with Brookfield is still in effect, but that it will "promptly consider the proposal."

What makes Mills so valuable, despite recent revelations that executives may have mismanaged funds and that it was running out of money, is its 38 shopping centers across the country.

Locally, it owns Lakeforest Mall in Gaithersburg, Potomac Mills and Potomac Town Center in Prince William County, Marley Station in Glen Burnie, Md., and Arundel Mills in Hanover, Md.

Simon's offer is cash, meaning shareholders could receive payment six months before they would under a Brookfield deal, the company said.

Simon Property Group is an Indianapolis real estate investment trust that owns the Fashion Centre at Pentagon City, Bowie Town Center, Leesburg (Va.) Corner Premium Outlets and St. Charles (Md.) Towne Center.

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Simon said its experience would make it most qualified to run the Mills properties.

A Brookfield spokeswoman declined to comment on the competing bid.

Wall Street analysts yesterday were hesitant to issue opinions on the proposal because Mills' financial situation is unknown. Amid its financial troubles, Mills still hasn't filed its 2005 financial statement.

"Without current financial statements it is impossible to assess the impact on [Simon's] bottom line from this transaction and the real question is whether it is worth the 'brain damage' to acquire a troubled company and invest the next several years trying to turn it around," Merrill Lynch analyst Steve Sakwa said in a note to investors.

Merrill Lynch is acting as Simon's financial adviser in its proposed acquisition.

Mr. Sakwa pointed out that Mills' assets are a mixed bag, from desirable properties such as shopping centers in Northern New Jersey and Northern California to less desirable centers such as the Mills malls in Cincinnati and Colorado.

Wachovia Capital Markets LLC analyst Jeffrey J. Donnelly said he is skeptical without a financial picture but said Simon is a "logical buyer" for Mills.

Farallon Capital Management, which owns nearly 11 percent of Mills' shares, had been furiously looking for someone to save the embattled Mills.

The San Francisco hedge fund originally offered $20 per share in a recapitalization plan. Then it submitted a bid with fellow shareholder Gazit-Globe Ltd., an Israeli real estate company, for $22 per share. Now, it is working with Simon.

Mills' stock rose nearly 17 percent to close at $25.87 on the New York Stock Exchange.

Icahn Launches Takeover For Lear (BLOOM)

Bloomberg News

The Washington Post/Bloomberg, February 6, 2007

Carl C. Icahn, the billionaire activist investor, offered to pay $2.31 billion for the 84 percent of auto-parts maker Lear Corp. that he does not already own.

Lear and Icahn's American Real Estate Partners discussed the proposal over the weekend. Lear said in a regulatory filing yesterday that it was trying to reach an agreement. The cash offer of $36 a share from Icahn, the company's biggest shareholder, was criticized by its third-largest investor as too low.

Richard Pzena, whose New York investment group Pzena Investment Management owned 7.48 million, or 11 percent, of Lear's shares in November, sent a letter to the non-management directors expressing "alarm" about the offer. "To claim today that $36 is a fair price is quite disingenuous," Pzena said in the letter. "It is our fear that the company's management may have lost sight of the long-term value inherent in the company and that their personal interest in the transaction may create an inherent conflict."

Pzena said that his staff and Icahn's staff met in November to talk about Icahn's increased stake in Lear and that analysts from both groups agreed on a valuation of $60 a share.

"Icahn knows $36 is a steal," Pzena said in an interview. He said he would prefer that the company not be sold now, when its shares are undervalued.

Icahn did not respond to calls for comment.

The offer steps up the transformation of Lear as private-equity firms and investors bet that they can buy troubled operations cheaply, improve operations and boost profit. Such suppliers as Lear, of Southfield, Mich., have been hurt by production cuts by U.S. automakers General Motors and Ford.

Icahn's offer is 3.8 percent higher than the $34.67 closing price on Feb. 2. The stock closed yesterday at $38.64, up $3.97. The bid is for about 64.3 million shares of Lear. Icahn owns 12 million.

EU Microsoft Judge: Ruling By September (AP)

AP, February 6, 2007

The judge due to rule on Microsoft Corp.'s appeal against the European Commission's antitrust order said Monday he hoped to publish his decision before he leaves office in September.

Bo Vesterdorf, the president of the Court of First Instance, refused to give a precise deadline for his ruling.

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"Obviously we would do our very best to get the case out as soon as at all possible," he told reporters at an Informa legal conference in Brussels. "It's a very big case."

Microsoft is challenging the European Union's 2004 antitrust order, which found the software maker broke competition law and fined it a record 497 million euros ($613 million).

To remedy market harms, the EU ordered the company to offer a version of its Windows computer operating system without Microsoft's media player software. The EU also ordered Microsoft to share communications code and information with rivals to help them develop server software that worked smoothly with the ubiquitous Windows platform.

In July, EU regulators fined Microsoft another 280.5 million euros ($357 million) for failing to supply the "complete and accurate" interoperability required.

Both Microsoft and the Commission can appeal the ruling to one more authority, the European Court of Justice, which is the EU's highest court.

ENVIRONMENT:

Pelosi, Dingell Reach Deal (HILL)

By Jonathan E. Kaplan

The Hill, February 6, 2007

Ending a three-week long turf war, House Speaker Nancy Pelosi (D-Calif.) and Energy and Commerce Committee Chairman John Dingell (D-Mich.) have reached an agreement on the parameters of the select committee on global warming.

In a new letter to Pelosi, Dingell wrote that the select committee has no legislative authority and that the panel will expire on Oct. 30, 2008. Dingell also wrote that he has "assurances" from Pelosi that his committee will get first dibs to call witnesses where there could be potential conflict and that Pelosi will be consulted "before the exercise of any compulsory powers by the select committee to ensure the appropriate coordination of efforts."

The letter, which was also signed by Energy and Commerce Committee member Henry Waxman (D-Calif.), does not state whether the panel will have subpoena power. The chairman and Speaker discussed the issue during the Democratic issues conference in Williamsburg, Va., said Democratic aides.

The negotiations between Pelosi and Dingell to establish the panel have overshadowed difficulties Democrats face drafting a comprehensive energy bill. While they have overcome one turf battle, they probably will face many more regional and ideological disputes.

"The Democratic Caucus has had a tough time [on energy policy] when you get down in the details," said Dave Hamilton, the Sierra Club's director of global warming and energy policy.

Signaling that global warming has reached the top of the new policy agenda, former vice president and Oscar nominee Al Gore will testify next month before the House Energy and Commerce Committee.

"I don't know if the science is out there any more than it was, but the politics [have changed because] the majority has changed," said Rep. Jack Kingston (R-Ga.), who is working with Rep. Eliot Engel (D-N.Y.) to pass a bill to encourage consumers to buy fuel-efficient cars.

Climate change has also consumed hours of lawmakers' and aides' time. Energy and Commerce staffers have been told to block two hours on Fridays for briefings with the Congressional Research Service.

Dingell invited lawmakers to hear from the Intergovernmental Panel on Climate Change on Friday. The group issued a report last week that humans are causing the earth to warm at a dangerous rate.

Former Rep. Philip Sharp (D-Ind.), now president of Resources for the Future, said the arrival of global warming at the top of the policy agenda is due to several causes, including high gas prices and public recognition that gasoline demand distorts U.S. foreign policy.

"The basic price of oil and natural gas certainly gets people's attention in marketplace and politics," he said. "That is undoubtedly seared in people's minds in the last two years."

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Despite the political consensus that a new energy policy could make for good politics, Pelosi's goal of drafting an energy bill by July 4 remains in doubt.

But the agreement between Pelosi and Dingell means that House Democrats will avoid a contentious vote on the House floor. They could avoid a vote altogether if the Speaker creates the committee in what is known as the committee funding resolution, legislation that sets biennial budgets for committees. The bill is usually voted on in late March in the first year of a Congress.

Regional disputes between lawmakers from coal-producing states and those who represent districts on the east and west coasts and in the upper Midwest could be bigger hurdles. Those lawmakers and state governments, such as New York and California, have proposed much more aggressive environmental policies to reduce carbon dioxide emissions than their southern and western counterparts, said Democratic aides and energy policy lobbyists.

Dingell, an ally of the auto industry, is at odds with many of his congressional colleagues and President Bush, who support increasing corporate average fuel economy standards for cars and trucks.

Lawmakers and staffers have discussed a "grand bargain" on energy policy in past years, which would include drilling in the Arctic National Wildlife Refuge (ANWR) and more investment in alternative fuels. Now, with Democrats in control of both chambers, Democratic aides said legislation allowing ANWR drilling is not going to happen.

Still, the prospect of passing legislation to address climate change has created a temporary spirit of bipartisanship. President Bush and congressional Democrats have said they want to cooperate and compromise on policies to reduce U.S. dependence on foreign oil or cut carbon dioxide emissions.

Bush acknowledged climate change for the first time in his State of the Union address and he told House Democrats on Saturday at their issues conference that climate change was one area where they could cooperate.

The partnership between Engel and Kingston is the most prominent example of bipartisanship. Their bill has 89 cosponsors.

At the State of the Union address and at the Democrats' conference in Williamsburg, Va., Engel asked Bush to support his bill.

"I hope you'll be bold," Engel told him at last month's speech, "We need your help."

Engel said he also spoke to Pelosi and Majority Leader Steny Hoyer (D-Md.) about his measure.

China And UN Plan Carbon Trading Exchange (FT)

By Mure Dickie And Fiona Harvey

Financial Times, February 6, 2007

China and the United Nations are working to set up a carbon trading exchange in Beijing – a move that could establish the Chinese capital as an important centre for the multibillion-dollar global trade in carbon credits, according to the UN's top official in China.

If successful, the exchange – which would be the first in the developing world – would compete with private sector carbon exchanges established in Europe and the US, and would help to open up further the lucrative Chinese market in carbon credits.

Carbon credits are issued by the UN under a provision of the Kyoto protocol known as the clean development mechanism, by which developed countries invest in projects, such as wind farms or hydroelectric projects, that reduce greenhouse gas emissions in poor countries. The credits can fetch $15-$18 on the international market.

About $3bn in carbon credits from developing countries were traded in the first nine months of last year, according to the World Bank. The UN's climate change secretariat said China was expected to account for 41 per cent of all carbon credits issued by the UN by 2012.

Although there are several exchanges dealing in carbon in Europe, and one in Chicago in the US, the market is fragmented, with many trades carried on outside exchanges through brokers or between companies.

The Beijing exchange is to be set up as part of a carbon finance initiative agreed by the United Nations Development Programme with the Chinese Ministry of Science and Technology and the powerful National Development and Reform Commission, said Khalid Malik, the UN resident co-ordinator in China.

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"I hope we can launch it this year – the sooner the better," he said. Mr Malik said he hoped the exchange would also trade in special carbon credits that would be tied to the UN's eight "millennium development goals", which range from halving extreme poverty to universal primary education by 2015. While mixing the climate change goals with efforts to fight poverty, Aids and the loss of biodiversity will make the certification of the credits much more complicated, they may appeal to companies keen to polish their reputation for social responsibility.

However, UN officials said it could be difficult to design such credits before 2012, when the present provisions of the Kyoto protocol expire, although they could form part of an expanded carbon trading system if a successor to the treaty is agreed.

The UNDP said most existing emission reduction projects in China offered "little or no impact on sustainable development".

"Companies want very green credits," said Kishan Khoday, UNDP Energy and Environment team leader.

Many of the credits issued in China so far have come from the installation of equipment to curb emissions of HFC-23, a much more potent greenhouse gas than carbon dioxide, generating large profits for a small outlay.

Legal Hot Air (WSJ)

The Wall Street Journal, February 6, 2007

The U.N.'s latest global warming report is being spun as a wake-up call. But whether or not you agree on the need for urgent action, it ought to be obvious that the absolute last branch of government that should set climate policy is the courts. As usual, California Attorney General Jerry Brown has his own ideas.

At issue is a federal lawsuit filed last September by Mr. Brown's predecessor, Bill Lockyer, asking for billions of dollars worth of damages to be levied against six automakers -- General Motors, Toyota, Ford, Honda, Nissan and Chrysler -- because their products allegedly create a common-law "nuisance" by contributing to global warming.

At the time most observers, Mr. Brown included, appeared to regard the move as an election-year stunt. But now that he's in office, Mr. Brown has decided to pursue the case, which he says rests on "sound legal doctrine." Because "no federal statute speaks directly to the particular problem of global warming," says California's recent response to the carmakers' motion for dismissal, ". . . federal common law applies."

Uh-huh. We don't want to give Governor Brown any ideas, but if making a legal product that might contribute to global warming is an actionable offense, why stop with the automakers? How about the publisher of the Los Angeles Times, which deprives the world of a "carbon sink" (aka a tree) to create its daily product? Or how about cattle ranchers, whose flatulent herds emit massive amounts of methane before they become steaks on your dinner table? Methane is a far more potent greenhouse gas than CO2.

In short, there's scarcely any economic activity imaginable that doesn't somehow affect the balance of greenhouse gases, which is why a "nuisance" complaint against any single industry doesn't make sense. It's also why the judiciary has so far wisely refused to get drawn into this kind of blame game. A New York federal district court has already rejected an attempt by Mr. Lockyer and others to hold the utility industry responsible for global warming, saying it would be wrong "to impose by judicial fiat" CO2 regulations that "Congress and the Executive" have considered and declined to impose.

In any case, as global warming alarmists never tire of reminding us, any serious attempt to control greenhouse gas levels would have to be an international one. That means the primary Constitutional responsibility for the issue lies with the President, who negotiates treaties. Congress, which regulates automobile mileage and other tailpipe emissions, is also free to pass unilateral CO2 caps if it wishes. That it has so far decided not to do so may be a source of angst to some people. But it's hardly an excuse for an end-run by an ambitious state attorney general around the country's system of environmental regulation.

Given the existence of the Clean Air Act and many other environmental rules, it's preposterous for California to invoke the common law as if Congress had never considered the issue. Or as the Environmental Protection Agency has written by way of explaining why we'd need a national approach to the alleged problem: "[I]t is hard to imagine any issue in the environmental arena having greater 'economic and political significance' than regulation of activities that might lead to global climate change."

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If environmentalists want the U.S. political system to do something about CO2 emissions, a good place to start would be convincing a majority of Americans that they are serious people with serious concerns. California's attempt to single out automakers -- which gives a whole new meaning to the term "junk lawsuit" -- is not helping their case.

Global Warming's Simple Remedy (WP)

By Anne Applebaum

Washington Post, February 6, 2007

"Worse than we thought." The headline in the British Guardian newspaper on Saturday was almost gloating about the bad news. The tone of the article that followed was no different: In Paris, a U.N.-sponsored panel, consisting of hundreds of scientists from all over the world, had just declared that average global temperatures will probably rise 4 degrees Celsius over the next century. If so, catastrophic flooding, famine and water shortages may follow, along with the extinction of up to half of existing animal species. Malaria and other tropical diseases may spread. Among the coastal cities threatened by the higher ocean levels caused by melting ice caps, the paper noted -- not without a degree of satisfaction -- are London, New York, Tokyo and Hong Kong.

Since the Guardian was not the only European paper to feature this story -- Germany's Der Spiegel cautioned " A Tropical Germany by 2100?" -- perhaps it's not surprising that the U.N. report inspired politicians of various hues, across Europe and the world, to seek controls on carbon emissions and the fossil fuels that create them. The British environment minister called for an "international political commitment to take action." The head of the German environment agency said, "We must all change our environmental behavior considerably." So much was said about the need for "action" and "change," in fact, that it's a wonder the resultant hot air didn't make temperatures rise higher.

But don't get me wrong: I was convinced by the reigning consensus on global warming a long time ago, have accepted that human use of fossil fuels has caused it and am very glad so many European politicians take the scientists' words seriously. The question now is whether these same Europeans will start taking the solutions seriously. If so, they must begin by abandoning the bankrupt Kyoto treaty on climate change and encouraging the United States to do so, too.

The much-vaunted treaty creates a complicated and unenforceable system of international targets for carbon emissions reduction, based on measurements taken in 1990. Critics of the American president have condemned him for failing to sign it, conveniently forgetting that the Senate rejected it 95 to 0 in 1997, a margin that reflects broad bipartisan opposition. At the same time, few of the Asian and European signatories are actually on track to meet their goals; those that will meet the targets, such as Britain, can do so because their economies rely less on industry than they once did. Canada and Japan aren't even close to compliance; China and India, whose emissions rates are growing most rapidly, are exempt altogether as "developing" countries -- which, given their economic strength, is absurd.

None of which is to say that reduction of carbon emissions is impossible. But the limiting of fossil fuels cannot be carried out with an unenforceable international regime, using complicated regulations that the United Nations does not have the staff or the mandate to supervise, with the help of a treaty that effectively penalizes those who bother to abide by it. I no longer believe that a complicated carbon trading regime -- in which industries trade emissions "credits" -- would work within the United States either: So much is at stake for so many industries that the legislative process to create it would be easily distorted by their various lobbies.

Any lasting solutions will have to be extremely simple, and -- because of the cost implicit in reducing the use and emissions of fossil fuels -- will also have to benefit those countries that impose them in other ways. Fortunately, there is such a solution, one that is grippingly unoriginal, requires no special knowledge of economics and is easy for any country to implement. It's called a carbon tax, and it should be applied across the board to every industry that uses fossil fuels, every home or building with a heating system, every motorist, and every public transportation system. Immediately, it would produce a wealth of innovations to save fuel, as well as new incentives to conserve. More to the point, it would produce a big chunk of money that could be used for other things. Anyone for balancing the budget? Fixing Social Security for future generations? As a foreign policy side benefit, users of the tax would suddenly find themselves less dependent on Persian Gulf oil or Russian natural gas, too.

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Most of all, though, the successful use of carbon taxes does not require "American leadership," or a U.N. committee, or a complicated international effort of any kind. It can be done country by country: If the British environment minister or the German chancellor wants to go ahead with it tomorrow, nothing is preventing them. If a future American president wants to rally the nation around a patriotic and noble cause, then he or she has the perfect opportunity. If the Chinese see that such a tax has produced unexpected benefits in America and Europe, they'll follow. And when that happens, we'll know that the apocalyptic climate change rhetoric has finally been taken seriously.

U.S. Officials Mull Ethanol Reserve Amid Bush Plans To Increase SPR (WSJ)

By Maya Jackson Randall And Beth Heinsohn

Wall Street Journal, February 6, 2007

WASHINGTON -- As the U.S. Energy Department looks to expand the nation's emergency oil stockpile, officials are also considering whether it would be beneficial to create an ethanol reserve.

"Perhaps we should be thinking about having an ethanol reserve," Energy Secretary Samuel Bodman told reporters Monday during a press briefing to discuss DOE's fiscal year 2008 budget proposal. "There are a number things we are looking at."

Mr. Bodman said there are several ideas being discussed as the Bush administration moves to expand the strategic petroleum reserve. The plan is to double the size of the oil stockpile, increasing it from its current capacity of 727 million barrels to 1.5 billion barrels in the next two decades.

Administration officials are also considering whether there should be storage sites built in areas outside of the Gulf Coast, Mr. Bodman said. For the first time, reserve sites could be built west of the Rockies or on the West or East coasts, a DOE official said last week.

Aside from considering new locations for SPR sites, another question on the table is "should we have an expansion in the type of fuel," Mr. Bodman said, noting that the idea might have merit given the administration's newly announced goal of reducing gasoline use 20% in the next 10 years. To meet that goal, the administration is proposing to increase use of ethanol and other alternative fuels.

Still, a congressional and regulatory affairs director at the Renewable Fuels Association, a trade association for the U.S. ethanol industry, said she doesn't see a need for an ethanol reserve anytime soon. "I can't image them doing that in the near-term," said Samantha Slater, noting that an ethanol reserve is certainly not on the industry's agenda. "We're using every drop."

"Having a reserve would generally imply we have some we could put in reserve," she said, adding that that isn't the case. "At this stage of the game, that's probably not something that would be particularly effective."

At the same time, experts have noted infrastructural challenges inherent in the creation of an ethanol stockpile, noting in particular storage and transportation capacity. Ethanol has a corrosive effect on pipelines so it must be shipped by rail, truck or ship to fuel terminals where it is blended with gasoline before going to service stations.

Just last spring, concerns about marketers' ability to move and store adequate amounts of ethanol for blending with gasoline accompanied a large-scale phase-in of the fuel additive and spurred higher prices for months.

The addition of a reserve might require the construction of new storage tanks, said Rick Kment, an ethanol analyst with Omaha-based DTN, a commodities news service. Storage tanks for other fuels can be used to hold ethanol but whether there are enough existing tanks in a given location is another issue, he said.

The Price Of Corn (NYT)

The New York Times, February 6, 2007

The current price of corn is $3.23 a bushel, more than half again what it was a year ago, and beginning to bring to mind the record $5.545 a bushel set in July 1996.

There are many reasons for this price spurt. The ethanol boom has created a sharp new demand for corn. The Department of Agriculture revised its estimate of the 2006 corn harvest downward by some 200 million bushels because of weather and other factors. There is also a smaller corn reserve on hand than usual — the smallest in a decade — which parallels shortages around the world.

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Add to this the growing weight of commodities funds investing in agricultural markets, and you have daydreams — or nightmares — of that $5 mark.

Yet all this has taken place against the backdrop of three record harvests in a row, a sure sign of how strong the ethanol appetite for corn production is turning out to be. It's tempting to assume that the effect of sharply higher prices is confined primarily to the agricultural sector. But where corn is concerned, we are all part of the agricultural sector. The historical cheapness of corn has driven it into nearly every aspect of our economy, in the form, most familiarly, of corn syrup. The low price of corn over the past half-century lies at the very foundation of America's historically (and unrealistically) low food prices.

Gratifying our two major appetites — cheap food and cheap gas — used to seem easy because both corn and oil were abundant. Cheap oil helped keep corn prices low because it cost farmers less to run their tractors and combines.

But we are entering a new dynamic now. While there has been talk recently about refining ethanol from sources other than corn, that could take a while. So at the moment what we are trying to do is gratify those appetites from the same resource: agricultural land. No matter how high prices go, what will need to change isn't the amount of corn acreage available or even the size of the enormous harvests we are already getting. What will need to change is the size of our appetites.

Asarco Accuses Mexican Owners Of Illegally Stripping The Company Of Assets (TACNT)

By Les Blumenthal, The News Tribune

Tacoma (WA) News Tribune, February 6, 2007

Asarco asks judge to void transfer of two copper mines in Peru

WASHINGTON - One-time mining giant Asarco, charging that its Mexican owner stole its most valuable asset and left it to face $7 billion worth of environmental and asbestos-related claims, is asking a federal bankruptcy judge to void the transfer of two Peruvian copper mines to Grupo Mexico, S.A. de C.V.

The stakes are high for U.S. taxpayers, who would be stuck with the tab for cleaning up nearly 100 contaminated sites nationwide where Asarco once operated. If the court agrees that the mines were "fraudulently transferred," Asarco could recover several billion dollars, by some estimates.

In a 23-page complaint filed late Friday in a Texas bankruptcy court, Asarco alleged that Grupo Mexico plotted to gain control of Asarco's 54.2 percent interest in the Peruvian mines. The complaint, which one lawyer in the case said reads like a "legal potboiler," charges that Grupo Mexico took control of the mines with the "actual intent to hinder, delay and or defraud" Asarco's creditors.

"Grupo Mexico's goal was to take Asarco's most valuable asset, the majority ownership of SPCC (the Peruvian mines), and remove it from the reach of creditors," the complaint said.

Lawyers and officials of Grupo Mexico and the subsidiary named in the complaint, Americas Mining Corp., didn't return phone calls seeking comment.

Grupo Mexico is owned by one of Mexico's richest families, the Larreas. The complaint alleges that another of Mexico's super rich, Carlos Slim, who owns and controls Inbursa, a Mexican bank, may have benefited from the deal. The complaint describes Slim as a "close associate" of the Larrea family.

Asarco is assembling a reorganization plan and trying to emerge from bankruptcy. It is still wholly owned by a Grupo Mexico subsidiary, but under federal bankruptcy laws it's now responsible to its creditors rather than to its stockholders.

Asarco, a century-old mining, smelting and refining company that once was listed on the Fortune 500, filed for bankruptcy protection in 2005. It faces about $6 billion in environmental claims filed by the federal government and more than a dozen states. It also faces 95,000 asbestos-related claims that could be worth between $500 million and $1 billion.

The federal Environmental Protection Agency filed a $1.3 billion claim for cleanup of Superfund sites across the country. The federal departments of Agriculture and Interior, along with local governments, several Indian tribes and private parties, have also filed environmental claims.

Asarco has talked with state and federal lawyers about the possibility of settling the environmental claims, though there are no offers in the table.

Cynthia Magnuson, a spokeswoman for the U.S. Justice Department, which is representing the EPA, declined comment.

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Asarco officials had little to say.

"The complaint speaks for itself," said Joseph Lapinsky, president and chief executive of the Tucson, Ariz.-based company.

Lapinsky said it would be up to the bankruptcy court judge to decide how much the Peruvian mines are worth, if the court ultimately rules that they were illegally taken from Asarco. And even though Grupo Mexico is a foreign company, Lapinsky said it has U.S.-based subsidiaries that could make it possible to recover any judgment without having to seek redress in Mexican courts.

Asarco's independent directors had been looking at filing such a complaint for months at the urging of some of the company's creditors, Lapinsky said.

The complaint details Grupo Mexico's actions since it bought Asarco in 1999:

After the takeover, top Grupo Mexico officials took over Asarco's board of directors and filled many of the company's executive positions. "Grupo Mexico structured the leveraged buyout so that Asarco assumed huge amounts of debt," the complaint said. "Asarco was left inadequately capitalized to conduct its business."

At the direction of its Grupo Mexico-dominated board, the complaint says, Asarco began selling its subsidiaries, cashing in insurance policies that had been purchased to cover environmental and asbestos claims and stripping its remaining mines of high-quality ore. The revenue was used to cover day-to-day expenses as Asarco slipped toward insolvency. Grupo Mexico also forced Asarco to pay off bonds that had been bought at deep discounts by Slim and other "friends" of Grupo Mexico executives, the complaint charges.

Meanwhile, Grupo Mexico was angling to seize control of the Peruvian copper mines.

After one independent company valued the two mines at nearly $1 billion, Grupo Mexico hired another company, which placed their value at $720 million. At one point, according to the complaint, Grupo Mexico offered Asarco $450 million, but only $100 million of it was in cash and the rest was in debt forgiveness.

The mines eventually were sold to a Grupo Mexico subsidiary for $765 million without soliciting any competitive bids. The complaint charges that Asarco received "not a nickel" in cash from the sale to cover its operating expenses.

As soon as the sale was complete, the Grupo Mexico executives on Asarco's board resigned.

The complaint alleges that even after the sale, Grupo Mexico tried to keep Asarco out of bankruptcy until the statute of limitations on a fraudulent conveyance claim had passed.

Les Blumenthal: 202-383-0008

FBI/DEA/ATF/USMS:

Connellsville Investor Faces Drug Charges (PTR)

Pittsburgh Tribune-Review, February 6, 2007

A New Jersey man who bought the 106-year-old Aaron's building in Connellsville was arrested Jan. 25 as the alleged ringleader of a multimillion-dollar narcotics network.

Mohamed Hassanain, of 30 Edgar Road, West Orange, used the alias Mohamed Aly to buy the structure. He allegedly ran the drug ring from his home as well as his business, Lyons Avenue Auto Sales in Newark, said state police in New Jersey.

Authorities seized 14 properties Hassanain owns in the Newark area as alleged proceeds of criminal activity. The Connellsville building was not part of the seizure, according to court records in New Jersey.

"This operation brings to a grinding halt a dangerous, multimillion-dollar criminal enterprise," New Jersey Attorney General Stuart Rabner said. "We have arrested the alleged leader of this narcotics ring as well as those who supplied him with what had been an endless supply of illegal prescription drugs."

Hassanain, 40, is charged with leading an organized criminal enterprise, racketeering, money laundering, forgery and distribution of controlled substances.

Hassanain bought the Aaron's building in August for $20,000 on the Internet auction site eBay. The purchase was based on snapshots and a written description, but Hassanain visited the city in December for a walk-through and met with public officials who have made the historic building's redevelopment a priority.

"This sure is a blow," Mayor Judy Reed said. "We talked, and he said he would fix the building. I tried to impress upon him the responsibility of owning this building, which is in deplorable condition, and he started work immediately."

Hassanain told officials he was "thrilled" with the building, and talked about his intention to create office and retail space on the first floor and loft apartments on the upper floors.

He planned to have the building ready for rental later this year.

Councilman Terry Bodes, who led the charge to refurbish the Aaron's building, said Hassanain "seemed too good to be true. It's just frustrating, disappointing. It's a disappointment to the whole city."

A downtown row-style structure, the 6,000-square-foot building at North Pittsburgh and East Apple streets is assessed at $73,333. It is eligible for the National Register of Historic Places.

A citation the city filed Sept. 5 against the seller, D&F Services Inc., of Leisenring, states the structure "is old, dilapidated, so out of repair as to be dangerous, unsafe, unsanitary, unreasonable to repair."

Former owner Richard DiCenzo, of Uniontown, was fined $8,053 in September 2005 for allegedly letting the structure become a public nuisance. Pieces of the building's facade, weighing as much as 10 pounds, had fallen onto the street, according to city health code officer Rita Bornstein.

But a Fayette County judge dropped those charges because the citation was "insufficient."

DiCenzo bought the Aaron's building in 1978, just after the furniture store went out of business. It has been vacant since.

The building sold in November 2005 for $5,000 to Divito B. Corteal and Frank W. Corteal. The deed was transferred in April to D&F Services.

D&F Services was listed as owing more than $2,000 in taxes on the property upon sale to Hassanain, according to the Fayette County Tax Claim Bureau.

Hassanain paid the taxes in August, according to New Jersey attorney Matthew E. Przywozny, who executed the deed transfer on Hassanain's behalf.

The city did not file a citation against Hassanain because he promptly began work to meet code in January.

"If he's in a position where he can't continue the project, we need to find out," Reed said. "He made attempts to correct the problems, but unfortunately the work has stopped."

A telephone message left with Przywozny was not returned Monday.

The charges against Hassanain stem from a six-month investigation led by New Jersey State Police and the Attorney General's Division of Criminal Justice, with assistance from the U.S. Drug Enforcement Administration.

The investigation, dubbed "Operation Pandora," determined the network allegedly sold 20,000 to 30,000 OxyContin and Percocet pills per week, most going to a distribution ring based in Bronx, N.Y., according to state police Col. Rick Fuentes.

"Like the mythical Pandora's box, once this investigation was opened, a plethora of criminal acts, conspiracies and perpetrators kept pouring out," Fuentes said.

Approximately 22,000 prescription pills, seven guns and hundreds of thousands of dollars were seized during the execution of search warrants at 10 locations.

Also arrested was Dr. Mario Comesanas, 51, of Livingston, N.J., who allegedly went to Hassanain's home to write thousands of fraudulent painkiller prescriptions, and pharmacist Ahmed F. "Felix" Aly, 32, of Union, N.J., Hassanain's cousin, who is charged with knowingly filling the forged prescriptions.

Two other alleged members of the enterprise were previously arrested in New York, and warrants are outstanding for more than a dozen others.

At Hassanain's auto shop, police seized a Tech 9 machine gun and five pistols, including several .357 Magnum revolvers. Hassanain was carrying $10,000 in his sleeve when he was arrested, police reported.

Hassanain is incarcerated on $1.5 million bond.

S.J. Airport Screeners Nab Alleged Meth Smuggler (AP)

AP, February 6, 2007

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(AP) SAN JOSE An East Palo Alto man allegedly tried to smuggle three pounds of methamphetamine in his cargo pants while trying to board a Hawaiian Airlines flight, according to court records.

Michael James Cade, 26, was charged Friday in U.S. District Court in San Jose with possession with intent to distribute at least 50 grams of methamphetamine.

About 8:30 a.m. Thursday, Cade was at San Jose International Airport preparing to board a Hawaiian Airlines flight to Honolulu when he was chosen for secondary screening at a security checkpoint, authorities said.

While patting him down, a Transportation Security Administration agent "felt a large bulk item in the front right pocket of Cade's cargo pants," Drug Enforcement Administration Special Agent Anthony Guzman wrote in a charging document.

Cade was asked to remove the item, but he insisted it was only money, Guzman wrote. Agents took Cade to a private screening area where they again asked him to remove the item.

Cade removed "one bag of crystal-like substance," following by four more bags, all of which were clear, quart-sized and sealed with black electrical tape, the affidavit said.

Security officials notified a police officer, who learned that Cade had an outstanding felony warrant from Modesto for narcotics and that he could be searched because he was on probation, the affidavit said. A search found a sixth bag in Cade's lower right pants pocket and a pipe in his left front pocket, it said.

A test concluded that the crystal-like substance was methamphetamine, Guzman wrote.

Cade has previous convictions for felony theft, grand theft and narcotics possession, the affidavit said.

E. Palo Alto Man Tried To Smuggle Meth Onto Airplane, Court Records Say (SFC)

By Henry K. Lee, Chronicle Staff Writer

San Francisco Chronicle, February 5, 2007

SAN JOSE -- A man is facing federal charges for trying to smuggle six bags containing 3 pounds of methamphetamine in his cargo pants while trying to board a Hawaiian Airlines flight in San Jose, court records released today show.

Michael James Cade, 26, of East Palo Alto was charged Friday in U.S. District Court in San Jose with possession with intent to distribute at least 50 grams of methamphetamine.

About 8:30 a.m. Thursday, Cade was at San Jose International Airport preparing to board a Hawaiian Airlines flight to Honolulu when he was chosen for secondary screening at a security checkpoint, authorities said.

While patting Cade down, a Transportation Security Administration agent "felt a large bulk item in the front right pocket of Cade's cargo pants," Drug Enforcement Administration Special Agent Anthony Guzman wrote in an affidavit.

Cade was asked to remove the item but insisted it was only money, Guzman wrote. Agents took Cade to a private screening area where they again asked him to take out whatever it was in his pants, authorities said.

Cade removed "one bag of crystal-like substance," the affidavit said. It was followed by four more bags, all of which were clear, quart-sized and sealed with black electrical tape, authorities said.

Security officials notified an on-duty San Jose police officer, who learned that Cade had an outstanding felony warrant from Modesto for narcotics and that he could be searched because he was on probation, the affidavit said.

Police searched Cade and found a sixth bag in a lower right pants pocket, authorities said. Cade then told officers that he had a pipe in his left front pocket, the affidavit said.

A test of the crystal-like substance concluded that it was methamphetamine, Guzman wrote.

Authorities said they believe Cade was smuggling the drugs and, since he had only $10 with him, had hoped to be paid for the illicit cargo in his pants, authorities said. Cade has previous convictions for felony theft, grand theft and narcotics possession, the affidavit said.

He appeared Friday before U.S. Magistrate Patricia Trumbull in San Jose and will return to court Wednesday for a detention hearing.

Lawmen: Drug Lord Marked Witness For Death (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, February 6, 2007

As sentencing nears for Newark kingpin, details of plot emerge

Even in captivity, Hakeem Curry maintained the ruthlessness that made him Newark's biggest drug kingpin in recent years, prosecutors say.

During his trial last year, Curry watched as one of his childhood friends and trusted lieutenants, Lachoy "Pooh" Walker, testified against him in federal court. The testimony had a devastating effect on his case.

On the second day of Walker's six days on the stand, a sheriff's officer overheard an alarming conversation as he transported Curry from jail to the courthouse, according to prosecutors. Curry's co-defendant told the gang leader they had a hitman in place to kill Walker, the prosecution's star witness.

That bold plot, never realized, emerged publicly for the first time in court papers prosecutors recently filed related to Curry's sentencing tomorrow. Security at the trial was unusually high, but no specific threat had been previously disclosed.

Curry, convicted by a jury last July of conspiracy, money laundering and drug trafficking, could face 30 years to life in prison under federal sentencing guidelines.

"This is a ruthless gang," Assistant U.S. Attorney John Gay said last week during a hearing in which Curry's co-defendant and cousin, Rakim Baskerville, was sentenced to life in prison. The prosecutor said members of the gang "think nothing of gunning down" witnesses.

Curry's conviction was one of the most significant for federal law enforcement officials since they began investigating and prosecuting drug gang members as part of ongoing conspiracies. During an investigation that spanned more than a year, Drug Enforcement Administration agents built the case by secretly taping tens of thousands of phone calls of Curry and his associates.

Prosecutors said Curry's criminal organization pumped tens of millions of dollars of cocaine and heroin onto the streets in Essex and Union counties for more than a decade and arranged for the murders of a rival and another government witness slated to testify against one of Curry's allies. At one point, 85 percent of the heroin sold in Newark came from Curry's crew, investigators said.

While the threat against Walker's life in the middle of the trial was particularly daring, it wasn't the first time his life was in jeopardy, prosecutors said. After he was arrested in March 2004, Curry immediately suspected Walker set him up. A hitman later testified at trial that Curry had attempted to hire him to kill Walker for $15,000.

Walker, who pleaded guilty to conspiracy to distribute drugs, is awaiting sentencing. He plans to enter a witness protection program.

In a related case, another of Curry's cousins, William Baskerville, goes on trial in April and could face the death penalty on federal charges that he plotted the murder of a secret FBI informant. Though Curry was not charged in that crime, prosecutors have said he tipped Baskerville off to the informant's identity.

During his own trial, Curry and his co-defendant were jailed without bail and wore leg shackles. Spectators had to pass through a checkpoint outside U.S. District Judge Faith Hochberg's courtroom, and juror names were sealed from the public.

Defense attorneys, in court papers filed last year, complained Curry wasn't even allowed to call his lawyers from jail, accusing the government of "cruel and unusual punishment far beyond the strictures of normal incarceration."

Last week, they submitted a sentencing memorandum to Hochberg seeking a sentence below federal guidelines. One circumstance they asked her to consider is that Curry has spent nearly three years in prison already, much of it in "virtual solitary confinement," with no access to family and friends.

"During this time, he has suffered through trying to arrange the care for his 10-year-old son whose mother had temporarily disappeared," wrote James Plaisted, Curry's attorney.

But Gay, the prosecutor, wrote in court papers the enhanced security put in place by U.S marshals was necessary because of Curry's "own actions of attempting to kill witnesses at trial."

Last week, Hochberg sentenced Rakim Baskerville to life in prison after he was convicted of conspiracy. The stepped-up security measures remained in place as about a dozen friends and family arrived on hand to support Baskerville, who sported a thick beard and a green prison jumpsuit.

"How y'all doin? You all right?" Baskerville asked his supporters. "Yeah, I'm all right."

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In seeking a sentence lighter than the minimum 30 years recommended under federal sentencing guidelines, Baskerville's attorney, Troy Archie, said his client was a "mule" for Curry's organization "at best."

But Gay disputed that, saying the evidence at trial showed Baskerville was a trusted, high-ranking member of the organization. Gay's court filing urging a life sentence revealed the plot to kill Walker in mid-trial.

Hochberg said she found that threat "believable." She also said the accusation was corroborated by "sufficient other evidence," though she did not elaborate.

"The security precautions in this case were done for good reasons," she said, adding, "I do find the security threat very real in this case."

While she didn't use the incident in calculating Baskerville's sentence for technical reasons, she condemned the defendant's "utter disrespect" for witnesses.

"You've devoted your life to crime and now your crime is going to control your life," she said. There is no parole in the federal system.

Men Plead Not Guilty To Federal Drug Charges (SHJ)

Spartanburg (SC) Herald Journal, February 6, 2007

A federal drug conspiracy case involving hundreds of pounds of marijuana and more than 10 pounds of cocaine is headed to court this week for two men who have pleaded not guilty.

Two women and 13 men in the Upstate have already pleaded guilty to charges including weapons violations and conspiracy to distribute cocaine, crack cocaine and marijuana, but none have been sentenced.

On Monday in Spartanburg, U.S. District Judge Henry Floyd refused to suppress evidence gathered using a search warrant at the home of one of the men who will stand trial, Alviero Mesa-Lopez of Greer.

While executing the search warrant at Mesa-Lopez's residence at 849 Harvey Road, authorities found 1,400 pounds of marijuana, several ounces of

crystal methamphetamine, one kilogram of cocaine, $20,000 cash, magazines loaded with ammunition, an Uzi machine pistol and four other weapons.

Jury selection in the joint trial of Mesa-Lopez and Roland Fuller of Greenville will begin today. Testimony starts Wednesday and is expected to last two or three days.

Suppression motion

Floyd's ruling Monday allows federal prosecutors to present a large amount of evidence against Mesa-Lopez.

During the August 2006 raid on the Harvey Road residence, DEA agents found the drugs and saw Mesa-Lopez crawling under a bed where the firearms were stored, agents said.

Mesa-Lopez's attorney, Janis Hall, claimed the search warrant was unconstitutional. A magistrate never should have signed the warrant, she argued, because no specific facts indicated drug activity at the house and that information investigators did have was almost a month old.

"This is a case where there was no contact with Harvey Road for 29 days," Hall said.

The judge sided with Assistant U.S. Attorney Leesa Washington, who countered that Mesa-Lopez' roommate met with other conspirators, told police during a traffic stop that he lived at the residence and drove a vehicle owned by Mesa-Lopez.

"It does provide a nexus between the drug activity and the residence," she said.

Washington said the case clearly involved a "large-scale cocaine distribution ring" on top of the marijuana charges.

Arellano's Lawyers May Put Blame On Brother (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, February 6, 2007

Defense lawyers for accused Tijuana drug cartel kingpin Francisco Javier Arellano Félix hinted at a defense in court yesterday: His brother Benjamín actually was running the drug organization from a Mexican prison.

The lawyers mentioned the theory while asking federal prosecutors to give them any documents that might help prove that in preparation for a trial in less than a year.

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Javier Arellano took over as head of the murderous drug-running ring in 2002 after Benjamín was jailed and another brother, Ramón, was killed, prosecutors said in court papers filed last week.

Defense lawyers said they hope to prove that's not the case as they defend Javier from charges that could lead to the death penalty.

Prosecutors said they would turn over all their evidence as required by law.

U.S. Attorney General Alberto Gonzales is expected to decide whether prosecutors will seek the death penalty. U.S. District Judge Larry Alan Burns set an Oct. 10 deadline for prosecutors to announce how they plan to proceed.

Burns wants jury selection in the case to begin right after Thanksgiving and witnesses to begin testifying in January. Defense lawyers said that is too soon.

Prosecutors said they hope to try Javier Arellano at the same time as three other accused cartel members: Manuel Arturo Villarreal Heredia and brothers Gilbert and Ismael Higuera Guerrero.

Villarreal is accused of heading a band of thugs who beheaded three Rosarito Beach police officers and kidnapped and killed other enemies of the cartel. He also could face the death penalty.

The Higuera brothers are accused of running day-to-day operations for the cartel in Tijuana and Mexicali.

The brothers were among 15 Mexican prisoners extradited to the United States last month.

Mexican officials agreed to the extraditions as long as none of those extradited face the death penalty, which is not used in Mexico.

Mexican officials said the brothers and others still were running criminal organizations from inside jails.

San Diego prosecutors are hopeful that other members of the Arellano Félix cartel will be extradited soon, including Benjamín Arellano.

Convict-cop Labels ATF Accuser 'Liar' (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, February 6, 2007

Drawing chuckles from jurors for his Chicago mannerisms and colorful language, infamous former Police Officer Joseph Miedzianowski was back in federal court Monday, but only in a videotaped deposition in a case involving a one-time federal agent who is suing the city.

Tapes of Miedzianowski being questioned about his dealings with former Bureau of Alcohol, Tobacco and Firearms Agent Diane Klipfel were played for the panel. Klipfel and her agent husband are suing Chicago, charging that when they tried to blow the whistle on Miedzianowski in 1992, the city ignored the allegations and Miedzianowski was able to turn the Police Department's internal affairs unit against them.

Dressed in prison garb with short hair and a hint of a goatee, Miedzianowski admitted in the video that he doesn't like Klipfel. He called her out of control, a liar and a lunatic. He eventually was arrested in 1998 and later convicted of masterminding a massive Chicago-to-Miami drug ring and was dubbed the most corrupt police officer in Chicago history by federal prosecutors.

"Lunatic would've been one of the nicer words I would've used on her," Miedzianowski said.

Miedzianowski said Klipfel sowed dissent among agents and officers while she supervised a gang detail of which he was a member, and she made false allegations against him to cover her own questionable conduct.

He gave a vastly different version of events surrounding the February 1992 search at the home of a drug dealer than Klipfel has given jurors during the trial. Klipfel testified last month that she watched Miedzianowski take a safe-deposit box key from the dealer's pants and that cash and jewelry were taken from the home.

Miedzianowski said Klipfel was the one who found the key and she asked police officers to get a warrant and open the safe-deposit box. While officers were there, the wedding ring of the dealer's wife vanished, causing the dealer to shout about it, he said.

"I was right there when it happened," Miedzianowski said, at times barking his answers. "Diane Klipfel produced the ring and gave it to her (the dealer's wife.)"

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In her testimony, Klipfel had described an enraged Miedzianowski who kicked her car and threatened her when she confronted him about taking money from the dealer and others. Miedzianowski described calmer meetings called by Klipfel, and he said the matter in dispute was that she wanted to give inventoried cash back to the dealer.

He said he had no idea that a formal complaint had been made against him until many months later and actually asked for a Chicago police investigation of himself a year after the search of the dealer's home to clear his own name.

Eventually, he just tried to get away from , Miedzianowski said, and he only made formal complaints against her after believing she was the source of complaints against him. He said he only wanted internal affairs investigators to know who they were dealing with and said he did not further influence any investigation of himself or Klipfel.

"Here's a woman screaming, 'Fire, fire fire,'" Miedzianowski said. "And the fire isn't over here, the fire's in her house."

He said he could not tell the lawyers that deposed him every "disgraceful" act Klipfel committed.

"I don't keep a catalog or a Rolodex of everything," he said. "I wouldn't have one big enough."

jcoen@tribune.com

ATF Agent Says He Faked Murder To Get Into Hells Angels (CNN)

By Kelli Arena, Scott Bronstein And Jim Spellman, Cnn

CNN, February 6, 2007

MESA, Arizona (CNN) -- In a parched, secluded desert, a brutal killing is caught on videotape. A member of the feared and violent Mongol motorcycle gang is shot in the head at close range. His body is dumped in a shallow grave.

That murder was Jay Dobyns' ticket for membership into the Hells Angels motorcycle gang, Dobyns said.

"I had committed, like the ultimate deed, the ultimate act of loyalty to these guys," Dobyns said in an exclusive CNN interview.

But that murder was a fake, complete with special effects, cow guts for brains and artificial blood. What's more, Dobyns had a dark secret he was keeping from his fellow Hells Angels gang members: He was actually an agent for the Bureau of Alcohol, Tobacco and Firearms and was infiltrating the gang to help bring them down. (Read about Dobyns' complaints against the ATF)

For nearly two years, from 2001-2003, Dobyns abandoned his old life, his family and his friends to wear the Hells Angels trademark vest and to simultaneously build a case against the most feared motorcycle gang in the world. If he'd been caught, he figured he would be dead.

The undercover plot was elaborate: Dobyns even had to fake a romantic relationship with a fellow biker played by a female agent, so he had an excuse not to sleep with other women.

Dobyns saw what few outsiders have ever seen -- the inner workings of the Hells Angels. He says that included gun and drug trafficking, extortion, rape and even murder. And Dobyns testified about it all in court.

One of the alleged murders happened on Dobyns's home turf at the time, Mesa, Arizona.

"Cynthia Garcia was a young woman who partied with the motorcycle gang. One day she said something one of them didn't appreciate, according to a Hells Angels informant for the government.

She was allegedly beaten unconscious, driven to the desert, and stabbed more than two dozen times, her head nearly severed from her body, according to government records. Dobyns testified about it in court.

Going deep undercover in the Hells Angels was only the latest installment of Dobyns' hard-living persona. In college, Dobyns was a star wide receiver at the University of Arizona.

After school, he went into law enforcement, getting shot through the chest and even run over by criminals in his first few years on the job. Fellow agents say he was among the best in his rough-and-tumble field.

Illegal Guns Targeted With $1,000 Rewards (SACBEE)

By Christina Jewett, Bee Staff Writer

The Sacramento Bee, February 6, 2007

Sacramento law enforcement leaders have announced a new program offering $1,000 rewards to get illegal guns off the street.

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Authorities are turning to YouTube, MySpace.com and text messaging - communication highways for teens - to promote a new program offering $1,000 rewards for information about illegal guns.

The rewards will go to anonymous callers who provide police with information about an illegal gun or unlawful gun owner - if the information leads to an arrest. In California, felons are not allowed to own guns, and only people with permits can carry loaded firearms.

"This is one of the things we're doing to try to reduce the level of violence we see on the streets," Sacramento Police Chief Albert Najera said at a press conference with Sacramento County Sheriff John McGinness and agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

Tips may be phoned in to 1-800-ATF-GUNS.

ATF Agents Who Shot At Gunman Won't Be Charged (WP)

By Jamie Stockwell, Washington Post Staff Writer

The Washington Post, February 6, 2007

Arlington County's chief prosecutor has ruled that there will be no charges against the federal agents who exchanged gunfire with a man who then broke into an Arlington home, shot another man and kept police at bay for 10 hours last summer.

Commonwealth's Attorney Richard E. Trodden said an investigation into the July 5 incident found that the three agents acted in self-defense when they fired at Travis Hampton, 24. Hampton had fired several shots at the agents before leading them on a chase that zigzagged through the county's narrow streets, Trodden said. Hampton, of Southeast Washington, later fatally shot himself inside the home he had broken into.

"We found no grounds for any kind of criminal case," Trodden said. "The only real issue here was whether the agents acted properly, and we found they certainly had a right to defend themselves."

The incident began as a minor collision at the height of rush hour on Interstate 395 south and evolved into a tense standoff that lasted into the next morning and involved out-of-town agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives. Moments before the crash, Trodden said, Hampton had robbed a drug dealer of marijuana at gunpoint from inside the car, which belonged to his girlfriend.

ATF spokeswoman Sheree Mixell would not comment on the case and declined to say whether the agents faced any internal action. She referred calls to the civil rights division of the Justice Department, which also reviewed the case. A spokesman there did not a return a message left yesterday.

Trodden said that after Hampton sideswiped the agents' unmarked sport-utility vehicle, he took the South Glebe Road exit and got out of his car. After the agents identified themselves, Hampton fired at them. Bullets hit the SUV's engine compartment and a window. The agents returned fire, and Hampton dived back into his car and fled.

While he was being pursued on a congested Glebe Road, Hampton at one point leaned out his car window and fired again, Trodden said, shattering more of the SUV's windows and sending pieces of glass into the agents' faces. The SUV became disabled, and the agents ran after Hampton's car into Arlington's Douglas Park neighborhood. Hampton's Ford Taurus finally crashed into a Chevrolet Blazer parked in front of a house on South 13th Street.

Hampton left his car and kicked open the front door of the house, Trodden said, startling a resident who had just finished showering. He shot the resident, a man who lived in the basement with his sister, as the two siblings ran from the house. The man was not critically injured, police said.

About 4 a.m., after stalled negotiations and failed attempts to reach Hampton by telephone, a SWAT team found Hampton's body in a front bedroom. He had shot himself in the mouth, Trodden said. He said Hampton also suffered wounds to the back of his head, possibly during the exchange of gunfire.

IMMIGRATION:

Immigrant Entrepreneurs Shape A New Economy (NYT)

By Nina Bernstein

DOJ_NMG_0128230

The New York Times, February 6, 2007

Manuel A. Miranda was 8 when his family immigrated to New York from Bogotá. His parents, who had been lawyers, turned to selling home-cooked food from the trunk of their car. Manuel pitched in after school, grinding corn by hand for traditional Colombian flatbreads called arepas.

Today Mr. Miranda, 32, runs a family business with 16 employees, producing 10 million arepas a year in the Maspeth section of Queens. But the burst of Colombian immigration to the city has slowed; arepas customers are spreading through the suburbs, and competition for them is fierce. Now, he says, his eye is on a vast, untapped market: the rest of the country.

In the long run, like bagels, "you're going to have arepas in every store," predicted Mr. Miranda, whose innovations include a "toaster-friendly" version (square instead of round), and an experimental Web site that offers online sales nationwide. "But I don't have the connections. I don't know the people who can advise how to take us to the next level."

As the flow of immigrants to suburban and small-town America outpaces the growth of bustling ethnic centers in New York, many foreign-born entrepreneurs like the Mirandas are facing an unfamiliar crossroads. In the city, rising rents and density hamper growth, while swelling ethnic enclaves in the suburbs generate competitors. Yet in other places, opportunity beckons as never before, as immigrants expand the tastes of mainstream America.

Whether these businesses exploit the new chances to break out or succumb to the new perils, the city's economy will feel the effects.

"Immigrants have been the entrepreneurial spark plugs of cities from New York to Los Angeles," said Jonathan Bowles, the director of the Center for an Urban Future, a private, nonprofit research organization that has studied the dynamics of immigrant businesses that turned decaying neighborhoods into vibrant commercial hubs in recent decades. "These are precious and important economic generators for New York City, and there's a risk that we might lose them over the next decade."

A report to be issued by the center today highlights both the potential and the challenge for cities full of immigrant entrepreneurs, who often face language barriers, difficulties getting credit, and problems connecting with mainstream agencies that help businesses grow. The report identifies a generation of immigrant-founded enterprises poised to break into the big time — or already there, like the Lams Group, one of the city's most aggressive hotel developers, or Delgado Travel, which reaps roughly $1 billion in annual revenues.

In Los Angeles, at least 22 of the 100 fastest-growing companies in 2005 were created by first-generation immigrants. In Houston, a telecommunications company started by a Pakistani man topped the 2006 list of the city's most successful small businesses.

But even in those cities and New York, where immigrant-friendly mayors have promoted programs to help small business, the report contends that immigrant entrepreneurs have been overlooked in long-term strategies for economic development.

Some are doing just fine anyway. Lowell Hawthorne, the Jamaican-born chief executive of Golden Krust Caribbean Bakery, has parlayed a single bakery, opened in the Bronx in 1989, into more than 100 franchise restaurants nationwide. The latest batch opened in Atlanta, where Jamaican-style specialties, supplied from a Bronx plant with 130 employees, draw on a mix of West Indian immigration and crossover appeal.

Other companies, like Rajbhog Foods, which started as a mom-and-pop Indian sweets shop in Jackson Heights, Queens, seem to be on the edge of a similar breakthrough, even as they struggle with rising costs and shifting immigration patterns.

"Two steps forward and then back one step," said Sachin Mody, the chief executive and son of the founders. "That is the hardest part, to keep hurdling and keep evolving."

Mr. Mody said the company had about 70 employees and three plants and sold its vegetarian products to stores in 41 states and Canada. Its catering operation handles Indian weddings and conventions for as many as 10,000. But six years ago, in recognition of a changing market, it began opening franchise stores in places like Jersey City and Hicksville, on Long Island, where Indians have settled in large numbers.

In Jackson Heights, where South Asians from around the region have long come to shop for ethnic food and the latest in saris, bangles and Bollywood DVDs, business in Rajbhog's gleaming flagship store is down 30 to 40 percent, said the owner, Nirval Shah, an Indian-born nephew of the founders.

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"We try to reach out to every corner where there is an Indian community, so they don't have to drive all the way to one location to get what they need," he explained, allowing that such suburban shops were drawing business away from Little India in Queens, a view echoed by other merchants.

Then he pointed to the company's newest line: frozen Indian entrees, less spiced for American palates.

In some ways, New York may have a head start on the growing pains of immigrant businesses. The nation's recent surge of newcomers started earlier in the state and peaked by the mid-1990s, when immigration was still growing rapidly elsewhere. About 90,000 new immigrants still arrive each year in New York State, the vast majority still settling in the city, but that is down from about 168,000 in 1990.

Now, some children of the early influx are trying to build on their parents' success — success that itself has increased the cost of doing business, by driving up rents and creating congestion.

One example is Jay Joshua, a Manhattan company that designs souvenirs and then has them manufactured in Asia and imported. Jay Chung, who arrived from South Korea in 1981 as a graduate student in design, started printing his computer-graphic designs for New York logos and peddling them to local T-shirt shops. His company is now one of the city's leading suppliers of tourist items, from New York-loving coffee mugs to taxicab Christmas ornaments.

Mr. Chung's son Joshua, 26, who was 3 when he immigrated, joined the company after studying business management in college, and recently helped land orders for a new line of Chicago souvenirs. But frustration mixes with pride when the Chungs, both American citizens now, discuss the company's growth.

"It's really hard to conduct a business over here as a wholesaler," Mr. Chung said in the company's West 27th Street showroom, chockablock with samples. "We get a ticket every 20 minutes, no matter what. We need more convenient places with less rent, less traffic."

Thirty years ago their wholesale district was desolate. Now hundreds of Korean-American importers are there, said Jay Chung, who is a leader of the local Korean-American business association. They face a blizzard of parking tickets and high commercial rents — nearly $20,000 a month for 1,400 square feet, he said. Many merchants have had to subdivide and sublet their space, he added, shrinking just when they need to grow.

The association's efforts to find an alternate wholesale site have a checkered history that underscores the importance of partnerships with the city — and the pitfalls. Responding to the city's request for redevelopment proposals for the College Point section of Queens, more than 50 Korean merchants pooled $1 million to draw up the winning proposal, Mr. Chung said. At a news conference in 2004, Mayor Michael R. Bloomberg said it would create hundreds of new jobs. But the city backed out eight months later, after protests by older, white Queens residents and their representatives.

"They said they didn't want the area to become like Flushing, like Chinatown," Mr. Chung recalled. "It was a disaster for us — not only financially, but our image."

Apologetic city development officials offered five other locations, he said in an account that the city confirmed, and the group is negotiating for a private project in Jamaica, Queens, that could yield a 13-story center in about four years. Meanwhile, however, some merchants have already moved to New Jersey.

At a time when cities woo biotechnology firms and sports arenas to jump-start local economies, the economic potential of immigrant entrepreneurs has remained largely under the radar, says the Center for an Urban Future. Though there are no precise figures to measure their economic contributions, the report said, these businesses create jobs in good times and bad. They offset the cyclical slumps of more high-profile sectors like finance in New York or energy in Houston. And they have created ethnic markets that draw shoppers into the city, balancing the loss of retail trade to the suburbs.

The report credits the Bloomberg administration for small-business initiatives that have helped some firms, but calls on public, private and nonprofit agencies to do more to connect immigrant entrepreneurs to the expertise available.

Kara Alaimo, a spokeswoman for the city's Small Business Services Department, said it now deployed a staff speaking six foreign languages who aided almost 13,000 businesses in the five boroughs last year. "We are incredibly proud of our achievements in this arena and look forward to doing even more to provide resources to this vital community," she said.

Immigrant entrepreneurs seem ambivalent about getting more attention from the city. Some are leery of red tape, though they would welcome, say, a municipal parking garage. Others cite concrete help they have received from city agencies.

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When Mr. Miranda's arepas company, Delicias Andinas, was struggling with high trash bills two years ago, he said, a city agent in an industry retention program referred him to a recycler. Now much of the company's garbage — mostly corn leftovers — is sold to hog farms.

"They helped us out to a win-win situation," said Mr. Miranda, now an American citizen who calls himself "a dyed-in-the-wool New Yorker."

"For us, it was a big deal. Right now, I don't need money. I need knowledge."

Send Convicted Illegal Immigrants Home (LAT)

The Los Angeles Times, February 6, 2007

The county is right to send the illegal immigrants in its jails to deportation hearings after their sentences.

POLICE SHOULD NOT act like immigration agents, nor should landlords. But if there's one place it's wholly appropriate for local officials to crack down on illegal immigrants, it's in county jail.

Two years ago, Los Angeles County kicked off a controversial program to screen the immigration status of jail inmates more carefully. Eight custody assistants with the Sheriff's Department were trained to investigate inmates' backgrounds, and in October, U.S. Immigration and Customs Enforcement doubled the number of agents assigned to local jails. The result, as Times staff writers Patrick McGreevy and Stuart Pfeifer reported Monday, is that the number of inmates flagged for deportation nearly doubled last year, to 5,829.

L.A. jails are facing an overcrowding crisis, and illegal immigrants are part of the problem. Federal officials estimate that as many as 40,000 of the 170,000 inmates who pass through local jails each year are in this country illegally. Deporting them won't solve overcrowding in the short term because they have to serve their sentences before being turned over to the feds, but it will probably reduce crime and the jail population over the long term. Meanwhile, illegal residents will have more incentive to obey the law, without being unduly discouraged from cooperating with police.

Outside of jail, getting local governments, or citizens, involved in the immigration enforcement business is usually a bad idea. Perhaps the most disturbing local example of the trend was last fall's short-lived Escondido law forcing landlords to verify the immigration status of their tenants and to evict illegal immigrants. Orange County Sheriff Michael S. Carona has long sought to conduct immigration sweeps, and the Los Angeles Police Department has slightly loosened its policy forbidding inquiries into suspects' immigration status.

The danger with these measures is that if local police are seen as immigration enforcers, law-abiding immigrants will shy away from reporting crimes or stepping forward as witnesses. Beat cops rely on community relationships; turning them into border police makes their jobs harder.

Jailhouse immigration screening applies only to convicts, so there's little danger that it will erode trust for police by law-abiding immigrants. And though deputies serving guard duty later end up on the streets, they aren't the ones doing the screening; that's performed by custody assistants, who remain in the jails. The only legitimate fear about the jail program is that cops may bust street thugs they suspect to be illegal immigrants for the tiniest of infractions, knowing that a deportation hearing will follow the punishment. But this is a narrow concern that requires monitoring; it's not a deal-breaker.

There should be a path to citizenship for illegal immigrants, but convicts have forfeited the right to be on it. Send them home.

CONGRESS-ADMINISTRATION:

On Deficit Cutting, Skeptics Abound (WSJ)

By John D. Mckinnon

The Wall Street Journal, February 6, 2007

President Bush often describes himself as optimistic about the nation's future, and he demonstrated that again with his 2008 budget request to Congress.

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In the spending-and-tax plan released yesterday, Mr. Bush projects the deficits that have marked his tenure will disappear by 2012. To accomplish that, the White House assumes revenues will continue to pour into the Treasury at near their recent rates and Congress goes along with all of Mr. Bush's domestic-spending plans -- a scenario Democrats on Capitol Hill promptly rejected.

Even if the White House is able to persuade Democrats to cut 141 federal programs, squeeze nonsecurity programs to a 1% annual growth rate and make sharp cuts in Medicare, Mr. Bush's projections still don't account for several big potential budget-busters, as budget analysts and Democratic critics were quick to note yesterday. All of these are short-term problems that pale in comparison with the long-term fiscal time bombs the nation faces with the retirement of baby boomers.

Still, the budget's perceived shortcomings are sparking a lively debate.

The president's budget contains only partial projections of war-related spending, likely disguising what will be higher outlays. The budget assumes the cost of military operations in Iraq and Afghanistan will total $145 billion for fiscal 2008, but only $50 billion in 2009 -- and zero after that. Congressional Budget Office figures suggest a withdrawal of large numbers of U.S. troops by 2010 would actually add to overall costs.

Mr. Bush also hasn't addressed the likely costs of long-term relief from the alternative minimum tax. Originally created by Congress in the 1960s to ensure ultrawealthy people didn't use credits and deductions to avoid paying any tax, it is beginning to hit the middle class. It isn't indexed for inflation, so more earners qualify for the AMT, and the Bush tax cuts have accelerated the expansion of its reach. Congress keeps passing one-year patches, but the cost of relief is soaring each year; it would be at least $36 billion through 2008 and could reach $1.3 trillion over the next decade, according to various estimates. Democrats are adamant about fixing the AMT problem, in part because it hits states they dominate -- such as New York, New Jersey and California -- especially hard.

Mr. Bush also is projecting reductions in expenditures for agricultural subsidies -- as much as $5 billion annually, compared with last year's forecast -- as the administration seeks to reauthorize farm-economy support programs. Much of the change is due to strong market demand, which has kept prices from falling to levels that trigger federal subsidy payments. But the administration's agriculture plan also is expected to tighten up on some programs, while focusing more on establishing overseas markets and putting more money into research, particularly renewable fuels. Some of those proposals could fall short of farm-state Democrats' expectations.

Democrats also questioned the increases in tax collections the White House projects -- exceeding 5% annual growth on average over the next six years, greater than the yearly increase in projected economic growth and above the revenue growth congressional budget analysts forecast. The administration also is proposing a series of fees -- including an increase in premiums for corporations that participate in the Pension Benefit Guaranty Corp. and new fees for food inspection and enrollment in veterans programs -- that will be difficult to push through Congress.

The administration's economic-growth projection for 2007 is somewhat higher than others. It projects 2.7% real GDP growth for 2007, compared with 2.3% by the Congressional Budget Office and 2.4% by the Blue Chip panel, a group of business economists. Last year, the administration projected 3.4% real GDP growth for 2006 versus 3.6% by CBO and 3.4% by the Blue Chip. CBO now projects that real GDP growth in 2006 was 3.3%.

Critics say when more realistic projections are used, the small surplus forecast for 2012 is likely to melt away.

"While the president has endorsed the goal of balancing the budget, under realistic assumptions his budget remains in deficit every year," said Rep. John Spratt (D., S.C.), chairman of the House Budget Committee.

"In some places this budget shows vision, and in some places the president's eyes are shut tight to this country's fiscal reality," said Sen. Max Baucus (D., Mont.), the chairman of the Senate Finance Committee.

White House budget director Rob Portman termed the budget "credible." Mr. Portman said the handling of war costs also was more transparent than in the past, when requests were made off-budget through "emergency" appropriations.

Democrats vowed to counter Mr. Bush's priorities by pushing for more help for lower-income people and the middle class. Spending on health-care programs, education, energy and the environment were among the most likely friction points with the White House, as the two sides clash over appropriations bills.

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Still, the focus by both sides on the five-year window ending in 2012 masks the fiscal problems that lie after that. Starting in 2011, the oldest members of the baby-boomer generation will begin to become eligible for Medicare, the government health-insurance program for people 65 and older. That system is projected by its trustees to go broke by 2018.

That reality sets up a much bigger debate over fiscal policy in 2009, following the presidential election in 2008. Hanging in the balance will be a possible overhaul of U.S. health care, the fate of Mr. Bush's tax cuts and maybe Social Security and Medicare. To jump-start the debate over entitlements, Mr. Bush again is urging Congress to create new private accounts for future Social Security recipients.

White House Sees End To Deficit (FT)

By Krishna Guha In Washington

Financial Times, February 6, 2007

The White House budget sent to Congress on Monday shows the deficit declining moderately during the remaining years of George W. Bush's presidency – from 1.9 per cent in fiscal 2006 to 1.6 per cent in 2008 – plunging more rapidly from around the time he leaves office, and finally turning into a 0.3 per cent surplus in 2012.

This deficit dynamic is substantially driven by the way the budget accounts for the cost of the wars in Iraq and Afghanistan. It accounts for these costs in full in 2008 and sets aside $50bn to cover unforeseen war-related expenses in 2009, but makes no provision for one-off war costs in 2010 or beyond.

Whether actual war-related spending will follow the path set out in the budget is debateable, raising one source of uncertainty as to its fiscal forecasts.

More broadly, most of the deficit reduction is supposed to take place after Mr Bush leaves office and achieving this is cause for some scepticism.

The White House set out to show that it is possible to balance the budget by 2012 while making the Bush tax cuts permanent. The budget indeed does this, though the fiscal maths rests on certain assumptions, some of which – like the rapid decline in war costs – look optimistic.

The biggest assumption is that it is possible to hold non-security discretionary spending growth to 1 per cent in nominal cash terms. That means real terms cuts every year for five years – a degree of sustained spending restraint which is unprecedented in recent times.

Then, the White House assumes the economy will grow faster than the non-partisan Congressional Budget Office estimates in 2007 and again from 2011 onwards.

The budget has growth averaging 3 per cent from 2008 to 2012, which is probably a small fraction faster than the Federal Reserve now thinks is sustainable.

In addition, the budget makes no allowance for the cost of indexing the Alternative Minimum Tax (AMT) beyond 2008 to prevent it drawing in an increasing number of middle class Americans.

This is legitimate in one sense, as Mr Bush has called for a "revenue-neutral" AMT fix. But it would be politically very difficult for Congress to find revenue increases to offset fully the cost of an AMT fix.

If Congress continues to patch the AMT year by year, as it has in recent years, the deficit will be significantly larger in each year from 2009 onwards than the budget forecasts.

The changes to Medicare and other entitlement programmes – which are significant in fiscal terms at the 2012 mark and hugely important thereafter – may also be difficult to get through Congress.

On the plus side, the budget includes an allowance for the cost of moving to private accounts in Social Security, which is unlikely to happen, leaving some cash on the table.

Also, the White House has not made very aggressive assumptions about growth in tax receipts in the light of the positive revenue surprises of the past couple of years.

This is in line with mainstream economic thinking, but it remains possible that there could be more tax buoyancy ahead, because of the share of income gains going to corporations and higher rate taxpayers.

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Even if this materialised, though, it would very likely not be enough to make up, for instance, for any ongoing post 2009 war costs, inability to hold non-security discretionary spending growth to 1 per cent or failure to implement a cost-neutral AMT fix.

Bush Releases Budget Aimed To Erase Deficit (NYT)

By Sheryl Gay Stolberg

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — President Bush unveiled a $2.9 trillion budget on Monday that he said would wipe out the deficit in five years without raising taxes, setting up a clash with the Democratic-run Congress and charting a course for Republicans to continue his policies long after he leaves office.

The budget, in four volumes and 2,500 pages of text, charts and tables, made few concessions to the political realities facing Mr. Bush.

For a president less than two years from the end of his second term, and with his poll numbers low, it was a defiant statement of the principles he has championed for years: the power of tax cuts to drive the economy, the need to spend what it takes to succeed in Iraq and in the broader struggle against terrorism and the necessity of reining in spending on much of the rest of what government does.

Speaking to reporters after meeting with the cabinet, the president said, "We have proven, and I strongly believe Congress needs to listen to, a budget which has no tax increase, and a budget, because of fiscal discipline, that can be balanced in five years."

He said the plan "is realistic; it's achievable."

To the Democrats who now run Congress, it was little more than a prop in a bit of theater that the White House used to try to define the fiscal debate on its terms.

While all presidential budgets are political documents as much as economic plans, this one, Democrats said, would get little hearing on Capitol Hill. They said the budget was built on flawed assumptions and fiscal trickery, including the failure to include estimates for the long-term cost of the war.

"What he's saying is, basically you can have it all — you can spend the money, especially on defense and the war, and you can cut every tax, and it all works," Senator Kent Conrad, Democrat of North Dakota and the chairman of the Senate Budget Committee, said in an interview. "But in the real world, it doesn't work out."

The budget calls for $145.2 billion for the war in the year starting Oct. 1, mostly for Iraq and Afghanistan, on top of a new request for an additional $99.6 billion to pay for the war for the balance of the current fiscal year. It includes money to increase the size of the Army and the Marine Corps and hire more Border Patrol agents, but imposes steep cuts in the growth of Medicare and Medicaid. It would trim or eliminate other domestic programs, like one providing loans for vocational education.

Assuming that all of Mr. Bush's proposals were agreed to by Congress, that his economic assumptions panned out and that the costs of the war dropped sharply and then went away in coming years, the budget would bring the deficit down from a projected level of $244 billion this year to $239 billion next year. In 2012, three years after he leaves the White House, there would be a surplus of $61 billion.

The document provided Mr. Bush's fellow Republicans with talking points to use in asserting that tax cuts have helped keep the economy strong, as they confront calls from some Democrats to roll back some of the tax cuts Mr. Bush signed into law in his first term. John Edwards, the Democratic candidate for president, said Monday that he would support raising taxes on upper-income people to help pay for his proposal to provide health coverage to the uninsured.

In an internal party strategy memorandum circulated on Capitol Hill, a senior Republican aide wrote that the budget "gives us a huge (and rare, given our new status) opportunity to get a jump on the Democrats and stay on the offensive for weeks to come."

The memorandum continued, "Our message will be one that repeatedly challenges the Democrats to rein in federal spending and balance the budget without raising taxes on the American people."

But it was also to some degree a longer-term legacy-building document for Mr. Bush, an effort to bake into the fiscal cake many of the domestic policies that have defined his presidency and conservative economic thought in the last several decades.

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And while the two parties have different views of how much to credit the Bush tax cuts for the economy's current condition, the government's books, at least in the short run, are benefiting from a jump in tax revenues that has already brought the deficit down substantially in the past several years.

The White House promises to achieve its balanced-budget goal, in part, by limiting the growth of all federal programs, outside of the military and domestic security, to 1 percent. In addition to assuming spending restraint, the budget assumes the economy and federal tax revenues will continue to grow — assumptions that Rob Portman, Mr. Bush's budget director, described as "a cautious approach" rather than "a rosy scenario."

The 2008 proposal is the first Bush administration budget to include emergency spending requests for Iraq and Afghanistan, a move Mr. Portman called "our good-faith effort to be as transparent as possible." But that transparency came only after repeated complaints from lawmakers of both parties, who had grown tired of considering budgets that left out the bulk of war spending.

Just hours after the budget message was released, the Senate was locked in a procedural showdown over the Iraq resolution opposing Mr. Bush's troop buildup. Disagreements on the war, within parties and between them, are so profound that Senator Conrad, the Budget Committee chairman, predicted that a fight over Iraq spending might prevent his committee from adopting any budget at all.

"Can you imagine getting every Democrat to agree on spending for the war?" Mr. Conrad asked.

As he has in years past, Mr. Bush uses the budget to challenge Democrats to rein in the growth of the government's biggest entitlement programs: Medicare, Medicaid and Social Security. The 2008 proposal includes plans to divert payroll taxes from Social Security into private accounts, a plan that went nowhere in the past, even when Republicans ran Capitol Hill.

The blueprint also calls for the government to reduce its projected spending on Medicare and Medicaid by a total of $280 billion over the life of the 10-year budget. While Democrats criticized Mr. Bush for what Speaker Nancy Pelosi called "wrong priorities," they conceded privately that Mr. Bush was correct in warning that the unchecked growth of entitlement programs would eventually break the federal bank.

As in years past, domestic security would see a big increase under Mr. Bush's budget, with spending rising by 8.4 percent to $61.1 billion. The plan includes enough new money for the Border Patrol to hire 3,000 new agents, bringing the total force to 17,819, compared with just over 9,000 in 2001. By the end of 2008, a total of about 370 miles of fence would be laid out on the border, compared with about 75 miles today.

In yet another sign of the times for Mr. Bush, the plan drew criticism from a leading Republican, Senator Susan Collins of Maine, who is her party's senior member on the domestic security committee. Ms. Collins said the budget "highlights the chronic and troubling underfunding" of grant programs for first responders.

Mr. Bush has long been criticized by some conservatives as being too willing to tolerate a steady expansion in the size of the federal government; some commentators refer to him, usually not admiringly, as a big-government conservative.

This budget calls for a 4.2 percent increase next year in overall government spending, down from a 4.8 percent increase between last year and this year.

The budget includes isolated increases for a few popular federal programs, including two in the area of education, which Mr. Bush considers a signature domestic issue. The White House called for gradually raising over five years the maximum Pell Grant for aid to needy college students to $5,400 a year from $4,050. Mr. Bush also proposed a $1.2 billion increase in aid to high schools that educate predominantly low-income youngsters.

But the president also proved willing to propose reining in the popular health program called Schip that provides insurance to low-income children whose parents earn too much to qualify for Medicaid.

The budget calls for only slim spending increases in the Schip program, so slim that Democrats say they are tantamount to cuts when inflation is considered. The budget also sets new rules limiting eligibility to youngsters with family incomes below 200 percent of the federal poverty level, or about $38,000 for a family of four.

Bush's Budget Beefs Up Defense (CHIT)

By Mark Silva

DOJ_NMG_0128237

Chicago Tribune, February 6, 2007

WASHINGTON -- President Bush, seeking $245 billion more for the nation's two wars at a time when Congress is challenging an escalation of U.S. military force in Iraq, proposed a $2.9 trillion federal budget Monday that would significantly increase defense spending while restraining other areas of the government.

The president's plan for 2008 is much like the budgets he has presented for the past six years, averting new taxes and limiting spending in many "discretionary" areas while boosting defense spending. The $481.4 billion requested for the Department of Defense would mark a 62 percent boost since Bush took office and an 11 percent increase over the current budget.

What is different is the political environment in which the president is delivering his newest spending plan. Leaders of the new Democratic-controlled Congress are challenging not only the president's escalation of force in Iraq but also his conduct of the war in general.

The White House, while insisting that its commitment to military force in Iraq is not open-ended, added a $50 billion "placeholder" proposal for the wars in Iraq and Afghanistan in the 2009 budget year, a fiscal acknowledgement that the conflicts will outlast Bush's tenure.

"Our priority is to protect the American people," Bush said Monday. "And our priority is to make sure our troops have what it takes to do their jobs."

The president's newest spending plan arrives as the Senate is working to craft a non-binding resolution protesting Bush's deployment of 21,500 additional troops in Iraq, which accounts for $5.6 billion of the $100 billion in added war costs for 2007 that the president is seeking. The White House says it has not factored that deployment into the war costs of the 2008 budget, because this "surge" of troops is expected to be temporary.

That resolution hit a Republican roadblock Monday when GOP leaders found the votes to halt debate on the measure. Republicans want their own resolutions considered at the same time as the Democratic-supported measure.

Congressional leaders—insisting they support the military, especially the troops already in Iraq—promised closer scrutiny of the president's war spending than the Republican-run Congress has given defense expenditures since 2002.

"The sums involved in the defense budget requests are staggering," said Rep. Ike Skelton (D-Mo.), chairman of the House Armed Services Committee. At the same time, Bush is seeking a 92,000-person increase in the size of the standing military.

Skelton said the military has "long needed an increase in funding."

"We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request," he added. "Congress must look very carefully at how much of this increase truly goes to enhancing our readiness and future defense capabilities and how much is being spent to further the fight in Iraq."

Projected war cost: $700 billion

The White House insisted that it has attempted to make the costs of the wars in Iraq and Afghanistan as "transparent" as possible by spelling them out in its new budget. This comes after four years in which the White House has sent the Congress "emergency" supplemental funding plans for the wars, separate from the main budget.

The newest increase of $100 billion in war spending for the current year would push to $170 billion the wars' costs during the 2007 budget year that ends Sept. 30. The president's budget director said military planners have taken their best guess in estimating a $145 billion war budget for 2008.

Overall, the president's requests push the projected costs of the wars in Iraq and Afghanistan to nearly $700 billion through 2008, just before Bush will finish his term.

"It's a credible and more transparent budget," said Rob Portman, Bush's budget director, maintaining that this blueprint "goes further than we have in the past to show the full cost of the war… for the rest of the president's term."

That is not all that Bush is promising by the end of his presidency and beyond. After the federal budget deficit jumped to record highs during the Bush administration, the White House promises to halve that deficit by the end of his presidency. The administration also maintains that the proposed budget would put the government on a path toward a slight surplus by 2012.

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The deficit exceeded $400 billion during Bush's first term, and the White House budget office now projects a deficit of $239 billion in 2008 and $187 billion in 2009. That could put the government on track for a $61 billion surplus by 2012, the budget office maintained.

Bush maintained that balancing the budget would be possible without raising taxes.

"I strongly believe Congress needs to listen to a budget which has no tax increase, and a budget, because of fiscal discipline, that can be balanced in five years," Bush said at a Cabinet meeting Monday.

At the same time, the White House insisted that the spiraling increase in spending in entitlement programs such as Medicare and Medicaid must be curtailed, and proposed $96 billion in spending cuts over the next five years to contain the growth of those programs.

Such mandatory spending now accounts for 53 percent of the overall federal budget, said Portman, noting that the share of entitlement programs in the budget has grown from 26 percent in the early 1960s. At the pace those programs have been growing, Portman says, they will "crowd out all other spending … unless we are ready to make the necessary reforms."

Education spending reduced

The president's 2008 plan includes close to 7 percent in additional spending for those mandatory programs, a 6 percent increase overall for "security"—including the Departments of Defense and Homeland Security—and just a 1 percent increase for all "discretionary" spending outside of the mandatory entitlements or security spending.

In some areas, such as education, the president is proposing a continuation of cutbacks. The 2008 plan proposes $58.6 billion for education, down from $68 billion this year. In 2006, $93 billion was spent on education.

Sen. Edward Kennedy (D-Mass.) sharply criticized the proposal. Kennedy helped Bush win passage of his No Child Left Behind educational reforms during Bush's first year as president, but has since criticized the administration for failing to finance those reforms.

"I am particularly disappointed that the president has once again proposed inadequate funding for the law's important reforms and that he pays for his modest increases through cuts to other education programs," Kennedy said.

The president is calling on Congress, as he has before, to shrink or eliminate 141 government programs to save another $12 billion.

But Portman, a former Ohio congressman, said the White House has adjusted its budget proposals to more closely conform to what Congress actually has done in recent years—which has meant increasing the discretionary areas of spending in the federal budget by about 1 percent this year.

Bush Budget Cements Expiring Tax Cuts (AP)

By Julie Hirschfeld Davis

AP, February 6, 2007

President Bush asked Congress on Monday to slash taxes by $1.9 trillion over the next decade, cementing his first-term tax cuts while changing the way health insurance is taxed.

The lion's share of the president's proposed tax reductions would come from making permanent his signature cuts enacted in 2001 and 2003, at a cost of $1.6 trillion over the next 10 years. Those cuts would otherwise evaporate at the end of 2010.

"Well-timed, pro-growth tax policies helped create the right climate for innovation and entrepreneurship," powering a resilient economy, Bush said in his budget message.

The president also proposed a variety of individual and business tax breaks, including incentives for retirement and health care savings. He asked for an extension of a popular research and development tax credit, at a cost of $117.3 billion over 10 years. The cost of extending Bush's earlier tax cuts would be $146.5 billion in 2011 alone — the first year after they are set to expire.

Bush called for a change in the way the tax code treats health insurance as part of a complex plan to expand coverage to the uninsured. His plan would end the tax-exempt status of employer-provided health insurance payments, and give families a $15,000 deduction for buying medical coverage. Employer contributions that exceed the deduction amount would be taxed.

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Other options for tax-free health spending, such as setting aside money in a Flexible Spending Account, would also end under Bush's proposal, according to details provided by the Treasury Department. Taxpayers could still save tax-free for a dependent's medical expenses.

The plan would go into effect in 2009. It would cost $121.2 billion over its first three years but would ultimately pay for itself, according to Bush's budget estimates.

Democrats have assailed the proposal as an inadequate solution to covering the uninsured, noting that it could penalize some workers who receive generous employer-furnished health coverage.

Bush's budget said it would "level the playing field for Americans who purchase health care individually rather than through their employers."

The president did not propose a permanent fix for the alternative minimum tax, a complex system created to ensnare wealthy tax-dodgers but which is increasingly hitting middle-class families. As he has in past years, Bush instead asked Congress to preserve a temporary change to blunt its effect for another year.

Sen. Max Baucus, D-Mont., the Finance Committee chairman, said he would like to see Bush's 2001 tax cuts extended, but faulted the president for leaving out the cost of addressing the alternative minimum tax, which he called "a far more immediate threat to American families."

Treasury estimated that the alternative minimum tax was paid by 4 million people last year and predicted that some 25 million can expect to pay it next year without a change in law.

Bush's budget also proposes tackling the "tax gap" — the estimated $290 billion difference each year between what taxpayers owe and what they pay. He called on Congress to add $409 million to the Internal Revenue Service's budget next year to address the problem, and to pass a host of measures designed to improve compliance with tax laws.

Plan Calls For No Tax Hikes; Dems Say It's 'Disconnected From Reality' (USAT)

By David Jackson And Richard Wolf

USA Today, February 6, 2007

WASHINGTON — The proposed $2.9 trillion budget that President Bush sent Congress Monday sets the stage for a series of politically difficult debates over war, taxes and the safety net for poor, elderly and disabled Americans.

By laying down his priorities, Bush wooed Democrats with spending proposals they favor and made clear that if they want to raise taxes to pay for more, they will have to propose it themselves.

HIGHLIGHTS: Requests may get mixed reception

Bush pays for his own priorities — the Iraq war and permanent tax cuts — with reductions in Medicare and Medicaid, below-inflation increases in other domestic programs and what Democrats such as House Budget Committee Chairman John Spratt decried as faulty revenue projections. If they reject those proposals, Democrats may need to boost taxes in their own budget plan, to be written this spring.

Bush's budget is 4.2% bigger than last year's. He raises defense spending by more than 10%. Spending on veterans and foreign aid soars by double digits. There's more money for programs ranging from Pell college grants to national parks.

Yet the budget professes to reach a $61 billion surplus in 2012 without raising taxes, thanks to fiscal restraint and continued economic growth averaging 3% a year that administration officials said will generate higher tax revenue.

"I strongly believe Congress needs to listen to a budget which has no tax increase," Bush said after meeting with his Cabinet at the White House.

Democratic leaders in Congress, taking up their first budget since winning House and Senate majorities in the November elections, said Bush eliminates the $248 billion budget deficit by leaving out three critical factors: The budget doesn't project war costs beyond 2009. It underestimates future domestic spending. And it assumes that the alternative minimum tax will raise taxes on tens of millions of middle-income taxpayers after this year, even though both parties have said they won't let that happen. The AMT is intended to ensure that wealthy Americans cannot avoid all taxes.

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"This budget is a combination of deception and debt in a way that's disconnected from reality," said Sen. Kent Conrad, D-N.D., chairman of the Senate Budget Committee. Now Democrats have to write their own budget, which Conrad said will be "extraordinarily difficult."

Democrats outlined three reasons why:

•War costs. Bush wants to spend another $99 billion this year, for a total of $170 billion, on the war on terror. That includes funds to increase U.S. troop levels in Iraq by up to 21,500 this year. He wants $145 billion for next year and at least $50 billion for 2009.

Democrats promised to scrutinize the request. "There will be no more blank checks or rubber stamps," said Senate Appropriations Committee Chairman Robert Byrd, D-W.Va. Rep. John Murtha, D-Pa., who will chair hearings on the war request, wants to boost troop readiness outside of Iraq, which White House budget director Rob Portman said Bush's budget would do. Conrad said war costs cannot be cut significantly without a plan to begin withdrawing troops.

•Taxes. Bush's budget assumes that $1.6 trillion in tax cuts remain in place through 2017, even though they are scheduled to expire after 2010. Democrats have criticized the portion of those tax cuts that benefited millionaires, which Conrad estimated at $55 billion for 2008. Now that they control Congress, they must decide whether to propose eliminating those or other tax cuts.

Bush's budget also assumes the alternative minimum tax will increase bills for millions of middle-class Americans beginning in 2008. Democrats such as Spratt say that's unrealistic, but if they eliminate the AMT, they must find a way to pay for it with other tax increases.

•Safety net programs. Both parties agree that the biggest fiscal problem facing the nation is the long-term costs of Medicare, Medicaid and Social Security. The retirement of baby boomers and health care inflation mean that those programs cannot sustain themselves without higher taxes, lower benefits or widening deficits. Medicare alone would need a $32 trillion cash infusion over the next 75 years.

Bush, as he does every year, called for some safety net reductions. He would cut Medicare's projected growth by $66 billion over five years, partially by requiring higher payments from wealthier beneficiaries, and Medicaid's growth by $12 billion. He would give retirees the option of investing some of their payroll taxes in private Social Security accounts, beginning in 2012. "We should not leave these problems for our children and grandchildren to solve," said Portman. "Small changes now can have a big impact later."

Even with those reductions, inflation and population increases would drive Medicaid spending up 40% by 2012, while Medicare and Social Security would rise by 31%.

In 2005, a Bush proposal to change Social Security by adding private accounts went nowhere in a Republican-run Congress. Members of both parties have been loath to tackle Medicare, the health insurance program for seniors and people with disabilities.

Now Democrats must square opposition to Bush's cuts with their desire to address Medicare's long-term insolvency.

"We're not cutting $100 billion from Medicare and Medicaid and, in the same breath, approve the largest funding yet for Iraq," said Rep. Rahm Emanuel, D-Ill., who headed House Democrats' campaign last year.

Bush Budget Trims From Energy Spending (LAT)

By Richard Simon

Los Angeles Times, February 6, 2007

WASHINGTON — When President Bush signed a major energy bill in 2005, an array of programs were promised much more money.

But when Bush unveiled his new budget Monday, some of these same programs -- from energy assistance to low-income families to research to promote energy efficiency -- lost out.

The promises of more federal dollars clashed with fiscal reality as a deficit-minded Bush sent his first budget to a Democratic-controlled Congress. The president's spending proposals are certain to provoke fights as energy policy moves back to prominence on Capitol Hill amid heightened concerns about global warming and U.S. dependence on foreign oil.

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Bill Prindle, acting executive director of the American Council for an Energy Efficient Economy, said Monday that the president's budget "sacrifices important efficiency programs." "Efficiency is the first fuel in the race for energy security," he said, urging Congress to scrap the president's proposals. "If we don't get our energy demand under control, none of the president's or anyone else's clean energy proposals will be able to catch up."

Although the proposed $1.24 billion budget for the Energy Department's Office of Energy Efficiency and Renewable Energy is slightly higher than the administration proposed in its last budget, it represents a cut of $237 million, or 16 percent, from the amount proposed for the current year in a bill moving through Congress.

"The good news is that Congress has signaled its intent to make energy efficiency programs a priority notwithstanding the budget request of the administration," said Kateri Callahan, president of the Alliance to Save Energy.

Bush proposed more money for some of his favorite initiatives: promoting technology to reduce emissions from coal-fired power plants and seeking to revive the nuclear industry, which has been at a virtual standstill since the 1979 accident at the Three Mile Island reactor in Harrisburg, Pa.

And he followed through on the initiative he proposed in his State of the Union address earlier this month to reduce gasoline consumption by calling for more spending for developing home-grown alternative fuels -- such as ethanol made from wood chips, switch grass and other kinds of biomass -- an initiative that appears to enjoy bipartisan support in Congress, especially from farm-state lawmakers.

Drawing the most criticism were Bush's proposals to cut the Low-Income Home Energy Assistance Program to about $1.8 billion from the nearly $2.2 billion expected to be allocated and to cut the weatherization program from the proposed $242 million for the current fiscal year to $144 million.

Nick Papas, a spokesman for the House Democratic caucus, said Bush was sending a message to families who receive the energy assistance: "Stock up on blankets."

Sen. Olympia Snowe, R-Maine, called Bush's proposed cut in funding for the energy assistance program "simply unacceptable," underscoring how energy policy often breaks not along party lines but isothermal lines.

David Bradley, executive director of the National Community Action Foundation, said that Bush's proposal "unwisely elects energy experimentation over conservation."

"We certainly need new breakthroughs, yet it is not wise to invest only in risky, long-range experiments and neglect more immediate and proven home energy-saving upgrades," he said.

Sen. Pete Domenici of New Mexico, the top Republican on the Senate Energy and Natural Resources Committee, suggested Bush should add a zero to his proposed $9 billion in loan guarantees for alternative energy projects, saying that amount "means we can only guarantee loans for a couple of nuclear power plants or a couple of coal gasification plants."

Ironically, among the criticisms directed at Bush, a former oilman, was his zeroing out of funding for research and development of oil and natural gas, leaving coal as the only fossil fuel on which the Energy Department would continue to carry out any research.

The chairman of the Senate Energy and Natural Resources Committee, Sen. Jeff Bingaman, D-N.M., complained that this would stymie production from new sources. "The key players for natural gas onshore in the United States are independent producers," he said, "they don't have R&D departments, and they are too small to be able to afford to start ones, regardless of the price of oil and gas."Rep. Nick Rahall, D-W.Va., chairman of the House Natural Resources Committee, praised the administration for including a provision recently passed by the House that would end royalty relief to energy companies drilling in the Gulf of Mexico and allow the federal government to charge fees when companies apply for drilling permits on federal lands.

The president's budget document states simply: "Additional royalty relief for oil and gas exploration is unwarranted in today's price environment."

"Amen to that," Rahall said.

Bush Submits 'Staggering' $2.9 Trillion Budget (WT)

By Stephen Dinan

The Washington Times, February 6, 2007

DOJ_NMG_0128242

President Bush yesterday sent Congress a $2.9 trillion budget for fiscal 2008 with more than $620 billion for defense next year and more than $93 billion for the Iraq war for the rest of 2007 -- figures the new majority Democrats on Capitol Hill called "staggering."

After two years of freezing or cutting basic domestic spending, the White House says it is bowing to Congress by planning a 1 percent increase. But it is also butting heads with Democrats by calling for Mr. Bush's tax cuts to be made permanent -- at a value of $1.2 trillion over 10 years.

"I strongly believe Congress needs to listen to a budget that says no tax increase and a budget that because of fiscal discipline can be balanced within five years," Mr. Bush said after meeting with his Cabinet yesterday morning.

With Democrats now in control, Mr. Bush's budget is probably already a dead document.

"I doubt that Democrats will support this budget, and frankly, I will be surprised if Republicans rally around it either," said House Democrats' point man on the budget, Rep. John M. Spratt Jr. of South Carolina, chairman of the Budget Committee.

Mr. Spratt, though, said Democrats do share Mr. Bush's goal of a balanced budget by 2012 -- providing at least a common endpoint for negotiations.

The budget shows deficits will hover around $240 billion for 2007 and 2008, decline to $187 billion in 2009 and eventually turn into a surplus in 2012. But the Bush budget counts on revenue, including tax collections from the Alternative Minimum Tax, that both Republicans and Democrats said is unrealistic.

For the first time since the war on terrorism began, Mr. Bush included a prediction of the expected annual cost, so appropriators can take that into consideration when developing their budget.

Rob Portman, director of the Office of Management and Budget, called it a "good-faith effort" designed to show Mr. Bush is ready to work with Congress on an honest budget this year.

But Democrats expressed shock at the size of defense spending -- all told, more than $717 billion in new money that was proposed for 2007 and 2008.

"The sums involved in the defense budget requests are staggering," said House Armed Services Committee Chairman Ike Skelton, Missouri Democrat. Other Democrats said the sizeable spending shows Mr. Bush is not changing his course.

Overall, the budget for fiscal 2008, which begins Oct. 1:

•Projects revenue of $2.662 trillion and spending of $2.902 trillion, for a deficit of $240 billion.

•Spends $410 million to help the Internal Revenue Service collect taxes and tweaks tax rules -- which the administration says could help collect $29 billion over 10 years in unpaid taxes.

•Calls for Medicare spending to rise at 6.7 percent annually over the next decade, down from the current projection of 7.4 percent, and for smaller reductions in Medicaid, for savings of $96 billion over five years.

•Pushes back the start date for private accounts in Social Security another two years, to 2012 -- a recognition that Congress is unlikely to approve such a program any time soon.

•Includes Mr. Bush's proposals for boosting alternative fuels to help decrease the use of gasoline, and his new health care proposal, which would amount to a tax cut on most Americans but a tax increase on those with the most generous health insurance plans.

•Calls for slashing 141 programs, which would save $12 billion in 2008.

Mr. Bush won praise from House Majority Leader Steny H. Hoyer, Maryland Democrat, for dropping some of the "gimmickry" he said the White House has used in the past.

In addition to trying to include more war costs this year, Mr. Portman said they also stopped counting on fees that Congress routinely rejects as sources of income, such as higher airport-security fees.

Democrats blasted the reduced spending on Medicare, and promised a fight over Mr. Bush's call to extend his 2001 and 2003 tax cuts.

"The administration cannot continue to ignore the fact that its tax policies are shortchanging key domestic priorities such as health care, education and the environment, and driving us further into debt," Mr. Hoyer said.

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Republicans on the more liberal side of the party were almost as harsh, with Sen. Olympia J. Snowe of Maine saying the budget was "a reflection of misplaced priorities" and Rep. Michael N. Castle of Delaware saying the proposal "may fall short in balancing non-war Defense Department funding with the need for critical domestic-spending priorities."

But conservative groups said Mr. Bush should have done more to rein in spending.

Republican budget leaders promised to fight any Democrat-led effort to raise taxes.

"We do not have a revenue problem in Washington, we have a spending problem," said Rep. Paul D. Ryan of Wisconsin, the top Republican on the Budget Committee. "When revenues are coming in as fast as they are, there is no need to raise taxes."

Sen. Tom Coburn, Oklahoma Republican, sent his fellow senators a letter telling them he will block any new spending that is redundant or not offset by cuts in other programs.

"We are at a point in our history when the question of whether we should live within our means and prioritize spending is beyond debate," Mr. Coburn said. "Our nation's unsustainable fiscal course, the impending bankruptcy of Medicare and Social Security, and our national security challenges leave us no option but to make the hard choices today that will secure the future for tomorrow."

Portman Changes Tone, At Least, In Budget Debate (RC)

By Emily Pierce

Roll Call, February 6, 2007

As Republicans go, Democrats really like Rob Portman. It's just too bad for the Office of Management and Budget director that he works for the Bush administration.

"Certainly, Rob Portman is very well regarded by many Democrats," said Rep. Artur Davis (D-Ala.). "But the Bush administration, separate from Rob Portman, has a very low level of credibility with the Democratic Caucus. ... They end up formulating policies and budgets that are very different from what Rob Portman presents."

Similarly, Senate Budget Chairman Kent Conrad (D-N.D.) praised Portman as "a thoughtful, bright person who is concerned about the long-term unsustainability of our fiscal situation."

So does that mean that Conrad is approaching with an open mind the $2.9 trillion fiscal 2008 budget the White House delivered on Monday?

"The problem is not with the staff. The problem is at the top," Conrad said. "Staff says everything is on the table, and the vice president and president are undermining the staff. ... If their superiors keep contradicting their representations, nothing's going to happen."

That's the overwhelming sentiment Portman, a former Ohio Congressman, faces over the next few weeks as he teams up with Treasury Secretary Henry Paulson to sell President Bush's budget blueprint to a skeptical Democratic majority on Capitol Hill.

"There will be no Democratic support for it," said Davis, who pointed to revelations that the president's 21,500 troop "surge" in Iraq really would amount to 48,000 new soldiers for the war as just the most recent example of why Democrats view the White House with suspicion.

But Democrats' misgivings about the Bush administration may not be completely insurmountable, given Portman's and Paulson's stellar reputations among Members.

While one House Democratic Member noted that, with Portman, "there's distrust of what he'd like to do and what he can do," the Member said that if the president is serious about repairing bipartisan relations after six years of raw partisan warfare, "he has the right ambassadors" to Congress.

House Budget ranking member Paul Ryan (R-Wis.) agreed, saying, "The president couldn't have a better team to sell his budget."

Portman and Paulson got high marks from both New Democrats and Blue Dog Democrats who met with the duo over the past month and were encouraged by the pair's message of bipartisanship.

"It wasn't budget specific," said Rep. Melissa Bean (Ill.), a member of both centrist-to-conservative Democratic groups. "It was about reaching common ground."

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Bean added that she believes the president "is very sincere about wanting to rein in spending and move to a balanced budget."

Davis, who also attended a Portman-Paulson briefing, declared the president's budget "dead on arrival" in one breath, but in the next breath, he held out the possibility of working with Portman on "elements that will have room for compromise."

Portman said Friday that his goal in meeting with both Democrats and Republicans was to try to head off the partisan posturing that traditionally surrounds budget debates and to get Congress to concentrate on the substance of the policy differences.

Portman said he approached it that way "so we won't be poisoning the well for discussion about how to come together on both the short-term budget but also the long-term fiscal realities."

And in his budget press conference Monday, Portman outlined several ways in which the White House and the OMB tried to address the concerns of Congress in their budget.

For example, he said, "We heard loud and clear from Congress that they were seeking more detail" on the Iraq War costs, and so, for the first time since the war began in 2003, the White House included nearly $300 billion in war funding projections through 2009.

In fact, Conrad interrupted his litany of complaints about the president's budget Monday to praise the OMB's inclusion of Iraq War costs.

"They are at least moving toward transparency," he said, crediting Portman for the change.

Pressed for more ways in which the White House sought to make peace offerings to Congress, Portman said the administration gave up on a $1 billion-a-year transportation security user fee and included a 1 percent increase in non-security discretionary funding, rather than the traditional freeze proposed by the president.

"We have tried to be responsive to appropriators who have said this is not a realistic budget," Portman said.

Plus, Portman tacitly acknowledged, perhaps unwittingly, that the Bush administration often has approached Congress with take-it-or-leave-it proposals.

"By saying, 'There are no preconditions, and we should all come to the table and talk,' that was a change in position," Portman said. But when asked whether Bush actually set a precondition by saying that he would not accept any tax increases as part of balancing the budget, Portman said that was merely Bush's starting position — as unwavering as it may be.

"What the president and the vice president are saying, they are just reiterating the position we have had in terms of policy for some time," Portman explained on Friday. "What's new is the commitment of the administration to discuss all ideas."

But if the initial reviews of the president's budget hold, Portman — and Bush — are going to have to entertain a lot more Democratic ideas than they're used to, given that even the economic assumptions on which the White House based its budget have come under attack.

"You need to look at the underlying assumptions very carefully before you buy into the end result" of a balanced budget by 2012, said House Budget Chairman John Spratt (D-S.C.). "It's a very improbable assumption to say the least."

And while Portman emphasized Friday the need to "establish a procedure by which we can work through our differences," his message hasn't been completely embraced yet.

"The president's budget is filled with debt and deception," Conrad declared on Monday. "It is disconnected from reality."

Bush Budget Sets Stage For Clashes With Congress (WSJ)

By David Rogers

The Wall Street Journal, February 6, 2007

WASHINGTON -- Faced for the first time with a Democratic majority in Congress, President Bush put a little of everything in his 2008 budget: high spending, assumptions that the government will collect still-higher revenues, and the promise of a modest surplus in five years, even if his tax cuts remain intact.

But no amount of optimism is expected to head off what is likely to be a continuing series of conflicts in coming months between the White House and lawmakers on priorities ranging from urban housing to farm subsidies and defense spending to investments in child health care and education.

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Democrats share the president's goal of erasing the federal budget deficit by 2012, but would take a very different path. The two biggest flash points between the White House and Congress are taxes and the war in Iraq. Conflict over these two issues alone could derail Mr. Bush's promise of a modest surplus in five years -- the first since 2001.

In his $2.9 trillion budget, Mr. Bush wants to first protect his signature tax cuts and extend them beyond their scheduled 2010 expiration. Democrats want to scale back some of the reductions that apply to capital gains and the wealthy. Beyond that disagreement, the two sides are split over the alternative minimum tax, originally aimed only at the wealthiest Americans, but which is increasingly reaching into the middle class.

At this stage, the president has committed himself to doing little beyond next year. That's a major concern for Democrats, who have vowed to do what it takes to keep the AMT from hitting tens of millions of additional families.

Stirring Emotion

The second flash point, Iraq, is stirring even more emotion now than the Cold War debate did in the 1980s, when Republicans joined Democrats in trimming President Reagan's defense buildup to pay for domestic spending. The size of Mr. Bush's budget request for defense -- $716.5 billion in new spending over the next 20 months -- is "staggering," said House Armed Services Committee Chairman Ike Skelton (D., Mo.), a strong ally of the military.

One reason for the big defense budget is that the president, for the first time since the 2003 invasion of Iraq, is submitting a spending blueprint that spells out upfront defense costs. But beyond Sept. 30, 2008, Mr. Bush's budget reverts to past practice and allocates only $50 billion for Iraq, or less than half what the annual cost of the war has been so far.

The White House says that's because the war's cost can't be accurately predicted any further into the future. Still, the projected cost for the next year of the war alone will spark competition between defense spending and Democrats' desires to fund their priorities, particularly education and health.

For example, while the Defense Department budget would grow by $49 billion under the president's plan for next year, the Education Department's budget would be cut by $1.5 billion from the joint funding resolution that passed the Democratic-controlled House only last week.

Rob Portman, Mr. Bush's budget director, has sought to ease some of the conflicts. The administration is no longer pressing for a fee on airlines to pay for security screeners. In the case of Medicare, proposed cuts at the expense of oxygen services for the elderly set off a big fight in Congress last year; this time around, Mr. Portman and the administration have sought to find a formula to defuse some of the tension.

Mr. Portman told reporters he was comfortable with what he described as an overall 1% increase in domestic spending, saying, "It's adequate to fund the nation's priorities." But in a sign of the political challenges ahead, Mr. Portman overstated even this modest increase. Democrats have already begun revising spending for 2007, and in some cases the spending increases cited in Mr. Bush's budget turn out to be reductions from those levels.

Mr. Bush's refusal to reconsider his tax policy makes it harder to reach the compromises needed on entitlement programs such as Medicare and Medicaid, which are closely identified with Democrats. This tension is likely to have a ripple effect, shaping the broader budget debate this year.

The most likely route to real progress toward a compromise would be passage of a major deficit-reduction package. But unless the administration is more willing to include taxes in the same package, Democrats would be reluctant to tackle an issue as tough as Medicare. Instead of one battle, Congress faces a series of skirmishes as bills come to the floor, and much will depend on new "pay go" rules that require lawmakers to offset any new spending with new revenues or savings.

Early Test Fight

An early test fight will come over the planned reauthorization of a popular program designed to help states extend insurance coverage to low-income children. The so-called State Children's Health Insurance Program, established 10 years ago for children who don't qualify for Medicaid, would get another $5 billion over the next five years under the Bush administration budget. But advocates in Congress believe $12 billion to $15 billion is needed, and some Democrats would like to see the figure go even higher to extend the program's coverage.

Education is going to be similarly sensitive. Mr. Bush's "No Child Left Behind" reforms are coming up for reauthorization in Congress, and Democrats have long complained that more money must be provided to help local public schools meet the

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standards set under the law. Toward this end, the administration proposes to provide more funding for low-income public schools, targeted to high schools, and math and reading programs also would receive more money. But a total of $2.3 billion in other education programs would be terminated, setting up conflicts with lawmakers that will make it harder to reach agreement.

Agriculture spending will be another source of conflict. As part of the farm-bill debate this year, the administration is seeking greater investments in renewable fuel, but farm-state lawmakers complain that the budget doesn't provide adequate resources. Senate Agriculture Committee Chairman Tom Harkin (D., Iowa) said yesterday that while the administration's farm plan has "solid suggestions," the budget figures "would deny the necessary funding to reach critical objectives in energy, conservation and rural-economic-development initiatives." The proposed budget also cuts $360 million in 2008 from two conservation programs that have been a priority for the chairman.

Even the budget's basic assumptions about spending and tax revenues will spark debate.

In many respects, Mr. Bush's budget has been overtaken by events, including the House's passage last week of a resolution that includes increases in domestic spending for the last eight months of fiscal 2007.

The Association of American Universities complained that the new budget for the National Institutes of Health proved to be a $500 million cut from an NIH funding resolution for this year. In the case of veterans' medical care, funding does go up in the Bush budget, but the increase is about $1 billion less than the administration boasted in the accompanying explanatory documents.

In the case of revenues, the administration predicts annual government receipts will grow by 30% to reach $3.3 trillion in the crucial year of 2012. That's more than $150 billion higher than what the nonpartisan Congressional Budget Office estimates that same year.

Under Pressure

Democratic critics say the administration is using overly rosy estimates of how many more tax dollars a growing economy will generate for Washington. Still, Democrats themselves are tempted to use the same kinds of numbers, because they too are under pressure to show they can craft a balanced budget. House Budget Committee Chairman John Spratt (D., S.C.) admitted that to get an "apples and apples" comparison with the president's numbers, Congress may take a second look at the White House estimates.

"Humpty Dumpty can get to balance by 2012 with these numbers. The real problem is 2015 and later," said Sen. Judd Gregg (R., N.H.), the former Senate Budget Committee chairman.

Bottom Line For Bush's '08 Budget: Contention (LAT)

By Joel Havemann And Maura Reynolds

The Los Angeles Times, February 6, 2007

WASHINGTON — The $2.9-trillion budget President Bush unveiled Monday highlighted major policy differences with the Democrats in control of Capitol Hill and set the stage for vigorous battles over healthcare, war costs and deficit reduction in the last two years of his presidency.

Although presidents' budgets have always been largely a theoretical exercise — the Constitution gives Congress the job of passing spending bills — they help set the terms of Washington's heated budget debates. The heat flared up immediately Monday as Republicans lined up squarely behind Bush's budget for fiscal 2008, while Democrats castigated it as both heartless and fiscally irresponsible.

The sharp divide seemed to shatter the spirit of bipartisanship that both parties had cultivated since the Democrats captured control of Congress in November's elections.

Democrats complained that they saw no evidence of declining war costs, and they railed against Bush's single biggest spending constraint: holding down the growth of Medicare.

"This budget represents more of the same wrong priorities: placing a higher priority on huge tax cuts for multimillionaires than on urgent national needs," said House Speaker Nancy Pelosi (D-San Francisco). "Democrats are prepared to work with Republicans to make the tough choices that will return our budgets to fiscal responsibility, but today's budget from the president is simply not the right approach."

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The coming face-off over outlays for the conflicts in Iraq and Afghanistan, social programs and tax cuts will offer a preview to the debates likely to dominate the 2008 elections.

Bush, in his written budget message to Congress, challenged lawmakers to balance the budget by 2012, as his plan would, without raising taxes.

"My formula for a balanced budget," he said, "reflects the priorities of our country at this moment in its history: protecting the homeland and fighting terrorism, keeping the economy strong with low taxes and keeping spending under control while making federal programs more effective."

Bush's plan to balance the budget in five years echoed the plan advanced last year by congressional Democrats during Congress' attempt to write its own budget for 2007. The Democrats' plan died when Congress was unable to agree on either party's budget.

Bush proposed that the government spend $2.9 trillion next year — that's $5.5 million a minute — on revenues of $2.7 trillion.

Revenues would overtake spending five years from now, according to Bush's calculations, with spending of $3.2 trillion and revenue of $3.3 trillion.

The president's plan would balance the budget mostly through spending cuts rather than tax increases.

"Balancing the budget by raising taxes would put our economy at risk," Rob Portman, director of the White House Office of Management and Budget, told reporters.

Bush's across-the-board tax cuts, enacted in 2001 and 2003 to expire at the end of 2010, would be made permanent. The expiration date had been a way to reduce the theoretical price tag.

The alternative minimum tax, designed four decades ago to prevent the very wealthy from sheltering most of their income from taxes, would be repealed before inflation could drive more middle-class and upper-middle-class taxpayers into its clutches. The revenue loss would be offset after next year by unspecified increases elsewhere in the tax code.

"We want to work with Congress to reform the [alternative minimum tax] because we believe it is a misguided tax policy," Portman said.

The president's proposals also include stepped-up tax enforcement, acceding to complaints that nearly $300 billion in revenue is not collected each year.

Treasury officials suggested in a briefing Monday several ways to improve tax collection, including increasing the enforcement budget for the Internal Revenue Service and passing new provisions to help the government keep tabs on taxpayers' income. One proposal, they said, would make it easier to calculate capital gains taxes for stock transactions: Investment houses would have to report how much money a stockholder originally paid for a stock, not just how much he received when he sold it. The provision would take effect for stocks purchased after 2008, the officials said.

On the spending side, the administration proposed defense outlays of historic proportions, asking for more than $623 billion for the Pentagon in the budget for the 2008 fiscal year, which runs from October 2007 to the end of September 2008. And for the first time since fighting in Afghanistan and Iraq began, the administration's request included an estimate for the cost of the wars, which totaled $142 billion on top of the Defense Department's normal budget of $481 billion.

In addition, the Pentagon asked for $93 billion in war funding this year, which would bring the total war costs for 2007 to more than $163 billion. If both requests were approved, the cumulative cost of both wars would top $687 billion, according to the Pentagon's budget documents — more than the entire cost of the Vietnam War, even adjusted for inflation.In healthcare, Bush proposed his deepest cuts yet in one of the biggest and most politically popular federal entitlement programs: Medicare. The reductions would total $66 billion over five years, which when combined with a proposed $10 billion in administrative savings would slow the growth in Medicare spending.

The president also proposed a $5-billion increase for a federal-state program to provide health coverage for uninsured children. Democrats say the program needs an increase of $15 billion to maintain coverage at current levels.

In energy, Bush proposed to boost spending on basic science research by $4.4 billion, seeking energy-saving technology breakthroughs to improve economic competitiveness. In addition, he asked for $148 million for solar power research; $179

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million for development of ethanol from corn, wood chips and switch grass; $81 million for "plug-in" hybrid vehicle technology; and $309 million to support development of hydrogen fuel vehicles.

In education, the administration proposed deep cuts in federal subsidies for student loans, an idea that sent the stock price of Sallie Mae, the largest lender, plummeting. The president also suggested eliminating two loan programs: the Perkins Loan and the Supplemental Education Opportunity Grant. The savings would be used to increase the budget for Pell Grants.

Under the president's scenario, the deficit would remain virtually unchanged next year at $239 billion, then decline every year until 2012, when it would record a small surplus.

But that surplus develops only because the administration does not include the budgetary effects of waging the conflicts in Iraq and Afghanistan, nor of shielding middle-income taxpayers from the alternative minimum tax.

Both Democrats and nonpartisan experts said the president's budget policies were unlikely to result in a surplus in 2012 or anytime in the foreseeable future.

"The president's budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction," said Sen. Kent Conrad (D-N.D.), chairman of the Senate Budget Committee. "This administration has the worst fiscal record in history, and this budget does nothing to change that."

Robert L. Bixby, executive director of the Concord Coalition, which lobbies for budget austerity, said: "A lot of things would have to come out just right" for the budget to balance. U.S. troops would have to withdraw quickly from both Iraq and Afghanistan, he said, and Bush and Congress would have to agree on a "miracle" source of revenue to replace the alternative minimum tax, which Bush proposes to eliminate.

"He also has to hope there are no more emergencies," Bixby added. "Forget about 9/11; there can't even be any more Hurricane Katrinas."

Bush also relied on no growth, even accounting for inflation, in outlays for the vast range of government programs whose spending levels are set not by benefit formulas, like Social Security and Medicare, but by annual appropriations bills. For 2008, Bush spelled out how much he would allot to each program, but for the subsequent four years he merely promised austerity without spelling out how he would achieve it.

With defense and benefit programs growing fast, it is the so-called domestic discretionary part of the budget that has absorbed most of Washington's budget discipline. A number of lawmakers think Congress has cut education, environmental and other spending in this category just about as far as it can.

House Budget Committee Chairman John M. Spratt Jr. (D-S.C.) said, "While the president has endorsed the goal of balancing the budget, under realistic assumptions his budget remains in deficit every year."

Democratic Budget Chairs Blast Bush Plan (MCT)

By James Rosen

McClatchy Newspapers, February 6, 2007

WASHINGTON - The new Democratic chairmen of the congressional budget committees assailed President Bush's spending plan Monday as a fiscal ruse that's based on inflated government revenue projections and understated future war costs.

Sen. Kent Conrad, D-N.D., and Rep. John Spratt, D-S.C., gave caustic reviews to Bush's 2008 fiscal year budget, the first of the annual fiscal proposals he has submitted to a Democratic-controlled Congress.

"I would characterize this proposal as filled with debt and deception," Conrad said. "It's disconnected from reality. And it continues to move America in the wrong direction."

Spratt accused Bush of using budgetary sleight of hand to buttress his claim that the federal deficit - projected at $172 billion this year by the Congressional Budget Office (CBO) - would disappear by 2012 under his plan.

Among the most costly false assumptions alleged by Spratt:

-U.S. annual costs in Iraq and Afghanistan will fall to $50 billion, less than a third of current outlays, by 2009, with no subsequent expenses.

-The optimistic revenue forecasts clash with CBO projections and conceal $155 billion in future costs.

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"If you look at the economic criteria on which their forecasts are based, what you'll see is in every case at the margins they're pushing for a little bit better, more favorable underlying circumstances," Spratt said.

Rob Portman, Bush's budget director, denied that the spending plan is built on overly optimistic projections of future government revenues or other unrealistic assumptions.

"It's a credible and more transparent budget," Portman said. "Instead of painting a rosy scenario on revenues to get to balance, we take a cautious approach."

White House press secretary Tony Fratto said, "We have a pretty high degree of confidence that we'll be able to get to balance by 2012."

Spratt, though, said Bush's budget understates future costs by easing the burden of the alternative minimum tax for only the 6 million Americans who now pay it. Providing relief for the 39 million people or families projected to be paying it by 2012, the final year of the president's five-year plan, would cost far more, Spratt said.

Congress created the alternative minimum tax to capture revenue mainly from high-income filers, but more and more people slide into the tax each year because it isn't indexed for inflation, unlike the standard IRS tax tables. Lawmakers from both parties say the alternative minimum tax must target fewer people.

Conrad and Spratt gave Bush credit for providing more detail of current and future costs for the wars in Iraq and Afghanistan, but they said that the White House figures still come up short.

Spratt said the $145 billion that Bush allocated for the wars next year will likely grow with a supplemental spending request. Even if the number of U.S. troops falls, Spratt said the 2009 cost will likely exceed $50 billion.

Portman admitted that the $50 billion figure in 2009 fiscal year war costs was little more than a guess.

"We have no idea what those costs will be," he said.

Spratt and Conrad said Bush raided important programs in education, health care and the environment in order to pay for almost $2 trillion in tax cuts.

Bush has joined congressional leaders from both parties in calling for a balanced budget by 2012, but there's little agreement on how to achieve it. Analysts say the Democrats now in charge of Congress will face tough choices if they try to balance the budget in their own spending plans.

Conrad and Spratt deflected questions from reporters asking whether Democrats would consider raising taxes in order to help balance the budget. They said Congress will develop its spending proposal in the coming weeks.

"We're here today to discuss the president's budget submission," Conrad said.

In many ways, the emerging budget debate echoes the debate over spending priorities of the 1990s, only then Democratic President Bill Clinton tussled with House Speaker Newt Gingrich and the GOP-led Congress.

Conrad repeated some of Clinton's main themes, accusing Bush of providing tax cuts for millionaires while trying to trim programs ranging from community cops to heating funds for low-income people.

Like Clinton a decade earlier, Conrad and Spratt said Bush wants to cut Medicare; his budget contains continued increases, but it slows Medicare's rate of growth - from the current rate of 7.4 percent to 6.7 percent over the next 10 years, according to Portman.

Addressing Wealth Gap (WSJ)

By Deborah Solomon

The Wall Street Journal, February 6, 2007

In a speech last week, President Bush said: "The fact is that income inequality is real; it's been rising for more than 25 years."

In his new budget yesterday, Mr. Bush proposed some modest ways to restrain the wealth gap, particularly by offering new tax breaks to help the uninsured buy health insurance, but did little to fundamentally strengthen existing government efforts to alter the distribution of income. Included in his budget also was a proposal to extend his 2001 and 2003 tax cuts, which Democrats say benefit the rich over everyone else.

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Chief among Mr. Bush's plans that would, over time, tend to reduce inequality are his proposals to create a tax deduction for health insurance that would help lower- and middle-class families who don't receive insurance through their jobs, to spend more on grants to low-income college students and to create $3,000 personal accounts that workers may use for education and training, a proposal he has made before. The president also proposed cutting grants for dislocated workers to get training and limiting eligibility for a state-federal health-insurance program for low-income children.

Democrats attacked the budget, saying Mr. Bush was putting the needs of the wealthy above everyone else. "Its priorities are disconnected from the needs of middle-class Americans," Senate Majority Leader Harry Reid said in a statement. "His budget hands out favors for the oil and gas industry, while eroding health coverage for children and seniors."

While the economy has expanded nearly 15%, after inflation, since the last recession ended in 2001, many Americans haven't seen their paychecks increase fast enough to keep up with rising prices. Incomes at the top keep rising, with the top 20% of households claiming 50.4% of all the income in 2005 -- up from 46.6% in 1990 -- but median household income remains below its 1999 peak, adjusted for inflation.

Rather than using the tax code to redistribute income more than it does already, Mr. Bush's budget looks to address inequality largely by helping people afford health insurance and providing more money for education, including increased Pell grants for college.

The White House said the president, while seeking to restrain overall spending, identified "three key issues that are on the minds of many Americans" as budget priorities -- "the quality and cost of their children's education, access to affordable health care, and our nation's dependence on foreign sources of energy from unstable parts of the world."

The president's health plan would for the first time make employer-provided health insurance taxable but provide a standard tax deduction of as much as $15,000 for families who get insurance. Administration officials predict that the plan would help to restrain health costs and, ultimately, raise wages. The Treasury says the proposal would "make the tax system more progressive, with the benefits concentrated on low- and middle-income Americans" -- those with incomes below $87,750 a year.

Several of Mr. Bush's economic advisers have argued that the best response to widening income disparities, particularly the widening gap between those with education and those without, would be to improve K-12 education and encourage more Americans to go to college. The president "felt that the way to deal with this was to make sure that everybody had the opportunity to invest in the kinds of skills necessary to advance in this economy," the chairman of his Council of Economic Advisers, Edward Lazear, said in a C-SPAN interview.

To that end, Mr. Bush proposed increasing Pell grants -- which provide needy students with money that doesn't have to be repaid -- to $4,600 in the 2008-2009 academic year from the current $4,050, and to $5,400 in 2012-2013 and boosting funding for the No Child Left Behind education law, Mr. Bush's school-improvement program.

Critics say the budget would exacerbate inequality by weakening programs that many middle- and low-income families rely on, such as 'energy assistance, child health care and job training.

"Rather than lean against this trend toward increased inequality, the budget would aggressively accelerate the trend," said Robert Greenstein, executive director of the liberal Center on Budget and Policy Priorities. While he said some of the president's proposals, like the Pell grant increase, would be modestly helpful, "those proposals are dramatically outweighed by the others in the budget."

For the State Children's Health Insurance Program, which helps states to cover low-income children, Mr. Bush proposes an increase of about $5 billion over five years, much lower than advocates say is needed to keep the current enrollees in the program. The budget also calls for limiting the eligibility to 200% of the federal poverty level, or $41,300 for a family of four for 2007. At least 17 states have expanded the eligibility, to as much as 350% of the poverty level.

The proposal contrasts with the idea of covering all children, which is favored by many Democrats and several governors. Mike Leavitt, Secretary of Health and Human Services, says that while the S-Chip program was intended to cover children in the poorest families, some states have expanded it to cover children from higher-income families and even adults.

The president's budget proposes cutting two Labor Department programs aimed at helping individuals who have lost their jobs, including a 17% cut to adult employment and training and a 14% cut for dislocated worker and employment training. Those

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cuts would be offset with funding for "career advancement accounts," which would provide $3,000 to individuals to be used toward school or training.

Another program aimed at retraining workers whose jobs are eliminated because of global trade would see flat funding, while cash benefits provided as part of Trade Adjustment Assistance -- which provides displaced workers with unemployment benefits, retraining and education -- would increase about 8% to $606 million.

As in years past, several social-welfare programs are slated for cuts, including a 30% cut to social service block grants, which are used by states to provide child care, child welfare and a variety of other services to vulnerable families. The budget also proposes to eliminate funding for community services block grants, down from $630 million. When President Bush has proposed similar cuts in the past, Congress hasn't accepted them.

Rep. Brad Miller, a North Carolina Democrat who campaigned heavily on the issue of income inequality, said the budget "doesn't appear to be any great shakes for the middle class." He said Democrats would undoubtedly press ahead with their own plans to help address the wage gap, including more money for education and job training.

$623B Marked For Pentagon Spending (USAT)

By Tom Vanden Brook

USA Today, February 6, 2007

WASHINGTON — President Bush's defense budget reflects the toll of wars in Iraq and Afghanistan, proposing money to increase the size of the Army and Marine Corps and replace war-damaged weapons and equipment.

The budget also proposes buying new weapons and spending $141 billion to continue fighting in Iraq and Afghanistan next year. Bush's budget brings Pentagon spending to $623 billion for 2008. It also includes a supplemental request for $99 billion to pay for fighting in Iraq and Afghanistan and other costs of the war on terror for the rest of this year.

"The sums involved in the defense budget requests are staggering," House Armed Services Committee Chairman Ike Skelton, D-Mo., said. "We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request without performing the due diligence and oversight our Constitution requires."

Steven Kosiak, a defense analyst with the Center for Strategic and Budgetary Assessments, said the increases, accounting for inflation, would bring Pentagon spending to its highest level since 1946. Much of the increase can be traced not to the wars, he said, but to modernization efforts.

"This is an enormous amount of money for defense," Kosiak said. "We're back to spending levels that are slightly higher than the heyday of defense spending in the 1980s."

Highlights of the Pentagon budget proposal for 2008:

•Adding 7,000 soldiers to the Army and 5,000 new Marines. The president's goal is to add 65,000 soldiers to the Army by 2012 for a total of 547,000. The Marine Corps would grow by 27,000 Marines by 2011 for a total of 202,000. That would cost $12.1 billion in 2008, Pentagon comptroller Tina Jonas said.

•Spending $27 billion for new warplanes, including 20 F-22A Raptor fighter jets, 24 F/A-18 Hornet fighters, and 28 Predator unmanned aircraft. That represents an 18% increase compared with 2007.

•Spending $14.4 billion on new ships, an increase of $3.2 billion compared with 2007, or 29%. It would include funds for an aircraft carrier, a submarine and three fast, shallow-draft ships.

Bush's proposal also includes emergency spending to pay for the wars in Iraq and Afghanistan and other war on terrorism costs. His request of $99 billion for the rest of this year comes on top of $70 billion approved by the last Congress.

Here's how that money would be spent:

•$13.9 billion would be used to replace worn out or destroyed equipment, including helicopters and jets.

"This is repairing, replacing and upgrading combat losses or equipment that's experienced wear and tear in the theater," Jonas said.

•$39 billion for supplies, support and maintenance.

•$8 billion for better armor for troops and their vehicles and $2.4 billion to counter homemade bombs or improvised explosive devices.

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Overall, the proposal calls for $4.3 billion for efforts against improvised explosive devices in 2007 through regular and supplemental funding. In 2008, it calls for $4 billion more.

•$5.9 billion to train and equip Afghan forces, and another $3.8 billion for Iraqi troops. The money would support training and equipment for 362,000 Iraqi security forces and 152,000 in Afghanistan.

"This initiative is, I think, key to the strategy in Iraq and Afghanistan," said Vice Adm. Steve Stanley, the Pentagon's director of force structure, resources and assessment.

Defense Spending Is Set For Sharp Rise (WSJ)

By Greg Jaffe And Jonathan Karp

The Wall Street Journal, February 6, 2007

President Bush is asking for almost $625 billion in defense spending in 2008, a big increase but one that may not be enough to cover the rapidly increasing costs of wars in Iraq and Afghanistan, additional personnel and the military's appetite for new weapons systems.

In a boon to defense contractors, weapons spending is set to rise even faster than the overall Pentagon budget. The administration is requesting $101.7 billion for new weapons purchases, a $20 billion increase over 2007. Including research and development, total weapons spending is set to grow to $176.8 billion, and just about every major weapons system is set to get more funding than in the current fiscal year.

Rep. Ike Skelton, the Missouri Democrat who chairs the House Armed Services Committee, suggested the Democratic-led Congress may move to pare back the defense budget. "We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request without performing the due diligence and oversight our Constitution requires," Rep. Skelton said.

Excluding war costs, the White House is submitting an annual Pentagon budget of $481.4 billion, up 11% from enacted 2007 defense spending. But even if President Bush gets all the money he is asking for in the current budget, his plan to increase defense spending still leaves some big questions unanswered.

Some defense analysts say the Pentagon hasn't set aside enough money to pay for the 92,000 soldiers and Marines President Bush plans to add. To cover shortfalls in these personnel accounts, the military might have to raid its weapons modernization accounts. President Bush's budget also doesn't make any cuts to big weapons programs, such as fighter jets, ships or space programs, which are scheduled to grow even more expensive in the coming years as they hit full production. These surging costs could force Mr. Bush or his successor to make some hard decisions about how much new hardware the country can afford.

In addition to the annual Pentagon budget, Mr. Bush is requesting a further $93.4 billion to cover the costs of the wars in Iraq and Afghanistan in 2007, bringing the total so-called emergency spending this year to $163.4 billion. For 2008, the president is seeking $141.7 billion for war expenses in a request that assumes his decision to send an additional 20,000 troops to Baghdad will have significantly reined in the sectarian bloodletting and disorder by the beginning of 2008 and that overall war spending will fall as these troops begin to come home. "This is our best judgment at this time," said Tina Jonas, the Pentagon's budget chief. She called the troop surge into Baghdad and restive al Anbar province a "near term initiative."

In virtually every other area of defense spending, ranging from personnel to weapons modernization, the Pentagon is projecting costs will continue to grow over the coming years. President Bush announced recently that he plans to add about 92,000 Marines and soldiers to the current force at a rate of about 12,000 troops a year. To that end, the White House has asked for about $12 billion to cover the costs of the new people as part of $137 billion in personnel spending.

But some defense analysts have suggested the real personnel costs could be more. The Bush administration will ask Congress to force military retirees to pay a greater share of their overall health-care costs. If that request is rejected -- as it was last year -- the Bush administration would have to find about $16 billion to cover the additional personnel costs over the next five years, says Cindy Williams, a defense analyst at the Massachusetts Institute of Technology in Boston.

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If the military continues to struggle to recruit new soldiers and Marines, the Bush administration could be forced to find more money for recruiting bonuses, pay increases or to increase the number of recruiters on the street. "Recruiting has been a big struggle and it is reasonable to think that it might require even more resources," Ms. Williams said.

The big increase in weapons and war spending suggests the administration is banking on continued economic strength to absorb the rising costs.

Each of the services' main weapons programs are to get increased funding in 2008, but the increase masks some longer-term cutbacks. For instance, the Army's ground-forces modernization program, a Boeing Co.-led program called Future Combat Systems, is to get $3.7 billion in 2008, up from $3.4 billion this year, but the program has been pared to 14 manned and robotic vehicles, down from 18, and the program lost $3 billion, or 10% of expected funding, between 2008 and 2012. The request for F-35 Joint Strike Fighter Aircraft, a Lockheed Martin Corp. fighter jet for the Air Force, Navy and Marines, jumps to $6.1 billion in 2008 from $5 billion this year. But ambivalent about the new stealth fighter, the Navy plans to scale back purchases of the plane over the five following years. Lockheed's F-22 fighter for the Air Force, which entered service last year, is slated to get $4.6 billion, up from $4 billion in 2007.

Missile defense, President Bush's top strategic priority, is slated to receive $8.9 billion, or $500 million less next year than in 2007. Still, the administration's plan to buy more interceptor missiles for the Boeing-led program could face resistance from congressional Democrats. Michigan Sen. Carl Levin, chairman of the Senate Armed Forces Committee, has questioned the value of buying additional missiles until the shield's effectiveness is proven.

The administration's budget would take weapons funding to the highest level since the 1980s buildup under Ronald Reagan, said Steven Kosiak of the Center for Strategic and Budgetary Assessments, an independent Washington think tank. He noted that the latest Pentagon plans call for another budget increase in 2009 before spending tapers back to 2008 levels in four years.

"One has to question the affordability of all this over time," he said. "There is still a significant mismatch between the Pentagon's long-term plans and the funding levels."

Bush's Defense Budget Biggest Since Reagan Era (WP)

By Ann Scott Tyson

The Washington Post, February 6, 2007

President Bush's defense budget request of $481.4 billion -- an 11 percent boost over last year -- pushes U.S. defense spending to levels not seen since the Reagan-era buildup of the 1980s.

In addition, the president is seeking a projected $141.7 billion in emergency supplemental funding for 2008 for the wars in Iraq and Afghanistan and for broader anti-terrorism efforts -- bringing the total spent in those arenas since 2001 to $661 billion, eclipsing in real terms the cost of the Vietnam War.

Congressional Democrats and Republicans welcomed the fact that for the first time the administration had submitted its supplemental war funding requests at the same time as its defense budget, thus offering a clearer look at overall defense spending.

"This will help Congress and the American people gain a more realistic picture of the budget impact of the war in Iraq, the war in Afghanistan, and the broader war on terrorism," said Rep. Ike Skelton (D-Mo.), chairman of the House Armed Services Committee.

Pentagon officials noted that the 2008 supplemental request does not include additional funding for Bush's plan to send 21,500 more troops to Iraq. The most recent 2007 supplemental request of $93 billion includes $5.6 billion to add five Army brigades and 4,000 Marines to the force in Iraq.

Undersecretary of Defense Tina W. Jonas called the troop increase "a near-term initiative," echoing recent suggestions by Defense Secretary Robert M. Gates that the increase is anticipated to last only several months.

Defense analysts have long argued that the war spending should be viewed in conjunction with the regular defense budget.

"We can't make heads or tails of the defense budget without understanding global war on terrorism funding," said Steven M. Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments (CSBA), a defense think tank. He said

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that because wartime supplemental budgets receive less scrutiny, there was an incentive for the military services to shift costs for modernization programs into those budgets.

The latest 2007 supplemental request, for example, includes $400 million for two of the Pentagon's most modern aircraft, the Joint Strike Fighter, to replace F-16 fighter jets that were lost in combat. "When in doubt, it's a war cost," Kosiak said.

Pentagon officials stressed that the 2008 supplemental request is likely to change depending on the progress of the wars.

"We know that it will be wrong," Jonas said at the briefing. She said the 2008 war spending request assumes pre-"surge" U.S. troop levels of 140,000 in Iraq and 20,000 in Afghanistan. "Conditions will change and we'll have to adjust," she said.

One of the biggest areas in which such an adjustment is likely is in funding to replace and repair equipment. So far the administration has asked for $37.5 billion for reconstituting equipment in 2007 and yesterday projected an additional $37.6 billion for 2008.

Army officials said yesterday that the addition of five Army brigades in Iraq probably would lead to additional equipment repair costs beyond the $13.6 billion the Army has budgeted for 2008. "That was based on an assumption of 15 brigades in combat. Now we're up to 20," said Lt. Gen. David Melcher, director of Army programs.

Reflecting another major cost of the Iraq and Afghanistan wars, the latest 2007 supplemental funding includes an additional $2.4 billion for the Pentagon organization tasked with combating roadside bombs, with an additional $4 billion projected for 2008.

The defense budget increases the proportion of overall defense spending that would go to the Army (from 25.4 percent to 27 percent), and the Marine Corps (from 3.7 percent to 4.3 percent), while lowering that for the Navy (25.5 to 24.8 percent) and Air Force (from 29.7 percent to 28.2 percent). The shift reflects the preponderant role of ground forces in today's wars but could also foreshadow intensified rivalry between the services, defense experts said.

"You're going to see a period of new intra-service rivalry," said Robert Work, a senior defense analyst at CSBA.

Part of the growth in the Army's and Marine Corps' budgets includes $12 billion toward an increase in those branches of 92,000 troops over the next five years. The 2007 supplemental also includes $3.6 billion to speed up the creation of two Army brigades and one Marine regimental combat team -- aimed at reducing stress on active-duty soldiers and Marines who now spend as much time in combat as at home.

Bush Budget Gives Boost To Defense (WT)

By Nicholas Kralev

The Washington Times, February 6, 2007

The Bush administration budget released yesterday provides $623 billion for defense in 2008, an increase of 4 percent from the current year and the largest sum in inflation-adjusted dollars since 1946 after the end of World War II.

Including national security programs of other agencies, such as the Departments of State and Energy, the United States would spend more on security next year than the rest of the world combined.

"Our priority is to protect the American people, and our priority is to make sure our troops have what it takes to do their jobs," Mr. Bush said after a Cabinet meeting.

The budget for fiscal 2008, which begins Oct. 1, provides $142 billion for the wars in Iraq and Afghanistan, marking the first time Mr. Bush has estimated the cost of the two conflicts in advance. Congress also will be asked for an additional $93 billion in the current year.

Other Pentagon operations would be funded at $481 billion in the budget, which allocates $37 billion for the State Department and its foreign-aid programs.

According to the Stockholm International Peace Research Institute, total world defense spending amounts to about $1 trillion. The Defense Intelligence Agency, the Pentagon's intelligence arm, estimates that China comes in second after the United States by spending up to $100 billion annually. Russia is third at about $50 billion, followed by France, Japan, Britain, Germany and Italy.

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The budget estimates spending on the wars in Iraq and Afghanistan at substantially less than the $170 billion being spent this year. It provides $50 billion for fiscal 2009 and nothing after that, but the White House insisted that the numbers do not indicate troop reductions.

"There will be no timetable set, and the reason why is because we don't want to send mixed signals to an enemy, or to a struggling democracy, or to our troops," Mr. Bush said.

Tony Fratto, a White House spokesman, said the budget numbers are not final and that it was "very, very difficult to project costs in future years."

The Pentagon's budget proposes a 3 percent pay increase for military members. Since 2001, military salaries have jumped by 32 percent. The proposal adds $4 billion to continue reducing the threat to troops in Iraq and Afghanistan from roadside bombs, which account for about 70 percent of U.S. battlefield casualties.

The Army, the military branch that bears the heaviest war burden, would receive the largest percentage increase in its budget: more than 20 percent to $130 billion. The Air Force, the Navy and the Marine Corps would get increases of 8 percent, 9 percent and 4 percent, respectively.

The overall budget to purchase weapons would total $102 billion, up more than 20 percent from fiscal 2007.

Mr. Bush's request, which faces significant opposition in Congress, calls for a budget increase of about 12 percent for the State Department.

Randall Tobias, the department's director for foreign assistance, said Israel and Egypt will remain the top recipients of U.S. aid. They will be awarded $2.4 billion and $1.7 billion respectively, he said, slightly less than last year.

Other top aid recipients are Afghanistan ($1.67 billion), Pakistan ($785 million) and Sudan ($673 million). Aid for Kosovo, the Serbian province that is moving toward independence, would nearly double to $151 million, Mr. Tobias said.

The budget of the Millennium Challenge Corp., which awards assistance using business principles such as setting fiscal and other benchmarks for developing nations, would almost triple to $3 billion.

The request proposes further cuts in support of counternarcotics efforts in South America.

Bush's 2008 Budget Request Doubles Spending On Replacing Military Equipment (NYT)

By David S. Cloud

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — More than a quarter of the money the Bush administration is requesting in the 2008 fiscal year for military operations in Iraq, Afghanistan and elsewhere would go toward repairing and replacing military equipment, according to budget figures released Monday by the Pentagon.

The scale of the request illustrates the toll that years of combat in Iraq and Afghanistan are taking on the military's vehicles, aircraft, weapons and other equipment. But some budget experts say its size also raises questions about whether the military is using the argument that troops fighting in the field need equipment in top condition to increase purchases of equipment generally.

The budget request, if approved by Congress, would allocate $37.6 billion for refurbishment, from a war budget of $141 billion in the fiscal year beginning on Oct. 1.

To meet war costs between now and then, the administration is asking Congress for an immediate $93 billion, in a supplemental budget request that would add to what Congress approved months ago. And of that, $14 billion is for replacing equipment, bringing this year's total refurbishment budget, as well, to $37.6 billion.

Last year only half that much was spent for replacing equipment used up or worn out in the fighting.

The requests come at a time when the Senate is embroiled in a divisive dispute over whether to pass a resolution disapproving President Bush's war strategy. At the heart of the debate is the question of whether the resolution should promise not to cut spending for fielded forces.

Steven M. Kosiak, a military budget expert at the Center for Strategic and Budgetary Assessments, said the military appeared to taking advantage of the political support for paying for whatever the troops need to provide in the budget for other items.

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The Air Force, Mr. Kosiak noted, would receive $400 million for two F-35s, ostensibly to replace planes that were lost in the war. But the F-35 is an advanced fighter that is still on the drawing board and will not even be delivered for three more years, as replacement for other, older aircraft.

"We're not trying to get back to where we were," Mr. Kosiak said, "we're trying to get back to where we would like to be."

The Pentagon comptroller, Tina W. Jonas, said that officials had rejected efforts by the military services to insert expensive new hardware into the budget for replacements and refurbishments; but she said that the F-35s qualified as replacements for three other, older fighters that the Air Force had lost in recent years.

"We used a pretty tight rule set to scrub these budgets," Ms. Jonas said, "and we did return to the services some of their ideas. We've got a pretty careful scrub." She added that "combat losses are fair game here, and so we included them."

But Defense Department officials concede that some weapons systems are also being modernized, to make them more useful in Iraq and Afghanistan. Budget documents say the Army's M1A1 Abrams tank would receive an unspecified "system enhancement program" to improve its performance against urban threats "such as Baghdad."

As it has in the past, the Pentagon's long-term budget shows the costs of the war declining in the years ahead; Congress more than likely will be asked to increase expenditures in future years unless the fighting eases up.

The total war budget of $163 billion, sought in the 2007 fiscal year, is projected to be $141 billion in 2008 and just $50 billion in 2009, far enough in the future that the estimate is little more than a place holder.

Ms. Jonas said that the 21,500-troop increase Mr. Bush recently ordered for Iraq was not financed beyond the end of the 2007 fiscal year, when it is assumed for the sake of making a forecast that American troop levels will drop back to 140,000. Military officials say that the duration of the reinforcements will depend on security conditions, but that they could well last into next year.

The administration's overall request for $481.4 billion for 2008 for Defense Department costs excluding military operations represents an increase of about 11 percent in spending. It reflects the beginnings of what could be a long, costly increase in the size of the military.

Mr. Bush said last month that he wanted to increase the Army by about 7,000 soldiers a year, until reaching 547,000 troops by 2012, and by 5,000 marines annually until achieving a force size of 202,000 by 2011. The budget also provides $12.1 billion for increases in the Army and Marine Corps in 2008, officials said.

Democrats Face Limits In Changing Bush's Budget (NYT)

By Steven R. Weisman

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — With its military spending increases, reductions in popular domestic programs and calls to extend tax cuts, President Bush's $2.9 trillion budget for 2008 drew fire from Democrats the minute it landed on Monday.

But while Democratic critics may wish to challenge the administration's blueprint, political and fiscal constraints will make it hard for them to assert their own priorities.

In theory, the budget presents the Democrats their first real opportunity to rewrite the administration's policies, especially on tax cuts, that they have been attacking for six years.

But in practice, Democrats know that the only way they can find the revenue to restore the administration's proposed spending cuts would be to cut back on military spending, delay their stated intentions to balance the budget or rescind the Bush tax cuts in future years. They are not especially eager to do any of these.

The most likely result, even some Democrats acknowledge, will be a limited reshaping of the budget by restoring some proposed cuts in a variety of domestic programs, including children's health care, Head Start and home heating assistance for the poor and the elderly.

But few Democrats are expected to look for new revenues by calling for an end to Mr. Bush's tax cuts, instead of extending them as the president proposed Monday, or to deal with the looming costs of Social Security and Medicare as the postwar generation retires, all of which pose huge budget problems in future years.

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"The long-term budget crisis appears so distant that it's going to be very hard to get politicians excited about it this year," said Robert D. Reischauer, president of the Urban Institute. "The economy is strong, and the deficit seems to be at manageable levels right now. No one wants to risk popular support by doing something courageous."

Since 2001, Democratic leaders have made a point of saying that the Bush tax cuts are unfairly weighted toward the wealthy and dangerous to American solvency. But the tax cuts expire in 2010, and Democrats acknowledge that they are not ready to move on them now.

One development could reopen the tax cuts to revision this year, Democrats say: a signal from the administration that it would be willing to consider a repeal of some cuts for the wealthiest as part of a deal to pay for other priorities.

The issues most often mentioned that might entice Democrats to the bargaining table with the administration would be a package to finance future Social Security benefits, possibly combined with a curb on some benefits. Democrats might also want to cut a deal over the alternative minimum tax, which was devised to make sure that wealthy taxpayers with numerous deductions paid some taxes but which is increasingly ensnaring the middle class because of inflation.

Democrats say that in both cases the administration would have to move first to put discussion of taxes on the table.

Both Treasury Secretary Henry M. Paulson Jr. and Rob Portman, director of the Office of Management and Budget, have dropped hints of such deals, ruling out "preconditions" for talks on Social Security. The implication is that private investment accounts to replace Social Security for future retirees are not a requirement for a deal.

"By saying there are no preconditions and we should all come to the table, that was a change in position," Mr. Portman told reporters Monday, noting that in the past the administration had pushed its plan for the investment accounts from the outset.

He also said it was an "olive branch" to propose the accounts but to delay their enactment until 2012.

Democrats remain skeptical and distrustful. They note, for instance, a recent comment by Vice President Dick Cheney to Fox News that overtures by Mr. Paulson and Mr. Portman did not signal a change in administration attitudes on taxes, only a desire to get Democrats to negotiate.

Moreover, despite Mr. Portman's talk of olive branches, Democrats see only trapdoors. They say Mr. Bush's claim to reach the goal of balancing the budget by 2012 rested on what they see as shaky assumptions.

Mr. Portman acknowledged, for instance, that the budget assumed only a nominal cost — $50 billion — for the Iraq war in 2009 and no cost after that. In addition, the administration assumes that tax increases due to kick in years from now will do so, in spite of the near certainty that Congress will prevent them from occurring, widening the deficit further.

Another constraint on the Democrats is their adoption of a "pay as you go" approach, meaning that they have to find savings in other parts of the budget for any new spending they want to make.

The Democrats fear after campaigning on the promise of avoiding widening the budget deficit, they cannot afford to waver on that score now.

Still, not everyone in the party is a deficit hawk. Among the 2008 presidential candidates, former Senator John Edwards of North Carolina has already said that he would defer the goal of a balanced budget to finance health, education and help for the poor. Other Democrats, including several in the Senate, may well have to follow suit.

Last week, without much fanfare, House Democrats passed a stopgap spending bill for the current year that increased federal spending in cherished areas by only about 1 percent — exactly the rate of increase that the administration says it seeks in domestic programs for the coming year.

The box that the Democrats find themselves in is likely to remain a factor in their spending decisions this year.

Even Senator Kent Conrad, the North Dakota Democrat who is chairman of the Senate Budget Committee and the biggest Cassandra in Congress about the perils of continued deficits, seemed to acknowledge that he had had trouble convincing even fellow Democrats of the urgency of the long-term fiscal problems.

"Let me be frank," Mr. Conrad said at a recent budget hearing. "We're having a very difficult time persuading our colleagues and the administration of the need for urgent action."

Although Mr. Bush traveled to a Democratic retreat over the weekend and promised to try to accomplish "big things" with their help in his last two years of office, Democrats and their supporters tend to view the likelihood of budget fixes to be tiny, not big.

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The Bush Budget: What's In $2.9 Trillion? (CSM)

By Peter Grier And Gail Russell Chaddock

The Christian Science Monitor, February 6, 2007

WASHINGTON

President Bush's new proposed budget represents an attempt to make permanent some of his key changes in US domestic policy, while challenging the fiscal priorities of the new Democratic - controlled Congress.

What it may not represent is an easy pathway to the land of black ink. While the White House plan projects a balanced budget by 2012, some of its assumptions about future government spending are unrealistic, say some budget analysts.

In essence, the Bush budget may promise a budgetary nirvana in the future, while avoiding some of the messy details about the way that nirvana might be reached.

"They're trying to get you to focus on 2012 instead of 2008," says Stan Collender, a veteran federal budget expert and managing director of Qorvis Communications.

The release of the massive amount of paperwork that represents the executive branch's proposed budget for the coming fiscal year is a much anticipated annual event in official Washington, like the appearance of Punxsutawney Phil on Groundhog Day, or the March return of the swallows to San Juan Capistrano in California.

A president's opponents routinely deride his budget as dead on arrival. Despite this, months of congressional hearings on its details follow. In the end, much of the plan will provide a blueprint for the day-to-day operations of many federal departments and agencies.

It is the top lines of total spending and receipts, plus key budgetary assumptions, that can prove controversial. In this, President Bush's proposal for fiscal 2008 is no exception.

"I doubt that Democrats will support this budget, and frankly, I will be surprised if Republicans rally around it either," said House Budget Committee Chairman John Spratt (D) of South Carolina, in a statement after the plan's release.

Mr. Bush's plan calls for $2.9 trillion in 2008 spending. It would make permanent his first-term tax cuts – reductions that, at this point, may well represent Bush's signature change in domestic policy.

Military spending would represent the government's largest area of growth. The Bush proposal calls for a Pentagon budget of $624.6 billion for fiscal 2008, up from $600.3 billion in 2007. Included is an estimated cost of $141.7 billion for fighting in Iraq and Afghanistan – the first time war costs have been wrapped into the annual budget instead of dealt with separately in supplemental appropriations.

The $141.7 billion may not represent the final spending figure for Iraq and Afghanistan, however. And the budget's longer-term projections include just $50 billion in war costs for fiscal 2009, and zero after that.

Considering the nature of wars, it is "very, very difficult to project costs in future years," said White House spokesman Tony Fratto on Monday.

Healthcare spending, by contrast, represents one of the budget plan's primary areas of restraint. The White House would squeeze $66 billion in savings from Medicare, the health insurance program for seniors, over the next five years, primarily by slowing the rate of growth of payments to healthcare providers. In addition, some $12 billion would be pared from Medicaid, the federal program for the indigent.

In addition, US government outlays for domestic discretionary spending – a category that includes everything from the FBI to the Food and Drug Administration – would be held to 1 percent growth, before inflation. Because costs are likely to rise more than 1 percent over the next year, this cap represents a cut, in real terms.

Republicans in Congress say that, overall, Bush showed fiscal responsibility with his plan, and that if the new Democratic majority on Capitol Hill were serious about balancing the budget, it should work with the White House, not criticize it.

"If they want to show they can govern, the path has been laid for them to control spending," said the ranking GOP member of the House Budget Committee, Rep. Paul Ryan (R) of Wisconsin, in a phone interview with reporters.

Critics of the Bush plan, however, say it is notable for what it excluded. For one, the White House made no serious attempt to pencil in post-2008 war costs, says Mr. Collender of Qorvis.

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Nor did it include the cost of changing the Alternative Minimum Tax (AMT), a levy aimed at the wealthy that increasingly hits middle-class taxpayers. An AMT change is anticipated by lawmakers of both parties.

"Proposals that provide long-term savings are fully included in the Bush budget," says Collender. "Proposals that provide long-term increases [in spending], like the Iraq war or an AMT change, are not included."

Under assumptions that the Concord Coalition, a budget watchdog group, considers more plausible, Uncle Sam will remain $400 billion in the red in 2012. These assumptions include discretionary spending that keeps up with the increase in the gross domestic product, and a continuation of other current policies.

Bush Wants To Means-test Middle-class Benefits (FT)

By Caroline Daniel And Krishna Guha

Financial Times, February 6, 2007

President George W. Bush presented his $2,900bn budget to Congress on Monday, setting the stage for a confrontation with Democrats by making greater means-testing for middle-class benefits a central part of his proposals to address entitlement reform.

The budget represents a challenge to parts of the system of entitlements enacted as part of the Great Society agenda of the 1960s, with plans to cut Medicare spending, the main publicly funded health insurance programme for those over 65, by raising premiums for wealthier recipients.

That could save $66bn over five years, according to budget estimates, and up to $9,000bn during the next 75 years, according to some analysts.

Michael Franc, vice-president for government relations at the Heritage Foundation, said Mr Bush had considered means-testing as part of Social Security reform. “Now there is a shift to applying it across the board for all entitlements. The big change concerns the wealthy. Democrats want to tax them more. Republicans say they want to make them pay more for their middle-class benefits and shoulder more of the burden.”

The progressive tilt was also underlined, Mr Franc said, by Mr Bush’s recent proposals to extend healthcare insurance by limiting large tax deductions for some employer-funded schemes, and his plans to cap the amount of farm subsidies granted to a single entity.

The budget underscored Mr Bush’s political priorities for his final two years, with proposals to aggressively fund defence, the Iraq war, homeland security and US diplomatic operations generously. According to budget forecasts, the deficit will decline from 1.8 per cent in fiscal 2007 to 1.6 per cent in fiscal 2008, before declining further to turn into a surplus of 0.3 per cent of gross domestic product in 2012.

Democrats, however, expressed doubts about the budget, with one committee chairman dismissing the rise in defence spending to a record $481bn, as “staggering”, while others questioned the political viability of the entitlement cuts. John Spratt, chairman of the House budget committee, said: “I doubt that Democrats will support this budget,” while Max Baucus, chairman of the Senate Finance Committee, said the proposed Medicare cuts “are more than the president has asked from any previous Congress during his administration”.

In addition to the proposals to increase means-testing in Medicare and other plans intended to slow the growth in entitlement spending in the long term, the budget set out to demonstrate it is possible to eliminate the federal deficit by 2012 while making the Bush tax cuts permanent. Energy policy was also confirmed as an important legacy issue in the budget with plans to encourage more aggressive use of renewable fuels.

Grover Norquist, president of Americans for Tax Reform, welcomed Mr Bush’s focus on fiscal conservatism.

“Balancing the budget by 2012 and making the tax cuts permanent is important, but more important is that by 2012 the share of GDP the government spends is set to fall from 20.3 per cent to 18.3 per cent.”

New Drug Benefit Could Have Higher Price For Some (USAT)

By Julie Appleby

USA Today, February 6, 2007

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WASHINGTON — Higher-income Medicare beneficiaries — those earning more than $80,000 individually or $160,000 as a couple — would pay more for the new drug benefit under the president's budget released Monday.

The plan is part of a package of proposals aimed at slowing the growth in the Medicare program, whose hospital trust fund may go broke in 11 years. It comes as part of a package of proposals to:

•Trim $66 billion from Medicare over five years. About $42 billion would come from limits on annual inflation adjustments for hospitals, nursing homes, hospices and surgical centers.

•Reduce Medicaid spending by about $13 billion over five years.

•Increase funding for the State Children's Health Insurance Program (CHIP) by $5 billion over five years. But it would place restrictions on the amount of money states can get if they choose to cover children in families above 200% of the federal poverty level, or about $40,000 for a family of four.

"This is an aggressive and responsible budget," Health and Human Services Secretary Mike Leavitt said.

The budget proposals drew fire from some Democrats, such as Sen. Max Baucus, D-Mont., and patient-advocacy groups such as Families USA, that want increased funding for the children's health program.

"It could take as much as $15 billion additional simply to maintain CHIP coverage for children already enrolled, but I intend for the Finance Committee to do even more to keep kids healthy," Baucus said in a statement.

The administration says the program needs to remain focused on its original target market: children in homes at or below 200% of poverty. At least 16 states have added kids whose families earn more, resulting in about 400,000 additional children being covered. States could continue to cover kids above the 200% poverty level, but would receive a smaller percentage of federal matching funds for them.

Medicare advocates, such as the AARP and the Medicare Rights Center, opposed the plan to increase costs for beneficiaries.

"The president is looking to save money in all the wrong places," said Bob Hayes of the Medicare Rights Center, who says that savings should first come from allowing Medicare to negotiate drug prices and reductions in payments to insurers who offer alternatives to traditional Medicare.

Some conservatives, however, such as Joe Antos at the American Enterprise Institute, said the Medicare trims will be a small help, but more is needed.

"To the extent we can generate a little bit more in premiums, it's going to help a little bit," Antos says. "The bigger fix is to find away to improve the efficiency of the program."

Under the Medicare proposal, the president would phase down federal premium subsidies to beneficiaries who earn more than $80,000 a year, meaning the members would pay more. A similar measure is already in effect for higher-income beneficiaries under Part B of the program, which covers such things as doctor visits.

Currently, the federal government pays 74.5% of the average national premium for the drug benefit and the member picks up the rest. Under the proposals, singles earning between $80,000 and $100,000 — the income limits double for couples — would see the subsidy reduced to 65%.

Those singles earning $100,000 to $150,000 would get a 50% premium subsidy; $150,000 to $200,000, would get 35%; those earning more than $200,000 would have a 20% subsidy.

Medicare estimates the plan would affect 868,000 people, about 2.7% of Medicare members, the first year, rising to 1.2 million in 2012. Savings would be $3.2 billion over five years.

Bush Budget Pinches Domestic Spending (AP)

By Andrew Taylor

AP, February 6, 2007

President Bush unveiled a $2.9 trillion budget Monday that rewards the Pentagon with a record $50 billion budget hike but pinches programs cherished by Democrats, including health research and heating subsidies for the poor.

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In control of Congress for the first time in a dozen years, Democrats accused Bush of trimming domestic programs, using smoke and mirrors to predict a balanced budget in five years and ignoring a hidden tax threat to middle-class families. His $245 billion request for Iraq and Afghanistan has given lawmakers sticker shock.

Despite common agreement that something must be done soon about the spiraling cost of benefit programs such as Social Security and Medicare, Bush recommended mostly modest steps — while refusing to consider tax hikes that could draw Democrats into negotiations.

"There's a lot of skittishness on both sides about coming to the table," said Sen. Judd Gregg of New Hampshire, the top Republican on the Senate Budget Committee. "The White House is afraid of taxes and the Democrats are afraid of controlling spending."

Democrats went on the attack.

"The president has simply offered more of the same, proposing a budget that cuts ... from Medicare and Medicaid, while sending $240 billion more in American taxpayer dollars to Iraq," said Rep. Rahm Emmanuel, D-Ill. "This is not a tradeoff the American people want."

Bush touted his fiscal blueprint as "protecting the homeland and fighting terrorism, keeping the economy strong with low taxes and keeping spending under control." He said after meeting with his Cabinet, "Congress needs to listen to a budget which says no tax increase, and a budget, because of fiscal discipline, that can be balanced in five years."

Bush said $245 billion is needed for military and diplomatic operations in Iraq and Afghanistan over the next year and a half, bringing total Pentagon funding for the wars to $662 billion. But his budget assumes, at least on paper, that no additional war funding will be needed after 2009.

Bush also proposed modest cuts to the rapidly growing Medicare and Medicaid health care programs, but failed to address chronic shortfalls in future years that would force painful sacrifices on beneficiaries. Instead, Medicare providers such as hospitals, nursing homes and home care providers would face payment cuts, while higher-income beneficiaries would pay greater premiums.

Less ambitious Bush proposals went nowhere when Republicans controlled Congress last year, and the budget process broke down amid election-year acrimony. Health care providers promised to lobby hard to kill the proposals again.

"Today's budget is devastating news for children, seniors and the disabled who depend on the Medicare and Medicaid programs," said Rich Umbdenstock, president of the American Hospital Association. "They are being unfairly singled out to carry the burden of achieving a balanced budget."

The cuts to Medicaid would come in part from curbing payments to states for administrative costs, which advocates for the poor say would force states to pass those cuts on to the poor.

Democrats griped that Bush would meet his five-year balanced-budget goal by forecasting far higher tax revenues than nonpartisan congressional estimators expect. His budget predicts a $61 billion surplus in 2012, but the plan would generate almost $100 billion in red ink that year instead under more cautious Congressional Budget Office revenue estimates.

White House officials countered that their estimates are in line with mainstream economists and are produced by career professionals at the Treasury Department.

"Instead of painting a rosy scenario on revenues to get to balance, we take a cautious approach," said Budget Director Rob Portman.

Extending Bush's tax cuts, most of which are to expire in 2010, would cost $211 billion in 2012 and $1.6 trillion over the next decade, according to budget documents.

Iraq continues to weigh on the nation's finances, accounting for well over half of the current year's projected deficit of $244 billion. For 2008, the budget year that begins Oct. 1, Bush sees just a slight decline in the deficit to $239 billion. He expects the decline to continue until reaching a surplus in 2012, three years after he has left office.

Democrats challenged those projections, contending that Bush would achieve a surplus only by leaving out the many billions of dollars Congress is expected to spend to keep the alternative minimum tax from ensnaring millions of middle-class taxpayers. His budget includes an AMT fix for just one year.

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In theory, this could be a productive year on the budget since there's no election. Also, it can be easier to make painful budget choices when there is divided government. That's because it's virtually impossible for one political party to pass politically painful cuts to programs such as Medicare all by itself, but the job can be made easier if both parties agree to make the leap.

Thus far, however, there's no sign of that. Bush is focused on Iraq and is sagging in opinion polls. He doesn't seem inclined to exert much political muscle on the budget, and Democrats won't take the lead on their own.

"The president really does have to play a leadership role and he's got to be willing to use up some of his capital," said Bob Greenstein, who heads the liberal Center on Budget and Policy Priorities. "And I just don't see it happening in the current environment."

Bush proposes to eliminate or sharply reduce 141 federal programs totaling $12 billion. But Congress has ignored these same recommended cuts in the past, including an attempt last year to kill the Commodity Supplemental Food Program, which provides nutritionally balanced boxes of food to about a half-million poor people per month.

Democrats also promised to restore cuts from low-income heating subsidies, Head Start for preschool children, rural health programs and the Corporation for Public Broadcasting by shifting some portion of Bush's big defense hike to domestic programs.

In addition, they are sure to again kill many proposed fees such as a medical care enrollment fee on higher-income veterans and higher co-payments for their prescription drugs. Congress has rejected both four years in a row. But Bush dropped a much-reviled increase in airline ticket taxes to pay for security screenings.

Bush is proposing a few high-profile spending boosts, such as an increase in the maximum Pell grant for low-income students, from the current $4,050 to $4,600. The $15 billion cost over five years would largely be borne by cutting subsidies to lenders issuing student loans.

The president's budget also includes an initiative — billed as "dead on arrival" by Democrats — to expand health care coverage to the uninsured. The complex proposal would give every family a $15,000 tax deduction for purchasing health coverage but would make current employee-supplied health coverage taxable for certain taxpayers.

Bush's plan would save most taxpayers money, but Democrats say it would lead many employers to stop providing health insurance.

Bush Plan Reins In Domestic Spending (WP)

By Michael Abramowitz And Lori Montgomery

The Washington Post, February 6, 2007

President Bush took aim yesterday at domestic spending as part of a plan to balance the budget in five years without raising taxes while increasing funding for the Iraq war and permanently expanding the military.

With the $2.9 trillion budget he submitted to Congress, Bush signaled he would attempt to squeeze spending on health care, education, housing and other domestic programs important to the Democratic majority for the duration of his term. Overall domestic spending would be held below the rate of inflation in the fiscal year that begins Oct. 1 and frozen thereafter.

The new Bush budget would also seek to reduce the rapid rate of growth in Medicare and Medicaid, trimming $101 billion from the two programs over the next five years by reducing payments to health-care providers and forcing wealthier seniors to pay more for physician services and prescription drug coverage. And it would provide additional funds for the Children's Health Insurance Program, but not enough to maintain the same enrollment over the next five years, according to independent analysts.

Bush said his plan would bolster national security while "keeping the economy strong with low taxes and keeping spending under control." But Democratic leaders, who will control the budget process for the first time since Bush took office, immediately denounced the plan as an irresponsible attempt to make costly tax cuts for the wealthy permanent and to finance the war by shortchanging children, the elderly and the nation's long-term fiscal health.

"It is disingenuous for the president to suggest cuts to Medicare and Medicaid that he knows the Congress will not support," said House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.). "It's not going to happen."

Some Democrats also questioned the president's math, saying his budget plan relies on a series of rosy economic assumptions to transform the nation's $248 billion deficit into a $61 billion surplus by 2012. Even if the plan is successful,

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Democrats noted, the president would only be restoring the country's fiscal condition to the surplus he inherited when he took office in 2001.

"This budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction," said Senate Budget Committee Chairman Kent Conrad (D-N.D.).

While the spending blueprint met resistance from Democrats, it appeared to shore up the president's position with conservatives in his own party, who have been deeply unhappy with the growth of federal spending over the past six years. In comments to reporters yesterday, Bush emphasized his desire to reduce the number of congressional pork-barrel projects, known as earmarks, and acquire a line-term veto -- favorite initiatives of fiscal conservatives.

Extending Bush's first-term tax cuts, a collection of rate reductions and tax credits that has kept more than $1 trillion in taxpayers' pockets since 2001, would cost the Treasury an estimated $374 billion between 2008 and 2012, according to the administration. Most of the cuts are scheduled to expire in 2010.

Bush's advisers yesterday credited the tax cuts for the nation's healthy economy and said keeping them in place is essential to maintaining economic growth. A growing economy, in turn, they said, will continue to stimulate tax collections, making it possible to balance the budget even while paying increasing sums for the Iraq war.

White House budget director Rob Portman stressed that point in a briefing for reporters. "The cost of the war is reflected in the administration's deficit projections," he said. "In fact, there has been a $165 billion decrease in our deficit over the past two years, and that includes all of the war costs that we've incurred during that time."

Bush's proposed fiscal 2008 budget would provide another big boost in spending for the war and overall defense and diplomatic spending. The budget plan includes $623 billion for the military next year, including $141 billion for the wars in Iraq and Afghanistan and a $50 billion down payment on the president's plan to permanently increase the size of the armed forces by 92,000 over the next five years.

The State Department would receive nearly $35 billion, an increase of more than 20 percent over current spending estimates, plus $3 billion in emergency spending related to the administration's "global war on terror."

Federal agencies other than State, the Pentagon and Homeland Security would receive increases of about 1 percent over 2007 spending estimates, with requests for eight agencies -- including education and environment -- falling below fiscal 2006 levels.

Bush proposes a number of new initiatives, including a plan to boost the size of Pell grants to help students pay for college, a program to fund pilot projects to reduce traffic congestion and a new effort to raise $3 billion in public and private matching funds to improve national parks. But those programs' costs would be offset with cuts elsewhere.

For example, the Education Department's request for discretionary funding would rise $10 million over the 2007 estimate -- about 1 percent less than the agency received in 2006. The increase for Pell grants and an extra $1.2 billion for elementary and secondary education would be paid for in part by slashing subsidies to the banks that provide student loans and eliminating a student loan program for students at vocational and technical schools.

The Justice Department would get about a 1 percent increase, including substantial boosts for counterterrorism and counterintelligence programs and more than 220 new FBI agents. But law enforcement groups say the proposal would effectively cut grants and other assistance to local police by 75 percent at a time when violent crime is rising nationally.

And state officials complained that the president is seeking an 18 percent reduction in funds to provide heating assistance to 5.6 million low-income families, a proposal that would force states either to contribute more money or cut off assistance to about 1 million families.

Democratic budget leaders decried the cuts, many of which have appeared in previous Bush budgets.

"These things have been around the track numerous times and never made it to the finish line," said House Budget Committee Chairman John M. Spratt Jr. (D-S.C.). "It's doubtful they're going to pass."

House Speaker Nancy Pelosi (D-Calif.) also criticized the president for allowing the alternative minimum tax to expand to millions of additional families by 2012, subjecting them to substantial tax increases. The tax was originally conceived as a way to ensure that wealthy Americans did not escape paying taxes.

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Grover G. Norquist, president of Americans for Tax Reform and a staunch administration advocate, said conservatives are likely to applaud the package. "By putting a line in the sand that says that 'You can -- and I have -- balanced the budget without raising taxes,' then the Democrats have to do the same," Norquist said.

Bush's Austere Health Proposal Draws Complaints (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, February 6, 2007

WASHINGTON — The budget President Bush proposed Monday calls for the deepest Medicare cuts of his six years in office and falls short in expanding health coverage to uninsured children -- a top priority for congressional Democrats this year.

Health and Human Services Secretary Mike Leavitt acknowledged the budget's austere tone but said action was needed to rein in programs growing at an unsustainable pace.

"A very clear priority of the budget has been to reach balance in 2012," he told reporters Monday, "and that has forced many of the hard decisions."

Consumer and industry groups -- including AARP, the American Medical Association, the American Cancer Society, the Alzheimer's Association and the California Hospital Association -- roundly criticized Bush's plan, and their opposition signaled that it is unlikely to gain traction.

Rep. Pete Stark, D-California, chairman of the House Ways and Means subcommittee on health, dismissed the budget as "an exercise in make-believe intended to incite partisanship, not invite policymaking."

Separately, Bush's proposed tax deduction of up to $15,000 for health insurance ran into more problems after an independent analysis concluded that most of the tax break would go to higher-income households that already have private insurance.

Bush had outlined the plan last month in his State of the Union address. But a study by the Lewin Group, a health-care consulting company, found that only about 21 percent of the tax breaks would go to families with one or more uninsured person. Just over half the benefit would go to families earning $75,000 or more.

"The money is not being targeted at those who are most in need of it," said John Sheils, a Lewin vice president.

The budget's curbs on Medicare spending included reductions in payments to hospitals, nursing homes, hospice programs, home health providers and ambulance companies. Also, upper-income beneficiaries would have to pay higher premiums for prescription coverage and doctors' services.

But the proposal left Medicare managed-care plans largely alone, to the chagrin of Democrats who see the private plans as undermining the traditional government program.

The Medicare cuts -- described by an HHS budget official as the biggest Bush has ever proposed -- would total nearly $66 billion over five years. Administrative and anti-fraud measures would save an additional $10 billion. Taken together, the proposals would slow the rate of increase in Medicare spending by about 1 percentage point between 2008 and 2012, to 5.6 percent.

Bush also called for almost $26 billion in cuts for Medicaid, which provides health care for the poor, over the same period.

Some congressional Republicans expressed misgivings. "These are alarming proposals to our health-care system, and many have already been denied by Congress," said Sen. Gordon Smith, R-Ore.

Sen. Michael Enzi of Wyoming, the ranking Republican on the Health, Education, Labor and Pensions Committee, stopped short of criticizing the budget but noted: "At the end of the day, the House and Senate control the purse strings ... (and) the final document may look very different from the president's proposals."

On children's insurance, Bush proposed to renew the politically popular State Children's Health Insurance Program, which is set to expire this year. The federal-state program provides coverage to as many as 6 million children whose parents make too much to qualify for Medicaid but too little to afford private insurance.

But where Democrats estimate it will take as much as $15 billion in additional spending over five years to maintain the current caseload, Bush proposed only about $5 billion. Administration officials said their calculations show no children would lose coverage, but activists for the poor were highly skeptical of such assurances.

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Even if Bush's health-care budget is unlikely to survive as a whole, Democrats might resurrect parts of it to help pay for their priorities -- such as an expansion of coverage for children.

"This is like a menu of issues on the table," said David Certner, a top lobbyist for AARP. "These are much larger cuts than Congress would entertain, but members may pick and choose among them as they put together their own proposals."

How Plans To Expand Health Coverage Could Affect Insured (WSJ)

By Laura Meckler

The Wall Street Journal, February 6, 2007

New prescriptions to help the uninsured are proliferating by the day, but some of the proposals would have a big impact on another group -- people who already have health insurance.

Yesterday, Democratic presidential hopeful John Edwards became the latest entrant in the health-overhaul derby, announcing that he would raise taxes to expand coverage. (See related story.1) His plan, like those of many states working to expand coverage, would require employers to "play or pay" -- meaning cover their workers or pay a new tax. He would also require most Americans to have insurance, helping middle- and lower-income people by offering tax credits. Both the uninsured and those who already have insurance through work would have the option to get coverage through new public pools called Health Markets.

Mr. Edwards's plan joins an array of proposals already being advanced by the White House, several states (including California, Massachusetts and Pennsylvania), members of Congress and insurance and consumer groups. With health care shaping up as a major issue in the 2008 elections, more plans are on the way, including from Democratic presidential candidates Hillary Clinton and Barack Obama.

The blueprints aim to reduce the number of uninsured people in the U.S., currently at 46 million, but use different strategies. Two of the plans -- by President Bush and Sen. Ron Wyden, an Oregon Democrat -- have the potential to affect nearly all Americans by fundamentally altering the employer-sponsored system that now provides coverage to 175 million people.

On the federal level, the chances of any of these proposals being enacted this year are slim, given that there is little consensus and little money to spend on any plan that would increase subsidies. Still, activity in this area is building and, if Congress and the White House are looking to make a deal on something major, they might look to health care.

The states have a better chance of quick action, with Democrats and Republicans working to find consensus. In Massachusetts, a plan has already been passed and is being implemented.

Here's a look at how the plans work, and some potential winners and losers:

PRESIDENT BUSH'S PLAN: Under the Bush plan, employer-provided health insurance, now excluded from workers' taxable income, would be subject to income and payroll tax. As a tradeoff, all taxpayers with insurance would get a standard deduction of $15,000 for a family and $7,500 for an individual.

Among the winners would be those whose coverage costs less than $15,000 a year -- or about 80% of workers who have job-based insurance, the White House says. For example, a worker with a family policy costing him and his employer $10,000 a year would still be able to take the full deduction of $15,000. Losers would include people with family policies worth more than $15,000, including executives with generous benefits and some union workers who have traded wage increase for better health coverage. They would be taxed on the amount that exceeds the deduction.

But winners could turn into losers with time. Even people with policies under the cap could eventually hit the ceiling as health costs rise. That's because the cap would be indexed to general inflation -- not health-care inflation, which has risen more rapidly in recent years.

Clear winners would be the 17 million people who buy insurance on the open market. Currently, they don't get any tax break for purchasing health insurance. But like any tax deduction, the one for health-insurance would be most valuable in dollar terms for people with high incomes who pay the most taxes. Low-income people who don't owe any income tax wouldn't be able to use the deduction -- they would have their payroll taxes reduced instead. But that could cause a serious, unintended problem: Since those taxes go into the Social Security coffers, people paying in less would get lower benefits in retirement.

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"This could translate into a very substantial drop in retirement living standards," concluded an analysis by the Tax Policy Center, a joint venture of two liberal-leaning think tanks, the Urban Institute and the Brookings Institution.

The White House acknowledges that changing the tax treatment of insurance would reduce the number of uninsured by only three million to five million. It has proposed a separate initiative that would redirect federal funds from hospitals that provide indigent care to help states expand coverage to the uninsured.

Some experts see another potential problem: If younger, healthier employees use the tax deduction to buy insurance on their own, rather than through their employers, then employer health plans could end up with mostly older, sicker workers, resulting in higher premiums. "It's good for you if you're a healthy person who will do well on your own," says Paul Fronstin, director of health research and education programs at the Employee Benefit Research Institute. "It's bad if you are not."

But Joseph Antos, a health-policy expert at the conservative American Enterprise Institute, doubts many people would jump into the open insurance market, considering it's so much easier to stay in an employer plan. "It takes a lot to get people to move," says Mr. Antos.

SEN. WYDEN'S PROPOSAL: Sen. Wyden's plan, in many ways, is the most radical one on the table. He would sever the link between employment and insurance altogether and require everyone to buy coverage directly from insurance companies, much like people now buy auto insurance. He initially would require that employers pay their workers the cash that they had been spending on health insurance. He argues that employers would ultimately continue the practice, even when no longer required, to keep the best workers.

Beyond that, he would provide a tax break to help people pay their insurance premiums, and give low-income Americans direct subsidies for coverage. A new tax on employers would help pay for the program. New rules would require insurance companies to cover anyone who applied for insurance, even ones with existing medical conditions, and would bar the companies from charging sick people higher premiums.

Under this plan, people with insurance will have a greater choice of health plans than most get from work today, given that the market is likely to produce more options. But as health costs and insurance premiums rise, families would have to absorb the increase. As is, employers pass the cost of rising health care to their workers through higher premiums and lower wages, but workers don't always feel the impact, says John Sheils of Lewin Group, a health-care consulting firm that helped develop the Wyden plan. Everyone would be required to buy insurance even if they don't think they need it. Sen. Wyden describes a young, healthy man he met in central Oregon who told him that he didn't think he needed coverage. Sen. Wyden noted that the young man was a skier and asked him, "What if you crack up on the mountain?" The man replied that if he got hurt he would buy insurance then. "That's not how insurance works," Sen. Wyden says. "This is going to be a huge education job."

STATE EFFORTS: Several states including Massachusetts, California and Pennsylvania are working to expand health coverage through a combination of approaches: People without insurance would be required to buy it. Low-income families would get subsidies to do so. All but the smallest employers would have to provide coverage to their workers or pay fines. And states would make it easier for individuals and small businesses to buy coverage from central pools.

These approaches wouldn't directly affect those who already have insurance, though if more healthy people were added to the insurance pool, it could reduce the cost of coverage for everybody, says Mr. Fronstin of the Employee Benefit Research Institute. The biggest impact would be on the low-income uninsured who would be eligible for new subsidies, says Paul Ginsburg, president of the Center for Studying Health System Change, a Washington think tank. "They are out-and-out winners."

A COALITION PROPOSAL: A diverse collection of consumer, business, medical and insurance groups called the Health Coverage Coalition for the Uninsured is recommending another approach that tries to reduce the number of people without insurance without affecting people who already have it. It suggests making it easier to enroll the 6.6 million children who are eligible but not yet signed up for Medicaid, the state-federal health program for the poor and disabled, or the State Children's Health Insurance Program, which targets low-income kids who don't qualify for Medicaid.

It also recommends a new tax credit to help low-income families pay for private insurance, including coverage that may be offered through work.

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If this plan became law, families who earn less than 300% of the federal poverty level could get help paying for health coverage. And single adults, even if they don't have kids, would become eligible for Medicaid if they were below the poverty line. Taxpayers would pick up the cost -- an estimated $60 billion over five years.

While many want to expand the Children's Health Insurance Program, the Bush administration wants to scale it back. States have been adding children and some of their parents to the program's rolls, but yesterday the administration proposed cutting enrollment of all adults, as well as children in families with incomes over 200% of the poverty level.

JOHN EDWARDS'S PLAN: Former Sen. Edwards's plan wouldn't require any changes of employees currently getting insurance on the job, although employers would have to provide coverage or pay 6% of their payroll. He would use a blend of new tax increases, tax breaks and subsidies to expand coverage. Under his proposal, people who don't get insurance through work could buy into public pools called Health Markets, with tax credits to help pay the premiums. Further, insurance companies wouldn't be able to charge sick people extra and would be required to insure everyone who applied. Mr. Edwards also would expand Medicaid and the State Children's Health Insurance Program, to cover more families and, for the first time, poor adults without kids. Once it was all in place, he would require nearly all Americans to get coverage one way or another.

The uninsured, though, would have a handful of new options. Those with particularly low incomes may become newly eligible for government programs. Others, including families with incomes up to $80,000 a year, could get new tax breaks to buy insurance from the Health Markets. Those with insurance through work could also opt to get it from the Health Markets as well, where there might be more choices.

Slow Growth In Health (WP)

By Christopher Lee

The Washington Post, February 6, 2007

President Bush would increase current funding levels for the state-federal Children's Health Insurance Program by $5 billion over the next five years -- far short of the $12 billion or more that experts say is needed to keep covering the 6 million children now in the program. The program, which costs about $5 billion annually, helps provide health coverage to children whose families earn too much to qualify for Medicaid but still cannot afford insurance on their own. The administration wants states to focus on serving children whose families earn 200 percent of the poverty level, or $41,300 for a family of four.

Senate Finance Committee Chairman Max Baucus (D-Mont.) said, "Congress must do more to fund the Children's Health Insurance Program than the president suggests here."

In Medicare and Medicaid, which serve nearly 93 million Americans, Bush would slow growth in spending for both programs by a combined $101 billion over five years, partly through changes in Medicare payments to hospitals, nursing and rehabilitation facilities, and home health agencies, and through changes in the way Medicaid pays for prescription drugs. He also proposed triggering across-the-board cuts in provider payments if Medicare spending reaches certain levels.

In the Medicare prescription drug benefit, individuals who earn more than $80,000 annually (and couples who earn more than $160,000) would have to pay higher premiums than less affluent beneficiaries enrolled in the same drug plans. The change would affect 1.1 million people in 2008.

Health Industry Cool To Bush Budget Cuts (AP)

By Kevin Freking

AP, February 6, 2007

Health care providers would see their reimbursement rates from the federal government go up less in coming years when they care for the elderly, poor and disabled under President Bush's budget.

The recommendations, if adopted by Congress, would trim Medicare spending by $66 billion over five years. Also, the administration will move to trim another $10 billion in Medicare spending through regulations.

Together, the changes sought for Medicare means the program would grow at a 5.6 percent clip rather than 6.5 percent, Health and Human Services Secretary Mike Leavitt said Monday.

"The program will continue to grow. It will have robust growth," Leavitt said.

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Bush also calls for reducing Medicaid spending by about $25 billion over five years. That change would just slightly dent the more than $1.2 trillion the federal government will spend on the program during that span. Congress would have to sign off on about half of the proposed Medicaid savings. The remainder are regulatory changes the administration will pursue.

The two programs account for about $1 out of every $5 spent by the federal government. The president called for smaller reductions last year, and those proposals went nowhere.

Democratic lawmakers were cool to the recommendations. Rep. Pete Stark, D-Calif., said that trimming Medicaid will make it harder for states to fund health care for the poor and the uninsured.

Stark, who oversees the House Ways and Means Committee's health subcommittee, said savings can be achieved by targeting payments to health care providers, but not in the ways that Bush sought.

For example, Stark said that he believes Congress can lower payments to insurance companies that provide managed care for seniors, a concept the administration opposes.

Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee, noted that the proposed Medicare reductions are more than the president asked from any previous Congress.

Baucus took issue with the changes that Bush seeks for the State Children's Health Insurance Program, which provides health coverage to about 6 million people.

The program cost about $5 billion annually. The president called for an additional $4.2 billion in funding over five years, but Baucus said it may take as much as $15 billion over the same period to maintain current health insurance coverage.

"Simply put, Congress must do more to fund the Children's Health Insurance Program than the president suggests here," Baucus said.

Some Republican lawmakers defended the president's budget. They said that entitlement programs are growing at an unsustainable rate.

"We must reform these programs in order to save them," said Rep. Jim McCrery, R-La.

But hospitals, nursing homes and other providers say that they can't afford lower payments from the government. They said that the payments won't keep up with the cost of providing health care.

The effect of the budget on providers would differ depending upon the specialty, but almost all would be affected one way or the other. The reimbursement rates for providers increase each year to account for inflation and other factors. The president wants to limit those updates, and, in some cases, such as with home health agencies and nursing homes, the payments would be frozen next year at 2007 levels.

The administration will also ask wealthier beneficiaries to pay higher premiums. Individuals who make more than $80,000 a year and couples who make more than $160,000 would pay a higher premium for their prescription drug coverage under Medicare Part D.

They already pay higher Medicare premiums for doctor visits. Under the president's proposal, the income threshold would not be indexed to increase at the rate of inflation. As a result, more and more people would fall into that category as inflation pushes incomes upward.

Many of the agencies within Health and Human Services will have to make do with about the same amount of money as they got this year.

"We are serving our citizens with compassion while maintaining sensible stewardship of their tax dollars," Leavitt said.

The budget recommends an estimated $50 million reduction for the Centers for Disease Control and Prevention, which is the principal agency for protecting the health and safety of all Americans. Funding for the agency would total $5.76 billion. Grants to states for bioterrorism preparation would be reduced, and funding remains at current levels for preventing the nation's leading health problems — heart disease and cancer.

Meanwhile, funding for the National Institutes of Health, which oversees medical research, would rise nearly 2 percent to about $28.7 billion.

The president upped his recommendation for the Food and Drug Administration to about $2.1 billion. That's a $106 million increase compared to what he requested last year. The increases focused on strengthening food safety and getting more generic drugs to the market.

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Numerous advocacy groups took issue with the president's budget.

"This is not a budget that the nationwide cancer community was hoping for after the president's visit to NIH last month to tout an historic decline in cancer deaths," said Daniel E. Smith of the American Cancer Society.

The AARP's Bill Novelli said the Medicare and Medicaid savings reflect an annual rite in Washington — "piecemeal cuts that threaten to damage critical programs without addressing the fundamental problems that exist in our entire health care system."

Bush's And Spitzer's Budgets Hit New York Hospitals Hard (NYT)

By Richard Pérez-peña

The New York Times, February 6, 2007

The budget that President Bush proposed yesterday includes deep cuts in spending to train young doctors, cuts that would hit New York especially hard, eliminating several hundred million dollars a year in payments to teaching hospitals around the state.

The proposals arrived just days after Mr. Bush put forward a different set of cuts that would affect New York much more than the rest of the country, and after Gov. Eliot Spitzer proposed significant health care cuts of his own.

The combined reductions would total more than 4 percent of New York hospitals' total incomes — well over $1 billion a year — a prospect that left industry officials and elected officials struggling to describe the dire effects.

"This is the worst, the most damaging scenario," said Kenneth E. Raske, president of the Greater New York Hospital Association.

In particular, the cuts would take money from the academic medical centers that teach new doctors and do a large share of advanced medical research. New York City has by far the largest concentration of teaching hospitals in the country, training about one in seven of the nation's interns and residents, many of whom go on to practice elsewhere.

A hospital-by-hospital analysis by Mr. Raske's group shows how uneven Mr. Spitzer's proposed cuts would be, with the losses concentrated in the city. In all, the governor would cut about 1 percent from hospitals' revenue.

While some hospitals would actually gain money from the changes, others would see significant cuts, like two hospitals in Brooklyn that are already short of cash — Interfaith Medical Center, which would lose 6 percent of its total income, and Brooklyn Hospital Center, which would lose 4 percent.

On seeing the plans laid out by Mr. Bush, Senators Charles E. Schumer and Hillary Rodham Clinton, members of the new Democratic majority in Congress, vowed to fight them.

"Much of the damage that the president seeks to do will be undone, but to say we can eliminate all of it would not be right," Mr. Schumer said.

He called the president's proposals "an all-out assault on graduate medical education" and a "dagger to the heart of New York health care."

In its budget summaries, the Bush administration described the changes as needed to rein in rapidly growing health care spending, and to fight the practice of expanding government programs beyond their intended boundaries.

Medicare, the federal health plan for the elderly and the disabled, is a major supporter of training programs for interns and residents at teaching hospitals. In New York and some other states, Medicaid, the program for the poor, also pitches in for that training — known as Graduate Medical Education, or G.M.E. — while other states have opted not to take that step.

Mr. Bush proposed gradually eliminating that use of Medicaid money — about $600 million a year in federal funds for New York, more than any other state.

"Current law does not explicitly authorize such payments," the administration's budget summary said. "Paying for G.M.E. is outside of Medicaid's primary purpose, which is to provide medical care to low-income individuals."

The president also called yesterday for abolition of one type of Medicare payment for doctor training — again, a cut that would disproportionately affect New York. The hospital group estimated the cost to New York hospitals at more than $100 million a year.

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Two weeks ago, Mr. Bush proposed a different sort of cut in Medicaid that would affect only certain public hospitals, particularly New York City's Health and Hospitals Corporation. The corporation and New York State estimated the cut to the city hospitals at $350 million a year.

Mr. Spitzer has proposed cutting $1.2 billion a year in health care costs, including more than $350 million in hospital payments.

But the loss to individual hospitals would vary widely, depending on their reliance on Medicaid, how many doctors they train, and how much those training programs have changed in size over the last 25 years.

Under the Spitzer plan, St. Barnabas Hospital in the Bronx would gain more than $7 million a year, while Beth Israel Medical Center in Manhattan would lose almost $15 million, the most for any single hospital, according to the Greater New York Hospital Association. New York-Presbyterian hospital, actually two very large hospitals that merged, would lose almost $24 million a year.

Just 15 hospitals would absorb more than half the losses for all of the state's more than 200 hospitals, and 14 of the 15 are in New York City. Most of the big losses would be suffered by hospitals that are relatively successful financially and in relatively affluent neighborhoods, but there are notable exceptions, like Interfaith and Brooklyn.

Mr. Spitzer has described his changes as reforms designed to make the health care system more sensible and responsive to patient needs. The industry and its main union, 1199 United Healthcare Workers East, say that in pursuit of abstract theories, the governor would make cuts that are so abrupt and deep that they would make health care worse, not better.

Jennifer Cunningham, a consultant to 1199, said, "The Bush and Spitzer cuts to teaching hospitals would be a double-whammy — more than double."

Mayor Michael R. Bloomberg weighed in yesterday, saying that the governor had "set the right overall priorities," but that he feared damage to teaching hospitals that are "one of the stars in the crown" of New York health care.

A Look At Winners, Losers In The President's Proposed Budget (MCT)

By William Douglas

McClatchy Newspapers, February 6, 2007

Some agencies would win big under President Bush's fiscal 2008 budget proposal, while others would suffer slashed funds. Here are some notable winners and losers:

WINNERS:

-Defense Department: $624.6 billion, a 4.1 percent increase over 2007. The Army would get $130.1 billion, a 20.4 percent increase. Some $37.6 billion would go to fix or replace equipment destroyed in battle.

-Veteran Affairs: $84.4 billion, a 13.3 percent increase over 2007. The VA will treat nearly 263,000 Iraq and Afghanistan war vets; the budget seeks $36.6 billion for medical care, including $3 billion for mental health.

-State Department: $37.4 billion, a 12.9 percent increase over 2007. Seeks to triple funding for the Millennium Challenge Corp., to $3 billion. The corporation provides aid to 11 fledgling democracies that meet U.S.-set fiscal criteria.

-Interior Department: $10.1 billion, a 4.1 percent increase over 2007. Seeks $1.9 billion for national parks, a 13 percent increase, including 40 percent more for daily park operations than when Bush took office. Seeks a $100 million match from citizens' contributions.

-Labor Department: $50.4 billion, a 7.9 percent increase over 2007. Seeks $313 million for the Mine Safety and Health Administration, a 13 percent increase from 2007 request.

LOSERS:

-Amtrak: Seeks $800 million, $500 million less than fiscal 2007.

-Environmental Protection Agency: $7.1 billion, a 4.9 percent cut from fiscal 2007.

-Low Income Home Energy Assistance: Seeks $1.8 billion, down from $3.2 billion, a 56 percent cut.

-Corporation for Public Broadcasting: Seeks $350 million, down from $460 million in fiscal 2007.

-Education Department: Seeks $62.6 billion, a 5 percent cut from fiscal 2007. Would eliminate more than three dozen programs.

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-Labor Department's Bureau of International Labor Affairs: Would cut from $73 million to $14 million, nearly 81 percent.

-Office of Disability Employment Policy: Would cut from $28 million to $19 million, or 32 percent.

-Centers for Disease Control and Prevention: Would cut by $550 million.

A Closer Look At Where The Money Will Go (WP)

By Spencer S. Hsu

The Washington Post, February 6, 2007

President Bush would increase the Department of Homeland Security budget by $2.3 billion, to $34.4 billion, boosting spending to secure the borders and detect nuclear materials. There would also be $1 billion for better communications systems for first responders.

Other priorities include $1.8 billion for a "virtual fence" at the border, 3,000 new Border Patrol agents and 600 new detention beds; $80 million more for nuclear detection; and $224 million to hire airport security checkers.

But states and cities would see cuts of $1.2 billion in grants for anti-terrorism, law enforcement, firefighters and emergency medical teams.

The story was similar at the Justice Department, where overall spending would increase about 1 percent, to $20.2 billion, with new outlays targeting terrorism, violent crime and illicit drugs. But the budget would cut $1.7 billion from local law enforcement assistance, such as the popular Community Oriented Policing Services program, according to the International Association of Chiefs of Police.

Congressional leaders immediately criticized the cuts. Rep. David E. Price (D-N.C.), chairman of the House Appropriations subcommittee on homeland security, accused the White House of "depriving our communities of the critical support they need to operate in the post-9/11 world."

In other homeland security spending, funding for the Coast Guard's troubled fleet-replacement program would fall from $1.1 billion to $800 million. But the FBI would be a big winner, with its budget growing about 13 percent, to $6.4 billion.

Budget Winners And Losers (WP)

By Stephen Barr

Washington Post, February 6, 2007

The budget that President Bush sent to the Congress yesterday contains nuggets of good news for federal employees: Their numbers would grow, as would their salaries.

But those retiring after relatively short careers would lose part of the standard health insurance subsidy. And many employees not involved in national and homeland security would see their programs operate with flat or reduced funding in fiscal 2008.

According to the president's plan, executive branch employment, excluding the Postal Service, would increase to more than 1.87 million civil service workers, up by 2.8 percent compared with fiscal 2004. The budget numbers show that the government would add 40,000 full-time employees to the 2006 tally of 1,832,800.

Much of the hiring would be in response to added duties for homeland security and fighting terrorism, the budget said. The Department of Homeland Security, for example, would receive funding to hire an additional 3,000 Border Patrol agents.

The budget also would add staff at the U.S. Patent and Trademark Office, the Food and Drug Administration, the Federal Aviation Administration, the Energy Department's National Nuclear Security Administration and in federal prisons. The Census Bureau would also grow by opening regional offices in preparation for the 2010 census.

But some agencies would lose employees. The biggest loser would be the Agriculture Department, which would decline by about 5,000 workers in 2008, compared with 2006.

Civil service and military personnel would receive a pay raise of 3 percent in 2008, according to the budget. The proposed raise, announced Friday by the Office of Management and Budget, will be reviewed by Congress.

The National Treasury Employees Union objected to the budget's proposal to allow the president to allocate some of the pay raise to address recruitment and retention challenges in government. Colleen M. Kelley, the union president, said the raise should be at least 3.5 percent, given that the 2007 raise was the lowest in 20 years.

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Bush's budget also included a discussion of military compensation that said "military members are compensated well above comparably aged and educated civilians" in the private sector. That argument rested largely on the higher deferred payments for health-care and retirement benefits for military personnel. Overall, the budget said, current and future pay and benefits average more than $100,000 per service member.

The budget would make changes to the Federal Employees Health Benefits Program. The biggest policy change would reduce the subsidy that the government provides for retiree health-care costs.

Currently, federal employees who retire with five years of continuous service receive the same subsidy as they did when they were working. Under the formula, the government pays about 70 percent of the health insurance premium.

The budget proposal would require employees to have 10 years of government service for the government to pick up 70 percent of the premium. The government would pay only half of the subsidy, or 35 percent, on behalf of those with only five years of service and would phase in higher contributions for those with more than five but less than 10 years of service.

Each year, the government has about 550 employees who retire with more than five but less than 10 years of service, the Office of Personnel Management said. They make up a small part of the annual retirement exodus that ranges from 60,000 to 70,000.

Linda M. Springer, director of the OPM, said the budget proposal sought to "create greater equity" between those who served a full career in government and those who joined relatively late in their careers, perhaps motivated by the opportunity to claim relatively generous health benefits in retirement. "We don't want people just coming opportunistically to join us," she said.

But Judy Park, legislative director for the National Active and Retired Federal Employees Association, suggested that the proposal could hamper the government's ability to hire mid-career professionals at a time when federal agencies will be coping with substantial numbers of baby boom retirements. "If the government is trying to be more competitive in getting middle-management people to fill those positions, then is this not tearing down their competitive edge?" she asked.

The changes to the health benefits program also affect the Patent and Trademark Office, requiring the agency to set aside money to cover retiree health-care liabilities. OPM officials said the patent office operates through fees and should take over its retiree obligations, much as the U.S. Postal Service has for its retirees.

The administration also seeks to allow the largest carrier for the Federal Employee Health Benefit Program, Blue Cross and Blue Shield, to offer a third health insurance option, probably a high-deductible plan featuring a health savings account. Currently, Blue Cross is limited to two options.

Democrats See Holes In President's Budget Plan (WP)

By Mary Beth Sheridan And Alec Macgillis

The Washington Post, February 6, 2007

President Bush's proposed 2008 budget would provide hundreds of millions of dollars for projects in the Washington area, including a new Homeland Security complex in Southeast and improvements to roads and Metro.

But Democratic lawmakers said it does not include enough for homeland security, health care and cleanup of the Chesapeake Bay.

"We're now in another year where the president has sort of said one thing in the State of the Union but the reality of the budget is very different," Rep. Chris Van Hollen (Md.) said after reviewing the proposal, released yesterday, for the fiscal year that begins Oct. 1

The staffs of federal lawmakers from the D.C. area were still wading through the voluminous document last night to more clearly gauge its potential impact on the region. Sharp increases for the departments of Defense and Homeland Security seemed certain to benefit the local economy, with its profusion of contracting firms.

But legislators said proposed cuts in some programs could harm local residents.

For example, a Homeland Security grant program for state preparedness was slashed by 60 percent -- to $465 million nationwide -- and another for state and local training was reduced by more than half -- to $95 million. That could lead to smaller amounts from those anti-terror programs for Maryland, Virginia and the District.

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"This year's budget fails to acknowledge the role that the national capital region, and Maryland, plays in protecting our nation from future attacks," Sen. Barbara A. Mikulski (D-Md.) said in a statement. She complained that funds for port-security grants, for example, were kept at 2007 levels instead of increased to address continuing threats.

Jarrod Agen, a federal Homeland Security spokesman, pointed out that the department would get an extra $1 billion to distribute nationwide in grants for communication equipment for police and other first-responders.

"When you factor in that $1 billion with the rest of the totals, it's roughly about the same as what the allocations were last year" for national homeland security spending, he said. The Washington region also stands to potentially gain money through an anti-terrorism program for urban areas that was revamped when legislators complained last year that it shortchanged high-risk areas.

Rep. Thomas M. Davis III (R-Va.) played down concerns about local homeland security cuts in Bush's proposed budget, calling the proposal a "starting point" and adding that Congress would likely be able to avert funding cuts.

"We'll take care of it," Davis said. The administration has "got to make everything balance out. Congress will get its two cents in."

The budget request includes almost $347 million to build a Homeland Security complex and Coast Guard headquarters on the campus of St. Elizabeths Hospital in Southeast Washington, according to Del. Eleanor Holmes Norton (D-D.C.).

In a statement, she said that the complex was her "major economic development project for the District" and that the funding would mean that groundbreaking could begin soon.

But sources on Capitol Hill said the $120 million portion designated for the Homeland Security offices might be targeted as Congress looks to make up for the cuts in the state and local homeland security grants.

The budget proposal gives the D.C. area hundreds of millions of dollars in funds for transportation, moving forward programs approved in past years. Metro, for example, is slated to get $35 million for rail cars to relieve crowding. And a highway planning and construction program would provide $133 million for the District, a 20 percent increase from last year; $515 million for Maryland, a 17 percent increase; and $868 million for Virginia, a 15 percent increase. The latter program is funded mainly through gasoline taxes.

The project to extend Metro to Dulles International Airport would receive part of a $72 million pot of money for public transit, said Rep. Frank R. Wolf (R-Va.).

The $4 billion project is expected to be approved for its full allotment of federal funding, about $900 million, late this year. But worries over federal approval have risen as the project suffers delays and cost increases, partly because of the debate over whether to change the route to go below ground in Tysons Corner.

"It's a good sign," said Dan Scandling, Wolf's spokesman. "It's another step in the right direction for rail out to the Dulles corridor."

The budget provides $7.4 billion, the same amount as last year, for construction related to the program of closing or retooling military bases.

Members of Maryland's congressional delegation were concerned over what they called insufficient funding to clean up the Chesapeake Bay. Under the president's proposal, Maryland would receive $16.6 million for a special state revolving fund to upgrade sewage treatment plants. That's a cut of nearly 50 percent from 2001, according to the office of Sen. Benjamin L. Cardin (D).

An additional $26 million in federal funds would again go to the Chesapeake Bay Program.

Mikulski reproached the Bush administration for cutting money for another local priority: the consolidation of the Food and Drug Administration offices in White Oak in Montgomery County. The president has asked for $58 million in 2008, compared with $178 million last year, the senator said, adding that the lower amount could delay the project by years.

In the District, officials were pleased by the budget requests for several projects. They include $12 million for the D.C. Water and Sewer Authority to reduce sewer overflows into the Anacostia and Potomac rivers as well as Rock Creek, a jump of $5 million. The budget would also provide $10 million for a forensics laboratory and $5 million to reimburse the FBI for the use of its laboratory.

The proposed budget also includes $10 million to renovate the D.C. central library and its branches.

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Cultural Agencies See Boost From Bush Budget (WP)

By Jacqueline Trescott

The Washington Post, February 6, 2007

The federal cultural agencies and museums received solid support yesterday from the White House in the proposed budget for fiscal 2008.

The Bush administration proposed $678.4 million for the Smithsonian complex, the largest of the cultural accounts. If passed by Congress at that level, the budget would include an increase of more than $20 million for utilities, rents and salaries; $10 million for improvements to a storage facility for anthropological and art collections in Suitland; $9.9 million for planning for the National Museum of African American History and Culture; and $18 million for improvements at the National Zoo, including $9 million for the new elephant habitat.

The cultural organizations are in budget limbo -- as are other government agencies -- because the fiscal 2007 budget was not passed by both the House and the Senate. The appropriations are spelled out in a continuing resolution, an interim funding measure. If the continuing resolution becomes law, the Smithsonian would received $637 million for fiscal 2007.

Despite the uncertainty, the chairmen of the arts and humanities endowments yesterday said they were satisfied.

In the president's proposal, the National Endowment for the Arts is to get $128.4 million.

"We're pleased that the budget requests a $4 million increase for the arts endowment, which continues a steady restoration of funding for the agency," said NEA Chairman Dana Gioia.

The National Endowment for the Humanities was slated for a increase of $400,000. "The president's budget request reaffirms his long-standing support of the endowment and its 'We the People' program," said NEH Chairman Bruce Cole. The "People" initiative encourages the study and teaching of American history and culture.

A third federal agency, the Institute of Museum and Library Services, would get $271.2 million, with the lion's share going to support libraries. Yet the museum portion of the institute's budget has steadily increased in recent years, with a proposed $39.8 million for fiscal 2008. "The administration understands the essential role these institutions play in connecting people to information and ideas," said director Anne-Imelda M. Radice.

The proposals for the arts agencies are just a trickle of the $2.9 trillion package the White House announced yesterday but are essential to the Washington area because of the national museums' importance as tourist destinations and their workforce.

The administration proposed $39.3 million for the John F. Kennedy Center for the Performing Arts, which receives funding for its operations and capital repairs. That is a slight increase over last year's proposal but an increase of $9 million over the last official budget in 2006. The increase would cover costs for the renovation of the Eisenhower Theater, which will close in May for the 16-month job.

The National Gallery of Art is slated for $116 million in the proposed budget, the same amount the president proposed last year.

The U.S. Holocaust Memorial Museum was relatively flat with a target of $44.9 million.

New Spending For No Child Left Behind (WP)

By Amit R. Paley

The Washington Post, February 6, 2007

President Bush proposed $56 billion in Education Department funding, level with his proposal for the current fiscal year but 3 percent less than what Democrats are expected to approve for this year. He also sought about $1 billion in new spending related to the landmark No Child Left Behind law.

Democrats and education groups attacked Bush's proposal. Critics said Bush's budget would slash key education programs and fall short of full funding for the federal school law.

Education Secretary Margaret Spellings said cuts in inefficient programs are necessary to achieve a balanced budget. Officials also said that the plan, if approved, would mean that funding for No Child Left Behind has risen 41 percent since the law was enacted five years ago.

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The budget would add about $1 billion for the education law, most of it directed toward high schools to help pay for a proposed expansion of testing and other programs. It would add $300 million for school vouchers and cut special-education grants to states, compared with the Democrats' proposal for this year.

"The cuts in this budget for students with disabilities and for young children are reprehensible and undermine the efforts of students and teachers who are working hard in classrooms across the country," Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee, said in a statement.

The budget also would increase the maximum size of Pell grants for low-income college students to $4,600 from $4,050. The administration would pay for the boost by eliminating other student aid programs and cutting billions of dollars in subsidies to private companies that lend money to students.

Bush Seeks Renewal Of No Child Law (WT)

The Washington Times, February 6, 2007

U.S. President George W. Bush Monday called for renewal of the No Child Left Behind Act as part of his fiscal 2008 budget plan.

The $2.9 trillion spending blueprint calls for establishing a national expectation that all high school students will graduate on time and be prepared for college or the workplace.

Bush is seeking more than a $1 billion increase in Title I grants for students attending high schools in low-income areas and $100 million for reading programs. Some $412 million is being sought to help pay for achievement testing.

The budget calls for greater emphasis on math and science. It also seeks to improve performance at struggling schools and more school choices for students currently attending below-average schools.

The budget provides for nearly $91 billion in financial aid for college students, increasing maximum Pell Grant awards from $4,600 in 2008 to $5,400 in five years. Academic Competitiveness Grants also would increase awards to deserving low-income students by 50 percent.

Letters To The Editor (WSJ)

Wall Street Journal, February 6, 2007

Why Are We Still Free? Because We're Vigilant and Nuclear-Equipped

With all due respect to Hiroshima Mayor Tadatoshi Akiba ("With 20/20 Foresight, Mayors Around the World Join to End Nuclear War," Letters, Jan. 23), nuclear deterrence has protected U.S. soil from conventional attack, keeping our country inviolate since a few years after Imperial Japanese forces landed in the Aleutian Islands in June of 1942. For more than 60 years, the U.S. nuclear triad (aircraft, naval vessels and ICBMs) has provided the guarantee of massive retaliation in response to an attack by a rogue state, a deterrent unmatched by any other means of defense.

Prior to the development of nuclear weapons, the security of nations rested on conventional forces. These forces, while strong, were not infallible and could be bested by a dastardly surprise attack, as evidenced by the terrible events of Dec. 7, 1941. With no fear of instantaneous obliteration by way of an irresistible retaliatory nuclear strike, a nation, even in the 21st century, might feel emboldened to launch a bold strike against a fellow nation.

While the events of Sept. 11, 2001, prove that the U.S. faces a new enemy of a stateless nature, the remnants of 20th century rogue states, like Iran and North Korea, remain a threatening reality in the new millennium.

Mayor Akiba refers to the cities of Hiroshima and Nagasaki as the victims of nuclear attack. I'd ask him to consider those cities as the victims of Imperial Japanese national arrogance and temporary insanity, from a sad period in history when Japan was a rogue nation, perpetrating brutalities upon the peace-loving peoples of several countries. Until the propensity to launch ruthless surprise attacks is somehow removed from the human psyche, I must respectfully disagree with Mayor Akiba and call for the retention of U.S. nuclear retaliatory capabilities.

As an American, I sleep soundly knowing that Trident-equipped U.S. naval submarines lurk deep beneath the waves, Minuteman III missiles wait silently in their silos on the Great Plains and Air Force bombers are ready to deploy, should any nation attempt some desperate gambit and attack our country. The U.S. has the stated position of using nuclear weapons only in

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retaliation to an attack on our country. Until we abrogate that commitment, I support our remaining vigilant, resolute and nuclear-equipped.

Scott Mullen

Doylestown, Pa.

Strict Rules Threaten Release of New Drugs

As a physician, I am concerned about the serious impact the Vioxx scandal may have on patient care by changing the drug-regulation landscape for the worse ("Drug Makers Try to Bring Back Cox-2 Inhibitors," Marketplace, Jan. 19). The general opinion held by most pharmaceutical-industry insiders and drug-stock analysts is that the Food and Drug Administration will now exhibit stricter drug-approval standards because of the accusations it has faced concerning drug safety. This may lead to the FDA requesting excessively detailed safety data before licensing a medicine. Should such a cautious approach not be welcomed? Will drugs not be safer as a result? Isn't this how things should have been done all along?

Stricter drug-approval standards won't necessarily be good for the public if it means that ground-breaking drugs spend longer in clinical trials and, hence, take a greater period of time to reach the market. I fear that patients with life-threatening diseases may have to wait longer than necessary to receive novel drugs in years to come.

With the arrival of the genomic revolution, we are about to enter a period of great and sustained drug advancement. In the next decade or two, personalized medicines -- drugs that are tailored to a person's genes -- will become reality and assist in the fight against the world's biggest killer diseases. Wouldn't it be a pity if the Vioxx scandal was to slow down such ground-breaking drug development? I think so.

Dr. Nafees Malik

Birmingham Heartlands

Hospital

Birmingham, U.K.

Russ Displays Moxie

Kimberley A. Strassel is right to recognize Russ Feingold as one of the few in Congress with the courage of his convictions regarding our future course of action in Iraq ("Senator Feingold's Sin," Potomac Watch, Feb. 2). Whether you agree with him or not, and I for one decidedly do not, he's at least standing for something other than re-election. Chuck Hagel, John Warner and the majority of their peers seek to fashion themselves as leonine statesmen in the mold of Pericles, Cato and Henry Clay. In reality they're more like Bert Lahr in "The Wizard of Oz": They talk a great game, but lack either the moral fortitude or political courage to actually put their high-sounding words into action.

Thom McKee

Marriottsville, Md.

Vouchers Divert Funds From Public Schools

Your Jan. 30 editorial "Voucher Comeback" endorses the use of public funds for private school tuition as a way to give parents "more education choices." The real choice is whether every child deserves an opportunity to attend a good school, or not. That's an easy choice for most parents and voters, which is why vouchers have been rejected at the ballot box by a cumulative margin of two to one in 13 states and the District of Columbia.

Experimental voucher projects have been tried in some places, including Milwaukee, Cleveland and Washington. In none of those cities have vouchers led to any sustained improvement in the academic performance of the students who participated.

By diverting much-needed public funds from our public schools, the widespread use of vouchers would actually reduce attractive choices for most parents. Since most elite private schools charge higher fees than vouchers would provide, they would only serve as a subsidy for students already attending private schools as the Cleveland experiment has proven. Everyone else would be left in public schools with dwindling resources.

The way to give parents more positive choices is to improve our public schools. The NEA agrees with President Bush that the No Child Left Behind Act should be reauthorized; meantime, we have a positive agenda to improve the law.

Reg Weaver

President

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National Education Association

Washington

Get Loose, Dude

In reaction to Mark Lasswell's Feb. 1 editorial-page commentary "If the Shoe Fits," on Sen. Chuck Hagel:

Aw, c'mon, Chuck, just get it over with. Go on a barefoot strike. Swear not to wear shoes until every last American "kid" is "redeployed" out of Iraq. Heck, go the whole nine: Grow a beard, wear beads, a bandana, little round glasses and a shirt made from the American flag; take over a university's admin. building; toke a spliff (inhaling optional -- hey, you might be da prez someday!); hang out with Cindy Sheehan. Oh, wow, man.

Thomas E. Miles

Brooklyn, N.Y.

Kill the Income Tax By Spending Restraint

Thank you for drawing national attention to the important movement to abolish state income taxes ("Rich States, Poor States," Review & Outlook, Jan. 25). Here in Georgia we have a unique opportunity to reduce and even abolish the state income tax; however, we take issue with Georgia Majority Leader Jerry Keen telling the Journal that the only options on the table are the flat tax or expanding the sales tax to pay for income tax cuts.

Americans for Prosperity-Georgia has introduced a plan modeled on Gov. Mark Sanford's proposal for South Carolina that would use spending restraint to phase out the income tax to complete repeal, without raising any other tax.

Designed by economist Barry Poulson of the University of Colorado, our plan, based on the most conservative possible assumptions, could eliminate the income tax by 2021 exclusively through spending restraint. The key to this plan would be the adoption of a constitutional amendment to place a cap on spending growth, which has been introduced as Senate Resolution 20. While states are considering pro-growth tax reform measures like income tax reduction and elimination, it is crucial that they also restrain spending to keep the overall burden of government under control.

Jared Thomas

Georgia State Director

Americans for Prosperity

Atlanta

Out in the Cold

In regard to your Feb. 5 editorial "Climate of Opinion," which says "a U.N. reports shows the 'warming' debate is far from settled":

As long as the work of Paul Reiter, Steve McIntyre, Ross McKitrick, Edward Wegman, Richard S.J. Tol, Christopher Landsea, Duncan Wingham, Richard Lindzen, Henrik Svensmark, Nigel Weiss, Henk Tennekes and Nir Shariv, are excluded because their work is at variance with the fashionable view of human activity being the major contributor to climate change, the science will be flawed. After all, Galileo was deemed to be a heretic by various personages because he arrived at different conclusions than they did.

David W. Lincoln

Edmonton, Alberta

Bush Plan Would Raise Grants To Low-income Students (USAT)

By Sandra Block

USA Today, February 6, 2007

The budget President Bush proposed Monday would increase federal grants to low-income college students by 33% over five years and pay for it by reducing subsidies to private lenders.

The Bush plan calls for raising the maximum Pell grant, which hasn't been increased since 2003, to $5,400 from $4,050 over five years. To offset the cost, the administration proposes reducing interest-rate subsidies to private lenders by half a percentage point. The reduction would save the government an estimated $12.4 billion over five years, the Bush administration said.

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Lenders that provide federally guaranteed student loans denounced the proposal. Sallie Mae, the largest lender, said in a statement that the cuts would cause fewer lenders to participate in the federal loan program.

Also critical was the Consumer Bankers Association, which said the cuts would slash lenders' profit margins by about 20%.

"Driving away banks from this program will leave students with either a government monopoly or an oligopoly of loan providers and few, if any, of the benefits currently provided by competition," CBA President Joe Belew said in a statement. "Without banks in the student loan program, graduates can look forward to IRS-style quality of service."

News of the plan sparked a sell-off in shares of publicly traded lenders. Sallie Mae's shares fell $4.09 to $42.37, a decline of 8.8%. Shares of Nelnet, a Lincoln, Neb.-based lender, fell $2.65 to $25.05, a drop of 9.6%.

Consumer groups and student advocates countered that lenders are highly profitable and could easily withstand lower subsidies. Student lenders are "one of the most heavily subsidized and lucrative financial industries" in the country, said Luke Swarthout of the U.S. Public Interest Research Group's Higher Education Project.

Sen. Edward Kennedy, D-Mass., chairman of the Senate Health, Education, Labor and Pensions Committee, called the current level of subsidies "outrageous," and said the Bush plan "shows how a Democratic Congress is changing the nation's priorities on student aid."

Robert Shireman, director of the Project on Student Debt, said the proposal will spark a healthy debate in Congress, which must approve any final budget plan. "This is a good time for Congress to look at what the level of subsidies should be and how do we get the most bang for our taxpayer dollars," he said.

Though Pell grants are the primary source of federal aid for low-income students, the value of the grants hasn't kept up with tuition inflation.

Pell grants covered only 33% of the average cost of tuition, fees, room and board at a public college or university in 2005-06, down from 42% in 2001-02, according to the College Board.

Twenty years ago, the maximum Pell grant covered nearly 60% of that cost.

Bush Budget Proposes Cut In Student-Lender Subsidy (WSJ)

By John Godfrey

The Wall Street Journal, February 6, 2007

WASHINGTON -- President Bush is proposing a 50-basis-point cut in student lender rate subsidies and increasing lender risk as part of a plan to save the government $95 billion in entitlement spending by 2012.

The proposal would affect Sallie Mae, Student Loan Corp. and Nelnet.

"Student lenders are the big issue this morning. It really caught people by surprise," said Brian Gardner, Washington research analyst with Keefe, Bruyette, & Woods, Inc.

Sallie Mae and other student lenders came out against similar proposals earlier this year, warning that cutting the margins will hurt students.

"Our margin on a guaranteed student loan is 50 basis points, so it is a razor-thin margin," Sallie Mae spokesman Tom Joyce said last month.

Mr. Gardner said Mr. Bush's proposal "has the potential to drive lenders away from the industry as margins shrink. It has the ability to reduce capital available to college students."

Mr. Bush is also asking for another $5.5 billion hike in premiums paid to the Pension Benefit Guaranty Corp., a follow-up to legislation he signed into law last year that would weaken in the near-term pension funding rules. The premium increase would bring those premiums closer to what a private financial institution would charge for insuring the same risk, according to the White House.

"These reforms would improve PBGC's financial condition and safeguard the future benefits of American workers," the budget document said.

The bulk of the savings in that plan, $66 billion, would come from changes to Medicare, including increased Medicare premiums for upper-income Americans. Details of the Medicare proposal were leaked this weekend and Democrats have already begun to criticize it.

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"Rather than trying to solve our health care crisis by lowering costs and covering more people, the president's plan will make the crisis worse by raising costs and failing to cover those who need it most -- our nation's children," Senate Health, Education, Labor and Pension Committee Chairman Edward Kennedy (D., Mass.), said.

Sen. Kennedy and the Democratically controlled Congress is far more likely to propose cuts in subsidies to health insurers if they decide to seek out savings in Medicare.

But Sen. Kennedy and other Democrats had already begun looking to subsidies to student lenders to finance education spending increases they prefer.

Under the Bush administration plan, the government would pay lenders $13.5 billion less over the next five years, according to White House estimates.

Another $3.3 billion would be saved by reducing subsidies to student loan guaranty agencies and another $3.2 billion would be saved by eliminating the Federal Perkins Loan revolving funds entirely.

The bulk of those student loan savings under Mr. Bush's plan would be used to gradually increase the Pell Grant maximum to $5,400. The bulk of that increase would not take effect until after Mr. Bush had left office in 2009.

Net of the spending increase, overall changes to student aid programs would save the government an estimated $2.9 billion over the next five years.

The proposal is substantially more ambitious than one being pursued in Congress, in which lawmakers also reduced lender guarantees, but cut the lender rate subsidy by just 10 basis points.

The proposal, approved 356 to 71 on Jan. 17 by the House of Representatives, would save the government $5.9 billion in lender subsidies and another $1.2 billion in guaranty agency subsidies.

The House bill would use the savings to offset the cost of cutting student loan interest rates to 3.4% from 6.8% over the next five years. Mr. Bush opposes that plan, arguing that "student debt loads have soared in recent years, and it is not clear that encouraging more loans is a wise course," according to a statement released by his Office of Management and Budget.

The Senate is expected to consider a similar student-loan interest-rate cut, but the author there, Sen. Kennedy, would prefer to offset the cost of the rate cut by pushing students into direct student loan programs, in theory generating savings for the program by cutting out private lender middlemen.

Bush '08 Budget Falls Short On Money For Border Fence (WT)

By Stephen Dinan And Jerry Seper

The Washington Times, February 6, 2007

President Bush's new budget would pay for only about half of the 700 miles of U.S.-Mexico border fence he and Congress four months ago promised to build.

With Mr. Bush trying to prove to Republicans he is serious about immigration law enforcement, his budget makes good on his promise to fund 3,000 new U.S. Border Patrol agents, putting him near his goal of doubling the agency's size. He also included funding for 22 new Immigration and Customs Enforcement (ICE) teams to identify and deport illegal aliens serving time for criminal convictions.

The White House budget asks for $1 billion in new money to build the fence. Even coupled with $1.5 billion appropriated in the past two years, this would not pay for the entire fence called for in a bill Congress passed and the president signed into law in October.

"If you mean double-strand or double-fence for 700 [miles], no," said Office of Management and Budget Director Rob Portman. The $2.5 billion could pay for either 700 miles of single-tier fence, or 370 miles of double-tier fence, along with cameras, sensors and other technology to build a "virtual fence" along the other parts.

The Department of Homeland Security has argued that only 370 miles of actual border fencing is needed, saying a "virtual fence" would suffice elsewhere. Congress, though, rejected that and insisted on 700 miles of double-tier fencing, even specifying its general locations in the bill.

Congressional fence supporters said Mr. Bush must make good on the entire fence.

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"We want to see the full fence built -- every smuggler's corridor is designated with a time and physical description to see a double fence," said Rep. Duncan Hunter, California Republican, who wrote the first bill to put fencing along key crossings.

While the fence would cover about 700 miles of the border, Mr. Hunter said it would amount to 854 miles of actual fencing. He said by his calculations, enough money is either already in the pipeline or included in the new budget to build all or almost all of that.

Overall, the Homeland Security budget would increase 1.3 percent -- a figure Sen. Robert C. Byrd, West Virginia Democrat and chairman of the Senate Appropriations Committee, called "ridiculous."

And Rep. David E. Price, North Carolina Democrat and chairman of the House Appropriations subcommittee on homeland security, said his panel will scrub the request to try to figure out what changes are needed.

"The subcommittee will need to take a fresh look at whether essential security priorities would be adequately supported under this budget," he said.

Border security fared best among Homeland Security Department programs.

Spending on U.S. Customs and Border Protection (CBP) would rise to $8.8 billion, up from $6.4 billion this year, and ICE spending would increase from $4.4 billion to $4.8 billion.

But the biggest challenge in meeting the hiring goal is to recruit and train agents.

T.J. Bonner, president of the National Border Patrol Council, said the Federal Law Enforcement Training Center in Artesia, N.M., can't handle the load.

"They clearly have to look beyond Artesia," he said. "There's only so far you can expand that, and part of the problem is the community itself isn't large enough to house all the instructors."

CBP Commissioner W. Ralph Basham told The Washington Times in an interview last year that an aggressive recruiting effort by the agency had resulted in "no want for applicants."

Mr. Basham said an ongoing attrition rate for the Border Patrol of about 4 percent -- significantly down from previous years -- meant that 8,800 new agents ultimately would have to be hired and trained by 2009 to fill the 6,000 slots Mr. Bush called for in a May speech that sought to boost the Border Patrol's numbers to 18,000.

To meet the president's goal, Mr. Basham -- who once headed the training center -- said the agency had reduced the total number of days the trainees attend the academy, "but not the training they receive." He said the overall training schedule was reduced in October from 92 to 81 days.

Bush Plan Leaves Alternative Minimum Tax Untouched (MCT)

By Kevin G. Hall

McClatchy Newspapers, February 6, 2007

WASHINGTON - President Bush's budget ducks tough issues such as shoring up Social Security and overhauling the alternative minimum tax, which threatens to punish millions of middle-class taxpayers in coming years.

The tax was intended to close loopholes for the rich, but it wasn't indexed to adjust for inflation, so income that once was considered rich is today middle-class and threatened by the AMT.

For several years, Congress has avoided the AMT's impact on middle-class families by passing one-year patches. Bush's budget assumes no more patches after the 2008 tax year. He also assumes that new revenues from the AMT will help him balance the budget by 2012. Congress is unlikely to go along, however.

"The budget rests on the assumption that the AMT will be allowed to expire and affect more than 40 million households in 2012, something nobody believes would be allowed," said Robert Greenstein, executive director of the liberal Center for Budget and Policy Priorities, a research organization.

The president takes a pass on how he thinks the AMT issue will be resolved. With each passing year it would rake in more revenues for the Treasury if left unfixed - $93 billion by 2012, according to the nonpartisan Congressional Budget Office.

Bush also assumes that Congress will make permanent his first-term tax cuts, which are set to expire in 2010. If the tax reductions were made permanent and the AMT were allowed to hit millions of Americans, the AMT would reclaim any benefits from the cuts for many taxpayers.

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On Social Security, the president repeats his 2005 call to let individuals divert portions of their payroll taxes into stocks and bonds. He now envisions this beginning in 2012, three years after he's left office. He offers no long-term fix for the retirement program, despite the impending retirement of the baby boom generation, which will strain its finances.

On health care, Bush pledges to squeeze $78 billion from projected federal spending increases over the next five years. He'd cut the rate of payment increases for health-care providers and increase premiums for wealthier retirees.

He also proposes a new $15,000 standard deduction for health-insurance costs but offers no comprehensive solution for the 46 million Americans who lack health insurance.

The AARP, the powerful lobby for older Americans, on Monday accused the president of punting on health care with "piecemeal cuts that threaten to damage critical programs without addressing the fundamental problems."

The Budget Battle And Your Wallet (WSJ)

By Tom Herman And Anne Marie Chaker

The Wall Street Journal, February 6, 2007

With Democrats now in control of Congress, many proposals President Bush made yesterday affecting individuals' wallets -- including killing the estate tax and overhauling the tax treatment of health-insurance benefits -- appear to be heading for the cutting-room floor.

But a few others, such as giving the Internal Revenue Service more money to pursue tax dodgers and protecting millions of people for another year from being ensnared in the alternative minimum tax, could attract bipartisan support.

Here is how the president's proposed $2.9 trillion budget may affect your pocketbook.

TAXES: The president is asking for nearly $2 trillion in net tax cuts over the next decade, mainly by extending provisions scheduled to expire in coming years. For example, the top 15% rate on long-term capital gains and most corporate dividends is set to expire at the end of 2010. So are today's federal income-tax rates, which range as high as 35%. Without legislation, those rates would head higher starting in 2011.

Don't expect Congress to act soon on the president's proposals to make those tax rates permanent. Lawmakers effectively have punted that issue into the elections of 2008, and beyond, amid continuing concern about reining in the federal budget deficit.

The budget also includes a plan to prevent the rapid spread this year of the alternative minimum tax, a parallel tax system designed originally to prevent a small number of wealthy people from dodging federal income taxes completely. Because the AMT wasn't indexed for inflation, it's now hitting many middle-income families, too. A Treasury official said about four million taxpayers will get hit by the AMT for 2006, and if Congress does nothing, that number will soar to about 25 million people for 2007.

Some kind of AMT fix is likely to win congressional approval. Among those already feeling the pinch of the AMT are many people who live in high-tax areas, such as New York City, New Jersey, and California and those with large families.

As expected, the president reiterated his request to Congress to kill the federal estate tax permanently. Under current law, this tax will disappear in 2010 but only for that one year.

Democrats are clear they won't go along with permanent repeal. Instead, look for an eventual compromise that includes raising the basic exclusion from the tax and cutting the top rate, thus reducing the number of people affected by it. This year, the basic estate-tax exclusion is $2 million, and the top rate is 45%. Some lawmakers have discussed increasing the exclusion to somewhere in the range of $3 million to $5 million.

Part of the budget calls for new steps to attack the nation's so-called tax gap, the difference between what the government collects each year and what it should be collecting. IRS researchers have estimated the gap is about $290 billion. .

One proposal: The president wants Congress to require many securities brokers, mutual funds and others to report what investors pay for stocks and funds. The information is relevant in figuring tax on capital gains, or the profit investors make when they sell. Treasury says it would increase compliance on capital-gains taxes.

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The budget estimates the measure, which would apply to securities acquired after 2008, would rake in about $6.7 billion over 10 years. Key details of the plan aren't yet available, said a Treasury spokesman. Some Democrats have already come out in favor of similar legislation.

This proposal is "very constructive," said a spokeswoman for the Securities Industry and Financial Markets Association, a trade group.

STUDENT FINANCIAL AID: President Bush proposed cutting the subsidy that banks and other student-lending companies receive from the federal government. Lenders say this would likely mean cuts in student benefits, such as 24-hour hot lines and discounts for on-time payments. Democrats have proposed a similar move, so the question will be, how deep the cuts?

The president also proposed cutting entirely certain student-aid programs, including the Perkins Loan, Supplemental Educational Opportunity Grant and Leveraging Educational Assistance Partnership grants for needy students. Mr. Bush tried, and failed, to eliminate some of these programs in the past and it's doubtful he'll succeed this year with a Democratic Congress.

The administration wants to apply the savings to other aid that affects more students, including raising the annual loan limit on subsidized Stafford loans by $2,000 for third- and fourth-year students. Stafford loans, which have a current limit of $5,500, are the government's biggest student-loan program.

The administration also proposed raising the annual limit students receive from the Pell Grant program -- which provides needy students with money that doesn't have to be repaid. The limit would be increased to $4,600 in the 2008-2009 academic year from the current $4,050, and ultimately to $5,400 in 2012-2013.

Pell Grant recipients are likely to see some increase. A Democratic bill introduced last month would boost the limit by a greater amount. But it's uncertain what will happen with subsidized Stafford loans. While Mr. Bush proposed raising loan limits, Democratic legislation that passed the House last month would cut interest rates.

HEALTH: Mr. Bush proposed requiring more higher-income seniors to pay more for Medicare. Currently, about 1.5 million seniors -- individuals with incomes above $80,000 a year and couples with incomes above $160,000 -- pay higher premiums in Medicare's Part B, which covers physician and outpatient services. Those income levels currently are indexed for inflation, but the president's proposal would eliminate that and expand the means testing to include the the new drug benefit, Part D. Officials expect the means testing of Part D to affect more than 1.1 million seniors in 2008. It's not clear how this proposal will fare in the Democratic-controlled Congress. While many Republicans and some Democrats have supported the limited means testing in Medicare that has already begun, many Democrats have opposed it. And senior citizens' groups aren't likely to support expanding means testing unless the resulting savings are used to improve the program, which isn't part of the Bush proposal.

The budget also calls for major tax-law changes designed to make health insurance more affordable, but also threatens to raise taxes on many upper-income Americans. But with so many competing health plans on the table, there is little chance the president's proposal will be enacted. (See related article.4)

Funding For Treating Sewage At Mexican Border Is Sought (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 6, 2007

The White House, stepping into a controversy over cross-border pollution from Mexico, asked Congress for $71.7 million to enhance treatment of sewage drifting from Tijuana to communities in Southern California if a plan to use a private contractor falls through.

Until 2000, the U.S. had planned to expand treatment of sewage from Tijuana at an existing government-owned treatment plant on the border in San Ysidro, Calif. The intent was to help stem pollution from raw sewage causing beach closings and damaging a wildlife estuary on the U.S. side.

The amount of sewage produced by Tijuana, Mexico and sent gushing toward the U.S. has jumped over the years. See photos.2

As reported in a Jan. 29 Wall Street Journal page-one article3, a group of Southern California lawmakers was able to cut off funding for that plan and instead helped a start-up company, Bajagua LLC, a generous contributor to their campaigns, get a no-bid contract to build an entirely new plant on the Mexican side of the border.

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The article reported that Bajagua recently missed crucial deadlines spelled out in its contract, including for obtaining land, permits and financing. The White House proposal, part of the president's 2008 budget plan, would expand treatment at the San Ysidro plant if Bajagua fails to meet the requirements by May 2, 2007.

Federal officials say the proposed appropriation was spurred mainly by worry that the government may violate a federal-court order on treating the sewage if the Bajagua project doesn't materialize. However, if Bajagua does meet requirements, the proposal calls for spending $3 million to cover a month's worth only of the Bajagua project's initial costs.

The San Ysidro plant currently takes 25 million gallons a day of raw Tijuana sewage and treats it only to preliminary standards before discharging it into the Pacific Ocean. That fails to meet the federal Clean Water Act standards, and the federal agency that operates the plant is under a strict order by a federal court to upgrade the treatment by late 2008. The new budget proposal for the first time would make funds available for additions to the San Ysidro plant if the Bajagua project falls through.

Write to Scot J. Paltrow at scot.paltrow@wsj.com4

A Budget Ax Over 'Harry Potter Crowd' (CSM)

By Brad Knickerbocker

Christian Science Monitor, February 6, 2007

ASHLAND, ORE.

In a corner of southwestern Oregon, a century's worth of American history is bumping up against the politics of federal spending. As a result, all 15 public libraries in Jackson County could be shuttered in a few weeks for loss of federal payments.

Washington, Alaska, Montana, and other states would be affected as well. In California, more than 4,500 schools face imminent teacher and administrator layoffs.

As a portion of President Bush's $2.9 trillion budget sent to Congress Monday, not much money is involved: about $800 million or so. But the cutoff in funding has united lawmakers across the political spectrum – from Sen. Ted Stevens (R) of Alaska on the right to Sen. Barbara Boxer (D) of California on the left. Normally mild- mannered Sen. Gordon Smith (R) of Oregon is threatening to filibuster a $464 billion continuing resolution meant to fund the federal government for the rest of the fiscal year because of what is, in essence, a quirk of history.

The controversy also highlights the difficulties of fairly allocating federal money in rural areas where the government owns so much of the land. On one hand, federal ownership crimps growth and constrains the tax base. On the other hand, residents in some of these localities pay less in state and local taxes than residents in other states.

The story starts about 100 years ago when Congress allotted 25 percent of timber harvest revenues from national forests to rural counties and school districts. Forty-one states around the country benefited from the program, mostly in the West where much (in some states most) of the land is owned by the federal government.

"For generations, these timber receipts provided funds to offset the fact that local communities cannot tax the federal government," Senator Smith said on the floor of the Senate recently.

Then came federal environmental laws, including the Endangered Species Act. Combined with what critics said was overcutting and the loss of timber jobs, the industry saw its revenues fall by some 70 percent in the 1990s. As a result, says Smith, "When timber harvest evaporated, so did county budgets."

In 2000, Congress passed the "Secure Rural Schools and Community Self Determination Act" meant to make up the difference. It covered more than 700 counties in 39 states, with Oregon getting the largest amount because it had been most affected – including when the federal government back in 1937 took over more than 2 million acres of timberland from a railroad company charged with fraud.

But that law expired last year. With budget deficits and expensive foreign wars, western lawmakers face an uphill battle getting it renewed.

"Frankly, it's a tough sell," says John Snider, a congressional staffer for Rep. Greg Walden (R) of Oregon. "Back East, they can tax almost every piece of land."

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As a result, says Jackson County commissioner Dave Gilmour, "We're now in a terrible situation with funding." At a recent public forum in the old National Guard armory in Ashland, Ore., he said the county plans to lay off 30 positions in health and human services, reduce the number of jail beds, and cut back on information technology slots.

But it's the libraries that have gotten the most attention. Rallies have been held, and book lovers have packed public hearings.

At a county commission meeting last week, grade-schooler Bronson Samel-Garloff could barely see over the podium as he offered the perspective of the "Harry Potter" crowd: "I'm reading three series of books right now, so I guess I'll have to buy the rest of them."

Erin Brender juggled her squirming 11-month-old son Sulayman as the two of them led those present in a chorus of "Itsy Bitsy Spider." The point, she said, was that "the-babies-in-the-library program lays the foundation for a lifetime of literacy and learning."

Not everyone feels this way. In letters to the editor and website postings, some have questioned the place of libraries filled with books when more and more people are getting their information online. Others wonder why federal taxpayers should foot the bill when the per capita state and local tax burden here is lighter than in 34 other states. And there are those who say the situation argues for a resumption of logging.

However it turns out, it's one more chapter in the continuing story of a region transitioning from "old West" economies based on natural resources to a "new West" of high-tech and recreation.

Fiscal Revelation (WSJ)

The Wall Street Journal, February 6, 2007

Politicians are typically late in picking up trends, so it will be interesting to see how long it takes Washington to acknowledge the big story in the Fiscal 2008 budget that President Bush unveiled yesterday: To wit, with a little spending restraint, Congress could balance the budget in no time.

You wouldn't know this from all the garment-rending yesterday in response to Mr. Bush's proposal to spend the not-so-meager sum of $2.9 trillion. Our favorite agonist is Kent Conrad, the Senate Budget Committee Chairman, and he didn't disappoint. "The President's budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction," said the Senator who was himself blocked from sneaking nearly $5 billion in "emergency" farm spending into a military construction bill in the final days of the last Congress. The North Dakotan needs to keep shouting disaster in a crowded political theater so he can justify his desire for a big tax increase.

The news Mr. Conrad won't broadcast is that over the past three years the federal deficit has shrunk by 58%. The Congressional Budget Office -- not the White House -- is estimating that the current year's deficit (for fiscal 2007) will fall to $172 billion. That's not bad given continuing Katrina relief spending, $30 billion for homeland security, and a couple hundred billion or so to fight the war on terror.

The White House is projecting that its new budget will eliminate the deficit by 2012 assuming Mr. Bush's tax cuts are extended after 2010. We don't put much stock in future budget forecasts because they depend on so many variables. But even CBO predicts the deficit should remain near or below 1% of GDP for the rest of the Bush Presidency. That's well below the 40-year average of 2.4% of GDP.

This also means that the federal debt burden will continue to fall. Alarmists point to the $1.4 trillion rise in total federal debt from 2003-2006, but that amount is dwarfed by the $14 trillion in new household wealth created over the same period. And for all the international scolding of an allegedly profligate America, U.S. federal debt as a share of GDP is falling again (see the top chart nearby). At 37% in 2006 and heading south, the U.S. figure compares to 52% in Germany, 43% in France, and 79% in Japan. Once again rising total "debt" is a scare word used to justify higher taxes.

The real game to watch isn't debt or deficits but spending. Here, too, Mr. Bush has an improved track record in his second term. From 2001-2005, outlays ballooned by $609 billion, or 33%, and Mr. Bush never did veto a spending bill. By contrast, on current pace his second term outlays will grow by 21% -- hardly tightfisted, but a third slower.

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The other news you won't often hear concerns the soaring tax revenues in the wake of the 2003 supply-side tax cuts. Tax collections have risen by $757 billion, among the largest revenue gushers in history. Receipts, especially from high-income individuals and corporations, have been growing for some two years at nearly twice the rate of spending, which explains the falling deficit. Economic growth is always the key to eliminating red ink, which is why keeping this 63-month expansion rolling needs to be the main domestic priority. This requires making those lower 2003 tax rates permanent, rather than letting them expire in 2010 and socking the economy with the biggest tax increase in history.

The more immediate budget brawl between Mr. Bush and Democrats will be how to divide that mere $2.9 trillion between guns and butter. Mr. Bush wants $245 billion more for Iraq and Afghanistan for 2007 and 2008. His overall Pentagon request of $606 billion in 2008 has been lambasted by Speaker Nancy Pelosi as a "huge number" and Democrats are moaning that their cherished social programs will suffer.

In fact, Mr. Bush's request would only bring defense outlays to 4.2% of GDP, or about 20% of total federal spending. That compares to 4.7% of GDP even under Jimmy Carter, and 6.2% of GDP in 1986 at the peak of the Reagan defense buildup (see bottom chart). Budgets are about setting priorities, and if Democrats agree that defeating terrorism is vital they will put it ahead of funding the National Endowment for the Arts.

Or how about capping subsidies to farmers with incomes above $200,000? Senator Conrad could lead by example in accepting that White House proposal, and in return zero out Mr. Bush's $200 million political sop for state and local police.

All in all, the fiscal news is so good that the tax hike lobby has had to do a bait-and-switch and fret about the "long-term." Somehow this wasn't a priority when Democrats and Republicans alike were trying to kill Social Security reform in 2005. But all of a sudden penury is said to be right around the corner. Well, Congress could always reform those programs, but don't hold your breath. Mr. Bush is proposing a very modest $96 billion reduction in the growth of Medicare and other entitlements over five years, and Democrats are already outraged.

The best news in yesterday's budget may be that Mr. Bush seems to be rediscovering some fiscal nerve. His proposals won't raise taxes, while using the power of the market to combat problems in health care, and putting a tight leash on domestic discretionary programs. Defense gets the bulk of spending increases, as it should in a time of war. Maybe we'll finally get a debate over national spending priorities.

Mr. Bush's Deficit Dance (WP)

The Washington Post, February 6, 2007

HAVING PILED UP record deficits, President Bush now promises black ink by 2012 -- three years after he leaves office. The fiscal 2008 budget the president submitted to Congress yesterday shows Mr. Bush's purported path to a $61 billion surplus by 2012. Some of its approaches, particularly the effort to restrain the growth of Medicare through additional means-testing and cutting payments to providers, are commendable; they merit more serious consideration by Congress than they appear destined to receive. The administration also deserves credit for a more candid acknowledgment of the likely cost of the war in Iraq than in budgets past. For the first time, the administration included a realistic estimate of the cost of operations in Iraq and Afghanistan for the coming year, $145 billion.

Yet Mr. Bush's balance is more illusory than real. It ignores known costs such as ameliorating the impact of the alternative minimum tax, which would top $90 billion in 2012 alone; the administration, once again, would simply affix a one-year patch for 2008. It assumes the government will collect far more revenue than the Congressional Budget Office projects, amounting to a $150 billion difference in 2012. No one should start spending Mr. Bush's projected surplus.

The more fundamental problem with Mr. Bush's supposedly balanced budget is its fundamentally unbalanced approach. He squeezes social programs while his tax cuts remain untouchable. An administration serious about fiscal prudence would have acknowledged that political and fiscal reality -- a new Democratic Congress, the ever-mounting costs of war -- demand reconsideration of some of the tax cuts. Instead, Mr. Bush yesterday insisted once again on extending them, at a cost of $1.6 trillion over the next 10 years.

That's not sustainable, particularly in light of the squeeze the administration wants to put on domestic spending. On top of emergency spending for the war, it would hike outlays for defense and homeland security by 10.7 percent next year and 23

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percent over five years. By contrast, domestic discretionary spending would, depending on how you measure it, grow slowly -- 1 percent over each of the next five years, according to the administration's figures -- or actually shrink slightly.

Either way, the money available would increasingly fall behind as the population grows and inflation erodes the funding's purchasing power. A Democratic Congress is not going to accept -- nor should it -- cutting health insurance for low-income children or fuel assistance for the elderly while extending tax cuts for millionaires.

If Mr. Bush's budget is dead on arrival in this Congress, that increases pressure on the leadership there to come up with its own approach. Democrats have a new responsibility to propose realistic solutions to difficult problems and to demonstrate that they are willing to make the kinds of painful trade-offs for the country's long-term fiscal health that the president, once again, has ducked.

The Other Defense Budget (NYT)

The New York Times, February 6, 2007

American troops under fire in Iraq and Afghanistan deserve every penny requested for them in President Bush's new $622 billion Pentagon budget. And the overstretched Army and Marine Corps clearly need support, along with the extra troops that will eventually come their way. But that still leaves more than half of the overall request for Congress to carefully scrutinize and significantly prune.

Apart from war costs and personnel increases, this budget slips in more than $40 billion in other spending increases, compared with last year. Since Mr. Bush took office, the Pentagon budget has more than doubled. It is now higher, in real terms, than it has been in the past half-century.

Congress should direct particular attention to the roughly $140 billion in weapons procurement, research and development costs that are not part of the Iraq and Afghanistan section of the budget. Far too many of these programs are products of cold war strategic thinking and have outlived their rationale in a world with no superpower arms race.

That includes the $4.6 billion slated for the Air Force's F-22 stealth fighter, the $2.6 billion for the Marine Corps' tilt-wing V-22 Osprey, the $3 billion for the Navy's DDG-1000 stealth destroyer and $2.5 billion for the Virginia-class attack submarine. It also includes much of the $15.9 billion going to space weapons and missile defense.

Several of these programs can be canceled outright. The F-22 is one of three new-generation stealth fighters, and the most expendable because it was originally designed for air-to-air combat against Soviet-style MIG fighters. Likewise, the Virginia-class submarine was designed to track enemy nuclear submarines. The DDG-1000 is a blue-water fighting fortress, when what the Navy really needs these days is smaller, faster ships that can operate in shallow coastal waters.

It makes sense to provide the Navy and Air Force with adequate means to maintain their current comfortable margins of superiority over any probable foe. That can still be done for billions of dollars less than President Bush has just requested.

If the new Democratic-controlled Congress is serious about reducing budget deficits and finding the money to pay for acute domestic needs, it will have to pare back the most extravagant elements of this fantasy weapons wish list. Special responsibility falls on the Armed Services Committee chairmen in both houses, Senator Carl Levin and Representative Ike Skelton. Addiction to military pork is the one area in which bipartisanship has flourished in Washington in the past six years.

This nation can afford to pay for all of its legitimate military needs. What it cannot afford are costly jobs programs disguised as defense and the wasteful weapons projects promoted by an army of well-connected Washington lobbyists.

Fudging The Budget (NYT)

By Steven Rattner

The New York Times, February 6, 2007

WHEN President Bush sent his new budget to Congress yesterday, he trumpeted a continuing decline in the deficit and projected a swing back into the black by 2012.

But the accounting in the thick volumes issued by his Office of Management and Budget bears about as much similarity to the practices of private sector companies as Sanskrit does to Chinese. For sometimes obscure and sometimes political reasons, the federal government reports its finances in a way that portrays them far more favorably than they deserve.

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The "official" deficit figure for the 2006 fiscal year is just under $250 billion. But a more accurate calculation would indicate a deficit nearly three times higher, and that is even without including some vast obligations the government owes. And while a strong economy is pushing down that headline deficit, the government's financial commitments actually grew more rapidly last year than in 2005.

In fact, the federal government itself obliquely acknowledges this chimera in a flotilla of other reports, including the obscure Financial Statement of the United States, prepared by the Government Accountability Office using methods closer to what a shareholder would find in an annual report.

These adjustments concentrate on one gap in federal budget bookkeeping: the government's failure to properly account for the cost of pensions for its own workers. Simply incorporating this liability would increase the federal deficit by roughly $200 billion.

But the official accounting is also misleading another way — specifically, in the way it handles Social Security. In 2006, the federal government received $185 billion more in Social Security taxes than it paid out in benefits. Unlike a private company, which keeps such overages in its pension fund to cover future benefits, the White House pockets the money and declares the deficit to be smaller.

Interestingly, until 1968, the federal government followed private sector practice by putting trust funds like Social Security in separate budgetary silos. Then President Lyndon B. Johnson appointed a commission that brought these programs into a new "unified budget."

While the commission argued that a single federal budget would be less confusing and more reflective of the government's overall impact on the economy, skeptical commentators noted the salubrious effect — in the midst of the Vietnam era guns-and-butter debate — of wrapping in the Social Security surplus.

Even if we adjusted properly for pensions and entitlements, we would leave unaddressed the largest financing gap, unheralded by President Bush yesterday: by some estimates, $39 trillion would have to be set aside now to pay for Social Security, Medicare and similar benefits that have already been promised. Just a year ago, those future obligations were $3 trillion less. Taken as a whole, the federal government's commitments have grown from $20 trillion in 2000 to $50 trillion today.

To be sure, arcane and even misleading accounting policies long predate the current administration; for the past 10 years, the G.A.O. has cited "material weaknesses in financial reporting" by the government. In recent Congressional testimony, David M. Walker, comptroller general of the accountability office, said, "Our fiscal and financial condition is worse than advertised."

And of course, the private sector has its shortcomings, particularly in providing medical benefits to retirees. But when it comes to pension obligations, the disparity is striking. Just two weeks ago, the consulting firm Towers Perrin reported that at the end of 2006, the pension funds of the Fortune 100 companies were actually overfinanced.

Meanwhile, in Washington, the damage from gaming federal accounting idiosyncrasies grows exponentially. When President Johnson created the unified budget for the 1969 fiscal year, the ultimate effect was to turn a deficit of $507 million into a surplus of $3.2 billion. Today, our budgetary sleight-of-hand obscures hundreds of billions of dollars of shortfalls.

Sadly, the solutions to this problem are well known and painful: more revenues (yes, including from rolling back President Bush's tax giveaway to the rich) or less spending (at long last, public outrage seems to be curbing the pork barrel "earmarking" process in Congress).

But we'll have to go further than that. To make meaningful progress, we will need to tackle Social Security and Medicare. One glimmer of hope regarding Social Security has emerged from Treasury Secretary Henry Paulson, whose many years of studying corporate financial statements doubtless contribute to his offering to work toward solutions with "no preconditions." Both Democrats and Republicans should pull up chairs at Secretary Paulson's table with open minds.

Building a political consensus behind difficult measures would be easier if the public were more accurately apprised of our fiscal condition. Unfortunately, simply importing private sector accounting practices wouldn't properly express the complexity of the federal government's activities and obligations.

Instead, we need to elevate "accrual accounting," which better measures the government's future pension responsibilities, to the same level of public visibility as the "cash accounting" figures that are now emphasized. And our primary measure of our

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deficit should exclude the Social Security surplus. Finally, our obligations for future entitlements payments — the $39 trillion — should also be emphasized in reports like today's.

Back in 1802, Thomas Jefferson beseeched his Treasury secretary to adopt finances for America "as clear and intelligible as a merchant's books" so that "every man of any mind in the union should be able to comprehend them." More than 200 years later, that advice remains regrettably unheeded.

The Sarbanes-Oxley Act tried to reform misleading private sector practices. The federal government needs a similar effort.

Tax-Law Crackdown To Raise $29.5 Billion (WSJ)

By Rob Wells

The Wall Street Journal, February 6, 2007

WASHINGTON -- The Bush administration is launching an effort to collect an estimated $29.5 billion in uncollected taxes, partly through new reporting requirements on securities sales.

The proposals to close part of the estimated $290 billion tax gap are included in the White House's proposed $2.9 trillion budget plan for the 2008 fiscal year, released Monday. (See related article1.)

Overall, President Bush's fiscal 2008 budget calls for $1.85 trillion in tax cuts over the next 10 years, primarily by making his first-term tax cuts permanent law. As he has in years past, Mr. Bush wants Congress to make into permanent law the repeal of estate taxes, reductions in income tax rates, and lower capital gains and dividends taxes. These tax cuts are due to expire in 2011.

Several new proposals this year would address the "tax gap," a measure of uncollected taxes. The Bush budget would require corporations, investors and merchants to report more details of their business dealings to the Internal Revenue Service. This is part of a move to boost the overall compliance rate with the tax code, which was 86% in 2001.

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A key proposal in this expanded "information reporting" includes new reporting requirements for the basis of publicly traded securities, which involves a measure of stock purchase price plus any necessary adjustments. The Bush budget has few details of the plan and a Treasury spokeswoman declined immediate comment.

Underreporting of capital gains resulted in $11 billion of the tax gap, according to a 2001 IRS estimate.

Proposals to address capital gains shortfalls have been made on Capitol Hill, however. Congress' Joint Committee on Taxation last year proposed brokers to report to the client and to the IRS the adjusted basis of publicly traded securities sold during the preceding taxable year.

One congressional tax expert, Marc J. Gerson of the law firm Miller & Chevalier, said the Democratic-controlled Congress would find such a proposal attractive, particularly under new budget rules that require any tax benefits to be offset with revenue increases.

"Congress will be looking for money and they will gravitate towards this," said Mr. Gerson, a former Republican staff member on the House Ways and Means Committee.

Industry groups have warned about the burden posed by such plans. The Securities Industry Association has said such a tax basis reporting requirement "presents substantial challenges for brokers."

Other changes to tax information reporting would involve certain payments to corporations, expanded "broker information reporting," and reporting on merchant payment card reimbursements. It would also require a certified tax identification number

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from nonemployee service providers. And it would require increased information reporting for certain government payments for property and services. The plan also involves increased penalties for incomplete tax information returns.

The Bush budget plan also would expand a variety of tax penalties to deter wrongdoing by tax preparers, punish failure to comply with electronic filing requirements or for filing erroneous tax refunds.

Another major change would involve the airline ticket tax. The budget envisions a $69.7 billion tax cut due to modifying the "Airport and Airway trust fund," beginning in fiscal 2009. The budget said this proposal involves changing the funding of the Federal Aviation Administration.

"The FAA's current excise tax system, largely based on taxes on the price of airline tickets, does not have a direct relationship between the taxes paid by users and the air traffic control services provided by the FAA," the budget said.

"Under the reauthorization proposal, FAA would collect user fees from commercial aviation operators for air traffic control services starting in 2009," the proposal said.

New initiatives include revamping tax treatment of employer-provided health care. The President's proposals are designed to encourage more people to buy private health-care policies instead of relying solely on employer-provided plans.

This proposal would cost $121 billion through 2012, but it more than pays for itself through 2017, the budget contends, bringing in $5.15 billion over the 10 year period.

The proposal would classify employer-provided health insurance benefits as taxable income. It would give all taxpayers the same deduction for health insurance, $15,000 for families, $7,500 for singles. As a result, workers with a generous health plan, or "Cadillac" health plans, would pay taxes on the amount exceeding the deduction.

The budget also proposes expanding and making Health Savings Accounts more flexible, a $10.4 billion benefit.

In other areas, the Bush budget proposes $33 billion in tax incentives to boost savings and charitable giving, make health care more affordable, strengthen education and help the environment. It would permanently extend the corporate research and development tax credit, a proposal made in prior years.

It would repeal two energy tax breaks, such as a more favorable recovery period for natural gas distribution lines and write-offs for geological and geophysical exploration expenses. This would bring in $1.5 billion through 2017.

The budget would extend relief from the Alternative Minimum Tax for one year, in fiscal 2008, at a cost of $47.9 billion. The AMT was created in 1969 and was designed to halt tax evasion by the wealthy.

Congress failed to index the AMT to inflation and so it is capturing an increasing number of middle-income taxpayers in high-tax states such as New York, California and New Jersey. According to the Congressional Budget Office, with no change in law, the number of taxpayers subject to the AMT is expected to rise from four million in 2006 to 39 million by 2017.

Bush Proposes Change In How FAA Is Funded (WSJ)

By Robert Guy Matthews

The Wall Street Journal, February 6, 2007

President Bush told Congress he wants to scrap the passenger-ticket taxes used to help fund the air-traffic control system and replace them with user fees for commercial airlines.

The result, however, will be some air travelers, commercial airlines and corporate jet owners are likely to end up paying more to fly to pay for a new generation of traffic control technology.

If approved, the proposed changes would take effect in 2009 and mark a major shift in how the Federal Aviation Administration is funded. Fees would be assessed for flights depending on how much traffic controllers are used to guide them through the skies. It isn't yet clear if these fees would show up on tickets.

The current system uses a mixture of ticket taxes, fuel taxes and other add-ons to pay for air-traffic control. Business jets represent more than 18% of all flights, but they pay just 5% of those FAA fees. Airlines, which represent some two-thirds of flights but pay more than 90% of the fees, have long complained they are overpaying. They see this proposal as a victory of sorts.

"Whether there are three or 300 passengers on an aircraft, to an air traffic controller, a blip is a blip on the radar screen," said James C. May, president of the Air Transport Association, the leading airline trade group.

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A major obstacle to getting the plan off the ground, though, is that the chairman of the House Transportation and Infrastructure Committee, Rep. Jim Oberstar (D., Minn.), has argued that the current tax system doesn't need changing.

"The proposal is pretty sketchy at this point," said Mr. Oberstar's spokesman, Jim Berard. "Until they can provide convincing evidence to change the system, then he isn't going to change the system."

There are 7,836 commercial airplanes and approximately 16,658 corporate aircraft registered in the U.S., according to the FAA. While the number of corporate aircraft is higher, commercial jets are used much more frequently and often fly longer distances, which adds to the workload of air traffic controllers. President Bush says the new system will better assess costs for using the air-traffic-control system.

Under the budget proposal, corporate jets and perhaps private aircraft would still fund the FAA through fuel taxes, albeit higher ones. That worries corporate fliers.

"We will be in overdrive" to lobby against the proposal, said Steve Brown, senior vice president of operations for the National Business Aviation Association, a Washington-based lobbying group. "We will contact all our members and you name it we will be out there."

FAA Administrator Marion Blakey demurred on details such as how much more in user fees would be generated to pay for the system. She said that more details would come "as early as next week" when the Bush administration plans to submit its plans for the reauthorization of FAA funding, due to expire later this year.

Next week, the Transportation Department is likely to spell out how the user-fee system would work, whether it would count the number of planes in the sky, how long they stay in the air, or landings and takeoffs.

What is clear though is that these proposed changes side with public commercial airliners rather than private corporate jets fliers in their debate over which is the fairer way to pay for use of the air traffic control system.

Commercial airliners pay through ticket taxes, the ones that Bush proposes to eliminate, and to a lesser extent fuel taxes.

Corporate fliers pay higher fuel taxes than commercial airliners for use of the system. But because corporate jets don't have ticket-paying passengers, they aren't subject to that tax.

Ms. Blakey said that there would be an increase in the fuel tax under the proposed system. "I think we will see increase on the fuel tax. I am talking about shifting of costs, not increasing of costs" overall.

McConnell Focuses On Judges As GOP Defines Top Priorities (HILL)

By Alexander Bolton

The Hill, February 6, 2007

Senate Minority Leader Mitch McConnell (R-Ky.) is signaling to colleagues that he will take a personal and leading role in pressuring Democrats to confirm President Bush's judicial nominees, an issue that has received little attention since the election.

Republican senators agreed to make judicial nominees one of their top priorities at a one-day retreat held Friday at the Library of Congress before a meeting with Bush at the White House. Other key concerns, which senators designated in questionnaires they submitted to the Republican leadership, are fiscal policy, taxes, budget, healthcare, energy security, immigration reform and national security.

While Bush has said he still wants to push Social Security reform, the senators did not include it in their broad agenda for the next two years, indicating a lack of support for the measure.

At the retreat, various committees' ranking members led discussions on the GOP's highest priorities for the 110th Congress. Sen. Judd Gregg (R-N.H.), the top Republican on the Budget panel, led the discussion on fiscal policy and the budget. Sen. Mike Enzi (R-Wyo.), ranking Republican on the Health Committee, led the debate on healthcare, and Energy and Natural Resources ranking member Pete Domenici (R-N.M.) spearheaded the talk on energy security.

McConnell kicked off the private talk on judges and reiterated his expectations of Democrats on judges during a press conference Monday.

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"Senate Republicans expect that Bush be treated the same way during the last two years of his presidency as each of the last three presidents were treated in the last two years of theirs when the Senate was controlled by the opposition party," McConnell said yesterday.

McConnell said that during the last two years of the Reagan, the first Bush, and the Clinton administrations, the Senate confirmed an average of 17 circuit court nominees, adding that conversations with Senate Majority Leader Reid (D-Nev.) have left him optimistic "that standard will be met."

But that baseline would set a slightly faster pace for judicial confirmations than what the Senate followed in the last Congress when it confirmed 16 circuit nominees, according to the Department of Justice.

"That's a recognition that the best leverage we have isn't on the committee but on the floor, the ability to use leverage on the floor to insist on an up-or-down vote for judges," said Sen. John Cornyn (R-Texas), vice chairman of the GOP conference and a member of the Senate Judiciary Committee.

With a one-seat advantage on Judiciary, Democrats could slow the pace of judicial nominations to a trickle. But Republicans can pressure the panel to move more quickly by holding up Democratic legislative priorities on the chamber floor.

"I'm very encouraged by Sen. McConnell's personal interest in the subject," Cornyn said. "The role of the retreat was to agree on an approach and priorities."

With the conference priorities in hand, GOP leaders will begin working on specific policies. "The retreat helped us focus on the issues that most concern our constituents," said Sen. Jon Kyl (Ariz.), the Senate GOP conference chairman. "The next step is working with the Policy Committee and our ranking members to add legislative detail to the guiding principles the conference crafted at our retreat. This is an ongoing process that will give every member an opportunity to help shape our agenda."

Sen. Arlen Specter (R-Pa.), the ranking Republican on Judiciary, said he was comfortable with McConnell's role. Specter worked with McConnell on the presentation before the meeting.

"McConnell started the discussion as to the confirmation process and then he asked me to supplement his views, which I did," Specter said. "He's the leader and I'm the ranking member. That sequence gave appropriate consideration to my position."

Specter said Democrats seem willing to approve Bush's court picks at an acceptable rate, noting that the committee approved five district court judges for a vote last week.

"Chairman [Patrick] Leahy (D-Vt.) has been entirely cooperative in moving judges," he said. "The indicators are that Democrats will be responsive to continuing the confirmation of judges. I'm anticipating a cooperative approach."

Sen. Mel Martinez (Fla.), the only Hispanic member of the GOP conference, led the discussion on immigration reform, an issue that split Senate Republicans last year. Martinez was careful not to spark another clash, emphasizing Republican consensus on such issues as the need to enhance border security and to ensure "the rule of law," an allusion to the blind eye that law enforcement sometimes turns to illegal immigration.

Specter, who is known for his outspokenness and independence, said Martinez has special expertise on the issue, but cautioned that all facets of the challenge must be addressed.

"While you have to deal with two subjects appropriately, you have to handle the 11 million and the guest worker program as well," he said, referring to America's estimated 11 million illegal immigrants.

On national security, Republican lawmakers have reached a consensus on the need to increase the size of the military, something Bush made a priority in the budget his administration made public Monday. Republicans have also reached a rough consensus on opposing Democratic plans to cut funds for base closings in the continuing funding resolution that will soon reach the floor. A GOP leadership aide said that Republicans will raise the issue repeatedly when the Senate considers that measure.

On the issue of fiscal discipline and taxes, Republican senators discussed the need to produce legislative proposals that give voters a better understanding of how GOP policies benefit their personal finances.

"One of the big points was that we have to explain our economic policy and how we feel about budgeting and taxes," a retreat participant said.

9th Circuit Steps Up En Banc Reviews (LAW)

DOJ_NMG_0128292

By Pamela A. Maclean, The National Law Journal

National Law Journal, February 6, 2007

The 9th U.S. Circuit Court of Appeals appears bent on reining in potential conflicts between its precedents and those in other circuits before they catch the eye of the U.S. Supreme Court.

The nation's largest federal appellate court issued 25 orders to rehear appeals by 15-judge en banc panels in 2006, the highest number in decades, with a whopping nine orders in one five-week period between Dec. 21, 2006, and Jan. 23, 2007, according to court records.

The latest spate of nine orders all came in criminal or habeas petitions.

"This is a noteworthy flurry of activity," said Arthur Hellman, a professor at the University of Pittsburgh School of Law who has written a book about the circuit and follows it closely. "One thing it says is the court is being proactive in clarifying its law."

Judge Alex Kozinski, a 9th Circuit judge since 1985 and slated to be chief judge at the end of the year, agreed. "There seems to be a greater willingness on the part of judges to view the en banc process as a continuing part of our responsibility in shaping circuit law," he said.

Circuit rules provide that a majority of the court's 26 active judges may order a full court reconsideration of three-judge panel decisions in a process known as en banc review. Because of the impracticality of all 26 judges sitting for rehearing, the circuit adopted a system of limited en bancs with random selections of 15 judges to rehear cases.

The en banc process is intended to eliminate conflicting panel decisions within the circuit and conflicts with precedents in other circuits.

In three of the nine cases that the court most recently voted to review en banc, the lower court panel had yet to issue a ruling. That generally happens when the three judges find a conflict within the circuit and refer the case to the entire court, according to Kozinski. Under circuit rules, three judges can't resolve the internal split; it must be done by en banc review.

PRO-GOVERNMENT RULINGS

Significant public policy issues may also drive en banc sessions, as in the case of a challenge to California's gubernatorial recall election that was reviewed and approved by an en banc panel in a nationally televised hearing.

In the late 1990s, former Supreme Court Justice Sandra Day O'Connor encouraged 9th Circuit judges to take more cases en banc as a means of cutting down on its high reversal rate at the Supreme Court. The worst year for reversals was the high court's 1996-97 term, when it overturned 27 of 28 cases from the 9th Circuit.

After 1996, which had a low of 12 en banc reviews, the numbers fluctuated, with the highest, 23 cases, coming in 2003, until a new high of 25 cases was set last year, circuit figures show.

Hellman said one thing that stands out among the most recent cases taken up for en banc review is that in five of the panel decisions, four were in favor of the government and against the defendant. "I don't think you would see that in any other circuit, four out of five cases taken in quick succession to reconsider a favorable government ruling," he said.

In one of those cases, the court will examine the question of whether a potential airline passenger who passes successfully through a metal detector can then prevent the secondary screening by telling agents he has decided not to fly. U.S. v. Aukai, No. 04-10226. The three-judge panel said screeners should be allowed to search the passenger.

Another case under review held as harmless error the government's failure to disclose to the defense in a bank robbery case that someone who looked like the defendant had been convicted of nearby bank robberies. U.S. v. Jernigan, No. 05-10086.

Kozinski said the en banc process is "very disruptive and takes lots of resources." A lot of judges tend to vote against granting en bancs automatically because they philosophically oppose the en banc process. "It is a big bother and inconvenience," he said. But among newer judges, "it is viewed as an integral part of our work," he said.

He did not comment on individual cases but said, in general, "we pay attention to what other circuits do and if we look like an outlier we may take the case en banc." The thought is that the full court should do the extra work rather than create disagreement with another circuit, he said.

Snow Faults Bush Stand On Private Accounts (WSJ)

The Wall Street Journal, February 6, 2007

DOJ_NMG_0128293

NEW YORK -- Former Treasury Secretary John Snow said the Bush administration's first effort to overhaul Social Security failed because the administration was "intransigent" on private accounts.

Mr. Snow, Treasury secretary from 2003 to 2006, said the administration's insistence that a Social Security fix include private accounts carved out of the program shifted the focus from making the retirement program solvent. It would have been better, he said, to propose private accounts on top of the existing program, as some Democrats suggested. "You can't do health-care reform or Social Security reform ... without a bipartisan consensus," Mr. Snow said at the Private Equity Analyst Outlook conference last week, organized by Dow Jones & Co., publisher of The Wall Street Journal. "If we made a mistake, it was not approaching it in more of a bipartisan way." The administration's "condition for engaging" was private accounts carved out of the existing Social Security system, said Mr. Snow now chairman of private-equity firm Cerberus Capital Management.

Senate Seeks Intelligence Hub To Shield Satellites (WT)

By Bill Gertz

The Washington Times, February 6, 2007

Congress is calling for the creation of a new National Space Intelligence Center to better spy on space-based and other threats to U.S. military, intelligence and commercial satellites.

A provision of the Senate intelligence authorization bill for fiscal 2007 would require the Bush administration to set up the new center within the Office of the Director of National Intelligence (ODNI). The plan was disclosed in a little-noticed section of committee's report on the bill made public Jan. 24.

The report stated that threats to U.S. satellites are increasing, a fact highlighted by China's recent test of an anti-satellite (ASAT) missile interceptor that destroyed a Chinese weather satellite. U.S. reliance on satellites for both national security and commerce is increasing and "a loss of any or all of these assets could do tremendous harm to our economy and security," the report said.

Intelligence spending on spying "concerning threats to our interests in space has declined markedly," and only 10 percent of current intelligence resources are focused on threats to space systems, the report said.

"Recent international events have only served to highlight this problem," the report said in a reference to China's Jan. 11 anti-satellite weapon test, which has drawn international criticism, and an earlier incident involving a Chinese laser illumination of a U.S. satellite in what U.S. intelligence officials said was likely a ground-based laser ASAT test.

Further details about the new center are contained in the classified portions of the Senate bill.

A congressional aide close to the issue said the proposal has good support from Republicans and Democrats in Congress, and gained support after China's recent anti-satellite weapon test.

"We haven't been doing a very good job identifying what the threats are in space across the government," the aide said. "The idea of the center is basically to try to network the existing analytical staff around one office."

The White House said it supports improving space intelligence but has concerns about lines of authority in the current draft legislation.

Gordon Johndroe, a White House National Security Council spokesman, said the administration was "encouraged" by the committee plan to improve space-related intelligence, "but [we] are concerned that the National Space Intelligence Center will not solve the problems they are trying to address," he said, noting the legislation as now drafted "blurs lines of accountability and responsibility for space systems" between the ODNI and the Pentagon's intelligence policy office.

The Chinese ASAT test last month involved the launch of a missile into space with a nonexplosive warhead that destroyed the Chinese satellite. U.S. officials said it was a "wake-up call" on the danger of space weapons. According to U.S. intelligence officials, U.S. satellites have little or no ability to report whether they are under attack, or even threatened.

According to the Senate report, the space intelligence center would be devoted solely to gathering and analyzing intelligence on space threats, and would work closely with similar Air Force and Defense Intelligence Agency centers in Ohio and Alabama. The director would be the national Intelligence officer for science and technology.

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Air Force Gen. Kevin Chilton, commander of the Air Force Space Command, the lead military unit for space defense and warfare, said recently there is an growing need for better intelligence on space threats because the danger of attacks on satellites is increasing.

"The knowledge base you need [for space intelligence] is different than the knowledge base you need for air-breathing intelligence, land intelligence or naval intelligence," he told reporters in September.

Pelosi Catches Nonstop Flights Home (WP)

By Lois Romano

The Washington Post, February 6, 2007

Amid rumblings from conservatives that she is seeking special treatment, House Speaker Nancy Pelosi (D) will receive use of an Air Force jet larger than the one used by her predecessor, Rep. J. Dennis Hastert, so she can fly nonstop to her home in San Francisco.

Ever since the Sept. 11, 2001, attacks, the speaker, who is next in line for the presidency after the vice president, has been given use of a government plane for security reasons. Hastert (R-Ill.), who had flown commercially before the attacks, was the first to have use of a plane. But the one he traveled in was too small to make it to California without refueling.

Yesterday, the House sergeant-at-arms issued a statement saying that the leadership is awaiting word from the Air Force on the rules for using the plane. It is unclear, for example, who can travel with Pelosi and whether she can return home from a political event on the taxpayer-funded plane.

Pelosi's office requested the guidelines, triggering a story in the Washington Times in which sources questioned whether she was asking for more than the former speaker received.

Democratic aides sputtered about a "right-wing hatchet job" to make Pelosi look bad. But, said one involved in the negotiations, "this is about security, not about convenience."

An aide in Hastert's office said yesterday that the former speaker used the plane for official business but not for political travel. He did at times transport his wife and staff when he was flying to and from Illinois.

Brendan Daley, a spokesman for Pelosi, said that she will not use the plane for political travel.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, February 6, 2007

Remember Reagan

Former President Ronald Reagan would have been 96 today. Rest assured, folks are celebrating -- and in splendid style.

Edwin I. Meese III, attorney general during the Reagan administration, will preside over activities at the Ronald Reagan Presidential Library in Simi Valley, Calif., which include an Air Force flyover, a 21-gun salute, the 1st Marine Division Band, the U.S. Naval Academy Men's Glee Club, a wreath-laying -- and cake, of course.

Virginia-based Young America's Foundation, which operates an educational retreat for budding conservatives at Mr. Reagan's former ranch in the California foothills, will offer a daylong open house in the ranch conference center in Santa Barbara. The group also has begun a grass-roots effort to urge college professors across the nation to display the American flag in their classrooms.

"College conservatives can combat the lies their professors and administrators tell about Reagan. Students will distribute posters that highlight the success of the Reagan presidency, including a 5.1 percent increase each year in charitable giving, a 31 percent increase in the gross national product, an 18 percent increase in real disposable income per capita and 18.4 million new jobs created," the group said.

No surprise

"The only surprise about the Republican debacle in the 2006 congressional elections was that many conservatives found it surprising," Paul M. Weyrich and William S. Lind of the Free Congress Foundation write in the latest issue of the American Conservative.

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"Conservatism has become so weak in ideas that during the presidency of George W. Bush, the word 'conservative' could be and was applied with scant objection to policies that were starkly anti-conservative," the authors write, adding: "The next conservative movement will not be credible if it is led by people and institutions that sold out to today's equivalent of Rockefeller Republicanism."

Bush bashers

Evan Thomas of Newsweek says it is the job of reporters to "bash" President Bush.

Friday on WETA-TV's "Inside Washington" program, the topic was "whether the media's been unfair to President Bush, given his abysmal approval ratings," Tim Graham reports at www.NewsBusters.org. "NPR reporter Nina Totenberg said Bush received a 'free ride' for years, so now the worm has turned and the coverage is fierce."

Host Gordon Peterson then asked for Mr. Thomas' opinion: "What do you think, Evan? Are the mainstream media bashing the president unfairly?"

Mr. Thomas: "Well, our job is to bash the president; that's what we do almost."

Mr. Peterson: "But unfairly?"

Mr. Thomas: "Mmmm -- I think when he rebuffed, I think when he just kissed off the Iraq Study Group, the Baker-Hamilton commission, there was a sense then that he was decoupling himself from public opinion and Congress and the mainstream media, going his own way. At that moment, he lost whatever support he had."

Uniform response

Inquiring on the matter of "allowing gays and lesbians to serve in the military," a Harris poll released yesterday found that political parties disagree. "There is a large partisan split on this issue," the findings stated.

When asked whether homosexuals should serve openly in the armed services, 37 percent of Republican respondents and 69 percent of Democratic respondents agreed. The nationwide average on the question was 55 percent.

If they served in the military but kept their homosexuality a secret, 30 percent of Republicans and 10 percent of Democrats would approve; nationwide, the number was 19 percent. Should homosexuals be barred altogether from military service? Among Republicans, 21 percent agreed with the idea, and among Democrats, 7 percent. Nationwide, 13 percent agreed.

Harris conducted the poll of 2,337 adults from Jan. 11 to 18, with a margin of error of two percentage points.

Z-z-z-z-z

MoveOn.org is seeking donations to air a TV ad featuring fake video footage depicting President Bush, Russian President Vladimir Putin and French President Jacques Chirac snoozing in their jammies. The spot is meant to "wake up" world leaders to global warming and one day may be broadcast in Washington and other major cities. The footage shows Mr. Bush cradling a teddy bear, Mr. Putin a gun and Mr. Chirac a satin pillow.

"The leaders of the world's most polluting countries will be meeting in Germany this June. The priorities for this summit are being decided right now," MoveOn spokeswoman Eli Pariser said yesterday.

The group also has started a global warming advocacy division, which features the spot at its Web site, www.avaaz.org. Avaaz means "voice" in Hindi, Urdu and Farsi.

The Arnold tapes

Oh dear. Once again, the Los Angeles Times got a hold of some recordings of closed-door staff meetings of California Gov. Arnold Schwarzenegger and four of his closest aides. Of course, the paper published the details, deeming the tapes "a rare window onto the governor's operation" and a "complex portrait."

In the latest recordings, he describes Senate President Pro Tem Don Perata, Oakland Democrat, as a "very sick man" and Assembly Speaker Fabian Nunez, Los Angeles Democrat, as "a political operator coming from the union background" who evinces no real "passion" about issues.

Mr. Schwarzenegger called Mexico our "trading partner," but he also said that Hispanics -- because they are so close to their homeland -- have more trouble assimilating than, say, Poles, Germans and the French.

"I made an effort," the Austrian-born governor said. "But the Mexicans don't make that effort."

Waiting for Hillary

DOJ_NMG_0128296

The brewing rivalry between Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois presents a significant political moment as black Democrats gauge their loyalties.

"Barack Obama may be the emerging rock star of the 2008 presidential field, but Hillary Rodham Clinton still is the queen of the stage among Michigan Democrats -- and even more so among black Democrats," the Detroit Free Press said yesterday.

The newspaper polled 87 black Democratic voters to reveal that they prefer Mrs. Clinton over Mr. Obama, 59 percent to 23 percent. State Sen. Tupac Hunter called Mr. Obama "the best candidate we've ever been able to produce as a community."

But Beverly Bellamy of Farmington Hills said of Mr. Obama: "I like him -- don't get me wrong," but Mrs. Clinton gets her vote.

"I've been waiting for her. I just think she has a lot to bring to the table," Mrs. Bellamy said, adding that Mr. Obama's relative lack of experience on the national stage -- he is two years into his first federal term of office -- counts against him.

In Senate, Flip-flops Come Easy For Both Parties (RC)

By Emily Pierce

Roll Call, February 6, 2007

Just as Republicans did in 1995, Democrats took over Congress this year pledging to change the way that Washington, D.C., works. But listening to debate on the Senate floor over the past month, it's clear that no matter who runs the place, the script is largely the same.

Consider this scenario: The Senate Majority Leader takes to the floor decrying the death of an ethics and lobbying reform bill, blaming the minority party for insisting on an amendment that is not germane to the underlying measure.

"This amendment has nothing to do with lobbying reform or ethics reform of this body — something that is important, something that is the business of the Senate right now on the floor," the Majority Leader said. He added, "We had a totally unrelated amendment injected, I believe, for partisan purposes."

That may sound a lot like what Senate Majority Leader Harry Reid (D-Nev.) said during debate on a lobbying and ethics bill two weeks ago when Republicans demanded a vote on an amendment to give the president limited line-item veto authority.

But the quote is actually from former Senate Majority Leader Bill Frist (R-Tenn.) on March 8, 2006, when — during debate on the exact same ethics and lobbying bill — Democrats insisted on a vote on an amendment to stop a Middle Eastern-owned company from taking over management of many of the nation's ports.

While Frist pulled the bill to avoid a vote on the ports issue, Reid negotiated with Republicans to postpone the line-item veto debate. But Reid's rhetoric was no less accusatory.

"They hate this bill, and this is their excuse to kill it," Reid said at a press conference Jan. 18.

It seems that no matter who is in the majority in the Senate, the ruling party bemoans the "obstructionism" of the minority, while the minority bristles at the majority's efforts to limit the number of amendments and debate time.

The irony of this sudden and wholesale shift in rhetoric hasn't been completely lost on Senators of both parties, even as they swear they are doing things slightly differently than their predecessors.

"We sent them all our scripts, and they sent us all of theirs," joked Senate Majority Whip Dick Durbin (D-Ill.), acknowledging that Democrats have adopted the same stances once held by Republicans on the issue of how many and what amendments should be offered to bills.

But he still defended the new majority, saying, "I like to think we are taking a more reasonable approach. We want to give them time to amend without allowing them to obstruct."

Noting that Senate Democrats pulled the same stunt last year on the lobbying and ethics bill, Senate Minority Leader Mitch McConnell (R-Ky.) defended his party's adoption of the standard minority script. "In fairness to Senate Republicans, to portray an effort to get votes on this bill as something unusual is truly astonishing," he said at the press conference.

Still, the two parties were parroting their predecessors again last week during debate on the minimum-wage bill.

Sens. Byron Dorgan (D-N.D.) and Edward Kennedy (D-Mass.) complained Jan. 30 on the Senate floor that Republicans were dragging out debate on the bill and that the chamber had been debating it for seven days, or as Dorgan noted, "some long while."

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It's a refrain Republicans often struck in the past 12 years — counting every day that a bill technically has been up for debate on the Senate floor, even if some of those days passed in silent quorum calls. But now, by their own admission, they're using minority math.

"The minority will always count the days on a bill as those days we are allowed to vote. We only voted three out of seven," Sen. Mike Enzi (R-Wyo.) said on the Senate floor that same day. "We will insist we get votes on amendments as we proceed through this bill and other bills."

For the people who have to record what the parties are saying about each other, it has been a little surreal.

"It's hard for me to keep a straight face," one veteran Capitol Hill journalist said of listening to Republicans complain about the very practices they just months ago inflicted on Democrats.

Even aides who have to deal with the press acknowledge that their complaints are being ignored in large part.

"The arguments about unfairness mostly fall on deaf ears because Republicans had no problem running over Democrats when they were in the majority," said one GOP communications staffer.

Behind it all is a deep distrust between the parties about each other's motives for doing anything on the Senate floor.

"When Democrats were in the minority and were opposing things, we made no bones about it. We said, 'We're blocking this and this is why,'" said one senior Senate Democratic aide. "But the Republicans are being disingenuous. ... They don't want to vote for [the minimum-wage increase]. They do want to stall it."

Republicans, however, charged that the old Democratic minority actually wanted to kill legislation. The new GOP minority just wants to make it better.

"They did a lot of obstruction of getting things done," said Steering Committee Chairman Jim DeMint (R-S.C.), the author of several amendments Democrats have sought to avoid voting on this year. "But we've talked a lot in [the Republican] Conference about how not to do something just to obstruct, but to try to get some substantive changes through."

That sentiment was echoed by Chief Deputy Minority Whip John Thune (R-S.D.), who charged that Republicans filed motions to shut off debate on bills only 47 times during the entire 109th Congress, while Reid already has filed cloture eight times in four weeks.

"So far they're on a pace that totally eclipses us," Thune said. "We're simply asking for our prerogatives to offer amendments."

Still, if you ask DeMint about his ability to exercise his prerogatives, he estimates that things are slightly better for him given the minority's historic insistence on offering amendments.

"It's not a bad role. I've been able to get more amendments up and some passed than I did when I was in the majority," DeMint said. "So far, I like the role."

And Republicans continued to play their role Monday, causing Reid to grouse about GOP refusals to vote on a nonbinding Iraq resolution.

"Their excuse?" Reid asked. "A feeble claim that they haven't been guaranteed a vote on alternative amendments and resolutions."

Chief Justice Counsels Humility (WP)

By Robert Barnes

The Washington Post, February 6, 2007

Attention, Supreme Court practitioners! Absolutely free advice on how to make your briefs better-read, your arguments more closely followed, your justices more sympathetic, courtesy of the man who's been successful on both sides of the table, Chief Justice John G. Roberts Jr.

First, pretend that you're not always right.

"We get hundreds and hundreds of briefs, and they're all the same," Roberts told a crowd of eager law students and faculty members last week at the Northwestern University School of Law in Chicago. "Somebody says, 'My client clearly deserves to win, the cases clearly do this, the language clearly reads this,' blah, blah blah. And you pick up the other side and, lo and behold, they think they clearly deserve to win."

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How about a little recognition that it's a tough job? Roberts asked.

"I mean, if it was an easy case, we wouldn't have it."

He dispensed advice for lawyers, law students and law-school deans during a question-and-answer session that followed a more formal address.

Roberts built a reputation as a powerful Supreme Court litigator, arguing nearly 40 cases as a government attorney and private lawyer and winning about 70 percent of the time. He was known for anticipating hundreds of questions from the justices and carefully practicing each response.

But after 16 months as a justice, he advised that lawyers try to become more "attuned" to what judges are asking. "I would try today to be much more receptive, try to process more effectively, 'Now what does that question tell me about what that judge is thinking?' and respond rapidly rather than trying to stick to my script," Roberts said.

The chief justice said an acknowledgment that the justices face a complicated case can attract sympathy from the bench, while an argument that a case is a no-brainer is a challenge to start looking for holes.

And for the truly brave-hearted advocate, Roberts offered this:

"You don't see it very often and it can obviously be risky, but for somebody to get up and say, 'The biggest argument against us is' whatever, 'this precedent that you decided six years ago, and if you were going to follow it down the line, my client should probably lose. Here's why I think you shouldn't follow it in this case.' " He added: "I think that type of an approach could be very effective."

As for law students, Roberts said he thinks they are more impressive than they were when he graduated from Harvard nearly three decades ago. "People who apply to be clerks [for the justices], for example, it's not just that they did well in law school -- they've got other degrees, they've spent time working in a business, they've written books and cured diseases," he said to laughter.

But he's not sure whether law grads are always able to put their knowledge to work.

"I don't think they spend a great deal of time with what somebody like a Cicero might refer to as rhetoric, or the idea of taking their understanding of ideas and being able to communicate them in a particular way," Roberts said, adding that the ability to advocate or negotiate is "such a big part of what lawyers do no matter where you go."

If he were dean of a law school, Roberts said, looking at Northwestern Dean David E. Van Zandt, he might spend more time on that.

And he took one other stand, when a student asked whether judges' terms should be limited, adding: "Some of our professors say that."

"Um, you know, I'm not in favor of term limits for judges," Roberts deadpanned.

OTHER NEWS:

Service Sector Extends Advance But Signals Pace Might Slow (WSJ)

The Wall Street Journal, February 6, 2007

The service sector, whose strength fueled the nation's economic growth last year despite a housing slump and higher interest rates, extended its robust performance into 2007.

The Institute for Supply Management, an Arizona-based group of corporate purchasing managers, said its index of nonmanufacturing business activity in the U.S. rose to 59 in January from 56.7 in December. Readings over 50 indicate expansion, and January's surge marked the 46th consecutive month that the service sector, which includes everything from massage therapists to financial planners, has grown.

Steady growth in the service sector, which makes up roughly 80% of the U.S. economy, is particularly important now because the manufacturing sector is struggling with high inventories and soft demand for houses and cars.

In January, the ISM measure of manufacturing activity fell below 50 for the second time in three months, suggesting that business at American factories is flat or even contracting.

"The services juggernaut is steamrolling forward and will contribute to a solid economic expansion in 2007," said Brian Bethune, an economist at consulting firm Global Insight, in a note to clients.

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Despite the service industry's uptick in January, the ISM's measures of new orders, employment and inventories in the service sector pointed to a slower rate of expansion in the months ahead. "I don't see substantial growth, but in the same respect, people are pretty positive that it's going to be stable over the next few months," said Anthony Nieves, who oversees the survey and also is purchasing manager for Hilton Hotels Corp.

Meanwhile, in Europe, the service sector in the 13 nations that share the euro currency grew unexpectedly in January at the fastest pace in six months, and private-sector companies raised their prices more aggressively than at any time since November 2000.

The headline measure of service-sector activity in the euro zone rose to 57.9 in January from 57.2 in December, with activity strengthening in Germany, France and Italy, according to a survey of corporate purchasing managers conducted by NTC Research. Economists surveyed by Dow Jones Newswires last week had expected the purchasing managers index to fall to 56.7.

Private-sector companies reported that they continued to hire new workers for the 17th straight month, which suggests domestic demand in the euro zone should continue picking up.

Expansion In Services Sector Set Strong Pace In January (NYT/AP)

By The Associated Press

The New York Times, February 6, 2007

Weakness in manufacturing, especially the auto industry, may be damping economic prospects, but the bigger services sector appears to be more than making up for it.

The Institute for Supply Management, which is based in Tempe, Ariz., said yesterday that its index of business activity in the nonmanufacturing sector advanced to 59.0 in January, from 56.7 in December. Wall Street analysts had expected a reading of 57 for January.

A reading above 50 indicates expansion, while one below that indicates contraction.

The trade group's report on the manufacturing sector last week indicated that it contracted in January, in contrast to the services sector, which grew for the 46th consecutive month.

"Manufacturing is weakening as domestic auto manufacturers cut back and as residential construction declines," said Mark Vitner, a senior economist with Wachovia Securities, but he noted that manufacturing made up only about a quarter of the economy. The services sector, which represents about three-quarters of the economy, continued to grow.

Scott Brown, chief economist with Raymond James & Associates in St. Petersburg, Fla., said the "headline figure was stronger than the details," suggesting that the survey — like other recent economic data — was not sending clear signals about the near term.

He said the economy was still expanding, and projected economic growth of 2.5 percent to 3 percent.

The new-orders index weakened slightly to 55.4 in January, from 55.6 in December, while the backlog of orders strengthened to 49.0, from 48.0 the previous month.

Prices increased at a slower rate, with the prices index registering 55.2 in January, down from 59.7 in December.

Some of the respondents told the trade group that "costs are starting to come down — especially petroleum-related costs," the study said. Crude oil prices were up yesterday in reaction to frigid weather in major United States markets.

The services employment index, meanwhile, moved down to 51.7 in January, from 53.2 in December.

Dow Edges Higher On H-P But Microsoft Hampers Rise (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 6, 2007

The Dow Jones Industrial Average crept higher, helped by Hewlett-Packard but hampered by Microsoft.

Both technology bellwethers are components of the Dow, which gained 8.25 points, or 0.7%, to end at 12661.74, up 1.6% on the year. That left the blue-chip average 11.94 points shy of its closing record, set Thursday.

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Hewlett-Packard shares rallied 1.8% after it agreed to acquire business-software firm Bristol Technology. Microsoft shares slid 1.9% after Apple warned that iPod users might experience compatibility problems with Microsoft's new Vista operating system.

The trading session was muted, following a frenzied week that included the first meeting of Federal Reserve policy makers this year and release of various economic data.

In the absence of big economic news yesterday, deal making and other company-specific events moved a few bellwether names but had little influence on the broader market.

The Standard & Poor's 500-stock index slipped 0.1%, or 1.40 points, to 1446.99, up 2% on the year. The technology-heavy Nasdaq Composite Index fell 0.2%, or 5.28 points, to 2470.60, up 2.3% on the year.

"In a bull market like the one we've had, there have to be some days like this," said Michael Cuggino, president and portfolio manager for the Permanent Portfolio Family of Funds.

Oil prices seesawed, at first aided by frigid weather in the Northeast that seems likely to spur demand for heating fuel in the days ahead. But comments by Nigeria's oil minister eased supply concerns, and crude futures ended lower.

Contracts for March delivery slipped 28 cents, or 0.5%, to $58.74 a barrel on the New York Mercantile Exchange.

The Institute for Supply Management's nonmanufacturing survey, a measure of the U.S. economy's service sector, rose faster in January than Wall Street expected.

By contrast, ISM's more closely watched manufacturing survey, released last week, was surprisingly weak.

Many investing pros interpret such mixed economic signals as confirmation of a gradual, relatively harmless slowdown in economic growth that could still leave room for a stock rally in the months ahead.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 0.26%, or 0.64 point, to 247.11.

In major U.S. market action:

Stocks were mixed1; bonds rose2. The 10-year note gained 5/32 point, or $1.56 for each $1,000 invested, pushing the yield down to 4.81%. The 30-year bond rose 7/32 point to yield 4.91%.

The dollar was mixed3. Against the Japanese currency, the dollar fell to 120.41 yen, compared with 121.04 yen on Friday. The euro fell to $1.2928, compared with $1.2967.

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Mixed News Produces Mixed Results (USAT)

By Matt Krantz

USA Today, February 6, 2007

Mixed economic and corporate news Monday resulted in mixed and unexciting action on Wall Street.

The Dow Jones industrials gained 8.25 points to 12,661.74, while the Nasdaq composite index lost 5.28 points to 2470.60, and the Standard & Poor's 500 index lost 1.40 points to 1446.99.

On the plus side was Wal-Mart's report of stronger-than-expected sales in January at stores open at least a year. A burst of acquisitions underscored that big institutional investors see bargains in the market. Meanwhile, the Institute for Supply Management's (ISM) data showed stronger-than-anticipated growth by the service sector in January.

That good news was weighed down by more volatility in oil prices and the growing belief the economy may be too strong to allow the Federal Reserve to cut short-term interest rates soon.

But the fact the economy is growing should be viewed as a positive, says A.C. Moore, strategist at Dunvegan Associates. "The ISM reinforced the Goldilocks scenario (Fed Chairman Ben) Bernanke has been suggesting," Moore says. "That's a good combination for markets."

Investors, though, may have gotten too exuberant about stocks too quickly, perhaps setting them up for a fall, Moore says. "We're starting to correct from the flip up to new highs," he says. "That usually suggests markets could pull back."

This year, the Dow is up 1.6%, the S&P 500 2.0% and Nasdaq 2.3%.

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What's cooling markets more than anything is that there's a lack of convincing news to keep bulls excited, says Michael Farr of Farr Miller & Washington. Corporate earnings seasons is a case in point.

While results "are coming in nicely," the growth has been shy of the double-digit-plus growth posted in the previous 18 quarters, he says. "We're looking for the next leg of the bull market, but we need a catalyst to get excited."

Highlights:

Triad Hospitals and Herbalife became the latest targets of buyout offers from private equity firms. Triad jumped $6.38 to $49.65 after accepting a buyout offer from a unit of Goldman Sachs for $52.25 a share. Herbalife gained $7.02 to $40.12 on news it got a buyout proposal from Whitney V for $38 a share.

•Wal-Mart gained 44 cents to $48.52 after the sales report from the world's largest retailer. (Wal-Mart to enter video downloading business, 1A.)

A.B.A. Panel Would Weaken Code Governing Judges' Conduct (NYT)

By Adam Liptak

The New York Times, February 6, 2007

A commission of the American Bar Association has recommended that the group weaken its code of judicial conduct by changing, from a mandatory rule to nonbinding advice, an instruction to judges to "avoid impropriety and the appearance of impropriety."

Supporters of the change say disciplining judges for violating a concept as vague as "the appearance of impropriety" is unfair. Opponents denounce any retreat from the longstanding and widely embraced standard, and one critic — Robert H. Tembeckjian, the administrator of the New York State Commission on Judicial Conduct — has resigned in protest as an adviser to the A.B.A. commission.

"At a time when the A.B.A. is defending judicial independence from relentless attack," Mr. Tembeckjian wrote in a resignation letter on Saturday, "I cannot imagine that either the judiciary or the public will applaud the A.B.A. for relegating the 'impropriety and appearance of impropriety' standard to a virtually meaningless phrase."

The change is part of what would be the first comprehensive revisions to the association's Model Code of Judicial Conduct since 1990; the revisions now go before the group's House of Delegates, which meets in Miami next week, before they can become formal policy. Individual states often look to the model code as a template for their own judicial ethics codes, violation of which can lead to punishment as severe as removal from the bench.

The change was a late-breaking development, coming more than three years after the commission began a periodic review of the code.

The very first canon of the proposed revisions continues to say that judges "shall avoid impropriety and the appearance of impropriety."

But recently added language in the introduction to the code says that while that and other canons provide "important guidance," judges cannot be disciplined for violating them. The canons are followed by rules that are more specific (judges may not, for instance, use the prestige of their offices for financial advantage), and the new introduction says that only those rules may serve as the basis for discipline.

Cynthia Gray, the director of the Center for Judicial Ethics of the American Judicature Society, a nonpartisan group promoting judicial independence and integrity, questioned the commission's strategy.

"To leave it in the language and later say the language doesn't count," Ms. Gray said, "is strange and inexplicable to us."

Mark I. Harrison, the chairman of the A.B.A. commission, said the "appearance of impropriety" standard was vague and added nothing to the rules prohibiting specific conduct that remain mandatory.

"We think it's a step forward," Mr. Harrison said of the commission's decision. "It is important as a matter of due process and fairness to make clear what would be the basis for disciplinary enforcement without ambiguity and without confusion."

Jonathan Lippman, New York's chief administrative judge, disagreed, saying the "appearance of impropriety" standard was sensible and workable. "I don't think this is nuclear science," he said. "Judges overwhelmingly approve of that standard as a basis on which to go about their daily business."

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The association has urged judges since 1924 to avoid the appearance of impropriety, and returned to the subject in 1972 and 1990.

“Every time the A.B.A. addressed this standard, it was strengthened,” Mr. Tembeckjian wrote in his resignation letter. “Until now.”

Victoria Henley, the president of the Association of Judicial Disciplinary Counsel, whose members hear and consider complaints against judges, said the recent revisions were unlikely to gain wide acceptance. “If they basically gut the ‘appearance of impropriety’ standard,” Ms. Henley said, “it’s unlikely that the A.B.A. will continue to be responsible for drafting a model code that will be used by any state.”

Giuliani Nearing Full-fledged Candidacy (AP)

By Liz Sidoti

AP, February 6, 2007

Rudy Giuliani, the former New York City mayor who became a national hero for his response to the Sept. 11, 2001, terrorist attacks, suggested Monday that a formal presidential announcement was a matter of when, not if.

"Today we just took another step toward running for president," the Republican said, hours after filing a so-called "statement of candidacy" with the Federal Election Commission, which moved him closer to a full-fledged campaign.

"It's a big step, an important one. Quite honestly, we're probably ahead of schedule," Giuliani told reporters in Long Island while campaigning with a state Senate candidate. "We still have to think about a formal announcement and how to do it, but this is a pretty strong step."

Later, in an interview on Fox News' "Hannity & Colmes," Giuliani was more direct. "I'm in this to win," he said. "My campaign is going to be about the future."

Unlike chief GOP rivals Sen. John McCain and Mitt Romney, Giuliani had thus far been ambiguous about whether he would pursue the Republican nomination, even though he had taken the initial steps.

In recent weeks, Giuliani's cautious and noncommittal attitude caused some critics to question whether he would abandon his bid even before formally entering the race, as he did in 2000 when he was considering a Senate campaign against Democrat Hillary Rodham Clinton.

Fighting back, Giuliani started to sound and act like a strong contender lately, traveling to the early primary states of New Hampshire and South Carolina, and arguing that his vision for the future and performance in the past would make him a formidable GOP nominee.

Behind the scenes, he has been busy supplementing his cadre of New York loyalists with Washington-savvy political operatives, establishing a fundraising network and setting up a campaign headquarters — signs of a campaign moving forward.

Publicly, however, he had stopped short of committing to a run, insisting he had to decide whether he could make a "unique contribution" to help strengthen the country — his barometer for whether to run.

"There's a real good chance," Giuliani said Saturday in South Carolina, another coy answer to what had been a constant question on the campaign trail.

However slight, the shift in campaign organization — coupled with his public comments Monday — indicates Giuliani likes the response he's received as he gauges support while traveling the country.

In November, Giuliani took the preliminary step of creating a committee to explore a candidacy but added the caveat that he was simply "testing the waters" — a provision that allows truly uncertain candidates to move forward with no commitment to seek a top spot on the ticket nor the need to identify donors. At the time, Giuliani also did not file an official statement declaring he was a presidential candidate and indicating he would seek the presidency as a Republican should he decide to go forward.

Monday's steps, including eliminating the phrase "testing the waters," put Giuliani on the same level legally as McCain and Romney, the other top-tier GOP candidates who have formed regular exploratory committees and filed statements of candidacy.

Despite being immensely popular in national polls, Giuliani faces hurdles to securing the Republican nomination state by state. His moderate stances on issues such as gun control, abortion and gay rights do not sit well with hard-core social conservatives who are a crucial voting group in the nominating contests. His two divorces could be obstacles as well.

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But conservatives also aren't entirely sold on McCain, an Arizona senator, and Romney, the former Massachusetts governor, and that could even the playing field for Giuliani. He hopes primary and caucus voters look past his liabilities and consider his record of leadership in difficult times.

Giuliani was in his final months as New York City mayor when two planes crashed into the World Trade Center's towers on Sept. 11. Within hours of the attack, the mayor was visiting the site, caked in dust and walking through the chaos — a moment replayed repeatedly on television.

He was a former U.S. attorney, leading campaigns against organized crime and corruption. He spent two years as the Justice Department's No. 3 official, overseeing all U.S. attorneys, the Drug Enforcement Administration and the U.S. Marshals Service. The Brooklyn native was first elected New York's mayor in 1993.

Giuliani dropped his bid for the U.S. Senate in 2000 while battling prostate cancer and a made-for-tabloids divorce from Donna Hanover.

Giuliani Steps Closer To A Run In 2008 (NYT)

By The New York Times

The New York Times, February 6, 2007

Rudolph W. Giuliani took another step toward running for president by filing a "statement of candidacy" with the Federal Election Commission yesterday, declaring that he would seek the Republican nomination if he runs, according to his campaign.

Appearing last night on the Fox News Channel program "Hannity & Colmes," Mr. Giuliani just skirted the line on declaring his candidacy. "We still have to formally announce it and do a few more things," he said, but added that yesterday's paperwork "is about as close as you're going to get."

When asked if he would beat Senator Hillary Rodham Clinton if he won the Republican nomination, he said, "I'm in this to win." Then he added, "You do this because you believe that you can win the nomination of your party, and then you believe that you're the strongest candidate to win the election for your party."

Mr. Giuliani, the former New York City mayor, is also amending a document he already filed with the commission, dropping the phrase "testing the waters" from his application, officials on his campaigns said.

Compared with his top rivals in 2008 at this point, Senator John McCain of Arizona and former Gov. Mitt Romney of Massachusetts, Mr. Giuliani has moved more slowly to hire staff members and build a state-by-state political organization.

An aide to Mr. Giuliani said the new filing with the election commission was mostly housekeeping work, bringing Mr. Giuliani's paperwork into line with that of Mr. McCain's and Mr. Romney's.

Rudy Ready To Run (NSDY)

By Craig Gordon, Newsday Washington Bureau

Long Island Newsday, February 6, 2007

Former NYC mayor files 'statement of candidacy'

WASHINGTON -- Rudolph Giuliani all but announced he is running for president Monday night, saying "I'm in this to win" and suggesting the only thing left to make it official is a formal declaration.

"We still have to formally announce it and do a few more things, but this is about as close as you're going to get," Giuliani said on Fox News Channel.

Giuliani's appearance was part of a carefully choreographed effort by his campaign to put to rest questions among Republicans about whether he is serious about running.

Newsday articles last week also raised questions, saying that Giuliani had failed to file a formal statement of candidacy that nearly every other presidential hopeful has submitted. He also omitted his party registration on another form.

Giuliani Monday filed the statement of candidacy listing himself as a Republican candidate for president and amended a second form, dropping the words "testing the waters."

"Today, we just took another step toward running for president," Giuliani told reporters in Floral Park while campaigning with State Senate candidate Maureen O'Connell. "This is a pretty strong step."

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Three people close to the campaign agreed, with one source saying Giuliani wouldn't have filed the papers if he didn't have every intention of running.

"There will be a time at some point when he makes a formal announcement, but ... he's moving in that direction," said another campaign source, who noted that Giuliani's communications and political staffs started work Monday.

But Giuliani's statements went further even than those of his aides, not merely signaling his seriousness but stopping just short of declaring.

"I'm in this to win," Giuliani said later when asked if he could beat New York Democratic Sen. Hillary Rodham Clinton. "You do this because you believe that you can win the nomination of your party, and then you believe that you're the strongest candidate to win the election for your party."

Asked who was the bigger Yankee fan, he or Clinton, Giuliani joked, "Well, we could do a debate on Yankee trivia and find out."

If he entered the race today, Giuliani would come into the contest atop several national polls. But he would face trouble converting his national recognition after 9/11 into votes among conservatives who oppose his stances on social issues.

"Hannity & Colmes" host Sean Hannity pressed Giuliani on those positions, leading Giuliani to reiterate his support for abortion rights but edge away from his earlier support of a procedure known by opponents as partial-birth abortion. He also said he supported gun control in certain situations and a path to legalized immigration.

Doubts about Giuliani's intentions and stance on issues have put a crimp in early efforts to attract donors.

Staff writer Bart Jones contributed to this story.

Giuliani Announces He's In '08 Presidential Race (WP)

By Dan Balz And Chris Cillizza

The Washington Post, February 6, 2007

Former New York mayor Rudolph W. Giuliani jumped into the 2008 presidential race yesterday, filing a statement of candidacy with the Federal Election Commission and declaring on national television last night, "I'm in this to win."

Giuliani's actions were aimed at erasing any lingering doubts about whether he would enter the 2008 campaign and came after an intensive month of activity in which he has stepped up his political travels, broadened his political team and expanded his fundraising operation. A formal announcement will come later, Giuliani said.

Giuliani, 62, served two terms as mayor of New York and earned widespread praise for his leadership after terrorists struck the city on Sept. 11, 2001. He leads the field of declared and prospective Republican presidential candidates in national polls and, with Sen. John McCain of Arizona, ranks either first or second in most of the important early states.

But his support for abortion rights and gay rights puts him sharply at odds with the majority of his party, a situation that many GOP strategists think will present a substantial obstacle to his hopes of winning the nomination. Giuliani also remains well behind McCain and former Massachusetts governor Mitt Romney in building a state-by-state political organization that will be crucial to navigating through early contests in Iowa, New Hampshire and South Carolina.

In an interview last night with commentator Sean Hannity on Fox News Channel, Giuliani sought to play down his differences with conservatives by pointing to his record of shrinking government, reducing taxes and fighting crime in New York and to his commitment to staying on "offense" against terrorists.

Giuliani restated his support for abortion rights and gay rights but said he believes marriage should remain a union between a man and a woman. He also defended his support for tough gun-control laws in New York, saying they helped reduce crime in the city while he was mayor.

Giuliani's challenge, aides believe, will be to convince Republican primary voters that, despite his disagreements with conservatives, he will not overturn what has been party orthodoxy on many social issues. One way of indicating that has been through his comments about judicial appointments, a topic he returned to last night.

"I think the appointment of judges that I would make would be very similar to, if not exactly the same as, the last two judges that were appointed" to the Supreme Court, he told Hannity.

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Giuliani also believes that, in a time of global terrorism, personal attributes such as leadership, decisiveness and strength of character can win over conservative voters who may differ with him on social issues.

"The reality is you've got to be yourself," he said last night. "You've got to be who you are. You've got to be honest with people. If your views change on something, you've got to be willing to express it."

Giuliani has also moved aggressively to broaden what has been a largely New York-centered political team. Last week he announced that he was signing up the Tarrance Group, a respected Republican polling firm based in Alexandria. Earlier, he recruited Mike DuHaime, a former political director at the Republican National Committee, as campaign manager for his presidential exploratory committee and named former congressman Jim Nussle of Iowa to his national team.

On the fundraising front, he named Donna Henderson, who previously raised money for the National Rifle Association and other groups, as his national finance director. A detailed private strategy memo prepared last fall, which the New York Daily News obtained recently, outlined plans for Giuliani to raise $100 million this year for his bid.

Campaign officials called the release of the 140-page document a political dirty trick and said its contents were out of date. But the ambitiousness of the fundraising goal signaled an apparent serious intention to compete for the Republican nomination.

Skepticism about Giuliani's prospects of winning the party's nod remains high, particularly among Washington-based GOP strategists. "Inside Washington, I don't think anyone thinks he can get elected president," said a senior-level strategist not affiliated with a candidate.

Given his positions on abortion and gay rights, Giuliani would be likely to face heavy going in Iowa, whose caucuses are dominated by social and religious conservatives. He also could run into trouble with conservatives in South Carolina. He might be better positioned to compete in what could be a flurry of big-state contests on Feb. 5, 2008, particularly if he can raise the kind of money his leaked memo talks about.

Brent Seaborn, the campaign's strategy director, argued in a widely distributed memo that the polls accurately reflect voters' attitudes.

"Entering the 2008 primary season, Rudy Giuliani is uniquely positioned among Republican candidates because of his extremely high favorability ratings," he wrote, pointing to several national polls that show the former mayor winning the approval of more than six in 10 voters. Seaborn also argued that Giuliani is a recognized leader on key issues such as terrorism, the economy and fighting crime.

Giuliani Run Poses Conundrum (WSJ)

By Christopher Cooper

The Wall Street Journal, February 6, 2007

WASHINGTON -- Former New York Mayor Rudy Giuliani filed paperwork yesterday that virtually assures he will seek the 2008 Republican presidential nomination, begging a question: Can the moderate who leads in many early polls convince his own party that he deserves the job?

Abandoning months of coyness in which he refused to declare a definitive candidacy even as he acted like a candidate, Mr. Giuliani's filing with the Federal Election Commission essentially puts him on equal footing with Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney as the three major declared candidates for the Republican nomination. All three men have national organizations and early name recognition; all three men for different reasons are considered vulnerable to challenge, particularly from the more conservative wing of the Republican Party.

But perhaps no candidate faces more trouble in gaining the nomination than Mr. Giuliani, which is ironic, given his early lead in many polls. His long-shot status in the nomination sweepstakes is based on his well-known moderate stances on litmus-test social issues. Such positions, along with his two divorces, won't enamor him to social conservatives, who have maintained firm control of the party's nominating levers for decades.

Messrs. McCain and Romney have had their own run-ins with the conservative wing of the party as well, but none quite as significant as that awaiting Mr. Giuliani. These are problems that Mr. Giuliani's own campaign has publicly acknowledged, much to its own embarrassment, when a copy of its strategic political plan recently was leaked to the press. The plan noted that

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a moderate Republican who is viewed as liberal on abortion rights, gay rights and gun control is likely to have trouble with voters in the Republican primary.

Indeed, a Giuliani nomination would suggest a sea change has taken place within the Republican Party, where successful nominees traditionally have had to maintain allegiance to certain core social beliefs.

Demanding that allegiance isn't something that powerful conservatives such as Tony Perkins at the Family Research Council will likely concede without a fight. "I don't see anyone getting the Republican nomination who is not pro-life and a staunch defender of traditional marriage," Mr. Perkins said in a recent interview. "We may not be a large enough group to elect a president, but social conservatives can keep someone from getting the nomination."

Star Power

Does a two-time mayor have a shot at redefining the rules? Scott Reed, a Washington Republican who managed Bob Dole's 1996 presidential campaign, said he believes it possible. Mr. Giuliani starts with a measure of star power, which serves any politician well. He also comes to the scene in the wake of a bruising election for Republicans, who saw Democrats sweep not only the House but also take the Senate and governors' offices as well. The question, Mr. Reed said, will be what Mr. Giuliani does with his popularity: Can he step up from mayor to national political figure, retaining the image of steadiness that he cultivated in the wake of the September 2001 attacks, while successfully fending off any questions that might arise about his stewardship of the nation's largest city.

"A Giuliani candidacy is a chance to turn the whole nominating process on its head for the first time in 40 years," said Mr. Reed, who added that he made an early contribution to the mayor's campaign but hasn't decided to back any candidate exclusively.

Like other candidates, Mr. Giuliani has yet to see whether his record will hold up to the scrutiny of a national political campaign. As a former prosecutor and a mayor whose dirt-caked image practically personified the 9/11 response, Mr. Giuliani is likely to face relentless questioning from reporters and political rivals seeking to deconstruct his heroic legend. Potential embarrassments include his scandal-plagued police chief and former business partner, Bernard Kerik, who pleaded guilty last year to improperly accepting gifts from a construction firm with mob ties.

Potential to Change Race

Mr. Giuliani also may face questions about his lobbying and consulting firm, Giuliani Partners LLP, and his law firm, Bracewell & Giuliani, which have represented a number of business interests -- including gambling and energy companies -- that may not prove popular with voters.

But Mr. Reed says Mr. Giuliani has the potential to change the race even if he doesn't win the nomination, simply by taking a top share of the media spotlight. Mr. Giuliani "sucks the air out of the room," Mr. Reed said, making second-tier candidates compete for notice.

Mr. Giuliani's early test is likely to come in late March, when the first campaign-finance reports are due from presidential candidates. Getting out of the blocks later than either Mr. McCain or Mr. Romney and currently operating with a thinner national staff than either man, Mr. Giuliani will have to work to maintain a campaign war chest that is on par with the front-runners.

Romney To Add Names (RC)

By Lauren W. Whittington

Roll Call, February 6, 2007

House Republicans supporting former Massachusetts Gov. Mitt Romney (R) will hold a Capitol Hill press event today to unveil new additions to their team — additions that move him ahead of Sen. John McCain (Ariz.) in public Congressional endorsements as the battle for Member support continues at a torrid pace between two of the leading GOP presidential hopefuls.

McCain, viewed as the frontrunner for the GOP nod next year, named his six-person House whip team last week and also announced the support of three Cuban-American Members.

Members of Romney's team will appear at an afternoon news conference at the Republican National Committee. About half of Romney's Capitol Hill supporters previously have been announced.

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Rep. Jim McCrery (R-La.), who is Romney's liaison in the House chamber, said the Republicans now on board constitute the former governor's initial whip team.

"We'll be utilizing these 22 Members to bolster support for Romney here on Capitol Hill," he said.

Among the endorsements to be announced today are those of Reps. Rodney Alexander (La.), John Linder (Ga.), Ralph Regula (Ohio), Bill Shuster (Pa.) and Mike Simpson (Idaho).

Last week, McCain unveiled his House whip team and also announced the support of Florida GOP Reps. Ileana Ros-Lehtinen, Lincoln Diaz-Balart and Mario Diaz-Balart. His campaign is expected to announce the addition of Rep. Ric Keller (Fla.) today. Keller's Orlando-based district is sandwiched between those of Romney supporters — Reps. Ginny Brown-Waite and Tom Feeney.

Yesterday, McCain announced the support of two Michigan state lawmakers and named members of his Florida finance team.

The dueling for Member endorsements between Romney and McCain comes as former New York Mayor Rudy Giuliani formally stepped into the Republican White House fray Monday by filing a statement of candidacy with the Federal Election Commission.

Giuliani has a quartet of Members supporting his candidacy but has yet to show he's been as aggressive as his two principal rivals in reaching out to Capitol Hill.

Romney's list thus far is a mix of the party's rising stars in the House — such as Reps. Marsha Blackburn (Tenn.), Mike Rogers (Ala.) and Feeney — and established veterans such as Regula, Rep. Hal Rogers (Ky.) and former Speaker Dennis Hastert (Ill.).

McCain, understandably, has more support within the Senate than Romney does and his House team also includes many veteran lawmakers — albeit most who are not particularly known as conservative firebrands.

While about half of Romney's team thus far is made up of social conservatives from Southern states, McCrery said that was more a function of the Members who were involved in initial meetings with Romney rather than an indication of any endorsement strategy based on geography.

Romney visited Capitol Hill in January for meetings with Members, attending separate events set up by Rogers and Rep. Jack Kingston (Ga.).

"Almost half of the Members are not from the South," McCrery said. "We can say that we have a pretty good representation of all of the regions of the country for Gov. Romney."

Romney has been most apparent in his efforts to reach out to Capitol Hill, due in part to his need to counter McCain's natural advantages there and the Arizonan's status as the frontrunner.

Romney also is working to quell concerns among social conservatives about the evolution of his views on social issues such as abortion and gay marriage.

Romney was well-received at the Republican Study Committee's retreat Friday in Baltimore, where he addressed House conservatives.

"He has adequately addressed those issues in the private meetings," McCrery said, adding that the whip team will be spreading that message to their colleagues who have not had personal meetings with Romney.

He said that the endorsements should send the same message to Members' constituents.

"We're happy with his explanation of where he is now on those issues," McCrery said.

Obama, Clinton May Skip Early Debates (Pol)

By Roger Simon

The Politico, February 6, 2007

What if they gave a debate and nobody came?

What if the media-political complex announced a presidential debate, hired a hall, sent out invitations, lined up 200 folding chairs for the press, and then the major candidates said: "Stick it in your ear. We're not coming."

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That could happen this year for one good reason: Major candidates are complaining that too many states are planning too many debates too early.

Nevada has two forums and three debates scheduled already. The first one is supposed to be in two weeks, and guess where it is going to be held?

If you were Nevada and trying to lure the national media to your state, what city would you choose that guaranteed glitz, glitter and good times?

That's right. It's going to be in Carson City.

(Me, I would have held it in Vegas at the Bellagio with the Cirque du Soleil swinging overhead and Wayne Newton as the moderator, but what do I know?)

Other states have already announced their own Democratic and Republican debates, but there are two developments that might alter things considerably.

First, the Democratic National Committee is soon going to call the campaigns together to try to limit the debates. But that may not work. "It will not stop other organizations from holding debates," a DNC source admitted.

More importantly, however, Barack Obama and Hillary Clinton may just say no. They might do the unthinkable and just refuse to show up.

Early debates are helpful to second- and third-tier candidates because those candidates need publicity.

But what do front-runners get from debates? Nothing but risk. They already have publicity. To the top tier, early debates are a negative, an ordeal, a chance for the rest of the pack to nip them in their rear ends.

Aren't debates the "music of democracy," however, a chance for the public to learn about important issues of our day?

Maybe they were once upon a time when the League of Women Voters ran them, but debates today must be good television and that means a snappy, quick-moving show with short answers -- not soliloquies on serious issues.

I went to a slew of primary debates during the 2004 presidential cycle - - the DNC tried and failed to control them - - and if any of the debates were memorable, I can't remember it.

The major candidates hated them. The debates not only screwed up their schedules, but took a ton of prep time that could have been better spent going out and actually meeting voters.

The stakes at debates are extremely high because reporters attend them for the same reason people attend the Indy 500: to see who crashes and burns.

There is, therefore, an enormous priority on not screwing up. And the major candidates soon learn it is safer to stick to their stump speeches than to risk making news. The minor candidates, with nothing to lose, are free to go ballistic, play to the crowd and attack the top tier.

So why do the major candidates show up?

Debate organizers try to make the debates refusal-proof by co-sponsoring them with major media, labor unions, or organizations like the Congressional Black Caucus.

But guess what? Neither Hillary Clinton nor Barack Obama has accepted any debate or forum invitations as of yet.

"The two people who can blow up the debates are those two," an adviser to the Obama campaign told me. "All they have to do is say: 'Debate without me. Go ahead.'

"There will be some accusations that they are being arrogant, but where it is written that you have to debate this early?"

And Obama and Hillary have the perfect excuse for not showing up: They have day jobs.

"They should be voting in the Senate, not running around to the debates," the adviser said. "Hillary and Obama should band together and say, 'It is not in our interest to debate this early. We've got jobs to do. October is plenty early for debates.' "

Me, I like debates. I rack up frequent flier miles. I go to expense-account dinners. I whisper rude and juvenile things to other reporters while the debates are going on.

The debate sponsors - - and they include some very powerful people and organizations - - will howl like crazy if the top candidates refuse to show up. And those who refuse may be threatened with retaliation.

But just saying no always did take guts.

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by Steve Slatten on 02.05.2007 at 11:34 PM

OnlyChance -- This is how politics works, in BOTH parties. Yes, it's only out of political expedience that the front-runner Dems may sit the early debates out. However, President George Bush Sr. blatantly refused several of then-Governor Bill Clinton's offers to debate in 1992. In fact, Bush almost refused to debate altogether, until Ross Perot got back in the race that year and Bush had to defend himself on two fronts. So, don't try and pull this high and mighty Republican crap. Both parties want to make themselves look good and sometimes NOT debating is the best to stay looking good. (So there haha)

by Show Me on 02.05.2007 at 11:05 PM

Calm down everybody. We will see debates. The Dems are smart . They know that the tide is with them and they don't want their canidates,who are all good canidates standing in a circular firing squad. They want them to stay strong and keep putting out their individual messages.

by kevinizon on 02.05.2007 at 10:33 PM

They're all so fearful, yet they want to run the country! Whats that all about?

by OnlyChance on 02.05.2007 at 09:18 PM

Didn't the democrats ask the Sen. Dole to give up his position in the Senate to campaign for president?

If all candidates running for the most powerful position in the world, shouldn't they dedicate their full attention on such.

I am calling for all candidate to resign their position and start debating.

It interesting the DNC wants to control the debates. So much for constitutional free speech. I think is shows what the DNC all about. Sensorship! OR is it the DNC doesn't believe the policies being set forth can withstand debate?

by Lacy in Texas on 02.05.2007 at 09:02 PM

If I have to choose between Barack and Hillary, I'll choose Barack. Not because he's black (and so am I), but because he inspires me. On that note, I would not vote for Condy!

Frankly, many people I speak with (both black and white) did not want Hillary to run because we (Democrats) know we're in for a long hard slog with the right-wing rehashing all the crap from the Clinton years. In contrast it's so divisive! However, if that becomes necessary I will defend her as vigorously as I defended Bill as an FOB!!!

It really pains me that the two of them running is already causing this divide!!!

The best of both worlds would be for them to run together! That's my hope for an absolute wining ticket; onne that could potentially bring us ALL together.

by kevinizon on 02.05.2007 at 08:55 PM

Yeah it would be real dumb at this point to play a game of 'I'm powerful and busy and I'm not showing up' as a candidate. You announced your candidacy, so act like a candidate, even if you're not up to the job.

People want to know what these candidates are all about, and if they crash and burn now, that would be their destiny further up the line anyway. Not participating is so incredibly lame, so fake and phoney in so many ways, just the thought of it steams me.

You're running for president? Then talk about the issues with other candidates, and with America, and don't be wreaked with fear and uncertainty. You think you can win? Then go at it like you're going to win.

I can't believe that a candidate would stand away from a debate without people thinking that, in some way, said person thinks themselves above that particular meet-up; ie, too good for it.

You want my vote? Participate in debates, or else come up with a reallllll good reason that you stood one out. I mean a REAL good reason.

We've put up with too much with our current oligarch. Now its time for candidates to lay their cards down, not just with rhetoric, but with discussions of their plans.

My prediction? Hillary's probably not going to get the nomination, and Obama/Edwards will likely end up a team in some way. But this is 1.5 years ahead of all kinds of change and tussle... so hmm.

by GGPSmith on 02.05.2007 at 08:13 PM

Why should Senators Clinton and Obama debate each other now? They need to stand together to score a win for the Democrats in '08.

The real solution to all the real and pseudo-conflicts in the black community regarding Senator Obama's candidacy is the solution the Democrats as a whole need to come to terms with: Clinton-Obama in '08!

It's the only way to optimize Senator Clinton's experience in politics and ability to raise money with Senator Obama's incredible popularity and persuasive arguments to be hopeful about America's future.

Without each other, they run the real risk of third-party splinter groups forming that would make Ralph Nadar's past capture of Democratic voters look paltry by comparison. The GOP isn't going to have any of those problems. They'll be unified behind whomever they run against Senators Clinton & Obama with President Bush and Vice President Cheney permanently sidelined and blamed for all the country's and GOP's woes.

The real excitement will come in the Presidential and Vice Presidential debates!

by AH2 on 02.05.2007 at 08:12 PM

IF these various groups are SMART they will ALL place their debates LIVE on the Internet and publicize the fact ... THEN LET'S SEE WHO DOESN'T SHOW UP !! It's a NEW world here in the Age of the Internet. Candidates beware.

Before you start composing please note that you will need to be a registered user of Politico.com to "join the conversation". If you are not a member yet, what are you waiting for? Register Now!

Obama Trying To Quit Smoking—again (CHIT)

By Christi Parsons And Manya Brachear

Chicago Tribune, February 6, 2007

After struggling to quit smoking in the past, Sen. Barack Obama is trying a cessation aid not available over the counter: public attention.

Obama (D-Ill.) resolved to quit his cigarette habit over the winter holidays, just weeks before his expected presidential campaign would make photographers and reporters an even more regular part of his life.

He said in a Monday interview that, although he has never been a heavy smoker, he has quit for periods over the last several years but then slipped back into the habit. On the cusp of a potential presidential bid seemed the right time to quit for good, he said.

"I've never been a heavy smoker," Obama said. "I've quit periodically over the last several years. I've got an ironclad demand from my wife that in the stresses of the campaign I don't succumb. I've been chewing Nicorette strenuously."

The incentive to quit is great for any office seeker, as increasingly negative attitudes about smoking translate into political pressure not to do it—or at least not to be caught doing it publicly. At a time when most willing public figures also are expected to serve as role models, those with unhealthy habits face intense pressure to leave them behind.

Americans haven't elected an open and unabashed cigarette smoking president since Franklin D. Roosevelt, though others such as Lyndon Johnson smoked on occasion. The rules seem also to extend to political spouses such as First Lady Laura Bush, who found it necessary to quash her habit, or at least take it underground.

In Obama's case, the pressure isn't just political. His wife has always been concerned about his smoking and, over the holidays, according to family friend Valerie Jarrett, the two of them agreed that he "should stop now."

"He began the process of quitting over Christmas," Jarrett said. "I have not heard of him smoking over the last several weeks."

There's a little hedge room in the time frame, allowing for the possibility that Obama's resolve might have slipped a time or two. Obama didn't clarify the point.

Kicking the habit is good for just about any politician's image, said Irving Rein, a Northwestern University communications studies professor and author of "High Visibility," which examines the marketing of celebrities. Attitudes toward smokers have changed dramatically since FDR's triumphal display of his ivory cigarette holder in an era when smoking made a person seem elegant and powerful.

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Back then, Hollywood glamorized cigarettes almost as fashion accessories. Attitudes had radically changed by the late 1990s, when First Lady Hillary Rodham Clinton criticized actress Julia Roberts for portraying a movie character with a compulsive smoking habit.

For Obama, it's an especially smart play to grind out his last cigarette, Rein said.

"Brand has become so big with personalities. It includes the kind of suit he wears and the shoes he chooses," said Rein. "Smoking is part of that package. It doesn't go with the social, environmental message of reform he would like to project. His image would be impacted by it."

Regardless of whether his image has suffered, his lungs most likely have. Longtime friends say Obama was a smoker when he was in his first two years of college at Occidental College in California, from 1979 to 1981.

He said Monday that he has never smoked more than 10 cigarettes a day, and usually only four or five. He said the number usually went up when he was either writing or campaigning.

He said he isn't using the patch because he worries that they're too strong for him.

"I'm not somebody who's all that hooked," he said. "I didn't want more nicotine coming to me than I had been ingesting."

While quitting during such a stressful period as a presidential campaign may be difficult, public health advocates count it as a victory for them.

"I hope he makes it a public fight," said Mark Peysakhovich of the American Heart Association, who used to lobby Obama on anti-smoking policies and other public health issues when Obama was a member of the Illinois Senate. "If he's got a nic fit and he's in a bad mood, I hope some of that comes out. Maybe it will encourage other people to be brave enough to try."

It might even score some political points for Obama, he said.

"It could make him more human to people," said Peysakhovich, "if he's got the same kind of struggles the rest of us have."

Christi Parsons reported from Washington and Manya Brachear from Chicago; Tribune staff reporter Maurice Possley contributed to this report.

Edwards Risks Tax Hike For Health Plan (AP)

By Nedra Pickler

AP, February 6, 2007

Presidential candidate John Edwards is embracing a position that has been political suicide in the past — admitting he would raise taxes.

The 2004 vice presidential nominee is betting that voters will back the idea in exchange for the promise of quality health coverage for all, part of the first major domestic policy initiative from a Democratic White House hopeful.

The tax increase would pay for the plan's cost of up to $120 billion a year. Edwards' proposal would require that every business provide health care coverage for employees or help them pay for it and every American has insurance.

Edwards argues that it will be cheaper for families and businesses to have insurance coverage while providing health care to the nation's 47 million uninsured.

"I think that most Americans now believe that instead of small, incremental change, that we need transformational change that will strengthen this country," Edwards said in an interview with The Associated Press.

Edwards was setting an early marker in what is shaping up to be perhaps the top domestic policy issue in the Democratic race nearly a year before the first votes are cast. Several others are expected to offer competing ideas in the coming months.

"The whole idea for me on these big issues like Iraq and health care, I want to lead, not follow," said Edwards, who also has been pressuring his rivals to pull funding for President Bush's troop increase. "So I'm not waiting for other people to say where they stand. I'm saying what I believe."

The plan would free up money for health care coverage by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes, Edwards said.

His idea immediately opened him to criticism that he's a tax-and-spender in the mold of Walter Mondale, the 1984 Democratic presidential nominee who said he would raise taxes. In the election, Mondale suffered a 49-state defeat, losing everything except his home state of Minnesota and the District of Columbia to President Reagan.

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"Edwards' America Will Pay More Taxes," said a news release from the conservative Club for Growth.

The idea is not new. Republican California Gov. Arnold Schwarzenegger has proposed a universal plan in the nation's most populous state. Former Massachusetts Gov. Mitt Romney, also running for president, signed a law last year requiring universal coverage.

What Edwards is proposing is very different from what he offered four years ago when he was a North Carolina senator and first-time presidential candidate. In the 2004 race, Edwards proposed to cover all children but didn't have a broader plan for adult uninsured.

Since then, Edwards has had a very personal experience with the health care system as his wife successfully battled breast cancer. Edwards said they had excellent coverage, although the two of them — both former lawyers — struggled to wade through the insurance bureaucracy. He said his position was not changed by that experience but by the people he's met across the country who are struggling with rising health care costs.

Edwards plan aims to have universal coverage by 2012. A Democratic rival, Sen. Barack Obama, also has said that is his goal, but the Illinois senator has yet to provide more specifics about how he would get there. New York Sen. Hillary Rodham Clinton also has said she will have a universal plan.

Edwards plan would first require employers to cover every worker or contribute 6 percent of each worker's income toward coverage they buy on their own.

It also would provide government-funded insurance to all adults under the poverty line and all children and parents under 250 percent of the poverty line, which is about $50,000 for a family of four. The Edwards campaign is still working on other cost estimates, but says the goal would be to keep the cost to 5 percent to 7 percent for middle-income Americans.

He would try to clamp down on rising costs with tax credits, expanded government programs like Medicaid and the State Children's Health Insurance Program, and changes to insurance laws to require coverage for all regardless of pre-existing conditions or other factors. And he would create nonprofit purchasing pools — across a small area or maybe even several states — so that consumers would have a way to buy an affordable and high quality plan.

Finally, he would require every citizen to get coverage, unless they have financial or religious exemptions. Those who don't would forfeit their personal exemption on their income tax return.

Opening Bid On Health Care (WSJ)

By Sarah Lueck

The Wall Street Journal, February 6, 2007

WASHINGTON -- John Edwards's call for universal health care marks the opening volley in two debates facing Democrats running for president in 2008: How to provide health coverage to some 47 million uninsured people and what to do about President Bush's tax cuts.

Many of the party's White House hopefuls, including Sens. Hillary Clinton (D., N.Y.) and Barack Obama (D., Ill.), say extending coverage to all the uninsured is a priority. Their focus on relatively sweeping health-care proposals matches escalating concern among voters and employers about medical costs and coverage. (See related articles on Medicare1 and the ways that plans to expand health coverage could impact the insured2.)

So far, Mr. Edwards has provided the most detail about how he would accomplish this, with the release yesterday of a plan requiring the government, employers and individuals to contribute to the cost of extending coverage to the uninsured.

The former North Carolina senator and 2004 vice presidential nominee also has stated that tax increases for upper-income people would be needed to fund his plan, which aims to provide universal coverage by 2012. Specifically, he has proposed raising taxes for households with incomes of more than $200,000. That would essentially repeal some of the tax cuts shepherded by Mr. Bush. Mr. Edwards also would fund some of his health-care proposals by reducing the "tax gap," the amount of revenue the government is owed, but doesn't collect.

"Yes, we'll have to raise taxes," Mr. Edwards said Sunday on NBC's "Meet the Press." He said it is "the only way you can pay for a health-care plan" estimated to cost the government $90 billion to $120 billion a year.

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It remains to be seen whether voters will accept Mr. Edwards's vision of "shared responsibility," in which employers would have to help fund their workers' coverage and individuals would be required to purchase insurance, often with the help of new tax credits aimed at low-income and middle-class people. Medicaid and the State Children's Health Insurance Program, or SCHIP, would be expanded to cover more children and low-income parents. New regional "health markets" would offer comprehensive health-insurance plans to anyone who doesn't get insurance through their jobs or a government program.

Some Democrats expressed surprise at the bluntness of Mr. Edwards's remarks in favor of tax increases, but many health-policy experts believe higher taxes would be needed to fund any serious attempt at universal coverage.

Mr. Edwards "realizes how unpopular anyone who says that can be," said Henry Simmons, president of the National Coalition on Health Care, a group of employers, labor unions and health-care providers advocating for universal coverage. "I suspect he's going to take a lot of time explaining that health care is one area where you have to invest."

Patrick Toomey, president of the Republican antitax group Club for Growth, said Mr. Edwards's plan wouldn't sit well with most voters, who, he said, "already think taxes are too high." The idea is "very good news for the Republican candidate, whoever that may be."

Many questions remain about Mr. Edwards's plan, in particular how much the various stakeholders would have to contribute and what the timing of the changes would be. Mr. Edwards's proposal assumes that the Bush tax cuts, most of which are set to expire in 2010, would be extended by Congress, even for the wealthiest recipients. Repealing the breaks for people earning more than $200,000 would supply about $100 billion a year, while reducing the "tax gap" would provide another $20 billion or so a year.

However, extending the tax cuts for the people at the top of the income scale is less likely with Democrats in control of Congress. If the tax breaks aren't there to repeal, Mr. Edwards would ostensibly have to look for another funding source.

The other 2008 presidential candidates have commented broadly on how they would tackle the problem of the uninsured, but haven't laid out their specific plans or how they would fund them. Mr. Obama, for example, has said he would provide universal coverage by 2012, and plans to put forward more details in coming weeks. In a health-focused speech last month, he questioned the profits made by drug makers and insurance companies and suggested that reducing paperwork and making sure all eligible children enroll in existing government programs would improve the current system.

"Washington no longer has an excuse for caution," Mr. Obama said. "Leaders no longer have a reason to be timid."

Mrs. Clinton knows better than most the political pitfalls of major health-care proposals, after she and her husband tried to move broad overhauls in the 1990s but failed. She recently has backed improvements in health-information technology and covering all uninsured children through SCHIP, but hasn't said how she would reach the bulk of the uninsured.

During an appearance in Davenport, Iowa, last week, a man told her that he had voted for her husband 14 years ago largely on his promise for universal health care. "With all due respect," he said, "I would like to know specifically" how Mrs. Clinton intends to provide the coverage "and how you intend to fund that."

Mrs. Clinton said it was a "fair question" but, rather than giving a specific answer, she said she wants to work toward a consensus.

She asked for a show of hands from the audience in reaction to a few methods of expanding health insurance. A single-payer, government-run system got the most hands, and it was the one Mrs. Clinton seemed to favor. But, she cautioned, imagine the ads that would spring up in opposition to such a plan. In her last attempt at health reform, ads starring an older couple, Harry and Louise, suggested that the government would dictate which doctors and treatments people could get in a single-payer plan. "All of a sudden people get real nervous," Mrs. Clinton said.

A solution has to "be politically feasible because at the end of the day we've got to get it through the Congress," she said.

"I'm not ready to be specific," she went on, "because I want to hear from people...This time we're going to build the consensus first so that when the Harry and Louise ad comes on, you'll say 'Turn that off!'"

Battle Over President's Budget Begins Today; Interview With John Edwards (CNN)

CNN THE SITUATION ROOM, February 6, 2007

WOLF BLITZER, HOST: To our viewers, you're in THE SITUATION ROOM, and it's happening right now.

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As violence rages in Iraq, the battle over the president's budget begins here in Washington today. It could and probably will pour billions more into the war.

Would it also hurt health care at home?

I'll speak about that with the Democratic presidential candidate, John Edwards.

And Hillary Clinton and Barack Obama may battle for the African- American voters. But some African-Americans are warning don't take our votes for granted. I'll speak about that with the Reverend Al Sharpton this hour.

And Arnold Schwarzenegger caught on tape with more stunning revelations.

What did he say this time?

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

What can you buy for about $3 trillion?

The president's new budget is now out and it takes four hefty volumes to show you where your money is going. The president's budget would add billions to fight the war in Iraq.

Does that come at the expense of social programs here at home?

Democrats say it's filled with debt and deception. And even some Republicans are betting against this budget's chances in a Democratic controlled Congress.

Let's go live to our White House correspondent, Suzanne Malveaux.

She's checking all the fine print -- Suzanne.

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, it's a budget that the president and his top economic advisers say is more detailed and transparent when it comes to the costs of the war on terror.

But, again, it is a big question whether or not it is going to be able to pass Congressional leadership, a Democratically-controlled Congress. And, Wolf, the numbers are really staggering.

(BEGIN VIDEO TAPE)

MALVEAUX (voice-over): It's our money and President Bush wants to spend almost $3 trillion of it. It's a staggering figure that's hard for any of us to imagine. But consider this. After you crunch all of the numbers, it's estimated that the total cost for the war on terror will approach $800 billion within the next two years.

President Bush says the increases he's seeking in the new budget are justified.

GEORGE BUSH, PRESIDENT OF THE UNITED STATES: And our priority is to make sure our troops have what it takes to do their jobs.

MALVEAUX: The breakdown -- more than $93 billion additional for this year's war operations in Afghanistan and Iraq, on top of $70 billion already approved. More than $140 billion for 2008. And an 11 percent increase in the Pentagon budget.

Mr. Bush insists the country can afford to boost military spending, while balancing the budget in five years without raising taxes, a claim members of Congress, now controlled by the Democrats, quickly dismissed.

SEN. HARRY REID (D-NV), MAJORITY LEADER: That's why I say this budget is a combination of deception and debt in a way that's disconnected from reality.

REP. NANCY PELOSI (D-CA), SPEAKER OF THE HOUSE: The day of the blank check for the president and the war is over.

MALVEAUX: The president's budget aims at paying for the military increases by cutting out more than $95 billion in other areas over the next five years, including sharply reducing or eliminating more than 140 government programs, for a savings of $12 billion; and squeezing $78 billion out of Medicare and Medicaid, health programs for the elderly and poor.

ROB PORTMAN, WHITE HOUSE BUDGET DIRECTOR: Medicare, Social Security and Medicaid, they are now more than half of the budget. And what the president proposes is actually less than a 1 percentage point reduction in Medicare over five or 10 years.

(END VIDEO TAPE)

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MALVEAUX: And the president's budget, of course, asks for less war costs, considerably, in 2009, just $50 billion, and asks for no money the following year. But the president says this is no indication of a timetable for the end of the war or for bringing American troops home -- Wolf.

BLITZER: Numbers so huge it's amazing.

Suzanne, thank you.

Meanwhile, a series of bloody bombings ripped through Baghdad today, killing at least 35 people and wounding more than 120 others. One of the blasts went off near a children's hospital, killing nine people.

And this follows a truck bombing which took a terrible toll this weekend.

As Iraqis clean up and try to cope, some are saying it's America's fault.

And joining us now, our correspondent in Baghdad, Michael Ware -- Michael, they seem to be blaming, at least some elements in the Iraqi government, the United States for this massacre over the weekend that killed more than 100 Iraqis, wounded more than 300 others, horrendous pictures. It looks like the worst suicide bombing over the past three and-a-half years.

What's going on?

MICHAEL WARE, CNN CORRESPONDENT: Yes, Wolf, I mean this was a massive truck bomb in a crowded marketplace on Saturday evening that killed at least 128, and, as you say, wounded more than 300.

Now, the great irony is that there's elements, Shia elements within the government, that are blaming the U.S. for creating this security situation or poor security situation that they say has created an environment that is allowing al Qaeda and others to launch these attacks.

This feeds a common conspiracy, particularly among Shia, that says America is so all powerful and all pervasive, al Qaeda could not conduct these bombings if America was not complicit.

We're not hearing that echoed in the wake of this bombing by elements of this government.

BLITZER: Because what they're saying is by the United States pressuring the Iraqi government to clamp down on Muqtada al-Sadr's Shiite militia, the Mahdi Army, in effect, that's making the Shiites in these marketplace areas and elsewhere in Baghdad, even more vulnerable.

WARE: Yes, they're arguing that this has increased the Shia public's exposure. I mean the government has never been able to underwrite people's security, nor has the U.S. military. So more and more in these days of civil war, they've turned to their own neighborhood or to the local militias.

Now, what these people are saying is that on the eve of what's perceived as a massive American led operation, which, indeed, it is not, many of these militias have evaporated, or their leadership has taken its troops or its fighters off the streets, thereby creating a vacuum which is being filled by these bombers.

Hence, they ultimately blame America for these deaths.

BLITZER: Michael Ware reporting for us from Baghdad.

Michael, thanks.

WARE: Thank you, Wolf.

BLITZER: And as opposition to the war intensifies among the American public, there's a stunning new development within the U.S. military. A court-martial began today for a U.S. Army officer who refused to ship out with his unit to Iraq.

Let's get some details from our Brian Todd -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, First Lieutenant Ehren Watada took a stand about seven months ago. He's now facing a jury likely to comprise young officers like himself in a case that even his family doesn't expect to go well for him.

(BEGIN VIDEO TAPE)

TODD (voice-over): As his former unit takes casualties in Iraq, Ehren Watada puts his freedom on the line at Fort Lewis, Washington. Watada, considered an exemplary soldier until last June, when he became the first commissioned officer to refuse to go to Iraq.

The reason?

1ST LT. EHREN WATADA, U.S. ARMY: It is my conclusion that war is not only morally wrong, but is, in fact, illegal.

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TODD: Watada is not a so-called conscientious objector. While he believes the Iraq War is illegal, he did say he was willing to fight in Afghanistan.

The Army declined and Watada is now being court-martialed for failing to deploy with his unit, conduct unbecoming an officer and contempt toward officials. That last charge, for all the public statements he's made against the Bush administration since last June.

WATADA: I felt betrayed by my leadership.

TODD: But the judge has already ruled that Watada's central defense, that the war is illegal, is a political question and can't be ruled on by this military court. Then there's the challenge of jury selection. By rule, it has to be a panel of peers, likely Army lieutenants.

EUGENE FIDELL, NATIONAL INSTITUTE OF MILITARY JUSTICE: It's highly improbable that this jury will include no one who's been there. So I think the jury selection is going to be an interesting exercise because obviously it's a concern if you have people who have had the actual experience to go to Iraq. TODD: The case has made Watada a poster boy for the anti-war movement, some of whom are protesting near Fort Lewis as his trial gets underway.

(END VIDEO TAPE)

TODD: But Watada is said to be resented by some inside Fort Lewis, where he held a desk job until recently. His family tells CNN they expect this court-martial to be over by Thursday. If convicted, he could face four years in a military prison -- Wolf.

BLITZER: We'll watch it together with you, Brian.

Thanks very much.

Let's go to New York and Jack Cafferty -- this is going to be a big case at Fort Lewis up in Washington.

CAFFERTY: I don't think it's going to be that big a deal. When you're wearing the uniform, you're not allowed to decide whether the war you're ordered to fight in is moral or not. You follow your orders and you go where your unit goes and that's just the way the military -- I mean how would it be if every soldier was allowed to say well, I'll fight in Afghanistan, but I won't fight in Iraq, or I'll go here but I don't think I should go there, because I don't like the way those people -- I mean that's nonsense.

He's dead.

Senate rebuke on Iraq is loud and unclear. That's how one newspaper headline put the story today. The Senate spending all of this time talking about these resolutions criticizing President Bush's plans to escalate the war in Iraq.

Republicans are threatening to block the vote. One Democrat calls that threat obstructionism and they just blather on and on and on.

But when it comes right down to it, all this debate and fussing are about non-binding resolutions. They really don't mean anything in terms of the conduct of the war. They're just sort of a way to register a complaint.

President Bush is the commander-in-chief. The country is at war. He's probably within his rights to do pretty much whatever he wants in terms of adding troops, withdrawing troops, moving troops, whatever. He is the commander-in-chief.

In the meantime, the hopes of a new Congress coming in, getting right to work on this nation's problems, are being held captive by these resolutions, just like the entire country has been held captive by this war for almost four years now.

Nothing that's important to our citizens here is being addressed. Instead, we get posturing and speechifying and bloviating or, as Shakespeare so eloquently put it, a tale told by an idiot full of sound and fury signifying nothing.

The question is this -- how important is it for the Senate to pass a resolution opposing President Bush's troop increase plan in Iraq?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile -- Wolf, whatever they're going to do, I wish they would just get on with it.

BLITZER: Usually they don't do it that quickly here in Washington. It takes a lot of time.

CAFFERTY: All right. We'll wait.

BLITZER: Jack, thank you.

CAFFERTY: All right.

BLITZER: Still to come, my interview with Democratic presidential candidate John Edwards. I'll ask him about his call for pulling U.S. troops out of Iraq, his ambitious health care plan and raising your taxes. That's coming up.

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Also, with a growing roster of Democratic candidates, are African-Americans facing a growing divide, especially when it comes to frontrunners like Hillary Clinton and Barack Obama?

Former presidential candidate Al Sharpton, he's stopping by live right here in THE SITUATION ROOM to talk about it.

And a massive slaughter underway right now as Britain tries to contain Europe's huge outbreak of bird flu.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: While many White House wannabes are dipping their toes in the water, one former contender has already plunged back in and he's making a splash on issues like Iraq, raising taxes for the wealthy to pay for health care.

And joining us now, Democratic presidential candidate in his home state of North Carolina.

Senator, thanks very much for coming in.

Let's get to Iraq first.

If you had your way, how long would it take to pull out U.S. forces from Iraq?

FORMER SENATOR JOHN EDWARDS, PRESIDENTIAL CANDIDATE: About a year. It could take a little more -- a little longer than that. But roughly a year, Wolf -- combat troops.

BLITZER: And what about the support personnel, because there's a lot of support personnel in Iraq, as well?

EDWARDS: Well, the support personnel that are there for the purpose of supporting the combat effort, most of them can leave. But the people who are there for logistical support, to help train the Iraqis, we will need to keep some presence there for a period of time.

BLITZER: Here's what the National Intelligence Estimate said the other day, this compilation, a summary of the 16 U.S. intelligence agencies: "A rapid withdrawal from Iraq would result in these -- in this nightmare scenario. The Iraqi security forces would be unlikely to survive. Iraq's neighbors might intervene openly. There probably would be massive civilian casualties. There would be a Kurdish play for autonomy in the north and that could prompt Turkey to launch a military incursion."

In other words, what they are saying is that as bad as the situation is right now -- and it is horrendous -- it could be even worse if there were a rapid withdrawal.

EDWARDS: It could be even worse no matter what happens, and I think they acknowledge that, too, Wolf, in the same report.

What the NIE tells us is the situation on the ground is very bad, the security situation. The political situation is bad. But the one thing everyone agrees on is the only potential solution in Iraq is a political reconciliation and the threshold question is how do you create the incentives for Maliki and the Shia led government by relatively disorganized Sunni leadership to reach that political reconciliation?

And I think -- others, too -- including the -- those -- some of the people in the Iraq Study Group -- believe that the best way to do it, do that, is to not continue to enable them by keeping our combat troops there for a period -- for a long period of time, or by doing what the president wants to do in escalating the war.

BLITZER: You've said -- you've apologized for your vote back in 2002 when you were in the Senate in favor of the resolution authorizing the president to go to war against Saddam Hussein. Senator Clinton, on the other hand, has not formally apologized.

Does she have credibility on this issue, as far as you're concerned?

EDWARDS: This is an issue between her -- not just for her, but for anyone who voted for this -- for this war -- this is an issue between them and their own conscience. If they believe their vote was right, they should defend it. If they believe their vote was wrong, then they ought to tell the truth about it. It's a pretty simple choice and I think it'll be for voters to evaluate.

BLITZER: Let me rephrase the question.

As far as Hillary Clinton is concerned, does she have credibility when she says that if she were elected president, she would end the war? EDWARDS: You mean do I believe she's telling the truth about it?

BLITZER: Do you believe that she has the credibility, the ability to do what she says she would do, given her track record in the Senate?

EDWARDS: Well, there's no way for me to get inside her mind and heart, Wolf. I mean, she's like everyone else who voted for the war, she has a responsibility, a moral responsibility, to make a decision about whether her vote was wrong or right. This

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was a question of a war or not. And I think for anyone who wants to be the president of the United States, they need to be honest with the American people.

Senator Clinton is the only one who knows the answer to that question and I think the public will evaluate her, as they will me, Senator Obama and all of the others, on the basis of what they -- what we say and what they see.

BLITZER: Yesterday, you were on "Meet The Press" and you acknowledged -- you said very candidly that if elected president, in order to pay for your health care initiative that you've announced today, to put forward, that you've put forward today, you would have to raising taxes on families making $200,000 a year or more.

Is that right?

EDWARDS: That is correct.

BLITZER: You're -- it brought to my mind this famous comment from Walter Mondale in the presidential debates back in 1984.

Listen. You'll remember this sound bite from the then Democratic presidential nominee.

(BEGIN VIDEO CLIP)

WALTER MONDALE, FORMER PRESIDENTIAL CANDIDATE: Mr. Reagan will raising taxes. And so will I. He won't tell you. I just did.

(END VIDEO CLIP)

BLITZER: All right, so you've just told everyone you'll raising taxes if you're elected president.

Is that a smart political move, given the opportunity now that your opponents will have to hammer you on this sensitive issue?

EDWARDS: My view is that the single most important characteristic of the next president of the United States is somebody who's decent and honest with the country. No one can propose universal health care and say they can pay for it without doing anything to the tax structure. That is not the truth.

And I think the American people deserve and are entitled to the truth, that I suspect the will be other Democratic candidates as we go forward who will follow the lead that I've put out there today and will come forward with their own universal health care plan. And if they contend that they can pay for it leaving the tax cuts and the tax structure exactly as it is, I don't believe that's true. And we'll have to hear what they have to say.

BLITZER: But you're convinced that your health care plan, in effect, will be able to be paid for by this increase in taxes?

EDWARDS: For people who earn over $200,000 a year -- families that earn over $200,000 a year -- they -- they will lose the tax cuts they had under George Bush and go back to what the tax system that existed under Bill Clinton.

But in exchange, we're going to have a more efficient health care system, a less costly health care system. We're going to get rid of a lot of the administrative costs. Every single American will have health care coverage and every -- we'll bring down the costs of the entire system as a whole.

So this is -- this kind of political -- I mean health care reform, which I think is desperately needed and I think the country knows is desperately needed, is the kind of transformation, not small steps, but big steps, that I think we need to take to strengthen this country.

BLITZER: Senator Edwards, thanks very much for coming in.

EDWARDS: Thanks, Wolf.

Thanks for having me.

BLITZER: And you just heard Senator Edwards say he'd raise taxes on the wealthiest Americans to pay for universal health care.

Across the United States, by the way, just 3 percent of all U.S. households make $200,000 a year or more. Here are the top five locations where wealthy Americans could take a hit.

In the District of Columbia, 6.8 percent of households reached that $200,000 threshold. It's 6 percent or more in Connecticut and New Jersey. And in both Maryland and California, almost 5 percent of households might have to pay more under Senator Edwards' plan.

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Coming up, Arnold Schwarzenegger unplugged -- find out what he had to say about a key political rival and his own wife in newly released recordings.

And a massive bird flu outbreak in Britain. We're going to show you why it's raising fears the virus could land, potentially, right here in the United States.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Let's check back with Carol Costello.

She's monitoring all the developments coming in from around the world.

What's the latest -- Carol?

CAROL COSTELLO, CNN CORRESPONDENT: I have it right here, Wolf.

There is a multi-million dollar settlement in last week's bomb scares in Boston. Turner Broadcasting System, which is CNN's parent company, and the advertising agency Interference, Inc. will pay $2 million. The money will go to city and state agencies to reimburse them for their response. This comes after electronic light boards used in a cartoon promotion set off a terrorism scare last Wednesday and brought in the bomb squads. The agreement resolves any potential civil or criminal claims.

Talks aimed at ending the deadly fighting between rival Palestinian factions get underway in Saudi Arabia tomorrow. A fragile cease-fire appears to be holding, for the most part, in Gaza. But Hamas militants reportedly stormed a Presidential Guard post in northern Gaza today and kidnapped five Fatah security officials. Hamas says the men will be released soon.

The fighting has killed more than 130 people in Gaza since May.

The British government is urging the public not to panic about an outbreak of the deadly bird flu virus. The country's largest poultry producer is destroying tens of thousands of infected turkeys at its farm, but the largest bird flu outbreak to hit Europe. But a British health official says it's very unlikely people could get the disease.

Ireland, Russia, Macedonia and Japan have banned British poultry imports for now.

That's a look at the headlines right now -- Wolf.

BLITZER: All right, Carol.

Bird flu -- let's get a little bit more now. It was first detected in Southeast Asia and you can see on this map how it spread across the continent, through the Middle East into Africa and Europe. It's now confirmed in almost 40 countries. And the virus has now been detected in humans in 11 countries, including Turkey.

The fear is that migratory birds will bring the virus to North America. You can see the routes those birds take on the map behind me. Right now, the virus doesn't pass easily between people, but there is the fear it could mutate and spread from person to person like other forms of the failure.

Coming up, do African-Americans owe loyalty to Senator Hillary Clinton?

A key supporter of potential rival Senator Barack Obama says no. I'll talk about the growing divide, what's coming up on that front with the Reverend Al Sharpton. He's standing by live.

Plus, frigid weather gripping much of the northern part of the United States right now. We'll have the latest on the Arctic blast that has millions of people shivering today.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Happening now, President Bush submitting a $2.9 trillion budget to Congress. It includes more than $240 billion for the wars in Iraq and Afghanistan, 90 percent of that sum going to Iraq. And it comes as we're awaiting a key Senate vote on a resolution opposing the president's troop increase for Iraq.

Also, the former New York mayor, Rudy Giuliani, now another step closer to becoming an official Republican candidate for president.

On the Democratic side, African-Americans facing a growing divide -- will they support Barack Obama, Hillary Clinton, someone else?

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I'll talk about that. That's coming up. The Reverend Al Sharpton, himself a former presidential candidate, he's standing by live.

And Arnold Schwarzenegger unplugged. Newly released recordings capturing some candid conversation about his wife Maria Shriver, his political opponents, and a lot more. Some of them very unflattering.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

African-American Democrats are increasingly being torn between their party's two front-runners in the race for the White House. That would be senators Hillary Clinton and Barack Obama. And now underscoring the divide, controversial remarks by one of Senator Obama's key supporters.

Let's turn to CNN's Mary Snow. She's in New York with the story -- Mary?

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, those comments came during a meeting last Friday. One person who was present at that meeting said what was being talked about in public is something many black political operatives have been talking about privately.

(BEGIN VIDEOTAPE)

SNOW (voice over): It's a tug-of-war among black voters being asked to choose between supporting Senator Barack Obama and Senator Hillary Clinton. And comments late last week from Illinois state senator Emil Jones tug even further when he called on support for Senator Obama and made a veiled reference against the Clintons.

EMIL JONES (D), ILLINOIS STATE SENATE: I don't feel that we have to pay a debt to someone. How long are we going to pay this debt when our son is running? And our son deserves their support. That was my message to them. SNOW: Jones made his comments during a meeting at the Democratic National Committee's Black Caucus, making it clear his loyalty to Obama.

JONES: We should be united. And African-Americans understand what I say when I say united. He is our son, and I'm behind him because he's our son.

JAMAL SIMMONS (D), POLITICAL STRATEGIST: No one was prepared for this conversation to take place in that room, and once it did, it sparked some questions among people in the room about where their loyalties should lie.

SNOW: Some political strategists say black voters feel caught between loyalty to President Clinton, who was dubbed by many the first African-American president. At the same time, Senator Obama has the potential to make history. So far, Senator Clinton has been leading in polls, but some say the black vote will be critical.

RONALD WALTERS, UNIVERSITY OF MARYLAND: The nagging question about where Barack Obama stands on issues relative to the black vote, if that's cleared up, then I would expect that his favorability numbers would skyrocket.

SNOW: New York congressman Charles Rangel in January said Obama's lack of experience would hold him back, adding that black voters weren't divided.

REP. CHARLES RANGEL (D), NEW YORK: You compare what you know about Hillary Clinton today and what you know about Obama today and it's not a contest.

SNOW (on camera): What do you mean?

RANGEL: One has to prove himself that he is mature enough, understanding enough, has the intellect to guide the entire country. And, of course, Hillary has proven that.

(END VIDEOTAPE)

SNOW: Now, another political strategist who attended last week's caucus meeting said the black vote is wide open, like the entire Democratic vote.

BLITZER: All right, Mary. Thanks very much.

Let's get some analysis from the Reverend Al Sharpton. He's joining us now from New York. He's president of the National Action Network, also himself a former presidential candidate.

Reverend Sharpton, thanks very much for coming in.

REV. AL SHARPTON, NATIONAL ACTION NETWORK: Thank you, Wolf.

BLITZER: Before we get specifically to what Mary was just reporting, are you planning on running again this time? SHARPTON: I've said I'm not interested in trying to run, unless we get in to the season and I don't see someone really

championing the cause of social justice and some of the things I did in the last cycle. I'm very happy doing what I'm doing from National Action Network in trying to add to the debate, but we'll see.

I haven't finally ruled it out. I've met with four of the candidates, I'll be meeting with the rest. And I'm really trying to see who will have a message for those who have been marginalized. So far I've not heard that clear message.

BLITZER: So you're not ready to endorse anyone right now, whether it would be Hillary Clinton or Barack Obama or someone else?

SHARPTON: No, I'm not ready to do that as of yet, no.

BLITZER: Well, do you agree with Charlie Rangel, the congressman from Harlem, when he says that Hillary Clinton has already proven herself and Barack Obama still has not?

SHARPTON: Well, I agree that we know her record better. And we have had agreements and disagreements with that record. But we know it better.

That does not mean we should not come to know Senator Obama's record or, for that matter, any of the other contestants. And I've met with him, I've met with her, and I'm meeting with others. But I agree with him that she has the advantage of being known and having taken some positions. Some we have disagreed with.

I think the big problem that Senator Obama has is that he is not as known, and his track record is not as established as hers. But, again, he has time to try and correct that, if, in fact, he can.

I agree more with Professor Ron Walters when he says it is the issues and positions that are taken that I think is going to determine where the majority of the African-American vote ultimately goes.

BLITZER: And you heard Emil Jones, that politician from Illinois, make that statement that Mary -- that Mary included in her piece, saying that, you know, the African-American community really doesn't owe the Clintons anything else, and right now it's a time to unify around Barack Obama.

SHARPTON: Well, I think the problem with that is that you can offend people by saying that you've got to unite just because someone is your race and, therefore, not address the issues. I think that the better way is for Senator Obama or anyone else to stand up on the issues and say, let's unite around the issues. Not unite around who is someone kindred to us, because you really don't want to set that kind of scenario up.

For example, right in Chicago, where there's a mayor race, Senator Obama's endorsed the incumbent white mayor against two black candidates. So you really don't want to nationally say that blacks should do something for Obama that he himself is not doing at home. That is not a debate you want to raise, because then you can name any number of races where people didn't support blacks against whites. I think what is intelligent and respectful to our community, as in any community, is to talk our interests and our issues. Don't raise an issue that you may not want to come home and have to answer.

BLITZER: Let me pick your brain on two other issues.

First of all, Senator Joe Biden, I know he was on your radio show after he made those controversial comments about Senator Barack Obama. Are you over that issue now? Is it time to move on? Or is there still a problem you sense Senator Biden has?

SHARPTON: I mean, well, Senator Biden said what he said, and as I told him on the show, it offended a lot of people. I certainly did not think that it was a thing that was not offensive.

I know Senator Biden, and he said his intention was not to in any way desecrate those of us that ran for president before, being Shirley Chisholm or Reverend Jackson, me, or whoever. But the suggestion that people that, because they may not have a certain style, is not articulate or even clean, I thought was a bit much.

I said it, but, again, I think that the debate must be around the issues. The disparity in income in income in this country based on race, the disparity in how the criminal justice system is used -- it just came out over the weekend in New York that blacks, who are a third of the city, are stopped 55 percent of the time in stopping and frisked by police.

These are the things that people want to know, as president, what will you do to even the playing field? And that's going to be a little deeper than someone's gender or race or comments. And if we don't get to that level, then it won't be in the interests of not only African-Americans, but any Americans united around the candidates.

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BLITZER: One final question on Rudy Giuliani. He took another step toward a run for the White House today. You were quoted in "The Times," "The New York Times" on Sunday, as saying, "So right now, he can lead all the media and the national pundits on the yellow brick road. He'd better never let us get near that veil. I know what's back there. I've pieced it before."

What are you alluding to?

SHARPTON: Well, I think that Rudy Giuliani had one of the most polarizing and divisive terms of mayor in the history of the city of New York. Anyone knows that.

His confrontations with the communities of African-Americans and Latinos, his problems in terms of dividing the city, and many other issues will come to light. I think that as soon as the honeymoon is over with the media and he jumps in the ring, he becomes fair game, and I think that a lot of the title of "America's mayor," people are going to have to examine what that mayor (ph) was, and it will not be as flattering as it has been up until now. BLITZER: I don't think the Reverend Sharpton is going to vote for Rudy Giuliani.

Hey, Reverend Sharpton...

SHARPTON: You've got a good guess.

BLITZER: Yes. Thanks very much.

SHARPTON: You also think the Colts are going to win the Super Bowl. Don't you?

BLITZER: Maybe. Maybe.

Thanks very much, Reverend Sharpton, for coming in.

And up ahead, California governor Arnold Schwarzenegger making some unflattering remarks about a political rival. We're going to have details of some newly released recordings, what he did say, he didn't say. He didn't want these recording, though, made public.

Plus, the Senate heading to a showdown over the president's handling of the war in Iraq. We're awaiting a crucial vote. It could come up soon. We'll tell you what's going on in the Senate.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Dangerously cold weather has much of the northern United States in a deep freeze this afternoon. And lake effect snow is piling up in upstate New York. As much as two feet falling in some areas, closing roads, including parts of Interstate 81, earlier.

Law enforcement, by the way, warning people to stay off the roads.

In Chicago, no snow right now, but bitter cold temperatures. The high today was only a few degrees above zero.

The CNN forecast does call for snow in the Windy City tomorrow and a high -- get this -- of only 10 degrees. And the cold snap is even catching the breath of Minnesotans. It hit 8 degrees below zero in Minneapolis this morning, making conditions miserable for a lot of people, including these firefighters.

Images of the arctic blast are coming in from around the country through CNN's I-Report. Let's go to our Internet reporter, Jacki Schechner. She has the latest look on the frigid weather -- Jacki.

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, we've got bold I- Reporters trying to stay warm and sending us photos.

This is Francisco Roque in Ann Arbor, Michigan. He says he rode his bike six miles to work this morning and this is what he looked like when he got there. This is a self portrait. He says he wears a helmet, he was bundled up. But still, the moisture from his breath froze, and you can see that right there on his beard.

We have another I-Reporter named Dorte Jones who took this for us in Cavalier, North Dakota. This is the thermometer outside her garage.

You can see right here it is 30 degrees below zero. She says this is the first time she's seen it this cold in the 12 years she's lived in the area. She thinks that this is why the crime rate in the area is so low, because it's too cold for anyone to go outside.

And this photograph comes to us from Suzanne Velonis, who is in Chicago, Illinois. Took this photograph last night after watching the Bears unfortunately lose the Super Bowl.

She says it was negative 4 degrees. That was cold, but it was even colder this morning. She got up and it was negative 10.

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Again, this one in Chicago.

If you want to calculate the wind-chill in your area for yourself, you can do that online from the National Weather Service. They have a wind-chill calculator. For example, if it's 20 outside, the wind's 21, that gives you a wind-chill of 4 degrees -- Wolf.

BLITZER: Jacki, thanks very much.

Jacki reporting.

They just started voting on the floor of the U.S. Senate on an important resolution that could set the stage for a showdown over the war in Iraq.

Dana Bash, you're watching all of this. Explain to our viewers what's happening right now.

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: Well, what's happening now is you're about to see the latest proof that Senate Democrats may have a majority here in Congress, but it does not mean they have the votes to guarantee they're going to get their way, because what you're seeing is what Democrats hoped would be the beginning of a full-scale debate on Iraq, on a resolution opposing the president's plan to send more troops to Iraq, but that is not going to happen at the end of this vote, because anything in the Senate really needs 60 votes to pass. And Republicans are using the Senate rules to their advantage, and they're making it clear that they are going to block this vote to proceed to a major debate on Iraq.

Why? Because Republicans say that they want to have some of their resolutions passed. Democrats say that is purely obstructionism. So you're going to see this vote, it's going to fail, and then Democrats and Republicans are going to go behind closed doors and try to figure how to get some kind of agreement.

BLITZER: And where they go next.

All right. Thanks very much, Dana, for that.

Let's check in with Lou Dobbs to see what's coming up right at the top of the hour.

Lou, what are you working on?

LOU DOBBS, HOST, "LOU DOBBS TONIGHT": Wolf, thank you.

Coming up at 6:00 p.m. Eastern here on CNN, we're reporting on the Bush administration's determination to push forward with what is being called a North American union without the consent of Congress or the American people. The Bush administration defended its plan in, you guessed it, Mexico City. Imagine that.

We'll have that special report.

Also tonight, some local law enforcement agencies are helping to remove criminal illegal aliens from the streets of this country, despite protests by the illegal alien open border lobby.

We'll have that story and tell you what we can expect in the months ahead.

And a new warning that our public education system is failing an entire generation of our students.

We'll have that special report. And I'll be talking with the head of the educational testing service that issued the warning. Kurt Landgraf is among our guests here tonight.

Senator Byron Dorgan also joins us tonight to tell us why he opposes the president's efforts to negotiate trade deals without congressional approval to have Fast-Track Authority returned to him.

We hope you'll join us for all of that and a great deal more, all the day's news.

Wolf, back to you.

BLITZER: We'll be watching in a few minutes. Thanks very much, Lou, for that.

And coming up in our 7:00 p.m. Eastern hour right here in THE SITUATION ROOM, it's the hottest title in Washington, at least today, President Bush's almost $3 trillion budget. CNN's Jeanne Moos is going to be taking a special Jeanne Moos kind of look at the new budget.

Plus, what California governor Arnold Schwarzenegger says about his wife, as well as a political rival. We're going to have details of some newly released recordings.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: There are some new recordings out from meetings between Arnold Schwarzenegger and his aides, and they reveal some very candid and unflattering comments by the California governor about some of his opponents.

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Let's go back to CNN's Carol Costello. She's following the story for us -- Carol.

CAROL COSTELLO, CNN ANCHOR: Wolf, the recordings were made in 2006 for a Schwarzenegger speechwriter with full knowledge of the governor. The hope was that listening to the governor's casual conversation would help write a better speech. The problem is, they were mistakenly put on the governor's Web site and lifted by political rivals.

(BEGIN VIDEOTAPE)

COSTELLO (voice over): The recordings are very much Arnold unplugged, backroom conversations, a window into what he really thinks.

GOV. ARNOLD SCHWARZENEGGER (R), CALIFORNIA: Please, Senator.

COSTELLO: Schwarzenegger, who is heard talking with his aides about his political opponents, dishes about Democratic state senator Don Perata.

SCHWARZENEGGER: Perata is a very sick man.

UNIDENTIFIED MALE: Really?

SCHWARZENEGGER: Yes, absolutely.

COSTELLO: Quite a revelation from a politician who prides himself on his bipartisanship.

The question is, will that bipartisan cooperation continue?

PETER NICHOLAS, "LOS ANGELES TIMES": The governor's staff told me last night that Schwarzenegger had apologized, but I spoke to Senator Perata's office this morning, and they said the senator had gotten no apology from the governor and described the senator as being not in a particular happy mood this morning.

COSTELLO: The governor also discusses another hot-button issue -- immigration. He calls the idea of a fence between Mexico and the United States ridiculous. And when it comes to the subject of assimilation, he says Mexican immigrants do need to work harder to assimilate in the United States.

SCHWARZENEGGER: We love Mexico and we go there on vacation. We love to hear the mariachi music and all that stuff. But up here, for us to feel sympathetic towards you, you have to carry the American flag, and you have to say, "We want to be part of you. We love you."

(END VIDEOTAPE)

COSTELLO: The governor's office released the tapes in their entirety today, saying it did that to prove Mr. Schwarzenegger's comments are part of a long and thoughtful dialogue.

BLITZER: Carol, what are the governor's political rivals saying about this?

COSTELLO: Well, I called state senator Don Perata's office myself today, and his press person told us he's a little upset, but he can't start a war over this. As a politician, he says there have been worse things said about him.

BLITZER: And finally, Carol, what did we learn about Maria Shriver from these recordings?

COSTELLO: She likes detail. She's very involved in speechwriting. In fact, she reviews the governor's speeches.

He says on this tape -- and I quote -- "She is relentless. She will not stop. You know with a speech, like, for a convention or something like that? She goes until the last day. I said, 'Maria it's over, it's locked in. It's in the teleprompter.'"

I'll have more at 7:00.

BLITZER: All right. Thank you. We're going to be watching that.

Carol doing good reporting for us.

Up next, Jack Cafferty wants to know, how important is it for the Senate to pass a resolution opposing President Bush's troop increase plan in Iraq? Jack with your e-mail when we come back.

(COMMERCIAL BREAK)

BLITZER: Let's go to New York and Jack Cafferty for "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, the question this hour is: How important is it for the Senate to pass a resolution opposing President Bush's troop increase plan in Iraq?

Ron in San Francisco writes, "We need resolutions that are as binding as the deaths of our kids over there. Not some chicken little, no-confidence resolution like this. The American people spoke loud and clear last November to end the war, not fight over condemning a Bush escalation of it. Wake up guys, or we'll muck out the barn again in two years."

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Aaron in Pennsylvania, "Very important. If no one goes on record opposing the war, the President Bush will say, 'Nobody said they were against my plan when this all started.' I hope the politicians learned an important lesson from the vote that they took that got us in to this mess four years ago." Bernie in Binghamton, New York, "It's of no importance, Jack. It's merely grandstanding. If the Congress wanted to oppose this stupid, unwinnable war, it should do two things -- deny Bush the funds to continue the war, impeach both Bush and Cheney. The time has come for serious action, not for political posturing."

Armin in Litchfield, Connecticut, writes, "If they do nothing else for the rest of the year except vote against a troop increase, they have saved us poor taxpayers trillions in future expenses, and most likely a few thousand American lives. Maybe that's a sking too much of our senators."

Barbara writes from Niles, Michigan, "The sad truth is the Republicans cannot seem to accept they are no longer the majority in the Senate. They're now trying to filibuster the Iraq debate and the Iraq resolution. I think they'd better get on the side the people, or I predict there'll be fewer Republicans in Congress after the next election."

Luzma, Lewiston, Maine, "I have two nephews in Iraq right now. I don't want to see them come home in coffins. Therefore, this vote against the surge is crucial on how I will vote for Senator Susan Collins in 2008."

"Any Republican who votes with the president is ignoring a powerful voice in our democracy -- our vote. We voted in November for change, and we demand it."

John writes from Delaware Water Gap in Pennsylvania, "A non- binding resolution? Spineless comes to mind. If those yo-yos are serious about their disagreement with the president, they ought to cut off funding and force a withdrawal in six months. Damn, it sucks being helpless and represented by these idiots. Maybe we need to be liberated."

And Joseph, finally, in Norman, Oklahoma, "Jack, the Senate's fighting for the best way to do nothing. As usual."

If you didn't see your e-mail here, you can go to cnn.com/caffertyfile, where you can read more of these online -- Wolf.

BLITZER: You k now, a lot hovering over this whole debate. There are 20 Republicans senators who are up for re-election next year, and they're all very worried about how this vote might play. We'll talk a little bit more about that in an hour, Jack.

Thanks very much.

Edwards Details His Health Care Proposal (NYT)

By John M. Broder

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — John Edwards proposed a detailed plan on Monday to provide health care coverage to the 47 million Americans who now go without, becoming the first major presidential candidate to do so.

Mr. Edwards's plan is ambitious and expensive, adding as much as $120 billion a year to the nation's health care bill. Money for the proposal would come from increased taxes on well-to-do families, from new fees to be paid by companies that refuse to provide health insurance for their workers and through steps to streamline the delivery of health services.

Mr. Edwards, a former senator from North Carolina, was the Democrats' vice-presidential nominee in 2004.

The Edwards plan is a pastiche of ideas that have been introduced at the state and federal levels, including some that have been derailed by opposition from business groups, doctors and health insurers.

Mr. Edwards, in an interview on Monday, described the American health care delivery system as dysfunctional and said that incremental steps would not cure it. "This proposal embraces the concept of shared responsibility to provide universal health care," he said.

The plan would be partly financed by eliminating tax cuts for households earning more than $200,000 a year, cuts that Congress approved in the Bush administration. Mr. Edwards said he would also offset the program's cost by using the estimated $15 billion in capital gains taxes that go uncollected each year by requiring brokerage houses to report capital gains from taxpayers' stock sales to the Internal Revenue Service, just as interest and dividend income is reported now.

Mr. Edwards also said that billions of dollars could be saved by making the health system more efficient and investing more in preventive care. The Edwards plan would provide tax credits or subsidies to low-income families who cannot afford health insurance, expand Medicare and the federal program of health care for children, and create a federal health insurance agency that could become the basis for a single-payer system that would eventually do away with private health insurance.

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Drew Altman, president of the Kaiser Family Foundation, which studies the American health care system, praised Mr. Edwards, saying he was the first candidate in the 2008 presidential race to offer a credible and comprehensive plan to cover the uninsured. But Mr. Altman also said the plan faced high practical and political hurdles.

"This is a plan that borrows from different approaches in an attempt to cut through the paralysis in Washington between left and right for many years," he said. "None of these plans are easy or without issues that others can attack you on."

Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, Mr. Edwards's two most prominent rivals for the Democratic presidential nomination, have not yet released detailed health care plans and declined to comment on the Edwards proposal.

One provision of the Edwards proposal certain to draw fire is a requirement that companies provide health insurance for all workers or pay 6 percent of their payrolls into a government fund to buy insurance for them. This type of "play or pay" program was an element of former President Bill Clinton's failed 1994 health care plan that was shaped in large part by Mrs. Clinton.

Gov. Arnold Schwarzenegger included a similar mandate for employers in his universal health care proposal for California residents. The plan by Mr. Schwarzenegger, a Republican, calls for employers who do not provide health coverage to pay 4 percent of their payrolls into a government health insurance fund.

The National Federation of Independent Business, a powerful lobby that represents small-business owners, said such mandates amounted to a job-killing tax on small companies. "Health care mandates are a nonstarter for our members," said Stephanie Cathcart, a spokeswoman for the federation.

Mr. Edwards also proposed creation of regional health insurance markets, to use the purchasing power of millions of consumers to drive down health insurance premiums. The concept is similar to that in Mrs. Clinton's 1994 plan to create health insurance purchasing alliances.

Mr. Edwards's proposal would also strengthen the Food and Drug Administration's ability to monitor new drugs after they reach the market, a provision generally welcomed by experts. But it also includes restrictions on drug companies' advertising directly to consumers, which is vigorously opposed by the pharmaceutical industry.

Edwards Introduces Plan For Health-Care Coverage (WP)

By Dan Balz

The Washington Post, February 6, 2007

Democratic presidential candidate John Edwards yesterday issued a blueprint aimed at providing health-care coverage for all Americans and said he would raise taxes to help pay the roughly $100 billion annual bill.

The plan would require employers to provide health insurance for employees or pay a portion of their payroll into a fund that would help individuals buy their own insurance. Edwards said the plan would demand that people take responsibility for obtaining insurance, either from employers or on their own.

The federal government would provide tax credits to help underwrite the cost of insurance and, through the states, would establish state or regional health-care markets, or purchasing pools, that would offer competing health plans to individuals.

"This is the shared-responsibility approach to reforming our health-care system," Edwards said in an interview. "I think it's a dramatic change in the health-care system, the kind of transformation it needs. It's a truly universal system."

Edwards said the cost of the plan would be $90 billion to $120 billion once it is fully implemented. He said the major share of the cost could be paid for by eliminating President Bush's tax cuts for families with incomes of more than $200,000. More revenue could come through more aggressive efforts by the Internal Revenue Service to collect some taxes now going unpaid.

Edwards said the plan bears some resemblance to the new health-care program enacted in Massachusetts, but he said it would require employers that do not provide health insurance to pay a greater share of their revenue into a government fund to help individuals buy insurance.

He called the plan less complicated than that proposed by Bill Clinton and Hillary Rodham Clinton when they were in the White House.

Edwards' Stiff Healthcare Medicine: Taxes (LAT)

By Michael Finnegan

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The Los Angeles Times, February 6, 2007

Betting that voter concern over healthcare outweighs disdain for higher taxes, Democratic presidential candidate John Edwards on Monday proposed repealing President Bush's tax cuts on high-income Americans to finance a universal healthcare plan.

The plan would cover all 47 million of the nation's uninsured by 2012, the former North Carolina senator said. The annual cost to taxpayers would be $90 billion to $120 billion, most of it covered by a tax increase on families making more than $200,000 a year.

The plan would require employers to provide health coverage to workers or help them buy insurance. To hold down the cost of premiums for millions of Americans, it would allow employers and consumers to join regional insurance pools that purchased coverage in bulk. The plan would also expand Medicaid and other public health programs.

Edwards' explicit call for a tax increase to broaden access to healthcare could carry wide appeal among Democratic primary voters. But if he wins the nomination, it risks exposing him to Republican attacks in a general election race, just as Walter Mondale, President Reagan's Democratic challenger in 1984, was pilloried for proposing higher taxes.

The Edwards plan comes as he is trying to sharpen distinctions between himself and rivals for the Democratic nomination, particularly Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Like Edwards, both support universal healthcare, but neither has released a specific plan. Last week, Clinton said she hoped to build consensus on politically feasible elements of a plan before releasing one; Obama said he was working with experts to develop his own proposal.

Other Democratic White House contenders who have vowed to broaden access to health coverage include New Mexico Gov. Bill Richardson and Sens. Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware.

But Edwards is the first to provide details. In a telephone interview, he said he did not expect his plan to draw any storm of opposition, as the Clinton White House did with its failed effort, led by Hillary Clinton, to overhaul health coverage in the 1990s. "I think it's appealing across the ideological and political spectrum," he said.

The Edwards proposal would set up regional coverage-purchasing pools that would offer competing insurance plans. The nonprofit pools would be available to consumers who did not get coverage through their jobs, and to employers that decided to join rather than offer their own insurance plans. The idea would be for the pools to negotiate lower premiums through economies of scale. One of the insurance plans offered by each pool would be a public program modeled after Medicare.

The proposal would also make more people eligible for taxpayer-subsidized healthcare under Medicaid and the State Children's Health Insurance Program, and it would create a new tax credit to offset insurance costs for some middle-class families. Once those steps were taken, Americans would be required to have insurance.

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Edwards Latest To Decline Public Funds For Presidential Campaign (USAT)

By Jill Lawrence And Fredreka Schouten

USA Today, February 6, 2007

WASHINGTON — Democrat John Edwards on Monday joined New York Sen. Hillary Rodham Clinton in saying he will not use public money for the presidential primary campaign or, if he wins his party's nomination, for the general election.

The move by the former North Carolina senator is the latest sign of trouble for the public campaign funding system, created after the Watergate scandal to set limits and disclosure rules on contributions to presidential campaigns.

Edwards said in an interview that he expects major candidates in both parties to raise unlimited private dollars rather than participate in the public system. He said he needs to do the same "to have the funds to be competitive."

Edwards plans to start soliciting contributions for the general election soon, spokeswoman Jennifer Palmieri said. Clinton has been raising money for both the primary and general elections since she got into the race last month.

Another strong Democratic contender, Illinois Sen. Barack Obama, is not disclosing his financial plans until after a formal announcement Saturday in Springfield, Ill.

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On the Republican side, an aide to former Massachusetts governor Mitt Romney said Monday that Romney will not take public money in the primaries. "Our focus right now is on securing the nomination. Decisions on the general election haven't been made yet," Kevin Madden said in an e-mail.

Two other top GOP prospects, Arizona Sen. John McCain and former New York mayor Rudy Giuliani, have not said yet whether they will use public money at any stage of the race.

Withdrawing from the public financing system allows candidates to raise money for the primary and general elections at the same time, lowering the cost of fundraising.

"You rent the same ballroom, serve the same stale hamburgers, but you double the potential take," said Michael Toner, a member of the Federal Election Commission. Candidates would refund money if they don't win the nomination.

Toner predicts "record-breaking presidential fundraising," with each nominee amassing as much as $500 million. The Edwards and Clinton decisions also set the stage for a two-tiered nomination process: well-known candidates raising unlimited dollars and less familiar candidates relying on public money.

The public-financing system has been used by every president elected since 1976. The money also helps pay for the Democratic and Republican national conventions.

Taxpayers can direct $3 of their tax each year to underwrite the system. Last year, 9% of taxpayers — nearly 11.7 million people — checked the contribute box on their income tax form. "I don't think it encourages people to check the box when the only people who take the money have no realistic chance of winning," Toner said.

President Bush and Democrat John Kerry declined public money during the 2004 primaries because that would have required them to limit their spending in each primary state. However, they accepted nearly $75 million apiece in public financing after their parties' nominating conventions for their general-election campaigns.

Federal law now caps campaign donations from individuals at $4,600 — $2,300 each for a primary and a general election. The political action committees of unions and companies are limited to $5,000 per election, or $10,000 total.

The Other Democrats Weigh In (WP)

By David S. Broder

The Washington Post, February 6, 2007

The good news for the nation's Democrats is that neither of the supposed front-runners for the party's 2008 presidential nomination, Hillary Rodham Clinton and Barack Obama, stole the show when all 10 of the likely contenders spoke last weekend to the Democratic National Committee.

Clinton and Obama got good receptions from the crowd at the Washington Hilton, having filled many of the spectator seats with their young supporters. But they didn't blow away the field, which will help keep things loose for a while, allowing more grass-roots activists time to weigh the strengths and weaknesses of all the entrants.

This campaign is starting ridiculously early, for both Democrats and Republicans. The only thing worse would be to have it end early because all but one or two people have been eliminated on each side.

That is now less likely to happen to the Democrats. The stars of the weekend, judging from reactions in the ballroom and the lobby, were not Obama and Clinton but former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico.

Both of them played to the antiwar sentiments of this liberal-leaning audience by demanding that those now in Congress do more than pass resolutions decrying President Bush's decision to send more troops to Iraq. Edwards wants to pull out 40,000 soldiers now; Richardson said that Iraq "is not worthy of one more lost American life."

Their view, which was echoed by former Iowa governor Tom Vilsack, left Obama, Clinton and Sen. Joe Biden of Delaware -- who have to deal with the realities of a 51-49 Senate where nothing can pass without significant Republican support -- in the uncomfortable position of seeming to be less fervent about the war. Only Sen. Chris Dodd of Connecticut and Rep. Dennis Kucinich of Ohio, among those with votes to cast, joined the call for early withdrawal.

Edwards combined his Iraq message with a version of his stump speech from the last presidential campaign, evoking the plight of anonymous forgotten Americans like the "8-year-old little girl [who] will go to bed hungry . . . because her father lost his

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job." Edwards almost never mentions his own political history -- especially not his 2004 race as John Kerry's running mate. This time around, he is even more a populist, and he closed his speech with a vow of solidarity with organized labor that drew thunderous applause.

Unlike Edwards, Richardson dwells on his varied experience as a member of Congress, ambassador to the United Nations, energy secretary, diplomatic troubleshooter and now a reelected governor. Others may talk about extending health care, improving schools, creating jobs; he says he's already done it. Vilsack made a similar claim about his eight years as governor of Iowa, but Richardson could give him lessons in speech-making.

One of the losers in the weekend oratorical marathon was retired Gen. Wesley Clark, who repeatedly invoked the West Point motto of "Duty, Honor, Country," forgetting that few in this particular audience have much experience with, or sympathy for, the military. The larger disaster was the long harangue of former Alaska senator Mike Gravel, a strident critic of almost everything and promoter of a folly -- a national initiative process -- that not even a deranged blogger could love. Someone has to give him the hook before the real debates begin.

Obama delivered a lofty address, decrying negative campaigning -- a speech that put him squarely on the record against cynicism and in favor of hope. People listened intently, but at some point, the man from Illinois is going to have to put some policy meat on the bones of that compelling personality, lest he feed the suspicion that he doesn't have much to say.

By comparison, Hillary Clinton looked like what she is -- an old pro, maybe a bit hesitant at the start of her first national campaign for herself but someone who draws confidence from giving voice to her own ideas. She stole the headlines for the weekend by pledging that if the current Congress does not find a way to end the war in Iraq, "as president, I will." Of course, she also said that if she had been president in 2002, she wouldn't have started the war in the first place -- a statement that invites Obama and others to ask, "Well, then, why did you vote for it as senator?"

Oh, it's going to be fun, and, with luck, it will keep going for a long time.

Slip Sliding Away (NYT)

By Stacy Schiff

The New York Times, February 6, 2007

Football season is over, but there is no cause for despair. We are smack in the middle of an all-star backpedaling tournament.

Last week Joe Biden announced his candidacy with that loaded line about Barack Obama, “the first mainstream African-American who is articulate and bright and clean and a nice-looking guy.” Forget what Mr. Biden really meant to say. Think instead about where he went next, which was where Michael Richards and Mel Gibson had gone before him. Not only did Mr. Obama understand what he meant, insisted Mr. Biden, but “I have no doubt that Jesse Jackson and every other black leader — Al Sharpton and the rest — will know exactly what I meant.”

Indeed they did. The day ended with Mr. Sharpton assuring Mr. Biden that he bathed regularly. Rehabilitation came that evening on Jon Stewart; this is why television was invented.

Rule No. 1: Blame the context.

Rule No. 2: Blame the English language. (Punctuation is also fair game. Mr. Biden later enlisted an exculpatory comma.)

Rule No. 3: Go scattershot. Blame your humor-impaired audience (as Senator Kerry did); your ignorance (former Senator Allen, when asked to define “macaca”); your childhood (former Congressman Foley); in a pinch, but only in a pinch, your mother (Mr. Biden, again).

Rule No. 4, particularly useful if you can’t blame the English language and your own is unforgivingly precise: blame the microphone.

That was the route Jacques Chirac took after his nuclear remark about a nuclear Iran. “Having one or perhaps a second bomb a little later, well, that’s not very dangerous,” Mr. Chirac said with a shrug. The press was summoned back, for a retake. “I should rather have paid attention to what I was saying and understood that perhaps I was on the record,” Mr. Chirac offered, as if the record rather than the remark were the issue. Then there was that little fillip about obliterating Tehran. “I retract it, of course,” Mr. Chirac added.

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Which brings us to O. J. Is reconstructing a supposedly hypothetical version of a supposedly half-remembered crime backpedaling? I think I'll opt for plain old delusional. Locking that farce away in a vault is corporate (and commendable) backpedaling, however.

Backpedaling is not apologizing. Apologizing is what you do when you have an affair with your campaign manager's wife and are found out. Or after you have had a homosexual tryst in your living room while your wife is having a baby in the hospital. It is what you once did when you accidentally shot your hunting buddy in the face.

As anyone with a marriage license knows, there are apologies and apologies. To apologize for your philandering to the public but not your spouse is — just to pick a random example — the height of disingenuousness. Apologies can be easy, also cheap and common. Saddam Hussein apologized for invading Kuwait, after all.

Backpedaling, on the other hand, is subtle and strategic. The trick is to deflect adroitly without landing in an undignified puddle of overwrought remorse. There are no woodsheds or waterworks in this league. It is instead all artful insouciance. The backpedaler distances himself from his actions; the two are but dimly acquainted. He has essentially suffered an out-of-body experience, a brief abduction by bad judgment. It can happen to the best of us. Just ask Larry Summers. Backpedaling is apology in the passive voice, like suddenly acknowledging those secret C.I.A. prisons that we were unable to locate for a while there. It is to half-assume responsibility, to smoke but not inhale. Perhaps it's imperfect, but we are grading on a curve these days.

As with most sports, technology has transformed this one. Jon Stewart and Oprah are its umpires, YouTube its steroids. Never have we and our words had to live in such tight quarters. Blurting just isn't what it used to be in the days of Daniel Webster or William Jennings Bryan.

Nor is backpedaling for everyone. Some people, like some bikes, are just not capable of it. Let's say that you have sunk your country into an unpopular war. Against expert judgment and a groundswell of opinion, you opt for escalation. Queried as to how you would answer a pollster who asked if you approved of that war, you reply, "You can put me down as a no." That is unsporting, and a travesty.

Super Sunday may be behind us, but Super Tuesday is a year away. May the best backpedaler win.

House Bill Eases Union Sign-ups (WT)

By Sean Lengell

The Washington Times, February 6, 2007

Labor groups are hoping that the new Democratic majority in Congress will push through a measure that would make it easier for workers to join unions.

The bill, scheduled to be introduced today by Rep. George Miller, California Democrat, is prompting labor activists and union foes to square off in an intense and high-profile lobbying campaign.

The Employee Free Choice Act would allow workers to unionize by simply signing a card or petition stating their interest in joining the union, as opposed to the decades-old practice of secret-ballot elections.

If a majority of employees sign, the employer would be required by law to recognize and bargain with the workers' union.

Sen. Edward M. Kennedy, Massachusetts Democrat, will introduce the Senate version of the act later this year, his office said yesterday.

Labor activists say the bill is crucial for helping defend them from anti-union companies and lawmakers, which they blame in part for decades of decline.

Overall union membership was 12 percent nationally last year -- down from 12.5 percent in 2005.

"America's middle class is shrinking fast, and unions are a key to bridging our nation's growing economic divide," AFL-CIO President John J. Sweeney said.

Labor analysts say unions will survive if the bill is defeated, because unions have strong support in the public sector -- about 40 percent in 2006.

Mr. Miller sponsored an almost-identical version of the free-choice act last year, which didn't come to a vote in the Republican-dominated House. Many labor analysts say the bill will pass the House, but have a difficult time in the Senate, where Democrats have only a slight numerical edge.

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"The Senate has always been the graveyard of labor law," said Bill Gould, a Stanford University law professor.

Many expect President Bush to veto the bill, if it survives the Senate.

Unions say the card-signing -- or "card check" -- method is more fair than the secret ballot because it's a simpler, more-direct approach for workers to decide if they want to unionize.

And because card-check organizing is considerably quicker than conducting secret-ballot elections, which typically take weeks, proponents say it reduces the potential for employers to harass and intimidate workers against joining a union.

"People should be able to choose whether to form a union free from employer intimidation and coercion," Mr. Sweeney said. "Our current labor law is broken."

The bill also would allow for arbitration to settle contract disputes for newly organized union chapters and impose stronger penalties on employers who violate labor laws.

But opponents say the bill is a desperate attempt by organized labor to stay relevant.

"Basically, what [labor leaders] are trying to do is accomplish through legislation what they have not been able to accomplish in the marketplace, and that is to make themselves attractive institutions to ordinary workers," said Peter Morici, a University of Maryland business professor and a former chief economist at the U.S. International Trade Commission.

The bill would curtail -- not enhance -- workers' rights by denying them the opportunity of an election to determine whether or not to unionize.

"This bill is a ruse," Mr. Morici said.

The Center for Union Facts, an anti-union group vigorously fighting the bill, says card-check organizing in an unreliable method of gauging an employee's true interest in joining a union. Union organizers often mislead employees -- either intentionally or unintentionally -- and pressure them to sign.

The group, which has been running full-page anti-card-check advertisements in The Washington Times, The Washington Post and other major U.S. newspapers, says card-check organizing is "undemocratic" and highly susceptible to fraud by union organizers.

"Voting by secret ballot protects coercion from all sides," said Sarah Longwell, a spokeswoman for the group. "When you vote in secret, no one knows how you voted. There's no way to intimidate you."

Although secret-ballot elections are desirable for deciding political campaigns, they're ineffective in the workplace, Mr. Gould said.

"The secret-ballot-box initiative has been perverted, and it has been manipulated by employers," said Mr. Gould, who served as chairman of the National Labor Relations Board in the Clinton administration from 1994 to 1998.

Still, the bill isn't perfect, Mr. Gould added. He said he would like to see a provision requiring employees to pay or pledge to pay union dues or initiation fees before signing a card or petition to unionize.

A Vaccine To Save Women's Lives (NYT)

The New York Times, February 6, 2007

Congratulations to Texas for becoming the first state to require vaccinating young schoolgirls — ages 11 and 12 — against a sexually transmitted virus that causes cervical cancer and genital warts. Other states would be wise to follow the same path.

There is no doubt that Merck's vaccine against the human papillomavirus, given in three shots over eight months, is highly effective. It provides nearly perfect protection against two strains that cause 70 percent of all cases of cervical cancer, and against two other strains that cause 90 percent of genital warts cases. (That still leaves 30 percent of the cervical cancer cases to worry about, so women are urged to keep getting regular Pap tests to screen for signs of the cancer.) The side effects are generally mild: pain or tenderness at the site of the injection.

Many parents are appalled at the notion of vaccinating such young girls against a sexually transmitted disease. But the medical reality is that the vaccine will generally not work after a woman has been infected, so it is best for girls to be vaccinated well before they become sexually active. The nation's top advisory committee of immunization experts has recommended that the vaccine be routinely given to girls 11 and 12 years old.

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The most contentious issue is whether the shots should be required or simply recommended to parents through a strong educational campaign. Those opposed to compulsory vaccination complain that there are already a slew of required vaccinations, so why heap on another, especially for a disease that is spread only through sexual contact? Critics also fear that HPV vaccination may lead some students to wrongly assume that they are protected against all sexually transmitted diseases, perhaps encouraging them to engage in risky behavior.

None of these objections seem strong enough to forgo the protection against a devastating disease. The United States records some 10,000 new cases of cervical cancer each year, and 3,700 cervical cancer deaths. Gov. Rick Perry of Texas, a conservative Republican, has taken an "opt out" approach, in which vaccination is required but parents can seek an exemption for reasons of conscience or religious beliefs.

That makes sense to us. All students deserve protection against HPV infection, and the presumption should be that they will get it.

Can The CBO Spell IRA? (WSJ)

By Alan Reynolds And David R. Henderson

The Wall Street Journal, February 6, 2007

Is the share of income of the top 1% in the United States high and rising? Those who say it is usually base their belief on statistics from one of two sources. One, a paper by Thomas Piketty and Emmanuel Saez, was discussed by Alan Reynolds in the Journal on Dec. 14, 20061. The other source is the Congressional Budget Office (CBO). It, too, is wrong.

The CBO's measure, "comprehensive income," is vastly larger than our benchmark of personal income and nearly double the Piketty and Saez total of $6.4 trillion for 2004. The CBO adds transfer payments -- but it also assigns corporate profits to households, and includes the taxable portion of capital gains. Although that fixes a few statistical headaches, it adds fatal complications.

The CBO's allocation of most corporate profits to the top 1% implies an average income of $1,259,700, compared to an average income of $940,441 in the most similar Piketty and Saez series (which includes capital gains). As the lower line in the nearby graph shows, the CBO estimate of income among the top 1% was just 21% larger than the figure from Piketty and Saez in 1980, then 26% larger in 1990, 30% larger in 2000 and 38% larger in 2004. The gap widened because of the CBO's flawed methodology.

The top line in the graph shows that the CBO assigned a high and rising share of capital ownership to the top 1%. Thus Lawrence Mishel and Jared Bernstein of the Economic Policy Institute write that this "shows that those in the top 1% of the income scale received 59.4% of all the capital income in 2004, up from 49.1% in 2000, 39.1% in 1989 and just 37.8% in 1979." Actually, it shows that if you make goofy assumptions, you get goofy results. Those who measure wealth directly find no such growth in the share of the top 1%.

At the IRS Statistics of Income (SOI) division, Barry Johnson and Brian Raub examined 28,000 estate tax returns to calculate wealth shares. "In 2001," they noted, "1.0% of the U.S. adult population [2.1 million people] . . . owned approximately 22.3% of total U.S. individual wealth, a 1.0% decrease since 1998 but virtually identical to the shares of wealth held in 1995 and 1992."

Federal Reserve Board economist Arthur Kennickell added the Forbes 400 list of wealthiest Americans to the Fed's Survey of Consumer Finances. He concluded that the top 1%'s share of wealth declined slightly from 34.6% in 1995 to 33.4% in 2004. Yet the CBO says that share rose from 43.2% to 59.4% in those same years. The difference is huge and it has a huge effect. For 2004, the CBO assigned 59.4% of $1.1 trillion in corporate profits to the top 1.2 million households, which added more than a half-million dollars to each of their incomes. That improbable figure has been rising rapidly, pushing the top 1%'s share of "comprehensive" income much higher than otherwise.

How does the CBO get its results? By assumption. Gary Burtless of the Brookings Institution notes that the CBO, unlike SOI and Fed economists, does not actually look at who owns capital. If your tax return shows no income from capital, then, according to the CBO, you own no capital. Can the CBO spell IRA? A huge and growing portion of capital owners in the U.S. earns

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dividends, interest and capital gains that never show up on tax returns because it is tax-sheltered. And the middle class owns a much higher fraction of its wealth in tax-sheltered assets than does the top 1%.

Andrew Bershadker of the Treasury Department and Paul A. Smith of the Fed compared the interest, dividends and capital gains reported by taxpayers aged 50 or more in 1990 and 2002. They found that "for all ages, the share of [taxable] income arising from assets is strikingly [as much as 36%] lower in the 2002 cross section than in the 1990 cross section."

In short, taxpayers are moving savings out of the grip of tax collectors. But high-income taxpayers are not allowed to contribute to an IRA or tax-free Roth account, and their contributions to other accounts are tightly limited. As a result, about 95% of the top 1%'s assets are still potentially taxable. And that causes the CBO's method to show an increase in wealth of the top 1%. As noted, direct studies of wealth show no such increase.

Economist James Poterba of MIT estimated that among those with assets in a tax-deferred account in 1998, the middle 36% (those in a 28% tax bracket) held nearly a third of their assets in tax-deferred accounts. By contrast, the top 1% of wealth holders held just 5.5% of their assets in tax-deferred accounts in 2001, according to Federal Reserve economist Arthur Kennickell.

Jonathan Chait of the New Republic speculates that 401(k) accounts "mostly replaced defined benefit pensions" and that money from 401(k)s does appear on tax returns when the accounts are withdrawn. Nice try, but no cigar. Capital income accruing inside Roth IRA, Roth 401(k) and 529 college-savings plans will never appear on tax returns, nor will up to $500,000 of capital gains on the sale of family homes since 1997.

Moreover, few of those now retired had much opportunity to build such accounts during their prime earning years. James Poterba, Dartmouth economist Steven Venti and Harvard's David Wise found that in 1984 fewer than 12% of those aged 45 were participating in a 401(k) plan, compared with 57% by 2003. Even the 12% who turned 65 in 2004 cannot be compared with those in defined benefit plans, since such plans would pay only 30% of your salary after 20 years. A 401(k) invested in a mediocre mutual fund from 1984 to 2004 did much better than that.

Those with a defined (fixed) pension must pay taxes at age 65, but the rest of us delay the tax collector. Messrs. Bershadker and Smith found that "roughly half the sample waits until required [at age 70 years, six months] to take the first withdrawal" from an IRA. The required distribution rises slowly to 10% at age 80, and so the untaxed account often keeps growing. Many will die before most funds are depleted, leaving the balance to heirs. Withdrawals from tax-deferred plans (unlike Roth and 529 plans) will eventually appear in tax return data. To say such invisible income is "implicitly" included in recent tax data, as Messrs. Piketty and Saez do, is to admit it is explicitly excluded from such data.

Like most other data, the CBO estimates show a clear increase in income inequality between the stagflation of 1980-81 (which depressed stocks, bonds and business) and the Tax Reform Act of 1986-88 (which encouraged reporting more income on individual tax forms). However, the CBO data show that the top 1%'s share of disposable income, after taxes, was unchanged between 1988 (12%) and 2003 (12.2%). That number picked up in 2004, with more dividends and capital gains being reported at the 15% rate. But defining a trend by one year is nearly as foolhardy as defining a nation's income distribution by 1%.

The CBO has incorrectly added a huge and rising share of corporate profits to the estimated incomes of the top 1%. Without that, CBO estimates of the top 1%'s share of income would have fallen substantially since 1988. If there is evidence of increased inequality since then, the CBO has not presented it.

Mr. Reynolds, a senior fellow with the Cato Institute, is the author of "Income and Wealth" (Greenwood Press, 2006). Mr. Henderson, a research fellow with the Hoover Institution, is co-author of "Making Great Decisions in Business and Life" (Chicago Park Press, 2006).

Experts: Mideast Meeting Key For Peace (AP)

By Mohammed Daraghmeh

AP, February 6, 2007

For the rival Palestinian factions, Hamas and Fatah, a reconciliation meeting this week in Saudi Arabia may be a last chance to avoid civil war.

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If Saudi prestige, money and discussions in Islam's holy city of Mecca don't produce a power-sharing agreement, it's unlikely anything will, analysts said.

In recent months, Egypt, Syria and Qatar have tried in vain to end the bloody power struggle between the Islamic militant Hamas and the Fatah movement of Palestinian President Mahmoud Abbas. "If this meeting fails, then no one will try to mediate again," warned Palestinian analyst Ali Jerbawi.

The talks, set to begin Tuesday, will be held in a guest palace overlooking the Kaaba, the huge cube-like shrine toward which all Muslims pray. Abbas and his bitter rival, Hamas leader Khaled Mashaal, each will be accompanied by large delegations.

The negotiations follow the bloodiest round yet in months of Hamas-Fatah fighting in Gaza, with 29 killed over four days before a new truce took hold Sunday.

The clashes have deepened resentment and suspicion between the sides, making agreement on a coalition government seem more elusive than ever. But the fighting also served as a reminder that neither side can win by force without causing massive destruction, and that failure in Mecca could be followed by an even deadlier round of violence.

"Both parties, Fatah and Hamas, know that not having an agreement in this round of talks means catastrophe," said Kadoura Fares, a former Fatah Cabinet minister who met with Mashaal last week on behalf of jailed Palestinian leader Marwan Barghouti.

The sides have been deadlocked since Hamas won elections in January 2006 and took control of the Cabinet and legislature. Abbas, a moderate who was elected separately a year earlier, still wields considerable power.

Hamas and Fatah held talks last fall on forming a coalition that Abbas hoped would end the economic boycott the West imposed on the government after the victory by Hamas, which Israel, the U.S. and the European Union list as a terror group.

Talks have broken down repeatedly, and increasingly bloody battles broke out in Gaza. The disputes focus on the proposed coalition platform and who would have control over security forces.

Ostensibly, the gaps are small — in the case of the program only a single word. Abbas has insisted Hamas promise to "commit" to previous PLO agreements, including interim peace deals with Israel. Hamas is only willing to say it "respects" such agreements.

The underlying problem appears to be deep mistrust and an unwillingness to share power.

Yet both sides might have a hard time saying no to the Saudis, particularly in a venue heavy with religious symbolism .

Palestinian Prime Minister Ismail Haniyeh of Hamas said Monday that the atmosphere might be tense at first because of the recent fighting, but he is heading to Mecca with a "sincere will" to reach a deal.

A key militant in Gaza, Kamal al-Neirab, warned that a failure of the talks "will be considered a decision to go to civil war." Al-Neirab leads the Popular Resistance Committees, a small violent group that holds an Israeli soldier hostage and has shifted its allegiance between Hamas and Fatah.

"The Palestinian issue is at a critical juncture," he told reporters Monday. "The meeting tomorrow either brings us to safe shore or it will be the beginning of a crushing war."

Yasser Abed Rabbo, an Abbas aide, said the Saudi umbrella might make it easier for Hamas to moderate its views. "Otherwise, this last chance will be wasted," he said.

In that case, Abbas would go ahead with early elections — a recipe for more fighting, since Hamas has said it would block a new vote as an attempted coup.

In Public View, Saudis Counter Iran In Region (NYT)

By Michael Slackman And Hassan M. Fattah

The New York Times, February 6, 2007

JIDDA, Saudi Arabia, Feb. 5 — With the prospect of three civil wars looming over the Middle East — and Iran poised to gain from them all — Saudi Arabia has abandoned its behind-the-scenes checkbook diplomacy and taken on a central, aggressive role in reshaping the region's conflicts.

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On Tuesday, the kingdom is playing host in Mecca to the leaders of Hamas and Fatah, the two feuding Palestinian factions, in what both sides say could lead to a national unity government and reduced bloodshed. Last fall, senior Saudi officials met secretly with Israeli leaders about how to establish a Palestinian state.

In recent months, Saudi Arabia has also increased its public involvement in Iraq and its support of the Sunni-led government in Lebanon. The process is shaping up as a counteroffensive to efforts by Iran to establish itself as the regional superpower, according to diplomats, analysts and officials here and throughout the region. Some even say that the recent Saudi commitment to temper the price of oil is aimed at undermining Iran's economy, although officials here deny that.

"We realized that we have to wake up," said a high-ranking Saudi diplomat who spoke on the condition of anonymity because he was not authorized to speak to the news media. "Someone rang the bell, 'Be careful, something is moving.' "

The shift is occurring with encouragement from the Bush administration. Its goal is to see an American-backed alliance of Sunni Arab states including Saudi Arabia, Jordan, Lebanon and Egypt, along with a Fatah-led Palestine and Israel, opposing Iran, Syria and the radical groups they support.

Yet Riyadh's goals may not always be in alignment with those of the White House, and could complicate American interests.

The Saudi effort has been taken in collaboration with its traditional Persian Gulf allies and Egypt and Jordan, but it also represents another significant shift in a region undergoing a profound reshuffling. The changes are linked to the toppling of Saddam Hussein and the transfer of power from Sunni Muslims to Shiites in Iraq, analysts said. They also reach back many years to the gradual decline in influence of Cairo and the collapse of a pan-Arab agenda, analysts and diplomats said.

"The Saudis felt that the Iranian role in the region has become influential, especially in Iraq, Palestine and Lebanon, and that the Iranian role was undermining their role in the region," said Muhammad al-Sakr, head of the foreign affairs committee in the Kuwaiti Parliament. "Usually the Saudis prefer to maneuver behind the scenes. Lately they've been noticeably active."

Saudi Arabia has taken public initiatives in the past, including one in 2002, when at an Arab League meeting it proposed a regional peace agreement with Israel in exchange for Israel's withdrawing to its 1967 boundaries. But it prefers to work quietly, and has not recently taken such a sustained public posture.

"This is not leadership by choice; it is leadership by necessity," said Gamal Abdel Gawad, an expert at the Ahram Center for Political and Strategic Studies in Cairo. "There is a leadership vacuum in the region, and they have to step forward, or Iran will."

The United States, which is pushing the Saudis to take on this role, is alarmed at rising Iranian influence in Iraq and Lebanon, and with the Palestinian government of Hamas.

But the two countries, though sharing broad goals, have different views of the players in each conflict. For example, while the Bush administration sees the conflict in Iraq as one between allies and terrorists, the Saudis tend to see it as Sunnis versus Shiites — and they favor the Sunnis, while the Americans back the Shiite-led government. And while Saudi Arabia wants to lure Hamas away from Iran's influence and back into the Arab fold, the United States views Hamas as a terrorist organization.

Nonetheless, both Washington and Riyadh believe that one important way to block Iran and calm the many fires in the region is to resolve the Israeli-Palestinian conflict — or at least appear to be trying to.

On the surface, the effort by Saudi Arabia to establish itself as a counterpoint to Tehran is a contest between the main sects of Islam: Shiites, led by Iran, and Sunnis, led by Riyadh. Iran, which is Persian and not Arab, is the only state that is led by Shiite religious figures. Saudi Arabia is the birthplace of Islam, and its king draws legitimacy as the Custodian of the Two Holy Mosques, in Mecca and Medina.

The kingdom has been accused of stoking sectarian tensions as a way to drain popular support from Iran and its proxies, like Hezbollah — a charge officials here deny but for which there is some evidence.

In an interview on Jan. 27 that appeared in the daily Saudi newspaper Al Seyassa, King Abdullah was asked about widespread rumors that Shiites were trying to convert Sunnis. Iranian officials have dismissed such reports as a disinformation campaign aimed at inciting sectarian tensions.

"We are following up this matter and are aware of the Shiite proselytism and what point it has reached," the king was quoted as saying. "This majority will not abandon its beliefs. At the end of the day it is the decision of the majority of Muslims that counts. Other creeds do not appear able to infiltrate the Sunni majority or undermine its historical authority."

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Sectarian overtones aside, the battle is also about political power, national interests and preserving the status quo. Riyadh and its allies see a threat to their own power and security in the rise of Iran and the Shiite revival. They have expressed fear at Iran's insistence on pursuing a nuclear program, and anxiety over the rise in popularity of Hezbollah, the Shiite militia in Lebanon.

The Saudi shift, many here say, dates from last summer, when Israel failed to crush Hezbollah during 34 days of bombing, shocking officials here and throughout the region at the strength of Hezbollah, seen as Iran's regional proxy army.

In the interview with Al Seyassa, the king advised Iranian leaders "to know their limits."

Saudi analysts said another key moment came after the midterm elections in the United States when the Republicans lost control of Congress. That was read here as a sign that the United States might soon withdraw its troops from Iraq, leaving an open field to the Iranians.

"The outcome confirmed our worst fears," said Awadh al-Badi, director of the department of research and studies at the King Faisal Center for Research and Islamic Studies in Riyadh. "It said that we could no longer be sure of the Americans."

In January, the kingdom initiated talks with the Iranians to mediate the growing stalemate in Lebanon, where Hezbollah has faced off with the government of Prime Minister Fouad Siniora in sometimes violent confrontations. King Abdullah then held a surprise meeting with leaders of Hezbollah.

The kingdom has played host to numerous meetings of Sunni and Shiite leaders as well as of so-called moderate Muslim leaders in recent months, possibly to emphasize its custodianship of Islam's holiest sites. And it has decided that it will be the host of the next meeting of the Arab League, in Riyadh.

Officials said they hoped at that meeting to smooth relations with Syria after its president, Bashar al-Assad, insulted the Saudi king and President Hosni Mubarak of Egypt in a speech last summer. Officials believe that Syria had moved closer to Iran because of its isolation, and that that shift has given Iran a bridge to the Arab world.

"Politically speaking, Syria is not in the fold," said an Egyptian diplomat who spoke on the condition he not be identified. "Maybe the goal is to bring Syria back to the Arab world."

If so, that, too, could antagonize Washington, which wants to isolate Syria further.

Saudi Arabia's more pronounced public posture to counter Iran's rise also reflects realities that, while not new, have been underscored by the crises in the region. In particular, Arab officials and analysts say, the Arab world is not unified by a common social, political and economic agenda, and the traditional center of influence in Cairo has shifted to the oil-rich gulf.

In his recent newspaper interview, King Abdullah made that point, lamenting the failure of Arab countries to unite, while alluding to Iran's efforts to exploit the inability of Arabs to solve their own problems.

"We do not want any other party to manipulate our causes, profiteer from them, and draw strength from them," he said. "We do not want any other country to exploit our causes to bolster its position in its global conflicts."

Rivals Iran And Saudi Arabia Now Talking (AP)

By Scheherezade Faramarzi And Donna Abu-nasr

AP, February 6, 2007

Relations between Iran and Saudi Arabia are bumpy at the best of times, but violence between Shiites and Sunnis in Lebanon and Iraq is prompting the two Mideast heavyweights to engage in new talks seeking to head off a regional crisis.

The clearest sign of the new diplomacy has been in Lebanon, where a joint Saudi-Iranian effort defused a general strike called by the pro-Iranian Shiite militant group Hezbollah after the country erupted into violence two weeks ago, according to state-guided Saudi media.

Saudi Foreign Minister Saud Al-Faisal has said the two nations began working together after Iran approached his country to "cooperate in averting strife between Sunnis and Shiites in Iraq and Lebanon" — an apparent reference to the joint intervention that calmed the strike unrest.

Saudi Arabia sent a high-profile envoy, Prince Bandar, to Tehran to study efforts being made there to defuse the unrest in Iraq and Lebanon and "explore what Iran can contribute," Al-Faisal said.

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Iranian nuclear negotiator Ali Larijani made a visit to Saudi Arabia in mid-January that Arab media reports said sought Saudi help in easing tensions between his country and the United States and other Western nations over Tehran's nuclear program.

After Larijani's visit, Iranian President Mahmoud Ahmadinejad said the envoy proposed that Iran and Saudi Arabia cooperate on Iraq, Lebanon and other issues and that Riyadh's response had been "positive."

One Saudi official told The Associated Press last week that Iran asked the kingdom to get Washington to tone down its verbal attacks on Iran.

Saudi Arabia, in turn, asked Iran to pressure its allies in Lebanon to work with Western-backed Prime Minister Fuad Saniora and to rein in Shiite militias in Iraq, according to the official, who agreed to discuss the talks only on condition of anonymity because of the matter's sensitivity.

It is unclear what the U.S. thinks of the diplomacy. Washington has tried to isolate Iran diplomatically and says it won't talk to Tehran unless the Iranians suspend uranium enrichment. The Bush administration also is beefing up U.S. military forces in the Persian Gulf in what it says is a signal to Iran.

But it is unlikely Saudi Arabia would risk its key relationship with the United States by entering talks with Iran without first consulting America.

"I'm sure the Saudis are getting the green light from the Americans to talk to the Iranians," said Saudi professor Khaled al-Dakhil.

Western diplomats in Saudi Arabia said there are no indications that the U.S. or other countries that decline to talk to Iran are unhappy about the Iranian-Saudi talks.

"Even governments that are very cautious about directly engaging Iran are happy that Saudi Arabia and Iran are talking," said one Western diplomat, who agreed to discuss the efforts only if not quoted by name because of their sensitive nature.

Saudi Arabia has a strong stake in calming the region. It is worried that Shiite-Sunni fighting in Iraq and Lebanon could explode out of control and damage its own interests or even lead the U.S. to attack Iran, which would have repercussions across the Middle East.

The Saudis have taken a large new role in mediating in the Palestinian power struggle between President Mahmoud Abbas' Fatah movement and the Islamic militant group Hamas, which runs the Palestinian government. Observers say one of Saudi Arabia's main concerns — and that of the U.S. — is that Hamas has turned to Iran for money.

Saudi Arabia, whose predominant population is conservative Sunni Muslim, sees Shiite Iran as a danger to the region and to the monarchy's power, especially as money and weapons are channeled from Tehran to Hezbollah in Lebanon and to Shiite militias in Iraq.

More broadly, most Arabs are Sunnis and they are exhibiting strong anti-Shiite and anti-Iran sentiments amid suspicions about Iranian intentions in the region — including rumors of a campaign to convert Sunnis to Shiism.

More and more Arabs have been highlighting Iran's non-Arab roots, with some, like the editor of the Saudi newspaper Al-Riyadh, even insinuating recently that what is good for Iran is also good for Israel — the Arab world's traditional foe.

Tensions heightened even more last month after Saudi King Abdullah referred to the rumors that Iran is backing a drive to convert the Middle East to Shiism.

"We are following up on this matter and we are aware of the dimensions of spreading Shiism and where it has reached," Abdullah told the Kuwaiti newspaper Al-Siyassah. "The majority of Sunni Muslims will never change their faith."

Iranians, for their part, accuse Saudi Arabia and other U.S.-allied Arab states of misconstruing Iran's aims and they allege Saudis support Iraq's Sunni-dominated insurgency that targets Shiites in daily car bombings and other attacks.

Oil-rich Iran and Saudi Arabia have been at loggerheads — off and on — for decades, especially since the 1979 Shiite revolution toppled Iran's shah and swept Ayatollah Ruhollah Khomeini to power. But their leaders apparently felt the need to try to calm the situation, diplomats and analysts said.

"Sitting and talking is a good start for defusing tensions," said Mohammad Mohtadi, director of the Center for Middle East Strategic Studies in Tehran.

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AP writer Scheherezade Faramarzi reported from Beirut and AP writer Donna Abu-Nasr reported from Riyadh, Saudi Arabia.

Tiny Qatar Vies For Big Regional Role (CSM)

By Danna Harman

The Christian Science Monitor, February 6, 2007

DOHA, QATAR

Israeli Deputy Prime Minister Shimon Peres touched down in Qatar last week – the highest-level visit by an Israeli to the Gulf in more than a decade. He debated local students, met the emir, toured the Iranian market, and then got his Israeli passport stamped at the airport and flew home.

While Mr. Peres's visit passed somewhat quietly, and peace didn't break out in its wake, the 40-hour voyage did, however, highlight a key aspect of Qatar's foreign policy – it is original.

Whether it's visionary – or merely iconoclastic – is another question altogether.

Until 1995, Qatar did not have a distinguishable foreign policy to speak of, and instead took cues from Saudi Arabia and stayed on the sidelines of world affairs. But ever since reformist Sheikh Hamad bin Khalifa al-Thani deposed his father in 1995, Qatar has been charting an increasingly distinctive path.

"Qatar is a player now," says Chase Untermeyer, the US ambassador to Qatar. "You don't have to be a very big to be a player if you have talented team members – with the desire to play and ability to do so."

A desert of 4,500 flat square miles jutting into the Persian Gulf and controlling the third-largest gas reserve in the world, Qatar seems to be involved in everything lately. It has presided over OPEC (three times), is bidding for the Olympics, and bankrolls Al Jazeera, the controversial satellite TV channel.

Controversy seems to be the order of the day here. Qatar is the only Gulf country to maintain any sort of official relations with the Jewish state, allowing a "trade representation office" to remain open in Doha since 1996 and dismissing complaints by neighboring countries.

But this relative openness to Israel does not stop Qatar from funding the militant group Hamas, which controls the Palestinian government and calls for the destruction of Israel.

The emir recently transferred $22 million to Hamas as the first installment of a promised monthly assistance. And, in his meeting with Peres on Jan. 29, the emir asked Israel to be "pragmatic" and start talking with Hamas, according to Peres's office. Peres responded that negotiations would be impossible as long as Hamas continued to deny Israeli's right to exist.

Qatar's support of Hamas, meanwhile, does not mean that he isn't closely allied with Palestinian President Mahmoud Abbas's Fatah Party, which is engaged in a bitter power struggle with Hamas. Mr. Abbas owns a home in Doha and is said to be personally close to the emir. Hamas political leader Khalad Mashaal also owns a home here and is a palace friend.

The Israeli-Palestinian story is not the only one in which Qatar is playing a multiple hand. Iranian President Mahmoud Ahmadinejad and Syrian leader Bashar al-Assad are welcome guests here. Saddam Hussein's wife was offered political asylum. Still, this does not interfere with the extensive economic ties between Qatar and the US, or the close coordination between the two countries on regional diplomatic and security initiatives. Qatar has, since the spring of 2003, allowed the US to make use of bases here for its central command and control of the Iraq war.

But some foreign diplomats here make light of Qatar's arguably undiscerning diplomacy – saying that having money to throw around does not translate into influence and being daring and different is a far cry from being mature. No officials, however, will say this on the record.

"Qatar is like a pendulum when it comes to foreign policy. It swings drastically and you never know what you are going to get. They seem to enjoy poking in the eyes of everyone," says one Western diplomat, asking not to be identified.

"Provoking everyone is a method of survival," adds another, speaking with the same condition of anonymity. "Basically, they are holding the stick on both sides. They would hold it on more sides if there were any."

Egypt's ambassador to Qatar is skeptical that Doha can mediate the Palestinian-Israeli crisis. "These are problems that have been going on for 60 years and are not going to be resolved in a moment," says Abdel Aziz Dawoud.

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Egypt, he says, has a "long involvement" in the Israeli-Palestinian story. "Qatar's leadership is smart and active and believes it has a legitimate role to play. Well, that is legitimate. We know our role. Maybe they can be a complimentary force."

Sadiq al-Rikai, Iraq's ambassador to Qatar, suggests looking at the matter in a more positive way. "When nothing seems to be working, why not try something new?" he asks.

In the case of Iraq, Qatar has been supportive of both Sunnis and Shiites and is close to many other players in the Iraq field. All of which has potential, argues Mr. Rikai, to help broker positive change. "The Qataris can be a bridge for all of us. We all respect them. So, why not? "

In January, Qatar, in cooperation with Georgetown's School of Diplomacy, hosted a regional model UN. There was discussion of Iran's nuclear ambitions and an emergency session on the Lebanon crisis. And here, unlike many other model UN programs in the region, Israeli students were invited and Israel was represented amongst the nations in the debates.

Furthermore, moving from make-believe to real life, Roi Rosenblit, head of the Israeli trade mission in Doha, was welcome to observe the student exercises along with the rest of the diplomatic corps. He took the opportunity to talk with Arab youngsters who had never before seen, let alone spoken to, an Israeli.

"You did a great job portraying Venezuela," Mr. Rosenblit complimented a young Kuwaiti named Faris during a model UN buffet dinner.

"Wow! Are you really an Israeli?" responded the teenager. "You don't look like an Israeli."

"It sounds cheesy to say that you can change the world one conversation at a time, but it's sort of true," observed Kendell Brothers, a teacher at Faris's Kuwaiti school and a model UN chaperon.

"Qatar has a special place in being the only country to host an Israeli delegation in the region," Rosenblit explained later. "I would like to see Qatar use this leverage and special position to further the peace process and bring sides together."

U.S. Says North Korea Must Abandon Nukes (AP)

By Hiroko Tabuchi

AP, February 6, 2007

North Korea must get out of the nuclear business if it wants energy or economic aid, the chief U.S. negotiator said Monday, adding he believed the North was prepared to negotiate at the coming arms talks in Beijing.

However, he refused to speak on news reports that Pyongyang is prepared to freeze a key reactor and accept inspectors in exchange for 500,000 tons of heavy oil and other conditions.

"The DPRK (North Korea) must get out of the nuclear business entirely," Christopher Hill told reporters in Tokyo.

"Of course, it is envisioned there'll be some economic assistance and energy assistance," he said. "But the purpose of the exercise is to stop the North Koreans from operating this terrible nuclear reactor."

Hill added he believed Pyongyang "would come prepared to negotiate" after more than a year of stalled talks, but refused to elaborate.

Hill was to meet with Japanese officials before leaving for Beijing on Wednesday. The next round of talks is to start in the Chinese capital on Thursday among delegates of the two Koreas, Japan, the U.S., China and Russia.

Later Monday, Japanese Prime Minister Shinzo Abe said Tokyo would not consider giving North Korea energy aid unless the communist also came clean on its past abduction of Japanese nationals.

Pyongyang claims it has returned all surviving victims who were kidnapped to train its spies in the Japanese language and culture. But Tokyo believes more Japanese are held.

"Japan will not be offering anything unless North Korea acts sincerely on the abduction problem," Abe told reporters late Monday.

Abe and Hill were responding to press reports that Pyongyang has said it could freeze the reactor at its nuclear complex in Yongbyon and accept international Atomic Energy Agency inspections in exchange for light-water reactors and oil until the reactors are completed.

Japanese media reported Sunday that in exchange for closing the Yongbyon nuclear reactor and allowing limited inspections, North Korea plans to demand more oil than the 500,000 tons it was promised under a 1994 deal.

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The daily Asahi Shimbun and public broadcaster NHK cited Joel Wit, a former U.S. State Department official who met chief North Korean arms negotiator Kim Kye Gwan and other senior officials in Pyongyang.

"They want energy assistance, and the topic that came up the most was heavy oil," Wit said in an interview aired by NHK on Monday. "They really desperately need that."

North Korea was promised two light-water reactors under the 1994 deal to freeze its nuclear program, along with an annual supply of 500,000 tons of heavy fuel oil until the reactors were built

The deal was scrapped in 2002 when the nuclear crisis re-emerged and North Korea expelled IAEA inspectors.

U.S. Calls For End To 'Nuclear Business' (WT)

By David R. Sands

The Washington Times, February 6, 2007

The top U.S. negotiator on North Korea said yesterday that Pyongyang must abandon its nuclear-weapons programs if it hopes to see the economic and energy aid promised in a September 2005 deal to resolve the Korean nuclear crisis.

With another round of multilateral talks set to begin in Beijing on Thursday, State Department envoy Christopher Hill dismissed a possible diplomatic feeler from the North offering to re-create the 1994 deal with the Clinton administration in which Pyongyang merely "suspended" its nuclear programs in exchange for massive energy subsidies.

North Korea "must get out of the nuclear business entirely," Mr. Hill told reporters in Tokyo yesterday en route to the Chinese capital.

"Of course, it is envisioned there'll be some economic assistance and energy assistance," said Mr. Hill, noting that both are promised to the North in the 2005 statement. "But the purpose of the exercise is to stop the North Koreans from operating this terrible nuclear reactor."

The six-party talks on the Korean crisis involve the two Koreas, the United States, Japan, Russia and host China.

A Japanese newspaper close to the Pyongyang regime reported over the weekend that the North had offered to suspend operations at its Yongbyon nuclear reactor and permit U.N. inspectors back to the site in exchange for more than 500,000 tons in fuel oil and help in constructing a nuclear reactor that could be used only for civilian power needs.

The "freeze-for-fuel" formula closely mirrors the Clinton administration's 1994 Agreed Framework deal designed to halt the North's nuclear-weapons program in exchange for U.S. and allied promises of energy aid.

The 1994 deal broke down after the Bush administration said in 2002 that it found evidence the North had cheated on the accord almost from the start.

For its part, North Korea said the United States failed to deliver on its promises to help build two civilian nuclear-power plants promised in the agreement or to supply large quantities of fuel oil while the plants were being constructed.

The September 2005 statement of principles went far beyond a suspension of nuclear-weapons activity, calling for a "verifiable denuclearization" of both North Korea and South Korea, with the North's negotiating partners promising "economic cooperation" and "energy assistance" in return.

Mr. Hill said yesterday that he had not received any formal proposal from the North relating to the new fuel-aid request, but he said the U.S. bottom line has not changed.

Japan, which is demanding that North Korea release Japanese citizens kidnapped in the 1970s and '80s, would not consider offering Pyongyang any energy aid until the abduction issue is resolved, Prime Minister Shinzo Abe said yesterday.

Although demanding a total end to the North's nuclear weapons programs, Mr. Hill acknowledged that the six-party negotiators will make only partial progress in the latest round of talks. But U.S. officials have expressed cautious hope for progress after a meeting last month in Berlin involving Mr. Hill and North Korean negotiator Kim Kye-gwan.

N. Korea Aims To Improve On Clinton-Era Nuclear Deal (WP)

By Glenn Kessler

The Washington Post, February 6, 2007

North Korea has set tough terms for a freeze of one of its nuclear facilities, demanding that the United States exceed commitments made under a Clinton-era deal that the Bush administration previously derided as inadequate.

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North Korea's top nuclear negotiator, Kim Gye Gwan, and other officials outlined Pyongyang's position in meetings last week with two American nuclear experts, saying they would be presented when six-nation disarmament talks resume in Beijing on Thursday. In exchange for a freeze of the Yongbyon facility and a return of international inspectors, Pyongyang wants a substantial supply of heavy fuel oil, an end to a Treasury Department action that froze North Korean accounts at a Macau bank, an international commitment to build civilian nuclear reactors in North Korea and, most important, normalization of relations with Washington.

David Albright, president of the Institute for Science and International Security in Washington and one of the experts, said yesterday that the North Koreans appeared interested in a solution that would calm international concerns about Pyongyang's nuclear programs, provided it was tied to an improving relationship with the United States. But North Korea appeared initially willing to take only partial or temporary steps to keep the option of restarting its programs if the process fell apart. North Korea would also retain its stockpile of plutonium, which could fuel as many as 10 nuclear weapons.

"They are willing to take the first step," Albright said. "This may be the only step."

U.S. and Asian officials have said that in recent weeks North Korea has indicated a renewed interest in striking at least an initial agreement. But the North Korean demands are likely to complicate the diplomacy this week because the Bush administration does not want any agreement it strikes to compare unfavorably with that of the Clinton era.

State Department spokesman Sean McCormack, saying he did not want to discuss details of the U.S. position, said: "We believe we need to get on with the denuclearization of the Korean Peninsula. Ultimately, that means the dismantlement of the North Korean nuclear weapons programs."

The North Koreans are demanding more than they received under the Clinton deal, known as the Agreed Framework, because they want compensation for the fact that, in their view, the Bush administration terminated it without cause in 2002, Albright said.

Under the 1994 Agreed Framework -- in which North Korea pledged to freeze and "eventually dismantle" its plutonium-producing nuclear facilities -- the United States was to provide 500,000 tons of heavy fuel oil every year while a consortium, largely funded by Japan and South Korea, built light-water reactors. At the time, North Korea was believed to have only a small supply of plutonium, for perhaps one or two weapons.

In 2002, the Bush administration accused North Korea of secretly building a highly enriched uranium facility in violation of the accord and terminated the deliveries of fuel oil. Pyongyang responded by evicting international inspectors and restarting the Yongbyon facility, allowing it to rapidly build up a stockpile of plutonium. It detonated its first nuclear device in October, adding to the international urgency in reaching a settlement.

U.S. intelligence analysts have closely tracked suspect purchases by North Korea that they believed were intended for use in a uranium facility, but the United States has never pinpointed its location. North Korea has adamantly denied it has a uranium program. In June 2004, U.S. negotiators presented the North Koreans with a lengthy list of items that U.S. intelligence believed North Korea had acquired overseas for the suspected uranium program. North Korea responded that U.S. intelligence was wrong -- a stance that officials maintained in conversations last week with Albright and Joel Wit, a former State Department official. "The intelligence has not held up from their point of view," Albright said.

North Korea is now demanding that the United States supply fuel oil in excess of 500,000 tons as part of any freeze deal, because that was the level set in the 1994 agreement. "That's the benchmark," Albright said. "They want more than that."

The freeze would only cover the increasingly decrepit Yongbyon facility, not other North Korean nuclear sites.

The North Korean officials also maintained that no freeze will take place until the U.S. side resolves the Treasury action against Banco Delta Asia, a Macau bank that allegedly served as a conduit for counterfeit U.S. currency. The case has resulted in the freezing of about $24 million in North Korean accounts and led other banks around the world to curtail dealings with North Korea. In recent talks with Treasury, North Korea identified a portion of the accounts that could be deemed legitimate in an effort to resolve the case.

"BDA is the tip of the iceberg," said Michael J. Green, a former White House official in charge of Asia policy and now at Georgetown University and the Center for Strategic and International Studies. He said ending the case would unleash tens of millions of dollars in commercial transactions that had been curtailed since Treasury moved against the bank.

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Green said the North Koreans were asking for "basically the Agreed Framework," which he said would be a "hard sell back in Washington." Bush for four years has called for a "complete, verifiable, irreversible dismantlement," so U.S. negotiators have sought to disable the Yongbyon facility in such a way that it could not be quickly restarted.

But Kim indicated to the visiting Americans that, in the initial phase, North Korea at most would accept a "temporary disablement that would be probably reversible pretty quickly," Albright said.

U.S. Embassy Warns Of Sudan Threats (AP)

By Alfred De Montesquiou

AP, February 6, 2007

The U.S. Embassy warned Americans on Monday of a heightened terrorist threat against Westerners in Sudan.

"The U.S. Embassy advises all U.S. citizens in Sudan that the United Nations mission in Sudan has received new information that an extremist group based in the country is likely to target Western interests," it said.

The U.S. message followed a similar warning that the United Nations sent its staff in Sudan last week, said a U.N. official, who spoke on condition of anonymity because he was not authorized to discuss the issue with journalists.

The U.S. message warned of the danger of bombings, kidnappings and assassinations. It said the primary target of the threat might be the United Nations, but added that "terrorists do not distinguish between official and civilian targets."

U.S. Embassy spokesman Joel Maybury said the warning was standard procedure when a threat was perceived. "In places like Sudan, where you have instability and conflict, we may have half a dozen such messages a year," he said.

Maybury noted there is anger among some Sudanese against the U.N. mission in Sudan, which is promoting the peace process in the south of the country as well as running humanitarian operations in the conflict-ridden region of Darfur in western Sudan.

The United Nations says it has 10,000 peacekeepers in southern Sudan and about 2,500 civilian staff in the whole country. About 1,000 civilian personnel are based in Khartoum.

A U.N. official, who also insisted on not being quoted by name, said the warning stemmed from the tense situation in Darfur, where ethnic fighting has escalated in recent months and U.N. leaders have pressured Sudan's government to allow in a big U.N. peacekeeping force.

The government rejected that demand, but appears to be edging toward permitting small numbers of U.N. forces to deploy in Darfur as part of an 8,000-man African Union peacekeeping mission in the region.

U.S., Malaysia Resume Trade Talks (WSJ/AP)

The Wall Street Journal, February 6, 2007

KUALA LUMPUR, Malaysia -- The U.S. and Malaysia yesterday began a fresh round of free-trade talks, bogged down by differences over opening two tightly protected sectors, and a controversy over a major gas deal with Iran.

The fifth round of meeting in Malaysia's Sabah state is crucial to determine if negotiators can bridge differences and conclude the pact before a July 1 deadline, officials said.

Details of the talks weren't disclosed. However, a telephone news conference was planned for Friday when the talks are scheduled to end.

Deputy U.S. Trade Representative Karan Bhatia warned last week that the proposed pact may falter if negotiators fail to make firm progress this week over opening up Malaysia's services and government contracts -- two top hurdles to a deal. Labor and environmental issues also are holding up talks, he said.

Negotiators are under time pressure because U.S. President George W. Bush wants to get a congressional vote on the pact before his so-called fast-track trade authority expires July 1. That allows him to submit a deal to Congress for a straight up or down vote without amendments. But the proposed free-trade agreement, or FTA, must wrap up by the end of March so U.S. lawmakers have time to review it before a vote.

This week's talks also come amid new tensions over Malaysia's $16 billion deal to develop gas fields in southern Iran. U.S. House of Representatives' Foreign Affairs Committee Chairman Tom Lantos last week urged the suspension of free-trade negotiations until Malaysia halts the deal, citing Iran's nuclear ambitions.

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Malaysian Trade Minister Rafidah Aziz warned Washington that she would drop the free-trade talks if asked to scrap the deal with Iran. The free-trade negotiations began with the "full understanding that there would be no political agenda and no interference into domestic policies," Ms. Rafidah said.

Indonesia Withholds Vital Bird Flu Data (FT)

By John Aglionby, Andrew Jack

Financial Times, February 6, 2007

Indonesia, the country worst hit by the deadly H5N1 bird flu virus, has stopped sharing human genetic samples of the highly pathogenic illness with foreign laboratories, raising fears it could slow international efforts to prepare for a pandemic.

Officials say Indonesia stopped providing samples internationally last month, hindering efforts to confirm whether the virus killing its citizens is H5N1 and limiting production of vaccines to help prevent its spread.

Dr Triono Soendoro, director-general of Indonesia's National Institute of Health Research and Development, said the step to withhold samples was taken because the government wanted to keep control of the intellectual property rights of the deadly strain of the virus.

He declined to give further details but said "all will be revealed" on Wednesday, when Indonesian officials are due to announce they are collaborating with Baxter International, the world's biggest maker of blood-disease products, on a vaccine.

The move comes as Britain battles its worst outbreak of H5N1 bird flu, which yesterday led to several countries banning UK poultry imports, including Japan and South Korea. Defra, the UK's food, agriculture and rural affairs ministry, said it expected the restrictions to last until the UK had achieved "disease-free status".

The UK exports 270,000 tonnes of poultry meat annually, worth about £300m, according to the British Poultry Council.

Analysts say Indonesia hopes to offer exclusive rights to the strain to one company and cut a deal on cheaper products once they are developed.

One official warned that withholding samples could be counterproductive, since there was no guarantee the final human pandemic strain would derive from the current virus killing people in Indonesia. One bird flu expert in Jakarta said the move would not matter if Indonesia was able to do a full sequencing of its strain to detect mutations. "But given the country doesn't yet have the capability, this is now a very internationally worrying decision," the expert said. "If you reduce your chances of detecting whether a pandemic is about to occur, then a pandemic becomes more likely."

Bird flu has killed 63 out of the 81 people infected in Indonesia since testing started in 2005, according to the World Health Organisation.

Baxter confirmed last night that it expected to conclude a "framework for future collaboration" with Indonesia this week, which could involve intellectual property issues, but stressed that it would continue to comply with World Health Organisation rules on the sharing of virus samples.

India Steps Onto Tightrope As Talks Resume With Iran (LAT)

By Henry Chu

The Los Angeles Times, February 6, 2007

NEW DELHI — Amid mounting tension between Washington and Tehran, Indian and Iranian officials plan to meet today for their second round of high-level talks in less than three months, signaling the eagerness of the two countries to patch up differences that recently have clouded their historically close ties.

Despite American misgivings over the relationship, Indian Foreign Minister Pranab Mukherjee is expected to land in Tehran for discussions on Iran's nuclear program and on boosting cooperation over energy issues. As India's economy continues to boom, the Indian government is increasingly preoccupied with securing reliable sources of energy, including access to Iran's abundant natural gas reserves.

But its relations with Tehran have put New Delhi in a delicate position. The government of Prime Minister Manmohan Singh has staked much of its foreign policy on a growing partnership with Washington, antagonizing both Iran and the Indian left, which has long been distrustful of the U.S. but whose support Singh needs to stay in power.

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India is now engaged in a difficult balancing act as it tries to reassure an old friend while cozying up to a new, more powerful and potentially more important one.

In play could be a historic agreement between Washington and New Delhi allowing India access to American nuclear fuel and technology and ending decades of international isolation for New Delhi as it pursued its own nuclear path.

The pact, which has already been ratified by U.S. lawmakers, awaits Indian approval. But one provision of the deal requires the U.S. president to report to Congress each year on whether New Delhi is participating in global efforts to restrain Tehran's nuclear ambitions, which critics here see as an affront to India's sovereignty and its long-standing relationship with Iran.

The White House also has warned New Delhi against going forward on a controversial $7-billion pipeline that would move gas from Iran to India through Pakistan.

With its economy expanding by about 8% a year, India is busy casting about for energy sources to fuel that growth. Officials say they cannot afford to turn their back on the potential lying in Iran's oil and gas fields, especially since China, Asia's other rapidly expanding behemoth, is a major competitor for such resources.

Tata Steel, one of India's corporate giants, announced last week that it had signed a deal to build a $1.4-billion plant in Iran on the Strait of Hormuz. India also wants to take advantage of a highway being built between Iran and Afghanistan to send its exports to the latter; overland access to Afghanistan from the east is blocked by India's longtime nemesis, Pakistan.

Besides economic concerns, deep cultural and political affinities bind India and Iran, whose ties stretch back into the mists of history.

"The relationship goes back 5,000 years," said Gulshan Dietl, an expert on Indo-Iranian relations at Jawaharlal Nehru University here. She noted that 10% of India's sizable Muslim population is Shiite, as is most of Iran, and that linguistic similarities link the two peoples.

More recently, in the latter half of the last century, New Delhi and Tehran joined hands as nonaligned Third World countries in favor of greater regional autonomy.

During the Cold War, India and, in the latter years, Iran regarded Washington with suspicion or hostility. So it is somewhat ironic that the U.S. is increasingly becoming a wedge between them.

As a result of India's economic liberalization, U.S.-Indian trade has shot up. In addition, New Delhi and Washington cast a wary eye at China's burgeoning political and economic clout, making them natural allies in the effort to contain Beijing.

At the time President Bush proposed the civilian nuclear cooperation accord during a visit by Singh to Washington in July 2005, the measure was celebrated as putting a seal on the rapprochement between the world's most powerful democracy and its most populous one.

Almost immediately, however, the Indian government found itself in a diplomatic pickle, under pressure from Washington to join in voting against Iran's nuclear program at the United Nations. New Delhi acceded, declaring that a nuclear-armed Tehran was not in India's interest, which represented "absolutely the nadir" in Indo-Iranian ties, Dietl said.

"Iran felt it had lost a valuable friend and potential interlocutor, while the U.S. — which saw how easily India buckled — began to take New Delhi's support for granted," commentator Siddharth Varadarajan wrote in Monday's edition of the Hindu newspaper.

Last November, after months of coolness, Tehran signaled its willingness to restore ties with a stop in New Delhi by Iranian Foreign Minister Manouchehr Mottaki.

Today's reciprocal visit could help India regain some influence over its longtime friend, Varadarajan wrote, which could in turn allow New Delhi to play a mediating role in bringing the U.S. and Iran back from the brink of open confrontation.

Companies Urged To Push For Easing Cuba Restrictions (HILL)

By Ian Swanson

The Hill, February 6, 2007

Congressional supporters of easing restrictions on travel and agricultural trade to Cuba say business supporters need to offer stronger backing for several measures introduced this year if they are to become law.

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With Democrats in control of the House, Reps. Jeff Flake (R-Ariz.) and Sam Farr (D-Calif.) said Cuba legislation has a great chance of moving this year, but Farr emphasized that the business community must become more engaged. Things get done in Washington "when there's a stick upside your head," Farr said, and business needs to increase pressure on members of Congress on Cuba.

Flake said business and farm groups should talk to more members about how lifting trade and travel restrictions will help the U.S. and Cuba. He spoke following a rally sponsored by USA Engage, an umbrella organization for business and agriculture groups that favors lifting Cuba trade and travel bans.

USA Engage Director Jake Colvin acknowledged that companies have not been especially active on Cuba, partly because they saw it as a lost cause given the Bush administration's active efforts to tighten Cuba trade and travel bans. Yet while individual companies are reluctant to speak publicly, Colvin said more business representatives are willing to engage in private discussions on the issue because of the improving political climate.

"As business groups see the prospects for change, they'll be willing to do more," Colvin said.

Groups that support lifting the travel ban and restrictions on agricultural trade include the National Foreign Trade Council and several agriculture groups, including the American Farm Bureau Federation, USA Rice Federation and groups representing wheat and soybean producers.

Of the several Cuba bills that have been introduced this year, legislation introduced last week by Rep. Bill Delahunt (D-Mass.) easing restrictions on travel to Cuba by Cuban-Americans is considered to have the most momentum. Under rules imposed by the administration in 2004, Cuban-Americans may visit family members in Cuba once every three years. In addition, they only may visit "close relatives," which, under the administration's rules, does not include aunts and uncles.

If Delahunt's bill is approved by Congress, Flake said he would be "very surprised" if President Bush vetoed legislation easing these rules. "From a humanitarian point of view, it's hard to argue about allowing Cuban-Americans to go home and see their grandmother," agreed Rep. Jerry Moran (R-Kan.), who supports the legislation.

Some Democrats also see the Delahunt legislation as a way to make inroads with Cuban-Americans, who tend to vote Republican. New Democrat Network Hispanic Strategy Center Director Joe Garcia, who opposes lifting the ban on Americans traveling to Cuba, is supporting Delahunt's legislation and calls it a political opportunity for Democrats.

Garcia said Democrats need to find common ground with Cuban-Americans, noting that easing travel restrictions is a way to do that. Lifting the entire travel ban would be overreaching, he said. "We've got to do this incrementally," he said.

President Clinton won about 38 percent of the Cuban-American vote in Florida in 1996, but Vice President Al Gore won only about 10 percent in 2000 because of opposition to the Clinton administration's handling of the Elian Gonzalez case, in which a Cuban child forcibly was returned to his father in Cuba, Garcia said. With 38 percent of the Cuban vote, it would be difficult for a Democratic presidential candidate to lose Florida, he said.

Flake has reintroduced legislation co-sponsored by Ways and Means Committee Chairman Charles Rangel (D-N.Y.) to lift the overall travel ban. In an interview, Rangel said he would push hard for a vote on the bill, adding that while he has yet to speak with Democratic leaders, he does not anticipate a problem.

Rangel acknowledged that President Bush may veto the legislation for political reasons. "The president will probably veto it," Rangel said. "For the president, you know, it's not a trade thing, it's a Miami thing."

Supporters said the legislation could face an uphill climb in the Senate, as Sens. Mel Martinez (R-Fla.) and Robert Menendez (D-N.J.), who are both of Cuban descent, are on record as supporting the travel ban.

The executive director of the Cuban American Commission for Family Rights, Sylvia Wilhelm, anticipated that House International Relations Committee ranking member Ileana Ros-Lehtinen (R-Fla.) and other members of the Florida congressional delegation will oppose lifting any travel restrictions. Wilhelm said she was hopeful, however, that key senators such as Martinez and Menendez would at least support lifting the restrictions on travel by Cuban-Americans.

Separately, Moran has introduced legislation easing restrictions on exports of food and agricultural commodities to Cuba. The key provision in Moran's bill allows sales of agricultural goods to Cuba once shipments leave U.S. ports. Current rules do not allow U.S. shipments to leave U.S. ports until a payment is received, which critics say thwarts efforts to increase agricultural exports to Cuba.

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Moran's bill would also allow visas to be issued to Cuban officials and U.S. citizens to travel between the U.S. and Cuba to conduct agricultural sales, and would let U.S. banks participate in transactions, although they could not finance sales.

In an interview, Moran said Martinez would be a key in the Senate. He said he was hopeful Martinez would choose not to block the legislation, and noted the senator has expressed support for some level of agricultural trade to Cuba.

Post-Fidel Cuba (WT)

By Vicki Huddleston

The Washington Times, February 6, 2007

In the spring of 2002, I picked up a group of young Cubans along Quinta Avenida headed toward central Havana to hang out and treat themselves to ice cream and cakes. When they asked me where I got the beautiful black Crown Victoria sedan I was driving, I told them that I was the chief of the U.S. Interests Section, our diplomatic mission in Cuba. Delighted, they exclaimed, "Be our mother and take us to Miami!"

Forty-five years ago on Feb. 3, 1962, 10 months after the Bay of Pigs and eight months before the Cuban missile crisis, President Kennedy announced a total embargo on trade with Cuba. President Eisenhower, fearing Communists were gaining the upper hand, had already put in place sanctions in retaliation for the seizure of American properties shortly after Fidel Castro took power on Jan. 1, 1959.

Now, almost a half-century later, the long era of Mr. Castro is over. The brief era of his brother, Raul, who at 75 cannot rule Cuba for long, has begun. But very little change will take place in Cuba as long as the Cuban people are isolated from their loved ones and from the ideas and influences of the outside world. If we want to give those kids a chance to build a prosperous and democratic future in Havana -- not Miami -- we will have to change tactics.

To start the ball rolling, President Bush should reinstitute the "People-to-People" program and the annual Cuban American family visits that were in place during the first two years of his administration. These policies were opening doors in Cuba.

Under the People-to-People program, licensed groups from churches, universities and theaters throughout the United States were carrying out their own brand of grass-roots diplomacy by connecting with Cuban doctors, teachers and religious leaders. They were helping Cubans live better lives and to begin preparing for a better future. Cuban Americans were visiting their families in Cuba, bringing much need medicines and giving their children a chance to hug their grandparents and learn firsthand about what happened in Cuba.

Cubans from Santiago de Cuba in the East to Pinar del Rio in the West were beginning to believe that freedom was not a distant dream. They were learning firsthand about life in our country by listening to AM-FM shortwave radios and reading books handed out by an intrepid band of diplomats assigned to the U.S. Interests Section in Havana.

Mr. Bush can make these changes now. No congressional action is needed and they will make a difference as they did five years ago, when they helped create a "Cuban Spring."

But more needs to be done, it isn't all up to Mr. Bush. Congress will have to act if the president is to have the flexibility he needs in the coming months and years to respond to the challenges and opportunities Fidel Castro's death and Raul Castro's succession will bring. Until the Cuban Liberty and Democratic Solidarity legislation, known as Helms-Burton, is revised or abrogated the president cannot lift the embargo unless both both Castros are out of power and a new Cuban government is well on its way toward a multiparty democracy.

Congressional action does not end the embargo. The president by executive action can keep the embargo in place. But if Congress abrogates or revises Helms-Burton, the president will have the opportunity to respond should Raul Castro begin to carry out reforms. For example, should Raul Castro allow Cubans to open their own businesses, in order to meet the pent up expectations of Cuba's youth for jobs and better pay, Mr. Bush could remove restrictions that block the sale of computers, televisions and radios, thereby enhancing the flow of information and ideas that would prompt more and faster political as well as economic reform.

Forty-five years later, isn't it time to clear the way for a new relationship?

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Ambassador Vicki Huddleston, a non-resident senior fellow at the Brookings Institution, served as principal officer of the U.S. Interests Section in Havana (1999-2002) and as director and deputy director of the State Department's Office of Cuban Affairs (1989-1993).

U.S. Wants Nicaragua Missiles Destroyed (AP)

By Filadelfo Aleman

AP, February 6, 2007

The United States insisted Monday that Nicaragua destroy hundreds of Soviet-made surface-to-air missiles after President Daniel Ortega said the weapons were needed for the country's defense.

Ortega, a former revolutionary who returned to the presidency on Jan. 10, said Friday it would be "absurd" to destroy Nicaragua's SAM-7 missiles while neighboring Honduras is adding U.S. planes to its military fleet. Nicaragua has been in a dispute with Honduras since 1999 over its territory in the Caribbean Sea.

The U.S. Embassy said in a media statement released Monday that Honduras is buying eight small planes from the U.S. to be used in the fight against drug trafficking and not offensive military aircraft.

"The U.S. government expects that Nicaragua will continue its already established path of disarmament and destruction of all SAM-7 missiles," it said.

Nicaraguan officials have destroyed half of their initial stock of about 2,000 missiles and Ortega's predecessor offered to destroy 651 more.

The Soviet Union supplied the missiles at a time when Ortega's former leftist Sandinista government was an ally in Cold War-era struggles against the United States. The U.S. supported Contra rebels trying to overthrow the Sandinistas.

U.S. officials say they fear the weapons could fall into the hands of terrorists.

Ortega's Sandinista party insists that the United States compensate Nicaragua for the missile destruction.

U.N. Chief Returns To Headquarters, Where Battles Await Him (NYT)

By Warren Hoge

The New York Times, February 6, 2007

UNITED NATIONS, Feb. 5 — Ban Ki-moon, the new United Nations secretary general, returned to his headquarters on Monday after a two-week working trip to Africa and Europe and ran into dissension over restructuring changes he has proposed and concern at the slow pace of his appointing top officials since taking office on Jan. 1.

“Today is probably his first reality check,” Dan Gillerman, the ambassador from Israel, said after a two-hour closed-door session in which members of the 192-member General Assembly raised questions about Mr. Ban’s reform proposals.

“To make any change at the U.N. is something which involves a lot of negotiation, a lot of compromise, and whatever proposal you bring will look totally different after everybody has had a go at it, and we saw the first signs of that today,” Mr. Gillerman said.

At issue are Mr. Ban’s proposals to divide peacekeeping, the fastest growing activity at the United Nations, into two departments, and to reshape the disarmament department in a way that many envoys believe downgrades it.

The changes would strike a layman as bureaucratic nuance. But at the United Nations, they fuel a continuing competition between the great powers — which exercise commanding power through the 15-member Security Council — and the General Assembly, where the developing world feels its authority is threatened when its elaborate deliberative procedures are not respected.

Mr. Ban angered many ambassadors by saying that he expected to gain rapid approval of his proposals and would delay filling the ranks of top-level management until agreement was reached on his restructuring plan. The approach raised questions about whether Mr. Ban, a former South Korean foreign minister, understood the easily offended sensitivities of the world he has entered.

“We do not think there should be arbitrary deadlines,” said Munir Akram, the Pakistani ambassador, who is the chairman of the 133-nation group that speaks for the developing world. “We also believe that established procedures should be followed.”

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Many at the United Nations are unhappy over the delay in top appointments, especially since Mr. Ban is the first secretary general whose selection by the Security Council came early enough to give him three months of planning time before he took over.

"People had expected that team to be in place by now," said Mr. Gillerman. "The longer he puts it off, the longer the anticipation and the longer the disappointment."

Alejandro D. Wolff, the acting American ambassador, said that Mr. Ban had now decided to "delink" the appointments of new officials and the agreement on structural changes, and that appointments would be announced within days. Mr. Wolff declined, however, to confirm the widespread rumor that B. Lynn Pascoe, the American ambassador to Indonesia, would be the new undersecretary general for political affairs.

Mr. Ban used Monday's meeting to introduce the new deputy secretary general, Asha-Rose Mtengeti-Migiro, the former foreign minister of Tanzania. The secretary general has said that Ms. Migiro will be in charge of the management overhaul that he has pledged.

Asked how she reacted to critics who have noted the absence of extensive management experience on her resume, Ms. Migiro said she had run two government ministries. "So I believe I have enough capability to do the managerial work that the secretary general envisages," she said, "and maybe I should emphasize that, yes, the United Nations is a big organization, but management does not always have to do with the size of the organization."

If Mr. Ban has run into early turbulence at the United Nations, he has succeeded off-premises in combating his reputation for being a wooden public presence. He has leavened his appearances with jokes about the proper pronunciation of his surname, which he says is "bahn" not "ban." "I don't want to ban anything," he said at a breakfast meeting of leaders of the New York City business community.

He charmed guests at a December dinner of the United Nations Correspondents' Association by singing "Ban Ki-moon is coming to town" to the familiar melody about Santa Claus. And he mixed with Bush administration officials and members of Congress gamely wearing a gift cowboy hat at a dinner given in his honor in Washington last month.

The United States, which was frequently at odds with Kofi Annan, the former secretary general, was a strong backer of Mr. Ban's candidacy, and Mr. Wolff, the American envoy, said it backs his proposals.

"You'll have a lot of different views on the details, whether this is the best one or a different approach might be better," he said, "but you have 192 members and consensus is not easy to get, so support for the secretary general is the principle that we stand by."

Ban's U.N. Peacekeeping Reforms Rejected (LAT)

By Maggie Farley

The Los Angeles Times, February 6, 2007

UNITED NATIONS — Secretary-General Ban Ki-moon faced one of his first tests Monday when developing nations sent him back to the drawing board with his plan to restructure the U.N.'s peacekeeping department.

The setback could foretell troubles for the new secretary-general, who faces the task of reforming the U.N. at a time when its peacekeeping demands are growing in nations such as Sudan and perhaps Somalia.

But his desire to do it quickly, without the ritual rounds of consultations, has revived long-standing tensions between rich and poor countries on a topic that is vital to developing nations, where most of the world's conflicts are occurring.

The developing countries fear that Ban's changes could endanger peacekeeping troops and make disarmament affairs less of a priority.

Pakistan's U.N. ambassador, Munir Akram, who represents a group of 114 developing nations, said Ban would have to win consent from two committees and submit to more consultations before his group could approve the proposal. His statement served as a warning to Ban, as well as to nations such as the United States and Russia, that reform will not be quick.

"He must understand: The ambassadors are not his staff," Akram said. "When he asks for our opinion, he must show that he is listening."

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Akram said that the way Ban handled his first high-profile restructuring would set the tone for the rest of his reform program. "If he pushes hard and he fails, then the rest of his agenda goes off the rails," he said.

Ban's predecessor, Kofi Annan, faced similar resistance from developing countries and from the United States, which had its own vision for changing the world body. Ban, a self-described "harmonizer," had hoped to avoid divisions and jockeying.

Stung by the initial rejection, Ban pleaded for the cooperation of all 192 member nations during a closed-door General Assembly session. "Every one of you has the right to be listened to, whatever the size of your country or budget, whichever hemisphere you call home," he said.

Ban singled out peacekeeping and disarmament as the U.N.'s most fundamental and urgent areas of activity, and said they must be updated swiftly. The U.N. has 18 peacekeeping operations, with about 100,000 personnel in the field.

The U.N. peacekeeping apparatus "is dramatically strained and overstretched," Ban said. Improving peacekeeping, he added, is "a matter of life and death to millions of people who depend on us."

Ban's proposed reforms would lower the rank of disarmament affairs, but make it more directly accountable to the secretary-general through a Department of Political Affairs post expected to go to the U.S. Ambassador to Indonesia, B. Lynn Pascoe. Ban also would separate the policy and planning of peacekeeping from the side that supplies troops and equipment.

Acting U.S. Ambassador Alejandro D. Wolff said that Washington supported Ban's efforts and wanted to avoid debating the issue "indefinitely."

"It is his responsibility to deliver a Secretariat that is responsive, that does its work well, that is efficient, that is transparent," Wolff said. "We hold him accountable for that and therefore we ought to give him the authority to do the necessary changes."

Russian Ambassador Vitaly Churkin said he hoped the process did not stall in endless meetings. "Various views were expressed, but I think there is a general feeling that we want to support the secretary-general," he said.

FLASH POINT Corruption Crackdown Targets Shanghai Inc. (WSJ)

By James T. Areddy

The Wall Street Journal, February 6, 2007

SHANGHAI -- With its gleaming towers and explosive growth, this city has helped inspire dreams of a China century. Governed for four years by a British-educated architect named Chen Liangyu, Shanghai exuded a can-do attitude that welcomed foreign investment and showcased China's emergence on the world stage.

But underneath the boom and glitter, Communist Party leaders in Beijing say, lay a secret: massive corruption.

Last fall, the party fired Mr. Chen, alleging mismanagement and theft at a city pension fund, influence peddling and other misdeeds. It detained him at an undisclosed location. There, he has made no public comment.

The fall of Mr. Chen, who not only ran the city but sat in China's ruling Politburo, was China's biggest political shakeup in a generation. But more than the ouster of one official, it amounted to an indictment of the business model known as Shanghai Inc.

Key to that model, according to company and government statements: Giant construction projects got funded from public coffers; choice assets moved out of state hands in elaborate transactions; and plum contracts went to the well-connected.

The crackdown is a reminder that China's system leaves great power in the hands of local Communist leaders, whose decisions can ripple unchecked through the economy. Now that the party has stepped in to take its Shanghai leader out of action, approval for the flashy big development projects for which Shanghai is famed has slowed to a crawl.

ONLINE TODAY

See some of the buildings involved1 in the pension fund mismanagement in Shanghai over the past several years.

The party, which says its biggest threat is corruption within its ranks, has sent investigators sniffing for official graft in other Chinese cities as well. The Chinese have a saying: Kill a chicken to scare the monkeys. Mr. Chen's ouster is a reminder to local leaders, as well as to foreign investors, that roaring Shanghai-style growth is no longer Beijing's priority. If officials elsewhere take Mr. Chen's fate as a warning, one result could be to tap the brakes on China's booming economy. That would bolster a goal of moderation that Beijing has so far pursued to limited success by jawboning and curbing bank lending.

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Mr. Chen's post as party secretary for Shanghai gave him vast power: control over 45% of the city's industry, from manufacturers to banks and property developers. The portfolio reflects the Communist Party's core position in Chinese business. A party-appointed secretary sits at the helm of many business groups in the country, including some joint ventures with foreigners.

In Shanghai, party officials all answered to Mr. Chen. After his September ouster, dozens fell along with him, from a pension-system chief to a mutual-fund executive to Mr. Chen's son and brother-in-law. The detentions have placed power in the hands of officials who are extra-careful in granting licenses and making other approvals needed to do business in Shanghai, say investors.

A subway expansion under way has been called into doubt, as has privatization of a water utility. Museum projects, including a Shanghai branch of France's Centre Georges Pompidou, are held up, as is approval for a Saks Inc. store on the classy waterfront district known as the Bund. The city has put on ice a campaign to lure a Walt Disney Co. theme park and a plan for the world's tallest Ferris wheel, officials say. Saks says it has pushed back the planned opening of its store to 2009 from 2008, while Disney says its China strategy is broader than a Shanghai theme park.

The 60-year-old Mr. Chen was fond of tennis, and a few years ago, Shanghai spent $300 million to build an arena to host the Tennis Masters Cup. Future tournaments are uncertain without their No. 1 fan: Mr. Chen.

Shanghai still has plenty of sizzle. For 2006, it reported its 15th straight year of double-digit economic growth, 12%. But expansion in fixed-asset investment such as property development, while still robust at 11%, was far below the rate of two years ago.

And there are some signs the city is losing its legendary magnetism. The government recently gave permission to the northern city of Tianjin to adopt looser foreign-exchange regulations, not to the traditional banking center of Shanghai. Some foreign developers say it makes sense now to seek opportunities in other Chinese cities rather than Shanghai.

The scandal is a reminder of the role corruption long played in Shanghai's history. Though the city was famed early last century as the East's richest banking center, and opulent Art Deco buildings sprang up on the Bund, government-tolerated opium and prostitution rings also earned the city the label Whore of the Orient. Its very name came to stand for trickery, as in getting "shanghaied" into working on a ship. The Communist Party was founded in Shanghai and rose partly on a wave of resentment against the corruption of the ruling Nationalists.

Decades later, the city was identified with Mao's Cultural Revolution and then the policies of "capitalist roader" Deng Xiaoping. Mr. Chen arrived in Shanghai as its transformation to a futuristic city was beginning. After studying architecture at an army institute, he joined the Communist Party in 1980. It put him in charge of Shanghai Electric Group Co., a massive machinery maker sometimes called China's General Electric. Later, his party jobs included overseeing sports programs, old cadres' retirement and transforming the historic Bund district.

Mr. Chen was allied with Shanghai party secretary Jiang Zemin, one of the pioneers in opening Shanghai to foreign investment. When Mr. Jiang vaulted to Chinese president, a string of Shanghai leaders followed him to national office, enabling Mr. Chen to move up the ranks in Shanghai.

In 1992, Mr. Chen cut short a course in public policy at England's University of Birmingham to accept a promotion back in Shanghai. After a tour as mayor, he ascended in 2002 to the top party post in eastern China: Shanghai party secretary.

Tall, brainy and confident, Mr. Chen fit the part of a big-city boss. He conveyed a populist persona by riding the subway to work and having his spokeswoman hold regular news conferences, a first for a Chinese city.

As foreign money poured in, the city's economic engine seemed to be firing on all cylinders. Companies blazed their logos in neon along the riverfront. Magazine covers touted the skyline as a symbol of the new China.

Behind the scenes, the boom appeared less spontaneous. Mr. Chen's government was seeding big projects from its own coffers and steering city pension funds into deals, according to official reports and people close to the matter.

Records show that to complete a 60-story Marriott hotel, featuring a triangular top and a Ferrari dealer at its base, the city used pension money despite China's prohibition on doing so. And in order to clear swaths of riverfront for still more apartment towers, the city government spent $1.7 billion to relocate its container handling docks to a distant island.

Public works got increasingly grandiose. In 2003, shortly after Mr. Chen revealed a passion for classical music, the city hoisted a 1930s opera house off its foundation and moved it 215 feet to a better location.

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When Shanghai bid to be a host city for Formula One auto racing, Mr. Chen's brother-in-law took charge of building a billion-dollar track. The circuit was "unquestionably the finest in the world," marveled 27-time Grand Prix winner Jackie Stewart, who added that "no democracy could afford this."

The city government also sold assets in murky deals, according to brief stock-market disclosures and other official sources. In late 2004, Shanghai's State Asset Bureau sold 8% of Shanghai Electric, the $4.25 billion machinery maker Mr. Chen once headed. The local government also sold 20% of Hua An Fund Management Co., a mutual-fund group that manages $4.3 billion of assets.

The city gave no values for the deals or reasons for doing them. But according to the companies, the buyer in each case was a man named Zhang Rongkun, who earlier in 2004 had also built a toll highway to the Formula One track. Forbes estimated the obscure 33-year-old's worth at $605 million.

But tension with the central government was growing. The first signs of it had already arisen in 2002, soon after a new generation of officials with few Shanghai links rose to power in Beijing, led by President Hu Jintao and Premier Wen Jiabao.

As Shanghai continued to pour money into megaprojects that underpinned property and commodity costs nationwide, the disconnect with Beijing's leadership widened. When the central government imposed a national tax in 2005 to squeeze property speculators, Shanghai diluted it with local exemptions.

In the middle of last year, the government stepped up a crackdown on excesses. For instance, a vice mayor of Beijing was ousted in June for "corruption and dissoluteness" in his job, which included overseeing construction for the 2008 Olympic Games.

Mr. Chen appeared bulletproof. His mentor, former President Jiang, still pulled strings from his retirement, in a Shanghai compound so exclusive that the streets around it aren't on maps. But in August, just as the former president was enjoying a last hurrah with publication of his memoirs, investigators from the Communist-run central government and military began detaining Shanghai officials.

First came the chief of the city pension fund and then Mr. Zhang, the wealthy young purchaser of parts of two state companies, Shanghai Electric and Hua An Fund Management. He couldn't be reached for comment. Detained shortly afterward were Mr. Chen's longtime secretary and people who ran Hua An, plus heads of the Shanghai asset bureaus that sold the stakes in the companies.

Mr. Chen's brother-in-law, boss of the Formula One speedway, was detained. The Communist Party dealt with them in a time-honored method of party discipline, with detention as the first step in what is usually a secretive trial process.

On Sept. 25, the party stunned Shanghai by announcing that Mr. Chen himself was out. Besides pension corruption, said the state-run Xinhua news agency, Mr. Chen had committed "other discipline violations," such as "helping further the economic interests of illegal entrepreneurs," protecting colleagues who "severely violated laws" and aiding family members "by taking advantage of his official posts."

Mention of Mr. Chen quickly vanished from government Web sites. Within hours, Shanghai party members were summoned to a ballroom at a state-owned newspaper company, Wenhui-Xinmin United News Group. There, says a person who was present, party members heard more specific accusations: that Mr. Chen had channeled cash to his family, including $125 million in city pension money to his son, Chen Weili.

The son was a figure in sports, as deputy manager of the city's professional soccer club and publisher of China's Tennis World magazine. He was an official of a company that bought control of a city-owned developer with prominent projects on the Bund, including one with New York-based Rockefeller Group International Inc. The son, detained, couldn't be reached for comment. Rockefeller, a unit of Japan's Mitsubishi Estate Co., says its project has been unaffected by the case.

Several books quickly appeared, anonymously purporting to tell more of the story of the Shanghai leader's downfall, such as tales of alleged carousing and mistresses.

The investigation has especially chilled the property industry. Across the Huangpu River from the Bund, Japan's Mori Building Co. is barred from leasing space in a 100-story skyscraper it's building until the city government signs off on the tower's name, say people familiar with the project. The city's plans for a similar-size skyscraper next door are on hold.

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Vincent Lo, a Hong Kong magnate who used to boast about his political connections, has warned investors that his company faces legal risks for accepting pension money to try to build a Shanghai version of Silicon Valley. In contrast to the U.S., China bars the investment of pension money in real estate, to keep retirees' money from being squandered in chancy projects.

Shanghai's mayor and acting party secretary, Han Zheng, says real-estate investors are still welcome. But now, extravagance is out, and "prominent use will be made of caps and ceilings" to control economic growth, he said in a recent address.

When the scandal broke, Mr. Lo of Hong Kong was in the midst of building the "Knowledge & Innovation Community," an ultramodern apartment and office complex adapted to high-tech tenants. Oracle Corp. and Cisco Systems Inc. called it Shanghai's version of Silicon Valley and agreed to help build it.

Among his financing: $190 million from the Shanghai pension fund. It had been funneled through Shanghai Pudong Development Bank Co., a local-government-run bank part-owned by Citigroup Inc., and masked as commercial lending, according to regulatory notices. Pudong Development and Citigroup had no comment.

Mr. Lo said he was returning the pension money and might be unable to finish the project but knew of no investigation targeting him. He replaced the pension money in part with a $113 million loan, but that came on tougher terms and needs to be repaid by March. Through a spokeswoman, Mr. Lo said he is arranging repayment and his projects remain on track. Oracle wouldn't say whether it remains involved. Cisco declined to comment on Mr. Lo's funding.

Market Leninism (WSJ)

By Ross Terrill

The Wall Street Journal, February 6, 2007

Mao Zedong, alone among major 20th-century dictators, enjoys a benign life-after-death. Taxi drivers in south China hang a Mao portrait on the steering wheel to ward off accidents. Nightclub singers in Beijing throb to lyrics from Mao's "Quotations." Urban youths relax in "Cultural Revolution-style" cafés at rough-hewn tables with Mao slogans on the wall, eating peasant dishes as they answer cell phones and chat about the stock market. Mao temples exist in some Buddhist villages, the altar adorned with a serene Mao image.

As President Hu Jintao tries to transcend communism forward to "market Leninism," Mao, now dead for 30 years, transcends communism backward to Chinese folk history. He floats into a nether zone as if he'd never been a political figure at all.

Where is Mao the totalitarian? Tens of millions of Chinese died in the forced collectivization of the Great Leap Forward of 1958 and '59, victims of Mao's utopianism and cruelty. Millions more died, and tens of millions had their lives ruined, during the Cultural Revolution of the 1960s.

The cab drivers, farmers, pop singers and rural worshippers are really only echoing the Chinese Communist Party, which does not quite know how to handle Mao's legacy. New history textbooks approved for initial use in Shanghai have largely brushed Mao out of China's story. Can a society that lived by Confucianism for two millennia, and later by Mao's leftist political faith, be content with amnesia about the Mao era and the absence of a believed public philosophy to replace communism?

Redeeming traits may help explain why Mao has been treated more gently than Stalin or Hitler. He wrote impressive essays and memorable poems. He was part monkey and part tiger, as he said of himself. The "tiger" knew how get from point A to point B, but the "monkey" felt doubt about the desirability of arriving at point B. Crucial, however, is the Chinese state's need for Mao. The CCP cannot simply denounce Mao as Nikita Khrushchev indicted Stalin in 1956. Mao, after all, was not only China's Stalin, but also its Lenin and even its Marx. President Hu is heir to the power seized by Mao in 1949. Mao's gun is his legitimacy.

Mao made history; at the same time, history made Mao. Were the hundreds of millions of Chinese who wept at the sight of him out of their minds? In addition to looking at Mao's major failings as a human being, we must look at the structures that turned Mao's whim into CCP tyranny. At the reasons for the evaporation of his youthful idealism and exactitude. At the social engineering ideas he sprayed over China.

"Jesus was dismembered for speaking out," Mao wrote to a friend at age 22, in 1915. "He who speaks out does not necessarily transgress, and even if he does transgress, this is but a small matter to a wise man." Yes, young Mao was an ardent

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individualist. At teachers' training college his credo became the self-realization of the individual. "Wherever there is repression of the individual," he wrote in the margin of a Chinese translation of Friedrich Paulsen's "System of Ethics," "wherever there are acts contrary to the nature of the individual, there can be no greater crime."

Mao's respect for individual freedom later collapsed. There were four reasons. One was the powerful current of nationalism in early-20th-century China; the cry to rescue the nation eclipsed individual self-realization. A second was the large role of war in China from the 1920s to the 1940s. Pervasive violence made political debate a luxury and favored repression. A third was Mao's embrace of Marxist ideas of class, economic planning and communist party organization. Fourth was the hangover in Mao's mind and Chinese society generally of an emperor mentality.

In the end, Mao, facilitated by Stalin, built a party-state that neatly combined Leninism, the paternalism of early Chinese sage-rulers and fascism Chinese-style. He sought to craft a "new man."

Mao's achievement was to unite China after foreign invasions and civil war, and to make China after 1949 a force with which to be reckoned. But his social engineering efforts were largely canceled by Deng Xiaoping after Mao's death in 1976. In subsequent years, the totalitarian state became an authoritarian state. Today, retention of CCP power, moneymaking for the folks below, national glory for all, and a veil over the past in the name of "good feelings" are the chief priorities. With Mao's "new" Chinese man gone, the "old" Chinese man of family values, entrepreneurial spirit and a belief in China as a religion reappears.

But the soft landing for Mao is not the final word. Some say Deng reversed Mao's revolution, but it is an important distinction that Deng dismantled Mao's thought yet retained Mao's state. Deng-ism (continued by President Hu) was a retreat from as much as possible of Maoism without endangering Leninist political power.

In late 2006 Beijing jailed three intellectuals on trumped-up charges behind which lie the sin of speaking indiscreet words. Ching Cheong, chief China correspondent of a Singapore newspaper, got five years for "spying," but really for getting a fee to speak at a seminar run by a think tank that Beijing dislikes. Zhao Yan, a researcher for the New York Times in Beijing, got three years for "fraud," but really for feeding the Times information on some mild political tensions within the Chinese government. Chen Guangchen, a blind self-taught lawyer, got 51 months for "gathering a crowd to disrupt traffic," but really for annoying officials in Shandong Province by representing victims of sterilizations and forced abortions carried out contrary to Beijing's own regulations. The intended intimidation in these three cases is an all-too-clear residue of the Mao era, when citizens never knew where they stood in relation to authority.

We return to the "solution" of having Mao float into folklore as a modern-day Yellow Emperor for an age of weapons in space and the WTO; a figure of dignity who can serve as a fashion model for green silk pajamas, as I recently noticed in a Shanghai department store. Such "Maoism" is the twitching of a society whose post-Mao leaders have offered economic advancement but political smoke and mirrors. It is easier and safer, of course, to domesticate Mao (the green silk pajamas), criticize him as an evil individual (as some do in private), or simply draw a veil over him (the CCP line), than to broach the problem of the political system he introduced to China.

Today, young pro-market Chinese who devour Hayek's "Road to Serfdom" and books on American business are embracing an antistate Chinese tradition (best known in the West through Taoism). They would like -- but will not get -- a China without politics. A new public philosophy, when it comes, as it must, will come from gestation below, not as a diktat from a father-figure or a paternalistic Communist Party.

"When societies first come to birth, it is the leader who produces the institutions," wrote Montesquieu. In China, that was the Mao era. "Later it is the institutions which produce the leaders," the French philosopher added. That is today's China, with its nine-man leading group (all engineers). Later still, in a democratic era, it will be the voting public that chooses among clusters of policies devised by politicians allowed only the short term authority to lead.

Mr. Terrill, a research associate at Harvard's Fairbank Center, is the author of "The New Chinese Empire" (Basic Books, 2004).

New Charges In Russia Against Oil Executives (NYT)

By C. J. Chivers

New York Times, February 6, 2007

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MOSCOW, Feb. 5 — Russian prosecutors brought new charges Monday against the imprisoned founder of the Yukos oil company and one of his business partners, opening a new line of legal attack against a Kremlin opponent.

The former executive, Mikhail B. Khodorkovsky, and his partner, Platon A. Lebedev, were charged with embezzlement and money laundering, which his lawyers said together could carry prison sentences of 15 years.

The two men have been held since their arrests in 2003, and are serving eight-year sentences for tax evasion and other charges. Their lawyers said they had potentially qualified for parole late this year, when they would have served half of their sentences.

The new charges, which accused the men of embezzling about $20 billion in Yukos revenues, appeared to destroy that possibility and opened a new chapter in the long saga of Yukos's legal troubles.

The men were brought to face the charges with little fanfare, though with substantial security, in the eastern Siberian city of Chita, to which they had been transferred in December from the separate penal colonies where they had been serving their sentences.

Russian prosecutors remained largely quiet about the charges throughout the day and did not publicly release details of the charges or supporting documents. Essential details remained unknown even to the international defense lawyers for the men, including the dates and detailed accounts of the crimes of which they are accused.

Mr. Khodorkovsky and Mr. Lebedev's defense lawyers promptly denounced the new charges as baseless. They said they were a means to keep Mr. Khodorkovsky and Mr. Lebedev in prison beyond Russia's presidential election in early 2008 and throughout the remainder of the liquidation of Yukos, their former oil giant, which is in Russian receivership.

Robert Amsterdam, one of Mr. Khodorkovsky's lawyers, said from London in a conference call with Western reporters that the charges were a continuation of Russia's use of its prosecutors, courts and investigators in "a fraudulent system of assets theft."

"The present proceedings are a miscarriage of justice," he said.

Under the new charges, the two men are accused of embezzling roughly $20 billion in oil revenues using a series of internal transfers in Yukos and its subsidiaries, and then transfers through other accounts.

They are accused of using the Open Russia foundation, a charitable organization that Mr. Khodorkovsky founded, for transferring a fraction of the money, his lawyers said. Open Russia has also been under investigation, and its accounts frozen, since last year.

The lawyers said that the entire premise for the charges was absurd, and that Yukos's financial statements, prepared by auditors from PricewaterhouseCoopers L.L.P., could account for all of Yukos's oil production and sales.

Before Mr. Khodorkovsky's arrest at gunpoint late in 2003, Yukos was Russia's top oil producer and Mr. Khodorkovsky's wealth was vast and his influence extensive.

He had close relations with senior Russian officials, founded Open Russia, underwrote civil-society organizations and spoke of opening Russia to the West and to Western business practices. Fortune magazine declared him Russia's richest man and said he had $15 billion in personal wealth.

His business empire and stature were crushed by President Vladimir V. Putin's Kremlin, which has defended his arrest and presided over a parallel tax investigation that has brought the company to a forced sale under Russian bankruptcy proceedings.

Mr. Khodorkovsky's critics labeled him a cynic and a fraud, saying that he controlled a faction in Parliament by purchasing legislators' votes, and that his fortunes were accumulated and secured by insider deals and crime. The Kremlin has sought to portray Yukos as Russia's Enron, a company that ruined its own image with extensive fraud and accounting schemes.

Since his arrest and the case against him and his company, Mr. Khodorkovsky has become an occasional point of contention between Russia and the West.

But his cause and his public relations efforts have not attracted widespread support in Russia, where resentment lingers against a class of profiteers who amassed almost instant fortunes after the Soviet Union's collapse.

His lawyers have framed his case in ways that remain germane outside of Russia's often murky and bruising business circles: as an example of government persecution that underscores Russia's spotty record on human rights and respect for the rule of law.

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They said it appeared that the next trial, for which no date has been set, would be held at the remote detention center in Chita, the closest city to the place where Mr. Khodorkovsky had been imprisoned, under conditions that would make it difficult for lawyers to meet with their clients or for public scrutiny of the proceedings.

Criminal Case Likely To Put All Of Yukos In State Hands (NYT)

By Andrew E. Kramer

New York Times, February 6, 2007

MOSCOW, Feb. 5 — New criminal charges filed Monday against former leaders of the Yukos oil company, once Russia's largest private energy concern, are likely to ease what remains of the company into state hands, strengthening the Kremlin's control over the industry, analysts and company officials said.

In this sense, the Yukos affair is ending as it began — in an opaque mixture of criminal prosecution and Russian energy nationalism, where it is far from clear where one ends and the other begins.

"It comes at a time when we're moving into the final chapter of Yukos," Chris Weafer, chief analyst at Alfa Bank and a former adviser to the Organization of the Petroleum Exporting Countries, said Monday. "They want a change in how people view the Yukos affair. It is important that they shake off the image of the asset grab."

State-owned companies already control a third of the oil production in Russia, one of the world's largest producing nations.

Now, both of Russia's large state energy companies are expressing interest in buying Yukos oil fields and refineries, assets that critics say were expropriated by the government but that could look more like the spinoff from a corporate tax and accounting scandal if the new charges stick, as expected.

Authorities in Chita, a city near the Chinese border, charged Yukos's former chief, Mikhail B. Khodorkovsky, and his business partner, Platon A. Lebedev, with embezzlement and money laundering.

Charles Krause, a lawyer for Mr. Khodorkovsky, said in a conference call from Washington that prosecutors were accusing Mr. Khodorkovsky of having embezzled money from oil trades executed between Yukos company subsidiaries, in a practice known as transfer pricing.

Under this maneuver, which the company acknowledges existed, a trading arm of Yukos paid lower than world prices for oil bought from other company subsidiaries, in what was presented as a legal tax-minimization strategy. The transfer-pricing operations that formed the basis of the new charges were also the source of the Russian government tax claims that bankrupted Yukos.

Russian authorities say they may also prosecute Yukos's auditor, PricewaterhouseCoopers. In a statement, PricewaterhouseCoopers denied any wrongdoing.

The remaining Yukos assets, roughly $22 billion, are to be auctioned within months. Though diminished after the loss of its largest pumping asset in 2004, Yukos remains a valuable company. At stake are 2.3 billion barrels of oil reserves and 400,000 barrels a day in production, five refineries, a network of gas stations and Moscow real estate.

Yukos, though bankrupt, owns valuable minority stakes in both major state energy companies — 9.5 percent of Rosneft and 20 percent of Gazprom's oil subsidiary, Gazprom Neft. Gazprom has said it would like to buy back the shares in the oil subsidiary. Rosneft is expected to bid for the pumping assets and at least some of the refineries.

Yukos is administered by a court-appointed receiver, Eduard K. Rebgun, who in a telephone interview Monday sought to minimize any connections between the criminal charges and the bankruptcy process. He said that Yukos's finances were threadbare even before the tax charges were filed in 2003, and that asset and revenue stripping were most likely the cause — a message that dovetailed with the new criminal case. "It's clear they were already stripping assets and revenue," Mr. Rebgun said, adding that in 2003, Yukos reported a loss of $1 million.

The new charges could have a bearing in a separate court process in the Netherlands, where ownership of more than $1.5 billion in Yukos's European assets are being contested by Mr. Rebgun. Yukos International, which is still independent of the Russian bankruptcy process, holds $1.49 billion in a Dutch bank account from the sale of a Lithuanian refinery, 49 percent of a Slovak pipeline network, and a Swiss engineering company valued around $25 million.

New Pipeline to Bypass Belarus

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Transneft, Russia's oil pipeline monopoly, is planning to bypass neighboring Belarus by building a pipeline to a Baltic port, Primorsk.

"Of course this is very, very expensive," Transneft's president, Semyon Vainshtok, said on state television yesterday. "If we didn't have such risks from neighboring states, it wouldn't be necessary to spend so much money."

Transneft cut supplies to Belarus for three days last month after Belarus demanded a transit fee for crude oil moving through its pipeline, causing shortages at refineries in Eastern Europe. The Interfax news agency reported yesterday that Belarus was planning to increase fees by 35 percent, starting Feb. 15.

Transneft's new route will run from the Belarus border to Primorsk, Mr. Vainshtok said. It will have to be able to pump 50 million tons of crude oil annually, about two-thirds of Primorsk's capacity now.

Bienvenidos To Mexican Avocados (LAT)

The Los Angeles Times, February 6, 2007

FREE TRADE has never tasted so good. After 93 years, the last U.S. barrier to avocados imported from Mexico has been lifted. As of Feb. 1, Californians, Hawaiians and Floridians can now join their fellow Americans in enjoying the fruits of a competitive market for party-dip ingredients.

The ban on avocados from south of the border dates to 1914, when U.S. agricultural officials barred them because they found that some avocados from Mexico carried fruit flies that could infest U.S. avocado orchards. Outraged Mexican officials maintained that it was all a yanqui plot to corner the guacamole futures market (which had yet to grow to Super Bowl-sized proportions), but Mexican farmers switched to growing Hass avocados, which are less hospitable to fruit flies. Still, the ban persisted.

Many decades later, however, the competition was back on. The North American Free Trade Agreement took effect in 1994, and in 1997, the U.S. agreed to allow the importation of Mexican avocados in a few states if Mexico agreed to take some U.S. cherries, which Mexico had banned in 1992 because (of course) they carried pests. By 2005, people in 47 states were dicing, mashing or simply peeling and eating (yes, it happens) avocados from Mexico. In California, Florida and Hawaii, which are allowed to protect their own avocado farmers, the ban persisted until 2007.

It expired Thursday — and just in time. The Super Bowl was Sunday, which meant lots of eating, and last month's cold snap did serious damage to the state's avocado crop. The California Avocado Commission, a trade group, estimates farmers will lose about 25% of their crop this year.

And the commission, despite its name, welcomes the aguacates. Apparently, Americans' addiction to avocados is so strong it overpowers the principles of economics. When avocados are involved, supply and demand mean nothing, says the commission: No matter how many avocados there are, we eat them. Avocado consumption nationwide has ballooned 300 million pounds in the last three years, to a billion, but despite the flood of avocados on the market, the price varied only by 1% per avocado.

Mexican President Felipe Calderon noted that Mexico would rather send its avocados to the U.S. than send its avocado farmers. So it's good news for everyone — not just football fans, who, after all, have only one meaningless game left to watch. Pass the chips, please.

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TERRORISM NEWS:

Bush Seeks $7.2M More For Guantánamo Cases (MH)

By Carol Rosenberg

The Miami Herald, February 6, 2007

President Bush's budget request published today includes plans to spend $7.2 million on salaries and expenses for civilian lawyers -- to both fend off legal challenges at home and help prosecute terrorist suspects at the war-crimes court at Guantánamo.

Until release of the budget, the military commissions had been described as a military function -- handled by the Defense Department and soon to be supervised by a former Pentagon inspector general.

But an annex of the budget released by the White House today lists a supplemental request of $1,736,000 for the government's National Security Division, part of the Justice Department run by Attorney General Alberto Gonzales.

"This request would provide the National Security Division $2 million to support the Department of Defense's prosecution of high-value detainees at Guantánamo via the process established by the military commission," the 2007 supplemental request released today says.

Bush announced in September that he had ordered the CIA to transfer 14 so-called high-value captives to the U.S. Navy base in southeast Cuba, effectively putting them under Pentagon control.

They include Khalid Sheik Mohammed, the alleged mastermind of the 9/11 attacks, and a captive known as Hambali, who was allegedly an Islamic militant in Indonesia.

The budget request said the Justice Department's National Security Division ``will support the [Pentagon] effort by providing experienced assistant United States attorneys and paralegals."

A Justice Department fact sheet explaining the supplemental budget request said the federal prosecutors, who are civilian lawyers, will get their assignments ``as soon as possible."

The assignments, it said, "will last a year or longer." High-value prosecutions are expected to be more complex. The captives were held at so-called CIA "black sites," out of reach of the International Committee of the Red Cross.

"Maybe they don't have the firepower," said Carl W. Tobias, a constitutional law professor at the University of Richmond.

He predicted the larger war-on-terror trials to touch on a range of issues from military law to international law to human rights questions.

"There is so much at stake, and there's so much uncharted territory," said Tobias, ``I think they really want some kind of specialized expertise that DOD [the Department of Defense] just doesn't have."

The Pentagon had no immediate comment Monday on whatcivilian Justice Department lawyers might do at the trials.

Nor could a spokesman say whether the budget and supplemental included any other Guantánamo related funding.

Defense officials have a proposal to build a legal compound in which to stage the trials at Guantánamo that could cost up to $125 million.

But the Pentagon shelved an earlier plan to fund them without explicit Congressional approval; it was not immediately clear Monday whether the funds were included in either the 2008 budget or the 2007 supplemental.

In the meantime, the chief Pentagon prosecutor for the tribunals, Air Force Col. Morris Davis, on Friday swore out new charges against three long-held captives at Guantánamo -- David Hicks, 31, of Australia; Salim Hamdan, 36, of Yemen, and Omar Khadr, 19, of Canada.

Separately, the Justice Department is seeking an additional $5.5 million for its civil division to fend off lawsuits filed by Guantánamo captives in the federal courts.

Civilian lawyers have filed habeas corpus petitions in U.S. District Court in Washington on behalf of several hundred captives -- and the Justice Department has been challenging them for years.

Then, late last year the Republican-led Congress stripped so-called "enemy combatants" of the traditional right to challenge their detention. So Justice Department attorneys have been working in the courts to get the captives' cases closed.

Now, the 2008 budget seeks $5.5 million for 30 attorneys and six other staff "to defend the government in Guantánamo Bay detainee litigation," according to a Justice Department fact sheet published today.

The justification for the expense said that, since 9/11, the Bush administration has adopted "numerous counterterrorism strategies" to disrupt attacks and weaken ``global terrorist networks."

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But the strategies have "drawn legal challenges in courts," it said, ``including hundreds of lawsuits filed on behalf of alien enemy combatants held at Guantánamo Bay Naval Base in Cuba."

Surveillance Budget For Court Gets A Boost (USNEWS)

U.S. News and World Report, February 6, 2007

With the Bush administration's revelation that it will replace the controversial warrantless surveillance program conducted by the National Security Agency with a plan approved by the Foreign Intelligence Surveillance Act court, the fiscal 2007 budget includes a $3.1 million increase to address what is expected to be a spike in FISA applications.

FISA, the secret court that issues wiretap orders from Justice Department requests to conduct electronic surveillance and physical searches of suspected international terrorists or spies, already has had an increased workload since 9/11.

A senior justice official told U.S. News that the department's newly retooled National Security Division has streamlined the FISA application process dramatically, and the increased funds along with the quicker processing will allow the department to handle the new surveillance workload.

But "it will mean more work for our office," the official said.

Bush Seeks Spending Increases In Research, Surveillance (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, February 6, 2007

Proposed $2.9 trillion budget includes millions for science and tech studies, traveler screening programs--and a few cutbacks.

President Bush's proposed $2.9 trillion budget for next year calls for increases in some scientific research funding, along with boosts for counterterrorism surveillance and screening programs.

The proposal, unveiled Monday, seeks a balanced budget by 2012 while increasing spending on the wars in Iraq and Afghanistan. That means curbing so-called "mandatory" spending by domestic agencies, including slashing the "growth rate" of the government's Medicare, Medicaid and Social Security programs by $96 billion.

"My formula for a balanced budget reflects the priorities of our country at this moment in its history: protecting the homeland and fighting terrorism, keeping the economy strong with low taxes, and keeping spending under control while making federal programs more effective," Bush said in a message accompanying his proposal.

The budget, however, is only a nonbinding request from the Bush administration to a Democrat-controlled Congress, which has already suggested it will be radically reshaped.

The president's plan includes beefing up spending for his American Competitiveness Initiative, which aims to ensure that the United States keeps up with its global competitors in the science and technology realm.

Under the proposed budget, the National Science Foundation would receive $6.4 billion in funding, a 6.8 percent boost from last year. Of that amount, about $5.1 billion would go to "research and related activities," which in the past "has contributed to the development of the Internet and Internet search engines, fiber optics, color plasma displays, magnetic resonance imaging, and other advances that now help each of us in our daily lives," according to the president's budget breakdown for that agency.

That number includes $390 million--an increase of 4.5 percent from last year--for NSF's nanotechnology research arm, and $994 million--a 10 percent boost--for its Networking and Information Technology Research and Development program.

Some tech-centric agencies could experience cuts. The National Institute of Standards and Technology, for instance, saw an increase in budget levels for its core research activities. But its Advanced Technology Program, which is designed to explore "unproven, early stage technologies," appears to be on the way out. Its proposed funding plummeted from about $79 billion this year to zero dollars for the next fiscal year. NIST representatives did not respond immediately to requests for clarification.

As outlined during his State of the Union address last month, Bush asked Congress to set aside hundreds of millions of dollars for research on alternative energy technologies including solar photovoltaic, biofuels, and advanced battery hybrid and "plug-in" vehicle research. The largest chunk, at $385 billion, would go to coal research initiatives, closely followed by $309 million for hydrogen fuel studies.

The overall budgets for the U.S. Departments of Justice and Homeland Security also saw slight boosts, with an emphasis on government screening and surveillance programs.

Within the Homeland Security department, the president proposed $1 billion for the so-called Secure Border Initiative, which includes plans for a "virtual fence" composed of motion sensors, infrared cameras and unmanned aerial vehicles, or UAVs, that the administration hopes will help keep better tabs on illicit entrants.

Homeland Security also would receive a $21.9 million increase in funding for its Science and Technology Office of Innovation, which hopes to develop technologies that would create a more resilient electric grid and detect tunnels along the

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border, among other things. Overall funding levels for the Science and Technology directorate under Bush's proposal, however, would drop from $848 million for fiscal year 2007 to $799 million for the upcoming year.

Traveler screening projects, some of which have proven controversial, would also receive increased funding. Secure Flight, an airline passenger profiling system that was plagued by privacy concerns, would receive a $38 million boost in funding for the next fiscal year. The president requested $146.2 million for implementation of a system that would allow U.S. authorities to record and screen all 10 fingerprints of foreign entrants to the country, as opposed to the two prints that are currently required.

Under the banner of "preventing and combating terrorism," the president called for an additional $227 million for various Justice Department programs in that realm. Among those requests: an extra $37.8 million "to address the demand for secure interception of data from public and private networks" and $22.8 million for investigators engaged in computer analysis and digital forensics. Those requests mark significant boosts from last year, when those activities received $17.9 million and $19.7 million respectively.

The Justice Department's budget also includes more than $25 million in program increases--up from $93.7 million last year--for investigations involving child pornography and obscenity, particularly tracking convicted sex offenders and apprehending "online child pornographers and molesters."

For the fourth straight year, the president plans to allow the U.S. Patent and Trademark Office to keep all the fees it collects, which are expected to be around $1.9 billion. The agency said Monday that it hopes to use its funds to hire 1,200 new patent examiners in the next fiscal year.

With opposition to the budget already emanating from the Democrat-controlled Congress, it's unlikely the proposal will be enacted as is.

"Today's budget from the president is just more of the same fiscal irresponsibility and misplaced priorities," U.S. House of Representatives Speaker Nancy Pelosi (D-Calif.) said in a statement. "It takes our country in the wrong direction."

What remains to be seen is how the science- and technology-related provisions will hold up.

For instance, while the president requested $17.3 billion--a 3.1 percent increase over his request for the previous year--for NASA's fiscal year 2008 budget, the agency doesn't expect to get that from Congress. For 2007, Congress appropriated $400 million less than the president's requested $16.8 billion. NASA administrator Michael Griffin warned in a press conference Monday that continual NASA budget cuts may cause U.S. astronauts to be grounded for as long as five years and force cutbacks in science programs and lunar robotic explorations.

Rep. Bart Gordon (D-Tenn.), chairman of the House Science and Technology Committee, said the funding increases were helpful, but the plan overall "lacks the priorities and consistency to ensure our competitiveness now and in the long run."

CNET News.com's Candace Lombardi and Declan McCullagh contributed to this report.

Man Convicted In Terror Training Case (AP)

By Matthew Barakat, The Associated Press

AP, February 6, 2007

ALEXANDRIA, Va. (AP) — A Virginia man was convicted Monday of lying to a federal grand jury about his training with a Pakistani militant group, three years after he was acquitted of giving aid to the Taliban as part of a group that trained with paintball games.

A jury in U.S. District Court convicted Sabri Benkahla, 31, of four felony counts including perjury and obstruction of justice. He faces a maximum of 25 years in prison when he is sentenced April 27.

Benkahla told a grand jury in 2004 that he had never engaged in combat training during a 1999 trip to Pakistan, but the government contended that he trained with a militant group called Lashkar-e-Taiba to use rocket-propelled grenades and automatic weapons.

The defense argued that prosecutors, stung by Benkahla's 2004 acquittal, laid a perjury trap by summoning him before the grand jury and asking questions that had no bearing on the panel's terrorism investigation.

An FBI agent testified that Benkahla's testimony was important needed because the bureau was investigating his links to suspected terrorists including Ahmed Omar Abu Ali, another U.S. citizen from Falls Church who was subsequently convicted of joining al-Qaida and plotting to assassinate President Bush.

Benkahla was one of two defendants acquitted in the government's prosecution of a dozen Muslim men who participated in what the government called a "Virginia jihad network" that used paintball games in the Virginia woods in 2000 and 2001 as a means to train for holy war around the globe.

VIRGINIA BRIEFING (WP)

The Washington Post, February 6, 2007

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TERRORISM

Falls Church Man Convicted of Lying About Training

A Falls Church man was convicted yesterday of lying when he told a grand jury that he had never attended a terrorist training camp overseas.

Sabri Benkahla, 31, had been acquitted in 2004 of being a member of a "Virginia jihad network" but appeared before the grand jury later that year. Prosecutors said his denial that he had received terrorist training hindered the grand jury's investigation into who was being trained in weapons and explosives use at camps in Afghanistan and Pakistan.

Benkahla was indicted again last year on charges that included perjury and obstruction of justice. A federal jury in Alexandria convicted him yesterday on those and other counts. He faces up to 25 years in prison when he is sentenced April 27.

-- Jerry Markon

ARLINGTON COUNTY

Board Chairman Will Seek Job as Clerk of Court

Arlington County Board Chairman Paul Ferguson (D) announced yesterday that he will not seek another term in office in November because he wants to run for election as the clerk of the Arlington County Circuit Court. David Bell, the court's longtime clerk, said last week that he would not seek reelection.

Ferguson, 41, has served on the County Board since 1996. He recently drew widespread attention for a major initiative to reduce the county's greenhouse gas emissions.

-- Annie Gowen

Woman Escapes Knife-Wielding Abductor

Arlington County police are investigating the abduction of a woman who was walking alone Friday evening in the 1500 block of South George Mason Drive. Police said a man with a knife pulled the 23-year-old woman into some bushes, but she fought him off. The attacker ran from the scene, police said. The woman was treated for cuts on her face.

Police said the 8 p.m. incident might be related to a sexual assault that took place last month. On Jan. 11, police said, a 27-year-old woman who was walking in the 4200 block of South Four Mile Run was grabbed from behind by a man who threatened her with a knife. The man forced the woman to walk to a nearby grassy area, where he sexually assaulted her, police said.

-- Jamie Stockwell

ALEXANDRIA

SmarTrip Cards Now Work on DASH Buses

Riders on Alexandria's DASH buses now can use SmarTrip farecards when they transfer from Metrorail or Metrobus, officials said yesterday.

New fareboxes on the 57 DASH buses also allow customers to add up to $20 to their SmarTrip cards on the bus.

To encourage use of the blue-and-green cards beyond Metrobus and Metrorail, Metro officials have been trying to install equipment so the cards can be used on nine regional bus systems. But the process has been delayed repeatedly because of incompatible software, officials said. Other local bus systems are supposed to accept the cards by July.

-- Lena H. Sun

Congress Listens In On Wiretapping (LAT)

The Los Angeles Times, February 6, 2007

SLOWLY BUT surely, the National Security Agency's eavesdropping on Americans suspected of ties with foreign terrorists is being brought under the rule of law. But the Bush administration still owes not just Congress but the country some straight answers about the program.

Last week, Atty. Gen. Alberto R. Gonzales agreed to provide Congress details of the program's new arrangement for being monitored by a special court set up by the 1978 Foreign Intelligence Surveillance Act. Gonzales' latest concession comes a few weeks after the administration abruptly reversed itself and said that it could, after all, conduct surveillance of international calls and e-mails under the court's supervision.

But the administration has still refused to spell out whether the court will approve individual requests for wiretapping authority — as it traditionally has done — or just sign off on more general requests. This is the crucial question.

A Justice Department official said last month that the new court orders are not "cookie-cutter" and were more specific than an "advisory opinion" on the overall program. That sounds encouraging, but the public deserves to know whether the administration is providing the court with probable cause about specific U.S. citizens.

Perhaps the answer to that question is in the documents Gonzales is turning over to Congress. If so, it should be shared with the public.

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No one suggests that investigators should publicize the names or locations of people under suspicion or the technology being used to capture their communications. But it shouldn't be a state secret whether the NSA is getting case-by-case approval for surveillance of Americans or engaging in some less discriminate "data mining."

Two realities strengthen the hand of Sen. Arlen Specter (R-Pa.) and other lawmakers who want to bring oversight to the program: the new Democratic-controlled Congress and a lawsuit that reached a federal appeals court in Cincinnati last week. Sen. Patrick J. Leahy (D-Vt.), who succeeded Specter as chairman of the Judiciary Committee, is threatening new legislation if the documents suggest the administration hasn't achieved the "proper balance" between privacy and security. Last week, two of three judges on a panel of the U.S. 6th Circuit Court of Appeals in Cincinnati reacted skeptically to the suggestion that a legal challenge to the original program was moot.

The attacks of 9/11 changed a lot of things in the United States — but not the meaning of the 4th Amendment or the need for congressional oversight of the executive branch. The administration can show its respect for these principles by being more forthcoming with the American people about its activities.

HOMELAND RESPONSE:

Man Pleads Guilty To Possessing Ricin (FINDLAW/AP)

By Beth Rucker, Associated Press Writer

AP, February 6, 2007

(AP) - NASHVILLE, Tennessee-A man pleaded guilty Monday to federal charges of possessing the potentially deadly poison ricin, firearms silencers and explosives.

William Matthews entered his plea in a deal with prosecutors that calls for a prison term of 7 years and 3 months when he is sentenced April 27.

The ricin charge could have been punished by up to life in prison, and the weapons charges each carried a maximum sentence of 10 years.

"Mr. Matthews, I think, chose this (deal) as the best of the available options," his lawyer, public defender Sumter Camp, said after court.

Neither the defendant nor the authorities explained why Matthews had the ricin, which is illegal to possess except for research, and the silencers and explosives, which are legal but were not properly registered.

A prosecutor declined to comment following the plea hearing.

Matthews was charged after a tip from his estranged wife led police and federal agents to search his property May 31. They found the ricin in a sealed baby jar, two functional pipe bombs, five gun silencers, three blasting caps and bomb-making materials.

As little as 500 micrograms of the protein ricin, roughly the amount that fits on the head of a pin, is enough to kill an adult, according to the federal Centers for Disease Control and Prevention.

In his plea, the defendant acknowledged possessing 5.68 grams of the substance, which he had made from castor beans.

Matthews, 56, was already in a Davidson County jail serving a nine-month sentence for violating orders of protection taken out by his wife when he was charged with ricin possession. He has remained in custody since then.

Matthews, who worked as a Davidson County sheriff's officer and at the city's drug court before he left amid a sexual harassment investigation, testified that in the 1960s he was diagnosed with schizophrenia and bipolar disorder and received treatment then.

In February 2004, ricin was found in the office of then Senate Majority Leader Bill Frist. Dozens of Capitol employees were quarantined briefly and decontaminated, but none of them got sick. Authorities said at the time that Matthews was not believed to be connected to the incident.

Evacuee Camp Kids Worry Schools Chief (USAT)

By Kevin Johnson

USA Today, February 6, 2007

BATON ROUGE — The leader of Louisiana's largest school system says she believes that up to 200 children in the state's biggest hurricane evacuee camp are not registered in local schools. And she says the U.S. government — citing privacy laws — is doing little to help officials identify the youths.

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East Baton Rouge Parish School Superintendent Charlotte Placide says the Federal Emergency Management Agency (FEMA) has refused to give school officials direct access to information about youths in Renaissance Village, a trailer park for families where 1,200-2,000 people live.

"The law requires students to be in school," Placide says. "We have families in the FEMA trailer park who concern me greatly."

She says schools have reached out to parents at Renaissance Village and registered about 200 youths, at least temporarily, until their families can find permanent homes. However, Placide — citing the trailer park's size, its designation as a place for families and her observations of daily life there — says it appears 200 or so more youths aren't in school.

Placide and state social service authorities say some households remain so unsettled that youths likely have jobs to help their families. Other kids might be staying home to watch their families' possessions when their parents are at work, she says.

Placide says officials' efforts to locate children would be much easier if FEMA would give the state more details about the families in Renaissance Village. But FEMA has declined to do so, she says, citing privacy laws that restrict the information the federal agency can release about benefit recipients.

FEMA spokesman James McIntyre says the agency's authority "doesn't include ensuring that kids are registered in schools. There comes a time when parents have to take responsibility."

McIntyre says FEMA has given information about evacuees receiving federal aid to the Louisiana Family Recovery Corps (LFRC), a state agency that helps families displaced by Hurricanes Katrina and Rita. FEMA officials hoped LFRC would share the information with social service agencies and schools.

However, Raymond Jetson, LFRC's chief executive officer, says the information from FEMA lacks key details about Renaissance Village, such as youths' ages. "I understand the quagmire FEMA is in, attempting to respect the privacy of people. But it's becoming far too difficult to do the right thing."

LFRC's Kim Landry says the state lacks the personnel to assign truancy officers to the trailer park. She thinks the issue has not gotten much attention locally because many kids from the park would need special attention, and some residents are wary about placing more burdens on an already crowded 48,465-student system.

A 'Road Home' To Lunacy (column) (WP)

By Eugene Robinson

The Washington Post, February 5, 2007

NEW ORLEANS -- It's beyond frustrating to hear well-meaning bureaucrats cite all the reasons that so little has been done to rebuild this ruined city and the rest of the Gulf Coast -- why, for example, out of more than 100,000 Louisiana households that have applied to the state government for their share of $7 billion in federal reconstruction funds, fewer than 400 have received their money.

That's no misprint, and I'm being generous. As of last week, when I attended a Senate Homeland Security Committee hearing at the Louisiana Supreme Court building in the historic French Quarter, the actual number of homeowners who had gotten reconstruction money from this program, called Road Home, was 331. My hopeful assumption is that a few more checks have trickled out since then.

The three senators who flew down to conduct the hearing -- committee Chairman Joseph Lieberman (I-Conn.), home-state champion Mary Landrieu (D-La.) and presidential hopeful Barack Obama (D-Ill.) -- were remarkably focused and patient, given the circumstances. I got so exasperated that I had to let my mind wander, and it settled on Brownian motion.

That's not a reference to Michael Brown, the ridiculous former director of the Federal Emergency Management Agency. Brownian motion is a natural phenomenon that bewildered 19th-century physicists. Looking through their microscopes, they could see that a tiny particle suspended in a fluid -- a mote of dust, say -- didn't just float in place. It did a jittery little dance, abruptly jerking left and right and forward and back, always in motion.

It took Albert Einstein to figure out what was going on. Einstein explained that the infinitesimal molecules of the fluid, randomly zooming to and fro, are colliding with the relatively gargantuan piece of dust. If, at a given instant, more molecules hit it from the right than from the left, it moves left. The next instant, if more molecules hit it from the south than from the north, it moves north. The buffeted particle just zigzags aimlessly, never really getting anywhere.

That's where the recovery of New Orleans stands, or floats. Factors such as subparagraph-level provisions of federal programs, fine-print details of a contract signed by the state government and shifting alliances in municipal politics -- minuscule things, compared with the size of the job that must be done -- push from all sides, and the result is a frenzied stasis.

One example: Almost a year ago, Congress appropriated $10.4 billion in special housing funds for reconstruction in Louisiana. Federal bureaucrats at the hearing last week were at pains to tell the senators why the requirement that the state ante

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up 10 percent of that total in matching funds was being enforced, since this statutory provision was waived in other recent disasters such as the Sept. 11 attacks and several Florida hurricanes.

And no one even tried to explain why Washington won't just let Louisiana write a check for its 10 percent share, and instead wants the state to write, justify and track a separate 10 percent check for each individual rebuilding project -- thousands upon thousands of checks.

Everyone knows this is insanity. Nobody does anything about it.

Another example: Remember those lucky homeowners who have gotten their Road Home checks? The first thing they're being required to do is pay back, in full, any loans they previously received under a special Small Business Administration rebuilding program. Anything else we can do for you?

Washington complains that the state and local governments were painfully slow to develop their reconstruction plans -- and that's true. State and local officials respond that it took months to understand and comply with all the federal rules their projects must follow to qualify for funding -- and that's true, too.

Donald E. Powell, the Texas banker whom President Bush appointed to coordinate the federal post-Katrina recovery effort, was the committee hearing's opening witness. When Obama asked in plain language what the prospects were for an ordinary homeowner who wanted to rebuild and come home, Powell said thoughtfully, "That's a tough question . . . a complex question." Then he spoke about new tax incentives, which he is certain will persuade developers to build affordable housing.

Tax incentives? With most of the city still in ruins? Hello?

To escape the death dance of Brownian motion, New Orleans needs force applied in one coherent direction. I have an idea: If Gen. David H. Petraeus is as smart and tough as the president says he is, if he's good enough to save Baghdad, the president should immediately send him to New Orleans instead -- or explain why policing a civil war in Iraq takes priority over resurrecting a great American city.

WAR NEWS:

Republicans In Senate Block Debate On Iraq Resolution (LAT)

By Noam N. Levey

The Los Angeles Times, February 6, 2007

WASHINGTON — Republican Senate leaders succeeded today in blocking debate on a proposed resolution criticizing President Bush's plan to boost troop levels in Iraq. Democrats vowed to return to the issue soon.

"They may stop us temporarily," said Senate Majority Leader Harry Reid of Nevada. Vowing to return to the Iraq war in future debates over the 9/11 Commission's recommendations and on a supplemental appropriations bill, Reid said, "This does not end the debate on Iraq."

On a procedural vote, Senate Democrats mustered 49 votes -- far short of the 60 votes needed.

Republicans complained that Reid was giving preferential treatment to a resolution by Sen. John Warner (R-Va.) to require benchmarks for Iraqi progress. The GOP asked for similar consideration for a measure by Sen. Judd Gregg (R-N.H.), saying Congress would not cut funding for troops in the field.

"We are, in effect, being denied a fair process for this extremely important debate," said Senate Minority Leader Mitch McConnell (R-Ky.), who before the vote accused the Democratic majority of blocking consideration of alternatives to the critical amendment.

Democratic leaders, who have offered votes on several Republicans amendments, fired back that the GOP was using procedurals tactics to stifle debate on the most important issue confronting the country.

"The Republican leadership can't take 'yes' for an answer," said Reid earlier. "They have been given all they've asked for. It is clear their actions are not driven by getting votes on Republican proposals. They are driven by a desire to provide political cover for President Bush."

Over the past several weeks, senior Democrats in the Senate have been working with a handful of Republicans to craft a resolution opposing the president's plans to boost troop levels in Iraq by 21,500.

The Bush administration and its congressional allies have been fighting ferociously to stop the nonbinding resolution, which would mark an embarrassing rebuke for the White House.

As senators took to the floor this afternoon to assail each other's positions on the war, McConnell and Reid continued to confer. In the end the clock — and the slim margin of the Democrats' control over the Senate — doomed the effort.

Republicans Block Senate Debate On Iraq (AP)

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By David Espo
AP, February 6, 2007

Republicans blocked a full-fledged Senate debate over Iraq on Monday, but Democrats vowed they would eventually find a way to force President Bush to change course in a war that has claimed the lives of more than 3,000 U.S. troops.

"We must heed the results of the November elections and the wishes of the American people," said Majority Leader Harry Reid.

Reid, D-Nev., spoke moments before a vote that sidetracked a nonbinding measure expressing disagreement with Bush's plan to deploy an additional 21,500 troops to Iraq. The 49-47 vote was 11 short of the 60 needed to go ahead with debate, and left the fate of the measure uncertain.

Senate Republican Leader Mitch McConnell of Kentucky described the test vote as merely a "bump in the road" that could possibly be overcome within hours. GOP lawmakers "welcome the debate and are happy to have it," he said, adding they were insisting on equal treatment for an alternative measure expected to draw strong support.

The proposal, by Sen. Judd Gregg, R-N.H., says Congress should neither cut nor eliminate funding for troops in the field. That measure takes no position on the war or the president's decision to deploy additional forces.

The political jockeying unfolded as bombings and mortar attacks killed dozens across Baghdad amid indications that a much-awaited operation to restore peace to the capital is gearing up. Bush announced last month he would beef up U.S. troop deployments to work alongside Iraqi units in an attempt to quell sectarian violence.

Democrats sought passage of a measure, supported by Sen. John Warner, R-Va., that is critical of the administration's new Iraq policy. It was the first time Democrats had scheduled a sustained debate on the war since they won control over Congress in last fall's midterm elections.

"The American people do not support escalation. Last November, voters made it clear they want a change of course, not more of the same," said Reid. "The president must hear from Congress, so he knows he stands in the wrong place, alone."

Sen. Dick Durbin of Illinois, the second-ranking Democrat, echoed Reid. "If the Republicans want to stand by their president and his policy, they shouldn't run from this debate. If they believe we should send thousands of our young soldiers into the maws of this wretched civil war, they should at least have the courage to stand and defend their position," he said.

But Gregg differed with them. "We should not take action once soldiers have been sent into the field and are putting their lives at risk," he said. "We should not be saying to them through a resolution, which is nonbinding, that we don't think the mission you're on makes sense and we don't want you to do it."

Republican Sens. Susan Collins of Maine and Norm Coleman of Minnesota sided with Democrats on the vote. Reid switched sides at the end, a step that allows him to call for a new roll call at his discretion. Otherwise, Democrats voted to go ahead with debate and Republicans voted not to; Sens. Tim Johnson, D-S.D., Mary Landrieu, D-La., Mel Martinez, R-Fla., and John McCain, R-Ariz., did not vote.

The war has claimed the lives of more than 3,000 U.S. military personnel so far, and costs are counted in the hundreds of billions of dollars. The administration has asked Congress for $245 billion more to cover the costs of the conflict through 2008.

Political maneuvering surrounding the issue has been intense, and White House spokeswoman Dana Perino said the administration supports "Sen. McConnell's and the Republicans' right to be able to offer the amendments they want to offer."

Behind the procedural quarrel lay uncertainty about the verdict the Senate would ultimately reach on Bush's decision to send 21,500 additional troops.

Democrats hoped to gain enough Republican votes to pass the measure expressing disagreement with Bush's decision, and to send the commander in chief an extraordinary wartime rebuke on a bipartisan vote.

It was an outcome that the White House and Senate Republican leadership hoped to avoid. They concentrated on a relatively small number of swing votes, many of them belonging to GOP senators expected to be on the ballot in 2008.

Gregg's alternative said Congress should not take "any action that will endanger United States military forces in the field, including the elimination or reduction of funds for troops in the field, as such an action with respect to funding would undermine their safety or harm their effectiveness in pursuing their assigned missions."

The measure advanced by Democrats and Warner said the same thing, but it also said the Senate "disagrees with the `plan' to augment our forces by 21,500 and urges the president instead to consider all options and alternatives."

Republicans and Democrats carried out their clash as 10 members of "Code Pink," an anti-war group, were arrested and charged with disorderly conduct during a protest in front of McCain's office in a building across the street from the Capitol. "They were absolutely compliant, peaceful," Sgt. Kimberly Schneider said of the protesters.

McCain, a likely Republican presidential candidate, opposes the measure expressing disagreement with the increase in troops.

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Vote On Iraq Is Blocked By GOP (USAT)

By Kathy Kiely

USA Today, February 6, 2007

WASHINGTON — Republicans blocked the Senate from delivering a politically embarrassing rebuke of President Bush's Iraq policy Monday in a maneuver that could have implications for the conduct of the war and for next year's elections.

Both parties immediately moved to gain political advantage from the impasse.

SENATE ROLL CALL: How they voted

Democrats said Republicans are trying to muzzle growing public opposition to the war in Iraq. "They are not permitting debate on the most pressing issue facing America," said Senate Majority Leader Harry Reid, D-Nev.

Republicans accused Democrats of trying to unfairly limit the debate on Iraq by refusing to agree on certain ground rules. "We're not trying to stop this debate," said Senate Minority Leader Mitch McConnell, R-Ky. "We're trying to structure it in a way that's fair to competing voices."

The high political stakes were evident in hours of negotiations over three non-binding but politically significant resolutions:

· One opposes the president's plan to increase troop numbers in Iraq.

· A second offers qualified support for the increase.

· A third opposes cutting funds for troops.

Democrats needed 60 votes to begin debating the resolution opposing the troop increase but could muster only 49. All three Republican co-sponsors of the resolution opposed it in the 49-47 vote. The only Republicans voting for that resolution were Norm Coleman of Minnesota and Susan Collins of Maine, both of whom face potentially difficult re-election bids next year.

McConnell said he's willing to allow a vote on that resolution provided he wins two concessions: a requirement that it get 60 votes to pass, and a vote on the resolution opposing cuts in funding for troops. That resolution is sponsored by Sen. Judd Gregg, R-N.H.

Reid objected because McConnell's demands set up the possibility that the Senate would have been on record as opposing cuts in funding for the troops, but not the president's policy.

That would "divert attention" from a Senate vote on the troop buildup, Reid said.

Democrats want to keep the focus on Bush's plan to increase troop levels in Iraq by 21,500 "to demonstrate to him that his policy has little or no support," Sen. Joseph Biden, D-Del., said.

Supporters of Bush's plan said a Senate vote against it could undercut America's last chance for preventing a catastrophic implosion in Iraq. Joe Lieberman of Connecticut, who calls himself an "independent Democrat," sided with Republicans to forestall debate on the resolution of disapproval. "Its passage would compromise America's security," he said.

Reid vowed that Democrats will find other ways to oppose the president's policies. "You can run, but you can't hide," he said. "We are going to debate Iraq."

Sens. Tim Johnson, D-S.D., Mary Landrieu, D-La., Mel Martinez, R-Fla., and John McCain, R-Ariz., did not vote.

G.O.P. Senators Thwart Debate On Iraq Policy (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — Republicans on Monday blocked Senate debate on a bipartisan resolution opposing President Bush's troop buildup in Iraq, leaving in doubt whether the Senate would render a judgment on what lawmakers of both parties described as the paramount issue of the day.

The decision short-circuited what had been building as the first major Congressional challenge to President Bush over his handling of the war since Democrats took control of Congress last month, and left each party blaming the other for frustrating debate on a topic that is likely to influence the 2008 presidential and Congressional races.

At issue is a compromise resolution drawn up chiefly by Senator John W. Warner, Republican of Virginia, that says the Senate disagrees with President Bush's plan to build up troops and calls for American forces to be kept out of sectarian violence in Iraq.

The deadlock came after Democrats refused a proposal by Senator Mitch McConnell of Kentucky, the Republican leader, that would have cleared the way for a floor fight on the Warner resolution in return for votes on two competing Republican alternatives that were more supportive of the president.

One of those alternatives, by Senator Judd Gregg, Republican of New Hampshire, would declare that Congress should not cut off any funds for forces in the field. That vote was seen as problematic for Democrats because many of them opposed any move to curtail spending, raising the prospect that it could have attracted the broadest support in the Senate.

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The procedural vote, which divided mostly along party lines, left the Democratic leadership 11 votes short of the 60 needed to begin debate on the bipartisan resolution. Forty-seven Democrats and two Republicans voted to open debate on the resolution; 45 Republicans and one independent were opposed.

The Republicans run a risk with their resistance in the event Democrats are able to persuade the public that Mr. Bush's allies are stonewalling in the Senate and shielding the president from criticism over an unpopular war. But their show of unity, with war critics including Mr. Warner of Virginia and Senator Chuck Hagel, Republican of Nebraska, siding with the leadership, lent some credibility to Republican claims that Democrats were being unfair. "I am confident that somehow this matter will be worked out," Mr. Warner said.

But Senator Harry Reid of Nevada, the majority leader, said that "time was tenuous" and that he would not guarantee that Democrats would try again to bring up the resolution. He did promise that there would be more clashes over Iraq policy as the Senate turned to measures like the president's request for $100 billion in emergency Iraq spending.

"You can run but you can't hide," Mr. Reid told his Republican colleagues on the floor. "We are going to debate Iraq."

The results left the future of the Iraq fight unsettled, though Senate leaders indicated that they would continue to negotiate over ways to restart the debate. Lawmakers on all sides of the issue said they anticipated that the Senate would ultimately approve a resolution of some kind because of intense public interest in the issue. Mr. Reid changed his vote and sided with Republicans at the end, a procedural move to allow him the option to reopen the issue.

Still, as they jousted over the terms of debate, senators provided a taste of what a floor fight over the resolution would look like as they traded tough words about the meaning of a resolution challenging Mr. Bush and what would happen if Congress remained silent.

Senator Joseph I. Lieberman of Connecticut, the independent who sided with Republicans in agreeing not to take up the resolution, called the proposal "a resolution of irresolution," saying it criticized the president's plan but did nothing concrete to stop it. He goaded colleagues who opposed the buildup to take more definitive action if that was their view. "Have the courage of your convictions to accept the consequences of your convictions," he said.

Senator Ben Nelson of Nebraska, a Democratic co-author of the resolution who typically promotes comity in the Senate, accused Republicans of stalling. "If not now, when?" he said. "If not now, do we wait for more troops to die before we oppose the president's plan?"

In addition to the resolution introduced by Mr. Gregg, declaring that Congress should not cut off financing for forces in Iraq, Republican leaders had sought a Democratic commitment for a vote on another alternative, one introduced by Senator John McCain, Republican of Arizona. That measure would set 11 conditions for the Iraqi government if it wanted to retain American support. The Republican approach would need 60 votes for passage.

Democrats said that the Gregg initiative was meant as a distraction and that they wanted to focus on the question of whether senators supported Mr. Bush's plan or opposed it. "We are witnessing the spectacle of a White House and Republican senators unwilling even to engage in a debate on a war that claims at least one American life every day and at least $2.5 billion dollars a week," said Senator Richard J. Durbin of Illinois, the No. 2 Democrat.

Some Republicans admitted that they were unsure how long the unity would last and whether Republicans could continue to make a case against the resolution on procedural grounds. And two Republicans facing re-election in 2008, Senators Susan Collins of Maine and Norm Coleman of Minnesota, joined Democrats in voting to begin the debate.

Democrats tried to immediately pounce on the vote, with Mr. Reid saying Republicans had given Mr. Bush the green light to begin his buildup. They also warned of political consequences for Republicans given public frustration with the war.

"Senator McConnell led his Republican troops off the cliff," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee.

The White House welcomed the Senate vote. "All sides have a right to be heard in this debate, and we support Senator McConnell's and the Republicans' right to be able to offer the amendments they want to offer," said a spokeswoman, Dana Perino.

Senator John Sununu, a Republican of New Hampshire who is also up for re-election next year, acknowledged that voters were likely to be unhappy with the procedural wrangling over an issue as grave as Iraq.

Mr. Sununu, who sided with Republicans, but declined to say whether he would ultimately vote to oppose the Iraq plan, said, "It may come as a surprise to my colleagues, but most voting members of the American public think that the Senate spends all too much time talking and not enough time casting votes."

GOP Stalls Debate On Troop Increase (WP)

By Jonathan Weisman And Shailagh Murray
The Washington Post, February 6, 2007

DOJ_NMG_0128370

A long-awaited Senate showdown on the war in Iraq was shut down before it even started yesterday, when nearly all Republicans voted to stop the Senate from considering a resolution opposing President Bush's plan to send 21,500 additional combat troops into battle.

A day of posturing, finger-pointing and backroom wrangling came to nothing when Democratic and Republican leaders could not reach agreement on which nonbinding resolutions would be debated and allowed to come to a vote. The Senate's 49 to 47 vote last night to proceed to debate on Bush's new war policy fell 11 votes short of the 60 needed to break the logjam. Just two Republicans, Norm Coleman (Minn.) and Susan Collins (Maine), voted with the Democrats to proceed with the debate. Both are considered among the most vulnerable senators standing for reelection in 2008.

Republicans insisted that the impasse will soon be broken. But the leaders of the two parties appeared to be far from a compromise last night, and the White House has worked hard to block action on a resolution disapproving of the president's decision to boost troop levels.

"What you just saw was Republicans giving the president the green light to escalate in Iraq," Senate Majority Leader Harry M. Reid (D-Nev.) said after the vote. Reid contended that Republicans "are trying to avoid a debate on this matter."

Republicans said they have no desire to avoid a debate, asserting that they simply want a fair hearing on their proposals.

"We are ready and anxious to have this debate this week," said Minority Leader Mitch McConnell (Ky.).

Reid and McConnell were expected to resume negotiations today after conferring with lawmakers. With the tremendous national interest and media buildup to this week's confrontation, it would be extraordinary if the two sides did not reach an agreement on ground rules. But regardless of the outcome of the talks, Congress is certain to be consumed with Iraq in the months ahead.

A huge budget bill for the remainder of the current fiscal year comes before the Senate tomorrow, and Reid promised war amendments to that debate. Bush has requested $245 billion in funding for the war, to cover this year and next year, and that legislation is certain to become a magnet for Iraq concerns.

Next week, the Democratic-led House is expected to move forward with its version of the nonbinding resolutions stuck in the Senate.

"You can run, but you can't hide," Reid said. "We are going to debate Iraq."

At issue are four separate measures. The main resolution, worked out by Sen. John W. Warner (R-Va.) and Armed Services Committee Chairman Carl M. Levin (D-Mich.), would put the Senate on record as opposing the additional troop deployment while calling for a diplomatic initiative to settle the conflict. It would oppose a cutoff of funds for troops in the field of battle.

The Republican leadership's alternative, drafted by John McCain (R-Ariz.), Lindsey O. Graham (R-S.C.) and Joseph I. Lieberman (I-Conn.), would establish tough new benchmarks for the Iraqi government to achieve but would not oppose the planned deployment.

Two other versions appear at the heart of the impasse. The first, drafted by Sen. Judd Gregg (R-N.H.), would staunchly back the White House and the president's decision to boost troop strength in Iraq. It recognizes the power of the president to deploy troops and the "responsibility" of Congress to fund them -- before stating that "Congress should not take any action that will endanger United States military forces in the field, including the elimination or reduction of funds."

The other proposed resolution, hastily written by Democrats, would simply oppose Bush's plan and insist that all troops are properly protected with body armor and other material.

Gregg appeared to struggle to define the purpose of his proposal, insisting at one point that it is vital to protecting U.S. troops but then acknowledging that none of the resolutions under consideration would have any impact. He added that he may offer his language in binding legislative form during the upcoming debate on war spending.

The Democratic leadership gave Republicans a choice: Allow all four versions to come to a vote, with a simple majority needed for passing any of them, or debate and vote on the Warner and McCain resolutions, with both needing 60 votes to pass.

McConnell wanted all four resolutions to meet a 60-vote threshold, for a simple reason: Both Democrats and Republicans think the only measure that could attract 60 votes is Gregg's, because Democrats would be concerned about the political ramifications of appearing to take action that might harm troops in battle.

"If Republicans cannot swallow the thin soup of the Warner resolution, how are they going to stomach a real debate on Iraq?" asked Senate Majority Whip Richard J. Durbin (D-Ill.).

Republicans struck a less combative tone. Senate Minority Whip Trent Lott (Miss.) dismissed Democratic charges as "a bunch of show and tell," and McConnell called the dispute nothing more than "a bump in the road."

The White House worked closely with Senate Republican leaders on strategy while conducting an aggressive outreach that involved assurances from military leaders to wary GOP senators, in addition to personal interventions by Bush.

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On Friday, Republican senators met with Bush on a variety of issues, including Iraq. The president walked the lawmakers through his reasoning for the troop increase and asked for their support.

"He wanted us to clearly understand this was not just, he woke up on Thursday and decided this is what he was going to do," said Sen. Lisa Murkowski (Alaska), who has been critical of the escalation but is undecided on the resolutions. Murkowski also met with Gen. David H. Petraeus, the new U.S. commander in Iraq.

The White House gave a measured response to yesterday's vote. "All sides have a right to be heard in this debate, and we support Senator McConnell's and the Republicans' right to be able to offer the amendments they want to offer," said White House spokeswoman Dana Perino.

Sen. John Cornyn, a Texas Republican who helped to rally his colleagues against moving ahead, said the vote was partly symbolic. "This is more of the principle that we're going to be a relevant minority and assert our rights to a fair process," he said. "They were either going to establish that they could roll us or that we'd be relevant in the process."

But Democrats believe Republicans may be losing politically, by defying what they perceive as a growing public desire for a robust war debate. Some Democratic senators were surprised that two Republican allies of Warner -- Collins and Coleman -- parted ways with their caucus and with Warner himself on the procedural vote.

After the vote, Collins issued a statement saying: "Since I returned from my third visit to Iraq in December, I have been convinced that it would be a mistake to send additional troops to Iraq. I believe that this is one of the most important issues facing our nation and that it is important for the Senate to go on record in opposition to the president's plan."

Collins continued: "It is my hope that the leadership will soon work out an agreement that will allow us to have a vote as soon as possible."

According to one senior Democratic aide, Reid left the Capitol last night confident that he is holding a winning hand. Negotiations between party leaders are expected to continue today, and Reid promised that the Senate will return to Iraq over and over until Democrats get a clean vote.

"Today, Senator McConnell led his Republican troops off a cliff," said Sen. Charles E. Schumer (N.Y.), the primary architect of the Democrats' takeover of the Senate in November.

Senate GOP Blocks Iraq Resolution (WT)

By Charles Hurt

The Washington Times, February 6, 2007

Senate Republicans yesterday blocked a resolution that would have condemned President Bush's plan to send an additional 21,500 troops to Iraq.

On a 49-47 vote that largely followed partisan lines, Democrats fell 11 "ayes" short of the 60 needed to bring about a vote on the resolution, which is nonbinding but is widely viewed as a declaration of no confidence in the continued mission of the Iraq war and Mr. Bush's handling of it.

Among those who voted against last night's motion was Sen. John W. Warner of Virginia, who wrote the resolution but joined other Republicans in opposition to holding a vote because the new Democratic majority is not allowing votes on other war resolutions.

Only two Republicans -- Sens. Susan Collins of Maine and Norm Coleman of Minnesota -- backed voting on the resolution, and there was opposition from only two members of the Democratic caucus -- independent Joe Lieberman of Connecticut and, in a parliamentary maneuver that gives him the right to bring the resolution back up for debate, Majority Leader Harry Reid of Nevada.

Mr. Lieberman voted "no" because, he said, the resolution is meaningless.

"This resolution is not about Congress taking responsibility," said Mr. Lieberman, who was among the broad, bipartisan majority in Congress who in 2002 voted to go to war. "It is the opposite. It is a resolution of irresolution."

Before and after the vote, Democrats accused Republicans of trying to dodge a debate on the increasingly unpopular war.

"You can run, but you can't hide," declared Mr. Reid, a 2002 war supporter. "We are going to debate Iraq."

He promised that the resolution would resurface again during debates and votes on other matters.

Last night's "cloture motion," which Democrats supported, was a parliamentary procedure to end debate so that a final vote can be taken. Republicans accused Mr. Reid of restricting debate on the Iraq war.

"Senate Republicans are ready to proceed with a full and open debate on the president's strategy in Iraq," Sen. Jon Kyl, Arizona Republican, said after the vote. "But we want a full debate on all the various resolutions, not just one that was handpicked by the Democratic leadership."

Minority Leader Mitch McConnell of Kentucky said Republicans will not allow a vote on the Warner resolution unless it is accompanied by at least two others.

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Sen. Judd Gregg of New Hampshire has a resolution that promises not to cut funding for the war. Sen. John McCain also has a resolution in support of Mr. Bush's "surge" plan, but also setting benchmarks for Iraqi self-governance.

Sen. Arlen Specter, Pennsylvania Republican, called Mr. Reid's squelching of resolutions "an effort to short-circuit debate."

Senate Armed Services Committee Chairman Carl Levin, Michigan Democrat, said a vote on cutting funds is not necessary.

"We don't want to withhold funds from the troops in the field," he said, referring to nonbinding resolution. "We want to change this policy."

But even as the rhetoric over the resolution escalated yesterday, there was agreement from all sides that the nonbinding resolution bore no legal consequences. While it condemns Mr. Bush's plan to increase troop levels, it doesn't withhold any money for doing so.

"The resolution before us, its sponsors concede, will not stop the new strategy from going forward," Mr. Lieberman said. "Instead, its sponsors say it will send a message of rebuke from the Senate to the president, from one end of Pennsylvania Avenue to the other. But there is a world beyond Pennsylvania Avenue that is watching and listening."

Sen. Trent Lott, Mississippi Republican, said the resolution was all "sound and fury ..."

"Signifying nothing," interrupted Sen. Robert C. Byrd, West Virginia Democrat, who was among the 23 senators who voted against war in 2002.

But, Mr. Lieberman warned yesterday, the nonbinding resolution could have far-reaching implications abroad.

"For the Senate to take up a symbolic vote of no confidence on the eve of a decisive battle is unprecedented, but it is not inconsequential," he said. "It is an act which I fear will discourage our troops, hearten our enemies and showcase our disunity."

Mr. Lieberman chided the Democrats with whom he still caucuses for pushing a toothless resolution.

"If you believe that this new strategy is flawed or that our cause is hopeless in Iraq, then you should vote to stop it," he said. "Vote to cut off funds. Vote for a binding timeline for American withdrawal. If that is where your convictions lie, then have the courage of your convictions to accept the consequences of your convictions. That would be a resolution."

Four senators did not vote -- Republicans Mr. McCain and Mel Martinez of Florida and Democrats Tim Johnson of South Dakota and Mary L. Landrieu of Louisiana.

Senate Debate On Iraq Stalls (MCT)

By Margaret Talev

McClatchy Newspapers, February 6, 2007

WASHINGTON - Republicans blocked the Senate from beginning debate Monday on the Iraq war, a move that's expected to delay but not prevent a vote on a nonbinding resolution opposing President Bush's planned buildup of 21,500 troops.

The 49-47 procedural vote fell well short of the 60 votes that the Democrats needed to move to debate under Senate rules.

Senate Minority Leader Mitch McConnell, R-Ky., said Republicans were prepared to begin debate this week if Democrats agreed to allow debate on a proposal by Sen. Judd Gregg, R-N.H. His resolution takes no position on the troop buildup but rejects the notion of cutting off money for ground operations. "There's not a single Republican senator seeking to avoid this debate," McConnell said.

Democrats shot back that they'll go beyond nonbinding resolutions against the troop buildup in the months ahead, including efforts to attach strings to war appropriations.

"You can run but you can't hide," said Senate Majority Leader Harry Reid, D-Nev. "They can maybe stop us temporarily from debating the escalation. They're not going to stop us from debating Iraq."

Democratic leaders had hoped to confine debate this week to two measures, one a bipartisan resolution to oppose the buildup led by Sens. John Warner, R-Va., and Armed Services Committee Chairman Carl Levin, D-Mich., the other a resolution by Sen. John McCain, R-Ariz., that supports the president.

Republicans say Democrats are afraid that many in their own caucus would sign on to Gregg's plan. Such a vote might reveal Democrats' divisions over the idea of cutting off money for troops. It also might be the only resolution that can pass, if the Warner-Levin plan falls short of the 60-vote threshold needed to avoid a filibuster.

Democrats accused Republicans of teaming up with the White House to derail a debate that could embarrass the administration. They said the purpose of Gregg's plan was to muddy the waters and predicted that Republicans would keep making additional demands if they won on this one.

"Iraq dominates our national life. It's on the mind of tens of millions of Americans," said Joseph Biden, D-Del., the Senate Foreign Relations Committee chairman. Not voting on what course to pursue "would be a total forfeiture of our responsibility," he said.

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Senate Republican Whip Trent Lott of Mississippi said, "This is all show and tell about nothing, because it's not binding. Let's stop questioning each other's motives. Let's work this out. This is all a whole lot of sound and fury signifying nothing, because the real debate will come on the supplemental or future appropriations" legislation.

The showdown over war powers came as a budget deadline approaches that also could force the war debate to be postponed. The Senate must pass a continuing budget resolution by Feb. 15 to avoid a federal government shutdown, because Republicans failed last year to pass spending bills for the current fiscal year.

While leaders were confident that a shutdown would be averted, they acknowledged that they'd probably need to put aside the war debate if it spills into next week. The week after that, Congress is in recess for Presidents Day.

Senate Majority Whip Richard Durbin, D-Ill., accused McConnell of trying to run out the clock until March.

"Senator McConnell is not new to the Senate," Durbin said. "If he can delay this matter for three days or four days, we'll reach a point where we can't reach it before the presidential break recess. That's their strategy."

McClatchy Newspapers correspondent Renee Schoof contributed to this report.

Democrats To Launch PR Blitz On Iraq Vote (RC)

By John Stanton

Roll Call, February 6, 2007

Following Republicans' successful filibuster of a resolution opposing President Bush's handling of the Iraq War, Senate Democrats are launching a national public relations campaign aimed at tying GOP moderates and incumbents facing difficult 2008 re-election races to Bush in the public's mind, Democratic leadership aides said Monday.

As expected, Reid failed Monday to overcome the GOP filibuster. However, the final vote was something of a surprise, with 49 Members — including GOP Sens. Susan Collins (Maine) and Norm Coleman (Minn.) — voting to begin debate. Sen. Joe Lieberman (ID-Conn.) joined 46 Republicans in filibustering the bill.

Senate Majority Leader Harry Reid (D-Nev.) said a vote against beginning debate was a "green light to George Bush to continue down the same failed course. A no vote is an endorsement of escalation. ... We must heed the results of the November elections and the wishes of the American people. We must change course. That starts with this next vote."

With neither Reid nor Minority Leader Mitch McConnell (R-Ky.) inclined to give in on the issue, the Senate likely will remain at a standstill at least until Wednesday when Reid has said he will take up a continuing resolution to fund the government through fiscal 2007.

The defections of Collins and Coleman could represent a major setback for McConnell, who, just a few hours before, had confidently predicted at a press conference that all 49 Republicans would vote to block the debate. A Democratic aide said Democrats had not targeted either lawmaker prior to the vote, adding, "We're not going to now, either."

Hoping to increase defections, a senior leadership aide said Reid is closely coordinating his counteroffensive with other national leaders and Democratic Party organs, including Speaker Nancy Pelosi (D-Calif.), the Democratic National Committee, the Democratic Senatorial Campaign Committee and the 50 state-party chairmen.

Specifically, this aide said, Democrats will look to cast the filibuster not only as a blocking tactic against debating the Iraq War, but also as an endorsement of Bush's policies.

Reid lambasted Republicans following the vote Monday evening, arguing that "the minority can't rubber-stamp the White House so they've decided to stamp out debate," while DSCC Chairman Charles Schumer (N.Y.) warned that "Sen. McConnell today led his troops off a cliff ... it was lack of debate that got us in to this huge mess."

Likewise, Majority Whip Dick Durbin (D-Ill.) warned that "these [GOP] Senators will have to answer for their votes." Democrats will target both the 20 Members up for re-election in 2008 as well as Republicans like Sen. Olympia Snowe (Maine) who has backed a resolution opposing the troop "surge" proposal but who voted to filibuster the start of the debate, Democrats said.

A Senate Democratic aide said Pelosi has arranged to have Members use their one-minute morning speeches today to criticize Republican opposition to the resolution, and that Reid and the DSCC will be working with Democratic Party leaders in states of vulnerable Republican incumbents.

Additionally, leaders in the Senate are pushing their members to "amplify the issue" by doing radio and television interviews in their home states, while Reid and other leaders are working with the party's network of independent blogs, one source said.

And, although neither Reid's operation nor the DSCC is planning to delve into the paid media world at this point, one source noted that the activist group VoteVets ran an ad opposing the war during the Super Bowl and that MoveOn.org also is expected to play a role in the debate.

The Upshot Of The Debate: No Debate (WP)

DOJ_NMG_0128374

By Dana Milbank

The Washington Post, February 6, 2007

Perhaps too much was expected of an organization that began its "Morning Business" yesterday at 2 in the afternoon.

Still, the U.S. Senate set a new standard for procrastination last night when lawmakers decided, after nearly four years of war in Iraq, that they were not quite ready to have a debate about the conflict. Among those who voted against having this modest discussion was Sen. John Warner (R-Va.), the sponsor of the resolution that was to be debated.

Like arms negotiators in years past bickering about the shape of the table, the senators dedicated themselves to fighting about the terms of the debate. They spent the better part of an hour just quibbling over the speaking order.

"I'd like to inquire: At what point can other senators speak?" Warner queried.

Sen. Trent Lott (R-Miss.) asked that "I have 10 minutes to be followed by the time that Senator Byrd has."

But Sen. Robert Byrd (D-W.Va.) wanted to give an hour-long speech before Lott spoke.

"You want the full hour in one block?" asked the presiding officer, Sen. Mark Pryor (D-Ark.).

"Of course!" Byrd shot back. "An hour is an hour."

Laughter rippled through the gallery. Sen. Chuck Schumer (D-N.Y.) smiled. "If I could suggest, to speed this up, instead of taking the five minutes Senator Durbin was going to yield to me, I would defer to let Senator Lott speak for five minutes," he offered.

The matter was resolved. Byrd took the floor and spoke for 44 minutes -- about coal mining.

Those waiting for the much-anticipated Iraq debate in the Senate will have to wait a while longer. Republican leaders, eager to avoid a public airing of views on the unpopular war, raised procedural objections. Democratic leaders, figuring that public pressure would force Republicans to capitulate, refused to meet their demand that all resolutions on the Iraq war get 60 votes to pass. And each side got tangled up in talking points as it tried to blame the other for preventing a discussion.

"We are, in effect, being denied a fair process here for this extremely important debate," Senate Minority Leader Mitch McConnell (R-Ky.) declared at a news conference in his office.

But this assertion of importance was quickly contradicted by McConnell's deputy, Lott, who was sitting next to him. "We're going to produce, if anything, a nonbinding resolution that has no force in fact," he said.

McConnell took his act to the Senate floor, where Majority Leader Harry Reid (D-Nev.) was wielding a 30-inch pointing stick, with which he had been jabbing a poster. When he spied McConnell, Reid began to thrust the pointer in the direction of the minority leader.

"Is there anyone who believes the Senate should remain silent on the most pressing issue facing the country today?" Reid demanded. "Unfortunately, Mr. President, the answer is 'yes.' According to the Republican leader, all Republican senators will vote not to proceed."

McConnell parried Reid's thrust. "Make no mistake about it," he said. "This vote at 5 o'clock" -- the one that scuttled the Iraq debate -- "doesn't have anything whatsoever to do with scuttling the Iraq debate. We welcome the debate. . . . But the minority will insist on fair treatment."

"Fairness?" Reid sputtered. "You start throwing the 60-vote number around when you have something to hide or stall." Reid knew that, because he has thrown the 60-vote number around to block some of President Bush's judicial nominees.

The Reid tirade temporarily got McConnell off his talking points. "Let me just say there are many members on my side who would argue that we shouldn't be having this debate this week at all," he admitted. "I hope none of those watching this on C-SPAN or any people up in the gallery are confused."

Why would anybody be confused?

It was already tense in the chamber, but Sen. Dick Durbin (D-Ill.) hadn't had his turn yet. "If the Republicans in the Senate cannot swallow the thin soup of the Warner resolution, how will they ever stomach a real debate on the war in Iraq?" he taunted.

Republican leaders were having some trouble with such questions, so Sen. Judd Gregg (R-N.H.), sponsor of an Iraq resolution celebrating the troops, called a news conference. "I think we ought to have a debate," he said, "but I'm not sure we should be passing resolutions with no impact." Gregg could not explain why he made an exception for his own nonbinding resolution.

Out on the Senate floor, Warner was similarly tangled. "No matter how strongly I feel about my resolution, I shall vote with my leader," he announced, explaining why he was opposing debate on his own legislation.

A few lawmakers took the novel tack of addressing the merits of the resolutions themselves. Sen. Joe Lieberman (I-Conn.), the only member of the Democratic caucus to side with Republicans, said the Warner resolution, which objects to Bush's troop increase in Iraq, would "hearten our enemies." Quoting Abraham Lincoln at Gettysburg, Lieberman argued passionately that "what we say here is heard . . . by al-Qaeda terrorists eager for evidence that America's will is breaking."

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But the argument quickly turned back to the debate about the debate. "They are trying to avoid a debate on this matter," charged Reid.

"The Republican side of the aisle is ready for this debate," vowed McConnell.

Minutes later, all but two Republicans voted against allowing the debate. And, as the hour approached 6 p.m., the Senate returned to morning business. "I'd like to speak about two issues that have been in the news lately," announced Sen. Chuck Grassley (R-Iowa). "The tax gap and the minimum-wage bill."

President Bush Sends $2.9 Trillion Spending Plan To Congress; Giuliani Takes One More Step Toward Presidential Run (CNN)

CNN THE SITUATION ROOM, February 6, 2007

WOLF BLITZER, HOST: And happening right now, what can you get for a few trillion dollars?

President Bush has his wish list. He sent it to Congress. His $2.9 trillion spending plan covering items like tax cuts and health insurance. But it's getting a chilly reception from some in Congress, with one Democrat saying it's "filled with debt and deception." The budget also requests billions more for the war in Iraq.

But money and the military might have not yet been able to stop Iraq from exploding with violence. Right now, Iraqi and U.S. military officials are stepping up their plan to try to stop that bloodshed, at least in Baghdad.

And an explorer takes yet another step toward a presidential run. Rudy Giuliani -- we're going to tell you just what he's doing right now.

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

$2.9 trillion from you, with Congress' approval, of course. Today, the president unveiled his $2.9 trillion spending plan for the fiscal year 2008. It covers spending on items like health care, education, tax cuts, the war -- money that would come from the pockets of American taxpayers.

We've measured this current budget against previous government budgets and even when adjusted for the value of the dollar in the year 2000, it's the biggest budget request ever.

By comparison, in 1978, the government spent just over $1 trillion. In 1988, it spent over $1.4 trillion, and in 1998, the government spent over $1.7 trillion. Again, those dollars adjusted for the year 2000.

Joining us now for more on this presidential budget request, our White House correspondent, Suzanne Malveaux -- Suzanne.

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, as you mentioned, of course, this is our money that the government is talking about spending. And it really is hard to imagine what this figure means. But if you crunch all the numbers today looking at the budget, there is really one number that stands out, and that is $800 billion, the total estimated cost of the wars in Afghanistan as well as Iraq. It will reach that level within two years or so.

Now, today, we've heard from the president. He justified the cost of the war, saying, indeed, that the country can afford these increases while, at the same time, balancing the budget.

(BEGIN VIDEO CLIP)

GEORGE BUSH, PRESIDENT OF THE UNITED STATES: Today we submitted a budget to the United States Congress which shows we can balancing the budget in five years without raising taxes. Our economy is strong because of good policy and because the entrepreneurial spirit is strong. By keeping taxes down, we actually generate strong revenues to the treasury.

And I appreciate Director Portman helping us devise a plan that sets priorities and, at the same time emphasizes fiscal restraint.

(END VIDEO CLIP)

MALVEAUX: Now, how is he going to do all of this, Wolf?

Well, the president, as well as his top economic advisers, laying out a plan here, saying that what they're going to do is really look for savings in the tune of $95 billion over the next five years or so. They are going to together more than 140 government programs to either reduce or eliminate and they are also going to together Medicaid and Medicare.

As you know, Wolf, this is a very controversial budget, a very controversial proposal and so far the Democrats have dismissed this. We know that this battle over the budget has really just begun -- Wolf.

BLITZER: Some suggesting it's dead on arrival on Capitol Hill, but we'll see what happens in the course of the legislative process.

Suzanne, thank you.

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Some members of Congress, as Suzanne says, are either skeptical or outright blasting the president's budget and its priorities.

The House speaker, Nancy Pelosi, says she wants more details.

(BEGIN VIDEO CLIP)

REP. NANCY PELOSI (D-CA), SPEAKER OF THE HOUSE: We'll have to take a look at what's in the budget, as we have discussed before. We'll put it to some scrutiny and see what it is. The day of the blank check for the president in the war is over.

(END VIDEO CLIP)

BLITZER: The Senate majority leader, Harry Reid, is not holding his tongue. Today he said -- and let me quote right now -- he said: "The budget uses deception to hide a massive increase in debt and its priorities are disconnected from the needs of middle class Americans." Meanwhile, there are new developments happening right now regarding a proposed resolution opposing President Bush's troop increase in Iraq.

Let's get the very latest from our Congressional correspondent, Dana Bash -- Dana, what is the latest?

DANA BASH, CNN CORRESPONDENT: Well, Wolf, there is intense debate going on right now on the floor of the United States Senate on Iraq. But it's not on the substance of the war, it's not over the president's plan there. Instead, it's over process, whether and how specific Iraq resolutions are even going to come up for a vote.

Now, what's going on is Republican senators, even those who oppose the president's plan to send more troops to Iraq, have united in order to make it clear that they will not vote for that unless two other Republican measures are given votes by Democrats.

Now, Democrats are getting their first real taste of what it's like to be in the majority there, with a razor thin majority. Meanwhile, they are calling this obstructionism. Republicans say it's a matter of fairness.

(BEGIN VIDEO CLIP)

SEN. HARRY REID (D-NV), MAJORITY LEADER: Their actions aren't driven by getting votes on Republican proposals. They're not being driven by votes on Republican proposals. They're driven by a desire to provide political cover.

The minority can't rubber stamp the president's policies on Iraq anymore, so they've decided to stamp out debate and let the president's actions in Iraq proceed unchecked.

SEN. MITCH MCCONNELL (R-KY), MINORITY LEADER: This vote this afternoon should not be misunderstood. This is a fairness vote. This vote this afternoon is a vote to insist that the minority have a fair process in going forward to this very important debate.

(END VIDEO CLIP)

BASH: Now, it sounds like a lot of parliamentary maneuvering. But, Wolf, as you know, in the Senate, politics equals process -- Wolf.

BLITZER: What's driving these Senate Republicans right now in this debate?

BASH: Well, what's driving them, the bottom line is they're trying to prevent an embarrassing vote that repudiates the president on the war. And here's how they're doing it. Take a look. There are three resolutions that are in play right now.

First of all, one that Democrats and some Republicans support, which says explicitly the Senate disagrees with this plan to send more troops to Iraq. There's one Republican measure that supports the plan, but says that there should be benchmarks for Iraqis and another Republican measure that makes clear that funding for troops won't be cut.

So what GOP leaders want is a 60 vote threshold on all three of those measures. What the -- what's at play there behind-the-scenes is that they are doing the math and they think, really, the only thing that would pass is something that senators are loathe to vote for, and that is a cut for -- for funding for -- cutting funding for troops in Iraq.

So Democrats are saying what Republicans are trying to do is demand a filibuster. And what they also say is that Republicans are simply trying to run out the clock because, Wolf, there's a limited amount of time that they can talk about this on the floor, because there's something else that's very important that's coming, and that is the Congress, the United States Senate, has to pass a resolution that continues to fund the government. That's left over from the last Congress.

BLITZER: All right, the rules of the Senate pretty complex. We're not going to get into all of them.

Dana will be watching this story for us.

Dana Bash and Suzanne Malveaux are part of the best political team on television.

And remember, for the latest political news at any time, check out our Political Ticker at cnn.com/ticker.

Another week. Jack Cafferty standing by with The Cafferty File -- Jack, the rules in the Senate, as you well know, and a lot of our viewers know, they are mind numbing.

JACK CAFFERTY, CNN CORRESPONDENT: Well, this whole thing is just stupid. And I'm going to talk about it, I think, in the next hour. But in the meantime the American public made their feelings on this war pretty clear in November and these morons in the Congress so far seem to be tone deaf to what was registered at the ballot box a month or two ago.

DOJ_NMG_0128377

John Edwards wants universal health care for every American, but to do it, he's calling for a tax increase. The Democratic presidential candidate is out with the first detailed health care plan offered up by a Democrat running for the White House.

Other candidates are expected to come out with their own ideas about to help solve the health care crisis in this country.

Edwards' plan, which does address the 47 million uninsured Americans, aims for universal health care coverage by 2012. It's a combination of things, his program, including requiring all businesses to provide insurance.

Edwards says he'd free up $120 billion a year to pay for his plan by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes.

So the question is this -- can John Edwards be elected president by advocating raising taxes?

E-mail your thoughts on that to caffertyfile@cnn.com or go to cnn.com/caffertyfile.

It's all in the semantics, I suppose, Wolf, but canceling tax cuts for people who have been living with tax cuts is a tax increase for those people. So that's the way we worded it.

BLITZER: And he's about acknowledging that himself. And we're going to be speaking with him about this and the war in Iraq in the next hour here in THE SITUATION ROOM. He's down in North Carolina. But he'll be explaining his stands on all of these issues.

Thanks very much, Jack Cafferty.

Coming up, the man known as America's mayor takes another step toward running for the White House. We're going to tell you what Rudy Giuliani did today, in the past few hours. That's coming up.

Also, a very deadly day in Iraq following a horrific weekend of violence. Our Arwa Damon has a report from Baghdad. That's coming up next.

And much more on the battle in Congress over the war in Iraq. The number two Republican in the Senate, Trent Lott of Mississippi, he's standing by to join us live right here in THE SITUATION ROOM.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: It's a badly needed boost that's coming not a moment too soon. The plan to secure Baghdad expected, expected to intensify in the coming days. U.S. military officials say they're ramping up their efforts to stop the killings and the chaos. A drumbeat of violence that unfortunately continues today.

CNN's Arwa Damon is in Baghdad with more -- Arwa.

ARWA DAMON, CNN INTERNATIONAL CORRESPONDENT: Wolf, in the span of just five hours in the capital, Baghdad, more than two dozen Iraqis were killed, more than 100 wounded in a number of attacks, ranging from car bombs placed outside of automobile repair shops, car bombs once again placed on busy, crowded commercial streets and, disturbingly, even a car bomb placed near to a children's hospital.

Mortar attacks in a number of neighborhoods in the capital, some even landing next to Baghdad University. And small arms fire and drive-by shootings also targeting mainly Iraqi civilians.

All of this coming ATN is still trying to recovery from the weekend's devastating bombing, the single deadliest bombing to take place in the country since this war began, that killed over 120 Iraqis when a suicide truck bomber plowed into a busy central Baghdad marketplace. Many Iraqis amongst the civilian population and amongst the Iraqi government now increasingly critical of this new Baghdad security plan put forward by the Iraqi government, even criticizing the U.S. administration for not sending American troops to this capital faster -- Wolf.

BLITZER: Arwa Damon in Baghdad for us.

Arwa, thank you.

Meanwhile, in the race for 2008, one explorer takes yet another step in the direction of the White House. That would be Rudy Giuliani.

Today, the former mayor of New York filed a statement of candidacy with the Federal Election Commission. That, according to a Giuliani spokeswoman. Giuliani already has filed paperwork for an exploratory committee. He did that back in November.

Let's get some analysis now on what's going on from our senior political correspondent, Candy Crowley.

He filed the initial paperwork back in November. He didn't really do much immediately thereafter. But in the last two weeks, there's been a spurt of Giuliani activity. He's been to Iowa -- excuse me -- New Hampshire, South Carolina.

What's going on?

CANDY CROWLEY, SENIOR POLITICAL CORRESPONDENT: Well, you know, he is the master of the micro step, as you know. The mayor is pretty good at moving along at a very slow pace. And so what this does is it keeps us talking. I mean even the campaign itself says this is adjusting the paperwork.

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What Giuliani has done is what everybody else has already done, which is mostly when you file your exploratory papers, you also file your statement of candidacy.

So what Giuliani is doing at this point is now keeping it -- catching up with the paperwork of the others, but he's also keeping his name out there. As you know, there have been a spate of stories about is he serious, is he not serious. And these now new stories say he's doing this and he's doing that. And so he's keeping his place on the page.

BLITZER: Let's take a look at some of the latest numbers, the poll numbers, involving Rudy Giuliani. In our most recent CNN/Opinion Research Corporation poll, just like a lot of other polls, national polls, registered Republicans, Giuliani comes out with 32 percent, John McCain at 26 percent. Everybody else in single digits.

But let's take a look at some other recent polls in Iowa, in New Hampshire, among registered Republicans. Giuliani in Iowa is ahead of McCain 27 to 22 percent; Newt Gingrich down at 16 percent. And in New Hampshire, in this ARG poll, McCain has got -- he's slightly ahead, 27 percent. Romney and Giuliani basically tied, both at 20 percent. Gingrich down at 11 percent.

It's very early in the process. Name recognition is always a key factor. But he does remarkably well, Rudy Giuliani, among these registered Republicans.

CROWLEY: He really does. And you wonder once he gets out there and they begin to look at his record exactly how these Republicans will feel. I don't think it's all that surprising that he would trail in New Hampshire, the one place where Giuliani seems to be trailing McCain, because McCain has a history of being very popular in New Hampshire. Obviously, he won that over George Bush in 2000.

So, I mean what's been happening here is that people like the Giuliani name. You know, it has a cachet. He was Mr. 9/11. He was the tough mayor of New York.

Now, here's the question. Are these social conservatives, most of whom vote in the primaries, going to take a gun who is pro-gun licensing, who is pro-choice, although he says he's personally against abortion, and who is pro-Gingrich?

I mean this is the huge question here.

But as you know, Wolf, in the end, what it all gets down to is who Republicans and, for that matter, who Democrats think is actually going to win. And if they believe Rudy Giuliani is the guy that's going to beat whoever the Democratic candidate is, that's who they'll go for.

BLITZER: He may be personally against abortion as an issue, but he's always supported a woman's right in the United States to have an abortion.

CROWLEY: Absolutely. Absolutely. And that's what he says. He's been down South explaining that presentation, trying to sort of draw the sting.

But obviously, South Carolina a really important primary. And that's where these social issues come to bear the most.

BLITZER: All right, Candy, we'll watch Rudy Giuliani and all of the other presidential candidates -- and there's a lot of them out there -- with you.

CROWLEY: There are.

BLITZER: Thank you.

Still ahead, we'll have much more on Rudy Giuliani. If he officially jumps in, will his past baggage actually hurt him?

James Carville and Terry Jeffrey -- they're standing by live for today's Strategy Session.

Plus, it's the trial that could rock the White House.

Will new audiotapes of "Scooter" Libby actually help or hurt his defense?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Our Carol Costello is monitoring the wires. She's keeping an eye on all of the video feeds coming into THE SITUATION ROOM from around the world.

She's joining us now from New York with a closer look at some other important stories making news right now -- Carol, I understand that just within the past few minutes, there has been some developments on that kidnapping case out in Missouri.

CAROL COSTELLO, CNN CORRESPONDENT: Yes, there was just a news conference held and prosecutors in St. Louis County, Missouri now have filed 71 more charges against kidnapping suspect Michael Devlin. They include kidnapping and forcible sodomy. He already faces kidnapping charges for allegedly abducting two young boys, Shawn Hornbeck and Ben Ownby, and has pleaded not guilty. Both youngsters were found and reunited with their families last month. Hornbeck had been missing four years.

Prosecutors, as I said, held a news conference just about an hour ago.

(BEGIN VIDEO CLIP)

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ROBERT MCCULLOCH, ST. LOUIS COUNTY PROSECUTOR: A little while ago, we filed a total of 71 counts against Michael Devlin. The first 18 counts involve one count of kidnapping and 17 counts of forcible sodomy relating to an abduction that occurred in January of this year.

(END VIDEO CLIP)

BLITZER: Devlin could get life in prison if he is convicted.

The court-martial of an Army officer who refused to deploy to Iraq is underway at Fort Lewis, Washington. First Lieutenant Ehren Watada could get five years in jail if he's convicted. He says he refused to ship out because the Iraq War is illegal and immoral. An Army prosecutor says he betrayed his fellow soldiers. We'll have much more on this story in THE SITUATION ROOM in our 5:00 p.m. Eastern hour.

If you've been outside today, oh, man, is it cold, really cold. From the Northern Plains to the Northeast, a bone chilling Arctic blast has closed hundreds of schools. The mercury plunging to 38 below zero in Hallock, Minnesota. Whoo. And along with frigid temperatures, Upstate New York got two feet of snow. Amtrak had to shut down passenger train service in some areas.

Prosecutors have scored several victories in former White House aide Louis "Scooter" Libby's perjury and obstruction of justice trial. The judge says jurists can see newspaper articles on the fallout over the leaking of a CIA officer's identity. Despite defense objections, the judge also said grand jury tapes of Libby testifying about when he learned of Valerie Plame's identity will be made public after the jury hears them. Prosecutors could wrap up their case tomorrow.

Take a look at the headlines right now -- Wolf.

BLITZER: All right, we're going to watch this week. It's an important week in that trial.

Thank you, Carol.

Our Internet reporter, Abbi Tatton, is standing by.

She's got some more details on the audiotapes of "Scooter" Libby's grand jury testimony -- Abbi.

ABBI TATTON, CNN CORRESPONDENT: Wolf, the jury in this trial has just started listening to those audiotapes just in the last hour following this morning's ruling. And they haven't been released to the public just yet. They will be.

Right now, it's the bloggers who have been credentialed for this trial who are rapidly, on their Web sites, trying to keep up of just what the jury is hearing.

After the jury has heard what could be several hours, up to eight hours of this grand jury testimony recordings, they will be available for download on this, the Web site of the office of the special counsel. And this is where we've been seeing all kinds of trial exhibits appearing, from documents to video, as well. And this is where we are going to be seeing those audiotapes posted after the jury is through hearing them -- Wolf.

BLITZER: All right, we'll be watching together with you.

Thank you.

Up next, the Republicans' number two man in the United States Senate, Trent Lott.

What does he think about the president's plan to send more forces into Iraq.

And as the Senate debates a resolution on Iraq, what's the GOP's strategy?

Senator Trent Lott standing by live to join us next in THE SITUATION ROOM.

Also, the Rudy Giuliani factor.

Is he running for the White House? And how does a moderate Republican from the Northeast win the hearts and minds of conservative GOP voters?

That's coming up in our Strategy Session.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: Happening right now, Rudy Giuliani takes a key step toward a run for the White House. The former New York mayor filed a statement of candidacy, as it's called, with the Federal Election Commission just a little while ago. But he could face conservative opposition over his pro-abortion and gay rights stands.

Britain tells its citizens don't panic. The country's largest poultry producer is destroying thousands of turkeys to stop Europe's biggest outbreak yet of the deadly bird flu virus.

And tough words from Arnold Schwarzenegger. In a newly released audio -- set of audiotapes, the California governor calls the Democratic assembly speaker a passionless political operator. He also suggests Republican lawmakers were unrealistic about past pushing through a public works package.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

Let's get some more now on one of our top stories, a Senate resolution opposing President Bush's troop increase plan for Iraq.

DOJ_NMG_0128380

Joining us now from Capitol Hill is the Senate minority whip, the number two Republican in the Senate, Trent Lott of Mississippi.

Senator, thanks very much for coming in.

SEN. TRENT LOTT (R-MS), MINORITY WHIP: Glad to be with you, Wolf.

BLITZER: I know you have concerns about this troop increase going forward in Iraq. But I just want you to spell out what your concerns are.

LOTT: The vote this afternoon in the Senate is just a procedural vote that will set up a process that determines how we go forward and have a full debate on this issue. And hopefully we'll have a series of votes, three or four votes, on different options, because different senators have different ideas about how we should go into the future.

Here's my concern.

First of all, these are non-binding resolutions so they don't mean anything. When we get through, we will not have bound anybody to do anything.

BLITZER: They may not mean anything, Senator, but they do send a powerful message to constituents.

And, as you know, there are 20 Republican senators who are up for reelection in 2008. And a lot of them really don't want to be on the record voting on one of these resolutions, the so-called Levin-Warner, or Warner-Levin, resolution, which opposes a troop increase.

LOTT: It also sends messages to our allies around the world and our enemies about what the United States is prepared to do here.

I have some concerns about how we're going to go forward. But here is the point. We have to change the status quo in Iraq. We can't just summarily pull out. Nobody wants that. We have to support our troops that are there or are headed there. I think, broadly, people support that.

Then, the question is: What do we do? You know, the president has a proposal, a plan. Maybe it's not, you know, a perfect plan. I don't deny that. But he -- he has made some recommendations. And we should look at that. I think we should give it a chance.

I realize it's -- it's a leap to expect things to really turn around there. But we have to move forward in a positive way. And I think this is the beginning of that process.

BLITZER: Is it -- is it -- the bottom -- the bottom line is this. Given the -- the arcane, very complex procedures in the United States Senate, what you're trying to do -- and correct me if I'm wrong -- is to avoid a formal vote, up-or-down vote, on the -- on the Warner-Levin resolution, which opposes this so-called surge the president has put forward?

LOTT: In the Senate, rightly or wrongly, over the years, it takes 60 votes out of 100, not 50, to take an action, because any one senator can stand up and say: I don't agree with this, and I'm going to filibuster it.

Then, you have to get 60 votes to cut off that senator or group of senators. So, that is the process that is under way. What will the votes be on? And, of course, any of them would probably have to have 60 votes, unless there was prior unanimous consent agreement not to do that. But it all gets too procedural.

BLITZER: Because I -- because, yesterday, when I spoke to Democratic Senator Dianne Feinstein, she -- she basically says, you're -- this is obstructor-ism. You're -- you're -- you're preventing the Senate from doing what everybody does in schools and neighborhoods around the country. They debate whether or not this policy the president has put forward is good or bad.

LOTT: Does anybody believe that we're not ready to have a full debate on this you, that you would oppose having a full debate?

The question is, what do you vote on at the end of the debate? We can work this out. And we should work it out. And I assume we will. We are going to have a debate, sooner or later, on this subject, probably more than once. So, the idea that we're trying to delay or obstruct a debate is just not credible.

The -- we do need to get an understanding of what the votes are going to be on. I think a lot of senators want to vote, showing their support for funds or the troops. I think that would have an overwhelming vote. And that is one of the things we have got to make sure we have an opportunity to vote on. BLITZER: So, what you're basically saying is, the Democrats could have their votes, as long as all the resolutions that are out there -- there are three major resolutions -- that all of them are allowed to come up for a vote?

LOTT: Well, as a matter of fact, Mitch McConnell has even agreed to a reduction.

Now, actually, we had some other senators that had some resolutions that had some good aspects to them. We had at least four or five. He has agreed to back that down to three.

Now, if the Democrats want to say, well, we want some balance, we want to add another one, maybe you could do that, too.

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But I think that -- that, once again, this is a lot of sound and fury, signifying nothing. We will get some sort of agreement how to proceed, and we will have a full debate.

BLITZER: Do you have all 49 Republicans united on this procedural...

LOTT: Republicans...

BLITZER: ... issue?

LOTT: Republicans united against a procedure that's not fair, that would cut off a legislate alternative being debated and voted on.

That's not to say that they support what the president is planning to do or what he is doing. But they want to make sure that, when we go forward, there is a fair process. How -- everybody is for that. And I think it can be worked out.

BLITZER: We have got to leave it there, Senator. Thanks very much.

LOTT: OK.

BLITZER: Good luck.

I know you understand the process. A lot of other people don't necessarily...

(LAUGHTER)

BLITZER: ... understand it. But you did a good job explaining it.

(CROSSTALK)

BLITZER: Thank you.

LOTT: Thanks, Wolf.

BLITZER: Senator Trent Lott of Mississippi. There's a story happening right now.

I want to bring in Carol Costello. She's watching it.

This is what we call good news, Carol.

CAROL COSTELLO, CNN CORRESPONDENT: Oh, it's great news.

The Indianapolis Colts have arrived home. They're just getting...

(LAUGHTER)

COSTELLO: ... off the plane now.

And you can imagine the reception they're getting, after they just annihilated the Chicago Bears in the Super Bowl last night. They won 29-17. They're -- I expected to see jubilation and celebration. But this is a long shot of the airport.

You can see the Indianapolis Colts getting off the plane. I can't see close enough to see if the MVP, Peyton Manning, is getting off the plane right now. But, of course, he was the MVP. He received a call from President Bush earlier this morning congratulating him on a big win.

A parade is set for the city of Indianapolis at 5:00 p.m. this afternoon. And, then, after that, there will be this big celebration with fans in the RCA Dome. And, hopefully, we will have pictures from that and we can show even more celebration in Indianapolis this afternoon -- Wolf.

BLITZER: Very happy for Peyton Manning and all of the Indianapolis Colts. I know you are as well.

Carol, thank you.

Coming up: We're a year away from Super Tuesday, the day many analysts think the race for the White House actually will be set. Bill Schneider is standing. He will take a closer look at the front- loaded electoral calendar.

And, in our "Strategy Session" today: the Nader factor, among other things. Will Ralph Nader mount a run for the White House again? He had some tough words yesterday for Democratic front-runner Hillary Clinton. We will tell you what he is saying.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Candidates clamoring, contentious contests -- it must be the race for the White House. There's a flurry of activity, as presidential prospects jockey for your attention.

Let's get some more from our senior political analyst, Bill Schneider -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, tired already of the 2008 presidential campaign? Here is some good news. Exactly one year from today, this could all be over.

(BEGIN VIDEOTAPE)

SCHNEIDER (voice-over): February 5, 2008, could be even bigger than Super Tuesday. It could be super-duper Tuesday.

(BEGIN VIDEO CLIP)

SEN. ARLEN SPECTER (R), PENNSYLVANIA: You say super-duper?

JUDGE SAMUEL ALITO, SUPREME COURT JUSTICE NOMINEE: Right.

SPECTER: Good.

ALITO: Any sort of categorization like that.

SPECTER: I like that.

ALITO: It sort of reminds me of the size of laundry detergent in the -- in the supermarket.

(END VIDEO CLIP)

SCHNEIDER: Look at the nominating calendar, as it currently stands.

January 14, 2008, the Iowa caucuses open the race. Five days later, Nevada Democrats hold their caucuses -- January 22, the New Hampshire primary. January 29, South Carolina Democrats vote, followed by South Carolina Republicans on February 2.

Then, February 5 could be super-duper Tuesday. Right now, eight states are scheduled to hold primaries or caucuses that day. But another 12 states are considering moving their contests to February 5, including big states, like Florida, New Jersey, Michigan, and the biggest one of all, California.

February 5, super duper Tuesday, could become, essentially, a national primary. So, the campaign could start on January 14 and end just over three weeks later, with two-thirds of the Democratic delegates and over 80 percent of the Republican delegates chosen by February 5.

SEN. BARACK OBAMA (D), ILLINOIS: I'm so glad to be here in Manchester in New Hampshire.

SEN. HILLARY RODHAM CLINTON (D), NEW YORK: I want to start by thanking the people of Iowa.

SCHNEIDER: The big states want a cut of the action. But, to run in those big states, you need big money and national name recognition. Obscure contenders need not apply. But the new calendar could make Iowa and New Hampshire more important. You pull off a surprise win in one of the small states, and the news coverage propels you to victory in the big states. In 1984, Gary Hart upset Walter Mondale in New Hampshire, and then won the Florida primary a week later on sheer momentum, what President Bush's father once called the big mo'.

(END VIDEOTAPE)

SCHNEIDER: So, ironically, the best way to win a national primary may be to concentrate on Iowa, New Hampshire and South Carolina, and just ignore the big states -- Wolf.

BLITZER: And -- and some of those states, though -- correct me if I'm wrong -- do allow early voting.

SCHNEIDER: Yes.

In California and Florida and several other potential super-duper Tuesday states, people can start voting weeks before the primary. So, a lot of voters in those states could be casting ballots even before Iowa and New Hampshire, and long before the campaign ever gets to their states -- Wolf.

BLITZER: This is going to be very, very exciting for all of us. Thanks very much for that.

New numbers in the race for the White House top our "Political Radar" today.

Hillary Clinton comes out on top in a new poll of Iowa voters. Thirty-five percent of Democrats questioned by the American Research Group picked Senator Clinton as the Democratic presidential nominee. Eighteen percent are backing former Senator John Edwards. Fourteen percent pick Senator Barack Obama. The Iowa caucuses, of course, kick off the presidential primary season next January.

Senator Clinton also comes out on top in New Hampshire. Thirty- nine percent of the Granite State support Senator Clinton as their presidential nominee in a new American Research Group poll there. Senator Obama stands a distant second, at 19 percent, followed by former Senator Edwards at 13 percent. New Hampshire holds the first- in-the-nation primary.

And Ralph Nader says he is not -- repeat, not -- ruling out another run for the White House. The Green Party candidate told me yesterday, on "LATE EDITION," he will consider another presidential bid later this year. Nader ran for president back in '96, 2000, and 2004. Some Democrats blame Nader's 2000 bid for helping George W. Bush win the presidency over Al Gore.

They say, if Nader hadn't run, Al Gore would have won Florida and taken the White House.

Yesterday, Nader had some tough comments about Senator Clinton -- more on what he said coming up in a few minutes in our "Strategy Session."

And, as Jack Cafferty mentioned earlier this hour, John Edwards is out with a new health care plan. The Democratic presidential candidate is proposing health coverage for all Americans. The 2004 vice presidential nominee says, he would raise taxes on families making more than $200,000 a year to pay for the plan's $120-billion-a- year price tag.

I will be speaking to Senator Edwards about his controversial plan. That's coming up, right here in THE SITUATION ROOM, in the next hour. You're going to want to see that.

Let's get some more on what is going on, as far as that plan is concerned.

As with most aspects of presidential campaigns, former Senator Edwards is going online to promote his new health care plan.

Our Internet reporter, Jacki Schechner, has been examining this new proposal.

Jacki, what are you seeing?

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JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, that's right.

The whole thing is online. Edwards is the first Democratic presidential candidate to put a detailed health care plan on his Web site. You can download it, and take a closer look for yourself.

Now, in addition to the tax hike, he is talking about the principle here of shared responsibility. Basically, it would be the responsibility that -- of businesses to either provide health care or help their employees pay for it. It would be the responsibility of the government to make insurance more affordable with things like tax credits, with things like fairer premiums, or an expansion of Medicaid.

And, then, it would be your responsibility, as an individual, to make sure that you have health insurance. The Edwards campaign tells us today that they know all Americans have their own health care stories. And they are planning on discussing these online. People are going to be able to share their stories. And they will help come up with some solutions.

They say they plan on having new health-care related content on their Web site every day this week -- Wolf.

BLITZER: Jacki Schechner, Bill Schneider, and, you saw earlier, Candy Crowley, they are all part of the best political team on television.

And, for all the latest political news at any time, check out our Political Ticker, CNN.com/ticker.

And, remember, CNN is a partner with WMUR Television and "The New Hampshire Union Leader" for the very first presidential debates of the campaign season. They are on April 4 and April 5 of this year. These are the first debates in the leadoff presidential primary state of New Hampshire.

In the next hour: John Edwards says he has a prescription for universal health care coverage in the United States, but also, raising taxes on the rich, good politics or good policy? He is here in THE SITUATION ROOM.

But up next in our "Strategy Session": Is America' mayor in the race for the White House? And, if so, will moderate views on social issues sink him with conservative voters?

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Democrats are urging Republicans not to block a vote on -- on the bipartisan resolution criticizing President Bush's plan to send thousands of additional troops to Iraq.

Joining us now to discuss that and other hot political issues in our "Strategy Session," CNN political analyst and Democratic strategist James Carville and Terry Jeffrey. He's the editor at large of "Human Events."

Well, the explorer, another explorer...

(LAUGHTER)

BLITZER: ... Rudy Giuliani, he took another step today, a procedural step. But he seems to be stepping up his activity to run for president.

Are you convinced he is in?

JAMES CARVILLE, CNN POLITICAL ANALYST: Why wouldn't he?

Why -- why would he go to all this trouble if he weren't? And what he does is, he does one thing. And, of course, we cover it, because he's an interesting guy and a lot of people are interested in what he does. And he does another thing. And why wouldn't he take as many bites at the apple as we give him?

And I -- I have for reason to believe that he's not in, that he is going to all of this trouble, and forming all these committees, and doing all of these paperworks, and going to all these places just for the fun of it. Yes, I assume that he's in.

BLITZER: Because -- because some analysts were saying that he might be a little coy. But, in the last few weeks, he has really become very active.

TERRY JEFFREY, EDITOR, "HUMAN EVENTS": Well, basically, I think he's in, Wolf, because the race is on right now. As your last report indicated, 11 months from now, people are actually going to be going out and voting for the nominees of the party. Twelve months from now, it's likely to be all over. So, this campaign is on right now. And people are in it right now.

BLITZER: Here is the latest national, registered Republicans, CNN/Opinion Research Corporation poll: Giuliani with 32 percent, McCain at 26 percent.

But, if you take a look at registered Republicans in Iowa and New Hampshire, Giuliani is ahead in Iowa, 27-22 over McCain. He is behind McCain in New Hampshire, 27-20 percent, tied with Mitt Romney there, the former Massachusetts governor. He is doing very well among registered Republicans, even though, on many of the social issues, he's very moderate.

CARVILLE: Well, first of all, I -- I know that our network, which I dearly love, spends a lot of money on these polls. I have no idea why, because they're meaningless. And we could go...

(CROSSTALK)

BLITZER: They're not meaning -- let me tell you why...

(CROSSTALK)

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BLITZER: ... they are not meaningless.

CARVILLE: OK. Tell me why.

BLITZER: Because -- you know this better than I do.

When -- when you're fund-raising, and you can point...

CARVILLE: Right.

BLITZER: ... to polls showing that you're doing really, really well, and you need millions of dollars, doesn't that affect the race?

(CROSSTALK)

CARVILLE: He's -- he's going to have -- no.

He is going to have a ton of money. And, then, somebody says: Look, I was at 5 percent in this poll and I was at 10 in the next one. I have doubled it.

It -- it -- it's not going to -- it doesn't mean a lot right now. Obviously, everyone has heard of Rudy Giuliani. There's -- there's hardly anybody in America -- everyone has heard of John McCain. Everyone has heard of Senator Clinton. Everyone has heard of -- of Senator Obama. All right?

So they are, obviously, going to do better, and they're going to suffocate the coverage, which is kind of a difficult thing for -- for -- for these lesser candidates. But these earlier trial heats, I don't think, are going to make a darn, because, once somebody wins Iowa, it -- it switches around. Look what Hillary did in one visit.

(CROSSTALK) BLITZER: Among registered Republicans, he is doing excellent right now, Terry. And I know that a lot of conservative Republicans, social conservatives, are not happy that he supports abortion rights, supports gay rights, gun control, affirmative action, which you would -- which you would regard as very liberal positions.

JEFFREY: Well, there's no question about it, Wolf.

I -- I -- I agree with James, in part. I think Giuliani's numbers are high now because he has national name recognition. Everybody knows who he is. And the basic persona he has is a guy who did a spectacular job on 9/11, when we had the terrorist attacks.

But, you know, there was another interesting poll, "USA Today"/Gallup poll that was released February 1, that showed -- that polled Republicans and Republican-leaning independents. And it showed that 75 percent of the people do not know Giuliani's position on marriage. Sixty-four percent of the Republicans did not know Giuliani's position on abortion.

And when they were told what they were, about 18 percent said they would never vote for him, and 25 percent said they would be less likely to vote for him.

When you narrow that down -- that was a national poll -- you narrow that down to states like Iowa and South Carolina...

BLITZER: Right.

JEFFREY: ... I think Giuliani is going to lose a lot of support when people find out where he stands.

CARVILLE: Let me tell why -- how meaningless these polls are.

Senator Clinton was 15 points down in Iowa. She made one visit. Now she is 20 points up. And -- and, I mean, and -- and we would think a lot of people were saying, well, everybody knows everything. These things are in concrete.

The -- the truth of the matter, they are going to shift a lot between now and Election Day.

BLITZER: Yesterday -- yesterday, I interviewed Ralph Nader on "LATE EDITION."

(LAUGHTER)

BLITZER: Now, he did not have nice words to say about Senator Clinton.

(LAUGHTER)

BLITZER: He also said he is leaving open the possibility he might run again...

(CROSSTALK) BLITZER: ... this time around.

CARVILLE: Right.

BLITZER: Listen to what he said.

(BEGIN VIDEO CLIP, "LATE EDITION WITH WOLF BLITZER")

RALPH NADER, FORMER PRESIDENTIAL CANDIDATE: I -- I don't think she has the fortitude, actually. She's -- she's really a panderer and a flatterer. As she goes around the country, you will see more of that.

(END VIDEO CLIP)

BLITZER: And, certainly, if she were...

(LAUGHTER)

BLITZER: ... to get that Democratic nomination, I think that...

(CROSSTALK)

BLITZER: ... will increase the possibility he might run.

CARVILLE: You know, only the American Green Party could stop Al Gore from being president.

(LAUGHTER)

CARVILLE: I mean, you have to sit there and say, here is the Green Party that has stopped the greenest candidate in the history of American politics from being president.

I -- it -- it's almost -- if he wouldn't be -- if the man would not have accomplished so much in his life, if -- if, for the first -- until 2000, one of the most influential -- I think made more contributions to American society than almost any non-president, and he's, like, turned into an old fool. And it -- it's kind of tragic to see it.

I would rather remember that -- the Ralph Nader of the -- the '60s or '70s, even the '80s and '90s, than what you see now.

JEFFREY: You know -- you know what Ralph Nader does that is getting increasingly rare in American politics? He says exactly what he thinks.

And it resonates with people. And, if he gets out there, and he tells the truth about Hillary Clinton, I know James won't like it.

CARVILLE: But...

JEFFREY: But -- and some voters may go out and vote for him, because he is speaking his mind about what he believes in.

(CROSSTALK)

BLITZER: And you have no doubt that -- he got about 90,000 -- more than 90,000 votes in Florida. Al Gore lost by 500 or so votes.

(CROSSTALK)

CARVILLE: That's not -- that's not...

(CROSSTALK)

CARVILLE: ... no one -- again, no, that is indisputable.

But it is just so ironic that the Green Party of the United States of America is responsible for defeating Al Gore. I mean, if it wouldn't be so sad, you would just want to bust out laughing at the stupidity of the whole thing.

(CROSSTALK)

CARVILLE: I mean, it really is.

(LAUGHTER)

(CROSSTALK)

BLITZER: And he is thinking -- he is thinking about doing it again. But he says he is going to need more time...

CARVILLE: Right.

BLITZER: ... before he makes his decision.

We will watch what Ralph Nader does.

Guys, thanks for coming in.

CARVILLE: Thank you, Wolf. Appreciate it.

BLITZER: And still to come in our next hour: the Reverend Al Sharpton. Does he have an eye on a 2008 presidential candidacy, or does he have an eye on not running again? We are going to ask Al Sharpton: Will he be a candidate this time around?

But next: "The Cafferty File." Can John Edwards be elected president by advocating raising taxes? Jack Cafferty has your e-mail.

That's coming up next, right here in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Here's a look at some of the "Hot Shots" coming in from our friends over at the Associated Press, pictures likely to be in your hometown newspapers tomorrow.

In Jakarta, Indonesia, children trek through flooded streets. Torrential rains and floods in Jakarta have already killed 25 people, left hundreds of thousands -- hundreds of thousands -- homeless.

In New Jersey, an ice-covered firefighter battles a blaze in a two-story condominium building.

In Pakistan, a child holds a toy gun at a rally for Kashmir day.

And, in Michigan, a man exits freezing cold water after taking a plunge during a polar bear challenge -- some of this hour's "Hot Shots," pictures often worth 1,000 words.

Let's go to Jack in New York.

These guys who like to jump in that cold water on freezing days, I don't get it.

JACK CAFFERTY, CNN ANCHOR: Do you understand why they would do that? There's some idiots in Brooklyn here that do that, too. They go...

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BLITZER: I don't understand it.

CAFFERTY: They go running into the ocean when it's -- you know, when it's barely capable of supporting life outside.

BLITZER: Yes.

CAFFERTY: You would never do anything like that...

(CROSSTALK)

BLITZER: No. And I grew up in Buffalo. And I don't -- I don't like the cold. You know, I go outside now -- it's cold in Washington -- I don't like it.

CAFFERTY: Do the people in Buffalo know what became of you?

BLITZER: Some of them.

(LAUGHTER)

CAFFERTY: John Edwards, Wolf, is proposing universal health care for every American by 2012. He says he would free up the $120 billion a year he would need to pay this by abolishing President Bush's tax cuts for people who make more than $200,000 a year.

So, the question is: Can John Edwards be elected president by advocating raising taxes?

Sal in Buffalo: "I don't mind paying more taxes when it's for something that benefits Americans, like universal health care. John Edwards is my front-runner right now."

Pat in Idaho Falls: "What are the other options? One, forget about health care. Two, print more money -- i.e., borrow from China. Or, three, rob Peter to pay Paul -- i.e., juggle the books." Denise in Honolulu: "John Edwards should go back to North Carolina and put a few more additions on his mansion. He has been wrong about everything since he was elected to the Senate. Maybe, if he spent a few years learning, rather than campaigning, he would be ready for prime time."

Ed in New York: "It all depends on who Senator Edwards would like to tax. Everyone thinks universal health care is a good thing. However, if that means a bigger tax bill for the average American, then, I don't think his tax increases will be supported."

David in Ann Arbor, Michigan: "Absolutely. President Bush's tax cuts are the second biggest mistake of his presidency. I hope Edwards isn't the only Democratic hopeful with the chutzpah to go this route."

C. in Coppell, Texas: "These people are all idiots. Raise taxes? How much blood will you take from my body before I die?"

And Adam in Boyds, Maryland: "John Edwards is being very courageous in admitting that he will raise taxes. However, so was Mondale in 1984" -- Wolf.

BLITZER: Jack, thank you.

War Debate Goes To Heart Of Bush's Power (FT)

By Caroline Daniel

Financial Times, February 6, 2007

The Senate moved on Monday towards a historic debate on resolutions opposing President George W. Bush's troop "surge" in Iraq, the most significant sign of Congress reasserting itself against a powerful executive since the start of the war.

Even the prospect of the debate had stirred bitter exchanges, Senator John McCain accusing supporters of a resolution opposing the surge as "intellectually dishonest". John Edwards, a Democratic presidential hopeful said Congress would be guilty of "betrayal" if it did not exercise its constitutional powers to stop the war. Dianne Feinstein, a Democratic senator, charged Republicans with "obstructionism" amid weekend manoeuvres by Bush supporters to avert a vote on the issues.

The central resolution – a bipartisan text that would express disapproval of the surge – is non-binding. That has prompted some to dismiss it as inconsequential but for others it would be the first symbolic no-confidence vote in the president's handling of the Iraq war. "For the majority of Congress to resolve [that] the president is not doing the right thing is not a trivial matter in a time of war, even if it does not have a legal effect," says Cass Sunstein, a law professor at the University of Chicago.

The debate forms part of an intensifying battle over Mr Bush's exercise of executive power. Congressional concern has prompted a White House compromise over its terrorist surveillance programme. But when it comes to the conduct of the war and a more direct challenge to the commander-in-chief's power, this debate goes to the heart of the administration's philosophical view of its authority.

Mr Bush and Dick Cheney, the vice-president, have reacted to the congressional challenge with characteristic bluntness. Mr Cheney said a resolution was "not going to stop us". Mr Bush has used plainer language, arguing that he is the "decider," and invoking his constitutional authority as commander-in-chief. Last week, Senator Arlen Specter, the former Republican chairman of the Senate judiciary committee, took him on, noting Mr Bush "is not the sole decider, that the decider is a shared and joint responsibility". He said Mr Bush's expansion of power created "an atmosphere of confrontation".

His comments came during a hearing on "exercising Congress's constitutional right to end a war", initiated by Senator Russell Feingold, a Democrat and one of the most assertive critics of the war. Last week he introduced legislation to prohibit the

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use of funds to continue the deployment of forces in Iraq six months after the bill is enacted. “If Congress doesn’t stop this war, it’s not because it doesn’t have the power. It’s because it doesn’t have the will.”

Compared with previous occasions when Congress has asserted itself at a time of war, such as Vietnam, the political will is limited.

“The non-binding resolution seems palsied by comparison. It does not prevent the president doing anything. It is just optics and play-acting,” said Bruce Fein, a former Reagan administration official.

The most meaningful – and constitutionally clear – power that Congress has in a time of war is the direct power of the purse. In 1970, Congress set a date to cut off funds to prevent combat troops entering Cambodia. In 1973 it passed amendments stating that after August 15, 1973, no funds could be used to finance combat activities in or over Cambodia, Laos, North Vietnam and South Vietnam. In 1987 Congress cut off military assistance to the Nicaraguan Contras, and in 1988 passed legislation to restrict funding for Bosnia unless the president agreed to certain assurances.

“There are two reasons Congress is weaker now,” says Mr Fein. “There is still a post-9/11 fear factor. And they fear that if funds are not forthcoming in Iraq and it gets worse and the whole thing erupts, they will get blamed for it. What is worrisome is that Congress as an institution is becoming effete in challenging the president.”

Yet, as the death toll mounts in Iraq and the proposed budget for the war rises, dissent is building. Amid concern about whether the Senate would even get to a vote on a non-binding resolution, Ms Feinstein this weekend threatened: “If we can’t get this done, you can be sure a month or so down the pike, there’s going to be stronger legislation.”

Half Of Democratic Senators Regret Iraq Vote (POL)

By Christian Lowe And Daniel W. Reilly And Carrie Budoff

The Politico, February 6, 2007

Half of the current Democratic senators who backed President Bush's call to war in 2002 say they now regret authorizing the invasion of Iraq, according to a Politico survey.

But while nine of 18 Democrats who backed Bush now wish they had not, Republicans had fewer misgivings -- only three voiced regret. The lack of a similar GOP groundswell highlights the dilemma that some senators from the president's party face as they seek re-election amid sagging voter support for the war -- and, specifically, the president's plan to send 21,000 additional troops to Iraq.

From Maine to New Hampshire to Minnesota, potential Democratic challengers in the 2008 elections are already gearing up campaigns that will try to capitalize on the past and present congressional debates on Iraq.

"It is hard to see how Iraq does not remain a central issue," said Steve Marchand, the Democratic mayor of Portsmouth, N.H., and a potential challenger to Sen. John Sununu, R-N.H., next year.

As senators began a historic debate Monday on Bush's troop surge, a majority said they were wary of its success, with 58 telling The Politico that they opposed the plan. Yet, a core group of Republicans remained undecided on whether to express that discontent with a "yes" vote on a resolution critical of the president's plan.

The survey findings underscore the volatility of the debate at the outset of the 2008 Senate campaigns. The vote on a resolution opposing a troop boost will likely emerge as a defining moment, second only to the 2002 vote authorizing the Iraq invasion that for some senators has become the most painful episode of their public careers.

While the prospect of an up-or-down vote has left senators from across the country weighing public opinion against party loyalty and political prospects against national security policy, for more than 50 senators who held office in 2002, the Iraq war vote remains a matter of conviction.

"When I made up my mind to vote no, I went home and slept like a log," said Sen. Patrick Leahy, D-Vt.

For others, the resolution is the chance to start righting a wrong. A dozen of the 100 senators surveyed by The Politico over the last week, including nine of the 18 Democrats who backed the war in 2002, said they regret their choice.

"I have apologized to my constituents and it will be something I will regret for as long as I live," said Sen. Tom Harkin, D-Iowa, who faces re-election next year and is supporting a non-binding, resolution crafted by Sen. John Warner, R-Va., and Sen. Carl Levin, D-Mich., that opposes Bush's troop boost.

Critics of a congressional rebuke of Bush say it is wrong-headed, the latest misstep in a four-year odyssey through the shifting sands of the Middle East with no simple resolution. At least 30 senators -- all Republicans, with the exception of Sen. Joseph I. Lieberman, I-Conn. -- told The Politico that the Bush plan should be given a chance.

Many of those senators also criticize the Warner-Levin measure as a feel-good resolution that offers little concrete direction about how to steer the nation through the mounting sectarian fighting in Iraq.

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"The Democratic Party is making a huge mistake," said Sen. Lindsay Graham, R-S.C., also up for re-election next year. "We all embrace withdrawal at some point. But they will not talk in detail about what would happen in Iraq if we left in six months."

The senators facing the most excruciating decision in the coming days are the 20 Republicans and 12 Democrats -- particularly Sununu, Sen. Susan Collins, R-Maine, and Sen. Norm Coleman, R-Minn. -- who are next in line to face voters.

On the eve of a historic Senate debate on President Bush's surge strategy for Iraq, the Politico surveyed the offices of all 100 senators to compare the senators' views on the 2002 vote to authorize the war with their most current positions on Bush's plan to boost troop levels and whether U.S. troops should begin to come home.

Of those who voted for the war in 2002, 35 senators said they do not regret their vote, while 14 now wish they had not voted for it.

On the question of Bush's new plan, the survey shows the White House faces significant opposition. Fifty-eight senators oppose it, 35 support it, and six are undecided or would not comment. Sen. Tim Johnson, D-S.D., remains hospitalized.

Most senators -- 65 -- oppose any timetable to withdraw U.S. forces, while 23 support a timetable and 11 are undecided or would not comment. Again, this tally does not include Sen. Johnson.

Some notes on the survey: Nineteen senators were not members of Congress in 2002. Current senators who were House members in 2002 and voted on the Iraq authorization in that body are noted with an asterisk. Five senators said they would support the president's surge strategy only if certain conditions were attached.

When senators or staff members did not respond to repeated requests for comment, Politico used public statements to attempt to establish the senator's position. The three Republicans are feeling intense pressure here and in their home states, as opposition researchers catalogue their moves. Democrats in New Hampshire, Minnesota and Maine say the war -- and how their Republican senators have voted on it -- will dominate their campaign strategies.

"It will be one of the litmus test issues for Senator Sununu," said Marchand, the Portsmouth mayor. "In New Hampshire, if you look at last November, it's pretty clear that people of New Hampshire have made a statement with regard to the war in Iraq."

Sununu can't escape the question.

Reporters chase him down in the Capitol hallways, and collar him near the Senate elevators. Antiwar activists cajole him with pickets outside his Portsmouth office and television ads in the state urge him to reject the troop buildup in Iraq.

Sununu's coyness might be expected: He is considered one of the most vulnerable senators.

Five years ago, Sununu was a three-term congressman, elected to the Senate by a slim margin in a state that puts a premium on independence. As divergent as Washington is from the North Country, the wooded territory of New Hampshire that hugs the Canadian border, the political climate was far different then.

Bush, who campaigned for Sununu, enjoyed a 72 percent approval rating in the state, nearly twice what it is now. A month before the election, Sununu, like many of his colleagues, urged the passage of the war resolution, saying Saddam Hussein had shepherded the development of weapons of mass destruction.

"If we wait until Iraq succeeds in achieving these goals, we will have waited too long," Sununu said in 2002, when he voted in the House to support the move to war.

These days, Sununu's position on Iraq is hard to categorize -- and his state's electorate increasingly impatient with the war.

Sununu voices discontent with Bush's policy. "We made significant mistakes after Saddam Hussein's fall in April of 2003," Sununu wrote in a column posted on his Senate Web site last month.

But he has not backed a resolution challenging Bush's policy, and he voted against the most critical one when it came before the Foreign Relations Committee -- although even then Sununu expressed concern about the buildup.

"John Sununu is looking at what happened in New Hampshire: the decapitation of the Republicans," said Ross K. Baker, a Rutgers University political science professor who has written several books on Congress. Voters ousted the state's two congressmen, both Republicans, and turned the statehouse Democratic.

Sununu and Sen. Judd Gregg, R-N.H., "both feel the ground is shifting under them," Baker added.

As Sununu surveys his options, at least five of his fellow Republicans have signed on to Warner's compromise resolution. All are among those up for reelection next year. Coleman, who could face a Democratic challenge from liberal radio talk show host Al Franken, has been trying to carve out a middle ground, criticizing Bush in one breath, and raising questions about a quick troop withdrawal in the next.

The first-term senator grew testy with reporters last week, ruffled at the suggestion that politics was steering his decisions.

"This is not about the election, and a lot of us … find that offensive," Coleman said. "This is about the toughest decision you make in the Senate."

He can expect the issue to dog him.

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Jessica McIntosh, spokeswoman for the Minnesota State Democratic-Farmer-Labor Party, said Iraq would "absolutely" be the centerpiece of the party's campaign against Coleman. And like Sununu and Collins, Coleman has been targeted by VoteVets, a political action committee that began a national campaign last week arguing that those who decline to oppose the president's plan "don't support the troops." The group has raised about $500,000, which it has spent in four states and the District of Columbia.

Collins, who voted for the war in 2002, also faces the likelihood of running for re-election against an antiwar candidate in a state that favored Democrats for president and governor during the last two elections. At least three potential challengers have emerged.

Collins, however, has been one of the most vocal critics of Bush's surge plan, resisting softer resolutions crafted by Sen. John McCain, R-Ariz., in favor of those pushed by Warner.

While she says politics has nothing to do with it, others wonder. Next year's election "certainly will be a challenge for her," said Chellie Pingree, the former president of Common Cause who got drubbed by Collins in the 2002 Senate race, and is considering another run. "Now, Collins, like a lot of Republicans, (are) looking for ways to re-craft their stand. That's the politically unpredictable part. That didn't work for everybody in this cycle."

Jonathan Martin contributed to this report.

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by Steve Slatten on 02.05.2007 at 11:37 PM

PolarBear -- Amen. I also supported Bush and the war back in 2003. Of course, that's before history proved him to be a blatant liar and the worst president in a hundred years.

by Show Me on 02.05.2007 at 11:26 PM

The Republicans are making a big mistake. The public wants a show of force from their Senators, they want push back to Bush and Cheney. The public understands that we can't just leave but we want the esclation to stop and we want the sabor rattling towards Iran to stop. If they block a debate on the subject they deserve the consequences.

by polarbear on 02.05.2007 at 11:03 PM

Mr. Badura, I suggest you take your argument door-to-door, like a real politician, and see how far you get. I can hear it now. "I'm here to tell you parents what to do with your children because, by God, I know what's best for you." Good luck, sir.

by tmlindsey on 02.05.2007 at 11:01 PM

As Pat Benator once put it: "It's a little too little, it's a little too late...

?Congress Makes Unprecedented Move: Actually Debate Iraq War!??

Nearly forty months after Congress approved the Iraq War Resolution, they?re prepared to make a bold, unprecedented move on the congressional floor: Hold a non-binding debate over the War in Iraq!?

If you remember, back in October of 2002 our Congress signed over their powers to President Bush, which granted the Commander in Chief the almighty power to authorize military intervention in Iraq if Saddam Hussein refused to give up weapons of mass destruction. All of this was done with little debate or dissent, other than Senator Byrd?s attempt to filibuster against the resolution -- arguing the resolution amounted to a ?blank check? for the White House (his attempt was cut off on a 75 to 25 vote). "This is the Tonkin Gulf resolution all over again," Byrd said. "Let us stop, look and listen. Let us not give this president or any president unchecked power. Remember the Constitution." (Wink, Wink*: the Senate voted overwhelmingly to repeal the Gulf of Tonkin Resolution on June 24th of 1970.)

Read more @ Political Fallout

by AntiState on 02.05.2007 at 10:50 PM

only half? ha. big surprise there...

by jeff Badura on 02.05.2007 at 10:00 PM

point of recent history- the senate voted overwhelmingly in 02 to give bush support in his pending action in Iraq, the people were behind it, the press was behind it, and there was a national consensus from top to bottom to remove Saddam, from the "Iraq liberation Act" of 98 signed by Pres. Clinton and the congress to our national feeling of resolve after 9/11, we all (80%) were for this coarse of action!! now that the rating hungry press has flipped flopped and the Dem's have amnesia and are revising history with the Bush lied People died, rush to war slogans our national fecklessness and national cowardice is showing for all the world to see !! so we lost 3000 soldiers in 4 yrs, a total less than one day of causalities during the D-day invasion of WW II lets send the troops to war and refuse them reinforcements and tell them we think the mission is a failure and we will call it supporting the troops, to hell with our promises to the Iraqi people, to the US troops who already gave there life and limb it doesn't matter we will read the polls and act accordingly ??? this is what our Dem senate has become. I'm sorry to say Bin

Laden might have been right ?? "bloody the nose of the Americans and they will run away" thank god there are GOP members in the senate still trying to do the right thing !!

by GGPSmith on 02.05.2007 at 09:01 PM

C'est la vie. We certainly can't get back the lives or money wasted on this debacle in the name of oil and neoconservatism. But staying the course appears to be the default option now for both parties, regardless of any rhetoric to the contrary. President Bush was given the power to execute this war by a now semi-regretful Congress and I don't see him ordering any troop withdrawals while he's in the White House. If the Democrats seriously want to leave Iraq, then they need to read their history books on how to instigate a Watergate: Investigate every instance of possible wrong-doing on the part of President Bush and Vice President Cheney; if found, indict Vice President Cheney and force his resignation; Bush can then pardon Cheney and choose his "Gerald Ford"; then the Democrats can impeach President Bush and/or make the GOP force the President's resignation; then President "Ford" can pardon then ex-President Bush; then the Democrats can force "Jerry" to get out of Iraq. But by then, it will be 2009! So, Big Oil be praised, the acquisition of Iraqi and Iranian oil marches on. C'est la vie.

by polarbear on 02.05.2007 at 08:44 PM

Well, myself and most of my neighbors supported President Bush at the time of the Iraq invasion. We believed he had access to intelligence, and we did not know that he and his administration were committed to this neoconservative nonsense.

Today, myself and my neighbors do not support President Bush, and regret having supported the Iraq invasion. The data we see, and the administrations' behavior indicates they lied about the WMDs, purposely exaggerating intelligence to favor what appears to be a predetermined strategy to invade. That, and the mismanagement of the war has voters frustrated, angry, and in a foul temperament.

It looks to me like the 9 Democratic Senators and 3 Republican Senators who have expressed regrets are representing their constituents.

by AH2 on 02.05.2007 at 08:23 PM

IF half the Democrats regret their original Iraq invasion vote in support of Presidebt Bush's plans IF they don't NOW go all out to defeat his latest "war" escalation (AKA expanded occupation) each should be forced to wear a sign around their necks with the old adage written on it .... "FOOL ME ONCE SHAME ON YOU FOOL ME TWICE SHAME ON ME"

by AH2 on 02.05.2007 at 08:21 PM

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A Detached Debate (WP)

The Washington Post, February 6, 2007

THE ARGUMENTS on Iraq in Washington, as so often in the past, don't seem to have much to do with the realities in Baghdad. The Senate yesterday was debating -- or debating whether to debate -- a fistful of resolutions for and against President Bush's surge of U.S. troops into the capital, with the loudest voices belonging to those senators planning or contemplating a run for president or facing reelection in 2008. Nothing that has been proposed would help in any material way in Iraq; nor is any resolution likely to demoralize the troops or encourage the enemy, as some opponents claim.

Most senators seem to be aiming to position themselves against their domestic competitors -- in the case of Democrats such as Barack Obama or Joseph R. Biden Jr. -- or cover themselves with voters who are angry about the reverses in the war, in the case of Republicans such as Gordon Smith or Susan Collins. The most overtly political posture may be that of Hillary Rodham Clinton, who petulantly called on President Bush and Congress to "end this war" -- whatever that means -- before the next president takes office, presumably so that it will not trouble the administration she hopes to lead.

But what of the actual situation in Iraq? As the horrific bombings in Baghdad over the past few days have all too graphically signaled, it is rapidly getting worse. Sunni insurgents have responded to President Bush's launch of a new counterinsurgency campaign with an offensive aimed at slaughtering as many innocent Shiites as possible. The Iraqi government, meanwhile, is already failing to live up to its commitments under the counterinsurgency plan. As Defense Secretary Robert M. Gates acknowledged last week, Iraqi army units that were supposed to arrive in Baghdad by the beginning of this month have shown up with about half of their troops, which "probably isn't good enough." Just four weeks ago, senior administration officials cited the arrival or non-arrival of those troops as a critical test for the new strategy.

These events reinforce the National Intelligence Estimate on Iraq that was released last week. The unclassified summary of the document has bad news for all sides. It predicts that during the next 12 to 18 months, Iraq's "overall security situation will

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continue to deteriorate at rates comparable to the latter part of 2006." It is not optimistic that the surge strategy, which is aimed at providing a space for Iraqi political accords, can work: "Even if violence is diminished . . . Iraqi leaders will be hard pressed to achieve sustained political reconciliation. . . ."

Yet the estimate also concludes that coalition troops "remain an essential stabilizing element in Iraq" and predicts dire consequences if they are "withdrawn rapidly" during the next 12 to 18 months. Among those are the dissolution of the Iraqi army, open intervention by neighboring countries, and the use of Iraq by al-Qaeda for "increased attacks in and outside the country." "Massive civilian casualties and forced population displacement," says the estimate, "would be probable."

What all this suggests is that, however much Ms. Clinton or other senators might wish it, the war in Iraq will not end before the next president takes office. Mr. Bush's surge is unlikely to produce a breakthrough toward peace; in fact the violence may continue to worsen. All the same, the United States may not be able to withdraw from Iraq without triggering worse consequences than those that might arise from remaining. In short, the country needs a strategy for defending its interests in Iraq for years to come. That perspective, and not the American political calendar, is what Congress ought to be focused on.

To Help Iraq, Let It Fend For Itself (NYT)

By Edward N. Luttwak

The New York Times, February 6, 2007

Chevy Chase, Md.

THE sooner President Bush can get his extra troops for a “surge” in Iraq, the sooner he will be able to announce that all American troops are coming home because of the inevitable failure of the Iraqi government to “live up to its side of the bargain.” In fact, in the run-up to the surge proposal, it is unlikely that there was any real two-sided bargaining before Prime Minister Nuri Kamal al-Maliki was induced to issue promises — particularly in terms of government troops taking on Shiite militias — that he cannot possibly fulfill. Mr. Maliki, it seems, simply agreed to whatever was asked of him, to humor the White House and retain American support for a little while longer.

For the Iraqi Army and police to disarm the Shiite militias, the prime minister would have to be a veritable Stalin or at least a Saddam Hussein, able to terrorize Iraqi soldiers and policemen into obedience. Mr. Maliki, of course, has no such authority over Iraqi soldiers or police officers; indeed he has little authority over his own 39-person cabinet, whose members mostly represent sectarian parties with militias of their own.

Actually the situation is even worse than that, because only the Kurdish militias unfailingly obey their political leaders — one is the president of Iraq no less, Jalal Talabani — while for the rest, it may be more true to say that Iraqi militias have political leaders to represent their wishes. The largest and most murderous of the Shiite militias, the Mahdi Army, which is invariably described as belonging to the truculent cleric Moktada al-Sadr, is actually divided under a bevy of local commanders, some of whom obey Mr. Sadr some of the time.

In sum, the most that Prime Minister Maliki can do is not to interfere when American troops arrest suspects and fight militias, as he has done in the past.

Nor can the Iraqi leader fulfill his other major promise: leading a new effort to reconcile the warring sects of Iraq. He is not another Gandhi, but a leader of the fiercely sectarian Dawa Party. It is very much as a militant Shiite that he speaks out; lately he has been threatening Sunni members of Parliament and accusing them of grave crimes. (It was not a coincidence that Saddam Hussein was tried, convicted and executed not for his greatest crimes, but for his 1982 reprisal killings for a failed attempt by Dawa members to assassinate him.) It would be remarkable if Mr. Maliki could even reconcile with his Shiite rivals, let alone the Sunni insurgents.

Fortunately, there is a promising, long-term policy ready and waiting for President Bush whenever he decides to call off the good old college try of his surge: disengagement. By this, I don’t mean a phased withdrawal, let alone the leap in the dark of total abandonment. Rather, it would start with a tactical change: American soldiers would no longer patrol towns and villages, conduct cordon-and-search operations, or man outposts and checkpoints. An end to these tasks would allow the greatest part of the troops in Iraq to head home, starting with overburdened reservists and National Guard units.

The remaining American forces, including ground units, would hole up within safe and mostly remote bases in Iraq — to support the elected government, deter foreign invasion, dissuade visible foreign intrusions, and strike at any large concentration of jihadis should it emerge. This would mean, contrary to most plans being considered now, that United States military personnel could not remain embedded in large numbers within the Iraqi Army and police forces. At most, the Americans would operate training programs within safe bases.

What would be the result of disengagement along these lines? First, it would not be likely to increase the violence afflicting Iraqi civilians. The total number of American troops in Iraq — even including any surge — is so small, and their linguistic skills so limited, that they have little effect on day-to-day security. Nor have they really protected Iraqis from one another. At most, the

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presence of American soldiers in any one place merely diverts attacks elsewhere (unless they themselves are attacked, which is a sad way indeed of reducing Iraqi casualties).

Intelligence is to counterinsurgency what firepower is to conventional warfare, and we just do not have it or the capacity to gather information on our own. Thus the sacrifices of our troops on the ground are mostly futile.

Politically, on the other hand, disengagement should actually reduce the violence. American power has been interposed between Arab Sunnis and Arab Shiites. That has relieved the Shiite majority of responsibility to such an extent that many, notably the leaders of the Mahdi Army, feel free to attack the American and British troops who are busy protecting their co-religionist civilians from Sunni insurgents. For many Arab Sunnis, on the other hand, the United States must be the enemy simply because it upholds the majority of the heretical Shiites.

Were the United States to disengage, both Arab Sunnis and Shiites would have to take responsibility for their own security (as the Kurds have doing been all along). Where these three groups are not naturally separated by geography, they would be forced to find ways to stabilize relations with each other. That would most likely involve violence as well as talks, and some forcing of civilians from their homes. But all this is happening already, and there is no saying which ethno-religious group would be most favored by a reduction of the United States footprint.

One reason for optimism on that score is that the violence itself has been separating previously mixed populations, reducing motives and opportunities for further attacks. That is how civil wars can burn themselves out.

In any case, it is time for the Iraqis to make their own history.

The War To Save The Surge (WP)

By E. J. Dionne Jr.

The Washington Post, February 6, 2007

When political opponents tell you that to prove your seriousness you need to pursue a strategy they know is doomed to failure, shouldn't you be skeptical of their advice?

As the Senate considers a resolution to put itself on record opposing President Bush's escalation of the Iraq war through a "surge" of troops, Bush's backers are saying one thing and doing another.

They are saying that the resolution is meaningless and that true opponents of the war should prove their sincerity by cutting off funding altogether. But they are doing all they can to keep the Senate from even voting on a bipartisan anti-surge resolution that would send a powerful message to Bush that most Americans have lost faith in his bungled war policy.

If you doubt that the war's supporters would love its opponents to put all their eggs in the fund-cutoff basket, consider what it means for them to sound as if the administration's only serious foes were the likes of Dennis Kucinich and Cindy Sheehan.

"I don't think these resolutions, nonbinding resolutions, are going to accomplish anything," Sen. John Cornyn, a Texas Republican and a Bush loyalist, told Gwen Ifill on PBS's "NewsHour" last week. "If we really had the courage of our convictions," Cornyn said, the "we" referring to the war's opponents, "if people said, 'You know what? This is an immoral task we've asked our troops to do because we don't believe in the mission, we think they're going to fail.' They ought to cut off funds. But to have this sort of -- this debate without any real consequence, I just don't think is the best use of our time."

So Cornyn wants to block a vote on a supposedly unimportant anti-surge resolution, but he would be happy to entertain a debate on a funding cutoff. Does that not send a message to the war's critics?

And it's not just Cornyn. It is now a standard talking point for supporters of this war, from the editorial pages of the Wall Street Journal and the Weekly Standard to Vice President Cheney himself, to try to block any statement by Congress of its views, except through a vote to block funds for Iraq.

"The Congress has control over the purse strings," said Cheney, who on most other occasions insists upon the executive's supremacy over Congress. In an interview with CNN's Wolf Blitzer last month, Cheney added: "They have the right, obviously, if they want to cut off funding, but in terms of this effort the president has made his decision. . . . We'll continue to consult with the Congress. But the fact of the matter is, we need to get the job done."

In other words: Even if a substantial majority of Congress that includes many Republicans demonstrates a lack of confidence in the Bush-Cheney surge, the administration will feel free to ignore the other elected branch of our government -- and the more recently elected branch (remember November, anyone?) at that.

Oh, and if an anti-surge resolution were trivial, why would William Kristol, editor of the Weekly Standard and one of the war's most passionate advocates, devote a long and angry editorial in the latest issue of his magazine to attacking Sen. John Warner (Va.) and other Republicans as "ignominious" for their support of an anti-surge measure? Kristol knows that every Republican vote against escalation carries special weight in speeding this war to an end. So does the Senate's Republican leadership, which used a procedural vote yesterday evening to impede the majority's will on the surge.

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Supporters of Bush's war policy would love a vote on a full funding cutoff right now because they know that, at this moment, they could win it. They would love responsibility for the failures in Iraq to fall not on an administration that planned its policy so badly and carried it out so incompetently. Far better for them to heap blame on the war's opponents for "losing faith."

And they know, as the war's opponents should, that in a democracy whose constitution accords so much power to the president, turning around even a failed war policy takes time, persuasion, organizing, legislative strategizing and pressure.

The impatience of the administration's critics is entirely understandable. But it would be a shame if impatience got in the way of a sensible long-term strategy to bring America's engagement in this war to as decent an end as possible as quickly as possible -- even if not as quickly as they'd like. The anti-surge resolution is a necessary first step, which is why those who are against a genuine change in our Iraq policy are fighting so hard to stop it.

postchat@aol.com

Democrats To Question Bremer On Iraq Contracts (USAT)

By Matt Kelley

USA Today, February 6, 2007

WASHINGTON — Democrats begin their scrutiny of contracts in Iraq today by grilling the top civilian official in Iraq after the 2003 invasion.

Paul Bremer, the former head of the Coalition Provisional Authority, testifies today before the House Oversight and Government Reform Committee about the billions of dollars his agency spent in Iraq. It will be his first appearance on Capitol Hill since he left office more than two years ago.

It's all part of the examination of the Bush administration's conduct in Iraq that Democrats promised after regaining control of Congress.

The committee's chairman, Rep. Henry Waxman, D-Calif., is a longtime critic of the administration's handling of the Iraq war and reconstruction contracts. As head of the committee, Waxman has the power to force officials to testify and hand over documents, as well as to decide what the panel will investigate.

The panel also will hold hearings this week on allegations of price-gouging by contractors and mismanagement by the Department of Homeland Security.

The stakes are high. Rep. John Murtha of Pennsylvania and other Democrats have criticized the reconstruction effort in Iraq as wasteful, suggesting that the money would be better spent to rebuild New Orleans or improve military readiness at home.

The president's 2008 budget proposal presented to Congress on Tuesday requests $3.4 billion in reconstruction funds, but Democratic leaders have said they would closely scrutinize the administration's spending requests for Iraq.

The committee cannot directly punish wrongdoing but can refer possible criminal conduct to prosecutors, publicize the faults and propose legislation to fix the problems.

The panel's hearing today will scrutinize spending and oversight by the Coalition Provisional Authority (CPA), which ruled Iraq from May 2003 to June 2004.

Audits by the United Nations and the U.S. Special Inspector General for Iraq Reconstruction found the provisional authority under Bremer couldn't properly account for the billions of dollars it spent. Bremer has responded that he and other CPA officials did the best they could in dangerous and chaotic post-invasion Iraq.

The inspector general, Stuart Bowen, also is scheduled to testify. Two years ago, his office found that the provisional authority never released spending guidelines and relied on a questionable Iraqi bureaucracy in spending the $8.8 billion allocated under U.N. auspices. As a result, the report said, there was no assurance that the money was spent on legitimate projects.

Last week, Bowen reported to Congress that corruption and mismanagement continue to plague Iraqi ministries, and the sectarian violence there threatens to undo the rebuilding efforts.

That report also highlighted audits finding waste and mismanagement of hundreds of millions of dollars of U.S. government money, including a Baghdad police academy with serious construction defects and a State Department police training program that paid more than $48 million for a training camp that was never used but included an Olympic-size swimming pool.

House To Probe Management Of Iraq, Health Care Programs (WT)

By S.a. Miller

The Washington Times, February 6, 2007

Rep. Henry A. Waxman today opens a series of hearings promised by Democrats to look into Bush administration management of Iraq reconstruction efforts, homeland security projects and federal health care programs.

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Mr. Waxman, California Democrat and chairman of the Oversight and Government Reform Committee, has said the four days of hearings will examine "waste, fraud and abuse."

The hearings by the new Democratic majority are not designed to embarrass President Bush but are "just fact-finding," a committee aide said.

Witnesses will include L. Paul Bremer, former administrator of the U.S.-led Coalition Provisional Authority (CPA) in Iraq; testimony by the family of private security workers killed by a Fallujah mob in 2004; and an examination of "fraudulent, abusive or wasteful" drug pricing in Medicaid and Medicare programs.

Mr. Waxman last week conducted a hearing on charges of White House meddling in the work of government climate-change scientists. He vowed more hearings into what he described as the abuses of power and taxpayer money by the Bush administration.

White House officials say they welcome added oversight, but House Republicans said the hearings more closely resemble a botched firing squad than a fact-finding exercise.

"This is a classic example of 'ready, fire, aim' oversight," said Rep. Thomas M. Davis III of Virginia, the committee's ranking Republican. He said the committee organized a "slap-and-dash" judgment instead of the methodical oversight that war and security demand.

"The main value in revisiting past mistakes is to make sure the right lessons are learned and corrective actions put in place," Mr. Davis said. "Self-righteous finger wagging and political scapegoating won't make Iraq any more secure, won't rebuild that ravaged nation and won't bring U.S. troops home any sooner."

The hearing today will delve into the administration's decisions on Iraq reconstruction. Mr. Bremer is scheduled as the first to testify and will answer charges that he "filled positions with unqualified staff who were politically connected," according to committee briefing documents.

"He will answer questions about an audit report issued in 2005 by the Special Inspector General for Iraq Reconstruction that concluded that more than $8.8 billion in cash was disbursed without adequate financial controls," the documents said.

Other officials scheduled to testify are Stuart W. Bowen Jr., the special inspector for Iraq reconstruction, and David Oliver, former CPA director of management and budget. The State Department refused a request for testimony by Timothy Carney, coordinator for economic transition in Iraq.

The hearing tomorrow will focus on four employees of security contractor Blackwater USA who were killed and mutilated by a mob in Fallujah in March 2004. Family members -- two mothers, a daughter and a wife -- are set to testify "about what they view as profiteering by Blackwater USA, including the company's alleged failure to provide armored vehicles and other critical safety equipment," the documents said.

The third day of hearings Thursday will look at the Department of Homeland Security's management of large projects, focusing on the Deepwater program to develop new Coast Guard ships and the Secure Border Initiative for high-tech border defense.

The committee Friday will explore whether more congressional oversight is needed to combat "fraudulent, abusive or wasteful" pricing by drug companies dealing with Medicare, Medicaid and other federal programs.

As New 'Cop On The Beat,' Congressman Starts Patrol (NYT)

By Philip Shenon

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — Halliburton? Tobacco executives? Vice President Dick Cheney? You've been warned.

Representative Henry A. Waxman, the California Democrat who is the new chairman of the House Oversight and Government Reform Committee, is promising the sort of oversight that the Bush administration has not experienced before.

"There has been no cop on the beat," said Mr. Waxman, who accuses Congressional Republicans of having abdicated their responsibility for oversight in recent years. "And when there is no cop on the beat, criminals are more willing to engage in crimes."

Without constant policing by Congress, he said, "the bad actors feel they can get away with anything."

Returned to power when the Democrats took over Congress last month, Mr. Waxman has already made things difficult for the Bush White House. Last week, he held a televised hearing on accusations that the administration was interfering with the work of climate scientists to protect polluters.

On Tuesday, he has scheduled a hearing on reports of fraud in multibillion-dollar reconstruction projects in Iraq. The main witness will be L. Paul Bremer III, the former American civilian administrator in Baghdad, who is expected to be questioned about his role in awarding some of the most troubled contracts.

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Also testifying will be Stuart W. Bowen Jr., the government's special inspector general for Iraq, whose most recent quarterly report found that the government's reconstruction program was riddled with waste and corruption.

Mr. Waxman is 5-foot-5. He has a big, toothy grin and a bushy mustache. He has none of the glitz of some of his constituents in the 30th Congressional District, which includes Beverly Hills, Malibu and Santa Monica, some of California's richest and flashiest communities.

The congressman, a 67-year-old grandfather of four, would strike no one — at least no one meeting him for the first time — as a candidate for the role of Congress's most aggressive muckraker.

But the liberal Nation magazine has called him the Democrats' Eliot Ness, and Republicans who have tangled with him say the description is apt.

"The guy is partisan," said Representative Dan Burton of Indiana, a Republican who was the oversight committee's chairman during the Clinton administration and often accused Mr. Waxman of ignoring the misdeeds of that White House, including campaign financing abuses that led to the prosecution of some Democratic fund-raisers.

"But I admire his tenacity," Mr. Burton said. "If the administration were to ask me what to expect, I would tell them to expect one of the toughest investigatory committees you've ever faced."

Other Democratic committee chairmen in the House are expected to bring fresh scrutiny to the administration, notably Representatives John D. Dingell, returning as chairman of the Energy and Commerce Committee, and John Conyers Jr., reinstalled as chairman of the Judiciary Committee, both from Michigan.

But Mr. Waxman may be more feared, if only because he alone among House committee chairmen can issue subpoenas without a committee vote. House rules give the chairman of his committee unusually broad power to force witnesses to testify or turn over evidence; if Mr. Waxman wants a subpoena, out it goes. And he can look into almost anything he wants. His is the main investigative committee in the House, with virtually unlimited jurisdiction over federal agencies.

Mr. Waxman acknowledged it had been difficult to figure out just where to start, but he said, "I want to concentrate on the theme of waste, fraud and abuse of taxpayer dollars."

Aside from looking at large government contractors in Iraq, Mr. Waxman said he intended to look at businesses involved in the cleanup after Hurricane Katrina.

"I don't think we've ever seen the magnitude of money that's being wasted through fraud and abuse and just pure lack of competence," he said. "There are criminal investigations going on right now about fraud, about billions of taxpayer dollars."

A Halliburton spokeswoman, Cathy G. Mann, did not address Mr. Waxman's criticisms of the company and its major subsidiary in Iraq, KBR. Ms. Mann said in a statement that Halliburton "has always been forthcoming with information regarding KBR's government contracts, and we will continue to do so."

Despite concerns at the White House and in corporate boardrooms about a blizzard of subpoenas in the first months of Democratic control in Congress, Mr. Waxman said he had no plans to issue any for now.

"I'd prefer not to," he said in an interview, insisting that he hoped to work with Republicans to press the administration to cooperate. "I am determined to try to restore some stability and bipartisanship."

Mr. Waxman noted that many of his investigative successes when Democrats had control of the House in the 1990s had not resulted from subpoenas.

He has long pushed for regulation of the tobacco industry; it was his 1994 public hearing at which executives of the nation's big cigarette makers swore under oath that they did not believe smoking was addictive. The televised hearing created momentum for the flood of litigation against the industry that followed. Those executives appeared voluntarily, Mr. Waxman pointed out. Mr. Waxman, who first entered Congress in 1974 and once described himself as a "proud, self-confessed, unapologetic liberal," said he became a muckraker with some reluctance.

Until the Republican takeover of the House in 1995, he was considered one of the ablest legislators, responsible for landmark bills on the environment and health care. In 1988, he was the chief architect of the government's first comprehensive bill on AIDS. He was a primary author of the Clean Air Act in 1990.

"The thing I love to do," Mr. Waxman said, "is legislate."

But when Republicans took control, he found another focus. "When the Republicans excluded me and other Democrats from legislating, we had to figure out something else to do," he said. "So we did our own investigations."

In recent years, Mr. Waxman and his team of Democratic investigators managed to embarrass the Bush White House repeatedly, most recently with a report that documented meetings between Karl Rove, President Bush's political adviser, and the corrupt lobbyist Jack Abramoff.

A repeated target of Mr. Waxman's attention has been Vice President Cheney, both because of his ties to Halliburton, which he once ran, and Mr. Cheney's refusal to discuss the workings of his energy task force.

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Mr. Waxman has prodded other watchdog agencies, including the Government Accountability Office and the inspectors general at cabinet departments, to carry out the inquiries that he could not. Until now, that is.

With subpoena power, Mr. Waxman can demand answers from administration officials, even though he knows that may provoke lengthy court battles.

"Do they want to litigate this?" he asked. "If we're doing our constitutional duty of oversight, how can they refuse to give us information? If they withhold information and try to get away with it, I think it will be very unfortunate for them."

The Politico Interviews Bremer Prior To Testimony (POL)

By Mike Allen

The Politico, February 6, 2007

L. Paul Bremer III, for 14 months the civilian administrator of the Coalition Provisional Authority in post-Saddam Iraq, will be the marquee witness Tuesday when House Democrats begin an intensive probing of administration spending in Iraq.

Bremer, who has said little publicly since publication of his memoir "My Year in Iraq: The Struggle to Build a Future of Hope," talked with The Politico ahead of his testimony. Some excerpts:

Q: You voluntarily agreed to testify after receiving a letter of invitation from Rep. Henry A. Waxman, D-Calif., chairman of the Oversight and Government Reform Committee? Why?

A: I welcome the opportunity to go up and talk about it. In the letter of invitation, the committee spoke about their interest in lessons learned. Given the difficulty that we've encountered in reconstruction in Iraq, I think it's helpful to look at lessons learned. That's a good approach to have, and I look at it as a constructive opportunity for me to do that.

Q: Do you get the feeling that the committee members are genuinely inquisitive, or do you worry that this will be something of a show trial?

A: My experience with Congress is that congressmen tend to take their job seriously. It's kind of exciting to remember that this is the 110th American Congress. There are not a lot of countries in the world that can say they've been electing congress two years at a time, 110 times. There are times when they're not that way, but I think that generally congressmen try to do their job seriously, and I hope that will be what happens.

Q: You've given speeches in Pittsburgh and St. Louis and elsewhere. What's the main point you hope audiences will take away from these appearances?

A: I've been talking about the threat of Islamic terrorism. I've been involved in the war on terrorism now for more than 20 years, almost 30 years. I draw on my experience as chairman of the bipartisan National Commission on Terrorism, which reported to President Clinton in June of 2000. Our conclusions were that we face a new threat of Islamic extremists who, unlike old terrorists, intended to kill us by the hundreds and thousands if they could. It's very important in speeches to set the stage so people can understand what we're up against here in the beginning of the 21st century. I usually talk also about the situation in Iraq, the situation we encountered on the ground and how we tried to deal with it. But the important message I'm trying to get out is that much as the threat of international communism dominated American national security policy for almost half a century after World War II, we're, I think, at the beginning of a very long period where this Islamic extremism is going to be the dominant problem in American national security policy. We are really at a change point in our national security.

Q: Are you thinking decades?

A: Even perhaps generations, as it was in the Cold War.

Q: You've said you're supportive of the president's "new way forward."

A. The president sort of looked around at the various alternatives: Baker-Hamilton, some of the Democratic proposals, some of the Republican proposals. And I think he correctly concluded that the strategy which has the best chance of success -- and it's certainly a risky strategy; it's by no means sure it will succeed -- was the one he chose, which was to augment our troops there. I agree with him. I think that is the strategy which has the best chance of success.

Q: You have long written and said that there should have been more U.S. troops, sooner.

A: I felt right from the start that we were the government of Iraq and the most fundamental response of any government is to provide security for its people. We, in my view, did not have sufficient troops to do that. It was protecting the people. It was guarding pipelines and electrical power lines and patrolling the border. All of the things that needed to be done, I thought we were stretched too thin.

Q: Did the lack of attention to your early call for more troops foreshadow other problems?

A: It's easy for me to say in hindsight that we should have had more troops, although I was saying it at the time. Here's the problem: I sat in literally hundreds of hours of meetings with our generals -- in Baghdad; out in their command posts in Mosul, Tikrit, Fallujah, down in the south in Basra; back in Doha, at the Central Command advance headquarters; here in Washington;

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classified video links in Baghdad -- I never heard a general ask for more troops. And the president always said if they asked for more troops, he'd give them to them. I can only tell you know what I know. That's what I know.

Q: Did the president ask if they wanted more troops, or did he wait for them to ask?

A: There probably were times when he was very direct and said: If you need more troops, I'll send them to you. I remember many times when they simply said: We have enough troops to accomplish our mission.

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Back On Capitol Hill, Bremer Is Facing A Cooler Reception (WP)

By Rajiv Chandrasekaran

The Washington Post, February 6, 2007

The last time L. Paul Bremer testified before Congress, he was lauded as an American hero. Rep. Ander Crenshaw (R-Fla.) congratulated Bremer, who was leading the U.S. occupation authority in Iraq, for a "tremendous success." Sen. Joseph R. Biden Jr. (D-Del.) commended his "energy and focus." Sen. Pete V. Domenici (R-N.M.) praised his "brilliant analysis."

When Bremer returns to Capitol Hill today to appear before the House Oversight and Government Reform Committee, he will receive a far less effusive reception than he did in September 2003. The now-ruling Democrats plan to pounce on him for disbanding Iraq's army, firing many members of the Baath Party, hiring GOP loyalists and not fully accounting for the spending of billions of dollars in Iraqi oil revenue.

Fellow Republicans have pointed questions for the first time in public as well.

"Had Bremer made better decisions, we would be in a very different place today," said Rep. Christopher Shays (Conn.).

"Some of the key mistakes in Iraq occurred on his watch," said Rep. Darrell Issa (Calif.). "I think there will be a tendency among Republicans to look very carefully and say, 'Who is this man . . . who made decisions that we're still paying for today?' "

Two and a half years after he left Baghdad, the steel-haired viceroy who wore combat boots with his navy-blue suits has emerged as an embodiment of reconstruction policy gone awry. The Senate began debate yesterday on a resolution condemning President Bush's troop buildup, and House members will have their sights on Bremer this week as they seek to assign blame for U.S. mistakes in rebuilding Iraq.

While deep divisions remain about Bush's decision to send more troops to Iraq, there is near-unanimity among Democrats and Republicans that the United States needs to roll back key political and economic decisions that Bremer's Coalition Provisional Authority made.

Bremer has become something of a bipartisan-consensus candidate among those looking for officials to hold responsible for what has occurred in Iraq, eliciting that sort of opprobrium once reserved for Donald H. Rumsfeld, who as defense secretary was a chief architect of the war. For Democrats, Bremer is a particularly juicy target because he, along with retired Gen. Tommy R. Franks and former CIA director George J. Tenet, received the Presidential Medal of Freedom from Bush, who would shower Bremer with praise on his visits to Washington.

For many Republicans, who believe they must acknowledge mistakes if they want to increase public support for continued U.S. military involvement in Iraq, defending Bremer may be too much to ask. Even senior Bush administration officials who were once effusive in their descriptions of Bremer privately point to some of his decisions as key errors.

"With some of the major issues we're dealing with today, the roots of the problem go back to the days when Iraq was under Bremer's control," said Shays.

Some who worked for Bremer in Baghdad contend that he is a scapegoat for Bush administration decisions that were out of his control.

Bremer, they note, raised concerns about the number of troops in Iraq with Bush in the summer of 2003. And, they point out, Bremer wanted to capture Moqtada al-Sadr, a Shiite cleric and militia leader, in the fall of 2003, when he had far fewer supporters and the backlash would have been much smaller, but U.S. military commanders refused to act on the request.

Indeed, Democrats and Republicans have criticized others who have shaped the U.S. presence in Iraq, chief among them Gen. George W. Casey Jr., whom GOP senators lambasted last week for not trying harder to stem sectarian violence while serving as the overall military commander in Baghdad. Some have questioned whether Zalmay Khalilzad, the U.S. ambassador to Iraq, has done enough to push the government of Prime Minister Nouri al-Maliki to promote reconciliation between Sunnis and Shiites. In military and intelligence circles, veteran staffers still seethe over decisions Franks and Tenet made.

But Bremer is unique in this environment of finger-pointing because of his former visibility: For more than a year, he was the symbol of the U.S. occupation. A frequent presence in front of the cameras, Bremer was the only American to have the dictatorial powers of an occupation administrator -- the ability to enact laws with the scribble of his pen, the power to hire and fire Iraqis, the freedom to spend Iraq's oil revenue. The Americans who followed him have all been advisers to a sovereign Iraqi government.

"We spent a lot of money in Iraq with very little to show for it," said Rep. Henry A. Waxman (D-Calif.), chairman of the Oversight and Government Reform Committee. "I think it's important to understand, going back to the CPA period, how we got into the position we are in."

Bremer did not respond to repeated requests to comment.

The criticism of Bremer is often indirect, but the implication is clear. When Army Lt. Gen. David H. Petraeus, now the top military commander in Iraq, testified before the Senate last month, he called the occupation authority's "de-Baathification" and dissolution of Iraq's army two of the most "significant mistakes the U.S. has made to date in Iraq." Bremer made both decisions in Baghdad without extensive consultation with the State Department, the National Security Council or other U.S. government agencies.

"Disbanding the Iraqi army . . . without simultaneously announcing a stipend and pension program for those in the Army, the future plan for Iraq's defense forces, and provisions for joining those forces undoubtedly created tens of thousands of former soldiers and officers who were angry, feeling disrespected, and worried about how they would feed their families," Petraeus wrote in a response to questions submitted by the Senate Armed Services Committee.

Other less-recognized Bremer policies have also come under scrutiny in recent months, particularly his formation of the Commission on Public Integrity to ferret out government corruption. As with many of the occupation authority's decisions, it targeted a problem of the old Iraq -- the endemic graft and cronyism that existed under Saddam Hussein.

But the result has been far from what the Americans expected: The commission's chairman has mounted so many investigations that Iraqi bureaucrats are afraid to spend government money even on crucial reconstruction projects, according to U.S. government officials. It is one reason the Iraqi government was unable to disburse $10 billion that it had budgeted last year. The Bush administration wants Maliki's government to spend that money on reconstruction this year, but it is still working on ways to mute the unexpected influence of Bremer's commission.

The administration is also pushing Maliki's government to modify Bremer's de-Baathification policy and his decision to transfer authority over the process to a commission headed by a controversial former exile, Ahmed Chalabi. David Satterfield, the State Department's Iraq coordinator, told the Senate last month that the U.S. government believes changes to the de-Baathification law are "a critical element in any meaningful national reconciliation."

Bremer has acknowledged that handing responsibility for de-Baathification to Chalabi's commission was a mistake. "The error was that I left the implementation of the policy to a political body within the nascent Iraqi government, where it became a tool of politicians who applied it much more broadly than we had intended," he wrote last year. "De-Baathification should have been administered by an independent judicial body."

The chief purpose of today's hearing is to focus on the Coalition Provisional Authority's spending of Iraqi oil revenue in 2003 and 2004. Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, issued an audit stating that the CPA engaged in "less than adequate" managerial and financial control of approximately $8.8 billion given to Iraqi government ministries.

"The CPA management of Iraq's national budget process and oversight of Iraqi funds was burdened by severe inefficiencies and poor management," Bowen wrote.

Bremer fired back with a blistering letter to Bowen. He argued that the audit incorrectly assumed "Western-style budgeting and accounting procedures could be immediately and fully implemented in the midst of a war." The CPA, he wrote, accepted that its payroll system was imperfect because "it would have been dangerous for security -- ours and Iraq's -- to stop paying armed young men."

Although Bowen issued his audit in 2005, the ruling party in Congress opted not to hold a hearing on the findings. "The Republicans chose to ignore it," Waxman said. "We believe examining what occurred during the CPA period is still relevant today."

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Bowen, who is scheduled to sit at the same witness table as Bremer, will contend that there were basic steps the CPA could have taken to improve oversight of how the money was spent, according to an official familiar with his plans.

Bremer may get the benefit of the doubt from Republicans with regard to the expenditure of Iraqi oil money. "Mistakes have clearly been made," said David Marin, director of the Oversight Committee's Republican staff. "But every time we talk about money being spent without appropriate internal controls, we also need to remember the importance of getting money out quickly to get Iraq up and running."

But Shays indicated that GOP committee members are inclined to take a dim view of decisions other than the expenditure of oil money, particularly the dissolution of the Iraqi army and de-Baathification.

In those cases, "it's hard to imagine a lot of members coming to his defense," one congressional GOP official said. "He's got to defend himself."

Dozens Killed As Baghdad Crackdown Nears (AP)

By Robert H. Reid

AP, February 6, 2007

Bombings and mortar attacks killed dozens across Baghdad on Monday as Iraqi troops set up new checkpoints and an Iraqi general took command — indications that the much-awaited operation to restore peace to the capital is gearing up nearly a month after it was announced.

With little sign of an end to the carnage, many Iraqis have begun complaining that the security drive has been too slow in starting, allowing extremists free rein to launch spectacular attacks that have killed nearly 1,000 in the past week.

Monday's death toll supported their frustration. At least 74 people were killed or found dead across the country — all but seven of them in Baghdad.

With so much at stake, U.S. commanders have moved methodically to plan the operation and assemble the force, eager to avoid the mistakes that accompanied two failed crackdowns last year.

The U.S. military officials said Monday they consider the operation to have been under way ever since Bush signed the order last month to start moving troops to Iraq. U.S. officers offered assurances that once the operation gets rolling, Iraqis will begin to see a difference.

"It's going to be much more than this city has ever seen and it's going to be a rolling surge," Col. Douglass Heckman, the senior adviser to the 9th Iraqi Army Division, said of the operation.

But Iraqi politicians — Shiite and Sunni alike — urged the government to speed up implementation of the plan, which President Bush announced Jan. 11. The operation would put thousands of U.S. and Iraqi troops on the street to protect civilians against sectarian bombers and death squads.

In a sign that the crackdown is near, Iraqi troops manned a major new checkpoint Monday at the northern gate to Baghdad, searching cars and trucks heading to and from Sunni insurgent areas to the north. Soldiers and police said the checkpoint was set up as part of the security plan.

Elsewhere, Rahim al-Daraji, a senior official in Sadr City, said police were already moving into the capital's sprawling Shiite slum, stronghold of the notorious Mahdi Army militia.

And Lt. Gen. Abboud Gambar, who will direct the operation, took charge of his still-unfinished command center Monday in a former Saddam Hussein palace located inside the American-controlled Green Zone.

Gambar, who was taken prisoner by U.S. troops in the 1991 Gulf War, will have two Iraqi deputies, one on each side of the Tigris River, which flows through the center of the capital. The city will be divided into nine districts, each with as many as 600 U.S. soldiers to back up Iraqi troops who will take the lead in the security drive.

In announcing the plan, Bush said he was sending 21,500 additional American troops mostly to Baghdad in what is widely seen as a last chance to quell the sectarian violence ravaging the capital and surrounding regions.

About 3,000 paratroopers from the 2nd Brigade of the 82nd Airborne Division arrived in Iraq in late January and were expected to begin operations in the coming days. But the last of the U.S. reinforcements are not due until May.

Monday's slaughter killed 15 people in back-to-back car bombings at a gasoline station in Sadiyah, a mostly Sunni neighborhood of southwestern Baghdad, police said. Eight people were killed when a bomb exploded in a garbage can in a Sunni enclave in central Baghdad, according to police.

Four mortar shells exploded about sundown in a Shiite part of Dora, killing seven people, police said.

The U.S. military reported the deaths of two American soldiers, both killed on Sunday north of Baghdad.

With violence roiling the capital, Prime Minister Nouri al-Maliki has come under strong pressure from fellow Shiite politicians to speed up the operation because most of the recent victims of Baghdad attacks have been Shiites.

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They were joined in their appeal by Iraq's Sunni vice president, Tariq al-Hashimi, who said the government needs to move fast "because people cannot tolerate ... this sort of chaos and the killing around the clock."

"I am very much interested in fact to speed up the implementation of this plan in fact," al-Hashimi told the British Broadcasting Corp. Two of his brothers and one sister were assassinated last year in separate unsolved murders.

U.S. officials believe the previous crackdowns faltered because the Iraqis were unable to bring enough of their own troops to the capital. Some units in southern Iraq refused orders to move to Baghdad.

This time, the Iraqis have promised up to 8,000 new troops, including well-trained Kurdish units from the north.

While Iraqi units have been arriving on schedule, Defense Secretary Robert Gates said last week they were at only 55 to 65 percent strength and that "probably isn't good enough."

"There is no specified time for starting the security plan, but preparations and deployment of the forces including the checkpoints inside and surrounding Baghdad has begun," Deputy Prime Minister Salam al-Zobaie told Al-Jazeera television.

Al-Zobaie, a Sunni, said the government had great hopes for the success of the security plan although the Iraqi military contribution would be "less than expected."

Public anger, especially among Shiites, has welled up since a huge truck bomb Saturday devastated the Sadriyah market in a mostly Shiite part of central Baghdad, killing 137 people. It was the fifth major bombing in less than a month against Shiite targets in Baghdad and southern Iraq.

Such attacks have discredited Iraqi security forces at a time when the government is urging people to put their trust in the army and police — rather than sectarian militias.

Under American pressure, Shiite politicians persuaded radical cleric Muqtada al-Sadr to pull his Mahdi militiamen off the streets to avoid a confrontation with the Americans.

But many Shiites complain that the move effectively handed the streets to Sunni extremists before U.S. and Iraqi forces were ready to assume control.

"This delay in the implementation of the security plan is not good and has had negative consequences for Iraqis," said Falah Hassan, a spokesman for al-Sadr's movement. "We demand that the plan be executed as soon as possible because the terrorists are going too far in their vicious attacks."

In Washington, Bush said he understood that the Iraqis are eager to see improvements in security.

"We'd like to do it as quickly as possible," he said. "The success of that plan is going to depend upon the capacity and willingness of the Iraqis to do hard work. We want to help them do that work."

Much of the sectarian violence has been blamed on forces loyal to al-Sadr, a close political ally of al-Maliki.

Last weekend, two key members of al-Sadr's organization were killed, one in the southern city of Basra and another in a confrontation with U.S. troops northeast of Baghdad.

Ali Khazim, who ran al-Sadr's political organization in volatile Diyala province, was killed Sunday by American soldiers at his home 12 miles east of Baqouba, according to Saleh al-Ageili, a spokesman for the Sadr Movement's parliamentary bloc.

The spokesman said Khazim was stabbed with a bayonet.

"What has happened to Khazim is part of the series of provocative acts by the occupation forces against the Sadr movement. The occupation forces know well who are the terrorists and their whereabouts, yet they are targeting our people," al-Ageili told The Associated Press.

The U.S. military said in a statement that Iraqi troops backed by Americans had shot and killed the leader of a rogue Mahdi Army group but did not name Khazim as the victim.

The second Sadr organization official, Khalil al-Maliki, was killed by three gunmen in a drive-by shooting on Sunday in Basra.

U.S. Unit Walks 'A Fine Line' In Iraqi Capital (WP)

By Joshua Partlow

The Washington Post, February 6, 2007

BAGHDAD, Feb. 5 -- The camouflaged American soldiers, weary from hours of struggling to talk with Iraqis during a patrol in eastern Baghdad, laughed with relief after an Iraqi army major's wife met them at her door. The soldiers had no interpreter. She had a master's degree in English translation.

"Do you want to work for the Americans?" asked U.S. Army Lt. Anthony Slamar, 26. "Do you want a job as a translator?"

The woman stepped back into her darkened doorway.

"With you? No. Not with you. Do I want to die?" she said. "I am afraid of you, I'm sorry."

The American and Iraqi plan to pacify the capital rests on the assumption that U.S. troops can win the trust of a wary population by protecting civilians trapped amid sectarian warfare. Each day, U.S. soldiers go door-to-door in the city, searching

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bedrooms and bathrooms, cabinets and closets, for unauthorized weapons. The operations also offer a chance to cultivate Iraqis as sources of information about the violence entangling their neighborhoods.

But soldiers in a task force from the 1st Battalion, 26th Infantry Regiment, who have patrolled Baghdad for months, say that trying to gain cooperation from Iraqi civilians is a thankless struggle. They say they feel powerless to prevent the city's slide into wider war and that Iraqis seldom open up to them with detailed intelligence. Since the task force of more than 800 soldiers arrived in August, 15 of them have been killed.

Although their commanders argue otherwise, the extent of the challenge led some soldiers to express doubt in interviews that the additional 17,500 American troops slated for Baghdad can make a lasting difference.

"I don't think the infantry or pretty much anyone in the United States Army are properly trained to deal with the guerrilla tactics these guys use against us," said Spec. Jeffrey Steele, 22. "This is a policing thing, you know. It needs more investigation into how these guys work, where they're located. I don't think we can do any better."

At 7:30 a.m. Thursday, under a drizzling rain, Slamar gathered his unit in a circle in a gravel lot on their base to brief them on the day's mission. He passed around a photograph of a tire filled with explosives, a new type of roadside bomb found in the sector they patrol.

"They are filled with rifle ammunition, nails and pieces of iron to increase the intensity of the explosion and increase its fragmentation effect. Lovely," Slamar said. "Make sure you're . . . scanning, okay? Hey, now's not the . . . time to give up, all right? We've still got a long deployment ahead of us. Keep on going."

The five-Humvee convoy rumbled out of the camp gates and drove south to Qahira, a mixed Sunni-Shiite neighborhood in northeastern Baghdad caught between the Shiite militias in Sadr City to the east and Sunni insurgents in Adhamiyah to the west.

The first goal was to identify potential rooftop sniper positions for a future operation. The troops, armed with M-4 assault rifles, fanned out and soon found a resident, Ahmed, to lead them into a house they wanted to inspect. When the soldiers entered, past plates of orange peels and half-eaten bread in the kitchen, nervous children came down a marble staircase in their pajamas and stood next to their barefoot mother.

"We're just in the area to secure the area, so we're visiting people," said Capt. Andrew Jasso. "There's been a lot of explosions, like on the road here, the bombs."

"No, no, no, no, okay, okay," Ahmed said, motioning toward neighboring houses. "Friend and friend and friend, okay, no problem."

"So this area is pretty good?" Jasso said, sounding dubious. A single bullet hole was visible in the wall above the stairway.

"No problem," Ahmed said.

The lack of an Arabic interpreter -- a chronic problem, the soldiers say -- made communication more difficult. But even when Americans and Iraqis can understand each other, U.S. soldiers said, many Iraqis do not speak openly because they are afraid of being perceived in their neighborhood as collaborating with the Americans.

The Iraqi army major with the English-speaking wife begged the Americans not to reveal his profession to his neighbors, and said he would be risking his life even going outside with them.

"If the people see me with you, they do this," he said, shooting an imaginary gun with his hands. "Okay? Understand? They come and kill me: 'You work with the U.S.A.' "

The American troops took some care to be polite when entering Iraqi homes. During Thursday's six-hour patrol, they handed out Iraqi newspapers and packets of gum and attracted an eager following of young children. But machine-gun-toting Americans rooting through bedrooms, inspecting weapons and demanding identification cards clearly unsettled some residents.

Inside the Iraqi major's house, Jasso tried to put the major's wife and her relatives at ease by telling stories about his two young children. She interrupted him. "Sorry, I have to ask you. Why didn't you just knock at the door? Why did you just jump in?"

A soldier explained to her that the Americans avoid standing in the street in front of houses because of the threat of snipers.

"Just trying not to give everyone a bad impression of Americans is the hardest thing," said Staff Sgt. Andrew McKay, 27. "Being courteous, being nice to the kids, being nice to the families, but still maintaining your military bearing and doing your job -- it's a fine line to walk."

Faced with an often distrustful, frightened populace, members of the task force said they doubted that adding thousands more U.S. troops would change this frustrating dynamic. One soldier, on his second tour in Iraq, said the attitude of the Iraqi civilians toward the Americans continues to deteriorate.

"Whatever new plans they come up with, it won't work out here. It's getting worse and worse," the soldier said, speaking on condition of anonymity because he worried about a reprimand from his superior officers. "I was here last time, in the beginning. Now it's totally changed. They don't even respect us anymore. They spit at us, they throw rocks at us. It wasn't like that before."

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Higher-ranking officers with the task force said they see encouraging signs that cooperation with Iraqis will improve as the new security initiative in Baghdad begins.

The unit's acting commander, Maj. Clay Padgett, said the influx of U.S. troops and changes in tactics would generate more intelligence about insurgent and militia activity. He said the troops would move onto smaller bases to increase their presence in violent neighborhoods.

Within the past month, Padgett's task force has set up one office known as a joint security site, or JSS, that brings together representatives from the Iraqi police, army and coalition forces to coordinate information and operations. The new security plan calls for about 35 more such sites spread over Baghdad's nine security districts.

"When you hear the stories about soldiers who say the local Iraqis don't want us to be here, you would be amazed at the amount of tips that have come in just from us establishing inside of the JSS," Padgett said. "And because we're right there" with the Iraqi police, "we're right there inside the community. All of a sudden the community feels as though here's another window of opportunity to come up and talk to coalition forces."

Sgt. 1st Class Luis Enrique Gutierrez Rosales, 38, said most of the Iraqis he has met say they are pleased that the Americans patrol their neighborhoods. "They said they always feel safe when we're around. People stop on the road and say thank you. They say, 'If it wasn't for you, I probably wouldn't be alive,' " he said.

But some of his soldiers saw less reason to be hopeful about either their relations with the Iraqis or the troop increase. After the patrol on Thursday, Sgt. Michael Hiler, 26, stepped down from his Humvee and described the day's effort as "stupid."

"We should have pulled out a long time ago," Hiler said. "It's going to take the hand of God to change anything about what we do here, which is nothing. This country's going to fall apart sooner or later, and at this point I say, 'Good riddance.' "

Sitting on bunks while waiting for an evening patrol, a group of soldiers discussed the enemy and the latest security effort, described by Padgett as "the last best hope for Iraq."

"All these extra troops start coming into Baghdad, you'll start reducing the anti-American violence. That way, it will show quick results for the Bush administration. And that way, 'Hey, we won the war, let's get out of here,' " said Pfc. Daniel Gomez, 21, a medic. But he said of the forces opposing the Americans: "They're like the Viet Cong, they can wait it out. We're not going to be here forever, and they know that. And then we're gone, and it's all theirs."

Anti-violence Push Begins In Baghdad (WT/AP)

By Sameer N. Yacoub

The Washington Times, February 6, 2007

BAGHDAD -- An Iraqi general took charge of the security operation in Baghdad yesterday as Iraqi police and soldiers manned new roadblocks -- initial steps indicating the start of the anticipated joint operation with American forces to curb sectarian bloodshed.

Stung by continuing violence, Iraqi officials urged the United States to implement the plan as quickly as possible, particularly as some militias -- which had offered the only protection in certain neighborhoods -- have disappeared from the streets.

At least 38 persons died in bomb and mortar attacks across the city yesterday, 15 of them when two car bombs blew up in quick succession as they waited to buy gasoline in southern Baghdad. Seven persons died after nightfall, when four mortar shells struck a Shi'ite neighborhood in southern Baghdad.

The command center for the joint operation, staffed by Iraqis and Americans, opened yesterday inside the fortified Green Zone next to the prime minister's office.

U.S. military spokesman Lt. Col. Christopher Garver said the Baghdad command center was manned but "not yet up and running."

"It'll take a few days to get things organized," he said.

A spokesman for the Sadr Movement, an important Shi'ite bloc in parliament, complained that the security crackdown has been too long in coming, leaving a security vacuum that has allowed suicide bombers to devastate several Shi'ite marketplaces over the past few weeks.

An estimated 135 persons died in a truck bombing Saturday in the Sadriyah market, the deadliest single bomb attack since the war began.

Falah Hassan, the Sadr bloc lawmaker and spokesman, said the delay "has negative consequences for the lives of the Iraqis."

"We demand that the plan be executed as soon as possible because the terrorists are going too far in their vicious attacks," Mr. Hassan said on behalf of the lawmakers loyal to renegade anti-American cleric Muqtada al-Sadr.

DOJ_NMG_0128403

Two senior members of Sheik al-Sadr's political and military organization were killed outside Baghdad yesterday, a sign that leaders of the organization are being targeted by Sunni insurgents as well as U.S. and Iraqi forces.

Iraq's Sunni vice president, Tariq al-Hashimi, also called on the United States to speed up its the deployment of extra troops, telling the British Broadcasting Corp. that he wanted the plan in place "as soon as possible, because people cannot tolerate in fact this sort of chaos and the killing around the clock."

The White House said the new strategy was going about as well as could be expected.

"This is not a problem that's going to be solved overnight," spokesman Tony Fratto said. "This plan is intended to bring long-lasting security to Baghdad. It's going to take some time to put all of the elements in place."

The security sweep will be led by Lt. Gen. Abboud Gambar, who was named to the top position under pressure from the United States after it rejected Prime Minister Nouri al-Maliki's first choice, Lt. Gen. Mohan al-Freiji.

Gen. Gambar will have two Iraqi deputies, one on each side of the Tigris River, which splits Baghdad north to south. The city is to be divided into nine districts, and as many as 600 U.S. forces in each district are to back up Iraqi troops.

The security drive, for which President Bush has dispatched 21,500 additional American forces, was seen by many as a last chance to quell sectarian violence in and around the capital.

Two security operations over the past nine months -- Operations Together Forward I and II -- have failed to halt the violence, in part because Iraqi authorities failed to produce the number of troops promised.

Defense Secretary Robert M. Gates said last week that Iraqi troops who arrived to augment the newly assembled Baghdad force were only at about half strength.

US Prepares For Baghdad Crackdown (FT)

By Steve Negus

Financial Times, February 6, 2007

A new command centre for US-Iraqi operations aimed at restoring security in Baghdad will be operational “within days”, US officers said on Monday, paving the way for a planned offensive in the capital.

US advisers to Iraqi forces predicted that the scale of the operations – designed to contain both Shia militias and Sunni insurgents – would be larger than previous sweeps of the capital.

However, a weekend of violence – including an explosives-rigged truck that killed at least 135 in a Baghdad market on Saturday – may undercut Shia support for the operations, particularly as many believe the US is focusing too heavily in its new offensive on Shia militias, such as the Mahdi army associated with Moqtada al-Sadr, the radical cleric.

Saturday’s attack – possibly the most deadly single bombing since the US-led 2003 invasion – could feed perceptions that Shia have become more vulnerable as their militias take a low profile for fear of a crackdown by US forces. The deaths of two Sadrist leaders at the weekend – one in a raid by the US military and another by gunmen assumed to be Sunni insurgents – may reinforce Shia perceptions that they are being unfairly -targeted.

The new Baghdad offensive will be backed by reinforcements that are part of the “surge” pledged by US President George W. Bush last month.

US troops reportedly intend to move into Baghdad neighbourhoods in greater numbers than before and establish a more lasting presence in the form of small combat outposts that will prevent insurgents and militias – once forced out of districts – from returning.

US officers have in the past suggested that the surge is intended to be a sustained, months-long effort, and Iraqis will not feel the full impact in their neighbourhoods until the late summer. Previous US offensives have often led to a short-term fall in violence, with bloodshed escalating again as forces move elsewhere.

However, supporters of the surge – both US and Iraqi – argue that a sustained period of stability may allow Iraqi state institutions to become more confident and more established on the neighbourhood level, with citizens putting their trust in government forces rather than militias or insurgents.

The deployment of additional US troops is predicated on support from the government of Nouri al-Maliki, prime minister, which is implementing its own security clampdown.

“What we’re trying to do with this reinforcement of our troops is to provide enough space so that the Iraqi government can meet certain benchmarks or certain requirements for a unity government to survive and for the country to be strong,” Mr Bush said on Monday.

Additional reporting by Caroline Daniel in Washington

U.S. Advisers Find Joint Patrols With Iraqis Don't Go As Planned (USAT)

By Jim Michaels

DOJ_NMG_0128404

USA Today, February 6, 2007

MAHMOUDIYA, Iraq — In the pre-dawn chill, 1st Lt. Seth Reimers briefed his men. A joint patrol of about 60 soldiers equally divided between Iraqi and U.S. forces would storm a compound outside of town and grab a suspected insurgent financier.

"The Iraqi army is taking the lead," Reimers, 24, explained to the U.S. troops before they climbed into idling Humvees. "We're there to support."

It didn't quite work that way. A couple hours after the briefing, the combined patrol broke through a gate surrounding a compound and burst into the main house. The American soldiers immediately took the initiative. They stormed through, searching rooms and looking for suspects. With their weapons raised to their shoulders, the Americans moved deliberately up the stairs, calling to each other as they cleared rooms.

Meanwhile, many of the Iraqi soldiers hesitated, waiting for someone to tell them what to do. They stood to the side watching the action, their weapons at their sides.

Outside, two American Apache attack helicopters clattered overhead, tracking the locations of suspects who fled across surrounding farm fields. U.S. officers kept in radio touch with the pilots and directed the search.

Capt. Ian Perry, 26, executive officer of Battery A, Task Force 2-15, said later of the Iraqi soldiers, "They hung back a little bit. That's not common. Usually they're really into it." Perry said the Iraqi troops might not have been fully briefed about the mission or the pre-dawn start may have been a little early for them.

Getting Iraqi forces trained, motivated and taking the lead in the fight against insurgents and illegal militias has been a struggle for the U.S. military.

"This is occurring slower than we originally projected," Gen. George Casey, the outgoing top U.S. commander in Iraq, acknowledged last week in congressional testimony.

A major U.S. intelligence report released last Friday said that Iraqi security forces lack the training, equipment and skills necessary to replace U.S. troops. The National Intelligence Estimate said that, if U.S. troops were withdrawn in the next 12 to 18 months, "this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq."

To improve the performance of Iraqi forces, the U.S. military is boosting the number of advisers and American units training and living with Iraqi forces, says Maj. Gen. Carter Ham, commander of a new school for training military advisers at Fort Riley, Kan.

Raids such as the one Reimers led illustrate the complexity of their mission. Even the best of Iraqi units still have trouble operating without American assistance. "In my opinion it will take three or four years" before Iraqi forces are capable of functioning without any U.S. assistance, says Sgt. Olan Aldrich, 25, part of the American advisory team here.

It's a risky mission. Since the first military and national police advisers came to Iraq in September 2004, 33 have been killed, according to the Iraqi Assistance Group, which oversees U.S. advisers. Almost half the deaths occurred in the past six months as Iraqis have played a more prominent combat role.

That has exposed advisers, as well as Iraqis, to greater dangers. "The Iraqi security forces are truly more in the lead, and the transition teams are with them," says Brig. Gen. Dana Pittard, commander of the Iraqi Assistance Group. "They're out there in harm's way constantly." There are about 5,000 American advisers in Iraq now.

Since 2004, the U.S. Army and Marines have placed about a dozen advisers with each Iraqi battalion of about 500 troops.

Reimers' unit is part of an experiment to take the partnership a step further, by placing an entire American battalion, in this case about 400 soldiers, with an Iraqi brigade of 3,000 soldiers. Col. Mike Kershaw, 45, says the move puts "more people against the problem."

The brass are watching the experiment closely. "That's the future," Pittard says. "We will see more and more of that."

Lt. Gen. Raymond Odierno, the No. 2 ranking U.S. commander in Iraq, says the Iraqi brigade based here, the 4th Brigade, 6th Army Division, is successful largely because of the decision to place more Americans with the unit.

Advising is not a role that comes naturally to American officers and non-commissioned officers. Advisers are told to take a back seat during operations, allowing Iraqi leaders to take charge. "We've taken officers and NCOs who for their entire time in the Army were encouraged to be aggressive," Ham says. "Now we're saying, 'Don't do that. I don't want you to lead from the front.' "

Reimers, from Ogden, Iowa, coached his Iraqi counterpart, Maj. Dhamad Shaiah al-Musawy, as the raid unfolded. Reimers and al-Musawy began questioning a suspect found in the compound. He wasn't the man they were looking for, but he might have been related.

Reimers turned to the Iraqi officer. "What do you want to do?" Reimers asked. "It's your call, brother. I recommend we detain him, but it's up to you." The Iraqi officer ordered the suspect detained.

After leaving the compound, the soldiers took off across fields in pursuit of men who had fled the compound moments before the soldiers arrived. Reimers yelled "Yallah," or "Let's go," as he encouraged Iraqi soldiers to keep up as the group dashed across muddy farm fields and jumped across irrigation ditches in pursuit of the men.

Overhead, one of the Apache helicopters dropped flares over locations where the pilots saw fleeing men. The stink of a nearby chicken coop hung in the air, and stray dogs barked at the running soldiers.

After the initial raid, Perry said the Iraqi soldiers did a thorough search of the compound and helped scour the surrounding farm fields for men who fled the compound. "With some guidance from Lt. Reimers, they performed to standard eventually," he said.

About a dozen men were detained during and after the raid. All were later released. It turned out the two informants who told U.S. forces about the suspect were not able to provide enough specifics to hold any of them, including a couple brothers of the suspect. Nor was anything incriminating found in the home.

In order to keep suspects in custody, U.S. and Iraqi forces have to provide evidence to hold up in Iraq's court system, where they are eventually tried. "The evidence was insufficient," Perry says.

Planning for the Americans started days before the raid. But most Iraqis going on the raid learned about the target only hours before it was launched. The Americans say they don't brief their Iraqi counterparts until the last moment to avoid a leak that might tip off a suspect. Iraqi troops often have ties to the community or can be intimidated by insurgents who regularly threaten the families of Iraqi soldiers.

"There are some leaks," Perry says. "That is recognized by everyone."

Still, the Americans work hard to develop relationships with their Iraqi counterparts. Sipping sweet tea and eating flat bread, American and Iraqi advisers gathered at an Iraqi base here to review satellite photos and discuss details of the plan before heading out on the raid.

"I work with this group (of Americans) like my family," says al-Musawy, 35, who has spent most of his adult life in the Iraqi military. "They're my brothers. They work hard. They know military science."

When the Iraqi brigade commander's father fell seriously ill, his American adviser, Lt. Col. Bob Morschauser, saw to it that he received treatment at an American military hospital.

"The American adviser is not in command," says Col. Timothy Reese, director of the Combat Studies Institute at Fort Leavenworth, Kan., which has studied past U.S. adviser missions in Vietnam, Korea and elsewhere. "Your authority is limited to the personal rapport you develop with your counterpart."

U.S. advisers are encouraged to read the works of T.E. Lawrence, the legendary British author who helped lead an Arab revolt during World War I and became known as Lawrence of Arabia. "Do not try to do too much with your own hands," Lawrence wrote in a 1917 article in The Arab Bulletin. "Better the Arabs do it tolerably than you do it perfectly. It is their war, and you are to help them, not to win it for them."

"You can't go into this job thinking they're the American Army," says Maj. Matt Zimmerman, the operations officer of the 2-15 Task Force, which advises the Iraqi brigade. "They're not."

During a joint patrol in Mahmoudiya, one Iraqi officer strolled down the road without body armor or a rifle, a violation of normal operating procedures. He carried a handheld radio.

Reimers said he notices improvements and cannot correct every transgression he sees. Before a foot patrol got underway, the Iraqi battalion sergeant major, the top enlisted man, was hustling to get the Iraqi troops prepared when it was clear they were running late. In the past, only Iraqi officers had exercised any leadership. Reimers noted that non-commissioned officers were now taking initiative. "They feel like they're letting us down if they're not ready," Reimers said, watching him scramble after his troops. "That's more progress."

The Iraqi forces are not nearly as well-equipped and protected as their American counterparts.

The lack of equipment and logistical support is the largest problem facing Iraqi forces, say U.S. advisers.

The 566-man Iraqi battalion here in Mahmoudiya, just south of Baghdad, has only 11 Humvees that work. Four were disabled by roadside bombs and are waiting to be fixed. They have five pickups, used in part to ferry troops.

The Iraqi battalion is equipped with AK-47s and machine guns but has no mortars or artillery support.

A U.S. battalion of similar size has about 55 Humvees. American troops travel only in Humvees or other armored vehicles when they drive outside their base. Iraqi and U.S. troops here are regularly attacked by roadside bombs.

Iraq's Defense Ministry has struggled to support its troops. "There is a big problem with the Ministry of Defense," says Lt. Col. Abdul Muhsin Falei Jabar, the Iraqi battalion commander here.

"Iraqis need a little help in getting the wherewithal to run a large army," Ham says. "That is probably the next major undertaking" for the U.S. effort to build up the Iraqi military.

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One advantage of placing an entire U.S. battalion with an Iraqi unit is that the Americans can plug the gaps left by Iraq's Defense Ministry. Instead of waiting on the ministry, the Americans fixed the Iraqi Humvees. The U.S. government has paid for new barracks on the Iraqi base here.

"They're trying to get flashlights for their weapons," Aldrich says. "They can't get them, but I can."

Aldrich, an armorer, sat on a wall eating a bowl of rice and meat given to him by Iraqi colleagues.

Pvt. Saif Saad sat next to Aldrich, watching him eat. "We're like brothers," Saad said. "We feel safe when we go with Americans."

Well-fed and equipped American troops are often a source of wonderment to Iraqi soldiers. Iraqi troops who eat at the U.S. mess hall are often amazed at the quantity and variety of food available to Americans.

A couple of Iraqi officers visiting the nearby U.S. base carried trays piled high with food. Chips, pastries and packages of small snacks were balanced precariously on their trays. One of the Iraqi officers expressed surprise, however, that smoking wasn't allowed in the mess hall.

Part of the idea behind having the Iraqis work closely with U.S. forces is to have American military values rub off on Iraqis.

In the former Iraqi army, "all the officers were like dictators," Jabar says.

"There were no good relations between officers and soldiers. We understand stuff now," he says.

"They strive to be like we are," Reimers says.

But not all the time. The American military has a tradition of officers serving enlisted troops in the mess hall during holidays. The sight of American officers at a Christmas dinner behind the serving line with small white hats appeared strange to Iraqi officers accustomed to a different, more autocratic, style of leadership.

Said Capt. Jeremy Edge, 26: "I think we lost some face."

Troops In Iraq Kill Official Who Worked For Shiite Cleric (NYT)

By Richard A. Oppel Jr.

The New York Times, February 6, 2007

BAGHDAD, Feb. 5 — The director of the political office in Diyala Province for the powerful anti-American Shiite militia leader Moktada al-Sadr was shot and killed by troops during a raid on Sunday, a Sadr political spokesman said Monday.

A statement by the United States military did not identify the official who was killed. It said Iraqi troops had killed a leader of "rogue" and criminal elements of Mr. Sadr's Mahdi Army in Diyala who had directed attacks on American forces as well as "kidnappings, assassinations and other violence targeting Iraqi civilians and Iraqi police."

But a spokesman in Baghdad for Mr. Sadr's political movement, Salah al-Agaili, identified the official as Ali Khazim al-Hamdani. The spokesman said that Mr. Khazim had been the chief of Mr. Sadr's political office in Diyala and that he had not turned rogue or otherwise distanced himself from the Sadr movement. The spokesman also termed the death a "provocation."

Some American officials familiar with Diyala, a volatile province north of Baghdad, have said that Mr. Khazim provided intelligence to the American military, beginning last summer. In one instance, they said, Mr. Khazim supplied information that led to the capture of Shiite militiamen who had killed three American soldiers with a powerful roadside bomb near Baquba last fall.

One American official said that at one point last year Mr. Khazim sought to reduce the Mahdi militia's emphasis on attacking American and Iraqi forces, but that the effort had helped put Mr. Khazim in conflict with other more militant factions associated with the Mahdi Army, including forces allied with Abu Dera, the feared Shiite death squad commander.

In an interview last year, Mr. Khazim explained that Mahdi militiamen were pouring into Diyala to protect Shiites being terrorized by Sunni insurgents. "If my brothers are killed, we have to react to that," he said.

Sunni insurgents have overrun much of Diyala Province and killed or driven out thousands of Shiites. They often attack the province's Shiite-dominated security forces, whose commanders, American officials have said, include officers with close ties to Shiite militias and death squads.

2 Key Members Of Mahdi Army Killed (AP)

AP, February 5, 2007

Two key members of radical anti-American Shiite cleric Muqtada al-Sadr's political and military organization were gunned down just days before the U.S. and Iraqi forces planned to open a massive security drive in Baghdad.

Ali Khazim, who ran al-Sadr's political organization in volatile Diyala province northeast of Baghdad, was killed Sunday by U.S. forces at his home in Howaider village, 12 miles east of Baqouba, Saleh al-Ageili, a spokesman for the Sadr Movement's parliamentary bloc, said on Monday. Provincial police confirmed al-Ageili's account.

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"What has happened to Khazim is part of the series of provocative acts by the occupation forces against the Sadr movement. The occupation forces know well who are the terrorists and their whereabouts, yet they are targeting our people," al-Ageili told The Associated Press.

The U.S. military did not immediately respond to telephone and e-mail requests for comment.

The second official, Khalil al-Maliki, a key figure in al-Sadr's Mahdi Army militia in Basra, was killed by three gunmen in a drive-by shooting on Sunday in the southern city of Basra, police reported. He survived an assassination attempt in the city last year.

As many as seven key figures in the al-Sadr organization have been killed or captured in the past two months, at least three of them by U.S. forces, after Prime Minister Nouri al-Maliki, also a Shiite, dropped his protection for the organization — a crucial backer in his rise to power.

The coming security drive, to which President Bush has dispatched 21,500 additional American forces, was seen as a last-chance effort to quell the sectarian violence ravaging the capital and surrounding regions.

Security Crackdown In Capital Takes Shape As Attacks Kill Dozens (WP)

By Joshua Partlow

The Washington Post, February 6, 2007

BAGHDAD, Feb. 5 -- Bombs and mortar shells killed more than 37 people in Baghdad on Monday, as U.S. officials said that the command structure for the new security crackdown in the capital was ready.

In the deadliest attack, a small truck rigged with explosives was detonated near a gas station in the Bayya neighborhood, killing 15 people and wounding 58, according to Col. Fakher Hussein of the Interior Ministry. A car bomb that exploded in an industrial area of central Baghdad took the lives of 13 people, he said.

The U.S. and Iraqi militaries have for months been preparing a massive security initiative aimed at quelling the daily killing in the capital. A spokeswoman for the U.S. military, Lt. Col. Josslyn Aberle, said Monday that the command structure and choice of personnel to head the effort have now been established.

Iraqi forces in the capital will be led by Lt. Gen. Abboud Gambar, a former naval commander in the military of deposed president Saddam Hussein. Gambar was taken prisoner by U.S. forces during the 1991 Persian Gulf War.

A Shiite from the southern city of Amarah, he will report directly to Prime Minister Nouri al-Maliki, whose viability as Iraq's leader hinges on his ability to temper the violence in Baghdad.

The selection of Gambar, a relatively unknown officer, was greeted with skepticism by some Iraqi and U.S. officials. But an aide to Maliki said the prime minister remains confident in his choice and that Gambar has the support of coalition commanders. During a meeting last month between Maliki and Lt. Gen. Graeme Lamb, the senior British general in Iraq, Lamb pronounced Gambar a "good man," the aide said.

Gambar will have deputies in charge of the east and west sides of Baghdad, which is divided by the Tigris River, and will oversee the nine security districts recently established in the capital. President Bush plans to send an additional 21,500 troops to Iraq, and thousands of them have begun arriving in Baghdad.

The troop increase "changes the dynamic by adding an air of confidence to operations that we do in conjunction" with Iraqi forces, said Maj. Clay Padgett, acting commander of the 1st Battalion, 26th Infantry Regiment, a task force that patrols northeastern Baghdad.

"Quite frankly, we have had difficulties with areas inside of Baghdad that do not have a coalition forces presence. Because it's almost like putting your finger on a dot of mercury. You hit it and it goes all over the place. And unfortunately, you didn't have enough hands doing the same thing."

Also on Monday, Iraqi followers of Shiite cleric Moqtada al-Sadr reacted angrily to the killings of two alleged leaders of the Mahdi Army, the powerful militia that is largely controlled by Sadr. One Sadr follower, Ali Kadhum al-Hamdani, 38, was shot dead by Iraqi soldiers, backed by U.S. advisers, during a raid on his home in the insurgent hotbed of Baqubah, in Diyala province north of Baghdad.

The U.S. military did not name the dead man but identified him as a "rogue" leader of the Mahdi Army.

"The suspect is believed to have facilitated and directed numerous kidnappings, assassinations and other violence targeting Iraqi civilians and Iraqi Police. He is reportedly responsible for several attacks against Coalition and Iraqi Forces in the area," the military said in a statement.

A spokesman for the Diyala police, Ali al-Khaiyam, said Hamdani was killed near his home. He owned a flower shop in the main Baqubah market and handed out candy to children to celebrate the fall of Saddam Hussein.

The second Sadr official, Khalil al-Maliki, from the Mahdi Army in Basra, was killed in a drive-by shooting on Sunday, according to a Sadr spokesman.

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Abdul Razzaq al-Windawi, the spokesman, said he viewed the killings as part of an increased effort by Americans "and their agents" to target Sadr's followers. The Iraqi government has been widely criticized for not doing enough to target violent followers of Sadr.

The U.S. military on Monday also announced the recent deaths of two U.S. soldiers. On Sunday, one soldier was killed and two were wounded by a roadside bomb during a patrol north of Baghdad. A soldier in Diyala province died during a small-arms attack by insurgents, the military said in a statement. The Americans' names were not released.

At least nine other people were killed in Baghdad on Monday, at least one in a mortar attack, officials said.

US Eases Tone On Iran's Role In Iraq (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 6, 2007

WASHINGTON

In an atmosphere of sharp skepticism about intelligence and heightened sensitivity to saber rattling since the Iraq invasion, the Bush administration is signaling a more cautious tone toward Iran.

Less than a month ago, President Bush used a speech on a way forward in Iraq to present fresh accusations against Iran and roll out a more aggressive approach to the regime in Tehran. Now, the Iran debate is sounding markedly different.

Senior officials from the White House, State Department, and Pentagon are playing down the evidence the US possesses of "nefarious" Iranian involvement in Iraq's spiraling violence – in particular against US forces there. They're also insisting the US wants to work out problems with Tehran diplomatically.

A repeated delay in a promised presentation of evidence against Iran reflects the administration's desire to get things right, and to neither overplay nor underestimate involvement, officials say.

Explaining why the rollout of facts on Iranian involvement has been delayed, Stephen Hadley, Mr. Bush's national security adviser, told reporters Friday that "the truth is, quite frankly, we thought the briefing overstated, and we sent it back to get it narrowed and focused on the facts."

But the moderated tone also suggests an administration still smarting over memories of the earlier botched campaign to justify taking on Saddam Hussein, some experts say. And with some military officials cautioning against the risks of an "accidental escalation" resulting from a mishandling of the new aggressiveness toward Iran, the administration may have decided to pull back, they say.

Yet others with experience in similar situations involving both policy and intelligence motivations believe some evidence linking Iran to recent acts of violence is in US hands – but that intelligence officials have resisted its release for fear of compromising a fruitful information channel.

"What we've seen so far suggests information from somewhere in the Iranian government, perhaps from the Quds force of the Revolutionary Guard, but the intelligence people don't want to let it out for fear of tipping off the Iranians or losing a source," says Wayne White, a former Middle East analyst with the State Department's bureau of intelligence and research.

"Cat fights" are common, Mr. White says, between "policy people" who want to get the information out, and the intelligence side that is more focused on long-term effectiveness. "I suspect there was quite a lot of friction last week over Iran," he says.

The charges against Iran so far appear to stem from the following incidents:

·On Jan. 11, the United States raided the Iranian mission in the Kurdish city of Arbil, detaining six people and seizing what it said was material suggesting Iranian involvement in the supply of more powerful and sophisticated arms used in attacks on US forces.

·In late December, other Iranians, including two diplomats, were detained in Iraq and questioned. The diplomats were later released.

·Five US soldiers were abducted and killed in a sophisticated operation Jan. 20 in the Shiite city of Karbala. US military officials in Baghdad suspected the attackers, who wore US-style uniforms, of either being Iranian or benefiting from Iranian training. US military sources said they had never seen so sophisticated an attack from Iraqi insurgents.

·For more than a year, US armored vehicles, including the M1 Abrams battle tank, have been the target of increasingly powerful and sophisticated weaponry.

Last August, Brig. Gen. Michael Barbero cited "irrefutable" evidence that Iran was providing the technology for advanced explosive devices being used against US forces. In a Pentagon briefing, he said Iran was funding, equipping, and training "Shia extremist groups." But British forces patrolling Iraq's southeastern border with Iran reported last fall encountering more hearsay than evidence of such activity.

Zalmay Khalilzad, US ambassador to Iraq, said after the Arbil operation that some of the detained were from the Quds force and that one detainee was a director of operations for the Quds force.

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But last week, Defense Secretary Robert Gates said that information he had seen from the Karbala attack was "ambiguous" as to an Iranian role, adding that it was too early in the investigation to be conclusive.

Also last week, Nicholas Burns, undersecretary of State for political affairs, said it was "not possible to say exactly who" was responsible for the Karbala attack.

One issue the Bush administration faces is that it is seen to be focusing on Iran when Iraq's civil war – and Iraqi sectarian violence – is reaching a new intensity. Even the National Intelligence Estimate released last week minimized the Iranian role in Iraq, saying internal factors are more significant contributors to Iraq's instability.

"The involvement of [Iran and Syria] is not likely to be a major driver of violence or the prospects for stability because of the self-sustaining character of Iraq's internal sectarian dynamics," the report says.

That conclusion mirrors the view of experts like White, who believe Iran is involved in Iraq, but not in any decisive manner. "Yes, I believe the Iranians are doing this, but at a level that doesn't matter very much. Compared to the magnitude of the Iraqi-on-Iraqi violence, they are really playing a bit part in all of this," says White, now an adjunct scholar at the Middle East Institute in Washington.

Focusing on Iran now would risk suggesting the administration was trying to put up a smoke screen, some observers say. It would also not appear to be the right time to amplify accusations that Shiite Iran is providing material and personnel to target Sunni neighborhoods, given that the horrendous bombings of the last week have all hit Shiite neighborhoods.

As to why the Bush administration is choosing to verbally confront Iran now, White sees three reasons beyond a desire to stop suspected arms supplies. "I suspect they want to push Iran back a little to give the troop surge a slightly better chance of success," he says. "But I also think they are setting up a target to blame for if and when the surge fails. And then it is part of a steady vilifying of Iran, so that if they do go after them over their nuclear program, the US public is that much more prepared for it."

Iranian Diplomat Kidnapped In Baghdad By Iraqis With Official ID (NYT)

By James Glanz

The New York Times, February 6, 2007

BAGHDAD, Tuesday, Feb. 6 — An Iranian diplomat was abducted Sunday evening when his convoy was stopped by men with official Defense Ministry identification in the Karrada neighborhood here, senior Iraqi and American officials said Monday.

Iraqi security forces captured several suspects after pursuing their vehicles through the streets of Baghdad, two of the Iraqi officials said.

The vehicle with the diplomat was not caught, though.

Bombings killed at least 29 people and wounded 90 more in Baghdad as preparations for the latest attempt to secure the city were under way. Those preparations are part of the American-led troop buildup that some American and Iraqi officials view as a last-ditch effort to keep violence in the capital from degenerating into an all-out sectarian war between Shiite and Sunni Arabs.

The abduction of the Iranian took place in a largely Shiite section of the city not far from where a truck bomb killed at least 135 people on Saturday and where residents have complained that the slow pace of the increase in American troops has left them open to attacks.

The men captured in the chase by Iraqi forces on Sunday were Iraqis with Defense Ministry identification, Iraqi and American officials said, raising serious questions about whether government forces themselves were involved in the abduction.

A senior Iraqi official said that the credentials initially appeared to be genuine but that investigators later received conflicting information about whether the men had been dismissed from the ministry but somehow kept their identification.

When asked about indications that an Iranian diplomat had been abducted in Baghdad, Mohammad alHosseini, an Iranian Foreign Ministry spokesman in Tehran, said: “We need to investigate, because we have been receiving a lot of news like that these days. I cannot confirm it yet.”

If the kidnappers’ credentials turn out to be genuine, there will be enormous pressure on the Iraqi government to recover the diplomat and capture all of those involved. The Iraqi government has been critical of recent raids by American forces in which Iranians working with diplomatic offices in Iraq have been detained.

The Americans have accused some of those Iranians of supporting illicit armed groups in Iraq, but the raids have been embarrassing to the Iraqi government, which has been encouraging foreign diplomatic missions — in particular Iran’s — to increase their presence here. Iraqi officials have distanced themselves from the American raids, while Iran has simply termed those operations kidnappings.

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In fact, the American position on those raids was weakened after American forces in Baghdad first announced that they would formally present evidence on illicit Iranian activity in Iraq, then pulled back amid indications that officials in Washington were not persuaded that the case was strong enough.

Tensions between the United States and Iran have recently soared over the issues of Iran's nuclear program and statements by its ambassador to Iraq that his country planned to increase its economic and military ties with Iraq substantially.

The Iranian Embassy has not publicly acknowledged the kidnapping. But in an indication of how high tensions between Iran and the United States have risen over the American raids, the embassy privately voiced suspicions that the kidnapping of its diplomat might have been done at the behest of American forces in Baghdad, an Iraqi official said.

American Embassy and military spokesmen did not immediately respond to requests for comment that were made after midnight on Monday in Baghdad.

Beyond the unsubstantiated suspicions about the involvement of the United States in the kidnapping, there were no clear indications of whether the Iranian diplomat might have been taken by insurgents seeking to cast doubt on the stability of Iraq's government, or simply for ransom.

But in videos, Sunni insurgents claimed responsibility for a series of attacks on Arab embassies in Baghdad in 2005, when the top diplomats from Egypt and Algeria were kidnapped and killed.

Also on Monday, the United States military reported that two American soldiers had been killed the day before.

One soldier from Task Force Lightning was shot by insurgents during combat in Diyala Province. Another soldier, assigned to the 13th Sustainment Command (Expeditionary), was killed by a roadside bomb during a patrol north of Baghdad.

A British soldier was killed Monday by a roadside bomb in Basra, the 100th British military combat death in Iraq, according to British news reports.

Another 31 members of the British military have died in Iraq from accidents or other causes.

U.S. May Seek Sanctions Against Iran (AP)

AP, February 6, 2007

The United States will push for more U.N. Security Council sanctions against Iran if Tehran continues to ignore council demands for suspension of the country's uranium enrichment program, the State Department said Monday.

Department spokesman Sean McCormack said Iran appears to be continuing "down the path of isolation" by its recent announcement of stepped up installation of centrifuges that process uranium gas into fuel that can be used for weapons or generating energy.

McCormack said the U.S. would seek "incremental" sanctions at the U.N. should the standoff continue, though he did not specify what they might be or the exact timing of any action.

The U.N. Security Council approved economic sanctions on Iran on Dec. 23 due to its refusal to halt uranium enrichment. If Tehran fails to comply by the end of a 60-day deadline that the U.N. imposed, the Security Council will consider new measures.

Tehran already has cascades of 164 centrifuges installed above ground at Natanz, and has announced plans to operate 3,000 centrifuges below ground there, enabling it to speed up production of nuclear fuel.

Defying U.N., Iran Installs Centrifuges (WP/AP)

The Washington Post, February 6, 2007

VIENNA, Feb. 5 -- Shrugging off the threat of tougher U.N. sanctions, Iran has set up more than 300 centrifuges in two uranium enrichment units at its underground Natanz complex, diplomats and officials said Monday.

The move potentially opens the way for larger-scale enrichment that could be used to build nuclear warheads. Iranian leaders have repeatedly said the Natanz facility would house 3,000 centrifuges at first and, ultimately, 54,000 of the machines.

It also poses a direct challenge to the U.N. Security Council, which late last month imposed limited sanctions targeting programs and individuals linked to Tehran's nuclear and ballistic missile programs.

The uranium enrichment process can be used to fuel nuclear power plants. But at higher levels of enrichment, uranium can be used for the core of nuclear warheads.

Time To Act On Iran Is Now (USAT)

By Dr. Richard Saccone

USA Today, February 6, 2007

An objective look at the ominous threat from Iran provides a clear solution to the policy the United States must pursue. Iran is easily the most significant source of terror worldwide, providing financing, training, advice, support and supplies to its proxy Hezbollah as well as other groups as far away as Asia. That makes it a major opponent in the war on terror.

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In addition, Iran has increased efforts to undermine the U.S. mission in Iraq through operations in the south as well as in Baghdad. It has dared to confront the United States, stirring Shiite sectarian violence and providing Shiite militias with advanced weapons and knowledge of constructing sophisticated explosive devices for use against U.S forces. Iran has consistently followed its goal of becoming a regional power while secretly hoping to gain control of combined oil reserves (in Iran and southern Iraq) that reportedly would stand second only to Saudi Arabia's.

Iranian officials have showed almost no inclination of pausing in their efforts to acquire nuclear weapons, even openly cooperating with the North Koreans to expedite the process. President Mahmoud Ahmadinejad routinely threatens to wipe out our closest ally in the region, Israel, and drive the United States from the Middle East.

And what have our multilateral efforts of diplomacy accomplished so far? Almost nothing. Iran has defied United Nations deadlines, played Europe and China against U.S. interests and deceived U.N. inspection teams with false reports on storage, processing and importing of nuclear materials.

Even more troubling, we are dealing with a president who firmly believes in an apocalyptic vision that the 12th Imam will return to Earth to establish a worldwide Islamic caliphate. Ahmadinejad told a cleric that he felt the "hand of God" mesmerizing world leaders as he spoke at the U.N. General Assembly in September.

The stakes are far too high to allow Iran to buy any more time through feigned receptivity to diplomacy. Iran must be confronted quickly and persistently, and the growing dissent within the country fanned so that it challenges the current regime. The clock is on the side of Ahmadinejad. Dealing resolutely with Iran is the only option that promises to yield tangible results.

Dr. Richard Saccone, a retired Air Force captain who served as a counterintelligence consultant in Iraq, teaches international relations at Saint Vincent College in Pennsylvania.

As U.S. Confronts Iran, Cold War Offers Lessons (USAT)

USA Today, February 6, 2007

With each passing week, tensions between Iran and the United States seem to escalate. Iran announces another step toward going nuclear; the United States presses for sanctions. Iraq helps Shiite militias in Iraq; the Bush administration detains Iranian agents and sends ships into the Persian Gulf. Iraq funds Mideast terror groups; the United States struggles to curb their influence.

All the while, Iran's extremist president, Mahmoud Ahmadinejad, rants in denial of the Holocaust and predicts apocalypse.

By any measure, Iran and the United States are in a long-term contest for power and influence that carries stakes even higher than those in Iraq, and there is little certainty as to how that contest will unfold.

What is certain is that the United States needs a fresh approach. So far, it has inadvertently been the primary enabler of Iran's ambitions to reclaim its historic role as a regional power. America toppled the two players who had kept Iran in check: Saddam Hussein in Iraq and the Taliban in Afghanistan.

How best to keep Iranian ambitions in check without incurring a new conflagration? A historical analogy, inexact but apt, offers important lessons.

In 1947, as Europe lay in ruins from World War II, a similar U.S. struggle for influence was taking shape with the Soviet Union. The novel approach the United States devised, the brainchild of diplomat George Kennan, came to be known as "containment." It sought to isolate and pressure the Soviets militarily and diplomatically, while relying on the power of the U.S. economy and the appeal of U.S. ideas to win allies. It was a high-stakes chess game and, in the long term, it worked.

An emerging U.S. strategy in the Middle East looks a lot like containment. Rather than direct military confrontation or outright appeasement, the administration has been building up points of leverage to isolate and pressure the Iranian regime.

President Bush has been talking tough. Secretary of State Condoleezza Rice has been lining up Sunni allies — Saudi Arabia and other Gulf Arab states, plus Jordan and Egypt — that are concerned about Shiite Iran's rising power. The United States has sent two aircraft carriers to the Persian Gulf as well as missile defense systems. It has disrupted Iranian international financial dealings.

All are reasonable steps. But a vital part is missing: dialogue. Through the Cold War, there was always a dialogue — sometimes just at embassy levels, sometimes at full-scale summits. Talking to Iran (and Syria) was a core recommendation of the bipartisan Iraq Study Group. But the administration insists Iran first suspend uranium enrichment.

Rather than insisting on a precondition, why not try to open regional or bilateral talks focused only on Iraq, where Iran and the United States have more converging interests than is usually recognized? Neither wants war spilling over Iraq's borders. And both want to combat al-Qaeda insurgents.

Perhaps the biggest irony in the current confrontation is that Iran is the Middle East country most ripe for the democracy Bush says he is fighting to bring. The present religious extremism is not the historic norm. Iran has elections. Women vote. Most

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Iranians are under 30 years old and tend to look westward. Even the tame U.N. sanctions on Iran have created a backlash against Ahmadinejad. He and the ayatollahs who hold real power are the problem, not the entire nation.

Iran, like the former Soviet Union, has caused much mischief and needs to be checked. But confrontation alone risks once again uniting nationalistic Iranians behind Ahmadinejad's extremism. It also risks igniting sectarian conflicts between Shiites and Sunnis across the Middle East.

Containment has more chance of forcing the regime to collapse from within. The wisdom of Kennan's approach is as relevant today as it was 60 years ago.

Syria Urges Talks On Iraq (WT/AP)

By Lee Keath

The Washington Times, February 6, 2007

CAIRO -- Syrian President Bashar Assad said cooperation -- and negotiations -- between Syria and the United States could be the "last chance" to avoid full-scale civil war in Iraq.

However, in an interview on ABC's "Good Morning America" aired yesterday, Mr. Assad said he wasn't optimistic that President Bush would seize the opportunity and talk to Damascus.

He said the Bush administration does not have the vision to bring peace in Iraq.

"This administration is not willing to achieve peace; they don't have the will, and they don't have the vision," Mr. Assad said in the interview from Damascus.

In contrast, he praised Mr. Bush's father, who sponsored a 1991 Arab-Israeli peace conference that included Syria. Mr. Assad said the first President Bush had the "will to achieve peace."

The interview was the strongest attempt yet by Mr. Assad to overcome President Bush's rejection of dialogue with Damascus over Iraq. Syria has been trying to break its international isolation and win a resumption of peace talks with Israel, with the ultimate hope of getting back the Golan Heights, seized by Israel in 1967.

Mr. Bush has stepped up criticism of Syria, accusing it of fueling the crises in Iraq and Lebanon. In recent weeks, Iraq's Shi'ite-led government also has increasingly spoken out against Syria, accusing it of harboring fugitives who finance and support the Sunni insurgency.

Mr. Assad said Syria could play an important role in Iraq, contending it has the trust of all sides, including those who "oppose [Iraq's] political process" -- a reference to Sunni insurgents.

"We're not the only player; we're not the single player. But we are the main player in this issue," he said. "Our role is going to be through supporting the dialogue between the different parties inside Iraq with support from the other parties, like the Americans and any other country in the world. So that's how we can stop the violence."

Mr. Assad said the Syrians were not optimistic that the Bush administration would pursue diplomatic contacts despite pressure from Congress to do so.

"After nearly four years of occupation, [the Americans] haven't learned their lesson; they haven't started the dialogue," he said.

"I think it's too late for them to move toward that. It doesn't mean we can't turn the tide. But [it may be] too late because Iraqis are heading toward civil war. So maybe [this is] the last chance that we have now to start."

The bipartisan Iraq Study Group recommended in December that the Bush administration make diplomatic overtures to Syria and Iran to use their influence with Sunni and Shi'ite extremist groups to curb the violence and prevent the conflict from spilling over into the rest of the Middle East.

But the White House rejected the recommendation, instead deciding to send 21,500 more U.S. troops mostly to Baghdad for a major security crackdown.

Mr. Assad criticized Washington for trying to solve the Iraqi crisis with more troops. "They only talk about troops and power, not about the political process," he said.

Iraqi Shiite Calls For U.S.-Iran Talks (NYT)

By Nazila Fathi

The New York Times, February 6, 2007

TEHRAN, Feb. 5 — A senior Iraqi Shiite leader said Monday that his country had urged Iran to hold talks with the United States and that such talks were important for the security of the region.

“Given the special conditions in the region, talks between the United States and Iran are of the utmost importance,” Abdel Aziz al-Hakim, one of Iraq’s most powerful Shiite leaders, said at a news conference in Tehran after meeting with the chief of the Supreme National Security Council, Ali Larijani according to the ISNA news agency.

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"Negotiations between Iran and the United States are useful for the whole region," added Mr. Hakim, who lived in exile in Iran during Saddam Hussein's rule in Iraq and who has close ties with Iranian leaders. But Mr. Hakim said he did not have any specific messages on the subject.

Other Iraqi officials have also urged Iran to hold talks with the United States. Iran has said it is open to the idea. The United States has refused to hold direct talks with Iran over Iraq or over Iran's nuclear program.

Mr. Hakim also held talks on Monday with Iran's supreme religious leader, Ayatollah Ali Khamenei.

The details of the discussion in Tehran were not disclosed. Mr. Larijani said only that the two sides discussed "security, economic and bilateral ties," ISNA reported.

However, analysts speculated that they might have discussed the fate of six Iranians who were arrested by American forces in a raid on an Iranian consulate in Erbil last month. Mr. Hakim said the Iraqi government was continuing its efforts for their release.

Numerous diplomats have traveled to Iran in the past month as tension has grown over its nuclear program and its role in Iraq. The visitors have included the foreign ministers of Qatar and Syria, an envoy from Saudi Arabia and Iraq's security minister, Shirwan al-Waili.

European diplomats said Monday that Iran had set up two cascades of 164 centrifuges each in its underground nuclear plant, laying a basis for full-scale enrichment of uranium and increasing the stakes in its standoff with the West over its plans to enrich uranium, [a news agency] reported.

President Pervez Musharraf of Pakistan visited Iran on Monday, meeting with Ayatollah Khamenei and President Mahmoud Ahmadinejad. ISNA reported that the two sides discussed a natural gas pipeline between Iran and India, which would cross Pakistan. The United States has been critical of the proposal. ISNA said the men also discussed Iraq and the Israeli-Palestinian situation.

India's foreign minister, Pranab Mukherjee, is expected to be in Tehran on Tuesday to discuss the proposed pipeline.

Iraq Allies Dawdle On Aid For Rebuilding (WT)

By Stephen Dinan

The Washington Times, February 6, 2007

Foreign countries are billions of dollars delinquent on their pledges to help Iraq rebuild, and four years after the war began, the international reconstruction effort is still mostly funded by the United States.

Some of the biggest deadbeats are Iraq's oil-rich neighbors, such as Saudi Arabia and Kuwait, which are both about a half-billion dollars in arrears, and the United Arab Emirates, which has failed to make good on one penny of a $215 million promise, according to Iraqi government statistics.

The poor fundraising is another blow to President Bush, who in June assigned a special team to try to get other nations to meet their pledges -- but eight months later has little to show for it. Of $15 billion in initial pledges at the Madrid donors' conference in 2003 and in follow-up conferences, foreign donors have made good on about $4 billion.

Italy, Canada and the United Kingdom are all more than $100 million delinquent, as is Japan, which has finalized only $1.5 billion of its $5 billion pledge. And momentum has waned -- the international donor committee that oversees Iraqi reconstruction funding hasn't met since 2005 -- even as other demands pile up for international aid, such as the nearly $8 billion countries pledged last month to help Lebanon.

The Iraqi statistics also show that the United States is the most delinquent of any nation in nominal terms, with $6.4 billion still outstanding on the U.S. pledge of $18.4 billion, although the $12 billion the United States has sent is far and away the most of any country.

The Defense Department's Special Inspector General for Iraq Reconstruction, Stuart W. Bowen Jr., in a new report last week, said international funding is reaching a turning point where those bilateral foreign donations will become more critical as the existing funds managed by the World Bank and United Nations become exhausted.

"Assistance from other international donors is likely to play an increasing role in financing reconstruction in Iraq," the inspector general said.

Congress is also looking at reconstruction, with House Oversight and Government Reform Committee Chairman Henry A. Waxman, California Democrat, holding hearings today and tomorrow on the U.S. role in the process and the use of private military contractors.

The issue has been an on-again, off-again priority for Mr. Bush. Back in June, as he prepared to meet European leaders before the U.S.-EU summit, the president demanded other nations come through, noting that just $3.5 billion of the $13 billion in non-U.S. pledges had been paid at the time. He named a team of top officials, including Deputy Treasury Secretary Bob Kimmitt and State Department Counselor Phil Zelikow, to travel the world to secure support.

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The White House has been reluctant to name the delinquents, with National Security Adviser Stephen J. Hadley telling reporters in June he didn't want to "get into specific names." But Iraq has now named them, establishing a Web site to track pledges, contributions and projects at www.mop-iraq.org.

Calls to the Iraqi Embassy in Washington went unanswered, as did an e-mail seeking information.

House Foreign Affairs Committee Chairman Tom Lantos said nations in the region, particularly Saudi Arabia, have benefited from oil prices but have not stepped up their commitments to help out neighboring Iraq.

"The countries in the region are not indifferent bystanders to the events in Iraq. They must engage, at a minimum, by sharing the financial burden of this enterprise," said Mr. Lantos, California Democrat, calling on Mr. Bush to lean harder on others. "The administration must do a better job at applying effective diplomacy to engage other partners who have a stake in the outcome in Iraq."

At a hearing last month, Mr. Lantos asked Secretary of State Condoleezza Rice why neighbors such as the Saudis have not come through. Miss Rice said they have had to try to convince the Saudis that a failed Iraq would be a problem for them.

"I think they are getting there," she said of the Saudis' thinking.

Earlier reports by the inspector general also said the dangerous security situation in Iraq was making some nations wary of committing funds.

This week the State Department official told The Washington Times there are several avenues countries are working through, including debt forgiveness. The official also said the United Nations is trying to launch a new International Compact with Iraq (ICI) that would bind Iraq to an economic-restructuring program "in return for increased political and financial support from the international community." The compact has been negotiated but not finalized.

The official said some countries and multilateral organizations have fulfilled their pledges: The European Commission met its initial $235 million pledge and provided an additional $269 million by the end of 2006, with more on the way in 2007.

And the official said that Japan, the second-largest pledged nation, is giving much of its money as soft loans that have long-term durations, which take longer to set up. In December, Japan announced two new loans totaling $738 million.

In addition to international funds, the U.S. inspector general identified $50.45 billion the Iraqi government has had from oil sales, frozen or seized funds and new government spending that has gone to its own reconstruction.

US Sets Up Task Force On Iraqi Refugees (AFP)

AFP, February 6, 2007

The United States set up a task force to tackle the mounting Iraq refugee crisis, after Washington came under criticism for not doing enough to help millions of people displaced by the war it unleashed nearly four years ago.

Secretary of State Condoleezza Rice announced the creation of the task force, to be headed by Undersecretary of State Paula Dobriansky and including the State Department's top Middle East and Iraq officials.

The team will coordinate US assistance for Iraqi refugees and internally displaced persons and "devise strategies for Iraqis at risk because of their work with the US government," Rice spokesman Sean McCormack said.

According to the United Nations, about two million Iraqis, some eight percent of the pre-war population, have fled the country to escape the war and mounting sectarian violence.

Another 1.7 million have been forced to flee their homes to safer areas inside Iraq, and the number of these "internally displaced persons" is growing by 1,000 every day, the International Organization for Migration reported last week.

The United States has come under growing criticism for taking in fewer than 500 Iraqi refugees since leading the 2003 invasion which toppled the government of Saddam Hussein, and for failing to sufficiently fund UN efforts to help the displaced.

State Department spokesman Sean McCormack last week said Washington was prepared to take in "a fairly significant number" of Iraqi refugees, but he declined to provide figures and said the government had to follow UN procedures for determining who is eligible for asylum.

While he said the State Department and military were looking at specific cases of Iraqis who could be in danger for having worked with the United States occupation, McCormack expressed concern that offering asylum could unleash an exodus of trained people needed to help rebuild Iraq.

"Certainly we want to do everything we can to encourage those Iraqis who are going to be critical to help rebuilding their country stay in Iraq and invest in their future," he said.

"At the same time, you also want to honor the service of those individuals who in many cases have risked their lives to help us out."

100th British Soldier Killed In Action In Iraq (AFP)

AFP, February 6, 2007

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A British soldier was killed by a roadside bomb in southern Iraq, the 100th to die in military action in the violence-scarred country, the Ministry of Defence said.

The bomb exploded near the US consulate in the main city of Basra, a spokesman said, adding that the soldier was part of a patrol in Warrior armoured vehicles.

"It is with deep regret that the MOD must confirm that the soldier who was killed by a roadside bomb today was a member of 2nd Battalion The Duke of Lancasters Regiment," said an MoD statement.

"The roadside bomb detonated targeting a ... Warrior patrol manoeuvring on routine duties in the Al Ashshar district of Basra city. A number of civilians were also injured," it added.

His death brings to 131 the number of British soldiers who have died in Iraq since the US-led invasion was launched in March 2003 to topple Saddam Hussein, and the 100th death in action or as a result of injuries sustained in action.

The soldier's next of kin were informed, and requested a period of 24 hours before any further details were released, the ministry added.

Some 7,100 British soldiers are currently deployed in Iraq, mainly in and around Basra, although London says it hopes to withdraw "thousands" by the end of this year.

There has been criticism in the past that British troops deployed in both Iraq and Afghanistan have not been sufficiently protected by their existing armoured vehicles.

Britain was the United States' key ally in the controversial 2003 invasion of Iraq, and its main supporter in the multi-national coalition deployed since in the country.

Trial Starts For Officer Who Refused To Go To Iraq (NYT)

By William Yardley

The New York Times, February 6, 2007

FORT LEWIS, Wash., Feb. 5 — A court-martial started here on Monday against an Army officer who refused to serve in Iraq last summer because, he has said, the war is illegal.

The officer, First Lt. Ehren K. Watada, was charged in July with missing a movement and conduct unbecoming an officer and a gentleman after he refused to join his unit, the Third Brigade, Second Infantry, when it was deployed. Before and after his unit left, Lieutenant Watada gave interviews and made other public comments denouncing the war.

Lieutenant Watada has said the Bush administration has falsely used the 9/11 attacks to justify the war. He has said that the war has been proved unjust because unconventional weapons have not been found in Iraq and that American soldiers have mistreated the Iraqis.

Many enlisted soldiers have faced discipline for refusing to serve in Iraq. Lieutenant Watada is the first officer to refuse to do so publicly. He could face up to four years in prison and be dishonorably discharged if convicted on all counts.

The case has become a rallying point for antiwar groups, and scores of Lieutenant Watada's supporters waved signs on Monday at a highway overpass outside Fort Lewis.

His prospects appear uncertain. The judge, Lt. Col. John Head, reinforced on Monday an earlier ruling that Lieutenant Watada could not base his defense on his contention that the war is illegal.

Lieutenant Watada has pleaded not guilty but he has not disputed that he missed the deployment or that he commented against the war.

"From what I understand, that under military law those in the military are allowed to refuse — in fact, have the right to refuse unlawful orders — a duty to refuse," Lieutenant Watada said last month at a forum featuring war opponents, according to a transcript distributed on Monday by Zoltan Grossman, a professor at Evergreen State College who helped organize the forum.

In the transcript, Lieutenant Watada said being denied the chance to argue the legality of the war in his court-martial was "a violation of our most sacred premises of due process and, indeed, is un-American."

"We will fight it," he said. "I will always flight. We will try to appeal to the highest court."

Lieutenant Watada, of Honolulu, asked to go to Afghanistan instead of Iraq but he was denied. He also tried to resign but was denied. He has been working in an administrative office here. Experts expect the trial to last much of this week.

On Monday, Army prosecutors and a defense lawyer, Eric Seitz, interviewed potential jurors drawn from a pool of officers on this post. Under questioning, several officers said it was "odd" that Lieutenant Watada refused to go because, as one put it, officers "should support our leadership and our tent command."

Opening arguments could begin on Tuesday.

Outside the base, arguments were well under way. A woman held a sign reading "Lying and Bullying = Conduct Unbecoming a President." A man a few feet away held one that said "Jail Weasel Watada."

Specialist Pleads Guilty to AWOL

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FORT BLISS, Tex., Feb. 5 (AP) — A soldier from Minnesota pleaded guilty on Monday to being absent without leave and missing a flight to Kuwait in July.

The soldier, Specialist Melanie McPherson, 28, told a military judge that she had left for Minnesota the day before her Army unit was to leave for Kuwait because she was afraid that she would be sent to Iraq as a truck driver or a military police officer. Specialist McPherson is trained as a photojournalist.

The Taliban In Pakistan (WSJ)

By Said T. Jawad

The Wall Street Journal, February 6, 2007

Pakistan's recent proposal to fence and lay landmines along its 1,500-mile Afghanistan border is impractical, ineffective and irrelevant to the problem of terrorism and the Taliban. Terrorism will be contained only if we end the institutional support for extremism and strengthen traditional leadership in our region.

On Jan. 11, National Intelligence Director John Negroponte testified before the Senate Intelligence Committee. He identified Pakistan as "a major source of Islamic extremism" and said that al Qaeda leaders enjoy a "secure hideout" in Pakistan, while rebuilding their terrorist network and pursuing WMD. These statements reflect a growing consensus among political and military leaders. In his recent trip to the region, Secretary of Defense Robert Gates noted a "significant increase in cross-border attacks." Maj. Gen. Benjamin Freakley has stated that Jalaluddin Haqqani and other Taliban leaders are in Pakistan, and in Congress Rep. Frank Pallone urged President Bush and Condoleezza Rice to "work with President [Pervez] Musharraf to eliminate extremist training camps in western Pakistan." The Taliban are currently training and preparing for a bloody spring operation against Afghan, U.S. and NATO troops. Neither exchanging barbed comments nor concealing and misrepresenting the threat is the solution. Frank discussions and constructive engagements are necessary to contain the impending surge of Taliban violence.

The Afghan government values the high price the people of Pakistan are paying to restrain extremism. We appreciate that President Musharraf, a crucial ally of the U.S. and NATO in the war against terror, has recognized the threat posed by cross-border terrorist excursions into Afghanistan and is intending to do more. However, the border is not where the problem lies. Terrorist sanctuaries in Pakistan are the real threat to regional stability and global security. Such sanctuaries are breeding grounds for extremism and violence.

We share the concern of Canada, European countries, the U.N. and human-rights organizations such as Pakistan's Human Rights Commission that new mines will take the lives of many more innocent civilians in one of the most heavily mined regions in the world. In 2005, 825 new landmine casualties were recorded in Afghanistan. The tribes along the border demand and deserve peace, prosperity and human security. Expanding the benefits of development and trade and providing economic aid for the Federally Administered Tribal Areas and the North-West Frontier Province will be the best means of achieving these goals. Mining the border will neither stop trained terrorists nor deter suicide bombers. Rather, these measures will divide nations, tribes and communities with a shared culture and common heritage.

In the past, Pakistan has rightfully objected to the fencing of the Kashmir border as ineffective. The most secure fence becomes useless if the border guards at the crossing points are corrupt or accomplices to the extremists. Laying mines along some of the most mountainous terrain in the world is not only impractical but also irrelevant. If the sources of terror remain untouched we will continue to face this threat, even if the border were to become impenetrable.

Afghanistan remains the original front of the war on terror and the chief victim of the Taliban's safe havens in Pakistan. The international community must help Pakistan take additional steps to ensure that the terrorist threat posed by these havens is contained or eliminated. A concerted plan to close down sanctuaries for training, command, control, regrouping and supply will eliminate cross-border incursions. Such a plan should be accompanied by a dismantling of the Taliban's organizational structure in Quetta, Balochistan and Miranshah, North Waziristan. Our allies in the war against terror should work with Pakistan to shut down those madrassas that have become factories of hatred, as well as sources of recruitment and financial and logistical support.

Strengthening the traditional leadership in the tribal areas will yield valuable dividends. The majority of Pashtuns in our region are victims of extremism. Talibanization is a threat to their identity and culture; extremist groups must not be allowed to suppress nationalist leaders who seek "enlightened moderation," traditional values and secular rule. Tribal elders and civic institutions should be provided effective resources to strengthen civil society and empower moderate political parties. Lifting the ban on political parties in the tribal areas will help fend off extremism. The proposed Joint Peace Jirgas in Afghanistan and Pakistan by President Hamid Karzai are intended to empower the border region's traditional leadership through an honorable and time-tested mechanism of conflict resolution.

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Afghanistan is in favor of friendship with all its neighbors, through trade and commerce and people-to-people contacts. The people of Afghanistan and Pakistan demand constructive engagement, and the sincere cooperation of our governments. Since reconstruction began five years ago, Afghanistan has followed global trends to open borders and break down the boundaries, physical or otherwise, between peoples. If we must lay land mines and build fences to prevent attacks against Afghan and Coalition forces, it should be around the terrorist sanctuaries and training grounds, not along the border. We must isolate terrorists, not divide tribes and communities.

Mr. Jawad is the ambassador of Afghanistan to the United States.

DOJ:

Turnover In US Attorneys 'Disruptive' (FT)

By Brooke Masters

Financial Times, February 6, 2007

The current mid-term turn-over in US attorneys is unprecedented and could seriously disrupt pending investigations, witnesses plan to testify at today's Senate judiciary committee hearing on whether the Bush administration is politicising the appointment process for top prosecutors.

Traditionally, US attorneys are named by the president and confirmed by the Senate, although "interim" appointees could serve for 120 days without confirmation.

Last year a little noticed amendment to the Patriot Act reauthorisation allowed the president to make "interim" appointments that lasted indefinitely.

Since then, 13 of the 93 US attorneys have left and at least seven of them were asked to leave by officials in Washington. The departures include the top lawyers in New Mexico, San Diego, Arkansas, Nevada, Washington state and Arizona, according to senators and Justice Department sources.

Democrats have described most of them as respected prosecutors who enjoyed the esteem of their subordinates and were reportedly asked to leave to make room for politically connected insiders.

Senator Chuck Schumer, the New York Democrat, will chair a hearing this morning on the issue. He said: "The highly unusual recent flurry of firings of many well-respected US attorneys not only raises some flags, but also requires some explanations."

Mark Pryor, Democratic senator from Arkansas, planned to testify about the recent appointment of a protege of Karl Rove as interim US attorney in his state. Several other witnesses gave advance copies of their written testimony to the Financial Times.

"We have never seen the type of turnover now in progress, where the attorney-general, not the president, is asking mid-term that demonstrably capable US attorneys submit their resignations so that Washington insiders may be appointed in their place," Laurie Levenson, a Loyola law professor, planned to say.

Mary Jo White, a former US attorney from New York, wrote that turnover has a price. "Changing a United States attorney invariably causes disruption and loss of traction in cases and investigations," she planned to testify.

Justice Department officials declined to make deputy attorney-general Paul McNulty's testimony available. But they have said the Bush administration is not trying to circumvent the traditional appointment process and will seek Senate confirmation for all replacement US attorneys.

The Bush administration has nominated five permanent replacements for the 13 departed US attorneys and three have been confirmed by the Senate. Nine of the last 11 interim appointees are career prosecutors, the Justice Department said.

Justice IT Funding Appears Flat (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, February 6, 2007

But State's IT spending could rise amid centralization

Domestic agencies generally fared poorly in the 2008 budget proposal, and law enforcement technology spending appeared to reflect that reality.

But the State Department's technology arm appears to have both gained control over IT money formerly managed by other agency organizations and bumped up some of its systems spending.

DOJ_NMG_0128418

The draft Justice Department IT spending plan calls for increases in various FBI and department technology projects seeded throughout the department's overall discretionary funding request of $21.8 billion, according to the department's press release.

Detailed funding proposals point to flat or declining funding levels for several flagship programs, such as the Justice Information Sharing Technology program. That project, which covers IT investments across the department, is set to see its total new budget authority dwindle from $103 million in fiscal 2007 to $101 million next year.

The JIST account covers signature programs like the Joint Automated Booking System, the Justice Consolidated Office Network, the Litigation Case Management System, the Law Enforcement Information Sharing Program and the Unified Financial Management System that help hold the department's largely independent bureaus together.

Justice's CIO, Vance Hitch, controls the JIST account and is in position to use it to harmonize the various bureaus' operations.

But Justice's press release touted a $514 million boost to Interpol's links with state and local agencies. Using different yardsticks for the department's IT spending, Justice claimed that the draft budget, when taken as a whole, included $74.5 million in funds for new IT projects.

Justice claims a total IT program increase figure of $133.2 million for new IT projects including projects affecting several department components. That statement in the department's press materials was not reflected in detailed budget documents.

Federal accounting methods, which include various types of transfers between programs and often redirection of funds among renamed projects, can render the analysis of such claims a matter of debate.

The FBI is slated to receive $7.1 billion in newly obligated funds in fiscal 2008, in contrast to a 2007 figure of $6.4 billion.

The bureau's 2008 IT work will partly fall under a $315 million proposed increase in projects to boost information sharing and communications as well as related systems work, according to budget documents.

One section of Justice's budget publicity materials referred to 2008 funding of "$47.5 million to advance the FBI's data intake, information sharing, and IT project management mechanisms, as well as $11.5 million to improve the organization's data storage and work facilities." That statement could not be immediately correlated with detailed budget accounts.

The State Department is slated to receive $10 billion overall in 2008, according to budget documents. Technology spending will account for about $905 million of that figure, State said.

Budget tables indicate that State's Information Resources Management arm is set to control about $848.2 million of that figure. The IRM organization appears set to gain control over significant IT operations of other parts of the department, officials said.

For example, $509.3 million of IRM's budget kitty will flow from diplomatic and consular program accounts, $70.7 million from the department's Capital Investment Fund and about $270 million from various passport and visa fees.

State's IT Central Fund, another method of slicing the diplomatic technology apple, reflects a planned increase to $313 million in technology spending for more than a dozen projects, up from a comparable 2007 figure of $289 million.

Budget Proposal Includes 2.6 Percent Increase For IT (GOVEXEC)

By Daniel Pulliam

Government Executive, February 6, 2007

The Bush administration's fiscal 2008 budget proposal contains a 2.6 percent increase for information technology, but offers few new governmentwide technology projects.

The budget includes about $65.5 billion for IT, up from the $63.8 billion requested for fiscal 2007. Because Congress has failed to finish up the fiscal 2007 spending bills, a detailed breakdown of the request traditionally available upon the budget's release will wait until the spring. In fiscal 2006, the administration sought $65.2 billion for IT.

Jonathan Breul, a senior fellow at the IBM Center for the Business of Government, said the increase in IT spending is not unexpected, "but there was reason to worry that [IT spending] was not going to increase as much."

"My bet is that a good deal of all that is money that's going to national security and homeland security," Breul said. "In many cases, you can count your program several ways. Budget guidance as I understand it was that the war, defense and homeland were going to get 'all that was needed.' So anyone was going to try to frame their activities that way."

The 2008 budget proposal stated that the percent of "well planned and managed" major IT investments went down 17 percent from fiscal 2007 to fiscal 2008, from 594 to 494. Meanwhile, the number of "not well planned and managed" major IT investments rose 32 percent, from 263 to 346. The overall number of major IT investments declined from 857 to 840.

As previously reported, the budget identified agencies that will provide information security services to others as part of the Office of Management and Budget's "lines of business" effort to consolidate back-end IT systems across government. The Office of Personnel Management, U.S. Agency for International Development and the Defense Department will provide shared service

centers for security awareness training, and the Environmental Protection Agency and the Justice Department will offer centers for meeting the reporting requirements in a federal law -- the Federal Information Security Management Act.

OMB did not announce new lines of business consolidation projects, as it has in previous budget proposals.

Ray Bjorklund, senior vice president of McLean, Va., Federal Sources Inc., said the lack of initiatives is likely because OMB is still trying to achieve stability for the existing ones.

The budget proposal's update to the lines of business consolidation initiative lists the adoption of uniform governmentwide best practices under its accomplishments. A section on next steps does not include the creation of more shared service centers.

The budget proposal has a heavy emphasis on information security. The proposal stated that the percentage of certified and accredited IT systems rose from 85 percent in fiscal 2005 to 88 percent in fiscal 2006. But certification and accreditation processes deemed "satisfactory" as determined by agency inspector general offices decreased from 68 percent in fiscal 2005 to 60 percent in fiscal 2006 and the number of agencies that can demonstrate an effective process for correcting security weaknesses fell from 19 to 18.

In addition, the budget release included a document evaluating the effectiveness of agencies' IT management and e-government processes, a list of the number of agency IT investments on OMB's management watch list and updates on the e-government initiatives.

Jenny Mandel contributed to this report.

Analysis: Bush's Federal Budget Proposal (FRESBEE)

By Michael Doyle, Bee Washington Bureau

Fresno Bee, February 6, 2007

President Bush on Monday proposed a $2.9 trillion federal budget for Fiscal 2008. The new budget year starts Oct. 1, giving Congress the next eight months to work out the details.

WINNERS:

Yosemite National Park would receive an additional $3,259,000 for operational costs, a 14 percent increase. The money would pay for an additional 28 seasonal rangers to combat marijuana growing.

Sequoia and Kings Canyon national parks would gain an additional $1,410,000 for operations, a 10 percent increase. The money would pay for an additional 13 seasonal rangers.

The administration adds $1 billion to construct fences and other protective measures along the U.S.-Mexico border, and provides more money to hire an additional 3,000 Border Patrol agents.

Some of the roughly 2 million Californians now receiving Food Stamps could benefit, under an administration proposal to exclude retirement savings when calculating eligibility.

The Army Corps of Engineers would spend an additional $42 million on Oakland Harbor to improve commercial navigation.

The Corps of Engineers would spend an additional $18 million on safety improvements for the Success Dam on the Tule River.

The Agriculture Department would spend $200 million on the Market Access Program, the maximum allowed for the grant program that California farm groups use to assist with overseas ads and promotions.

LOSERS:

Cal-Fed, the joint state and federal plan to restore and protect the Sacramento-San Joaquin Delta and other state waterways, would receive a total of $155.6 million. This represents a 44 percent decrease from the Fiscal 2007 total of $199 million.

The State Criminal Alien Assistance Program would be eliminated. Currently, the program receives about $660 million, with the funds provided to states like California that incarcerate large numbers of illegal immigrants.

The Community Oriented Policing Services grant program would be slashed to $32 million, down from the current level of $500 million.

The Justice Department would eliminate a number of other programs, including ones to assist Southwest border prosecutors, stop prison rape and protect Alzheimer's patients.

A Migrant and Seasonal Farm worker training program would be eliminated. This year, the Labor Department is spending $80 million on the program.

Head Start, which serves about 106,000 California children, would bet cut to $6.79 billion, down from $6.89 billion this year.

Sources: White House Office of Management and Budget; National Parks and Conservation Association.

Attorney General Speaks To Law Students (SMUDC)

By Kelsey Jukam, News Editor

DOJ_NMG_0128420

SMU Daily Campus, February 6, 2007

Law students flocked to the Underwood Law Library Friday at noon, and not just for the free lunch. U.S. Attorney General Alberto Gonzales, who was in town this weekend to receive a distinguished alumni award, spoke to a lecture hall filled with students to discuss the responsibilities of the judicial branch and other topics related to law.

Although Gonzales initially emphasized that each of the three branches of government would affect law students' lives, his speech focused primarily on the role of the judicial branch and the characteristics of good judges. According to Gonzales, judges need to understand their role in the government.

"I am concerned that some judges have lost sight of the goal of the judicial branch," Gonzales said. "It is not the role of judicial branch to make policy."

Gonzales said that judges could maintain the judiciary's independence by making decisions based on neutral policies and respecting precedent. He also believes that the Constitution wasn't intended to address every legal and policy issue, and that by making certain issues constitutional, decisions are then taken out of the hands of the people.

"I'm concerned about judges who think they see a constitutional solution to every societal ill," Gonzales said.

During a question-and-answer session, Gonzales spoke extensively about the USA Patriot Act. The Patriot Act, passed after the attacks of Sept. 11, gave law enforcement more authority to fight terrorism.

"Shortly after the attacks of 9/11, we were looking for additional tools to protect the country," Gonzales said. "The Patriot Act has been extremely helpful in allowing the U.S. government [to] collect information about threats to the government."

Although the Foreign Intelligence Surveillance Act of 1978 (FISA) prescribes the procedures for requesting judicial authorization for electronic surveillance and physical searches of those who are engaged in espionage, the Bush administration decided that FISA wasn't enough.

"I will say that we really believe FISA was not sufficient to get what we needed," Gonzales said. "So we said let's be creative, let's make this happen."

Gonzales also discussed how the Bush administration selects judges.

"The President and I think it's so important to select judges based on their philosophy of the judiciary's role," Gonzales said. "We do not ask about political views, as they're irrelevant."

Gonzales said that he looks for judges with a general philosophy of restraint, "judges who respect the rule of law, respect the right of the legislature to frame the law," he said.

According to Gonzales, the decision to put certain judges on the bench is the most important of the administration's decisions.

"It's the president's most lasting legacy," Gonzales said.

"The decisions the president makes today impact people around the country for years to come," he added.

CORPORATE SCANDALS:

Proposed SEC Budget Edges Up (AP)

AP, February 6, 2007

SEC Budget Would Rise 3.2 Percent Under Bush Proposal

--The SEC's budget, after nearly doubling in 2003 under anti-fraud legislation enacted amid the wave of corporate scandals early in the decade, is roughly flat for the third straight year under President Bush's 2007 proposal.

In fact, the administration asked for nearly the same amount last year, $904.8 million. But the agency has been operating at an estimated level of $877.1 million for the budget year ending Oct. 1 because, as is the case for most federal agencies, Congress hasn't yet approved 2007 spending levels.

The budget proposal doesn't call for any new programs at the market watchdog agency. But it is "sufficient for the (SEC) to do its job and do it well," agency Executive Director Diego Ruiz told reporters in a conference call Monday.

It is the second budget under Chairman Christopher Cox, who became head of the agency in August 2005 after 16 years in the House as a Republican from California. Reflecting Cox's interest in technology, the spending plan provides $130 million for information technology, up from $118 million, including improvements in the SEC's online corporate disclosure system.

"American taxpayers can be confident that they will receive an excellent return this year on their investment in the agency as we pursue vast improvements to corporate disclosure and vigorous enforcement of our securities laws," Cox said in a statement.

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--The budget also includes $321.2 million for investigations and enforcement actions, higher than estimated 2007 spending of $310.1 million but slightly below last year's original request of $328.1 million. The SEC plans to open 925 new investigations, compared with 960 the previous year.

The SEC and the Justice Department are investigating suspicious timing of stock options grants at more than 100 public companies -- with backdating of options awarded to executives having become corporate America's biggest scandal last year. SEC officials say the agency is focusing on cases of serious fraud -- with elements such as deliberately lying, forging documents or deceiving directors or investors.

In backdating, stock options are issued retroactively to coincide with low points in a company's share price, fattening profits for options recipients when they sell their shares at higher market prices. Backdating options can be legal as long as the practice is disclosed properly to investors and approved by the company's board. In some cases, however, the practice can violate federal accounting and tax laws.

The SEC also plans to continue enforcement efforts against serious accounting fraud, investment scams preying on seniors, market manipulation and insider trading.

--Also included is $45.1 million for mutual fund and hedge fund oversight, up from $43.6 million in estimated spending for 2007 but below last year's original request of $53.5 million. A program to make mutual funds' disclosures more useful to investors is among the priorities.

--The SEC is funded from fees it charges companies to register and issue securities and for stock trading, though its budget still is subject to congressional approval.

In line with a 2002 federal law, the fees are being reduced by $1 billion starting in the 2007 fiscal year that began last Oct. 1. The reductions will not affect the amount of money available to fund the agency, the government says.

Securities and Exchange Commission: http://www.sec.gov

Banks Appeal Ruling Allowing Enron Investors To Sue As Class (NYT)

By Bloomberg News

The New York Times, February 6, 2007

NEW ORLEANS, Feb. 5 (Bloomberg News) — Two investment banks, Merrill Lynch and Credit Suisse, asked a federal appeals court yesterday to end a class-action lawsuit by Enron investors seeking $40 billion that they lost when the energy trader collapsed in 2001.

The banks argued that a Houston judge was wrong to allow Enron investors to sue as a group and contended that they could not be sued because they did not participate directly in the accounting fraud that led to Enron's bankruptcy.

The investors argued the court could address only whether the plaintiffs could sue as a group. Trial is set for April in Houston.

"This class certification is putting enormous coercive impact on my client, facing a possible $40 billion exposure," a lawyer for Merrill, Stuart Baskin, argued yesterday before the United States Court of Appeals for the Fifth Circuit, in New Orleans.

A ruling that invalidates class status may reduce any liability the banks might face for Enron losses. In June, Judge Melinda Harmon of Federal District in Houston said investors who bought Enron securities could combine their claims. The decision gave investors, who would otherwise be forced to sue individually, the possibility of a much higher recovery and more leverage in negotiating any settlement.

Other former Enron lenders, like Citigroup, JPMorgan Chase and Canadian Imperial Bank of Commerce, have settled with investors for more than $7 billion.

Merrill and Credit Suisse argued that Judge Harmon's ruling was based on the mistaken theory that the banks were individually responsible for investor losses because they took part in a scheme run by Enron.

That theory, the banks argued, unfairly allows shareholders to hold individual banks liable for the entire fraud, regardless of whether they knew or participated in the entire scheme.

Enron investors said the appeals court was limited to determining whether Judge Harmon properly combined their claims, not whether the claims had merit. They argued that Merrill and Credit Suisse could be sued under federal securities laws because they both knowingly engaged in the scheme.

"The conduct was directed at the Enron shareholders," Patrick Coughlin, a lawyer for the investors, argued. "That's when I say you've stepped over the line. That goes beyond aiding and abetting."

S.E.C. Is Looking At Stock Trading (NYT)

By Jenny Anderson

The New York Times, February 6, 2007

DOJ_NMG_0128422

The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said.

The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move.

Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction.

But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect.

The commission sent out letters in mid-January to the major Wall Street banks, including Merrill Lynch, Morgan Stanley, UBS and Deutsche Bank. The commission, according to one Wall Street employee, is requesting a wide swath of information: all stock and option trading data, for themselves and their customers, for the last two weeks of September. Those weeks are the close of the third quarter and investigators may be looking to see any pickup in trading activity as money mangers sought to dress up their returns.

Representatives for the Wall Street banks declined to comment on the investigation.

"Mutual fund traders have long complained that their big trades may be being front-run by market participants with inside information about their trades, and they believe the price on those trades suffers as a result," said Lori Richards, the director of the Office of Compliance Inspections and Examinations at the S.E.C. "We are looking into these allegations in a systemic way. It is fact-finding and too early for any conclusions."

The S.E.C. confirmed the existence of the investigation but declined to comment further.

Concerns about insider trading have escalated as mergers and buyouts have boomed and the use of complex derivatives has soared. Studies of various markets — including those for stocks and credit default swaps — have pointed to an unusual amount of trading ahead of announcements for deals.

The growing power of hedge funds — and their opaqueness and the wide range of trading strategies they employ — is feeding those concerns. Hedge funds control an estimated 30 percent to 50 percent of trading on most major markets. They are also Wall Street's best customers. Hedge funds trade, borrow and finance more, on average, than other clients And as more hedge funds enter a crowded field, the premium on information has never been higher.

With data on millions of trades from most major Wall Street banks, the S.E.C. will try to examine whether outside traders like hedge funds or internal traders like those inside the firm who are trading with the bank's money may be getting tips from the bank handling the mutual fund's trade and using the information to place a trade elsewhere.

"If an investment bank is tipping a hedge fund on a trade we are doing on Dell, those people all need to go to jail," said Andrew M. Brooks, vice president and head of equity trading at T. Rowe Price, the mutual fund company. "We are absolutely concerned and worried and paranoid about information leakage, information that would allow someone to know about our trades and run ahead."

If the commission finds any evidence of possible insider trading, it would then commence a formal investigation. The S.E.C. could ultimately bring civil charges against individuals or firms.

Regulators and law enforcement officials have pursued other cases related to the sharing of information about trades. In what became known as the squawk box case, brokers from institutions, including Merrill Lynch, Citigroup and Lehman Brothers, were accused of allowing traders to listen in on the public outcry system — the squawk box on the trading floors — to glean tips about customer orders coming in.

The S.E.C. sued the A. B. Watley Group and 16 people in the case. Next month, the United States attorney's office in Brooklyn will bring to trial a case against seven people. Two have pleaded guilty to insider trading. While the accusations in the squawk box case involve an obvious dissemination of insider information, detecting whether traders were illegally tipped in huge, fast-moving markets is much harder.

When Linda Chatman Thomsen, head of enforcement at the S.E.C., testified before Congress in September about insider trading, she outlined some of the problems inherent in such cases.

"Piecing together an insider trading case can be a complex and painstaking process," she said. "It is rare to find a 'smoking gun'; virtually all insider trading cases hinge on circumstantial evidence. It is quite common for insider traders to come up with alternative rationales for their trading — rationales that the staff must refute with inferences drawn from the timing of the trades, the movement of the funds and other facts and circumstances."

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There are many gray areas. If Mr. Brooks of T. Rowe Price wants to sell stock in the XYZ Company and he hires a bank to do that, the bank has to call clients to gauge interest in the stock. That is not tipping, but legitimate work for the bank to do.

And detecting any trades will be difficult. If a trader received a tip about a stock whose price was set to rise, that trader could enter into trades that are harder for regulators to detect — like derivatives transactions that are not traded on any exchange and whose value may be linked to a change in a stock price rather than the stock itself or an option on the stock.

Here's how a questionable trade might take place: If Fidelity asked brokerage firm X to sell a large part of its stake in I.B.M., and traders at that brokerage firm told its favorite clients to expect a drop in I.B.M.'s price as a result, that favorite client could go to another brokerage firm — or group of banks or trading venues — and sell I.B.M. shares short, betting on a decline and making money when Fidelity's order went through. The trader could pay back the source of the tip by directing more business to his bank.

"The information is going to the bank as an agent, and the bank is only supposed to use the information for the mutual fund's benefit," said Larry E. Ribstein, a professor of law at the University of Illinois. "If it uses it for someone else's benefit, you might have a concern."

The hedge fund business has long argued that it is unfairly tarnished with suggestions of insider trading. Amid increased scrutiny by regulators into hedge funds' use of information in the loan market, the Managed Funds Association said in a statement last year, "We reaffirm our collective commitment to promote fair and competitive markets in which inappropriate use of material nonpublic information is not tolerated."

Some money managers disagree.

"Hedge funds pay a lot in commissions," said Mr. Brooks of T. Rowe Price. "They are smart and work hard, but they can't be that smart and work that hard to get some of the advantages they have gotten."

"There are too many conflicts of interest between those who serve hedge funds and hedge funds themselves."

Hyundai Motor Chief Gets Three Year Jail Term (FT)

By Song Jung-a In Seoul

Financial Times, February 6, 2007

Hyundai Motor was thrown into disarray on Monday when Chung Mong-koo, its chairman, was sentenced to three years in prison for embezzlement and breach of trust, raising the possibility of a management vacuum at South Korea's largest carmaker.

The punishment was harsher than expected and compounded the woes at Hyundai, which was already grappling with the strong local currency, flagging profits and a disruptive labour union.

But the sentence was welcomed by corporate governance campaigners, who said it showed Korea would no longer tolerate chaebol owners using their companies to pursue their personal interest.

The court found Mr Chung guilty of embezzling about $100m of company funds and inflicting about $224m of damage on group affiliates during rights issues.

He was also convicted of using deals to boost his financial gains and those of his son, Eui-sun, who runs affiliate Kia Motors.

"The defendant's act of secretively setting up massive slush funds and using them wilfully, using his status as the Hyundai Motor group's chairman, undermines the soundness and the autonomy of corporate management," said Kim Dong-oh, the Seoul central district court judge.

"The court decided a strict execution of law was necessary to eradicate illegal and anti-market practices in the past and help South Korea build a more advanced economy," he said.

The 68-year-old hairman was freed on bail to "guarantee his defending rights and to minimise its impact on the economy" while he appeals the conviction, the court said.

Hyundai and Kia together make up more than 70 per cent of South Korea's auto exports – and about 7 per cent of the country's total exports – but has been buffeted by the strong Korean won and a series of strikes. It reported a 34 per cent slump in last year's profit.

The court also handed a two-and-half-year jail term to Kim Dong-jin, Hyundai's vice-chairman. Two other Hyundai executives were also given jail terms. The sentences were suspended.

Hyundai Motor shares fell more than 3 per cent after the verdict but ended the day flat at Won69,800.

The company said it was "greatly disappointed" by the ruling but added it would not affect the group's operations.

"Chairman Chung retains full operational control and decision-making authority for long-term strategic issues affecting Hyundai Motor and its affiliates," Hyundai said, adding that Hyundai and Kia operations would continue to function as normal.

But the ruling cast a cloud over the company, analysts said, although they said it was unlikely Mr Chung would spend any time in a prison cell. The appellate court was likely to suspend his sentence, they added. The appeal could take up to a year.

DOJ_NMG_0128424

Fannie Mae's Former Chief Wants Earlier Hearing Date (WP)

By David S. Hilzenrath, Washington Post Staff Writer

The Washington Post, February 6, 2007

Former Fannie Mae chairman and chief executive Franklin D. Raines, accused of manipulating the housing finance company's earnings, is challenging regulators to make their case against him beginning Feb. 16 instead of waiting until the end of the year.

Attorneys for Raines have argued that the Office of Federal Housing Enterprise Oversight, which issued administrative charges in December, is required by law to begin a hearing on the evidence within 60 days of that event.

The agency, however, has proposed a schedule that would have the two sides file pretrial statements in December. The agency's proposal did not say when the hearing should begin.

"It's a fundamental issue of fairness," said Mark Fabiani, a spokesman for Raines. "Frank Raines is ready to disprove OFHEO's allegations starting this month, and OFHEO is seeking to delay the proceedings until 2008."

A spokeswoman for OFHEO declined to explain the agency's reasons.

"We will respond in an appropriate filing as part of our routine communications in the administrative proceeding," spokeswoman Corinne Russell said.

The agency previously expressed concern about being overwhelmed by litigation related to Raines and the accounting scandal. In a lawsuit shareholders brought over Fannie Mae's accounting, the agency stated that complying with Raines's document requests could pose such a burden that it could divert regulators from their mission.

Raines's trial before an administrative law judge would be the culmination of a process regulators set in motion more than two years ago. In fall 2004, after an extended probe, OFHEO issued a report alleging that Fannie Mae used improper accounting. The Securities and Exchange Commission later agreed.

The ensuing storm drove Raines, a former federal budget director, into premature retirement.

District-based Fannie Mae, chartered by the federal government to promote affordable housing, ultimately determined that it overstated past profits by $6.3 billion.

In December, OFHEO issued administrative charges against Raines and two other former executives seeking to recoup more than $115 million of compensation they allegedly received while the earnings were misstated. The agency also is seeking penalties that could exceed $100 million.

All three former executives have denied the charges. The other executives, former chief financial officer J. Timothy Howard and former controller Leanne G. Spencer, back Raines's effort to force an administrative trial this month, their lawyers said.

At the trial's conclusion, an administrative law judge is to make a recommendation to the OFHEO director.

The three former executives say that the OFHEO director has prejudged the matter. An attorney for Raines has argued that the director, James B. Lockhart III, is using Raines as a prop in a campaign to persuade Congress to expand the powers of Fannie Mae's regulators.

As Raines seeks to begin the administrative trial sooner rather than later, he and the other former executives are seeking to move the case to federal court.

Probe Amplifies Conflict-of-Interest Questions For Chamber Of Commerce Chief (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 6, 2007

As president of the U.S. Chamber of Commerce, Thomas J. Donohue has long been obliged to talk tough against federal regulation, especially by the Securities and Exchange Commission. But now, it's personal.

For 12 years, Donohue has been a board member (including serving on the audit committee) of Sunrise Senior Living, a publicly traded company being probed by the SEC.

Sunrise co-founder Paul Klaassen started as Donohue's driver while still in college and later was a Chamber speechwriter. Donohue, 68, believed in Klaassen so strongly that he allowed Klaassen and his wife to live in his house while they started Sunrise more than two decades ago. He then helped finance the firm's prototype facility by taking out a second mortgage and becoming one of the company's first big investors.

Recently, the SEC opened an inquiry into allegations that the Klaassens and other insiders, including Donohue, may have improperly cashed $32 million in stock options before Sunrise in May announced an accounting problem that caused its stock to drop. Donohue calls the allegations meritless and says they were drummed up by labor unions that want to organize the company. He said that he has not been contacted by the SEC and that its inquiry will amount to nothing.

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Nonetheless, the controversy adds fuel to complaints that investor activists have leveled at Donohue ever since he took over and revived the Chamber, the nation's largest business lobby, in 1997.

They have questioned how Donohue could serve on boards at all. After all, they point out, an independent director is supposed to represent stockholders, not management, which is Donohue's constituency. They have also worried that Donohue might tilt the Chamber's potent lobbying to favor the companies he serves. Donohue is a director of Union Pacific, the country's biggest railroad, and XM Satellite Radio as well as Sunrise.

And now that Sunrise is being scrutinized by the SEC, critics are adding a new complaint. They say Donohue has diminished the value of his own arguments against certain regulations because he has a personal stake in curtailing them.

"It undercuts his credibility as a critic of SEC enforcement and regulation," said Barbara Roper, director of investor protection for the Consumer Federation of America. "He undermines any claim he might have to objectivity."

Donohue disagrees. He said the Chamber's board encourages him to serve as a director because it allows him to see firsthand the harm that overregulation causes.

"That I serve on corporate boards gives me a better understanding of what goes on in a boardroom," he said. "The better you understand something, the better you can figure out how to deal with it."The Chamber Fights Back

The Chamber faces a far more hostile Congress with Democrats in charge. But it is not retreating.

"We refuse to wring our hands and say, 'Oh, we have new chairmen, we have a president who's not as strong as we'd like. Oh, woe is me, what are we going to do?' " Donohue said. "We're going to saddle up the horse and get going."

The Chamber will soon launch its third anti-trial-lawyer newspaper. It already owns two legal periodicals, the Madison County Record in Illinois and the West Virginia Record in Charleston, which publish stories that highlight what it considers trial lawyers' abuse of lawsuits against businesses. It will shortly open a yet-unnamed newspaper in southeastern Texas, which it calls a hotbed of anti-business legal actions.

In addition, the Chamber plans a huge new effort to "manage" government's reaction to global warming. The tentatively named Institute for Energy Security, Competitiveness and American Jobs will raise about $20 million from oil companies, electric utilities and automakers to try to temper Washington's regulation of greenhouse gas emissions.Donohue vs. Airlines

A travel industry coalition called the Discover America Partnership unveiled a proposal last week to ease the entry of foreign visitors into this country and to promote tourism in the United States abroad. To pay the plan's $300 million tab, the group suggested that a modest fee could be imposed on airplane travelers leaving this country -- an option that the Air Transport Association opposed.

Donohue ridiculed the airlines' position. Nobody cares "about a $2 fee on the ticket or something, they just don't want to get in another line to pay it," he said. "Would your El Salvadoran maid, legitimately in the United States, who is going home to see her family, care about a $2 fee? If she does, she shouldn't go."

People will be miffed at that statement, he added, "but I don't care."Winners and Losers

Low-income people and small-business owners were the big winners in legislation the Senate passed last week that would boost the minimum wage and expand tax breaks for small businesses that would be hurt most by the change.

Yet buried in the bill were write-offs not just for small firms but also for restaurants and retailers of any size. Score victories for the National Restaurant Association and the National Retail Federation, which lobbied hard for the measure.

The legislation's losers include the Chamber and the National Association of Manufacturers, which tried and failed to block the bill's elimination of tax-free deferred compensation for highly paid executives.

A major thumbs down also goes to the AFL-CIO, which called the Senate's action "disgraceful" because of the business benefits, even though it has fought for a minimum-wage increase for years.Hires of the Week

African Americans are vastly underrepresented among lobbyists. The Washington Government Relations Group, a trade association of black lobbyists, has about 100 members and a database of black federal lobbyists that tops 200 names. That compares with 31,000 registered lobbyists overall.

But the Democratic takeover on Capitol Hill has thickened the ranks of black lobbyists quickly, thanks in part to the new prominence of the Congressional Black Caucus. African American staffers who have recently joined the lobbying ranks include: Paul Brathwaite, former executive director of the caucus, now with Podesta Group; Joyce Brayboy, former chief of staff to Rep. Melvin Watt (D-N.C.), now with Glover Park Group; Richard R. Boykin, former chief of staff to Rep. Danny K. Davis (D-Ill.), now with Barnes & Thornburg; Jennifer Fisher, ex-aide to Rep. Artur Davis (D-Ala.), now at the American Dental Association; and ex-caucus aide Myra Dandridge, now at the National Association of Broadcasters.

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CRIMINAL LAW:

FBI Acknowledges Gaps In Notes On Libby (USAT)

By Richard Willing

USA Today, February 6, 2007

WASHINGTON — An FBI agent acknowledged today that investigators' notes from an October 2003 interview with Lewis "Scooter" Libby differed from the agent's testimony last week.

FBI agent Deborah Bond testified on Friday that Libby "adamantly denied" that he discussed the identity of a covert CIA officer with other administration officials before July 10 or July 11, 2003. That's when Libby, Vice President Cheney's former chief of staff, said he learned the identity of CIA officer Valerie Plame from NBC reporter Tim Russert.

Plame is the wife of former State Department official Joseph Wilson. Wilson accused Cheney and the White House of exaggerating claims that Iraq was trying to buy uranium from the African nation of Niger.

Libby made the denial during an October 2003 interview with Bond and other agents, she said. The agents were investigating whether administration officials had violated the law prohibiting the disclosure of a covert officer's identity.

This morning, however, defense lawyer Theodore Wells pointed out that the FBI agents' notes of their interview with Libby don't use the words "adamant" or "denial."

Wells read from agents' notes that "Libby probably talked about the Wilson matter but does not recall talking about Wilson's wife" during a July 7, 2003, lunch with then-White House press secretary Ari Fleischer.

"He says he does not recall having discussions; he does not deny them, correct?" Wells asked.

"That's true," Bond replied. But she qualified her answer by saying that in other answers during the interview, Libby had effectively "denied" the allegation, even if he never used the precise word.

Wells was attempting to buttress the defense's argument that Libby never deliberately misled investigators or grand jurors about how and when he learned the CIA employee's identity. At worst, Wells has argued, Libby was a victim of poor memory.

Libby faces federal charges of perjury, obstruction of justice and lying to investigators about when he learned Plame's identity and with whom he discussed her. Since testimony in the trial began last month, eight government witnesses, including two reporters, have contradicted Libby's account of learning Plame's identity from Russert.

The government contends that Plame's identity was leaked as part of a plan by Cheney's office to undermine Wilson. On July 6, 2003, in two newspaper stories and on Meet the Press, Wilson had accused Cheney's office of ignoring Wilson's report that Iraq was not seeking uranium in Niger.

Before Bond's testimony, U.S. District Judge Reggie Walton ruled that audiotapes of Libby's grand jury appearances in 2004 will be made public after the tapes have been played in court.

Another Libby lawyer, William Jeffress, had opposed releasing the tapes, arguing that the airplay and commentary that "sound bites" are likely to produce could prejudice jurors against his client.

"This is great stuff" from the media's standpoint, Jeffress argued.

Nathan Siegel, representing several media organizations including USA TODAY, argued for making the tapes public. He said that because jurors already will have heard the tapes in court, they are unlikely to be tainted by any sound bites or commentary they accidentally hear.

Walton, who instructs jurors every day to avoid coverage of the case, reluctantly agreed. He said case law in the District of Columbia supports the "right to access" and "gives me no choice."

Walton warned media organizations not to "cause mischief" by quoting segments of Libby's testimony out of context.

Libby's Grand Jury Tapes Are Heard In Court (NYT)

By Neil A. Lewis

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — Prosecutors in the perjury trial of I. Lewis Libby Jr. on Monday played audio tapes in which Mr. Libby was heard testifying under oath before a grand jury that he had not discussed the identity of a Central Intelligence Agency operative with fellow administration officials in the summer of 2003.

The sound of Mr. Libby's disembodied voice coursing through the courtroom vividly underlined the contrast between his sworn account and the testimony of the parade of prosecution witnesses presented to the jury in the last two weeks.

Mr. Libby, the former chief of staff to Vice President Dick Cheney, is charged with lying to that grand jury and to F.B.I. agents who were investigating the leak to reporters of the identity of the C.I.A. officer, Valerie Wilson.

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The jury on Monday listened to 90 minutes of Mr. Libby's grand jury testimony from March 5, 2004, in which he was questioned in a straightforward, almost friendly manner by the chief prosecutor, Patrick J. Fitzgerald. Mr. Libby was heard responding in earnest tones.

On the tape, Mr. Libby was heard saying repeatedly that he could not recall any conversation he ever had with Marc Grossman, a State Department official, about Ms. Wilson.

Mr. Grossman, who was then the under secretary of state, has already testified about two such conversations. Mr. Grossman told the jury that Mr. Libby anxiously asked him that summer about news that a former ambassador had traveled to Africa to investigate reports that Saddam Hussein was trying to buy uranium there for his nuclear weapons program.

Mr. Grossman recounted his conversations with Mr. Libby, even noting that one occurred just outside the White House situation room after a meeting of senior officials.

Mr. Grossman told the jury that he had reported back to Mr. Libby at their second meeting that the former ambassador was Joseph C. Wilson IV, and that he had been sent to Africa by the C.I.A. He also told Mr. Libby that Mr. Wilson's wife worked at the agency and appeared to have had a major role in choosing him for the assignment.

The audio tapes, which were played with a synchronized running transcript on television screens in the courtroom, seemed to hold the attention of the jurors, who also followed the dialogue printed in loose-leaf binders.

Monday's tapes were only the first part of what is to be a total of eight hours that the jury will hear. Judge Reggie B. Walton warned jurors to ask for a break if their attention was flagging.

As the tapes were played, Mr. Libby sat mostly motionless and expressionless.

Judge Walton denied a defense motion arguing that the tapes should not be given to the news media to play to the public. The entire eight hours will be released after the jury has heard all the tapes.

The remaining grand jury testimony, which will include Mr. Libby's second appearance on March 24, 2004, is certain to include denials from Mr. Libby about conversations with other officials who have already testified that they spoke with him about Ms. Wilson.

Ms. Wilson's name was first disclosed in a July 14, 2003, column by Robert Novak, only days after The New York Times published an Op-Ed article written by Mr. Wilson asserting that the Bush White House had willfully distorted intelligence about Iraq's efforts to obtain uranium in Niger.

To demonstrate that Mr. Libby lied to the F.B.I. as well, which is charged in the indictment, prosecutors put Deborah S. Bond, an agent, on the stand. Ms. Bond, who was present at the two interviews of Mr. Libby in his office in October and November of 2003 completed her testimony on Monday but acknowledged she may have testified incorrectly last Thursday.

Theodore V. Wells Jr., Mr. Libby's chief defense lawyer, was magnanimous with a purpose when he pointed out her error over a conversation between Mr. Libby and Karl Rove, the deputy White House chief of staff.

"I can't believe I said it," Ms. Bond said when shown last week's testimony. Mr. Wells then prodded her to say that she must have answered in good faith but simply forgot, a proposition to which she readily agreed.

It was a reminder to the jury that one of the pillars of Mr. Libby's defense was that if he spoke inaccurately to the grand jury and investigators, it was only a case of faulty memory.

Jurors Listen To Libby's Grand Jury Tapes (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 6, 2007

I. Lewis "Scooter" Libby told a grand jury in 2004 that Vice President Cheney did not encourage him to provide information about an undercover CIA officer to the media, but Libby also said he did not believe that the information was secret and had to be safeguarded, according to audiotapes of Libby's testimony played in court yesterday.

Testifying to the grand jury in the probe that eventually led to criminal charges against him, Libby, Cheney's then-chief of staff, said he remembered Cheney telling him in June 2003 that the wife of a prominent war critic worked at the CIA. Libby said it was the first time he had heard that, but that Cheney said it in "sort of an offhand manner, as a curiosity."

Libby also testified that he "could not recall" details of events and conversations he had that summer with Cheney and other administration officials regarding the war critic, former ambassador Joseph C. Wilson IV. Wilson that summer accused the administration of twisting intelligence he had gathered about Iraq's efforts to develop a nuclear weapons program as the White House launched the invasion of Iraq and sold it to the public.

The eight hours of audiotapes, most of which are to be played today, are intended to back up the government's claim that Libby lied to investigators about his role in disclosing the identity of undercover CIA officer Valerie Plame, Wilson's wife. Prosecutors have alleged that Plame's name was leaked as part of a campaign to discredit Wilson by spreading the idea that his CIA-sponsored trip was the result of nepotism.

Libby is charged not with the leak but with five felony counts of perjury, making false statements and obstruction of justice. He has pleaded not guilty, contending that he inaccurately remembered events when he said he learned of Plame from NBC News Washington bureau chief Tim Russert and forgot he first heard of her from Cheney.

U.S. District Judge Reggie B. Walton agreed yesterday that the audiotapes should be released to the media after they are played for the jury, despite strenuous arguments by Libby's defense attorneys that they not be released during trial. Defense lawyer William Jeffress Jr. said the news generated by the tapes -- and the public buzz about them -- could be so widespread that there was a risk jurors could accidentally encounter it, perhaps while riding buses or the Metro.

A consortium of news organizations, including The Washington Post, sought the tapes, arguing that they were no different from other evidence in the trial, which is being released publicly the day it is introduced. They successfully argued that Libby's testimony is far less sensational than other tapes that have been released in court, such as 911 emergency phone calls from inside the World Trade Center after the Sept. 11, 2001, terrorist attacks and FBI tapes from the Abscam investigation.

Inside the courtroom, the idea of listening to eight hours of Libby testimony had some jurors' mouths dropping open. But they listened keenly late into the afternoon.

On the tapes, Libby's voice became noticeably softer and trailed off on some questions. He paused often, never rushing his answers. Special Counsel Patrick J. Fitzgerald, who posed the questions, warned Libby he could face perjury charges if he did not tell the grand jury the truth.

On the tapes, Libby said that Cheney did not tell him Plame's CIA identity was "super-super-secret" and that he used a "curious" tone unlike his regular voice, which "was much more matter-of-fact and straight." Libby said he did not remember Cheney speaking harshly of Wilson or suggesting nepotism was the reason for his mission. He said Cheney made the reference to Wilson's wife in the middle of advising Libby on how to respond to claims that Wilson had been sent on the mission because of questions from the vice president's office.

Libby said a column by the New York Times's Nicholas Kristof in May 2003, which suggested Cheney's role, "caught my eye." But Libby said he did not "have any recollection" of Cheney or President Bush taking note of the article.

Libby also said he could not recall ever asking then-Undersecretary of State Marc Grossman in late May 2003 about Wilson's trip to Niger. Grossman testified two weeks ago that he directed some of his staff to produce a report about Wilson's CIA mission after Libby called him urgently trying to learn more about how and why Wilson was sent to investigate whether Iraq was trying to purchase uranium from the African nation.

Late last night, Libby's defense began laying the groundwork to keep Libby from having to testify. Walton had warned that Libby would have to take the stand in order for the court to allow his lawyers to claim his misstatements to investigators were caused by a faulty or overtaxed memory.

In court papers filed last night, though, Libby's attorneys argued that he should be allowed to present evidence of the "crush of his duties," including by having Cheney describe them on the witness stand, without being forced to testify on his own behalf.

Court Hears Grand Jury Testimony (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 6, 2007

WASHINGTON — I. Lewis "Scooter" Libby told a federal grand jury three years ago that he did not believe he had discussed the wife of an administration critic with officials from the CIA and the State Department, contradicting sworn testimony by the officials at Libby's perjury trial here.

The revelation came Monday as prosecutors began playing audiotapes of Libby's eight hours of testimony before a grand jury investigating how the identity of CIA officer Valerie Plame became public.

The transcript of Libby's two grand jury appearances in March 2004 also shows that special prosecutor Patrick J. Fitzgerald explored early on whether President Bush and Vice President Dick Cheney were involved in the circumstances leading to the disclosure of Plame's identity as a CIA employee.

Libby told the grand jury that Cheney was the first to tell him, in June 2003, that the wife of former envoy Joseph C. Wilson IV worked in the arms-proliferation division of the CIA. But the vice president's former chief of staff denied that his boss had instructed him to pass on information about Wilson's wife to anyone else.

Fitzgerald then asked Libby whether he or Cheney had ever discussed with Bush the criticism from Wilson that was beginning to surface in media reports. He said he had not.

Plame's identity was revealed in a syndicated column by Robert Novak on July 14, 2003, eight days after an opinion article by Wilson in the New York Times charged that the Bush administration had twisted intelligence reports about then-Iraqi President Saddam Hussein's interest in obtaining uranium yellowcake from the African nation of Niger.

At the CIA's request, Wilson had investigated those claims the previous year. Although he found them to be without merit, a 16-word section of Bush's 2003 State of the Union address asserted that Iraq was seeking nuclear material in Africa.

In May 2003, a New York Times op-ed columnist disputed the accuracy of that section. He wrote that "the vice president's office had asked for an investigation of the uranium deal" more than a year earlier, and that an unnamed ambassador had traveled to Africa and reported that the allegations were baseless.

Prosecutors contend that Plame's identity was disclosed as part of an effort to discredit her husband by suggesting that the trip to Africa came only because his wife worked at the CIA.

Under federal law, it can be a crime to intentionally disclose the status of a covert CIA employee, and Fitzgerald was asked by the Justice Department to determine whether that law had been broken. No one has been charged with that crime. The only charges filed have been against Libby, on perjury and obstruction of justice counts.

The audiotape of the grand jury proceedings is the first time that the jury in Libby's trial has heard from the defendant in any form. His words directly contradict the testimony last month of former CIA official Robert Grenier and former State Department Undersecretary Marc Grossman. Both said they had told Libby that Wilson's wife worked for the CIA.

On the audiotape, Libby told the grand jury that he could not recall discussing Wilson's wife with either official.

"I, I don't recall," he said, asked specifically by Fitzgerald whether Grossman had told him about Wilson's wife.

"You have no memory of that whatsoever?" Fitzgerald said.

"Sorry, sir, I don't," Libby replied.

Fitzgerald also quizzed Libby about a series of notes he took while talking on the phone with Cheney on or about June 12, 2003.

Libby said that Cheney was giving him a series of talking points on rebutting Wilson's contentions, including a suggestion that the vice president had authorized the trip and should have known what was learned.

Cheney did mention that Wilson's wife worked at the CIA, Libby told the grand jury, adding that he did not attach much significance to the disclosure.

The vice president "said to me in sort of an offhand manner, as a curiosity, that his wife worked at the CIA," Libby testified.

"Was he curious about it in a sort of negative way?" Fitzgerald asked. "Did he think that was sort of odd that a former ambassador's wife worked … at the CIA?"

"I wouldn't say negative, but I would say it was a fact … not everybody's wife works there," Libby responded. "So it was a new fact, that's all."

Libby said he did not believe that Cheney wanted him to leak word about Wilson's wife to the press.

"Was there a reason?" Fitzgerald asked.

"No. It just wasn't a particularly powerful point compared to the other points. I didn't understand it to be a point worth mentioning in that context," Libby replied.

Fitzgerald has said that Libby lied to the grand jury and to federal investigators to cover up his concern that he had leaked classified information about Plame to reporters.

Libby has said that he first learned about Plame from Tim Russert, the moderator of "Meet the Press" and the Washington bureau chief of NBC News. Russert, who is expected to testify on Wednesday, has said he did not give Libby that information. Libby has said that at the time he spoke with Russert he had forgotten that Cheney had told him about Plame.

Fitzgerald said he would play the rest of the grand jury tapes today and complete his case Wednesday, at which time Libby's lawyers will begin their defense.

U.S. District Judge Reggie B. Walton ruled Monday morning that the tapes, along with the transcripts, would be made available to the public after Fitzgerald introduces them into evidence.

Libby's lawyers had fought to keep them secret because of concerns that the jury might hear them out of court and because the tapes included prejudicial statements.

Fitzgerald agreed to delete a portion of the transcript in which Libby recorded notes from a conversation with a Cheney media aide who described Wilson as "a snake."

Walton also ruled that the government could introduce two newspaper articles found in Libby's files discussing Plame's "clandestine" status at the CIA.

News Media Cheer Ruling On Libby Tapes (AP)

AP, February 6, 2007

WASHINGTON - News organizations praised a judge's decision Monday to release tapes of former White House aide I. Lewis "Scooter" Libby's grand jury testimony, saying it would open a window into court proceedings.

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U.S. District Judge Reggie Walton said he would make the eight-hour recordings public even though he was worried that jurors could be influenced by outside media buzz.

Federal law supports the public release of evidence presented to a jury. But judges in high-profile cases occasionally have released only written transcripts or have delayed public disclosure until the trial's end.

"This is a victory for the public's right to know," said Karen Magnuson, president of the Associated Press Managing Editors and editor of the Democrat and Chronicle newspaper in Rochester, N.Y.

"Audio adds a layer of information that citizens can use to become more informed about the way government operates," she said.

Walton's ruling is a bit of a rarity in a federal court system that generally bans tape recorders and cameras in the courtroom. In the Libby trial, the impact also could be magnified due to the growing influence of Internet news.

The tapes took up part of Monday and are expected to run through Tuesday, as well, with public release afterward.

"This is a blogger's dream," said Jim Angle, chief Washington correspondent for Fox News, who has been covering the trial and plans to use at least some audio snippets in his reports. "What was previously secret grand jury testimony, you now get a public window into the process."

"You get to hear over and over remarks on which he was indicted and you get to make your own judgment," he said.

Other major networks, including ABC, CBS, CNN and NBC, said they would go through the audiotapes and determine how much to broadcast.

"Federal courts are difficult and tricky things to cover. It's one area where the electronic media is really not as able to cover as well as print media," said David Bohrman, CNN's Washington bureau chief. "To be able to have some access to these electronic recordings will make our coverage more realistic."

C-SPAN will also review the recordings and anticipates they may be used on television, radio and its Internet site, said spokeswoman Jennifer Moire.

Libby is charged with perjury, obstruction and lying to the FBI in an indictment that focuses in part on his statements to a federal grand jury investigating the leak of the CIA identity of Valerie Plame.

Special Prosecutor Patrick Fitzgerald successfully fought to enter the tapes into evidence and planned to play about eight hours of Libby's closed-door testimony.

Although quotes from Libby's testimony would be widely distributed anyway by reporters who are covering the trial, his lawyers had argued that the audio was too sensitive to be released until the trial ended.

Nathan Siegel, an attorney representing The Associated Press and more than a dozen other news organizations, contended that Libby's own words were far less prejudicial than evidence released in other cases, including 911 calls from inside the World Trade Center, FBI tapes in the Abscam investigation and mob wiretap tapes.

In a telephone interview, Siegel said Walton's ruling could have significant impact for future cases at a time when audio and videotaping of statements for trial are becoming more common.

"It certainly helps the broadcast media," he said. "But it helps other outlets, too, now that you've got newspaper Web sites, with opportunities for greater use of audio and video."

In the tapes, Libby discusses conversations he had regarding Plame, whose identity was leaked to reporters in 2003.

Jane Kirtley, a media ethics professor at the University of Minnesota, said Walton's decision pointed to a "new generation of judges more comfortable" with removing roadblocks to public access to trial evidence.

As an example, Kirtley noted that the Supreme Court under Chief Justice John Roberts has shown some flexibility by releasing audio recordings of its own arguments in high-profile cases.

While there could be distortion of news accounts of the grand jury tapes, the same could be said of transcripts of grand jury proceedings that are routinely released during trials, she said.

Mr. Cheney, Tear Down This Wall (NYT)

By Nicholas D. Kristof

The New York Times, February 6, 2007

At the Republican National Convention in 2000 that nominated him for vice president, Dick Cheney told a rapturous crowd that Democrats “will offer more lectures, and legalisms, and carefully worded denials. We offer another way, a better way, and a stiff dose of truth.”

So, Mr. Cheney, now that the Scooter Libby trial is raising doubts about your own integrity, you owe the nation an explanation. Here are a few questions to help frame your explanation of your activities:

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Mr. Vice President, did you push Mr. Libby to dig into Joe Wilson's background and discredit him? Mr. Libby made such a major effort to gather materials from the C.I.A. and State Department about Mr. Wilson — both before and after you told him on June 12, 2003, that his wife worked at the C.I.A. — that it seems likely that you commanded the effort. True?

What did you mean when you wrote, in a note to Scott McClellan that has been entered into evidence, "not going to protect one staffer + sacrifice the guy the Pres. that was asked to stick his head in the meat grinder because of incompetence of others."

First, you wrote that it was "the Pres." who had asked Mr. Libby to do this, and then you crossed out those two words. Did President Bush indeed ask that Mr. Libby take charge of the effort to discredit Ambassador Wilson? And is it true, as was hinted at in the trial, that the White House tried to block the release of this document?

When you discussed Joe Wilson with Mr. Libby on Air Force Two on July 12, 2003, what instructions did you give him?

Trial testimony indicates that on that flight, Mr. Libby looked over some questions a reporter had sent in about Mr. Wilson and then said: "Let me go talk to the boss and I'll be back." After consulting with you, Mr. Libby later called reporters to feed them a skewed version of Mr. Wilson's trip.

Mr. Cheney, on that plane, did you specifically tell Mr. Libby to leak to reporters the fact that Mr. Wilson's wife worked at the C.I.A.?

Deborah Bond of the F.B.I. has testified that Mr. Libby acknowledged in one of his interviews that on that flight, he might have talked to you about whether to tell the news media about Valerie Wilson. So did he?

Since Mr. Libby is renowned for his caution, it seems highly unlikely that he would have leaked classified information twice to reporters right after talking to you, unless you had sanctioned the leak.

During the leak investigation, were you aware that Mr. Libby was telling the F.B.I. apparently false information?

You rode to work with him nearly every day in your limousine, and the issue never came up? Or did you ask Mr. Libby to protect you because you didn't want it known that in fact you were the one who had told him about Ms. Wilson? Was there some other information you wanted kept secret?

Were you trying to cover up your own reliance on misinformation about Iraqi W.M.D. by blaming the C.I.A. and anybody else within range, like Mr. Wilson?

More than anybody, Mr. Vice President, you made the argument in the run-up to the war that Iraq had weapons of mass destruction. And one senses, in the indictment and the trial testimony, that by the early summer of 2003, there was panic in your office that the W.M.D. had failed to materialize.

So when Ambassador Wilson came forward, you seem to have been infuriated. You tried to blame the C.I.A., and then your office tried to discredit Mr. Wilson by arguing that he had simply enjoyed a junket arranged by his wife.

Robert Grenier, a C.I.A. official, told the court that he thought the White House was "trying to avoid responsibility for positions that they took with regard to the truth about whether or not Iraq had attempted to acquire uranium from Niger." So did this all arise from an attempted cover-up?

So when are you going to come clean?

When Richard Nixon was accused of misusing campaign contributions in 1952, he gave his famous Checkers speech. When questions rose about Spiro Agnew's conduct in 1973, he repeatedly addressed them in public. (Look, you know you're in trouble when the press tries to hold you to the same standards of transparency and integrity as Nixon and Agnew.)

I'm not accusing you of committing a crime. But there are serious questions here, and you owe the nation not legalisms, but that "stiff dose of truth." If you continue to stonewall, then you don't belong in office and you should resign.

Difference Between Classified And Secret At Heart Of Libby Trial (ABC)

By Pam Coulter

ABC News, February 5, 2007

CIA Leak Case Focuses on Govt's Non Disclosure Agreements

WASHINGTON - Feb. 5, 2007— - In government, there's often a conflict between what can be aired publicly and what should be kept under wraps. There is no doubt about the value of keeping secret the movement of military forces in wartime. There is plenty of information that should be released, yet is jealously guarded by government officials. Sunshine laws and the Freedom of Information Act are designed to counter too much secrecy.

Secrecy and the lack of it are at the heart of the perjury and obstruction trial of former White House aide Lewis 'Scooter' Libby. The case has its origins in allegations that the Bush Administration twisted intelligence data to justify a pre-emptive war with Iraq. The prosecution believes there was a concerted effort to discredit the war critic by unmasking his CIA wife.

There is no dispute at the Libby trial that Valerie Plame's CIA identity was CLASSIFIED information. It was the CIA that officially requested a Justice Department investigation of who leaked her name to reporters, a possible violation of the

Intelligence Identities Protection Act of 1982. But no one has been charged with violating that law, which carries a maximum penalty of 10 years in prison and a 50-thousand dollar fine.

Documents in the case and testimony at the trial show a number of top administration officials discussed Valerie Plame with reporters. Former State Department official Richard Armitage, former White House spokesman Ari Fleischer, Karl Rove, and Scooter Libby, among them. An FBI agent also testified that Libby said it's possible he and Vice President Dick Cheney discussed leaking Plame's name to journalists. It was such an incendiary topic, former Time Magazine reporter Matthew Cooper told his bureau chief the information should be considered "double super secret background."

Simply discussing an undercover operative is not enough to violate the law. You have to know the agent in question is covert and the government is taking steps to conceal the person's identity, and the disclosure must be intentional. So after a more than three year long investigation, Special Counsel Patrick Fitzgerald has only charged Scooter Libby with lying and trying to obstruct his leak investigation. When he announced the indictment, Fitzgerald compared the offense to someone kicking sand into an umpire's eyes.

It is possible that Libby and other officials violated an agreement all federal employees are required to sign before they are given access to sensitive national security data. It's the standard classified information nondisclosure agreement. That document recognizes that "special confidence and trust shall be placed in me by the United States Government."

The signatory (employee who signs the agreement) must acknowledge receiving a briefing on the nature and protection of classified information and a warning that any unauthorized disclosure or "negligent handling of classified information" could cause "irreparable injury to the United States." The agreement also says if the employee is uncertain about the classification status of information, he or she is required to confirm the information is unclassified before disclosing it. Any violation of the nondisclosure agreement can result in termination of security clearances, removal from a particular position, or firing.

The prosecution suggests this may be one reason why Libby lied to the FBI and a grand jury about his discussions with reporters. He may have feared loss of his clearance, which could have cost him his job of National Security Adviser to the Vice President.

And when the scandal was breaking, President Bush said anyone in his administration who leaked classified information would no longer work for his administration.

Miller Tied To '92 Conflict-of-interest Fine (HILL)

By Susan Crabtree

The Hill, February 6, 2007

Rep. Gary Miller (R-Calif.) last week blamed an FBI review of his land deals on a media smear campaign. But this is not the first time government agencies have scrutinized his real estate transactions.

In 1992, the California Fair Political Practices Commission (FPPC), a state government entity that regulates political activity and investigates conflict-of-interest allegations, levied a $1,750 fine against Covina City Councilman Christopher Lancaster for accepting $8,000 from Miller before voting in favor of a resolution Miller sponsored.

The payment occurred when Lancaster was mayor of Covina and Miller was a member of the Diamond Bar City Council and running for state Senate.

According to an FPPC summary of the case, Miller's campaign committee paid Lancaster the money for "his work as a political campaign consultant." On Sept. 17, 1990, Lancaster voted in favor of Miller's resolution, which created a formula for the exchange and division of property tax revenue between Los Angeles County and the City of Covina.

"The resolution was initiated by Gary Miller to enable him to annex 52 acres of undeveloped land into the City of Covina," the case summary states. "Miller held an option to buy this acreage."

City councils regularly negotiate exchanges of the property tax for annexed land based on the expenses the city and the county have incurred regarding the land, usually in the form of government services. In many cases, these agreements must take place, and the city must pass a resolution laying out the exchange rate before the land can be transferred to the city.

An FPPC stipulation, decision and order signed by Lancaster and Wayne Ordos, executive director of the commission, in late 1992 pinpoints a critical matter in the case.

"Although the resolution had no impact on the amount of taxes on this property, passage of such a resolution was one of the steps necessary for the annexation process to move forward," it states. "Annexation into the City of Covina would have had a financial effect on the fifty-two acres on which Miller held an option agreement."

Annexing land from counties to cities immediately increases the value of the property because the city provides services such as sewer maintenance, according to an initial review of the case summary by the Center for Responsibility and Ethics in Washington (CREW).

Shaun Martin, a law and ethics professor at the University of San Diego, said annexation of the land benefited Miller.

"The lingering question is whether the $8,000 he gave to the mayor had anything to do with the mayor's vote in favor" of the annexation tax deal, Martin said. "To a neutral observer, the whole reason you're not allowed to vote on things when someone has paid you $8,000 is because it looks like a payoff."

Martin also said the case suggests a "pattern and a practice" in Miller's land dealings.

The 1992 FPPC case provides "a keen insight into how [Miller] was doing business," Martin said.

"For all I know, maybe [Lancaster] walked around and spent six straight months putting up yard signs [for Miller's campaign], but I highly doubt it."

Miller and Lancaster did not return calls for comment.

The San Gabriel Valley Tribune last week reported that the FBI had contacted officials and former officials from several cities in Southern California about Miller's land deals. A spokesman for the city of Monrovia also confirmed that the FBI had contacted several officials.

Miller has consistently denied any wrongdoing, and last week he lashed out at the press for conducting what he called a "smear" campaign against him.

Among various questionable land deals, The Hill first reported late last year that Monrovia city officials had tried to secure a federal earmark to help purchase a large swath of land to create a wilderness preserve in the nearby foothills, 165 acres of which Miller owned. The city's efforts were unsuccessful and it instead passed a tax increase and secured California state grant money to pay for the land. Miller ended up making nearly $10 million on the deal.

In August, CREW filed a complaint with the IRS following a Los Angeles Times report alleging that Miller failed to pay capital gains tax on the sale of the land to Monrovia, claiming that the city had exercised eminent domain, which lightened his tax load. The city denied doing so.

Fumo Strikes First (PHI)

By Mario F. Cattabiani And John Shiffman

The Philadelphia Inquirer, February 6, 2007

HARRISBURG - In a preemptive strike on the eve of his likely indictment, a defiant State Sen. Vincent J. Fumo took the fight to federal prosecutors yesterday, vowing to contest charges he called "falsities and half-truths."

"I know in my heart that I have not done anything illegal," the Philadelphia Democrat said during a 12-minute speech on the Senate floor, his voice at times somber, at times bitter.

"Sometimes in life the only choice we have when we face blatant injustice is to have the courage to stand up and fight. That is what I will do."

Fumo made the extraordinary remarks as lawyers close to the case said fraud, conspiracy, and obstruction-of-justice charges appeared imminent. An indictment could come as early as today.

Fumo stepped down from a powerful committee post yesterday - a day before the presentation of the annual state budget - but will remain in the Senate.

It was "a stunning development for the preeminent politico," said Fumo's longtime friend and fellow Democrat, House Majority Leader Bill DeWeese.

"There certainly has been only one Vince Fumo, and the long arm of the senator has exhibited unparalleled muscularity," he said.

After four years of near-silence on the investigation, Fumo, 63, a Philadelphia political baron and a Harrisburg fixture for three decades, said he expected the indictment to be voluminous - and misguided.

He predicted the indictment would focus on two basic allegations: that he exploited a South Philadelphia charity and misused his Senate staff for personal and political purposes.

It will not allege, Fumo said, that he ever cast a vote in his own interest or extorted money from businesses.

"The indictment will not allege that I ever accepted a bribe," Fumo said. "And, as the government knows, I never did."

Federal prosecutors John J. Pease and Robert A. Zauzmer declined to comment.

For nearly four years, the FBI and IRS have been investigating the finances of the multimillion-dollar charity Citizens' Alliance for Better Neighborhoods.

The organization, founded and run by Fumo allies, is funded mainly with public money and donations from Peco Energy Co. and the Delaware River Port Authority - money obtained through Fumo's influence or help.

The Inquirer has reported that the charity paid for political polls and secretly funded a lawsuit against a Fumo political rival. It is illegal for charities to participate in political activities and the IRS has been scrutinizing Citizens' Alliance tax returns to determine whether they were falsified.

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Sources say the FBI is also investigating whether the charity bought Fumo household items and provided its SUVs - a Ford Expedition and a Lincoln Navigator - for Fumo to use on vacation.

Fumo defended his relationship with the charity.

"Make no mistake, I am proud of Citizens' Alliance," he said, ticking off a list of the nonprofit's accomplishments, from funding a charter school to cleaning up blighted neighborhoods.

The charity's lawyer, William J. Winning, declined last night to comment on the speech or the investigation.

In his speech, Fumo also defended his relationship with Harrisburg and Philadelphia staff. He said they work long hours serving constituents well.

"The suggestion that my staff members are political operatives or personal assistants reflects an amazing ignorance of both the legislative process and the facts," he said with a group of aides standing behind him on the Senate floor.

Fumo made no reference to possible obstruction-of-justice charges. Last year, two of his Senate computer technicians were accused of purging e-mails from government computers. In court papers, prosecutors said they believed the aides - Leonard Luchko and Mark Eister - deleted computer documents at Fumo's direction to thwart the federal probe. They have pleaded not guilty.

Several lawyers involved in the case said they expected the current charges against Luchko and Eister to be merged with the Fumo indictment.

Luchko's lawyer, James C. Schwartzman, said yesterday the government was overreaching.

"I'm looking forward to reading the novel the government is going to come out with," Schwartzman said. "If I were a betting man, I think we're looking at a couple of hundred pages."

Another person who may face charges is Ruth Arnao, a former Fumo Senate aide and Citizens' Alliance executive director. Sources say prosecutors have also sent her a so-called target letter, warning that charges were likely. Her lawyer did not return a call yesterday.

Fumo has been indicted twice before - in 1973 over vote fraud, and in 1980 over putting ghost employees on the state payroll. Charges in the first case were quickly dropped; he was convicted in the second, but a judge later threw out the conviction.

This time, he is represented by the firm of Sprague & Sprague, among the most prominent in Philadelphia. One of his lawyers, Mark Sheppard, declined to comment yesterday.

Fumo or members of his inner circle serve on a web of government and quasi-government agencies - from the Delaware River Port Authority to the Pennsylvania Higher Education Assistance Agency - that control much of the city and state infrastructure, cultural institutions, and political innards.

Fumo will remain on the DRPA, higher education and other boards, spokesman Gary Tuma said.

Fumo took to the floor about 2 p.m. He called it "the most difficult speech I have ever had to deliver."

He ripped federal prosecutors for what he called a "years-long, one-sided campaign of scurrilous leaks to the media designed to undermine my office and attack my reputation."

"I am not happy about this, but in one sense I am relieved," Fumo said. "These years have not been easy on me or my family, my staff and my friends... . I will be able to meet the allegations head-on, instead of trying to answer the countless rumors that have attended this process."

In a move that caused a buzz in Harrisburg, both for its timing and its political impact, Fumo also announced he was stepping aside as the ranking Democrat on the Appropriations Committee, a powerful post he has held since 1985. State Sen. Gerald LaValle (D., Beaver) will take his place.

The news comes on the eve of Gov. Rendell's budget presentation - the traditional start of the busy season for the committee as it crafts the state's spending blueprint for the coming fiscal year.

Through a spokeswoman, Rendell called Fumo's decision to step down a "blow to Philadelphia and the surrounding region."

"Sen. Fumo has sharp knowledge of the budget process and the inner workings of the budget documents. His expertise will be missed," said Kate Philips, the governor's spokeswoman.

Under Senate rules, members indicted for a crime related to their office must temporarily relinquish leadership posts pending the outcome of the case.

Fumo presumably would also lose all the perks of the leadership post, including his large staff and huge discretionary account, which he has spent liberally on, among other things, a stable of consultants.

If acquitted, Fumo would get the position back. If convicted, he could be removed from office.

Pa. Senator Says He'll Be Indicted (NSDY/AP)

By Peter Jackson, Associated Press Writer

Long Island Newsday, February 6, 2007

HARRISBURG, Pa. -- One of Pennsylvania's most powerful politicians announced on the state Senate floor Monday that he expects to be indicted soon in an extortion case and that he was temporarily giving up a key committee post.

Sen. Vincent J. Fumo, a Philadelphia Democrat, said he would likely be charged this week with using a neighborhood nonprofit group for his own personal and political gain.

"I know in my heart that I have not done anything illegal," said Fumo, 63.

A federal grand jury has been investigating whether Fumo extorted tens of millions of dollars in corporate donations for the Citizens' Alliance for Better Neighborhoods. Two of his former Senate staffers are scheduled to stand trial on obstruction charges May 21 on suspicion of deleting e-mail about Fumo's ties to the charity from office and other computers.

Fumo would have been required to give up his leadership post as soon as he was indicted. He portrayed his resignation as minority party chairman of the Senate Appropriations Committee as a temporary measure "until I am vindicated."

Fumo charged that the investigation "has been marked by threats, intimidations and frequent leaks to the media intended to embarrass me" and vowed to fight the allegations.

Assistant U.S. Attorney Robert Zauzmer declined to comment on Fumo's remarks.

The Citizens' Alliance for Better Neighborhoods is run by Fumo's aides and does economic development and beautification projects in his district.

Peco Energy Co. gave the nonprofit group $17 million as it sought to win state deregulation of the electricity markets. Fumo initially opposed the effort but later threw his support behind the utility.

A lawyer, Fumo is an architect of the 2004 law that legalized slot-machine gambling in the state.

Fumo's Defense: A Strong Offense (PHI)

By Craig R. Mccoy And Emilie Lounsberry

The Philadelphia Inquirer, February 6, 2007

It was vintage Senator Fumo - smart, heartfelt, combative, eloquent and shrewd.

Without waiting for a massive federal indictment that may shred his image, legal experts and public-relations people noted yesterday, State Sen. Vincent J. Fumo struck first. He offered a counter-narrative: Fumo, the people's champion, fighting the good fight in the face of threats, leaks and intimidation.

"A terrific public-relations maneuver to get ahead of the indictment," said lawyer John P. Pucci, a former federal prosecutor.

Or, as veteran Philadelphia ad man Elliott Curson put it: "It's a preemptive attack.... He's trying to get his side of the story out before the other side."

In his speech from the Senate floor, Fumo, 63, provided his own summary of the charges he is likely to face and then ripped into them.

He said the government was about to accuse him of misusing a South Philadelphia charity. To rebut that, he extolled the nonprofit's work on "countless" community projects, from supporting charter schools to cleaning up "trash-strewn, rat-infested, vacant lots.... It is truly about better neighborhoods."

With members of his Senate staff standing behind him, he said prosecutors were about to paint them as his taxpayer-paid campaign workers and personal servants. To the contrary, he said, they work tirelessly for the public, without bonuses or overtime.

And, lest anyone miss the news, Fumo's office circulated copies of his speech to the Capitol press corps.

A special case

An officeholder announcing his own indictment ahead of time is a rarity. While many defense lawyers say the only good client is a silent one, others say an indicted politician is a special case.

Dan Richman, a former federal prosecutor who now teaches law at Fordham University in New York City, noted that politicians must protect not only their liberty, but also their viability - and thus must play to both potential jurors and potential voters.

Neil Oxman, a veteran political strategist, said silent was not a smart option.

"The only other strategy is, you don't say a word, and the next time someone sees you is when you walk into court and somebody sticks a microphone in your face," said Oxman, who is based in Philadelphia. "This is a much better strategy."

Art Patterson, a jury expert in State College, Pa., said it was good strategy to send messages to the vast jury pool: "It's laying the groundwork of a vigorous defense."

If Fumo is indicted, a federal jury would likely be chosen from a wide swath of eastern Pennsylvania. Though jurors are not supposed to be influenced by what they see or read about a case, trial experts say it is hard to totally screen out such influences.

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Jurors generally expect someone accused of a crime to mount a strong defense, Patterson said, and wonder about those who say, "No comment."

"Going on the offensive is always good," he said.

Patterson said big companies about to be sued often launch an ad campaign "in hopes that this will have a positive influence on jurors" in civil trials.

Not unprecedented

A few other Philadelphia figures have chosen a similar strategy when a federal indictment loomed.

In 1991, City Councilman James J. Tayoun, delivered a speech on the Council floor denouncing federal investigators' "malicious" attempt to destroy his career. He later pleaded guilty to crimes in office and went to prison. Now he publishes a weekly newspaper, the Public Record.

And in 1988, when six former members of the elite Philadelphia police "Five Squad" drug unit were indicted for corruption, two defendants crashed the news conference at FBI headquarters to attempt to rebut the charges.

Pucci, who prosecuted the Five Squad case and who now practices law in Massachusetts, recalled that move as a "startling event."

So, he noted that Fumo's bold statement on the House floor was "not unprecedented."

Pucci said Fumo's statement was not only a shrewd public-relations move, but also foreshadowed what any Fumo trial might be like - "a bare-knuckled battle."

FUMO'S COATTAILS ARE LONG (PHI)

By Dave Davies

The Philadelphia Inquirer, February 6, 2007

WHEN SOMETHING as earth-shattering as a federal corruption indictment hits a politician as influential as Vince Fumo, his friends and allies feel the shock waves, too.

And this spring, some of them are running for office.

What will become of Fumo's political family?

Fumo worked hard to get U.S. Rep. Bob Brady into the mayor's race, and longtime Fumocrats Jim Kenney and Frank DiCicco are running for re-election to their seats on City Council.

Kenney and DiCicco, by now multi-term incumbents with their own legislative records, political relationships and fundraising capacity seem well-positioned to thrive on their own.

It's harder to predict the impact on Brady, a longtime friend and associate of Fumo's who must fight the notion that he's a machine politician.

Opponents may produce pictures of Fumo with Brady, a Democratic ward leader and 20-year party chairman, hoping to taint Brady with Fumo's legal problems.

Political analyst Larry Ceisler said it's a tactic that's likely to fail or backfire.

"In this city, I just don't think guilt by association works," he said. "Brady has his own persona, his own identity."

St. Joseph's University historian and analyst Randall Miller said the Fumo scandal could raise the profile of the issue of public corruption and help mayoral candidates Michael Nutter and Tom Knox, who are fighting "pay-to-play" politics.

"The Fumo charges would be another example, another layer in the growing public perception that corruption is a big problem," Miller said.

Even if Brady isn't tainted by his friendship with Fumo, he's likely to miss Fumo's potent fundraising capacity.

Brady yesterday said he would not hide from Fumo.

"It's not in my nature to turn my back on a friend," Brady said. "I wish him and his family well."

Brady said he believes voters will judge him on his own merit and message, and he wasn't counting on Fumo to fund his campaign.

"It's not like I just got here," Brady said. "I've been around a long time, and there are plenty of people I can rely on."

Kenney and DiCicco said that they regard Fumo a friend but that they have their own records to run on.

"At some point, this 48-year-old, four-term incumbent has to be viewed as an individual, " Kenney said. "I've got a body of work I'm proud to take to the voters."

Kenney has been a focal point of controversy lately for his proposal to lift the campaign-contribution limit in a mayor's race in which millionaire Knox has given his campaign more than $2 million.

Although Kenney was among the first in Council to propose contribution limits and supported ethics reforms in the last term, his recent proposal has drawn fire from several civic and business groups.

DiCicco, who won his seat with Fumo's help in 1995, said he's stood on his own for a long time, opposing Fumo on some policy issues and getting little money from him in his last campaign.

DiCicco said he understands that an opponent of his or Brady's may try to make an issue of their friendship with Fumo.

"People aspiring to elected office will take any shot they can and see if it sticks," DiCicco said. "People will look at it and make reasonable judgments about it. You know, Vince touched a lot of lives in this city, and not just in the political arena."

Corruption Trial Begins Today (MH)

By Cammy Clark

The Miami Herald, February 6, 2007

KEY WEST - A decade after the late Monroe County Mayor John L. "Jack" London was paid $29,000 as part of an alleged development bribery scheme, a former county attorney goes on trial today for his suspected role in the public corruption case.

James Hendrick, who served as Monroe County attorney from 1995-2002, faces federal charges of conspiracy to obstruct justice, witness tampering and obstruction of justice. A 12-member jury was seated Monday.

If convicted, the maximum penalty is 10 years imprisonment for witness tampering and obstruction of justice and five years for conspiracy.

The case stems from a lengthy FBI investigation into alleged public corruption in the Keys. Prosecutors say Hendrick was the center of a "secret deal" in which he, London and Miami-Dade political consultant Randy Hilliard conspired to get Marathon businessman Marvin Rappaport to pay $75,000 in exchange for building and zoning approval of his stymied redevelopment project.

The payments were made between April and August 1996, prosecutors say. On June 19, 1996, the County Commission approved Rappaport's project, called Halls Resort.

In December 1997, Hilliard used some of the money to send three cashier checks totaling $29,000 to pay off a lien on London's second home in Ireland, prosecutors say.

London pleaded guilty in July 2005 for tax evasion stemming from the $29,000 payment. Prosecutors dropped his three counts of lying to federal investigators in exchange for London testifying against Hendrick, once a close friend.

Hendrick was arrested two months earlier at his Whitehead Street office and flown to Miami, where he pleaded not guilty.

The prosecution lost a key witness when London died Nov. 21 from an aneurysm while awaiting sentencing in his plea deal.

Prosecutors are expected to call Hilliard, Rappaport and others as witnesses; they are cooperating and are not charged in the corruption case.

In addition to their testimony, the case against Hendrick hinges on 11 taped conservations between him and Hilliard that began in 2003. Eight were by phone and three were in person, with Hilliard wearing a wire for the FBI.

According to the indictment, transcripts of those tapes indicate Hendrick devised a false explanation of the $29,000 payment, saying it was a consulting fee. He then instructed Hilliard and London to tell the concocted story to the grand jury. Prosecutors also allege that Hendrick told London to leave South Florida to avoid appearing before the grand jury.

Prosecutors also say they plan to introduce evidence that Hilliard, London and Hendrick discussed using a Bahamian company and a bank account in Luxembourg to pay additional bribes to London.

The prosecutors said the use of the Luxembourg account would allow London to use an ATM card to make cash withdrawals in the United States.

The company's name was the Resources Conservancy, with an address in the United States that was the same as Hendrick's law firm in Key West.

Hendrick's attorney, Ed Shohat, filed a motion to exclude the "prior bad acts evidence." Senior U.S. District Judge Shelby Highsmith denied the motion, Assistant U.S. Attorney Christopher Clark said Monday.

"It's part and parcel of the same crime," Clark said after the jury -- 11 women and one man -- was selected for the trial, which is expected to last two weeks.

Hendrick declined to comment, saying anything he said would be misconstrued by the public.

Belleville Woman To Be Sentenced In Hurricane Katrina Fraud (AP)

By Ann Sanner

AP, February 6, 2007

WASHINGTON - A 59-year-old man was sentenced Monday to 8 1/2 years in prison on charges stemming from his use of stolen identities in an attempt to acquire more than $100,000 in payments intended for victims of Hurricanes Katrina and Rita.

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Jeffrey Alan Rothschild, who's also known as Jeffrey Zahler, pleaded guilty in August to bank fraud, mail fraud and money laundering in late 2005. He was sentenced by U.S. District Judge Colleen Kollar-Kotelly in Washington.

U.S. Attorney Jeffrey A. Taylor said Rothschild abused a system set up by the Federal Emergency Management Agency to allow hurricane victims to receive $2,000 in emergency funds after providing their names, Social Security numbers and other information.

Between about Sept. 13, 2005, and Dec. 31, 2005, Rothschild used personal information and addresses that he found on the Internet or material he made up to get money from FEMA, Taylor said.

As a result, FEMA issued 38 checks to people whose names Rothschild had provided. He then forged the checks and deposited them in accounts he controlled. He submitted 14 applications for which he did not receive checks, Taylor said.

Rothschild has no fixed address.

Gulfport Woman Pleads Guilty To Katrina Fraud (BSH)

Biloxi Sun Herald, February 6, 2007

JACKSON, Miss. - A Gulfport woman pleaded guilty to hurricane disaster-relief fraud and faces five years in prison, the U.S. attorney's office said Monday.

Amanda Rettig will be sentenced April 25 and could also be fined up to $250,000.

She pleaded guilty to filing a false claim with the Federal Emergency Management Agency saying her property was damaged by Hurricane Katrina. She submitted a false address in Saucier.

She received $22,253.23, a statement from U.S. Attorney Dunn Lampton said.

Suspect In 2 Boys' Abduction Charged With Molestation (USAT)

By Judy Keen

USA Today, February 6, 2007

CLAYTON, Mo. — Michael Devlin, who has been accused of kidnapping two Missouri boys who were found last month, was charged Monday with molesting the teenagers.

St. Louis County prosecutor Robert McCulloch charged Devlin, 41, with 71 counts: two kidnapping charges and the rest for forcible sodomy. Each charge is a felony punishable by up to life in prison. He said Devlin was charged with 17 counts of forcible sodomy relating to an abduction last month and 52 more in a 2002 kidnapping. "Devlin acknowledged committing these acts," McCulloch said.

Following his department's policy of not naming victims of sexual abuse, McCulloch did not name the teens. He noted that their identities "are not a national secret."

Ben Ownby, 13, of Beaufort, Mo., was kidnapped on Jan. 8. Shawn Hornbeck, 15, disappeared in 2002 in Richwoods, Mo. Both were found inside Devlin's apartment in Kirkwood, Mo., on Jan. 12. Devlin was charged last month with kidnapping in each boy's home county and pleaded not guilty. Monday's charges were filed in the county where Devlin lived.

USA TODAY does not usually identify victims of alleged sex crimes. In this case, however, the names have been widely used in the media. Hornbeck's stepfather, Craig Akers, told USA TODAY that it was "a logical assumption" that Shawn had been sexually abused. Devlin's lawyers, Ethan Corlija and Michael Kielty, said in a statement they have "received no evidence" on the charges. Scott Sherman, a lawyer for Shawn and his family, told the Associated Press that the family "is relieved that the speculation" about what happened is over.

The Police Lineup Is Becoming Suspect Practice (CSM)

By Patrik Jonsson

The Christian Science Monitor, February 6, 2007

ATLANTA

More than two decades ago, a sexual-assault victim from Sandy Springs, Ga., pointed to a picture of her attacker in a photo lineup.

"From zero to 100 percent, how sure are you?" a detective asked.

"I'm 120 percent sure," the woman said, as stated in court testimony.

It now appears that she was 100 percent wrong, according to the Fulton County district attorney. The result of DNA testing led to the release of Willie "Pete" Williams on Jan. 23 after nearly 22 years in a south Georgia prison for a crime he did not commit. Her mistake and his exoneration have revived a debate about the accuracy of eyewitness identifications – and their central role in persuading juries to convict.

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But even as a handful of police departments from Boston to Minneapolis have voluntarily changed lineup procedures to help reduce such tragic errors, resistance to top-down reform from the majority of American police chiefs and prosecutors is pushing the debate into the legislative chamber. Last week, Georgia introduced a bill that would scrap the side-by-side police lineup, and would instead require police departments to present suspects one by one – either in person or by photo. Georgia joins Texas, New Mexico, West Virginia, and Vermont, which have similar bills pending.

Some experts argue that the new procedure limits inaccurate "relative judgments" that victims can make during a lineup. But police counter that they do not want to be forced to use a specific procedure that they say would undermine proven techniques detectives use.

"You can start to see a move now in policymaking and the decisions that prosecutors are making about how they elicit evidence," says Professor Christian Meissner, director of the Investigative Interviewing Research Laboratory at the University of Texas at El Paso. "The involvement of legislatures is an attempt to get prosecutors to realize that these are real issues that need to be addressed."

Since 1992, 194 people have been exonerated on the basis of DNA evidence, and some 75 percent of the convictions involved at least one faulty eyewitness identification, according to the Innocence Project, which works to clear those who are falsely imprisoned. A separate study published by the University of Michigan in 2004 found that 90 percent of mistakes that led to false convictions in rape cases were caused by eyewitness errors.

"The way the [procedure] is now, it's easy to pick somebody out that's not involved," says Michael Moore, a private investigator in Cairo, Ga.

How new bills change lineups

To minimize errors, the new bills in the five states propose that police must employ a "blind" lineup administrator, who in a small town could be a retired police officer or even a barber. This person would not know anything about the case, and therefore would be unable to influence the witness, for example, to "take another look at No. 5." Also the measures would replace the lineup in which people or photos are shown side by side with a procedure where suspects are shown one at a time. This "blind sequential lineup" strategy reduces "relative discrimination" in which witnesses identify somebody who looks most like the perpetrator out of a group, researchers say.

"Let's learn the lessons not only about the fallibility of eyewitness identification, but also of the ... research that shows how to eliminate the inadvertent suggestiveness of traditional police lineup procedures," says Stephen Saloom, policy director at the Innocence Project in New York.

In recent years, research has showed that blind sequential photo lineups produce half as many mistakes as the traditional "parade" of suspects, but they also result in 3 percent fewer total identifications.

But the blind sequential photo lineup resulted in more false identifications when it was employed in Illinois in the squad rooms of Chicago, Joliet, and Evanston in 2005. Using this method, witnesses made positive identifications 62 percent of the time; the sequential method yielded identifications 53 percent of the time, according to a study by the Illinois attorney general.

With this study in mind, some criticize states' efforts to mandate a specific procedure that would replace the experience detectives have from "thousands of years of court with 25 years of studies on human memory," says Rick Malone, director of the Prosecuting Attorneys' Council of Georgia. "A clinical study in a research laboratory versus someone walking out of a liquor store who shoots the fellow across the street – those aren't the same conditions."

The change could also trigger a flood of appeals from convicts who say they were mistakenly identified, says Terence Campbell, a forensic psychologist in Sterling Heights, Mich., offering a reason prosecutors are against the legislation.

The exoneration of 'Pete' Williams

During his trial, Mr. Williams said he was playing cards with friends at the time of the rape, but his testimony could not overcome the jury's perception of the victim's "120 percent" certain identification. Williams wrote a letter from prison to the Georgia Innocence Project saying he was "a poor black man with a criminal record" who was convicted of a crime he did not commit. The group then used DNA technology to test the evidence again. "We are all human," Williams said after his release, as he forgave the witness for the mistake.

The story of Williams, an aspiring gospel singer who broke into a bar of "Amazing Grace" after his release, is likely to influence whether Georgia lawmakers vote to pass the bill, experts say.

"When you have someone just released from prison who was unjustly put in there, [the success of a reform bill] comes down to how much sympathy defense attorneys can garner in [the house judiciary] committee, and they could garner a lot," says Frank Rotondo, of the Georgia Association of Chiefs of Police.

Jail Record Near For Videographer Who Resisted Grand Jury (NYT)

By Jesse Mckinley

The New York Times, February 6, 2007

SAN FRANCISCO, Feb. 5 — A freelance videographer who refused to cooperate with a grand jury investigation will become the longest incarcerated journalist in modern American history on Tuesday. The freelancer, Josh Wolf, will pass Vanessa Leggett, an investigator and a journalist who served 168 days in 2001 and 2002 for refusing to surrender information in a murder case.

Mr. Wolf, 24, has been in prison since August, with a brief break in September related to his appeal, after refusing to cooperate with a grand jury investigation of an anticapitalist protest in 2005 in which a police officer here was injured and a squad car was slightly damaged by a small explosive device.

Prosecutors have demanded that Mr. Wolf give them his raw video, some of which he has posted on his Web site, www.joshwolf.net, as well as testify about the protesters seen on the tape for an investigation into possible charges, including arson.

"Wolf videotaped a public demonstration where there may have been an attempt to set a police car ablaze and where a San Francisco police officer's skull was fractured when he was hit from behind by a demonstrator," said Luke Macaulay, a spokesman for the United States attorney for the Northern District of California.

Mr. Macaulay cited six federal decisions in the government's favor, including one last week that denied a request for a new hearing.

"This office has issued a lawful subpoena for legitimate investigative purposes," he said.

Mr. Wolf says he is protecting his sources. He remains behind bars even as the United States attorney who had him held, Kevin V. Ryan, has said he is stepping down and the San Francisco district attorney has dismissed the lone remaining criminal case involving the protest.

Mr. Wolf could stay jailed until the term of the grand jury ends in July.

The jailing has prompted outcries by advocates for freedom of the press who say it seems out of proportion to the scale of the investigation.

"This is one more example of the increasing attacks on confidentiality of sources in the United States, one more blow to investigative journalism and, eventually, to the right for American people to be informed," Lucie Morillon, a spokeswoman for Reporters Without Borders in Washington, wrote in an e-mail message. "This is a bad signal sent to the rest of the world."

The case has also raised the question of whether Mr. Wolf is truly a reporter or simply a citizen who shot videotape. His lawyer, Martin Garbus, said Mr. Wolf established his journalistic status in part by selling videotape of the protest to local television stations.

The protest was timed to coincide with a Group of 8 meeting of world economic leaders in Scotland.

Judge William Alsup of Federal District Court here disagreed, referring to Mr. Wolf as an "alleged journalist" in court papers. Judge Alsup has also repeatedly cited Branzburg v. Hayes, a Supreme Court decision in 1972 that found that the First Amendment does not exempt any newsmen from testifying to a grand jury.

Supporters of Mr. Wolf intend to rally on the steps of San Francisco City Hall on Tuesday.

Mr. Garbus said he would be return to court next month with a psychiatrist's affidavits, as well as statements from former co-workers and teachers that Mr. Wolf is unlikely to be persuaded to talk.

"The more acclimated he gets," Mr. Garbus said of the detention, "the more determined he gets."

Child Pornography Suspect Pleads Guilty (TRENT)

By Kevin Shea

Trenton Times, February 6, 2007

A former West Windsor man pleaded guilty in federal court yesterday to one count of receiving and distributing child pornography on the Internet.

Mark Wasco, 46, was charged in March 2006 with possessing child pornography after an FBI agent and a New Jersey State Police investigator searched his home and computers and found numerous images of children engaged in sex.

The investigation of Wasco eventually led to him pleading guilty yesterday to receipt and distribution of child pornography be fore U.S. District Chief Judge Gar rett E. Brown Jr.

Wasco was not indicted and pleaded guilty to a one-count alle gation against him. He is scheduled to be sentenced May 14.

The U.S. Attorney's office yesterday declined to comment further on the Wasco case.

Court papers and the criminal complaint against Wasco allege that when authorities searched his West Windsor home on South Post Road, they found numerous images of child pornography after searching two laptop computers, one ex ternal hard drive and some compact discs.

The complaint also alleges that Wasco, at one point, posed as a teenage boy to solicit images of children using the Web site MySpa ce.com, and admitted to the ploy.

Wasco also admitted to using more than one file-sharing site to trade child pornography images over the Internet.

Wasco, according to court documents, is free pending sentencing and living with a relative in Hamil ton.

Kevin Shea can be reached at (609) 989-5705 or kshea@njtimes.com.

Fifth Worker At Frontier Accused Of Sex Crime (BUFFNEWS)

By DAN HERBECK And MARY B. PASCIAK, NEWS STAFF REPORTERS

Buffalo News, February 6, 2007

Elementary teacher arrested in Internet child sex sting

An elementary school teacher from Frontier School District is accused of using the Internet to arrange a sexual liaison with a 14-year-old boy.

Kollin Roy King, arrested Thursday night, is at least the fifth Frontier Schools employee to be charged with improper conduct with youngsters or Internet child pornography since the latter part of 2004.

King, 26, is also a longtime Boy Scout volunteer who was scheduled to become director of Camp Scouthaven this summer, overseeing a program for boys in first to fifth grades who attend camp with their parents.

The "boy" who led to King's arrest was actually an undercover FBI agent, who arranged a meeting at a Cheektowaga restaurant. A team of agents arrested King when he showed up.

Assistant U.S. Attorney Allison P. Gioia identified King as a fifth-grade teacher at Blasdell Elementary School and a Cub Scout leader in the Southtowns area. She said King faces a felony charge of attempting to entice a minor into engaging in sexual activity.

"It's a concern to the district and to board members," said Thomas J. DeBoy, the school district's attorney. "I've been in touch with the FBI and the U.S. Attorney, and the district is cooperating fully with the investigation."

When local scouting officials learned Friday of King's arrest, they notified him that he has been removed from the program pending resolution of the case, in keeping with Boy Scouts of America's policy.

"He's been involved in scouting for many years, and he was always held in high regard, both in his volunteer and paid positions," said Patrick Coviello, executive director of the Greater Niagara Frontier Council of the Boy Scouts of America. "Everyone here has been shocked by this news. Certainly he always seemed to be a very professional, polite, well-intentioned young man."

According to Gioia, King's arrest followed a series of "explicit" Internet conversations with an undercover agent, during which King said he wanted to have sex with the purported teenager and a 12-year-old friend. FBI agents said King admitted after his arrest to past sexual activities with a 16-year-old he met on the Internet. But agents said he told them he has never molested any of his students or youths he met as a Cub Scout leader.

King, who lives on Southwestern Boulevard in Hamburg, has been a Frontier teacher for less than three years and does not yet have tenure, DeBoy said, adding that the district was unaware of any alleged wrongdoing by King before the arrest.

King taught sixth grade at Orchard Park Middle School for two years before going to Frontier. Orchard Park officials said they never received any complaints about him; he resigned because his job was in jeopardy from pending budget cuts.

A transcript of King's alleged Internet chats with the undercover agent indicates that King repeatedly made graphic requests for sex, strongly urging the agent to include a 12-year-old friend in the planned meeting.

In one excerpt, King asked the agent how old his friend was.

Agent: 12.

King: YES!!!!! lets threesome.

Agent: i dont know if he would be into it.

King: please please please.

But after his arrest, King was less enthusiastic when asked by FBI agents what he would have done if two minor boys had shown up instead of a team of federal agents.

"I hope nothing would have happened," the FBI quoted King as saying.

"We see these sting operations on television all the time. The public is well aware that we have undercover agents on the Internet," FBI spokesman Paul M. Moskal said on Friday. "And yet, people keep doing it. This kind of criminal activity seems to get more and more prevalent."

Moskal said it is difficult to understand why men continue to use the Internet to arrange sexual meetings with minors. "The men we've arrested are driven. They have a fire in their belly to do this, and they won't stop until they get caught," Moskal said. "And they will eventually get caught."

After a brief appearance Friday before U.S. Magistrate Judge H. Kenneth Schroeder Jr., King was ordered jailed until at least Tuesday. A federal public defender, Kimberly Schechter, represented King at the proceeding and declined to comment afterward.

DeBoy said the FBI told him that there are no allegations of King molesting students from the Frontier district. He said the district plans to arrange a meeting with King's students and their parents to discuss the arrest.

DeBoy said it was too soon to disclose whether King would be suspended from work, either with or without pay.

Teacher, Scout Leader Accused Of Soliciting Sex With Minor (NSDY/AP)

By Carolyn Thompson, Associated Press Writer

Long Island Newsday, February 6, 2007

BUFFALO, N.Y. -- An elementary school teacher and Boy Scout leader was charged Friday with arranging to meet teenage boys for sex.

Kollin King, 26, of Hamburg was arrested about 9 p.m. Thursday at a suburban restaurant, where he had arranged to meet an Internet acquaintance he thought was a 14-year-old boy.

The acquaintance, who had agreed to bring along a friend, was actually an undercover FBI agent.

When authorities asked King what he would have done had two boys arrived at the restaurant, King replied, "I hope nothing would have happened," Assistant U.S. Attorney Allison Gioia said.

But King later acknowledged that it was not the first such meeting he had arranged, and that he had engaged in sexual activity with a 16-year-old boy he met on the Internet in a park and in his apartment, Gioia said. Other scheduled meetings never came to fruition, King told authorities, because the minors did not show up or the meeting location was fictitious.

He was charged with one count of attempted enticement of a minor to engage in criminal sexual activity.

King denied having inappropriate contact with any of his students at Blasdell Elementary School, where he taught fourth grade, or members of a Cub Scout den _ a group of young Boy Scouts _ he led.

He was suspended from the Boy Scout program pending resolution of the charge, said Pat Coviello, executive director for the Greater Niagara Frontier Council of the Boy Scouts.

In addition to being a den leader, King was a paid staff member at the Boy Scout's Scouthaven camp for Scouts in grades one through five, Coviello said.

King, who passed a criminal background check and "youth protection training" required of all staff members, appeared to be "a professional, well-intentioned person," Coviello said.

"That's the shocking thing, is that there had been, over the years, no issues, no concerns, nothing that we were aware of or anything like this brought forward," Coviello said.

A woman who answered the phone at Blasdell Elementary School said officials would have no comment and hung up.

At an initial appearance Friday in U.S. District Court, King was ordered held pending an appearance Feb. 6. Gioia requested that King be detained as a danger to the community and a flight risk.

If convicted, he could be sentenced to between five and 30 years in prison.

Identity Fraud Has Dropped Since 2003, Survey Shows (NYT)

By John Leland

The New York Times, February 6, 2007

The number of Americans who are victims of identity fraud has declined steadily since 2003, according to a new survey sponsored by credit-card and financial services companies. Last year, 3.7 percent of people surveyed said someone had stolen their identity in the previous 12 months, down from 4.7 percent in 2003, according to the report.

The study found that the total losses from the crime fell last year to $49 billion from the 2005 level of $56 billion. The thieves either used the victims' existing bank or credit card accounts or opened new ones.

The survey, based on telephone interviews with 5,000 adults, was conducted by Javelin Strategy & Research, a data research firm, and was sponsored by Visa, Wells Fargo and CheckFree. The margin of sampling error is below plus or minus one percentage point for the crimes' prevalence.

The findings contradict public perceptions that identity fraud is proliferating out of control, said James Van Dyke, president and founder of Javelin. "For years identity fraud has been reported as the nation's fastest growing crime, with the assumption that the numbers would keep going up," Mr. Van Dyke said. "We find it's not the case. The trend is going down."

Because the survey relied on people's accounts of whether they had been victims, it does not measure "synthetic identity theft," in which criminals fabricate identities using names, addresses, Social Security numbers and other information that may or

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may or may not correspond to real people. A 2005 analysis by ID Analytics, a financial industry security firm, found that synthetic identity theft was more common than “true-name” identity theft.

As in past years, the Javelin survey found that individuals whose identities were stolen bore less than 10 percent of the loss from the crimes.

Young adults, ages 18 to 24, were the most likely to say they were victims, and the least likely to take precautions to prevent identity fraud like shredding documents and using computer firewall protections, the study found. People with high incomes were more likely to say they had been victims than were people with low incomes.

The survey did not study why the numbers were dropping, but Mr. Van Dyke attributed the declines to both greater consumer awareness and better prevention efforts by banks and credit card companies.

Edmund Mierzwinski, consumer program director at the United States Public Interest Research Group, a nonprofit group, said the report underplayed the effects of recent state legislation, which the financial services industry has largely resisted. The protections include requirements that companies notify people whose personal information has been compromised, and laws enabling people to freeze their credit reports.

“Financial companies don’t want new regulations,” Mr. Mierzwinski said. “We think we need new regulations. The reason consumers are paying more attention to identity theft is that many are getting breach notices.”

He added, “From our perspective the decline is a good thing, but it’s still affecting many millions of Americans. The cost to victims remains very high in terms of lost time and frustration.”

Homicides Weigh On Confirmation For Chief Lanier (WT)

By Daniel Taylor

The Washington Times, February 6, 2007

A recent series of homicides will provide an early test for acting Metropolitan Police Chief Cathy L. Lanier as she faces D.C. Council confirmation hearings scheduled for next month, say some residents and council members.

"I certainly think the way a city responds to a spike in homicides is an important indicator," said council member Phil Mendelson, at-large Democrat and chairman of the Committee on Public Safety and the Judiciary, which will hold the hearing. "It gives important insight into how the new administration will deal with violent crimes."

The number of homicides this year in the District as of yesterday was 17, the same as last year at this time. Among them was the series of four killings in less than five hours the weekend of Jan. 27-28. Police have made an arrest in one of the cases, and Chief Lanier announced initiatives to aggressively canvass neighborhoods in the 48 hours after a homicide and to target violent criminals wanted on fugitive warrants.

Mayor Adrian M. Fenty, a Democrat, replaced Chief Charles H. Ramsey shortly after being elected in November, in part to implement more community policing in the department, which has 3,800 officers and a budget of about $430 million. Chief Lanier officially took over Jan. 2.

Mary Cheh, Ward 3 Democrat, said she was "excited" about Chief Lanier's appointment, but added she has some issues that need to be addressed.

"I expressed some concerns [to her] that I had about the department," Mrs. Cheh said. "So when she comes up for confirmation, there's a number of things I want to talk to her about."

Mrs. Cheh said she doesn't think violent crimes such as assaults and robberies get enough attention. She said if they did, the death last year of journalist David E. Rosenbaum -- killed by two men suspected of committing a violent robbery and assault two months before -- might have been prevented.

"I'm just not happy now with how the department is run," Mrs. Cheh said. "and I'm hoping she's going to change some things."

She plans to ask Chief Lanier, a 16-year veteran and former commander of the department's Special Operations Division, about her role in handling mass demonstrations. During protests in September 2002, hundreds of demonstrators and several bystanders were swept up in mass arrests, cuffed hand to ankle and detained at the department's training academy for several hours.

Since her nomination on Nov. 20, Chief Lanier has attended community meetings in every quadrant of the city and has pledged to improve the relationship between police and the neighborhoods they patrol, assign investigations to field teams and improve communication in the department.

However, Leroy Thorpe, a former advisory neighborhood commissioner in Ward 2, thinks the new chief has not done enough.

"She hasn't gone out in the community to meet with the players in the community," said Mr. Thorpe, who plans to testify at the hearings. "Ramsey was a people person. I don't think this woman is going to be a people person."

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Despite the criticism, Chief Lanier appears to have the support of most of the D.C. Council members.

Ward 1 Democrat Jim Graham called her a "superb selection."

"Here's someone who came right up the ranks, totally engaged from Day One," he said. "She's been through the fire, and she's come out on top."

If the judiciary panel votes to recommend Chief Lanier, her nomination will go before the full council. If the committee votes against her, the mayor must either send down another nominee or seek to dislodge her nomination from the committee.

Council member Marion Barry, Ward 8 Democrat, said he also supports the nomination.

"I'm very impressed," Mr. Barry said. "I think she's going to make a good chief."

Nominees for police chief typically face little opposition in the council. Only serious questions about the candidate's character or ability to do the job tend to derail an appointment.

"Unless I have very strong objections to individual appointees, I tend to let the captain pick his crew," said council member Carol Schwartz, at-large Republican.

Marion Barry Faces Possible Prison Time (WP)

By Henri E. Cauvin

The Washington Post, February 6, 2007

D.C. Council member Marion Barry (D-Ward 8) is back in trouble with federal authorities over his income taxes.

Nearly a year after he agreed to follow the law and pay overdue taxes dating back several years, the former four-term mayor has not only flouted a plea agreement but has failed to file tax returns for 2005, prosecutors say.

Now, the U.S. attorney's office, which did not oppose probation for Barry when he was sentenced in March, wants the federal judge in the case to put him in prison.

"The Court's patience should be at an end," Assistant U.S. Attorneys James W. Cooper and Thomas E. Zeno wrote in a motion to Magistrate Judge Deborah A. Robinson, adding that Barry "continues to flout" city and federal tax laws.

Under sentencing guidelines, Barry could have faced 12 to 18 months in prison for failure to file a federal income tax return and failure to make a District of Columbia return. Now that prison time could be back on the table if the judge decides that Barry isn't living up to his agreement with prosecutors and his promises to the court.

And that may only be the beginning of his problems in the case. In November, the Internal Revenue Service began garnishing Barry's city council salary because he failed to follow through with a payment plan for the taxes he owed for years 1999 through 2004.

Barry, 70, did not return calls seeking comment.

Frederick D. Cooke Jr., Barry's attorney, said that he has not talked to his client about the problem with his 2005 taxes. But Cooke said he expects to file court papers challenging the prosecutors' bid to revoke Barry's probation. Cooke said he expected a hearing in the next month.

The filings make clear that prosecutors are tired of Barry's promises. He paid $1,000 toward his tax debts in July, and his accountant expressed a willingness to establish a payment plan, an IRS agent said in an affidavit filed by prosecutors in U.S. District Court. But at another meeting in September, Barry's accountant talked about submitting amended returns along with the payment schedule.

Barry has yet to act, the agent, Don M. Sender, said in his affidavit.

Details about the latest tax dispute were first reported by CNN.

Why Barry failed to file federal or local income tax returns for 2005 is unclear. The prosecutors do not allege that he failed to pay taxes for 2005 -- without returns, it would be difficult if not impossible to determine if he paid enough to cover whatever would be owed for that year through payroll deductions. Prosecutors said Barry sought an extension in filing the federal income tax return that was due last April 15; the IRS gave him until Oct. 15, to no avail.

Barry now is facing hearings in two courthouses. Just last week, he was in D. C. Superior Court dealing with other legal entanglements.

Stopped by police twice last year in the District, he faces several charges, including driving under the influence in connection with the first stop, in September in Northwest Washington. At a court hearing, a judge set a June 12 date for a trial on the traffic charges after Cooke made it clear that Barry does not believe he did anything wrong and is not prepared to plead guilty to any of the charges.

It is in federal court, though, where Barry faces the most serious potential consequences.

Even before these latest revelations, Barry had stumbled in the tax case. Soon after pleading guilty to the misdemeanor tax charges in October 2005, he tested positive in a court-required drug screening for cocaine and marijuana. Then he waited until

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just before sentencing to contact the IRS about repayment, upsetting the judge as well as the prosecution. But prosecutors stuck to terms of the plea agreement, and the judge sentenced Barry to three years' probation.

Paying the back taxes was a key condition. How much he owes has not been publicly disclosed. Barry earned more than $530,000 in the period from 1999 through 2004.

D.C. Council members earn $92,500 a year.

In its filing, the government notes Barry's stature as a public figure in the District. "A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own tax returns for six years," Cooper and Zeno write.

With Probation At Risk, Barry To Meet Attorney (WT)

By Jim Mcelhatton

The Washington Times, February 6, 2007

The defense attorney for D.C. Council member Marion Barry said yesterday that he is meeting with the former mayor this week to decide how best to respond to a recent request by federal prosecutors to revoke Mr. Barry's probation in a criminal tax case.

If the motion is granted, the revocation could put Mr. Barry back behind bars more than 15 years after he served six months on drug charges.

"Just because they write it doesn't mean it's true," attorney Frederick D. Cooke Jr. said of the court filing last week in which prosecutors stated that Mr. Barry had failed to pay his 2005 taxes.

Mr. Barry received three years of probation last year after pleading guilty to failing to file returns on more than $500,000 in income from 1999 to 2004.

"I haven't had a chance to draft a response because I have to talk to my client and gather information," Mr. Cooke said.

In exchange for the guilty plea, prosecutors last year agreed to take no position on Mr. Barry's request for probation at his sentencing last year.

Now, prosecutors say, Mr. Barry hasn't lived up to his end of the deal.

In addition to failing to pay D.C. or federal income taxes in 2005, Mr. Barry also hasn't made plans to pay off prior years' tax debt stemming from the criminal tax case, the government memo states.

Mr. Barry's office did not return phone calls yesterday.

Former U.S. Attorney Joseph diGenova said yesterday that Mr. Barry almost certainly will be called to testify about whether he failed to pay his taxes.

Mr. diGenova said the government's latest request isn't out of the ordinary.

"It would be standard practice for the government to file such a pleading when someone had failed to comply with the terms of their probation," he said. "The courts expect the government to do this when they come into possession of knowledge that a court order, which is what probation is, has been violated."

It will be up to U.S. Magistrate Judge Deborah A. Robinson to decide whether to revoke Mr. Barry's probation.

"This is an elected public official, who has a higher duty of compliance than an ordinary citizen," Mr. diGenova said.

Prosecutors argued in their memo last week that Mr. Barry has shown "unworthiness to reap the benefits of a lenient sanction."

The prosecutors also called his failure to pay his taxes the latest in a series of "willful acts in defiance of the tax laws." They said Mr. Barry's actions violate his probation.

Mr. Barry had asked the Internal Revenue Service for an extension to allow him to file his return by Oct. 15, according to court records. However, no return had been filed as of last week, according to an affidavit submitted by an IRS special agent.

"The court's patience should be at an end," the prosecutors wrote. "A longtime elected official who has been responsible for spending public funds collected from District of Columbia taxpayers, the defendant chose not to file his own return for six years."

The IRS began garnishing Mr. Barry's paycheck in November.

CIVIL LAW:

Jury Finds FBI Retaliated Against Agent, Awards Her $565,000 (AP)

AP, February 6, 2007

DOJ_NMG_0128446

MINNEAPOLIS - A jury awarded $565,000 in damages on Monday to a former FBI agent, agreeing that Jane Turner's superiors retaliated against her for filing a sex-discrimination complaint against her supervisor.

"Today is a true vindication for whistleblowers in the FBI," Turner said after the jury returned its verdict in federal court.

Turner retired in 2003, amid the pressure of both her discrimination case and a separate dispute that arose after she accused colleagues of stealing a Tiffany crystal globe from the World Trade Center ruins.

The jury awarded her $60,000 in damages for lost wages and $505,000 for emotional distress. One of her attorneys, Robert Hill, said the judge will have to reduce the $505,000 to $300,000 because of a statutory cap on nonmonetary damages, so she'll get $360,000.

Still, Hill said, it's believed to be the largest jury verdict for retaliation in the history of the FBI.

Members of the six-woman, four-man jury expressed strong admiration for Turner afterward. Several gathered around and embraced her. Some had tears in their eyes.

"I just want to tell you I have nothing but the utmost respect for you," juror Renee Anderle said.

Deliberations took a half-day Thursday, all day Friday and half the day Monday.

The defense team's jury consultant, Nikki Carlson, said it was clear that the jury didn't buy the government's defense, which attacked Turner's credibility and job performance. She said one juror told her that the two jurors seated either side of her wrote "LIAR" on their notepads and stopped taking notes when one of Turner's superiors was testifying.

Spokespeople for the FBI and U.S. attorney's office did not immediately return phone calls seeking comment.

Over her 25-year FBI career, Turner was credited with solving some horrifying child-sex abuse and murder cases on North Dakota Indian reservations. She also helped capture Christopher Boyce, a Soviet spy portrayed in the 1985 movie "The Falcon and the Snowman."

Records show Turner was rated superior or exceptional in her job reviews until she filed a sex discrimination complaint against her supervisor, Craig Welken.

Turner said Monday that her initial Equal Employment Opportunity complaint was relatively minor. She recalled that it alleged female agents in the FBI's Minneapolis division, which covers Minnesota and the Dakotas, were being given lower ratings that male agents, and that she herself was not getting equal respect, among other things.

That case was separate from one still pending before the Justice Department's Office of Inspector General. She noticed a Tiffany globe paperweight on a secretary's desk in the Minneapolis FBI office and, after learning it came from Ground Zero, reported it to the inspector general. The FBI then began moves to fire her.

That case had been on hold pending a resolution of this case, Turner said, and she hopes the inspector general takes note that her jury didn't believe the government's claims.

Turner said the FBI's treatment of her had had a "chilling effect" on other agents, and that she'd received several congratulatory calls Monday from current FBI employees, after eight years of getting little support from her colleagues.

"I guess they maybe had a sense that it was OK to poke their heads up and say they did support me," she said.

Ex-agent Wins Lawsuit Against FBI (MINNST)

By Dan Browning

Minneapolis Star Tribune, February 6, 2007

Jurors said the FBI retaliated against the female agent, who filed a discrimination complaint in 1998.

Federal jurors hugged former FBI agent Jane Turner on Monday after awarding her $565,000 in damages and finding that the agency had retaliated against her for filing a 1998 sex-discrimination complaint.

"I think you were the very best FBI agent," juror Mashima Dickens told Turner, who investigated child sex-abuse crimes. "Looking at the way you were treated, I just said you were screwed left and right," Dickens said, tears rolling down her cheeks.

"I just want to tell you I have nothing but the utmost respect for you," juror Renee Anderle said as she hugged Turner in the hallway outside Chief U.S. District Judge James Rosenbaum's courtroom in Minneapolis.

"This is vindication," said Turner, 55, of St. Paul. "We spoke truth to power, and we won."

But Turner said she could never repair the damage done to her by her colleagues in the FBI, an organization she had dreamed of joining since she read Nancy Drew detective novels at age 12.

"I'm dead in their eyes because I betrayed them. And that's what's so sad," Turner said.

The government's attorneys declined to comment on the verdict in the trial, which began Jan. 24.

Stephen Kohn, one of Turner's attorneys and president of the National Whistleblower Center in Washington, called it historic. "I think it's the largest jury verdict in a civil rights case against the FBI for an individual plaintiff," he said.

The jury of six women and four men awarded Turner damages of $60,000 in lost wages and $505,000 for emotional distress, loss of reputation and similar injuries.

Rosenbaum will reduce the non-wage damages to the statutory limit of $300,000, said Robert Hill, of Eden Prairie, another of Turner's attorneys.

Turner had a noteworthy career. After joining the FBI in 1978, she helped capture Christopher Boyce, a Soviet spy, and solved some horrendous child-sex abuse and murder cases on North Dakota Indian reservations.

Records show that she received superior or exceptional job ratings until after her supervisor, Craig Welken, was interviewed in 1999 about a sex-discrimination complaint she had filed the previous year. Her ratings plummeted, which led to a transfer from Minot, N.D., to a desk job in Minneapolis.

Jurors decided that the negative job reviews were retaliation for filing the internal discrimination complaint, but that the transfer was not.

About a month after Turner filed the complaint against Welken, a task force was being formed to investigate a child pornographer who had confessed in an Internet chat room to murdering his 7-year-old daughter. The killer, Larry Froistad, recanted his confession, and the U.S. attorney in North Dakota at the time, the late John Schneider, wanted Turner's help. Welken resisted initially, but said he gave in because Schneider was "unrelenting."

Schneider later credited Turner in an e-mail with solving the Froistad case.

Martha Fagg, one of two assistant U.S. attorneys from Iowa who represented the FBI, argued that Turner had basically stopped working after the Froistad case, and that the transfer to Minneapolis was designed to help her get back on track.

"In my opinion, she was using the EEO [Equal Employment Opportunity] process not as a shield, but as a sword," Fagg said.

However, Turner's attorneys introduced evidence that she kept up her casework and solved some especially tough cases while she was being downgraded on her reviews. Two assistant U.S. attorneys testified that they never saw Turner slack off.

Turner's attorneys plan to file for compensation. Kohn said the final bill will be "well over $1 million to taxpayers in a case that should have been resolved at a fraction of the cost years ago."

Turner still has a complaint pending against the FBI with the U.S. inspector general's office. She reported that a fellow agent had brought back memorabilia from the World Trade Center in Manhattan after the Sept. 11 terrorist attacks. Turner said she was being run out of the FBI after that, so she retired in 2003.

Trial Starts In Collins' Air Crash (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, February 6, 2007

Nearly seven years to the day after a midair collision killed WGN radio personality Bob Collins and two others, a trial opened in federal court Monday to decide who was at fault for the crash of the two small aircraft.

Government lawyers laid the blame on Collins, while attorneys for the three victims said the collision was caused by an air traffic controller and was ultimately the responsibility of the Federal Aviation Administration.

Collins, 57, had been Chicago's top-ranked morning-radio personality for 14 years when his Moravan Z242L struck a Cessna 172P as the two aircraft approached the Waukegan Regional Airport on the hazy afternoon of Feb. 8, 2000.

Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, killing him and passenger Herman Luscher, 58. The Cessna's pilot, Sharon Hock, 31, a flight attendant who was on her second solo flight, died when her plane crashed on a Zion street.

No one on the ground was injured, but the hospital sustained $28 million in property damage and lost business.

The bench trial before U.S. District Judge John Darrah, expected to last about two weeks, opened with the federal government as the lone defendant after Midwest Air Traffic Control Inc., which operates the Waukegan airport's tower, admitted liability Monday.

But lawyers for survivors of the three victims, including Collins' widow, Christine, contend the FAA controlled the Waukegan airport's operations and bears the responsibility for the collision.

In opening remarks, attorney Kevin Durkin, who represents Collins' estate, said air traffic controller Gregory Fowler failed to properly sequence the planes on their approach to the airfield and made other errors.

For years, Durkin said, the Waukegan airfield was mistakenly left off an FAA list of airports that qualified for radar.

The FAA had radar installed in the Waukegan tower after the collision because of political pressure following Collins' death, Durkin said. Another factor, he said: After the crash, Bulls great Michael Jordan wouldn't fly into Waukegan in his personal jet without the airfield equipped with radar.

Robert Clifford, another Collins attorney, said an economic expert hired by the plaintiffs estimates Collins would have earned more than $20 million if he hadn't perished in the crash. He disputed that Collins had planned to retire when his five-year contract was to expire 2004.

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"Next to the Cubs, Bob personified WGN and was the heart and soul of WGN," Clifford said.

WGN is owned by Tribune Co., which also owns the Chicago Tribune.

Jill Dahlmann Rosa, a Justice Department lawyer, said Collins set up the collision by misreporting his location to the tower, misleading Hock and the air traffic controller.

Collins' conduct "fell below the standard of care of a reasonable pilot," she said.

Rosa also maintained that Collins failed to report his diabetes to the FAA and that it "impaired his ability to see and evaluate the threat and react accordingly."

Rosa scoffed at the lack of radar playing a part in the collision, saying the Waukegan airfield has low levels of activity and that thousands of small airports operate even without air traffic controllers and have no problems.

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CIVIL RIGHTS:

Voting Rights Expert Won't Testify In Noxubee County Election Dispute Case (JCL)

By Jimmie E. Gates

Jackson Clarion-Ledger, February 6, 2007

The Noxubee County case has apparently ended without court resuming after the defense decided against calling an expert witness to testify.

An out-of-state voting rights expert had been scheduled to testify Feb. 15.

The lawsuit, the first of its kind in the United States filed by the U.S. Department of Justice, accuses black political leaders in Noxubee County of discriminating against white voters.

The three-week trial in U.S. District Court concluded last Wednesday, with the exception of the expert coming to Jackson to testify.

The Justice Department's lawsuit mostly accuses Noxubee County Democratic Committee Chairman Ike Brown and people working in concert with him of discriminating against white voters.

U.S. District Judge Tom S. Lee set March 26 as the deadline for both sides to submit final written briefs in the case. He will then make a ruling after that time.

FBI To Share Progress On Race Crimes, Including Moore's Ford (ATHBH)

By Rebecca Quigley

Athens Banner-Herald, February 6, 2007

FBI officials will announce this month how they will proceed with more than 50 unsolved, racially motivated murders - including the 1946 lynchings of two couples in Walton County.

A mob of more than a dozen white men killed Roger and Dorothy Malcom and George and Mae Murray Dorsey near Moore's Ford Bridge on July 25, 1946, days after Roger Malcom fought with a white man.

Since 1997, a committee of locals, with the support of the Georgia Association of Black Elected Officials, have called for state and federal investigators to reopen the 60-year-old case while some of the suspects still are alive.

FBI officials will hold a news conference later this month to give an update on the bureau's so-called "cold case initiative" in the Moore's Ford lynching and 51 other unsolved race-related murders, said Nancy Nelson, section chief of the public corruption/civil rights section of the FBI's Criminal Investigation Division.

The bureau has been reviewing the cold cases to see if new technology, such as DNA testing, and a new willingness by witnesses to come forward, will allow federal and state agents to give some conclusion to the decades-old and often forgotten murders, Nelson said.

"If we can get prosecutions out of it, terrific," but agents mostly are seeking resolution for the victims' families, she said.

FBI officials have not yet set a date for the announcement, Nelson said.

In 2005, the Moore's Ford Memorial Committee sent letters to several members of Congress, including Sen. Arlen Specter, member of the Senate Judiciary Committee, urging them to ask the FBI to "assign two agents to (the Moore's Ford) case to review existing evidence and actively pursue new leads."

The letter helped spur the FBI to review nearly 40 unsolved race-related cases.

Last year, the U.S. Senate established a new division in the Department of Justice that was tasked with investigating those decades-old, unsolved racial murders.

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While members of the Moore's Ford group aren't sure if media attention on the case or recent re-enactments of the crime prompted legislation, the advocacy committee's letter likely influenced the FBI to re-evaluate the Moore's Ford case and other unsolved cases, said Rich Rusk, the committee's secretary.

The committee also sent a letter to FBI officials asking agents to reopen the case.

"The letter certainly proved useful in bringing the case to the forefront," said Stephen Emmett, spokesman for the FBI office in Atlanta.

When the FBI originally investigated the murders, there were as many as 55 suspects, but no one was arrested or charged in connection with the case.

White Supremacist Activity In US Flourishes, Fueled By Anti-immigrant Sentiments (FINDLAW/AP)

By Erin Texeira, Ap National Writer

AP, February 6, 2007

(AP) - NEW YORK-Huge street protests against tougher immigration laws made millions of immigrants more visible and powerful in the United States last year, but, according to some rights groups, they seem to have revived a hateful counter force: white supremacists.

Groups linked to the Ku Klux Klan, skinheads and neo-Nazis grew significantly more active, holding more rallies, distributing leaflets and increasing their presence on the Internet - much of it focused on stirring anti-immigrant sentiment, a new report released by the Anti-Defamation League says.

"Extremist groups are good at seizing on whatever the hot button is of the day and twisting the message to get new members," Deborah M. Lauter, ADL Civil Rights director, said Monday. "This one seems to be taking hold with more of mainstream America than we'd like to see."

Old Klan chapters have been revived and new ones started throughout the South, historically the heart of the group, and in other places such as Michigan, Iowa and New Jersey, says the report, which was scheduled for official release Tuesday.

Last May in Alabama, an anti-immigration rally included slogans such as, "Let's get rid of the Mexicans!" according to the document, titled "Ku Klux Klan Rebounds."

"The Klan is increasingly cooperating with other extremist groups and Neo-Nazi groups," Lauter said. "That's a new phenomenon."

Between 2000 and 2005, hate groups mushroomed 33 percent and Klan chapters by 63 percent, according to Mark Potok, director of the Southern Poverty Law Center, which tracks hate crimes.

Precise data are difficult to pin down, but Potok's group counts as many as 150 Klan chapters with up to 8,000 members across the United States, still well below a peak of 4 million in the 1920s. More than 800 hate groups exist around the country, Southern Poverty research shows.

In the late 1990s, memberships in such groups was crumbling as they lost leaders and struggled to organize, said Brian Levin, director of the Center for the Study of Hate and Extremism at California State University, San Bernardino. Many hit bottom around 2000.

"Whenever you think the Klan is down and out, they find another way to reinvent themselves," he said of the recent resurgence.

Historically, the Klan's focus had been to terrorize African-Americans - through race riots, lynchings and other killings - but it reached its highest membership in the 1920s by focusing on immigration.

Newcomers from Ireland and Germany were portrayed as Catholic usurpers invading the United States, taking jobs from native-born Americans and undermining national fabric, Levin said.

Said Potok: "It's remarkable to look back at the nativist sentiments toward Catholics - it's very similar to what we're seeing with Mexicans now."

Today, many white supremacists blame immigrants, particularly Hispanics, for crime, struggling schools or unemployment, for instance. With many Americans already divided on how to revamp laws and practices to address the nation's swelling immigrant communities, immigration "is an issue that works for hate groups," Potok said.

Some Latinos are feeling the effects firsthand. Last September, a Kentucky family originally from El Salvador found a wooden cross burning on their front lawn just weeks after they moved in. Earlier last year, a Latino teenager in Houston was brutally beaten and sodomized while one attacker screamed "White Power!" The victim barely survived, and one attacker was sentenced to life in prison.

"I've been doing (Hispanic advocacy work) for a long, long time and the atmosphere has never been as poisonous as it has been in the last few years," said Lisa Navarrete, a vice president at the National Council of La Raza. "The level of vitriol is new."

On the Net:
Anti-Defamation League: http://www.adl.org

U.S. Civil Rights Group Calls For Warrant Limits After Police Kill Elderly Woman (FINDLAW/AP)

By Doug Gross, Associated Press Writer
AP, February 6, 2007

(AP) - ATLANTA-A local chapter of a U.S. civil rights group on Monday called on police and politicians to limit the use of "no-knock" warrants in the wake of the death of an elderly woman shot by police during such a search.

The Rev. R.L. White, Jr., chapter president for the National Association for the Advancement of Colored People, unveiled a list of recommendations the group compiled after a December community forum prompted by the shooting.

"This is of utmost urgency," said White, speaking at the chapter's Atlanta headquarters. "The situation that happened last year was only the tip of the iceberg."

The NAACP chapter also called on police to require officers to receive sensitivity training, for the Atlanta Police Department to launch a goodwill initiative in the city's low-income, high-crime neighborhoods and for a citizens review board to be created to review incidents like the Nov. 21 shooting.

Kathryn Johnston died and three officers were wounded in the shootout during a no-knock search for drugs in Johnston's northwest Atlanta home. Family members say Johnston was 92 years old; authorities said she was 88.

When officers raided her home without first announcing their presence, police say Johnston fired a handgun before officers returned fire, killing her.

Narcotics officers said they were told by a paid informant that cocaine was being sold from Johnston's home.

No cocaine was found in the home, and a man who claims he was the paid informant later said he was told by officers to lie about buying drugs at the home.

The FBI and Georgia Bureau of investigation are investigating the incident at the request of Atlanta Police Chief Richard Pennington.

The NAACP recommendations call for police to conduct advance surveillance of homes where they plan to use no-knock warrants. They also suggest that judges reserve the warrants for extreme cases.

"I commend the NAACP for their input and involvement on how the Atlanta Police Department conducts business," Pennington said in a statement. "Even though we are currently reviewing our internal policies and procedures, I do not oppose any measure that will strengthen our relationship with the community. I look forward to working together to reclaim the public's trust in our hard-working men and women."

White said the suggestions will be delivered to Mayor Shirley Franklin, Atlanta's city council and Georgia Supreme Court Chief Justice Leah Ward Sears.

Cheapening A Fight Against Hatred (WP)

By Richard Cohen
The Washington Post, February 6, 2007

I started writing a column for The Post in 1976. It was about local affairs, and so it took me about a year to write my first column about anti-Semitism. Since then, I have written about 90 more, most of them full-throated condemnations of the hatred that killed fully one-third of all Jews during my own lifetime. So it comes as a surprise that has the force of a mugging to be accused of aiding the very people I so hate -- of being an abettor of something called "The New Anti-Semitism."

The accusation comes from the pen of Indiana University's Alvin H. Rosenfeld, whose report " 'Progressive' Jewish Thought and the New Anti-Semitism" was published by the prestigious American Jewish Committee and given great play in the New York Times. Certain prominent American Jews -- the historian Tony Judt, the playwright Tony Kushner, the poet Adrienne Rich and I, among others -- were charged with aiding anti-Semitism with our writings. We were, in other words, enablers. As if that was not bad enough, Shulamit Reinharz, a Brandeis University professor and a columnist for a Jewish weekly, dispensed totally with Rosenfeld's qualification. She told the Boston Globe that all of us mentioned in the AJC report are just plain anti-Semites.

Among the first to call me after the Times piece appeared was the AJC itself. It apologized. It did not mean to include me with the others, and it would, its representative told me, soon set matters straight. It issued a news release saying that Rosenfeld's characterization of me does "not reflect the totality of [my] occasional writings on the Middle East." My "occasional writings" include at least 30 datelined columns from the region and a near-obsessive attention to the subject. The diligent can find the AJC statement on the Internet and the reference to me in paragraph 10, a parenthetical phrase of near-microscopic prominence. Oddly, it has not had the same impact as the Times story.

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Let me take some responsibility. At times, I have written coldly and provocatively about Israel, maybe once or twice in anger. This, in turn, has angered some readers who knew what I was thinking but not what I was feeling -- that, at bottom, I had a strong emotional attachment to Israel. It is a country whose survival is not only important for the Jewish people but for the rest of mankind as well. I can enumerate many reasons why I support Israel -- it's a legitimate state, a real democracy, etc. But it is also where Jews went to escape the killers; to ignore that is to extinguish the twin lights of morality and memory and leave the world even darker than it now is.

But having said that, let me wonder about those American Jews who interpret criticism of Israel as anti-Semitism or something that abets it. The charge has been leveled at Jimmy Carter over his recent book, "Palestine: Peace Not Apartheid." I, too, didn't like the book. I, too, found the book hostile, oddly unbalanced and chillingly lacking in historical context -- not just a near-total neglect of the Holocaust but also no mention of pre-1948 Arab pogroms, such as the 1929 murder of 67 Jews in Hebron. Still, Carter's overall point about Israeli occupation of the West Bank is apt, and calling him all sorts of names does not change that. The former president has in effect embraced the current, ahistorical context for Israel. For many, it is no longer the orphaned waif of the Holocaust but the bastard child of Western colonialism.

Rosenfeld is surely right about one thing: It's astonishing that in the 60 years since the Nazi extermination camps were liberated, anti-Semitism has revived and thrived. Still, it hardly makes sense to fight it by promiscuously throwing around the word "anti-Semite" so that it loses its punch or to flay Jewish critics of Israel. I strongly disagree with some of these critics and find some of their views obnoxious, but if somehow an anti-Semite finds common ground with them, that is hardly their fault -- and certainly not their intent. After all, anti-Semites do not concern themselves merely with Israel. They hate all Jews no matter where they may be.

It's sad that the American Jewish Committee commissioned and published Rosenfeld's report. I can't imagine what good will come out of it. Instead, it has given license to the most intolerant and narrow-minded of Israel's defenders so that, as the AJC concedes in my case, any veering from orthodoxy is met with censure or, from someone like Reinharz, the most powerful of all post-Holocaust condemnations -- anti-Semite -- is diluted beyond recognition. The offense here is not just to a handful of relatively unimportant writers, but to memory itself.

ANTITRUST:

Smithfield Foods Answers DOJ Query (AP)

AP, February 6, 2007

Smithfield Foods Says It Complied With Justice Department Information Request on Acquisition

SMITHFIELD, Va. (AP) -- Smithfield Foods Inc. said Monday it has complied with a Department of Justice antitrust division request for information related to the pork processor's acquisition of rival Premium Standard Farms Inc.

Smithfield said it plans to acquire the pork producer for $674 million in cash and stock and assume $117 million in debt.

Smithfield said it hopes the antitrust division can complete its review in enough time for the deal to close in the first quarter of 2007.

A Premium Standard Farms shareholders meeting has been scheduled for Feb. 23 to vote on the deal.

Smithfield Foods shares fell 25 cents to close at $26.13 on the New York Stock Exchange.

Companies Are Trying To Beat The Antitrust Clock (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, February 6, 2007

Companies trying to hasten the antitrust reviews of their deals are increasingly deciding to hit the reset button on the regulatory clock, a maneuver aimed at saving time and money on government reviews.

Although the strategy is becoming increasingly popular, it's not a sure thing.

Two recent deals indicate that refiling produces mixed results.

Express Scripts Inc. Wednesday announced it was pulling and refiling its premerger notification, in the hope of evading a second request from the Federal Trade Commission regarding its hostile bid for rival pharmacy benefit manager Caremark Inc. But Genentech Inc., which earlier pulled and refiled its paperwork regarding its purchase of Tanox Inc., announced Monday it will have to comply with a longer, costly review.

While the government hasn't historically kept track of corporate decisions to pull and refile merger notices, it is starting to, and on Wednesday a Department of Justice official said those corporate moves to pull and refile seem be increasing. About two-

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thirds of those cases have successfully skirted a government demand for documents and data, known as a second request for information.

The process of notifying the government's antitrust agency of merger plans and getting approval to proceed despite competitive issues has become an increasingly elaborate dance under the rubric of the Hart-Scott-Rodino Antirust Improvements Act of 1976.

Tom Barnett, assistant attorney general in charge of the antirust division at DOJ, and FTC Chairman Deborah Platt Majoras have both repeatedly said they are trying to minimize the cost and time burden of the merger review process, and that as a part of that effort, both agencies are aggressively examining deals during the initial 30 days they are permitted to look over a deal before having to issue a second request.

But sometimes, one month just isn't enough for antitrust lawyers to collect, review, deliver and explain the data fast enough. During that same time, staff lawyers at the agencies also need to review information that may include sophisticated economic data, consider the implications and evaluate the merger's competitive impact in industries that may be new, arcane or rapidly evolving.

As a result, the staff decision to issue a second request for information can prolong the review, and dramatically increase the price tag on the merger review process.

But a second request may not mean the government is really interested in blocking the deal. During the past seven years, 265 cases at DOJ received second requests, according to Bob Kramer, a senior staff official, but only 104 of those cases saw enforcement actions, such as consent decrees involving divestitures or licensing agreements. And only four of those cases actually proceeded to trial.

The cost of the review isn't chicken feed. Merging parties pay $1 million to $20 million for antitrust scrutiny, which varies based on the size of a deal, the nature of the markets involved, the scope of the overlapping product markets and the speed at which the parties submit the data, but on average runs about $10 million per party, according to antitrust lawyers.

Armed with the knowledge that the government is more likely to resolve the matter without action, and in an effort to hasten the process cost-effectively, private-firm antitrust lawyers have sought to increase the time of a review without forcing the government to issue a second request -- hence, the increase in the pull and refile maneuver.

In addition to pulling and refiling -- which can be done once without repaying fees and is sometimes done twice, doubling the fee cost but still avoiding the need to respond to a second request -- lawyers are trying to get ahead of the game.

Antitrust lawyers may enter discussions with agency staff to discuss issues or parse data about a deal even before the official merger notification paperwork is filed, and antitrust lawyers in Washington say it's often a good tactic to help staff narrow the focus to the critical competitive issues of a merger.

The FTC did not immediately provide any statistics on how often the process is successfully used.

F.T.C. Reaffirms Rambus Antitrust Ruling (AP)

AP, February 6, 2007

SAN FRANCISCO, Feb. 5 (AP) — The Federal Trade Commission made final its ruling that the memory chip designer Rambus violated antitrust laws, imposing limits on the royalties the company can charge.

Wall Street was bracing for a potentially harsher order than the one the commission released Monday, and Rambus stock rose sharply.

Still, the final opinion provides the sharpest criticism to date of Rambus, and legal experts said it would set an important precedent for the broader technology industry.

The order said Rambus violated federal antitrust laws “by deliberately engaging in a pattern of anticompetitive acts to deceive an industrywide standard-setting organization.”

Thomas R. Lavelle, senior vice president and general counsel for Rambus, said the company was disappointed with the opinion and would appeal.

The case hinges on whether Rambus illegally obtained a monopoly in the 1990s when it secured patents for two popular types of memory used in personal computers. Rambus was accused of failing to disclose to an engineering council that its patents had been incorporated into an industry standard regarding memory technology.

An administrative law judge dismissed the complaint in 2004, but the F.T.C. overturned that ruling in July 2006.

Rambus, which is based in Los Altos, Calif., insisted for years that it disclosed the patents to the memory makers, Micron Technology and Hitachi, before the standards-setting discussions began. Rambus lawyers also argued that disclosure policies of the council, the JEDEC Solid State Technology Association, failed to specify what Rambus should have revealed to the committee.

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On Monday, the commission required the company to hire an agency-approved compliance officer to ensure that its patents and patent applications "are disclosed to industry standard-setting bodies in which it participates."

The nearly five-year-old case has battered Rambus's shares for several years. News of the ruling sent the shares surging 24 percent, up $4.58, to $23.50 on Nasdaq.

Daniel I. Prywes, a lawyer at Bryan Cave in Washington, said the ruling set a precedent for the commission's handling of cases involving standards-setting organizations and would help Rambus and dozens of other companies understand the legal framework of such organizations.

"Now that the F.T.C. has laid the legal groundwork," Mr. Prywes wrote in an e-mail message, "future cases attacking 'patent ambushes' at standards organizations should be able to move more quickly and obtain powerful remedies before the technologies at issue are superseded in the marketplace by next-generation devices."

Rambus Shares Surge After FTC's Antitrust Order (MRKTWTCH)

By Matt Andrejczak

Market Watch, February 6, 2007

FTC's remedy less harsh than feared

SAN FRANCISCO (MarketWatch) -- The Federal Trade Commission ordered Rambus Inc. on Monday to license some of its older computer memory-chip technology and set maximum royalty rates it can collect for licensing.

Rambus, of Los Altos, Calif., said it plans to appeal the ruling that stems from government antitrust charges filed more than four years ago.

However, shares of Rambus (NasdaqGS:RMBS - News) surged 24% to $23.50 as the FTC remedy was deemed less severe than investors had expected.

In its final order, the FTC said Rambus can charge a maximum rate of 0.5% for DDR SDRAM and a rate of 0.25% for SDRAM -- memory chips widely used in personal computers, servers, printers, and cameras. Those rates would apply over three years and then go to zero.

The government's remedy also bars Rambus from attempting to collect more than the maximum royalty rates from companies that may already incorporate its DRAM technology.

The FTC issued its order on a 3-2 vote. Commissioners Pamela Jones Harbour and J. Thomas Rosch disagreed with parts of the remedy.

Importantly, one analyst said, the FTC order doesn't affect second-generation DDR and SDRAM memory-chip designs that Rambus has developed or other memory technologies that it's engineered. The order also didn't invalidate any Rambus patent.

"The remedy issued by the FTC could have been much worse and investors were expecting the decision to be harsher than it was," wrote BWS Financial analyst Hamed Khorsand, who rates Rambus shares as a buy, in a note to investors. "In three years, we would not expect RMBS to be making much, if anything, from the products the FTC is capping."

However, the legal significance of the government's action is enormous and should pave the way for quicker remedies in future legal cases, said antitrust attorney Daniel Prywes, a partner at Bryan Cave LLP.

"For the first time, the FTC has laid out in tremendous detail how it will impose remedies on companies that conduct patent ambushes at standards organizations," he said.

The FTC charged Rambus in June 2002 with violating antitrust laws by engaging in anticompetitive acts to deceive, the Joint Electron Device Engineering Council, an organization formed to incorporate patented technologies into its published standards that companies could license on a royalty-free basis or on favorable terms.

Rambus was a participant, but the FTC charged that the company failed to disclose that it was working on technologies later adopted into the standards.

In February 2004, an FTC administrative judge ruled in favor of Rambus. The FTC overturned that decision last July.

Rambus said it plans to appeal the order, set to go in effect within 60 days. The order also barred the company from making misrepresentations or omissions to technology standard-setting groups.

"We believe the commission got it wrong," Rambus General Counsel Tom Lavelle said in a conference call.

He added the company was "disappointed the commission adopted rates below what we argued were reasonable rates and were the result of arm's-length negotiations."

Lavelle said if the FTC refuses to hear its appeal it will seek a federal appellate court hearing.

Rambus Stock Soars 24% After Antitrust Ruling By FTC (USAT)

By Edward Iwata

USA Today, February 6, 2007

In a long-running antitrust case, Silicon Valley company Rambus dodged harsher penalties when the Federal Trade Commission issued an order Monday capping royalties — rather than eliminating them — on some of its memory chip technology.

Wall Street seemed relieved: Rambus' stock price soared 24%, or $4.58 a share, to close at $23.50 in regular trading on Nasdaq.

The FTC charged in 2002 that Rambus illegally monopolized the market for some computer memory technologies by failing to disclose its patents to the Joint Electron Device Engineering Council (JEDEC), an engineering standards body. An FTC administrative law judge tossed the complaint in 2004, but the FTC overturned the ruling last year.

Under the FTC order, Rambus cannot charge royalty rates higher than 0.25% to 0.5% for four of its older memory chip products for three years. After that, the royalty rates on those chips drop to zero. It had been charging an average of 1% to 2%, according to the FTC.

The order also bars Rambus from misrepresenting its patents to any standards-setting group or its members. Rambus also must hire a compliance officer and allow the FTC to monitor its bookkeeping.

In a statement, Rambus general counsel Tom Lavelle said the company will appeal the decision "because we strongly disagree with a number of the commission's determinations." Lavelle said that the FTC commission "continues to ignore the extensive findings of fact" made earlier by FTC chief administrative law judge Stephen McGuire.

Daniel Prywes, an attorney for JEDEC, hailed the order. "This is a turning point that puts the industry on notice," he said. "This sends a strong message that deceptive conduct at standards-setting organizations will be met by strong remedies."

But others thought the FTC, which voted 3-2 for the order, should have been tougher and imposed penalties in which Rambus would collect no royalties at all.

In her dissenting opinion, Commissioner Pamela Jones Harbour wrote: "I believe the commission should have imposed a royalty-free remedy in this case. … I do not believe the remedy adopted by the majority goes far enough to restore competition."

Commissioner Thomas Rosch also wrote in dissent that without "zero-royalty rates," Rambus will "continue to reap the fruits of its ongoing violation of Section 2 (federal antitrust Wagner Act)."

The Rambus case and the FTC's remedy raise the question of whether rapidly changing technology is outpacing the enforcement efforts of regulators.

In her opinion, Jones Harbour wrote that the FTC also should have imposed a royalty cap on the newest DDR2 generation of Rambus memory devices that are gaining popularity in the market.

Prywes said the commission laid out a detailed road map that should enable it to enforce similar antitrust violations more quickly.

Rambus is entangled in major antitrust and patent lawsuits with Samsung, Micron Technology and other semiconductor makers in federal and state civil courts. The FTC order could affect those cases.

Rambus, based in Los Altos, Calif., designs so-called DRAM chips, or "dynamic random access memory chips," used in computers, printers and other devices.

Beatles End Trademark Dispute With Apple (FT)

By Richard Waters In San Francisco And Nikki Tait And Emiko Terazono In London

Financial Times, February 6, 2007

The Beatles on Monday buried their latest trademark dispute with US technology company Apple, removing one of the obstacles to a potential deal that could bring the Fab Four's songs to the iTunes music store.

The two sides did not comment on whether a digital music deal, which has been widely anticipated, would follow.

However, Neil Aspinall, manager of Apple Corps, The Beatles' record company, appeared to hint at the possibility of a future commercial relationship.

"We wish Apple Inc every success and look forward to many years of peaceful co-operation with them," he said.

A deal to put The Beatles on iTunes was already under discussion before Monday's settlement, according to a person familiar with the matter, although it is unclear how far the negotiations have got.

Bringing The Beatles to iTunes would open up a highly valued catalogue of songs and could represent a significant breakthrough for the entire digital music business, according to analysts.

There was already huge pent-up demand to buy Beatles music in digital form and many people over the age of 40 would be likely to turn to online purchases for the first time, said Richard Doherty, a digital media analyst at Envisioneering.

However, others cautioned that personal and legal complications could still stand in the way of a deal.

"The problem for Neil is he has four shareholders who have to approve every single thing, which doesn't always happen," one person familiar with the issue said.

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The Beatles' representatives have also been in a legal dispute with EMI, which owns the recording rights to the band's music and would have to agree to an online deal.

The legal settlement came shortly before Apple Corps and Apple Inc were set to reopen their legal battle at an appeals court hearing in London.

Apple Corps had sued the US company, arguing that its use of the Apple brand for its digital music service broke a 1991 agreement between the two sides.

Last year, a High Court judge ruled in favour of Apple Inc. Under Monday's settlement, the US company will own all the trademarks relating to the Apple name, and license "certain trademarks" back to Apple Corp. Each side will bear its own legal costs.

Mike Lynd, partner at intellectual property specialists Marks & Clerk, said it was "highly unusual" to see the original owner of a trademark relinquish ownership and control of its identifying mark.

"It seems fair to deduce that Apple Inc has paid a substantial sum for the record companies' rights," he said, pointing out that decades of goodwill had built up.

"We love The Beatles, and it has been painful being at odds with them over these trademarks," Steve Jobs, chief executive officer of Apple, said in a statement.

"It feels great to resolve this in a positive manner, and in a way that should remove the potential for further disagreements in the future."

Apple, Beatles Make Some Peace (WSJ)

By Don Clark And Ethan Smith

The Wall Street Journal, February 6, 2007

Apple Inc. appears to have reached a final resolution of a trademark battle with the company that represents the Beatles. But today's iTunes users won't be able to download "Yesterday" tomorrow.

The companies have long squabbled over the word Apple, with the Beatles' Apple Corps Ltd. objecting to the use of its trademarks by the Silicon Valley company. Under a new agreement announced yesterday, Apple Inc. will take over those trademarks, and license some of them back to Apple Corps, which agreed to drop its trademark-infringement litigation. Financial terms weren't disclosed.

Neither company answered the biggest question for music fans -- whether they will finally be able to buy Beatles recordings from Apple's iTunes music store and transfer those purchases to an iPod music player. The Beatles are the most prominent holdout from iTunes, and the companies have privately discussed licensing deals in the past, but nothing has materialized.

Michael McGuire, an analyst at Gartner, said the trademark pact was probably a prerequisite for the companies to reach any music licensing arrangement. But the deal doesn't necessarily clear away all impediments to a broader partnership. "Is it now a fait accompli? I'm not so sure," Mr. McGuire said.

Steve Jobs, Apple's chief executive, is known to be interested in selling recordings by the Beatles. At the company's Macworld trade show in January, he cued the band's "Lovely Rita" as part of a demonstration of his company's new iPhone device. But any agreement also requires the cooperation of surviving members of the band as well as EMI Group PLC, which distributes their music throughout the world. An EMI spokeswoman said it "has been in ongoing discussions with Apple Corps to get the Beatles to make their music available in a digital music format."

Publishing rights to the Beatles' music is controlled by Sony/ATV Music Publishing, which is jointly owned by Sony Corp. and Michael Jackson and would be expected to receive a cut of revenue from online sales. A spokeswoman for the Beatles said there is no implication about a music-licensing deal from the trademark settlement, which simply preserves the legal status quo.

An Apple Inc. spokeswoman, Natalie Kerris, sounded a bit more optimistic that the trademark deal could hasten a music-licensing pact. "Clearly it paves the way," she said. "We are certainly hopeful." But she added, "we don't have anything to announce at this time."

The companies' battles began after the 1976 founding of what was until recently called Apple Computer Inc. The Beatles' company, founded in 1968, complained about the use of the trademark; the companies reached a then-secret settlement in 1981 under which Apple Computer agreed that the Beatles' company would have exclusive use of the trademark in the field of music.

The Beatles' company sued for trademark infringement in 1989, after Apple's Macintosh began being widely used by musicians. They reached a settlement in 1991, but another flap arose in 2003 over Apple's iTunes music store. Last May, Britain's High Court dismissed Apple Corps suit; the settlement avoids the possibility of appeal.

Expect Beatles Downloads Soon, Media Watchers Say (USAT)

By Jefferson Graham

DOJ_NMG_0128456

USA Today, February 6, 2007

The Apples have decided to give peace a chance.

Apple Corps. — the Beatles' business entity — and Apple Inc. (AAPL)— home of iTunes and the iconic iPod — on Monday said they have settled their longstanding trademark dispute.

The move clears the way to get the Beatles music available as digital downloads on Apple's popular iTunes Store, say Wall Street analysts.

The Beatles are the "most notable iTunes holdout," says Gene Munster, an analyst at equity firm Piper Jaffray. "Once the Beatles are in, this will lead to a chain reaction among other bands and movie studios. No one will want to be left out anymore."

Besides the Beatles, Led Zeppelin, Radiohead, AC/DC, Kid Rock and Garth Brooks have declined to offer their music as digital downloads. Last year, Apple added movies to iTunes with films from Walt Disney and, more recently, Paramount Pictures. Studio holdouts include 20th Century Fox, NBC Universal, Sony Pictures, MGM and Warner Bros.

Munster predicts that Apple Inc. will officially announce the Beatles availability on iTunes within the next three months.

The Beatles on iTunes "would be a boon for both sides," says Geoff Mayfield, director of charts for Billboard magazine. "It would give the baby-boomer-age consumer another reason to consider making the jump to an iPod, if they haven't already."

Mayfield expects Apple to do a major marketing campaign for the Beatles, and notes that Bob Dylan profited handsomely from such an alliance in 2006, with the release of his Modern Times album. "It was Dylan's first No. 1 album in more than 20 years, and directly attributable to iTunes," he says.

Apple Inc. declined to comment.

Love, a soundtrack remix of older songs for a Beatles-themed Las Vegas show, has sold 1.2 million copies since November, Mayfield says. A 2000 compilation of their No. 1 hits, 1, has sold more than 10 million copies.

Apple has an 80% market share of digital downloads, according to Paul Resnikoff, editor of the Digital Music News newsletter. A Beatles alliance would only "help Apple, and hurt competitors," he says.

Still, he notes, by now, "People have figured out how to get the Beatles music onto their iPods." Consumers transfer music from a CD into iTunes, then to an iPod.

The Beatles formed Apple Corps. in 1968. Apple Computer made its debut in 1976. Lawsuits about trademark issues have been ongoing since. A court showdown in England last year ended with a victory for Apple Inc. (See copy of the two firms' 1991 agreement.)

Under the new settlement, Apple Inc. owns trademark rights to the name and has agreed to license certain of the trademarks to Apple Corps. Both parties declined to address financial settlement terms.

After Long Dispute, Two Apples Work It Out (NYT)

By Laurie J. Flynn

The New York Times, February 6, 2007

The long and winding road has come to an end for the Beatles, at least as far as the dispute over their Apple logo is concerned.

Apple Inc., the maker of the iPod, and Apple Corps, the guardian of the Beatles' music interests, announced yesterday that they had settled their dispute over the technology company's name and its use of an apple logo.

Under the new agreement, Apple Inc. now owns all the trademarks related to "Apple" and will license certain trademarks back to Apple Corps Ltd., the London company founded by the Beatles in the late 1960s.

The agreement immediately raised speculation that the Beatles' music, which has been unavailable on legitimate digital music services, might soon be licensed for downloads from the Apple iTunes service.

Neither company would comment directly on that prospect, though both sides said they were happy to have worked things out.

"We love the Beatles, and it has been painful being at odds with them over these trademarks," said Steven P. Jobs, chief executive of Apple Inc., who is widely known as a huge fan of the Beatles' music. The companies declined to provide further details of the settlement.

The new agreement replaces one signed by the companies in 1991, when Apple Corps, which represents Paul McCartney; Ringo Starr; the estate of George Harrison; and Yoko Ono, the widow of John Lennon, moved to ensure that the computer company did not use the apple logo in the music business. The Apple Corps logo is a Granny Smith apple. The logo for Apple Inc. is an apple with a bite taken out of it.

But things changed in 2003 when Apple Computer, as it was known until it dropped "Computer" from its name last month, began signing deals with record labels to distribute music online through iTunes.

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Apple Computer had approached the British company in hopes of distributing the Beatles' music on iTunes, but Apple Corps instead accused the technology company of breaching the 1991 contract, arguing that Apple was essentially entering the music business with its service.

Last May, a judge in London ruled in favor of Apple Computer, agreeing that the company's use of the logo was fair and reasonable. Apple Corps's appeal of that ruling was scheduled for this month.

"It is great to put this dispute behind us and move on," Neil Aspinall, manager of Apple Corps, said in a statement. "The years ahead are going to be very exciting times for us."

The Beatles are considered the last major holdout from online downloading services like iTunes. Today, Beatles fans can play Beatles music on an iPod only by transferring the songs from a CD.

But the latest settlement does nothing to resolve that issue, and Mr. Jobs said nothing about it yesterday. Speculation about a deal to sell Beatles songs on iTunes reached fever pitch on fan Web sites and blogs after Mr. Jobs appeared to give the band a highly public nod last month. In introducing the Apple iPhone, he demonstrated the device's music-playing capabilities by displaying Beatles album covers and playing the song "Lovely Rita" for the audience.

Elizabeth Freund, a spokeswoman for Apple Corps, said the settlement had no bearing on any move to make Beatles music available on iTunes, saying that was a separate matter for the Beatles to discuss with EMI, which holds the rights to the Beatles' recordings.

A spokeswoman at EMI, where digital sales of Beatles songs could be a lucrative source of income, declined to comment on whether or when that might happen.

The iTunes service is by far the largest legal music downloading site, having sold more than two billion music downloads accounting for more than 70 percent of the market, according to the NPD Group, a market research company.

With the Beatles dispute behind it, Apple Inc. faces still another trademark battle: a lawsuit filed by Cisco Systems, the networking company, over the use of the iPhone brand. Cisco has said the two companies have been unable to reach an agreement over the name after several years of discussion.

Mark Chandler, Cisco's general counsel, said at the time the suit was filed in January that Cisco would have been willing to share the trademark if Apple had agreed to its terms. These included an agreement by Apple to differentiate its coming iPhone product — a combination iPod and cellphone — from Cisco's iPhone, a business phone that uses the Internet to transmit calls.

Warning of Vista-iTunes Problem

Apple Inc. recommended yesterday that users hold off upgrading their computers to Microsoft's new operating system, Windows Vista, because of compatibility problems with Apple's iTunes music software.

Users should wait to upgrade to Vista until a new version of iTunes becomes available in the next few weeks, said Derick Mains, a spokesman for Apple.

Apple And The Beatles Make Peace Over Their Logos (WP/AP)

The Washington Post, February 6, 2007

The maker of the iPod and the guardian of the Beatles' music resolved their long-simmering dispute yesterday over who has the right to the Apple trademark.

The settlement between Apple Inc. and Apple Corps, which holds the rights to the band's music, offered greater hope to fans that the two sides could now focus on permitting downloads of Beatles songs through the computer company's iTunes Store. The catalogue of Beatles songs is a holdout from iTunes and other online services.

The two Apples have been exchanging legal salvos for 20 years over their names and logos. The last skirmish came in May after a British judge ruled that iTunes did not violate a 1991 agreement stipulating that the computer maker could keep using its logo if it did not enter the music business. An appeal had been scheduled for this month.

The new settlement replaces that agreement and gives Apple Inc. ownership of all the trademarks related to Apple, meaning it can continue using its name and logos in iTunes. Apple Inc. would license some of those trademarks back to Apple Corps for its continued use.

Each side agreed to pay its own legal costs to end the trademark lawsuit. Further terms were not disclosed.

"We love the Beatles, and it has been painful being at odds with them over these trademarks," said Steve Jobs, Apple Inc.'s chief executive. "It feels great to resolve this in a positive manner and in a way that should remove the potential of further disagreements."

Neil Aspinall, manager of Apple Corps, said the company was glad to resolve the dispute.

"The years ahead are going to be very exciting times for us," he said. "We wish Apple Inc. every success and look forward to many years of peaceful cooperation with them."

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The joint announcement did not mention the prospects of Beatles downloads. The Beatles have not allowed any online service to sell their music. The only Beatles songs for sale on iTunes are cover versions and tributes, and the only legal way of getting the band's tunes onto iPods is to buy a CD and make a digital copy from that.

Seeking Heft, State Street To Add Investors Financial (WSJ)

By Jennifer Levitz

The Wall Street Journal, February 6, 2007

BOSTON -- Bulking up in a bid to stay independent, securities-processing company State Street Corp. said it plans to buy Investors Financial Services Corp. for $4.5 billion in stock to become a big player in the hedge-fund realm.

For years, State Street has prospered here as a leader in the unglamorous business of offering back-office custody work, such as portfolio accounting and issuing monthly statements to institutional investors such as mutual funds.

CONFERENCE CALL

See a transcript of State Street's conference call1, provided by Thomson StreetEvents (www.streetevents.com2). (Adobe Acrobat Required3.)

But the company, which has in the past faced unwanted takeover interest, now grapples with intensified competition in a rapidly consolidating industry in which big players hope to achieve economies of scale through acquisitions.

To shore up its position, State Street is buying fast-growing Investors Financial, a smaller Boston neighbor that provides similar investment services to customers, including hedge funds -- lightly regulated private investment partnerships that cater largely to institutions and wealthy people. Financial-services companies are eager to cater to these sophisticated and fast-moving clients that have exploded in popularity. The two companies say the deal will create the No. 1 administrator of hedge-fund assets, in terms of assets under custody.

Investors Financial, a 17-year-old firm, has $2.2 trillion in assets under custody. The deal, expected to close in the third quarter, would give State Street more than $14 trillion in assets of all kinds under custody, ranking it No. 2. (The No. 1 player emerged last month, when Bank of New York Co. agreed to buy Mellon Financial Corp. in a deal then valued at $16.5 billion.)

"We are very determined to remain independent, because we think that's the best strategy for our shareholders," Jay Hooley, vice chairman of State Street, of Boston, said in an interview. State Street's "plan and our strategy is to be a growth company -- acquiring companies and building business."

In the transaction, Investors Financial shareholders will receive 0.906 share of State Street common stock for each share of Investors Financial common stock, based upon the $71.75 closing price of State Street stock on Feb. 2. That values Investors Financial at $65.01 a share, a 38% premium to Friday's closing price of $46.95.

State Street's stock was off 6.5%, or $4.67, at $67.08 in 4 p.m. New York Stock Exchange composite trading. Investors Financial stock soared, rising $12.85, or 27% to $59.80 as of 4 p.m. Nasdaq Stock Market composite trading.

Gerard Cassidy, a banking analyst with RCB Capital Markets in Portland, Maine, said State Street's stock declined sharply because "the deal is expensive for State Street -- they paid Neiman Marcus prices rather than Filene's Basement prices." The company said it had other bidders.

Mills Receives Another Buyout Offer (WP)

By Dana Hedgpeth

The Washington Post, February 6, 2007

The nation's largest mall owner and a hedge fund yesterday offered to buy the financially troubled Mills Corp. for $1.6 billion, exceeding the $1.35 billion offered by a Canadian company in January.

The latest offer for Mills of Chevy Chase, which owns about 40 malls nationwide, including Potomac Mills and Arundel Mills, was made by Simon Property Group and the hedge fund Farallon Capital Management. Simon is the country's largest real estate investment trust, by market value, and Farallon is Mills's largest shareholder.

Brookfield Asset Management, a Canadian investment company and owner of the World Financial Center in New York, made the earlier offer, which Mills accepted.

Simon, of Indianapolis, owns 285 properties across the country, including Bowie Town Center and Leesburg Corner Premium Outlet. Farallon of San Francisco manages $26 billion of equity capital.

Simon, which presented its offer in a letter yesterday, would pay $24 per share and assume Mills's debt. Brookfield would pay $21 per share. Mills closed yesterday at $25.87, up $3.72 on the New York Stock Exchange.

Simon said its cash tender offer would allow Mills shareholders to get their cash as much as six months earlier than they would under Brookfield's deal.

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Executives at Mills declined to comment on the offers. In a statement, Mills said that it would "promptly consider the proposal" from Simon but that the "current merger agreement with Brookfield remains in effect."

The offers came as Mills is under investigation by the Securities and Exchange Commission for possible misconduct by management and for accounting errors totaling up to $352 million. Mills is best known for popularizing the notion of shopping mall as entertainment destinations. One of its projects, Madrid Xanadu, featured a bowling alley and indoor ski resort.

But some analysts said the company had trouble keeping up with its ambitious plans. Mills has not released an earnings report since the third quarter of 2005. It plans to restate its financial results from 2001 to 2004 and for the first three quarters of 2005. Its chief executive, Laurence C. Siegel, retired in 2006.

And in January, the company warned that it may be forced to seek bankruptcy protection. It has given up its role in the Xanadu project in New Jersey and sold off other assets.

Analysts said the Simon and Brookfield offers show the eagerness of large companies to pay high prices for commercial real estate.

"It is a little surprising that Simon made an offer for more, especially given the fact that there is no new information to show that Mills is worth $24 a share," said Benjamin Yang, an analyst at Green Street Advisors. "They still have not restated their financials, and coming up with a value for them is exceedingly difficult.

Still, he said "the mall industry has gone through a period of consolidation. Simon has the opportunity to acquire 30-odd properties in one fell swoop."

Paul Morgan, managing director at Friedman, Billings, Ramsey Group, said Simon has an opportunity to "create a synergy in its leasing with tenants."

"Mills has been in turmoil for the last 18 months," he said. "A lot of talent has left Mills. Assets are not being managed as well as they could be by someone like Simon."

$1.56 Billion Offered For Mills Corp. Sale (WT)

By Jen Haberkorn

The Washington Times, February 6, 2007

The battle over troubled local mall developer Mills Corp. continued yesterday as the largest shopping mall owner in the country offered to buy the company.

Simon Property Group Inc. and Farallon Capital Management LLC, Mill's largest shareholder, offered $1.56 billion, or $24 per share, to buy Mills, the companies announced yesterday. That figure beats an agreement Mills made last month to be bought by Brookfield Asset Management Inc. for $1.35 billion or $21 per share.

Mills Corp., a Chevy Chase developer, said the agreement with Brookfield is still in effect, but that it will "promptly consider the proposal."

What makes Mills so valuable, despite recent revelations that executives may have mismanaged funds and that it was running out of money, is its 38 shopping centers across the country.

Locally, it owns Lakeforest Mall in Gaithersburg, Potomac Mills and Potomac Town Center in Prince William County, Marley Station in Glen Burnie, Md., and Arundel Mills in Hanover, Md.

Simon's offer is cash, meaning shareholders could receive payment six months before they would under a Brookfield deal, the company said.

Simon Property Group is an Indianapolis real estate investment trust that owns the Fashion Centre at Pentagon City, Bowie Town Center, Leesburg (Va.) Corner Premium Outlets and St. Charles (Md.) Towne Center.

Simon said its experience would make it most qualified to run the Mills properties.

A Brookfield spokeswoman declined to comment on the competing bid.

Wall Street analysts yesterday were hesitant to issue opinions on the proposal because Mills' financial situation is unknown. Amid its financial troubles, Mills still hasn't filed its 2005 financial statement.

"Without current financial statements it is impossible to assess the impact on [Simon's] bottom line from this transaction and the real question is whether it is worth the 'brain damage' to acquire a troubled company and invest the next several years trying to turn it around," Merrill Lynch analyst Steve Sakwa said in a note to investors.

Merrill Lynch is acting as Simon's financial adviser in its proposed acquisition.

Mr. Sakwa pointed out that Mills' assets are a mixed bag, from desirable properties such as shopping centers in Northern New Jersey and Northern California to less desirable centers such as the Mills malls in Cincinnati and Colorado.

Wachovia Capital Markets LLC analyst Jeffrey J. Donnelly said he is skeptical without a financial picture but said Simon is a "logical buyer" for Mills.

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Farallon Capital Management, which owns nearly 11 percent of Mills' shares, had been furiously looking for someone to save the embattled Mills.

The San Francisco hedge fund originally offered $20 per share in a recapitalization plan. Then it submitted a bid with fellow shareholder Gazit-Globe Ltd., an Israeli real estate company, for $22 per share. Now, it is working with Simon.

Mills' stock rose nearly 17 percent to close at $25.87 on the New York Stock Exchange.

Icahn Launches Takeover For Lear (BLOOM)

Bloomberg News

The Washington Post/Bloomberg, February 6, 2007

Carl C. Icahn, the billionaire activist investor, offered to pay $2.31 billion for the 84 percent of auto-parts maker Lear Corp. that he does not already own.

Lear and Icahn's American Real Estate Partners discussed the proposal over the weekend. Lear said in a regulatory filing yesterday that it was trying to reach an agreement. The cash offer of $36 a share from Icahn, the company's biggest shareholder, was criticized by its third-largest investor as too low.

Richard Pzena, whose New York investment group Pzena Investment Management owned 7.48 million, or 11 percent, of Lear's shares in November, sent a letter to the non-management directors expressing "alarm" about the offer. "To claim today that $36 is a fair price is quite disingenuous," Pzena said in the letter. "It is our fear that the company's management may have lost sight of the long-term value inherent in the company and that their personal interest in the transaction may create an inherent conflict."

Pzena said that his staff and Icahn's staff met in November to talk about Icahn's increased stake in Lear and that analysts from both groups agreed on a valuation of $60 a share.

"Icahn knows $36 is a steal," Pzena said in an interview. He said he would prefer that the company not be sold now, when its shares are undervalued.

Icahn did not respond to calls for comment.

The offer steps up the transformation of Lear as private-equity firms and investors bet that they can buy troubled operations cheaply, improve operations and boost profit. Such suppliers as Lear, of Southfield, Mich., have been hurt by production cuts by U.S. automakers General Motors and Ford.

Icahn's offer is 3.8 percent higher than the $34.67 closing price on Feb. 2. The stock closed yesterday at $38.64, up $3.97. The bid is for about 64.3 million shares of Lear. Icahn owns 12 million.

EU Microsoft Judge: Ruling By September (AP)

AP, February 6, 2007

The judge due to rule on Microsoft Corp.'s appeal against the European Commission's antitrust order said Monday he hoped to publish his decision before he leaves office in September.

Bo Vesterdorf, the president of the Court of First Instance, refused to give a precise deadline for his ruling.

"Obviously we would do our very best to get the case out as soon as at all possible," he told reporters at an Informa legal conference in Brussels. "It's a very big case."

Microsoft is challenging the European Union's 2004 antitrust order, which found the software maker broke competition law and fined it a record 497 million euros ($613 million).

To remedy market harms, the EU ordered the company to offer a version of its Windows computer operating system without Microsoft's media player software. The EU also ordered Microsoft to share communications code and information with rivals to help them develop server software that worked smoothly with the ubiquitous Windows platform.

In July, EU regulators fined Microsoft another 280.5 million euros ($357 million) for failing to supply the "complete and accurate" interoperability required.

Both Microsoft and the Commission can appeal the ruling to one more authority, the European Court of Justice, which is the EU's highest court.

ENVIRONMENT:

Pelosi, Dingell Reach Deal (HILL)

By Jonathan E. Kaplan

The Hill, February 6, 2007

DOJ_NMG_0128461

Ending a three-week long turf war, House Speaker Nancy Pelosi (D-Calif.) and Energy and Commerce Committee Chairman John Dingell (D-Mich.) have reached an agreement on the parameters of the select committee on global warming.

In a new letter to Pelosi, Dingell wrote that the select committee has no legislative authority and that the panel will expire on Oct. 30, 2008. Dingell also wrote that he has "assurances" from Pelosi that his committee will get first dibs to call witnesses where there could be potential conflict and that Pelosi will be consulted "before the exercise of any compulsory powers by the select committee to ensure the appropriate coordination of efforts."

The letter, which was also signed by Energy and Commerce Committee member Henry Waxman (D-Calif.), does not state whether the panel will have subpoena power. The chairman and Speaker discussed the issue during the Democratic issues conference in Williamsburg, Va., said Democratic aides.

The negotiations between Pelosi and Dingell to establish the panel have overshadowed difficulties Democrats face drafting a comprehensive energy bill. While they have overcome one turf battle, they probably will face many more regional and ideological disputes.

"The Democratic Caucus has had a tough time [on energy policy] when you get down in the details," said Dave Hamilton, the Sierra Club's director of global warming and energy policy.

Signaling that global warming has reached the top of the new policy agenda, former vice president and Oscar nominee Al Gore will testify next month before the House Energy and Commerce Committee.

"I don't know if the science is out there any more than it was, but the politics [have changed because] the majority has changed," said Rep. Jack Kingston (R-Ga.), who is working with Rep. Eliot Engel (D-N.Y.) to pass a bill to encourage consumers to buy fuel-efficient cars.

Climate change has also consumed hours of lawmakers' and aides' time. Energy and Commerce staffers have been told to block two hours on Fridays for briefings with the Congressional Research Service.

Dingell invited lawmakers to hear from the Intergovernmental Panel on Climate Change on Friday. The group issued a report last week that humans are causing the earth to warm at a dangerous rate.

Former Rep. Philip Sharp (D-Ind.), now president of Resources for the Future, said the arrival of global warming at the top of the policy agenda is due to several causes, including high gas prices and public recognition that gasoline demand distorts U.S. foreign policy.

"The basic price of oil and natural gas certainly gets people's attention in marketplace and politics," he said. "That is undoubtedly seared in people's minds in the last two years."

Despite the political consensus that a new energy policy could make for good politics, Pelosi's goal of drafting an energy bill by July 4 remains in doubt.

But the agreement between Pelosi and Dingell means that House Democrats will avoid a contentious vote on the House floor. They could avoid a vote altogether if the Speaker creates the committee in what is known as the committee funding resolution, legislation that sets biennial budgets for committees. The bill is usually voted on in late March in the first year of a Congress.

Regional disputes between lawmakers from coal-producing states and those who represent districts on the east and west coasts and in the upper Midwest could be bigger hurdles. Those lawmakers and state governments, such as New York and California, have proposed much more aggressive environmental policies to reduce carbon dioxide emissions than their southern and western counterparts, said Democratic aides and energy policy lobbyists.

Dingell, an ally of the auto industry, is at odds with many of his congressional colleagues and President Bush, who support increasing corporate average fuel economy standards for cars and trucks.

Lawmakers and staffers have discussed a "grand bargain" on energy policy in past years, which would include drilling in the Arctic National Wildlife Refuge (ANWR) and more investment in alternative fuels. Now, with Democrats in control of both chambers, Democratic aides said legislation allowing ANWR drilling is not going to happen.

Still, the prospect of passing legislation to address climate change has created a temporary spirit of bipartisanship. President Bush and congressional Democrats have said they want to cooperate and compromise on policies to reduce U.S. dependence on foreign oil or cut carbon dioxide emissions.

Bush acknowledged climate change for the first time in his State of the Union address and he told House Democrats on Saturday at their issues conference that climate change was one area where they could cooperate.

The partnership between Engel and Kingston is the most prominent example of bipartisanship. Their bill has 89 cosponsors.

At the State of the Union address and at the Democrats' conference in Williamsburg, Va., Engel asked Bush to support his bill.

"I hope you'll be bold," Engel told him at last month's speech, "We need your help."

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Engel said he also spoke to Pelosi and Majority Leader Steny Hoyer (D-Md.) about his measure.

China And UN Plan Carbon Trading Exchange (FT)

By Mure Dickie And Fiona Harvey

Financial Times, February 6, 2007

China and the United Nations are working to set up a carbon trading exchange in Beijing – a move that could establish the Chinese capital as an important centre for the multibillion-dollar global trade in carbon credits, according to the UN's top official in China.

If successful, the exchange – which would be the first in the developing world – would compete with private sector carbon exchanges established in Europe and the US, and would help to open up further the lucrative Chinese market in carbon credits.

Carbon credits are issued by the UN under a provision of the Kyoto protocol known as the clean development mechanism, by which developed countries invest in projects, such as wind farms or hydroelectric projects, that reduce greenhouse gas emissions in poor countries. The credits can fetch $15-$18 on the international market.

About $3bn in carbon credits from developing countries were traded in the first nine months of last year, according to the World Bank. The UN's climate change secretariat said China was expected to account for 41 per cent of all carbon credits issued by the UN by 2012.

Although there are several exchanges dealing in carbon in Europe, and one in Chicago in the US, the market is fragmented, with many trades carried on outside exchanges through brokers or between companies.

The Beijing exchange is to be set up as part of a carbon finance initiative agreed by the United Nations Development Programme with the Chinese Ministry of Science and Technology and the powerful National Development and Reform Commission, said Khalid Malik, the UN resident co-ordinator in China.

"I hope we can launch it this year – the sooner the better," he said. Mr Malik said he hoped the exchange would also trade in special carbon credits that would be tied to the UN's eight "millennium development goals", which range from halving extreme poverty to universal primary education by 2015. While mixing the climate change goals with efforts to fight poverty, Aids and the loss of biodiversity will make the certification of the credits much more complicated, they may appeal to companies keen to polish their reputation for social responsibility.

However, UN officials said it could be difficult to design such credits before 2012, when the present provisions of the Kyoto protocol expire, although they could form part of an expanded carbon trading system if a successor to the treaty is agreed.

The UNDP said most existing emission reduction projects in China offered "little or no impact on sustainable development".

"Companies want very green credits," said Kishan Khoday, UNDP Energy and Environment team leader.

Many of the credits issued in China so far have come from the installation of equipment to curb emissions of HFC-23, a much more potent greenhouse gas than carbon dioxide, generating large profits for a small outlay.

Legal Hot Air (WSJ)

The Wall Street Journal, February 6, 2007

The U.N.'s latest global warming report is being spun as a wake-up call. But whether or not you agree on the need for urgent action, it ought to be obvious that the absolute last branch of government that should set climate policy is the courts. As usual, California Attorney General Jerry Brown has his own ideas.

At issue is a federal lawsuit filed last September by Mr. Brown's predecessor, Bill Lockyer, asking for billions of dollars worth of damages to be levied against six automakers -- General Motors, Toyota, Ford, Honda, Nissan and Chrysler -- because their products allegedly create a common-law "nuisance" by contributing to global warming.

At the time most observers, Mr. Brown included, appeared to regard the move as an election-year stunt. But now that he's in office, Mr. Brown has decided to pursue the case, which he says rests on "sound legal doctrine." Because "no federal statute speaks directly to the particular problem of global warming," says California's recent response to the carmakers' motion for dismissal, ". . . federal common law applies."

Uh-huh. We don't want to give Governor Brown any ideas, but if making a legal product that might contribute to global warming is an actionable offense, why stop with the automakers? How about the publisher of the Los Angeles Times, which deprives the world of a "carbon sink" (aka a tree) to create its daily product? Or how about cattle ranchers, whose flatulent herds emit massive amounts of methane before they become steaks on your dinner table? Methane is a far more potent greenhouse gas than CO2.

In short, there's scarcely any economic activity imaginable that doesn't somehow affect the balance of greenhouse gases, which is why a "nuisance" complaint against any single industry doesn't make sense. It's also why the judiciary has so far wisely refused to get drawn into this kind of blame game. A New York federal district court has already rejected an attempt by Mr.

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Lockyer and others to hold the utility industry responsible for global warming, saying it would be wrong "to impose by judicial fiat" CO2 regulations that "Congress and the Executive" have considered and declined to impose.

In any case, as global warming alarmists never tire of reminding us, any serious attempt to control greenhouse gas levels would have to be an international one. That means the primary Constitutional responsibility for the issue lies with the President, who negotiates treaties. Congress, which regulates automobile mileage and other tailpipe emissions, is also free to pass unilateral CO2 caps if it wishes. That it has so far decided not to do so may be a source of angst to some people. But it's hardly an excuse for an end-run by an ambitious state attorney general around the country's system of environmental regulation.

Given the existence of the Clean Air Act and many other environmental rules, it's preposterous for California to invoke the common law as if Congress had never considered the issue. Or as the Environmental Protection Agency has written by way of explaining why we'd need a national approach to the alleged problem: "[I]t is hard to imagine any issue in the environmental arena having greater 'economic and political significance' than regulation of activities that might lead to global climate change."

If environmentalists want the U.S. political system to do something about CO2 emissions, a good place to start would be convincing a majority of Americans that they are serious people with serious concerns. California's attempt to single out automakers -- which gives a whole new meaning to the term "junk lawsuit" -- is not helping their case.

Global Warming's Simple Remedy (WP)

By Anne Applebaum

Washington Post, February 6, 2007

"Worse than we thought." The headline in the British Guardian newspaper on Saturday was almost gloating about the bad news. The tone of the article that followed was no different: In Paris, a U.N.-sponsored panel, consisting of hundreds of scientists from all over the world, had just declared that average global temperatures will probably rise 4 degrees Celsius over the next century. If so, catastrophic flooding, famine and water shortages may follow, along with the extinction of up to half of existing animal species. Malaria and other tropical diseases may spread. Among the coastal cities threatened by the higher ocean levels caused by melting ice caps, the paper noted -- not without a degree of satisfaction -- are London, New York, Tokyo and Hong Kong.

Since the Guardian was not the only European paper to feature this story -- Germany's Der Spiegel cautioned " A Tropical Germany by 2100?" -- perhaps it's not surprising that the U.N. report inspired politicians of various hues, across Europe and the world, to seek controls on carbon emissions and the fossil fuels that create them. The British environment minister called for an "international political commitment to take action." The head of the German environment agency said, "We must all change our environmental behavior considerably." So much was said about the need for "action" and "change," in fact, that it's a wonder the resultant hot air didn't make temperatures rise higher.

But don't get me wrong: I was convinced by the reigning consensus on global warming a long time ago, have accepted that human use of fossil fuels has caused it and am very glad so many European politicians take the scientists' words seriously. The question now is whether these same Europeans will start taking the solutions seriously. If so, they must begin by abandoning the bankrupt Kyoto treaty on climate change and encouraging the United States to do so, too.

The much-vaunted treaty creates a complicated and unenforceable system of international targets for carbon emissions reduction, based on measurements taken in 1990. Critics of the American president have condemned him for failing to sign it, conveniently forgetting that the Senate rejected it 95 to 0 in 1997, a margin that reflects broad bipartisan opposition. At the same time, few of the Asian and European signatories are actually on track to meet their goals; those that will meet the targets, such as Britain, can do so because their economies rely less on industry than they once did. Canada and Japan aren't even close to compliance; China and India, whose emissions rates are growing most rapidly, are exempt altogether as "developing" countries -- which, given their economic strength, is absurd.

None of which is to say that reduction of carbon emissions is impossible. But the limiting of fossil fuels cannot be carried out with an unenforceable international regime, using complicated regulations that the United Nations does not have the staff or the mandate to supervise, with the help of a treaty that effectively penalizes those who bother to abide by it. I no longer believe that a complicated carbon trading regime -- in which industries trade emissions "credits" -- would work within the United States either: So much is at stake for so many industries that the legislative process to create it would be easily distorted by their various lobbies.

Any lasting solutions will have to be extremely simple, and -- because of the cost implicit in reducing the use and emissions of fossil fuels -- will also have to benefit those countries that impose them in other ways. Fortunately, there is such a solution, one that is grippingly unoriginal, requires no special knowledge of economics and is easy for any country to implement. It's called a carbon tax, and it should be applied across the board to every industry that uses fossil fuels, every home or building with a heating system, every motorist, and every public transportation system. Immediately, it would produce a wealth of innovations to

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save fuel, as well as new incentives to conserve. More to the point, it would produce a big chunk of money that could be used for other things. Anyone for balancing the budget? Fixing Social Security for future generations? As a foreign policy side benefit, users of the tax would suddenly find themselves less dependent on Persian Gulf oil or Russian natural gas, too.

Most of all, though, the successful use of carbon taxes does not require "American leadership," or a U.N. committee, or a complicated international effort of any kind. It can be done country by country: If the British environment minister or the German chancellor wants to go ahead with it tomorrow, nothing is preventing them. If a future American president wants to rally the nation around a patriotic and noble cause, then he or she has the perfect opportunity. If the Chinese see that such a tax has produced unexpected benefits in America and Europe, they'll follow. And when that happens, we'll know that the apocalyptic climate change rhetoric has finally been taken seriously.

U.S. Officials Mull Ethanol Reserve Amid Bush Plans To Increase SPR (WSJ)

By Maya Jackson Randall And Beth Heinsohn

Wall Street Journal, February 6, 2007

WASHINGTON -- As the U.S. Energy Department looks to expand the nation's emergency oil stockpile, officials are also considering whether it would be beneficial to create an ethanol reserve.

"Perhaps we should be thinking about having an ethanol reserve," Energy Secretary Samuel Bodman told reporters Monday during a press briefing to discuss DOE's fiscal year 2008 budget proposal. "There are a number things we are looking at."

Mr. Bodman said there are several ideas being discussed as the Bush administration moves to expand the strategic petroleum reserve. The plan is to double the size of the oil stockpile, increasing it from its current capacity of 727 million barrels to 1.5 billion barrels in the next two decades.

Administration officials are also considering whether there should be storage sites built in areas outside of the Gulf Coast, Mr. Bodman said. For the first time, reserve sites could be built west of the Rockies or on the West or East coasts, a DOE official said last week.

Aside from considering new locations for SPR sites, another question on the table is "should we have an expansion in the type of fuel," Mr. Bodman said, noting that the idea might have merit given the administration's newly announced goal of reducing gasoline use 20% in the next 10 years. To meet that goal, the administration is proposing to increase use of ethanol and other alternative fuels.

Still, a congressional and regulatory affairs director at the Renewable Fuels Association, a trade association for the U.S. ethanol industry, said she doesn't see a need for an ethanol reserve anytime soon. "I can't image them doing that in the near-term," said Samantha Slater, noting that an ethanol reserve is certainly not on the industry's agenda. "We're using every drop."

"Having a reserve would generally imply we have some we could put in reserve," she said, adding that that isn't the case. "At this stage of the game, that's probably not something that would be particularly effective."

At the same time, experts have noted infrastructural challenges inherent in the creation of an ethanol stockpile, noting in particular storage and transportation capacity. Ethanol has a corrosive effect on pipelines so it must be shipped by rail, truck or ship to fuel terminals where it is blended with gasoline before going to service stations.

Just last spring, concerns about marketers' ability to move and store adequate amounts of ethanol for blending with gasoline accompanied a large-scale phase-in of the fuel additive and spurred higher prices for months.

The addition of a reserve might require the construction of new storage tanks, said Rick Kment, an ethanol analyst with Omaha-based DTN, a commodities news service. Storage tanks for other fuels can be used to hold ethanol but whether there are enough existing tanks in a given location is another issue, he said.

The Price Of Corn (NYT)

The New York Times, February 6, 2007

The current price of corn is $3.23 a bushel, more than half again what it was a year ago, and beginning to bring to mind the record $5.545 a bushel set in July 1996.

There are many reasons for this price spurt. The ethanol boom has created a sharp new demand for corn. The Department of Agriculture revised its estimate of the 2006 corn harvest downward by some 200 million bushels because of weather and other factors. There is also a smaller corn reserve on hand than usual — the smallest in a decade — which parallels shortages around the world.

Add to this the growing weight of commodities funds investing in agricultural markets, and you have daydreams — or nightmares — of that $5 mark.

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Yet all this has taken place against the backdrop of three record harvests in a row, a sure sign of how strong the ethanol appetite for corn production is turning out to be. It's tempting to assume that the effect of sharply higher prices is confined primarily to the agricultural sector. But where corn is concerned, we are all part of the agricultural sector. The historical cheapness of corn has driven it into nearly every aspect of our economy, in the form, most familiarly, of corn syrup. The low price of corn over the past half-century lies at the very foundation of America's historically (and unrealistically) low food prices.

Gratifying our two major appetites — cheap food and cheap gas — used to seem easy because both corn and oil were abundant. Cheap oil helped keep corn prices low because it cost farmers less to run their tractors and combines.

But we are entering a new dynamic now. While there has been talk recently about refining ethanol from sources other than corn, that could take a while. So at the moment what we are trying to do is gratify those appetites from the same resource: agricultural land. No matter how high prices go, what will need to change isn't the amount of corn acreage available or even the size of the enormous harvests we are already getting. What will need to change is the size of our appetites.

Asarco Accuses Mexican Owners Of Illegally Stripping The Company Of Assets (TACNT)

By Les Blumenthal, The News Tribune

Tacoma (WA) News Tribune, February 6, 2007

Asarco asks judge to void transfer of two copper mines in Peru

WASHINGTON - One-time mining giant Asarco, charging that its Mexican owner stole its most valuable asset and left it to face $7 billion worth of environmental and asbestos-related claims, is asking a federal bankruptcy judge to void the transfer of two Peruvian copper mines to Grupo Mexico, S.A. de C.V.

The stakes are high for U.S. taxpayers, who would be stuck with the tab for cleaning up nearly 100 contaminated sites nationwide where Asarco once operated. If the court agrees that the mines were "fraudulently transferred," Asarco could recover several billion dollars, by some estimates.

In a 23-page complaint filed late Friday in a Texas bankruptcy court, Asarco alleged that Grupo Mexico plotted to gain control of Asarco's 54.2 percent interest in the Peruvian mines. The complaint, which one lawyer in the case said reads like a "legal potboiler," charges that Grupo Mexico took control of the mines with the "actual intent to hinder, delay and or defraud" Asarco's creditors.

"Grupo Mexico's goal was to take Asarco's most valuable asset, the majority ownership of SPCC (the Peruvian mines), and remove it from the reach of creditors," the complaint said.

Lawyers and officials of Grupo Mexico and the subsidiary named in the complaint, Americas Mining Corp., didn't return phone calls seeking comment.

Grupo Mexico is owned by one of Mexico's richest families, the Larreas. The complaint alleges that another of Mexico's super rich, Carlos Slim, who owns and controls Inbursa, a Mexican bank, may have benefited from the deal. The complaint describes Slim as a "close associate" of the Larrea family.

Asarco is assembling a reorganization plan and trying to emerge from bankruptcy. It is still wholly owned by a Grupo Mexico subsidiary, but under federal bankruptcy laws it's now responsible to its creditors rather than to its stockholders.

Asarco, a century-old mining, smelting and refining company that once was listed on the Fortune 500, filed for bankruptcy protection in 2005. It faces about $6 billion in environmental claims filed by the federal government and more than a dozen states. It also faces 95,000 asbestos-related claims that could be worth between $500 million and $1 billion.

The federal Environmental Protection Agency filed a $1.3 billion claim for cleanup of Superfund sites across the country. The federal departments of Agriculture and Interior, along with local governments, several Indian tribes and private parties, have also filed environmental claims.

Asarco has talked with state and federal lawyers about the possibility of settling the environmental claims, though there are no offers in the table.

Cynthia Magnuson, a spokeswoman for the U.S. Justice Department, which is representing the EPA, declined comment.

Asarco officials had little to say.

"The complaint speaks for itself," said Joseph Lapinsky, president and chief executive of the Tucson, Ariz.-based company.

Lapinsky said it would be up to the bankruptcy court judge to decide how much the Peruvian mines are worth, if the court ultimately rules that they were illegally taken from Asarco. And even though Grupo Mexico is a foreign company, Lapinsky said it has U.S.-based subsidiaries that could make it possible to recover any judgment without having to seek redress in Mexican courts.

Asarco's independent directors had been looking at filing such a complaint for months at the urging of some of the company's creditors, Lapinsky said.

The complaint details Grupo Mexico's actions since it bought Asarco in 1999:

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After the takeover, top Grupo Mexico officials took over Asarco's board of directors and filled many of the company's executive positions. "Grupo Mexico structured the leveraged buyout so that Asarco assumed huge amounts of debt," the complaint said. "Asarco was left inadequately capitalized to conduct its business."

At the direction of its Grupo Mexico-dominated board, the complaint says, Asarco began selling its subsidiaries, cashing in insurance policies that had been purchased to cover environmental and asbestos claims and stripping its remaining mines of high-quality ore. The revenue was used to cover day-to-day expenses as Asarco slipped toward insolvency. Grupo Mexico also forced Asarco to pay off bonds that had been bought at deep discounts by Slim and other "friends" of Grupo Mexico executives, the complaint charges.

Meanwhile, Grupo Mexico was angling to seize control of the Peruvian copper mines.

After one independent company valued the two mines at nearly $1 billion, Grupo Mexico hired another company, which placed their value at $720 million. At one point, according to the complaint, Grupo Mexico offered Asarco $450 million, but only $100 million of it was in cash and the rest was in debt forgiveness.

The mines eventually were sold to a Grupo Mexico subsidiary for $765 million without soliciting any competitive bids. The complaint charges that Asarco received "not a nickel" in cash from the sale to cover its operating expenses.

As soon as the sale was complete, the Grupo Mexico executives on Asarco's board resigned.

The complaint alleges that even after the sale, Grupo Mexico tried to keep Asarco out of bankruptcy until the statute of limitations on a fraudulent conveyance claim had passed.

Les Blumenthal: 202-383-0008

FBI/DEA/ATF/USMS:

Connellsville Investor Faces Drug Charges (PTR)

Pittsburgh Tribune-Review, February 6, 2007

A New Jersey man who bought the 106-year-old Aaron's building in Connellsville was arrested Jan. 25 as the alleged ringleader of a multimillion-dollar narcotics network.

Mohamed Hassanain, of 30 Edgar Road, West Orange, used the alias Mohamed Aly to buy the structure. He allegedly ran the drug ring from his home as well as his business, Lyons Avenue Auto Sales in Newark, said state police in New Jersey.

Authorities seized 14 properties Hassanain owns in the Newark area as alleged proceeds of criminal activity. The Connellsville building was not part of the seizure, according to court records in New Jersey.

"This operation brings to a grinding halt a dangerous, multimillion-dollar criminal enterprise," New Jersey Attorney General Stuart Rabner said. "We have arrested the alleged leader of this narcotics ring as well as those who supplied him with what had been an endless supply of illegal prescription drugs."

Hassanain, 40, is charged with leading an organized criminal enterprise, racketeering, money laundering, forgery and distribution of controlled substances.

Hassanain bought the Aaron's building in August for $20,000 on the Internet auction site eBay. The purchase was based on snapshots and a written description, but Hassanain visited the city in December for a walk-through and met with public officials who have made the historic building's redevelopment a priority.

"This sure is a blow," Mayor Judy Reed said. "We talked, and he said he would fix the building. I tried to impress upon him the responsibility of owning this building, which is in deplorable condition, and he started work immediately."

Hassanain told officials he was "thrilled" with the building, and talked about his intention to create office and retail space on the first floor and loft apartments on the upper floors.

He planned to have the building ready for rental later this year.

Councilman Terry Bodes, who led the charge to refurbish the Aaron's building, said Hassanain "seemed too good to be true. It's just frustrating, disappointing. It's a disappointment to the whole city."

A downtown row-style structure, the 6,000-square-foot building at North Pittsburgh and East Apple streets is assessed at $73,333. It is eligible for the National Register of Historic Places.

A citation the city filed Sept. 5 against the seller, D&F Services Inc., of Leisenring, states the structure "is old, dilapidated, so out of repair as to be dangerous, unsafe, unsanitary, unreasonable to repair."

Former owner Richard DiCenzo, of Uniontown, was fined $8,053 in September 2005 for allegedly letting the structure become a public nuisance. Pieces of the building's facade, weighing as much as 10 pounds, had fallen onto the street, according to city health code officer Rita Bornstein.

But a Fayette County judge dropped those charges because the citation was "insufficient."

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DiCenzo bought the Aaron's building in 1978, just after the furniture store went out of business. It has been vacant since.

The building sold in November 2005 for $5,000 to Divito B. Corteal and Frank W. Corteal. The deed was transferred in April to D&F Services.

D&F Services was listed as owing more than $2,000 in taxes on the property upon sale to Hassanain, according to the Fayette County Tax Claim Bureau.

Hassanain paid the taxes in August, according to New Jersey attorney Matthew E. Przywozny, who executed the deed transfer on Hassanain's behalf.

The city did not file a citation against Hassanain because he promptly began work to meet code in January.

"If he's in a position where he can't continue the project, we need to find out," Reed said. "He made attempts to correct the problems, but unfortunately the work has stopped."

A telephone message left with Przywozny was not returned Monday.

The charges against Hassanain stem from a six-month investigation led by New Jersey State Police and the Attorney General's Division of Criminal Justice, with assistance from the U.S. Drug Enforcement Administration.

The investigation, dubbed "Operation Pandora," determined the network allegedly sold 20,000 to 30,000 OxyContin and Percocet pills per week, most going to a distribution ring based in Bronx, N.Y., according to state police Col. Rick Fuentes.

"Like the mythical Pandora's box, once this investigation was opened, a plethora of criminal acts, conspiracies and perpetrators kept pouring out," Fuentes said.

Approximately 22,000 prescription pills, seven guns and hundreds of thousands of dollars were seized during the execution of search warrants at 10 locations.

Also arrested was Dr. Mario Comesanas, 51, of Livingston, N.J., who allegedly went to Hassanain's home to write thousands of fraudulent painkiller prescriptions, and pharmacist Ahmed F. "Felix" Aly, 32, of Union, N.J., Hassanain's cousin, who is charged with knowingly filling the forged prescriptions.

Two other alleged members of the enterprise were previously arrested in New York, and warrants are outstanding for more than a dozen others.

At Hassanain's auto shop, police seized a Tech 9 machine gun and five pistols, including several .357 Magnum revolvers. Hassanain was carrying $10,000 in his sleeve when he was arrested, police reported.

Hassanain is incarcerated on $1.5 million bond.

S.J. Airport Screeners Nab Alleged Meth Smuggler (AP)

AP, February 6, 2007

(AP) SAN JOSE An East Palo Alto man allegedly tried to smuggle three pounds of methamphetamine in his cargo pants while trying to board a Hawaiian Airlines flight, according to court records.

Michael James Cade, 26, was charged Friday in U.S. District Court in San Jose with possession with intent to distribute at least 50 grams of methamphetamine.

About 8:30 a.m. Thursday, Cade was at San Jose International Airport preparing to board a Hawaiian Airlines flight to Honolulu when he was chosen for secondary screening at a security checkpoint, authorities said.

While patting him down, a Transportation Security Administration agent "felt a large bulk item in the front right pocket of Cade's cargo pants," Drug Enforcement Administration Special Agent Anthony Guzman wrote in a charging document.

Cade was asked to remove the item, but he insisted it was only money, Guzman wrote. Agents took Cade to a private screening area where they again asked him to remove the item.

Cade removed "one bag of crystal-like substance," following by four more bags, all of which were clear, quart-sized and sealed with black electrical tape, the affidavit said.

Security officials notified a police officer, who learned that Cade had an outstanding felony warrant from Modesto for narcotics and that he could be searched because he was on probation, the affidavit said. A search found a sixth bag in Cade's lower right pants pocket and a pipe in his left front pocket, it said.

A test concluded that the crystal-like substance was methamphetamine, Guzman wrote.

Cade has previous convictions for felony theft, grand theft and narcotics possession, the affidavit said.

E. Palo Alto Man Tried To Smuggle Meth Onto Airplane, Court Records Say (SFC)

By Henry K. Lee, Chronicle Staff Writer

San Francisco Chronicle, February 5, 2007

SAN JOSE -- A man is facing federal charges for trying to smuggle six bags containing 3 pounds of methamphetamine in his cargo pants while trying to board a Hawaiian Airlines flight in San Jose, court records released today show.

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Michael James Cade, 26, of East Palo Alto was charged Friday in U.S. District Court in San Jose with possession with intent to distribute at least 50 grams of methamphetamine.

About 8:30 a.m. Thursday, Cade was at San Jose International Airport preparing to board a Hawaiian Airlines flight to Honolulu when he was chosen for secondary screening at a security checkpoint, authorities said.

While patting Cade down, a Transportation Security Administration agent "felt a large bulk item in the front right pocket of Cade's cargo pants," Drug Enforcement Administration Special Agent Anthony Guzman wrote in an affidavit.

Cade was asked to remove the item but insisted it was only money, Guzman wrote. Agents took Cade to a private screening area where they again asked him to take out whatever it was in his pants, authorities said.

Cade removed "one bag of crystal-like substance," the affidavit said. It was followed by four more bags, all of which were clear, quart-sized and sealed with black electrical tape, authorities said.

Security officials notified an on-duty San Jose police officer, who learned that Cade had an outstanding felony warrant from Modesto for narcotics and that he could be searched because he was on probation, the affidavit said.

Police searched Cade and found a sixth bag in a lower right pants pocket, authorities said. Cade then told officers that he had a pipe in his left front pocket, the affidavit said.

A test of the crystal-like substance concluded that it was methamphetamine, Guzman wrote.

Authorities said they believe Cade was smuggling the drugs and, since he had only $10 with him, had hoped to be paid for the illicit cargo in his pants, authorities said. Cade has previous convictions for felony theft, grand theft and narcotics possession, the affidavit said.

He appeared Friday before U.S. Magistrate Patricia Trumbull in San Jose and will return to court Wednesday for a detention hearing.

Lawmen: Drug Lord Marked Witness For Death (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, February 6, 2007

As sentencing nears for Newark kingpin, details of plot emerge

Even in captivity, Hakeem Curry maintained the ruthlessness that made him Newark's biggest drug kingpin in recent years, prosecutors say.

During his trial last year, Curry watched as one of his childhood friends and trusted lieutenants, Lachoy "Pooh" Walker, testified against him in federal court. The testimony had a devastating effect on his case.

On the second day of Walker's six days on the stand, a sheriff's officer overheard an alarming conversation as he transported Curry from jail to the courthouse, according to prosecutors. Curry's co-defendant told the gang leader they had a hitman in place to kill Walker, the prosecution's star witness.

That bold plot, never realized, emerged publicly for the first time in court papers prosecutors recently filed related to Curry's sentencing tomorrow. Security at the trial was unusually high, but no specific threat had been previously disclosed.

Curry, convicted by a jury last July of conspiracy, money laundering and drug trafficking, could face 30 years to life in prison under federal sentencing guidelines.

"This is a ruthless gang," Assistant U.S. Attorney John Gay said last week during a hearing in which Curry's co-defendant and cousin, Rakim Baskerville, was sentenced to life in prison. The prosecutor said members of the gang "think nothing of gunning down" witnesses.

Curry's conviction was one of the most significant for federal law enforcement officials since they began investigating and prosecuting drug gang members as part of ongoing conspiracies. During an investigation that spanned more than a year, Drug Enforcement Administration agents built the case by secretly taping tens of thousands of phone calls of Curry and his associates.

Prosecutors said Curry's criminal organization pumped tens of millions of dollars of cocaine and heroin onto the streets in Essex and Union counties for more than a decade and arranged for the murders of a rival and another government witness slated to testify against one of Curry's allies. At one point, 85 percent of the heroin sold in Newark came from Curry's crew, investigators said.

While the threat against Walker's life in the middle of the trial was particularly daring, it wasn't the first time his life was in jeopardy, prosecutors said. After he was arrested in March 2004, Curry immediately suspected Walker set him up. A hitman later testified at trial that Curry had attempted to hire him to kill Walker for $15,000.

Walker, who pleaded guilty to conspiracy to distribute drugs, is awaiting sentencing. He plans to enter a witness protection program.

In a related case, another of Curry's cousins, William Baskerville, goes on trial in April and could face the death penalty on federal charges that he plotted the murder of a secret FBI informant. Though Curry was not charged in that crime, prosecutors have said he tipped Baskerville off to the informant's identity.

During his own trial, Curry and his co-defendant were jailed without bail and wore leg shackles. Spectators had to pass through a checkpoint outside U.S. District Judge Faith Hochberg's courtroom, and juror names were sealed from the public.

Defense attorneys, in court papers filed last year, complained Curry wasn't even allowed to call his lawyers from jail, accusing the government of "cruel and unusual punishment far beyond the strictures of normal incarceration."

Last week, they submitted a sentencing memorandum to Hochberg seeking a sentence below federal guidelines. One circumstance they asked her to consider is that Curry has spent nearly three years in prison already, much of it in "virtual solitary confinement," with no access to family and friends.

"During this time, he has suffered through trying to arrange the care for his 10-year-old son whose mother had temporarily disappeared," wrote James Plaisted, Curry's attorney.

But Gay, the prosecutor, wrote in court papers the enhanced security put in place by U.S marshals was necessary because of Curry's "own actions of attempting to kill witnesses at trial."

Last week, Hochberg sentenced Rakim Baskerville to life in prison after he was convicted of conspiracy. The stepped-up security measures remained in place as about a dozen friends and family arrived on hand to support Baskerville, who sported a thick beard and a green prison jumpsuit.

"How y'all doin? You all right?" Baskerville asked his supporters. "Yeah, I'm all right."

In seeking a sentence lighter than the minimum 30 years recommended under federal sentencing guidelines, Baskerville's attorney, Troy Archie, said his client was a "mule" for Curry's organization "at best."

But Gay disputed that, saying the evidence at trial showed Baskerville was a trusted, high-ranking member of the organization. Gay's court filing urging a life sentence revealed the plot to kill Walker in mid-trial.

Hochberg said she found that threat "believable." She also said the accusation was corroborated by "sufficient other evidence," though she did not elaborate.

"The security precautions in this case were done for good reasons," she said, adding, "I do find the security threat very real in this case."

While she didn't use the incident in calculating Baskerville's sentence for technical reasons, she condemned the defendant's "utter disrespect" for witnesses.

"You've devoted your life to crime and now your crime is going to control your life," she said. There is no parole in the federal system.

Men Plead Not Guilty To Federal Drug Charges (SHJ)

Spartanburg (SC) Herald Journal, February 6, 2007

A federal drug conspiracy case involving hundreds of pounds of marijuana and more than 10 pounds of cocaine is headed to court this week for two men who have pleaded not guilty.

Two women and 13 men in the Upstate have already pleaded guilty to charges including weapons violations and conspiracy to distribute cocaine, crack cocaine and marijuana, but none have been sentenced.

On Monday in Spartanburg, U.S. District Judge Henry Floyd refused to suppress evidence gathered using a search warrant at the home of one of the men who will stand trial, Alviero Mesa-Lopez of Greer.

While executing the search warrant at Mesa-Lopez's residence at 849 Harvey Road, authorities found 1,400 pounds of marijuana, several ounces of

crystal methamphetamine, one kilogram of cocaine, $20,000 cash, magazines loaded with ammunition, an Uzi machine pistol and four other weapons.

Jury selection in the joint trial of Mesa-Lopez and Roland Fuller of Greenville will begin today. Testimony starts Wednesday and is expected to last two or three days.

Suppression motion

Floyd's ruling Monday allows federal prosecutors to present a large amount of evidence against Mesa-Lopez.

During the August 2006 raid on the Harvey Road residence, DEA agents found the drugs and saw Mesa-Lopez crawling under a bed where the firearms were stored, agents said.

Mesa-Lopez's attorney, Janis Hall, claimed the search warrant was unconstitutional. A magistrate never should have signed the warrant, she argued, because no specific facts indicated drug activity at the house and that information investigators did have was almost a month old.

"This is a case where there was no contact with Harvey Road for 29 days," Hall said.

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The judge sided with Assistant U.S. Attorney Leesa Washington, who countered that Mesa-Lopez' roommate met with other conspirators, told police during a traffic stop that he lived at the residence and drove a vehicle owned by Mesa-Lopez.

"It does provide a nexus between the drug activity and the residence," she said.

Washington said the case clearly involved a "large-scale cocaine distribution ring" on top of the marijuana charges.

Arellano's Lawyers May Put Blame On Brother (SDUT)

By Onell R. Soto, Union-tribune Staff Writer

The San Diego Union-Tribune, February 6, 2007

Defense lawyers for accused Tijuana drug cartel kingpin Francisco Javier Arellano Félix hinted at a defense in court yesterday: His brother Benjamín actually was running the drug organization from a Mexican prison.

The lawyers mentioned the theory while asking federal prosecutors to give them any documents that might help prove that in preparation for a trial in less than a year.

Javier Arellano took over as head of the murderous drug-running ring in 2002 after Benjamín was jailed and another brother, Ramón, was killed, prosecutors said in court papers filed last week.

Defense lawyers said they hope to prove that's not the case as they defend Javier from charges that could lead to the death penalty.

Prosecutors said they would turn over all their evidence as required by law.

U.S. Attorney General Alberto Gonzales is expected to decide whether prosecutors will seek the death penalty. U.S. District Judge Larry Alan Burns set an Oct. 10 deadline for prosecutors to announce how they plan to proceed.

Burns wants jury selection in the case to begin right after Thanksgiving and witnesses to begin testifying in January. Defense lawyers said that is too soon.

Prosecutors said they hope to try Javier Arellano at the same time as three other accused cartel members: Manuel Arturo Villarreal Heredia and brothers Gilbert and Ismael Higuera Guerrero.

Villarreal is accused of heading a band of thugs who beheaded three Rosarito Beach police officers and kidnapped and killed other enemies of the cartel. He also could face the death penalty.

The Higuera brothers are accused of running day-to-day operations for the cartel in Tijuana and Mexicali.

The brothers were among 15 Mexican prisoners extradited to the United States last month.

Mexican officials agreed to the extraditions as long as none of those extradited face the death penalty, which is not used in Mexico.

Mexican officials said the brothers and others still were running criminal organizations from inside jails.

San Diego prosecutors are hopeful that other members of the Arellano Félix cartel will be extradited soon, including Benjamín Arellano.

Convict-cop Labels ATF Accuser 'Liar' (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, February 6, 2007

Drawing chuckles from jurors for his Chicago mannerisms and colorful language, infamous former Police Officer Joseph Miedzianowski was back in federal court Monday, but only in a videotaped deposition in a case involving a one-time federal agent who is suing the city.

Tapes of Miedzianowski being questioned about his dealings with former Bureau of Alcohol, Tobacco and Firearms Agent Diane Klipfel were played for the panel. Klipfel and her agent husband are suing Chicago, charging that when they tried to blow the whistle on Miedzianowski in 1992, the city ignored the allegations and Miedzianowski was able to turn the Police Department's internal affairs unit against them.

Dressed in prison garb with short hair and a hint of a goatee, Miedzianowski admitted in the video that he doesn't like Klipfel. He called her out of control, a liar and a lunatic. He eventually was arrested in 1998 and later convicted of masterminding a massive Chicago-to-Miami drug ring and was dubbed the most corrupt police officer in Chicago history by federal prosecutors.

"Lunatic would've been one of the nicer words I would've used on her," Miedzianowski said.

Miedzianowski said Klipfel sowed dissent among agents and officers while she supervised a gang detail of which he was a member, and she made false allegations against him to cover her own questionable conduct.

He gave a vastly different version of events surrounding the February 1992 search at the home of a drug dealer than Klipfel has given jurors during the trial. Klipfel testified last month that she watched Miedzianowski take a safe-deposit box key from the dealer's pants and that cash and jewelry were taken from the home.

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Miedzianowski said Klipfel was the one who found the key and she asked police officers to get a warrant and open the safe-deposit box. While officers were there, the wedding ring of the dealer's wife vanished, causing the dealer to shout about it, he said.

"I was right there when it happened," Miedzianowski said, at times barking his answers. "Diane Klipfel produced the ring and gave it to her (the dealer's wife.)"

In her testimony, Klipfel had described an enraged Miedzianowski who kicked her car and threatened her when she confronted him about taking money from the dealer and others. Miedzianowski described calmer meetings called by Klipfel, and he said the matter in dispute was that she wanted to give inventoried cash back to the dealer.

He said he had no idea that a formal complaint had been made against him until many months later and actually asked for a Chicago police investigation of himself a year after the search of the dealer's home to clear his own name.

Eventually, he just tried to get away from , Miedzianowski said, and he only made formal complaints against her after believing she was the source of complaints against him. He said he only wanted internal affairs investigators to know who they were dealing with and said he did not further influence any investigation of himself or Klipfel.

"Here's a woman screaming, 'Fire, fire fire,'" Miedzianowski said. "And the fire isn't over here, the fire's in her house."

He said he could not tell the lawyers that deposed him every "disgraceful" act Klipfel committed.

"I don't keep a catalog or a Rolodex of everything," he said. "I wouldn't have one big enough."

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ATF Agent Says He Faked Murder To Get Into Hells Angels (CNN)

By Kelli Arena, Scott Bronstein And Jim Spellman, Cnn

CNN, February 6, 2007

MESA, Arizona (CNN) -- In a parched, secluded desert, a brutal killing is caught on videotape. A member of the feared and violent Mongol motorcycle gang is shot in the head at close range. His body is dumped in a shallow grave.

That murder was Jay Dobyns' ticket for membership into the Hells Angels motorcycle gang, Dobyns said.

"I had committed, like the ultimate deed, the ultimate act of loyalty to these guys," Dobyns said in an exclusive CNN interview.

But that murder was a fake, complete with special effects, cow guts for brains and artificial blood. What's more, Dobyns had a dark secret he was keeping from his fellow Hells Angels gang members: He was actually an agent for the Bureau of Alcohol, Tobacco and Firearms and was infiltrating the gang to help bring them down. (Read about Dobyns' complaints against the ATF)

For nearly two years, from 2001-2003, Dobyns abandoned his old life, his family and his friends to wear the Hells Angels trademark vest and to simultaneously build a case against the most feared motorcycle gang in the world. If he'd been caught, he figured he would be dead.

The undercover plot was elaborate: Dobyns even had to fake a romantic relationship with a fellow biker played by a female agent, so he had an excuse not to sleep with other women.

Dobyns saw what few outsiders have ever seen -- the inner workings of the Hells Angels. He says that included gun and drug trafficking, extortion, rape and even murder. And Dobyns testified about it all in court.

One of the alleged murders happened on Dobyns's home turf at the time, Mesa, Arizona.

"Cynthia Garcia was a young woman who partied with the motorcycle gang. One day she said something one of them didn't appreciate, according to a Hells Angels informant for the government.

She was allegedly beaten unconscious, driven to the desert, and stabbed more than two dozen times, her head nearly severed from her body, according to government records. Dobyns testified about it in court.

Going deep undercover in the Hells Angels was only the latest installment of Dobyns' hard-living persona. In college, Dobyns was a star wide receiver at the University of Arizona.

After school, he went into law enforcement, getting shot through the chest and even run over by criminals in his first few years on the job. Fellow agents say he was among the best in his rough-and-tumble field.

Illegal Guns Targeted With $1,000 Rewards (SACBEE)

By Christina Jewett, Bee Staff Writer

The Sacramento Bee, February 6, 2007

Sacramento law enforcement leaders have announced a new program offering $1,000 rewards to get illegal guns off the street.

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Authorities are turning to YouTube, MySpace.com and text messaging - communication highways for teens - to promote a new program offering $1,000 rewards for information about illegal guns.

The rewards will go to anonymous callers who provide police with information about an illegal gun or unlawful gun owner - if the information leads to an arrest. In California, felons are not allowed to own guns, and only people with permits can carry loaded firearms.

"This is one of the things we're doing to try to reduce the level of violence we see on the streets," Sacramento Police Chief Albert Najera said at a press conference with Sacramento County Sheriff John McGinness and agents from the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

Tips may be phoned in to 1-800-ATF-GUNS.

ATF Agents Who Shot At Gunman Won't Be Charged (WP)

By Jamie Stockwell, Washington Post Staff Writer

The Washington Post, February 6, 2007

Arlington County's chief prosecutor has ruled that there will be no charges against the federal agents who exchanged gunfire with a man who then broke into an Arlington home, shot another man and kept police at bay for 10 hours last summer.

Commonwealth's Attorney Richard E. Trodden said an investigation into the July 5 incident found that the three agents acted in self-defense when they fired at Travis Hampton, 24. Hampton had fired several shots at the agents before leading them on a chase that zigzagged through the county's narrow streets, Trodden said. Hampton, of Southeast Washington, later fatally shot himself inside the home he had broken into.

"We found no grounds for any kind of criminal case," Trodden said. "The only real issue here was whether the agents acted properly, and we found they certainly had a right to defend themselves."

The incident began as a minor collision at the height of rush hour on Interstate 395 south and evolved into a tense standoff that lasted into the next morning and involved out-of-town agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives. Moments before the crash, Trodden said, Hampton had robbed a drug dealer of marijuana at gunpoint from inside the car, which belonged to his girlfriend.

ATF spokeswoman Sheree Mixell would not comment on the case and declined to say whether the agents faced any internal action. She referred calls to the civil rights division of the Justice Department, which also reviewed the case. A spokesman there did not a return a message left yesterday.

Trodden said that after Hampton sideswiped the agents' unmarked sport-utility vehicle, he took the South Glebe Road exit and got out of his car. After the agents identified themselves, Hampton fired at them. Bullets hit the SUV's engine compartment and a window. The agents returned fire, and Hampton dived back into his car and fled.

While he was being pursued on a congested Glebe Road, Hampton at one point leaned out his car window and fired again, Trodden said, shattering more of the SUV's windows and sending pieces of glass into the agents' faces. The SUV became disabled, and the agents ran after Hampton's car into Arlington's Douglas Park neighborhood. Hampton's Ford Taurus finally crashed into a Chevrolet Blazer parked in front of a house on South 13th Street.

Hampton left his car and kicked open the front door of the house, Trodden said, startling a resident who had just finished showering. He shot the resident, a man who lived in the basement with his sister, as the two siblings ran from the house. The man was not critically injured, police said.

About 4 a.m., after stalled negotiations and failed attempts to reach Hampton by telephone, a SWAT team found Hampton's body in a front bedroom. He had shot himself in the mouth, Trodden said. He said Hampton also suffered wounds to the back of his head, possibly during the exchange of gunfire.

IMMIGRATION:

Immigrant Entrepreneurs Shape A New Economy (NYT)

By Nina Bernstein

The New York Times, February 6, 2007

Manuel A. Miranda was 8 when his family immigrated to New York from Bogotá. His parents, who had been lawyers, turned to selling home-cooked food from the trunk of their car. Manuel pitched in after school, grinding corn by hand for traditional Colombian flatbreads called arepas.

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Today Mr. Miranda, 32, runs a family business with 16 employees, producing 10 million arepas a year in the Maspeth section of Queens. But the burst of Colombian immigration to the city has slowed; arepas customers are spreading through the suburbs, and competition for them is fierce. Now, he says, his eye is on a vast, untapped market: the rest of the country.

In the long run, like bagels, "you're going to have arepas in every store," predicted Mr. Miranda, whose innovations include a "toaster-friendly" version (square instead of round), and an experimental Web site that offers online sales nationwide. "But I don't have the connections. I don't know the people who can advise how to take us to the next level."

As the flow of immigrants to suburban and small-town America outpaces the growth of bustling ethnic centers in New York, many foreign-born entrepreneurs like the Mirandas are facing an unfamiliar crossroads. In the city, rising rents and density hamper growth, while swelling ethnic enclaves in the suburbs generate competitors. Yet in other places, opportunity beckons as never before, as immigrants expand the tastes of mainstream America.

Whether these businesses exploit the new chances to break out or succumb to the new perils, the city's economy will feel the effects.

"Immigrants have been the entrepreneurial spark plugs of cities from New York to Los Angeles," said Jonathan Bowles, the director of the Center for an Urban Future, a private, nonprofit research organization that has studied the dynamics of immigrant businesses that turned decaying neighborhoods into vibrant commercial hubs in recent decades. "These are precious and important economic generators for New York City, and there's a risk that we might lose them over the next decade."

A report to be issued by the center today highlights both the potential and the challenge for cities full of immigrant entrepreneurs, who often face language barriers, difficulties getting credit, and problems connecting with mainstream agencies that help businesses grow. The report identifies a generation of immigrant-founded enterprises poised to break into the big time — or already there, like the Lams Group, one of the city's most aggressive hotel developers, or Delgado Travel, which reaps roughly $1 billion in annual revenues.

In Los Angeles, at least 22 of the 100 fastest-growing companies in 2005 were created by first-generation immigrants. In Houston, a telecommunications company started by a Pakistani man topped the 2006 list of the city's most successful small businesses.

But even in those cities and New York, where immigrant-friendly mayors have promoted programs to help small business, the report contends that immigrant entrepreneurs have been overlooked in long-term strategies for economic development.

Some are doing just fine anyway. Lowell Hawthorne, the Jamaican-born chief executive of Golden Krust Caribbean Bakery, has parlayed a single bakery, opened in the Bronx in 1989, into more than 100 franchise restaurants nationwide. The latest batch opened in Atlanta, where Jamaican-style specialties, supplied from a Bronx plant with 130 employees, draw on a mix of West Indian immigration and crossover appeal.

Other companies, like Rajbhog Foods, which started as a mom-and-pop Indian sweets shop in Jackson Heights, Queens, seem to be on the edge of a similar breakthrough, even as they struggle with rising costs and shifting immigration patterns.

"Two steps forward and then back one step," said Sachin Mody, the chief executive and son of the founders. "That is the hardest part, to keep hurdling and keep evolving."

Mr. Mody said the company had about 70 employees and three plants and sold its vegetarian products to stores in 41 states and Canada. Its catering operation handles Indian weddings and conventions for as many as 10,000. But six years ago, in recognition of a changing market, it began opening franchise stores in places like Jersey City and Hicksville, on Long Island, where Indians have settled in large numbers.

In Jackson Heights, where South Asians from around the region have long come to shop for ethnic food and the latest in saris, bangles and Bollywood DVDs, business in Rajbhog's gleaming flagship store is down 30 to 40 percent, said the owner, Nirval Shah, an Indian-born nephew of the founders.

"We try to reach out to every corner where there is an Indian community, so they don't have to drive all the way to one location to get what they need," he explained, allowing that such suburban shops were drawing business away from Little India in Queens, a view echoed by other merchants.

Then he pointed to the company's newest line: frozen Indian entrees, less spiced for American palates.

In some ways, New York may have a head start on the growing pains of immigrant businesses. The nation's recent surge of newcomers started earlier in the state and peaked by the mid-1990s, when immigration was still growing rapidly elsewhere. About 90,000 new immigrants still arrive each year in New York State, the vast majority still settling in the city, but that is down from about 168,000 in 1990.

Now, some children of the early influx are trying to build on their parents' success — success that itself has increased the cost of doing business, by driving up rents and creating congestion.

One example is Jay Joshua, a Manhattan company that designs souvenirs and then has them manufactured in Asia and imported. Jay Chung, who arrived from South Korea in 1981 as a graduate student in design, started printing his computer-

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graphic designs for New York logos and peddling them to local T-shirt shops. His company is now one of the city's leading suppliers of tourist items, from New York-loving coffee mugs to taxicab Christmas ornaments.

Mr. Chung's son Joshua, 26, who was 3 when he immigrated, joined the company after studying business management in college, and recently helped land orders for a new line of Chicago souvenirs. But frustration mixes with pride when the Chungs, both American citizens now, discuss the company's growth.

"It's really hard to conduct a business over here as a wholesaler," Mr. Chung said in the company's West 27th Street showroom, chockablock with samples. "We get a ticket every 20 minutes, no matter what. We need more convenient places with less rent, less traffic."

Thirty years ago their wholesale district was desolate. Now hundreds of Korean-American importers are there, said Jay Chung, who is a leader of the local Korean-American business association. They face a blizzard of parking tickets and high commercial rents — nearly $20,000 a month for 1,400 square feet, he said. Many merchants have had to subdivide and sublet their space, he added, shrinking just when they need to grow.

The association's efforts to find an alternate wholesale site have a checkered history that underscores the importance of partnerships with the city — and the pitfalls. Responding to the city's request for redevelopment proposals for the College Point section of Queens, more than 50 Korean merchants pooled $1 million to draw up the winning proposal, Mr. Chung said. At a news conference in 2004, Mayor Michael R. Bloomberg said it would create hundreds of new jobs. But the city backed out eight months later, after protests by older, white Queens residents and their representatives.

"They said they didn't want the area to become like Flushing, like Chinatown," Mr. Chung recalled. "It was a disaster for us — not only financially, but our image."

Apologetic city development officials offered five other locations, he said in an account that the city confirmed, and the group is negotiating for a private project in Jamaica, Queens, that could yield a 13-story center in about four years. Meanwhile, however, some merchants have already moved to New Jersey.

At a time when cities woo biotechnology firms and sports arenas to jump-start local economies, the economic potential of immigrant entrepreneurs has remained largely under the radar, says the Center for an Urban Future. Though there are no precise figures to measure their economic contributions, the report said, these businesses create jobs in good times and bad. They offset the cyclical slumps of more high-profile sectors like finance in New York or energy in Houston. And they have created ethnic markets that draw shoppers into the city, balancing the loss of retail trade to the suburbs.

The report credits the Bloomberg administration for small-business initiatives that have helped some firms, but calls on public, private and nonprofit agencies to do more to connect immigrant entrepreneurs to the expertise available.

Kara Alaimo, a spokeswoman for the city's Small Business Services Department, said it now deployed a staff speaking six foreign languages who aided almost 13,000 businesses in the five boroughs last year. "We are incredibly proud of our achievements in this arena and look forward to doing even more to provide resources to this vital community," she said.

Immigrant entrepreneurs seem ambivalent about getting more attention from the city. Some are leery of red tape, though they would welcome, say, a municipal parking garage. Others cite concrete help they have received from city agencies.

When Mr. Miranda's arepas company, Delicias Andinas, was struggling with high trash bills two years ago, he said, a city agent in an industry retention program referred him to a recycler. Now much of the company's garbage — mostly corn leftovers — is sold to hog farms.

"They helped us out to a win-win situation," said Mr. Miranda, now an American citizen who calls himself "a dyed-in-the-wool New Yorker."

"For us, it was a big deal. Right now, I don't need money. I need knowledge."

Send Convicted Illegal Immigrants Home (LAT)

The Los Angeles Times, February 6, 2007

The county is right to send the illegal immigrants in its jails to deportation hearings after their sentences.

POLICE SHOULD NOT act like immigration agents, nor should landlords. But if there's one place it's wholly appropriate for local officials to crack down on illegal immigrants, it's in county jail.

Two years ago, Los Angeles County kicked off a controversial program to screen the immigration status of jail inmates more carefully. Eight custody assistants with the Sheriff's Department were trained to investigate inmates' backgrounds, and in October, U.S. Immigration and Customs Enforcement doubled the number of agents assigned to local jails. The result, as Times staff writers Patrick McGreevy and Stuart Pfeifer reported Monday, is that the number of inmates flagged for deportation nearly doubled last year, to 5,829.

L.A. jails are facing an overcrowding crisis, and illegal immigrants are part of the problem. Federal officials estimate that as many as 40,000 of the 170,000 inmates who pass through local jails each year are in this country illegally. Deporting them won't

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solve overcrowding in the short term because they have to serve their sentences before being turned over to the feds, but it will probably reduce crime and the jail population over the long term. Meanwhile, illegal residents will have more incentive to obey the law, without being unduly discouraged from cooperating with police.

Outside of jail, getting local governments, or citizens, involved in the immigration enforcement business is usually a bad idea. Perhaps the most disturbing local example of the trend was last fall's short-lived Escondido law forcing landlords to verify the immigration status of their tenants and to evict illegal immigrants. Orange County Sheriff Michael S. Carona has long sought to conduct immigration sweeps, and the Los Angeles Police Department has slightly loosened its policy forbidding inquiries into suspects' immigration status.

The danger with these measures is that if local police are seen as immigration enforcers, law-abiding immigrants will shy away from reporting crimes or stepping forward as witnesses. Beat cops rely on community relationships; turning them into border police makes their jobs harder.

Jailhouse immigration screening applies only to convicts, so there's little danger that it will erode trust for police by law-abiding immigrants. And though deputies serving guard duty later end up on the streets, they aren't the ones doing the screening; that's performed by custody assistants, who remain in the jails. The only legitimate fear about the jail program is that cops may bust street thugs they suspect to be illegal immigrants for the tiniest of infractions, knowing that a deportation hearing will follow the punishment. But this is a narrow concern that requires monitoring; it's not a deal-breaker.

There should be a path to citizenship for illegal immigrants, but convicts have forfeited the right to be on it. Send them home.

CONGRESS-ADMINISTRATION:

On Deficit Cutting, Skeptics Abound (WSJ)

By John D. Mckinnon

The Wall Street Journal, February 6, 2007

President Bush often describes himself as optimistic about the nation's future, and he demonstrated that again with his 2008 budget request to Congress.

In the spending-and-tax plan released yesterday, Mr. Bush projects the deficits that have marked his tenure will disappear by 2012. To accomplish that, the White House assumes revenues will continue to pour into the Treasury at near their recent rates and Congress goes along with all of Mr. Bush's domestic-spending plans -- a scenario Democrats on Capitol Hill promptly rejected.

Even if the White House is able to persuade Democrats to cut 141 federal programs, squeeze nonsecurity programs to a 1% annual growth rate and make sharp cuts in Medicare, Mr. Bush's projections still don't account for several big potential budget-busters, as budget analysts and Democratic critics were quick to note yesterday. All of these are short-term problems that pale in comparison with the long-term fiscal time bombs the nation faces with the retirement of baby boomers.

Still, the budget's perceived shortcomings are sparking a lively debate.

The president's budget contains only partial projections of war-related spending, likely disguising what will be higher outlays. The budget assumes the cost of military operations in Iraq and Afghanistan will total $145 billion for fiscal 2008, but only $50 billion in 2009 -- and zero after that. Congressional Budget Office figures suggest a withdrawal of large numbers of U.S. troops by 2010 would actually add to overall costs.

Mr. Bush also hasn't addressed the likely costs of long-term relief from the alternative minimum tax. Originally created by Congress in the 1960s to ensure ultrawealthy people didn't use credits and deductions to avoid paying any tax, it is beginning to hit the middle class. It isn't indexed for inflation, so more earners qualify for the AMT, and the Bush tax cuts have accelerated the expansion of its reach. Congress keeps passing one-year patches, but the cost of relief is soaring each year; it would be at least $36 billion through 2008 and could reach $1.3 trillion over the next decade, according to various estimates. Democrats are adamant about fixing the AMT problem, in part because it hits states they dominate -- such as New York, New Jersey and California -- especially hard.

Mr. Bush also is projecting reductions in expenditures for agricultural subsidies -- as much as $5 billion annually, compared with last year's forecast -- as the administration seeks to reauthorize farm-economy support programs. Much of the change is due to strong market demand, which has kept prices from falling to levels that trigger federal subsidy payments. But the administration's agriculture plan also is expected to tighten up on some programs, while focusing more on establishing overseas markets and putting more money into research, particularly renewable fuels. Some of those proposals could fall short of farm-state Democrats' expectations.

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Democrats also questioned the increases in tax collections the White House projects -- exceeding 5% annual growth on average over the next six years, greater than the yearly increase in projected economic growth and above the revenue growth congressional budget analysts forecast. The administration also is proposing a series of fees -- including an increase in premiums for corporations that participate in the Pension Benefit Guaranty Corp. and new fees for food inspection and enrollment in veterans programs -- that will be difficult to push through Congress.

The administration's economic-growth projection for 2007 is somewhat higher than others. It projects 2.7% real GDP growth for 2007, compared with 2.3% by the Congressional Budget Office and 2.4% by the Blue Chip panel, a group of business economists. Last year, the administration projected 3.4% real GDP growth for 2006 versus 3.6% by CBO and 3.4% by the Blue Chip. CBO now projects that real GDP growth in 2006 was 3.3%.

Critics say when more realistic projections are used, the small surplus forecast for 2012 is likely to melt away.

"While the president has endorsed the goal of balancing the budget, under realistic assumptions his budget remains in deficit every year," said Rep. John Spratt (D., S.C.), chairman of the House Budget Committee.

"In some places this budget shows vision, and in some places the president's eyes are shut tight to this country's fiscal reality," said Sen. Max Baucus (D., Mont.), the chairman of the Senate Finance Committee.

White House budget director Rob Portman termed the budget "credible." Mr. Portman said the handling of war costs also was more transparent than in the past, when requests were made off-budget through "emergency" appropriations.

Democrats vowed to counter Mr. Bush's priorities by pushing for more help for lower-income people and the middle class. Spending on health-care programs, education, energy and the environment were among the most likely friction points with the White House, as the two sides clash over appropriations bills.

Still, the focus by both sides on the five-year window ending in 2012 masks the fiscal problems that lie after that. Starting in 2011, the oldest members of the baby-boomer generation will begin to become eligible for Medicare, the government health-insurance program for people 65 and older. That system is projected by its trustees to go broke by 2018.

That reality sets up a much bigger debate over fiscal policy in 2009, following the presidential election in 2008. Hanging in the balance will be a possible overhaul of U.S. health care, the fate of Mr. Bush's tax cuts and maybe Social Security and Medicare. To jump-start the debate over entitlements, Mr. Bush again is urging Congress to create new private accounts for future Social Security recipients.

White House Sees End To Deficit (FT)

By Krishna Guha In Washington

Financial Times, February 6, 2007

The White House budget sent to Congress on Monday shows the deficit declining moderately during the remaining years of George W. Bush's presidency – from 1.9 per cent in fiscal 2006 to 1.6 per cent in 2008 – plunging more rapidly from around the time he leaves office, and finally turning into a 0.3 per cent surplus in 2012.

This deficit dynamic is substantially driven by the way the budget accounts for the cost of the wars in Iraq and Afghanistan. It accounts for these costs in full in 2008 and sets aside $50bn to cover unforeseen war-related expenses in 2009, but makes no provision for one-off war costs in 2010 or beyond.

Whether actual war-related spending will follow the path set out in the budget is debateable, raising one source of uncertainty as to its fiscal forecasts.

More broadly, most of the deficit reduction is supposed to take place after Mr Bush leaves office and achieving this is cause for some scepticism.

The White House set out to show that it is possible to balance the budget by 2012 while making the Bush tax cuts permanent. The budget indeed does this, though the fiscal maths rests on certain assumptions, some of which – like the rapid decline in war costs – look optimistic.

The biggest assumption is that it is possible to hold non-security discretionary spending growth to 1 per cent in nominal cash terms. That means real terms cuts every year for five years – a degree of sustained spending restraint which is unprecedented in recent times.

Then, the White House assumes the economy will grow faster than the non-partisan Congressional Budget Office estimates in 2007 and again from 2011 onwards.

The budget has growth averaging 3 per cent from 2008 to 2012, which is probably a small fraction faster than the Federal Reserve now thinks is sustainable.

In addition, the budget makes no allowance for the cost of indexing the Alternative Minimum Tax (AMT) beyond 2008 to prevent it drawing in an increasing number of middle class Americans.

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This is legitimate in one sense, as Mr Bush has called for a "revenue-neutral" AMT fix. But it would be politically very difficult for Congress to find revenue increases to offset fully the cost of an AMT fix.

If Congress continues to patch the AMT year by year, as it has in recent years, the deficit will be significantly larger in each year from 2009 onwards than the budget forecasts.

The changes to Medicare and other entitlement programmes – which are significant in fiscal terms at the 2012 mark and hugely important thereafter – may also be difficult to get through Congress.

On the plus side, the budget includes an allowance for the cost of moving to private accounts in Social Security, which is unlikely to happen, leaving some cash on the table.

Also, the White House has not made very aggressive assumptions about growth in tax receipts in the light of the positive revenue surprises of the past couple of years.

This is in line with mainstream economic thinking, but it remains possible that there could be more tax buoyancy ahead, because of the share of income gains going to corporations and higher rate taxpayers.

Even if this materialised, though, it would very likely not be enough to make up, for instance, for any ongoing post 2009 war costs, inability to hold non-security discretionary spending growth to 1 per cent or failure to implement a cost-neutral AMT fix.

Bush Releases Budget Aimed To Erase Deficit (NYT)

By Sheryl Gay Stolberg

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — President Bush unveiled a $2.9 trillion budget on Monday that he said would wipe out the deficit in five years without raising taxes, setting up a clash with the Democratic-run Congress and charting a course for Republicans to continue his policies long after he leaves office.

The budget, in four volumes and 2,500 pages of text, charts and tables, made few concessions to the political realities facing Mr. Bush.

For a president less than two years from the end of his second term, and with his poll numbers low, it was a defiant statement of the principles he has championed for years: the power of tax cuts to drive the economy, the need to spend what it takes to succeed in Iraq and in the broader struggle against terrorism and the necessity of reining in spending on much of the rest of what government does.

Speaking to reporters after meeting with the cabinet, the president said, "We have proven, and I strongly believe Congress needs to listen to, a budget which has no tax increase, and a budget, because of fiscal discipline, that can be balanced in five years."

He said the plan "is realistic; it's achievable."

To the Democrats who now run Congress, it was little more than a prop in a bit of theater that the White House used to try to define the fiscal debate on its terms.

While all presidential budgets are political documents as much as economic plans, this one, Democrats said, would get little hearing on Capitol Hill. They said the budget was built on flawed assumptions and fiscal trickery, including the failure to include estimates for the long-term cost of the war.

"What he's saying is, basically you can have it all — you can spend the money, especially on defense and the war, and you can cut every tax, and it all works," Senator Kent Conrad, Democrat of North Dakota and the chairman of the Senate Budget Committee, said in an interview. "But in the real world, it doesn't work out."

The budget calls for $145.2 billion for the war in the year starting Oct. 1, mostly for Iraq and Afghanistan, on top of a new request for an additional $99.6 billion to pay for the war for the balance of the current fiscal year. It includes money to increase the size of the Army and the Marine Corps and hire more Border Patrol agents, but imposes steep cuts in the growth of Medicare and Medicaid. It would trim or eliminate other domestic programs, like one providing loans for vocational education.

Assuming that all of Mr. Bush's proposals were agreed to by Congress, that his economic assumptions panned out and that the costs of the war dropped sharply and then went away in coming years, the budget would bring the deficit down from a projected level of $244 billion this year to $239 billion next year. In 2012, three years after he leaves the White House, there would be a surplus of $61 billion.

The document provided Mr. Bush's fellow Republicans with talking points to use in asserting that tax cuts have helped keep the economy strong, as they confront calls from some Democrats to roll back some of the tax cuts Mr. Bush signed into law in his first term. John Edwards, the Democratic candidate for president, said Monday that he would support raising taxes on upper-income people to help pay for his proposal to provide health coverage to the uninsured.

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In an internal party strategy memorandum circulated on Capitol Hill, a senior Republican aide wrote that the budget "gives us a huge (and rare, given our new status) opportunity to get a jump on the Democrats and stay on the offensive for weeks to come."

The memorandum continued, "Our message will be one that repeatedly challenges the Democrats to rein in federal spending and balance the budget without raising taxes on the American people."

But it was also to some degree a longer-term legacy-building document for Mr. Bush, an effort to bake into the fiscal cake many of the domestic policies that have defined his presidency and conservative economic thought in the last several decades. And while the two parties have different views of how much to credit the Bush tax cuts for the economy's current condition, the government's books, at least in the short run, are benefiting from a jump in tax revenues that has already brought the deficit down substantially in the past several years.

The White House promises to achieve its balanced-budget goal, in part, by limiting the growth of all federal programs, outside of the military and domestic security, to 1 percent. In addition to assuming spending restraint, the budget assumes the economy and federal tax revenues will continue to grow — assumptions that Rob Portman, Mr. Bush's budget director, described as "a cautious approach" rather than "a rosy scenario."

The 2008 proposal is the first Bush administration budget to include emergency spending requests for Iraq and Afghanistan, a move Mr. Portman called "our good-faith effort to be as transparent as possible." But that transparency came only after repeated complaints from lawmakers of both parties, who had grown tired of considering budgets that left out the bulk of war spending.

Just hours after the budget message was released, the Senate was locked in a procedural showdown over the Iraq resolution opposing Mr. Bush's troop buildup. Disagreements on the war, within parties and between them, are so profound that Senator Conrad, the Budget Committee chairman, predicted that a fight over Iraq spending might prevent his committee from adopting any budget at all.

"Can you imagine getting every Democrat to agree on spending for the war?" Mr. Conrad asked.

As he has in years past, Mr. Bush uses the budget to challenge Democrats to rein in the growth of the government's biggest entitlement programs: Medicare, Medicaid and Social Security. The 2008 proposal includes plans to divert payroll taxes from Social Security into private accounts, a plan that went nowhere in the past, even when Republicans ran Capitol Hill.

The blueprint also calls for the government to reduce its projected spending on Medicare and Medicaid by a total of $280 billion over the life of the 10-year budget. While Democrats criticized Mr. Bush for what Speaker Nancy Pelosi called "wrong priorities," they conceded privately that Mr. Bush was correct in warning that the unchecked growth of entitlement programs would eventually break the federal bank.

As in years past, domestic security would see a big increase under Mr. Bush's budget, with spending rising by 8.4 percent to $61.1 billion. The plan includes enough new money for the Border Patrol to hire 3,000 new agents, bringing the total force to 17,819, compared with just over 9,000 in 2001. By the end of 2008, a total of about 370 miles of fence would be laid out on the border, compared with about 75 miles today.

In yet another sign of the times for Mr. Bush, the plan drew criticism from a leading Republican, Senator Susan Collins of Maine, who is her party's senior member on the domestic security committee. Ms. Collins said the budget "highlights the chronic and troubling underfunding" of grant programs for first responders.

Mr. Bush has long been criticized by some conservatives as being too willing to tolerate a steady expansion in the size of the federal government; some commentators refer to him, usually not admiringly, as a big-government conservative.

This budget calls for a 4.2 percent increase next year in overall government spending, down from a 4.8 percent increase between last year and this year.

The budget includes isolated increases for a few popular federal programs, including two in the area of education, which Mr. Bush considers a signature domestic issue. The White House called for gradually raising over five years the maximum Pell Grant for aid to needy college students to $5,400 a year from $4,050. Mr. Bush also proposed a $1.2 billion increase in aid to high schools that educate predominantly low-income youngsters.

But the president also proved willing to propose reining in the popular health program called Schip that provides insurance to low-income children whose parents earn too much to qualify for Medicaid.

The budget calls for only slim spending increases in the Schip program, so slim that Democrats say they are tantamount to cuts when inflation is considered. The budget also sets new rules limiting eligibility to youngsters with family incomes below 200 percent of the federal poverty level, or about $38,000 for a family of four.

Bush's Budget Beefs Up Defense (CHIT)

By Mark Silva

DOJ_NMG_0128479

Chicago Tribune, February 6, 2007

WASHINGTON -- President Bush, seeking $245 billion more for the nation's two wars at a time when Congress is challenging an escalation of U.S. military force in Iraq, proposed a $2.9 trillion federal budget Monday that would significantly increase defense spending while restraining other areas of the government.

The president's plan for 2008 is much like the budgets he has presented for the past six years, averting new taxes and limiting spending in many "discretionary" areas while boosting defense spending. The $481.4 billion requested for the Department of Defense would mark a 62 percent boost since Bush took office and an 11 percent increase over the current budget.

What is different is the political environment in which the president is delivering his newest spending plan. Leaders of the new Democratic-controlled Congress are challenging not only the president's escalation of force in Iraq but also his conduct of the war in general.

The White House, while insisting that its commitment to military force in Iraq is not open-ended, added a $50 billion "placeholder" proposal for the wars in Iraq and Afghanistan in the 2009 budget year, a fiscal acknowledgement that the conflicts will outlast Bush's tenure.

"Our priority is to protect the American people," Bush said Monday. "And our priority is to make sure our troops have what it takes to do their jobs."

The president's newest spending plan arrives as the Senate is working to craft a non-binding resolution protesting Bush's deployment of 21,500 additional troops in Iraq, which accounts for $5.6 billion of the $100 billion in added war costs for 2007 that the president is seeking. The White House says it has not factored that deployment into the war costs of the 2008 budget, because this "surge" of troops is expected to be temporary.

That resolution hit a Republican roadblock Monday when GOP leaders found the votes to halt debate on the measure. Republicans want their own resolutions considered at the same time as the Democratic-supported measure.

Congressional leaders—insisting they support the military, especially the troops already in Iraq—promised closer scrutiny of the president's war spending than the Republican-run Congress has given defense expenditures since 2002.

"The sums involved in the defense budget requests are staggering," said Rep. Ike Skelton (D-Mo.), chairman of the House Armed Services Committee. At the same time, Bush is seeking a 92,000-person increase in the size of the standing military.

Skelton said the military has "long needed an increase in funding."

"We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request," he added. "Congress must look very carefully at how much of this increase truly goes to enhancing our readiness and future defense capabilities and how much is being spent to further the fight in Iraq."

Projected war cost: $700 billion

The White House insisted that it has attempted to make the costs of the wars in Iraq and Afghanistan as "transparent" as possible by spelling them out in its new budget. This comes after four years in which the White House has sent the Congress "emergency" supplemental funding plans for the wars, separate from the main budget.

The newest increase of $100 billion in war spending for the current year would push to $170 billion the wars' costs during the 2007 budget year that ends Sept. 30. The president's budget director said military planners have taken their best guess in estimating a $145 billion war budget for 2008.

Overall, the president's requests push the projected costs of the wars in Iraq and Afghanistan to nearly $700 billion through 2008, just before Bush will finish his term.

"It's a credible and more transparent budget," said Rob Portman, Bush's budget director, maintaining that this blueprint "goes further than we have in the past to show the full cost of the war… for the rest of the president's term."

That is not all that Bush is promising by the end of his presidency and beyond. After the federal budget deficit jumped to record highs during the Bush administration, the White House promises to halve that deficit by the end of his presidency. The administration also maintains that the proposed budget would put the government on a path toward a slight surplus by 2012.

The deficit exceeded $400 billion during Bush's first term, and the White House budget office now projects a deficit of $239 billion in 2008 and $187 billion in 2009. That could put the government on track for a $61 billion surplus by 2012, the budget office maintained.

Bush maintained that balancing the budget would be possible without raising taxes.

"I strongly believe Congress needs to listen to a budget which has no tax increase, and a budget, because of fiscal discipline, that can be balanced in five years," Bush said at a Cabinet meeting Monday.

At the same time, the White House insisted that the spiraling increase in spending in entitlement programs such as Medicare and Medicaid must be curtailed, and proposed $96 billion in spending cuts over the next five years to contain the growth of those programs.

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Such mandatory spending now accounts for 53 percent of the overall federal budget, said Portman, noting that the share of entitlement programs in the budget has grown from 26 percent in the early 1960s. At the pace those programs have been growing, Portman says, they will "crowd out all other spending … unless we are ready to make the necessary reforms."

Education spending reduced

The president's 2008 plan includes close to 7 percent in additional spending for those mandatory programs, a 6 percent increase overall for "security"—including the Departments of Defense and Homeland Security—and just a 1 percent increase for all "discretionary" spending outside of the mandatory entitlements or security spending.

In some areas, such as education, the president is proposing a continuation of cutbacks. The 2008 plan proposes $58.6 billion for education, down from $68 billion this year. In 2006, $93 billion was spent on education.

Sen. Edward Kennedy (D-Mass.) sharply criticized the proposal. Kennedy helped Bush win passage of his No Child Left Behind educational reforms during Bush's first year as president, but has since criticized the administration for failing to finance those reforms.

"I am particularly disappointed that the president has once again proposed inadequate funding for the law's important reforms and that he pays for his modest increases through cuts to other education programs," Kennedy said.

The president is calling on Congress, as he has before, to shrink or eliminate 141 government programs to save another $12 billion.

But Portman, a former Ohio congressman, said the White House has adjusted its budget proposals to more closely conform to what Congress actually has done in recent years—which has meant increasing the discretionary areas of spending in the federal budget by about 1 percent this year.

Bush Budget Cements Expiring Tax Cuts (AP)

By Julie Hirschfeld Davis

AP, February 6, 2007

President Bush asked Congress on Monday to slash taxes by $1.9 trillion over the next decade, cementing his first-term tax cuts while changing the way health insurance is taxed.

The lion's share of the president's proposed tax reductions would come from making permanent his signature cuts enacted in 2001 and 2003, at a cost of $1.6 trillion over the next 10 years. Those cuts would otherwise evaporate at the end of 2010.

"Well-timed, pro-growth tax policies helped create the right climate for innovation and entrepreneurship," powering a resilient economy, Bush said in his budget message.

The president also proposed a variety of individual and business tax breaks, including incentives for retirement and health care savings. He asked for an extension of a popular research and development tax credit, at a cost of $117.3 billion over 10 years. The cost of extending Bush's earlier tax cuts would be $146.5 billion in 2011 alone — the first year after they are set to expire.

Bush called for a change in the way the tax code treats health insurance as part of a complex plan to expand coverage to the uninsured. His plan would end the tax-exempt status of employer-provided health insurance payments, and give families a $15,000 deduction for buying medical coverage. Employer contributions that exceed the deduction amount would be taxed.

Other options for tax-free health spending, such as setting aside money in a Flexible Spending Account, would also end under Bush's proposal, according to details provided by the Treasury Department. Taxpayers could still save tax-free for a dependent's medical expenses.

The plan would go into effect in 2009. It would cost $121.2 billion over its first three years but would ultimately pay for itself, according to Bush's budget estimates.

Democrats have assailed the proposal as an inadequate solution to covering the uninsured, noting that it could penalize some workers who receive generous employer-furnished health coverage.

Bush's budget said it would "level the playing field for Americans who purchase health care individually rather than through their employers."

The president did not propose a permanent fix for the alternative minimum tax, a complex system created to ensnare wealthy tax-dodgers but which is increasingly hitting middle-class families. As he has in past years, Bush instead asked Congress to preserve a temporary change to blunt its effect for another year.

Sen. Max Baucus, D-Mont., the Finance Committee chairman, said he would like to see Bush's 2001 tax cuts extended, but faulted the president for leaving out the cost of addressing the alternative minimum tax, which he called "a far more immediate threat to American families."

Treasury estimated that the alternative minimum tax was paid by 4 million people last year and predicted that some 25 million can expect to pay it next year without a change in law.

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Bush's budget also proposes tackling the "tax gap" — the estimated $290 billion difference each year between what taxpayers owe and what they pay. He called on Congress to add $409 million to the Internal Revenue Service's budget next year to address the problem, and to pass a host of measures designed to improve compliance with tax laws.

Plan Calls For No Tax Hikes; Dems Say It's 'Disconnected From Reality' (USAT)

By David Jackson And Richard Wolf

USA Today, February 6, 2007

WASHINGTON — The proposed $2.9 trillion budget that President Bush sent Congress Monday sets the stage for a series of politically difficult debates over war, taxes and the safety net for poor, elderly and disabled Americans.

By laying down his priorities, Bush wooed Democrats with spending proposals they favor and made clear that if they want to raise taxes to pay for more, they will have to propose it themselves.

HIGHLIGHTS: Requests may get mixed reception

Bush pays for his own priorities — the Iraq war and permanent tax cuts — with reductions in Medicare and Medicaid, below-inflation increases in other domestic programs and what Democrats such as House Budget Committee Chairman John Spratt decried as faulty revenue projections. If they reject those proposals, Democrats may need to boost taxes in their own budget plan, to be written this spring.

Bush's budget is 4.2% bigger than last year's. He raises defense spending by more than 10%. Spending on veterans and foreign aid soars by double digits. There's more money for programs ranging from Pell college grants to national parks.

Yet the budget professes to reach a $61 billion surplus in 2012 without raising taxes, thanks to fiscal restraint and continued economic growth averaging 3% a year that administration officials said will generate higher tax revenue.

"I strongly believe Congress needs to listen to a budget which has no tax increase," Bush said after meeting with his Cabinet at the White House.

Democratic leaders in Congress, taking up their first budget since winning House and Senate majorities in the November elections, said Bush eliminates the $248 billion budget deficit by leaving out three critical factors: The budget doesn't project war costs beyond 2009. It underestimates future domestic spending. And it assumes that the alternative minimum tax will raise taxes on tens of millions of middle-income taxpayers after this year, even though both parties have said they won't let that happen. The AMT is intended to ensure that wealthy Americans cannot avoid all taxes.

"This budget is a combination of deception and debt in a way that's disconnected from reality," said Sen. Kent Conrad, D-N.D., chairman of the Senate Budget Committee. Now Democrats have to write their own budget, which Conrad said will be "extraordinarily difficult."

Democrats outlined three reasons why:

·War costs. Bush wants to spend another $99 billion this year, for a total of $170 billion, on the war on terror. That includes funds to increase U.S. troop levels in Iraq by up to 21,500 this year. He wants $145 billion for next year and at least $50 billion for 2009.

Democrats promised to scrutinize the request. "There will be no more blank checks or rubber stamps," said Senate Appropriations Committee Chairman Robert Byrd, D-W.Va. Rep. John Murtha, D-Pa., who will chair hearings on the war request, wants to boost troop readiness outside of Iraq, which White House budget director Rob Portman said Bush's budget would do. Conrad said war costs cannot be cut significantly without a plan to begin withdrawing troops.

·Taxes. Bush's budget assumes that $1.6 trillion in tax cuts remain in place through 2017, even though they are scheduled to expire after 2010. Democrats have criticized the portion of those tax cuts that benefited millionaires, which Conrad estimated at $55 billion for 2008. Now that they control Congress, they must decide whether to propose eliminating those or other tax cuts.

Bush's budget also assumes the alternative minimum tax will increase bills for millions of middle-class Americans beginning in 2008. Democrats such as Spratt say that's unrealistic, but if they eliminate the AMT, they must find a way to pay for it with other tax increases.

·Safety net programs. Both parties agree that the biggest fiscal problem facing the nation is the long-term costs of Medicare, Medicaid and Social Security. The retirement of baby boomers and health care inflation mean that those programs cannot sustain themselves without higher taxes, lower benefits or widening deficits. Medicare alone would need a $32 trillion cash infusion over the next 75 years.

Bush, as he does every year, called for some safety net reductions. He would cut Medicare's projected growth by $66 billion over five years, partially by requiring higher payments from wealthier beneficiaries, and Medicaid's growth by $12 billion. He would give retirees the option of investing some of their payroll taxes in private Social Security accounts, beginning in 2012. "We should not leave these problems for our children and grandchildren to solve," said Portman. "Small changes now can have a big impact later."

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Even with those reductions, inflation and population increases would drive Medicaid spending up 40% by 2012, while Medicare and Social Security would rise by 31%.

In 2005, a Bush proposal to change Social Security by adding private accounts went nowhere in a Republican-run Congress. Members of both parties have been loath to tackle Medicare, the health insurance program for seniors and people with disabilities.

Now Democrats must square opposition to Bush's cuts with their desire to address Medicare's long-term insolvency.

"We're not cutting $100 billion from Medicare and Medicaid and, in the same breath, approve the largest funding yet for Iraq," said Rep. Rahm Emanuel, D-Ill., who headed House Democrats' campaign last year.

Bush Budget Trims From Energy Spending (LAT)

By Richard Simon

Los Angeles Times, February 6, 2007

WASHINGTON — When President Bush signed a major energy bill in 2005, an array of programs were promised much more money.

But when Bush unveiled his new budget Monday, some of these same programs -- from energy assistance to low-income families to research to promote energy efficiency -- lost out.

The promises of more federal dollars clashed with fiscal reality as a deficit-minded Bush sent his first budget to a Democratic-controlled Congress. The president's spending proposals are certain to provoke fights as energy policy moves back to prominence on Capitol Hill amid heightened concerns about global warming and U.S. dependence on foreign oil.

Bill Prindle, acting executive director of the American Council for an Energy Efficient Economy, said Monday that the president's budget "sacrifices important efficiency programs." "Efficiency is the first fuel in the race for energy security," he said, urging Congress to scrap the president's proposals. "If we don't get our energy demand under control, none of the president's or anyone else's clean energy proposals will be able to catch up."

Although the proposed $1.24 billion budget for the Energy Department's Office of Energy Efficiency and Renewable Energy is slightly higher than the administration proposed in its last budget, it represents a cut of $237 million, or 16 percent, from the amount proposed for the current year in a bill moving through Congress.

"The good news is that Congress has signaled its intent to make energy efficiency programs a priority notwithstanding the budget request of the administration," said Kateri Callahan, president of the Alliance to Save Energy.

Bush proposed more money for some of his favorite initiatives: promoting technology to reduce emissions from coal-fired power plants and seeking to revive the nuclear industry, which has been at a virtual standstill since the 1979 accident at the Three Mile Island reactor in Harrisburg, Pa.

And he followed through on the initiative he proposed in his State of the Union address earlier this month to reduce gasoline consumption by calling for more spending for developing home-grown alternative fuels -- such as ethanol made from wood chips, switch grass and other kinds of biomass -- an initiative that appears to enjoy bipartisan support in Congress, especially from farm-state lawmakers.

Drawing the most criticism were Bush's proposals to cut the Low-Income Home Energy Assistance Program to about $1.8 billion from the nearly $2.2 billion expected to be allocated and to cut the weatherization program from the proposed $242 million for the current fiscal year to $144 million.

Nick Papas, a spokesman for the House Democratic caucus, said Bush was sending a message to families who receive the energy assistance: "Stock up on blankets."

Sen. Olympia Snowe, R-Maine, called Bush's proposed cut in funding for the energy assistance program "simply unacceptable," underscoring how energy policy often breaks not along party lines but isothermal lines.

David Bradley, executive director of the National Community Action Foundation, said that Bush's proposal "unwisely elects energy experimentation over conservation."

"We certainly need new breakthroughs, yet it is not wise to invest only in risky, long-range experiments and neglect more immediate and proven home energy-saving upgrades," he said.

Sen. Pete Domenici of New Mexico, the top Republican on the Senate Energy and Natural Resources Committee, suggested Bush should add a zero to his proposed $9 billion in loan guarantees for alternative energy projects, saying that amount "means we can only guarantee loans for a couple of nuclear power plants or a couple of coal gasification plants."

Ironically, among the criticisms directed at Bush, a former oilman, was his zeroing out of funding for research and development of oil and natural gas, leaving coal as the only fossil fuel on which the Energy Department would continue to carry out any research.

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The chairman of the Senate Energy and Natural Resources Committee, Sen. Jeff Bingaman, D-N.M., complained that this would stymie production from new sources. "The key players for natural gas onshore in the United States are independent producers," he said, "they don't have R&D departments, and they are too small to be able to afford to start ones, regardless of the price of oil and gas."Rep. Nick Rahall, D-W.Va., chairman of the House Natural Resources Committee, praised the administration for including a provision recently passed by the House that would end royalty relief to energy companies drilling in the Gulf of Mexico and allow the federal government to charge fees when companies apply for drilling permits on federal lands.

The president's budget document states simply: "Additional royalty relief for oil and gas exploration is unwarranted in today's price environment."

"Amen to that," Rahall said.

Bush Submits 'Staggering' $2.9 Trillion Budget (WT)

By Stephen Dinan

The Washington Times, February 6, 2007

President Bush yesterday sent Congress a $2.9 trillion budget for fiscal 2008 with more than $620 billion for defense next year and more than $93 billion for the Iraq war for the rest of 2007 -- figures the new majority Democrats on Capitol Hill called "staggering."

After two years of freezing or cutting basic domestic spending, the White House says it is bowing to Congress by planning a 1 percent increase. But it is also butting heads with Democrats by calling for Mr. Bush's tax cuts to be made permanent -- at a value of $1.2 trillion over 10 years.

"I strongly believe Congress needs to listen to a budget that says no tax increase and a budget that because of fiscal discipline can be balanced within five years," Mr. Bush said after meeting with his Cabinet yesterday morning.

With Democrats now in control, Mr. Bush's budget is probably already a dead document.

"I doubt that Democrats will support this budget, and frankly, I will be surprised if Republicans rally around it either," said House Democrats' point man on the budget, Rep. John M. Spratt Jr. of South Carolina, chairman of the Budget Committee.

Mr. Spratt, though, said Democrats do share Mr. Bush's goal of a balanced budget by 2012 -- providing at least a common endpoint for negotiations.

The budget shows deficits will hover around $240 billion for 2007 and 2008, decline to $187 billion in 2009 and eventually turn into a surplus in 2012. But the Bush budget counts on revenue, including tax collections from the Alternative Minimum Tax, that both Republicans and Democrats said is unrealistic.

For the first time since the war on terrorism began, Mr. Bush included a prediction of the expected annual cost, so appropriators can take that into consideration when developing their budget.

Rob Portman, director of the Office of Management and Budget, called it a "good-faith effort" designed to show Mr. Bush is ready to work with Congress on an honest budget this year.

But Democrats expressed shock at the size of defense spending -- all told, more than $717 billion in new money that was proposed for 2007 and 2008.

"The sums involved in the defense budget requests are staggering," said House Armed Services Committee Chairman Ike Skelton, Missouri Democrat. Other Democrats said the sizeable spending shows Mr. Bush is not changing his course.

Overall, the budget for fiscal 2008, which begins Oct. 1:

·Projects revenue of $2.662 trillion and spending of $2.902 trillion, for a deficit of $240 billion.

·Spends $410 million to help the Internal Revenue Service collect taxes and tweaks tax rules -- which the administration says could help collect $29 billion over 10 years in unpaid taxes.

·Calls for Medicare spending to rise at 6.7 percent annually over the next decade, down from the current projection of 7.4 percent, and for smaller reductions in Medicaid, for savings of $96 billion over five years.

·Pushes back the start date for private accounts in Social Security another two years, to 2012 -- a recognition that Congress is unlikely to approve such a program any time soon.

·Includes Mr. Bush's proposals for boosting alternative fuels to help decrease the use of gasoline, and his new health care proposal, which would amount to a tax cut on most Americans but a tax increase on those with the most generous health insurance plans.

·Calls for slashing 141 programs, which would save $12 billion in 2008.

Mr. Bush won praise from House Majority Leader Steny H. Hoyer, Maryland Democrat, for dropping some of the "gimmickry" he said the White House has used in the past.

In addition to trying to include more war costs this year, Mr. Portman said they also stopped counting on fees that Congress routinely rejects as sources of income, such as higher airport-security fees.

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Democrats blasted the reduced spending on Medicare, and promised a fight over Mr. Bush's call to extend his 2001 and 2003 tax cuts.

"The administration cannot continue to ignore the fact that its tax policies are shortchanging key domestic priorities such as health care, education and the environment, and driving us further into debt," Mr. Hoyer said.

Republicans on the more liberal side of the party were almost as harsh, with Sen. Olympia J. Snowe of Maine saying the budget was "a reflection of misplaced priorities" and Rep. Michael N. Castle of Delaware saying the proposal "may fall short in balancing non-war Defense Department funding with the need for critical domestic-spending priorities."

But conservative groups said Mr. Bush should have done more to rein in spending.

Republican budget leaders promised to fight any Democrat-led effort to raise taxes.

"We do not have a revenue problem in Washington, we have a spending problem," said Rep. Paul D. Ryan of Wisconsin, the top Republican on the Budget Committee. "When revenues are coming in as fast as they are, there is no need to raise taxes."

Sen. Tom Coburn, Oklahoma Republican, sent his fellow senators a letter telling them he will block any new spending that is redundant or not offset by cuts in other programs.

"We are at a point in our history when the question of whether we should live within our means and prioritize spending is beyond debate," Mr. Coburn said. "Our nation's unsustainable fiscal course, the impending bankruptcy of Medicare and Social Security, and our national security challenges leave us no option but to make the hard choices today that will secure the future for tomorrow."

Portman Changes Tone, At Least, In Budget Debate (RC)

By Emily Pierce

Roll Call, February 6, 2007

As Republicans go, Democrats really like Rob Portman. It's just too bad for the Office of Management and Budget director that he works for the Bush administration.

"Certainly, Rob Portman is very well regarded by many Democrats," said Rep. Artur Davis (D-Ala.). "But the Bush administration, separate from Rob Portman, has a very low level of credibility with the Democratic Caucus. ... They end up formulating policies and budgets that are very different from what Rob Portman presents."

Similarly, Senate Budget Chairman Kent Conrad (D-N.D.) praised Portman as "a thoughtful, bright person who is concerned about the long-term unsustainability of our fiscal situation."

So does that mean that Conrad is approaching with an open mind the $2.9 trillion fiscal 2008 budget the White House delivered on Monday?

"The problem is not with the staff. The problem is at the top," Conrad said. "Staff says everything is on the table, and the vice president and president are undermining the staff. ... If their superiors keep contradicting their representations, nothing's going to happen."

That's the overwhelming sentiment Portman, a former Ohio Congressman, faces over the next few weeks as he teams up with Treasury Secretary Henry Paulson to sell President Bush's budget blueprint to a skeptical Democratic majority on Capitol Hill.

"There will be no Democratic support for it," said Davis, who pointed to revelations that the president's 21,500 troop "surge" in Iraq really would amount to 48,000 new soldiers for the war as just the most recent example of why Democrats view the White House with suspicion.

But Democrats' misgivings about the Bush administration may not be completely insurmountable, given Portman's and Paulson's stellar reputations among Members.

While one House Democratic Member noted that, with Portman, "there's distrust of what he'd like to do and what he can do," the Member said that if the president is serious about repairing bipartisan relations after six years of raw partisan warfare, "he has the right ambassadors" to Congress.

House Budget ranking member Paul Ryan (R-Wis.) agreed, saying, "The president couldn't have a better team to sell his budget."

Portman and Paulson got high marks from both New Democrats and Blue Dog Democrats who met with the duo over the past month and were encouraged by the pair's message of bipartisanship.

"It wasn't budget specific," said Rep. Melissa Bean (Ill.), a member of both centrist-to-conservative Democratic groups. "It was about reaching common ground."

Bean added that she believes the president "is very sincere about wanting to rein in spending and move to a balanced budget."

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Davis, who also attended a Portman-Paulson briefing, declared the president's budget "dead on arrival" in one breath, but in the next breath, he held out the possibility of working with Portman on "elements that will have room for compromise."

Portman said Friday that his goal in meeting with both Democrats and Republicans was to try to head off the partisan posturing that traditionally surrounds budget debates and to get Congress to concentrate on the substance of the policy differences.

Portman said he approached it that way "so we won't be poisoning the well for discussion about how to come together on both the short-term budget but also the long-term fiscal realities."

And in his budget press conference Monday, Portman outlined several ways in which the White House and the OMB tried to address the concerns of Congress in their budget.

For example, he said, "We heard loud and clear from Congress that they were seeking more detail" on the Iraq War costs, and so, for the first time since the war began in 2003, the White House included nearly $300 billion in war funding projections through 2009.

In fact, Conrad interrupted his litany of complaints about the president's budget Monday to praise the OMB's inclusion of Iraq War costs.

"They are at least moving toward transparency," he said, crediting Portman for the change.

Pressed for more ways in which the White House sought to make peace offerings to Congress, Portman said the administration gave up on a $1 billion-a-year transportation security user fee and included a 1 percent increase in non-security discretionary funding, rather than the traditional freeze proposed by the president.

"We have tried to be responsive to appropriators who have said this is not a realistic budget," Portman said.

Plus, Portman tacitly acknowledged, perhaps unwittingly, that the Bush administration often has approached Congress with take-it-or-leave-it proposals.

"By saying, 'There are no preconditions, and we should all come to the table and talk,' that was a change in position," Portman said. But when asked whether Bush actually set a precondition by saying that he would not accept any tax increases as part of balancing the budget, Portman said that was merely Bush's starting position — as unwavering as it may be.

"What the president and the vice president are saying, they are just reiterating the position we have had in terms of policy for some time," Portman explained on Friday. "What's new is the commitment of the administration to discuss all ideas."

But if the initial reviews of the president's budget hold, Portman — and Bush — are going to have to entertain a lot more Democratic ideas than they're used to, given that even the economic assumptions on which the White House based its budget have come under attack.

"You need to look at the underlying assumptions very carefully before you buy into the end result" of a balanced budget by 2012, said House Budget Chairman John Spratt (D-S.C.). "It's a very improbable assumption to say the least."

And while Portman emphasized Friday the need to "establish a procedure by which we can work through our differences," his message hasn't been completely embraced yet.

"The president's budget is filled with debt and deception," Conrad declared on Monday. "It is disconnected from reality."

Bush Budget Sets Stage For Clashes With Congress (WSJ)

By David Rogers

The Wall Street Journal, February 6, 2007

WASHINGTON -- Faced for the first time with a Democratic majority in Congress, President Bush put a little of everything in his 2008 budget: high spending, assumptions that the government will collect still-higher revenues, and the promise of a modest surplus in five years, even if his tax cuts remain intact.

But no amount of optimism is expected to head off what is likely to be a continuing series of conflicts in coming months between the White House and lawmakers on priorities ranging from urban housing to farm subsidies and defense spending to investments in child health care and education.

Democrats share the president's goal of erasing the federal budget deficit by 2012, but would take a very different path. The two biggest flash points between the White House and Congress are taxes and the war in Iraq. Conflict over these two issues alone could derail Mr. Bush's promise of a modest surplus in five years -- the first since 2001.

In his $2.9 trillion budget, Mr. Bush wants to first protect his signature tax cuts and extend them beyond their scheduled 2010 expiration. Democrats want to scale back some of the reductions that apply to capital gains and the wealthy. Beyond that disagreement, the two sides are split over the alternative minimum tax, originally aimed only at the wealthiest Americans, but which is increasingly reaching into the middle class.

At this stage, the president has committed himself to doing little beyond next year. That's a major concern for Democrats, who have vowed to do what it takes to keep the AMT from hitting tens of millions of additional families.

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Stirring Emotion

The second flash point, Iraq, is stirring even more emotion now than the Cold War debate did in the 1980s, when Republicans joined Democrats in trimming President Reagan's defense buildup to pay for domestic spending. The size of Mr. Bush's budget request for defense -- $716.5 billion in new spending over the next 20 months -- is "staggering," said House Armed Services Committee Chairman Ike Skelton (D., Mo.), a strong ally of the military.

One reason for the big defense budget is that the president, for the first time since the 2003 invasion of Iraq, is submitting a spending blueprint that spells out upfront defense costs. But beyond Sept. 30, 2008, Mr. Bush's budget reverts to past practice and allocates only $50 billion for Iraq, or less than half what the annual cost of the war has been so far.

The White House says that's because the war's cost can't be accurately predicted any further into the future. Still, the projected cost for the next year of the war alone will spark competition between defense spending and Democrats' desires to fund their priorities, particularly education and health.

For example, while the Defense Department budget would grow by $49 billion under the president's plan for next year, the Education Department's budget would be cut by $1.5 billion from the joint funding resolution that passed the Democratic-controlled House only last week.

Rob Portman, Mr. Bush's budget director, has sought to ease some of the conflicts. The administration is no longer pressing for a fee on airlines to pay for security screeners. In the case of Medicare, proposed cuts at the expense of oxygen services for the elderly set off a big fight in Congress last year; this time around, Mr. Portman and the administration have sought to find a formula to defuse some of the tension.

Mr. Portman told reporters he was comfortable with what he described as an overall 1% increase in domestic spending, saying, "It's adequate to fund the nation's priorities." But in a sign of the political challenges ahead, Mr. Portman overstated even this modest increase. Democrats have already begun revising spending for 2007, and in some cases the spending increases cited in Mr. Bush's budget turn out to be reductions from those levels.

Mr. Bush's refusal to reconsider his tax policy makes it harder to reach the compromises needed on entitlement programs such as Medicare and Medicaid, which are closely identified with Democrats. This tension is likely to have a ripple effect, shaping the broader budget debate this year.

The most likely route to real progress toward a compromise would be passage of a major deficit-reduction package. But unless the administration is more willing to include taxes in the same package, Democrats would be reluctant to tackle an issue as tough as Medicare. Instead of one battle, Congress faces a series of skirmishes as bills come to the floor, and much will depend on new "pay go" rules that require lawmakers to offset any new spending with new revenues or savings.

Early Test Fight

An early test fight will come over the planned reauthorization of a popular program designed to help states extend insurance coverage to low-income children. The so-called State Children's Health Insurance Program, established 10 years ago for children who don't qualify for Medicaid, would get another $5 billion over the next five years under the Bush administration budget. But advocates in Congress believe $12 billion to $15 billion is needed, and some Democrats would like to see the figure go even higher to extend the program's coverage.

Education is going to be similarly sensitive. Mr. Bush's "No Child Left Behind" reforms are coming up for reauthorization in Congress, and Democrats have long complained that more money must be provided to help local public schools meet the standards set under the law. Toward this end, the administration proposes to provide more funding for low-income public schools, targeted to high schools, and math and reading programs also would receive more money. But a total of $2.3 billion in other education programs would be terminated, setting up conflicts with lawmakers that will make it harder to reach agreement.

Agriculture spending will be another source of conflict. As part of the farm-bill debate this year, the administration is seeking greater investments in renewable fuel, but farm-state lawmakers complain that the budget doesn't provide adequate resources. Senate Agriculture Committee Chairman Tom Harkin (D., Iowa) said yesterday that while the administration's farm plan has "solid suggestions," the budget figures "would deny the necessary funding to reach critical objectives in energy, conservation and rural-economic-development initiatives." The proposed budget also cuts $360 million in 2008 from two conservation programs that have been a priority for the chairman.

Even the budget's basic assumptions about spending and tax revenues will spark debate.

In many respects, Mr. Bush's budget has been overtaken by events, including the House's passage last week of a resolution that includes increases in domestic spending for the last eight months of fiscal 2007.

The Association of American Universities complained that the new budget for the National Institutes of Health proved to be a $500 million cut from an NIH funding resolution for this year. In the case of veterans' medical care, funding does go up in the Bush budget, but the increase is about $1 billion less than the administration boasted in the accompanying explanatory documents.

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In the case of revenues, the administration predicts annual government receipts will grow by 30% to reach $3.3 trillion in the crucial year of 2012. That's more than $150 billion higher than what the nonpartisan Congressional Budget Office estimates that same year.

Under Pressure

Democratic critics say the administration is using overly rosy estimates of how many more tax dollars a growing economy will generate for Washington. Still, Democrats themselves are tempted to use the same kinds of numbers, because they too are under pressure to show they can craft a balanced budget. House Budget Committee Chairman John Spratt (D., S.C.) admitted that to get an "apples and apples" comparison with the president's numbers, Congress may take a second look at the White House estimates.

"Humpty Dumpty can get to balance by 2012 with these numbers. The real problem is 2015 and later," said Sen. Judd Gregg (R., N.H.), the former Senate Budget Committee chairman.

Bottom Line For Bush's '08 Budget: Contention (LAT)

By Joel Havemann And Maura Reynolds

The Los Angeles Times, February 6, 2007

WASHINGTON — The $2.9-trillion budget President Bush unveiled Monday highlighted major policy differences with the Democrats in control of Capitol Hill and set the stage for vigorous battles over healthcare, war costs and deficit reduction in the last two years of his presidency.

Although presidents' budgets have always been largely a theoretical exercise — the Constitution gives Congress the job of passing spending bills — they help set the terms of Washington's heated budget debates. The heat flared up immediately Monday as Republicans lined up squarely behind Bush's budget for fiscal 2008, while Democrats castigated it as both heartless and fiscally irresponsible.

The sharp divide seemed to shatter the spirit of bipartisanship that both parties had cultivated since the Democrats captured control of Congress in November's elections.

Democrats complained that they saw no evidence of declining war costs, and they railed against Bush's single biggest spending constraint: holding down the growth of Medicare.

"This budget represents more of the same wrong priorities: placing a higher priority on huge tax cuts for multimillionaires than on urgent national needs," said House Speaker Nancy Pelosi (D-San Francisco). "Democrats are prepared to work with Republicans to make the tough choices that will return our budgets to fiscal responsibility, but today's budget from the president is simply not the right approach."

The coming face-off over outlays for the conflicts in Iraq and Afghanistan, social programs and tax cuts will offer a preview to the debates likely to dominate the 2008 elections.

Bush, in his written budget message to Congress, challenged lawmakers to balance the budget by 2012, as his plan would, without raising taxes.

"My formula for a balanced budget," he said, "reflects the priorities of our country at this moment in its history: protecting the homeland and fighting terrorism, keeping the economy strong with low taxes and keeping spending under control while making federal programs more effective."

Bush's plan to balance the budget in five years echoed the plan advanced last year by congressional Democrats during Congress' attempt to write its own budget for 2007. The Democrats' plan died when Congress was unable to agree on either party's budget.

Bush proposed that the government spend $2.9 trillion next year — that's $5.5 million a minute — on revenues of $2.7 trillion.

Revenues would overtake spending five years from now, according to Bush's calculations, with spending of $3.2 trillion and revenue of $3.3 trillion.

The president's plan would balance the budget mostly through spending cuts rather than tax increases.

"Balancing the budget by raising taxes would put our economy at risk," Rob Portman, director of the White House Office of Management and Budget, told reporters.

Bush's across-the-board tax cuts, enacted in 2001 and 2003 to expire at the end of 2010, would be made permanent. The expiration date had been a way to reduce the theoretical price tag.

The alternative minimum tax, designed four decades ago to prevent the very wealthy from sheltering most of their income from taxes, would be repealed before inflation could drive more middle-class and upper-middle-class taxpayers into its clutches. The revenue loss would be offset after next year by unspecified increases elsewhere in the tax code.

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"We want to work with Congress to reform the [alternative minimum tax] because we believe it is a misguided tax policy," Portman said.

The president's proposals also include stepped-up tax enforcement, acceding to complaints that nearly $300 billion in revenue is not collected each year.

Treasury officials suggested in a briefing Monday several ways to improve tax collection, including increasing the enforcement budget for the Internal Revenue Service and passing new provisions to help the government keep tabs on taxpayers' income. One proposal, they said, would make it easier to calculate capital gains taxes for stock transactions: Investment houses would have to report how much money a stockholder originally paid for a stock, not just how much he received when he sold it. The provision would take effect for stocks purchased after 2008, the officials said.

On the spending side, the administration proposed defense outlays of historic proportions, asking for more than $623 billion for the Pentagon in the budget for the 2008 fiscal year, which runs from October 2007 to the end of September 2008. And for the first time since fighting in Afghanistan and Iraq began, the administration's request included an estimate for the cost of the wars, which totaled $142 billion on top of the Defense Department's normal budget of $481 billion.

In addition, the Pentagon asked for $93 billion in war funding this year, which would bring the total war costs for 2007 to more than $163 billion. If both requests were approved, the cumulative cost of both wars would top $687 billion, according to the Pentagon's budget documents — more than the entire cost of the Vietnam War, even adjusted for inflation.In healthcare, Bush proposed his deepest cuts yet in one of the biggest and most politically popular federal entitlement programs: Medicare. The reductions would total $66 billion over five years, which when combined with a proposed $10 billion in administrative savings would slow the growth in Medicare spending.

The president also proposed a $5-billion increase for a federal-state program to provide health coverage for uninsured children. Democrats say the program needs an increase of $15 billion to maintain coverage at current levels.

In energy, Bush proposed to boost spending on basic science research by $4.4 billion, seeking energy-saving technology breakthroughs to improve economic competitiveness. In addition, he asked for $148 million for solar power research; $179 million for development of ethanol from corn, wood chips and switch grass; $81 million for "plug-in" hybrid vehicle technology; and $309 million to support development of hydrogen fuel vehicles.

In education, the administration proposed deep cuts in federal subsidies for student loans, an idea that sent the stock price of Sallie Mae, the largest lender, plummeting. The president also suggested eliminating two loan programs: the Perkins Loan and the Supplemental Education Opportunity Grant. The savings would be used to increase the budget for Pell Grants.

Under the president's scenario, the deficit would remain virtually unchanged next year at $239 billion, then decline every year until 2012, when it would record a small surplus.

But that surplus develops only because the administration does not include the budgetary effects of waging the conflicts in Iraq and Afghanistan, nor of shielding middle-income taxpayers from the alternative minimum tax.

Both Democrats and nonpartisan experts said the president's budget policies were unlikely to result in a surplus in 2012 or anytime in the foreseeable future.

"The president's budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction," said Sen. Kent Conrad (D-N.D.), chairman of the Senate Budget Committee. "This administration has the worst fiscal record in history, and this budget does nothing to change that."

Robert L. Bixby, executive director of the Concord Coalition, which lobbies for budget austerity, said: "A lot of things would have to come out just right" for the budget to balance. U.S. troops would have to withdraw quickly from both Iraq and Afghanistan, he said, and Bush and Congress would have to agree on a "miracle" source of revenue to replace the alternative minimum tax, which Bush proposes to eliminate.

"He also has to hope there are no more emergencies," Bixby added. "Forget about 9/11; there can't even be any more Hurricane Katrinas."

Bush also relied on no growth, even accounting for inflation, in outlays for the vast range of government programs whose spending levels are set not by benefit formulas, like Social Security and Medicare, but by annual appropriations bills. For 2008, Bush spelled out how much he would allot to each program, but for the subsequent four years he merely promised austerity without spelling out how he would achieve it.

With defense and benefit programs growing fast, it is the so-called domestic discretionary part of the budget that has absorbed most of Washington's budget discipline. A number of lawmakers think Congress has cut education, environmental and other spending in this category just about as far as it can.

House Budget Committee Chairman John M. Spratt Jr. (D-S.C.) said, "While the president has endorsed the goal of balancing the budget, under realistic assumptions his budget remains in deficit every year."

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Democratic Budget Chairs Blast Bush Plan (MCT)

By James Rosen

McClatchy Newspapers, February 6, 2007

WASHINGTON - The new Democratic chairmen of the congressional budget committees assailed President Bush's spending plan Monday as a fiscal ruse that's based on inflated government revenue projections and understated future war costs.

Sen. Kent Conrad, D-N.D., and Rep. John Spratt, D-S.C., gave caustic reviews to Bush's 2008 fiscal year budget, the first of the annual fiscal proposals he has submitted to a Democratic-controlled Congress.

"I would characterize this proposal as filled with debt and deception," Conrad said. "It's disconnected from reality. And it continues to move America in the wrong direction."

Spratt accused Bush of using budgetary sleight of hand to buttress his claim that the federal deficit - projected at $172 billion this year by the Congressional Budget Office (CBO) - would disappear by 2012 under his plan.

Among the most costly false assumptions alleged by Spratt:

-U.S. annual costs in Iraq and Afghanistan will fall to $50 billion, less than a third of current outlays, by 2009, with no subsequent expenses.

-The optimistic revenue forecasts clash with CBO projections and conceal $155 billion in future costs.

"If you look at the economic criteria on which their forecasts are based, what you'll see is in every case at the margins they're pushing for a little bit better, more favorable underlying circumstances," Spratt said.

Rob Portman, Bush's budget director, denied that the spending plan is built on overly optimistic projections of future government revenues or other unrealistic assumptions.

"It's a credible and more transparent budget," Portman said. "Instead of painting a rosy scenario on revenues to get to balance, we take a cautious approach."

White House press secretary Tony Fratto said, "We have a pretty high degree of confidence that we'll be able to get to balance by 2012."

Spratt, though, said Bush's budget understates future costs by easing the burden of the alternative minimum tax for only the 6 million Americans who now pay it. Providing relief for the 39 million people or families projected to be paying it by 2012, the final year of the president's five-year plan, would cost far more, Spratt said.

Congress created the alternative minimum tax to capture revenue mainly from high-income filers, but more and more people slide into the tax each year because it isn't indexed for inflation, unlike the standard IRS tax tables. Lawmakers from both parties say the alternative minimum tax must target fewer people.

Conrad and Spratt gave Bush credit for providing more detail of current and future costs for the wars in Iraq and Afghanistan, but they said that the White House figures still come up short.

Spratt said the $145 billion that Bush allocated for the wars next year will likely grow with a supplemental spending request. Even if the number of U.S. troops falls, Spratt said the 2009 cost will likely exceed $50 billion.

Portman admitted that the $50 billion figure in 2009 fiscal year war costs was little more than a guess.

"We have no idea what those costs will be," he said.

Spratt and Conrad said Bush raided important programs in education, health care and the environment in order to pay for almost $2 trillion in tax cuts.

Bush has joined congressional leaders from both parties in calling for a balanced budget by 2012, but there's little agreement on how to achieve it. Analysts say the Democrats now in charge of Congress will face tough choices if they try to balance the budget in their own spending plans.

Conrad and Spratt deflected questions from reporters asking whether Democrats would consider raising taxes in order to help balance the budget. They said Congress will develop its spending proposal in the coming weeks.

"We're here today to discuss the president's budget submission," Conrad said.

In many ways, the emerging budget debate echoes the debate over spending priorities of the 1990s, only then Democratic President Bill Clinton tussled with House Speaker Newt Gingrich and the GOP-led Congress.

Conrad repeated some of Clinton's main themes, accusing Bush of providing tax cuts for millionaires while trying to trim programs ranging from community cops to heating funds for low-income people.

Like Clinton a decade earlier, Conrad and Spratt said Bush wants to cut Medicare; his budget contains continued increases, but it slows Medicare's rate of growth - from the current rate of 7.4 percent to 6.7 percent over the next 10 years, according to Portman.

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Addressing Wealth Gap (WSJ)

By Deborah Solomon

The Wall Street Journal, February 6, 2007

In a speech last week, President Bush said: "The fact is that income inequality is real; it's been rising for more than 25 years."

In his new budget yesterday, Mr. Bush proposed some modest ways to restrain the wealth gap, particularly by offering new tax breaks to help the uninsured buy health insurance, but did little to fundamentally strengthen existing government efforts to alter the distribution of income. Included in his budget also was a proposal to extend his 2001 and 2003 tax cuts, which Democrats say benefit the rich over everyone else.

Chief among Mr. Bush's plans that would, over time, tend to reduce inequality are his proposals to create a tax deduction for health insurance that would help lower- and middle-class families who don't receive insurance through their jobs, to spend more on grants to low-income college students and to create $3,000 personal accounts that workers may use for education and training, a proposal he has made before. The president also proposed cutting grants for dislocated workers to get training and limiting eligibility for a state-federal health-insurance program for low-income children.

Democrats attacked the budget, saying Mr. Bush was putting the needs of the wealthy above everyone else. "Its priorities are disconnected from the needs of middle-class Americans," Senate Majority Leader Harry Reid said in a statement. "His budget hands out favors for the oil and gas industry, while eroding health coverage for children and seniors."

While the economy has expanded nearly 15%, after inflation, since the last recession ended in 2001, many Americans haven't seen their paychecks increase fast enough to keep up with rising prices. Incomes at the top keep rising, with the top 20% of households claiming 50.4% of all the income in 2005 -- up from 46.6% in 1990 -- but median household income remains below its 1999 peak, adjusted for inflation.

Rather than using the tax code to redistribute income more than it does already, Mr. Bush's budget looks to address inequality largely by helping people afford health insurance and providing more money for education, including increased Pell grants for college.

The White House said the president, while seeking to restrain overall spending, identified "three key issues that are on the minds of many Americans" as budget priorities -- "the quality and cost of their children's education, access to affordable health care, and our nation's dependence on foreign sources of energy from unstable parts of the world."

The president's health plan would for the first time make employer-provided health insurance taxable but provide a standard tax deduction of as much as $15,000 for families who get insurance. Administration officials predict that the plan would help to restrain health costs and, ultimately, raise wages. The Treasury says the proposal would "make the tax system more progressive, with the benefits concentrated on low- and middle-income Americans" -- those with incomes below $87,750 a year.

Several of Mr. Bush's economic advisers have argued that the best response to widening income disparities, particularly the widening gap between those with education and those without, would be to improve K-12 education and encourage more Americans to go to college. The president "felt that the way to deal with this was to make sure that everybody had the opportunity to invest in the kinds of skills necessary to advance in this economy," the chairman of his Council of Economic Advisers, Edward Lazear, said in a C-SPAN interview.

To that end, Mr. Bush proposed increasing Pell grants -- which provide needy students with money that doesn't have to be repaid -- to $4,600 in the 2008-2009 academic year from the current $4,050, and to $5,400 in 2012-2013 and boosting funding for the No Child Left Behind education law, Mr. Bush's school-improvement program.

Critics say the budget would exacerbate inequality by weakening programs that many middle- and low-income families rely on, such as 'energy assistance, child health care and job training.

"Rather than lean against this trend toward increased inequality, the budget would aggressively accelerate the trend," said Robert Greenstein, executive director of the liberal Center on Budget and Policy Priorities. While he said some of the president's proposals, like the Pell grant increase, would be modestly helpful, "those proposals are dramatically outweighed by the others in the budget."

For the State Children's Health Insurance Program, which helps states to cover low-income children, Mr. Bush proposes an increase of about $5 billion over five years, much lower than advocates say is needed to keep the current enrollees in the program. The budget also calls for limiting the eligibility to 200% of the federal poverty level, or $41,300 for a family of four for 2007. At least 17 states have expanded the eligibility, to as much as 350% of the poverty level.

The proposal contrasts with the idea of covering all children, which is favored by many Democrats and several governors. Mike Leavitt, Secretary of Health and Human Services, says that while the S-Chip program was intended to cover children in the poorest families, some states have expanded it to cover children from higher-income families and even adults.

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The president's budget proposes cutting two Labor Department programs aimed at helping individuals who have lost their jobs, including a 17% cut to adult employment and training and a 14% cut for dislocated worker and employment training. Those cuts would be offset with funding for "career advancement accounts," which would provide $3,000 to individuals to be used toward school or training.

Another program aimed at retraining workers whose jobs are eliminated because of global trade would see flat funding, while cash benefits provided as part of Trade Adjustment Assistance -- which provides displaced workers with unemployment benefits, retraining and education -- would increase about 8% to $606 million.

As in years past, several social-welfare programs are slated for cuts, including a 30% cut to social service block grants, which are used by states to provide child care, child welfare and a variety of other services to vulnerable families. The budget also proposes to eliminate funding for community services block grants, down from $630 million. When President Bush has proposed similar cuts in the past, Congress hasn't accepted them.

Rep. Brad Miller, a North Carolina Democrat who campaigned heavily on the issue of income inequality, said the budget "doesn't appear to be any great shakes for the middle class." He said Democrats would undoubtedly press ahead with their own plans to help address the wage gap, including more money for education and job training.

$623B Marked For Pentagon Spending (USAT)

By Tom Vanden Brook

USA Today, February 6, 2007

WASHINGTON — President Bush's defense budget reflects the toll of wars in Iraq and Afghanistan, proposing money to increase the size of the Army and Marine Corps and replace war-damaged weapons and equipment.

The budget also proposes buying new weapons and spending $141 billion to continue fighting in Iraq and Afghanistan next year. Bush's budget brings Pentagon spending to $623 billion for 2008. It also includes a supplemental request for $99 billion to pay for fighting in Iraq and Afghanistan and other costs of the war on terror for the rest of this year.

"The sums involved in the defense budget requests are staggering," House Armed Services Committee Chairman Ike Skelton, D-Mo., said. "We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request without performing the due diligence and oversight our Constitution requires."

Steven Kosiak, a defense analyst with the Center for Strategic and Budgetary Assessments, said the increases, accounting for inflation, would bring Pentagon spending to its highest level since 1946. Much of the increase can be traced not to the wars, he said, but to modernization efforts.

"This is an enormous amount of money for defense," Kosiak said. "We're back to spending levels that are slightly higher than the heyday of defense spending in the 1980s."

Highlights of the Pentagon budget proposal for 2008:

·Adding 7,000 soldiers to the Army and 5,000 new Marines. The president's goal is to add 65,000 soldiers to the Army by 2012 for a total of 547,000. The Marine Corps would grow by 27,000 Marines by 2011 for a total of 202,000. That would cost $12.1 billion in 2008, Pentagon comptroller Tina Jonas said.

·Spending $27 billion for new warplanes, including 20 F-22A Raptor fighter jets, 24 F/A-18 Hornet fighters, and 28 Predator unmanned aircraft. That represents an 18% increase compared with 2007.

·Spending $14.4 billion on new ships, an increase of $3.2 billion compared with 2007, or 29%. It would include funds for an aircraft carrier, a submarine and three fast, shallow-draft ships.

Bush's proposal also includes emergency spending to pay for the wars in Iraq and Afghanistan and other war on terrorism costs. His request of $99 billion for the rest of this year comes on top of $70 billion approved by the last Congress.

Here's how that money would be spent:

·$13.9 billion would be used to replace worn out or destroyed equipment, including helicopters and jets.

"This is repairing, replacing and upgrading combat losses or equipment that's experienced wear and tear in the theater," Jonas said.

·$39 billion for supplies, support and maintenance.

·$8 billion for better armor for troops and their vehicles and $2.4 billion to counter homemade bombs or improvised explosive devices.

Overall, the proposal calls for $4.3 billion for efforts against improvised explosive devices in 2007 through regular and supplemental funding. In 2008, it calls for $4 billion more.

·$5.9 billion to train and equip Afghan forces, and another $3.8 billion for Iraqi troops. The money would support training and equipment for 362,000 Iraqi security forces and 152,000 in Afghanistan.

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"This initiative is, I think, key to the strategy in Iraq and Afghanistan," said Vice Adm. Steve Stanley, the Pentagon's director of force structure, resources and assessment.

Defense Spending Is Set For Sharp Rise (WSJ)

By Greg Jaffe And Jonathan Karp

The Wall Street Journal, February 6, 2007

President Bush is asking for almost $625 billion in defense spending in 2008, a big increase but one that may not be enough to cover the rapidly increasing costs of wars in Iraq and Afghanistan, additional personnel and the military's appetite for new weapons systems.

In a boon to defense contractors, weapons spending is set to rise even faster than the overall Pentagon budget. The administration is requesting $101.7 billion for new weapons purchases, a $20 billion increase over 2007. Including research and development, total weapons spending is set to grow to $176.8 billion, and just about every major weapons system is set to get more funding than in the current fiscal year.

Rep. Ike Skelton, the Missouri Democrat who chairs the House Armed Services Committee, suggested the Democratic-led Congress may move to pare back the defense budget. "We cannot provide an adequate national defense on the cheap, but neither can we afford to simply ratify the president's request without performing the due diligence and oversight our Constitution requires," Rep. Skelton said.

Excluding war costs, the White House is submitting an annual Pentagon budget of $481.4 billion, up 11% from enacted 2007 defense spending. But even if President Bush gets all the money he is asking for in the current budget, his plan to increase defense spending still leaves some big questions unanswered.

Some defense analysts say the Pentagon hasn't set aside enough money to pay for the 92,000 soldiers and Marines President Bush plans to add. To cover shortfalls in these personnel accounts, the military might have to raid its weapons modernization accounts. President Bush's budget also doesn't make any cuts to big weapons programs, such as fighter jets, ships or space programs, which are scheduled to grow even more expensive in the coming years as they hit full production. These surging costs could force Mr. Bush or his successor to make some hard decisions about how much new hardware the country can afford.

In addition to the annual Pentagon budget, Mr. Bush is requesting a further $93.4 billion to cover the costs of the wars in Iraq and Afghanistan in 2007, bringing the total so-called emergency spending this year to $163.4 billion. For 2008, the president is seeking $141.7 billion for war expenses in a request that assumes his decision to send an additional 20,000 troops to Baghdad will have significantly reined in the sectarian bloodletting and disorder by the beginning of 2008 and that overall war spending will fall as these troops begin to come home. "This is our best judgment at this time," said Tina Jonas, the Pentagon's budget chief. She called the troop surge into Baghdad and restive al Anbar province a "near term initiative."

In virtually every other area of defense spending, ranging from personnel to weapons modernization, the Pentagon is projecting costs will continue to grow over the coming years. President Bush announced recently that he plans to add about 92,000 Marines and soldiers to the current force at a rate of about 12,000 troops a year. To that end, the White House has asked for about $12 billion to cover the costs of the new people as part of $137 billion in personnel spending.

But some defense analysts have suggested the real personnel costs could be more. The Bush administration will ask Congress to force military retirees to pay a greater share of their overall health-care costs. If that request is rejected -- as it was last year -- the Bush administration would have to find about $16 billion to cover the additional personnel costs over the next five years, says Cindy Williams, a defense analyst at the Massachusetts Institute of Technology in Boston.

If the military continues to struggle to recruit new soldiers and Marines, the Bush administration could be forced to find more money for recruiting bonuses, pay increases or to increase the number of recruiters on the street. "Recruiting has been a big struggle and it is reasonable to think that it might require even more resources," Ms. Williams said.

The big increase in weapons and war spending suggests the administration is banking on continued economic strength to absorb the rising costs.

Each of the services' main weapons programs are to get increased funding in 2008, but the increase masks some longer-term cutbacks. For instance, the Army's ground-forces modernization program, a Boeing Co.-led program called Future Combat Systems, is to get $3.7 billion in 2008, up from $3.4 billion this year, but the program has been pared to 14 manned and robotic vehicles, down from 18, and the program lost $3 billion, or 10% of expected funding, between 2008 and 2012. The request for F-35 Joint Strike Fighter Aircraft, a Lockheed Martin Corp. fighter jet for the Air Force, Navy and Marines, jumps to $6.1 billion in 2008 from $5 billion this year. But ambivalent about the new stealth fighter, the Navy plans to scale back purchases of the plane over the five following years. Lockheed's F-22 fighter for the Air Force, which entered service last year, is slated to get $4.6 billion, up from $4 billion in 2007.

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Missile defense, President Bush's top strategic priority, is slated to receive $8.9 billion, or $500 million less next year than in 2007. Still, the administration's plan to buy more interceptor missiles for the Boeing-led program could face resistance from congressional Democrats. Michigan Sen. Carl Levin, chairman of the Senate Armed Forces Committee, has questioned the value of buying additional missiles until the shield's effectiveness is proven.

The administration's budget would take weapons funding to the highest level since the 1980s buildup under Ronald Reagan, said Steven Kosiak of the Center for Strategic and Budgetary Assessments, an independent Washington think tank. He noted that the latest Pentagon plans call for another budget increase in 2009 before spending tapers back to 2008 levels in four years.

"One has to question the affordability of all this over time," he said. "There is still a significant mismatch between the Pentagon's long-term plans and the funding levels."

Bush's Defense Budget Biggest Since Reagan Era (WP)

By Ann Scott Tyson

The Washington Post, February 6, 2007

President Bush's defense budget request of $481.4 billion -- an 11 percent boost over last year -- pushes U.S. defense spending to levels not seen since the Reagan-era buildup of the 1980s.

In addition, the president is seeking a projected $141.7 billion in emergency supplemental funding for 2008 for the wars in Iraq and Afghanistan and for broader anti-terrorism efforts -- bringing the total spent in those arenas since 2001 to $661 billion, eclipsing in real terms the cost of the Vietnam War.

Congressional Democrats and Republicans welcomed the fact that for the first time the administration had submitted its supplemental war funding requests at the same time as its defense budget, thus offering a clearer look at overall defense spending.

"This will help Congress and the American people gain a more realistic picture of the budget impact of the war in Iraq, the war in Afghanistan, and the broader war on terrorism," said Rep. Ike Skelton (D-Mo.), chairman of the House Armed Services Committee.

Pentagon officials noted that the 2008 supplemental request does not include additional funding for Bush's plan to send 21,500 more troops to Iraq. The most recent 2007 supplemental request of $93 billion includes $5.6 billion to add five Army brigades and 4,000 Marines to the force in Iraq.

Undersecretary of Defense Tina W. Jonas called the troop increase "a near-term initiative," echoing recent suggestions by Defense Secretary Robert M. Gates that the increase is anticipated to last only several months.

Defense analysts have long argued that the war spending should be viewed in conjunction with the regular defense budget.

"We can't make heads or tails of the defense budget without understanding global war on terrorism funding," said Steven M. Kosiak, director of budget studies at the Center for Strategic and Budgetary Assessments (CSBA), a defense think tank. He said that because wartime supplemental budgets receive less scrutiny, there was an incentive for the military services to shift costs for modernization programs into those budgets.

The latest 2007 supplemental request, for example, includes $400 million for two of the Pentagon's most modern aircraft, the Joint Strike Fighter, to replace F-16 fighter jets that were lost in combat. "When in doubt, it's a war cost," Kosiak said.

Pentagon officials stressed that the 2008 supplemental request is likely to change depending on the progress of the wars.

"We know that it will be wrong," Jonas said at the briefing. She said the 2008 war spending request assumes pre-"surge" U.S. troop levels of 140,000 in Iraq and 20,000 in Afghanistan. "Conditions will change and we'll have to adjust," she said.

One of the biggest areas in which such an adjustment is likely is in funding to replace and repair equipment. So far the administration has asked for $37.5 billion for reconstituting equipment in 2007 and yesterday projected an additional $37.6 billion for 2008.

Army officials said yesterday that the addition of five Army brigades in Iraq probably would lead to additional equipment repair costs beyond the $13.6 billion the Army has budgeted for 2008. "That was based on an assumption of 15 brigades in combat. Now we're up to 20," said Lt. Gen. David Melcher, director of Army programs.

Reflecting another major cost of the Iraq and Afghanistan wars, the latest 2007 supplemental funding includes an additional $2.4 billion for the Pentagon organization tasked with combating roadside bombs, with an additional $4 billion projected for 2008.

The defense budget increases the proportion of overall defense spending that would go to the Army (from 25.4 percent to 27 percent), and the Marine Corps (from 3.7 percent to 4.3 percent), while lowering that for the Navy (25.5 to 24.8 percent) and

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Air Force (from 29.7 percent to 28.2 percent). The shift reflects the preponderant role of ground forces in today's wars but could also foreshadow intensified rivalry between the services, defense experts said.

"You're going to see a period of new intra-service rivalry," said Robert Work, a senior defense analyst at CSBA.

Part of the growth in the Army's and Marine Corps' budgets includes $12 billion toward an increase in those branches of 92,000 troops over the next five years. The 2007 supplemental also includes $3.6 billion to speed up the creation of two Army brigades and one Marine regimental combat team -- aimed at reducing stress on active-duty soldiers and Marines who now spend as much time in combat as at home.

Bush Budget Gives Boost To Defense (WT)

By Nicholas Kralev

The Washington Times, February 6, 2007

The Bush administration budget released yesterday provides $623 billion for defense in 2008, an increase of 4 percent from the current year and the largest sum in inflation-adjusted dollars since 1946 after the end of World War II.

Including national security programs of other agencies, such as the Departments of State and Energy, the United States would spend more on security next year than the rest of the world combined.

"Our priority is to protect the American people, and our priority is to make sure our troops have what it takes to do their jobs," Mr. Bush said after a Cabinet meeting.

The budget for fiscal 2008, which begins Oct. 1, provides $142 billion for the wars in Iraq and Afghanistan, marking the first time Mr. Bush has estimated the cost of the two conflicts in advance. Congress also will be asked for an additional $93 billion in the current year.

Other Pentagon operations would be funded at $481 billion in the budget, which allocates $37 billion for the State Department and its foreign-aid programs.

According to the Stockholm International Peace Research Institute, total world defense spending amounts to about $1 trillion. The Defense Intelligence Agency, the Pentagon's intelligence arm, estimates that China comes in second after the United States by spending up to $100 billion annually. Russia is third at about $50 billion, followed by France, Japan, Britain, Germany and Italy.

The budget estimates spending on the wars in Iraq and Afghanistan at substantially less than the $170 billion being spent this year. It provides $50 billion for fiscal 2009 and nothing after that, but the White House insisted that the numbers do not indicate troop reductions.

"There will be no timetable set, and the reason why is because we don't want to send mixed signals to an enemy, or to a struggling democracy, or to our troops," Mr. Bush said.

Tony Fratto, a White House spokesman, said the budget numbers are not final and that it was "very, very difficult to project costs in future years."

The Pentagon's budget proposes a 3 percent pay increase for military members. Since 2001, military salaries have jumped by 32 percent. The proposal adds $4 billion to continue reducing the threat to troops in Iraq and Afghanistan from roadside bombs, which account for about 70 percent of U.S. battlefield casualties.

The Army, the military branch that bears the heaviest war burden, would receive the largest percentage increase in its budget: more than 20 percent to $130 billion. The Air Force, the Navy and the Marine Corps would get increases of 8 percent, 9 percent and 4 percent, respectively.

The overall budget to purchase weapons would total $102 billion, up more than 20 percent from fiscal 2007.

Mr. Bush's request, which faces significant opposition in Congress, calls for a budget increase of about 12 percent for the State Department.

Randall Tobias, the department's director for foreign assistance, said Israel and Egypt will remain the top recipients of U.S. aid. They will be awarded $2.4 billion and $1.7 billion respectively, he said, slightly less than last year.

Other top aid recipients are Afghanistan ($1.67 billion), Pakistan ($785 million) and Sudan ($673 million). Aid for Kosovo, the Serbian province that is moving toward independence, would nearly double to $151 million, Mr. Tobias said.

The budget of the Millennium Challenge Corp., which awards assistance using business principles such as setting fiscal and other benchmarks for developing nations, would almost triple to $3 billion.

The request proposes further cuts in support of counternarcotics efforts in South America.

Bush's 2008 Budget Request Doubles Spending On Replacing Military Equipment (NYT)

By David S. Cloud

The New York Times, February 6, 2007

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WASHINGTON, Feb. 5 — More than a quarter of the money the Bush administration is requesting in the 2008 fiscal year for military operations in Iraq, Afghanistan and elsewhere would go toward repairing and replacing military equipment, according to budget figures released Monday by the Pentagon.

The scale of the request illustrates the toll that years of combat in Iraq and Afghanistan are taking on the military's vehicles, aircraft, weapons and other equipment. But some budget experts say its size also raises questions about whether the military is using the argument that troops fighting in the field need equipment in top condition to increase purchases of equipment generally.

The budget request, if approved by Congress, would allocate $37.6 billion for refurbishment, from a war budget of $141 billion in the fiscal year beginning on Oct. 1.

To meet war costs between now and then, the administration is asking Congress for an immediate $93 billion, in a supplemental budget request that would add to what Congress approved months ago. And of that, $14 billion is for replacing equipment, bringing this year's total refurbishment budget, as well, to $37.6 billion.

Last year only half that much was spent for replacing equipment used up or worn out in the fighting.

The requests come at a time when the Senate is embroiled in a divisive dispute over whether to pass a resolution disapproving President Bush's war strategy. At the heart of the debate is the question of whether the resolution should promise not to cut spending for fielded forces.

Steven M. Kosiak, a military budget expert at the Center for Strategic and Budgetary Assessments, said the military appeared to taking advantage of the political support for paying for whatever the troops need to provide in the budget for other items.

The Air Force, Mr. Kosiak noted, would receive $400 million for two F-35s, ostensibly to replace planes that were lost in the war. But the F-35 is an advanced fighter that is still on the drawing board and will not even be delivered for three more years, as replacement for other, older aircraft.

"We're not trying to get back to where we were," Mr. Kosiak said, "we're trying to get back to where we would like to be."

The Pentagon comptroller, Tina W. Jonas, said that officials had rejected efforts by the military services to insert expensive new hardware into the budget for replacements and refurbishments; but she said that the F-35s qualified as replacements for three other, older fighters that the Air Force had lost in recent years.

"We used a pretty tight rule set to scrub these budgets," Ms. Jonas said, "and we did return to the services some of their ideas. We've got a pretty careful scrub." She added that "combat losses are fair game here, and so we included them."

But Defense Department officials concede that some weapons systems are also being modernized, to make them more useful in Iraq and Afghanistan. Budget documents say the Army's M1A1 Abrams tank would receive an unspecified "system enhancement program" to improve its performance against urban threats "such as Baghdad."

As it has in the past, the Pentagon's long-term budget shows the costs of the war declining in the years ahead; Congress more than likely will be asked to increase expenditures in future years unless the fighting eases up.

The total war budget of $163 billion, sought in the 2007 fiscal year, is projected to be $141 billion in 2008 and just $50 billion in 2009, far enough in the future that the estimate is little more than a place holder.

Ms. Jonas said that the 21,500-troop increase Mr. Bush recently ordered for Iraq was not financed beyond the end of the 2007 fiscal year, when it is assumed for the sake of making a forecast that American troop levels will drop back to 140,000. Military officials say that the duration of the reinforcements will depend on security conditions, but that they could well last into next year.

The administration's overall request for $481.4 billion for 2008 for Defense Department costs excluding military operations represents an increase of about 11 percent in spending. It reflects the beginnings of what could be a long, costly increase in the size of the military.

Mr. Bush said last month that he wanted to increase the Army by about 7,000 soldiers a year, until reaching 547,000 troops by 2012, and by 5,000 marines annually until achieving a force size of 202,000 by 2011. The budget also provides $12.1 billion for increases in the Army and Marine Corps in 2008, officials said.

Democrats Face Limits In Changing Bush's Budget (NYT)

By Steven R. Weisman

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — With its military spending increases, reductions in popular domestic programs and calls to extend tax cuts, President Bush's $2.9 trillion budget for 2008 drew fire from Democrats the minute it landed on Monday.

But while Democratic critics may wish to challenge the administration's blueprint, political and fiscal constraints will make it hard for them to assert their own priorities.

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In theory, the budget presents the Democrats their first real opportunity to rewrite the administration's policies, especially on tax cuts, that they have been attacking for six years.

But in practice, Democrats know that the only way they can find the revenue to restore the administration's proposed spending cuts would be to cut back on military spending, delay their stated intentions to balance the budget or rescind the Bush tax cuts in future years. They are not especially eager to do any of these.

The most likely result, even some Democrats acknowledge, will be a limited reshaping of the budget by restoring some proposed cuts in a variety of domestic programs, including children's health care, Head Start and home heating assistance for the poor and the elderly.

But few Democrats are expected to look for new revenues by calling for an end to Mr. Bush's tax cuts, instead of extending them as the president proposed Monday, or to deal with the looming costs of Social Security and Medicare as the postwar generation retires, all of which pose huge budget problems in future years.

"The long-term budget crisis appears so distant that it's going to be very hard to get politicians excited about it this year," said Robert D. Reischauer, president of the Urban Institute. "The economy is strong, and the deficit seems to be at manageable levels right now. No one wants to risk popular support by doing something courageous."

Since 2001, Democratic leaders have made a point of saying that the Bush tax cuts are unfairly weighted toward the wealthy and dangerous to American solvency. But the tax cuts expire in 2010, and Democrats acknowledge that they are not ready to move on them now.

One development could reopen the tax cuts to revision this year, Democrats say: a signal from the administration that it would be willing to consider a repeal of some cuts for the wealthiest as part of a deal to pay for other priorities.

The issues most often mentioned that might entice Democrats to the bargaining table with the administration would be a package to finance future Social Security benefits, possibly combined with a curb on some benefits. Democrats might also want to cut a deal over the alternative minimum tax, which was devised to make sure that wealthy taxpayers with numerous deductions paid some taxes but which is increasingly ensnaring the middle class because of inflation.

Democrats say that in both cases the administration would have to move first to put discussion of taxes on the table.

Both Treasury Secretary Henry M. Paulson Jr. and Rob Portman, director of the Office of Management and Budget, have dropped hints of such deals, ruling out "preconditions" for talks on Social Security. The implication is that private investment accounts to replace Social Security for future retirees are not a requirement for a deal.

"By saying there are no preconditions and we should all come to the table, that was a change in position," Mr. Portman told reporters Monday, noting that in the past the administration had pushed its plan for the investment accounts from the outset.

He also said it was an "olive branch" to propose the accounts but to delay their enactment until 2012.

Democrats remain skeptical and distrustful. They note, for instance, a recent comment by Vice President Dick Cheney to Fox News that overtures by Mr. Paulson and Mr. Portman did not signal a change in administration attitudes on taxes, only a desire to get Democrats to negotiate.

Moreover, despite Mr. Portman's talk of olive branches, Democrats see only trapdoors. They say Mr. Bush's claim to reach the goal of balancing the budget by 2012 rested on what they see as shaky assumptions.

Mr. Portman acknowledged, for instance, that the budget assumed only a nominal cost — $50 billion — for the Iraq war in 2009 and no cost after that. In addition, the administration assumes that tax increases due to kick in years from now will do so, in spite of the near certainty that Congress will prevent them from occurring, widening the deficit further.

Another constraint on the Democrats is their adoption of a "pay as you go" approach, meaning that they have to find savings in other parts of the budget for any new spending they want to make.

The Democrats fear after campaigning on the promise of avoiding widening the budget deficit, they cannot afford to waver on that score now.

Still, not everyone in the party is a deficit hawk. Among the 2008 presidential candidates, former Senator John Edwards of North Carolina has already said that he would defer the goal of a balanced budget to finance health, education and help for the poor. Other Democrats, including several in the Senate, may well have to follow suit.

Last week, without much fanfare, House Democrats passed a stopgap spending bill for the current year that increased federal spending in cherished areas by only about 1 percent — exactly the rate of increase that the administration says it seeks in domestic programs for the coming year.

The box that the Democrats find themselves in is likely to remain a factor in their spending decisions this year.

Even Senator Kent Conrad, the North Dakota Democrat who is chairman of the Senate Budget Committee and the biggest Cassandra in Congress about the perils of continued deficits, seemed to acknowledge that he had had trouble convincing even fellow Democrats of the urgency of the long-term fiscal problems.

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"Let me be frank," Mr. Conrad said at a recent budget hearing. "We're having a very difficult time persuading our colleagues and the administration of the need for urgent action."

Although Mr. Bush traveled to a Democratic retreat over the weekend and promised to try to accomplish "big things" with their help in his last two years of office, Democrats and their supporters tend to view the likelihood of budget fixes to be tiny, not big.

The Bush Budget: What's In $2.9 Trillion? (CSM)

By Peter Grier And Gail Russell Chaddock

The Christian Science Monitor, February 6, 2007

WASHINGTON

President Bush's new proposed budget represents an attempt to make permanent some of his key changes in US domestic policy, while challenging the fiscal priorities of the new Democratic- controlled Congress.

What it may not represent is an easy pathway to the land of black ink. While the White House plan projects a balanced budget by 2012, some of its assumptions about future government spending are unrealistic, say some budget analysts.

In essence, the Bush budget may promise a budgetary nirvana in the future, while avoiding some of the messy details about the way that nirvana might be reached.

"They're trying to get you to focus on 2012 instead of 2008," says Stan Collender, a veteran federal budget expert and managing director of Qorvis Communications.

The release of the massive amount of paperwork that represents the executive branch's proposed budget for the coming fiscal year is a much anticipated annual event in official Washington, like the appearance of Punxsutawney Phil on Groundhog Day, or the March return of the swallows to San Juan Capistrano in California.

A president's opponents routinely deride his budget as dead on arrival. Despite this, months of congressional hearings on its details follow. In the end, much of the plan will provide a blueprint for the day-to-day operations of many federal departments and agencies.

It is the top lines of total spending and receipts, plus key budgetary assumptions, that can prove controversial. In this, President Bush's proposal for fiscal 2008 is no exception.

"I doubt that Democrats will support this budget, and frankly, I will be surprised if Republicans rally around it either," said House Budget Committee Chairman John Spratt (D) of South Carolina, in a statement after the plan's release.

Mr. Bush's plan calls for $2.9 trillion in 2008 spending. It would make permanent his first-term tax cuts – reductions that, at this point, may well represent Bush's signature change in domestic policy.

Military spending would represent the government's largest area of growth. The Bush proposal calls for a Pentagon budget of $624.6 billion for fiscal 2008, up from $600.3 billion in 2007. Included is an estimated cost of $141.7 billion for fighting in Iraq and Afghanistan – the first time war costs have been wrapped into the annual budget instead of dealt with separately in supplemental appropriations.

The $141.7 billion may not represent the final spending figure for Iraq and Afghanistan, however. And the budget's longer-term projections include just $50 billion in war costs for fiscal 2009, and zero after that.

Considering the nature of wars, it is "very, very difficult to project costs in future years," said White House spokesman Tony Fratto on Monday.

Healthcare spending, by contrast, represents one of the budget plan's primary areas of restraint. The White House would squeeze $66 billion in savings from Medicare, the health insurance program for seniors, over the next five years, primarily by slowing the rate of growth of payments to healthcare providers. In addition, some $12 billion would be pared from Medicaid, the federal program for the indigent.

In addition, US government outlays for domestic discretionary spending – a category that includes everything from the FBI to the Food and Drug Administration – would be held to 1 percent growth, before inflation. Because costs are likely to rise more than 1 percent over the next year, this cap represents a cut, in real terms.

Republicans in Congress say that, overall, Bush showed fiscal responsibility with his plan, and that if the new Democratic majority on Capitol Hill were serious about balancing the budget, it should work with the White House, not criticize it.

"If they want to show they can govern, the path has been laid for them to control spending," said the ranking GOP member of the House Budget Committee, Rep. Paul Ryan (R) of Wisconsin, in a phone interview with reporters.

Critics of the Bush plan, however, say it is notable for what it excluded. For one, the White House made no serious attempt to pencil in post-2008 war costs, says Mr. Collender of Qorvis.

Nor did it include the cost of changing the Alternative Minimum Tax (AMT), a levy aimed at the wealthy that increasingly hits middle-class taxpayers. An AMT change is anticipated by lawmakers of both parties.

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"Proposals that provide long-term savings are fully included in the Bush budget," says Collender. "Proposals that provide long-term increases [in spending], like the Iraq war or an AMT change, are not included."

Under assumptions that the Concord Coalition, a budget watchdog group, considers more plausible, Uncle Sam will remain $400 billion in the red in 2012. These assumptions include discretionary spending that keeps up with the increase in the gross domestic product, and a continuation of other current policies.

Bush Wants To Means-test Middle-class Benefits (FT)

By Caroline Daniel And Krishna Guha

Financial Times, February 6, 2007

President George W. Bush presented his $2,900bn budget to Congress on Monday, setting the stage for a confrontation with Democrats by making greater means-testing for middle-class benefits a central part of his proposals to address entitlement reform.

The budget represents a challenge to parts of the system of entitlements enacted as part of the Great Society agenda of the 1960s, with plans to cut Medicare spending, the main publicly funded health insurance programme for those over 65, by raising premiums for wealthier recipients.

That could save $66bn over five years, according to budget estimates, and up to $9,000bn during the next 75 years, according to some analysts.

Michael Franc, vice-president for government relations at the Heritage Foundation, said Mr Bush had considered means-testing as part of Social Security reform. “Now there is a shift to applying it across the board for all entitlements. The big change concerns the wealthy. Democrats want to tax them more. Republicans say they want to make them pay more for their middle-class benefits and shoulder more of the burden.”

The progressive tilt was also underlined, Mr Franc said, by Mr Bush’s recent proposals to extend healthcare insurance by limiting large tax deductions for some employer-funded schemes, and his plans to cap the amount of farm subsidies granted to a single entity.

The budget underscored Mr Bush’s political priorities for his final two years, with proposals to aggressively fund defence, the Iraq war, homeland security and US diplomatic operations generously. According to budget forecasts, the deficit will decline from 1.8 per cent in fiscal 2007 to 1.6 per cent in fiscal 2008, before declining further to turn into a surplus of 0.3 per cent of gross domestic product in 2012.

Democrats, however, expressed doubts about the budget, with one committee chairman dismissing the rise in defence spending to a record $481bn, as “staggering”, while others questioned the political viability of the entitlement cuts. John Spratt, chairman of the House budget committee, said: “I doubt that Democrats will support this budget,” while Max Baucus, chairman of the Senate Finance Committee, said the proposed Medicare cuts “are more than the president has asked from any previous Congress during his administration”.

In addition to the proposals to increase means-testing in Medicare and other plans intended to slow the growth in entitlement spending in the long term, the budget set out to demonstrate it is possible to eliminate the federal deficit by 2012 while making the Bush tax cuts permanent. Energy policy was also confirmed as an important legacy issue in the budget with plans to encourage more aggressive use of renewable fuels.

Grover Norquist, president of Americans for Tax Reform, welcomed Mr Bush’s focus on fiscal conservatism.

“Balancing the budget by 2012 and making the tax cuts permanent is important, but more important is that by 2012 the share of GDP the government spends is set to fall from 20.3 per cent to 18.3 per cent.”

New Drug Benefit Could Have Higher Price For Some (USAT)

By Julie Appleby

USA Today, February 6, 2007

WASHINGTON — Higher-income Medicare beneficiaries — those earning more than $80,000 individually or $160,000 as a couple — would pay more for the new drug benefit under the president's budget released Monday.

The plan is part of a package of proposals aimed at slowing the growth in the Medicare program, whose hospital trust fund may go broke in 11 years. It comes as part of a package of proposals to:

·Trim $66 billion from Medicare over five years. About $42 billion would come from limits on annual inflation adjustments for hospitals, nursing homes, hospices and surgical centers.

·Reduce Medicaid spending by about $13 billion over five years.

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·Increase funding for the State Children's Health Insurance Program (CHIP) by $5 billion over five years. But it would place restrictions on the amount of money states can get if they choose to cover children in families above 200% of the federal poverty level, or about $40,000 for a family of four.

"This is an aggressive and responsible budget," Health and Human Services Secretary Mike Leavitt said.

The budget proposals drew fire from some Democrats, such as Sen. Max Baucus, D-Mont., and patient-advocacy groups such as Families USA, that want increased funding for the children's health program.

"It could take as much as $15 billion additional simply to maintain CHIP coverage for children already enrolled, but I intend for the Finance Committee to do even more to keep kids healthy," Baucus said in a statement.

The administration says the program needs to remain focused on its original target market: children in homes at or below 200% of poverty. At least 16 states have added kids whose families earn more, resulting in about 400,000 additional children being covered. States could continue to cover kids above the 200% poverty level, but would receive a smaller percentage of federal matching funds for them.

Medicare advocates, such as the AARP and the Medicare Rights Center, opposed the plan to increase costs for beneficiaries.

"The president is looking to save money in all the wrong places," said Bob Hayes of the Medicare Rights Center, who says that savings should first come from allowing Medicare to negotiate drug prices and reductions in payments to insurers who offer alternatives to traditional Medicare.

Some conservatives, however, such as Joe Antos at the American Enterprise Institute, said the Medicare trims will be a small help, but more is needed.

"To the extent we can generate a little bit more in premiums, it's going to help a little bit," Antos says. "The bigger fix is to find away to improve the efficiency of the program."

Under the Medicare proposal, the president would phase down federal premium subsidies to beneficiaries who earn more than $80,000 a year, meaning the members would pay more. A similar measure is already in effect for higher-income beneficiaries under Part B of the program, which covers such things as doctor visits.

Currently, the federal government pays 74.5% of the average national premium for the drug benefit and the member picks up the rest. Under the proposals, singles earning between $80,000 and $100,000 — the income limits double for couples — would see the subsidy reduced to 65%.

Those singles earning $100,000 to $150,000 would get a 50% premium subsidy; $150,000 to $200,000, would get 35%; those earning more than $200,000 would have a 20% subsidy.

Medicare estimates the plan would affect 868,000 people, about 2.7% of Medicare members, the first year, rising to 1.2 million in 2012. Savings would be $3.2 billion over five years.

Bush Budget Pinches Domestic Spending (AP)

By Andrew Taylor

AP, February 6, 2007

President Bush unveiled a $2.9 trillion budget Monday that rewards the Pentagon with a record $50 billion budget hike but pinches programs cherished by Democrats, including health research and heating subsidies for the poor.

In control of Congress for the first time in a dozen years, Democrats accused Bush of trimming domestic programs, using smoke and mirrors to predict a balanced budget in five years and ignoring a hidden tax threat to middle-class families. His $245 billion request for Iraq and Afghanistan has given lawmakers sticker shock.

Despite common agreement that something must be done soon about the spiraling cost of benefit programs such as Social Security and Medicare, Bush recommended mostly modest steps — while refusing to consider tax hikes that could draw Democrats into negotiations.

"There's a lot of skittishness on both sides about coming to the table," said Sen. Judd Gregg of New Hampshire, the top Republican on the Senate Budget Committee. "The White House is afraid of taxes and the Democrats are afraid of controlling spending."

Democrats went on the attack.

"The president has simply offered more of the same, proposing a budget that cuts ... from Medicare and Medicaid, while sending $240 billion more in American taxpayer dollars to Iraq," said Rep. Rahm Emmanuel, D-Ill. "This is not a tradeoff the American people want."

Bush touted his fiscal blueprint as "protecting the homeland and fighting terrorism, keeping the economy strong with low taxes and keeping spending under control." He said after meeting with his Cabinet, "Congress needs to listen to a budget which says no tax increase, and a budget, because of fiscal discipline, that can be balanced in five years."

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Bush said $245 billion is needed for military and diplomatic operations in Iraq and Afghanistan over the next year and a half, bringing total Pentagon funding for the wars to $662 billion. But his budget assumes, at least on paper, that no additional war funding will be needed after 2009.

Bush also proposed modest cuts to the rapidly growing Medicare and Medicaid health care programs, but failed to address chronic shortfalls in future years that would force painful sacrifices on beneficiaries. Instead, Medicare providers such as hospitals, nursing homes and home care providers would face payment cuts, while higher-income beneficiaries would pay greater premiums.

Less ambitious Bush proposals went nowhere when Republicans controlled Congress last year, and the budget process broke down amid election-year acrimony. Health care providers promised to lobby hard to kill the proposals again.

"Today's budget is devastating news for children, seniors and the disabled who depend on the Medicare and Medicaid programs," said Rich Umbdenstock, president of the American Hospital Association. "They are being unfairly singled out to carry the burden of achieving a balanced budget."

The cuts to Medicaid would come in part from curbing payments to states for administrative costs, which advocates for the poor say would force states to pass those cuts on to the poor.

Democrats griped that Bush would meet his five-year balanced-budget goal by forecasting far higher tax revenues than nonpartisan congressional estimators expect. His budget predicts a $61 billion surplus in 2012, but the plan would generate almost $100 billion in red ink that year instead under more cautious Congressional Budget Office revenue estimates.

White House officials countered that their estimates are in line with mainstream economists and are produced by career professionals at the Treasury Department.

"Instead of painting a rosy scenario on revenues to get to balance, we take a cautious approach," said Budget Director Rob Portman.

Extending Bush's tax cuts, most of which are to expire in 2010, would cost $211 billion in 2012 and $1.6 trillion over the next decade, according to budget documents.

Iraq continues to weigh on the nation's finances, accounting for well over half of the current year's projected deficit of $244 billion. For 2008, the budget year that begins Oct. 1, Bush sees just a slight decline in the deficit to $239 billion. He expects the decline to continue until reaching a surplus in 2012, three years after he has left office.

Democrats challenged those projections, contending that Bush would achieve a surplus only by leaving out the many billions of dollars Congress is expected to spend to keep the alternative minimum tax from ensnaring millions of middle-class taxpayers. His budget includes an AMT fix for just one year.

In theory, this could be a productive year on the budget since there's no election. Also, it can be easier to make painful budget choices when there is divided government. That's because it's virtually impossible for one political party to pass politically painful cuts to programs such as Medicare all by itself, but the job can be made easier if both parties agree to make the leap.

Thus far, however, there's no sign of that. Bush is focused on Iraq and is sagging in opinion polls. He doesn't seem inclined to exert much political muscle on the budget, and Democrats won't take the lead on their own.

"The president really does have to play a leadership role and he's got to be willing to use up some of his capital," said Bob Greenstein, who heads the liberal Center on Budget and Policy Priorities. "And I just don't see it happening in the current environment."

Bush proposes to eliminate or sharply reduce 141 federal programs totaling $12 billion. But Congress has ignored these same recommended cuts in the past, including an attempt last year to kill the Commodity Supplemental Food Program, which provides nutritionally balanced boxes of food to about a half-million poor people per month.

Democrats also promised to restore cuts from low-income heating subsidies, Head Start for preschool children, rural health programs and the Corporation for Public Broadcasting by shifting some portion of Bush's big defense hike to domestic programs.

In addition, they are sure to again kill many proposed fees such as a medical care enrollment fee on higher-income veterans and higher co-payments for their prescription drugs. Congress has rejected both four years in a row. But Bush dropped a much-reviled increase in airline ticket taxes to pay for security screenings.

Bush is proposing a few high-profile spending boosts, such as an increase in the maximum Pell grant for low-income students, from the current $4,050 to $4,600. The $15 billion cost over five years would largely be borne by cutting subsidies to lenders issuing student loans.

The president's budget also includes an initiative — billed as "dead on arrival" by Democrats — to expand health care coverage to the uninsured. The complex proposal would give every family a $15,000 tax deduction for purchasing health coverage but would make current employee-supplied health coverage taxable for certain taxpayers.

Bush's plan would save most taxpayers money, but Democrats say it would lead many employers to stop providing health insurance.

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Bush Plan Reins In Domestic Spending (WP)

By Michael Abramowitz And Lori Montgomery

The Washington Post, February 6, 2007

President Bush took aim yesterday at domestic spending as part of a plan to balance the budget in five years without raising taxes while increasing funding for the Iraq war and permanently expanding the military.

With the $2.9 trillion budget he submitted to Congress, Bush signaled he would attempt to squeeze spending on health care, education, housing and other domestic programs important to the Democratic majority for the duration of his term. Overall domestic spending would be held below the rate of inflation in the fiscal year that begins Oct. 1 and frozen thereafter.

The new Bush budget would also seek to reduce the rapid rate of growth in Medicare and Medicaid, trimming $101 billion from the two programs over the next five years by reducing payments to health-care providers and forcing wealthier seniors to pay more for physician services and prescription drug coverage. And it would provide additional funds for the Children's Health Insurance Program, but not enough to maintain the same enrollment over the next five years, according to independent analysts.

Bush said his plan would bolster national security while "keeping the economy strong with low taxes and keeping spending under control." But Democratic leaders, who will control the budget process for the first time since Bush took office, immediately denounced the plan as an irresponsible attempt to make costly tax cuts for the wealthy permanent and to finance the war by shortchanging children, the elderly and the nation's long-term fiscal health.

"It is disingenuous for the president to suggest cuts to Medicare and Medicaid that he knows the Congress will not support," said House Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.). "It's not going to happen."

Some Democrats also questioned the president's math, saying his budget plan relies on a series of rosy economic assumptions to transform the nation's $248 billion deficit into a $61 billion surplus by 2012. Even if the plan is successful, Democrats noted, the president would only be restoring the country's fiscal condition to the surplus he inherited when he took office in 2001.

"This budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction," said Senate Budget Committee Chairman Kent Conrad (D-N.D.).

While the spending blueprint met resistance from Democrats, it appeared to shore up the president's position with conservatives in his own party, who have been deeply unhappy with the growth of federal spending over the past six years. In comments to reporters yesterday, Bush emphasized his desire to reduce the number of congressional pork-barrel projects, known as earmarks, and acquire a line-term veto -- favorite initiatives of fiscal conservatives.

Extending Bush's first-term tax cuts, a collection of rate reductions and tax credits that has kept more than $1 trillion in taxpayers' pockets since 2001, would cost the Treasury an estimated $374 billion between 2008 and 2012, according to the administration. Most of the cuts are scheduled to expire in 2010.

Bush's advisers yesterday credited the tax cuts for the nation's healthy economy and said keeping them in place is essential to maintaining economic growth. A growing economy, in turn, they said, will continue to stimulate tax collections, making it possible to balance the budget even while paying increasing sums for the Iraq war.

White House budget director Rob Portman stressed that point in a briefing for reporters. "The cost of the war is reflected in the administration's deficit projections," he said. "In fact, there has been a $165 billion decrease in our deficit over the past two years, and that includes all of the war costs that we've incurred during that time."

Bush's proposed fiscal 2008 budget would provide another big boost in spending for the war and overall defense and diplomatic spending. The budget plan includes $623 billion for the military next year, including $141 billion for the wars in Iraq and Afghanistan and a $50 billion down payment on the president's plan to permanently increase the size of the armed forces by 92,000 over the next five years.

The State Department would receive nearly $35 billion, an increase of more than 20 percent over current spending estimates, plus $3 billion in emergency spending related to the administration's "global war on terror."

Federal agencies other than State, the Pentagon and Homeland Security would receive increases of about 1 percent over 2007 spending estimates, with requests for eight agencies -- including education and environment -- falling below fiscal 2006 levels.

Bush proposes a number of new initiatives, including a plan to boost the size of Pell grants to help students pay for college, a program to fund pilot projects to reduce traffic congestion and a new effort to raise $3 billion in public and private matching funds to improve national parks. But those programs' costs would be offset with cuts elsewhere.

For example, the Education Department's request for discretionary funding would rise $10 million over the 2007 estimate -- about 1 percent less than the agency received in 2006. The increase for Pell grants and an extra $1.2 billion for elementary and

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secondary education would be paid for in part by slashing subsidies to the banks that provide student loans and eliminating a student loan program for students at vocational and technical schools.

The Justice Department would get about a 1 percent increase, including substantial boosts for counterterrorism and counterintelligence programs and more than 220 new FBI agents. But law enforcement groups say the proposal would effectively cut grants and other assistance to local police by 75 percent at a time when violent crime is rising nationally.

And state officials complained that the president is seeking an 18 percent reduction in funds to provide heating assistance to 5.6 million low-income families, a proposal that would force states either to contribute more money or cut off assistance to about 1 million families.

Democratic budget leaders decried the cuts, many of which have appeared in previous Bush budgets.

"These things have been around the track numerous times and never made it to the finish line," said House Budget Committee Chairman John M. Spratt Jr. (D-S.C.). "It's doubtful they're going to pass."

House Speaker Nancy Pelosi (D-Calif.) also criticized the president for allowing the alternative minimum tax to expand to millions of additional families by 2012, subjecting them to substantial tax increases. The tax was originally conceived as a way to ensure that wealthy Americans did not escape paying taxes.

Grover G. Norquist, president of Americans for Tax Reform and a staunch administration advocate, said conservatives are likely to applaud the package. "By putting a line in the sand that says that 'You can -- and I have -- balanced the budget without raising taxes,' then the Democrats have to do the same," Norquist said.

Bush's Austere Health Proposal Draws Complaints (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, February 6, 2007

WASHINGTON — The budget President Bush proposed Monday calls for the deepest Medicare cuts of his six years in office and falls short in expanding health coverage to uninsured children -- a top priority for congressional Democrats this year.

Health and Human Services Secretary Mike Leavitt acknowledged the budget's austere tone but said action was needed to rein in programs growing at an unsustainable pace.

"A very clear priority of the budget has been to reach balance in 2012," he told reporters Monday, "and that has forced many of the hard decisions."

Consumer and industry groups -- including AARP, the American Medical Association, the American Cancer Society, the Alzheimer's Association and the California Hospital Association -- roundly criticized Bush's plan, and their opposition signaled that it is unlikely to gain traction.

Rep. Pete Stark, D-California, chairman of the House Ways and Means subcommittee on health, dismissed the budget as "an exercise in make-believe intended to incite partisanship, not invite policymaking."

Separately, Bush's proposed tax deduction of up to $15,000 for health insurance ran into more problems after an independent analysis concluded that most of the tax break would go to higher-income households that already have private insurance.

Bush had outlined the plan last month in his State of the Union address. But a study by the Lewin Group, a health-care consulting company, found that only about 21 percent of the tax breaks would go to families with one or more uninsured person. Just over half the benefit would go to families earning $75,000 or more.

"The money is not being targeted at those who are most in need of it," said John Sheils, a Lewin vice president.

The budget's curbs on Medicare spending included reductions in payments to hospitals, nursing homes, hospice programs, home health providers and ambulance companies. Also, upper-income beneficiaries would have to pay higher premiums for prescription coverage and doctors' services.

But the proposal left Medicare managed-care plans largely alone, to the chagrin of Democrats who see the private plans as undermining the traditional government program.

The Medicare cuts -- described by an HHS budget official as the biggest Bush has ever proposed -- would total nearly $66 billion over five years. Administrative and anti-fraud measures would save an additional $10 billion. Taken together, the proposals would slow the rate of increase in Medicare spending by about 1 percentage point between 2008 and 2012, to 5.6 percent.

Bush also called for almost $26 billion in cuts for Medicaid, which provides health care for the poor, over the same period.

Some congressional Republicans expressed misgivings. "These are alarming proposals to our health-care system, and many have already been denied by Congress," said Sen. Gordon Smith, R-Ore.

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Sen. Michael Enzi of Wyoming, the ranking Republican on the Health, Education, Labor and Pensions Committee, stopped short of criticizing the budget but noted: "At the end of the day, the House and Senate control the purse strings ... (and) the final document may look very different from the president's proposals."

On children's insurance, Bush proposed to renew the politically popular State Children's Health Insurance Program, which is set to expire this year. The federal-state program provides coverage to as many as 6 million children whose parents make too much to qualify for Medicaid but too little to afford private insurance.

But where Democrats estimate it will take as much as $15 billion in additional spending over five years to maintain the current caseload, Bush proposed only about $5 billion. Administration officials said their calculations show no children would lose coverage, but activists for the poor were highly skeptical of such assurances.

Even if Bush's health-care budget is unlikely to survive as a whole, Democrats might resurrect parts of it to help pay for their priorities -- such as an expansion of coverage for children.

"This is like a menu of issues on the table," said David Certner, a top lobbyist for AARP. "These are much larger cuts than Congress would entertain, but members may pick and choose among them as they put together their own proposals."

How Plans To Expand Health Coverage Could Affect Insured (WSJ)

By Laura Meckler

The Wall Street Journal, February 6, 2007

New prescriptions to help the uninsured are proliferating by the day, but some of the proposals would have a big impact on another group -- people who already have health insurance.

Yesterday, Democratic presidential hopeful John Edwards became the latest entrant in the health-overhaul derby, announcing that he would raise taxes to expand coverage. (See related story.1) His plan, like those of many states working to expand coverage, would require employers to "play or pay" -- meaning cover their workers or pay a new tax. He would also require most Americans to have insurance, helping middle- and lower-income people by offering tax credits. Both the uninsured and those who already have insurance through work would have the option to get coverage through new public pools called Health Markets.

Mr. Edwards's plan joins an array of proposals already being advanced by the White House, several states (including California, Massachusetts and Pennsylvania), members of Congress and insurance and consumer groups. With health care shaping up as a major issue in the 2008 elections, more plans are on the way, including from Democratic presidential candidates Hillary Clinton and Barack Obama.

The blueprints aim to reduce the number of uninsured people in the U.S., currently at 46 million, but use different strategies. Two of the plans -- by President Bush and Sen. Ron Wyden, an Oregon Democrat -- have the potential to affect nearly all Americans by fundamentally altering the employer-sponsored system that now provides coverage to 175 million people.

On the federal level, the chances of any of these proposals being enacted this year are slim, given that there is little consensus and little money to spend on any plan that would increase subsidies. Still, activity in this area is building and, if Congress and the White House are looking to make a deal on something major, they might look to health care.

The states have a better chance of quick action, with Democrats and Republicans working to find consensus. In Massachusetts, a plan has already been passed and is being implemented.

Here's a look at how the plans work, and some potential winners and losers:

PRESIDENT BUSH'S PLAN: Under the Bush plan, employer-provided health insurance, now excluded from workers' taxable income, would be subject to income and payroll tax. As a tradeoff, all taxpayers with insurance would get a standard deduction of $15,000 for a family and $7,500 for an individual.

Among the winners would be those whose coverage costs less than $15,000 a year -- or about 80% of workers who have job-based insurance, the White House says. For example, a worker with a family policy costing him and his employer $10,000 a year would still be able to take the full deduction of $15,000. Losers would include people with family policies worth more than $15,000, including executives with generous benefits and some union workers who have traded wage increase for better health coverage. They would be taxed on the amount that exceeds the deduction.

But winners could turn into losers with time. Even people with policies under the cap could eventually hit the ceiling as health costs rise. That's because the cap would be indexed to general inflation -- not health-care inflation, which has risen more rapidly in recent years.

Clear winners would be the 17 million people who buy insurance on the open market. Currently, they don't get any tax break for purchasing health insurance. But like any tax deduction, the one for health-insurance would be most valuable in dollar terms for people with high incomes who pay the most taxes. Low-income people who don't owe any income tax wouldn't be able

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to use the deduction -- they would have their payroll taxes reduced instead. But that could cause a serious, unintended problem: Since those taxes go into the Social Security coffers, people paying in less would get lower benefits in retirement.

"This could translate into a very substantial drop in retirement living standards," concluded an analysis by the Tax Policy Center, a joint venture of two liberal-leaning think tanks, the Urban Institute and the Brookings Institution.

The White House acknowledges that changing the tax treatment of insurance would reduce the number of uninsured by only three million to five million. It has proposed a separate initiative that would redirect federal funds from hospitals that provide indigent care to help states expand coverage to the uninsured.

Some experts see another potential problem: If younger, healthier employees use the tax deduction to buy insurance on their own, rather than through their employers, then employer health plans could end up with mostly older, sicker workers, resulting in higher premiums. "It's good for you if you're a healthy person who will do well on your own," says Paul Fronstin, director of health research and education programs at the Employee Benefit Research Institute. "It's bad if you are not."

But Joseph Antos, a health-policy expert at the conservative American Enterprise Institute, doubts many people would jump into the open insurance market, considering it's so much easier to stay in an employer plan. "It takes a lot to get people to move," says Mr. Antos.

SEN. WYDEN'S PROPOSAL: Sen. Wyden's plan, in many ways, is the most radical one on the table. He would sever the link between employment and insurance altogether and require everyone to buy coverage directly from insurance companies, much like people now buy auto insurance. He initially would require that employers pay their workers the cash that they had been spending on health insurance. He argues that employers would ultimately continue the practice, even when no longer required, to keep the best workers.

Beyond that, he would provide a tax break to help people pay their insurance premiums, and give low-income Americans direct subsidies for coverage. A new tax on employers would help pay for the program. New rules would require insurance companies to cover anyone who applied for insurance, even ones with existing medical conditions, and would bar the companies from charging sick people higher premiums.

Under this plan, people with insurance will have a greater choice of health plans than most get from work today, given that the market is likely to produce more options. But as health costs and insurance premiums rise, families would have to absorb the increase. As is, employers pass the cost of rising health care to their workers through higher premiums and lower wages, but workers don't always feel the impact, says John Sheils of Lewin Group, a health-care consulting firm that helped develop the Wyden plan. Everyone would be required to buy insurance even if they don't think they need it. Sen. Wyden describes a young, healthy man he met in central Oregon who told him that he didn't think he needed coverage. Sen. Wyden noted that the young man was a skier and asked him, "What if you crack up on the mountain?" The man replied that if he got hurt he would buy insurance then. "That's not how insurance works," Sen. Wyden says. "This is going to be a huge education job."

STATE EFFORTS: Several states including Massachusetts, California and Pennsylvania are working to expand health coverage through a combination of approaches: People without insurance would be required to buy it. Low-income families would get subsidies to do so. All but the smallest employers would have to provide coverage to their workers or pay fines. And states would make it easier for individuals and small businesses to buy coverage from central pools.

These approaches wouldn't directly affect those who already have insurance, though if more healthy people were added to the insurance pool, it could reduce the cost of coverage for everybody, says Mr. Fronstin of the Employee Benefit Research Institute. The biggest impact would be on the low-income uninsured who would be eligible for new subsidies, says Paul Ginsburg, president of the Center for Studying Health System Change, a Washington think tank. "They are out-and-out winners."

A COALITION PROPOSAL: A diverse collection of consumer, business, medical and insurance groups called the Health Coverage Coalition for the Uninsured is recommending another approach that tries to reduce the number of people without insurance without affecting people who already have it. It suggests making it easier to enroll the 6.6 million children who are eligible but not yet signed up for Medicaid, the state-federal health program for the poor and disabled, or the State Children's Health Insurance Program, which targets low-income kids who don't qualify for Medicaid.

It also recommends a new tax credit to help low-income families pay for private insurance, including coverage that may be offered through work.

If this plan became law, families who earn less than 300% of the federal poverty level could get help paying for health coverage. And single adults, even if they don't have kids, would become eligible for Medicaid if they were below the poverty line. Taxpayers would pick up the cost -- an estimated $60 billion over five years.

While many want to expand the Children's Health Insurance Program, the Bush administration wants to scale it back. States have been adding children and some of their parents to the program's rolls, but yesterday the administration proposed cutting enrollment of all adults, as well as children in families with incomes over 200% of the poverty level.

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JOHN EDWARDS'S PLAN: Former Sen. Edwards's plan wouldn't require any changes of employees currently getting insurance on the job, although employers would have to provide coverage or pay 6% of their payroll. He would use a blend of new tax increases, tax breaks and subsidies to expand coverage. Under his proposal, people who don't get insurance through work could buy into public pools called Health Markets, with tax credits to help pay the premiums. Further, insurance companies wouldn't be able to charge sick people extra and would be required to insure everyone who applied. Mr. Edwards also would expand Medicaid and the State Children's Health Insurance Program, to cover more families and, for the first time, poor adults without kids. Once it was all in place, he would require nearly all Americans to get coverage one way or another.

The uninsured, though, would have a handful of new options. Those with particularly low incomes may become newly eligible for government programs. Others, including families with incomes up to $80,000 a year, could get new tax breaks to buy insurance from the Health Markets. Those with insurance through work could also opt to get it from the Health Markets as well, where there might be more choices.

Slow Growth In Health (WP)

By Christopher Lee

The Washington Post, February 6, 2007

President Bush would increase current funding levels for the state-federal Children's Health Insurance Program by $5 billion over the next five years -- far short of the $12 billion or more that experts say is needed to keep covering the 6 million children now in the program. The program, which costs about $5 billion annually, helps provide health coverage to children whose families earn too much to qualify for Medicaid but still cannot afford insurance on their own. The administration wants states to focus on serving children whose families earn 200 percent of the poverty level, or $41,300 for a family of four.

Senate Finance Committee Chairman Max Baucus (D-Mont.) said, "Congress must do more to fund the Children's Health Insurance Program than the president suggests here."

In Medicare and Medicaid, which serve nearly 93 million Americans, Bush would slow growth in spending for both programs by a combined $101 billion over five years, partly through changes in Medicare payments to hospitals, nursing and rehabilitation facilities, and home health agencies, and through changes in the way Medicaid pays for prescription drugs. He also proposed triggering across-the-board cuts in provider payments if Medicare spending reaches certain levels.

In the Medicare prescription drug benefit, individuals who earn more than $80,000 annually (and couples who earn more than $160,000) would have to pay higher premiums than less affluent beneficiaries enrolled in the same drug plans. The change would affect 1.1 million people in 2008.

Health Industry Cool To Bush Budget Cuts (AP)

By Kevin Freking

AP, February 6, 2007

Health care providers would see their reimbursement rates from the federal government go up less in coming years when they care for the elderly, poor and disabled under President Bush's budget.

The recommendations, if adopted by Congress, would trim Medicare spending by $66 billion over five years. Also, the administration will move to trim another $10 billion in Medicare spending through regulations.

Together, the changes sought for Medicare means the program would grow at a 5.6 percent clip rather than 6.5 percent, Health and Human Services Secretary Mike Leavitt said Monday.

"The program will continue to grow. It will have robust growth," Leavitt said.

Bush also calls for reducing Medicaid spending by about $25 billion over five years. That change would just slightly dent the more than $1.2 trillion the federal government will spend on the program during that span. Congress would have to sign off on about half of the proposed Medicaid savings. The remainder are regulatory changes the administration will pursue.

The two programs account for about $1 out of every $5 spent by the federal government. The president called for smaller reductions last year, and those proposals went nowhere.

Democratic lawmakers were cool to the recommendations. Rep. Pete Stark, D-Calif., said that trimming Medicaid will make it harder for states to fund health care for the poor and the uninsured.

Stark, who oversees the House Ways and Means Committee's health subcommittee, said savings can be achieved by targeting payments to health care providers, but not in the ways that Bush sought.

For example, Stark said that he believes Congress can lower payments to insurance companies that provide managed care for seniors, a concept the administration opposes.

Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee, noted that the proposed Medicare reductions are more than the president asked from any previous Congress.

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Baucus took issue with the changes that Bush seeks for the State Children's Health Insurance Program, which provides health coverage to about 6 million people.

The program cost about $5 billion annually. The president called for an additional $4.2 billion in funding over five years, but Baucus said it may take as much as $15 billion over the same period to maintain current health insurance coverage.

"Simply put, Congress must do more to fund the Children's Health Insurance Program than the president suggests here," Baucus said.

Some Republican lawmakers defended the president's budget. They said that entitlement programs are growing at an unsustainable rate.

"We must reform these programs in order to save them," said Rep. Jim McCrery, R-La.

But hospitals, nursing homes and other providers say that they can't afford lower payments from the government. They said that the payments won't keep up with the cost of providing health care.

The effect of the budget on providers would differ depending upon the specialty, but almost all would be affected one way or the other. The reimbursement rates for providers increase each year to account for inflation and other factors. The president wants to limit those updates, and, in some cases, such as with home health agencies and nursing homes, the payments would be frozen next year at 2007 levels.

The administration will also ask wealthier beneficiaries to pay higher premiums. Individuals who make more than $80,000 a year and couples who make more than $160,000 would pay a higher premium for their prescription drug coverage under Medicare Part D.

They already pay higher Medicare premiums for doctor visits. Under the president's proposal, the income threshold would not be indexed to increase at the rate of inflation. As a result, more and more people would fall into that category as inflation pushes incomes upward.

Many of the agencies within Health and Human Services will have to make do with about the same amount of money as they got this year.

"We are serving our citizens with compassion while maintaining sensible stewardship of their tax dollars," Leavitt said.

The budget recommends an estimated $50 million reduction for the Centers for Disease Control and Prevention, which is the principal agency for protecting the health and safety of all Americans. Funding for the agency would total $5.76 billion. Grants to states for bioterrorism preparation would be reduced, and funding remains at current levels for preventing the nation's leading health problems — heart disease and cancer.

Meanwhile, funding for the National Institutes of Health, which oversees medical research, would rise nearly 2 percent to about $28.7 billion.

The president upped his recommendation for the Food and Drug Administration to about $2.1 billion. That's a $106 million increase compared to what he requested last year. The increases focused on strengthening food safety and getting more generic drugs to the market.

Numerous advocacy groups took issue with the president's budget.

"This is not a budget that the nationwide cancer community was hoping for after the president's visit to NIH last month to tout an historic decline in cancer deaths," said Daniel E. Smith of the American Cancer Society.

The AARP's Bill Novelli said the Medicare and Medicaid savings reflect an annual rite in Washington — "piecemeal cuts that threaten to damage critical programs without addressing the fundamental problems that exist in our entire health care system."

Bush's And Spitzer's Budgets Hit New York Hospitals Hard (NYT)

By Richard Pérez-peña

The New York Times, February 6, 2007

The budget that President Bush proposed yesterday includes deep cuts in spending to train young doctors, cuts that would hit New York especially hard, eliminating several hundred million dollars a year in payments to teaching hospitals around the state.

The proposals arrived just days after Mr. Bush put forward a different set of cuts that would affect New York much more than the rest of the country, and after Gov. Eliot Spitzer proposed significant health care cuts of his own.

The combined reductions would total more than 4 percent of New York hospitals' total incomes — well over $1 billion a year — a prospect that left industry officials and elected officials struggling to describe the dire effects.

"This is the worst, the most damaging scenario," said Kenneth E. Raske, president of the Greater New York Hospital Association.

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In particular, the cuts would take money from the academic medical centers that teach new doctors and do a large share of advanced medical research. New York City has by far the largest concentration of teaching hospitals in the country, training about one in seven of the nation's interns and residents, many of whom go on to practice elsewhere.

A hospital-by-hospital analysis by Mr. Raske's group shows how uneven Mr. Spitzer's proposed cuts would be, with the losses concentrated in the city. In all, the governor would cut about 1 percent from hospitals' revenue.

While some hospitals would actually gain money from the changes, others would see significant cuts, like two hospitals in Brooklyn that are already short of cash — Interfaith Medical Center, which would lose 6 percent of its total income, and Brooklyn Hospital Center, which would lose 4 percent.

On seeing the plans laid out by Mr. Bush, Senators Charles E. Schumer and Hillary Rodham Clinton, members of the new Democratic majority in Congress, vowed to fight them.

"Much of the damage that the president seeks to do will be undone, but to say we can eliminate all of it would not be right," Mr. Schumer said.

He called the president's proposals "an all-out assault on graduate medical education" and a "dagger to the heart of New York health care."

In its budget summaries, the Bush administration described the changes as needed to rein in rapidly growing health care spending, and to fight the practice of expanding government programs beyond their intended boundaries.

Medicare, the federal health plan for the elderly and the disabled, is a major supporter of training programs for interns and residents at teaching hospitals. In New York and some other states, Medicaid, the program for the poor, also pitches in for that training — known as Graduate Medical Education, or G.M.E. — while other states have opted not to take that step.

Mr. Bush proposed gradually eliminating that use of Medicaid money — about $600 million a year in federal funds for New York, more than any other state.

"Current law does not explicitly authorize such payments," the administration's budget summary said. "Paying for G.M.E. is outside of Medicaid's primary purpose, which is to provide medical care to low-income individuals."

The president also called yesterday for abolition of one type of Medicare payment for doctor training — again, a cut that would disproportionately affect New York. The hospital group estimated the cost to New York hospitals at more than $100 million a year.

Two weeks ago, Mr. Bush proposed a different sort of cut in Medicaid that would affect only certain public hospitals, particularly New York City's Health and Hospitals Corporation. The corporation and New York State estimated the cut to the city hospitals at $350 million a year.

Mr. Spitzer has proposed cutting $1.2 billion a year in health care costs, including more than $350 million in hospital payments.

But the loss to individual hospitals would vary widely, depending on their reliance on Medicaid, how many doctors they train, and how much those training programs have changed in size over the last 25 years.

Under the Spitzer plan, St. Barnabas Hospital in the Bronx would gain more than $7 million a year, while Beth Israel Medical Center in Manhattan would lose almost $15 million, the most for any single hospital, according to the Greater New York Hospital Association. New York-Presbyterian hospital, actually two very large hospitals that merged, would lose almost $24 million a year.

Just 15 hospitals would absorb more than half the losses for all of the state's more than 200 hospitals, and 14 of the 15 are in New York City. Most of the big losses would be suffered by hospitals that are relatively successful financially and in relatively affluent neighborhoods, but there are notable exceptions, like Interfaith and Brooklyn.

Mr. Spitzer has described his changes as reforms designed to make the health care system more sensible and responsive to patient needs. The industry and its main union, 1199 United Healthcare Workers East, say that in pursuit of abstract theories, the governor would make cuts that are so abrupt and deep that they would make health care worse, not better.

Jennifer Cunningham, a consultant to 1199, said, "The Bush and Spitzer cuts to teaching hospitals would be a double-whammy — more than double."

Mayor Michael R. Bloomberg weighed in yesterday, saying that the governor had "set the right overall priorities," but that he feared damage to teaching hospitals that are "one of the stars in the crown" of New York health care.

A Look At Winners, Losers In The President's Proposed Budget (MCT)

By William Douglas

McClatchy Newspapers, February 6, 2007

Some agencies would win big under President Bush's fiscal 2008 budget proposal, while others would suffer slashed funds. Here are some notable winners and losers:

WINNERS:

-Defense Department: $624.6 billion, a 4.1 percent increase over 2007. The Army would get $130.1 billion, a 20.4 percent increase. Some $37.6 billion would go to fix or replace equipment destroyed in battle.

-Veteran Affairs: $84.4 billion, a 13.3 percent increase over 2007. The VA will treat nearly 263,000 Iraq and Afghanistan war vets; the budget seeks $36.6 billion for medical care, including $3 billion for mental health.

-State Department: $37.4 billion, a 12.9 percent increase over 2007. Seeks to triple funding for the Millennium Challenge Corp., to $3 billion. The corporation provides aid to 11 fledgling democracies that meet U.S.-set fiscal criteria.

-Interior Department: $10.1 billion, a 4.1 percent increase over 2007. Seeks $1.9 billion for national parks, a 13 percent increase, including 40 percent more for daily park operations than when Bush took office. Seeks a $100 million match from citizens' contributions.

-Labor Department: $50.4 billion, a 7.9 percent increase over 2007. Seeks $313 million for the Mine Safety and Health Administration, a 13 percent increase from 2007 request.

LOSERS:

-Amtrak: Seeks $800 million, $500 million less than fiscal 2007.

-Environmental Protection Agency: $7.1 billion, a 4.9 percent cut from fiscal 2007.

-Low Income Home Energy Assistance: Seeks $1.8 billion, down from $3.2 billion, a 56 percent cut.

-Corporation for Public Broadcasting: Seeks $350 million, down from $460 million in fiscal 2007.

-Education Department: Seeks $62.6 billion, a 5 percent cut from fiscal 2007. Would eliminate more than three dozen programs.

-Labor Department's Bureau of International Labor Affairs: Would cut from $73 million to $14 million, nearly 81 percent.

-Office of Disability Employment Policy: Would cut from $28 million to $19 million, or 32 percent.

-Centers for Disease Control and Prevention: Would cut by $550 million.

A Closer Look At Where The Money Will Go (WP)

By Spencer S. Hsu

The Washington Post, February 6, 2007

President Bush would increase the Department of Homeland Security budget by $2.3 billion, to $34.4 billion, boosting spending to secure the borders and detect nuclear materials. There would also be $1 billion for better communications systems for first responders.

Other priorities include $1.8 billion for a "virtual fence" at the border, 3,000 new Border Patrol agents and 600 new detention beds; $80 million more for nuclear detection; and $224 million to hire airport security checkers.

But states and cities would see cuts of $1.2 billion in grants for anti-terrorism, law enforcement, firefighters and emergency medical teams.

The story was similar at the Justice Department, where overall spending would increase about 1 percent, to $20.2 billion, with new outlays targeting terrorism, violent crime and illicit drugs. But the budget would cut $1.7 billion from local law enforcement assistance, such as the popular Community Oriented Policing Services program, according to the International Association of Chiefs of Police.

Congressional leaders immediately criticized the cuts. Rep. David E. Price (D-N.C.), chairman of the House Appropriations subcommittee on homeland security, accused the White House of "depriving our communities of the critical support they need to operate in the post-9/11 world."

In other homeland security spending, funding for the Coast Guard's troubled fleet-replacement program would fall from $1.1 billion to $800 million. But the FBI would be a big winner, with its budget growing about 13 percent, to $6.4 billion.

Budget Winners And Losers (WP)

By Stephen Barr

Washington Post, February 6, 2007

The budget that President Bush sent to the Congress yesterday contains nuggets of good news for federal employees: Their numbers would grow, as would their salaries.

But those retiring after relatively short careers would lose part of the standard health insurance subsidy. And many employees not involved in national and homeland security would see their programs operate with flat or reduced funding in fiscal 2008.

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According to the president's plan, executive branch employment, excluding the Postal Service, would increase to more than 1.87 million civil service workers, up by 2.8 percent compared with fiscal 2004. The budget numbers show that the government would add 40,000 full-time employees to the 2006 tally of 1,832,800.

Much of the hiring would be in response to added duties for homeland security and fighting terrorism, the budget said. The Department of Homeland Security, for example, would receive funding to hire an additional 3,000 Border Patrol agents.

The budget also would add staff at the U.S. Patent and Trademark Office, the Food and Drug Administration, the Federal Aviation Administration, the Energy Department's National Nuclear Security Administration and in federal prisons. The Census Bureau would also grow by opening regional offices in preparation for the 2010 census.

But some agencies would lose employees. The biggest loser would be the Agriculture Department, which would decline by about 5,000 workers in 2008, compared with 2006.

Civil service and military personnel would receive a pay raise of 3 percent in 2008, according to the budget. The proposed raise, announced Friday by the Office of Management and Budget, will be reviewed by Congress.

The National Treasury Employees Union objected to the budget's proposal to allow the president to allocate some of the pay raise to address recruitment and retention challenges in government. Colleen M. Kelley, the union president, said the raise should be at least 3.5 percent, given that the 2007 raise was the lowest in 20 years.

Bush's budget also included a discussion of military compensation that said "military members are compensated well above comparably aged and educated civilians" in the private sector. That argument rested largely on the higher deferred payments for health-care and retirement benefits for military personnel. Overall, the budget said, current and future pay and benefits average more than $100,000 per service member.

The budget would make changes to the Federal Employees Health Benefits Program. The biggest policy change would reduce the subsidy that the government provides for retiree health-care costs.

Currently, federal employees who retire with five years of continuous service receive the same subsidy as they did when they were working. Under the formula, the government pays about 70 percent of the health insurance premium.

The budget proposal would require employees to have 10 years of government service for the government to pick up 70 percent of the premium. The government would pay only half of the subsidy, or 35 percent, on behalf of those with only five years of service and would phase in higher contributions for those with more than five but less than 10 years of service.

Each year, the government has about 550 employees who retire with more than five but less than 10 years of service, the Office of Personnel Management said. They make up a small part of the annual retirement exodus that ranges from 60,000 to 70,000.

Linda M. Springer, director of the OPM, said the budget proposal sought to "create greater equity" between those who served a full career in government and those who joined relatively late in their careers, perhaps motivated by the opportunity to claim relatively generous health benefits in retirement. "We don't want people just coming opportunistically to join us," she said.

But Judy Park, legislative director for the National Active and Retired Federal Employees Association, suggested that the proposal could hamper the government's ability to hire mid-career professionals at a time when federal agencies will be coping with substantial numbers of baby boom retirements. "If the government is trying to be more competitive in getting middle-management people to fill those positions, then is this not tearing down their competitive edge?" she asked.

The changes to the health benefits program also affect the Patent and Trademark Office, requiring the agency to set aside money to cover retiree health-care liabilities. OPM officials said the patent office operates through fees and should take over its retiree obligations, much as the U.S. Postal Service has for its retirees.

The administration also seeks to allow the largest carrier for the Federal Employee Health Benefit Program, Blue Cross and Blue Shield, to offer a third health insurance option, probably a high-deductible plan featuring a health savings account. Currently, Blue Cross is limited to two options.

Democrats See Holes In President's Budget Plan (WP)

By Mary Beth Sheridan And Alec Macgillis

The Washington Post, February 6, 2007

President Bush's proposed 2008 budget would provide hundreds of millions of dollars for projects in the Washington area, including a new Homeland Security complex in Southeast and improvements to roads and Metro.

But Democratic lawmakers said it does not include enough for homeland security, health care and cleanup of the Chesapeake Bay.

"We're now in another year where the president has sort of said one thing in the State of the Union but the reality of the budget is very different," Rep. Chris Van Hollen (Md.) said after reviewing the proposal, released yesterday, for the fiscal year that begins Oct. 1

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The staffs of federal lawmakers from the D.C. area were still wading through the voluminous document last night to more clearly gauge its potential impact on the region. Sharp increases for the departments of Defense and Homeland Security seemed certain to benefit the local economy, with its profusion of contracting firms.

But legislators said proposed cuts in some programs could harm local residents.

For example, a Homeland Security grant program for state preparedness was slashed by 60 percent -- to $465 million nationwide -- and another for state and local training was reduced by more than half -- to $95 million. That could lead to smaller amounts from those anti-terror programs for Maryland, Virginia and the District.

"This year's budget fails to acknowledge the role that the national capital region, and Maryland, plays in protecting our nation from future attacks," Sen. Barbara A. Mikulski (D-Md.) said in a statement. She complained that funds for port-security grants, for example, were kept at 2007 levels instead of increased to address continuing threats.

Jarrod Agen, a federal Homeland Security spokesman, pointed out that the department would get an extra $1 billion to distribute nationwide in grants for communication equipment for police and other first-responders.

"When you factor in that $1 billion with the rest of the totals, it's roughly about the same as what the allocations were last year" for national homeland security spending, he said. The Washington region also stands to potentially gain money through an anti-terrorism program for urban areas that was revamped when legislators complained last year that it shortchanged high-risk areas.

Rep. Thomas M. Davis III (R-Va.) played down concerns about local homeland security cuts in Bush's proposed budget, calling the proposal a "starting point" and adding that Congress would likely be able to avert funding cuts.

"We'll take care of it," Davis said. The administration has "got to make everything balance out. Congress will get its two cents in."

The budget request includes almost $347 million to build a Homeland Security complex and Coast Guard headquarters on the campus of St. Elizabeths Hospital in Southeast Washington, according to Del. Eleanor Holmes Norton (D-D.C.).

In a statement, she said that the complex was her "major economic development project for the District" and that the funding would mean that groundbreaking could begin soon.

But sources on Capitol Hill said the $120 million portion designated for the Homeland Security offices might be targeted as Congress looks to make up for the cuts in the state and local homeland security grants.

The budget proposal gives the D.C. area hundreds of millions of dollars in funds for transportation, moving forward programs approved in past years. Metro, for example, is slated to get $35 million for rail cars to relieve crowding. And a highway planning and construction program would provide $133 million for the District, a 20 percent increase from last year; $515 million for Maryland, a 17 percent increase; and $868 million for Virginia, a 15 percent increase. The latter program is funded mainly through gasoline taxes.

The project to extend Metro to Dulles International Airport would receive part of a $72 million pot of money for public transit, said Rep. Frank R. Wolf (R-Va.).

The $4 billion project is expected to be approved for its full allotment of federal funding, about $900 million, late this year. But worries over federal approval have risen as the project suffers delays and cost increases, partly because of the debate over whether to change the route to go below ground in Tysons Corner.

"It's a good sign," said Dan Scandling, Wolf's spokesman. "It's another step in the right direction for rail out to the Dulles corridor."

The budget provides $7.4 billion, the same amount as last year, for construction related to the program of closing or retooling military bases.

Members of Maryland's congressional delegation were concerned over what they called insufficient funding to clean up the Chesapeake Bay. Under the president's proposal, Maryland would receive $16.6 million for a special state revolving fund to upgrade sewage treatment plants. That's a cut of nearly 50 percent from 2001, according to the office of Sen. Benjamin L. Cardin (D).

An additional $26 million in federal funds would again go to the Chesapeake Bay Program.

Mikulski reproached the Bush administration for cutting money for another local priority: the consolidation of the Food and Drug Administration offices in White Oak in Montgomery County. The president has asked for $58 million in 2008, compared with $178 million last year, the senator said, adding that the lower amount could delay the project by years.

In the District, officials were pleased by the budget requests for several projects. They include $12 million for the D.C. Water and Sewer Authority to reduce sewer overflows into the Anacostia and Potomac rivers as well as Rock Creek, a jump of $5 million. The budget would also provide $10 million for a forensics laboratory and $5 million to reimburse the FBI for the use of its laboratory.

The proposed budget also includes $10 million to renovate the D.C. central library and its branches.

Cultural Agencies See Boost From Bush Budget (WP)

By Jacqueline Trescott

The Washington Post, February 6, 2007

The federal cultural agencies and museums received solid support yesterday from the White House in the proposed budget for fiscal 2008.

The Bush administration proposed $678.4 million for the Smithsonian complex, the largest of the cultural accounts. If passed by Congress at that level, the budget would include an increase of more than $20 million for utilities, rents and salaries; $10 million for improvements to a storage facility for anthropological and art collections in Suitland; $9.9 million for planning for the National Museum of African American History and Culture; and $18 million for improvements at the National Zoo, including $9 million for the new elephant habitat.

The cultural organizations are in budget limbo -- as are other government agencies -- because the fiscal 2007 budget was not passed by both the House and the Senate. The appropriations are spelled out in a continuing resolution, an interim funding measure. If the continuing resolution becomes law, the Smithsonian would received $637 million for fiscal 2007.

Despite the uncertainty, the chairmen of the arts and humanities endowments yesterday said they were satisfied.

In the president's proposal, the National Endowment for the Arts is to get $128.4 million.

"We're pleased that the budget requests a $4 million increase for the arts endowment, which continues a steady restoration of funding for the agency," said NEA Chairman Dana Gioia.

The National Endowment for the Humanities was slated for a increase of $400,000. "The president's budget request reaffirms his long-standing support of the endowment and its 'We the People' program," said NEH Chairman Bruce Cole. The "People" initiative encourages the study and teaching of American history and culture.

A third federal agency, the Institute of Museum and Library Services, would get $271.2 million, with the lion's share going to support libraries. Yet the museum portion of the institute's budget has steadily increased in recent years, with a proposed $39.8 million for fiscal 2008. "The administration understands the essential role these institutions play in connecting people to information and ideas," said director Anne-Imelda M. Radice.

The proposals for the arts agencies are just a trickle of the $2.9 trillion package the White House announced yesterday but are essential to the Washington area because of the national museums' importance as tourist destinations and their workforce.

The administration proposed $39.3 million for the John F. Kennedy Center for the Performing Arts, which receives funding for its operations and capital repairs. That is a slight increase over last year's proposal but an increase of $9 million over the last official budget in 2006. The increase would cover costs for the renovation of the Eisenhower Theater, which will close in May for the 16-month job.

The National Gallery of Art is slated for $116 million in the proposed budget, the same amount the president proposed last year.

The U.S. Holocaust Memorial Museum was relatively flat with a target of $44.9 million.

New Spending For No Child Left Behind (WP)

By Amit R. Paley

The Washington Post, February 6, 2007

President Bush proposed $56 billion in Education Department funding, level with his proposal for the current fiscal year but 3 percent less than what Democrats are expected to approve for this year. He also sought about $1 billion in new spending related to the landmark No Child Left Behind law.

Democrats and education groups attacked Bush's proposal. Critics said Bush's budget would slash key education programs and fall short of full funding for the federal school law.

Education Secretary Margaret Spellings said cuts in inefficient programs are necessary to achieve a balanced budget. Officials also said that the plan, if approved, would mean that funding for No Child Left Behind has risen 41 percent since the law was enacted five years ago.

The budget would add about $1 billion for the education law, most of it directed toward high schools to help pay for a proposed expansion of testing and other programs. It would add $300 million for school vouchers and cut special-education grants to states, compared with the Democrats' proposal for this year.

"The cuts in this budget for students with disabilities and for young children are reprehensible and undermine the efforts of students and teachers who are working hard in classrooms across the country," Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee, said in a statement.

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The budget also would increase the maximum size of Pell grants for low-income college students to $4,600 from $4,050. The administration would pay for the boost by eliminating other student aid programs and cutting billions of dollars in subsidies to private companies that lend money to students.

Bush Seeks Renewal Of No Child Law (WT)

The Washington Times, February 6, 2007

U.S. President George W. Bush Monday called for renewal of the No Child Left Behind Act as part of his fiscal 2008 budget plan.

The $2.9 trillion spending blueprint calls for establishing a national expectation that all high school students will graduate on time and be prepared for college or the workplace.

Bush is seeking more than a $1 billion increase in Title I grants for students attending high schools in low-income areas and $100 million for reading programs. Some $412 million is being sought to help pay for achievement testing.

The budget calls for greater emphasis on math and science. It also seeks to improve performance at struggling schools and more school choices for students currently attending below-average schools.

The budget provides for nearly $91 billion in financial aid for college students, increasing maximum Pell Grant awards from $4,600 in 2008 to $5,400 in five years. Academic Competitiveness Grants also would increase awards to deserving low-income students by 50 percent.

Letters To The Editor (WSJ)

Wall Street Journal, February 6, 2007

Why Are We Still Free? Because We're Vigilant and Nuclear-Equipped

With all due respect to Hiroshima Mayor Tadatoshi Akiba ("With 20/20 Foresight, Mayors Around the World Join to End Nuclear War," Letters, Jan. 23), nuclear deterrence has protected U.S. soil from conventional attack, keeping our country inviolate since a few years after Imperial Japanese forces landed in the Aleutian Islands in June of 1942. For more than 60 years, the U.S. nuclear triad (aircraft, naval vessels and ICBMs) has provided the guarantee of massive retaliation in response to an attack by a rogue state, a deterrent unmatched by any other means of defense.

Prior to the development of nuclear weapons, the security of nations rested on conventional forces. These forces, while strong, were not infallible and could be bested by a dastardly surprise attack, as evidenced by the terrible events of Dec. 7, 1941. With no fear of instantaneous obliteration by way of an irresistible retaliatory nuclear strike, a nation, even in the 21st century, might feel emboldened to launch a bold strike against a fellow nation.

While the events of Sept. 11, 2001, prove that the U.S. faces a new enemy of a stateless nature, the remnants of 20th century rogue states, like Iran and North Korea, remain a threatening reality in the new millennium.

Mayor Akiba refers to the cities of Hiroshima and Nagasaki as the victims of nuclear attack. I'd ask him to consider those cities as the victims of Imperial Japanese national arrogance and temporary insanity, from a sad period in history when Japan was a rogue nation, perpetrating brutalities upon the peace-loving peoples of several countries. Until the propensity to launch ruthless surprise attacks is somehow removed from the human psyche, I must respectfully disagree with Mayor Akiba and call for the retention of U.S. nuclear retaliatory capabilities.

As an American, I sleep soundly knowing that Trident-equipped U.S. naval submarines lurk deep beneath the waves, Minuteman III missiles wait silently in their silos on the Great Plains and Air Force bombers are ready to deploy, should any nation attempt some desperate gambit and attack our country. The U.S. has the stated position of using nuclear weapons only in retaliation to an attack on our country. Until we abrogate that commitment, I support our remaining vigilant, resolute and nuclear-equipped.

Scott Mullen

Doylestown, Pa.

Strict Rules Threaten Release of New Drugs

As a physician, I am concerned about the serious impact the Vioxx scandal may have on patient care by changing the drug-regulation landscape for the worse ("Drug Makers Try to Bring Back Cox-2 Inhibitors," Marketplace, Jan. 19). The general opinion held by most pharmaceutical-industry insiders and drug-stock analysts is that the Food and Drug Administration will now exhibit stricter drug-approval standards because of the accusations it has faced concerning drug safety. This may lead to the FDA requesting excessively detailed safety data before licensing a medicine. Should such a cautious approach not be welcomed? Will drugs not be safer as a result? Isn't this how things should have been done all along?

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Stricter drug-approval standards won't necessarily be good for the public if it means that ground-breaking drugs spend longer in clinical trials and, hence, take a greater period of time to reach the market. I fear that patients with life-threatening diseases may have to wait longer than necessary to receive novel drugs in years to come.

With the arrival of the genomic revolution, we are about to enter a period of great and sustained drug advancement. In the next decade or two, personalized medicines -- drugs that are tailored to a person's genes -- will become reality and assist in the fight against the world's biggest killer diseases. Wouldn't it be a pity if the Vioxx scandal was to slow down such ground-breaking drug development? I think so.

Dr. Nafees Malik
Birmingham Heartlands
Hospital
Birmingham, U.K.

Russ Displays Moxie

Kimberley A. Strassel is right to recognize Russ Feingold as one of the few in Congress with the courage of his convictions regarding our future course of action in Iraq ("Senator Feingold's Sin," Potomac Watch, Feb. 2). Whether you agree with him or not, and I for one decidedly do not, he's at least standing for something other than re-election. Chuck Hagel, John Warner and the majority of their peers seek to fashion themselves as leonine statesmen in the mold of Pericles, Cato and Henry Clay. In reality they're more like Bert Lahr in "The Wizard of Oz": They talk a great game, but lack either the moral fortitude or political courage to actually put their high-sounding words into action.

Thom McKee
Marriottsville, Md.

Vouchers Divert Funds From Public Schools

Your Jan. 30 editorial "Voucher Comeback" endorses the use of public funds for private school tuition as a way to give parents "more education choices." The real choice is whether every child deserves an opportunity to attend a good school, or not. That's an easy choice for most parents and voters, which is why vouchers have been rejected at the ballot box by a cumulative margin of two to one in 13 states and the District of Columbia.

Experimental voucher projects have been tried in some places, including Milwaukee, Cleveland and Washington. In none of those cities have vouchers led to any sustained improvement in the academic performance of the students who participated.

By diverting much-needed public funds from our public schools, the widespread use of vouchers would actually reduce attractive choices for most parents. Since most elite private schools charge higher fees than vouchers would provide, they would only serve as a subsidy for students already attending private schools as the Cleveland experiment has proven. Everyone else would be left in public schools with dwindling resources.

The way to give parents more positive choices is to improve our public schools. The NEA agrees with President Bush that the No Child Left Behind Act should be reauthorized; meantime, we have a positive agenda to improve the law.

Reg Weaver
President
National Education Association
Washington

Get Loose, Dude

In reaction to Mark Lasswell's Feb. 1 editorial-page commentary "If the Shoe Fits," on Sen. Chuck Hagel:

Aw, c'mon, Chuck, just get it over with. Go on a barefoot strike. Swear not to wear shoes until every last American "kid" is "redeployed" out of Iraq. Heck, go the whole nine: Grow a beard, wear beads, a bandana, little round glasses and a shirt made from the American flag; take over a university's admin. building; toke a spliff (inhaling optional -- hey, you might be da prez someday!); hang out with Cindy Sheehan. Oh, wow, man.

Thomas E. Miles
Brooklyn, N.Y.

Kill the Income Tax By Spending Restraint

Thank you for drawing national attention to the important movement to abolish state income taxes ("Rich States, Poor States," Review & Outlook, Jan. 25). Here in Georgia we have a unique opportunity to reduce and even abolish the state income tax; however, we take issue with Georgia Majority Leader Jerry Keen telling the Journal that the only options on the table are the flat tax or expanding the sales tax to pay for income tax cuts.

Americans for Prosperity-Georgia has introduced a plan modeled on Gov. Mark Sanford's proposal for South Carolina that would use spending restraint to phase out the income tax to complete repeal, without raising any other tax.

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Designed by economist Barry Poulson of the University of Colorado, our plan, based on the most conservative possible assumptions, could eliminate the income tax by 2021 exclusively through spending restraint. The key to this plan would be the adoption of a constitutional amendment to place a cap on spending growth, which has been introduced as Senate Resolution 20. While states are considering pro-growth tax reform measures like income tax reduction and elimination, it is crucial that they also restrain spending to keep the overall burden of government under control.

Jared Thomas
Georgia State Director
Americans for Prosperity
Atlanta

Out in the Cold

In regard to your Feb. 5 editorial "Climate of Opinion," which says "a U.N. reports shows the 'warming' debate is far from settled":

As long as the work of Paul Reiter, Steve McIntyre, Ross McKitrick, Edward Wegman, Richard S.J. Tol, Christopher Landsea, Duncan Wingham, Richard Lindzen, Henrik Svensmark, Nigel Weiss, Henk Tennekes and Nir Shariv, are excluded because their work is at variance with the fashionable view of human activity being the major contributor to climate change, the science will be flawed. After all, Galileo was deemed to be a heretic by various personages because he arrived at different conclusions than they did.

David W. Lincoln
Edmonton, Alberta

Bush Plan Would Raise Grants To Low-income Students (USAT)

By Sandra Block
USA Today, February 6, 2007

The budget President Bush proposed Monday would increase federal grants to low-income college students by 33% over five years and pay for it by reducing subsidies to private lenders.

The Bush plan calls for raising the maximum Pell grant, which hasn't been increased since 2003, to $5,400 from $4,050 over five years. To offset the cost, the administration proposes reducing interest-rate subsidies to private lenders by half a percentage point. The reduction would save the government an estimated $12.4 billion over five years, the Bush administration said.

Lenders that provide federally guaranteed student loans denounced the proposal. Sallie Mae, the largest lender, said in a statement that the cuts would cause fewer lenders to participate in the federal loan program.

Also critical was the Consumer Bankers Association, which said the cuts would slash lenders' profit margins by about 20%.

"Driving away banks from this program will leave students with either a government monopoly or an oligopoly of loan providers and few, if any, of the benefits currently provided by competition," CBA President Joe Belew said in a statement. "Without banks in the student loan program, graduates can look forward to IRS-style quality of service."

News of the plan sparked a sell-off in shares of publicly traded lenders. Sallie Mae's shares fell $4.09 to $42.37, a decline of 8.8%. Shares of Nelnet, a Lincoln, Neb.-based lender, fell $2.65 to $25.05, a drop of 9.6%.

Consumer groups and student advocates countered that lenders are highly profitable and could easily withstand lower subsidies. Student lenders are "one of the most heavily subsidized and lucrative financial industries" in the country, said Luke Swarthout of the U.S. Public Interest Research Group's Higher Education Project.

Sen. Edward Kennedy, D-Mass., chairman of the Senate Health, Education, Labor and Pensions Committee, called the current level of subsidies "outrageous," and said the Bush plan "shows how a Democratic Congress is changing the nation's priorities on student aid."

Robert Shireman, director of the Project on Student Debt, said the proposal will spark a healthy debate in Congress, which must approve any final budget plan. "This is a good time for Congress to look at what the level of subsidies should be and how do we get the most bang for our taxpayer dollars," he said.

Though Pell grants are the primary source of federal aid for low-income students, the value of the grants hasn't kept up with tuition inflation.

Pell grants covered only 33% of the average cost of tuition, fees, room and board at a public college or university in 2005-06, down from 42% in 2001-02, according to the College Board.

Twenty years ago, the maximum Pell grant covered nearly 60% of that cost.

Bush Budget Proposes Cut In Student-Lender Subsidy (WSJ)

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By John Godfrey

The Wall Street Journal, February 6, 2007

WASHINGTON -- President Bush is proposing a 50-basis-point cut in student lender rate subsidies and increasing lender risk as part of a plan to save the government $95 billion in entitlement spending by 2012.

The proposal would affect Sallie Mae, Student Loan Corp. and Nelnet.

"Student lenders are the big issue this morning. It really caught people by surprise," said Brian Gardner, Washington research analyst with Keefe, Bruyette, & Woods, Inc.

Sallie Mae and other student lenders came out against similar proposals earlier this year, warning that cutting the margins will hurt students.

"Our margin on a guaranteed student loan is 50 basis points, so it is a razor-thin margin," Sallie Mae spokesman Tom Joyce said last month.

Mr. Gardner said Mr. Bush's proposal "has the potential to drive lenders away from the industry as margins shrink. It has the ability to reduce capital available to college students."

Mr. Bush is also asking for another $5.5 billion hike in premiums paid to the Pension Benefit Guaranty Corp., a follow-up to legislation he signed into law last year that would weaken in the near-term pension funding rules. The premium increase would bring those premiums closer to what a private financial institution would charge for insuring the same risk, according to the White House.

"These reforms would improve PBGC's financial condition and safeguard the future benefits of American workers," the budget document said.

The bulk of the savings in that plan, $66 billion, would come from changes to Medicare, including increased Medicare premiums for upper-income Americans. Details of the Medicare proposal were leaked this weekend and Democrats have already begun to criticize it.

"Rather than trying to solve our health care crisis by lowering costs and covering more people, the president's plan will make the crisis worse by raising costs and failing to cover those who need it most -- our nation's children," Senate Health, Education, Labor and Pension Committee Chairman Edward Kennedy (D., Mass.), said.

Sen. Kennedy and the Democratically controlled Congress is far more likely to propose cuts in subsidies to health insurers if they decide to seek out savings in Medicare.

But Sen. Kennedy and other Democrats had already begun looking to subsidies to student lenders to finance education spending increases they prefer.

Under the Bush administration plan, the government would pay lenders $13.5 billion less over the next five years, according to White House estimates.

Another $3.3 billion would be saved by reducing subsidies to student loan guaranty agencies and another $3.2 billion would be saved by eliminating the Federal Perkins Loan revolving funds entirely.

The bulk of those student loan savings under Mr. Bush's plan would be used to gradually increase the Pell Grant maximum to $5,400. The bulk of that increase would not take effect until after Mr. Bush had left office in 2009.

Net of the spending increase, overall changes to student aid programs would save the government an estimated $2.9 billion over the next five years.

The proposal is substantially more ambitious than one being pursued in Congress, in which lawmakers also reduced lender guarantees, but cut the lender rate subsidy by just 10 basis points.

The proposal, approved 356 to 71 on Jan. 17 by the House of Representatives, would save the government $5.9 billion in lender subsidies and another $1.2 billion in guaranty agency subsidies.

The House bill would use the savings to offset the cost of cutting student loan interest rates to 3.4% from 6.8% over the next five years. Mr. Bush opposes that plan, arguing that "student debt loads have soared in recent years, and it is not clear that encouraging more loans is a wise course," according to a statement released by his Office of Management and Budget.

The Senate is expected to consider a similar student-loan interest-rate cut, but the author there, Sen. Kennedy, would prefer to offset the cost of the rate cut by pushing students into direct student loan programs, in theory generating savings for the program by cutting out private lender middlemen.

Bush '08 Budget Falls Short On Money For Border Fence (WT)

By Stephen Dinan And Jerry Seper

The Washington Times, February 6, 2007

President Bush's new budget would pay for only about half of the 700 miles of U.S.-Mexico border fence he and Congress four months ago promised to build.

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With Mr. Bush trying to prove to Republicans he is serious about immigration law enforcement, his budget makes good on his promise to fund 3,000 new U.S. Border Patrol agents, putting him near his goal of doubling the agency's size. He also included funding for 22 new Immigration and Customs Enforcement (ICE) teams to identify and deport illegal aliens serving time for criminal convictions.

The White House budget asks for $1 billion in new money to build the fence. Even coupled with $1.5 billion appropriated in the past two years, this would not pay for the entire fence called for in a bill Congress passed and the president signed into law in October.

"If you mean double-strand or double-fence for 700 [miles], no," said Office of Management and Budget Director Rob Portman. The $2.5 billion could pay for either 700 miles of single-tier fence, or 370 miles of double-tier fence, along with cameras, sensors and other technology to build a "virtual fence" along the other parts.

The Department of Homeland Security has argued that only 370 miles of actual border fencing is needed, saying a "virtual fence" would suffice elsewhere. Congress, though, rejected that and insisted on 700 miles of double-tier fencing, even specifying its general locations in the bill.

Congressional fence supporters said Mr. Bush must make good on the entire fence.

"We want to see the full fence built -- every smuggler's corridor is designated with a time and physical description to see a double fence," said Rep. Duncan Hunter, California Republican, who wrote the first bill to put fencing along key crossings.

While the fence would cover about 700 miles of the border, Mr. Hunter said it would amount to 854 miles of actual fencing. He said by his calculations, enough money is either already in the pipeline or included in the new budget to build all or almost all of that.

Overall, the Homeland Security budget would increase 1.3 percent -- a figure Sen. Robert C. Byrd, West Virginia Democrat and chairman of the Senate Appropriations Committee, called "ridiculous."

And Rep. David E. Price, North Carolina Democrat and chairman of the House Appropriations subcommittee on homeland security, said his panel will scrub the request to try to figure out what changes are needed.

"The subcommittee will need to take a fresh look at whether essential security priorities would be adequately supported under this budget," he said.

Border security fared best among Homeland Security Department programs.

Spending on U.S. Customs and Border Protection (CBP) would rise to $8.8 billion, up from $6.4 billion this year, and ICE spending would increase from $4.4 billion to $4.8 billion.

But the biggest challenge in meeting the hiring goal is to recruit and train agents.

T.J. Bonner, president of the National Border Patrol Council, said the Federal Law Enforcement Training Center in Artesia, N.M., can't handle the load.

"They clearly have to look beyond Artesia," he said. "There's only so far you can expand that, and part of the problem is the community itself isn't large enough to house all the instructors."

CBP Commissioner W. Ralph Basham told The Washington Times in an interview last year that an aggressive recruiting effort by the agency had resulted in "no want for applicants."

Mr. Basham said an ongoing attrition rate for the Border Patrol of about 4 percent -- significantly down from previous years -- meant that 8,800 new agents ultimately would have to be hired and trained by 2009 to fill the 6,000 slots Mr. Bush called for in a May speech that sought to boost the Border Patrol's numbers to 18,000.

To meet the president's goal, Mr. Basham -- who once headed the training center -- said the agency had reduced the total number of days the trainees attend the academy, "but not the training they receive." He said the overall training schedule was reduced in October from 92 to 81 days.

Bush Plan Leaves Alternative Minimum Tax Untouched (MCT)

By Kevin G. Hall

McClatchy Newspapers, February 6, 2007

WASHINGTON - President Bush's budget ducks tough issues such as shoring up Social Security and overhauling the alternative minimum tax, which threatens to punish millions of middle-class taxpayers in coming years.

The tax was intended to close loopholes for the rich, but it wasn't indexed to adjust for inflation, so income that once was considered rich is today middle-class and threatened by the AMT.

For several years, Congress has avoided the AMT's impact on middle-class families by passing one-year patches. Bush's budget assumes no more patches after the 2008 tax year. He also assumes that new revenues from the AMT will help him balance the budget by 2012. Congress is unlikely to go along, however.

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"The budget rests on the assumption that the AMT will be allowed to expire and affect more than 40 million households in 2012, something nobody believes would be allowed," said Robert Greenstein, executive director of the liberal Center for Budget and Policy Priorities, a research organization.

The president takes a pass on how he thinks the AMT issue will be resolved. With each passing year it would rake in more revenues for the Treasury if left unfixed - $93 billion by 2012, according to the nonpartisan Congressional Budget Office.

Bush also assumes that Congress will make permanent his first-term tax cuts, which are set to expire in 2010. If the tax reductions were made permanent and the AMT were allowed to hit millions of Americans, the AMT would reclaim any benefits from the cuts for many taxpayers.

On Social Security, the president repeats his 2005 call to let individuals divert portions of their payroll taxes into stocks and bonds. He now envisions this beginning in 2012, three years after he's left office. He offers no long-term fix for the retirement program, despite the impending retirement of the baby boom generation, which will strain its finances.

On health care, Bush pledges to squeeze $78 billion from projected federal spending increases over the next five years. He'd cut the rate of payment increases for health-care providers and increase premiums for wealthier retirees.

He also proposes a new $15,000 standard deduction for health-insurance costs but offers no comprehensive solution for the 46 million Americans who lack health insurance.

The AARP, the powerful lobby for older Americans, on Monday accused the president of punting on health care with "piecemeal cuts that threaten to damage critical programs without addressing the fundamental problems."

The Budget Battle And Your Wallet (WSJ)

By Tom Herman And Anne Marie Chaker

The Wall Street Journal, February 6, 2007

With Democrats now in control of Congress, many proposals President Bush made yesterday affecting individuals' wallets -- including killing the estate tax and overhauling the tax treatment of health-insurance benefits -- appear to be heading for the cutting-room floor.

But a few others, such as giving the Internal Revenue Service more money to pursue tax dodgers and protecting millions of people for another year from being ensnared in the alternative minimum tax, could attract bipartisan support.

Here is how the president's proposed $2.9 trillion budget may affect your pocketbook.

TAXES: The president is asking for nearly $2 trillion in net tax cuts over the next decade, mainly by extending provisions scheduled to expire in coming years. For example, the top 15% rate on long-term capital gains and most corporate dividends is set to expire at the end of 2010. So are today's federal income-tax rates, which range as high as 35%. Without legislation, those rates would head higher starting in 2011.

Don't expect Congress to act soon on the president's proposals to make those tax rates permanent. Lawmakers effectively have punted that issue into the elections of 2008, and beyond, amid continuing concern about reining in the federal budget deficit.

The budget also includes a plan to prevent the rapid spread this year of the alternative minimum tax, a parallel tax system designed originally to prevent a small number of wealthy people from dodging federal income taxes completely. Because the AMT wasn't indexed for inflation, it's now hitting many middle-income families, too. A Treasury official said about four million taxpayers will get hit by the AMT for 2006, and if Congress does nothing, that number will soar to about 25 million people for 2007.

Some kind of AMT fix is likely to win congressional approval. Among those already feeling the pinch of the AMT are many people who live in high-tax areas, such as New York City, New Jersey, and California and those with large families.

As expected, the president reiterated his request to Congress to kill the federal estate tax permanently. Under current law, this tax will disappear in 2010 but only for that one year.

Democrats are clear they won't go along with permanent repeal. Instead, look for an eventual compromise that includes raising the basic exclusion from the tax and cutting the top rate, thus reducing the number of people affected by it. This year, the basic estate-tax exclusion is $2 million, and the top rate is 45%. Some lawmakers have discussed increasing the exclusion to somewhere in the range of $3 million to $5 million.

Part of the budget calls for new steps to attack the nation's so-called tax gap, the difference between what the government collects each year and what it should be collecting. IRS researchers have estimated the gap is about $290 billion. .

One proposal: The president wants Congress to require many securities brokers, mutual funds and others to report what investors pay for stocks and funds. The information is relevant in figuring tax on capital gains, or the profit investors make when they sell. Treasury says it would increase compliance on capital-gains taxes.

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The budget estimates the measure, which would apply to securities acquired after 2008, would rake in about $6.7 billion over 10 years. Key details of the plan aren't yet available, said a Treasury spokesman. Some Democrats have already come out in favor of similar legislation.

This proposal is "very constructive," said a spokeswoman for the Securities Industry and Financial Markets Association, a trade group.

STUDENT FINANCIAL AID: President Bush proposed cutting the subsidy that banks and other student-lending companies receive from the federal government. Lenders say this would likely mean cuts in student benefits, such as 24-hour hot lines and discounts for on-time payments. Democrats have proposed a similar move, so the question will be, how deep the cuts?

The president also proposed cutting entirely certain student-aid programs, including the Perkins Loan, Supplemental Educational Opportunity Grant and Leveraging Educational Assistance Partnership grants for needy students. Mr. Bush tried, and failed, to eliminate some of these programs in the past and it's doubtful he'll succeed this year with a Democratic Congress.

The administration wants to apply the savings to other aid that affects more students, including raising the annual loan limit on subsidized Stafford loans by $2,000 for third- and fourth-year students. Stafford loans, which have a current limit of $5,500, are the government's biggest student-loan program.

The administration also proposed raising the annual limit students receive from the Pell Grant program -- which provides needy students with money that doesn't have to be repaid. The limit would be increased to $4,600 in the 2008-2009 academic year from the current $4,050, and ultimately to $5,400 in 2012-2013.

Pell Grant recipients are likely to see some increase. A Democratic bill introduced last month would boost the limit by a greater amount. But it's uncertain what will happen with subsidized Stafford loans. While Mr. Bush proposed raising loan limits, Democratic legislation that passed the House last month would cut interest rates.

HEALTH: Mr. Bush proposed requiring more higher-income seniors to pay more for Medicare. Currently, about 1.5 million seniors -- individuals with incomes above $80,000 a year and couples with incomes above $160,000 -- pay higher premiums in Medicare's Part B, which covers physician and outpatient services. Those income levels currently are indexed for inflation, but the president's proposal would eliminate that and expand the means testing to include the the new drug benefit, Part D. Officials expect the means testing of Part D to affect more than 1.1 million seniors in 2008. It's not clear how this proposal will fare in the Democratic-controlled Congress. While many Republicans and some Democrats have supported the limited means testing in Medicare that has already begun, many Democrats have opposed it. And senior citizens' groups aren't likely to support expanding means testing unless the resulting savings are used to improve the program, which isn't part of the Bush proposal.

The budget also calls for major tax-law changes designed to make health insurance more affordable, but also threatens to raise taxes on many upper-income Americans. But with so many competing health plans on the table, there is little chance the president's proposal will be enacted. (See related article.4)

Funding For Treating Sewage At Mexican Border Is Sought (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 6, 2007

The White House, stepping into a controversy over cross-border pollution from Mexico, asked Congress for $71.7 million to enhance treatment of sewage drifting from Tijuana to communities in Southern California if a plan to use a private contractor falls through.

Until 2000, the U.S. had planned to expand treatment of sewage from Tijuana at an existing government-owned treatment plant on the border in San Ysidro, Calif. The intent was to help stem pollution from raw sewage causing beach closings and damaging a wildlife estuary on the U.S. side.

The amount of sewage produced by Tijuana, Mexico and sent gushing toward the U.S. has jumped over the years. See photos.2

As reported in a Jan. 29 Wall Street Journal page-one article3, a group of Southern California lawmakers was able to cut off funding for that plan and instead helped a start-up company, Bajagua LLC, a generous contributor to their campaigns, get a no-bid contract to build an entirely new plant on the Mexican side of the border.

The article reported that Bajagua recently missed crucial deadlines spelled out in its contract, including for obtaining land, permits and financing. The White House proposal, part of the president's 2008 budget plan, would expand treatment at the San Ysidro plant if Bajagua fails to meet the requirements by May 2, 2007.

Federal officials say the proposed appropriation was spurred mainly by worry that the government may violate a federal-court order on treating the sewage if the Bajagua project doesn't materialize. However, if Bajagua does meet requirements, the proposal calls for spending $3 million to cover a month's worth only of the Bajagua project's initial costs.

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The San Ysidro plant currently takes 25 million gallons a day of raw Tijuana sewage and treats it only to preliminary standards before discharging it into the Pacific Ocean. That fails to meet the federal Clean Water Act standards, and the federal agency that operates the plant is under a strict order by a federal court to upgrade the treatment by late 2008. The new budget proposal for the first time would make funds available for additions to the San Ysidro plant if the Bajagua project falls through.

Write to Scot J. Paltrow at scot.paltrow@wsj.com4

A Budget Ax Over 'Harry Potter Crowd' (CSM)

By Brad Knickerbocker

Christian Science Monitor, February 6, 2007

ASHLAND, ORE.

In a corner of southwestern Oregon, a century's worth of American history is bumping up against the politics of federal spending. As a result, all 15 public libraries in Jackson County could be shuttered in a few weeks for loss of federal payments.

Washington, Alaska, Montana, and other states would be affected as well. In California, more than 4,500 schools face imminent teacher and administrator layoffs.

As a portion of President Bush's $2.9 trillion budget sent to Congress Monday, not much money is involved: about $800 million or so. But the cutoff in funding has united lawmakers across the political spectrum – from Sen. Ted Stevens (R) of Alaska on the right to Sen. Barbara Boxer (D) of California on the left. Normally mild- mannered Sen. Gordon Smith (R) of Oregon is threatening to filibuster a $464 billion continuing resolution meant to fund the federal government for the rest of the fiscal year because of what is, in essence, a quirk of history.

The controversy also highlights the difficulties of fairly allocating federal money in rural areas where the government owns so much of the land. On one hand, federal ownership crimps growth and constrains the tax base. On the other hand, residents in some of these localities pay less in state and local taxes than residents in other states.

The story starts about 100 years ago when Congress allotted 25 percent of timber harvest revenues from national forests to rural counties and school districts. Forty-one states around the country benefited from the program, mostly in the West where much (in some states most) of the land is owned by the federal government.

"For generations, these timber receipts provided funds to offset the fact that local communities cannot tax the federal government," Senator Smith said on the floor of the Senate recently.

Then came federal environmental laws, including the Endangered Species Act. Combined with what critics said was overcutting and the loss of timber jobs, the industry saw its revenues fall by some 70 percent in the 1990s. As a result, says Smith, "When timber harvest evaporated, so did county budgets."

In 2000, Congress passed the "Secure Rural Schools and Community Self Determination Act" meant to make up the difference. It covered more than 700 counties in 39 states, with Oregon getting the largest amount because it had been most affected – including when the federal government back in 1937 took over more than 2 million acres of timberland from a railroad company charged with fraud.

But that law expired last year. With budget deficits and expensive foreign wars, western lawmakers face an uphill battle getting it renewed.

"Frankly, it's a tough sell," says John Snider, a congressional staffer for Rep. Greg Walden (R) of Oregon. "Back East, they can tax almost every piece of land."

As a result, says Jackson County commissioner Dave Gilmour, "We're now in a terrible situation with funding." At a recent public forum in the old National Guard armory in Ashland, Ore., he said the county plans to lay off 30 positions in health and human services, reduce the number of jail beds, and cut back on information technology slots.

But it's the libraries that have gotten the most attention. Rallies have been held, and book lovers have packed public hearings.

At a county commission meeting last week, grade-schooler Bronson Samel-Garloff could barely see over the podium as he offered the perspective of the "Harry Potter" crowd: "I'm reading three series of books right now, so I guess I'll have to buy the rest of them."

Erin Brender juggled her squirming 11-month-old son Sulayman as the two of them led those present in a chorus of "Itsy Bitsy Spider." The point, she said, was that "the-babies-in-the-library program lays the foundation for a lifetime of literacy and learning."

Not everyone feels this way. In letters to the editor and website postings, some have questioned the place of libraries filled with books when more and more people are getting their information online. Others wonder why federal taxpayers should foot the bill when the per capita state and local tax burden here is lighter than in 34 other states. And there are those who say the situation argues for a resumption of logging.

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However it turns out, it's one more chapter in the continuing story of a region transitioning from "old West" economies based on natural resources to a "new West" of high-tech and recreation.

Fiscal Revelation (WSJ)

The Wall Street Journal, February 6, 2007

Politicians are typically late in picking up trends, so it will be interesting to see how long it takes Washington to acknowledge the big story in the Fiscal 2008 budget that President Bush unveiled yesterday: To wit, with a little spending restraint, Congress could balance the budget in no time.

You wouldn't know this from all the garment-rending yesterday in response to Mr. Bush's proposal to spend the not-so-meager sum of $2.9 trillion. Our favorite agonist is Kent Conrad, the Senate Budget Committee Chairman, and he didn't disappoint. "The President's budget is filled with debt and deception, disconnected from reality, and continues to move America in the wrong direction," said the Senator who was himself blocked from sneaking nearly $5 billion in "emergency" farm spending into a military construction bill in the final days of the last Congress. The North Dakotan needs to keep shouting disaster in a crowded political theater so he can justify his desire for a big tax increase.

The news Mr. Conrad won't broadcast is that over the past three years the federal deficit has shrunk by 58%. The Congressional Budget Office -- not the White House -- is estimating that the current year's deficit (for fiscal 2007) will fall to $172 billion. That's not bad given continuing Katrina relief spending, $30 billion for homeland security, and a couple hundred billion or so to fight the war on terror.

The White House is projecting that its new budget will eliminate the deficit by 2012 assuming Mr. Bush's tax cuts are extended after 2010. We don't put much stock in future budget forecasts because they depend on so many variables. But even CBO predicts the deficit should remain near or below 1% of GDP for the rest of the Bush Presidency. That's well below the 40-year average of 2.4% of GDP.

This also means that the federal debt burden will continue to fall. Alarmists point to the $1.4 trillion rise in total federal debt from 2003-2006, but that amount is dwarfed by the $14 trillion in new household wealth created over the same period. And for all the international scolding of an allegedly profligate America, U.S. federal debt as a share of GDP is falling again (see the top chart nearby). At 37% in 2006 and heading south, the U.S. figure compares to 52% in Germany, 43% in France, and 79% in Japan. Once again rising total "debt" is a scare word used to justify higher taxes.

The real game to watch isn't debt or deficits but spending. Here, too, Mr. Bush has an improved track record in his second term. From 2001-2005, outlays ballooned by $609 billion, or 33%, and Mr. Bush never did veto a spending bill. By contrast, on current pace his second term outlays will grow by 21% -- hardly tightfisted, but a third slower.

The other news you won't often hear concerns the soaring tax revenues in the wake of the 2003 supply-side tax cuts. Tax collections have risen by $757 billion, among the largest revenue gushers in history. Receipts, especially from high-income individuals and corporations, have been growing for some two years at nearly twice the rate of spending, which explains the falling deficit. Economic growth is always the key to eliminating red ink, which is why keeping this 63-month expansion rolling needs to be the main domestic priority. This requires making those lower 2003 tax rates permanent, rather than letting them expire in 2010 and socking the economy with the biggest tax increase in history.

The more immediate budget brawl between Mr. Bush and Democrats will be how to divide that mere $2.9 trillion between guns and butter. Mr. Bush wants $245 billion more for Iraq and Afghanistan for 2007 and 2008. His overall Pentagon request of $606 billion in 2008 has been lambasted by Speaker Nancy Pelosi as a "huge number" and Democrats are moaning that their cherished social programs will suffer.

In fact, Mr. Bush's request would only bring defense outlays to 4.2% of GDP, or about 20% of total federal spending. That compares to 4.7% of GDP even under Jimmy Carter, and 6.2% of GDP in 1986 at the peak of the Reagan defense buildup (see bottom chart). Budgets are about setting priorities, and if Democrats agree that defeating terrorism is vital they will put it ahead of funding the National Endowment for the Arts.

Or how about capping subsidies to farmers with incomes above $200,000? Senator Conrad could lead by example in accepting that White House proposal, and in return zero out Mr. Bush's $200 million political sop for state and local police.

All in all, the fiscal news is so good that the tax hike lobby has had to do a bait-and-switch and fret about the "long-term." Somehow this wasn't a priority when Democrats and Republicans alike were trying to kill Social Security reform in 2005. But all of a sudden penury is said to be right around the corner. Well, Congress could always reform those programs, but don't hold your breath. Mr. Bush is proposing a very modest $96 billion reduction in the growth of Medicare and other entitlements over five years, and Democrats are already outraged.

The best news in yesterday's budget may be that Mr. Bush seems to be rediscovering some fiscal nerve. His proposals won't raise taxes, while using the power of the market to combat problems in health care, and putting a tight leash on domestic

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discretionary programs. Defense gets the bulk of spending increases, as it should in a time of war. Maybe we'll finally get a debate over national spending priorities.

Mr. Bush's Deficit Dance (WP)

The Washington Post, February 6, 2007

HAVING PILED UP record deficits, President Bush now promises black ink by 2012 -- three years after he leaves office. The fiscal 2008 budget the president submitted to Congress yesterday shows Mr. Bush's purported path to a $61 billion surplus by 2012. Some of its approaches, particularly the effort to restrain the growth of Medicare through additional means-testing and cutting payments to providers, are commendable; they merit more serious consideration by Congress than they appear destined to receive. The administration also deserves credit for a more candid acknowledgment of the likely cost of the war in Iraq than in budgets past. For the first time, the administration included a realistic estimate of the cost of operations in Iraq and Afghanistan for the coming year, $145 billion.

Yet Mr. Bush's balance is more illusory than real. It ignores known costs such as ameliorating the impact of the alternative minimum tax, which would top $90 billion in 2012 alone; the administration, once again, would simply affix a one-year patch for 2008. It assumes the government will collect far more revenue than the Congressional Budget Office projects, amounting to a $150 billion difference in 2012. No one should start spending Mr. Bush's projected surplus.

The more fundamental problem with Mr. Bush's supposedly balanced budget is its fundamentally unbalanced approach. He squeezes social programs while his tax cuts remain untouchable. An administration serious about fiscal prudence would have acknowledged that political and fiscal reality -- a new Democratic Congress, the ever-mounting costs of war -- demand reconsideration of some of the tax cuts. Instead, Mr. Bush yesterday insisted once again on extending them, at a cost of $1.6 trillion over the next 10 years.

That's not sustainable, particularly in light of the squeeze the administration wants to put on domestic spending. On top of emergency spending for the war, it would hike outlays for defense and homeland security by 10.7 percent next year and 23 percent over five years. By contrast, domestic discretionary spending would, depending on how you measure it, grow slowly -- 1 percent over each of the next five years, according to the administration's figures -- or actually shrink slightly.

Either way, the money available would increasingly fall behind as the population grows and inflation erodes the funding's purchasing power. A Democratic Congress is not going to accept -- nor should it -- cutting health insurance for low-income children or fuel assistance for the elderly while extending tax cuts for millionaires.

If Mr. Bush's budget is dead on arrival in this Congress, that increases pressure on the leadership there to come up with its own approach. Democrats have a new responsibility to propose realistic solutions to difficult problems and to demonstrate that they are willing to make the kinds of painful trade-offs for the country's long-term fiscal health that the president, once again, has ducked.

The Other Defense Budget (NYT)

The New York Times, February 6, 2007

American troops under fire in Iraq and Afghanistan deserve every penny requested for them in President Bush's new $622 billion Pentagon budget. And the overstretched Army and Marine Corps clearly need support, along with the extra troops that will eventually come their way. But that still leaves more than half of the overall request for Congress to carefully scrutinize and significantly prune.

Apart from war costs and personnel increases, this budget slips in more than $40 billion in other spending increases, compared with last year. Since Mr. Bush took office, the Pentagon budget has more than doubled. It is now higher, in real terms, than it has been in the past half-century.

Congress should direct particular attention to the roughly $140 billion in weapons procurement, research and development costs that are not part of the Iraq and Afghanistan section of the budget. Far too many of these programs are products of cold war strategic thinking and have outlived their rationale in a world with no superpower arms race.

That includes the $4.6 billion slated for the Air Force's F-22 stealth fighter, the $2.6 billion for the Marine Corps' tilt-wing V-22 Osprey, the $3 billion for the Navy's DDG-1000 stealth destroyer and $2.5 billion for the Virginia-class attack submarine. It also includes much of the $15.9 billion going to space weapons and missile defense.

Several of these programs can be canceled outright. The F-22 is one of three new-generation stealth fighters, and the most expendable because it was originally designed for air-to-air combat against Soviet-style MIG fighters. Likewise, the Virginia-class submarine was designed to track enemy nuclear submarines. The DDG-1000 is a blue-water fighting fortress, when what the Navy really needs these days is smaller, faster ships that can operate in shallow coastal waters.

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It makes sense to provide the Navy and Air Force with adequate means to maintain their current comfortable margins of superiority over any probable foe. That can still be done for billions of dollars less than President Bush has just requested.

If the new Democratic-controlled Congress is serious about reducing budget deficits and finding the money to pay for acute domestic needs, it will have to pare back the most extravagant elements of this fantasy weapons wish list. Special responsibility falls on the Armed Services Committee chairmen in both houses, Senator Carl Levin and Representative Ike Skelton. Addiction to military pork is the one area in which bipartisanship has flourished in Washington in the past six years.

This nation can afford to pay for all of its legitimate military needs. What it cannot afford are costly jobs programs disguised as defense and the wasteful weapons projects promoted by an army of well-connected Washington lobbyists.

Fudging The Budget (NYT)

By Steven Rattner

The New York Times, February 6, 2007

WHEN President Bush sent his new budget to Congress yesterday, he trumpeted a continuing decline in the deficit and projected a swing back into the black by 2012.

But the accounting in the thick volumes issued by his Office of Management and Budget bears about as much similarity to the practices of private sector companies as Sanskrit does to Chinese. For sometimes obscure and sometimes political reasons, the federal government reports its finances in a way that portrays them far more favorably than they deserve.

The "official" deficit figure for the 2006 fiscal year is just under $250 billion. But a more accurate calculation would indicate a deficit nearly three times higher, and that is even without including some vast obligations the government owes. And while a strong economy is pushing down that headline deficit, the government's financial commitments actually grew more rapidly last year than in 2005.

In fact, the federal government itself obliquely acknowledges this chimera in a flotilla of other reports, including the obscure Financial Statement of the United States, prepared by the Government Accountability Office using methods closer to what a shareholder would find in an annual report.

These adjustments concentrate on one gap in federal budget bookkeeping: the government's failure to properly account for the cost of pensions for its own workers. Simply incorporating this liability would increase the federal deficit by roughly $200 billion.

But the official accounting is also misleading another way — specifically, in the way it handles Social Security. In 2006, the federal government received $185 billion more in Social Security taxes than it paid out in benefits. Unlike a private company, which keeps such overages in its pension fund to cover future benefits, the White House pockets the money and declares the deficit to be smaller.

Interestingly, until 1968, the federal government followed private sector practice by putting trust funds like Social Security in separate budgetary silos. Then President Lyndon B. Johnson appointed a commission that brought these programs into a new "unified budget."

While the commission argued that a single federal budget would be less confusing and more reflective of the government's overall impact on the economy, skeptical commentators noted the salubrious effect — in the midst of the Vietnam era guns-and-butter debate — of wrapping in the Social Security surplus.

Even if we adjusted properly for pensions and entitlements, we would leave unaddressed the largest financing gap, unheralded by President Bush yesterday: by some estimates, $39 trillion would have to be set aside now to pay for Social Security, Medicare and similar benefits that have already been promised. Just a year ago, those future obligations were $3 trillion less. Taken as a whole, the federal government's commitments have grown from $20 trillion in 2000 to $50 trillion today.

To be sure, arcane and even misleading accounting policies long predate the current administration; for the past 10 years, the G.A.O. has cited "material weaknesses in financial reporting" by the government. In recent Congressional testimony, David M. Walker, comptroller general of the accountability office, said, "Our fiscal and financial condition is worse than advertised."

And of course, the private sector has its shortcomings, particularly in providing medical benefits to retirees. But when it comes to pension obligations, the disparity is striking. Just two weeks ago, the consulting firm Towers Perrin reported that at the end of 2006, the pension funds of the Fortune 100 companies were actually overfinanced.

Meanwhile, in Washington, the damage from gaming federal accounting idiosyncrasies grows exponentially. When President Johnson created the unified budget for the 1969 fiscal year, the ultimate effect was to turn a deficit of $507 million into a surplus of $3.2 billion. Today, our budgetary sleight-of-hand obscures hundreds of billions of dollars of shortfalls.

Sadly, the solutions to this problem are well known and painful: more revenues (yes, including from rolling back President Bush's tax giveaway to the rich) or less spending (at long last, public outrage seems to be curbing the pork barrel "earmarking" process in Congress).

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But we'll have to go further than that. To make meaningful progress, we will need to tackle Social Security and Medicare. One glimmer of hope regarding Social Security has emerged from Treasury Secretary Henry Paulson, whose many years of studying corporate financial statements doubtless contribute to his offering to work toward solutions with "no preconditions." Both Democrats and Republicans should pull up chairs at Secretary Paulson's table with open minds.

Building a political consensus behind difficult measures would be easier if the public were more accurately apprised of our fiscal condition. Unfortunately, simply importing private sector accounting practices wouldn't properly express the complexity of the federal government's activities and obligations.

Instead, we need to elevate "accrual accounting," which better measures the government's future pension responsibilities, to the same level of public visibility as the "cash accounting" figures that are now emphasized. And our primary measure of our deficit should exclude the Social Security surplus. Finally, our obligations for future entitlements payments — the $39 trillion — should also be emphasized in reports like today's.

Back in 1802, Thomas Jefferson beseeched his Treasury secretary to adopt finances for America "as clear and intelligible as a merchant's books" so that "every man of any mind in the union should be able to comprehend them." More than 200 years later, that advice remains regrettably unheeded.

The Sarbanes-Oxley Act tried to reform misleading private sector practices. The federal government needs a similar effort.

Tax-Law Crackdown To Raise $29.5 Billion (WSJ)

By Rob Wells

The Wall Street Journal, February 6, 2007

WASHINGTON -- The Bush administration is launching an effort to collect an estimated $29.5 billion in uncollected taxes, partly through new reporting requirements on securities sales.

The proposals to close part of the estimated $290 billion tax gap are included in the White House's proposed $2.9 trillion budget plan for the 2008 fiscal year, released Monday. (See related article1.)

Overall, President Bush's fiscal 2008 budget calls for $1.85 trillion in tax cuts over the next 10 years, primarily by making his first-term tax cuts permanent law. As he has in years past, Mr. Bush wants Congress to make into permanent law the repeal of estate taxes, reductions in income tax rates, and lower capital gains and dividends taxes. These tax cuts are due to expire in 2011.

Several new proposals this year would address the "tax gap," a measure of uncollected taxes. The Bush budget would require corporations, investors and merchants to report more details of their business dealings to the Internal Revenue Service. This is part of a move to boost the overall compliance rate with the tax code, which was 86% in 2001.

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A key proposal in this expanded "information reporting" includes new reporting requirements for the basis of publicly traded securities, which involves a measure of stock purchase price plus any necessary adjustments. The Bush budget has few details of the plan and a Treasury spokeswoman declined immediate comment.

Underreporting of capital gains resulted in $11 billion of the tax gap, according to a 2001 IRS estimate.

Proposals to address capital gains shortfalls have been made on Capitol Hill, however. Congress' Joint Committee on Taxation last year proposed brokers to report to the client and to the IRS the adjusted basis of publicly traded securities sold during the preceding taxable year.

One congressional tax expert, Marc J. Gerson of the law firm Miller & Chevalier, said the Democratic-controlled Congress would find such a proposal attractive, particularly under new budget rules that require any tax benefits to be offset with revenue increases.

"Congress will be looking for money and they will gravitate towards this," said Mr. Gerson, a former Republican staff member on the House Ways and Means Committee.

Industry groups have warned about the burden posed by such plans. The Securities Industry Association has said such a tax basis reporting requirement "presents substantial challenges for brokers."

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Other changes to tax information reporting would involve certain payments to corporations, expanded "broker information reporting," and reporting on merchant payment card reimbursements. It would also require a certified tax identification number from nonemployee service providers. And it would require increased information reporting for certain government payments for property and services. The plan also involves increased penalties for incomplete tax information returns.

The Bush budget plan also would expand a variety of tax penalties to deter wrongdoing by tax preparers, punish failure to comply with electronic filing requirements or for filing erroneous tax refunds.

Another major change would involve the airline ticket tax. The budget envisions a $69.7 billion tax cut due to modifying the "Airport and Airway trust fund," beginning in fiscal 2009. The budget said this proposal involves changing the funding of the Federal Aviation Administration.

"The FAA's current excise tax system, largely based on taxes on the price of airline tickets, does not have a direct relationship between the taxes paid by users and the air traffic control services provided by the FAA," the budget said.

"Under the reauthorization proposal, FAA would collect user fees from commercial aviation operators for air traffic control services starting in 2009," the proposal said.

New initiatives include revamping tax treatment of employer-provided health care. The President's proposals are designed to encourage more people to buy private health-care policies instead of relying solely on employer-provided plans.

This proposal would cost $121 billion through 2012, but it more than pays for itself through 2017, the budget contends, bringing in $5.15 billion over the 10 year period.

The proposal would classify employer-provided health insurance benefits as taxable income. It would give all taxpayers the same deduction for health insurance, $15,000 for families, $7,500 for singles. As a result, workers with a generous health plan, or "Cadillac" health plans, would pay taxes on the amount exceeding the deduction.

The budget also proposes expanding and making Health Savings Accounts more flexible, a $10.4 billion benefit.

In other areas, the Bush budget proposes $33 billion in tax incentives to boost savings and charitable giving, make health care more affordable, strengthen education and help the environment. It would permanently extend the corporate research and development tax credit, a proposal made in prior years.

It would repeal two energy tax breaks, such as a more favorable recovery period for natural gas distribution lines and write-offs for geological and geophysical exploration expenses. This would bring in $1.5 billion through 2017.

The budget would extend relief from the Alternative Minimum Tax for one year, in fiscal 2008, at a cost of $47.9 billion. The AMT was created in 1969 and was designed to halt tax evasion by the wealthy.

Congress failed to index the AMT to inflation and so it is capturing an increasing number of middle-income taxpayers in high-tax states such as New York, California and New Jersey. According to the Congressional Budget Office, with no change in law, the number of taxpayers subject to the AMT is expected to rise from four million in 2006 to 39 million by 2017.

Bush Proposes Change In How FAA Is Funded (WSJ)

By Robert Guy Matthews

The Wall Street Journal, February 6, 2007

President Bush told Congress he wants to scrap the passenger-ticket taxes used to help fund the air-traffic control system and replace them with user fees for commercial airlines.

The result, however, will be some air travelers, commercial airlines and corporate jet owners are likely to end up paying more to fly to pay for a new generation of traffic control technology.

If approved, the proposed changes would take effect in 2009 and mark a major shift in how the Federal Aviation Administration is funded. Fees would be assessed for flights depending on how much traffic controllers are used to guide them through the skies. It isn't yet clear if these fees would show up on tickets.

The current system uses a mixture of ticket taxes, fuel taxes and other add-ons to pay for air-traffic control. Business jets represent more than 18% of all flights, but they pay just 5% of those FAA fees. Airlines, which represent some two-thirds of flights but pay more than 90% of the fees, have long complained they are overpaying. They see this proposal as a victory of sorts.

"Whether there are three or 300 passengers on an aircraft, to an air traffic controller, a blip is a blip on the radar screen," said James C. May, president of the Air Transport Association, the leading airline trade group.

A major obstacle to getting the plan off the ground, though, is that the chairman of the House Transportation and Infrastructure Committee, Rep. Jim Oberstar (D., Minn.), has argued that the current tax system doesn't need changing.

"The proposal is pretty sketchy at this point," said Mr. Oberstar's spokesman, Jim Berard. "Until they can provide convincing evidence to change the system, then he isn't going to change the system."

There are 7,836 commercial airplanes and approximately 16,658 corporate aircraft registered in the U.S., according to the FAA. While the number of corporate aircraft is higher, commercial jets are used much more frequently and often fly longer

distances, which adds to the workload of air traffic controllers. President Bush says the new system will better assess costs for using the air-traffic-control system.

Under the budget proposal, corporate jets and perhaps private aircraft would still fund the FAA through fuel taxes, albeit higher ones. That worries corporate fliers.

"We will be in overdrive" to lobby against the proposal, said Steve Brown, senior vice president of operations for the National Business Aviation Association, a Washington-based lobbying group. "We will contact all our members and you name it we will be out there."

FAA Administrator Marion Blakey demurred on details such as how much more in user fees would be generated to pay for the system. She said that more details would come "as early as next week" when the Bush administration plans to submit its plans for the reauthorization of FAA funding, due to expire later this year.

Next week, the Transportation Department is likely to spell out how the user-fee system would work, whether it would count the number of planes in the sky, how long they stay in the air, or landings and takeoffs.

What is clear though is that these proposed changes side with public commercial airliners rather than private corporate jets fliers in their debate over which is the fairer way to pay for use of the air traffic control system.

Commercial airliners pay through ticket taxes, the ones that Bush proposes to eliminate, and to a lesser extent fuel taxes.

Corporate fliers pay higher fuel taxes than commercial airliners for use of the system. But because corporate jets don't have ticket-paying passengers, they aren't subject to that tax.

Ms. Blakey said that there would be an increase in the fuel tax under the proposed system. "I think we will see increase on the fuel tax. I am talking about shifting of costs, not increasing of costs" overall.

McConnell Focuses On Judges As GOP Defines Top Priorities (HILL)

By Alexander Bolton

The Hill, February 6, 2007

Senate Minority Leader Mitch McConnell (R-Ky.) is signaling to colleagues that he will take a personal and leading role in pressuring Democrats to confirm President Bush's judicial nominees, an issue that has received little attention since the election.

Republican senators agreed to make judicial nominees one of their top priorities at a one-day retreat held Friday at the Library of Congress before a meeting with Bush at the White House. Other key concerns, which senators designated in questionnaires they submitted to the Republican leadership, are fiscal policy, taxes, budget, healthcare, energy security, immigration reform and national security.

While Bush has said he still wants to push Social Security reform, the senators did not include it in their broad agenda for the next two years, indicating a lack of support for the measure.

At the retreat, various committees' ranking members led discussions on the GOP's highest priorities for the 110th Congress. Sen. Judd Gregg (R-N.H.), the top Republican on the Budget panel, led the discussion on fiscal policy and the budget. Sen. Mike Enzi (R-Wyo.), ranking Republican on the Health Committee, led the debate on healthcare, and Energy and Natural Resources ranking member Pete Domenici (R-N.M.) spearheaded the talk on energy security.

McConnell kicked off the private talk on judges and reiterated his expectations of Democrats on judges during a press conference Monday.

"Senate Republicans expect that Bush be treated the same way during the last two years of his presidency as each of the last three presidents were treated in the last two years of theirs when the Senate was controlled by the opposition party," McConnell said yesterday.

McConnell said that during the last two years of the Reagan, the first Bush, and the Clinton administrations, the Senate confirmed an average of 17 circuit court nominees, adding that conversations with Senate Majority Leader Reid (D-Nev.) have left him optimistic "that standard will be met."

But that baseline would set a slightly faster pace for judicial confirmations than what the Senate followed in the last Congress when it confirmed 16 circuit nominees, according to the Department of Justice.

"That's a recognition that the best leverage we have isn't on the committee but on the floor, the ability to use leverage on the floor to insist on an up-or-down vote for judges," said Sen. John Cornyn (R-Texas), vice chairman of the GOP conference and a member of the Senate Judiciary Committee.

With a one-seat advantage on Judiciary, Democrats could slow the pace of judicial nominations to a trickle. But Republicans can pressure the panel to move more quickly by holding up Democratic legislative priorities on the chamber floor.

"I'm very encouraged by Sen. McConnell's personal interest in the subject," Cornyn said. "The role of the retreat was to agree on an approach and priorities."

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With the conference priorities in hand, GOP leaders will begin working on specific policies. “The retreat helped us focus on the issues that most concern our constituents,” said Sen. Jon Kyl (Ariz.), the Senate GOP conference chairman. “The next step is working with the Policy Committee and our ranking members to add legislative detail to the guiding principles the conference crafted at our retreat. This is an ongoing process that will give every member an opportunity to help shape our agenda.”

Sen. Arlen Specter (R-Pa.), the ranking Republican on Judiciary, said he was comfortable with McConnell’s role. Specter worked with McConnell on the presentation before the meeting.

“McConnell started the discussion as to the confirmation process and then he asked me to supplement his views, which I did,” Specter said. “He’s the leader and I’m the ranking member. That sequence gave appropriate consideration to my position.”

Specter said Democrats seem willing to approve Bush’s court picks at an acceptable rate, noting that the committee approved five district court judges for a vote last week.

“Chairman [Patrick] Leahy (D-Vt.) has been entirely cooperative in moving judges,” he said. “The indicators are that Democrats will be responsive to continuing the confirmation of judges. I’m anticipating a cooperative approach.”

Sen. Mel Martinez (Fla.), the only Hispanic member of the GOP conference, led the discussion on immigration reform, an issue that split Senate Republicans last year. Martinez was careful not to spark another clash, emphasizing Republican consensus on such issues as the need to enhance border security and to ensure “the rule of law,” an allusion to the blind eye that law enforcement sometimes turns to illegal immigration.

Specter, who is known for his outspokenness and independence, said Martinez has special expertise on the issue, but cautioned that all facets of the challenge must be addressed.

“While you have to deal with two subjects appropriately, you have to handle the 11 million and the guest worker program as well,” he said, referring to America’s estimated 11 million illegal immigrants.

On national security, Republican lawmakers have reached a consensus on the need to increase the size of the military, something Bush made a priority in the budget his administration made public Monday. Republicans have also reached a rough consensus on opposing Democratic plans to cut funds for base closings in the continuing funding resolution that will soon reach the floor. A GOP leadership aide said that Republicans will raise the issue repeatedly when the Senate considers that measure.

On the issue of fiscal discipline and taxes, Republican senators discussed the need to produce legislative proposals that give voters a better understanding of how GOP policies benefit their personal finances.

“One of the big points was that we have to explain our economic policy and how we feel about budgeting and taxes,” a retreat participant said.

9th Circuit Steps Up En Banc Reviews (LAW)

By Pamela A. Maclean, The National Law Journal

National Law Journal, February 6, 2007

The 9th U.S. Circuit Court of Appeals appears bent on reining in potential conflicts between its precedents and those in other circuits before they catch the eye of the U.S. Supreme Court.

The nation's largest federal appellate court issued 25 orders to rehear appeals by 15-judge en banc panels in 2006, the highest number in decades, with a whopping nine orders in one five-week period between Dec. 21, 2006, and Jan. 23, 2007, according to court records.

The latest spate of nine orders all came in criminal or habeas petitions.

"This is a noteworthy flurry of activity," said Arthur Hellman, a professor at the University of Pittsburgh School of Law who has written a book about the circuit and follows it closely. "One thing it says is the court is being proactive in clarifying its law."

Judge Alex Kozinski, a 9th Circuit judge since 1985 and slated to be chief judge at the end of the year, agreed. "There seems to be a greater willingness on the part of judges to view the en banc process as a continuing part of our responsibility in shaping circuit law," he said.

Circuit rules provide that a majority of the court's 26 active judges may order a full court reconsideration of three-judge panel decisions in a process known as en banc review. Because of the impracticality of all 26 judges sitting for rehearing, the circuit adopted a system of limited en bancs with random selections of 15 judges to rehear cases.

The en banc process is intended to eliminate conflicting panel decisions within the circuit and conflicts with precedents in other circuits.

In three of the nine cases that the court most recently voted to review en banc, the lower court panel had yet to issue a ruling. That generally happens when the three judges find a conflict within the circuit and refer the case to the entire court, according to Kozinski. Under circuit rules, three judges can't resolve the internal split; it must be done by en banc review.

PRO-GOVERNMENT RULINGS

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Significant public policy issues may also drive en banc sessions, as in the case of a challenge to California's gubernatorial recall election that was reviewed and approved by an en banc panel in a nationally televised hearing.

In the late 1990s, former Supreme Court Justice Sandra Day O'Connor encouraged 9th Circuit judges to take more cases en banc as a means of cutting down on its high reversal rate at the Supreme Court. The worst year for reversals was the high court's 1996-97 term, when it overturned 27 of 28 cases from the 9th Circuit.

After 1996, which had a low of 12 en banc reviews, the numbers fluctuated, with the highest, 23 cases, coming in 2003, until a new high of 25 cases was set last year, circuit figures show.

Hellman said one thing that stands out among the most recent cases taken up for en banc review is that in five of the panel decisions, four were in favor of the government and against the defendant. "I don't think you would see that in any other circuit, four out of five cases taken in quick succession to reconsider a favorable government ruling," he said.

In one of those cases, the court will examine the question of whether a potential airline passenger who passes successfully through a metal detector can then prevent the secondary screening by telling agents he has decided not to fly. U.S. v. Aukai, No. 04-10226. The three-judge panel said screeners should be allowed to search the passenger.

Another case under review held as harmless error the government's failure to disclose to the defense in a bank robbery case that someone who looked like the defendant had been convicted of nearby bank robberies. U.S. v. Jernigan, No. 05-10086.

Kozinski said the en banc process is "very disruptive and takes lots of resources." A lot of judges tend to vote against granting en bancs automatically because they philosophically oppose the en banc process. "It is a big bother and inconvenience," he said. But among newer judges, "it is viewed as an integral part of our work," he said.

He did not comment on individual cases but said, in general, "we pay attention to what other circuits do and if we look like an outlier we may take the case en banc." The thought is that the full court should do the extra work rather than create disagreement with another circuit, he said.

Snow Faults Bush Stand On Private Accounts (WSJ)

The Wall Street Journal, February 6, 2007

NEW YORK -- Former Treasury Secretary John Snow said the Bush administration's first effort to overhaul Social Security failed because the administration was "intransigent" on private accounts.

Mr. Snow, Treasury secretary from 2003 to 2006, said the administration's insistence that a Social Security fix include private accounts carved out of the program shifted the focus from making the retirement program solvent. It would have been better, he said, to propose private accounts on top of the existing program, as some Democrats suggested. "You can't do health-care reform or Social Security reform ... without a bipartisan consensus," Mr. Snow said at the Private Equity Analyst Outlook conference last week, organized by Dow Jones & Co., publisher of The Wall Street Journal. "If we made a mistake, it was not approaching it in more of a bipartisan way." The administration's "condition for engaging" was private accounts carved out of the existing Social Security system, said Mr. Snow now chairman of private-equity firm Cerberus Capital Management.

Senate Seeks Intelligence Hub To Shield Satellites (WT)

By Bill Gertz

The Washington Times, February 6, 2007

Congress is calling for the creation of a new National Space Intelligence Center to better spy on space-based and other threats to U.S. military, intelligence and commercial satellites.

A provision of the Senate intelligence authorization bill for fiscal 2007 would require the Bush administration to set up the new center within the Office of the Director of National Intelligence (ODNI). The plan was disclosed in a little-noticed section of committee's report on the bill made public Jan. 24.

The report stated that threats to U.S. satellites are increasing, a fact highlighted by China's recent test of an anti-satellite (ASAT) missile interceptor that destroyed a Chinese weather satellite. U.S. reliance on satellites for both national security and commerce is increasing and "a loss of any or all of these assets could do tremendous harm to our economy and security," the report said.

Intelligence spending on spying "concerning threats to our interests in space has declined markedly," and only 10 percent of current intelligence resources are focused on threats to space systems, the report said.

"Recent international events have only served to highlight this problem," the report said in a reference to China's Jan. 11 anti-satellite weapon test, which has drawn international criticism, and an earlier incident involving a Chinese laser illumination of a U.S. satellite in what U.S. intelligence officials said was likely a ground-based laser ASAT test.

Further details about the new center are contained in the classified portions of the Senate bill.

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A congressional aide close to the issue said the proposal has good support from Republicans and Democrats in Congress, and gained support after China's recent anti-satellite weapon test.

"We haven't been doing a very good job identifying what the threats are in space across the government," the aide said. "The idea of the center is basically to try to network the existing analytical staff around one office."

The White House said it supports improving space intelligence but has concerns about lines of authority in the current draft legislation.

Gordon Johndroe, a White House National Security Council spokesman, said the administration was "encouraged" by the committee plan to improve space-related intelligence, "but [we] are concerned that the National Space Intelligence Center will not solve the problems they are trying to address," he said, noting the legislation as now drafted "blurs lines of accountability and responsibility for space systems" between the ODNI and the Pentagon's intelligence policy office.

The Chinese ASAT test last month involved the launch of a missile into space with a nonexplosive warhead that destroyed the Chinese satellite. U.S. officials said it was a "wake-up call" on the danger of space weapons. According to U.S. intelligence officials, U.S. satellites have little or no ability to report whether they are under attack, or even threatened.

According to the Senate report, the space intelligence center would be devoted solely to gathering and analyzing intelligence on space threats, and would work closely with similar Air Force and Defense Intelligence Agency centers in Ohio and Alabama. The director would be the national Intelligence officer for science and technology.

Air Force Gen. Kevin Chilton, commander of the Air Force Space Command, the lead military unit for space defense and warfare, said recently there is an growing need for better intelligence on space threats because the danger of attacks on satellites is increasing.

"The knowledge base you need [for space intelligence] is different than the knowledge base you need for air-breathing intelligence, land intelligence or naval intelligence," he told reporters in September.

Pelosi Catches Nonstop Flights Home (WP)

By Lois Romano

The Washington Post, February 6, 2007

Amid rumblings from conservatives that she is seeking special treatment, House Speaker Nancy Pelosi (D) will receive use of an Air Force jet larger than the one used by her predecessor, Rep. J. Dennis Hastert, so she can fly nonstop to her home in San Francisco.

Ever since the Sept. 11, 2001, attacks, the speaker, who is next in line for the presidency after the vice president, has been given use of a government plane for security reasons. Hastert (R-Ill.), who had flown commercially before the attacks, was the first to have use of a plane. But the one he traveled in was too small to make it to California without refueling.

Yesterday, the House sergeant-at-arms issued a statement saying that the leadership is awaiting word from the Air Force on the rules for using the plane. It is unclear, for example, who can travel with Pelosi and whether she can return home from a political event on the taxpayer-funded plane.

Pelosi's office requested the guidelines, triggering a story in the Washington Times in which sources questioned whether she was asking for more than the former speaker received.

Democratic aides sputtered about a "right-wing hatchet job" to make Pelosi look bad. But, said one involved in the negotiations, "this is about security, not about convenience."

An aide in Hastert's office said yesterday that the former speaker used the plane for official business but not for political travel. He did at times transport his wife and staff when he was flying to and from Illinois.

Brendan Daley, a spokesman for Pelosi, said that she will not use the plane for political travel.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, February 6, 2007

Remember Reagan

Former President Ronald Reagan would have been 96 today. Rest assured, folks are celebrating -- and in splendid style.

Edwin I. Meese III, attorney general during the Reagan administration, will preside over activities at the Ronald Reagan Presidential Library in Simi Valley, Calif., which include an Air Force flyover, a 21-gun salute, the 1st Marine Division Band, the U.S. Naval Academy Men's Glee Club, a wreath-laying -- and cake, of course.

Virginia-based Young America's Foundation, which operates an educational retreat for budding conservatives at Mr. Reagan's former ranch in the California foothills, will offer a daylong open house in the ranch conference center in Santa

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Barbara. The group also has begun a grass-roots effort to urge college professors across the nation to display the American flag in their classrooms.

"College conservatives can combat the lies their professors and administrators tell about Reagan. Students will distribute posters that highlight the success of the Reagan presidency, including a 5.1 percent increase each year in charitable giving, a 31 percent increase in the gross national product, an 18 percent increase in real disposable income per capita and 18.4 million new jobs created," the group said.

No surprise

"The only surprise about the Republican debacle in the 2006 congressional elections was that many conservatives found it surprising," Paul M. Weyrich and William S. Lind of the Free Congress Foundation write in the latest issue of the American Conservative.

"Conservatism has become so weak in ideas that during the presidency of George W. Bush, the word 'conservative' could be and was applied with scant objection to policies that were starkly anti-conservative," the authors write, adding: "The next conservative movement will not be credible if it is led by people and institutions that sold out to today's equivalent of Rockefeller Republicanism."

Bush bashers

Evan Thomas of Newsweek says it is the job of reporters to "bash" President Bush.

Friday on WETA-TV's "Inside Washington" program, the topic was "whether the media's been unfair to President Bush, given his abysmal approval ratings," Tim Graham reports at www.NewsBusters.org. "NPR reporter Nina Totenberg said Bush received a 'free ride' for years, so now the worm has turned and the coverage is fierce."

Host Gordon Peterson then asked for Mr. Thomas' opinion: "What do you think, Evan? Are the mainstream media bashing the president unfairly?"

Mr. Thomas: "Well, our job is to bash the president; that's what we do almost."

Mr. Peterson: "But unfairly?"

Mr. Thomas: "Mmmm -- I think when he rebuffed, I think when he just kissed off the Iraq Study Group, the Baker-Hamilton commission, there was a sense then that he was decoupling himself from public opinion and Congress and the mainstream media, going his own way. At that moment, he lost whatever support he had."

Uniform response

Inquiring on the matter of "allowing gays and lesbians to serve in the military," a Harris poll released yesterday found that political parties disagree. "There is a large partisan split on this issue," the findings stated.

When asked whether homosexuals should serve openly in the armed services, 37 percent of Republican respondents and 69 percent of Democratic respondents agreed. The nationwide average on the question was 55 percent.

If they served in the military but kept their homosexuality a secret, 30 percent of Republicans and 10 percent of Democrats would approve; nationwide, the number was 19 percent. Should homosexuals be barred altogether from military service? Among Republicans, 21 percent agreed with the idea, and among Democrats, 7 percent. Nationwide, 13 percent agreed.

Harris conducted the poll of 2,337 adults from Jan. 11 to 18, with a margin of error of two percentage points.

Z-z-z-z-z

MoveOn.org is seeking donations to air a TV ad featuring fake video footage depicting President Bush, Russian President Vladimir Putin and French President Jacques Chirac snoozing in their jammies. The spot is meant to "wake up" world leaders to global warming and one day may be broadcast in Washington and other major cities. The footage shows Mr. Bush cradling a teddy bear, Mr. Putin a gun and Mr. Chirac a satin pillow.

"The leaders of the world's most polluting countries will be meeting in Germany this June. The priorities for this summit are being decided right now," MoveOn spokeswoman Eli Pariser said yesterday.

The group also has started a global warming advocacy division, which features the spot at its Web site, www.avaaz.org. Avaaz means "voice" in Hindi, Urdu and Farsi.

The Arnold tapes

Oh dear. Once again, the Los Angeles Times got a hold of some recordings of closed-door staff meetings of California Gov. Arnold Schwarzenegger and four of his closest aides. Of course, the paper published the details, deeming the tapes "a rare window onto the governor's operation" and a "complex portrait."

In the latest recordings, he describes Senate President Pro Tem Don Perata, Oakland Democrat, as a "very sick man" and Assembly Speaker Fabian Nunez, Los Angeles Democrat, as "a political operator coming from the union background" who evinces no real "passion" about issues.

Mr. Schwarzenegger called Mexico our "trading partner," but he also said that Hispanics -- because they are so close to their homeland -- have more trouble assimilating than, say, Poles, Germans and the French.

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"I made an effort," the Austrian-born governor said. "But the Mexicans don't make that effort."

Waiting for Hillary

The brewing rivalry between Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois presents a significant political moment as black Democrats gauge their loyalties.

"Barack Obama may be the emerging rock star of the 2008 presidential field, but Hillary Rodham Clinton still is the queen of the stage among Michigan Democrats -- and even more so among black Democrats," the Detroit Free Press said yesterday.

The newspaper polled 87 black Democratic voters to reveal that they prefer Mrs. Clinton over Mr. Obama, 59 percent to 23 percent. State Sen. Tupac Hunter called Mr. Obama "the best candidate we've ever been able to produce as a community."

But Beverly Bellamy of Farmington Hills said of Mr. Obama: "I like him -- don't get me wrong," but Mrs. Clinton gets her vote.

"I've been waiting for her. I just think she has a lot to bring to the table," Mrs. Bellamy said, adding that Mr. Obama's relative lack of experience on the national stage -- he is two years into his first federal term of office -- counts against him.

In Senate, Flip-flops Come Easy For Both Parties (RC)

By Emily Pierce

Roll Call, February 6, 2007

Just as Republicans did in 1995, Democrats took over Congress this year pledging to change the way that Washington, D.C., works. But listening to debate on the Senate floor over the past month, it's clear that no matter who runs the place, the script is largely the same.

Consider this scenario: The Senate Majority Leader takes to the floor decrying the death of an ethics and lobbying reform bill, blaming the minority party for insisting on an amendment that is not germane to the underlying measure.

"This amendment has nothing to do with lobbying reform or ethics reform of this body — something that is important, something that is the business of the Senate right now on the floor," the Majority Leader said. He added, "We had a totally unrelated amendment injected, I believe, for partisan purposes."

That may sound a lot like what Senate Majority Leader Harry Reid (D-Nev.) said during debate on a lobbying and ethics bill two weeks ago when Republicans demanded a vote on an amendment to give the president limited line-item veto authority.

But the quote is actually from former Senate Majority Leader Bill Frist (R-Tenn.) on March 8, 2006, when — during debate on the exact same ethics and lobbying bill — Democrats insisted on a vote on an amendment to stop a Middle Eastern-owned company from taking over management of many of the nation's ports.

While Frist pulled the bill to avoid a vote on the ports issue, Reid negotiated with Republicans to postpone the line-item veto debate. But Reid's rhetoric was no less accusatory.

"They hate this bill, and this is their excuse to kill it," Reid said at a press conference Jan. 18.

It seems that no matter who is in the majority in the Senate, the ruling party bemoans the "obstructionism" of the minority, while the minority bristles at the majority's efforts to limit the number of amendments and debate time.

The irony of this sudden and wholesale shift in rhetoric hasn't been completely lost on Senators of both parties, even as they swear they are doing things slightly differently than their predecessors.

"We sent them all our scripts, and they sent us all of theirs," joked Senate Majority Whip Dick Durbin (D-Ill.), acknowledging that Democrats have adopted the same stances once held by Republicans on the issue of how many and what amendments should be offered to bills.

But he still defended the new majority, saying, "I like to think we are taking a more reasonable approach. We want to give them time to amend without allowing them to obstruct."

Noting that Senate Democrats pulled the same stunt last year on the lobbying and ethics bill, Senate Minority Leader Mitch McConnell (R-Ky.) defended his party's adoption of the standard minority script. "In fairness to Senate Republicans, to portray an effort to get votes on this bill as something unusual is truly astonishing," he said at the press conference.

Still, the two parties were parroting their predecessors again last week during debate on the minimum-wage bill.

Sens. Byron Dorgan (D-N.D.) and Edward Kennedy (D-Mass.) complained Jan. 30 on the Senate floor that Republicans were dragging out debate on the bill and that the chamber had been debating it for seven days, or as Dorgan noted, "some long while."

It's a refrain Republicans often struck in the past 12 years — counting every day that a bill technically has been up for debate on the Senate floor, even if some of those days passed in silent quorum calls. But now, by their own admission, they're using minority math.

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"The minority will always count the days on a bill as those days we are allowed to vote. We only voted three out of seven," Sen. Mike Enzi (R-Wyo.) said on the Senate floor that same day. "We will insist we get votes on amendments as we proceed through this bill and other bills."

For the people who have to record what the parties are saying about each other, it has been a little surreal.

"It's hard for me to keep a straight face," one veteran Capitol Hill journalist said of listening to Republicans complain about the very practices they just months ago inflicted on Democrats.

Even aides who have to deal with the press acknowledge that their complaints are being ignored in large part.

"The arguments about unfairness mostly fall on deaf ears because Republicans had no problem running over Democrats when they were in the majority," said one GOP communications staffer.

Behind it all is a deep distrust between the parties about each other's motives for doing anything on the Senate floor.

"When Democrats were in the minority and were opposing things, we made no bones about it. We said, 'We're blocking this and this is why,'" said one senior Senate Democratic aide. "But the Republicans are being disingenuous. ... They don't want to vote for [the minimum-wage increase]. They do want to stall it."

Republicans, however, charged that the old Democratic minority actually wanted to kill legislation. The new GOP minority just wants to make it better.

"They did a lot of obstruction of getting things done," said Steering Committee Chairman Jim DeMint (R-S.C.), the author of several amendments Democrats have sought to avoid voting on this year. "But we've talked a lot in [the Republican] Conference about how not to do something just to obstruct, but to try to get some substantive changes through."

That sentiment was echoed by Chief Deputy Minority Whip John Thune (R-S.D.), who charged that Republicans filed motions to shut off debate on bills only 47 times during the entire 109th Congress, while Reid already has filed cloture eight times in four weeks.

"So far they're on a pace that totally eclipses us," Thune said. "We're simply asking for our prerogatives to offer amendments."

Still, if you ask DeMint about his ability to exercise his prerogatives, he estimates that things are slightly better for him given the minority's historic insistence on offering amendments.

"It's not a bad role. I've been able to get more amendments up and some passed than I did when I was in the majority," DeMint said. "So far, I like the role."

And Republicans continued to play their role Monday, causing Reid to grouse about GOP refusals to vote on a nonbinding Iraq resolution.

"Their excuse?" Reid asked. "A feeble claim that they haven't been guaranteed a vote on alternative amendments and resolutions."

Chief Justice Counsels Humility (WP)

By Robert Barnes

The Washington Post, February 6, 2007

Attention, Supreme Court practitioners! Absolutely free advice on how to make your briefs better-read, your arguments more closely followed, your justices more sympathetic, courtesy of the man who's been successful on both sides of the table, Chief Justice John G. Roberts Jr.

First, pretend that you're not always right.

"We get hundreds and hundreds of briefs, and they're all the same," Roberts told a crowd of eager law students and faculty members last week at the Northwestern University School of Law in Chicago. "Somebody says, 'My client clearly deserves to win, the cases clearly do this, the language clearly reads this,' blah, blah blah. And you pick up the other side and, lo and behold, they think they clearly deserve to win."

How about a little recognition that it's a tough job? Roberts asked.

"I mean, if it was an easy case, we wouldn't have it."

He dispensed advice for lawyers, law students and law-school deans during a question-and-answer session that followed a more formal address.

Roberts built a reputation as a powerful Supreme Court litigator, arguing nearly 40 cases as a government attorney and private lawyer and winning about 70 percent of the time. He was known for anticipating hundreds of questions from the justices and carefully practicing each response.

But after 16 months as a justice, he advised that lawyers try to become more "attuned" to what judges are asking. "I would try today to be much more receptive, try to process more effectively, 'Now what does that question tell me about what that judge is thinking?' and respond rapidly rather than trying to stick to my script," Roberts said.

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The chief justice said an acknowledgment that the justices face a complicated case can attract sympathy from the bench, while an argument that a case is a no-brainer is a challenge to start looking for holes.

And for the truly brave-hearted advocate, Roberts offered this:

"You don't see it very often and it can obviously be risky, but for somebody to get up and say, 'The biggest argument against us is' whatever, 'this precedent that you decided six years ago, and if you were going to follow it down the line, my client should probably lose. Here's why I think you shouldn't follow it in this case.' " He added: "I think that type of an approach could be very effective."

As for law students, Roberts said he thinks they are more impressive than they were when he graduated from Harvard nearly three decades ago. "People who apply to be clerks [for the justices], for example, it's not just that they did well in law school -- they've got other degrees, they've spent time working in a business, they've written books and cured diseases," he said to laughter.

But he's not sure whether law grads are always able to put their knowledge to work.

"I don't think they spend a great deal of time with what somebody like a Cicero might refer to as rhetoric, or the idea of taking their understanding of ideas and being able to communicate them in a particular way," Roberts said, adding that the ability to advocate or negotiate is "such a big part of what lawyers do no matter where you go."

If he were dean of a law school, Roberts said, looking at Northwestern Dean David E. Van Zandt, he might spend more time on that.

And he took one other stand, when a student asked whether judges' terms should be limited, adding: "Some of our professors say that."

"Um, you know, I'm not in favor of term limits for judges," Roberts deadpanned.

OTHER NEWS:

Service Sector Extends Advance But Signals Pace Might Slow (WSJ)

The Wall Street Journal, February 6, 2007

The service sector, whose strength fueled the nation's economic growth last year despite a housing slump and higher interest rates, extended its robust performance into 2007.

The Institute for Supply Management, an Arizona-based group of corporate purchasing managers, said its index of nonmanufacturing business activity in the U.S. rose to 59 in January from 56.7 in December. Readings over 50 indicate expansion, and January's surge marked the 46th consecutive month that the service sector, which includes everything from massage therapists to financial planners, has grown.

Steady growth in the service sector, which makes up roughly 80% of the U.S. economy, is particularly important now because the manufacturing sector is struggling with high inventories and soft demand for houses and cars.

In January, the ISM measure of manufacturing activity fell below 50 for the second time in three months, suggesting that business at American factories is flat or even contracting.

"The services juggernaut is steamrolling forward and will contribute to a solid economic expansion in 2007," said Brian Bethune, an economist at consulting firm Global Insight, in a note to clients.

Despite the service industry's uptick in January, the ISM's measures of new orders, employment and inventories in the service sector pointed to a slower rate of expansion in the months ahead. "I don't see substantial growth, but in the same respect, people are pretty positive that it's going to be stable over the next few months," said Anthony Nieves, who oversees the survey and also is purchasing manager for Hilton Hotels Corp.

Meanwhile, in Europe, the service sector in the 13 nations that share the euro currency grew unexpectedly in January at the fastest pace in six months, and private-sector companies raised their prices more aggressively than at any time since November 2000.

The headline measure of service-sector activity in the euro zone rose to 57.9 in January from 57.2 in December, with activity strengthening in Germany, France and Italy, according to a survey of corporate purchasing managers conducted by NTC Research. Economists surveyed by Dow Jones Newswires last week had expected the purchasing managers index to fall to 56.7.

Private-sector companies reported that they continued to hire new workers for the 17th straight month, which suggests domestic demand in the euro zone should continue picking up.

Expansion In Services Sector Set Strong Pace In January (NYT/AP)

DOJ_NMG_0128533

By The Associated Press

The New York Times, February 6, 2007

Weakness in manufacturing, especially the auto industry, may be damping economic prospects, but the bigger services sector appears to be more than making up for it.

The Institute for Supply Management, which is based in Tempe, Ariz., said yesterday that its index of business activity in the nonmanufacturing sector advanced to 59.0 in January, from 56.7 in December. Wall Street analysts had expected a reading of 57 for January.

A reading above 50 indicates expansion, while one below that indicates contraction.

The trade group's report on the manufacturing sector last week indicated that it contracted in January, in contrast to the services sector, which grew for the 46th consecutive month.

"Manufacturing is weakening as domestic auto manufacturers cut back and as residential construction declines," said Mark Vitner, a senior economist with Wachovia Securities, but he noted that manufacturing made up only about a quarter of the economy. The services sector, which represents about three-quarters of the economy, continued to grow.

Scott Brown, chief economist with Raymond James & Associates in St. Petersburg, Fla., said the "headline figure was stronger than the details," suggesting that the survey — like other recent economic data — was not sending clear signals about the near term.

He said the economy was still expanding, and projected economic growth of 2.5 percent to 3 percent.

The new-orders index weakened slightly to 55.4 in January, from 55.6 in December, while the backlog of orders strengthened to 49.0, from 48.0 the previous month.

Prices increased at a slower rate, with the prices index registering 55.2 in January, down from 59.7 in December.

Some of the respondents told the trade group that "costs are starting to come down — especially petroleum-related costs," the study said. Crude oil prices were up yesterday in reaction to frigid weather in major United States markets.

The services employment index, meanwhile, moved down to 51.7 in January, from 53.2 in December.

Dow Edges Higher On H-P But Microsoft Hampers Rise (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 6, 2007

The Dow Jones Industrial Average crept higher, helped by Hewlett-Packard but hampered by Microsoft.

Both technology bellwethers are components of the Dow, which gained 8.25 points, or 0.7%, to end at 12661.74, up 1.6% on the year. That left the blue-chip average 11.94 points shy of its closing record, set Thursday.

Hewlett-Packard shares rallied 1.8% after it agreed to acquire business-software firm Bristol Technology. Microsoft shares slid 1.9% after Apple warned that iPod users might experience compatibility problems with Microsoft's new Vista operating system.

The trading session was muted, following a frenzied week that included the first meeting of Federal Reserve policy makers this year and release of various economic data.

In the absence of big economic news yesterday, deal making and other company-specific events moved a few bellwether names but had little influence on the broader market.

The Standard & Poor's 500-stock index slipped 0.1%, or 1.40 points, to 1446.99, up 2% on the year. The technology-heavy Nasdaq Composite Index fell 0.2%, or 5.28 points, to 2470.60, up 2.3% on the year.

"In a bull market like the one we've had, there have to be some days like this," said Michael Cuggino, president and portfolio manager for the Permanent Portfolio Family of Funds.

Oil prices seesawed, at first aided by frigid weather in the Northeast that seems likely to spur demand for heating fuel in the days ahead. But comments by Nigeria's oil minister eased supply concerns, and crude futures ended lower.

Contracts for March delivery slipped 28 cents, or 0.5%, to $58.74 a barrel on the New York Mercantile Exchange.

The Institute for Supply Management's nonmanufacturing survey, a measure of the U.S. economy's service sector, rose faster in January than Wall Street expected.

By contrast, ISM's more closely watched manufacturing survey, released last week, was surprisingly weak.

Many investing pros interpret such mixed economic signals as confirmation of a gradual, relatively harmless slowdown in economic growth that could still leave room for a stock rally in the months ahead.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 0.26%, or 0.64 point, to 247.11.

In major U.S. market action:

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Stocks were mixed1; bonds rose2. The 10-year note gained 5/32 point, or $1.56 for each $1,000 invested, pushing the yield down to 4.81%. The 30-year bond rose 7/32 point to yield 4.91%.

The dollar was mixed3. Against the Japanese currency, the dollar fell to 120.41 yen, compared with 121.04 yen on Friday. The euro fell to $1.2928, compared with $1.2967.

Write to Peter A. McKay at peter.mckay@wsj.com4

Mixed News Produces Mixed Results (USAT)

By Matt Krantz

USA Today, February 6, 2007

Mixed economic and corporate news Monday resulted in mixed and unexciting action on Wall Street.

The Dow Jones industrials gained 8.25 points to 12,661.74, while the Nasdaq composite index lost 5.28 points to 2470.60, and the Standard & Poor's 500 index lost 1.40 points to 1446.99.

On the plus side was Wal-Mart's report of stronger-than-expected sales in January at stores open at least a year. A burst of acquisitions underscored that big institutional investors see bargains in the market. Meanwhile, the Institute for Supply Management's (ISM) data showed stronger-than-anticipated growth by the service sector in January.

That good news was weighed down by more volatility in oil prices and the growing belief the economy may be too strong to allow the Federal Reserve to cut short-term interest rates soon.

But the fact the economy is growing should be viewed as a positive, says A.C. Moore, strategist at Dunvegan Associates. "The ISM reinforced the Goldilocks scenario (Fed Chairman Ben) Bernanke has been suggesting," Moore says. "That's a good combination for markets."

Investors, though, may have gotten too exuberant about stocks too quickly, perhaps setting them up for a fall, Moore says. "We're starting to correct from the flip up to new highs," he says. "That usually suggests markets could pull back."

This year, the Dow is up 1.6%, the S&P 500 2.0% and Nasdaq 2.3%.

What's cooling markets more than anything is that there's a lack of convincing news to keep bulls excited, says Michael Farr of Farr Miller & Washington. Corporate earnings seasons is a case in point.

While results "are coming in nicely," the growth has been shy of the double-digit-plus growth posted in the previous 18 quarters, he says. "We're looking for the next leg of the bull market, but we need a catalyst to get excited."

Highlights:

Triad Hospitals and Herbalife became the latest targets of buyout offers from private equity firms. Triad jumped $6.38 to $49.65 after accepting a buyout offer from a unit of Goldman Sachs for $52.25 a share. Herbalife gained $7.02 to $40.12 on news it got a buyout proposal from Whitney V for $38 a share.

·Wal-Mart gained 44 cents to $48.52 after the sales report from the world's largest retailer. (Wal-Mart to enter video downloading business, 1A.)

A.B.A. Panel Would Weaken Code Governing Judges' Conduct (NYT)

By Adam Liptak

The New York Times, February 6, 2007

A commission of the American Bar Association has recommended that the group weaken its code of judicial conduct by changing, from a mandatory rule to nonbinding advice, an instruction to judges to "avoid impropriety and the appearance of impropriety."

Supporters of the change say disciplining judges for violating a concept as vague as "the appearance of impropriety" is unfair. Opponents denounce any retreat from the longstanding and widely embraced standard, and one critic — Robert H. Tembeckjian, the administrator of the New York State Commission on Judicial Conduct — has resigned in protest as an adviser to the A.B.A. commission.

"At a time when the A.B.A. is defending judicial independence from relentless attack," Mr. Tembeckjian wrote in a resignation letter on Saturday, "I cannot imagine that either the judiciary or the public will applaud the A.B.A. for relegating the 'impropriety and appearance of impropriety' standard to a virtually meaningless phrase."

The change is part of what would be the first comprehensive revisions to the association's Model Code of Judicial Conduct since 1990; the revisions now go before the group's House of Delegates, which meets in Miami next week, before they can become formal policy. Individual states often look to the model code as a template for their own judicial ethics codes, violation of which can lead to punishment as severe as removal from the bench.

The change was a late-breaking development, coming more than three years after the commission began a periodic review of the code.

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The very first canon of the proposed revisions continues to say that judges “shall avoid impropriety and the appearance of impropriety.”

But recently added language in the introduction to the code says that while that and other canons provide “important guidance,” judges cannot be disciplined for violating them. The canons are followed by rules that are more specific (judges may not, for instance, use the prestige of their offices for financial advantage), and the new introduction says that only those rules may serve as the basis for discipline.

Cynthia Gray, the director of the Center for Judicial Ethics of the American Judicature Society, a nonpartisan group promoting judicial independence and integrity, questioned the commission’s strategy.

“To leave it in the language and later say the language doesn’t count,” Ms. Gray said, “is strange and inexplicable to us.”

Mark I. Harrison, the chairman of the A.B.A. commission, said the “appearance of impropriety” standard was vague and added nothing to the rules prohibiting specific conduct that remain mandatory.

“We think it’s a step forward,” Mr. Harrison said of the commission’s decision. “It is important as a matter of due process and fairness to make clear what would be the basis for disciplinary enforcement without ambiguity and without confusion.”

Jonathan Lippman, New York’s chief administrative judge, disagreed, saying the “appearance of impropriety” standard was sensible and workable. “I don’t think this is nuclear science,” he said. “Judges overwhelmingly approve of that standard as a basis on which to go about their daily business.”

The association has urged judges since 1924 to avoid the appearance of impropriety, and returned to the subject in 1972 and 1990.

“Every time the A.B.A. addressed this standard, it was strengthened,” Mr. Tembeckjian wrote in his resignation letter. “Until now.”

Victoria Henley, the president of the Association of Judicial Disciplinary Counsel, whose members hear and consider complaints against judges, said the recent revisions were unlikely to gain wide acceptance. “If they basically gut the ‘appearance of impropriety’ standard,” Ms. Henley said, “it’s unlikely that the A.B.A. will continue to be responsible for drafting a model code that will be used by any state.”

Giuliani Nearing Full-fledged Candidacy (AP)

By Liz Sidoti

AP, February 6, 2007

Rudy Giuliani, the former New York City mayor who became a national hero for his response to the Sept. 11, 2001, terrorist attacks, suggested Monday that a formal presidential announcement was a matter of when, not if.

"Today we just took another step toward running for president," the Republican said, hours after filing a so-called "statement of candidacy" with the Federal Election Commission, which moved him closer to a full-fledged campaign.

"It's a big step, an important one. Quite honestly, we're probably ahead of schedule," Giuliani told reporters in Long Island while campaigning with a state Senate candidate. "We still have to think about a formal announcement and how to do it, but this is a pretty strong step."

Later, in an interview on Fox News' "Hannity & Colmes," Giuliani was more direct. "I'm in this to win," he said. "My campaign is going to be about the future."

Unlike chief GOP rivals Sen. John McCain and Mitt Romney, Giuliani had thus far been ambiguous about whether he would pursue the Republican nomination, even though he had taken the initial steps.

In recent weeks, Giuliani's cautious and noncommittal attitude caused some critics to question whether he would abandon his bid even before formally entering the race, as he did in 2000 when he was considering a Senate campaign against Democrat Hillary Rodham Clinton.

Fighting back, Giuliani started to sound and act like a strong contender lately, traveling to the early primary states of New Hampshire and South Carolina, and arguing that his vision for the future and performance in the past would make him a formidable GOP nominee.

Behind the scenes, he has been busy supplementing his cadre of New York loyalists with Washington-savvy political operatives, establishing a fundraising network and setting up a campaign headquarters — signs of a campaign moving forward.

Publicly, however, he had stopped short of committing to a run, insisting he had to decide whether he could make a "unique contribution" to help strengthen the country — his barometer for whether to run.

"There's a real good chance," Giuliani said Saturday in South Carolina, another coy answer to what had been a constant question on the campaign trail.

However slight, the shift in campaign organization — coupled with his public comments Monday — indicates Giuliani likes the response he's received as he gauges support while traveling the country.

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In November, Giuliani took the preliminary step of creating a committee to explore a candidacy but added the caveat that he was simply "testing the waters" — a provision that allows truly uncertain candidates to move forward with no commitment to seek a top spot on the ticket nor the need to identify donors. At the time, Giuliani also did not file an official statement declaring he was a presidential candidate and indicating he would seek the presidency as a Republican should he decide to go forward.

Monday's steps, including eliminating the phrase "testing the waters," put Giuliani on the same level legally as McCain and Romney, the other top-tier GOP candidates who have formed regular exploratory committees and filed statements of candidacy.

Despite being immensely popular in national polls, Giuliani faces hurdles to securing the Republican nomination state by state. His moderate stances on issues such as gun control, abortion and gay rights do not sit well with hard-core social conservatives who are a crucial voting group in the nominating contests. His two divorces could be obstacles as well.

But conservatives also aren't entirely sold on McCain, an Arizona senator, and Romney, the former Massachusetts governor, and that could even the playing field for Giuliani. He hopes primary and caucus voters look past his liabilities and consider his record of leadership in difficult times.

Giuliani was in his final months as New York City mayor when two planes crashed into the World Trade Center's towers on Sept. 11. Within hours of the attack, the mayor was visiting the site, caked in dust and walking through the chaos — a moment replayed repeatedly on television.

He was a former U.S. attorney, leading campaigns against organized crime and corruption. He spent two years as the Justice Department's No. 3 official, overseeing all U.S. attorneys, the Drug Enforcement Administration and the U.S. Marshals Service. The Brooklyn native was first elected New York's mayor in 1993.

Giuliani dropped his bid for the U.S. Senate in 2000 while battling prostate cancer and a made-for-tabloids divorce from Donna Hanover.

Giuliani Steps Closer To A Run In 2008 (NYT)

By The New York Times

The New York Times, February 6, 2007

Rudolph W. Giuliani took another step toward running for president by filing a “statement of candidacy” with the Federal Election Commission yesterday, declaring that he would seek the Republican nomination if he runs, according to his campaign.

Appearing last night on the Fox News Channel program “Hannity & Colmes,” Mr. Giuliani just skirted the line on declaring his candidacy. “We still have to formally announce it and do a few more things,” he said, but added that yesterday’s paperwork “is about as close as you’re going to get.”

When asked if he would beat Senator Hillary Rodham Clinton if he won the Republican nomination, he said, “I’m in this to win.” Then he added, “You do this because you believe that you can win the nomination of your party, and then you believe that you’re the strongest candidate to win the election for your party.”

Mr. Giuliani, the former New York City mayor, is also amending a document he already filed with the commission, dropping the phrase “testing the waters” from his application, officials on his campaigns said.

Compared with his top rivals in 2008 at this point, Senator John McCain of Arizona and former Gov. Mitt Romney of Massachusetts, Mr. Giuliani has moved more slowly to hire staff members and build a state-by-state political organization.

An aide to Mr. Giuliani said the new filing with the election commission was mostly housekeeping work, bringing Mr. Giuliani’s paperwork into line with that of Mr. McCain’s and Mr. Romney’s.

Rudy Ready To Run (NSDY)

By Craig Gordon, Newsday Washington Bureau

Long Island Newsday, February 6, 2007

Former NYC mayor files 'statement of candidacy'

WASHINGTON -- Rudolph Giuliani all but announced he is running for president Monday night, saying "I'm in this to win" and suggesting the only thing left to make it official is a formal declaration.

"We still have to formally announce it and do a few more things, but this is about as close as you're going to get," Giuliani said on Fox News Channel.

Giuliani's appearance was part of a carefully choreographed effort by his campaign to put to rest questions among Republicans about whether he is serious about running.

Newsday articles last week also raised questions, saying that Giuliani had failed to file a formal statement of candidacy that nearly every other presidential hopeful has submitted. He also omitted his party registration on another form.

Giuliani Monday filed the statement of candidacy listing himself as a Republican candidate for president and amended a second form, dropping the words "testing the waters."

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"Today, we just took another step toward running for president," Giuliani told reporters in Floral Park while campaigning with State Senate candidate Maureen O'Connell. "This is a pretty strong step."

Three people close to the campaign agreed, with one source saying Giuliani wouldn't have filed the papers if he didn't have every intention of running.

"There will be a time at some point when he makes a formal announcement, but ... he's moving in that direction," said another campaign source, who noted that Giuliani's communications and political staffs started work Monday.

But Giuliani's statements went further even than those of his aides, not merely signaling his seriousness but stopping just short of declaring.

"I'm in this to win," Giuliani said later when asked if he could beat New York Democratic Sen. Hillary Rodham Clinton. "You do this because you believe that you can win the nomination of your party, and then you believe that you're the strongest candidate to win the election for your party."

Asked who was the bigger Yankee fan, he or Clinton, Giuliani joked, "Well, we could do a debate on Yankee trivia and find out."

If he entered the race today, Giuliani would come into the contest atop several national polls. But he would face trouble converting his national recognition after 9/11 into votes among conservatives who oppose his stances on social issues.

"Hannity & Colmes" host Sean Hannity pressed Giuliani on those positions, leading Giuliani to reiterate his support for abortion rights but edge away from his earlier support of a procedure known by opponents as partial-birth abortion. He also said he supported gun control in certain situations and a path to legalized immigration.

Doubts about Giuliani's intentions and stance on issues have put a crimp in early efforts to attract donors.

Staff writer Bart Jones contributed to this story.

Giuliani Announces He's In '08 Presidential Race (WP)

By Dan Balz And Chris Cillizza

The Washington Post, February 6, 2007

Former New York mayor Rudolph W. Giuliani jumped into the 2008 presidential race yesterday, filing a statement of candidacy with the Federal Election Commission and declaring on national television last night, "I'm in this to win."

Giuliani's actions were aimed at erasing any lingering doubts about whether he would enter the 2008 campaign and came after an intensive month of activity in which he has stepped up his political travels, broadened his political team and expanded his fundraising operation. A formal announcement will come later, Giuliani said.

Giuliani, 62, served two terms as mayor of New York and earned widespread praise for his leadership after terrorists struck the city on Sept. 11, 2001. He leads the field of declared and prospective Republican presidential candidates in national polls and, with Sen. John McCain of Arizona, ranks either first or second in most of the important early states.

But his support for abortion rights and gay rights puts him sharply at odds with the majority of his party, a situation that many GOP strategists think will present a substantial obstacle to his hopes of winning the nomination. Giuliani also remains well behind McCain and former Massachusetts governor Mitt Romney in building a state-by-state political organization that will be crucial to navigating through early contests in Iowa, New Hampshire and South Carolina.

In an interview last night with commentator Sean Hannity on Fox News Channel, Giuliani sought to play down his differences with conservatives by pointing to his record of shrinking government, reducing taxes and fighting crime in New York and to his commitment to staying on "offense" against terrorists.

Giuliani restated his support for abortion rights and gay rights but said he believes marriage should remain a union between a man and a woman. He also defended his support for tough gun-control laws in New York, saying they helped reduce crime in the city while he was mayor.

Giuliani's challenge, aides believe, will be to convince Republican primary voters that, despite his disagreements with conservatives, he will not overturn what has been party orthodoxy on many social issues. One way of indicating that has been through his comments about judicial appointments, a topic he returned to last night.

"I think the appointment of judges that I would make would be very similar to, if not exactly the same as, the last two judges that were appointed" to the Supreme Court, he told Hannity.

Giuliani also believes that, in a time of global terrorism, personal attributes such as leadership, decisiveness and strength of character can win over conservative voters who may differ with him on social issues.

"The reality is you've got to be yourself," he said last night. "You've got to be who you are. You've got to be honest with people. If your views change on something, you've got to be willing to express it."

Giuliani has also moved aggressively to broaden what has been a largely New York-centered political team. Last week he announced that he was signing up the Tarrance Group, a respected Republican polling firm based in Alexandria. Earlier, he

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recruited Mike DuHaime, a former political director at the Republican National Committee, as campaign manager for his presidential exploratory committee and named former congressman Jim Nussle of Iowa to his national team.

On the fundraising front, he named Donna Henderson, who previously raised money for the National Rifle Association and other groups, as his national finance director. A detailed private strategy memo prepared last fall, which the New York Daily News obtained recently, outlined plans for Giuliani to raise $100 million this year for his bid.

Campaign officials called the release of the 140-page document a political dirty trick and said its contents were out of date. But the ambitiousness of the fundraising goal signaled an apparent serious intention to compete for the Republican nomination.

Skepticism about Giuliani's prospects of winning the party's nod remains high, particularly among Washington-based GOP strategists. "Inside Washington, I don't think anyone thinks he can get elected president," said a senior-level strategist not affiliated with a candidate.

Given his positions on abortion and gay rights, Giuliani would be likely to face heavy going in Iowa, whose caucuses are dominated by social and religious conservatives. He also could run into trouble with conservatives in South Carolina. He might be better positioned to compete in what could be a flurry of big-state contests on Feb. 5, 2008, particularly if he can raise the kind of money his leaked memo talks about.

Brent Seaborn, the campaign's strategy director, argued in a widely distributed memo that the polls accurately reflect voters' attitudes.

"Entering the 2008 primary season, Rudy Giuliani is uniquely positioned among Republican candidates because of his extremely high favorability ratings," he wrote, pointing to several national polls that show the former mayor winning the approval of more than six in 10 voters. Seaborn also argued that Giuliani is a recognized leader on key issues such as terrorism, the economy and fighting crime.

Giuliani Run Poses Conundrum (WSJ)

By Christopher Cooper

The Wall Street Journal, February 6, 2007

WASHINGTON -- Former New York Mayor Rudy Giuliani filed paperwork yesterday that virtually assures he will seek the 2008 Republican presidential nomination, begging a question: Can the moderate who leads in many early polls convince his own party that he deserves the job?

Abandoning months of coyness in which he refused to declare a definitive candidacy even as he acted like a candidate, Mr. Giuliani's filing with the Federal Election Commission essentially puts him on equal footing with Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney as the three major declared candidates for the Republican nomination. All three men have national organizations and early name recognition; all three men for different reasons are considered vulnerable to challenge, particularly from the more conservative wing of the Republican Party.

But perhaps no candidate faces more trouble in gaining the nomination than Mr. Giuliani, which is ironic, given his early lead in many polls. His long-shot status in the nomination sweepstakes is based on his well-known moderate stances on litmus-test social issues. Such positions, along with his two divorces, won't enamor him to social conservatives, who have maintained firm control of the party's nominating levers for decades.

Messrs. McCain and Romney have had their own run-ins with the conservative wing of the party as well, but none quite as significant as that awaiting Mr. Giuliani. These are problems that Mr. Giuliani's own campaign has publicly acknowledged, much to its own embarrassment, when a copy of its strategic political plan recently was leaked to the press. The plan noted that a moderate Republican who is viewed as liberal on abortion rights, gay rights and gun control is likely to have trouble with voters in the Republican primary.

Indeed, a Giuliani nomination would suggest a sea change has taken place within the Republican Party, where successful nominees traditionally have had to maintain allegiance to certain core social beliefs.

Demanding that allegiance isn't something that powerful conservatives such as Tony Perkins at the Family Research Council will likely concede without a fight. "I don't see anyone getting the Republican nomination who is not pro-life and a staunch defender of traditional marriage," Mr. Perkins said in a recent interview. "We may not be a large enough group to elect a president, but social conservatives can keep someone from getting the nomination."

Star Power

Does a two-time mayor have a shot at redefining the rules? Scott Reed, a Washington Republican who managed Bob Dole's 1996 presidential campaign, said he believes it possible. Mr. Giuliani starts with a measure of star power, which serves any politician well. He also comes to the scene in the wake of a bruising election for Republicans, who saw Democrats sweep not only the House but also take the Senate and governors' offices as well. The question, Mr. Reed said, will be what Mr. Giuliani does with his popularity: Can he step up from mayor to national political figure, retaining the image of steadiness that he

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cultivated in the wake of the September 2001 attacks, while successfully fending off any questions that might arise about his stewardship of the nation's largest city.

"A Giuliani candidacy is a chance to turn the whole nominating process on its head for the first time in 40 years," said Mr. Reed, who added that he made an early contribution to the mayor's campaign but hasn't decided to back any candidate exclusively.

Like other candidates, Mr. Giuliani has yet to see whether his record will hold up to the scrutiny of a national political campaign. As a former prosecutor and a mayor whose dirt-caked image practically personified the 9/11 response, Mr. Giuliani is likely to face relentless questioning from reporters and political rivals seeking to deconstruct his heroic legend. Potential embarrassments include his scandal-plagued police chief and former business partner, Bernard Kerik, who pleaded guilty last year to improperly accepting gifts from a construction firm with mob ties.

Potential to Change Race

Mr. Giuliani also may face questions about his lobbying and consulting firm, Giuliani Partners LLP, and his law firm, Bracewell & Giuliani, which have represented a number of business interests -- including gambling and energy companies -- that may not prove popular with voters.

But Mr. Reed says Mr. Giuliani has the potential to change the race even if he doesn't win the nomination, simply by taking a top share of the media spotlight. Mr. Giuliani "sucks the air out of the room," Mr. Reed said, making second-tier candidates compete for notice.

Mr. Giuliani's early test is likely to come in late March, when the first campaign-finance reports are due from presidential candidates. Getting out of the blocks later than either Mr. McCain or Mr. Romney and currently operating with a thinner national staff than either man, Mr. Giuliani will have to work to maintain a campaign war chest that is on par with the front-runners.

Romney To Add Names (RC)

By Lauren W. Whittington

Roll Call, February 6, 2007

House Republicans supporting former Massachusetts Gov. Mitt Romney (R) will hold a Capitol Hill press event today to unveil new additions to their team — additions that move him ahead of Sen. John McCain (Ariz.) in public Congressional endorsements as the battle for Member support continues at a torrid pace between two of the leading GOP presidential hopefuls.

McCain, viewed as the frontrunner for the GOP nod next year, named his six-person House whip team last week and also announced the support of three Cuban-American Members.

Members of Romney's team will appear at an afternoon news conference at the Republican National Committee. About half of Romney's Capitol Hill supporters previously have been announced.

Rep. Jim McCrery (R-La.), who is Romney's liaison in the House chamber, said the Republicans now on board constitute the former governor's initial whip team.

"We'll be utilizing these 22 Members to bolster support for Romney here on Capitol Hill," he said.

Among the endorsements to be announced today are those of Reps. Rodney Alexander (La.), John Linder (Ga.), Ralph Regula (Ohio), Bill Shuster (Pa.) and Mike Simpson (Idaho).

Last week, McCain unveiled his House whip team and also announced the support of Florida GOP Reps. Ileana Ros-Lehtinen, Lincoln Diaz-Balart and Mario Diaz-Balart. His campaign is expected to announce the addition of Rep. Ric Keller (Fla.) today. Keller's Orlando-based district is sandwiched between those of Romney supporters — Reps. Ginny Brown-Waite and Tom Feeney.

Yesterday, McCain announced the support of two Michigan state lawmakers and named members of his Florida finance team.

The dueling for Member endorsements between Romney and McCain comes as former New York Mayor Rudy Giuliani formally stepped into the Republican White House fray Monday by filing a statement of candidacy with the Federal Election Commission.

Giuliani has a quartet of Members supporting his candidacy but has yet to show he's been as aggressive as his two principal rivals in reaching out to Capitol Hill.

Romney's list thus far is a mix of the party's rising stars in the House — such as Reps. Marsha Blackburn (Tenn.), Mike Rogers (Ala.) and Feeney — and established veterans such as Regula, Rep. Hal Rogers (Ky.) and former Speaker Dennis Hastert (Ill.).

McCain, understandably, has more support within the Senate than Romney does and his House team also includes many veteran lawmakers — albeit most who are not particularly known as conservative firebrands.

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While about half of Romney's team thus far is made up of social conservatives from Southern states, McCrery said that was more a function of the Members who were involved in initial meetings with Romney rather than an indication of any endorsement strategy based on geography.

Romney visited Capitol Hill in January for meetings with Members, attending separate events set up by Rogers and Rep. Jack Kingston (Ga.).

"Almost half of the Members are not from the South," McCrery said. "We can say that we have a pretty good representation of all of the regions of the country for Gov. Romney."

Romney has been most apparent in his efforts to reach out to Capitol Hill, due in part to his need to counter McCain's natural advantages there and the Arizonan's status as the frontrunner.

Romney also is working to quell concerns among social conservatives about the evolution of his views on social issues such as abortion and gay marriage.

Romney was well-received at the Republican Study Committee's retreat Friday in Baltimore, where he addressed House conservatives.

"He has adequately addressed those issues in the private meetings," McCrery said, adding that the whip team will be spreading that message to their colleagues who have not had personal meetings with Romney.

He said that the endorsements should send the same message to Members' constituents.

"We're happy with his explanation of where he is now on those issues," McCrery said.

Obama, Clinton May Skip Early Debates (Pol)

By Roger Simon

The Politico, February 6, 2007

What if they gave a debate and nobody came?

What if the media-political complex announced a presidential debate, hired a hall, sent out invitations, lined up 200 folding chairs for the press, and then the major candidates said: "Stick it in your ear. We're not coming."

That could happen this year for one good reason: Major candidates are complaining that too many states are planning too many debates too early.

Nevada has two forums and three debates scheduled already. The first one is supposed to be in two weeks, and guess where it is going to be held?

If you were Nevada and trying to lure the national media to your state, what city would you choose that guaranteed glitz, glitter and good times?

That's right. It's going to be in Carson City.

(Me, I would have held it in Vegas at the Bellagio with the Cirque du Soleil swinging overhead and Wayne Newton as the moderator, but what do I know?)

Other states have already announced their own Democratic and Republican debates, but there are two developments that might alter things considerably.

First, the Democratic National Committee is soon going to call the campaigns together to try to limit the debates. But that may not work. "It will not stop other organizations from holding debates," a DNC source admitted.

More importantly, however, Barack Obama and Hillary Clinton may just say no. They might do the unthinkable and just refuse to show up.

Early debates are helpful to second- and third-tier candidates because those candidates need publicity.

But what do front-runners get from debates? Nothing but risk. They already have publicity. To the top tier, early debates are a negative, an ordeal, a chance for the rest of the pack to nip them in their rear ends.

Aren't debates the "music of democracy," however, a chance for the public to learn about important issues of our day?

Maybe they were once upon a time when the League of Women Voters ran them, but debates today must be good television and that means a snappy, quick-moving show with short answers -- not soliloquies on serious issues.

I went to a slew of primary debates during the 2004 presidential cycle - - the DNC tried and failed to control them - - and if any of the debates were memorable, I can't remember it.

The major candidates hated them. The debates not only screwed up their schedules, but took a ton of prep time that could have been better spent going out and actually meeting voters.

The stakes at debates are extremely high because reporters attend them for the same reason people attend the Indy 500: to see who crashes and burns.

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There is, therefore, an enormous priority on not screwing up. And the major candidates soon learn it is safer to stick to their stump speeches than to risk making news. The minor candidates, with nothing to lose, are free to go ballistic, play to the crowd and attack the top tier.

So why do the major candidates show up?

Debate organizers try to make the debates refusal-proof by co-sponsoring them with major media, labor unions, or organizations like the Congressional Black Caucus.

But guess what? Neither Hillary Clinton nor Barack Obama has accepted any debate or forum invitations as of yet.

"The two people who can blow up the debates are those two," an adviser to the Obama campaign told me. "All they have to do is say: 'Debate without me. Go ahead.'

"There will be some accusations that they are being arrogant, but where it is written that you have to debate this early?"

And Obama and Hillary have the perfect excuse for not showing up: They have day jobs.

"They should be voting in the Senate, not running around to the debates," the adviser said. "Hillary and Obama should band together and say, 'It is not in our interest to debate this early. We've got jobs to do. October is plenty early for debates.' "

Me, I like debates. I rack up frequent flier miles. I go to expense-account dinners. I whisper rude and juvenile things to other reporters while the debates are going on.

The debate sponsors - - and they include some very powerful people and organizations - - will howl like crazy if the top candidates refuse to show up. And those who refuse may be threatened with retaliation.

But just saying no always did take guts.

Join The Conversation

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by Steve Slatten on 02.05.2007 at 11:34 PM

OnlyChance -- This is how politics works, in BOTH parties. Yes, it's only out of political expedience that the front-runner Dems may sit the early debates out. However, President George Bush Sr. blatantly refused several of then-Governor Bill Clinton's offers to debate in 1992. In fact, Bush almost refused to debate altogether, until Ross Perot got back in the race that year and Bush had to defend himself on two fronts. So, don't try and pull this high and mighty Republican crap. Both parties want to make themselves look good and sometimes NOT debating is the best to stay looking good. (So there haha)

by Show Me on 02.05.2007 at 11:05 PM

Calm down everybody. We will see debates. The Dems are smart . They know that the tide is with them and they don't want their canidates,who are all good canidates standing in a circular firing squad. They want them to stay strong and keep putting out their individual messages.

by kevinizon on 02.05.2007 at 10:33 PM

They're all so fearful, yet they want to run the country! Whats that all about?

by OnlyChance on 02.05.2007 at 09:18 PM

Didn't the democrats ask the Sen. Dole to give up his position in the Senate to campaign for president?

If all candidates running for the most powerful position in the world, shouldn't they dedicate their full attention on such.

I am calling for all candidate to resign their position and start debating.

It interesting the DNC wants to control the debates. So much for constitutional free speech. I think is shows what the DNC all about. Sensorship! OR is it the DNC doesn't believe the policies being set forth can withstand debate?

by Lacy in Texas on 02.05.2007 at 09:02 PM

If I have to choose between Barack and Hillary, I'll choose Barack. Not because he's black (and so am I), but because he inspires me. On that note, I would not vote for Condy!

Frankly, many people I speak with (both black and white) did not want Hillary to run because we (Democrats) know we're in for a long hard slog with the right-wing rehashing all the crap from the Clinton years. In contrast it's so divisive! However, if that becomes necessary I will defend her as vigorously as I defended Bill as an FOB!!!

It really pains me that the two of them running is already causing this divide!!!

The best of both worlds would be for them to run together! That's my hope for an absolute wining ticket; onne that could potentially bring us ALL together.

by kevinizon on 02.05.2007 at 08:55 PM

Yeah it would be real dumb at this point to play a game of 'I'm powerful and busy and I'm not showing up' as a candidate. You announced your candidacy, so act like a candidate, even if you're not up to the job.

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People want to know what these candidates are all about, and if they crash and burn now, that would be their destiny further up the line anyway. Not participating is so incredibly lame, so fake and phoney in so many ways, just the thought of it steams me.

You're running for president? Then talk about the issues with other candidates, and with America, and don't be wreaked with fear and uncertainty. You think you can win? Then go at it like you're going to win.

I can't believe that a candidate would stand away from a debate without people thinking that, in some way, said person thinks themselves above that particular meet-up; ie, too good for it.

You want my vote? Participate in debates, or else come up with a reallllll good reason that you stood one out. I mean a REAL good reason.

We've put up with too much with our current oligarch. Now its time for candidates to lay their cards down, not just with rhetoric, but with discussions of their plans.

My prediction? Hillary's probably not going to get the nomination, and Obama/Edwards will likely end up a team in some way. But this is 1.5 years ahead of all kinds of change and tussle... so hmm.

by GGPSmith on 02.05.2007 at 08:13 PM

Why should Senators Clinton and Obama debate each other now? They need to stand together to score a win for the Democrats in '08.

The real solution to all the real and pseudo-conflicts in the black community regarding Senator Obama's candidacy is the solution the Democrats as a whole need to come to terms with: Clinton-Obama in '08!

It's the only way to optimize Senator Clinton's experience in politics and ability to raise money with Senator Obama's incredible popularity and persuasive arguments to be hopeful about America's future.

Without each other, they run the real risk of third-party splinter groups forming that would make Ralph Nadar's past capture of Democratic voters look paltry by comparison. The GOP isn't going to have any of those problems. They'll be unified behind whomever they run against Senators Clinton & Obama with President Bush and Vice President Cheney permanently sidelined and blamed for all the country's and GOP's woes.

The real excitement will come in the Presidential and Vice Presidential debates!

by AH2 on 02.05.2007 at 08:12 PM

IF these various groups are SMART they will ALL place their debates LIVE on the Internet and publicize the fact ... THEN LET'S SEE WHO DOESN'T SHOW UP !! It's a NEW world here in the Age of the Internet. Candidates beware.

Before you start composing please note that you will need to be a registered user of Politico.com to "join the conversation". If you are not a member yet, what are you waiting for? Register Now!

Obama Trying To Quit Smoking—again (CHIT)

By Christi Parsons And Manya Brachear

Chicago Tribune, February 6, 2007

After struggling to quit smoking in the past, Sen. Barack Obama is trying a cessation aid not available over the counter: public attention.

Obama (D-Ill.) resolved to quit his cigarette habit over the winter holidays, just weeks before his expected presidential campaign would make photographers and reporters an even more regular part of his life.

He said in a Monday interview that, although he has never been a heavy smoker, he has quit for periods over the last several years but then slipped back into the habit. On the cusp of a potential presidential bid seemed the right time to quit for good, he said.

"I've never been a heavy smoker," Obama said. "I've quit periodically over the last several years. I've got an ironclad demand from my wife that in the stresses of the campaign I don't succumb. I've been chewing Nicorette strenuously."

The incentive to quit is great for any office seeker, as increasingly negative attitudes about smoking translate into political pressure not to do it—or at least not to be caught doing it publicly. At a time when most willing public figures also are expected to serve as role models, those with unhealthy habits face intense pressure to leave them behind.

Americans haven't elected an open and unabashed cigarette smoking president since Franklin D. Roosevelt, though others such as Lyndon Johnson smoked on occasion. The rules seem also to extend to political spouses such as First Lady Laura Bush, who found it necessary to quash her habit, or at least take it underground.

In Obama's case, the pressure isn't just political. His wife has always been concerned about his smoking and, over the holidays, according to family friend Valerie Jarrett, the two of them agreed that he "should stop now."

"He began the process of quitting over Christmas," Jarrett said. "I have not heard of him smoking over the last several weeks."

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There's a little hedge room in the time frame, allowing for the possibility that Obama's resolve might have slipped a time or two. Obama didn't clarify the point.

Kicking the habit is good for just about any politician's image, said Irving Rein, a Northwestern University communications studies professor and author of "High Visibility," which examines the marketing of celebrities. Attitudes toward smokers have changed dramatically since FDR's triumphal display of his ivory cigarette holder in an era when smoking made a person seem elegant and powerful.

Back then, Hollywood glamorized cigarettes almost as fashion accessories. Attitudes had radically changed by the late 1990s, when First Lady Hillary Rodham Clinton criticized actress Julia Roberts for portraying a movie character with a compulsive smoking habit.

For Obama, it's an especially smart play to grind out his last cigarette, Rein said.

"Brand has become so big with personalities. It includes the kind of suit he wears and the shoes he chooses," said Rein. "Smoking is part of that package. It doesn't go with the social, environmental message of reform he would like to project. His image would be impacted by it."

Regardless of whether his image has suffered, his lungs most likely have. Longtime friends say Obama was a smoker when he was in his first two years of college at Occidental College in California, from 1979 to 1981.

He said Monday that he has never smoked more than 10 cigarettes a day, and usually only four or five. He said the number usually went up when he was either writing or campaigning.

He said he isn't using the patch because he worries that they're too strong for him.

"I'm not somebody who's all that hooked," he said. "I didn't want more nicotine coming to me than I had been ingesting."

While quitting during such a stressful period as a presidential campaign may be difficult, public health advocates count it as a victory for them.

"I hope he makes it a public fight," said Mark Peysakhovich of the American Heart Association, who used to lobby Obama on anti-smoking policies and other public health issues when Obama was a member of the Illinois Senate. "If he's got a nic fit and he's in a bad mood, I hope some of that comes out. Maybe it will encourage other people to be brave enough to try."

It might even score some political points for Obama, he said.

"It could make him more human to people," said Peysakhovich, "if he's got the same kind of struggles the rest of us have."

Christi Parsons reported from Washington and Manya Brachear from Chicago; Tribune staff reporter Maurice Possley contributed to this report.

Edwards Risks Tax Hike For Health Plan (AP)

By Nedra Pickler

AP, February 6, 2007

Presidential candidate John Edwards is embracing a position that has been political suicide in the past — admitting he would raise taxes.

The 2004 vice presidential nominee is betting that voters will back the idea in exchange for the promise of quality health coverage for all, part of the first major domestic policy initiative from a Democratic White House hopeful.

The tax increase would pay for the plan's cost of up to $120 billion a year. Edwards' proposal would require that every business provide health care coverage for employees or help them pay for it and every American has insurance.

Edwards argues that it will be cheaper for families and businesses to have insurance coverage while providing health care to the nation's 47 million uninsured.

"I think that most Americans now believe that instead of small, incremental change, that we need transformational change that will strengthen this country," Edwards said in an interview with The Associated Press.

Edwards was setting an early marker in what is shaping up to be perhaps the top domestic policy issue in the Democratic race nearly a year before the first votes are cast. Several others are expected to offer competing ideas in the coming months.

"The whole idea for me on these big issues like Iraq and health care, I want to lead, not follow," said Edwards, who also has been pressuring his rivals to pull funding for President Bush's troop increase. "So I'm not waiting for other people to say where they stand. I'm saying what I believe."

The plan would free up money for health care coverage by abolishing President Bush's tax cuts for people who make more than $200,000 a year and by having the government collect more back taxes, Edwards said.

His idea immediately opened him to criticism that he's a tax-and-spender in the mold of Walter Mondale, the 1984 Democratic presidential nominee who said he would raise taxes. In the election, Mondale suffered a 49-state defeat, losing everything except his home state of Minnesota and the District of Columbia to President Reagan.

"Edwards' America Will Pay More Taxes," said a news release from the conservative Club for Growth.

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The idea is not new. Republican California Gov. Arnold Schwarzenegger has proposed a universal plan in the nation's most populous state. Former Massachusetts Gov. Mitt Romney, also running for president, signed a law last year requiring universal coverage.

What Edwards is proposing is very different from what he offered four years ago when he was a North Carolina senator and first-time presidential candidate. In the 2004 race, Edwards proposed to cover all children but didn't have a broader plan for adult uninsured.

Since then, Edwards has had a very personal experience with the health care system as his wife successfully battled breast cancer. Edwards said they had excellent coverage, although the two of them — both former lawyers — struggled to wade through the insurance bureaucracy. He said his position was not changed by that experience but by the people he's met across the country who are struggling with rising health care costs.

Edwards plan aims to have universal coverage by 2012. A Democratic rival, Sen. Barack Obama, also has said that is his goal, but the Illinois senator has yet to provide more specifics about how he would get there. New York Sen. Hillary Rodham Clinton also has said she will have a universal plan.

Edwards plan would first require employers to cover every worker or contribute 6 percent of each worker's income toward coverage they buy on their own.

It also would provide government-funded insurance to all adults under the poverty line and all children and parents under 250 percent of the poverty line, which is about $50,000 for a family of four. The Edwards campaign is still working on other cost estimates, but says the goal would be to keep the cost to 5 percent to 7 percent for middle-income Americans.

He would try to clamp down on rising costs with tax credits, expanded government programs like Medicaid and the State Children's Health Insurance Program, and changes to insurance laws to require coverage for all regardless of pre-existing conditions or other factors. And he would create nonprofit purchasing pools — across a small area or maybe even several states — so that consumers would have a way to buy an affordable and high quality plan.

Finally, he would require every citizen to get coverage, unless they have financial or religious exemptions. Those who don't would forfeit their personal exemption on their income tax return.

Opening Bid On Health Care (WSJ)

By Sarah Lueck

The Wall Street Journal, February 6, 2007

WASHINGTON -- John Edwards's call for universal health care marks the opening volley in two debates facing Democrats running for president in 2008: How to provide health coverage to some 47 million uninsured people and what to do about President Bush's tax cuts.

Many of the party's White House hopefuls, including Sens. Hillary Clinton (D., N.Y.) and Barack Obama (D., Ill.), say extending coverage to all the uninsured is a priority. Their focus on relatively sweeping health-care proposals matches escalating concern among voters and employers about medical costs and coverage. (See related articles on Medicare1 and the ways that plans to expand health coverage could impact the insured2.)

So far, Mr. Edwards has provided the most detail about how he would accomplish this, with the release yesterday of a plan requiring the government, employers and individuals to contribute to the cost of extending coverage to the uninsured.

The former North Carolina senator and 2004 vice presidential nominee also has stated that tax increases for upper-income people would be needed to fund his plan, which aims to provide universal coverage by 2012. Specifically, he has proposed raising taxes for households with incomes of more than $200,000. That would essentially repeal some of the tax cuts shepherded by Mr. Bush. Mr. Edwards also would fund some of his health-care proposals by reducing the "tax gap," the amount of revenue the government is owed, but doesn't collect.

"Yes, we'll have to raise taxes," Mr. Edwards said Sunday on NBC's "Meet the Press." He said it is "the only way you can pay for a health-care plan" estimated to cost the government $90 billion to $120 billion a year.

It remains to be seen whether voters will accept Mr. Edwards's vision of "shared responsibility," in which employers would have to help fund their workers' coverage and individuals would be required to purchase insurance, often with the help of new tax credits aimed at low-income and middle-class people. Medicaid and the State Children's Health Insurance Program, or SCHIP, would be expanded to cover more children and low-income parents. New regional "health markets" would offer comprehensive health-insurance plans to anyone who doesn't get insurance through their jobs or a government program.

Some Democrats expressed surprise at the bluntness of Mr. Edwards's remarks in favor of tax increases, but many health-policy experts believe higher taxes would be needed to fund any serious attempt at universal coverage.

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Mr. Edwards "realizes how unpopular anyone who says that can be," said Henry Simmons, president of the National Coalition on Health Care, a group of employers, labor unions and health-care providers advocating for universal coverage. "I suspect he's going to take a lot of time explaining that health care is one area where you have to invest."

Patrick Toomey, president of the Republican antitax group Club for Growth, said Mr. Edwards's plan wouldn't sit well with most voters, who, he said, "already think taxes are too high." The idea is "very good news for the Republican candidate, whoever that may be."

Many questions remain about Mr. Edwards's plan, in particular how much the various stakeholders would have to contribute and what the timing of the changes would be. Mr. Edwards's proposal assumes that the Bush tax cuts, most of which are set to expire in 2010, would be extended by Congress, even for the wealthiest recipients. Repealing the breaks for people earning more than $200,000 would supply about $100 billion a year, while reducing the "tax gap" would provide another $20 billion or so a year.

However, extending the tax cuts for the people at the top of the income scale is less likely with Democrats in control of Congress. If the tax breaks aren't there to repeal, Mr. Edwards would ostensibly have to look for another funding source.

The other 2008 presidential candidates have commented broadly on how they would tackle the problem of the uninsured, but haven't laid out their specific plans or how they would fund them. Mr. Obama, for example, has said he would provide universal coverage by 2012, and plans to put forward more details in coming weeks. In a health-focused speech last month, he questioned the profits made by drug makers and insurance companies and suggested that reducing paperwork and making sure all eligible children enroll in existing government programs would improve the current system.

"Washington no longer has an excuse for caution," Mr. Obama said. "Leaders no longer have a reason to be timid."

Mrs. Clinton knows better than most the political pitfalls of major health-care proposals, after she and her husband tried to move broad overhauls in the 1990s but failed. She recently has backed improvements in health-information technology and covering all uninsured children through SCHIP, but hasn't said how she would reach the bulk of the uninsured.

During an appearance in Davenport, Iowa, last week, a man told her that he had voted for her husband 14 years ago largely on his promise for universal health care. "With all due respect," he said, "I would like to know specifically" how Mrs. Clinton intends to provide the coverage "and how you intend to fund that."

Mrs. Clinton said it was a "fair question" but, rather than giving a specific answer, she said she wants to work toward a consensus.

She asked for a show of hands from the audience in reaction to a few methods of expanding health insurance. A single-payer, government-run system got the most hands, and it was the one Mrs. Clinton seemed to favor. But, she cautioned, imagine the ads that would spring up in opposition to such a plan. In her last attempt at health reform, ads starring an older couple, Harry and Louise, suggested that the government would dictate which doctors and treatments people could get in a single-payer plan. "All of a sudden people get real nervous," Mrs. Clinton said.

A solution has to "be politically feasible because at the end of the day we've got to get it through the Congress," she said.

"I'm not ready to be specific," she went on, "because I want to hear from people...This time we're going to build the consensus first so that when the Harry and Louise ad comes on, you'll say 'Turn that off!'"

Battle Over President's Budget Begins Today; Interview With John Edwards (CNN)

CNN THE SITUATION ROOM, February 6, 2007

WOLF BLITZER, HOST: To our viewers, you're in THE SITUATION ROOM, and it's happening right now.

As violence rages in Iraq, the battle over the president's budget begins here in Washington today. It could and probably will pour billions more into the war.

Would it also hurt health care at home?

I'll speak about that with the Democratic presidential candidate, John Edwards.

And Hillary Clinton and Barack Obama may battle for the African- American voters. But some African-Americans are warning don't take our votes for granted. I'll speak about that with the Reverend Al Sharpton this hour.

And Arnold Schwarzenegger caught on tape with more stunning revelations.

What did he say this time?

I'm Wolf Blitzer.

You're in THE SITUATION ROOM.

What can you buy for about $3 trillion?

The president's new budget is now out and it takes four hefty volumes to show you where your money is going. The president's budget would add billions to fight the war in Iraq.

Does that come at the expense of social programs here at home?

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Democrats say it's filled with debt and deception. And even some Republicans are betting against this budget's chances in a Democratic controlled Congress.

Let's go live to our White House correspondent, Suzanne Malveaux.

She's checking all the fine print -- Suzanne.

SUZANNE MALVEAUX, CNN WHITE HOUSE CORRESPONDENT: Well, Wolf, it's a budget that the president and his top economic advisers say is more detailed and transparent when it comes to the costs of the war on terror.

But, again, it is a big question whether or not it is going to be able to pass Congressional leadership, a Democratically-controlled Congress. And, Wolf, the numbers are really staggering.

(BEGIN VIDEO TAPE)

MALVEAUX (voice-over): It's our money and President Bush wants to spend almost $3 trillion of it. It's a staggering figure that's hard for any of us to imagine. But consider this. After you crunch all of the numbers, it's estimated that the total cost for the war on terror will approach $800 billion within the next two years.

President Bush says the increases he's seeking in the new budget are justified.

GEORGE BUSH, PRESIDENT OF THE UNITED STATES: And our priority is to make sure our troops have what it takes to do their jobs.

MALVEAUX: The breakdown -- more than $93 billion additional for this year's war operations in Afghanistan and Iraq, on top of $70 billion already approved. More than $140 billion for 2008. And an 11 percent increase in the Pentagon budget.

Mr. Bush insists the country can afford to boost military spending, while balancing the budget in five years without raising taxes, a claim members of Congress, now controlled by the Democrats, quickly dismissed.

SEN. HARRY REID (D-NV), MAJORITY LEADER: That's why I say this budget is a combination of deception and debt in a way that's disconnected from reality.

REP. NANCY PELOSI (D-CA), SPEAKER OF THE HOUSE: The day of the blank check for the president and the war is over.

MALVEAUX: The president's budget aims at paying for the military increases by cutting out more than $95 billion in other areas over the next five years, including sharply reducing or eliminating more than 140 government programs, for a savings of $12 billion; and squeezing $78 billion out of Medicare and Medicaid, health programs for the elderly and poor.

ROB PORTMAN, WHITE HOUSE BUDGET DIRECTOR: Medicare, Social Security and Medicaid, they are now more than half of the budget. And what the president proposes is actually less than a 1 percentage point reduction in Medicare over five or 10 years.

(END VIDEO TAPE)

MALVEAUX: And the president's budget, of course, asks for less war costs, considerably, in 2009, just $50 billion, and asks for no money the following year. But the president says this is no indication of a timetable for the end of the war or for bringing American troops home -- Wolf.

BLITZER: Numbers so huge it's amazing.

Suzanne, thank you.

Meanwhile, a series of bloody bombings ripped through Baghdad today, killing at least 35 people and wounding more than 120 others. One of the blasts went off near a children's hospital, killing nine people.

And this follows a truck bombing which took a terrible toll this weekend.

As Iraqis clean up and try to cope, some are saying it's America's fault.

And joining us now, our correspondent in Baghdad, Michael Ware -- Michael, they seem to be blaming, at least some elements in the Iraqi government, the United States for this massacre over the weekend that killed more than 100 Iraqis, wounded more than 300 others, horrendous pictures. It looks like the worst suicide bombing over the past three and-a-half years.

What's going on?

MICHAEL WARE, CNN CORRESPONDENT: Yes, Wolf, I mean this was a massive truck bomb in a crowded marketplace on Saturday evening that killed at least 128, and, as you say, wounded more than 300.

Now, the great irony is that there's elements, Shia elements within the government, that are blaming the U.S. for creating this security situation or poor security situation that they say has created an environment that is allowing al Qaeda and others to launch these attacks.

This feeds a common conspiracy, particularly among Shia, that says America is so all powerful and all pervasive, al Qaeda could not conduct these bombings if America was not complicit.

We're not hearing that echoed in the wake of this bombing by elements of this government.

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BLITZER: Because what they're saying is by the United States pressuring the Iraqi government to clamp down on Muqtada al-Sadr's Shiite militia, the Mahdi Army, in effect, that's making the Shiites in these marketplace areas and elsewhere in Baghdad, even more vulnerable.

WARE: Yes, they're arguing that this has increased the Shia public's exposure. I mean the government has never been able to underwrite people's security, nor has the U.S. military. So more and more in these days of civil war, they've turned to their own neighborhood or to the local militias.

Now, what these people are saying is that on the eve of what's perceived as a massive American led operation, which, indeed, it is not, many of these militias have evaporated, or their leadership has taken its troops or its fighters off the streets, thereby creating a vacuum which is being filled by these bombers.

Hence, they ultimately blame America for these deaths.

BLITZER: Michael Ware reporting for us from Baghdad.

Michael, thanks.

WARE: Thank you, Wolf.

BLITZER: And as opposition to the war intensifies among the American public, there's a stunning new development within the U.S. military. A court-martial began today for a U.S. Army officer who refused to ship out with his unit to Iraq.

Let's get some details from our Brian Todd -- Brian.

BRIAN TODD, CNN CORRESPONDENT: Wolf, First Lieutenant Ehren Watada took a stand about seven months ago. He's now facing a jury likely to comprise young officers like himself in a case that even his family doesn't expect to go well for him.

(BEGIN VIDEO TAPE)

TODD (voice-over): As his former unit takes casualties in Iraq, Ehren Watada puts his freedom on the line at Fort Lewis, Washington. Watada, considered an exemplary soldier until last June, when he became the first commissioned officer to refuse to go to Iraq.

The reason?

1ST LT. EHREN WATADA, U.S. ARMY: It is my conclusion that war is not only morally wrong, but is, in fact, illegal.

TODD: Watada is not a so-called conscientious objector. While he believes the Iraq War is illegal, he did say he was willing to fight in Afghanistan.

The Army declined and Watada is now being court-martialed for failing to deploy with his unit, conduct unbecoming an officer and contempt toward officials. That last charge, for all the public statements he's made against the Bush administration since last June.

WATADA: I felt betrayed by my leadership.

TODD: But the judge has already ruled that Watada's central defense, that the war is illegal, is a political question and can't be ruled on by this military court. Then there's the challenge of jury selection. By rule, it has to be a panel of peers, likely Army lieutenants.

EUGENE FIDELL, NATIONAL INSTITUTE OF MILITARY JUSTICE: It's highly improbable that this jury will include no one who's been there. So I think the jury selection is going to be an interesting exercise because obviously it's a concern if you have people who have had the actual experience to go to Iraq. TODD: The case has made Watada a poster boy for the anti-war movement, some of whom are protesting near Fort Lewis as his trial gets underway.

(END VIDEO TAPE)

TODD: But Watada is said to be resented by some inside Fort Lewis, where he held a desk job until recently. His family tells CNN they expect this court-martial to be over by Thursday. If convicted, he could face four years in a military prison -- Wolf.

BLITZER: We'll watch it together with you, Brian.

Thanks very much.

Let's go to New York and Jack Cafferty -- this is going to be a big case at Fort Lewis up in Washington.

CAFFERTY: I don't think it's going to be that big a deal. When you're wearing the uniform, you're not allowed to decide whether the war you're ordered to fight in is moral or not. You follow your orders and you go where your unit goes and that's just the way the military -- I mean how would it be if every soldier was allowed to say well, I'll fight in Afghanistan, but I won't fight in Iraq, or I'll go here but I don't think I should go there, because I don't like the way those people -- I mean that's nonsense.

He's dead.

Senate rebuke on Iraq is loud and unclear. That's how one newspaper headline put the story today. The Senate spending all of this time talking about these resolutions criticizing President Bush's plans to escalate the war in Iraq.

Republicans are threatening to block the vote. One Democrat calls that threat obstructionism and they just blather on and on and on.

But when it comes right down to it, all this debate and fussing are about non-binding resolutions. They really don't mean anything in terms of the conduct of the war. They're just sort of a way to register a complaint.

President Bush is the commander-in-chief. The country is at war. He's probably within his rights to do pretty much whatever he wants in terms of adding troops, withdrawing troops, moving troops, whatever. He is the commander-in-chief.

In the meantime, the hopes of a new Congress coming in, getting right to work on this nation's problems, are being held captive by these resolutions, just like the entire country has been held captive by this war for almost four years now.

Nothing that's important to our citizens here is being addressed. Instead, we get posturing and speechifying and bloviating or, as Shakespeare so eloquently put it, a tale told by an idiot full of sound and fury signifying nothing.

The question is this -- how important is it for the Senate to pass a resolution opposing President Bush's troop increase plan in Iraq?

E-mail your thoughts to caffertyfile@cnn.com or go to cnn.com/caffertyfile -- Wolf, whatever they're going to do, I wish they would just get on with it.

BLITZER: Usually they don't do it that quickly here in Washington. It takes a lot of time.

CAFFERTY: All right. We'll wait.

BLITZER: Jack, thank you.

CAFFERTY: All right.

BLITZER: Still to come, my interview with Democratic presidential candidate John Edwards. I'll ask him about his call for pulling U.S. troops out of Iraq, his ambitious health care plan and raising your taxes. That's coming up.

Also, with a growing roster of Democratic candidates, are African-Americans facing a growing divide, especially when it comes to frontrunners like Hillary Clinton and Barack Obama?

Former presidential candidate Al Sharpton, he's stopping by live right here in THE SITUATION ROOM to talk about it.

And a massive slaughter underway right now as Britain tries to contain Europe's huge outbreak of bird flu.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: While many White House wannabes are dipping their toes in the water, one former contender has already plunged back in and he's making a splash on issues like Iraq, raising taxes for the wealthy to pay for health care.

And joining us now, Democratic presidential candidate in his home state of North Carolina.

Senator, thanks very much for coming in.

Let's get to Iraq first.

If you had your way, how long would it take to pull out U.S. forces from Iraq?

FORMER SENATOR JOHN EDWARDS, PRESIDENTIAL CANDIDATE: About a year. It could take a little more -- a little longer than that. But roughly a year, Wolf -- combat troops.

BLITZER: And what about the support personnel, because there's a lot of support personnel in Iraq, as well?

EDWARDS: Well, the support personnel that are there for the purpose of supporting the combat effort, most of them can leave. But the people who are there for logistical support, to help train the Iraqis, we will need to keep some presence there for a period of time.

BLITZER: Here's what the National Intelligence Estimate said the other day, this compilation, a summary of the 16 U.S. intelligence agencies: "A rapid withdrawal from Iraq would result in these -- in this nightmare scenario. The Iraqi security forces would be unlikely to survive. Iraq's neighbors might intervene openly. There probably would be massive civilian casualties. There would be a Kurdish play for autonomy in the north and that could prompt Turkey to launch a military incursion."

In other words, what they are saying is that as bad as the situation is right now -- and it is horrendous -- it could be even worse if there were a rapid withdrawal.

EDWARDS: It could be even worse no matter what happens, and I think they acknowledge that, too, Wolf, in the same report.

What the NIE tells us is the situation on the ground is very bad, the security situation. The political situation is bad. But the one thing everyone agrees on is the only potential solution in Iraq is a political reconciliation and the threshold question is how do you create the incentives for Maliki and the Shia led government by relatively disorganized Sunni leadership to reach that political reconciliation?

And I think -- others, too -- including the -- those -- some of the people in the Iraq Study Group -- believe that the best way to do it, do that, is to not continue to enable them by keeping our combat troops there for a period -- for a long period of time, or by doing what the president wants to do in escalating the war.

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BLITZER: You've said -- you've apologized for your vote back in 2002 when you were in the Senate in favor of the resolution authorizing the president to go to war against Saddam Hussein. Senator Clinton, on the other hand, has not formally apologized.

Does she have credibility on this issue, as far as you're concerned?

EDWARDS: This is an issue between her -- not just for her, but for anyone who voted for this -- for this war -- this is an issue between them and their own conscience. If they believe their vote was right, they should defend it. If they believe their vote was wrong, then they ought to tell the truth about it. It's a pretty simple choice and I think it'll be for voters to evaluate.

BLITZER: Let me rephrase the question.

As far as Hillary Clinton is concerned, does she have credibility when she says that if she were elected president, she would end the war? EDWARDS: You mean do I believe she's telling the truth about it?

BLITZER: Do you believe that she has the credibility, the ability to do what she says she would do, given her track record in the Senate?

EDWARDS: Well, there's no way for me to get inside her mind and heart, Wolf. I mean, she's like everyone else who voted for the war, she has a responsibility, a moral responsibility, to make a decision about whether her vote was wrong or right. This was a question of a war or not. And I think for anyone who wants to be the president of the United States, they need to be honest with the American people.

Senator Clinton is the only one who knows the answer to that question and I think the public will evaluate her, as they will me, Senator Obama and all of the others, on the basis of what they -- what we say and what they see.

BLITZER: Yesterday, you were on "Meet The Press" and you acknowledged -- you said very candidly that if elected president, in order to pay for your health care initiative that you've announced today, to put forward, that you've put forward today, you would have to raising taxes on families making $200,000 a year or more.

Is that right?

EDWARDS: That is correct.

BLITZER: You're -- it brought to my mind this famous comment from Walter Mondale in the presidential debates back in 1984.

Listen. You'll remember this sound bite from the then Democratic presidential nominee.

(BEGIN VIDEO CLIP)

WALTER MONDALE, FORMER PRESIDENTIAL CANDIDATE: Mr. Reagan will raising taxes. And so will I. He won't tell you. I just did.

(END VIDEO CLIP)

BLITZER: All right, so you've just told everyone you'll raising taxes if you're elected president.

Is that a smart political move, given the opportunity now that your opponents will have to hammer you on this sensitive issue?

EDWARDS: My view is that the single most important characteristic of the next president of the United States is somebody who's decent and honest with the country. No one can propose universal health care and say they can pay for it without doing anything to the tax structure. That is not the truth.

And I think the American people deserve and are entitled to the truth, that I suspect the will be other Democratic candidates as we go forward who will follow the lead that I've put out there today and will come forward with their own universal health care plan. And if they contend that they can pay for it leaving the tax cuts and the tax structure exactly as it is, I don't believe that's true. And we'll have to hear what they have to say.

BLITZER: But you're convinced that your health care plan, in effect, will be able to be paid for by this increase in taxes?

EDWARDS: For people who earn over $200,000 a year -- families that earn over $200,000 a year -- they -- they will lose the tax cuts they had under George Bush and go back to what the tax system that existed under Bill Clinton.

But in exchange, we're going to have a more efficient health care system, a less costly health care system. We're going to get rid of a lot of the administrative costs. Every single American will have health care coverage and every -- we'll bring down the costs of the entire system as a whole.

So this is -- this kind of political -- I mean health care reform, which I think is desperately needed and I think the country knows is desperately needed, is the kind of transformation, not small steps, but big steps, that I think we need to take to strengthen this country.

BLITZER: Senator Edwards, thanks very much for coming in.

EDWARDS: Thanks, Wolf.

Thanks for having me.

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BLITZER: And you just heard Senator Edwards say he'd raise taxes on the wealthiest Americans to pay for universal health care.

Across the United States, by the way, just 3 percent of all U.S. households make $200,000 a year or more. Here are the top five locations where wealthy Americans could take a hit.

In the District of Columbia, 6.8 percent of households reached that $200,000 threshold. It's 6 percent or more in Connecticut and New Jersey. And in both Maryland and California, almost 5 percent of households might have to pay more under Senator Edwards' plan.

Coming up, Arnold Schwarzenegger unplugged -- find out what he had to say about a key political rival and his own wife in newly released recordings.

And a massive bird flu outbreak in Britain. We're going to show you why it's raising fears the virus could land, potentially, right here in the United States.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Let's check back with Carol Costello.

She's monitoring all the developments coming in from around the world.

What's the latest -- Carol?

CAROL COSTELLO, CNN CORRESPONDENT: I have it right here, Wolf.

There is a multi-million dollar settlement in last week's bomb scares in Boston. Turner Broadcasting System, which is CNN's parent company, and the advertising agency Interference, Inc. will pay $2 million. The money will go to city and state agencies to reimburse them for their response. This comes after electronic light boards used in a cartoon promotion set off a terrorism scare last Wednesday and brought in the bomb squads. The agreement resolves any potential civil or criminal claims.

Talks aimed at ending the deadly fighting between rival Palestinian factions get underway in Saudi Arabia tomorrow. A fragile cease-fire appears to be holding, for the most part, in Gaza. But Hamas militants reportedly stormed a Presidential Guard post in northern Gaza today and kidnapped five Fatah security officials. Hamas says the men will be released soon.

The fighting has killed more than 130 people in Gaza since May.

The British government is urging the public not to panic about an outbreak of the deadly bird flu virus. The country's largest poultry producer is destroying tens of thousands of infected turkeys at its farm, but the largest bird flu outbreak to hit Europe. But a British health official says it's very unlikely people could get the disease.

Ireland, Russia, Macedonia and Japan have banned British poultry imports for now.

That's a look at the headlines right now -- Wolf.

BLITZER: All right, Carol.

Bird flu -- let's get a little bit more now. It was first detected in Southeast Asia and you can see on this map how it spread across the continent, through the Middle East into Africa and Europe. It's now confirmed in almost 40 countries. And the virus has now been detected in humans in 11 countries, including Turkey.

The fear is that migratory birds will bring the virus to North America. You can see the routes those birds take on the map behind me. Right now, the virus doesn't pass easily between people, but there is the fear it could mutate and spread from person to person like other forms of the failure.

Coming up, do African-Americans owe loyalty to Senator Hillary Clinton?

A key supporter of potential rival Senator Barack Obama says no. I'll talk about the growing divide, what's coming up on that front with the Reverend Al Sharpton. He's standing by live.

Plus, frigid weather gripping much of the northern part of the United States right now. We'll have the latest on the Arctic blast that has millions of people shivering today.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: To our viewers, you're in THE SITUATION ROOM, where new pictures and information are arriving all the time. Happening now, President Bush submitting a $2.9 trillion budget to Congress. It includes more than $240 billion for the wars in Iraq and Afghanistan, 90 percent of that sum going to Iraq. And it comes as we're awaiting a key Senate vote on a resolution opposing the president's troop increase for Iraq.

Also, the former New York mayor, Rudy Giuliani, now another step closer to becoming an official Republican candidate for president.

On the Democratic side, African-Americans facing a growing divide -- will they support Barack Obama, Hillary Clinton, someone else?

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I'll talk about that. That's coming up. The Reverend Al Sharpton, himself a former presidential candidate, he's standing by live.

And Arnold Schwarzenegger unplugged. Newly released recordings capturing some candid conversation about his wife Maria Shriver, his political opponents, and a lot more. Some of them very unflattering.

I'm Wolf Blitzer. You're in THE SITUATION ROOM.

African-American Democrats are increasingly being torn between their party's two front-runners in the race for the White House. That would be senators Hillary Clinton and Barack Obama. And now underscoring the divide, controversial remarks by one of Senator Obama's key supporters.

Let's turn to CNN's Mary Snow. She's in New York with the story -- Mary?

MARY SNOW, CNN CORRESPONDENT: Well, Wolf, those comments came during a meeting last Friday. One person who was present at that meeting said what was being talked about in public is something many black political operatives have been talking about privately.

(BEGIN VIDEOTAPE)

SNOW (voice over): It's a tug-of-war among black voters being asked to choose between supporting Senator Barack Obama and Senator Hillary Clinton. And comments late last week from Illinois state senator Emil Jones tug even further when he called on support for Senator Obama and made a veiled reference against the Clintons.

EMIL JONES (D), ILLINOIS STATE SENATE: I don't feel that we have to pay a debt to someone. How long are we going to pay this debt when our son is running? And our son deserves their support. That was my message to them. SNOW: Jones made his comments during a meeting at the Democratic National Committee's Black Caucus, making it clear his loyalty to Obama.

JONES: We should be united. And African-Americans understand what I say when I say united. He is our son, and I'm behind him because he's our son.

JAMAL SIMMONS (D), POLITICAL STRATEGIST: No one was prepared for this conversation to take place in that room, and once it did, it sparked some questions among people in the room about where their loyalties should lie.

SNOW: Some political strategists say black voters feel caught between loyalty to President Clinton, who was dubbed by many the first African-American president. At the same time, Senator Obama has the potential to make history. So far, Senator Clinton has been leading in polls, but some say the black vote will be critical.

RONALD WALTERS, UNIVERSITY OF MARYLAND: The nagging question about where Barack Obama stands on issues relative to the black vote, if that's cleared up, then I would expect that his favorability numbers would skyrocket.

SNOW: New York congressman Charles Rangel in January said Obama's lack of experience would hold him back, adding that black voters weren't divided.

REP. CHARLES RANGEL (D), NEW YORK: You compare what you know about Hillary Clinton today and what you know about Obama today and it's not a contest.

SNOW (on camera): What do you mean?

RANGEL: One has to prove himself that he is mature enough, understanding enough, has the intellect to guide the entire country. And, of course, Hillary has proven that.

(END VIDEOTAPE)

SNOW: Now, another political strategist who attended last week's caucus meeting said the black vote is wide open, like the entire Democratic vote.

BLITZER: All right, Mary. Thanks very much.

Let's get some analysis from the Reverend Al Sharpton. He's joining us now from New York. He's president of the National Action Network, also himself a former presidential candidate.

Reverend Sharpton, thanks very much for coming in.

REV. AL SHARPTON, NATIONAL ACTION NETWORK: Thank you, Wolf.

BLITZER: Before we get specifically to what Mary was just reporting, are you planning on running again this time? SHARPTON: I've said I'm not interested in trying to run, unless we get in to the season and I don't see someone really championing the cause of social justice and some of the things I did in the last cycle. I'm very happy doing what I'm doing from National Action Network in trying to add to the debate, but we'll see.

I haven't finally ruled it out. I've met with four of the candidates, I'll be meeting with the rest. And I'm really trying to see who will have a message for those who have been marginalized. So far I've not heard that clear message.

BLITZER: So you're not ready to endorse anyone right now, whether it would be Hillary Clinton or Barack Obama or someone else?

SHARPTON: No, I'm not ready to do that as of yet, no.

BLITZER: Well, do you agree with Charlie Rangel, the congressman from Harlem, when he says that Hillary Clinton has already proven herself and Barack Obama still has not?

SHARPTON: Well, I agree that we know her record better. And we have had agreements and disagreements with that record. But we know it better.

That does not mean we should not come to know Senator Obama's record or, for that matter, any of the other contestants. And I've met with him, I've met with her, and I'm meeting with others. But I agree with him that she has the advantage of being known and having taken some positions. Some we have disagreed with.

I think the big problem that Senator Obama has is that he is not as known, and his track record is not as established as hers. But, again, he has time to try and correct that, if, in fact, he can.

I agree more with Professor Ron Walters when he says it is the issues and positions that are taken that I think is going to determine where the majority of the African-American vote ultimately goes.

BLITZER: And you heard Emil Jones, that politician from Illinois, make that statement that Mary -- that Mary included in her piece, saying that, you know, the African-American community really doesn't owe the Clintons anything else, and right now it's a time to unify around Barack Obama.

SHARPTON: Well, I think the problem with that is that you can offend people by saying that you've got to unite just because someone is your race and, therefore, not address the issues. I think that the better way is for Senator Obama or anyone else to stand up on the issues and say, let's unite around the issues. Not unite around who is someone kindred to us, because you really don't want to set that kind of scenario up.

For example, right in Chicago, where there's a mayor race, Senator Obama's endorsed the incumbent white mayor against two black candidates. So you really don't want to nationally say that blacks should do something for Obama that he himself is not doing at home. That is not a debate you want to raise, because then you can name any number of races where people didn't support blacks against whites. I think what is intelligent and respectful to our community, as in any community, is to talk our interests and our issues. Don't raise an issue that you may not want to come home and have to answer.

BLITZER: Let me pick your brain on two other issues.

First of all, Senator Joe Biden, I know he was on your radio show after he made those controversial comments about Senator Barack Obama. Are you over that issue now? Is it time to move on? Or is there still a problem you sense Senator Biden has?

SHARPTON: I mean, well, Senator Biden said what he said, and as I told him on the show, it offended a lot of people. I certainly did not think that it was a thing that was not offensive.

I know Senator Biden, and he said his intention was not to in any way desecrate those of us that ran for president before, being Shirley Chisholm or Reverend Jackson, me, or whoever. But the suggestion that people that, because they may not have a certain style, is not articulate or even clean, I thought was a bit much.

I said it, but, again, I think that the debate must be around the issues. The disparity in income in income in this country based on race, the disparity in how the criminal justice system is used -- it just came out over the weekend in New York that blacks, who are a third of the city, are stopped 55 percent of the time in stopping and frisked by police.

These are the things that people want to know, as president, what will you do to even the playing field? And that's going to be a little deeper than someone's gender or race or comments. And if we don't get to that level, then it won't be in the interests of not only African-Americans, but any Americans united around the candidates.

BLITZER: One final question on Rudy Giuliani. He took another step toward a run for the White House today. You were quoted in "The Times," "The New York Times" on Sunday, as saying, "So right now, he can lead all the media and the national pundits on the yellow brick road. He'd better never let us get near that veil. I know what's back there. I've pieced it before."

What are you alluding to?

SHARPTON: Well, I think that Rudy Giuliani had one of the most polarizing and divisive terms of mayor in the history of the city of New York. Anyone knows that.

His confrontations with the communities of African-Americans and Latinos, his problems in terms of dividing the city, and many other issues will come to light. I think that as soon as the honeymoon is over with the media and he jumps in the ring, he becomes fair game, and I think that a lot of the title of "America's mayor," people are going to have to examine what that mayor (ph) was, and it will not be as flattering as it has been up until now. BLITZER: I don't think the Reverend Sharpton is going to vote for Rudy Giuliani.

Hey, Reverend Sharpton...

SHARPTON: You've got a good guess.

BLITZER: Yes. Thanks very much.

SHARPTON: You also think the Colts are going to win the Super Bowl. Don't you?

BLITZER: Maybe. Maybe.

Thanks very much, Reverend Sharpton, for coming in.

And up ahead, California governor Arnold Schwarzenegger making some unflattering remarks about a political rival. We're going to have details of some newly released recordings, what he did say, he didn't say. He didn't want these recording, though, made public.

Plus, the Senate heading to a showdown over the president's handling of the war in Iraq. We're awaiting a crucial vote. It could come up soon. We'll tell you what's going on in the Senate.

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Dangerously cold weather has much of the northern United States in a deep freeze this afternoon. And lake effect snow is piling up in upstate New York. As much as two feet falling in some areas, closing roads, including parts of Interstate 81, earlier.

Law enforcement, by the way, warning people to stay off the roads.

In Chicago, no snow right now, but bitter cold temperatures. The high today was only a few degrees above zero.

The CNN forecast does call for snow in the Windy City tomorrow and a high -- get this -- of only 10 degrees. And the cold snap is even catching the breath of Minnesotans. It hit 8 degrees below zero in Minneapolis this morning, making conditions miserable for a lot of people, including these firefighters.

Images of the arctic blast are coming in from around the country through CNN's I-Report. Let's go to our Internet reporter, Jacki Schechner. She has the latest look on the frigid weather -- Jacki.

JACKI SCHECHNER, CNN INTERNET REPORTER: Wolf, we've got bold I- Reporters trying to stay warm and sending us photos.

This is Francisco Roque in Ann Arbor, Michigan. He says he rode his bike six miles to work this morning and this is what he looked like when he got there. This is a self portrait. He says he wears a helmet, he was bundled up. But still, the moisture from his breath froze, and you can see that right there on his beard.

We have another I-Reporter named Dorte Jones who took this for us in Cavalier, North Dakota. This is the thermometer outside her garage.

You can see right here it is 30 degrees below zero. She says this is the first time she's seen it this cold in the 12 years she's lived in the area. She thinks that this is why the crime rate in the area is so low, because it's too cold for anyone to go outside.

And this photograph comes to us from Suzanne Velonis, who is in Chicago, Illinois. Took this photograph last night after watching the Bears unfortunately lose the Super Bowl.

She says it was negative 4 degrees. That was cold, but it was even colder this morning. She got up and it was negative 10.

Again, this one in Chicago.

If you want to calculate the wind-chill in your area for yourself, you can do that online from the National Weather Service. They have a wind-chill calculator. For example, if it's 20 outside, the wind's 21, that gives you a wind-chill of 4 degrees -- Wolf.

BLITZER: Jacki, thanks very much.

Jacki reporting.

They just started voting on the floor of the U.S. Senate on an important resolution that could set the stage for a showdown over the war in Iraq.

Dana Bash, you're watching all of this. Explain to our viewers what's happening right now.

DANA BASH, CNN CONGRESSIONAL CORRESPONDENT: Well, what's happening now is you're about to see the latest proof that Senate Democrats may have a majority here in Congress, but it does not mean they have the votes to guarantee they're going to get their way, because what you're seeing is what Democrats hoped would be the beginning of a full-scale debate on Iraq, on a resolution opposing the president's plan to send more troops to Iraq, but that is not going to happen at the end of this vote, because anything in the Senate really needs 60 votes to pass. And Republicans are using the Senate rules to their advantage, and they're making it clear that they are going to block this vote to proceed to a major debate on Iraq.

Why? Because Republicans say that they want to have some of their resolutions passed. Democrats say that is purely obstructionism. So you're going to see this vote, it's going to fail, and then Democrats and Republicans are going to go behind closed doors and try to figure how to get some kind of agreement.

BLITZER: And where they go next.

All right. Thanks very much, Dana, for that.

Let's check in with Lou Dobbs to see what's coming up right at the top of the hour.

Lou, what are you working on?

LOU DOBBS, HOST, "LOU DOBBS TONIGHT": Wolf, thank you.

Coming up at 6:00 p.m. Eastern here on CNN, we're reporting on the Bush administration's determination to push forward with what is being called a North American union without the consent of Congress or the American people. The Bush administration defended its plan in, you guessed it, Mexico City. Imagine that.

We'll have that special report.

Also tonight, some local law enforcement agencies are helping to remove criminal illegal aliens from the streets of this country, despite protests by the illegal alien open border lobby.

We'll have that story and tell you what we can expect in the months ahead.

And a new warning that our public education system is failing an entire generation of our students.

We'll have that special report. And I'll be talking with the head of the educational testing service that issued the warning. Kurt Landgraf is among our guests here tonight.

Senator Byron Dorgan also joins us tonight to tell us why he opposes the president's efforts to negotiate trade deals without congressional approval to have Fast-Track Authority returned to him.

We hope you'll join us for all of that and a great deal more, all the day's news.

Wolf, back to you.

BLITZER: We'll be watching in a few minutes. Thanks very much, Lou, for that.

And coming up in our 7:00 p.m. Eastern hour right here in THE SITUATION ROOM, it's the hottest title in Washington, at least today, President Bush's almost $3 trillion budget. CNN's Jeanne Moos is going to be taking a special Jeanne Moos kind of look at the new budget.

Plus, what California governor Arnold Schwarzenegger says about his wife, as well as a political rival. We're going to have details of some newly released recordings.

We'll be right back.

(COMMERCIAL BREAK)

BLITZER: There are some new recordings out from meetings between Arnold Schwarzenegger and his aides, and they reveal some very candid and unflattering comments by the California governor about some of his opponents.

Let's go back to CNN's Carol Costello. She's following the story for us -- Carol.

CAROL COSTELLO, CNN ANCHOR: Wolf, the recordings were made in 2006 for a Schwarzenegger speechwriter with full knowledge of the governor. The hope was that listening to the governor's casual conversation would help write a better speech. The problem is, they were mistakenly put on the governor's Web site and lifted by political rivals.

(BEGIN VIDEOTAPE)

COSTELLO (voice over): The recordings are very much Arnold unplugged, backroom conversations, a window into what he really thinks.

GOV. ARNOLD SCHWARZENEGGER (R), CALIFORNIA: Please, Senator.

COSTELLO: Schwarzenegger, who is heard talking with his aides about his political opponents, dishes about Democratic state senator Don Perata.

SCHWARZENEGGER: Perata is a very sick man.

UNIDENTIFIED MALE: Really?

SCHWARZENEGGER: Yes, absolutely.

COSTELLO: Quite a revelation from a politician who prides himself on his bipartisanship.

The question is, will that bipartisan cooperation continue?

PETER NICHOLAS, "LOS ANGELES TIMES": The governor's staff told me last night that Schwarzenegger had apologized, but I spoke to Senator Perata's office this morning, and they said the senator had gotten no apology from the governor and described the senator as being not in a particular happy mood this morning.

COSTELLO: The governor also discusses another hot-button issue -- immigration. He calls the idea of a fence between Mexico and the United States ridiculous. And when it comes to the subject of assimilation, he says Mexican immigrants do need to work harder to assimilate in the United States.

SCHWARZENEGGER: We love Mexico and we go there on vacation. We love to hear the mariachi music and all that stuff. But up here, for us to feel sympathetic towards you, you have to carry the American flag, and you have to say, "We want to be part of you. We love you."

(END VIDEOTAPE)

COSTELLO: The governor's office released the tapes in their entirety today, saying it did that to prove Mr. Schwarzenegger's comments are part of a long and thoughtful dialogue.

BLITZER: Carol, what are the governor's political rivals saying about this?

COSTELLO: Well, I called state senator Don Perata's office myself today, and his press person told us he's a little upset, but he can't start a war over this. As a politician, he says there have been worse things said about him.

BLITZER: And finally, Carol, what did we learn about Maria Shriver from these recordings?

COSTELLO: She likes detail. She's very involved in speechwriting. In fact, she reviews the governor's speeches.

He says on this tape -- and I quote -- "She is relentless. She will not stop. You know with a speech, like, for a convention or something like that? She goes until the last day. I said, 'Maria it's over, it's locked in. It's in the teleprompter.'"

I'll have more at 7:00.

BLITZER: All right. Thank you. We're going to be watching that.

Carol doing good reporting for us.

Up next, Jack Cafferty wants to know, how important is it for the Senate to pass a resolution opposing President Bush's troop increase plan in Iraq? Jack with your e-mail when we come back.

(COMMERCIAL BREAK)

BLITZER: Let's go to New York and Jack Cafferty for "The Cafferty File" -- Jack.

JACK CAFFERTY, CNN ANCHOR: Wolf, the question this hour is: How important is it for the Senate to pass a resolution opposing President Bush's troop increase plan in Iraq?

Ron in San Francisco writes, "We need resolutions that are as binding as the deaths of our kids over there. Not some chicken little, no-confidence resolution like this. The American people spoke loud and clear last November to end the war, not fight over condemning a Bush escalation of it. Wake up guys, or we'll muck out the barn again in two years."

Aaron in Pennsylvania, "Very important. If no one goes on record opposing the war, the President Bush will say, 'Nobody said they were against my plan when this all started.' I hope the politicians learned an important lesson from the vote that they took that got us in to this mess four years ago." Bernie in Binghamton, New York, "It's of no importance, Jack. It's merely grandstanding. If the Congress wanted to oppose this stupid, unwinnable war, it should do two things -- deny Bush the funds to continue the war, impeach both Bush and Cheney. The time has come for serious action, not for political posturing."

Armin in Litchfield, Connecticut, writes, "If they do nothing else for the rest of the year except vote against a troop increase, they have saved us poor taxpayers trillions in future expenses, and most likely a few thousand American lives. Maybe that's asking too much of our senators."

Barbara writes from Niles, Michigan, "The sad truth is the Republicans cannot seem to accept they are no longer the majority in the Senate. They're now trying to filibuster the Iraq debate and the Iraq resolution. I think they'd better get on the side the people, or I predict there'll be fewer Republicans in Congress after the next election."

Luzma, Lewiston, Maine, "I have two nephews in Iraq right now. I don't want to see them come home in coffins. Therefore, this vote against the surge is crucial on how I will vote for Senator Susan Collins in 2008."

"Any Republican who votes with the president is ignoring a powerful voice in our democracy -- our vote. We voted in November for change, and we demand it."

John writes from Delaware Water Gap in Pennsylvania, "A non- binding resolution? Spineless comes to mind. If those yo-yos are serious about their disagreement with the president, they ought to cut off funding and force a withdrawal in six months. Damn, it sucks being helpless and represented by these idiots. Maybe we need to be liberated."

And Joseph, finally, in Norman, Oklahoma, "Jack, the Senate's fighting for the best way to do nothing. As usual."

If you didn't see your e-mail here, you can go to cnn.com/caffertyfile, where you can read more of these online -- Wolf.

BLITZER: You k now, a lot hovering over this whole debate. There are 20 Republicans senators who are up for re-election next year, and they're all very worried about how this vote might play. We'll talk a little bit more about that in an hour, Jack.

Thanks very much.

Edwards Details His Health Care Proposal (NYT)

By John M. Broder

The New York Times, February 6, 2007

WASHINGTON, Feb. 5 — John Edwards proposed a detailed plan on Monday to provide health care coverage to the 47 million Americans who now go without, becoming the first major presidential candidate to do so.

Mr. Edwards's plan is ambitious and expensive, adding as much as $120 billion a year to the nation's health care bill. Money for the proposal would come from increased taxes on well-to-do families, from new fees to be paid by companies that refuse to provide health insurance for their workers and through steps to streamline the delivery of health services.

Mr. Edwards, a former senator from North Carolina, was the Democrats' vice-presidential nominee in 2004.

The Edwards plan is a pastiche of ideas that have been introduced at the state and federal levels, including some that have been derailed by opposition from business groups, doctors and health insurers.

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Mr. Edwards, in an interview on Monday, described the American health care delivery system as dysfunctional and said that incremental steps would not cure it. “This proposal embraces the concept of shared responsibility to provide universal health care,” he said.

The plan would be partly financed by eliminating tax cuts for households earning more than $200,000 a year, cuts that Congress approved in the Bush administration. Mr. Edwards said he would also offset the program’s cost by using the estimated $15 billion in capital gains taxes that go uncollected each year by requiring brokerage houses to report capital gains from taxpayers’ stock sales to the Internal Revenue Service, just as interest and dividend income is reported now.

Mr. Edwards also said that billions of dollars could be saved by making the health system more efficient and investing more in preventive care. The Edwards plan would provide tax credits or subsidies to low-income families who cannot afford health insurance, expand Medicare and the federal program of health care for children, and create a federal health insurance agency that could become the basis for a single-payer system that would eventually do away with private health insurance.

Drew Altman, president of the Kaiser Family Foundation, which studies the American health care system, praised Mr. Edwards, saying he was the first candidate in the 2008 presidential race to offer a credible and comprehensive plan to cover the uninsured. But Mr. Altman also said the plan faced high practical and political hurdles.

“This is a plan that borrows from different approaches in an attempt to cut through the paralysis in Washington between left and right for many years,” he said. “None of these plans are easy or without issues that others can attack you on.”

Senators Hillary Rodham Clinton of New York and Barack Obama of Illinois, Mr. Edwards’s two most prominent rivals for the Democratic presidential nomination, have not yet released detailed health care plans and declined to comment on the Edwards proposal.

One provision of the Edwards proposal certain to draw fire is a requirement that companies provide health insurance for all workers or pay 6 percent of their payrolls into a government fund to buy insurance for them. This type of “play or pay” program was an element of former President Bill Clinton’s failed 1994 health care plan that was shaped in large part by Mrs. Clinton.

Gov. Arnold Schwarzenegger included a similar mandate for employers in his universal health care proposal for California residents. The plan by Mr. Schwarzenegger, a Republican, calls for employers who do not provide health coverage to pay 4 percent of their payrolls into a government health insurance fund.

The National Federation of Independent Business, a powerful lobby that represents small-business owners, said such mandates amounted to a job-killing tax on small companies. “Health care mandates are a nonstarter for our members,” said Stephanie Cathcart, a spokeswoman for the federation.

Mr. Edwards also proposed creation of regional health insurance markets, to use the purchasing power of millions of consumers to drive down health insurance premiums. The concept is similar to that in Mrs. Clinton’s 1994 plan to create health insurance purchasing alliances.

Mr. Edwards’s proposal would also strengthen the Food and Drug Administration’s ability to monitor new drugs after they reach the market, a provision generally welcomed by experts. But it also includes restrictions on drug companies’ advertising directly to consumers, which is vigorously opposed by the pharmaceutical industry.

Edwards Introduces Plan For Health-Care Coverage (WP)

By Dan Balz

The Washington Post, February 6, 2007

Democratic presidential candidate John Edwards yesterday issued a blueprint aimed at providing health-care coverage for all Americans and said he would raise taxes to help pay the roughly $100 billion annual bill.

The plan would require employers to provide health insurance for employees or pay a portion of their payroll into a fund that would help individuals buy their own insurance. Edwards said the plan would demand that people take responsibility for obtaining insurance, either from employers or on their own.

The federal government would provide tax credits to help underwrite the cost of insurance and, through the states, would establish state or regional health-care markets, or purchasing pools, that would offer competing health plans to individuals.

"This is the shared-responsibility approach to reforming our health-care system," Edwards said in an interview. "I think it's a dramatic change in the health-care system, the kind of transformation it needs. It's a truly universal system."

Edwards said the cost of the plan would be $90 billion to $120 billion once it is fully implemented. He said the major share of the cost could be paid for by eliminating President Bush's tax cuts for families with incomes of more than $200,000. More revenue could come through more aggressive efforts by the Internal Revenue Service to collect some taxes now going unpaid.

Edwards said the plan bears some resemblance to the new health-care program enacted in Massachusetts, but he said it would require employers that do not provide health insurance to pay a greater share of their revenue into a government fund to help individuals buy insurance.

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He called the plan less complicated than that proposed by Bill Clinton and Hillary Rodham Clinton when they were in the White House.

Edwards' Stiff Healthcare Medicine: Taxes (LAT)

By Michael Finnegan

The Los Angeles Times, February 6, 2007

Betting that voter concern over healthcare outweighs disdain for higher taxes, Democratic presidential candidate John Edwards on Monday proposed repealing President Bush's tax cuts on high-income Americans to finance a universal healthcare plan.

The plan would cover all 47 million of the nation's uninsured by 2012, the former North Carolina senator said. The annual cost to taxpayers would be $90 billion to $120 billion, most of it covered by a tax increase on families making more than $200,000 a year.

The plan would require employers to provide health coverage to workers or help them buy insurance. To hold down the cost of premiums for millions of Americans, it would allow employers and consumers to join regional insurance pools that purchased coverage in bulk. The plan would also expand Medicaid and other public health programs.

Edwards' explicit call for a tax increase to broaden access to healthcare could carry wide appeal among Democratic primary voters. But if he wins the nomination, it risks exposing him to Republican attacks in a general election race, just as Walter Mondale, President Reagan's Democratic challenger in 1984, was pilloried for proposing higher taxes.

The Edwards plan comes as he is trying to sharpen distinctions between himself and rivals for the Democratic nomination, particularly Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Like Edwards, both support universal healthcare, but neither has released a specific plan. Last week, Clinton said she hoped to build consensus on politically feasible elements of a plan before releasing one; Obama said he was working with experts to develop his own proposal.

Other Democratic White House contenders who have vowed to broaden access to health coverage include New Mexico Gov. Bill Richardson and Sens. Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware.

But Edwards is the first to provide details. In a telephone interview, he said he did not expect his plan to draw any storm of opposition, as the Clinton White House did with its failed effort, led by Hillary Clinton, to overhaul health coverage in the 1990s. "I think it's appealing across the ideological and political spectrum," he said.

The Edwards proposal would set up regional coverage-purchasing pools that would offer competing insurance plans. The nonprofit pools would be available to consumers who did not get coverage through their jobs, and to employers that decided to join rather than offer their own insurance plans. The idea would be for the pools to negotiate lower premiums through economies of scale. One of the insurance plans offered by each pool would be a public program modeled after Medicare.

The proposal would also make more people eligible for taxpayer-subsidized healthcare under Medicaid and the State Children's Health Insurance Program, and it would create a new tax credit to offset insurance costs for some middle-class families. Once those steps were taken, Americans would be required to have insurance.

*

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Edwards Latest To Decline Public Funds For Presidential Campaign (USAT)

By Jill Lawrence And Fredreka Schouten

USA Today, February 6, 2007

WASHINGTON — Democrat John Edwards on Monday joined New York Sen. Hillary Rodham Clinton in saying he will not use public money for the presidential primary campaign or, if he wins his party's nomination, for the general election.

The move by the former North Carolina senator is the latest sign of trouble for the public campaign funding system, created after the Watergate scandal to set limits and disclosure rules on contributions to presidential campaigns.

Edwards said in an interview that he expects major candidates in both parties to raise unlimited private dollars rather than participate in the public system. He said he needs to do the same "to have the funds to be competitive."

Edwards plans to start soliciting contributions for the general election soon, spokeswoman Jennifer Palmieri said. Clinton has been raising money for both the primary and general elections since she got into the race last month.

Another strong Democratic contender, Illinois Sen. Barack Obama, is not disclosing his financial plans until after a formal announcement Saturday in Springfield, Ill.

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On the Republican side, an aide to former Massachusetts governor Mitt Romney said Monday that Romney will not take public money in the primaries. "Our focus right now is on securing the nomination. Decisions on the general election haven't been made yet," Kevin Madden said in an e-mail.

Two other top GOP prospects, Arizona Sen. John McCain and former New York mayor Rudy Giuliani, have not said yet whether they will use public money at any stage of the race.

Withdrawing from the public financing system allows candidates to raise money for the primary and general elections at the same time, lowering the cost of fundraising.

"You rent the same ballroom, serve the same stale hamburgers, but you double the potential take," said Michael Toner, a member of the Federal Election Commission. Candidates would refund money if they don't win the nomination.

Toner predicts "record-breaking presidential fundraising," with each nominee amassing as much as $500 million. The Edwards and Clinton decisions also set the stage for a two-tiered nomination process: well-known candidates raising unlimited dollars and less familiar candidates relying on public money.

The public-financing system has been used by every president elected since 1976. The money also helps pay for the Democratic and Republican national conventions.

Taxpayers can direct $3 of their tax each year to underwrite the system. Last year, 9% of taxpayers — nearly 11.7 million people — checked the contribute box on their income tax form. "I don't think it encourages people to check the box when the only people who take the money have no realistic chance of winning," Toner said.

President Bush and Democrat John Kerry declined public money during the 2004 primaries because that would have required them to limit their spending in each primary state. However, they accepted nearly $75 million apiece in public financing after their parties' nominating conventions for their general-election campaigns.

Federal law now caps campaign donations from individuals at $4,600 — $2,300 each for a primary and a general election. The political action committees of unions and companies are limited to $5,000 per election, or $10,000 total.

The Other Democrats Weigh In (WP)

By David S. Broder

The Washington Post, February 6, 2007

The good news for the nation's Democrats is that neither of the supposed front-runners for the party's 2008 presidential nomination, Hillary Rodham Clinton and Barack Obama, stole the show when all 10 of the likely contenders spoke last weekend to the Democratic National Committee.

Clinton and Obama got good receptions from the crowd at the Washington Hilton, having filled many of the spectator seats with their young supporters. But they didn't blow away the field, which will help keep things loose for a while, allowing more grass-roots activists time to weigh the strengths and weaknesses of all the entrants.

This campaign is starting ridiculously early, for both Democrats and Republicans. The only thing worse would be to have it end early because all but one or two people have been eliminated on each side.

That is now less likely to happen to the Democrats. The stars of the weekend, judging from reactions in the ballroom and the lobby, were not Obama and Clinton but former Sen. John Edwards of North Carolina and Gov. Bill Richardson of New Mexico.

Both of them played to the antiwar sentiments of this liberal-leaning audience by demanding that those now in Congress do more than pass resolutions decrying President Bush's decision to send more troops to Iraq. Edwards wants to pull out 40,000 soldiers now; Richardson said that Iraq "is not worthy of one more lost American life."

Their view, which was echoed by former Iowa governor Tom Vilsack, left Obama, Clinton and Sen. Joe Biden of Delaware -- who have to deal with the realities of a 51-49 Senate where nothing can pass without significant Republican support -- in the uncomfortable position of seeming to be less fervent about the war. Only Sen. Chris Dodd of Connecticut and Rep. Dennis Kucinich of Ohio, among those with votes to cast, joined the call for early withdrawal.

Edwards combined his Iraq message with a version of his stump speech from the last presidential campaign, evoking the plight of anonymous forgotten Americans like the "8-year-old little girl [who] will go to bed hungry . . . because her father lost his job." Edwards almost never mentions his own political history -- especially not his 2004 race as John Kerry's running mate. This time around, he is even more a populist, and he closed his speech with a vow of solidarity with organized labor that drew thunderous applause.

Unlike Edwards, Richardson dwells on his varied experience as a member of Congress, ambassador to the United Nations, energy secretary, diplomatic troubleshooter and now a reelected governor. Others may talk about extending health care, improving schools, creating jobs; he says he's already done it. Vilsack made a similar claim about his eight years as governor of Iowa, but Richardson could give him lessons in speech-making.

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One of the losers in the weekend oratorical marathon was retired Gen. Wesley Clark, who repeatedly invoked the West Point motto of "Duty, Honor, Country," forgetting that few in this particular audience have much experience with, or sympathy for, the military. The larger disaster was the long harangue of former Alaska senator Mike Gravel, a strident critic of almost everything and promoter of a folly -- a national initiative process -- that not even a deranged blogger could love. Someone has to give him the hook before the real debates begin.

Obama delivered a lofty address, decrying negative campaigning -- a speech that put him squarely on the record against cynicism and in favor of hope. People listened intently, but at some point, the man from Illinois is going to have to put some policy meat on the bones of that compelling personality, lest he feed the suspicion that he doesn't have much to say.

By comparison, Hillary Clinton looked like what she is -- an old pro, maybe a bit hesitant at the start of her first national campaign for herself but someone who draws confidence from giving voice to her own ideas. She stole the headlines for the weekend by pledging that if the current Congress does not find a way to end the war in Iraq, "as president, I will." Of course, she also said that if she had been president in 2002, she wouldn't have started the war in the first place -- a statement that invites Obama and others to ask, "Well, then, why did you vote for it as senator?"

Oh, it's going to be fun, and, with luck, it will keep going for a long time.

Slip Sliding Away (NYT)

By Stacy Schiff

The New York Times, February 6, 2007

Football season is over, but there is no cause for despair. We are smack in the middle of an all-star backpedaling tournament.

Last week Joe Biden announced his candidacy with that loaded line about Barack Obama, “the first mainstream African-American who is articulate and bright and clean and a nice-looking guy.” Forget what Mr. Biden really meant to say. Think instead about where he went next, which was where Michael Richards and Mel Gibson had gone before him. Not only did Mr. Obama understand what he meant, insisted Mr. Biden, but “I have no doubt that Jesse Jackson and every other black leader — Al Sharpton and the rest — will know exactly what I meant.”

Indeed they did. The day ended with Mr. Sharpton assuring Mr. Biden that he bathed regularly. Rehabilitation came that evening on Jon Stewart; this is why television was invented.

Rule No. 1: Blame the context.

Rule No. 2: Blame the English language. (Punctuation is also fair game. Mr. Biden later enlisted an exculpatory comma.)

Rule No. 3: Go scattershot. Blame your humor-impaired audience (as Senator Kerry did); your ignorance (former Senator Allen, when asked to define “macaca”); your childhood (former Congressman Foley); in a pinch, but only in a pinch, your mother (Mr. Biden, again).

Rule No. 4, particularly useful if you can’t blame the English language and your own is unforgivingly precise: blame the microphone.

That was the route Jacques Chirac took after his nuclear remark about a nuclear Iran. “Having one or perhaps a second bomb a little later, well, that’s not very dangerous,” Mr. Chirac said with a shrug. The press was summoned back, for a retake. “I should rather have paid attention to what I was saying and understood that perhaps I was on the record,” Mr. Chirac offered, as if the record rather than the remark were the issue. Then there was that little fillip about obliterating Tehran. “I retract it, of course,” Mr. Chirac added.

Which brings us to O. J. Is reconstructing a supposedly hypothetical version of a supposedly half-remembered crime backpedaling? I think I’ll opt for plain old delusional. Locking that farce away in a vault is corporate (and commendable) backpedaling, however.

Backpedaling is not apologizing. Apologizing is what you do when you have an affair with your campaign manager’s wife and are found out. Or after you have had a homosexual tryst in your living room while your wife is having a baby in the hospital. It is what you once did when you accidentally shot your hunting buddy in the face.

As anyone with a marriage license knows, there are apologies and apologies. To apologize for your philandering to the public but not your spouse is — just to pick a random example — the height of disingenuousness. Apologies can be easy, also cheap and common. Saddam Hussein apologized for invading Kuwait, after all.

Backpedaling, on the other hand, is subtle and strategic. The trick is to deflect adroitly without landing in an undignified puddle of overwrought remorse. There are no woodsheds or waterworks in this league. It is instead all artful insouciance. The backpedaler distances himself from his actions; the two are but dimly acquainted. He has essentially suffered an out-of-body experience, a brief abduction by bad judgment. It can happen to the best of us. Just ask Larry Summers. Backpedaling is apology in the passive voice, like suddenly acknowledging those secret C.I.A. prisons that we were unable to locate for a while

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there. It is to half-assume responsibility, to smoke but not inhale. Perhaps it's imperfect, but we are grading on a curve these days.

As with most sports, technology has transformed this one. Jon Stewart and Oprah are its umpires, YouTube its steroids. Never have we and our words had to live in such tight quarters. Blurting just isn't what it used to be in the days of Daniel Webster or William Jennings Bryan.

Nor is backpedaling for everyone. Some people, like some bikes, are just not capable of it. Let's say that you have sunk your country into an unpopular war. Against expert judgment and a groundswell of opinion, you opt for escalation. Queried as to how you would answer a pollster who asked if you approved of that war, you reply, "You can put me down as a no." That is unsporting, and a travesty.

Super Sunday may be behind us, but Super Tuesday is a year away. May the best backpedaler win.

House Bill Eases Union Sign-ups (WT)

By Sean Lengell

The Washington Times, February 6, 2007

Labor groups are hoping that the new Democratic majority in Congress will push through a measure that would make it easier for workers to join unions.

The bill, scheduled to be introduced today by Rep. George Miller, California Democrat, is prompting labor activists and union foes to square off in an intense and high-profile lobbying campaign.

The Employee Free Choice Act would allow workers to unionize by simply signing a card or petition stating their interest in joining the union, as opposed to the decades-old practice of secret-ballot elections.

If a majority of employees sign, the employer would be required by law to recognize and bargain with the workers' union.

Sen. Edward M. Kennedy, Massachusetts Democrat, will introduce the Senate version of the act later this year, his office said yesterday.

Labor activists say the bill is crucial for helping defend them from anti-union companies and lawmakers, which they blame in part for decades of decline.

Overall union membership was 12 percent nationally last year -- down from 12.5 percent in 2005.

"America's middle class is shrinking fast, and unions are a key to bridging our nation's growing economic divide," AFL-CIO President John J. Sweeney said.

Labor analysts say unions will survive if the bill is defeated, because unions have strong support in the public sector -- about 40 percent in 2006.

Mr. Miller sponsored an almost-identical version of the free-choice act last year, which didn't come to a vote in the Republican-dominated House. Many labor analysts say the bill will pass the House, but have a difficult time in the Senate, where Democrats have only a slight numerical edge.

"The Senate has always been the graveyard of labor law," said Bill Gould, a Stanford University law professor.

Many expect President Bush to veto the bill, if it survives the Senate.

Unions say the card-signing -- or "card check" -- method is more fair than the secret ballot because it's a simpler, more-direct approach for workers to decide if they want to unionize.

And because card-check organizing is considerably quicker than conducting secret-ballot elections, which typically take weeks, proponents say it reduces the potential for employers to harass and intimidate workers against joining a union.

"People should be able to choose whether to form a union free from employer intimidation and coercion," Mr. Sweeney said. "Our current labor law is broken."

The bill also would allow for arbitration to settle contract disputes for newly organized union chapters and impose stronger penalties on employers who violate labor laws.

But opponents say the bill is a desperate attempt by organized labor to stay relevant.

"Basically, what [labor leaders] are trying to do is accomplish through legislation what they have not been able to accomplish in the marketplace, and that is to make themselves attractive institutions to ordinary workers," said Peter Morici, a University of Maryland business professor and a former chief economist at the U.S. International Trade Commission.

The bill would curtail -- not enhance -- workers' rights by denying them the opportunity of an election to determine whether or not to unionize.

"This bill is a ruse," Mr. Morici said.

The Center for Union Facts, an anti-union group vigorously fighting the bill, says card-check organizing in an unreliable method of gauging an employee's true interest in joining a union. Union organizers often mislead employees -- either intentionally or unintentionally -- and pressure them to sign.

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The group, which has been running full-page anti-card-check advertisements in The Washington Times, The Washington Post and other major U.S. newspapers, says card-check organizing is "undemocratic" and highly susceptible to fraud by union organizers.

"Voting by secret ballot protects coercion from all sides," said Sarah Longwell, a spokeswoman for the group. "When you vote in secret, no one knows how you voted. There's no way to intimidate you."

Although secret-ballot elections are desirable for deciding political campaigns, they're ineffective in the workplace, Mr. Gould said.

"The secret-ballot-box initiative has been perverted, and it has been manipulated by employers," said Mr. Gould, who served as chairman of the National Labor Relations Board in the Clinton administration from 1994 to 1998.

Still, the bill isn't perfect, Mr. Gould added. He said he would like to see a provision requiring employees to pay or pledge to pay union dues or initiation fees before signing a card or petition to unionize.

A Vaccine To Save Women's Lives (NYT)

The New York Times, February 6, 2007

Congratulations to Texas for becoming the first state to require vaccinating young schoolgirls — ages 11 and 12 — against a sexually transmitted virus that causes cervical cancer and genital warts. Other states would be wise to follow the same path.

There is no doubt that Merck's vaccine against the human papillomavirus, given in three shots over eight months, is highly effective. It provides nearly perfect protection against two strains that cause 70 percent of all cases of cervical cancer, and against two other strains that cause 90 percent of genital warts cases. (That still leaves 30 percent of the cervical cancer cases to worry about, so women are urged to keep getting regular Pap tests to screen for signs of the cancer.) The side effects are generally mild: pain or tenderness at the site of the injection.

Many parents are appalled at the notion of vaccinating such young girls against a sexually transmitted disease. But the medical reality is that the vaccine will generally not work after a woman has been infected, so it is best for girls to be vaccinated well before they become sexually active. The nation's top advisory committee of immunization experts has recommended that the vaccine be routinely given to girls 11 and 12 years old.

The most contentious issue is whether the shots should be required or simply recommended to parents through a strong educational campaign. Those opposed to compulsory vaccination complain that there are already a slew of required vaccinations, so why heap on another, especially for a disease that is spread only through sexual contact? Critics also fear that HPV vaccination may lead some students to wrongly assume that they are protected against all sexually transmitted diseases, perhaps encouraging them to engage in risky behavior.

None of these objections seem strong enough to forgo the protection against a devastating disease. The United States records some 10,000 new cases of cervical cancer each year, and 3,700 cervical cancer deaths. Gov. Rick Perry of Texas, a conservative Republican, has taken an "opt out" approach, in which vaccination is required but parents can seek an exemption for reasons of conscience or religious beliefs.

That makes sense to us. All students deserve protection against HPV infection, and the presumption should be that they will get it.

Can The CBO Spell IRA? (WSJ)

By Alan Reynolds And David R. Henderson

The Wall Street Journal, February 6, 2007

Is the share of income of the top 1% in the United States high and rising? Those who say it is usually base their belief on statistics from one of two sources. One, a paper by Thomas Piketty and Emmanuel Saez, was discussed by Alan Reynolds in the Journal on Dec. 14, 20061. The other source is the Congressional Budget Office (CBO). It, too, is wrong.

The CBO's measure, "comprehensive income," is vastly larger than our benchmark of personal income and nearly double the Piketty and Saez total of $6.4 trillion for 2004. The CBO adds transfer payments -- but it also assigns corporate profits to households, and includes the taxable portion of capital gains. Although that fixes a few statistical headaches, it adds fatal complications.

The CBO's allocation of most corporate profits to the top 1% implies an average income of $1,259,700, compared to an average income of $940,441 in the most similar Piketty and Saez series (which includes capital gains). As the lower line in the nearby graph shows, the CBO estimate of income among the top 1% was just 21% larger than the figure from Piketty and Saez in 1980, then 26% larger in 1990, 30% larger in 2000 and 38% larger in 2004. The gap widened because of the CBO's flawed methodology.

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The top line in the graph shows that the CBO assigned a high and rising share of capital ownership to the top 1%. Thus Lawrence Mishel and Jared Bernstein of the Economic Policy Institute write that this "shows that those in the top 1% of the income scale received 59.4% of all the capital income in 2004, up from 49.1% in 2000, 39.1% in 1989 and just 37.8% in 1979." Actually, it shows that if you make goofy assumptions, you get goofy results. Those who measure wealth directly find no such growth in the share of the top 1%.

At the IRS Statistics of Income (SOI) division, Barry Johnson and Brian Raub examined 28,000 estate tax returns to calculate wealth shares. "In 2001," they noted, "1.0% of the U.S. adult population [2.1 million people] . . . owned approximately 22.3% of total U.S. individual wealth, a 1.0% decrease since 1998 but virtually identical to the shares of wealth held in 1995 and 1992."

Federal Reserve Board economist Arthur Kennickell added the Forbes 400 list of wealthiest Americans to the Fed's Survey of Consumer Finances. He concluded that the top 1%'s share of wealth declined slightly from 34.6% in 1995 to 33.4% in 2004. Yet the CBO says that share rose from 43.2% to 59.4% in those same years. The difference is huge and it has a huge effect. For 2004, the CBO assigned 59.4% of $1.1 trillion in corporate profits to the top 1.2 million households, which added more than a half-million dollars to each of their incomes. That improbable figure has been rising rapidly, pushing the top 1%'s share of "comprehensive" income much higher than otherwise.

How does the CBO get its results? By assumption. Gary Burtless of the Brookings Institution notes that the CBO, unlike SOI and Fed economists, does not actually look at who owns capital. If your tax return shows no income from capital, then, according to the CBO, you own no capital. Can the CBO spell IRA? A huge and growing portion of capital owners in the U.S. earns dividends, interest and capital gains that never show up on tax returns because it is tax-sheltered. And the middle class owns a much higher fraction of its wealth in tax-sheltered assets than does the top 1%.

Andrew Bershadker of the Treasury Department and Paul A. Smith of the Fed compared the interest, dividends and capital gains reported by taxpayers aged 50 or more in 1990 and 2002. They found that "for all ages, the share of [taxable] income arising from assets is strikingly [as much as 36%] lower in the 2002 cross section than in the 1990 cross section."

In short, taxpayers are moving savings out of the grip of tax collectors. But high-income taxpayers are not allowed to contribute to an IRA or tax-free Roth account, and their contributions to other accounts are tightly limited. As a result, about 95% of the top 1%'s assets are still potentially taxable. And that causes the CBO's method to show an increase in wealth of the top 1%. As noted, direct studies of wealth show no such increase.

Economist James Poterba of MIT estimated that among those with assets in a tax-deferred account in 1998, the middle 36% (those in a 28% tax bracket) held nearly a third of their assets in tax-deferred accounts. By contrast, the top 1% of wealth holders held just 5.5% of their assets in tax-deferred accounts in 2001, according to Federal Reserve economist Arthur Kennickell.

Jonathan Chait of the New Republic speculates that 401(k) accounts "mostly replaced defined benefit pensions" and that money from 401(k)s does appear on tax returns when the accounts are withdrawn. Nice try, but no cigar. Capital income accruing inside Roth IRA, Roth 401(k) and 529 college-savings plans will never appear on tax returns, nor will up to $500,000 of capital gains on the sale of family homes since 1997.

Moreover, few of those now retired had much opportunity to build such accounts during their prime earning years. James Poterba, Dartmouth economist Steven Venti and Harvard's David Wise found that in 1984 fewer than 12% of those aged 45 were participating in a 401(k) plan, compared with 57% by 2003. Even the 12% who turned 65 in 2004 cannot be compared with those in defined benefit plans, since such plans would pay only 30% of your salary after 20 years. A 401(k) invested in a mediocre mutual fund from 1984 to 2004 did much better than that.

Those with a defined (fixed) pension must pay taxes at age 65, but the rest of us delay the tax collector. Messrs. Bershadker and Smith found that "roughly half the sample waits until required [at age 70 years, six months] to take the first withdrawal" from an IRA. The required distribution rises slowly to 10% at age 80, and so the untaxed account often keeps growing. Many will die before most funds are depleted, leaving the balance to heirs. Withdrawals from tax-deferred plans (unlike Roth and 529 plans) will eventually appear in tax return data. To say such invisible income is "implicitly" included in recent tax data, as Messrs. Piketty and Saez do, is to admit it is explicitly excluded from such data.

Like most other data, the CBO estimates show a clear increase in income inequality between the stagflation of 1980-81 (which depressed stocks, bonds and business) and the Tax Reform Act of 1986-88 (which encouraged reporting more income on individual tax forms). However, the CBO data show that the top 1%'s share of disposable income, after taxes, was unchanged between 1988 (12%) and 2003 (12.2%). That number picked up in 2004, with more dividends and capital gains being reported at the 15% rate. But defining a trend by one year is nearly as foolhardy as defining a nation's income distribution by 1%.

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The CBO has incorrectly added a huge and rising share of corporate profits to the estimated incomes of the top 1%. Without that, CBO estimates of the top 1%'s share of income would have fallen substantially since 1988. If there is evidence of increased inequality since then, the CBO has not presented it.

Mr. Reynolds, a senior fellow with the Cato Institute, is the author of "Income and Wealth" (Greenwood Press, 2006). Mr. Henderson, a research fellow with the Hoover Institution, is co-author of "Making Great Decisions in Business and Life" (Chicago Park Press, 2006).

Experts: Mideast Meeting Key For Peace (AP)

By Mohammed Daraghmeh

AP, February 6, 2007

For the rival Palestinian factions, Hamas and Fatah, a reconciliation meeting this week in Saudi Arabia may be a last chance to avoid civil war.

If Saudi prestige, money and discussions in Islam's holy city of Mecca don't produce a power-sharing agreement, it's unlikely anything will, analysts said.

In recent months, Egypt, Syria and Qatar have tried in vain to end the bloody power struggle between the Islamic militant Hamas and the Fatah movement of Palestinian President Mahmoud Abbas. "If this meeting fails, then no one will try to mediate again," warned Palestinian analyst Ali Jerbawi.

The talks, set to begin Tuesday, will be held in a guest palace overlooking the Kaaba, the huge cube-like shrine toward which all Muslims pray. Abbas and his bitter rival, Hamas leader Khaled Mashaal, each will be accompanied by large delegations.

The negotiations follow the bloodiest round yet in months of Hamas-Fatah fighting in Gaza, with 29 killed over four days before a new truce took hold Sunday.

The clashes have deepened resentment and suspicion between the sides, making agreement on a coalition government seem more elusive than ever. But the fighting also served as a reminder that neither side can win by force without causing massive destruction, and that failure in Mecca could be followed by an even deadlier round of violence.

"Both parties, Fatah and Hamas, know that not having an agreement in this round of talks means catastrophe," said Kadoura Fares, a former Fatah Cabinet minister who met with Mashaal last week on behalf of jailed Palestinian leader Marwan Barghouti.

The sides have been deadlocked since Hamas won elections in January 2006 and took control of the Cabinet and legislature. Abbas, a moderate who was elected separately a year earlier, still wields considerable power.

Hamas and Fatah held talks last fall on forming a coalition that Abbas hoped would end the economic boycott the West imposed on the government after the victory by Hamas, which Israel, the U.S. and the European Union list as a terror group.

Talks have broken down repeatedly, and increasingly bloody battles broke out in Gaza. The disputes focus on the proposed coalition platform and who would have control over security forces.

Ostensibly, the gaps are small — in the case of the program only a single word. Abbas has insisted Hamas promise to "commit" to previous PLO agreements, including interim peace deals with Israel. Hamas is only willing to say it "respects" such agreements.

The underlying problem appears to be deep mistrust and an unwillingness to share power.

Yet both sides might have a hard time saying no to the Saudis, particularly in a venue heavy with religious symbolism.

Palestinian Prime Minister Ismail Haniyeh of Hamas said Monday that the atmosphere might be tense at first because of the recent fighting, but he is heading to Mecca with a "sincere will" to reach a deal.

A key militant in Gaza, Kamal al-Neirab, warned that a failure of the talks "will be considered a decision to go to civil war." Al-Neirab leads the Popular Resistance Committees, a small violent group that holds an Israeli soldier hostage and has shifted its allegiance between Hamas and Fatah.

"The Palestinian issue is at a critical juncture," he told reporters Monday. "The meeting tomorrow either brings us to safe shore or it will be the beginning of a crushing war."

Yasser Abed Rabbo, an Abbas aide, said the Saudi umbrella might make it easier for Hamas to moderate its views. "Otherwise, this last chance will be wasted," he said.

In that case, Abbas would go ahead with early elections — a recipe for more fighting, since Hamas has said it would block a new vote as an attempted coup.

In Public View, Saudis Counter Iran In Region (NYT)

By Michael Slackman And Hassan M. Fattah

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The New York Times, February 6, 2007

JIDDA, Saudi Arabia, Feb. 5 — With the prospect of three civil wars looming over the Middle East — and Iran poised to gain from them all — Saudi Arabia has abandoned its behind-the-scenes checkbook diplomacy and taken on a central, aggressive role in reshaping the region's conflicts.

On Tuesday, the kingdom is playing host in Mecca to the leaders of Hamas and Fatah, the two feuding Palestinian factions, in what both sides say could lead to a national unity government and reduced bloodshed. Last fall, senior Saudi officials met secretly with Israeli leaders about how to establish a Palestinian state.

In recent months, Saudi Arabia has also increased its public involvement in Iraq and its support of the Sunni-led government in Lebanon. The process is shaping up as a counteroffensive to efforts by Iran to establish itself as the regional superpower, according to diplomats, analysts and officials here and throughout the region. Some even say that the recent Saudi commitment to temper the price of oil is aimed at undermining Iran's economy, although officials here deny that.

"We realized that we have to wake up," said a high-ranking Saudi diplomat who spoke on the condition of anonymity because he was not authorized to speak to the news media. "Someone rang the bell, 'Be careful, something is moving.' "

The shift is occurring with encouragement from the Bush administration. Its goal is to see an American-backed alliance of Sunni Arab states including Saudi Arabia, Jordan, Lebanon and Egypt, along with a Fatah-led Palestine and Israel, opposing Iran, Syria and the radical groups they support.

Yet Riyadh's goals may not always be in alignment with those of the White House, and could complicate American interests.

The Saudi effort has been taken in collaboration with its traditional Persian Gulf allies and Egypt and Jordan, but it also represents another significant shift in a region undergoing a profound reshuffling. The changes are linked to the toppling of Saddam Hussein and the transfer of power from Sunni Muslims to Shiites in Iraq, analysts said. They also reach back many years to the gradual decline in influence of Cairo and the collapse of a pan-Arab agenda, analysts and diplomats said.

"The Saudis felt that the Iranian role in the region has become influential, especially in Iraq, Palestine and Lebanon, and that the Iranian role was undermining their role in the region," said Muhammad al-Sakr, head of the foreign affairs committee in the Kuwaiti Parliament. "Usually the Saudis prefer to maneuver behind the scenes. Lately they've been noticeably active."

Saudi Arabia has taken public initiatives in the past, including one in 2002, when at an Arab League meeting it proposed a regional peace agreement with Israel in exchange for Israel's withdrawing to its 1967 boundaries. But it prefers to work quietly, and has not recently taken such a sustained public posture.

"This is not leadership by choice; it is leadership by necessity," said Gamal Abdel Gawad, an expert at the Ahram Center for Political and Strategic Studies in Cairo. "There is a leadership vacuum in the region, and they have to step forward, or Iran will."

The United States, which is pushing the Saudis to take on this role, is alarmed at rising Iranian influence in Iraq and Lebanon, and with the Palestinian government of Hamas.

But the two countries, though sharing broad goals, have different views of the players in each conflict. For example, while the Bush administration sees the conflict in Iraq as one between allies and terrorists, the Saudis tend to see it as Sunnis versus Shiites — and they favor the Sunnis, while the Americans back the Shiite-led government. And while Saudi Arabia wants to lure Hamas away from Iran's influence and back into the Arab fold, the United States views Hamas as a terrorist organization.

Nonetheless, both Washington and Riyadh believe that one important way to block Iran and calm the many fires in the region is to resolve the Israeli-Palestinian conflict — or at least appear to be trying to.

On the surface, the effort by Saudi Arabia to establish itself as a counterpoint to Tehran is a contest between the main sects of Islam: Shiites, led by Iran, and Sunnis, led by Riyadh. Iran, which is Persian and not Arab, is the only state that is led by Shiite religious figures. Saudi Arabia is the birthplace of Islam, and its king draws legitimacy as the Custodian of the Two Holy Mosques, in Mecca and Medina.

The kingdom has been accused of stoking sectarian tensions as a way to drain popular support from Iran and its proxies, like Hezbollah — a charge officials here deny but for which there is some evidence.

In an interview on Jan. 27 that appeared in the daily Saudi newspaper Al Seyassa, King Abdullah was asked about widespread rumors that Shiites were trying to convert Sunnis. Iranian officials have dismissed such reports as a disinformation campaign aimed at inciting sectarian tensions.

"We are following up this matter and are aware of the Shiite proselytism and what point it has reached," the king was quoted as saying. "This majority will not abandon its beliefs. At the end of the day it is the decision of the majority of Muslims that counts. Other creeds do not appear able to infiltrate the Sunni majority or undermine its historical authority."

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Sectarian overtones aside, the battle is also about political power, national interests and preserving the status quo. Riyadh and its allies see a threat to their own power and security in the rise of Iran and the Shiite revival. They have expressed fear at Iran's insistence on pursuing a nuclear program, and anxiety over the rise in popularity of Hezbollah, the Shiite militia in Lebanon.

The Saudi shift, many here say, dates from last summer, when Israel failed to crush Hezbollah during 34 days of bombing, shocking officials here and throughout the region at the strength of Hezbollah, seen as Iran's regional proxy army.

In the interview with Al Seyassa, the king advised Iranian leaders "to know their limits."

Saudi analysts said another key moment came after the midterm elections in the United States when the Republicans lost control of Congress. That was read here as a sign that the United States might soon withdraw its troops from Iraq, leaving an open field to the Iranians.

"The outcome confirmed our worst fears," said Awadh al-Badi, director of the department of research and studies at the King Faisal Center for Research and Islamic Studies in Riyadh. "It said that we could no longer be sure of the Americans."

In January, the kingdom initiated talks with the Iranians to mediate the growing stalemate in Lebanon, where Hezbollah has faced off with the government of Prime Minister Fouad Siniora in sometimes violent confrontations. King Abdullah then held a surprise meeting with leaders of Hezbollah.

The kingdom has played host to numerous meetings of Sunni and Shiite leaders as well as of so-called moderate Muslim leaders in recent months, possibly to emphasize its custodianship of Islam's holiest sites. And it has decided that it will be the host of the next meeting of the Arab League, in Riyadh.

Officials said they hoped at that meeting to smooth relations with Syria after its president, Bashar al-Assad, insulted the Saudi king and President Hosni Mubarak of Egypt in a speech last summer. Officials believe that Syria had moved closer to Iran because of its isolation, and that that shift has given Iran a bridge to the Arab world.

"Politically speaking, Syria is not in the fold," said an Egyptian diplomat who spoke on the condition he not be identified. "Maybe the goal is to bring Syria back to the Arab world."

If so, that, too, could antagonize Washington, which wants to isolate Syria further.

Saudi Arabia's more pronounced public posture to counter Iran's rise also reflects realities that, while not new, have been underscored by the crises in the region. In particular, Arab officials and analysts say, the Arab world is not unified by a common social, political and economic agenda, and the traditional center of influence in Cairo has shifted to the oil-rich gulf.

In his recent newspaper interview, King Abdullah made that point, lamenting the failure of Arab countries to unite, while alluding to Iran's efforts to exploit the inability of Arabs to solve their own problems.

"We do not want any other party to manipulate our causes, profiteer from them, and draw strength from them," he said. "We do not want any other country to exploit our causes to bolster its position in its global conflicts."

Rivals Iran And Saudi Arabia Now Talking (AP)

By Scheherezade Faramarzi And Donna Abu-nasr

AP, February 6, 2007

Relations between Iran and Saudi Arabia are bumpy at the best of times, but violence between Shiites and Sunnis in Lebanon and Iraq is prompting the two Mideast heavyweights to engage in new talks seeking to head off a regional crisis.

The clearest sign of the new diplomacy has been in Lebanon, where a joint Saudi-Iranian effort defused a general strike called by the pro-Iranian Shiite militant group Hezbollah after the country erupted into violence two weeks ago, according to state-guided Saudi media.

Saudi Foreign Minister Saud Al-Faisal has said the two nations began working together after Iran approached his country to "cooperate in averting strife between Sunnis and Shiites in Iraq and Lebanon" — an apparent reference to the joint intervention that calmed the strike unrest.

Saudi Arabia sent a high-profile envoy, Prince Bandar, to Tehran to study efforts being made there to defuse the unrest in Iraq and Lebanon and "explore what Iran can contribute," Al-Faisal said.

Iranian nuclear negotiator Ali Larijani made a visit to Saudi Arabia in mid-January that Arab media reports said sought Saudi help in easing tensions between his country and the United States and other Western nations over Tehran's nuclear program.

After Larijani's visit, Iranian President Mahmoud Ahmadinejad said the envoy proposed that Iran and Saudi Arabia cooperate on Iraq, Lebanon and other issues and that Riyadh's response had been "positive."

One Saudi official told The Associated Press last week that Iran asked the kingdom to get Washington to tone down its verbal attacks on Iran.

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Saudi Arabia, in turn, asked Iran to pressure its allies in Lebanon to work with Western-backed Prime Minister Fuad Saniora and to rein in Shiite militias in Iraq, according to the official, who agreed to discuss the talks only on condition of anonymity because of the matter's sensitivity.

It is unclear what the U.S. thinks of the diplomacy. Washington has tried to isolate Iran diplomatically and says it won't talk to Tehran unless the Iranians suspend uranium enrichment. The Bush administration also is beefing up U.S. military forces in the Persian Gulf in what it says is a signal to Iran.

But it is unlikely Saudi Arabia would risk its key relationship with the United States by entering talks with Iran without first consulting America.

"I'm sure the Saudis are getting the green light from the Americans to talk to the Iranians," said Saudi professor Khaled al-Dakhil.

Western diplomats in Saudi Arabia said there are no indications that the U.S. or other countries that decline to talk to Iran are unhappy about the Iranian-Saudi talks.

"Even governments that are very cautious about directly engaging Iran are happy that Saudi Arabia and Iran are talking," said one Western diplomat, who agreed to discuss the efforts only if not quoted by name because of their sensitive nature.

Saudi Arabia has a strong stake in calming the region. It is worried that Shiite-Sunni fighting in Iraq and Lebanon could explode out of control and damage its own interests or even lead the U.S. to attack Iran, which would have repercussions across the Middle East.

The Saudis have taken a large new role in mediating in the Palestinian power struggle between President Mahmoud Abbas' Fatah movement and the Islamic militant group Hamas, which runs the Palestinian government. Observers say one of Saudi Arabia's main concerns — and that of the U.S. — is that Hamas has turned to Iran for money.

Saudi Arabia, whose predominant population is conservative Sunni Muslim, sees Shiite Iran as a danger to the region and to the monarchy's power, especially as money and weapons are channeled from Tehran to Hezbollah in Lebanon and to Shiite militias in Iraq.

More broadly, most Arabs are Sunnis and they are exhibiting strong anti-Shiite and anti-Iran sentiments amid suspicions about Iranian intentions in the region — including rumors of a campaign to convert Sunnis to Shiism.

More and more Arabs have been highlighting Iran's non-Arab roots, with some, like the editor of the Saudi newspaper Al-Riyadh, even insinuating recently that what is good for Iran is also good for Israel — the Arab world's traditional foe.

Tensions heightened even more last month after Saudi King Abdullah referred to the rumors that Iran is backing a drive to convert the Middle East to Shiism.

"We are following up on this matter and we are aware of the dimensions of spreading Shiism and where it has reached," Abdullah told the Kuwaiti newspaper Al-Siyassah. "The majority of Sunni Muslims will never change their faith."

Iranians, for their part, accuse Saudi Arabia and other U.S.-allied Arab states of misconstruing Iran's aims and they allege Saudis support Iraq's Sunni-dominated insurgency that targets Shiites in daily car bombings and other attacks.

Oil-rich Iran and Saudi Arabia have been at loggerheads — off and on — for decades, especially since the 1979 Shiite revolution toppled Iran's shah and swept Ayatollah Ruhollah Khomeini to power. But their leaders apparently felt the need to try to calm the situation, diplomats and analysts said.

"Sitting and talking is a good start for defusing tensions," said Mohammad Mohtadi, director of the Center for Middle East Strategic Studies in Tehran.

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AP writer Scheherezade Faramarzi reported from Beirut and AP writer Donna Abu-Nasr reported from Riyadh, Saudi Arabia.

Tiny Qatar Vies For Big Regional Role (CSM)

By Danna Harman

The Christian Science Monitor, February 6, 2007

DOHA, QATAR

Israeli Deputy Prime Minister Shimon Peres touched down in Qatar last week – the highest-level visit by an Israeli to the Gulf in more than a decade. He debated local students, met the emir, toured the Iranian market, and then got his Israeli passport stamped at the airport and flew home.

While Mr. Peres's visit passed somewhat quietly, and peace didn't break out in its wake, the 40-hour voyage did, however, highlight a key aspect of Qatar's foreign policy – it is original.

Whether it's visionary – or merely iconoclastic – is another question altogether.

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Until 1995, Qatar did not have a distinguishable foreign policy to speak of, and instead took cues from Saudi Arabia and stayed on the sidelines of world affairs. But ever since reformist Sheikh Hamad bin Khalifa al-Thani deposed his father in 1995, Qatar has been charting an increasingly distinctive path.

"Qatar is a player now," says Chase Untermeyer, the US ambassador to Qatar. "You don't have to be a very big to be a player if you have talented team members – with the desire to play and ability to do so."

A desert of 4,500 flat square miles jutting into the Persian Gulf and controlling the third-largest gas reserve in the world, Qatar seems to be involved in everything lately. It has presided over OPEC (three times), is bidding for the Olympics, and bankrolls Al Jazeera, the controversial satellite TV channel.

Controversy seems to be the order of the day here. Qatar is the only Gulf country to maintain any sort of official relations with the Jewish state, allowing a "trade representation office" to remain open in Doha since 1996 and dismissing complaints by neighboring countries.

But this relative openness to Israel does not stop Qatar from funding the militant group Hamas, which controls the Palestinian government and calls for the destruction of Israel.

The emir recently transferred $22 million to Hamas as the first installment of a promised monthly assistance. And, in his meeting with Peres on Jan. 29, the emir asked Israel to be "pragmatic" and start talking with Hamas, according to Peres's office. Peres responded that negotiations would be impossible as long as Hamas continued to deny Israeli's right to exist.

Qatar's support of Hamas, meanwhile, does not mean that he isn't closely allied with Palestinian President Mahmoud Abbas's Fatah Party, which is engaged in a bitter power struggle with Hamas. Mr. Abbas owns a home in Doha and is said to be personally close to the emir. Hamas political leader Khalad Mashaal also owns a home here and is a palace friend.

The Israeli-Palestinian story is not the only one in which Qatar is playing a multiple hand. Iranian President Mahmoud Ahmadinejad and Syrian leader Bashar al-Assad are welcome guests here. Saddam Hussein's wife was offered political asylum. Still, this does not interfere with the extensive economic ties between Qatar and the US, or the close coordination between the two countries on regional diplomatic and security initiatives. Qatar has, since the spring of 2003, allowed the US to make use of bases here for its central command and control of the Iraq war.

But some foreign diplomats here make light of Qatar's arguably undiscerning diplomacy – saying that having money to throw around does not translate into influence and being daring and different is a far cry from being mature. No officials, however, will say this on the record.

"Qatar is like a pendulum when it comes to foreign policy. It swings drastically and you never know what you are going to get. They seem to enjoy poking in the eyes of everyone," says one Western diplomat, asking not to be identified.

"Provoking everyone is a method of survival," adds another, speaking with the same condition of anonymity. "Basically, they are holding the stick on both sides. They would hold it on more sides if there were any."

Egypt's ambassador to Qatar is skeptical that Doha can mediate the Palestinian-Israeli crisis. "These are problems that have been going on for 60 years and are not going to be resolved in a moment," says Abdel Aziz Dawoud.

Egypt, he says, has a "long involvement" in the Israeli-Palestinian story. "Qatar's leadership is smart and active and believes it has a legitimate role to play. Well, that is legitimate. We know our role. Maybe they can be a complimentary force."

Sadiq al-Rikai, Iraq's ambassador to Qatar, suggests looking at the matter in a more positive way. "When nothing seems to be working, why not try something new?" he asks.

In the case of Iraq, Qatar has been supportive of both Sunnis and Shiites and is close to many other players in the Iraq field. All of which has potential, argues Mr. Rikai, to help broker positive change. "The Qataris can be a bridge for all of us. We all respect them. So, why not? "

In January, Qatar, in cooperation with Georgetown's School of Diplomacy, hosted a regional model UN. There was discussion of Iran's nuclear ambitions and an emergency session on the Lebanon crisis. And here, unlike many other model UN programs in the region, Israeli students were invited and Israel was represented amongst the nations in the debates.

Furthermore, moving from make-believe to real life, Roi Rosenblit, head of the Israeli trade mission in Doha, was welcome to observe the student exercises along with the rest of the diplomatic corps. He took the opportunity to talk with Arab youngsters who had never before seen, let alone spoken to, an Israeli.

"You did a great job portraying Venezuela," Mr. Rosenblit complimented a young Kuwaiti named Faris during a model UN buffet dinner.

"Wow! Are you really an Israeli?" responded the teenager. "You don't look like an Israeli."

"It sounds cheesy to say that you can change the world one conversation at a time, but it's sort of true," observed Kendell Brothers, a teacher at Faris's Kuwaiti school and a model UN chaperon.

"Qatar has a special place in being the only country to host an Israeli delegation in the region," Rosenblit explained later. "I would like to see Qatar use this leverage and special position to further the peace process and bring sides together."

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U.S. Says North Korea Must Abandon Nukes (AP)

By Hiroko Tabuchi

AP, February 6, 2007

North Korea must get out of the nuclear business if it wants energy or economic aid, the chief U.S. negotiator said Monday, adding he believed the North was prepared to negotiate at the coming arms talks in Beijing.

However, he refused to speak on news reports that Pyongyang is prepared to freeze a key reactor and accept inspectors in exchange for 500,000 tons of heavy oil and other conditions.

"The DPRK (North Korea) must get out of the nuclear business entirely," Christopher Hill told reporters in Tokyo.

"Of course, it is envisioned there'll be some economic assistance and energy assistance," he said. "But the purpose of the exercise is to stop the North Koreans from operating this terrible nuclear reactor."

Hill added he believed Pyongyang "would come prepared to negotiate" after more than a year of stalled talks, but refused to elaborate.

Hill was to meet with Japanese officials before leaving for Beijing on Wednesday. The next round of talks is to start in the Chinese capital on Thursday among delegates of the two Koreas, Japan, the U.S., China and Russia.

Later Monday, Japanese Prime Minister Shinzo Abe said Tokyo would not consider giving North Korea energy aid unless the communist also came clean on its past abduction of Japanese nationals.

Pyongyang claims it has returned all surviving victims who were kidnapped to train its spies in the Japanese language and culture. But Tokyo believes more Japanese are held.

"Japan will not be offering anything unless North Korea acts sincerely on the abduction problem," Abe told reporters late Monday.

Abe and Hill were responding to press reports that Pyongyang has said it could freeze the reactor at its nuclear complex in Yongbyon and accept international Atomic Energy Agency inspections in exchange for light-water reactors and oil until the reactors are completed.

Japanese media reported Sunday that in exchange for closing the Yongbyon nuclear reactor and allowing limited inspections, North Korea plans to demand more oil than the 500,000 tons it was promised under a 1994 deal.

The daily Asahi Shimbun and public broadcaster NHK cited Joel Wit, a former U.S. State Department official who met chief North Korean arms negotiator Kim Kye Gwan and other senior officials in Pyongyang.

"They want energy assistance, and the topic that came up the most was heavy oil," Wit said in an interview aired by NHK on Monday. "They really desperately need that."

North Korea was promised two light-water reactors under the 1994 deal to freeze its nuclear program, along with an annual supply of 500,000 tons of heavy fuel oil until the reactors were built

The deal was scrapped in 2002 when the nuclear crisis re-emerged and North Korea expelled IAEA inspectors.

U.S. Calls For End To 'Nuclear Business' (WT)

By David R. Sands

The Washington Times, February 6, 2007

The top U.S. negotiator on North Korea said yesterday that Pyongyang must abandon its nuclear-weapons programs if it hopes to see the economic and energy aid promised in a September 2005 deal to resolve the Korean nuclear crisis.

With another round of multilateral talks set to begin in Beijing on Thursday, State Department envoy Christopher Hill dismissed a possible diplomatic feeler from the North offering to re-create the 1994 deal with the Clinton administration in which Pyongyang merely "suspended" its nuclear programs in exchange for massive energy subsidies.

North Korea "must get out of the nuclear business entirely," Mr. Hill told reporters in Tokyo yesterday en route to the Chinese capital.

"Of course, it is envisioned there'll be some economic assistance and energy assistance," said Mr. Hill, noting that both are promised to the North in the 2005 statement. "But the purpose of the exercise is to stop the North Koreans from operating this terrible nuclear reactor."

The six-party talks on the Korean crisis involve the two Koreas, the United States, Japan, Russia and host China.

A Japanese newspaper close to the Pyongyang regime reported over the weekend that the North had offered to suspend operations at its Yongbyon nuclear reactor and permit U.N. inspectors back to the site in exchange for more than 500,000 tons in fuel oil and help in constructing a nuclear reactor that could be used only for civilian power needs.

The "freeze-for-fuel" formula closely mirrors the Clinton administration's 1994 Agreed Framework deal designed to halt the North's nuclear-weapons program in exchange for U.S. and allied promises of energy aid.

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The 1994 deal broke down after the Bush administration said in 2002 that it found evidence the North had cheated on the accord almost from the start.

For its part, North Korea said the United States failed to deliver on its promises to help build two civilian nuclear-power plants promised in the agreement or to supply large quantities of fuel oil while the plants were being constructed.

The September 2005 statement of principles went far beyond a suspension of nuclear-weapons activity, calling for a "verifiable denuclearization" of both North Korea and South Korea, with the North's negotiating partners promising "economic cooperation" and "energy assistance" in return.

Mr. Hill said yesterday that he had not received any formal proposal from the North relating to the new fuel-aid request, but he said the U.S. bottom line has not changed.

Japan, which is demanding that North Korea release Japanese citizens kidnapped in the 1970s and '80s, would not consider offering Pyongyang any energy aid until the abduction issue is resolved, Prime Minister Shinzo Abe said yesterday.

Although demanding a total end to the North's nuclear weapons programs, Mr. Hill acknowledged that the six-party negotiators will make only partial progress in the latest round of talks. But U.S. officials have expressed cautious hope for progress after a meeting last month in Berlin involving Mr. Hill and North Korean negotiator Kim Kye-gwan.

N. Korea Aims To Improve On Clinton-Era Nuclear Deal (WP)

By Glenn Kessler

The Washington Post, February 6, 2007

North Korea has set tough terms for a freeze of one of its nuclear facilities, demanding that the United States exceed commitments made under a Clinton-era deal that the Bush administration previously derided as inadequate.

North Korea's top nuclear negotiator, Kim Gye Gwan, and other officials outlined Pyongyang's position in meetings last week with two American nuclear experts, saying they would be presented when six-nation disarmament talks resume in Beijing on Thursday. In exchange for a freeze of the Yongbyon facility and a return of international inspectors, Pyongyang wants a substantial supply of heavy fuel oil, an end to a Treasury Department action that froze North Korean accounts at a Macau bank, an international commitment to build civilian nuclear reactors in North Korea and, most important, normalization of relations with Washington.

David Albright, president of the Institute for Science and International Security in Washington and one of the experts, said yesterday that the North Koreans appeared interested in a solution that would calm international concerns about Pyongyang's nuclear programs, provided it was tied to an improving relationship with the United States. But North Korea appeared initially willing to take only partial or temporary steps to keep the option of restarting its programs if the process fell apart. North Korea would also retain its stockpile of plutonium, which could fuel as many as 10 nuclear weapons.

"They are willing to take the first step," Albright said. "This may be the only step."

U.S. and Asian officials have said that in recent weeks North Korea has indicated a renewed interest in striking at least an initial agreement. But the North Korean demands are likely to complicate the diplomacy this week because the Bush administration does not want any agreement it strikes to compare unfavorably with that of the Clinton era.

State Department spokesman Sean McCormack, saying he did not want to discuss details of the U.S. position, said: "We believe we need to get on with the denuclearization of the Korean Peninsula. Ultimately, that means the dismantlement of the North Korean nuclear weapons programs."

The North Koreans are demanding more than they received under the Clinton deal, known as the Agreed Framework, because they want compensation for the fact that, in their view, the Bush administration terminated it without cause in 2002, Albright said.

Under the 1994 Agreed Framework -- in which North Korea pledged to freeze and "eventually dismantle" its plutonium-producing nuclear facilities -- the United States was to provide 500,000 tons of heavy fuel oil every year while a consortium, largely funded by Japan and South Korea, built light-water reactors. At the time, North Korea was believed to have only a small supply of plutonium, for perhaps one or two weapons.

In 2002, the Bush administration accused North Korea of secretly building a highly enriched uranium facility in violation of the accord and terminated the deliveries of fuel oil. Pyongyang responded by evicting international inspectors and restarting the Yongbyon facility, allowing it to rapidly build up a stockpile of plutonium. It detonated its first nuclear device in October, adding to the international urgency in reaching a settlement.

U.S. intelligence analysts have closely tracked suspect purchases by North Korea that they believed were intended for use in a uranium facility, but the United States has never pinpointed its location. North Korea has adamantly denied it has a uranium program. In June 2004, U.S. negotiators presented the North Koreans with a lengthy list of items that U.S. intelligence believed North Korea had acquired overseas for the suspected uranium program. North Korea responded that U.S. intelligence was

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wrong -- a stance that officials maintained in conversations last week with Albright and Joel Wit, a former State Department official. "The intelligence has not held up from their point of view," Albright said.

North Korea is now demanding that the United States supply fuel oil in excess of 500,000 tons as part of any freeze deal, because that was the level set in the 1994 agreement. "That's the benchmark," Albright said. "They want more than that."

The freeze would only cover the increasingly decrepit Yongbyon facility, not other North Korean nuclear sites.

The North Korean officials also maintained that no freeze will take place until the U.S. side resolves the Treasury action against Banco Delta Asia, a Macau bank that allegedly served as a conduit for counterfeit U.S. currency. The case has resulted in the freezing of about $24 million in North Korean accounts and led other banks around the world to curtail dealings with North Korea. In recent talks with Treasury, North Korea identified a portion of the accounts that could be deemed legitimate in an effort to resolve the case.

"BDA is the tip of the iceberg," said Michael J. Green, a former White House official in charge of Asia policy and now at Georgetown University and the Center for Strategic and International Studies. He said ending the case would unleash tens of millions of dollars in commercial transactions that had been curtailed since Treasury moved against the bank.

Green said the North Koreans were asking for "basically the Agreed Framework," which he said would be a "hard sell back in Washington." Bush for four years has called for a "complete, verifiable, irreversible dismantlement," so U.S. negotiators have sought to disable the Yongbyon facility in such a way that it could not be quickly restarted.

But Kim indicated to the visiting Americans that, in the initial phase, North Korea at most would accept a "temporary disablement that would be probably reversible pretty quickly," Albright said.

U.S. Embassy Warns Of Sudan Threats (AP)

By Alfred De Montesquiou

AP, February 6, 2007

The U.S. Embassy warned Americans on Monday of a heightened terrorist threat against Westerners in Sudan.

"The U.S. Embassy advises all U.S. citizens in Sudan that the United Nations mission in Sudan has received new information that an extremist group based in the country is likely to target Western interests," it said.

The U.S. message followed a similar warning that the United Nations sent its staff in Sudan last week, said a U.N. official, who spoke on condition of anonymity because he was not authorized to discuss the issue with journalists.

The U.S. message warned of the danger of bombings, kidnappings and assassinations. It said the primary target of the threat might be the United Nations, but added that "terrorists do not distinguish between official and civilian targets."

U.S. Embassy spokesman Joel Maybury said the warning was standard procedure when a threat was perceived. "In places like Sudan, where you have instability and conflict, we may have half a dozen such messages a year," he said.

Maybury noted there is anger among some Sudanese against the U.N. mission in Sudan, which is promoting the peace process in the south of the country as well as running humanitarian operations in the conflict-ridden region of Darfur in western Sudan.

The United Nations says it has 10,000 peacekeepers in southern Sudan and about 2,500 civilian staff in the whole country. About 1,000 civilian personnel are based in Khartoum.

A U.N. official, who also insisted on not being quoted by name, said the warning stemmed from the tense situation in Darfur, where ethnic fighting has escalated in recent months and U.N. leaders have pressured Sudan's government to allow in a big U.N. peacekeeping force.

The government rejected that demand, but appears to be edging toward permitting small numbers of U.N. forces to deploy in Darfur as part of an 8,000-man African Union peacekeeping mission in the region.

U.S., Malaysia Resume Trade Talks (WSJ/AP)

The Wall Street Journal, February 6, 2007

KUALA LUMPUR, Malaysia -- The U.S. and Malaysia yesterday began a fresh round of free-trade talks, bogged down by differences over opening two tightly protected sectors, and a controversy over a major gas deal with Iran.

The fifth round of meeting in Malaysia's Sabah state is crucial to determine if negotiators can bridge differences and conclude the pact before a July 1 deadline, officials said.

Details of the talks weren't disclosed. However, a telephone news conference was planned for Friday when the talks are scheduled to end.

Deputy U.S. Trade Representative Karan Bhatia warned last week that the proposed pact may falter if negotiators fail to make firm progress this week over opening up Malaysia's services and government contracts -- two top hurdles to a deal. Labor and environmental issues also are holding up talks, he said.

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Negotiators are under time pressure because U.S. President George W. Bush wants to get a congressional vote on the pact before his so-called fast-track trade authority expires July 1. That allows him to submit a deal to Congress for a straight up or down vote without amendments. But the proposed free-trade agreement, or FTA, must wrap up by the end of March so U.S. lawmakers have time to review it before a vote.

This week's talks also come amid new tensions over Malaysia's $16 billion deal to develop gas fields in southern Iran. U.S. House of Representatives' Foreign Affairs Committee Chairman Tom Lantos last week urged the suspension of free-trade negotiations until Malaysia halts the deal, citing Iran's nuclear ambitions.

Malaysian Trade Minister Rafidah Aziz warned Washington that she would drop the free-trade talks if asked to scrap the deal with Iran. The free-trade negotiations began with the "full understanding that there would be no political agenda and no interference into domestic policies," Ms. Rafidah said.

Indonesia Withholds Vital Bird Flu Data (FT)

By John Aglionby, Andrew Jack

Financial Times, February 6, 2007

Indonesia, the country worst hit by the deadly H5N1 bird flu virus, has stopped sharing human genetic samples of the highly pathogenic illness with foreign laboratories, raising fears it could slow international efforts to prepare for a pandemic.

Officials say Indonesia stopped providing samples internationally last month, hindering efforts to confirm whether the virus killing its citizens is H5N1 and limiting production of vaccines to help prevent its spread.

Dr Triono Soendoro, director-general of Indonesia's National Institute of Health Research and Development, said the step to withhold samples was taken because the government wanted to keep control of the intellectual property rights of the deadly strain of the virus.

He declined to give further details but said "all will be revealed" on Wednesday, when Indonesian officials are due to announce they are collaborating with Baxter International, the world's biggest maker of blood-disease products, on a vaccine.

The move comes as Britain battles its worst outbreak of H5N1 bird flu, which yesterday led to several countries banning UK poultry imports, including Japan and South Korea. Defra, the UK's food, agriculture and rural affairs ministry, said it expected the restrictions to last until the UK had achieved "disease-free status".

The UK exports 270,000 tonnes of poultry meat annually, worth about £300m, according to the British Poultry Council.

Analysts say Indonesia hopes to offer exclusive rights to the strain to one company and cut a deal on cheaper products once they are developed.

One official warned that withholding samples could be counterproductive, since there was no guarantee the final human pandemic strain would derive from the current virus killing people in Indonesia. One bird flu expert in Jakarta said the move would not matter if Indonesia was able to do a full sequencing of its strain to detect mutations. "But given the country doesn't yet have the capability, this is now a very internationally worrying decision," the expert said. "If you reduce your chances of detecting whether a pandemic is about to occur, then a pandemic becomes more likely."

Bird flu has killed 63 out of the 81 people infected in Indonesia since testing started in 2005, according to the World Health Organisation.

Baxter confirmed last night that it expected to conclude a "framework for future collaboration" with Indonesia this week, which could involve intellectual property issues, but stressed that it would continue to comply with World Health Organisation rules on the sharing of virus samples.

India Steps Onto Tightrope As Talks Resume With Iran (LAT)

By Henry Chu

The Los Angeles Times, February 6, 2007

NEW DELHI — Amid mounting tension between Washington and Tehran, Indian and Iranian officials plan to meet today for their second round of high-level talks in less than three months, signaling the eagerness of the two countries to patch up differences that recently have clouded their historically close ties.

Despite American misgivings over the relationship, Indian Foreign Minister Pranab Mukherjee is expected to land in Tehran for discussions on Iran's nuclear program and on boosting cooperation over energy issues. As India's economy continues to boom, the Indian government is increasingly preoccupied with securing reliable sources of energy, including access to Iran's abundant natural gas reserves.

But its relations with Tehran have put New Delhi in a delicate position. The government of Prime Minister Manmohan Singh has staked much of its foreign policy on a growing partnership with Washington, antagonizing both Iran and the Indian left, which has long been distrustful of the U.S. but whose support Singh needs to stay in power.

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India is now engaged in a difficult balancing act as it tries to reassure an old friend while cozying up to a new, more powerful and potentially more important one.

In play could be a historic agreement between Washington and New Delhi allowing India access to American nuclear fuel and technology and ending decades of international isolation for New Delhi as it pursued its own nuclear path.

The pact, which has already been ratified by U.S. lawmakers, awaits Indian approval. But one provision of the deal requires the U.S. president to report to Congress each year on whether New Delhi is participating in global efforts to restrain Tehran's nuclear ambitions, which critics here see as an affront to India's sovereignty and its long-standing relationship with Iran.

The White House also has warned New Delhi against going forward on a controversial $7-billion pipeline that would move gas from Iran to India through Pakistan.

With its economy expanding by about 8% a year, India is busy casting about for energy sources to fuel that growth. Officials say they cannot afford to turn their back on the potential lying in Iran's oil and gas fields, especially since China, Asia's other rapidly expanding behemoth, is a major competitor for such resources.

Tata Steel, one of India's corporate giants, announced last week that it had signed a deal to build a $1.4-billion plant in Iran on the Strait of Hormuz. India also wants to take advantage of a highway being built between Iran and Afghanistan to send its exports to the latter; overland access to Afghanistan from the east is blocked by India's longtime nemesis, Pakistan.

Besides economic concerns, deep cultural and political affinities bind India and Iran, whose ties stretch back into the mists of history.

"The relationship goes back 5,000 years," said Gulshan Dietl, an expert on Indo-Iranian relations at Jawaharlal Nehru University here. She noted that 10% of India's sizable Muslim population is Shiite, as is most of Iran, and that linguistic similarities link the two peoples.

More recently, in the latter half of the last century, New Delhi and Tehran joined hands as nonaligned Third World countries in favor of greater regional autonomy.

During the Cold War, India and, in the latter years, Iran regarded Washington with suspicion or hostility. So it is somewhat ironic that the U.S. is increasingly becoming a wedge between them.

As a result of India's economic liberalization, U.S.-Indian trade has shot up. In addition, New Delhi and Washington cast a wary eye at China's burgeoning political and economic clout, making them natural allies in the effort to contain Beijing.

At the time President Bush proposed the civilian nuclear cooperation accord during a visit by Singh to Washington in July 2005, the measure was celebrated as putting a seal on the rapprochement between the world's most powerful democracy and its most populous one.

Almost immediately, however, the Indian government found itself in a diplomatic pickle, under pressure from Washington to join in voting against Iran's nuclear program at the United Nations. New Delhi acceded, declaring that a nuclear-armed Tehran was not in India's interest, which represented "absolutely the nadir" in Indo-Iranian ties, Dietl said.

"Iran felt it had lost a valuable friend and potential interlocutor, while the U.S. — which saw how easily India buckled — began to take New Delhi's support for granted," commentator Siddharth Varadarajan wrote in Monday's edition of the Hindu newspaper.

Last November, after months of coolness, Tehran signaled its willingness to restore ties with a stop in New Delhi by Iranian Foreign Minister Manouchehr Mottaki.

Today's reciprocal visit could help India regain some influence over its longtime friend, Varadarajan wrote, which could in turn allow New Delhi to play a mediating role in bringing the U.S. and Iran back from the brink of open confrontation.

Companies Urged To Push For Easing Cuba Restrictions (HILL)

By Ian Swanson

The Hill, February 6, 2007

Congressional supporters of easing restrictions on travel and agricultural trade to Cuba say business supporters need to offer stronger backing for several measures introduced this year if they are to become law.

With Democrats in control of the House, Reps. Jeff Flake (R-Ariz.) and Sam Farr (D-Calif.) said Cuba legislation has a great chance of moving this year, but Farr emphasized that the business community must become more engaged. Things get done in Washington “when there’s a stick upside your head,” Farr said, and business needs to increase pressure on members of Congress on Cuba.

Flake said business and farm groups should talk to more members about how lifting trade and travel restrictions will help the U.S. and Cuba. He spoke following a rally sponsored by USA Engage, an umbrella organization for business and agriculture groups that favors lifting Cuba trade and travel bans.

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USA Engage Director Jake Colvin acknowledged that companies have not been especially active on Cuba, partly because they saw it as a lost cause given the Bush administration's active efforts to tighten Cuba trade and travel bans. Yet while individual companies are reluctant to speak publicly, Colvin said more business representatives are willing to engage in private discussions on the issue because of the improving political climate.

"As business groups see the prospects for change, they'll be willing to do more," Colvin said.

Groups that support lifting the travel ban and restrictions on agricultural trade include the National Foreign Trade Council and several agriculture groups, including the American Farm Bureau Federation, USA Rice Federation and groups representing wheat and soybean producers.

Of the several Cuba bills that have been introduced this year, legislation introduced last week by Rep. Bill Delahunt (D-Mass.) easing restrictions on travel to Cuba by Cuban-Americans is considered to have the most momentum. Under rules imposed by the administration in 2004, Cuban-Americans may visit family members in Cuba once every three years. In addition, they only may visit "close relatives," which, under the administration's rules, does not include aunts and uncles.

If Delahunt's bill is approved by Congress, Flake said he would be "very surprised" if President Bush vetoed legislation easing these rules. "From a humanitarian point of view, it's hard to argue about allowing Cuban-Americans to go home and see their grandmother," agreed Rep. Jerry Moran (R-Kan.), who supports the legislation.

Some Democrats also see the Delahunt legislation as a way to make inroads with Cuban-Americans, who tend to vote Republican. New Democrat Network Hispanic Strategy Center Director Joe Garcia, who opposes lifting the ban on Americans traveling to Cuba, is supporting Delahunt's legislation and calls it a political opportunity for Democrats.

Garcia said Democrats need to find common ground with Cuban-Americans, noting that easing travel restrictions is a way to do that. Lifting the entire travel ban would be overreaching, he said. "We've got to do this incrementally," he said.

President Clinton won about 38 percent of the Cuban-American vote in Florida in 1996, but Vice President Al Gore won only about 10 percent in 2000 because of opposition to the Clinton administration's handling of the Elian Gonzalez case, in which a Cuban child forcibly was returned to his father in Cuba, Garcia said. With 38 percent of the Cuban vote, it would be difficult for a Democratic presidential candidate to lose Florida, he said.

Flake has reintroduced legislation co-sponsored by Ways and Means Committee Chairman Charles Rangel (D-N.Y.) to lift the overall travel ban. In an interview, Rangel said he would push hard for a vote on the bill, adding that while he has yet to speak with Democratic leaders, he does not anticipate a problem.

Rangel acknowledged that President Bush may veto the legislation for political reasons. "The president will probably veto it," Rangel said. "For the president, you know, it's not a trade thing, it's a Miami thing."

Supporters said the legislation could face an uphill climb in the Senate, as Sens. Mel Martinez (R-Fla.) and Robert Menendez (D-N.J.), who are both of Cuban descent, are on record as supporting the travel ban.

The executive director of the Cuban American Commission for Family Rights, Sylvia Wilhelm, anticipated that House International Relations Committee ranking member Ileana Ros-Lehtinen (R-Fla.) and other members of the Florida congressional delegation will oppose lifting any travel restrictions. Wilhelm said she was hopeful, however, that key senators such as Martinez and Menendez would at least support lifting the restrictions on travel by Cuban-Americans.

Separately, Moran has introduced legislation easing restrictions on exports of food and agricultural commodities to Cuba. The key provision in Moran's bill allows sales of agricultural goods to Cuba once shipments leave U.S. ports. Current rules do not allow U.S. shipments to leave U.S. ports until a payment is received, which critics say thwarts efforts to increase agricultural exports to Cuba.

Moran's bill would also allow visas to be issued to Cuban officials and U.S. citizens to travel between the U.S. and Cuba to conduct agricultural sales, and would let U.S. banks participate in transactions, although they could not finance sales.

In an interview, Moran said Martinez would be a key in the Senate. He said he was hopeful Martinez would choose not to block the legislation, and noted the senator has expressed support for some level of agricultural trade to Cuba.

Post-Fidel Cuba (WT)

By Vicki Huddleston

The Washington Times, February 6, 2007

In the spring of 2002, I picked up a group of young Cubans along Quinta Avenida headed toward central Havana to hang out and treat themselves to ice cream and cakes. When they asked me where I got the beautiful black Crown Victoria sedan I was driving, I told them that I was the chief of the U.S. Interests Section, our diplomatic mission in Cuba. Delighted, they exclaimed, "Be our mother and take us to Miami!"

Forty-five years ago on Feb. 3, 1962, 10 months after the Bay of Pigs and eight months before the Cuban missile crisis, President Kennedy announced a total embargo on trade with Cuba. President Eisenhower, fearing Communists were gaining the

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upper hand, had already put in place sanctions in retaliation for the seizure of American properties shortly after Fidel Castro took power on Jan. 1, 1959.

Now, almost a half-century later, the long era of Mr. Castro is over. The brief era of his brother, Raul, who at 75 cannot rule Cuba for long, has begun. But very little change will take place in Cuba as long as the Cuban people are isolated from their loved ones and from the ideas and influences of the outside world. If we want to give those kids a chance to build a prosperous and democratic future in Havana -- not Miami -- we will have to change tactics.

To start the ball rolling, President Bush should reinstitute the "People-to-People" program and the annual Cuban American family visits that were in place during the first two years of his administration. These policies were opening doors in Cuba.

Under the People-to-People program, licensed groups from churches, universities and theaters throughout the United States were carrying out their own brand of grass-roots diplomacy by connecting with Cuban doctors, teachers and religious leaders. They were helping Cubans live better lives and to begin preparing for a better future. Cuban Americans were visiting their families in Cuba, bringing much need medicines and giving their children a chance to hug their grandparents and learn firsthand about what happened in Cuba.

Cubans from Santiago de Cuba in the East to Pinar del Rio in the West were beginning to believe that freedom was not a distant dream. They were learning firsthand about life in our country by listening to AM-FM shortwave radios and reading books handed out by an intrepid band of diplomats assigned to the U.S. Interests Section in Havana.

Mr. Bush can make these changes now. No congressional action is needed and they will make a difference as they did five years ago, when they helped create a "Cuban Spring."

But more needs to be done, it isn't all up to Mr. Bush. Congress will have to act if the president is to have the flexibility he needs in the coming months and years to respond to the challenges and opportunities Fidel Castro's death and Raul Castro's succession will bring. Until the Cuban Liberty and Democratic Solidarity legislation, known as Helms-Burton, is revised or abrogated the president cannot lift the embargo unless both both Castros are out of power and a new Cuban government is well on its way toward a multiparty democracy.

Congressional action does not end the embargo. The president by executive action can keep the embargo in place. But if Congress abrogates or revises Helms-Burton, the president will have the opportunity to respond should Raul Castro begin to carry out reforms. For example, should Raul Castro allow Cubans to open their own businesses, in order to meet the pent up expectations of Cuba's youth for jobs and better pay, Mr. Bush could remove restrictions that block the sale of computers, televisions and radios, thereby enhancing the flow of information and ideas that would prompt more and faster political as well as economic reform.

Forty-five years later, isn't it time to clear the way for a new relationship?

Ambassador Vicki Huddleston, a non-resident senior fellow at the Brookings Institution, served as principal officer of the U.S. Interests Section in Havana (1999-2002) and as director and deputy director of the State Department's Office of Cuban Affairs (1989-1993).

U.S. Wants Nicaragua Missiles Destroyed (AP)

By Filadelfo Aleman

AP, February 6, 2007

The United States insisted Monday that Nicaragua destroy hundreds of Soviet-made surface-to-air missiles after President Daniel Ortega said the weapons were needed for the country's defense.

Ortega, a former revolutionary who returned to the presidency on Jan. 10, said Friday it would be "absurd" to destroy Nicaragua's SAM-7 missiles while neighboring Honduras is adding U.S. planes to its military fleet. Nicaragua has been in a dispute with Honduras since 1999 over its territory in the Caribbean Sea.

The U.S. Embassy said in a media statement released Monday that Honduras is buying eight small planes from the U.S. to be used in the fight against drug trafficking and not offensive military aircraft.

"The U.S. government expects that Nicaragua will continue its already established path of disarmament and destruction of all SAM-7 missiles," it said.

Nicaraguan officials have destroyed half of their initial stock of about 2,000 missiles and Ortega's predecessor offered to destroy 651 more.

The Soviet Union supplied the missiles at a time when Ortega's former leftist Sandinista government was an ally in Cold War-era struggles against the United States. The U.S. supported Contra rebels trying to overthrow the Sandinistas.

U.S. officials say they fear the weapons could fall into the hands of terrorists.

Ortega's Sandinista party insists that the United States compensate Nicaragua for the missile destruction.

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U.N. Chief Returns To Headquarters, Where Battles Await Him (NYT)

By Warren Hoge

The New York Times, February 6, 2007

UNITED NATIONS, Feb. 5 — Ban Ki-moon, the new United Nations secretary general, returned to his headquarters on Monday after a two-week working trip to Africa and Europe and ran into dissension over restructuring changes he has proposed and concern at the slow pace of his appointing top officials since taking office on Jan. 1.

"Today is probably his first reality check," Dan Gillerman, the ambassador from Israel, said after a two-hour closed-door session in which members of the 192-member General Assembly raised questions about Mr. Ban's reform proposals.

"To make any change at the U.N. is something which involves a lot of negotiation, a lot of compromise, and whatever proposal you bring will look totally different after everybody has had a go at it, and we saw the first signs of that today," Mr. Gillerman said.

At issue are Mr. Ban's proposals to divide peacekeeping, the fastest growing activity at the United Nations, into two departments, and to reshape the disarmament department in a way that many envoys believe downgrades it.

The changes would strike a layman as bureaucratic nuance. But at the United Nations, they fuel a continuing competition between the great powers — which exercise commanding power through the 15-member Security Council — and the General Assembly, where the developing world feels its authority is threatened when its elaborate deliberative procedures are not respected.

Mr. Ban angered many ambassadors by saying that he expected to gain rapid approval of his proposals and would delay filling the ranks of top-level management until agreement was reached on his restructuring plan. The approach raised questions about whether Mr. Ban, a former South Korean foreign minister, understood the easily offended sensitivities of the world he has entered.

"We do not think there should be arbitrary deadlines," said Munir Akram, the Pakistani ambassador, who is the chairman of the 133-nation group that speaks for the developing world. "We also believe that established procedures should be followed."

Many at the United Nations are unhappy over the delay in top appointments, especially since Mr. Ban is the first secretary general whose selection by the Security Council came early enough to give him three months of planning time before he took over.

"People had expected that team to be in place by now," said Mr. Gillerman. "The longer he puts it off, the longer the anticipation and the longer the disappointment."

Alejandro D. Wolff, the acting American ambassador, said that Mr. Ban had now decided to "delink" the appointments of new officials and the agreement on structural changes, and that appointments would be announced within days. Mr. Wolff declined, however, to confirm the widespread rumor that B. Lynn Pascoe, the American ambassador to Indonesia, would be the new undersecretary general for political affairs.

Mr. Ban used Monday's meeting to introduce the new deputy secretary general, Asha-Rose Mtengeti-Migiro, the former foreign minister of Tanzania. The secretary general has said that Ms. Migiro will be in charge of the management overhaul that he has pledged.

Asked how she reacted to critics who have noted the absence of extensive management experience on her resume, Ms. Migiro said she had run two government ministries. "So I believe I have enough capability to do the managerial work that the secretary general envisages," she said, "and maybe I should emphasize that, yes, the United Nations is a big organization, but management does not always have to do with the size of the organization."

If Mr. Ban has run into early turbulence at the United Nations, he has succeeded off-premises in combating his reputation for being a wooden public presence. He has leavened his appearances with jokes about the proper pronunciation of his surname, which he says is "bahn" not "ban." "I don't want to ban anything," he said at a breakfast meeting of leaders of the New York City business community.

He charmed guests at a December dinner of the United Nations Correspondents' Association by singing "Ban Ki-moon is coming to town" to the familiar melody about Santa Claus. And he mixed with Bush administration officials and members of Congress gamely wearing a gift cowboy hat at a dinner given in his honor in Washington last month.

The United States, which was frequently at odds with Kofi Annan, the former secretary general, was a strong backer of Mr. Ban's candidacy, and Mr. Wolff, the American envoy, said it backs his proposals.

"You'll have a lot of different views on the details, whether this is the best one or a different approach might be better," he said, "but you have 192 members and consensus is not easy to get, so support for the secretary general is the principle that we stand by."

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Ban's U.N. Peacekeeping Reforms Rejected (LAT)

By Maggie Farley

The Los Angeles Times, February 6, 2007

UNITED NATIONS — Secretary-General Ban Ki-moon faced one of his first tests Monday when developing nations sent him back to the drawing board with his plan to restructure the U.N.'s peacekeeping department.

The setback could foretell troubles for the new secretary-general, who faces the task of reforming the U.N. at a time when its peacekeeping demands are growing in nations such as Sudan and perhaps Somalia.

But his desire to do it quickly, without the ritual rounds of consultations, has revived long-standing tensions between rich and poor countries on a topic that is vital to developing nations, where most of the world's conflicts are occurring.

The developing countries fear that Ban's changes could endanger peacekeeping troops and make disarmament affairs less of a priority.

Pakistan's U.N. ambassador, Munir Akram, who represents a group of 114 developing nations, said Ban would have to win consent from two committees and submit to more consultations before his group could approve the proposal. His statement served as a warning to Ban, as well as to nations such as the United States and Russia, that reform will not be quick.

"He must understand: The ambassadors are not his staff," Akram said. "When he asks for our opinion, he must show that he is listening."

Akram said that the way Ban handled his first high-profile restructuring would set the tone for the rest of his reform program. "If he pushes hard and he fails, then the rest of his agenda goes off the rails," he said.

Ban's predecessor, Kofi Annan, faced similar resistance from developing countries and from the United States, which had its own vision for changing the world body. Ban, a self-described "harmonizer," had hoped to avoid divisions and jockeying.

Stung by the initial rejection, Ban pleaded for the cooperation of all 192 member nations during a closed-door General Assembly session. "Every one of you has the right to be listened to, whatever the size of your country or budget, whichever hemisphere you call home," he said.

Ban singled out peacekeeping and disarmament as the U.N.'s most fundamental and urgent areas of activity, and said they must be updated swiftly. The U.N. has 18 peacekeeping operations, with about 100,000 personnel in the field.

The U.N. peacekeeping apparatus "is dramatically strained and overstretched," Ban said. Improving peacekeeping, he added, is "a matter of life and death to millions of people who depend on us."

Ban's proposed reforms would lower the rank of disarmament affairs, but make it more directly accountable to the secretary-general through a Department of Political Affairs post expected to go to the U.S. Ambassador to Indonesia, B. Lynn Pascoe. Ban also would separate the policy and planning of peacekeeping from the side that supplies troops and equipment.

Acting U.S. Ambassador Alejandro D. Wolff said that Washington supported Ban's efforts and wanted to avoid debating the issue "indefinitely."

"It is his responsibility to deliver a Secretariat that is responsive, that does its work well, that is efficient, that is transparent," Wolff said. "We hold him accountable for that and therefore we ought to give him the authority to do the necessary changes."

Russian Ambassador Vitaly Churkin said he hoped the process did not stall in endless meetings. "Various views were expressed, but I think there is a general feeling that we want to support the secretary-general," he said.

FLASH POINT Corruption Crackdown Targets Shanghai Inc. (WSJ)

By James T. Areddy

The Wall Street Journal, February 6, 2007

SHANGHAI -- With its gleaming towers and explosive growth, this city has helped inspire dreams of a China century. Governed for four years by a British-educated architect named Chen Liangyu, Shanghai exuded a can-do attitude that welcomed foreign investment and showcased China's emergence on the world stage.

But underneath the boom and glitter, Communist Party leaders in Beijing say, lay a secret: massive corruption.

Last fall, the party fired Mr. Chen, alleging mismanagement and theft at a city pension fund, influence peddling and other misdeeds. It detained him at an undisclosed location. There, he has made no public comment.

The fall of Mr. Chen, who not only ran the city but sat in China's ruling Politburo, was China's biggest political shakeup in a generation. But more than the ouster of one official, it amounted to an indictment of the business model known as Shanghai Inc.

Key to that model, according to company and government statements: Giant construction projects got funded from public coffers; choice assets moved out of state hands in elaborate transactions; and plum contracts went to the well-connected.

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The crackdown is a reminder that China's system leaves great power in the hands of local Communist leaders, whose decisions can ripple unchecked through the economy. Now that the party has stepped in to take its Shanghai leader out of action, approval for the flashy big development projects for which Shanghai is famed has slowed to a crawl.

ONLINE TODAY

See some of the buildings involved1 in the pension fund mismanagement in Shanghai over the past several years.

The party, which says its biggest threat is corruption within its ranks, has sent investigators sniffing for official graft in other Chinese cities as well. The Chinese have a saying: Kill a chicken to scare the monkeys. Mr. Chen's ouster is a reminder to local leaders, as well as to foreign investors, that roaring Shanghai-style growth is no longer Beijing's priority. If officials elsewhere take Mr. Chen's fate as a warning, one result could be to tap the brakes on China's booming economy. That would bolster a goal of moderation that Beijing has so far pursued to limited success by jawboning and curbing bank lending.

Mr. Chen's post as party secretary for Shanghai gave him vast power: control over 45% of the city's industry, from manufacturers to banks and property developers. The portfolio reflects the Communist Party's core position in Chinese business. A party-appointed secretary sits at the helm of many business groups in the country, including some joint ventures with foreigners.

In Shanghai, party officials all answered to Mr. Chen. After his September ouster, dozens fell along with him, from a pension-system chief to a mutual-fund executive to Mr. Chen's son and brother-in-law. The detentions have placed power in the hands of officials who are extra-careful in granting licenses and making other approvals needed to do business in Shanghai, say investors.

A subway expansion under way has been called into doubt, as has privatization of a water utility. Museum projects, including a Shanghai branch of France's Centre Georges Pompidou, are held up, as is approval for a Saks Inc. store on the classy waterfront district known as the Bund. The city has put on ice a campaign to lure a Walt Disney Co. theme park and a plan for the world's tallest Ferris wheel, officials say. Saks says it has pushed back the planned opening of its store to 2009 from 2008, while Disney says its China strategy is broader than a Shanghai theme park.

The 60-year-old Mr. Chen was fond of tennis, and a few years ago, Shanghai spent $300 million to build an arena to host the Tennis Masters Cup. Future tournaments are uncertain without their No. 1 fan: Mr. Chen.

Shanghai still has plenty of sizzle. For 2006, it reported its 15th straight year of double-digit economic growth, 12%. But expansion in fixed-asset investment such as property development, while still robust at 11%, was far below the rate of two years ago.

And there are some signs the city is losing its legendary magnetism. The government recently gave permission to the northern city of Tianjin to adopt looser foreign-exchange regulations, not to the traditional banking center of Shanghai. Some foreign developers say it makes sense now to seek opportunities in other Chinese cities rather than Shanghai.

The scandal is a reminder of the role corruption long played in Shanghai's history. Though the city was famed early last century as the East's richest banking center, and opulent Art Deco buildings sprang up on the Bund, government-tolerated opium and prostitution rings also earned the city the label Whore of the Orient. Its very name came to stand for trickery, as in getting "shanghaied" into working on a ship. The Communist Party was founded in Shanghai and rose partly on a wave of resentment against the corruption of the ruling Nationalists.

Decades later, the city was identified with Mao's Cultural Revolution and then the policies of "capitalist roader" Deng Xiaoping. Mr. Chen arrived in Shanghai as its transformation to a futuristic city was beginning. After studying architecture at an army institute, he joined the Communist Party in 1980. It put him in charge of Shanghai Electric Group Co., a massive machinery maker sometimes called China's General Electric. Later, his party jobs included overseeing sports programs, old cadres' retirement and transforming the historic Bund district.

Mr. Chen was allied with Shanghai party secretary Jiang Zemin, one of the pioneers in opening Shanghai to foreign investment. When Mr. Jiang vaulted to Chinese president, a string of Shanghai leaders followed him to national office, enabling Mr. Chen to move up the ranks in Shanghai.

In 1992, Mr. Chen cut short a course in public policy at England's University of Birmingham to accept a promotion back in Shanghai. After a tour as mayor, he ascended in 2002 to the top party post in eastern China: Shanghai party secretary.

Tall, brainy and confident, Mr. Chen fit the part of a big-city boss. He conveyed a populist persona by riding the subway to work and having his spokeswoman hold regular news conferences, a first for a Chinese city.

As foreign money poured in, the city's economic engine seemed to be firing on all cylinders. Companies blazed their logos in neon along the riverfront. Magazine covers touted the skyline as a symbol of the new China.

Behind the scenes, the boom appeared less spontaneous. Mr. Chen's government was seeding big projects from its own coffers and steering city pension funds into deals, according to official reports and people close to the matter.

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Records show that to complete a 60-story Marriott hotel, featuring a triangular top and a Ferrari dealer at its base, the city used pension money despite China's prohibition on doing so. And in order to clear swaths of riverfront for still more apartment towers, the city government spent $1.7 billion to relocate its container handling docks to a distant island.

Public works got increasingly grandiose. In 2003, shortly after Mr. Chen revealed a passion for classical music, the city hoisted a 1930s opera house off its foundation and moved it 215 feet to a better location.

When Shanghai bid to be a host city for Formula One auto racing, Mr. Chen's brother-in-law took charge of building a billion-dollar track. The circuit was "unquestionably the finest in the world," marveled 27-time Grand Prix winner Jackie Stewart, who added that "no democracy could afford this."

The city government also sold assets in murky deals, according to brief stock-market disclosures and other official sources. In late 2004, Shanghai's State Asset Bureau sold 8% of Shanghai Electric, the $4.25 billion machinery maker Mr. Chen once headed. The local government also sold 20% of Hua An Fund Management Co., a mutual-fund group that manages $4.3 billion of assets.

The city gave no values for the deals or reasons for doing them. But according to the companies, the buyer in each case was a man named Zhang Rongkun, who earlier in 2004 had also built a toll highway to the Formula One track. Forbes estimated the obscure 33-year-old's worth at $605 million.

But tension with the central government was growing. The first signs of it had already arisen in 2002, soon after a new generation of officials with few Shanghai links rose to power in Beijing, led by President Hu Jintao and Premier Wen Jiabao.

As Shanghai continued to pour money into megaprojects that underpinned property and commodity costs nationwide, the disconnect with Beijing's leadership widened. When the central government imposed a national tax in 2005 to squeeze property speculators, Shanghai diluted it with local exemptions.

In the middle of last year, the government stepped up a crackdown on excesses. For instance, a vice mayor of Beijing was ousted in June for "corruption and dissoluteness" in his job, which included overseeing construction for the 2008 Olympic Games.

Mr. Chen appeared bulletproof. His mentor, former President Jiang, still pulled strings from his retirement, in a Shanghai compound so exclusive that the streets around it aren't on maps. But in August, just as the former president was enjoying a last hurrah with publication of his memoirs, investigators from the Communist-run central government and military began detaining Shanghai officials.

First came the chief of the city pension fund and then Mr. Zhang, the wealthy young purchaser of parts of two state companies, Shanghai Electric and Hua An Fund Management. He couldn't be reached for comment. Detained shortly afterward were Mr. Chen's longtime secretary and people who ran Hua An, plus heads of the Shanghai asset bureaus that sold the stakes in the companies.

Mr. Chen's brother-in-law, boss of the Formula One speedway, was detained. The Communist Party dealt with them in a time-honored method of party discipline, with detention as the first step in what is usually a secretive trial process.

On Sept. 25, the party stunned Shanghai by announcing that Mr. Chen himself was out. Besides pension corruption, said the state-run Xinhua news agency, Mr. Chen had committed "other discipline violations," such as "helping further the economic interests of illegal entrepreneurs," protecting colleagues who "severely violated laws" and aiding family members "by taking advantage of his official posts."

Mention of Mr. Chen quickly vanished from government Web sites. Within hours, Shanghai party members were summoned to a ballroom at a state-owned newspaper company, Wenhui-Xinmin United News Group. There, says a person who was present, party members heard more specific accusations: that Mr. Chen had channeled cash to his family, including $125 million in city pension money to his son, Chen Weili.

The son was a figure in sports, as deputy manager of the city's professional soccer club and publisher of China's Tennis World magazine. He was an official of a company that bought control of a city-owned developer with prominent projects on the Bund, including one with New York-based Rockefeller Group International Inc. The son, detained, couldn't be reached for comment. Rockefeller, a unit of Japan's Mitsubishi Estate Co., says its project has been unaffected by the case.

Several books quickly appeared, anonymously purporting to tell more of the story of the Shanghai leader's downfall, such as tales of alleged carousing and mistresses.

The investigation has especially chilled the property industry. Across the Huangpu River from the Bund, Japan's Mori Building Co. is barred from leasing space in a 100-story skyscraper it's building until the city government signs off on the tower's name, say people familiar with the project. The city's plans for a similar-size skyscraper next door are on hold.

Vincent Lo, a Hong Kong magnate who used to boast about his political connections, has warned investors that his company faces legal risks for accepting pension money to try to build a Shanghai version of Silicon Valley. In contrast to the

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U.S., China bars the investment of pension money in real estate, to keep retirees' money from being squandered in chancy projects.

Shanghai's mayor and acting party secretary, Han Zheng, says real-estate investors are still welcome. But now, extravagance is out, and "prominent use will be made of caps and ceilings" to control economic growth, he said in a recent address.

When the scandal broke, Mr. Lo of Hong Kong was in the midst of building the "Knowledge & Innovation Community," an ultramodern apartment and office complex adapted to high-tech tenants. Oracle Corp. and Cisco Systems Inc. called it Shanghai's version of Silicon Valley and agreed to help build it.

Among his financing: $190 million from the Shanghai pension fund. It had been funneled through Shanghai Pudong Development Bank Co., a local-government-run bank part-owned by Citigroup Inc., and masked as commercial lending, according to regulatory notices. Pudong Development and Citigroup had no comment.

Mr. Lo said he was returning the pension money and might be unable to finish the project but knew of no investigation targeting him. He replaced the pension money in part with a $113 million loan, but that came on tougher terms and needs to be repaid by March. Through a spokeswoman, Mr. Lo said he is arranging repayment and his projects remain on track. Oracle wouldn't say whether it remains involved. Cisco declined to comment on Mr. Lo's funding.

Market Leninism (WSJ)

By Ross Terrill

The Wall Street Journal, February 6, 2007

Mao Zedong, alone among major 20th-century dictators, enjoys a benign life-after-death. Taxi drivers in south China hang a Mao portrait on the steering wheel to ward off accidents. Nightclub singers in Beijing throb to lyrics from Mao's "Quotations." Urban youths relax in "Cultural Revolution-style" cafés at rough-hewn tables with Mao slogans on the wall, eating peasant dishes as they answer cell phones and chat about the stock market. Mao temples exist in some Buddhist villages, the altar adorned with a serene Mao image.

As President Hu Jintao tries to transcend communism forward to "market Leninism," Mao, now dead for 30 years, transcends communism backward to Chinese folk history. He floats into a nether zone as if he'd never been a political figure at all.

Where is Mao the totalitarian? Tens of millions of Chinese died in the forced collectivization of the Great Leap Forward of 1958 and '59, victims of Mao's utopianism and cruelty. Millions more died, and tens of millions had their lives ruined, during the Cultural Revolution of the 1960s.

The cab drivers, farmers, pop singers and rural worshippers are really only echoing the Chinese Communist Party, which does not quite know how to handle Mao's legacy. New history textbooks approved for initial use in Shanghai have largely brushed Mao out of China's story. Can a society that lived by Confucianism for two millennia, and later by Mao's leftist political faith, be content with amnesia about the Mao era and the absence of a believed public philosophy to replace communism?

Redeeming traits may help explain why Mao has been treated more gently than Stalin or Hitler. He wrote impressive essays and memorable poems. He was part monkey and part tiger, as he said of himself. The "tiger" knew how get from point A to point B, but the "monkey" felt doubt about the desirability of arriving at point B. Crucial, however, is the Chinese state's need for Mao. The CCP cannot simply denounce Mao as Nikita Khrushchev indicted Stalin in 1956. Mao, after all, was not only China's Stalin, but also its Lenin and even its Marx. President Hu is heir to the power seized by Mao in 1949. Mao's gun is his legitimacy.

Mao made history; at the same time, history made Mao. Were the hundreds of millions of Chinese who wept at the sight of him out of their minds? In addition to looking at Mao's major failings as a human being, we must look at the structures that turned Mao's whim into CCP tyranny. At the reasons for the evaporation of his youthful idealism and exactitude. At the social engineering ideas he sprayed over China.

"Jesus was dismembered for speaking out," Mao wrote to a friend at age 22, in 1915. "He who speaks out does not necessarily transgress, and even if he does transgress, this is but a small matter to a wise man." Yes, young Mao was an ardent individualist. At teachers' training college his credo became the self-realization of the individual. "Wherever there is repression of the individual," he wrote in the margin of a Chinese translation of Friedrich Paulsen's "System of Ethics," "wherever there are acts contrary to the nature of the individual, there can be no greater crime."

Mao's respect for individual freedom later collapsed. There were four reasons. One was the powerful current of nationalism in early-20th-century China; the cry to rescue the nation eclipsed individual self-realization. A second was the large role of war in China from the 1920s to the 1940s. Pervasive violence made political debate a luxury and favored repression. A third was Mao's

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embrace of Marxist ideas of class, economic planning and communist party organization. Fourth was the hangover in Mao's mind and Chinese society generally of an emperor mentality.

In the end, Mao, facilitated by Stalin, built a party-state that neatly combined Leninism, the paternalism of early Chinese sage-rulers and fascism Chinese-style. He sought to craft a "new man."

Mao's achievement was to unite China after foreign invasions and civil war, and to make China after 1949 a force with which to be reckoned. But his social engineering efforts were largely canceled by Deng Xiaoping after Mao's death in 1976. In subsequent years, the totalitarian state became an authoritarian state. Today, retention of CCP power, moneymaking for the folks below, national glory for all, and a veil over the past in the name of "good feelings" are the chief priorities. With Mao's "new" Chinese man gone, the "old" Chinese man of family values, entrepreneurial spirit and a belief in China as a religion reappears.

But the soft landing for Mao is not the final word. Some say Deng reversed Mao's revolution, but it is an important distinction that Deng dismantled Mao's thought yet retained Mao's state. Deng-ism (continued by President Hu) was a retreat from as much as possible of Maoism without endangering Leninist political power.

In late 2006 Beijing jailed three intellectuals on trumped-up charges behind which lie the sin of speaking indiscreet words. Ching Cheong, chief China correspondent of a Singapore newspaper, got five years for "spying," but really for getting a fee to speak at a seminar run by a think tank that Beijing dislikes. Zhao Yan, a researcher for the New York Times in Beijing, got three years for "fraud," but really for feeding the Times information on some mild political tensions within the Chinese government. Chen Guangchen, a blind self-taught lawyer, got 51 months for "gathering a crowd to disrupt traffic," but really for annoying officials in Shandong Province by representing victims of sterilizations and forced abortions carried out contrary to Beijing's own regulations. The intended intimidation in these three cases is an all-too-clear residue of the Mao era, when citizens never knew where they stood in relation to authority.

We return to the "solution" of having Mao float into folklore as a modern-day Yellow Emperor for an age of weapons in space and the WTO; a figure of dignity who can serve as a fashion model for green silk pajamas, as I recently noticed in a Shanghai department store. Such "Maoism" is the twitching of a society whose post-Mao leaders have offered economic advancement but political smoke and mirrors. It is easier and safer, of course, to domesticate Mao (the green silk pajamas), criticize him as an evil individual (as some do in private), or simply draw a veil over him (the CCP line), than to broach the problem of the political system he introduced to China.

Today, young pro-market Chinese who devour Hayek's "Road to Serfdom" and books on American business are embracing an antistate Chinese tradition (best known in the West through Taoism). They would like -- but will not get -- a China without politics. A new public philosophy, when it comes, as it must, will come from gestation below, not as a diktat from a father-figure or a paternalistic Communist Party.

"When societies first come to birth, it is the leader who produces the institutions," wrote Montesquieu. In China, that was the Mao era. "Later it is the institutions which produce the leaders," the French philosopher added. That is today's China, with its nine-man leading group (all engineers). Later still, in a democratic era, it will be the voting public that chooses among clusters of policies devised by politicians allowed only the short term authority to lead.

Mr. Terrill, a research associate at Harvard's Fairbank Center, is the author of "The New Chinese Empire" (Basic Books, 2004).

New Charges In Russia Against Oil Executives (NYT)

By C. J. Chivers

New York Times, February 6, 2007

MOSCOW, Feb. 5 — Russian prosecutors brought new charges Monday against the imprisoned founder of the Yukos oil company and one of his business partners, opening a new line of legal attack against a Kremlin opponent.

The former executive, Mikhail B. Khodorkovsky, and his partner, Platon A. Lebedev, were charged with embezzlement and money laundering, which his lawyers said together could carry prison sentences of 15 years.

The two men have been held since their arrests in 2003, and are serving eight-year sentences for tax evasion and other charges. Their lawyers said they had potentially qualified for parole late this year, when they would have served half of their sentences.

The new charges, which accused the men of embezzling about $20 billion in Yukos revenues, appeared to destroy that possibility and opened a new chapter in the long saga of Yukos's legal troubles.

The men were brought to face the charges with little fanfare, though with substantial security, in the eastern Siberian city of Chita, to which they had been transferred in December from the separate penal colonies where they had been serving their sentences.

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Russian prosecutors remained largely quiet about the charges throughout the day and did not publicly release details of the charges or supporting documents. Essential details remained unknown even to the international defense lawyers for the men, including the dates and detailed accounts of the crimes of which they are accused.

Mr. Khodorkovsky and Mr. Lebedev's defense lawyers promptly denounced the new charges as baseless. They said they were a means to keep Mr. Khodorkovsky and Mr. Lebedev in prison beyond Russia's presidential election in early 2008 and throughout the remainder of the liquidation of Yukos, their former oil giant, which is in Russian receivership.

Robert Amsterdam, one of Mr. Khodorkovsky's lawyers, said from London in a conference call with Western reporters that the charges were a continuation of Russia's use of its prosecutors, courts and investigators in "a fraudulent system of assets theft."

"The present proceedings are a miscarriage of justice," he said.

Under the new charges, the two men are accused of embezzling roughly $20 billion in oil revenues using a series of internal transfers in Yukos and its subsidiaries, and then transfers through other accounts.

They are accused of using the Open Russia foundation, a charitable organization that Mr. Khodorkovsky founded, for transferring a fraction of the money, his lawyers said. Open Russia has also been under investigation, and its accounts frozen, since last year.

The lawyers said that the entire premise for the charges was absurd, and that Yukos's financial statements, prepared by auditors from PricewaterhouseCoopers L.L.P., could account for all of Yukos's oil production and sales.

Before Mr. Khodorkovsky's arrest at gunpoint late in 2003, Yukos was Russia's top oil producer and Mr. Khodorkovsky's wealth was vast and his influence extensive.

He had close relations with senior Russian officials, founded Open Russia, underwrote civil-society organizations and spoke of opening Russia to the West and to Western business practices. Fortune magazine declared him Russia's richest man and said he had $15 billion in personal wealth.

His business empire and stature were crushed by President Vladimir V. Putin's Kremlin, which has defended his arrest and presided over a parallel tax investigation that has brought the company to a forced sale under Russian bankruptcy proceedings.

Mr. Khodorkovsky's critics labeled him a cynic and a fraud, saying that he controlled a faction in Parliament by purchasing legislators' votes, and that his fortunes were accumulated and secured by insider deals and crime. The Kremlin has sought to portray Yukos as Russia's Enron, a company that ruined its own image with extensive fraud and accounting schemes.

Since his arrest and the case against him and his company, Mr. Khodorkovsky has become an occasional point of contention between Russia and the West.

But his cause and his public relations efforts have not attracted widespread support in Russia, where resentment lingers against a class of profiteers who amassed almost instant fortunes after the Soviet Union's collapse.

His lawyers have framed his case in ways that remain germane outside of Russia's often murky and bruising business circles: as an example of government persecution that underscores Russia's spotty record on human rights and respect for the rule of law.

They said it appeared that the next trial, for which no date has been set, would be held at the remote detention center in Chita, the closest city to the place where Mr. Khodorkovsky had been imprisoned, under conditions that would make it difficult for lawyers to meet with their clients or for public scrutiny of the proceedings.

Criminal Case Likely To Put All Of Yukos In State Hands (NYT)

By Andrew E. Kramer

New York Times, February 6, 2007

MOSCOW, Feb. 5 — New criminal charges filed Monday against former leaders of the Yukos oil company, once Russia's largest private energy concern, are likely to ease what remains of the company into state hands, strengthening the Kremlin's control over the industry, analysts and company officials said.

In this sense, the Yukos affair is ending as it began — in an opaque mixture of criminal prosecution and Russian energy nationalism, where it is far from clear where one ends and the other begins.

"It comes at a time when we're moving into the final chapter of Yukos," Chris Weafer, chief analyst at Alfa Bank and a former adviser to the Organization of the Petroleum Exporting Countries, said Monday. "They want a change in how people view the Yukos affair. It is important that they shake off the image of the asset grab."

State-owned companies already control a third of the oil production in Russia, one of the world's largest producing nations.

Now, both of Russia's large state energy companies are expressing interest in buying Yukos oil fields and refineries, assets that critics say were expropriated by the government but that could look more like the spinoff from a corporate tax and accounting scandal if the new charges stick, as expected.

Authorities in Chita, a city near the Chinese border, charged Yukos's former chief, Mikhail B. Khodorkovsky, and his business partner, Platon A. Lebedev, with embezzlement and money laundering.

Charles Krause, a lawyer for Mr. Khodorkovsky, said in a conference call from Washington that prosecutors were accusing Mr. Khodorkovsky of having embezzled money from oil trades executed between Yukos company subsidiaries, in a practice known as transfer pricing.

Under this maneuver, which the company acknowledges existed, a trading arm of Yukos paid lower than world prices for oil bought from other company subsidiaries, in what was presented as a legal tax-minimization strategy. The transfer-pricing operations that formed the basis of the new charges were also the source of the Russian government tax claims that bankrupted Yukos.

Russian authorities say they may also prosecute Yukos's auditor, PricewaterhouseCoopers. In a statement, PricewaterhouseCoopers denied any wrongdoing.

The remaining Yukos assets, roughly $22 billion, are to be auctioned within months. Though diminished after the loss of its largest pumping asset in 2004, Yukos remains a valuable company. At stake are 2.3 billion barrels of oil reserves and 400,000 barrels a day in production, five refineries, a network of gas stations and Moscow real estate.

Yukos, though bankrupt, owns valuable minority stakes in both major state energy companies — 9.5 percent of Rosneft and 20 percent of Gazprom's oil subsidiary, Gazprom Neft. Gazprom has said it would like to buy back the shares in the oil subsidiary. Rosneft is expected to bid for the pumping assets and at least some of the refineries.

Yukos is administered by a court-appointed receiver, Eduard K. Rebgun, who in a telephone interview Monday sought to minimize any connections between the criminal charges and the bankruptcy process. He said that Yukos's finances were threadbare even before the tax charges were filed in 2003, and that asset and revenue stripping were most likely the cause — a message that dovetailed with the new criminal case. "It's clear they were already stripping assets and revenue," Mr. Rebgun said, adding that in 2003, Yukos reported a loss of $1 million.

The new charges could have a bearing in a separate court process in the Netherlands, where ownership of more than $1.5 billion in Yukos's European assets are being contested by Mr. Rebgun. Yukos International, which is still independent of the Russian bankruptcy process, holds $1.49 billion in a Dutch bank account from the sale of a Lithuanian refinery, 49 percent of a Slovak pipeline network, and a Swiss engineering company valued around $25 million.

New Pipeline to Bypass Belarus

Transneft, Russia's oil pipeline monopoly, is planning to bypass neighboring Belarus by building a pipeline to a Baltic port, Primorsk.

"Of course this is very, very expensive," Transneft's president, Semyon Vainshtok, said on state television yesterday. "If we didn't have such risks from neighboring states, it wouldn't be necessary to spend so much money."

Transneft cut supplies to Belarus for three days last month after Belarus demanded a transit fee for crude oil moving through its pipeline, causing shortages at refineries in Eastern Europe. The Interfax news agency reported yesterday that Belarus was planning to increase fees by 35 percent, starting Feb. 15.

Transneft's new route will run from the Belarus border to Primorsk, Mr. Vainshtok said. It will have to be able to pump 50 million tons of crude oil annually, about two-thirds of Primorsk's capacity now.

Bienvenidos To Mexican Avocados (LAT)

The Los Angeles Times, February 6, 2007

FREE TRADE has never tasted so good. After 93 years, the last U.S. barrier to avocados imported from Mexico has been lifted. As of Feb. 1, Californians, Hawaiians and Floridians can now join their fellow Americans in enjoying the fruits of a competitive market for party-dip ingredients.

The ban on avocados from south of the border dates to 1914, when U.S. agricultural officials barred them because they found that some avocados from Mexico carried fruit flies that could infest U.S. avocado orchards. Outraged Mexican officials maintained that it was all a yanqui plot to corner the guacamole futures market (which had yet to grow to Super Bowl-sized proportions), but Mexican farmers switched to growing Hass avocados, which are less hospitable to fruit flies. Still, the ban persisted.

Many decades later, however, the competition was back on. The North American Free Trade Agreement took effect in 1994, and in 1997, the U.S. agreed to allow the importation of Mexican avocados in a few states if Mexico agreed to take some U.S. cherries, which Mexico had banned in 1992 because (of course) they carried pests. By 2005, people in 47 states were dicing, mashing or simply peeling and eating (yes, it happens) avocados from Mexico. In California, Florida and Hawaii, which are allowed to protect their own avocado farmers, the ban persisted until 2007.

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It expired Thursday — and just in time. The Super Bowl was Sunday, which meant lots of eating, and last month's cold snap did serious damage to the state's avocado crop. The California Avocado Commission, a trade group, estimates farmers will lose about 25% of their crop this year.

And the commission, despite its name, welcomes the aguacates. Apparently, Americans' addiction to avocados is so strong it overpowers the principles of economics. When avocados are involved, supply and demand mean nothing, says the commission: No matter how many avocados there are, we eat them. Avocado consumption nationwide has ballooned 300 million pounds in the last three years, to a billion, but despite the flood of avocados on the market, the price varied only by 1% per avocado.

Mexican President Felipe Calderon noted that Mexico would rather send its avocados to the U.S. than send its avocado farmers. So it's good news for everyone — not just football fans, who, after all, have only one meaningless game left to watch. Pass the chips, please.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

US Refuses To Join Accord On Secret Detentions. The Washington Post (2/7, A14, Moore, 690K) reports the US Tuesday "declined to endorse" a "long-negotiated treaty" signed by 57 countries "prohibiting governments from holding people in secret detention," saying "its text did not meet US expectations." Louise Arbour, the U.N. high commissioner for human rights, said the treaty was "a message to all modern-day authorities committed to the fight against terrorism" that some practices are "not acceptable." In Washington, State Department spokesman Sean McCormack declined to comment, except to say that the final wording "did not meet our expectations."

DOJ Seeks To Halt Contempt Hearing In Maine NSA Case. The AP (2/7) reports from Augusta, ME, "The Justice Department asked a judge Tuesday to bar the Maine Public Utilities Commission from proceeding with a contempt hearing for Verizon that stems from telephone customer complaints related to allegations about domestic surveillance by the National Security Agency." The AP continues, "A multi-customer complaint filed with the Maine PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant. … The PUC has challenged the adequacy of Verizon responses to date and set a hearing for Friday." The AP adds, "In a federal court filing Tuesday, the Justice Department said PUC officials had been put on notice months ago that the federal government believes the information being sought about an alleged involvement of Verizon with the NSA 'cannot be disclosed.' … The Justice Department requested a judicial order to keep the Maine PUC from moving forward until a court decides 'what is clearly a federal question without the immediate threat of disclosure of the very information that is at issue in this case -- information that, if disclosed, might reveal or tend to reveal highly significant federal classified intelligence activities.' … In addition to

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seeking to block PUC action, the Justice Department said the order it was requesting would bar Verizon from responding to PUC demands 'because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities.' … Justice Department lawyer Alexander Haas said he had no comment. Department spokesman Charles Miller confirmed that the request for a court order was aimed at Friday´s scheduled PUC hearing."

Proposed Funding Boost For Defending Against Detainee Challenges Questioned. ABC News (2/7, Rood) reports, "A line item buried in the president's budget reveals the Bush administration is gearing up for emboldened legal challenges from Gitmo detainees." ABC continues, "A brief paragraph in President Bush's 2008 budget request shows he plans to hire nearly two dozen new Justice Department lawyers to fight suits brought by Guantanamo detainees challenging their imprisonment. … The boost is planned despite a new law that should prevent detainees' claims from ever reaching a U.S. court, suggesting the White House may believe that law will be quickly reversed." ABC adds, "The increase in lawyers 'signals real concern on the administration's part,' said Vincent Warren, president of the New York-based Center for Constitutional Rights, that the new law is unconstitutional and will be struck down. His organization represents over 200 Guantanamo detainees and has helped lawyers representing hundreds of others." ABC notes, "The controversial bill passed through Congress late last year at the urging of President Bush. The Military Commissions Act (MCA), as it's known, stripped Guantanamo detainees of their right to challenge their captivity. President Bush signed the measure into law, despite critics calling the measure unconstitutional. … Currently, just seven Justice Department attorneys defend the government against Gitmo detainees' suits. By removing the threat of such lawsuits, the MCA should theoretically reduce or even eliminate the need for those attorneys -- but instead the White House wants to add 23 lawyers starting this October and arm the group with a $5.5 million budget. This year, the office's budget was $2.3 million. … Military legal expert Eugene Fidell agreed with Warren's analysis. The request 'presupposes that Congress will overturn the MCA...or tweak it,' or the act could be affected by a Supreme Court ruling, said Fidell, president of the National Institute of Military Justice. 'Or both,' he added. … But Justice Department spokesman Eric Ablin disagreed. 'I don't think you can read into [the request] in any way whatsoever," he said. "I think it's reflective of the expense of those Guantanamo cases.'"

Lawyer Says Detained Saudis Are Democracy Activists, Not Terrorists. The Washington Post (2/7, A13, Ambah, 690K) reports police in Saudi Arabia "have arrested 10 men and accused them of collecting donations to fund terrorist acts outside the kingdom, the Interior Ministry said. But a lawyer and a prominent dissident said that at least seven of the men were Saudi democracy activists whose arrest was a government attempt to abort their civic rights work." Matrouk al-Faleh, "who was jailed in 2004 for calling for more democracy in the kingdom," said the seven men, most of them lawyers and professors, had been "waiting for government approval to set up a civic rights group." They also had planned "to present authorities this week with a list of more than 40 prisoners without legal representation whom they intended to defend." According to Faleh, "The terrorist allegation is a coverup."

HOMELAND RESPONSE:

Walker, Skinner Say Lawyers Hamper Investigations At DHS. The AP (2/6, Limpkin) reported GAO head David Walker and DHS Inspector General Richard Skinner told a House subcommittee Tuesday that lawyers, particularly in the general counsel's office, "have hampered investigations into waste and fraud" at DHS. Agency spokesman Russ Knocke "denied the allegations, terming them inaccurate and unfair." Walker told the panel that "the department's general counsel wants to 'sit in on every interview,' which he deemed inappropriate." Skinner said he agreed "wholeheartedly," adding that the process is "'not a denial of information, but it's very cumbersome to obtain information.'" The two said "that 'the tone is set from the top' and that Homeland Security Secretary Michael Chertoff himself needs to address the situation." The Washington Post/AP (2/7, A10) runs a brief article focusing on the charges of hampered investigations.

McConnell To Change Rules That Limit Hiring Of First-Generation Arab Americans. The Washington Post (2/7, A15, Pincus, 690K) reports the incoming national intelligence director, retired Navy Vice Adm. John M. McConnell said Friday that he "plans to

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change security rules to make it easier for intelligence agencies to hire first-generation Arab Americans for highly sensitive jobs." Speaking during his confirmation hearing before the Senate Select Committee on Intelligence, McConnell said the rules "limit intelligence agencies' ability to employ first-generation Americans 'who might have native language capabilities from serving in some of these very sensitive positions in the intelligence community' and hinder efforts to deal with radical Islam." McConnell said he wants to change the rules "because they constitute 'one of the areas that needs probably the greatest deal of attention and improvement . . . using people who speak the native language, understand the culture and the tribal conditions.'"

New Orleans Sees No "Big Comeback" From Katrina. NBC Nightly News (2/6, lead story, Williams, 9.87M) reported from New Orleans' Lakeview neighborhood, where, "like so much of this city, the recovery…is spotty. There is good news next to bad. Some houses rebuilt. Others demolished."

NBC devoted no less than 11 minutes to New Orleans' progress, "or lack of it in some cases," reporting (2/6, story 4, 4:30, Williams) that "a new analysis done by the Associated Press finds more evidence of what we've reported on this broadcast: That FEMA dolled out hundreds of millions of dollars in aid to households that either didn't exist or people who took the money and ran with it. FEMA says it was under pressure back then and unable to verify all the addresses of the people who originally asked for help. And there are still lots of people here, make no mistake, who are legitimately hurting and asking for help." NBC (Savidge) added, "Here it is, a year and a half later, and the big comeback that many people had hoped to see post-Katrina just simply has not happened." Savidge continued that the city is at half its pre-Katrina population, and a recent University of New Orleans study found that "more than 30% of those who have come back are considering calling it quits. One of the reasons predates Katrina -- crime." Meanwhile, the Army Corps of Engineers claim that the city's levees "are as good now as they were before Katrina hardly eases the minds of those considering rebuilding." NBC (Savidge) also cited the Road Home program, for which 105,000 people have applied. "Only 506 have received money. Because of all those reasons we've mentioned and the many others, there are a lot of people who are looking at 2007 and New Orleans as possibly a make-it or even break-it year."

NBC (2/6, story 5, 3:50, Williams) reported on New Orleans' fire department, which "has never recovered from Katrina" and is "badly in need. There are 150 job openings. And there is no money - city, state or federal - to rebuild this firehouse."

NBC (2/6, story 9, 2:40, Williams) ended its broadcast with "a special look at the children. By one estimate as many as 35,000 children across this entire region are suffering from some sort of emotional problem and they're not all, of course, getting help for it." NBC focused on one eight-year-old boy who is one "among many learning to play again in New Orleans with resilience and hope."

Budget Plan Said To Provide Opportunity To Create "New FEMA." Under the headline "New FEMA Emerges From The Wreckage Of Past Disasters," the Washington Post (2/7, D4, Barr, 690K) reports in its "Federal Diary" column, "On paper, the coming year should be turnaround time for FEMA." Restructured funding for the agency in President Bush's fiscal 2008 will give Director R. David Paulison "his first opportunity to lay claim to money that can be used to restore FEMA's luster and professionalism." The Post adds that Paulison has used public appearances to make "the pitch that FEMA is on the rebound." After storms and tornadoes hit central Florida Friday, Paulison's "promise of relief supplies came a day after storms devastated four counties, a sign of 'the new FEMA,' he said. If money and staffing come together as Paulison hopes, the new FEMA will put an end to what the Government Accountability Office calls 'considerable flux' and 'near-constant organizational change' at FEMA since 2001."

WAR NEWS:

Senate GOP Worried It Is Losing PR War Over Iraq Resolution. The day after Senate Republicans effectively blocked debate on the anti-"surge" resolution authored by Sen. John Warner, some in the GOP caucus are growing increasingly concerned that they are losing the public relations battle over the Senate debate. The Los Angeles Times (2/7, Levey, Hook, 850K) reports "Senate Republicans continued to insist Tuesday that they simply want a fair debate on the floor of the Senate," but "Democrats hammered Republicans on Monday for ducking a formal debate on the war. And by Tuesday morning, some Republicans worried the public would misunderstand their stance." Sen. John McCain said, "It's very unfortunate that we

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appear to be blocking. … I hope we can make the American people aware that we're just asking for votes on our amendment, which is the way the Senate works."

Roll Call (2/7, Stanton, Billings) reports "Senate Republican leaders struggled Tuesday to shift their focus away from complaints about parliamentary procedure and onto which party is best supporting the troops as Republicans and Democrats continued their high-stakes game of political chicken over the Iraq War." Republicans "found themselves on the losing end of the public relations fight as they woke up to headlines across the country pinning the blame squarely on them. 'It doesn't matter what's going on the floor. It's all about media,' one senior GOP aide said Tuesday." Roll Call adds, "Privately, Republican leadership sources acknowledged they failed to effectively spin the Iraq debate and suffered at the hands of this week's headlines. GOP Senators were scrambling Monday night into Tuesday to troubleshoot their message, which many feared had become mired in procedural detail and esoteric arguments over fairness." Sen. John Cornyn, the GOP Conference vice chairman, "said despite a day of bad press, Republicans are not going 'to get excited about headlines and a handful of papers that got it wrong.' … '[Democrats] may enjoy today's headlines and a handful of papers that got it wrong, but they're not going to be able to enjoy that forever,' Cornyn said."

The Washington Times (2/7, Hurt, 88K) reports Republican leader Sen. Mitch McConnell "has said he won't allow a vote on the resolution of no confidence unless a similar vote is allowed on two other resolutions." One, authored by Sen. McCain, "would endorse the 'surge' plan but set benchmarks for Iraqi self-governance." Another GOP-backed resolution, sponsored by Sen. Judd Gregg, "would promise not to cut funding for the war." Late yesterday, McConnell "offered to allow the resolution to go forward in exchange for a vote on the 'no funding cutoff' resolution only." Senate Majority Leader Harry Reid "declined." Likewise, USA Today (2/7, Kiely, 2.27M) notes Reid "declared 'negotiations are over.'"

WSJV-TV South Bend (2/6, 10:22 pm) reported Republicans "say they couldn't get amendments considered on their own terms." The newscast showed Sen. Cornyn saying, "We want a debate, but we want it to be a fair debate." A number of other local broadcasts in various parts of the country showed this same quote. Among the stations featuring the Cornyn quote: WFXW-TV Terre Haute (2/6, 10:06 pm), KSFX-TV Springfield, MO (2/6, 9:37 pm), KXRM-TV Colorado Springs (2/6, 9:30 pm), WLUK-TV Green Bay (2/6, 5:36 pm), WBRC-TV Birmingham (2/6, 5:31 pm), and KENS-TV San Antonio (2/6, 5:12 pm).

Chris Matthews, on MSNBC's Hardball (2/6) reported, "The long awaited showdown in the Senate over the war in Iraq was shut down yesterday when almost every Republican voted to stop the Senate from considering a bipartisan resolution opposing the president's plan to escalate the war. Is this political gamesmanship for 2008? Public pressure on Congress to take action on the war couldn't be higher. But where was the courage of senators` convictions?"

The CBS Evening News (2/6, story 4, :20, Couric, 7.66M) noted "the Senate plans to be the first to debate the new strategy fell apart last night." And Fox News' Special Report (2/6, Hume) reported, "Republicans offered Democrats a deal to get the debate on the Iraq war restarted, but Democrats turned it down which left both parties claiming that the other did not want a real debate. … Senate Democrats label the GOP move a distraction from the debate they find more politically advantageous." Fox added, "Democrats appeared content with another story line -- Republicans blocking debate on the new Iraq plan."

In a front-page analysis piece, the New York Times (2/7, Hulse, 1.16M) reports, "Given the influence that voter frustration with Iraq had on the November elections, the national unease with the mounting human and financial costs, and the raw passion on all sides, even some lawmakers say they are astounded that the buildup to the Senate fight over Mr. Bush's proposed troop increase has produced such a letdown." The Times adds, "The fact that that Democrats could pull together only 49 of the 60 votes needed to break a procedural impasse on the resolution opposing Mr. Bush's plan was a product of many competing agendas. There was the Democratic desire to avoid getting tied up on any vote that could be perceived as undercutting United States troops or endorsing Mr. Bush's plan. At the same time, a surprising number of Republicans showed they were not yet ready to abandon the president even though many blame him for their November election losses and worry he will hurt them again next year."

The Wall Street Journal (2/7, A6, Rogers, 2.04M) reports, "Anticipating fights over Iraq spending next month, Senate Republicans are pressing for an early vote now to get members on record against withholding funds for the war." The strategy, "which has the quiet backing of the White House, has evolved over a nonbinding resolution sponsored

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by…Gregg." Gregg "said the administration had no part in drafting his resolution but acknowledged it has 'taken on a life of its own' and he wasn't surprised the White House saw it as useful in protecting…Bush's $93.4 billion emergency supplemental for the war, which could become a target for the many congressional critics of his Iraq policies."

GOP Sen. Kit Bond, on MSNBC's Hardball (2/6), contended that Republicans "have tried to debate the issue, and we believe that, to be fair, as the Senate always does, that we ought not to be shut out from offering our resolutions, either the Lieberman-McCain or the Gregg amendment. But right now, they intend to shut us out. We want to debate it. … They think that setting it up this way, they can gain political advantage. …. It's a P.R. stunt. This is not changing policy. This is Democrats trying to get enough votes to question the military implementation of a strategy."

Democratic Sen. Ken Salazar, also on MSNBC's Hardball (2/6), said, "The fact of the matter is that we should have a vote on whether or not there is a support for the president's plan to escalate the war by sending in 21,500 additional troops. Senator Reid has been eminently fair with the Republican Party by allowing two Republican resolutions to go forward, the McCain resolution as well as the Warner resolution. And so at the end of the day, this is simply whether or not the Republican majority wants to block a vote on the most basic question facing America."

MoveOn To Start Running Ads Against Republicans Who Backed Filibuster. The Politico (2/7) reports, "MoveOn.org will begin airing attack ads as early as Wednesday against eight Republican senators who blocked debate on the Bush administration's plan for a troop surge in Iraq. The liberal organization has already scripted and is now producing the ads to run on CNN. As of Tuesday afternoon, airtime also had been purchased on local television stations in Kansas, New Hampshire, Oregon and Virginia." The ads "specifically target those states' senators: Sam Brownback, John Sununu, Gordon Smith, and John Warner, respectively. Sununu, Smith and Warner face re-election in 2008; Brownback, a presidential candidate, is up again in 2010." The ads also "take aim at Sens. Arlen Specter of Pennsylvania, John Voinovich of Ohio, Elizabeth Dole of North Carolina and Mitch McConnell of Kentucky. Dole and McConnell both face 2008 challenges."

NYTimes Blames Democrats For Senate Impasse. The New York Times (2/7, 1.16M) editorializes, "It is not an inspiring sight to watch the United States Senate turn the most important issue facing America into a political football, and then fumble it. Yet that is what now seems to have come from a once-promising bipartisan effort to finally have the debate about the Iraq war that Americans have been denied for four years." The Democrats' "ultimate goal was to express the Senate's opposition to President Bush's latest escalation. But the Democrats' leaders have made that more difficult — allowing the Republicans to maneuver them into the embarrassing position of blocking a vote on a counterproposal that they feared too many Democrats might vote for. We oppose that resolution, which is essentially a promise never to cut off funds for this or any future military operation Mr. Bush might undertake in Iraq." But "the right way for the Senate to debate Iraq is to debate Iraq, not to bar proposals from the floor because they might be passed. The majority leader, Harry Reid of Nevada, needs to call a timeout and regroup. By changing the issue from Iraq to partisan parliamentary tactics, his leadership team threatens to muddy the message of any anti-escalation resolution the Senate may eventually pass."

Reid May Use Anti-Terror Bill As Vehicle For New Surge Resolution. The Hill (2/7, Schor) reports that as Senate Democrats "seek votes on capping troop numbers and funding for Iraq, they may use the pending bill on the recommendations of the 9/11 Commission as a vehicle. That would set up a replay of the debate over funding for troops that this week derailed their leadership-backed non-binding resolution on…Bush's 'surge' proposal." Reid "has vowed to put Republicans on record on the 'surge' plan, which has opened GOP fissures."

Warner, Nelson And Collins Say They Remain In Agreement On Resolution. The Hill (2/7, Marre) reports, "The three senators who crafted the key resolution rejecting President Bush's plan to send more troops to Iraq said yesterday they are united despite having gone separate ways on a procedural vote Monday evening." Sens. John Warner, Ben Nelson and Susan Collins "all said they were still united, even though Warner in effect supported a filibuster of the resolution they crafted together. Collins was one of two Republicans who voted with the Democrats on the issue."

More Commentary On Iraq Debate. Thomas Friedman writes in today's New York Times (2/7, 1.16M), "Listening, from Moscow, to the debate in Congress about Iraq is troubling: it sounds as if the American people are being offered two routes to a dead end: either follow…Bush and have troops surging into a roiling civil war, or go with one of

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the Congressional resolutions and denounce the surge, but without any alternative strategy for securing US interests. I believe there is an alternative strategy, but it will take two concrete numbers to implement: a date -- Dec. 1 -- and a price -- $3.50 cents a gallon." Friedman adds, "We have to impose a tax that creates a floor price of $3.50 a gallon for gasoline -- forever. This is also about leverage. It says to all the parties: we are going to conserve enough gasoline and spur enough clean alternatives to fossil fuels that no matter what you all do in the Middle East, we will not depend on you for energy."

In the Washington Post (2/7, A17, 690K), David Ignatius says "the debate on Iraq is still animated by wishful thinking. The White House talks as if a surge of 20,000 troops is going to stop a civil war. Democrats argue that when America withdraws its troops, Iraqis will finally take responsibility for their own security. But we all need to face the likelihood that this story isn't going to have a happy ending." Ignatius goes on to predict a "catastrophe" in Iraq.

House To Take Up Anti-Surge Resolution Next Week. USA Today (2/7, Kiely, 2.27M) reports, "The intense political maneuvering over how to signal congressional opposition to President Bush's war policy moved Tuesday to the House of Representatives, where Democratic leaders scheduled three days of debate for next week." The House's action "will guarantee that the president's Iraq policy will remain at the top of the national agenda next week, even if procedural disputes prevent the Senate from voting on its own resolution."

Roll Call (2/7, Davis, Yachnin) reports the language of the House measure "is being crafted by House Foreign Affairs Chairman Tom Lantos (D-Calif.) and Armed Services Chairman Ike Skelton (D-Mo.)." The House Democratic Caucus "is scheduled to hold a closed-door meeting Thursday to build consensus for the resolution vote next week and to assuage some Members' concerns that the resolution does not go far enough."

The Washington Post (2/7, A11, Murray, Kane, 690K) reports, "House Democrats had intended to work with the resolution offered by Sen. John W. Warner (R-Va.), which Senate Democrats have rallied behind. Instead, after assessing the morass on the other side of the Capitol, they are now considering a more narrow statement of objection to Bush's proposal." The Washington Post (2/7, A1, Baker, 690K) also reports Bush strategists "have been surprised by how quickly the politics of the war have shifted in the past few weeks, and they have been grappling for a strategy to contain the political damage. The White House privately believes that a statement of opposition by Congress may be inevitable." Some advisers "have been surprised that Bush has not more aggressively accused Democrats of advocating retreat."

The AP (2/7, Espo) reports Pelosi and Majority Leader Steny Hoyer yesterday "reassured lawmakers clamoring for more robust action that the vote would merely be the first attempt to pressure the president to shift course and that future legislation will be binding." Democrats "intend to allow all lawmakers time to speak on the issue across three days of debate beginning next Tuesday." Rep. John Boehner, the House Republican leader, "said in an interview the GOP would prepare an alternative to the Democratic measure. He said it would include a call for a bipartisan committee to oversee the war effort and lay out a series of standards by which officials could judge whether the Iraqi government was living up to its commitments to help end the violence." Said Boehner, "If you're not for victory in Iraq, you're for failure. … The consequences of failure are immense. I think it destabilizes the entire Middle East, encourages Iran and on top of that, it's pretty clear that the terrorists will just follow us home."

Local TV extensively covered the congressional debate, with most stations focusing on House plans to address the subject next week. Some examples: CLTV-TV Chicago (2/6, 11:39 pm) said in its broadcast that while the Senate debate "is stalled, the House is ready to launch its resolution opposing the President's war plan. The debate will start next week." KWTV-TV Oklahoma City (2/6, 10:00 pm) led off its 10 o'clock newscast by saying, "Democratic Speaker of the House Nancy Pelosi says the nonbinding resolution opposes the buildup. Republican House members say they won't block the vote but want an alternative considered."

Gates Says Troop "Surge" Not Final Chance For Iraq Success. The Los Angeles Times (2/7, Neuman, 850K) reports Defense Secretary Robert Gates, "in testimony before the Senate Armed Services Committee today, rejected the widely held view in Washington that the Bush administration's decision to send additional troops to Iraq is the last chance to succeed in that troubled country." Gate said, "I would be irresponsible if I weren't thinking about what the alternatives might be." The Times added that as Gates "defended the administration's fiscal 2008 budget

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request of $481.4 billion -- along with a projected $141.7 billion in supplemental funding in 2008 for Iraq and Afghanistan -- senators expressed doubt about the war." Pressed by lawmakers "on equipment shortages for troops in the field, Gates said that a dearth of armored vehicles in one phase of operations will be remedied by July."

ABC and CBS also reported on Gates' testimony, with both noting that the Secretary said reductions in troop levels were possible if President Bush's plan works. ABC World News (2/6, story 3, :20, Gibson, 8.78M) reported Secretary Gates "told Senators today that the US might be able to begin withdrawing troops from Iraq later this year if the President's troop buildup reduces the violence in Baghdad. But Gates said the US would have to maintain a military presence in Iraq for years to come."

The CBS Evening News (2/6, story 6, :15, Couric, 7.66M) reported Gates "insisted today that the troop buildup in Iraq is not the last chance to succeed there. And he said that US forces might be able to start leaving Iraq by the end of the year if those additional troops work."

Senate Armed Services Committee Approves Fallon And Casey. Fox News' Special Report (2/6, Hume) reported, "The Senate Armed Services Committee today approved the nominations of Admiral William Fallon as head of US Central Command and Army General George Casey as Army Chief of Staff, bringing to three the number of top officers who say that the troop surge in Iraq can work that have been approved by Democratically controlled oversight committees studying Iraq policy."

Republicans Enlisted Petraeus To Stall Criticism Of Iraq Surge. The Washington Post (2/7, A1, Baker, 690K) reports in a front page story that before Gen. David Petraeus left for Iraq, he "conducted one last counterinsurgency mission here on the home front -- this one on Capitol Hill." Senators were "approached on the floor and urged to meet with" Petraeus in Minority Leader Mitch McConnell's office. At a time "when the president and most of his top surrogates have lost credibility even among many Republicans in Congress, the administration has turned to the chiseled, widely respected Petraeus to win the day. His name has become the rallying cry for Bush and his allies as they argue that it would be wrong for lawmakers to confirm the four-star general unanimously one moment and then renounce his strategy the next." Sen. Lindsey Graham said, "He's the General Grant of the surge. He's our last best chance as a military commander to bring about a change on the ground." The Post adds Petraeus "maybe the last best chance for Bush allies to head off a resolution rejecting the troop increase or at least keep many Republicans from supporting it." Yet if "invoking Petraeus has been effective for Graham and others trying to rally Republicans, Democrats remain unpersuaded."

Senior Officers Want More Civilian Assistance In Iraq. The New York Times (2/7, Shanker, Cloud, 1.16M) reports, "Senior military officers, including members of the Joint Chiefs of Staff, have told President Bush and Defense Secretary Robert M. Gates that the new Iraq strategy could fail unless more civilian agencies step forward quickly to carry out plans for reconstruction and political development." The complaints "reflect fresh tensions between the Pentagon and the State Department over personnel demands that have fallen most heavily on the military. But they also draw on a deeper reservoir of concerns among officers who have warned that a military buildup alone cannot solve Iraq's problems, and who now fear that the military will bear a disproportionate burden if Mr. Bush's strategy falls short." In one example, officers "cited a request from the office of Secretary of State Condoleezza Rice that military personnel temporarily fill more than one-third of 350 new State Department jobs in Iraq that are to be created under the new strategy." In his Senate testimony, Secretary Gates "made clear that he shared the officers' concerns, telling senators, 'If you were troubled by the memo, that was mild compared to my reaction when I saw it.'" Gates "also told senators that Mr. Bush himself had addressed his cabinet at the White House on Monday about the need for civilian agencies to 'step up to the task.'" The Times notes, "Tasia Scolinos, a spokeswoman for the Justice Department, said in a statement that the agency 'has devoted substantial resources' to training the Iraqi police and creating a justice system. She provided a fact sheet that showed that the Justice Department had 200 employees and contractors in Iraq as of last August. … 'We are committed to working closely with the Defense Department and our law enforcement counterparts in Iraq to assess how we can best continue to support the reconstruction efforts in Iraq,' she said."

French Prime Minister Calls Troop Surge "Absurd." In an interview with the Financial Times (2/7, Arnold, Thornhill), French Prime Minister Dominique de Villepin warned that "violence in Iraq will continue to worsen until all foreign troops are pulled out," dismissing as "absurd" the idea that an enlarged US force could bring stability and

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peace to the country. He also "indirectly criticised the decision by US President George W. Bush to boost his country's military presence in Iraq." De Villepin said an occupying force was the "founding stone of the crisis" and a clear timetable had to be set for its withdrawal. He told the Times, ""The idea of saying that foreign troops will leave when Iraq is democratic and pacific is absurd. … We need a clear horizon for the departure of foreign troops and the return of full sovereignty to Iraq."

Term "Granularity" Gains Popularity In Descriptions Of Iraq Policy. The Washington Post (2/7, C1, Weeks, 690K) reports "granularity" is a "mouthful of a term used by guys like Army Lt. Gen. David H. Petraeus, the top U.S. commander in Iraq; retired Gen. Barry McCaffrey; and White House press secretary Tony Snow." Responding "recently to a question about potential sectarian violence in Iraq if U.S. forces withdraw, Petraeus told the Senate Armed Services Committee, 'It's hard from this distance . . . to get a real feel, or the real granularity of what's going on.'" Lately, "people have been invoking the word to mean specificity. Certain things, such as the administration's vision for the future of Iraq, lack granularity." In other words, "'granularity' is a popular word for the 'nitty-gritty.' But it's not so nitty, not quite as gritty. It's about texture. Concreteness. The word has migrated from science to business and now to politics and popular parlance."

House Panel Questions Bremer Over Use Of Iraq Reconstruction Funds. The New York Times (2/7, A8, Shenon, 1.16M) reports a House committee report Tuesday "questioned whether some of the billions of dollars in cash shipped to Iraq after the American invasion -- mostly in huge, shrink-wrapped stacks of $100 bills -- might have ended up with the insurgent groups now battling American troops." Democrats "sharply questioned" former administrator in Iraq, Paul Bremer, "about lax management of the nearly $12 billion in cash shipped to Iraq between May 2003 and June 2004." Bremer "defended his performance…noting that the United States had to bring tons of American dollars into Iraq because the country had no functioning banking system."

The CBS Evening News (2/6, story 7, 2:05, Couric, 7.66M) called Bremer "a punching bag for Democrats demanding" answers to what ABC World News (2/6, story 2, 2:05, Gibson, 8.78M) said is "one of the great mysteries in Iraq. … You might call it…the case of the missing $12 billion. That much money in cash, mountains of money, got shipped to Iraq just after the invasion. Congress is asking where it went."

But in a Washington Post column (2/7, A2) titled "Rusty Democrats Unable To Pin Anything On Bremer," Dana Milbank says Bremer "had lost none of his swagger" during what was seen as "the grudge match Democrats waited years for." But Bremer "proved unexpectedly agile at shifting blame: to administration planners ('The planning before the war was inadequate'), his superiors in the Bush administration ('We never had sufficient support'), and the Iraqi people ('The country was in chaos -- socially, politically and economically')." However, Democrats, "after 12 years in the minority, were out of practice." USA Today (2/7, 5A, Kelley, 2.27M) reports Bremer testified that "he and the Bush administration made mistakes, including inadequate planning. … 'I acknowledge I made mistakes,' Bremer said. 'But on the whole, I believe we made great progress under some of the most difficult conditions imaginable.'"

The Wall Street Journal (2/7, A3, Paltrow, 2.04M) reports under the headline "Unspent Iraqi Funds Undercut Bush's Push For More," the Bush administration "faces a new obstacle in its quest to get more funds for reconstruction in Iraq: questions about why the Iraqi government has so much unspent money on hand." One "source of frustration" for the White House and many members of Congress "has been the Iraqi government's difficulty spending money it has on hand from oil and gas revenue." Committee chairman Henry Waxman "faulted the State Department for not making available Timothy Carney, recently named to the newly created position of coordinator of Iraq reconstruction," who the department "said he had to depart earlier than expected for Iraq." The Financial Times (2/7, Kirchgaessner) says Waxman "also hinted that he might subpoena" Carney. The Washington Post (2/7, A11, Chandrasekaran, 690K) reports Waxman said yesterday the State Department "offered several reasons Carney would not be able to appear, the last of which was insurmountable: He left for Baghdad on Friday."

The AP (2/7, Margasak) reports Democrats "are planning dozens of investigations, many of them in Waxman's committee, which scheduled further hearings this week on homeland security contracts and drug prices." McClatchy (2/7, Schoof), Washington Times (2/7, Miller, 88K) and New York Times (2/7, Shenon, 1.16M) run similar reports.

US To Pay $5.8 Billion To Expand Iraqi Security Forces. The AP (2/7, Burns) reports, "The US

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government will pay $5.8 billion to help Iraq expand further its army and police force, which are deemed too small for its security needs, senior Pentagon officials said Tuesday." The expansion, "announced Monday as part of President Bush's 2008 budget plan, would increase the Iraqi security forces from 328,000, which was the goal set several years ago and reached last December, to 362,000." Tina Jonas, "the Pentagon budget chief, told a small group of reporters that Bush's 2008 budget proposal includes $3.8 billion for the expansion and that the other $2 billion is contained in his request for an additional $93.4 billion to cover overall war costs for the remainder of the current budget year, which ends Sept. 30."

Iran Accuses US Of Role In Diplomat's Kidnapping. The CBS Evening News (2/6, story 5, 1:40, Couric, 7.66M) reported, "Tensions are escalating between the US and Iran over the disappearance of an Iranian diplomat." CBS (Logan) added, "The US military…denied any involvement, and the Iraqi official spokesman said they were investigating whether" the diplomat, Jalal Sharafi, "was kidnapped or arrested." But CBS News reported that "unnamed Iraqi officials claimed commandos from" an "elite Iraqi unit, controlled by US forces, had taken the diplomat, but they offered no proof." Meanwhile, in an interview with ABC World News (2/6, story 5, 0:30, Gibson, 8.78M), "Iran's ambassador to Iraq said Iran is holding the US responsible for the diplomat's safety."

The Financial Times (2/7, Negus) warns the incident may "inflame the already tense relations between Washington and Tehran." Hasan Kazemi-Qomi, Tehran's ambassador to Baghdad, said on Iranian television the kidnappers had "used US vehicles" and that the abduction took place "within the framework of the US president's order to step up encounters with Iranians."

The Washington Post (2/7, A13, Partlow, Londono, 690K) adds, Iraqi officials declined to comment Tuesday on the Iranian allegations, "but Foreign Minister Hoshyar Zebari scheduled a news conference for Wednesday at which he was expected to address the issue."

The Los Angeles Times (2/7, Susman, 850K) says the "diplomatic snarling has put Iraqi Prime Minister Nouri Maliki in an awkward position as he tries to cultivate close relations with Iran while trying to convince American officials that he is serious about quelling violence."

Blair Warns Global Opinion Hardening Against Tehran. The AP (2/7, Wagner) reports Prime Minister Tony Blair "told lawmakers Tuesday that no military action is planned against Iran, but that international opinion is hardening against Tehran's nuclear ambitions and what he described as its interference in conflicts across the Middle East." Iran "is trying to prevent reconciliation across the region, and I think that is very shortsighted and very foolish," Blair told the House of Commons' Liaison Committee. While conceding that "you can't take any option off the table," Blair stressed that "nobody is talking or planning military intervention."

Merkel Says Talks With Iran Still Possible. AFP (2/7) reports German Chancellor Angela Merkel "said that the door remains open for negotiations between Iran and the international community" over its nuclear program. In a joint press conference with Kuwait's Prime Minister Sheikh Nasser Mohammad al-Ahmad al-Sabah, Merkel said, "Even if the United Nations has decided on sanctions, the door for negotiations remains open." For his part, Sabah also stressed the importance of negotiations, saying, "It is important now to have unconditional negotiations."

Israel Seeking To Increase Pressure On Iran To Abandon Nuclear Program. The Los Angeles Times (2/7, Bordeaux, 850K) reports, "The specter of a nuclear-armed Iran has rattled Israel's self-confidence. Its politicians and generals warn of a "second Holocaust" if, as in the 1930s, the world stands by while a heavily armed nation declares war against the Jews." In response, Israeli officials have begun "an unusually open campaign to muster international political and economic pressures against Iran," warning that "time is growing short and hint that they will resort to force if those pressures fail to prevent Iran's development of an atomic weapon."

Iranian Economy Deteriorating Under Western Isolation. USA Today (2/7, 8A, Slavin, 2.27M) reports Western pressure on Iran "is squeezing its economy, feeding the inflation and joblessness that have swelled under" President Mahmoud Ahmadinejad. Trade figures and other data "have begun to reflect deepening economic isolation taking place as a result of US-led efforts to penalize Tehran for what the United States alleges is the pursuit of nuclear weapons and sponsorship of terrorist groups." Stuart Levey, US Treasury undersecretary for terrorism and financial intelligence, told the newspaper, "People who want to pursue legitimate commerce with the West will see that the policies

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Ahmadinejad is pursuing are leading to isolation and painting a more bleak economic future for the country."

Iran Cracks Down On Women's Legal Campaign. Editorial board member Maura Casey writes in the New York Times (2/7, 1.16M) about Shirin Ebadi, the Iranian lawyer and 2003 Nobel Peace Prize winner "whose relentless campaign against discrimination has enraged the mullahs for more than 25 years." Ebadi's latest campaign "is to help collect the signatures of one million Iranian women on a petition protesting their lack of legal rights." Casey says the movement "is doing on a grand scale what Ms. Ebadi has done for her entire adult life," and the Iranian government "certainly understands the implications." Casey reports that "just a few weeks ago, it blocked access to the campaign's Web site. But within hours the women had another Web site up and running."

Maliki Acknowledges Iraqi Government Errors. The New York Times (2/7, Santora, 1.16M) reports Prime Minister Nuri Kamal al-Maliki "acknowledged for the first time on Tuesday that his government had stumbled in its efforts to carry out a new security plan in Baghdad and that the delays and mounting violence were hurting its credibility with the Iraqi people." Speaking to senior military commanders in an address "that was broadcast live on Iraqi national television," Maliki said, "I feel that we are late. This delay is giving a negative impression and has led some people to say that we have already failed." The Times adds, "Pressure is increasing on the Maliki government to show signs of progress on the security plan that was announced more than a month ago, especially after three weeks of bloody violence that has killed 3,000 civilians." Maliki "made it clear to the commanders that they needed to show results soon. 'I call on you to quickly finish the preparations so that we don't disappoint people,' he said." The Times adds Maliki "offered no reasons for the delay, but Iraqi military officials have expressed frustration over the slow pace and have cited several problems, including the failure of Iraqi troops from other parts of the country to arrive on schedule in Baghdad, the capital."

US Probes Iraqi Lawmaker's Connection To 1983 Embassy Bombings. The New York Times (2/7, A8, Glanz, Santora, 1.16M) reports a sitting member of the Iraqi Parliament "was convicted more than two decades ago of planning the attacks on the American and French Embassies in Kuwait that left five Americans dead in 1983," Iraqi and American officials said Tuesday. The Parliament member, Jamal Jafaar Mohammed Ali Ebrahimi, was sentenced to death in absentia by a court in Kuwait for the 1983 attacks and was later elected to Parliament in 2005. Lou Fintor, spokesman for the American Embassy in Baghdad, said, "We are actively investigating these serious allegations and continue to be in contact with the government of Iraq to pursue this case." The Times says it was "unclear when American officials first raised the issue with" Iraqi Prime Minister Nouri Kamal al-Maliki, "but one official said there have been discussions for at least several months."

Terror Casts Pall Over Baghdad Markets, Vendors. The Washington Times (2/7, Palmer, 88K) reports from a Baghdad market, "Such marketplaces have become favorite targets for sectarian attacks, including a horrific suicide truck bombing Saturday that killed at least 135 persons -- the deadliest single assault in the 46 months of the war. ... Yesterday, merchants at Abu Shujaa complained that the deteriorating security had hurt their sales, even as their costs continue to climb. ... The one sector that appears to be thriving in the market is the pharmaceutical industry. Akram Najy, 69, a pharmacist here for four decades, said prescriptions for sedatives remain steady, and demand for cold medications at this time of year is as high as ever. The shoppers, for their part, grumble that rising prices are forcing them to limit their purchases to essential items, and the constant threat of car bombs and mortars deters them from lingering in one place."

US To Reexamine Iraqi Refugee Policy. As reported elsewhere Tuesday, the Washington Times (2/7, A1, Kralev, 88K) notes on its front page the announcement this week by Secretary of State Condoleezza Rice that the State Department has established a task force to "reexamine US policy on the admission of Iraqi refugees" that will "likely leading to a sharp increase in the number it admits each year." The task force also will "try to resettle in the United States some Iraqi employees of the US Embassy in Baghdad, whose lives are in danger because of their work for Americans."

Author Urges Creation Of Iraqi Refugee Fund. Behzad Yaghmaian, author of "Embracing the Infidel: Stories of Muslim Migrants on the Journey West," writes in a USA Today (2/7, 11A, 2.27M) op-ed, "The United States and its

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allies again have caused a refugee crisis in Iraq… But this time, CNN's cameras are missing." In order to solve the problem, Yaghmaian says it is "critical that Western nations finance a special Iraqi Refugee Fund that would let the U.N. process an increasing number of Iraqi applicants seeking resettlement." In addition, "A part of the fund could be given to Syria and Jordan to help them provide temporary housing, health care, education and other basic needs to refugees. Western nations should increase the number of Iraqis they accept for temporary or permanent resettlement." Helping to solve the current crisis, he writes, "is a moral obligation of those who contributed to its creation."

Video Shows Friendly-Fire Incident Involving British Soldier. ABC World News (2/6, story 4, 2:10, Gibson, 8.78M) reported, "A dramatic cockpit video from an American fighter jet surfaced today." The video, "obtained and released by a British newspaper, captures the moment when two US pilots came to a sickening realization that they had mistakenly killed a British soldier on the ground." ABC added, "On the tape, the pilots seem genuinely horrified. But there are not in jail. A US military investigation, with British participation, cleared them of any wrongdoing and called the incident a 'tragic and unfortunate accident.'"

The New York Times (2/7, Lyall, 1.16M) reports the recording of 2003's accidental US airstrike on British soldiers in Iraq "became public on Tuesday when the newspaper The Sun published a leaked transcript" of a cockpit conversation between two US pilots involved in the attack. The newspaper also posted video of the attack on its website. The Times adds that as a result of the publication, the "American military announced…it would permit the videotape to be shown to the British coroner's court investigating the circumstances surrounding the death of the soldier who had been killed in the incident, Lance Cpl. Matty Hull, a member of the Household Cavalry Regiment."

The Washington Post (2/7, A12, Jordan, 690K) reports the friendly-fire incident occurred on March 28, 2003, but the US government "had declined to declassify it" until yesterday. Recently, however, "a British coroner investigating the corporal's death demanded that the recording, a cockpit video, be presented as evidence, suspending his proceedings until it was produced." The Post adds, "British officials say the mistaken attack near Basra targeted a convoy of five reconnaissance tanks and wounded four soldiers in addition to killing Hull."

Trial Date Set For Abu Ghraib Accused. The Washington Times/AP (2/7, Dishneau) reports, "The only U.S. military officer charged with crimes in the Abu Ghraib prison-abuse scandal would stand trial in July, under a tentative schedule set at a hearing yesterday. Army Lt. Col. Steven L. Jordan, former director of an interrogation center at the prison in Iraq, would be tried from July 9 to July 20 at Fort Meade in Maryland, according to the schedule set by the judge, Army Col. Stephen R Henley. ... He is accused of failing to exert his authority as prisoners were stripped naked, photographed in humiliating poses and intimidated by military dogs. He also is accused of lying to investigators about abuses he is said to have witnessed."

"Coalition Forces" Capture Al Qaeda Suspects In Afghanistan. The AP (2/7) reports, "Coalition forces captured two suspected al-Qaida members during an early morning raid in eastern Afghanistan on Wednesday, a military statement said. Afghan officials said soldiers captured six men and killed one person during the raid. The raid near the town of Hakimabad in Nangarhar province was conducted based on information provided 'about an al-Qaida member known to pass correspondence for al-Qaida senior leaders,' the U.S.-led coalition said in a statement." The AP continues, "The military did not say who executed the raid, but U.S. Special Forces soldiers operate under the banner of 'coalition forces' in Afghanistan."

Taliban Still Controls Town It Overran. The AP (2/7, Abrashi) reports, "Taliban militants remain in control of a southern Afghan town nearly a week after capturing it, but NATO expects the Afghan government to soon reassert its authority there, an alliance spokesman said Wednesday." NATO spokesman Col. Tom Collins "said NATO troops stand ready to help the government again take control of the town but that there 'is no need to rush to action here.'"

Gates Says NATO Must Increase Contributions In Afghanistan. The AP (2/7, Baldor) reports Defense Secretary Robert Gates "said Tuesday that NATO allies must provide the troops and equipment needed to battle an expected increase in violence by Taliban insurgents in Afghanistan this spring." Gates, "who will meet with other NATO defense ministers Thursday in Seville, Spain, is expected to outline whether the U.S. plans to

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adjust its troop levels in Afghanistan or extend the deployment of any units already there, said a senior defense official." At a Senate Armed Services Committee hearing Tuesday, Gates "said the U.S. will hold the NATO countries to promises they offered during a summit in Riga, Latvia, last November, particularly for more trainers."

House GOP Wants Better Coordination To Fight Afghan Insurgency, Drugs. The Los Angeles Times (2/7, Meyer, 850K) reports four ranking Republican lawmakers "on a committee with oversight of U.S. policy in Afghanistan are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world." In a letter "dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. They are calling for the appointment of a special coordinator of overall narco-terrorism policy for Afghanistan to prevent losing the fight against insurgents and drug traffickers." The letter "describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks."

Italian FM Protests US Ambassador's Letter. The Washington Times (2/7, Phillips, 88K) reports Italian Foreign Minister Massimo D'Alema yesterday "protested an open letter to a Rome newspaper from US Ambassador Ronald P. Spogli and five other envoys urging Italy to maintain its troop deployment in Afghanistan." D'Alema called the letter -- which was also signed by the ambassadors of Australia, Britain, Canada, the Netherlands and Romania -- an "irregular" departure from normal diplomatic procedures. D'Alema told reports, "There are more appropriate bodies in which to discuss Italy's commitment in Afghanistan rather than through open letters from ambassadors to daily newspapers." In Washington, the State Department said the letter was "a praiseworthy initiative" by the US envoy.

Marine Vehicle Remains Costly Failure. The Washington Post (2/7, Merle, 690K) reports in a highly critical front page article, "After 10 years and $1.7 billion, this is what the Marines Corps got for its investment in a new amphibious vehicle: A craft that breaks down about an average of once every 4 1/2 hours, leaks and sometimes veers off course. And for that, the contractor, General Dynamics of Falls Church, received $80 million in bonuses. ... The Expeditionary Fighting Vehicle is one of the Pentagon's largest weapons programs and exemplifies the agency's struggle to afford a cadre of new mega-systems that are larger and more complex, but also more trouble, than their predecessors."

NNSA Wants Funding To Plan, Produce Next Generation Nuclear Warhead. Under the headline, "Nuclear Officials Seek Approval For Warhead; Design Would Require No Live Testing," the Washington Post (2/7, A6, Pincus, 690K) reports that National Nuclear Security Administration officials "said yesterday that they hope to receive administration and congressional authorization by the end of 2008 for the development and production of a warhead that could be deployed on submarine-launched intercontinental ballistic missiles." The Post adds that the NNSA wants "$88 million in the fiscal 2008 Energy Department budget" to "complete detailed planning with the Navy based on a design produced in December by the nation's two nuclear weapons laboratories. The new funds would support design concept testing and could lead to production of the warhead for the Navy's D5 missile, 24 of which are carried on each US Trident submarine. A key aspect of the Reliable Replacement Warhead program is that the warhead could be certified to enter the US nuclear stockpile without testing, acting NNSA Administrator Thomas D'Agostino and other officials said during a session with reporters." The Post adds that the request comes "as the Bush administration is attempting to stop Iran and North Korea from developing nuclear weapons and trying to keep other countries, such as India and Pakistan, from expanding their stockpiles."

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McNulty Denies Political Motives In US Attorney Dismissals. USA Today (2/7, Johnson) reports, "The Justice Department acknowledged Tuesday that it fired the U.S. government's chief prosecutor in Little Rock for no reason except to replace him with a lawyer who had been an aide to Karl Rove, the Bush administration's chief political strategist. … However, in an appearance before the Senate Judiciary Committee, Deputy Attorney General Paul McNulty rejected criticism that the forced resignations of

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Bud Cummins and six other U.S. attorneys last year were politically inspired, or amounted to retaliation for the attorneys' involvement in controversial investigations and prosecutions." USA adds, "McNulty's testimony before the panel, which is investigating the firings of the prosecutors, was part of an exchange with Sen. Charles Schumer, D-N.Y. Schumer said the White House's appointment process for prosecutors was 'corrupted with political, rather than prudent, considerations.' … 'What happened here doesn't sound like business as usual; it appears more reminiscent of a different sort of Saturday night massacre,' Schumer said, referring to Watergate-era firings at Justice that were ordered by President Nixon. … 'When I hear you talk about a politicization of the (Justice) Department, it is like a knife in my back,' McNulty responded."

The New York Times (2/7, Johnston) reports, "One disputed case involves H. E. Cummins III, a United States attorney in Arkansas who was asked to step down last summer although his office had increased drug and firearms prosecutions and he had helped organize a multiagency counterterrorism council. … To temporarily replace Mr. Cummins, the Justice Department named J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and who once worked as a deputy to Karl Rove, the senior White House political adviser." The Times continues, "At the hearing, Mr. McNulty was asked by Senator Charles E. Schumer, Democrat of New York, whether it was accurate to say that Mr. Cummins had not done anything wrong to justify his removal. Mr. McNulty replied, 'I do not dispute that characterization.' … Had Mr. Cummins ever received a poor performance evaluation, Mr. Schumer asked. … Mr. McNulty answered, 'I'm not aware of anything negative.' … Mr. McNulty said that because the attorneys are presidential appointees, they can be replaced at any time without a specific reason. He said about half of the 93 prosecutors appointed to their jobs by Mr. Bush in his first term had already left voluntarily. Mr. McNulty said the appointment of Mr. Griffin was a chance for 'a fresh start with a new person.'"

The Washington Post (2/7, A3, Eggen) reports, "In often contentious testimony…McNulty also disputed Democrats' allegations that the firings appeared to be aimed at rewarding Republican allies and at avoiding the Senate's role in confirming U.S. attorney appointments. … 'The attorney general's appointment authority has not and will not be used to circumvent the confirmation process,' McNulty said. 'All accusations in this regard are contrary to the clear factual record.'" The Post adds, "McNulty's remarks did little to calm the growing political storm over the recent U.S. attorney firings. Top Democrats have condemned the firings, which have led to proposed legislation that would limit the attorney general's powers to appoint interim prosecutors. … McNulty acknowledged that six U.S. attorneys in the West and Southwest were notified in December that they would be asked to step aside, including the lead prosecutor in San Diego, whose office oversaw the bribery conviction of a former Republican congressman. … A seventh former U.S. attorney, Ed Cummins of Little Rock, has said that he was asked to leave last year to open the job for J. Timothy Griffin, who previously worked for Rove and for the Republican National Committee. McNulty did not dispute that characterization yesterday."

The AP (2/7, Kellman) reports, "McNulty reminded the panel that federal prosecutors serve at the pleasure of the president. And he repeated Attorney General Alberto Gonzales' promise to submit the name of every replacement to the Senate for confirmation. … McNulty spoke after weeks of Democrats' accusations that the forced resignations of prosecutors in Arkansas and California in particular were moves to reward Republican allies."

The Los Angeles Times (2/7, Schreck) reports, "McNulty also expressed strong opposition to a plan by Sen. Dianne Feinstein (D-Calif.) to strip the Justice Department of authority it received last year to appoint interim U.S. attorneys for indefinite periods without Senate confirmation. … That power, added to the USA Patriot Act when it was reauthorized in March, has worried some lawmakers. At issue is the amount of oversight that Congress — now in the hands of Democrats — has over the appointment of federal prosecutors." The Times notes, "Some legal experts have said that the moves, while legal, are unorthodox and could have harmful repercussions. … 'There's at least a strong perception by those in and outside of the United States attorney's office that this is not business as usual,' said Loyola Law School professor Laurie Levenson during her testimony Tuesday."

McClatchy Newspapers (2/7, Taylor) reports that McNulty "denied that politics played any role in the firings of other U.S. attorneys, including Carol Lam, who was asked to step down in San Diego. In 2005, Lam's office won a bribery conviction against then-Rep. Randy 'Duke' Cunningham, R-Calif. That investigation is continuing. … McNulty said his

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department had been 'proud' of the Cunningham prosecution, but he declined to elaborate on Lam's or any other U.S. attorney's firing during the hearing. He agreed instead to brief senators privately on the matter." McClatchy notes, "Last month, McClatchy Newspapers analyzed many of those interim appointments and found that Gonzales had been appointing conservative loyalists from the Bush administration's inner circle to fill the vacancies. … The new U.S. attorneys all have impressive legal credentials, but most of them have few ties to the communities they've been appointed to serve, and some have little experience as prosecutors."

The Chicago Tribune (2/7, Demirjian) reports, "A year ago, Carol Lam, the U.S. attorney in San Diego, was fielding accolades for her successful prosecution of Rep. Randy 'Duke' Cunningham, the California congressman who pleaded guilty to tax evasion and corruption and was sent to prison for more than eight years. … Now, however, she is one of seven federal prosecutors that the Bush administration has removed from office in recent weeks, most for unspecified reasons, as was the case with Lam. The dismissals are unusual and that has prompted several Democratic senators to accuse the White House of taking undue aim at U.S. prosecutors, either to make way for up-and-coming Republicans or even to punish those who aggressively prosecuted friends of the administration." The Tribune continues, "McNulty defended the firings Tuesday at a Senate Judiciary Committee hearing, saying, 'U.S. attorneys serve at the pleasure of the President -- they come and go for lots of reasons…. We don't really believe we are obligated to set forth a reason or cause.'" The Tribune notes, "McNulty told the committee that the administration is still consulting senators to identify the best candidates in their respective states and fully intends to send the prosecutors' replacements to the Senate for confirmation. But suspicious Judiciary Committee members said they plan to vote Thursday to rescind the Patriot Act provision that allows the administration to appoint interim U.S. attorneys indefinitely without Senate confirmation."

The San Diego Union-Tribune/Copley News Service (2/7, Cantlupe) reports, "Several members of Congress sent letters complaining about the job performance of U.S. Attorney Carol Lam, who announced her resignation last month. Her final day is Feb. 15, after 4½ years as the top federal prosecutor in the San Diego district. … McNulty repeatedly declined to spell out what Lam's performance shortcomings were, other than to note the complaints. … 'What about Carol Lam? Why was she terminated?' committee member Rep. Arlen Specter, R-Pa., asked McNulty. … 'I respectfully decline to go into specific reasons,' McNulty said. … 'I think the committee needs to know why she was terminated,' Specter responded. … But all McNulty would say is that 'the phone calls made in December were performance-related.' He was referring to calls made to Lam and five other prosecutors demanding their resignations. A seventh U.S. attorney, based in Arkansas, was dismissed earlier last year to make way for a former aide to White House adviser Karl Rove, McNulty said."

The Financial Times (2/7, Masters) reports, "Mr McNulty said Ms Lam's departure was unrelated to the bribery case but he said she was among the group removed for performance-related reasons. … 'In this administration, US attorneys are never, repeat, never, removed in an effort to retaliate against them,' Mr McNulty testified. He also said Timothy Griffin, Mr Cummins' replacement in Arkansas, was well qualified for his new position."

Roll Call (2/7, Van Dongen) reports, "Turning up the heat on the Bush administration on an increasingly touchy issue, Republican and Democratic members of the Senate Judiciary Committee grilled… McNulty… over why and how as many as seven U.S. attorneys around the country were dismissed from their posts since June." Roll Call continues, "Schumer repeatedly pressed McNulty, a former chief Hill counsel during former President Bill Clinton's impeachment proceedings and ex-House ethics committee lawyer, to provide documentation, such as written evaluations of each U.S. attorney's job performance, that would substantiate why the attorneys were fired. If that information is not provided quickly, the Democrat threatened to subpoena that information from Justice. 'For six years, there has been little or no oversight of the Department of Justice. Those days are over,' Schumer vowed." Roll Call notes, "In a strong opening statement putting Justice on the defensive, Schumer's comments were echoed by the panel's ranking member, Sen. Arlen Specter (R-Pa.), a former Pennsylvania assistant attorney general. … 'If a U.S. attorney general was fired in retaliation for what was done on the prosecution of former Congressman Cunningham, that's wrong,' Specter stated. 'And that's wrong even though the president has the power to terminate U.S. attorneys. U.S. attorneys can't function if they're going to be afraid of the consequences of a vigorous prosecution.'" Roll Call adds, "McNulty strenuously denied

any political motivation for the dismissal of the prosecutors, explaining that it was part of normal staff turnover. … McNulty, however, did not dispute Schumer's assertion that (Cummins) was dismissed without any specific cause. Democrats allege that Cummins was asked to step aside in order to install Tim Griffin, a former aide to White House adviser Karl Rove."

The Memphis Commercial Appeal (2/7, Sullivan) reports, "Sen. Mark Pryor, D-Ark., told the committee that 49 days after (Cummins) 'was ousted without cause,' and replaced by interim U.S. Attorney J. Timothy Griffin, he still doesn't know the grounds for the removal. Griffin, a protégé of presidential advisor Karl Rove and a former Republican Party opposition researcher, has not been nominated by the president and has therefore not been subject to the Senate's advise and consent oversight. … 'The failure to acknowledge that Bud Cummins was told to leave for a purely political reason is a great disservice to someone who was loyal to the Administration and who performed his work admirably,' Pryor testified." The Appeal notes, "Attorney General Alberto Gonzales has said that Cummins and six other U.S. attorneys…were not removed for political reasons. … 'I think I would never, ever, make a change in a United States Attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation,' Gonzales said last month."

The Northwest Arkansas Morning News (2/7, Sadler) reports that McNulty told the committee "that Cummins was informed in a June phone call that he was being asked to resign without cause. At that point, Griffin had already been identified as an interim successor, he said. … Sen. Mark Pryor, D-Ark., said the Justice Department changed its story regarding Cummins' departure. … 'First they said that initially Bud Cummins decided to leave on his own,' Pryor said. 'It's taken many weeks to get here, but today the Justice Department admitted he was told to leave.'" The News adds, "Cummins said in a telephone interview Tuesday that he appreciated Pryor's defense of his service, but that he remained a Bush loyalist who had considered leaving his post regardless. … 'In my case, it's fair to say it was handled poorly, because they could just have easily called me and said "You haven't done anything wrong. You're a champ. You've been a great performer for the president, and we'd like you to cooperate with us and give this other guy a job for two years,"' Cummins said."

Lam Departure Reminds Some Of 1982 DOJ Scandal. U.S. News and World Report (2/7, Ragavan) reports, "To some veteran former Justice Department officials, the departure of Lam before the Cunningham probe is completed harks back to a similar case involving a CIA asset more than 25 years ago, in which the U.S. attorney was fired because of pressure from the agency. In 1982, the feds arrested the former chief of the Federal Security Directorate (Mexico's secret police), Miguel Nazar Haro, after he was indicted by a federal grand jury in San Diego for his involvement in an $8 million car-theft ring that had smuggled about 600 stolen American luxury cars and vans from Southern California to Mexico. … The U.S. attorney in San Diego, William Kennedy, had uncovered the car-theft ring and pushed the Justice Department to indict Haro. Kennedy charged that the CIA was blocking the indictment because Haro was a CIA asset in Mexico City and that the Justice Department was dragging its feet. Kennedy was reprimanded in no uncertain terms–President Ronald Reagan fired the prosecutor, a former Justice official says, after the CIA brought pressure to bear. But Haro–who was forced to resign as the secret police chief because of the car-smuggling allegations– was subsequently indicted and arrested. He posted $200,000 bail and fled, becoming a fugitive. And so he remained, until he was again arrested in February 2004, this time on charges that he had kidnapped a leftist leader nearly three decades earlier during Mexico's 'dirty war,' against the left. … After Kennedy was fired, Justice sources say, CIA officials used it as a 'warning' to other Justice officials not to challenge the agency. Kennedy later became a superior court judge in San Diego."

More Commentary. The New York Times (2/7) editorializes, "United States attorneys, the federal prosecutors who work in the states, are supposed to be respected, independent members of the bar. They have extraordinary power: they can file criminal charges and conduct investigations that can destroy reputations. They are supposed to be confirmed by the Senate, and there is a long tradition that they are not removed during the term of the president who appointed them, except for serious cause. .. At a Judiciary Committee hearing yesterday on the dismissals, the deputy attorney general who represented the Bush administration failed to explain convincingly why the United States attorneys had been removed, or to dispel the suspicion that politics was the driving force. Mr. Schumer says he may subpoena the dismissed federal attorneys' performance evaluations if he doesn't get a better explanation. The Senate should keep pushing for answers — and for nonpartisan

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prosecutors to be placed and kept in these important positions."

In an op-ed for the Baltimore Sun (2/7), George W. Liebmann, a Baltimore lawyer, executive director of the Calvert Institute for Policy Research, and the author of 'The Common Law Tradition: A Collective Portrait of Five Legal Scholars.', writes, "The news that the Bush administration has replaced seven U.S. attorneys, none charged with or guilty of wrongdoing, with people fairly describable as Washington apparatchiks should give pause to all those concerned with America's working Constitution. … The office of U.S. attorney is far more powerful than it was at the time of the ratification of the Constitution. Its functions are no longer limited to federal specialties such as customs and revenue offenses, but extend to virtually the entire range of criminal offenses. Stringent federal sentencing guidelines have rendered federal prosecutions the prosecutions of first resort, even for certain street crimes. During the tenures of Attorneys General Janet Reno, John Ashcroft and Alberto R. Gonzales, the number of federal prosecutors has greatly increased." Liebmann adds, "As the sweep of federal criminal jurisdiction widens, it is imperative that Congress thoroughly review the provisions for appointment and removal of all important federal law enforcement officials - not merely U.S. attorneys. The dispersion of police and prosecutorial power is the bedrock of American civil liberty. In all but two or three states, prosecutors are elected for short terms. … We do not want prosecutors to be laws unto themselves, and we do not want an elective dictatorship. Geographic dispersion of prosecutorial power, of which Congress has lately grown careless with its expansions of federal jurisdiction, has historically been the American answer to this problem. The growth of the central office of the Justice Department renders it imperative that old controls be reinstated and new ones devised."

CORPORATE SCANDALS:

Lengthy AOL Trial Ends With Acquittals Of Three. The Washington Post (2/7, D1, Johnson) reports, "An Alexandria jury acquitted two former AOL executives on all the conspiracy and fraud charges against them yesterday, dealing a blow to prosecutors and marking a decisive end to one of the longest trials in the federal courthouse." The Post continues, "Jurors spent slightly more than three full days in deliberation before clearing Kent D. Wakeford and John P. Tuli of charges that they helped a Las Vegas software client post fictitious revenue in early 2001. As the court clerk read the verdict, Tuli wept while his mother and his wife gasped with delight. Wakeford trembled, clapped his hands twice and hugged his lawyers. … The six-man, six-woman jury also acquitted Christopher J. Benyo, a former vice president at the Las Vegas company, PurchasePro.com. Defense lawyer Terrance Reed last week appealed to the jury to 'set yourselves and Mr. Benyo free' from a case that stretched into a fourth month, a rarity in a courthouse known for dispensing speedy justice. … 'You're free to go, gentlemen,' U.S. District Judge Walter D. Kelley Jr. told the jubilant defendants. Wakeford and Tuli clasped in a tearful embrace as prosecutors filed out of the eighth-floor courtroom without a word to spectators or opponents." The Post notes, "The case marks the second defeat for the government in its five-year-old investigation into accounting misdeeds at PurchasePro and AOL in the early days of the Internet bust. The same judge acquitted a former top lawyer for PurchasePro in December 2005 after a two-week trial. Once the focus of intense government scrutiny, high-ranking AOL sales and marketing officials ultimately avoided criminal charges, an issue that defense lawyers for their subordinates seized on as scapegoating during the trial. … Chuck Rosenberg, the U.S. attorney for the Eastern District of Virginia who joined the office last year, issued a statement praising the government team and concluding: 'Sometimes, jurors see things in a different way. We respect their decision.'" The AP (2/7, Barakat) also reports on the verdict.

Oil Drilling Firms To Pay $26 Million In Nigeria Bribery Case. The AP (2/7, Lozano) reports, "Three oil drilling companies - subsidiaries of a British firm - have agreed to pay a $26 million fine for bribing Nigerian officials in order to get preferential customs treatment, Justice Department officials announced Tuesday." The AP continues, "The fine by the companies, subsidiaries of London-based Vetco International Ltd., is the largest criminal settlement of foreign corruption charges, said Deputy Attorney General Paul J. McNulty. … 'This case ... confirms our commitment to root out corruption,' McNulty said. 'The Department of Justice will continue its efforts to assure a level playing field for businesses operating abroad.'" The AP adds, "During a closed hearing in a Houston federal court Tuesday, the companies - Vetco Gray UK Ltd., Vetco Gray Controls Inc., and Vetco Gray Controls Ltd. - pleaded guilty to violating the

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Foreign Corrupt Practices Act. … Vetco Gray Controls Inc. agreed to pay a $6 million fine; Vetco Gray Controls Ltd., $8 million; and Vetco Gray UK Ltd., $12 million. … A fourth subsidiary, Aibel Group Ltd., agreed to accept responsibility for similar conduct by its employees."

The Houston Chronicle (2/7, Fowler) reports, "This is the second time in three years a Vetco-related firm has paid fines for bribery. In July 2004 Vetco Gray of Houston and Vetco Gray of Aberdeen, Scotland, each agreed to pay fines of $5.25 million. At the time the companies were owned by ABB of Switzerland. … Last month General Electric Co. said it would pay $1.9 billion to acquire Vetco Gray." The Chronicle adds, "At a closed hearing this morning before U.S. District Judge Lynn Hughes in Houston, the companies pleaded guilty to violations of the anti-bribery provisions of the FCPA, as well as conspiracy to violate the federal law. … Aibel Group Ltd., another wholly owned subsidiary of Vetco International, also entered into a deferred prosecution agreement with the Justice Department . … According to the government from September 2002 through April 2005 each of the companies used an international freight forwarding and customs clearing company to make at least 378 payments totaling approximately $2.1 million to Nigerian Customs Service officials. The payments were aimed at getting customers officials to give Vetco preferential treatment."

US Subpoenas Allied Capital Records In Pretexting Probe. The New York Times (2/7, Creswell) reports, "Federal prosecutors have subpoenaed records of Allied Capital, a business development company that provides financing to smaller firms, in an effort to discover how private investigators it hired may have obtained the phone records of one of its leading critics." The Times continues, "Allied, which had previously denied any involvement, said yesterday in a statement that it has since become aware that an agent of the company obtained the telephone records of David Einhorn, a hedge fund manager, as well as records of calls from his fund, Greenlight Capital, during 2005." The Times adds, "Allied, which is based in Washington, said that it had received a subpoena from the United States attorney in Washington in December. … The statement added that Allied's management had not authorized the obtaining of the telephone records and that the company was cooperating with prosecutors." The Times notes, "In November, The New York Times reported accusations by Mr. Einhorn and other Allied critics that they had been the victims of pretexting — improperly impersonating an individual to obtain confidential information. … California's attorney general has filed criminal charges against one of Hewlett-Packard's former senior lawyers as well as its former chairwoman, Patricia C. Dunn, and two private detectives. All have pleaded not guilty."

The Washington Post (2/7, D1, Nakashima, Cho) reports, "Until yesterday's disclosures, the firm and its board had denied allegations by Einhorn and other Allied critics that the firm had engaged in a practice known as pretexting, which involves posing as a person or family member of that person to trick a phone company into giving out phone records. … 'In the course of gathering documents responsive to the subpoena, Allied Capital has become aware that an agent of the company obtained what were represented to be telephone records of David Einhorn and which purport to be records of calls from Greenlight Capital during a period of time in 2005,' the firm said." The Post adds, "Allied also said that while gathering the documents for investigators, 'allegations were made' that management had authorized the acquisition of its critics' phone records and that it had been 'subsequently advised that these records had been obtained.' … 'The management of Allied Capital states that these allegations are not true,' the statement said. 'Allied Capital is cooperating fully with the inquiry by the United States attorney's office and will have no further comment concerning this matter until that inquiry has been conducted.' The company said its board had established a committee to review the matter."

Survey Finds Most Firms Slow In Developing Pretexting Rules. The National Law Journal (2/7, Qualters) reports, "A Deloitte & Touche poll revealed that most companies have not crafted policies to ban pretexting, which exposes them to potential criminal liability if their employees or investigators use deception to gather information in a probe." The Journal continues, "In an online poll of 230 executives during a Webcast conducted by Deloitte Financial Advisory Services late last year, 42 percent said their companies had no written pretexting guidelines, and 45 percent said they didn't know if their company had such policies. … Only 8 percent have guidelines they are satisfied with, while 5 percent believe they have unsatisfactory rules on the books." The Journal adds, "This lack of corporate attention on pretexting is especially alarming in light of a new federal law that creates criminal penalties for illicitly obtaining or disclosing telephone records. … President George W.

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Bush signed the bill in January, following civil and criminal charges against individuals involved in a Hewlett-Packard Co. scheme to fraudulently obtain phone records in an effort to discover which board members were leaking stories to the media. … Several detectives and the former chairwoman of the Palo Alto, Calif.-based technology company face criminal charges, and the company paid $14.5 million in civil fines." The Journal notes, "Beyond prohibiting tactics that are clearly illegal, such as obtaining bank or telephone records under false pretenses, companies need to consider what kinds of information-gathering techniques -- pretexting as well as other methods -- are acceptable at their firms, said Ernie Brod, director of Forensic & Dispute Services for Deloitte's financial advisory services arm. … The problem is that some individuals may see nothing wrong with surveillance, for example, but 'others may be appalled,' he said."

SEC Sues Former Engineered Support Officials Over Options Scheme. The AP (2/7, Gordon) reports, "Two former top executives of defense contractor Engineered Support Systems Inc. enriched themselves and others in a five-year-long scheme to manipulate the timing of stock option grants, federal regulators charged Tuesday." The AP continues, "The Securities and Exchange Commission filed a civil lawsuit in federal court in St. Louis against Gary Gerhardt, former chief financial officer of the company, and Steven Landmann, the former controller, over the alleged options backdating scheme. Employees and directors of Engineered Support received some $20 million in unauthorized compensation as a result of the backdating, while Gerhardt and Landmann reaped $1.9 million and $518,972, respectively, according to the SEC." The AP adds, "Landmann agreed in a settlement with the agency to pay a $259,486 civil fine and $627,071 in restitution plus interest. He also was barred from serving as an officer or director of, or as an accountant for, any public company. Landmann neither admitted nor denied the SEC's allegations under the accord. … The SEC's case against Gerhardt is still pending. … It was the third case by the agency since last summer involving alleged options backdating, in a scandal in which more than 100 public companies are under investigation by the SEC and the Justice Department, more than $5 billion in profit has been erased by restatements and 18 CEOs have been swept out of office." The AP notes, "Federal prosecutors issued a subpoena last June in the matter to Engineered Support, a St. Louis-based company that supplies electronics for the military and some government agencies. The SEC also began its investigation around that time."

The Wall Street Journal (2/7, A4, Forelle, Bandler) reports, "Yesterday's civil charges by the Securities and Exchange Commission come as the pace of governmental investigations into the backdating matter appeared to be quickening. Criminal charges in other cases are likely to be filed in coming weeks or months, according to people familiar with the matter." The Journal adds, "Federal prosecutors in St. Louis also are investigating Engineered Support's options practices. People familiar with the matter say prosecutors are looking closely at Messrs. Gerhardt and Landmann, and former chief executive, Michael F. Shanahan Sr. and his son, Michael Shanahan Jr., who had been a director."

Former Qwest CEO Seeks Trial Delay. The AP (2/7, Shore) reports, "Former Quest chief Joe Nacchio's attorneys asked a federal judge Tuesday to delay his insider trading trial, saying prosecutors have been so slow in turning over evidence that his rights could be jeopardized if the trial starts March 19 as scheduled." The AP continues, "Attorney Herbert Stern sought a 60-day postponement to evaluate documents prosecutors have provided in recent weeks, including six CD-ROMs of material that Stern said he was made aware of Monday evening. … He said prosecutors advised if his team wanted to use any of the classified material, they would have to submit them to the court as required by federal law. … 'The government has chosen on the eve of trial to place a heavy burden on the defendant - to review voluminous materials and then make applications to the court and we do not even know the full extent of that burden,' Stern wrote in a brief filed in U.S. District Court." The AP adds, "Stern said the documents may support Nacchio's contention that he had hope for Qwest's future because he knew about the Denver-based phone company's classified business dealings with the government. … 'This request is not of our making, but if not granted will prejudice our ability to mount a full defense as required by the Sixth Amendment,' Stern wrote." The AP notes, "Nacchio's attorneys have complained previously about government attorneys being slow to provide evidence, prompting U.S. District Judge Edward Nottingham last week to order prosecutors to step up efforts to turn over such material. At issue are witness interviews and other documents that Nacchio's attorneys say

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may help his defense, a contention prosecutors have disputed. … Prosecutors have told the judge that the evidence exchange has been hampered because some documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government material such as business contracts."

SEC Ratchets Up Probe Of Wall Street Trading Leaks. The Wall Street Journal (2/7, C15, Scannell, Smith) reports, "The Securities and Exchange Commission has asked nearly a dozen brokerage firms for trading and other data in an effort to determine whether there is a leak of inside information across Wall Street." The Journal continues, "The inquiry is being driven in part by complaints from mutual funds and others who worry market participants are trading ahead of their trades before they are executed. … The request is an expansion of the agency's continuing 'street sweep' investigation of potential insider trading, which has mainly focused on the passing of inside information within a brokerage firm. Now, the agency is expanding the probe to look at information being exchanged between firms in hopes of avoiding detection, according to a top agency official." The Journal adds, "The SEC is looking at the 'passage of information from one firm to another,' said Lori Richards, director of the SEC's office of compliance, inspections and examinations. 'It's just fact-finding at this point.' … The data request, reported in yesterday's New York Times, was sent by the SEC three weeks ago. The request seeks information on all stock and option orders in the firms' order management system for a 12-day period in late September, as well as a list of customers that use the firms' prime brokerage systems, which are used by hedge funds." The Journal notes, "The agency hopes that once it examines the data, it will be able to determine if the concerns are valid and if there is a tipping chain from firm to firm. The sweep is in the information gathering stages and not all examinations result in enforcement actions. … The new take on potential leaking on Wall Street was spurred partly from other enforcement cases. The SEC and Justice Department have cracked down on instances of traders passing information about large pending trades before they are public across the firm's information boxes, known as squawk boxes."

The New York Times (2/6, Anderson) reports, "The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said." The Times continues, "The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move." The Times adds, "Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction. … But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect."

USA Today (2/7, 5B, Farrell) reports, "According to people with direct knowledge of the probe, who don't want to be identified because the investigation is ongoing, the banks being examined include but are not limited to: Merrill Lynch, Credit Suisse, Morgan Stanley, Deutsche Bank and UBS. None of those banks would comment on the matter." USA notes, "For years, mutual fund executives have complained that financial intermediaries have used sensitive information about their buy and sell orders to disadvantage them in the marketplace. … Representatives of the mutual fund industry applauded the SEC's decision to conduct the examination. 'This issue is of paramount importance to mutual fund shareholders,' says Edward Giltenan, a spokesman for the Investment Company Institute, a trade organization for funds."

Decline In Class-Action Securities Fraud Litigation Examined. In an op-ed for the Wall Street Journal (2/7, A15), Joseph A. Grundfest, a professor of law and business and codirector of the Rock Center on Corporate Governance, at Stanford University, writes, "Litigation is booming in the U.S. Courts complain of burgeoning dockets. Lawyers collect record fees. Legislators, regulators and academics either grouse that litigation is driving business offshore and should be contained, or that economic injustice still pervades our economy and that the courthouse doors must be kept wide open to help right wrongs. … But few

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policy makers or scholars seem aware that a highly controversial component of the litigation market -- the class-action securities fraud litigation business -- is shrinking faster than a polar icecap. The interesting question is why this decline has occurred and what it means for the future of U.S. securities regulation." Grundfest continues, "According to data collected by Stanford Law School and Cornerstone Research, the number of companies sued in plain vanilla class-action fraud claims has averaged about 193 per year from 1996 through 2005, not much different from pre-reform levels. But halfway through 2005 filing activity took a sharp drop, and in 2006 only 110 companies were named as defendants in securities-fraud class actions. … A closer look at the data suggests that the decline is even more remarkable because 20 of these lawsuits allege options backdating activity. Backdating is a one-time event, and if we subtract these 20 cases we arrive at a 'core' litigation rate of 90 companies per year." Grundfest adds, "Why have these declines occurred? … Perhaps fewer companies are being sued for fraud because there is less fraud. Under this theory, the government's aggressive criminal and civil enforcement strategy following the Enron and WorldCom frauds has caused corporate boards and management to 'get religion' when it comes to complying with the securities laws. Executives are acutely aware that a major accounting or disclosure fraud is more likely than ever to leave them fired or indicted. They respond to this new regime like rational economic actors: If you increase the penalties for engaging in fraud then you reduce the incentive to commit fraud. Nothing complicated here at all. … As long as the government's enforcement activities remain sufficiently vigorous, the private class-action securities fraud lawsuit can be viewed as an expensive, wasteful and unnecessary sideshow that generates little deterrence and offers questionable levels of compensation. The question then is not why these lawsuits have been shrinking so rapidly in recent months, but when and whether they should exist at all."

CRIMINAL LAW:

Libby Told Grand Jury Cheney "Upset," "Disturbed" By Wilson Claims. In a widely-distributed story, the AP (2/7, Apuzzo) reports, "On grand jury audiotapes played at his trial on Tuesday, former White House aide I. Lewis Libby said he learned about a CIA officer from Vice President Dick Cheney, forgot it, then learned it again from NBC News reporter Tim Russert a month later. … Libby's 2004 grand jury testimony…conflicts with testimony at his trial by a former White House press secretary, a recent vice presidential spokeswoman, a former CIA official, a former State Department undersecretary and reporters from The New York Times and Time magazine." The AP notes, "Meanwhile, the long-anticipated testimony by Cheney as well as Libby himself may not materialize. Libby's lawyers…indicated this week only that Cheney was 'potentially' a witness and that Libby might decide against taking the witness stand."

Under the headline "Court Hears Libby Describe Cheney As 'Upset' At Critic," the Washington Post (2/7, A3, Goldstein, Leonnig, 690K) reports Libby testified to the grand jury that "Vice President Cheney and other senior White House officials regarded" former ambassador Joseph Wilson's "accusations that President Bush misled the nation in going to war in Iraq as an unparalleled political assault and...held daily discussions about how to debunk them." Libby "said Cheney had been 'upset' and 'disturbed' by criticisms from…Wilson," and "Libby said that Karl Rove had been 'animated' by a conversation with Robert D. Novak, in which the conservative columnist told Rove he 'had a bad taste in his mouth' about Wilson and was writing a column about him." The Post notes, "Libby's portrayal of the zeal to discredit Wilson's claims, reaching to the White House's highest echelons, reinforces Special Counsel Patrick J. Fitzgerald's assertion that the criticism of war provoked such a political crisis among Bush's top aides that it is unlikely the defendant simply forgot his role in the leak, as defense attorneys contend."

The Los Angeles Times (2/7, Schmitt, 850K) reports that "jurors heard his recorded voice describe how he was instructed to leak intelligence secrets to select reporters, even as other White House officials were expressing concern over the leaks and debating whether the administration should formally declassify intelligence reports on Iraq to combat criticism of the case for war." On the tape, Fitzgerald was heard asking, "Was that unusual for you to have the national security advisor, the director of Central Intelligence, the White House chief of staff among others in the dark as to something that you had done regarding declassification?" Libby replied, "It is not unusual for the vice president to tell me something which I am not allowed to share with others."

The New York Times (2/7, Lewis, 1.16M) notes, "The audiotapes also provided more detail about Mr. Libby's July 8,

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2003, meeting with Judith Miller, then a reporter for The New York Times. Mr. Libby told the grand jury that his meeting with Ms. Miller was approved directly by the vice president. Mr. Libby said that in order to convince Ms. Miller that Mr. Wilson's article in The Times was filled with inaccuracies, Mr. Cheney first went to President Bush directly to declassify a National Intelligence Estimate. Mr. Libby said that he used the intelligence estimate in the Miller interview to counter Mr. Wilson's claims that there was no Iraqi effort to obtain uranium from Niger."

CNN (2/7) reports, "On a tape played at his trial Tuesday Lewis 'Scooter' Libby told investigators he thought President Bush authorized him to give a reporter information about CIA agent Valerie Plame. … 'If the president tells you to talk about a document, it's declassified,' Libby told Special Counsel Patrick Fitzgerald on March 24, 2003, during testimony before a grand jury that would eventually indict Libby for perjury and obstruction of justice." CNN continues, "The audio recordings, made nearly four years ago, shed light on how Libby handled the controversy over Wilson's allegations. … Libby said White House Counsel David Addington told him the president has the power to declassify material on his own. Libby said he asked Addington, 'Can the president declassify a document just by telling us to talk?' and Addington said he could. … Libby quoted that response to Fitzgerald on the stand." CNN adds, "Fitzgerald asked Libby whether he was present when Vice President Dick Cheney asked Bush to declassify the material, whether anyone else was present, and whether issues were raised about how going public might overrule CIA Director George Tenet. … To each question, Libby answered no. … Libby, who was Cheney's chief of staff at the time, also testified he had no knowledge of when or how Cheney got the okay from President Bush and concluded only the three of them were aware the material could be disclosed to New York Times reporter Judith Miller when Libby met with her for coffee at a Washington hotel."

Pennsylvania State Senator Indicted On 139 Corruption Counts. In a widely-distributed story, the AP (2/7, Dale) reports, "State Sen. Vincent J. Fumo, one of the most powerful and controversial figures in Pennsylvania politics, was indicted Tuesday on federal charges he used a nonprofit group for personal and political gain and defrauded the state out of $1 million. Many of the 139 charges stem from Fumo's ties to a nonprofit agency in his South Philadelphia district," the Citizens' Alliance for Better Neighborhoods. "Prosecutors said he used state employees and the nonprofit group to fulfill his every whim -- including cleaning his 33-room mansion, spying on his ex-wife, and fighting a dune project that might block his view of the ocean." The AP notes, "Fumo is to surrender to the FBI on Wednesday, the U.S. attorney's office said."

The Philadelphia Inquirer (2/7, McCoy, Shiffman, 385K) reports that "Fumo used taxpayer and charity money to pay for everything from political polls to power tools, from cars to farm equipment, from errands to shopping sprees, a grand jury charged yesterday. … 'Sen. Fumo didn't just step over the line,' U.S. Attorney Patrick L. Meehan said yesterday. 'He completely ignored it.' … The indictment says Fumo once told a confidant that he had an acronym for one goal in his life -- spending 'OPM,' that is, 'other people's money.'" The Inquirer notes, "Fumo is scheduled to surrender to the FBI agents this morning who investigated him, Kathleen McAfee and Vicki Humphreys." Meanwhile, the Philadelphia Inquirer (2/7, Lounsberry, 385K) reported, "The 267-page federal indictment…is a portrait of greed and entitlement that prosecutors hope will be a road map to persuading a jury that one of the state's most resilient political figures engaged in fraud and other crimes. And it was the talk of the legal community yesterday, as lawyers across Philadelphia -- and beyond -- marveled at the level of detail and predicted a raging courtroom battle. … 'It's like the government saying, "We're so confident of our hand, we'll show you our hand,"' said former federal prosecutor Robert E. Goldman."

The Philadelphia Daily News (2/7, Hinkelman, 106K) reports that Fumo "touts his membership in the American Mensa Society, a society for people with very high IQs. But Fumo wasn't smart enough to avoid being charged yesterday with 139 felonies by a federal grand jury. … Ruth Arnao, 50, a longtime aide and former executive director of the Fumo charity, Citizens Alliance for Better Neighborhoods, also was indicted. She is charged with 45 counts of conspiracy, mail fraud, wire fraud, obstruction of justice and filing a false tax return." The Daily News notes that the "indictment painted Fumo as a man who 'abused' his power to 'build an empire' of Senate and charity employees who catered to his personal needs…Meehan said. … And, then, when Fumo realized investigators were onto him, he orchestrated a coverup by directing aides to destroy e-mails and other electronic evidence to scuttle the federal investigation, Meehan said."

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Philadelphia Editorials Weigh In On Indictment. The Philadelphia Inquirer (2/7, 385K) editorializes, "Fumo will have his day in court and is entitled to the presumption of innocence, of course. Indeed, he sought to preempt the indictment Monday by declaring in a Senate speech that he had 'not done anything illegal.'" However, the "charges resulting from a four-year probe by U.S. Attorney Patrick L. Meehan paint a portrait of an elected official who let his unofficial title as the prince of Philadelphia politics go to his head." The Inquirer adds that the Citizens' Alliance "did good works," but "funds from a regional utility's ratepayers should have been used to benefit the region, not just one senator's district. And how much more good could this money have done if it were distributed to true, and truly effective, nonprofits -- not one so intent on enhancing the reputation, clout and comfort of one politician?

The Philadelphia Daily News (2/7, 106K) editorializes, "A Harrisburg hand grenade rolled into the room a few weeks ago with the news of $4 million in bonuses paid to legislative aides in the House and Senate. U.S. Attorney Patrick Meehan just pulled the pin yesterday, when he released the indictment of state Sen. Vincent Fumo. That explosive 267-page document paints a picture of entitlement, a lack of accountabilty and a stunning disregard for the public trust that, if true, indicts not just a single senator, but an entire culture of arrogance, secretiveness and corruption that must be cleaned up."

DOJ Probing Loudoun County Land Deals. The Washington Post (2/7, A1, Laris, Somashekhar) reports, "Federal prosecutors have launched a far-reaching investigation into potential public corruption in Loudoun County, where officials have overseen billions of dollars' worth of development projects in one of the nation's fastest-growing areas." The Post continues, "Loudoun Commonwealth's Attorney James E. Plowman announced a joint investigation yesterday with the U.S. attorney's office in Alexandria, which will take the leading role. 'It's kind of a waste of resources if we're both independently reviewing the same matters,' Plowman said, adding that the combined federal-local effort 'brings about a greater aspect of neutrality.'" The Post adds, "The announcement follows months of quiet interviewing by FBI agents, who have queried county figures about possible abuses of power by officials, and represents a major escalation of the scrutiny facing Loudoun, the officials with the power to approve lucrative development projects and those in the real estate industry with the most at stake. … It also came shortly before Loudoun's Board of Supervisors passed ethics measures designed to increase government transparency. As part of the reforms, the board voted to discourage supervisors from accepting campaign donations from developers and others with pending projects, and it agreed to disclosure guidelines that could expose potential conflicts of interest." The Post notes, "The investigation and board action come after reports by The Washington Post last month that detailed how major land-use decisions in Loudoun have been dominated by a small network of public officials and their allies in the development industry. Developers, landowners and others profited as they coordinated with public officials to influence land-use decisions in the county, e-mails and other records showed. … Plowman, who last month said his office was focusing on eight or nine areas of inquiry, said in a statement that the joint group 'will be tasked with reviewing any potential issues of public corruption within Loudoun County.' It was unclear which individuals or specific actions are being investigated. … U.S. officials would not discuss their role in the probe. A spokesman for the U.S. attorney's office, Jim Rybicki, said, 'Department of Justice policy does not allow us to confirm or deny the existence of an investigation.'"

Man, Company Charged With Bribery In "Operation Big Coon Dog." The Bristol Herald Courier (2/7, Still) reports, "A South Carolina resident and a North Carolina contracting firm were indicted Tuesday on corruption charges stemming from the Operation Big Coon Dog investigation that rocked Buchanan County after a 2002 flood nearly wiped out the Hurley community." James Frederick "Rick" Byrd and Byrd Brothers Inc. "were indicted by a federal grand jury in Abingdon, both on two counts of program fraud and money laundering conspiracy, according to a news release issued by the U.S attorney's office in Roanoke. … The indictment alleges that Rick Byrd is the agent for Byrd Brothers. He is accused of paying two bribes to Ray Blankenship, the former chairman of the Buchanan County Board of Supervisors."

FBI Arrests Reputed Bonanno Underboss, 18 Alleged Mob Associates. WABC-TV New York (2/6) reported on its Web site from a broadcast story, "The acting underboss and the elderly acting consigliore of the Bonanno crime family were among 19 reputed mobsters

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busted by federal authorities Tuesday morning, officials said. Authorities say acting underboss Nicholas 'Nicky Mouth' Santora, 73-year-old acting consigliore Anthony 'Fat Anthony' Rabito and 17 others were arrested during the raids. Officials say they will be arraigned in Brooklyn federal court on charges that include racketeering, racketeering conspiracy, conspiracy to commit murder in aid of racketeering, illegal gambling, extortion, extortion conspiracy, loansharking, securities fraud and narcotics distribution. It is reportedly the fifth time since 2003 that FBI agents busted the Bonanno crime family." WNBC-TV New York (2/6) noted, "FBI agents conducted raids and made the arrests Tuesday morning. … Former boss Joseph Massino has cooperated with authorities since his arrest, even having worn a recording device to help build a case against his former associates."

The New York Times (2/7, 1.16M) reports, "All 19 pleaded not guilty yesterday, prosecutors said." US Attorney Roslynn R. Mauskopf "said that as part of an ongoing investigation, more than 100 Bonanno family members and associates have been prosecuted." Newsday (2/7, DeStefano) notes Santora and Rabito "are considered by the FBI to be the latest patchwork of leaders of a crime family that in the past five years has seen more than 70 of its members…convicted of federal charges. … Untouched by the latest charges is Salvatore Montagna, reportedly the new acting boss of the Bonanno crime family. A snippet of information about Montagna's reputed status came out in a letter submitted by prosecutors to the court Tuesday." The New York Daily News (2/7, Marzulli, 729K) and New York Post (2/7, Cohen) also briefly reported on the arrests.

House Republicans Unveil Anti-Crime Agenda. The Washington Times (2/7, Bellantoni, 88K) reports House Republicans on Tuesday "outlined a legislative package to curb drug crime, gang violence and child pornography -- pushing domestic safety issues they say will help them win back a majority." Republican members of the Judiciary Committee "criticized the Democratic leadership for leaving measures against violent crime off its publicized 'first 100 hours' agenda last month." Rep. Randy Forbes said, "If you listened very carefully, there was a deafening silence when it came to dealing with violent crime." The Times adds the "Republican Law and Order Agenda, formally introduced yesterday, lists nine proposals. Several were passed in the House in previous Congresses but stalled in the Senate." Among the Republican proposals "were bills to make the Internet safer for children, target identity theft and other cyberspace crime, and reduce fraudulent claims with the Federal Emergency Management Agency. They also give law enforcement more tools to crack down on drug trafficking and gang crime."

GOP Bill Would Require ISP Tracking. CNET News (2/7, Mccullagh) reports, "All Internet service providers would have to keep track of what their customers are doing online to aid police in future investigations under legislation introduced Tuesday as part of a Republican 'law and order agenda.'" CNET continues, "Employees of any Internet provider who fail to store that information will face fines and prison terms of up to one year, the bill says. The U.S. Justice Department could order the companies to store those records forever." CNET adds, "Rep. Lamar Smith of Texas, the top Republican on the House Judiciary Committee, called it a necessary anti-cybercrime measure. 'The legislation introduced today will give law enforcement the tools it needs to find and prosecute criminals,' he said in a statement. … A second requirement, also embedded in Smith's so-called Safety Act (click for PDF), requires owners of sexually explicit Web sites to post warning labels on their pages or face imprisonment. This echoes, nearly word for word, an earlier proposal from last year that was approved by a Senate committee but never made it to a floor vote." CNET notes, "Even though both requirements are central to a Republican-led effort, neither data retention nor Web labeling are that partisan. A Senate committee approved a telecommunications bill that included Web labeling by a 15-7 vote in June. And Rep. Diana DeGette, a Colorado Democrat, has been the most vocal proponent of data retention in the entire Congress. … Other bills in the Republicans' 'law and order' agenda are related to terrorism, the death penalty, gangs, computer data breaches and drug trafficking. ISP snooping timeline … The legislative fusillade marks the renewal of a political tussle that began in earnest last April, when Attorney General Alberto Gonzales called on Congress to target Internet providers with new regulations, which have been generally opposed by telecommunications companies and civil liberties organizations. CNET News.com was the first to report that the Bush administration has been pushing for such a rule privately since mid-2005. … Until this week, however, no formal bill had been introduced in the U.S. Congress."

Three Plead Guilty To Katrina Cleanup Billing Fraud. The AP (2/7) reports, "Three people,

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including a Florida contractor, have pleaded guilty to conspiracy to defraud the government by falsifying records of debris clean up from Hurricane Katrina and billing the federal government $716,677 for the work. Allan Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County; Clinton K. Miller, 28, of Carriere; and Lauren Robertson, 23, of Picayune, entered the pleas Tuesday in Gulfport federal court, U.S. Attorney Dunn Lampton said." The AP notes, "The indictment also charges that Kitto, in an effort to conceal the conspiracy, would deposit the funds into a bank account opened in the name of one of his employees and then write a check to an unindicted coconspirator who would then pay Kitto and Miller. Miller would then pay Robertson for completing and signing the false load slips, according to the indictment."

US Seeks Return Of $309 Million In Katrina Relief Aid. The AP (2/7) reports, "In the neighborhood President George W. Bush visited right after Hurricane Katrina, the U.S. government gave $84.5 million to more than 10,000 households. But official figures show fewer than 8,000 homes existed there at the time. … Now the government wants back a lot of the money it gave out across the region." The AP continues, "The Federal Emergency Management Administration has determined nearly 70,000 households improperly received $309.1 million in grants, and officials acknowledge those numbers are likely to rise." The AP adds, "In the chaotic period after two deadly hurricanes, Katrina and Rita, slammed the Gulf Coast in 2005, federal officials scrambled to provide help to hard-hit areas. … But an Associated Press analysis of government data suggests the government might not have been careful enough with its aid as it gave out nearly $5.3 billion to storm victims. The analysis found the government regularly gave money to more homes in some neighborhoods than the number of homes that actually existed. … The pattern was repeated in nearly 100 neighborhoods damaged by the hurricanes. At least 162,750 homes that did not exist before the storms may have received a total of more than $1 billion in improper or illegal payments, the AP found." The AP notes, "The AP analysis discovered the government made more home grants than the number of homes in one of every five neighborhoods in the wake of Katrina. After Rita roared ashore, there were more home grants than homes in one of every 10 neighborhoods. … The Justice Department so far has prosecuted more than 400 people for storm-related fraud, and $18 million(has been returned to FEMA or the American Red Cross, according to a recent report by the department's Katrina Fraud Task Force."

Connecticut Bank Officer Sentenced To Prison For Embezzlement. The Middletown (CT) Press (2/7, Mill) reports, "A longtime bank official who embezzled more than a half-million dollars from Liberty Bank was sentenced Tuesday to 18 months in federal prison." Mary Kuskey "had worked for Liberty Bank in a variety of positions from 1974 until 2005, when she was fired after the bank uncovered a complex scheme to divert bank funds for her personal use." US Attorney Kevin J. O'Connor said that "she has made restitution of $190,148. However, she still owes Liberty another $410,799 'in order to fulfill her restitution requirement,' O'Connor said." The Press adds, "O'Connor commended Liberty Bank for uncovering the fraud and for what he called the bank's 'valuable assistance' with the subsequent FBI investigation."

Florida Man Pleads Guilty To $2.5 Million Medicare Fraud Scheme. The Miami Herald (2/1, Dorschner, 286K) reported, "Law enforcement announced several major developments over the past several days in its fight against healthcare fraud, reported to be a $1 billion a year business in South Florida alone." US Attorney R. Alexander Acosta's office "announced that Marcelo De Jesus Serrano pleaded guilty to one count of conspiracy to commit health care fraud. Serrano admitted to conspiring with others to submit fraudulent claims to Medicare for various services from 2003 to 2005 through the services of two local labs, Biocyte Laboratories and Washington Medical Laboratory, resulting in about $2.5 million in false claims, prosecutors charged. Serrano agreed to forfeit about $1.2 million in fraud proceeds in an Etrade account, the press release said."

Three Convicted In Texas Bank Robbery Scheme. The Fort Worth Star-Telegram (2/7, Okada) reports, "James Edward Geske, Kevin Michael Smith and Alicia Nichole Frazier face up to life in federal prison without parole after a Fort Worth jury found them guilty of plotting to orchestrate three simultaneous bank robberies in downtown Hamilton, including using military explosives to blow up 15 police cars." The Star-Telegram continues, "Geske, 27, was the ringleader of the plot that was planned in great detail during October and November. Smith, 37, and Frazier, 25, played lesser roles, but all are equally guilty of participating in

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the conspiracy to commit the crimes, the jury found. … All three were arrested on Nov. 8, the same day the bank plan was being finalized. On that day, Geske traded a stash of fake methamphetamine for guns with an undercover federal agent. The plan as a whole was largely brought down by two undercover law enforcement officers. … 'The Arlington Police Department and ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives) and this jury took three dangerous criminals off the streets, as well as a cache of weapons,' federal prosecutor Bret Helmer said. 'The end result could have been catastrophic for a lot of people in Hamilton, Texas.' … Defense attorneys attempted to portray their clients as small-time street characters who talked big but meant little."

US Seeks To Keep Convicted Ex-Coca-Cola Secretary In Jail. The AP (2/7, Weber) reports, "The government said in court papers Tuesday it believes a former Coca-Cola secretary convicted of conspiring to steal trade secrets from the beverage giant should be jailed immediately because she poses a flight risk." The AP continues, "In a motion filed in U.S. District Court in Atlanta, Assistant U.S. Attorney Byung J. Pak said clothing, prescription medication, papers and other personal items were found in Joya Williams' Mustang during a search after a fire destroyed her apartment Friday." The AP adds, "The fire, which has been ruled accidental by local officials in Norcross, occurred nearly 90 minutes after the guilty verdict was reached in federal court in Atlanta. … 'With no place to live, with no money, with a significant amount of debt, and with the prospect of a lengthy prison sentence, the defendant poses a serious risk of flight,' Pak argued in the motion. … Pak also indicated that while local fire investigators deemed Friday's fire was caused accidentally by an unattended candle igniting some curtains in a bedroom of Williams' apartment, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives continues to investigate the incident. … Pak also said that Williams made inconsistent statements to investigators regarding her location and actions during the fire." The AP notes, "The government motion is seeking to force Williams to prove why she should not be remanded to the custody of federal marshals, and if she fails to do that, asks the court to order her jailed immediately. … Williams, who was out on bond during her trial, currently remains free pending sentencing."

Cunningham Probe Exposes Secret Iraq Water Contracts. The AP (2/7, Shrader, Hoffman) reports, "CIA officers operating in northern Iraq bought drinking water from a bottling plant there for years prior to the 2003 invasion that ousted Saddam Hussein." The AP continues, "That changed soon afterward. A CIA officer handling logistics for the Middle East and other regions recommended that an American company provide water and other supplies, according to former government officials. … The U.S. contractor that benefited from the multimillion-dollar deal wasn't just anyone. The company had personal ties to the officer, Kyle 'Dusty' Foggo, who would soon leave his logistics post in Frankfurt, Germany, and move to Washington to become the CIA's third-ranking official." The AP adds, "In at least one written communication, a Baghdad CIA officer complained about the no-bid contract. According to one official, the officer believed the deal was simply unnecessary because safe water was available commercially but he was ignored. … The water contract, while small on the scale of the billions that flowed into Iraq, raises questions about why U.S. taxpayer dollars went to well-connected businessmen rather than Iraqis who could have benefited from a share of postwar reconstruction business. And the case provides a window into the murky world of covert government business arrangements." The AP notes, "Foggo retired from the CIA last year. He is now at the center of a federal investigation, nearing completion, into whether he improperly steered contracts to companies controlled by his best friend, San Diego defense contractor Brent Wilkes. … Federal prosecutors in San Diego are preparing to seek indictments against Foggo and Wilkes on charges of honest services fraud and conspiracy, two government officials familiar with the investigation told The Associated Press last week. … The probe of Foggo and Wilkes stems from a broader federal investigation involving at least five federal agencies into how associates of former Rep. Randy 'Duke' Cunningham directed government business to a favored network of national security contractors. Cunningham, a San Diego Republican elected to eight terms in Congress, is currently serving more than eight years in jail for taking at least $2.4 million in bribes. Another defense contractor has pleaded guilty to paying some of them."

At Least Six States Consider Broadening Death Penalty. USA Today (2/7, 1A, Bazar, 2.27M) reports, "At least a half-dozen states are considering

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broadening the death penalty, countering a national trend toward scaling back its use. Lawmakers have proposed legislation that would increase the range of crimes eligible for execution. In Texas and Tennessee, for example, legislators want to include certain child molesters who did not murder their victims." Virginia "is considering bills that would make accomplices to murder, as well as killers of judges and court witnesses, eligible for the death penalty." Other states "with proposals to expand the death penalty" include Missouri, Georgia and Utah.

Six Baltimore Police Officers Suspended In Overtime Pay Probe. The Baltimore Sun (2/7, Sentementes) reports, "Six Baltimore police officers were suspended Tuesday as part of an internal affairs investigation into possible 'irregularities' with their overtime pay, a department spokesman said." The Sun continues, "The officers -- two sergeants and four detectives -- worked in criminal investigations in the department's Eastern District when they filed for overtime that is now being reviewed by internal affairs investigators, police said. One of the sergeants was recently transferred to the Northeastern District, police said." The Sun adds, "Matt Jablow, a Police Department spokesman, declined to release the names of the officers or say how much overtime was in question. … He said that questions about their overtime -- which consisted of money paid out for court and investigative time -- arose as part of an internal audit last summer." The Sun notes, "Their law enforcement powers have been suspended, but the officers will continue to work in administrative positions, Jablow said. … According to a document obtained by The Sun, the suspended officers are Sgt. Darryl Massey, Sgt. Raynard H. Jones, and detectives Sandra D. Forsythe, Dave P. Peckoo, Kerry D. Snead and Kevin R. Turner. … The suspensions come amid a push by the department this year to curtail overtime spending."

CIVIL LAW:

Victims' Families Sue FBI Over Shootings During New Jersey Drug Sting. The Bergen Record (2/6, Crouse) reports, "Relatives of three of the four people gunned down in a Paterson after-hours club sued the federal government Monday, claiming the deaths resulted from a bungled FBI sting operation. Three men and a woman were massacred inside the illegal gambling club during an early-morning robbery Dec. 14, 2005. 'The FBI violated their own policies on undercover cases: to make sure that the safety of unrelated civilians is not in jeopardy,' said the families' attorney, Rosemarie Arnold. 'You have a virtual casino operating in a known dangerous neighborhood without any security. That to me is an invitation to robbery.'" The Record noted, "Based on police files, the lawsuit says the FBI set up the sting four months before the shootings to investigate drugs and arms trafficking by the Latin Kings gang. It claims the agency paid a former convict $3,500 a month to run the business…atop a warehouse on Railroad Avenue, but failed to properly train or supervise him."

The AP (2/7) reports that the "mishandled FBI sting…led to a massacre in which four people died, according to a lawsuit filed by some of their families." The AP notes that after the shootings, the club manager "escaped the carnage, called 911, and said he worked for the FBI, according to a transcript of his call obtained by The Record of Bergen County and its sister paper, the Herald News of West Paterson. An FBI spokesman, Special Agent Steven Siegel, on Tuesday declined to comment on the lawsuit or on whether the manager was working for the agency."

Fatal Illinois Air Crash Blamed On Lack Of Radar. The Chicago Tribune (2/7, O'Connor) reports, "An air-traffic controller admitted Tuesday that he had no idea of a Cessna's location when he instructed its pilot to turn, a maneuver that less than two minutes later resulted in a midair collision that killed radio star Bob Collins and two others." The Tribune continues, "Testifying at a federal trial stemming from lawsuits filed by the families of the three victims, air-traffic controller Gregory Fowler said the crash of the two small aircraft would have been prevented if the Waukegan Regional Airport had been equipped with radar at the time. … A radar system was installed at the airfield five months after the February 2000 collision that killed Collins, a passenger in his Moravan Z242L plane and the student pilot at the controls of the Cessna 172P, Fowler said." The Tribune adds, "Fowler's testimony highlighted the first full day of testimony in the bench trial before U.S. District Judge John Darrah. Lawyers for the victims have sued the U.S. government, contending the Federal Aviation Administration was responsible for the crash, even though the Waukegan airport is operated by a private company. Other defendants reached settlements before the trial, which is expected to last about two weeks. … Relatives of two victims also testified, including

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Ed Hock, who struggled to keep his composure as he spoke about his daughter, Sharon, the student pilot, who he said had a vibrant personality. Evan Luscher, 19, whose father, Herman, died in Collins' plane, said he thinks of his dad every day."

Founder Of AmeriDebt Accused Of Hiding Assets From Debtors. The AP (2/7, Manning) reports, "The founder of a credit counseling firm accused of cheating thousands of debtors is hiding assets even though he agreed to contribute millions of dollars to help repay the debtors, a court-appointed receiver told a federal judge (in Greenbelt, MD) Tuesday." The AP continues, "The receiver, Robb Evans & Associates, wants Andris Pukke held in contempt of court, alleging the former head of now-defunct AmeriDebt is using friends and families to hide substantial assets - including an online betting venture, a California mansion, a development in Belize and bank accounts in Latvia." The AP adds, 'Hiding the assets would violate the terms of a 2006 settlement with the Federal Trade Commission that set up a restitution fund of up to $35 million. So far, only about $10 million of Pukke's money has been turned over to the FTC, which had sued him and AmeriDebt for allegedly charging customers $172 million in hidden fees. … 'There has been utter lack of cooperation on Mr. Pukke's part,' Gary Caris, an attorney for Rob Evans & Associates, told U.S. District Judge Peter Messitte in a hearing on the contempt request. … But in testimony Tuesday, Pukke claimed the attorney was overstating his control over money, such as the Latvian bank accounts held in his father's name. Pukke also said he no longer had a major stake in the Belize operation despite Caris' efforts to prove Pukke was still a part of the project." The AP notes, "AmeriDebt once was one of the largest U.S. firms meant to help debt-laden customers pay off their loans. But in its lawsuit, the FTC claimed AmeriDebt collected upfront fees that customers thought were going to pay down their debt but instead went to AmeriDebt. Pukke allegedly used that money, collected from about 300,000 people, to fund a lavish lifestyle. … The FTC and Pukke settled in January 2006 before the case was to go to trial. Pukke admitted no wrongdoing but agreed to disclose his assets for the restitution fund. The judge had already frozen Pukke's holdings a year earlier to keep him from hiding money."

Two New York Hospitals Bring RICO Suit Against UnitedHealth. The AP (2/6, Freed) reported that Flushing Hospital Medical Center and Jamaica Hospital Medical Center, both of New York, "said they sued insurer UnitedHealth Group Inc. on Tuesday alleging 'a pattern of racketeering activity.'" Filing suit under the Racketeer Influenced and Corrupt Organizations in federal court, they seek "at least $50 million in punitive damages, along with millions more in actual damages. The same hospitals sued under a similar set of facts last year in state court in New York." The AP continues, "Both lawsuits claim UnitedHealth cost them business by repeatedly telling patients that Flushing was not in its network and that Oxford Health, which was bought by UnitedHealth, did the same thing to patients at Jamaica Hospital. The lawsuit also claims Oxford postponed signing contracts with both hospitals to avoid paying them higher negotiated fees."

Judge Orders More Mediation In Virginia Jet-Noise Suits. The Virginian-Pilot (2/7, White) reports, "A federal judge Tuesday ordered all parties involved in nearly 2,100 jet-noise lawsuits back to mediation." The V-P continues, "Judge Victor J. Wolski of the U.S. Court of Federal Claims in Washington set a tentative date in September for a two-week trial for the first group of lawsuits, should negotiations fail. … Wolski also granted a motion by the Justice Department that the court not review a recently submitted report from plaintiffs' lawyers, which included details of the original settlement agreement." The V-P adds, "Government attorneys argued that the information was improperly disclosed and could potentially sway the court if the lawsuits went to trial. … At stake is a proposed $38 million deal that was tentatively reached in October between the federal government and 2,098 homeowners who live near Oceana Naval Air Station in Virginia Beach and Fentress Naval Auxiliary Landing Field in Chesapeake. The median payment to homeowners who agreed to the deal would have been $5,000." The V-P notes, "Cynthia Magnuson, a spokeswoman with the Justice Department, said the government was pleased with the court's order. … In a statement, Magnuson said 'by granting the government's request to appoint a mediator, the United States remains hopeful that the parties can reach agreement on the terms still in dispute and resolve this case without further litigation.'"

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CIVIL RIGHTS:

Review Finds Vermont State Hospital Lagging In DOJ-Mandated Improvements. The AP (2/7, Rathke) reports, "The (Vermont) state hospital is behind in improving patient treatment, assessment, discharge and planning but has made progress in other areas, as part of a settlement with the U.S. Department of Justice, according to a six-month review." The AP continues, "The report by two out-of-state psychiatrists outlines numerous areas where the psychiatric hospital was not in compliance with the terms of the four-year settlement. … 'This is the first time that we're going through this and we'll be going through this again and every time we should in be greater compliance,' said Michael Hartman, the new deputy commissioner for mental health. 'Obviously if there weren't problems then we wouldn't be in this place in the first place.'" The AP adds, "The 70-page report released Tuesday noted progress in the hospital's reduced use of restraint and seclusion of patients, improvements to the building, creation of a full-time psychiatric team, hiring a staff neurologist, working with the University of Vermont medical school and certain areas of training, Hartman said. … But the report said the hospital needs a more organized system to better integrate documentation, treatment, assessment, use of medicine and therapy." The AP notes, "The Justice Department investigated the hospital in September 2004 after the facility lost its federal certification and millions of dollars in funding following two patient suicides. … The DOJ found the hospital used excessive seclusion and restraints and provided inadequate psychiatric and psychological services."

DOJ-Funded Human Trafficking Task Force Launched In Las Vegas. KLAS-TV Las Vegas (2/6) reported on its Web site from a broadcast story, "Local agencies announced Tuesday morning a massive task force has been formed, aimed at combating the problem of human trafficking. Dozens of agencies, including Metro, Henderson police, Nevada child seekers, Salvation Army, the AGS office, TSA, and the FBI are working together to identify people who are bring forced to work in the sex industry or as laborers. The federal government says Southern Nevada is one of 17 communities at high risk for human trafficking." KLAS noted, The Department of Justice granted Southern Nevada $370,000 to launch a task force to fight the problem."

Border Patrol Agent Beaten By Fellow Prison Inmates. McClatchy (2/7, Montgomery) reports that "one of two Border Patrol agents who were sentenced to a decade in federal prison for the shooting of a Mexican drug smuggler in Texas was beaten by five fellow inmates at a medium-security prison at Yazoo City, Miss., lawmakers and members of his family said Tuesday." Former agent Ignacio Ramos "told his family that a group of inmates surrounded his bedside…where they were being held and kicked him in the head, face and mouth" supposedly "after inmates watched an episode of 'America's Most Wanted' that featured the shooting case."

The Washington Times (2/7, Seper, 88K) reports that in response to the beating and resulting "minor injuries" of the former US Patrol agent in prison, White House spokesman Tony Snow "said a 'thorough investigation' has been ordered into the incident" while the Bureau of Prisons spokeswoman Traci Billingsley confirmed "that the assault occurred immediately after the airing of a television show that described Ramos' case" and added that "the Bureau of Prisons is vigorously investigating the matter and will pursue all appropriate sanctions against the assailants." Rep. Duncan Hunter, "a California Republican who has been critical of the government's prosecution of the agents, said the incident 'clearly demonstrates the severe risk involved with incorporating Border Patrol agents into general prison populations.'"

Bill O'Reilly on last night's broadcast of Fox News' The O'Reilly Factor (2/6) commented that "this is totally unacceptable. We asked the warden of the prison for information but she would not tell us anything. The Justice Department says it is investigating. … There should be an investigation into her tenure at the prison. This is a high profile case. There is no excuse for this assault. … I knew this was going to happen."

The AP (2/7, Caldwell) reports, "Prison officials on Tuesday confirmed assertions by a congressman and relatives of Ignacio Ramos. He was attacked Saturday night after his case was described on the TV show 'America's Most Wanted,' the officials said. … Ramos suffered minor cuts and bruises, U.S. Bureau of Prisons spokeswoman Traci Billingsley said in a statement." The AP adds, "Ramos has been moved to the special housing unit at the medium-and low-security federal prison in Yazoo City, Mississippi, where he is serving his sentence, Billingsley said. … The convictions of Ramos and fellow former agent Jose Alonso

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Compean sparked outcry from critics who argued that the men were merely doing their job defending the border against criminals. … Republican U.S. Rep. Tom Tancredo of Colorado, a vocal supporter of the agents and opponent of illegal immigration, criticized the Bush administration Tuesday for failing to protect Ramos and demanded a full presidential pardon for the two men."

Fox News (2/7, Porteus) reports, "Ignacio Ramos, who was transferred to the Yazoo City Federal Correctional Complex in Mississippi last month to begin serving his 12-year sentence for the February 2005 shooting of Osbaldo Aldrete-Davila, was placed in a special housing unit after the incident pending an investigation, according to T.J. Bonner, president of the National Border Patrol Council. … 'We received verbal confirmation from the prison folks that he was assaulted and went to the infirmary and was treated for injuries,' Rep. Ted Poe, R-Texas, told FOXNews.com, adding that he has requested a written report of the incident." Fox adds, "Prison authorities, in a statement issued Monday, said that Ramos reported to the staff on Saturday around 10:15 p.m. ET that he was assaulted and that he sustained some 'minor' bruises and abrasions, Bonner said. … Some members of Ramos' family claim the assault happened after the airing of an 'America's Most Wanted' segment featuring both Ramos and Compean. They say the attack happened after Ramos fell asleep." Fox notes, "Ramos and Compean were found guilty by a jury of not only shooting Aldrete-Davila, but also of trying to cover up the incident. Supporters say it was wrong for Sutton to go after the border agents and not the drug dealer who was given immunity for testifying against them, and that the Justice Department has been less than forthcoming about certain facts surrounding the case."

9th Circuit Rules Wal-Mart Class-Action Bias Suit Must Go To Trial. The AP (2/7, Kravets) reports, "A federal appeals court ruled Tuesday that Wal-Mart Stores Inc., the world's largest private employer, must face a class-action lawsuit alleging as many as 1.5 million female employees were discriminated against in pay and promotions." The AP continues, "The ruling by the 9th U.S. Circuit Court of Appeals upholds a 2004 federal judge's decision to let the United States' largest class-action employment discrimination lawsuit go to trial, possibly exposing the Bentonville, Arkansas-based retailing powerhouse to billions of dollars in damages. … 'Plaintiff's expert opinions, factual evidence, statistical evidence and anecdotal evidence present significant proof of a corporate policy of discrimination and support plaintiff's contention that female employees nationwide were subjected to a common pattern and practice of discrimination,' the court wrote in a 2-1 decision." The AP adds, "Wal-Mart said it would ask the court to rehear the case with the same three-judge panel or with 15 judges, a move likely to idle the case for months. Tuesday's ruling came 18 months after the case was argued. … Wal-Mart, which currently employs 1.3 million workers, claimed that the conventional rules of class action suits should not apply in the case because its 3,400 stores, including Sam's Club warehouse outlets, operate like independent businesses, and that the company did not have a policy of discriminating against women."

The Washington Post (2/7, D1, Joyce) reports, "Wal-Mart said it will ask the U.S. Court of Appeals for the 9th Circuit in San Francisco to reconsider its decision. Barring that, the company will ask the U.S. Supreme Court to overturn the certification. A lower court originally said the case could proceed as a class action in June 2004, and the company first appealed the decision in August 2005. … 'We think its analysis is much too deferential to plaintiffs and erred in not taking into account Wal-Mart's evidence," said Theodore J. Boutrous Jr., an attorney for Wal-Mart. He said the court's ruling does not address the merits of the plaintiffs' claims, but whether the case meets the technical requirements to move forward as a class action."

The Financial Times (2/7, Waldmeir) reports, "The US Chamber of Commerce condemned the ruling. 'The suit includes a hodgepodge of claims, it's huge, it's unmanageable, and it's difficult if not impossible to defend,' said Robin Conrad of the National Chamber Litigation Center, the chamber's legal arm. 'Class actions like this are almost extortionate.'"

ABC World News (2/6, lead story, 2:40, Gibson) reported, "It is a lawsuit so large in scope and size, that it staggers the imagination. A Federal appeals court ruled today that a gender bias suit against Wal-Mart can proceed in what is known as a class-action suit. That means 1.5 million to 2 million women would be plaintiffs, arguing, as a group or class, that Wal-Mart discriminated against them in providing promotions and in paying them less than male employees." ABC adds, "It's America's biggest store, biggest employer, and now must defend itself against a huge female group of its own employees who claim Wal-Mart is also the biggest discriminator in the country. A Federal appeals courts in

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California ruled today that there is, 'significant proof of a corporate policy of discrimination' and that 'female employees nationwide were subjected to a common pattern and practice of discrimination.'"

The CBS Evening News (2/6, story 10, :20, Couric) reported, "A Federal appeals court ruled today that Wal-Mart will face the largest sexual discrimination lawsuit in US history. The class action suit alleges as many as 1.5 million female employees were passed over for promotions and earned less than male coworkers."

NBC Nightly News (2/6, story 6, :30, Williams) reported, We learned today of a huge class action lawsuit and it's against the retailing giant Wal-Mart. A Federal court has ruled that as many as 1.5 million current and former Wal-Mart workers may sue the company for sex discrimination. A suit that could cost Wal-Mart billions of dollars. Still the case for all these women could be delayed more months. Wal-Mart is asking the court to reconsider the ruling."

Ninth Teen Sentenced In California Halloween Hate Crime. The Los Angeles Times (2/7, Abdollah) reports, "A black teenager was sentenced to probation in the Long Beach hate attack today, the last of a group to be punished in the Halloween night incident." The Times continues, "Judge Gibson Lee put Allyson Stone, who is now 18, on probation, ordered 250 hours of community service and racial tolerance training. … The sentence was similar to that given the eight other teenagers convicted in the attack. Most of the youths also received a sentence of house arrest. … One of the 10 defendants was acquitted in the case." The Times adds, "Darrell Goss, the lawyer for Stone, said he has already filed an appeal, the first in what is expected to be continuing legal action from the attack on a street in the Bixby Knolls neighborhood of Long Beach. … Laura Schneider, 19, Loren Hyman, 21, and Michelle Smith, 19 were injured in the attack."

Dallas Must Fix Jail Problems Within Three Months. The Dallas Morning News (2/7, Krause) reports, "Dallas County officials soon may have to shut the doors to their crowded and understaffed jail and pay millions of dollars to send inmates to other counties if they can't get the inmate population under control." The News continues, "The county has three months to meet the state's minimum staffing requirement of one guard per 48 inmates – something it has consistently been unable to do – or the state probably will order the crowded jail not to admit any more prisoners. … If that happens, the county would have to pay to transport and house its prisoners in other jails across the state, at an annual cost of up to $18 million." The News adds, "Such a scenario would result in 'mayhem,' Chief Public Defender Brad Lollar said. Defense attorneys may not have time to visit clients in distant jails, and inmates would have to be bused back and forth to court hearings. … The Texas Commission on Jail Standards summoned county and sheriff's officials to its meeting last Friday for a status update on the troubled jail. The commission staff had been prepared to recommend the remedial order that day to close the jail but reconsidered after hearing about improvements in the works, said Allen Clemson, the Commissioners Court administrator." The News notes, "County officials are now in emergency mode, having given themselves a 30-day deadline to reduce the jail's population of more than 7,000 by 1,000 inmates, which they said will bring them in compliance. … The Dallas County Jail system – the seventh largest in the nation – has failed state inspections three years in a row, primarily because of inadequate staffing. Dallas has the highest incarceration rate among Texas' five largest counties. … The Sheriff's Department spent more than $9 million in overtime in the jails last fiscal year. But a surprise state inspection in October revealed the jail still wasn't meeting the minimum staffing requirement. … 'We are both in agreement that you cannot go on like this forever,' said Adan Munoz, executive director of the Commission on Jail Standards. 'Remedial orders have to be put in place.' … Mr. Munoz said a U.S. Justice Department report on the jail was the main reason he asked Dallas County officials to appear last week before the commission in Austin. The federal investigation concluded in December that the county is violating inmates' civil rights with dangerous and unsanitary jail conditions."

WPost Urges Democrats To Act On DC Voting Rights. In an editorial in the Washington Post (2/7, A16, 690K) asserts that "it's time for the Democrats who control Congress to act on legislation to end the disenfranchisement of citizens living in the nation's capital." The Post calls for not merely support but action to push the languishing DC voting rights bill for approval in Congress. The Post urges Congressional Democrats not to allow "highly remote and partisan concern to stand in the way of their claimed support for fair representation for District residents" because changing the formula of the proposed legislation

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"could doom the bill, and no matter how good the intentions of lawmakers, the District deserves results."

ANTITRUST:

Monsanto's Delta Bid Raises Antitrust Concerns. The St. Louis Post-Dispatch (2/7, Melcer) reports, "A pair of biotech agribusinesses wants to go head to head with Monsanto Co. in creating a better cotton seed, but they may never get there." The Post-Dispatch continues, "At issue is Monsanto's proposed $1.5 billion purchase of Delta & Pine Land Co. Swiss firm Syngenta AG and Pioneer Hi-Bred International Inc., a DuPont company, had planned to partner with Delta, combining their genetic traits with D&PL's seed. … The Monsanto deal is pending an antitrust review by the Justice Department. If it goes through, Syngenta and Pioneer will have to turn to rival Monsanto as their cotton seed partner." The Post-Dispatch adds, "All of the companies involved say the plans for partnerships are proceeding until the deal closes. They don't know what the future will hold, though Monsanto promises to work with its competitors. … But many cotton farmers say they were hoping increased competition would bring down prices and result in greater service and product choices. Now, they worry that won't materialize. … Monsanto, the world leader in developing biotech crop traits, said bringing competing technology to market is a common agribusiness practice that it is open to continuing with Syngenta and Pioneer. Monsanto's traits, for example, were planted on nearly 86 percent of U.S. cotton acres last year, yet Monsanto's Stone-ville brand of seed grew on just 12 percent of those acres, according to the U.S. Agriculture Department."

Senate Committee Probing Possible Natural-Gas Price Manipulation. The Wall Street Journal (2/7, C2, Fialka, Davis, 2.04M) reports, "The Senate Energy Committee is investigating whether futures traders are manipulating markets that set natural-gas prices for consumers, farmers and industries. Sen. Jeff Bingaman, the panel's chairman, has sent letters to two federal market regulators, asking them what they know about unusual price fluctuations that may have taken place, which could have the effect of artificially raising indexes used to establish market prices for natural gas." The "investigation aims to explore how federal agencies monitor such trades, and if possible, to identify the agents and motivations behind the alleged illegal trading."

Samsung Settles State Price-Fixing Claims For $90 Million. Bloomberg (2/7, Gullo) reports, "Samsung Electronics Co., the world's biggest memory chipmaker, agreed to pay $90 million to settle claims by California, New York, Illinois, 38 other states and consumers that it conspired to fix prices on some chips." Bloomberg continues, "The accord resolves claims that the unit of Seoul, South Korea-based Samsung Group and other chipmakers drove up prices, inflating the cost of computers and other electronics for consumers and state governments. Samsung agreed to help state officials pursue claims against other chipmakers." Bloomberg adds, "Samsung, Infineon AG and six other companies were sued by U.S. states in July on claims that the companies added billions of dollars to chip costs by fixing prices of dynamic random access memory, the most commonly used semiconductor memory product. So-called DRAM is used by Dell Inc. and Hewlett-Packard Co. in making personal computers, laptops, printers, mobile phones, digital cameras and digital music players. … 'Consumers, states and localities were the victims of an international conspiracy that artificially raised the price of memory chips,' New York Attorney General Andrew Cuomo said today in a statement. 'This settlement is a major step in recovering the overcharges that Samsung and its co-conspirators illegally foisted on consumers and taxpayers.'"

The Financial Times (2/7, Nuttall) reports, "The class-action suits filed in July last year arose from a justice department investigation begun in 2002. It uncovered one of the largest price-fixing schemes on record. … It led to $730m in fines and guilty pleas by Samsung and three other major manufacturers of dynamic random access memory (Dram) chips – Elpida, Hynix and Infineon. A fifth, Micron, admitted taking part but avoided federal criminal charges through its co-operation with the authorities." The Times adds, "The price-fixing suits had charged that Samsung and others reached secret agreements to inflate the prices of memory chips commonly installed in consumer desktop and notebook PCs."

The AP (2/7, Johnson) reports, "About $80 million of the settlement will go to consumers nationwide while $10 million will cover losses suffered by states and local governments, Cuomo's office said." The AP adds, "The settlement is subject to approval in federal court in San Francisco. New

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York, California and Illinois were the lead plaintiffs in the case. … The lawsuit was one of several filed following a U.S. Justice Department investigation that began in 2002 into whether computer chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices. The investigation resulted in more than $730 million in fines and guilty pleas from four companies - Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc."

Bush Visits Firm Once Accused Of Price-Fixing. The AP (2/7) reports, "President Bush preached the virtues of fiscal responsibility today at a company in Manassas, Virginia that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws." The AP continues, "Bush went to computer chip-maker Micron Technology Incorporated to talk about the budget he unveiled yesterday. He said Congress needs to set priorities in spending taxpayer money." The AP adds, "Micron Technology, based in Boise, Idaho, settled a federal class action lawsuit last month that was filed in 2002 on behalf of computer manufacturers who bought dynamic random-access memory chips, or DRAM from suppliers between April 1999 and June 2002. … The lawsuit is one of several filed after a U-S Justice Department investigation into whether computer chip companies conspired to manipulate the number of DRAM chips on the market to inflate prices. … The Justice Department granted Micron immunity from criminal charges in exchange for its cooperation. But the amnesty did not shield the company from lawsuits."

Apple's Jobs Calls For Dumping Online Copyright Protection. The Financial Times (2/7, Nuttall) reports, "Steve Jobs, Apple chief executive, on Tuesday called on the four major record companies to start selling songs online without the copy protection software known as digital rights management." The Times continues, "Apple has been under pressure in Europe to make its iTunes Music Store compatible with players other than the iPod. Consumer groups and agencies in Denmark, Finland, France, Germany, Norway, the Netherlands and Sweden have made antitrust complaints against Apple in recent months. … 'Perhaps those [European countries] unhappy with the current situation should redirect their energies towards persuading the music companies to sell their music DRM – free,' he said in a rare statement published on Apple's website." The Times adds, "The songs sold on the service are protected by Apple's proprietary FairPlay software, which prevents users from making multiple copies for distribution. Mr Jobs said Apple had concluded that if it licenses FairPlay to other companies it could no longer guarantee to protect the music it licenses from the major labels – Vivendi's Universal Music, Sony BMG Music Entertainment, EMI and Warner Music Group. … Instead, he favours abolishing DRM entirely so any MP3 player could play music purchased from any online store."

The Los Angeles Times (2/7, Quinn) reports, "The letter, which can be seen at www.apple.com/hotnews/thoughtsonmusic, walks through the problems of anti-piracy software, also known as digital rights management, that is supposed to prevent consumers from copying digital music. … Jobs lists the problems with the software, which is often hacked and needs updating and prevents consumers from listening to their music wherever they like. He also points out that consumers are already buying compact discs and copying them digitally without facing controls to stop them. … What the letter doesn't spell out is how Apple and Microsoft were advocates for DRM use so that the music they sold through their online stores could only be played on their devices."

The Wall Street Journal (2/7, A1, Wingfield, Smith) reports, "In an 1,800-word online essay, Apple Inc.'s chief executive said the world's major music companies should consider allowing Apple and others to sell songs unfettered by anticopying software that prevents them from being shared or played however a consumer chooses. … Mr. Jobs contends that the recording industry isn't solving piracy with the technology, and could spur the market further if music lovers could buy music online without the restrictions. Many consumers resent the curbs on how they can listen to what they buy from online stores. Songs from one company's catalog, for example, won't work on another company's player -- a gridlock that has frustrated some consumers. Getting rid of the antipiracy software could make downloaded music as widely compatible with digital players in the market as compact discs are with CD players." The Journal adds, "While Mr. Jobs is positioning his proposal as a consumer-friendly step, it isn't clear whether the biggest music companies -- Warner Music Group Corp., EMI Group PLC, Vivendi SA's Universal Music Group, and Sony BMG, the joint venture of Sony Corp. and Bertelsmann AG -- will embrace his recommendation. Allowing online music sales without

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anticopying software would amount to a radical about-face for the recording industry, which several years ago viewed the technology as a remedy to rampant online piracy through file-sharing networks like the original Napster and Kazaa. Music heavyweights have long required Apple and others to use the technology -- known as digital-rights management, or DRM, software -- if they wish to sell their songs online."

USA Today (2/7, Maney) reports, "Apple, which dominates the legitimate digital download market, uses DRM called FairPlay. Songs bought at iTunes can play only on PCs using iTunes software or on Apple's iPod. Songs with DRM from other companies such as Microsoft and RealNetworks won't play on iPods. … Apple has been accused of using FairPlay to lock consumers into iTunes. Jobs contests that, noting that just 3% of songs on an average iPod were bought through iTunes and have DRM. Songs copied from CDs and music files in the MP3 format can be played anywhere."

The New York Times (2/7, Markoff) reports, "He dismissed one possible alternative, in which Apple would license its own system, FairPlay, allowing competing digital players to play iTunes songs and letting other stores sell copy-protected music for the iPod. Mr. Jobs said that approach would only complicate enforcement of digital rights management, as myriad companies would have to coordinate software and hardware updates. … Instead, he proposed that labels could shed digital rights management altogether. Mr. Jobs pointed out that only 10 percent of all music sold last year was through an online store and that music is already easily loaded onto digital players from CDs, with no antipiracy features. Attaching digital rights management to music bought online has only limited the number of online music stores, he wrote." The Times notes, "Mr. Jobs's move comes as the music industry appears to be facing a crisis. Sales of its mainstay product — the album — continue to sink, and sales of digital music, including individual songs, have not increased fast enough to offset the decline. … With a paucity of hit releases to start the year, industrywide album sales are already down more than 15 percent from last year, the worst January performance since computerized sales tracking began in 1991."

The Washington Post (2/7, D3, Musgrove) reports, "Phil Leigh, senior analyst and president of Inside Digital Media, said Jobs's comments were legitimate, albeit a bit self-serving. … 'Jobs is trying to show that Apple is not the bad guy when it comes to proprietary formats,' Leigh said, noting that the open letter was an aggressive public-relations tactic by a company that eventually will have to renegotiate with the record companies. 'I think he's taking the offensive here.'" The Post notes, "Chris Castle, a music-industry lawyer who represented the original Napster, said the shift from CDs to digital music has hurt the music industry enough that it might be willing to consider Jobs's points. … 'I think the labels are finally starting to come around to this,' he said. 'There's more willingness to entertain this sort of thing than there ever has been.'"

Shareholders To Vote Today On Equity Office Sale. The Wall Street Journal (2/7, A3, Forsyth, Sender) reports, "With only hours until shareholders of Equity Office Properties Trust are to decide whether to sell the company to private-equity firm Blackstone Group, the outcome was still up in the air last evening." The Journal continues, "If Vornado Realty Trust comes in with a higher offer before the vote at noon EST today, it would likely delay the tally -- at least until the Equity Office board has time to consider whether any new offer resolves its reservations that Vornado's previous bids have had too many uncertainties." The Journal adds, "At stake in this high-noon gunfight is the nation's largest office portfolio and bragging rights to pulling off one of the largest leveraged buyouts in U.S. corporate history -- valued at $23 billion, not including the assumption of Equity Office's $16 billion in debt. But the risk for the eventual winner is considerably higher than when the bidding battle began in November with Blackstone's initial bid. … In addition to the size, the bidding battle involves two longtime kings in the commercial real estate world -- with Equity Office led by chairman Sam Zell and Vornado led by chief executive Steven Roth -- and a relative newcomer in Blackstone. Blackstone has become a huge player in real estate with acquisitions within the last 24 months, reflecting the aggressive strategy of Jonathan Gray, the 37-year-old head of its real estate group."

The New York Times (2/7, Pristin) reports, "Real estate investors waited yesterday to see if Vornado Realty Trust would try to top Blackstone's latest all-cash offer of $55.50 a share, which was approved during the night by Equity Office. … Equity Office shareholders are scheduled to vote today on the $39 billion bid by Blackstone, a private equity company." The Times adds, "If Vornado fails to raise its bid to win the deal, many investors will be surprised. Vornado's chief executive, Steven Roth, has said that buying Equity Office would make his company the dominant real estate

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investment trust in the office sector, with a strong portfolio of 'irreplaceable assets' in the markets where it is hardest for developers to put up new buildings. In addition to office buildings, the company owns shopping centers and showroom space."

MGIC To Purchase Radian In $4.9 Billion Stock Deal. The Wall Street Journal (2/7, A4, Barris) reports, "MGIC Investment Corp., a provider of insurance on low-down-payment mortgages, said Tuesday it agreed to acquire Radian Group Inc., a global credit-risk management company, in a stock swap valued at about $4.9 billion." The Journal continues, "Under the agreement, Milwaukee-based MGIC said it will exchange 0.9658 share of its stock for each share of Radian. The terms don't appear to offer Radian shareholders any premium. Radian shares closed Monday down 44 cents at $60.84, while MGIC's offer was valued at $60.78 at Monday's close. … Shares of both companies jumped sharply in early afternoon trading Tuesday. Radian shares were up 9.3% at $66.47, while MGIC shares rose 11% to $69.70." The Journal adds, "The combined company, a mortgage and credit-risk insurer to be called MGIC Radian Financial Group Inc., will have assets of nearly $15 billion and primary mortgage insurance in force of more than $290 billion, the companies said. The combined company will have 'a broad and balanced mix of businesses including domestic mortgage insurance, financial guaranty, financial services and international credit enhancement,' the companies said. … MGIC Chief Executive Curt S. Culver will head the company until 2009, when he will cede the CEO job to Radian Chief Executive S.A. Ibrahim. Mr. Culver will pass the chairman post to Ibrahim in 2010. The board initially will be tilted 6-5 in MGIC's favor, but will add a sixth Radian director soon after the deal closes." The Journal notes, "MGIC is the parent of Mortgage Guaranty Insurance Corp., a provider of private mortgage insurance serving about 5,000 lenders nationwide and in Puerto Rico. MGIC had $176.5 billion in primary insurance in force covering 1.3 million mortgages as of Dec. 31. The company reported last month that its fourth-quarter earnings fell to $121.5 million from $128.1 million a year ago, as revenue slipped 1% to $367.2 million."

Midwest Management Resists AirTran's $345 Million Offer. USA Today (2/7, 3B, Adams) reports, "As the USA's biggest airlines jostle to get bigger and more powerful, little Midwest Airlines is happy to be itself: an anachronism. … But things could soon change for Midwest as a result of an ongoing hostile takeover effort being waged by Orlando-based AirTran Airways, the USA's third-biggest discounter." USA continues, "Milwaukee-based Midwest, which most East and West coast residents have probably never heard of, has no desire to get rich quick, swallow other airlines or be swallowed itself. It flies to cities in America's heartland that the major carriers would just as soon fly over. … Only Midwest, for example, flies non-stop from Omaha to Reagan Washington National, or from Kansas City non-stop to New York LaGuardia. Along the way, flight attendants bake chocolate chip cookies that are served free, still warm and fragrant. It recently completed its first full year of profit since 2000." USA adds, "The airline 'has built up an amazing love affair with its passengers that I've never seen the likes of,' says Midwest's marketing chief, Scott Dickson. If AirTran succeeds, he says, 'There will be no vestige of Midwest Airlines left.'" USA notes, "Over its objections, AirTran has launched a $345 million tender offer to acquire Midwest's shares directly from shareholders in hopes of forcing the board to sell. AirTran undertook the offer after Midwest's management rejected outright an earlier offer to buy the airline. … AirTran, which owns a few hundred Midwest shares, has gone to court to try to get Midwest's full shareholder list and is lobbying Midwest's institutional investors, who own up to half of Midwest's shares. Shareholders' deadline to tender shares is March 8, extended from an earlier deadline of Feb. 8."

ENVIRONMENT/INDIAN AFFAIRS:

Groups Reopen Suit Against EPA Over Pesticide Ban. The AP (2/7, Kim) reports, "Farmworkers and environmental groups have reopened a lawsuit against the U.S. Environmental Protection Agency in an attempt to force it to more quickly phase out a pesticide they say has been poisoning fieldworkers for decades." The AP continues, The federal lawsuit challenges a decision by the EPA last November to set a 2012 timetable for phasing out the pesticide azinphos-methyl, known as guthion or AZM. … 'These pesticides put thousands of workers at risk of serious illness every year,' Erik Nicholson of the United Farm Workers of America said Monday in a news release. 'It is inexcusable for EPA to allow AZM to continue poisoning workers for six more years.' … The pesticide has been used on apples,

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cherries, pears and other crops since the late 1950s." The AP adds, "The farmworkers and environmental groups, represented by the environmental law firm Earthjustice, sued the EPA in federal court in Seattle in 2004, arguing that the agency was wrong to continue allowing the use of a pesticide that could cause dizziness, vomiting, seizures, paralysis, loss of mental function and even death. The lawsuit was put on hold when the EPA agreed to reconsider the use of AZM and another pesticide, phosmet, which is used on orchard crops and blueberries. … Last November, the EPA decided to end the use of AZM on nursery stocks and Brussels sprouts by Sept. 30, 2007. The phase-out for nuts was extended until Oct. 30, 2009, and for apples, blueberries, cherries, pears and parsley until Sept. 30, 2012. … The EPA decided to lengthen the phase-out time but also progressively limit the amount of AZM that would be available during the period, Enesta Jones, an EPA spokeswoman, said Monday."

Gore Says Bush Administration Paying Scientists To Dispute Global Warming. CNN.com (2/7) reports, "Former Vice President Al Gore said in an interview on Tuesday the Bush administration is now paying scientists to dispute global warming since the administration can no longer argue against it." He "said, 'they've lost the argument and they don't want to stop dumping all this pollution into the Earth's atmosphere. The only thing they have left is cash and now they're offering cash for so-called skeptics who will try to confuse people about what the science really say. But it's unethical because now the time has come when we have to act.'"

"Insiders Poll" Shows Parties Divided On Global Warming. The National Journal (2/7) provides the results of its "Insiders Poll" of 113 members of Congress on global warming. Asked whether "it's been proven beyond a reasonable doubt that the Earth is warming because of man-made problems," 95% of Democrats and 13% of Republicans said "yes." Asked which actions to reduce global warming they could possibly support, 88% of Democrats and 19% of Republicans said they could support mandatory carbon dioxide emissions.

China: Richer Nations Bear Primary Responsibility To Combat Global Warming. The New York Times (2/7, Yardley, 1.16M) reports, "China said Tuesday that wealthier countries must take the lead in curbing greenhouse gas emissions and refused to say whether it would agree to any mandatory emissions limits that might hamper its booming economy." A Foreign Ministry spokeswoman "said China was willing to contribute to an international effort to combat global warming but placed the primary responsibility on richer, developed nations that have been polluting for much longer." Her "comments, combined with another briefing on Tuesday by the country's leading climate expert, represented China's first official response to a landmark report issued last week by a United Nations panel of scientists that declared global warming is 'unequivocal' and warned that immediate action must be taken to prevent harmful consequences."

Legacy Of Radiation Illness Stirs Opposition To Divine Strake. The Washington Post (2/7, A6, Geis, 690K) reports from St. George, Utah, "The federal government reassured the townspeople they were in no danger as it detonated 952 bombs in Nevada over four decades. But thousands of people who lived downwind of the test site got radiation-related cancer, and the town of 50,000 has its own cancer-treatment center today. So when word got out recently that the government wants to test a huge conventional bomb in Nevada ... people in St. George felt an unwelcome blast from the past. At a series of emotional meetings last month in Las Vegas, St. George, Salt Lake City and the Idaho capital of Boise, people who live downwind of the Nevada Test Site expressed fear that if the government goes ahead with its code-named Divine Strake test, radioactive dust from previous tests will blow their way. ... Like others in southern Nevada, [Rep. Jim Matheson] speaks bitterly of declassified documents that show the government did not detonate nuclear bombs when the wind blew toward Las Vegas. They waited until the wind blew toward St. George."

EPA Chief Under Fire At Senate Hearing. The AP (2/7, Werner) reports, "The head of the Environmental Protection Agency faced down hostile critics Tuesday in his first committee appearance before the Democratic-led Congress, denying accusations that agency decisions last year rolled back environmental safeguards. 'These decisions and actions all accelerate the pace of environmental protection. They all deliver environmental results,' EPA Administrator Stephen Johnson told the Senate Environment and Public Works Committee." The new committee chair, Democratic Sen. Barbara Boxer, replied, "Nobody's fooled by this. … EPA has gone too long without meaningful oversight."

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McClatchy (2/7, Whitney) says Boxer "lambasted" Johnson over "environmental rollbacks," and "detailed six areas where she said the agency's decisions have benefited industries at the expense of public health." Said Boxer, "I want to send a clear signal to EPA and to this administration: We are watching...and no longer will EPA rollbacks quietly escape scrutiny."

Energy Department Seeks To End Funding For Geothermal Power. The Christian Science Monitor (2/7, Clayton, 59K) reports that new geothermal power techniques have the potential to provide "[e]nough power to provide 10 percent of US electricity by 2050 – with near-zero emissions of greenhouse gases. That's the promise of 'enhanced geothermal systems,' or EGS, says a recent report by the Massachusetts Institute of Technology." There "are just two major catches. First, about $800 million in research and development is needed over the next decade to make the drilling technology cost-effective. Second, the Department of Energy is trying to kill the program by ending its funding." On Monday, DOE unveiled a "budget with more funding for nuclear power, alternative fuels, and science programs – but nothing for geo-thermal." Senate Majority Leader Harry Reid wrote in a Feb 1 letter to Energy Secretary Samuel Bodman, "The administration has been surprisingly hostile to geothermal energy research development and deployment." Reid "asked the DOE to restore funding to at least 2006 levels and to assure Congress of continued funding."

Conservation Easements Give Tax Incentives To Landowners. The Wall Street Journal (2/7, D1, Silverman, 2.04M) reports that landowners can be "encouraged by recent tax legislation" that allows tax breaks when owners place a permanent "conservation easement" on their land. This allows landowners to continue to use undeveloped land "for farming and timber but most of it can never be developed." While, "landowners who place conservation easements on their scenic, environmentally sensitive or historic properties have long been able to get tax breaks from the federal government…some states have also begun offering tax incentives. Now, a little-noticed provision…passed last summer has made the federal tax breaks even more generous" which "has spurred a sharp increase in the number of landowners interested in placing easements on their property." Although "the law is designed to encourage easement donations by allowing larger tax deductions," the IRS has become more vigilant in monitoring potential easement abuses resulting in inflated deductions.

House Committee Approves Bill Allowing Indian Tribes To Receive Anti-Meth Grants. The AP (2/7) reports a House subcommittee on Tuesday "took a step toward helping Indian communities battle crisis levels of methamphetamine use. A House Judiciary subcommittee passed legislation sponsored by New Mexico Rep. Tom Udall…that would allow territories and Indian tribes to receive law enforcement grants to battle meth use. Udall said larger meth legislation passed by Congress last year 'unintentionally left out' Indian tribes as possible applicants for some grant programs. This legislation would clarify that law so the tribes would be eligible."

FBI/DEA/ATF/USMS:

US, Latin American Authorities Gather For Anti-Gang Summit. The Los Angeles Times (2/7, McGreevy, 850K) reports, "As director general of the El Salvador National Civil Police," Rodrigo Avila-Aviles "is here to talk to the FBI about what can be done about the number of gang members moving back and forth between Central America and the United States. … 'As a general rule, the guys who have more status in the gangs in El Salvador are the ones who have been deported from the United States, who have been in prison here,' Avila-Aviles said Tuesday as he and the heads of police forces for four other Central American nations prepared to discuss the issue today with their U.S. counterparts. … But the traffic goes both ways, with U.S. law enforcement struggling to deal with an influx of gang members from Central America and Mexico." The Times notes, "Cooperative measures announced as part of a four-part plan this week by U. S. Atty. Gen. Alberto R. Gonzales include fugitive apprehension, international coordination on deportations, information sharing, and cross-border training and prevention programs. To better identify, track and apprehend gang members, the FBI will accelerate implementation of the Central American Fingerprinting Exploitation system, Gonzales said."

In a widely-distributed story, the AP (2/7, Glazer) reports that in the past, "Los Angeles' pervasive and violent street gangs were seen as a local problem and not part of an international criminal web, even as some gangs such as MS-

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13 and 18th Street, oozed across borders into Mexico, Guatemala, El Salvador and Honduras. The three-day summit beginning Wednesday in Los Angeles reflects a recent shift in that philosophy. It features top officials from several Central American and local U.S. police departments, along with the FBI." The AP notes, "Robert B. Loosle, who oversees the FBI's gang investigations in Los Angeles, said crimes committed by gangs in Central America serve as a bellwether for potential criminal enterprises in the U.S. Particularly noteworthy, Loosle said, was a spike in extortion rackets committed by gangs in El Salvador. … 'Since members of gangs travel freely across borders, we need to pay attention to new trends they bring with them,' Loosle said."

The Los Angeles Daily News (2/7, Uranga) also notes, "Local police are afraid some of the more brazen tactics Central American gangs use will emerge in Los Angeles. 'Their tactics are a lot more vicious than other gangs, they are more violent and they are everywhere,' said Robert Loofle, the FBI agent overseeing Los Angeles' criminal division. 'They use intimidation to get what they want, they will commit a vicious homicide to show their power and the force, then easily cross the border. We have to clamp down now so they don't evolve into something stronger and more vicious.'" BBC World Service (2/7, Willis) also is reporting this morning on the Los Angeles summit.

23 Indicted On Drug Charges In "Operation Polar Express." The Boston Globe (2/3, Murphy, Radin, 413K) reports, "They worked out of nondescript little storefronts around Dorchester and Quincy: a flower shop, nail salon, grocery store, and wood floor finishing business," but "law enforcement officials said the unidentified businesses were covers for members of Vietnamese drug rings who had been smuggling ecstasy and marijuana from Canada over the past two years and peddling it throughout Greater Boston. Four indictments handed down by a federal grand jury Thursday…charged 23 people, ranging in age from 22 to 56, with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering." The Globe noted, "A task force of federal agents, state troopers, and local police tapped telephones, sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials."

The Newton (MA) Daily Tribune (2/3, Roy) added, "'Complete cooperation among federal, state, and local law enforcement partners made it possible to dismantle this drug-dealing organization,' said U.S. Attorney Michael J. Sullivan. … June W. Stansbury, DEA special agent in charge, said the drugs were marketed using images such as Superman, a bat, a kangaroo and even the Statue of Liberty."

Former Los Angeles "Drug Boss" Gets Life Sentence. The Dayton (OH) Daily News (2/6) reported an "ex-Los Angeles drug boss was sentenced Monday in federal court to life in prison for supplying hundreds of pounds of cocaine to the Dayton area. A jury in September convicted Ronald Taylor, 47, on charges accusing him of operating a continuing criminal enterprise and conspiracy to distribute and possess more than 300 pounds of cocaine." Prosecutors said the operation "funneled cocaine from L.A. to Dayton, Columbus, New York City, Buffalo, Milwaukee, Detroit, Nashville and Washington, D.C., between September 1999 and July 2001."

Authorities Link Gambling Losses To San Diego Charger Safety's Cough Syrup Case. The San Diego Union-Tribune (2/7) reports authorities said frequent gambling losses at area casinos "apparently led Chargers safety Terrence Kiel to seek other means of income, including the shipping of codeine-based cough syrup that got him arrested last year. … Kiel, 26, is due in court today for a trial readiness hearing on five felony charges related to the cough syrup matter. Kiel's attorney, Bob Grimes, said he hoped to reach a deal with prosecutors and the judge, and that it could include Kiel's addressing of the gambling issue. … Kiel was arrested in September after Drug Enforcement Administration agents intercepted two express mail packages containing 18 pint bottles full of the drug. Authorities said Kiel admitted to shipping the cough syrup to his native Texas, where it can sell for up to $325 on the street and where it is mixed with soft drinks."

Connecticut Cocaine Ring Investigation Nets 3 More Guilty Pleas. The Connecticut Post (2/7) reports the front for a cocaine distribution ring "was an auto dealership. The carriers were often cars packed with cocaine and driven [to Bridgeport] from New York. … That is, until the U.S. Drug Enforcement Administration's High Intensity Drug Task Force wiretapped telephones at East End

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Auto…and videotaped drug deals. … Three more ring members…pleaded guilty this week, just before the scheduled start of their trial on cocaine-trafficking charges." The three guilty pleas "bring to 13 the number of ring members who have admitted their roles in the operation." The Post says all three pleaded guilty to "conspiring to possess with the intent to distribute cocaine."

North Dakota Issues Industrial Hemp Licenses To 2 Farmers. There are more than 100 media references to North Dakota issuing what the AP says are the nation's first licenses to grow industrial hemp.

The AP (2/6, Nicholson) reported North Dakota "issued the nation's first licenses to grow industrial hemp Tuesday to two farmers who still must meet federal requirements before they can plant the crop. The farmers must get approval from the Drug Enforcement Administration, which treats hemp much the way it does marijuana and has not allowed commercial hemp production but has said it would consider applications to grow it. … The state issued permits Tuesday to Wayne Hauge and Dave Monson, who is also a legislator." The state Agriculture Department "is processing 16 other hemp applications," according to state Agriculture Commissioner Roger Johnson.

In a separate story, the AP (2/6) reports the first two North Dakota farmers licensed to "grow industrial hemp have different plans for their future crops, assuming the federal government allows them to be cultivated." Hauge "said he wants to grow and sell registered hemp seed to other farmers." Monson "wants to sell both hemp seed and fiber." A version of the AP story was used by ABC News, CBS News, FOX News, WLS-TV in Chicago, the New York Times, Washington Post, Los Angeles Times, San Francisco Chronicle, San Diego Union-Tribune, Miami Herald, Houston Chronicle, Boston Globe, Kansas City Star, and North Dakota's Bismarck Tribune.

Lawmakers Seek New Tactics In Afghanistan, Say DEA, Other Agencies Aren't Working Together. The Los Angeles Times (2/7) reports four Republican lawmakers on a committee with oversight of U.S. policy in Afghanistan "are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world. In a letter dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. … The letter describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks." The Times says the letter was written by Ileana Ros-Lehtinen (R-Fla.), Mike Pence (R-Ind.), Elton Gallegly (R-Simi Valley) and Dana Rohrabacher (R-Huntington Beach), all members of the House Committee on Foreign Affairs.

Bush's Proposed Budget Eliminates $2.2 Million In Counter-Drug Aid For Venezuela. The AP (2/7) reports Venezuela's foreign minister on Tuesday "dismissed the U.S. government's decision to cut anti-drug aid to the South American nation, saying it does not need money from 'the devil.' Undersecretary of State Nicholas Burns said Monday that President Bush's proposed 2007-2008 budget eliminated $2.2 million in counter-drug aid originally requested for Venezuela." President Hugo Chavez "broke off cooperation with the U.S. Drug Enforcement Administration in August 2005 accusing its agents of espionage, and has refused to draw up a new agreement since. … Venezuelan officials say they are fighting drug trafficking with increasing success, but Washington claims that because of corruption and a weak judicial system the amount of drugs smuggled through Venezuela is increasing."

The AP (2/6) also reports the U.S. military's lone outpost in South America is "allowed no more than eight planes at a time. But these surveillance planes play a vital role in keeping Andean cocaine and heroin from reaching the United States and are responsible for about 60 percent of drug interdiction in the eastern Pacific. That matters little to newly inaugurated President Rafael Correa, whose rejection of a U.S. military presence in Ecuador reflects widespread resentment over Washington's foreign policy in a region where President Bush's administration now has few reliable allies. 'We've said clearly that in 2009 the agreement will not be renewed because we believe that sovereignty consists of not having foreign soldiers on our home soil,' Correa said recently." The AP adds, "The State Department has recommended eliminating all drug interdiction aid for Venezuela, which got

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$2.2 million in the current fiscal year, and slashing overall aid to Ecuador some 30 percent to $20 million."

Ecuador Criticizes Proposed Cutback In Aid. The Financial Times (2/7) reports Ecuador "criticized Washington on Tuesday for proposing a 40-percent cut in anti-drug aid to the Andean region over the next two years, a move that will be seen as retaliation for the election of leftwing nationalistic governments hostile to the U.S. … In the budget he presented on Monday, President…Bush proposed a cut in the Andean counter-drug initiative from $722m last year to $570m this year and $443m in 2008. … The cuts will be seen in the region as a response to the election of hostile governments in Ecuador and Bolivia, and the failure of others to cooperate fully in the 'war on drugs.'"

IMMIGRATION:

LATimes Criticizes Bush Provision On Aid For Incarcerating Illegals. The Los Angeles Times (2/7, 850K), in an editorial, writes that President Bush "has talked a consistently good game about the federal government's responsibility to take a lead role in dealing with the unique challenges of immigration. But when budget time comes around, he's all talk, and California is once again left holding the bill. In what has become an annual ritual, Bush is seeking to place the entire burden of jailing criminal illegal immigrants on individual states. His new budget would eliminate the State Criminal Alien Assistance Program, which has provided meager federal assistance to states that house a disproportionate share of the non-federal population of illegal immigrant inmates. … The Bush administration should be honest about the real costs of illegal immigration."

WPost Blasts Virginia GOP Stance On Illegal Immigration. The Washington Post (2/7, A16, 690K), in an editorial, writes, "Republican state lawmakers in Virginia have advanced a grab bag of legislation designed to hound, harass and hassle illegal immigrants. The idea, as expressed by the author of one such bill, Del. Jackson H. Miller of Manassas, is 'to make Virginia an unwelcome place if you are in this country illegally.' Translation: Drive the immigrants out of the state. In this the bills are overwhelmingly likely to fail, since most immigrants are likely to remain near jobs despite official persecution. But the bills do threaten to push undocumented immigrants further underground, forcing them to live in fear, draw their curtains and keep their children indoors even as they fill a niche in the local economy.'

TAX:

Court Bars Minnesota Tax Preparer. The AP (2/7) reports, "A St. Paul (MN) tax preparer accused of filing false tax returns that overstated deductions for recent immigrants is now barred from preparing federal tax returns for others." The AP continues, "The Department of Justice said a federal court in Minnesota issued the permanent injunction order against Nash Sonibare, who operated Liberty Financial Group in St. Paul." The AP adds, "The Justice Department lawsuit alleged that the Nigerian immigrant repeatedly prepared returns for his customers containing false or inflated credits and deductions. The complaint alleged that many of Sonibare's customers were from various African countries and had limited English-language skills."

Employees Face Deadline To Drain Flex Accounts. In his "Tax Report" column for the Wall Street Journal (2/7, D5), Tom Herman writes, "Time is running out for many employees to drain their flexible spending accounts for 2006. … More companies are offering these accounts, which let you use pretax dollars to pay for health-care and dependent-care expenses. But there is an important catch: Under what is known as the use-it-or-lose-it rule, you must spend every penny you set aside before the deadline or lose the balance." Herman adds, "The deadline varies among employers. Many have set a cutoff date of March 15 -- only about five weeks from now. That represents a big change from just two years ago, when the deadline typically was Dec. 31. After congressional pressure, the Treasury changed its rules in 2005 and allowed employers to give employees a grace period of as much as 2½ months into the following year. … Initially, many employers were undecided about whether to offer the grace period. Health-care specialists now say most large employers they work with offer the additional time." Herman notes, "Separately, a new law may offer additional relief for some FSA participants. Individuals can now make a one-time transfer to a health savings account, which is for people with high-deductible health-insurance plans, from a health-care flexible-spending account or from a health reimbursement plan. Health reimbursement plans allow employees to use employer contributions to pay for

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medical bills. … This provision is part of a tax bill signed by President Bush Dec. 20."

CONGRESS-ADMINISTRATION:

Bush Promotes Budget, Defends Tax Cuts.

Fox News' Special Report (2/6, Hume) reported President Bush "argued today that the best way to ensure a strong economy is to keep taxes low and encourage businesses to grow. … Promoting his new budget in Virginia, President Bush urged Congress to be fiscally responsible and to spur more economic growth by making his tax cuts permanent." Bush was shown saying, "Cutting taxes created the incentives to save, invest and consume which cause the economy to grow. As economy grows, the pie gets bigger, the tax revenues increase. That is what happens."

The New York Times (2/7, Weisman, 1.16M) describes Bush as "combative in defending the budget," and quotes him saying it "can work if Congress resists the temptation to raise your taxes." Bush also "called on Democrats to do more than criticize. 'Now's the time for members of the Congress in both parties to bring their best ideas to the table as to how to solve the problems involved with entitlement programs,' Mr. Bush said, referring to Social Security, Medicare and Medicaid."

Bloomberg (2/7, Murray) says "Bush's budget for the fiscal year that begins October 1 would increase federal spending 4.2% over the current year, even as funding for agencies outside defense and homeland security would rise an average of 1% in each of the next four years. That effectively is a cut because it is less than the rate of inflation, which was 2.5% in 2006." The Senate Budget Committee chairman, Senator Conrad, a Democrat of North Dakota, "said yesterday that the president's spending plan is 'filled with debt and deception.'"

This morning, NPR (2/7) reports Bush "stuck around to talk at Micron Technologies for only 20 minutes or so. He told workers that his new $2.9 trillion budget is set up like a family's budget, or a company's budget – setting priorities, making tough choices and eliminating what's not needed. The President said his proposals, if Congress enacts them, would balance the Federal budget by 2012, a few years after he's out of the White House. On Capitol Hill, Democrats said the President and his staff are lowballing future costs for the war in Iraq, while trying to extend tax cuts for the wealthy. The White House said lawmakers who declare the budget dead on arrival before looking closely are not being responsible with taxpayer money."

The Washington Post (2/7, D4, Kang, 690K) reports, "Micron Technology's plant in Manassas makes some of the most sophisticated memory chips in the world, semiconductors made from wafers of silicon 300 millimeters thin that run MP3 players, smart phones and satellite navigation systems. But the finer details of the 650,000-square-foot plant's operations may have escaped the company's most esteemed visitor yesterday." In his remarks, Bush said they "tried to explain all the big machines that were there to a history major. I played like I understood." Bush "nevertheless praised the company for its growth, exports and creation of high-skill jobs -- a model, he said, for the nation's economic growth." The President also "promised to balance the federal budget by 2012 by 'keeping taxes low and being wise about how we spend your money,'" and "said his hallmark economic policies -- the promotion of trade and tax cuts -- have helped companies like Micron grow."

The Phoenix Business Journal (2/7, Clabaugh) notes "Micron began investing in its memory chip plant on Godwin Drive in 2005. The plant has undergone a $3.5 billion upgrade, and the expansion has created about 1,000 new jobs. The plant manufactures both DRAM memory and NAND flash memory chips, demand for which has surged with the popularity of MP3 players and cell phones with cameras. " Micron "actually downsized the facility when it bought the plant from Toshiba in 2002, slashing 560 of its then 1,200 jobs, part of company-wide cost-cutting. The plant now employees 4,000, according to Micron spokesman Dan Francisco, who describes them as well-paid jobs held by highly-trained technology workers."

But the AP (2/7, Feller) says Bush "preached the virtues of fiscal responsibility Tuesday at a company that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws." Micron Technology "settled a class-action lawsuit last month that was filed in 2002 in US District Court in San Francisco on behalf of customers, generally computer manufacturers and others, who bought dynamic random-access memory chips, or DRAM, directly from suppliers between April 1, 1999, and June 30, 2002." The White House "knew about the lawsuit when it scheduled Bush's appearance, deputy press secretary Dana Perino said." The lawsuit "is one of several filed following a US Justice Department investigation into whether computer-chip companies conspired to manipulate

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the number of DRAM chips released to market in a scheme to inflate prices." The Los Angeles Times (2/7, Gerstenzang, 850K) runs a similar story, noting Bush "promoted his newly released federal budget Tuesday at a company that recently settled a class-action lawsuit over alleged price-fixing and antitrust violations." Bush, adds the Times, "called Micron an 'innovative company' that is made up of 'smart people back there making the products that people want.'" Bush "made no reference to the lawsuit."

Bush Officials Defend Budget Plan From Fierce Democratic Criticism. The AP (2/7, Crutsinger) reports Bush's "$2.9 trillion budget plan on Capitol Hill got a predictably cool reception from congressional Democrats Tuesday, while Bush's GOP allies said it's up to the new majority to come up with an alternative that balances the budget without raising taxes." House Ways and Means Committee Chairman Charles Range "said he saw Bush's budget -- which appeals to anti-tax GOP conservatives while curbing Democratic priorities -- as a missed opportunity for Bush to reach out to Democrats, who for the first time in Bush's presidency control both the House and Senate." House Budget Committee Chairman John Spratt Jr. "said the Bush plan shortchanges domestic programs such as heating subsidies for the poor, education and the State Children's Health Insurance Program." White House budget director Rob Portman "disputed contentions by Democrats that the budget achieves its projected $61 billion surplus in 2012 by adopting overly optimistic economic assumptions." And US Treasury Secretary Henry Paulson said "the reductions in the new budget in spending on Medicare and Medicaid would lay the foundation for more comprehensive reform of the benefit programs."

The Washington Post (2/7, A4, Montgomery, Lee, 690K) reports Administration officials "dispatched to Capitol Hill to defend…Bush's budget received a frosty reception yesterday from congressional Democrats, who argued that the president's proposal to target health care, education and other Democratic priorities suggests a White House more interested in scoring political points than in genuine compromise." The $2.9 trillion "budget blueprint contains little to appeal to, but much to infuriate, the Democratic majority, Democrats said. In a series of hearings, they rattled off a list of their objections: More than $100 billion to be sliced from projected Medicare and Medicaid spending. Further restrictions on the federal food-stamp program. Insufficient cash to maintain health coverage for millions of children. And deep cuts proposed for a range of programs that help communities put police on the street and fund community projects."

Chances For Bipartisan Compromise Examined. The Christian Science Monitor (2/7, Chaddock, 59K) reports "behind the tough talk" over the reception of President Bush's budget on Capitol Hill, "conditions exist for a potential compromise in this year's budget negotiations." Democratic congressional leaders "are convinced that to keep that control after 2008 – and even to take back the White House – they need to show that they can govern. That means avoiding a budget train wreck and completing spending bills for the next fiscal year." Meanwhile, "an unpopular president is looking to leave a domestic legacy." Robert Bixby, executive director of the Concord Coalition, said, "There's an opportunity for compromise this year, because if Bush wants to get anything done in the last two years, he's going to have to work with the Democratic Congress to do it." Bixby added, "If Democrats come across as just being obstructionist or tax-and-spend, the public could take offense. Presuming that they both want to accomplish something, there's an opportunity."

In an opposing view, the AP (2/7, Taylor) says in an analysis article, "Rather than improve prospects of agreement with Democrats, President Bush's proposal for next year seems to have left the budget kitchen in turmoil. Bush's budget appeals to anti-tax GOP conservatives and advocates of private accounts within Social Security while slighting Democratic priorities like health insurance coverage for children in low-income families." House Ways and Means Committee Chairman Charles Rangel said, "I don't think that I can tell the president what to put on the table and not to put on the table, but I can tell him, 'don't pick a damn fight.'"

Lieberman Calls For "War On Terror Tax." The Washington Times (2/7, Dinan, 88K) says Democrats "are left with few good alternatives other than tax increases if they hope to boost spending and match the president's goal of balancing the budget by 2012. It took an independent, Sen. Joe Lieberman of Connecticut, who called for a new 'war on terrorism tax,' to broach the issue of tax increases." Said Lieberman, "People keep saying that we're not asking sacrifice of anybody but our military in this war, and some civilians who are working on it. … When you put together the [Department of Defense] budgets with Homeland Security budgets, we need to ask people to help us in a way that they know when they pay more it will go for their security."

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Bush Budget Raises $81 Billion Through Higher "User Fees." McClatchy (2/7, Hall) reports the Bush Administration "may be squarely against new taxes, but its proposed fiscal 2008 budget seeks to raise almost $81 billion in new revenue over the next five years by hiking user fees and other charges on taxpayers and businesses." While "technically, changes to these fees aren't taxes," for "anyone who must pay them - everyone from recreational hikers to war veterans - it's a question of semantics." Bush would "raise more than $15 billion through 2012 by allowing the Defense Department to raise enrollment fees and deductibles for medical care provided to military retirees under age 65. It would also raise retail pharmacy co-payments for all military retirees." The president "also seeks to limit the growth in health care subsidies for high-income beneficiaries of Medicare, the federal health-insurance program for the elderly. His budget estimates collecting $5.5 billion over five years through 'reduced subsidies for certain high-income beneficiaries.'"

Bush Plan Said To Achieve Balance Through "Stealth Tax." In her Washington Post column (2/7, A17), Ruth Marcus says, "The only way the administration achieves its balance" by 2012 "is by assuming that it will continue to rake in billions of dollars in revenue from the alternative minimum tax. More than billions, actually: CBO estimates that if left unchanged, the AMT would bring in an extra $1 trillion through 2017." So "the president achieves balance only with a stealth tax increase in the form of the AMT. If he means, as he says and nearly everyone agrees, to fix the AMT, that revenue has to come from somewhere else." Figures "compiled by the Urban Institute-Brookings Institution Tax Policy Center demonstrate the AMT's dramatic effect. If nothing is done to fix the AMT and the Bush tax cuts are extended as he wants, 89 percent of married families with two or more children and incomes between $75,000 and $100,000 will be hit by the AMT by 2010 -- compared with less than 1 percent in 2006. By 2017, almost half of all taxpayers -- 53 million -- will owe the AMT. The tax will hit two-thirds of those making between $75,000 and $100,000 and 90 percent of those making $100,000 or more."

Democrats May Buck Bush On Child Health Insurance Funding. The AP (2/7, Evans) reports Democrats "may try to override a decision by President Bush to leave stopgap children's health insurance money out of his 2007 emergency war spending proposal." Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi "asked the president last week to propose $745 million in supplemental spending for the State Children's Health Insurance Program, or SCHIP, which primarily covers children in low-income working families." Bush "declined the lawmakers' request in the $93 billion emergency war spending proposal he submitted Monday to cover the remainder of 2007. But Democrats, eager to show policy differences with the White House, are saying they may add the $745 million when the bill comes up in the coming weeks." If "allocated, the new money would keep 14 states with looming shortfalls from having to cut off coverage until Congress renews the program later this year.'

Cancer Treatment Groups Limit Trials Over Funding Worries. The Wall Street Journal (2/7, Marcus, 2.04M) reports the "10 federally funded cancer cooperative groups, which enroll nearly half of the patients in the nation who are participating in cancer trials, have begun to shut down trials and stop studying certain cancers amid funding concerns." Robert L. Comis, "president and chairman of the Coalition of Cancer Cooperative Groups, a nonprofit group comprising cancer centers, hospitals and patient- advocacy groups that work to increase participation in clinical trials, said 3,000 patient spots in clinical trials will be eliminated in 2007 at centers around the U.S. Although the decrease will affect all cancers, among the hardest-hit will be rarer cancers such as sarcoma, rare childhood tumors and head-and-neck cancers, Dr. Comis said; some of the cooperative groups are totally eliminating trials in those diseases."

Critics Say Budget Lacks Funding To Meet President's Fuel Goal. The Wall Street Journal (2/7, A8, Hitt, 2.04M) reports, "In his State of the Union address…Bush set an ambitious goal of cutting U.S. gasoline use 20% in the next 10 years. Now that Mr. Bush has unveiled his blueprint for federal spending, it isn't clear he is putting enough money on the table to accomplish that goal." Bush "is calling for millions of dollars in new spending to boost development of alternative fuels, chief among them ethanol." But "[m]any industry officials and lawmakers found the Bush plan wanting after sifting through the details yesterday. They said much broader federal action will be needed, especially to meet the president's goal to have the country using 35 billion gallons of alternative and renewable fuels by 2017, quadruple the current federal mandate."

Bush Budget Said To Give Airlines "Massive Tax Cut." In a USA Today op-ed (2/7, 10A), Ed Bolen, president of the National Business Aviation Association, says, "The

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president's budget, released Monday, is a sweetheart deal for the airlines. It would give them a massive tax cut, to be paid for largely by a 'general aviation' industry that serves many of the nation's small and mid-sized businesses and their communities." In "supporting the president's budget, the airlines will likely defend their tax break as an opportunity to provide consumers with cheaper ticket prices. But, if history is a guide, this would be just another empty promise. Twice in the past decade, the airlines' federal taxes lapsed and, according to a 2004 Government Accountability Office report, 'carriers generally raised base airfares.'"

Rangel Open To Adding Some Tax Breaks To Minimum Wage Bill. The AP (2/7, Kuhnhenn) reports, "The chairman of the House taxwriting committee said Tuesday he would be willing to link tax breaks for small business to a hike in the minimum wage but that the $8 billion tax package adopted by the Senate was unacceptable." The comments by Rep. Charles Rangel, chairman of the House Ways and Means Committee, "were the first public acknowledgment by a top House Democrat that some tax cuts might be necessary to win approval of an increase in the federal wage floor." But Rangel "left no doubt that he would reject the Senate tax package -- worth $8.3 billion over 10 years. He refused to speculate on what types of tax cuts would be acceptable and placed the burden for lowering the tax package on Senate Majority Leader Harry Reid, D-Nev., and the chairman of the Senate Finance Committee, Max Baucus, D-Mont."

Unions Press Democrats To Oppose Fast Track. The Hill (2/7, Swanson) reports, "The AFL-CIO, United Autoworkers and other groups representing organized labor are pressing Democrats to deny the Bush administration an extension of its authority to send free-trade deals to Congress for up or down votes, partly by reminding lawmakers of the role trade played in Democrats' re-taking of majorities in the House and Senate." Labor groups "already helped organize a letter to House Ways and Means Chairman Charles Rangel (D-N.Y.) from 39 members of the freshman House Democratic class that said the 'vocal stand against the administration's misguided trade agenda' was vital to their electoral success." AFL-CIO Assistant Director for International Economics Thea Lee "does not completely rule out fast track for the Bush administration, but said the policy would have to be overhauled fundamentally from the existing authority. Noting the letter from freshman Democrats to Rangel, she said last year's elections have placed labor in a strengthened position for battles over trade policy this year."

Senate Maneuvering Could Snarl Fiscal Year 2007 Funding Bill. Roll Call (2/7, Pierce) reports Senate Democrats and Republicans "are headed for a classic game of chicken this week over the nine remaining fiscal 2007 appropriations bills." Senate Majority Leader Harry Reid (D-Nev.) is "poised to bring up a joint funding resolution for 13 Cabinet agencies, Congress and numerous independent agencies as early as today, but he has said repeatedly that he will not permit any Senators to offer amendments to the measure." Reid's stance has "prompted Senate Minority Leader Mitch McConnell (R-Ky.) to threaten a Republican filibuster, and both sides are waiting to see who will blink before a possible government shutdown upon the expiration of the current continuing resolution on Feb. 15." Senate Appropriations ranking member Thad Cochran (R-Miss.) said Republicans "are likely to call Reid's bluff and oppose his expected efforts to cut off debate, or invoke cloture, on the $463 billion measure. Reid would need 60 votes to prevail on cloture and move the funding resolution toward passage." Cochran said, "I don't think they can get cloture. We'll be protesting the process."

House Democrats Prepare Rollout Of Long Term Agenda. Roll Call (2/7, Yachnin) reports, "Preparing to return the House to regular order after an initial legislative sprint full of popular bills and closed rules, Democratic leaders said Tuesday they are finally primed to roll out a long-term agenda." House Majority Leader Steny Hoyer (D-Md.) "confirmed Tuesday that Democrats will unveil their new agenda next week, although he declined to provide specific details." Democratic Caucus Chairman Rahm Emanuel (Ill.) "said the plan will not be an itemized blueprint, but rather would feature 'guideposts' and serve as a broad outline of the goals the new majority hopes to complete over the next six months." While Hoyer "stated at a weekly press briefing the House will address health care and education bills in coming weeks — specifically mental health parity, the No Child Left Behind Act and re-authorization of the Head Start pre-kindergarten program — in a later interview he would not discuss which topics will take precedent under the new agenda, asserting that House committees must first be allowed to act on the measures."

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Lawmakers Press Agencies To Fund Priorities Without Earmarks. Roll Call (2/7, Ackley, Stanton) reports even though "most of the appropriations bills for fiscal 2007 got stripped of practically all Congressionally mandated 'earmarks,' Members — and the lobbyists who push for funding of specific projects — have turned their attention to the executive branch agencies doling out chunks of money that otherwise would have gone for earmarks." Members, "especially those on the Appropriations and authorizing committees, can wield considerable behind-the-scenes power to make sure their favored projects get funded by executive-branch agencies." One appropriations lobbyist "said Members and staffers alike have been calling agency officials to protect their 2007 earmarks." The lobbyist said, "I heard Members and staff already made the calls before they put the money in the [omnibus bill]. They would say verbally, 'If we have this group submit an application -- as long as it is complete and accurate and fits within the parameters of the program -- you will honor that, right?' The answer was in the affirmative every time."

White House Agrees To Pelosi Military Aircraft Request. The Washington Times (2/7, Scarborough, Hurt, 88K) reports the Bush Administration has "agreed to provide House Speaker Nancy Pelosi with regular access to an Air Force passenger jet, but the two sides are negotiating whether she will get the big aircraft she wants and who she may take as passengers, according to congressional and administration sources." A congressional source "said that Rep. John P. Murtha, chairman of House Appropriations subcommittee on defense, which controls the Pentagon's spending, has telephoned administration officials to urge them to give the speaker what she wants." The congressional source "said Pentagon officials complained that" Rep. Murtha "is accusing them of sexism for not immediately heeding her request." Meanwhile, Republican Conference Chairman Adam Putnam of Florida "said Mrs. Pelosi's request represents 'an arrogance of office that just defies common sense' and called it 'a major deviation from the previous speaker.'" Minority Whip Roy Blunt of Missouri "called it a 'flying Lincoln Bedroom,' and Rep. Patrick T. McHenry, North Carolina Republican, labeled the speaker's plane 'Pelosi One.'"

Kucinich Effort To Create Peace Department Has Rocky Start. The Hill (2/7, Kaplan) reports Rep. Dennis Kucinich (D) "may need to stage a sit-in on the House floor before a Department of Peace and Nonviolence is created." Kucinich, "newly empowered as chairman of the domestic policy subcommittee on the Oversight and Government Reform Committee, vowed yesterday to hold hearings on legislation lawmakers have discussed since the dawn of the republic: a bill to establish a Department of Peace and Nonviolence." But it "seems that, like the Founding Fathers before him, Kucinich won't get past the talk — even with a bit of Hollywood backing." Majority Leader Steny Hoyer, "whose job is to manage the flow of legislation to the House floor, said that he considers Kucinich a 'thoughtful, substantive guy and a good friend,' but that 'a lot of members have a lot to say about [the bill] and we're going to give them a lot of time to say it.'" Despite the "logistical hurdles and legislative roadblocks, Kucinich made history when he said he would hold hearings on H.R. 808, which has 52 cosponsors, including centrist Democratic Reps. Ellen Tauscher (Calif.) and Albert Wynn (Md.)."

Bush Commemorates Anniversary Of Reagan's Birth. The Los Angeles Times/AP (2/7) reports that yesterday would have been former President Ronald Reagan's 96th birthday. Former Attorney General Edwin Meese III and Col. James B. Seaton III, commanding officer of the Marine Corps' Camp Pendleton, "placed a wreath of white roses on behalf of President Bush at Reagan's grave at the Ronald Reagan Presidential Museum. Bush said in a proclamation that the wreath and military honors were sent 'in tribute to his distinguished service to a grateful nation.'" Tonight, Mrs. Reagan planned to present former President Bush with the 2007 Ronald Reagan Freedom Award during a gala at the Beverly Hilton Hotel. … 'George was not only my husband's dedicated vice president, but he was also Ronnie's loyal friend,' Mrs. Reagan said in a statement. 'Working closely with Ronald Reagan was one of the great joys of my life, and receiving this prestigious Reagan Freedom Award is something I will treasure always,' former President Bush said in a statement."

Bush Credited For Pursuing Healthcare Reform. The Wall Street Journal's Holman Jenkins (2/7) writes President Bush "makes peace with the tax code's bias toward health spending in order to do battle with the particular vice of our overreliance on third-party payment. He does so by equalizing the tax treatment of health dollars whether they

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flow directly from a consumer pocket (the vehicle here is health savings accounts) or through a third-party laundromat. He would do so by equalizing the treatment of health insurance whether you buy it yourself or your employer buys it for you (his latest plan). No, hosannas will not be sung to him by left or right. … There's a lesson in presidential leadership here. Mr. Clinton lost interest in health care after a few months when he discovered health care wouldn't result in a monument to his presidency. In a very pre-postmodern approach, Mr. Bush identified the same basic problem and has worked steadily away at it, showing that a president can accomplish something as long as he's willing not to receive any credit."

Recent Healthcare Reform Proposals Seen As Insufficiently Radical. In an op-ed for the Washington Post (2/7, 690K) Ezekiel J. Emanuel, chairman of the Department of Clinical Bioethics at the National Institutes of Health Clinical Center, Victor R. Fuchs former president of the American Economics Association, write, "It seems everyone has ideas for health-care reform. … This profusion of proposals means that health care is getting more attention, and this makes reform more likely. But these proposals are like band-aids and fall far short of what our sick health-care system needs. They build on what everyone agrees is a broken system. Ultimately, they prop up the sagging employment-based insurance system. … By building on the existing health-care system, these reform proposals entrench the perverse incentives."

Hollywood Seeks Congressional Support For Taxes, Fighting Piracy. The New York Times (2/7, Halbfinger, 1.16M) reports that Hollywood's movie industry is encouraged by the new Democratic majority Congress and "hopes to press its agenda of fighting piracy, obtaining new tax advantages and reining in…production from going abroad. So the Motion Picture Association of America put on a daylong show for lawmakers, lobbyists and Capitol Hill aides, armed with some A-list talent…and a new study showing that film and TV production accounts for $30 billion in wages, $10 billion in taxes, more than 400,000 jobs and a trade surplus of $9.5 billion." In an attempt "to drum up sympathy for an industry symbolized by its highly paid stars," the MPAA event stressed "that the movie business is really made up of middle-class guild and union members." Industry leaders stressed anti-piracy efforts overseas and called for stricter laws to enforce intellectual property laws.

Burton Missed 19 House Votes For Golf Tournament. Roll Call (2/7, Ben Pershing) reports in its "Heard on the Hill" column, "It had been one of the best little puzzles of the 110th Congress so far: Why did Rep. Dan Burton (R-Ind.) miss 19 House votes over four days in mid-January? Where was he? Burton's office hadn't returned several calls from HOH over the past couple of weeks on this subject, nor did it respond to inquiries from the local press. No one in the Republican leadership seemed to know, either. Now, when HOH finally learned Tuesday where Burton had been -- courtesy of a report in The Indianapolis Star -- he kicked himself for not figuring it out earlier. As anyone who has followed Burton over the years should have known, he was playing golf." Roll Call adds, "Specifically, Burton was at the Bob Hope Chrysler Classic in lovely Palm Springs, Calif., where he played in the pro-am event at four local golf courses over four days."

NYTimes Decries Bush Administration's Reliance On Contractors. The New York Times (2/7, 1.16M), in an editorial, writes, "The United States is quickly becoming a government of the contractors, by the contractors and for the contractors. While the private security personnel in Iraq have attracted the most attention, many day-to-day operations are no longer in the hands of federal employees. … The problem is that the explosion of government outsourcing under the Bush administration has not been accompanied by a sufficient increase in civil service personnel to oversee it and ensure that the work is done properly and without squandering taxpayer dollars."

OTHER NEWS:

Bernanke Says Education, Training Key To Addressing Economic Inequality. Fox News' Special Report (2/6, Hume) reported Federal Reserve Chairman Ben Bernanke "said the best way to narrow the gap between high income and low wage workers in the US would be to strengthen education and training programs. He told an Omaha Chamber of Commerce that erecting trade barriers would do far more harm than good. Today's comments are the most extensive remarks he has made on economic inequality."

The Wall Street Journal (2/7, A6, Wessel, 2.04M) reports the Fed Chairman "warned politicians to avoid

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responses that would make labor markets less flexible or create barriers to international trade and investment." In "an unusual speech for a central banker," Bernanke "said a wiser approach to the problem would be to improve education and training and to cushion dislocations caused by technology and globalization. He cited such steps as making health and pension benefits more portable and offering retraining and job-search assistance to displaced workers."

The Washington Times (2/7, Hill, 88K) reports Bernanke noted "studies have documented that globalization -- including both trade and immigration -- puts pressure on the wages of low- and middle-income earners who compete with foreign workers even while trade and labor flows overall increase jobs and economic growth." But "by far the largest factor causing inequality has been the skills gap."

USA Today (2/7, 5B, Kirchhoff, 2.27M) says Bernanke's remarks "come as Democrats, who now control Congress, are building an agenda around inequality and middle-class economic concerns. Their initiatives include raising the minimum wage, limiting CEO pay, boosting college aid, making it easier to form unions and addressing labor and trade concerns." President Bush "acknowledged recently that income inequality is a problem, but Democrats differ with his economic remedies, which include a focus on tax cuts."

Stocks Up Slightly. NBC Nightly News (2/6, story 7, :15, Williams, 9.87M) reported, "On Wall Street today, stocks showed little change on the day. The Dow was up more than 4 points [to close at 12,666.31]. NASDAQ gained just under one point [to close at 2,471.49] in the days trading." USA Today (2/7, 6B, 2.27M) notes "the Standard & Poor's 500 index added 1.01 points to 1448.00." The Wall Street Journal (2/7, 2.04M), among other newspapers, also reports the stock numbers.

GOP Insiders Said To View Clinton 2008 Victory As Inevitable. The Politico (2/7, Sheffield, VandeHei), in an article tiled, "GOP Views Clinton As Virtually Unbeatable," reports, "What many conservatives regard as the nightmare scenario -- President Hillary Rodham Clinton -- is increasingly seen by veteran Republican politicians and strategists as virtual inevitability. In GOP circles, the Democratic front-runner is seen as so strong, and the political climate for Republicans so hostile, that many influential voices -- including current and former lawmakers, and veterans of President Bush's campaigns -- have grown despairing." Former House Majority Leader Tom DeLay is quoted as saying, "If the conservative movement and Republicans don't understand how massive the Clinton coalition is, she will be the next president." Rep. Steve King said, "At this point, short an inspirational Republican nominee, then I would agree that it's going to be very difficult to beat Hillary if she wins the nomination." According to The Politico, "Even some well-connected outside advisers to Bush said in interviews they essentially accept this analysis." Despite the headline, the Republicans quoted in the piece tend to focus on the weakness of the GOP rather than specific calculations which might provide evidence of Sen. Clinton's strength.

The Politico's Roger Simon (2/7) writes, "consider this from a Republican: 'I don't want to contribute to my own party's demoralization and it doesn't necessarily mean there will be a Democratic landslide, but I think there is a thumb on their side of the scale that's not going to come off until after the next election,' said Vin Weber, a former Republican congressman, who is backing Mitt Romney."

Clinton Leading Among New Hampshire Democrats By 14 Points. The AP (2/7, Pickler) reports that among New Hampshire Democrats surveyed for a University of New Hampshire poll, former Sen. John Edwards and Sens. Hillary Clinton and Barack Obama "had net favorability ratings ranging from 61 percent to 55 percent, too close to be statistically significant. When asked for whom they would vote, 35 percent of likely Democratic voters picked Clinton, 21 percent Obama and 15 percent Edwards. Eight percent chose former Vice President Al Gore, who is not running. The Democratic portion of the phone poll reached 353 likely voters and had an error margin of plus or minus 5.2 percentage points."

Upcoming Events Likely To Boost Clinton's Fundraising Lead. The Wall Street Journal (2/7, A7, Cummings, 2.04M) reports that "in a show of financial muscle," Clinton "today kicks off a fund-raising effort of volunteers working to direct donations from $25,000 to $1 million to her presidential campaign. … Though party caucuses and primaries are still a year off, the money race begins in earnest this month, as candidates try to generate big numbers for the first quarterly financial disclosure report due on March 31. Advisers to Mrs. Clinton and Republicans Mitt Romney and Rudy Giuliani have said their campaigns are shooting for about $30 million in that first report." Jonathan Mantz, the campaign's finance director, "recently

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declined to specify his fund-raising target: 'It's a huge number. I've seen a lot of different figures, whether it's $80 or $100 [million], it's a huge number.'

The Washington Post (2/7, A8, Birnbaum, Mosk, 690K) reports Clinton "is playing hostess to billionaire Hollywood moguls, millionaire lawyers and venture capitalists here this week as she pushes to raise a record sum for her presidential campaign. Last night, the New York Democrat invited about 70 top fundraisers from around the country to a reception at her Washington home. … The high-dollar rainmakers committed to collect at least $250,000 each during the presidential campaign for Clinton, and many have pledged $1 million, participants said. In addition, each agreed to raise $50,000 by the end of this month to bolster the campaign's first-quarter report due at the end of March."

Clinton Raised At Least $15 Million For Other Democrats In 2006. The Hill (2/7, Bolton) reports Clinton "collected at least $15 million for Democratic candidates by participating in more than 100 fundraising events during the 2006 election cycle, thereby cementing relationships with party leaders and colleagues in advance of her presidential campaign. A rough tally of her campaign's fundraising records show that while her rival for the nomination, Sen. Barack Obama (D-Ill.) gave more money to candidates through his leadership PAC, Clinton appears to have surpassed his total by donating millions from her personal reelection account and attending scores of fundraisers.

Clinton To Appear At Nevada Forum. The AP (2/7, Pickler) reports Clinton "has agreed to attend a Nevada forum for Democratic presidential candidates later this month, state party officials said Tuesday. Clinton joins five other presidential hopefuls already confirmed for the Feb. 21 event in Carson City: Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, former Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel. … Representatives for Clinton, Sen. Barack Obama and 2004 vice presidential nominee John Edwards complained last week to national party officials about the number and early timing of forums and debates scheduled in Nevada and other key states."

Giuliani's Favorability In New Hampshire Far Outpaces McCain, Romney. The AP (2/7, Pickler) reports that according to a University of New Hampshire poll, "New Hampshire residents likely to vote in the Republican presidential primary…think more highly of former New York Mayor Rudy Giuliani than any of his rivals. … Giuliani's net favorability rating — the proportion of people viewing him favorably minus the proportion viewing him unfavorably — was 56 percent, well ahead of Sen. John McCain, 32 percent, and former Massachusetts Gov. Mitt Romney, 26 percent." The AP notes, "This long before an election, political professionals pay more attention to favorability than voters' choices if they had to vote today. McCain and Giuliani were essentially tied at about 27 percent on that question among likely GOP primary voters, followed by Romney at 13 percent and former House Speaker Newt Gingrich at 9 percent. The GOP portion of the telephone poll reached 311 likely voters from Thursday to Monday and had an error margin of plus or minus 5.6 percentage points."

Giuliani's Support For Abortion, Gun Control And Gay Rights Draws Scrutiny. Fox News' Special Report (2/6, Hume) reported that "as a pro-choice Republican" Giuiani "is trying to quell conservatives' doubts about his social views. He opposed a ban on partial birth abortion in 2000, saying, "I would vote to preserve the option for women." . Now he says that because the current law banning partial-birth abortion contains an exception to save the mother's life, he supports it. … When it comes to abortion and the Supreme Court, Giuliani told Republicans in South Carolina recently that he would tap 'strict constructionists' such as Samuel Alito and John Roberts to interpret the constitution not make new law. Still conservatives worry that this comment from the socially liberal Rudy Giuliani just a year and a half ago raises concerns." Giuliani was shown saying, "Presidents going back to the beginning of the republic generally appoint people to the Supreme Court that they believe agree with them." Fox went on to note that Giuliani "wanted all gun lovers to be licensed for pistols and rifles. In addition he said, "gun owners should have to pass a written exam that shows they know how to use a gun, that they're intelligent enough and responsible enough to handle a gun." Fox went on to discuss Giuliani's "strong support" for gay rights and noted he "hosted gay pride events."

Giuliani Has Not Yet Said Unequivocally That He Will Be A Candidate. The New York Times (2/7, Chan, 1.16M) reports Giuliani "took two steps closer to a presidential run on Monday, and yet stopped short, once again, of unequivocally throwing himself in the ring. … A few skeptics have wondered whether Mr. Giuliani, who has been crisscrossing the country over the last few months and signaled his interest in the presidency again and again, may

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ultimately back out — as he did in 2000, when he contemplated a race for the Senate but withdrew." However, "Aides to Mr. Giuliani yesterday dismissed the notion that he was equivocating."

Giuliani Will Deliver Commencement Address At Citadel. The AP (2/7, Pickler) reports Giuliani "will deliver the commencement address at The Citadel in the pivotal primary state of South Carolina, the military college announced Tuesday."

Coulter Warns GOP Voters Not To Bank On Giuliani's "Electability." Asked on Fox News' Hannity and Colmes (2/6) if she would support Giuliani for president, author Anne Coulter said, "I don't want to vote for a pro-choice Republican for president. … I trust Republican primary voters. But the one thing I want to tell Republican primary voters is do not vote for a candidate because you think he's 'electable.' You thought Gerald Ford was electable; you thought Dole was electable. No, you want to vote for the right-wing lunatic who supports your views because that's Ronald Reagan. … I've had it. We've excused enough Republicans who are pro-choice."

Morris Predicts Clinton And Giuliani May Sew Up Nominations By Labor Day. In his column for The Hill (2/7) Dick Morris writes Sen. Hillary Clinton and former NYC mayor Rudy Giuliani "could wrap it up this year." According to Morris, "Hillary re-established the dominance she had back in the spring of 2006 by moving out to a 43 percent vote share among Democrats in the presidential primaries in the Fox News poll of January 30-31." Giuliani "is eclipsing John McCain for front-runner status. In the most recent Fox News poll among GOP voters, Rudy had a convincing 34-22 lead over McCain, with Gingrich in third place at 15 percent. McCain has been hovering in the low 20s all along. … This poll finding — combined with McCain's dismal financial report for the fourth quarter of 2006 ($1.7 million raised and less than $500,000 on hand) — put him in a convincing second place after a year of sharing front-runner status with Giuliani. Do McCain's fundraisers think he is running for Congress or president?" Morris concludes, "Right now, neither Rudy nor Hillary has a front-runner's lock, but they are clearly the man and woman to beat in their respective parties. If they hold their leads through Labor Day, my bet is that it will be all over."

Edwards Bloggers Said To Have Made Anti-Catholic Comments. The AP (2/7, Pickler) reports, "Two bloggers hired recently by Democratic presidential candidate John Edwards were criticized Tuesday by a Catholic group for posts they had written elsewhere on the Internet. Bill Donohue, president of the Catholic League for Religious and Civil Rights, demanded that Edwards fire Amanda Marcotte and Melissa McEwan. … Donohue cited posts that the women made on blogs in the past several months in which they criticized the pope and the church for its opposition to homosexuality, abortion and contraception, sometimes using profanity."

The New York Times (2/7, Broder, 1.16M) reports Edwards's spokeswoman, Jennifer Palmieri, "said Tuesday night that the campaign was weighing the fate of the two bloggers." Marcotte "has also written sarcastically about the news media coverage of the three Duke lacrosse players accused of sexual assault, saying: 'Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair.'"

Romney To Announce His Candidacy In Michigan Next Week. The AP (2/7, Sidoti) reports former Massachusetts Gov. Mitt Romney "will formally announce his candidacy for president next week in Michigan, his native state and an important early test for the GOP nomination, campaign aides said Tuesday." Romney "then will visit Iowa, New Hampshire and South Carolina -- the first states to hold 2008 contests. He will return to Boston two days later, where he will hold what his campaign is calling 'a unity event' with supporters, aides said."

Huckabee Seen As Evangelical Alternative To Top Three GOP Candidates. The Christian Science Monitor (2/7, Feldmann, 59K) reports former Arkansas Gov. Mike Huckabee "may be most famous for losing 100 pounds and crusading against obesity in America." Huckabee "knows he must rise in the pack by summer's end. 'If by ... September I'm still considered second or third tier, after the Iowa straw poll, then ... I've got a problem,' says the former Baptist minister, who formed a presidential exploratory committee last week. … An evangelical Christian, Huckabee hopes his religiosity will win GOP voters who may have qualms about Senator McCain, who is not overtly religious; former Mayor Giuliani, who is liberal on social issues; and Mr.

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Romney, whose Mormon faith makes some Republicans uneasy."

New Technology Among Factors Driving Up Primary Spending. The Washington Post (2/7, A1, Mosk, 690K), in a front-page story, reports, "Expense reports released last week provide a glimpse at how aspirants have started spending their money. By the end of last year, budding contenders in the Democratic field had already written more than $660,000 in checks from their federal accounts to fund activities in key states -- more than twice what their counterparts spent in 2002 in the run-up to the 2004 presidential contest." The Post goes on to report, "When then-Sen. John Edwards began preparing for his first presidential bid, he made an early investment of nearly $100,000 to build an Internet operation. As he began constructing his 2008 effort, he found the cost to put his stamp on the Web had more than quadrupled, with close to half a million dollars already spent on consultants and technical-support teams." Consultant Ken Strasma, "whose firm developed a microtargeting program that uses vast supplies of marketing data to identify and persuade a candidate's likely supporters, said the powerful targeting programs will be more widely used this cycle. In small states, such as Iowa, a candidate can spend $100,000 to $200,000 to identify every caucus voter within their reach and figure out how best to persuade them. In larger states, those costs will multiply."

Obama Considered Overly Abstract. The Washington Post 's Harold Meyerson (2/7) writes that Obama's "broad indictment of contemporary politics has great appeal, I suspect, to young voters in particular. But the cynicism about government that he rightly condemns didn't waft in from nowhere. … The hope Obama personifies can be a powerful force -- but not when he counterposes it to specifics or to political struggle."

US Electorate Seen As Willing To Elect A Black President. In an op-ed for the New York Times (2/7, 1.16M) Martin Plissner, author of "The Control Room: How Television Calls the Shots in Presidential Elections," writes, "On Nov. 5, 1996, Voter News Service — the organization hired by the TV networks to do exit polling — asked people at the polls, who had just given Bill Clinton 49 percent of the vote, Bob Dole 41 percent and Ross Perot 8 percent, how they would have voted if the Republican candidate had been Gen. Colin L. Powell. In an exit poll sample of 3,697 (three times the size of a standard high-grade public opinion survey), the result was this: Powell: 50 percent. Clinton: 38 percent. Perot: 9 percent. … There is a pretty good, if not quite conclusive, case that America has for some time been ready to elect a black president. The question for Barack Obama is whether this time around it will be ready for this one."

Steinem Praises Both Clinton And Obama. In an op-ed for the New York Times (2/7, 1.16M) Gloria Steinem writes, "Even before Barack Obama and Hillary Clinton threw their exploratory committees into the ring, every reporter seemed to be asking which candidate are Americans more ready for, a white woman or a black man? … I think this is a dumb and destructive question." Steinem concludes, "This time, we could learn from history. We could double our chances by working for one of these candidates, not against the other. For now, I've figured out how to answer reporters when they ask if I'm supporting Hillary Clinton or Barack Obama. I just say yes."

Dowd Praises Biden, Says He's Not "Pandering." The New York Times' Maureen Dowd (2/7) credits Sen. Joseph Biden for not "pandering, like Hillary's telling Iowans she likes ethanol, and John McCain's telling Christian conservatives he likes Christian conservatives."

Perry's Lottery Plan Would Fund Education, Insurance For Poor. The Washington Post/AP (2/7, A7) reports that Texas "Gov. Rick Perry (R) proposed Tuesday that Texas sell its state lottery for at least $14 billion, with the money dedicated to an endowment for residents without health insurance and a trust fund for cancer research." Perry described this plan as "a unique opportunity to address great challenges and build the foundation for a future of unparalleled prosperity" in his State of the State address. "Under Perry's plan, money from the sale would be used to establish three trusts: $8.3 billion to replace most of the public-education revenue lost with the sale of the lottery, $3 billion for cancer research, and $2.7 billion to expand health insurance coverage for the working poor."

Washington Press Club Honors Thomas. The Washington Post (2/7, C1, Vargas, 690K) reports, "On this Tuesday night, there was a party to be had and a journalistic legend -- the indefatigable Helen Thomas -- to be honored. And not even the threat of snow could stop the 63rd

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annual congressional dinner of the Washington Press Club Foundation."

WSJournal Notes Banks Do Not Benefit From Home Foreclosures. The Wall Street Journal (2/7, 2.04M) editorializes, "Mortgage delinquencies are rising, subprime lenders are going belly-up -- another company filed for bankruptcy Monday -- and the Senate Banking Committee is holding hearings today on 'predatory lending.' All of this can only mean one thing: Congress is looking for someone to blame now that the housing boom is over. The noted banking expert Jesse Jackson is scheduled to be a featured witness at today's hearing, along with a couple of unfortunate consumers who were sold mortgages they couldn't afford to repay. … No one likes to see anyone lose his home to foreclosure -- and that includes the banks. Banks make money by lending to people who can repay their loans with interest. Lending people money they can't pay back is a lousy business, as the many recent headlines about subprime lenders going bankrupt demonstrate. If rapacious banks really had a goal of lending people more than they could afford to pay back, they wouldn't be swimming in red ink."

WSJournal Celebrates Move Toward Vouchers In Utah And South Carolina. The Wall Street Journal (2/7, 2.04M) writes in an editorial that after a 38-37 vote in the Utah house, "the senate is likely to pass the reform supported by GOP Governor Jon Huntsman Jr." and "Utah may soon become the first state with a universal school choice plan." Now "South Carolina could be next" where the legislature will consider allowing "nearly 200,000 poor students to opt out of failing public schools by giving them up to $4,500 a year to spend on private school tuition." While, "the voucher movement has been declared dead many times,…its promise of better education is keeping hope alive."

Bush Budget Contains "Ambitious" Foreign Policy Goals. The Financial Times (2/7, Dinmore) reports, "Ambitious foreign policy goals set out in the Bush administration's federal budget for 2008 include the end of the Israeli-Palestinian conflict, dismantling North Korea's nuclear weapons programme and the start of comprehensive multilateral negotiations with Iran." Other targets listed in the foreign assistance component of the budget "seem more like Soviet-era quotas, for example a projected 10 percent increase over the 2006 figure of 769 interviews given by US officials to Arab and other media outlets in the Middle East." An official involved in drawing up the budget said the targets represented "what we intend to achieve with the resources we ask for." He added: "They are in many cases intangible goals."

Lebanese PM Blames US For Nation's Instability. The Los Angeles Times (2/7, Stack, Daragahi, 850K) reports Lebanese Prime Minister Fouad Siniora Tuesday "blamed American support of Israel for an increasingly violent political crisis that has shredded this country's stability." His voice "rising in frustration" during an interview with the Times, Siniora "said the troubles in his nation would subside if US officials were to press Israel to withdraw its soldiers from Shabaa Farms." The lingering occupation "has long been cited by Hezbollah as a justification for its armed guerrilla fighters on Israel's border," but Siniora said "the US has ignored his pleas." Responding to the prime minister's comments, NSC spokesman Gordon Johndroe said, "We understand the enormous pressure Prime Minister Siniora is under from Hezbollah and Syria and others that want to undermine democracy in Lebanon. We will stand by him to make sure democracy in Lebanon is successful, and we will continue to work for greater peace within the Middle East."

Rice Sets Meeting With Abbas, Olmert. AFP (2/7) reports Secretary of State Condoleezza Rice "plans a series of three-way meetings with Israeli and Palestinian leaders in a major shift of US efforts to broker a peace deal and establish a Palestinian state," State Department spokesman Sean McCormack said Tuesday. Rice will hold the first meeting with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmud Abbas on February 19. "Our expectations are that this is an initial opportunity for these two leaders to start a discussion about those issues that would concern the framework of a possible Palestinian state," McCormack said, noting that the Secretary "intended to pursue the three-way format in a significant departure from Bush's past practice of remaining aloof from the intricacies of Israeli-Palestinian deal-making."

Palestinian Aid Policies Seen As "Backfiring." The Financial Times (2/7, Morris) reports, "Concern is mounting in the international aid community that policies aimed at isolating the Palestinian Authority's ruling Hamas movement have backfired by further impoverishing the people of Gaza

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and the West Bank without seriously undermining the Islamists." Oxfam "joins the debate on Wednesday with an appeal for Europe to scrap an emergency aid programme that bypasses Hamas and revert to direct funding of the PA government that it controls." The move follows a report last week by the UK parliament's international development committee that "claimed the policies of Israel and international donors towards Hamas were playing into the hands of its Iranian ally."

Palestinian Factions Begin Unity Talks In Mecca. The New York Times (2/7, A3, Fattah, 1.16M) reports leaders of Hamas and Fatah Tuesday "began a two-day Saudi-brokered effort to agree on a unity government that could end a wave of violence in the Gaza Strip and the West Bank and resume relations with donor countries." Palestinian President Mahmoud Abbas and two Hamas leaders -- Ismail Haniya, the Palestinian prime minister, and Khaled Meshal, the Damascus-based militant leader -- "met separately with King Abdullah," however, all three leaders are expected to "meet with other Saudi officials and mediators before deliberations begin in earnest" on Wednesday.

The AP (2/7, Abu-Nasr) says the "Saudi-led push is key to any future peace talks with Israel -- and to Arab efforts to blunt Iran's growing power." The talks, it notes, are "open-ended, a reflection of Saudi Arabia's determination to keep them going until the Palestinians reach a deal for power-sharing in a new coalition government." Meanwhile, the meetings are seen as "a test of US ally Saudi Arabia," which "has taken an assertive new role in trying to resolve the Palestinian conflict, as well as two other Mideast conflicts that threaten to erupt into full-fledged civil wars: Iraq and Lebanon."

Similarly, the Financial Times (2/7, Saleh) says that by hosting the talks Saudi Arabia "has invested its prestige" as Riyadh "tries to counter Iranian influence in the region."

WPost Welcomes Saudi Arabia's Engagement. In an editorial, the Washington Post (2/7, A16, 690K) writes, "One consequence of the Bush administration's recent decision to divide the Middle East between 'extremists' and 'moderates' was to marginalize US diplomacy in the region. The administration refuses to talk to the 'extremists' -- Iran, Syria, Hezbollah and Hamas -- but those governments and groups are at the center of every major conflict from Iraq to the Gaza Strip. Now one of the administration's 'moderate' allies, Saudi Arabia, has stepped into the vacuum. The result has been a revealing demonstration of how talks with adversaries can sometimes be useful -- and a hint of what may be lost by Mr. Bush's inflexible policy." The Post says, "It's good that Saudi Arabia is testing a contrary theory in practice; even better would be some American diplomatic risk-taking."

US Will Create Single Africa Command. The New York Times (2/7, Stout, 1.16M) reports, "The Pentagon will establish a new military command to oversee its operations in Africa, President Bush and Defense Secretary Robert M. Gates announced Tuesday. ... Three commands now divide responsibility for operations in Africa: the European Command, which oversees most countries on the continent, except those in the Horn of Africa; the Central Command, which has responsibility for Egypt, Sudan, Eritrea, Ethiopia, Djibouti, Somalia and Kenya; and the Pacific Command, which has responsibility for Madagascar, the Seychelles and the Indian Ocean."

Washington Prepared To Renew Relations With Pyongyang. The Financial Times (2/7, Sevastopulo) reports Washington "would be prepared to start normalising relations with Pyongyang before it completed nuclear disarmament if it helped persuade North Korea to move forward on a previous agreement to denuclearise the Korean peninsula." A senior Bush administration official "said Washington would consider starting the process to remove Pyongyang from the list of state sponsors of terrorism, and to ease restrictions on American companies dealing with the state, if North Korea moved forward on its commitment to dismantle its nuclear programs." The US official said South Korea would "take the lead in providing energy assistance and food aid," and in return, Pyongyang "would agree to freeze its plutonium reactor as the first stage of a process that, from the US perspective, would have to lead to complete disarmament."

The AP (2/7, Freire) reports Assistant Secretary of State Christopher Hill said Wednesday the US expects "hard bargaining" at upcoming six-party talks. Speaking to reporters in Tokyo, Hill said, "The big question is whether the North Koreans are really ready to make some progress." He did, however, note that there were "some good signs in Berlin."

Author Urges China's Support For Deal. Gordon Chang, author of "Nuclear Showdown: North Korea Takes On

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the World," writes in the Wall Street Journal (2/7, A14, 2.04M) that "if there is a deal" at this week's six-party talks, "it will not be because Chinese diplomats worked behind the scenes. It will be because the Bush administration has made concessions it previously refused to consider -- in particular, releasing frozen North Korean funds, providing aid, and accepting only an interim freeze of the North's production of plutonium." If the US "makes the first moves," Chang says China "will persuade North Korea in the future to completely give up its nuclear arsenal." Beijing "has been able to protect Pyongyang because Seoul is doing the same," but Chang says "stripping Seoul from Beijing should be Washington's most immediate tactical goal."

Bush Approves Plan To Pressure Sudan On Darfur. The Washington Post (2/7, A12, Kessler, 690K) reports President Bush has approved "a plan for the Treasury Department to aggressively block US commercial bank transactions connected to the government of Sudan, including those involving oil revenues, if Khartoum continues to balk at efforts to bring peace to Sudan's troubled Darfur region," government officials said Tuesday. The Treasury plan is part "of a secret three-tiered package of coercive steps -- labeled 'Plan B' -- that the administration has repeatedly threatened to unleash if Sudan continues to sponsor a campaign of terror" in Darfur. However, the Administration has "held back on any announcement of Plan B, even after setting a Jan. 1 deadline, in hopes of still winning Khartoum's cooperation." According to the Post, the delays have "increased skepticism that the administration is willing to risk potential diplomatic and commercial fallout from targeting Khartoum."

Bomber Killed In Thwarted Attack At Pakistani Airport. The New York Times (2/7, Masood, 1.16M) reports, "A suicide bomber armed with pistols and grenades killed himself and at least one other person after a shootout with security guards at Islamabad's international airport on Tuesday night, in what the police described as a thwarted but brazen terrorist attack." The Times notes that it was the second suicide bombing in Islamabad in less than a week and "appeared intended to inflict major casualties at the airport." Five people were wounded in the attack.

Russian Tycoon May Cooperate With Police In Poison Probe. The New York Times (2/7, Cowell, 1.16M) reports Boris A. Berezovsky, "an exiled Russian tycoon and bitter opponent of the Kremlin," said Monday that he was "prepared to be interviewed by the Russian police" investigating the poisoning in London last November of Alexander V. Litvinenko. However, in what he called his first newspaper interview since the British police "handed a dossier on the case to the Crown Prosecution Service last week," Berezovsky "said that he would talk to Russian investigators only if they met conditions, including being searched for weapons and poisons." Berezovsky spoke in "a wide-ranging, 50-minute interview" in his London offices, "offering some new insights" into the case. Berezovsky "said he believed that Mr. Litvinenko had been the target of two attempts on his life, the first in mid-October. That attempt failed, he said, because too little poison was used." Berezovsky "also disclosed that the prime suspect identified in British news reports had visited him the day before Mr. Litvinenko was poisoned."

WSJournal Says Putin Wants Case To Remain Unsolved. The Wall Street Journal (2/7, 2.04M) editorializes, "The wheels of justice in Vladimir Putin's Russia move strangely, but this week all too transparently. Prosecutors brought fresh charges against Mikhail Khodorkovsky that likely ensure that the former Yukos oil magnate and Putin political opponent won't leave his Siberian prison camp before next year's presidential election." Nothing from his first trial, the Journal says, "suggests the outcome will be any better for Mr. Khodorkovsky once a Russian court in distant Chita, near the Mongolian border, takes up the new money laundering and embezzlement case," which "could add 15 years to his prison term." The Journal concludes, "You don't have to be a conspiracy theorist to surmise that the Kremlin wants Mr. Khodorkovsky to stay in Siberia and the [Anna] Politkovskaya and Litvinenko cases to remain unsolved. And so they are."

Investigators Won't Charge Former Blair Advisor. The Financial Times (2/7, Burns, Blitz, Timmins) reports, "Downing Street on Tuesday won a temporary reprieve in the cash-for-honours affair" when the Crown Prosecution Service announced that there was "insufficient evidence" to press charges against headteacher Des Smith. Smith "was arrested last April after allegedly suggesting to a Sunday newspaper that sponsors of the government's flagship city academies would receive honours." The Times adds that Prime Minister Tony Blair's immediate position in

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relation to the investigation "was…shored up by two other developments" on Tuesday. First, Cabinet Secretary Sir Gus O'Donnell "denied media reports that there was a secret e-mail system inside Number 10 that the police had not been told about." Second, a new opinion poll "showed that the public is less interested than the media and political worlds in the cash-for-honours affair."

The Washington Post (2/7, A14, Sullivan, 690K) reports, "Smith, a former government adviser who helped recruit wealthy sponsors for a key Blair education initiative, told reporters he was relieved that the inquiry regarding him was over and called it 'nonsense from the beginning.'" The Post adds that Smith "was the first of four people arrested" and investigation "centering on whether potential political donors have been enticed with promises of appointments to the House of Lords, the upper house of Parliament."

Mugabe Losing Support As Zimbabwe Economy Plunges. On its front page, the New York Times (2/7, A1, Wines, 1.16M) reports, "For close to seven years, Zimbabwe's economy and quality of life have been in slow, uninterrupted decline. They are still declining this year, people there say, with one notable difference: the pace is no longer so slow. Indeed, Zimbabwe's economic descent has picked up so much speed that President Robert G. Mugabe, the nation's leader for 27 years, is starting to lose support from parts of his own party." Meanwhile, Mugabe, "who blames a Western plot against him for Zimbabwe's problems, has rejected all calls for economic reform."

Global Pathogen Surveillance System Proposed To Fight Bird Flu. In an op-ed for the Wall Street Journal (2/7, A15, 2.04M) Peter Zimmerman, former chief scientist of the U.S. Senate Foreign Relations Committee staff, writes, "The 'deadly' H5N1 avian flu is back on the front pages of newspapers and TV news shows. … It is probably worth stockpiling many millions of doses before H5N1 escapes into the human population. Because none of us has any useful immunity, the virus could migrate around the world with the speed of commercial air travel, not the steamships that powered the Spanish Flu. If H5N1 escapes, and if it becomes as virulent as the Spanish Flu (which killed 1% of those who developed the disease), the pessimistic predictions of millions of people dead within months could come true. Only if vaccine bottles were already on the shelf, ready for instant use, could the virus be contained. … A global pathogen surveillance system -- as Sen. Joseph Biden suggested almost five years ago -- is necessary because the global first line of defense against influenza is not the U.S. Centers for Disease Control and Prevention, but the public health agencies of China, Vietnam and other nations in that region."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Bookshops' Latest Sad Plot Twist."
"Israel Sounds Alarm On Iran's Nuclear Efforts."
"The Sudden Descent Of A Shuttle Astronaut."
"In San Francisco, Mayor's Troubles Not Just Personal."
"Apple Seeks To Unchain Melodies."
"Pentagon Considering Alternatives For Iraq."

USA Today:

"Attempted Murder Charge, Handcuffs Ground Astronaut."
"Jobs Wants Fewer Download Limits."
"Wider Death Penalty Sought."

New York Times:

"Military Wants More Civilians To Help In Iraq."
"Many Voices, No Debate, As Senate Is Stifled on War."
"Rural Colleges Seek New Edge And Urbanize."
"From Spaceflight to Attempted Murder Charge."
"Army Is Going Wrinkle-Free; Velcro Becomes Norm."
"As Inflation Soars, Zimbabwe Economy Plunges."

Washington Post:

"With Discipline Honed By Training, Police Say, Astronaut Set Out to Kill."
"General Is Front Man For Bush's Iraq Plan."
"Loudoun Land Deals Subject of U.S. Probe."
"Problems Stall Pentagon's New Fighting Vehicle."
"Teddy Bear, Version 2.0."
"In Campaign 2008, Candidates Starting Earlier, Spending More."

Washington Times:

"Pelosi's Push For Jet Remains Up In Air."
"U.S. Mulls Iraq Refugees."
"Barry Aims For Gun-ban Hiatus."
"Waxman Hits 'Waste Abuse' Of Iraq Funds."
"Love Triangle Lands Astronaut In Florida Jail."

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"Alumni Urge Reversal On Cross."

Detroit Free Press:

"Granholm: We Need Tax Boost To Compete."
"Mullay Calls On Taurus' Power."
"Speech Big On Hope Skimpy On Details."
"Money To be Invested In Business, Students."
"Astronaut's Arrest Reveals Down-To-Earth Frailty."

Atlanta Journal-Constitution:

"PSC Lets GA. Power Hike Bills Next Month."
"No Rescue For State's Insurance For Kids."
"People Outsmart Plants."
"Passion leads Astronaut To hard Landing."
"CDs Bust Throws media Glare On Town Chief."

Houston Chronicle:

"Gunmen Kill 7, Fuel Acapulco Drug War."
"This is Return Home Will Be A Different Story For Astronaut."
"Is Facility For Detainees Best Place For Children?"
"A 'Perplexed' NASA Navigates New Terrain."
"Doctors Say Perry's Inoculation Mandate Is Premature."

Story Lineup From Last Night's Network News:

ABC: Wal-Mart Class Action Suit; Congressional Hearings; Senate hearings-Gates; Friendly Fire; Iran Diplomat Kidnapped-Iraq; Astronaut-Attempted Murder Charges; Breast Cancer Test; Winter Weather; The Priest & A Nun; Fun In The Snow.

CBS: Astronaut Arrested; Astronaut Screening; Winter Weather; Congress-Iraq Surge; Iraq-Iranian Diplomat; Iraq-Troop Level; Iraq Corruption; Hospital Infections; FDA-Breast Cancer Test; Wal-Mart-Sex Discrimination Case; Easy Bake Recall; Internet TV.

NBC: Winter Weather-Chicago; Astronaut-Alleged Murder Charges; Breast Cancer Testing; New Orleans Post-Katrina; New Orleans Fire Dept; Wal-Mart Class Action Suit; Stock Market; New NBC CEO; Children Post-Katrina.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: US-Cold Weather; Upstate NY-Heavy Snow; FL-NASA Astronaut Arrested; House-Iraq Resolution; Sen. Kerry-Iraq Bill; Las Vegas-Accident On Vegas Strip.

NPR: US-Cold Weather; Iraq-Sri Lankan Migrant Workers Rescued; Bush-VA; Tokyo Stock Exchange; Spain Criticizes British Paper For Interviewing Jailed Eta Member; FL-NASA Astronaut Arrested.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Visits Shenandoah National Park; makes Statement on the National Parks Centennial Challenge, Shenandoah National Park.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the FY08 Energy Department budget. Secretary Bodman. Location: Room 366, Dirksen.

9:45 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on reauthorization of farm programs. Location: Room 106, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation and a hearing on predatory lending and home foreclosures. Rev. Jesse Jackson; Harry Dinham, National Association of Mortgage Brokers; Hilary Shelton, NAACP; Martin Eakes, Self-Help Credit Union and the Center for Responsible Lending; Jean Constantine-Davis, AARP. Location: Room 216, Hart.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 budget proposal. OMB Director Rob Portman. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on climate change research and science. Location: Room 253, Russell.

10 a.m. ENVIRONMENT AND PUBLIC WORKS _ Private Sector and Consumer solutions to Global Warming and Wildlife Protection Subcommittee. Hearing on global warming and wildlife. Location: Room 406, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on the proposed FY08 budget for Health and Human Services Department. Secretary Leavitt. Location: Room 215, Dirksen.

10 a.m. RULES AND ADMINISTRATION _ Full Committee. Hearing on improving electronic election systems. California Deputy Secretary of State Lowell Finley; Brit Williams, Kennesaw State University; Dan Wallach, Rice University; Conny McCormack, Registrar-Recorder/County Clerk, Los Angeles County; Warren Stewart, Vote Trust USA; Connie Schmidt, Election Consulting Services; Michael Waldman, NYU School of Law. Location: Room 301, Russell.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Iraq. Location: Room 219, Hart.

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US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (7 bills): 1) H.R. 742 - To amend the Antitrust Modernization Commission Act of 2002, to extend the term of the Antitrust Modernization Commission and to make a technical correction; 2) H.R. 365 - Methamphetamine Remediation Research Act of 2007; 3) H.Res. 72 - Recognizing the work and accomplishments of Mr. Britt ``Max" Mayfield, Director of the National Hurricane Center`s Tropical Prediction Center upon his retirement; 4) H.Res. 99 - Commending the University of Nebraska-Lincoln volleyball team for winning the NCAA Division I Women`s Volleyball Championship; 5) H.Res. 120 - Recognizing the African American spiritual as a national treasure; 6) H.R. 187 - To designate the Federal building and United States courthouse and customhouse located at 515 West First Street in Duluth, Minnesota, as the ``Gerald W. Heaney Federal Building and United States Courthouse and Customhouse;" 7) H.R. 238 - To repeal a prohibition on the use of certain funds for tunneling in certain areas with respect to the Los Angeles to San Fernando Valley Metro Rail project, California.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 defense budget. Secretary of Defense Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 2118, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearings on using risk to determine homeland security investments. William Jenkins, GAO; Henry Willis, Rand Corp. Location: Room 2358, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the Treasury Department's FY08 budget. Secretary Paulson. Location: Room 210, Cannon.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on the Committee on Foreign Investments in the United States. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on the international relations budget for FY08. Secretary of State Rice. Location: Room 2172, Rayburn.

10 a.m. OVERSIGHT AND GOVENMENT REFORM _ Full Committee. Hearing on wasate, fraud and abuse in the Iraq rebuilding process. Comptroller General David M. Walker, GAO; Stuart W. Bowen Jr., special inspector general for Iraq Reconstruction; William Reed, Defense Contract Audit Agency; Kristal Batalona, daughter of Wesley Batalona, Blackwater employee; Kathryn Helvenston-Wettengel, mother of Stephen Helvenston, Blackwater employee; Rhonda Teague, wife of Michael Teague, Blackwater employee; Donna Zovko, mother of Jerry Zovko, Blackwater employee; Erik Prince, chairman, Blackwater USA; Richard Cousins, chief executive, ESS/Compass Group; Jameel A.E. Al Sane, chairman, Regency Hotel and Hospital Co.; William P. Utt, president and CEO, KBR Inc.; Alan L. Boeckman, chairman and CEO, Fluor Corp.; Tina Ballard, deputy assistant secretary of Army for policy and procurement Location: Room 2154, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of pending legislation. Location: Room 2167, Rayburn.

10:15 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10:30 a.m. EDUCATION AND LABOR _ Full Committee. Hearing on economic solutions to h,elp the middle class. AFL-CIO Secretary-Treasurer Richard Trumka; Judy Feder, Georgetown University; Bill Archey, Advancing the Business of Technology. Location: Room 2175, Rayburn.

11 a.m. NATURAL RESOURCES _ Full Committee. Organizational meeting. Location: Room 1324, Longworth.

1 p.m. HOMELAND SECURITY _ Full Committee. Hearing on issues and challenges facing the Homeland Security Department. Comptroller General David Walker; DHS Inspector General Richard Skinner. Location: Room 311, Cannon.

2 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

2 p.m. WAYS AND MEANS _ Full Committee. Hearing on the FY08 budget. OMB Director Rob Portman. Location: Room 1100, Longworth.

Other: INDEPENDENT COLLEGES _ The National Association of Independent Colleges and Universities holds its 2007 meeting, ``Charting Our Course." Highlights: 9:15 a.m. Rep. David Loebsack, D-Iowa. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

RESERVE OFFICERS _ The Reserve officers Association holds its Mid-Winter Conference and Military Exposition. Highlights: 11:30 a.m. Coast Guard Commandant Adm. Thad Allen speaks at the Coaast Guard Affairs Committee meeting. 7 p.m. Banquet honoring Rep. Gene Taylor, R-Miss. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW

FEDERAL BUDGET-RELATED EVENTS _ Highlights: 9 a.m. Under Secretary for Science Raymond Orbach holds a

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teleconference to react to the FY'08 budget request. Dial-in 888 529-1867. Conference ID 8480814.

HOMELAND SECURITY _ American Military University holds a two-day conference, ``Homeland Security: The Ripple Effect." Highlights: 9:30 a.m. Session on lessons learned from Hurricane Katrina, with Lt. Gen. Russel Honore, former Commander of the Joint Task Force-Katrina. 12 p.m. Luncheon speaker - former Sen. Gary Hart. 3:30 p.m. James Gilmore, Chairman, National Council on Readiness and Preparedness. Location: National Press Club.

CUBA AFTER CASTRO _ 8:30 a.m. NDN, a progressive think tank and advocacy organization, hosts a panel discussion, ``After Fidel: A New Day for America's Relations with Cuba and Latin America?" Participants: Congressman William Delahunt, Chairman of the Subcommittee on International Organizations, Human Rights and Oversight; Janice OConnell, Professional Staff Member, Senate Foreign Relations Committee; Julia Sweig, Director for Latin America Studies, Council on Foreign Relations; Miriam Leiva, Cuban Dissident via phone from Cuba; Sergio Bendixen, President, Bendixen & Associates; and Joe Garcia, Senior Vice President, NDN (moderator). Location: Phoenix Park Hotel, 520 North Capitol St. NW.

USTR SEMINAR _ 9 a.m. The Carnegie Endowment holds its 7th annual Former USTR Seminar, with Carla Hills, Mickey Kantor, Clayton Yeutter, Charlene Barshefsky, Bill Eberle and Bill Brock. Location: 1779 Massachusetts Ave. NW.

BALANCED BUDGET _ 9:30 a.m. - 11 a.m. The Brookings Institution hosts a discussion with a panel of experts who will discuss their bipartisan plan of spending cuts and tax increases to balance the budget in the next five years, and set the nation on a sustainable fiscal course for the long run. Participants include G. William Hoagland, former director of budget and appropriations for former Senate Majority Leader Bill Frist, R-Tenn.; Charles Stenholm, former Member of Congress from Texas; and Isabel Sawhill, a Brookings senior fellow. David Wessel, deputy bureau chief of the Wall Street Journal, will moderate the panel discussion. Location: Brrooking Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

INTELLECTUAL PROPERTY _ 11 a.m. Sen. George V. Voinovich, R-Ohio; joins Joe Wiegand, Global Brand Protection Manager, Ford Motor Company; Jody Fledderman, President and CEO, Batesville Tool & Die; and Jeffrey O. Evans, CEO and President, The Will-Burt Company, for a press conference to to introduce the Intellectual Property Rights Enforcement Act, legislation that sponsors say will significantly enhance intellectual property (IP) coordination and protection, both domestically and internationally. Location: Room G-11, Dirksen Senate Office Building.

WAL-MART HEALTHCARE _ 11 a.m. Wal-Mart; the Service Employees International Union; the Center for American Progress; the Howard H. Baker, Jr. Center for Public Policy, Kelly Services; the Communications Workers of America; AT&T: Intel and the Committee for Economic Development hold a news conference to announce a major new campaign with a focus on health care. Participants include: Lee Scott, President and CEO of Wal-Mart Stores, Inc.; Andrew Stern, President of the Service Employees International Union (SEIU); John Podesta, President of the Center for American Progress and former Chief of Staff to President Bill Clinton; Howard Baker, founder of the Howard H. Baker, Jr. Center for Public Policy at the University of Tennessee and former Senate Majority Leader and Chief of Staff to President Ronald Reagan. Location: Hyatt Regency Capitol Hill, Capitol Room B (Lobby Level), 400 New Jersey Ave. NW.

CHAO _ 11:10 a.m. Labor Secretary Elaine Chao speaks to the Women of the World Symposium. Location: U.S. Chamber of Commerce, 1615 H St. NW.

METH LABS _ 11:45 a.m. Congressman Bart Gordon will be joined by new members of Congress at a press conference to discuss legislation under consideration in the House of Representatives that would support efforts to clean up meth labs in communities across the country. H.R. 365, the Methamphetamine Remediation Research Act of 2007 will be voted on in the House of Representatives on Wednesday. Location: Room HC-7, Capitol.

NONPROLIFERATION _ 12 p.m. Reps. Edward Markey and Christopher Shays, co-Chairs of the Bipartisan Task Force on Nonproliferation, host Dr. Pierre Goldschmidt, former IAEA Deputy Director General and Head of the Department of Safeguards, to discuss ways in which current nonproliferation norms are faltering and can be improved. Location: Room 1334, Longworth.

ZINNI _ 12 p.m. Retired Gen. Anthony Zinni participates in a discussion on the frontline vision of America's power and purpose, sponsored by Georgetown University. Location: Bunn Center auditorium, Georgetown University.

AARP-BUDGET _ 12:30 p.m. AARP health care policy expert Kirsten Sloan, National Coordinator - Health and Long-

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Term Care Issues, holds an audio news conference on the Administration's FY'08 budget proposal that calls for cuts in Medicare and Medicaid. Notes: Audio News Conference call-in is 866-835-8845. Please call 202-434-2560 to confirm participation.

EGYPT _ 12:30 p.m. - 2 p.m. The Saban Center for Middle East Policy at the Brookings Institution will host Ahmed Aboul Gheit, minister of foreign affairs for the Arab Republic of Egypt, to discuss these crucial issues in the Mideast, as well as the way forward in US-Egyptian relations. The session will be moderated by Martin Indyk, director of the Saban Center for Middle East Policy. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

BUDGET-ENVIRONMENT _ 1 p.m. Environmental and conservation experts hold a telephone briefing on the proposed budget for climate change, public lands and oceans, with Sarah Neiymeyer of the Wilderness Society, Beth Lowell of Oceans, Erich Pica of Friends of the Earth and Peter Raabe of American Rivers. Notes: Accredited media only. Callin number: 800-901-1248; passcode: budget.

COMMUNICATIONS GAP _ 1 p.m. The Joint Commission holds a telephone news conference to propose expert-based solutions to narrow the communications gap between caregivers and patients, and improve patient safety. Notes: Callin number: 800-351-4895; passcode: 13975; conference ID: 34388273.

PENTAGON-AFRICA _ 1 p.m. Principal Deputy Under Secretary of Defense for Policy Ryan Henry and Lt. Gen. Walter Sharp, Director, the Joint Staff, hold a press briefing to discuss the establishment of US Africa Command. Location: DOD Briefing Room, Pentagon 2E579.

BUDGET-HEAD START _ 1:30 p.m. Head Start President Sarah Green, others, hold a telephone news conference on cuts in the Head Start program. Notes: Callin number: 800-860-2442; ask for Head Start cuts event.

DEMOCRATS-VETERANS _ 1:50 p.m. House Speaker Nancy Pelosi and senior House Democrats hold a photo opportunity with war veterans from VoteVets.org following their meeting. Founded and supported by veterans, VoteVets.org is leading the charge against the President's escalation of the war in Iraq. Location: Room H-230, Capitol.

ONLINE SEXUAL EXPLOITATION _ 2 p.m. Senators John McCain and Chuck Schumer join Representatives Steve Chabot and Nick Lampson for a press conference about the Securing Adolescents From Exploitation-Online Act of 2007. They will be joined by John Walsh, host of ``America's Most Wanted'' and co-founder of NCMEC; Ernie Allen, President of the National Center for Missing & Exploited Children (NCMEC); Sheriff Mike Brown (Bedford County, Virginia); and Miss America 2007. They will discuss their commitment to protecting children from online sexual exploitation. Location: Room S-115, Capitol.

ARMY MODERNIZATION _ 2:30 p.m. The Army holds a two-part media roundtable on Army modernization and on Future Combat Systems modernization, with Maj. Gen. Jeffrey A. Sorenson, Deputy for Acquisition and Systems Management to the Assistant Secretary of the Army and Col. Charles Bush, Army G-8 will discuss Army Modernization beginning at 2:30 p.m. At 3:30 p.m., Maj. Gen. Charles Cartwright, Program Manager, Future Combat Systems Brigade Combat Team and Dennis Muilenburg, Vice President/ General Manager, Boeing Combat Systems and Program Manager Future Combat System will discuss budget-induced changes to the FCS Modernization Program. Location: Army Public Affairs Conference Room, Pentagon Room 1E462.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, FEBRUARY 7, 2007 7:45 AM EST

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TERRORISM NEWS:

US Refuses To Join Accord On Secret Detentions. The Washington Post (2/7, A14, Moore, 690K) reports the US Tuesday "declined to endorse" a "long-negotiated treaty" signed by 57 countries "prohibiting governments from holding people in secret detention," saying "its text did not meet US expectations." Louise Arbour, the U.N. high commissioner for human rights, said the treaty was "a message to all modern-day authorities committed to the fight against terrorism" that some practices are "not acceptable." In Washington, State Department spokesman Sean McCormack declined to comment, except to say that the final wording "did not meet our expectations."

DOJ Seeks To Halt Contempt Hearing In Maine NSA Case. The AP (2/7) reports from Augusta, ME, "The Justice Department asked a judge Tuesday to bar the Maine Public Utilities Commission from proceeding with a contempt hearing for Verizon that stems from telephone customer complaints related to allegations about domestic surveillance by the National Security Agency." The AP continues, "A multi-customer complaint filed with the Maine PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant. … The PUC has challenged the adequacy of Verizon responses to date and set a hearing for Friday." The AP adds, "In a federal court filing Tuesday, the Justice Department said PUC officials had been put on notice months ago that the federal government believes the information being sought about an alleged involvement of Verizon with the NSA 'cannot be disclosed.' … The Justice Department requested a judicial order to keep the Maine PUC from moving forward until a court decides 'what is clearly a federal question without the immediate threat of disclosure of the very information that is at issue in this case -- information that, if disclosed, might reveal or tend to reveal highly significant federal classified intelligence activities.' … In addition to seeking to block PUC action, the Justice Department said the order it was requesting would bar Verizon from responding to PUC demands 'because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities.' … Justice Department lawyer Alexander Haas said he had no comment. Department spokesman Charles Miller confirmed that the request for a court order was aimed at Friday´s scheduled PUC hearing."

Proposed Funding Boost For Defending Against Detainee Challenges Questioned. ABC News (2/7, Rood) reports, "A line item buried in the president's budget reveals the Bush administration is gearing up for emboldened legal challenges from Gitmo detainees." ABC continues, "A brief paragraph in President Bush's 2008 budget request shows he plans to hire nearly two dozen new Justice Department lawyers to fight suits brought by Guantanamo detainees challenging their imprisonment. … The boost is planned despite a new law that should prevent detainees' claims from ever reaching a U.S. court, suggesting the White House may believe that law will be quickly reversed." ABC adds, "The increase in lawyers 'signals real concern on the administration's part,' said Vincent Warren, president of the New York-based Center for Constitutional Rights, that the new law is unconstitutional and will be struck down. His organization represents over 200 Guantanamo detainees and has helped lawyers representing hundreds of others." ABC notes, "The controversial bill passed through Congress late last year at the urging of President Bush. The Military Commissions Act (MCA), as it's known, stripped Guantanamo detainees of their right to challenge their captivity. President Bush signed the measure into law, despite critics calling the measure unconstitutional. … Currently, just seven Justice Department attorneys defend the government against Gitmo detainees' suits. By removing the threat of such lawsuits, the MCA should theoretically reduce or even eliminate the need for those attorneys -- but instead the White House wants to add 23 lawyers starting this October and arm the group with a $5.5 million budget. This year, the office's budget was $2.3 million. … Military legal expert Eugene Fidell agreed with Warren's analysis. The request 'presupposes that Congress will overturn the MCA...or tweak it,' or the act could be affected by a Supreme Court ruling, said Fidell, president of the National Institute of Military Justice. 'Or both,' he added. … But Justice Department spokesman Eric Ablin disagreed. 'I don't think you can read into [the request] in any way whatsoever," he said. "I think it's reflective of the expense of those Guantanamo cases.'"

Lawyer Says Detained Saudis Are Democracy Activists, Not Terrorists. The Washington Post (2/7, A13, Ambah, 690K) reports police in Saudi Arabia "have arrested 10 men and accused them of collecting donations to fund terrorist acts outside the kingdom, the Interior Ministry said. But a lawyer and a prominent dissident said that at least seven of the men were Saudi democracy activists whose arrest was a government attempt to abort their civic rights work." Matrouk al-Faleh, "who was jailed in 2004 for calling for more democracy in the kingdom," said the seven men, most of them lawyers and professors, had been "waiting for government approval to set up a civic rights group." They also had planned "to present authorities this week with a list of more than 40 prisoners without legal representation whom they intended to defend." According to Faleh, "The terrorist allegation is a coverup."

HOMELAND RESPONSE:

Walker, Skinner Say Lawyers Hamper Investigations At DHS. The AP (2/6, Limpkin) reported GAO head David Walker and DHS Inspector General Richard Skinner told a House subcommittee Tuesday that lawyers, particularly in the general counsel's office, "have hampered investigations into waste and fraud" at DHS. Agency spokesman Russ Knocke "denied the allegations, terming them inaccurate and unfair." Walker told the panel that "the department's general counsel wants to 'sit in on every interview,' which he deemed inappropriate." Skinner said he agreed "wholeheartedly," adding that the process is "'not a denial of information, but it's very cumbersome to obtain information.'" The two said "that 'the tone is set from the top' and that Homeland Security Secretary Michael Chertoff himself needs to address the situation." The Washington Post/AP (2/7, A10) runs a brief article focusing on the charges of hampered investigations.

McConnell To Change Rules That Limit Hiring Of First-Generation Arab Americans. The Washington Post (2/7, A15, Pincus, 690K) reports the incoming national intelligence director, retired Navy Vice Adm. John M. McConnell said Friday that he "plans to change security rules to make it easier for intelligence agencies to hire first-generation Arab Americans for highly sensitive jobs." Speaking during his confirmation hearing before the Senate Select Committee on Intelligence, McConnell said the rules "limit intelligence agencies' ability to employ first-generation Americans 'who might have native language capabilities from serving in some of these very sensitive positions in the intelligence community' and hinder efforts to deal with radical Islam." McConnell said he wants to change the rules "because they constitute 'one of the areas that needs probably the greatest deal of attention and improvement . . . using people who speak the native language, understand the culture and the tribal conditions.'"

New Orleans Sees No "Big Comeback" From Katrina. NBC Nightly News (2/6, lead story, Williams, 9.87M) reported from New Orleans' Lakeview neighborhood, where, "like so much of this city, the recovery…is spotty. There is good news next to bad. Some houses rebuilt. Others demolished."

NBC devoted no less than 11 minutes to New Orleans' progress, "or lack of it in some cases," reporting (2/6, story 4, 4:30, Williams) that "a new analysis done by the Associated Press finds more evidence of what we've reported on this broadcast: That FEMA dolled out hundreds of millions of dollars in aid to households that either didn't exist or people who took the money and ran with it. FEMA says it was under pressure back then and unable to verify all the addresses of the people who originally asked for help. And there are still lots of people here, make no mistake, who are legitimately hurting and asking for help." NBC (Savidge) added, "Here it is, a year and a half later, and the big comeback that many people had hoped to see post-Katrina just simply has not happened." Savidge continued that the city is at half its pre-Katrina population, and a recent University of New Orleans study found that "more than 30% of those who have come back are considering calling it quits. One of the reasons predates Katrina -- crime." Meanwhile, the Army Corps of Engineers claim that the city's levees "are as good now as they were before Katrina hardly eases the minds of those considering rebuilding." NBC (Savidge) also cited the Road Home program, for which 105,000 people have applied. "Only 506 have received money. Because of all those reasons we've mentioned and the many others, there are a lot of people who are looking at 2007 and New Orleans as possibly a make-it or even break-it year."

NBC (2/6, story 5, 3:50, Williams) reported on New Orleans' fire department, which "has never recovered from Katrina" and is "badly in need. There are 150 job openings. And there is no money - city, state or federal - to rebuild this firehouse."

NBC (2/6, story 9, 2:40, Williams) ended its broadcast with "a special look at the children. By one estimate as many as 35,000 children across this entire region are suffering from some sort of emotional problem and they're not all, of course, getting help for it." NBC focused on one eight-year-old boy who is one "among many learning to play again in New Orleans with resilience and hope."

Budget Plan Said To Provide Opportunity To Create "New FEMA." Under the headline "New FEMA Emerges From The Wreckage Of Past Disasters," the Washington Post (2/7, D4, Barr, 690K) reports in its "Federal Diary" column, "On paper, the coming year should be turnaround time for FEMA." Restructured funding for the agency in President Bush's fiscal 2008 will give Director R. David Paulison "his first opportunity to lay claim to money that can be used to restore FEMA's luster and professionalism." The Post adds that Paulison has used public appearances to make "the pitch that FEMA is on the rebound." After storms and tornadoes hit central Florida Friday, Paulison's "promise of relief supplies came a day after storms devastated four counties, a sign of 'the new FEMA,' he said. If money and staffing come together as Paulison hopes, the new FEMA will put an end to what the Government Accountability Office calls 'considerable flux' and 'near-constant organizational change' at FEMA since 2001."

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WAR NEWS:

Senate GOP Worried It Is Losing PR War Over Iraq Resolution. The day after Senate Republicans effectively blocked debate on the anti-"surge" resolution authored by Sen. John Warner, some in the GOP caucus are growing increasingly concerned that they are losing the public relations battle over the Senate debate. The Los Angeles Times (2/7, Levey, Hook, 850K) reports "Senate Republicans continued to insist Tuesday that they simply want a fair debate on the floor of the Senate," but "Democrats hammered Republicans on Monday for ducking a formal debate on the war. And by Tuesday morning, some Republicans worried the public would misunderstand their stance." Sen. John McCain said, "It's very unfortunate that we appear to be blocking. … I hope we can make the American people aware that we're just asking for votes on our amendment, which is the way the Senate works."

Roll Call (2/7, Stanton, Billings) reports "Senate Republican leaders struggled Tuesday to shift their focus away from complaints about parliamentary procedure and onto which party is best supporting the troops as Republicans and Democrats continued their high-stakes game of political chicken over the Iraq War." Republicans "found themselves on the losing end of the public relations fight as they woke up to headlines across the country pinning the blame squarely on them. 'It doesn't matter what's going on the floor. It's all about media,' one senior GOP aide said Tuesday." Roll Call adds, "Privately, Republican leadership sources acknowledged they failed to effectively spin the Iraq debate and suffered at the hands of this week's headlines. GOP Senators were scrambling Monday night into Tuesday to troubleshoot their message, which many feared had become mired in procedural detail and esoteric arguments over fairness." Sen. John Cornyn, the GOP Conference vice chairman, "said despite a day of bad press, Republicans are not going 'to get excited about headlines and a handful of papers that got it wrong.' … '[Democrats] may enjoy today's headlines and a handful of papers that got it wrong, but they're not going to be able to enjoy that forever,' Cornyn said."

The Washington Times (2/7, Hurt, 88K) reports Republican leader Sen. Mitch McConnell "has said he won't allow a vote on the resolution of no confidence unless a similar vote is allowed on two other resolutions." One, authored by Sen. McCain, "would endorse the 'surge' plan but set benchmarks for Iraqi self-governance." Another GOP-backed resolution, sponsored by Sen. Judd Gregg, "would promise not to cut funding for the war." Late yesterday, McConnell "offered to allow the resolution to go forward in exchange for a vote on the 'no funding cutoff' resolution only." Senate Majority Leader Harry Reid "declined." Likewise, USA Today (2/7, Kiely, 2.27M) notes Reid "declared 'negotiations are over.'"

WSJV-TV South Bend (2/6, 10:22 pm) reported Republicans "say they couldn't get amendments considered on their own terms." The newscast showed Sen. Cornyn saying, "We want a debate, but we want it to be a fair debate." A number of other local broadcasts in various parts of the country showed this same quote. Among the stations featuring the Cornyn quote: WFXW-TV Terre Haute (2/6, 10:06 pm), KSFX-TV Springfield, MO (2/6, 9:37 pm), KXRM-TV Colorado Springs (2/6, 9:30 pm), WLUK-TV Green Bay (2/6, 5:36 pm), WBRC-TV Birmingham (2/6, 5:31 pm), and KENS-TV San Antonio (2/6, 5:12 pm).

Chris Matthews, on MSNBC's Hardball (2/6) reported, "The long awaited showdown in the Senate over the war in Iraq was shut down yesterday when almost every Republican voted to stop the Senate from considering a bipartisan resolution opposing the president's plan to escalate the war. Is this political gamesmanship for 2008? Public pressure on Congress to take action on the war couldn't be higher. But where was the courage of senators` convictions?"

The CBS Evening News (2/6, story 4, :20, Couric, 7.66M) noted "the Senate plans to be the first to debate the new strategy fell apart last night." And Fox News' Special Report (2/6, Hume) reported, "Republicans offered Democrats a deal to get the debate on the Iraq war restarted, but Democrats turned it down which left both parties claiming that the other did not want a real debate. … Senate Democrats label the GOP move a distraction from the debate they find more politically advantageous." Fox added, "Democrats appeared content with another story line -- Republicans blocking debate on the new Iraq plan."

In a front-page analysis piece, the New York Times (2/7, Hulse, 1.16M) reports, "Given the influence that voter frustration with Iraq had on the November elections, the national unease with the mounting human and financial costs, and the raw passion on all sides, even some lawmakers say they are astounded that the buildup to the Senate fight over Mr. Bush's proposed troop increase has produced such a letdown." The Times adds, "The fact that that Democrats could pull together only 49 of the 60 votes needed to break a procedural impasse on the resolution opposing Mr. Bush's plan was a product of many competing agendas. There was the Democratic desire to avoid getting tied up on any vote that could be perceived as undercutting United States troops or endorsing Mr. Bush's plan. At the same time, a surprising number of Republicans showed they were not yet ready to abandon the president even though many blame him for their November election losses and worry he will hurt them again next year."

The Wall Street Journal (2/7, A6, Rogers, 2.04M) reports, "Anticipating fights over Iraq spending next month,

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Senate Republicans are pressing for an early vote now to get members on record against withholding funds for the war." The strategy, "which has the quiet backing of the White House, has evolved over a nonbinding resolution sponsored by…Gregg." Gregg "said the administration had no part in drafting his resolution but acknowledged it has 'taken on a life of its own' and he wasn't surprised the White House saw it as useful in protecting…Bush's $93.4 billion emergency supplemental for the war, which could become a target for the many congressional critics of his Iraq policies."

GOP Sen. Kit Bond, on MSNBC's Hardball (2/6), contended that Republicans "have tried to debate the issue, and we believe that, to be fair, as the Senate always does, that we ought not to be shut out from offering our resolutions, either the Lieberman-McCain or the Gregg amendment. But right now, they intend to shut us out. We want to debate it. … They think that setting it up this way, they can gain political advantage. …. It's a P.R. stunt. This is not changing policy. This is Democrats trying to get enough votes to question the military implementation of a strategy."

Democratic Sen. Ken Salazar, also on MSNBC's Hardball (2/6), said, "The fact of the matter is that we should have a vote on whether or not there is a support for the president's plan to escalate the war by sending in 21,500 additional troops. Senator Reid has been eminently fair with the Republican Party by allowing two Republican resolutions to go forward, the McCain resolution as well as the Warner resolution. And so at the end of the day, this is simply whether or not the Republican majority wants to block a vote on the most basic question facing America."

MoveOn To Start Running Ads Against Republicans Who Backed Filibuster. The Politico (2/7) reports, "MoveOn.org will begin airing attack ads as early as Wednesday against eight Republican senators who blocked debate on the Bush administration's plan for a troop surge in Iraq. The liberal organization has already scripted and is now producing the ads to run on CNN. As of Tuesday afternoon, airtime also had been purchased on local television stations in Kansas, New Hampshire, Oregon and Virginia." The ads "specifically target those states' senators: Sam Brownback, John Sununu, Gordon Smith, and John Warner, respectively. Sununu, Smith and Warner face re-election in 2008; Brownback, a presidential candidate, is up again in 2010." The ads also "take aim at Sens. Arlen Specter of Pennsylvania, John Voinovich of Ohio, Elizabeth Dole of North Carolina and Mitch McConnell of Kentucky. Dole and McConnell both face 2008 challenges."

NYTimes Blames Democrats For Senate Impasse. The New York Times (2/7, 1.16M) editorializes, "It is not an inspiring sight to watch the United States Senate turn the most important issue facing America into a political football, and then fumble it. Yet that is what now seems to have come from a once-promising bipartisan effort to finally have the debate about the Iraq war that Americans have been denied for four years." The Democrats' "ultimate goal was to express the Senate's opposition to President Bush's latest escalation. But the Democrats' leaders have made that more difficult — allowing the Republicans to maneuver them into the embarrassing position of blocking a vote on a counterproposal that they feared too many Democrats might vote for. We oppose that resolution, which is essentially a promise never to cut off funds for this or any future military operation Mr. Bush might undertake in Iraq." But "the right way for the Senate to debate Iraq is to debate Iraq, not to bar proposals from the floor because they might be passed. The majority leader, Harry Reid of Nevada, needs to call a timeout and regroup. By changing the issue from Iraq to partisan parliamentary tactics, his leadership team threatens to muddy the message of any anti-escalation resolution the Senate may eventually pass."

Reid May Use Anti-Terror Bill As Vehicle For New Surge Resolution. The Hill (2/7, Schor) reports that as Senate Democrats "seek votes on capping troop numbers and funding for Iraq, they may use the pending bill on the recommendations of the 9/11 Commission as a vehicle. That would set up a replay of the debate over funding for troops that this week derailed their leadership-backed non-binding resolution on…Bush's 'surge' proposal." Reid "has vowed to put Republicans on record on the 'surge' plan, which has opened GOP fissures."

Warner, Nelson And Collins Say They Remain In Agreement On Resolution. The Hill (2/7, Marre) reports, "The three senators who crafted the key resolution rejecting President Bush's plan to send more troops to Iraq said yesterday they are united despite having gone separate ways on a procedural vote Monday evening." Sens. John Warner, Ben Nelson and Susan Collins "all said they were still united, even though Warner in effect supported a filibuster of the resolution they crafted together. Collins was one of two Republicans who voted with the Democrats on the issue."

More Commentary On Iraq Debate. Thomas Friedman writes in today's New York Times (2/7, 1.16M), "Listening, from Moscow, to the debate in Congress about Iraq is troubling: it sounds as if the American people are being offered two routes to a dead end: either follow…Bush and have troops surging into a roiling civil war, or go with one of the Congressional resolutions and denounce the surge, but without any alternative strategy for securing US interests. I believe there is an alternative strategy, but it will take two concrete numbers to implement: a date -- Dec. 1 -- and a price -- $3.50 cents a gallon." Friedman adds, "We have to impose a tax that creates a floor price of $3.50 a gallon for gasoline -- forever. This is also about leverage. It says to all the parties: we are going to conserve enough gasoline and spur enough clean alternatives to fossil fuels that no matter

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what you all do in the Middle East, we will not depend on you for energy."

In the Washington Post (2/7, A17, 690K), David Ignatius says "the debate on Iraq is still animated by wishful thinking. The White House talks as if a surge of 20,000 troops is going to stop a civil war. Democrats argue that when America withdraws its troops, Iraqis will finally take responsibility for their own security. But we all need to face the likelihood that this story isn't going to have a happy ending." Ignatius goes on to predict a "catastrophe" in Iraq.

House To Take Up Anti-Surge Resolution Next Week. USA Today (2/7, Kiely, 2.27M) reports, "The intense political maneuvering over how to signal congressional opposition to President Bush's war policy moved Tuesday to the House of Representatives, where Democratic leaders scheduled three days of debate for next week." The House's action "will guarantee that the president's Iraq policy will remain at the top of the national agenda next week, even if procedural disputes prevent the Senate from voting on its own resolution."

Roll Call (2/7, Davis, Yachnin) reports the language of the House measure "is being crafted by House Foreign Affairs Chairman Tom Lantos (D-Calif.) and Armed Services Chairman Ike Skelton (D-Mo.)." The House Democratic Caucus "is scheduled to hold a closed-door meeting Thursday to build consensus for the resolution vote next week and to assuage some Members' concerns that the resolution does not go far enough."

The Washington Post (2/7, A11, Murray, Kane, 690K) reports, "House Democrats had intended to work with the resolution offered by Sen. John W. Warner (R-Va.), which Senate Democrats have rallied behind. Instead, after assessing the morass on the other side of the Capitol, they are now considering a more narrow statement of objection to Bush's proposal." The Washington Post (2/7, A1, Baker, 690K) also reports Bush strategists "have been surprised by how quickly the politics of the war have shifted in the past few weeks, and they have been grappling for a strategy to contain the political damage. The White House privately believes that a statement of opposition by Congress may be inevitable." Some advisers "have been surprised that Bush has not more aggressively accused Democrats of advocating retreat."

The AP (2/7, Espo) reports Pelosi and Majority Leader Steny Hoyer yesterday "reassured lawmakers clamoring for more robust action that the vote would merely be the first attempt to pressure the president to shift course and that future legislation will be binding." Democrats "intend to allow all lawmakers time to speak on the issue across three days of debate beginning next Tuesday." Rep. John Boehner, the House Republican leader, "said in an interview the GOP would prepare an alternative to the Democratic measure. He said it would include a call for a bipartisan committee to oversee the war effort and lay out a series of standards by which officials could judge whether the Iraqi government was living up to its commitments to help end the violence." Said Boehner, "If you're not for victory in Iraq, you're for failure. … The consequences of failure are immense. I think it destabilizes the entire Middle East, encourages Iran and on top of that, it's pretty clear that the terrorists will just follow us home."

Local TV extensively covered the congressional debate, with most stations focusing on House plans to address the subject next week. Some examples: CLTV-TV Chicago (2/6, 11:39 pm) said in its broadcast that while the Senate debate "is stalled, the House is ready to launch its resolution opposing the President's war plan. The debate will start next week." KWTV-TV Oklahoma City (2/6, 10:00 pm) led off its 10 o'clock newscast by saying, "Democratic Speaker of the House Nancy Pelosi says the nonbinding resolution opposes the buildup. Republican House members say they won't block the vote but want an alternative considered."

Gates Says Troop "Surge" Not Final Chance For Iraq Success. The Los Angeles Times (2/7, Neuman, 850K) reports Defense Secretary Robert Gates, "in testimony before the Senate Armed Services Committee today, rejected the widely held view in Washington that the Bush administration's decision to send additional troops to Iraq is the last chance to succeed in that troubled country." Gate said, "I would be irresponsible if I weren't thinking about what the alternatives might be." The Times added that as Gates "defended the administration's fiscal 2008 budget request of $481.4 billion -- along with a projected $141.7 billion in supplemental funding in 2008 for Iraq and Afghanistan -- senators expressed doubt about the war." Pressed by lawmakers "on equipment shortages for troops in the field, Gates said that a dearth of armored vehicles in one phase of operations will be remedied by July."

ABC and CBS also reported on Gates' testimony, with both noting that the Secretary said reductions in troop levels were possible if President Bush's plan works. ABC World News (2/6, story 3, :20, Gibson, 8.78M) reported Secretary Gates "told Senators today that the US might be able to begin withdrawing troops from Iraq later this year if the President's troop buildup reduces the violence in Baghdad. But Gates said the US would have to maintain a military presence in Iraq for years to come."

The CBS Evening News (2/6, story 6, :15, Couric, 7.66M) reported Gates "insisted today that the troop buildup in Iraq is not the last chance to succeed there. And he said that US forces might be able to start leaving Iraq by the end of the year if those additional troops work."

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Senate Armed Services Committee Approves Fallon And Casey. Fox News' Special Report (2/6, Hume) reported, "The Senate Armed Services Committee today approved the nominations of Admiral William Fallon as head of US Central Command and Army General George Casey as Army Chief of Staff, bringing to three the number of top officers who say that the troop surge in Iraq can work that have been approved by Democratically controlled oversight committees studying Iraq policy."

Republicans Enlisted Petraeus To Stall Criticism Of Iraq Surge. The Washington Post (2/7, A1, Baker, 690K) reports in a front page story that before Gen. David Petraeus left for Iraq, he "conducted one last counterinsurgency mission here on the home front -- this one on Capitol Hill." Senators were "approached on the floor and urged to meet with" Petraeus in Minority Leader Mitch McConnell's office. At a time "when the president and most of his top surrogates have lost credibility even among many Republicans in Congress, the administration has turned to the chiseled, widely respected Petraeus to win the day. His name has become the rallying cry for Bush and his allies as they argue that it would be wrong for lawmakers to confirm the four-star general unanimously one moment and then renounce his strategy the next." Sen. Lindsey Graham said, "He's the General Grant of the surge. He's our last best chance as a military commander to bring about a change on the ground." The Post adds Petraeus "maybe the last best chance for Bush allies to head off a resolution rejecting the troop increase or at least keep many Republicans from supporting it." Yet if "invoking Petraeus has been effective for Graham and others trying to rally Republicans, Democrats remain unpersuaded."

Senior Officers Want More Civilian Assistance In Iraq. The New York Times (2/7, Shanker, Cloud, 1.16M) reports, "Senior military officers, including members of the Joint Chiefs of Staff, have told President Bush and Defense Secretary Robert M. Gates that the new Iraq strategy could fail unless more civilian agencies step forward quickly to carry out plans for reconstruction and political development." The complaints "reflect fresh tensions between the Pentagon and the State Department over personnel demands that have fallen most heavily on the military. But they also draw on a deeper reservoir of concerns among officers who have warned that a military buildup alone cannot solve Iraq's problems, and who now fear that the military will bear a disproportionate burden if Mr. Bush's strategy falls short." In one example, officers "cited a request from the office of Secretary of State Condoleezza Rice that military personnel temporarily fill more than one-third of 350 new State Department jobs in Iraq that are to be created under the new strategy." In his Senate testimony, Secretary Gates "made clear that he shared the officers' concerns, telling senators, 'If you were troubled by the memo, that was mild compared to my reaction when I saw it.'" Gates "also told senators that Mr. Bush himself had addressed his cabinet at the White House on Monday about the need for civilian agencies to 'step up to the task.'" The Times notes, "Tasia Scolinos, a spokeswoman for the Justice Department, said in a statement that the agency 'has devoted substantial resources' to training the Iraqi police and creating a justice system. She provided a fact sheet that showed that the Justice Department had 200 employees and contractors in Iraq as of last August. … 'We are committed to working closely with the Defense Department and our law enforcement counterparts in Iraq to assess how we can best continue to support the reconstruction efforts in Iraq,' she said."

French Prime Minister Calls Troop Surge "Absurd." In an interview with the Financial Times (2/7, Arnold, Thornhill), French Prime Minister Dominique de Villepin warned that "violence in Iraq will continue to worsen until all foreign troops are pulled out," dismissing as "absurd" the idea that an enlarged US force could bring stability and peace to the country. He also "indirectly criticised the decision by US President George W. Bush to boost his country's military presence in Iraq." De Villepin said an occupying force was the "founding stone of the crisis" and a clear timetable had to be set for its withdrawal. He told the Times, ""The idea of saying that foreign troops will leave when Iraq is democratic and pacific is absurd. … We need a clear horizon for the departure of foreign troops and the return of full sovereignty to Iraq."

Term "Granularity" Gains Popularity In Descriptions Of Iraq Policy. The Washington Post (2/7, C1, Weeks, 690K) reports "granularity" is a "mouthful of a term used by guys like Army Lt. Gen. David H. Petraeus, the top U.S. commander in Iraq; retired Gen. Barry McCaffrey; and White House press secretary Tony Snow." Responding "recently to a question about potential sectarian violence in Iraq if U.S. forces withdraw, Petraeus told the Senate Armed Services Committee, 'It's hard from this distance . . . to get a real feel, or the real granularity of what's going on.'" Lately, "people have been invoking the word to mean specificity. Certain things, such as the administration's vision for the future of Iraq, lack granularity." In other words, "'granularity' is a popular word for the 'nitty-gritty.' But it's not so nitty, not quite as gritty. It's about texture. Concreteness. The word has migrated from science to business and now to politics and popular parlance."

House Panel Questions Bremer Over Use Of Iraq Reconstruction Funds. The New York Times (2/7, A8, Shenon, 1.16M) reports a House committee report Tuesday "questioned whether some of the billions of dollars in cash shipped to Iraq after the American invasion -- mostly in huge, shrink-wrapped stacks of $100 bills -- might have

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ended up with the insurgent groups now battling American troops." Democrats "sharply questioned" former administrator in Iraq, Paul Bremer, "about lax management of the nearly $12 billion in cash shipped to Iraq between May 2003 and June 2004." Bremer "defended his performance…noting that the United States had to bring tons of American dollars into Iraq because the country had no functioning banking system."

The CBS Evening News (2/6, story 7, 2:05, Couric, 7.66M) called Bremer "a punching bag for Democrats demanding" answers to what ABC World News (2/6, story 2, 2:05, Gibson, 8.78M) said is "one of the great mysteries in Iraq. … You might call it…the case of the missing $12 billion. That much money in cash, mountains of money, got shipped to Iraq just after the invasion. Congress is asking where it went."

But in a Washington Post column (2/7, A2) titled "Rusty Democrats Unable To Pin Anything On Bremer," Dana Milbank says Bremer "had lost none of his swagger" during what was seen as "the grudge match Democrats waited years for." But Bremer "proved unexpectedly agile at shifting blame: to administration planners ('The planning before the war was inadequate'), his superiors in the Bush administration ('We never had sufficient support'), and the Iraqi people ('The country was in chaos -- socially, politically and economically')." However, Democrats, "after 12 years in the minority, were out of practice." USA Today (2/7, 5A, Kelley, 2.27M) reports Bremer testified that "he and the Bush administration made mistakes, including inadequate planning. … 'I acknowledge I made mistakes,' Bremer said. 'But on the whole, I believe we made great progress under some of the most difficult conditions imaginable.'"

The Wall Street Journal (2/7, A3, Paltrow, 2.04M) reports under the headline "Unspent Iraqi Funds Undercut Bush's Push For More," the Bush administration "faces a new obstacle in its quest to get more funds for reconstruction in Iraq: questions about why the Iraqi government has so much unspent money on hand." One "source of frustration" for the White House and many members of Congress "has been the Iraqi government's difficulty spending money it has on hand from oil and gas revenue." Committee chairman Henry Waxman "faulted the State Department for not making available Timothy Carney, recently named to the newly created position of coordinator of Iraq reconstruction," who the department "said he had to depart earlier than expected for Iraq." The Financial Times (2/7, Kirchgaessner) says Waxman "also hinted that he might subpoena" Carney. The Washington Post (2/7, A11, Chandrasekaran, 690K) reports Waxman said yesterday the State Department "offered several reasons Carney would not be able to appear, the last of which was insurmountable: He left for Baghdad on Friday."

The AP (2/7, Margasak) reports Democrats "are planning dozens of investigations, many of them in Waxman's committee, which scheduled further hearings this week on homeland security contracts and drug prices." McClatchy (2/7, Schoof), Washington Times (2/7, Miller, 88K) and New York Times (2/7, Shenon, 1.16M) run similar reports.

US To Pay $5.8 Billion To Expand Iraqi Security Forces. The AP (2/7, Burns) reports, "The US government will pay $5.8 billion to help Iraq expand further its army and police force, which are deemed too small for its security needs, senior Pentagon officials said Tuesday." The expansion, "announced Monday as part of President Bush's 2008 budget plan, would increase the Iraqi security forces from 328,000, which was the goal set several years ago and reached last December, to 362,000." Tina Jonas, "the Pentagon budget chief, told a small group of reporters that Bush's 2008 budget proposal includes $3.8 billion for the expansion and that the other $2 billion is contained in his request for an additional $93.4 billion to cover overall war costs for the remainder of the current budget year, which ends Sept. 30."

Iran Accuses US Of Role In Diplomat's Kidnapping. The CBS Evening News (2/6, story 5, 1:40, Couric, 7.66M) reported, "Tensions are escalating between the US and Iran over the disappearance of an Iranian diplomat." CBS (Logan) added, "The US military…denied any involvement, and the Iraqi official spokesman said they were investigating whether" the diplomat, Jalal Sharafi, "was kidnapped or arrested." But CBS News reported that "unnamed Iraqi officials claimed commandos from" an "elite Iraqi unit, controlled by US forces, had taken the diplomat, but they offered no proof." Meanwhile, in an interview with ABC World News (2/6, story 5, 0:30, Gibson, 8.78M), "Iran's ambassador to Iraq said Iran is holding the US responsible for the diplomat's safety."

The Financial Times (2/7, Negus) warns the incident may "inflame the already tense relations between Washington and Tehran." Hasan Kazemi-Qomi, Tehran's ambassador to Baghdad, said on Iranian television the kidnappers had "used US vehicles" and that the abduction took place "within the framework of the US president's order to step up encounters with Iranians."

The Washington Post (2/7, A13, Partlow, Londono, 690K) adds, Iraqi officials declined to comment Tuesday on the Iranian allegations, "but Foreign Minister Hoshyar Zebari scheduled a news conference for Wednesday at which he was expected to address the issue."

The Los Angeles Times (2/7, Susman, 850K) says the "diplomatic snarling has put Iraqi Prime Minister Nouri Maliki in an awkward position as he tries to cultivate close relations with Iran while trying to convince American officials that he is serious about quelling violence."

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Blair Warns Global Opinion Hardening Against Tehran. The AP (2/7, Wagner) reports Prime Minister Tony Blair "told lawmakers Tuesday that no military action is planned against Iran, but that international opinion is hardening against Tehran's nuclear ambitions and what he described as its interference in conflicts across the Middle East." Iran "is trying to prevent reconciliation across the region, and I think that is very shortsighted and very foolish," Blair told the House of Commons' Liaison Committee. While conceding that "you can't take any option off the table," Blair stressed that "nobody is talking or planning military intervention."

Merkel Says Talks With Iran Still Possible. AFP (2/7) reports German Chancellor Angela Merkel "said that the door remains open for negotiations between Iran and the international community" over its nuclear program. In a joint press conference with Kuwait's Prime Minister Sheikh Nasser Mohammad al-Ahmad al-Sabah, Merkel said, "Even if the United Nations has decided on sanctions, the door for negotiations remains open." For his part, Sabah also stressed the importance of negotiations, saying, "It is important now to have unconditional negotiations."

Israel Seeking To Increase Pressure On Iran To Abandon Nuclear Program. The Los Angeles Times (2/7, Bordeaux, 850K) reports, "The specter of a nuclear-armed Iran has rattled Israel's self-confidence. Its politicians and generals warn of a "second Holocaust" if, as in the 1930s, the world stands by while a heavily armed nation declares war against the Jews." In response, Israeli officials have begun "an unusually open campaign to muster international political and economic pressures against Iran," warning that "time is growing short and hint that they will resort to force if those pressures fail to prevent Iran's development of an atomic weapon."

Iranian Economy Deteriorating Under Western Isolation. USA Today (2/7, 8A, Slavin, 2.27M) reports Western pressure on Iran "is squeezing its economy, feeding the inflation and joblessness that have swelled under" President Mahmoud Ahmadinejad. Trade figures and other data "have begun to reflect deepening economic isolation taking place as a result of US-led efforts to penalize Tehran for what the United States alleges is the pursuit of nuclear weapons and sponsorship of terrorist groups." Stuart Levey, US Treasury undersecretary for terrorism and financial intelligence, told the newspaper, "People who want to pursue legitimate commerce with the West will see that the policies Ahmadinejad is pursuing are leading to isolation and painting a more bleak economic future for the country."

Iran Cracks Down On Women's Legal Campaign. Editorial board member Maura Casey writes in the New York Times (2/7, 1.16M) about Shirin Ebadi, the Iranian lawyer and 2003 Nobel Peace Prize winner "whose relentless campaign against discrimination has enraged the mullahs for more than 25 years." Ebadi's latest campaign "is to help collect the signatures of one million Iranian women on a petition protesting their lack of legal rights." Casey says the movement "is doing on a grand scale what Ms. Ebadi has done for her entire adult life," and the Iranian government "certainly understands the implications." Casey reports that "just a few weeks ago, it blocked access to the campaign's Web site. But within hours the women had another Web site up and running."

Maliki Acknowledges Iraqi Government Errors. The New York Times (2/7, Santora, 1.16M) reports Prime Minister Nuri Kamal al-Maliki "acknowledged for the first time on Tuesday that his government had stumbled in its efforts to carry out a new security plan in Baghdad and that the delays and mounting violence were hurting its credibility with the Iraqi people." Speaking to senior military commanders in an address "that was broadcast live on Iraqi national television," Maliki said, "I feel that we are late. This delay is giving a negative impression and has led some people to say that we have already failed." The Times adds, "Pressure is increasing on the Maliki government to show signs of progress on the security plan that was announced more than a month ago, especially after three weeks of bloody violence that has killed 3,000 civilians." Maliki "made it clear to the commanders that they needed to show results soon. 'I call on you to quickly finish the preparations so that we don't disappoint people,' he said." The Times adds Maliki "offered no reasons for the delay, but Iraqi military officials have expressed frustration over the slow pace and have cited several problems, including the failure of Iraqi troops from other parts of the country to arrive on schedule in Baghdad, the capital."

US Probes Iraqi Lawmaker's Connection To 1983 Embassy Bombings. The New York Times (2/7, A8, Glanz, Santora, 1.16M) reports a sitting member of the Iraqi Parliament "was convicted more than two decades ago of planning the attacks on the American and French Embassies in Kuwait that left five Americans dead in 1983," Iraqi and American officials said Tuesday. The Parliament member, Jamal Jafaar Mohammed Ali Ebrahimi, was sentenced to death in absentia by a court in Kuwait for the 1983 attacks and was later elected to Parliament in 2005. Lou Fintor, spokesman for the American Embassy in Baghdad, said, "We are actively investigating these serious allegations and continue to be in contact with the government of Iraq to pursue this case." The Times says it was "unclear when American officials first raised the issue with" Iraqi Prime Minister Nouri Kamal al-Maliki, "but one official said there have been discussions for at least several months."

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Terror Casts Pall Over Baghdad Markets, Vendors. The Washington Times (2/7, Palmer, 88K) reports from a Baghdad market, "Such marketplaces have become favorite targets for sectarian attacks, including a horrific suicide truck bombing Saturday that killed at least 135 persons -- the deadliest single assault in the 46 months of the war. ... Yesterday, merchants at Abu Shujaa complained that the deteriorating security had hurt their sales, even as their costs continue to climb. ... The one sector that appears to be thriving in the market is the pharmaceutical industry. Akram Najy, 69, a pharmacist here for four decades, said prescriptions for sedatives remain steady, and demand for cold medications at this time of year is as high as ever. The shoppers, for their part, grumble that rising prices are forcing them to limit their purchases to essential items, and the constant threat of car bombs and mortars deters them from lingering in one place."

US To Reexamine Iraqi Refugee Policy. As reported elsewhere Tuesday, the Washington Times (2/7, A1, Kralev, 88K) notes on its front page the announcement this week by Secretary of State Condoleezza Rice that the State Department has established a task force to "reexamine US policy on the admission of Iraqi refugees" that will "likely leading to a sharp increase in the number it admits each year." The task force also will "try to resettle in the United States some Iraqi employees of the US Embassy in Baghdad, whose lives are in danger because of their work for Americans."

Author Urges Creation Of Iraqi Refugee Fund. Behzad Yaghmaian, author of "Embracing the Infidel: Stories of Muslim Migrants on the Journey West," writes in a USA Today (2/7, 11A, 2.27M) op-ed, "The United States and its allies again have caused a refugee crisis in Iraq… But this time, CNN's cameras are missing." In order to solve the problem, Yaghmaian says it is "critical that Western nations finance a special Iraqi Refugee Fund that would let the U.N. process an increasing number of Iraqi applicants seeking resettlement." In addition, "A part of the fund could be given to Syria and Jordan to help them provide temporary housing, health care, education and other basic needs to refugees. Western nations should increase the number of Iraqis they accept for temporary or permanent resettlement." Helping to solve the current crisis, he writes, "is a moral obligation of those who contributed to its creation."

Video Shows Friendly-Fire Incident Involving British Soldier. ABC World News (2/6, story 4, 2:10, Gibson, 8.78M) reported, "A dramatic cockpit video from an American fighter jet surfaced today." The video, "obtained and released by a British newspaper, captures the moment when two US pilots came to a sickening realization that they had mistakenly killed a British soldier on the ground." ABC added, "On the tape, the pilots seem genuinely horrified. But there are not in jail. A US military investigation, with British participation, cleared them of any wrongdoing and called the incident a 'tragic and unfortunate accident.'"

The New York Times (2/7, Lyall, 1.16M) reports the recording of 2003's accidental US airstrike on British soldiers in Iraq "became public on Tuesday when the newspaper The Sun published a leaked transcript" of a cockpit conversation between two US pilots involved in the attack. The newspaper also posted video of the attack on its website. The Times adds that as a result of the publication, the "American military announced…it would permit the videotape to be shown to the British coroner's court investigating the circumstances surrounding the death of the soldier who had been killed in the incident, Lance Cpl. Matty Hull, a member of the Household Cavalry Regiment."

The Washington Post (2/7, A12, Jordan, 690K) reports the friendly-fire incident occurred on March 28, 2003, but the US government "had declined to declassify it" until yesterday. Recently, however, "a British coroner investigating the corporal's death demanded that the recording, a cockpit video, be presented as evidence, suspending his proceedings until it was produced." The Post adds, "British officials say the mistaken attack near Basra targeted a convoy of five reconnaissance tanks and wounded four soldiers in addition to killing Hull."

Trial Date Set For Abu Ghraib Accused. The Washington Times/AP (2/7, Dishneau) reports, "The only U.S. military officer charged with crimes in the Abu Ghraib prison-abuse scandal would stand trial in July, under a tentative schedule set at a hearing yesterday. Army Lt. Col. Steven L. Jordan, former director of an interrogation center at the prison in Iraq, would be tried from July 9 to July 20 at Fort Meade in Maryland, according to the schedule set by the judge, Army Col. Stephen R Henley. ... He is accused of failing to exert his authority as prisoners were stripped naked, photographed in humiliating poses and intimidated by military dogs. He also is accused of lying to investigators about abuses he is said to have witnessed."

"Coalition Forces" Capture Al Qaeda Suspects In Afghanistan. The AP (2/7) reports, "Coalition forces captured two suspected al-Qaida members during an early morning raid in eastern Afghanistan on Wednesday, a military statement said. Afghan officials said soldiers captured six men and killed one person during the raid. The raid near the town of Hakimabad in Nangarhar province was conducted based on information provided 'about an al-Qaida member known to pass correspondence for al-Qaida senior leaders,' the U.S.-led coalition said in a statement." The AP continues, "The military did not say who executed the raid,

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but U.S. Special Forces soldiers operate under the banner of 'coalition forces' in Afghanistan."

Taliban Still Controls Town It Overran. The AP (2/7, Abrashi) reports, "Taliban militants remain in control of a southern Afghan town nearly a week after capturing it, but NATO expects the Afghan government to soon reassert its authority there, an alliance spokesman said Wednesday." NATO spokesman Col. Tom Collins "said NATO troops stand ready to help the government again take control of the town but that there 'is no need to rush to action here.'"

Gates Says NATO Must Increase Contributions In Afghanistan. The AP (2/7, Baldor) reports Defense Secretary Robert Gates "said Tuesday that NATO allies must provide the troops and equipment needed to battle an expected increase in violence by Taliban insurgents in Afghanistan this spring." Gates, "who will meet with other NATO defense ministers Thursday in Seville, Spain, is expected to outline whether the U.S. plans to adjust its troop levels in Afghanistan or extend the deployment of any units already there, said a senior defense official." At a Senate Armed Services Committee hearing Tuesday, Gates "said the U.S. will hold the NATO countries to promises they offered during a summit in Riga, Latvia, last November, particularly for more trainers."

House GOP Wants Better Coordination To Fight Afghan Insurgency, Drugs. The Los Angeles Times (2/7, Meyer, 850K) reports four ranking Republican lawmakers "on a committee with oversight of U.S. policy in Afghanistan are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world." In a letter "dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. They are calling for the appointment of a special coordinator of overall narco-terrorism policy for Afghanistan to prevent losing the fight against insurgents and drug traffickers." The letter "describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks."

Italian FM Protests US Ambassador's Letter. The Washington Times (2/7, Phillips, 88K) reports Italian Foreign Minister Massimo D'Alema yesterday "protested an open letter to a Rome newspaper from US Ambassador Ronald P. Spogli and five other envoys urging Italy to maintain its troop deployment in Afghanistan." D'Alema called the letter -- which was also signed by the ambassadors of Australia, Britain, Canada, the Netherlands and Romania -- an "irregular" departure from normal diplomatic procedures. D'Alema told reports, "There are more appropriate bodies in which to discuss Italy's commitment in Afghanistan rather than through open letters from ambassadors to daily newspapers." In Washington, the State Department said the letter was "a praiseworthy initiative" by the US envoy.

Marine Vehicle Remains Costly Failure. The Washington Post (2/7, Merle, 690K) reports in a highly critical front page article, "After 10 years and $1.7 billion, this is what the Marines Corps got for its investment in a new amphibious vehicle: A craft that breaks down about an average of once every 4 1/2 hours, leaks and sometimes veers off course. And for that, the contractor, General Dynamics of Falls Church, received $80 million in bonuses. ... The Expeditionary Fighting Vehicle is one of the Pentagon's largest weapons programs and exemplifies the agency's struggle to afford a cadre of new mega-systems that are larger and more complex, but also more trouble, than their predecessors."

NNSA Wants Funding To Plan, Produce Next Generation Nuclear Warhead. Under the headline, "Nuclear Officials Seek Approval For Warhead; Design Would Require No Live Testing," the Washington Post (2/7, A6, Pincus, 690K) reports that National Nuclear Security Administration officials "said yesterday that they hope to receive administration and congressional authorization by the end of 2008 for the development and production of a warhead that could be deployed on submarine-launched intercontinental ballistic missiles." The Post adds that the NNSA wants "$88 million in the fiscal 2008 Energy Department budget" to "complete detailed planning with the Navy based on a design produced in December by the nation's two nuclear weapons laboratories. The new funds would support design concept testing and could lead to production of the warhead for the Navy's D5 missile, 24 of which are carried on each US Trident submarine. A key aspect of the Reliable Replacement Warhead program is that the warhead could be certified to enter the US nuclear stockpile without testing, acting NNSA Administrator Thomas D'Agostino and other officials said during a session with reporters." The Post adds that the request comes "as the Bush administration is attempting to stop Iran and North Korea from developing nuclear weapons and trying to keep other countries, such as India and Pakistan, from expanding their stockpiles."

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McNulty Denies Political Motives In US Attorney Dismissals. USA Today (2/7, Johnson) reports, "The Justice Department acknowledged Tuesday that it fired the U.S. government's chief prosecutor in Little Rock for no reason except to replace him with a lawyer who had been an aide to Karl Rove, the Bush administration's chief political strategist. … However, in an appearance before the Senate Judiciary Committee, Deputy Attorney General Paul McNulty rejected criticism that the forced resignations of Bud Cummins and six other U.S. attorneys last year were politically inspired, or amounted to retaliation for the attorneys' involvement in controversial investigations and prosecutions." USA adds, "McNulty's testimony before the panel, which is investigating the firings of the prosecutors, was part of an exchange with Sen. Charles Schumer, D-N.Y. Schumer said the White House's appointment process for prosecutors was 'corrupted with political, rather than prudent, considerations.' … 'What happened here doesn't sound like business as usual; it appears more reminiscent of a different sort of Saturday night massacre,' Schumer said, referring to Watergate-era firings at Justice that were ordered by President Nixon. … 'When I hear you talk about a politicization of the (Justice) Department, it is like a knife in my back,' McNulty responded."

The New York Times (2/7, Johnston) reports, "One disputed case involves H. E. Cummins III, a United States attorney in Arkansas who was asked to step down last summer although his office had increased drug and firearms prosecutions and he had helped organize a multiagency counterterrorism council. … To temporarily replace Mr. Cummins, the Justice Department named J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and who once worked as a deputy to Karl Rove, the senior White House political adviser." The Times continues, "At the hearing, Mr. McNulty was asked by Senator Charles E. Schumer, Democrat of New York, whether it was accurate to say that Mr. Cummins had not done anything wrong to justify his removal. Mr. McNulty replied, 'I do not dispute that characterization.' … Had Mr. Cummins ever received a poor performance evaluation, Mr. Schumer asked. … Mr. McNulty answered, 'I'm not aware of anything negative.' … Mr. McNulty said that because the attorneys are presidential appointees, they can be replaced at any time without a specific reason. He said about half of the 93 prosecutors appointed to their jobs by Mr. Bush in his first term had already left voluntarily. Mr. McNulty said the appointment of Mr. Griffin was a chance for 'a fresh start with a new person.'"

The Washington Post (2/7, A3, Eggen) reports, "In often contentious testimony…McNulty also disputed Democrats' allegations that the firings appeared to be aimed at rewarding Republican allies and at avoiding the Senate's role in confirming U.S. attorney appointments. … 'The attorney general's appointment authority has not and will not be used to circumvent the confirmation process,' McNulty said. 'All accusations in this regard are contrary to the clear factual record.'" The Post adds, "McNulty's remarks did little to calm the growing political storm over the recent U.S. attorney firings. Top Democrats have condemned the firings, which have led to proposed legislation that would limit the attorney general's powers to appoint interim prosecutors. … McNulty acknowledged that six U.S. attorneys in the West and Southwest were notified in December that they would be asked to step aside, including the lead prosecutor in San Diego, whose office oversaw the bribery conviction of a former Republican congressman. … A seventh former U.S. attorney, Ed Cummins of Little Rock, has said that he was asked to leave last year to open the job for J. Timothy Griffin, who previously worked for Rove and for the Republican National Committee. McNulty did not dispute that characterization yesterday."

The AP (2/7, Kellman) reports, "McNulty reminded the panel that federal prosecutors serve at the pleasure of the president. And he repeated Attorney General Alberto Gonzales' promise to submit the name of every replacement to the Senate for confirmation. … McNulty spoke after weeks of Democrats' accusations that the forced resignations of prosecutors in Arkansas and California in particular were moves to reward Republican allies."

The Los Angeles Times (2/7, Schreck) reports, "McNulty also expressed strong opposition to a plan by Sen. Dianne Feinstein (D-Calif.) to strip the Justice Department of authority it received last year to appoint interim U.S. attorneys for indefinite periods without Senate confirmation. … That power, added to the USA Patriot Act when it was reauthorized in March, has worried some lawmakers. At issue is the amount of oversight that Congress — now in the hands of Democrats — has over the appointment of federal prosecutors." The Times notes, "Some legal experts have said that the moves, while legal, are unorthodox and could have harmful repercussions. … 'There's at least a strong perception by those in and outside of the United States attorney's office that this is not business as usual,' said Loyola Law School professor Laurie Levenson during her testimony Tuesday."

McClatchy Newspapers (2/7, Taylor) reports that McNulty "denied that politics played any role in the firings of other U.S. attorneys, including Carol Lam, who was asked to step down in San Diego. In 2005, Lam's office won a bribery conviction against then-Rep. Randy 'Duke' Cunningham, R-Calif. That investigation is continuing. … McNulty said his

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department had been 'proud' of the Cunningham prosecution, but he declined to elaborate on Lam's or any other U.S. attorney's firing during the hearing. He agreed instead to brief senators privately on the matter." McClatchy notes, "Last month, McClatchy Newspapers analyzed many of those interim appointments and found that Gonzales had been appointing conservative loyalists from the Bush administration's inner circle to fill the vacancies. … The new U.S. attorneys all have impressive legal credentials, but most of them have few ties to the communities they've been appointed to serve, and some have little experience as prosecutors."

The Chicago Tribune (2/7, Demirjian) reports, "A year ago, Carol Lam, the U.S. attorney in San Diego, was fielding accolades for her successful prosecution of Rep. Randy 'Duke' Cunningham, the California congressman who pleaded guilty to tax evasion and corruption and was sent to prison for more than eight years. … Now, however, she is one of seven federal prosecutors that the Bush administration has removed from office in recent weeks, most for unspecified reasons, as was the case with Lam. The dismissals are unusual and that has prompted several Democratic senators to accuse the White House of taking undue aim at U.S. prosecutors, either to make way for up-and-coming Republicans or even to punish those who aggressively prosecuted friends of the administration." The Tribune continues, "McNulty defended the firings Tuesday at a Senate Judiciary Committee hearing, saying, 'U.S. attorneys serve at the pleasure of the President -- they come and go for lots of reasons…. We don't really believe we are obligated to set forth a reason or cause.'" The Tribune notes, "McNulty told the committee that the administration is still consulting senators to identify the best candidates in their respective states and fully intends to send the prosecutors' replacements to the Senate for confirmation. But suspicious Judiciary Committee members said they plan to vote Thursday to rescind the Patriot Act provision that allows the administration to appoint interim U.S. attorneys indefinitely without Senate confirmation."

The San Diego Union-Tribune/Copley News Service (2/7, Cantlupe) reports, "Several members of Congress sent letters complaining about the job performance of U.S. Attorney Carol Lam, who announced her resignation last month. Her final day is Feb. 15, after 4½ years as the top federal prosecutor in the San Diego district. … McNulty repeatedly declined to spell out what Lam's performance shortcomings were, other than to note the complaints. … 'What about Carol Lam? Why was she terminated?' committee member Rep. Arlen Specter, R-Pa., asked McNulty. … 'I respectfully decline to go into specific reasons,' McNulty said. … 'I think the committee needs to know why she was terminated,' Specter responded. … But all McNulty would say is that 'the phone calls made in December were performance-related.' He was referring to calls made to Lam and five other prosecutors demanding their resignations. A seventh U.S. attorney, based in Arkansas, was dismissed earlier last year to make way for a former aide to White House adviser Karl Rove, McNulty said."

The Financial Times (2/7, Masters) reports, "Mr McNulty said Ms Lam's departure was unrelated to the bribery case but he said she was among the group removed for performance-related reasons. … 'In this administration, US attorneys are never, repeat, never, removed in an effort to retaliate against them,' Mr McNulty testified. He also said Timothy Griffin, Mr Cummins' replacement in Arkansas, was well qualified for his new position."

Roll Call (2/7, Van Dongen) reports, "Turning up the heat on the Bush administration on an increasingly touchy issue, Republican and Democratic members of the Senate Judiciary Committee grilled… McNulty… over why and how as many as seven U.S. attorneys around the country were dismissed from their posts since June." Roll Call continues, "Schumer repeatedly pressed McNulty, a former chief Hill counsel during former President Bill Clinton's impeachment proceedings and ex-House ethics committee lawyer, to provide documentation, such as written evaluations of each U.S. attorney's job performance, that would substantiate why the attorneys were fired. If that information is not provided quickly, the Democrat threatened to subpoena that information from Justice. 'For six years, there has been little or no oversight of the Department of Justice. Those days are over,' Schumer vowed." Roll Call notes, "In a strong opening statement putting Justice on the defensive, Schumer's comments were echoed by the panel's ranking member, Sen. Arlen Specter (R-Pa.), a former Pennsylvania assistant attorney general. … 'If a U.S. attorney general was fired in retaliation for what was done on the prosecution of former Congressman Cunningham, that's wrong,' Specter stated. 'And that's wrong even though the president has the power to terminate U.S. attorneys. U.S. attorneys can't function if they're going to be afraid of the consequences of a vigorous prosecution.'" Roll Call adds, "McNulty strenuously denied any political motivation for the dismissal of the prosecutors, explaining that it was part of normal staff turnover. … McNulty, however, did not dispute Schumer's assertion that (Cummins) was dismissed without any specific cause. Democrats allege that Cummins was asked to step aside in order to install Tim Griffin, a former aide to White House adviser Karl Rove."

The Memphis Commercial Appeal (2/7, Sullivan) reports, "Sen. Mark Pryor, D-Ark., told the committee that 49 days after (Cummins) 'was ousted without cause,' and replaced by interim U.S. Attorney J. Timothy Griffin, he still doesn't know the grounds for the removal. Griffin, a protégé of presidential advisor Karl Rove and a former Republican Party opposition researcher, has not been nominated by the

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president and has therefore not been subject to the Senate's advise and consent oversight. … 'The failure to acknowledge that Bud Cummins was told to leave for a purely political reason is a great disservice to someone who was loyal to the Administration and who performed his work admirably,' Pryor testified." The Appeal notes, "Attorney General Alberto Gonzales has said that Cummins and six other U.S. attorneys…were not removed for political reasons. … 'I think I would never, ever, make a change in a United States Attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation,' Gonzales said last month."

The Northwest Arkansas Morning News (2/7, Sadler) reports that McNulty told the committee "that Cummins was informed in a June phone call that he was being asked to resign without cause. At that point, Griffin had already been identified as an interim successor, he said. … Sen. Mark Pryor, D-Ark., said the Justice Department changed its story regarding Cummins' departure. … 'First they said that initially Bud Cummins decided to leave on his own,' Pryor said. 'It's taken many weeks to get here, but today the Justice Department admitted he was told to leave.'" The News adds, "Cummins said in a telephone interview Tuesday that he appreciated Pryor's defense of his service, but that he remained a Bush loyalist who had considered leaving his post regardless. … 'In my case, it's fair to say it was handled poorly, because they could just have easily called me and said "You haven't done anything wrong. You're a champ. You've been a great performer for the president, and we'd like you to cooperate with us and give this other guy a job for two years,"' Cummins said."

Lam Departure Reminds Some Of 1982 DOJ Scandal. U.S. News and World Report (2/7, Ragavan) reports, "To some veteran former Justice Department officials, the departure of Lam before the Cunningham probe is completed harks back to a similar case involving a CIA asset more than 25 years ago, in which the U.S. attorney was fired because of pressure from the agency. In 1982, the feds arrested the former chief of the Federal Security Directorate (Mexico's secret police), Miguel Nazar Haro, after he was indicted by a federal grand jury in San Diego for his involvement in an $8 million car-theft ring that had smuggled about 600 stolen American luxury cars and vans from Southern California to Mexico. … The U.S. attorney in San Diego, William Kennedy, had uncovered the car-theft ring and pushed the Justice Department to indict Haro. Kennedy charged that the CIA was blocking the indictment because Haro was a CIA asset in Mexico City and that the Justice Department was dragging its feet. Kennedy was reprimanded in no uncertain terms–President Ronald Reagan fired the prosecutor, a former Justice official says, after the CIA brought pressure to bear. But Haro–who was forced to resign as the secret police chief because of the car-smuggling allegations– was subsequently indicted and arrested. He posted $200,000 bail and fled, becoming a fugitive. And so he remained, until he was again arrested in February 2004, this time on charges that he had kidnapped a leftist leader nearly three decades earlier during Mexico's 'dirty war,' against the left. … After Kennedy was fired, Justice sources say, CIA officials used it as a 'warning' to other Justice officials not to challenge the agency. Kennedy later became a superior court judge in San Diego."

More Commentary. The New York Times (2/7) editorializes, "United States attorneys, the federal prosecutors who work in the states, are supposed to be respected, independent members of the bar. They have extraordinary power: they can file criminal charges and conduct investigations that can destroy reputations. They are supposed to be confirmed by the Senate, and there is a long tradition that they are not removed during the term of the president who appointed them, except for serious cause. .. At a Judiciary Committee hearing yesterday on the dismissals, the deputy attorney general who represented the Bush administration failed to explain convincingly why the United States attorneys had been removed, or to dispel the suspicion that politics was the driving force. Mr. Schumer says he may subpoena the dismissed federal attorneys' performance evaluations if he doesn't get a better explanation. The Senate should keep pushing for answers — and for nonpartisan prosecutors to be placed and kept in these important positions."

In an op-ed for the Baltimore Sun (2/7), George W. Liebmann, a Baltimore lawyer, executive director of the Calvert Institute for Policy Research, and the author of 'The Common Law Tradition: A Collective Portrait of Five Legal Scholars.', writes, "The news that the Bush administration has replaced seven U.S. attorneys, none charged with or guilty of wrongdoing, with people fairly describable as Washington apparatchiks should give pause to all those concerned with America's working Constitution. … The office of U.S. attorney is far more powerful than it was at the time of the ratification of the Constitution. Its functions are no longer limited to federal specialties such as customs and revenue offenses, but extend to virtually the entire range of criminal offenses. Stringent federal sentencing guidelines have rendered federal prosecutions the prosecutions of first resort, even for certain street crimes. During the tenures of Attorneys General Janet Reno, John Ashcroft and Alberto R. Gonzales, the number of federal prosecutors has greatly increased." Liebmann adds, "As the sweep of federal criminal jurisdiction widens, it is imperative that Congress thoroughly review the provisions for appointment and removal of all important federal law enforcement officials - not merely U.S. attorneys. The dispersion of police and prosecutorial power is the bedrock of American civil liberty. In all but two or three states, prosecutors are elected for short terms. … We do not want

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prosecutors to be laws unto themselves, and we do not want an elective dictatorship. Geographic dispersion of prosecutorial power, of which Congress has lately grown careless with its expansions of federal jurisdiction, has historically been the American answer to this problem. The growth of the central office of the Justice Department renders it imperative that old controls be reinstated and new ones devised."

CORPORATE SCANDALS:

Lengthy AOL Trial Ends With Acquittals Of Three. The Washington Post (2/7, D1, Johnson) reports, "An Alexandria jury acquitted two former AOL executives on all the conspiracy and fraud charges against them yesterday, dealing a blow to prosecutors and marking a decisive end to one of the longest trials in the federal courthouse." The Post continues, "Jurors spent slightly more than three full days in deliberation before clearing Kent D. Wakeford and John P. Tuli of charges that they helped a Las Vegas software client post fictitious revenue in early 2001. As the court clerk read the verdict, Tuli wept while his mother and his wife gasped with delight. Wakeford trembled, clapped his hands twice and hugged his lawyers. … The six-man, six-woman jury also acquitted Christopher J. Benyo, a former vice president at the Las Vegas company, PurchasePro.com. Defense lawyer Terrance Reed last week appealed to the jury to 'set yourselves and Mr. Benyo free' from a case that stretched into a fourth month, a rarity in a courthouse known for dispensing speedy justice. … 'You're free to go, gentlemen,' U.S. District Judge Walter D. Kelley Jr. told the jubilant defendants. Wakeford and Tuli clasped in a tearful embrace as prosecutors filed out of the eighth-floor courtroom without a word to spectators or opponents." The Post notes, "The case marks the second defeat for the government in its five-year-old investigation into accounting misdeeds at PurchasePro and AOL in the early days of the Internet bust. The same judge acquitted a former top lawyer for PurchasePro in December 2005 after a two-week trial. Once the focus of intense government scrutiny, high-ranking AOL sales and marketing officials ultimately avoided criminal charges, an issue that defense lawyers for their subordinates seized on as scapegoating during the trial. … Chuck Rosenberg, the U.S. attorney for the Eastern District of Virginia who joined the office last year, issued a statement praising the government team and concluding: 'Sometimes, jurors see things in a different way. We respect their decision.'" The AP (2/7, Barakat) also reports on the verdict.

Oil Drilling Firms To Pay $26 Million In Nigeria Bribery Case. The AP (2/7, Lozano) reports, "Three oil drilling companies - subsidiaries of a British firm - have agreed to pay a $26 million fine for bribing Nigerian officials in order to get preferential customs treatment, Justice Department officials announced Tuesday." The AP continues, "The fine by the companies, subsidiaries of London-based Vetco International Ltd., is the largest criminal settlement of foreign corruption charges, said Deputy Attorney General Paul J. McNulty. … 'This case ... confirms our commitment to root out corruption,' McNulty said. 'The Department of Justice will continue its efforts to assure a level playing field for businesses operating abroad.'" The AP adds, "During a closed hearing in a Houston federal court Tuesday, the companies - Vetco Gray UK Ltd., Vetco Gray Controls Inc., and Vetco Gray Controls Ltd. - pleaded guilty to violating the Foreign Corrupt Practices Act. … Vetco Gray Controls Inc. agreed to pay a $6 million fine; Vetco Gray Controls Ltd., $8 million; and Vetco Gray UK Ltd., $12 million. … A fourth subsidiary, Aibel Group Ltd., agreed to accept responsibility for similar conduct by its employees."

The Houston Chronicle (2/7, Fowler) reports, "This is the second time in three years a Vetco-related firm has paid fines for bribery. In July 2004 Vetco Gray of Houston and Vetco Gray of Aberdeen, Scotland, each agreed to pay fines of $5.25 million. At the time the companies were owned by ABB of Switzerland. … Last month General Electric Co. said it would pay $1.9 billion to acquire Vetco Gray." The Chronicle adds, "At a closed hearing this morning before U.S. District Judge Lynn Hughes in Houston, the companies pleaded guilty to violations of the anti-bribery provisions of the FCPA, as well as conspiracy to violate the federal law. … Aibel Group Ltd., another wholly owned subsidiary of Vetco International, also entered into a deferred prosecution agreement with the Justice Department . … According to the government from September 2002 through April 2005 each of the companies used an international freight forwarding and customs clearing company to make at least 378 payments totaling approximately $2.1 million to Nigerian Customs Service officials. The payments were aimed at getting customers officials to give Vetco preferential treatment."

US Subpoenas Allied Capital Records In Pretexting Probe. The New York Times (2/7, Creswell) reports, "Federal prosecutors have subpoenaed records of Allied Capital, a business development company that provides financing to smaller firms, in an effort to discover how private investigators it hired may have obtained the phone records of one of its leading critics." The Times continues, "Allied, which had previously denied any involvement, said yesterday in a statement that it has since become aware that an agent of the company obtained the telephone records of David Einhorn, a hedge fund manager, as well as records of calls from his fund, Greenlight Capital, during 2005." The Times adds, "Allied, which is based in

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Washington, said that it had received a subpoena from the United States attorney in Washington in December. … The statement added that Allied's management had not authorized the obtaining of the telephone records and that the company was cooperating with prosecutors." The Times notes, "In November, The New York Times reported accusations by Mr. Einhorn and other Allied critics that they had been the victims of pretexting — improperly impersonating an individual to obtain confidential information. … California's attorney general has filed criminal charges against one of Hewlett-Packard's former senior lawyers as well as its former chairwoman, Patricia C. Dunn, and two private detectives. All have pleaded not guilty."

The Washington Post (2/7, D1, Nakashima, Cho) reports, "Until yesterday's disclosures, the firm and its board had denied allegations by Einhorn and other Allied critics that the firm had engaged in a practice known as pretexting, which involves posing as a person or family member of that person to trick a phone company into giving out phone records. … 'In the course of gathering documents responsive to the subpoena, Allied Capital has become aware that an agent of the company obtained what were represented to be telephone records of David Einhorn and which purport to be records of calls from Greenlight Capital during a period of time in 2005,' the firm said." The Post adds, "Allied also said that while gathering the documents for investigators, 'allegations were made' that management had authorized the acquisition of its critics' phone records and that it had been 'subsequently advised that these records had been obtained.' … 'The management of Allied Capital states that these allegations are not true,' the statement said. 'Allied Capital is cooperating fully with the inquiry by the United States attorney's office and will have no further comment concerning this matter until that inquiry has been conducted.' The company said its board had established a committee to review the matter."

Survey Finds Most Firms Slow In Developing Pretexting Rules. The National Law Journal (2/7, Qualters) reports, "A Deloitte & Touche poll revealed that most companies have not crafted policies to ban pretexting, which exposes them to potential criminal liability if their employees or investigators use deception to gather information in a probe." The Journal continues, "In an online poll of 230 executives during a Webcast conducted by Deloitte Financial Advisory Services late last year, 42 percent said their companies had no written pretexting guidelines, and 45 percent said they didn't know if their company had such policies. … Only 8 percent have guidelines they are satisfied with, while 5 percent believe they have unsatisfactory rules on the books." The Journal adds, "This lack of corporate attention on pretexting is especially alarming in light of a new federal law that creates criminal penalties for illicitly obtaining or disclosing telephone records. … President George W. Bush signed the bill in January, following civil and criminal charges against individuals involved in a Hewlett-Packard Co. scheme to fraudulently obtain phone records in an effort to discover which board members were leaking stories to the media. … Several detectives and the former chairwoman of the Palo Alto, Calif.-based technology company face criminal charges, and the company paid $14.5 million in civil fines." The Journal notes, "Beyond prohibiting tactics that are clearly illegal, such as obtaining bank or telephone records under false pretenses, companies need to consider what kinds of information-gathering techniques -- pretexting as well as other methods -- are acceptable at their firms, said Ernie Brod, director of Forensic & Dispute Services for Deloitte's financial advisory services arm. … The problem is that some individuals may see nothing wrong with surveillance, for example, but 'others may be appalled,' he said."

SEC Sues Former Engineered Support Officials Over Options Scheme. The AP (2/7, Gordon) reports, "Two former top executives of defense contractor Engineered Support Systems Inc. enriched themselves and others in a five-year-long scheme to manipulate the timing of stock option grants, federal regulators charged Tuesday." The AP continues, "The Securities and Exchange Commission filed a civil lawsuit in federal court in St. Louis against Gary Gerhardt, former chief financial officer of the company, and Steven Landmann, the former controller, over the alleged options backdating scheme. Employees and directors of Engineered Support received some $20 million in unauthorized compensation as a result of the backdating, while Gerhardt and Landmann reaped $1.9 million and $518,972, respectively, according to the SEC." The AP adds, "Landmann agreed in a settlement with the agency to pay a $259,486 civil fine and $627,071 in restitution plus interest. He also was barred from serving as an officer or director of, or as an accountant for, any public company. Landmann neither admitted nor denied the SEC's allegations under the accord. … The SEC's case against Gerhardt is still pending. … It was the third case by the agency since last summer involving alleged options backdating, in a scandal in which more than 100 public companies are under investigation by the SEC and the Justice Department, more than $5 billion in profit has been erased by restatements and 18 CEOs have been swept out of office." The AP notes, "Federal prosecutors issued a subpoena last June in the matter to Engineered Support, a St. Louis-based company that supplies electronics for the military and some government agencies. The SEC also began its investigation around that time."

The Wall Street Journal (2/7, A4, Forelle, Bandler) reports, "Yesterday's civil charges by the Securities and Exchange Commission come as the pace of governmental investigations into the backdating matter appeared to be

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quickening. Criminal charges in other cases are likely to be filed in coming weeks or months, according to people familiar with the matter." The Journal adds, "Federal prosecutors in St. Louis also are investigating Engineered Support's options practices. People familiar with the matter say prosecutors are looking closely at Messrs. Gerhardt and Landmann, and former chief executive, Michael F. Shanahan Sr. and his son, Michael Shanahan Jr., who had been a director."

Former Qwest CEO Seeks Trial Delay. The AP (2/7, Shore) reports, "Former Quest chief Joe Nacchio's attorneys asked a federal judge Tuesday to delay his insider trading trial, saying prosecutors have been so slow in turning over evidence that his rights could be jeopardized if the trial starts March 19 as scheduled." The AP continues, "Attorney Herbert Stern sought a 60-day postponement to evaluate documents prosecutors have provided in recent weeks, including six CD-ROMs of material that Stern said he was made aware of Monday evening. … He said prosecutors advised if his team wanted to use any of the classified material, they would have to submit them to the court as required by federal law. … 'The government has chosen on the eve of trial to place a heavy burden on the defendant - to review voluminous materials and then make applications to the court and we do not even know the full extent of that burden,' Stern wrote in a brief filed in U.S. District Court." The AP adds, "Stern said the documents may support Nacchio's contention that he had hope for Qwest's future because he knew about the Denver-based phone company's classified business dealings with the government. … 'This request is not of our making, but if not granted will prejudice our ability to mount a full defense as required by the Sixth Amendment,' Stern wrote." The AP notes, "Nacchio's attorneys have complained previously about government attorneys being slow to provide evidence, prompting U.S. District Judge Edward Nottingham last week to order prosecutors to step up efforts to turn over such material. At issue are witness interviews and other documents that Nacchio's attorneys say may help his defense, a contention prosecutors have disputed. … Prosecutors have told the judge that the evidence exchange has been hampered because some documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government material such as business contracts."

SEC Ratchets Up Probe Of Wall Street Trading Leaks. The Wall Street Journal (2/7, C15, Scannell, Smith) reports, "The Securities and Exchange Commission has asked nearly a dozen brokerage firms for trading and other data in an effort to determine whether there is a leak of inside information across Wall Street." The Journal continues, "The inquiry is being driven in part by complaints from mutual funds and others who worry market participants are trading ahead of their trades before they are executed. … The request is an expansion of the agency's continuing 'street sweep' investigation of potential insider trading, which has mainly focused on the passing of inside information within a brokerage firm. Now, the agency is expanding the probe to look at information being exchanged between firms in hopes of avoiding detection, according to a top agency official." The Journal adds, "The SEC is looking at the 'passage of information from one firm to another,' said Lori Richards, director of the SEC's office of compliance, inspections and examinations. 'It's just fact-finding at this point.' … The data request, reported in yesterday's New York Times, was sent by the SEC three weeks ago. The request seeks information on all stock and option orders in the firms' order management system for a 12-day period in late September, as well as a list of customers that use the firms' prime brokerage systems, which are used by hedge funds." The Journal notes, "The agency hopes that once it examines the data, it will be able to determine if the concerns are valid and if there is a tipping chain from firm to firm. The sweep is in the information gathering stages and not all examinations result in enforcement actions. … The new take on potential leaking on Wall Street was spurred partly from other enforcement cases. The SEC and Justice Department have cracked down on instances of traders passing information about large pending trades before they are public across the firm's information boxes, known as squawk boxes."

The New York Times (2/6, Anderson) reports, "The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said." The Times continues, "The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move." The Times adds, "Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction. … But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect."

USA Today (2/7, 5B, Farrell) reports, "According to people with direct knowledge of the probe, who don't want to

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be identified because the investigation is ongoing, the banks being examined include but are not limited to: Merrill Lynch, Credit Suisse, Morgan Stanley, Deutsche Bank and UBS. None of those banks would comment on the matter." USA notes, "For years, mutual fund executives have complained that financial intermediaries have used sensitive information about their buy and sell orders to disadvantage them in the marketplace. … Representatives of the mutual fund industry applauded the SEC's decision to conduct the examination. 'This issue is of paramount importance to mutual fund shareholders,' says Edward Giltenan, a spokesman for the Investment Company Institute, a trade organization for funds."

Decline In Class-Action Securities Fraud Litigation Examined. In an op-ed for the Wall Street Journal (2/7, A15), Joseph A. Grundfest, a professor of law and business and codirector of the Rock Center on Corporate Governance, at Stanford University, writes, "Litigation is booming in the U.S. Courts complain of burgeoning dockets. Lawyers collect record fees. Legislators, regulators and academics either grouse that litigation is driving business offshore and should be contained, or that economic injustice still pervades our economy and that the courthouse doors must be kept wide open to help right wrongs. … But few policy makers or scholars seem aware that a highly controversial component of the litigation market -- the class-action securities fraud litigation business -- is shrinking faster than a polar icecap. The interesting question is why this decline has occurred and what it means for the future of U.S. securities regulation." Grundfest continues, "According to data collected by Stanford Law School and Cornerstone Research, the number of companies sued in plain vanilla class-action fraud claims has averaged about 193 per year from 1996 through 2005, not much different from pre-reform levels. But halfway through 2005 filing activity took a sharp drop, and in 2006 only 110 companies were named as defendants in securities-fraud class actions. … A closer look at the data suggests that the decline is even more remarkable because 20 of these lawsuits allege options backdating activity. Backdating is a one-time event, and if we subtract these 20 cases we arrive at a 'core' litigation rate of 90 companies per year." Grundfest adds, "Why have these declines occurred? … Perhaps fewer companies are being sued for fraud because there is less fraud. Under this theory, the government's aggressive criminal and civil enforcement strategy following the Enron and WorldCom frauds has caused corporate boards and management to 'get religion' when it comes to complying with the securities laws. Executives are acutely aware that a major accounting or disclosure fraud is more likely than ever to leave them fired or indicted. They respond to this new regime like rational economic actors: If you increase the penalties for engaging in fraud then you reduce the incentive to commit fraud. Nothing complicated here at all. … As long as the government's enforcement activities remain sufficiently vigorous, the private class-action securities fraud lawsuit can be viewed as an expensive, wasteful and unnecessary sideshow that generates little deterrence and offers questionable levels of compensation. The question then is not why these lawsuits have been shrinking so rapidly in recent months, but when and whether they should exist at all."

CRIMINAL LAW:

Libby Told Grand Jury Cheney "Upset," "Disturbed" By Wilson Claims. In a widely-distributed story, the AP (2/7, Apuzzo) reports, "On grand jury audiotapes played at his trial on Tuesday, former White House aide I. Lewis Libby said he learned about a CIA officer from Vice President Dick Cheney, forgot it, then learned it again from NBC News reporter Tim Russert a month later. … Libby's 2004 grand jury testimony…conflicts with testimony at his trial by a former White House press secretary, a recent vice presidential spokeswoman, a former CIA official, a former State Department undersecretary and reporters from The New York Times and Time magazine." The AP notes, "Meanwhile, the long-anticipated testimony by Cheney as well as Libby himself may not materialize. Libby's lawyers…indicated this week only that Cheney was 'potentially' a witness and that Libby might decide against taking the witness stand."

Under the headline "Court Hears Libby Describe Cheney As 'Upset' At Critic," the Washington Post (2/7, A3, Goldstein, Leonnig, 690K) reports Libby testified to the grand jury that "Vice President Cheney and other senior White House officials regarded" former ambassador Joseph Wilson's "accusations that President Bush misled the nation in going to war in Iraq as an unparalleled political assault and...held daily discussions about how to debunk them." Libby "said Cheney had been 'upset' and 'disturbed' by criticisms from…Wilson," and "Libby said that Karl Rove had been 'animated' by a conversation with Robert D. Novak, in which the conservative columnist told Rove he 'had a bad taste in his mouth' about Wilson and was writing a column about him." The Post notes, "Libby's portrayal of the zeal to discredit Wilson's claims, reaching to the White House's highest echelons, reinforces Special Counsel Patrick J. Fitzgerald's assertion that the criticism of war provoked such a political crisis among Bush's top aides that it is unlikely the defendant simply forgot his role in the leak, as defense attorneys contend."

The Los Angeles Times (2/7, Schmitt, 850K) reports that "jurors heard his recorded voice describe how he was

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instructed to leak intelligence secrets to select reporters, even as other White House officials were expressing concern over the leaks and debating whether the administration should formally declassify intelligence reports on Iraq to combat criticism of the case for war." On the tape, Fitzgerald was heard asking, "Was that unusual for you to have the national security advisor, the director of Central Intelligence, the White House chief of staff among others in the dark as to something that you had done regarding declassification?" Libby replied, "It is not unusual for the vice president to tell me something which I am not allowed to share with others."

The New York Times (2/7, Lewis, 1.16M) notes, "The audiotapes also provided more detail about Mr. Libby's July 8, 2003, meeting with Judith Miller, then a reporter for The New York Times. Mr. Libby told the grand jury that his meeting with Ms. Miller was approved directly by the vice president. Mr. Libby said that in order to convince Ms. Miller that Mr. Wilson's article in The Times was filled with inaccuracies, Mr. Cheney first went to President Bush directly to declassify a National Intelligence Estimate. Mr. Libby said that he used the intelligence estimate in the Miller interview to counter Mr. Wilson's claims that there was no Iraqi effort to obtain uranium from Niger."

CNN (2/7) reports, "On a tape played at his trial Tuesday Lewis 'Scooter' Libby told investigators he thought President Bush authorized him to give a reporter information about CIA agent Valerie Plame. … 'If the president tells you to talk about a document, it's declassified,' Libby told Special Counsel Patrick Fitzgerald on March 24, 2003, during testimony before a grand jury that would eventually indict Libby for perjury and obstruction of justice." CNN continues, "The audio recordings, made nearly four years ago, shed light on how Libby handled the controversy over Wilson's allegations. … Libby said White House Counsel David Addington told him the president has the power to declassify material on his own. Libby said he asked Addington, 'Can the president declassify a document just by telling us to talk?' and Addington said he could. … Libby quoted that response to Fitzgerald on the stand." CNN adds, "Fitzgerald asked Libby whether he was present when Vice President Dick Cheney asked Bush to declassify the material, whether anyone else was present, and whether issues were raised about how going public might overrule CIA Director George Tenet. … To each question, Libby answered no. … Libby, who was Cheney's chief of staff at the time, also testified he had no knowledge of when or how Cheney got the okay from President Bush and concluded only the three of them were aware the material could be disclosed to New York Times reporter Judith Miller when Libby met with her for coffee at a Washington hotel."

Pennsylvania State Senator Indicted On 139 Corruption Counts. In a widely-distributed story, the AP (2/7, Dale) reports, "State Sen. Vincent J. Fumo, one of the most powerful and controversial figures in Pennsylvania politics, was indicted Tuesday on federal charges he used a nonprofit group for personal and political gain and defrauded the state out of $1 million. Many of the 139 charges stem from Fumo's ties to a nonprofit agency in his South Philadelphia district," the Citizens' Alliance for Better Neighborhoods. "Prosecutors said he used state employees and the nonprofit group to fulfill his every whim -- including cleaning his 33-room mansion, spying on his ex-wife, and fighting a dune project that might block his view of the ocean." The AP notes, "Fumo is to surrender to the FBI on Wednesday, the U.S. attorney's office said."

The Philadelphia Inquirer (2/7, McCoy, Shiffman, 385K) reports that "Fumo used taxpayer and charity money to pay for everything from political polls to power tools, from cars to farm equipment, from errands to shopping sprees, a grand jury charged yesterday. … 'Sen. Fumo didn't just step over the line,' U.S. Attorney Patrick L. Meehan said yesterday. 'He completely ignored it.' … The indictment says Fumo once told a confidant that he had an acronym for one goal in his life -- spending 'OPM,' that is, 'other people's money.'" The Inquirer notes, "Fumo is scheduled to surrender to the FBI agents this morning who investigated him, Kathleen McAfee and Vicki Humphreys." Meanwhile, the Philadelphia Inquirer (2/7, Lounsberry, 385K) reported, "The 267-page federal indictment…is a portrait of greed and entitlement that prosecutors hope will be a road map to persuading a jury that one of the state's most resilient political figures engaged in fraud and other crimes. And it was the talk of the legal community yesterday, as lawyers across Philadelphia -- and beyond -- marveled at the level of detail and predicted a raging courtroom battle. … 'It's like the government saying, "We're so confident of our hand, we'll show you our hand,"' said former federal prosecutor Robert E. Goldman."

The Philadelphia Daily News (2/7, Hinkelman, 106K) reports that Fumo "touts his membership in the American Mensa Society, a society for people with very high IQs. But Fumo wasn't smart enough to avoid being charged yesterday with 139 felonies by a federal grand jury. … Ruth Arnao, 50, a longtime aide and former executive director of the Fumo charity, Citizens Alliance for Better Neighborhoods, also was indicted. She is charged with 45 counts of conspiracy, mail fraud, wire fraud, obstruction of justice and filing a false tax return." The Daily News notes that the "indictment painted Fumo as a man who 'abused' his power to 'build an empire' of Senate and charity employees who catered to his personal needs…Meehan said. … And, then, when Fumo realized investigators were onto him, he orchestrated a coverup by

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directing aides to destroy e-mails and other electronic evidence to scuttle the federal investigation, Meehan said."

Philadelphia Editorials Weigh In On Indictment. The Philadelphia Inquirer (2/7, 385K) editorializes, "Fumo will have his day in court and is entitled to the presumption of innocence, of course. Indeed, he sought to preempt the indictment Monday by declaring in a Senate speech that he had 'not done anything illegal.'" However, the "charges resulting from a four-year probe by U.S. Attorney Patrick L. Meehan paint a portrait of an elected official who let his unofficial title as the prince of Philadelphia politics go to his head." The Inquirer adds that the Citizens' Alliance "did good works," but "funds from a regional utility's ratepayers should have been used to benefit the region, not just one senator's district. And how much more good could this money have done if it were distributed to true, and truly effective, nonprofits -- not one so intent on enhancing the reputation, clout and comfort of one politician?

The Philadelphia Daily News (2/7, 106K) editorializes, "A Harrisburg hand grenade rolled into the room a few weeks ago with the news of $4 million in bonuses paid to legislative aides in the House and Senate. U.S. Attorney Patrick Meehan just pulled the pin yesterday, when he released the indictment of state Sen. Vincent Fumo. That explosive 267-page document paints a picture of entitlement, a lack of accountabilty and a stunning disregard for the public trust that, if true, indicts not just a single senator, but an entire culture of arrogance, secretiveness and corruption that must be cleaned up."

DOJ Probing Loudoun County Land Deals. The Washington Post (2/7, A1, Laris, Somashekhar) reports, "Federal prosecutors have launched a far-reaching investigation into potential public corruption in Loudoun County, where officials have overseen billions of dollars' worth of development projects in one of the nation's fastest-growing areas." The Post continues, "Loudoun Commonwealth's Attorney James E. Plowman announced a joint investigation yesterday with the U.S. attorney's office in Alexandria, which will take the leading role. 'It's kind of a waste of resources if we're both independently reviewing the same matters,' Plowman said, adding that the combined federal-local effort 'brings about a greater aspect of neutrality.'" The Post adds, "The announcement follows months of quiet interviewing by FBI agents, who have queried county figures about possible abuses of power by officials, and represents a major escalation of the scrutiny facing Loudoun, the officials with the power to approve lucrative development projects and those in the real estate industry with the most at stake. … It also came shortly before Loudoun's Board of Supervisors passed ethics measures designed to increase government transparency. As part of the reforms, the board voted to discourage supervisors from accepting campaign donations from developers and others with pending projects, and it agreed to disclosure guidelines that could expose potential conflicts of interest." The Post notes, "The investigation and board action come after reports by The Washington Post last month that detailed how major land-use decisions in Loudoun have been dominated by a small network of public officials and their allies in the development industry. Developers, landowners and others profited as they coordinated with public officials to influence land-use decisions in the county, e-mails and other records showed. … Plowman, who last month said his office was focusing on eight or nine areas of inquiry, said in a statement that the joint group 'will be tasked with reviewing any potential issues of public corruption within Loudoun County.' It was unclear which individuals or specific actions are being investigated. … U.S. officials would not discuss their role in the probe. A spokesman for the U.S. attorney's office, Jim Rybicki, said, 'Department of Justice policy does not allow us to confirm or deny the existence of an investigation.'"

Man, Company Charged With Bribery In "Operation Big Coon Dog." The Bristol Herald Courier (2/7, Still) reports, "A South Carolina resident and a North Carolina contracting firm were indicted Tuesday on corruption charges stemming from the Operation Big Coon Dog investigation that rocked Buchanan County after a 2002 flood nearly wiped out the Hurley community." James Frederick "Rick" Byrd and Byrd Brothers Inc. "were indicted by a federal grand jury in Abingdon, both on two counts of program fraud and money laundering conspiracy, according to a news release issued by the U.S attorney's office in Roanoke. … The indictment alleges that Rick Byrd is the agent for Byrd Brothers. He is accused of paying two bribes to Ray Blankenship, the former chairman of the Buchanan County Board of Supervisors."

FBI Arrests Reputed Bonanno Underboss, 18 Alleged Mob Associates. WABC-TV New York (2/6) reported on its Web site from a broadcast story, "The acting underboss and the elderly acting consigliore of the Bonanno crime family were among 19 reputed mobsters busted by federal authorities Tuesday morning, officials said. Authorities say acting underboss Nicholas 'Nicky Mouth' Santora, 73-year-old acting consigliore Anthony 'Fat Anthony' Rabito and 17 others were arrested during the raids. Officials say they will be arraigned in Brooklyn federal court on charges that include racketeering, racketeering conspiracy, conspiracy to commit murder in aid of racketeering, illegal gambling, extortion, extortion conspiracy, loansharking, securities fraud and narcotics distribution. It is reportedly the fifth time since 2003 that FBI agents busted the Bonanno crime family." WNBC-TV New York (2/6) noted, "FBI agents

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conducted raids and made the arrests Tuesday morning. … Former boss Joseph Massino has cooperated with authorities since his arrest, even having worn a recording device to help build a case against his former associates."

The New York Times (2/7, 1.16M) reports, "All 19 pleaded not guilty yesterday, prosecutors said." US Attorney Roslynn R. Mauskopf "said that as part of an ongoing investigation, more than 100 Bonanno family members and associates have been prosecuted." Newsday (2/7, DeStefano) notes Santora and Rabito "are considered by the FBI to be the latest patchwork of leaders of a crime family that in the past five years has seen more than 70 of its members…convicted of federal charges. … Untouched by the latest charges is Salvatore Montagna, reportedly the new acting boss of the Bonanno crime family. A snippet of information about Montagna's reputed status came out in a letter submitted by prosecutors to the court Tuesday." The New York Daily News (2/7, Marzulli, 729K) and New York Post (2/7, Cohen) also briefly reported on the arrests.

House Republicans Unveil Anti-Crime Agenda. The Washington Times (2/7, Bellantoni, 88K) reports House Republicans on Tuesday "outlined a legislative package to curb drug crime, gang violence and child pornography -- pushing domestic safety issues they say will help them win back a majority." Republican members of the Judiciary Committee "criticized the Democratic leadership for leaving measures against violent crime off its publicized 'first 100 hours' agenda last month." Rep. Randy Forbes said, "If you listened very carefully, there was a deafening silence when it came to dealing with violent crime." The Times adds the "Republican Law and Order Agenda, formally introduced yesterday, lists nine proposals. Several were passed in the House in previous Congresses but stalled in the Senate." Among the Republican proposals "were bills to make the Internet safer for children, target identity theft and other cyberspace crime, and reduce fraudulent claims with the Federal Emergency Management Agency. They also give law enforcement more tools to crack down on drug trafficking and gang crime."

GOP Bill Would Require ISP Tracking. CNET News (2/7, Mccullagh) reports, "All Internet service providers would have to keep track of what their customers are doing online to aid police in future investigations under legislation introduced Tuesday as part of a Republican 'law and order agenda.'" CNET continues, "Employees of any Internet provider who fail to store that information will face fines and prison terms of up to one year, the bill says. The U.S. Justice Department could order the companies to store those records forever." CNET adds, "Rep. Lamar Smith of Texas, the top Republican on the House Judiciary Committee, called it a necessary anti-cybercrime measure. 'The legislation introduced today will give law enforcement the tools it needs to find and prosecute criminals,' he said in a statement. … A second requirement, also embedded in Smith's so-called Safety Act (click for PDF), requires owners of sexually explicit Web sites to post warning labels on their pages or face imprisonment. This echoes, nearly word for word, an earlier proposal from last year that was approved by a Senate committee but never made it to a floor vote." CNET notes, "Even though both requirements are central to a Republican-led effort, neither data retention nor Web labeling are that partisan. A Senate committee approved a telecommunications bill that included Web labeling by a 15-7 vote in June. And Rep. Diana DeGette, a Colorado Democrat, has been the most vocal proponent of data retention in the entire Congress. … Other bills in the Republicans' 'law and order' agenda are related to terrorism, the death penalty, gangs, computer data breaches and drug trafficking. ISP snooping timeline … The legislative fusillade marks the renewal of a political tussle that began in earnest last April, when Attorney General Alberto Gonzales called on Congress to target Internet providers with new regulations, which have been generally opposed by telecommunications companies and civil liberties organizations. CNET News.com was the first to report that the Bush administration has been pushing for such a rule privately since mid-2005. … Until this week, however, no formal bill had been introduced in the U.S. Congress."

Three Plead Guilty To Katrina Cleanup Billing Fraud. The AP (2/7) reports, "Three people, including a Florida contractor, have pleaded guilty to conspiracy to defraud the government by falsifying records of debris clean up from Hurricane Katrina and billing the federal government $716,677 for the work. Allan Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County; Clinton K. Miller, 28, of Carriere; and Lauren Robertson, 23, of Picayune, entered the pleas Tuesday in Gulfport federal court, U.S. Attorney Dunn Lampton said." The AP notes, "The indictment also charges that Kitto, in an effort to conceal the conspiracy, would deposit the funds into a bank account opened in the name of one of his employees and then write a check to an unindicted coconspirator who would then pay Kitto and Miller. Miller would then pay Robertson for completing and signing the false load slips, according to the indictment."

US Seeks Return Of $309 Million In Katrina Relief Aid. The AP (2/7) reports, "In the neighborhood President George W. Bush visited right after Hurricane Katrina, the U.S. government gave $84.5 million to more than 10,000 households. But official figures show fewer than 8,000 homes existed there at the time. … Now the government wants back a lot of the money it gave out across the region." The AP continues, "The Federal Emergency Management Administration has determined nearly 70,000 households

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improperly received $309.1 million in grants, and officials acknowledge those numbers are likely to rise." The AP adds, "In the chaotic period after two deadly hurricanes, Katrina and Rita, slammed the Gulf Coast in 2005, federal officials scrambled to provide help to hard-hit areas. … But an Associated Press analysis of government data suggests the government might not have been careful enough with its aid as it gave out nearly $5.3 billion to storm victims. The analysis found the government regularly gave money to more homes in some neighborhoods than the number of homes that actually existed. … The pattern was repeated in nearly 100 neighborhoods damaged by the hurricanes. At least 162,750 homes that did not exist before the storms may have received a total of more than $1 billion in improper or illegal payments, the AP found." The AP notes, "The AP analysis discovered the government made more home grants than the number of homes in one of every five neighborhoods in the wake of Katrina. After Rita roared ashore, there were more home grants than homes in one of every 10 neighborhoods. … The Justice Department so far has prosecuted more than 400 people for storm-related fraud, and $18 million(has been returned to FEMA or the American Red Cross, according to a recent report by the department's Katrina Fraud Task Force."

Connecticut Bank Officer Sentenced To Prison For Embezzlement. The Middletown (CT) Press (2/7, Mill) reports, "A longtime bank official who embezzled more than a half-million dollars from Liberty Bank was sentenced Tuesday to 18 months in federal prison." Mary Kuskey "had worked for Liberty Bank in a variety of positions from 1974 until 2005, when she was fired after the bank uncovered a complex scheme to divert bank funds for her personal use." US Attorney Kevin J. O'Connor said that "she has made restitution of $190,148. However, she still owes Liberty another $410,799 'in order to fulfill her restitution requirement,' O'Connor said." The Press adds, "O'Connor commended Liberty Bank for uncovering the fraud and for what he called the bank's 'valuable assistance' with the subsequent FBI investigation."

Florida Man Pleads Guilty To $2.5 Million Medicare Fraud Scheme. The Miami Herald (2/1, Dorschner, 286K) reported, "Law enforcement announced several major developments over the past several days in its fight against healthcare fraud, reported to be a $1 billion a year business in South Florida alone." US Attorney R. Alexander Acosta's office "announced that Marcelo De Jesus Serrano pleaded guilty to one count of conspiracy to commit health care fraud. Serrano admitted to conspiring with others to submit fraudulent claims to Medicare for various services from 2003 to 2005 through the services of two local labs, Biocyte Laboratories and Washington Medical Laboratory, resulting in about $2.5 million in false claims, prosecutors charged. Serrano agreed to forfeit about $1.2 million in fraud proceeds in an Etrade account, the press release said."

Three Convicted In Texas Bank Robbery Scheme. The Fort Worth Star-Telegram (2/7, Okada) reports, "James Edward Geske, Kevin Michael Smith and Alicia Nichole Frazier face up to life in federal prison without parole after a Fort Worth jury found them guilty of plotting to orchestrate three simultaneous bank robberies in downtown Hamilton, including using military explosives to blow up 15 police cars." The Star-Telegram continues, "Geske, 27, was the ringleader of the plot that was planned in great detail during October and November. Smith, 37, and Frazier, 25, played lesser roles, but all are equally guilty of participating in the conspiracy to commit the crimes, the jury found. … All three were arrested on Nov. 8, the same day the bank plan was being finalized. On that day, Geske traded a stash of fake methamphetamine for guns with an undercover federal agent. The plan as a whole was largely brought down by two undercover law enforcement officers. … 'The Arlington Police Department and ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives) and this jury took three dangerous criminals off the streets, as well as a cache of weapons,' federal prosecutor Bret Helmer said. 'The end result could have been catastrophic for a lot of people in Hamilton, Texas.' … Defense attorneys attempted to portray their clients as small-time street characters who talked big but meant little."

US Seeks To Keep Convicted Ex-Coca-Cola Secretary In Jail. The AP (2/7, Weber) reports, "The government said in court papers Tuesday it believes a former Coca-Cola secretary convicted of conspiring to steal trade secrets from the beverage giant should be jailed immediately because she poses a flight risk." The AP continues, "In a motion filed in U.S. District Court in Atlanta, Assistant U.S. Attorney Byung J. Pak said clothing, prescription medication, papers and other personal items were found in Joya Williams' Mustang during a search after a fire destroyed her apartment Friday." The AP adds, "The fire, which has been ruled accidental by local officials in Norcross, occurred nearly 90 minutes after the guilty verdict was reached in federal court in Atlanta. … 'With no place to live, with no money, with a significant amount of debt, and with the prospect of a lengthy prison sentence, the defendant poses a serious risk of flight,' Pak argued in the motion. … Pak also indicated that while local fire investigators deemed Friday's fire was caused accidentally by an unattended candle igniting some curtains in a bedroom of Williams' apartment, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives continues to investigate the incident. … Pak also said that Williams made

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inconsistent statements to investigators regarding her location and actions during the fire." The AP notes, "The government motion is seeking to force Williams to prove why she should not be remanded to the custody of federal marshals, and if she fails to do that, asks the court to order her jailed immediately. … Williams, who was out on bond during her trial, currently remains free pending sentencing."

Cunningham Probe Exposes Secret Iraq Water Contracts. The AP (2/7, Shrader, Hoffman) reports, "CIA officers operating in northern Iraq bought drinking water from a bottling plant there for years prior to the 2003 invasion that ousted Saddam Hussein." The AP continues, "That changed soon afterward. A CIA officer handling logistics for the Middle East and other regions recommended that an American company provide water and other supplies, according to former government officials. … The U.S. contractor that benefited from the multimillion-dollar deal wasn't just anyone. The company had personal ties to the officer, Kyle 'Dusty' Foggo, who would soon leave his logistics post in Frankfurt, Germany, and move to Washington to become the CIA's third-ranking official." The AP adds, "In at least one written communication, a Baghdad CIA officer complained about the no-bid contract. According to one official, the officer believed the deal was simply unnecessary because safe water was available commercially but he was ignored. … The water contract, while small on the scale of the billions that flowed into Iraq, raises questions about why U.S. taxpayer dollars went to well-connected businessmen rather than Iraqis who could have benefited from a share of postwar reconstruction business. And the case provides a window into the murky world of covert government business arrangements." The AP notes, "Foggo retired from the CIA last year. He is now at the center of a federal investigation, nearing completion, into whether he improperly steered contracts to companies controlled by his best friend, San Diego defense contractor Brent Wilkes. … Federal prosecutors in San Diego are preparing to seek indictments against Foggo and Wilkes on charges of honest services fraud and conspiracy, two government officials familiar with the investigation told The Associated Press last week. … The probe of Foggo and Wilkes stems from a broader federal investigation involving at least five federal agencies into how associates of former Rep. Randy 'Duke' Cunningham directed government business to a favored network of national security contractors. Cunningham, a San Diego Republican elected to eight terms in Congress, is currently serving more than eight years in jail for taking at least $2.4 million in bribes. Another defense contractor has pleaded guilty to paying some of them."

At Least Six States Consider Broadening Death Penalty. USA Today (2/7, 1A, Bazar, 2.27M) reports, "At least a half-dozen states are considering broadening the death penalty, countering a national trend toward scaling back its use. Lawmakers have proposed legislation that would increase the range of crimes eligible for execution. In Texas and Tennessee, for example, legislators want to include certain child molesters who did not murder their victims." Virginia "is considering bills that would make accomplices to murder, as well as killers of judges and court witnesses, eligible for the death penalty." Other states "with proposals to expand the death penalty" include Missouri, Georgia and Utah.

Six Baltimore Police Officers Suspended In Overtime Pay Probe. The Baltimore Sun (2/7, Sentementes) reports, "Six Baltimore police officers were suspended Tuesday as part of an internal affairs investigation into possible 'irregularities' with their overtime pay, a department spokesman said." The Sun continues, "The officers -- two sergeants and four detectives -- worked in criminal investigations in the department's Eastern District when they filed for overtime that is now being reviewed by internal affairs investigators, police said. One of the sergeants was recently transferred to the Northeastern District, police said." The Sun adds, "Matt Jablow, a Police Department spokesman, declined to release the names of the officers or say how much overtime was in question. … He said that questions about their overtime -- which consisted of money paid out for court and investigative time -- arose as part of an internal audit last summer." The Sun notes, "Their law enforcement powers have been suspended, but the officers will continue to work in administrative positions, Jablow said. … According to a document obtained by The Sun, the suspended officers are Sgt. Darryl Massey, Sgt. Raynard H. Jones, and detectives Sandra D. Forsythe, Dave P. Peckoo, Kerry D. Snead and Kevin R. Turner. … The suspensions come amid a push by the department this year to curtail overtime spending."

CIVIL LAW:

Victims' Families Sue FBI Over Shootings During New Jersey Drug Sting. The Bergen Record (2/6, Crouse) reports, "Relatives of three of the four people gunned down in a Paterson after-hours club sued the federal government Monday, claiming the deaths resulted from a bungled FBI sting operation. Three men and a woman were massacred inside the illegal gambling club during an early-morning robbery Dec. 14, 2005. 'The FBI violated their own policies on undercover cases: to make sure that the safety of unrelated civilians is not in jeopardy,' said the families' attorney, Rosemarie Arnold. 'You have a virtual casino operating in a known dangerous neighborhood without any

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security. That to me is an invitation to robbery.'" The Record noted, "Based on police files, the lawsuit says the FBI set up the sting four months before the shootings to investigate drugs and arms trafficking by the Latin Kings gang. It claims the agency paid a former convict $3,500 a month to run the business…atop a warehouse on Railroad Avenue, but failed to properly train or supervise him."

The AP (2/7) reports that the "mishandled FBI sting…led to a massacre in which four people died, according to a lawsuit filed by some of their families." The AP notes that after the shootings, the club manager "escaped the carnage, called 911, and said he worked for the FBI, according to a transcript of his call obtained by The Record of Bergen County and its sister paper, the Herald News of West Paterson. An FBI spokesman, Special Agent Steven Siegel, on Tuesday declined to comment on the lawsuit or on whether the manager was working for the agency."

Fatal Illinois Air Crash Blamed On Lack Of Radar. The Chicago Tribune (2/7, O'Connor) reports, "An air-traffic controller admitted Tuesday that he had no idea of a Cessna's location when he instructed its pilot to turn, a maneuver that less than two minutes later resulted in a midair collision that killed radio star Bob Collins and two others." The Tribune continues, "Testifying at a federal trial stemming from lawsuits filed by the families of the three victims, air-traffic controller Gregory Fowler said the crash of the two small aircraft would have been prevented if the Waukegan Regional Airport had been equipped with radar at the time. … A radar system was installed at the airfield five months after the February 2000 collision that killed Collins, a passenger in his Moravan Z242L plane and the student pilot at the controls of the Cessna 172P, Fowler said." The Tribune adds, "Fowler's testimony highlighted the first full day of testimony in the bench trial before U.S. District Judge John Darrah. Lawyers for the victims have sued the U.S. government, contending the Federal Aviation Administration was responsible for the crash, even though the Waukegan airport is operated by a private company. Other defendants reached settlements before the trial, which is expected to last about two weeks. … Relatives of two victims also testified, including Ed Hock, who struggled to keep his composure as he spoke about his daughter, Sharon, the student pilot, who he said had a vibrant personality. Evan Luscher, 19, whose father, Herman, died in Collins' plane, said he thinks of his dad every day."

Founder Of AmeriDebt Accused Of Hiding Assets From Debtors. The AP (2/7, Manning) reports, "The founder of a credit counseling firm accused of cheating thousands of debtors is hiding assets even though he agreed to contribute millions of dollars to help repay the debtors, a court-appointed receiver told a federal judge (in Greenbelt, MD) Tuesday." The AP continues, "The receiver, Robb Evans & Associates, wants Andris Pukke held in contempt of court, alleging the former head of now-defunct AmeriDebt is using friends and families to hide substantial assets - including an online betting venture, a California mansion, a development in Belize and bank accounts in Latvia." The AP adds, 'Hiding the assets would violate the terms of a 2006 settlement with the Federal Trade Commission that set up a restitution fund of up to $35 million. So far, only about $10 million of Pukke's money has been turned over to the FTC, which had sued him and AmeriDebt for allegedly charging customers $172 million in hidden fees. … 'There has been utter lack of cooperation on Mr. Pukke's part,' Gary Caris, an attorney for Rob Evans & Associates, told U.S. District Judge Peter Messitte in a hearing on the contempt request. … But in testimony Tuesday, Pukke claimed the attorney was overstating his control over money, such as the Latvian bank accounts held in his father's name. Pukke also said he no longer had a major stake in the Belize operation despite Caris' efforts to prove Pukke was still a part of the project." The AP notes, "AmeriDebt once was one of the largest U.S. firms meant to help debt-laden customers pay off their loans. But in its lawsuit, the FTC claimed AmeriDebt collected upfront fees that customers thought were going to pay down their debt but instead went to AmeriDebt. Pukke allegedly used that money, collected from about 300,000 people, to fund a lavish lifestyle. … The FTC and Pukke settled in January 2006 before the case was to go to trial. Pukke admitted no wrongdoing but agreed to disclose his assets for the restitution fund. The judge had already frozen Pukke's holdings a year earlier to keep him from hiding money."

Two New York Hospitals Bring RICO Suit Against UnitedHealth. The AP (2/6, Freed) reported that Flushing Hospital Medical Center and Jamaica Hospital Medical Center, both of New York, "said they sued insurer UnitedHealth Group Inc. on Tuesday alleging 'a pattern of racketeering activity.'" Filing suit under the Racketeer Influenced and Corrupt Organizations in federal court, they seek "at least $50 million in punitive damages, along with millions more in actual damages. The same hospitals sued under a similar set of facts last year in state court in New York." The AP continues, "Both lawsuits claim UnitedHealth cost them business by repeatedly telling patients that Flushing was not in its network and that Oxford Health, which was bought by UnitedHealth, did the same thing to patients at Jamaica Hospital. The lawsuit also claims Oxford postponed signing contracts with both hospitals to avoid paying them higher negotiated fees."

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Judge Orders More Mediation In Virginia Jet-Noise Suits. The Virginian-Pilot (2/7, White) reports, "A federal judge Tuesday ordered all parties involved in nearly 2,100 jet-noise lawsuits back to mediation." The V-P continues, "Judge Victor J. Wolski of the U.S. Court of Federal Claims in Washington set a tentative date in September for a two-week trial for the first group of lawsuits, should negotiations fail. … Wolski also granted a motion by the Justice Department that the court not review a recently submitted report from plaintiffs' lawyers, which included details of the original settlement agreement." The V-P adds, "Government attorneys argued that the information was improperly disclosed and could potentially sway the court if the lawsuits went to trial. … At stake is a proposed $38 million deal that was tentatively reached in October between the federal government and 2,098 homeowners who live near Oceana Naval Air Station in Virginia Beach and Fentress Naval Auxiliary Landing Field in Chesapeake. The median payment to homeowners who agreed to the deal would have been $5,000." The V-P notes, "Cynthia Magnuson, a spokeswoman with the Justice Department, said the government was pleased with the court's order. … In a statement, Magnuson said 'by granting the government's request to appoint a mediator, the United States remains hopeful that the parties can reach agreement on the terms still in dispute and resolve this case without further litigation.'"

CIVIL RIGHTS:

Review Finds Vermont State Hospital Lagging In DOJ-Mandated Improvements. The AP (2/7, Rathke) reports, "The (Vermont) state hospital is behind in improving patient treatment, assessment, discharge and planning but has made progress in other areas, as part of a settlement with the U.S. Department of Justice, according to a six-month review." The AP continues, "The report by two out-of-state psychiatrists outlines numerous areas where the psychiatric hospital was not in compliance with the terms of the four-year settlement. … 'This is the first time that we're going through this and we'll be going through this again and every time we should in be greater compliance,' said Michael Hartman, the new deputy commissioner for mental health. 'Obviously if there weren't problems then we wouldn't be in this place in the first place.'" The AP adds, "The 70-page report released Tuesday noted progress in the hospital's reduced use of restraint and seclusion of patients, improvements to the building, creation of a full-time psychiatric team, hiring a staff neurologist, working with the University of Vermont medical school and certain areas of training, Hartman said. … But the report said the hospital needs a more organized system to better integrate documentation, treatment, assessment, use of medicine and therapy." The AP notes, "The Justice Department investigated the hospital in September 2004 after the facility lost its federal certification and millions of dollars in funding following two patient suicides. … The DOJ found the hospital used excessive seclusion and restraints and provided inadequate psychiatric and psychological services."

DOJ-Funded Human Trafficking Task Force Launched In Las Vegas. KLAS-TV Las Vegas (2/6) reported on its Web site from a broadcast story, "Local agencies announced Tuesday morning a massive task force has been formed, aimed at combating the problem of human trafficking. Dozens of agencies, including Metro, Henderson police, Nevada child seekers, Salvation Army, the AGS office, TSA, and the FBI are working together to identify people who are bring forced to work in the sex industry or as laborers. The federal government says Southern Nevada is one of 17 communities at high risk for human trafficking." KLAS noted, The Department of Justice granted Southern Nevada $370,000 to launch a task force to fight the problem."

Border Patrol Agent Beaten By Fellow Prison Inmates. McClatchy (2/7, Montgomery) reports that "one of two Border Patrol agents who were sentenced to a decade in federal prison for the shooting of a Mexican drug smuggler in Texas was beaten by five fellow inmates at a medium-security prison at Yazoo City, Miss., lawmakers and members of his family said Tuesday." Former agent Ignacio Ramos "told his family that a group of inmates surrounded his bedside…where they were being held and kicked him in the head, face and mouth" supposedly "after inmates watched an episode of 'America's Most Wanted' that featured the shooting case."

The Washington Times (2/7, Seper, 88K) reports that in response to the beating and resulting "minor injuries" of the former US Patrol agent in prison, White House spokesman Tony Snow "said a 'thorough investigation' has been ordered into the incident" while the Bureau of Prisons spokeswoman Traci Billingsley confirmed "that the assault occurred immediately after the airing of a television show that described Ramos' case" and added that "the Bureau of Prisons is vigorously investigating the matter and will pursue all appropriate sanctions against the assailants." Rep. Duncan Hunter, "a California Republican who has been critical of the government's prosecution of the agents, said the incident 'clearly demonstrates the severe risk involved with incorporating Border Patrol agents into general prison populations.'"

Bill O'Reilly on last night's broadcast of Fox News' The O'Reilly Factor (2/6) commented that "this is totally unacceptable. We asked the warden of the prison for

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information but she would not tell us anything. The Justice Department says it is investigating. … There should be an investigation into her tenure at the prison. This is a high profile case. There is no excuse for this assault. … I knew this was going to happen."

The AP (2/7, Caldwell) reports, "Prison officials on Tuesday confirmed assertions by a congressman and relatives of Ignacio Ramos. He was attacked Saturday night after his case was described on the TV show 'America's Most Wanted,' the officials said. … Ramos suffered minor cuts and bruises, U.S. Bureau of Prisons spokeswoman Traci Billingsley said in a statement." The AP adds, "Ramos has been moved to the special housing unit at the medium-and low-security federal prison in Yazoo City, Mississippi, where he is serving his sentence, Billingsley said. … The convictions of Ramos and fellow former agent Jose Alonso Compean sparked outcry from critics who argued that the men were merely doing their job defending the border against criminals. … Republican U.S. Rep. Tom Tancredo of Colorado, a vocal supporter of the agents and opponent of illegal immigration, criticized the Bush administration Tuesday for failing to protect Ramos and demanded a full presidential pardon for the two men."

Fox News (2/7, Porteus) reports, "Ignacio Ramos, who was transferred to the Yazoo City Federal Correctional Complex in Mississippi last month to begin serving his 12-year sentence for the February 2005 shooting of Osbaldo Aldrete-Davila, was placed in a special housing unit after the incident pending an investigation, according to T.J. Bonner, president of the National Border Patrol Council. … 'We received verbal confirmation from the prison folks that he was assaulted and went to the infirmary and was treated for injuries,' Rep. Ted Poe, R-Texas, told FOXNews.com, adding that he has requested a written report of the incident." Fox adds, "Prison authorities, in a statement issued Monday, said that Ramos reported to the staff on Saturday around 10:15 p.m. ET that he was assaulted and that he sustained some 'minor' bruises and abrasions, Bonner said. … Some members of Ramos' family claim the assault happened after the airing of an 'America's Most Wanted' segment featuring both Ramos and Compean. They say the attack happened after Ramos fell asleep." Fox notes, "Ramos and Compean were found guilty by a jury of not only shooting Aldrete-Davila, but also of trying to cover up the incident. Supporters say it was wrong for Sutton to go after the border agents and not the drug dealer who was given immunity for testifying against them, and that the Justice Department has been less than forthcoming about certain facts surrounding the case."

9th Circuit Rules Wal-Mart Class-Action Bias Suit Must Go To Trial. The AP (2/7, Kravets) reports, "A federal appeals court ruled Tuesday that Wal-Mart Stores Inc., the world's largest private employer, must face a class-action lawsuit alleging as many as 1.5 million female employees were discriminated against in pay and promotions." The AP continues, "The ruling by the 9th U.S. Circuit Court of Appeals upholds a 2004 federal judge's decision to let the United States' largest class-action employment discrimination lawsuit go to trial, possibly exposing the Bentonville, Arkansas-based retailing powerhouse to billions of dollars in damages. … 'Plaintiff's expert opinions, factual evidence, statistical evidence and anecdotal evidence present significant proof of a corporate policy of discrimination and support plaintiff's contention that female employees nationwide were subjected to a common pattern and practice of discrimination,' the court wrote in a 2-1 decision." The AP adds, "Wal-Mart said it would ask the court to rehear the case with the same three-judge panel or with 15 judges, a move likely to idle the case for months. Tuesday's ruling came 18 months after the case was argued. … Wal-Mart, which currently employs 1.3 million workers, claimed that the conventional rules of class action suits should not apply in the case because its 3,400 stores, including Sam's Club warehouse outlets, operate like independent businesses, and that the company did not have a policy of discriminating against women."

The Washington Post (2/7, D1, Joyce) reports, "Wal-Mart said it will ask the U.S. Court of Appeals for the 9th Circuit in San Francisco to reconsider its decision. Barring that, the company will ask the U.S. Supreme Court to overturn the certification. A lower court originally said the case could proceed as a class action in June 2004, and the company first appealed the decision in August 2005. … 'We think its analysis is much too deferential to plaintiffs and erred in not taking into account Wal-Mart's evidence," said Theodore J. Boutrous Jr., an attorney for Wal-Mart. He said the court's ruling does not address the merits of the plaintiffs' claims, but whether the case meets the technical requirements to move forward as a class action."

The Financial Times (2/7, Waldmeir) reports, "The US Chamber of Commerce condemned the ruling. 'The suit includes a hodgepodge of claims, it's huge, it's unmanageable, and it's difficult if not impossible to defend,' said Robin Conrad of the National Chamber Litigation Center, the chamber's legal arm. 'Class actions like this are almost extortionate.'"

ABC World News (2/6, lead story, 2:40, Gibson) reported, "It is a lawsuit so large in scope and size, that it staggers the imagination. A Federal appeals court ruled today that a gender bias suit against Wal-Mart can proceed in what is known as a class-action suit. That means 1.5 million to 2 million women would be plaintiffs, arguing, as a group or class, that Wal-Mart discriminated against them in providing promotions and in paying them less than male employees." ABC adds, "It's America's biggest store, biggest employer,

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and now must defend itself against a huge female group of its own employees who claim Wal-Mart is also the biggest discriminator in the country. A Federal appeals courts in California ruled today that there is, 'significant proof of a corporate policy of discrimination' and that 'female employees nationwide were subjected to a common pattern and practice of discrimination.'"

The CBS Evening News (2/6, story 10, :20, Couric) reported, "A Federal appeals court ruled today that Wal-Mart will face the largest sexual discrimination lawsuit in US history. The class action suit alleges as many as 1.5 million female employees were passed over for promotions and earned less than male coworkers."

NBC Nightly News (2/6, story 6, :30, Williams) reported, We learned today of a huge class action lawsuit and it's against the retailing giant Wal-Mart. A Federal court has ruled that as many as 1.5 million current and former Wal-Mart workers may sue the company for sex discrimination. A suit that could cost Wal-Mart billions of dollars. Still the case for all these women could be delayed more months. Wal-Mart is asking the court to reconsider the ruling."

Ninth Teen Sentenced In California Halloween Hate Crime. The Los Angeles Times (2/7, Abdollah) reports, "A black teenager was sentenced to probation in the Long Beach hate attack today, the last of a group to be punished in the Halloween night incident." The Times continues, "Judge Gibson Lee put Allyson Stone, who is now 18, on probation, ordered 250 hours of community service and racial tolerance training. … The sentence was similar to that given the eight other teenagers convicted in the attack. Most of the youths also received a sentence of house arrest. … One of the 10 defendants was acquitted in the case." The Times adds, "Darrell Goss, the lawyer for Stone, said he has already filed an appeal, the first in what is expected to be continuing legal action from the attack on a street in the Bixby Knolls neighborhood of Long Beach. … Laura Schneider, 19, Loren Hyman, 21, and Michelle Smith, 19 were injured in the attack."

Dallas Must Fix Jail Problems Within Three Months. The Dallas Morning News (2/7, Krause) reports, "Dallas County officials soon may have to shut the doors to their crowded and understaffed jail and pay millions of dollars to send inmates to other counties if they can't get the inmate population under control." The News continues, "The county has three months to meet the state's minimum staffing requirement of one guard per 48 inmates – something it has consistently been unable to do – or the state probably will order the crowded jail not to admit any more prisoners. … If that happens, the county would have to pay to transport and house its prisoners in other jails across the state, at an annual cost of up to $18 million." The News adds, "Such a scenario would result in 'mayhem,' Chief Public Defender Brad Lollar said. Defense attorneys may not have time to visit clients in distant jails, and inmates would have to be bused back and forth to court hearings. … The Texas Commission on Jail Standards summoned county and sheriff's officials to its meeting last Friday for a status update on the troubled jail. The commission staff had been prepared to recommend the remedial order that day to close the jail but reconsidered after hearing about improvements in the works, said Allen Clemson, the Commissioners Court administrator." The News notes, "County officials are now in emergency mode, having given themselves a 30-day deadline to reduce the jail's population of more than 7,000 by 1,000 inmates, which they said will bring them in compliance. … The Dallas County Jail system – the seventh largest in the nation – has failed state inspections three years in a row, primarily because of inadequate staffing. Dallas has the highest incarceration rate among Texas' five largest counties. … The Sheriff's Department spent more than $9 million in overtime in the jails last fiscal year. But a surprise state inspection in October revealed the jail still wasn't meeting the minimum staffing requirement. … 'We are both in agreement that you cannot go on like this forever,' said Adan Munoz, executive director of the Commission on Jail Standards. 'Remedial orders have to be put in place.' … Mr. Munoz said a U.S. Justice Department report on the jail was the main reason he asked Dallas County officials to appear last week before the commission in Austin. The federal investigation concluded in December that the county is violating inmates' civil rights with dangerous and unsanitary jail conditions."

WPost Urges Democrats To Act On DC Voting Rights. In an editorial in the Washington Post (2/7, A16, 690K) asserts that "it's time for the Democrats who control Congress to act on legislation to end the disenfranchisement of citizens living in the nation's capital." The Post calls for not merely support but action to push the languishing DC voting rights bill for approval in Congress. The Post urges Congressional Democrats not to allow "highly remote and partisan concern to stand in the way of their claimed support for fair representation for District residents" because changing the formula of the proposed legislation "could doom the bill, and no matter how good the intentions of lawmakers, the District deserves results."

ANTITRUST:

Monsanto's Delta Bid Raises Antitrust Concerns. The St. Louis Post-Dispatch (2/7, Melcer) reports, "A pair of biotech agribusinesses wants to go head to head with Monsanto Co. in creating a better cotton seed, but

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they may never get there." The Post-Dispatch continues, "At issue is Monsanto's proposed $1.5 billion purchase of Delta & Pine Land Co. Swiss firm Syngenta AG and Pioneer Hi-Bred International Inc., a DuPont company, had planned to partner with Delta, combining their genetic traits with D&PL's seed. … The Monsanto deal is pending an antitrust review by the Justice Department. If it goes through, Syngenta and Pioneer will have to turn to rival Monsanto as their cotton seed partner." The Post-Dispatch adds, "All of the companies involved say the plans for partnerships are proceeding until the deal closes. They don't know what the future will hold, though Monsanto promises to work with its competitors. … But many cotton farmers say they were hoping increased competition would bring down prices and result in greater service and product choices. Now, they worry that won't materialize. … Monsanto, the world leader in developing biotech crop traits, said bringing competing technology to market is a common agribusiness practice that it is open to continuing with Syngenta and Pioneer. Monsanto's traits, for example, were planted on nearly 86 percent of U.S. cotton acres last year, yet Monsanto's Stone-ville brand of seed grew on just 12 percent of those acres, according to the U.S. Agriculture Department."

Senate Committee Probing Possible Natural-Gas Price Manipulation. The Wall Street Journal (2/7, C2, Fialka, Davis, 2.04M) reports, "The Senate Energy Committee is investigating whether futures traders are manipulating markets that set natural-gas prices for consumers, farmers and industries. Sen. Jeff Bingaman, the panel's chairman, has sent letters to two federal market regulators, asking them what they know about unusual price fluctuations that may have taken place, which could have the effect of artificially raising indexes used to establish market prices for natural gas." The "investigation aims to explore how federal agencies monitor such trades, and if possible, to identify the agents and motivations behind the alleged illegal trading."

Samsung Settles State Price-Fixing Claims For $90 Million. Bloomberg (2/7, Gullo) reports, "Samsung Electronics Co., the world's biggest memory chipmaker, agreed to pay $90 million to settle claims by California, New York, Illinois, 38 other states and consumers that it conspired to fix prices on some chips." Bloomberg continues, "The accord resolves claims that the unit of Seoul, South Korea-based Samsung Group and other chipmakers drove up prices, inflating the cost of computers and other electronics for consumers and state governments. Samsung agreed to help state officials pursue claims against other chipmakers." Bloomberg adds, "Samsung, Infineon AG and six other companies were sued by U.S. states in July on claims that the companies added billions of dollars to chip costs by fixing prices of dynamic random access memory, the most commonly used semiconductor memory product. So-called DRAM is used by Dell Inc. and Hewlett-Packard Co. in making personal computers, laptops, printers, mobile phones, digital cameras and digital music players. … 'Consumers, states and localities were the victims of an international conspiracy that artificially raised the price of memory chips,' New York Attorney General Andrew Cuomo said today in a statement. 'This settlement is a major step in recovering the overcharges that Samsung and its co-conspirators illegally foisted on consumers and taxpayers.'"

The Financial Times (2/7, Nuttall) reports, "The class-action suits filed in July last year arose from a justice department investigation begun in 2002. It uncovered one of the largest price-fixing schemes on record. … It led to $730m in fines and guilty pleas by Samsung and three other major manufacturers of dynamic random access memory (Dram) chips – Elpida, Hynix and Infineon. A fifth, Micron, admitted taking part but avoided federal criminal charges through its co-operation with the authorities." The Times adds, "The price-fixing suits had charged that Samsung and others reached secret agreements to inflate the prices of memory chips commonly installed in consumer desktop and notebook PCs."

The AP (2/7, Johnson) reports, "About $80 million of the settlement will go to consumers nationwide while $10 million will cover losses suffered by states and local governments, Cuomo's office said." The AP adds, "The settlement is subject to approval in federal court in San Francisco. New York, California and Illinois were the lead plaintiffs in the case. … The lawsuit was one of several filed following a U.S. Justice Department investigation that began in 2002 into whether computer chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices. The investigation resulted in more than $730 million in fines and guilty pleas from four companies - Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc."

Bush Visits Firm Once Accused Of Price-Fixing. The AP (2/7) reports, "President Bush preached the virtues of fiscal responsibility today at a company in Manassas, Virginia that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws." The AP continues, "Bush went to computer chip-maker Micron Technology Incorporated to talk about the budget he unveiled yesterday. He said Congress needs to set priorities in spending taxpayer money." The AP adds, "Micron Technology, based in Boise, Idaho, settled a federal class action lawsuit last month that was filed in 2002 on behalf of computer manufacturers who bought dynamic random-

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access memory chips, or DRAM from suppliers between April 1999 and June 2002. … The lawsuit is one of several filed after a U-S Justice Department investigation into whether computer chip companies conspired to manipulate the number of DRAM chips on the market to inflate prices. … The Justice Department granted Micron immunity from criminal charges in exchange for its cooperation. But the amnesty did not shield the company from lawsuits."

Apple's Jobs Calls For Dumping Online Copyright Protection. The Financial Times (2/7, Nuttall) reports, "Steve Jobs, Apple chief executive, on Tuesday called on the four major record companies to start selling songs online without the copy protection software known as digital rights management." The Times continues, "Apple has been under pressure in Europe to make its iTunes Music Store compatible with players other than the iPod. Consumer groups and agencies in Denmark, Finland, France, Germany, Norway, the Netherlands and Sweden have made antitrust complaints against Apple in recent months. … 'Perhaps those [European countries] unhappy with the current situation should redirect their energies towards persuading the music companies to sell their music DRM – free,' he said in a rare statement published on Apple's website." The Times adds, "The songs sold on the service are protected by Apple's proprietary FairPlay software, which prevents users from making multiple copies for distribution. Mr Jobs said Apple had concluded that if it licenses FairPlay to other companies it could no longer guarantee to protect the music it licenses from the major labels – Vivendi's Universal Music, Sony BMG Music Entertainment, EMI and Warner Music Group. … Instead, he favours abolishing DRM entirely so any MP3 player could play music purchased from any online store."

The Los Angeles Times (2/7, Quinn) reports, "The letter, which can be seen at www.apple.com/hotnews/thoughtsonmusic, walks through the problems of anti-piracy software, also known as digital rights management, that is supposed to prevent consumers from copying digital music. … Jobs lists the problems with the software, which is often hacked and needs updating and prevents consumers from listening to their music wherever they like. He also points out that consumers are already buying compact discs and copying them digitally without facing controls to stop them. … What the letter doesn't spell out is how Apple and Microsoft were advocates for DRM use so that the music they sold through their online stores could only be played on their devices."

The Wall Street Journal (2/7, A1, Wingfield, Smith) reports, "In an 1,800-word online essay, Apple Inc.'s chief executive said the world's major music companies should consider allowing Apple and others to sell songs unfettered by anticopying software that prevents them from being shared or played however a consumer chooses. … Mr. Jobs contends that the recording industry isn't solving piracy with the technology, and could spur the market further if music lovers could buy music online without the restrictions. Many consumers resent the curbs on how they can listen to what they buy from online stores. Songs from one company's catalog, for example, won't work on another company's player -- a gridlock that has frustrated some consumers. Getting rid of the antipiracy software could make downloaded music as widely compatible with digital players in the market as compact discs are with CD players." The Journal adds, "While Mr. Jobs is positioning his proposal as a consumer-friendly step, it isn't clear whether the biggest music companies -- Warner Music Group Corp., EMI Group PLC, Vivendi SA's Universal Music Group, and Sony BMG, the joint venture of Sony Corp. and Bertelsmann AG -- will embrace his recommendation. Allowing online music sales without anticopying software would amount to a radical about-face for the recording industry, which several years ago viewed the technology as a remedy to rampant online piracy through file-sharing networks like the original Napster and Kazaa. Music heavyweights have long required Apple and others to use the technology -- known as digital-rights management, or DRM, software -- if they wish to sell their songs online."

USA Today (2/7, Maney) reports, "Apple, which dominates the legitimate digital download market, uses DRM called FairPlay. Songs bought at iTunes can play only on PCs using iTunes software or on Apple's iPod. Songs with DRM from other companies such as Microsoft and RealNetworks won't play on iPods. … Apple has been accused of using FairPlay to lock consumers into iTunes. Jobs contests that, noting that just 3% of songs on an average iPod were bought through iTunes and have DRM. Songs copied from CDs and music files in the MP3 format can be played anywhere."

The New York Times (2/7, Markoff) reports, "He dismissed one possible alternative, in which Apple would license its own system, FairPlay, allowing competing digital players to play iTunes songs and letting other stores sell copy-protected music for the iPod. Mr. Jobs said that approach would only complicate enforcement of digital rights management, as myriad companies would have to coordinate software and hardware updates. … Instead, he proposed that labels could shed digital rights management altogether. Mr. Jobs pointed out that only 10 percent of all music sold last year was through an online store and that music is already easily loaded onto digital players from CDs, with no antipiracy features. Attaching digital rights management to music bought online has only limited the number of online music stores, he wrote." The Times notes, "Mr. Jobs's move comes as the music industry appears to be facing a crisis. Sales of

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its mainstay product — the album — continue to sink, and sales of digital music, including individual songs, have not increased fast enough to offset the decline. … With a paucity of hit releases to start the year, industrywide album sales are already down more than 15 percent from last year, the worst January performance since computerized sales tracking began in 1991."

The Washington Post (2/7, D3, Musgrove) reports, "Phil Leigh, senior analyst and president of Inside Digital Media, said Jobs's comments were legitimate, albeit a bit self-serving. … 'Jobs is trying to show that Apple is not the bad guy when it comes to proprietary formats,' Leigh said, noting that the open letter was an aggressive public-relations tactic by a company that eventually will have to renegotiate with the record companies. 'I think he's taking the offensive here.'" The Post notes, "Chris Castle, a music-industry lawyer who represented the original Napster, said the shift from CDs to digital music has hurt the music industry enough that it might be willing to consider Jobs's points. … 'I think the labels are finally starting to come around to this,' he said. 'There's more willingness to entertain this sort of thing than there ever has been.'"

Shareholders To Vote Today On Equity Office Sale. The Wall Street Journal (2/7, A3, Forsyth, Sender) reports, "With only hours until shareholders of Equity Office Properties Trust are to decide whether to sell the company to private-equity firm Blackstone Group, the outcome was still up in the air last evening." The Journal continues, "If Vornado Realty Trust comes in with a higher offer before the vote at noon EST today, it would likely delay the tally -- at least until the Equity Office board has time to consider whether any new offer resolves its reservations that Vornado's previous bids have had too many uncertainties." The Journal adds, "At stake in this high-noon gunfight is the nation's largest office portfolio and bragging rights to pulling off one of the largest leveraged buyouts in U.S. corporate history -- valued at $23 billion, not including the assumption of Equity Office's $16 billion in debt. But the risk for the eventual winner is considerably higher than when the bidding battle began in November with Blackstone's initial bid. … In addition to the size, the bidding battle involves two longtime kings in the commercial real estate world -- with Equity Office led by chairman Sam Zell and Vornado led by chief executive Steven Roth -- and a relative newcomer in Blackstone. Blackstone has become a huge player in real estate with acquisitions within the last 24 months, reflecting the aggressive strategy of Jonathan Gray, the 37-year-old head of its real estate group."

The New York Times (2/7, Pristin) reports, "Real estate investors waited yesterday to see if Vornado Realty Trust would try to top Blackstone's latest all-cash offer of $55.50 a share, which was approved during the night by Equity Office. … Equity Office shareholders are scheduled to vote today on the $39 billion bid by Blackstone, a private equity company." The Times adds, "If Vornado fails to raise its bid to win the deal, many investors will be surprised. Vornado's chief executive, Steven Roth, has said that buying Equity Office would make his company the dominant real estate investment trust in the office sector, with a strong portfolio of 'irreplaceable assets' in the markets where it is hardest for developers to put up new buildings. In addition to office buildings, the company owns shopping centers and showroom space."

MGIC To Purchase Radian In $4.9 Billion Stock Deal. The Wall Street Journal (2/7, A4, Barris) reports, "MGIC Investment Corp., a provider of insurance on low-down-payment mortgages, said Tuesday it agreed to acquire Radian Group Inc., a global credit-risk management company, in a stock swap valued at about $4.9 billion." The Journal continues, "Under the agreement, Milwaukee-based MGIC said it will exchange 0.9658 share of its stock for each share of Radian. The terms don't appear to offer Radian shareholders any premium. Radian shares closed Monday down 44 cents at $60.84, while MGIC's offer was valued at $60.78 at Monday's close. … Shares of both companies jumped sharply in early afternoon trading Tuesday. Radian shares were up 9.3% at $66.47, while MGIC shares rose 11% to $69.70." The Journal adds, "The combined company, a mortgage and credit-risk insurer to be called MGIC Radian Financial Group Inc., will have assets of nearly $15 billion and primary mortgage insurance in force of more than $290 billion, the companies said. The combined company will have 'a broad and balanced mix of businesses including domestic mortgage insurance, financial guaranty, financial services and international credit enhancement,' the companies said. … MGIC Chief Executive Curt S. Culver will head the company until 2009, when he will cede the CEO job to Radian Chief Executive S.A. Ibrahim. Mr. Culver will pass the chairman post to Ibrahim in 2010. The board initially will be tilted 6-5 in MGIC's favor, but will add a sixth Radian director soon after the deal closes." The Journal notes, "MGIC is the parent of Mortgage Guaranty Insurance Corp., a provider of private mortgage insurance serving about 5,000 lenders nationwide and in Puerto Rico. MGIC had $176.5 billion in primary insurance in force covering 1.3 million mortgages as of Dec. 31. The company reported last month that its fourth-quarter earnings fell to $121.5 million from $128.1 million a year ago, as revenue slipped 1% to $367.2 million."

Midwest Management Resists AirTran's $345 Million Offer. USA Today (2/7, 3B, Adams) reports, "As the USA's biggest airlines jostle to get bigger and more

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powerful, little Midwest Airlines is happy to be itself: an anachronism. … But things could soon change for Midwest as a result of an ongoing hostile takeover effort being waged by Orlando-based AirTran Airways, the USA's third-biggest discounter." USA continues, "Milwaukee-based Midwest, which most East and West coast residents have probably never heard of, has no desire to get rich quick, swallow other airlines or be swallowed itself. It flies to cities in America's heartland that the major carriers would just as soon fly over. … Only Midwest, for example, flies non-stop from Omaha to Reagan Washington National, or from Kansas City non-stop to New York LaGuardia. Along the way, flight attendants bake chocolate chip cookies that are served free, still warm and fragrant. It recently completed its first full year of profit since 2000." USA adds, "The airline 'has built up an amazing love affair with its passengers that I've never seen the likes of,' says Midwest's marketing chief, Scott Dickson. If AirTran succeeds, he says, 'There will be no vestige of Midwest Airlines left.'" USA notes, "Over its objections, AirTran has launched a $345 million tender offer to acquire Midwest's shares directly from shareholders in hopes of forcing the board to sell. AirTran undertook the offer after Midwest's management rejected outright an earlier offer to buy the airline. … AirTran, which owns a few hundred Midwest shares, has gone to court to try to get Midwest's full shareholder list and is lobbying Midwest's institutional investors, who own up to half of Midwest's shares. Shareholders' deadline to tender shares is March 8, extended from an earlier deadline of Feb. 8."

ENVIRONMENT/INDIAN AFFAIRS:

Groups Reopen Suit Against EPA Over Pesticide Ban. The AP (2/7, Kim) reports, "Farmworkers and environmental groups have reopened a lawsuit against the U.S. Environmental Protection Agency in an attempt to force it to more quickly phase out a pesticide they say has been poisoning fieldworkers for decades." The AP continues, The federal lawsuit challenges a decision by the EPA last November to set a 2012 timetable for phasing out the pesticide azinphos-methyl, known as guthion or AZM. … 'These pesticides put thousands of workers at risk of serious illness every year,' Erik Nicholson of the United Farm Workers of America said Monday in a news release. 'It is inexcusable for EPA to allow AZM to continue poisoning workers for six more years.' … The pesticide has been used on apples, cherries, pears and other crops since the late 1950s." The AP adds, "The farmworkers and environmental groups, represented by the environmental law firm Earthjustice, sued the EPA in federal court in Seattle in 2004, arguing that the agency was wrong to continue allowing the use of a pesticide that could cause dizziness, vomiting, seizures, paralysis, loss of mental function and even death. The lawsuit was put on hold when the EPA agreed to reconsider the use of AZM and another pesticide, phosmet, which is used on orchard crops and blueberries. … Last November, the EPA decided to end the use of AZM on nursery stocks and Brussels sprouts by Sept. 30, 2007. The phase-out for nuts was extended until Oct. 30, 2009, and for apples, blueberries, cherries, pears and parsley until Sept. 30, 2012. … The EPA decided to lengthen the phase-out time but also progressively limit the amount of AZM that would be available during the period, Enesta Jones, an EPA spokeswoman, said Monday."

Gore Says Bush Administration Paying Scientists To Dispute Global Warming. CNN.com (2/7) reports, "Former Vice President Al Gore said in an interview on Tuesday the Bush administration is now paying scientists to dispute global warming since the administration can no longer argue against it." He "said, 'they've lost the argument and they don't want to stop dumping all this pollution into the Earth's atmosphere. The only thing they have left is cash and now they're offering cash for so-called skeptics who will try to confuse people about what the science really say. But it's unethical because now the time has come when we have to act.'"

"Insiders Poll" Shows Parties Divided On Global Warming. The National Journal (2/7) provides the results of its "Insiders Poll" of 113 members of Congress on global warming. Asked whether "it's been proven beyond a reasonable doubt that the Earth is warming because of man-made problems," 95% of Democrats and 13% of Republicans said "yes." Asked which actions to reduce global warming they could possibly support, 88% of Democrats and 19% of Republicans said they could support mandatory carbon dioxide emissions.

China: Richer Nations Bear Primary Responsibility To Combat Global Warming. The New York Times (2/7, Yardley, 1.16M) reports, "China said Tuesday that wealthier countries must take the lead in curbing greenhouse gas emissions and refused to say whether it would agree to any mandatory emissions limits that might hamper its booming economy." A Foreign Ministry spokeswoman "said China was willing to contribute to an international effort to combat global warming but placed the primary responsibility on richer, developed nations that have been polluting for much longer." Her "comments, combined with another briefing on Tuesday by the country's leading climate expert, represented China's first official response to a landmark report issued last week by a United Nations panel of scientists that declared global warming is 'unequivocal' and warned that immediate action must be taken to prevent harmful consequences."

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Legacy Of Radiation Illness Stirs Opposition To Divine Strake. The Washington Post (2/7, A6, Geis, 690K) reports from St. George, Utah, "The federal government reassured the townspeople they were in no danger as it detonated 952 bombs in Nevada over four decades. But thousands of people who lived downwind of the test site got radiation-related cancer, and the town of 50,000 has its own cancer-treatment center today. So when word got out recently that the government wants to test a huge conventional bomb in Nevada ... people in St. George felt an unwelcome blast from the past. At a series of emotional meetings last month in Las Vegas, St. George, Salt Lake City and the Idaho capital of Boise, people who live downwind of the Nevada Test Site expressed fear that if the government goes ahead with its code-named Divine Strake test, radioactive dust from previous tests will blow their way. ... Like others in southern Nevada, [Rep. Jim Matheson] speaks bitterly of declassified documents that show the government did not detonate nuclear bombs when the wind blew toward Las Vegas. They waited until the wind blew toward St. George."

EPA Chief Under Fire At Senate Hearing. The AP (2/7, Werner) reports, "The head of the Environmental Protection Agency faced down hostile critics Tuesday in his first committee appearance before the Democratic-led Congress, denying accusations that agency decisions last year rolled back environmental safeguards. 'These decisions and actions all accelerate the pace of environmental protection. They all deliver environmental results,' EPA Administrator Stephen Johnson told the Senate Environment and Public Works Committee." The new committee chair, Democratic Sen. Barbara Boxer, replied, "Nobody's fooled by this. … EPA has gone too long without meaningful oversight."

McClatchy (2/7, Whitney) says Boxer "lambasted" Johnson over "environmental rollbacks," and "detailed six areas where she said the agency's decisions have benefited industries at the expense of public health." Said Boxer, "I want to send a clear signal to EPA and to this administration: We are watching...and no longer will EPA rollbacks quietly escape scrutiny."

Energy Department Seeks To End Funding For Geothermal Power. The Christian Science Monitor (2/7, Clayton, 59K) reports that new geothermal power techniques have the potential to provide "[e]nough power to provide 10 percent of US electricity by 2050 – with near-zero emissions of greenhouse gases. That's the promise of 'enhanced geothermal systems,' or EGS, says a recent report by the Massachusetts Institute of Technology." There "are just two major catches. First, about $800 million in research and development is needed over the next decade to make the drilling technology cost-effective. Second, the Department of Energy is trying to kill the program by ending its funding." On Monday, DOE unveiled a "budget with more funding for nuclear power, alternative fuels, and science programs – but nothing for geo-thermal." Senate Majority Leader Harry Reid wrote in a Feb 1 letter to Energy Secretary Samuel Bodman, "The administration has been surprisingly hostile to geothermal energy research development and deployment." Reid "asked the DOE to restore funding to at least 2006 levels and to assure Congress of continued funding."

Conservation Easements Give Tax Incentives To Landowners. The Wall Street Journal (2/7, D1, Silverman, 2.04M) reports that landowners can be "encouraged by recent tax legislation" that allows tax breaks when owners place a permanent "conservation easement" on their land. This allows landowners to continue to use undeveloped land "for farming and timber but most of it can never be developed." While, "landowners who place conservation easements on their scenic, environmentally sensitive or historic properties have long been able to get tax breaks from the federal government…some states have also begun offering tax incentives. Now, a little-noticed provision…passed last summer has made the federal tax breaks even more generous" which "has spurred a sharp increase in the number of landowners interested in placing easements on their property." Although "the law is designed to encourage easement donations by allowing larger tax deductions," the IRS has become more vigilant in monitoring potential easement abuses resulting in inflated deductions.

House Committee Approves Bill Allowing Indian Tribes To Receive Anti-Meth Grants. The AP (2/7) reports a House subcommittee on Tuesday "took a step toward helping Indian communities battle crisis levels of methamphetamine use. A House Judiciary subcommittee passed legislation sponsored by New Mexico Rep. Tom Udall…that would allow territories and Indian tribes to receive law enforcement grants to battle meth use. Udall said larger meth legislation passed by Congress last year 'unintentionally left out' Indian tribes as possible applicants for some grant programs. This legislation would clarify that law so the tribes would be eligible."

FBI/DEA/ATF/USMS:

US, Latin American Authorities Gather For Anti-Gang Summit. The Los Angeles Times (2/7, McGreevy, 850K) reports, "As director general of the El Salvador National Civil Police," Rodrigo Avila-Aviles "is here to talk to

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the FBI about what can be done about the number of gang members moving back and forth between Central America and the United States. … 'As a general rule, the guys who have more status in the gangs in El Salvador are the ones who have been deported from the United States, who have been in prison here,' Avila-Aviles said Tuesday as he and the heads of police forces for four other Central American nations prepared to discuss the issue today with their U.S. counterparts. … But the traffic goes both ways, with U.S. law enforcement struggling to deal with an influx of gang members from Central America and Mexico." The Times notes, "Cooperative measures announced as part of a four-part plan this week by U. S. Atty. Gen. Alberto R. Gonzales include fugitive apprehension, international coordination on deportations, information sharing, and cross-border training and prevention programs. To better identify, track and apprehend gang members, the FBI will accelerate implementation of the Central American Fingerprinting Exploitation system, Gonzales said."

In a widely-distributed story, the AP (2/7, Glazer) reports that in the past, "Los Angeles' pervasive and violent street gangs were seen as a local problem and not part of an international criminal web, even as some gangs such as MS-13 and 18th Street, oozed across borders into Mexico, Guatemala, El Salvador and Honduras. The three-day summit beginning Wednesday in Los Angeles reflects a recent shift in that philosophy. It features top officials from several Central American and local U.S. police departments, along with the FBI." The AP notes, "Robert B. Loosle, who oversees the FBI's gang investigations in Los Angeles, said crimes committed by gangs in Central America serve as a bellwether for potential criminal enterprises in the U.S. Particularly noteworthy, Loosle said, was a spike in extortion rackets committed by gangs in El Salvador. … 'Since members of gangs travel freely across borders, we need to pay attention to new trends they bring with them,' Loosle said."

The Los Angeles Daily News (2/7, Uranga) also notes, "Local police are afraid some of the more brazen tactics Central American gangs use will emerge in Los Angeles. 'Their tactics are a lot more vicious than other gangs, they are more violent and they are everywhere,' said Robert Loofle, the FBI agent overseeing Los Angeles' criminal division. 'They use intimidation to get what they want, they will commit a vicious homicide to show their power and the force, then easily cross the border. We have to clamp down now so they don't evolve into something stronger and more vicious.'" BBC World Service (2/7, Willis) also is reporting this morning on the Los Angeles summit.

23 Indicted On Drug Charges In "Operation Polar Express." The Boston Globe (2/3, Murphy, Radin, 413K) reports, "They worked out of nondescript little storefronts around Dorchester and Quincy: a flower shop, nail salon, grocery store, and wood floor finishing business," but "law enforcement officials said the unidentified businesses were covers for members of Vietnamese drug rings who had been smuggling ecstasy and marijuana from Canada over the past two years and peddling it throughout Greater Boston. Four indictments handed down by a federal grand jury Thursday…charged 23 people, ranging in age from 22 to 56, with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering." The Globe noted, "A task force of federal agents, state troopers, and local police tapped telephones, sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials."

The Newton (MA) Daily Tribune (2/3, Roy) added, "'Complete cooperation among federal, state, and local law enforcement partners made it possible to dismantle this drug-dealing organization,' said U.S. Attorney Michael J. Sullivan. … June W. Stansbury, DEA special agent in charge, said the drugs were marketed using images such as Superman, a bat, a kangaroo and even the Statue of Liberty."

Former Los Angeles "Drug Boss" Gets Life Sentence. The Dayton (OH) Daily News (2/6) reported an "ex-Los Angeles drug boss was sentenced Monday in federal court to life in prison for supplying hundreds of pounds of cocaine to the Dayton area. A jury in September convicted Ronald Taylor, 47, on charges accusing him of operating a continuing criminal enterprise and conspiracy to distribute and possess more than 300 pounds of cocaine." Prosecutors said the operation "funneled cocaine from L.A. to Dayton, Columbus, New York City, Buffalo, Milwaukee, Detroit, Nashville and Washington, D.C., between September 1999 and July 2001."

Authorities Link Gambling Losses To San Diego Charger Safety's Cough Syrup Case. The San Diego Union-Tribune (2/7) reports authorities said frequent gambling losses at area casinos "apparently led Chargers safety Terrence Kiel to seek other means of income, including the shipping of codeine-based cough syrup that got him arrested last year. … Kiel, 26, is due in court today for a trial readiness hearing on five felony charges related to the cough syrup matter. Kiel's attorney, Bob Grimes, said he hoped to reach a deal with prosecutors and the judge, and that it could include Kiel's addressing of the gambling issue. … Kiel was arrested in September after Drug Enforcement Administration agents intercepted two express mail packages containing 18 pint bottles full of the

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drug. Authorities said Kiel admitted to shipping the cough syrup to his native Texas, where it can sell for up to $325 on the street and where it is mixed with soft drinks."

Connecticut Cocaine Ring Investigation Nets 3 More Guilty Pleas. The Connecticut Post (2/7) reports the front for a cocaine distribution ring "was an auto dealership. The carriers were often cars packed with cocaine and driven [to Bridgeport] from New York. … That is, until the U.S. Drug Enforcement Administration's High Intensity Drug Task Force wiretapped telephones at East End Auto…and videotaped drug deals. … Three more ring members…pleaded guilty this week, just before the scheduled start of their trial on cocaine-trafficking charges." The three guilty pleas "bring to 13 the number of ring members who have admitted their roles in the operation." The Post says all three pleaded guilty to "conspiring to possess with the intent to distribute cocaine."

North Dakota Issues Industrial Hemp Licenses To 2 Farmers. There are more than 100 media references to North Dakota issuing what the AP says are the nation's first licenses to grow industrial hemp.

The AP (2/6, Nicholson) reported North Dakota "issued the nation's first licenses to grow industrial hemp Tuesday to two farmers who still must meet federal requirements before they can plant the crop. The farmers must get approval from the Drug Enforcement Administration, which treats hemp much the way it does marijuana and has not allowed commercial hemp production but has said it would consider applications to grow it. … The state issued permits Tuesday to Wayne Hauge and Dave Monson, who is also a legislator." The state Agriculture Department "is processing 16 other hemp applications," according to state Agriculture Commissioner Roger Johnson.

In a separate story, the AP (2/6) reports the first two North Dakota farmers licensed to "grow industrial hemp have different plans for their future crops, assuming the federal government allows them to be cultivated." Hauge "said he wants to grow and sell registered hemp seed to other farmers." Monson "wants to sell both hemp seed and fiber." A version of the AP story was used by ABC News, CBS News, FOX News, WLS-TV in Chicago, the New York Times, Washington Post, Los Angeles Times, San Francisco Chronicle, San Diego Union-Tribune, Miami Herald, Houston Chronicle, Boston Globe, Kansas City Star, and North Dakota's Bismarck Tribune.

Lawmakers Seek New Tactics In Afghanistan, Say DEA, Other Agencies Aren't Working Together. The Los Angeles Times (2/7) reports four Republican lawmakers on a committee with oversight of U.S. policy in Afghanistan "are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world. In a letter dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. … The letter describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks." The Times says the letter was written by Ileana Ros-Lehtinen (R-Fla.), Mike Pence (R-Ind.), Elton Gallegly (R-Simi Valley) and Dana Rohrabacher (R-Huntington Beach), all members of the House Committee on Foreign Affairs.

Bush's Proposed Budget Eliminates $2.2 Million In Counter-Drug Aid For Venezuela. The AP (2/7) reports Venezuela's foreign minister on Tuesday "dismissed the U.S. government's decision to cut anti-drug aid to the South American nation, saying it does not need money from 'the devil.' Undersecretary of State Nicholas Burns said Monday that President Bush's proposed 2007-2008 budget eliminated $2.2 million in counter-drug aid originally requested for Venezuela." President Hugo Chavez "broke off cooperation with the U.S. Drug Enforcement Administration in August 2005 accusing its agents of espionage, and has refused to draw up a new agreement since. … Venezuelan officials say they are fighting drug trafficking with increasing success, but Washington claims that because of corruption and a weak judicial system the amount of drugs smuggled through Venezuela is increasing."

The AP (2/6) also reports the U.S. military's lone outpost in South America is "allowed no more than eight planes at a time. But these surveillance planes play a vital role in keeping Andean cocaine and heroin from reaching the United States and are responsible for about 60 percent of drug interdiction in the eastern Pacific. That matters little to newly inaugurated President Rafael Correa, whose rejection of a U.S. military presence in Ecuador reflects widespread resentment over Washington's foreign policy in a region where President Bush's administration now has few reliable allies. 'We've said clearly that in 2009 the agreement will not be renewed because we believe that sovereignty consists of not having foreign soldiers on our home soil,' Correa said recently." The AP adds, "The State Department has recommended eliminating all drug interdiction aid for Venezuela, which got $2.2 million in the current fiscal year,

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and slashing overall aid to Ecuador some 30 percent to $20 million."

Ecuador Criticizes Proposed Cutback In Aid. The Financial Times (2/7) reports Ecuador "criticized Washington on Tuesday for proposing a 40-percent cut in anti-drug aid to the Andean region over the next two years, a move that will be seen as retaliation for the election of leftwing nationalistic governments hostile to the U.S. … In the budget he presented on Monday, President…Bush proposed a cut in the Andean counter-drug initiative from $722m last year to $570m this year and $443m in 2008. … The cuts will be seen in the region as a response to the election of hostile governments in Ecuador and Bolivia, and the failure of others to cooperate fully in the 'war on drugs.'"

IMMIGRATION:

LATimes Criticizes Bush Provision On Aid For Incarcerating Illegals. The Los Angeles Times (2/7, 850K), in an editorial, writes that President Bush "has talked a consistently good game about the federal government's responsibility to take a lead role in dealing with the unique challenges of immigration. But when budget time comes around, he's all talk, and California is once again left holding the bill. In what has become an annual ritual, Bush is seeking to place the entire burden of jailing criminal illegal immigrants on individual states. His new budget would eliminate the State Criminal Alien Assistance Program, which has provided meager federal assistance to states that house a disproportionate share of the non-federal population of illegal immigrant inmates. … The Bush administration should be honest about the real costs of illegal immigration."

WPost Blasts Virginia GOP Stance On Illegal Immigration. The Washington Post (2/7, A16, 690K), in an editorial, writes, "Republican state lawmakers in Virginia have advanced a grab bag of legislation designed to hound, harass and hassle illegal immigrants. The idea, as expressed by the author of one such bill, Del. Jackson H. Miller of Manassas, is 'to make Virginia an unwelcome place if you are in this country illegally.' Translation: Drive the immigrants out of the state. In this the bills are overwhelmingly likely to fail, since most immigrants are likely to remain near jobs despite official persecution. But the bills do threaten to push undocumented immigrants further underground, forcing them to live in fear, draw their curtains and keep their children indoors even as they fill a niche in the local economy.'

TAX:

Court Bars Minnesota Tax Preparer. The AP (2/7) reports, "A St. Paul (MN) tax preparer accused of filing false tax returns that overstated deductions for recent immigrants is now barred from preparing federal tax returns for others." The AP continues, "The Department of Justice said a federal court in Minnesota issued the permanent injunction order against Nash Sonibare, who operated Liberty Financial Group in St. Paul." The AP adds, "The Justice Department lawsuit alleged that the Nigerian immigrant repeatedly prepared returns for his customers containing false or inflated credits and deductions. The complaint alleged that many of Sonibare's customers were from various African countries and had limited English-language skills."

Employees Face Deadline To Drain Flex Accounts. In his "Tax Report" column for the Wall Street Journal (2/7, D5), Tom Herman writes, "Time is running out for many employees to drain their flexible spending accounts for 2006. … More companies are offering these accounts, which let you use pretax dollars to pay for health-care and dependent-care expenses. But there is an important catch: Under what is known as the use-it-or-lose-it rule, you must spend every penny you set aside before the deadline or lose the balance." Herman adds, "The deadline varies among employers. Many have set a cutoff date of March 15 -- only about five weeks from now. That represents a big change from just two years ago, when the deadline typically was Dec. 31. After congressional pressure, the Treasury changed its rules in 2005 and allowed employers to give employees a grace period of as much as 2½ months into the following year. … Initially, many employers were undecided about whether to offer the grace period. Health-care specialists now say most large employers they work with offer the additional time." Herman notes, "Separately, a new law may offer additional relief for some FSA participants. Individuals can now make a one-time transfer to a health savings account, which is for people with high-deductible health-insurance plans, from a health-care flexible-spending account or from a health reimbursement plan. Health reimbursement plans allow employees to use employer contributions to pay for medical bills. … This provision is part of a tax bill signed by President Bush Dec. 20."

CONGRESS-ADMINISTRATION:

Bush Promotes Budget, Defends Tax Cuts. Fox News' Special Report (2/6, Hume) reported President Bush "argued today that the best way to ensure a strong economy is to keep taxes low and encourage businesses to grow. …

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Promoting his new budget in Virginia, President Bush urged Congress to be fiscally responsible and to spur more economic growth by making his tax cuts permanent." Bush was shown saying, "Cutting taxes created the incentives to save, invest and consume which cause the economy to grow. As economy grows, the pie gets bigger, the tax revenues increase. That is what happens."

The New York Times (2/7, Weisman, 1.16M) describes Bush as "combative in defending the budget," and quotes him saying it "can work if Congress resists the temptation to raise your taxes." Bush also "called on Democrats to do more than criticize. 'Now's the time for members of the Congress in both parties to bring their best ideas to the table as to how to solve the problems involved with entitlement programs,' Mr. Bush said, referring to Social Security, Medicare and Medicaid."

Bloomberg (2/7, Murray) says "Bush's budget for the fiscal year that begins October 1 would increase federal spending 4.2% over the current year, even as funding for agencies outside defense and homeland security would rise an average of 1% in each of the next four years. That effectively is a cut because it is less than the rate of inflation, which was 2.5% in 2006." The Senate Budget Committee chairman, Senator Conrad, a Democrat of North Dakota, "said yesterday that the president's spending plan is 'filled with debt and deception.'"

This morning, NPR (2/7) reports Bush "stuck around to talk at Micron Technologies for only 20 minutes or so. He told workers that his new $2.9 trillion budget is set up like a family's budget, or a company's budget – setting priorities, making tough choices and eliminating what's not needed. The President said his proposals, if Congress enacts them, would balance the Federal budget by 2012, a few years after he's out of the White House. On Capitol Hill, Democrats said the President and his staff are lowballing future costs for the war in Iraq, while trying to extend tax cuts for the wealthy. The White House said lawmakers who declare the budget dead on arrival before looking closely are not being responsible with taxpayer money."

The Washington Post (2/7, D4, Kang, 690K) reports, "Micron Technology's plant in Manassas makes some of the most sophisticated memory chips in the world, semiconductors made from wafers of silicon 300 millimeters thin that run MP3 players, smart phones and satellite navigation systems. But the finer details of the 650,000-square-foot plant's operations may have escaped the company's most esteemed visitor yesterday." In his remarks, Bush said they "tried to explain all the big machines that were there to a history major. I played like I understood." Bush "nevertheless praised the company for its growth, exports and creation of high-skill jobs -- a model, he said, for the nation's economic growth." The President also "promised to balance the federal budget by 2012 by 'keeping taxes low and being wise about how we spend your money,'" and "said his hallmark economic policies -- the promotion of trade and tax cuts -- have helped companies like Micron grow."

The Phoenix Business Journal (2/7, Clabaugh) notes "Micron began investing in its memory chip plant on Godwin Drive in 2005. The plant has undergone a $3.5 billion upgrade, and the expansion has created about 1,000 new jobs. The plant manufactures both DRAM memory and NAND flash memory chips, demand for which has surged with the popularity of MP3 players and cell phones with cameras. " Micron "actually downsized the facility when it bought the plant from Toshiba in 2002, slashing 560 of its then 1,200 jobs, part of company-wide cost-cutting. The plant now employees 4,000, according to Micron spokesman Dan Francisco, who describes them as well-paid jobs held by highly-trained technology workers."

But the AP (2/7, Feller) says Bush "preached the virtues of fiscal responsibility Tuesday at a company that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws." Micron Technology "settled a class-action lawsuit last month that was filed in 2002 in US District Court in San Francisco on behalf of customers, generally computer manufacturers and others, who bought dynamic random-access memory chips, or DRAM, directly from suppliers between April 1, 1999, and June 30, 2002." The White House "knew about the lawsuit when it scheduled Bush's appearance, deputy press secretary Dana Perino said." The lawsuit "is one of several filed following a US Justice Department investigation into whether computer-chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices." The Los Angeles Times (2/7, Gerstenzang, 850K) runs a similar story, noting Bush "promoted his newly released federal budget Tuesday at a company that recently settled a class-action lawsuit over alleged price-fixing and antitrust violations." Bush, adds the Times, "called Micron an 'innovative company' that is made up of 'smart people back there making the products that people want.'" Bush "made no reference to the lawsuit."

Bush Officials Defend Budget Plan From Fierce Democratic Criticism. The AP (2/7, Crutsinger) reports Bush's "$2.9 trillion budget plan on Capitol Hill got a predictably cool reception from congressional Democrats Tuesday, while Bush's GOP allies said it's up to the new majority to come up with an alternative that balances the budget without raising taxes." House Ways and Means Committee Chairman Charles Range "said he saw Bush's budget -- which appeals to anti-tax GOP conservatives while curbing Democratic priorities -- as a missed opportunity for Bush to reach out to Democrats, who for the first time in Bush's presidency control both the House and Senate." House Budget Committee Chairman John Spratt Jr. "said the Bush plan shortchanges domestic programs such as heating

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subsidies for the poor, education and the State Children's Health Insurance Program." White House budget director Rob Portman "disputed contentions by Democrats that the budget achieves its projected $61 billion surplus in 2012 by adopting overly optimistic economic assumptions." And US Treasury Secretary Henry Paulson said "the reductions in the new budget in spending on Medicare and Medicaid would lay the foundation for more comprehensive reform of the benefit programs."

The Washington Post (2/7, A4, Montgomery, Lee, 690K) reports Administration officials "dispatched to Capitol Hill to defend…Bush's budget received a frosty reception yesterday from congressional Democrats, who argued that the president's proposal to target health care, education and other Democratic priorities suggests a White House more interested in scoring political points than in genuine compromise." The $2.9 trillion "budget blueprint contains little to appeal to, but much to infuriate, the Democratic majority, Democrats said. In a series of hearings, they rattled off a list of their objections: More than $100 billion to be sliced from projected Medicare and Medicaid spending. Further restrictions on the federal food-stamp program. Insufficient cash to maintain health coverage for millions of children. And deep cuts proposed for a range of programs that help communities put police on the street and fund community projects."

Chances For Bipartisan Compromise Examined. The Christian Science Monitor (2/7, Chaddock, 59K) reports "behind the tough talk" over the reception of President Bush's budget on Capitol Hill, "conditions exist for a potential compromise in this year's budget negotiations." Democratic congressional leaders "are convinced that to keep that control after 2008 – and even to take back the White House – they need to show that they can govern. That means avoiding a budget train wreck and completing spending bills for the next fiscal year." Meanwhile, "an unpopular president is looking to leave a domestic legacy." Robert Bixby, executive director of the Concord Coalition, said, "There's an opportunity for compromise this year, because if Bush wants to get anything done in the last two years, he's going to have to work with the Democratic Congress to do it." Bixby added, "If Democrats come across as just being obstructionist or tax-and-spend, the public could take offense. Presuming that they both want to accomplish something, there's an opportunity."

In an opposing view, the AP (2/7, Taylor) says in an analysis article, "Rather than improve prospects of agreement with Democrats, President Bush's proposal for next year seems to have left the budget kitchen in turmoil. Bush's budget appeals to anti-tax GOP conservatives and advocates of private accounts within Social Security while slighting Democratic priorities like health insurance coverage for children in low-income families." House Ways and Means Committee Chairman Charles Rangel said, "I don't think that I can tell the president what to put on the table and not to put on the table, but I can tell him, 'don't pick a damn fight.'"

Lieberman Calls For "War On Terror Tax." The Washington Times (2/7, Dinan, 88K) says Democrats "are left with few good alternatives other than tax increases if they hope to boost spending and match the president's goal of balancing the budget by 2012. It took an independent, Sen. Joe Lieberman of Connecticut, who called for a new 'war on terrorism tax,' to broach the issue of tax increases." Said Lieberman, "People keep saying that we're not asking sacrifice of anybody but our military in this war, and some civilians who are working on it. … When you put together the [Department of Defense] budgets with Homeland Security budgets, we need to ask people to help us in a way that they know when they pay more it will go for their security."

Bush Budget Raises $81 Billion Through Higher "User Fees." McClatchy (2/7, Hall) reports the Bush Administration "may be squarely against new taxes, but its proposed fiscal 2008 budget seeks to raise almost $81 billion in new revenue over the next five years by hiking user fees and other charges on taxpayers and businesses." While "technically, changes to these fees aren't taxes," for "anyone who must pay them - everyone from recreational hikers to war veterans - it's a question of semantics." Bush would "raise more than $15 billion through 2012 by allowing the Defense Department to raise enrollment fees and deductibles for medical care provided to military retirees under age 65. It would also raise retail pharmacy co-payments for all military retirees." The president "also seeks to limit the growth in health care subsidies for high-income beneficiaries of Medicare, the federal health-insurance program for the elderly. His budget estimates collecting $5.5 billion over five years through 'reduced subsidies for certain high-income beneficiaries.'"

Bush Plan Said To Achieve Balance Through "Stealth Tax." In her Washington Post column (2/7, A17), Ruth Marcus says, "The only way the administration achieves its balance" by 2012 "is by assuming that it will continue to rake in billions of dollars in revenue from the alternative minimum tax. More than billions, actually: CBO estimates that if left unchanged, the AMT would bring in an extra $1 trillion through 2017." So "the president achieves balance only with a stealth tax increase in the form of the AMT. If he means, as he says and nearly everyone agrees, to fix the AMT, that revenue has to come from somewhere else." Figures "compiled by the Urban Institute-Brookings Institution Tax Policy Center demonstrate the AMT's dramatic effect. If nothing is done to fix the AMT and the Bush tax cuts are extended as he wants, 89 percent of married families with two or more children and incomes between $75,000 and $100,000 will be hit by the AMT by 2010 -- compared with less than 1 percent in 2006. By 2017, almost half of all taxpayers -- 53 million -- will owe the AMT. The tax will hit

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two-thirds of those making between $75,000 and $100,000 and 90 percent of those making $100,000 or more."

Democrats May Buck Bush On Child Health Insurance Funding. The AP (2/7, Evans) reports Democrats "may try to override a decision by President Bush to leave stopgap children's health insurance money out of his 2007 emergency war spending proposal." Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi "asked the president last week to propose $745 million in supplemental spending for the State Children's Health Insurance Program, or SCHIP, which primarily covers children in low-income working families." Bush "declined the lawmakers' request in the $93 billion emergency war spending proposal he submitted Monday to cover the remainder of 2007. But Democrats, eager to show policy differences with the White House, are saying they may add the $745 million when the bill comes up in the coming weeks." If "allocated, the new money would keep 14 states with looming shortfalls from having to cut off coverage until Congress renews the program later this year.'

Cancer Treatment Groups Limit Trials Over Funding Worries. The Wall Street Journal (2/7, Marcus, 2.04M) reports the "10 federally funded cancer cooperative groups, which enroll nearly half of the patients in the nation who are participating in cancer trials, have begun to shut down trials and stop studying certain cancers amid funding concerns." Robert L. Comis, "president and chairman of the Coalition of Cancer Cooperative Groups, a nonprofit group comprising cancer centers, hospitals and patient- advocacy groups that work to increase participation in clinical trials, said 3,000 patient spots in clinical trials will be eliminated in 2007 at centers around the U.S. Although the decrease will affect all cancers, among the hardest-hit will be rarer cancers such as sarcoma, rare childhood tumors and head-and-neck cancers, Dr. Comis said; some of the cooperative groups are totally eliminating trials in those diseases."

Critics Say Budget Lacks Funding To Meet President's Fuel Goal. The Wall Street Journal (2/7, A8, Hitt, 2.04M) reports, "In his State of the Union address…Bush set an ambitious goal of cutting U.S. gasoline use 20% in the next 10 years. Now that Mr. Bush has unveiled his blueprint for federal spending, it isn't clear he is putting enough money on the table to accomplish that goal." Bush "is calling for millions of dollars in new spending to boost development of alternative fuels, chief among them ethanol." But "[m]any industry officials and lawmakers found the Bush plan wanting after sifting through the details yesterday. They said much broader federal action will be needed, especially to meet the president's goal to have the country using 35 billion gallons of alternative and renewable fuels by 2017, quadruple the current federal mandate."

Bush Budget Said To Give Airlines "Massive Tax Cut." In a USA Today op-ed (2/7, 10A), Ed Bolen, president of the National Business Aviation Association, says, "The president's budget, released Monday, is a sweetheart deal for the airlines. It would give them a massive tax cut, to be paid for largely by a 'general aviation' industry that serves many of the nation's small and mid-sized businesses and their communities." In "supporting the president's budget, the airlines will likely defend their tax break as an opportunity to provide consumers with cheaper ticket prices. But, if history is a guide, this would be just another empty promise. Twice in the past decade, the airlines' federal taxes lapsed and, according to a 2004 Government Accountability Office report, 'carriers generally raised base airfares.'"

Rangel Open To Adding Some Tax Breaks To Minimum Wage Bill. The AP (2/7, Kuhnhenn) reports, "The chairman of the House taxwriting committee said Tuesday he would be willing to link tax breaks for small business to a hike in the minimum wage but that the $8 billion tax package adopted by the Senate was unacceptable." The comments by Rep. Charles Rangel, chairman of the House Ways and Means Committee, "were the first public acknowledgment by a top House Democrat that some tax cuts might be necessary to win approval of an increase in the federal wage floor." But Rangel "left no doubt that he would reject the Senate tax package -- worth $8.3 billion over 10 years. He refused to speculate on what types of tax cuts would be acceptable and placed the burden for lowering the tax package on Senate Majority Leader Harry Reid, D-Nev., and the chairman of the Senate Finance Committee, Max Baucus, D-Mont."

Unions Press Democrats To Oppose Fast Track. The Hill (2/7, Swanson) reports, "The AFL-CIO, United Autoworkers and other groups representing organized labor are pressing Democrats to deny the Bush administration an extension of its authority to send free-trade deals to Congress for up or down votes, partly by reminding lawmakers of the role trade played in Democrats' re-taking of majorities in the House and Senate." Labor groups "already helped organize a letter to House Ways and Means Chairman Charles Rangel (D-N.Y.) from 39 members of the freshman House Democratic class that said the 'vocal stand against the administration's misguided trade agenda' was vital to their electoral success." AFL-CIO Assistant Director for International Economics Thea Lee "does not completely rule out fast track for the Bush administration, but said the policy would have to be overhauled fundamentally from the existing authority. Noting the letter from freshman Democrats to Rangel, she said last year's elections have placed labor in a strengthened position for battles over trade policy this year."

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Senate Maneuvering Could Snarl Fiscal Year 2007 Funding Bill. Roll Call (2/7, Pierce) reports Senate Democrats and Republicans "are headed for a classic game of chicken this week over the nine remaining fiscal 2007 appropriations bills." Senate Majority Leader Harry Reid (D-Nev.) is "poised to bring up a joint funding resolution for 13 Cabinet agencies, Congress and numerous independent agencies as early as today, but he has said repeatedly that he will not permit any Senators to offer amendments to the measure." Reid's stance has "prompted Senate Minority Leader Mitch McConnell (R-Ky.) to threaten a Republican filibuster, and both sides are waiting to see who will blink before a possible government shutdown upon the expiration of the current continuing resolution on Feb. 15." Senate Appropriations ranking member Thad Cochran (R-Miss.) said Republicans "are likely to call Reid's bluff and oppose his expected efforts to cut off debate, or invoke cloture, on the $463 billion measure. Reid would need 60 votes to prevail on cloture and move the funding resolution toward passage." Cochran said, "I don't think they can get cloture. We'll be protesting the process."

House Democrats Prepare Rollout Of Long Term Agenda. Roll Call (2/7, Yachnin) reports, "Preparing to return the House to regular order after an initial legislative sprint full of popular bills and closed rules, Democratic leaders said Tuesday they are finally primed to roll out a long-term agenda." House Majority Leader Steny Hoyer (D-Md.) "confirmed Tuesday that Democrats will unveil their new agenda next week, although he declined to provide specific details." Democratic Caucus Chairman Rahm Emanuel (Ill.) "said the plan will not be an itemized blueprint, but rather would feature 'guideposts' and serve as a broad outline of the goals the new majority hopes to complete over the next six months." While Hoyer "stated at a weekly press briefing the House will address health care and education bills in coming weeks — specifically mental health parity, the No Child Left Behind Act and re-authorization of the Head Start pre-kindergarten program — in a later interview he would not discuss which topics will take precedent under the new agenda, asserting that House committees must first be allowed to act on the measures."

Lawmakers Press Agencies To Fund Priorities Without Earmarks. Roll Call (2/7, Ackley, Stanton) reports even though "most of the appropriations bills for fiscal 2007 got stripped of practically all Congressionally mandated 'earmarks,' Members — and the lobbyists who push for funding of specific projects — have turned their attention to the executive branch agencies doling out chunks of money that otherwise would have gone for earmarks." Members, "especially those on the Appropriations and authorizing committees, can wield considerable behind-the-scenes power to make sure their favored projects get funded by executive-branch agencies." One appropriations lobbyist "said Members and staffers alike have been calling agency officials to protect their 2007 earmarks." The lobbyist said, "I heard Members and staff already made the calls before they put the money in the [omnibus bill]. They would say verbally, 'If we have this group submit an application -- as long as it is complete and accurate and fits within the parameters of the program -- you will honor that, right?' The answer was in the affirmative every time."

White House Agrees To Pelosi Military Aircraft Request. The Washington Times (2/7, Scarborough, Hurt, 88K) reports the Bush Administration has "agreed to provide House Speaker Nancy Pelosi with regular access to an Air Force passenger jet, but the two sides are negotiating whether she will get the big aircraft she wants and who she may take as passengers, according to congressional and administration sources." A congressional source "said that Rep. John P. Murtha, chairman of House Appropriations subcommittee on defense, which controls the Pentagon's spending, has telephoned administration officials to urge them to give the speaker what she wants." The congressional source "said Pentagon officials complained that" Rep. Murtha "is accusing them of sexism for not immediately heeding her request." Meanwhile, Republican Conference Chairman Adam Putnam of Florida "said Mrs. Pelosi's request represents 'an arrogance of office that just defies common sense' and called it 'a major deviation from the previous speaker.'" Minority Whip Roy Blunt of Missouri "called it a 'flying Lincoln Bedroom,' and Rep. Patrick T. McHenry, North Carolina Republican, labeled the speaker's plane 'Pelosi One.'"

Kucinich Effort To Create Peace Department Has Rocky Start. The Hill (2/7, Kaplan) reports Rep. Dennis Kucinich (D) "may need to stage a sit-in on the House floor before a Department of Peace and Nonviolence is created." Kucinich, "newly empowered as chairman of the domestic policy subcommittee on the Oversight and Government Reform Committee, vowed yesterday to hold hearings on legislation lawmakers have discussed since the dawn of the republic: a bill to establish a Department of Peace and Nonviolence." But it "seems that, like the Founding Fathers before him, Kucinich won't get past the talk — even with a bit of Hollywood backing." Majority Leader Steny Hoyer, "whose job is to manage the flow of legislation to the House floor, said that he considers Kucinich a 'thoughtful, substantive guy and a good friend,' but that 'a lot of members have a lot to say about [the bill] and we're going to give them a lot of time to say it.'" Despite the "logistical

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hurdles and legislative roadblocks, Kucinich made history when he said he would hold hearings on H.R. 808, which has 52 cosponsors, including centrist Democratic Reps. Ellen Tauscher (Calif.) and Albert Wynn (Md.)."

Bush Commemorates Anniversary Of Reagan's Birth. The Los Angeles Times/AP (2/7) reports that yesterday would have been former President Ronald Reagan's 96th birthday. Former Attorney General Edwin Meese III and Col. James B. Seaton III, commanding officer of the Marine Corps' Camp Pendleton, "placed a wreath of white roses on behalf of President Bush at Reagan's grave at the Ronald Reagan Presidential Museum. Bush said in a proclamation that the wreath and military honors were sent 'in tribute to his distinguished service to a grateful nation.'" Tonight, Mrs. Reagan planned to present former President Bush with the 2007 Ronald Reagan Freedom Award during a gala at the Beverly Hilton Hotel. … 'George was not only my husband's dedicated vice president, but he was also Ronnie's loyal friend,' Mrs. Reagan said in a statement. 'Working closely with Ronald Reagan was one of the great joys of my life, and receiving this prestigious Reagan Freedom Award is something I will treasure always,' former President Bush said in a statement."

Bush Credited For Pursuing Healthcare Reform. The Wall Street Journal's Holman Jenkins (2/7) writes President Bush "makes peace with the tax code's bias toward health spending in order to do battle with the particular vice of our overreliance on third-party payment. He does so by equalizing the tax treatment of health dollars whether they flow directly from a consumer pocket (the vehicle here is health savings accounts) or through a third-party laundromat. He would do so by equalizing the treatment of health insurance whether you buy it yourself or your employer buys it for you (his latest plan). No, hosannas will not be sung to him by left or right. … There's a lesson in presidential leadership here. Mr. Clinton lost interest in health care after a few months when he discovered health care wouldn't result in a monument to his presidency. In a very pre-postmodern approach, Mr. Bush identified the same basic problem and has worked steadily away at it, showing that a president can accomplish something as long as he's willing not to receive any credit."

Recent Healthcare Reform Proposals Seen As Insufficiently Radical. In an op-ed for the Washington Post (2/7, 690K) Ezekiel J. Emanuel, chairman of the Department of Clinical Bioethics at the National Institutes of Health Clinical Center, Victor R. Fuchs former president of the American Economics Association, write, "It seems everyone has ideas for health-care reform. … This profusion of proposals means that health care is getting more attention, and this makes reform more likely. But these proposals are like band-aids and fall far short of what our sick health-care system needs. They build on what everyone agrees is a broken system. Ultimately, they prop up the sagging employment-based insurance system. … By building on the existing health-care system, these reform proposals entrench the perverse incentives."

Hollywood Seeks Congressional Support For Taxes, Fighting Piracy. The New York Times (2/7, Halbfinger, 1.16M) reports that Hollywood's movie industry is encouraged by the new Democratic majority Congress and "hopes to press its agenda of fighting piracy, obtaining new tax advantages and reining in…production from going abroad. So the Motion Picture Association of America put on a daylong show for lawmakers, lobbyists and Capitol Hill aides, armed with some A-list talent…and a new study showing that film and TV production accounts for $30 billion in wages, $10 billion in taxes, more than 400,000 jobs and a trade surplus of $9.5 billion." In an attempt "to drum up sympathy for an industry symbolized by its highly paid stars," the MPAA event stressed "that the movie business is really made up of middle-class guild and union members." Industry leaders stressed anti-piracy efforts overseas and called for stricter laws to enforce intellectual property laws.

Burton Missed 19 House Votes For Golf Tournament. Roll Call (2/7, Ben Pershing) reports in its "Heard on the Hill" column, "It had been one of the best little puzzles of the 110th Congress so far: Why did Rep. Dan Burton (R-Ind.) miss 19 House votes over four days in mid-January? Where was he? Burton's office hadn't returned several calls from HOH over the past couple of weeks on this subject, nor did it respond to inquiries from the local press. No one in the Republican leadership seemed to know, either. Now, when HOH finally learned Tuesday where Burton had been -- courtesy of a report in The Indianapolis Star -- he kicked himself for not figuring it out earlier. As anyone who has followed Burton over the years should have known, he was playing golf." Roll Call adds, "Specifically, Burton was at the Bob Hope Chrysler Classic in lovely Palm Springs, Calif., where he played in the pro-am event at four local golf courses over four days."

NYTimes Decries Bush Administration's Reliance On Contractors. The New York Times (2/7, 1.16M), in an editorial, writes, "The United States is quickly becoming a government of the contractors, by the contractors and for the contractors. While the private security personnel in Iraq have attracted the most attention, many day-to-day operations are no longer in the hands of federal employees. … The problem is that the explosion of government

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outsourcing under the Bush administration has not been accompanied by a sufficient increase in civil service personnel to oversee it and ensure that the work is done properly and without squandering taxpayer dollars."

OTHER NEWS:

Bernanke Says Education, Training Key To Addressing Economic Inequality. Fox News' Special Report (2/6, Hume) reported Federal Reserve Chairman Ben Bernanke "said the best way to narrow the gap between high income and low wage workers in the US would be to strengthen education and training programs. He told an Omaha Chamber of Commerce that erecting trade barriers would do far more harm than good. Today's comments are the most extensive remarks he has made on economic inequality."

The Wall Street Journal (2/7, A6, Wessel, 2.04M) reports the Fed Chairman "warned politicians to avoid responses that would make labor markets less flexible or create barriers to international trade and investment." In "an unusual speech for a central banker," Bernanke "said a wiser approach to the problem would be to improve education and training and to cushion dislocations caused by technology and globalization. He cited such steps as making health and pension benefits more portable and offering retraining and job-search assistance to displaced workers."

The Washington Times (2/7, Hill, 88K) reports Bernanke noted "studies have documented that globalization -- including both trade and immigration -- puts pressure on the wages of low- and middle-income earners who compete with foreign workers even while trade and labor flows overall increase jobs and economic growth." But "by far the largest factor causing inequality has been the skills gap."

USA Today (2/7, 5B, Kirchhoff, 2.27M) says Bernanke's remarks "come as Democrats, who now control Congress, are building an agenda around inequality and middle-class economic concerns. Their initiatives include raising the minimum wage, limiting CEO pay, boosting college aid, making it easier to form unions and addressing labor and trade concerns." President Bush "acknowledged recently that income inequality is a problem, but Democrats differ with his economic remedies, which include a focus on tax cuts."

Stocks Up Slightly. NBC Nightly News (2/6, story 7, :15, Williams, 9.87M) reported, "On Wall Street today, stocks showed little change on the day. The Dow was up more than 4 points [to close at 12,666.31]. NASDAQ gained just under one point [to close at 2,471.49] in the days trading." USA Today (2/7, 6B, 2.27M) notes "the Standard & Poor's 500 index added 1.01 points to 1448.00." The Wall Street Journal (2/7, 2.04M), among other newspapers, also reports the stock numbers.

GOP Insiders Said To View Clinton 2008 Victory As Inevitable. The Politico (2/7, Sheffield, VandeHei), in an article tiled, "GOP Views Clinton As Virtually Unbeatable," reports, "What many conservatives regard as the nightmare scenario -- President Hillary Rodham Clinton -- is increasingly seen by veteran Republican politicians and strategists as virtual inevitability. In GOP circles, the Democratic front-runner is seen as so strong, and the political climate for Republicans so hostile, that many influential voices -- including current and former lawmakers, and veterans of President Bush's campaigns -- have grown despairing." Former House Majority Leader Tom DeLay is quoted as saying, "If the conservative movement and Republicans don't understand how massive the Clinton coalition is, she will be the next president." Rep. Steve King said, "At this point, short an inspirational Republican nominee, then I would agree that it's going to be very difficult to beat Hillary if she wins the nomination." According to The Politico, "Even some well-connected outside advisers to Bush said in interviews they essentially accept this analysis." Despite the headline, the Republicans quoted in the piece tend to focus on the weakness of the GOP rather than specific calculations which might provide evidence of Sen. Clinton's strength.

The Politico's Roger Simon (2/7) writes, "consider this from a Republican: 'I don't want to contribute to my own party's demoralization and it doesn't necessarily mean there will be a Democratic landslide, but I think there is a thumb on their side of the scale that's not going to come off until after the next election,' said Vin Weber, a former Republican congressman, who is backing Mitt Romney."

Clinton Leading Among New Hampshire Democrats By 14 Points. The AP (2/7, Pickler) reports that among New Hampshire Democrats surveyed for a University of New Hampshire poll, former Sen. John Edwards and Sens. Hillary Clinton and Barack Obama "had net favorability ratings ranging from 61 percent to 55 percent, too close to be statistically significant. When asked for whom they would vote, 35 percent of likely Democratic voters picked Clinton, 21 percent Obama and 15 percent Edwards. Eight percent chose former Vice President Al Gore, who is not running. The Democratic portion of the phone poll reached 353 likely voters and had an error margin of plus or minus 5.2 percentage points."

Upcoming Events Likely To Boost Clinton's Fundraising Lead. The Wall Street Journal (2/7, A7, Cummings, 2.04M) reports that "in a show of financial muscle," Clinton "today kicks off a fund-raising effort of volunteers working to direct donations from $25,000 to $1 million to her presidential campaign. … Though party caucuses and primaries are still a year off, the money race

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begins in earnest this month, as candidates try to generate big numbers for the first quarterly financial disclosure report due on March 31. Advisers to Mrs. Clinton and Republicans Mitt Romney and Rudy Giuliani have said their campaigns are shooting for about $30 million in that first report." Jonathan Mantz, the campaign's finance director, "recently declined to specify his fund-raising target: 'It's a huge number. I've seen a lot of different figures, whether it's $80 or $100 [million], it's a huge number.'

The Washington Post (2/7, A8, Birnbaum, Mosk, 690K) reports Clinton "is playing hostess to billionaire Hollywood moguls, millionaire lawyers and venture capitalists here this week as she pushes to raise a record sum for her presidential campaign. Last night, the New York Democrat invited about 70 top fundraisers from around the country to a reception at her Washington home. … The high-dollar rainmakers committed to collect at least $250,000 each during the presidential campaign for Clinton, and many have pledged $1 million, participants said. In addition, each agreed to raise $50,000 by the end of this month to bolster the campaign's first-quarter report due at the end of March."

Clinton Raised At Least $15 Million For Other Democrats In 2006. The Hill (2/7, Bolton) reports Clinton "collected at least $15 million for Democratic candidates by participating in more than 100 fundraising events during the 2006 election cycle, thereby cementing relationships with party leaders and colleagues in advance of her presidential campaign. A rough tally of her campaign's fundraising records show that while her rival for the nomination, Sen. Barack Obama (D-Ill.) gave more money to candidates through his leadership PAC, Clinton appears to have surpassed his total by donating millions from her personal reelection account and attending scores of fundraisers.

Clinton To Appear At Nevada Forum. The AP (2/7, Pickler) reports Clinton "has agreed to attend a Nevada forum for Democratic presidential candidates later this month, state party officials said Tuesday. Clinton joins five other presidential hopefuls already confirmed for the Feb. 21 event in Carson City: Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, former Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel. … Representatives for Clinton, Sen. Barack Obama and 2004 vice presidential nominee John Edwards complained last week to national party officials about the number and early timing of forums and debates scheduled in Nevada and other key states."

Giuliani's Favorability In New Hampshire Far Outpaces McCain, Romney. The AP (2/7, Pickler) reports that according to a University of New Hampshire poll, "New Hampshire residents likely to vote in the Republican presidential primary…think more highly of former New York Mayor Rudy Giuliani than any of his rivals. … Giuliani's net favorability rating — the proportion of people viewing him favorably minus the proportion viewing him unfavorably — was 56 percent, well ahead of Sen. John McCain, 32 percent, and former Massachusetts Gov. Mitt Romney, 26 percent." The AP notes, "This long before an election, political professionals pay more attention to favorability than voters' choices if they had to vote today. McCain and Giuliani were essentially tied at about 27 percent on that question among likely GOP primary voters, followed by Romney at 13 percent and former House Speaker Newt Gingrich at 9 percent. The GOP portion of the telephone poll reached 311 likely voters from Thursday to Monday and had an error margin of plus or minus 5.6 percentage points."

Giuliani's Support For Abortion, Gun Control And Gay Rights Draws Scrutiny. Fox News' Special Report (2/6, Hume) reported that "as a pro-choice Republican" Giuiani "is trying to quell conservatives' doubts about his social views. He opposed a ban on partial birth abortion in 2000, saying, "I would vote to preserve the option for women." . Now he says that because the current law banning partial-birth abortion contains an exception to save the mother's life, he supports it. … When it comes to abortion and the Supreme Court, Giuliani told Republicans in South Carolina recently that he would tap 'strict constructionists' such as Samuel Alito and John Roberts to interpret the constitution not make new law. Still conservatives worry that this comment from the socially liberal Rudy Giuliani just a year and a half ago raises concerns." Giuliani was shown saying, "Presidents going back to the beginning of the republic generally appoint people to the Supreme Court that they believe agree with them." Fox went on to note that Giuliani "wanted all gun lovers to be licensed for pistols and rifles. In addition he said, "gun owners should have to pass a written exam that shows they know how to use a gun, that they're intelligent enough and responsible enough to handle a gun." Fox went on to discuss Giuliani's "strong support" for gay rights and noted he "hosted gay pride events."

Giuliani Has Not Yet Said Unequivocally That He Will Be A Candidate. The New York Times (2/7, Chan, 1.16M) reports Giuliani "took two steps closer to a presidential run on Monday, and yet stopped short, once again, of unequivocally throwing himself in the ring. … A few skeptics have wondered whether Mr. Giuliani, who has been crisscrossing the country over the last few months and signaled his interest in the presidency again and again, may ultimately back out — as he did in 2000, when he contemplated a race for the Senate but withdrew." However, "Aides to Mr. Giuliani yesterday dismissed the notion that he was equivocating."

Giuliani Will Deliver Commencement Address At Citadel. The AP (2/7, Pickler) reports Giuliani "will deliver the commencement address at The Citadel in the pivotal primary

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state of South Carolina, the military college announced Tuesday."

Coulter Warns GOP Voters Not To Bank On Giuliani's "Electability." Asked on Fox News' Hannity and Colmes (2/6) if she would support Giuliani for president, author Anne Coulter said, "I don't want to vote for a pro-choice Republican for president. … I trust Republican primary voters. But the one thing I want to tell Republican primary voters is do not vote for a candidate because you think he's 'electable.' You thought Gerald Ford was electable; you thought Dole was electable. No, you want to vote for the right-wing lunatic who supports your views because that's Ronald Reagan. … I've had it. We've excused enough Republicans who are pro-choice."

Morris Predicts Clinton And Giuliani May Sew Up Nominations By Labor Day. In his column for The Hill (2/7) Dick Morris writes Sen. Hillary Clinton and former NYC mayor Rudy Giuliani "could wrap it up this year." According to Morris, "Hillary re-established the dominance she had back in the spring of 2006 by moving out to a 43 percent vote share among Democrats in the presidential primaries in the Fox News poll of January 30-31." Giuliani "is eclipsing John McCain for front-runner status. In the most recent Fox News poll among GOP voters, Rudy had a convincing 34-22 lead over McCain, with Gingrich in third place at 15 percent. McCain has been hovering in the low 20s all along. … This poll finding — combined with McCain's dismal financial report for the fourth quarter of 2006 ($1.7 million raised and less than $500,000 on hand) — put him in a convincing second place after a year of sharing front-runner status with Giuliani. Do McCain's fundraisers think he is running for Congress or president?" Morris concludes, "Right now, neither Rudy nor Hillary has a front-runner's lock, but they are clearly the man and woman to beat in their respective parties. If they hold their leads through Labor Day, my bet is that it will be all over."

Edwards Bloggers Said To Have Made Anti-Catholic Comments. The AP (2/7, Pickler) reports, "Two bloggers hired recently by Democratic presidential candidate John Edwards were criticized Tuesday by a Catholic group for posts they had written elsewhere on the Internet. Bill Donohue, president of the Catholic League for Religious and Civil Rights, demanded that Edwards fire Amanda Marcotte and Melissa McEwan. … Donohue cited posts that the women made on blogs in the past several months in which they criticized the pope and the church for its opposition to homosexuality, abortion and contraception, sometimes using profanity."

The New York Times (2/7, Broder, 1.16M) reports Edwards's spokeswoman, Jennifer Palmieri, "said Tuesday night that the campaign was weighing the fate of the two bloggers." Marcotte "has also written sarcastically about the news media coverage of the three Duke lacrosse players accused of sexual assault, saying: 'Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair.'"

Romney To Announce His Candidacy In Michigan Next Week. The AP (2/7, Sidoti) reports former Massachusetts Gov. Mitt Romney "will formally announce his candidacy for president next week in Michigan, his native state and an important early test for the GOP nomination, campaign aides said Tuesday." Romney "then will visit Iowa, New Hampshire and South Carolina -- the first states to hold 2008 contests. He will return to Boston two days later, where he will hold what his campaign is calling 'a unity event' with supporters, aides said."

Huckabee Seen As Evangelical Alternative To Top Three GOP Candidates. The Christian Science Monitor (2/7, Feldmann, 59K) reports former Arkansas Gov. Mike Huckabee "may be most famous for losing 100 pounds and crusading against obesity in America." Huckabee "knows he must rise in the pack by summer's end. 'If by ... September I'm still considered second or third tier, after the Iowa straw poll, then ... I've got a problem,' says the former Baptist minister, who formed a presidential exploratory committee last week. … An evangelical Christian, Huckabee hopes his religiosity will win GOP voters who may have qualms about Senator McCain, who is not overtly religious; former Mayor Giuliani, who is liberal on social issues; and Mr. Romney, whose Mormon faith makes some Republicans uneasy."

New Technology Among Factors Driving Up Primary Spending. The Washington Post (2/7, A1, Mosk, 690K), in a front-page story, reports, "Expense reports released last week provide a glimpse at how aspirants have started spending their money. By the end of last year, budding contenders in the Democratic field had already written more than $660,000 in checks from their federal accounts to fund activities in key states -- more than twice what their counterparts spent in 2002 in the run-up to the 2004 presidential contest." The Post goes on to report, "When then-Sen. John Edwards began preparing for his first presidential bid, he made an early investment of nearly $100,000 to build an Internet operation. As he began constructing his 2008 effort, he found the cost to put his stamp on the Web had more than quadrupled, with close to half a million dollars already spent on consultants and technical-support teams." Consultant Ken Strasma, "whose firm developed a microtargeting program that uses vast

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supplies of marketing data to identify and persuade a candidate's likely supporters, said the powerful targeting programs will be more widely used this cycle. In small states, such as Iowa, a candidate can spend $100,000 to $200,000 to identify every caucus voter within their reach and figure out how best to persuade them. In larger states, those costs will multiply."

Obama Considered Overly Abstract. The Washington Post 's Harold Meyerson (2/7) writes that Obama's "broad indictment of contemporary politics has great appeal, I suspect, to young voters in particular. But the cynicism about government that he rightly condemns didn't waft in from nowhere. … The hope Obama personifies can be a powerful force -- but not when he counterposes it to specifics or to political struggle."

US Electorate Seen As Willing To Elect A Black President. In an op-ed for the New York Times (2/7, 1.16M) Martin Plissner, author of "The Control Room: How Television Calls the Shots in Presidential Elections," writes, "On Nov. 5, 1996, Voter News Service — the organization hired by the TV networks to do exit polling — asked people at the polls, who had just given Bill Clinton 49 percent of the vote, Bob Dole 41 percent and Ross Perot 8 percent, how they would have voted if the Republican candidate had been Gen. Colin L. Powell. In an exit poll sample of 3,697 (three times the size of a standard high-grade public opinion survey), the result was this: Powell: 50 percent. Clinton: 38 percent. Perot: 9 percent. … There is a pretty good, if not quite conclusive, case that America has for some time been ready to elect a black president. The question for Barack Obama is whether this time around it will be ready for this one."

Steinem Praises Both Clinton And Obama. In an op-ed for the New York Times (2/7, 1.16M) Gloria Steinem writes, "Even before Barack Obama and Hillary Clinton threw their exploratory committees into the ring, every reporter seemed to be asking which candidate are Americans more ready for, a white woman or a black man? … I think this is a dumb and destructive question." Steinem concludes, "This time, we could learn from history. We could double our chances by working for one of these candidates, not against the other. For now, I've figured out how to answer reporters when they ask if I'm supporting Hillary Clinton or Barack Obama. I just say yes."

Dowd Praises Biden, Says He's Not "Pandering." The New York Times' Maureen Dowd (2/7) credits Sen. Joseph Biden for not "pandering, like Hillary's telling Iowans she likes ethanol, and John McCain's telling Christian conservatives he likes Christian conservatives."

Perry's Lottery Plan Would Fund Education, Insurance For Poor. The Washington Post/AP (2/7, A7) reports that Texas "Gov. Rick Perry (R) proposed Tuesday that Texas sell its state lottery for at least $14 billion, with the money dedicated to an endowment for residents without health insurance and a trust fund for cancer research." Perry described this plan as "a unique opportunity to address great challenges and build the foundation for a future of unparalleled prosperity" in his State of the State address. "Under Perry's plan, money from the sale would be used to establish three trusts: $8.3 billion to replace most of the public-education revenue lost with the sale of the lottery, $3 billion for cancer research, and $2.7 billion to expand health insurance coverage for the working poor."

Washington Press Club Honors Thomas. The Washington Post (2/7, C1, Vargas, 690K) reports, "On this Tuesday night, there was a party to be had and a journalistic legend -- the indefatigable Helen Thomas -- to be honored. And not even the threat of snow could stop the 63rd annual congressional dinner of the Washington Press Club Foundation."

WSJournal Notes Banks Do Not Benefit From Home Foreclosures. The Wall Street Journal (2/7, 2.04M) editorializes, "Mortgage delinquencies are rising, subprime lenders are going belly-up -- another company filed for bankruptcy Monday -- and the Senate Banking Committee is holding hearings today on 'predatory lending.' All of this can only mean one thing: Congress is looking for someone to blame now that the housing boom is over. The noted banking expert Jesse Jackson is scheduled to be a featured witness at today's hearing, along with a couple of unfortunate consumers who were sold mortgages they couldn't afford to repay. … No one likes to see anyone lose his home to foreclosure -- and that includes the banks. Banks make money by lending to people who can repay their loans with interest. Lending people money they can't pay back is a lousy business, as the many recent headlines about subprime lenders going bankrupt demonstrate. If rapacious banks really had a goal of lending people more than they could afford to pay back, they wouldn't be swimming in red ink."

WSJournal Celebrates Move Toward Vouchers In Utah And South Carolina. The Wall Street Journal (2/7, 2.04M) writes in an editorial that after a 38-37 vote in the Utah house, "the senate is likely to pass the reform supported by GOP Governor Jon Huntsman Jr." and "Utah may soon become the first state with a universal school choice plan." Now "South Carolina could be next" where the legislature will consider allowing "nearly 200,000 poor students to opt out of failing public schools by giving them up to $4,500 a year to spend on private school tuition." While, "the voucher

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movement has been declared dead many times,…its promise of better education is keeping hope alive."

Bush Budget Contains "Ambitious" Foreign Policy Goals. The Financial Times (2/7, Dinmore) reports, "Ambitious foreign policy goals set out in the Bush administration's federal budget for 2008 include the end of the Israeli-Palestinian conflict, dismantling North Korea's nuclear weapons programme and the start of comprehensive multilateral negotiations with Iran." Other targets listed in the foreign assistance component of the budget "seem more like Soviet-era quotas, for example a projected 10 percent increase over the 2006 figure of 769 interviews given by US officials to Arab and other media outlets in the Middle East." An official involved in drawing up the budget said the targets represented "what we intend to achieve with the resources we ask for." He added: "They are in many cases intangible goals."

Lebanese PM Blames US For Nation's Instability. The Los Angeles Times (2/7, Stack, Daragahi, 850K) reports Lebanese Prime Minister Fouad Siniora Tuesday "blamed American support of Israel for an increasingly violent political crisis that has shredded this country's stability." His voice "rising in frustration" during an interview with the Times, Siniora "said the troubles in his nation would subside if US officials were to press Israel to withdraw its soldiers from Shabaa Farms." The lingering occupation "has long been cited by Hezbollah as a justification for its armed guerrilla fighters on Israel's border," but Siniora said "the US has ignored his pleas." Responding to the prime minister's comments, NSC spokesman Gordon Johndroe said, "We understand the enormous pressure Prime Minister Siniora is under from Hezbollah and Syria and others that want to undermine democracy in Lebanon. We will stand by him to make sure democracy in Lebanon is successful, and we will continue to work for greater peace within the Middle East."

Rice Sets Meeting With Abbas, Olmert. AFP (2/7) reports Secretary of State Condoleezza Rice "plans a series of three-way meetings with Israeli and Palestinian leaders in a major shift of US efforts to broker a peace deal and establish a Palestinian state," State Department spokesman Sean McCormack said Tuesday. Rice will hold the first meeting with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmud Abbas on February 19. "Our expectations are that this is an initial opportunity for these two leaders to start a discussion about those issues that would concern the framework of a possible Palestinian state," McCormack said, noting that the Secretary "intended to pursue the three-way format in a significant departure from Bush's past practice of remaining aloof from the intricacies of Israeli-Palestinian deal-making."

Palestinian Aid Policies Seen As "Backfiring." The Financial Times (2/7, Morris) reports, "Concern is mounting in the international aid community that policies aimed at isolating the Palestinian Authority's ruling Hamas movement have backfired by further impoverishing the people of Gaza and the West Bank without seriously undermining the Islamists." Oxfam "joins the debate on Wednesday with an appeal for Europe to scrap an emergency aid programme that bypasses Hamas and revert to direct funding of the PA government that it controls." The move follows a report last week by the UK parliament's international development committee that "claimed the policies of Israel and international donors towards Hamas were playing into the hands of its Iranian ally."

Palestinian Factions Begin Unity Talks In Mecca. The New York Times (2/7, A3, Fattah, 1.16M) reports leaders of Hamas and Fatah Tuesday "began a two-day Saudi-brokered effort to agree on a unity government that could end a wave of violence in the Gaza Strip and the West Bank and resume relations with donor countries." Palestinian President Mahmoud Abbas and two Hamas leaders -- Ismail Haniya, the Palestinian prime minister, and Khaled Meshal, the Damascus-based militant leader -- "met separately with King Abdullah," however, all three leaders are expected to "meet with other Saudi officials and mediators before deliberations begin in earnest" on Wednesday.

The AP (2/7, Abu-Nasr) says the "Saudi-led push is key to any future peace talks with Israel -- and to Arab efforts to blunt Iran's growing power." The talks, it notes, are "open-ended, a reflection of Saudi Arabia's determination to keep them going until the Palestinians reach a deal for power-sharing in a new coalition government." Meanwhile, the meetings are seen as "a test of US ally Saudi Arabia," which "has taken an assertive new role in trying to resolve the Palestinian conflict, as well as two other Mideast conflicts that threaten to erupt into full-fledged civil wars: Iraq and Lebanon."

Similarly, the Financial Times (2/7, Saleh) says that by hosting the talks Saudi Arabia "has invested its prestige" as Riyadh "tries to counter Iranian influence in the region."

WPost Welcomes Saudi Arabia's Engagement. In an editorial, the Washington Post (2/7, A16, 690K) writes, "One consequence of the Bush administration's recent decision to divide the Middle East between 'extremists' and 'moderates' was to marginalize US diplomacy in the region. The administration refuses to talk to the 'extremists' -- Iran, Syria, Hezbollah and Hamas -- but those governments and groups are at the center of every major conflict from Iraq to the Gaza Strip. Now one of the administration's 'moderate'

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allies, Saudi Arabia, has stepped into the vacuum. The result has been a revealing demonstration of how talks with adversaries can sometimes be useful -- and a hint of what may be lost by Mr. Bush's inflexible policy." The Post says, "It's good that Saudi Arabia is testing a contrary theory in practice; even better would be some American diplomatic risk-taking."

US Will Create Single Africa Command. The New York Times (2/7, Stout, 1.16M) reports, "The Pentagon will establish a new military command to oversee its operations in Africa, President Bush and Defense Secretary Robert M. Gates announced Tuesday. ... Three commands now divide responsibility for operations in Africa: the European Command, which oversees most countries on the continent, except those in the Horn of Africa; the Central Command, which has responsibility for Egypt, Sudan, Eritrea, Ethiopia, Djibouti, Somalia and Kenya; and the Pacific Command, which has responsibility for Madagascar, the Seychelles and the Indian Ocean."

Washington Prepared To Renew Relations With Pyongyang. The Financial Times (2/7, Sevastopulo) reports Washington "would be prepared to start normalising relations with Pyongyang before it completed nuclear disarmament if it helped persuade North Korea to move forward on a previous agreement to denuclearise the Korean peninsula." A senior Bush administration official "said Washington would consider starting the process to remove Pyongyang from the list of state sponsors of terrorism, and to ease restrictions on American companies dealing with the state, if North Korea moved forward on its commitment to dismantle its nuclear programs." The US official said South Korea would "take the lead in providing energy assistance and food aid," and in return, Pyongyang "would agree to freeze its plutonium reactor as the first stage of a process that, from the US perspective, would have to lead to complete disarmament."

The AP (2/7, Freire) reports Assistant Secretary of State Christopher Hill said Wednesday the US expects "hard bargaining" at upcoming six-party talks. Speaking to reporters in Tokyo, Hill said, "The big question is whether the North Koreans are really ready to make some progress." He did, however, note that there were "some good signs in Berlin."

Author Urges China's Support For Deal. Gordon Chang, author of "Nuclear Showdown: North Korea Takes On the World," writes in the Wall Street Journal (2/7, A14, 2.04M) that "if there is a deal" at this week's six-party talks, "it will not be because Chinese diplomats worked behind the scenes. It will be because the Bush administration has made concessions it previously refused to consider -- in particular, releasing frozen North Korean funds, providing aid, and accepting only an interim freeze of the North's production of plutonium." If the US "makes the first moves," Chang says China "will persuade North Korea in the future to completely give up its nuclear arsenal." Beijing "has been able to protect Pyongyang because Seoul is doing the same," but Chang says "stripping Seoul from Beijing should be Washington's most immediate tactical goal."

Bush Approves Plan To Pressure Sudan On Darfur. The Washington Post (2/7, A12, Kessler, 690K) reports President Bush has approved "a plan for the Treasury Department to aggressively block US commercial bank transactions connected to the government of Sudan, including those involving oil revenues, if Khartoum continues to balk at efforts to bring peace to Sudan's troubled Darfur region," government officials said Tuesday. The Treasury plan is part "of a secret three-tiered package of coercive steps -- labeled 'Plan B' -- that the administration has repeatedly threatened to unleash if Sudan continues to sponsor a campaign of terror" in Darfur. However, the Administration has "held back on any announcement of Plan B, even after setting a Jan. 1 deadline, in hopes of still winning Khartoum's cooperation." According to the Post, the delays have "increased skepticism that the administration is willing to risk potential diplomatic and commercial fallout from targeting Khartoum."

Bomber Killed In Thwarted Attack At Pakistani Airport. The New York Times (2/7, Masood, 1.16M) reports, "A suicide bomber armed with pistols and grenades killed himself and at least one other person after a shootout with security guards at Islamabad's international airport on Tuesday night, in what the police described as a thwarted but brazen terrorist attack." The Times notes that it was the second suicide bombing in Islamabad in less than a week and "appeared intended to inflict major casualties at the airport." Five people were wounded in the attack.

Russian Tycoon May Cooperate With Police In Poison Probe. The New York Times (2/7, Cowell, 1.16M) reports Boris A. Berezovsky, "an exiled Russian tycoon and bitter opponent of the Kremlin," said Monday that he was "prepared to be interviewed by the Russian police" investigating the poisoning in London last November of Alexander V. Litvinenko. However, in what he called his first newspaper interview since the British police "handed a dossier on the case to the Crown Prosecution Service last week," Berezovsky "said that he would talk to Russian investigators only if they met conditions, including being searched for weapons and poisons." Berezovsky spoke in "a wide-ranging, 50-minute interview" in his London offices, "offering some new insights" into the case. Berezovsky "said

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he believed that Mr. Litvinenko had been the target of two attempts on his life, the first in mid-October. That attempt failed, he said, because too little poison was used." Berezovsky "also disclosed that the prime suspect identified in British news reports had visited him the day before Mr. Litvinenko was poisoned."

WSJournal Says Putin Wants Case To Remain Unsolved. The Wall Street Journal (2/7, 2.04M) editorializes, "The wheels of justice in Vladimir Putin's Russia move strangely, but this week all too transparently. Prosecutors brought fresh charges against Mikhail Khodorkovsky that likely ensure that the former Yukos oil magnate and Putin political opponent won't leave his Siberian prison camp before next year's presidential election." Nothing from his first trial, the Journal says, "suggests the outcome will be any better for Mr. Khodorkovsky once a Russian court in distant Chita, near the Mongolian border, takes up the new money laundering and embezzlement case," which "could add 15 years to his prison term." The Journal concludes, "You don't have to be a conspiracy theorist to surmise that the Kremlin wants Mr. Khodorkovsky to stay in Siberia and the [Anna] Politkovskaya and Litvinenko cases to remain unsolved. And so they are."

Investigators Won't Charge Former Blair Advisor. The Financial Times (2/7, Burns, Blitz, Timmins) reports, "Downing Street on Tuesday won a temporary reprieve in the cash-for-honours affair" when the Crown Prosecution Service announced that there was "insufficient evidence" to press charges against headteacher Des Smith. Smith "was arrested last April after allegedly suggesting to a Sunday newspaper that sponsors of the government's flagship city academies would receive honours." The Times adds that Prime Minister Tony Blair's immediate position in relation to the investigation "was…shored up by two other developments" on Tuesday. First, Cabinet Secretary Sir Gus O'Donnell "denied media reports that there was a secret e-mail system inside Number 10 that the police had not been told about." Second, a new opinion poll "showed that the public is less interested than the media and political worlds in the cash-for-honours affair."

The Washington Post (2/7, A14, Sullivan, 690K) reports, "Smith, a former government adviser who helped recruit wealthy sponsors for a key Blair education initiative, told reporters he was relieved that the inquiry regarding him was over and called it 'nonsense from the beginning.'" The Post adds that Smith "was the first of four people arrested" and investigation "centering on whether potential political donors have been enticed with promises of appointments to the House of Lords, the upper house of Parliament."

Mugabe Losing Support As Zimbabwe Economy Plunges. On its front page, the New York Times (2/7, A1, Wines, 1.16M) reports, "For close to seven years, Zimbabwe's economy and quality of life have been in slow, uninterrupted decline. They are still declining this year, people there say, with one notable difference: the pace is no longer so slow. Indeed, Zimbabwe's economic descent has picked up so much speed that President Robert G. Mugabe, the nation's leader for 27 years, is starting to lose support from parts of his own party." Meanwhile, Mugabe, "who blames a Western plot against him for Zimbabwe's problems, has rejected all calls for economic reform."

Global Pathogen Surveillance System Proposed To Fight Bird Flu. In an op-ed for the Wall Street Journal (2/7, A15, 2.04M) Peter Zimmerman, former chief scientist of the U.S. Senate Foreign Relations Committee staff, writes, "The 'deadly' H5N1 avian flu is back on the front pages of newspapers and TV news shows. … It is probably worth stockpiling many millions of doses before H5N1 escapes into the human population. Because none of us has any useful immunity, the virus could migrate around the world with the speed of commercial air travel, not the steamships that powered the Spanish Flu. If H5N1 escapes, and if it becomes as virulent as the Spanish Flu (which killed 1% of those who developed the disease), the pessimistic predictions of millions of people dead within months could come true. Only if vaccine bottles were already on the shelf, ready for instant use, could the virus be contained. … A global pathogen surveillance system -- as Sen. Joseph Biden suggested almost five years ago -- is necessary because the global first line of defense against influenza is not the U.S. Centers for Disease Control and Prevention, but the public health agencies of China, Vietnam and other nations in that region."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Bookshops' Latest Sad Plot Twist."
"Israel Sounds Alarm On Iran's Nuclear Efforts."
"The Sudden Descent Of A Shuttle Astronaut."
"In San Francisco, Mayor's Troubles Not Just Personal."
"Apple Seeks To Unchain Melodies."
"Pentagon Considering Alternatives For Iraq."

USA Today:
"Attempted Murder Charge, Handcuffs Ground Astronaut."
"Jobs Wants Fewer Download Limits."
"Wider Death Penalty Sought."

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New York Times:
"Military Wants More Civilians To Help In Iraq."
"Many Voices, No Debate, As Senate Is Stifled on War."
"Rural Colleges Seek New Edge And Urbanize."
"From Spaceflight to Attempted Murder Charge."
"Army Is Going Wrinkle-Free; Velcro Becomes Norm."
"As Inflation Soars, Zimbabwe Economy Plunges."

Washington Post:
"With Discipline Honed By Training, Police Say, Astronaut Set Out to Kill."
"General Is Front Man For Bush's Iraq Plan."
"Loudoun Land Deals Subject of U.S. Probe."
"Problems Stall Pentagon's New Fighting Vehicle."
"Teddy Bear, Version 2.0."
"In Campaign 2008, Candidates Starting Earlier, Spending More."

Washington Times:
"Pelosi's Push For Jet Remains Up In Air."
"U.S. Mulls Iraq Refugees."
"Barry Aims For Gun-ban Hiatus."
"Waxman Hits 'Waste Abuse' Of Iraq Funds."
"Love Triangle Lands Astronaut In Florida Jail."
"Alumni Urge Reversal On Cross."

Detroit Free Press:
"Granholm: We Need Tax Boost To Compete."
"Mullay Calls On Taurus' Power."
"Speech Big On Hope Skimpy On Details."
"Money To be Invested In Business, Students."
"Astronaut's Arrest Reveals Down-To-Earth Frailty."

Atlanta Journal-Constitution:
"PSC Lets GA. Power Hike Bills Next Month."
"No Rescue For State's Insurance For Kids."
"People Outsmart Plants."
"Passion leads Astronaut To hard Landing."
"CDs Bust Throws media Glare On Town Chief."

Houston Chronicle:
"Gunmen Kill 7, Fuel Acapulco Drug War."
"This is Return Home Will Be A Different Story For Astronaut."
"Is Facility For Detainees Best Place For Children?"
"A 'Perplexed' NASA Navigates New Terrain."
"Doctors Say Perry's Inoculation Mandate Is Premature."

Story Lineup From Last Night's Network News:
ABC: Wal-Mart Class Action Suit; Congressional Hearings; Senate hearings-Gates; Friendly Fire; Iran Diplomat Kidnapped-Iraq; Astronaut-Attempted Murder Charges; Breast Cancer Test; Winter Weather; The Priest & A Nun; Fun In The Snow.
CBS: Astronaut Arrested; Astronaut Screening; Winter Weather; Congress-Iraq Surge; Iraq-Iranian Diplomat; Iraq-Troop Level; Iraq Corruption; Hospital Infections; FDA-Breast Cancer Test; Wal-Mart-Sex Discrimination Case; Easy Bake Recall; Internet TV.
NBC: Winter Weather-Chicago; Astronaut-Alleged Murder Charges; Breast Cancer Testing; New Orleans Post-Katrina; New Orleans Fire Dept; Wal-Mart Class Action Suit; Stock Market; New NBC CEO; Children Post-Katrina.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US-Cold Weather; Upstate NY-Heavy Snow; FL-NASA Astronaut Arrested; House-Iraq Resolution; Sen. Kerry-Iraq Bill; Las Vegas-Accident On Vegas Strip.
NPR: US-Cold Weather; Iraq-Sri Lankan Migrant Workers Rescued; Bush-VA; Tokyo Stock Exchange; Spain Criticizes British Paper For Interviewing Jailed Eta Member; FL-NASA Astronaut Arrested.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Visits Shenandoah National Park; makes Statement on the National Parks Centennial Challenge, Shenandoah National Park.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the FY08 Energy Department budget. Secretary Bodman. Location: Room 366, Dirksen.

9:45 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on reauthorization of farm programs. Location: Room 106, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Markup of pending legislation and a hearing on predatory lending and home foreclosures. Rev. Jesse Jackson; Harry Dinham, National Association of Mortgage Brokers; Hilary Shelton, NAACP; Martin Eakes, Self-Help Credit Union and the Center for Responsible Lending; Jean Constantine-Davis, AARP. Location: Room 216, Hart.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 budget proposal. OMB Director Rob Portman. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on climate change research and science. Location: Room 253, Russell.

10 a.m. ENVIRONMENT AND PUBLIC WORKS _ Private Sector and Consumer solutions to Global Warming and Wildlife Protection Subcommittee. Hearing on global warming and wildlife. Location: Room 406, Dirksen.

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10 a.m. FINANCE _ Full Committee. Hearing on the proposed FY08 budget for Health and Human Services Department. Secretary Leavitt. Location: Room 215, Dirksen.

10 a.m. RULES AND ADMINISTRATION _ Full Committee. Hearing on improving electronic election systems. California Deputy Secretary of State Lowell Finley; Brit Williams, Kennesaw State University; Dan Wallach, Rice University; Conny McCormack, Registrar-Recorder/County Clerk, Los Angeles County; Warren Stewart, Vote Trust USA; Connie Schmidt, Election Consulting Services; Michael Waldman, NYU School of Law. Location: Room 301, Russell.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Iraq. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Suspensions (7 bills): 1) H.R. 742 - To amend the Antitrust Modernization Commission Act of 2002, to extend the term of the Antitrust Modernization Commission and to make a technical correction; 2) H.R. 365 - Methamphetamine Remediation Research Act of 2007; 3) H.Res. 72 - Recognizing the work and accomplishments of Mr. Britt ``Max'' Mayfield, Director of the National Hurricane Center`s Tropical Prediction Center upon his retirement; 4) H.Res. 99 - Commending the University of Nebraska-Lincoln volleyball team for winning the NCAA Division I Women`s Volleyball Championship; 5) H.Res. 120 - Recognizing the African American spiritual as a national treasure; 6) H.R. 187 - To designate the Federal building and United States courthouse and customhouse located at 515 West First Street in Duluth, Minnesota, as the ``Gerald W. Heaney Federal Building and United States Courthouse and Customhouse;'' 7) H.R. 238 - To repeal a prohibition on the use of certain funds for tunneling in certain areas with respect to the Los Angeles to San Fernando Valley Metro Rail project, California.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 defense budget. Secretary of Defense Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace. Location: Room 2118, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearings on using risk to determine homeland security investments. William Jenkins, GAO; Henry Willis, Rand Corp. Location: Room 2358, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the Treasury Department's FY08 budget. Secretary Paulson. Location: Room 210, Cannon.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on the Committee on Foreign Investments in the United States. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on the international relations budget for FY08. Secretary of State Rice. Location: Room 2172, Rayburn.

10 a.m. OVERSIGHT AND GOVENMENT REFORM _ Full Committee. Hearing on wasate, fraud and abuse in the Iraq rebuilding process. Comptroller General David M. Walker, GAO; Stuart W. Bowen Jr., special inspector general for Iraq Reconstruction; William Reed, Defense Contract Audit Agency; Kristal Batalona, daughter of Wesley Batalona, Blackwater employee; Kathryn Helvenston-Wettengel, mother of Stephen Helvenston, Blackwater employee; Rhonda Teague, wife of Michael Teague, Blackwater employee; Donna Zovko, mother of Jerry Zovko, Blackwater employee; Erik Prince, chairman, Blackwater USA; Richard Cousins, chief executive, ESS/Compass Group; Jameel A.E. Al Sane, chairman, Regency Hotel and Hospital Co.; William P. Utt, president and CEO, KBR Inc.; Alan L. Boeckman, chairman and CEO, Fluor Corp.; Tina Ballard, deputy assistant secretary of Army for policy and procurement Location: Room 2154, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of pending legislation. Location: Room 2167, Rayburn.

10:15 a.m. JUDICIARY _ Full Committee. Markup of pending legislation. Location: Room 2141, Rayburn.

10:30 a.m. EDUCATION AND LABOR _ Full Committee. Hearing on economic solutions to h,elp the middle class. AFL-CIO Secretary-Treasurer Richard Trumka; Judy Feder, Georgetown University; Bill Archey, Advancing the Business of Technology. Location: Room 2175, Rayburn.

11 a.m. NATURAL RESOURCES _ Full Committee. Organizational meeting. Location: Room 1324, Longworth.

1 p.m. HOMELAND SECURITY _ Full Committee. Hearing on issues and challenges facing the Homeland Security Department. Comptroller General David Walker; DHS Inspector General Richard Skinner. Location: Room 311, Cannon.

2 p.m. RULES _ Full Committee. Meeting on rules for floor debate. Location: Room H-313, Capitol.

2 p.m. WAYS AND MEANS _ Full Committee. Hearing on the FY08 budget. OMB Director Rob Portman. Location: Room 1100, Longworth.

Other: INDEPENDENT COLLEGES _ The National Association of Independent Colleges and Universities holds its 2007 meeting, ``Charting Our Course.'' Highlights: 9:15 a.m. Rep. David Loebsack, D-Iowa. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

RESERVE OFFICERS _ The Reserve officers Association holds its Mid-Winter Conference and Military Exposition. Highlights: 11:30 a.m. Coast Guard Commandant Adm. Thad Allen speaks at the Coaast Guard Affairs Committee meeting. 7 p.m. Banquet honoring Rep. Gene Taylor, R-Miss. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW

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FEDERAL BUDGET-RELATED EVENTS _ Highlights: 9 a.m. Under Secretary for Science Raymond Orbach holds a teleconference to react to the FY'08 budget request. Dial-in 888 529-1867. Conference ID 8480814.

HOMELAND SECURITY _ American Military University holds a two-day conference, ``Homeland Security: The Ripple Effect." Highlights: 9:30 a.m. Session on lessons learned from Hurricane Katrina, with Lt. Gen. Russel Honore, former Commander of the Joint Task Force-Katrina. 12 p.m. Luncheon speaker - former Sen. Gary Hart. 3:30 p.m. James Gilmore, Chairman, National Council on Readiness and Preparedness. Location: National Press Club.

CUBA AFTER CASTRO _ 8:30 a.m. NDN, a progressive think tank and advocacy organization, hosts a panel discussion, ``After Fidel: A New Day for America's Relations with Cuba and Latin America?" Participants: Congressman William Delahunt, Chairman of the Subcommittee on International Organizations, Human Rights and Oversight; Janice OConnell, Professional Staff Member, Senate Foreign Relations Committee; Julia Sweig, Director for Latin America Studies, Council on Foreign Relations; Miriam Leiva, Cuban Dissident via phone from Cuba; Sergio Bendixen, President, Bendixen & Associates; and Joe Garcia, Senior Vice President, NDN (moderator). Location: Phoenix Park Hotel, 520 North Capitol St. NW.

USTR SEMINAR _ 9 a.m. The Carnegie Endowment holds its 7th annual Former USTR Seminar, with Carla Hills, Mickey Kantor, Clayton Yeutter, Charlene Barshefsky, Bill Eberle and Bill Brock. Location: 1779 Massachusetts Ave. NW.

BALANCED BUDGET _ 9:30 a.m. - 11 a.m. The Brookings Institution hosts a discussion with a panel of experts who will discuss their bipartisan plan of spending cuts and tax increases to balance the budget in the next five years, and set the nation on a sustainable fiscal course for the long run. Participants include G. William Hoagland, former director of budget and appropriations for former Senate Majority Leader Bill Frist, R-Tenn.; Charles Stenholm, former Member of Congress from Texas; and Isabel Sawhill, a Brookings senior fellow. David Wessel, deputy bureau chief of the Wall Street Journal, will moderate the panel discussion. Location: Brrooking Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

INTELLECTUAL PROPERTY _ 11 a.m. Sen. George V. Voinovich, R-Ohio; joins Joe Wiegand, Global Brand Protection Manager, Ford Motor Company; Jody Fledderman, President and CEO, Batesville Tool & Die; and Jeffrey O. Evans, CEO and President, The Will-Burt Company, for a press conference to to introduce the Intellectual Property Rights Enforcement Act, legislation that sponsors say will significantly enhance intellectual property (IP) coordination and protection, both domestically and internationally. Location: Room G-11, Dirksen Senate Office Building.

WAL-MART HEALTHCARE _ 11 a.m. Wal-Mart; the Service Employees International Union; the Center for American Progress; the Howard H. Baker, Jr. Center for Public Policy, Kelly Services; the Communications Workers of America; AT&T: Intel and the Committee for Economic Development hold a news conference to announce a major new campaign with a focus on health care. Participants include: Lee Scott, President and CEO of Wal-Mart Stores, Inc.; Andrew Stern, President of the Service Employees International Union (SEIU); John Podesta, President of the Center for American Progress and former Chief of Staff to President Bill Clinton; Howard Baker, founder of the Howard H. Baker, Jr. Center for Public Policy at the University of Tennessee and former Senate Majority Leader and Chief of Staff to President Ronald Reagan. Location: Hyatt Regency Capitol Hill, Capitol Room B (Lobby Level), 400 New Jersey Ave. NW.

CHAO _ 11:10 a.m. Labor Secretary Elaine Chao speaks to the Women of the World Symposium. Location: U.S. Chamber of Commerce, 1615 H St. NW.

METH LABS _ 11:45 a.m. Congressman Bart Gordon will be joined by new members of Congress at a press conference to discuss legislation under consideration in the House of Representatives that would support efforts to clean up meth labs in communities across the country. H.R. 365, the Methamphetamine Remediation Research Act of 2007 will be voted on in the House of Representatives on Wednesday. Location: Room HC-7, Capitol.

NONPROLIFERATION _ 12 p.m. Reps. Edward Markey and Christopher Shays, co-Chairs of the Bipartisan Task Force on Nonproliferation, host Dr. Pierre Goldschmidt, former IAEA Deputy Director General and Head of the Department of Safeguards, to discuss ways in which current nonproliferation norms are faltering and can be improved. Location: Room 1334, Longworth.

ZINNI _ 12 p.m. Retired Gen. Anthony Zinni participates in a discussion on the frontline vision of America's power and purpose, sponsored by Georgetown University. Location: Bunn Center auditorium, Georgetown University.

AARP-BUDGET _ 12:30 p.m. AARP health care policy expert Kirsten Sloan, National Coordinator - Health and Long-Term Care Issues, holds an audio news conference on the Administration's FY'08 budget proposal that calls for cuts in Medicare and Medicaid. Notes: Audio News Conference call-in is 866-835-8845. Please call 202-434-2560 to confirm participation.

EGYPT _ 12:30 p.m. - 2 p.m. The Saban Center for Middle East Policy at the Brookings Institution will host Ahmed Aboul Gheit, minister of foreign affairs for the Arab Republic of Egypt, to discuss these crucial issues in the Mideast, as well as the way forward in US-Egyptian relations. The session will be moderated by Martin Indyk, director of the

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Saban Center for Middle East Policy. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

BUDGET-ENVIRONMENT _ 1 p.m. Environmental and conservation experts hold a telephone briefing on the proposed budget for climate change, public lands and oceans, with Sarah Neiymeyer of the Wilderness Society, Beth Lowell of Oceans, Erich Pica of Friends of the Earth and Peter Raabe of American Rivers. Notes: Accredited media only. Callin number: 800-901-1248; passcode: budget.

COMMUNICATIONS GAP _ 1 p.m. The Joint Commission holds a telephone news conference to propose expert-based solutions to narrow the communications gap between caregivers and patients, and improve patient safety. Notes: Callin number: 800-351-4895; passcode: 13975; conference ID: 34388273.

PENTAGON-AFRICA _ 1 p.m. Principal Deputy Under Secretary of Defense for Policy Ryan Henry and Lt. Gen. Walter Sharp, Director, the Joint Staff, hold a press briefing to discuss the establishment of US Africa Command. Location: DOD Briefing Room, Pentagon 2E579.

BUDGET-HEAD START _ 1:30 p.m. Head Start President Sarah Green, others, hold a telephone news conference on cuts in the Head Start program. Notes: Callin number: 800-860-2442; ask for Head Start cuts event.

DEMOCRATS-VETERANS _ 1:50 p.m. House Speaker Nancy Pelosi and senior House Democrats hold a photo opportunity with war veterans from VoteVets.org following their meeting. Founded and supported by veterans, VoteVets.org is leading the charge against the President's escalation of the war in Iraq. Location: Room H-230, Capitol.

ONLINE SEXUAL EXPLOITATION _ 2 p.m. Senators John McCain and Chuck Schumer join Representatives Steve Chabot and Nick Lampson for a press conference about the Securing Adolescents From Exploitation-Online Act of 2007. They will be joined by John Walsh, host of ``America's Most Wanted'' and co-founder of NCMEC; Ernie Allen, President of the National Center for Missing & Exploited Children (NCMEC); Sheriff Mike Brown (Bedford County, Virginia); and Miss America 2007. They will discuss their commitment to protecting children from online sexual exploitation. Location: Room S-115, Capitol.

ARMY MODERNIZATION _ 2:30 p.m. The Army holds a two-part media roundtable on Army modernization and on Future Combat Systems modernization, with Maj. Gen. Jeffrey A. Sorenson, Deputy for Acquisition and Systems Management to the Assistant Secretary of the Army and Col. Charles Bush, Army G-8 will discuss Army Modernization beginning at 2:30 p.m. At 3:30 p.m., Maj. Gen. Charles Cartwright, Program Manager, Future Combat Systems Brigade Combat Team and Dennis Muilenburg, Vice President/ General Manager, Boeing Combat Systems and Program Manager Future Combat System will discuss budget-induced changes to the FCS Modernization Program. Location: Army Public Affairs Conference Room, Pentagon Room 1E462.

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TERRORISM NEWS:

U.S. Declines To Join Accord On Secret Detentions (WP)

By Molly Moore

The Washington Post, February 7, 2007

PARIS, Feb. 6 -- Representatives from 57 countries on Tuesday signed a long-negotiated treaty prohibiting governments from holding people in secret detention. The United States declined to endorse the document, saying its text did not meet U.S. expectations.

Louise Arbour, the U.N. high commissioner for human rights, said the treaty was "a message to all modern-day authorities committed to the fight against terrorism" that some practices are "not acceptable."

In Washington, State Department spokesman Sean McCormack declined to comment, except to say that the United States helped draft the treaty but that the final wording "did not meet our expectations."

The Associated Press reported that McCormack declined to comment on whether the U.S. stance was influenced by the Bush administration's policy of sending terrorism suspects to CIA-run prisons overseas, which President Bush acknowledged in September.

"Our American friends were naturally invited to this ceremony," French Foreign Minister Philippe Douste-Blazy said after the signing here. "Unfortunately, they weren't able to join us. That won't prevent them from one day signing on in New York at U.N. headquarters, and I hope they will."

Some U.S. allies in Europe also declined to join, among them Britain, Germany, Spain and Italy.

The convention defines forced disappearance as the arrest, detention or kidnapping of a person by state agents or affiliates and subsequent denials about the detention or location of the individual.

The treaty, adopted by the U.N. General Assembly in December, has been pushed for nearly a quarter-century by rights groups and the families of individuals who have disappeared at the hands of various governments. It also addresses the international debate over the rights of terrorism suspects.

At a separate gathering, a non-binding accord banning the use of child soldiers was signed here Tuesday by representatives of 58 countries, including African nations that have been harshly criticized by the United Nations and human rights groups for arming children. The United States did not participate, saying that it objected to some of the wording of the documents but that it remained committed to its treaty obligations on the issue.

Douste-Blazy, the French foreign minister, described the agreement as having "a great political value" in pressuring national armies, paramilitaries and opposition forces to stop using children as combatants.

"What this conference has shown is that there is a great deal of political commitment to ending the unlawful recruitment of children," said Rima Salah, deputy executive director of UNICEF, the United Nations' advocacy agency for children, which co-sponsored the conference with the French government. "What needs to be done now is to harness this commitment and turn it into concrete action on the ground."

U.N. and human rights groups estimate that as many as 300,000 children younger than 18 are used worldwide in armed conflicts as soldiers or servants for soldiers. They say girls in particular are often sexually abused and exploited by militaries and armed groups.

The accord calls for an immediate halt to recruitment of children, the release of those now serving in militaries or paramilitaries and the expansion of programs for reintegrating the youngsters into their communities and societies.

Among the countries signing the accord were Congo, Chad, Sudan and Uganda, all of which the United Nations has singled out on the abuse of children by armed factions and militaries. Burma and the Philippines, which the United Nations has also cited, did not take part in the conference or sign the agreement, UNICEF said.

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The International Criminal Court in The Hague considers the use of children younger than 15 in armed conflicts a war crime and announced last week that Congolese warlord Thomas Lubanga Dyilo will be tried on charges of recruiting child soldiers as young as 10.

Feds Want PUC To Put Off Contempt Hearing For Verizon (AP)

AP, February 7, 2007

AUGUSTA, Maine — The Justice Department asked a judge Tuesday to bar the Maine Public Utilities Commission from proceeding with a contempt hearing for Verizon that stems from telephone customer complaints related to allegations about domestic surveillance by the National Security Agency.

A multi-customer complaint filed with the Maine PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant.

The PUC has challenged the adequacy of Verizon responses to date and set a hearing for Friday.

In a federal court filing Tuesday, the Justice Department said PUC officials had been put on notice months ago that the federal government believes the information being sought about an alleged involvement of Verizon with the NSA "cannot be disclosed."

The Justice Department requested a judicial order to keep the Maine PUC from moving forward until a court decides "what is clearly a federal question without the immediate threat of disclosure of the very information that is at issue in this case _ information that, if disclosed, might reveal or tend to reveal highly significant federal classified intelligence activities."

In addition to seeking to block PUC action, the Justice Department said the order it was requesting would bar Verizon from responding to PUC demands "because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities."

Justice Department lawyer Alexander Haas said he had no comment. Department spokesman Charles Miller confirmed that the request for a court order was aimed at Friday´s scheduled PUC hearing.

Assistant Maine Attorney General Chris Taub said the state planned to formally respond on Wednesday in advance of a Thursday hearing in U.S. District Court in Bangor before Judge John Woodcock.

"We´re going to oppose the motion and ask the court to permit the PUC hearing to take place as scheduled," Taub said.

Verizon spokesman Peter Reilly said the company had no comment.

Verizon, in answer to last May´s customer complaint, issued a response on May 19, 2006, in which it referred to points made in two press releases, including one that declared the company was not asked for records by the NSA and did not provide such records.

The PUC subsequently ordered Verizon, on Aug. 9, to affirm in writing that its representations to the commission were true.

On Aug. 21, the same day that the U.S. Justice Department originally filed suit against the PUC and Verizon asserting that the PUC was pre-empted by federal law from investigating the alleged spying program, Verizon said it would not submit an affirmation, citing legal action by the federal government.

Since then, the PUC has sought to have the federal suit dismissed and the complaint case has not moved forward.

Ten days ago on Jan. 29, the PUC voted 3-0 to hold a contempt hearing.

White House Ceding Legal Ground In Detainee Battle? (ABC)

By Justin Rood

ABC News, February 7, 2007

A line item buried in the president's budget reveals the Bush administration is gearing up for emboldened legal challenges from Gitmo detainees.

A brief paragraph in President Bush's 2008 budget request shows he plans to hire nearly two dozen new Justice Department lawyers to fight suits brought by Guantanamo detainees challenging their imprisonment.

The boost is planned despite a new law that should prevent detainees' claims from ever reaching a U.S. court, suggesting the White House may believe that law will be quickly reversed.

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The increase in lawyers "signals real concern on the administration's part," said Vincent Warren, president of the New York-based Center for Constitutional Rights, that the new law is unconstitutional and will be struck down. His organization represents over 200 Guantanamo detainees and has helped lawyers representing hundreds of others.

The controversial bill passed through Congress late last year at the urging of President Bush. The Military Commissions Act (MCA), as it's known, stripped Guantanamo detainees of their right to challenge their captivity. President Bush signed the measure into law, despite critics calling the measure unconstitutional.

Currently, just seven Justice Department attorneys defend the government against Gitmo detainees' suits. By removing the threat of such lawsuits, the MCA should theoretically reduce or even eliminate the need for those attorneys -- but instead the White House wants to add 23 lawyers starting this October and arm the group with a $5.5 million budget. This year, the office's budget was $2.3 million.

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Military legal expert Eugene Fidell agreed with Warren's analysis. The request "presupposes that Congress will overturn the MCA...or tweak it," or the act could be affected by a Supreme Court ruling, said Fidell, president of the National Institute of Military Justice. "Or both," he added.

But Justice Department spokesman Eric Ablin disagreed. "I don't think you can read into [the request] in any way whatsoever," he said. "I think it's reflective of the expense of those Guantanamo cases."

Even so, the government's growth strategy might not be the best move, Fidell cautioned. After all, "you can turn 50 lawyers loose on a legal issue and not necessarily be better off," he said.

Detained Saudis Described As Democracy Activists (WP)

By Faiza Saleh Ambah

The Washington Post, February 7, 2007

JIDDAH, Saudi Arabia, Feb. 6 -- Saudi police have arrested 10 men and accused them of collecting donations to fund terrorist acts outside the kingdom, the Interior Ministry said. But a lawyer and a prominent dissident said that at least seven of the men were Saudi democracy activists whose arrest was a government attempt to abort their civic rights work.

Matrouk al-Faleh, who was jailed in 2004 for calling for more democracy in the kingdom, said the seven men, most of them lawyers and professors, had been waiting for government approval to set up a civic rights group. They also had planned to present authorities this week with a list of more than 40 prisoners without legal representation whom they intended to defend.

"The terrorist allegation is a coverup," Faleh said. "It was used against me as well when I was arrested. . . . This is an attempt to abort the civic rights work they were planning."

Police went to the Jiddah beach house of lawyer Essam Basrawi on Friday night and arrested him and five other Saudi men. Saudi businessman Abdul-Aziz al-Khereiji was arrested at a checkpoint as he drove to Jiddah with his wife, said Bassim Alim, an attorney who represents four of the detainees.

Basrawi's Moroccan personal assistant also was detained. There was no information on the identities of the two other men.

An Interior Ministry spokesman told local newspapers that the arrested men had been involved in financing recruiters who sign up young Saudis to go into "turbulent areas," which is generally a reference to Iraq. The spokesman said sizable amounts of cash had been found during searches of the men's homes.

Many young Saudi radicals have crossed the long and porous border between the kingdom and Iraq and joined up with Sunni Muslim insurgents there.

Alim said that the government's accusations were baseless and that his clients were well-known reformists with no connection to terrorism. He said they might have been raising funds for Palestinian or Iraqi refugees. The men had been warned repeatedly by the government not to gather or write petitions because authorities feared the rise of a new political reform movement, he said.

"They don't want any kind of organized reform movement; they're trying to stomp on any organized calls for reform," Alim said.

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Alim said police had illegally searched the men's homes without warrants after midnight on Friday and seized files, books and computers. Neither Alim nor family members have been allowed to see the arrested men.

"If they are guilty of any crime, why aren't they allowed lawyers and charged publicly and shown proof or evidence?" Faleh said.

The arrests were the first to target democracy activists since reform-minded King Abdullah took the throne in 2005 and pardoned Faleh and two other leading activists who had spent 18 months in prison.

A dozen other men arrested with them in March 2004 signed statements pledging to stop lobbying for politic al freedoms. But Faleh and the two others refused to sign and demanded legal representation and a public trial. Legal defense and public trials are allowed under Saudi law but rarely applied. Most defendants go to court without attorneys.

Saudi Arabia, an absolute monarchy, has a consultative council appointed by the government, and carried out limited municipal elections in 2005. Despite Abdullah's cautious steps toward reform, the kingdom continues to show little tolerance for political opposition. It imposes strict limits on freedom of expression and bans public gatherings and political parties.

One of men arrested Friday, Sulaiman al-Rushoodi, is a lawyer and former judge who had been among the group of activists detained in 2004. He was released several weeks later after pledging to address his demands solely to authorities, and he joined the defense team of the three activists then still behind bars.

Basrawi is a prominent activist who helped draft petitions addressed to the government during a vibrant period of political activism before the 2004 arrests.

The consultative Shura Council recently announced it was considering laws permitting the setting up of civic rights groups, which are currently not allowed in the kingdom. Saudi Arabia has two government-appointed human rights committees but bans independent human rights and civil rights organizations.

HOMELAND RESPONSE:

GAO Criticizes Homeland Security Lawyers (AP)

By Beverley Lumpkin

The AP, February 6, 2007

WASHINGTON- Government lawyers have hampered investigations into waste and fraud at the Homeland Security Department, officials told Congress on Tuesday.

The head of the Government Accountability Office, the nonpartisan investigative arm of the Congress, and the department's own inspector general said Homeland Security officials, particularly lawyers in the general counsel's office, had delayed pro bes and demanded inappropriate access to interviews with employees. There was no suggestion of criminality.

Homeland Security Department spokesman Russ Knocke denied the allegations, terming them inaccurate and unfair. He said there are many times that investigators from both offices have interviewed employees without attorneys present and that the general counsel's office is involved only when sensitive information is discussed.

Both investigators told a House subcommittee that numerous inquiries into waste, abuse or management problems had been delayed.

"They're not very responsive. They don't give information quickly," said David Walker, head of the GAO.

"Every document we seek to review has to be reviewed (first) by the general counsel's office," Walker added. He said the department's general counsel wants to "sit in on every interview," which he deemed inappropriate.

Walker said when there are more lawyers than other staff involved, "you've got problems."

"I agree wholeheartedly," said Inspector General Richard Skinner. "It's not a denial of information, but it's very cumbersome to obtain information."

Skinner also said that having a supervisor or attorney present when his office interviews an employee "sets a chilling effect" and tells the employee he's presumed not to be a team player.

Until his resignation last month, the general counsel was Phil Perry, son-in-law of Vice President Dick Cheney.

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Walker and Skinner told the House subcommittee that "the tone is set from the top" and that Homeland Security Secretary Michael Chertoff himself needs to address the situation.

"You can be assured that we're hearing you loud and clear," replied the panel's chairman, Rep. David Price, D-N.C. Chertoff is due on Thursday to make his first appearance before the subcommittee since Democrats took control of Congress.

Skinner also complained that he had asked department leaders to send a message to all employees explaining what his office does, and how to contact it. He said the draft letter had been "sitting in the general counsel's office" since last summer.

Knocke said the inspector general has an informative and detailed page on the department's intranet Web page that is available to all employees. Knocke said that is the usual mechanism for communicating with nearly 200,000 employees scattered around the world.

However, Knocke acknowledged that a recent "all hands" message was sent as a letter to all employees by Deputy Secretary Michael Jackson. The Associated Press reported last week that a survey found Homeland Security employees ranking last in job satisfaction of 36 federal agencies. Jackson wrote it was a "clear and jolting message" that department leadership was taking seriously.

That survey also came up at Tuesday's hearing, with Rep. Jose Serrano, D-N.Y., questioning the two watchdogs on whether such bad morale could have an impact on national security.

Skinner said some morale problems stem from combining 22 disparate agencies when the department was created in 2003. For example, the new agencies born from the old Customs and Immigration agencies have suffered from "very, very severe competition, jealousies, cultural differences, inability to get along with one another, inability or refusal to share information."

The panel also explored management failings recently revealed about two enormous long-term contracts the department has put in the hands of private companies.

The Coast Guard's Deepwater program was severely criticized by Skinner last month. The $24 billion, 25-year program to modernize the agency's fleet is being run by a joint venture of two defense contractors, Lockheed Martin and Northrop Grumman.

Skinner said he had recently spoken with Coast Guard Commandant Thad Allen, who Skinner said has taken the critique seriously and has reorganized his staff, named a new assistant commandant to oversee the program and rewrite the contract. Skinner quoted Allen as saying he would "put the Coast Guard back in the driver's seat."

There has also been criticism of the new border security program, the Secure Border Initiative, that Skinner has estimated could end up costing between $8 billion and $25 billion.

Walker noted that department officials had learned from their Deepwater problems and are moving more cautiously on the program, which covers both physical fencing and beefing up cameras, sensors and other technology on the border, and have been allocating funds for only small portions at a time.

Thwarted DHS Probes Alleged (WP/AP)

The Washington Post, February 7, 2007

Government lawyers have hampered investigations into suspected waste and fraud at the Department of Homeland Security, officials told a House subcommittee yesterday.

The head of the Government Accountability Office, the nonpartisan investigative arm of Congress, and the department's own inspector general said that Homeland Security officials, particularly lawyers in the general counsel's office, had delayed inquiries and demanded inappropriate access to interviews with employees. There was no suggestion of criminality.

DHS spokesman Russ Knocke denied the allegations, calling them inaccurate and unfair. He said that investigators from both offices have interviewed employees many times without attorneys present and that the general counsel's office is involved only when sensitive information is discussed.

Numerous inquiries into suspected waste, abuse and management problems had been delayed, the investigators said.

Incoming Intelligence Chief Plans To Ease Hiring Of Arab Americans (WP)

By Walter Pincus

The Washington Post, February 7, 2007

DOJ_NMG_0128706

The incoming director of national intelligence, retired Navy Vice Adm. John M. McConnell, plans to change security rules to make it easier for intelligence agencies to hire first-generation Arab Americans for highly sensitive jobs.

These rules, dating from World War II, limit intelligence agencies' ability to employ first-generation Americans "who might have native language capabilities from serving in some of these very sensitive positions in the intelligence community" and hinder efforts to deal with radical Islam, McConnell said during his confirmation hearing Friday before the Senate Select Committee on Intelligence.

The rules McConnell described are in a directive from the director of central intelligence, or DCI. They require citizenship verification for access to the most highly classified data, known as sensitive compartmented information. For the foreign-born, there must be verification of U.S. citizenship and legal status in this country of immediate family members, including "spouse, cohabitant, father, mother, sons, daughters, brothers, sisters," the directive states.

Another element that must be considered when hiring is "foreign influence," according to adjudication guidelines that the White House adopted in December 2005. One section of the guidelines refers to "contact with a foreign family member, business or professional associate, friend, or other person who is a citizen of or resident in a foreign country if that contact creates a heightened risk of foreign exploitation, inducement, manipulation, pressure, or coercion."

An intelligence agency chief can waive these criteria, but McConnell said he wants to change them because they constitute "one of the areas that needs probably the greatest deal of attention and improvement . . . using people who speak the native language, understand the culture and the tribal conditions."

A spokesman for the Office of the Director of National Intelligence said yesterday that he could not comment directly because McConnell has yet to be confirmed. But, as part of transforming the old DCI directives into the new "intelligence community directives," the spokesman said, "the issue of first-generation access will be addressed."

McConnell is not the first to raise the issue, though his proposal to alter the relevant security rules goes further than did his predecessor's. In his farewell address as national intelligence director on Jan. 19, John D. Negroponte talked about the need to "tap into the great diversity of ethnicities and talents our nation possesses" and "increase training and education in foreign language."

In April 2005, former CIA case officer Lindsay Moran raised concerns about language expertise and security on PBS's "The NewsHour with Jim Lehrer." No one in her initial training class, she said, "spoke any of the languages that the CIA needs to go after terrorist groups, such as Arabic, Pashtu or Urdu."

And, she added, "The agency has completely ignored a whole pool of potential employees of second-generation Americans . . . because there's this inherent distrust of foreigners within the agency, they're unwilling to hire these kinds of people -- exactly the kinds of people that we need in order to gather effective intelligence in the Middle East."

New FEMA Emerges From The Wreckage Of Past Disasters (column) (WP)

By Stephen Barr

The Washington Post, February 6, 2007

On paper, the coming year should be turnaround time for FEMA.

President Bush's fiscal 2008 budget restructures funding for the Federal Emergency Management Agency, giving the agency's head, R. David Paulison, his first opportunity to lay claim to money that can be used to restore FEMA's luster and professionalism.

Inside the agency, Paulison has urged his executives to look to the future and learn from what went wrong with the federal response to Hurricane Katrina, which devastated Gulf Coast states in 2005.

In public appearances, Paulison describes FEMA as a partner with states and localities when it comes to planning for and responding to natural disasters. He also makes the pitch that FEMA is on the rebound.

After touring storm-damaged central Florida on Saturday, Paulison assured state officials that tractor-trailers loaded with water, meals, tarps and generators were on their way. The promise of relief supplies came a day after storms devastated four counties, a sign of "the new FEMA," he said.

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If money and staffing come together as Paulison hopes, the new FEMA will put an end to what the Government Accountability Office calls "considerable flux" and "near-constant organizational change" at FEMA since 2001.

Perhaps the biggest change came in 2003, when FEMA was folded into the new Homeland Security Department. From 2003 through 2005, programs and millions of dollars moved in and out of FEMA, disrupting operations and creating uncertainty, the GAO said in a report released last month.

FEMA also was forced to pay "a disproportionate amount" to help finance the start-up costs of the new department, leaving it with less money for its operating expenses, the GAO found.

After Katrina exposed leadership and management problems in FEMA, Congress conducted hearings and investigations that led to passage of the 2006 Post-Katrina Emergency Reform Act. The law transferred several offices within Homeland Security into FEMA, effective at the end of March.

The evolving FEMA "is very much the subject of attention in our budget," Michael Chertoff, secretary of homeland security, said Monday in discussing the administration's fiscal 2008 priorities.

The president will request $100 million for staffing, equipment, supplies and technology for the new FEMA initiative, Chertoff said. About $48 million will be used to convert FEMA's on-call response and recovery employees, who hold temporary positions, into full-time agency employees, Chertoff said.

That change would add about 1,000 employees to FEMA's full-time staff, which currently numbers about 2,200, agency spokesman Aaron T. Walker said. FEMA also will rely on about 3,240 employees who are paid from the disaster relief fund to work in recovery and relief efforts.

To help create the new FEMA, Paulison commissioned 18 studies aimed at strengthening the agency's business and support systems, such as personnel, finance, procurement and technology. The 18 assessments should be completed by April, and Walker said funding has been set aside to pay for any recommended changes in operations.

Finding the right people and getting them in the right jobs may be one of FEMA's biggest challenges. Investigations into Katrina suggested that FEMA lost too many senior managers during the merger into Homeland Security.

The American Federation of Government Employees, which represents FEMA workers, has expressed concerns about turnover in the agency. Andrea E. Brooks, the union's vice president, said Paulison "is trying to do the right thing," but added that she puts little stock in the staffing promises, in part because a previous hiring initiative fell short of its goal.

Paulison has made some strides in hiring experienced hands. With one more hire, he will have filled FEMA's 10 regional offices with directors who have lengthy experience in emergency preparedness and disaster relief operations, the first time in years that the majority of those jobs have been filled by seasoned professionals, Walker said.

WAR NEWS:

House Democrats May Take Lead On War Resolution Front (LAT)

By Noam N. Levey And Janet Hook

The Los Angeles Times, February 7, 2007

WASHINGTON — House Democrats threatened Tuesday to take up a resolution next week to oppose President Bush's controversial troop buildup in Iraq, cranking up the pressure on Republicans who have blocked a vote on the measure in the Senate.

The move would shift the focus of the debate over the four-year-old war to the House, where Democrats have enough votes to pass a measure over Republican opposition. It also may further isolate the White House and its allies in the Senate, who are bucking public opinion that has turned sharply against the Iraq war and the president's plans to expand it.

When congressional Democrats began their campaign to challenge Bush over the unpopular war last month, House leaders decided to defer to the Senate to pass a resolution first.

But on Monday GOP senators derailed consideration of a nonbinding, bipartisan resolution that criticizes the Bush plan by preventing Democrats from getting the 60 votes needed to bring up the measure.

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On Tuesday, with few signs that the impasse would end soon in the Senate, House leaders said they might move first on an issue that Americans say is the most pressing one facing the nation.

"We said for a long period of time we would follow the Senate, but we believe it is important for us to make . . . our views known," House Majority Leader Steny Hoyer, D-Md., said at his weekly briefing with reporters.

House Speaker Nancy Pelosi, D-Calif., has told her colleagues that a resolution against the president's call for 21,500 additional troops would be just the first of several legislative actions intended to pressure Bush into starting to withdraw American combat forces from Iraq.

Despite the mounting pressure, Senate Republicans continued to insist Tuesday that they simply want a fair debate on the floor of the Senate.

As they did Monday, they complained that they were not being allowed to bring up two alternatives to the resolution crafted by Sen. John Warner, R-Va., that "disagrees" with the president's plan to send more troops into Baghdad to control the sharply escalating sectarian violence.

One of the other resolutions -- sponsored by Sen. John McCain, R-Ariz., the leading cheerleader for a troop buildup -- backs the new strategy but also expresses the need for the Iraqi government to meet certain benchmarks to prove its commitment to help the American effort.

The other was offered by Sen. Judd Gregg, R-N.H., and is a short resolution that opposes any limit on funds for American troops in the field.

But Senate Democrats hammered Republicans on Monday for ducking a formal debate on the war. And by Tuesday morning, some Republicans worried the public would misunderstand their stance.

"It's very unfortunate that we appear to be blocking," McCain complained. "I hope we can make the American people aware that we're just asking for votes on our amendment, which is the way the Senate works."

By Tuesday afternoon, Sen. Mitch McConnell, R-Ky., the minority leader, said he would no longer insist that McCain's measure come up for a vote. He offered no public explanation why Republicans had chosen to champion Gregg's resolution rather than McCain's.

Other GOP lawmakers remained defiant, casting themselves as the most loyal defenders of U.S. troops, a tactic they have employed in previous war debates. "We're not going to yield on this," Sen. Ted Stevens, R-Alaska, told reporters in the hallways outside the Senate chamber.

But the Democratic assault continued Tuesday as senators came to the floor to accuse the GOP of seeking to avoid a debate on the president's policy.

"It is absolutely outrageous. It is immoral," said Sen. Barbara Boxer, D-Calif., as she held up a photo of an Iraqi schoolgirl stepping over blood on the stairs of her school after a mortar attack.

MoveOn.org, a leading grass-roots organization opposing the war, announced it is running television ads targeting some Republican lawmakers, accusing them of not having "the courage to face a vote."

Now, House Democrats are also poised to ratchet up the pressure. And House Republicans have started to attack the resolution. "A meaningless, nonbinding resolution from Democrats may score a couple political points here at home, but it will not score any points with our troops," said Kevin Smith, a spokesman for House Minority Leader John Boehner, R-Ohio.

But without rules like those in the Senate that enable the minority to impede legislation, the House is a far less hospitable environment for the Republicans. Hoyer said Tuesday that Democrats would not allow any GOP amendments to the resolution criticizing the White House Iraq plan.

Senate GOP Tries To Shift Message (RC)

By John Stanton And Erin P. Billings

Roll Call, February 7, 2007

Senate Republican leaders struggled Tuesday to shift their focus away from complaints about parliamentary procedure and onto which party is best supporting the troops as Republicans and Democrats continued their high-stakes game of political chicken over the Iraq War.

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Following their successful filibuster Monday of a resolution opposing President Bush's plan to increase troop levels in Iraq, Republicans found themselves on the losing end of the public relations fight as they woke up to headlines across the country pinning the blame squarely on them.

"It doesn't matter what's going on the floor. It's all about media," one senior GOP aide said Tuesday, warning that the focus on complaints about how Democrats are conducting the debate mandated by Minority Leader Mitch McConnell (R-Ky.) and Minority Whip Trent Lott (R-Miss.) put the GOP on treacherous ground. "We really need to get away from this process stuff," this aide complained, warning that McConnell and Lott could begin to suffer significant defections by rank-and-file members.

Privately, Republican leadership sources acknowledged they failed to effectively spin the Iraq debate and suffered at the hands of this week's headlines. GOP Senators were scrambling Monday night into Tuesday to troubleshoot their message, which many feared had become mired in procedural detail and esoteric arguments over fairness.

"It wasn't good," acknowledged one Republican Senate staffer.

On Tuesday, several leading GOP Senators were trying to refocus the message to one of supporting the troops. They also argued that the flurry of nonbinding resolutions sends confusing messages to the enemy and to the troops in harm's way.

The Senate Republican Conference circulated talking points at their regular Tuesday policy luncheon asking GOP Senators to argue that the Senate should vote on Sen. Judd Gregg's (R-N.H.) resolution expressing support for troops and avoid complaints about process.

"We can win if we focus on Gregg," one GOP source said, arguing that the tried-and-true tactic of using patriotism against Democrats could splinter Majority Leader Harry Reid's (Nev.) Democratic Caucus.

Sen. John Cornyn (R-Texas), the GOP Conference vice chairman, said despite a day of bad press, Republicans are not going "to get excited about headlines and a handful of papers that got it wrong." Cornyn argued that Republicans want to debate the troop surge, and will continue to debate it even as Reid and McConnell engage in a stare-down over how to proceed.

"[Democrats] may enjoy today's headlines and a handful of papers that got it wrong, but they're not going to be able to enjoy that forever," Cornyn said.

Despite those warnings, many Republicans appeared to have difficulty avoiding the process complaints — including McConnell himself. For instance, he and Reid engaged in a lengthy back-and-forth on the chamber floor Tuesday afternoon in which McConnell repeatedly complained that Reid was attempting to dictate to Republicans what resolution they were allowed to bring up even after he had narrowed the Republican list of demands from five to ultimately one — Gregg's troop-support resolution.

Sen. Ted Stevens (R-Alaska) also slipped back into arguments over process. While speaking with reporters following the GOP's closed-door luncheon, Stevens argued Republicans are "trying to protect the rights of the minority" and lashed out at Democrats for limiting the number of amendments or proposals Republicans can bring. "The amount of amendments we're going to have is really the issue here," he said.

House Democrats Eye Iraq Resolution (WT)

By Charles Hurt

The Washington Times, February 7, 2007

House Democrats next week will take up the resolution condemning President Bush's plan to send an additional 21,500 troops to Iraq, House Majority Leader Steny H. Hoyer said yesterday, while the Senate continues negotiations over handling the nonbinding rebuke.

"The reason we're going ahead is not because we don't think the Senate will ever act, but we're not sure when the Senate is going to act," the Maryland Democrat told reporters yesterday.

"I think the resolution will clearly say we do not believe that the president's proposal of an escalation of 21,000 troops is the proper policy to be pursuing," Mr. Hoyer said, adding that the House resolution will also be nonbinding.

House Democrats initially said they would wait until the Senate approved such a measure, but Republicans in the upper chamber managed to block it this week. They have accused Senate Majority Leader Harry Reid, Nevada Democrat, of trying to

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limit the scope of the debate by not allowing two other resolutions expressing support for the war effort to be voted on in a similar fashion.

After the Senate resolution was blocked on a procedural motion Monday evening, Mr. Reid said he expects the resolution will come up again but did not elaborate.

In a letter to supporters yesterday, the Nevada Democrat accused Republicans of dodging a debate on Iraq.

"There are very few men and women in America who believe the Iraq war is not worthy of debate," he wrote. "They are the Republican members of the United States Senate. Yesterday, they did our country a grave disservice."

Republican leader Sen. Mitch McConnell, Kentucky Republican, has said he won't allow a vote on the resolution of no confidence unless a similar vote is allowed on two other resolutions.

One would endorse the "surge" plan but set benchmarks for Iraqi self-governance. A third resolution would promise not to cut funding for the war.

Late yesterday, Mr. McConnell offered to allow the resolution to go forward in exchange for a vote on the "no funding cutoff" resolution only. Mr. Reid declined. Republicans say they want Democrats on the record either favoring or opposing cuts in funding, which many Democratic voters are demanding. But Mr. Reid does not appear likely to allow such a vote to occur.

Rather, he wants a vote on the resolution of condemnation and said last month that he expects it to be painful for Republicans who face re-election in 2008.

"I'll tell you one thing: There are 21 Republicans up for re-election this time," he told reporters on Jan. 26. "If they think this is going to be a soft vote for them, they've got another think coming. They have more than [Democratic Senatorial Campaign Committee Chairman Charles E.] Schumer to worry about."

Mr. Hoyer, meanwhile, said the resolution will be similarly limited in scope when it arrives on the floor next week.

"I expect this bill be debated for an extended period of time -- maybe over three days," he said, though amendments will not be allowed.

Also yesterday, Sen. John Kerry told reporters he is introducing legislation that would set a firm deadline for the withdrawal of most U.S. troops from Iraq.

The Massachusetts Democrat hopes to kick-start a major diplomatic initiative, enforcing a series of benchmarks for meeting key political objectives, shifting the military mission to training Iraqi security forces and counterterrorism operations, and maintaining an "over-the-horizon" presence to protect U.S. regional interests.

"The only people who believe there is a workable military solution for the conflict in Iraq is the Bush administration," Mr. Kerry said. "We must find a way to force the Iraqi politicians to make the tough compromises necessary to find a sustainable political solution."

House Now The Focus Of Iraq Debate (USAT)

By Kathy Kiely

USA Today, February 7, 2007

WASHINGTON — The intense political maneuvering over how to signal congressional opposition to President Bush's war policy moved Tuesday to the House of Representatives, where Democratic leaders scheduled three days of debate for next week.

Senate Majority Leader Harry Reid, D-Nev., declared "negotiations are over" in the Senate, where Republicans and Democrats failed on Monday to agree on the ground rules for debating competing resolutions on Bush's plan to send 21,500 more troops to Iraq.

Instead, House Majority Leader Steny Hoyer, D-Md., said the House will spend three days next week debating a resolution expressing "disagreement" with the president's plans. "We do not believe the president's proposal is proper policy," Hoyer said.

The House's action will guarantee that the president's Iraq policy will remain at the top of the national agenda next week, even if procedural disputes prevent the Senate from voting on its own resolution.

It also moves the Iraq debate into a chamber where House rules give the Democrats, as the majority party, control of the agenda. In the Senate, a handful of members can bring activity to a halt.

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Senate Minority Leader Mitch McConnell, R-Ky., reiterated that he would permit a vote on the measure opposing Bush's plan if Democrats set a 60-vote threshold for passage and also agree to a vote on a separate resolution, authored by Sen. Judd Gregg, R-N.H., that says no funds will be cut for troops in the field. Reid balked because Gregg's resolution could pass overwhelmingly, but the measure opposing Bush could fall short of 60 votes.

"This is a trick play to distract attention from the real issue before the American people," Reid said.

McConnell, meanwhile, blamed Democrats for the impasse: "The only reason negotiations broke down is that they don't want to vote on the Gregg amendment."

The political implications of the Senate stalemate were evident Tuesday.

MoveOn.org, a well-funded liberal group, said it will run ads today through Friday nationally on CNN and locally in four target states: Kansas, New Hampshire, Oregon and Virginia. Republican senators in all of those states all have publicly expressed misgivings about the president's proposed troop increase but sided with McConnell in blocking a vote on the resolution of disapproval.

Although the Democrats will be able to continue the Iraq debate on their own terms in the House, some of the political impact may be lessened, said Norman Ornstein, a congressional scholar at the American Enterprise Institute.

Democratic leaders had hoped for a victory first in the Senate because the resolution being debated there was co-authored by Republican Sen. John Warner, a former Senate Armed Services Committee chairman and former secretary of the Navy.

The House will likely pass a resolution disapproving of the Bush policy with some Republican votes, Ornstein predicted, but he added: "I'm not sure it's the same things in symbolic terms as having the Senate adopt something with the name John Warner on it. Warner is an iconic figure because he has been a supporter of the president."

Hoyer said he hopes the House resolution will have bipartisan sponsorship, as the Senate measure did, when it comes to the floor Tuesday.

The three-day debate is unusual for the House, which generally can complete a bill in a day. The Democrats set the time frame to mirror the October 2002 deliberations that led to a vote to authorize the war, said House Democratic Caucus Chairman Rahm Emanuel, D-Ill.

Many Voices, No Debate, As Senate Is Stifled On War (NYT)

By Carl Hulse

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — At a time when even President Bush acknowledges that the war in Iraq is sapping the nation's spirit, the Senate has tied itself up in procedural knots rather than engage in a debate on Iraq policy.

Given the influence that voter frustration with Iraq had on the November elections, the national unease with the mounting human and financial costs, and the raw passion on all sides, even some lawmakers say they are astounded that the buildup to the Senate fight over Mr. Bush's proposed troop increase has produced such a letdown.

"It just floors me," said Senator Amy Klobuchar, a freshman Democrat from Minnesota who campaigned against the war, as the two parties pointed fingers on Tuesday. The day before, the Senate proved unable to agree on a plan to even begin debate on a bipartisan resolution opposing the administration strategy. "People in Minnesota, when they see a debate we should be having — whatever side they are on — blocked by partisan politics, they don't like it," Ms. Klobuchar said.

The fact that that Democrats could pull together only 49 of the 60 votes needed to break a procedural impasse on the resolution opposing Mr. Bush's plan was a product of many competing agendas.

There was the Democratic desire to avoid getting tied up on any vote that could be perceived as undercutting United States troops or endorsing Mr. Bush's plan. At the same time, a surprising number of Republicans showed they were not yet ready to abandon the president even though many blame him for their November election losses and worry he will hurt them again next year. Then there were the presidential ambitions of several senators who are trying to distinguish themselves from others on the issue, and have little incentive to seek common ground.

By the end of the day on Tuesday, Senator Harry Reid of Nevada, the majority leader, said he saw little prospect that Democrats and Republicans could reach agreement on a plan to bring the resolution to the floor. "The negotiations are over,"

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said Mr. Reid, who dismissed Republican efforts to force a separate vote on the war money as a ploy intended to distract the public from the matter of whether senators supported or opposed the president's policy.

Republicans spent the day trying to counter the idea that they had been obstructionists in impeding the debate. It was a label they had successfully hung on Democrats for years, and they did not appreciate the role reversal. They said their main goal had been to ensure that the Senate could guarantee in a separate resolution that Congress would not endanger forces in the field by restricting spending in the future.

"I can't believe that any parent, any husband, wife, son, daughter of any soldier serving in Iraq doesn't expect the Congress to take that position," said Senator Mitch McConnell, Republican of Kentucky, who had made some retooled overtures to Democrats to try to break the deadlock.

But the lingering impasse forced the hand of House Democrats, who had become increasingly impatient waiting for the Senate to weigh in on the president's troop plan. Unwilling to wait any longer, the Democratic leadership said it would set aside three days next week to deliver its own verdict on the administration strategy.

"The reason we're going ahead is not because we don't think the Senate will ever act," said Representative Steny H. Hoyer of Maryland, the majority leader, "but we're not sure when the Senate is going to act."

Democrats contend that they foisted off most of the blame for the breakdown on Republicans and were more than happy to have the fight end for now, leaving the opposition trying to explain the complex Senate rules and why Republicans had not been willing to go ahead.

"We have the high ground here," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee. "We have the high ground substantively. We have the high ground politically. We're not going to give it up."

But some Republicans suggested that the public might grow frustrated with such political crowing. "I think most Americans view this as political theater, that it is more about us than supporting the troops," said Senator Lindsey Graham, Republican of South Carolina.

The Senate fight also exposed a weakness for the Democrats, one that will become more pronounced as the Senate moves from its inability to take up a nonbinding resolution making a statement about administration policy to more consequential votes on war spending.

Republicans had laid a bit of a trap for Democrats, seeking a 60-vote threshold for competing resolutions on the war. They knew that the bipartisan plan by Senators John W. Warner, Republican of Virginia, and Carl Levin, Democrat of Michigan, did not have 60 votes. But the plan calling for no reductions in spending, written by Senator Judd Gregg, Republican of New Hampshire, was likely to get at least 60, meaning the only resolution that would have passed would have been one that essentially backed the president.

Most Democrats are not ready to begin the politically charged discussion of restricting war spending. "There isn't a Democrat here that wants to take monies away from the troops," Mr. Reid said.

Democrats said Republicans were simply trying to dodge the chief question at hand and if it was not the financing proposal, they would have found something else to muck up the proceedings. And there is little doubt that some Republicans are determined to save the president an embarrassing loss while others are just as determined to deny the Democrats a symbolic win.

Still, there was some evidence that the debate was moving beyond the bottled-up resolution. Senator Barack Obama of Illinois, a prospective Democratic presidential candidate, renewed his call to begin redeploying troops in May with a complete withdrawal of combat brigades by March 2008. Senator John Kerry of Massachusetts proposed a plan to set a one-year deadline to redeploy American forces from Iraq. And pressure from outside advocacy groups intensified on Democrats to take concrete steps such as capping troop levels or blocking funds for new troops.

Ultimately, one senator said, lawmakers may discover that the rules of engagement for debating Iraq are not fully within their control.

"The reality in Iraq sets it own time limits, sets its own dimensions," said Senator Jack Reed, Democrat of Rhode Island. "If it continues to be chaotic, it will accelerate calls for this vote, and calls for even more."

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Vote Is Sought On Iraq Funding (WSJ)

By David Rogers

The Wall Street Journal, February 7, 2007

WASHINGTON -- Anticipating fights over Iraq spending next month, Senate Republicans are pressing for an early vote now to get members on record against withholding funds for the war.

The strategy, which has the quiet backing of the White House, has evolved over a nonbinding resolution sponsored by Sen. Judd Gregg (R., N.H.) to express opposition to Congress taking any action that might endanger U.S. forces, including the "reduction of funds for troops in the field."

Mr. Gregg said the administration had no part in drafting his resolution but acknowledged it has "taken on a life of its own" and he wasn't surprised the White House saw it as useful in protecting President Bush's $93.4 billion emergency supplemental for the war, which could become a target for the many congressional critics of his Iraq policies.

The stakes were heightened when Senate Minority Leader Mitch McConnell (R., Ky.) announced Republicans will insist on a vote on the Gregg resolution before permitting Senate action on a bipartisan resolution challenging Mr. Bush's plans to increase U.S. troop levels by 21,500 over the coming months.

In doing so, Mr. McConnell effectively abandoned an alternative backed by Sen. John McCain (R., Ariz.) that was until recently being hailed as a rallying point for Republicans allied with Mr. Bush. Now the party leadership has put its full weight behind Mr. Gregg and appears to be preparing for the next round in the Iraq fight: the $93.4 billion emergency supplemental.

"It's squeezing our Constitutional authority, saying that 'OK, if you're for Gregg, you've just said you're not going to cut back on any resources,' " complained Senate Majority Whip Richard Durbin (D., Ill.). "They don't want an up-and-down vote on escalation. They lose. They have to change the subject."

In skipping ahead to the spending bill, Democrats say Republicans are stifling debate on an Iraq resolution crafted by former Senate Armed Services Committee Chairman John Warner (R., Va.). If a vote were to be permitted, Mr. Gregg agreed it would command a majority of the Senate -- a setback for the White House.

The New Hampshire conservative predicted his resolution would receive perhaps 75 votes and aggravate divisions among Democrats. "The activist base of the Democratic Party is so over the top," Mr. Gregg said, that members don't want to be in a position where some would have to cast a vote that their base would be extremely upset with.

Majority Leader Harry Reid (D., Nev.) dismissed the Gregg proposal as a diversion from the real substance of the debate over troop levels. Until agreement is reached over how to proceed, Senate action on Iraq is stalled, and against this backdrop, the House Democratic leadership said it would bring up its own resolution for a floor vote next week challenging the president's policies.

There too, the political dynamics are focused increasingly on the supplemental spending bill. The House Appropriations Committee is slated to begin consideration March 7, and Rep. John Murtha (D., Pa.), who will manage the bill, said again that he will recommend adding restrictions on the funding itself.

MoveOn Already Attacking Senators Blocking Debate On Surge (POL)

By Ryan Grim

The Politico, February 7, 2007

MoveOn.org will begin airing attack ads as early as Wednesday against eight Republican senators who blocked debate on the Bush administration's plan for a troop surge in Iraq.

The liberal organization has already scripted and is now producing the ads to run on CNN. As of Tuesday afternoon, airtime also had been purchased on local television stations in Kansas, New Hampshire, Oregon and Virginia.

The ads specifically target those states' senators: Sam Brownback, John Sununu, Gordon Smith, and John Warner, respectively. Sununu, Smith and Warner face re-election in 2008; Brownback, a presidential candidate, is up again in 2010.

The ads also take aim at Sens. Arlen Specter of Pennsylvania, John Voinovich of Ohio, Elizabeth Dole of North Carolina and Mitch McConnell of Kentucky. Dole and McConnell both face 2008 challenges.

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An ad campaign for a Senate race nearly two years away—when many incumbents don't yet have opponents—would have been unthinkable just years ago. But the extreme interest in '08 and advanced technology have combined to shorten political time frames.

Tom Matzzie, MoveOn.org's Washington director, said a fundraising e-mail went out Tuesday morning and had raised more than $150,000 for the ad campaign by the afternoon. "It went from conceptive to creation in less than 24 hours," he said.

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by bigben on 02.06.2007 at 06:34 PM

Force the Republicans to physically filibuster. When was the last time we saw that happen? Shut down the Senate for a few days and let the Republicans talk themselves silly on C-SPAN in FAVOR of the surge plan. The American people would give them the message in quite short order, I assure you.

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It's The War, Senators (NYT)

The New York Times, February 7, 2007

It is not an inspiring sight to watch the United States Senate turn the most important issue facing America into a political football, and then fumble it. Yet that is what now seems to have come from a once-promising bipartisan effort to finally have the debate about the Iraq war that Americans have been denied for four years.

The Democrats' ultimate goal was to express the Senate's opposition to President Bush's latest escalation. But the Democrats' leaders have made that more difficult — allowing the Republicans to maneuver them into the embarrassing position of blocking a vote on a counterproposal that they feared too many Democrats might vote for.

We oppose that resolution, which is essentially a promise never to cut off funds for this or any future military operation Mr. Bush might undertake in Iraq. But the right way for the Senate to debate Iraq is to debate Iraq, not to bar proposals from the floor because they might be passed. The majority leader, Harry Reid of Nevada, needs to call a timeout and regroup. By changing the issue from Iraq to partisan parliamentary tactics, his leadership team threatens to muddy the message of any anti-escalation resolution the Senate may eventually pass.

As it happens, the blocked Republican alternative, proposed by Judd Gregg of New Hampshire, itself represents an end run around the Senate's constitutional responsibilities. The rational way to oppose cuts in funds is to vote against them, if and when any ever come before the Senate. Mr. Reid should not be shy about urging fellow Democrats to vote against this hollow gimmick, which tries to make it look as if the senators support Mr. Bush's failed Iraq policies by playing on their fears of being accused of not supporting the troops.

America went to war without nearly enough public discussion, and it needs more Senate debate about Iraq this time around, not less. The voters who overturned Republican majorities in both houses last November expect, among other things, to see energized Congressional scrutiny of the entire war — not just of the plan for an additional 21,500 troops but also of the future of the 130,000 plus who are already there.

Another Republican resolution, proposed by Sen. John McCain, gives the appearance of moving in that more promising direction by ticking off a series of policy benchmarks and then urging the Iraqi government to meet them. But listing benchmarks is one thing. It is another to spell out real consequences for not meeting them, like the withdrawal of American military support. Instead of doing that, the McCain resolution hands an unwarranted blank check to Mr. Bush's new Iraq commander, Lt. Gen. David Petraeus. It breathtakingly declares that he "should receive from Congress the full support necessary" to carry out America's mission.

Frustrated by the Senate's fumbles, the House plans to move ahead next week with its own resolution on Mr. Bush's troop plan. When the Senate is ready to turn its attention back to substance again, it should go further.

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Senators need to acknowledge the reality of four years of failed presidential leadership on Iraq and enact a set of binding benchmarks. These should require the hard steps toward national reconciliation that the Iraqi prime minister, Nuri Kamal al-Maliki continues to evade and that the White House refuses to insist on.

Senate Dems To Try Again On The 'surge' (HILL)

By Elana Schor

The Hill, February 7, 2007

As Senate Democrats seek votes on capping troop numbers and funding for Iraq, they may use the pending bill on the recommendations of the 9/11 Commission as a vehicle. That would set up a replay of the debate over funding for troops that this week derailed their leadership-backed non-binding resolution on President Bush's "surge" proposal.

Despite the minority's decision to block the start of an Iraq debate, Senate Majority Leader Harry Reid (D-Nev.) has vowed to put Republicans on record on the "surge" plan, which has opened GOP fissures over President Bush's unpopular war policy. But any up-or-down vote on the binding restraints backed by the Democrats' more vocal war critics would expose equally potent tensions in their own caucus.

Sen. Russ Feingold (D-Wis.) said yesterday that the 9/11 Commission bill, slated for floor debate after the continuing resolution that is next up for the Senate, is a "good opportunity" to bring up his proposal for a binding funding cutoff for future deployments to Iraq.

Feingold said he and Sen. Chris Dodd (D-Conn.), the only other Democrat who indicated he would oppose the Reid-backed non-binding resolution, are amassing consensus among anti-war lawmakers: "We're working very closely together with a number of senators who think we are not going far enough."

Reid told colleagues on the floor after Monday evening's failed cloture vote that the 9/11 bill, which House Democratic leaders trumpeted in their "100 Hours" agenda, will be open to war-related amendments. Sen. John Kerry (D-Mass.), who unveiled his own binding troop proposal yesterday, said yesterday that the 9/11 Commission bill is his preference.

"It's very possible" that binding limits on the war could hitch a ride on the new aviation and port security funding in the 9/11 measure, according to Sen. Edward Kennedy (D-Mass.), chief sponsor of a troop-ceiling bill that currently sits on the Senate calendar.

"The leader has said we can amend the 9/11 bill," Sen. Jim Webb (D-Va.) said. "I have one [related to Iraq] I'm thinking about."

If the Senate indeed takes up the continuing resolution before it must pass by Feb. 15, Democratic backers of binding limits could see their moment come just after this month's recess. Reid has hinted he will file for cloture on the continuing resolution as soon as today. Meanwhile, the House is looking to finish its debate on a non-binding disapproval of the troop increase even before the recess, Majority Leader Steny Hoyer (D-Md.) said yesterday.

Debating binding troop caps and funding limits, however, could play into the hands of Senate Minority Leader Mitch McConnell (R-Ky.) and his conference. Republicans continued yesterday to pursue an alternative amendment from Sen. Judd Gregg (R-N.H.). It is aimed at redefining the Iraq debate as whether to fund an ongoing troop presence rather than whether senators support Bush's handling of the war.

"If one of these resolutions actually passed that say [troops should] withdraw by March 31, [2008], do you know what it would take?" asked Sen. Kay Bailey Hutchison (Texas), Republican Policy Committee chairwoman. "A surge … to protect them as they withdrew."

That March 2008 date has been proposed by Sen. Barack Obama (D-Ill.), whose own troop-redeployment bill picked up a House counterpart yesterday. Rep. Mike Thompson (D-Calif.), a Vietnam veteran, and freshman Rep. Patrick Murphy (D-Pa.), a veteran of the current Iraq war, introduced the companion measure.

Sen. John Cornyn (R-Texas), Vice Chairman of the GOP Conference, wondered why Democrats would resist Republicans' desire to debate war funding this week when similar calls could come from within the majority's ranks during the 9/11 Commission debate.

"The question is, why has [Reid] denied us the opportunity to have that vote now?" Cornyn said. "It's certainly inconsistent."

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Sen. Olympia Snowe (R-Maine), an original sponsor of a non-binding resolution with stronger language than the measure Reid ultimately backed, voted with her leadership against starting debate, out of what she described as a desire for open amendments from both sides of the aisle.

Snowe acknowledged that the Democrats' non-binding approach was intended to win over influential GOP centrists like herself but said attempting to limit amendments "taints the whole approach."

Sen. Robert Menendez (D-N.J.), a supporter of Kennedy's troop-cap proposal, said he is unconcerned about any possible risk to his state in delaying the 9/11 Commission bill by linking it to the Iraq debate.

"Iraq is overarching over all of our issues," Menendez said. "So, the 9/11 bill, [much] of which has expenditures attached, is being undermined by Iraq."

Asked whether Democrats would open themselves to Republican criticism by choosing the popular 9/11 Commission bill as a forum to rein in the war, Feingold echoed Menendez's assessment.

"They can try, but the fact is, Iraq is sapping our national security, so the two are linked," he said.

Meanwhile, MoveOn.org will begin airing new TV spots today in the states of eight senators who voted against opening debate on the non-binding Iraq resolution in a bid to amplify voters' frustration. Sen. Norm Coleman (R-Minn.) is not a target of the latest anti-surge ad push, having voted with Democrats late Monday, but he said such efforts have little effect on his vote.

"MoveOn.org can put 1,000 things in front of me," Coleman said. "That's not going to move me."

Cloture Vote Does Not Split Warner Group (HILL)

By Klaus Marre

The Hill, February 7, 2007

The three senators who crafted the key resolution rejecting President Bush's plan to send more troops to Iraq said yesterday they are united despite having gone separate ways on a procedural vote Monday evening.

Sens. John Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine) all said they were still united, even though Warner in effect supported a filibuster of the resolution they crafted together. Collins was one of two Republicans who voted with the Democrats on the issue.

Nelson said yesterday he and Warner had spoken about the vote before it happened. "Sen. Collins took a different view and of course I took a different view," Nelson said, adding that despite the split on the procedural vote, the entire group is still behind the resolution.

Collins emphatically stated that the group was "absolutely" still in accordance on the resolution, and Warner concurred.

Nelson noted that support for the resolution in Congress remains strong, despite the lack of GOP support to cut off debate. Democrats won the vote 49-47 but did not muster even close to the 60 votes necessary to end debate.

Yet the Nebraska lawmaker acknowledged that Monday's vote "didn't help" with regard to fostering bipartisanship on the issue.

Nelson sad he remains hopeful that Senate leaders will find a solution to allow a vote on the resolution, as well as GOP alternatives. He said it was too early to tell what other vehicles the language could be attached to if no agreement can be reached.

Yes, We Can Find The Exit (NYT)

By Thomas L. Friedman

The New York Times, February 7, 2007

MOSCOW

Listening, from Moscow, to the debate in Congress about Iraq is troubling: it sounds as if the American people are being offered two routes to a dead end: either follow President Bush and have troops surging into a roiling civil war, or go with one of the Congressional resolutions and denounce the surge, but without any alternative strategy for securing U.S. interests.

I believe there is an alternative strategy, but it will take two concrete numbers to implement: a date — Dec. 1 — and a price — $3.50 cents a gallon. Let me explain.

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What is the U.S. interest in Iraq right now? It's to quell the civil war enough so the parties may eventually reach a negotiated settlement, and if that proves impossible, to get America out of Iraq with the least damage to our interests.

We will not quell this civil war with a surge of troops alone. The only thing that will do that is a power-sharing, oil-revenue-sharing deal between the parties. The only way we will get serious negotiations going is with leverage that America does not now have: leverage on the parties inside and outside Iraq. Negotiating in the Middle East without leverage is futile. These folks know how to calculate the balance of power down to the last ounce.

So how do we get leverage? The first way to do that is by setting a firm date to leave — Dec. 1. All U.S. military forces are either going to be home for Christmas 2007 or redeployed along the borders of Iraq, away from the civil war.

Right now everyone in Iraq is having their cake and eating it — at our expense. We have to change that.

The Sunnis, who started this whole murderous cycle, participate in the government, negotiate with us and also indulge the suicide bombers and the insurgents. The Shiites collaborate with us, run their own retaliatory death squads and dabble with Iran. The Saudis tell us we can't leave, but their mosques and charities funnel Sunni suicide bombers to Iraq and dollars to insurgents. Iran pushes its Iraqi Shiite allies to grab more power, while helping others kill U.S. troops. Ditto Syria.

O.K., boys, party's over: we're leaving by Dec. 1. From now on, everyone pays retail for their politics. We will no longer play host to a war where we're everyone's protector and target. If you Sunnis want to go on resisting, we'll leave you to the tender mercies of the Shiites, who vastly outnumber you. You Shiites, if you want to run Iraq without compromising with Sunnis, fine, but you'll have to fight them alone and then risk having to live under the thumb of Iran.

You Saudis and other Arabs, if you don't use your influence to delegitimize Sunni suicide bombers and press Iraq's Sunnis to cut a deal, we won't protect you from the consequences. And Iran, you win — yes, if we leave, you win the right to try to manage Iraq's Shiites. Have a nice day.

But at the same time, we have to impose a tax that creates a floor price of $3.50 a gallon for gasoline — forever. This is also about leverage. It says to all the parties: we are going to conserve enough gasoline and spur enough clean alternatives to fossil fuels that no matter what you all do in the Middle East, we will not depend on you for energy.

Today in Iraq, none of the key parties have to make any choices, and we don't have any choices. That is the definition of "stuck." Right now we can win only if all the parties in and around Iraq act in the most farsighted and flexible manner. Otherwise we lose in our attempt to democratize Iraq, and we're left holding the bag. We need to be in a win-win situation that we control.

"I don't think at this stage that the promise of 20,000 more troops will change any minds in Iraq," said Michael Mandelbaum, author of "The Case for Goliath." "But the threat of a lot fewer U.S. troops might conceivably get everyone focused. Right now, the U.S. is the passenger in a car that other countries are driving — and it's not going in the right direction. We have to change that dynamic."

Indeed we do. Once we've set a date to leave by and a gas price to live by, we, for the first time, will have choices in Iraq. We can stay to broker a deal if the parties want to be guided by their better angels or, if they want tribal instincts to reign, we can leave by Dec. 1 and insulate ourselves from Islam's civil war with a new energy policy.

To put it another way, if setting a date to leave miraculously brings them to their senses, our aspirations for the Iraqis will have been achieved, and we'll be stronger. And if it doesn't, but we have set an exit date and a gas price, we'll be out of Iraq and more energy-secure — and we'll also be stronger.

Expect The Worst In Iraq (WP)

By David Ignatius

The Washington Post, February 7, 2007

Somehow, after four years, the debate on Iraq is still animated by wishful thinking. The White House talks as if a surge of 20,000 troops is going to stop a civil war. Democrats argue that when America withdraws its troops, Iraqis will finally take responsibility for their own security. But we all need to face the likelihood that this story isn't going to have a happy ending.

That was the underlying message of the National Intelligence Estimate on Iraq, released last week. It warned the administration that if the sectarian conflict continues, as it almost certainly will, "we assess that the overall security situation will

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continue to deteriorate." The current conflict isn't just a civil war, the analysts noted; it's worse -- with criminal gangs, al-Qaeda terrorists and Shiite internal feuding adding to the anarchic state of the country.

And for critics of the war who favor a quick American withdrawal, the analysts had this stark warning: "If Coalition forces were withdrawn rapidly during [the next 12 to 18 months] . . . we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq." With U.S. troops gone, the analysts forecast, the Iraqi army would collapse and al-Qaeda attacks inside and outside Iraq would surge. "Massive civilian casualties and forced population displacement would be probable."

In this bleak situation -- where, as everyone keeps repeating, "there are no good options" -- what's the right course for U.S. policy? A useful approach may be to start planning, not for the best but for the worst. Congress and the administration should begin thinking about potential catastrophes in Iraq -- and about how to protect the core national interests of the United States and its allies.

In thinking about catastrophic outcomes, I have been guided by a paper that was privately circulated last week by Robert Jervis, a professor of political science at Columbia University. He begins with this assessment: "The U.S. will withdraw its troops from Iraq at some point, and when it does, if not earlier, the situation is likely to deteriorate badly. This could be a truly dreadful time -- it could be a tsunami sweeping over the entire region."

So how to protect vital American interests amid this tsunami of violence? I would offer several basic precepts, drawn from conversations with experts in and out of government:

Â· Contain the sectarian violence. The United States can't stop the Iraqi civil war between Sunnis and Shiites, but it can try to keep this conflict within Iraq's borders. Here lies the great danger of the new strategy of "realignment" that Secretary of State Condoleezza Rice outlined in an interview with me last month. In seeking to rally Sunni Arab moderates to combat Iran and its proxies, the United States risks expanding the Sunni-Shiite fault line from Iraq to the region as a whole.

This is a dangerous course. The risks were summed up by Amr Moussa, the head of the Arab League. The war in Iraq "opened the gates of Hell," he told me, and if the conflict expands to Iranian-backed Shiites and Sunni Arabs, "we will enter Hell itself." America should not encourage this descent into the inferno.

Â· Protect the oil. The United States should be planning with its allies how to secure the region's oil supplies. We have done it before: Persian Gulf oil exports continued through eight bloody years of the Iran-Iraq war, thanks in part to U.S. naval escorts and reflagging of tankers. America should help prepare a similar international effort now, including new pipelines that avoid the Gulf altogether.

Â· Shield the Iraqi population. America hasn't been able to stop the civil war, but U.S. troops can reduce the slaughter and help provide humanitarian relief for what's likely to be a growing tide of refugees fleeing the battle zones.

Â· Talk with the neighbors. Facing the prospect of a catastrophic outcome in Iraq, the United States must engage in dialogue with all the regional states, including Syria and Iran. America shouldn't initially offer any deals, much less "grand bargains," but it should talk about mutual security interests and explore where they converge.

Â· Push for Arab-Israeli peace. The one thing everyone in the region seems to agree on -- from Israel to Saudi Arabia -- is the need for a Palestinian state. The Palestinians themselves can't offer Israel a meaningful peace agreement now -- they're too weak, angry and disorganized. But the Arabs, led by Saudi King Abdullah, can. That's the breakthrough Rice should pursue.

These crisis management steps won't stop the catastrophe that is unfolding in Iraq, but they could mitigate its effects, which may be all we can hope for. And the benefit of worst-case thinking is that things occasionally work out better than expected.

House On Deck In Iraq Debate (RC)

By Susan Davis And Jennifer Yachnin

Roll Call, February 7, 2007

With their Senate counterparts unable to move a resolution through the chamber disapproving of President Bush's Iraq War strategy, House Democrats will push ahead with a measure of their own next week designed to put Members on record before they return to their districts for the Presidents Day recess.

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House Majority Leader Steny Hoyer (D-Md.) told reporters Tuesday that he expected up to three days of debate on the resolution, whose language is being crafted by House Foreign Affairs Chairman Tom Lantos (D-Calif.) and Armed Services Chairman Ike Skelton (D-Mo.).

The House Democratic Caucus also is scheduled to hold a closed-door meeting Thursday to build consensus for the resolution vote next week and to assuage some Members' concerns that the resolution does not go far enough.

Hoyer said that resolution will express "disagreement" or "reservation" on Bush's plan to escalate the U.S. military presence in Iraq by 21,500 troops, and House Democratic leadership aides said Tuesday that the chamber's resolution is expected to largely mirror the language in the Senate resolution authored by Sen. John Warner (R-Va.).

Like Warner's, the House resolution also will be nonbinding, and Hoyer said it will come to the floor under a closed rule to limit amendments, arguing that an open rule would prompt too many amendments and unnecessarily extend the debate.

It is unlikely the resolution will go through the regular committee process at Foreign Affairs or Armed Services. Hoyer said next week's time-crunch could make Democratic leaders opt to bypass committee to get the resolution on the floor Tuesday; however, he noted that the president's proposal has already been subject to "extensive" hearings.

"We believe it's important for us to make our views known prior to leaving for the Presidents Day break," Hoyer said.

While GOP leaders have already voiced objection to the process under which the resolution will come to the floor, a number of Republicans are expected to vote for the resolution. "I hope so and expect so," Hoyer said Tuesday.

House Minority Whip Roy Blunt (R-Mo.) and Republican Conference Chairman Adam Putnam (Fla.) objected to Democrats' decision to bring the resolution to the floor under a closed rule that forbids amendments.

"If you're not going to really bring all of the ideas out there, the debate is only to score political points," said Blunt.

Putnam went further, stating that when Republicans brought an Iraq War resolution to the House floor in November 2005 regarding troop withdrawal under a similarly restrictive rule, they were wrong and did so for political gain.

"You know what? [Democrats] were right," Putnam said, "It was a game, and we got beat. I mean, did we learn anything from that? It was a resolution that didn't go through committee and it should have, and it would have been a better resolution if it had."

In recent weeks, knowledgeable House GOP sources said they could foresee at least 30 Members voting for the resolution, and possibly significantly more depending on the specific language of the measure. If the resolution does in fact largely resemble Warner's proposal, one House Republican said they could lose up to 50 Members, particularly from the moderate faction of the Conference. House GOP and Democratic leaders have both said they will not whip the vote, allowing Members to vote freely.

Hoyer said he expected Republicans to be allowed to offer an alternative, and one Democratic leadership aide said the GOP likely would be allowed to offer a substitute on the floor.

House Minority Leader John Boehner (R-Ohio) has sponsored a leadership-backed resolution to create a bipartisan panel to conduct oversight on the war and set benchmarks for success in Iraq. Rep. Sam Johnson (R-Texas) also has sponsored a bill backed by leadership that would prohibit the House from cutting off funds to troops in the field.

Republicans are waiting to see the specifics of the Democratic resolution before they counter with their substitute.

Originally, House and Senate Democrats sought to have the Senate pass a resolution first before sending the identical language over to the House because any language that could garner majority support in the other chamber would have to be bipartisan, and the intention was to pass the bill with as many votes as possible in the House.

However, Senate parliamentary tactics prevented an up-or-down vote on the resolution Monday when Democrats failed to get the 60 votes necessary to end debate and move to the underlying bill. While Senate Majority Leader Harry Reid (D-Nev.) has vowed to eventually get a vote on the Senate floor, the timetable is uncertain.

"The reason we're going ahead is not because we don't think the Senate will ever act," Hoyer said Tuesday. "But we're not sure when the Senate is going to act."

House Democrats are expected to vote overwhelmingly for the resolution. Democratic aides said that while the resolution is intended to get bipartisan support, some of their rank-and-file Members on the left who advocate more extreme policies, such as immediate troop withdrawal, could oppose the resolution because it does not go far enough.

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However, Rep. Jan Schakowsky (D-Ill.), one of the approximately 70 Members in the Out of Iraq Caucus in the House, said that she expected Democrats to be able to reach near unanimity on the resolution. “I think it will be easier to get consensus on this,” she said, noting that the resolution is just the first step in a longer term strategy. “Speaker [Nancy] Pelosi (D-Calif.) has made it very clear that our goal is to end this war.”

Democrats who advocate troop withdrawal and a dramatic de-escalation of troops are more likely to make their stand in the near future as the House takes up Bush’s war supplemental and the fiscal 2008 budget.

“I think we have to divide the questions,” Schakowsky said. “How do you define supporting the troops in terms of how we spend the money?”

Rep. Dennis Kucinich (D-Ohio), one of the war’s most vocal opponents, declined to say how he would vote on the resolution before the language is made public, but he said that even Members who do not believe it goes far enough would be hard-pressed to vote against it because it would appear as though they were voting with Bush.

Kucinich added that the funding is the bigger issue. “The war is binding, the resolution is not,” he said, “We’ve got to get out of there, Congress must cut off the funds.”

Senate Leaders Continue Squabbling Over Iraq (WP)

By Shailagh Murray And Paul Kane

The Washington Post, February 7, 2007

Senate leaders squabbled yesterday over how to consider resolutions opposing President Bush's plan for more troops in Iraq, but the quarrel did not stop lawmakers from launching an informal debate on the chamber floor over the war.

"The only people who believe there is a workable military solution for the conflict in Iraq is the Bush administration," said Sen. John F. Kerry (D-Mass.), who advocates requiring Bush to complete the removal of American troops from Iraq within a year.

Sen. John McCain (R-Ariz.) called Democrats disingenuous for declaring support for U.S. troops while denouncing their commander in chief's strategy. Troops serving in Iraq "won't buy it," McCain said. "A vote of no confidence is a vote of no confidence."

Senate leaders made little progress yesterday toward agreeing on the terms of votes on a series of nonbinding resolutions, each of which addresses Bush's decision to deploy an additional 21,500 troops.

"This is all a game to divert attention from the fact that we have before us now an issue that the American people want us to address," Majority Leader Harry M. Reid (D-Nev.) said on the Senate floor, nodding across the aisle to Minority Leader Mitch McConnell (R-Ky.).

"What we're asking by any standard is reasonable," answered McConnell. "It is not too late to have the debate this week."

Senate Majority Whip Richard J. Durbin (D-Ill.) disagreed, declaring last night that the Iraq debate was over and that Democrats would move on today to other legislation.

Meanwhile, House Democratic leaders scheduled a war debate to begin next Tuesday, culminating with a vote aimed at repudiating Bush's plan.

House Democrats had intended to work with the resolution offered by Sen. John W. Warner (R-Va.), which Senate Democrats have rallied behind. Instead, after assessing the morass on the other side of the Capitol, they are now considering a more narrow statement of objection to Bush's proposal.

In the three days of debate, Each House member will be given five minutes to state his or her views, Democrats said. That is a considerable amount in the House, where speeches typically run one minute.

"We're going to do what's been missing -- a serious debate on the war," said Rep. Rahm Emanuel (D-Ill.), a member of the House leadership.

Durbin, saying that the "plug had been pulled" on the nonbinding resolution, urged his Senate colleagues to look ahead to other Iraq-related showdowns as future vehicles for opposing Bush's war proposals.

Reid suggested on the Senate floor last night that the House's nonbinding resolution, assuming it passes, could make its way to the Senate floor.

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Republicans remained reluctant to give up on the current debate. At one point yesterday afternoon, upon being told of Reid's refusal to relent to GOP terms, McConnell indicated that talks would resume in the near future. "Stay tuned," he said.

McConnell offered the day's biggest concession, proposing to shelve a resolution written by McCain that would establish tough benchmarks for the Iraqi government without opposing the additional U.S. troops.

But Republicans continued to demand that the two remaining resolutions -- one written by Warner and Sen. Carl M. Levin (D-Mich.), and a pro-Bush proposal from Sen. Judd Gregg (R-N.H.) -- meet a 60-vote threshold to pass.

Republicans are advocating the Gregg resolution because they know, as do Democrats, that only it could garner 60 votes. Gregg's proposal would recognize the power of the president to deploy troops as well as the "responsibility" of Congress to fund them.

Democrats regard the measure as a political stunt but are loath to go on the record opposing it, for fear of giving the impression that they would harm troops in the field. They also recognize that a vote in favor of Gregg would amount to a taci t endorsement of Bush's troop plan.

"I find it almost incomprehensible that the Democratic leader doesn't want a vote on this language. It is not radical language. It is fairly reasonable language," Gregg insisted to reporters yesterday afternoon.

Speaking later on the Senate floor, Reid questioned why Gregg and his GOP allies were advocating a measure that did not directly address the troop deployment. "You know what he kind of reminds me of?" Reid said of Gregg. "Somebody who comes into the basketball game not to score points, but to kind of rough people up."

Gregg responded sarcastically: "I appreciate the senator's generous comments. I take them as a compliment."

Amid the taunting, serious discussion of the war continued. Testifying yesterday before the Senate Armed Services Committee, Defense Secretary Robert M. Gates revealed that the Pentagon, the Joint Chiefs of Staff and other agencies are devising a "sophisticated checklist or matrix" to measure the Iraqi government's performance in meeting various benchmarks linked to Bush's new strategy. Gates added that he is considering alternative courses of action in case the Baghdad security operation fails.

"I would be irresponsible if I weren't thinking about what the alternatives might be if that didn't happen," Gates testified. "But we, at this point, are planning for its success."

Gates said that one alternative he could envision would be pulling U.S. troops away from Iraq's most dangerous areas, presumably major cities. He added that he did not foresee what he called a "precipitous withdrawal."

Asked by Warner whether the current strategy marks the "last chance" in Iraq, Gates replied: "No, it is not the last chance."

General Is Front Man For Bush's Iraq Plan (WP)

By Peter Baker

The Washington Post, February 7, 2007

Before he flew off to Iraq this week to take command of U.S. forces there, Gen. David H. Petraeus conducted one last counterinsurgency mission here on the home front -- this one on Capitol Hill.

With the Senate about to debate President Bush's troop increase, Petraeus was set up last week in the office of Minority Leader Mitch McConnell (R-Ky). Senators were approached on the floor and urged to meet with him. And the new Iraq commander then privately outlined his view of the war and what he will do with the 21,500 extra troops.

At a time when the president and most of his top surrogates have lost credibility even among many Republicans in Congress, the administration has turned to the chiseled, widely respec ted Petraeus to win the day. His name has become the rallying cry for Bush and his allies as they argue that it would be wrong for lawmakers to confirm the four-star general unanimously one moment and then renounce his strategy the next.

"I've been selling Petraeus to anybody who would listen," said Sen. Lindsey O. Graham (R-S.C.), who terms the Bush troop increase the "Petraeus Doctrine" and fetched senators off the floor to meet the general in McConnell's office. "He's the Gene ral Grant of the surge. He's our last best chance as a military commander to bring about a change on the ground."

And maybe the last best chance for Bush allies to head off a resolution rejecting the troop increase or at least keep many Republicans from supporting it. The Petraeus card is about the only one left to play for a White House confronting low poll

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numbers, an unpopular war and an opposition Congress. With as many as 11 Senate Republicans against Bush's new Iraq plan, Petraeus has sway that his commander in chief does not. "There's not much the White House could do right now, to be honest with you, to change votes," Graham said.

Yet if invoking Petraeus has been effective for Graham and others trying to rally Republicans, Democrats remain unpersuaded. "He's a capable officer. He's got the talent and skill for the job," said Sen. Jack Reed (R.I.), a member of the Armed Services Committee. But "we're not talking about the Petraeus plan," he added. "We're talking about the president's plan. It's not only appropriate, but I think we have an obligation to point out its shortcomings."

Bush strategists have been surprised by how quickly the politics of the war have shifted in the past few weeks, and they have been grappling for a strategy to contain the political damage. The White House privately believes that a statement of opposition by Congress may be inevitable. "Our goal is to try to cabin off the most egregious" versions, particularly any that would threaten funding, said a senior official who spoke on the condition of anonymity.

Bush has kept a relatively low profile as the issue has dominated Capitol Hill in recent days. Although Vice President Cheney and Defense Secretary Robert M. Gates warned that a resolution would embolden terrorists, Bush has generally avoided incendiary language. Rather than inserting himself into the debate, he has been talking about childhood obesity and fiscal discipline. When he met privately with Republican senators Friday, Bush employed a soft sell, the senior official said. He made the case for his decision but told the senators to vote their consciences. "Do what you think is right and I'll be your friend the next day," he told them, according to the official.

Some advisers have been surprised that Bush has not more aggressively accused Democrats of advocating retreat. "If he wanted to use his megaphone to shout that, it would put the Democrats back on their heels," said Ed Rogers, a Republican lobbyist close to the White House. "But for whatever reasons, I think they're pulling their punches."

Instead, Petraeus has become the front man of sorts. On Jan. 26, the day the Senate voted 81 to 0 to confirm him, Petraeus met with Bush for the cameras. Later that day, the president told House Republicans in a closed-door retreat that he found it "ironic" that senators would support the general but oppose a plan he helped devise, according to Republicans present.

It was a line he later took public. "The Senate overwhelmingly supported his nomination to be the new general in command of Iraq," Bush said on Fox News on Jan. 31. "The fundamental question is: Will they back him up? They voted for him. Will they back him up?" Allies quickly picked up the argument.

But Democrats saw it as a cynical ploy. "The White House seems desperate to avoid a real debate on the merits of the plan they've put forward, so they're trying to use General Petraeus as a shield," said William A. Galston, a Clinton administration aide who is now at the Brookings Institution. "I don't think the Petraeus talking point passes the laugh test because, in fact, I'm sure a lot of the senators who voted for Petraeus but don't like the surge believe he's the best general available to address the situation."

It is common for a nominee like Petraeus to meet with senators before a confirmation, but the general returned to Capitol Hill even after the vote to continue talking to members in both houses. The White House said it did not orchestrate the post-confirmation visits. Petraeus was in transit to Iraq yesterday but a senior defense official said he "met with many others in Congress after the hearings prior to departure."

Graham said he grabbed Petraeus last week and had him wait in McConnell's office while he ushered in senators to see the general. "From my conversation with him, he understands the gravity of the situation," said Sen. Richard C. Shelby (R-Ala.). "He understands it's probably 10 minutes to 12 on the clock. And he believes he can do something about it."

Democrats Press Bush To Change Iraq Plan (AP)

By David Espo

AP, February 7, 2007

Democratic critics of the Iraq war seized the offensive at both ends of the Capitol on Tuesday, disclosing plans for a symbolic rejection by the House of President Bush's decision to deploy additional troops and filing legislation in the Senate to require withdrawal of U.S. military personnel.

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"We're going to stand by our soldiers, but we're not going to stand by a failed policy that exposes more of our soldiers to death and suffering," said Sen. Richard Durbin of Illinois, rebutting charges that the war's critics may be undermining the morale or even the safety of U.S. forces.

Democrats pressured Bush to change course as Defense Secretary Robert Gates told lawmakers that U.S. forces might be able to start leaving Iraq before the end of the year — if daunting conditions including subdued violence and political reconciliation are met.

He also said that the buildup in troops is "not the last chance" to succeed in Iraq and added, "I would be irresponsible if I weren't thinking about what the alternatives might be."

The Pentagon is in the midst of implementing Bush's order to raise troop levels by 21,500, part of a plan to help quell sectarian violence in Baghdad.

New checkpoints were in evidence in Iraq's capital city, and there were reports of inspections of increased numbers of vehicles. At the same time, more than 50 people were killed or found dead during the day, and Prime Minister Nouri al-Maliki said insurgents were responding to the new security measures by killing as many people as possible.

The war has claimed the lives of more than 3,000 U.S. troops so far, and officials announced two more deaths. The casualties included a soldier killed Tuesday at a security post southwest of Baghdad and a Marine who died Monday in Anbar Province.

Bush's decision to dispatch additional troops has become a flashpoint for critics of his Iraq policy in the new, Democratic-controlled Congress, whose lawmakers were elected last fall by a war-weary electorate.

Officials said that House Speaker Nancy Pelosi of California and Majority Leader Steny Hoyer of Maryland had both pledged to the Democratic rank and file that the House would vote next week on a nonbinding measure critical of Bush's plan to add 21,500 additional forces. They also reassured lawmakers clamoring for more robust action that the vote would merely be the first attempt to pressure the president to shift course and that future legislation will be binding.

Brendan Daly, a spokesman for Pelosi, said the measure brought to the floor next week would focus on "our opposition to the surge in troops" but has not yet been drafted.

Pelosi said last month the measure would declare that the troop increase was "not in the national interest," language once included in a Senate measure, but now abandoned.

Democrats intend to allow all lawmakers time to speak on the issue across three days of debate beginning next Tuesday.

Rep. John Boehner of Ohio, the House Republican leader, said in an interview the GOP would prepare an alternative to the Democratic measure. He said it would include a call for a bipartisan committee to oversee the war effort and lay out a series of standards by which officials could judge whether the Iraqi government was living up to its commitments to help end the violence.

"If you're not for victory in Iraq, you're for failure," Boehner told The Associated Press. "The consequences of failure are immense. I think it destabilizes the entire Middle East, encourages Iran and on top of that, it's pretty clear that the terrorists will just follow us home."

Under House rules, Democratic leaders have the authority to advance legislation to the floor for three days of debate, and there is little doubt they will have the votes to prevail.

That stands in contrast to the Senate, where Republicans have so far blocked an attempt by Democrats to hold a full-fledged debate on the war.

Gates and other administration officials have been sharply critical of efforts to pass legislation expressing disapproval of the increase in troops, even in nonbinding form.

That has had no noticeable impact on Democratic critics of the war, though. Some of them argue that Bush's policies have led to a situation in which U.S. troops are thrust into the middle of a civil war in Iraq.

Two bills were unveiled during the day to force the president to move toward a troop withdrawal.

"The only people who believe there is a workable military solution for the conflict in Iraq is the Bush administration," said Sen. John Kerry, D-Mass., in announcing legislation that would require Bush to "complete the redeployment" of American troops within a year.

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Sen. Barack Obama of Illinois, a Democratic presidential hopeful, joined two House members in proposing a measure to block Bush from implementing his planned troop increase, and to begin a withdrawal by May 1, with all combat brigades out by March 31, 2008.

"This is what I think has the best chance of bringing our troops home," said Obama.

Apart from legislation, Democrats have embarked on an effort to undermine public support for the war by holding numerous hearings.

At a daylong session, Rep. Henry Waxman, D-Calif., accused the former U.S. occupation chief in Iraq of haphazardly doling out billions of dollars after the U.S.-led invasion

Waxman said 363 tons of cash was loaded onto airplanes and sent into the war zone in 2003, adding that U.S. officials had "no way of knowing whether the cash would wind up in enemy hands."

L. Paul Bremer III, who was head of the Coalition Provisional Authority, said he had done the best he could to kickstart the Iraqi economy, which he said was "flat on its back" after years of rule by Saddam Hussein followed by the U.S.-led invasion. He said the money belonged to Iraqis and had come from the U.N.-run oil-for-food program and from seized Iraqi assets.

One Republican accused Democrats of trying to embarrass the administration. "It's old news," said Rep. Tom Davis, R-Va.

Surge Is Not 'Last Chance' For Success, Gates Says (LAT)

By Johanna Neuman

The Los Angeles Times, February 7, 2007

WASHINGTON — Defense Secretary Robert Gates, in testimony before the Senate Armed Services Committee today, rejected the widely held view in Washington that the Bush administration's decision to send additional troops to Iraq is the last chance to succeed in that troubled country.

"I would be irresponsible if I weren't thinking about what the alternatives might be," Gates said, arguing that the so-called surge is "not the last chance."

As Gates defended the administration's fiscal 2008 budget request of $481.4 billion -- along with a projected $141.7 billion in supplemental funding in 2008 for Iraq and Afghanistan -- senators expressed doubt about the war.

"How much longer do you think we're going to be in Iraq?" asked Sen. Robert Byrd (D-W.Va.).

Gates replied that "if the plan to quiet Baghdad is successful and if the Iraqis step up and accept their responsibilities…I hope we'd be able to begin drawing down our troops later this year."

Byrd said: "Try again…I don't see any end to it."

Joint Chiefs of Staff Chairman Peter Pace said that the operation to quiet Baghdad and the western Al Anbar region, a stronghold for Sunni insurgents, could require more than the anticipated 21,500 troops.

"It would not be more than 10% more," said Pace, explaining that an additional 3,000 forces would be largely needed to support the combat troops.

Pressed by lawmakers on equipment shortages for troops in the field, Gates said that a dearth of armored vehicles in one phase of operations will be remedied by July.

Sen. Hillary Rodham Clinton (D-N.Y.) told Gates that committee members were still skeptical about the Pentagon's response "considering the amount of evidence about shortages." She also signaled that the unprecedented outsourcing of contracts by the Pentagon in Iraq would be "a very important issue for this Congress."

Sen. John Warner (R-Va.) asked Gates what happens if the surge plan fails. "I have to believe we're thinking beyond the Baghdad operation," said Warner, who has written one of several Senate resolutions opposing the military gambit.

"It is not the last chance," Gates replied. "We, at this point, are planning for success."

Gates also disclosed that President Bush had given the green light to a Pentagon plan for a new military command for operations in Africa.

Responsibility for Africa is now shared by three commands -- European, Central and Pacific -- which Gates called "an outdated arrangement left over from the Cold War."

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The Pentagon hopes a new framework would enable better coordination in a region with growing terrorist and other threats, particularly from countries ravaged from war, such as Somalia.

In other action, the committee voted 14-3 to approve Gen. George Casey as Army chief of staff. Voting against the nomination were Republicans John McCain of Arizona, John Ensign of Nevada and Saxby Chambliss of Georgia.

The panel also voted 16-0 to approve Adm. William Fallon's nomination to become the top U.S. commander for forces in the Middle East.

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Military Wants More Civilians To Help In Iraq (NYT)

By Thom Shanker And David S. Cloud

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — Senior military officers, including members of the Joint Chiefs of Staff, have told President Bush and Defense Secretary Robert M. Gates that the new Iraq strategy could fail unless more civilian agencies step forward quickly to carry out plans for reconstruction and political development.

The complaints reflect fresh tensions between the Pentagon and the State Department over personnel demands that have fallen most heavily on the military. But they also draw on a deeper reservoir of concerns among officers who have warned that a military buildup alone cannot solve Iraq's problems, and who now fear that the military will bear a disproportionate burden if Mr. Bush's strategy falls short.

Among particular complaints, the officers cited a request from the office of Secretary of State Condoleezza Rice that military personnel temporarily fill more than one-third of 350 new State Department jobs in Iraq that are to be created under the new strategy.

At a Senate hearing on Tuesday, Mr. Gates made clear that he shared the officers' concerns, telling senators, "If you were troubled by the memo, that was mild compared to my reaction when I saw it."

To back up his point, Mr. Gates also told senators that Mr. Bush himself had addressed his cabinet at the White House on Monday about the need for civilian agencies to "step up to the task."

At one level, the conflict is a cultural clash between a military that has ordered hundreds of thousands of troops to Iraq in the last four years, and a Foreign Service that offers incentives for civilians to work in war zones but cannot compel diplomats to accept hardship assignments to places like Iraq.

Under Mr. Bush's strategy, the military is pushing more than 20,000 fresh troops to Baghdad to augment the American military force of about 132,000 already in Iraq.

The State Department, leading an interagency effort, has been ordered to expand the provincial reconstruction teams in Baghdad and western Anbar Province to accelerate political and economic development at the local level.

Small teams of American personnel are to be placed inside Iraqi ministries to make sure that $10 billion in Iraqi funds committed to the effort are spent, and spent correctly.

The entire United States Foreign Service numbers only 6,000 people, about the size of a military brigade.

In defense of the diplomats' role, David M. Satterfield, the State Department's Iraq coordinator, told Congress in January that the department's task in Iraq amounted to "the largest presence of the foreign service in any country in the world," including more than 140 Foreign Service officers in Baghdad and over 50 more in the existing provincial reconstruction teams.

Last month, after Mr. Bush announced his new strategy, Ms. Rice told Congress that the department was "ready to strengthen, indeed to 'surge,' our civilian efforts."

But Mr. Gates said Tuesday that Ms. Rice had told him that her department needed six months to locate and prepare civil servants and contractors to send abroad. "It is illustrative of the difficulty of getting other agencies to provide people on a timely basis," Mr. Gates said.

Members of the Joint Chiefs and commanders in Iraq have been delivering the same message recently to the president and defense secretary about the necessity for other parts of government to join the effort, according to administration and military officials.

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"The chiefs have made that point, and repeatedly," said one senior Bush administration official who, like others interviewed for this article, spoke on condition of anonymity to describe internal discussions among the president, defense secretary, commanders in Iraq and members of the Joint Chiefs of Staff.

The officials said the commanders had also been expressing broader frustrations, including that the additional $1 billion in new money for reconstruction requested by the president may not be sufficient.

They also fear that additional contractors may not be readily available to assist, and that a large number of jobs that could be performed by civilians — like engineers, lawyers, veterinarians and accountants — are still conducted by military personnel at a time when the armed services are stretched thin.

The mounting tensions between the Pentagon and other departments are in some ways the mirror image of those that roiled the government before the 2003 invasion. Then, State Department officials grumbled that the Pentagon was usurping its role in planning the postwar civilian occupation; today, the military is eager to see others step in.

State Department officials say they are using both incentives and subtler pressures to induce employees to go to Iraq.

But from the standpoint of personal security, taking those jobs — many of them, by definition, outside the relative safety of the Green Zone — is widely seen as an unattractive career option.

Some Foreign Service officers and other civilians in the national security field spoke privately of their frustration at coming under pressure to serve in Iraq, a mission they view as bungled as the Pentagon rebuffed the involvement of experts in other government agencies.

"This is not at all a finger-pointing exercise," said Gen. Peter Pace, chairman of the Joint Chiefs of Staff, during his Senate testimony on Tuesday. "This is about the current status of our government to be able to respond, and it goes to the expeditionary nature or a lack thereof of most other departments in the government, understandably, based on the kind of wars we've faced in the past."

General Pace argued that the United States government needed "to be able to get folks over to be able to help with judiciary systems, be able to help with engineering, be able to help with electricity and the like before a country devolves into a state where the terrorists can find a home."

Tasia Scolinos, a spokeswoman for the Justice Department, said in a statement that the agency "has devoted substantial resources" to training the Iraqi police and creating a justice system. She provided a fact sheet that showed that the Justice Department had 200 employees and contractors in Iraq as of last August.

"We are committed to working closely with the Defense Department and our law enforcement counterparts in Iraq to assess how we can best continue to support the reconstruction efforts in Iraq," she said.

As evidence of the importance of civilian reconstruction, military officers involved in the internal debate are citing a recent classified study, conducted by the Joint Warfare Analysis Center of the Defense Department, based in Dahlgren, Va., that suggests violence in Baghdad drops significantly when the quality of life improves for Iraqi citizens.

Relying on surveys and other data on those wounded and killed in the violence as compiled by the military, the study found that a 2 percent increase in job satisfaction among Iraqis in Baghdad correlated to a 30 percent decline in attacks on allied forces and a 17 percent decrease in civilian deaths from sectarian violence.

The study did not examine the security benefits of adding troops to Iraq or compare it to the nonmilitary portions of the new strategy, according to those who have been briefed on the classified document.

But its emphasis on the importance of reconstruction is being cited by senior military officers and Pentagon officials as more evidence that Congress and the government's other civilian departments must devote more money and personnel to nonmilitary efforts at improving the economy, industry, agriculture, financial oversight of government spending and the rule of law.

French PM Attacks Iraq Troop 'surge' (FT)

By Martin Arnold And John Thornhill

Financial Times, February 7, 2007

Violence in Iraq will continue to worsen until all foreign troops are pulled out, Dominique de Villepin has warned, dismissing as "absurd" the idea that an enlarged US force could bring stability and peace to the country.

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In an interview with the Financial Times, France's prime minister indirectly criticised the decision by US President George W. Bush to boost his country's military presence in Iraq.

Mr de Villepin, who has just three months left in office, said an occupying force was itself the "founding stone of the crisis" and a clear timetable had to be set for its withdrawal.

"The idea of saying that foreign troops will leave when Iraq is democratic and pacific is absurd. It will never happen," he said, chopping his desk with the side of his hand in his ornate office at the Hôtel Matignon.

"Whatever the level of foreign troops in Iraq, things will continue to deteriorate.

"We need a clear horizon for the departure of foreign troops and the return of full sovereignty to Iraq. Until this is clearly stated, with the stages and the objective of a total withdrawal, things will not improve. I do not know a single diplomatic subject that can be fixed without a clear schedule."

His comments will rile the Bush administration as Mr de Villepin is still widely remembered for his impassioned speech at the United Nations in February 2003 opposing the invasion of Iraq. Alluding to this speech, the former foreign minister added: "I said in 2003, we said it strongly with President [Jacques] Chirac, that there is no military solution in Iraq. What we said in 2003 remains true in 2007."

However, Mr de Villepin said all domestic, regional, and foreign parties in Iraq had a long-term interest in preventing the country's downward spiral into civil war.

Echoing the recent Baker-Hamilton report in the US, Mr de Villepin said more should be done to rope Iraq's neighbours Syria and Iran into the stabilisation process.

He also warned the international community was "lacking imagination" in its attempts to stop Iran's suspected nuclear weapons programme. "Iran with nuclear military capacity is unacceptable," he said.

"Iran must respect its international engagements, notably the Non-Proliferation Treaty, which it has signed."

But he said the international community should not ignore the origins of the crisis that lay in Iran's desire to assert itself as a regional power for reasons of national pride and security.

The Nitty-Gritty About This Particulate Of Speech (WP)

By Linton Weeks

The Washington Post, February 7, 2007

There's that word again: granularity.

It's a mouthful of a term used by guys like Army Lt. Gen. David H. Petraeus, the top U.S. commander in Iraq; retired Gen. Barry McCaffrey; and White House press secretary Tony Snow.

Responding recently to a question about potential sectarian violence in Iraq if U.S. forces withdraw, Petraeus told the Senate Armed Services Committee, "It's hard from this distance . . . to get a real feel, or the real granularity of what's going on."

On "NBC Nightly News," McCaffrey said that sending more troops on a mission to Iraq "to get down to detailed granularity to fight a counterinsurgency battle in a city of 6 million Arabs who are murdering each other . . . is a fool's errand."

And talking about the inability to definitively link Saddam Hussein and Abu Musab al-Zarqawi, Snow said in an autumnal news conference, "We just don't have that kind of granularity in terms of the relationship."

Lately, people have been invoking the word to mean specificity. Certain things, such as the administration's vision for the future of Iraq, lack granularity. Newlyweds' dreams, psychic-network predictions and late-night kitchen-table get-rich-quick schemes also suffer from granularity deprivation.

Mike Mills, writing in Congressional Quarterly about the U.S. health care system's collection of personal medical information, notes that "sometimes the newer standard appears to take granularity to an extreme."

So, specifically, what exactly are we talking about?

"When I wrote that particular column," Mills says in an e-mail, "I remember hesitating before using the word, knowing at least subconsciously that it has now become jargon for 'detail.' "

In other words, "granularity" is a popular word for the "nitty-gritty." But it's not so nitty, not quite as gritty. It's about texture. Concreteness.

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The word has migrated from science to business and now to politics and popular parlance. Mills, a journalist who spent several years in the overdrive world of dot-com commerce, says that "its modern origin as a technical term comes from the digital realm of computer graphics -- pixels."

The greater the number of pixels in an image, he points out, the greater the granularity, or clarity. The contemporary "use of this word seems to signal that the digital convergence has now crept into the human mind -- which techies call 'wetware.' "

When people try to describe abstract concepts, Mills says, they are now thinking and expressing themselves with digital imagery.

People have been using mechanical terms to describe concepts for a long while. For example, in the early 20th century, when Sigmund Freud wrote of pressure in the human brain and mental breakdowns, he used steam-engine metaphors.

Granularity "is a hot word," says Mike Agnes, editor in chief of Webster's New World dictionaries, in Cleveland. "It gives people a word they can use for a new way of looking at things -- whether it be engineering, business, politics -- and a new way of evaluating."

It means depth of detail, he says. "If you were a photographer or an astronomer, speaking of an image, you would use the term 'resolution.' "

All of a sudden, Agnes says, "granularity" is a buzzword.

"It's a very interesting concept, and if we've got a concept we need a word."

It's also a way of speaking about basic things without sounding simplistic.

Businesspeople have been using it for years. Now, like "synergy" and "drilling down," it's creeping into the general consciousness. When Santa Clara, Calif., Assistant City Manager Ron Garratt was asked earlier about a proposal for a new San Francisco 49ers stadium, he replied, "Until we drill down, until we see the granularity of this proposal and what the pieces of this plan are, we won't know from a staff perspective if the definition of 'no impact on general fund' will be met or not."

According to Webopedia, "granularity" is helpful when discussing systems: "The extent to which a system contains separate components (like granules). The more components in a system -- or the greater the granularity -- the more flexible it is."

Without granularity, it's hard to get traction.

Agnes says he would not hesitate to use the word in everyday discourse.

Words and phrases often move from the particular to the general. For instance, he has noticed a surge (ahem) in the use of "event horizon."

"Originally it was used in physics, particularly cosmology," Agnes says. Lately it's been popping up in the business world to denote the moment that marks the beginning of an inevitable process. It's the point of no return. "Once you reach an event horizon, the event itself is sure to follow," he says.

With granularity.

House Panel Questions Monitoring Of Cash Shipped To Iraq (NYT)

By Philip Shenon

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — A House committee report on Tuesday questioned whether some of the billions of dollars in cash shipped to Iraq after the American invasion — mostly in huge, shrink-wrapped stacks of $100 bills — might have ended up with the insurgent groups now battling American troops.

The report was released by the House Oversight and Government Reform Committee at a hearing when Democrats sharply questioned the former American civilian administrator in Iraq, L. Paul Bremer III, about lax management of the nearly $12 billion in cash shipped to Iraq between May 2003 and June 2004.

Mr. Bremer defended his performance as head of the Coalition Provisional Authority in Iraq, noting that the United States had to bring tons of American dollars into Iraq because the country had no functioning banking system.

“We had to pay Iraqis in cash,” Mr. Bremer said of the money, most of which came from Iraqi oil sales. “Delay would have been demoralizing and unfair to millions of Iraqi families.”

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Government auditors have repeatedly criticized the American and Iraqi governments for failing to monitor the money once it reached Iraq.

Representative Henry A. Waxman, the California Democrat who is the committee's new chairman, acknowledged that he had no evidence that Iraqi insurgent groups had received any of the cash. But he suggested that it was possible, given how much money was rushed into the country.

"We have no way of knowing if the cash that was shipped into the Green Zone ended up in enemy hands," he said. "We owe it to the American people to do everything we can to find out where the $12 billion went."

The hearing was evidence of the turnaround in Mr. Bremer's standing in Washington.

Hailed by Republicans and Democrats alike when he last testified at a Congressional hearing in 2004, Mr. Bremer found himself the target of sharp criticism from Democrats on Tuesday. They questioned whether his decisions might help to explain the continuing turmoil in Iraq. He stepped down from his Iraq post in June 2004.

"I acknowledged that I made mistakes," Mr. Bremer said. "And with the benefit of hindsight, I would have made some decisions differently." But he said that given the chaos he found after arriving in Iraq in May 2003, "I think we made great progress under some of the most difficult conditions imaginable."

Mr. Waxman, whose panel is pursuing investigations of fraud and abuse by the federal government and its contractors in Iraq, said he found it remarkable that the Bush administration had decided to send billions of dollars of American currency into Iraq so quickly after the United States occupied the country.

The committee calculated that the $12 billion in cash, most of it in the stacks of $100 bills, weighed 363 tons and had to been flown in on wooden pallets aboard giant C-130 military cargo planes. "Who in their right mind would send 360 tons of cash into a war zone?" Mr. Waxman said. "That's exactly what our government did."

Republican committee members accused the panel's Democratic leaders of rehashing old allegations against Mr. Bremer and the conduct of American forces in Iraq for political gain.

"Self-righteous finger-wagging will not make Iraq any more secure," said Representative Tom Davis of Virginia, the panel's ranking Republican. He said Mr. Bremer was asked to take charge of a "country with, basically, no government."

Rusty Democrats Unable To Pin Anything On Bremer (WP)

By Dana Milbank

The Washington Post, February 7, 2007

Jerry Bremer wore black dress shoes instead of his trademark combat boots yesterday as he testified before the House Oversight and Government Reform Committee. But except for that concession, the former American viceroy of Iraq had lost none of his swagger.

His widely condemned move to disband the Iraqi military? "I stand by the decision."

Billions of dollars potentially wasted on dubious contracts? "I did not have authority over the awarding of contracts."

Incompetent personnel at the Coalition Provisional Authority? "My role in hiring was very limited."

"On the whole," Bremer told the lawmakers, "I think that we made great progress."

It was to have been the grudge match Democrats waited years for: The ferocious Rep. Henry Waxman (D-Calif.), newly installed as chairman of the committee, was to flex his new oversight muscles by summoning Bremer to account for his actions while running Iraq in 2003 and 2004.

But Bremer proved unexpectedly agile at shifting blame: to administration planners ("The planning before the war was inadequate"), his superiors in the Bush administration ("We never had sufficient support"), and the Iraqi people ("The country was in chaos -- socially, politically and economically").

And Democrats, after 12 years in the minority, were out of practice. Instead of going after Bremer's greatest vulnerabilities -- his autocratic management style and his "de-Baathification" of Iraq -- Democrats instead chose a strange focus for the hearing: the failure to account for $8 billion of cash payments three years ago. After nearly five hours of questioning, the lawmakers failed to find a smoking gun: It wasn't U.S. taxpayer money, it was a pittance compared with U.S. spending in Iraq, there was no hard evidence of fraud, and the episode had been investigated two years ago.

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Waxman, who began the hearing with a broad smile and played frequently with the gavel while sitting on the edge of the chairman's seat, gradually grew more somber and sank back into his chair. The natty Bremer, sporting a pocket handkerchief and a flag lapel pin, grew more confident. As his deflections thwarted the lawmakers, Bremer's wife, unable to contain her delight, reached out from the first row of the audience to pat her husband on the back.

Republicans could hardly believe their luck. "Nobody took him on," exulted Tom Davis (R-Va.), who surrendered the chairman's gavel to Waxman last month. "We thought they'd be all over him for de-Baathification."

For Waxman, the surprises began with the opening gavel. "The committee's Web site will now have a fraud, waste and abuse tip line to make it easier for our constituents to give us information we need," he announced in his statement. "The Web site is www.oversight.house.gov, and we will pursue all credible allegations that are shared with us."

Davis countered that announcement in his own opening statement. "Beginning today, our Republican committee Web site invites whistleblowers and anyone else with information about waste, abuse, fraud or needed reform to provide information anonymously or to e-mail us up at oversight@mail.house.gov," he said.

"We seem to have rival tip-line Web sites," Waxman observed.

Then the new chairman made a crucial error: At the start of the 10 a.m. hearing, he allowed every member of a committee to make an opening statement. By the time Bremer uttered his first word, it was almost noon.

Democrats sounded menacing in their opening statements. "I'm curious about how it was that Mr. Bremer, a man who'd never been to Iraq, never led reconstruction efforts, could have been put in charge of the most important civil reconstruction program since the Marshall Plan," said Rep. Paul Hodes (D-N.H.).

But Republicans, unexpectedly, were equally dedicated to Bremer's defense. "Our folks that we sent tried to do the best they could," said Rep. John Mica (R-Fla.). When Bremer did speak, his 1,800-word opening statement had but a sentence admitting fault, and that was quickly qualified. "I acknowledge that I made mistakes and that, with the benefit of hindsight, I would have made some decisions differently," he allowed. But he quickly listed the mitigating circumstances.

Waxman tried to direct more of the blame toward Bremer. He showed photos of bricks of American dollars bound for Iraq. "Ambassador Bremer, are you concerned about the possibility that some of this money went to ghost employees?" Waxman asked. "It might be showing up in the hands of the insurgents that are fighting U.S. troops."

"If there were evidence of that, I would certainly be concerned," Bremer deflected.

Other Democrats had no better luck. Rep. William Clay (D-Mo.) tried to elicit a mea culpa about Bremer's banning of prominent Baath Party members from government. "The mistake I made was letting the Iraqi politicians implement it," Bremer replied. "So it was the right policy, poorly implemented."

Rep. Diane Watson (D-Calif.) demanded to know "how can we in good conscience say to our constituents, 'Let's send them more money.' "

"I don't represent the administration," Bremer demurred.

Bremer represented only himself, but he did it ably.

Bremer Admits Errors In Occupying Iraq (USAT)

By Matt Kelley

USA Today, February 7, 2007

WASHINGTON — The former head of the U.S.-led occupation in Iraq testified at a congressional hearing Tuesday that he and the Bush administration made mistakes, including inadequate planning.

Paul Bremer — former administrator of the Coalition Provisional Authority (CPA), which ruled Iraq for 14 months in 2003 and 2004 — said he was wrong to temporarily stop paying salaries and pensions to former Iraqi army officers. He added that Iraqis went too far with his order to purge members of Saddam Hussein's Baath Party from the government.

"I acknowledge I made mistakes," Bremer said. "But on the whole, I believe we made great progress under some of the most difficult conditions imaginable."

In his first appearance on Capitol Hill since leaving office in June 2004, Bremer strongly denied accusations by auditors and House Democrats that the CPA was too lax with the billions of dollars in cash it handed out to Iraqi government ministries.

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The House Oversight and Government Reform Committee kicked off four days of hearings this week into allegations of wasteful federal spending with Bremer as its first witness. The committee chairman, Rep. Henry Waxman, D-Calif., promised "a two-year effort … to prevent taxpayers' money being wasted."

Some Republicans on the panel complained that the hearing was little more than "self-righteous, arrogant, Monday-morning Bush bashing," as Rep. Mark Souder, R-Ind., put it.

Other Republicans disagreed with that assessment. "Conservative Republicans should feel no obligation to defend waste just because it happened in Iraq," said Rep. John Duncan, R-Tenn.

Bremer said the CPA never had enough funding, materials or employees to properly do its job as the interim government of Iraq. He defended two controversial decisions: the dissolution of the Iraqi military and the removal of former members of Saddam's ruling party from government jobs. Gen. David Petraeus, the new commander of U.S. military forces in Iraq, criticized both actions in Senate testimony before his confirmation last month.

Bremer said the Iraqi army had effectively ceased to exist when the CPA took control of the country. He said it would have been a mistake to keep Saddam's former military intact, however, because Iraq's Kurds would have seceded had the Iraqi army remained.

Accusing Iraqi officials of going too far with ridding the Iraqi government of Baath Party members, Bremer said he intended to remove the top 1% of Baath Party members, not the lower-level bureaucrats who had to join the party to survive under Saddam's rule.

"It was a good policy poorly implemented," Bremer said. An Iraqi committee headed by Ahmad Chalabi carried out the policy. Chalabi, a former exile leader with close ties to the Bush administration, was later accused by U.S. authorities of leaking classified information to Iran.

Unspent Iraqi Funds Undercut Bush's Push For More (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 7, 2007

The Bush administration faces a new obstacle in its quest to get more funds for reconstruction in Iraq: questions about why the Iraqi government has so much unspent money on hand.

Democrats at a House hearing on Iraqi reconstruction noted large sums of reconstruction money are unaccounted for and that the Iraqi government currently has $12 billion in unspent funds in bank accounts. Reps. Henry Waxman (D., Calif.) and William Delahunt (D., Mass.) questioned the president's call for $1.7 billion more for reconstruction.

Mr. Waxman called the hearings to improve oversight of how money is spent in Iraq. He said he also will press for legislation requiring better controls over contractors.

Testimony before the House Oversight and Government Reform Committee, where Mr. Waxman is chairman, focused on a January 2005 audit report by Stuart Bowen, the special inspector general for Iraq reconstruction. The findings faulted the way the Coalition Provisional Authority, which temporarily ran Iraq after the U.S.-led invasion, hurriedly dispensed more than $8.8 billion to Iraqi ministries to keep the government there running. It also found loose controls of the vast amounts of cash, and the likelihood that much of it had disappeared to pay "ghost employees."

Although the report was issued more than two years ago, Mr. Waxman said testimony was timely because the previous, Republican-controlled Congress declined to hold a hearing on the matter. Records obtained from the Federal Reserve and Defense Department show that from May 2003 to June 2004 the Federal Reserve Bank in New York shipped nearly $12 billion to Iraq, mainly in $100 bills. Much of it was doled out in Iraq from the back of pickup trucks and was only loosely accounted for.

Former CPA head Paul Bremer confirmed that he had overruled lower-level American employees who had warned that money would be siphoned off to ghost workers. He said that if money was withheld for salaries for large numbers of security guards and others, the danger to order in Iraq outweighed the risk that some money would disappear through corruption.

Mr. Bremer, who has been a lightning rod for criticism of the administration's postinvasion handling of Iraq, admitted having made mistakes. He blamed former Iraqi leader Saddam Hussein for having destroyed much of the Iraqi economy, and U.S. intelligence agencies for not having detected in advance the dire state of the economy and individual industries.

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One source of frustration for the White House and many members of Congress has been the Iraqi government's difficulty spending money it has on hand from oil and gas revenue. The large number of pending corruption investigations by an Iraqi commission established by Mr. Bremer is believed to be deterring government ministries from spending additional money.

Mr. Bush has called on Iraq to commit to spend at least $10 billion of its funds in order for the country to qualify for the additional $1.7 billion he has proposed.

Mr. Waxman faulted the state department for not making available Timothy Carney, recently named to the newly created position of coordinator of Iraq reconstruction. The State Department said he had to depart earlier than expected for Iraq.

Billions Given Away In Baghdad Free-for-all (FT)

By Stephanie Kirchgaessner

Financial Times, February 7, 2007

The Bush administration went on a $5bn spending spree in Iraq in 2004 just six weeks before returning control of the government to Iraqis, according to a Democratic lawmaker investigating the payments.

Huge sums were doled out, sometimes in dollar bills from the back of pick-up trucks, it was alleged.

In a hearing before the chief House oversight committee, Democrats on Tuesday demanded answers from Paul Bremer, who headed the Coalition Provisional Authority, Iraq's first post-occupation government, and oversaw the disbursement of $12bn in cash in reconstruction funds in the months after the invasion.

In his first appearance before Congress since leaving Iraq, Mr Bremer admitted making mistakes during his 13-month tenure. However, he emphasised that Iraq was in a "desperate situation" in May 2003 and that the CPA could not have waited to install a "modern financial system" before beginning the process of getting the defunct Iraqi government and various ministries reinstated.

The payments in question comprised of Iraqi funds that had been held by the Federal Reserve Bank in New York before the invasion and consisted of a fund that succeeded the United Nations Oil for Food programme and seized Iraqi assets.

"I acknowledge that I made mistakes and that, with the benefit of hindsight, I would have made some decisions differently. But on the whole, we made great progress under some of the most difficult conditions imaginable," Mr Bremer told the committee.

Mr Bremer's remarks did little to quell criticism by Congressman Henry Waxman, chairman of the oversight committee, and others that the lack of accountability raised questions about whether the "cash shipped into the Green Zone ended up in enemy hands".

Mr Waxman took Mr Bremer to task for the manner in which US officials disbursed $20bn (€15.5bn, £10.2bn), including $12bn in cash, in Iraq between March 2003 and June 2004.

Mr Waxman said that, in a 13-month period, the US government had shipped 360 tonnes of cash to Iraq. "Who in their right minds would send 360 tonnes of cash into a war zone? But that's exactly what [this government] did."

One official from the provisional authority described an environment awash with $100 bills, said a memo released by Mr Waxman's office.

"One contractor received a $2m payment in a duffel bag stuffed with shrink-wrapped bundles of currency." In some cases, cash was stored in unguarded sacks in Iraqi ministry offices.

Questions about the lack of transparency in how the US spent the Iraqi funds were supported by a January 2005 report by Stuart Bowen, the special inspector-general for Iraq reconstruction, which found that the provisional authority did not implement adequate managerial controls over $8.8bn in funds that were meant to finance various Iraqi ministries.

Many of the critics of the Bush administration's handling of the war have pointed fingers at Mr Bremer's tenure at the CPA, asserting that his early missteps, from the de-Ba'athification policies he put in place, to the disbandment of the Iraqi armed forces, set the stage for the turmoil in Iraq today.

Mr Waxman also hinted that he might subpoena Tim Carney, a new State Department official in charge of co-ordinating reconstruction in Iraq.

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Mr Carney had been invited to the hearing but the State Department had kept him from testifying, in spite of his willingness to do so, Mr Waxman said.

Democrats, Bremer Spar Over Iraq Spending (WP)

By Rajiv Chandrasekaran

The Washington Post, February 7, 2007

House Democrats criticized former Iraq occupation administrator L. Paul Bremer yesterday for disbursing nearly $9 billion in Iraqi oil revenue without instituting accounting systems to track more carefully how Iraqi officials were using that money.

In a five-hour hearing, Democratic members of the House Oversight and Government Reform Committee probed whether the money, which was provided to Iraqi government agencies to pay salaries and fund other operations in 2003 and 2004, was spent properly. The Democrats cited an audit conducted two years ago by the special inspector general for Iraq's reconstruction that found that Bremer's Coalition Provisional Authority (CPA) engaged in "less than adequate" managerial and financial control of the money.

The funds were provided to the Iraqis in cash, often in shrink-wrapped packages of $100 bills. The committee's chairman, Rep. Henry A. Waxman (D-Calif.), said the U.S. government flew nearly $12 billion in cash into Baghdad on military cargo planes from May 2003 to June 2004.

"Who in their right mind would send 363 tons of cash into a war zone? But that's exactly what our government did," Waxman said. Because of the way the CPA kept track of the payments, Waxman said, "we have no way of knowing whether the cash shipped into the Green Zone ended up in enemy hands."

Bremer responded that he was trying to make the best of a bad situation. Iraqi ministries, he said, lacked modern financial management systems, and the country's banks could not handle electronic fund transfers. Waiting to implement new accounting and banking practices, he insisted, would have resulted in lengthy delays in paying salaries and pensions.

"Delay would have been demoralizing and unfair to the citizens of Iraq," Bremer said. "Delay might well have exacerbated the nascent insurgency and thereby increased the danger to Americans on the ground."

The hearing did not dwell on some of the more controversial aspects of Bremer's time in Iraq, such as his decisions to disband Iraq's army and fire Baath Party members from government jobs. Instead, the disagreement between Democrats and Bremer came down to a rather obscure point: whether Bremer should have required Iraqi ministries to provide a more detailed accounting of the money the CPA gave them.

Democrats asserted that the CPA failed to follow its own basic accounting standards, which Bremer enacted in 2003. Bremer maintained that the authority "met our obligations." He said a team of specialists from the International Monetary Fund "found that the existing Iraqi systems were adequate and recommended we use them while beginning the longer-term process of modernizing them." Distributing cash in a war zone wasn't "a perfect solution," Bremer said. "But there are no perfect solutions in Iraq."

During the 15-month occupation, the United Nations allowed the U.S. government to sell Iraq's oil and keep the proceeds in a trust fund. The $8.8 billion in question was drawn from that fund.

Republicans noted that the inspector general, Stuart W. Bowen Jr., did not provide any evidence to suggest that the $8.8 billion was stolen or fraudulently appropriated. "Limited visibility over payments to Iraqi ministries by itself doesn't establish the [Democratic] majority's alleged $8 billion fraud," said Rep. Thomas M. Davis III (Va.).

Democrats fired back by implying that Bremer and his budget director, David Oliver, who also testified yesterday, adopted a blasÃ© attitude toward the $8.8 billion because it was Iraqi money, not U.S. taxpayer money. Rep. Diane Watson (Calif.) played a tape of an interview Oliver gave to the BBC last year in which he said: "I can't tell you whether or not the money went to the right things or didn't -- nor do I actually think it's important."

She then read from a transcript of a speech Bremer gave at Clark University in Massachusetts in April 2005. "I suggest you not worry because the $9 billion is Iraqi money, not American money," Watson quoted Bremer as saying.

Bremer insisted that he "took seriously" the responsibility to spend Iraqi funds.

Only a few Democrats pressed Bremer on other issues.

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Rep. John F. Tierney (Mass.) asked Bremer about reports that many CPA employees were selected on the basis of political loyalty and connections instead of experience with post-conflict reconstruction or expertise in the Middle East. Bremer said that most staff members were hired by the Pentagon and that he was not involved in personnel issues.

Rep. William Lacy Clay (Mo.) asked Bremer whether he regretted disbanding Iraq's army and also whether he would admit that "your de-Baathification program helped to set the stage for the takeover of Iraqi politics by Shiite politicians with close ties to Iran."

Bremer contended that if he had called members of the former Iraqi army into service, it would have angered Shiites and Kurds -- who collectively make up more than 75 percent of Iraq's population -- and it might have led the Kurds to secede from Iraq. He also defended the overall thrust of his "de-Baathification" decree, but he acknowledged it was a mistake to leave the implementation up to Iraqi politicians, who "broadened it."

"It was the right policy, but poorly implemented," Bremer said.

Bremer, who received the Medal of Freedom from President Bush for his service in Iraq, appeared before the committee voluntarily. Waxman had also requested the appearance of Timothy Carney, a retired ambassador who was recently tapped to serve as the reconstruction coordinator in Iraq, but Waxman said the State Department refused.

Waxman said State offered several reasons Carney would not be able to appear, the last of which was insurmountable: He left for Baghdad on Friday.

Waxman Raps Ex-Iraq Chief Over Aid Funds (AP)

By Larry Margasak

AP, February 7, 2007

House Democrats, taking charge of investigations now that they control Congress, grilled the former U.S. occupation chief in Iraq on Tuesday about the way he doled out up to $12 billion of Iraqi dollars without accounting for the money.

L. Paul Bremer III, with support from Republicans, fired back by insisting he did the best he could in the middle of a war and repeating over and over that he was spending Iraqi — not U.S. — money.

The hearing by the House Committee on Oversight and Government Reform scrutinized the chaotic days that began after a burning and looted Baghdad fell to U.S. troops four years ago. Bremer ran the country for 14 months.

However, the days of the Coalition Provisional Authority seemed like a distant past compared with a simultaneous Senate hearing — where Defense Secretary Robert Gates spoke of the situation today, including the hope of a U.S. troop withdrawal before year's end.

The significance of the House hearing came when Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., promised two years of investigations of fraud, waste and abuse on the Bush administration's watch.

Democrats are planning dozens of investigations, many of them in Waxman's committee, which scheduled further hearings this week on homeland security contracts and drug prices.

The hearing presented two divergent views of what financial controls were possible in an Iraqi capital with no functioning national government.

Waxman and a hearing witness, special inspector general for Iraq Stuart Bowen Jr., criticized Bremer for failing to install accounting systems that would have forced Iraqi ministries to account for up to $12 billion in Iraq's funds. The money came from a United Nations oil-for-food program and seized Iraqi assets, but fell under Bremer's control.

"Without strong standards, we have no way of knowing whether the cash could end up in enemy hands," said Waxman.

Bremer countered, "I arrived in Baghdad at a time when much of the city was burning. Looting was still widespread. My responsibilities were to kickstart the economy."

Former committee chairman Tom Davis, R-Va., now the senior minority member, defended Bremer and criticized Waxman.

He said Waxman was rushing to "old judgments" in a hearing that was "old news."

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Bowen, responding to Bremer's assertions that he was operating without a functioning Iraqi government, said, "That situation screams for more oversight, more controls." But the inspector general told the hearing he couldn't say whether insurgents got any of the funds.

Bremer painted the bleakest possible picture of the situation he faced.

Looters were running wild. Buildings were burning. Competent government officials had fled or were on the run. Civil servants had not been paid for months. Banks were closed and only cash would keep the economy from total collapse.

Waxman said up to $12 billion in Iraqi money was converted to dollars, held in the Federal Reserve Bank in New York and shipped in pallets to Baghdad that totaled 363 tons.

"Millions of Iraqi families depended on civil service salaries and pensions," Bremer said. "It was clear we had to get this Iraqi money in the hands of people immediately."

Bremer acknowledged that he and the U.S. government made mistakes. He said he mistakenly described the Iraqi Army as being disbanded — leaving an incorrect impression because "there was not a single unit of the Iraqi army standing in place. "

He said too many government workers were fired because he mistakenly let Iraqis carry out his policy of dismissing only 1 percent of the government officials under Saddam Hussein.

And Bremer said he believed from the start that the best way to provide security was to increase the number of U.S. troops beyond the numbers sent to Iraq.

Bremer Defends Spending In Iraq (MCT)

By Renee Schoof

McClatchy Newspapers, February 7, 2007

WASHINGTON - Democrats in the House of Representatives on Tuesday grilled the former U.S. administrator of Iraq, L. Paul Bremer, demanding that he account for billions of dollars distributed in Iraq that no one seems able to trace.

Much of the questioning focused on $12 billion -mostly in $100 bills packed in huge bundles, 363 tons of cash in all - from Iraqi oil sales and frozen assets of Saddam Hussein's regime. The United States shipped the money to Iraq for Bremer's organization to disburse to Iraqi ministries.

A government audit in 2005 found that $8.8 billion was turned over to the ministries without assurance that it would be properly used and accounted for. A House Committee on Oversight and Government Reform staff document issued Tuesday says that much of the money appears to have been lost to corruption and waste.

Oversight committee Chairman Henry Waxman, D-Calif., said that with no clear standards, it was possible that some of the money ended up in enemy hands.

Bremer acknowledged making mistakes, but said that overall - given the violence and the sorry state of Iraq's economy - he did the best he could. It was the first time he'd testified before Congress since he turned over Iraq to an interim government in 2004 after running the Coalition Provisional Authority for 14 months.

"Despite the chaotic situation we found in Iraq, I believe the CPA discharged its responsibilities to manage these Iraqi funds on behalf of the Iraqi people, " Bremer said. "I am proud of what we achieved."

Bremer said he used the money to pay government workers their salaries and pensions. He said the Iraqi ministries didn't have good payroll records but that he had to turn over the money they requested quickly because he didn't want government employees to go without pay.

Rep. John Tierney, D-Mass., asked Bremer about reports that many of the 3,000 CPA staffers were recent American college graduates who got their jobs because of their loyalty to the Bush administration.

Bremer said it was difficult to get qualified people to work in Baghdad and that he wasn't responsible for selecting them.

Since Iraq's spiral downward into a violent insurgency and sectarian civil war, many analysts have blamed Bremer's decisions to disband the Iraqi army and ban members of Saddam's Baath party from public service as key reasons that anarchy emerged.

Bremer defended both decisions. He said the Iraqi army had been a vehicle of Saddam's repression and that the Baath party was modeled on the Nazis - "all right out of Hitler's playbook."

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He said he'd suggested that only top Baath members lose their jobs but that Iraqi politicians implemented the plan and "broadened it way out." The chairman of the de-Baathification committee was then-Pentagon favorite Ahmad Chalabi.

Also testifying was Stuart Bowen, the special inspector general for Iraq reconstruction, who headed the 2005 audit of Iraqi money. Bowen said Bremer had failed to follow CPA rules set to ensure there'd be more transparency about how the Iraqi ministries used the money. But Bowen said he didn't find that the CPA had engaged in any fraud.

Bowen said his office continued to pursue fraud in Iraq and was examining 80 cases.

Republicans on the committee said Bremer found himself in an extremely difficult job and couldn't be blamed for the U.S. government's lack of planning for post-invasion Iraq.

"We could have been accused of holding their money" if Bremer hadn't disbursed it swiftly, said Rep. Christopher Shays, R-Conn.

Waxman said he'd asked the Bush administration's new official in charge of Iraq reconstruction, Tim Carney, to testify and Carney was willing, but that the State Department had refused and said he wouldn't be available to appear before the panel for six months. Carney, a former ambassador to Haiti and Sudan and a former peacekeeping official in Somalia, Cambodia and South Africa, worked in Iraq for Bremer's predecessor, Lt. Gen. Jay Garner, for three months beginning in March 2003.

Waxman Hits 'Waste, Abuse' Of Iraq Funds (WT)

By S.a. Miller

The Washington Times, February 7, 2007

Rep. Henry A. Waxman yesterday excoriated the Bush administration for not tracking $12 billion of Iraq reconstruction funds, beginning the first of what he promised would be two years of hearings into "fraud, waste and abuse in federal spending."

"My concern is that without strong standards, we have no way of knowing whether the cash shipped into the Green Zone ended up in enemy hands," said Mr. Waxman, California Democrat and chairman of the Oversight and Government Reform Committee.

L. Paul Bremer III, former administrator of the Coalition Provisional Authority (CPA), which governed Iraq immediately after the overthrow of dictator Saddam Hussein, testified that there was no evidence the money went to insurgents or al Qaeda in Iraq.

After the hearing, Mr. Bremer said opponents of the administration's Iraq policy always have been long on criticism and short on new ideas.

"Nobody today and nobody in the past three years come up with an alternative," he told The Washington Times. "Nobody has ever said we could have on an air-tight accounting system. We came in the middle of a war in a devastated economy."

Still, Mr. Bremer said the hearing helped clear up misinformation about the money. The money was Iraqi oil money, not taxpayer dollars, Mr. Bremer told lawmakers, and the funds were used to run the Iraqi government, not to build infrastructure.

During the hearing, Mr. Waxman recounted how from May 2003 to June 2004 the Federal Reserve Bank in New York sent nearly $12 billion in cash aboard C-130 cargo planes to Baghdad.

The currency 281 million individual bills weighing a total of 363 tons came from Iraq oil proceeds and was sent to finance nation-building by the CPA.

"The numbers are so large that it doesn't seem possible that they're true," Mr. Waxman said. "Who in their right mind would send 363 tons of cash into a war zone? But that is exactly what our government did."

Mr. Bremer defended the cash payouts, saying Iraq lacked phone service, electricity and banks after the fall of Saddam's regime in April 2003.

"We had to find a way to get the Iraqi people money quickly so they could start rebuilding their country," Mr. Bremer said. "It was not a perfect solution, Mr. Chairman, but there are no perfect solutions in Iraq."

Rep. Thomas M. Davis III of Virginia, the committee's ranking Republican, faulted the chairman for describing the accounting failures as waste or fraud.

"The majority continues to equate a lack of exquisite accounting in Iraq with massive waste," he said. "Limited visibility over payments to Iraqi ministries, by itself, simply does not establish the majority's alleged $8 billion flood of fraud."

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Mr. Bremer conceded the administration's "poor planning" for reconstruction after Iraq fell and said a "business-as-usual approach to contracting and personnel didn't work."

However, he assured the committee that his caretaker government took steps to "combat corruption" within the Iraqi government that he said was a legacy of Saddam's dictatorship.

Mr. Waxman noted reports that millions of dollars went to "ghost employees" in the Iraqi ministries, which Mr. Bremer said was another holdover from the Saddam regime.

The crux of the hearing was a January 2005 audit report that found "the CPA did not establish or implement sufficient managerial, financial and contractual controls to ensure that funds were used in a transparent manner."

The report by Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, concluded that the CPA distributed $8.8 billion to the ministries "without assurances the monies were properly used or accounted for."

Mr. Bowen acknowledged the difficulties the CPA faced.

"It was an extremely chaotic situation," he said. "The government was nonexistent. To me, that screams out for more controls."

Democrats pressed Mr. Bowen to speculate on where the money went.

"We don't know where the money ended up. Do we?" asked Rep. Elijah E. Cummings, Maryland Democrat.

"How it was spent by the Iraqi ministries is something I can't account," Mr. Bowen said. "We have anecdotal evidence that it was used to pay payroll, and we know it was used for overhead."

Mr. Cummings said, "You don't know that it didn't go to insurgents."

Rep. Dan Burton, Indiana Republican, asked Mr. Bowen about whether the audit revealed fraud.

"We found no instances of fraud," said Mr. Bowen, who also said accounting practices within the CPA were adequate, in contrast to practices within the Iraqi ministries.

Waxman

L. Paul Bremer III, the former administrator of the Coalition Provisional Authority, yesterday slammed critics of the Bush administration's Iraq war policy saying that "nobody in the past three years come up with an alternative."

U.S. To Pay $5.8B To Expand Iraqi Forces (AP)

By Robert Burns

AP, February 7, 2007

The U.S. government will pay $5.8 billion to help Iraq expand further its army and police force, which are deemed too small for its security needs, senior Pentagon officials said Tuesday.

The expansion, announced Monday as part of President Bush's 2008 budget plan, would increase the Iraqi security forces from 328,000, which was the goal set several years ago and reached last December, to 362,000.

The Bush administration has made the development of competent Iraqi security forces a centerpiece of its strategy for eventually withdrawing U.S. military forces. But the process has been slower than planned.

Tina Jonas, the Pentagon budget chief, told a small group of reporters that Bush's 2008 budget proposal includes $3.8 billion for the expansion and that the other $2 billion is contained in his request for an additional $93.4 billion to cover overall war costs for the remainder of the current budget year, which ends Sept. 30.

The plan to expand the Iraqi army was generated last year while Donald H. Rumsfeld was defense secretary. But it took more months to work out with the Iraqi government how much it would cost and how that would be shared.

Vice Adm. Stephen Stanley, a top budget official on the Joint Chiefs of Staff, said Tuesday that the Iraqis are responsible for the cost of training and equipping 19,000 of the 34,000 additional troops and police. The United States would pay for the other 15,000.

Jonas also said that in the first two months of the current budget year — October through November 2006 — the Pentagon spent about $8.6 billion a month on the Iraq war and about $1.4 billion in Afghanistan. By comparison, the spending rate for Iraq alone during the 2006 budget year, which ended last Sept. 30, was about $6.8 billion per month, according to a Pentagon chart on war costs since 2001.

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Stanley said the spending rate in Iraq of $8.6 billion a month so far this budget year is probably the highest since the initial invasion in March 2003.

Jonas noted that war costs usually are higher in the initial months of a budget year because more contracts for services are paid early in the year. Also, overall costs in Iraq have grown because the Pentagon is now using the war budget to pay for repairing, replacing and replenishing equipment lost or damaged in combat.

Iran Accuses US Of Role In Iraqi Kidnap (FT)

By Steve Negus

Financial Times, February 7, 2007

The Iranian government on Tuesday accused the US of complicity in the kidnap of one of its diplomats in Iraq, in an incident that might inflame the already tense relations between Washington and Tehran.

The Iranian government said that Jalal Sharafi, second secretary at Tehran's embassy in Baghdad, was seized on Sunday by gunmen who it claimed "operate under the supervision of the American forces in Iraq", the official Islamic Republic News Agency reported.

An Iraqi official was quoted by [a news agency] as saying that Mr Sharafi was snatched in the central Karrada district by 30 gunmen wearing the uniforms of a special Iraqi army unit that often works with US forces in Iraq.

Hasan Kazemi-Qomi, Tehran's ambassador to Baghdad, said on Iranian television the kidnappers had used US vehicles and that the abduction took place "within the framework of the US president's order to step up encounters with Iranians".

"Responsibility for this operation lies with American forces . . . those who kidnapped Jalal Sharafi . . . were not affiliated to [Iraq's] defence ministry, rather this operation was carried out under the supervision of a group connected to the Americans."

The US military denied any of its units were involved in the incident. The White House last month authorised its forces in Iraq to kill or capture Iranian agents deemed to be a threat.

Diplomats are regularly targeted in Iraq, where armed factions engage in political assassination as well as abduction for ransom. The presence of Iranian diplomats in Iraq is particularly sensitive, thanks largely to the bitter 1980-1988 war fought between the two countries.

In 2004, Iranian diplomat Faridoun Jihani was kidnapped on a highway south of Baghdad by a Sunni insurgent group, who accused him of stirring sectarian conflict. He was released after two months.

Last month US forces detained five Iranians working for an informal consulate in northern Iraq on suspicion of funding militant activity.

It is unlikely that Tehran knows at this stage who abducted Mr Sharafi.

Iran Alleges U.S. Role In Kidnap Of Embassy Official In Baghdad (WP)

By Joshua Partlow And Ernesto Londoã±o

The Washington Post, February 7, 2007

BAGHDAD, Feb. 6 -- Iranian officials in Iraq on Tuesday accused U.S. forces of collaborating with Iraqi soldiers in what they described as the kidnapping of an Iranian diplomat in downtown Baghdad.

Four Iraqis allegedly involved in the kidnapping Sunday evening of diplomat Jalal Sharafi were arrested and interrogated by Iraqi police, according to two Iranian officials in Baghdad. The detained Iraqis, who wore military uniforms and carried military identification cards, were "not under the Ministry of Defense control, they were directly connected to the American control," said an official at the Iranian Embassy who spoke on condition of anonymity.

A U.S. military spokesman, Lt. Col. Christopher C. Garver, said Tuesday that the military was not involved in the reported abduction and that he was not aware of any involvement by Iraqi forces.

Iraqi officials declined to comment Tuesday on the Iranian allegations, but Foreign Minister Hoshyar Zebari scheduled a news conference for Wednesday at which he was expected to address the issue.

The Iranian officials condemned the disappearance of Sharafi, whom they identified as a second secretary at the embassy in Baghdad, and said his abduction was part of the Bush administration's effort to counter Iranian influence in Iraq.

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"The Islamic Republic of Iran considers it a responsibility of U.S. forces in Iraq to protect members of the diplomatic community, including Iranian diplomats, and will hold them responsible for obtaining the release of the abducted Iranian diplomat," Iranian Foreign Ministry spokesman Mohammad-Ali Hosseini told the Islamic Republic News Agency.

Sharafi, who has worked at the embassy for two years, has a wife and children living in Iran, said Abbass Ittry, the embassy's office manager. At the time of the apparent abduction, which was first reported by the New York Times, Sharafi was traveling with two colleagues, the Iranian officials said. They said that Sharafi's colleagues escaped and notified police, and that police and the abductors exchanged gunfire during a brief clash.

Iraqi Defense and Interior Ministry officials are searching for Sharafi, said Brig. Abdul Khaliq Karim, a spokesman for the Interior Ministry.

U.S. officials have accused Iran, a Shiite Muslim theocracy, of exacerbating tensions in Iraq by providing funding, sophisticated explosives and training to Shiite militias. President Bush last fall secretly authorized the killing or capturing of Iranian intelligence operatives or Revolutionary Guard members operating in Iraq. U.S. officials last month detained five Iranians at a liaison office that provided consular services in the northern Iraqi city of Irbil. Iraqi officials said the men were in the process of being certified as diplomats. In December, U.S. forces detained five Iranians in two raids in Baghdad.

The U.S. military, in statements Tuesday, disclosed the deaths of two American service members. A Multinational Division soldier was killed Tuesday after "insurgents targeted a security post" in southwest Baghdad, and a Marine was died Monday in Anbar province "from wounds sustained due to enemy action." Their names will be released after relatives have been notified.

Meanwhile, U.S. officials said they are investigating a report that a member of the Iraqi parliament had been convicted in the 1983 bombing of the U.S. and French embassies in Kuwait.

"We are actively investigating these serious allegations and continue to be in close contact with the government of Iraq to pursue this case," said Lou Fintor, a U.S. Embassy spokesman in Baghdad. He said he had no further details.

Citing "U.S. military intelligence," CNN reported Tuesday that Jamal Jaafar Mohammed, a member of Iraqi Prime Minister Nouri al-Maliki's Dawa party, was sentenced to death for his alleged role in the bombings, which killed five people and injured more than 80.

Special correspondents Saad al-Izzi and Naseer Nouri contributed to this report.

U.S. Orchestrated Seizure Of Baghdad Envoy, Iran Alleges (LAT)

By Tina Susman

The Los Angeles Times, February 7, 2007

BAGHDAD — Iran accused the United States on Tuesday of being behind the abduction of an Iranian diplomat in Baghdad, but U.S. officials refused to confirm that a kidnapping had taken place as the two countries' campaign of finger-pointing was brought up another notch.

Iranian officials said Jalal Sharafi, their embassy's second secretary, had not been seen since gunmen in Iraqi military uniforms intercepted his car Sunday as he left a branch of a state-owned Iranian bank.

"They acted under U.S. supervision," Iranian Foreign Ministry spokesman Mohammed Ali Hosseini said in a statement released in Tehran. He described the incident as a "terrorist attack."

The Bush administration has accused Iran of fueling the sectarian warfare in Iraq by providing Shiite Muslim extremists with weapons and explosives being used against U.S. troops and Sunni Arab targets. U.S. officials have been holding five Iranians seized last month in a raid in the northern city of Irbil. The Iranian officials are accused of planning attacks on Americans.

The seizure Sunday was another example of U.S. heavy-handedness, an official at the Iranian Embassy in Baghdad said. "They should release our colleague as soon as possible," he said angrily.

Neither U.S. government nor military officials in Baghdad would confirm such an incident, much less the allegation that it had been orchestrated by American forces.

"We have no record of any event that looks remotely like the described abduction," said Lt. Col. Christopher Garver, a U.S. military spokesman. The U.S. Embassy said it was "aware of the reports" and was looking into them.

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Kidnappings are common in Baghdad, where high-ranking officials and ordinary merchants alike may fall prey to gangs looking to get rich by ransoming hostages. Iranian officials, however, refused to consider that Sharafi's alleged abduction was anything but another attempt by Washington to put the squeeze on Tehran. They cited the detention of the Iranians in Irbil as evidence.

"This is not the first time such a thing has happened," the Iranian Embassy official said of Sharafi's alleged abduction. "Normally, the United States is responsible."

As Iraq's violence has escalated, so too has the tension between the United States and Iran, whose leaders deny bolstering Shiite militias at work in Iraq. The diplomatic snarling has put Iraqi Prime Minister Nouri Maliki in an awkward position as he tries to cultivate close relations with Iran while trying to convince American officials that he is serious about quelling violence.

A joint U.S.-Iraqi security plan announced last month has yet to produce tangible results, at least in the view of Iraqis living under constant threat of car bombs, mortar attacks, stray gunfire and street crime.

The bodies of at least 19 men, all shot to death and most showing signs of torture, were found in Baghdad on Tuesday, police and morgue officials said. In addition, at least five people died when a car bomb exploded in the east Baghdad neighborhood of Mashtal.

In the city of Kut, about 100 miles southeast of Baghdad, a roadside bomb targeting a passing U.S. military convoy instead blew up under a civilian minivan, killing a woman.

The U.S. military announced the death of a Marine in Al Anbar province, west of Baghdad, bringing the number of American troops killed since the March 2003 U.S.-led invasion to at least 3,103, according to the website icasualties.org, which tracks casualty figures in the war.

In the Shiite neighborhoods of Ur and Shaab, in northern Baghdad, residents said U.S. and Iraqi forces set up checkpoints Tuesday morning, snarling traffic for hours but doing little to reassure people of the new security plan's effectiveness.

Majid Abdullah, 42, who owns an auto parts shop in Shaab, said that most checkpoints had been dismantled by afternoon and that those remaining were manned by Iraqis, with U.S. troops only passing by occasionally.

"Frankly speaking, there doesn't seem to be anything different in their activities compared to any other days," he said. "In fact, they don't seem that enthusiastic and rarely ever search vehicles and passersby."

Abdullah complained that he had gone through the checkpoint several times in his car and had yet to be searched. "I want to be searched. We want them to be more diligent."

A resident of Ur said about 10 Strykers, hulking U.S. armored vehicles, had made their way through her neighborhood but become stuck on a narrow street. Unable to turn around, she said, the first Stryker rammed down the walls of a school and drove through it, followed by the rest of the convoy.

Maliki acknowledged delays in implementing the security plan he announced early last month and, after meeting with Iraqi military commanders, urged them to disprove skeptics who he said were doubting their ability or determination to stabilize Iraq.

"I address my speech to you, the Iraqi commanders, to prove and to show the world that you are up to the responsibility that is in your hands," he said.

Abdullah, however, made clear he was not optimistic.

"It's a new security plan every day, and there is all this hype about it when in fact it is not different and therefore will not make any difference," he said. "It's another disappointment."

Blair Urges Iran To Change Its Ways (AP)

By Thomas Wagner

AP, February 7, 2007

Prime Minister Tony Blair told lawmakers Tuesday that no military action is planned against Iran, but that international opinion is hardening against Tehran's nuclear ambitions and what he described as its interference in conflicts across the Middle East.

Iran has been widely criticized for links with Hezbollah in Lebanon, Hamas in the West Bank and Gaza, and Shiite militias fighting coalition forces in Iraq.

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Iran "is trying to prevent reconciliation across the region, and I think that is very shortsighted and very foolish," Blair told the House of Commons' Liaison Committee.

"If they were able to play a constructive role in Iraq, it would be of immense help to the international community. It would also actually be of immense help to Iran in the end since they don't want chaos on their borders," Blair said during his biannual appearance before the committee to discuss a wide range of local and international issues.

"You can't take any option off the table, but nobody is talking or planning military intervention. That's not what the international community wants, " Blair said. "It's not what we want."

President Bush has said the U.S. has no plans to invade Iran. But he recently increased the U.S. naval presence in the Persian Gulf to its highest level since 2003 by ordering a second aircraft carrier strike group to the region. Bush also has authorized the U.S. military to kill or capture any Iranian agents plotting attacks in Iraq against American forces.

The United States and several Western allies believe that Iran is using its nuclear program as a cover to produce atomic weapons — a charge Iran denies. Tehran says it seeks only to generate electricity.

Merkel Says Talks With Iran Still Possible (AFP)

AFP, February 7, 2007

German Chancellor Angela Merkel said that the door remains open for negotiations between Iran and the international community over its contested nuclear programme.

"Even if the United Nations has decided on sanctions, the door for negotiations remains open," Merkel said at a joint press conference with Kuwait's Prime Minister Sheikh Nasser Mohammad al-Ahmad al-Sabah.

"I hope that reason will prevail and that we will be able to hold talks again," added Merkel, whose country currently holds the rotating European Union presidency.

The premier of Kuwait, which lies just across the Gulf from Iran, also stressed the importance of going back to negotiations over Tehran's nuclear drive.

"It is important now to have unconditional negotiations. We have to sit down at the negotiating table and talk openly and without conditions," he said. "It is absolutely necessary to have peace in the region."

EU foreign ministers agreed late January to implement the full raft of UN sanctions against Iran to punish Tehran for failing to meet international demands over its nuclear programme.

The UN Security Council in December adopted a resolution imposing sanctions on Iran for its repeated refusal to fully cooperate with the UN atomic energy watchdog or suspend uranium enrichment.

Merkel was in Kuwait after a stop in the United Arab Emirates where she met Emirati President Khalifa bin Zayed al-Nahayan on Monday as part of talks with Gulf leaders on international efforts to revive the Middle East peace process.

Her regional tour has also taken her to Riyadh and Cairo.

Israel Sounds Alarm On Iran's Nuclear Efforts (LAT)

By Richard Boudreaux

The Los Angeles Times, February 7, 2007

JERUSALEM — Israeli leaders rarely invoke the Holocaust in the face of enemies. The Jewish homeland founded after Adolf Hitler's genocide has, for the last generation, felt secure enough to fight its many battles with little or no help.

But the specter of a nuclear-armed Iran has rattled Israel's self-confidence. Its politicians and generals warn of a "second Holocaust" if, as in the 1930s, the world stands by while a heavily armed nation declares war against the Jews.

Spelling out that scenario, Israeli officials have begun an unusually open campaign to muster international political and economic pressures against Iran. They warn that time is growing short and hint that they will resort to force if those pressures fail to prevent Iran's development of an atomic weapon.

Israeli leaders fear that an Iranian bomb would undermine their nation's security even if Tehran never detonated it. That Israel has its own nuclear arsenal would not counteract the psychological and strategic blow, they believe.

Israel began secretly preparing in the early 1990s for a possible air raid on Iran's then-nascent nuclear facilities and has been making oblique public statements about such planning for three years.

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What is new is Israel's abandonment of quiet diplomacy to rally others to its side. Until a few months ago, Israeli leaders worried that high-profile lobbying would backfire and provoke accusations that they were trying to drag the United States and its allies into a war.

Israel's new activism coincides with a recent drumbeat of U.S. threats against Iran, including President Bush's vow to "seek out and destroy" Iranian and Syrian networks he said were arming and training anti-American forces in Iraq, and his dispatch of a second aircraft carrier group to the Persian Gulf.

Several factors have contributed to Israel's more assertive campaign, Israeli officials and defense analysts said.

Israel's war against Iranian-backed Hezbollah guerrillas in Lebanon last summer brought Tehran's hostility alarmingly close to home. At the same time, the war made relatively moderate Sunni-dominated Arab nations more wary of Shiite Iran, easing Israel's isolation and creating a de facto anti-Iran coalition.

Iranian President Mahmoud Ahmadinejad has repeatedly called for Israel's destruction. And while denying any plan to build an atomic weapon, Iran has continued to enrich uranium and acquire long-range missiles.

And Israeli leaders worry that the window is closing on any hope for decisive action by Bush, their most powerful supporter. The head of Mossad, Israel's foreign intelligence agency, told parliament late last year that Iran would be able to produce a nuclear weapon as early as 2009, the year Bush is to leave office. Other analysts have predicted a longer timetable.

Since last summer, Israeli Prime Minister Ehud Olmert has sounded an alarm against Iran in public and in meetings with the leaders of Britain, France, Germany, Italy, Russia, China, Egypt and Jordan. He has also met twice with Bush.

"The Jewish people, on whom the scars of the Holocaust are deeply etched, cannot allow itself to again face a threat against its very existence," Olmert said last month in a speech reviewing the diplomatic campaign. "In the past, the world remained silent and the results are known. Our role is to prevent the world from repeating this mistake."

Israel strongly prefers that the world keep Iran from developing nuclear weapons through crippling, dissuasive economic sanctions, Olmert said. But he added: "We have the right to full freedom of action in defense of our vital interests. We will not hesitate to use it."

'Force them to reconsider'

Olmert on Tuesday reiterated that economic pressure might be enough to halt Iran.

"I think there is a way to stop the Iranians from moving forward on their nuclear program without violent actions," the prime minister said in a speech to visiting American Jewish leaders.

If wide-ranging sanctions can "cause such damage to the Iranian economy — and we see some signs already — it will force them to reconsider," he said.

Israel's new stance was evident in December as its lobbying contributed to a United Nations Security Council decision to ban the sale to Iran of materials used in uranium enrichment, reprocessing and building ballistic missiles. Enriched uranium can be used to produce electricity or a nuclear bomb.

Despite misgivings about the risk of a backlash, Israel is helping the United States push broader voluntary sanctions to cut Iran's trade credits, oil investments and ties to foreign banks. In that effort, it is helping the U.S. Treasury Department monitor the activities of Iranian banks abroad.

"It might be bad for Israel and bad for American Jews for Israel to be seen as pushing for action on Iran," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a research institute in Jerusalem. "But we don't have the luxury of time anymore."

Iran says it is seeking nuclear technology for civilian purposes. But because it kept its program secret for 18 years and has failed to comply with U.N. nuclear inspections, Iran is presumed by Israel and Western countries to be trying to acquire the technology to make a bomb.

If Iran achieves that threshold, it will radically alter the region, Israeli officials and analysts said.

Emboldened by the bomb, they said, Iran could provide Islamic militant movements Hezbollah and Hamas with longer-range and deadlier rockets to fire at Israel than the current stock of Katyushas and Kassams. It could also veto any Palestinian or other Arab effort to make peace with the Jewish state.

No longer a deterrent

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Israel's possession of nuclear weapons since the late 1960s, though rarely acknowledged by its leaders, has worked as a deterrent until now.

"For decades, the Arab countries … knew they couldn't beat Israel, so there was no coalition forming against us," said Maj. Gen. Amos Gilad, director of the Defense Ministry's Political-Military Bureau.

But soon, he said, "the Iranians could create a belief that they can beat us, and under their umbrella create an axis that will destabilize the Middle East."

Also, Sunni Arab countries — Egypt, Saudi Arabia, Algeria, Jordan and Libya — could strive to build atomic weapons to compete with Shiite Iran, making any regional conflict a potential nuclear tinderbox, he said.

In such an environment, many Israelis might flee. A December poll in the newspaper Maariv found that 27% of Israelis would leave or consider leaving if Iran acquired nuclear weapons. Two-thirds of those surveyed said they believed Iran would drop a nuclear weapon on Israel.

Apocalyptic scenarios involving Iran dominated last month's annual Herzliya conference, Israel's premier gathering of foreign policy, defense and security specialists. Participants pressed several U.S. presidential hopefuls on how they planned to thwart Iran's nuclear ambitions.

"I see a syndrome of America acting late," Sami Friedrich, an Israeli management consultant, lectured Sen. John McCain (R-Ariz.), who joined the conference by video hookup from Washington. "America came in late in the Second World War. Now America accepts the diagnosis that it failed to imagine the worst with Al Qaeda. America has this worrying pattern."

Despite the anxiety, Israeli officials at the conference said they were hopeful that sanctions would force Iran to suspend its enrichment program.

They were encouraged by Ahmadinejad's setback in recent local elections, rising unemployment and inflation in Iran, and reports that domestic criticism of the president was escalating.

Vice Premier Shimon Peres told students in Qatar last week that Israel's problem was with Ahmadinejad, not the Iranian people, and it did not "intend to use military action."

If Ahmadinejad were to fall, "someone else would come to power, someone less hostile, and the question of whether they have nuclear capability will be less important," said Uri Lubrani, a former Israeli ambassador to Iran who advises the Defense Ministry and opposes military action.

That, however, appears to be a minority view in the government and defense establishment. Other officials and analysts argue that voluntary sanctions are unlikely to win full support from European countries and in any case would be undermined by Russia, China and India. They say time is too short and the stakes too high to bet solely on a change in government.

"We cannot sit back and wait for a revolution," said Isaac Ben-Israel, a reserve air force major general who heads Tel Aviv University's Security Studies Program.

Ben-Israel helped plan the 1981 Israeli air raid that destroyed Iraq's Osirak nuclear reactor. He said Israel had the capacity to set back Iran's atomic program by striking a few key targets, such as its uranium conversion facility at Esfahan, its enrichment facility at Natanz and its heavy-water reactor at Arak.

'A new front in Iran'

But Israel lacks the capability for a sustained offensive that might be needed to strike the bulk of Iran's facilities. Because of that, Ben-Israel and other officials say, Israel would prefer to join in an American-led attack on Iran — a scenario Bush has refused to rule out. But they worry that Bush has been so weakened at home by the Iraq war that "opening a new front in Iran may not be feasible for him," Ben-Israel said.

Israelis have been hinting strongly that they are prepared to act on their own. In an article in last week's issue of the New Republic, Halevi and Michael Oren, also a senior fellow at the Shalem Center, wrote that if Israel decided to strike, it would probably do so within 18 months.

Israel would wait long enough to give sanctions a chance to work, the authors predicted, but not so long that Iran's facilities would become radioactive, making the consequences of bombing them far more lethal.

Robert J. Einhorn, the assistant secretary of State for nonproliferation in the Clinton administration, said Israel's threats, coupled with the possibility of U.S. military action, could help bolster the push for sanctions.

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"It's important that not only the Iranians believe the military option is credible," said Einhorn, who is a senior advisor at the Center for Strategic and International Studies, a Washington think tank. "The more the Europeans believe the use of military force is thinkable in Iran, the more they will be prepared to use economic leverage to avoid that possibility.

"Israel is sounding the alarm with lots of countries, urging them to do all sorts of things," he said. But if those efforts fail, "they are going to have to decide whether to act unilaterally and militarily. That will be a very hard decision."

Iran's Economic Conditions Deteriorate (USAT)

By Barbara Slavin

USA Today, February 7, 2007

WASHINGTON — U.S. and Western pressure on Iran is squeezing its economy, feeding the inflation and joblessness that have swelled under its controversial president, Mahmoud Ahmadinejad.

Trade figures and other data have begun to reflect deepening economic isolation taking place as a result of U.S.-led efforts to penalize Tehran for what the United States alleges is the pursuit of nuclear weapons and sponsorship of terrorist groups.

For example, Iran's imports from Germany fell 14% in the first eight months of 2006, the German-Iranian Chamber of Commerce says. European Union countries account for 40% of Iran's imports, and Germany is Iran's largest European supplier, providing machinery, steel and electrical equipment, along with other goods.

German government export credits, used to finance trade, also fell by a third last year and are expected to drop again this year, said Ulrich Sante, a spokesman at the German Embassy in Washington.

"People who want to pursue legitimate commerce with the West will see that the policies Ahmadinejad is pursuing are leading to isolation and painting a more bleak economic future for the country," said Stuart Levey, U.S. Treasury undersecretary for terrorism and financial intelligence.

The United Nations Security Council imposed sanctions on Iran in December after Tehran failed to suspend uranium enrichment. The sanctions block exports that can be used in Iran's nuclear and missile programs and freeze assets of officials linked to those programs.

Separately, the Bush administration has cut off two Iranian banks from access to the U.S. financial system and dollar-based transactions on grounds that terrorists and weapons programs used accounts at those banks.

The United States has had no diplomatic relations with Iran and has restricted trade with Tehran since 1980, when Iran took U.S. Embassy personnel hostage.

Iran's economic challenges include:

•Banking restrictions. A half-dozen European banks have ended or restricted dollar dealings with Tehran to avoid jeopardizing business with the United States. Mohammad Jafar Mojarrad, vice governor of Iran's Central Bank, said most of the lenders continue dealing with Iran in other currencies.

Peter Pietsch, spokesman for giant German bank Commerzbank, said the institution halted dollar transactions with Iran on Jan. 31 but still conducts transactions with Iranians in euros.

Credit Suisse, a major Swiss-based financial services firm, stopped taking new clients in Iran in late 2005 "in light of the developments in the country … as well as to safeguard our reputation," spokeswoman Esther Gerster said.

•Rising import costs. Saeed Laylaz, a Tehran business consultant, said exporters require Iranian buyers to deposit the full amount of a transaction to obtain letters of credit, and that has added 8% to 12% to the cost of imports.

•Declining oil production. Oil Minister Kazem Vaziri-Hamaneh told the Iranian Student News Agency last year that Iran's annual oil output had declined by half a million barrels per day as the country struggled to pump from aging fields. Iran produces 3.9 million barrels per day and exports 2.4 million. Roger Stern, an economist at Johns Hopkins University, has predicted that Iranian oil exports could decline to zero by 2015 without a significant increase in investment or a decline in domestic consumption.

Mojarrad said Iran was taking steps to encourage new investment. He cited a $10 billion deal signed last month by Spain's Repsol and Royal Dutch Shell to develop an offshore Iranian field.

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The Iranian economy continues to grow at a rate of more than 5% a year in inflation-adjusted figures, Mojarrad said. He said sanctions will hurt Americans more than Iranians by undermining the use of the dollar as a reserve currency, depressing its value and making U.S. imports more expensive.

Even before the latest sanctions, the Iranian president's rhetoric — calling for Israel to be destroyed — and defiance on the nuclear issue appeared to have a chilling effect on investment and trade.

Iran faced "a cooling off of the business environment in the last year because of the nuclear issue and the rhetoric" of Ahmadinejad, said Adam Pener of the Conflict Securities Advisory Group, a Washington-based consulting firm.

Laylaz said the sanctions have added to problems caused by Ahmadinejad's free-spending policies. Inflation — officially 12%, according to Iran's Central Bank — is likely to rise to 15% this year, Laylaz said.

Unemployment was 11.5% in the year ending in March, 1.2% higher than the previous year, according to the Iran Statistical Center. Food prices rose by a third from March to August, the cost of housing went up 14%, and the cost of medical care increased more than 18%, said Iran's Karafarin Bank, which provides overviews of the Iranian economy to the International Monetary Fund.

Joblessness rose in spite of a 37% increase in Iran's hard currency earnings, derived mainly from oil. Iran's oil revenue was $50 billion last year. Oil revenue, taxes on oil and other oil-related income financed more than 70% of Iran's government spending, according to Karafarin Bank.

Challenging The Mullahs, One Signature At A Time (NYT)

By Maura J. Casey

The New York Times, February 7, 2007

"Well-behaved women rarely make history," my favorite bumper sticker says. It surely applies to Shirin Ebadi, the Iranian lawyer and 2003 Nobel Peace Prize winner whose relentless campaign against discrimination has enraged the mullahs for more than 25 years.

In a country where the law values a woman's life at only half the price of a man's, Ms. Ebadi will not be quiet, and she is urging other women to find their voices. Her newest effort is to help collect the signatures of one million Iranian women on a petition protesting their lack of legal rights.

The concept is simple and revolutionary, melding education, consciousness-raising and peaceful protest. Starting last year, women armed with petitions began to go to wherever other women gathered: schools, hair salons, doctors' offices and private homes.

Every woman is asked to sign. But whatever a woman decides, she receives a leaflet explaining how Iran's interpretation of Islamic law denies women full rights.

The material explains how Iran's divorce law makes it easy for men, and incredibly difficult for women, to leave a marriage, and how custody laws give divorced fathers sole rights to children above the age of 7.

Ms. Ebadi says the petition drive has already trained "400 young women to educate others" about these injustices. The movement, made up of a network of women's organizations and publications, has no formal leadership, in part to lessen the chances of retaliation. That didn't help three female journalists who were arrested late last month after they wrote articles for feminist publications backing the drive. They have since been released but will face a hearing in two months. Ms. Ebadi will defend them.

It's only natural to wonder how many more women will be arrested as they rebel, one signature at a time. And only natural to marvel about the courage of the 30,000 women who have already signed.

The movement is doing on a grand scale what Ms. Ebadi has done for her entire adult life. When I last spoke with her, eight years ago in her Tehran home, she had emerged as a tenacious human rights campaigner after being forced to step down as a judge by the Islamic revolution. She was blunt about the lack of freedom in Iran and well aware of the price for such outspokenness.

She's been arrested and imprisoned and the target of death threats. In New York in January for meetings at the United Nations, she was just as defiant and just as unafraid as I remembered. Winning the Nobel Prize has not given her immunity.

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There's a lot to speak out about. When Iran's president, Mahmoud Ahmadinejad, is not propagating lies about the Holocaust or cheering on Iran's nuclear program, he's having independent journalists arrested. But he is not the only problem. Above him is the hard-line Council of Guardians and above it the supreme religious leader. The Council of Guardians vetoed legislation increasing civil liberties and banned most moderates from running for Parliament in 2004.

Given the breadth of the institutional opposition arrayed against them, the Change for Equality Petition Drive is especially clever. Rather than directly confronting the system, it goes around it. Even women who don't sign the petition will be better informed about their second-class status. The hope is that they will then be less likely to accept injustice indefinitely. And if Iran's women start questioning their lack of rights, perhaps Iran's men will have the courage to speak out, too.

The government certainly understands the implications. Just a few weeks ago, it blocked access to the campaign's Web site. But within hours the women had another Web site up and running.

Ms. Ebadi, the lifelong agitator, does not mask her pride or her belief that women's voices will someday make all the difference. "By getting one million signatures, the world will know we object to these conditions," she said. And I can't help but think that instead of one courageous woman for the government to contend with, it will have reaped a million.

Iraqi Premier Admits Errors In Introducing Security Plan In Baghdad (NYT)

By Marc Santora

The New York Times, February 7, 2007

BAGHDAD, Feb. 6 — Prime Minister Nuri Kamal al-Maliki acknowledged for the first time on Tuesday that his government had stumbled in its efforts to carry out a new security plan in Baghdad and that the delays and mounting violence were hurting its credibility with the Iraqi people.

"I feel that we are late," he said in an address to his senior military commanders that was broadcast live on Iraqi national television. "This delay is giving a negative impression and has led some people to say that we have already failed."

Pressure is increasing on the Maliki government to show signs of progress on the security plan that was announced more than a month ago, especially after three weeks of bloody violence that has killed 3,000 civilians.

Mr. Maliki made it clear to the commanders that they needed to show results soon. "I call on you to quickly finish the preparations so that we don't disappoint people," he said.

Mr. Maliki offered no reasons for the delay, but Iraqi military officials have expressed frustration over the slow pace and have cited several problems, including the failure of Iraqi troops from other parts of the country to arrive on schedule in Baghdad, the capital.

The choice of top commanders, drawn from the army and the police, has largely been settled, the officials said, but was slowed by sectarian disagreements, with Shiites objecting to Sunnis and Sunnis objecting to Shiites.

Integrating the Iraqi police force with the army, essential to the plan, remains a problem, officers say. Some Sunni neighborhoods remain off limits to the police, because they are thought to be deeply infiltrated by Shiite militias and are widely distrusted by Sunni residents.

The stepped up pace of the violence against Shiites since the plan was announced, which American and Iraqi officials say is part of a strategy by Sunni insurgents to undermine the government, has further convinced many Shiites that the Iraqi security forces are hapless.

Mr. Maliki told his commanders that they needed to be aggressive and to deploy their troops in force soon to combat that impression, and he promised that unspecified elements of the crackdown would start within days.

"We should not be late, because any more delay would raise suspicions about the military and police forces," he said.

Mr. Maliki has sought to put an Iraqi face on the new plan, but people whose lives have been torn apart by the bloodshed here have also blamed the Americans for failing to provide security. American officials have defended the pace of the operation, emphasizing that it involves a rolling buildup of forces that will take time.

On Tuesday, few signs indicated that anything had changed on the streets of Baghdad, aside from some new checkpoints scattered around the city. An aggressive clearing operation began Tuesday night in a Sunni neighborhood in eastern Baghdad. Iraqi officials said it was part of the new crackdown, but similar operations have been under way for weeks.

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American military officials said one large event to signal the start of the crackdown was unlikely.

The violence continued Tuesday, though perhaps more slowly than in the past few days. An employee in the prime minister's office who was working on antiterrorism issues was killed, a police official said.

Three car bombs killed at least six people and wounded 17 more, gunmen killed two police officers, and 11 people were kidnapped from a house in the Sadr City section of Baghdad overnight.

Mr. Maliki's aides said that while they were frustrated by the delay, trying to rush the security plan into action before the forces were ready would only compound the problems.

"It could be like an abortion for this operation," said Sadiq al-Rikabi, a political adviser to the prime minister. "Finishing it before it starts."

American officers said the new plan, under which an additional 17,000 American forces are to be deployed in Baghdad, would not necessarily have an official start. They said it would be more accurate to describe the effort as a broader strategy shift that would put American troops in Baghdad neighborhoods in more aggressive ways, living and working with Iraqi troops.

The Americans are arriving in staggered intervals over months, and troops on the ground are beginning to carry out the new strategy, the officers said. In western Baghdad, American forces are living with Iraqi soldiers at new Joint Security Stations in two neighborhoods. More stations are under construction.

From the beginning, American officers have cautioned that the new plan would take time, because any chance of success rests on building trust with a population whose faith has been severely tested by nearly a year of vicious sectarian violence. But they know that time is not on their side.

"There have to be some early successes to establish momentum," said one battlefield commander, who like the others spoke on the condition of anonymity because he was not designated to talk with reporters.

Despite the setbacks, the shape of the Iraqi side of the plan is coming into focus.

Last month, Mr. Maliki appointed Lt. Gen. Aboud Qanbar as the overall Iraqi commander for forces in Baghdad. General Qanbar, who had worked in the prime minister's office for six months on security issues, was not Mr. Maliki's first choice; that one was rejected by the Americans as too sectarian. But Mr. Maliki, in turn, rejected the candidate proposed by the Americans, leading to a bitter row that ultimately ended with the Americans accepting General Qanbar, who was largely unknown to them.

But one of General Qanbar's chief selling points to Iraqi officials was precisely his relative obscurity since the American invasion in 2003. "There are many officers who could do the job better, but appointing them would have caused an uproar among the Sunnis," an Iraqi officer said.

Under the new plan, two other commanders will report directly to General Qanbar, one responsible for eastern Baghdad and the other responsible for western Baghdad. The Iraqis and the Americans have agreed on those appointments.

The plan also calls for Baghdad to be divided into nine security districts, each with a commander. Those choices were completed recently, Iraqi officials said.

Kuwait Court Convicts Iraqi Lawmaker In 1983 Bombings That Killed 5 Americans (NYT)

By James Glanz And Marc Santora

The New York Times, February 7, 2007

BAGHDAD, Feb. 5 — A sitting member of Parliament was convicted more than two decades ago of planning the attacks on the American and French Embassies in Kuwait that left five Americans dead in 1983, Iraqi and American officials said Tuesday.

The Parliament member, Jamal Jafaar Mohammed Ali Ebrahimi, was sentenced to death in absentia by a court in Kuwait for the 1983 attacks. He was elected to Parliament in 2005 as a part of the Shiite coalition that now governs Iraq.

"We are actively investigating these serious allegations and continue to be in contact with the government of Iraq to pursue this case," said Lou Fintor, a spokesman for the American Embassy here.

Mr. Jamal, as he is known, served for a while as a security adviser to Iraq's first prime minister after the American invasion, Ibrahim al-Jafaari, officials in Washington said. It was then that they first suspected that he was involved in the 1983 embassy attacks. Their suspicions grew over the past year, and they are almost certain of the connection today.

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It was unclear when American officials first raised the issue with the current prime minister, Nuri Kamal al-Maliki, but one official said there have been discussions for at least several months.

The embassy bombings led to the kidnapping of at least seven Americans in Lebanon and several other terrorist acts aimed at freeing 17 prisoners under death sentences in Kuwait for the attacks. The hostage-taking also led to a scandal in the Reagan administration — famously involving the delivery of a cake in the shape of a key by a presidential envoy — as Washington sought the hostages' freedom with the offer of a secret arms deal to help Iran, which was then at war with Iraq.

Mr. Jamal, who was in Iraq until a week ago, is now in Iran, according to two associates. The presence of a wanted terrorist in the Parliament of Iraq's American-backed government is likely to be an embarrassment for the United States, particularly given Iran's role in sheltering Mr. Jamal.

The United States and Iran are locked in a standoff of sorts in Iraq. The United States has warned Iran against meddling in Iraq and American forces have detained a number of Iranians here on charges of providing assistance to illicit armed groups. Iran, a Shiite state with deep and longstanding ties to Iraq's Shiite political parties, has denied those charges and announced that it plans to expand its ties with Iraq.

Tensions between the rivals rose higher on Tuesday as Iran said it held the United States responsible for the safety of an Iranian diplomat kidnapped in Iraq two days before. Although the diplomat, Jalal Sharafi, was abducted on a Baghdad street by men wearing Iraqi military uniforms and with official identification, Iran has accused the United States of directing the operation. American officials deny any involvement.

"The Islamic Republic of Iran holds U.S. forces responsible for his safety and demands his immediate release," Iran's foreign ministry spokesman, Mohammad Ali Hosseini, told the ISNA news agency on Tuesday.

But Lt. Col. Christopher Garver, a spokesman for the American-led forces in Iraq, said: "This specific event we don't have any knowledge of."

There was no news on Mr. Sharafi's fate on Tuesday.

How Mr. Jamal went unnoticed for so long in the Iraqi government was a mystery that Iraqi officials were at a loss to explain.

The story of how he came to power, his close association with many Iraqi officials, and his long association with Iran all underscore the complicated and intertwined nature of the relationship between the two nations.

Mr. Jamal, who also goes by the name Abu Mahdi al-Mohandis, meaning the engineer, was first identified as a wanted terrorist a month ago by Strategic Policy Consulting, an Iranian dissident group in Washington that gets much of its information from the People's Mujahedeen, the largest and most militant group opposed to Tehran.

However, it was only on Tuesday, when CNN confirmed the group's assertion, that American officials acknowledged they were investigating the case. But several Iraqi officials who know Mr. Jamal said there was little doubt that he was involved in the bombing in Kuwait.

Ali al-Timimi, a Shiite politician who met Mr. Jamal in the early 1980s and used to be a member of the same political party, the Supreme Council for Revolution in Iraq, or Sciri, said Mr. Jamal came back to Iraq shortly after the American invasion in 2003. Another Iraqi politician, insisting on anonymity, confirmed that Mr. Jamal worked for a time for Mr. Jafaari as his security adviser.

Mr. Jafaari, like Mr. Jamal and many other leading Iraqi officials, spent years in exile in Iran while Saddam Hussein, a Sunni, was in power. That was where Mr. Timimi got to know both men. His account was supported by one other Iraqi official who was an associate of Mr. Jamal's, but who insisted on anonymity.

Mr. Timimi said Mr. Jamal, who was from the southern city of Basra, left Iraq in 1979, fleeing to the Iranian town of Ahvaz, just across the border.

The Iranians, who were fighting a war with Iraq at the time, had set up a camp there to train Iraqi dissidents, with the ultimate goal of undermining Mr. Hussein. The bombing operation was opposed by some who worried about reprisals against the thousands of Iraqis in Kuwait without official papers. But Mr. Jamal "insisted on this operation and helped plan these attacks," Mr. Timimi said.

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But the plotters outsourced the actual bomb making to a Lebanese cell, and among the 17 sentenced to death were three Lebanese, which spurred a series of hostage takings in Lebanon and other terrorist acts, which included the hijacking of a Kuwaiti airliner to Tehran in December 1984, in which two Americans aboard were killed.

The Kuwaiti government steadfastly refused either to free the prisoners or to execute them, but they are believed to have escaped in the confusion attendant with Saddam Hussein's invasion of Kuwait in 1990 and the subsequent American attack that drove the Iraqis out.

Terror Takes Toll On Market, Vendors (WT)

By James Palmer

The Washington Times, February 7, 2007

BAGHDAD -- Along a row of tables that crowd a bustling sidewalk, women in billowing black abayas sift through heaps of newly picked tomatoes, bell peppers, cucumbers, eggplant, carrots, cauliflower and potatoes.

Down the street, a fishmonger watches over a pushcart filled with carp feebly splashing in the cloudy water for their last breaths.

This is the Abu Shujaa Market in the Karrada district of central Baghdad, a nearly century-old mishmash of pushcarts, collapsible stalls and permanent shops.

Such marketplaces have become favorite targets for sectarian attacks, including a horrific suicide truck bombing Saturday that killed at least 135 persons -- the deadliest single assault in the 46 months of the war.

Police, ever on the watch for car bombs, prevent most vehicles from parking at the side of the road, while shop owners often place barricades along the curbs to prevent unfamiliar drivers from stopping in front of their businesses.

This area suffered five terrorist strikes last year, according to local residents and traders. Yesterday, merchants at Abu Shujaa complained that the deteriorating security had hurt their sales, even as their costs continue to climb.

Hamada Mohammed Ali, a 30-year-old produce vendor, said his daily earnings have fallen by half, to just under $100, since he inherited his sprawling stand from his father two years ago.

"Fewer people are coming by because they're afraid," Mr. Ali said, as he sat perched on a plastic crate above a scale and a set of metal measuring weights.

Uday Kasim, 29, who runs the butcher shop his family has owned since 1973, said many of his regular customers have left the country, and today he earns "just enough to live on." All of the lamb and beef Mr. Kasim sells in his shop must be hauled over increasingly dangerous roads from farms outside of the capital.

Rather than pay someone else, produce seller Hussein Gatti, 37, braves some of Iraq's most treacherous roads to secure his fruits and vegetables. The round trip to Mahmoudiya, 11 miles each way, often takes him more than two hours.

Other merchants say they are unable to cut their expenses and are on the verge of going broke.

Hassam Nadim, 37, who peddles housewares from a space approximately 20 feet deep and 5 feet wide, said he is behind on last month's rent of roughly $230.

"My business is down because of the explosions, but the government is doing nothing to protect us," Mr. Nadim complained.

The one sector that appears to be thriving in the market is the pharmaceutical industry. Akram Najy, 69, a pharmacist here for four decades, said prescriptions for sedatives remain steady, and demand for cold medications at this time of year is as high as ever.

The shoppers, for their part, grumble that rising prices are forcing them to limit their purchases to essential items, and the constant threat of car bombs and mortars deters them from lingering in one place.

Abdul Razak, a 61-year-old clerk in the Agriculture Ministry, said he can afford to spend only little more than $23 a day to feed a household of 12. "I buy vegetables every day, but I can only afford fruit once a week."

Mr. Ali, the produce vendor, said he has raised his prices 10 percent to compensate for his dwindling customer base, so now a pound of potatoes or tomatoes at his stand costs roughly 37 cents.

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As a consequence, shoppers have little left to spend with people like 28-year-old fishmonger Raad Ahmed. "I can't sell more than 15,000 dinars ($11.63) a day," Mr. Ahmed said.

For the enterprising, however, there are opportunities created by the chronically faltering infrastructure.

Waleed Khalid now sells 12 kerosene lanterns a day on the sidewalk outside of his brother's hardware shop.

"I came out to sell these things because no one was coming into the shop," said the 26-year-old Mr. Khalid.

U.S. Mulls Iraq Refugees (WT)

By Nicholas Kralev

The Washington Times, February 7, 2007

The State Department said yesterday it will re-examine U.S. policy on the admission of Iraqi refugees, likely leading to a sharp increase in the number it admits each year.

A task force set up by Secretary of State Condoleezza Rice this week also will try to resettle in the United States some Iraqi employees of the U.S. Embassy in Baghdad, whose lives are in danger because of their work for Americans.

The steps follow sharp criticism from humanitarian organizations and members of Congress, who note that Middle Eastern countries are struggling with a flood of Iraqi refugees while the United States has admitted only 466 since the war began in 2003.

"Clearly, there is a need that exists, and there are problems that need to be addressed," State Department spokesman Sean McCormack told reporters, saying it was too early to discuss how many Iraqis the United States can absorb.

"We want to do what is appropriate, what is right under our obligations under the U.N. Charter in providing our fair share of relief for those individuals who have been classified as refugees," he said.

Supporters of the existing policy have warned that hostile elements such as al Qaeda terrorists might try to enter the United States posing as refugees. Mr. McCormack did not say what steps might be taken to screen the applicants.

The U.N. High Commissioner for Refugees (UNHCR), a Geneva-based agency that determines who qualifies as a refugee, estimates that at least 1.6 million Iraqis are internally displaced and up to 1.8 million have fled to neighboring countries. Those figures include people displaced before 2003.

"Between January and mid-November 2006, an estimated 425,000 Iraqis fled their homes for other areas inside Iraq, most of them following sectarian violence sparked by the bombing of an important Shia mosque in February 2006," the UNHCR said last month.

"At midyear, internal displacement was estimated to be continuing at a rate of some 50,000 a month," it said.

According to UNHCR rules, only those in a foreign country at the time of their application qualify for refugee status. Once the agency grants applicants that status, it starts to look for countries willing to take them in. Most Iraqi refugees are now in Jordan, Syria and Egypt.

Critics of the administration have argued that the United States has a moral responsibility to admit many more Iraqi refugees than the 466 accepted so far because their suffering is directly related to the conditions in Iraq created by the U.S. invasion.

"Washington is spending about $2 billion per week on the war in Iraq, but has barely begun to address the human fallout from the war," Bill Frelick, refugee-policy director at Human Rights Watch, said last month.

The United States admitted almost 1 million Vietnamese in the years before and after the fall of Saigon in 1975. Many who had worked with U.S. forces were brought to America immediately, while tens of thousands more fled as "boat people" and came to the United States after being processed at camps in the Philippines and elsewhere.

There were no large-scale refugee movements after the Persian Gulf War in 1991.

Mr. McCormack did not agree that the United States has a moral obligation in the case of the Iraqis, saying the plight of those fleeing their homes is a "shared global responsibility." He also noted that many Iraqis were displaced by Saddam Hussein's regime before the war.

Congress has mandated that the United States absorb 70,000 refugees this year, and 50,000 of those slots have been allocated among geographic regions. The remaining 20,000 have no specific designation, and the administration plans to use some of those slots to accommodate Iraqis, officials said.

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The new task force, which will be chaired by Paula J. Dobriansky, undersecretary of state for democracy and global affairs, also will try to help Iraqis working for the U.S. government in Iraq, most of whom have either lost family members or had their lives threatened.

Mr. McCormack said those Iraqis would be granted a "special immigrant visa," but it was not clear how that would be worked out legally. There are two main tracks for obtaining such a visa -- through employment or a family reunion.

In rare circumstances, an applicant can receive what is known as a "genius visa" for exceptional abilities in arts or sciences. Even more seldom, Congress can bestow permanent resident status on someone if it determines that it would be in the U.S. national interest.

Mr. McCormack would not say whether the Iraqis would be offered employment with the government. He cited an existing Pentagon program for Iraqis who have worked for the U.S. military.

"It is allowing people to emigrate to the United States based on meeting a certain set of conditions, the most important of which is some length of service working for the United States government," he said.

Refugees Are An Overlooked Casualty Of Iraq War (USAT)

By Behzad Yaghmaian

USA Today, February 7, 2007

Casualties of the war in Iraq are many; among them are the 3.8 million refugees (including some who fled before the U.S. invasion) and internally displaced people. They are the hidden victims of the war in Iraq.

Not long ago, in 1991, the first Gulf War produced another massive refugee crisis in Iraq. Encouraged by the promise of U.S. support, millions of Iraqis responded to President George H.W. Bush's call "to take matters into their own hands and force Saddam Hussein … to step aside." These Iraqis fought the good fight, but U.S. support did not materialize.

Hussein responded by sending troops to quell the rebellion by Kurds in the north and Shiites in the south. Scores of Kurdish refugees were killed by Iraqi soldiers or died on snow-covered slopes. What ended this crisis were the horrific images of stranded Kurdish refugees aired on CNN, which resulted in the declaration of a no-fly zone in Northern Iraq.

Now, the United States and its allies again have caused a refugee crisis in Iraq — "the largest population movement in the Middle East since Palestinians were displaced following the creation of the state of Israel in 1948," according to the United Nations High Commissioner for Refugees (UNHCR). But this time, CNN's cameras are missing.

Forgotten refugees queue outside foreign embassies and the offices of the UNHCR in Syria and Jordan, pleading for acceptance as refugees by the West. The UNHCR estimates there are between 500,000 and 1 million Iraqi refugees in Syria, 700,000 in Jordan, 40,000 in Lebanon and 20,000-80,000 in Egypt; 1.8 million are internally displaced. But these refugees face closed doors everywhere.

The Iraqis probably could have seen this coming. Afghan refugees faced a similar fate after the fall of the Taliban in 2001. Afghanistan was soon declared a safe country. Western states encouraged refugees to return home to rebuild their country. For most, it didn't work out. Soon scores of Afghans were driven from their places of birth and forced to wander elsewhere in the world for refuge.

This seems to be the future that awaits Iraqi refugees. Only 466 have been granted resettlement in the USA in the past two years. The situation is not much better in Great Britain. Evidently, to allow admission to refugees is to accept failure in establishing democracy in Iraq.

The long-term solution depends on ending the violence, restoring stability and generating jobs. Because peace is highly unlikely anytime soon, Iraqi refugees require immediate attention. But the U.N.'s refugee office is understaffed and underfunded. For example, in Syria, UNHRC's budget last year was less than $1 per Iraqi refugee.

It is critical that Western nations finance a special Iraqi Refugee Fund that would let the U.N. process an increasing number of Iraqi applicants seeking resettlement. A part of the fund could be given to Syria and Jordan to help them provide temporary housing, health care, education and other basic needs to refugees. Western nations should increase the number of Iraqis they accept for temporary or permanent resettlement.

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U.S. embassies in Syria and Jordan should run their own resettlement programs, clearing the most vulnerable Iraqis. Using similar resettlement programs, hundreds of thousands of Vietnamese were resettled in the United States after U.S. forces withdrew from Vietnam in 1975; 840 Iraqis were granted admission after the first Gulf War in 1991.

Helping to solve the current crisis is a moral obligation of those who contributed to its creation. The Iraqi refugee crisis and its solution must become an integral part of the public debate about the U.S. involvement in Iraq.

Behzad Yaghmaian is author of Embracing the Infidel: Stories of Muslim Migrants on the Journey West and professor of political economy at New Jersey's Ramapo College.

Tape Recounts U.S. Attack That Killed British Soldier (NYT)

By Sarah Lyall

The New York Times, February 7, 2007

LONDON, Feb. 6 — The videotape is jolting enough, but it is the audio portion — the conversation between two American pilots in Iraq — that is most unnerving.

In the 2003 recording, seconds after the pilots congratulate themselves for having hit enemy armored vehicles, they learn that they have in fact struck their British allies, killing one soldier and wounding others.

They fall apart in a duet of shock, panicked swearing and audible weeping. "I'm going to be sick," one says. "We're in jail, dude."

The material became public on Tuesday when the newspaper The Sun published a leaked transcript of the cockpit conversation and posted the video on its Web site. As a result, the American military announced later in the day that it would permit the videotape to be shown to the British coroner's court investigating the circumstances surrounding the death of the soldier who had been killed in the incident, Lance Cpl. Matty Hull, a member of the Household Cavalry Regiment.

Four other members of the regiment were wounded in the attack, on March 28, 2003, while the convoy was on a reconnaissance mission near Basra in southern Iraq.

The United States military investigated the incident soon afterward, and no charges were brought against the two pilots, both members of the Idaho National Guard, said Lt. Col. Teresa Connor, a spokeswoman for United States Central Command.

"The incident took place in a complex combat situation, and the pilots followed all the appropriate procedures and processes for engaging targets," she said in an interview. "They verified with the ground controller, and verified visually, and reverified."

The transcript shows that the pilots repeatedly asked about the orange panels on the roofs of the tanks below — an indicator, usually, that the vehicles belonged to allied forces — and were repeatedly told that there were no "friendlies," or allies, in the area. It was not until they had fired twice on the convoy, setting fire to the tanks, that the information changed, and they were told they had instigated a "blue on blue" incident, hitting British troops.

"I don't think you could find anyone more remorseful than those two pilots," Colonel Connor said. "If you listen to the words, you hear very much remorse immediately."

It is standard practice in Britain to hold inquests when soldiers die in combat, and this one, which opened on Jan. 30, has been singular in its implicit criticism of the unwillingness of the authorities — particularly the American authorities — to provide information about Lance Corporal Hull's death. The Americans gave the British authorities the tape in 2003. Last week, the coroner, Andrew Walker, asked the British Defense Ministry to release the recording and transcript of the cockpit conversation.

But the ministry argued that it had no choice in the matter.

"The U.K. is not authorized to release documents subject to U.S. classification without U.S. authority, and the decision as to whether that authority can be given is being addressed urgently," a lawyer for the ministry told the court last week.

In a burst of anger, Mr. Walker said: "This is a simple matter, and I simply fail to understand why it is proving so difficult to resolve. At the heart of this matter is a grieving family who have already had to wait far too long for this inquest."

On Friday, he said he planned to adjourn the inquest until the recording was released.

The release of the material by The Sun — under the headline "Top Secret Video Nails U.S. Friendly Fire Pilots Who Killed Our Matty" — broke the impasse, but put the Americans on the defensive.

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"We were working through the issues at the time this story broke," Colonel Connor said. "The process never had a chance to unfold."

Asked why no Americans had testified at the inquest, David Johnson, deputy chief of mission at the United States Embassy here, said it was not American policy to bring soldiers into civilian courts to answer questions about combat.

The United States had "cooperated fully with the military authorities," he said on the Today radio program.

'I Think They're Rocket Launchers' (WP)

By Mary Jordan

The Washington Post, February 7, 2007

LONDON, Feb. 6 -- A dramatic cockpit recording leaked to a British newspaper captures two American pilots reacting in horror and disbelief after one of them mistakenly fired on a convoy of British armored vehicles in Iraq. Told that an allied soldier has died, a pilot is heard saying, "I'm going to be sick" and "We're in jail, dude."

The friendly-fire incident that killed Lance Cpl. Matty Hull, 25, occurred on March 28, 2003, eight days into the Iraq invasion, but the recording was made public only Tuesday by the Sun newspaper. The U.S. government had declined to declassify it. But recently a British coroner investigating the corporal's death demanded that the recording, a cockpit video, be presented as evidence, suspending his proceedings until it was produced.

In Britain, where the Iraq war is highly unpopular, the video caused an uproar with its vivid depiction of an attack that some people here say could have been avoided. Hull's family has expressed anger over his death.

Hours after the video was posted to the Sun's Web site and clips were aired on British television, the Pentagon said it would release the recording to the coroner and the family. Des Browne, the British defense secretary, welcomed the decision, saying, "The release of classified information, even for the closest of allies, is never straightforward, but this is the right thing to do."

While there have been numerous friendly-fire incidents, the U.S. government rarely releases video and audio recordings related to them. "If you show certain tactics and capabilities, of course your enemy can see it, too," said Air Force Lt. Col. Teresa Connor, a spokeswoman for the U.S. Central Command.

The Sun said there had been a half-million downloads of the recording by late afternoon.

The 15-minute video shows the view forward from the cockpit of an A-10 Thunderbolt attack jet, as well as computerized flight data. Its audio track includes the voices of the jet's pilot, the pilot of another A-10 flying in tandem, the voices of several U.S. ground controllers and the sounds of the attacking aircraft's guns.

The two pilots are heard asking a ground controller if there are any friendly troops in the area near Basra where they are patrolling. The answer comes back: "You are well clear of friendlies."

Because of mistaken attacks in past conflicts, friendly vehicles advancing into Iraq were being marked by orange panels visible from the sky.

One of the U.S. pilots who has spotted a convoy of vehicles remarks: "They got something orange on top of them." Later, he says, "I think they're rocket launchers."

One of the jets strafes the vehicles with rapid-fire cannons, then stages a second attack. Shortly afterward, another ground controller is heard telling the pilots: "You have friendly armor in the area."

The pilots are told to abort the mission and, audibly upset and using profane language, are heard asking for word on the condition of the men on the ground whom they have just attacked.

Connor, the U.S. military spokeswoman, said an investigation had determined that "appropriate procedures for engaging targets" were followed. She said no disciplinary action was taken against the pilots or other U.S. personnel involved in the incident. None has been publicly identified.

She also said that just before this incident, the two pilots, from the 190th Fighter Squadron of the Idaho Air National Guard, had "engaged enemy targets" nearby.

David Johnson, deputy chief of mission at the U.S. Embassy in London, said in an interview that the recording makes clear the pilots' reaction of "revulsion and horror" after "this extraordinary tragedy."

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Being attacked by one's own forces or allies has always been a problem in warfare, but it has intensified with the technological advances of the last century. An estimated 75,000 French soldiers were killed by their own artillery during World War I, according to the Oxford Companion to Military History. The advent of air power added to the problem: The highest-ranking U.S. casualty of World War II, Lt. Gen. Leslie J. McNair, was killed by an American bombing in France.

Just five days before Hull was killed, A-10 fire was mistakenly directed against Marines near the Iraqi city of Nasiriyah. A Central Command report a year later said that of the 18 Marines killed, eight were hit by Iraqi fire and it could not be determined conclusively how the others died.

British officials say the mistaken attack near Basra targeted a convoy of five reconnaissance tanks and wounded four soldiers in addition to killing Hull. One soldier in the convoy, Trooper Christopher Finney, was given the British award for gallantry, the George Cross, for pulling a wounded soldier from a burning tank and then, despite being wounded, trying to rescue Hull.

Mike Hull, Matty Hull's grandfather, said in a telephone interview that he believed "some disciplinary action" should have been taken against the U.S. pilots. He said that while it is "disheartening" to watch the video, "it is time the truth came out." The family has said that British officials told them no such video existed.

Matty Hull's wife, Susan, said she was glad the recording was now in the open.

The British Defense Ministry issued a statement Tuesday saying that "there has never been any intention to deliberately deceive or mislead" Hull's family and that it had informed them that "some classified material had been withheld, but we did not specify its exact nature."

Abu Ghraib Trial Date Set (WT/AP)

By David Dishneau

The Washington Times, February 7, 2007

The only U.S. military officer charged with crimes in the Abu Ghraib prison-abuse scandal would stand trial in July, under a tentative schedule set at a hearing yesterday.

Army Lt. Col. Steven L. Jordan, former director of an interrogation center at the prison in Iraq, would be tried from July 9 to July 20 at Fort Meade in Maryland, according to the schedule set by the judge, Army Col. Stephen R Henley. The judge also ordered a pretrial hearing March 12 at Fort McNair in the District.

Col. Jordan, 50, is seeking dismissal of eight charges, which carry up to 22 years in prison. The judge deferred ruling on Col. Jordan's claim that the government had exceeded a 120-day limit between charging him April 28 and arraigning him Jan. 30. The rules allow for exclusions.

The judge likely will rule within days on the dismissal motion, said Lt. Col. Patricia Lewis, a military justice specialist.

Col. Jordan, a reservist from Northern Virginia, isn't in custody but remains on involuntary, extended active duty at the Intelligence and Security Command at Fort Belvoir, Va.

Col. Jordan directed the interrogation center at Abu Ghraib in fall 2003.

He is accused of failing to exert his authority as prisoners were stripped naked, photographed in humiliating poses and intimidated by military dogs. He also is accused of lying to investigators about abuses he is said to have witnessed.

The charges include cruelty and maltreatment, disobeying a superior officer, dereliction of duty and making false statements.

Col. Jordan's defense at a hearing in October was that he had no operational control over investigations and spent much of his time at Abu Ghraib trying to improve soldiers' living conditions.

Capt. Samuel Spitzberg, the leader of Col. Jordan's three-man defense team, argued that Col. Jordan, a divorced father of three, has suffered ostracism and forced separation from his family as a result of having his active duty extended since the Abu Ghraib investigation began in early 2004.

"It has been years since Lt. Col. Jordan has been waiting and waiting and waiting to find out what happens, and the emotional strain of that cannot be ignored," he said.

The prosecution team yesterday gained a third member, Capt. Stefan Wolfe, an Army lawyer assigned to the Military District of Washington.

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The only witness called was Col. Thomas A. Allmon, a garrison commander at Fort Myer, Va., who acknowledged that he had considered recommending in December that Col. Jordan's case be handled as an administrative, rather than criminal, matter.

But Col. Allmon changed his mind and recommended a general court-martial after conferring with both sides and the officer who presided in October at Col. Jordan's Article 32 hearing, the military version of a preliminary hearing.

Afghan Forces Capture Suspected Al-Qaida (WP/AP)

The Washington Post/AP, February 7, 2007

KABUL, Afghanistan -- Coalition forces captured two suspected al-Qaida members during an early morning raid in eastern Afghanistan on Wednesday, a military statement said. Afghan officials said soldiers captured six men and killed one person during the raid.

The raid near the town of Hakimabad in Nangarhar province was conducted based on information provided "about an al-Qaida member known to pass correspondence for al-Qaida senior leaders," the U.S.-led coalition said in a statement.

The two Afghan men were taken into custody to determine their association with al-Qaida, the statement said.

Ghafoor Khan, the spokesman for the provincial police chief, said coalition troops shot and killed one person during the raid, and that six people were detained and taken away. He said the raid took place 10 miles south of Jalalabad.

The reason for the discrepancy in the number arrested was not immediately clear.

Several militant groups including al-Qaida, the Taliban, and fighters for warlord Gulbuddin Hekmatyar, operate in eastern Afghanistan. The groups do not always operate together, though they may share the same goals.

The military did not say who executed the raid, but U.S. Special Forces soldiers operate under the banner of "coalition forces" in Afghanistan. Coalition forces work under a separate command structure than NATO's International Security Assistance Force.

In the western province of Herat, meanwhile, three police died and one was injured while attempting to disarm a roadside bomb discovered in Shindand district, said Interior Ministry spokesman Zemeri Bashary.

Taliban Still Controls South Afghan Town (AP)

By Fisnik Abrashi,

AP, February 7, 2007

Taliban militants remain in control of a southern Afghan town nearly a week after capturing it, but NATO expects the Afghan government to soon reassert its authority there, an alliance spokesman said Wednesday.

Some 200 people have fled the southern town of Musa Qala after militants captured it last week, said Col. Tom Collins, a spokesman for NATO's International Security Assistance Force.

The Taliban fighters — whose local leader was killed in a NATO airstrike on Sunday — are operating in the town center but are not reinforcing their presence there, Collins said.

The town was peaceful for four months following an October peace deal between village elders and the Helmand provincial government. The deal prevented NATO, Afghan and Taliban fighters from coming within 3 miles of the town center.

Last Thursday, a group of some 200 militants moved into town, disarmed the local police force, destroyed the district center and temporarily held the local elders hostage.

Collins said NATO troops stand ready to help the government again take control of the town but that there "is no need to rush to action here."

"We are confident that the government of Afghanistan, with ISAF's support, will take back Musa Qala at a time and place that is most advantageous" to them, Collins said.

Coalition forces, meanwhile, captured two suspected al-Qaida members during an early morning raid in eastern Afghanistan on Wednesday, a military statement said. Afghan officials said soldiers captured six men and killed one person during the raid.

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In Kandahar province, a remote-controlled bomb exploded next to a car carrying Afghan security guards Wednesday, killing two of them and wounding six, said Abdul Khaliq, who was riding in the convoy.

The attack happened in the district of Neven as the convoy was transporting supplies for a NATO base in Helmand, Khaliq said.

In the western province of Herat, meanwhile, three police died and one was injured while attempting to disarm a roadside bomb discovered in Shindand district, said Interior Ministry spokesman Zemeri Bashary.

Gates Bracing For More Afghan Violence (AP)

By Lolita C. Baldor

AP, February 7, 2007

Defense Secretary Robert Gates said Tuesday that NATO allies must provide the troops and equipment needed to battle an expected increase in violence by Taliban insurgents in Afghanistan this spring.

Gates, who will meet with other NATO defense ministers Thursday in Seville, Spain, is expected to outline whether the U.S. plans to adjust its troop levels in Afghanistan or extend the deployment of any units already there, said a senior defense official.

The defense official spoke on condition of anonymity because details have not been made public. Currently there are about 27,000 U.S. troops in Afghanistan, the highest number since the start of the war in 2001.

At a Senate Armed Services Committee hearing Tuesday, Gates said the U.S. will hold the NATO countries to promises they offered during a summit in Riga, Latvia, last November, particularly for more trainers.

His comments come about two weeks after the Defense Department said 3,200 soldiers from the New York-based 10th Mountain Division already in Afghanistan would have their tour extended by four months. Defense officials have not ruled out extending other units, but a recent increase of U.S. troops in Iraq for a new push to secure Baghdad is already straining the military.

The defense official said the U.S. is looking for an increased level of effort by the NATO allies in Afghanistan, and fewer war-fighting restrictions place on forces by their home countries.

About 15,000 of the U.S. troops in Afghanistan are serving in the NATO-led force, which now totals about 36,000 from 37 different countries.

Some of the NATO forces, however, are limited in what they can do. Some, for example, are restricted to specific regions of the country, or — because of training or equipment issues — can't perform certain missions or fight at night. U.S. officials have consistently argued that the restrictions must be lifted in order to successfully fight the insurgency.

Sen. John McCain, R-Ariz., told Gates at the hearing that the U.S. needs to tell its allies "that we need a lot more from them than we're getting, not only in rules of engagement for the troops, but also in various commitments they have made, such as assistance in setting up judiciary."

After the meeting in Seville, Gates will travel to Munich for an annual meeting of the world's top security officials.

GOP Lawmakers Press Bush On Afghanistan (LAT)

By Josh Meyer

DOJ_NMG_0128757

The Los Angeles Times, February 7, 2007

WASHINGTON — Four ranking Republican lawmakers on a committee with oversight of U.S. policy in Afghanistan are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world.

In a letter dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. They are calling for the appointment of a special coordinator of overall narco-terrorism policy for Afghanistan to prevent losing the fight against insurgents and drug traffickers.

The letter describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks.

"As we will soon face another massive opium harvest in Afghanistan, and a related spring offensive by anti-coalition militants (ACMs), it is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for Al Qaeda. We need to act now to prevent that," wrote Reps. Ileana Ros-Lehtinen (R-Fla.), Mike Pence (R-Ind.), Elton Gallegly (R-Simi Valley) and Dana Rohrabacher (R-Huntington Beach), all members of the House Committee on Foreign Affairs.

The letter was sent late Tuesday to Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, with copies delivered to the White House, DEA, Office of National Drug Control Policy and the British government, said a senior congressional staffer who requested anonymity because he was not authorized to discuss the letter.

The four Republicans say they may introduce legislation to enact and fund some of their proposals, but urge the White House to quickly implement other policy changes on its own. Democrats in Congress also have complained about rising drug trafficking and the growing insurgency in Afghanistan.

White House national security spokesman Gordon Johndroe said he had not seen the letter and could not comment on the lawmakers' requests. But he said the administration had been actively reassessing its policies in Afghanistan in recent months as part of a comprehensive "strategic review," which prompted senior officials to call for at least $10.6 billion in additional funding for Afghanistan over the next two years.

The new funding was a recognition "that we needed to make a larger effort … so that we can help the Afghan government succeed and we can defeat the Taliban," Johndroe said. "But obviously our counter-terrorism and counter-narcotics programs in Afghanistan work hand in hand. This is something that our people are coordinating on the ground."

The additional funding, though much needed in Afghanistan, is virtually worthless without a coordinated policy that ensures that all U.S. counter-terrorism and counter-narcotics agencies are working together, and not against each other, the senior congressional official asserted. "We have so many different views of narcotics within our own government and with our allies that somebody has to bang everybody's heads together and get something done on this," the staffer said. "We are out of time, and losing Afghanistan."

The Republican House members also said the United States must resolve a growing dispute with Britain over how to best fight the booming opium trade. British authorities who are now in charge of much of the counter-narcotics effort in Afghanistan are refusing to go along with a controversial U.S. policy to eradicate entire fields of poppy by aerial spraying.

Britain, as well as the North Atlantic Treaty Organization, which leads the forces battling the insurgency in Afghanistan, believes the U.S. policy is dangerous because it alienates farmers and the population at large and undermines Western efforts to turn them against the narco-traffickers and the Taliban, several U.S. and British counter-terrorism officials said.

The senior congressional staffer said the four lawmakers didn't want to get into the middle of the dispute over whether poppy eradication should be stopped. Instead, they want the U.S. government and its allies to more forcefully go after kingpins who preside over global narcotics trafficking enterprises that together bring in more than $2 billion a year in wholesale drug profits.

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They are urging the Bush administration to force the Pentagon to provide more operational assistance to DEA agents operating in Afghanistan and to order the arrests of senior-level drug traffickers under a provision of the Patriot Act passed last year that allows such suspects to be extradited to the United States for prosecution.

A similar campaign has worked well in Colombia and is urgently needed in Afghanistan because that country has no judicial infrastructure to prosecute drug traffickers, the lawmakers say. "We must establish deterrence where none now exists," their letter says.

They also are urging the Pentagon to make good on a promise to provide at least eight Russian-made Mi-17 helicopters to Afghan authorities and their U.S. counter-narcotics advisors for the drug war, along with qualified pilots and maintenance and operational support.

"We have waited long enough to get this vital air lift…," the lawmakers' letter says. "We need someone put in charge of getting this done now, enough time has gone by already."

Official Hits U.S. For Afghan Missive (WT)

By John Phillips

The Washington Times, February 7, 2007

ROME -- Foreign Minister Massimo D'Alema yesterday protested an open letter to a Rome newspaper from U.S. Ambassador Ronald P. Spogli and five other envoys urging Italy to maintain its troop deployment in Afghanistan.

Mr. D'Alema, a former communist who, as prime minister in 1999, won NATO's trust with his support for the bombing of Kosovo, called the letter an "irregular" departure from normal diplomatic procedures. The letter also was signed by the ambassadors of Australia, Britain, Canada, the Netherlands and Romania.

Prime Minister Romano Prodi's center-left government is struggling to maintain its deployment of 1,938 troops in Afghanistan in the face of opposition from Communists and Greens in the Cabinet, three of whom abstained when the Cabinet voted to refinance the mission last month.

Mr. Prodi has withdrawn most Italian troops from Iraq, and his government's razor-thin majority in the Senate could collapse if the dissident coalition members follow through on threats to vote against the Afghan refinancing.

"There are more appropriate bodies in which to discuss Italy's commitment in Afghanistan rather than through open letters from ambassadors to daily newspapers," Mr. D'Alema snorted during a visit to Seoul.

In Washington, the State Department said the letter was "a praiseworthy initiative" by the U.S. envoy.

Mr. D'Alema last night sent his own letter to the six envoys, expressing "surprise and disapproval" at their decision to make their missive public. Gianfranco Fini, a spokesman for the opposition, fired back, telling Mr. D'Alema, "What was irregular was your angry response."

A Canadian Embassy spokesman rejected speculation in the Italian press that Mr. Spogli had pressured his fellow ambassadors to sign the letter.

"It is true that the Americans had a guiding role in the affair, but the letter was born out of exchanges of views between the various ambassadors on the spot," the spokesman said. "It was totally shared by all of us."

Some Italian newspapers speculated that the ambassadors of France, Germany and Spain also had been approached but had declined to sign the letter because their governments were uncomfortable with a NATO appeal for increased troop deployments in Afghanistan.

Foreign Ministry sources said they were aware that Mr. Spogli and his recently arrived British counterpart, Edward Chaplin, planned to ask Italy to assign its troops in Afghanistan to more front-line duties.

Sources said Mr. D'Alema heard nothing more until he received a call in Japan informing him that the letter from the six envoys had been published in the left-leaning newspaper La Repubblica.

Problems Stall Pentagon's New Fighting Vehicle (WP)

By Renae Merle

The Washington Post, February 7, 2007

DOJ_NMG_0128759

After 10 years and $1.7 billion, this is what the Marines Corps got for its investment in a new amphibious vehicle: A craft that breaks down about an average of once every 4 1/2 hours, leaks and sometimes veers off course.

And for that, the contractor, General Dynamics of Falls Church, received $80 million in bonuses.

The amphibious vehicle, which can be launched from a ship and then driven on land, is so unreliable that the Pentagon is ditching plans to begin building the first of more than 1,000 and wants to start over with seven new prototypes, which will take nearly two years to deliver, at a cost of $22 million each.

The Expeditionary Fighting Vehicle is one of the Pentagon's largest weapons programs and exemplifies the agency's struggle to afford a cadre of new mega-systems that are larger and more complex, but also more trouble, than their predecessors.

Despite reforms meant to rein in costs, it is not unusual for weapons programs to go 20 to 50 percent over budget, the Government Accountability Office recently found. Among the offenders is the Army's sprawling modernization program, which aims to update everything from tanks to drones and is now expected to cost $160 billion, up from $90 billion, and a Lockheed Martin missile-warning satellite program, which is projected to cost more than $10 billion, up from $4 billion.

The Marines' troubled program is on a collision course with critics who are wary of its growing price tag and who wonder about the utility of an amphibious vehicle meant to storm beaches in a way the military hasn't done for decades, at a time when soldiers are consumed with urban warfare in Iraq and Afghanistan.

The Marines, though, have not been dissuaded by the vehicle's poor showing in tests, as such fits and starts are common in military development programs.

"We were disappointed. We weren't shocked," program manager Col. John Bryant said.

The cost of the amphibious vehicle effort has increased 50 percent, to about $12 billion from $8 billion, with another cost bump projected after the program is relaunched.

The overruns are eating away at the Pentagon's buying power but not its appetite. The amount the Pentagon plans to spend on major weapons systems has doubled in the past five years, to $1.4 trillion from $700 billion, according to the GAO.

"I would never state, in an enterprise this large, that we ever have it all under control," Kenneth Krieg, the Pentagon's acquisition chief, said in a December interview. "I think we're on a good path and only performance will prove that, and that's what we got to do."

When it was launched in 1996, the Expeditionary Fighting Vehicle was promoted as an example of acquisition reform as hundreds of General Dynamics and Marine Corps officials moved into the same 62,000-square-foot office building in Woodbridge to run the program, in hopes of saving time and money. The program's efforts to keep maintenance costs low won plaudits from Defense leaders and twice earned the program the Pentagon's highest acquisition award, in 1997 and 1999. In 2001, the program collected an innovation award for developing a system to keep the craft's internal components from overheating, a technology that has been adopted for other weapons.

But the program has struggled with repeated delays, cost increases, budget cuts and dashed expectations, according to military officials and government reports. Problems range from leaks in hydraulics systems to software glitches, according to the reports. Last year, the vehicles completed just two of 14 planned tests.

"They started out really well, and I was really pleased," said Philip Coyle, the Defense Department's former director of operational test and evaluation. "But gradually the complexity of the program has overcome the contractor, so they are years behind schedule."

General Dynamics defends its progress, noting that the vehicle has met many goals, including being able to reach speeds of 30 knots on the water. The vehicle is fast enough to keep up with the Abrams tank on land, it can carry 17 Marines, and its systems can communicate with other ships and tanks, all key performance criteria, the company says.

"I have heard no one in leadership say that they don't need this capability, that they don't want this capability," said Peter Keating, a General Dynamics spokesman.

An independent review released in December by the Navy's acquisition office questioned the company's commitment to solving the development problems that plagued the vehicle. The report said General Dynamics appeared more interested in

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starting production than trouble-shooting and didn't manage the groups making many of the decisions. The production phase is typically more profitable for a contractor and often marks a point at which a program becomes more difficult to cancel.

General Dynamics "seems to be focused on production rather than on solving significant design and engineering problems," the Navy report said. "This must be changed if the Program is to move ahead successfully."

Noting that the bonuses the company received did not reflect the vehicle's performance, the report recommends that the Defense Contract Management Agency consider recovering some of the award fees. A DCMA spokesman said the agency had not addressed the issue because it was unaware of the recommendation.

The Marine Corps has tried to deal with some of its development problems by lowering its expectations for the vehicle. The service originally wanted a craft that could operate 70 hours between major breakdowns, but it cut that target to 43.5 hours after tests revealed the vehicles were struggling to meet the higher goal.

But even the lower targets have been hard to hit. Marine Corps officials were distressed to discover that the prototypes encountered an "operational mission failure" on average every 4.5 hours in tests last year. There were 645 failures within the subsystems, overwhelming the three-man maintenance crew, according to a report by the service's testing agency.

"It's a very complex vehicle; when it breaks, it's difficult to repair," said Col. Michael Bohn, director of the Marine Corps testing agency.

General Dynamics has also struggled with the vessel's complicated software. During testing, the software operating the guns didn't always fire on command, for example. Some of the problems date to 2001, when responsibility for software development was given to a General Dynamics division with little track record of running such a complex project, according to the GAO. The Marine Corps gave the company a year to improve the division's capabilities, the report said. When it failed to meet the deadline, the company was granted an extension. Eventually, the Marine Corps turned 70 percent of the work to a government organization.

"From a taxpayer standpoint, I think, 'Gee, didn't we pay GD to do this?,' " said Paul L. Francis, the GAO's director of acquisition and sourcing management. "Are they going to pay us for doing it for them?"

Keating, the General Dynamics spokesman, said the company is confident it can meet the Marine Corps' demands. He noted that the service had asked the firm to establish a new software-development organization and that such organizations often take several years to mature. "We started from ground zero," he said.

Now, the Marine Corps is ready to start over. The service is to present a plan to salvage the program to Defense leaders in March. In addition to buying seven new prototypes, the Marine Corps proposal will probably require at least a two- or three-year delay, adding $200 million in development costs a year, said Bryant, the Marines program manager.

The service will seek to simplify the design, "getting rid of the complexity where we don't need complexity," he said.

Noting that his son was a Navy combat corpsman in a battalion using the aging amphibious vehicles that were supposed to be replaced by now, Bryant added: "I need to fix our reliability and make the EFV a vehicle I'd be proud to hand to my own son."

Nuclear Officials Seek Approval For Warhead (WP)

By Walter Pincus

Washington Post, February 7, 2007

Officials of the National Nuclear Security Administration, which runs the nuclear weapons complex, said yesterday that they hope to receive administration and congressional authorization by the end of 2008 for the development and production of a warhead that could be deployed on submarine-launched intercontinental ballistic missiles.

The NNSA requested $88 million in the fiscal 2008 Energy Department budget -- up from $27 million this year -- to complete detailed planning with the Navy based on a design produced in December by the nation's two nuclear weapons laboratories. The new funds would support design concept testing and could lead to production of the warhead for the Navy's D5 missile, 24 of which are carried on each U.S. Trident submarine.

A key aspect of the Reliable Replacement Warhead program is that the warhead could be certified to enter the U.S. nuclear stockpile without testing, acting NNSA Administrator Thomas D'Agostino and other officials said during a session with reporters.

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U.S. moves to develop a new warhead come as the Bush administration is attempting to stop Iran and North Korea from developing nuclear weapons and trying to keep other countries, such as India and Pakistan, from expanding their stockpiles.

Last month, former secretaries of state Henry A. Kissinger and George P. Shultz, former defense secretary William Perry and former senator Sam Nunn (D-Ga.) called for the Bush administration to take the leadership in reversing reliance on nuclear weapons as a step toward preventing proliferation. In a Jan. 6 op-ed in the Wall Street Journal, the four called for ratification of the Comprehensive Test Ban Treaty, taking nuclear weapons off alert, further reducing the number of nuclear forces and halting production of fissile materials.

Hans M. Kristensen, director of the Federation of American Scientists' nuclear information project, said yesterday that as a result of the op-ed piece, "There are a lot of new groups in Washington looking at what really low numbers [of U.S. warheads] would look like."

Rep. Ellen O. Tauscher (D-Calif.), chairman of the House Armed Services strategic forces subcommittee, said yesterday that she would hold a hearing next month on the RRW program to review the new design and to determine if it meets military needs and whether it would lead to a smaller and more reliable stockpile with no testing, a smaller nuclear production complex and increased dismantling of older warheads.

"There are significant questions in Congress about how all this holds together," Tauscher said.

The NNSA officials said that in the past, the nuclear weapons labs held underground nuclear tests at this stage in the development of a new warhead. But they said the new designs, by the Los Alamos and Lawrence Livermore national laboratories, could be certified without testing. Meanwhile, there needs to be detailed planning with the Navy before the NNSA could proceed to the engineering phase.

The warhead is being built to fit into the Mark V reentry vehicle used on the D5, which is commonly known as the Trident II missile. The joint decision last year by the Energy and Defense departments was to try to come up with a warhead that could be used on Navy and Air Force missiles.

NNSA officials said yesterday that production of the new warhead would allow for the Bush administration's plan to reduce the number of deployed nuclear warheads from about 6,000 today to between 1,700 and 2,200 by 2012, and also to lower the number in ready reserve. Critics of the Bush plan, which was set out in the 2001 Nuclear Posture Review, have claimed that far fewer numbers of nuclear warheads will be needed in the future because of the accuracy of precision-guided conventional weapons.

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Prosecutor Fired So Ex-Rove Aide Could Get His Job (USAT)

By Kevin Johnson

USA Today, February 7, 2007

WASHINGTON — The Justice Department acknowledged Tuesday that it fired the U.S. government's chief prosecutor in Little Rock for no reason except to replace him with a lawyer who had been an aide to Karl Rove, the Bush administration's chief political strategist.

However, in an appearance before the Senate Judiciary Committee, Deputy Attorney General Paul McNulty rejected criticism that the forced resignations of Bud Cummins and six other U.S. attorneys last year were politically inspired, or amounted to retaliation for the attorneys' involvement in controversial investigations and prosecutions.

McNulty's testimony before the panel, which is investigating the firings of the prosecutors, was part of an exchange with Sen. Charles Schumer, D-N.Y. Schumer said the White House's appointment process for prosecutors was "corrupted with political, rather than prudent, considerations."

"What happened here doesn't sound like business as usual; it appears more reminiscent of a different sort of Saturday night massacre," Schumer said, referring to Watergate-era firings at Justice that were ordered by President Nixon.

"When I hear you talk about a politicization of the (Justice) Department, it is like a knife in my back," McNulty responded.

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Schumer and other committee members have questioned the department's action, suggesting the administration was taking advantage of a section of the USA Patriot Act that allows the appointment of interim U.S. attorneys for indefinite periods. The process, Schumer and other critics in Congress have said, could allow federal prosecutors to be appointed without having to face confirmation by the Senate.

McNulty said the administration has no plan to circumvent the confirmation process and will send the Senate nominations for permanent replacements for the prosecutors. He said the six prosecutors dismissed besides Cummins — including San Diego U.S. Attorney Carol Lam, who oversaw the corruption prosecution of former congressman Randy "Duke" Cunningham, R-Calif. — were let go for performance-related reasons.

Much of Tuesday's hearing focused on Cummins and Lam.

McNulty acknowledged that Cummins had had a successful tenure in Arkansas and that he was asked to step aside last year to allow former White House aide Tim Griffin to take the job.

McNulty said that aside from his political work, Griffin had more prosecutorial experience than Cummins did when he first took the Little Rock job five years ago. The deputy attorney general said Griffin's experience included a stint in Iraq as a military prosecutor.

Before his call to active duty in 2005, Griffin was an aide to Rove at the White House. Griffin's résumé says he "organized and coordinated support for the president's agenda, including the nomination of Judge John Roberts" to be U.S. chief justice.

In Lam's case, McNulty said, the Justice Department considered the political impact of removing her in light of her involvement in the prosecution of Cunningham, who was sentenced to eight years in federal prison last year after pleading guilty to accepting $2.4 million in bribes.

McNulty declined to publicly detail the reasons for her dismissal. But Sen. Jeff Sessions, R-Ala., cited letters to the Justice Department and Lam from members of Congress who complained about Lam's alleged inattention to prosecuting smugglers of illegal immigrants.

A U.S. Attorney Was Removed Without Cause, Official Says (NYT)

By David Johnston

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — A top Justice Department official said on Tuesday that one of several United States attorneys forced from their jobs last year was dismissed without a specific cause in order to give the job to a lawyer with close political ties to the White House.

But the official, Paul J. McNulty, the deputy attorney general, testified at the Senate Judiciary Committee hearing that none of the forced resignations last year was politically motivated. He said most of the incumbents had been urged to leave because of poor performance.

“We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution,” Mr. McNulty said.

Democrats have charged that the dismissals of 7 to 10 United States attorneys amounted to an n effort to make room for favorites of the Bush administration by ousting independent-minded prosecutors, all Republicans appointed by President Bush.

One disputed case involves H. E. Cummins III, a United States attorney in Arkansas who was asked to step down last summer although his office had increased drug and firearms prosecutions and he had helped organize a multiagency counterterrorism council.

To temporarily replace Mr. Cummins, the Justice Department named J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and who once worked as a deputy to Karl Rove, the senior White House political adviser.

At the hearing, Mr. McNulty was asked by Senator Charles E. Schumer, Democrat of New York, whether it was accurate to say that Mr. Cummins had not done anything wrong to justify his removal. Mr. McNulty replied, “I do not dispute that characterization.”

Had Mr. Cummins ever received a poor performance evaluation, Mr. Schumer asked.

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Mr. McNulty answered, “I’m not aware of anything negative.”

Mr. McNulty said that because the attorneys are presidential appointees, they can be replaced at any time without a specific reason. He said about half of the 93 prosecutors appointed to their jobs by Mr. Bush in his first term had already left voluntarily. Mr. McNulty said the appointment of Mr. Griffin was a chance for “a fresh start with a new person.”

At the hearing, Senator Mark Pryor, an Arkansas Democrat who testified as a witness, said he would not support Mr. Griffin if Mr. Bush nominated him to replace Mr. Cummins permanently.

Mr. Pryor, a former state attorney general in Arkansas, said that in a conversation with Mr. Griffin last August “I told him that I know many lawyers in the state, but I knew very little about his legal background.”

Mr. McNulty acknowledged that Mr. Griffin did not have an extensive background as a prosecutor, but said he had enough experience to be well qualified. He also said that a number of successful United States attorneys had been engaged in past political activities, and that it should not disqualify an appointee.

Among others who Justice Department officials said had been asked to leave were Carol Lam of San Diego, Kevin V. Ryan of San Francisco, Daniel G. Bogden of Nevada and David C. Iglesias of New Mexico. Others who are said to be departing are Paul K. Charlton of Arizona and John McKay of Washington State.

Ms. Lam’s departure, on Feb. 15, has prompted especially strong complaints among Democrats because she headed the investigation that resulted in a guilty plea by former Representative Randy Cunningham, a California Republican who is serving an eight-year prison term for corruption-related offenses.

Mr. McNulty denied that the Cunningham case had anything to do with the ouster of Ms. Lam, who has been criticized by some lawmakers as failing to prosecute immigrant smuggling and gun cases along California’s border with Mexico.

“What happened in the prosecution of Cunningham was a good thing for the American people and the Department of Justice to accomplish,” Mr. McNulty said, adding, “We’re proud of that accomplishment.”

Behind the debate about forced dismissals is a dispute over language approved last year as part of legislation renewing the antiterrorism statute known as the USA Patriot Act.

In the past, the law permitted the Justice Department to name an interim United States attorney, but only for 120 days, when a federal judge would name a substitute to serve until a presidential nominee was confirmed.

The change approved last year permitted the Justice Department to name temporary replacements for an indefinite period. Several senators said Democrats and Republicans were discussing a compromise to return to the earlier procedures.

Deputy Attorney General Defends Prosecutor Firings (WP)

By Dan Eggen

The Washington Post, February 7, 2007

A senior Justice Department official acknowledged yesterday that a top federal prosecutor in Arkansas was removed to make room for a former aide to presidential adviser Karl Rove, but he said that six other U.S. attorneys were fired for "performance-related" issues.

In often contentious testimony before the Senate Judiciary Committee, Deputy Attorney General Paul J. McNulty also disputed Democrats' allegations that the firings appeared to be aimed at rewarding Republican allies and at avoiding the Senate's role in confirming U.S. attorney appointments.

"The attorney general's appointment authority has not and will not be used to circumvent the confirmation process," McNulty said. "All accusations in this regard are contrary to the clear factual record."

McNulty's remarks did little to calm the growing political storm over the recent U.S. attorney firings. Top Democrats have condemned the firings, which have led to proposed legislation that would limit the attorney general's powers to appoint interim prosecutors.

McNulty acknowledged that six U.S. attorneys in the West and Southwest were notified in December that they would be asked to step aside, including the lead prosecutor in San Diego, whose office oversaw the bribery conviction of a former Republican congressman.

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A seventh former U.S. attorney, Ed Cummins of Little Rock, has said that he was asked to leave last year to open the job for J. Timothy Griffin, who previously worked for Rove and for the Republican National Committee. McNulty did not dispute that characterization yesterday.

Sen. Charles E. Schumer (D-N.Y.) said the firings "reek of politics" and warned McNulty that the panel would consider issuing subpoenas for job evaluations of the fired prosecutors unless the Justice Department agrees to hand them over. Justice officials said they will work to accommodate the request.

"What happened here doesn't sound like business as usual," Schumer said. "Even the hiring and firing of our top federal prosecutors has become infused and corrupted with political, rather than prudent, considerations."

McNulty responded later: "When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart. . . . Your perspective is completely contrary to my daily experience."

Several top lawmakers, including Sen. Dianne Feinstein (D-Calif.), have been particularly angered by a little-noticed provision slipped into USA Patriot Act legislation last year that allows Attorney General Alberto R. Gonzales to appoint replacement prosecutors, such as Griffin, on an indefinite basis.

Feinstein and other Democrats in the House and Senate have proposed legislation to return to the old selection process, which allowed district courts to appoint interim U.S. attorneys after 120 days until a final candidate was confirmed by the Senate. Sen. Arlen Specter (Pa.), the Judiciary Committee's ranking Republican, said yesterday he will join Democrats in pushing for a return to the previous arrangement.

But McNulty said the Justice Department is in "strong opposition" to that proposal because it puts the judicial branch in the position of hiring people in the executive branch.

Gonzales told the committee last month that the forced resignations were not politically motivated, but he declined to comment on details of the cases. McNulty went further in some of his testimony yesterday, talking at length about the Arkansas case and defending Griffin's record as a military and civilian prosecutor, in addition to his role as a prominent GOP operative.

In an unusual appearance as a committee witness, Sen. Mark Pryor (D-Ark.) complained that Justice Department officials had initially misled him about Cummins's dismissal and said he could not support Griffin's nomination as U.S. attorney.

Griffin declined to comment yesterday.

The other case that has drawn significant ire from Democrats is in San Diego, where prosecutor Carol S. Lam was fired about a year after overseeing the guilty plea by former congressman Randy "Duke" Cunningham (R-Calif.) for taking $2.4 million in bribes. McNulty declined to comment on why Lam was removed, but he said the Cunningham case was "a very good thing for the American people and the Department of Justice to accomplish."

Justice Department officials say Lam presided over a drop in prosecutions of firearms and smuggling cases, and point to complaints from many lawmakers -- including Feinstein -- about lax immigration enforcement in the San Diego area.

Feinstein said in an interview that her concerns about border enforcement are "unrelated" to the question of whether the prosecutors were dismissed appropriately. "The issues are being confused," she said.

In addition to Cummins and Lam, those forced to resign include Kevin Ryan in San Francisco, John McKay in Seattle, David C. Iglesias in New Mexico, Daniel G. Bogden in Nevada and Paul K. Charlton in Arizona.

Mary Jo White, who was appointed U.S. attorney general for the Southern District of New York during the Clinton administration and then retained for a while under President Bush, told the committee that the firings were "unprecedented" and "troubling."

"The appearance . . . tends to undermine the importance of the office of the United States attorney," White said.

Justice Lawyer Explains Attorney Firings (AP)

By Laurie Kellman, The Associated Press

AP, February 7, 2007

WASHINGTON - A top Justice Department official acknowledged Tuesday that more than a half-dozen U.S. attorneys were fired in the last year, in some cases without cause, but denied Democrats' allegations that they were dismissed and replaced for political reasons.

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In testimony before the Senate Judiciary Committee, Deputy Attorney General Paul McNulty defended the department's firing of seven U.S. attorneys since March, for reasons he would not divulge.

McNulty reminded the panel that federal prosecutors serve at the pleasure of the president. And he repeated Attorney General Alberto Gonzales' promise to submit the name of every replacement to the Senate for confirmation.

"The attorney general's appointment authority has not and will not be used to circumvent the confirmation process," McNulty told the Democrat-led panel. We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution."

McNulty spoke after weeks of Democrats' accusations that the forced resignations of prosecutors in Arkansas and California in particular were moves to reward Republican allies.

Democrats and Republicans blamed the situation on that fact that without their knowledge a little-known provision was slipped into the Patriot Act reauthorization that took effect in March letting the attorney general replace prosecutors indefinitely. They now are seeking legislation to give interim appointment authority to District Court judges, with a deadline by which the prosecutor must be confirmed by the Senate.

Judges often are not qualified to make those appointments, Gonzales told The Associated Press last month.

The hearing, chaired by Sen. Chuck Schumer, D-N.Y., gave lawmakers a new chance to insist the Justice Department has used that provision to appoint political allies to U.S. attorney offices.

In Arkansas, H.E. Bud Cummins received a call from a Justice Department official last year telling him to resign and assuring him there was no cause for the firing, a fact McNulty confirmed Tuesday. Cummins' replacement was to be J. Timothy Griffin, a former aide to presidential counselor Karl Rove and a former military prosecutor.

Also riling Democrats is the case of former San Diego U.S. Attorney Carol Lam, whose pursuit of public corruption cases included the government's case against Randy "Duke" Cunningham, the former Republican congressman who pleaded guilty to taking $2.4 million in bribes.

McNulty denied Lam was fired in retaliation for Cunningham's conviction, calling Lam's pursuit of the case "a very good thing for the American people and the Department of Justice to accomplish."

"We are proud of that accomplishment," McNulty said.

Justice Official Defends Prosecutors' Firings (LAT)

By Adam Schreck, Times Staff Writer

The Los Angeles Times, February 7, 2007

Deputy Atty. Gen. McNulty tells a Senate panel that they were forced out over performance, not politics. Democrats are skeptical.

WASHINGTON — The recent forced resignations of six top federal prosecutors, including two in California, were based on "performance-related" concerns and were not politically motivated, a Justice Department official testified Tuesday on Capitol Hill.

Appearing before the Senate Judiciary Committee, Deputy Atty. Gen. Paul J. McNulty defended the dismissals.

"The indisputable fact is that United States attorneys serve at the pleasure of the president," he said. "They come and they go for lots of reasons."

McNulty also expressed strong opposition to a plan by Sen. Dianne Feinstein (D-Calif.) to strip the Justice Department of authority it received last year to appoint interim U.S. attorneys for indefinite periods without Senate confirmation.

That power, added to the USA Patriot Act when it was reauthorized in March, has worried some lawmakers. At issue is the amount of oversight that Congress — now in the hands of Democrats — has over the appointment of federal prosecutors.

Seven U.S. attorneys, including Carol Lam in San Diego and Kevin Ryan in San Francisco, have been asked to leave. Some Democrats have suggested that the firings are an attempt by the Bush administration to reward political allies and get rid of otherwise capable prosecutors who may be at odds with the White House.

"I have never seen the department more politicized and pushed further away from its mission," said Sen. Charles E. Schumer (D-N.Y.). "And now it appears even the hiring and firing of our top federal prosecutors has become infused and corrupted with political, rather than prudent, considerations — or at least there is a very strong appearance that this is so."

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McNulty dismissed suggestions that the firing of the seven prosecutors was politically motivated. The Justice Department, he said, has not and will not "remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for prosecution."

"When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart," he told Schumer.

Some legal experts have said that the moves, while legal, are unorthodox and could have harmful repercussions.

"There's at least a strong perception by those in and outside of the United States attorney's office that this is not business as usual," said Loyola Law School professor Laurie Levenson during her testimony Tuesday.

Much of Tuesday's hearing focused on the dismissals of Lam, who plans to step down Feb. 15, and of H.E. "Bud" Cummins, a prosecutor in Little Rock, Ark., who was replaced by a former aide to Karl Rove, President Bush's longtime political strategist.

Lam, who declined to comment about McNulty's remarks Tuesday, headed an investigation that led to the guilty plea, on bribery charges, of Republican Rep. Randy "Duke" Cunningham of Rancho Santa Fe. She has been criticized as not being tough enough on smugglers of illegal immigrants.

In a written statement, Ryan, who has not announced a departure date, said only that his resignation was the result of "a mutually agreeable decision with Washington."

McNulty would not publicly discuss why individual prosecutors were asked to step down, other than to say six of the seven were replaced because of "performance-related" issues. The decision to replace the seventh, Cummins, was an "opportunity to provide a fresh start with a new person in that position," he said.

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Official Denies Prosecutors Were Ousted For Political Reasons (MCT)

By Marisa Taylor

McClatchy Newspapers, February 7, 2007

WASHINGTON - The No. 2 Justice Department official acknowledged Tuesday that at least seven U.S. attorneys were asked to resign, but he denied that the administration ousted them for political reasons.

Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that six U.S. attorneys were asked to step down in December because of "performance-related" issues.

However, McNulty said H.E. "Bud" Cummins, the former U.S. attorney in Arkansas, wasn't fired because of how he handled his job. Rather, McNulty said, administration officials wanted to make room for Timothy Griffin, a former aide of presidential adviser Karl Rove.

McNulty emphasized that the administration has the power to fire U.S. attorneys from the politically appointed positions - even without any apparent cause. But he denied that politics played any role in the firings of other U.S. attorneys, including Carol Lam, who was asked to step down in San Diego. In 2005, Lam's office won a bribery conviction against then-Rep. Randy "Duke" Cunningham, R-Calif. That investigation is continuing.

McNulty said his department had been "proud" of the Cunningham prosecution, but he declined to elaborate on Lam's or any other U.S. attorney's firing during the hearing. He agreed instead to brief senators privately on the matter.

"We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution, or in retaliation for prosecution," he said. "Such an act is contrary to the most basic values of our system of justice."

The decision to fire the U.S. attorneys came under scrutiny late last month after Senate Democrats discovered that Attorney General Alberto Gonzales could use a little-noticed change in the Patriot Act to fill the vacancies with appointees.

The legal change last March allowed Gonzales to appoint interim U.S. attorneys for indefinite terms.

Last month, McClatchy Newspapers analyzed many of those interim appointments and found that Gonzales had been appointing conservative loyalists from the Bush administration's inner circle to fill the vacancies.

The new U.S. attorneys all have impressive legal credentials, but most of them have few ties to the communities they've been appointed to serve, and some have little experience as prosecutors.

Several have become permanent U.S. attorneys after Senate confirmation.

Traditionally, the top assistant U.S. attorney in each local office fills any vacancy while home-state senators search for preferred candidates to present to the White House for consideration. If it takes more than four months to find a permanent successor, a judge can extend the temporary appointment or name another acting U.S. attorney. Ultimately, the candidates must be confirmed by the Senate.

Senate Democrats said they were concerned that the administration is attempting to bypass the Senate confirmation process under the new Patriot Act provision.

Administration officials argue that the change was necessary to ensure that judges didn't appoint interim U.S. attorneys who were hostile to the administration.

McNulty said that the Justice Department is committed to giving home-state senators of the president's party their traditional say in submitting the names of preferred candidates for White House consideration.

Mary Jo White, who was appointed U.S. attorney for the southern district of New York by President Clinton in 1993, told the committee that any firings of U.S. attorneys in the middle of an administration "without significant cause," such as serious misconduct, would be unprecedented.

If U.S. attorneys had been removed because of controversy over cases or "just to give another person the opportunity to serve," the actions would "pose a threat to the independence of the U.S. attorneys," she said.

Laurie Levenson, a former assistant U.S. attorney who's now a professor at Loyola Law School in Los Angeles, said the revelation about Cummins being removed to give someone else a chance to be U.S. attorney "was precisely the problem."

"The job of U.S. attorney should not be a political prize," she said. "There's too much at stake for the district and the people who work in that office."

Despite Griffin's relative inexperience as a prosecutor, McNulty described the former Rove aide as "well qualified" to run the office in Little Rock.

Sen. Charles Schumer, D-N.Y., contended that the appointment didn't "pass the smell test."

"I can't even see how Mr. Griffin would be better qualified in any way than Bud Cummins, who had done a good job, who was well respected, who had now had years of experience," he said.

Bills are now pending in the House of Representatives and the Senate that would restore the traditional interim appointment process to judges.

Senate Given No Reason For Prosecutor Firings (CHIT)

By Karoun Demirjian

Chicago Tribune, February 7, 2007

WASHINGTON -- A year ago, Carol Lam, the U.S. attorney in San Diego, was fielding accolades for her successful prosecution of Rep. Randy "Duke" Cunningham, the California congressman who pleaded guilty to tax evasion and corruption and was sent to prison for more than eight years.

Now, however, she is one of seven federal prosecutors that the Bush administration has removed from office in recent weeks, most for unspecified reasons, as was the case with Lam. The dismissals are unusual and that has prompted several Democratic senators to accuse the White House of taking undue aim at U.S. prosecutors, either to make way for up-and-coming Republicans or even to punish those who aggressively prosecuted friends of the administration.

The Department of Justice has strongly denied the allegations, but also has refused to publicly give any reasons for the dismissals.

Deputy Attorney General Paul McNulty defended the firings Tuesday at a Senate Judiciary Committee hearing, saying, "U.S. attorneys serve at the pleasure of the President {ndash} they come and go for lots of reasons…. We don't really believe we are obligated to set forth a reason or cause."

The nation's 94 U.S. attorneys, the chief federal prosecutors in their respective cities or geographic regions, are generally appointed at the beginning of a president's term, and barring serious misconduct, serve until the end of his tenure or until they choose to leave voluntarily.

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The current round of removals has attracted Democratic attention because of a little-noticed measure that was slipped into the Patriot Act Reauthorization last year allowing the White House to circumvent the Senate approval process for U.S. attorneys by making open-ended interim appointments.

Since President Bush signed the bill, about a dozen U.S. attorneys have resigned. McNulty said at least seven of the resignations were sought by Justice. But he said only the resignation of H.E. Cummins III of Little Rock, Ark. was sought without a specific job performance-related cause. Cummins was replaced by J. Timothy Griffin, a military prosecutor and former assistant to White House political operative Karl Rove.

McNulty told the committee that the administration is still consulting senators to identify the best candidates in their respective states and fully intends to send the prosecutors' replacements to the Senate for confirmation. But suspicious Judiciary Committee members said they plan to vote Thursday to rescind the Patriot Act provision that allows the administration to appoint interim U.S. attorneys indefinitely without Senate confirmation.

Sen. Mark Pryor (D-Ark.) told the committee, "I am convinced that the administration and future administrations will bypass the Senate if the law isn't changed." He said he doubted that in the seven months since Cummins had first been asked to step down that the administration couldn't send an official nominee to the Senate for confirmation. "This is larger than any party affiliation or any single appointment."

Sen. Arlen Specter (R-Pa.) bristled at allegations that he had played any part in crafting the clause on interim appointments in the Patriot Act and agreed to cooperate to revert the law on U.S. attorney appointments back to its pre-2006 state. In the earlier law, interim terms expire after 120 days, and if no replacement can be nominated and confirmed in that time, the local federal court names a replacement.

But McNulty said that arrangement has caused problems in the past, such as in South Dakota in 2005, when a U.S. district judge's appointee for interim U.S. attorney was overruled by the Justice Department in favor of a candidate it selected, precipitating a legal dispute.

But several senators said that the alternative in the Patriot Act, possibly cutting them entirely out of the appointment process, is unacceptable.

"The Patriot Act should not have been amended," said Sen. Dianne Feinstein (D-Calif.), who sponsored the measure to revise the law. "I do not believe anyone in this committee knew it was in the law—no Republican, no Democrat."

Not all members of the Judiciary Committee voiced concern about the firings. Sen. Jeff Sessions (R-Ala.), said, "For seven out of 94 to be asked to step down is not that big a deal to me. My personal opinion is that the Department of Justice is far too reticent in reviewing U.S. attorneys that do not perform."

Lawmakers' Letters Led To Lam's Ouster (SDUT)

By Joe Cantlupe, Copley News Service

The San Diego Union-Tribune, February 7, 2007

A top Justice Department official said yesterday that San Diego U.S. Attorney Carol Lam was being targeted for dismissal because of "performance-related" issues after his office received letters from several members of Congress complaining about her handling of immigration enforcement cases.

Questioned by Senate Judiciary Committee members, Deputy Attorney General Paul McNulty repeatedly declined to spell out what Lam's performance shortcomings were, other than to note the complaints.

"What about Carol Lam? Why was she terminated?" committee member Rep. Arlen Specter, R-Pa., asked McNulty.

"I respectfully decline to go into specific reasons," McNulty said.

"I think the committee needs to know why she was terminated," Specter responded.

But all McNulty would say is that "the phone calls made in December were performance-related." He was referring to calls made to Lam and five other prosecutors demanding their resignations. A seventh U.S. attorney, based in Arkansas, was dismissed earlier last year to make way for a former aide to White House adviser Karl Rove, McNulty said.

The forced resignations and secrecy surrounding them have triggered concerns among Democrats that the Bush administration is trying to circumvent the Senate's right to approve or disapprove U.S. attorney appointments.

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Democrats, including California Sen. Dianne Feinstein, have objected to a provision slipped into the USA Patriot Act last year allowing U.S. attorney replacements to be appointed and serve indefinitely without Senate approval. Democrats are preparing legislation to overturn the new presidential power.

"I have observed, with increasing alarm, how politicized the Department of Justice has become," Sen. Charles Schumer, D-N.Y., said at the start of the hearing. "I have watched, with growing worry, as the department has increasingly based hiring on political affiliation."

McNulty vigorously denied the allegation: "When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart."

Separately, he added: "The attorney general's appointment authority has not and will not be used to circumvent the confirmation process."

Schumer noted that Lam "was in the midst of a sweeping public investigation," referring to the probe of former Rep. Randy "Duke" Cunningham, R-Rancho Santa Fe, and others. Cunningham is in prison after pleading guilty to conspiracy and tax evasion charges, but investigations are pending for several co-conspirators.

"Was her firing political retaliation? There's no way to know that," Schumer said. But he said he assumed that "politics is involved. The appearance is plain awful."

McNulty denied the assertion.

When questioned about the continued Cunningham-related investigations, McNulty said, "We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution."

Sen. Jeff Sessions, R-Ala., who supports Attorney General Alberto Gonzales' right to remove the prosecutors, referred to a series of critical letters about Lam from members of Congress who questioned her lack of aggressiveness in immigration-related cases.

Lam had been "subject to a number of complaints," Sessions said.

Last June, Feinstein wrote to Gonzales regarding her concerns about immigration-related prosecutions in Southern California. On July 30, 2004, a group of 14 California representatives wrote to the Attorney General also to express their "concern" about immigration-related cases.

In October 2005, Rep. Darrell Isla, R-Vista, wrote to Lam complaining about "non-prosecution of criminal illegal aliens," and a year later criticized her office about its failure to carry out immigrant-related smuggling cases.

The Attorney General's office was familiar with all the letters, McNulty said. "We received letters from members of Congress," McNulty acknowledged. "I don't want to go into the substance of them.

"We take them seriously," he said. "We give them consideration."

Lam, 47, who has been the top prosecutor in San Diego for more than four years, announced she is resigning Feb. 15. She has declined to comment on reasons for her resignation, but sources said they were linked to Justice Department officials who were concerned about her handling of immigration-related prosecutions.

Lam's office said she had no comment about yesterday's proceedings.

White House Denies Prosecutors Were Sacked In Retaliation (FT)

By Alim Remtulla Inwashington Andbrooke Masters In New York

Financial Times, February 7, 2007

The Bush administration had no complaints about the performance of the US attorney from eastern Arkansas who it forced out late last year to make room for a protege of Karl Rove, a Justice Department official yesterday acknowledged.

But Paul McNulty, the deputy attorney-general, told the Senate judiciary committee that his department had performance-related "reasons" for calling six other top prosecutors in December and ordering them to resign.

Senate Democrats are probing the recent departure of 13 of the 93 US attorneys, asking whether the Bush administration is "politicising" the administration of justice and using the posts to reward political allies.

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The Democrats have been particularly concerned about the removal of Carol Lam, the former US attorney for San Diego, who prosecuted Randy "Duke" Cunningham, a former Republican congressman.

Mr McNulty said Ms Lam's departure was unrelated to the bribery case but he said she was among the group removed for performance-related reasons.

"In this administration, US attorneys are never, repeat, never, removed in an effort to retaliate against them," Mr McNulty testified. He also said Timothy Griffin, Mr Cummins' replacement in Arkansas, was well qualified for his new position.

Democrats are also seething about a 2006 law change that allows the attorney-general to name "interim" US attorneys who can serve indefinitely without Senate confirmation. Until last year, temporary replacements could serve only 120 days before they needed approval from a state's district judges.

Chuck Schumer, the New York senator who chaired the hearing, warned that he might subpoena the performance records of the fired prosecutors if the Justice Department did not turn them over.

"I have never seen the department more politicised and pushed further away from its mission as an apolitical enforcer of the rule of law," he said

Mr McNulty insisted the executive branch was better positioned to appoint temporary prosecutors than judges would be but he also pledged that the administration would fill all the open jobs with nominees who were confirmed by the Senate.

Senators Press Officials On U.S. Attorney Firings (RC)

By Rachel Van Dongen

Roll Call, February 7, 2007

Turning up the heat on the Bush administration on an increasingly touchy issue, Republican and Democratic members of the Senate Judiciary Committee grilled Deputy U.S. Attorney General Paul McNulty on Tuesday over why and how as many as seven U.S. attorneys around the country were dismissed from their posts since June.

Led by Sen. Charles Schumer (D-N.Y.), the lawmakers aggressively questioned the Justice Department's motives in firing up to six prosecutors in December, including San Diego U.S. Attorney Carol Lam, who is credited with producing the 2005 guilty plea of former Rep. Duke Cunningham (R-Calif.) to accepting more than $2.4 million in bribes from defense contractors. Lam is leaving office Feb. 15, but the probe into Cunningham's activities continues.

"I have observed, with increasing alarm, how politicized the Department of Justice has become," Schumer said in his opening statement. "And now, it appears, even the hiring and firing of our top federal prosecutors has become infused and corrupted with political, rather than prudent, considerations."

Schumer repeatedly pressed McNulty, a former chief Hill counsel during former President Bill Clinton's impeachment proceedings and ex-House ethics committee lawyer, to provide documentation, such as written evaluations of each U.S. attorney's job performance, that would substantiate why the attorneys were fired. If that information is not provided quickly, the Democrat threatened to subpoena that information from Justice. "For six years, there has been little or no oversight of the Department of Justice. Those days are over," Schumer vowed.

In a strong opening statement putting Justice on the defensive, Schumer's comments were echoed by the panel's ranking member, Sen. Arlen Specter (R-Pa.), a former Pennsylvania assistant attorney general.

"If a U.S. attorney general was fired in retaliation for what was done on the prosecution of former Congressman Cunningham, that's wrong," Specter stated. "And that's wrong even though the president has the power to terminate U.S. attorneys. U.S. attorneys can't function if they're going to be afraid of the consequences of a vigorous prosecution."

Arguing that the executive branch has created an atmosphere of "high-level suspicion" in Congress, Specter said that Senate oversight on the U.S. attorneys issue should move full-steam ahead. "I want to see this inquiry pursued ... I want it pursued in each one of these cases and see what actually went on because there are very serious accusations that are made that, if they're true, there ought to be very, very substantial action taken in our oversight function."

McNulty strenuously denied any political motivation for the dismissal of the prosecutors, explaining that it was part of normal staff turnover. "The indisputable fact is that U.S. attorneys serve at the pleasure of the president," he said. While he refused to confirm the exact number of prosecutors dismissed recently, McNulty did say that several were let go for "performance-based"

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reasons in phone calls during December 2006. McNulty declined, however, to provide a specific reason for Lam's dismissal, arguing that it would be "unfair" to individual prosecutors to discuss their private personnel records in public.

"What happened in the prosecution of Congressman Cunningham was a very good thing," McNulty said, describing Justice as "proud" of that outcome. "Any investigation that falls from that has to run its full course."

"Public corruption is a top priority for the president," McNulty added.

McNulty, however, did not dispute Schumer's assertion that another U.S. attorney — Bud Cummins III, the former U.S. attorney for Eastern Arkansas — was dismissed without any specific cause. Democrats allege that Cummins was asked to step aside in order to install Tim Griffin, a former aide to White House adviser Karl Rove.

Sen. Mark Pryor (D-Ark.), a former Arkansas attorney general who testified before the committee, praised Cummins' record and said he did not believe he could support Griffin if his nomination was ultimately sent to the Senate for confirmation.

"As more light was shed on the situation in Arkansas, it became clear that Bud Cummins was asked to resign without cause so that the White House could reward the Arkansas post to Mr. Griffin," Pryor testified.

Led by Sen. Dianne Feinstein (D-Calif.), Democrats have been slamming the administration over the U.S. attorneys issue for several weeks now. Besides arguing that the dismissals are politically motivated, they also charge that the Justice Department is attempting to circumvent the Senate confirmation process by installing interim U.S. attorneys whom it has no intention of ever formally nominating. The Justice Department fiercely denies that charge and says it intends to send all U.S. attorney candidates for nomination to the Hill.

Feinstein lists seven U.S. attorneys recently asked to step aside by Justice: Lam, Cummins, Kevin Ryan of San Francisco, David Iglesias of New Mexico, Daniel Bogden of Nevada, John McKay of Washington and Paul Charlton of Arizona. Besides Lam, none of the prosecutors is involved in identified Congressional cases.

Feinstein and Specter appear to have agreed on compromise legislation to reverse a 2006 amendment to the USA PATRIOT Act that allowed Justice to indefinitely appoint interim U.S. attorneys. The legislation, which is slated to be marked up on Thursday, would allow Justice to install a replacement attorney for 120 days; after that, the authority would be transferred to a district court judge until a permanent replacement was found.

Committee Republicans largely defended the administration while noting that political interference in prosecutions was a serious matter if it were proved true. "U.S. attorneys serve at the pleasure of the president," said Sen. Orrin Hatch (R-Utah). "The president can remove them for any reason ... that's the the law."

Alabama GOP Sen. Jeff Sessions raised the fact that several House Members, including California GOP Rep. Darrell Issa, had complained about Lam's record on prosecuting smuggling and other crimes along the California border. "I think we need to look at these appointments maybe in the future more carefully," Sessions said.

Judiciary Panel Questions Removal Of Arkansas U.S. Attorney (MCA)

By Bartholomew Sullivan, The Commercial Appeal

Memphis Commercial Appeal, February 7, 2007

WASHINGTON -- Members of the Senate Judiciary Committee asked Tuesday why the federal prosecutor who oversaw undercover operations that exposed corruption in the West Memphis Police and Crittenden County Sheriff's departments in 2002 was fired last year by the Justice Department.

Sen. Mark Pryor, D-Ark., told the committee that 49 days after H.E. "Bud" Cummins "was ousted without cause," and replaced by interim U.S. Attorney J. Timothy Griffin, he still doesn't know the grounds for the removal. Griffin, a protégé of presidential advisor Karl Rove and a former Republican Party opposition researcher, has not been nominated by the president and has therefore not been subject to the Senate's advise and consent oversight.

"The failure to acknowledge that Bud Cummins was told to leave for a purely political reason is a great disservice to someone who was loyal to the Administration and who performed his work admirably," Pryor testified.

Attorney General Alberto Gonzales has said that Cummins and six other U.S. attorneys, including the one in San Diego pursuing high-level corruption stemming from the U.S. Rep. Duke Cunningham scandal, were not removed for political reasons.

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"I think I would never, ever, make a change in a United States Attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation," Gonzales said last month.

Cummins, a Republican, has said that he understands he serves at the will of the president, and appreciated the opportunity to serve for five years. "I don't have any hard feelings," he told the Arkansas Democrat Gazette last month.

But in Sunday's Washington Post, he elaborated: "I don't think many of us were aware that the administration might want to ask someone to step aside just to give someone else an opportunity," said Cummins. "The precedent was that once you were appointed, assuming you were successful in office, you were there until there was a change in the White House."

Cummins, who successfully prosecuted corrupt West Memphis and Crittenden County sheriff's deputies involved in a drug task force shortly after taking office, could not be reached Tuesday.

Skeptical Democrats on the committee Tuesday hinted they aren't buying it that the removal decisions weren't political. They will be considering legislation to re-establish Senate confirmation of prospective U.S. attorneys within 120 days of an interim appointment. The change permitting indefinite interim appointments was inserted in last year's Patriot Act reauthorization.

When Sen. Arlen Specter, R-Pa., asked Deputy Attorney General Paul J. McNulty whether the Justice Department would support the change, McNulty said it would consider it. McNulty said the department takes the position that a U.S. attorney can be removed for any reason or for no reason at all.

Cummins has said he was told last June that he was being removed to give Griffin the kind of high-profile exposure such a political appointment brings. The U.S. attorney prosecutes federal crimes within all of eastern Arkansas, based in Little Rock.

Cummins found out he was being replaced when he received a phone call while hiking in the woods with his son. Pryor testified Tuesday that he and others intervened to keep him in place until the end of the year. He left office Dec. 15, the day Griffin's appointment became official.

In his testimony, Pryor said Gonzales asked if he would support Griffin for the job, and Pryor said he could not without first seeing him go through the confirmation process. Pryor, a former Arkansas attorney general, said Griffin would not be his nominee for the post "because I just know too many other lawyers who are more qualified, more experienced and more respected by the Arkansas bar."

He continued: "After a thorough review by this committee, I hope that you will reach the same conclusion I have, which is this: No administration should be able to appoint U.S. attorneys without proper checks and balances. This is larger than party affiliation or any single appointment. This touches our solemn responsibilities as senators."

Deputy AG Acknowledges Cummins Was Forced Out (NAMN)

By Aaron Sadler, The Morning News

Northwest Arkansas Morning News, February 7, 2007

WASHINGTON -- A Justice Department official acknowledged for the first time Tuesday that H.E. "Bud" Cummins was fired last year as federal prosecutor in Little Rock to make room for a former White House aide.

He denied, however, that politics played a role in that or other U.S. attorney firings across the country.

At least seven prosecutors were forced out by the Bush administration late last year, including Cummins, U.S. attorney for the Eastern District of Arkansas.

The Justice Department named Timothy Griffin as an interim replacement. Griffin, 38, is a former deputy to White House political adviser Karl Rove and former director of opposition research for the Republican National Committee.

Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that Cummins was informed in a June phone call that he was being asked to resign without cause. At that point, Griffin had already been identified as an interim successor, he said.

Other removals were "performance-related," according to McNulty.

Sen. Mark Pryor, D-Ark., said the Justice Department changed its story regarding Cummins' departure.

"First they said that initially Bud Cummins decided to leave on his own," Pryor said. "It's taken many weeks to get here, but today the Justice Department admitted he was told to leave."

Cummins said in a telephone interview Tuesday that he appreciated Pryor's defense of his service, but that he remained a Bush loyalist who had considered leaving his post regardless.

"In my case, it's fair to say it was handled poorly, because they could just have easily called me and said 'You haven't done anything wrong. You're a champ. You've been a great performer for the president, and we'd like you to cooperate with us and give this other guy a job for two years,'" Cummins said.

Democrats criticized the spate of firings as ways to build the resumes of up-and-coming Republicans by placing them in prosecutor jobs for the final two years of President Bush's term.

Pryor testified at Tuesday's hearing that the Justice Department should acknowledge Cummins was fired for "purely political reasons."

Democrats grilled McNulty extensively about Griffin's appointment, skeptical that the choice was unrelated to his GOP connections.

"It sure doesn't smell too good," Sen. Charles Schumer, D-N.Y., said "You know that and I know that, but maybe there's a more plausible explanation than the one that seems to be obvious to everybody."

Schumer described Griffin as an "ambitious acolyte" of Rove.

The administration should be allowed to make personnel changes at will without facing attacks from Democrats, unless it is proved the administration is abusing its power, said Sen. Arlen Specter, R-Pa., the ranking Republican on the Judiciary Committee.

"The atmosphere in Washington, D.C., is one of high-level suspicion," Specter said. "I want to see what actually went on, because there are very serious accusations that have been made."

Among questions Schumer raised was whether Carol Lam was ousted as U.S. attorney in San Diego in retaliation for prosecuting former Rep. Randy Cunningham, R-Calif., and whether Rove pushed to install Griffin in Arkansas.

McNulty said Griffin represented a "fresh start" for the Little Rock office, and that he brought more prosecutorial experience to the job than Cummins when he took the job in 2001.

"The fact that he has political activities in his background does not speak to his qualifications for being the United States attorney in that district," McNulty said of Griffin.

Griffin, of Magnolia, had been a special assistant prosecutor in Cummins' office and prosecuted cases in the Judge Advocate General's corps during a deployment in Iraq last year.

McNulty sidestepped questions about other fired prosecutors, including Lam, saying he would not speak publicly about reasons for the terminations.

Three Democratic senators, including Pryor, are sponsoring legislation to change a provision of the Patriot Act that gives the Justice Department authority to appoint interim U.S. attorneys for indefinite time periods.

Pryor said such appointments would circumvent the Senate's constitutional responsibility to confirm judicial appointments.

In a hearing last month, Attorney General Alberto Gonzales said the Justice Department intends to put every new U.S. attorney through the nomination process.

But Pryor said the administration has taken the position that prosecutors do not need to be confirmed, citing a recent Justice Department filing in a complaint filed by Little Rock attorney John Wesley Hall.

Hall contends Griffin does not have authority to serve as U.S. attorney without Senate confirmation.

"They have changed their story on a couple points," Pryor said of the Justice Department.

"They've been saying publicly that their intention is to nominate all these U.S. attorneys, however ... they take the position they don't have to have U.S. attorneys confirmed."

Specter and Sen. Dianne Feinstein, D-Calif., said they support returning to the law as written before last year, setting a 120-day time limit for interim appointments.

Congress Probes Departures Of U.S. Attorneys (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 7, 2007

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The departure of nearly a dozen U.S. attorneys–including some overseeing high-profile politically charged criminal investigations–has sparked congressional inquiries as to whether the Justice Department is politicizing the hiring and firing of federal prosecutors. Deputy Attorney General Paul McNulty was in the hot seat today answering just that very question before the Senate Judiciary Committee.

One of the U.S. attorney departures that is raising the most eyebrows is that of Carol Lam, who has been overseeing the massive federal corruption probe of former Rep. Randall "Duke" Cunningham. The eight-term Republican congressman is currently serving a long prison term for accepting more than $2.4 million in bribes in exchange for inserting lucrative "earmarks" into defense appropriations and intelligence appropriations budgets on behalf of two defense contractors, including a San Diego-based contractor named Brent Wilkes and two unindicted co-conspirators.

But federal investigators are continuing to investigate Wilkes's ties to Cunningham and to a senior Central Intelligence Agency official named Kyle "Dusty" Foggo, who has since resigned from his post after being named in the corruption probe. The government alleges that Wilkes gave Cunningham more than $630,000 in bribes, gifts, and favors. They also are probing whether Wilkes obtained lucrative CIA contracts from Foggo, a former high school buddy who became the No. 3 official at the CIA. That investigation is still ongoing and could result in further indictments.

Both Wilkes and Foggo have said they are innocent.

To some veteran former Justice Department officials, the departure of Lam before the Cunningham probe is completed harks back to a similar case involving a CIA asset more than 25 years ago, in which the U.S. attorney was fired because of pressure from the agency. In 1982, the feds arrested the former chief of the Federal Security Directorate (Mexico's secret police), Miguel Nazar Haro, after he was indicted by a federal grand jury in San Diego for his involvement in an $8 million car-theft ring that had smuggled about 600 stolen American luxury cars and vans from Southern California to Mexico.

The U.S. attorney in San Diego, William Kennedy, had uncovered the car-theft ring and pushed the Justice Department to indict Haro. Kennedy charged that the CIA was blocking the indictment because Haro was a CIA asset in Mexico City and that the Justice Department was dragging its feet. Kennedy was reprimanded in no uncertain terms–President Ronald Reagan fired the prosecutor, a former Justice official says, after the CIA brought pressure to bear. But Haro–who was forced to resign as the secret police chief because of the car-smuggling allegations– was subsequently indicted and arrested. He posted $200,000 bail and fled, becoming a fugitive. And so he remained, until he was again arrested in February 2004, this time on charges that he had kidnapped a leftist leader nearly three decades earlier during Mexico's "dirty war," against the left.

After Kennedy was fired, Justice sources say, CIA officials used it as a "warning" to other Justice officials not to challenge the agency. Kennedy later became a superior court judge in San Diego.

Fast forward to the Cunningham probe. Former Justice officials say it's ironic that the U.S. attorney's office that the CIA challenged so aggressively in the 1980s is the same office that is now targeting an allegedly corrupt CIA official. The CIA, Justice sources say, has blocked efforts to obtain documents in connection with the Wilkes-Foggo case.

Lam has declined to comment on her imminent departure. McNulty told the Judiciary Committee today that the turnover of U.S. attorneys is not unusual and won't cause any problems.

"The indisputable fact is that [U.S. attorneys] serve at the pleasure of the president," said McNulty. "They come and they go for lots of reasons."

But one former senior justice official says he's skeptical of official explanations.

"If you say there's an innocent reason for the change in San Diego," he says, "I have a bridge to sell in Brooklyn."

Playing Politics With Justice (NYT)

The New York Times, February 7, 2007

The Bush administration has pushed out at least seven United States attorneys recently for what appear to be purely political reasons. Senator Charles Schumer, Democrat of New York, has opened an investigation, and not a moment too soon. The American justice system would be seriously damaged if United States attorneys were stripped of their independence.

United States attorneys, the federal prosecutors who work in the states, are supposed to be respected, independent members of the bar. They have extraordinary power: they can file criminal charges and conduct investigations that can destroy

reputations. They are supposed to be confirmed by the Senate, and there is a long tradition that they are not removed during the term of the president who appointed them, except for serious cause.

The Bush administration has broken with that tradition in a way that reeks of politics. One of the dismissed United States attorneys, H. E. Cummins III of Arkansas, has been replaced by a former Republican National Committee opposition researcher who worked for Karl Rove. Another, Carol Lam of San Diego, is in the middle of a sensitive public corruption inquiry that has already brought down one Republican congressman, Randy Cunningham, and is looking at other possible wrongdoers. The White House is taking advantage of a little-noticed provision in the Patriot Act that allows the president to appoint interim United States attorneys without Senate approval.

At a Judiciary Committee hearing yesterday on the dismissals, the deputy attorney general who represented the Bush administration failed to explain convincingly why the United States attorneys had been removed, or to dispel the suspicion that politics was the driving force. Mr. Schumer says he may subpoena the dismissed federal attorneys' performance evaluations if he doesn't get a better explanation. The Senate should keep pushing for answers — and for nonpartisan prosecutors to be placed and kept in these important positions.

Bush Replaces U.S. Attorneys In Power Play (BSUN)

By George W. Liebmann

The Baltimore Sun, February 7, 2007

The news that the Bush administration has replaced seven U.S. attorneys, none charged with or guilty of wrongdoing, with people fairly describable as Washington apparatchiks should give pause to all those concerned with America's working Constitution.

This was made possible by a provision of the Patriot Act allowing the president to make interim appointments of U.S. attorneys, a function previously confined to the federal district courts.

The office of U.S. attorney is far more powerful than it was at the time of the ratification of the Constitution. Its functions are no longer limited to federal specialties such as customs and revenue offenses, but extend to virtually the entire range of criminal offenses. Stringent federal sentencing guidelines have rendered federal prosecutions the prosecutions of first resort, even for certain street crimes. During the tenures of Attorneys General Janet Reno, John Ashcroft and Alberto R. Gonzales, the number of federal prosecutors has greatly increased.

As contemplated by Alexander Hamilton in the Federalist Papers, the requirement of Senate confirmation has operated to prevent the staffing of these positions with pliant presidential cronies. The local senators, particularly those of the president's party, in practice have nominated U.S. attorneys and normally have been concerned not to outrage the local bar. Although the appointees have always served at the president's pleasure, it has been possible to guard against politically motivated removals by vesting the power of interim appointment in federal judges, drawn from both parties. These judges have generally appointed senior career officials pending Senate approval of a new nominee.

The enthusiasts for unlimited executive power and a compliant Congress have changed this. But Article II, Section 2 of the Constitution expressly allows judicial appointing powers. Cases allow Congress to limit presidential removal powers on Justice Louis D. Brandeis' premise that the function of the Constitution was "not to promote efficiency but to preclude the exercise of arbitrary power."

In the wake of Watergate, Congress, at the urging of Attorney General Edward H. Levi, provided the FBI director with a 10-year fixed term to insulate him from presidential whims.

As the sweep of federal criminal jurisdiction widens, it is imperative that Congress thoroughly review the provisions for appointment and removal of all important federal law enforcement officials - not merely U.S. attorneys. The dispersion of police and prosecutorial power is the bedrock of American civil liberty. In all but two or three states, prosecutors are elected for short terms.

We do not want prosecutors to be laws unto themselves, and we do not want an elective dictatorship. Geographic dispersion of prosecutorial power, of which Congress has lately grown careless with its expansions of federal jurisdiction, has

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historically been the American answer to this problem. The growth of the central office of the Justice Department renders it imperative that old controls be reinstated and new ones devised.

The residents of the seven judicial districts affected by the new appointments do not yet have reason to remonstrate against an executive who has, in the language of the Declaration of Independence, "sent hither swarms of officers to harass our people and eat out their substance," but the new appointments - and the statute authorizing them - impair the influence of locally elected senators and overly aggrandize the federal executive.

George W. Liebmann, a Baltimore lawyer, is executive director of the Calvert Institute for Policy Research and the author of "The Common Law Tradition: A Collective Portrait of Five Legal Scholars."

CORPORATE SCANDALS:

3 Acquitted In Lengthy AOL Trial (WP)

By Carrie Johnson

The Washington Post, February 7, 2007

An Alexandria jury acquitted two former AOL executives on all the conspiracy and fraud charges against them yesterday, dealing a blow to prosecutors and marking a decisive end to one of the longest trials in the federal courthouse.

Jurors spent slightly more than three full days in deliberation before clearing Kent D. Wakeford and John P. Tuli of charges that they helped a Las Vegas software client post fictitious revenue in early 2001. As the court clerk read the verdict, Tuli wept while his mother and his wife gasped with delight. Wakeford trembled, clapped his hands twice and hugged his lawyers.

The six-man, six-woman jury also acquitted Christopher J. Benyo, a former vice president at the Las Vegas company, PurchasePro.com. Defense lawyer Terrance Reed last week appealed to the jury to "set yourselves and Mr. Benyo free" from a case that stretched into a fourth month, a rarity in a courthouse known for dispensing speedy justice.

"You're free to go, gentlemen," U.S. District Judge Walter D. Kelley Jr. told the jubilant defendants. Wakeford and Tuli clasped in a tearful embrace as prosecutors filed out of the eighth-floor courtroom without a word to spectators or opponents.

The case marks the second defeat for the government in its five-year-old investigation into accounting misdeeds at PurchasePro and AOL in the early days of the Internet bust. The same judge acquitted a former top lawyer for PurchasePro in December 2005 after a two-week trial. Once the focus of intense government scrutiny, high-ranking AOL sales and marketing officials ultimately avoided criminal charges, an issue that defense lawyers for their subordinates seized on as scapegoating during the trial.

Chuck Rosenberg, the U.S. attorney for the Eastern District of Virginia who joined the office last year, issued a statement praising the government team and concluding: "Sometimes, jurors see things in a different way. We respect their decision."

In the course of the trial, which began in October, Tuli's defense lawyer Mark J. Hulkower assailed nearly every aspect of the prosecution, from the integrity of former PurchasePro employees who pleaded guilty and testified in exchange for leniency to the tactics of the investigators.

The defense teams also heaped blame on Charles E. Johnson Jr., PurchasePro's former chief executive who was severed from the case last fall for reasons that remain secret. Johnson will be retried in August. Defense lawyers stressed that Wakeford and Tuli had not received payments or other direct financial benefits for entering into deals with PurchasePro, and asked jurors to consider whether they had a motive to engage in the alleged fraud.

"We're pleased with the verdict," said Hulkower, who spent a week in the hospital after his appendix burst but returned to deliver an impassioned three-hour closing argument last week. "It's been five years in coming, and now John Tuli can reclaim his life."

Tuli's wife, his brother, his mother and other relatives relocated from the Boston area to occupy a nearby town house for the duration of the trial. Wakeford's parents and friends appeared in the courtroom to support him.

Alone among the three, Wakeford took the witness stand in his defense, testifying emotionally in January -- a move that his attorney, Henry W. Asbill, said followed a gut feeling. "All's well that ends well," Asbill said yesterday.

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After the verdict, Wakeford told reporters that the experience had been "hell," and in a telephone interview hours later spoke out against government tactics that he labeled "grossly unfair."

"At what point do the questionable tactics become so unfair that a government body should step in to make sure that innocent people are not wrongly convicted?" he asked.

AOL and parent company Time Warner paid more than $500 million two years ago to settle related charges over accounting practices. Spokesman Andrew Weinstein declined to comment on the jury's decision. AOL, which had been paying millions of dollars in attorney fees for Wakeford and Tuli, may have a difficult time recovering the money in light of the acquittals.

All three men continue to face civil fraud charges lodged by the Securities and Exchange Commission, which delayed its case while the criminal proceedings moved forward.

Defendants Acquitted In AOL-PurchasePro Trial (FINDLAW/AP)

By Matthew Barakat, Ap Business Writer

AP, February 7, 2007

(AP) - ALEXANDRIA, Virginia-Two former midlevel executives at America Online were acquitted Tuesday on all counts of charges that they conspired with a now-defunct Las Vegas software firm to inflate its revenue with secret side deals and backdated contracts.

A third defendant, a senior executive at the Las Vegas company, also was found not guilty on all counts.

The verdicts brought to a close one of the longest trials in the history of the federal courthouse in Alexandria. The trial lasted more than three months; the jury deliberated three full days before reaching its verdict.

All three defendants wept with relief when the verdicts were read.

John Tuli, a former vice president in AOL's NetBusiness unit; Kent Wakeford, a former executive director at AOL's business affairs unit; and Christopher Benyo, a former senior vice president of marketing at PurchasePro, had been accused of deceiving PurchasePro stockholders about the company's revenue in the first quarter of 2001 as the dot-com economy collapsed.

The alleged ringleader of the scheme, PurchasePro founder Charles "Junior" Johnson, is scheduled to go on trial in August.

Several PurchasePro executives had struck plea deals and testified at the trial.

AOL is the online access unit of Time Warner Inc.

Oil Drilling Companies To Pay Record Settlement In Bribery Case (AP)

By JUAN A. LOZANO

AP, February 7, 2007

HOUSTON - Three oil drilling companies - subsidiaries of a British firm - have agreed to pay a $26 million fine for bribing Nigerian officials in order to get preferential customs treatment, Justice Department officials announced Tuesday.

The fine by the companies, subsidiaries of London-based Vetco International Ltd., is the largest criminal settlement of foreign corruption charges, said Deputy Attorney General Paul J. McNulty.

"This case ... confirms our commitment to root out corruption," McNulty said. "The Department of Justice will continue its efforts to assure a level playing field for businesses operating abroad."

During a closed hearing in a Houston federal court Tuesday, the companies - Vetco Gray UK Ltd., Vetco Gray Controls Inc., and Vetco Gray Controls Ltd. - pleaded guilty to violating the Foreign Corrupt Practices Act.

Vetco Gray Controls Inc. agreed to pay a $6 million fine; Vetco Gray Controls Ltd., $8 million; and Vetco Gray UK Ltd., $12 million.

A fourth subsidiary, Aibel Group Ltd., agreed to accept responsibility for similar conduct by its employees.

According to court documents, the four subsidiaries paid Nigerian customs officers $2.1 million from September 2002 to at least April 2005 to speed equipment and employees into the country. At least 378 corrupt payments were made to Nigerian officials, authorities said.

At the time, the companies were providing engineering and procurement services and subsea construction equipment for Nigeria's first deepwater oil drilling project, the Bonga Project.

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The payments were coordinated mainly through Vetco Gray Controls Inc.'s offices in Houston.

This was the second time that Vetco Gray UK Ltd. pleaded guilty to corruption charges.

In July 2004, Vetco Gray UK agreed to pay $5.25 million for bribing Nigerian government officials with more than $1 million for insider bid information on oil and gas construction contracts.

Justice Department officials said their investigation was resolved due in part to Vetco International voluntarily disclosing what had happened and the subsidiaries' agreement to take steps to fix the problem.

In a statement, Vetco International Ltd. said the violations began under prior ownership in 2002 and stopped when discovered by current management in April 2005.

"Vetco International Limited and its subsidiaries fully cooperated with the (Department of Justice) by conducting a lengthy and thorough investigation of the conduct at issue, and took significant remedial action in response to its findings," the company said.

Vetco International officials said they will set up independent compliance monitors for both the Vetco Gray and Vetco Aibel subsidiaries for three years to make sure anti-corruption laws are followed.

The settlement with the Justice Department fulfills a closing condition for the previously announced sale of the Vetco Gray subsidiary to General Electric Co., Vetco International said.

Vetco International has about 10,000 employees in more than 30 countries.

Firms To Pay $26 Million In Nigeria Bribery Case (HC)

By Tom Fowler

Houston Chronicle, February 7, 2007

Three subsidiaries of Vetco International, an oilwell services firm with Houston ties, will pay a record $26 million to settle charges they violated the Foreign Corrupt Practices Act for bribing Nigerian officials.

Vetco Gray Controls Inc., Vetco Gray Controls Ltd., and Vetco Gray UK Ltd. will pay criminal fines of $6 million, $8 million, and $12 million, respectively. Collectively they constitute the largest such fine paid in connection with the act, the Department of Justice said today.

This is the second time in three years a Vetco-related firm has paid fines for bribery. In July 2004 Vetco Gray of Houston and Vetco Gray of Aberdeen, Scotland, each agreed to pay fines of $5.25 million. At the time the companies were owned by ABB of Switzerland.

Last month General Electric Co. said it would pay $1.9 billion to acquire Vetco Gray.

Vetco officials could not be reached for comment.

At a closed hearing this morning before U.S. District Judge Lynn Hughes in Houston, the companies pleaded guilty to violations of the anti-bribery provisions of the FCPA, as well as conspiracy to violate the federal law.

Aibel Group Ltd., another wholly owned subsidiary of Vetco International, also entered into a deferred prosecution agreement with the Justice Department .

According to the government from September 2002 through April 2005 each of the companies used an international freight forwarding and customs clearing company to make at least 378 payments totaling approximately $2.1 million to Nigerian Customs Service officials. The payments were aimed at getting customers officials to give Vetco preferential treatment.

Vetco Gray was providing engineering and procurement services and subsea construction equipment for Nigeria's first deepwater oil drilling project, the Bonga Project.

In addition to the criminal fines, the plea agreements require the companies to hire an independent monitor to oversee the creation and maintenance of a compliance program, complete an investigation of the companies' conduct in other countries and ensure that the agreements are binding to any future purchasers of the companies.

Allied Records Are Subpoenaed In 'Pretexting' Case (NYT)

By Julie Creswell

The New York Times, February 7, 2007

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Federal prosecutors have subpoenaed records of Allied Capital, a business development company that provides financing to smaller firms, in an effort to discover how private investigators it hired may have obtained the phone records of one of its leading critics.

Allied, which had previously denied any involvement, said yesterday in a statement that it has since become aware that an agent of the company obtained the telephone records of David Einhorn, a hedge fund manager, as well as records of calls from his fund, Greenlight Capital, during 2005.

Allied, which is based in Washington, said that it had received a subpoena from the United States attorney in Washington in December.

The statement added that Allied's management had not authorized the obtaining of the telephone records and that the company was cooperating with prosecutors.

In November, The New York Times reported accusations by Mr. Einhorn and other Allied critics that they had been the victims of pretexting — improperly impersonating an individual to obtain confidential information.

Pretexting became part of the national vocabulary after the disclosure by Hewlett-Packard in September that it had hired investigators who obtained the phone records of board members and reporters to discover the source of leaks to the media.

California's attorney general has filed criminal charges against one of Hewlett-Packard's former senior lawyers as well as its former chairwoman, Patricia C. Dunn, and two private detectives. All have pleaded not guilty.

In response to Allied's statement yesterday, Mr. Einhorn expressed frustration that he had brought the pretexting allegations to the attention of Allied's board several times only to be ignored.

"After five years, Allied Capital has acknowledged a tiny piece of its rampant misconduct," Mr. Einhorn said in a statement. "The evidence was clearly always there; the board simply neglected its fiduciary responsibility to supervise the company appropriately."

The Justice Department inquiry raises questions about how far companies may be going to fight hedge funds that have sold their stocks short. In a short sale, an investor borrows shares and sells them, hoping to buy them back later at a lower price to return them to the lender, profiting from the difference in price.

That war between companies and hedge funds has been nasty. Several companies, like Biovail, a Canadian pharmaceutical company and a favorite target of short sellers, have filed lawsuits against hedge funds, accusing them of disseminating false information to drive their stocks down.

Last month, Greenlight Capital and James Brickman, a retired real estate developer in Dallas who has been a vocal critic of Allied on online message boards, turned the tables. Using the "citizen suit" provision of the federal False Claims Act, they filed a lawsuit on behalf of the United States government contending that an Allied subsidiary, Business Loan Express, had submitted fraudulent documents for shrimp-boat loans to the Small Business Administration, which partially guaranteed the loans.

Their lawsuit was filed as a federal grand jury in Michigan handed up an indictment against a former Business Loan Express executive, accusing him of falsifying information on 76 loans with a value of nearly $77 million over six years.

In an open letter to Allied's board released two weeks ago, Mr. Einhorn contended that fraudulent loan activity had occurred in several states and that the current management of Business Loan Express should be removed.

In its response, Allied went on the attack, asking Mr. Einhorn, who has sold Allied's stock short, to disclose fully his financial interests in the company over the last five years and saying that the company and the board are "exploring potential alternatives to address the damage caused by Mr. Einhorn to this company and its shareholders."

In letters written to members of Allied's board in 2005 and last September and provided to The New York Times, Mr. Einhorn detailed his pretexting allegations and asked that an independent investigation be conducted.

Mr. Einhorn says that more than three years ago someone claiming to be his wife contacted his phone company and used her Social Security number to open an online account, sending copies of his home telephone bills to an unknown AOL account.

At least four other individuals, including Mr. Brickman and Herb Greenberg, a columnist for the MarketWatch Web site, said they also discovered that their phone records had been revealed without their knowledge or approval at the same time.

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In a letter to Mr. Einhorn dated Sept. 29, 2006, Anne Torre Bates, the chairwoman of Allied's audit committee, said the board had looked into his allegations that management had played a role in an attempt to access his phone records and found no evidence to support his claim.

Yet, after it received the subpoena from federal prosecutors, Allied said it established a committee, which was advised by its own counsel, to review the documents requested. While gathering documents, Allied became aware that an agent had obtained Mr. Einhorn's telephone records, yesterday's statement said.

The statement does not address the pretexting allegations made by Mr. Greenberg, Mr. Brickman and others. A spokesman for the company said it had no additional comments to make.

Allied Capital Says Its 'Agent' Got Phone Data (WP)

By Ellen Nakashima And David Cho

The Washington Post, February 7, 2007

Allied Capital, a Washington financial services firm, said yesterday that someone it hired had obtained the phone records of David Einhorn, a hedge-fund manager who has accused the company of fraud, and Einhorn's company, Greenlight Capital.

In a statement, Allied said it had received a subpoena from the U.S. attorney's office for the District of Columbia in late December requesting records regarding the use of private investigators hired by the firm or its agents.

Until yesterday's disclosures, the firm and its board had denied allegations by Einhorn and other Allied critics that the firm had engaged in a practice known as pretexting, which involves posing as a person or family member of that person to trick a phone company into giving out phone records.

"In the course of gathering documents responsive to the subpoena, Allied Capital has become aware that an agent of the company obtained what were represented to be telephone records of David Einhorn and which purport to be records of calls from Greenlight Capital during a period of time in 2005," the firm said.

Allied also said that while gathering the documents for investigators, "allegations were made" that management had authorized the acquisition of its critics' phone records and that it had been "subsequently advised that these records had been obtained."

"The management of Allied Capital states that these allegations are not true," the statement said. "Allied Capital is cooperating fully with the inquiry by the United States attorney's office and will have no further comment concerning this matter until that inquiry has been conducted." The company said its board had established a committee to review the matter.

The incident echoes the case of Hewlett-Packard, the Silicon Valley computer giant whose use of private investigators to obtain personal phone records led to criminal charges filed last year by the California attorney general and a criminal investigation by the Justice Department.

Pretexting for phone records violates wire-fraud statutes, according to some legal experts and former U.S. prosecutors. A new law, signed by President Bush in January, makes the act a crime. It is not retroactive.

Allied, located a few blocks from the White House and whose board includes a former chairman of the Republican National Committee, specializes in lending to and investing in smaller companies.

The firm's disclosures raise new questions in a long-running saga that began in 2002 when Einhorn, known as a short seller of Allied stock, accused Allied of inflating the value of its assets. Short sellers borrow shares and sell them, expecting to buy them back later at a lower price.

"After five years, Allied Capital has acknowledged a tiny piece of its rampant misconduct," Einhorn said in an interview yesterday.

Left unanswered, he said, are questions about who at the firm knew about the pretexting, who hired the agent responsible for obtaining the records and how widespread the activity was.

Several journalists and analysts who were critical of Allied also claim to be pretexting victims. One of those was Herb Greenberg, a senior columnist for Market Watch, who wrote an article in 2003 questioning why Allied employed a convicted felon who had served time for securities fraud. After the story, he said, an unauthorized person opened an online telephone account using his name and got his records.

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Now Greenberg wants to know if other incidents will be investigated by the Justice Department.

"The company is acknowledging that it became aware that one of its agents got records of Einhorn's calls from Greenlight in 2005," Greenberg said. "The obvious question: Anything else in the subpoena?"

The battle between Einhorn and Allied is rooted in how a division of Allied, Business Loan Express, accounted for the loans it made to small businesses. In the past two years, the Securities and Exchange Commission and the Small Business Administration's inspector general opened inquiries into Allied's lending practices. Both agencies declined comment yesterday.

In December, a former Business Loan Express executive, Patrick J. Harrington, was indicted by a federal grand jury on charges that he defrauded the SBA of more than $76 million in guaranteed loans.

Einhorn said yesterday's disclosures suggest that the company had been engaged in a systematic attempt to silence critics to protect its share price. "This was an attempt to intimidate critics, chill free speech and chill investment research," he said.

Allied has long maintained that Einhorn has been deliberately spreading false information. William L. Walton, Allied Capital's chairman and chief executive, told analysts in November that Einhorn's motive is simple: "He makes money if he can drive down the price of Allied Capital stock."

Einhorn first raised concerns that Allied illegally gained access to his phone records in a March 2005 letter to Allied's board. He said that someone posing as his wife directed the phone company to send copies of their long-distance bills to an AOL account. In September 2006, Einhorn reiterated his concerns to the chairman of the board's audit committee, according to copies of letters he sent Allied.

The board dismissed his allegations, stating that it "looked into" it and "found no evidence to support" his claim, according to copies of letters he received.

Allied shares closed yesterday at $29.25, down 32 cents.

Corporate Guidelines On Pretexting Slow To Develop (NLJ)

By Sheri Qualters, The National Law Journal

National Law Journal, February 7, 2007

A Deloitte & Touche poll revealed that most companies have not crafted policies to ban pretexting, which exposes them to potential criminal liability if their employees or investigators use deception to gather information in a probe.

In an online poll of 230 executives during a Webcast conducted by Deloitte Financial Advisory Services late last year, 42 percent said their companies had no written pretexting guidelines, and 45 percent said they didn't know if their company had such policies.

Only 8 percent have guidelines they are satisfied with, while 5 percent believe they have unsatisfactory rules on the books.

This lack of corporate attention on pretexting is especially alarming in light of a new federal law that creates criminal penalties for illicitly obtaining or disclosing telephone records.

President George W. Bush signed the bill in January, following civil and criminal charges against individuals involved in a Hewlett-Packard Co. scheme to fraudulently obtain phone records in an effort to discover which board members were leaking stories to the media.

Several detectives and the former chairwoman of the Palo Alto, Calif.-based technology company face criminal charges, and the company paid $14.5 million in civil fines.

DRAWING THE LINE

Beyond prohibiting tactics that are clearly illegal, such as obtaining bank or telephone records under false pretenses, companies need to consider what kinds of information-gathering techniques -- pretexting as well as other methods -- are acceptable at their firms, said Ernie Brod, director of Forensic & Dispute Services for Deloitte's financial advisory services arm.

The problem is that some individuals may see nothing wrong with surveillance, for example, but "others may be appalled," he said.

"Has someone told the people who conduct investigations what they are permitted to do and not permitted to do according to the culture and ethical guidelines of that company?" Brod said.

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Although companies are not detailing what kinds of pretexting tactics their employees or hired investigators can use, corporate counsel say existing ethics policies cover potential problems. Others say pretexting is rare in the daily operations of smaller and midsize companies.

Gabe Miller, the chief operating officer and general counsel of Chestnut Hill, Mass.-based digital media company STORS Digital Retail Networks, said he would be "very surprised if even 10 percent" of a 95-member Massachusetts general counsel listserv group he belongs to had inked a policy.

"It's so remote from their normal course of operations, they wouldn't find the time to deal with it," Miller said.

NOT ENOUGH DISCUSSION?

Watson Wyatt Worldwide Inc. counsel Karl Chen said there hasn't been much discussion about pretexting in the Arlington, Va.-based human resources consulting company.

"We haven't taken steps toward that," Wyatt said. "It was initially a hot issue with the Hewlett-Packard [scandal] but nothing has evolved or erupted."

Brod argued that even the smallest companies investigate or conduct background checks on potential hires, vendors and business partners, and such activities are often scattered across different departments.

Sarbanes-Oxley Act policies requiring public companies to establish reporting channels or a "hotline" for employee complaints about accounting and auditing concerns will also trigger investigations, Brod said.

"It's the same as for other areas of compliance," Brod said. "Companies need these [policies] to protect the reputation of a company. That in turn protects market value."

NO GUIDELINES

Susan Hackett, general counsel of the Association of Corporate Counsel, has attended seminars about the issue, but she said the Washington-based organization hasn't issued any guidelines for companies or undertaken a formal review of the issue.

It's difficult to come up with hard-and-fast rules about what kinds of legal pretexting cross the line into objectionable behavior, Hackett said.

That gray zone makes it even more critical for companies to set guidelines for acceptable behavior, Brod said. A useful gauge may be as simple as considering how public exposure of the pretexting method would affect the company, Brod said.

"The key question is: How will it affect your company if you read about it in the front page of the newspaper?" he said.

Engineered Support Ex-Excutives Accused (AP)

By Marcy Gordon, AP Business Writer

AP, February 7, 2007

SEC Accuses 2 Former Engineered Support Executives of Options Scheme

WASHINGTON (AP) -- Two former top executives of defense contractor Engineered Support Systems Inc. enriched themselves and others in a five-year-long scheme to manipulate the timing of stock option grants, federal regulators charged Tuesday.

The Securities and Exchange Commission filed a civil lawsuit in federal court in St. Louis against Gary Gerhardt, former chief financial officer of the company, and Steven Landmann, the former controller, over the alleged options backdating scheme. Employees and directors of Engineered Support received some $20 million in unauthorized compensation as a result of the backdating, while Gerhardt and Landmann reaped $1.9 million and $518,972, respectively, according to the SEC.

Landmann agreed in a settlement with the agency to pay a $259,486 civil fine and $627,071 in restitution plus interest. He also was barred from serving as an officer or director of, or as an accountant for, any public company. Landmann neither admitted nor denied the SEC's allegations under the accord.

The SEC's case against Gerhardt is still pending. His attorney, Eugene Goldman, said he hadn't yet read the agency's complaint against his client and therefore had no immediate comment.

It was the third case by the agency since last summer involving alleged options backdating, in a scandal in which more than 100 public companies are under investigation by the SEC and the Justice Department, more than $5 billion in profit has been erased by restatements and 18 CEOs have been swept out of office.

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Federal prosecutors issued a subpoena last June in the matter to Engineered Support, a St. Louis-based company that supplies electronics for the military and some government agencies. The SEC also began its investigation around that time.

The SEC said that from 1997 through 2002, Gerhardt instructed Landmann to make company stock options more lucrative by backdating their exercise price to a historically low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

If companies backdate options without accounting for the move, it can cause profits to be overstated and taxes to be underpaid.

In the Engineered Support case, the improper backdating was worsened by the fact that the options vested immediately -- enabling the recipients to instantly cash in, according to the SEC.

As part of the scheme, the agency said, Gerhardt and Landmann prompted the company to misstate in its regulatory filings that all stock options were granted at the fair market value of the stock on the date of award.

"Gerhardt and Landmann undermined the company's stated goal of using stock options to tie management's compensation to shareholder return," Merri Jo Gillette, director of the SEC's Midwest regional office, said in a statement. "Instead, they granted themselves and others instant compensation that was entirely unrelated to the future performance of the company's stock."

Landmann's attorney, Robert Schultz, declined to comment.

Engineered Support was acquired by DRS Technologies Inc., another defense contractor, in January 2006.

SEC Alleges Fraud At DRS Unit (WSJ)

By CHARLES FORELLE And JAMES BANDLER

The Wall Street Journal, February 7, 2007

Federal regulators charged two former executives of Engineered Support Systems Inc. with a long-running scheme to backdate stock options at the defense contractor, saying that the pair improperly increased their own pay and that of other top officials by a total of $20 million.

Yesterday's civil charges by the Securities and Exchange Commission come as the pace of governmental investigations into the backdating matter appeared to be quickening. Criminal charges in other cases are likely to be filed in coming weeks or months, according to people familiar with the matter.

The SEC complaints, filed in federal district court in Missouri, allege that at least 10 option grants at Engineered Support were backdated, in some cases by more than two months, and depict rampant problems with the company's options-granting process. The SEC charged former finance chief Gary Gerhardt and former controller Steven Landmann with securities fraud, misleading investors, and other securities violations. Mr. Landmann settled the SEC's charges and agreed to surrender $518,972 in backdating profits and pay interest and penalties of another $368,000. A lawyer for Mr. Landmann declined to comment.

Engineered Support, St. Louis, was acquired last year for about $2 billion by DRS Technologies Inc., of Parsippany, N.J. The conduct in question allegedly occurred prior to the acquisition.

Federal prosecutors in St. Louis also are investigating Engineered Support's options practices. People familiar with the matter say prosecutors are looking closely at Messrs. Gerhardt and Landmann, and former chief executive, Michael F. Shanahan Sr. and his son, Michael Shanahan Jr., who had been a director.

In one instance, the SEC alleges, Mr. Gerhardt sent a list of potential option recipients to the younger Mr. Shanahan on July 12, 2000. The list indicated that the options' date would be two months earlier, May 4, the day the stock reached a quarterly low.

In other instances, the SEC complaint alleges Mr. Gerhardt instructed Mr. Landmann to cancel already backdated options and reissue them -- backdated a second time -- to land at another low point.

Mr. Gerhardt, the SEC says, "personally selected" the grant dates for many options, and Mr. Landmann was "involved in the selection" of dates. The SEC alleges Mr. Landmann told Mr. Gerhardt that backdating was prohibited by the company's stock-option plan, but that Mr. Gerhardt ordered him to backdate anyway.

A spokeswoman for DRS Technologies said it has been advised by prosecutors that DRS is "neither a subject nor a target" of the federal investigation.

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Mr. Gerhardt's lawyer, Eugene Goldman, said he hadn't seen the complaint and couldn't comment. The SEC said Mr. Gerhardt's excess profit from backdating was $1.9 million. James Martin, a lawyer for the younger Mr. Shanahan, said he did "not see any evidence of fraud by anyone."

Options typically give their recipients the chance to purchase company shares at the price they were on the day the option was granted. By pretending the option was granted earlier than it really was, an executive magnifies the potential profit.

Mr. Shanahan Sr. was "ultimately responsible for authorizing stock-option grants during the relevant period" and received about $8.6 million in extra profit from the backdating, the SEC says. He wasn't charged. Arthur Margulis, a lawyer for Mr. Shanahan Sr., said he hadn't seen the complaint. "I have seen no evidence of any kind, testimonial or otherwise, that indicates there was any fraud by anyone," Mr. Margulis said.

The SEC says the double backdating occurred after the company's share price slid, leaving even already-backdated options unable to be exercised for profit. On June 1, 1999, the SEC says, Mr. Shanahan Sr. told Mr. Landmann to issue 295,000 options; the options were issued with a date of April 21, when the stock had reached its low for the year. But Engineered Support's shares slid in June, and the SEC says that finance chief Mr. Gerhardt told Mr. Landmann on July 15 to cancel the April 21 options and redo them with a date of July 1 -- a new low point.

Nacchio Seeks Trial Delay (AP)

By Sandy Shore

AP, February 7, 2007

Former Quest chief Joe Nacchio's attorneys asked a federal judge Tuesday to delay his insider trading trial, saying prosecutors have been so slow in turning over evidence that his rights could be jeopardized if the trial starts March 19 as scheduled.

Attorney Herbert Stern sought a 60-day postponement to evaluate documents prosecutors have provided in recent weeks, including six CD-ROMs of material that Stern said he was made aware of Monday evening.

He said prosecutors advised if his team wanted to use any of the classified material, they would have to submit them to the court as required by federal law.

"The government has chosen on the eve of trial to place a heavy burden on the defendant - to review voluminous materials and then make applications to the court and we do not even know the full extent of that burden," Stern wrote in a brief filed in U.S. District Court.

Stern said the documents may support Nacchio's contention that he had hope for Qwest's future because he knew about the Denver-based phone company's classified business dealings with the government.

"This request is not of our making, but if not granted will prejudice our ability to mount a full defense as required by the Sixth Amendment," Stern wrote.

Jeff Dorschner, a spokesman for the U.S. attorney's office, declined comment.

Nacchio's attorneys have complained previously about government attorneys being slow to provide evidence, prompting U.S. District Judge Edward Nottingham last week to order prosecutors to step up efforts to turn over such material. At issue are witness interviews and other documents that Nacchio's attorneys say may help his defense, a contention prosecutors have disputed.

Prosecutors have told the judge that the evidence exchange has been hampered because some documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government material such as business contracts.

In the brief, Stern said the defense was required to outline its strategy involving the classified documents by Oct. 31 but prosecutors did not provide any evidence involving classified documents from May to October.

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge Qwest Communications International Inc. (nyse: Q - news - people) would be unable to meet revenue targets.

He is charged with 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine. He has pleaded not guilty.

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Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts that made him more optimistic about the company's financial future.

The Classified Information Procedures Act which was enacted several decades ago to counter a strategy used by defendants charged with spying who would threaten to expose national secrets unless the charges were dropped.

In order to view the contracts and determine their relevance at trial, attorneys for both sides and the judge received Justice Department security clearances. They must view the documents in secure facilities and debate their merit in a secure courtroom closed to the public.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

SEC Boosts Probe For Wall Street Leaks (WSJ)

By KARA SCANNELL And RANDALL SMITH

The Wall Street Journal, February 7, 2007

The Securities and Exchange Commission has asked nearly a dozen brokerage firms for trading and other data in an effort to determine whether there is a leak of inside information across Wall Street.

The inquiry is being driven in part by complaints from mutual funds and others who worry market participants are trading ahead of their trades before they are executed.

The request is an expansion of the agency's continuing "street sweep" investigation of potential insider trading, which has mainly focused on the passing of inside information within a brokerage firm. Now, the agency is expanding the probe to look at information being exchanged between firms in hopes of avoiding detection, according to a top agency official.

'Passage of Information'

The SEC is looking at the "passage of information from one firm to another," said Lori Richards, director of the SEC's office of compliance, inspections and examinations. "It's just fact-finding at this point."

Former SEC commissioner Laura Unger discusses the SEC's insider-trading probe, noting the increasing power of hedge funds in the marketplace.The data request, reported in yesterday's New York Times, was sent by the SEC three weeks ago. The request seeks information on all stock and option orders in the firms' order management system for a 12-day period in late September, as well as a list of customers that use the firms' prime brokerage systems, which are used by hedge funds.

The agency hopes that once it examines the data, it will be able to determine if the concerns are valid and if there is a tipping chain from firm to firm. The sweep is in the information gathering stages and not all examinations result in enforcement actions.

The new take on potential leaking on Wall Street was spurred partly from other enforcement cases. The SEC and Justice Department have cracked down on instances of traders passing information about large pending trades before they are public across the firm's information boxes, known as squawk boxes.

In addition, the SEC has filed enforcement cases against hedge funds and brokerage-firm employees sharing nonpublic information about private investments in public entities, or PIPEs, allowing the hedge fund to profit before the PIPE is public.

Concerns about front-running of trades aren't new. However, worries have built amid the growth in hedge funds. Mutual-fund company executives fret that because hedge funds typically pay higher trading commissions than mutual funds and generally trade more, hedge funds may receive favorable treatment by brokerage firms.

The requests are considered extensive, and officials at some firms have asked about whether the scope could be narrowed. The deadline of late January has already passed, but broker-dealers routinely try to negotiate extensions.

An official of one Wall Street firm said it appears to be aimed at learning whether clients such as hedge funds are getting access to information about orders by other customers such as mutual funds. The request seeks data on how each order was routed.

Firms Protest

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Some of the firms protested the request, questioning whether the SEC would be able to handle the volume of data, according to people familiar with the request.

Ms. Richards responded by telling an official at one firm that she understood the request seemed broad, one of the people said. She explained it was needed to see whether customers who may have obtained information from one firm were trading at others. It isn't unusual for firms and the SEC to negotiate over information to turn over.

S.E.C. Is Looking At Stock Trading (NYT)

By Jenny Anderson

The New York Times, February 6, 2007

The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said.

The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move.

Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction.

But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect.

The commission sent out letters in mid-January to the major Wall Street banks, including Merrill Lynch, Morgan Stanley, UBS and Deutsche Bank. The commission, according to one Wall Street employee, is requesting a wide swath of information: all stock and option trading data, for themselves and their customers, for the last two weeks of September. Those weeks are the close of the third quarter and investigators may be looking to see any pickup in trading activity as money mangers sought to dress up their returns.

Representatives for the Wall Street banks declined to comment on the investigation.

"Mutual fund traders have long complained that their big trades may be being front-run by market participants with inside information about their trades, and they believe the price on those trades suffers as a result," said Lori Richards, the director of the Office of Compliance Inspections and Examinations at the S.E.C. "We are looking into these allegations in a systemic way. It is fact-finding and too early for any conclusions."

The S.E.C. confirmed the existence of the investigation but declined to comment further.

Concerns about insider trading have escalated as mergers and buyouts have boomed and the use of complex derivatives has soared. Studies of various markets — including those for stocks and credit default swaps — have pointed to an unusual amount of trading ahead of announcements for deals.

The growing power of hedge funds — and their opaqueness and the wide range of trading strategies they employ — is feeding those concerns. Hedge funds control an estimated 30 percent to 50 percent of trading on most major markets. They are also Wall Street's best customers. Hedge funds trade, borrow and finance more, on average, than other clients And as more hedge funds enter a crowded field, the premium on information has never been higher.

With data on millions of trades from most major Wall Street banks, the S.E.C. will try to examine whether outside traders like hedge funds or internal traders like those inside the firm who are trading with the bank's money may be getting tips from the bank handling the mutual fund's trade and using the information to place a trade elsewhere.

"If an investment bank is tipping a hedge fund on a trade we are doing on Dell, those people all need to go to jail," said Andrew M. Brooks, vice president and head of equity trading at T. Rowe Price, the mutual fund company. "We are absolutely concerned and worried and paranoid about information leakage, information that would allow someone to know about our trades and run ahead."

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If the commission finds any evidence of possible insider trading, it would then commence a formal investigation. The S.E.C. could ultimately bring civil charges against individuals or firms.

Regulators and law enforcement officials have pursued other cases related to the sharing of information about trades. In what became known as the squawk box case, brokers from institutions, including Merrill Lynch, Citigroup and Lehman Brothers, were accused of allowing traders to listen in on the public outcry system — the squawk box on the trading floors — to glean tips about customer orders coming in.

The S.E.C. sued the A. B. Watley Group and 16 people in the case. Next month, the United States attorney's office in Brooklyn will bring to trial a case against seven people. Two have pleaded guilty to insider trading. While the accusations in the squawk box case involve an obvious dissemination of insider information, detecting whether traders were illegally tipped in huge, fast-moving markets is much harder.

When Linda Chatman Thomsen, head of enforcement at the S.E.C., testified before Congress in September about insider trading, she outlined some of the problems inherent in such cases.

"Piecing together an insider trading case can be a complex and painstaking process," she said. "It is rare to find a 'smoking gun'; virtually all insider trading cases hinge on circumstantial evidence. It is quite common for insider traders to come up with alternative rationales for their trading — rationales that the staff must refute with inferences drawn from the timing of the trades, the movement of the funds and other facts and circumstances."

There are many gray areas. If Mr. Brooks of T. Rowe Price wants to sell stock in the XYZ Company and he hires a bank to do that, the bank has to call clients to gauge interest in the stock. That is not tipping, but legitimate work for the bank to do.

And detecting any trades will be difficult. If a trader received a tip about a stock whose price was set to rise, that trader could enter into trades that are harder for regulators to detect — like derivatives transactions that are not traded on any exchange and whose value may be linked to a change in a stock price rather than the stock itself or an option on the stock.

Here's how a questionable trade might take place: If Fidelity asked brokerage firm X to sell a large part of its stake in I.B.M., and traders at that brokerage firm told its favorite clients to expect a drop in I.B.M.'s price as a result, that favorite client could go to another brokerage firm — or group of banks or trading venues — and sell I.B.M. shares short, betting on a decline and making money when Fidelity's order went through. The trader could pay back the source of the tip by directing more business to his bank.

"The information is going to the bank as an agent, and the bank is only supposed to use the information for the mutual fund's benefit," said Larry E. Ribstein, a professor of law at the University of Illinois. "If it uses it for someone else's benefit, you might have a concern."

The hedge fund business has long argued that it is unfairly tarnished with suggestions of insider trading. Amid increased scrutiny by regulators into hedge funds' use of information in the loan market, the Managed Funds Association said in a statement last year, "We reaffirm our collective commitment to promote fair and competitive markets in which inappropriate use of material nonpublic information is not tolerated."

Some money managers disagree.

"Hedge funds pay a lot in commissions," said Mr. Brooks of T. Rowe Price. "They are smart and work hard, but they can't be that smart and work that hard to get some of the advantages they have gotten."

"There are too many conflicts of interest between those who serve hedge funds and hedge funds themselves."

SEC Pores Over Trading Data To See If Hedge Funds Are Being Tipped Off (USAT)

By Greg Farrell

USA Today, February 7, 2007

Federal regulators have embarked on a fact-finding mission on Wall Street to determine if hedge funds are being routinely tipped off about buy and sell orders placed by mutual funds.

The Securities and Exchange Commission, which is conducting the probe, has asked approximately 10 major Wall Street banks for trading information from the last two weeks of September 2006, at the close of the third quarter.

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Over the next few months, SEC examiners will try to determine whether big buy and sell orders placed with the banks by mutual funds in that period triggered any suspicious front-running activity in those same stocks by hedge fund managers or other traders.

Lori Richards, director of the SEC's Office of Compliance, Inspections and Examinations, confirmed that her office was looking into the matter. "We're always concerned about information leakage in the market which could harm investors," she said.

Details of the investigation first appeared Tuesday in The New York Times, which said that the SEC request for information had gone out in mid-January.

According to people with direct knowledge of the probe, who don't want to be identified because the investigation is ongoing, the banks being examined include but are not limited to: Merrill Lynch, Credit Suisse, Morgan Stanley, Deutsche Bank and UBS. None of those banks would comment on the matter.

For years, mutual fund executives have complained that financial intermediaries have used sensitive information about their buy and sell orders to disadvantage them in the marketplace.

Representatives of the mutual fund industry applauded the SEC's decision to conduct the examination. "This issue is of paramount importance to mutual fund shareholders," says Edward Giltenan, a spokesman for the Investment Company Institute, a trade organization for funds. "Mutual funds represent 20% of U.S. equities, and north of 10% of the daily volume of U.S. stocks traded."

Harold Bradley, who recently moved from American Century Funds to become chief investment officer of the $2.1 billion Kauffman Foundation, says so much money has been plowed into hedge funds in recent years that it's become extremely difficult for hedge fund managers to make money without access to sensitive information.

"People are looking for an edge any way they can get it," he says. "Whenever there is too much money chasing too few ideas, people push the envelope. The hedge funds have got more money and fewer ideas, so they have to take bigger risks and cheat more."

Bradley has criticized the SEC for not being more aggressive on this front in the past, but he saluted this latest initiative. "When Lori Richards starts looking for trouble, she has been extremely effective at rooting it out and fixing it," he says.

The Class-Action Market (WSJ)

By JOSEPH A. GRUNDFEST

The Wall Street Journal, February 7, 2007

Litigation is booming in the U.S. Courts complain of burgeoning dockets. Lawyers collect record fees. Legislators, regulators and academics either grouse that litigation is driving business offshore and should be contained, or that economic injustice still pervades our economy and that the courthouse doors must be kept wide open to help right wrongs.

But few policy makers or scholars seem aware that a highly controversial component of the litigation market -- the class-action securities fraud litigation business -- is shrinking faster than a polar icecap. The interesting question is why this decline has occurred and what it means for the future of U.S. securities regulation.

The modern history of securities fraud litigation begins with the Private Securities Litigation Reform Act of 1995. That law tightened the requirements for filing securities claims and was expected to reduce litigation activity, but it had no such effect. According to data collected by Stanford Law School and Cornerstone Research, the number of companies sued in plain vanilla class-action fraud claims has averaged about 193 per year from 1996 through 2005, not much different from pre-reform levels. But halfway through 2005 filing activity took a sharp drop, and in 2006 only 110 companies were named as defendants in securities-fraud class actions.

A closer look at the data suggests that the decline is even more remarkable because 20 of these lawsuits allege options backdating activity. Backdating is a one-time event, and if we subtract these 20 cases we arrive at a "core" litigation rate of 90 companies per year.

The decline is even more dramatic if we measure the dollar amounts at stake. The most inflated measure of the amount at issue in these lawsuits looks at the total decline in a company's stock market capitalization over the period of the alleged fraud. Typically, only a fraction of this decline is caused by the fraud and plaintiffs recover a very small percentage of this loss, if

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anything at all. After averaging $683 billion from 1996 through 2005, and peaking at $2.07 trillion in 2002, the maximum dollar loss in 2006 declined to $294 billion. Excluding the backdating cases reduces the 2006 figure to only $198 billion.

Why have these declines occurred? Some claim that the criminal prosecution of the Milberg Weiss firm, long the dominant plaintiff firm in the field, caused a cutback in filing activity. However, there is no shortage of plaintiff class-action lawyers in America, and the barriers to entry in class-action securities fraud are quite low. The lawyers who abandoned Milberg in droves haven't forgotten how to file class-action complaints, and their incentives to sue every firm in sight remain as strong as ever. The Milberg explanation doesn't hold much water.

Last year's strong equity markets, combined with low market volatility, offer a second explanation. Although it will take several years of additional data to determine statistically whether reduced volatility has throttled the class-action market, I am skeptical because the change in the litigation market is rather sudden in comparison to a relatively smooth shift in the larger stock market patterns.

To be sure, the remarkable boom-bust cycle of the late 1990s created a happy hunting ground for plaintiff lawyers. The resolution of boom-era claims without another boom-bust cycle following quickly on its heels would naturally depress the volume and size of class-action fraud filings. Nonetheless, current activity levels are low even when measured by pre-boom standards.

The remaining explanation is more interesting and profound: Perhaps fewer companies are being sued for fraud because there is less fraud. Under this theory, the government's aggressive criminal and civil enforcement strategy following the Enron and WorldCom frauds has caused corporate boards and management to "get religion" when it comes to complying with the securities laws. Executives are acutely aware that a major accounting or disclosure fraud is more likely than ever to leave them fired or indicted. They respond to this new regime like rational economic actors: If you increase the penalties for engaging in fraud then you reduce the incentive to commit fraud. Nothing complicated here at all.

In this new world, private securities fraud claims generate no meaningful deterrence because it's the fear of the feds that's driving boardroom and executive behavior. A large body of academic literature also confirms that these lawsuits are virtually useless as means of compensating investors for their losses. Sarbanes-Oxley also now gives the SEC authority to collect funds that can be distributed to shareholders harmed by fraud. When plaintiffs' attorneys recover funds for the class, they collect contingent fees that can consume up to a third of any recovery, but the SEC doesn't take a nickel of the recoveries it collects on behalf of investors. So, if we want to keep the litigation engine running in order to reimburse investors, investors could come out ahead if they simply allowed the SEC to control the process and eliminated the private bar's cut of the action.

From this perspective, class-action securities litigation is in decline because there is a new, tougher and superior enforcement mechanism in place. The SEC and the Department of Justice now insist that any corporation suspected of a sufficiently serious fraud conduct an internal investigation that will finger the executives responsible. The corporation must also cooperate in prosecuting these executives. This enforcement technique is stunningly effective, if often overbearing. It eliminates the government's need to conduct expensive and lengthy investigations and provides the authorities with extraordinary leverage over every executive suspected of wrongdoing. Private litigation doesn't have an equivalent deterrent effect because it can't threaten executives with jail and because damages are almost always paid by corporations and insurers, not the executives who cause the fraud.

As long as the government's enforcement activities remain sufficiently vigorous, the private class-action securities fraud lawsuit can be viewed as an expensive, wasteful and unnecessary sideshow that generates little deterrence and offers questionable levels of compensation. The question then is not why these lawsuits have been shrinking so rapidly in recent months, but when and whether they should exist at all.

CRIMINAL LAW:

NBC Reporter To Testify At CIA Leak Case (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 7, 2007

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WASHINGTON -- NBC News reporter Tim Russert should find the format familiar: An interviewer, a television screen and a gauntlet of pointed questions.

Unlike his seat as host of "Meet the Press," however, Russert won't be asking the questions. He'll be in the witness box, fielding questions from prosecutors about his conversation with former White House aide I. Lewis "Scooter" Libby and from defense attorneys who want to undercut his credibility.

Special Prosecutor Patrick Fitzgerald says he expects Russert to be his final witness Wednesday in Libby's perjury and obstruction trial. Libby is accused of lying to authorities investigating the leak of CIA operative Valerie Plame's identity.

Russert and Libby tell two very different stories about a phone conversation they had in July 2003.

Both agree Libby called to complain about one of Russert's colleagues. Russert says the call ended there. Libby says Russert brought up the subject of an outspoken war critic, Joseph Wilson, a former ambassador who accused the Bush administration of doctoring prewar intelligence on Iraq.

"Did you know that Ambassador Wilson's wife worked at the CIA?" Libby said Russert asked.

"No, I don't know that," Libby said he replied.

"Yes, all the reporters know it," Russert responded, according to Libby's grand jury testimony.

Russert is expected to testify that exchange never happened. Fitzgerald believes Libby learned about Plame's identity from government officials, passed it on to reporters, then concocted the Russert conversation to cover it up.

Libby acknowledges learning about Plame from his boss, Vice President Dick Cheney, but says he forgot it. He says he learned it from Russert a month later as if it were new and only discussed Plame with other reporters based on that conversation.

Defense attorneys, working to reveal inconsistencies in government witnesses, often show quotes, notes or other documents on a courtroom big-screen television and ask witnesses to explain discrepancies. It's a technique Russert has made famous on "Meet the Press" and one he may find himself facing Wednesday.

Though most jurors in the case said they were not regular "Meet the Press" viewers and did not have an opinion of Russert, Fitzgerald is counting on him to wrap up his case for the jury.

So even though he won't be in charge, when he takes the stand, Russert will still be the star of the show.

Court Hears Libby Describe Cheney As 'Upset' At Critic (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 7, 2007

Vice President Cheney and other senior White House officials regarded a former ambassador's accusations that President Bush misled the nation in going to war in Iraq as an unparalleled political assault and, early in the summer of 2003, held daily discussions about how to debunk them, I. Lewis "Scooter" Libby told a federal grand jury.

In grand jury audiotapes played yesterday during Libby's perjury trial, the vice president's then-chief of staff said Cheney had been "upset" and "disturbed" by criticisms from former ambassador Joseph C. Wilson IV that Bush had twisted intelligence to justify the war. And Libby said that Karl Rove had been "animated" by a conversation with Robert D. Novak, in which the conservative columnist told Rove he "had a bad taste in his mouth" about Wilson and was writing a column about him.

Libby is charged with lying to the grand jury as it investigated a leak by administration officials of the identity of Wilson's wife, an undercover CIA officer named Valerie Plame. The sound of Libby's clear, measured voice in the tapes -- filling a courtroom in U.S. District Court here for six hours over the past two days -- buttresses the prosecution's case in two significant ways.

Libby's portrayal of the zeal to discredit Wilson's claims, reaching to the White House's highest echelons, reinforces Special Counsel Patrick J. Fitzgerald's assertion that the criticism of war provoked such a political crisis among Bush's top aides that it is unlikely the defendant simply forgot his role in the leak, as defense attorneys contend.

In addition, the tapes display the specific gaps between Libby's version of events and those of government officials and journalists who, as prosecution witnesses, have testified about conversations they had with Libby about Plame.

Repeatedly, Libby told the grand jury that he did not recall various conversations about Plame. His account conflicts with those of a former White House press secretary, a former undersecretary of state, Cheney's former public affairs director, two CIA officials and a pair of journalists.

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Libby told the grand jury "it seemed to me as if I was learning it for the first time" when, according to his account, NBC's Tim Russert told him about Plame on July 10 or 11, 2003. Only later, when looking at his calendar and notes, Libby said, did he remember that he actually learned the information from Cheney in June 2003.

After the jury hears the final two hours of tapes today, Russert, host of "Meet the Press," is scheduled to testify before the prosecution concludes its case this week.

Libby, 56, the only person indicted in the leak investigation, has not been charged with actually disclosing Plame's CIA role. He faces five felony counts that he lied to FBI agents and the grand jury and that he obstructed the investigation. His lawyers are arguing that Libby had a notoriously bad memory -- and that he innocently but incorrectly remembered his interactions with journalists.

The prosecution alleges that, as part of the White House's strategy to discredit Wilson, Libby deliberately revealed Plame's identity to selected reporters, because her CIA job implied that Wilson was chosen for the Africa mission because of nepotism, not his expertise.

In the tapes, Libby also describes Cheney's eagerness to use what had been a 2002 National Intelligence Estimate, a secret summary of the evidence of whether Iraq posed a threat, to rebut Wilson. The NIE was declassified just after Wilson's criticism emerged. Yesterday's tapes made it clear how many of Bush's most senior aides had been unaware of that decision, even as they were arguing for the document to be released.

According to Libby's testimony, during two volatile weeks in July 2003, Cheney and Bush were the only people who knew the president apparently had authorized Libby to use portions of the NIE. Left in the dark were many aides, including then-White House chief of staff Andrew H. Card Jr., then-CIA Director George J. Tenet, and then-national security adviser Condoleezza Rice.

In response to methodical questioning by Fitzgerald during two grand jury appearances in March 2004, Libby said that he did not remember discussing Plame with a former CIA official, Robert Grenier. Two weeks ago, Grenier testified that Libby telephoned him out of the blue to ask about a CIA-sponsored mission to the African nation of Niger -- and was so eager to find out that he called back three hours later and pulled Grenier out of a meeting with Tenet.

Similarly, former White House press secretary Ari Fleischer has testified that Libby disclosed Wilson's wife's identify to him over a lunch in the White House mess. But in the tapes, Libby told the grand jury, "I do not recall discussing Mr. Wilson's wife at all with Ari." Libby said, however, that he distinctly remembers talking with Fleischer about the Miami Dolphins, because it was the only conversation he had that week about the team.

Libby Testimony Details Plot To Discredit Critic (LAT)

By Greg Miller

The Los Angeles Times, February 7, 2007

WASHINGTON — Former White House official I. Lewis "Scooter" Libby told a grand jury in 2004 that Vice President Dick Cheney was upset by an ambassador's public questioning of the Iraq war and that President Bush, Cheney and Libby were involved in a plan — kept secret from other senior White House officials — to leak previously classified intelligence to reporters to counter the criticism.

Libby's audiotape testimony, played for jurors in federal court here, offered new details about how the White House orchestrated a campaign to discredit the Iraq war critic, former envoy Joseph C. Wilson IV. Wilson's wife, undercover CIA operative Valerie Plame, was subsequently exposed in the media, triggering a criminal investigation.

As Libby sat silently in the courtroom, jurors heard his recorded voice describe how he was instructed to leak intelligence secrets to select reporters, even as other White House officials were expressing concern over the leaks and debating whether the administration should formally declassify intelligence reports on Iraq to combat criticism of the case for war.

At one point, Special Prosecutor Patrick J. Fitzgerald can be heard on the tapes expressing disbelief that Libby would take part in those meetings without disclosing that the president had effectively already declassified key portions of one of the main prewar pieces of intelligence on Iraq, a national intelligence estimate on Saddam Hussein's alleged banned weapons programs.

"Was that unusual for you to have the national security advisor, the director of Central Intelligence, the White House chief of staff among others in the dark as to something that you had done regarding declassification?" Fitzgerald asked.

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"It is not unusual for the vice president to tell me something which I am not allowed to share with others," Libby replied.

Libby's remarks came during a day in court devoted entirely to playing audiotapes of the former Cheney aide's grand jury testimony, allowing jurors to listen to the defendant's voice as he made a series of statements that prosecutors have labeled lies.

Libby faces five felony counts alleging perjury, making false statements and obstruction of justice for what he told investigators about his role in the campaign to discredit Wilson.

The tapes offer an intriguing window into the reaction within the White House to mounting criticism of its crumbling case for war with Iraq, as well as a chance to witness Fitzgerald's method as he sparred with Libby during eight hours of grand jury testimony.

Libby can be heard describing in a low voice how Cheney was "upset" when Wilson went public with allegations that the White House had twisted intelligence to make the case for war. In an op-ed article, Wilson said he had been sent to investigate a key claim — that Iraq was seeking uranium from the African nation of Niger — and found it untrue months before Bush included the assertion in his 2003 State of the Union speech.

"It was a serious accusation," Libby said. "It was a very serious attack." It also quickly became a "topic that was discussed on a daily basis" in the White House.

Libby said that Cheney "thought we should get some of these facts out to the press. He then undertook to get permission from the president to talk about this" to reporters.

Libby said that Cheney's lawyer, David S. Addington, had advised him that merely getting such permission from the president rendered the intelligence declassified. Bush has publicly acknowledged doing so.

Libby's subsequent conversations with reporters and other White House officials are at the center of the perjury trial. Prosecutors have produced a series of witnesses over the last week, including former White House Press Secretary Ari Fleischer, to say that they learned of Plame's identity from Libby.

Libby has testified that he learned about Plame from Cheney in June 2003, but then forgot that detail and didn't share it with others until he heard it from NBC News reporter Tim Russert in a phone call on July 10 or 11.

Recounting that conversation, Libby said in taped testimony that Russert asked him, " 'Did you know that Ambassador Wilson's wife works at the CIA?' and I was a little taken aback by that.... And I said, 'No, I don't know that,' intentionally because I didn't want him to take anything I was saying as in any way confirming what he had said."

Russert, who is expected to testify this week, has said he did not tell Libby about Plame.

Libby's testimony also puts him at odds with other former White House officials. At one point, Fitzgerald asks if he recalled sharing Plame's name with Fleischer, as the former press secretary testified.

"Isn't it a fact, sir, that you told Mr. Fleischer over lunch that this was hush-hush or on the Q.T.?" Fitzgerald asked.

"I don't recall that," Libby replied.

Prosecutors are expected to continue playing remaining portions of Libby's taped testimony today.

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(INFOBOX BELOW)

Back story

The CIA leak affair began to unfold in July 2003, around the time former Ambassador

Joseph C. Wilson IV wrote an opinion article in the New York Times attacking the Bush administration as twisting the intelligence it used to go to war in Iraq. In his January 2003 State of the Union address, President Bush said Iraq had sought uranium for nuclear weapons from Niger, in West Africa. Wilson wrote that, during his CIA-sponsored trip to Niger in 2002, he had found no evidence to support Bush's claim — and that the administration knew it. The White House soon afterward admitted that it should not have included the claim in Bush's speech.

Eight days after Wilson's article appeared, syndicated columnist Robert Novak wrote that Wilson's wife, Valerie Plame, worked at the CIA and may have played a role in sending him to Niger. Disclosing the identity of an undercover CIA operative is illegal, and a criminal investigation was launched to find out who leaked the information.

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No one was charged with leaking Plame's identity. But in October 2005, a grand jury indicted then-White House aide I. Lewis "Scooter" Libby on charges of perjury and obstruction of justice.

Prosecutors said Libby told three reporters — including

Judith Miller, then a New York Times staffer, who spent 85 days in jail for refusing to disclose her source — about Wilson and Plame, but lied to investigators about it. Libby's defense is that he didn't lie but simply forgot the conversations because, as Vice President Dick Cheney's chief of staff, he had been focused on more important national security matters at the time.

Libby Speaks On Tape, But May Not In Court (NYT)

By Neil A. Lewis

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — The jurors deciding the perjury case against I. Lewis Libby Jr. listened to his voice on audiotape for hours on Tuesday as his lawyers quietly explored a surprise strategy, keeping him off the witness stand, that would ensure that the jurors never hear his voice in person.

The audiotapes played in the courtroom were of Mr. Libby's two grand jury appearances in March 2004, in which he repeatedly testified under oath that he had no recollection of several conversations about Valerie Wilson, a Central Intelligence Agency operative. His denials were in sharp contrast to the testimony over the last two weeks of reporters and government officials who were colleagues of Mr. Libby, the former chief of staff to Vice President Dick Cheney.

Out of the jury's presence and beyond the courtroom, Mr. Libby's lawyers appeared to be engaging in some gamesmanship over the possibility of Mr. Libby's not testifying in his own defense. They had previously suggested that he would testify.

Theodore V. Wells Jr., Mr. Libby's chief lawyer, filed a motion with the court on Monday evening asking about the consequences of keeping his client off the stand. Mr. Wells argued that, even if his client decided not to testify, he should be able to argue that any misstatements Mr. Libby made to the grand jury and investigators about Ms. Wilson were caused by confusion due to Mr. Libby's pressing schedule of important issues.

Judge Reggie B. Walton had asserted earlier in the trial that Mr. Libby's "faulty memory" defense would require that he take the stand to testify about his distractions.

While testifying could be perilous for Mr. Libby, a decision not to testify is almost by definition a risky strategy for any defendant in a white-collar criminal case. Lawyers assume the jury, especially in a perjury case, wants to hear a personal and plausible explanation directly from the defendant about the statements that prosecutors have charged are false.

But Mr. Wells has had success with that strategy. He won much-lauded acquittals for Mike Espy, agriculture secretary for President Bill Clinton, and Raymond J. Donovan, labor secretary for President Ronald Reagan, without putting either man on the stand.

Mr. Wells would not comment on the possibility that Mr. Libby might not testify. Nor would Patrick J. Fitzgerald, the chief prosecutor, who has yet to file a response.

The four hours of audiotape played Tuesday in Federal District Court were intended by the prosecutors to underscore how much Mr. Libby's sworn testimony varied from the accounts of other trial witnesses. Mr. Fitzgerald was heard questioning Mr. Libby closely before the grand jury about a lunch he had on July 7, 2003, with Ari Fleischer, who was departing that week as President Bush's press secretary.

Mr. Fleischer already told the jury last week that, at the luncheon in the White House mess, Mr. Libby made a point of telling him that Valerie Wilson, also known as Valerie Plame, worked at the C.I.A. and that the information was "hush-hush and on the q.t."

But Tuesday, the jury heard Mr. Fitzgerald patiently draw from Mr. Libby a different story, one in which he never discussed Ms. Wilson with Mr. Fleischer. Mr. Libby was heard on the tape telling Mr. Fitzgerald that it did not make sense that he would have mentioned Ms. Wilson because he remembered being surprised when he learned that fact in a conversation three days later with Tim Russert, the Washington bureau chief of NBC News.

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It was among many references Mr. Libby made before the grand jury to Mr. Russert and their conversation on July 10 or 11, 2003. One of the pillars of Mr. Libby's defense is that he did not discuss Ms. Wilson's identity with the witnesses the prosecution has presented because he learned about her from Mr. Russert.

But Mr. Russert, who is likely to testify Wednesday, has said his conversation with Mr. Libby never included any mention of Ms. Wilson.

Ms. Wilson's name was first disclosed in a column by Robert D. Novak on July 14, 2003, days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV. Mr. Wilson, a former ambassador, wrote that he went on an intelligence mission to Africa in 2002 and that the Bush White House had willfully distorted his findings — that Iraq had not tried to acquire uranium in Niger — to bolster the case for invading Iraq.

In his questioning of Mr. Libby, Mr. Fitzgerald's voice turned suddenly abrupt when he asked, "Isn't it a fact that you told Ari Fleischer the information about Ms. Wilson was hush-hush and on the q.t.?"

Mr. Libby's voice seemed to have lost much of its strength as he replied, "I don't recall."

It may be that kind of cross-examination from Mr. Fitzgerald that the defense hopes to avoid if it keeps Mr. Libby off the stand. In addition to Mr. Fleischer's conflicting testimony, the jury has heard that Mr. Libby was told about Ms. Wilson by Mr. Cheney's press spokesman, Cathie Martin, and the under secretary of state at the time, Marc Grossman. The jury has also heard testimony that Mr. Libby discussed Ms. Wilson with two separate C.I.A. officials.

The audiotapes also provided more detail about Mr. Libby's July 8, 2003, meeting with Judith Miller, then a reporter for The New York Times. Mr. Libby told the grand jury that his meeting with Ms. Miller was approved directly by the vice president. Mr. Libby said that in order to convince Ms. Miller that Mr. Wilson's article in The Times was filled with inaccuracies, Mr. Cheney first went to President Bush directly to declassify a National Intelligence Estimate. Mr. Libby said that he used the intelligence estimate in the Miller interview to counter Mr. Wilson's claims that there was no Iraqi effort to obtain uranium from Niger.

"The vice president instructed me to go and talk to Judith Miller and lay this out for her," Mr. Libby told the grand jury. He said he did not discuss Ms. Wilson in the interview. But Ms. Miller, who went to jail for 85 days before talking to prosecutors about her interviews with Mr. Libby, testified last week that he spoke to her in detail about Ms. Wilson at the July 8 breakfast meeting.

He lamented that Ms. Miller did not write anything from the interview. At the time, Ms. Miller's editors had tried to prevent her from reporting on this subject because of criticisms of her coverage about Iraq and unconventional weapons.

Judge Walton, early in the day, denied a motion by The Times to quash a subpoena for the testimony of David Sanger, its chief Washington correspondent. Mr. Sanger interviewed Mr. Libby on July 2, 2003, about Iraq's nuclear intentions and has said there was no discussion of the Wilsons. The defense has contended that Mr. Sanger's expected testimony will show that Mr. Libby was not peddling a story about the Wilsons.

Libby Says He Thought Bush Authorized Unmasking Plame (CNN)

CNN, February 7, 2007

WASHINGTON (CNN) -- On a tape played at his trial Tuesday Lewis "Scooter" Libby told investigators he thought President Bush authorized him to give a reporter information about CIA agent Valerie Plame.

"If the president tells you to talk about a document, it's declassified," Libby told Special Counsel Patrick Fitzgerald on March 24, 2003, during testimony before a grand jury that would eventually indict Libby for perjury and obstruction of justice.

Libby is charged with lying to investigators trying to find out who leaked Plame's identity as a CIA operative. Her identity was revealed after her husband, former ambassador Joseph Wilson, alleged in an editorial that the Bush administration twisted facts to support an invasion of Iraq. Wilson said his intelligence-gathering work -- which concluded Iraq had made no serious effort to obtain nuclear weapons material in Niger -- had been ignored by the administration.

The audio recordings, made nearly four years ago, shed light on how Libby handled the controversy over Wilson's allegations.

Libby said White House Counsel David Addington told him the president has the power to declassify material on his own. Libby said he asked Addington, "Can the president declassify a document just by telling us to talk?" and Addington said he could.

Libby quoted that response to Fitzgerald on the stand.

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Fitzgerald asked Libby whether he was present when Vice President Dick Cheney asked Bush to declassify the material, whether anyone else was present, and whether issues were raised about how going public might overrule CIA Director George Tenet.

To each question, Libby answered no.

Libby, who was Cheney's chief of staff at the time, also testified he had no knowledge of when or how Cheney got the okay from President Bush and concluded only the three of them were aware the material could be disclosed to New York Times reporter Judith Miller when Libby met with her for coffee at a Washington hotel.

Prosecutors are trying to portray Libby as someone who used lies and deception in his ranking position at the White House to try to discredit Joseph Wilson.

Libby's lawyers blame bad memory for any discrepancies in what he told investigators and the grand jury about revealing Valerie Wilson was a CIA operative.

Libby apologized for his poor memory in the audio recordings played Tuesday.

"I get a lot of information during the course of the day. I probably get, you know -- I tried to take a census of how many, and I tend to get between 100 and 200 pages a day," Libby explains on the recordings.

"When a lot of stuff comes to me, I'll gather my staff together and say, 'what happened here?' and we'll sort of pool our recollections of it, and that almost always brings me a fuller recollection of what's happened. I haven't done that here.

"I apologize if my recollection of this stuff is not perfect," Libby said. "I apologize if there's some stuff that I remember and some I don't."

In audio recordings played earlier Tuesday, Libby said he was "surprised" to hear from NBC "Meet the Press" moderator Tim Russert that Joseph Wilson's wife worked for the CIA.

"Is it your testimony under oath, you don't recall Wilson's wife working for the CIA -- between the sixth (of July) and your conversation with Russert?" asked Fitzgerald.

"That's correct, sir, I don't recall discussing it. I do recall being surprised when I talked to Russert on the 10th or 11th," Libby told Fitzgerald.

Libby and Russert talked on July 10, 2003; Russert has denied he told Libby anything about Wilson's wife.

Wilson's article appeared on July 6, 2003. His wife's CIA connection was revealed in a column written by Robert Novak, eight days later.

Novak's column caused a political firestorm, and two months later prompted an FBI probe.

In the past two weeks of testimony and evidence, prosecutors tried to establish Cheney as the first source of Libby's knowledge that Wilson's wife worked at the CIA and sent him on the trip.

Presenting on Thursday, Libby's defense team is expected to argue that any discrepancies in what Libby told investigators stem from his difficult role as a busy government official distracted by urgent national security matters.

CNN's Paul Courson contributed to this report.

Powerful Pa. Senator Indicted (NSDY/AP)

By Maryclaire Dale, Associated Press Writer

Long Island Newsday, February 7, 2007

PHILADELPHIA -- State Sen. Vincent J. Fumo, one of the most powerful and controversial figures in Pennsylvania politics, was indicted Tuesday on federal charges he used a nonprofit group for personal and political gain and defrauded the state out of $1 million.

Many of the 139 charges stem from Fumo's ties to a nonprofit agency in his South Philadelphia district.

Authorities had been investigating the Citizens' Alliance for Better Neighborhoods for more than four years. The group was started by Fumo aides in 1991 to serve the neighborhood where he grew up.

Prosecutors said he used state employees and the nonprofit group to fulfill his every whim -- including cleaning his 33-room mansion, spying on his ex-wife, and fighting a dune project that might block his view of the ocean.

The charges included fraud, obstruction of justice, conspiracy and tax offenses.

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Fumo is to surrender to the FBI on Wednesday, the U.S. attorney's office said.

U.S. Attorney Patrick Meehan said Fumo spent about $1 million in state money and another $1 million from the nonprofit. Prosecutors said Fumo also engaged in a systematic cover-up through the destruction of e-mails and other electronic records.

The Philadelphia Democrat beat two previous indictments. In 1973, authorities dropped vote-fraud charges against Fumo, while a 1980 conviction for his role in an alleged ghost-worker scheme was eventually overturned.

Fumo, anticipating the indictment on Monday, temporarily stepped down as the ranking Democrat on the Appropriations Committee but remains in the Senate.

"I know in my heart that I have not done anything illegal," the 63-year-old lawyer and banker said.

In Pennsylvania, Fumo's name has come to be synonymous with power during his nearly three decades in the Legislature.

He quickly maneuvered into leadership posts after arriving in 1978, and takes credit for producing more than $8 billion in economic benefits in the Philadelphia region. Federal investigators said he controlled more than 90 state employees.

"If an extraterrestrial came down here, it wouldn't say, `Take me to your leader.' It would say, `Where's Vince?'" former state Rep. Gerard Kosinski once said.

The Case Against Fumo (PHI)

By Craig R. Mccoy And John Shiffman

The Philadelphia Inquirer, February 7, 2007

State Sen. Vincent J. Fumo used taxpayer and charity money to pay for everything from political polls to power tools, from cars to farm equipment, from errands to shopping sprees, a grand jury charged yesterday.

Among the more than $2 million in allegedly illicit spending: Fumo (D., Phila.) hired private detectives to tail ex-girlfriends and dig up dirt on political rivals - including Gov. Rendell.

"Sen. Fumo didn't just step over the line," U.S. Attorney Patrick L. Meehan said yesterday. "He completely ignored it."

The grand jury indictment - 267 pages, 139 counts, carrying a possible 10-year prison sentence - came out one day after Fumo delivered a dramatic speech in the Senate in which he dismissed the pending charges as "falsities and half-truths."

Yesterday, Fumo was silent. Today, he will be fingerprinted and appear before a federal magistrate. Tomorrow, his lawyers have promised to hold a news conference to discuss the charges.

Fumo, 63, who has served as senator since 1978, was depicted by Meehan as a "greedy, manipulative" politician angling for ways to make the public and charities pay for his lavish lifestyle.

The indictment says Fumo once told a confidant that he had an acronym for one goal in his life - spending "OPM," that is, "other people's money."

"Because he was delivering large amounts of money to his Philadelphia constituents with one hand," Meehan said, "Vincent Fumo felt entitled to reach deeply into the pockets of Pennsylvania taxpayers with the other hand."

Fumo is charged with fraud, conspiracy, and with directing a cover-up - ordering computers scrubbed of e-mails after The Inquirer broke the news that the FBI was investigating him.

The indictment says Fumo exploited his Senate budget and power; the South Philadelphia charity he helped fund, Citizens' Alliance for Better Neighborhoods; and the Independence Seaport Museum for his personal and political use.

Grand jurors said Fumo:

Funneled more than $60,000 from the charity into an effort to block a dune-rebuilding project in South Jersey. The indictment says Fumo feared the project would ruin the ocean view at his Margate home.

Assigned one Senate aide to work for 18 months as "project manager" overseeing renovations at Fumo's 33-room mansion in Spring Garden, and paid another aide to clean the house.

Put other taxpayer-paid aides to work organizing political fund-raisers; putting together campaign mailings; paying Fumo's personal bills; driving Fumo's daughter to schools; driving his shirts to be laundered; fixing his TV; and packing boxes of Fumo bobblehead dolls.

Doled out fat state contracts to political consultants and others who did little or no state work.

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Repeatedly cruised on museum yachts at a cost to the museum of more than $100,000. One trip included a $2,539 bill for a French meal.

Fumo was a driving force behind the funding for Citizens', striking deals with Peco Energy under which the power company gave the charity $17 million.

No criminal charges were brought in connection with Fumo's interaction with Peco. At a news conference yesterday, Meehan said the destruction of e-mails by Fumo staff likely meant the full story of the Peco donation would remain unknown.

Yesterday's indictment also claimed Fumo sought $100 million from Verizon, of which $15 million was to go to Citizens' Alliance. The communications company refused to put up any money.

Also charged in the indictment was Ruth Arnao, 51, former executive director of Citizens' Alliance and one of Fumo's closest friends. She was charged with 45 criminal counts and was said to have taken part in the fraud and obstruction. Her lawyer, Edwin J. Jacobs Jr., declined to comment yesterday.

Two former computer technicians on Fumo's staff, Leonard P. Luchko, 50; and Mark Eister, 30, were previously indicted on such obstruction charges - and now will go on trial with Fumo and Arnao. U.S. District Judge William Yohn had scheduled that trial for May, but yesterday's superceding indictment is likely to trigger a delay.

In another count in the new filing, Fumo is charged with aiding Arnao in filing a false tax return to the IRS on behalf of Citizens' Alliance in 2002.

On the tax form she signed, Arnao pledged that the charity had not been used for political purposes. It is illegal for nonprofit organizations to engage in political activity.

In part, the indictment levels charges that have previously surfaced. As has been reported, it noted that Citizens' Alliance spent $250,000 to pay for political polls and also secretly financed a lawsuit against a foe of Fumo's in the state Senate.

One new allegation is that Fumo had detectives trying to dig up dirt on Rendell, city union leader John Dougherty, and Fumo's ex-wife and former girlfriends.

Detectives researched Rendell's purchase of a home in Ocean City, N.J., the indictment says.

At the time of the detective work, Fumo was supporting another candidate for governor.

One expert in Pennsylvania politics said the spying was "political dynamite" that, more than anything else, could cost Fumo support among his fellow legislators.

"In all my years of studying and writing about state government I have never heard anything that even remotely sounds like this," said G. Terry Madonna, a pollster and analyst at Franklin and Marshall College. "It's mind-boggling."

Rendell declined through a spokeswoman to comment.

"He won't comment. No way. Nice try," spokeswoman Kate Philips said.

Also new was the indictment's wholesale portrait of Fumo as an imperial boss who used Senate and charity workers as personal errand boys and girls.

Fumo had Citizens' Alliance employees at "his beck and call" to handle chores, the indictment says. Senate staffers, too, were available to "serve him in any manner he desired... to further his political goals and attend to his personal wants."

When Fumo bought a working farm near Harrisburg, state workers were assigned to set it up. While holding down a Senate job, these staffers allegedly bought feed for horses, hired hands to mend fences, and pondered the precise breed of goat to buy.

To underscore what they called Fumo's greed, prosecutors took pains to highlight his considerable wealth.

Aside from his substantial income as a banker, Fumo has served as "of counsel" to the prominent Philadelphia law firm Dilworth Paxson. The indictment revealed Dilworth paid Fumo "as much as $1 million per year."

The indictment also cites Fumo's mansion in the Spring Garden section of Philadelphia; a beach-block home in Margate, N.J; a bayside condo in Ventnor, N.J.; a 100-acre farm outside Harrisburg; and a multi-million-dollar house in Florida.

The indictment reads in part like a catalog of Fumo's wide-ranging passions and love of gadgets. It says Citizens' Alliance spent more than $75,000 buying tools that ended up in Fumo's four houses.

A licensed electrician, Fumo liked having the same set of tools in each house, the indictment says.

According to the indictment, $6,500 went to buy 19 Oreck vacuum cleaners - one for each floor of his four houses.

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Citizens' Alliance spent $600,000 to refurbish and furnish Fumo's legislative office in South Philadelphia. The charity owned the building housing the legislative office but collected only $18,000 a year in rent for it.

The indictment says the charity's money was also tapped for shopping sprees. Fumo and Arnao would meet at Sam's Club, Home Depot and Lowe's outlets near Atlantic City to "stock up on thousands of dollars of goods for their summer residences."

Grand jurors said the pair used Citizens' Alliance credit cards for such purchases as $3,900 in mosquito magnets and a $450 meat grinder destined for use on the Harrisburg-area farm.

The indictment said a charity minivan was regularly driven by Senate employees to Martha's Vineyard to be used by Fumo, Arnao and their friends on summer vacations. His Senate drivers did Fumo's personal shopping, drove his daughter to school, and regularly delivered packages.

And Fumo, who held no official title with the nonprofit, allegedly received a $55,000 SUV for his use.

Though he is one of only five state senators from Philadelphia, Fumo has long had an outsize impact on policy in the Capitol and in Philadelphia.

He is renowned and at times feared for his smarts, his mastery of the art of the deal, his network of appointees and allies, and his ability to build effective political coalitions.

Yesterday's indictment marks the third time Fumo has been criminally charged.

In 1973, five years before he became a senator, he was arrested on charges of voter intimidation, but the charges were quickly withdrawn.

In 1980, a federal jury convicted him of putting "ghost" employees on the state payroll, but a judge threw out the conviction.

Fumo has promised a vigorous fight to clear his name one more time.

"If there is anyone who has shown the capabilities of overcoming legal and ethical challenges, it's Vince Fumo," said Chris Borick, a professor of politics at Muhlenberg College.

"But I can see no obvious way that he can come out from under this one. From a political sense, these are some really deep scars that have been inflicted upon him."

Mayor Street said Fumo would "remain an influential force for Philadelphia," even though Fumo has stepped down from his key post as minority chairman of the Senate Appropriations Committee.

"My thoughts and concerns now are with Sen. Fumo and his family," Street said in a statement.

Founded in 1991 by Arnao and two others with ties to Fumo, Citizens' Alliance has helped charter schools, rehabbed storefronts in South Philadelphia, televised the Mummers, and helped fight AIDS.

Though the probe that resulted in yesterday's indictment began in 2003, investigators started focusing on Citizens' Alliance in 2004 after The Inquirer reported that Peco had secretly agreed to give the charity $17 million and reduce its rates as part of a legal settlement with Fumo, who had opposed the utility's business plans.

The paper also disclosed that Fumo had arranged for the Delaware River Port Authority to give $10 million to Citizens' Alliance. The port authority is largely funded through bridge tolls and the PATCO commuter train.

Citizens' Alliance also has received more than $4 million in state and other government grants.

The indictment says Fumo also asked Verizon to steer $2.5 million in legal business to Dilworth Paxson. A partner in the law firm could not be reached for comment last night.

If convicted, Fumo likely faces at least two years in prison, though he could be sentenced to 10 years or more if he is found guilty of the most serious charges, including conspiracy to defraud state taxpayers.

Fumo is scheduled to surrender to the FBI agents this morning who investigated him, Kathleen McAfee and Vicki Humphreys.

At 1:30 p.m., he is to appear briefly for arraignment with his lawyer before a federal magistrate and prosecutors John Pease and Robert Zauzmer. Fumo has already made routine bail arrangements, including surrendering his passport and firearms. Fumo owns a collection of more than 100 weapons.

To accommodate the expected media and political interest, today's arraignment has been moved from the small magistrate courtroom to a larger one. There, Fumo and Arnao will appear with other people federally charged yesterday - including an accused bank robber and a fugitive from justice.

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Indictment Is In The Details (PHI)

By Emilie Lounsberry

The Philadelphia Inquirer, February 7, 2007

The 267-page federal indictment of State Sen. Vincent J. Fumo is a portrait of greed and entitlement that prosecutors hope will be a road map to persuading a jury that one of the state's most resilient political figures engaged in fraud and other crimes.

And it was the talk of the legal community yesterday, as lawyers across Philadelphia - and beyond - marveled at the level of detail and predicted a raging courtroom battle.

One lawyer said the indictment was a bit like a poker game - with an extremely confident player.

"It's like the government saying, 'We're so confident of our hand, we'll show you our hand,' " said former federal prosecutor Robert E. Goldman.

E-mail. Bank documents. Payroll records. Even a table of contents. And a list of potential witnesses so tough to follow that another lawyer said it reminded him of the cast of characters from Crime and Punishment.

Indeed, the narrative is dotted with expletives used by the senator, dozens of references to girlfriends or ex-girlfriends, and more than 30 instances of double exclamation points!!

"It's like an edict of what the government is going to establish - in detail - at trial," said Goldman, now a lawyer with a Center City law firm.

Veteran defense lawyer Nicholas J. Nastasi said he was struck not just by the level of detail of the charges, but also by the level of apparent corroboration. "I think there's a great deal of documentary evidence," he said.

Fumo, in a speech Monday on the Senate floor, said he had done nothing wrong.

"I know in my heart that I have not done anything illegal," said Fumo, who vowed to fight the charges.

What a fight that is likely to be.

John P. Pucci, a former federal prosecutor in Philadelphia who now practices law in Massachusetts, predicted a showcase of "movers and shakers" on the witness stand at the eventual trial - and Fumo's life under a microscope.

"His life is going to be laid out for all the world to see," said Pucci.

Some defense lawyers said that Fumo, in his speech Monday, seemed to foreshadow a defense to charges that he used Senate staff to perform personal work for him: They work extraordinarily long hours at their Senate jobs, so it's no big deal if they do a few personal chores for him in between.

"When you put the two things together, it could be an interesting defense," said William A. DeStefano, a Center City lawyer who represented a number of witnesses called before the grand jury.

DeStefano said he, too, was struck by the breadth of the indictment.

"The amount of detail is boggling," DeStefano said, though he noted that much of that detail seemed to be more embarrassing to Fumo than incriminating.

It didn't have to go on and on, he said.

"From a legal perspective, it could have been done in five or 10 pages," DeStefano said.

Former Camden County Prosecutor Edward F. Borden Jr. said the sheer number of charges - 139 counts - gives prosecutors an edge.

"They only need to convince the jury to convict on some of the significant offenses to provide the basis for a very substantial sentence," he said.

But sometimes, he said, a complex indictment poses problems for prosecutors.

"You start to run into questions about what evidence is admissible," said Borden, who now practices law in Center City and Cherry Hill. "You run the risk that you're not able to prove significant portions."

Nastasi said the case was reminiscent of the federal indictment of one his clients, former State Sen. Buddy Cianfrani, who - like Fumo - was charged with numerous counts of mail fraud, tax violations and obstructing justice.

But Nastasi said Cianfrani, who represented the same Senate district and like Fumo was on the powerful Appropriations Committee, was the sole defendant and was charged only with violations involving public money.

And, he said, Cianfrani lived a more modest lifestyle than Fumo - so there was no mention in the Cianfrani indictment of any vacation homes, estates or yachts.

But Cianfrani pleaded guilty - and Nastasi sees no such outcome for Fumo. "The charges are going to be vigorously contested," Nastasi predicted, in a long trial. "This will be a full courtroom - standing room only."

A South Jersey defense lawyer, Rocco Cipparone Jr., said he, too, expected Fumo to mount a strong defense.

"He's not an individual who's afraid of a fight," he said.

Staffer's E-mail: DSL Lines, Special Errands and More

On or about Aug. 24, 2003, Leonard P. Luchko, a computer technician in State Sen. Vincent J. Fumo's Tasker Street office, e-mailed his supervisor complaining that Fumo had found out that staffers in Harrisburg were aware of a new DSL line given only to that office. According to the indictment, the e-mail stated in part:

It saddens me that some of our people don't think of [Person No. 1] and me as members of the SDCS [Senate Democratic Computer Services] team. I am sure at times it must seem to them that we are premadonnas down here because we seem to get everything we want and don't have to deal with any of the red tape that goes along with requests for hardware and software. I just wish they could see all of the bullshit [Person No. 1] and I have to go through every single day then they would understand why we get the so called special treatment. This of course is not possible because what happens at Tasker Street stays at Tasker Street!

Yes I would like to see their reaction when they are told to support the Senator his family, girlfriends and business associates along with the staff their friends and their kids 24 hours a day.

I would like to see their reaction when they are told to drive cars back from Martha's Vineyard on a Sunday.

I would like to see their reaction if they had to go to Florida for a week and stay in the middle of nowhere and work 12 hours a day.

I would like to see their reaction when they are told to drive people to get their hair done.

I would like to see their reaction when they are told to take out the trash or unload a tracker trailer.

I would like to see their reaction if they had to wrap 150 VJF bobble head dolls and mail them.

I would like to see their reaction when they go on vacation and have to take a phone, Blackberry and a laptop with them and are required to check email a minimum of 4 times a day.

I would like to see their reaction when they have to inform the Senator that they will not be available between the hours of 7 and 10 on a Saturday night because they want to go to the movies.

Yes I would like to see their reaction when they are told to be available to drive to the shore and wire a yacht for internet access on Labor Day weekend but are not told which day just be available and ready to go.

And I would REALLY like to see their reaction when they get screamed at for something that they have absolutely no control over like the internet being down. Then maybe just maybe they would understand why we have a DSL line.

PS I love my job and wouldn't trade it for any job in the Senate!

A FEDERAL CASE (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, February 7, 2007

STATE Sen. Vince Fumo touts his membership in the American Mensa Society, a society for people with very high IQs.

But Fumo wasn't smart enough to avoid being charged yesterday with 139 felonies by a federal grand jury.

The feds said Fumo, 63, one of the state's most influential power brokers, used his Senate workers to clean his house and provide personal services, and tapped a charity he helped organize to provide him with cars, tools and other goodies.

The charges include conspiracy, mail fraud, wire fraud, obstruction of justice, and aiding and assisting the filing of a false tax return.

If convicted of all charges, Fumo, a state senator since 1978, could face from five to 15 years behind bars, sources said.

Ruth Arnao, 50, a longtime aide and former executive director of the Fumo charity, Citizens Alliance for Better Neighborhoods, also was indicted.

She is charged with 45 counts of conspiracy, mail fraud, wire fraud, obstruction of justice and filing a false tax return.

The 267-page indictment painted Fumo as a man who "abused" his power to "build an empire" of Senate and charity employees who catered to his personal needs, U.S. Attorney Patrick Meehan said.

Fumo used Senate employees, government-paid contractors and the charity workers "to serve [Fumo's] sense of entitlement," Meehan said.

And, then, when Fumo realized investigators were onto him, he orchestrated a coverup by directing aides to destroy e-mails and other electronic evidence to scuttle the federal investigation, Meehan said.

Prosecutors said Fumo expressed a philosophy of using "other people's money," which was called "OPM." It was this philsophy that underlay the fraud.

Fumo will fire back tomorrow when his attorneys hold a press conference at the office of his attorney, Richard A. Sprague, to address the charges.

In remarks Monday on the floor of the state Senate, Fumo said he had not done anything illegal and that he and his staff had "produced" more than $8 billion in benefits for the city and the region.

Joel Frank, an attorney for Arnao, said she "categorically denied" engaging in any illegal activity.

"We intend to fight these charges and present the facts in court," Frank said.

Fumo and Arnao are scheduled to be arraigned before a federal magistrate today.

Two former Fumo computer aides, Leonard Luchko, 50, and Mark Eister, 37, were again charged with 29 counts and five counts, respectively, of conspiracy and obstruction of justice.

Both were indicted last June on obstruction charges, pleaded not guilty and are to stand trial in May.

Meehan took issue with Fumo's assertion Monday that the feds' suggestion that his Senate staffers were used as political operatives or personal assistants reflected an "amazing ignorance" of the legislative process.

"When you commit to public service you accept that there is a line," Meehan said, "and that that line is clear: The people's assets and resources... cannot be used for private benefit. Sen. Fumo just didn't step over the line; he completely ignored it."

The indictment alleges that Fumo's "fraudulent and extensive use" of Senate resources for his own benefit resulted in a loss to the Senate of more than $1 million.

Here are some examples of how prosecutors say Fumo stepped over the line:

• Fumo observed no distinction between public and private tasks for Senate staffers.

Staffers in his Philadelphia district office allegedly worked on Fumo's campaigns and campaigns of City Council candidates he favored.

The indictment alleged that Senate staffers in Harrisburg spent more time attending to Fumo's personal needs than the public's business.

A former Senate staffer served an 18-month stint as "project manager" overseeing the "restoration and refurbishment" of Fumo's 33-room mansion on Green Street in the Fairmount section.

Senate aides were routinely dispatched during regular working hours, the feds said. Among their duties: cleaning Fumo's homes, overseeing the 100-acre farm he bought in 2003 near Harrisburg and even driving luxury cars supplied by Citizens Alliance to Martha's Vineyard, Mass., so Fumo and his guests could arrive by private jet and have cars and luggage waiting for them.

Martha's Vineyard is a favored summertime playground for the rich and famous.

The feds said Fumo even gave a $40,000-a-year, taxpayer-financed contract to a private eye, ostensibly to do research for the Appropriations Committee.

But the detective's main job was to dig up dirt on Fumo's political enemies, and follow his ex-wife and ex-girlfriends and their new boyfriends.

Meehan characterized this as "scary."

• Fumo used Citizens Alliance for his personal benefit, the indictment charged.

Fumo and Arnao routinely skimmed from Alliance accounts to pay for personal goods and services.

The charity bought $75,000 worth of tools and other items for use in Fumo's four homes, including 19 Oreck vacuum cleaners, the feds charged.

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Citizens Alliance paid for shopping sprees during summer months down the shore when Fumo and Arnao would meet to stock up on thousands of dollars worth of household items for their summer homes.

Citizens also bought a loaded-to-the-max, $55,000 SUV for use by Fumo's drivers at his Tasker Street office.

Fumo got a $38,000 minivan and Arnao a $25,000 Jeep for their personal use, courtesy of the charity, the indictment charged.

Laborers hired by Citizens Alliance were routinely dispatched to his homes and farm to do repair work, clear snow and pick up trash.

Citizens Alliance also provided heavy equipment it purchased - a bulldozer, a backhoe and a dump truck - for use at Fumo's properties, free of charge, the feds said.

And Arnao filed false tax returns with Fumo's assistance to mask the political spending and other improper use of Citizens Alliance's funds, the feds charged.

• Fumo is also alleged to have exploited his position as a board member at the Independence Seaport Museum.

The feds said the museum provided a free yacht for Fumo's use at Martha's Vineyard on his vacations from 1996 through 2003.

The yacht was supposed to be used to drum up contributions for the museum, the feds said, not as a plaything for Fumo.

The indictment charged that when neither of the museum's boats was available in 2001, the museum rented another yacht for $13,775 and let Fumo have it for his summer vacation.

The indictment added that Fumo did not repay the museum for the cost of this trip until April 2004, after the federal probe was well under way.

Finally, the indictment alleges that Fumo directed Luchko, Eister and others, with Arnao's backing, to destroy e-mails and other electronic evidence on Fumo and Citizens Alliance computers in order to keep it from the FBI.

Supporters of Fumo stood by the embattled senator yesterday.

Senate Democratic leader Robert J. Mellow, D-Lackawanna, said Fumo could depend on his "continued support and friendship during this difficult time."

Mayor Street issued a statement saying Fumo had served the city with "energy and passion" for three decades and Street was "saddened" that Fumo had stepped down as minority chair of the Senate Appropriations Committee.

Editorial | Fumo Charged (PHI)

The Philadelphia Inquirer, February 7, 2007

Among the many dubious perks that federal prosecutors allege state Sen. Vincent J. Fumo engineered through his Pennsylvania Senate office and a Philadelphia community nonprofit was the free use of a bulldozer at Fumo's farm near Harrisburg.

Well, right now that bulldozer should come in mighty handy.

The powerful South Philadelphia Democrat and veteran Harrisburg lawmaker will have to move earth - and maybe heaven, as well - to bury the acres of criminal charges lodged against him yesterday.

Fumo will have his day in court and is entitled to the presumption of innocence, of course. Indeed, he sought to preempt the indictment Monday by declaring in a Senate speech that he had "not done anything illegal."

Across the broad expanse of a 267-page indictment, though, Fumo is accused of using taxpayer and charitable funds not merely to feather his own nest, but also to clean it.

The indictment's cast of characters includes a Senate staffer who allegedly served as Fumo's once-a-week housekeeper, and others who jumped at the senator's call to drive his cars, maintain his computers, and even serve as a gumshoe to shadow his old loves.

From the Citizens' Alliance for Better Neighborhoods, a nonprofit that Fumo created, came the bulldozer, agency-paid handymen, $75,000 worth of power tools, and 19 Oreck vacuum cleaners, the indictment said.

The charges resulting from a four-year probe by U.S. Attorney Patrick L. Meehan paint a portrait of an elected official who let his unofficial title as the prince of Philadelphia politics go to his head.

If the allegations are proven - including the serious-as-a-heart-attack charge of obstruction of justice - it would be truly sad that one of the brightest, most accomplished members of the General Assembly could have been so foolhardy.

What a contrast to Fumo's savvy track record as a state lawmaker, one who shaped countless budget deals and policies that provided handsome benefits to his state, his city and his constituents.

Whether Fumo can take sole credit for the nearly $8 billion brought home to Philadelphia for worthy public projects over the past two decades, he was a major player without a doubt.

The seeds of his current troubles, though, appear to have been planted by making one deal too many. That was the agreement in the late '90s to settle challenges to the state's electricity-deregulation efforts. One outcome of those negotiations was that PECO Energy Co. agreed to donate $17 million to lavishly fund the Citizens' Alliance.

The alliance did good works - street cleaning, business development, charter schools. Yet funds from a regional utility's ratepayers should have been used to benefit the region, not just one senator's district.

And how much more good could this money have done if it were distributed to true, and truly effective, nonprofits - not one so intent on enhancing the reputation, clout and comfort of one politician?

INDICTED: THE CURRENT CULTURE IN HARRISBURG (PHI)

The Philadelphia Inquirer, February 7, 2007

A HARRISBURG hand grenade rolled into the room a few weeks ago with the news of $4 million in bonuses paid to legislative aides in the House and Senate.

U.S. Attorney Patrick Meehan just pulled the pin yesterday, when he released the indictment of state Sen. Vincent Fumo.

That explosive 267-page document paints a picture of entitlement, a lack of accountabilty and a stunning disregard for the public trust that, if true, indicts not just a single senator, but an entire culture of arrogance, secretiveness and corruption that must be cleaned up.

The General Assembly's legislative bonuses - lists of which are now being released by both caucuses -may in the end be defensible, though just looking at how widely they range, from $65 to $40,000, and how quickly some leaders suspended the practice, gives a foul smell to them all.

The attorney general may be investigating whether or not those bonuses were used to pay for campaign work, which is illegal.

And the bonuses may be small potatoes compared to the 139 counts the government outlines on how Fumo "systematically, routinely, and improperly used the funds and resources of the Senate for his personal and political benefit... [directing] that Senate employees and contractors employed by the Senate serve him in any manner he desired throughout the regular workday and at all hours of the day and night, to further his political goals and attend to his personal wants."

But both suggest something is very wrong in Harrisburg: a disconnect not only from the reality of the lives of taxpayers, but also from the jobs these lawmakers are supposed to be doing: working on behalf of the public.

The Fumo indictment is a stunning document that says Fumo had Senate staffers handle his personal life, such as cleaning his house and organizaing the renovations on his Green Street mansion.

It says he defrauded the nonprofit group he established, Citizens Alliance for Better Neighborhoods, by using $1 million from that group for a wide range of unrelated spending. The indictment lays out in excruciating detail purchases made by Executive Director (and Senate-paid staffer) Ruth Arnao, also under indictment. Numerous shopping sprees bought household items, food, clothing, DVDs, tools and an inexplicable 19 Oreck vacuum cleaners using Citizens Alliance funds. It says Fumo also used Alliance funds for political work, including polling.

Fumo also engaged in a coverup after the FBI and IRS began to investigate him, the indictment says. And it questions his free use of yachts owned by the Seaport Museum, on whose board he sits, during his Martha's Vineyard vacations.

The indictment paints a picture of a man whose boundaries between his personal life and professional responsibilities have completely dissolved.

And while that may feel familiar to some workaholics, the charge that taxpayers footed the bill for a shocking amount of personal comforts and political benefits is a sickening outrage. (Daily News sources say Fumo could face up to 15 years in jail.)

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Harrisburg lawmakers have lately made a lot of noise about their new reform efforts. Indeed, Fumo himself not long ago released his list for reforming the way laws are heard and passed.

But all that is a light dusting compared to the thorough house-cleaning that must be done.

Citizens should demand a clean house in Harrisburg. And we know just where they might find a few extra vacuum cleaners to do the job.

Loudoun Land Deals Subject Of U.S. Probe (WP)

By Michael Laris And Sandhya Somashekhar

The Washington Post, February 7, 2007

Federal prosecutors have launched a far-reaching investigation into potential public corruption in Loudoun County, where officials have overseen billions of dollars' worth of development projects in one of the nation's fastest-growing areas.

Loudoun Commonwealth's Attorney James E. Plowman announced a joint investigation yesterday with the U.S. attorney's office in Alexandria, which will take the leading role. "It's kind of a waste of resources if we're both independently reviewing the same matters," Plowman said, adding that the combined federal-local effort "brings about a greater aspect of neutrality."

The announcement follows months of quiet interviewing by FBI agents, who have queried county figures about possible abuses of power by officials, and represents a major escalation of the scrutiny facing Loudoun, the officials with the power to approve lucrative development projects and those in the real estate industry with the most at stake.

It also came shortly before Loudoun's Board of Supervisors passed ethics measures designed to increase government transparency. As part of the reforms, the board voted to discourage supervisors from accepting campaign donations from developers and others with pending projects, and it agreed to disclosure guidelines that could expose potential conflicts of interest.

The investigation and board action come after reports by The Washington Post last month that detailed how major land-use decisions in Loudoun have been dominated by a small network of public officials and their allies in the development industry. Developers, landowners and others profited as they coordinated with public officials to influence land-use decisions in the county, e-mails and other records showed.

Plowman, who last month said his office was focusing on eight or nine areas of inquiry, said in a statement that the joint group "will be tasked with reviewing any potential issues of public corruption within Loudoun County." It was unclear which individuals or specific actions are being investigated.

U.S. officials would not discuss their role in the probe. A spokesman for the U.S. attorney's office, Jim Rybicki, said, "Department of Justice policy does not allow us to confirm or deny the existence of an investigation." An FBI spokeswoman declined to comment.

People interviewed by the FBI in recent months said agents asked them in wide-ranging interviews if they had knowledge of any improper dealings by public officials.

The Post reported on the actions of Lawrence Beerman II, the former head of Loudoun's Planning Commission, who voted favorably on projects brought by companies with which he had business ties. They were a firm run by Peter J. Knop and his son, Peter R.Q. Knop, who operate a construction waste dump, and the home-building arm of Greenvest L.C. Beerman's activities have drawn the attention of the FBI, according to two people who were interviewed.

Beerman and the Knops were interviewed for The Post's report but declined to respond to additional written questions. A lawyer representing Greenvest said the company did nothing improper.

"The fact you have local law enforcement working with federal law enforcement is an indication of the seriousness of the probe," said Eric H. Holder Jr., a former deputy attorney general and U.S. attorney in the District. The investigation will now appear to be in "a quiet period, but just because federal officials are not commenting on what they are doing, that does not mean the investigation is not very active. . . . These things often take months, if not years, to resolve themselves."

Some Loudoun officials have argued that they forged close links to people in the real estate industry in an effort to serve residents and said that their votes and other public actions reflected what they thought was best for the county. Supervisor Bruce

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E. Tulloch (R-Potomac) was among the officials who, records and interviews show, worked closely with individuals who stood to benefit from his position.

"I embrace the investigation and look forward to the outcome," Tulloch said. "The sooner, the better." The allegations "need to be brought forward and people's names cleared," he said.

Supervisor James Burton (I-Blue Ridge) said that because of Plowman's ties to other Republican officials, Burton is "glad that someone other than the commonwealth's attorney is involved. . . . The public trust has been severely damaged. We need something to clear it up as soon as possible."

Chairman Scott K. York (I) asked that the board hold a closed meeting this month to discuss whether to sue a real estate agent and others over the purchase of 101 acres in Ashburn from the Islamic Saudi Academy Inc., a company affiliated with a conservative religious school in Fairfax County funded by the Saudi government. The county paid $13.5 million for the land with the urging of Tulloch, who had close ties with the broker.

The Post's series reported that the purchase price was substantially more than what another buyer said he was under contract to pay for the land.

Tulloch defended his actions and those of his friend Dale Polen Myers, a former supervisor who represented the Saudis in the sale.

"I'm proud of everything I've done on this board," Tulloch said. The land purchase "was a good deal for the county, and I don't regret that vote," he added, noting that the purchase had been approved unanimously by the board.

Supervisor Stephen J. Snow (R-Dulles), whose actions were also part of The Post's reports, defended his close communications with developers as proper and in the service of the community. Evoking his years in the Army, he said he lives by the strict code of ethics of a soldier and an officer.

"I don't take life casually," Snow said. "I don't take all of what we do here frivolously. A lot of blood, sweat and tears goes into this job."

More Indictments From Operation Big Coon Dog Investigation (TRI)

By Kathy Still

TriCities.com, February 7, 2007

A South Carolina resident and a North Carolina contracting firm were indicted Tuesday on corruption charges stemming from the Operation Big Coon Dog investigation that rocked Buchanan County after a 2002 flood nearly wiped out the Hurley community.

James Frederick "Rick" Byrd, 56, of Landrum, S.C., and Byrd Brothers Inc., of Wilson, N.C., were indicted by a federal grand jury in Abingdon, both on two counts of program fraud and money laundering conspiracy, according to a news release issued by the U.S attorney's office in Roanoke.

The corporation and Byrd are the latest charged in the public-corruption investigation that nabbed 16 Buchanan County officials, residents and business owners for taking and offering bribes to land lucrative contracts to clean up Hurley. The flood killed two people and caused millions of dollars in damage to the Buchanan County community.

Federal prosecutors got 16 convictions following the investigation.

The federal government spent more than $9 million to rebuild some homes, roads and bridges in Hurley following the May flood. However, court proceedings revealed that many of the contracts for cleanup work were awarded after some local officials received bribes for favorable treatment.

Expensive televisions, NASCAR race tickets and expensive coon dogs were among the bribes offered, prosecutors said. The coon dog bribes gave the investigation and subsequent prosecution its catchy name.

During the federal hearings, prosecutors said the Federal Emergency Management Agency allowed the Board of Supervisors to take responsibility for the cleanup efforts. The contracts were never awarded by public bid, they said. Instead, contractors were selected primarily through bribes, according to prosecutors.

According to Tuesday's indictment, Byrd Brothers was the subcontractor in charge of the cleanup for nearly 30 days before the Buchanan County officials and business owners got involved in the corruption.

DOJ_NMG_0128806

The indictment alleges that Rick Byrd is the agent for Byrd Brothers. He is accused of paying two bribes to Ray Blankenship, the former chairman of the Buchanan County Board of Supervisors. Prosecutors say the bribes bought Blankenship's favor when it came time to determine who got the contracts, according to the news release.

The bribes allegedly paid to Blankenship were hidden and disguised as legitimate payments to Byrd Brothers' subcontractors, prosecutors said in the news release.

The charges carry a maximum penalty of 30 years in federal prison, a $750,000 fine, or both.

Special Agent Phillip Barnett with the Internal Revenue Service and Special Agent Tom Snapp with the Federal Bureau of Investigation conducted the probe. Thomas Bondurant Jr. will prosecute the case.

Bondurant could not be reached for comment Tuesday evening.

FBI: 19 Bonano Crime Family Members Busted (WABC)

WABC-TV, February 7, 2007

The acting underboss and the elderly acting consigliore of the Bonanno crime family were among 19 reputed mobsters busted by federal authorities Tuesday morning, officials said.

Authorities say acting underboss Nicholas "Nicky Mouth" Santora, 73-year-old acting consigliore Anthony "Fat Anthony" Rabito and 17 others were arrested during the raids.

Officials say they will be arraigned in Brooklyn federal court on charges that include racketeering, racketeering conspiracy, conspiracy to commit murder in aid of racketeering, illegal gambling, extortion, extortion conspiracy, loansharking, securities fraud and narcotics distribution.

It is reportedly the fifth time since 2003 that FBI agents busted the Bonanno crime family.

Officials say the repeated busts have come after former Bonanno boss Joseph Massino began cooperating with authorities.

The U.S. Attorney's Office in the Eastern District has prosecuted more than 100 members and associates of the Bonanno family.

Since March 2002, three Bonanno family bosses or acting bosses have been convicted in this district on racketeering and racketeering-related charges, which include murder or murder conspiracy as a racketeering act. A fourth reputed Bonanno family acting boss, Michael Mancuso, is awaiting trial.

Rabito, the alleged "street boss" of the Bonanno crime family, is a Korean War veteran who lives on a quiet street in the East Williamsburg section of Brooklyn.

Alleged Bonanno Crime Family Under Boss Busted (WNBC)

By Ap MOB ARRESTS PDF: Rabito Indictment PDF: Rabito Detention Memo PDF: Rabito Press Release First On WNBC.com: POSTED: 1:11 Pm EST February 6, 2007 UPDATED: 6:27 Pm EST February 6, 2007 Email This Story | Print This Story Sign Up For Breaking News Alerts

WNBC-TV, February 7, 2007

19 Charged in FBI Mafia Sweep

NEW YORK -- Federal prosecutors charged 19 reputed members and associates of the Bonanno crime family Tuesday, including alleged acting under boss Nicky "Nicky Mouth" Santora and alleged acting consigliore Anthony "Fat Anthony" Rabito.

In addition to the reputed under boss and consigliere, 17 other reputed soldiers, members and associates are charged.

Investigators said other charges will include drug trafficking, extortion, illegal gambling and securities fraud. They will be arraigned in Brooklyn federal court this evening.

FBI agents conducted raids and made the arrests Tuesday morning. Investigators said this is the fifth time since 2003 that FBI agents have arrested reputed leaders and their replacements inside the Bonanno crime family.

Former boss Joseph Massino has cooperated with authorities since his arrest, even having worn a recording device to help build a case against his former associates.

Among those arrested today and some of the charges they will face:

Jerome Asaro - Racketeering Conspiracy

DOJ_NMG_0128807

Tracy Badget - Gambling
Giacomo Bonventre - Gambling
Joseph Cammarano- Racketeering, Murder in Aid of Racketeering
Christopher Merz - Racketeering, Marijuana Distribution
Anthony Rabito - Racketeering, Gambling Extortion
Joseph Rossetti - Securities Fraud
Nicholas Santora - Racketeering, Gambling, Extortion
Robert Schwichraft - Securities Fraud
Paul Spina - Racketeering, Murder in Aid of Racketeering
Patrick Parsio - Racketeering, Gambling, Extortion
Anthony Vivelo - Racketeering, Gambling

Feds: Top Bonanno Mobsters Busted (NSDY)

By Anthony M. Destefano, Newsday Staff Writer
Long Island Newsday, February 7, 2007

The aging men believed to be the current leadership of the decimated Bonanno crime family were arrested Tuesday in an FBI sweep that netted 19 people.

Grabbed by agents at their homes were Nicholas Santora, 64, the crime family's reputed acting underboss, and Anthony Rabito, 73, the acting consiglieri, officials said.

Both men are considered by the FBI to be the latest patchwork of leaders of a crime family that in the past five years has seen more than 70 of its members, including former boss Joseph Massino, convicted of federal charges.

Santora, known by the moniker "Nicky Mouth," and Rabito, whose nickname is "Fat Anthony," were the lead defendants in a massive indictment that charges various defendants with racketeering, loansharking, extortion, gambling and a murder conspiracy. A charge of securities fraud is also listed in the indictment.

Also indicted were reputed Bonanno captains Jerome Asaro, 48, Joseph Cammarano Jr., 47, and Louis DeCicco, 60. Cammarano is the son of reputed Bonanno crime captain Joseph Cammarano Sr.

The 37-count indictment also levied additional charges on three other defendants who had been previously accused of shaking down Howard Beach housewife Yvonne Rossetti. Those charged in the Rossetti case and included in yesterday's indictment were reputed Bonanno soldiers Michael Cassese and Michael Virtuoso. The indictment added Santora and Rabito to the Rossetti extortion allegation. Rossetti's husband, Vincent, became a cooperating witness for the government and is believed to be the source of some of the information used in the latest round of charges, court records indicate.

Joseph Rossetti, 38, who a law enforcement source said was Vincent's younger brother, was arrested Tuesday as well on charges he was involved in securities fraud from 2002 to 2004 with Cassese and another defendant.

The case is the latest salvo in a continuing offensive by the U.S. attorney's office in Brooklyn, which began focusin g on the Bonanno family earlier in the decade. Brooklyn U.S. Attorney Roslynn Mauskopf said in a prepared statement that more than 70 crime family members and associates have been convicted since March 2002.

The murder conspiracy charges involved Cammarano and another defendant named Paul Spina. No one was harmed as a result of that conspiracy, according to court papers.

Untouched by the latest charges is Salvatore Montagna, reportedly the new acting boss of the Bonanno crime family. A snippet of information about Montagna's reputed status came out in a letter submitted by prosecutors to the court Tuesday. In a secret tape recording made by a government informant, Cassese said that "Sal 's the acting boss; there is nobody in between. That is it."

Rabito was indicted in 2005 by Queens County prosecutors in a gambling case and was free on bail. He was also convicted in 1982 of federal narcotics charges in a major racketeering case against the Bonanno family. Santora also was convicted in that case of conspiracy, but that judgment was overturned on appeal. Santora was sentenced to prison for other charges and was released after 15 years.

DOJ_NMG_0128808

Magistrate Lois Bloom Tuesday ordered Rabito, Santora and Spina held temporarily pending bail arguments later in the week. Rossetti, Cammarano, Asaro, DeCicco and most of the other defendants were released on bonds. Cassese and Virtuoso were already in custody.

City Briefs (NYDN)

New York Daily News, February 7, 2007

Bonanno gangsters nicknamed Fat Anthony, Nicky Mouth and Fat Paul are charged with living up to their names by shaking down New York City restaurants in the latest federal indictment against the beleaguered crime family. Anthony Rabito, 73, is charged with extorting a $6,000 annual payment from Via Oreto on the upper East Side, Nicholas Santoro with shaking down the Bistro restaurant on Staten Island and Paul Spina with demanding payoffs from the Napa & Sonoma Steakhouse in Queens. All pleaded not guilty in Brooklyn Federal Court.

John Marzulli

Breast-feeding push

The city's Health Department is serious about getting more new moms to breast-feed. Nurses and other health workers will be trained by lactation counselors from the Healthy Children Project as part of a new Health Department initiative starting in March.

Lisa L. Colangelo

8 years for kid porn

A state transportation worker serving 15 years in prison for raping a young child was sentenced to eight years yesterday in a related case for keeping child pornography on his Queens office computer. Vinod Patel, 49, of East Meadow, L.I., was spotted on March 2, 2006, storing a picture of an adult having sex with a child on his computer at the Department of Transportation field office in Bayside, Queens, prosecutors said. The prison terms will run concurrently.

Scott Shifrel

Dead in Bronx drive-by

A man in his 20s was killed in a drive-by shooting in the Bronx last night, cops said. The victim, whose name was not released, was hit several times in the chest about 8:30 p.m. on Burke Ave. in Baychester, authorities said.

The gunman fled in a dark-colored vehicle, police said. "Always kids hanging out here," said a woman who lives nearby. She said she went outside after hearing three or four shots and saw the victim lying in the road.

Oren Yaniv

Samsung fined $90M

ALBANY - Samsung Electronics Co., the world's largest memory-chip maker, agreed to pay $90 million to settle a lawsuit charging the company and others with price-fixing, New York Attorney General Andrew Cuomo said yesterday.

The suit, filed in July, claimed Korean-based Samsung and numerous other companies made secret arrangements to raise the prices of dynamic random access memory, or DRAM, chips.

The Associated Press

BONFIRE OF THE BONANNOS BUSTS 19 (NYPOST)

By Stefanie Cohen

The New York Post, February 7, 2007

Two top Bonannos got unpeeled yesterday when feds arrested the reputed acting underboss and the reputed acting consigliere of the notorious crime family.

Acting underboss Nicholas "Nicky Mouth" Santora and acting consigliere Anthony "Fat Anthony" Rabito topped a list of 19 Bonanno capos, soldiers and other associates collared on extortion, loan-sharking, gambling and murder-conspiracy charges.

Prosecutors have brought down three successive Bonanno family bosses since 2002: Joseph "Big Joey" Massino, Anthony "Tony Green" Urso and Vincent "Vinny Gorgeous" Basciano.

A fourth reputed boss, Michael Mancuso, is awaiting trial.

The two high-ranking mobsters were named in a 39-count indictment in Brooklyn federal court yesterday, which made use of wiretaps and the recordings of a canary who is working with the government.

Santora rose to family underboss after Mancuso was arrested in January 2005. Rabito was named the acting consigliere after the 2004 arrest of Joseph Cammarano, who had the top-advisor job before him.

The indictment is part of a probe that has prosecuted more than 100 Bonanno members and associates over the past five years.

stefanie.cohen@nypost.com

Fighting Crime Tops GOP Priorities (WT)

By Christina Bellantoni

The Washington Times, February 7, 2007

House Republicans yesterday outlined a legislative package to curb drug crime, gang violence and child pornography -- pushing domestic safety issues they say will help them win back a majority.

Republican members of the Judiciary Committee criticized the Democratic leadership for leaving measures against violent crime off its publicized "first 100 hours" agenda last month.

"If you listened very carefully, there was a deafening silence when it came to dealing with violent crime," said Rep. J. Randy Forbes, Virginia Republican.

Democrats, upon taking leadership of the House, gave top priority to implementing more of the September 11 commission's recommendations, raising the minimum wage and increasing federal funding for embryonic-stem-cell research.

Republicans, holding 202 seats in the 435-member House, plan to push their own priorities as they look toward the 2008 elections.

"We are taking an activist approach, we are taking initiative, coming up with our own agenda and our own ideas," said Rep. Lamar Smith of Texas, the ranking Republican on the Judiciary Committee.

Mr. Smith said he expects bipartisan support on the bills. "Crime is simply too important to leave to partisan politics," he said.

The Republican Law and Order Agenda, formally introduced yesterday, lists nine proposals. Several were passed in the House in previous Congresses but stalled in the Senate.

Among the Republican proposals were bills to make the Internet safer for children, target identity theft and other cyberspace crime, and reduce fraudulent claims with the Federal Emergency Management Agency. They also give law enforcement more tools to crack down on drug trafficking and gang crime.

"One thing is crystal clear: If we are going to do something about the skyrocketing murder rate, we have to break the back of the drug traffickers," said Rep. Ric Keller, Florida Republican, whose hometown of Orlando has recorded a 122 percent increase in the homicide rate.

His bill would impose "stiff penalties" on drug dealers.

Republicans said gang problems are inextricably linked to a spike in the number of illegal aliens, and stressed the need for legislation to strengthen border security.

Another proposal would bolster counterterrorism tools and require the death penalty for terrorist killers.

Mr. Forbes said Republicans may not have the House votes to pass their agenda, but "if we don't have them now we'll get them two years from now."

"I'm glad to see, it's important to notice who's talking about ideas in this Congress and I certainly hope that they will get a fair hearing and markup," said Rep. Adam H. Putnam of Florida, the Republican Conference chairman.

Mr. Putnam said the Republicans on the Judiciary Committee "are not using being in the minority as an excuse not to produce good legislation."

Democrats have introduced bills this year to address methamphetamine use, gang problems and Internet safety issues.

Rep. Bart Gordon, Tennessee Democrat, will hold a press conference today on his legislative efforts to clean up methamphetamine labs.

DOJ_NMG_0128810

GOP Revives ISP-tracking Legislation (CNET)

By Declan Mccullagh

CNET News, February 7, 2007

All Internet service providers would have to keep track of what their customers are doing online to aid police in future investigations under legislation introduced Tuesday as part of a Republican "law and order agenda."

Employees of any Internet provider who fail to store that information will face fines and prison terms of up to one year, the bill says. The U.S. Justice Department could order the companies to store those records forever.

Rep. Lamar Smith of Texas, the top Republican on the House Judiciary Committee, called it a necessary anti-cybercrime measure. "The legislation introduced today will give law enforcement the tools it needs to find and prosecute criminals," he said in a statement.

A second requirement, also embedded in Smith's so-called Safety Act (click for PDF), requires owners of sexually explicit Web sites to post warning labels on their pages or face imprisonment. This echoes, nearly word for word, an earlier proposal from last year that was approved by a Senate committee but never made it to a floor vote.

Even though both requirements are central to a Republican-led effort, neither data retention nor Web labeling are that partisan. A Senate committee approved a telecommunications bill that included Web labeling by a 15-7 vote in June. And Rep. Diana DeGette, a Colorado Democrat, has been the most vocal proponent of data retention in the entire Congress.

Other bills in the Republicans' "law and order" agenda are related to terrorism, the death penalty, gangs, computer data breaches and drug trafficking. ISP snooping timeline

The legislative fusillade marks the renewal of a political tussle that began in earnest last April, when Attorney General Alberto Gonzales called on Congress to target Internet providers with new regulations, which have been generally opposed by telecommunications companies and civil liberties organizations. CNET News.com was the first to report that the Bush administration has been pushing for such a rule privately since mid-2005.

Until this week, however, no formal bill had been introduced in the U.S. Congress.

Supporters of the proposal say it's necessary to help track criminals if police don't respond immediately to reports of illegal activity and the relevant logs are deleted by Internet providers. They cite cases of child molestation, for instance. Industry representatives respond by saying there's no evidence that Internet providers have dragged their feet when responding to subpoenas from law enforcement.

Details about data retention requirements would be left to Gonzales. At a minimum, the bill says, the regulations must require storing records "such as the name and address of the subscriber or registered user to whom an Internet Protocol address, user identification or telephone number was assigned, in order to permit compliance with court orders."

Because there is no limit on how broad the rules can be, Gonzales would be permitted to force Internet providers to keep logs of Web browsing, instant message exchanges, or e-mail conversations indefinitely. (The bill does not, however, explicitly cover search engines or Web hosting companies, which officials have talked about before as targets of regulation.)

That broad wording also would permit the records to be obtained by private litigants in noncriminal cases, such as divorces and employment disputes. That raises additional privacy concerns, civil libertarians say.

The American Civil Liberties Union is skeptical of data retention and Web labeling. "It's going to be very difficult for Web sites to know whether they fit into this," said ACLU legislative counsel Marv Johnson, referring to the labeling rules. "And then when you throw in the 'sexually explicit materials' definition, does that include safe sex Web sites?"

"Preservation" vs. "Retention"

Currently, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention, or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

DOJ_NMG_0128811

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on if a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying that communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time, and duration of phone calls, voice over Internet Protocol calls, or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

Three Plead Guilty To Fraud In Katrina Debris Removal (BSH)

Biloxi Sun Herald, February 7, 2007

GULFPORT - Three people, including a Florida contractor, have pleaded guilty to conspiracy to defraud the government by falsifying records of debris clean up from Hurricane Katrina and billing the federal government $716,677 for the work.

Allan Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County; Clinton K. Miller, 28, of Carriere; and Lauren Robertson, 23, of Picayune, entered the pleas Tuesday in Gulfport federal court, U.S. Attorney Dunn Lampton said.

Lampton said the three will be sentenced May 7. The maximum penalty is five years in prison and a $250,000 fine.

According to a federal indictment, Robertson allegedly signed false debris load slips misrepresenting that debris was loaded onto trucks on the roadway when Robertson was not present at the loading site.

The false debris load slips misrepresented that certain trucks, belonging to and under the control of Kitto, were hauling loads of debris at a time when the trucks identified on the debris load slips were not in operation on the roadway or at the dump site listed, Lampton said.

The false debris load slips also misrepresented that loads of debris were delivered to a designated dump site in Pearl River County when no debris was delivered to the dump site.

Lampton said Miller allegedly collected the false load slips and submitted them to the debris monitoring company, which would submit the false load slips to the prime contractor for payment to Kitto.

The indictment also charges that Kitto, in an effort to conceal the conspiracy, would deposit the funds into a bank account opened in the name of one of his employees and then write a check to an unindicted coconspirator who would then pay Kitto and Miller.

Miller would then pay Robertson for completing and signing the false load slips, according to the indictment.

U.S. Wants US$309 Million In Katrina Hurricane Aid Returned (FINDLAW/AP)

AP, February 7, 2007

(AP) - NEW ORLEANS-In the neighborhood President George W. Bush visited right after Hurricane Katrina, the U.S. government gave US$84.5 million (â,¬65.3 million) to more than 10,000 households. But official figures show fewer than 8,000 homes existed there at the time.

Now the government wants back a lot of the money it gave out across the region.

The Federal Emergency Management Administration has determined nearly 70,000 households improperly received US$309.1 million (â,¬239 million) in grants, and officials acknowledge those numbers are likely to rise.

In the chaotic period after two deadly hurricanes, Katrina and Rita, slammed the Gulf Coast in 2005, federal officials scrambled to provide help to hard-hit areas.

But an Associated Press analysis of government data suggests the government might not have been careful enough with its aid as it gave out nearly US$5.3 billion (â,¬4 billion) to storm victims. The analysis found the government regularly gave money to more homes in some neighborhoods than the number of homes that actually existed.

The pattern was repeated in nearly 100 neighborhoods damaged by the hurricanes. At least 162,750 homes that did not exist before the storms may have received a total of more than US$1 billion (â,¬774 million) in improper or illegal payments, the AP found.

The AP analysis discovered the government made more home grants than the number of homes in one of every five neighborhoods in the wake of Katrina. After Rita roared ashore, there were more home grants than homes in one of every 10 neighborhoods.

In one neighborhood, at least one person gave an address as a cemetery.

In St. Bernard Parish, close to where Katrina made landfall south of New Orleans, Martina Wiggins said she was denied aid because someone had already applied using her address.

"They gave away the money too fast," Wiggins said bitterly. "A lot of people got money who didn't deserve it."

"We don't dispute that more households received expedited assistance in certain zip codes than are listed in the 2000 Census," said David Garratt, FEMA's deputy director for recovery. But he called this "not only justifiable, it's defensible."

Officials say a large number of those payments - they cannot say precisely how many - were made legitimately to homes where family members were separated after the storm, such as emergency workers who stayed behind as spouses and children fled. In such cases, a single family could qualify for more than one aid package. Garratt said officials were in a no-win position.

"We were faced with a situation where we had individuals who needed assistance, and needed it now," he said. "If we'd followed the standard procedures, it would have taken weeks."

The Justice Department so far has prosecuted more than 400 people for storm-related fraud, and US$18 million(â,¬14 million) has been returned to FEMA or the American Red Cross, according to a recent report by the department's Katrina Fraud Task Force.

In some cases, FEMA is still trying to collect refunds from individuals who improperly received more than one grant or who were ineligible for assistance. But for people like Keshian Mitchell, a 17-year-old Katrina refugee living in a dismal apartment complex in west Houston, it is small comfort.

"They ain't no help now," said Mitchell, who didn't find her parents until six months after Katrina laid waste to New Orleans. "Nobody's getting any more help - they already spent all the money."

Crystal Dixon, who lives near Mitchell, agreed. Dixon, 25, said she saw people defraud taxpayers while she fought for basic assistance to help feed and clothe her five children, ages 1 to 10.

She met one woman who had moved to Houston two years before the storm but kept her Louisiana driver's license. The woman, who had no children, got cash assistance before Dixon was helped, Dixon said.

"I try to understand how confused things got," said Dixon. Her children played outside and chattered excitedly about nearly falling off a roof into flood-swollen streets, being rescued by a Coast Guard helicopter and scrounging for food and water at the overcrowded Superdome. "But I thought everyone should have been treated equally."

Cedric Miller, a 34-year-old busboy at a New Orleans restaurant, said FEMA officials seemed to be reacting as best they could to the devastation. But Miller also said: "There was a lot of fraud going on. ... There was a whole lot of that going on. It was a big ol' way-drawn-out mess."

Frank Bass reported this story from Washington, Houston and New Orleans. Michelle Roberts reported from New Orleans.

On the Net:

Federal Emergency Management Agency: http://www.fema.gov

Former Manager Gets 1 1/2 Years For Theft (MIDP)

By Jeff Mill, Press Staff

DOJ_NMG_0128813

Middletown (CT) Press, February 7, 2007

HARTFORD - A longtime bank official who embezzled more than a half-million dollars from Liberty Bank was sentenced Tuesday to 18 months in federal prison.

Mary Kuskey, 51, who now lives in Portland but who formerly lived in Middletown, pleaded guilty in May 2006 to a single count of bank embezzlement.

Kuskey had worked for Liberty Bank in a variety of positions from 1974 until 2005, when she was fired after the bank uncovered a complex scheme to divert bank funds for her personal use.

During her 31-year career with Liberty Bank, U.S. Attorney Kevin J. O'Connor said, Kuskey steadily rose up through the hierarchy of the bank, from teller to assistant manager, manager and finally regional manager.

In 1995, she was promoted yet again, to the post of branch manager at Liberty's Durham branch.

Two years later, O'Connor said, Kuskey began her fall from grace.

From 1997-2001, Kuskey "created several fraudulent loans in the names of bank customers who had large deposit account balances," O'Connor said. But, she "kept the loan proceeds for her own use, he added.

She concealed the scheme by repaying the loans within 90 days, O'Connor said. That prevented the bank from sending the customers a loan statement, which might have revealed the flimflam.

To cover the existing loans, Kuskey created new loans in increasing amounts, the U.S. Attorney said. Eventually, Kuskey was able to generate more than $261,000 that she diverted for her own use.

But after four years of switching the loans, Kuskey abandoned that scheme and began a new and more ambitious scheme, O'Connor said.

She began making unauthorized withdrawals from the jumbo certificate of deposit account of a bank customer.

At first, she withdrew $261,244 to pay off the outstanding loans from her previous scheme. Then, O'Connor said, she went back to the same account and continued to make withdrawals that she diverted for her own use.

From January 2001 to May 2005, Kuskey "made unauthorized withdrawals totaling $497,792.26," O'Connor said.

But that required still another dizzying effort to conceal what she was doing, O'Connor said.

"The customer's CD accounts typically matured every 30 days," he explained, "and to induce the customer to roll over the CD into a new CD, Kuskey gave the customer a much higher interest rate than what the bank was offering."

"To conceal the scheme, Kuskey gave the customer false certificates and related documentation," which Kuskey fabricated.

Those false documents "reflected the inflated balance that the customer believed was in the account, based on the false interest rates," O'Connor said.

In addition to her guilty plea, Kuskey is also required to repay the bank for what she stole.

To date, O'Connor said, she has made restitution of $190,148. However, she still owes Liberty another $410,799 "in order to fulfill her restitution requirement," O'Connor said.

Once she completes her sentence, Kuskey will then still have to serve three years of supervised release under the sentence imposed Tuesday by District court Judge Christopher F. Droney.

O'Connor commended Liberty Bank for uncovering the fraud and for what he called the bank's "valuable assistance" with the subsequent FBI investigation.

To contact Jeff Mill, call him at (860) 347-3331, Ext. 221, or e-mail him at jmill@middletownpress.com.

Trio Convicted In Bank Robbery Scheme (FWST)

By Bryon Okada

The Fort Worth Star-Telegram, February 7, 2007

FORT WORTH — James Edward Geske, Kevin Michael Smith and Alicia Nichole Frazier face up to life in federal prison without parole after a Fort Worth jury found them guilty of plotting to orchestrate three simultaneous bank robberies in downtown Hamilton, including using military explosives to blow up 15 police cars.

DOJ_NMG_0128814

Geske, 27, was the ringleader of the plot that was planned in great detail during October and November. Smith, 37, and Frazier, 25, played lesser roles, but all are equally guilty of participating in the conspiracy to commit the crimes, the jury found.

All three were arrested on Nov. 8, the same day the bank plan was being finalized. On that day, Geske traded a stash of fake methamphetamine for guns with an undercover federal agent. The plan as a whole was largely brought down by two undercover law enforcement officers.

"The Arlington Police Department and ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives) and this jury took three dangerous criminals off the streets, as well as a cache of weapons," federal prosecutor Bret Helmer said. "The end result could have been catastrophic for a lot of people in Hamilton, Texas."

Defense attorneys attempted to portray their clients as small-time street characters who talked big but meant little.

The jury disagreed, taking two hours to bring back guilty verdicts on all four counts against the three defendants.

Geske, Smith and Frazier are scheduled to be sentenced at 9 a.m. May 25 in U.S. District Judge John McBryde's court.

Government Wants Former Coke Secretary Jailed (AP)

By HARRY R. WEBER

AP, February 7, 2007

ATLANTA - The government said in court papers Tuesday it believes a former Coca-Cola secretary convicted of conspiring to steal trade secrets from the beverage giant should be jailed immediately because she poses a flight risk.

In a motion filed in U.S. District Court in Atlanta, Assistant U.S. Attorney Byung J. Pak said clothing, prescription medication, papers and other personal items were found in Joya Williams' Mustang during a search after a fire destroyed her apartment Friday.

The fire, which has been ruled accidental by local officials in Norcross, occurred nearly 90 minutes after the guilty verdict was reached in federal court in Atlanta.

"With no place to live, with no money, with a significant amount of debt, and with the prospect of a lengthy prison sentence, the defendant poses a serious risk of flight," Pak argued in the motion.

Pak also indicated that while local fire investigators deemed Friday's fire was caused accidentally by an unattended candle igniting some curtains in a bedroom of Williams' apartment, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives continues to investigate the incident.

"Residents from the Hunters Point apartment complex reported that they heard what sounded like an argument from Williams' apartment and items may have been thrown through her apartment windows," Pak wrote.

Pak also said that Williams made inconsistent statements to investigators regarding her location and actions during the fire.

He added, "Regardless of whether the fire was intentionally or accidentally set, the fact remains that the defendant no longer has a residence at which the pretrial release supervision can be maintained."

The government motion is seeking to force Williams to prove why she should not be remanded to the custody of federal marshals, and if she fails to do that, asks the court to order her jailed immediately.

Williams, who was out on bond during her trial, currently remains free pending sentencing.

Williams, 41, faces up to 10 years in prison for conspiring to steal trade secrets from Atlanta-based Coca-Cola in an effort to sell them to rival PepsiCo Inc. No sentencing date has been set.

Water Deal Exposes Secret Iraq Contracts (AP)

By Katherine Shrader And Allison Hoffman

AP, February 7, 2007

WASHINGTON, (AP) -- CIA officers operating in northern Iraq bought drinking water from a bottling plant there for years prior to the 2003 invasion that ousted Saddam Hussein.

That changed soon afterward. A CIA officer handling logistics for the Middle East and other regions recommended that an American company provide water and other supplies, according to former government officials.

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The U.S. contractor that benefited from the multimillion-dollar deal wasn't just anyone. The company had personal ties to the officer, Kyle "Dusty" Foggo, who would soon leave his logistics post in Frankfurt, Germany, and move to Washington to become the CIA's third-ranking official.

In at least one written communication, a Baghdad CIA officer complained about the no-bid contract. According to one official, the officer believed the deal was simply unnecessary because safe water was available commercially but he was ignored.

The water contract, while small on the scale of the billions that flowed into Iraq, raises questions about why U.S. taxpayer dollars went to well-connected businessmen rather than Iraqis who could have benefited from a share of postwar reconstruction business. And the case provides a window into the murky world of covert government business arrangements.

Foggo retired from the CIA last year. He is now at the center of a federal investigation, nearing completion, into whether he improperly steered contracts to companies controlled by his best friend, San Diego defense contractor Brent Wilkes.

Federal prosecutors in San Diego are preparing to seek indictments against Foggo and Wilkes on charges of honest services fraud and conspiracy, two government officials familiar with the investigation told The Associated Press last week.

Those officials and others spoke on condition that they not be identified because the charges have not been finalized and because CIA contracting is classified. Justice Department and law enforcement officials in San Diego and Washington declined to comment.

Honest services fraud is a charge combining mail and wire fraud often used in public corruption cases involving officials who have engaged in a pattern of improper activities, such as accepting gifts, trips or promises of future employment from private individuals.

The probe of Foggo and Wilkes stems from a broader federal investigation involving at least five federal agencies into how associates of former Rep. Randy "Duke" Cunningham directed government business to a favored network of national security contractors. Cunningham, a San Diego Republican elected to eight terms in Congress, is currently serving more than eight years in jail for taking at least $2.4 million in bribes. Another defense contractor has pleaded guilty to paying some of them.

In June 2002, Wilkes created a government contractor called Archer Defense Technologies, which was registered to the address of his flagship, Wilkes Corp., in Poway, Calif. The company also used the name Liberty Defense Technologies. At the beginning of 2004, his nephew and apprentice, Joel Combs, formed a new company called Archer Logistics, run out of a small Virginia office.

Despite the short history of Wilkes' company, Foggo recommended that the CIA buy water from it, current and former officials said. He was a supervising officer at the CIA supply hub in Germany, and the purchasing officer there went along.

Foggo didn't tell the purchasing officer about his personal ties to Combs or Wilkes, a government official says. With CIA officers literally under fire and other large issues to deal with, the CIA station didn't put up a fight, former officials say.

The issue in the investigation isn't the price but that the contract was awarded without competitive bidding and that Foggo had an obligation to disclose his personal connections, according to these officials.

Foggo's former attorney publicly acknowledged before he died last summer that the investigation includes Archer, but he said his client had no idea that the company was associated with Wilkes. Foggo's current attorney, Mark MacDougall, declined to comment, as did Wilkes' attorney, Mark Geragos.

CIA spokesman Mark Mansfield declined to comment citing the investigation, which includes the spy agency's inspector general. "As a rule, we don't comment publicly about which firms may or may not have a contractual relationship with the agency," he said.

From the beginning of the Iraq invasion, the CIA was forced almost constantly to revise its game plan. Early predictions were that the CIA station set up in Baghdad would move to a peacekeeping mission by fall of 2003 and need less than 100 officers, with the Army handling most key functions.

Instead, the CIA had a station of more than 500 that fall, the former officials said. Sorting out where the water came from had never been a top priority, they recalled.

A veteran officer who served in Central America, Foggo rose through the ranks to become a leading logistics officer for the CIA based in Frankfurt, one of a few CIA bases of its kind in the world. In that position, he handled shipments of supplies on C-130

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cargo planes to nearly a third of the CIA's overseas operations — outfits in Central Europe, Africa, the Balkans and the Middle East that required everything from food and water to phones and computers.

Foggo, 52, was described as a guy who could get things done. When the U.S.-led coalition invaded Iraq in 2003, Foggo was in charge of ensuring CIA personnel in the war zone had what they needed, including bottled water.

The officials say the CIA turned to Foggo's friends, including Wilkes and his nephew, Combs. Wilkes, also 52, was Foggo's best friend from high school, and the two football teammates named their sons after each other. Combs used an address at an office park called Thunderbolt Place in Chantilly, Va., which was also used by other Wilkes' companies. The space in a two-story brick office park has now been vacated.

The review of the logistics operations in Iraq did not begin until after Foggo had been tapped by then-CIA Director Porter Goss to be the agency's No. 3 — the executive director — who would run the agency's day-to-day operations.

Such a significant promotion for a logistics officer came as a surprise to many in the agency.

Observers said Foggo embraced the role. He started sending out memos to agency personnel, signed "Yours in Service." He had a nickname for everyone, and he could be seen glad-handing his way through lunch at the CIA's seventh-floor executive dining room.

He and Wilkes also dined at a Washington steakhouse at the foot of Capitol Hill frequented by lobbyists, which caught the attention of a House Intelligence Committee investigator looking into ties between defense contractors and Cunningham. Foggo and Wilkes kept a private wine locker at the restaurant stocked with Cunningham's favorite, a pricey California cabernet.

The meteoric rise ended with a crash.

Foggo retired from the agency in May under investigation by five agencies: the FBI, the IRS, the Defense Criminal Investigative Service, the CIA's inspector general and the U.S. attorney's office in San Diego. A local news helicopter circled his house in the Northern Virginia suburbs as agents sifted through his belongings.

Wilkes' business and personal fortunes have also suffered. In the past two months, his wife has filed for divorce, and he has defaulted on a $7.5 million personal mortgage loan. His company, the Wilkes Corp., defaulted on $12.1 million owed on another note.

Associated Press writer Allison Hoffman reported from San Diego.

Wider Death Penalty Sought (USAT)

By Emily Bazar

USA Today, February 7, 2007

At least a half-dozen states are considering broadening the death penalty, countering a national trend toward scaling back its use.

Lawmakers have proposed legislation that would increase the range of crimes eligible for execution. In Texas and Tennessee, for example, legislators want to include certain child molesters who did not murder their victims.

"The hope is that these monsters will see that Texas is serious about protecting children," says Rich Parsons, spokesman for Lt. Gov. David Dewhurst. Dewhurst, a Republican, is working with state senators to draft legislation that would make repeat offenders subject to capital punishment in some cases. "If they understand they could face the ultimate punishment," they might "think twice," Parsons says.

Virginia is considering bills that would make accomplices to murder, as well as killers of judges and court witnesses, eligible for the death penalty.

"I'm a believer in the deterrent effect of the death penalty," says Republican Delegate Todd Gilbert, a state prosecutor who sponsored two of the measures. "I know a number of states are reconsidering their position on the death penalty. … I feel confident Virginia's system is set up to work."

Lawmakers or courts have temporarily halted all executions in 11 states in the past year, most of them over concerns that lethal injection is cruel and unusual punishment, says Richard Dieter of the Death Penalty Information Center, which he says takes no position on the death penalty but has been critical of how it is applied.

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In December, a convicted killer in Florida took 34 minutes to die and had chemical burns on his arms after a lethal injection procedure. After the execution, then-governor Jeb Bush created a commission to study possible improvements and halted executions until the commission releases its report.

Other states with proposals to expand the death penalty:

•Missouri. Gov. Matt Blunt said in his State of the State address last month that he wants a mandatory death penalty for the murder of law enforcement officers. Blunt, a Republican, says the state must protect its public servants and the death penalty would be a deterrent. "This is the type of crime that calls for the death penalty," he says.

Robert Blecker, a law professor at New York Law School who specializes in the death penalty, says the Supreme Court has found mandatory death sentences unconstitutional because they don't allow defendants to present mitigating evidence. Blunt says his measure will take that into account.

•Georgia. GOP state Rep. Barry Fleming has introduced a bill to allow a judge to impose the death sentence if at least nine of 12 jurors — not all 12, as now — voted for it.

•Utah. The House passed a bill Tuesday making murder of a child under 14 subject to execution.

State Rep. Paul Ray, a Republican, introduced a bill to allow the death penalty for killing a child during abuse, sexual assault or kidnapping, even if prosecutors cannot prove intent to kill. He expects the House to vote later this week.

"We're going to send a message that if you kill our kids in Utah, we're going to kill you," he says. "In Utah, I don't think we use the death penalty enough."

6 City Police Officers Suspended (BSUN)

By Gus G. Sentementes

The Baltimore Sun, February 7, 2007

Six Baltimore police officers were suspended Tuesday as part of an internal affairs investigation into possible "irregularities" with their overtime pay, a department spokesman said.

The officers -- two sergeants and four detectives -- worked in criminal investigations in the department's Eastern District when they filed for overtime that is now being reviewed by internal affairs investigators, police said. One of the sergeants was recently transferred to the Northeastern District, police said.

Matt Jablow, a Police Department spokesman, declined to release the names of the officers or say how much overtime was in question.

He said that questions about their overtime -- which consisted of money paid out for court and investigative time -- arose as part of an internal audit last summer.

Their law enforcement powers have been suspended, but the officers will continue to work in administrative positions, Jablow said.

According to a document obtained by The Sun, the suspended officers are Sgt. Darryl Massey, Sgt. Raynard H. Jones, and detectives Sandra D. Forsythe, Dave P. Peckoo, Kerry D. Snead and Kevin R. Turner.

The suspensions come amid a push by the department this year to curtail overtime spending.

As of Dec. 31, the Police Department had spent $21 million on overtime -- more than twice the $8.7 million budgeted for fiscal year 2007, which ends June 30. The department regularly exceeds its allotted overtime, but some say it is because city leaders budget an unrealistically low figure each year.

Mayor Sheila Dixon recently pledged to reduce Police Department spending on overtime. In recent weeks, each of the city's nine police districts have been told to rein in overtime spending.

Department leaders have set a target of $30,000 in total officer overtime per two-week pay-period.

"I believe an allegation was made against these officers, and everybody should consider them innocent until proven guilty," said Paul M. Blair Jr., president of the city police union. "People shouldn't jump to conclusions just because allegations are made. It comes with the job. It comes with the job every day."

Blair said he was concerned about the impact that the reduction in overtime might have on public safety, since the department remains short about 165 officers.

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CIVIL LAW:

Relatives Sue FBI, Say Club Sting Was Bungled (BERGREC)

By Douglass Crouse, STAFF WRITER

Bergen Record, February 7, 2007

Relatives of three of the four people gunned down in a Paterson after-hours club sued the federal government Monday, claiming the deaths resulted from a bungled FBI sting operation.

Three men and a woman were massacred inside the illegal gambling club during an early-morning robbery Dec. 14, 2005.

"The FBI violated their own policies on undercover cases: to make sure that the safety of unrelated civilians is not in jeopardy," said the families' attorney, Rosemarie Arnold. "You have a virtual casino operating in a known dangerous neighborhood without any security. That to me is an invitation to robbery."

Four co-defendants are now behind bars, with the Passaic County Prosecutor's Office preparing a death penalty case against the alleged gunman.

FBI officials have declined comment and did not return a call Monday.

Based on police files, the lawsuit says the FBI set up the sting four months before the shootings to investigate drugs and arms trafficking by the Latin Kings gang. It claims the agency paid a former convict $3,500 a month to run the business -- known as Kings Court -- atop a warehouse on Railroad Avenue, but failed to properly train or supervise him.

The nine-count complaint filed in federal court in Newark names as defendants the U.S. government, three FBI agents and the four criminal defendants.

The victims' relatives say they hunger for accountability.

"I'm left wondering: Does the FBI realize what actions they set in motion when they opened this place?" said the sister of victim Tara Woods of West Paterson. "Somebody messed up and they have to be held accountable."

She asked that her name not be published for safety concerns.

Law enforcement sources say the club manager was a federal informant, and he had opened the club on the night of the shootings without notifying the FBI.

But the sister of Woods, a 29-year-old mother of two, isn't satisfied by that account.

"We want to know exactly what happened and why," she said. "This has devastated us. And that's one family. Multiply that effect by four."

Carmen Suarez of Paterson, who lived for 20 years with victim Ralph Hernandez, 53, said, "I want the people responsible for his death to pay."

Relatives of Jesus Antonio Gonzales, 31, also of Paterson, also are plaintiffs but could not be reached. The fourth victim was Johnny Melendez, 39, of Newark.

Investigators say the conspirators had envisioned an in-and-out robbery that would never get reported to police. Instead, they say, gunman David Baylor of Passaic snapped and shot the cowering victims point-blank.

"However solidified the [robbery] plan had been, at that point it went out the window," said John Latoracca, chief assistant prosecutor for Passaic County. "Baylor had effectively elevated the stakes a thousand times."

After the shootings, rumors spread quickly about FBI involvement in the illegal club.

Latoracca confirmed the club was the "subject of an undercover operation by the FBI." He was not aware of any armed guards, but said patrons were "wanded."

Baylor's death-penalty trial is tentatively set for September.

Baylor's attorney, Harley Breite, has attacked some of the state's witnesses as "people with lengthy criminal records."

"Is that the type of credible testimony we can rely upon to send somebody to death?" he said.

Baylor's co-defendants are Reginald "Khaddafi" Barris of Clifton; Beatriz Hernandez, 24, address unavailable, and Hamid Shabazz, 30, of Passaic.

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All four have been indicted on felony murder, robbery and weapons charges.

Baylor, 27, and Barris, 25, are in the county jail in lieu of $5 million bail each. Shabazz is in prison for an unrelated robbery, and Hernandez is in undisclosed custody.

FBI Sued By Relatives Of Victims In Club Shooting (MH)

The Miami Herald, February 7, 2007

NEWARK, N.J. - A mishandled FBI sting at a Paterson after-hours club led to a massacre in which four people died, according to a lawsuit filed by some of their families.

The FBI failed to properly train or supervise the former inmate it paid $3,500 a month to operate the illegal casino, according to the lawsuit filed Monday in U.S. District Court.

"Kings Court" was opened in a warehouse to investigate weapons and drug trafficking by the Latin Kings gang four months before the fatal shootings, the lawsuit said.

"The FBI violated their own policies on undercover cases: to make sure that the safety of unrelated civilians is not in jeopardy," a lawyer for the families of three victims, Rosemarie Arnold, told The Record of Bergen County in Tuesday's editions. "You have a virtual casino operating in a known dangerous neighborhood without any security. That to me is an invitation to robbery."

Three men and a woman were shot to death inside the club during an early morning robbery on Dec. 14, 2005. The manager escaped the carnage, called 911, and said he worked for the FBI, according to a transcript of his call obtained by The Record of Bergen County and its sister paper, the Herald News of West Paterson.

An FBI spokesman, Special Agent Steven Siegel, on Tuesday declined to comment on the lawsuit or on whether the manager was working for the agency.

Four people were arrested and indicted on murder charges. Prosecutors said they will seek the death penalty for the accused gunman, David Baylor, 27, of Passaic.

Radio Star's Fatal Air Crash Blamed On Radar Lack (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, February 7, 2007

An air-traffic controller admitted Tuesday that he had no idea of a Cessna's location when he instructed its pilot to turn, a maneuver that less than two minutes later resulted in a midair collision that killed radio star Bob Collins and two others.

Testifying at a federal trial stemming from lawsuits filed by the families of the three victims, air-traffic controller Gregory Fowler said the crash of the two small aircraft would have been prevented if the Waukegan Regional Airport had been equipped with radar at the time.

A radar system was installed at the airfield five months after the February 2000 collision that killed Collins, a passenger in his Moravan Z242L plane and the student pilot at the controls of the Cessna 172P, Fowler said.

Fowler's testimony highlighted the first full day of testimony in the bench trial before U.S. District Judge John Darrah. Lawyers for the victims have sued the U.S. government, contending the Federal Aviation Administration was responsible for the crash, even though the Waukegan airport is operated by a private company. Other defendants reached settlements before the trial, which is expected to last about two weeks.

Relatives of two victims also testified, including Ed Hock, who struggled to keep his composure as he spoke about his daughter, Sharon, the student pilot, who he said had a vibrant personality. Evan Luscher, 19, whose father, Herman, died in Collins' plane, said he thinks of his dad every day.

Attorneys for Collins played audiotapes of the transmissions between Fowler and the pilots in the minutes before the fatal crash.

Collins, 57, at the time Chicago's top-ranked morning-radio personality on WGN, could be heard calmly identifying his airplane before he announced: "Just had a mid-air."

WGN is owned by Tribune Co., which also owns the Chicago Tribune.

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Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, and Hock's plane plummeted to a Zion street.

The planes were approaching the Waukegan tower in order to land, but a hazy sky made it difficult for the pilots to see one another and for Fowler to observe the planes, he said. The airfield is near Lake Michigan in the north suburb.

Under questioning by Kevin Durkin, a lawyer for Collins' widow, Christine, Fowler acknowledged it was important that Hock had Collins' plane in sight before she was instructed to turn her plane on the approach to the airfield.

Yet Fowler admitted that he asked Hock three separate times if she saw Collins' plane and each time she responded no, the last time seconds before he told her to make the turn.

"Have you passed the shoreline?" Fowler then asked.

"Gettin' there," the transcript quoted Hock as replying.

It was then that Fowler instructed Hock to turn the plane, even though under questioning he acknowledged that Hock's answer hadn't been precise enough for him to so act.

Durkin asked Fowler if he had issued that instruction "without having any real idea of where [Hock] was?"

"Correct," Fowler replied.

"And you couldn't see [Collins' plane]?" Durkin asked.

No, Fowler said.

Less than two minutes later, Collins' plane rear-ended Hock's Cessna, even though Collins was supposed to be the first to land.

Fowler, who then managed the tower, said radar would have given him "the tools" to prevent the crash.

On cross-examination by Jill Dahlmann Rosa, a Justice Department lawyer, Fowler agreed that the collision could have been avoided if Collins hadn't misreported his location seconds before Fowler instructed Hock to turn her plane.

The government has blamed Collins for the collision, saying he missed the mark by about 1? miles when he reported to the tower that he was "just crossing the shoreline."

"If Mr. Collins had been crossing the shoreline when he said he was, would this accident have happened?" Rosa asked.

"I don't believe it would have," Fowler replied.

But under questioning by another plaintiff's lawyer, Fowler acknowledged that if Collins had in fact been on the shoreline when he said he was, his plane "in all likelihood" would have been visible to Fowler about a minute and a half later, just be fore the collision.

"And you didn't see him?" asked Mark Fineberg, who represents the damaged hospital's insurer.

"No," Fowler said.

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AmeriDebt Founder Accused Of Hiding Funds Meant For Debtors (FINDLAW/AP)

By Stephen Manning, Ap Business Writer

AP, February 7, 2007

(AP) - GREENBELT, Maryland-The founder of a credit counseling firm accused of cheating thousands of debtors is hiding assets even though he agreed to contribute millions of dollars to help repay the debtors, a court-appointed receiver told a federal judge Tuesday.

The receiver, Robb Evans & Associates, wants Andris Pukke held in contempt of court, alleging the former head of now-defunct AmeriDebt is using friends and families to hide substantial assets - including an online betting venture, a California mansion, a development in Belize and bank accounts in Latvia.

Hiding the assets would violate the terms of a 2006 settlement with the Federal Trade Commission that set up a restitution fund of up to $35 million (â,¬27 million). So far, only about $10 million (â,¬7.7 million) of Pukke's money has been turned over to the FTC, which had sued him and AmeriDebt for allegedly charging customers $172 million (â,¬133 million) in hidden fees.

"There has been utter lack of cooperation on Mr. Pukke's part," Gary Caris, an attorney for Rob Evans & Associates, told U.S. District Judge Peter Messitte in a hearing on the contempt request.

But in testimony Tuesday, Pukke claimed the attorney was overstating his control over money, such as the Latvian bank accounts held in his father's name. Pukke also said he no longer had a major stake in the Belize operation despite Caris' efforts to prove Pukke was still a part of the project.

AmeriDebt once was one of the largest U.S. firms meant to help debt-laden customers pay off their loans. But in its lawsuit, the FTC claimed AmeriDebt collected upfront fees that customers thought were going to pay down their debt but instead went to AmeriDebt. Pukke allegedly used that money, collected from about 300,000 people, to fund a lavish lifestyle.

The FTC and Pukke settled in January 2006 before the case was to go to trial. Pukke admitted no wrongdoing but agreed to disclose his assets for the restitution fund. The judge had already frozen Pukke's holdings a year earlier to keep him from hiding money.

Caris, however, claimed Pukke kept working on the project to build multimillion dollars homes near a Belize game preserve without telling the receiver, a project Caris estimated was worth $20 million (â,¬15.5 million) as of July 2005.

Pukke said he invested $3 million (â,¬2.3 million) in the deal, but that his participation was limited after he declared personal bankruptcy in 2005.

He also disputed allegations that he controlled the Latvian accounts, even though Caris detailed several payments of $100,000 (â,¬77,190) to pay Pukke's legal fees. Pukke said he asked, not directed, his father to make the payments.

Caris questioned Pukke about $3 million Pukke's companies spent in the late 1990s to pay for advertising at an online gambling company run by a friend. It later generated millions of dollars when it was sold to a British firm. Pukke said he never had a stake in the gambling venture, saying his friend repaid him in ways that left no paper trail, including large sums of cash.

"It never crossed your mind why you were fronting millions of dollars for advertising?" asked Caris.

"That's correct," Pukke replied.

The receiver also alleges that Pukke's childhood friend, Peter Baker, helped Pukke conceal his ownership of a $6.45 million (â,¬5 million) Laguna Beach, California, house. Baker also faces a possible contempt charge.

Pukke's lawyer said Pukke merely advised Baker on the investment, but did not take part.

The FTC hopes the receiver can find more money for the restitution fund. Of the $10 million that has been disbursed so far, much of it has gone to settle claims against Pukke by the IRS and to cover attorney fees for a related class action lawsuit.

Lucy Morris, an FTC attorney, said she expects more of Pukke's assets will be uncovered and put into the fund. She said only about $4 million (â,¬3.1 million) currently remains for restitution, an amount too small to allow any substantial payments to former AmeriDebt customers.

"There is not enough in the fund at this point to make a redress program cost effective," she said.

Two Hospitals Allege RICO Violations By UnitedHealth (AP)

By Joshua Freed

AP, February 7, 2007

MINNEAPOLIS - Two New York hospitals said they sued insurer UnitedHealth Group Inc. on Tuesday alleging "a pattern of racketeering activity."

The lawsuit by Flushing Hospital Medical Center and Jamaica Hospital Medical Center was brought under the Racketeer Influenced and Corrupt Organizations law and filed in federal court in the Eastern District of New York, according to Idan Sims, a spokesman for the hospitals. It claims at least $50 million in punitive damages, along with millions more in actual damages. The same hospitals sued under a similar set of facts last year in state court in New York.

Both lawsuits claim UnitedHealth cost them business by repeatedly telling patients that Flushing was not in its network and that Oxford Health, which was bought by UnitedHealth, did the same thing to patients at Jamaica Hospital. The lawsuit also claims Oxford postponed signing contracts with both hospitals to avoid paying them higher negotiated fees.

The new lawsuit claims that UnitedHealth has been providing inaccurate information about who's in its network at other hospitals, too, including a 2003 case related to a health plan for New York civil service employees, and similar allegations by the Nebraska Department of Insurance.

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"This behavior persists to this day. And the consequence of that is the patients pay more for the services that they purchased in their health care coverage," said David Rosen, chief executive of Flushing and Jamaica hospitals as well as their parent company, MediSys Health Network.

He said that just last month UnitedHealth denied a patient's appeal for in-network coverage for a surgical procedure at Flushing, and billed the patient for $1,100 more than she should have had to pay.

"It's $1,100 on the case I just described, and $1,000 on the next case. These are things that are inappropriately enriching the company," he said.

Rosen said the federal case would supercede the state case, which he said was headed for arbitration.

UnitedHealth spokesman Tyler Mason pointed out that both hospitals ultimately remained in the network. He said he had not seen the new lawsuit, but said the company believes arbitration is the best way to work out the dispute.

All Parties In Jet-noise Lawsuits Sent To Mediation (VAPILOT)

By Susan E. White, The Virginian-pilot

Hampton Roads Virginian-Pilot, February 7, 2007

VIRGINIA BEACH - A federal judge Tuesday ordered all parties involved in nearly 2,100 jet-noise lawsuits back to mediation.

Judge Victor J. Wolski of the U.S. Court of Federal Claims in Washington set a tentative date in September for a two-week trial for the first group of lawsuits, should negotiations fail.

Wolski also granted a motion by the Justice Department that the court not review a recently submitted report from plaintiffs' lawyers, which included details of the original settlement agreement.

Government attorneys argued that the information was improperly disclosed and could potentially sway the court if the lawsuits went to trial.

At stake is a proposed

$38 million deal that was tentatively reached in October between the federal government and 2,098 homeowners who live near Oceana Naval Air Station in Virginia Beach and Fentress Naval Auxiliary Landing Field in Chesapeake. The median payment to homeowners who agreed to the deal would have been $5,000.

The property owners sued between 2001 and 2004, claiming that the arrival of the Navy's F/A-18 Hornets in 1998 and 1999 subjected their homes to substantially louder noise and devalued their property.

Appraisers said the plaintiffs' properties did not appreciate as fast as similar properties outside jet-noise zones. Homeowners said this resulted in the government taking their property without compensation.

On Monday, plaintiffs' lawyers said they had gathered the necessary signatures of support for the initial settlement.

Then, they said, they recently learned that government attorneys were demanding a change in the deal to give plaintiffs who sold their homes after July 1999 less money than other property owners.

Plaintiffs' lawyers said the government is trying to renege on the initial agreement.

Plaintiffs' attorneys did not return phone calls Tuesday.

Cynthia Magnuson, a spokeswoman with the Justice Department, said the government was pleased with the court's order.

In a statement, Magnuson said "by granting the government's request to appoint a mediator, the United States remains hopeful that the parties can reach agreement on the terms still in dispute and resolve this case without further litigation."

CIVIL RIGHTS:

Review Lays Out Lags In State Hospital Improvements (AP)

By Lisa Rathke, Associated Press Writer

AP, February 7, 2007

MONTPELIER, Vt. -- The state hospital is behind in improving patient treatment, assessment, discharge and planning but has made progress in other areas, as part of a settlement with the U.S. Department of Justice, according to a six-month review.

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The report by two out-of-state psychiatrists outlines numerous areas where the psychiatric hospital was not in compliance with the terms of the four-year settlement.

"This is the first time that we're going through this and we'll be going through this again and every time we should in be greater compliance," said Michael Hartman, the new deputy commissioner for mental health. "Obviously if there weren't problems then we wouldn't be in this place in the first place."

The 70-page report released Tuesday noted progress in the hospital's reduced use of restraint and seclusion of patients, improvements to the building, creation of a full-time psychiatric team, hiring a staff neurologist, working with the University of Vermont medical school and certain areas of training, Hartman said.

But the report said the hospital needs a more organized system to better integrate documentation, treatment, assessment, use of medicine and therapy.

"We can hit timelines but a lot of time the content of that paperwork is not up to the criteria that they would like us to meet," said Hartman.

The documentation may not go deep enough, be updated or connect the different levels of treatment.

"In some areas we have significant gaps," he said.

The Justice Department investigated the hospital in September 2004 after the facility lost its federal certification and millions of dollars in funding following two patient suicides.

The DOJ found the hospital used excessive seclusion and restraints and provided inadequate psychiatric and psychological services.

Rep. Anne Donahue, R-Northfield, who has long pushed for a changes at the state hospital, said the report recognizes the need for a shift in culture at the hospital and points out that medication is not being monitored for adverse affects and effectiveness.

"It's a sickening recognition that what I've been saying for the past year is taking place," she said. "I'd much rather be dead wrong."

The state has different deadlines to meet each of the settlement goals.

Human Services Secretary Cynthia LaWare said the systemic nature of some of the improvements will take a significant amount of time to complete. Certain improvements would be hastened by replacing the hospital.

"It's critically important that we move forward with the next phase of more in depth planning for a replacement hospital," she said.

New Task Force Formed To Fight Human Trafficking (KLAS)

KLAS-TV, February 7, 2007

"She told me dogs have more rights than you," said Esperanza.

"She sold me to him for $200," said Maria.

Terry Miller is the Southern Nevada director for the newly launched Anti-Trafficking League Against Slavery -- ATLAS for short.

Local agencies announced Tuesday morning a massive task force has been formed, aimed at combating the problem of human trafficking.

Dozens of agencies, including Metro, Henderson police, Nevada child seekers, Salvation Army, the AGS office, TSA, and the FBI are working together to identify people who are bring forced to work in the sex industry or as laborers.

The federal government says Southern Nevada is one of 17 comunities at high risk for human trafficking.

U.S. Attorney Daniel Bogden said, "Trafficked victims are often difficult to identify and therefore we must work together in our communities and neighborhoods to identify and assist those among us who may be victims of these horrible crimes."

The Department of Justice granted Southern Nevada $370,000 to launch a task force to fight the problem.

Human trafficking is what many call a modern day form of slavery. It hits so close to home it could be a brothel next door or the landscapers who maintain your yard. They are children, women, and men -- coerced or kidnapped.

"She sold me to him for $200," said Maria.

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Some were taken to other communities or other countries while some, like Esperanza, are forced to work in sweat shops.

"She told me dogs have more rights than you," said Esperanza.

Others, like Maria, are exploited in the sex industry.

"He told me that he had bought me. That I was his slave. He paid $200 for me, and I was there to do whatever he want," said Maria.

Like many other trafficking victims, the psychological chains can be more powerful than any walls or locks.

"He threatened me. He hit me and tells me that he's going to go and kill my family, which was killing me little by little," said Maria.

Maria is a survivor of human trafficking. She is also an advocate for the Coalition to Abolish Slavery and Trafficking or CAST for short. Based in California, CAST uses a video to alert people to the problem of human trafficking. Kay Buck is the executive director.

"Trafficking is such an underground crime that often times traffickers go undetected by law enforcement and what we have learned as a nation is that we need to employ very innovative strategic ways to find more victims," said Buck.

Before now, local law enforcement did not have a division targeting human traffickers. CAST is one agency that uses educational tools like a video, to help train officers in identifying traffickers and their victims.

Terry Miller is the Southern Nevada director for the newly launched Anti-Trafficking League Against Slavery -- ATLAS for short.

"Victims need to be rescued," said Miller.

Her job is to work with dozens of local agencies to prosecute traffickers and help the victims become survivors.

"They're a very unique victim. They often times need legal representation from the immigration clinics. They need medical attention, they need dental attention they need social services, and therapeutic services, housing, food clothing," said Miller.

Around the world, more than 800,000 people are victims of human trafficking. As many as 18,000 are in the United States. Some are right in our backyard.

Buck said, "You have to remember that in most cases, survivors of trafficking have nothing more than the clothes on their back. So it's important that we have safe, safe shelter to help them heal from the trauma and also help them become better witnesses for the case."

Now that CAST has helped train Southern Nevada's first responders, the Anti-Trafficking League Against Slavery will work to educate the public. Then everyone can work to help people like Maria and Esperanza.

Victim advocates say it is important to understand children involved in prostitution are considered human trafficking victims, not simply child prostitutes.

They say anyone under the age of 18 being pimped or exploited in the sex industry is a trafficking victim, even if they are working in their own neighborhood.

Fellow Inmates Beat An Imprisoned Border Patrol Agent (MCT)

By Dave Montgomery

McClatchy Newspapers, February 7, 2007

One of two Border Patrol agents who were sentenced to a decade in federal prison for the shooting of a Mexican drug smuggler in Texas was beaten by five fellow inmates at a medium-security prison at Yazoo City, Miss., lawmakers and members of his family said Tuesday.

Fellow inmates surrounded Ignacio Ramos on Saturday night and struck him with their fists and prison work boots, said his father-in-law, Joe Loya of El Paso, Texas. Family members learned of the attack Monday when they reached Ramos by phone to celebrate his 38th birthday, Loya said.

Rep. Walter Jones, R-N.C., one of a group of lawmakers who are seeking presidential pardons for Ramos and fellow agent Jose Compean, said prison officials had confirmed the assault and were investigating, according to Jones' office.

Public affairs officers at the U.S. Bureau of Prisons didn't comment on the case immediately. Prison officials told Jones' office that a doctor had examined Ramos, who had bruises and abrasions.

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Reports of the incident circulated on the Internet and accelerated grass-roots efforts that already were under way on behalf of the two agents. Ramos and Compean's supporters contend that overzealous prosecutors victimized them, but federal authorities say the two abused their authority and were properly sentenced.

An El Paso jury found them guilty in a Feb. 17, 2005, shooting incident involving Osvaldo Aldrete-Davila, who was trying to flee back into Mexico after abandoning a van near Fabens, Texas, that contained 743 pounds of marijuana. The agents fired a total of 15 shots at Aldrete-Davila, who was struck once in the buttocks and escaped into Mexico.

An investigation found that the agents had attempted to dispose of empty shell casings and had filed a false report. They told authorities that they'd thought Aldrete-Davila was armed.

Loya, in a telephone interview, said Ramos had told his family that a group of inmates surrounded his bedside in the dormitory-like facility where they were being held and kicked him in the head, face and mouth. The attack occurred after inmates watched an episode of "America's Most Wanted" that featured the shooting case, Loya said.

Ramos identified only one of his assailants but thought that the group included illegal immigrants who were serving criminal sentences for drug trafficking and other offenses, Loya said.

"They were able to identify him," Loya said. "A bunch of them just ganged up on him while he was sleeping."

After the attack, Loya said, a fellow inmate took Ramos to security guards. He was placed in isolation, away from the other prisoners, Loya said.

Former Border Agent Assaulted In Prison (WT)

By Jerry Seper

The Washington Times, February 7, 2007

A former U.S. Border Patrol agent sentenced with his partner to prison for shooting a drug smuggling suspect suffered "minor" injuries when he was assaulted Saturday night by fellow inmates at a federal prison in Mississippi, the White House said yesterday.

White House spokesman Tony Snow, reading a statement from a Bureau of Prisons official at the Federal Correctional Complex in Yazoo City, Miss., said a "thorough investigation" has been ordered into the incident.

Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, surrendered to federal authorities Jan. 17 to begin 11- and 12-year prison sentences, respectively, for shooting the suspect in the buttocks after he abandoned a van with 743 pounds of marijuana along the Mexico border in Texas.

Ramos was sent to Mississippi and Compean to the Federal Correctional Institution in Elkton, Ohio.

In the one-paragraph statement, bureau spokesman Charles Smith said that Ramos reported to prison officials at 10:15 p.m. Saturday, that he had been assaulted and that an evaluation by the facility's medical staff determined that he sustained "some bruises and abrasions."

"The injuries sustained were minor in nature," Mr. Smith said. "Inmate Ramos was subsequently placed in the special housing unit, pending a thorough investigation of the incident. He will remain in the special housing unit until the conclusion of this investigation. No further information is available at this time."

Spokeswoman Traci Billingsley said in Washington that the bureau has "a long history of safely housing sentenced law-enforcement officers in general population," adding that the assault occurred immediately after the airing of a television show that described Ramos' case.

"It is regrettable that Mr. Ramos was assaulted, and the Bureau of Prisons will take appropriate actions to determine an appropriate housing status and ensure his ongoing safety," she said. "The Bureau of Prisons is vigorously investigating the matter and will pursue all appropriate sanctions against the assailants."

Rep. Duncan Hunter, a California Republican who has been critical of the government's prosecution of the agents, said the incident "clearly demonstrates the severe risk involved with incorporating Border Patrol agents into general prison populations.

"An overwhelming number of federal inmates are non-U.S. citizens who have been apprehended by the Border Patrol," Mr. Hunter said. "The danger to agents Compean and Ramos was immediately apparent, and the attack against agent Ramos could have been prevented."

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Last month, Mr. Hunter recommended that the agents be segregated. He said he had been assured that they would be removed from the general population and that close attention was being paid to their personal safety.

Mr. Hunter called on President Bush yesterday to investigate the attack and order Bureau of Prisons Director Harley Lappin's termination "should it be ascertained that the proper precautions were not taken."

Compean's wife, Patty, said her husband was offered a choice of general population or isolation, and chose isolation for his safety.

"Last week we were offered a chance for him to be placed in the general population, which we rejected immediately as a family, because of the high risk and fear for his safety," she said. "This attack only reinforces why they must be kept isolated from a prison's general population."

Former Border Patrol Agent Convicted Of Shooting Drug Smuggler Beaten By Fellow Prison Inmates, Authorities Say (FINDLAW/AP)

By Alicia A. Caldwell, Associated Press Writer

AP, February 7, 2007

(AP) - EL PASO, Texas-A former U.S. Border Patrol agent who was convicted of shooting a drug smuggling suspect and then lying about it has been beaten by fellow inmates in prison.

Prison officials on Tuesday confirmed assertions by a congressman and relatives of Ignacio Ramos. He was attacked Saturday night after his case was described on the TV show "America's Most Wanted," the officials said.

Ramos suffered minor cuts and bruises, U.S. Bureau of Prisons spokeswoman Traci Billingsley said in a statement.

Ramos has been moved to the special housing unit at the medium-and low-security federal prison in Yazoo City, Mississippi, where he is serving his sentence, Billingsley said.

The convictions of Ramos and fellow former agent Jose Alonso Compean sparked outcry from critics who argued that the men were merely doing their job defending the border against criminals.

Republican U.S. Rep. Tom Tancredo of Colorado, a vocal supporter of the agents and opponent of illegal immigration, criticized the Bush administration Tuesday for failing to protect Ramos and demanded a full presidential pardon for the two men.

"Not only did the administration choose the side of a foreign dope runner over the agents who stopped him from smuggling a load of drugs into the county - now they've failed to protect that agent while his case is on appeal," he said in a statement.

The incident is being investigated, and the four inmates believed to have been involved have been separated from other inmates, Billingsley said.

Ramos and Compean, who reported to prison in January, were each sentenced to more than a decade behind bars. Compean is serving his sentence at the Elkton Federal Correctional Institution in Ohio; no problems have been reported with his detention.

The agents were convicted last year of shooting Osvaldo Aldrete Davila in 2005 near El Paso and then trying to cover up the incident. Davila was shot once in the buttocks.

Ramos' wife, Monica Ramos, told The Associated Press on Tuesday that her husband described being attacked late Saturday, when he "let his guard down." She said the attackers kicked and stomped him for several minutes.

He was able to identify one man in the group, Monica Ramos said.

Ex-Border Patrol Agent In Prison For Shooting Mexican Drug Runner Assaulted By Inmates (FOX)

By Liza Porteus

Fox News, February 7, 2007

One of two former Border Patrol agents sentenced to more than a decade in prison for shooting and wounding a suspected Mexican drug smuggler was beaten by a group of inmates last weekend, a Texas congressman confirmed Tuesday to FOXNews.com.

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Ignacio Ramos, who was transferred to the Yazoo City Federal Correctional Complex in Mississippi last month to begin serving his 12-year sentence for the February 2005 shooting of Osbaldo Aldrete-Davila, was placed in a special housing unit after the incident pending an investigation, according to T.J. Bonner, president of the National Border Patrol Council.

"We received verbal confirmation from the prison folks that he was assaulted and went to the infirmary and was treated for injuries," Rep. Ted Poe, R-Texas, told FOXNews.com, adding that he has requested a written report of the incident.

Another agent, Jose Compean, is serving 11 years in another facility for the same border shooting.

Prison authorities, in a statement issued Monday, said that Ramos reported to the staff on Saturday around 10:15 p.m. ET that he was assaulted and that he sustained some 'minor' bruises and abrasions, Bonner said.

Some members of Ramos' family claim the assault happened after the airing of an "America's Most Wanted" segment featuring both Ramos and Compean. They say the attack happened after Ramos fell asleep.

"Nacho was assaulted Saturday night by about five illegal immigrants who were yelling at him in Spanish, 'Maten a la migra' — which means 'kill the Border Patrol agent,'" one family member said, according to Grassfire.org, a group that has petitioned President Bush to pardon the two agents and has been working with the agents' families.

Grassfire.org and Ramos' family dispute the prison report saying he suffered minor injuries. Grassfire.org in a press release says Ramos suffered "multiple and severe injuries." The release also said that a family member claims Ramos' attackers beat him with repeated blows and kicks and that he suffered wounds to his back, shoulder, arms and head. There also is concern from Ramos' family that he was not given medical treatment immediately after the incident and may not have received medical attention for up to 48 hours, the group said.

"Our government has betrayed these agents," said Grassfire president Steve Elliott. "And now they have put these men in mortal danger. I am frightened for the lives of these two family men. This is beyond outrage, and I am calling on grassroots Americans to express their outrage directly to the White House — demanding the president pardon agents Ramos and Compean before it's too late."

Bonner said Ramos believes that he was assaulted by four or five people and that his injuries are more than 'minor."

"I believe him more than I believe the Department of Justice and its attempt to minimize this," Bonner said. "After all, this is the same Department of Justice that's tried to cover up the facts surrounding the" case, he added.

The two agents' supporters — which include a slew of lawmakers on Capital Hill — claim the Justice Department and prosecutor Johnny Sutton did not appropriately handle the case.

Ramos and Compean were found guilty by a jury of not only shooting Aldrete-Davila, but also of trying to cover up the incident. Supporters say it was wrong for Sutton to go after the border agents and not the drug dealer who was given immunity for testifying against them, and that the Justice Department has been less than forthcoming about certain facts surrounding the case.

The transcripts of the trial have not yet been released by the court.

In response to the reports of the prison assault, Rep. Duncan Hunter, R-Calif., wrote to President Bush requesting an investigation into the incident. The letter also requested that Bureau of Prisons Director Harley Lappin be discharged from his position if it's discovered that the proper precautions were not taken to protect Ramos.

"Placing these two agents in general population, especially when assuring Congress it would not happen, constitutes an enormous dereliction of duty by the Administration and the Bureau of Prisons," said the Feb. 6 letter to Bush. "The families of agents Compean and Ramos deserve an immediate response. Further, please ensure that segregation from general population occurs immediately."

On Jan. 17, Hunter requested that both agents be put in isolation for their own safety. He and others were concerned that if jailed with many of the illegal immigrants and drug runners they helped put away, the safety and well-being of Ramos and Compean would be threatened.

"The assault against agent Ramos clearly demonstrates the severe risk involved with incorporating Border Patrol agents into general prison populations," Hunter said in a statement Tuesday. "An overwhelming number of federal inmates are non U.S. citizens who have been apprehended by the Border Patrol. The danger to agents Compean and Ramos was immediately apparent and the attack against agent Ramos could have been prevented."

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Rep. Tom Tancredo, R-Colo., said he spoke to several of Ramos' family members Monday night. The Ramos family wasn't aware of the situation until late Monday, when they called him to wish him well on his 38th birthday. Ramos told his family that he was attacked by five men who beat him severely for being a former law enforcement agent.

Tancredo said one of the assailants has been identified by Ramos and is now being charged with assault.

"The administration has for too long turned their back on law enforcement and left them to fend for themselves," Tancredo said. "These men have been the victims of what the Bush administration's border enforcement policy has always been. Mr. President, pardon these men now."

Bonner said Ramos likely asked to be put in general population because when in isolation, inmates are only allowed one phone call a month. Isolated prisoners also normally are in lockdown for 23 hours a day and only allowed out for one hour.

"Why they couldn't bend that rule given the fact they have law enforcement agent in custody … you kind of go stir crazy" in isolation, Bonner said.

"I don't blame him [Ramos], I blame the folks in charge for not being reasonable about that. One phone call a month sounds like punishment to me for someone who's been acting up. But here's a guy you're putting in isolation because you need to protect him."

Poe agreed, saying that it's Ramos' choice whether he wants to be put in isolation or general population, but wherever he is, it's the job of the federal government and the prison to ensure his safety.

"It's just another example that the federal government doesn't protect Border Patrol agents on the border and doesn't protect them in prison," Poe said.

"The prison authorities, especially the federal prison system, are experts at protecting inmates from harm from other inmates ... they've been doing this for years. Why aren't they protecting Ramos?"

Poe, who said he speaks to the wives of Compean and Ramos regularly, said Compean is in isolation. According to the Federal Bureau of Prisons, Compean is serving his sentence at the Federal Correctional Institution in Elkton, Ohio, a low-security facility housing male offenders.

Appeals Court Sends Wal-Mart Women Bias Case To Trial (FINDLAW/AP)

By David Kravets, Associated Press Writer

AP, February 7, 2007

(AP) - SAN FRANCISCO-A federal appeals court ruled Tuesday that Wal-Mart Stores Inc., the world's largest private employer, must face a class-action lawsuit alleging as many as 1.5 million female employees were discriminated against in pay and promotions.

The ruling by the 9th U.S. Circuit Court of Appeals upholds a 2004 federal judge's decision to let the United States' largest class-action employment discrimination lawsuit go to trial, possibly exposing the Bentonville, Arkansas-based retailing powerhouse to billions of dollars (euros) in damages.

"Plaintiff's expert opinions, factual evidence, statistical evidence and anecdotal evidence present significant proof of a corporate policy of discrimination and support plaintiff's contention that female employees nationwide were subjected to a common pattern and practice of discrimination," the court wrote in a 2-1 decision.

Wal-Mart said it would ask the court to rehear the case with the same three-judge panel or with 15 judges, a move likely to idle the case for months. Tuesday's ruling came 18 months after the case was argued.

"This is one step of what is going to be a long process," Wal-Mart attorney Theodore Boutrous Jr. said. "We are very optimistic of obtaining relief from this ruling."

He said Wal-Mart's own review found no significant disparity in pay between men and women at 90 percent of its stores.

Wal-Mart, which currently employs 1.3 million workers, claimed that the conventional rules of class action suits should not apply in the case because its 3,400 stores, including Sam's Club warehouse outlets, operate like independent businesses, and that the company did not have a policy of discriminating against women.

U.S. District Judge Martin Jenkins, the San Francisco trial court judge who said the case could proceed, had ruled that anecdotal evidence warranted a class-action trial. Wal-Mart took the case to the San Francisco-based appeals court.

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Jenkins said if companywide gender discrimination is proven at trial, Wal-Mart could be forced to pay billions of dollars (euros) to women who earned less than their male counterparts. Jenkins rejected as "impractical" Wal-Mart's suggestion of having individual hearings for each plaintiff and he planned to use a statistical formula to compensate the women if they won.

Wal-Mart said the judge's scenario was an unprecedented denial of its rights and sought to dismiss the case. The company said women who allege discrimination could file lawsuits against individual stores.

The women's lawyers said the idea was ridiculous, and would clog the federal judiciary.

"Although size of this class action is large, mere size does not render a case unmanageable," Judge Harry Pregerson wrote for the majority, which upheld Jenkins' decision in its entirety.

But Judge Andrew Kleinfeld wrote in a dissent that women should perhaps file individual lawsuits to safeguard Wal-Mart from paying those who do not deserve money, and would also ensure women get the compensation they deserve.

The appellate court's decision, he wrote, "threatens the rights of women injured by sex discrimination. And it threatens Wal-Mart's rights."

Brad Seligman, one of the attorneys who represented the women suing Wal-Mart, said the decision would hurt the company's reputation.

"No amount of PR by Wal-Mart is going to allow it to deal with its legacy of discrimination," Seligman said.

David Nassar, executive director of Wal-Mart Watch, a group critical of Wal-Mart policies, said the decision vindicates "victims of the company's illegal and immoral gender discrimination."

David Nassar, executive director of Wal-Mart Watch, a group critical of Wal-Mart policies, said the decision vindicates the "victims of the company's illegal and immoral gender discrimination."

Wal-Mart shares rose 6 cents to close at $48.58 on the New York Stock Exchange.

Wal-Mart Loses Bid To Block Group Bias Suit (WP)

By Amy Joyce

The Washington Post, February 7, 2007

A federal appeals court ruled yesterday that the largest sex discrimination lawsuit in U.S. history could proceed as a class action against Wal-Mart, which is accused of paying female workers less than men and giving them fewer promotions.

The ruling will allow about 2 million women who have worked for Wal-Mart since 1998 to seek compensation for discrimination as a group.

Wal-Mart said it will ask the U.S. Court of Appeals for the 9th Circuit in San Francisco to reconsider its decision. Barring that, the company will ask the U.S. Supreme Court to overturn the certification. A lower court originally said the case could proceed as a class action in June 2004, and the company first appealed the decision in August 2005.

"We think its analysis is much too deferential to plaintiffs and erred in not taking into account Wal-Mart's evidence," said Theodore J. Boutrous Jr., an attorney for Wal-Mart. He said the court's ruling does not address the merits of the plaintiffs' claims, but whether the case meets the technical requirements to move forward as a class action.

The 2-to-1 ruling took no position on the case's merits, but agreed with the lower court ruling that the case Dukes v. Wal-Mart, originally filed by six women in 2001, could proceed as a class action against the retailer.

With nearly 2 million women, the lawsuit is the nation's largest sex discrimination case filed against a business. Most large discrimination cases are settled out of court. The suit claims that Wal-Mart's female employees receive lower pay and fewer promotions than male employees. But Wal-Mart's lawyers argued that there is no pattern of discrimination.

The women who filed suit are represented by the Impact Fund, a nonprofit group in Berkeley, Calif.

"No amount of PR or spin is going to allow Wal-Mart to avoid facing its legacy of discrimination," Brad Seligman, a lawyer and executive director of the Impact Fund, said in an interview. "Now two courts have ruled this trial should go forward. I expect they will attempt to further appeal, but I have great confidence the women will get their day."

A class-action lawsuit allows a small number of plaintiffs to sue on behalf of a much larger group in a similar situation.

The judge in the original case ruled that the attorneys for the six named women presented sufficient evidence for a class-action suit, calling it "largely uncontested descriptive statistics which show that women working in Wal-Mart stores are paid less

than men in every region, that pay disparities exist in most job categories, that the salary gap widens over time even for men and women hired into the same jobs at the same time, that women take longer to enter into management positions, and that the higher one looks in the organization, the lower the percentage of women."

The company has two opportunities to overturn the decision. It will first ask the three-judge panel to reconsider yesterday's ruling and a panel of more than a dozen Ninth Circuit Court of Appeals judges to rehear the panel decision. If the court does not overturn its decision, the company will petition the U.S. Supreme Court.

"And then we have a trial, which is where we think we're headed," said Joseph M. Sellers, a Washington-based civil rights and employment lawyer, who represents the plaintiffs. "What Wal-Mart has tried to do so far is derail the case procedurally. The evidence, we think, is very strong. We have a number of clients who would like to have their day in court."

The company said its stores are mostly run by managers who have autonomy over hiring, pay and promotion. Boutrous argued that decisions by thousands of managers at 3,400 stores during a six-year period were "highly individualized and cannot be tried in one fell swoop in a nationwide class action."

Richard Drogin, a statistician at California State University at East Bay hired by the plaintiffs, said that it took women an average of 4.38 years from the date of hire to be promoted to assistant manager, while it took men 2.86 years. It took 10.12 years, on average, for women to become managers compared with 8.64 years for men. He also found that female managers made an average salary of $89,280 a year, while men in the same position earned an average of $105,682 a year. The results for hourly workers show that women were paid 6.7 percent less than men in comparable positions.

Several business groups, including the U.S. Chamber of Commerce, have filed amicus briefs calling for a reversal of the class certification.

In 1996, Texaco paid a $176.1 million settlement on behalf of black employees who sued for racial discrimination. Home Depot settled a sex discrimination class-action suit in 1997 for $104 million. That same year, Publix Super Markets paid $81.5 million for discriminating against female workers. Coca-Cola paid $192.5 million in 2000 to employees who sued for racial discrimination. Morgan Stanley agreed to pay $54 million in 2004 to settle claims it underpaid and did not promote women, and a few days later, aircraft manufacturer Boeing agreed to pay up to $72.5 million to settle similar allegations.

Wal-Mart Faces Sex Bias Lawsuit (FT)

By Patti Waldmeir In Washington

Financial Times, February 7, 2007

Wal-Mart on Tuesday lost a bid to block the biggest employment lawsuit in US history after a federal appeals court ruled that at least 1.6m current and former female employees could sue the company as a group.

The ruling, by a narrowly divided panel of the ninth circuit federal appeals court in California, upheld a lower court ruling granting class-action status to a lawsuit accusing Wal-Mart of paying women less than men and promoting them less often. The plaintiffs include almost all women who worked at Wal-Mart stores from December 1998 to the present.

“Expert opinions, factual evidence, statistical evidence and anecdotal evidence present significant proof of a corporate policy of discrimination,” the panel said in its 2-1 ruling.

The US Chamber of Commerce condemned the ruling. “The suit includes a hodgepodge of claims, it’s huge, it’s unmanageable, and it’s difficult if not impossible to defend,” said Robin Conrad of the National Chamber Litigation Center, the chamber’s legal arm. “Class actions like this are almost extortionate.”

Though the women still have to prove their claims in a trial, the decision to allow the lawsuit to proceed as a class action could substantially increase pressure on Wal-Mart to settle, legal experts said. But Wal-Mart said on Tuesday it would appeal the ruling to the full appeals court and if necessary to the US Supreme Court. “This is just one step in a long process,” said Theodore Boutrous, of the law firm Gibson, Dunn & Crutcher, who will handle Wal-Mart’s appeal.

Judge Andrew Kleinfeld, who dissented from the ruling, said it violated Wal-Mart’s constitutional right to due process. “Plaintiffs’ only evidence of sex discrimination is that around two thirds of Wal-Mart employees are female, but only about one third of its managers are female,” he wrote, adding “not everybody wants to be a Wal-Mart manager.”

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The Wal-Mart suit is seen as a test case of the rules for “certifying” a class action lawsuit – the quintessentially American kind of legal action designed to empower individuals by allowing them to sue in groups.

The Wal-Mart plaintiffs argue that they should be able to sue as a group, claiming that even though individual store managers had broad discretion over pay and promotion decisions for the women concerned, the pervasive corporate culture of Wal-Mart has promoted sexism throughout the company.

Final Teen Gets Probation In Long Beach Hate Crime (LAT)

By Tami Abdollah, Times Staff Writer

The Los Angeles Times, February 7, 2007

A black teenager was sentenced to probation in the Long Beach hate attack today, the last of a group to be punished in the Halloween night incident.

Judge Gibson Lee put Allyson Stone, who is now 18, on probation, ordered 250 hours of community service and racial tolerance training.

The sentence was similar to that given the eight other teenagers convicted in the attack. Most of the youths also received a sentence of house arrest.

One of the 10 defendants was acquitted in the case.

Darrell Goss, the lawyer for Stone, said he has already filed an appeal, the first in what is expected to be continuing legal action from the attack on a street in the Bixby Knolls neighborhood of Long Beach.

Laura Schneider, 19, Loren Hyman, 21, and Michelle Smith, 19 were injured in the attack.

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Dallas Has 3 Months To Fix Jail (DMN)

By Kevin Krause, The Dallas Morning News Kkrause@dallasnews.com

The Dallas Morning News, February 7, 2007

Understaffing may force county to pay millions to send inmates elsewhere

Dallas County officials soon may have to shut the doors to their crowded and understaffed jail and pay millions of dollars to send inmates to other counties if they can't get the inmate population under control.

The county has three months to meet the state's minimum staffing requirement of one guard per 48 inmates – something it has consistently been unable to do – or the state probably will order the crowded jail not to admit any more prisoners.

If that happens, the county would have to pay to transport and house its prisoners in other jails across the state, at an annual cost of up to $18 million.

Such a scenario would result in "mayhem," Chief Public Defender Brad Lollar said. Defense attorneys may not have time to visit clients in distant jails, and inmates would have to be bused back and forth to court hearings.

The Texas Commission on Jail Standards summoned county and sheriff's officials to its meeting last Friday for a status update on the troubled jail. The commission staff had been prepared to recommend the remedial order that day to close the jail but reconsidered after hearing about improvements in the works, said Allen Clemson, the Commissioners Court administrator.

County officials are now in emergency mode, having given themselves a 30-day deadline to reduce the jail's population of more than 7,000 by 1,000 inmates, which they said will bring them in compliance.

The state jail commission "told us we were subject to an inspection at any time and that midnight unannounced visits are not out of the question," said Commissioner John Wiley Price, who attended the jail commission meeting. "We take them very seriously."

The Dallas County Jail system – the seventh largest in the nation – has failed state inspections three years in a row, primarily because of inadequate staffing. Dallas has the highest incarceration rate among Texas' five largest counties.

The Sheriff's Department spent more than $9 million in overtime in the jails last fiscal year. But a surprise state inspection in October revealed the jail still wasn't meeting the minimum staffing requirement.

"We are both in agreement that you cannot go on like this forever," said Adan Munoz, executive director of the Commission on Jail Standards. "Remedial orders have to be put in place."

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Mr. Munoz said a U.S. Justice Department report on the jail was the main reason he asked Dallas County officials to appear last week before the commission in Austin. The federal investigation concluded in December that the county is violating inmates' civil rights with dangerous and unsanitary jail conditions.

The district attorney's office, defense attorneys and criminal court judges have agreed to work together to dispose of cases quicker.

Judges will release nonviolent low-level offenders with lower bonds, personal recognizance bonds or a notice to appear in court at a later date. A similar move was taken to free up space in the Decker jail for Katrina evacuees in 2005.

For example, 125 people are in jail charged with prostitution who could be released, Mr. Clemson said.

County criminal courts manager Mikah Mitchell said that in the misdemeanor courts, inmates will be released if they meet certain conditions such as no immigration holds and no history of bond forfeitures.

Judge John Creuzot, who presides over the county's felony courts, could not be reached for comment Tuesday. But Lena Levario, one of the new Democratic judges who was elected in November, said she will begin calling defense attorneys to ask them to show up in court and dispose of their clients' cases.

"I will ask them to come in and take care of it," said Judge Levario, of the 204th Criminal District Court. "We will not be releasing anyone who we think will be a threat to the community."

Reducing crowding

District Attorney Craig Watkins said his office began pulling the oldest state jail felony cases this week and will make more reasonable plea bargain offers so the defendants can be moved out of the county jail to begin serving their sentences in state jails.

Mr. Lollar, the public defender chief, said his office is already seeing better plea bargain offers.

Mr. Price, who heads the county's jail population committee, said some inmates can be given community service while others can wear electronic monitors while awaiting trial.

If such measures to reduce the jail population fail, Sheriff Lupe Valdez will move some of her deputies from patrol, warrants and other divisions into the jail as a last resort, Mr. Price said.

The jail-crowding problem is a result not only of the county's crime rate but also of its own policies.

The Dallas County Jail has the highest percentage of inmates awaiting trial on low-level, nonviolent charges in Texas – almost double that of Harris County, according to recent numbers sent to the state.

Most inmates are there because they cannot afford bail. Others, arrested on drug charges, are in jail awaiting drug test results before their cases can even go before a grand jury. That was a policy former District Attorney Bill Hill enacted in 2002 to prevent a repeat of the fake-drug scandal in which dozens of innocent people were arrested.

Under the policy, drugs must be sent to a lab for analysis before drug offenders' cases can move. The turnaround time was lengthy at first because of staff shortages at the county's crime lab, but it has since improved to about 20 days.

In Tarrant County, defendants are not admitted to the county jail until the drugs are tested.

Mr. Watkins said during a recent jail population committee meeting that he plans to re-evaluate that policy and possibly ask arresting agencies to hold offenders until drug testing is complete.

A decision several years ago to dismantle the pretrial release program has come back to haunt Dallas County. The program identifies low-risk inmates charged with minor crimes who are allowed to pay reduced bail to get out of jail.

The county is working to reinstate the program, which is expected to be up and running by next month.

In Dallas County, it takes longer to see a judge after an arrest. Police have up to 72 hours to file a case with the district attorney, not including weekends, Mr. Lollar said. As a result, inmates can sit in jail from five to 12 days before going before a judge, he said.

"We can't do anything with those cases," he said.

In Harris County, prosecutors work shifts around the clock and can immediately accept or reject a case from an arresting officer, Mr. Lollar said.

Stretched thin

As Dallas County's inmate population swells, the jail staff is being stretched thin.

More guards are leaving the jail to transport inmates to Parkland Memorial Hospital because of the increased trips ordered by the hospital, which is now in charge of jail health. Guards also are needed to watch the inmates at the hospital.

County commissioners recently approved 100 more jail guard positions to help transport inmates to the hospital, as well as 85 new positions for the Decker jail, but it could take months to fill them.

Mr. Price said the Sheriff's Department is having difficulty finding enough recruits who can pass the physical and psychological tests, as well as the background checks.

Mattye Mauldin-Taylor, the county's human resources director, said she needs 1,500 applications to fill 200 guard positions. Recruiting is not easy because of the nature of the job, she said.

The starting salary for a jail guard is $31,158, with a guaranteed 5 percent raise after one year, she said.

Mr. Clemson said that reducing the jail population by 1,000 inmates will not be easy but that he doesn't think it will strain the system.

State officials "expect us to take immediate action to get into compliance," he said.

More Than Words (WP)

The Washington Post, February 7, 2007

The Democratic leadership needs to act on D.C. voting rights.

NATIONAL Democratic party leaders are on record with their unequivocal endorsement of the District's bid for full voting rights in the House of Representatives. Support is always welcome, but what's needed is action. It's time for the Democrats who control Congress to act on legislation to end the disenfranchisement of citizens living in the nation's capital.

The Democratic National Committee voted last weekend to support the measure, promising a grass-roots lobbying campaign. It's a welcome boost for a bill that has languished too long. Sponsored by Rep. Thomas M. Davis III (R-Va.) and the District's nonvoting delegate, Eleanor Holmes Norton (D), the measure would add two seats to the House -- one for the heavily Democratic District and the other for largely Republican Utah. The bill enjoyed widespread bipartisan support in the past Congress but was never scheduled for a floor vote, to what should be the everlasting embarrassment of the Republican leadership.

Democrats are in a position to push the bill for approval, but internal party squabbling has slowed its movement. Some Democrats balked at doing anything for Utah until they were convinced that the District seat wouldn't have a chance unless balanced against Utah, which probably would get an extra seat anyway after the next census reapportionment. In recent days, Rep. Henry A. Waxman (D-Calif.) has raised the concern that the bill would give Utah an extra electoral college vote in the 2008 presidential election and could hurt Democrats in a close race. The question is whether Democrats will allow that highly remote and partisan concern to stand in the way of their claimed support for fair representation for District residents.

Party insiders are confident that the disagreements will be ironed out, and they stress that, unlike the Republican leadership, House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny H. Hoyer (D-Md.) are genuinely committed to voting rights for the District. We have no reason to doubt that. But the strength of the bill crafted by Mr. Davis and Ms. Norton is that it takes into account the self-interest of both parties while weighing the needs of the people of the District and Utah. Tinkering with that formula could doom the bill, and no matter how good the intentions of lawmakers, the District deserves results.

ANTITRUST:

Deal Raises Concerns About Antitrust Issues (SLPD)

By Rachel Melcer, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 7, 2007

A pair of biotech agribusinesses wants to go head to head with Monsanto Co. in creating a better cotton seed, but they may never get there.

At issue is Monsanto's proposed $1.5 billion purchase of Delta & Pine Land Co. Swiss firm Syngenta AG and Pioneer Hi-Bred International Inc., a DuPont company, had planned to partner with Delta, combining their genetic traits with D&PL's seed.

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The Monsanto deal is pending an antitrust review by the Justice Department. If it goes through, Syngenta and Pioneer will have to turn to rival Monsanto as their cotton seed partner.

All of the companies involved say the plans for partnerships are proceeding until the deal closes. They don't know what the future will hold, though Monsanto promises to work with its competitors.

But many cotton farmers say they were hoping increased competition would bring down prices and result in greater service and product choices. Now, they worry that won't materialize.

"This is a real issue. If Monsanto can't work out an agreement to develop the DuPont and Syngenta technology in Delta & Pine Land (seeds) … that's a problem," said Steve Verett, executive vice president of Plains Cotton Growers Inc., which represents farmers in 41 counties around Lubbock, Texas.

Monsanto, the world leader in developing biotech crop traits, said bringing competing technology to market is a common agribusiness practice that it is open to continuing with Syngenta and Pioneer. Monsanto's traits, for example, were planted on nearly 86 percent of U.S. cotton acres last year, yet Monsanto's Stone-ville brand of seed grew on just 12 percent of those acres, according to the U.S. Agriculture Department.

Biotech seeds contain two profitable parts: The seeds themselves and the genetic traits that are added to protect those seeds from herbicides and pests. While the agribusiness ideal is to own both parts — and that's Monsanto's primary motivation in buying D&PL — Monsanto still would make money by selling the D&PL seed it owns with another company's genetic traits.

"There definitely will be competition, if (Pioneer and Syngenta) choose to be in that market," said Monsanto spokeswoman Lori Fisher. "But that's not within our domain at Monsanto to decide — it's up to the owners of those technologies."

Verett, whose family grows about 2,500 acres of cotton, said he's inclined to believe Monsanto. And he trusts regulators, who are sure to be focusing on these partnerships in considering whether the deal is anti-competitive.

Senate Panel Probes Gas Trades For Possible Market Manipulation (WSJ)

By JOHN J. FIALKA And ANN DAVIS

The Wall Street Journal, February 7, 2007

The Senate Energy Committee is investigating whether futures traders are manipulating markets that set natural-gas prices for consumers, farmers and industries.

Sen. Jeff Bingaman, the panel's chairman, has sent letters to two federal market regulators, asking them what they know about unusual price fluctuations that may have taken place, which could have the effect of artificially raising indexes used to establish market prices for natural gas.

The congressional investigation aims to explore how federal agencies monitor such trades, and if possible, to identify the agents and motivations behind the alleged illegal trading.

Amaranth Impact

In separate letters sent yesterday to the Commodity Futures Trading Commission and the Federal Energy Regulatory Commission, Sen. Bingaman said the panel's probe was partly triggered by a Wall Street Journal article. The Jan. 30 article said one factor behind last year's $6 billion failure of Amaranth Advisors LLC, a hedge fund, may have been rapid or unanticipated fluctuations in futures-trading prices on the New York Mercantile Exchange.

Both agencies monitor aspects of trading of natural-gas futures and related contracts.

A FERC spokesman said the agency had no comment on the Bingaman letter. Ianthe Zabel, director of external affairs for CFTC, said it was preparing to work with the committee. She said her agency "routinely monitors large positions and trading in the Nymex natural-gas futures markets and vigorously investigates instances of possible wrongdoing."

The energy committee is interested in trading flurries in the final minutes before the contract for September gas delivery expired in August, which sent prices sharply up. It asked the regulators how they follow such trades and what they know about "suspected anomalies" in the natural-gas market in 2006 that could have affected indexes used to set gas-supply contracts.

'Just and Reasonable' Trades?

The letter to FERC said the agency was given responsibility by Congress under the 2005 Energy Policy Act to ensure "just and reasonable" natural-gas prices by monitoring futures trades. It asked agency regulators how they carry out their duties.

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The two agencies, and the Securities and Exchange Commission, have been investigating the collapse of Amaranth. Investigators have requested information from Nymex and the Atlanta-based IntercontinentalExchange, which trades in contracts that are closely related to futures.

They are asking questions about Amaranth's trading activities, as well as those of some other large, natural-gas traders, said traders and attorneys who are involved in, or were briefed on, the questioning. But it is unclear whether they have found evidence of possible wrongdoing or manipulation.

In addition, the Senate Permanent Subcommittee on Investigations has recently been interviewing large natural-gas trading companies about hedge-fund participation in the natural-gas markets, said two lawyers familiar with its actions.

Samsung To Pay $90 Million To Settle 41 State Claims (Update3) (BLOOM)

By Karen Gullo

Bloomberg, February 7, 2007

Feb. 6 (Bloomberg) -- Samsung Electronics Co., the world's biggest memory chipmaker, agreed to pay $90 million to settle claims by California, New York, Illinois, 38 other states and consumers that it conspired to fix prices on some chips.

The accord resolves claims that the unit of Seoul, South Korea-based Samsung Group and other chipmakers drove up prices, inflating the cost of computers and other electronics for consumers and state governments. Samsung agreed to help state officials pursue claims against other chipmakers.

Samsung, Infineon AG and six other companies were sued by U.S. states in July on claims that the companies added billions of dollars to chip costs by fixing prices of dynamic random access memory, the most commonly used semiconductor memory product. So-called DRAM is used by Dell Inc. and Hewlett-Packard Co. in making personal computers, laptops, printers, mobile phones, digital cameras and digital music players.

``Consumers, states and localities were the victims of an international conspiracy that artificially raised the price of memory chips," New York Attorney General Andrew Cuomo said today in a statement. ``This settlement is a major step in recovering the overcharges that Samsung and its co-conspirators illegally foisted on consumers and taxpayers."

Shares of Suwon, South Korea-based Samsung fell 0.2 percent to 586,000 won at 10:35 a.m. in Seoul today.

Consumer Payout

About $80 million of the accord will go to reimbursing consumers and $10 million will go to states and localities, Cuomo said. The lawsuit grew out of a global price-fixing investigation by the U.S. Justice Department that led to claims against four companies and 16 individuals who have been fined $731 million. Samsung paid $300 million in the U.S. probe, the second-largest U.S. criminal antitrust fine at the time.

``These latest settlements effectively put the DRAM antitrust matter behind us," said Samsung spokeswoman Chris Goodhart in an e-mailed statement.

The U.S. criminal case spawned civil lawsuits by direct and indirect purchasers of DRAM chips, including litigation by manufacturers, computer repair companies and individual states. The price-fixing conspiracy lasted from 1998 to 2002, according to the lawsuit.

Two Samsung Electronics Inc. executives were accused by the U.S. in October of participating in the global price-fixing scheme.

Today's settlement resolves claims by California, which didn't include Samsung in the lawsuit it filed against other chipmakers in July, said Nathan Barankin, a spokesman for California Attorney General Jerry Brown.

Samsung Settles Price-fixing Suit For $90m (FT)

By Chris Nuttall In San Francisco

Financial Times, February 7, 2007

Samsung, the world's biggest memory chipmaker, is to pay $90m to settle a price-fixing lawsuit brought by 41 US states.

The South Korean company also agreed to assist the states in litigation against other memory chip manufacturers who had taken part in the conspiracy.

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The class-action suits filed in July last year arose from a justice department investigation begun in 2002. It uncovered one of the largest price-fixing schemes on record.

It led to $730m in fines and guilty pleas by Samsung and three other major manufacturers of dynamic random access memory (Dram) chips – Elpida, Hynix and Infineon. A fifth, Micron, admitted taking part but avoided federal criminal charges through its co-operation with the authorities.

The price-fixing suits had charged that Samsung and others reached secret agreements to inflate the prices of memory chips commonly installed in consumer desktop and notebook PCs.

"Consumers, states and localities were victims of an international conspiracy that artificially raised the price of memory chips, and thus illegally boosted the price of computers and popular hi-tech products," said Andrew Cuomo, New York attorney-general.

Five Samsung executives have pleaded guilty in the US to price-fixing and have agreed to each pay $250,000 fines and serve prison time.

Samsung To Pay $90 Million To Settle Price-fixing Lawsuit (AP)

By MARK JOHNSON

AP, February 7, 2007

ALBANY, N.Y. - Samsung Electronics Co., the world's largest memory chip maker, agreed to pay $90 million to settle a lawsuit charging the company and others with price-fixing, New York Attorney General Andrew Cuomo said Tuesday.

The suit, filed in July, claimed Korean-based Samsung and numerous other companies made secret arrangements to raise the prices of dynamic random access memory, or DRAM, chips. The memory chips are the most commonly used product for storing and retrieving information in computers and electronic devices.

A spokeswoman for Samsung, a top producer of flat-screen televisions, mobile phone handsets, MP3 players and laptop computers, did not immediately return a call for comment.

About $80 million of the settlement will go to consumers nationwide while $10 million will cover losses suffered by states and local governments, Cuomo's office said.

The settlement is subject to approval in federal court in San Francisco. New York, California and Illinois were the lead plaintiffs in the case.

The lawsuit was one of several filed following a U.S. Justice Department investigation that began in 2002 into whether computer chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices. The investigation resulted in more than $730 million in fines and guilty pleas from four companies - Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

Companies such as Dell Inc., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs, prosecutors said.

Cuomo said the case is continuing against Micron Technology Inc., Infineon Technologies, Elpida Memory Inc, Hynix Semiconductor Inc., Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc.

Bush Talks About Fiscal Responsibility At Company Accused Of Price-fixing (AP)

AP, February 7, 2007

MANASSAS, Va. President Bush preached the virtues of fiscal responsibility today at a company in Manassas, Virginia that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws.

Bush went to computer chip-maker Micron Technology Incorporated to talk about the budget he unveiled yesterday. He said Congress needs to set priorities in spending taxpayer money.

Micron Technology, based in Boise, Idaho, settled a federal class action lawsuit last month that was filed in 2002 on behalf of computer manufacturers who bought dynamic random-access memory chips, or DRAM from suppliers between April 1999 and June 2002.

The lawsuit is one of several filed after a U-S Justice Department investigation into whether computer chip companies conspired to manipulate the number of DRAM chips on the market to inflate prices.

The Justice Department granted Micron immunity from criminal charges in exchange for its cooperation. But the amnesty did not shield the company from lawsuits.

Apple Calls To End Online Copy Protection (FT)

By Chris Nuttall In San Francisco

Financial Times, February 7, 2007

Steve Jobs, Apple chief executive, on Tuesday called on the four major record companies to start selling songs online without the copy protection software known as digital rights management.

Apple has been under pressure in Europe to make its iTunes Music Store compatible with players other than the iPod. Consumer groups and agencies in Denmark, Finland, France, Germany, Norway, the Netherlands and Sweden have made antitrust complaints against Apple in recent months.

"Perhaps those [European countries] unhappy with the current situation should redirect their energies towards persuading the music companies to sell their music DRM – free," he said in a rare statement published on Apple's website.

The songs sold on the service are protected by Apple's proprietary FairPlay software, which prevents users from making multiple copies for distribution. Mr Jobs said Apple had concluded that if it licenses FairPlay to other companies it could no longer guarantee to protect the music it licenses from the major labels – Vivendi's Universal Music, Sony BMG Music Entertainment, EMI and Warner Music Group.

Instead, he favours abolishing DRM entirely so any MP3 player could play music purchased from any online store. "This is clearly the best alternative for consumers and Apple would embrace it in a heartbeat," he says.

Richard Stice, analyst at Standard & Poor's equity research, said Tuesday's statement appeared to be an attempt to combat the negative publicity Apple had been receiving in Europe.

"He's been getting a lot of heat from several countries. In some ways, this could get consumers on his side and stop Apple looking like the bad guy."

Mr Stice said the removal of copyright protection from online music downloads was likely to benefit Apple as the number one player, more than rivals such as Microsoft and Sony.

"I think it's a pretty smart thing for him to say. If you use [Microsoft's] Zune, you can't use iTunes – for Apple, if there's no DRM, it would open up the market much more."

In being so public with his views, Mr Jobs may also be trying to put pressure on the major labels where private negotiations have failed. The music industry has been implacable in insisting on copyright protection for downloaded music.

Mr Jobs argues that "DRMs haven't worked and may never work to halt music piracy."

More than 20bn songs were sold completely DRM-free in 2006 on unprotected CDs by record companies. This was more than 10-times the number of DRM-protected songs sold worldwide by online stores, he says, while only around 3 per cent of the music on the 90m iPods sold to date had been purchased from iTunes.

Mr Jobs' argument was somewhat at odds with Apple's complaint last year that a proposed French law making music DRM-free would be tantamount to "state-sponsored piracy."

Jobs Pitches Dumping Anti-piracy Software (LAT)

By Michelle Quinn

The Los Angeles Times, February 7, 2007

Steve Jobs, the chief executive of Apple, wrote an open letter today asking the music industry to consider giving up anti-piracy software on the digital music it sells.

The letter, which can be seen at www.apple.com/hotnews/thoughtsonmusic, walks through the problems of anti-piracy software, also known as digital rights management, that is supposed to prevent consumers from copying digital music.

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Jobs lists the problems with the software, which is often hacked and needs updating and prevents consumers from listening to their music wherever they like. He also points out that consumers are already buying compact discs and copying them digitally without facing controls to stop them.

What the letter doesn't spell out is how Apple and Microsoft were advocates for DRM use so that the music they sold through their online stores could only be played on their devices. Convincing record labels "to license their music to Apple and others DRM-free will create a truly interoperable music marketplace," wrote Jobs. "Apple will embrace this wholeheartedly."

The letter comes as the music and film industries are actively talking about dropping the use of DRMs, which force consumers who buy music on Apple's online store iTunes to use the music only on the company's products. Many in the entertainment industry have expressed frustration with DRM and have talked about other ways to protect content without forcing consumers to stick with one kind of device.

"Rhetorically, he's been disingenuous," said Aram Sinnreich, managing partner at Radar Research in Los Angeles. "He's been metaphorically ramming it down their throats. To be fair, Apple has never been as DRM insane as Microsoft. Apple has put it in enough DRM to make it a pain in the butt for consumers to buy music on iTunes….and use it on non Apple devices."

"This is good for consumers and it's ultimately good for everyone," said Sinnreich.

Jobs's New Tune Raises Pressure On Music Firms (WSJ)

By NICK WINGFIELD And ETHAN SMITH

The Wall Street Journal, February 7, 2007

A movement to pressure the music industry to drop its primary weapon against online piracy has gained a high-profile convert: Steve Jobs, the man who helped build the market for selling music via the Internet.

In an 1,800-word online essay, Apple Inc.'s chief executive said the world's major music companies should consider allowing Apple and others to sell songs unfettered by anticopying software that prevents them from being shared or played however a consumer chooses.

Mr. Jobs contends that the recording industry isn't solving piracy with the technology, and could spur the market further if music lovers could buy music online without the restrictions. Many consumers resent the curbs on how they can listen to what they buy from online stores. Songs from one company's catalog, for example, won't work on another company's player -- a gridlock that has frustrated some consumers. Getting rid of the antipiracy software could make downloaded music as widely compatible with digital players in the market as compact discs are with CD players.

While Mr. Jobs is positioning his proposal as a consumer-friendly step, it isn't clear whether the biggest music companies -- Warner Music Group Corp., EMI Group PLC, Vivendi SA's Universal Music Group, and Sony BMG, the joint venture of Sony Corp. and Bertelsmann AG -- will embrace his recommendation. Allowing online music sales without anticopying software would amount to a radical about-face for the recording industry, which several years ago viewed the technology as a remedy to rampant online piracy through file-sharing networks like the original Napster and Kazaa. Music heavyweights have long required Apple and others to use the technology -- known as digital-rights management, or DRM, software -- if they wish to sell their songs online.

QUESTION OF THE DAY

Would you pay more for legal digital-music downloads without copy restrictions?Nor is it clear whether such a shift would deliver a further blow or a potential boon to the music industry, which has endured a spiral of declining sales and rising piracy since the advent of Internet-enabled copying and transmission of music. According to the Recording Industry Association of America, the value of recorded music shipped to U.S. retailers plunged 16% from a $14.5 billion peak in 1999 to $ 12.2 billion at the end of 2005 -- a slide the industry blames in part on online piracy. Record companies decided that one way to keep this from worsening was to let legitimate companies sell music in a format whose distribution could be more tightly controlled.

Apple quickly took the lead several years ago by selling music through its iTunes Store for 99 cents a song. The digital music files are essentially padlocked by a layer of software that makes them playable only on iPods and on computers using iTunes software. Other companies use competing copy-protection software, though, limiting users of digital-music players to purchasing songs online through compatible song catalogs.

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Yet for all the limits such software places on copying music, Mr. Jobs said, the technology doesn't effectively deter piracy because more than 90% of music world-wide is purchased on CDs -- which don't contain antipiracy software and are therefore easily copied to a computer and then traded online.

In his essay, posted yesterday on Apple's Web site, Mr. Jobs suggests the music industry might see better growth by abandoning its protective approach. "If such requirements were removed, the music industry might experience an influx of new companies willing to invest in innovative new stores and players," he wrote. "This can only be seen as a positive by the music companies."

Sales of digital downloads have continued to rise, but at a slower rate than in previous years. That, combined with an accelerating downturn in CD sales, has meant the music companies have been harder pressed than ever to find new sales wherever they can. Some executives in the technology and music industries have argued that sales of digital music are being held back by the lack of compatibility between hardware devices and music services. These people believe the market could grow more strongly if iTunes competitors can sell music that can be played on iPods.

Aside from sales, dropping the technological barriers also could also eliminate pressure Apple is facing from consumer-protection agencies in several European countries. They want Apple to modify its two most popular music products -- iPods and iTunes Store -- to make them compatible with online music services and hardware offered by others.

And since Apple thoroughly dominates the market -- with more than 85% of online song sales in the U.S., and more than 70% of digital-music-player sales -- many consumers have chafed at the problems associated with using the company's hardware and music store with offerings from competitors. Those limitations have helped spawn a growing movement within the technology and entertainment industries against the use of DRM.

Ken Hertz, a prominent lawyer who does extensive work in the digital-music business, said Mr. Jobs's letter could be viewed as "a cynical attempt" to place the blame for incompatibility of hardware and services on the music industry, rather than on Apple itself. Some executives have suggested that the Cupertino, Calif. , company has used encryption technology to deliberately lock consumers into its music products by discouraging those with large iTunes music collections from switching to new gadgets that won't play their songs.

"Apple has been more of a beneficiary of DRM than a victim," Mr. Hertz added.

Mr. Jobs discounted such criticism, estimating that 97% of the music on most iPods is from sources other than the iTunes Store, such as personal CD collections. "It's hard to believe that just 3% of the music on the average iPod is enough to lock users into buying only iPods in the future," he wrote in his essay.

One of the more vocal opponents of the technology, Terry McBride, chief executive of the management company and independent record label Nettwerk Music Group, said the support of Mr. Jobs will significantly increase the potency of calls to abandon it.

"If anyone can make this happen, Steve can," said Mr. McBride, whose clients include the music group Barenaked Ladies and singers Avril Lavigne and Sarah McLachlan.

Music companies said it is too soon to say how and whether they would respond to Mr. Jobs's essay, but a few acknowledge some of the consumer issues the Apple CEO described. "The lack of operability between a proliferating range of digital platforms and devices is more and more becoming a real issue for music consumers," said Jeanne Meyer, an EMI spokeswoman.

The digital revolution has caused big problems for music labels. Because music on CDs is recorded in digital form, without anticopying technology, Web sites that enable people to share copyrighted songs illegally have cut into profits.

Mr. Jobs helped change the situation, brokering deals with major record labels to allow their songs to be sold on iTunes for 99 cents each. As part of those negotiations, he says, the labels insisted that Apple use software that prevented their songs from being played on unauthorized devices.

Apple developed software known as FairPlay, which works with iTunes and the iPod and enforces certain restrictions, such as allowing consumers only to play protected recordings on up to five computers.

Other companies such as Microsoft Corp. developed their own solutions to the antipiracy requirement. So while CDs represent a standard format -- playable on hardware made by a wide array of companies and sold by countless retailers -- there

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is no single DRM standard. Copy-protection systems have been developed by many companies and, in some cases, are tightly integrated with specific devices and online services -- leading to incompatibility problems.

The music industry has begun to experiment with the online sale of unprotected music using the popular MP3 format that works with virtually all digital music players, including Apple's iPod. Yahoo Inc., for instance, has sold MP3 songs by Norah Jones, Jessica Simpson and other artists. Another music-retail site, eMusic.com, offers more than two million songs for sale in the MP3 format from independent music labels, which means they can be played on iPods and other music players.

Most popular music from major recording companies, though, hasn't been available without anticopying software. David Goldberg, general manager of music for Yahoo, said the company is making progress in discussions with major music companies about offering songs without DRM and, by Christmas, expects to have significant portions of Yahoo's catalog of two million songs available in the MP3 format.

Mr. Goldberg said he was pleased to hear Mr. Jobs propose that music companies abandon the antipiracy protection. "We've been vocal about that, and we're glad to hear it from him," he said.

Ms. Meyer of EMI added that the response from fans to EMI's limited MP3 sales has been "very enthusiastic."

Mr. Jobs proposes three paths the digital-music business might follow, including its current course of using multiple incompatible anticopying systems. A second option, he said, would be for Apple to license its antipiracy system so other companies can make their hardware and online services work with Apple's music products.

Mr. Jobs said that scenario -- which competitors and music-industry executives have proposed before, and Apple has resisted -- is problematic because sharing its encryption software with others could compromise the security of the system and slow Apple's ability to repair breaches of the software.

Mr. Jobs made it clear in the essay that he favors a third scenario, abolishing the use of DRM, in large part because he says it doesn't prevent piracy.

Besides worries about European regulators and record labels, Mr. Jobs's letter could reflect a desire to counter more-credible competition from Microsoft, said Talal Shamoon, chief executive of Intertrust Technologies Corp., a DRM software maker that is jointly owned by Sony, Philips Electronics NV and Stephens Bank. Microsoft has long offered its own antipiracy software to other companies, and now is emulating Apple's formula with a proprietary format tied to its new Zune player -- which could become stronger as Microsoft exploits connections to its new Vista operating system and Xbox 360 game console, Mr. Shamoon said.

This isn't the first time Mr. Jobs has launched a public broadside against the music industry, in an apparent attempt to sway public opinion. In 2005, amid calls from record labels for iTunes to sell music for a wider range of prices than 99 cents per track, he blasted the labels as "greedy."

Mr. Jobs's suggestion yesterday was applauded by rival Rob Glaser, chairman and CEO of RealNetworks Inc., owner of the Rhapsody music service. He recently called on major labels to drop DRM for digital-music purchases. "Doing so would be the right thing for consumers and would also be good for everyone in the industry," Mr. Glaser said. "It's great to see other industry leaders support this message."

Jobs Wants Fewer Download Limits (USAT)

By Kevin Maney

USA Today, February 7, 2007

Apple CEO Steve Jobs is trying to start a stampede to make music downloaded from iTunes or any online store playable on any device without restrictions.

In a major pronouncement that joins a growing chorus of discontent about copy restrictions, Jobs on Tuesday posted a manifesto, " Thoughts on Music," on Apple's website.

It argues that digital rights management (DRM) technology, which record companies require in digital music files to limit where and how songs can be played, has failed to stop piracy and impedes development of the online music industry.

COMMENT: What do you think?

Within minutes, the essay was picked up by bloggers and circulated worldwide.

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Jobs asked Europeans to pressure major Europe-based music companies — Universal, EMI and Sony BMG (half-owned by Germany's Bertelsmann) — to end DRM. "Convincing them to license their music to Apple and others DRM-free will create a truly interoperable music marketplace," Jobs wrote. "Apple will embrace this wholeheartedly."

Apple, which dominates the legitimate digital download market, uses DRM called FairPlay. Songs bought at iTunes can play only on PCs using iTunes software or on Apple's iPod. Songs with DRM from other companies such as Microsoft and RealNetworks won't play on iPods.

Apple has been accused of using FairPlay to lock consumers into iTunes. Jobs contests that, noting that just 3% of songs on an average iPod were bought through iTunes and have DRM. Songs copied from CDs and music files in the MP3 format can be played anywhere.

Bloggers, tech execs and some musicians jumped in to side with Jobs. "I see 2% of DRM as protecting copyright and 98% annoying consumers," music artist Moby said.

RealNetworks CEO Rob Glaser said he "gave a speech on this exact topic advocating this exact position ... two weeks ago."

The key is whether record labels will give up DRM. "We'll continue experimenting" with DRM-free releases, says Adam Grossberg, spokesman for EMI. The label has put out songs by Norah Jones and Relient K with no DRM. Warner Music Group and Sony BMG spokesmen didn't respond to requests for comment.

Another question is whether lifting DRM will lead to more piracy and fewer royalties to musicians. "If it increases piracy, everybody loses," says John MacFarlane, CEO of Sonos, which makes a home digital music system.

Jobs Calls For End To Music Copy Protection (NYT)

By John Markoff

The New York Times, February 7, 2007

SAN FRANCISCO, Feb. 6 — Steven P. Jobs, Apple's chief executive, jolted the record industry on Tuesday by calling on its largest companies to allow online music sales unfettered by antipiracy software.

The move is a gamble for Apple. Its iPod players and iTunes Store have defined the online music market, and they have much at stake in the current copy-protection system.

Under terms reached with the major record labels, online music stores embed software code into the digital song files they sell to restrict the ability to copy them. Because Apple uses its own system, the songs it sells can be played only on the iPod. That limitation has drawn increasing scrutiny from European governments, pressure that Apple has recently begun to acknowledge.

Mr. Jobs's appeal, posted on the company's Web site Tuesday, came in the form of an essay titled "Thoughts on Music," but in essence it was a letter to the "Big 4" music companies: Universal, Sony BMG, Warner and EMI.

While he said that "customers are being well served" by the current approach to digital rights management — with online music retailers using incompatible antipiracy systems but nonetheless offering "a wide variety of choices" — the subtext clearly pointed to the prospect of change.

He dismissed one possible alternative, in which Apple would license its own system, FairPlay, allowing competing digital players to play iTunes songs and letting other stores sell copy-protected music for the iPod. Mr. Jobs said that approach would only complicate enforcement of digital rights management, as myriad companies would have to coordinate software and hardware updates.

Instead, he proposed that labels could shed digital rights management altogether. Mr. Jobs pointed out that only 10 percent of all music sold last year was through an online store and that music is already easily loaded onto digital players from CDs, with no antipiracy features. Attaching digital rights management to music bought online has only limited the number of online music stores, he wrote.

"This is clearly the best alternative for consumers, and Apple would embrace it in a heartbeat," he wrote.

Mr. Jobs's move comes as the music industry appears to be facing a crisis. Sales of its mainstay product — the album — continue to sink, and sales of digital music, including individual songs, have not increased fast enough to offset the decline.

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With a paucity of hit releases to start the year, industrywide album sales are already down more than 15 percent from last year, the worst January performance since computerized sales tracking began in 1991.

At a forum in France last month, Rob Glaser, chief executive of RealNetworks, which operates the Rhapsody digital music service, predicted the widespread availability of unrestricted digital music within a few years. He said it was "an idea in ascendance and whose time has come."

But Mr. Jobs is clearly the most powerful voice raised so far in support of a change. With the clout built on his company's market share for both players and music, he has already prevailed against the labels in disputes over pricing.

Facing pressure to bolster digital sales, the four major music companies have only toyed with the idea of selling unprotected files — most notably with a personalized version of a Jessica Simpson song and the first single from the new album of Norah Jones. MySpace, the social-networking giant that is host to pages for countless independent and major-label acts, has embraced the unrestricted MP3 format for artists who choose to sell music there.

More recently, the industry has been abuzz with rumors that one or more of the major companies is preparing to lift restrictions on some portions of their digital catalog.

Jeanne Meyer, a spokeswoman for EMI, said, "The lack of interoperability between a proliferating range of digital platforms and devices is increasingly becoming a real issue for music consumers."

The Universal Music Group, the Warner Music Group and Sony BMG Music Entertainment declined to comment. But several industry executives said they viewed Mr. Jobs's comments as an effort to deflect blame from Apple and onto the record companies for the incompatibility of various digital music devices and services.

There is a general sense that the industry is still unwilling to do away completely with copy protection, and no contracts have been signed yet to change the systems of distribution by any of the players.

A senior executive at one company, who requested anonymity to avoid straining relations with Apple, said that while labels might experiment with other forms of copy-protection software, "we're not going to broadly license our content for unprotected digital distribution."

Another digital music industry executive said that the record companies — many of them part of larger media companies involved in movie and television production — were concerned that lifting restrictions on digital music might have perilous effects on the parallel market for copy-protected video content.

Several consumer electronics and music industry executives said that if the music industry moved away from copy protection, it could potentially make it easier for competing music players. Mr. Jobs seems to be betting that anything that stimulates the sale of digital music can only help his company.

"It's a bold move on his part," said Ted Cohen, managing partner of TAG Strategic, an industry consultancy; he is also former senior vice president for digital development and distribution for EMI Music. "If anything can play on anything, it's a clear win for the consumer electronics device world, but a potential disaster for the content companies."

The global music trade group, the International Federation for the Phonographic Industry, based in London, has long pushed for "interoperability," saying Apple should license its digital management system so that iTunes music plays on devices other than the iPod. But the industry has also stuck with the idea of some kind of digital control to prevent wholesale copying of musical tracks.

Officially, the industry chose to respond Tuesday by seizing on one idea that Mr. Jobs raised — licensing Apple's own copy-protection system — even though he went on to reject it. "Apple's offer to license FairPlay to other technology companies is a welcome breakthrough and would be a real victory for fans, artists and labels," the Recording Industry Association of America said.

Mr. Jobs's statement drew criticism from some competitors, who argued that he was simply trying to get in front of a shift in industry strategy and claim credit for it.

Jason Reindorp, marketing director for Zune at Microsoft, said Mr. Jobs's call for unrestricted music sales was "irresponsible, or at the very least naïve," adding, "It's like he's on top of the mountain making pronouncements, while we're here on the ground working with the industry to make it happen."

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“He’s certainly a master of the obvious,” Mr. Reindorp said, adding that “the stars were already aligning” to loosen the restrictions.

In Norway last month, after a yearlong investigation, the government’s consumer ombudsman ruled that iTunes violates national law by restricting playback to iPods. The government gave Apple until Oct. 1 to make changes.

Consumer agencies in six other European countries are looking into the legality of limiting how legally purchased songs can be played.

Late last month, as consumer groups across the region began banding together, Apple issued a statement that said, “Apple hopes that European governments will encourage a competitive environment that allows innovation to thrive, protects intellectual property and allows consumers to decide which products are successful.”

In 2005, France lobbed the first legislative volley in the European effort to fight digital restrictions, but by the time the law was adopted last summer, most of the teeth were gone from the proposal. Now, the French are putting together a government commission that will rule on the legality of digital rights restrictions case by case.

Jobs Calls For Open Music Sales (WP)

By Mike Musgrove

The Washington Post, February 7, 2007

Apple chief executive Steve Jobs yesterday called on record companies to let online music stores sell digital music files without anti-piracy controls, an idea that some analysts say has merit.

"This is clearly the best alternative for customers and Apple would embrace it in a heartbeat," Jobs wrote in a column titled "Thoughts on Music," which was posted on Apple's Web site yesterday.

Critics have complained that digital rights management, or DRM, software built into tracks sold on the company's iTunes music store locks users into Apple's iPod. Such competitors as Real Networks, as well as some European countries, have called on Apple to share its software code or otherwise open its protected music file format. Doing so would allow devices other than iPods to play music downloaded from iTunes and would allow music purchased elsewhere on the Internet to be played on iPods.

But Jobs wrote that Apple sells music solely for the iPod because that's what the music industry insisted on when he was negotiating deals years ago -- even though "DRMs haven't worked, and may never work, to halt music piracy."

"A key provision of our agreements with the music companies is that if our DRM system is compromised and their music becomes playable on unauthorized devices, we have only a small number of weeks to fix the problem or they can withdraw their entire music catalog from our iTunes store," Jobs wrote.

The problem, he said, is "there are many smart people in the world, some with a lot of time on their hands, who love to discover such secrets and publish a way for everyone to get free (and stolen) music."

Phil Leigh, senior analyst and president of Inside Digital Media, said Jobs's comments were legitimate, albeit a bit self-serving.

"Jobs is trying to show that Apple is not the bad guy when it comes to proprietary formats," Leigh said, noting that the open letter was an aggressive public-relations tactic by a company that eventually will have to renegotiate with the record companies. "I think he's taking the offensive here."

Chris Castle, a music-industry lawyer who represented the original Napster, said the shift from CDs to digital music has hurt the music industry enough that it might be willing to consider Jobs's points.

"I think the labels are finally starting to come around to this," he said. "There's more willingness to entertain this sort of thing than there ever has been."

Jobs noted that eliminating DRM software is only one alternative. Another, he said, would be for Apple to license its FairPlay DRM technology to competitors -- for a fee. But, he said, releasing the secrets of the technology could lead to leaks, which can spread around the world in an instant over the Internet.

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The Recording Industry Association of America, which has battled music piracy for years, called Apple's offer to license FairPlay "a welcome breakthrough and would be a real victory for fans, artists and labels. There have been many services seeking a license to the Apple DRM. This would enable the interoperability that we have been urging for a very long time."

In its statement, the RIAA did not address Jobs's idea of eliminating DRM software.

In his letter, Jobs noted that EMI and Universal, two of the big four CD labels, are both owned by European companies while 50 percent of a third, Sony BMG, is owned by Bertelsmann, a German company. The fourth, Warner, is based in the United States.

"Much of the concern over DRM systems has arisen in European countries," Jobs wrote. "Perhaps those unhappy with the current situation should redirect their energies towards persuading the music companies to sell their music DRM-free. . . . Convincing them to license their music to Apple and others DRM-free will create a truly interoperable music marketplace."

In Equity Office Battle, A Matter Of Scale (WSJ)

By JENNIFER S. FORSYTH And HENNY SENDER

The Wall Street Journal, February 7, 2007

With only hours until shareholders of Equity Office Properties Trust are to decide whether to sell the company to private-equity firm Blackstone Group, the outcome was still up in the air last evening.

If Vornado Realty Trust comes in with a higher offer before the vote at noon EST today, it would likely delay the tally -- at least until the Equity Office board has time to consider whether any new offer resolves its reservations that Vornado's previous bids have had too many uncertainties.

At stake in this high-noon gunfight is the nation's largest office portfolio and bragging rights to pulling off one of the largest leveraged buyouts in U.S. corporate history -- valued at $23 billion, not including the assumption of Equity Office's $16 billion in debt. But the risk for the eventual winner is considerably higher than when the bidding battle began in November with Blackstone's initial bid.

In addition to the size, the bidding battle involves two longtime kings in the commercial real estate world -- with Equity Office led by chairman Sam Zell and Vornado led by chief executive Steven Roth -- and a relative newcomer in Blackstone. Blackstone has become a huge player in real estate with acquisitions within the last 24 months, reflecting the aggressive strategy of Jonathan Gray, the 37-year-old head of its real estate group.

What's clear is how much both Blackstone and Vornado desperately desire Equity Office's stake in more than 500 buildings at a time of rising rents and falling vacancies in many markets, with neither firm yet raising a white flag.

Since Jan. 17, when Vornado first weighed in with a higher offer, Blackstone has moved up its all-cash bid first to $54 a share from $48.50 and then, yesterday morning to $55.50. Meanwhile, Vornado has increased the total amount of its cash-and-stock bid to $56 a share and promised to pay the cash portion before a shareholder vote. But at the same time, Vornado reduced the cash portion of its offer to 55% from 60% and didn't offer to pay Equity Office shareholders a fee if its own shareholders decline to approve its bid.

As of late yesterday afternoon, Vornado had no comment. If Vornado doesn't come in with a higher offer addressing Equity Office's concerns, Equity Office shareholders are expected to decide that Blackstone's bid is superior. Even if Vornado does increase its price, most shareholders say they want a price above $58 to make the decision a no-brainer.

Equity Office's board is urging its shareholders to accept Blackstone's offer. Even with Vornado's agreement to offer the cash portion up front, the remaining merger would still be subject to approval by Vornado shareholders, which could take four to six months, according to a statement issued yesterday by Equity Office.

Perhaps more frustrating to Equity Office's board is that Vornado's weekend offer came in the form of a two-page letter, not a definitive contract that could help the board assess whether the offer was truly superior to Blackstone's.

In its statement, EOP said despite repeated requests, "Vornado has failed to address significant contractual issues identified by the board."

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Moreover, Equity Office agreed yesterday to raise the breakup fee -- the amount that Blackstone would receive if EOP accepts a competing offer -- to $720 million, up from $500 million last week and $200 million when the deal was announced by Equity Office in November. Any offer from Vornado would have to factor in that payment.

That puts Blackstone in a seemingly enviable position. Either it cements its reputation as a determined investor that just sealed the biggest private-equity deal ever by many measures, or it walks away with a $720 million consolation prize to share with its investors.

But some shareholders wonder if Equity Office directors are focusing too much on the risk instead of seeing the upside opportunity of accepting an offer from a company with a reputation at increasing shareholder value. Dean Frankel, domestic portfolio manager of Urdang Securities Management, an Equity Office shareholder, says he is disappointed the Equity Office board agreed to allow Blackstone to raise its breakup fee. "Blackstone is being treated as the brother and Vornado is treated as a stepbrother," he says.

Those familiar with the transaction say the higher breakup fee had a strategic role: trying to force Vornado to put a definitive contract on the table or to let Equity Office close the deal by the end of the week.

Shareholder Vote Today Could Settle Fight For Office REIT (NYT)

By Terry Pristin

The New York Times, February 7, 2007

The feverish competition over Equity Office Properties Trust, the nation's largest office landlord, appeared to be nearing an end yesterday, with the original suitor, the Blackstone Group, leading the bidding.

Real estate investors waited yesterday to see if Vornado Realty Trust would try to top Blackstone's latest all-cash offer of $55.50 a share, which was approved during the night by Equity Office.

Equity Office shareholders are scheduled to vote today on the $39 billion bid by Blackstone, a private equity company.

"I'm hearing that it's over," said Barry Vinocur, the editor of REIT Wrap, a daily newsletter about real estate investment trusts. "Vornado has gone radio silent and has been that way all day."

Mr. Vinocur said he had been told that Blackstone had amassed the votes necessary for shareholders to approve the merger. Blackstone has said it could close the deal on Friday. If the Blackstone bid is not approved today by a majority of eligible shareholders, the merger agreement would be terminated and the bidding could continue.

If Vornado fails to raise its bid to win the deal, many investors will be surprised. Vornado's chief executive, Steven Roth, has said that buying Equity Office would make his company the dominant real estate investment trust in the office sector, with a strong portfolio of "irreplaceable assets" in the markets where it is hardest for developers to put up new buildings. In addition to office buildings, the company owns shopping centers and showroom space.

"The Vornado team views this as a transformative transaction for their company," said Keven S. Lindemann, the director of real estate for SNL Financial, a research company in Charlottesville, Va. Equity Office owns interests in 543 buildings across the nation.

Mr. Roth said he would keep most of the Equity Office buildings that are in coastal cities, strengthening Vornado's portfolio in the hot Manhattan market, adding to its holdings in Washington and instantly establishing a strong presence in three new markets: Los Angeles, San Francisco and Boston.

About $10 billion worth of property would be sold to two private equity companies, the Starwood Capital Group and Walton Street Capital. The two were Vornado's partners in its original bid.

If Blackstone prevails, it is considered likely to sell much of the Equity Office portfolio within months of the transaction.

Whichever suitor is successful, the transaction will be the largest leveraged buyout ever.

Though Vornado's bid is higher at $56 a share, it would be paid in cash and stock. Analysts say Blackstone's offer is superior because the deal could close as soon as Friday.

Green Street Advisors, a research company in Newport Beach, Calif., which earlier recommended a vote in favor of Vornado, endorsed the Blackstone bid yesterday.

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On Sunday, Vornado offered to pay the cash portion of its bid several weeks — instead of several months — after a merger agreement is signed. Vornado said its new bid would address Equity Office's concerns that the original deal posed too much risk for shareholders. Though Vornado shareholders would still have to approve the issuance of stock, the tender offer portion of the transaction would not need their approval, the company said.

Equity Office said Vornado had not allayed all its concerns. It said Vornado needed to agree to pay Equity Office hundreds of millions of dollars if the deal fell through.

Documents filed yesterday with the Securities and Exchange Commission revealed that on Monday, Equity Office pressed Blackstone to come up with more cash. Several major investors had made it clear that they preferred Vornado's richer offer and thought the risks had been exaggerated.

Later that day, Jonathan D. Gray, a senior managing director at Blackstone, told Richard D. Kincaid, the president of Equity Office, that he would be willing to pay $55.25 a share, provided that the breakup fee that Vornado would have to pay Blackstone was increased to $700 million from $500 million.

Pushing for more, Mr. Kincaid asked Mr. Gray if Blackstone would add another 25 cents a share. It would, Mr. Gray told him, but only if the breakup fee rose to $720 million and the company did not postpone today's shareholders' meeting.

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By Mike Barris

The Wall Street Journal, February 7, 2007

MGIC Investment Corp., a provider of insurance on low-down-payment mortgages, said Tuesday it agreed to acquire Radian Group Inc., a global credit-risk management company, in a stock swap valued at about $4.9 billion.

Under the agreement, Milwaukee-based MGIC said it will exchange 0.9658 share of its stock for each share of Radian. The terms don't appear to offer Radian shareholders any premium. Radian shares closed Monday down 44 cents at $60.84, while MGIC's offer was valued at $60.78 at Monday's close.

Shares of both companies jumped sharply in early afternoon trading Tuesday. Radian shares were up 9.3% at $66.47, while MGIC shares rose 11% to $69.70.

The combined company, a mortgage and credit-risk insurer to be called MGIC Radian Financial Group Inc., will have assets of nearly $15 billion and primary mortgage insurance in force of more than $290 billion, the companies said. The combined company will have "a broad and balanced mix of businesses including domestic mortgage insurance, financial guaranty, financial services and international credit enhancement," the companies said.

MGIC Chief Executive Curt S. Culver will head the company until 2009, when he will cede the CEO job to Radian Chief Executive S.A. Ibrahim. Mr. Culver will pass the chairman post to Ibrahim in 2010. The board initially will be tilted 6-5 in MGIC's favor, but will add a sixth Radian director soon after the deal closes.

MGIC is the parent of Mortgage Guaranty Insurance Corp., a provider of private mortgage insurance serving about 5,000 lenders nationwide and in Puerto Rico. MGIC had $176.5 billion in primary insurance in force covering 1.3 million mortgages as of Dec. 31. The company reported last month that its fourth-quarter earnings fell to $121.5 million from $128.1 million a year ago, as revenue slipped 1% to $367.2 million.

Radian, Philadelphia, provides private mortgage insurance coverage to protect lenders from defaults by borrowers who put down a deposit of less than 20%. It offers primary insurance, which provides protection on individual loans and covers unpaid loan principal and delinquent interest; it also provides pool insurance, which covers unlimited exposure on groups of loans.

Radian reported last month that its fourth-quarter earnings rose to $158.4 million from $104.5 million the year before, as revenue rose 16.5% to $347.9 million.

In a conference call Tuesday discussing the acquisition, MGIC officials fielded a number of questions related to credit risk in both companies' books of business and to challenges from the weaker housing market overall.

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Mr. Culver said MGIC looked at Radian's credit exposure quite carefully -- notably its exposure to so-called Alt-A mortgages, which are made to borrowers with high credit scores but less than full documentation. While acknowledging that he isn't "a huge fan" of that segment, Mr. Culver said in general lenders seem to be showing more discipline in their underwriting.

Midwest Flies In The Face Of Takeover Effort (USAT)

By Marilyn Adams

USA Today, February 7, 2007

As the USA's biggest airlines jostle to get bigger and more powerful, little Midwest Airlines is happy to be itself: an anachronism.

But things could soon change for Midwest as a result of an ongoing hostile takeover effort being waged by Orlando-based AirTran Airways, the USA's third-biggest discounter.

Milwaukee-based Midwest, which most East and West coast residents have probably never heard of, has no desire to get rich quick, swallow other airlines or be swallowed itself. It flies to cities in America's heartland that the major carriers would just as soon fly over.

Only Midwest, for example, flies non-stop from Omaha to Reagan Washington National, or from Kansas City non-stop to New York LaGuardia. Along the way, flight attendants bake chocolate chip cookies that are served free, still warm and fragrant. It recently completed its first full year of profit since 2000.

The airline "has built up an amazing love affair with its passengers that I've never seen the likes of," says Midwest's marketing chief, Scott Dickson. If AirTran succeeds, he says, "There will be no vestige of Midwest Airlines left."

Over its objections, AirTran has launched a $345 million tender offer to acquire Midwest's shares directly from shareholders in hopes of forcing the board to sell. AirTran undertook the offer after Midwest's management rejected outright an earlier offer to buy the airline.

AirTran, which owns a few hundred Midwest shares, has gone to court to try to get Midwest's full shareholder list and is lobbying Midwest's institutional investors, who own up to half of Midwest's shares. Shareholders' deadline to tender shares is March 8, extended from an earlier deadline of Feb. 8.

"We think we're making progress with them," says AirTran CEO John Leonard.

Even if AirTran gains traction with shareholders, Midwest's board could launch a "poison pill," diluting its shares to make the deal too costly.

AirTran has offered $13.25 in stock and cash for every Midwest share, a 46% premium over the share price on Dec. 12, the day before the offer became public. That's up from an offer of $11.25 in December.

"It's nice to be wanted," Midwest CEO Tim Hoeksema says with deadpan wit. But Hoeksema, who has run the airline for 23 years, says the offer would take the company down the wrong path.

Midwest's directors decided unanimously that the offer was too low and that the airline doesn't need a partner to succeed. Because of cost-cutting in recent years, "We are in the strongest competitive position we have ever been in," Hoeksema says. "We think we have a lot of value here."

With US Airways' withdrawal of its hostile bid for Delta Air Lines last week, the AirTran proposal becomes the only proposed merger still on the table among domestic airlines. And it is much smaller than the $10 billion US Airways offer, which would have created the USA's biggest domestic carrier. AirTran is the 12th-biggest U.S. airline, and Midwest is No. 23.

AirTran flies mainly out of Atlanta, the world's busiest airport. It competes head on with Atlanta-based Delta, the USA's third-biggest airline. Aside from some of their airplanes — both fly Boeing 717s — the airlines have little in common.

What is now Midwest Airlines began in 1969 as a corporate jet service for executives of paper manufacturer Kimberly-Clark out of Appleton, Wis. In 1984, the company began scheduled service and went public in 1995.

Midwest's passengers seem to love their homey little airline with its two-across, four-to-a-row leather seats on many flights. Like other airlines, Midwest started charging for meals and wine in the post-9/11 travel downturn. Even now, the food is better than most. It has won awards from Travel & Leisure magazine, Condé Nast travel publications and food reviewer Zagat.

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Midwest loyalist Judy Schweikart, an Omaha lawyer, flies the airline whenever she can, and dreads the thought of a takeover.

"If they make Midwest into AirTran, they're going to lose something unique," she says. "I hope the shareholders turn it down."

Meanwhile, AirTran executives can't fathom Midwest's rejection and its refusal to even sit down for talks. Leonard, the CEO, says Midwest is profitable only because Minneapolis-based Northwest, which serves Milwaukee, has cut flights while in bankruptcy protection. Midwest disputes that assertion.

Leonard says Midwest is so small and dependent on Milwaukee that it would be crushed if Northwest set its sights on that market. Northwest still has six gates at Milwaukee Mitchell airport, and could add flights and put pressure on Midwest after exiting bankruptcy, he says.

If AirTran and Midwest merged, both would be stronger, Leonard says. AirTran would go from serving 52 cities to more than 70 overnight. AirTran could increase flights to lucrative destinations Midwest also serves, such as New York, Boston and Los Angeles.

But Hoeksema says AirTran is simply "desperate" because it has "all these airplanes coming" and needs to expand. AirTran is scheduled to receive 60 new planes between now and 2010, and needs places to put them. The merged carrier could put new Boeing 737s on routes Midwest is now serving with aging MD80s and smaller 717s.

AirTran has even offered to keep serving free chocolate chip cookies on the merged carrier if the deal goes through. But they would not be baked onboard.

ENVIRONMENT/INDIAN AFFAIRS:

US Farmworkers, Environmental Groups Reopen Lawsuit To Quicken Pace Of Pesticide Ban (FINDLAW/AP)

By Anne Kim, Associated Press Writer

AP, February 7, 2007

(AP) - SEATTLE-Farmworkers and environmental groups have reopened a lawsuit against the U.S. Environmental Protection Agency in an attempt to force it to more quickly phase out a pesticide they say has been poisoning fieldworkers for decades.

The federal lawsuit challenges a decision by the EPA last November to set a 2012 timetable for phasing out the pesticide azinphos-methyl, known as guthion or AZM.

"These pesticides put thousands of workers at risk of serious illness every year," Erik Nicholson of the United Farm Workers of America said Monday in a news release. "It is inexcusable for EPA to allow AZM to continue poisoning workers for six more years."

The pesticide has been used on apples, cherries, pears and other crops since the late 1950s.

The farmworkers and environmental groups, represented by the environmental law firm Earthjustice, sued the EPA in federal court in Seattle in 2004, arguing that the agency was wrong to continue allowing the use of a pesticide that could cause dizziness, vomiting, seizures, paralysis, loss of mental function and even death. The lawsuit was put on hold when the EPA agreed to reconsider the use of AZM and another pesticide, phosmet, which is used on orchard crops and blueberries.

Last November, the EPA decided to end the use of AZM on nursery stocks and Brussels sprouts by Sept. 30, 2007. The phase-out for nuts was extended until Oct. 30, 2009, and for apples, blueberries, cherries, pears and parsley until Sept. 30, 2012.

The EPA decided to lengthen the phase-out time but also progressively limit the amount of AZM that would be available during the period, Enesta Jones, an EPA spokeswoman, said Monday.

"This allows sufficient time to facilitate the transition to safer alternatives," she said. "Public health is still our top priority and the agency will implement several risk mitigation measures to reduce exposure and ways to minimize harm if the public is exposed as this phase-out occurs."

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In January, the EPA decided to lengthen - for some uses of phosmet - the amount of time workers are restricted entry into areas treated with the pesticide and added other restrictions to nine uses of phosmet, such as lowering the maximum amount of phosmet that can be applied each season.

But that does not adequately protect workers, said Patti Goldman, managing attorney for Earthjustice.

Earthjustice also wants to end the use of the pesticide chlorpyrifos, used on corn and orchard crops, and seeks to add it to the reopened lawsuit, Goldman said.

Gore Says Bush Administration Paying Scientists To Dispute Global Warming (CNN)

CNN, February 7, 2007

MADRID , SPAIN (CNN) -- Former Vice President Al Gore said in an interview on Tuesday the Bush administration is now paying scientists to dispute global warming since the administration can no longer argue against it.

During an interview with CNN affiliate Cuatro in Madrid, Gore said, "they've lost the argument and they don't want to stop dumping all this pollution into the Earth's atmosphere. The only thing they have left is cash and now they're offering cash for so-called skeptics who will try to confuse people about what the science really say. But it's unethical because now the time has come when we have to act."

Gore was the Democratic nominee against Bush in the 2004 presidential election. His film, An Inconvenient Truth, is up for the best documentary Oscar.

China Says Rich Countries Should Take Lead On Global Warming (NYT)

By Jim Yardley

The New York Times, February 7, 2007

BEIJING, Feb. 6 — China said Tuesday that wealthier countries must take the lead in curbing greenhouse gas emissions and refused to say whether it would agree to any mandatory emissions limits that might hamper its booming economy.

Jiang Yu, a spokeswoman for the Foreign Ministry, said China was willing to contribute to an international effort to combat global warming but placed the primary responsibility on richer, developed nations that have been polluting for much longer.

“It must be pointed out that climate change has been caused by the long-term historic emissions of developed countries and their high per capita emissions,” she said, adding that developed countries have responsibilities for global warming “that cannot be shirked.”

Ms. Jiang’s comments, combined with another briefing on Tuesday by the country’s leading climate expert, represented China’s first official response to a landmark report issued last week by a United Nations panel of scientists that declared global warming is “unequivocal” and warned that immediate action must be taken to prevent harmful consequences.

China is the world’s second largest emitter of the greenhouse gases contributing to climate change, trailing only the United States. Last November, the International Energy Agency in Paris predicted that China would pass the United States in emissions of carbon dioxide in 2009. China had been expected to surpass the United States as late as 2020, but its soaring consumption of coal has rapidly increased the country’s emissions.

China derives nearly 70 percent of its energy from coal-fired power plants, many of them equipped with substandard pollution controls.

Chinese officials have long noted that China’s per capita emissions remain well below the averages in wealthier countries, including the United States. Officials also argue that China remains a developing country without the financial resources or technological prowess to make a rapid shift to cleaner, more expensive energy technology.

China has not disputed the scientific rationale behind global warming or denied the potential harm it could cause. Later this year, China is expected to release broad policy goals on how it can reduce emissions and respond to global warming. In December, it issued a report warning that climate change posed a serious threat to the country’s agricultural output and economy.

“The Chinese government is taking climate change extremely seriously,” Qin Dahe, chief of the China Meteorological Administration, told reporters at the briefing. “President Hu Jintao has said that climate change is not just an environmental issue but also a development issue, ultimately a development issue.”

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Indeed, even if Chinese leaders acknowledge the problem, they remain resistant to any sweeping measures that could threaten the country's development. Some efforts are already meeting with uneven results.

Mr. Qin, who served as a co-chairman of the United Nations panel that issued the global warming report last week, noted that China had set an ambitious five-year goal of improving energy efficiency by 20 percent. But last year, the country failed to meet the initial target in that schedule.

China's standing as both a huge developing country and as one of the world's fastest-growing economies has given it prominence in the global warming debate. Along with India, China is exempt from the requirements of the Kyoto Protocol, the agreement that calls on industrial nations to reduce emissions by 2012. (The United States signed the agreement, but has not ratified it.)

Asked if China would agree to mandatory, specific targets to reduce emissions, Mr. Qin did not answer directly.

"As a developing country that's growing rapidly and has a big population, to thoroughly transform the energy structure and use clean energy would need a lot of money," Mr. Qin said, according to [a news agency].

Ms. Jiang, the Foreign Ministry spokeswoman, said China recently ordered a shutdown of dirtier coal-fired power plants that emitted 5.4 million tons of sulfur dioxide a year.

Meanwhile, China has been experiencing record warm temperatures this winter that scientists attribute at least partly to global warming. Temperatures in Beijing have soared into the 50s in February, a month when the historical average is just below freezing.

Legacy Of Radiation Illness Stirs Objection To Nevada Bomb Test (WP)

By Sonya Geis

Washington Post, February 7, 2007

ST. GEORGE, Utah -- When the baby boomers of St. George were children, radioactive ash from nuclear test explosions in Nevada regularly drifted toward the red bluffs of their town and fell like snow. They played in it and wrote their names in it on car windows.

The federal government reassured the townspeople they were in no danger as it detonated 952 bombs in Nevada over four decades. But thousands of people who lived downwind of the test site got radiation-related cancer, and the town of 50,000 has its own cancer-treatment center today.

So when word got out recently that the government wants to test a huge conventional bomb in Nevada, sending a mushroom cloud thousands of feet in the air, people in St. George felt an unwelcome blast from the past.

At a series of emotional meetings last month in Las Vegas, St. George, Salt Lake City and the Idaho capital of Boise, people who live downwind of the Nevada Test Site expressed fear that if the government goes ahead with its code-named Divine Strake test, radioactive dust from previous tests will blow their way.

"People here have been exposed to radiation already. We don't need any little extra push," St. George native Michelle Thomas said in her home last week.

Thomas, 54, has had cancer twice, in the breast and in a salivary gland, and had a pre-malignant ovary removed. She suffers from polymyositis, a muscle-degenerating autoimmune disease. Ever since she became too sick to work as a teacher, she has spent her time on anti-nuclear activism.

"Fool me once, shame on you. Fool me twice, shame on me," she said.

The Pentagon plans to test a 700-ton ammonium-nitrate-and-fuel-oil "bunker buster" weapon on the Nevada Test Site, a 1,375-square-mile chunk of desert. Divine Strake will demonstrate the impact on deeply buried tunnels should a U.S. complex be attacked, or should the United States attack a bunker in another country. No date for the test has been set.

The Defense Threat Reduction Agency (DTRA) planned to conduct Divine Strake last June, but a Reno lawyer got an injunction to stop it. Robert Hager filed suit in April in federal court on behalf of the Western Shoshone tribe and people living downwind of the test site. A status hearing on the suit is scheduled for March 2.

Prompted by the lawsuit and outcry by lawmakers in Nevada, Utah and Idaho, the DTRA held a series of meetings and released a new environmental assessment.

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Its studies predict a mushroom cloud will rise about 4,500 feet above the desert and then settle back in place. The amount of radiation that might be released at the boundaries of the test site will be equivalent to the amount released by a smoke detector, authorities said.

"The Nevada Test Site is one of the best-studied areas in terms of meteorology," said Darwin Morgan, a spokesman for the Nevada Site Office. "We know the volume of dust picked up from the explosion. We took the weather for the worst time period: January, with the highest winds. When you model to that, it stays on the test site.

"Now, will every single microscopic atom stay on the test site?" he continued. "No, you can't do that. But the bulk of the dust will remain on the test site."

Defense officials have looked at moving the test to another site, but they say the alternatives would cost $100 million and take three years of planning. Holding it in Nevada could be done this year for $5 million.

"My personal feeling is, rather than have people completely discombobulated, like they're doing, it would be better to have it somewhere else," Sen. Orrin G. Hatch (R-Utah) said. "If it costs $100 million more, that's better than having people scared to death and worrying they're going to suffer the same afflictions their families did."

Besides citing health concerns, Hager's lawsuit also charges the test would be held improperly on tribal land, and that the government is really seeking to test the effects of a nuclear bomb.

James Tegnelia, director of the DTRA, has acknowledged there is now no way to transport a single conventional bomb of the type Divine Strake will test. Also, budget documents from 2005 and 2006 say Divine Strake will simulate a "low yield nuclear weapon ground shock environment." But the agency has since disavowed the word "nuclear," and DTRA officials said they have no plans to test nuclear weapons in the future.

Rep. Jim Matheson (D-Utah), whose district includes St. George, is not convinced.

"There's no such thing as a 700-ton conventional weapon," Matheson said in an interview. "Make no mistake about it, there's an effort to move into creating new nuclear weapons."

Matheson's family suffered personally from fallout, and he is just as skeptical as some of his constituents about Defense Department assurances. Matheson's father, former Utah governor Scott Matheson, died of multiple myeloma, a rare cancer that can be linked to radiation exposure.

Like others in southern Nevada, he speaks bitterly of declassified documents that show the government did not detonate nuclear bombs when the wind blew toward Las Vegas. They waited until the wind blew toward St. George.

"The people in Utah have long memories," Matheson said. "They've been lied to before. The people in Utah are so patriotic, they're among the most supportive of the government in the nation, and the government has taken advantage of that. So I'm always skeptical when someone tells me not to worry about the testing of weapons."

Democrats Rip EPA Chief Over Reforms (AP)

By Erica Werner

AP, February 7, 2007

The head of the Environmental Protection Agency faced down hostile critics Tuesday in his first committee appearance before the Democratic-led Congress, denying accusations that agency decisions last year rolled back environmental safeguards.

"These decisions and actions all accelerate the pace of environmental protection. They all deliver environmental results," EPA Administrator Stephen Johnson told the Senate Environment and Public Works Committee.

"Nobody's fooled by this," responded the new committee chair, Democratic Sen. Barbara Boxer of California.

"EPA has gone too long without meaningful oversight," she said, contending the changes "benefit polluters' bottom line and they hurt our communities."

At issue were a number of changes EPA made last year, including a new policy that reduces the role of scientists in setting air pollution standards; a move to raise the threshold for reporting releases of toxic chemicals; and the shuttering of five agency libraries where the public could look at scientific and health documents.

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A Government Accountability Office study released Tuesday said that EPA did not adhere to its own rule-making in making the changes to toxic chemicals reporting. The Toxic Reporting Inventory changes, said GAO, "will likely have a significant impact on information available to the public about dozens of toxic chemicals" at facilities nationwide.

Johnson said the new rule encourages businesses to adopt better waste management practices by allowing them to reduce emissions reporting if they do so. "My interest is to do anything I can to encourage businesses to reduce emissions," he said.

The EPA libraries were closed, Johnson said, because they got barely any visitors and the information they housed was being put on the Internet.

Boxer confronted him with internal agency e-mails and Web postings indicating more libraries were closed than he seemed to be aware of and suggesting EPA staff was ordered to throw away scientific journals at one library.

Johnson said some journals were discarded after they were contaminated by mold in a flood, and that in some cases documents were destroyed if there was more than one copy of them.

"Mr. Johnson, you're reading those notes very well, but you're unaware of what's happening in the agency," Boxer said.

Several Republicans on the panel defended Johnson, praising him for streamlining agency regulations and ridiculing the idea that poorly attended libraries were necessary.

Sen. James Inhofe, R-Okla., held up a series of books and videos he said were at EPA libraries. One was "The Lorax" by Dr. Seuss. Another was called "Fat Chicks Rule! How to Survive in a Thin-centric World." There was also a pilates exercise video and a computer software guide from 1983.

Senator Grills EPA Chief Over `environmental Rollbacks' (MCT)

By David Whitney

McClatchy Newspapers, February 7, 2007

WASHINGTON - Sen. Barbara Boxer, the new chair of the Senate Environment and Public Works Committee, lambasted the head of the Environmental Protection Agency over "environmental rollbacks" in a hearing on Tuesday that was equal parts political theater and substance.

Conducting her first oversight hearing since becoming the panel's head last month, the liberal California Democrat detailed six areas where she said the agency's decisions have benefited industries at the expense of public health.

"EPA has gone too long without meaningful oversight," Boxer said. "I want to send a clear signal to EPA and to this administration: We are watching . . . and no longer will EPA rollbacks quietly escape scrutiny."

EPA Administrator Stephen L. Johnson defended the agency's actions, telling the committee that the Bush administration has a solid record of environmental achievement, including new rules on diesel fuel that he touted as the "single greatest achievement in clean fuel since lead was removed from gasoline."

"Regardless of rhetoric, our environmental record is clear," he said. "America's air, water and land are cleaner today than it was a generation ago, and under the Bush administration this progress continues."

Boxer focused the hearing on rules or policy decisions that the EPA proposed over the last six months or so, many of them in December before the Democrats took control of Congress.

Among the changes were reducing the requirements for some big industries to detail their release of toxic pollutants; weakening the role of scientists in air quality decisions; proposing to revoke the standard for lead emissions; and other changes on industrial air pollution.

Boxer and other committee Democrats complained that the changes were often at the behest of industry, resulting in less public awareness of the health threats in people's communities. Another policy they attacked was the closure of five of 26 EPA libraries and reduced hours at others.

"The pattern of these year-end actions is striking," Boxer said. "The public interest is sacrificed and environmental protection compromised."

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But Johnson, a 25-year EPA employee, said each of the rules Boxer raised was subject to misinterpretation. For example, he said, only companies that had eliminated or reduced other harmful emissions wouldn't have to report certain toxic pollutants in detail.

That change was one of the most controversial taken up at the hearing because those company reports become part of the national Toxic Release Inventory, a registry that allows people to look up on the Internet the toxic substances that plants vent in their neighborhoods.

The EPA regarded the change as an incentive for industry to cut pollution, Johnson said.

"The result is a cleaner environment for us all," he said.

Boxer zeroed in on the closure of the EPA libraries and employees' reports that large amounts of material was being discarded. Johnson insisted that only reports and journals of which the EPA had multiple copies were being pared.

When Boxer began grilling Johnson on the details, however, he quickly retreated, saying he had no information to answer her questions. But when the panel's senior Republican, Sen. James Inhofe of Oklahoma, asked Johnson about specific children's books and outdated computer manuals in the library collections, Johnson knew not only the titles but also the number of shelved copies.

Boxer said she was amazed by Johnson's knowledge of those books, but also that he was unaware that, as one agency staffer told her in an e-mail, 700 linear feet of journals, 25 percent of them "irreplaceable," were thrown out.

"E-mails have given us a story you apparently are unaware of," she told Johnson.

Republican committee members attempted to portray Boxer's concerns as trivial and the policy changes as prudent efforts at modernizing and streamlining.

"We are focusing on the wrong things," said Sen. Christopher "Kit" Bond, R-Mo.

"I appreciate that you consider these small in comparison to other things," Boxer retorted. "That's why we have two (political) parties."

Mining Heat From The Earth? New Technology Shows Promise. (CSM)

By Mark Clayton

Christian Science Monitor, February 7, 2007

Here's one vision for easing America's energy and emissions woes: Hundreds of drilling rigs are deployed throughout the country. But they're not prospecting for oil; they're looking for underground rock hot enough to produce steam-driven electricity. The potential? Enough power to provide 10 percent of US electricity by 2050 – with near-zero emissions of greenhouse gases.

That's the promise of "enhanced geothermal systems," or EGS, says a recent report by the Massachusetts Institute of Technology in Cambridge, Mass.

There are just two major catches. First, about $800 million in research and development is needed over the next decade to make the drilling technology cost-effective. Second, the Department of Energy is trying to kill the program by ending its funding.

On Monday, the DOE unveiled a $24.3 billion fiscal 2008 budget with more funding for nuclear power, alternative fuels, and science programs – but nothing for geo- thermal.

"The department will conduct our own internal review and assessment of the [MIT] report and its recommendations," DOE spokesman Craig Stevens said in an e-mail. But geothermal energy has "already entered the mainstream," he added. The DOE aims to fund new technologies.

Some parts of the technology are indeed mature. For years, conventional geothermal technology has been tapping mostly hot springs formations in a few isolated locations in the Western US, providing about 0.3 percent of the nation's electricity. The newer, enhanced approach identified by MIT could be developed virtually anywhere.

"It appears that large areas of the United States are suitable for future geo- thermal exploitation in the near term that have not been considered in the past," states the recent report, sponsored by the DOE and written by an 18-member panel convened by MIT. "Most of the key technical requirements to make [it] work economically over a wide area of the country are in effect, with remaining goals easily within reach."

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The report, released Jan. 22, corroborates other reports – by the National Renewable Energy Laboratory last year and the Western Governors Association in 2005 – of a massive "deep geothermal" resource.

"We should give strong credence to the MIT report," says Dan Reicher, former assistant secretary for energy efficiency and renewable energy in the Clinton years. "With these deep resources, we have the potential to access new energy over most of the country, including the East Coast. This is the moment to be adding to, not cutting, the geothermal R&D budget."

Since the 1970s, a few EGS systems have been tested in a half-dozen places in the US, and test systems are now being developed in France and Australia. The EGS promise has grown along with advances in oil and gas drilling technology and US-industry research partnerships.

Unlike drilling for oil, often done in softer, permeable rock, the enhanced geo- thermal approach requires boring down one to six miles into solid rock. Power plants would inject water down one well, passing it through crevices in the hot rock, then extract steam through another well. Federal research should focus on drilling, rock fracturing, and thermal energy conversion technologies, advocates say.

That's because the cost of digging wells can be as much as 60 percent of the total capital investment of a 25- to 100-megawatt geothermal plant, the MIT study says. Today, drilling a 23,000-foot-deep well into New Hampshire granite would cost about $15 million and take nearly half a year, the report estimates. By contrast, drilling a 15,800-foot-deep oil well in 2004 cost $7.5 million on average, the report says. Advocates say more research could dramatically reduce drilling costs.

"One and all, these recent reports agree there is an enormous resource out there [that] we're still learning how to use," says Karl Gawell, executive director of the Geo- thermal Energy Association, a Washington trade group. "That's why it's so ironic when the White House and DOE say, 'Hey, we're done. There's nothing out there left to learn.' It totally contradicts what the studies are saying."

Geothermal's research budget at DOE was $24 million in fiscal 2006 – the smallest among major federal renewable energy research. But at White House budget office urging, the department eliminated geothermal funding for 2007.

In response, Congress last fall voted to restore at least $5 million to keep the program alive. Last week, Congress moved to add $300 million to the DOE's Office of Energy Efficiency and Renewable Energy – but left it up to the department to allocate some of those 2007 funds to geothermal. Now there is growing concern it won't happen.

"The administration has been surprisingly hostile to geothermal energy research development and deployment," Senate majority leader Harry Reid wrote in a Feb. 1 letter to Energy Secretary Samuel Bodman, obtained by the Monitor. Calling the zero budget for EGS in fiscal 2007 "counterproductive," Senator Reid asked the DOE to restore funding to at least 2006 levels and to assure Congress of continued funding. "Geothermal has the potential to cleanly and renewably satisfy the new electricity needs of the West," he wrote.

With such funding, the cost of enhanced geothermal power could fall from 8 to 9 cents a kilowatt hour today to less than 5 cents as the technology is deployed, making it competitive even with big coal-fired power plants, the MIT report says. Because EGS emits little carbon dioxide, it could become competitive with coal power if regulation makes carbon emissions costly.

One possible result: Geothermal plants could supply about 100,000 megawatts – the equivalent of 200 big coal-burning power plants – by 2050, according to the report. That power could help replace the 50,000 megawatts of coal-fired power and 40,000 megawatts of nuclear power that the US is expected to lose over the next 25 years as it closes old power plants.

Tax Break With A View (WSJ)

By Rachel Emma Silverman

The Wall Street Journal, February 7, 2007

Muscoe R.H. Garnett Jr.'s farm in Loretto, Va., hasn't changed much since the family acquired it in the 1600s. Now, the retired insurance executive has made sure it will stay that way.

Encouraged by recent tax legislation, Mr. Garnett has placed a "conservation easement" on much of his property, located about 80 miles from Washington, D.C. The move permanently shields the rolling pastures, timber forests and croplands from being turned into a housing subdivision or business park. Under the easement, which is a binding agreement typically made with

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a land trust, the Garnett family still owns the land and can continue to use it for farming and timber but most of it can never be developed.

Landowners who place conservation easements on their scenic, environmentally sensitive or historic properties have long been able to get tax breaks from the federal government, and some states have also begun offering tax incentives. Now, a little-noticed provision in the wide-ranging pension law Congress passed last summer has made the federal tax breaks even more generous. Conservation groups say this has spurred a sharp increase in the number of landowners interested in placing easements on their property.

"The incentives are fantastic, and I don't think a lot of people realize it," Mr. Garnett says.

But the expanded federal incentives, backed by some influential lawmakers from agricultural states, are due to expire at the end of this year, unless Congress acts to extend them. (A bill recently introduced in the Senate would make the changes permanent, and President Bush also called for them to be made permanent in this week's budget proposal.) For now, landowners might need to act quickly, since conservation easements can take several months to put together.

Here's how it works: A landowner typically donates a conservation easement to a land trust, a type of non-profit organization that helps put together the easement and monitors its restrictions over time. The value of the donation for income-tax purposes generally is the difference between the land's unrestricted value and its new value with limited development or usage rights.

Be careful, though. The Internal Revenue Service and Congress in recent years have been concerned with easement abuses in which donors have taken inflated deductions or placed restrictions on land with little conservation value, such as golf courses. The new law includes stiffer rules and penalties regarding appraisals, to prevent donors from overstating the deduction for their land. The IRS says it is currently auditing hundreds of easements.

But the law is designed to encourage easement donations by allowing larger tax deductions. Landowners can now deduct the value of a donation up to 50% of their adjusted gross income per year, up from the previous ceiling of 30%. That means if your adjusted gross income is $100,000, you are now eligible for as much as a $50,000 tax deduction a year, instead of $30,000. And if your income is too low to deduct the full amount of your gift in one year, you can now carry forward the deduction for 15 additional years, up from five years previously.

Property held in family limited partnerships, limited liability companies and some types of corporations may also be able to take advantage of the increased deduction limits, says Stephen J. Small, a Boston tax lawyer who specializes in conservation easements.

The law is even more generous for career farmers and ranchers who earn at least half their income from their land. These property owners, who are often land-rich, but cash-poor, can now deduct up to 100% of their income. "If you're a farmer you could pay no federal income taxes for 16 years," says Rand Wentworth, president of the Land Trust Alliance, a coalition of 1,600 land trusts across the country.

Colorado rancher Jay Fetcher in recent years placed conservation easements on two large parcels of his 2,000-acre cattle ranch near ski resort Steamboat Springs. The first donation, on 1,350 acres, was worth about $1.1 million for tax purposes. But Mr. Fetcher, limited at the time to deducting a small portion of his income, was able to take only about $60,000 of that donation in deductions over six years. "We left almost all of the donation on the table," he says.

Mr. Fetcher is planning this year to make another easement donation on 270 acres to a Colorado land trust. He expects the value of the donation will be about $1.2 million, and thinks he will be able to recoup roughly half that amount because of the higher federal tax deductions and an increase in state tax credits. "The changes helped us," says Mr. Fetcher. Still, he says the financial incentives are secondary to his desire to preserve the land, in his family since 1949, with its sweeping views of mountains and pine forest. "Our family has no desire to ever see the ranch developed. That's at the beginning of it all," says Mr. Fetcher.

The tax-rule change has generated sharply increased interest in conservation easements, say land trust officials from Washington and Wyoming to Georgia. "Some landowners whom we've been talking to for five or almost 10 years say that now it makes economic sense for them," says Laurie Wayburn, president of the Pacific Forest Trust in San Francisco.

Conservation easements can generate other tax benefits, too. They can cut estate taxes, because the land is considered to be worth less under an easement. A growing number of states offer a range of income tax breaks. Colorado and Virginia, for

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example, give donors state income tax credits that are transferable, which means that landowners who don't need the tax credits can sell the credits to other taxpayers for instant cash. You may even get a property tax break, depending on where you live.

Conservation easements can vary. A farm owner, for instance, could still retain the right to farm the land and to build a couple additional homes or barns, but could limit the land from being further subdivided. Property owners can sell their land, but buyers are obligated to honor the easement.

Peter Bance recently placed a conservation easement on 65 acres of the Virginia farmland that has been in his family since 1840. The property was zoned to allow construction of six housing sites, and he donated the rights to five of those sites to a state-run land trust. (He kept one site in case a descendant wanted to build a house in the future.) "We think we have a piece of heaven and we hope to keep it that way for generations to come," says Mr. Bance, 55, who is an executive with Wachovia Corp.

If you're thinking of doing a conservation easement, it's best to contact a land trust in your area to find out if your property qualifies. (Try www.lta.org, the Web site of the Land Trust Alliance.) There's no minimum size, but in order to get a tax deduction the property has to meet certain criteria, such as having significant environmental, scenic or historic value. Also, be sure to work with a tax and legal adviser familiar with local applicable laws.

The land has to be appraised (try www.appraisers.org, the Web site of the American Society of Appraisers) and may need to be surveyed, which can cost a few thousand dollars. There are also legal fees to draw up the easement, which can cost several thousand dollars, depending on the complexity of the deal. Some land trusts also recommend landowners make cash donations to the land trust to help fund the organization's future monitoring of the easement.

Because easements are placed in perpetuity, a family has to be sure it wants to permanently restrict development -- and the potential for a big windfall -- before committing.

Several months ago, after discussions with his wife, children and grandchildren, Eslick Daniel placed a conservation easement on his 200-acre farm in Columbia, Tenn., near Nashville. The easement on the farm, called "Sweet Easy," limits development, except for a couple of building sites that Dr. Daniel's descendants could use for housing. For Dr. Daniel, 65 years old and a retired orthopedic surgeon, the tax incentives weren't a factor. "We wanted to keep it where it would be open land for our family and for other people," he says.

Write to Rachel Emma Silverman at rachel.silverman@wsj.com

House Committee Approves Bill To Combat Indian Meth Use (AP)

AP, February 7, 2007

WASHINGTON -- A House subcommittee on Tuesday took a step toward helping Indian communities battle crisis levels of methamphetamine use.

A House Judiciary subcommittee passed legislation sponsored by New Mexico Rep. Tom Udall, a Democrat, that would allow territories and Indian tribes to receive law enforcement grants to battle meth use.

Udall said larger meth legislation passed by Congress last year "unintentionally left out" Indian tribes as possible applicants for some grant programs. This legislation would clarify that law so the tribes would be eligible.

He noted that meth use has been disproportionately worse in Native American communities, citing a 2005 National Survey on Drug Use and Health. That study reported a "past year methamphetamine use" rate of 1.7 percent for American Indians and Alaska Natives and 2.2 percent for Native Hawaiians.

Ben Shelly, vice president of the Navajo Nation, also testified at the hearing.

"The escalating problem of methamphetamine is affecting the entire nation and has reached epidemic levels," Shelly said. "Methamphetamine use and production places tremendous burden on the already severely underfunded Indian health care system and law enforcement."

The full committee will consider the legislation Wednesday. It is expected to pass the bill, which will then move to the House floor.

FBI/DEA/ATF/USMS:

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Combating Threat Of Cross-border Gangs Discussed (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, February 7, 2007

Rodrigo Avila-Aviles came to Los Angeles from El Salvador this week to discuss an export-import problem that has nothing to do with tariffs or quotas.

As director general of the El Salvador National Civil Police, Avila-Aviles is here to talk to the FBI about what can be done about the number of gang members moving back and forth between Central America and the United States.

Once here, they learn new ways to menace neighborhoods before they are deported, the director general said.

"As a general rule, the guys who have more status in the gangs in El Salvador are the ones who have been deported from the United States, who have been in prison here," Avila-Aviles said Tuesday as he and the heads of police forces for four other Central American nations prepared to discuss the issue today with their U.S. counterparts.

In Guatemala, there are up to 20,000 gang members, about 1,000 of them deportees from the U.S., according to Erwin Johann Sperisen-Vernon, director general of the Guatemala National Civil Police.

"These deportees come to our country and organize and spread their franchises there," Sperisen-Vernon said. "They get more sophisticated in their ways of committing crime."

But the traffic goes both ways, with U.S. law enforcement struggling to deal with an influx of gang members from Central America and Mexico. Los Angeles Police Chief William J. Bratton said the large number of such criminal gang members illegally in the United States is making gang violence worse.

Law enforcement executives hope the three-day meeting at the Universal City Hilton will help them find solutions while learning from one another.

"The effort is to continue to inform, educate and develop relationships so we can have a much more concentrated effort internationally on dealing with our gang problems," said Bratton, who will address the meeting today.

Also attending will be the heads of law enforcement in Mexico, Belize and Honduras, as well as representatives of the FBI, U.S. Immigration and Customs Enforcement, the federal Drug Enforcement Agency, and police chiefs from Los Angeles and other U.S. cities.

The extent of the cross-border problem was made clear during a recent raid on gang members involved in violent extortion schemes in one El Salvadoran town. Of the 120 people arrested, 40 had been deported at least once from the U.S., Avila-Aviles said.

Although gangs in El Salvador include some with names tied to the Los Angeles area — the 18th Street and MS-13 gangs for instance — Avila-Aviles is quick to add that he does not blame the U.S. for the problem.

"These guys are Salvadoran," he said. "They learn all this stuff in this country, but I cannot blame the United States for deporting them. However, even though the U.S. is not to blame, we need to look out for new mechanisms so we have more control over these guys."

Cooperative measures announced as part of a four-part plan this week by U. S. Atty. Gen. Alberto R. Gonzales include fugitive apprehension, international coordination on deportations, information sharing, and cross-border training and prevention programs.

To better identify, track and apprehend gang members, the FBI will accelerate implementation of the Central American Fingerprinting Exploitation system, Gonzales said.

"This initiative will enable the United States and our colleagues in Central America to share information and coordinate law enforcement efforts as we work in partnership to target and dismantle violent gangs," Gonzales said.

Eighty out of every 100 homicides in El Salvador are gang-related, according to Avila-Aviles.

"If we put it together as a whole, the single most important criminal problem in our country is the gang activity," he said.

The directors general from El Salvador and Guatemala say they want the meeting's discussions also to focus on ways to prevent young people from joining gangs.

"We need some regional initiatives in the prevention area," Avila-Aviles said.

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Central America's Top Cops In LA For International Gang Summit (MERCN)

By Andrew Glazer

The San Jose Mercury News, February 7, 2007

LOS ANGELES - Not long ago, the U.S. regularly deported convicted gang members to their home countries in Central America without tipping off local police of their criminal past, the director of El Salvador's national police said Tuesday on the eve of an international summit on gangs.

Los Angeles' pervasive and violent street gangs were seen as a local problem and not part of an international criminal web, even as some gangs such as MS-13 and 18th Street, oozed across borders into Mexico, Guatemala, El Salvador and Honduras.

The three-day summit beginning Wednesday in Los Angeles reflects a recent shift in that philosophy. It features top officials from several Central American and local U.S. police departments, along with the FBI.

Seminar participants said gang members have been taking advantage of the lack of information sharing to cross borders unidentified by local police - bringing weapons, ideas for criminal enterprise and rivalries.

"Now it is most important to take advantage of technology, of our shared economic interests and of our information to find new ways to make sure these violent gangs don't continue to find ways of staying in the dark," said Rodrigo Avila Avilez, director general of El Salvador's national police.

Earlier this week in El Salvador, U.S. Attorney General Alberto Gonzalez announced an initiative to improve anti-gang cooperation between the two countries that will ease the arrest of fugitives, coordinate training and improve information sharing and gang intelligence gathering.

Avila Avilez estimated there were as many as 15,000 gang members in El Salvador, a country of about 6.8 million. There are about 6,000 gang members in Guatemala, a country of 12.3 million, said Ervin Johann Sperisen Vernon, director general of Guatemala's national police.

By comparison, police estimate Los Angeles County has about 40,000 gang members.

The spread of Los Angeles-style gangs to Central America is in part the result of mass deportations of young men indoctrinated in the city's violent streets after fleeing their home countries during the civil wars of the 1970s and 80s. In many cases, gang members raised in Los Angeles have more in common culturally with the city than their home countries, police officials said.

"In El Salvador, they speak Spanglish, or Spanish with a Mexican accent," Avila Avilez said. "It gives them a privileged status among fellow gang members."

Robert B. Loosle, who oversees the FBI's gang investigations in Los Angeles, said crimes committed by gangs in Central America serve as a bellwether for potential criminal enterprises in the U.S.

Particularly noteworthy, Loosle said, was a spike in extortion rackets committed by gangs in El Salvador. Armed members of MS-13 regularly shake down neighborhoods for protection money and demand taxes from bus and truck drivers passing through their turf.

"Since members of gangs travel freely across borders, we need to pay attention to new trends they bring with them," Loosle said.

Sperisen Vernon said gangs in Guatemala are increasingly recruiting young children to deal drugs, stash dirty money and even kill rivals.

"It's much more complicated to jail minors," he said.

He and Avila Avilez both mentioned another disturbing trend: the spread of gang recruitment from the disillusioned poor to children from good homes who are too afraid to remain unaffiliated.

"There is a saying in some El Salvador neighborhoods," Avila Avilez said. "It is, 'If you're not in a gang, then you're against gangs.'"

L.A. Exports Gang Terror (LADN)

By Rachel Uranga, Staff Writer

DOJ_NMG_0128859

Los Angeles Daily News, February 7, 2007

Bratton to open world summit focusing on links to Central America

Acknowledging that Los Angeles is the epicenter of a global gang crisis, fueling violence from Guatemala to Russia, law enforcement officials from around the world will meet this week to tackle the scourge.

LAPD Chief William Bratton will open a three-day summit today to discuss the migration of gang members from Southern California to their homelands, bringing a culture of violence and terror.

"We are seeing the international gang problem growing by leaps and bounds," said Lt. Gary Nanson, head of the Los Angeles Police Department's Valley gang unit. "They have opened up the door for the local criminal. They are more worldly in their ability to franchise, they can move stolen goods or narcotics or money across boundaries."

The summit will focus on gangs with ties to Central America. Becoming increasingly sophisticated and murderous, these transnational gangs - such as the U.S.-grown Mara Salvatrucha, or MS-13 - are ravaging poor Central American communities and terrorizing Los Angeles neighborhoods.

The techniques are increasingly similar on both sides of the border.

In El Salvador, officials say, gang members commit half of the country's homicides. But there, gang members have derailed the city's infrastructure. In December 2005, Salvadoran gangs demanding "taxes" killed a series of bus drivers, shutting down service.

Local police are afraid some of the more brazen tactics Central American gangs use will emerge in Los Angeles.

"Their tactics are a lot more vicious than other gangs, they are more violent and they are everywhere," said Robert Loofle, the FBI agent overseeing Los Angeles' criminal division. "They use intimidation to get what they want, they will commit a vicious homicide to show their power and the force, then easily cross the border.

"We have to clamp down now so they don't evolve into something stronger and more vicious."

Cooperation needed

Key to slowing gang activity is better cooperation among police agencies in all countries - an item officials will focus on this week. All are clamoring for better intelligence.

Now, local law enforcement agencies contact other countries when they are looking for a suspect to be extradited. With increased cooperation, federal and local authorities hope they can eventually share surveillance on gang members and knowledge of their activities.

"Our fear is that they become franchises and unwittingly help other organizations like narco-traffickers as muscle or transporting money," Loofle said.

In areas of the San Fernando Valley, where transnational gangs such as MS 13 and 18th Street have taken root in North Hollywood and Van Nuys in recent years, violent gang crime has soared.

Most troubling, police say, is the rising level of witness intimidation, which criminal organizations use to keep their members out of jail. In the North Hollywood area, the number of intimidation cases rose 85 percent in 2005-06, from 13 to 24.

"The part that scares us is that the percentage of increase of violent gang crime is higher in the Valley than any other regions ... we need to act fast," Nanson said.

Last year the San Fernando Valley saw a 42 percent increase in violent gang crime and citywide, gang crime jumped 14 percent. There has also been a rise in hate crimes among gang members.

New anti-gang effort

The summit comes a day before Mayor Antonio Villaraigosa is set to release a sweeping anti-gang effort and follows a high-profile report finding the city's gang prevention piecemeal and ineffective.

Community activists have lobbied for intervention efforts such as lengthening school hours and providing job opportunities. But stopping the spread of gangs - who can call on strong family ties and rooted criminal networks in both countries - will prove tough.

"The idea of eradicating them is erroneous and the way of totally severing the ties is misconceived," said Tom Ward, a University of Southern California expert on Central American gangs. "As long as you have migrants coming back, how are you going to determine which one is a gang member or an ex-gang member?

"Gangs are a reflection of society, they are symptom of sick societies, you address the social problems that bred the gangs and they won't necessarily go away but the problems they cause will be significantly diminished," Ward said.

Federal crackdown

Responding to the surge in gang activity nationally, U.S. Immigration and Customs Enforcement in 2005 launched Operation Community Shield targeting gangs across the U.S.

Under the effort, more than 4,302 street-gang members from 442 gangs were arrested, about one-fourth of those on pending criminal charges.

Over the past decade, as hundreds of gang members have been deported - immigration officials have no official estimate of just how many - and others returned home, a new gang culture emerged in their home country.

"It used to be for kids in the poor neighborhoods ... Now it's kids from well-to-do homes," said Rodrigo Avila, El Salvador's top law enforcement official. "They are forced into it, under pressure."

21 In Dorchester, Quincy Arrested (BOS)

By Shelley Murphy And Charles A. Radin, Globe Staff

The Boston Globe, February 3, 2007

Called members of drug rings tying Canada to Boston area

They worked out of nondescript little storefronts around Dorchester and Quincy: a flower shop, nail salon, grocery store, and wood floor finishing business. But yesterday law enforcement officials said the unidentified businesses were covers for members of Vietnamese drug rings who had been smuggling ecstasy and marijuana from Canada over the past two years and peddling it throughout Greater Boston.

Four indictments handed down by a federal grand jury Thursday and unsealed yesterday charged 23 people, ranging in age from 22 to 56, with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering.

"This ecstasy was manufactured in clandestine laboratories in Canada, then smuggled into the United States, ending up in Boston and further distributed to gangs and other buyers in the city," said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration's Boston office.

The alleged drug organization was dismantled from top to bottom by investigators who targeted the Canadian supplier and arrested local gangs that sold the drugs in the Boston area, Stansbury told reporters during a news conference yesterday.

The investigation started when an immigrant, who was facing possible deportation in February 2005 after his arrest on charges involving drugs, guns, and an assault on a police officer, began cooperating with Boston police and the DEA and identified a list of local drug dealers, according to an affidavit filed in federal court.

A task force of federal agents, state troopers, and local police tapped telephones, sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials.

Investigators seized 85,000 ecstasy pills, worth nearly $2.6 million on the street, 130 pounds of marijuana, five guns, and $25,000.

Law enforcement officials raided houses in Dorchester and Quincy yesterday and arrested 21 of those charged.

The remaining two suspects were being sought last night, officials said.

US Attorney Michael J. Sullivan said the indictments "will have an immediate and positive impact on the city of Boston and the neighboring communities."

Some of the ecstasy pills seized were laced with methamphetamine, which was added by the manufacturer to make the drug more addictive.

Sullivan called the mixture "a dangerous trend" that has been developing across the country over the past few years.

Boston Police Commissioner Edward F. Davis said, "These drugs that were being sold on the streets of our city were destroying the qualify of life for people and driving the crime rate up."

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Among those indicted were a family that lives on Bloomfield Street in Dorchester, including Tiem Trinh , 54; his wife, Anna , 51; and their sons Antwon Trinh , 24, and Quoc Boa Trinh, 27.

Quoc Boa Trinh, an alleged ringleader, is charged in three separate indictments with conspiring to sell ecstasy and marijuana and money laundering.

His parents and brother are charged with conspiring to possess with intent to distribute marijuana.

Boston lawyer Michael C. Andrews, who is representing Quoc Boa Trinh, said his client works at his father's convenience store, T J Variety, and is "a hard-working young man from a good family."

His client is "looking forward to his day in court," Andrews said.

A neighbor of the Trinhs said they "were very nice people."

"I don't know much about them, but we never had any trouble," the neighbor said.

The family had lived in the house for more than two years, the neighbor said.

But affidavits filed in federal court offered a different portrait.

A witness told investigators that Quoc Boa Trinh wore a bulletproof vest, owned a couple of guns, and obtained up to 300 pounds of marijuana a week from his supplier, Tan Dinh Phung, 43, of Dorchester. Phung was also arrested yesterday.

Last night, investigators were searching for Hung Van Le, 37, of Revere and Van H. Nguyen, 25, of Dorchester.

Affidavits also assert that Nguyen and another man indicted , Long T. Vu, picked up 40,000 ecstasy pills in Buffalo in December. They were stopped by Massachusetts State Police, who seized the drugs. Vu, 23, of Christy Lane in Randolph, is in custody.

Newton Man Faces Federal Drug Charges (DNT)

Newton (MA) Daily Tribune, February 6, 2007

BOSTON - A Newton man is among 23 people indicted by a federal grand jury on drug charges stemming from a 15-month investigation known as Operation Polar Express, a U.S. Attorney's Office spokeswoman said.

The four federal indictments and several search warrants were unsealed Friday, following the arrests of 23 men and women on conspiracy to possess with intent to distribute Ecstasy and marijuana, spokeswoman Samantha Martin said.

Vinh Dung Diep, 26, of 197 Linwood Ave., Newton, is charged with one count and faces up to five years in prison if convicted, she said.

Others arrested are from Dorchester, Quincy, Randolph, Revere, Allston, New York, Rhode Island and Connecticut.

Operation Polar Express targeted wholesale and retail illegal drug distributors in Massachusetts and their sources of supply in Canada and other parts of the United States, Martin said.

According to documents filed in the case, a Drug Enforcement Administration task force had been investigating marijuana and Ecstasy distribution in Boston since October 2005.

The investigation included surveillance; wiretaps; undercover drug buys; "trash pulls;" and the seizure of drugs, firearms and other drug paraphernalia, during traffic stops and home searches, documents state.

Martin said about 85,000 Ecstasy pills and 100 pounds of marijuana have been seized.

"Complete cooperation among federal, state, and local law enforcement partners made it possible to dismantle this drug-dealing organization," said U.S. Attorney Michael J. Sullivan. "(These) indictments demonstrate our resolve to make our neighborhoods safer by reducing the availability of drugs in our communities and prosecuting those who peddle their poison."

June W. Stansbury, DEA special agent in charge, said the drugs were marketed using images such as Superman, a bat, a kangaroo and even the Statue of Liberty.

"It's ironic that a group of traffickers who chose to use our symbol of liberty now face losing theirs," she said.

Former Drug Boss Sent To Prison For Life For Cocaine Ring (DDN)

Dayton Daily News, February 6, 2007

DAYTON — An ex-Los Angeles drug boss was sentenced Monday in federal court to life in prison for supplying hundreds of pounds of cocaine to the Dayton area.

DOJ_NMG_0128862

A jury in September convicted Ronald Taylor, 47, on charges accusing him of operating a continuing criminal enterprise and conspiracy to distribute and possess more than 300 pounds of cocaine.

The operation funneled cocaine from L.A. to Dayton, Columbus, New York City, Buffalo, Milwaukee, Detroit, Nashville and Washington, D.C., between September 1999 and July 2001, prosecutors said.

Senior U.S. Judge Walter H. Rice sentenced Taylor.

Prosecutors Tie Kiel Problems To Gambling (SDUT)

By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, February 7, 2007

Attorney says losses at casinos may be addressed in talks

Frequent gambling losses at area casinos apparently led Chargers safety Terrence Kiel to seek other means of income, including the shipping of codeine-based cough syrup that got him arrested last year, law enforcement authorities said.

Officials were told in their investigation that gambling is "exactly what caused the problem, that he was in over his head because he gambles too much," San Diego Deputy District Attorney Damon Mosler said.

Kiel, 26, is due in court today for a trial readiness hearing on five felony charges related to the cough syrup matter. Kiel's attorney, Bob Grimes, said he hoped to reach a deal with prosecutors and the judge, and that it could include Kiel's addressing of the gambling issue.

"The issue of gambling may be addressed," Grimes said. "But we don't know for sure. That's one of the things that could be part of the deal or it could not be."

Law enforcement sources said gambling was suspected because selling codeine-based cough syrup isn't very lucrative and that records show Kiel had dozens of cash transactions of at least $10,000 each at area casinos.

Grimes declined to address the specifics of the gambling issue.

Kiel also has been under investigation by Immigration and Customs Enforcement for transactions involving counterfeit Nike shoes from China. Grimes said he didn't expect charges in that case.

Said General Manager A.J. Smith: "We are very much aware of Terrence's personal and legal situation. We think it's best he addresses them, not us."

While Kiel has one year remaining on his contract, it appears unlikely he will return to the Chargers in 2007.

Smith would not address whether Kiel would be a Charger beyond this month, but he said recently in response to a question about Kiel's status with the team: "We've had a lot of problems this year, and we'll clean up a little bit of our mess."

Gambling issues with players long have been a concern for the NFL, which considers them a threat to its security and integrity.

Kiel's salary was $460,000 last year, his fourth with the Chargers. He signed a six-year, $3.71 million contract as a rookie, which included a $1.25 million signing bonus.

Mosler said prosecutors and the judge could ask Kiel to do community service as part of any deal that is reached. Such community service could include speaking on the dangers of drugs or gambling.

"The idea is not to see him again," Mosler said.

Records show Kiel has struggled with financial problems in the past year. On Sept. 7, a notice of default was filed by a loan corporation against Kiel, seeking payment of $16,610 from a $591,634 mortgage. The property no longer is being foreclosed. In 2005, Kiel obtained a $50,000 home equity line of credit. When $49,438 became due, Kiel "refused to pay," according to the lender. The case was settled in April.

Prosecutors allege Kiel was illegally obtaining codeine-based cough syrup from a friend, Hope Devina Vines, who worked at a San Diego pharmacy and was stealing it from her employer. Vines, a licensed pharmacy technician at Sharp Rees-Stealy in San Diego, has been arrested on felony charges of theft and possession of a controlled substance in connection with the case. Kiel and Vines have pleaded not guilty and both are expected in court today.

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Kiel was arrested in September after Drug Enforcement Administration agents intercepted two express mail packages containing 18 pint bottles full of the drug. Authorities said Kiel admitted to shipping the cough syrup to his native Texas, where it can sell for up to $325 on the street and where it is mixed with soft drinks.

In an unrelated matter, the San Diego city attorney's office has charged Kiel with public urination, a violation of the municipal code. Police cited Kiel in the Gaslamp Quarter in December.

3 Plead Guilty In Drug Ring (CP)

Connecticut Post, February 7, 2007

BRIDGEPORT — The front for the cocaine distribution ring was an auto dealership on Barnum Avenue.

The carriers were often cars packed with cocaine and driven here from New York.

Once unloaded, the cocaine was cut, packaged and distributed throughout Fairfield County and the Naugatuck Valley.

That is, until the U.S. Drug Enforcement Administration's High Intensity Drug Task Force wiretapped telephones at East End Auto on Barnum Avenue and videotaped drug deals.

Three more ring members — including Luis "Papo" Robles, 42, of Evelyn Road, Derby, who owned East End Auto — pleaded guilty this week, just before the scheduled start of their trial on cocaine trafficking charges.

Robles; Raul Reyes, 36, of Main Street; and Michael Harding, 31, of Karen Avenue, all pleaded guilty to conspiring to possess with the intent to distribute cocaine.

U.S. District Judge Stefan R. Underhill set May 3 for sentencing. Robles and Reyes face a mandatory minimum 10-year prison term and a maximum life sentence. Harding faces a maximum 30-year term.

During his guilty plea, Robles acknowledged that he attempted to obstruct the probe by threatening witnesses.

The three guilty pleas bring to 13 the number of ring members who have admitted their roles in the operation.

Ryan Persad, 44, of Horton Hill Road; Ignacio Vasquez, 31, of Berkshire Avenue; and Isabel Pagan, 30, of Palisade Avenue, have maintained their innocence and are awaiting trial.

The defendants were rounded up last April. At the same time, DEA agents conducted 11 searches in Bridgeport, Derby and Naugatuck in which they seized $125,000 cash, six cars, three and a half pounds of cocaine and 500 grams of crack.

Police from Ansonia, Bridgeport, Derby, Easton, Greenwich, New Canaan, Newtown, Norwalk, Stratford, Stamford and West Haven assisted in the probe.

Assistant U.S. Attorneys H. Gordon Hall and James Smart are prosecuting the cases.

North Dakota Issues First Hemp Production Licenses To 2 Farmers (AP)

By Blake Nicholson, Associated Press

AP, February 6, 2007

DEA still must approve

BISMARCK, N.D. – North Dakota issued the nation's first licenses to grow industrial hemp Tuesday to two farmers who still must meet federal requirements before they can plant the crop.

The farmers must get approval from the Drug Enforcement Administration, which treats hemp much the way it does marijuana and has not allowed commercial hemp production but has said it would consider applications to grow it.

Hemp is a cousin of marijuana that contains trace amounts of the chemical that causes a marijuana high, though hemp does not produce the same effects. The sturdy, fibrous plant is used to make an assortment of products including paper, rope, clothing and cosmetics.

Industrial hemp cultivation is legal in Canada and other countries but is banned in the United States. Law enforcement officials worry that industrial hemp can shield the growing of marijuana, although hemp supporters say that fear is unfounded.

The North Dakota Agriculture Department approved rules late last year for hemp production with the DEA's concerns in mind, State Agriculture Commissioner Roger Johnson has said.

The state issued permits Tuesday to Wayne Hauge and Dave Monson, who is also a legislator. The state Agriculture Department is processing 16 other hemp applications, Johnson said.

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“It's taken us a lot longer than (expected) to get here, and I'm thinking we still have a ways to go,” said Monson, the House assistant Republican majority leader.

Joseph Rannazzisi, an administrator with the DEA, said federal law does not allow the agency to delegate its ability to regulate hemp to state officials. Although the DEA may waive registration requirements, it has done so only for law enforcement officers and other officials, he said.

Johnson asked the DEA in December to waive its $2,293 registration fee, but federal officials rejected that request. Johnson said he will hand-deliver Hauge's and Monson's applications when he meets with DEA officials in Washington early next week to try again to persuade them to relax the annual fee requirement.

North Dakota is one of seven states that have authorized industrial hemp farming. The others are Hawaii, Kentucky, Maine, Maryland, Montana and West Virginia, according to Vote Hemp, an industrial hemp advocacy organization based in Bedford, Mass.

Hemp Farming Licensees Have Different Plans (AP)

AP, February 6, 2007

BISMARCK, N.D. The first two North Dakota farmers to be licensed to grow industrial hemp have different plans for their future crops, assuming the federal government allows them to be cultivated.

Dave Monson of Osnabrock, in northeastern North Dakota, and Wayne Hauge of Ray, in the northwestern corner of the state, on Tuesday received the first two licenses issued under new state rules for growing the crop.

Hemp can be used to make numerous products, from food to clothing, and Monson said he has received calls from potential buyers as far away as Taiwan. Monson, who also is a state lawmaker, wants to sell both hemp seed and fiber.

"I hope to capitalize on every part of (the plant)," he said. "There will be no problem finding a market."

Hauge said he wants to grow and sell registered hemp seed to other farmers.

"I think it's a viable crop," he said. "I think it would work well in rotations in both eastern and western North Dakota."

Hemp is a cousin of marijuana and falls under federal anti-drug rules, even though it does not produce a high. That means farmers licensed by North Dakota to grow hemp must also obtain approval from the federal Drug Enforcement Administration, which is not certain.

The annual federal registration fee is $2,293. Monson said the federal fee to import seed from Canada, where hemp is legally grown, would be an additional $1,147, though he and state Agriculture Commissioner Roger Johnson said one person could import seed for several farmers.

The state license costs a minimum of $202. Monson said with licensing, registration and seed expenses, "before you even get out of the chute you're looking at $400 an acre (in costs)."

Hemp still can be profitable, Monson said.

"You're looking at $500 an acre for seed and whatever you can get for fiber ... $100 per acre for straw would be realistic," he said. Organically grown hemp could fetch as much as $900 per acre, Monson said.

If he gets federal permission, Monson plans to seed 10 acres of industrial hemp this spring to "test the waters." Hauge plans to grow 100 acres.

Both farmers also grow other crops, including the more traditional wheat and barley. Monson also grows canola, and Hauge last year experimented with black beans.

Neither farmer plans to build a fence around his hemp field. A fence is not part of the state licensing requirements, though one would be needed under federal rules.

"They have this additional crazy requirement that is designed for drugs," Johnson said. "Chain-link, razor-wire topped, 10 to 12 feet high, 24-hour surveillance."

Johnson has urged the DEA to ease its rules, and plans to meet with officials in Washington, D.C., again early next week to "request that they work in every way possible with us."

Law enforcement officials worry that industrial hemp crops could shield stands of illegal marijuana. Supporters of legalizing hemp cultivation say that fear is unfounded.

DOJ_NMG_0128865

In a related development, the North Dakota House on Tuesday approved legislation that gives North Dakota State University the authority to import and resell industrial hemp seed. The bill now goes to the Senate.

GOP Lawmakers Press Bush On Afghanistan (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, February 7, 2007

Four leading House members call for new tactics to turn the tide in the fight against insurgents and drugs.

WASHINGTON — Four ranking Republican lawmakers on a committee with oversight of U.S. policy in Afghanistan are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world.

In a letter dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. They are calling for the appointment of a special coordinator of overall narco-terrorism policy for Afghanistan to prevent losing the fight against insurgents and drug traffickers.

The letter describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks.

"As we will soon face another massive opium harvest in Afghanistan, and a related spring offensive by anti-coalition militants (ACMs), it is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for Al Qaeda. We need to act now to prevent that," wrote Reps. Ileana Ros-Lehtinen (R-Fla.), Mike Pence (R-Ind.), Elton Gallegly (R-Simi Valley) and Dana Rohrabacher (R-Huntington Beach), all members of the House Committee on Foreign Affairs.

The letter was sent late Tuesday to Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, with copies delivered to the White House, DEA, Office of National Drug Control Policy and the British government, said a senior congressional staffer who requested anonymity because he was not authorized to discuss the letter.

The four Republicans say they may introduce legislation to enact and fund some of their proposals, but urge the White House to quickly implement other policy changes on its own. Democrats in Congress also have complained about rising drug trafficking and the growing insurgency in Afghanistan.

White House national security spokesman Gordon Johndroe said he had not seen the letter and could not comment on the lawmakers' requests. But he said the administration had been actively reassessing its policies in Afghanistan in recent months as part of a comprehensive "strategic review," which prompted senior officials to call for at least $10.6 billion in additional funding for Afghanistan over the next two years.

The new funding was a recognition "that we needed to make a larger effort … so that we can help the Afghan government succeed and we can defeat the Taliban," Johndroe said. "But obviously our counter-terrorism and counter-narcotics programs in Afghanistan work hand in hand. This is something that our people are coordinating on the ground."

The additional funding, though much needed in Afghanistan, is virtually worthless without a coordinated policy that ensures that all U.S. counter-terrorism and counter-narcotics agencies are working together, and not against each other, the senior congressional official asserted. "We have so many different views of narcotics within our own government and with our allies that somebody has to bang everybody's heads together and get something done on this," the staffer said. "We are out of time, and losing Afghanistan."

The Republican House members also said the United States must resolve a growing dispute with Britain over how to best fight the booming opium trade. British authorities who are now in charge of much of the counter-narcotics effort in Afghanistan are refusing to go along with a controversial U.S. policy to eradicate entire fields of poppy by aerial spraying.

Britain, as well as the North Atlantic Treaty Organization, which leads the forces battling the insurgency in Afghanistan, believes the U.S. policy is dangerous because it alienates farmers and the population at large and undermines Western efforts to turn them against the narco-traffickers and the Taliban, several U.S. and British counter-terrorism officials said.

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The senior congressional staffer said the four lawmakers didn't want to get into the middle of the dispute over whether poppy eradication should be stopped. Instead, they want the U.S. government and its allies to more forcefully go after kingpins who preside over global narcotics trafficking enterprises that together bring in more than $2 billion a year in wholesale drug profits.

They are urging the Bush administration to force the Pentagon to provide more operational assistance to DEA agents operating in Afghanistan and to order the arrests of senior-level drug traffickers under a provision of the Patriot Act passed last year that allows such suspects to be extradited to the United States for prosecution.

A similar campaign has worked well in Colombia and is urgently needed in Afghanistan because that country has no judicial infrastructure to prosecute drug traffickers, the lawmakers say. "We must establish deterrence where none now exists," their letter says.

They also are urging the Pentagon to make good on a promise to provide at least eight Russian-made Mi-17 helicopters to Afghan authorities and their U.S. counter-narcotics advisors for the drug war, along with qualified pilots and maintenance and operational support.

"We have waited long enough to get this vital air lift…," the lawmakers' letter says. "We need someone put in charge of getting this done now, enough time has gone by already."

Venezuela: Nation Doesn't Need U.S. Aid (AP)

AP, February 7, 2007

CARACAS, Venezuela -- Venezuela's foreign minister on Tuesday dismissed the U.S. government's decision to cut anti-drug aid to the South American nation, saying it does not need money from "the devil."

Undersecretary of State Nicholas Burns said Monday that President Bush's proposed 2007-2008 budget eliminated $2.2 million in counter-drug aid originally requested for Venezuela.

"Venezuela is a sovereign country. (U.S. officials) can take their resources and do whatever they think they need to do," Foreign Minister Nicolas Maduro told reporters Tuesday. "We will continue fighting against drug-trafficking."

Maduro accused the U.S. government of offering aid only to countries that "submit to its commands."

President Hugo Chavez, who often refers to Bush as "the devil," broke off cooperation with the U.S. Drug Enforcement Administration in August 2005 accusing its agents of espionage, and has refused to draw up a new agreement since.

Venezuela is a major transit route for cocaine headed from neighboring Colombia to the United States and Europe.

Venezuelan officials say they are fighting drug trafficking with increasing success, but Washington claims that because of corruption and a weak judicial system the amount of drugs smuggled through Venezuela is increasing.

Washington also has watched uneasily the close alliance between Chavez and Bolivian President Evo Morales, who have spoken of plans for Venezuela to help its Andean neighbor industrialize coca, the base ingredient for cocaine, into legal products.

Maduro met Tuesday with his Bolivian counterpart, David Choquehuanca, to discuss bilateral cooperation programs.

In comments to the press afterward, Choquehuanca said his country would not permit that "our sacred leaf, the coca leaf, be Satanized."

Troubled U.S. Presence On Ecuador Coast (AP)

AP, February 6, 2007

MANTA, Ecuador (AP) -- The U.S. military's lone outpost in South America is a modest affair -- some 220 Americans share space with a local air force wing and an international airport. They are allowed no more than eight planes at a time.

But these surveillance planes play a vital role in keeping Andean cocaine and heroin from reaching the United States and are responsible for about 60 percent of drug interdiction in the eastern Pacific.

That matters little to newly inaugurated President Rafael Correa, whose rejection of a U.S. military presence in Ecuador reflects widespread resentment over Washington's foreign policy in a region where President Bush's administration now has few reliable allies.

"We've said clearly that in 2009 the agreement will not be renewed because we believe that sovereignty consists of not having foreign soldiers on our home soil," Correa said recently.

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No matter that the planes intentionally avoid Ecuadorean airspace after takeoff, and that U.S. operations at Manta contribute some $7 million a year to the local economy.

Many Ecuadoreans believe the U.S. is trying to draw them more deeply into the Colombian conflict spilling over their borders: Leftist rebels frequently cross into Ecuador, and tens of thousands of Colombian refugees crowd lawless border towns plagued by drug traffickers and child prostitution.

Although U.S. officials deny that Manta's planes spy on leftist rebels in Colombia, they do intercept drug flights and eavesdrop on radio communications there.

"There is a widespread feeling that Washington is carrying out an extensive, mostly security, anti-drug program with Colombia, with little regard for the severe consequences -- growing violence and refugees -- on Ecuador," said Michael Shifter, deputy director of the Inter-American Dialogue think tank in Washington.

The Bush administration's efforts to maintain the U.S. role as Latin America's No. 1 commercial and military partner have suffered badly with leftist presidents winning office from Venezuela to Bolivia and now Ecuador, where many resent Washington's tough bargaining for trade pacts that lock in preferential terms for U.S. industries and seem anything but "free."

Located on the coast some 160 miles southwest of the Ecuadorean capital of Quito, Manta is well situated for its mission. But the U.S. military, which got the Manta lease after it was forced to abandon Howard Air Base in Panama in 1999, would be wise to start looking elsewhere, according to Anna Gilmour, a Latin American analyst with Jane's Defense Information Group.

Colombia is not a good option -- U.S. troops based there would be at great risk of attack from the same leftist rebels Colombian President Alvaro Uribe is fighting with U.S. training, logistics and intelligence support.

Nor are its neighbors: Presidents Hugo Chavez of Venezuela, Alan Garcia of Peru and Luiz Ignacio Lula da Silva of Brazil have shown no interest in basing U.S. military units on their soil.

The region's leftist governments already have turned away from U.S. defense contractors, going instead to Russia, France and Brazil for military hardware. Venezuela said last week it hopes to buy Russian anti-aircraft missiles to protect its oil industry.

The Bush administration upset many in the region when it emphasized bilateral trade pacts and denigrated the Andean Trade Promotion and Drug Eradication Act, a package of trade benefits offered in exchange for cooperation against drugs. The act expired Dec. 31, though the administration extended it for six months.

Colombia and Peru have bilateral pacts, but they have not been ratified and the newly Democratic-controlled Congress has raised objections. Trade talks with Ecuador broke down last year, long before Correa became president, and show no signs of resuming.

Correa, a U.S.-trained economist, has said the Andean Trade Promotion and Drug Eradication Act "isn't charity" but rather "just compensation" for commitments to battling drug trafficking.

Chavez, for his part, has called the drug war "the excuse that imperialism obtained a few years ago to penetrate our countries, to oppress our peoples and to justify its military presence in Latin America."

The State Department has recommended eliminating all drug interdiction aid for Venezuela, which got $2.2 million in the current fiscal year, and slashing overall aid to Ecuador some 30 percent to $20 million.

With the exception of Colombia, drug interdiction funding cuts were proposed across the Andean region.

In mid-2006, the United States had just short of 2,000 active duty military personnel stationed in Latin American and Caribbean countries, more than half at Guantanamo Bay in Cuba.

In all, some 6,000 Department of Defense employees are assigned to the region, many of them in Texas and Florida, where their bosses are headquartered at the U.S. Southern Command.

That is a small sliver of the nearly 1.4 million U.S. troops deployed around the world, mostly in Europe and Asia.

But those 220 Americans in Manta have had an outsized impact against drugs.

In the 1990s, most drug smuggling from the region was by air. That later shifted to the high seas as the so-called air bridge was essentially shut down.

Thanks to the Manta-based U.S. interdiction efforts, more than 275 tons of illegal drugs -- mostly cocaine -- were seized or intercepted last year, said Air Force Lt. Col. Javier Delucca, the base's U.S. administrator.

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Ecuador Assails US Antidrug Funding Cuts (FT)

Financial Times, February 7, 2007

Ecuador criticised Washington on Tuesday for proposing a 40 per cent cut in antidrug aid to the Andean region over the next two years, a move that will be seen as retaliation for the election of leftwing nationalistic governments hostile to the US.

María Fernanda Espinosa, the foreign minister, said: "There are principles of joint responsibility and fairness, and under those principles the US must respond to the efforts Ecuador has made."

She said the Bush administration should recognise "the enormous efforts made by a poor country like Ecuador to combat narcotraffic. Now we need the US to commit itself to supporting those efforts."

In the budget he presented on Monday, President George W. Bush proposed a cut in the Andean counter-drug initiative from $722m last year to $570m this year and $443m in 2008.

The programme supports efforts such as eradicating coca, the plant that is the raw material for cocaine, which is primarily grown in Colombia, Peru and Bolivia. It also helps programmes to combat narcotrafficking in countries such as Ecuador and Panama.

The cuts will be seen in the region as a response to the election of hostile governments in Ecuador and Bolivia, and the failure of others to co-operate fully in the "war on drugs".

The one exception is Colombia, Mr Bush's closest regional ally. His administration has requested that Congress extend the $600m Plan Colombia, the US-funded military counter-narcotics programme, which is due to expire this year.

Last year Evo Morales, a former coca-growers' leader, became president of Bolivia and this year Rafael Correa took office as president of Ecuador, pledging to shut the US military base at Manta, the only one of its kind in South America and an important staging post for interception efforts.

Mr Correa's government has reacted angrily to Colombia's aerial spraying on its border with Ecuador. Last month Quito made an official complaint about the issue to the Organisation of American States.

The cuts will also be viewed in the region as a reaction to what is perceived to be Washington's frustration with antidrug efforts in the Andes. Unlike Colombia, which depends heavily on aerial spraying to destroy the plants, Peru and Bolivia, the second and third producers, rely on manual eradication, since coca is more culturally sensitive in those countries due to its use as a traditional stimulant.

Last month, Pilar Mazzetti, Peru's interior minister, and Romulo Pizarro, head of the antidrug agency, admitted that Peru is fighting a losing battle against trafficking. Officials in Lima estimate that Peru would need $200m a year to provide an effective eradication and interception programme.

Intensifying eradication in Colombia while cutting budgets to other producers will feed concerns about a "balloon effect" in which production crosses borders to avoid antidrug activity.

A US State Department report last year said coca cultivation increased by 38 per cent in Peru in 2005, while the total area rose for the fourth consecutive year in Bolivia, up by 8 per cent to 63,000 acres, the highest figure this century.

IMMIGRATION:

Border States' Burden (LAT)

The Los Angeles Times, February 7, 2007

GEORGE W. BUSH, throughout his presidency, has talked a consistently good game about the federal government's responsibility to take a lead role in dealing with the unique challenges of immigration. But when budget time comes around, he's all talk, and California is once again left holding the bill.

In what has become an annual ritual, Bush is seeking to place the entire burden of jailing criminal illegal immigrants on individual states. His new budget would eliminate the State Criminal Alien Assistance Program, which has provided meager federal assistance to states that house a disproportionate share of the non-federal population of illegal immigrant inmates.

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The administration's argument in favor of killing the program? That reimbursing the states for incarcerating illegal immigrants does not reduce the number of crimes they commit. White House analysts also warn that because illegal immigrants are hard to identify, there's a chance that states actually could be getting more than their due. Heaven forbid.

California's prison system spent $684 million last year to incarcerate and supervise the parole of about 19,000 illegal immigrants, according to the Department of Corrections and Rehabilitation. (That number doesn't include county jails; L.A. County alone processed an estimated 40,000 illegal immigrants last year.) Congress, which funded the State Criminal Alien Assistance Program last year despite Bush's lack of enthusiasm, kicked in $160 million to California. This year, with the state price tag rising to an estimated $865 million, Bush wants to back out.

In all probability, the program will be funded somewhere between the $0 proposed by the White House and the $900 million authorized by Congress last year. The program enjoys bipartisan support, and Gov. Arnold Schwarzenegger and Sens. Dianne Feinstein and Barbara Boxer say they are prepared to do battle.

Immigration, like free trade, is a boost for the economy and society in general but more challenging in the communities that bear the specific brunt.

California gladly accepts its role as the 21st century Ellis Island, but the Bush administration should be honest about the real costs of illegal immigration. The least the administration can do is provide economic relief to the few states that have to clean up after Washington's mess.

Next Stop: Underground (WP)

The Washington Post, February 7, 2007

REPUBLICAN state lawmakers in Virginia have advanced a grab bag of legislation designed to hound, harass and hassle illegal immigrants. The idea, as expressed by the author of one such bill, Del. Jackson H. Miller of Manassas, is "to make Virginia an unwelcome place if you are in this country illegally." Translation: Drive the immigrants out of the state. In this the bills are overwhelmingly likely to fail, since most immigrants are likely to remain near jobs despite official persecution. But the bills do threaten to push undocumented immigrants further underground, forcing them to live in fear, draw their curtains and keep their children indoors even as they fill a niche in the local economy.

Many of the measures are so patently obnoxious that they are unlikely to become law. One bill, Mr. Miller's, would cut off the flow of state and local funds to charities that might assist illegal, and presumably needy, immigrants. Another would make it a crime for an undocumented immigrant even to be in Virginia -- even though immigration is properly the purview of the federal government. There are bills to deny in-state tuition rates at public colleges and universities to illegal immigrants, even to those who have grown up in the state; to withhold business licenses from firms that would employ the immigrants; and to expand the power of state and local police to detain them.

Many of the bills are similar to ones making their way through legislatures across the country, particularly in states whose vibrant job markets have made them magnets for people who are here illegally. Two years ago, 500 immigrant-related bills were introduced in state legislatures nationwide, according to a survey by the National Conference of State Legislatures. No survey is yet available for this year, but it appears, according to the evidence from Virginia and elsewhere, that the number will have grown exponentially.

Not all the Virginia bills are heading for enactment; cooler heads in the state Senate will make short work of some. Still, taken together, the proposals transmit a message of hostility to newcomers. And good luck telling green-card-holders that the state doesn't object to them -- just to their cousins and nephews and aunts who lack the right papers.

The fact is, as many of the same conservative Republicans voting for the anti-immigrant bills know, the primal forces of economics -- hunger, need, the human thirst for self-advancement -- will generally trump official attempts at discrimination. If there is legislation to penalize landlords who rent to illegal immigrants, some will evict their tenants, and others will just demand more money under the table. If employers face sanctions for hiring illegal immigrants, many will nonetheless continue doing so, perhaps through subcontractors willing to assume the risk. Lawmakers who propose anti-immigrant legislation may be responding to the legitimate complaints of their constituents or to the worst instincts in American politics. Either way, their

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measures could inflict considerable pain while failing to solve a problem whose causes, and ultimate solution, lie with the federal government.

TAX:

Tax Preparer Barred From Preparing Federal Returns For Others (AP)

AP, February 7, 2007

MINNEAPOLIS A St. Paul tax preparer accused of filing false tax returns that overstated deductions for recent immigrants is now barred from preparing federal tax returns for others.

The Department of Justice said a federal court in Minnesota issued the permanent injunction order against Nash Sonibare, who operated Liberty Financial Group in St. Paul.

The Justice Department lawsuit alleged that the Nigerian immigrant repeatedly prepared returns for his customers containing false or inflated credits and deductions. The complaint alleged that many of Sonibare's customers were from various African countries and had limited English-language skills.

Deadline Nears For 2006 Health-Care Accounts (WSJ)

By Tom Herman

The Wall Street Journal, February 7, 2007

Time is running out for many employees to drain their flexible spending accounts for 2006.

More companies are offering these accounts, which let you use pretax dollars to pay for health-care and dependent-care expenses. But there is an important catch: Under what is known as the use-it-or-lose-it rule, you must spend every penny you set aside before the deadline or lose the balance.

The deadline varies among employers. Many have set a cutoff date of March 15 -- only about five weeks from now. That represents a big change from just two years ago, when the deadline typically was Dec. 31. After congressional pressure, the Treasury changed its rules in 2005 and allowed employers to give employees a grace period of as much as 2½ months into the following year.

Initially, many employers were undecided about whether to offer the grace period. Health-care specialists now say most large employers they work with offer the additional time.

"I don't think I have a client who isn't offering the extension," says Blaine Bos of Mercer Health & Benefits in Minneapolis, a unit of Marsh & McLennan Cos.

Separately, a new law may offer additional relief for some FSA participants. Individuals can now make a one-time transfer to a health savings account, which is for people with high-deductible health-insurance plans, from a health-care flexible-spending account or from a health reimbursement plan. Health reimbursement plans allow employees to use employer contributions to pay for medical bills.

This provision is part of a tax bill signed by President Bush Dec. 20.

In a typical flexible-spending account, you tell your employer to set aside a certain amount of your pay -- say $4,000 or $5,000. If you don't spend every penny of that amount by the deadline, the money goes back to your employer. You are allowed to spend the rest on such items as glasses, sunglasses, aspirin, teeth cleaning and other health-care-related items.

Among the companies that offer them is Liberty Tax Service, a tax-preparation firm in Virginia Beach, Va. The company recently added a popular new benefit: Participants were given a debit card with their contribution amount preloaded, says Martha O'Gorman, a Liberty Tax vice president.

"It is very handy," she says, "and makes the plan attractive to those folks who were sometimes hard-pressed to pay for the services rendered -- and then wait for the reimbursement."

Ms. O'Gorman is keenly aware of the use-it-or-lose-it rule. "My first year I left some money in the pool, so I reduced my contribution amount last year and exceeded it by almost $1,000," she says. "This year I've gone back to the same amount I pledged the first year, and I am keeping a close eye on it."

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Some merchants seek to capitalize on the use-it-or-lose-it rule. Mercer's Beth Umland says an eyeglass store in her Brooklyn, N.Y., neighborhood has a sign in the window urging customers to buy soon to avoid forfeiting money parked in health-care FSAs.

Many experts praise the general FSA concept. "I think they're very useful if you have the ability to budget expenses and you understand the tax advantages," Mercer's Mr. Bos says. "They're a very tax-efficient way of using your money."

If you participate, be sure to keep a close watch on your account balances. If your employer gives you until mid-March to drain your 2006 account, make sure your expenses for the first 2½ months of this year are applied against your 2006 account, rather than your 2007 account.

A Mercer survey of employer-sponsored health plans last summer found a record 81% of large employers -- those with 500 or more employees -- offered a health-care flexible-spending account in 2006, up from 77% the prior year and 68% in 2001.

The percentage of eligible employees participating remained about the same: 20% in 2006, 21% in 2005 and 19% in 2001.

* * *

THE APRIL TAX DEADLINE comes two days later this year.

Usually, the deadline is April 15. This year, it is Tuesday, April 17. April 15 falls on a Sunday this year, and the following day is a holiday in Washington, D.C. Thus, "the entire country has an April 17 deadline" this year, the Internal Revenue Service says.

Don't pay attention to the April 16 deadline you will see in various IRS publications, the IRS says. That is now out of date.

The April 17 deadline applies to 2006 federal individual income-tax returns. It also applies to requests for a six-month tax-filing extension. It applies to tax-year 2006 balance-due payments and to tax-year 2006 contributions to individual retirement accounts.

Also, it applies to individual estimated-tax payments for the first quarter of this year, whether made electronically or by check.

* * *

REMINDER: Don't overlook a phone-tax refund on your tax return for 2006.

This year, there is a special one-time refund of the telephone excise tax on long-distance and bundled service. An IRS survey of early filers shows one in three early filers this year are failing to request the refund. To get the refund, you have to file.

Taxpayers can choose a standard refund amount between $30 and $60, depending on the total number of exemptions on their 2006 return -- or, if they kept good records, they can deduct the actual tax paid.

For details, see the IRS Web site (www.irs.gov).

CONGRESS-ADMINISTRATION:

Cabinet Members Go To Congress To Push The Budget (NYT)

By Steven R. Weisman

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — One day after the Bush administration proposed deep cuts in domestic spending, Treasury Secretary Henry M. Paulson Jr. told Democratic critics in Congress on Tuesday that the proposals for Medicare and Social Security were “a starting point for a discussion” and could be revised.

Democrats, on the other hand, promised to reshape the priorities to some extent, though several said they would take Mr. Paulson at his word, for now, that negotiation was possible.

On Social Security, Medicare and taxes, however, Democrats did not indicate what steps they would take, and that is a source of frustration to administration officials.

If tax increases are to be a part of any budget solution, Republicans want Democrats to propose them. Democrats are reluctant to do so. They distrust the administration’s promises of willingness to negotiate, noting that Vice President Dick Cheney and others seem to have ruled out compromise.

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It was thus hard to tell whether Mr. Paulson's call for negotiations was serious or just an effort to have Democrats make unpopular counterproposals. For the moment, conciliatory talk held sway.

Mr. Paulson appeared before the House Ways and Means Committee and the Senate Finance Committee, defending the administration proposals on domestic spending cuts, taxes and military outlays.

But he said, "We really welcome everybody's ideas."

He was referring specifically to the proposals to reduce Medicare and Medicaid costs by cutting payments to doctors and hospitals and requiring some recipients to pay out more, but his promise to negotiate extended to other areas, as well.

The comments were echoed in part by those of President Bush at a factory tour at Micron Technology in Manassas, Va. Mr. Bush was more combative in defending the budget, saying it "can work if Congress resists the temptation to raise your taxes."

He also called on Democrats to do more than criticize.

"Now's the time for members of the Congress in both parties to bring their best ideas to the table as to how to solve the problems involved with entitlement programs," Mr. Bush said, referring to Social Security, Medicare and Medicaid.

Rob Portman, director of the Office of Management and Budget, also defended the budget, before the House Budget Committee. Mr. Portman said that in response to years of criticism the administration had been more open in its projections of military spending and was calling for a slight increase in domestic spending, not an unrealistic freeze.

Possibly recognizing political realities, Mr. Paulson all but invited Congress to reject the cuts for the health program known as S-Chip. It provides health insurance to low-income children.

"It just may be that the Congress believes that that's something that should be funded at a higher level," Mr. Paulson said.

On another hot topic, Mr. Bush's desire to replace Social Security benefits for some future retirees with private investment accounts, a proposal that never came to a vote even when Republicans were in charge of Congress, Mr. Paulson said, "No one should be surprised that personal accounts are in the budget."

"That's his idea," the secretary said, referring to Mr. Bush. "A lot of people share that idea, and there are different views on that and on taxes. But everything's on the table."

Democratic criticism of the budget was tempered by repeated promises to take Mr. Paulson's promise of bipartisanship at face value, at least initially.

"We hope that you're our new best friend," Representative Charles B. Rangel, the New York Democrat who is chairman of the House Ways and Means Committee, told Mr. Paulson. "We look forward to working with you."

At another point, Mr. Rangel dismissed the budget proposals as pre-campaign talk.

Health and Human Services Secretary Michael O. Leavitt encountered deep skepticism when he defended the budget at a hearing of the House Energy and Commerce Committee. Democrats accused Mr. Leavitt of favoring spending on Iraq over spending for the poor and the sick.

President Bush Asks Lawmakers To Resist Raising Taxes (NYS/BL)

By Brendan Murray

New York Sun/Bloomberg, February 7, 2007

WASHINGTON — President Bush, a day after sending Congress a $2.9 trillion budget, urged lawmakers to resist raising taxes and to address the unsustainable growth in entitlement programs by restraining spending.

The president said his spending plan will lead to a balanced budget by 2012 while keeping tax rates at current levels and spending a record amount on defense and the conflicts in Iraq and Afghanistan. Rolling back the tax cuts he pushed through Congress would be a drag on the economy, he said.

"Do tax cuts work? They work," Mr. Bush said yesterday at a Manassas, Va., plant operated by Micron Technology Inc. Boise, Idaho-based Micron is the biggest American memory chipmaker. "Low taxes means economic vitality, which means more tax revenues" to bring the budget in balance.

As hearings on the fiscal 2008 budget got under way in Congress yesterday, members of the Democratic majority greeted Mr. Bush's spending blueprint with skepticism and signaled they will press forward with their own priorities. The party's congressional leaders say they have no plans to repeal all of the tax cuts approved during Mr. Bush's first term.

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Mr. Bush's budget for the fiscal year that begins October 1 would increase federal spending 4.2% over the current year, even as funding for agencies outside defense and homeland security would rise an average of 1% in each of the next four years. That effectively is a cut because it is less than the rate of inflation, which was 2.5% in 2006.

The Senate Budget Committee chairman, Senator Conrad, a Democrat of North Dakota, said yesterday that the president's spending plan is "filled with debt and deception."

The biggest challenge, Mr. Bush and his advisers say, will be dealing with escalating costs for Medicare, Medicaid, and Social Security, known as entitlements because benefits and eligibility are set in the law. Outlays for all three would total $1.2 trillion in fiscal 2008.

"There is now nearly universal, bipartisan agreement that the unchecked growth of these programs presents real long-term threats to beneficiaries, our federal budget and the economy," Mr. Bush's budget director, Rob Portman, said yesterday in testimony to the House Budget Committee.

Mr. Bush proposes to trim the growth of Medicare, which provides health insurance for those 65 and older, and Medicaid, which benefits low-income individuals, by $78 billion over five years. The reductions would come from boosting costs for beneficiaries and cutting payments to some providers.

Mr. Bush's budget doesn't offer a legislative solution for Social Security, the government's retirement assistance program that last year covered about 49 million American retirees with $539 billion in benefits.

As the number of Medicare, Medicaid, and Social Security beneficiaries swells so do outlays. Mr. Portman said mandatory spending programs accounted for 53% of the budget in 2006, up from 26% in 1962.

Mr. Bush has been prodding lawmakers to open a discussion about how to deal with the projected shortfalls in the program as the number of retirees drawing benefits rises relative to the number of workers paying into the system. The trustees of the system project that Social Security will begin paying out more in benefits than it takes in from payroll taxes by 2017.

"We have a fundamental problem when it comes to a program like Social Security," Mr. Bush said. "Now's the time for members of Congress from both political parties to bring their best ideas to the table."

Mr. Bush's effort two years ago to overhaul Social Security and add private accounts for workers never got off the ground because a lack of support from lawmakers and the public.

Micron Plant Provides Backdrop For Bush (WP)

By Cecilia Kang

The Washington Post, February 7, 2007

Micron Technology's plant in Manassas makes some of the most sophisticated memory chips in the world, semiconductors made from wafers of silicon 300 millimeters thin that run MP3 players, smart phones and satellite navigation systems.

But the finer details of the 650,000-square-foot plant's operations may have escaped the company's most esteemed visitor yesterday, President Bush.

They "tried to explain all the big machines that were there to a history major. I played like I understood," Bush said in a speech to 150 Micron employees.

Bush nevertheless praised the company for its growth, exports and creation of high-skill jobs -- a model, he said, for the nation's economic growth.

"One thing about Micron is that it is clear that the role of government is to encourage investment and enhance educational opportunities," Bush said. "I mean, when you walk through the halls of this innovative company, it's pretty clear to me that you need to know what you're doing in order to make this company survive and thrive like it is."

It was the president's first visit to the Manassas plant, which Micron bought in 2002. The company was lured to Northern Virginia by about $25 million in local and state tax incentives and it has grown impressively since, albeit with a few setbacks along the way.

Micron initially laid off 560 workers but has since undergone a $3.5 billion expansion that has brought in 800 new employees. About 1,700 people work there now.

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More recently, the parent company, with manufacturing plants around the world, was granted immunity for cooperating with a federal investigation into whether some of the biggest companies in the semiconductor industry have fixed prices. Micron agreed to pay $91 million to settle a class-action lawsuit by chip purchasers, and still faces legal action from many states, including Maryland and Virginia. The company overall is now dealing with falling prices worldwide for some chips.

Steven R. Appleton, Micron's chief executive, said the White House approached Boise, Idaho-based Micron about the tour last week, impressed by the firm's decision to expand operations domestically.

"We've been investing here in Virginia for quite some time and have put our most advanced technology here," Appleton said.

About 60 percent of the company's products are exported overseas, he said: "This is a good example of how companies can invest in the U.S -- and we're manufacturers."

Bush came to Micron primarily to promote the $2.9 trillion budget he submitted to Congress on Monday and to preach the importance of fiscal responsibility.

Bush promised to balance the federal budget by 2012 by "keeping taxes low and being wise about how we spend your money." He said his hallmark economic policies -- the promotion of trade and tax cuts -- have helped companies like Micron grow.

"By cutting capital gains taxes and taxes on dividends, it encourages capital flow; it makes it easier for Micron to attract capital to buy new equipment to expand your business and to remain competitive," Bush said.

With just a few days' notice of the president's visit, crews rushed to spruce up the plant. They painted parts of the building and cleared rocks in a parking lot for the four White House helicopters that carried Bush, Secret Service agents and journalists between the District and Manassas. Inside, workers hung blue velvet curtains in the assembly room, played patriotic music through speakers, and set up a large promotional backdrop displaying the various products that use Micron's chips.

"We feel incredible pride, beyond what you can imagine," said Stephen Silberstein, facilities manager at the Manassas plant.

Bush Visits Micron's Manassas Plant (PBJ)

By Jeff Clabaugh

Phoenix Business Journal, February 7, 2007

About 150 employees at Micron Technology's Northern Virginia plant had a morning visit from President Bush.

Bush toured Micron's plant in Manassas and spoke to employees at about 10:30 a.m. Tuesday, telling the audience that Micron is helping support the national economy through continued investment and job creation in states like Virginia.

"On thing about Micron is that it is clear the role of government is to encourage investment and enhance educational opportunities," Bush said. "When you walk through the halls of this innovative company, it is pretty clear to me that you need to know what you're doing for a company to survive and thrive like this."

Bush was accompanied by Micron Technology's chief executive Steve Appleton.

Micron began investing in its memory chip plant on Godwin Drive in 2005. The plant has undergone a $3.5 billion upgrade, and the expansion has created about 1,000 new jobs. The plant manufactures both DRAM memory and NAND flash memory chips, demand for which has surged with the popularity of MP3 players and cell phones with cameras.

Micron actually downsized the facility when it bought the plant from Toshiba in 2002, slashing 560 of its then 1,200 jobs, part of company-wide cost-cutting.

The plant now employees 4,000, according to Micron spokesman Dan Francisco, who describes them as well-paid jobs held by highly-trained technology workers.

Bush Touts Fiscal Responsibilityin Speech At Micron Plant In Virginia (AP)

By Ben Feller

AP, February 7, 2007

MANASSAS, Va. — President Bush preached the virtues of fiscal responsibility Tuesday at a company that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws.

Bush went to computer chip-maker Micron Technology Inc. to talk about the $2.9 trillion budget he had unveiled a day earlier. His spending plan gives the Pentagon a record $50 billion budget boost but squeezes programs cherished by Democrats, including health research and heating subsidies for the poor.

Bush said his plan would lead to a balanced budget in five years after soaring deficits.

He said Congress needs to set priorities in spending taxpayer money.

"The temptation in Washington is to spend your money on everything that sounds good," Bush said. "That's not how you run your family budget. That's not how this company runs its company budget, and that's certainly not how the government ought not to run its budget."

Micron Technology, based in Boise, settled a class-action lawsuit last month that was filed in 2002 in U.S. District Court in San Francisco on behalf of customers, generally computer manufacturers and others, who bought dynamic random-access memory chips, or DRAM, directly from suppliers between April 1, 1999, and June 30, 2002.

The White House knew about the lawsuit when it scheduled Bush's appearance, deputy press secretary Dana Perino said.

The lawsuit is one of several filed following a U.S. Justice Department investigation into whether computer-chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices.

The investigation resulted in more than $730 million in fines and guilty pleas from four companies — Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

The Justice Department granted Micron immunity from criminal charges in exchange for its cooperation, but the amnesty did not shield it from lawsuits.

Steven Appleton, chief executive officer of Micron Technology gave $2,000 to Bush and $15,000 to the Republican National Committee during Bush's 2004 re-election campaign.

Appleton escorted Bush on a tour of the Manassas plant.

The recent $3.5 billion upgrade at the plant has created more than 1,000 jobs at the site over the past year.

"It's an honor for Micron to host President Bush at our Manassas site," Appleton said in a statement after the visit.

"We believe in innovation and ingenuity of the American work force, and we continue to invest not only in Virginia, but also our other U.S. locations."

Idaho Statesman reporter Ken Dey contributed to this report.

Budget Talk Venue Carries Baggage (LAT)

By James Gerstenzang

The Los Angeles Times, February 7, 2007

MANASSAS, VA. — President Bush promoted his newly released federal budget Tuesday at a company that recently settled a class-action lawsuit over alleged price-fixing and antitrust violations.

Bush used his visit to Micron Technology Inc., a semiconductor manufacturer, to argue that Congress should look to private sector companies as examples of responsible budgeting. His spending plan for next year forecasts a balanced federal budget by 2012.

"I appreciate very much the fact that companies like Micron actually have a budget. It's a concept that the government needs to get used to too," the president said.

Bush called Micron an "innovative company" that is made up of "smart people back there making the products that people want."

In January, Micron settled a class-action lawsuit built on accusations that it had engaged in price-fixing and had violated antitrust laws, along with the other makers of dynamic random-access memory chips, or DRAM.

Bush made no reference to the lawsuit, which was filed after the Justice Department launched an investigation of the company's pricing policies in 2002. The suit was one of several legal actions facing the company that were brought by computer manufacturers, consumers and states.

At the Micron plant, in a suburb about 30 miles west of the White House, Bush promoted the $2.9-trillion budget for 2008 that he submitted to Congress on Monday.

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"By keeping taxes low and being wise about how we spend your money, we actually achieve balance in the budget," he said. "This budget can work if Congress resists the temptation to raise your taxes."

The White House said it was aware of Micron's former legal difficulty before Bush's visit.

"From what we could see, they followed all the procedures in dealing with the Department of Justice and cooperated as required," said Deputy White House Press Secretary Tony Fratto.

A Micron spokesman said the company, which is based in Boise, Idaho, had cooperated with the department's probe, a step that he said protected it from the risk of criminal penalty.

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Paulson: Growth Can Spur Balanced Budget (AP)

By Martin Crutsinger

AP, February 7, 2007

President Bush's $2.9 trillion budget plan on Capitol Hill got a predictably cool reception from congressional Democrats Tuesday, while Bush's GOP allies said it's up to the new majority to come up with an alternative that balances the budget without raising taxes.

House Ways and Means Committee Chairman Charles Rangel, D-N.Y., said he saw Bush's budget — which appeals to anti-tax GOP conservatives while curbing Democratic priorities — as a missed opportunity for Bush to reach out to Democrats, who for the first time in Bush's presidency control both the House and Senate.

"The president has to be a party to this. He can create a climate that would allow us to move forward in a bipartisan way," Rangel said.

The $2.9 trillion Bush budget for the budget year that begins next Oct. 1 would provide a massive boost for the Defense Department, seek an additional $245 billion in spending on the wars in Iraq and Afghanistan for this year and 2008 and restrain spending across a wide swath of the rest of government.

The spending restraints allowed Bush to project gradually declining deficits, with the budget going into surplus in 2012, three years after he has left office.

His budget plan would make his first-term tax cuts permanent, at a cost over the next decade that the administration estimates at $1.6 trillion — which the Bush team says is key to maintaining economic growth.

"We are submitting a budget that includes a surplus in 2012, which is achievable if we keep our economy growing," Treasury Secretary Henry Paulson told the House Ways and Means Committee.

Democrats, however, charged that the president is able to produce a surplus only on paper by using overly optimistic assumptions about how much revenue the economy will generate over the next five years and by leaving out expensive items such as further war costs after 2009 or providing money beyond this year to fix the alternative minimum tax so that it doesn't hit millions of middle-income taxpayers.

House Budget Committee Chairman John Spratt Jr., D-S.C., said the Bush plan shortchanges domestic programs such as heating subsidies for the poor, education and the State Children's Health Insurance Program, which helps children of low-income working families that earn too much to qualify for Medicaid but not enough to afford private insurance.

Democrats said the plant doesn't provide enough money for the program to cover all of the children who are currently enrolled.

"I couldn't believe that the president could be so unthinking as to want to deny poor children health care," said Rep. Pete Stark, D-Calif.

For their part, congressional Republicans rallied around the Bush plan and challenged Democrats to pass an alternative that doesn't raise taxes.

Rep. Adam Putnam, R-Fla., called the budget "a defining issue for ... whether (Democrats) can govern."

Despite requisite calls among all parties to work together, many also expressed pessimism that they could.

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"We hope we can find common ground, but we also find the differences between us are substantial," Spratt told White House budget director Rob Portman.

Paulson and Portman are on friendly terms with many lawmakers, including Democrats, but many Democrats harbor distrust toward Bush and Vice President Cheney, whom they see as less flexible.

Paulson and Portman both disputed contentions by Democrats that the budget achieves its projected $61 billion surplus in 2012 by adopting overly optimistic economic assumptions.

"While no one has a crystal ball, our economic assumptions are close to the consensus of professional forecasters," Paulson said.

Paulson has been given the task by President Bush to see if a consensus can be reached on overhauling the government's huge benefit programs such as Social Security and Medicare. He said he looked forward to sitting down with Democrats and Republicans to see if a bipartisan consensus can be obtained.

He said the reductions in the new budget in spending on Medicare and Medicaid would lay the foundation for more comprehensive reform of the benefit programs.

Portman told the House Budget Committee that while the administration's budget projects balance in the short term, shortfalls in Social Security and Medicare promise to swamp taxpayers in the long term.

"The progress we are making in getting our fiscal house in order short-term must not distract us from this long-term challenge," Portman said. He added that it was possible the government's improving revenue picture could reduce the deficit from the $244 billion projected by the White House for the current year.

Hill Democrats Critical Of Bush's Budget Plan (WP)

By Lori Montgomery And Christopher Lee

The Washington Post, February 7, 2007

Administration officials dispatched to Capitol Hill to defend President Bush's budget received a frosty reception yesterday from congressional Democrats, who argued that the president's proposal to target health care, education and other Democratic priorities suggests a White House more interested in scoring political points than in genuine compromise.

The $2.9 trillion budget blueprint contains little to appeal to, but much to infuriate, the Democratic majority, Democrats said. In a series of hearings, they rattled off a list of their objections: More than $100 billion to be sliced from projected Medicare and Medicaid spending. Further restrictions on the federal food-stamp program. Insufficient cash to maintain health coverage for millions of children. And deep cuts proposed for a range of programs that help communities put police on the street and fund community projects.

When you combine the cutbacks with the large sums the White House is seeking to support the military, the war and tax cuts, "this is not a budget we can support," House Budget Committee Chairman John M. Spratt Jr. (D-S.C.) told reporters after his panel finished grilling White House budget director Rob Portman.

In the House Ways and Means Committee, Chairman Charles B. Rangel (D-N.Y.) told Treasury Secretary Henry M. Paulson that he was particularly annoyed by the health-care cuts and yet another request from the White House to create private retirement accounts that would allow taxpayers to shift billions of dollars out of the Social Security trust fund.

The proposal went nowhere two years ago, when Republicans controlled Congress. Democrats have refused even to discuss changing Social Security unless Bush backs away from the plan. At a time when the president is trying to engage Democrats in a politically risky effort to restructure Social Security, Medicare and Medicaid, Rangel told Paulson, the budget represents a "missed opportunity."

"They're playing politics at a time that I'm trying to be bipartisan," Rangel said later. "I don't think that I can tell the president what to put on the table and not to put on the table. But I can tell him: Don't pick a . . . fight."

Paulson replied that "no one should be surprised that private accounts are in the budget," because they represent the president's preferred path for restructuring Social Security. But, he said, "everything is on the table" for discussion, and "the president has been very clear and very sincere" about that.

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Despite what they consider unpalatable budget proposals, Rangel and House Majority Leader Steny H. Hoyer (D-Md.) said Democrats remain hopeful that they can work with the administration to rein in spending on the three programs, which threaten to swamp the federal budget as the baby boom generation retires. "We all need a win," Rangel said.

Health care was also a major topic in the House Energy and Commerce Committee, where Health and Human Services Secretary Mike Leavitt endured more than 2 1/2 hours of questions from Democrats complaining that the budget request would hurt children and the elderly and shortchange funding for research into cancer and other diseases.

The lawmakers focused on Bush's proposal to increase funding for the state-federal Children's Health Insurance Program by $4.8 billion over the next five years -- too little, experts say, to continue covering the 4.4 million children enrolled in the program last year. Analysts have said the program, which costs about $5 billion a year, would require an increase of $12 billion to $15 billion to keep pace with current enrollment because of rising health-care costs.

Some Democrats want to use the 10-year-old program, which must be reauthorized this year, to extend coverage to some of the nation's 8.3 million uninsured children. Rep. John D. Dingell (D-Mich.), the committee's chairman, said Bush's budget "misses an historic opportunity" to do so.

"Seven out of 10 uninsured children qualify for either Medicaid or the State Children's Health Insurance Program but are not yet enrolled. Yet, the president instead makes cuts in the program, ensuring that we will not reach those children, and that more children and their parents will become uninsured," Dingell said.

Democrats also panned the president's proposals to stop enrolling childless adults in the program and to provide less federal matching money for enrolled children whose families earn more than the targeted cutoff of twice the poverty level, or $41,300 for a family of four.

Leavitt called the proposed funding "adequate" and said the program should not be used "as an engine to pull us toward a point where everyone is covered by the federal government."

While Leavitt is an old hand at budget hearings, the hostile audience was a new experience. Both he and Portman, a former congressman from Ohio who served on both the Budget Committee and Ways and Means, handled the long hours of contentious questions with calm assurance.

But Paulson, the former chairman of Goldman Sachs who joined the administration last summer, seemed less comfortable with the interrogation, which ranged over a wide array of topics, not all of them familiar.

In addition to attacks from Democrats, Paulson took fire from Rep. Jerry Weller (R-Ill.), who demanded to know why the administration had chosen to extend the federal unemployment surtax. (Paulson said he did not know and suggested that Weller talk to Labor Secretary Elaine L. Chao.) And Rep. Jim Ramstad (R-Minn.) said that it was "not appropriate" for the White House to recommend cuts to the federal home-heating program at a time when the wind-chill factor back home was 40 degrees below zero. (Paulson thanked him for the question and changed the subject.)

"This is not like running Goldman Sachs," Rep. Richard E. Neal (D-Mass.) joked.

Paulson smiled. "You can say that again," he said.

Gleams Of Hope For '08 Budget Deal (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 7, 2007

WASHINGTON

Within hours of the arrival Monday of President Bush's $2.9 trillion budget proposal on Capitol Hill, Democrats dubbed it "disingenuous" and "filled with debt and deception" – not unlike their response to previous Bush budgets.

The chairman of the House Budget Committee, Rep. John Spratt Jr. (D) of South Carolina, questioned if even Republicans would rally around it.

Despite such predictions, GOP leaders have already pledged to rally around one part: tax cuts. "Raising taxes now will not only increase the family tax burden, [but] it will have devastating consequences on our robust economic growth that is creating the new jobs of tomorrow," said House Republican leader John Boehner (R) of Ohio.

But behind the tough talk, conditions exist for a potential compromise in this year's budget negotiations.

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For the first time in Mr. Bush's tenure as president, Democrats control both the House and Senate. Their leaders are convinced that to keep that control after 2008 – and even to take back the White House – they need to show that they can govern. That means avoiding a budget train wreck and completing spending bills for the next fiscal year.

At the other end of Pennsylvania Avenue, an unpopular president is looking to leave a domestic legacy.

"There's an opportunity for compromise this year, because if Bush wants to get anything done in the last two years, he's going to have to work with the Democratic Congress to do it," says Robert Bixby, executive director of the Concord Coalition, a public interest group that aims to balance federal budgets.

"And if Democrats come across as just being obstructionist or tax-and-spend, the public could take offense. Presuming that they both want to accomplish something, there's an opportunity," he adds.

In the run-up to the release of the budget this week, administration officials have taken careful soundings on Capitol Hill and consulted widely with Democrats. Rob Portman, director of the Office of Management and Budget (OMB), says he began his consultations on the budget this year by going first to Congress "to hear what they were looking for," and then to the administration.

In response to urging from Congress, especially Democrats, the Bush administration for the first time this year included war costs as part of the regular budget. With war costs, the proposed fiscal year 2008 budget raises military spending 11 percent and nondefense domestic spending by 1 percent. While praising the move, Democrats note that OMB's $50 billion estimate for the Iraq war in 2009 is well below previous spending levels. Administration officials describe it as a "place holder."

OMB officials say they also reined in the number of user fees used to demonstrate "savings" in the budget that have little chance of being enacted by Congress.

In a move that budget watchers say could be significant, Mr. Portman says that he heads into budget negotiations this year with "no preconditions" – which he describes as a "change in position" for the Bush White House.

"Our attempt here is to provide a credible, more transparent budget and one that is more realistic," he said at a briefing on Monday. "And so there are a number of different areas where we tried to be responsive [to Congress]. One is showing more war costs in greater detail."

One flash point in budget negotiations will be Bush's proposal to make tax cuts set to expire in 2010 permanent – at a cost of $1.6 trillion over 10 years. Democrats call the proposal a nonstarter.

But budget analysts note that the White House has already put taxes on the table, with one proposal to reform the alternative minimum tax (AMT) in a revenue-neutral way. The AMT was designed to ensure that the highest income tax payers paid their fair share of taxes, but it now impacts millions of Americans.

"The idea that you do AMT reform in a revenue-neutral way means you're going to have to raise taxes from somewhere else," says Mr. Bixby. "They're implicitly putting tax revenues on the table as a way to pay for something else."

For Democrats, the flash point could be the president's proposal to reduce Medicare benefits for upper-income seniors.

While early discussions with lawmakers over reining in entitlement spending prompted "immediate negative response," Portman says he also heard "a lot of response that says, 'Let's look at this,' on both sides of the aisle."

Analysis: Budget Deal Seems Unlikely (NSDY/AP)

By Andrew Taylor

Long Island Newsday, February 7, 2007

WASHINGTON -- Many of the necessary ingredients are there for the budget chefs in Washington to whip up a bipartisan deal.

Take the bountiful revenues that make it much easier to balance the budget. Add in the fact that it's not an election year, so politics shouldn't spoil the policymaking.

Warm with the relationships that have formed between key administration officials and lawmakers. Even having a government divided between a Democratic Congress and a GOP president can be a plus -- especially a president looking for a recipe to establish his legacy.

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But rather than improve prospects of agreement with Democrats, President Bush's proposal for next year seems to have left the budget kitchen in turmoil.

Bush's budget appeals to anti-tax GOP conservatives and advocates of private accounts within Social Security while slighting Democratic priorities like health insurance coverage for children in low-income families.

"I don't think that I can tell the president what to put on the table and not to put on the table, but I can tell him, 'don't pick a damn fight,'" said House Ways and Means Committee Chairman Charles Rangel, D-N.Y. Private accounts, entitlement cuts and less money for the poor aren't the way to win cooperation, he suggested.

The poor start toward agreement on any number of budget issues dismays people like Senate Budget Committee Chairman Kent Conrad, D-N.D., who's hoping for action on the nation's long-term fiscal problems.

Big budget agreements like a 1997 deal forged by President Clinton and congressional Republicans often occur in odd-numbered, non-election years like this one. Then, like now, tax revenues were surging, and that made it much easier to grease the deal -- as did Clinton's willingness to call for Medicare cuts when submitting his budget that year.

It's often easier to take painful steps such as cutting benefit programs or raising taxes when the government is split between the two parties. That way, both share the political heat. That's what happened in 1990, when congressional Democrats and President Bush's father enacted a major deficit-cutting deal.

But that 1990 deal -- in which the elder Bush broke his "read my lips" pledge on taxes -- had big political consequences for George H.W. Bush, who lost his re-election bid.

And a tax-laden 1993 bill, passed with only Democratic votes, contributed to a Democratic disaster at the hands of voters the following year.

That's the rub: Voters often punish politicians who take difficult steps on the budget. That may be why GOP leaders on Capitol Hill are in no hurry to work with Democrats on the budget.

There's certainly no shortage of budget problems crying out for solutions: tax cuts that expire in four years unless renewed; federal retirement programs like Social Security and Medicare that need to be overhauled to absorb tens of millions of baby boomers, a looming hidden tax hike on the middle class under the alternative minimum tax.

Bush's GOP allies in Congress have made it clear they'll insist on no rollbacks on his tax cuts -- even though such an agreement might make some of the tax cuts permanent instead of expiring at the end of 2010. Even a smallish rollback seems sure to rile core conservative GOP voters.

And if Democrats fall on their faces and are unable to pass a budget blueprint, that may be OK with the GOP, too.

"They have a responsibility to govern," said House Minority Leader John Boehner, R-Ohio. "It's been clear for some time that they're likely to have a balanced budget, but they're going to raise taxes and increase spending."

Since Democrats won back Congress last year, Treasury Secretary Henry Paulson and White House Budget Director Rob Portman have met repeatedly with Democrats and Republicans alike. They have said repeatedly that there are "no preconditions" for talks on Social Security. That's been interpreted as an openness to increase payroll taxes, something Bush was previously unwilling to do.

"We think everything should be on the table, and that's a change," Portman told the House Budget Committee Tuesday.

But the recent spadework by Paulson and Portman was undercut by Vice President Dick Cheney, who went on Fox News last month to declare, "This president has been very, very clear on his position on taxes, and nothing's changed."

Democrats think Portman and Paulson are more eager for an agreement than Bush and Cheney.

"The president's looking for a legacy and Republicans in Congress are looking to regain power, and it's not clear that compromise on the budget helps congressional Republicans get back the majority," said longtime budget expert Stan Collender, managing director at Qorvis Communications.

Bush Tax Cuts' Fate Hangs In Balance (WT)

By Stephen Dinan

The Washington Times, February 7, 2007

DOJ_NMG_0128881

Democrats said President Bush's new budget is a "missed opportunity" to find common ground, but they are left with few good alternatives other than tax increases if they hope to boost spending and match the president's goal of balancing the budget by 2012.

It took an independent, Sen. Joe Lieberman of Connecticut, who called for a new "war on terrorism tax," to broach the issue of tax increases.

"People keep saying that we're not asking sacrifice of anybody but our military in this war, and some civilians who are working on it," said Mr. Lieberman, a former Democrat who supports the war in Iraq. "When you put together the [Department of Defense] budgets with Homeland Security budgets, we need to ask people to help us in a way that they know when they pay more it will go for their security."

But he exposed the key question that will lie beneath this year's budget debate: Can the government expand the war in Iraq and continue Mr. Bush's 2001 and 2003 tax cuts while increasing spending and bringing the budget into balance by 2012?

Mr. Bush on Monday sent Congress his $2.9 trillion budget for fiscal 2008, which begins Oct. 1. It includes a 1 percent increase in basic domestic spending, a giant boost for defense spending and a request for more than $93 billion in emergency war spending for the rest of 2007 -- all while bringing the budget into balance in 2012.

Democrats said Mr. Bush makes wrong assumptions on future tax revenue, such as the Alternative Minimum Tax, but admitted they will probably make the same choices when they pass their own budget so they can also show a balance by 2012, and so they can compare "apples to apples" with Mr. Bush.

Democrats also will have to decide whether to show continued costs for the war past 2008 -- something Mr. Bush does in a cursory manner -- and whether to plan on having Mr. Bush's 2001 and 2003 tax cuts expire in later years, which would help government revenue but would put them on a collision course with the president.

Mr. Bush, stumping for his budget at Micron Technology Inc.'s plant in Manassas, said Congress should choose the path of lower taxes.

"Step One to balancing the budget is to keep taxes low," the president told company employees. "As a matter of fact, not only do I think we ought not to raise them, I think we ought to make every tax cut we passed permanent."

Stepping out from behind the lectern and hefting a foot-thick stack of congressional reports, which Congress uses to attach add-ons to spending bills, Mr. Bush challenged lawmakers to drop most pork-barrel spending projects called earmarks.

Meanwhile, the Congressional Budget Office yesterday said if Congress passes the new war-spending bill for 2007, but does not otherwise increase spending before October, the deficit will drop to about $200 billion this fiscal year. That's down from the actual 2006 deficit of $248 billion, and lower than the administration's $244 billion projection for this year.

House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, said there is a chance to work together with the president, but that Mr. Bush will need an attitude change.

"It sounds to me like this is pre-campaign talk," Mr. Rangel said of Mr. Bush's call to make the tax cuts permanent. "I just want someone at the White House to know that Democrats won and we want to work with Republicans."

Still, Democrats said they see no need to rush to put forward their own solutions to big budget problems such as Social Security, arguing Mr. Bush himself still hasn't come to the table with a serious proposal.

House Majority Leader Steny H. Hoyer, Maryland Democrat, challenged Republicans: "Why is it our turn when it was your turn and you didn't do something?"

Still Against Taxes, Bush Embraces User Fees (MCT)

By Kevin G. Hall

McClatchy Newspapers, February 7, 2007

WASHINGTON - The Bush administration may be squarely against new taxes, but its proposed fiscal 2008 budget seeks to raise almost $81 billion in new revenue over the next five years by hiking user fees and other charges on taxpayers and businesses.

Technically, changes to these fees aren't taxes. But for anyone who must pay them - everyone from recreational hikers to war veterans - it's a question of semantics.

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The big revenue gains would come from changes to federal health-care programs.

Bush would raise more than $15 billion through 2012 by allowing the Defense Department to raise enrollment fees and deductibles for medical care provided to military retirees under age 65. It would also raise retail pharmacy co-payments for all military retirees.

He'd raise another $1.6 billion over five years by increasing the pharmacy co-pay for all veterans and another $526 million by raising medical care fees for non-disabled, high-income war veterans. Veterans with household income above $50,000 a year would pay an annual enrollment fee of $250, which would jump to $750 a year for vets with household income above $100,000.

The president also seeks to limit the growth in health care subsidies for high-income beneficiaries of Medicare, the federal health-insurance program for the elderly. His budget estimates collecting $5.5 billion over five years through "reduced subsidies for certain high-income beneficiaries."

Bush also proposes to end the practice of indexing for inflation the income thresholds that determine just how much wealthy Medicare beneficiaries must pay out of their own pockets. Over time, failure to index those income thresholds for inflation would allow more Americans to shoulder a greater share of their health-care costs.

Corporations of many stripes also would have to pay new fees.

The biggest single new revenue generator under Bush's user-fee section is $35 billion he'd collect over five years from airlines for use of the nation's air traffic control system. This would ostensibly eliminate ticket taxes and other charges imposed by airlines on consumers.

But this isn't necessarily good news for flyers, since the airlines would still be expected to pass on the new costs to the flying public. It simply would make funding of the Federal Aviation Administration less vulnerable to swings in passenger traffic.

Businesses that still offer pensions to their employees would get nicked too. The president seeks almost $5.5 billion over five years from increases in the premiums that companies pay to the Department of Labor for defined-benefit pensions. This would help close the $19 billion deficit faced by the Pension Fund Guaranty Corp., which pays worker pensions, at least in part, when employers go bankrupt.

Bush also seeks to raise $325 million in fees from U.S.-based businesses that are seeking certification from the Department of Labor that they cannot find sufficient workers in the United States and need to bring in foreign workers.

And he envisions raising $461 million in user fees to fund regulation by the Commodity Futures Trading Corporation. The CFTC regulates trading of contracts for future deliveries of everything from oil to orange juice, but remains the only federal financial regulator not funded by those it supervises.

No federal activity is too small to escape a fee. Take the Corps of Engineers. Its civil works division manages 4,300 recreation areas, mostly at lakes and reservoirs, on 12 million acres in 43 states. This costs $267 million annually. Bush wants the Corps to charge unspecified entrance fees at some high-use areas. This could raise $65 million in fees collected from ordinary citizens over five years.

The administration also hopes to raise $2 million over five years by charging conference fees for events put on by the Minority Business Development Agency, part of the Department of Commerce. It hopes to raise another $1 million through registration fees at Federal Election Commission events.

Bush's Stealth Tax Increase (WP)

By Ruth Marcus

The Washington Post, February 7, 2007

Even President Bush acknowledges that he can't balance the budget without raising taxes.

The president would never put it that way, of course. In fact, his message is exactly the opposite. But the coming tax increase is the unavoidable, unstated subtext of his supposedly balanced-by-2012 budget.

The reason is the governmental cash cow known as the alternative minimum tax. Assume for the moment that the administration could somehow convince the newly Democratic Congress to accede to its pincer-tight domestic spending levels and to significant reductions in entitlement spending.

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Assume also that the administration is right about how much tax revenue the government will take in -- though the Congressional Budget Office says it's too rosy by $155 billion over five years.

Even then, the only way the administration achieves its balance is by assuming that it will continue to rake in billions of dollars in revenue from the alternative minimum tax. More than billions, actually: CBO estimates that if left unchanged, the AMT would bring in an extra $1 trillion through 2017.

So the president achieves balance only with a stealth tax increase in the form of the AMT. If he means, as he says and nearly everyone agrees, to fix the AMT, that revenue has to come from somewhere else.

The AMT, as you may have had the misfortune of discovering, is hitting growing numbers of taxpayers who are further down the income scale. That's because (1) the level at which it takes effect isn't adjusted for inflation, so more taxpayers find themselves covered over time and (2) the Bush tax cuts lowered regular income tax rates, sweeping additional taxpayers into the alternative system.

Figures compiled by the Urban Institute-Brookings Institution Tax Policy Center demonstrate the AMT's dramatic effect. If nothing is done to fix the AMT and the Bush tax cuts are extended as he wants, 89 percent of married families with two or more children and incomes between $75,000 and $100,000 will be hit by the AMT by 2010 -- compared with less than 1 percent in 2006. By 2017, almost half of all taxpayers -- 53 million -- will owe the AMT. The tax will hit two-thirds of those making between $75,000 and $100,000 and 90 percent of those making $100,000 or more.

Looked at another way, what the Bush tax cuts give to taxpayers, the AMT grabs back. By 2012, if it isn't changed, the AMT would take back almost one-third of the Bush tax cuts. As the accompanying chart shows, it would take back more than half of the tax cut for people making between $100,000 and $200,000.

In fact, in an irony that only a tax geek could love, the AMT has been transformed from its original purpose, a means of assuring that the wealthiest pay at least some taxes, into a way of underwriting tax cuts for the wealthiest. Because the AMT hits fewer of those with the highest incomes, the rather comfortable end up subsidizing Bush's tax cuts for the super-rich.

Instead of dealing with the AMT, the administration has simply slapped on another one-year fix. It says it wants a permanent solution but in the context of revenue-neutral comprehensive tax reform. This is Washington-speak for "we have to find the money somewhere, but we're not ready to say how yet."

So where will the money come from? The Tax Gap Fairy isn't going to leave enough under the budget pillow; the administration's calculation of how much owed but uncollected tax revenue can be brought in comes to just $29 billion over the next decade. The working poor don't pay income taxes -- in fact, they get money back through the earned-income tax credit and the refundable child tax credit, and even this administration isn't proposing to do away with them.

That leaves the middle class, the better-off and corporations to divvy up the tab. In that context, does it really make sense to permanently repeal the estate tax? To leave in place lower tax rates for the richest Americans? To continue to tax capital gains and dividends at far lower rates than ordinary income? These are the choices that the Bush budget entails, even if it fails, deliberately, to spell them out.

Dems May Override Bush On Kid Insurance (AP)

By Ben Evans

AP, February 7, 2007

Democrats may try to override a decision by President Bush to leave stopgap children's health insurance money out of his 2007 emergency war spending proposal.

Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi asked the president last week to propose $745 million in supplemental spending for the State Children's Health Insurance Program, or SCHIP, which primarily covers children in low-income working families.

Bush declined the lawmakers' request in the $93 billion emergency war spending proposal he submitted Monday to cover the remainder of 2007. But Democrats, eager to show policy differences with the White House, are saying they may add the $745 million when the bill comes up in the coming weeks.

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"It's certainly an option," said Drew Hammill, a Pelosi spokesman. "We know the states are running out of money on this. We're exploring all options."

If allocated, the new money would keep 14 states with looming shortfalls from having to cut off coverage until Congress renews the program later this year.

Georgia, for example, insures some 273,000 children under its PeachCare program but could be forced to end coverage in just a few weeks. Iowa's Hawk-I plan, which insures more than 30,000 children, expects to exhaust its budget by the end of June.

"We are putting the health coverage of thousands of Americans in jeopardy," Reid, D-Nev., and Pelosi , D-Calif., wrote in a letter to Bush on Friday. "The cost of filling the funding shortfall is minor in comparison to your other emergency requests."

The move could get significant backing from Republicans, particularly those from states with shortfalls.

"That's certainly something I could support," said Sen. Johnny Isakson, a Georgia Republican. "That would help Georgia."

Dennis Smith, director of Center for Medicaid and State Operations, defended the administration's omission by saying Bush has called instead for forcing states with SCHIP surpluses to give up unspent money more quickly to help states with deficits.

"We proposed a solution," Smith said. "There's plenty of money. It's just in different places."

States — and their representatives in Congress — have strongly resisted giving up surplus money, arguing that they will need it as participation grows and federal budgets tighten.

According to the nonpartisan Government Accountability Office, while some states still don't spend their full individual allotments, state spending overall has outstripped federal funding in recent years. So the pool of unspent money is quickly shrinking.

SCHIP insures some 6 million people nationwide and is aimed at working families who make too much to qualify for Medicaid but not enough to afford private insurance.

Along with Georgia and Iowa, states facing shortfalls are Alaska, Illinois, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, Rhode Island and Wisconsin.

Congress passed a temporary fix before adjourning last year, redistributing some unspent money. The federal government released the first installment of that money this week, but state officials say it buys only a few months at best.

Funding Fears To Halt Some Cancer Trials (WSJ)

By Amy Dockser Marcus

The Wall Street Journal, February 7, 2007

The 10 federally funded cancer cooperative groups, which enroll nearly half of the patients in the nation who are participating in cancer trials, have begun to shut down trials and stop studying certain cancers amid funding concerns.

Robert L. Comis, president and chairman of the Coalition of Cancer Cooperative Groups, a nonprofit group comprising cancer centers, hospitals and patient- advocacy groups that work to increase participation in clinical trials, said 3,000 patient spots in clinical trials will be eliminated in 2007 at centers around the U.S. Although the decrease will affect all cancers, among the hardest-hit will be rarer cancers such as sarcoma, rare childhood tumors and head-and-neck cancers, Dr. Comis said; some of the cooperative groups are totally eliminating trials in those diseases.

The National Cancer Institute, which provides funding for the cancer cooperatives, had asked the groups to come up with cuts because federal funding for the agency has been flat, and inflation is eating into its spending power. All agencies under the Department of Health and Human Services have been operating under a "continuing resolution," which extended the fiscal 2006 budget levels until Feb. 15, when Congress must either pass the fiscal 2007 budget or extend the resolution. Both the '06 and proposed '07 budgets maintained essentially flat funding levels for the NCI, which is part of the National Institutes of Health.

President Bush's proposed fiscal '08 budget includes an increase of 0.8% for the NIH overall, but a decline of 0.2%, or $9 million, in the NCI's budget, to $4.78 billion. So NCI officials are anticipating further financial constraints.

Many groups are facing hard choices as a result of budget woes. The cuts at the cancer cooperative groups come at a time when, for the second year in a row, the number of people dying from cancer declined. The development of so-called

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targeted therapies that attack cancer cells but don't damage normal cells has increasingly led to cancer being considered a chronic condition rather than a death sentence. Many of the trials that led to the approval of those drugs by the Food and Drug Administration were sponsored by cancer centers participating in the various cooperative groups.

The Southwest Oncology Group recently said it was shutting down its sarcoma and head-and-neck cancer trials and no longer will run trials in those diseases. The Eastern Cooperative Oncology Group will be closing its brain cancer and sarcoma trials. Many of the groups also will stop acquiring new tissue samples for their ovarian, endometrial and lung-cancer tissue banks. The tissue is used by researchers to search for new drug targets, among other things.

Dr. Comis said the cooperative groups are postponing by one to two quarters all Phase II clinical trials. This will delay the chance of getting a new drug approved or getting existing ones approved for additional types of cancer. "The cooperative groups are really the engine for establishing new standards of cancer care for the public," Dr. Comis said.

James Doroshow, director of the division of cancer treatment and diagnosis at NCI, said the agency had asked the cooperative groups to "make contingency plans for the worst-case scenario" and that the cuts are the result of the continuing effort to streamline operations. He said the institute is studying ways to ensure that promising studies can go forward even when the patient population is small. "We won't close down our interest in rare diseases," he said.

Deborah Banker, vice president for research communications at the Leukemia & Lymphoma Society, said the organization is studying ways it can support cooperative-group trials, including the possibility of raising private funding.

Can Bush Reach Ethanol Goal With Proposed Spending Plan? (WSJ)

By Greg Hitt

Wall Street Journal, February 7, 2007

WASHINGTON -- In his State of the Union address, President Bush set an ambitious goal of cutting U.S. gasoline use 20% in the next 10 years. Now that Mr. Bush has unveiled his blueprint for federal spending, it isn't clear he is putting enough money on the table to accomplish that goal.

Mr. Bush is calling for millions of dollars in new spending to boost development of alternative fuels, chief among them ethanol, the corn-based additive. Targeted alternative fuel programs at the departments of Energy and Agriculture would benefit from increases of more than $250 million in the coming fiscal year, above what the president proposed for the current year. The administration also is proposing to spend another $1.6 billion in the next decade to boost ethanol production, as part of the farm bill to be written by Congress in coming months.

Many industry officials and lawmakers found the Bush plan wanting after sifting through the details yesterday. They said much broader federal action will be needed, especially to meet the president's goal to have the country using 35 billion gallons of alternative and renewable fuels by 2017, quadruple the current federal mandate.

"We have long ago given up relying on this president to act boldly to break the nation's addiction to oil," said Rep. Ed Markey (D., Mass.), a senior member of the House Energy and Commerce Committee. "His rhetoric looks to the future, but his budget proposals are mired in the past."

Tom Buis, president of the National Farmers Union, which represents 250,000 farm and ranch families across the country, agreed: "The rhetoric of the president in the State of the Union doesn't match the reality of what they're proposing here [in the budget]. To hear the president, it sounded like a massive effort, and this doesn't match that effort."

An Energy Department spokesman defended the proposed new spending on alternative fuels, saying it is part of a broader effort to make the U.S. "more reliant on farmers of the Midwest, than on oil sheiks of the Mideast."

At a minimum, the Bush budget looks to offer a down payment on the goal of greater ethanol production. Much of the Bush plan focuses on boosting the range of materials used to produce ethanol, now made principally with corn. Analysts suggest that increasing production of corn-based ethanol would result only in enough fuel to meet half of the president's alternative fuel-usage goal for 2017.

The rest largely would be accounted for with increased production of so-called cellulosic ethanol, which is made from wood chips and switchgrass, among other things. Currently, cellulosic ethanol isn't produced commercially in the U.S.

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In the new budget, the president has proposed to spend $397 million next year on renewable energy projects at the Department of Agriculture, representing an increase of $161 million over what has been proposed for this fiscal year. A main focus of the spending would be development of cellulosic-ethanol technologies.

At the Energy Department, the president is proposing to spend $179 million on the department's biofuels initiative, an increase of $29 million. Financing for biofuel-research programs under the department's office of science would rise to $113 million, up $78 million.

Matt Hartwig, communications director for the Renewable Fuels Association, an ethanol trade group, said the president's proposal represents "a step in the right direction." The increased support will help attract private capital, encouraging investments in refineries that produce cellulosic ethanol, he said. "Clearly, the president has indicated he understands there is a need for the government to play a role," Mr. Hartwig said. "But there's certainly more that could be done."

Sweetheart Deal For Airlines (USAT)

By Ed Bolen

USA Today, February 7, 2007

For the giant airlines, Valentine's Day comes early this year. The president's budget, released Monday, is a sweetheart deal for the airlines. It would give them a massive tax cut, to be paid for largely by a "general aviation" industry that serves many of the nation's small and mid-sized businesses and their communities.

In supporting the president's budget, the airlines will likely defend their tax break as an opportunity to provide consumers with cheaper ticket prices. But, if history is a guide, this would be just another empty promise. Twice in the past decade, the airlines' federal taxes lapsed and, according to a 2004 Government Accountability Office report, "carriers generally raised base airfares."

Another driver of the airlines' support for the budget is the advantage it gives them on funding and control of the nation's Air Traffic Control (ATC) system. Considered the best in the world, the system uses an efficient "pay-at-the-pump" approach for fuel and ticket taxes that is consistent with widely accepted international standards. Yet, to hear the airlines tell it, we need a radical change that would, of course, let them pay far less into the ATC system. They propose taxing every aircraft at the same rate, whether it's carrying four passengers or 400.

This argument, made by the airlines for decades, fails the credibility test with experts the world over, because the costs for our aviation system aren't determined by a small airplane crossing an air traffic controller's radar screen over Kansas at midnight. Instead, the system's costs are driven by the airlines' hub-and-spoke network, which moves hundreds of flights through big airports at peak travel times. That requires a massive amount of people, resources and infrastructure, so it makes sense that the airlines bear the costs.

Rather than working to shift their responsibilities onto others, the airlines should lobby for a budget that serves everyone's interests. We hope the carriers will look past their own narrow agenda and join us in supporting a plan to truly modernize our nation's aviation system.

Ed Bolen is president of the National Business Aviation Association, which represents companies that use small planes for business.

Rangel Open To Tax Cuts In Wage Measure (AP)

By Jim Kuhnhenn

AP, February 7, 2007

The chairman of the House taxwriting committee said Tuesday he would be willing to link tax breaks for small business to a hike in the minimum wage but that the $8 billion tax package adopted by the Senate was unacceptable.

The comments by Rep. Charles Rangel, D-N.Y., chairman of the House Ways and Means Committee, were the first public acknowledgment by a top House Democrat that some tax cuts might be necessary to win approval of an increase in the federal wage floor.

"I'm prepared to send something over there for (the Senate) to be able to attach a tax package," Rangel said in an interview with reporters. "The problem, which I can't answer, is what would I accept."

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The House last month approved an increase in the minimum wage from $5.15 to $7.25 over two years. The Senate last week passed the same wage hike but attached tax cuts for businesses that Republicans demanded to win their vote. The two bills would have to be reconciled in a House-Senate conference committee.

House Democrats, encouraged by labor organizations, have been pressing the Senate to pass a "clean bill" without any added provisions. But Senate Democrats argued that they need Republican votes to get the 60 votes required to overcome a filibuster or other procedural delays.

Rangel's view is especially important because constitutional precedents require tax legislation to originate in the House. Without Rangel's cooperation, the Senate tax plan would have a difficult time surviving.

But Rangel left no doubt that he would reject the Senate tax package — worth $8.3 billion over 10 years. He refused to speculate on what types of tax cuts would be acceptable and placed the burden for lowering the tax package on Senate Majority Leader Harry Reid, D-Nev., and the chairman of the Senate Finance Committee, Max Baucus, D-Mont.

"When we start with $8 billion my hearing aid is off," the 76-year-old congressional veteran said. "I see no reason to waste anybody's time."

Baucus said later he would continue to work with Rangel and said he was certain that their goal of raising the minimum wage would overcome differences on other provisions in the Senate bill.

Labor Pushes Dems To Deny Bush Extension Of Authority (HILL)

By Ian Swanson

The Hill, February 7, 2007

The AFL-CIO, United Autoworkers and other groups representing organized labor are pressing Democrats to deny the Bush administration an extension of its authority to send free-trade deals to Congress for up or down votes, partly by reminding lawmakers of the role trade played in Democrats' re-taking of majorities in the House and Senate.

"We're going to be talking to members of Congress extensively about why it would be a huge mistake to give this administration the authority," UAW's legislative director, Alan Reuther, said.

Labor groups already helped organize a letter to House Ways and Means Chairman Charles Rangel (D-N.Y.) from 39 members of the freshman House Democratic class that said the "vocal stand against the administration's misguided trade agenda" was vital to their electoral success.

AFL-CIO Assistant Director for International Economics Thea Lee said the group is "flat-out opposed" to extending the existing fast-track authority, which expires at the end of June, and sees an extension limited to allowing the Bush administration to finish negotiations on the current World Trade Organization talks, known as the Doha round, as a non-starter.

"I definitely don't trust the Bush administration to negotiate a good Doha round," said Lee, who charged that issues such as labor rights and currency manipulation are not being discussed seriously in the talks.

Lee does not completely rule out fast track for the Bush administration, but said the policy would have to be overhauled fundamentally from the existing authority. Noting the letter from freshman Democrats to Rangel, she said last year's elections have placed labor in a strengthened position for battles over trade policy this year.

Organized-labor groups were among top financial contributors to many of the new Democrats elected in November. For example, labor political action committees (PACs) contributed $247,200 to the campaign of Rep. Betty Sutton (D-Ohio), and $265,500 to Rep. Heath Shuler (D-N.C.). PACs representing labor groups gave $215,000 to Rep. Mike Michaud (D-Maine), who with Sutton helped organize the letter from freshman Democrats to Rangel.

The pressure from labor is important because of possible splits within the Democratic Party on trade, including the possible extension of fast track requested by President Bush last week.

For example, Senate Finance Committee Chairman Max Baucus (D-Mont.) called on Congress to approve a new fast-track law with some modifications in a column in The Wall Street Journal at the beginning of January, and last week described fast track as vital to U.S. trade. Rangel also has been open to considering a fast-track extension, but has stressed that Congress must first receive assurances on how the administration would use it.

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Rep. Sandy Levin (D-Mich.), who chairs the Ways and Means trade subcommittee, has been more explicit in setting out conditions on extending fast track. He told The Hill last week that meaningful discussions on fast track cannot start until after the administration renegotiates labor provisions in three pending deals with Latin American countries to the satisfaction of congressional Democrats. Levin also wants the administration to persuade South Korea to agree in free-trade talks to end practices that he said prevent U.S. autos and auto parts from being exported to that country

"There is no question there are divisions within the Democratic Party over the trade issue," Lee said.

In the end, business representatives are hopeful that Rangel will be the key player on trade among House Democrats. "At the end of the day, if we're going to move the trade agenda forward, Charlie Rangel is going to have to sign off on it," the director of international trade policy for the National Association of Manufacturers, Christopher Wenk, said.

Wenk said House Democrats will want to find some issues, such as trade, where they can work with business.

Another business source noted that tax and healthcare issues could pose even greater problems for Rangel in trying to reach a compromise with committee Republicans and the administration. The source said trade is an issue on which Rangel might be able to forge a middle-ground consensus with Republicans, which would allow Rangel to show he is chairing Ways and Means differently from his predecessor, former Rep. Bill Thomas (R-Calif.), who was charged with shutting Democrats out of the legislative process and passing legislation with all Republican support.

Two committee aides said committee Republicans and Democrats have a shared desire to reach a compromise on trade, and agreed that finding common ground there could be easier than on healthcare and tax policy. They also emphasized, however, that the challenges remain significant.

Some key Democratic figures, including former President Clinton economic adviser Gene Sperling, have already spoken out in favor of at least extending fast track to allow the Bush administration to complete the Doha talks. During a hearing on trade and globalization last week, Sperling warned Ways and Means members that Congress could be seen as killing Doha if it did not extend fast track. Alluding to global warming and the Iraq war, he said this would contribute to international sentiment that the U.S. is intent on taking a unilateral approach to global issues.

Lee said such arguments might sound good to the Brookings Institution, a centrist Democratic think tank, but will not play well in the heartland. She said granting the administration a short-term extension of fast track to conclude Doha should be a non-starter for Congress.

Senate GOP Threatens Filibuster Over Budget (RC)

By Emily Pierce

Roll Call, February 7, 2007

Senate Democrats and Republicans are headed for a classic game of chicken this week over the nine remaining fiscal 2007 appropriations bills.

Senate Majority Leader Harry Reid (D-Nev.) is poised to bring up a joint funding resolution for 13 Cabinet agencies, Congress and numerous independent agencies as early as today, but he has said repeatedly that he will not permit any Senators to offer amendments to the measure.

That stance has prompted Senate Minority Leader Mitch McConnell (R-Ky.) to threaten a Republican filibuster, and both sides are waiting to see who will blink before a possible government shutdown upon the expiration of the current continuing resolution on Feb. 15.

"At some point you get to Feb. 15 and something has to give," said Senate Appropriations ranking member Thad Cochran (R-Miss.).

Cochran added that Republicans are likely to call Reid's bluff and oppose his expected efforts to cut off debate, or invoke cloture, on the $463 billion measure. Reid would need 60 votes to prevail on cloture and move the funding resolution toward passage.

"I don't think they can get cloture," Cochran said. "We'll be protesting the process."

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The Senate could vote as early as Thursday on a procedural motion to limit debate on the motion to proceed to the bill. Even if Senators are allowed to proceed to the bill, Republicans indicated that they would require Reid to file another cloture motion on the bill itself. The whole process could bring the Senate dangerously close to the Feb. 15 deadline.

However, Democrats could try to avoid a government shutdown by pushing another short-term continuing resolution in lieu of the larger joint funding resolution that would cover all eight months left in fiscal 2007. A continuing resolution, however, would keep funding at 2006 levels or lower, whereas the joint funding resolution would provide some government agencies with small boosts in funding.

The House already has passed the fiscal 2007 joint funding resolution, and Senate passage without amendment would send the bill directly to the president. Congress already approved fiscal 2007 funding for the Defense and Homeland Security departments last year.

Before Congress resorts to short-term measures, however, Reid said he would move to use Senate procedures to block all amendments, because Republicans already have vetted the bill.

"In getting to the point where we are, there's been total consultation by the majority and minority" on the Appropriations Committee, Reid said on the floor Tuesday. "If there were ever a bipartisan measure, it's the [joint funding] resolution."

But Sen. John Sununu (R-N.H.) said Reid's statements are "not a fair argument for abridging the rights of Senators to offer amendments."

And Sen. Judd Gregg (R-N.H.), a member of the Appropriations panel, said, "There's a lot more people in this Congress than just the Appropriations subcommittee chairmen" and ranking members. Gregg added that Republicans are looking to offer only two or three amendments.

"It seems to me that you don't have to bring it up and close down debate," he said. "We know it's got to be done ... on a timely basis. But to bring a $463 billion bill to the floor without amendments would be unprecedented. That's never happened before."

One of the amendments Republicans would like to offer is a restoration of cuts to the Base Closure and Realignment Commission funding, which was used as a way to address shortfalls in veterans' medical care accounts.

But Appropriations Committee member Jack Reed (D-R.I.) said Republicans are trying to have it both ways, considering they had an opportunity last year to pass full BRAC funding in the fiscal 2007 military construction spending bill only to see it blocked by members of their own Republican Conference.

"That was an example of a bill that was held up by Republicans. So to come back and say we want a do-over is a real challenge," Reed said.

What's more, Senate Appropriations Chairman Robert Byrd (D-W.Va.) wants to restore funding for BRAC later this year as part of a nearly $100 billion emergency war spending bill.

"Senator Byrd has every intention to work to make BRAC funding whole in the supplemental appropriations bill," said Byrd spokesman Tom Gavin.

In the meantime, Gavin said the Pentagon has $2.5 billion available for BRAC, which is "certainly enough to begin the [BRAC] process."

Democrats Set To Unveil Agenda (RC)

By Jennifer Yachnin

Roll Call, February 7, 2007

Preparing to return the House to regular order after an initial legislative sprint full of popular bills and closed rules, Democratic leaders said Tuesday they are finally primed to roll out a long-term agenda.

House Majority Leader Steny Hoyer (D-Md.) confirmed Tuesday that Democrats will unveil their new agenda next week, although he declined to provide specific details.

Democratic Caucus Chairman Rahm Emanuel (Ill.) said the plan will not be an itemized blueprint, but rather would feature "guideposts" and serve as a broad outline of the goals the new majority hopes to complete over the next six months.

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While Hoyer stated at a weekly press briefing the House will address health care and education bills in coming weeks — specifically mental health parity, the No Child Left Behind Act and re-authorization of the Head Start pre-kindergarten program — in a later interview he would not discuss which topics will take precedent under the new agenda, asserting that House committees must first be allowed to act on the measures.

"Obviously the committees are working," Hoyer said. "We just don't know how fast."

Democratic leadership sources suggested, however, that the plan will target broad topics such as environmental protections and health care initiatives that eventually will be translated into bills focused on clean water and spinal injuries, as well as efforts to address the ongoing recovery from Hurricane Katrina.

While Democrats spent their initial weeks in the House majority focused on their "100 hours" agenda — which included a half-dozen bills that Democrats touted during the 2006 campaign cycle — party leaders subsequently gave little indication about what issues would take precedence on House floor aside from must-do legislation, such as the federal budget and appropriations bills.

In the immediate future, the House is scheduled to debate a resolution next week condemning President Bush's proposal to increase troop levels in Iraq. (See story, p. 1.)

While Democratic sources acknowledged the lull prompted some minor grumbling among Members, Republicans more openly criticized the perceived standstill.

"They didn't have a plan. As the saying goes, when you fail to plan you plan to fail," said one GOP leadership aide, who asserted the Democrats' start paled in comparison to how Republicans began their majority in 1995, when the GOP pushed through the "Contract with America."

"They really haven't delivered much more than a few sound bites when you take a look at the legislation," added the aide, who spoke on the condition of anonymity.

But Democrats defended their control of the chamber, noting that in addition to completing their initial agenda, House lawmakers dealt with a continuing resolution to fund the federal government for the duration of fiscal 2007, a necessity given that the Republican-controlled 109th Congress did not complete work on those spending bills.

"It's important to remember that under normal schedule it would only be our second week here," Hoyer spokeswoman Stacey Bernards said Monday, referring to the fact that recent House sessions have begun in mid-January and typically have not produced significant legislation. "Committees are just now gearing up."

A Democratic leadership aide, who asked not to be identified, echoed that argument.

"We got a massive amount done in January and now we're formulating the agenda for the rest of the year," the aide said Tuesday, adding: "Just because we haven't put [our goals] in a one-pager and called them something doesn't mean we don't have a weighty agenda in the coming months."

Financial Services Chairman Barney Frank (D-Mass.) also cited Democrats' vow to move legislation through the chamber's regular order, particularly the committee process of hearings and markups.

"The Republicans say, 'Why isn't anything on the floor?' The answer is we don't want to bypass the committees," Frank said. Among the first items his panel will send to the House floor are bills including terrorism risk insurance and executive compensation.

Rep. Ellen Tauscher (Calif.), who chairs the centrist New Democrat Coalition, also noted that the new majority hopes to eschew the "truncated process" that many Democrats perceived under the then-Republican majority.

"I think we will not be reactive like the former majority was, where you saw a lot of social agenda, a lot of divisive agenda coming forward because something happened out in the real world that caused people to say, 'That's something that's driving our base,'" Tauscher said. "Regular order is a very important thing for us to do. It's also how you get bipartisan support on legislation."

One Democratic operative, who asked not to be named, said the slow development of an agenda also could be attributed to a learning curve for the new majority.

"It's going to take some time to work out which parts of the system we've had for 12 years stay and which get thrown out," the operative said.

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Members Earmarking Without Earmarks (RC)

By Kate Ackley And John Stanton

Roll Call, February 7, 2007

Nobody wants to give up the power of the purse — especially not Members of Congress.

Even though most of the appropriations bills for fiscal 2007 got stripped of practically all Congressionally mandated "earmarks," Members — and the lobbyists who push for funding of specific projects — have turned their attention to the executive branch agencies doling out chunks of money that otherwise would have gone for earmarks.

Members, especially those on the Appropriations and authorizing committees, can wield considerable behind-the-scenes power to make sure their favored projects get funded by executive-branch agencies.

One appropriations lobbyist, who would not be quoted by name, said Members and staffers alike have been calling agency officials to protect their 2007 earmarks.

"I heard Members and staff already made the calls before they put the money in the" omnibus bill, this lobbyist said. "They would say verbally, 'If we have this group submit an application — as long as it is complete and accurate and fits within the parameters of the program — you will honor that, right?' The answer was in the affirmative every time."

And for good reason.

Jim Dyer, a longtime House Appropriations staff member who is now managing director at the consulting firm Clark & Weinstock, said if anyone knows what an agency's spending priorities are, it's the Appropriations committees. And Members can use that power to get their own spending priorities through.

"The agencies recognize that they're up there for the '08 budget," Dyer said. "If they're going to disregard what the Congress wants [for 2007], they're doing it at their own peril. They know they could pay a long-term price for alienating Members."

Michael O'Bannon, president of the budget-focused EOP Group, said that within 30 days of passing the omnibus spending bill, the agencies must provide funding details to Congress.

"To the extent that the Congress does not like what the administration plans to do, obviously when they get that 30-day plan from the agency, they can go back and say we don't really like what you did here," O'Bannon said. "That, too, is an earmark."

Like the unnamed lobbyist, O'Bannon said that the process of calling agency officials is already going on in an informal way, with Appropriations staffers "calling budget officers over at the agency."

And, he said, it's likely that the agency budget officer will do what the Appropriations Committee staffer asks "without any acrimony because of the immense power Congress has" over the agencies' budgets.

But a Senate Appropriations Committee source said that while there may be a push by some Members to bring their clout with an agency to bear, at this point no reports of Senate lawmakers looking to influence how money is spent have surfaced. The aide predicted it likely would take several months before it is clear whether Members have sought to influence agency spending or whether it is a "myth everyone assumes is going on."

However, the committee source did say that Appropriations Chairman Robert Byrd (D-W.Va.) was not "happy about turning over the power of the purse" to the executive branch and that the committee would be aggressive in its oversight of the spending process. The aide also said that Byrd and other lawmakers would pay close attention to reports on how federal funds are being doled out.

Nevertheless, Senate aides privately acknowledged that their offices likely would begin contacting agencies to stress their desire that funds earmarked in the appropriations bills passed last year make it to those specific projects.

Gerald Warburg, executive vice president at Cassidy & Associates, one of the biggest appropriations-focused firms, said that one of his clients, the Sacramento Area Flood Control Agency, is fighting to keep funding levels from the Army Corps of Engineers budget, which Congress gave more than $2 billion to give out.

Warburg said a Member of Congress already has had a face-to-face meeting with the agency head to keep the flood-control funding stable. Warburg would not name the Member, but according to published reports, Rep. Doris Matsui (D-Calif.), who represents the Sacramento area, has championed the flood-control programs and met with top officials. A Matsui spokesman did not provide a comment on the issue.

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"The best projects are the ones that have to do with public health and safety," Warburg said. If the agencies don't fund those types of projects, then when agency officials are on the Hill this year "defending their FY '08 budget, the legislators are going to be furious."

Another appropriations lobbyist, who would not be quoted by name, said Members on the oversight committees have a better shot at influencing a particular agency than their rank-and-file colleagues.

"Members are going to treat this like regular earmarks," this lobbyist said. "They are going to help their districts and the lobbyists they like that raise money for them."

Colin Wellenkamp, a vice president at the Washington Linkage Group, represents state and local governments — many of which saw their earmarks derailed in the '07 budget.

Wellenkamp said that because cities and other clients lobbying for earmarks have been making their case to Members and staff for more than a year, "These are projects that Congressional offices are intimately aware of, and they are more than equipped to advocate to the agency on our clients' behalf."

Wellenkamp added that much of the money that would have been used for earmarks will now be given out in the form of competitive agency grants.

"We have several clients that are certainly going to try and take advantage of the grant process, to supplement the loss of earmarks in the bill, absolutely," he said. "The money is still around. It's just going to be channeled differently."

Appropriations lobbyists say they worry that some of their peers will end up getting clients funding while they'll be left saying that no one got earmarks when that's not entirely true — because some of the most plugged-in Members and lobbyists will score agency victories for clients.

"Everyone is looking at ways of getting these FY '07 projects funded, and there is some window of opportunity, and it is going to be abused," said the first appropriations lobbyist.

While there might still be uncertainty about the 2007 budget, one thing remains clear: In the 2008 budget, there is going to be "a tremendous amount of pent-up demand," Dyer said.

Pelosi's Push For Jet Remains Up In Air (WT)

By Rowan Scarborough And Charles Hurt

The Washington Times, February 7, 2007

The Bush administration has agreed to provide House Speaker Nancy Pelosi with regular access to an Air Force passenger jet, but the two sides are negotiating whether she will get the big aircraft she wants and who she may take as passengers, according to congressional and administration sources.

A congressional source said that Rep. John P. Murtha, chairman of House Appropriations subcommittee on defense, which controls the Pentagon's spending, has telephoned administration officials to urge them to give the speaker what she wants.

The congressional source said Pentagon officials complained that Mr. Murtha, Pennsylvania Democrat, is accusing them of sexism for not immediately heeding her request.

Megan E. Grote, Mr. Murtha's press secretary, said, "Mr. Murtha absolutely never said anything about being 'sexist.' We have no further comment."

Meanwhile, Republican Conference Chairman Adam Putnam of Florida said Mrs. Pelosi's request represents "an arrogance of office that just defies common sense" and called it "a major deviation from the previous speaker."

Minority Whip Roy Blunt of Missouri called it a "flying Lincoln Bedroom," and Rep. Patrick T. McHenry, North Carolina Republican, labeled the speaker's plane "Pelosi One."

"This is a bullet point to a larger value -- Pelosi's abuse of power continues," Mr. McHenry said yesterday. "It began when the speaker denied minority rights to Republicans, continued with her 'TunaGate' scandal, and now she's exploiting America's armed forces and taxpayers for her own personal convenience."

"TunaGate" was a reference to Democrats exempting American Samoa from legislation to increase the minimum wage. Star-Kist Tuna, whose parent company Del Monte Corp. is based in Mrs. Pelosi's district, had lobbied against the wage increase.

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An aide to Mrs. Pelosi, who is arguing she needs the jets for security reasons, yesterday referred questions to the Air Force, which is studying the California Democrat's request along with lawyers at the Pentagon and at the White House. "A lot of people are working this," an Air Force source said.

The congressional source said government lawyers are trying to reconcile Mrs. Pelosi's request with Defense Department policy and congressional travel rules.

The Washington Times first reported last week that Mrs. Pelosi's staff was pressing the administration for access to Air Force aircraft. Sources said the request went beyond what was offered to former House Speaker J. Dennis Hastert, Illinois Republican.

Mr. Hastert used an Air Force commuter-type jet to travel to and from his district. Mr. Hastert gained the access for security reasons after the September 11, 2001, attacks. Previously, the House speaker, who is second in the line of succession to the presidency, used commercial flights for such trips.

Mrs. Pelosi wants a larger aircraft that can fly to her home district of San Francisco nonstop. She also wants to be able to ferry other members of the congressional delegation, family members and her staff.

The speaker's request is being handled by her chief counsel, Bernard Raimo, a veteran Democratic lawyer on Capitol Hill.

"Who she can take is being worked out, outside the Air Force," said Ed Gulick, an Air Force spokesman at the Pentagon.

He said the Air Force is studying what types of planes are available for long, cross-country flights. Currently, three planes assigned to the 89th Airlift Wing at Andrews Air Force Base can make such nonstop flights year-round -- the C-32, C-40B and C-37.

Such VIP planes are in high demand.

"She's effectively taking a bird out of the fleet," said a defense source. "It will most directly impact the House, because they're the heavy users of the large aircraft. Congress looks at that Andrews fleet as their Hertz rent-a-car."

The congressional source said the speaker's office requested an Air Force plane to take her to a weekend Democratic retreat in Williamsburg, but the Pentagon declined.

The source said Mr. Hastert on one occasion used an Air Force plane for such an event. The Air Force later determined it was a mistake, and such flights were not repeated.

The source said the Pentagon will likely give in to Mrs. Pelosi's requests for a large plane and travel entourage, given her and Mr. Murtha's power over defense spending.

Mr. Raimo argues that Mrs. Pelosi needs a military aircraft, as opposed to commercial flights, for security reasons.

The defense source, who asked not to be named, termed her request "carte blanche," saying she wanted a plane that could carry an entourage just like President Bush, who flies on Air Force One, and Vice President Dick Cheney, who also always flies on military planes.

Department Of Peace Bill Off To A Rocky Start — Again (HILL)

By Jonathan E. Kaplan

The Hill, February 7, 2007

Rep. Dennis Kucinich (D-Ohio) may need to stage a sit-in on the House floor before a Department of Peace and Nonviolence is created.

Kucinich, newly empowered as chairman of the domestic policy subcommittee on the Oversight and Government Reform Committee, vowed yesterday to hold hearings on legislation lawmakers have discussed since the dawn of the republic: a bill to establish a Department of Peace and Nonviolence.

It seems that, like the Founding Fathers before him, Kucinich won't get past the talk — even with a bit of Hollywood backing.

Majority Leader Steny Hoyer (D-Md.), whose job is to manage the flow of legislation to the House floor, said that he considers Kucinich a "thoughtful, substantive guy and a good friend," but that "a lot of members have a lot to say about [the bill] and we're going to give them a lot of time to say it."

Perhaps unintentionally, other Democrats slighted the initiative yesterday. The majority governs room assignments, and Kucinich had to hold his peace press conference in a cramped room in the Capitol basement. Meanwhile, a gathering of centrist Republicans, the Tuesday Group, had a better room despite its minority status.

Plus, Hoyer met with reporters while Kucinich was making his announcement. Hoyer's appointment was a regular one — he talks to members of the press at the start of every workweek when Congress is in session — but it perhaps could have been rescheduled. While plenty of cameras showed up at Kucinich's event to get a few frames of "Walk the Line" star Joaquin Phoenix — wearing a black suit and pale green shirt without a tie — few print reporters opted out of the weekly briefing.

Phoenix did not speak; he lent his support, Kucinich said, by his presence.

Several other B-list celebrities were on hand, including actresses Amy Smart and Francis Fisher, as well as Nicole Brown Simpson's sister, Denise Brown, who has founded a charitable organization in her sister's name.

Pointing to Phoenix, Smart and Fisher, Rep. Lynn Woolsey (D-Calif.), a chairwoman of the Progressive Caucus, said, "You humble us because we think we're big shots until you show up."

She thanked the celebrities for bringing attention to the peace movement, saying, "We can't do anything if the people in this country don't care."

Despite the logistical hurdles and legislative roadblocks, Kucinich made history when he said he would hold hearings on H.R. 808, which has 52 cosponsors, including centrist Democratic Reps. Ellen Tauscher (Calif.) and Albert Wynn (Md.).

Tauscher pointed to a letter she and Kucinich wrote in 2002 urging Bush to postpone a vote on going to war until after the midterm election. At least one left-leaning political action committee has suggested finding a liberal Democrat to challenge Tauscher; Wynn nearly lost his primary in 2006 to a more liberal Democrat.

"We have to have a balance. For too long we have had a knee-jerk reaction to overuse the military for things like nation-building and reconstruction," Tauscher said. "Politics is never a factor."

Wynn, a new convert to the bill who has called his 2002 vote for the war in Iraq a mistake, said, "It makes sense to send a signal to the world that we'll at least consider non-violent solutions."

Kucinich said as chairman he would revisit the work of the Kerner Commission, which in 1968 issued a report on the causes of riots and violence in American society.

While the activists and actors in attendance agreed on the need to create a Department of Peace, they did not agree on who should become secretary of Peace.

Phoenix said nothing when asked for an informal nomination.

Wynn suggested Kucinich for the job — if he does not become president, that is.

Rep. Susan Davis (D-Calif.), who questioned President Bush on his handling of the Iraq war on Saturday at the House Democratic retreat, suggested Ret. Gen. Anthony Zinni. The chairwoman of Peace Alliance, Marianne Williamson, said the job should go to Jan Hartke, an environmental activist whose father, while an Indiana senator in the 1960s, introduced legislation to create a Peace Department.

Throughout the hour-long event, Kucinich remained upbeat and positive.

"There will be a Department of Peace," he said, speaking of a department that Jesus Christ, Mahatma Gandhi and Martin Luther King Jr. would have wanted to be a part of government.

"It's not about blaming anyone for anything. We want to capture the human potential … to create peace in our homes to influence peace in the nation," Kucinich said.

Even House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) lavished praise on Kucinich, saying his is the standard by which all other presidential candidates will be judged in terms of their commitment to the peace movement.

The event ended when Kucinich's aide held a hand-written sign from the back of the room that read, "You need to get to the House floor."

White House Wreath Placed In Honor Of Ronald Reagan's Birthday (LAT/AP)

The Los Angeles Times, February 7, 2007

DOJ_NMG_0128895

SIMI VALLEY — Former President Ronald Reagan was remembered in a ceremony today on what he would have called another anniversary of his 39th birthday.

Former Attorney General Edwin Meese III and Col. James B. Seaton III, commanding officer of the Marine Corps' Camp Pendleton, placed a wreath of white roses on behalf of President Bush at Reagan's grave at the Ronald Reagan Presidential Museum.

Bush said in a proclamation that the wreath and military honors were sent "in tribute to his distinguished service to a grateful nation."

Two World War II vintage military aircraft flew over the ceremony and Marines offered a 21-gun salute.

Reagan, who died on June 5, 2004, at 93 after a 10-year battle with Alzheimer's disease, was remembered by Meese as a Cold War warrior for his "peace-through-strength" mantra. Meese said Reagan led the United States out of a national malaise and ended the Cold War.

"He had integrity," Meese said. "And he had perseverance.... We celebrate the legacy of Ronald Reagan."

Seaton told the crowd of about 600 seated on a sunny lawn near the grave that Reagan was an inspiration to the Marine Corps during his presidency and that legacy lives on today as the military faces adversaries in Iraq.

"America didn't become great because we took the easy road," the colonel said.

Former first lady Nancy Reagan, reported feeling a bit under the weather and reserving her energy for an evening library fundraiser honoring former President George H.W. Bush, said in a statement that her husband would have enjoyed the tributes.

"It's hard to believe that Ronnie would have been 96 years old today," Mrs. Reagan said. "I know he would have been thrilled to see the military band and color guard, the Naval Academy Glee Club and the flyover at his library today, and he would have been touched that so many of his old friends are coming to celebrate on his behalf."

Tonight, Mrs. Reagan planned to present former President Bush with the 2007 Ronald Reagan Freedom Award during a gala at the Beverly Hilton Hotel.

The award is given to those who "have contributed greatly to the cause of freedom worldwide.'' Past recipients include Colin Powell, Prime Minister Yitzhak Rabin, Jordan's King Hussein, Lady Margaret Thatcher, the Rev. Billy Graham, Bob Hope and Rudolph Giuliani.

"George was not only my husband's dedicated vice president, but he was also Ronnie's loyal friend," Mrs. Reagan said in a statement.

"Working closely with Ronald Reagan was one of the great joys of my life, and receiving this prestigious Reagan Freedom Award is something I will treasure always," former President Bush said in a statement.

The Biggest Secret In Health Care (WSJ)

By HOLMAN W. JENKINS, JR.

The Wall Street Journal, February 7, 2007

President Bush might seem a candidate for OCD treatment, what with his insistence that the fix for health care is tax reform. He was at it again in his latest budget proposal, which calls for reforming the unlimited tax break for job-related health insurance.

Where does he get such ideas?

The answer: From every recent president that went before him, including Presidents Reagan, Bush and Clinton. And from all the wonks in wonkdom, who've long understood that the tax code was the problem and who've occasionally even shared this understanding with the public, most recently during the heady days before the Clinton health plan was submitted to a congressional dumpster.

A newspaper we know and love, in 1993, reported as a nearly uncontested fact: "The tax breaks on this enormous transfer of wealth have created a health-care market characterized by inefficiency, ignorance and excess."

The head of Blue Cross & Blue Shield declared: "The most powerful incentive is the tax code. We've been through five decades of teaching the individual that health care is a free good."

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Paul Ellwood, godfather of the Clinton plan, said: "Changing the tax status of health benefits is the glue that holds managed competition together."

Bill Clinton himself said: "There has to be some sort of personal responsibility in this health-care system we set up."

Let the current President Bush give voice to the same analysis, however, and it must be some kind of supply-side hokum.

To rehearse: The tax code is the original hectoring mommy behind our health-care neuroses. It gives the biggest subsidy to those who need it least. It pays the affluent to buy more medical care than they would if they were spending their own money. It prompts them to launder our health spending through an insurance bureaucracy, creating endless paperwork. It prices millions of less-favored taxpayers out of the market for health insurance. It fosters a misconception that health care is free even as workers are perplexed over the failure of their wages to rise.

Clark Havighurst, a Duke University sage, points to one of the many destructive consequences: "With insured consumer-voters generally believing that someone other than themselves is paying for their health care, they see no reason not to approve regulatory and other public policies that raise the cost of that care and foreclose opportunities to economize."

He was thinking of the congressional rage to prevent managed care from saving us money, after Congress and everyone else first championed managed care as a way to save us money.

Others point to a destructive consequence for the practice of medicine itself. Patients, because their only skin in the game is their skin, end up listening to doctors and hospitals who are massively incentivized to expose them to more procedures, more tests and more drugs than patients, quite apart from any consideration of costs, would choose for themselves.

Guess what? The patients are right. Much of this superfluous care is bad for their health. (Such is the finding of a long-running Dartmouth Medical School study of national treatment patterns.)

Much better, in our view, would be simply to do away with the tax break and let businesses and consumers adjust. The insurance industry wouldn't stand around and watch its livelihood vanish. And tax rates could be adjusted to make sure the overall tax burden remains unchanged. You'd be shocked at how quickly the system would right itself.

Alas, there is panic on K Street when anyone suggests doing away with the tax break directly. The health industry goes ape. (Think doctors, hospitals, drug makers, insurers, etc. don't enjoy having a $200 billion-a-year tax subsidy to encourage consumption of their products? Think big business doesn't like having a tax subsidy for a good chunk of its employment costs? Think they don't lobby?)

So Mr. Bush makes peace with the tax code's bias toward health spending in order to do battle with the particular vice of our overreliance on third-party payment. He does so by equalizing the tax treatment of health dollars whether they flow directly from a consumer pocket (the vehicle here is health savings accounts) or through a third-party laundromat.

He would do so by equalizing the treatment of health insurance whether you buy it yourself or your employer buys it for you (his latest plan).

No, hosannas will not be sung to him by left or right. However, keep something in mind as the 2008 debate heats up. The oft-mouthed goal of expanding health insurance to the poor would be far easier to achieve if we stopped subsidizing overconsumption by the non-poor.

There's a lesson in presidential leadership here. Mr. Clinton lost interest in health care after a few months when he discovered health care wouldn't result in a monument to his presidency. In a very pre-postmodern approach, Mr. Bush identified the same basic problem and has worked steadily away at it, showing that a president can accomplish something as long as he's willing not to receive any credit.

The one great and glaring fault in his record is the creation of an unsustainable drug benefit to add to the unsustainable burden of future Medicare spending. Then again, what is unsustainable is unsustainable.

The pattern for that reform is already present between the lines -- towards greater reliance on saving than taxing, towards greater reliance on individual responsibility than on the illusory free-lunchism of government transfers. For the problem of Medicare is the problem health care writ small: The illusion that somebody else is available to pay our bills for us.

Beyond Health-Care Band-Aids (WP)

By Ezekiel J. Emanuel And Victor R. Fuchs

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The Washington Post, February 7, 2007

It seems everyone has ideas for health-care reform. President Bush has proposed tax breaks to encourage the uninsured to buy coverage. Massachusetts has approved and California has proposed individual mandates with state subsidies to allow people with low incomes to buy coverage. Maryland wants to raise cigarette taxes to pay for coverage for the working uninsured. John Edwards wants to require employers to provide insurance or pay into a fund that would help individuals buy insurance. Sen. Hillary Clinton has proposed increasing the income eligibility limits for the State Children's Health Insurance Program. And the list goes on.

This profusion of proposals means that health care is getting more attention, and this makes reform more likely. But these proposals are like band-aids and fall far short of what our sick health-care system needs.

They build on what everyone agrees is a broken system. Ultimately, they prop up the sagging employment-based insurance system, with all its inefficiencies and inequities, and preserve the second-class income-tested programs such as Medicaid. By focusing on covering the uninsured, they fail to address either administrative inefficiency or long-term cost control. Consequently, in the short run they require ever more money to cover the uninsured, and in the long run the unabated rise in health costs will quickly revive the problem of the uninsured.

At $2 trillion per year, the U.S. health-care system suffers much more from inefficiency than lack of funds. The system wastes money on administration, unnecessary tests and marginal medicines that cost a lot for little health benefit. It also provides strong financial incentives to preserve such inefficiency.

By building on the existing health-care system, these reform proposals entrench the perverse incentives.

Moreover, even plans that reduce the number of uninsured today may find that those gains will disappear in a few years if costs continue to grow much faster than gross domestic product. As costs rise, many companies will drop insurance and pay the modest taxes or fees that have been proposed. States will find that costs exceed revenue and that cuts will have to be made.

The State Children's Health Insurance Program (SCHIP) provides a good example of the toxic interactions between public and private coverage. When it was enacted in 1997, SCHIP filled a hole, offering insurance to children whose parents earned too much to be covered by Medicaid but not enough to buy private health insurance. By 2005, 6 million children received health coverage through SCHIP. But SCHIP has had only a small impact on the overall number of uninsured children. In 2006, there were nearly 9 million uninsured children, compared with 10 million uninsured in 1997. Why? As costs rose, some companies stopped offering insurance, others dropped coverage for dependents, and others raised employee contributions to the point where some workers preferred covering their children through SCHIP.

Band-aids are not enough. The country needs comprehensive reform. Here are five essential changes:

Â· Get businesses out of health care. Health care is not part of their core competencies but something they use as a part of labor relations. It creates job lock and distorts employers' hiring and firing decisions.

Â· Guarantee every American an essential benefits package. This package -- modeled on what members of Congress get -- should be provided by qualified plans that would receive a risk-adjusted payment for each enrollee. Americans could choose their health plans, with guaranteed enrollment and renewability; "cherry-picking" and "lemon-dropping" would be minimized.

Â· The universal basic package should be financed by a dedicated tax that everyone pays, such as a value-added tax.

Â· Administer the program through an independent National Health Board and regional boards modeled on the Federal Reserve System. They would oversee health plans, define the benefits packages and, through strong incentives, facilitate adoption of patient safety measures and electronic management of medical records.

Â· Establish an independent Institute for Technology and Outcomes Assessment to systematically evaluate new technologies and quantify their health benefits in relation to their costs. These evaluations would be used by the National Health Board and health plans.

Reform based on these measures would eliminate job lock, increase workers' wages and make labor markets more efficient. It would also give Americans -- rather than their employers -- their choice of health plans, doctors and hospitals. And it would eliminate the $200 billion business tax deduction for providing health coverage.

Most important, such measures would improve efficiency and provide cost control for the health-care system. Eliminating employers' vetting of insurance companies and all associated costs would save tens of billions of dollars. Since all Americans

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would be guaranteed coverage, means testing and determination of subsidies necessary for Medicaid and SCHIP would be eliminated. Finally, the expected consolidation of the health insurance industry would also increase efficiency.

Only comprehensive change of our broken system can provide universal, portable coverage, reduce inefficiency, control costs and secure health care for all Americans long into the future.

Ezekiel J. Emanuel, chairman of the Department of Clinical Bioethics at the National Institutes of Health Clinical Center, is a co-author of "No Margin, No Mission." The views expressed here are his own. Victor R. Fuchs is a former president of the American Economics Association and the author of "Who Shall Live? Health, Economics, and Social Choice."

Hollywood Takes Its Concerns About Piracy And Taxes To Washington (NYT)

By David M. Halbfinger

The New York Times, February 7, 2007

Hollywood has often been a whipping boy here, but with a new Congress in session, the heads of the major movie studios converged on the capital Tuesday to pitch their industry in the unaccustomed role of good guy: boon to the trade balance, engine of economic growth, polisher of the nation's image and employer of a big, uncelebrated, middle-class work force.

Cheered by the Democratic takeover, the industry's leadership hopes to press its agenda of fighting piracy, obtaining new tax advantages and reining in movie and television production from going abroad.

So the Motion Picture Association of America put on a daylong show for lawmakers, lobbyists and Capitol Hill aides, armed with some A-list talent — the actor Will Smith gave a morning speech, and Clint Eastwood received an award at dinner — and a new study showing that film and TV production accounts for $30 billion in wages, $10 billion in taxes, more than 400,000 jobs and a trade surplus of $9.5 billion.

"When people read about us, they read about celebrity and glitz," said Dan Glickman, the trade association's chairman, who said he learned much about other industries from such programs while he was a congressman. "That's an asset we have, but that's not enough."

Judging from a few panel discussions, the M.P.A.A. had calculated that it would be hard to drum up sympathy for an industry symbolized by its highly paid stars and largely made up of giant conglomerates. So, atop the talking points, apparently, was the idea that the movie business is really made up of middle-class guild and union members who often live hand to mouth.

"It's not just me and Tom," said Mr. Smith, referring to Tom Cruise, one of his peers who can command $20 million a picture. He said his latest film, "I Am Legend," was employing 1,000 local crew members and actors on location in New York.

The director Paris Barclay told of trying to hire one of his favorite technicians recently, and learning that the man had moved his wife and three children to Vancouver, because that is where the work is.

And Taylor Hackford, the director of "Ray," in establishing his credentials, added: "I'm working class."

The conversation often turned to piracy, the existential issue that dominates the association's agenda. Mr. Hackford, who spent more than a decade developing "Ray," told of finding a bootleg DVD of the movie on the day of its theatrical release, and said 42 million illicit copies were sold within five months.

That meant millions of dollars in lost revenue — "and DVDs is how people get their money back," he said of movie financiers. "If they don't, will I be able to sell a hard-to-sell picture like 'Ray'? No."

In a rare moment of newsmaking, Barry M. Meyer, the chairman of Warner Brothers, issued a sharp rebuke to the president of the Consumer Electronics Association, Gary Shapiro, who warned in January that antipiracy efforts could "smother" technological progress and said that "private conduct may be unauthorized, but that does not mean it is piracy."

Mr. Meyer took issue with calling the theft of intellectual property merely unauthorized rather than illegal, and said that Hollywood's promotion of so-called digital rights management technology had made it possible for consumers to rent or buy movies and TV programs at a variety of prices.

"It's easy to demonize it, but without some level of control and order, things don't work," he said. "The only choice we're not offering is free."

He added: "Unlike the technology industry, which can outrun pirates by upgrading their product, there is no 'Gone With the Wind 2.0.' "

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Mr. Glickman took Mr. Meyer and some of his peers — Brad Grey of Paramount and Michael Lynton of Sony Pictures — to the capital for meetings with the new Senate leader, Harry Reid of Nevada; Senator Mitch McConnell of Kentucky, the minority leader; and Representative Steny Hoyer of Maryland, the House majority leader. The House speaker, Nancy Pelosi; Mr. Hoyer; Senator Christopher Dodd of Connecticut; and Senator Charles E. Schumer of New York attended an evening reception.

Almost no mention was made of the M.P.A.A.'s movie rating system, which Mr. Glickman recently tweaked. And it was not a Republican, but Senator Dianne Feinstein of California who, departing from a paean to everything else the movie industry stands for, called for the studio chiefs in the room to cut down on gratuitous sex and violence.

More typical of the day, however, was Representative Charles Rangel, the new Ways and Means chairman, promising to press the Bush administration to take a tougher line in trade talks with Russia, China and other countries concerning rampant piracy or barriers to Hollywood movies.

And then there was Senator Patrick J. Leahy, Democrat of Vermont, vowing to press the Justice Department to do more about piracy — moments before rushing over to the actor James Cromwell and complimenting his performance as Prince Philip in "The Queen."

Mystery Solved (RC)

By Ben Pershing

Roll Call, February 7, 2007

It had been one of the best little puzzles of the 110th Congress so far: Why did Rep. Dan Burton (R-Ind.) miss 19 House votes over four days in mid-January? Where was he?

Burton's office hadn't returned several calls from HOH over the past couple of weeks on this subject, nor did it respond to inquiries from the local press. No one in the Republican leadership seemed to know, either.

Now, when HOH finally learned Tuesday where Burton had been — courtesy of a report in The Indianapolis Star — he kicked himself for not figuring it out earlier. As anyone who has followed Burton over the years should have known, he was playing golf.

Specifically, Burton was at the Bob Hope Chrysler Classic in lovely Palm Springs, Calif., where he played in the pro-am event at four local golf courses over four days.

Keeping with tradition, Burton's office did not respond to HOH's request for comment Tuesday, and his staff didn't return the Star's calls, either.

And really, why should they? Why should an elected official like Burton have to explain his whereabouts to anyone? So what if he just decided not to go to work for a week? Can't you do that at your job? How important was it really to vote on stem-cell research funding, the minimum wage or energy policy when he had the chance to play golf with celebrities such as Yogi Berra, George Lopez, Michael Bolton, Huey Lewis and Maury Povich? This whole story is working HOH into a Lou Dobbs-style populist lather.

Anyway, Burton has been playing in the annual Bob Hope event for several years and often has missed House votes to do so. Sometimes, however, Burton has been able to make his tee time without missing any House work.

HOH's favorite example came in 2000, when Burton, at the time still the chairman of what was then known as the Government Reform Committee, scheduled a panel field hearing in nearby Los Angeles the same week as the Bob Hope event.

The purpose of the hearing — HOH is not making this up — was to study whether Soviet agents had ever hidden secret stashes of weapons in the United States in case World War III broke out. The hearing was definitely NOT an excuse for Burton to fly out to sunny Southern California in the dead of winter on the taxpayers' dime.

"It's my understanding that there are many potential targets for Russian sabotage in California," Burton said at the time. "If there are hidden caches of explosives in the state, that's very dangerous. ... That's why we are here."

Then in 2005, HOH told you about Burton missing an important International Relations Committee vote on UN reform because he was playing at the Booz Allen Hamilton pro-am golf tournament over at Congressional Country Club in Bethesda, Md. That probably didn't do much for Burton in the race for the top GOP slot on the International Relations Committee, a contest he ended up losing to Rep. Ileana Ros-Lehtinen (Fla.).

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As for the Bob Hope tournament, the Star reported that Burton may have paid at least part of his annual entry fee — this year's was $12,000 — to the charitable event out of his campaign account, which may not be acceptable given that Federal Election Commission rules allow Members to give campaign funds to charity only if they don't get anything in return.

And the donations Burton did make from his campaign account to Eisenhower Medical Center, the main charity involved with the Bob Hope event, apparently were part of Burton's pledge to give away contributions he had received from incarcerated lobbyist Jack Abramoff.

Of course, Burton probably thinks all those rules are kind of overblown anyway. Back on Jan. 4, the House voted 430-1 to sharply restrict gifts and privately funded travel for Members; Burton, of course, was the lone "no" vote.

Maybe HOH is being too cynical about Burton. All this week, the AT&T Pebble Beach National Pro-Am is going on out in scenic Monterey, Calif., and yet the Indiana lawmaker has been right here on Capitol Hill, voting on the House floor. Maybe by skipping the event, Burton is showing that he's changed his ways.

Or maybe he just didn't get an invite.

The Truth About Cats and Dogs. Normally, HOH makes a point of noting when celebrities are coming to Capitol Hill. In the case of an event today, however, he'll just settle for telling you which celebrities are going to be taken to the woodshed.

At 10 a.m. in 1116 Longworth, Reps. Jim Moran (D-Va.) and Mike Ferguson (R-N.J.) will join Wayne Pacelle, president and CEO of the Humane Society, to reveal details of that group's investigation into the ongoing use of cat and dog fur in fur products sold in the United States.

Apparently the Humane Society's tests have shown that fur coats from some high-end designers have at least some dog and/or cat fur in them. Yuck.

What's the celebrity angle? One issue that is expected to come up at the event is the fact that, according to the Humane Society, two of the designers who may be mixing some Fido and Fluffy into their products are none other than Jay-Z, proprietor of Rocawear, and Sean "Diddy" Combs, designer of Sean John (though Diddy has reportedly pledged to pull the offending garments off the shelves).

Tempted as he's been, HOH remains pleased with his recent decision not to buy any of Jay-Z's fur coats.

Government Inside Out (NYT)

The New York Times, February 7, 2007

The United States is quickly becoming a government of the contractors, by the contractors and for the contractors. While the private security personnel in Iraq have attracted the most attention, many day-to-day operations are no longer in the hands of federal employees. Functions as disparate as clerical work and tax collection are handled by private companies, while oversight of this always for-profit work is being sorely neglected.

There are plenty of examples of good contracting. The Interstate highway system was built in large part by contractors. The problem is that the explosion of government outsourcing under the Bush administration has not been accompanied by a sufficient increase in civil service personnel to oversee it and ensure that the work is done properly and without squandering taxpayer dollars.

As Scott Shane and Ron Nixon reported recently in The Times, spending on outsourced contracts has nearly doubled under this administration, to roughly $400 billion last year from $207 billion in 2000, while oversight staff levels have remained flat. At the same time, fewer and fewer contracts are being put up for competitive bids. While 79 percent of contracts were competitive in 2001, the number dropped to 48 percent in 2005. The top contractors are spending millions on lobbying and campaign contributions to ensure that the work keeps coming.

The conventional wisdom — which owes as much to the Clinton administration's emphasis on "reinventing government" as the Bush administration's fealty to the superiority of the private sector — holds that outsourcing saves money because the private sector is supposedly more efficient.

But if there is to be any chance of cutting costs, that will have to come from competitive bidding. In one example from Mr. Shane and Mr. Nixon's story, a group of contract employees at the General Services Administration cost roughly double what the

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pay and benefits of comparable federal workers would have. What is most needed is a return to pragmatism, where each decision of whether to use government workers or outside companies is dictated by cost, rather than ideology or political favors.

OTHER NEWS:

Fed Chief Warns Of Widening Inequality (WSJ)

By David Wessel

The Wall Street Journal, February 7, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke cautioned that widening economic inequality may make Americans "less willing to accept the dynamism ... so essential to economic progress." But he warned politicians to avoid responses that would make labor markets less flexible or create barriers to international trade and investment.

In an unusual speech for a central banker, Mr. Bernanke said a wiser approach to the problem would be to improve education and training and to cushion dislocations caused by technology and globalization. He cited such steps as making health and pension benefits more portable and offering retraining and job-search assistance to displaced workers.

Mr. Bernanke's comments at the Greater Omaha Chamber of Commerce add to a chorus of concern about widening economic inequality from top government officials, including President Bush, Treasury Secretary Henry Paulson and Mr. Bernanke's predecessor, Alan Greenspan, as well as prominent Democrats.

Wandering beyond the boundaries of monetary policy, his area of responsibility, Mr. Bernanke said: "Although average economic well-being has increased considerably over time, the degree of inequality in economic outcomes has increased as well ... for at least three decades." A text of his speech was released by the Fed in Washington.

In his 15-page lecture, complete with 48 academic references, Mr. Bernanke documented the inequality evident in data on wages, household incomes and even baseball players' contracts. He also examined economic forces behind the trend, from changes in technology that have increased employers' appetite for more-educated workers, to the decline of unions, to the surge in chief executives' salaries, to the impact of globalization. He said the effect of the latter has been "moderate and almost surely less important than the effects of ... technological change."

The Fed chairman noted that in professions ranging from entertainment to investment banking, the forces of globalization and technological innovation have increased the value of the most-talented individuals -- the "superstars" -- over the merely good. "Two decades ago, the highest-paid player for the Boston Red Sox (and in the American League), Jim Rice, earned (in inflation-adjusted terms) just over $3 million. In 2004, the highest-paid player on the Red Sox (and in all of major-league baseball) was Manny Ramirez, who received $22.5 million for the season."

"The number of fans who can fit into Fenway Park has not increased much ... presumably the Red Sox owners believed that Ramirez's highest salary was justified by the increases in broadcast and merchandising revenues he might generate as a result of the confluence of new distribution channels (such as Internet-based broadcasts of games) and a larger and wealthier potential global audience," he added.

Mr. Bernanke spoke explicitly about the degree and causes of inequality, and more carefully about the increasingly loud political debate over what, if anything, to do about it. "Firm conclusions about the extent to which policy should attempt to offset inequality ... are properly left to the political process," he said.

But he offered three principles that he said are "broadly accepted in our society" -- economic opportunity should be as widely distributed and equal as possible, economic outcomes need n't be equal but should be linked to a person's contributions, and people should get some insurance against very painful outcomes.

"We ... believe," he said, referring to Americans generally, "that no one should be allowed to slip too far down the economic ladder, especially for reasons beyond his or her control."

Mr. Bernanke, who served briefly as an economic adviser to Mr. Bush before becoming Fed chief a year ago, avoided any mention of tax policy, a favorite tool of Democrats interested in reducing the inequality produced by market forces. He noted that eliminating inequality altogether would be unwise.

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"Our market-based economy, which encourages productive activity primarily through the promise of financial reward, would function less effectively," he argued. The dynamism that has propelled the U.S. economy for decades brings with it "painful dislocations" for some workers, he added. But he said, "If we did not place some limits on the downside risks to individuals ... the public at large might become less willing to accept the dynamism that is so essential to economic progress."

When Mr. Greenspan was Fed chairman, he occasionally expressed concern about the widening gap between winners and losers in the American economy, though usually in response to questions from members of Congress, rather than in public speeches. At the Joint Economic Committee in June 2005, for instance, Mr. Greenspan observed, "As I've often said, this is not the type of thing which a democratic society -- a capitalist democratic society -- can really accept without addressing."

Mr. Greenspan generally attributed the disparities to the extra wages that employers pay more-educated workers. Mr. Bernanke acknowledged that is a major factor, but not the only one.

Bernanke Suggests Job Skills To Combat Inequality (WT)

By Patrice Hill

The Washington Times, February 7, 2007

The growing income gap is largely the result of disparities in skill and education between the rich and poor, though globalization, trade and the waning influence of labor unions have played a role, Federal Reserve Chairman Ben S. Bernanke said yesterday.

To remedy inequality, Congress and the Bush administration should enact measures that ensure all Americans receive an equal opportunity to succeed by receiving good education and job skills, while resisting pressure to erect barriers to trade that will prevent Americans from enjoying the overwhelming benefits and higher living standards afforded by global markets, he said.

"Workers with more education are better positioned to adapt to changing demands in the workplace," and such flexibility has been a hallmark of America's economic success, he said. That has enabled overall living standards to grow steadily, even as the gap has widened between earners at the top and bottom of the income scale.

Congressional Democrats have floated a variety of measures to address the income gap, including raising the minimum wage, increasing taxes on the most highly paid executives, making it easier for unions to organize workers, and requiring negotiators to focus on the job and income impacts of international trade.

Mr. Bernanke acknowledged that growing income disparities are an important problem for Congress to address, and said many approaches can be considered to ensure everyone receives an equal opportunity to succeed and to provide social safety nets for those whose jobs and incomes are cut off by international competition.

"A bedrock American principle is the idea that all individuals should have the opportunity to succeed on the basis of their own effort, skill and ingenuity," he said. "We also believe that no one should be allowed to slip too far down the economic ladder, especially for reasons beyond his or her control."

But he cautioned against remedies that try to eliminate the disparity altogether.

"We do not guarantee equality of economic outcomes, nor should we," he said. "Without the possibility of unequal outcomes tied to differences in effort and skill, the economic incentive for productive behavior would be eliminated" and economic growth would be sacrificed.

People with the best educations and skills have been able to command higher and higher incomes because of the increasing complexity of technology-driven jobs and businesses, while people with minimal education have had to compete with billions of workers around the world who have similar job skills -- keeping their wages relatively flat, Mr. Bernanke said.

Evidence of the dramatic link between education and income is seen in the 75 percent gap between the average wages of college graduates and high school graduates and the 42 percent gap between those with high school degrees and those without them, he said.

Studies have documented that globalization -- including both trade and immigration -- puts pressure on the wages of low- and middle-income earners who compete with foreign workers even while trade and labor flows overall increase jobs and economic growth, he said.

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Lower rates of unionization also accounted for between 10 percent and 20 percent of the increase in wage disparity among middle-income men in the 1970s and 1980s, he said.

But by far the largest factor causing inequality has been the skills gap.

Between 1979 and 2006, because of a combination of forces, the earnings of the top 10 percent of workers soared by 34 percent, while the wages of middle-income workers grew by 11.5 percent and the wages of the bottom 10 percent increased only 4 percent, he said.

Even taking into account extensive tax and spending programs that transfer income from the top earners to the bottom half, the disparities have grown, he said. The share of after-tax income enjoyed by the top fifth of workers grew to 50 percent in 2004 from 42 percent in 1979, while the share of those in the bottom fifth shrank from 7 percent to 5 percent.

Bernanke: Fixing Income Gap Will Take Education (USAT)

By Sue Kirchhoff

USA Today, February 7, 2007

WASHINGTON — Globalization isn't the main cause of rising U.S. income inequality, and attacking the problem by imposing barriers to trade and technology would "do far more harm than good," Federal Reserve Chairman Ben Bernanke said Tuesday.

A better way to address the gap between lower- and higher-income Americans — and to ease the sometimes "painful dislocations" of free markets — would be to improve training and education or alter current policies to let workers keep health care and pension benefits when they change jobs, Bernanke told the Greater Omaha Chamber of Commerce.

Bernanke cautioned that without steps to smooth the effects of a changing economy, people could "become less willing to accept the dynamism that is so essential to economic progress." But the Fed chief, who sat at a table with billionaire investor Warren Buffett, stressed that determining the proper balance between free markets and social policy was a job for politicians, not the Fed.

"Although we Americans strive to provide equality of economic opportunity, we do not guarantee equality of economic outcomes, nor should we," Bernanke said. "That said, we also believe that no one should be allowed to slip too far down the economic ladder."

His remarks come as Democrats, who now control Congress, are building an agenda around inequality and middle-class economic concerns. Their initiatives include raising the minimum wage, limiting CEO pay, boosting college aid, making it easier to form unions and addressing labor and trade concerns.

"Despite the growing economy and skyrocketing corporate profits, the typical American family has actually seen its income decrease," says Rep. George Miller, D-Calif., chairman of the House Education and Labor Committee.

President Bush acknowledged recently that income inequality is a problem, but Democrats differ with his economic remedies, which include a focus on tax cuts.

In his speech, Bernanke noted that even though average living standards have risen considerably in recent decades, wealth distribution has become more skewed. The wealthiest fifth of households received 42% of after-tax income in 1979, a figure that rose to 50% in 2004. The share of those in the bottom fifth dropped to 5% from 7%.

There are many reasons for the trend, Bernanke said, including the fact that wages for better-educated workers have risen faster than for their lesser-educated counterparts. Technology seems to have improved the efficiency of highly skilled workers more than of less-skilled workers. The decline of unions has altered pay patterns.

But he warned that erecting barriers to globalized trade would undermine key sources of economic growth and rising living standards. And in any case, Bernanke said, globalization, including trade and immigration, isn't the main culprit.

"Overall, I read the available evidence as favoring the view that the influence of globalization on inequality has been moderate and almost surely less important than the effects of skill-biased technological change," he said.

Markets Quiet While Awaiting Cisco News (USAT)

USA Today, February 7, 2007

DOJ_NMG_0128904

NEW YORK — Stocks slogged through a day of uneventful trading Tuesday after National Semiconductor issued a profit warning and investors awaited results from networker Cisco Systems.

The Dow Jones industrials rose 4.57 points to 12,666.31, the Standard & Poor's 500 index added 1.01 points to 1448.00, and the Nasdaq composite index climbed 0.89 points to 2471.49.

National Semi, which makes chips used in mobile telephones, dropped 64 cents to $22.68 after it warned late Monday that it expects sales to fall more than previously expected. That sparked a sell-off among chipmakers, including Texas Instruments, off 37 cents to $31.22, Advanced Micro Devices, down 28 cents to $15.32, and Maxim Integrated, off 72 cents to $31.70.

Investors also awaited results from Cisco, often considered a tech bellwether. The report marks one of the last closely watched companies to issue results as fourth-quarter earnings season winds down. After the close, Cisco said its earnings rose slightly more than expected. (Story, 2B.)

Investors have been reluctant to buy into the market without some kind of news that might indicate where the economy or corporate earnings are heading. The market gained some traction during the day Tuesday but drifted lower after a speech by Federal Reserve Chairman Ben Bernanke didn't address interest rates. (Story, 5B.)

"The market is not expensive, it's not dirt cheap, and the catalyst over the past few weeks has been earnings," says Matt Kelmon of Kelmoore Strategy Funds. "Everything is really on hold until the market finds something else to talk about, but there's still no huge sign of an imminent pullback."

Highlights:

Las Vegas Sands slid $3.41 to $100.68. The casino operator said fourth-quarter profit rose as it made more money off of losing gamblers. The company earned an extra $30 million in operating profit at table games for high rollers.

•Anadarko Petroleum lost 48 cents to $42.47. The oil refiner said fourth-quarter profit doubled because of a gain from the sale of a Canadian unit.

•IAC/InterActiveCorp lost 55 cents to $38.72. The website company that operates Ticketmaster and Ask.com reported fourth-quarter profit fell 85%.

•Myriad Genetics added 82 cents to $35.87. The biotech company reported its fiscal second-quarter loss widened, but it was able to beat projections.

DJIA Edges Up To 12666.31, 7.37 Points Shy Of Record (WSJ)

By PETER A. MCKAY

The Wall Street Journal, February 7, 2007

For a second straight day, the stock market inched upward but finished shy of a record, as investors continued to take a breather from last week's buying spree.

The Dow Jones Industrial Average rose 4.57 points, just 0.04%, to 12666.31, up 1.6% on the year and 7.37 points shy of its record set last Thursday.

Even remarks by Federal Reserve Chairman Ben Bernanke couldn't cut through the market's torpor. In a speech to the Greater Omaha Chamber of Commerce, Mr. Bernanke warned that increased wage inequality could impede economic progress. He avoided any pronouncements on interest-rate policy, a more pressing short-term issue for investors.

Wall Street increasingly believes it has figured out the Fed's likely strategy, with many investing pros betting on a long period of unchanged interest-rate targets from the Fed, allowing solid-but-unspectacular growth in corporate profits.

The last holdouts to that guardedly sunny outlook seemed to buy into it last week, as the Dow industrials rallied 166.47 points. This week, it seems players are avoiding any new, big bets.

"The market is digesting the recent gains, waiting to see something bigger on the horizon," said analyst Richard Sparks of Schaeffer's Investment Research.

The broad Standard & Poor's 500-stock index rose 1.01 points, or 0.1%, to 1448.00, up 2.1% on the year. The technology-heavy Nasdaq Composite Index was nearly unchanged, up just 0.89 point, at 2471.49, up 2.3% on the year.

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Keith Hembre, chief economist at mutual-fund firm First American Funds, said he expects that a rise in the unemployment rate will eventually prompt the Fed to cut its rate targets, perhaps in the second half of the year. Such a move would lower borrowing costs throughout the economy, prompting consumer spending and investment in stocks and other assets.

"In the meantime, the economic growth we're seeing is still enough to produce real earnings gains," which help the stock market, Mr. Hembre said.

The government released weekly data showing a rise in U.S. inventories of crude oil. Still, a continuing cold snap in the Northeast buoyed prices.

Crude contracts for March delivery inched up 14 cents, or 0.2%, to $58.88 a barrel, off 3.6% this year on the New York Mercantile Exchange but up 17% from its 52-week low less than three weeks ago.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.6%, or 1.51 points, to 248.62.

In major U.S. market action:

Stocks rose, as did bond prices. The 10-year Treasury note jumped 11/32 point, or $3.44 for each $1,000 invested, pushing the yield down to 4.765%.

The dollar weakened. Against the Japanese currency, the dollar fell to 120.12 yen, compared with 120.41 yen. The euro strengthened to $1.2981 from $1.2928.

GOP Views Clinton As Virtually Unbeatable (POL)

By Carrie Sheffield And Jim VandeHei

The Politico, February 7, 2007

What many conservatives regard as the nightmare scenario -- President Hillary Rodham Clinton -- is increasingly seen by veteran Republican politicians and strategists as virtual inevitability.

In GOP circles, the Democratic front-runner is seen as so strong, and the political climate for Republicans so hostile, that many influential voices -- including current and former lawmakers, and veterans of President Bush's campaigns -- have grown despairing. These partisans describe a political equivalent of the stages of grief, starting with denial, then resentment and ending with acceptance.

For now, these Republicans say the party needs good luck, including a change of fortune in Iraq, and a revival of organization and leadership in the conservative movement to avert another Clinton presidency.

"If the conservative movement and Republicans don't understand how massive the Clinton coalition is, she will be the next president," former House Majority Leader Tom DeLay said in an interview last week, after giving a private talk to GOP lawmakers. Clinton will win, he added, "if we don't use everything available to us and motivate our base, the people that believe in us."

In his closed-door comments to conservative House members, DeLay warned of the wealth and political potency of the Clinton fundraising network.

"We do have to get our act together, and I'd agree with Tom DeLay on that," said Rep. Steve King of Iowa. "At this point, short an inspirational Republican nominee, then I would agree that it's going to be very difficult to beat Hillary if she wins the nomination."

Those comments echoed those by former House Speaker Newt Gingrich last month on Fox News: "I think you have to start with the idea that, if we don't get Baghdad solved, and if we continue to drift, that it will be very hard for a Republican to win next year, no matter what our values and what our beliefs. And, second, you have to believe that, at the present moment, she is the odds-on favorite to be the Democratic nominee."

Even some well-connected outside advisers to Bush said in interviews they essentially accept this analysis. These strategists are advising Republicans that it will be next to impossible to win the White House if Bush's popularity remains so low, and public disgust with the war so high. Beyond the polls, some said there are gaps between the organizational prowess of the Clinton operation and any of the Republicans currently competing for the nomination.

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Jack Oliver, former deputy chairman of the Republican National Committee, said Clinton is a prodigious fundraiser who can be beaten only with a specific and optimistic vision. "The challenge for Republicans is to avoid the temptation of just being against her," Oliver said. "It's not enough to keep the White House."

The comments are striking at several levels. The flagging conservative morale about beating Clinton comes at the same time many Democrats regard the New York senator as newly vulnerable because of the competition she faces from Illinois Sen. Barack Obama and skepticism she faces from activists opposed to the Iraq war. On the Republican side, there is a disconnect between grass-roots, red-state Republicans and the mostly Washington-based operatives who surround Bush. While conservative publishers and organizers have made a fortune off the loathing for Clinton among workaday Republicans, people around the president have always expressed a grudging respect for her wiles and willpower and have long warned that she would be a formidable national candidate.

Several top Republicans said the fears that Clinton could be a prohibitive favorite have contributed to overall blahs that activists feel about the GOP field. One presidential adviser said that Clinton dread was actually helping Republican leaders stomach candidates who might otherwise be unacceptable. "People are willing to sacrifice some of their ideological principles to win," the adviser said.

The conservative movement, ascendant for much of the Bush presidency, is now divided and dispirited. GOP leaders report that it is harder than ever to organize Republicans around a common cause and that Democrats have made progress in recent years in rebuilding the infrastructure of their party. In this mood of malaise, the prospect of a Hillary Clinton presidency is one prod leaders use to shock conservative troops into action.

Some Republicans say a Clinton presidency might even be good for Republicans. "If Americans actually have to witness and live through a Hillary Clinton presidency, it will remind us why we are fundamentally traditional conservatives in America. We believe in hard work, strong families," said Rep. Tom Feeney, R-Fla.

Conservatives are slowly starting to organize against Clinton, but the effort lacks the vitality and vitriol of the attacks on former first lady in the 1990s. Dick Morris, the former top adviser to President Clinton, is raising money to help produce a documentary critical of Clinton. Morris has argued publicly that Clinton is poised to win in 2008.

The movie is being made with Citizens United, a conservative advocacy group run by longtime Clinton opponents David N. Bossie and Floyd G. Brown. "Hillary Movie Coming Soon!" says the group's Web site, which solicits credit-card donations to "help finance this movie." The site brags that the film "will expose the truth about her conflicts in the past and her liberal plot for the future."

Former House member John LeBoutillier of New York is heading up the Stop Hillary PAC, which has run an anti-Clinton ad in Iowa. The group has grabbed headlines but not a lot of money for its efforts.

Reflecting the views of many well-known Republicans, DeLay thinks a Clinton juggernaut may provide the flattening the party needs in order to be reborn in Reagan's mold. "Hillary Clinton as president may be the best thing that ever happened to the conservative movement and the Republican Party," says the man known as the Hammer. "I mean, Bill Clinton as president was the best thing that ever happened to the Republican Party. It was because he was president that we gained the majority in 1995." And he would know.

Read more about why circumstances favor the Democratic candidates in '08.

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by OnlyChance on 02.06.2007 at 11:16 PM

The only reason Sen. Clinton is seen as unbeatable is because of the money she can raise for candidacy?

I thought there was campaign reform and level playing field on funding. Silly ME!!

Sen. Clinton is beatable when she will campaign for 45% top tier tax rate - which will be necessary to support her proposed health care reform. It will be interesting to see how Sen. Clinton votes on budget for the military that President Bush has submitted. If Sen. Clinton votes for cutting of funding she will appear weak on defense. IF she votes for the current budget, she will appear to be funding the war. Either way. Sen. Clinton will have to explain her position.

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A respectful Good Luck Sen Clinton - we will be listening.

Maybe.

by Lady Bird Johnson on 02.06.2007 at 11:15 PM

Reserve psychology in full effect. If Hillary Clinton gets the nomination it will be like 1980 when President Reagan smoked President Carter. They want to run against Hillary Clinton.

by GGPSmith on 02.06.2007 at 11:15 PM

Unfortunately, Senator Clinton suffers from the 21st Century version of that late 20th Century disorder known as "Ted Kennedy Syndrome" (TKS): No matter what she does (cure cancer, negotiate a Middle East peace, etc.), about 25% of the people in this country will still hate her. I think that any Republican currently seeking their party's nomination in 2008 would like nothing more than to run against Senator Clinton, especially Senator McCain.

However, if Senator Obama is her running mate, then I believe the GOP strategists' currently advertised analysis that Hillary will inevitably win is true. But talk about something to energize soon-to-be-former-president Bush's base! There's nothing quite like Hillary as the opposition's front-runner.

But Senator Obama, especially as Senator Clinton's running mate, will no doubt energize more than enough of the 75% absolutely disgruntled with the status quo to get out there and give America another President Clinton, no matter what the religious right or self-proclaimed "Billary" haters say or do.

by John Galt on 02.06.2007 at 10:45 PM

I think that any talk about someone being inevitable this early in the game is pure foolishness. C'mon were still a year out from anything meaningful happening. I've got to agree with others here. Talk of Hillary as president is more an attempt to revitalize the republican base than anything else. That being said, republicans need to realize a Hillary president is very possible. A fact some still don't want to admit.

by alex forshaw on 02.06.2007 at 09:40 PM

What is with the religion of inevitability? There are a lot of Republicans who fear Hillary, but they don't see her as more "virtually unbeatable" than Edwards or Obama. And they generally underestimate Obama because they still see him as the media's baby to be aborted whenever they feel like it. (They completely underestimate Obama's intelligence. That will change.)

I have also heard tons of *life long Republicans* say that they would vote for Obama.

I agree with sssidney that the Republicans would rather run against Hillary. She has a crushing amount of baggage.

I see it as the media trying to sucker Democrats into nominating Hillary. I have seen a really, really suspicious amount of "Hillary is THE INEVITABLE CANDIDATE," and whatever your feelings about the Democratic field, "inevitable" is not a word that comes to mind.

Obama is the one to dread. But Hillary has a lot of media friends who like her campaign's nice expense accounts.

by anoodle on 02.06.2007 at 09:25 PM

I think they really are afraid of her. The whole "throw us into the briarpatch" argument I think is nonsense. She has amassed an incredible machine, she will raise much more than anyone in the history of American politics, and the national climate will tremendously favor democrats. Why wouldn't they be afraid? Especially with no sitting VP or anointed nominee on the GOP side, they should be nervous.

by jimmyo on 02.06.2007 at 09:15 PM

Sounds like the inside the beltway "moderates" are using Hillary-fright in an attempt to sucker the base into accepting a "moderate" like Guiliano. Let's see how things develop. If --and it's a very big if -- if Bush can quickly salvage a respectable outcome in Iraq, then the possibility of brother Jeb as a candidate comes into play. If --again a big if -- Iraq gets resolved quickly and reasonably he would be the strongest Republican contender and would beat Hillary or any other of the Dem hopefuls. Otherwise the base needs to find the best true Republican and let the chips fall where they may.

by polarbear on 02.06.2007 at 09:02 PM

Regarding the authors' comments about the electorate being hostile to Republicans, I would add that the local folks to whom I have spoken are pretty hostile about Iraq, but I am hearing distinctions being made between different Republicans. Where there is a strong assocation between the Republican and Iraq, yes, I am hearing strong opposition. For others, especially

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local Republicans focused on local issues, with distance from the war, there is acceptance. Most folks do not articulate "neocon" in their views, but their vitriol is directed at Republicans who talk the neocon talk.

In any case, I think it is pretty early in the race to be quite so sure of a Hillary Clinton nomination. Clearly the signs are in her favor, but a lot can happen between now and then.

by wwcat on 02.06.2007 at 08:40 PM

The gop dreams of Clinton getting the nomination because they know it will get all the voters of republicans out and keep half the democrats home. They know the loathing most left of total center despise this woman. I know of so many democrats who would stay home rather than vote for Hillary. And it is her machine that is trying to put out the word that she is inevitable and no one can defeat her. BS. She is peaking now due to name but, once the campaigns get going and voters are more familar with Edwards and Obama I see them both overtaking her. One thing most dems feel if not outright dislike is a cool nuetral to her. Hold your nose. They are excited about Obama and Edwards. So, while the pundit class buys into the Hillary machine spin of inevitability and the gop spin of fear in hopes that we would be dumb enough to vote for her, we, the real democrats will go about supporting our candidate of choice.

by Sidney on 02.06.2007 at 08:21 PM

I wouldn't pay too much attention to the GOP views. They would like her to be the nominee then they would tear in to her....

Anyhow, the race has just started and like most races, the front runners when the race is in the home stretch, it is then the winner shows itself. So I wouldn't place too much attention to the candidates right now.

We still have Gore to look at, should he decide to take another shot.

A dark horse and a long shot could be Sen Jim Webb. I nicknamed him "Boots". If he make that move he could win everything.

by sssidney on 02.06.2007 at 08:03 PM

I think the republicans are trying to sucker the dems. They want to run against Hillary.

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Iraq War And History Favor The Democrats (POL)

By Roger Simon

The Politico, February 7, 2007

Can the Democrats lose in 2008?

Can they possibly lose the next presidential election considering all they have going for them?

Well, yes. Of course, they can. They're Democrats!

But, seriously, can the Democrats really blow this one?

"I don't care who the Democratic nominee is," Bill Daley told me recently. "He will become president in '08."

Daley, who is backing Barack Obama, is not given to mindless boosterism. He has run both a presidential campaign and a precinct, and he knows a great deal about practical politics.

But go ahead and dismiss his comment as wishful thinking. Then consider this from a Republican:

"I don't want to contribute to my own party's demoralization and it doesn't necessarily mean there will be a Democratic landslide, but I think there is a thumb on their side of the scale that's not going to come off until after the next election," said Vin Weber, a former Republican congressman, who is backing Mitt Romney.

But it is early, right? And anything can happen right?

So try this out:

"The 2008 election is a catastrophe waiting to happen," a senior Republican, who has served in a previous White House, told me. "When Ronald Reagan was leaving office after two terms, everyone said electing George H.W. Bush was Reagan's third term. But is anybody looking for the third term of George W. Bush?"

Now that is a question for you.

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Some think President Bush will work very hard for the Republican nominee for the same reason Ronald Reagan worked hard for Bush's father.

"Reagan felt all along that if a Democrat were elected to succeed him, it would be a repudiation of his eight years," said Ken Duberstein, who was Reagan's chief of staff. "For that reason, he went all-out for the election of George H.W. Bush. And I would anticipate George W. Bush will go all-out for whomever the Republicans nominate."

If the nominee wants him to, that is. If, in the fall of 2008, Bush's poll numbers are still hovering somewhere around freezing, the Republican nominee might want him to stay home and write letters to Eagle Scouts.

The Democrats do have history on their side. My crack research staff (i.e. Wikipedia) tells me that although George H.W. Bush succeeded Reagan after Reagan served two full terms, to find the next example of voters rewarding the same party that way, you have to go back to Rutherford B. Hayes succeeding Ulysses S. Grant in 1877.

Then there is the war. We cannot know what state the Iraq war will be in by Election Day 2008, but President Bush has assured us it will still be going on.

And, as of now, the war looks like a losing issue for Republicans. But Weber sees a small window of opportunity for his party: If the Democratic nominee gets pushed too far to the left during the Democratic primaries, he or she may look like a wimp when it comes to protecting the homeland.

"Obviously, Republicans are afraid of this war as a political issue," Weber said, "but Democratic fears about the war as an issue may grow. They might be dragged into a dangerous political position on the core issue of national security."

Weber is a realist, however.

"I would say that a sober historical analysis would probably lead you to conclude that the Democrat trend exhibited in 2006 is really a two-election trend," he said. "That's not written in the stars, but Republicans should go into 2008 facing that distinct possibility for both the presidency and Congress."

Poll Favors Giuliani In New Hampshire (AP)

By Nedra Pickler

AP, February 7, 2007

New Hampshire residents likely to vote in the Republican presidential primary a year from now think more highly of former New York Mayor Rudy Giuliani than any of his rivals, a poll released Tuesday shows.

Giuliani's net favorability rating — the proportion of people viewing him favorably minus the proportion viewing him unfavorably — was 56 percent, well ahead of Sen. John McCain, 32 percent, and former Massachusetts Gov. Mitt Romney, 26 percent, in the University of New Hampshire poll for WMUR-TV in Manchester.

"He's the lesser-known candidate, but he has that rock star quality," poll director Andy Smith said of Giuliani. "He has a charisma that was built after 9-11."

This long before an election, political professionals pay more attention to favorability than voters' choices if they had to vote today. McCain and Giuliani were essentially tied at about 27 percent on that question among likely GOP primary voters, followed by Romney at 13 percent and former House Speaker Newt Gingrich at 9 percent.

The GOP portion of the telephone poll reached 311 likely voters from Thursday to Monday and had an error margin of plus or minus 5.6 percentage points.

Former Sen. John Edwards and Sens. Hillary Clinton and Barack Obama had net favorability ratings ranging from 61 percent to 55 percent, too close to be statistically significant.

When asked for whom they would vote, 35 percent of likely Democratic voters picked Clinton, 21 percent Obama and 15 percent Edwards. Eight percent chose former Vice President Al Gore, who is not running.

The Democratic portion of the phone poll reached 353 likely voters and had an error margin of plus or minus 5.2 percentage points.

Independents may vote in either primary, and 68 percent of them indicated they planned to vote in the Democratic primary compared to 32 percent leaning toward the GOP contest.

"This will hurt Republican candidates who try to appeal to more moderate, independent voters," Smith said.

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WASHINGTON (AP) — Democrat John Edwards has joined the growing list of presidential candidates who are skipping public financing of their campaigns.

Edwards' decision, first reported Tuesday in USA Today, applies to both the primary and, if he wins the nomination, the general election. It will allow him to raise and spend unlimited private money.

New York Sen. Hillary Rodham Clinton also is forgoing the public funds, and several other candidates are expected to follow their lead.

Edwards spokesman Jonathan Prince said Edwards supports public financing for presidential campaigns and would require it if elected president. But he is skipping the current system to compete in what is expected to be the most expensive campaign in history.

Strategists from both parties had estimated last year that the 2008 race could cost each nominee $500 million — far more than the Presidential Election Campaign Fund could afford. It is financed through the $3 checkoff on federal income tax returns.

The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money.

While both President Bush and Democratic challenger John Kerry rejected public funding for their primary campaigns in 2004, they did accept $74.5 million each for the general election campaign. The funding for the general election was expected to reach $85 million for the major party candidates in 2008.

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CHARLESTON, S.C. (AP) — Republican presidential hopeful Rudy Giuliani will deliver the commencement address at The Citadel in the pivotal primary state of South Carolina, the military college announced Tuesday.

The former New York City mayor was asked to speak to graduates on May 5 "because of his leadership in the wake of the terrorist attacks on New York in September 2001," the school said in a news release.

Giuliani visited South Carolina last weekend, which will hold the first Republican primary in the South.

On Monday, he filed a "statement of candidacy" with the Federal Election Commission, which moved him closer to a full-fledged campaign.

Unlike chief GOP rivals Sen. John McCain of Arizona and Mitt Romney of Massachusetts, Giuliani had thus far been ambiguous about whether he would pursue the Republican nomination, even though he had taken the initial steps.

The event is not open to the public. Tickets are distributed to cadets in April, the school said.

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LAS VEGAS (AP) — Sen. Hillary Clinton has agreed to attend a Nevada forum for Democratic presidential candidates later this month, state party officials said Tuesday.

Clinton joins five other presidential hopefuls already confirmed for the Feb. 21 event in Carson City: Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, former Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel.

Billed by as a kickoff to Nevada's new early 2008 caucus, the forum faced some resistance from top-tier candidates.

Representatives for Clinton, Sen. Barack Obama and 2004 vice presidential nominee John Edwards complained last week to national party officials about the number and early timing of forums and debates scheduled in Nevada and other key states.

Nevada's caucus was moved to Jan. 19, between Iowa's first-in-the-nation caucus and the New Hampshire primary, as a way for minority and union voters in the West to get a say in picking the Democratic nominee. However, the state has not yet been showered with attention from the candidates.

Nevada Democratic Party spokeswoman Kirsten Searer said some candidates also had expressed concerns about the format of the forum, and the party agreed to accommodate them. Candidates will appear on stage individually, give a statement and answer a series of questions posed by a moderator, Searer said.

Clinton Lifts Fund-Raising Stakes (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 7, 2007

WASHINGTON -- In a show of financial muscle, Sen. Hillary Clinton today kicks off a fund-raising effort of volunteers working to direct donations from $25,000 to $1 million to her presidential campaign.

The million-dollar target for some fund-raisers demonstrates the overheated pace of the 2008 money race and raises the stakes for Sen. Clinton's competitors. Her allies will be able to generate that level of giving by soliciting checks of as much as $4,600 -- the maximum allowed for the primary and general election -- from friends and family, and recruiting others to become money raisers for their account.

"We'll do what we can to be competitive," said Blake Zeff, a campaign spokesman.

Though party caucuses and primaries are still a year off, the money race begins in earnest this month, as candidates try to generate big numbers for the first quarterly financial disclosure report due on March 31. Advisers to Mrs. Clinton and Republicans Mitt Romney and Rudy Giuliani have said their campaigns are shooting for about $30 million in that first report.

This strategy -- designed to minimize the number of challengers and to solidify front-runner status -- worked for the Bush campaign in 2000 when it was entering a crowded, wide-open primary field. One notable difference this year may be Illinois Sen. Barack Obama, whose appeal to voters may help him keep pace with Mrs. Clinton even if he isn't first in the March tallies.

On July 1, 1999, Mr. Bush reported raising a record $36 million in six months. Within days, two Republican hopefuls, former Ohio Rep. John Kasich and New Hampshire Sen. Bob Smith, dropped out of the race. By the end of the year, former Vice President Dan Quayle and Elizabeth Dole also quit after lagging in the money race.

"Early fund raising shows an ability to organize and capture the energy and excitement behind a candidate and their vision," said Jack Oliver, a senior Bush finance official in 2000 and 2004.

Still, the Clinton camp's million-dollar target dwarfs those used by President Bush in 2000 when he rewrote the campaign financing book by recruiting fund-raising "bundlers," volunteers who raised up to $100,000 by collecting checks of up to $1,000 -- then the legal maximum -- from friends and family. In 2004, Mr. Bush created a new layer of top fund-raisers who each generated $200,000 in campaign donations.

Dozens of people are expected to attend the Clinton fund-raising session on Capitol Hill. In addition to recruiting volunteers, the campaign plans to open fund-raising offices in major cities and name regional directors.

Jonathan Mantz, the campaign's finance director, recently declined to specify his fund-raising target: "It's a huge number. I've seen a lot of different figures, whether it's $80 or $100 [million], it's a huge number."

Mrs. Clinton's steps are increasing pressure on her leading rivals for the Democratic nomination, Mr. Obama and former vice presidential candidate John Edwards.

Mr. Obama is scheduled to attend a Los Angeles fund-raiser hosted by movie magnates David Geffen, Steven Spielberg and Jeffrey Katzenberg later this month. He also is benefiting from a wave of new donors among African-American executives. The Obama camp has attracted some Democratic rainmakers, including Boston Provident Partners LP general partner Orin Kramer, former DNC finance chairman Bob Farmer, and Florida attorney Kirk Wagar.

Despite those gains, Mr. Obama's operation is behind Mrs. Clinton's in terms of organization. Campaign advisers are playing down expectations for Mr. Obama's March report, emphasizing instead the senator's long-term fund-raising potential. But he may have handicapped his campaign by opting not to accept donations from political action committees and banning federal lobbyists from bundling checks for the campaign.

The Edwards campaign probably won't match money for the entire campaign raised by Mrs. Clinton or Mr. Obama, said a campaign insider. Still, the former North Carolina senator is expected to raise enough to compete in next year's primaries. He attended a New York City event hosted by Robert Katz, a senior director at Goldman Sachs Group Inc., and maintains ties to the deep-pocketed trial lawyer bar. But most of the Edwards money-raising events are scattered across the country, generally attracting smaller crowds.

On the Republican side, Mr. Romney and Arizona Sen. John McCain have waged a fierce campaign to recruit Mr. Bush's former fund-raisers as volunteers.

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Next month, Mr. McCain will attend a New York fund-raiser sponsored by NYSE Group Inc. Chief Executive Officer John Thain, J.P. Morgan Chase & Co. Vice Chairman James B. Lee Jr., and New Jersey attorney Larry Bathgate, one of Mr. Bush's most successful fund-raisers. In all, the McCain campaign has recruited more than 40 of the president's former top fund-raisers.

In addition to building a traditional finance operation, the McCain campaign is ramping up its Internet presence, hoping to recapture the grass-roots energy that temporarily sustained the candidate in 2000 after his upset victory over Mr. Bush in the New Hampshire primary.

Mr. Romney has also incorporated Web techniques, including a system that allows his fund-raisers to easily monitor and track the donations they solicit. He opened his exploratory campaign with a fund-raising event that netted $6.5 million in pledges.

The former Massachusetts governor will follow his formal campaign launch Feb. 13 with a Boston fund-raiser two days later.

Former New York City Major Rudy Giuliani's relatively late entry into the race this week puts him somewhat behind. The finance team he announced this week includes veterans of the Bush campaigns, but Mr. Giuliani lacks the lengthy roster of star fund-raisers that Mr. McCain and Mr. Romney have captured.

Still, Mr. Giuliani's deep roots in New York are expected to keep him competitive and his campaign's fund-raising goals include raising more than $100 million by the end of the year.

Clinton Fundraising Goes Full Force (WP)

By Jeffrey H. Birnbaum And Matthew Mosk

The Washington Post, February 7, 2007

Sen. Hillary Rodham Clinton is playing hostess to billionaire Hollywood moguls, millionaire lawyers and venture capitalists here this week as she pushes to raise a record sum for her presidential campaign.

Last night, the New York Democrat invited about 70 top fundraisers from around the country to a reception at her Washington home. The guest list included such major Democratic donors as Haim Saban, a Hollywood studio investor, Alan J. Patricof, a New York financier, and Kevin O'Keefe, a Chicago lawyer.

The high-dollar rainmakers committed to collect at least $250,000 each during the presidential campaign for Clinton, and many have pledged $1 million, participants said. In addition, each agreed to raise $50,000 by the end of this month to bolster the campaign's first-quarter report due at the end of March.

Today, the Clinton campaign plans to host a couple of hundred people at briefings by the senator and her staff at the District's Hyatt Regency hotel. The attendees -- called Hillraisers -- are expected to collect at least $25,000 each for the Clinton drive this year.

This year's money race, which is often referred to as the first presidential primary, has started earlier and with greater intensity than ever. Clinton insiders said the senator hopes to demonstrate her preeminence in the growing field of Democratic contenders by raising $10 million or more in the first quarter and at least $60 million this year.

Both of those numbers, if attained, would represent a record-breaking take for a presidential contest. The gathering last night was the first major step in collecting those totals.

Others competing for the Democratic nomination, including Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.), are also hoping to raise several million dollars in time for their first-quarter reports. They expect the money to help them demonstrate strong candidacies.

Fancy cars lined up last night in front of Clinton's Embassy Row house, and guests were greeted at the door by a man wearing a tuxedo.

The senator's aides began executing a plan to enlist the nation's most effective fundraisers within 24 hours of the announcement of Clinton's presidential bid last month. Her chief recruiters included Patricof, former Democratic Party finance chair Maureen White and literary agent Francis Greenberger.

Clinton adviser Terry McAuliffe was in Los Angeles in late January wooing donors at a dinner at Saban's Beverly Hills estate. His salesmanship appears to have worked: Several of those who attended the Beverly Hills dinner made the trip to Washington yesterday, including Clarence Avant, a former Motown Records executive who heads a music publishing company.

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At the same time, many of the biggest Hollywood donors have so far hedged their bets. For instance, film director Steven Spielberg plans to help Clinton but is also preparing to host an event for Obama next week and was not in Washington last night. Barbra Streisand said in a statement yesterday that she would be sending the maximum allowable to Clinton, Obama and Edwards.

Among those invited to the event last night at Clinton's home were Chris Korge, a Miami lawyer who has been building a Florida network of donors for her, New York investment banker Steven Rattner, Stanley Chesley, a Cincinnati lawyer and major Democratic Party donor, Susie Tompkins Buell, co-founder of Esprit clothing company, and O'Keefe, who befriended the Clintons in college and later worked in the Clinton administration.

Among more than a dozen Washingtonians were Democratic activists Smith and Elizabeth Bagley, former Maryland congressman Tom McMillan, former Federal Communications Commissioner Susan Ness, and DLA Piper partners John Merrigan and Mac Bernstein.

Clinton Helped With $15M (HILL)

By Alexander Bolton

The Hill, February 7, 2007

Sen. Hillary Rodham Clinton (D-N.Y.) collected at least $15 million for Democratic candidates by participating in more than 100 fundraising events during the 2006 election cycle, thereby cementing relationships with party leaders and colleagues in advance of her presidential campaign.

A rough tally of her campaign's fundraising records show that while her rival for the nomination, Sen. Barack Obama (D-Ill.) gave more money to candidates through his leadership PAC, Clinton appears to have surpassed his total by donating millions from her personal reelection account and attending scores of fundraisers.

Clinton raised the most at a single event for Sens. Debbie Stabenow (D-Mich.) and Maria Cantwell (D-Wash.), who faced difficult reelections. A Clinton adviser said the event for her fellow Senate women raised "several hundred thousand dollars."

Clinton raised money for the Democratic National Committee, the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC). She also raised money for 20 candidates in the Senate and 30 in the House, according to a Clinton campaign spokesman.

The presidential candidate raised all this money for colleagues on top of the $51.3 million that she raised for her own reelection campaign in New York, more than any other federal candidate in 2006. Clinton's fundraising prowess is expected to prove crucial in the 2008 White House campaign, for which experts predict she could raise some $500 million.

Public records also show that she transferred $2.1 million from her Senate campaign to the DSCC and $250,000 to the DCCC. Clinton also transferred $350,000 to state and local candidates.

Candidates who benefited from Clinton attending fundraisers include newly elected Sens. Jim Webb (D-Va.), Jon Tester (D-Mont.), and Sheldon Whitehouse (D-R.I.). Losing House candidates who fattened their coffers because of Clinton include Tammy Duckworth, of Illinois, and Christine Jennings, of Florida.

Obama gave $770,000 from his leadership PAC, Hopefund, to Democratic candidates during the 2006 cycle, more than any Democratic presidential candidate and more than any Democrat in the Senate, according to reports filed with the Federal Election Commission.

He targeted contributions at states scheduled to hold elections early in the presidential primary: Iowa, Nevada, and New Hampshire.

Obama gave $2,500 to Rep. Carol Shea-Porter (D-N.H.) and $5,000 to Paul Hodes (D-N.H.) shortly before the election. He gave two $5,000 contributions to Rep. Leonard Boswell and $5,000 to freshman Rep. Bruce Braley, both Iowa Democrats. Tessa Hafen and Jill Derby, who lost House races in Nevada, also each received $5,000 from Hopefund.

Days before the election, Obama also cut $5,000 checks to the New Hampshire and Nevada state Democratic parties.

Clinton gave more than $200,000 less than Obama to Democratic candidates from her PAC, Hill PAC, which in the past has been the most generous Senate Democratic leadership committee. She stepped up her giving pace in March after contributing relatively little in 2005.

Clinton gave $10,000 to the Iowa Democratic Party, $10,000 to the Nevada Democratic Party and $10,000 to the New Hampshire state party. She gave two $2,500 checks to New Hampshire's Hodes and $2,500 to Shea-Porter, Iowa's Boswell, and Nevada's Hafen.

After Nov. 7, Obama continued to use his leadership PAC aggressively, spreading $5,000 contributions to 10 Senate colleagues up for reelection. Clinton, who has had four more years in the Senate than Obama to build relationships, had not given anything in the month after the election, according to her PAC's latest fundraising report.

But how much influence the largess will have in primary battlegrounds is an open question.

Shea-Porter vowed to stay neutral and to spend time with any visiting White House hopeful who requested it.

"I had support from a good number of presidential candidates," she said. "My role is officially neutral. I'm going to play the part of a good host."

Both Obama and Clinton overlooked newly elected Rep. David Loebsack (D-Iowa), whom few political handicappers expected to beat former Rep. Jim Leach (R), and did not receive any money from either lawmaker's PAC.

Loebsack laughed at the suggestion that he went without contributions because of his long-shot chances of winning and said that he has since gotten Clinton's and Obama's attention.

"I've talked to them about it, don't you worry," he said, declining to offer further comment on pre-primary maneuverings.

Obama's PAC giving ranks well ahead of every Senate Democrat and Democratic presidential contender with registered leadership committees.

Former Sen. John Edwards (D-N.C.), who ranks with Obama and Clinton as a presidential frontrunner, gave no money to federal candidates from his One America PAC last year despite raising $2.8 million in 2005 and 2006.

Foreign Relations Committee Chairman Joseph Biden (D-Del.), who hurt his White House prospects last week with controversial comments about Obama, gave $215,000 from his leadership PAC to candidates and political committees in the last election cycle.

Sen. Chris Dodd (D-Conn.), an underdog in the race, gave $373,000 to other candidates and political committees through his committee, CHRIS PAC.

Other 2008 hopefuls such as Rep. Dennis Kucinich (D-Ohio), New Mexico Gov. Bill Richardson, and Iowa Gov. Tom Vilsack do not have federal leadership PACs, according to the Center for Responsive Politics and PoliticalMoneyLine, two organizations that track fundraising.

White House Bid? Giuliani Is Still Undeclared (NYT)

By Sewell Chan

The New York Times, February 7, 2007

Former Senator John Edwards stood in the Ninth Ward of New Orleans and declared, "I'm a candidate for the presidency of the United States." Senator Hillary Rodham Clinton proclaimed on her campaign Web site: "I'm in. And I'm in to win." Former Gov. Mitt Romney of Massachusetts plans to formally announce his White House run in Michigan on Feb. 13.

Rudolph W. Giuliani, the former mayor of New York, took two steps closer to a presidential run on Monday, and yet stopped short, once again, of unequivocally throwing himself in the ring.

After filing a candidate statement with the Federal Election Commission, he appeared on Fox News Channel's "Hannity & Colmes" for an interview, and Sean Hannity asked, "You are then officially running to be the next president of the United States?" Mr. Giuliani's response was cautious: "We still have to formally announce it and do a few more things. But this is about as close as you're going to get."

When asked if he believed he could defeat Mrs. Clinton — if they received their respective parties' nominations — Mr. Giuliani said, "Well, I'm in this to win," but he added, "I have no idea who is going to get the nomination."

A few skeptics have wondered whether Mr. Giuliani, who has been crisscrossing the country over the last few months and signaled his interest in the presidency again and again, may ultimately back out — as he did in 2000, when he contemplated a race for the Senate but withdrew.

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Aides to Mr. Giuliani yesterday dismissed the notion that he was equivocating. "The response across the country has been extremely encouraging, and Rudy has made clear he is moving toward making an official announcement," said Katie Levinson, a spokeswoman for Mr. Giuliani's not-yet-official campaign.

Mr. Giuliani established a federal presidential exploratory committee on Nov. 20 to "test the waters," meaning that he could raise and spend money on polls, focus groups and travel but not declare a candidacy or build a substantial war chest.

On Monday, Mr. Giuliani stopped testing the waters when he filed the statement of candidacy.

"From the F.E.C.'s perspective, he's running for president of the United States," said Karl J. Sandstrom, an election lawyer and a former Democratic member of the Federal Election Commission. Typically, he said, a statement of candidacy and a formal announcement of a run occur around the same time.

Bradley A. Smith, an election lawyer and a former Republican member of the commission, said that filing a candidate statement was not a definitive step. "People in the past have filed that form and then decided not to run," he said. "Filing the form may just mean that he's planning to raise some serious money that would put him outside of what the F.E.C. considers testing the waters."

Mr. Giuliani has recently moved to sell Giuliani Capital Advisors, an investment bank that is part of his consulting business, Giuliani Partners. But a candidacy would not necessarily complicate any sale of his assets.

Candidates for president are required to file personal financial disclosure statements with the federal Office of Government Ethics. Those who declare between Jan. 1 and May 15 must file by May 15. Those who declare their candidacies between May 15 and Dec. 31 must file the statement within 30 days of the declaration, according to Vincent J. Salamone, associate general counsel for the ethics office.

The statements require candidates to disclose financial interests, including sources of income, investment holdings and outstanding loans, going back a year from the filing date. Corporate directorships, partnerships and consulting contracts must be disclosed for the previous two years.

Fred Siegel, a historian at Cooper Union who has written admiringly about Mr. Giuliani, said he thought the former mayor was simply being deliberate. "He moves at his own pace," Mr. Siegel said. "He thinks these things through very carefully, and I think he's playing this out for tactical advantage."

Katon Dawson, chairman of the South Carolina Republican Party, said it was "a lot easier to get in the race than to get out of the race," and called Mr. Giuliani's actions so far "a natural progression of how you would enter a race for president."

Mr. Dawson, who spoke warmly of Mr. Giuliani but has not endorsed any candidate, speculated that the former mayor might simply be choosing the right time and place to make an announcement. "This is not unusual," he said. "Whether it will be at ground zero, or in California or New Hampshire or Iowa or South Carolina, he will announce on his own terms, and pick his own turf."

In his Fox interview, Mr. Giuliani affirmed his support for abortion rights but said he would "appoint judges that interpreted the Constitution rather than invented it." He said he approved of domestic partnership laws, but not same-sex marriage.

He said repeatedly, "We've got to get beyond Iraq," and called for more attention to Iran, Syria, Pakistan and Afghanistan. He called for tightening the country's borders and requiring prospective citizens to learn English, but also said that deporting illegal immigrants in large numbers was impractical.

Hillary And Rudy Could Wrap It Up This Year (HILL)

By Dick Morris

The Hill, February 7, 2007

The nominees for the 2008 presidential race will be selected in 2007. The tempo of the new political process, driven by 24-hour cable news, Internet bloggers, conservative talk radio, and liberal NPR is so rapid that the nomination race cannot exist in stasis waiting for Iowa, Nevada, New Hampshire and South Carolina to get around to holding their votes in early 2008. Well before they open their caucuses or polling places, this nomination, in each party, will have been decided by the national media coverage during 2007.

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In 2004, we saw the precursor of this expedited process when Howard Dean upset Kerry's early lead in the fall of 2003, propelled ahead by his Internet fundraising and antiwar positioning. Then, in December 2003, the establishment media unloaded on the former Vermont governor — likely driven by disinformation passed around by other Democratic candidates — and he was gone by Christmas. Kerry's victory in Iowa a few weeks later was no more than a projection on the Iowa screen of the results settled at the national level the previous month.

A recent Gallup poll found that 35 percent of Americans — probably everyone who votes in a caucus or primary — watch cable news stations frequently. The intensity of viewer and voter interest and the ubiquity of the political coverage on these stations force the process to accelerate and to come to an early conclusion.

The role of Iowa, New Hampshire, etc.

What is the role for the early, small caucus/primary states in 2007? They will not have held their primaries or caucuses yet, but the state-by-state polls published regularly in 2007 become the equivalent of virtual primaries in each of these states. But to win these polls, it doesn't matter so much what happens within each small state but what is going on nationally. Hillary, for example, has moved from down in the pack to a lead in New Hampshire, and perhaps in Iowa, by announcing her candidacy nationally. Her perfunctory visits to each state likely had little to do with her surge compared to her national media efforts.

The old model — a Jimmy Carter labors in obscurity in the Iowa vineyards and then is discovered nationally after he wins there and sweeps all remaining primaries — is quaint but obsolete. Now you have to win the American Media Primary of 2007 and then your victory is ratified in the primaries and caucuses of 2008.

The importance of the front-runner

The key for the candidates is to become the early front-runner and hold the position for the first three quarters of 2007. Once that is accomplished, the nomination is probably in the bag. No clear front-runner, except for Rockefeller in 1964, has ever failed to win the nomination since the primary process became pivotal in party nominations in 1960.

Among Democrats, Kennedy in '60, Humphrey, once he entered the race, in '68, McGovern in '72, Carter in '76 and '80, Mondale in '84, Dukakis in '88, Clinton in '92, Gore in '00 and Kerry in '04 were front-runners who held their leads. Mondale, Clinton, Gore, and Kerry were front-runners who were briefly shaken by challengers (Hart, Tsongas, Bradley and Dean) but held on to win their nominations

Among Republicans, Nixon in '60 and '68, Ford in '76, Reagan in '80, Bush in '88, Dole in '96, and Bush in '00 were all front-runners going in and the nominee coming out. Only Goldwater can be said to have pulled off an upset in 1964 by toppling Rockefeller.

So once there is a clear front-runner, he or she is likely to go all the way. This is especially true since he or she will have won front-runner status by intensive national media exposure rather than just insider chatter. With the process giving him or her so much face-time so early, the front-runner is unlikely to fade once the real primaries start.

Rudy and Hillary: tentative leaders

Already the process seems to be congealing around Hillary and Rudy as tentative front-runners.

Hillary re-established the dominance she had back in the spring of 2006 by moving out to a 43 percent vote share among Democrats in the presidential primaries in the Fox News poll of January 30-31. Obama is second at 15 percent, Edwards at 12 percent and Gore at 11 percent. Hillary had been at 43 percent in a previous Fox News poll in March 2006, but slipped to 32 percent in August with most of her previous support going to either Gore or undecided. By December 5-6 of last year, she stayed at 32 percent with Obama at 12 percent, Gore at 11 percent and Edwards at 8 percent. But now, even with Obama and Gore in the trial heat, she has regained her robust 43 percent vote share again. Even though media coverage of her announcement and Iowa tour was mixed, the electorate is obviously thrilled at the prospect of a woman candidate and rallied to her banner last month.

There is still time for Obama to recapture the charisma he seemed to have going for him over Christmas through his book, his articulateness, his moderation and his novelty; or for Edwards's tough antiwar and healthcare positions to eat away at Hillary's base. But they had better get it untracked pretty soon.

Among Republicans, Rudy Giuliani is eclipsing John McCain for front-runner status. In the most recent Fox News poll among GOP voters, Rudy had a convincing 34-22 lead over McCain, with Gingrich in third place at 15 percent. McCain has

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been hovering in the low 20s all along. In March '06, he was at 22 percent, in August at 25 percent and in December at 23 percent. But Giuliani has shown steady progress from 27 percent of the vote in August to 30 percent in December to 34 percent at the end of January.

This poll finding — combined with McCain's dismal financial report for the fourth quarter of 2006 ($1.7 million raised and less than $500,000 on hand) — put him in a convincing second place after a year of sharing front-runner status with Giuliani. Do McCain's fundraisers think he is running for Congress or president?

In the battle among second-tier GOP candidates, Gingrich is moving up and Romney is fading badly. The Fox News poll has Newt moving up from 9 percent in December to 15 percent at the end of January while Romney has dropped from 8 percent in December to only 3 percent on Jan. 30-31. In the wake of George Allen's and Bill Frist's withdrawals, conservatives seem to be moving away from the former Massachusetts governor and toward the former Speaker.

Should the right seek a real alternative to Giuliani, Romney's flip-flops will likely disqualify him. Gingrich could develop momentum with his strength and intellect, but he will only become a factor if he declares and runs. If he waits on the sidelines, events will eclipse him.

Beyond Newt and Romney, GOP wannabes like Huckabee, Brownback, Hunter, Tancredo, Gilmore and Thompson deserve some attention. Huckabee, a former client, may be the most interesting of the bunch.

Right now, neither Rudy nor Hillary has a front-runner's lock, but they are clearly the man and woman to beat in their respective parties.

If they hold their leads through Labor Day, my bet is that it will be all over.

Catholics Slam Bloggers Hired By Edwards (AP)

By Nedra Pickler

AP, February 7, 2007

Two bloggers hired recently by Democratic presidential candidate John Edwards were criticized Tuesday by a Catholic group for posts they had written elsewhere on the Internet.

Bill Donohue, president of the Catholic League for Religious and Civil Rights, demanded that Edwards fire Amanda Marcotte and Melissa McEwan.

"John Edwards is a decent man who has had his campaign tarnished by two anti-Catholic, vulgar, trash-talking bigots," Donohue wrote in a statement. "He has no choice but to fire them immediately."

The Edwards campaign declined to comment. McEwan and Marcotte did not respond to e-mails requesting a response.

Donohue cited posts that the women made on blogs in the past several months in which they criticized the pope and the church for its opposition to homosexuality, abortion and contraception, sometimes using profanity.

"The Catholic church is not about to let something like compassion for girls get in the way of using the state as an instrument to force women to bear more tithing Catholics," Marcotte wrote on the blog Pandagon on Dec. 26, in an excerpt cited by Donohue.

Among the McEwan posts that Donohue listed was one she posted on Feb. 21, 2006, on her site, Shakespeare's Sister. She questioned what religious conservatives don't understand about "keeping your noses out of our britches, our beds and our families?"

Edwards put both bloggers on his payroll last week as part of his outreach to liberal voters and activists on the Internet. Their decision to work for Edwards is part of a broader move among prominent bloggers to jobs with political campaigns and progressive organizations.

The Catholic League counts its membership at nearly 350,000.

Edwards's Bloggers Cross The Line, Critic Says (NYT)

By John M. Broder

The New York Times, February 7, 2007

DOJ_NMG_0128918

WASHINGTON, Feb. 6 — Two bloggers hired by John Edwards to reach out to liberals in the online world have landed his presidential campaign in hot water for doing what bloggers do — expressing their opinions in provocative and often crude language.

The Catholic League, a conservative religious group, is demanding that Mr. Edwards dismiss the two, Amanda Marcotte of the Pandagon blog site and Melissa McEwan, who writes on her blog, Shakespeare's Sister, for expressing anti-Catholic opinions.

Mr. Edwards, a former North Carolina senator, is among the leading Democratic presidential candidates.

Bill Donohue, president of the Catholic League, said in a statement on Tuesday, "John Edwards is a decent man who has had his campaign tarnished by two anti-Catholic vulgar trash-talking bigots."

Mr. Edwards's spokeswoman, Jennifer Palmieri, said Tuesday night that the campaign was weighing the fate of the two bloggers.

The two women brought to the Edwards campaign long cyber trails in the incendiary language of the blogosphere. Other campaigns are likely to face similar controversies as they try to court voters using the latest techniques of online communication.

Ms. Marcotte wrote in December that the Roman Catholic Church's opposition to the use of contraception forced women "to bear more tithing Catholics." In another posting last year, she used vulgar language to describe the church doctrine of the Immaculate Conception.

She has also written sarcastically about the news media coverage of the three Duke lacrosse players accused of sexual assault, saying: "Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair."

Ms. Marcotte joined the Edwards campaign at the end of January in the new post of blogmaster. She has lived in Austin, Tex., for the past 11 years and wrote on her blog that she was planning to move to Chapel Hill, N.C., in February to work full-time on the campaign.

Ms. McEwan referred in her blog to President Bush's "wingnut Christofascist base" and repeatedly used profanity in demanding that religious conservatives stop meddling with women's reproductive and sexual rights. Multiple postings use explicit and inflammatory language on a variety of issues.

Ms. McEwan signed on with Mr. Edwards at the end of January with the title of Netroots coordinator, for campaign activities on the Web.

Romney To Announce Presidential Bid (AP)

By Liz Sidoti, Associated Press Writer

AP, February 7, 2007

Republican Mitt Romney will formally announce his candidacy for president next week in Michigan, his native state and an important early test for the GOP nomination, campaign aides said Tuesday.

The former one-term Massachusetts governor will make his announcement Feb. 13, and then will visit Iowa, New Hampshire and South Carolina — the first states to hold 2008 contests.

He will return to Boston two days later, where he will hold what his campaign is calling "a unity event" with supporters, aides said. They spoke on the condition of anonymity because the plans were not public.

The announcement had been expected.

Romney, 59, created an exploratory committee in January and then held a major fundraiser that netted $6.5 million in contributions and pledges to show he was a serious contender able to challenge Sen. John McCain and Rudy Giuliani, the other top-tier Republican candidates. Both have created exploratory committees but neither has formally announced a candidacy even though it's all but certain both will run.

For Romney, the initial steps were a formality. It has long been known that he aspired to the presidency. He has spent months building a national campaign organization, hiring top political talent, courting fundraisers and putting support networks in place in key states. His campaign recently opened its headquarters along Boston's waterfront.

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In Dearborn, Mich., Romney will hold what amounts to a made-for-TV coming out event at the Henry Ford Museum in the state where he was born. He has a base of support in the battleground state and deep roots. His father, George Romney, was governor in the 1960s, and served as chief executive of the American Motors Corp. The elder Romney made an unsuccessful bid for the 1968 Republican presidential nomination.

The announcement comes midway through the first fundraising quarter of 2007. The timing could create a burst of momentum to increase donations as Romney seeks to ensure he posts big fundraising numbers on March 31, the end of the first financial reporting period.

Romney is seeking to convince the GOP's conservative flank, whose support is pivotal in GOP presidential nomination contests, that he shares their values and stands with them on social issues, including abortion and gay marriage.

But he's been forced to explain inconsistencies in his record from when he ran as a moderate in his two previous campaigns — a successful bid for Massachusetts governor in 2002 and an unsuccessful challenge to U.S. Sen. Edward M. Kennedy, a liberal icon, in 1994.

Romney supported abortion rights until two years ago, when he says he had a change of heart during a legislative debate on stem cell research. He has also taken positions sympathetic to gay rights in the past, although he opposes gay marriage.

A Mormon, Romney's faith also could pose another challenge. No one from his religion has been elected president.

His campaign hopes that his record of accomplishment in both the private and public sectors overrides primary voters' concerns.

Romney made his reputation in the Boston business community, where he helped found a multibillion-dollar venture capital firm after earning degrees from Harvard Business and Law schools. He rose to national prominence when he successfully resurrected the 2002 Olympic Winter Games, which were mired in a bribery scandal.

Mike Huckabee: Can He Fell The Big Guys In '08? (CSM)

By Linda Feldmann

The Christian Science Monitor, February 7, 2007

WASHINGTON

Mike Huckabee, until recently the governor of Arkansas, may be most famous for losing 100 pounds and crusading against obesity in America.

Now he's going after the big guys in a different way. He wants to take out John McCain, Rudolph Giuliani, and Mitt Romney – the top three Republican challengers for their party's presidential nomination in 2008, polls show. He knows it's a long shot, especially when money and celebrity are the early drivers in the campaign. But in a race that Mr. Huckabee likens to a marathon, he sees kitchen-table issues – at the heart of any governor's tenure – growing in importance.

"If it's going to be only about money raised, then I suggest that we just put the whole thing on eBay, put it out for bid, and come November, whoever is still at the high bid when the clock ticks off, they win," Huckabee told reporters at a Monitor breakfast Tuesday. "I don't think ... people are going to allow that to happen."

Four of the last five US presidents were governors first. They balance budgets and solve problems, in healthcare, transportation, education, he says. But what about the war? Huckabee refers to himself as having been commander in chief of a state where 80 percent of its National Guard have been deployed overseas.

"When Ronald Reagan was elected, ... the rub was that he had been an actor and a governor, so what possible skills could he bring to the task?" Huckabee says.

Still, Huckabee knows he must rise in the pack by summer's end. "If by ... September I'm still considered second or third tier, after the Iowa straw poll, then ... I've got a problem," says the former Baptist minister, who formed a presidential exploratory committee last week. He seeks to be the second president from Hope, Ark., after Bill Clinton.

An evangelical Christian, Huckabee hopes his religiosity will win GOP voters who may have qualms about Senator McCain, who is not overtly religious; former Mayor Giuliani, who is liberal on social issues; and Mr. Romney, whose Mormon faith makes some Republicans uneasy.

In Campaign 2008, Candidates Starting Earlier, Spending More (WP)

By Matthew Mosk

The Washington Post, February 7, 2007

Starting as early as last June, Sen. John McCain (R-Ariz.) was hiring staffers and consultants in New Hampshire and Iowa and building the foundation for his 2008 presidential bid at a time when those in early battleground states typically get a breather from national politics.

Campaign filings released last week show that he spent more than $375,000 on staffing and consulting, getting an early jump in those states. One campaign cycle earlier, a single candidate -- Sen. John F. Kerry (D-Mass.) -- had started hiring in-state advisers at that point, and by the end of 2002 he had spent only $4,200 paying those aides.

The financial reports begin to document the underpinnings of a drive for dollars that is expected to make 2008 the nation's first billion-dollar presidential campaign. Top-tier candidates are hard at work courting wealthy political enthusiasts who can deliver scores of thousand-dollar donors. Sen. Hillary Rodham Clinton (D-N.Y.) held a gathering for 70 of those "bundlers," as they are known, last night at her Washington home. [Story, A8.]

To understand the impulses behind this fundraising race, look no further than activity in a cluster of early caucus and primary states. Democrats competing for their party's nomination will face a rapid-fire succession of contests in Iowa, New Hampshire, Nevada and South Carolina in January. Republicans will compete in Iowa, New Hampshire, South Carolina and Michigan. A number of states -- including behemoths such as California and Florida -- are seeking to move up their primaries to early February.

"Everything is so compact," said Tom Rath, a New Hampshire political consultant who is working for former Massachusetts governor Mitt Romney (R). "You've got to be competing everywhere across the board, right from the start."

To compete in those states, candidates are already confronting a daunting array of new expenses and demands that is creating a presidential sticker shock.

This year, candidates will need to hire more employees to wage battles in the growing number of early primaries. They will make unprecedented investments in computer technology to unlock clues to voter behavior.

They enter a 2008 field flush with political megastars who have set stratospheric fundraising goals. And the cost of such staples as television commercials will soar as candidates forgo public financing and the accompanying spending quotas.

That has meant candidates have started spending in those states earlier than ever. A full picture of that early activity will emerge more clearly in April, after most candidates have filed their first campaign reports.

But the 2006 expense reports released last week provide a glimpse at how aspirants have started spending their money. By the end of last year, budding contenders in the Democratic field had already written more than $660,000 in checks from their federal accounts to fund activities in key states -- more than twice what their counterparts spent in 2002 in the run-up to the 2004 presidential contest.

Steve Elmendorf, a deputy campaign manager in Kerry's 2004 bid, said campaigns are facing a series of escalating costs, including the "enormous expense" of building robust teams of political workers in four states at once.

"You need a big infrastructure in each one of these states," he said. "You need a press infrastructure, a political infrastructure, a fundraising infrastructure. And that takes people."

Add to that the rising price of travel, Elmendorf said. When McCain first ran for president in 2000, he defrayed some travel costs by flying on corporate jets. Under Federal Election Commission rules at the time, candidates could bill their campaign accounts the cost of a first-class ticket for a corporate flight.

But now, his campaign has said, McCain is abiding by a pledge to stay off corporate jets. In the past year, that has meant spending more than $1.1 million on charter flights, according to filings by his leadership committee.

Candidates will also be trying to reach voters through the Internet and through their mailboxes, and that will mean unprecedented investment in technology, much of which was in its infancy four years ago. This year, nearly all candidates are posting videotaped speeches on their Web sites to speak directly to voters.

When then-Sen. John Edwards (D-N.C.) began preparing for his first presidential bid, he made an early investment of nearly $100,000 to build an Internet operation. As he began constructing his 2008 effort, he found the cost to put his stamp on the Web had more than quadrupled, with close to half a million dollars already spent on consultants and technical-support teams.

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Just as Edwards saw Web site production grow more costly, others are finding new ways to modernize campaign techniques that once relied on index cards and shoe leather.

Ken Strasma, a consultant whose firm developed a microtargeting program that uses vast supplies of marketing data to identify and persuade a candidate's likely supporters, said the powerful targeting programs will be more widely used this cycle.

In small states, such as Iowa, a candidate can spend $100,000 to $200,000 to identify every caucus voter within their reach and figure out how best to persuade them. In larger states, those costs will multiply.

Already, Edwards and Sen. Christopher J. Dodd (D-Conn.) have each paid $50,000 to the Iowa Democratic Party for copies of its voter files, and Dodd forked over $50,000 to the New Hampshire Democratic State Committee for its membership list.

Then there's television, which is always one of the largest expenses facing a presidential campaign.

Rath said he expects candidates to be up on television far sooner this time around. If candidates forgo public funding, as many expect, they will no longer be subject to strict spending limits on the amount candidates could invest in each state. Under FEC rules, candidates taking public money would face a spending cap that in 2004 amounted to just $729,000 in New Hampshire, though most candidates found legal ways to circumvent that limit.

Four years ago, only President Bush, Kerry and former Vermont governor Howard Dean opted out of the public system, which meant they could ignore the state-by-state limits altogether.

Steve Murphy, who managed the campaign of then-Rep. Richard A. Gephardt (D-Mo.) in the 2004 cycle and is now working with New Mexico Gov. Bill Richardson (D), said that four years ago spending limits might have left most candidates with no more than a couple of million dollars to spend on television in the early states. Now that number could increase tenfold.

Candidates who may have once bought ads only on local New Hampshire stations will now consider buying time in the far more costly Boston television market, Murphy said.

"I think it will take $40 million to mount a strong campaign on the air and on the ground in the early states, and some candidates will spend far more than that," Murphy said.

Beyond the nuts and bolts of running a campaign, many candidates will feel pressured to keep pace with the quasi-celebrities such as McCain, Clinton and Sen. Barack Obama (D-Ill.). All three are expected to set a blistering pace of fundraising.

To some, that notion has been too much to stomach. One was Sen. Evan Bayh (D-Ind.), who dropped from the field of 2008 presidential contenders last month.

"It's a fundraiser for breakfast, then call time. A fundraiser for lunch, then call time. Then a fundraising reception. And then you can still call the West Coast," Bayh said.

Not everyone in the field is certain that the path to victory will involve raising a quarter-million dollars a day. A spokeswoman for Edwards said that although some costs may nudge up, the former senator does not see much need to match big-number goals being bandied about for the year ahead.

"We need to raise enough so we can compete in all four early primaries," said the spokeswoman, Jennifer Palmieri. After that, she said, "if you're winning, the money will follow."

That said, Edwards has scheduled 22 fundraisers in 15 states this month.

Research database editor Derek Willis and washingtonpost.com staff writer Chris Cillizza contributed to this report.

Who's Hitting The Right Notes? (WP)

By Harold Meyerson

The Washington Post, February 7, 2007

"Why are we here?" John Edwards asked the members of the Democratic National Committee last Friday -- meaning: What animates us? What is the banner we ask Americans to take up? And, by morning's end, the Democrats had heard three different answers from their party's presidential front-runners.

Edwards and Sens. Hillary Clinton and Barack Obama had distinct perspectives on Iraq, but their other differences were, if anything, more revealing. Edwards depicted, in a rising crescendo of emotion, the human cost of manmade disasters: the hotel housekeeper picketing for health coverage; the 8-year-old going to bed hungry; the mother of a soldier in Iraq answering her door

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to news of her son's death; the orphaned 5-year-old in the Sudanese desert. One of America's best trial lawyers was pleading for the victims of cruel and idiotic policies, offering policies of his own to save the innocents.

Where Edwards personified problems, Obama abstracted them. In the forthcoming election, he said, "our rivals won't be the other party. Our enemy is cynicism." More particularly, he went on, the enemy was the debasing of the public square.

"It's time to free ourselves from the constraints of politics," he said. Some might want to focus on specifics or plans but, "We've had a lot of plans, Democrats. What we've had is a shortage of hope." Accordingly, though Obama made clear his opposition to the Iraq war, he omitted any mention of his plan to withdraw U.S. forces by March 2008.

Clinton was less all-embracing in her indictments and her remedies -- nothing flowery, all matter-of-fact. Among the Democratic front-runners, she's the reality principle. "In the Senate," she reminded listeners, "we still have to create coalitions to get things accomplished." She also spoke about the erosion of the American social contract, though not with the kind of heartbreaking illustrations Edwards summoned. But Clinton also stated, more clearly than Edwards had, that our economic woes affected the vast middle class. With wages stagnating and health care growing more costly, Clinton said, we've lost the bargain that "if you worked hard and did your part, the country would stand with you. This bargain created the American middle class, our greatest social achievement."

All of which is to say that, because of the absurdly early start of the 2008 presidential campaign, we have already reached that point where the strengths and weaknesses of the candidates' messages are becoming apparent. Beyond question, Edwards is the best positioned to ride the populist wave that is finally and rightly hitting our shores. By his willingness to repeal tax cuts for the rich to pay for universal health care, he is wagering that Americans will favor fairness and functionality over the anti-tax ideology of recent decades.

But Edwards risks sounding like the tribune for a smaller, more marginal group of Americans than he may intend to. Defending unions, he said it was time for Democrats to stand with workers who spent their "whole lives in factories, who worked in the mills." True enough, but Democrats also have to stand with workers who spend their whole lives at their keyboards. The father of Democratic populism, William Jennings Bryan, never made it to the White House, in part because he could never add the backing of industrial workers to his support among farmers. Edwards will do well among industrial workers; it's the post-industrial workers he needs to win over.

For her part, Clinton stressed that engineers as well as mill hands face outsourcing. She articulates the scope of globalization's problems more broadly than Edwards does, even if Edwards is more likely to confront those problems with more aggressively fair-trade proposals. Clinton's grasp of the breadth of our dilemmas is offset by the incrementalism of her solutions -- a disjuncture that may disturb Democrats who feel the time is ripe for bigger things.

And Obama? His broad indictment of contemporary politics has great appeal, I suspect, to young voters in particular. But the cynicism about government that he rightly condemns didn't waft in from nowhere. It's been a tool that the right has used to undermine the bargain Clinton spelled out, creating the desperate Americans Edwards talked about, to the end of distributing more wealth to the rich. The hope Obama personifies can be a powerful force -- but not when he counterposes it to specifics or to political struggle.

Early midcourse recalibrations, anyone?

Ready For Obama Already (NYT)

By Martin Plissner

The New York Times, February 7, 2007

Washington

WITH Barack Obama expected to announce on Saturday that he's running for president, if you enter "America," "ready" and "black president" in a Google search, you'll get around 125,000 hits. When pollsters bring up those words with random samples of voters — and they've done it a lot recently — they get "yes" answers from 62 percent (CNN), 56 percent (Newsweek), 58 percent (Gallup) and 55 percent (CBS).

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Most of these surveys, however, ask people only if the rest of America is ready for it to happen, not about being ready themselves to make it happen. When one poll asked Republicans and Democrats if they would vote for a "qualified" black of their own party, barely 5 percent said no — hardly surprising, as doing so would be a frank acknowledgment of prejudice.

A much better poll would consist of giving an actual set of candidates' names at the end of a real campaign. Fortunately, 10 years ago such a test was actually done.

On Nov. 5, 1996, Voter News Service — the organization hired by the TV networks to do exit polling — asked people at the polls, who had just given Bill Clinton 49 percent of the vote, Bob Dole 41 percent and Ross Perot 8 percent, how they would have voted if the Republican candidate had been Gen. Colin L. Powell. In an exit poll sample of 3,697 (three times the size of a standard high-grade public opinion survey), the result was this:

Powell: 50 percent.

Clinton: 38 percent.

Perot: 9 percent.

This finding, however, was not part of the pooled report shared by all the networks; it was commissioned by CBS News, of which I was then political director. As often happens, however, when there's a lot of big news, this bit of data got buried in an end-of-night roundup and was quickly forgotten. But it does suggest there was a day when Americans, had they been given a choice of major party candidates, one of whom was black, would very likely have chosen the black one.

Most significantly, General Powell would have won the race because of the support of white voters — Bill Clinton outpolled him 2 to 1 among the blacks surveyed. Among white voters, whom Senator Dole had carried very narrowly (too narrowly for him to win), General Powell clobbered the incumbent, 53 percent to 33 percent.

Any poll analysis has to be hedged with qualifications, and this one more than most. Bill Clinton and Bob Dole had just been through bruising year-long campaigns and exposed to more than $100 million of take-no-prisoners advertising. Colin Powell had not. He was still being acclaimed for his role as the country's top soldier in its only clear victory since World War II.

Still, even with these qualifiers, there is a pretty good, if not quite conclusive, case that America has for some time been ready to elect a black president. The question for Barack Obama is whether this time around it will be ready for this one.

Right Candidates, Wrong Question (NYT)

By Gloria Steinem

The New York Times, February 7, 2007

EVEN before Barack Obama and Hillary Clinton threw their exploratory committees into the ring, every reporter seemed to be asking which candidate are Americans more ready for, a white woman or a black man?

With all due respect to the journalistic dilemma of reporting two "firsts" at the same time — two viable presidential candidates who aren't the usual white faces over collars and ties — I think this is a dumb and destructive question.

It's dumb because most Americans are smart enough to figure out that a member of a group may or may not represent its interests. After all, many African-Americans opposed the appointment of Clarence Thomas to the Supreme Court in 1991 because they were aware of his record — and the views of his conservative supporters.

Similarly, most women weren't excited about Elizabeth Dole as a presidential candidate for the 2000 election because she seemed more attached to those in power than those in need of it. Indeed, Elizabeth Dole even got support from people who opposed women making their own reproductive decisions. (If Secretary of State Condoleezza Rice decides to run for president, I imagine that she would face the same fate.)

The question is also destructive because it's divisive. In fact, women of all races and men of color — who together form an underrepresented majority of this country — have often found themselves in coalition. Both opposed the wars in Vietnam and Iraq more and earlier than their white male counterparts. White women have also been more likely than white men to support pro-equality candidates of color, and people of color have been more likely to support pro-equality white women.

It's way too early to know which candidate will earn trust or survive Swift-boating, but forcing a choice between race and sex only conceals what's really going on.

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So far, for example, polls show that about 60 percent of African-American Democrats support Hillary Clinton, while only about 20 percent support Barack Obama. These surprising numbers probably have less to do with Senator Obama himself than with whether people feel he's been around long enough to trust, whether the name "Clinton," with its associations of racial inclusiveness, is a better bet, and whether a member of one's own group — a group that has endured a history of discrimination — could win anyway.

This disease of doubt plays a big role: 81 percent of black voters tell pollsters that a white man will get the Democratic nomination, while only 58 percent of white voters do. Such doubt also helps to explain why women are more likely than men to support Hillary Clinton, but also more likely to say she can't win.

Still, the larger question is: Why compare allies and ignore the opposition? Both Senators Clinton and Obama are civil rights advocates, feminists, environmentalists and critics of the war in Iraq, though she voted early and wrong, and he spoke out early and right. Both have resisted pandering to the right, something that sets them apart from any Republican candidate, including John McCain. Both have Washington and foreign policy experience; George W. Bush did not when he first ran for president.

But the greatest reason for progressives to refuse to be drawn into an irrelevant debate about Senators Clinton and Obama is that it is destructive. We can accomplish much more if we act as a coalition. Think, for instance, of the powerful 19th-century coalition for universal adult suffrage. The parallels between being a chattel slave by race and chattel as a wife, daughter or indentured worker turned abolitionists into suffragists, and vice versa. This coalition against a caste system based on race and sex turned the country on its head — until it was divided by giving the vote to its smallest part, Negro men.

Sojourner Truth famously warned that this division would cripple the movement for decades to come — and it did. Only a half-century later did white and black women get the vote, by then tarnished by the racist rhetoric of some white women and diminished by racist restrictions and violence at polls. And only decades after that, in the 1960s, did the civil rights movement start a new wave of equality that spread into feminism, the Native American movement, the gay and lesbian movement, and much more.

But those activists were reinventing the wheel. They were rediscovering Gunnar Myrdal's verdict of the 1940s that "the parallel between women and Negroes is the deepest truth of American life, for together they form the unpaid or underpaid labor on which America runs."

This time, we could learn from history. We could double our chances by working for one of these candidates, not against the other. For now, I've figured out how to answer reporters when they ask if I'm supporting Hillary Clinton or Barack Obama.

I just say yes.

This One's For You, Joe (NYT)

By Maureen Dowd

The New York Times, February 7, 2007

WASHINGTON

It's not double jeopardy exactly, but still, I'd prefer not to kill the same man twice.

And I wanted to follow William Safire's advice on writing about gaffes and graft: Only kick people when they're up, not when they're down.

So I decided to do something completely radical and not pile on.

Having played a role in derailing Joe Biden's '88 presidential bid with stories on his overreliance on the speeches of Neil Kinnock and Bobby Kennedy, I feel compelled, now that the guy has slipped on another presidential banana peel 20 years later, to lend him a hand.

I wanted to give him a chance to wipe the slate clean and articulate his positions — without dredging up any painful memories of the words "clean" and "articulate."

The senator called me between New York fund-raisers last night. After his rough week, he sounded a bit chastened, not at all in the mood for a columnist's probing questions. He needn't have feared.

"So," I asked him sweetly, "why has everyone been so mean to you?"

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"Well," he demurred, "they haven't been mean. The truth is, a lot of people in the African-American community were hurt by what I said. I really feel lousy about it. I got involved in politics because of civil rights." (He said a lot more, but hey, it's a 750-word column.) I had another penetrating question ready: "Is Delaware big enough to launch a president?" "I think it is," he replied.

I had a tough follow-up: "Will your first act as president be to get rid of those tollbooths on I-95?" He laughed. "I get asked that a lot by people. I can't help 'em — they're on their own."

That's the straight talk I like to see. No pandering, like Hillary's telling Iowans she likes ethanol, and John McCain's telling Christian conservatives he likes Christian conservatives.

"People don't seem to appreciate your verbal generosity," I said. "Are you studying Bogie and Steve McQueen movies to become less wordy, or do you just hope people will come to see it as part of your charm?" "We're in a political culture where everything is reduced to bumper stickers and sound bites, and it's a lot more complicated than that," he said. "I'm fairly candid, and sometimes I'll cause controversy and sometimes I won't. It's who I am. I'm not going to change who I am."

That's my man. He stares controversy in the eye and chats with it.

"In one sentence, with no more than two dependent clauses," I instruct, "tell me why you would make a great president."

"I really believe the American people get the fact that with the next president, there's no margin for error. He's going to inherit a world and a nation where this guy is going to leave him in a real deep hole. The next president has to get us out of Iraq without ruining the Middle East, so Americans should be looking for the person with the most experience."

O.K., that's three sentences, but who's counting?

"You've been a truth-teller on Iraq for years, so tell the truth," I said. "Are we cooked?" Citing the soft-partition plan he co-wrote, he noted: "Any country that comes into being as a consequence of the pen of a diplomat has never been able to be stable except by (a) an imperial power dominating it, (b) a dictator or strongman, or (c) a federal system."

Aren't Americans going to be angry at a Senate that's bending itself into a procedural pretzel, rather than seriously tackling the future of Iraq?

"They are going to be angry," he agreed. "Republicans are trying to avoid embarrassing the president. If you took a secret ballot, I'd be dumfounded if 20 senators thought sending 21,500 troops made any sense." He said John McCain wouldn't think it made sense either "because he has called for sending many more."

Do you agree that Dick Cheney is barking mad?

"Cheney is a very smart guy who's kicking the can down the road here," he replied. "He's concluded that this administration's policy can't succeed in Iraq and he's handing it off to the next guy."

Things were getting way too serious. "What's your ideal day?"

"It would be corny," he said. "Just taking off to the beach with Jill."

Trying to boost his dented confidence, I said I was sure he looked better in the Delaware waves than Barack Obama in the Hawaiian surf. The 64-year-old laughed, saying, "Like the Paul McCartney song, 'When I'm 64.' I don't look as good as I once did, but Jill does."

"Who would make the best president?" I coaxed.

"Me," he crowed.

I think his confidence is coming back. Excellent.

Texas Governor Has Funding Idea: Sell The Lottery (WP/AP)

The Washington Post, February 7, 2007

Gov. Rick Perry (R) proposed Tuesday that Texas sell its state lottery for at least $14 billion, with the money dedicated to an endowment for residents without health insurance and a trust fund for cancer research.

No state has sold or leased its lottery, although several are considering it. Last month, Indiana Gov. Mitchell E. Daniels Jr. (R) proposed leasing the state lottery for 30 years to pay for scholarships aimed at keeping Indiana's top college graduates in-state.

In Texas, the lottery reported more than $3.77 billion in sales in the 2006 fiscal year, the highest amount in its 14-year history. The lottery contributes $1 billion a year to public schools.

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"This moment in time is a unique opportunity to address great challenges and build the foundation for a future of unparalleled prosperity," Perry said in his State of the State address.

Several legislative leaders questioned the idea, with some skeptical the lottery would fetch $14 billion and others wondering what it would mean for gambling overall.

"Basically, by privatizing the lottery you legalize private-run gambling operations in Texas," said Republican Sen. Steve Ogden, chairman of the Senate Finance Committee.

Under Perry's plan, money from the sale would be used to establish three trusts: $8.3 billion to replace most of the public-education revenue lost with the sale of the lottery, $3 billion for cancer research, and $2.7 billion to expand health insurance coverage for the working poor.

The interest proceeds from those trusts would fund the programs -- producing annual revenue of $1.26 billion, the governor projects.

On A Wintry Night, The Press And The Politicians Get Cozy (WP)

By Jose Antonio Vargas

The Washington Post, February 7, 2007

Another year, another black-tie dinner commingling the press and the pols, another way to stay warm on an utterly chilly night. For this one night, we could forget about the forgetful Scooter Libby, domestic budget cuts, the streets of Baghdad.

We could even forget that it's an "American Idol" night.

On this Tuesday night, there was a party to be had and a journalistic legend -- the indefatigable Helen Thomas -- to be honored. And not even the threat of snow could stop the 63rd annual congressional dinner of the Washington Press Club Foundation.

Bob Schieffer, the venerable CBS newsman, played host in a jovial, playful tone. Together with ringers Sen. Edward Kennedy (D-Mass.) and House Minority Leader John Boehner (R-Ohio), he faced the toughest task of all: Make a roomful of journalists and politicians laugh.

In introducing Kennedy and Boehner, Schieffer said: "I've known these men for many years. And they are the cleanest . . ."

Boehner commented on Speaker of the House Nancy Pelosi's new no-smoking rule: "We can still smoke out on the balcony. But, Nancy, it was 20 degrees out there. I think I want a seat on your global warming committee."

And Kennedy said of Boehner, "We don't always believe in the same issues, but I believe in his right to make his mistakes."

It was a tough crowd at the Ritz-Carlton. But it worked. Sort of.

And anyway, it was all for a good cause. At $175 a plate and with 850 guests in attendance, last night's fete served as a benefit for the foundation, which provides scholarships for women and minorities. A good and necessary cause, indeed, especially considering the lack of people of color in the crowd.

The foundation's dinner is the kickoff to the annual string of press-plus-pols parties (the Gridiron, Radio-TV, White House correspondents) of the year. Seeing the elected officials and the reporters who cover them getting all chummy is a curious thing. If you're an outsider to all of this, making your way from the VIP room to the ballroom, a glass of merlot in hand, you ponder the separation of newsmaker and journalist. A lyric runs through your head: "The press and the pols, sitting in a tree, K-I-S-S-I-N-G."

Judy Holland, a congressional reporter for Hearst Newspapers and the president of the foundation explained: "On the Hill, all bets are off, the notebooks out. But on a night like this, we're a community, and we're celebrating a coming of age. First woman speaker of the House. A woman as a presidential front-runner. Helen Thomas. I yanked my 13-year-old daughter from her homework so she could be here and see what it all means."

Daryl Hannah was there, seated at the same table as Lauren Nelson, the newly crowned Miss America. And, yes, the actress is Amazonian, all legs. She's not the political schmoozer type, she says, but she was here to talk about global warming ("We're at a crossroads right now") and show her support for the new Democratic Congress.

"Who's your congressman?" you asked her.

A beat later, she replied, "I live in a couple of places simultaneously."

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Arianna Huffington waited in the coat line, at one point dropping $1 and $5 bills from her purse as she greeted Rep. Dennis Kucinich (D-Ohio) with a kiss on the left cheek. "I was in Davos," she told him. "One of those capitalist gatherings." They laughed.

Rep. Rahm Emanuel (D-Ill.) whisked on by, followed by "Hardball" host Chris Matthews, then Democratic strategist Donna Brazile, an endless parade of the who's-who of the K Street-Capitol Hill-Washington-press-corps set.

The foundation dates back to 1919, when a handful of journalists formed the Women's National Press Club. They weren't welcome to the all-male National Press and Gridiron clubs. The foundation's annual dinner began in 1944, a kind of a welcoming party to the sociopolitical circuit for freshmen members of Congress.

As always, honors were handed out last night. The David Lynch Memorial Reporting Award went to David Lightman of the Hartford Courant and John E. Mulligan of the Providence Journal. A new scholarship, funded by the New York Times and the foundation, was announced, named after slain Timesman David Rosenbaum.

But no honor meant more than the lifetime achievement award bestowed on veteran White House correspondent Thomas.

"On behalf of the House of Representatives, we salute Helen Thomas," said Speaker of the House Nancy Pelosi. "You could have gotten [this award] over and over again, Helen."

"One of the greatest reporters in the history of the republic," Kennedy called her.

Thomas is definitely a perfectionist. Two hours before her speech, she was hunched over on the stage of the VIP room, a red pen in hand, rereading her remarks. ("To the members of Congress, I say, do the right thing. Pass laws that are fair to everyone. . . . To the media, I say, let's follow the truth wherever it leads us, and let the chips fall where they may . . .")

She's been attending these dinners since the late '40s. She was president of the Women's National Press Club in 1959.

"I've picked the greatest profession in the world," Thomas said. "There is nothing more indispensable to a democracy than a free press."

Spoken like an old pro, still idealistic after all these years.

Subprime Politics (WSJ)

The Wall Street Journal, February 7, 2007

Mortgage delinquencies are rising, subprime lenders are going belly-up -- another company filed for bankruptcy Monday -- and the Senate Banking Committee is holding hearings today on "predatory lending." All of this can only mean one thing: Congress is looking for someone to blame now that the housing boom is over.

The noted banking expert Jesse Jackson is scheduled to be a featured witness at today's hearing, along with a couple of unfortunate consumers who were sold mortgages they couldn't afford to repay. Senator Chris Dodd, Chairman of the Banking Committee, is in high dudgeon, threatening legislation and talking about the American dream becoming a nightmare for those who can't make their mortgage payments. It's time for a reality check.

No one likes to see anyone lose his home to foreclosure -- and that includes the banks. Banks make money by lending to people who can repay their loans with interest. Lending people money they can't pay back is a lousy business, as the many recent headlines about subprime lenders going bankrupt demonstrate. If rapacious banks really had a goal of lending people more than they could afford to pay back, they wouldn't be swimming in red ink.

Related to this is the contention, made by the same populists on the current "predatory lending" rampage, that banks make money by charging them "excessive" interest. But, if anything, the recent spate of bankruptcy among subprime lenders suggests that they were charging too little interest to compensate for the credit risk they were taking by lending to people with bad credit histories.

This is not to say that there were no mistakes made during the recent housing boom. There always are excesses during asset bubbles. Quickly rising prices made a lot of people giddy on both sides, and it's now clear that loans were offered and taken that should not have been. Both the asset-price increases and the lending risks were also facilitated by a prolonged period of easy money, courtesy of the Alan Greenspan-Ben Bernanke Federal Reserve.

The combination of exceptionally low interest rates over an extended period contributed to booming prices that encouraged lenders and borrowers to overextend themselves. Borrowers figured that if rates rose or things got sticky, they could always sell for a profit. Lenders likewise became accustomed to lending with little or no money down from the buyer, confident

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that rising prices would soon provide the buyer with an equity cushion. Meanwhile, regulators at the Fed and Comptroller of the Currency waited a long time to question some of the riskier lending practices.

However, Members of Congress know it's a pain to wrestle with Mr. Bernanke over monetary policy, and the Comptroller's rules for mortgage lending don't make for sexy newspaper copy. It's so much more fun to knock around a couple of prosperous-looking bankers. So in searching for a scapegoat, the politicians are returning to that old chestnut, "predatory lending."

They may want to think twice before stringing up the bankers, though. Whether their borrowing history is good, bad or indifferent, Americans enjoy some of the best access to credit of anyone in the world. Those no-money-down loans are risky for both sides. But for many people, the alternative is no chance to buy that house at all. The politicians arguing for tighter credit standards are some of the same folks who deplore banks for "red-lining" by refusing to lend in poor urban neighborhoods. And the result may be less credit, or no credit at all, for the working poor or newly employed.

Last week the percentage of subprime mortgages that were more than 90 days past due was placed at just over 10% in November, the latest period for which figures are available. That's the highest it's been in years. But, remember, this also means that close to 90% of loans are still being paid off more or less on time. Tightening standards means not only "protecting" the 10% who got caught short but also hurting the 90% who stretched for a mortgage and are still making their payments.

Lenders know that some percentage of marginal loans will go bad. But they can't know in advance which loans will sour -- or presumably they wouldn't make those bets in the first place. The only way to ensure close to 100% loan performance is to restrict lenders to making only the safest loans. This in turn means shutting out of the market a whole lot of people who may be "risky," but still manage to send in their checks every month.

For such borrowers, a lender who makes a risky loan is not a predator, but a gatekeeper to homeownership and the economic opportunity that goes with it. We suspect that the vast majority of those who stretch to afford a home and sacrifice to make their payments don't need the kind of protection Mr. Dodd is offering.

Choice Advances (WSJ)

The Wall Street Journal, February 7, 2007

Proving that the best reforms often pass by the slimmest of margins, Utah's house voted 38-37 late last week to create a state-wide voucher program that will allow students to escape failing public schools.

Union opponents can be expected to mount a furious assault in the state senate, and then head to court. But the senate is likely to pass the reform supported by GOP Governor Jon Huntsman Jr., so Utah may soon become the first state with a universal school choice plan. It would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income.

Meanwhile, South Carolina could be next. Legislation is now being drafted to allow nearly 200,000 poor students to opt out of failing public schools by giving them up to $4,500 a year to spend on private school tuition. Middle class parents would be eligible for a $1,000 tax credit.

Governor Mark Sanford, a Republican, also wants to create more choice within the public system by consolidating school districts so students who can't afford to live in a certain zip code aren't forced into the worst public schools -- a system that now consigns thousands of African-American students to failing schools. In his State of the State Address last month, Mr. Sanford branded the current districts a "throwback to the era of segregation." The comment drew hardly a flutter in the legislature, he told us, because "everyone knows it's true."

Despite a 137% increase in education spending over the past two decades and annual per pupil spending that exceeds $10,000, South Carolina schools trail the nation in performance. The state ranks 50th in SAT scores, only half of its students graduate from high school in four years and only 25% of eighth graders read at grade level. The Governor's budget puts it this way: "The more we expose students to public education, the worse they do."

In last year's elections three legislators paid for their opposition to school choice with their seats. One freshman reformer is Representative Curtis Brantley, an African-American Democrat from rural Jasper County who defeated a white incumbent in a June primary. He told us he supports school choice because something must be done to shake up the status quo.

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Those counting votes say this might be the year that choice legislation passes. Advocates are planning a rally at the state Capitol in Columbia on Tuesday, February 13. Mr. Brantley says he's helping bus people in from his district, and Governor Sanford will address the event. The voucher movement has been declared dead many times, but as Utah and South Carolina show, its promise of better education is keeping hope alive.

Budget Sets High Foreign Policy Targets (FT)

By Guy Dinmore

Financial Times, February 7, 2007

Ambitious foreign policy goals set out in the Bush administration's federal budget for 2008 include the end of the Israeli-Palestinian conflict, dismantling North Korea's nuclear weapons programme and the start of comprehensive multilateral negotiations with Iran.

Other targets listed in the foreign assistance component of the budget seem more like Soviet-era quotas, for example a projected 10 per cent increase over the 2006 figure of 769 interviews given by US officials to Arab and other media outlets in the Middle East.

In 2006, 81.7 per cent of participants in exchange programmes with the US, including opinion leaders and media commentators, "agree with democratically oriented principles in politics, work, and societal issues". The 2008 target is 84 per cent.

An official involved in drawing up the budget said the targets represented "what we intend to achieve with the resources we ask for". He added: "They are in many cases intangible goals."

This month Condoleezza Rice, the secretary of state, is due to mediate in the first Israeli-Palestinian talks for six years that will attempt to deal with long-term "final status" issues, even as the Palestinian territories slide into deeper interfactional violence. Yet the 176-page FY 2008 Performance Summary, issued by the State Department on Monday, foresees a "permanent status agreement and the end of the Israeli-Palestinian conflict" and the "development of full normal relations between Arab states and Israel".

On North Korea, where stalled-six party talks are due to resume this week after making almost no progress for nearly 18 months, the State Department projects an agreement within the next eight months and implementation in 2008.

Similarly, Iran is projected to "maintain" a full suspension of its nuclear activities, even though it has yet to begin one. On suspension, "multilateral negotiations commence with Iran toward a long-term settlement of outstanding international concerns".

In contrast to the National Intelligence Estimate released last week, which painted a grim future for Iraq, the State Department performance goal sees 2008 as the year for "consolidating democracy", where "civil liberties provisions remain intact and receive strong support from legal and executive institutions".

Karen Hughes, who heads public diplomacy for the Bush administration, is credited with setting up the "rapid response unit" to generate swift ripostes to "misinformation, negative and misleading reporting".

"On fast-breaking stories on Iraq, for example, we have been able to mobilise Washington officials to appear on the media in the morning rather than at the end of the day, which gets our message out to key Arab TV outlets early enough to make the main evening news," the document says.

Apart from Iraq, which receives the bulk of its funding in a separate supplemental budget, Israel continues to receive the most US assistance, officials said, followed by Egypt.

Winning the "global war on terror" remains an important theme in the foreign assistance budget. This means "winning the war of ideas", which involves $668m for foreign broadcasting, $486m for education and cultural exchanges and $359m for public diplomacy.

But foreign military assistance remains the largest component of the overseas budget, projected to rise slightly to $4.54bn, an official said.

Tom Lantos, the Democratic chairman of the House committee on foreign affairs, accused the administration of "short-changing the United Nations".

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"This is absurd," he said in a statement. "The administration is budgeting for massive new arrears to the UN at a time when we need the organisation to help us in Iraq, Darfur, Lebanon, Haiti and a host of other global hot spots."

InterAction, an alliance of development and humanitarian non-government organisations, expressed concern that presidential initiatives on HIV/Aids, malaria and the Millennium Challenge Account were not accompanied by similar increases for traditional foreign assistance programmes.

Results, an advocacy organisation that seeks to create the political will to end hunger and poverty, criticised the 2008 request for "slashing" funding for the Global Fund to Fight Aids, Tuberculosis and Malaria after the House of Representatives voted last week to increase the amount.

Lebanon Leader Puts Onus On U.S. (LAT)

By Megan K. Stack And Borzou Daragahi

The Los Angeles Times, February 7, 2007

BEIRUT — Badgered by Hezbollah and jeered as a puppet of the U.S. government, Lebanon's prime minister on Tuesday blamed American support of Israel for an increasingly violent political crisis that has shredded this country's stability.

His voice rising in frustration during an interview with the Los Angeles Times, Fouad Siniora said the troubles in his nation would subside if U.S. officials were to press Israel to withdraw its soldiers from Shabaa Farms, a small patch of disputed turf that the United Nations has said was part of Syria.

With Shiite Muslim Hezbollah and its allies mounting a hard push for a bigger share of power in Lebanon, many people here believe that the international community should force Hezbollah's hand by depriving the party of any excuse for keeping an armed militia. The lingering occupation of the land has long been cited by Hezbollah as a justification for its armed guerrilla fighters on Israel's border.

But the U.S. has ignored his pleas, Siniora said.

"They're not doing it," he said.

"That's what we're telling them. That's what we disagree with them about."

In Washington, National Security Council spokesman Gordon Johndroe, told of Siniora's comments, said: "We understand the enormous pressure Prime Minister Siniora is under from Hezbollah and Syria and others that want to undermine democracy in Lebanon. We will stand by him to make sure democracy in Lebanon is successful, and we will continue to work for greater peace within the Middle East."

Divided by old sectarian and class tensions and battered by regional instability, Lebanon has reverted to being a battleground for regional and international conflicts. The United States, Iran, Syria, France, Saudi Arabia and other Arab states have pursued geopolitical agendas through local allies and proxies.

By all accounts, Siniora, a Sunni Muslim technocrat and former finance minister of humble birth, is Washington's favorite amid the stable of former warlords and clan patriarchs who jockey for power here. Officials in the Bush administration go out of their way to praise and bolster his government. And during months of angry anti-government protests, he has been cursed in the streets as a stooge of U.S. policy.

When he griped about the United States on Tuesday, it was a striking reminder of how American policy toward Lebanon can in some cases appear to undercut even Siniora, whom the Bush administration has scrambled to shore up in the face of fierce opposition.

Lebanese leaders complain that the United States failed to help Siniora when it mattered most, during last summer's war between Israel and Hezbollah. Israeli bombs pounded this country for weeks. An increasingly desperate Siniora wept on television and implored the Americans to intervene to stop the Israeli onslaught. But Washington refused to ask for a cease-fire.

In the final 36 hours of the war, Israel stepped up its shelling of southern Lebanon and unleashed a torrent of cluster bombs. More than a million bomblets and 380,000 land mines remain on Lebanese land, Siniora said Tuesday.

Israel has also continued to breach the cease-fire agreement with steady violations of Lebanese airspace, he said. According to the United Nations, Israel has engaged in about five or six flyovers each week.

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"In the Arab world there were always a lot of complaints and grievances against the United States.... They've pushed the Arab world toward extremism," Siniora said. The Arabs are "being humiliated every day. [The Americans] can see with their own eyes the Israelis are subjugating the Palestinians."

As for Hezbollah, it has seemed determined to keep its guns — no matter what happens to Shabaa Farms. Hezbollah lawmaker Nawar Sahili said the militia wouldn't even consider disarming until it believed the Lebanese army had been proved capable of defending the country.

"This is a red line for us," Sahili said of disarmament. "When the Lebanese army is strong enough, maybe."

In the nearly six months since a cease-fire stopped the fighting between Israel and Hezbollah, Siniora has come under harsh attack from the Islamic militant group and its allies, who cursed his government as an American puppet and demanded more power. Mass demonstrations outside his office have dragged on for months, sparking street fighting and dredging up dark memories of Lebanon's 15-year civil war, a conflict that finally faded out in the early 1990s.

On Tuesday, Siniora traced Lebanon's perpetual instability back to Israeli occupation, both of southern Lebanon and of the Palestinian territories. It was the repeated Israeli invasions and occupation of southern Lebanon, he said, that created Hezbollah and allowed it to spread.

Pointedly describing Shabaa Farms as Lebanese territory, Siniora insisted that if Israel were forced to relinquish the land, his government and Hezbollah could come to an understanding.

"The Arab-Israeli conflict is the mother of most problems in the Arab world," he said.

For now, Lebanon remains deeply locked in crisis. Gunfights erupted around the country last month between rival Christian factions and between Sunnis and Shiites.

The bloodshed rattled the political leaders, and both sides toned down their rhetoric and struggled to rein in the rage among their followers.

But talks between the government and the opposition remain frozen. Even during the bloodiest days of the civil war, the various sides kept talking, a Western diplomat here pointed out this week. But now, he said, there is no negotiation.

Each side blames the other for the break in talks.

Meanwhile, Iran and Saudi Arabia have begun to negotiate a settlement to Lebanon's impasse. Predominantly Shiite Iran has close ties to Hezbollah, while largely Sunni Saudi Arabia is a staunch supporter of the Siniora government.

As he complained about the Americans, Siniora praised Hezbollah leader Sheik Hassan Nasrallah as a "man who believes in his cause and who sacrificed even his son for that cause."

He also said that the Bush administration should engage Syria to pacify the region.

"Syria is a state. You cannot eliminate that state from the map. You've got to engage with Syria … to make it part of the solution, not part of the problem."

Rice Sees Summits With Israeli, Palestinian Leaders (AFP)

AFP, February 7, 2007

Secretary of State Condoleezza Rice plans a series of three-way meetings with Israeli and Palestinian leaders in a major shift of US efforts to broker a peace deal and establish a Palestinian state, a senior US official said.

Following six years of a virtual hands-off policy toward the Arab-Israeli dispute under President George W. Bush, Rice will bring Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas together for their first three-way meeting on February 19, US and Israeli officials announced.

"Our expectations are that this is an initial opportunity for these two leaders to start a discussion about those issues that would concern the framework of a possible Palestinian state," said Rice's spokesman, Sean McCormack.

"It is their first opportunity to discuss these in more than six years," he said, referring to a breakdown in peace negotiations since a Palestinian uprising against the Israeli occupation erupted in late 2000.

Rice had already announced her intention to host the Abbas-Olmert meeting in the middle of this month.

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But McCormack said she intended to pursue the three-way format in a significant departure from Bush's past practice of remaining aloof from the intricacies of Israeli-Palestinian deal-making while he focused on the conflict in Iraq and the broader "war on terrorism".

"I would expect you would see more of the tripartite format as opposed to just the Israelis and Palestinians" meeting, McCormack said.

"We would hope that the Israelis and Palestinians would take advantage of this particular forum" to reach agreements on everything from the "most mundane" issues of security, economics and trade to the "most politically sensitive" questions of forming a Palestinian state, he said.

The Bush administration has been under growing pressure from Arab and European allies to invest more effort in breaking the Israeli-Palestinian deadlock, seen as fueling a global rise in Islamic radicalism.

Rice has held many fruitless separate meetings with Israelis and Palestinians over the past two years focused primarily on ending attacks on Israel by Islamic radicals.

Last month during her latest tour of the region, she announced a new approach that would deal in parallel with security matters and so-called "final status" issues involving the borders and powers of a future Palestinian state, the status of Jerusalem and the fate of Palestinian refugees.

The US plan was endorsed Friday by the top diplomats from Russia, the European Union and United Nations, who together with the United States make up a group known as the "Quartet" of Middle East mediators.

But the initiative faces serious obstacles, with Abbas locked in a violent power struggle with the Islamic movement Hamas and Olmert severely weakened by his perceived mismanagement of Israel's war against Lebanon's Hezbollah militia last year.

Hamas won control of the Palestinian government in elections a year ago, sparking a diplomatic and aid embargo by Quartet nations.

Abbas has tried to negotiate a power-sharing deal that would create a unity government between Hamas and his secular Fatah party, but Hamas has refused to meet Quartet requirements, notably by recognizing Israel's right to exist.

Tensions between the two sides erupted into deadly violence in December which has left 100 dead, including 50 killed over four days last week.

Abbas and Hamas leaders were meeting in Mecca, Saudi Arabia, this week in another bid to reach an accommodation.

McCormack reaffirmed Tuesday that any agreement between the two sides should include recognition of the Quartet principles.

The Quartet is due to meet again in Berlin after the Rice-Abbas-Olmert summit.

Palestinian Aid Policies 'backfiring' (FT)

By Harvey Morris

Financial Times, February 7, 2007

Concern is mounting in the international aid community that policies aimed at isolating the Palestinian Authority's ruling Hamas movement have backfired by further impoverishing the people of Gaza and the West Bank without seriously undermining the Islamists.

The British charity Oxfam joins the debate on Wednesday with an appeal for Europe to scrap an emergency aid programme that bypasses Hamas and revert to direct funding of the PA government that it controls.

"The way that European aid is currently being delivered is undermining Palestinian basic services and damaging a highly fragile economy," said Barbara Stocking, Oxfam's director.

Her statement followed a report last week by the UK parliament's international development committee that claimed the policies of Israel and international donors towards Hamas were playing into the hands of its Iranian ally.

"The withholding of revenues by Israel and the boycott of the Hamas-led Palestinian Authority by existing donors has led the Hamas government increasingly to look elsewhere for financial support," the report said.

"As a result, Hamas now has closer links to governments like that of Iran than it had two years ago. We doubt whether this is a development that the international community would have intended."

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Israel has released only $100m (€77m, £51m) of an estimated $600m in tax revenues collected on behalf of the PA since Hamas came to power 12 months ago. The PA collects locally about $25m a month in tax.

The controversy erupted as Hamas officials met in Mecca last night with Mahmoud Abbas, PA president and leader of the rival Fatah movement, to try to reach a national unity agreement that could lead to the lifting of what Palestinians describe as an international "siege".

Despite the so-called boycott, tens of millions of dollars are still flooding into the territories. There has been emergency aid from Europe and elsewhere, support from Arab governments – about $260m last year – and an indeterminate amount of cash smuggled by Hamas and others into the Gaza Strip.

One senior western aid official, asked to quantify the total reaching the territories, conceded: "Frankly, we don't have any idea."

Members of the international Quartet – the US, European Union, United Nations and Russia – who with other donors had provided about $1bn a year to the Palestinians, suspended direct aid to the PA after Hamas came to power in January last year.

The Quartet said the boycott of Hamas would remain in force until it recognised Israel, committed itself to non-violence and accepted existing agreements with Israel, a position the four reaffirmed at a meeting in Washington last week.

Officials said the original thinking behind the boycott was to show Palestinians the consequences of electing a Hamas government. With Hamas unable to finance services and public sector salaries, it was assumed its popularity would suffer. Recent polls, however, showed it just a few percentage points behind Fatah.

In June, in an effort to stave off hardship among Palestinians, the Quartet supported the establishment of a European-run Temporary International Mechanism (TIM) to funnel funds to Palestinians through the office of Mr Abbas.

By the turn of the year, the European Commission had contributed €107.5m ($140m, £70m) through the TIM to pay for health services, fuel supplies and allowances to the poor and to public employees who had gone for months without pay.

Oxfam's statement described the mechanism as an "aid fiasco" and lambasted a system under which HSBC bank had received almost €4m in commissions to administer the transfer of allowances to Palestinian recipients.

European officials defended the TIM and played down the significance of commissions of less than 4 per cent, describing them as below normal for such large and complex transactions.

Mario Mariani, who heads TIM's operations from Jerusalem, told the FT: "The idea has been to show we were not prepared to starve people in order to get rid of a government we did not agree with."

Although officials liaise with Mr Abbas's office, TIM payments go directly to beneficiaries such as Israeli fuel suppliers or to the bank accounts of Palestinian employees. Payments to individuals are made on the basis of a database held by HSBC in London to ensure no funds are diverted to terrorism. "No money goes directly to [the] president's office," said Mr Mariani. "There is no blank cheque."

So far, 144,000 heads of poor households and state employees have received financial aid through the TIM, directly benefiting 900,000 people. The allowances have averaged 40 per cent of former salaries. No payments have been made to the 80,000-strong security forces.

Some aid officials and Palestinian officials close to Mr Abbas are concerned Hamas has attempted to claim credit for the fact the economy has not totally collapsed under its watch, while the president has failed to win kudos for acting as a conduit for continued foreign aid.

Mr Mariani acknowledged the problem but said: "People know what they are getting, and they are not getting it from Hamas.

"At the beginning there was some confusion and the government tried to exploit it. Now it is very clear that people can see Hamas has not delivered."

Fatah And Hamas Leaders Meet Saudi King For Peace Talks (NYT)

By Hassan M. Fattah

The New York Times, February 7, 2007

DOJ_NMG_0128934

MECCA, Saudi Arabia, Feb. 6 — Leaders of the two main Palestinian parties, Hamas and Fatah, on Tuesday began a two-day Saudi-brokered effort to agree on a unity government that could end a wave of violence in the Gaza Strip and the West Bank and resume relations with donor countries.

The Palestinian president, Mahmoud Abbas of Fatah, and two Hamas leaders — Ismail Haniya, the Palestinian prime minister, and Khaled Meshal, the Damascus-based militant leader — met separately with King Abdullah, Saudi officials said.

All of the leaders are expected to perform the pilgrimage at the Grand Mosque in Mecca and meet with other Saudi officials and mediators before deliberations begin in earnest here on Wednesday.

The meeting is intended to yield a government that would include members of both parties and be acceptable to Western governments so that they resume relations with and aid to the Palestinians and restart peace negotiations with the Israelis, which have been stalled since 2003.

The United States and the European Union consider Hamas, which has carried out numerous attacks against Israeli civilians and opposes Israel's existence, to be a terrorist organization. They cut off aid to the Palestinian Authority last spring after Hamas took power as a result of defeating Fatah in elections held in January of last year.

Previous efforts to stem the current bloodshed between the Palestinian factions and find common ground have yielded only temporary cease-fires. But many hope that the high-profile meeting in Islam's holiest city, and the weight and personal prestige invested in it by King Abdullah, will prod the Palestinians to leave here with an agreement in hand.

"Hopefully, in the holy environment in the house of God, this will come clearly as a message to them and they will take their obligations as seriously as they can," the Saudi foreign minister, Prince Saud al-Faisal, said Tuesday in an interview.

Hamas and Fatah have wrangled over a unity government since last summer, when it became clear that with Western aid withheld, Hamas could not govern alone.

Prime Minister Ehud Olmert of Israel told visiting American Jewish leaders Tuesday that he would meet on Feb. 19 with Secretary of State Condoleezza Rice and Mr. Abbas. Mr. Olmert did not say where the meeting would take place.

The issues separating Hamas and Fatah in the Saudi-sponsored talks are how to divide ministerial portfolios and how the new government will meet the Western criteria of renouncing violence, recognizing Israel and accepting previous Israeli-Palestinian agreements.

American and Israeli officials said Tuesday that the so-called quartet — the United States, the European Union, Russia and the United Nations — would not compromise on those demands.

If there is a deal in Mecca, Prince Saud said, "you move to the peace process — then you will be able to, with assurance, have the talks between the two sides."

The Saudis, who have traditionally preferred to work quietly behind the scenes, have grown increasingly alarmed at the chaos engulfing the Middle East.

Palestinians Try To Stave Off Civil War (AP)

By Donna Abu-Nasr

AP, February 7, 2007

Palestinian factions on the brink of civil war gathered Tuesday in Mecca, Islam's holiest city, in a last-ditch effort to end their bloody conflict. The Saudi-led push is key to any future peace talks with Israel — and to Arab efforts to blunt Iran's growing power.

Palestinian President Mahmoud Abbas of Fatah and Khaled Mashaal, leader of the militant Hamas movement, flew to the Saudi city of Jiddah before heading to Mecca to meet their host, King Abdullah, ahead of the start of talks Wednesday.

The talks are open-ended, a reflection of Saudi Arabia's determination to keep them going until the Palestinians reach a deal for power-sharing in a new coalition government.

The king's mediation and the holding of the talks in Mecca underline the Saudi pressure on the sides to overcome their differences. The Saudis are pointedly convening the talks in a Mecca guest palace overlooking the Kaaba, the cube-shaped shrine toward which all Muslims turn when they pray.

Four days of gunbattles between Fatah and Hamas fighters killed more than 30 people and wounded over 200 others until a cease-fire took hold Sunday.

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Even as Palestinian Prime Minister Ismail Haniyeh of Hamas left the Gaza Strip Tuesday for the talks, Hamas and Fatah security officials fired at each other for 10 minutes at the Gaza-Egypt crossing terminal. No injuries were reported.

"Nobody wants the battling to continue," Haniyeh told reporters. "The only beneficiary is Israel."

In an interview with the Lebanese paper Al-Akhbar, Abbas warned that failure in Mecca "would mean the deterioration of the internal situation and igniting civil war."

Beyond ending the intra-Palestinian bloodshed, a deal on power-sharing is vital for any resumption of the peace process. Israel has refused any talks since Hamas formed a government following January 2006 elections, and the West imposed a financial blockade on the Palestinian government because of Hamas's refusal to renounce violence and recognize Israel.

Abbas, a moderate who was elected separately, is hoping for an agreement on a coalition government in which Hamas will give some degree of recognition to previous peace agreements with Israel to allow a resumption of talks and an end to the embargo.

The Mecca gathering is also a test of U.S. ally Saudi Arabia.

The kingdom, which normally prefers behind-the-scenes diplomacy, has taken an assertive new role in trying to resolve the Palestinian conflict, as well as two other Mideast conflicts that threaten to erupt into full-fledged civil wars: Iraq and Lebanon.

It has done so in part because it fears that Shiite-Sunni tensions fueled by the turmoil in Iraq and Lebanon could explode, destabilizing the region — and threatening the kingdom itself, which is mainly Sunni but has a significant Shiite minority.

Saudi Arabia also aims to stem the influence of mainly Shiite, Persian Iran, its longtime rival, which has a hand in all three crises. Iran has funneled millions of dollars to Hamas, giving it an unprecedented influence in the Israeli-Arab conflict. As a sign of its concern, Saudi Arabia has even opened contacts with Iran to cooperate in easing tensions in Iraq and Lebanon.

At the same time, Saudi Arabia sees reviving the Israeli-Arab peace process as vital to calming the crises across the Mideast.

King Abdullah underlined the need for a deal as he met with Abbas and Mashaal separately in Mecca.

"What's going on in the land of Palestine serves only the enemies of the Islamic nation," he told Abbas, according to the Saudi News Agency. "If it continues, it will rob the Palestinians of the fruits of their long struggle."

Speaking to Mashaal and Haniyeh, Abdullah warned: "If the dispute between Palestinian brothers goes on, it will bleed away their energy and end all that they have struggled to achieve."

Abdullah also received a message from President Bush ahead of the talks, delivered by Homeland Security and Counterterrorism adviser Frances Townsend, the news agency reported, without giving details.

State-guided Saudi newspapers urged the Palestinians to reconcile and observe the truce that took hold Sunday. "If the Palestinians cannot reach radical solutions at the Mecca meeting, then I believe we have to wait 50 more years for them to, perhaps, get over the (power) complex," commentator Hani Wafa wrote in a column titled "The Last Chance" in Al-Riyadh newspaper.

The Palestinians have been struggling for months over a power-sharing deal, and street battles between gunmen of the two parties have erupted with increasing frequency in Gaza. The differences focused on the program of the proposed coalition and who would control the security forces. In recent months, Egypt, Syria and Qatar have all tried and failed to end the power struggle.

Moussa Abu Marzouk, deputy of Hamas leader Mashaal, was cautious as he and Mashaal left Damascus for the talks. "The disagreements ... have become narrower," Marzouk told The Associated Press, "but we don't know whether an agreement will be reached or not."

Ostensibly, the gaps are small — in the case of the program only a single word. Abbas, a moderate who was elected separately in 2005, has insisted Hamas promise to "commit" to previous agreements, including interim peace deals with Israel. Hamas is only willing to say it "respects" such agreements.

Saudis Offer Counterweight To Resurgent Iran (FT)

By Heba Saleh

Financial Times, February 7, 2007

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By inviting the leaders of Fatah and Hamas, the two warring Palestinian factions, to reconciliation talks in Mecca, Saudi Arabia has invested its prestige in efforts to ward off a civil war in the occupied territories.

The Saudi-sponsored talks, which opened on Tuesday, come as the conservative kingdom increasingly finds itself at centre stage in diplomatic efforts to prevent the crisis-ridden Arab world sliding into further conflict.

Palestinian infighting is impeding the efforts of pro-US states, such as Saudi Arabia, Egypt and Jordan, to press Washington to revive a meaningful Arab-Israeli peace process leading to the establishment of a Palestinian state – a strategic goal for these countries. But Saudi concerns have gained urgency as Riyadh tries to counter Iranian influence in the region.

Arab officials are alarmed by what they see as Tehran's expanding regional role through its links with the newly resurgent Shia majority in Iraq and through its backing for radical forces such as the Palestinian Hamas government and Hizbollah, the Lebanese Shia group. They also see Iran profiting from the turmoil in Arab trouble spots by appealing directly to Arab public opinion frustrated by the inability of regional governments to stand up to Israel and the US.

Tehran has been cementing its ties with Hamas, Arab officials complain, to the detriment of Egyptian efforts to forge a Palestinian national unity government that could negotiate with Israel.

"The Palestinian issue should be resolved by the Arabs and no one else," said King Abdullah of Saudi -Arabia in remarks published last week.

He also warned Iran that it was "endangering" the Gulf region because of the problems in its international relations – an apparent reference to Tehran's stand-off with the US over its alleged nuclear ambitions.

Analysts say Saudi Arabia is engaged in a difficult balancing act. It wants Tehran's influence checked, but without confrontation. Riyadh, they argue, is trying to use pressure and diplomacy to counter Tehran but is anxious to avoid a US military strike against Iran's nuclear facilities.

Saud al-Feisal, the Saudi foreign minister, announced last week that his country was working with Iran to avert strife between the Sunni and Shia in Iraq and Lebanon. At the same time, however, Riyadh appears to be backing the new US strategy in Iraq, which includes raising the pressure on Tehran.

"The Iranians have a clear understanding of where we stand," said a Saudi analyst close to the government. "We want them to prove that they are a player for ending disputes, not for stirring them up."

Tehran denies it is stirring up trouble and argues it wants stability just as much as the Saudis.

However, even as Saudi and Iranian envoys criss-crossed the region in recent days with the declared aim of avoiding sectarian bloodshed in Lebanon and Iraq, a wave of anti-Iranian and anti-Shia rhetoric has been sweeping the Arab press, threatening to inflame rather than damp down -sectarian tensions.

Newspapers have accused Iran of seeking to win converts to Shia Islam in Sunni Arab countries as far afield as Algeria and of trying to revive its old Safavid empire. Some Saudi clerics have issued statements accusing the Shia of being heretics.

"We are going back to the discourse of the 1980s immediately after Iran's Islamic revolution," said Abdulaziz al-Qassim, a Saudi lawyer. "Even moderates have assumed a virulent anti-Shia tone. There is a sense of threat because of the sectarian massacres in Iraq and a fear that the balance of force in the region will be altered if [Iran acquires] nuclear weapons."

In a country where there is a sizeable Shia minority, estimated at about 2m, the sectarian talk is producing alarm. "The consequences of this incitement . . . will be dangerous," warned Sheikh Hassan al Nimr, a Shia cleric in Saudi Arabia.

However, so far there have been no moves on the part of the Saudi authorities or any other Arab government to curb the sectarian rhetoric.

"In some respects it may be Machiavellian," said -Gregory Gause, a specialist in Gulf politics. "Most people in the Arab world like Iran's support for the Palestinians and they see a nuclear Iran as strengthening the Islamic world. So if you inject a sectarian element you can mobilise opinion against Iran."

Saudi Arabia's Diplomacy (WP)

The Washington Post, February 7, 2007

ONE CONSEQUENCE of the Bush administration's recent decision to divide the Middle East between "extremists" and "moderates" was to marginalize U.S. diplomacy in the region. The administration refuses to talk to the "extremists" -- Iran, Syria,

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Hezbollah and Hamas -- but those governments and groups are at the center of every major conflict from Iraq to the Gaza Strip. Now one of the administration's "moderate" allies, Saudi Arabia, has stepped into the vacuum. The result has been a revealing demonstration of how talks with adversaries can sometimes be useful -- and a hint of what may be lost by Mr. Bush's inflexible policy.

In Riyadh yesterday, Saudi King Abdullah was hosting potentially groundbreaking negotiations between Palestinian President Mahmoud Abbas and senior leaders of Hamas. While Secretary of State Condoleezza Rice has been preparing to have her own talks next week with Mr. Abbas and Israeli Prime Minister Ehud Olmert, the intra-Palestinian discussions are considerably more important: They could determine whether a Palestinian administration emerges that is both willing and able to settle with Israel, or whether recent Palestinian factional fighting escalates. Significantly, the Hamas representatives in Riyadh include Khaled Meshal, a militant leader based in Damascus who has blocked previous moves toward a Palestinian accord. Saudi relations with Mr. Meshal's sponsor, Syrian President Bashar al-Assad, may be warming; Mr. Assad will soon be in Riyadh for a Saudi-hosted summit of the Arab League.

Saudi diplomats, including former ambassador to Washington Prince Bandar bin Sultan, are also deeply engaged in talks with Iran. The contacts began with a visit to Saudi Arabia by Ali Larijani, the head of Iran's national security council. Prince Bandar subsequently visited Tehran and, according to a report in the New York Times, King Abdullah received leaders of Hezbollah. Sunni-ruled Saudi Arabia and Shiite Iran back opposite sides in the escalating sectarian conflicts in Iraq and Lebanon, but the talks show that both governments are interested in tamping them down. Though there have been no breakthroughs, the diplomacy seems to have succeeded, at least, in cooling the situation in Lebanon, where a Hezbollah campaign against the Saudi-supported, pro-Western government led to several days of violence last month.

The Bush administration seems to be encouraging the Saudi diplomacy: The State Department praised the king's hosting of the Palestinian talks. In fact the Saudi initiatives, even with so-far-uncertain results, refute the premises of the administration's own policy of sharply dividing enemies from friends. U.S. strategy assumes that nothing can be gained by talks with Iranians such as Mr. Larijani and that nothing can cause militants such as Mr. Meshal to compromise. It's good that Saudi Arabia is testing a contrary theory in practice; even better would be some American diplomatic risk-taking.

U.S. To Create A Single Command For Military Operations In Africa (NYT)

By David Stout

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — The Pentagon will establish a new military command to oversee its operations in Africa, President Bush and Defense Secretary Robert M. Gates announced Tuesday.

Creation of the United States Africa Command, which had been expected, will “strengthen our security cooperation with Africa and create new opportunities to bolster the capabilities of our partners in Africa,” Mr. Bush said.

The president said he had directed Mr. Gates to establish the command by Sept. 30, 2008. The location of the command will be determined after discussions with Congress and officials of countries on the continent, Mr. Bush said.

Mr. Gates, testifying Tuesday before the Senate Armed Services Committee, said creation of the command would eliminate an “outdated arrangement left over from the cold war.”

Three commands now divide responsibility for operations in Africa: the European Command, which oversees most countries on the continent, except those in the Horn of Africa; the Central Command, which has responsibility for Egypt, Sudan, Eritrea, Ethiopia, Djibouti, Somalia and Kenya; and the Pacific Command, which has responsibility for Madagascar, the Seychelles and the Indian Ocean.

The man who is about to become the head of the Central Command, Adm. William J. Fallon, told the Senate Armed Services Committee on Jan. 30 that he favored establishment of an Africa Command, in light of the humanitarian crises and instability across much of the continent and its strategic importance.

“The Horn of Africa sits astride one of the most critical sea lines of communication in the world,” Admiral Fallon said. On Tuesday, the committee endorsed him to succeed Gen. John P. Abizaid to lead the Central Command and sent the nomination to the full Senate for confirmation.

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US Signals Scope For Ties With N Korea (FT)

By Demetri Sevastopulo

Financial Times, February 7, 2007

Washington would be prepared to start normalising relations with Pyongyang before it completed nuclear disarmament if it helped persuade North Korea to move forward on a previous agreement to denuclearise the Korean peninsula.

A senior Bush administration official said Washington would consider starting the process to remove Pyong-yang from the list of state sponsors of terrorism, and to ease restrictions on American companies dealing with the state, if North Korea moved forward on its commitment to dismantle its nuclear programmes.

US officials will meet their North Korean counterparts tomorrow when the six-party talks, which include China, Japan, South Korea and Russia, resume in Beijing.

In September 2005 North Korea pledged to abandon its nuclear weapons programmes and rejoin the nuclear non-proliferation treaty in return for energy aid and security guarantees. But Pyongyang refused to return to the negotiating table for more than a year after Washington imposed financial sanctions that hurt the regime of Kim Jong-il.

The Bush administration has come under greater pressure to deal with North Korea after it tested a nuc-lear weapon for the first time last year.

But the White House believes Mr Kim is also under pressure to reach an agreement because of the financial sanctions, and also because of increased pressure from China. But David Albright, a US nuclear expert who met government officials in Pyong-yang last week, said North Korea did not appear under pressure.

“North Korea feels the US is making a mistake by putting all their eggs in the Chinese basket,” said Mr Albright.

The US official said South Korea would take the lead in providing energy assistance and food aid, which North Korea badly needs following a bad grain harvest in 2006. In return, Pyongyang would agree to freeze its plutonium reactor as the first stage of a process that, from the US perspective, would have to lead to complete disarmament, including the removal of North Korea’s stockpile of plutonium.

U.S. Expects Intense N.Korea Nuke Talks (AP)

By Carl Freire

AP, February 7, 2007

The U.S. expects "hard bargaining" at upcoming talks aimed at getting North Korea to abandon its nuclear program, Washington's chief negotiator in the talks said Wednesday.

Christopher Hill, speaking to reporters in Tokyo on his way to Beijing where the six-nation talks resume Thursday, said North Korea's willingness to take steps forward was key.

"The big question is whether the North Koreans are really ready to make some progress," Hill said. "We did have some good signs in Berlin, but I think we also know that there is going to be some rather hard bargaining, so we'll see how we do."

North Korea returned to the six-party talks — which also include Japan, China, Russia and South Korea — in December after conducting its first nuclear test in October, but the talks stalled over the North's objections to U.S. financial sanctions.

The North agreed in January to resume the nuclear negotiations after the United States offered unspecified concessions during rare bilateral talks in Berlin.

North Korea is proposing to freeze its main nuclear reactor and allow U.N. monitoring in return for massive energy shipments and normal relations with the United States, according to an American nuclear expert who visited Pyongyang last week.

David Albright, a former U.N. nuclear inspector, said in an interview Tuesday that North Korean officials told him they also wanted the lifting of U.S. financial restrictions imposed for alleged North Korean counterfeiting of U.S. currency and money laundering that have led to about $24 million in North Korean funds being frozen at a Macau bank.

Chief North Korean disarmament negotiator Kim Kye Gwan and other officials told Albright and Joel Wit, a former State Department official, that nothing would happen until the U.S. agreed to the construction of light-water reactors that Washington promised North Korea under a 1994 deal to freeze Pyongyang's nuclear program.

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That deal, which also included an annual supply of half a million tons of heavy fuel oil until the reactors were built, was scrapped in 2002 when North Korea admitted it had restarted its atomic program.

Albright, the head of the Institute for Science and International Security, said the North emphasized that it now wanted either electricity shipments or more heavy fuel oil than was promised in the 1994 deal.

Hill said Tuesday that negotiators from Pyongyang had not raised the issue of heavy fuel oil in return for shutting down its reactor. However, he said there was room to discuss the matter under a September 2005 pledge in which North Korea agreed to give up its nuclear program in exchange for aid and security guarantees.

Northern Exposure (WSJ)

By Gordon G. Chang

The Wall Street Journal, February 7, 2007

Tomorrow, China-sponsored six-party talks to disarm North Korea are scheduled to resume in Beijing. This time, there are great expectations that an agreement will be reached. But if there is a deal, it will not be because Chinese diplomats worked behind the scenes. It will be because the Bush administration has made concessions it previously refused to consider -- in particular, releasing frozen North Korean funds, providing aid, and accepting only an interim freeze of the North's production of plutonium. American policy makers apparently think that if the U.S. makes the first moves, China will persuade North Korea in the future to completely give up its nuclear arsenal.

China supplies approximately 90% of the North's oil, 80% of its consumer goods and 45% of its food. It accounts for more than half of Pyongyang's foreign trade, and is the only nation that pledges to defend Kim Jong Il's state with military force. Some North Korean officials are thought to be more loyal to the Chinese leadership than to Kim Jong Il. The little autocrat could "neither bark nor bite" without China's assistance. Beijing can disarm him but has chosen not to exercise its influence.

China's failure to act leads analysts to believe that Beijing keeps the Kimist regime afloat to preserve regional peace, avoid a tide of refugees, maintain a buffer against American forces in South Korea, destabilize Japan and obtain leverage over Washington. Beijing seeks these advantages, but they barely explain recent Chinese policy. Kim Jong Il is the destabilizing force in North Asia, and Korean refugees would move south in a crisis and not north. A unified Korea in Beijing's orbit would serve as a superior buffer, and it is Kim Jong Il who is pushing Japan to rearm and build missile defenses. And Korean issues are beginning to cloud China's relations with America. On balance, North Korea is a growing liability for Beijing as it tars its international standing.

There are two primary reasons why the Chinese haven't solved the Korean crisis. First, China is in the middle of a once-in-a-lifetime transition. Mao Zedong was once the world's arch-proliferator of nuclear weapons technologies. Many in Beijing now realize that the further nuclearization of the region will only result in the reduction of China's relative power. It is not just the potential armament of Japan, South Korea and Taiwan that concerns the Chinese. The nuclear agreement between India and the U.S. -- the world's largest democracy and its most powerful one -- foreshadows a setback of immense proportions for China.

Despite Beijing's recognition that proliferation no longer benefits China in the long term, there is now no accepted strategic vision in the Chinese capital, just competing views and interests that result in directionless policy -- what many mistake as "nuanced" diplomacy. There may be academics and Foreign Ministry officials who want to take constructive steps, but there are also generals who enjoy bedeviling Americans and who maintain close ties with their North Korean counterparts.

The most recent evidence of Beijing's indecisiveness is its flip on the inspection of goods moving in and out of North Korea. On Oct. 14 of last year, Wang Guangya, China's U.N. ambassador, voted in favor of U.N. Security Council Resolution 1718, which calls on nations to inspect such goods. Immediately after the vote, he declared that the inspection provision was unacceptable to China. Then, two days later he said that China would inspect North Korean cargoes after all, but would not intercept or interdict them. This erratic performance is a sign of a government that does not know what to think or do, even on matters of importance.

More generally, Chinese foreign policy has not evolved to the point where Beijing is disposed, by itself, to openly interfere in the affairs of a neighbor in a drastic manner. China's officials still speak of the Five Principles of Peaceful Coexistence -- all of which boil down to noninterference in others' internal affairs -- as the bedrock of their foreign policy. China must complete the process of both shedding the self-image of an outsider and ending its traditional role as an adversary of the existing global order.

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Such a change inevitably occurs when a rising power matures, but it only happens after internal perceptions have shifted over time. The fundamental problem is that China is just not quite ready to act like a great power.

Second, China has priorities that it perceives to be more important -- or at least more immediate. North Korea was pushed to the top of Beijing's agenda only by an unexpected event: Pyongyang's October 2002 admission to an American envoy that it had been pursuing a uranium-weapons program in violation of its existing agreements. Up until then, Chinese leaders were preoccupied by domestic matters. To the extent they were concerned by international ones, they were focused on China's western and southern borders. Today, other matters -- such as securing energy -- are deemed far more urgent than Korea.

China will not disarm North Korea on its own. Beijing has been able to protect Pyongyang because Seoul is doing the same. Stripping Seoul from Beijing should be Washington's most immediate tactical goal. If Washington can help South Korea reverse course -- certainly possible in light of the conservative trend in that nation -- the Chinese will be alone in their support of Pyongyang and will therefore have to take a clear stand. They will have to choose between their future, cooperation with the U.S., and their past, the alliance with North Korea. America can help the Chinese break the deadlock inside their capital and complete their nation's historic transition.

Mr. Chang is the author of "Nuclear Showdown: North Korea Takes On the World" (Random House, 2006).

Bush Approves Plan To Pressure Sudan (WP)

By Glenn Kessler

The Washington Post, February 7, 2007

President Bush has approved a plan for the Treasury Department to aggressively block U.S. commercial bank transactions connected to the government of Sudan, including those involving oil revenues, if Khartoum continues to balk at efforts to bring peace to Sudan's troubled Darfur region, government officials said yesterday.

The Treasury plan is part of a secret three-tiered package of coercive steps -- labeled "Plan B" -- that the administration has repeatedly threatened to unleash if Sudan continues to sponsor a campaign of terror that has left as many as 450,000 dead and 2.5 million homeless. But the administration has held back on any announcement of Plan B, even after setting a Jan. 1 deadline, in hopes of still winning Khartoum's cooperation.

The delays have increased skepticism that the administration is willing to risk potential diplomatic and commercial fallout from targeting Khartoum.

The U.S. plan would put pressure on Darfur rebel leaders who have refused to participate in peace talks or who have targeted humanitarian groups operating in the region, officials said. The information on Plan B was provided by officials in four government agencies on the condition of anonymity because the administration had not planned on releasing details yet.

Some aspects of Plan B have already been stealthily launched, such as stationing four U.S. Army colonels last month as observers on the Sudan-Chad border in full view of Sudanese intelligence. The unannounced move was intended as a signal to Khartoum, which the administration accuses of launching a "quiet war" against Chad's government to widen the Darfur conflict.

"I find this all very dubious. They have talked about Plan B, but they have never explained what Plan B is," said J. Stephen Morrison, director of the Africa program at the Center for Strategic and International Studies. "The deadlines have come and gone, and the Sudanese have thumbed their noses."

Andrew Natsios, Bush's special envoy to Sudan, tomorrow will testify before the House Foreign Affairs Committee that the administration has set three triggers that would result in the enhanced sanctions: one, renewed attacks on displacement camps or driving nongovernmental organizations from Darfur; two, stonewalling peace negotiations with rebel forces; and three, refusing to implement a plan pushed by then-U.N. Secretary General Kofi Annan to expand a poorly equipped 7,000-person African Union force into a hybrid A.U.-U.N. force of 17,000 troops and 3,000 police.

"Treasury's plan to block commercial bank transactions connected to the Khartoum regime, even those involving oil revenues, will be only a minor, short-term inconvenience," said Eric Reeves, a Sudan expert at Smith College, who noted that Khartoum has already violated the three triggers since the start of the year. "This element of Plan B only reveals more fully its vacuous nature."

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The Darfur conflict broke out in 2003, when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse Sudan's government of supporting a militia known as the Janjaweed in an effort to crush the rebellion. About 2,000 villages have been destroyed across Darfur, and the administration more than two years ago accused the government of engaging in genocide. But the United States has made little progress in ending the conflict or the humanitarian crisis.

Buoyed by booming oil wealth and a close relationship with China, Sudan has shrugged off repeated threats of action. Bush, increasingly frustrated by the impasse, approved key aspects of the plan last month, directing Treasury to come up with a menu of options that would directly affect the government in Khartoum, officials said. Sudan's Arab leadership has fought multiple civil wars with regional groups over the country's oil and other resources, and U.S. officials believe Sudan's leaders are fearful of any moves that might threaten their grip on power.

Sudan's economy is largely dollar-based, meaning many commercial transactions flow through the United States and making it especially vulnerable to Treasury actions. Indeed, U.S. intelligence, which has stepped up reporting on Sudan in recent months to prepare for a confrontation, believes Khartoum set up a government committee to explore ways of obtaining oil revenues that did not involve dollars, such as barter deals, one official said. Sudan's government has also unsuccessfully sought new oil contracts that would provide for large upfront payments.

The core of the Treasury plan rests on an executive order issued by President Bill Clinton in 1997 that blocked all Sudanese government assets, including companies connected to it, and curtailed financial dealings with Sudanese entities. Bush last year issued a second executive order that blocked the property of people connected to the conflict in Darfur. The existing orders already result in regular freezes or rejections of some Sudanese transactions, but U.S. officials believe they also give the Treasury the authority for an aggressive crackdown on a much larger group of companies connected to Sudan.

Officials hope a ripple effect of Treasury's actions would extend to other countries and companies doing business with Sudan, forcing them to reconsider whether they want to be tainted or, more troubling, subjected to Treasury's scrutiny. "Anything that is controlled by the government we can go after," a senior administration official said. "But the effectiveness will be driven by the participation of our partners," meaning other countries.

Sudan produces about 500,000 barrels of oil a year, which at current market rates is worth about $10 billion. As much as 200,000 barrels are kept for internal consumption, Morrison said, with about 75 percent of the rest sold to China. Partly because some aspects of the plan are still classified, administration officials yesterday were vague about how the plan would cripple Sudan's oil revenues. One official said Treasury will "have the ability to touch things that touch oil revenues."

The regional government of South Sudan, created through a peace deal two years ago, is supposed to get 50 percent of oil revenues. Officials said they think they had designed the plan so it would harm Khartoum but without impacting the government in the south.

Suicide Bomber Dies At Airport In Pakistan (NYT)

By Salman Masood

The New York Times, February 7, 2007

ISLAMABAD, Pakistan, Feb. 6 — A suicide bomber armed with pistols and grenades killed himself and at least one other person after a shootout with security guards at Islamabad's international airport on Tuesday night, in what the police described as a thwarted but brazen terrorist attack.

It was the second suicide bombing in Islamabad in less than a week and appeared intended to inflict major casualties at the airport, which was teeming with passengers and was sealed off by the police for hours. At least five people were wounded, including three security personnel, and were rushed to nearby Rawalpindi General Hospital.

Aftab Ahmed Khan Sherpao, the interior minister, said in an interview that the bomber and an accomplice fled a taxicab at an airport checkpoint near the parking lot. He said the bomber zigzagged, fired at security guards and detonated a grenade as he was hit by an officer's bullet. Another intelligence official said the accomplice was wounded and arrested.

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The identities and motives of the pair were unclear. But Tariq Azeem Khan, the state minister for information, said the attack was evidently a response to President Pervez Musharraf's effort to suppress groups that support Al Qaeda, the Taliban and other Islamic militant extremists, particularly in Pakistan's northwest frontier near the border with Afghanistan.

"It is a backlash against Pakistan's support in the war against terror," Mr. Khan said. '"Pakistan is itself a victim of terror and is being targeted."

The attack followed a Jan. 26 suicide bombing at the Marriott Hotel in an upscale neighborhood of Islamabad and was the sixth militant attack in the past two weeks, most of them near the Afghanistan-Pakistan frontier.

Russia Tycoon May Talk To Police On Poisoning (NYT)

By Alan Cowell

The New York Times, February 7, 2007

LONDON, Feb. 6 — Boris A. Berezovsky, an exiled Russian tycoon and bitter opponent of the Kremlin, said Monday that he was prepared to be interviewed by the Russian police investigating the poisoning in London last November of Alexander V. Litvinenko, a dissident former K.G.B. agent he had advised and financed.

However, in what he called his first newspaper interview since the British police handed a dossier on the case to the Crown Prosecution Service last week, Mr. Berezovsky said that he would talk to Russian investigators only if they met conditions, including being searched for weapons and poisons.

Mr. Berezovsky spoke in a wide-ranging, 50-minute interview in his offices in Mayfair, a wealthy district of central London, offering some new insights into a tantalizing case that has raised many questions but answered few of them since Mr. Litvinenko, 43, died of radiation poisoning caused by a rare isotope, polonium 210, on Nov. 23.

Mr. Berezovsky said he believed that Mr. Litvinenko had been the target of two attempts on his life, the first in mid-October. That attempt failed, he said, because too little poison was used. Mr. Berezovsky also disclosed that the prime suspect identified in British news reports had visited him the day before Mr. Litvinenko was poisoned in November and had left a powerful trace of radiation in Mr. Berezovsky's office.

After the British police started investigating the case, Russian officials announced their own inquiry and said Moscow police officers were awaiting clearance from Britain to come here.

In a softly lighted and sumptuous suite, Mr. Berezovsky, a former mathematician who amassed huge wealth in business during the Russian presidency of Boris N. Yeltsin in the 1990s, said he was prepared to meet Russian investigators if that would help the British police inquiry, which is widely perceived to have stalled over Russia's resistance to extraditing suspects.

But Mr. Berezovsky said he would not meet the investigators in the Russian Embassy and would insist that they be searched beforehand.

"The people from Russia should be investigated for arms and poison," he said, insisting, too, that he would not sign a confidentiality agreement about the discussion. "I don't trust them at all."

Mr. Berezovsky said he blamed President Vladimir V. Putin of Russia for the killing, a charge the Kremlin has labeled absurd. He said the killers had apparently believed that the cause of death would never be known because British investigators would not be able to identify polonium 210 as the poison. Polonium had been discovered in Mr. Litvinenko's body only three hours before he died, Mr. Berezovsky said.

The British inquiry has focused on three Russian men who met with Mr. Litvinenko on Nov. 1 at an expensive hotel where the poison is thought to have been slipped into his tea. One of them is Andrei K. Lugovoi, a former K.G.B. agent who Mr. Berezovsky said worked for him after he acquired control of a major television station in Moscow in the 1990s.

Mr. Berezovsky, 61, fled Russia in 2000 and, after a series of court battles, won political asylum in Britain in 2003. Mr. Litvinenko also left Russia in 2000, and Mr. Berezovsky said he set the former agent up with a house in north London, a salary and school fees for his son.

Before the killing, however, Mr. Berezovsky said, the two men had agreed to go their separate ways and Mr. Litvinenko had started investigating a range of business deals involving prominent Russians. "Alexander touched something very sensitive," Mr. Berezovsky said, without elaborating.

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When Mr. Litvinenko initially became ill in early November, Mr. Berezovsky said, he told hospital visitors that he believed Mr. Lugovoi was "involved" in the poisoning. Mr. Lugovoi has consistently denied any involvement. Until then, Mr. Berezovsky said, he had no reason to mistrust his former bodyguard and had asked him to arrange security for a daughter visiting Russia last year.

Last October, when Mr. Lugovoi called him to say he was visiting London for a soccer game, Mr. Berezovsky said, he invited him to his office. "I wanted to tell him thanks a lot for my daughter," Mr. Berezovsky said. "He came to my office."

But, after Mr. Litvinenko died and the office was scanned for radiation, Mr. Berezovsky said, a chair used by Mr. Lugovoi was found to have high levels of radiation. Mr. Litvinenko also visited Mr. Berezovsky's office, on the day he was poisoned.

The timing of Mr. Berezovsky's interview apparently reflected a desire by Mr. Litvinenko's family and supporters to keep the case firmly in the public eye when they seemed worried it could fizzle if British authorities did not prosecute. "The basic target is not to allow anybody to stop this case," Mr. Berezovsky said.

This week, Mr. Litvinenko's widow, Marina, released an open letter to Mr. Putin urging him to bring her husband's killers to justice.

Russian Justice (WSJ)

The Wall Street Journal, February 7, 2007

The wheels of justice in Vladimir Putin's Russia move strangely, but this week all too transparently. Prosecutors brought fresh charges against Mikhail Khodorkovsky that likely ensure that the former Yukos oil magnate and Putin political opponent won't leave his Siberian prison camp before next year's presidential election.

Nothing from his first trial suggests the outcome will be any better for Mr. Khodorkovsky once a Russian court in distant Chita, near the Mongolian border, takes up the new money laundering and embezzlement case. They could add 15 years to his prison term. Mr. Khodorkovsky's initial conviction and eight-year sentence for tax evasion enabled the backroom nationalization of Yukos's plumb assets. He would have been up for parole next year. No more.

Would that Russian investigators were as determined in pursuing the killer of Anna Politkovskaya, who was shot in her apartment building last October. Her case is unsolved. Since the murder of TV personality Vladislav Listyev in 1995, no one has been successfully prosecuted for a high-profile assassination inside Russia. Now the Kremlin is busy making it harder for United Kingdom authorities to bring to justice the murderers of Alexander Litvinenko, who was poisoned with polonium 210 in London last November.

British investigators found traces of the radioactive substance at the hotels, on the plane, even on the football stadium seat that Moscow businessman Andrei Lugovoi used during his trip there. This former KGB agent and another colleague had drinks with Litvinenko the day he was poisoned. Polonium 210 was also discovered at the bar and in a tea pot at the London hotel where they met. Such forensic evidence apparently isn't up to Russian standards. No charges have been filed in Britain, but Russia's chief prosecutor has already preemptively ruled out the extradition of Mr. Lugovoi to the U.K. The Russians also refused to let British police question him directly in Moscow.

You don't have to be a conspiracy theorist to surmise that the Kremlin wants Mr. Khodorkovsky to stay in Siberia and the Politkovskaya and Litvinenko cases to remain unsolved. And so they are.

Blair Wins Cash-for-honours Reprieve (FT)

By Jimmy Burns, James Blitz And Nicholas Timmins

Financial Times, February 7, 2007

Downing Street on Tuesday won a temporary reprieve in the cash-for-honours affair when the Crown Prosecution Service announced that the first person to be arrested by the police last year would not be charged.

Amid signs that Labour pressure on Tony Blair to resign immediately had momentarily eased, the CPS said there was "insufficient evidence" to press charges against Des Smith, a headteacher.

Mr Smith was arrested last April after allegedly suggesting to a Sunday newspaper that sponsors of the government's flagship city academies would receive honours.

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However, giving its first formal decision on the cash-for-honours affair, the CPS said: “Although it is clear that Mr Smith made some indiscreet comments to an undercover journalist, his conversations did not provide evidence that he was trying to obtain funding for city academies in exchange for honours.”

The CPS’s decision to drop the investigation into Mr Smith probably has no implications for the outcome of the rest of the inquiry. However, the CPS’s decision on Mr Smith is the first crack in the Metropolitan police’s investigation into claims that Labour offered peerages in return for secret loans.

Even so, one senior officer not directly involved with the investigation said there was widespread sympathy with John Yates, the head of the investigation team, and his apparent refusal not be derailed by political pressure.

The officer said: “I think what you are seeing is a Blue Revolution – a reminder that everyone is equal before the law, and the police are not bending to pressure from the establishment.”

For the past 11 months police have investigated whether Downing Street offered peerages to a group of business leaders in return for loans and donations to the Labour party. Two close allies of Mr Blair have been arrested in relation to police investigations into a possible Downing Street cover-up. All deny the charges.

Mr Blair’s immediate position was on Tuesday shored up by two other developments. First, Sir Gus O’Donnell, the cabinet secretary, denied media reports that there was a secret e-mail system inside Number 10 that the police had not been told about. Mr Blair’s aides have repeatedly denied the allegation since it emerged in news reports some days ago.

But a denial by Sir Gus, the head of the civil service, carries particular weight.

Second, a new opinion poll showed that the public is less interested than the media and political worlds in the cash-for-honours affair. A Populus survey for The Times, conducted over last weekend, showed support for Labour has firmed to 33 per cent, up one point since early last month, while the Tories are three points down at 36 per cent.

In an appearance before the Commons public administration committee, Sir Gus signalled growing frustration in Whitehall with the way the allegations over cash for honours have been presented by broadcasters and the press. “I find it deeply worrying just how much media coverage there is,” he said. “That’s all I can say.”

Appearing on Tuesday before the Commons liaison committee – made up of all Commons committee chairs – Mr Blair said he would be willing to appear before the group once more before he leaves office. This implies he still plans to be in office in June.

But a decision to charge one of Mr Blair’s close aides might trigger a spasm of uncertainty within the Labour party over whether the prime minister should stay in office until June.

The CPS said that there would be no further charging decisions relating to any other persons arrested or interviewed by the police until Scotland Yard had completed its investigation and submitted its final dossier.

Neither the police nor the CPS would comment on Tuesday night on when the probe would end, although Scotland Yard said the “wider police investigation is ongoing”.

British Prosecutors Clear Blair Ally In 'Cash-for-Honors' Probe (WP)

By Kevin Sullivan

The Washington Post, February 7, 2007

LONDON, Feb. 6 -- Prosecutors cleared a political ally of Prime Minister Tony Blair on Tuesday in an investigation into whether Blair's Labor Party awarded government honors in exchange for cash.

The Crown Prosecution Service said it had found "insufficient evidence" to bring charges against Des Smith, who was arrested last year in the inquiry, which has caused extensive political damage to Blair's government.

Smith, a former government adviser who helped recruit wealthy sponsors for a key Blair education initiative, told reporters he was relieved that the inquiry regarding him was over and called it "nonsense from the beginning."

Smith was the first of four people arrested in what people here call the "cash-for-honors" investigation, centering on whether potential political donors have been enticed with promises of appointments to the House of Lords, the upper house of Parliament.

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The others arrested were Blair's top fundraiser, Michael Levy; a key adviser, Ruth Turner; and Christopher Evans, an entrepreneur and major Labor Party donor. Police said all four were questioned on suspicion of breaking laws banning the exchange of honors for money. Levy and Turner were also questioned on suspicion of "perverting the course of justice," which has led political opponents to allege a coverup.

No one has been charged with a crime.

Blair has been questioned twice by police, the first time that a sitting British prime minister has been interviewed by police in a criminal probe. Police have said Blair was treated as a potential witness, not as a suspect.

Smith was a key backer of Blair's flagship education program to create public schools with special independence. Smith last year allegedly told an undercover newspaper reporter that major donors to those academies could be recommended for government honors, including seats in the House of Lords.

Smith has denied doing anything improper, including what he said in his conversation with the reporter, who was posing as an assistant to a potential donor. The prosecution service, in a statement, called Smith's comments to the reporter "indiscreet" but said they did not amount to evidence of wrongdoing.

As Inflation Soars, Zimbabwe Economy Plunges (NYT)

By Michael Wines

The New York Times, February 7, 2007

JOHANNESBURG, Feb. 6 — For close to seven years, Zimbabwe's economy and quality of life have been in slow, uninterrupted decline. They are still declining this year, people there say, with one notable difference: the pace is no longer so slow.

Indeed, Zimbabwe's economic descent has picked up so much speed that President Robert G. Mugabe, the nation's leader for 27 years, is starting to lose support from parts of his own party.

In recent weeks, the national power authority has warned of a collapse of electrical service. A breakdown in water treatment has set off a new outbreak of cholera in the capital, Harare. All public services were cut off in Marondera, a regional capital of 50,000 in eastern Zimbabwe, after the city ran out of money to fix broken equipment. In Chitungwiza, just south of Harare, electricity is supplied only four days a week.

The government awarded all civil servants a 300 percent raise two weeks ago. But the increase is only a fraction of the inflation rate, so the nation's 110,000 teachers are staging a work slowdown for more money. Measured by the black-market value of Zimbabwe's ragtag currency, even their new salaries total less than 60 American dollars a month.

Doctors and nurses have been on strike for five weeks, seeking a pay increase of nearly 9,000 percent, and health care is all but nonexistent. Harare's police chief warned in a recently leaked memo that if rank-and-file officers did not get a substantial raise, they might riot.

In the past eight months, "there's been a huge collapse in living standards," Iden Wetherell, the editor of the weekly newspaper Zimbabwe Independent said in a telephone interview, "and also a deterioration in the infrastructure — in standards of health care, in education. There's a sort of sense that things are plunging."

Mr. Mugabe's fortunes appear to have dimmed as well. In December, the ruling party that has traditionally bowed to his will, the Zimbabwe African National Union-Patriotic Front, balked at supporting a constitutional amendment that would have extended his term of office by two years, to 2010. The rebuff exposed a fissure in the party, known as ZANU-PF, between Mr. Mugabe's hard-line backers and others who fear he has brought their nation to the brink of collapse.

The trigger of this crisis — hyperinflation — reached an annual rate of 1,281 percent this month, and has been near or over 1,000 percent since last April. Hyperinflation has bankrupted the government, left 8 in 10 citizens destitute and decimated the country's factories and farms.

Pay increases have so utterly failed to keep pace with price increases that some Harare workers now complain that bus fare to and from work consumes their entire salaries.

Citing a leaked central bank document, [a news agency] reported Tuesday that prices of basic items like meat, cooking oil and clothes had risen 223 percent in the past week alone.

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Soaring costs have made it impossible for both national and local governments to meet budgets and for businesses to afford raw materials, while subsidies for basic commodities have drained the government treasury and promoted corruption.

Seeking to revive farm production, for example, the government sells gasoline to farmers at a bargain rate of 330 Zimbabwe dollars per liter — and farmers promptly resell it on the black market for 10 times that, leaving their fields idle.

Mr. Mugabe, who blames a Western plot against him for Zimbabwe's problems, has rejected all calls for economic reform. The government refuses to devalue Zimbabwe's dollar, which fetches only 5 to 10 percent of its official value on the thriving black market. As a result, foreign exchange to buy crucial imported goods like spare parts and fertilizer has effectively dried up.

Despite acceptable rains, one international aid official said, Zimbabwe's corn crop is currently lagging behind last year's — and that harvest was among the worst in history. The official spoke on condition of anonymity because the assessment had not been made public.

The central bank's latest response to these problems, announced this week, was to declare inflation illegal. From March 1 to June 30, anyone who raises prices or wages will be arrested and punished. Only a "firm social contract" to end corruption and restructure the economy will bring an end to the crisis, said the reserve bank governor, Gideon Gono.

The speech by Mr. Gono, a favorite of Mr. Mugabe, was broadcast nationally. In downtown Harare, the last half was blacked out by a power failure.

Eighty-two years old, wily and physically robust, Mr. Mugabe has survived both international condemnation and domestic upheaval before.

Efforts to suppress dissent are rising: in recent weeks, trade union officials were seriously injured in police beatings, arsonists burned the home of a leading pro-democracy activist and church leaders were arrested while meeting to discuss the economic crisis. Foreign journalists remain barred from the country under threat of imprisonment, and harassment of Zimbabwean journalists has sharply increased.

But hyperinflation is eroding the government's control over every aspect of public life and, by extension, over its own future.

"It's out of control now, and they have to bring it back in control," said John Robertson, a Harare-based economist and a frequent critic of government policies. "We're reaching the steepest slopes of the process. They say they can fix prices, but the things that cause price increases come from so many different directions that the government can't control them all."

That growing loss of control is apparent. The black market, which already flourishes beyond the reach of tax collectors and regulators, is likely to grab an even larger share of the economy when the government freezes prices in March, because stores will be unable to make a profit selling products at government-fixed prices.

Problems with water and power supplies have become acute because of a lack of foreign exchange and salaries for workers; a wave of blackouts hit the nation early last month when 100 electrical workers walked out to protest low pay.

Zimbabwe's political opposition has failed for years to mount an effective work stoppage to protest living conditions. But public workers, the bedrock of government support, this year have begun to walk off the job because there is no longer enough money to pay them a living wage.

The average teacher, for example, earns barely one-fourth of the salary needed to keep a family of six out of poverty. The military, unhappy with January's 300 percent pay hike, is seeking 1,000 percent.

The growing number of strikes also has emboldened the Zimbabwe Congress of Trade Unions, a center of opposition to Mr. Mugabe, to make its own plans for a general work stoppage.

"People in Zimbabwe tend to be resilient," said Jamal Jafari, an analyst for the Washington-based International Crisis Group, which monitors political risks worldwide. "But that having been said, what has to be the scariest statistic for the government is the fact that large sectors of the civil service and the military are far below the poverty line. They simply can't raise salaries fast enough."

Mr. Jafari and some political and economic analysts in southern Africa say they now believe that Zimbabwe faces a political showdown within months, as the governing bodies of ZANU-PF wrangle over whether to grant Mr. Mugabe an extended term or to put less radical members of the ruling party in power.

Few expect a democratic revolution; the one rival party, the Movement for Democratic Change, is riven by splits, systematically suppressed by the government and without an effective leader. Regardless, these experts say, by failing to arrest

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this accelerating decline, Zimbabwe is edging toward a day of political reckoning that years of diplomatic jawboning and political jockeying have failed to produce.

For the government, “the big problem about Zimbabwe is that the one thing you can’t rig is the economy,” said one Harare political analyst, who refused to be identified for fear of being persecuted. “When it fails, it fails. And that can have unpredictable effects.”

From Bird To Person (WSJ)

By Peter D. Zimmerman

The Wall Street Journal, February 7, 2007

LONDON -- The "deadly" H5N1 avian flu is back on the front pages of newspapers and TV news shows. The British environment minister has pledged quick action to "eradicate" the disease from the U.K., and over 150,000 turkeys on one farm have been culled. "This is," someone said on the BBC's "Breakfast" show Monday, "a disease of birds, not humans." And so it is.

The H5N1 virus has still not made the critical interspecies leap which would make it easy for an infected person to give the disease to another person. That may happen, or it may not; and nobody can predict the outcome or its timing with any degree of confidence. Meanwhile, as of the World Health Organization's compilation on Feb. 3, there had been a total of 271 laboratory-confirmed cases of the virus in humans, and of that number a staggering 165, or 61%, died, making it one of the most lethal pathogens in history, even if not one of the most infectious.

Still, just 18 months ago many experts were predicting a global pandemic in a matter of months, perhaps one that would kill millions. There is historical precedent: The 1918-1919 "Spanish Flu" swept around the world in a matter of weeks, and before the disease burned out, more than 50 million people had died. Today H5N1 is reminiscent only of the Asian "Swine flu," which threatened the U.S. in 1976 but never turned into a serious threat to human life (although the media hype surrounding it helped undermine Gerald Ford's presidency). In 2004, worried people rapidly bought up much of the world's supply of Tamiflu and Relenza, the only two drugs that seemed to have a chance of beating H5N1. Now most of us have forgotten the names of these drugs.

Influenza viruses have eight genes and these mutate rapidly. Two sites on the viral genome, called H and N, are well catalogued, and each of those genes can come in many forms. Those are the markers that trigger the human immune system. If your body has seen a whiff of a particular virus, it will produce large numbers of antibodies if you later become infected with a strain having the same markers. If you have never been exposed to a particular strain, there are no antibodies in your bloodstream, and your body will fight an uphill battle for survival. The more virulent the virus, the less chance you have.

So far as is known, no H5N1 virus has ever circulated on the planet. That means nobody has any natural immunity. Our good fortune last flu season was that the bird flu virus had not yet learned the trick of passing easily from human to human. The few confirmed victims were almost all people who'd worked very closely with infected fowl in extremely unsanitary conditions. One can suppose that they were massively exposed, allowing this "disease of birds, not humans" to develop in their bodies.

Almost all influenza viruses originate in migrating water fowl in South-East Asia, and by and large the birds don't get sick. However, those birds can pass their viruses to domesticated birds. In the great viral mixing pot of China, where people live in close contact with both their birds and their pigs, influenza viruses can readily pass from one species to another, and sometimes to an animal or person already infected with another flu bug.

In this environment, mutations are guaranteed to occur, and from time to time a new pathogen with the ability to pass between people develops. If it carries the same marker combination as one or another previous flu virus, much of the world's population will have a basic immunity. If it does not have familiar markers, much of humanity is at risk once that virus learns to jump from person to person. Each year a panel of experts tries to guess which strains of flu will pose the highest risk in the coming influenza season, and orders up vaccines to give the vulnerable some protection. H5N1 has not been selected, because it still hasn't become contagious in our species. But it could make the jump at any time.

The last year has brought the world a major advantage, should H5N1 become a "disease of humans." The pharmaceutical industry has learned the difficult trick of making and producing a vaccine against a hitherto unknown disease. GlaxoSmithKline recently claimed that it had succeeded in developing a "second generation" bird flu vaccine that could be given in advance, even

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before knowing the detailed gene structure that would allow this bird flu to infect people. The vaccine could be given before the bug even learns that deadly trick. Other companies have also developed vaccines which appear to produce broad-spectrum antibodies against many strains of the virus, and many governments have ordered large stocks from various producers.

It is probably worth stockpiling many millions of doses before H5N1 escapes into the human population. Because none of us has any useful immunity, the virus could migrate around the world with the speed of commercial air travel, not the steamships that powered the Spanish Flu. If H5N1 escapes, and if it becomes as virulent as the Spanish Flu (which killed 1% of those who developed the disease), the pessimistic predictions of millions of people dead within months could come true. Only if vaccine bottles were already on the shelf, ready for instant use, could the virus be contained.

However, deadly as it could be, and as harmless as it has so far been, the H5N1 avian flu will not be the last new influenza virus to develop. The process that produced H5N1 is at work every year, and the more intense the agribusiness of raising chickens in China becomes, the more rapidly new viruses can spread and mutate. Even if we may have dodged the H5N1 bullet, another pandemic like the Spanish Flu is inevitable and could break out into the human population so quickly that vaccines cannot be produced in time.

New types of influenza virus must be detected and combated while they are still diseases of birds, not humans. Detection of new viruses will happen where they originate. A global pathogen surveillance system -- as Sen. Joseph Biden suggested almost five years ago -- is necessary because the global first line of defense against influenza is not the U.S. Centers for Disease Control and Prevention, but the public health agencies of China, Vietnam and other nations in that region. Those agencies need multilateral support and encouragement, and the United States must take the lead. And countries where flu viruses originate need the courage to recognize that reporting a new disease does not reveal weakness, but rather demonstrates the strength of their health systems.

Mr. Zimmerman is professor of science and security at King's College London. He was chief scientist of the U.S. Senate Foreign Relations Committee staff and science adviser for arms control at the U.S. State Department.

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TERRORISM NEWS:

U.S. Declines To Join Accord On Secret Detentions (WP)

By Molly Moore

The Washington Post, February 7, 2007

PARIS, Feb. 6 -- Representatives from 57 countries on Tuesday signed a long-negotiated treaty prohibiting governments from holding people in secret detention. The United States declined to endorse the document, saying its text did not meet U.S. expectations.

Louise Arbour, the U.N. high commissioner for human rights, said the treaty was "a message to all modern-day authorities committed to the fight against terrorism" that some practices are "not acceptable."

In Washington, State Department spokesman Sean McCormack declined to comment, except to say that the United States helped draft the treaty but that the final wording "did not meet our expectations."

The Associated Press reported that McCormack declined to comment on whether the U.S. stance was influenced by the Bush administration's policy of sending terrorism suspects to CIA-run prisons overseas, which President Bush acknowledged in September.

"Our American friends were naturally invited to this ceremony," French Foreign Minister Philippe Douste-Blazy said after the signing here. "Unfortunately, they weren't able to join us. That won't prevent them from one day signing on in New York at U.N. headquarters, and I hope they will."

Some U.S. allies in Europe also declined to join, among them Britain, Germany, Spain and Italy.

The convention defines forced disappearance as the arrest, detention or kidnapping of a person by state agents or affiliates and subsequent denials about the detention or location of the individual.

The treaty, adopted by the U.N. General Assembly in December, has been pushed for nearly a quarter-century by rights groups and the families of individuals who have disappeared at the hands of various governments. It also addresses the international debate over the rights of terrorism suspects.

At a separate gathering, a non-binding accord banning the use of child soldiers was signed here Tuesday by representatives of 58 countries, including African nations that have been harshly criticized by the United Nations and human rights groups for arming children. The United States did not participate, saying that it objected to some of the wording of the documents but that it remained committed to its treaty obligations on the issue.

Douste-Blazy, the French foreign minister, described the agreement as having "a great political value" in pressuring national armies, paramilitaries and opposition forces to stop using children as combatants.

"What this conference has shown is that there is a great deal of political commitment to ending the unlawful recruitment of children," said Rima Salah, deputy executive director of UNICEF, the United Nations' advocacy agency for children, which co-sponsored the conference with the French government. "What needs to be done now is to harness this commitment and turn it into concrete action on the ground."

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U.N. and human rights groups estimate that as many as 300,000 children younger than 18 are used worldwide in armed conflicts as soldiers or servants for soldiers. They say girls in particular are often sexually abused and exploited by militaries and armed groups.

The accord calls for an immediate halt to recruitment of children, the release of those now serving in militaries or paramilitaries and the expansion of programs for reintegrating the youngsters into their communities and societies.

Among the countries signing the accord were Congo, Chad, Sudan and Uganda, all of which the United Nations has singled out on the abuse of children by armed factions and militaries. Burma and the Philippines, which the United Nations has also cited, did not take part in the conference or sign the agreement, UNICEF said.

The International Criminal Court in The Hague considers the use of children younger than 15 in armed conflicts a war crime and announced last week that Congolese warlord Thomas Lubanga Dyilo will be tried on charges of recruiting child soldiers as young as 10.

Feds Want PUC To Put Off Contempt Hearing For Verizon (AP)

AP, February 7, 2007

AUGUSTA, Maine — The Justice Department asked a judge Tuesday to bar the Maine Public Utilities Commission from proceeding with a contempt hearing for Verizon that stems from telephone customer complaints related to allegations about domestic surveillance by the National Security Agency.

A multi-customer complaint filed with the Maine PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant.

The PUC has challenged the adequacy of Verizon responses to date and set a hearing for Friday.

In a federal court filing Tuesday, the Justice Department said PUC officials had been put on notice months ago that the federal government believes the information being sought about an alleged involvement of Verizon with the NSA "cannot be disclosed."

The Justice Department requested a judicial order to keep the Maine PUC from moving forward until a court decides "what is clearly a federal question without the immediate threat of disclosure of the very information that is at issue in this case _ information that, if disclosed, might reveal or tend to reveal highly significant federal classified intelligence activities."

In addition to seeking to block PUC action, the Justice Department said the order it was requesting would bar Verizon from responding to PUC demands "because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities."

Justice Department lawyer Alexander Haas said he had no comment. Department spokesman Charles Miller confirmed that the request for a court order was aimed at Friday´s scheduled PUC hearing.

Assistant Maine Attorney General Chris Taub said the state planned to formally respond on Wednesday in advance of a Thursday hearing in U.S. District Court in Bangor before Judge John Woodcock.

"We´re going to oppose the motion and ask the court to permit the PUC hearing to take place as scheduled," Taub said.

Verizon spokesman Peter Reilly said the company had no comment.

Verizon, in answer to last May´s customer complaint, issued a response on May 19, 2006, in which it referred to points made in two press releases, including one that declared the company was not asked for records by the NSA and did not provide such records.

The PUC subsequently ordered Verizon, on Aug. 9, to affirm in writing that its representations to the commission were true.

On Aug. 21, the same day that the U.S. Justice Department originally filed suit against the PUC and Verizon asserting that the PUC was pre-empted by federal law from investigating the alleged spying program, Verizon said it would not submit an affirmation, citing legal action by the federal government.

Since then, the PUC has sought to have the federal suit dismissed and the complaint case has not moved forward.

Ten days ago on Jan. 29, the PUC voted 3-0 to hold a contempt hearing.

White House Ceding Legal Ground In Detainee Battle? (ABC)

By Justin Rood

ABC News, February 7, 2007

A line item buried in the president's budget reveals the Bush administration is gearing up for emboldened legal challenges from Gitmo detainees.

A brief paragraph in President Bush's 2008 budget request shows he plans to hire nearly two dozen new Justice Department lawyers to fight suits brought by Guantanamo detainees challenging their imprisonment.

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The boost is planned despite a new law that should prevent detainees' claims from ever reaching a U.S. court, suggesting the White House may believe that law will be quickly reversed.

The increase in lawyers "signals real concern on the administration's part," said Vincent Warren, president of the New York-based Center for Constitutional Rights, that the new law is unconstitutional and will be struck down. His organization represents over 200 Guantanamo detainees and has helped lawyers representing hundreds of others.

The controversial bill passed through Congress late last year at the urging of President Bush. The Military Commissions Act (MCA), as it's known, stripped Guantanamo detainees of their right to challenge their captivity. President Bush signed the measure into law, despite critics calling the measure unconstitutional.

Currently, just seven Justice Department attorneys defend the government against Gitmo detainees' suits. By removing the threat of such lawsuits, the MCA should theoretically reduce or even eliminate the need for those attorneys -- but instead the White House wants to add 23 lawyers starting this October and arm the group with a $5.5 million budget. This year, the office's budget was $2.3 million.

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Military legal expert Eugene Fidell agreed with Warren's analysis. The request "presupposes that Congress will overturn the MCA...or tweak it," or the act could be affected by a Supreme Court ruling, said Fidell, president of the National Institute of Military Justice. "Or both," he added.

But Justice Department spokesman Eric Ablin disagreed. "I don't think you can read into [the request] in any way whatsoever," he said. "I think it's reflective of the expense of those Guantanamo cases."

Even so, the government's growth strategy might not be the best move, Fidell cautioned. After all, "you can turn 50 lawyers loose on a legal issue and not necessarily be better off," he said.

Detained Saudis Described As Democracy Activists (WP)

By Faiza Saleh Ambah

The Washington Post, February 7, 2007

JIDDAH, Saudi Arabia, Feb. 6 -- Saudi police have arrested 10 men and accused them of collecting donations to fund terrorist acts outside the kingdom, the Interior Ministry said. But a lawyer and a prominent dissident said that at least seven of the men were Saudi democracy activists whose arrest was a government attempt to abort their civic rights work.

Matrouk al-Faleh, who was jailed in 2004 for calling for more democracy in the kingdom, said the seven men, most of them lawyers and professors, had been waiting for government approval to set up a civic rights group. They also had planned to present authorities this week with a list of more than 40 prisoners without legal representation whom they intended to defend.

"The terrorist allegation is a coverup," Faleh said. "It was used against me as well when I was arrested. . . . This is an attempt to abort the civic rights work they were planning."

Police went to the Jiddah beach house of lawyer Essam Basrawi on Friday night and arrested him and five other Saudi men. Saudi businessman Abdul-Aziz al-Khereiji was arrested at a checkpoint as he drove to Jiddah with his wife, said Bassim Alim, an attorney who represents four of the detainees.

Basrawi's Moroccan personal assistant also was detained. There was no information on the identities of the two other men.

An Interior Ministry spokesman told local newspapers that the arrested men had been involved in financing recruiters who sign up young Saudis to go into "turbulent areas," which is generally a reference to Iraq. The spokesman said sizable amounts of cash had been found during searches of the men's homes.

Many young Saudi radicals have crossed the long and porous border between the kingdom and Iraq and joined up with Sunni Muslim insurgents there.

Alim said that the government's accusations were baseless and that his clients were well-known reformists with no connection to terrorism. He said they might have been raising funds for Palestinian or Iraqi refugees. The men had been warned repeatedly by the government not to gather or write petitions because authorities feared the rise of a new political reform movement, he said.

"They don't want any kind of organized reform movement; they're trying to stomp on any organized calls for reform," Alim said.

Alim said police had illegally searched the men's homes without warrants after midnight on Friday and seized files, books and computers. Neither Alim nor family members have been allowed to see the arrested men.

"If they are guilty of any crime, why aren't they allowed lawyers and charged publicly and shown proof or evidence?" Faleh said.

The arrests were the first to target democracy activists since reform-minded King Abdullah took the throne in 2005 and pardoned Faleh and two other leading activists who had spent 18 months in prison.

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A dozen other men arrested with them in March 2004 signed statements pledging to stop lobbying for political freedoms. But Faleh and the two others refused to sign and demanded legal representation and a public trial. Legal defense and public trials are allowed under Saudi law but rarely applied. Most defendants go to court without attorneys.

Saudi Arabia, an absolute monarchy, has a consultative council appointed by the government, and carried out limited municipal elections in 2005. Despite Abdullah's cautious steps toward reform, the kingdom continues to show little tolerance for political opposition. It imposes strict limits on freedom of expression and bans public gatherings and political parties.

One of men arrested Friday, Sulaiman al-Rushoodi, is a lawyer and former judge who had been among the group of activists detained in 2004. He was released several weeks later after pledging to address his demands solely to authorities, and he joined the defense team of the three activists then still behind bars.

Basrawi is a prominent activist who helped draft petitions addressed to the government during a vibrant period of political activism before the 2004 arrests.

The consultative Shura Council recently announced it was considering laws permitting the setting up of civic rights groups, which are currently not allowed in the kingdom. Saudi Arabia has two government-appointed human rights committees but bans independent human rights and civil rights organizations.

HOMELAND RESPONSE:

GAO Criticizes Homeland Security Lawyers (AP)

By Beverley Lumpkin

The AP, February 6, 2007

WASHINGTON- Government lawyers have hampered investigations into waste and fraud at the Homeland Security Department, officials told Congress on Tuesday.

The head of the Government Accountability Office, the nonpartisan investigative arm of the Congress, and the department's own inspector general said Homeland Security officials, particularly lawyers in the general counsel's office, had delayed probes and demanded inappropriate access to interviews with employees. There was no suggestion of criminality.

Homeland Security Department spokesman Russ Knocke denied the allegations, terming them inaccurate and unfair. He said there are many times that investigators from both offices have interviewed employees without attorneys present and that the general counsel's office is involved only when sensitive information is discussed.

Both investigators told a House subcommittee that numerous inquiries into waste, abuse or management problems had been delayed.

"They're not very responsive. They don't give information quickly," said David Walker, head of the GAO.

"Every document we seek to review has to be reviewed (first) by the general counsel's office," Walker added. He said the department's general counsel wants to "sit in on every interview," which he deemed inappropriate.

Walker said when there are more lawyers than other staff involved, "you've got problems."

"I agree wholeheartedly," said Inspector General Richard Skinner. "It's not a denial of information, but it's very cumbersome to obtain information."

Skinner also said that having a supervisor or attorney present when his office interviews an employee "sets a chilling effect" and tells the employee he's presumed not to be a team player.

Until his resignation last month, the general counsel was Phil Perry, son-in-law of Vice President Dick Cheney.

Walker and Skinner told the House subcommittee that "the tone is set from the top" and that Homeland Security Secretary Michael Chertoff himself needs to address the situation.

"You can be assured that we're hearing you loud and clear," replied the panel's chairman, Rep. David Price, D-N.C. Chertoff is due on Thursday to make his first appearance before the subcommittee since Democrats took control of Congress.

Skinner also complained that he had asked department leaders to send a message to all employees explaining what his office does, and how to contact it. He said the draft letter had been "sitting in the general counsel's office" since last summer.

Knocke said the inspector general has an informative and detailed page on the department's intranet Web page that is available to all employees. Knocke said that is the usual mechanism for communicating with nearly 200,000 employees scattered around the world.

However, Knocke acknowledged that a recent "all hands" message was sent as a letter to all employees by Deputy Secretary Michael Jackson. The Associated Press reported last week that a survey found Homeland Security employees ranking last in job satisfaction of 36 federal agencies. Jackson wrote it was a "clear and jolting message" that department leadership was taking seriously.

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That survey also came up at Tuesday's hearing, with Rep. Jose Serrano, D-N.Y., questioning the two watchdogs on whether such bad morale could have an impact on national security.

Skinner said some morale problems stem from combining 22 disparate agencies when the department was created in 2003. For example, the new agencies born from the old Customs and Immigration agencies have suffered from "very, very severe competition, jealousies, cultural differences, inability to get along with one another, inability or refusal to share information."

The panel also explored management failings recently revealed about two enormous long-term contracts the department has put in the hands of private companies.

The Coast Guard's Deepwater program was severely criticized by Skinner last month. The $24 billion, 25-year program to modernize the agency's fleet is being run by a joint venture of two defense contractors, Lockheed Martin and Northrop Grumman.

Skinner said he had recently spoken with Coast Guard Commandant Thad Allen, who Skinner said has taken the critique seriously and has reorganized his staff, named a new assistant commandant to oversee the program and rewrite the contract. Skinner quoted Allen as saying he would "put the Coast Guard back in the driver's seat."

There has also been criticism of the new border security program, the Secure Border Initiative, that Skinner has estimated could end up costing between $8 billion and $25 billion.

Walker noted that department officials had learned from their Deepwater problems and are moving more cautiously on the program, which covers both physical fencing and beefing up cameras, sensors and other technology on the border, and have been allocating funds for only small portions at a time.

Thwarted DHS Probes Alleged (WP/AP)

The Washington Post, February 7, 2007

Government lawyers have hampered investigations into suspected waste and fraud at the Department of Homeland Security, officials told a House subcommittee yesterday.

The head of the Government Accountability Office, the nonpartisan investigative arm of Congress, and the department's own inspector general said that Homeland Security officials, particularly lawyers in the general counsel's office, had delayed inquiries and demanded inappropriate access to interviews with employees. There was no suggestion of criminality.

DHS spokesman Russ Knocke denied the allegations, calling them inaccurate and unfair. He said that investigators from both offices have interviewed employees many times without attorneys present and that the general counsel's office is involved only when sensitive information is discussed.

Numerous inquiries into suspected waste, abuse and management problems had been delayed, the investigators said.

Incoming Intelligence Chief Plans To Ease Hiring Of Arab Americans (WP)

By Walter Pincus

The Washington Post, February 7, 2007

The incoming director of national intelligence, retired Navy Vice Adm. John M. McConnell, plans to change security rules to make it easier for intelligence agencies to hire first-generation Arab Americans for highly sensitive jobs.

These rules, dating from World War II, limit intelligence agencies' ability to employ first-generation Americans "who might have native language capabilities from serving in some of these very sensitive positions in the intelligence community" and hinder efforts to deal with radical Islam, McConnell said during his confirmation hearing Friday before the Senate Select Committee on Intelligence.

The rules McConnell described are in a directive from the director of central intelligence, or DCI. They require citizenship verification for access to the most highly classified data, known as sensitive compartmented information. For the foreign-born, there must be verification of U.S. citizenship and legal status in this country of immediate family members, including "spouse, cohabitant, father, mother, sons, daughters, brothers, sisters," the directive states.

Another element that must be considered when hiring is "foreign influence," according to adjudication guidelines that the White House adopted in December 2005. One section of the guidelines refers to "contact with a foreign family member, business or professional associate, friend, or other person who is a citizen of or resident in a foreign country if that contact creates a heightened risk of foreign exploitation, inducement, manipulation, pressure, or coercion."

An intelligence agency chief can waive these criteria, but McConnell said he wants to change them because they constitute "one of the areas that needs probably the greatest deal of attention and improvement . . . using people who speak the native language, understand the culture and the tribal conditions."

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A spokesman for the Office of the Director of National Intelligence said yesterday that he could not comment directly because McConnell has yet to be confirmed. But, as part of transforming the old DCI directives into the new "intelligence community directives," the spokesman said, "the issue of first-generation access will be addressed."

McConnell is not the first to raise the issue, though his proposal to alter the relevant security rules goes further than did his predecessor's. In his farewell address as national intelligence director on Jan. 19, John D. Negroponte talked about the need to "tap into the great diversity of ethnicities and talents our nation possesses" and "increase training and education in foreign language."

In April 2005, former CIA case officer Lindsay Moran raised concerns about language expertise and security on PBS's "The NewsHour with Jim Lehrer." No one in her initial training class, she said, "spoke any of the languages that the CIA needs to go after terrorist groups, such as Arabic, Pashtu or Urdu."

And, she added, "The agency has completely ignored a whole pool of potential employees of second-generation Americans . . . because there's this inherent distrust of foreigners within the agency, they're unwilling to hire these kinds of people -- exactly the kinds of people that we need in order to gather effective intelligence in the Middle East."

New FEMA Emerges From The Wreckage Of Past Disasters (column) (WP)

By Stephen Barr

The Washington Post, February 6, 2007

On paper, the coming year should be turnaround time for FEMA.

President Bush's fiscal 2008 budget restructures funding for the Federal Emergency Management Agency, giving the agency's head, R. David Paulison, his first opportunity to lay claim to money that can be used to restore FEMA's luster and professionalism.

Inside the agency, Paulison has urged his executives to look to the future and learn from what went wrong with the federal response to Hurricane Katrina, which devastated Gulf Coast states in 2005.

In public appearances, Paulison describes FEMA as a partner with states and localities when it comes to planning for and responding to natural disasters. He also makes the pitch that FEMA is on the rebound.

After touring storm-damaged central Florida on Saturday, Paulison assured state officials that tractor-trailers loaded with water, meals, tarps and generators were on their way. The promise of relief supplies came a day after storms devastated four counties, a sign of "the new FEMA," he said.

If money and staffing come together as Paulison hopes, the new FEMA will put an end to what the Government Accountability Office calls "considerable flux" and "near-constant organizational change" at FEMA since 2001.

Perhaps the biggest change came in 2003, when FEMA was folded into the new Homeland Security Department. From 2003 through 2005, programs and millions of dollars moved in and out of FEMA, disrupting operations and creating uncertainty, the GAO said in a report released last month.

FEMA also was forced to pay "a disproportionate amount" to help finance the start-up costs of the new department, leaving it with less money for its operating expenses, the GAO found.

After Katrina exposed leadership and management problems in FEMA, Congress conducted hearings and investigations that led to passage of the 2006 Post-Katrina Emergency Reform Act. The law transferred several offices within Homeland Security into FEMA, effective at the end of March.

The evolving FEMA "is very much the subject of attention in our budget," Michael Chertoff, secretary of homeland security, said Monday in discussing the administration's fiscal 2008 priorities.

The president will request $100 million for staffing, equipment, supplies and technology for the new FEMA initiative, Chertoff said. About $48 million will be used to convert FEMA's on-call response and recovery employees, who hold temporary positions, into full-time agency employees, Chertoff said.

That change would add about 1,000 employees to FEMA's full-time staff, which currently numbers about 2,200, agency spokesman Aaron T. Walker said. FEMA also will rely on about 3,240 employees who are paid from the disaster relief fund to work in recovery and relief efforts.

To help create the new FEMA, Paulison commissioned 18 studies aimed at strengthening the agency's business and support systems, such as personnel, finance, procurement and technology. The 18 assessments should be completed by April, and Walker said funding has been set aside to pay for any recommended changes in operations.

Finding the right people and getting them in the right jobs may be one of FEMA's biggest challenges. Investigations into Katrina suggested that FEMA lost too many senior managers during the merger into Homeland Security.

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The American Federation of Government Employees, which represents FEMA workers, has expressed concerns about turnover in the agency. Andrea E. Brooks, the union's vice president, said Paulison "is trying to do the right thing," but added that she puts little stock in the staffing promises, in part because a previous hiring initiative fell short of its goal.

Paulison has made some strides in hiring experienced hands. With one more hire, he will have filled FEMA's 10 regional offices with directors who have lengthy experience in emergency preparedness and disaster relief operations, the first time in years that the majority of those jobs have been filled by seasoned professionals, Walker said.

WAR NEWS:

House Democrats May Take Lead On War Resolution Front (LAT)

By Noam N. Levey And Janet Hook

The Los Angeles Times, February 7, 2007

WASHINGTON — House Democrats threatened Tuesday to take up a resolution next week to oppose President Bush's controversial troop buildup in Iraq, cranking up the pressure on Republicans who have blocked a vote on the measure in the Senate.

The move would shift the focus of the debate over the four-year-old war to the House, where Democrats have enough votes to pass a measure over Republican opposition. It also may further isolate the White House and its allies in the Senate, who are bucking public opinion that has turned sharply against the Iraq war and the president's plans to expand it.

When congressional Democrats began their campaign to challenge Bush over the unpopular war last month, House leaders decided to defer to the Senate to pass a resolution first.

But on Monday GOP senators derailed consideration of a nonbinding, bipartisan resolution that criticizes the Bush plan by preventing Democrats from getting the 60 votes needed to bring up the measure.

On Tuesday, with few signs that the impasse would end soon in the Senate, House leaders said they might move first on an issue that Americans say is the most pressing one facing the nation.

"We said for a long period of time we would follow the Senate, but we believe it is important for us to make . . . our views known," House Majority Leader Steny Hoyer, D-Md., said at his weekly briefing with reporters.

House Speaker Nancy Pelosi, D-Calif., has told her colleagues that a resolution against the president's call for 21,500 additional troops would be just the first of several legislative actions intended to pressure Bush into starting to withdraw American combat forces from Iraq.

Despite the mounting pressure, Senate Republicans continued to insist Tuesday that they simply want a fair debate on the floor of the Senate.

As they did Monday, they complained that they were not being allowed to bring up two alternatives to the resolution crafted by Sen. John Warner, R-Va., that "disagrees" with the president's plan to send more troops into Baghdad to control the sharply escalating sectarian violence.

One of the other resolutions -- sponsored by Sen. John McCain, R-Ariz., the leading cheerleader for a troop buildup -- backs the new strategy but also expresses the need for the Iraqi government to meet certain benchmarks to prove its commitment to help the American effort.

The other was offered by Sen. Judd Gregg, R-N.H., and is a short resolution that opposes any limit on funds for American troops in the field.

But Senate Democrats hammered Republicans on Monday for ducking a formal debate on the war. And by Tuesday morning, some Republicans worried the public would misunderstand their stance.

"It's very unfortunate that we appear to be blocking," McCain complained. "I hope we can make the American people aware that we're just asking for votes on our amendment, which is the way the Senate works."

By Tuesday afternoon, Sen. Mitch McConnell, R-Ky., the minority leader, said he would no longer insist that McCain's measure come up for a vote. He offered no public explanation why Republicans had chosen to champion Gregg's resolution rather than McCain's.

Other GOP lawmakers remained defiant, casting themselves as the most loyal defenders of U.S. troops, a tactic they have employed in previous war debates. "We're not going to yield on this," Sen. Ted Stevens, R-Alaska, told reporters in the hallways outside the Senate chamber.

But the Democratic assault continued Tuesday as senators came to the floor to accuse the GOP of seeking to avoid a debate on the president's policy.

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"It is absolutely outrageous. It is immoral," said Sen. Barbara Boxer, D-Calif., as she held up a photo of an Iraqi schoolgirl stepping over blood on the stairs of her school after a mortar attack.

MoveOn.org, a leading grass-roots organization opposing the war, announced it is running television ads targeting some Republican lawmakers, accusing them of not having "the courage to face a vote."

Now, House Democrats are also poised to ratchet up the pressure. And House Republicans have started to attack the resolution. "A meaningless, nonbinding resolution from Democrats may score a couple political points here at home, but it will not score any points with our troops," said Kevin Smith, a spokesman for House Minority Leader John Boehner, R-Ohio.

But without rules like those in the Senate that enable the minority to impede legislation, the House is a far less hospitable environment for the Republicans. Hoyer said Tuesday that Democrats would not allow any GOP amendments to the resolution criticizing the White House Iraq plan.

Senate GOP Tries To Shift Message (RC)

By John Stanton And Erin P. Billings

Roll Call, February 7, 2007

Senate Republican leaders struggled Tuesday to shift their focus away from complaints about parliamentary procedure and onto which party is best supporting the troops as Republicans and Democrats continued their high-stakes game of political chicken over the Iraq War.

Following their successful filibuster Monday of a resolution opposing President Bush's plan to increase troop levels in Iraq, Republicans found themselves on the losing end of the public relations fight as they woke up to headlines across the country pinning the blame squarely on them.

"It doesn't matter what's going on the floor. It's all about media," one senior GOP aide said Tuesday, warning that the focus on complaints about how Democrats are conducting the debate mandated by Minority Leader Mitch McConnell (R-Ky.) and Minority Whip Trent Lott (R-Miss.) put the GOP on treacherous ground. "We really need to get away from this process stuff," this aide complained, warning that McConnell and Lott could begin to suffer significant defections by rank-and-file members.

Privately, Republican leadership sources acknowledged they failed to effectively spin the Iraq debate and suffered at the hands of this week's headlines. GOP Senators were scrambling Monday night into Tuesday to troubleshoot their message, which many feared had become mired in procedural detail and esoteric arguments over fairness.

"It wasn't good," acknowledged one Republican Senate staffer.

On Tuesday, several leading GOP Senators were trying to refocus the message to one of supporting the troops. They also argued that the flurry of nonbinding resolutions sends confusing messages to the enemy and to the troops in harm's way.

The Senate Republican Conference circulated talking points at their regular Tuesday policy luncheon asking GOP Senators to argue that the Senate should vote on Sen. Judd Gregg's (R-N.H.) resolution expressing support for troops and avoid complaints about process.

"We can win if we focus on Gregg," one GOP source said, arguing that the tried-and-true tactic of using patriotism against Democrats could splinter Majority Leader Harry Reid's (Nev.) Democratic Caucus.

Sen. John Cornyn (R-Texas), the GOP Conference vice chairman, said despite a day of bad press, Republicans are not going "to get excited about headlines and a handful of papers that got it wrong." Cornyn argued that Republicans want to debate the troop surge, and will continue to debate it even as Reid and McConnell engage in a stare-down over how to proceed.

"[Democrats] may enjoy today's headlines and a handful of papers that got it wrong, but they're not going to be able to enjoy that forever," Cornyn said.

Despite those warnings, many Republicans appeared to have difficulty avoiding the process complaints — including McConnell himself. For instance, he and Reid engaged in a lengthy back-and-forth on the chamber floor Tuesday afternoon in which McConnell repeatedly complained that Reid was attempting to dictate to Republicans what resolution they were allowed to bring up even after he had narrowed the Republican list of demands from five to ultimately one — Gregg's troop-support resolution.

Sen. Ted Stevens (R-Alaska) also slipped back into arguments over process. While speaking with reporters following the GOP's closed-door luncheon, Stevens argued Republicans are "trying to protect the rights of the minority" and lashed out at Democrats for limiting the number of amendments or proposals Republicans can bring. "The amount of amendments we're going to have is really the issue here," he said.

House Democrats Eye Iraq Resolution (WT)

By Charles Hurt

The Washington Times, February 7, 2007

DOJ_NMG_0128960

House Democrats next week will take up the resolution condemning President Bush's plan to send an additional 21,500 troops to Iraq, House Majority Leader Steny H. Hoyer said yesterday, while the Senate continues negotiations over handling the nonbinding rebuke.

"The reason we're going ahead is not because we don't think the Senate will ever act, but we're not sure when the Senate is going to act," the Maryland Democrat told reporters yesterday.

"I think the resolution will clearly say we do not believe that the president's proposal of an escalation of 21,000 troops is the proper policy to be pursuing," Mr. Hoyer said, adding that the House resolution will also be nonbinding.

House Democrats initially said they would wait until the Senate approved such a measure, but Republicans in the upper chamber managed to block it this week. They have accused Senate Majority Leader Harry Reid, Nevada Democrat, of trying to limit the scope of the debate by not allowing two other resolutions expressing support for the war effort to be voted on in a similar fashion.

After the Senate resolution was blocked on a procedural motion Monday evening, Mr. Reid said he expects the resolution will come up again but did not elaborate.

In a letter to supporters yesterday, the Nevada Democrat accused Republicans of dodging a debate on Iraq.

"There are very few men and women in America who believe the Iraq war is not worthy of debate," he wrote. "They are the Republican members of the United States Senate. Yesterday, they did our country a grave disservice."

Republican leader Sen. Mitch McConnell, Kentucky Republican, has said he won't allow a vote on the resolution of no confidence unless a similar vote is allowed on two other resolutions.

One would endorse the "surge" plan but set benchmarks for Iraqi self-governance. A third resolution would promise not to cut funding for the war.

Late yesterday, Mr. McConnell offered to allow the resolution to go forward in exchange for a vote on the "no funding cutoff" resolution only. Mr. Reid declined. Republicans say they want Democrats on the record either favoring or opposing cuts in funding, which many Democratic voters are demanding. But Mr. Reid does not appear likely to allow such a vote to occur.

Rather, he wants a vote on the resolution of condemnation and said last month that he expects it to be painful for Republicans who face re-election in 2008.

"I'll tell you one thing: There are 21 Republicans up for re-election this time," he told reporters on Jan. 26. "If they think this is going to be a soft vote for them, they've got another think coming. They have more than [Democratic Senatorial Campaign Committee Chairman Charles E.] Schumer to worry about."

Mr. Hoyer, meanwhile, said the resolution will be similarly limited in scope when it arrives on the floor next week.

"I expect this bill be debated for an extended period of time -- maybe over three days," he said, though amendments will not be allowed.

Also yesterday, Sen. John Kerry told reporters he is introducing legislation that would set a firm deadline for the withdrawal of most U.S. troops from Iraq.

The Massachusetts Democrat hopes to kick-start a major diplomatic initiative, enforcing a series of benchmarks for meeting key political objectives, shifting the military mission to training Iraqi security forces and counterterrorism operations, and maintaining an "over-the-horizon" presence to protect U.S. regional interests.

"The only people who believe there is a workable military solution for the conflict in Iraq is the Bush administration," Mr. Kerry said. "We must find a way to force the Iraqi politicians to make the tough compromises necessary to find a sustainable political solution."

House Now The Focus Of Iraq Debate (USAT)

By Kathy Kiely

USA Today, February 7, 2007

WASHINGTON — The intense political maneuvering over how to signal congressional opposition to President Bush's war policy moved Tuesday to the House of Representatives, where Democratic leaders scheduled three days of debate for next week.

Senate Majority Leader Harry Reid, D-Nev., declared "negotiations are over" in the Senate, where Republicans and Democrats failed on Monday to agree on the ground rules for debating competing resolutions on Bush's plan to send 21,500 more troops to Iraq.

Instead, House Majority Leader Steny Hoyer, D-Md., said the House will spend three days next week debating a resolution expressing "disagreement" with the president's plans. "We do not believe the president's proposal is proper policy," Hoyer said.

The House's action will guarantee that the president's Iraq policy will remain at the top of the national agenda next week, even if procedural disputes prevent the Senate from voting on its own resolution.

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It also moves the Iraq debate into a chamber where House rules give the Democrats, as the majority party, control of the agenda. In the Senate, a handful of members can bring activity to a halt.

Senate Minority Leader Mitch McConnell, R-Ky., reiterated that he would permit a vote on the measure opposing Bush's plan if Democrats set a 60-vote threshold for passage and also agree to a vote on a separate resolution, authored by Sen. Judd Gregg, R-N.H., that says no funds will be cut for troops in the field. Reid balked because Gregg's resolution could pass overwhelmingly, but the measure opposing Bush could fall short of 60 votes.

"This is a trick play to distract attention from the real issue before the American people," Reid said.

McConnell, meanwhile, blamed Democrats for the impasse: "The only reason negotiations broke down is that they don't want to vote on the Gregg amendment."

The political implications of the Senate stalemate were evident Tuesday.

MoveOn.org, a well-funded liberal group, said it will run ads today through Friday nationally on CNN and locally in four target states: Kansas, New Hampshire, Oregon and Virginia. Republican senators in all of those states all have publicly expressed misgivings about the president's proposed troop increase but sided with McConnell in blocking a vote on the resolution of disapproval.

Although the Democrats will be able to continue the Iraq debate on their own terms in the House, some of the political impact may be lessened, said Norman Ornstein, a congressional scholar at the American Enterprise Institute.

Democratic leaders had hoped for a victory first in the Senate because the resolution being debated there was co-authored by Republican Sen. John Warner, a former Senate Armed Services Committee chairman and former secretary of the Navy.

The House will likely pass a resolution disapproving of the Bush policy with some Republican votes, Ornstein predicted, but he added: "I'm not sure it's the same things in symbolic terms as having the Senate adopt something with the name John Warner on it. Warner is an iconic figure because he has been a supporter of the president."

Hoyer said he hopes the House resolution will have bipartisan sponsorship, as the Senate measure did, when it comes to the floor Tuesday.

The three-day debate is unusual for the House, which generally can complete a bill in a day. The Democrats set the time frame to mirror the October 2002 deliberations that led to a vote to authorize the war, said House Democratic Caucus Chairman Rahm Emanuel, D-Ill.

Many Voices, No Debate, As Senate Is Stifled On War (NYT)

By Carl Hulse

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — At a time when even President Bush acknowledges that the war in Iraq is sapping the nation's spirit, the Senate has tied itself up in procedural knots rather than engage in a debate on Iraq policy.

Given the influence that voter frustration with Iraq had on the November elections, the national unease with the mounting human and financial costs, and the raw passion on all sides, even some lawmakers say they are astounded that the buildup to the Senate fight over Mr. Bush's proposed troop increase has produced such a letdown.

"It just floors me," said Senator Amy Klobuchar, a freshman Democrat from Minnesota who campaigned against the war, as the two parties pointed fingers on Tuesday. The day before, the Senate proved unable to agree on a plan to even begin debate on a bipartisan resolution opposing the administration strategy. "People in Minnesota, when they see a debate we should be having — whatever side they are on — blocked by partisan politics, they don't like it," Ms. Klobuchar said.

The fact that that Democrats could pull together only 49 of the 60 votes needed to break a procedural impasse on the resolution opposing Mr. Bush's plan was a product of many competing agendas.

There was the Democratic desire to avoid getting tied up on any vote that could be perceived as undercutting United States troops or endorsing Mr. Bush's plan. At the same time, a surprising number of Republicans showed they were not yet ready to abandon the president even though many blame him for their November election losses and worry he will hurt them again next year. Then there were the presidential ambitions of several senators who are trying to distinguish themselves from others on the issue, and have little incentive to seek common ground.

By the end of the day on Tuesday, Senator Harry Reid of Nevada, the majority leader, said he saw little prospect that Democrats and Republicans could reach agreement on a plan to bring the resolution to the floor. "The negotiations are over," said Mr. Reid, who dismissed Republican efforts to force a separate vote on the war money as a ploy intended to distract the public from the matter of whether senators supported or opposed the president's policy.

Republicans spent the day trying to counter the idea that they had been obstructionists in impeding the debate. It was a label they had successfully hung on Democrats for years, and they did not appreciate the role reversal. They said their main goal

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had been to ensure that the Senate could guarantee in a separate resolution that Congress would not endanger forces in the field by restricting spending in the future.

"I can't believe that any parent, any husband, wife, son, daughter of any soldier serving in Iraq doesn't expect the Congress to take that position," said Senator Mitch McConnell, Republican of Kentucky, who had made some retooled overtures to Democrats to try to break the deadlock.

But the lingering impasse forced the hand of House Democrats, who had become increasingly impatient waiting for the Senate to weigh in on the president's troop plan. Unwilling to wait any longer, the Democratic leadership said it would set aside three days next week to deliver its own verdict on the administration strategy.

"The reason we're going ahead is not because we don't think the Senate will ever act," said Representative Steny H. Hoyer of Maryland, the majority leader, "but we're not sure when the Senate is going to act."

Democrats contend that they foisted off most of the blame for the breakdown on Republicans and were more than happy to have the fight end for now, leaving the opposition trying to explain the complex Senate rules and why Republicans had not been willing to go ahead.

"We have the high ground here," said Senator Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee. "We have the high ground substantively. We have the high ground politically. We're not going to give it up."

But some Republicans suggested that the public might grow frustrated with such political crowing. "I think most Americans view this as political theater, that it is more about us than supporting the troops," said Senator Lindsey Graham, Republican of South Carolina.

The Senate fight also exposed a weakness for the Democrats, one that will become more pronounced as the Senate moves from its inability to take up a nonbinding resolution making a statement about administration policy to more consequential votes on war spending.

Republicans had laid a bit of a trap for Democrats, seeking a 60-vote threshold for competing resolutions on the war. They knew that the bipartisan plan by Senators John W. Warner, Republican of Virginia, and Carl Levin, Democrat of Michigan, did not have 60 votes. But the plan calling for no reductions in spending, written by Senator Judd Gregg, Republican of New Hampshire, was likely to get at least 60, meaning the only resolution that would have passed would have been one that essentially backed the president.

Most Democrats are not ready to begin the politically charged discussion of restricting war spending. "There isn't a Democrat here that wants to take monies away from the troops," Mr. Reid said.

Democrats said Republicans were simply trying to dodge the chief question at hand and if it was not the financing proposal, they would have found something else to muck up the proceedings. And there is little doubt that some Republicans are determined to save the president an embarrassing loss while others are just as determined to deny the Democrats a symbolic win.

Still, there was some evidence that the debate was moving beyond the bottled-up resolution. Senator Barack Obama of Illinois, a prospective Democratic presidential candidate, renewed his call to begin redeploying troops in May with a complete withdrawal of combat brigades by March 2008. Senator John Kerry of Massachusetts proposed a plan to set a one-year deadline to redeploy American forces from Iraq. And pressure from outside advocacy groups intensified on Democrats to take concrete steps such as capping troop levels or blocking funds for new troops.

Ultimately, one senator said, lawmakers may discover that the rules of engagement for debating Iraq are not fully within their control.

"The reality in Iraq sets it own time limits, sets its own dimensions," said Senator Jack Reed, Democrat of Rhode Island. "If it continues to be chaotic, it will accelerate calls for this vote, and calls for even more."

Vote Is Sought On Iraq Funding (WSJ)

By David Rogers

The Wall Street Journal, February 7, 2007

WASHINGTON -- Anticipating fights over Iraq spending next month, Senate Republicans are pressing for an early vote now to get members on record against withholding funds for the war.

The strategy, which has the quiet backing of the White House, has evolved over a nonbinding resolution sponsored by Sen. Judd Gregg (R., N.H.) to express opposition to Congress taking any action that might endanger U.S. forces, including the "reduction of funds for troops in the field."

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Mr. Gregg said the administration had no part in drafting his resolution but acknowledged it has "taken on a life of its own" and he wasn't surprised the White House saw it as useful in protecting President Bush's $93.4 billion emergency supplemental for the war, which could become a target for the many congressional critics of his Iraq policies.

The stakes were heightened when Senate Minority Leader Mitch McConnell (R., Ky.) announced Republicans will insist on a vote on the Gregg resolution before permitting Senate action on a bipartisan resolution challenging Mr. Bush's plans to increase U.S. troop levels by 21,500 over the coming months.

In doing so, Mr. McConnell effectively abandoned an alternative backed by Sen. John McCain (R., Ariz.) that was until recently being hailed as a rallying point for Republicans allied with Mr. Bush. Now the party leadership has put its full weight behind Mr. Gregg and appears to be preparing for the next round in the Iraq fight: the $93.4 billion emergency supplemental.

"It's squeezing our Constitutional authority, saying that 'OK, if you're for Gregg, you've just said you're not going to cut back on any resources,' " complained Senate Majority Whip Richard Durbin (D., Ill.). "They don't want an up-and-down vote on escalation. They lose. They have to change the subject."

In skipping ahead to the spending bill, Democrats say Republicans are stifling debate on an Iraq resolution crafted by former Senate Armed Services Committee Chairman John Warner (R., Va.). If a vote were to be permitted, Mr. Gregg agreed it would command a majority of the Senate -- a setback for the White House.

The New Hampshire conservative predicted his resolution would receive perhaps 75 votes and aggravate divisions among Democrats. "The activist base of the Democratic Party is so over the top," Mr. Gregg said, that members don't want to be in a position where some would have to cast a vote that their base would be extremely upset with.

Majority Leader Harry Reid (D., Nev.) dismissed the Gregg proposal as a diversion from the real substance of the debate over troop levels. Until agreement is reached over how to proceed, Senate action on Iraq is stalled, and against this backdrop, the House Democratic leadership said it would bring up its own resolution for a floor vote next week challenging the president's policies.

There too, the political dynamics are focused increasingly on the supplemental spending bill. The House Appropriations Committee is slated to begin consideration March 7, and Rep. John Murtha (D., Pa.), who will manage the bill, said again that he will recommend adding restrictions on the funding itself.

MoveOn Already Attacking Senators Blocking Debate On Surge (POL)

By Ryan Grim

The Politico, February 7, 2007

MoveOn.org will begin airing attack ads as early as Wednesday against eight Republican senators who blocked debate on the Bush administration's plan for a troop surge in Iraq.

The liberal organization has already scripted and is now producing the ads to run on CNN. As of Tuesday afternoon, airtime also had been purchased on local television stations in Kansas, New Hampshire, Oregon and Virginia.

The ads specifically target those states' senators: Sam Brownback, John Sununu, Gordon Smith, and John Warner, respectively. Sununu, Smith and Warner face re-election in 2008; Brownback, a presidential candidate, is up again in 2010.

The ads also take aim at Sens. Arlen Specter of Pennsylvania, John Voinovich of Ohio, Elizabeth Dole of North Carolina and Mitch McConnell of Kentucky. Dole and McConnell both face 2008 challenges.

An ad campaign for a Senate race nearly two years away—when many incumbents don't yet have opponents—would have been unthinkable just years ago. But the extreme interest in '08 and advanced technology have combined to shorten political time frames.

Tom Matzzie, MoveOn.org's Washington director, said a fundraising e-mail went out Tuesday morning and had raised more than $150,000 for the ad campaign by the afternoon. "It went from conceptive to creation in less than 24 hours," he said.

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by bigben on 02.06.2007 at 06:34 PM

Force the Republicans to physically filibuster. When was the last time we saw that happen? Shut down the Senate for a few days and let the Republicans talk themselves silly on C-SPAN in FAVOR of the surge plan. The American people would give them the message in quite short order, I assure you.

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It's The War, Senators (NYT)

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The New York Times, February 7, 2007

It is not an inspiring sight to watch the United States Senate turn the most important issue facing America into a political football, and then fumble it. Yet that is what now seems to have come from a once-promising bipartisan effort to finally have the debate about the Iraq war that Americans have been denied for four years.

The Democrats' ultimate goal was to express the Senate's opposition to President Bush's latest escalation. But the Democrats' leaders have made that more difficult — allowing the Republicans to maneuver them into the embarrassing position of blocking a vote on a counterproposal that they feared too many Democrats might vote for.

We oppose that resolution, which is essentially a promise never to cut off funds for this or any future military operation Mr. Bush might undertake in Iraq. But the right way for the Senate to debate Iraq is to debate Iraq, not to bar proposals from the floor because they might be passed. The majority leader, Harry Reid of Nevada, needs to call a timeout and regroup. By changing the issue from Iraq to partisan parliamentary tactics, his leadership team threatens to muddy the message of any anti-escalation resolution the Senate may eventually pass.

As it happens, the blocked Republican alternative, proposed by Judd Gregg of New Hampshire, itself represents an end run around the Senate's constitutional responsibilities. The rational way to oppose cuts in funds is to vote against them, if and when any ever come before the Senate. Mr. Reid should not be shy about urging fellow Democrats to vote against this hollow gimmick, which tries to make it look as if the senators support Mr. Bush's failed Iraq policies by playing on their fears of being accused of not supporting the troops.

America went to war without nearly enough public discussion, and it needs more Senate debate about Iraq this time around, not less. The voters who overturned Republican majorities in both houses last November expect, among other things, to see energized Congressional scrutiny of the entire war — not just of the plan for an additional 21,500 troops but also of the future of the 130,000 plus who are already there.

Another Republican resolution, proposed by Sen. John McCain, gives the appearance of moving in that more promising direction by ticking off a series of policy benchmarks and then urging the Iraqi government to meet them. But listing benchmarks is one thing. It is another to spell out real consequences for not meeting them, like the withdrawal of American military support. Instead of doing that, the McCain resolution hands an unwarranted blank check to Mr. Bush's new Iraq commander, Lt. Gen. David Petraeus. It breathtakingly declares that he "should receive from Congress the full support necessary" to carry out America's mission.

Frustrated by the Senate's fumbles, the House plans to move ahead next week with its own resolution on Mr. Bush's troop plan. When the Senate is ready to turn its attention back to substance again, it should go further.

Senators need to acknowledge the reality of four years of failed presidential leadership on Iraq and enact a set of binding benchmarks. These should require the hard steps toward national reconciliation that the Iraqi prime minister, Nuri Kamal al-Maliki continues to evade and that the White House refuses to insist on.

Senate Dems To Try Again On The 'surge' (HILL)

By Elana Schor

The Hill, February 7, 2007

As Senate Democrats seek votes on capping troop numbers and funding for Iraq, they may use the pending bill on the recommendations of the 9/11 Commission as a vehicle. That would set up a replay of the debate over funding for troops that this week derailed their leadership-backed non-binding resolution on President Bush's "surge" proposal.

Despite the minority's decision to block the start of an Iraq debate, Senate Majority Leader Harry Reid (D-Nev.) has vowed to put Republicans on record on the "surge" plan, which has opened GOP fissures over President Bush's unpopular war policy. But any up-or-down vote on the binding restraints backed by the Democrats' more vocal war critics would expose equally potent tensions in their own caucus.

Sen. Russ Feingold (D-Wis.) said yesterday that the 9/11 Commission bill, slated for floor debate after the continuing resolution that is next up for the Senate, is a "good opportunity" to bring up his proposal for a binding funding cutoff for future deployments to Iraq.

Feingold said he and Sen. Chris Dodd (D-Conn.), the only other Democrat who indicated he would oppose the Reid-backed non-binding resolution, are amassing consensus among anti-war lawmakers: "We're working very closely together with a number of senators who think we are not going far enough."

Reid told colleagues on the floor after Monday evening's failed cloture vote that the 9/11 bill, which House Democratic leaders trumpeted in their "100 Hours" agenda, will be open to war-related amendments. Sen. John Kerry (D-Mass.), who unveiled his own binding troop proposal yesterday, said yesterday that the 9/11 Commission bill is his preference.

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"It's very possible" that binding limits on the war could hitch a ride on the new aviation and port security funding in the 9/11 measure, according to Sen. Edward Kennedy (D-Mass.), chief sponsor of a troop-ceiling bill that currently sits on the Senate calendar.

"The leader has said we can amend the 9/11 bill," Sen. Jim Webb (D-Va.) said. "I have one [related to Iraq] I'm thinking about."

If the Senate indeed takes up the continuing resolution before it must pass by Feb. 15, Democratic backers of binding limits could see their moment come just after this month's recess. Reid has hinted he will file for cloture on the continuing resolution as soon as today. Meanwhile, the House is looking to finish its debate on a non-binding disapproval of the troop increase even before the recess, Majority Leader Steny Hoyer (D-Md.) said yesterday.

Debating binding troop caps and funding limits, however, could play into the hands of Senate Minority Leader Mitch McConnell (R-Ky.) and his conference. Republicans continued yesterday to pursue an alternative amendment from Sen. Judd Gregg (R-N.H.). It is aimed at redefining the Iraq debate as whether to fund an ongoing troop presence rather than whether senators support Bush's handling of the war.

"If one of these resolutions actually passed that say [troops should] withdraw by March 31, [2008], do you know what it would take?" asked Sen. Kay Bailey Hutchison (Texas), Republican Policy Committee chairwoman. "A surge … to protect them as they withdrew."

That March 2008 date has been proposed by Sen. Barack Obama (D-Ill.), whose own troop-redeployment bill picked up a House counterpart yesterday. Rep. Mike Thompson (D-Calif.), a Vietnam veteran, and freshman Rep. Patrick Murphy (D-Pa.), a veteran of the current Iraq war, introduced the companion measure.

Sen. John Cornyn (R-Texas), Vice Chairman of the GOP Conference, wondered why Democrats would resist Republicans' desire to debate war funding this week when similar calls could come from within the majority's ranks during the 9/11 Commission debate.

"The question is, why has [Reid] denied us the opportunity to have that vote now?" Cornyn said. "It's certainly inconsistent."

Sen. Olympia Snowe (R-Maine), an original sponsor of a non-binding resolution with stronger language than the measure Reid ultimately backed, voted with her leadership against starting debate, out of what she described as a desire for open amendments from both sides of the aisle.

Snowe acknowledged that the Democrats' non-binding approach was intended to win over influential GOP centrists like herself but said attempting to limit amendments "taints the whole approach."

Sen. Robert Menendez (D-N.J.), a supporter of Kennedy's troop-cap proposal, said he is unconcerned about any possible risk to his state in delaying the 9/11 Commission bill by linking it to the Iraq debate.

"Iraq is overarching over all of our issues," Menendez said. "So, the 9/11 bill, [much] of which has expenditures attached, is being undermined by Iraq."

Asked whether Democrats would open themselves to Republican criticism by choosing the popular 9/11 Commission bill as a forum to rein in the war, Feingold echoed Menendez's assessment.

"They can try, but the fact is, Iraq is sapping our national security, so the two are linked," he said.

Meanwhile, MoveOn.org will begin airing new TV spots today in the states of eight senators who voted against opening debate on the non-binding Iraq resolution in a bid to amplify voters' frustration. Sen. Norm Coleman (R-Minn.) is not a target of the latest anti-surge ad push, having voted with Democrats late Monday, but he said such efforts have little effect on his vote.

"MoveOn.org can put 1,000 things in front of me," Coleman said. "That's not going to move me."

Cloture Vote Does Not Split Warner Group (HILL)

By Klaus Marre

The Hill, February 7, 2007

The three senators who crafted the key resolution rejecting President Bush's plan to send more troops to Iraq said yesterday they are united despite having gone separate ways on a procedural vote Monday evening.

Sens. John Warner (R-Va.), Ben Nelson (D-Neb.) and Susan Collins (R-Maine) all said they were still united, even though Warner in effect supported a filibuster of the resolution they crafted together. Collins was one of two Republicans who voted with the Democrats on the issue.

Nelson said yesterday he and Warner had spoken about the vote before it happened. "Sen. Collins took a different view and of course I took a different view," Nelson said, adding that despite the split on the procedural vote, the entire group is still behind the resolution.

Collins emphatically stated that the group was "absolutely" still in accordance on the resolution, and Warner concurred.

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Nelson noted that support for the resolution in Congress remains strong, despite the lack of GOP support to cut off debate. Democrats won the vote 49-47 but did not muster even close to the 60 votes necessary to end debate.

Yet the Nebraska lawmaker acknowledged that Monday's vote "didn't help" with regard to fostering bipartisanship on the issue.

Nelson sad he remains hopeful that Senate leaders will find a solution to allow a vote on the resolution, as well as GOP alternatives. He said it was too early to tell what other vehicles the language could be attached to if no agreement can be reached.

Yes, We Can Find The Exit (NYT)

By Thomas L. Friedman

The New York Times, February 7, 2007

MOSCOW

Listening, from Moscow, to the debate in Congress about Iraq is troubling: it sounds as if the American people are being offered two routes to a dead end: either follow President Bush and have troops surging into a roiling civil war, or go with one of the Congressional resolutions and denounce the surge, but without any alternative strategy for securing U.S. interests.

I believe there is an alternative strategy, but it will take two concrete numbers to implement: a date — Dec. 1 — and a price — $3.50 cents a gallon. Let me explain.

What is the U.S. interest in Iraq right now? It's to quell the civil war enough so the parties may eventually reach a negotiated settlement, and if that proves impossible, to get America out of Iraq with the least damage to our interests.

We will not quell this civil war with a surge of troops alone. The only thing that will do that is a power-sharing, oil-revenue-sharing deal between the parties. The only way we will get serious negotiations going is with leverage that America does not now have: leverage on the parties inside and outside Iraq. Negotiating in the Middle East without leverage is futile. These folks know how to calculate the balance of power down to the last ounce.

So how do we get leverage? The first way to do that is by setting a firm date to leave — Dec. 1. All U.S. military forces are either going to be home for Christmas 2007 or redeployed along the borders of Iraq, away from the civil war.

Right now everyone in Iraq is having their cake and eating it — at our expense. We have to change that.

The Sunnis, who started this whole murderous cycle, participate in the government, negotiate with us and also indulge the suicide bombers and the insurgents. The Shiites collaborate with us, run their own retaliatory death squads and dabble with Iran. The Saudis tell us we can't leave, but their mosques and charities funnel Sunni suicide bombers to Iraq and dollars to insurgents. Iran pushes its Iraqi Shiite allies to grab more power, while helping others kill U.S. troops. Ditto Syria.

O.K., boys, party's over: we're leaving by Dec. 1. From now on, everyone pays retail for their politics. We will no longer play host to a war where we're everyone's protector and target. If you Sunnis want to go on resisting, we'll leave you to the tender mercies of the Shiites, who vastly outnumber you. You Shiites, if you want to run Iraq without compromising with Sunnis, fine, but you'll have to fight them alone and then risk having to live under the thumb of Iran.

You Saudis and other Arabs, if you don't use your influence to delegitimize Sunni suicide bombers and press Iraq's Sunnis to cut a deal, we won't protect you from the consequences. And Iran, you win — yes, if we leave, you win the right to try to manage Iraq's Shiites. Have a nice day.

But at the same time, we have to impose a tax that creates a floor price of $3.50 a gallon for gasoline — forever. This is also about leverage. It says to all the parties: we are going to conserve enough gasoline and spur enough clean alternatives to fossil fuels that no matter what you all do in the Middle East, we will not depend on you for energy.

Today in Iraq, none of the key parties have to make any choices, and we don't have any choices. That is the definition of "stuck." Right now we can win only if all the parties in and around Iraq act in the most farsighted and flexible manner. Otherwise we lose in our attempt to democratize Iraq, and we're left holding the bag. We need to be in a win-win situation that we control.

"I don't think at this stage that the promise of 20,000 more troops will change any minds in Iraq," said Michael Mandelbaum, author of "The Case for Goliath." "But the threat of a lot fewer U.S. troops might conceivably get everyone focused. Right now, the U.S. is the passenger in a car that other countries are driving — and it's not going in the right direction. We have to change that dynamic."

Indeed we do. Once we've set a date to leave by and a gas price to live by, we, for the first time, will have choices in Iraq. We can stay to broker a deal if the parties want to be guided by their better angels or, if they want tribal instincts to reign, we can leave by Dec. 1 and insulate ourselves from Islam's civil war with a new energy policy.

To put it another way, if setting a date to leave miraculously brings them to their senses, our aspirations for the Iraqis will have been achieved, and we'll be stronger. And if it doesn't, but we have set an exit date and a gas price, we'll be out of Iraq and more energy-secure — and we'll also be stronger.

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Expect The Worst In Iraq (WP)

By David Ignatius

The Washington Post, February 7, 2007

Somehow, after four years, the debate on Iraq is still animated by wishful thinking. The White House talks as if a surge of 20,000 troops is going to stop a civil war. Democrats argue that when America withdraws its troops, Iraqis will finally take responsibility for their own security. But we all need to face the likelihood that this story isn't going to have a happy ending.

That was the underlying message of the National Intelligence Estimate on Iraq, released last week. It warned the administration that if the sectarian conflict continues, as it almost certainly will, "we assess that the overall security situation will continue to deteriorate." The current conflict isn't just a civil war, the analysts noted; it's worse -- with criminal gangs, al-Qaeda terrorists and Shiite internal feuding adding to the anarchic state of the country.

And for critics of the war who favor a quick American withdrawal, the analysts had this stark warning: "If Coalition forces were withdrawn rapidly during [the next 12 to 18 months] . . . we judge that this almost certainly would lead to a significant increase in the scale and scope of sectarian conflict in Iraq." With U.S. troops gone, the analysts forecast, the Iraqi army would collapse and al-Qaeda attacks inside and outside Iraq would surge. "Massive civilian casualties and forced population displacement would be probable."

In this bleak situation -- where, as everyone keeps repeating, "there are no good options" -- what's the right course for U.S. policy? A useful approach may be to start planning, not for the best but for the worst. Congress and the administration should begin thinking about potential catastrophes in Iraq -- and about how to protect the core national interests of the United States and its allies.

In thinking about catastrophic outcomes, I have been guided by a paper that was privately circulated last week by Robert Jervis, a professor of political science at Columbia University. He begins with this assessment: "The U.S. will withdraw its troops from Iraq at some point, and when it does, if not earlier, the situation is likely to deteriorate badly. This could be a truly dreadful time -- it could be a tsunami sweeping over the entire region."

So how to protect vital American interests amid this tsunami of violence? I would offer several basic precepts, drawn from conversations with experts in and out of government:

Â· Contain the sectarian violence. The United States can't stop the Iraqi civil war between Sunnis and Shiites, but it can try to keep this conflict within Iraq's borders. Here lies the great danger of the new strategy of "realignment" that Secretary of State Condoleezza Rice outlined in an interview with me last month. In seeking to rally Sunni Arab moderates to combat Iran and its proxies, the United States risks expanding the Sunni-Shiite fault line from Iraq to the region as a whole.

This is a dangerous course. The risks were summed up by Amr Moussa, the head of the Arab League. The war in Iraq "opened the gates of Hell," he told me, and if the conflict expands to Iranian-backed Shiites and Sunni Arabs, "we will enter Hell itself." America should not encourage this descent into the inferno.

Â· Protect the oil. The United States should be planning with its allies how to secure the region's oil supplies. We have done it before: Persian Gulf oil exports continued through eight bloody years of the Iran-Iraq war, thanks in part to U.S. naval escorts and reflagging of tankers. America should help prepare a similar international effort now, including new pipelines that avoid the Gulf altogether.

Â· Shield the Iraqi population. America hasn't been able to stop the civil war, but U.S. troops can reduce the slaughter and help provide humanitarian relief for what's likely to be a growing tide of refugees fleeing the battle zones.

Â· Talk with the neighbors. Facing the prospect of a catastrophic outcome in Iraq, the United States must engage in dialogue with all the regional states, including Syria and Iran. America shouldn't initially offer any deals, much less "grand bargains," but it should talk about mutual security interests and explore where they converge.

Â· Push for Arab-Israeli peace. The one thing everyone in the region seems to agree on -- from Israel to Saudi Arabia -- is the need for a Palestinian state. The Palestinians themselves can't offer Israel a meaningful peace agreement now -- they're too weak, angry and disorganized. But the Arabs, led by Saudi King Abdullah, can. That's the breakthrough Rice should pursue.

These crisis management steps won't stop the catastrophe that is unfolding in Iraq, but they could mitigate its effects, which may be all we can hope for. And the benefit of worst-case thinking is that things occasionally work out better than expected.

House On Deck In Iraq Debate (RC)

By Susan Davis And Jennifer Yachnin

Roll Call, February 7, 2007

DOJ_NMG_0128968

With their Senate counterparts unable to move a resolution through the chamber disapproving of President Bush's Iraq War strategy, House Democrats will push ahead with a measure of their own next week designed to put Members on record before they return to their districts for the Presidents Day recess.

House Majority Leader Steny Hoyer (D-Md.) told reporters Tuesday that he expected up to three days of debate on the resolution, whose language is being crafted by House Foreign Affairs Chairman Tom Lantos (D-Calif.) and Armed Services Chairman Ike Skelton (D-Mo.).

The House Democratic Caucus also is scheduled to hold a closed-door meeting Thursday to build consensus for the resolution vote next week and to assuage some Members' concerns that the resolution does not go far enough.

Hoyer said that resolution will express "disagreement" or "reservation" on Bush's plan to escalate the U.S. military presence in Iraq by 21,500 troops, and House Democratic leadership aides said Tuesday that the chamber's resolution is expected to largely mirror the language in the Senate resolution authored by Sen. John Warner (R-Va.).

Like Warner's, the House resolution also will be nonbinding, and Hoyer said it will come to the floor under a closed rule to limit amendments, arguing that an open rule would prompt too many amendments and unnecessarily extend the debate.

It is unlikely the resolution will go through the regular committee process at Foreign Affairs or Armed Services. Hoyer said next week's time-crunch could make Democratic leaders opt to bypass committee to get the resolution on the floor Tuesday; however, he noted that the president's proposal has already been subject to "extensive" hearings.

"We believe it's important for us to make our views known prior to leaving for the Presidents Day break," Hoyer said.

While GOP leaders have already voiced objection to the process under which the resolution will come to the floor, a number of Republicans are expected to vote for the resolution. "I hope so and expect so," Hoyer said Tuesday.

House Minority Whip Roy Blunt (R-Mo.) and Republican Conference Chairman Adam Putnam (Fla.) objected to Democrats' decision to bring the resolution to the floor under a closed rule that forbids amendments.

"If you're not going to really bring all of the ideas out there, the debate is only to score political points," said Blunt.

Putnam went further, stating that when Republicans brought an Iraq War resolution to the House floor in November 2005 regarding troop withdrawal under a similarly restrictive rule, they were wrong and did so for political gain.

"You know what? [Democrats] were right," Putnam said, "It was a game, and we got beat. I mean, did we learn anything from that? It was a resolution that didn't go through committee and it should have, and it would have been a better resolution if it had."

In recent weeks, knowledgeable House GOP sources said they could foresee at least 30 Members voting for the resolution, and possibly significantly more depending on the specific language of the measure. If the resolution does in fact largely resemble Warner's proposal, one House Republican said they could lose up to 50 Members, particularly from the moderate faction of the Conference. House GOP and Democratic leaders have both said they will not whip the vote, allowing Members to vote freely.

Hoyer said he expected Republicans to be allowed to offer an alternative, and one Democratic leadership aide said the GOP likely would be allowed to offer a substitute on the floor.

House Minority Leader John Boehner (R-Ohio) has sponsored a leadership-backed resolution to create a bipartisan panel to conduct oversight on the war and set benchmarks for success in Iraq. Rep. Sam Johnson (R-Texas) also has sponsored a bill backed by leadership that would prohibit the House from cutting off funds to troops in the field.

Republicans are waiting to see the specifics of the Democratic resolution before they counter with their substitute.

Originally, House and Senate Democrats sought to have the Senate pass a resolution first before sending the identical language over to the House because any language that could garner majority support in the other chamber would have to be bipartisan, and the intention was to pass the bill with as many votes as possible in the House.

However, Senate parliamentary tactics prevented an up-or-down vote on the resolution Monday when Democrats failed to get the 60 votes necessary to end debate and move to the underlying bill. While Senate Majority Leader Harry Reid (D-Nev.) has vowed to eventually get a vote on the Senate floor, the timetable is uncertain.

"The reason we're going ahead is not because we don't think the Senate will ever act," Hoyer said Tuesday. "But we're not sure when the Senate is going to act."

House Democrats are expected to vote overwhelmingly for the resolution. Democratic aides said that while the resolution is intended to get bipartisan support, some of their rank-and-file Members on the left who advocate more extreme policies, such as immediate troop withdrawal, could oppose the resolution because it does not go far enough.

However, Rep. Jan Schakowsky (D-Ill.), one of the approximately 70 Members in the Out of Iraq Caucus in the House, said that she expected Democrats to be able to reach near unanimity on the resolution. "I think it will be easier to get consensus on this," she said, noting that the resolution is just the first step in a longer term strategy. "Speaker [Nancy] Pelosi (D-Calif.) has made it very clear that our goal is to end this war."

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Democrats who advocate troop withdrawal and a dramatic de-escalation of troops are more likely to make their stand in the near future as the House takes up Bush's war supplemental and the fiscal 2008 budget.

"I think we have to divide the questions," Schakowsky said. "How do you define supporting the troops in terms of how we spend the money?"

Rep. Dennis Kucinich (D-Ohio), one of the war's most vocal opponents, declined to say how he would vote on the resolution before the language is made public, but he said that even Members who do not believe it goes far enough would be hard-pressed to vote against it because it would appear as though they were voting with Bush.

Kucinich added that the funding is the bigger issue. "The war is binding, the resolution is not," he said, "We've got to get out of there, Congress must cut off the funds."

Senate Leaders Continue Squabbling Over Iraq (WP)

By Shailagh Murray And Paul Kane

The Washington Post, February 7, 2007

Senate leaders squabbled yesterday over how to consider resolutions opposing President Bush's plan for more troops in Iraq, but the quarrel did not stop lawmakers from launching an informal debate on the chamber floor over the war.

"The only people who believe there is a workable military solution for the conflict in Iraq is the Bush administration," said Sen. John F. Kerry (D-Mass.), who advocates requiring Bush to complete the removal of American troops from Iraq within a year.

Sen. John McCain (R-Ariz.) called Democrats disingenuous for declaring support for U.S. troops while denouncing their commander in chief's strategy. Troops serving in Iraq "won't buy it," McCain said. "A vote of no confidence is a vote of no confidence."

Senate leaders made little progress yesterday toward agreeing on the terms of votes on a series of nonbinding resolutions, each of which addresses Bush's decision to deploy an additional 21,500 troops.

"This is all a game to divert attention from the fact that we have before us now an issue that the American people want us to address," Majority Leader Harry M. Reid (D-Nev.) said on the Senate floor, nodding across the aisle to Minority Leader Mitch McConnell (R-Ky.).

"What we're asking by any standard is reasonable," answered McConnell. "It is not too late to have the debate this week."

Senate Majority Whip Richard J. Durbin (D-Ill.) disagreed, declaring last night that the Iraq debate was over and that Democrats would move on today to other legislation.

Meanwhile, House Democratic leaders scheduled a war debate to begin next Tuesday, culminating with a vote aimed at repudiating Bush's plan.

House Democrats had intended to work with the resolution offered by Sen. John W. Warner (R-Va.), which Senate Democrats have rallied behind. Instead, after assessing the morass on the other side of the Capitol, they are now considering a more narrow statement of objection to Bush's proposal.

In the three days of debate, Each House member will be given five minutes to state his or her views, Democrats said. That is a considerable amount in the House, where speeches typically run one minute.

"We're going to do what's been missing -- a serious debate on the war," said Rep. Rahm Emanuel (D-Ill.), a member of the House leadership.

Durbin, saying that the "plug had been pulled" on the nonbinding resolution, urged his Senate colleagues to look ahead to other Iraq-related showdowns as future vehicles for opposing Bush's war proposals.

Reid suggested on the Senate floor last night that the House's nonbinding resolution, assuming it passes, could make its way to the Senate floor.

Republicans remained reluctant to give up on the current debate. At one point yesterday afternoon, upon being told of Reid's refusal to relent to GOP terms, McConnell indicated that talks would resume in the near future. "Stay tuned," he said.

McConnell offered the day's biggest concession, proposing to shelve a resolution written by McCain that would establish tough benchmarks for the Iraqi government without opposing the additional U.S. troops.

But Republicans continued to demand that the two remaining resolutions -- one written by Warner and Sen. Carl M. Levin (D-Mich.), and a pro-Bush proposal from Sen. Judd Gregg (R-N.H.) -- meet a 60-vote threshold to pass.

Republicans are advocating the Gregg resolution because they know, as do Democrats, that only it could garner 60 votes. Gregg's proposal would recognize the power of the president to deploy troops as well as the "responsibility" of Congress to fund them.

Democrats regard the measure as a political stunt but are loath to go on the record opposing it, for fear of giving the impression that they would harm troops in the field. They also recognize that a vote in favor of Gregg would amount to a tacit endorsement of Bush's troop plan.

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"I find it almost incomprehensible that the Democratic leader doesn't want a vote on this language. It is not radical language. It is fairly reasonable language," Gregg insisted to reporters yesterday afternoon.

Speaking later on the Senate floor, Reid questioned why Gregg and his GOP allies were advocating a measure that did not directly address the troop deployment. "You know what he kind of reminds me of?" Reid said of Gregg. "Somebody who comes into the basketball game not to score points, but to kind of rough people up."

Gregg responded sarcastically: "I appreciate the senator's generous comments. I take them as a compliment."

Amid the taunting, serious discussion of the war continued. Testifying yesterday before the Senate Armed Services Committee, Defense Secretary Robert M. Gates revealed that the Pentagon, the Joint Chiefs of Staff and other agencies are devising a "sophisticated checklist or matrix" to measure the Iraqi government's performance in meeting various benchmarks linked to Bush's new strategy. Gates added that he is considering alternative courses of action in case the Baghdad security operation fails.

"I would be irresponsible if I weren't thinking about what the alternatives might be if that didn't happen," Gates testified. "But we, at this point, are planning for its success."

Gates said that one alternative he could envision would be pulling U.S. troops away from Iraq's most dangerous areas, presumably major cities. He added that he did not foresee what he called a "precipitous withdrawal."

Asked by Warner whether the current strategy marks the "last chance" in Iraq, Gates replied: "No, it is not the last chance."

General Is Front Man For Bush's Iraq Plan (WP)

By Peter Baker

The Washington Post, February 7, 2007

Before he flew off to Iraq this week to take command of U.S. forces there, Gen. David H. Petraeus conducted one last counterinsurgency mission here on the home front -- this one on Capitol Hill.

With the Senate about to debate President Bush's troop increase, Petraeus was set up last week in the office of Minority Leader Mitch McConnell (R-Ky). Senators were approached on the floor and urged to meet with him. And the new Iraq commander then privately outlined his view of the war and what he will do with the 21,500 extra troops.

At a time when the president and most of his top surrogates have lost credibility even among many Republicans in Congress, the administration has turned to the chiseled, widely respected Petraeus to win the day. His name has become the rallying cry for Bush and his allies as they argue that it would be wrong for lawmakers to confirm the four-star general unanimously one moment and then renounce his strategy the next.

"I've been selling Petraeus to anybody who would listen," said Sen. Lindsey O. Graham (R-S.C.), who terms the Bush troop increase the "Petraeus Doctrine" and fetched senators off the floor to meet the general in McConnell's office. "He's the General Grant of the surge. He's our last best chance as a military commander to bring about a change on the ground."

And maybe the last best chance for Bush allies to head off a resolution rejecting the troop increase or at least keep many Republicans from supporting it. The Petraeus card is about the only one left to play for a White House confronting low poll numbers, an unpopular war and an opposition Congress. With as many as 11 Senate Republicans against Bush's new Iraq plan, Petraeus has sway that his commander in chief does not. "There's not much the White House could do right now, to be honest with you, to change votes," Graham said.

Yet if invoking Petraeus has been effective for Graham and others trying to rally Republicans, Democrats remain unpersuaded. "He's a capable officer. He's got the talent and skill for the job," said Sen. Jack Reed (R.I.), a member of the Armed Services Committee. But "we're not talking about the Petraeus plan," he added. "We're talking about the president's plan. It's not only appropriate, but I think we have an obligation to point out its shortcomings."

Bush strategists have been surprised by how quickly the politics of the war have shifted in the past few weeks, and they have been grappling for a strategy to contain the political damage. The White House privately believes that a statement of opposition by Congress may be inevitable. "Our goal is to try to cabin off the most egregious" versions, particularly any that would threaten funding, said a senior official who spoke on the condition of anonymity.

Bush has kept a relatively low profile as the issue has dominated Capitol Hill in recent days. Although Vice President Cheney and Defense Secretary Robert M. Gates warned that a resolution would embolden terrorists, Bush has generally avoided incendiary language. Rather than inserting himself into the debate, he has been talking about childhood obesity and fiscal discipline. When he met privately with Republican senators Friday, Bush employed a soft sell, the senior official said. He made the case for his decision but told the senators to vote their consciences. "Do what you think is right and I'll be your friend the next day," he told them, according to the official.

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Some advisers have been surprised that Bush has not more aggressively accused Democrats of advocating retreat. "If he wanted to use his megaphone to shout that, it would put the Democrats back on their heels," said Ed Rogers, a Republican lobbyist close to the White House. "But for whatever reasons, I think they're pulling their punches."

Instead, Petraeus has become the front man of sorts. On Jan. 26, the day the Senate voted 81 to 0 to confirm him, Petraeus met with Bush for the cameras. Later that day, the president told House Republicans in a closed-door retreat that he found it "ironic" that senators would support the general but oppose a plan he helped devise, according to Republicans present.

It was a line he later took public. "The Senate overwhelmingly supported his nomination to be the new general in command of Iraq," Bush said on Fox News on Jan. 31. "The fundamental question is: Will they back him up? They voted for him. Will they back him up?" Allies quickly picked up the argument.

But Democrats saw it as a cynical ploy. "The White House seems desperate to avoid a real debate on the merits of the plan they've put forward, so they're trying to use General Petraeus as a shield," said William A. Galston, a Clinton administration aide who is now at the Brookings Institution. "I don't think the Petraeus talking point passes the laugh test because, in fact, I'm sure a lot of the senators who voted for Petraeus but don't like the surge believe he's the best general available to address the situation."

It is common for a nominee like Petraeus to meet with senators before a confirmation, but the general returned to Capitol Hill even after the vote to continue talking to members in both houses. The White House said it did not orchestrate the post-confirmation visits. Petraeus was in transit to Iraq yesterday but a senior defense official said he "met with many others in Congress after the hearings prior to departure."

Graham said he grabbed Petraeus last week and had him wait in McConnell's office while he ushered in senators to see the general. "From my conversation with him, he understands the gravity of the situation," said Sen. Richard C. Shelby (R-Ala.). "He understands it's probably 10 minutes to 12 on the clock. And he believes he can do something about it."

Democrats Press Bush To Change Iraq Plan (AP)

By David Espo

AP, February 7, 2007

Democratic critics of the Iraq war seized the offensive at both ends of the Capitol on Tuesday, disclosing plans for a symbolic rejection by the House of President Bush's decision to deploy additional troops and filing legislation in the Senate to require withdrawal of U.S. military personnel.

"We're going to stand by our soldiers, but we're not going to stand by a failed policy that exposes more of our soldiers to death and suffering," said Sen. Richard Durbin of Illinois, rebutting charges that the war's critics may be undermining the morale or even the safety of U.S. forces.

Democrats pressured Bush to change course as Defense Secretary Robert Gates told lawmakers that U.S. forces might be able to start leaving Iraq before the end of the year — if daunting conditions including subdued violence and political reconciliation are met.

He also said that the buildup in troops is "not the last chance" to succeed in Iraq and added, "I would be irresponsible if I weren't thinking about what the alternatives might be."

The Pentagon is in the midst of implementing Bush's order to raise troop levels by 21,500, part of a plan to help quell sectarian violence in Baghdad.

New checkpoints were in evidence in Iraq's capital city, and there were reports of inspections of increased numbers of vehicles. At the same time, more than 50 people were killed or found dead during the day, and Prime Minister Nouri al-Maliki said insurgents were responding to the new security measures by killing as many people as possible.

The war has claimed the lives of more than 3,000 U.S. troops so far, and officials announced two more deaths. The casualties included a soldier killed Tuesday at a security post southwest of Baghdad and a Marine who died Monday in Anbar Province.

Bush's decision to dispatch additional troops has become a flashpoint for critics of his Iraq policy in the new, Democratic-controlled Congress, whose lawmakers were elected last fall by a war-weary electorate.

Officials said that House Speaker Nancy Pelosi of California and Majority Leader Steny Hoyer of Maryland had both pledged to the Democratic rank and file that the House would vote next week on a nonbinding measure critical of Bush's plan to add 21,500 additional forces. They also reassured lawmakers clamoring for more robust action that the vote would merely be the first attempt to pressure the president to shift course and that future legislation will be binding.

Brendan Daly, a spokesman for Pelosi, said the measure brought to the floor next week would focus on "our opposition to the surge in troops" but has not yet been drafted.

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Pelosi said last month the measure would declare that the troop increase was "not in the national interest," language once included in a Senate measure, but now abandoned.

Democrats intend to allow all lawmakers time to speak on the issue across three days of debate beginning next Tuesday.

Rep. John Boehner of Ohio, the House Republican leader, said in an interview the GOP would prepare an alternative to the Democratic measure. He said it would include a call for a bipartisan committee to oversee the war effort and lay out a series of standards by which officials could judge whether the Iraqi government was living up to its commitments to help end the violence.

"If you're not for victory in Iraq, you're for failure," Boehner told The Associated Press. "The consequences of failure are immense. I think it destabilizes the entire Middle East, encourages Iran and on top of that, it's pretty clear that the terrorists will just follow us home."

Under House rules, Democratic leaders have the authority to advance legislation to the floor for three days of debate, and there is little doubt they will have the votes to prevail.

That stands in contrast to the Senate, where Republicans have so far blocked an attempt by Democrats to hold a full-fledged debate on the war.

Gates and other administration officials have been sharply critical of efforts to pass legislation expressing disapproval of the increase in troops, even in nonbinding form.

That has had no noticeable impact on Democratic critics of the war, though. Some of them argue that Bush's policies have led to a situation in which U.S. troops are thrust into the middle of a civil war in Iraq.

Two bills were unveiled during the day to force the president to move toward a troop withdrawal.

"The only people who believe there is a workable military solution for the conflict in Iraq is the Bush administration," said Sen. John Kerry, D-Mass., in announcing legislation that would require Bush to "complete the redeployment" of American troops within a year.

Sen. Barack Obama of Illinois, a Democratic presidential hopeful, joined two House members in proposing a measure to block Bush from implementing his planned troop increase, and to begin a withdrawal by May 1, with all combat brigades out by March 31, 2008.

"This is what I think has the best chance of bringing our troops home," said Obama.

Apart from legislation, Democrats have embarked on an effort to undermine public support for the war by holding numerous hearings.

At a daylong session, Rep. Henry Waxman, D-Calif., accused the former U.S. occupation chief in Iraq of haphazardly doling out billions of dollars after the U.S.-led invasion

Waxman said 363 tons of cash was loaded onto airplanes and sent into the war zone in 2003, adding that U.S. officials had "no way of knowing whether the cash would wind up in enemy hands."

L. Paul Bremer III, who was head of the Coalition Provisional Authority, said he had done the best he could to kickstart the Iraqi economy, which he said was "flat on its back" after years of rule by Saddam Hussein followed by the U.S.-led invasion. He said the money belonged to Iraqis and had come from the U.N.-run oil-for-food program and from seized Iraqi assets.

One Republican accused Democrats of trying to embarrass the administration. "It's old news," said Rep. Tom Davis, R-Va.

Surge Is Not 'Last Chance' For Success, Gates Says (LAT)

By Johanna Neuman

The Los Angeles Times, February 7, 2007

WASHINGTON — Defense Secretary Robert Gates, in testimony before the Senate Armed Services Committee today, rejected the widely held view in Washington that the Bush administration's decision to send additional troops to Iraq is the last chance to succeed in that troubled country.

"I would be irresponsible if I weren't thinking about what the alternatives might be," Gates said, arguing that the so-called surge is "not the last chance."

As Gates defended the administration's fiscal 2008 budget request of $481.4 billion -- along with a projected $141.7 billion in supplemental funding in 2008 for Iraq and Afghanistan -- senators expressed doubt about the war.

"How much longer do you think we're going to be in Iraq?" asked Sen. Robert Byrd (D-W.Va.).

Gates replied that "if the plan to quiet Baghdad is successful and if the Iraqis step up and accept their responsibilities…I hope we'd be able to begin drawing down our troops later this year."

Byrd said: "Try again…I don't see any end to it."

Joint Chiefs of Staff Chairman Peter Pace said that the operation to quiet Baghdad and the western Al Anbar region, a stronghold for Sunni insurgents, could require more than the anticipated 21,500 troops.

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"It would not be more than 10% more," said Pace, explaining that an additional 3,000 forces would be largely needed to support the combat troops.

Pressed by lawmakers on equipment shortages for troops in the field, Gates said that a dearth of armored vehicles in one phase of operations will be remedied by July.

Sen. Hillary Rodham Clinton (D-N.Y.) told Gates that committee members were still skeptical about the Pentagon's response "considering the amount of evidence about shortages." She also signaled that the unprecedented outsourcing of contracts by the Pentagon in Iraq would be "a very important issue for this Congress."

Sen. John Warner (R-Va.) asked Gates what happens if the surge plan fails. "I have to believe we're thinking beyond the Baghdad operation," said Warner, who has written one of several Senate resolutions opposing the military gambit.

"It is not the last chance," Gates replied. "We, at this point, are planning for success."

Gates also disclosed that President Bush had given the green light to a Pentagon plan for a new military command for operations in Africa.

Responsibility for Africa is now shared by three commands -- European, Central and Pacific -- which Gates called "an outdated arrangement left over from the Cold War."

The Pentagon hopes a new framework would enable better coordination in a region with growing terrorist and other threats, particularly from countries ravaged from war, such as Somalia.

In other action, the committee voted 14-3 to approve Gen. George Casey as Army chief of staff. Voting against the nomination were Republicans John McCain of Arizona, John Ensign of Nevada and Saxby Chambliss of Georgia.

The panel also voted 16-0 to approve Adm. William Fallon's nomination to become the top U.S. commander for forces in the Middle East.

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Military Wants More Civilians To Help In Iraq (NYT)

By Thom Shanker And David S. Cloud

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — Senior military officers, including members of the Joint Chiefs of Staff, have told President Bush and Defense Secretary Robert M. Gates that the new Iraq strategy could fail unless more civilian agencies step forward quickly to carry out plans for reconstruction and political development.

The complaints reflect fresh tensions between the Pentagon and the State Department over personnel demands that have fallen most heavily on the military. But they also draw on a deeper reservoir of concerns among officers who have warned that a military buildup alone cannot solve Iraq's problems, and who now fear that the military will bear a disproportionate burden if Mr. Bush's strategy falls short.

Among particular complaints, the officers cited a request from the office of Secretary of State Condoleezza Rice that military personnel temporarily fill more than one-third of 350 new State Department jobs in Iraq that are to be created under the new strategy.

At a Senate hearing on Tuesday, Mr. Gates made clear that he shared the officers' concerns, telling senators, "If you were troubled by the memo, that was mild compared to my reaction when I saw it."

To back up his point, Mr. Gates also told senators that Mr. Bush himself had addressed his cabinet at the White House on Monday about the need for civilian agencies to "step up to the task."

At one level, the conflict is a cultural clash between a military that has ordered hundreds of thousands of troops to Iraq in the last four years, and a Foreign Service that offers incentives for civilians to work in war zones but cannot compel diplomats to accept hardship assignments to places like Iraq.

Under Mr. Bush's strategy, the military is pushing more than 20,000 fresh troops to Baghdad to augment the American military force of about 132,000 already in Iraq.

The State Department, leading an interagency effort, has been ordered to expand the provincial reconstruction teams in Baghdad and western Anbar Province to accelerate political and economic development at the local level.

Small teams of American personnel are to be placed inside Iraqi ministries to make sure that $10 billion in Iraqi funds committed to the effort are spent, and spent correctly.

The entire United States Foreign Service numbers only 6,000 people, about the size of a military brigade.

In defense of the diplomats' role, David M. Satterfield, the State Department's Iraq coordinator, told Congress in January that the department's task in Iraq amounted to "the largest presence of the foreign service in any country in the world," including more than 140 Foreign Service officers in Baghdad and over 50 more in the existing provincial reconstruction teams.

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Last month, after Mr. Bush announced his new strategy, Ms. Rice told Congress that the department was "ready to strengthen, indeed to 'surge,' our civilian efforts."

But Mr. Gates said Tuesday that Ms. Rice had told him that her department needed six months to locate and prepare civil servants and contractors to send abroad. "It is illustrative of the difficulty of getting other agencies to provide people on a timely basis," Mr. Gates said.

Members of the Joint Chiefs and commanders in Iraq have been delivering the same message recently to the president and defense secretary about the necessity for other parts of government to join the effort, according to administration and military officials.

"The chiefs have made that point, and repeatedly," said one senior Bush administration official who, like others interviewed for this article, spoke on condition of anonymity to describe internal discussions among the president, defense secretary, commanders in Iraq and members of the Joint Chiefs of Staff.

The officials said the commanders had also been expressing broader frustrations, including that the additional $1 billion in new money for reconstruction requested by the president may not be sufficient.

They also fear that additional contractors may not be readily available to assist, and that a large number of jobs that could be performed by civilians — like engineers, lawyers, veterinarians and accountants — are still conducted by military personnel at a time when the armed services are stretched thin.

The mounting tensions between the Pentagon and other departments are in some ways the mirror image of those that roiled the government before the 2003 invasion. Then, State Department officials grumbled that the Pentagon was usurping its role in planning the postwar civilian occupation; today, the military is eager to see others step in.

State Department officials say they are using both incentives and subtler pressures to induce employees to go to Iraq.

But from the standpoint of personal security, taking those jobs — many of them, by definition, outside the relative safety of the Green Zone — is widely seen as an unattractive career option.

Some Foreign Service officers and other civilians in the national security field spoke privately of their frustration at coming under pressure to serve in Iraq, a mission they view as bungled as the Pentagon rebuffed the involvement of experts in other government agencies.

"This is not at all a finger-pointing exercise," said Gen. Peter Pace, chairman of the Joint Chiefs of Staff, during his Senate testimony on Tuesday. "This is about the current status of our government to be able to respond, and it goes to the expeditionary nature or a lack thereof of most other departments in the government, understandably, based on the kind of wars we've faced in the past."

General Pace argued that the United States government needed "to be able to get folks over to be able to help with judiciary systems, be able to help with engineering, be able to help with electricity and the like before a country devolves into a state where the terrorists can find a home."

Tasia Scolinos, a spokeswoman for the Justice Department, said in a statement that the agency "has devoted substantial resources" to training the Iraqi police and creating a justice system. She provided a fact sheet that showed that the Justice Department had 200 employees and contractors in Iraq as of last August.

"We are committed to working closely with the Defense Department and our law enforcement counterparts in Iraq to assess how we can best continue to support the reconstruction efforts in Iraq," she said.

As evidence of the importance of civilian reconstruction, military officers involved in the internal debate are citing a recent classified study, conducted by the Joint Warfare Analysis Center of the Defense Department, based in Dahlgren, Va., that suggests violence in Baghdad drops significantly when the quality of life improves for Iraqi citizens.

Relying on surveys and other data on those wounded and killed in the violence as compiled by the military, the study found that a 2 percent increase in job satisfaction among Iraqis in Baghdad correlated to a 30 percent decline in attacks on allied forces and a 17 percent decrease in civilian deaths from sectarian violence.

The study did not examine the security benefits of adding troops to Iraq or compare it to the nonmilitary portions of the new strategy, according to those who have been briefed on the classified document.

But its emphasis on the importance of reconstruction is being cited by senior military officers and Pentagon officials as more evidence that Congress and the government's other civilian departments must devote more money and personnel to nonmilitary efforts at improving the economy, industry, agriculture, financial oversight of government spending and the rule of law.

French PM Attacks Iraq Troop 'surge' (FT)

By Martin Arnold And John Thornhill

Financial Times, February 7, 2007

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Violence in Iraq will continue to worsen until all foreign troops are pulled out, Dominique de Villepin has warned, dismissing as “absurd” the idea that an enlarged US force could bring stability and peace to the country.

In an interview with the Financial Times, France’s prime minister indirectly criticised the decision by US President George W. Bush to boost his country’s military presence in Iraq.

Mr de Villepin, who has just three months left in office, said an occupying force was itself the “founding stone of the crisis” and a clear timetable had to be set for its withdrawal.

“The idea of saying that foreign troops will leave when Iraq is democratic and pacific is absurd. It will never happen,” he said, chopping his desk with the side of his hand in his ornate office at the Hôtel Matignon.

“Whatever the level of foreign troops in Iraq, things will continue to deteriorate.

“We need a clear horizon for the departure of foreign troops and the return of full sovereignty to Iraq. Until this is clearly stated, with the stages and the objective of a total withdrawal, things will not improve. I do not know a single diplomatic subject that can be fixed without a clear schedule.”

His comments will rile the Bush administration as Mr de Villepin is still widely remembered for his impassioned speech at the United Nations in February 2003 opposing the invasion of Iraq. Alluding to this speech, the former foreign minister added: “I said in 2003, we said it strongly with President [Jacques] Chirac, that there is no military solution in Iraq. What we said in 2003 remains true in 2007.”

However, Mr de Villepin said all domestic, regional, and foreign parties in Iraq had a long-term interest in preventing the country’s downward spiral into civil war.

Echoing the recent Baker-Hamilton report in the US, Mr de Villepin said more should be done to rope Iraq’s neighbours Syria and Iran into the stabilisation process.

He also warned the international community was “lacking imagination” in its attempts to stop Iran’s suspected nuclear weapons programme. “Iran with nuclear military capacity is unacceptable,” he said.

“Iran must respect its international engagements, notably the Non-Proliferation Treaty, which it has signed.”

But he said the international community should not ignore the origins of the crisis that lay in Iran’s desire to assert itself as a regional power for reasons of national pride and security.

The Nitty-Gritty About This Particulate Of Speech (WP)

By Linton Weeks

The Washington Post, February 7, 2007

There's that word again: granularity.

It's a mouthful of a term used by guys like Army Lt. Gen. David H. Petraeus, the top U.S. commander in Iraq; retired Gen. Barry McCaffrey; and White House press secretary Tony Snow.

Responding recently to a question about potential sectarian violence in Iraq if U.S. forces withdraw, Petraeus told the Senate Armed Services Committee, "It's hard from this distance . . . to get a real feel, or the real granularity of what's going on."

On "NBC Nightly News," McCaffrey said that sending more troops on a mission to Iraq "to get down to detailed granularity to fight a counterinsurgency battle in a city of 6 million Arabs who are murdering each other . . . is a fool's errand."

And talking about the inability to definitively link Saddam Hussein and Abu Musab al-Zarqawi, Snow said in an autumnal news conference, "We just don't have that kind of granularity in terms of the relationship."

Lately, people have been invoking the word to mean specificity. Certain things, such as the administration's vision for the future of Iraq, lack granularity. Newlyweds' dreams, psychic-network predictions and late-night kitchen-table get-rich-quick schemes also suffer from granularity deprivation.

Mike Mills, writing in Congressional Quarterly about the U.S. health care system's collection of personal medical information, notes that "sometimes the newer standard appears to take granularity to an extreme."

So, specifically, what exactly are we talking about?

"When I wrote that particular column," Mills says in an e-mail, "I remember hesitating before using the word, knowing at least subconsciously that it has now become jargon for 'detail.' "

In other words, "granularity" is a popular word for the "nitty-gritty." But it's not so nitty, not quite as gritty. It's about texture. Concreteness.

The word has migrated from science to business and now to politics and popular parlance. Mills, a journalist who spent several years in the overdrive world of dot-com commerce, says that "its modern origin as a technical term comes from the digital realm of computer graphics -- pixels."

The greater the number of pixels in an image, he points out, the greater the granularity, or clarity. The contemporary "use of this word seems to signal that the digital convergence has now crept into the human mind -- which techies call 'wetware.' "

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When people try to describe abstract concepts, Mills says, they are now thinking and expressing themselves with digital imagery.

People have been using mechanical terms to describe concepts for a long while. For example, in the early 20th century, when Sigmund Freud wrote of pressure in the human brain and mental breakdowns, he used steam-engine metaphors.

Granularity "is a hot word," says Mike Agnes, editor in chief of Webster's New World dictionaries, in Cleveland. "It gives people a word they can use for a new way of looking at things -- whether it be engineering, business, politics -- and a new way of evaluating."

It means depth of detail, he says. "If you were a photographer or an astronomer, speaking of an image, you would use the term 'resolution.' "

All of a sudden, Agnes says, "granularity" is a buzzword.

"It's a very interesting concept, and if we've got a concept we need a word."

It's also a way of speaking about basic things without sounding simplistic.

Businesspeople have been using it for years. Now, like "synergy" and "drilling down," it's creeping into the general consciousness. When Santa Clara, Calif., Assistant City Manager Ron Garratt was asked earlier about a proposal for a new San Francisco 49ers stadium, he replied, "Until we drill down, until we see the granularity of this proposal and what the pieces of this plan are, we won't know from a staff perspective if the definition of 'no impact on general fund' will be met or not."

According to Webopedia, "granularity" is helpful when discussing systems: "The extent to which a system contains separate components (like granules). The more components in a system -- or the greater the granularity -- the more flexible it is."

Without granularity, it's hard to get traction.

Agnes says he would not hesitate to use the word in everyday discourse.

Words and phrases often move from the particular to the general. For instance, he has noticed a surge (ahem) in the use of "event horizon."

"Originally it was used in physics, particularly cosmology," Agnes says. Lately it's been popping up in the business world to denote the moment that marks the beginning of an inevitable process. It's the point of no return. "Once you reach an event horizon, the event itself is sure to follow," he says.

With granularity.

House Panel Questions Monitoring Of Cash Shipped To Iraq (NYT)

By Philip Shenon

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — A House committee report on Tuesday questioned whether some of the billions of dollars in cash shipped to Iraq after the American invasion — mostly in huge, shrink-wrapped stacks of $100 bills — might have ended up with the insurgent groups now battling American troops.

The report was released by the House Oversight and Government Reform Committee at a hearing when Democrats sharply questioned the former American civilian administrator in Iraq, L. Paul Bremer III, about lax management of the nearly $12 billion in cash shipped to Iraq between May 2003 and June 2004.

Mr. Bremer defended his performance as head of the Coalition Provisional Authority in Iraq, noting that the United States had to bring tons of American dollars into Iraq because the country had no functioning banking system.

“We had to pay Iraqis in cash,” Mr. Bremer said of the money, most of which came from Iraqi oil sales. “Delay would have been demoralizing and unfair to millions of Iraqi families.”

Government auditors have repeatedly criticized the American and Iraqi governments for failing to monitor the money once it reached Iraq.

Representative Henry A. Waxman, the California Democrat who is the committee’s new chairman, acknowledged that he had no evidence that Iraqi insurgent groups had received any of the cash. But he suggested that it was possible, given how much money was rushed into the country.

“We have no way of knowing if the cash that was shipped into the Green Zone ended up in enemy hands,” he said. “We owe it to the American people to do everything we can to find out where the $12 billion went.”

The hearing was evidence of the turnaround in Mr. Bremer’s standing in Washington.

Hailed by Republicans and Democrats alike when he last testified at a Congressional hearing in 2004, Mr. Bremer found himself the target of sharp criticism from Democrats on Tuesday. They questioned whether his decisions might help to explain the continuing turmoil in Iraq. He stepped down from his Iraq post in June 2004.

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"I acknowledged that I made mistakes," Mr. Bremer said. "And with the benefit of hindsight, I would have made some decisions differently." But he said that given the chaos he found after arriving in Iraq in May 2003, "I think we made great progress under some of the most difficult conditions imaginable."

Mr. Waxman, whose panel is pursuing investigations of fraud and abuse by the federal government and its contractors in Iraq, said he found it remarkable that the Bush administration had decided to send billions of dollars of American currency into Iraq so quickly after the United States occupied the country.

The committee calculated that the $12 billion in cash, most of it in the stacks of $100 bills, weighed 363 tons and had to been flown in on wooden pallets aboard giant C-130 military cargo planes. "Who in their right mind would send 360 tons of cash into a war zone?" Mr. Waxman said. "That's exactly what our government did."

Republican committee members accused the panel's Democratic leaders of rehashing old allegations against Mr. Bremer and the conduct of American forces in Iraq for political gain.

"Self-righteous finger-wagging will not make Iraq any more secure," said Representative Tom Davis of Virginia, the panel's ranking Republican. He said Mr. Bremer was asked to take charge of a "country with, basically, no government."

Rusty Democrats Unable To Pin Anything On Bremer (WP)

By Dana Milbank

The Washington Post, February 7, 2007

Jerry Bremer wore black dress shoes instead of his trademark combat boots yesterday as he testified before the House Oversight and Government Reform Committee. But except for that concession, the former American viceroy of Iraq had lost none of his swagger.

His widely condemned move to disband the Iraqi military? "I stand by the decision."

Billions of dollars potentially wasted on dubious contracts? "I did not have authority over the awarding of contracts."

Incompetent personnel at the Coalition Provisional Authority? "My role in hiring was very limited."

"On the whole," Bremer told the lawmakers, "I think that we made great progress."

It was to have been the grudge match Democrats waited years for: The ferocious Rep. Henry Waxman (D-Calif.), newly installed as chairman of the committee, was to flex his new oversight muscles by summoning Bremer to account for his actions while running Iraq in 2003 and 2004.

But Bremer proved unexpectedly agile at shifting blame: to administration planners ("The planning before the war was inadequate"), his superiors in the Bush administration ("We never had sufficient support"), and the Iraqi people ("The country was in chaos -- socially, politically and economically").

And Democrats, after 12 years in the minority, were out of practice. Instead of going after Bremer's greatest vulnerabilities -- his autocratic management style and his "de-Baathification" of Iraq -- Democrats instead chose a strange focus for the hearing: the failure to account for $8 billion of cash payments three years ago. After nearly five hours of questioning, the lawmakers failed to find a smoking gun: It wasn't U.S. taxpayer money, it was a pittance compared with U.S. spending in Iraq, there was no hard evidence of fraud, and the episode had been investigated two years ago.

Waxman, who began the hearing with a broad smile and played frequently with the gavel while sitting on the edge of the chairman's seat, gradually grew more somber and sank back into his chair. The natty Bremer, sporting a pocket handkerchief and a flag lapel pin, grew more confident. As his deflections thwarted the lawmakers, Bremer's wife, unable to contain her delight, reached out from the first row of the audience to pat her husband on the back.

Republicans could hardly believe their luck. "Nobody took him on," exulted Tom Davis (R-Va.), who surrendered the chairman's gavel to Waxman last month. "We thought they'd be all over him for de-Baathification."

For Waxman, the surprises began with the opening gavel. "The committee's Web site will now have a fraud, waste and abuse tip line to make it easier for our constituents to give us information we need," he announced in his statement. "The Web site is www.oversight.house.gov, and we will pursue all credible allegations that are shared with us."

Davis countered that announcement in his own opening statement. "Beginning today, our Republican committee Web site invites whistleblowers and anyone else with information about waste, abuse, fraud or needed reform to provide information anonymously or to e-mail us up at oversight@mail.house.gov," he said.

"We seem to have rival tip-line Web sites," Waxman observed.

Then the new chairman made a crucial error: At the start of the 10 a.m. hearing, he allowed every member of a committee to make an opening statement. By the time Bremer uttered his first word, it was almost noon.

Democrats sounded menacing in their opening statements. "I'm curious about how it was that Mr. Bremer, a man who'd never been to Iraq, never led reconstruction efforts, could have been put in charge of the most important civil reconstruction program since the Marshall Plan," said Rep. Paul Hodes (D-N.H.).

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But Republicans, unexpectedly, were equally dedicated to Bremer's defense. "Our folks that we sent tried to do the best they could," said Rep. John Mica (R-Fla.). When Bremer did speak, his 1,800-word opening statement had but a sentence admitting fault, and that was quickly qualified. "I acknowledge that I made mistakes and that, with the benefit of hindsight, I would have made some decisions differently," he allowed. But he quickly listed the mitigating circumstances.

Waxman tried to direct more of the blame toward Bremer. He showed photos of bricks of American dollars bound for Iraq. "Ambassador Bremer, are you concerned about the possibility that some of this money went to ghost employees?" Waxman asked. "It might be showing up in the hands of the insurgents that are fighting U.S. troops."

"If there were evidence of that, I would certainly be concerned," Bremer deflected.

Other Democrats had no better luck. Rep. William Clay (D-Mo.) tried to elicit a mea culpa about Bremer's banning of prominent Baath Party members from government. "The mistake I made was letting the Iraqi politicians implement it," Bremer replied. "So it was the right policy, poorly implemented."

Rep. Diane Watson (D-Calif.) demanded to know "how can we in good conscience say to our constituents, 'Let's send them more money.' "

"I don't represent the administration," Bremer demurred.

Bremer represented only himself, but he did it ably.

Bremer Admits Errors In Occupying Iraq (USAT)

By Matt Kelley

USA Today, February 7, 2007

WASHINGTON — The former head of the U.S.-led occupation in Iraq testified at a congressional hearing Tuesday that he and the Bush administration made mistakes, including inadequate planning.

Paul Bremer — former administrator of the Coalition Provisional Authority (CPA), which ruled Iraq for 14 months in 2003 and 2004 — said he was wrong to temporarily stop paying salaries and pensions to former Iraqi army officers. He added that Iraqis went too far with his order to purge members of Saddam Hussein's Baath Party from the government.

"I acknowledge I made mistakes," Bremer said. "But on the whole, I believe we made great progress under some of the most difficult conditions imaginable."

In his first appearance on Capitol Hill since leaving office in June 2004, Bremer strongly denied accusations by auditors and House Democrats that the CPA was too lax with the billions of dollars in cash it handed out to Iraqi government ministries.

The House Oversight and Government Reform Committee kicked off four days of hearings this week into allegations of wasteful federal spending with Bremer as its first witness. The committee chairman, Rep. Henry Waxman, D-Calif., promised "a two-year effort … to prevent taxpayers' money being wasted."

Some Republicans on the panel complained that the hearing was little more than "self-righteous, arrogant, Monday-morning Bush bashing," as Rep. Mark Souder, R-Ind., put it.

Other Republicans disagreed with that assessment. "Conservative Republicans should feel no obligation to defend waste just because it happened in Iraq," said Rep. John Duncan, R-Tenn.

Bremer said the CPA never had enough funding, materials or employees to properly do its job as the interim government of Iraq. He defended two controversial decisions: the dissolution of the Iraqi military and the removal of former members of Saddam's ruling party from government jobs. Gen. David Petraeus, the new commander of U.S. military forces in Iraq, criticized both actions in Senate testimony before his confirmation last month.

Bremer said the Iraqi army had effectively ceased to exist when the CPA took control of the country. He said it would have been a mistake to keep Saddam's former military intact, however, because Iraq's Kurds would have seceded had the Iraqi army remained.

Accusing Iraqi officials of going too far with ridding the Iraqi government of Baath Party members, Bremer said he intended to remove the top 1% of Baath Party members, not the lower-level bureaucrats who had to join the party to survive under Saddam's rule.

"It was a good policy poorly implemented," Bremer said. An Iraqi committee headed by Ahmad Chalabi carried out the policy. Chalabi, a former exile leader with close ties to the Bush administration, was later accused by U.S. authorities of leaking classified information to Iran.

Unspent Iraqi Funds Undercut Bush's Push For More (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 7, 2007

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The Bush administration faces a new obstacle in its quest to get more funds for reconstruction in Iraq: questions about why the Iraqi government has so much unspent money on hand.

Democrats at a House hearing on Iraqi reconstruction noted large sums of reconstruction money are unaccounted for and that the Iraqi government currently has $12 billion in unspent funds in bank accounts. Reps. Henry Waxman (D., Calif.) and William Delahunt (D., Mass.) questioned the president's call for $1.7 billion more for reconstruction.

Mr. Waxman called the hearings to improve oversight of how money is spent in Iraq. He said he also will press for legislation requiring better controls over contractors.

Testimony before the House Oversight and Government Reform Committee, where Mr. Waxman is chairman, focused on a January 2005 audit report by Stuart Bowen, the special inspector general for Iraq reconstruction. The findings faulted the way the Coalition Provisional Authority, which temporarily ran Iraq after the U.S.-led invasion, hurriedly dispensed more than $8.8 billion to Iraqi ministries to keep the government there running. It also found loose controls of the vast amounts of cash, and the likelihood that much of it had disappeared to pay "ghost employees."

Although the report was issued more than two years ago, Mr. Waxman said testimony was timely because the previous, Republican-controlled Congress declined to hold a hearing on the matter. Records obtained from the Federal Reserve and Defense Department show that from May 2003 to June 2004 the Federal Reserve Bank in New York shipped nearly $12 billion to Iraq, mainly in $100 bills. Much of it was doled out in Iraq from the back of pickup trucks and was only loosely accounted for.

Former CPA head Paul Bremer confirmed that he had overruled lower-level American employees who had warned that money would be siphoned off to ghost workers. He said that if money was withheld for salaries for large numbers of security guards and others, the danger to order in Iraq outweighed the risk that some money would disappear through corruption.

Mr. Bremer, who has been a lightning rod for criticism of the administration's postinvasion handling of Iraq, admitted having made mistakes. He blamed former Iraqi leader Saddam Hussein for having destroyed much of the Iraqi economy, and U.S. intelligence agencies for not having detected in advance the dire state of the economy and individual industries.

One source of frustration for the White House and many members of Congress has been the Iraqi government's difficulty spending money it has on hand from oil and gas revenue. The large number of pending corruption investigations by an Iraqi commission established by Mr. Bremer is believed to be deterring government ministries from spending additional money.

Mr. Bush has called on Iraq to commit to spend at least $10 billion of its funds in order for the country to qualify for the additional $1.7 billion he has proposed.

Mr. Waxman faulted the state department for not making available Timothy Carney, recently named to the newly created position of coordinator of Iraq reconstruction. The State Department said he had to depart earlier than expected for Iraq.

Billions Given Away In Baghdad Free-for-all (FT)

By Stephanie Kirchgaessner

Financial Times, February 7, 2007

The Bush administration went on a $5bn spending spree in Iraq in 2004 just six weeks before returning control of the government to Iraqis, according to a Democratic lawmaker investigating the payments.

Huge sums were doled out, sometimes in dollar bills from the back of pick-up trucks, it was alleged.

In a hearing before the chief House oversight committee, Democrats on Tuesday demanded answers from Paul Bremer, who headed the Coalition Provisional Authority, Iraq's first post-occupation government, and oversaw the disbursement of $12bn in cash in reconstruction funds in the months after the invasion.

In his first appearance before Congress since leaving Iraq, Mr Bremer admitted making mistakes during his 13-month tenure. However, he emphasised that Iraq was in a "desperate situation" in May 2003 and that the CPA could not have waited to install a "modern financial system" before beginning the process of getting the defunct Iraqi government and various ministries reinstated.

The payments in question comprised of Iraqi funds that had been held by the Federal Reserve Bank in New York before the invasion and consisted of a fund that succeeded the United Nations Oil for Food programme and seized Iraqi assets.

"I acknowledge that I made mistakes and that, with the benefit of hindsight, I would have made some decisions differently. But on the whole, we made great progress under some of the most difficult conditions imaginable," Mr Bremer told the committee.

Mr Bremer's remarks did little to quell criticism by Congressman Henry Waxman, chairman of the oversight committee, and others that the lack of accountability raised questions about whether the "cash shipped into the Green Zone ended up in enemy hands".

Mr Waxman took Mr Bremer to task for the manner in which US officials disbursed $20bn (€15.5bn, £10.2bn), including $12bn in cash, in Iraq between March 2003 and June 2004.

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Mr Waxman said that, in a 13-month period, the US government had shipped 360 tonnes of cash to Iraq. “Who in their right minds would send 360 tonnes of cash into a war zone? But that’s exactly what [this government] did.”

One official from the provisional authority described an environment awash with $100 bills, said a memo released by Mr Waxman’s office.

“One contractor received a $2m payment in a duffel bag stuffed with shrink-wrapped bundles of currency.” In some cases, cash was stored in unguarded sacks in Iraqi ministry offices.

Questions about the lack of transparency in how the US spent the Iraqi funds were supported by a January 2005 report by Stuart Bowen, the special inspector-general for Iraq reconstruction, which found that the provisional authority did not implement adequate managerial controls over $8.8bn in funds that were meant to finance various Iraqi ministries.

Many of the critics of the Bush administration’s handling of the war have pointed fingers at Mr Bremer’s tenure at the CPA, asserting that his early missteps, from the de-Ba’athification policies he put in place, to the disbandment of the Iraqi armed forces, set the stage for the turmoil in Iraq today.

Mr Waxman also hinted that he might subpoena Tim Carney, a new State Department official in charge of co-ordinating reconstruction in Iraq.

Mr Carney had been invited to the hearing but the State Department had kept him from testifying, in spite of his willingness to do so, Mr Waxman said.

Democrats, Bremer Spar Over Iraq Spending (WP)

By Rajiv Chandrasekaran

The Washington Post, February 7, 2007

House Democrats criticized former Iraq occupation administrator L. Paul Bremer yesterday for disbursing nearly $9 billion in Iraqi oil revenue without instituting accounting systems to track more carefully how Iraqi officials were using that money.

In a five-hour hearing, Democratic members of the House Oversight and Government Reform Committee probed whether the money, which was provided to Iraqi government agencies to pay salaries and fund other operations in 2003 and 2004, was spent properly. The Democrats cited an audit conducted two years ago by the special inspector general for Iraq's reconstruction that found that Bremer's Coalition Provisional Authority (CPA) engaged in "less than adequate" managerial and financial control of the money.

The funds were provided to the Iraqis in cash, often in shrink-wrapped packages of $100 bills. The committee's chairman, Rep. Henry A. Waxman (D-Calif.), said the U.S. government flew nearly $12 billion in cash into Baghdad on military cargo planes from May 2003 to June 2004.

"Who in their right mind would send 363 tons of cash into a war zone? But that's exactly what our government did," Waxman said. Because of the way the CPA kept track of the payments, Waxman said, "we have no way of knowing whether the cash shipped into the Green Zone ended up in enemy hands."

Bremer responded that he was trying to make the best of a bad situation. Iraqi ministries, he said, lacked modern financial management systems, and the country's banks could not handle electronic fund transfers. Waiting to implement new accounting and banking practices, he insisted, would have resulted in lengthy delays in paying salaries and pensions.

"Delay would have been demoralizing and unfair to the citizens of Iraq," Bremer said. "Delay might well have exacerbated the nascent insurgency and thereby increased the danger to Americans on the ground."

The hearing did not dwell on some of the more controversial aspects of Bremer's time in Iraq, such as his decisions to disband Iraq's army and fire Baath Party members from government jobs. Instead, the disagreement between Democrats and Bremer came down to a rather obscure point: whether Bremer should have required Iraqi ministries to provide a more detailed accounting of the money the CPA gave them.

Democrats asserted that the CPA failed to follow its own basic accounting standards, which Bremer enacted in 2003. Bremer maintained that the authority "met our obligations." He said a team of specialists from the International Monetary Fund "found that the existing Iraqi systems were adequate and recommended we use them while beginning the longer-term process of modernizing them." Distributing cash in a war zone wasn't "a perfect solution," Bremer said. "But there are no perfect solutions in Iraq."

During the 15-month occupation, the United Nations allowed the U.S. government to sell Iraq's oil and keep the proceeds in a trust fund. The $8.8 billion in question was drawn from that fund.

Republicans noted that the inspector general, Stuart W. Bowen Jr., did not provide any evidence to suggest that the $8.8 billion was stolen or fraudulently appropriated. "Limited visibility over payments to Iraqi ministries by itself doesn't establish the [Democratic] majority's alleged $8 billion fraud," said Rep. Thomas M. Davis III (Va.).

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Democrats fired back by implying that Bremer and his budget director, David Oliver, who also testified yesterday, adopted a blasÃ© attitude toward the $8.8 billion because it was Iraqi money, not U.S. taxpayer money. Rep. Diane Watson (Calif.) played a tape of an interview Oliver gave to the BBC last year in which he said: "I can't tell you whether or not the money went to the right things or didn't -- nor do I actually think it's important."

She then read from a transcript of a speech Bremer gave at Clark University in Massachusetts in April 2005. "I suggest you not worry because the $9 billion is Iraqi money, not American money," Watson quoted Bremer as saying.

Bremer insisted that he "took seriously" the responsibility to spend Iraqi funds.

Only a few Democrats pressed Bremer on other issues.

Rep. John F. Tierney (Mass.) asked Bremer about reports that many CPA employees were selected on the basis of political loyalty and connections instead of experience with post-conflict reconstruction or expertise in the Middle East. Bremer said that most staff members were hired by the Pentagon and that he was not involved in personnel issues.

Rep. William Lacy Clay (Mo.) asked Bremer whether he regretted disbanding Iraq's army and also whether he would admit that "your de-Baathification program helped to set the stage for the takeover of Iraqi politics by Shiite politicians with close ties to Iran."

Bremer contended that if he had called members of the former Iraqi army into service, it would have angered Shiites and Kurds -- who collectively make up more than 75 percent of Iraq's population -- and it might have led the Kurds to secede from Iraq. He also defended the overall thrust of his "de-Baathification" decree, but he acknowledged it was a mistake to leave the implementation up to Iraqi politicians, who "broadened it."

"It was the right policy, but poorly implemented," Bremer said.

Bremer, who received the Medal of Freedom from President Bush for his service in Iraq, appeared before the committee voluntarily. Waxman had also requested the appearance of Timothy Carney, a retired ambassador who was recently tapped to serve as the reconstruction coordinator in Iraq, but Waxman said the State Department refused.

Waxman said State offered several reasons Carney would not be able to appear, the last of which was insurmountable: He left for Baghdad on Friday.

Waxman Raps Ex-Iraq Chief Over Aid Funds (AP)

By Larry Margasak

AP, February 7, 2007

House Democrats, taking charge of investigations now that they control Congress, grilled the former U.S. occupation chief in Iraq on Tuesday about the way he doled out up to $12 billion of Iraqi dollars without accounting for the money.

L. Paul Bremer III, with support from Republicans, fired back by insisting he did the best he could in the middle of a war and repeating over and over that he was spending Iraqi — not U.S. — money.

The hearing by the House Committee on Oversight and Government Reform scrutinized the chaotic days that began after a burning and looted Baghdad fell to U.S. troops four years ago. Bremer ran the country for 14 months.

However, the days of the Coalition Provisional Authority seemed like a distant past compared with a simultaneous Senate hearing — where Defense Secretary Robert Gates spoke of the situation today, including the hope of a U.S. troop withdrawal before year's end.

The significance of the House hearing came when Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., promised two years of investigations of fraud, waste and abuse on the Bush administration's watch.

Democrats are planning dozens of investigations, many of them in Waxman's committee, which scheduled further hearings this week on homeland security contracts and drug prices.

The hearing presented two divergent views of what financial controls were possible in an Iraqi capital with no functioning national government.

Waxman and a hearing witness, special inspector general for Iraq Stuart Bowen Jr., criticized Bremer for failing to install accounting systems that would have forced Iraqi ministries to account for up to $12 billion in Iraq's funds. The money came from a United Nations oil-for-food program and seized Iraqi assets, but fell under Bremer's control.

"Without strong standards, we have no way of knowing whether the cash could end up in enemy hands," said Waxman.

Bremer countered, "I arrived in Baghdad at a time when much of the city was burning. Looting was still widespread. My responsibilities were to kickstart the economy."

Former committee chairman Tom Davis, R-Va., now the senior minority member, defended Bremer and criticized Waxman.

He said Waxman was rushing to "old judgments" in a hearing that was "old news."

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Bowen, responding to Bremer's assertions that he was operating without a functioning Iraqi government, said, "That situation screams for more oversight, more controls." But the inspector general told the hearing he couldn't say whether insurgents got any of the funds.

Bremer painted the bleakest possible picture of the situation he faced.

Looters were running wild. Buildings were burning. Competent government officials had fled or were on the run. Civil servants had not been paid for months. Banks were closed and only cash would keep the economy from total collapse.

Waxman said up to $12 billion in Iraqi money was converted to dollars, held in the Federal Reserve Bank in New York and shipped in pallets to Baghdad that totaled 363 tons.

"Millions of Iraqi families depended on civil service salaries and pensions," Bremer said. "It was clear we had to get this Iraqi money in the hands of people immediately."

Bremer acknowledged that he and the U.S. government made mistakes. He said he mistakenly described the Iraqi Army as being disbanded — leaving an incorrect impression because "there was not a single unit of the Iraqi army standing in place. "

He said too many government workers were fired because he mistakenly let Iraqis carry out his policy of dismissing only 1 percent of the government officials under Saddam Hussein.

And Bremer said he believed from the start that the best way to provide security was to increase the number of U.S. troops beyond the numbers sent to Iraq.

Bremer Defends Spending In Iraq (MCT)

By Renee Schoof

McClatchy Newspapers, February 7, 2007

WASHINGTON - Democrats in the House of Representatives on Tuesday grilled the former U.S. administrator of Iraq, L. Paul Bremer, demanding that he account for billions of dollars distributed in Iraq that no one seems able to trace.

Much of the questioning focused on $12 billion -mostly in $100 bills packed in huge bundles, 363 tons of cash in all - from Iraqi oil sales and frozen assets of Saddam Hussein's regime. The United States shipped the money to Iraq for Bremer's organization to disburse to Iraqi ministries.

A government audit in 2005 found that $8.8 billion was turned over to the ministries without assurance that it would be properly used and accounted for. A House Committee on Oversight and Government Reform staff document issued Tuesday says that much of the money appears to have been lost to corruption and waste.

Oversight committee Chairman Henry Waxman, D-Calif., said that with no clear standards, it was possible that some of the money ended up in enemy hands.

Bremer acknowledged making mistakes, but said that overall - given the violence and the sorry state of Iraq's economy - he did the best he could. It was the first time he'd testified before Congress since he turned over Iraq to an interim government in 2004 after running the Coalition Provisional Authority for 14 months.

"Despite the chaotic situation we found in Iraq, I believe the CPA discharged its responsibilities to manage these Iraqi funds on behalf of the Iraqi people, " Bremer said. "I am proud of what we achieved."

Bremer said he used the money to pay government workers their salaries and pensions. He said the Iraqi ministries didn't have good payroll records but that he had to turn over the money they requested quickly because he didn't want government employees to go without pay.

Rep. John Tierney, D-Mass., asked Bremer about reports that many of the 3,000 CPA staffers were recent American college graduates who got their jobs because of their loyalty to the Bush administration.

Bremer said it was difficult to get qualified people to work in Baghdad and that he wasn't responsible for selecting them.

Since Iraq's spiral downward into a violent insurgency and sectarian civil war, many analysts have blamed Bremer's decisions to disband the Iraqi army and ban members of Saddam's Baath party from public service as key reasons that anarchy emerged.

Bremer defended both decisions. He said the Iraqi army had been a vehicle of Saddam's repression and that the Baath party was modeled on the Nazis - "all right out of Hitler's playbook."

He said he'd suggested that only top Baath members lose their jobs but that Iraqi politicians implemented the plan and "broadened it way out." The chairman of the de-Baathification committee was then-Pentagon favorite Ahmad Chalabi.

Also testifying was Stuart Bowen, the special inspector general for Iraq reconstruction, who headed the 2005 audit of Iraqi money. Bowen said Bremer had failed to follow CPA rules set to ensure there'd be more transparency about how the Iraqi ministries used the money. But Bowen said he didn't find that the CPA had engaged in any fraud.

Bowen said his office continued to pursue fraud in Iraq and was examining 80 cases.

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Republicans on the committee said Bremer found himself in an extremely difficult job and couldn't be blamed for the U.S. government's lack of planning for post-invasion Iraq.

"We could have been accused of holding their money" if Bremer hadn't disbursed it swiftly, said Rep. Christopher Shays, R-Conn.

Waxman said he'd asked the Bush administration's new official in charge of Iraq reconstruction, Tim Carney, to testify and Carney was willing, but that the State Department had refused and said he wouldn't be available to appear before the panel for six months. Carney, a former ambassador to Haiti and Sudan and a former peacekeeping official in Somalia, Cambodia and South Africa, worked in Iraq for Bremer's predecessor, Lt. Gen. Jay Garner, for three months beginning in March 2003.

Waxman Hits 'Waste, Abuse' Of Iraq Funds (WT)

By S.a. Miller

The Washington Times, February 7, 2007

Rep. Henry A. Waxman yesterday excoriated the Bush administration for not tracking $12 billion of Iraq reconstruction funds, beginning the first of what he promised would be two years of hearings into "fraud, waste and abuse in federal spending."

"My concern is that without strong standards, we have no way of knowing whether the cash shipped into the Green Zone ended up in enemy hands," said Mr. Waxman, California Democrat and chairman of the Oversight and Government Reform Committee.

L. Paul Bremer III, former administrator of the Coalition Provisional Authority (CPA), which governed Iraq immediately after the overthrow of dictator Saddam Hussein, testified that there was no evidence the money went to insurgents or al Qaeda in Iraq.

After the hearing, Mr. Bremer said opponents of the administration's Iraq policy always have been long on criticism and short on new ideas.

"Nobody today and nobody in the past three years come up with an alternative," he told The Washington Times. "Nobody has ever said we could have on an air-tight accounting system. We came in the middle of a war in a devastated economy."

Still, Mr. Bremer said the hearing helped clear up misinformation about the money. The money was Iraqi oil money, not taxpayer dollars, Mr. Bremer told lawmakers, and the funds were used to run the Iraqi government, not to build infrastructure.

During the hearing, Mr. Waxman recounted how from May 2003 to June 2004 the Federal Reserve Bank in New York sent nearly $12 billion in cash aboard C-130 cargo planes to Baghdad.

The currency 281 million individual bills weighing a total of 363 tons came from Iraq oil proceeds and was sent to finance nation-building by the CPA.

"The numbers are so large that it doesn't seem possible that they're true," Mr. Waxman said. "Who in their right mind would send 363 tons of cash into a war zone? But that is exactly what our government did."

Mr. Bremer defended the cash payouts, saying Iraq lacked phone service, electricity and banks after the fall of Saddam's regime in April 2003.

"We had to find a way to get the Iraqi people money quickly so they could start rebuilding their country," Mr. Bremer said. "It was not a perfect solution, Mr. Chairman, but there are no perfect solutions in Iraq."

Rep. Thomas M. Davis III of Virginia, the committee's ranking Republican, faulted the chairman for describing the accounting failures as waste or fraud.

"The majority continues to equate a lack of exquisite accounting in Iraq with massive waste," he said. "Limited visibility over payments to Iraqi ministries, by itself, simply does not establish the majority's alleged $8 billion flood of fraud."

Mr. Bremer conceded the administration's "poor planning" for reconstruction after Iraq fell and said a "business-as-usual approach to contracting and personnel didn't work."

However, he assured the committee that his caretaker government took steps to "combat corruption" within the Iraqi government that he said was a legacy of Saddam's dictatorship.

Mr. Waxman noted reports that millions of dollars went to "ghost employees" in the Iraqi ministries, which Mr. Bremer said was another holdover from the Saddam regime.

The crux of the hearing was a January 2005 audit report that found "the CPA did not establish or implement sufficient managerial, financial and contractual controls to ensure that funds were used in a transparent manner."

The report by Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, concluded that the CPA distributed $8.8 billion to the ministries "without assurances the monies were properly used or accounted for."

Mr. Bowen acknowledged the difficulties the CPA faced.

"It was an extremely chaotic situation," he said. "The government was nonexistent. To me, that screams out for more controls."

Democrats pressed Mr. Bowen to speculate on where the money went.

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"We don't know where the money ended up. Do we?" asked Rep. Elijah E. Cummings, Maryland Democrat.

"How it was spent by the Iraqi ministries is something I can't account," Mr. Bowen said. "We have anecdotal evidence that it was used to pay payroll, and we know it was used for overhead."

Mr. Cummings said, "You don't know that it didn't go to insurgents."

Rep. Dan Burton, Indiana Republican, asked Mr. Bowen about whether the audit revealed fraud.

"We found no instances of fraud," said Mr. Bowen, who also said accounting practices within the CPA were adequate, in contrast to practices within the Iraqi ministries.

Waxman

L. Paul Bremer III, the former administrator of the Coalition Provisional Authority, yesterday slammed critics of the Bush administration's Iraq war policy saying that "nobody in the past three years come up with an alternative."

U.S. To Pay $5.8B To Expand Iraqi Forces (AP)

By Robert Burns

AP, February 7, 2007

The U.S. government will pay $5.8 billion to help Iraq expand further its army and police force, which are deemed too small for its security needs, senior Pentagon officials said Tuesday.

The expansion, announced Monday as part of President Bush's 2008 budget plan, would increase the Iraqi security forces from 328,000, which was the goal set several years ago and reached last December, to 362,000.

The Bush administration has made the development of competent Iraqi security forces a centerpiece of its strategy for eventually withdrawing U.S. military forces. But the process has been slower than planned.

Tina Jonas, the Pentagon budget chief, told a small group of reporters that Bush's 2008 budget proposal includes $3.8 billion for the expansion and that the other $2 billion is contained in his request for an additional $93.4 billion to cover overall war costs for the remainder of the current budget year, which ends Sept. 30.

The plan to expand the Iraqi army was generated last year while Donald H. Rumsfeld was defense secretary. But it took more months to work out with the Iraqi government how much it would cost and how that would be shared.

Vice Adm. Stephen Stanley, a top budget official on the Joint Chiefs of Staff, said Tuesday that the Iraqis are responsible for the cost of training and equipping 19,000 of the 34,000 additional troops and police. The United States would pay for the other 15,000.

Jonas also said that in the first two months of the current budget year — October through November 2006 — the Pentagon spent about $8.6 billion a month on the Iraq war and about $1.4 billion in Afghanistan. By comparison, the spending rate for Iraq alone during the 2006 budget year, which ended last Sept. 30, was about $6.8 billion per month, according to a Pentagon chart on war costs since 2001.

Stanley said the spending rate in Iraq of $8.6 billion a month so far this budget year is probably the highest since the initial invasion in March 2003.

Jonas noted that war costs usually are higher in the initial months of a budget year because more contracts for services are paid early in the year. Also, overall costs in Iraq have grown because the Pentagon is now using the war budget to pay for repairing, replacing and replenishing equipment lost or damaged in combat.

Iran Accuses US Of Role In Iraqi Kidnap (FT)

By Steve Negus

Financial Times, February 7, 2007

The Iranian government on Tuesday accused the US of complicity in the kidnap of one of its diplomats in Iraq, in an incident that might inflame the already tense relations between Washington and Tehran.

The Iranian government said that Jalal Sharafi, second secretary at Tehran's embassy in Baghdad, was seized on Sunday by gunmen who it claimed "operate under the supervision of the American forces in Iraq", the official Islamic Republic News Agency reported.

An Iraqi official was quoted by [a news agency] as saying that Mr Sharafi was snatched in the central Karrada district by 30 gunmen wearing the uniforms of a special Iraqi army unit that often works with US forces in Iraq.

Hasan Kazemi-Qomi, Tehran's ambassador to Baghdad, said on Iranian television the kidnappers had used US vehicles and that the abduction took place "within the framework of the US president's order to step up encounters with Iranians".

"Responsibility for this operation lies with American forces . . . those who kidnapped Jalal Sharafi . . . were not affiliated to [Iraq's] defence ministry, rather this operation was carried out under the supervision of a group connected to the Americans."

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The US military denied any of its units were involved in the incident. The White House last month authorised its forces in Iraq to kill or capture Iranian agents deemed to be a threat.

Diplomats are regularly targeted in Iraq, where armed factions engage in political assassination as well as abduction for ransom. The presence of Iranian diplomats in Iraq is particularly sensitive, thanks largely to the bitter 1980-1988 war fought between the two countries.

In 2004, Iranian diplomat Faridoun Jihani was kidnapped on a highway south of Baghdad by a Sunni insurgent group, who accused him of stirring sectarian conflict. He was released after two months.

Last month US forces detained five Iranians working for an informal consulate in northern Iraq on suspicion of funding militant activity.

It is unlikely that Tehran knows at this stage who abducted Mr Sharafi.

Iran Alleges U.S. Role In Kidnap Of Embassy Official In Baghdad (WP)

By Joshua Partlow And Ernesto Londoã±o

The Washington Post, February 7, 2007

BAGHDAD, Feb. 6 -- Iranian officials in Iraq on Tuesday accused U.S. forces of collaborating with Iraqi soldiers in what they described as the kidnapping of an Iranian diplomat in downtown Baghdad.

Four Iraqis allegedly involved in the kidnapping Sunday evening of diplomat Jalal Sharafi were arrested and interrogated by Iraqi police, according to two Iranian officials in Baghdad. The detained Iraqis, who wore military uniforms and carried military identification cards, were "not under the Ministry of Defense control, they were directly connected to the American control," said an official at the Iranian Embassy who spoke on condition of anonymity.

A U.S. military spokesman, Lt. Col. Christopher C. Garver, said Tuesday that the military was not involved in the reported abduction and that he was not aware of any involvement by Iraqi forces.

Iraqi officials declined to comment Tuesday on the Iranian allegations, but Foreign Minister Hoshyar Zebari scheduled a news conference for Wednesday at which he was expected to address the issue.

The Iranian officials condemned the disappearance of Sharafi, whom they identified as a second secretary at the embassy in Baghdad, and said his abduction was part of the Bush administration's effort to counter Iranian influence in Iraq.

"The Islamic Republic of Iran considers it a responsibility of U.S. forces in Iraq to protect members of the diplomatic community, including Iranian diplomats, and will hold them responsible for obtaining the release of the abducted Iranian diplomat," Iranian Foreign Ministry spokesman Mohammad-Ali Hosseini told the Islamic Republic News Agency.

Sharafi, who has worked at the embassy for two years, has a wife and children living in Iran, said Abbass Ittry, the embassy's office manager. At the time of the apparent abduction, which was first reported by the New York Times, Sharafi was traveling with two colleagues, the Iranian officials said. They said that Sharafi's colleagues escaped and notified police, and that police and the abductors exchanged gunfire during a brief clash.

Iraqi Defense and Interior Ministry officials are searching for Sharafi, said Brig. Abdul Khaliq Karim, a spokesman for the Interior Ministry.

U.S. officials have accused Iran, a Shiite Muslim theocracy, of exacerbating tensions in Iraq by providing funding, sophisticated explosives and training to Shiite militias. President Bush last fall secretly authorized the killing or capturing of Iranian intelligence operatives or Revolutionary Guard members operating in Iraq. U.S. officials last month detained five Iranians at a liaison office that provided consular services in the northern Iraqi city of Irbil. Iraqi officials said the men were in the process of being certified as diplomats. In December, U.S. forces detained five Iranians in two raids in Baghdad.

The U.S. military, in statements Tuesday, disclosed the deaths of two American service members. A Multinational Division soldier was killed Tuesday after "insurgents targeted a security post" in southwest Baghdad, and a Marine was died Monday in Anbar province "from wounds sustained due to enemy action." Their names will be released after relatives have been notified.

Meanwhile, U.S. officials said they are investigating a report that a member of the Iraqi parliament had been convicted in the 1983 bombing of the U.S. and French embassies in Kuwait.

"We are actively investigating these serious allegations and continue to be in close contact with the government of Iraq to pursue this case," said Lou Fintor, a U.S. Embassy spokesman in Baghdad. He said he had no further details.

Citing "U.S. military intelligence," CNN reported Tuesday that Jamal Jaafar Mohammed, a member of Iraqi Prime Minister Nouri al-Maliki's Dawa party, was sentenced to death for his alleged role in the bombings, which killed five people and injured more than 80.

Special correspondents Saad al-Izzi and Naseer Nouri contributed to this report.

U.S. Orchestrated Seizure Of Baghdad Envoy, Iran Alleges (LAT)

DOJ_NMG_0128986

By Tina Susman

The Los Angeles Times, February 7, 2007

BAGHDAD — Iran accused the United States on Tuesday of being behind the abduction of an Iranian diplomat in Baghdad, but U.S. officials refused to confirm that a kidnapping had taken place as the two countries' campaign of finger-pointing was brought up another notch.

Iranian officials said Jalal Sharafi, their embassy's second secretary, had not been seen since gunmen in Iraqi military uniforms intercepted his car Sunday as he left a branch of a state-owned Iranian bank.

"They acted under U.S. supervision," Iranian Foreign Ministry spokesman Mohammed Ali Hosseini said in a statement released in Tehran. He described the incident as a "terrorist attack."

The Bush administration has accused Iran of fueling the sectarian warfare in Iraq by providing Shiite Muslim extremists with weapons and explosives being used against U.S. troops and Sunni Arab targets. U.S. officials have been holding five Iranians seized last month in a raid in the northern city of Irbil. The Iranian officials are accused of planning attacks on Americans.

The seizure Sunday was another example of U.S. heavy-handedness, an official at the Iranian Embassy in Baghdad said. "They should release our colleague as soon as possible," he said angrily.

Neither U.S. government nor military officials in Baghdad would confirm such an incident, much less the allegation that it had been orchestrated by American forces.

"We have no record of any event that looks remotely like the described abduction," said Lt. Col. Christopher Garver, a U.S. military spokesman. The U.S. Embassy said it was "aware of the reports" and was looking into them.

Kidnappings are common in Baghdad, where high-ranking officials and ordinary merchants alike may fall prey to gangs looking to get rich by ransoming hostages. Iranian officials, however, refused to consider that Sharafi's alleged abduction was anything but another attempt by Washington to put the squeeze on Tehran. They cited the detention of the Iranians in Irbil as evidence.

"This is not the first time such a thing has happened," the Iranian Embassy official said of Sharafi's alleged abduction. "Normally, the United States is responsible."

As Iraq's violence has escalated, so too has the tension between the United States and Iran, whose leaders deny bolstering Shiite militias at work in Iraq. The diplomatic snarling has put Iraqi Prime Minister Nouri Maliki in an awkward position as he tries to cultivate close relations with Iran while trying to convince American officials that he is serious about quelling violence.

A joint U.S.-Iraqi security plan announced last month has yet to produce tangible results, at least in the view of Iraqis living under constant threat of car bombs, mortar attacks, stray gunfire and street crime.

The bodies of at least 19 men, all shot to death and most showing signs of torture, were found in Baghdad on Tuesday, police and morgue officials said. In addition, at least five people died when a car bomb exploded in the east Baghdad neighborhood of Mashtal.

In the city of Kut, about 100 miles southeast of Baghdad, a roadside bomb targeting a passing U.S. military convoy instead blew up under a civilian minivan, killing a woman.

The U.S. military announced the death of a Marine in Al Anbar province, west of Baghdad, bringing the number of American troops killed since the March 2003 U.S.-led invasion to at least 3,103, according to the website icasualties.org, which tracks casualty figures in the war.

In the Shiite neighborhoods of Ur and Shaab, in northern Baghdad, residents said U.S. and Iraqi forces set up checkpoints Tuesday morning, snarling traffic for hours but doing little to reassure people of the new security plan's effectiveness.

Majid Abdullah, 42, who owns an auto parts shop in Shaab, said that most checkpoints had been dismantled by afternoon and that those remaining were manned by Iraqis, with U.S. troops only passing by occasionally.

"Frankly speaking, there doesn't seem to be anything different in their activities compared to any other days," he said. "In fact, they don't seem that enthusiastic and rarely ever search vehicles and passersby."

Abdullah complained that he had gone through the checkpoint several times in his car and had yet to be searched. "I want to be searched. We want them to be more diligent."

A resident of Ur said about 10 Strykers, hulking U.S. armored vehicles, had made their way through her neighborhood but become stuck on a narrow street. Unable to turn around, she said, the first Stryker rammed down the walls of a school and drove through it, followed by the rest of the convoy.

Maliki acknowledged delays in implementing the security plan he announced early last month and, after meeting with Iraqi military commanders, urged them to disprove skeptics who he said were doubting their ability or determination to stabilize Iraq.

"I address my speech to you, the Iraqi commanders, to prove and to show the world that you are up to the responsibility that is in your hands," he said.

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Abdullah, however, made clear he was not optimistic.

"It's a new security plan every day, and there is all this hype about it when in fact it is not different and therefore will not make any difference," he said. "It's another disappointment."

Blair Urges Iran To Change Its Ways (AP)

By Thomas Wagner

AP, February 7, 2007

Prime Minister Tony Blair told lawmakers Tuesday that no military action is planned against Iran, but that international opinion is hardening against Tehran's nuclear ambitions and what he described as its interference in conflicts across the Middle East.

Iran has been widely criticized for links with Hezbollah in Lebanon, Hamas in the West Bank and Gaza, and Shiite militias fighting coalition forces in Iraq.

Iran "is trying to prevent reconciliation across the region, and I think that is very shortsighted and very foolish," Blair told the House of Commons' Liaison Committee.

"If they were able to play a constructive role in Iraq, it would be of immense help to the international community. It would also actually be of immense help to Iran in the end since they don't want chaos on their borders," Blair said during his biannual appearance before the committee to discuss a wide range of local and international issues.

"You can't take any option off the table, but nobody is talking or planning military intervention. That's not what the international community wants, " Blair said. "It's not what we want."

President Bush has said the U.S. has no plans to invade Iran. But he recently increased the U.S. naval presence in the Persian Gulf to its highest level since 2003 by ordering a second aircraft carrier strike group to the region. Bush also has authorized the U.S. military to kill or capture any Iranian agents plotting attacks in Iraq against American forces.

The United States and several Western allies believe that Iran is using its nuclear program as a cover to produce atomic weapons — a charge Iran denies. Tehran says it seeks only to generate electricity.

Merkel Says Talks With Iran Still Possible (AFP)

AFP, February 7, 2007

German Chancellor Angela Merkel said that the door remains open for negotiations between Iran and the international community over its contested nuclear programme.

"Even if the United Nations has decided on sanctions, the door for negotiations remains open," Merkel said at a joint press conference with Kuwait's Prime Minister Sheikh Nasser Mohammad al-Ahmad al-Sabah.

"I hope that reason will prevail and that we will be able to hold talks again," added Merkel, whose country currently holds the rotating European Union presidency.

The premier of Kuwait, which lies just across the Gulf from Iran, also stressed the importance of going back to negotiations over Tehran's nuclear drive.

"It is important now to have unconditional negotiations. We have to sit down at the negotiating table and talk openly and without conditions," he said. "It is absolutely necessary to have peace in the region."

EU foreign ministers agreed late January to implement the full raft of UN sanctions against Iran to punish Tehran for failing to meet international demands over its nuclear programme.

The UN Security Council in December adopted a resolution imposing sanctions on Iran for its repeated refusal to fully cooperate with the UN atomic energy watchdog or suspend uranium enrichment.

Merkel was in Kuwait after a stop in the United Arab Emirates where she met Emirati President Khalifa bin Zayed al-Nahayan on Monday as part of talks with Gulf leaders on international efforts to revive the Middle East peace process.

Her regional tour has also taken her to Riyadh and Cairo.

Israel Sounds Alarm On Iran's Nuclear Efforts (LAT)

By Richard Boudreaux

The Los Angeles Times, February 7, 2007

JERUSALEM — Israeli leaders rarely invoke the Holocaust in the face of enemies. The Jewish homeland founded after Adolf Hitler's genocide has, for the last generation, felt secure enough to fight its many battles with little or no help.

But the specter of a nuclear-armed Iran has rattled Israel's self-confidence. Its politicians and generals warn of a "second Holocaust" if, as in the 1930s, the world stands by while a heavily armed nation declares war against the Jews.

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Spelling out that scenario, Israeli officials have begun an unusually open campaign to muster international political and economic pressures against Iran. They warn that time is growing short and hint that they will resort to force if those pressures fail to prevent Iran's development of an atomic weapon.

Israeli leaders fear that an Iranian bomb would undermine their nation's security even if Tehran never detonated it. That Israel has its own nuclear arsenal would not counteract the psychological and strategic blow, they believe.

Israel began secretly preparing in the early 1990s for a possible air raid on Iran's then-nascent nuclear facilities and has been making oblique public statements about such planning for three years.

What is new is Israel's abandonment of quiet diplomacy to rally others to its side. Until a few months ago, Israeli leaders worried that high-profile lobbying would backfire and provoke accusations that they were trying to drag the United States and its allies into a war.

Israel's new activism coincides with a recent drumbeat of U.S. threats against Iran, including President Bush's vow to "seek out and destroy" Iranian and Syrian networks he said were arming and training anti-American forces in Iraq, and his dispatch of a second aircraft carrier group to the Persian Gulf.

Several factors have contributed to Israel's more assertive campaign, Israeli officials and defense analysts said.

Israel's war against Iranian-backed Hezbollah guerrillas in Lebanon last summer brought Tehran's hostility alarmingly close to home. At the same time, the war made relatively moderate Sunni-dominated Arab nations more wary of Shiite Iran, easing Israel's isolation and creating a de facto anti-Iran coalition.

Iranian President Mahmoud Ahmadinejad has repeatedly called for Israel's destruction. And while denying any plan to build an atomic weapon, Iran has continued to enrich uranium and acquire long-range missiles.

And Israeli leaders worry that the window is closing on any hope for decisive action by Bush, their most powerful supporter. The head of Mossad, Israel's foreign intelligence agency, told parliament late last year that Iran would be able to produce a nuclear weapon as early as 2009, the year Bush is to leave office. Other analysts have predicted a longer timetable.

Since last summer, Israeli Prime Minister Ehud Olmert has sounded an alarm against Iran in public and in meetings with the leaders of Britain, France, Germany, Italy, Russia, China, Egypt and Jordan. He has also met twice with Bush.

"The Jewish people, on whom the scars of the Holocaust are deeply etched, cannot allow itself to again face a threat against its very existence," Olmert said last month in a speech reviewing the diplomatic campaign. "In the past, the world remained silent and the results are known. Our role is to prevent the world from repeating this mistake."

Israel strongly prefers that the world keep Iran from developing nuclear weapons through crippling, dissuasive economic sanctions, Olmert said. But he added: "We have the right to full freedom of action in defense of our vital interests. We will not hesitate to use it."

'Force them to reconsider'

Olmert on Tuesday reiterated that economic pressure might be enough to halt Iran.

"I think there is a way to stop the Iranians from moving forward on their nuclear program without violent actions," the prime minister said in a speech to visiting American Jewish leaders.

If wide-ranging sanctions can "cause such damage to the Iranian economy — and we see some signs already — it will force them to reconsider," he said.

Israel's new stance was evident in December as its lobbying contributed to a United Nations Security Council decision to ban the sale to Iran of materials used in uranium enrichment, reprocessing and building ballistic missiles. Enriched uranium can be used to produce electricity or a nuclear bomb.

Despite misgivings about the risk of a backlash, Israel is helping the United States push broader voluntary sanctions to cut Iran's trade credits, oil investments and ties to foreign banks. In that effort, it is helping the U.S. Treasury Department monitor the activities of Iranian banks abroad.

"It might be bad for Israel and bad for American Jews for Israel to be seen as pushing for action on Iran," said Yossi Klein Halevi, a senior fellow at the Shalem Center, a research institute in Jerusalem. "But we don't have the luxury of time anymore."

Iran says it is seeking nuclear technology for civilian purposes. But because it kept its program secret for 18 years and has failed to comply with U.N. nuclear inspections, Iran is presumed by Israel and Western countries to be trying to acquire the technology to make a bomb.

If Iran achieves that threshold, it will radically alter the region, Israeli officials and analysts said.

Emboldened by the bomb, they said, Iran could provide Islamic militant movements Hezbollah and Hamas with longer-range and deadlier rockets to fire at Israel than the current stock of Katyushas and Kassams. It could also veto any Palestinian or other Arab effort to make peace with the Jewish state.

No longer a deterrent

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Israel's possession of nuclear weapons since the late 1960s, though rarely acknowledged by its leaders, has worked as a deterrent until now.

"For decades, the Arab countries … knew they couldn't beat Israel, so there was no coalition forming against us," said Maj. Gen. Amos Gilad, director of the Defense Ministry's Political-Military Bureau.

But soon, he said, "the Iranians could create a belief that they can beat us, and under their umbrella create an axis that will destabilize the Middle East."

Also, Sunni Arab countries — Egypt, Saudi Arabia, Algeria, Jordan and Libya — could strive to build atomic weapons to compete with Shiite Iran, making any regional conflict a potential nuclear tinderbox, he said.

In such an environment, many Israelis might flee. A December poll in the newspaper Maariv found that 27% of Israelis would leave or consider leaving if Iran acquired nuclear weapons. Two-thirds of those surveyed said they believed Iran would drop a nuclear weapon on Israel.

Apocalyptic scenarios involving Iran dominated last month's annual Herzliya conference, Israel's premier gathering of foreign policy, defense and security specialists. Participants pressed several U.S. presidential hopefuls on how they planned to thwart Iran's nuclear ambitions.

"I see a syndrome of America acting late," Sami Friedrich, an Israeli management consultant, lectured Sen. John McCain (R-Ariz.), who joined the conference by video hookup from Washington. "America came in late in the Second World War. Now America accepts the diagnosis that it failed to imagine the worst with Al Qaeda. America has this worrying pattern."

Despite the anxiety, Israeli officials at the conference said they were hopeful that sanctions would force Iran to suspend its enrichment program.

They were encouraged by Ahmadinejad's setback in recent local elections, rising unemployment and inflation in Iran, and reports that domestic criticism of the president was escalating.

Vice Premier Shimon Peres told students in Qatar last week that Israel's problem was with Ahmadinejad, not the Iranian people, and it did not "intend to use military action."

If Ahmadinejad were to fall, "someone else would come to power, someone less hostile, and the question of whether they have nuclear capability will be less important," said Uri Lubrani, a former Israeli ambassador to Iran who advises the Defense Ministry and opposes military action.

That, however, appears to be a minority view in the government and defense establishment. Other officials and analysts argue that voluntary sanctions are unlikely to win full support from European countries and in any case would be undermined by Russia, China and India. They say time is too short and the stakes too high to bet solely on a change in government.

"We cannot sit back and wait for a revolution," said Isaac Ben-Israel, a reserve air force major general who heads Tel Aviv University's Security Studies Program.

Ben-Israel helped plan the 1981 Israeli air raid that destroyed Iraq's Osirak nuclear reactor. He said Israel had the capacity to set back Iran's atomic program by striking a few key targets, such as its uranium conversion facility at Esfahan, its enrichment facility at Natanz and its heavy-water reactor at Arak.

'A new front in Iran'

But Israel lacks the capability for a sustained offensive that might be needed to strike the bulk of Iran's facilities. Because of that, Ben-Israel and other officials say, Israel would prefer to join in an American-led attack on Iran — a scenario Bush has refused to rule out. But they worry that Bush has been so weakened at home by the Iraq war that "opening a new front in Iran may not be feasible for him," Ben-Israel said.

Israelis have been hinting strongly that they are prepared to act on their own. In an article in last week's issue of the New Republic, Halevi and Michael Oren, also a senior fellow at the Shalem Center, wrote that if Israel decided to strike, it would probably do so within 18 months.

Israel would wait long enough to give sanctions a chance to work, the authors predicted, but not so long that Iran's facilities would become radioactive, making the consequences of bombing them far more lethal.

Robert J. Einhorn, the assistant secretary of State for nonproliferation in the Clinton administration, said Israel's threats, coupled with the possibility of U.S. military action, could help bolster the push for sanctions.

"It's important that not only the Iranians believe the military option is credible," said Einhorn, who is a senior advisor at the Center for Strategic and International Studies, a Washington think tank. "The more the Europeans believe the use of military force is thinkable in Iran, the more they will be prepared to use economic leverage to avoid that possibility.

"Israel is sounding the alarm with lots of countries, urging them to do all sorts of things," he said. But if those efforts fail, "they are going to have to decide whether to act unilaterally and militarily. That will be a very hard decision."

Iran's Economic Conditions Deteriorate (USAT)

DOJ_NMG_0128990

By Barbara Slavin

USA Today, February 7, 2007

WASHINGTON — U.S. and Western pressure on Iran is squeezing its economy, feeding the inflation and joblessness that have swelled under its controversial president, Mahmoud Ahmadinejad.

Trade figures and other data have begun to reflect deepening economic isolation taking place as a result of U.S.-led efforts to penalize Tehran for what the United States alleges is the pursuit of nuclear weapons and sponsorship of terrorist groups.

For example, Iran's imports from Germany fell 14% in the first eight months of 2006, the German-Iranian Chamber of Commerce says. European Union countries account for 40% of Iran's imports, and Germany is Iran's largest European supplier, providing machinery, steel and electrical equipment, along with other goods.

German government export credits, used to finance trade, also fell by a third last year and are expected to drop again this year, said Ulrich Sante, a spokesman at the German Embassy in Washington.

"People who want to pursue legitimate commerce with the West will see that the policies Ahmadinejad is pursuing are leading to isolation and painting a more bleak economic future for the country," said Stuart Levey, U.S. Treasury undersecretary for terrorism and financial intelligence.

The United Nations Security Council imposed sanctions on Iran in December after Tehran failed to suspend uranium enrichment. The sanctions block exports that can be used in Iran's nuclear and missile programs and freeze assets of officials linked to those programs.

Separately, the Bush administration has cut off two Iranian banks from access to the U.S. financial system and dollar-based transactions on grounds that terrorists and weapons programs used accounts at those banks.

The United States has had no diplomatic relations with Iran and has restricted trade with Tehran since 1980, when Iran took U.S. Embassy personnel hostage.

Iran's economic challenges include:

·Banking restrictions. A half-dozen European banks have ended or restricted dollar dealings with Tehran to avoid jeopardizing business with the United States. Mohammad Jafar Mojarrad, vice governor of Iran's Central Bank, said most of the lenders continue dealing with Iran in other currencies.

Peter Pietsch, spokesman for giant German bank Commerzbank, said the institution halted dollar transactions with Iran on Jan. 31 but still conducts transactions with Iranians in euros.

Credit Suisse, a major Swiss-based financial services firm, stopped taking new clients in Iran in late 2005 "in light of the developments in the country … as well as to safeguard our reputation," spokeswoman Esther Gerster said.

·Rising import costs. Saeed Laylaz, a Tehran business consultant, said exporters require Iranian buyers to deposit the full amount of a transaction to obtain letters of credit, and that has added 8% to 12% to the cost of imports.

·Declining oil production. Oil Minister Kazem Vaziri-Hamaneh told the Iranian Student News Agency last year that Iran's annual oil output had declined by half a million barrels per day as the country struggled to pump from aging fields. Iran produces 3.9 million barrels per day and exports 2.4 million. Roger Stern, an economist at Johns Hopkins University, has predicted that Iranian oil exports could decline to zero by 2015 without a significant increase in investment or a decline in domestic consumption.

Mojarrad said Iran was taking steps to encourage new investment. He cited a $10 billion deal signed last month by Spain's Repsol and Royal Dutch Shell to develop an offshore Iranian field.

The Iranian economy continues to grow at a rate of more than 5% a year in inflation-adjusted figures, Mojarrad said. He said sanctions will hurt Americans more than Iranians by undermining the use of the dollar as a reserve currency, depressing its value and making U.S. imports more expensive.

Even before the latest sanctions, the Iranian president's rhetoric — calling for Israel to be destroyed — and defiance on the nuclear issue appeared to have a chilling effect on investment and trade.

Iran faced "a cooling off of the business environment in the last year because of the nuclear issue and the rhetoric" of Ahmadinejad, said Adam Pener of the Conflict Securities Advisory Group, a Washington-based consulting firm.

Laylaz said the sanctions have added to problems caused by Ahmadinejad's free-spending policies. Inflation — officially 12%, according to Iran's Central Bank — is likely to rise to 15% this year, Laylaz said.

Unemployment was 11.5% in the year ending in March, 1.2% higher than the previous year, according to the Iran Statistical Center. Food prices rose by a third from March to August, the cost of housing went up 14%, and the cost of medical care increased more than 18%, said Iran's Karafarin Bank, which provides overviews of the Iranian economy to the International Monetary Fund.

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Joblessness rose in spite of a 37% increase in Iran's hard currency earnings, derived mainly from oil. Iran's oil revenue was $50 billion last year. Oil revenue, taxes on oil and other oil-related income financed more than 70% of Iran's government spending, according to Karafarin Bank.

Challenging The Mullahs, One Signature At A Time (NYT)

By Maura J. Casey

The New York Times, February 7, 2007

"Well-behaved women rarely make history," my favorite bumper sticker says. It surely applies to Shirin Ebadi, the Iranian lawyer and 2003 Nobel Peace Prize winner whose relentless campaign against discrimination has enraged the mullahs for more than 25 years.

In a country where the law values a woman's life at only half the price of a man's, Ms. Ebadi will not be quiet, and she is urging other women to find their voices. Her newest effort is to help collect the signatures of one million Iranian women on a petition protesting their lack of legal rights.

The concept is simple and revolutionary, melding education, consciousness-raising and peaceful protest. Starting last year, women armed with petitions began to go to wherever other women gathered: schools, hair salons, doctors' offices and private homes.

Every woman is asked to sign. But whatever a woman decides, she receives a leaflet explaining how Iran's interpretation of Islamic law denies women full rights.

The material explains how Iran's divorce law makes it easy for men, and incredibly difficult for women, to leave a marriage, and how custody laws give divorced fathers sole rights to children above the age of 7.

Ms. Ebadi says the petition drive has already trained "400 young women to educate others" about these injustices. The movement, made up of a network of women's organizations and publications, has no formal leadership, in part to lessen the chances of retaliation. That didn't help three female journalists who were arrested late last month after they wrote articles for feminist publications backing the drive. They have since been released but will face a hearing in two months. Ms. Ebadi will defend them.

It's only natural to wonder how many more women will be arrested as they rebel, one signature at a time. And only natural to marvel about the courage of the 30,000 women who have already signed.

The movement is doing on a grand scale what Ms. Ebadi has done for her entire adult life. When I last spoke with her, eight years ago in her Tehran home, she had emerged as a tenacious human rights campaigner after being forced to step down as a judge by the Islamic revolution. She was blunt about the lack of freedom in Iran and well aware of the price for such outspokenness.

She's been arrested and imprisoned and the target of death threats. In New York in January for meetings at the United Nations, she was just as defiant and just as unafraid as I remembered. Winning the Nobel Prize has not given her immunity.

There's a lot to speak out about. When Iran's president, Mahmoud Ahmadinejad, is not propagating lies about the Holocaust or cheering on Iran's nuclear program, he's having independent journalists arrested. But he is not the only problem. Above him is the hard-line Council of Guardians and above it the supreme religious leader. The Council of Guardians vetoed legislation increasing civil liberties and banned most moderates from running for Parliament in 2004.

Given the breadth of the institutional opposition arrayed against them, the Change for Equality Petition Drive is especially clever. Rather than directly confronting the system, it goes around it. Even women who don't sign the petition will be better informed about their second-class status. The hope is that they will then be less likely to accept injustice indefinitely. And if Iran's women start questioning their lack of rights, perhaps Iran's men will have the courage to speak out, too.

The government certainly understands the implications. Just a few weeks ago, it blocked access to the campaign's Web site. But within hours the women had another Web site up and running.

Ms. Ebadi, the lifelong agitator, does not mask her pride or her belief that women's voices will someday make all the difference. "By getting one million signatures, the world will know we object to these conditions," she said. And I can't help but think that instead of one courageous woman for the government to contend with, it will have reaped a million.

Iraqi Premier Admits Errors In Introducing Security Plan In Baghdad (NYT)

By Marc Santora

The New York Times, February 7, 2007

BAGHDAD, Feb. 6 — Prime Minister Nuri Kamal al-Maliki acknowledged for the first time on Tuesday that his government had stumbled in its efforts to carry out a new security plan in Baghdad and that the delays and mounting violence were hurting its credibility with the Iraqi people.

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"I feel that we are late," he said in an address to his senior military commanders that was broadcast live on Iraqi national television. "This delay is giving a negative impression and has led some people to say that we have already failed."

Pressure is increasing on the Maliki government to show signs of progress on the security plan that was announced more than a month ago, especially after three weeks of bloody violence that has killed 3,000 civilians.

Mr. Maliki made it clear to the commanders that they needed to show results soon. "I call on you to quickly finish the preparations so that we don't disappoint people," he said.

Mr. Maliki offered no reasons for the delay, but Iraqi military officials have expressed frustration over the slow pace and have cited several problems, including the failure of Iraqi troops from other parts of the country to arrive on schedule in Baghdad, the capital.

The choice of top commanders, drawn from the army and the police, has largely been settled, the officials said, but was slowed by sectarian disagreements, with Shiites objecting to Sunnis and Sunnis objecting to Shiites.

Integrating the Iraqi police force with the army, essential to the plan, remains a problem, officers say. Some Sunni neighborhoods remain off limits to the police, because they are thought to be deeply infiltrated by Shiite militias and are widely distrusted by Sunni residents.

The stepped up pace of the violence against Shiites since the plan was announced, which American and Iraqi officials say is part of a strategy by Sunni insurgents to undermine the government, has further convinced many Shiites that the Iraqi security forces are hapless.

Mr. Maliki told his commanders that they needed to be aggressive and to deploy their troops in force soon to combat that impression, and he promised that unspecified elements of the crackdown would start within days.

"We should not be late, because any more delay would raise suspicions about the military and police forces," he said.

Mr. Maliki has sought to put an Iraqi face on the new plan, but people whose lives have been torn apart by the bloodshed here have also blamed the Americans for failing to provide security. American officials have defended the pace of the operation, emphasizing that it involves a rolling buildup of forces that will take time.

On Tuesday, few signs indicated that anything had changed on the streets of Baghdad, aside from some new checkpoints scattered around the city. An aggressive clearing operation began Tuesday night in a Sunni neighborhood in eastern Baghdad. Iraqi officials said it was part of the new crackdown, but similar operations have been under way for weeks.

American military officials said one large event to signal the start of the crackdown was unlikely.

The violence continued Tuesday, though perhaps more slowly than in the past few days. An employee in the prime minister's office who was working on antiterrorism issues was killed, a police official said.

Three car bombs killed at least six people and wounded 17 more, gunmen killed two police officers, and 11 people were kidnapped from a house in the Sadr City section of Baghdad overnight.

Mr. Maliki's aides said that while they were frustrated by the delay, trying to rush the security plan into action before the forces were ready would only compound the problems.

"It could be like an abortion for this operation," said Sadiq al-Rikabi, a political adviser to the prime minister. "Finishing it before it starts."

American officers said the new plan, under which an additional 17,000 American forces are to be deployed in Baghdad, would not necessarily have an official start. They said it would be more accurate to describe the effort as a broader strategy shift that would put American troops in Baghdad neighborhoods in more aggressive ways, living and working with Iraqi troops.

The Americans are arriving in staggered intervals over months, and troops on the ground are beginning to carry out the new strategy, the officers said. In western Baghdad, American forces are living with Iraqi soldiers at new Joint Security Stations in two neighborhoods. More stations are under construction.

From the beginning, American officers have cautioned that the new plan would take time, because any chance of success rests on building trust with a population whose faith has been severely tested by nearly a year of vicious sectarian violence. But they know that time is not on their side.

"There have to be some early successes to establish momentum," said one battlefield commander, who like the others spoke on the condition of anonymity because he was not designated to talk with reporters.

Despite the setbacks, the shape of the Iraqi side of the plan is coming into focus.

Last month, Mr. Maliki appointed Lt. Gen. Aboud Qanbar as the overall Iraqi commander for forces in Baghdad. General Qanbar, who had worked in the prime minister's office for six months on security issues, was not Mr. Maliki's first choice; that one was rejected by the Americans as too sectarian. But Mr. Maliki, in turn, rejected the candidate proposed by the Americans, leading to a bitter row that ultimately ended with the Americans accepting General Qanbar, who was largely unknown to them.

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But one of General Qanbar's chief selling points to Iraqi officials was precisely his relative obscurity since the American invasion in 2003. "There are many officers who could do the job better, but appointing them would have caused an uproar among the Sunnis," an Iraqi officer said.

Under the new plan, two other commanders will report directly to General Qanbar, one responsible for eastern Baghdad and the other responsible for western Baghdad. The Iraqis and the Americans have agreed on those appointments.

The plan also calls for Baghdad to be divided into nine security districts, each with a commander. Those choices were completed recently, Iraqi officials said.

Kuwait Court Convicts Iraqi Lawmaker In 1983 Bombings That Killed 5 Americans (NYT)

By James Glanz And Marc Santora

The New York Times, February 7, 2007

BAGHDAD, Feb. 5 — A sitting member of Parliament was convicted more than two decades ago of planning the attacks on the American and French Embassies in Kuwait that left five Americans dead in 1983, Iraqi and American officials said Tuesday.

The Parliament member, Jamal Jafaar Mohammed Ali Ebrahimi, was sentenced to death in absentia by a court in Kuwait for the 1983 attacks. He was elected to Parliament in 2005 as a part of the Shiite coalition that now governs Iraq.

"We are actively investigating these serious allegations and continue to be in contact with the government of Iraq to pursue this case," said Lou Fintor, a spokesman for the American Embassy here.

Mr. Jamal, as he is known, served for a while as a security adviser to Iraq's first prime minister after the American invasion, Ibrahim al-Jafaari, officials in Washington said. It was then that they first suspected that he was involved in the 1983 embassy attacks. Their suspicions grew over the past year, and they are almost certain of the connection today.

It was unclear when American officials first raised the issue with the current prime minister, Nuri Kamal al-Maliki, but one official said there have been discussions for at least several months.

The embassy bombings led to the kidnapping of at least seven Americans in Lebanon and several other terrorist acts aimed at freeing 17 prisoners under death sentences in Kuwait for the attacks. The hostage-taking also led to a scandal in the Reagan administration — famously involving the delivery of a cake in the shape of a key by a presidential envoy — as Washington sought the hostages' freedom with the offer of a secret arms deal to help Iran, which was then at war with Iraq.

Mr. Jamal, who was in Iraq until a week ago, is now in Iran, according to two associates. The presence of a wanted terrorist in the Parliament of Iraq's American-backed government is likely to be an embarrassment for the United States, particularly given Iran's role in sheltering Mr. Jamal.

The United States and Iran are locked in a standoff of sorts in Iraq. The United States has warned Iran against meddling in Iraq and American forces have detained a number of Iranians here on charges of providing assistance to illicit armed groups. Iran, a Shiite state with deep and longstanding ties to Iraq's Shiite political parties, has denied those charges and announced that it plans to expand its ties with Iraq.

Tensions between the rivals rose higher on Tuesday as Iran said it held the United States responsible for the safety of an Iranian diplomat kidnapped in Iraq two days before. Although the diplomat, Jalal Sharafi, was abducted on a Baghdad street by men wearing Iraqi military uniforms and with official identification, Iran has accused the United States of directing the operation. American officials deny any involvement.

"The Islamic Republic of Iran holds U.S. forces responsible for his safety and demands his immediate release," Iran's foreign ministry spokesman, Mohammad Ali Hosseini, told the ISNA news agency on Tuesday.

But Lt. Col. Christopher Garver, a spokesman for the American-led forces in Iraq, said: "This specific event we don't have any knowledge of."

There was no news on Mr. Sharafi's fate on Tuesday.

How Mr. Jamal went unnoticed for so long in the Iraqi government was a mystery that Iraqi officials were at a loss to explain.

The story of how he came to power, his close association with many Iraqi officials, and his long association with Iran all underscore the complicated and intertwined nature of the relationship between the two nations.

Mr. Jamal, who also goes by the name Abu Mahdi al-Mohandis, meaning the engineer, was first identified as a wanted terrorist a month ago by Strategic Policy Consulting, an Iranian dissident group in Washington that gets much of its information from the People's Mujahedeen, the largest and most militant group opposed to Tehran.

However, it was only on Tuesday, when CNN confirmed the group's assertion, that American officials acknowledged they were investigating the case. But several Iraqi officials who know Mr. Jamal said there was little doubt that he was involved in the bombing in Kuwait.

Ali al-Timimi, a Shiite politician who met Mr. Jamal in the early 1980s and used to be a member of the same political party, the Supreme Council for Revolution in Iraq, or Sciri, said Mr. Jamal came back to Iraq shortly after the American invasion in 2003. Another Iraqi politician, insisting on anonymity, confirmed that Mr. Jamal worked for a time for Mr. Jafaari as his security adviser.

Mr. Jafaari, like Mr. Jamal and many other leading Iraqi officials, spent years in exile in Iran while Saddam Hussein, a Sunni, was in power. That was where Mr. Timimi got to know both men. His account was supported by one other Iraqi official who was an associate of Mr. Jamal's, but who insisted on anonymity.

Mr. Timimi said Mr. Jamal, who was from the southern city of Basra, left Iraq in 1979, fleeing to the Iranian town of Ahvaz, just across the border.

The Iranians, who were fighting a war with Iraq at the time, had set up a camp there to train Iraqi dissidents, with the ultimate goal of undermining Mr. Hussein. The bombing operation was opposed by some who worried about reprisals against the thousands of Iraqis in Kuwait without official papers. But Mr. Jamal "insisted on this operation and helped plan these attacks," Mr. Timimi said.

But the plotters outsourced the actual bomb making to a Lebanese cell, and among the 17 sentenced to death were three Lebanese, which spurred a series of hostage takings in Lebanon and other terrorist acts, which included the hijacking of a Kuwaiti airliner to Tehran in December 1984, in which two Americans aboard were killed.

The Kuwaiti government steadfastly refused either to free the prisoners or to execute them, but they are believed to have escaped in the confusion attendant with Saddam Hussein's invasion of Kuwait in 1990 and the subsequent American attack that drove the Iraqis out.

Terror Takes Toll On Market, Vendors (WT)

By James Palmer

The Washington Times, February 7, 2007

BAGHDAD -- Along a row of tables that crowd a bustling sidewalk, women in billowing black abayas sift through heaps of newly picked tomatoes, bell peppers, cucumbers, eggplant, carrots, cauliflower and potatoes.

Down the street, a fishmonger watches over a pushcart filled with carp feebly splashing in the cloudy water for their last breaths.

This is the Abu Shujaa Market in the Karrada district of central Baghdad, a nearly century-old mishmash of pushcarts, collapsible stalls and permanent shops.

Such marketplaces have become favorite targets for sectarian attacks, including a horrific suicide truck bombing Saturday that killed at least 135 persons -- the deadliest single assault in the 46 months of the war.

Police, ever on the watch for car bombs, prevent most vehicles from parking at the side of the road, while shop owners often place barricades along the curbs to prevent unfamiliar drivers from stopping in front of their businesses.

This area suffered five terrorist strikes last year, according to local residents and traders. Yesterday, merchants at Abu Shujaa complained that the deteriorating security had hurt their sales, even as their costs continue to climb.

Hamada Mohammed Ali, a 30-year-old produce vendor, said his daily earnings have fallen by half, to just under $100, since he inherited his sprawling stand from his father two years ago.

"Fewer people are coming by because they're afraid," Mr. Ali said, as he sat perched on a plastic crate above a scale and a set of metal measuring weights.

Uday Kasim, 29, who runs the butcher shop his family has owned since 1973, said many of his regular customers have left the country, and today he earns "just enough to live on." All of the lamb and beef Mr. Kasim sells in his shop must be hauled over increasingly dangerous roads from farms outside of the capital.

Rather than pay someone else, produce seller Hussein Gatti, 37, braves some of Iraq's most treacherous roads to secure his fruits and vegetables. The round trip to Mahmoudiya, 11 miles each way, often takes him more than two hours.

Other merchants say they are unable to cut their expenses and are on the verge of going broke.

Hassam Nadim, 37, who peddles housewares from a space approximately 20 feet deep and 5 feet wide, said he is behind on last month's rent of roughly $230.

"My business is down because of the explosions, but the government is doing nothing to protect us," Mr. Nadim complained.

The one sector that appears to be thriving in the market is the pharmaceutical industry. Akram Najy, 69, a pharmacist here for four decades, said prescriptions for sedatives remain steady, and demand for cold medications at this time of year is as high as ever.

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The shoppers, for their part, grumble that rising prices are forcing them to limit their purchases to essential items, and the constant threat of car bombs and mortars deters them from lingering in one place.

Abdul Razak, a 61-year-old clerk in the Agriculture Ministry, said he can afford to spend only little more than $23 a day to feed a household of 12. "I buy vegetables every day, but I can only afford fruit once a week."

Mr. Ali, the produce vendor, said he has raised his prices 10 percent to compensate for his dwindling customer base, so now a pound of potatoes or tomatoes at his stand costs roughly 37 cents.

As a consequence, shoppers have little left to spend with people like 28-year-old fishmonger Raad Ahmed. "I can't sell more than 15,000 dinars ($11.63) a day," Mr. Ahmed said.

For the enterprising, however, there are opportunities created by the chronically faltering infrastructure.

Waleed Khalid now sells 12 kerosene lanterns a day on the sidewalk outside of his brother's hardware shop.

"I came out to sell these things because no one was coming into the shop," said the 26-year-old Mr. Khalid.

U.S. Mulls Iraq Refugees (WT)

By Nicholas Kralev

The Washington Times, February 7, 2007

The State Department said yesterday it will re-examine U.S. policy on the admission of Iraqi refugees, likely leading to a sharp increase in the number it admits each year.

A task force set up by Secretary of State Condoleezza Rice this week also will try to resettle in the United States some Iraqi employees of the U.S. Embassy in Baghdad, whose lives are in danger because of their work for Americans.

The steps follow sharp criticism from humanitarian organizations and members of Congress, who note that Middle Eastern countries are struggling with a flood of Iraqi refugees while the United States has admitted only 466 since the war began in 2003.

"Clearly, there is a need that exists, and there are problems that need to be addressed," State Department spokesman Sean McCormack told reporters, saying it was too early to discuss how many Iraqis the United States can absorb.

"We want to do what is appropriate, what is right under our obligations under the U.N. Charter in providing our fair share of relief for those individuals who have been classified as refugees," he said.

Supporters of the existing policy have warned that hostile elements such as al Qaeda terrorists might try to enter the United States posing as refugees. Mr. McCormack did not say what steps might be taken to screen the applicants.

The U.N. High Commissioner for Refugees (UNHCR), a Geneva-based agency that determines who qualifies as a refugee, estimates that at least 1.6 million Iraqis are internally displaced and up to 1.8 million have fled to neighboring countries. Those figures include people displaced before 2003.

"Between January and mid-November 2006, an estimated 425,000 Iraqis fled their homes for other areas inside Iraq, most of them following sectarian violence sparked by the bombing of an important Shia mosque in February 2006," the UNHCR said last month.

"At midyear, internal displacement was estimated to be continuing at a rate of some 50,000 a month," it said.

According to UNHCR rules, only those in a foreign country at the time of their application qualify for refugee status. Once the agency grants applicants that status, it starts to look for countries willing to take them in. Most Iraqi refugees are now in Jordan, Syria and Egypt.

Critics of the administration have argued that the United States has a moral responsibility to admit many more Iraqi refugees than the 466 accepted so far because their suffering is directly related to the conditions in Iraq created by the U.S. invasion.

"Washington is spending about $2 billion per week on the war in Iraq, but has barely begun to address the human fallout from the war," Bill Frelick, refugee-policy director at Human Rights Watch, said last month.

The United States admitted almost 1 million Vietnamese in the years before and after the fall of Saigon in 1975. Many who had worked with U.S. forces were brought to America immediately, while tens of thousands more fled as "boat people" and came to the United States after being processed at camps in the Philippines and elsewhere.

There were no large-scale refugee movements after the Persian Gulf War in 1991.

Mr. McCormack did not agree that the United States has a moral obligation in the case of the Iraqis, saying the plight of those fleeing their homes is a "shared global responsibility." He also noted that many Iraqis were displaced by Saddam Hussein's regime before the war.

Congress has mandated that the United States absorb 70,000 refugees this year, and 50,000 of those slots have been allocated among geographic regions. The remaining 20,000 have no specific designation, and the administration plans to use some of those slots to accommodate Iraqis, officials said.

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The new task force, which will be chaired by Paula J. Dobriansky, undersecretary of state for democracy and global affairs, also will try to help Iraqis working for the U.S. government in Iraq, most of whom have either lost family members or had their lives threatened.

Mr. McCormack said those Iraqis would be granted a "special immigrant visa," but it was not clear how that would be worked out legally. There are two main tracks for obtaining such a visa -- through employment or a family reunion.

In rare circumstances, an applicant can receive what is known as a "genius visa" for exceptional abilities in arts or sciences. Even more seldom, Congress can bestow permanent resident status on someone if it determines that it would be in the U.S. national interest.

Mr. McCormack would not say whether the Iraqis would be offered employment with the government. He cited an existing Pentagon program for Iraqis who have worked for the U.S. military.

"It is allowing people to emigrate to the United States based on meeting a certain set of conditions, the most important of which is some length of service working for the United States government," he said.

Refugees Are An Overlooked Casualty Of Iraq War (USAT)

By Behzad Yaghmaian

USA Today, February 7, 2007

Casualties of the war in Iraq are many; among them are the 3.8 million refugees (including some who fled before the U.S. invasion) and internally displaced people. They are the hidden victims of the war in Iraq.

Not long ago, in 1991, the first Gulf War produced another massive refugee crisis in Iraq. Encouraged by the promise of U.S. support, millions of Iraqis responded to President George H.W. Bush's call "to take matters into their own hands and force Saddam Hussein … to step aside." These Iraqis fought the good fight, but U.S. support did not materialize.

Hussein responded by sending troops to quell the rebellion by Kurds in the north and Shiites in the south. Scores of Kurdish refugees were killed by Iraqi soldiers or died on snow-covered slopes. What ended this crisis were the horrific images of stranded Kurdish refugees aired on CNN, which resulted in the declaration of a no-fly zone in Northern Iraq.

Now, the United States and its allies again have caused a refugee crisis in Iraq — "the largest population movement in the Middle East since Palestinians were displaced following the creation of the state of Israel in 1948," according to the United Nations High Commissioner for Refugees (UNHCR). But this time, CNN's cameras are missing.

Forgotten refugees queue outside foreign embassies and the offices of the UNHCR in Syria and Jordan, pleading for acceptance as refugees by the West. The UNHCR estimates there are between 500,000 and 1 million Iraqi refugees in Syria, 700,000 in Jordan, 40,000 in Lebanon and 20,000-80,000 in Egypt; 1.8 million are internally displaced. But these refugees face closed doors everywhere.

The Iraqis probably could have seen this coming. Afghan refugees faced a similar fate after the fall of the Taliban in 2001. Afghanistan was soon declared a safe country. Western states encouraged refugees to return home to rebuild their country. For most, it didn't work out. Soon scores of Afghans were driven from their places of birth and forced to wander elsewhere in the world for refuge.

This seems to be the future that awaits Iraqi refugees. Only 466 have been granted resettlement in the USA in the past two years. The situation is not much better in Great Britain. Evidently, to allow admission to refugees is to accept failure in establishing democracy in Iraq.

The long-term solution depends on ending the violence, restoring stability and generating jobs. Because peace is highly unlikely anytime soon, Iraqi refugees require immediate attention. But the U.N.'s refugee office is understaffed and underfunded. For example, in Syria, UNHRC's budget last year was less than $1 per Iraqi refugee.

It is critical that Western nations finance a special Iraqi Refugee Fund that would let the U.N. process an increasing number of Iraqi applicants seeking resettlement. A part of the fund could be given to Syria and Jordan to help them provide temporary housing, health care, education and other basic needs to refugees. Western nations should increase the number of Iraqis they accept for temporary or permanent resettlement.

U.S. embassies in Syria and Jordan should run their own resettlement programs, clearing the most vulnerable Iraqis. Using similar resettlement programs, hundreds of thousands of Vietnamese were resettled in the United States after U.S. forces withdrew from Vietnam in 1975; 840 Iraqis were granted admission after the first Gulf War in 1991.

Helping to solve the current crisis is a moral obligation of those who contributed to its creation. The Iraqi refugee crisis and its solution must become an integral part of the public debate about the U.S. involvement in Iraq.

Behzad Yaghmaian is author of Embracing the Infidel: Stories of Muslim Migrants on the Journey West and professor of political economy at New Jersey's Ramapo College.

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Tape Recounts U.S. Attack That Killed British Soldier (NYT)

By Sarah Lyall

The New York Times, February 7, 2007

LONDON, Feb. 6 — The videotape is jolting enough, but it is the audio portion — the conversation between two American pilots in Iraq — that is most unnerving.

In the 2003 recording, seconds after the pilots congratulate themselves for having hit enemy armored vehicles, they learn that they have in fact struck their British allies, killing one soldier and wounding others.

They fall apart in a duet of shock, panicked swearing and audible weeping. “I’m going to be sick,” one says. “We’re in jail, dude.”

The material became public on Tuesday when the newspaper The Sun published a leaked transcript of the cockpit conversation and posted the video on its Web site. As a result, the American military announced later in the day that it would permit the videotape to be shown to the British coroner’s court investigating the circumstances surrounding the death of the soldier who had been killed in the incident, Lance Cpl. Matty Hull, a member of the Household Cavalry Regiment.

Four other members of the regiment were wounded in the attack, on March 28, 2003, while the convoy was on a reconnaissance mission near Basra in southern Iraq.

The United States military investigated the incident soon afterward, and no charges were brought against the two pilots, both members of the Idaho National Guard, said Lt. Col. Teresa Connor, a spokeswoman for United States Central Command.

“The incident took place in a complex combat situation, and the pilots followed all the appropriate procedures and processes for engaging targets,” she said in an interview. “They verified with the ground controller, and verified visually, and reverified.”

The transcript shows that the pilots repeatedly asked about the orange panels on the roofs of the tanks below — an indicator, usually, that the vehicles belonged to allied forces — and were repeatedly told that there were no “friendlies,” or allies, in the area. It was not until they had fired twice on the convoy, setting fire to the tanks, that the information changed, and they were told they had instigated a “blue on blue” incident, hitting British troops.

“I don’t think you could find anyone more remorseful than those two pilots,” Colonel Connor said. “If you listen to the words, you hear very much remorse immediately.”

It is standard practice in Britain to hold inquests when soldiers die in combat, and this one, which opened on Jan. 30, has been singular in its implicit criticism of the unwillingness of the authorities — particularly the American authorities — to provide information about Lance Corporal Hull’s death. The Americans gave the British authorities the tape in 2003. Last week, the coroner, Andrew Walker, asked the British Defense Ministry to release the recording and transcript of the cockpit conversation.

But the ministry argued that it had no choice in the matter.

“The U.K. is not authorized to release documents subject to U.S. classification without U.S. authority, and the decision as to whether that authority can be given is being addressed urgently,” a lawyer for the ministry told the court last week.

In a burst of anger, Mr. Walker said: “This is a simple matter, and I simply fail to understand why it is proving so difficult to resolve. At the heart of this matter is a grieving family who have already had to wait far too long for this inquest.”

On Friday, he said he planned to adjourn the inquest until the recording was released.

The release of the material by The Sun — under the headline “Top Secret Video Nails U.S. Friendly Fire Pilots Who Killed Our Matty” — broke the impasse, but put the Americans on the defensive.

“We were working through the issues at the time this story broke,” Colonel Connor said. “The process never had a chance to unfold.”

Asked why no Americans had testified at the inquest, David Johnson, deputy chief of mission at the United States Embassy here, said it was not American policy to bring soldiers into civilian courts to answer questions about combat.

The United States had “cooperated fully with the military authorities,” he said on the Today radio program.

'I Think They're Rocket Launchers' (WP)

By Mary Jordan

The Washington Post, February 7, 2007

LONDON, Feb. 6 -- A dramatic cockpit recording leaked to a British newspaper captures two American pilots reacting in horror and disbelief after one of them mistakenly fired on a convoy of British armored vehicles in Iraq. Told that an allied soldier has died, a pilot is heard saying, "I'm going to be sick" and "We're in jail, dude."

The friendly-fire incident that killed Lance Cpl. Matty Hull, 25, occurred on March 28, 2003, eight days into the Iraq invasion, but the recording was made public only Tuesday by the Sun newspaper. The U.S. government had declined to

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declassify it. But recently a British coroner investigating the corporal's death demanded that the recording, a cockpit video, be presented as evidence, suspending his proceedings until it was produced.

In Britain, where the Iraq war is highly unpopular, the video caused an uproar with its vivid depiction of an attack that some people here say could have been avoided. Hull's family has expressed anger over his death.

Hours after the video was posted to the Sun's Web site and clips were aired on British television, the Pentagon said it would release the recording to the coroner and the family. Des Browne, the British defense secretary, welcomed the decision, saying, "The release of classified information, even for the closest of allies, is never straightforward, but this is the right thing to do."

While there have been numerous friendly-fire incidents, the U.S. government rarely releases video and audio recordings related to them. "If you show certain tactics and capabilities, of course your enemy can see it, too," said Air Force Lt. Col. Teresa Connor, a spokeswoman for the U.S. Central Command.

The Sun said there had been a half-million downloads of the recording by late afternoon.

The 15-minute video shows the view forward from the cockpit of an A-10 Thunderbolt attack jet, as well as computerized flight data. Its audio track includes the voices of the jet's pilot, the pilot of another A-10 flying in tandem, the voices of several U.S. ground controllers and the sounds of the attacking aircraft's guns.

The two pilots are heard asking a ground controller if there are any friendly troops in the area near Basra where they are patrolling. The answer comes back: "You are well clear of friendlies."

Because of mistaken attacks in past conflicts, friendly vehicles advancing into Iraq were being marked by orange panels visible from the sky.

One of the U.S. pilots who has spotted a convoy of vehicles remarks: "They got something orange on top of them." Later, he says, "I think they're rocket launchers."

One of the jets strafes the vehicles with rapid-fire cannons, then stages a second attack. Shortly afterward, another ground controller is heard telling the pilots: "You have friendly armor in the area."

The pilots are told to abort the mission and, audibly upset and using profane language, are heard asking for word on the condition of the men on the ground whom they have just attacked.

Connor, the U.S. military spokeswoman, said an investigation had determined that "appropriate procedures for engaging targets" were followed. She said no disciplinary action was taken against the pilots or other U.S. personnel involved in the incident. None has been publicly identified.

She also said that just before this incident, the two pilots, from the 190th Fighter Squadron of the Idaho Air National Guard, had "engaged enemy targets" nearby.

David Johnson, deputy chief of mission at the U.S. Embassy in London, said in an interview that the recording makes clear the pilots' reaction of "revulsion and horror" after "this extraordinary tragedy."

Being attacked by one's own forces or allies has always been a problem in warfare, but it has intensified with the technological advances of the last century. An estimated 75,000 French soldiers were killed by their own artillery during World War I, according to the Oxford Companion to Military History. The advent of air power added to the problem: The highest-ranking U.S. casualty of World War II, Lt. Gen. Leslie J. McNair, was killed by an American bombing in France.

Just five days before Hull was killed, A-10 fire was mistakenly directed against Marines near the Iraqi city of Nasiriyah. A Central Command report a year later said that of the 18 Marines killed, eight were hit by Iraqi fire and it could not be determined conclusively how the others died.

British officials say the mistaken attack near Basra targeted a convoy of five reconnaissance tanks and wounded four soldiers in addition to killing Hull. One soldier in the convoy, Trooper Christopher Finney, was given the British award for gallantry, the George Cross, for pulling a wounded soldier from a burning tank and then, despite being wounded, trying to rescue Hull.

Mike Hull, Matty Hull's grandfather, said in a telephone interview that he believed "some disciplinary action" should have been taken against the U.S. pilots. He said that while it is "disheartening" to watch the video, "it is time the truth came out." The family has said that British officials told them no such video existed.

Matty Hull's wife, Susan, said she was glad the recording was now in the open.

The British Defense Ministry issued a statement Tuesday saying that "there has never been any intention to deliberately deceive or mislead" Hull's family and that it had informed them that "some classified material had been withheld, but we did not specify its exact nature."

Abu Ghraib Trial Date Set (WT/AP)

By David Dishneau

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The Washington Times, February 7, 2007

The only U.S. military officer charged with crimes in the Abu Ghraib prison-abuse scandal would stand trial in July, under a tentative schedule set at a hearing yesterday.

Army Lt. Col. Steven L. Jordan, former director of an interrogation center at the prison in Iraq, would be tried from July 9 to July 20 at Fort Meade in Maryland, according to the schedule set by the judge, Army Col. Stephen R Henley. The judge also ordered a pretrial hearing March 12 at Fort McNair in the District.

Col. Jordan, 50, is seeking dismissal of eight charges, which carry up to 22 years in prison. The judge deferred ruling on Col. Jordan's claim that the government had exceeded a 120-day limit between charging him April 28 and arraigning him Jan. 30. The rules allow for exclusions.

The judge likely will rule within days on the dismissal motion, said Lt. Col. Patricia Lewis, a military justice specialist.

Col. Jordan, a reservist from Northern Virginia, isn't in custody but remains on involuntary, extended active duty at the Intelligence and Security Command at Fort Belvoir, Va.

Col. Jordan directed the interrogation center at Abu Ghraib in fall 2003.

He is accused of failing to exert his authority as prisoners were stripped naked, photographed in humiliating poses and intimidated by military dogs. He also is accused of lying to investigators about abuses he is said to have witnessed.

The charges include cruelty and maltreatment, disobeying a superior officer, dereliction of duty and making false statements.

Col. Jordan's defense at a hearing in October was that he had no operational control over investigations and spent much of his time at Abu Ghraib trying to improve soldiers' living conditions.

Capt. Samuel Spitzberg, the leader of Col. Jordan's three-man defense team, argued that Col. Jordan, a divorced father of three, has suffered ostracism and forced separation from his family as a result of having his active duty extended since the Abu Ghraib investigation began in early 2004.

"It has been years since Lt. Col. Jordan has been waiting and waiting and waiting to find out what happens, and the emotional strain of that cannot be ignored," he said.

The prosecution team yesterday gained a third member, Capt. Stefan Wolfe, an Army lawyer assigned to the Military District of Washington.

The only witness called was Col. Thomas A. Allmon, a garrison commander at Fort Myer, Va., who acknowledged that he had considered recommending in December that Col. Jordan's case be handled as an administrative, rather than criminal, matter.

But Col. Allmon changed his mind and recommended a general court-martial after conferring with both sides and the officer who presided in October at Col. Jordan's Article 32 hearing, the military version of a preliminary hearing.

Afghan Forces Capture Suspected Al-Qaida (WP/AP)

The Washington Post/AP, February 7, 2007

KABUL, Afghanistan -- Coalition forces captured two suspected al-Qaida members during an early morning raid in eastern Afghanistan on Wednesday, a military statement said. Afghan officials said soldiers captured six men and killed one person during the raid.

The raid near the town of Hakimabad in Nangarhar province was conducted based on information provided "about an al-Qaida member known to pass correspondence for al-Qaida senior leaders," the U.S.-led coalition said in a statement.

The two Afghan men were taken into custody to determine their association with al-Qaida, the statement said.

Ghafoor Khan, the spokesman for the provincial police chief, said coalition troops shot and killed one person during the raid, and that six people were detained and taken away. He said the raid took place 10 miles south of Jalalabad.

The reason for the discrepancy in the number arrested was not immediately clear.

Several militant groups including al-Qaida, the Taliban, and fighters for warlord Gulbuddin Hekmatyar, operate in eastern Afghanistan. The groups do not always operate together, though they may share the same goals.

The military did not say who executed the raid, but U.S. Special Forces soldiers operate under the banner of "coalition forces" in Afghanistan. Coalition forces work under a separate command structure than NATO's International Security Assistance Force.

In the western province of Herat, meanwhile, three police died and one was injured while attempting to disarm a roadside bomb discovered in Shindand district, said Interior Ministry spokesman Zemeri Bashary.

Taliban Still Controls South Afghan Town (AP)

By Fisnik Abrashi,
AP, February 7, 2007

Taliban militants remain in control of a southern Afghan town nearly a week after capturing it, but NATO expects the Afghan government to soon reassert its authority there, an alliance spokesman said Wednesday.

Some 200 people have fled the southern town of Musa Qala after militants captured it last week, said Col. Tom Collins, a spokesman for NATO's International Security Assistance Force.

The Taliban fighters — whose local leader was killed in a NATO airstrike on Sunday — are operating in the town center but are not reinforcing their presence there, Collins said.

The town was peaceful for four months following an October peace deal between village elders and the Helmand provincial government. The deal prevented NATO, Afghan and Taliban fighters from coming within 3 miles of the town center.

Last Thursday, a group of some 200 militants moved into town, disarmed the local police force, destroyed the district center and temporarily held the local elders hostage.

Collins said NATO troops stand ready to help the government again take control of the town but that there "is no need to rush to action here."

"We are confident that the government of Afghanistan, with ISAF's support, will take back Musa Qala at a time and place that is most advantageous" to them, Collins said.

Coalition forces, meanwhile, captured two suspected al-Qaida members during an early morning raid in eastern Afghanistan on Wednesday, a military statement said. Afghan officials said soldiers captured six men and killed one person during the raid.

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In Kandahar province, a remote-controlled bomb exploded next to a car carrying Afghan security guards Wednesday, killing two of them and wounding six, said Abdul Khaliq, who was riding in the convoy.

The attack happened in the district of Neven as the convoy was transporting supplies for a NATO base in Helmand, Khaliq said.

In the western province of Herat, meanwhile, three police died and one was injured while attempting to disarm a roadside bomb discovered in Shindand district, said Interior Ministry spokesman Zemeri Bashary.

Gates Bracing For More Afghan Violence (AP)

By Lolita C. Baldor
AP, February 7, 2007

Defense Secretary Robert Gates said Tuesday that NATO allies must provide the troops and equipment needed to battle an expected increase in violence by Taliban insurgents in Afghanistan this spring.

Gates, who will meet with other NATO defense ministers Thursday in Seville, Spain, is expected to outline whether the U.S. plans to adjust its troop levels in Afghanistan or extend the deployment of any units already there, said a senior defense official.

The defense official spoke on condition of anonymity because details have not been made public. Currently there are about 27,000 U.S. troops in Afghanistan, the highest number since the start of the war in 2001.

At a Senate Armed Services Committee hearing Tuesday, Gates said the U.S. will hold the NATO countries to promises they offered during a summit in Riga, Latvia, last November, particularly for more trainers.

His comments come about two weeks after the Defense Department said 3,200 soldiers from the New York-based 10th Mountain Division already in Afghanistan would have their tour extended by four months. Defense officials have not ruled out extending other units, but a recent increase of U.S. troops in Iraq for a new push to secure Baghdad is already straining the military.

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The defense official said the U.S. is looking for an increased level of effort by the NATO allies in Afghanistan, and fewer war-fighting restrictions place on forces by their home countries.

About 15,000 of the U.S. troops in Afghanistan are serving in the NATO-led force, which now totals about 36,000 from 37 different countries.

Some of the NATO forces, however, are limited in what they can do. Some, for example, are restricted to specific regions of the country, or — because of training or equipment issues — can't perform certain missions or fight at night. U.S. officials have consistently argued that the restrictions must be lifted in order to successfully fight the insurgency.

Sen. John McCain, R-Ariz., told Gates at the hearing that the U.S. needs to tell its allies "that we need a lot more from them than we're getting, not only in rules of engagement for the troops, but also in various commitments they have made, such as assistance in setting up judiciary."

After the meeting in Seville, Gates will travel to Munich for an annual meeting of the world's top security officials.

GOP Lawmakers Press Bush On Afghanistan (LAT)

By Josh Meyer

The Los Angeles Times, February 7, 2007

WASHINGTON — Four ranking Republican lawmakers on a committee with oversight of U.S. policy in Afghanistan are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world.

In a letter dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. They are calling for the appointment of a special coordinator of overall narco-terrorism policy for Afghanistan to prevent losing the fight against insurgents and drug traffickers.

The letter describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks.

"As we will soon face another massive opium harvest in Afghanistan, and a related spring offensive by anti-coalition militants (ACMs), it is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for Al Qaeda. We need to act now to prevent that," wrote Reps. Ileana Ros-Lehtinen (R-Fla.), Mike Pence (R-Ind.), Elton Gallegly (R-Simi Valley) and Dana Rohrabacher (R-Huntington Beach), all members of the House Committee on Foreign Affairs.

The letter was sent late Tuesday to Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, with copies delivered to the White House, DEA, Office of National Drug Control Policy and the British government, said a senior congressional staffer who requested anonymity because he was not authorized to discuss the letter.

The four Republicans say they may introduce legislation to enact and fund some of their proposals, but urge the White House to quickly implement other policy changes on its own. Democrats in Congress also have complained about rising drug trafficking and the growing insurgency in Afghanistan.

White House national security spokesman Gordon Johndroe said he had not seen the letter and could not comment on the lawmakers' requests. But he said the administration had been actively reassessing its policies in Afghanistan in recent months as part of a comprehensive "strategic review," which prompted senior officials to call for at least $10.6 billion in additional funding for Afghanistan over the next two years.

The new funding was a recognition "that we needed to make a larger effort … so that we can help the Afghan government succeed and we can defeat the Taliban," Johndroe said. "But obviously our counter-terrorism and counter-narcotics programs in Afghanistan work hand in hand. This is something that our people are coordinating on the ground."

The additional funding, though much needed in Afghanistan, is virtually worthless without a coordinated policy that ensures that all U.S. counter-terrorism and counter-narcotics agencies are working together, and not against each other, the senior congressional official asserted. "We have so many different views of narcotics within our own government and with our allies that somebody has to bang everybody's heads together and get something done on this," the staffer said. "We are out of time, and losing Afghanistan."

The Republican House members also said the United States must resolve a growing dispute with Britain over how to best fight the booming opium trade. British authorities who are now in charge of much of the counter-narcotics effort in Afghanistan are refusing to go along with a controversial U.S. policy to eradicate entire fields of poppy by aerial spraying.

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Britain, as well as the North Atlantic Treaty Organization, which leads the forces battling the insurgency in Afghanistan, believes the U.S. policy is dangerous because it alienates farmers and the population at large and undermines Western efforts to turn them against the narco-traffickers and the Taliban, several U.S. and British counter-terrorism officials said.

The senior congressional staffer said the four lawmakers didn't want to get into the middle of the dispute over whether poppy eradication should be stopped. Instead, they want the U.S. government and its allies to more forcefully go after kingpins who preside over global narcotics trafficking enterprises that together bring in more than $2 billion a year in wholesale drug profits.

They are urging the Bush administration to force the Pentagon to provide more operational assistance to DEA agents operating in Afghanistan and to order the arrests of senior-level drug traffickers under a provision of the Patriot Act passed last year that allows such suspects to be extradited to the United States for prosecution.

A similar campaign has worked well in Colombia and is urgently needed in Afghanistan because that country has no judicial infrastructure to prosecute drug traffickers, the lawmakers say. "We must establish deterrence where none now exists," their letter says.

They also are urging the Pentagon to make good on a promise to provide at least eight Russian-made Mi-17 helicopters to Afghan authorities and their U.S. counter-narcotics advisors for the drug war, along with qualified pilots and maintenance and operational support.

"We have waited long enough to get this vital air lift…," the lawmakers' letter says. "We need someone put in charge of getting this done now, enough time has gone by already."

Official Hits U.S. For Afghan Missive (WT)

By John Phillips

The Washington Times, February 7, 2007

ROME -- Foreign Minister Massimo D'Alema yesterday protested an open letter to a Rome newspaper from U.S. Ambassador Ronald P. Spogli and five other envoys urging Italy to maintain its troop deployment in Afghanistan.

Mr. D'Alema, a former communist who, as prime minister in 1999, won NATO's trust with his support for the bombing of Kosovo, called the letter an "irregular" departure from normal diplomatic procedures. The letter also was signed by the ambassadors of Australia, Britain, Canada, the Netherlands and Romania.

Prime Minister Romano Prodi's center-left government is struggling to maintain its deployment of 1,938 troops in Afghanistan in the face of opposition from Communists and Greens in the Cabinet, three of whom abstained when the Cabinet voted to refinance the mission last month.

Mr. Prodi has withdrawn most Italian troops from Iraq, and his government's razor-thin majority in the Senate could collapse if the dissident coalition members follow through on threats to vote against the Afghan refinancing.

"There are more appropriate bodies in which to discuss Italy's commitment in Afghanistan rather than through open letters from ambassadors to daily newspapers," Mr. D'Alema snorted during a visit to Seoul.

In Washington, the State Department said the letter was "a praiseworthy initiative" by the U.S. envoy.

Mr. D'Alema last night sent his own letter to the six envoys, expressing "surprise and disapproval" at their decision to make their missive public. Gianfranco Fini, a spokesman for the opposition, fired back, telling Mr. D'Alema, "What was irregular was your angry response."

A Canadian Embassy spokesman rejected speculation in the Italian press that Mr. Spogli had pressured his fellow ambassadors to sign the letter.

"It is true that the Americans had a guiding role in the affair, but the letter was born out of exchanges of views between the various ambassadors on the spot," the spokesman said. "It was totally shared by all of us."

Some Italian newspapers speculated that the ambassadors of France, Germany and Spain also had been approached but had declined to sign the letter because their governments were uncomfortable with a NATO appeal for increased troop deployments in Afghanistan.

Foreign Ministry sources said they were aware that Mr. Spogli and his recently arrived British counterpart, Edward Chaplin, planned to ask Italy to assign its troops in Afghanistan to more front-line duties.

Sources said Mr. D'Alema heard nothing more until he received a call in Japan informing him that the letter from the six envoys had been published in the left-leaning newspaper La Repubblica.

Problems Stall Pentagon's New Fighting Vehicle (WP)

By Renae Merle

The Washington Post, February 7, 2007

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After 10 years and $1.7 billion, this is what the Marines Corps got for its investment in a new amphibious vehicle: A craft that breaks down about an average of once every 4 1/2 hours, leaks and sometimes veers off course.

And for that, the contractor, General Dynamics of Falls Church, received $80 million in bonuses.

The amphibious vehicle, which can be launched from a ship and then driven on land, is so unreliable that the Pentagon is ditching plans to begin building the first of more than 1,000 and wants to start over with seven new prototypes, which will take nearly two years to deliver, at a cost of $22 million each.

The Expeditionary Fighting Vehicle is one of the Pentagon's largest weapons programs and exemplifies the agency's struggle to afford a cadre of new mega-systems that are larger and more complex, but also more trouble, than their predecessors.

Despite reforms meant to rein in costs, it is not unusual for weapons programs to go 20 to 50 percent over budget, the Government Accountability Office recently found. Among the offenders is the Army's sprawling modernization program, which aims to update everything from tanks to drones and is now expected to cost $160 billion, up from $90 billion, and a Lockheed Martin missile-warning satellite program, which is projected to cost more than $10 billion, up from $4 billion.

The Marines' troubled program is on a collision course with critics who are wary of its growing price tag and who wonder about the utility of an amphibious vehicle meant to storm beaches in a way the military hasn't done for decades, at a time when soldiers are consumed with urban warfare in Iraq and Afghanistan.

The Marines, though, have not been dissuaded by the vehicle's poor showing in tests, as such fits and starts are common in military development programs.

"We were disappointed. We weren't shocked," program manager Col. John Bryant said.

The cost of the amphibious vehicle effort has increased 50 percent, to about $12 billion from $8 billion, with another cost bump projected after the program is relaunched.

The overruns are eating away at the Pentagon's buying power but not its appetite. The amount the Pentagon plans to spend on major weapons systems has doubled in the past five years, to $1.4 trillion from $700 billion, according to the GAO.

"I would never state, in an enterprise this large, that we ever have it all under control," Kenneth Krieg, the Pentagon's acquisition chief, said in a December interview. "I think we're on a good path and only performance will prove that, and that's what we got to do."

When it was launched in 1996, the Expeditionary Fighting Vehicle was promoted as an example of acquisition reform as hundreds of General Dynamics and Marine Corps officials moved into the same 62,000-square-foot office building in Woodbridge to run the program, in hopes of saving time and money. The program's efforts to keep maintenance costs low won plaudits from Defense leaders and twice earned the program the Pentagon's highest acquisition award, in 1997 and 1999. In 2001, the program collected an innovation award for developing a system to keep the craft's internal components from overheating, a technology that has been adopted for other weapons.

But the program has struggled with repeated delays, cost increases, budget cuts and dashed expectations, according to military officials and government reports. Problems range from leaks in hydraulics systems to software glitches, according to the reports. Last year, the vehicles completed just two of 14 planned tests.

"They started out really well, and I was really pleased," said Philip Coyle, the Defense Department's former director of operational test and evaluation. "But gradually the complexity of the program has overcome the contractor, so they are years behind schedule."

General Dynamics defends its progress, noting that the vehicle has met many goals, including being able to reach speeds of 30 knots on the water. The vehicle is fast enough to keep up with the Abrams tank on land, it can carry 17 Marines, and its systems can communicate with other ships and tanks, all key performance criteria, the company says.

"I have heard no one in leadership say that they don't need this capability, that they don't want this capability," said Peter Keating, a General Dynamics spokesman.

An independent review released in December by the Navy's acquisition office questioned the company's commitment to solving the development problems that plagued the vehicle. The report said General Dynamics appeared more interested in starting production than trouble-shooting and didn't manage the groups making many of the decisions. The production phase is typically more profitable for a contractor and often marks a point at which a program becomes more difficult to cancel.

General Dynamics "seems to be focused on production rather than on solving significant design and engineering problems," the Navy report said. "This must be changed if the Program is to move ahead successfully."

Noting that the bonuses the company received did not reflect the vehicle's performance, the report recommends that the Defense Contract Management Agency consider recovering some of the award fees. A DCMA spokesman said the agency had not addressed the issue because it was unaware of the recommendation.

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The Marine Corps has tried to deal with some of its development problems by lowering its expectations for the vehicle. The service originally wanted a craft that could operate 70 hours between major breakdowns, but it cut that target to 43.5 hours after tests revealed the vehicles were struggling to meet the higher goal.

But even the lower targets have been hard to hit. Marine Corps officials were distressed to discover that the prototypes encountered an "operational mission failure" on average every 4.5 hours in tests last year. There were 645 failures within the subsystems, overwhelming the three-man maintenance crew, according to a report by the service's testing agency.

"It's a very complex vehicle; when it breaks, it's difficult to repair," said Col. Michael Bohn, director of the Marine Corps testing agency.

General Dynamics has also struggled with the vessel's complicated software. During testing, the software operating the guns didn't always fire on command, for example. Some of the problems date to 2001, when responsibility for software development was given to a General Dynamics division with little track record of running such a complex project, according to the GAO. The Marine Corps gave the company a year to improve the division's capabilities, the report said. When it failed to meet the deadline, the company was granted an extension. Eventually, the Marine Corps turned 70 percent of the work to a government organization.

"From a taxpayer standpoint, I think, 'Gee, didn't we pay GD to do this?,' " said Paul L. Francis, the GAO's director of acquisition and sourcing management. "Are they going to pay us for doing it for them?"

Keating, the General Dynamics spokesman, said the company is confident it can meet the Marine Corps' demands. He noted that the service had asked the firm to establish a new software-development organization and that such organizations often take several years to mature. "We started from ground zero," he said.

Now, the Marine Corps is ready to start over. The service is to present a plan to salvage the program to Defense leaders in March. In addition to buying seven new prototypes, the Marine Corps proposal will probably require at least a two- or three-year delay, adding $200 million in development costs a year, said Bryant, the Marines program manager.

The service will seek to simplify the design, "getting rid of the complexity where we don't need complexity," he said.

Noting that his son was a Navy combat corpsman in a battalion using the aging amphibious vehicles that were supposed to be replaced by now, Bryant added: "I need to fix our reliability and make the EFV a vehicle I'd be proud to hand to my own son."

Nuclear Officials Seek Approval For Warhead (WP)

By Walter Pincus

Washington Post, February 7, 2007

Officials of the National Nuclear Security Administration, which runs the nuclear weapons complex, said yesterday that they hope to receive administration and congressional authorization by the end of 2008 for the development and production of a warhead that could be deployed on submarine-launched intercontinental ballistic missiles.

The NNSA requested $88 million in the fiscal 2008 Energy Department budget -- up from $27 million this year -- to complete detailed planning with the Navy based on a design produced in December by the nation's two nuclear weapons laboratories. The new funds would support design concept testing and could lead to production of the warhead for the Navy's D5 missile, 24 of which are carried on each U.S. Trident submarine.

A key aspect of the Reliable Replacement Warhead program is that the warhead could be certified to enter the U.S. nuclear stockpile without testing, acting NNSA Administrator Thomas D'Agostino and other officials said during a session with reporters.

U.S. moves to develop a new warhead come as the Bush administration is attempting to stop Iran and North Korea from developing nuclear weapons and trying to keep other countries, such as India and Pakistan, from expanding their stockpiles.

Last month, former secretaries of state Henry A. Kissinger and George P. Shultz, former defense secretary William Perry and former senator Sam Nunn (D-Ga.) called for the Bush administration to take the leadership in reversing reliance on nuclear weapons as a step toward preventing proliferation. In a Jan. 6 op-ed in the Wall Street Journal, the four called for ratification of the Comprehensive Test Ban Treaty, taking nuclear weapons off alert, further reducing the number of nuclear forces and halting production of fissile materials.

Hans M. Kristensen, director of the Federation of American Scientists' nuclear information project, said yesterday that as a result of the op-ed piece, "There are a lot of new groups in Washington looking at what really low numbers [of U.S. warheads] would look like."

Rep. Ellen O. Tauscher (D-Calif.), chairman of the House Armed Services strategic forces subcommittee, said yesterday that she would hold a hearing next month on the RRW program to review the new design and to determine if it meets military needs and whether it would lead to a smaller and more reliable stockpile with no testing, a smaller nuclear production complex and increased dismantling of older warheads.

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"There are significant questions in Congress about how all this holds together," Tauscher said.

The NNSA officials said that in the past, the nuclear weapons labs held underground nuclear tests at this stage in the development of a new warhead. But they said the new designs, by the Los Alamos and Lawrence Livermore national laboratories, could be certified without testing. Meanwhile, there needs to be detailed planning with the Navy before the NNSA could proceed to the engineering phase.

The warhead is being built to fit into the Mark V reentry vehicle used on the D5, which is commonly known as the Trident II missile. The joint decision last year by the Energy and Defense departments was to try to come up with a warhead that could be used on Navy and Air Force missiles.

NNSA officials said yesterday that production of the new warhead would allow for the Bush administration's plan to reduce the number of deployed nuclear warheads from about 6,000 today to between 1,700 and 2,200 by 2012, and also to lower the number in ready reserve. Critics of the Bush plan, which was set out in the 2001 Nuclear Posture Review, have claimed that far fewer numbers of nuclear warheads will be needed in the future because of the accuracy of precision-guided conventional weapons.

DOJ:

Prosecutor Fired So Ex-Rove Aide Could Get His Job (USAT)

By Kevin Johnson

USA Today, February 7, 2007

WASHINGTON — The Justice Department acknowledged Tuesday that it fired the U.S. government's chief prosecutor in Little Rock for no reason except to replace him with a lawyer who had been an aide to Karl Rove, the Bush administration's chief political strategist.

However, in an appearance before the Senate Judiciary Committee, Deputy Attorney General Paul McNulty rejected criticism that the forced resignations of Bud Cummins and six other U.S. attorneys last year were politically inspired, or amounted to retaliation for the attorneys' involvement in controversial investigations and prosecutions.

McNulty's testimony before the panel, which is investigating the firings of the prosecutors, was part of an exchange with Sen. Charles Schumer, D-N.Y. Schumer said the White House's appointment process for prosecutors was "corrupted with political, rather than prudent, considerations."

"What happened here doesn't sound like business as usual; it appears more reminiscent of a different sort of Saturday night massacre," Schumer said, referring to Watergate-era firings at Justice that were ordered by President Nixon.

"When I hear you talk about a politicization of the (Justice) Department, it is like a knife in my back," McNulty responded.

Schumer and other committee members have questioned the department's action, suggesting the administration was taking advantage of a section of the USA Patriot Act that allows the appointment of interim U.S. attorneys for indefinite periods. The process, Schumer and other critics in Congress have said, could allow federal prosecutors to be appointed without having to face confirmation by the Senate.

McNulty said the administration has no plan to circumvent the confirmation process and will send the Senate nominations for permanent replacements for the prosecutors. He said the six prosecutors dismissed besides Cummins — including San Diego U.S. Attorney Carol Lam, who oversaw the corruption prosecution of former congressman Randy "Duke" Cunningham, R-Calif. — were let go for performance-related reasons.

Much of Tuesday's hearing focused on Cummins and Lam.

McNulty acknowledged that Cummins had had a successful tenure in Arkansas and that he was asked to step aside last year to allow former White House aide Tim Griffin to take the job.

McNulty said that aside from his political work, Griffin had more prosecutorial experience than Cummins did when he first took the Little Rock job five years ago. The deputy attorney general said Griffin's experience included a stint in Iraq as a military prosecutor.

Before his call to active duty in 2005, Griffin was an aide to Rove at the White House. Griffin's résumé says he "organized and coordinated support for the president's agenda, including the nomination of Judge John Roberts" to be U.S. chief justice.

In Lam's case, McNulty said, the Justice Department considered the political impact of removing her in light of her involvement in the prosecution of Cunningham, who was sentenced to eight years in federal prison last year after pleading guilty to accepting $2.4 million in bribes.

McNulty declined to publicly detail the reasons for her dismissal. But Sen. Jeff Sessions, R-Ala., cited letters to the Justice Department and Lam from members of Congress who complained about Lam's alleged inattention to prosecuting smugglers of illegal immigrants.

A U.S. Attorney Was Removed Without Cause, Official Says (NYT)

By David Johnston

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — A top Justice Department official said on Tuesday that one of several United States attorneys forced from their jobs last year was dismissed without a specific cause in order to give the job to a lawyer with close political ties to the White House.

But the official, Paul J. McNulty, the deputy attorney general, testified at the Senate Judiciary Committee hearing that none of the forced resignations last year was politically motivated. He said most of the incumbents had been urged to leave because of poor performance.

"We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution," Mr. McNulty said.

Democrats have charged that the dismissals of 7 to 10 United States attorneys amounted to an n effort to make room for favorites of the Bush administration by ousting independent-minded prosecutors, all Republicans appointed by President Bush.

One disputed case involves H. E. Cummins III, a United States attorney in Arkansas who was asked to step down last summer although his office had increased drug and firearms prosecutions and he had helped organize a multiagency counterterrorism council.

To temporarily replace Mr. Cummins, the Justice Department named J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and who once worked as a deputy to Karl Rove, the senior White House political adviser.

At the hearing, Mr. McNulty was asked by Senator Charles E. Schumer, Democrat of New York, whether it was accurate to say that Mr. Cummins had not done anything wrong to justify his removal. Mr. McNulty replied, "I do not dispute that characterization."

Had Mr. Cummins ever received a poor performance evaluation, Mr. Schumer asked.

Mr. McNulty answered, "I'm not aware of anything negative."

Mr. McNulty said that because the attorneys are presidential appointees, they can be replaced at any time without a specific reason. He said about half of the 93 prosecutors appointed to their jobs by Mr. Bush in his first term had already left voluntarily. Mr. McNulty said the appointment of Mr. Griffin was a chance for "a fresh start with a new person."

At the hearing, Senator Mark Pryor, an Arkansas Democrat who testified as a witness, said he would not support Mr. Griffin if Mr. Bush nominated him to replace Mr. Cummins permanently.

Mr. Pryor, a former state attorney general in Arkansas, said that in a conversation with Mr. Griffin last August "I told him that I know many lawyers in the state, but I knew very little about his legal background."

Mr. McNulty acknowledged that Mr. Griffin did not have an extensive background as a prosecutor, but said he had enough experience to be well qualified. He also said that a number of successful United States attorneys had been engaged in past political activities, and that it should not disqualify an appointee.

Among others who Justice Department officials said had been asked to leave were Carol Lam of San Diego, Kevin V. Ryan of San Francisco, Daniel G. Bogden of Nevada and David C. Iglesias of New Mexico. Others who are said to be departing are Paul K. Charlton of Arizona and John McKay of Washington State.

Ms. Lam's departure, on Feb. 15, has prompted especially strong complaints among Democrats because she headed the investigation that resulted in a guilty plea by former Representative Randy Cunningham, a California Republican who is serving an eight-year prison term for corruption-related offenses.

Mr. McNulty denied that the Cunningham case had anything to do with the ouster of Ms. Lam, who has been criticized by some lawmakers as failing to prosecute immigrant smuggling and gun cases along California's border with Mexico.

"What happened in the prosecution of Cunningham was a good thing for the American people and the Department of Justice to accomplish," Mr. McNulty said, adding, "We're proud of that accomplishment."

Behind the debate about forced dismissals is a dispute over language approved last year as part of legislation renewing the antiterrorism statute known as the USA Patriot Act.

In the past, the law permitted the Justice Department to name an interim United States attorney, but only for 120 days, when a federal judge would name a substitute to serve until a presidential nominee was confirmed.

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The change approved last year permitted the Justice Department to name temporary replacements for an indefinite period. Several senators said Democrats and Republicans were discussing a compromise to return to the earlier procedures.

Deputy Attorney General Defends Prosecutor Firings (WP)

By Dan Eggen

The Washington Post, February 7, 2007

A senior Justice Department official acknowledged yesterday that a top federal prosecutor in Arkansas was removed to make room for a former aide to presidential adviser Karl Rove, but he said that six other U.S. attorneys were fired for "performance-related" issues.

In often contentious testimony before the Senate Judiciary Committee, Deputy Attorney General Paul J. McNulty also disputed Democrats' allegations that the firings appeared to be aimed at rewarding Republican allies and at avoiding the Senate's role in confirming U.S. attorney appointments.

"The attorney general's appointment authority has not and will not be used to circumvent the confirmation process," McNulty said. "All accusations in this regard are contrary to the clear factual record."

McNulty's remarks did little to calm the growing political storm over the recent U.S. attorney firings. Top Democrats have condemned the firings, which have led to proposed legislation that would limit the attorney general's powers to appoint interim prosecutors.

McNulty acknowledged that six U.S. attorneys in the West and Southwest were notified in December that they would be asked to step aside, including the lead prosecutor in San Diego, whose office oversaw the bribery conviction of a former Republican congressman.

A seventh former U.S. attorney, Ed Cummins of Little Rock, has said that he was asked to leave last year to open the job for J. Timothy Griffin, who previously worked for Rove and for the Republican National Committee. McNulty did not dispute that characterization yesterday.

Sen. Charles E. Schumer (D-N.Y.) said the firings "reek of politics" and warned McNulty that the panel would consider issuing subpoenas for job evaluations of the fired prosecutors unless the Justice Department agrees to hand them over. Justice officials said they will work to accommodate the request.

"What happened here doesn't sound like business as usual," Schumer said. "Even the hiring and firing of our top federal prosecutors has become infused and corrupted with political, rather than prudent, considerations."

McNulty responded later: "When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart. . . . Your perspective is completely contrary to my daily experience."

Several top lawmakers, including Sen. Dianne Feinstein (D-Calif.), have been particularly angered by a little-noticed provision slipped into USA Patriot Act legislation last year that allows Attorney General Alberto R. Gonzales to appoint replacement prosecutors, such as Griffin, on an indefinite basis.

Feinstein and other Democrats in the House and Senate have proposed legislation to return to the old selection process, which allowed district courts to appoint interim U.S. attorneys after 120 days until a final candidate was confirmed by the Senate. Sen. Arlen Specter (Pa.), the Judiciary Committee's ranking Republican, said yesterday he will join Democrats in pushing for a return to the previous arrangement.

But McNulty said the Justice Department is in "strong opposition" to that proposal because it puts the judicial branch in the position of hiring people in the executive branch.

Gonzales told the committee last month that the forced resignations were not politically motivated, but he declined to comment on details of the cases. McNulty went further in some of his testimony yesterday, talking at length about the Arkansas case and defending Griffin's record as a military and civilian prosecutor, in addition to his role as a prominent GOP operative.

In an unusual appearance as a committee witness, Sen. Mark Pryor (D-Ark.) complained that Justice Department officials had initially misled him about Cummins's dismissal and said he could not support Griffin's nomination as U.S. attorney.

Griffin declined to comment yesterday.

The other case that has drawn significant ire from Democrats is in San Diego, where prosecutor Carol S. Lam was fired about a year after overseeing the guilty plea by former congressman Randy "Duke" Cunningham (R-Calif.) for taking $2.4 million in bribes. McNulty declined to comment on why Lam was removed, but he said the Cunningham case was "a very good thing for the American people and the Department of Justice to accomplish."

Justice Department officials say Lam presided over a drop in prosecutions of firearms and smuggling cases, and point to complaints from many lawmakers -- including Feinstein -- about lax immigration enforcement in the San Diego area.

Feinstein said in an interview that her concerns about border enforcement are "unrelated" to the question of whether the prosecutors were dismissed appropriately. "The issues are being confused," she said.

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In addition to Cummins and Lam, those forced to resign include Kevin Ryan in San Francisco, John McKay in Seattle, David C. Iglesias in New Mexico, Daniel G. Bogden in Nevada and Paul K. Charlton in Arizona.

Mary Jo White, who was appointed U.S. attorney general for the Southern District of New York during the Clinton administration and then retained for a while under President Bush, told the committee that the firings were "unprecedented" and "troubling."

"The appearance . . . tends to undermine the importance of the office of the United States attorney," White said.

Justice Lawyer Explains Attorney Firings (AP)

By Laurie Kellman, The Associated Press

AP, February 7, 2007

WASHINGTON - A top Justice Department official acknowledged Tuesday that more than a half-dozen U.S. attorneys were fired in the last year, in some cases without cause, but denied Democrats' allegations that they were dismissed and replaced for political reasons.

In testimony before the Senate Judiciary Committee, Deputy Attorney General Paul McNulty defended the department's firing of seven U.S. attorneys since March, for reasons he would not divulge.

McNulty reminded the panel that federal prosecutors serve at the pleasure of the president. And he repeated Attorney General Alberto Gonzales' promise to submit the name of every replacement to the Senate for confirmation.

"The attorney general's appointment authority has not and will not be used to circumvent the confirmation process," McNulty told the Democrat-led panel. We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution."

McNulty spoke after weeks of Democrats' accusations that the forced resignations of prosecutors in Arkansas and California in particular were moves to reward Republican allies.

Democrats and Republicans blamed the situation on that fact that without their knowledge a little-known provision was slipped into the Patriot Act reauthorization that took effect in March letting the attorney general replace prosecutors indefinitely. They now are seeking legislation to give interim appointment authority to District Court judges, with a deadline by which the prosecutor must be confirmed by the Senate.

Judges often are not qualified to make those appointments, Gonzales told The Associated Press last month.

The hearing, chaired by Sen. Chuck Schumer, D-N.Y., gave lawmakers a new chance to insist the Justice Department has used that provision to appoint political allies to U.S. attorney offices.

In Arkansas, H.E. Bud Cummins received a call from a Justice Department official last year telling him to resign and assuring him there was no cause for the firing, a fact McNulty confirmed Tuesday. Cummins' replacement was to be J. Timothy Griffin, a former aide to presidential counselor Karl Rove and a former military prosecutor.

Also riling Democrats is the case of former San Diego U.S. Attorney Carol Lam, whose pursuit of public corruption cases included the government's case against Randy "Duke" Cunningham, the former Republican congressman who pleaded guilty to taking $2.4 million in bribes.

McNulty denied Lam was fired in retaliation for Cunningham's conviction, calling Lam's pursuit of the case "a very good thing for the American people and the Department of Justice to accomplish."

"We are proud of that accomplishment," McNulty said.

Justice Official Defends Prosecutors' Firings (LAT)

By Adam Schreck, Times Staff Writer

The Los Angeles Times, February 7, 2007

Deputy Atty. Gen. McNulty tells a Senate panel that they were forced out over performance, not politics. Democrats are skeptical.

WASHINGTON — The recent forced resignations of six top federal prosecutors, including two in California, were based on "performance-related" concerns and were not politically motivated, a Justice Department official testified Tuesday on Capitol Hill.

Appearing before the Senate Judiciary Committee, Deputy Atty. Gen. Paul J. McNulty defended the dismissals.

"The indisputable fact is that United States attorneys serve at the pleasure of the president," he said. "They come and they go for lots of reasons."

McNulty also expressed strong opposition to a plan by Sen. Dianne Feinstein (D-Calif.) to strip the Justice Department of authority it received last year to appoint interim U.S. attorneys for indefinite periods without Senate confirmation.

That power, added to the USA Patriot Act when it was reauthorized in March, has worried some lawmakers. At issue is the amount of oversight that Congress — now in the hands of Democrats — has over the appointment of federal prosecutors.

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Seven U.S. attorneys, including Carol Lam in San Diego and Kevin Ryan in San Francisco, have been asked to leave. Some Democrats have suggested that the firings are an attempt by the Bush administration to reward political allies and get rid of otherwise capable prosecutors who may be at odds with the White House.

"I have never seen the department more politicized and pushed further away from its mission," said Sen. Charles E. Schumer (D-N.Y.). "And now it appears even the hiring and firing of our top federal prosecutors has become infused and corrupted with political, rather than prudent, considerations — or at least there is a very strong appearance that this is so."

McNulty dismissed suggestions that the firing of the seven prosecutors was politically motivated. The Justice Department, he said, has not and will not "remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for prosecution."

"When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart," he told Schumer.

Some legal experts have said that the moves, while legal, are unorthodox and could have harmful repercussions.

"There's at least a strong perception by those in and outside of the United States attorney's office that this is not business as usual," said Loyola Law School professor Laurie Levenson during her testimony Tuesday.

Much of Tuesday's hearing focused on the dismissals of Lam, who plans to step down Feb. 15, and of H.E. "Bud" Cummins, a prosecutor in Little Rock, Ark., who was replaced by a former aide to Karl Rove, President Bush's longtime political strategist.

Lam, who declined to comment about McNulty's remarks Tuesday, headed an investigation that led to the guilty plea, on bribery charges, of Republican Rep. Randy "Duke" Cunningham of Rancho Santa Fe. She has been criticized as not being tough enough on smugglers of illegal immigrants.

In a written statement, Ryan, who has not announced a departure date, said only that his resignation was the result of "a mutually agreeable decision with Washington."

McNulty would not publicly discuss why individual prosecutors were asked to step down, other than to say six of the seven were replaced because of "performance-related" issues. The decision to replace the seventh, Cummins, was an "opportunity to provide a fresh start with a new person in that position," he said.

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Official Denies Prosecutors Were Ousted For Political Reasons (MCT)

By Marisa Taylor

McClatchy Newspapers, February 7, 2007

WASHINGTON - The No. 2 Justice Department official acknowledged Tuesday that at least seven U.S. attorneys were asked to resign, but he denied that the administration ousted them for political reasons.

Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that six U.S. attorneys were asked to step down in December because of "performance-related" issues.

However, McNulty said H.E. "Bud" Cummins, the former U.S. attorney in Arkansas, wasn't fired because of how he handled his job. Rather, McNulty said, administration officials wanted to make room for Timothy Griffin, a former aide of presidential adviser Karl Rove.

McNulty emphasized that the administration has the power to fire U.S. attorneys from the politically appointed positions - even without any apparent cause. But he denied that politics played any role in the firings of other U.S. attorneys, including Carol Lam, who was asked to step down in San Diego. In 2005, Lam's office won a bribery conviction against then-Rep. Randy "Duke" Cunningham, R-Calif. That investigation is continuing.

McNulty said his department had been "proud" of the Cunningham prosecution, but he declined to elaborate on Lam's or any other U.S. attorney's firing during the hearing. He agreed instead to brief senators privately on the matter.

"We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution, or in retaliation for prosecution," he said. "Such an act is contrary to the most basic values of our system of justice."

The decision to fire the U.S. attorneys came under scrutiny late last month after Senate Democrats discovered that Attorney General Alberto Gonzales could use a little-noticed change in the Patriot Act to fill the vacancies with appointees.

The legal change last March allowed Gonzales to appoint interim U.S. attorneys for indefinite terms.

Last month, McClatchy Newspapers analyzed many of those interim appointments and found that Gonzales had been appointing conservative loyalists from the Bush administration's inner circle to fill the vacancies.

The new U.S. attorneys all have impressive legal credentials, but most of them have few ties to the communities they've been appointed to serve, and some have little experience as prosecutors.

Several have become permanent U.S. attorneys after Senate confirmation.

Traditionally, the top assistant U.S. attorney in each local office fills any vacancy while home-state senators search for preferred candidates to present to the White House for consideration. If it takes more than four months to find a permanent successor, a judge can extend the temporary appointment or name another acting U.S. attorney. Ultimately, the candidates must be confirmed by the Senate.

Senate Democrats said they were concerned that the administration is attempting to bypass the Senate confirmation process under the new Patriot Act provision.

Administration officials argue that the change was necessary to ensure that judges didn't appoint interim U.S. attorneys who were hostile to the administration.

McNulty said that the Justice Department is committed to giving home-state senators of the president's party their traditional say in submitting the names of preferred candidates for White House consideration.

Mary Jo White, who was appointed U.S. attorney for the southern district of New York by President Clinton in 1993, told the committee that any firings of U.S. attorneys in the middle of an administration "without significant cause," such as serious misconduct, would be unprecedented.

If U.S. attorneys had been removed because of controversy over cases or "just to give another person the opportunity to serve," the actions would "pose a threat to the independence of the U.S. attorneys," she said.

Laurie Levenson, a former assistant U.S. attorney who's now a professor at Loyola Law School in Los Angeles, said the revelation about Cummins being removed to give someone else a chance to be U.S. attorney "was precisely the problem."

"The job of U.S. attorney should not be a political prize," she said. "There's too much at stake for the district and the people who work in that office."

Despite Griffin's relative inexperience as a prosecutor, McNulty described the former Rove aide as "well qualified" to run the office in Little Rock.

Sen. Charles Schumer, D-N.Y., contended that the appointment didn't "pass the smell test."

"I can't even see how Mr. Griffin would be better qualified in any way than Bud Cummins, who had done a good job, who was well respected, who had now had years of experience," he said.

Bills are now pending in the House of Representatives and the Senate that would restore the traditional interim appointment process to judges.

Senate Given No Reason For Prosecutor Firings (CHIT)

By Karoun Demirjian

Chicago Tribune, February 7, 2007

WASHINGTON -- A year ago, Carol Lam, the U.S. attorney in San Diego, was fielding accolades for her successful prosecution of Rep. Randy "Duke" Cunningham, the California congressman who pleaded guilty to tax evasion and corruption and was sent to prison for more than eight years.

Now, however, she is one of seven federal prosecutors that the Bush administration has removed from office in recent weeks, most for unspecified reasons, as was the case with Lam. The dismissals are unusual and that has prompted several Democratic senators to accuse the White House of taking undue aim at U.S. prosecutors, either to make way for up-and-coming Republicans or even to punish those who aggressively prosecuted friends of the administration.

The Department of Justice has strongly denied the allegations, but also has refused to publicly give any reasons for the dismissals.

Deputy Attorney General Paul McNulty defended the firings Tuesday at a Senate Judiciary Committee hearing, saying, "U.S. attorneys serve at the pleasure of the President {ndash} they come and go for lots of reasons…. We don't really believe we are obligated to set forth a reason or cause."

The nation's 94 U.S. attorneys, the chief federal prosecutors in their respective cities or geographic regions, are generally appointed at the beginning of a president's term, and barring serious misconduct, serve until the end of his tenure or until they choose to leave voluntarily.

The current round of removals has attracted Democratic attention because of a little-noticed measure that was slipped into the Patriot Act Reauthorization last year allowing the White House to circumvent the Senate approval process for U.S. attorneys by making open-ended interim appointments.

Since President Bush signed the bill, about a dozen U.S. attorneys have resigned. McNulty said at least seven of the resignations were sought by Justice. But he said only the resignation of H.E. Cummins III of Little Rock, Ark. was sought without a specific job performance-related cause. Cummins was replaced by J. Timothy Griffin, a military prosecutor and former assistant to White House political operative Karl Rove.

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McNulty told the committee that the administration is still consulting senators to identify the best candidates in their respective states and fully intends to send the prosecutors' replacements to the Senate for confirmation. But suspicious Judiciary Committee members said they plan to vote Thursday to rescind the Patriot Act provision that allows the administration to appoint interim U.S. attorneys indefinitely without Senate confirmation.

Sen. Mark Pryor (D-Ark.) told the committee, "I am convinced that the administration and future administrations will bypass the Senate if the law isn't changed." He said he doubted that in the seven months since Cummins had first been asked to step down that the administration couldn't send an official nominee to the Senate for confirmation. "This is larger than any party affiliation or any single appointment."

Sen. Arlen Specter (R-Pa.) bristled at allegations that he had played any part in crafting the clause on interim appointments in the Patriot Act and agreed to cooperate to revert the law on U.S. attorney appointments back to its pre-2006 state. In the earlier law, interim terms expire after 120 days, and if no replacement can be nominated and confirmed in that time, the local federal court names a replacement.

But McNulty said that arrangement has caused problems in the past, such as in South Dakota in 2005, when a U.S. district judge's appointee for interim U.S. attorney was overruled by the Justice Department in favor of a candidate it selected, precipitating a legal dispute.

But several senators said that the alternative in the Patriot Act, possibly cutting them entirely out of the appointment process, is unacceptable.

"The Patriot Act should not have been amended," said Sen. Dianne Feinstein (D-Calif.), who sponsored the measure to revise the law. "I do not believe anyone in this committee knew it was in the law—no Republican, no Democrat."

Not all members of the Judiciary Committee voiced concern about the firings. Sen. Jeff Sessions (R-Ala.), said, "For seven out of 94 to be asked to step down is not that big a deal to me. My personal opinion is that the Department of Justice is far too reticent in reviewing U.S. attorneys that do not perform."

Lawmakers' Letters Led To Lam's Ouster (SDUT)

By Joe Cantlupe, Copley News Service

The San Diego Union-Tribune, February 7, 2007

A top Justice Department official said yesterday that San Diego U.S. Attorney Carol Lam was being targeted for dismissal because of “performance-related” issues after his office received letters from several members of Congress complaining about her handling of immigration enforcement cases.

Questioned by Senate Judiciary Committee members, Deputy Attorney General Paul McNulty repeatedly declined to spell out what Lam's performance shortcomings were, other than to note the complaints.

“What about Carol Lam? Why was she terminated?” committee member Rep. Arlen Specter, R-Pa., asked McNulty.

“I respectfully decline to go into specific reasons,” McNulty said.

“I think the committee needs to know why she was terminated,” Specter responded.

But all McNulty would say is that “the phone calls made in December were performance-related.” He was referring to calls made to Lam and five other prosecutors demanding their resignations. A seventh U.S. attorney, based in Arkansas, was dismissed earlier last year to make way for a former aide to White House adviser Karl Rove, McNulty said.

The forced resignations and secrecy surrounding them have triggered concerns among Democrats that the Bush administration is trying to circumvent the Senate's right to approve or disapprove U.S. attorney appointments.

Democrats, including California Sen. Dianne Feinstein, have objected to a provision slipped into the USA Patriot Act last year allowing U.S. attorney replacements to be appointed and serve indefinitely without Senate approval. Democrats are preparing legislation to overturn the new presidential power.

“I have observed, with increasing alarm, how politicized the Department of Justice has become,” Sen. Charles Schumer, D-N.Y., said at the start of the hearing. “I have watched, with growing worry, as the department has increasingly based hiring on political affiliation.”

McNulty vigorously denied the allegation: “When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart.”

Separately, he added: “The attorney general's appointment authority has not and will not be used to circumvent the confirmation process.”

Schumer noted that Lam “was in the midst of a sweeping public investigation,” referring to the probe of former Rep. Randy “Duke” Cunningham, R-Rancho Santa Fe, and others. Cunningham is in prison after pleading guilty to conspiracy and tax evasion charges, but investigations are pending for several co-conspirators.

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“Was her firing political retaliation? There's no way to know that,” Schumer said. But he said he assumed that “politics is involved. The appearance is plain awful.”

McNulty denied the assertion.

When questioned about the continued Cunningham-related investigations, McNulty said, “We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution.”

Sen. Jeff Sessions, R-Ala., who supports Attorney General Alberto Gonzales' right to remove the prosecutors, referred to a series of critical letters about Lam from members of Congress who questioned her lack of aggressiveness in immigration-related cases.

Lam had been “subject to a number of complaints,” Sessions said.

Last June, Feinstein wrote to Gonzales regarding her concerns about immigration-related prosecutions in Southern California. On July 30, 2004, a group of 14 California representatives wrote to the Attorney General also to express their “concern” about immigration-related cases.

In October 2005, Rep. Darrell Isla, R-Vista, wrote to Lam complaining about “non-prosecution of criminal illegal aliens,” and a year later criticized her office about its failure to carry out immigrant-related smuggling cases.

The Attorney General's office was familiar with all the letters, McNulty said. “We received letters from members of Congress,” McNulty acknowledged. “I don't want to go into the substance of them.

“We take them seriously,” he said. “We give them consideration.”

Lam, 47, who has been the top prosecutor in San Diego for more than four years, announced she is resigning Feb. 15. She has declined to comment on reasons for her resignation, but sources said they were linked to Justice Department officials who were concerned about her handling of immigration-related prosecutions.

Lam's office said she had no comment about yesterday's proceedings.

White House Denies Prosecutors Were Sacked In Retaliation (FT)

By Alim Remtulla Inwashington Andbrooke Masters In New York

Financial Times, February 7, 2007

The Bush administration had no complaints about the performance of the US attorney from eastern Arkansas who it forced out late last year to make room for a protege of Karl Rove, a Justice Department official yesterday acknowledged.

But Paul McNulty, the deputy attorney-general, told the Senate judiciary committee that his department had performance-related "reasons" for calling six other top prosecutors in December and ordering them to resign.

Senate Democrats are probing the recent departure of 13 of the 93 US attorneys, asking whether the Bush administration is "politicising" the administration of justice and using the posts to reward political allies.

The Democrats have been particularly concerned about the removal of Carol Lam, the former US attorney for San Diego, who prosecuted Randy "Duke" Cunningham, a former Republican congressman.

Mr McNulty said Ms Lam's departure was unrelated to the bribery case but he said she was among the group removed for performance-related reasons.

"In this administration, US attorneys are never, repeat, never, removed in an effort to retaliate against them," Mr McNulty testified. He also said Timothy Griffin, Mr Cummins' replacement in Arkansas, was well qualified for his new position.

Democrats are also seething about a 2006 law change that allows the attorney-general to name "interim" US attorneys who can serve indefinitely without Senate confirmation. Until last year, temporary replacements could serve only 120 days before they needed approval from a state's district judges.

Chuck Schumer, the New York senator who chaired the hearing, warned that he might subpoena the performance records of the fired prosecutors if the Justice Department did not turn them over.

"I have never seen the department more politicised and pushed further away from its mission as an apolitical enforcer of the rule of law," he said

Mr McNulty insisted the executive branch was better positioned to appoint temporary prosecutors than judges would be but he also pledged that the administration would fill all the open jobs with nominees who were confirmed by the Senate.

Senators Press Officials On U.S. Attorney Firings (RC)

By Rachel Van Dongen

Roll Call, February 7, 2007

DOJ_NMG_0129013

Turning up the heat on the Bush administration on an increasingly touchy issue, Republican and Democratic members of the Senate Judiciary Committee grilled Deputy U.S. Attorney General Paul McNulty on Tuesday over why and how as many as seven U.S. attorneys around the country were dismissed from their posts since June.

Led by Sen. Charles Schumer (D-N.Y.), the lawmakers aggressively questioned the Justice Department's motives in firing up to six prosecutors in December, including San Diego U.S. Attorney Carol Lam, who is credited with producing the 2005 guilty plea of former Rep. Duke Cunningham (R-Calif.) to accepting more than $2.4 million in bribes from defense contractors. Lam is leaving office Feb. 15, but the probe into Cunningham's activities continues.

"I have observed, with increasing alarm, how politicized the Department of Justice has become," Schumer said in his opening statement. "And now, it appears, even the hiring and firing of our top federal prosecutors has become infused and corrupted with political, rather than prudent, considerations."

Schumer repeatedly pressed McNulty, a former chief Hill counsel during former President Bill Clinton's impeachment proceedings and ex-House ethics committee lawyer, to provide documentation, such as written evaluations of each U.S. attorney's job performance, that would substantiate why the attorneys were fired. If that information is not provided quickly, the Democrat threatened to subpoena that information from Justice. "For six years, there has been little or no oversight of the Department of Justice. Those days are over," Schumer vowed.

In a strong opening statement putting Justice on the defensive, Schumer's comments were echoed by the panel's ranking member, Sen. Arlen Specter (R-Pa.), a former Pennsylvania assistant attorney general.

"If a U.S. attorney general was fired in retaliation for what was done on the prosecution of former Congressman Cunningham, that's wrong," Specter stated. "And that's wrong even though the president has the power to terminate U.S. attorneys. U.S. attorneys can't function if they're going to be afraid of the consequences of a vigorous prosecution."

Arguing that the executive branch has created an atmosphere of "high-level suspicion" in Congress, Specter said that Senate oversight on the U.S. attorneys issue should move full-steam ahead. "I want to see this inquiry pursued ... I want it pursued in each one of these cases and see what actually went on because there are very serious accusations that are made that, if they're true, there ought to be very, very substantial action taken in our oversight function."

McNulty strenuously denied any political motivation for the dismissal of the prosecutors, explaining that it was part of normal staff turnover. "The indisputable fact is that U.S. attorneys serve at the pleasure of the president," he said. While he refused to confirm the exact number of prosecutors dismissed recently, McNulty did say that several were let go for "performance-based" reasons in phone calls during December 2006. McNulty declined, however, to provide a specific reason for Lam's dismissal, arguing that it would be "unfair" to individual prosecutors to discuss their private personnel records in public.

"What happened in the prosecution of Congressman Cunningham was a very good thing," McNulty said, describing Justice as "proud" of that outcome. "Any investigation that falls from that has to run its full course."

"Public corruption is a top priority for the president," McNulty added.

McNulty, however, did not dispute Schumer's assertion that another U.S. attorney — Bud Cummins III, the former U.S. attorney for Eastern Arkansas — was dismissed without any specific cause. Democrats allege that Cummins was asked to step aside in order to install Tim Griffin, a former aide to White House adviser Karl Rove.

Sen. Mark Pryor (D-Ark.), a former Arkansas attorney general who testified before the committee, praised Cummins' record and said he did not believe he could support Griffin if his nomination was ultimately sent to the Senate for confirmation.

"As more light was shed on the situation in Arkansas, it became clear that Bud Cummins was asked to resign without cause so that the White House could reward the Arkansas post to Mr. Griffin," Pryor testified.

Led by Sen. Dianne Feinstein (D-Calif.), Democrats have been slamming the administration over the U.S. attorneys issue for several weeks now. Besides arguing that the dismissals are politically motivated, they also charge that the Justice Department is attempting to circumvent the Senate confirmation process by installing interim U.S. attorneys whom it has no intention of ever formally nominating. The Justice Department fiercely denies that charge and says it intends to send all U.S. attorney candidates for nomination to the Hill.

Feinstein lists seven U.S. attorneys recently asked to step aside by Justice: Lam, Cummins, Kevin Ryan of San Francisco, David Iglesias of New Mexico, Daniel Bogden of Nevada, John McKay of Washington and Paul Charlton of Arizona. Besides Lam, none of the prosecutors is involved in identified Congressional cases.

Feinstein and Specter appear to have agreed on compromise legislation to reverse a 2006 amendment to the USA PATRIOT Act that allowed Justice to indefinitely appoint interim U.S. attorneys. The legislation, which is slated to be marked up on Thursday, would allow Justice to install a replacement attorney for 120 days; after that, the authority would be transferred to a district court judge until a permanent replacement was found.

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Committee Republicans largely defended the administration while noting that political interference in prosecutions was a serious matter if it were proved true. “U.S. attorneys serve at the pleasure of the president,” said Sen. Orrin Hatch (R-Utah). “The president can remove them for any reason ... that’s the the law.”

Alabama GOP Sen. Jeff Sessions raised the fact that several House Members, including California GOP Rep. Darrell Issa, had complained about Lam’s record on prosecuting smuggling and other crimes along the California border. “I think we need to look at these appointments maybe in the future more carefully,” Sessions said.

Judiciary Panel Questions Removal Of Arkansas U.S. Attorney (MCA)

By Bartholomew Sullivan, The Commercial Appeal

Memphis Commercial Appeal, February 7, 2007

WASHINGTON -- Members of the Senate Judiciary Committee asked Tuesday why the federal prosecutor who oversaw undercover operations that exposed corruption in the West Memphis Police and Crittenden County Sheriff's departments in 2002 was fired last year by the Justice Department.

Sen. Mark Pryor, D-Ark., told the committee that 49 days after H.E. "Bud" Cummins "was ousted without cause," and replaced by interim U.S. Attorney J. Timothy Griffin, he still doesn't know the grounds for the removal. Griffin, a protégé of presidential advisor Karl Rove and a former Republican Party opposition researcher, has not been nominated by the president and has therefore not been subject to the Senate's advise and consent oversight.

"The failure to acknowledge that Bud Cummins was told to leave for a purely political reason is a great disservice to someone who was loyal to the Administration and who performed his work admirably," Pryor testified.

Attorney General Alberto Gonzales has said that Cummins and six other U.S. attorneys, including the one in San Diego pursuing high-level corruption stemming from the U.S. Rep. Duke Cunningham scandal, were not removed for political reasons.

"I think I would never, ever, make a change in a United States Attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation," Gonzales said last month.

Cummins, a Republican, has said that he understands he serves at the will of the president, and appreciated the opportunity to serve for five years. "I don't have any hard feelings," he told the Arkansas Democrat Gazette last month.

But in Sunday's Washington Post, he elaborated: "I don't think many of us were aware that the administration might want to ask someone to step aside just to give someone else an opportunity," said Cummins. "The precedent was that once you were appointed, assuming you were successful in office, you were there until there was a change in the White House."

Cummins, who successfully prosecuted corrupt West Memphis and Crittenden County sheriff's deputies involved in a drug task force shortly after taking office, could not be reached Tuesday.

Skeptical Democrats on the committee Tuesday hinted they aren't buying it that the removal decisions weren't political. They will be considering legislation to re-establish Senate confirmation of prospective U.S. attorneys within 120 days of an interim appointment. The change permitting indefinite interim appointments was inserted in last year's Patriot Act reauthorization.

When Sen. Arlen Specter, R-Pa., asked Deputy Attorney General Paul J. McNulty whether the Justice Department would support the change, McNulty said it would consider it. McNulty said the department takes the position that a U.S. attorney can be removed for any reason or for no reason at all.

Cummins has said he was told last June that he was being removed to give Griffin the kind of high-profile exposure such a political appointment brings. The U.S. attorney prosecutes federal crimes within all of eastern Arkansas, based in Little Rock.

Cummins found out he was being replaced when he received a phone call while hiking in the woods with his son. Pryor testified Tuesday that he and others intervened to keep him in place until the end of the year. He left office Dec. 15, the day Griffin's appointment became official.

In his testimony, Pryor said Gonzales asked if he would support Griffin for the job, and Pryor said he could not without first seeing him go through the confirmation process. Pryor, a former Arkansas attorney general, said Griffin would not be his nominee for the post "because I just know too many other lawyers who are more qualified, more experienced and more respected by the Arkansas bar."

He continued: "After a thorough review by this committee, I hope that you will reach the same conclusion I have, which is this: No administration should be able to appoint U.S. attorneys without proper checks and balances. This is larger than party affiliation or any single appointment. This touches our solemn responsibilities as senators."

Deputy AG Acknowledges Cummins Was Forced Out (NAMN)

By Aaron Sadler, The Morning News

Northwest Arkansas Morning News, February 7, 2007

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WASHINGTON -- A Justice Department official acknowledged for the first time Tuesday that H.E. "Bud" Cummins was fired last year as federal prosecutor in Little Rock to make room for a former White House aide.

He denied, however, that politics played a role in that or other U.S. attorney firings across the country.

At least seven prosecutors were forced out by the Bush administration late last year, including Cummins, U.S. attorney for the Eastern District of Arkansas.

The Justice Department named Timothy Griffin as an interim replacement. Griffin, 38, is a former deputy to White House political adviser Karl Rove and former director of opposition research for the Republican National Committee.

Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that Cummins was informed in a June phone call that he was being asked to resign without cause. At that point, Griffin had already been identified as an interim successor, he said.

Other removals were "performance-related," according to McNulty.

Sen. Mark Pryor, D-Ark., said the Justice Department changed its story regarding Cummins' departure.

"First they said that initially Bud Cummins decided to leave on his own," Pryor said. "It's taken many weeks to get here, but today the Justice Department admitted he was told to leave."

Cummins said in a telephone interview Tuesday that he appreciated Pryor's defense of his service, but that he remained a Bush loyalist who had considered leaving his post regardless.

"In my case, it's fair to say it was handled poorly, because they could just have easily called me and said 'You haven't done anything wrong. You're a champ. You've been a great performer for the president, and we'd like you to cooperate with us and give this other guy a job for two years,'" Cummins said.

Democrats criticized the spate of firings as ways to build the resumes of up-and-coming Republicans by placing them in prosecutor jobs for the final two years of President Bush's term.

Pryor testified at Tuesday's hearing that the Justice Department should acknowledge Cummins was fired for "purely political reasons."

Democrats grilled McNulty extensively about Griffin's appointment, skeptical that the choice was unrelated to his GOP connections.

"It sure doesn't smell too good," Sen. Charles Schumer, D-N.Y., said "You know that and I know that, but maybe there's a more plausible explanation than the one that seems to be obvious to everybody."

Schumer described Griffin as an "ambitious acolyte" of Rove.

The administration should be allowed to make personnel changes at will without facing attacks from Democrats, unless it is proved the administration is abusing its power, said Sen. Arlen Specter, R-Pa., the ranking Republican on the Judiciary Committee.

"The atmosphere in Washington, D.C., is one of high-level suspicion," Specter said. "I want to see what actually went on, because there are very serious accusations that have been made."

Among questions Schumer raised was whether Carol Lam was ousted as U.S. attorney in San Diego in retaliation for prosecuting former Rep. Randy Cunningham, R-Calif., and whether Rove pushed to install Griffin in Arkansas.

McNulty said Griffin represented a "fresh start" for the Little Rock office, and that he brought more prosecutorial experience to the job than Cummins when he took the job in 2001.

"The fact that he has political activities in his background does not speak to his qualifications for being the United States attorney in that district," McNulty said of Griffin.

Griffin, of Magnolia, had been a special assistant prosecutor in Cummins' office and prosecuted cases in the Judge Advocate General's corps during a deployment in Iraq last year.

McNulty sidestepped questions about other fired prosecutors, including Lam, saying he would not speak publicly about reasons for the terminations.

Three Democratic senators, including Pryor, are sponsoring legislation to change a provision of the Patriot Act that gives the Justice Department authority to appoint interim U.S. attorneys for indefinite time periods.

Pryor said such appointments would circumvent the Senate's constitutional responsibility to confirm judicial appointments.

In a hearing last month, Attorney General Alberto Gonzales said the Justice Department intends to put every new U.S. attorney through the nomination process.

But Pryor said the administration has taken the position that prosecutors do not need to be confirmed, citing a recent Justice Department filing in a complaint filed by Little Rock attorney John Wesley Hall.

Hall contends Griffin does not have authority to serve as U.S. attorney without Senate confirmation.

"They have changed their story on a couple points," Pryor said of the Justice Department.

"They've been saying publicly that their intention is to nominate all these U.S. attorneys, however ... they take the position they don't have to have U.S. attorneys confirmed."

Specter and Sen. Dianne Feinstein, D-Calif., said they support returning to the law as written before last year, setting a 120-day time limit for interim appointments.

Congress Probes Departures Of U.S. Attorneys (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 7, 2007

The departure of nearly a dozen U.S. attorneys–including some overseeing high-profile politically charged criminal investigations–has sparked congressional inquiries as to whether the Justice Department is politicizing the hiring and firing of federal prosecutors. Deputy Attorney General Paul McNulty was in the hot seat today answering just that very question before the Senate Judiciary Committee.

One of the U.S. attorney departures that is raising the most eyebrows is that of Carol Lam, who has been overseeing the massive federal corruption probe of former Rep. Randall "Duke" Cunningham. The eight-term Republican congressman is currently serving a long prison term for accepting more than $2.4 million in bribes in exchange for inserting lucrative "earmarks" into defense appropriations and intelligence appropriations budgets on behalf of two defense contractors, including a San Diego-based contractor named Brent Wilkes and two unindicted co-conspirators.

But federal investigators are continuing to investigate Wilkes's ties to Cunningham and to a senior Central Intelligence Agency official named Kyle "Dusty" Foggo, who has since resigned from his post after being named in the corruption probe. The government alleges that Wilkes gave Cunningham more than $630,000 in bribes, gifts, and favors. They also are probing whether Wilkes obtained lucrative CIA contracts from Foggo, a former high school buddy who became the No. 3 official at the CIA. That investigation is still ongoing and could result in further indictments.

Both Wilkes and Foggo have said they are innocent.

To some veteran former Justice Department officials, the departure of Lam before the Cunningham probe is completed harks back to a similar case involving a CIA asset more than 25 years ago, in which the U.S. attorney was fired because of pressure from the agency. In 1982, the feds arrested the former chief of the Federal Security Directorate (Mexico's secret police), Miguel Nazar Haro, after he was indicted by a federal grand jury in San Diego for his involvement in an $8 million car-theft ring that had smuggled about 600 stolen American luxury cars and vans from Southern California to Mexico.

The U.S. attorney in San Diego, William Kennedy, had uncovered the car-theft ring and pushed the Justice Department to indict Haro. Kennedy charged that the CIA was blocking the indictment because Haro was a CIA asset in Mexico City and that the Justice Department was dragging its feet. Kennedy was reprimanded in no uncertain terms–President Ronald Reagan fired the prosecutor, a former Justice official says, after the CIA brought pressure to bear. But Haro–who was forced to resign as the secret police chief because of the car-smuggling allegations– was subsequently indicted and arrested. He posted $200,000 bail and fled, becoming a fugitive. And so he remained, until he was again arrested in February 2004, this time on charges that he had kidnapped a leftist leader nearly three decades earlier during Mexico's "dirty war," against the left.

After Kennedy was fired, Justice sources say, CIA officials used it as a "warning" to other Justice officials not to challenge the agency. Kennedy later became a superior court judge in San Diego.

Fast forward to the Cunningham probe. Former Justice officials say it's ironic that the U.S. attorney's office that the CIA challenged so aggressively in the 1980s is the same office that is now targeting an allegedly corrupt CIA official. The CIA, Justice sources say, has blocked efforts to obtain documents in connection with the Wilkes-Foggo case.

Lam has declined to comment on her imminent departure. McNulty told the Judiciary Committee today that the turnover of U.S. attorneys is not unusual and won't cause any problems.

"The indisputable fact is that [U.S. attorneys] serve at the pleasure of the president," said McNulty. "They come and they go for lots of reasons."

But one former senior justice official says he's skeptical of official explanations.

"If you say there's an innocent reason for the change in San Diego," he says, "I have a bridge to sell in Brooklyn."

Playing Politics With Justice (NYT)

The New York Times, February 7, 2007

The Bush administration has pushed out at least seven United States attorneys recently for what appear to be purely political reasons. Senator Charles Schumer, Democrat of New York, has opened an investigation, and not a moment too soon. The American justice system would be seriously damaged if United States attorneys were stripped of their independence.

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United States attorneys, the federal prosecutors who work in the states, are supposed to be respected, independent members of the bar. They have extraordinary power: they can file criminal charges and conduct investigations that can destroy reputations. They are supposed to be confirmed by the Senate, and there is a long tradition that they are not removed during the term of the president who appointed them, except for serious cause.

The Bush administration has broken with that tradition in a way that reeks of politics. One of the dismissed United States attorneys, H. E. Cummins III of Arkansas, has been replaced by a former Republican National Committee opposition researcher who worked for Karl Rove. Another, Carol Lam of San Diego, is in the middle of a sensitive public corruption inquiry that has already brought down one Republican congressman, Randy Cunningham, and is looking at other possible wrongdoers. The White House is taking advantage of a little-noticed provision in the Patriot Act that allows the president to appoint interim United States attorneys without Senate approval.

At a Judiciary Committee hearing yesterday on the dismissals, the deputy attorney general who represented the Bush administration failed to explain convincingly why the United States attorneys had been removed, or to dispel the suspicion that politics was the driving force. Mr. Schumer says he may subpoena the dismissed federal attorneys' performance evaluations if he doesn't get a better explanation. The Senate should keep pushing for answers — and for nonpartisan prosecutors to be placed and kept in these important positions.

Bush Replaces U.S. Attorneys In Power Play (BSUN)

By George W. Liebmann

The Baltimore Sun, February 7, 2007

The news that the Bush administration has replaced seven U.S. attorneys, none charged with or guilty of wrongdoing, with people fairly describable as Washington apparatchiks should give pause to all those concerned with America's working Constitution.

This was made possible by a provision of the Patriot Act allowing the president to make interim appointments of U.S. attorneys, a function previously confined to the federal district courts.

The office of U.S. attorney is far more powerful than it was at the time of the ratification of the Constitution. Its functions are no longer limited to federal specialties such as customs and revenue offenses, but extend to virtually the entire range of criminal offenses. Stringent federal sentencing guidelines have rendered federal prosecutions the prosecutions of first resort, even for certain street crimes. During the tenures of Attorneys General Janet Reno, John Ashcroft and Alberto R. Gonzales, the number of federal prosecutors has greatly increased.

As contemplated by Alexander Hamilton in the Federalist Papers, the requirement of Senate confirmation has operated to prevent the staffing of these positions with pliant presidential cronies. The local senators, particularly those of the president's party, in practice have nominated U.S. attorneys and normally have been concerned not to outrage the local bar. Although the appointees have always served at the president's pleasure, it has been possible to guard against politically motivated removals by vesting the power of interim appointment in federal judges, drawn from both parties. These judges have generally appointed senior career officials pending Senate approval of a new nominee.

The enthusiasts for unlimited executive power and a compliant Congress have changed this. But Article II, Section 2 of the Constitution expressly allows judicial appointing powers. Cases allow Congress to limit presidential removal powers on Justice Louis D. Brandeis' premise that the function of the Constitution was "not to promote efficiency but to preclude the exercise of arbitrary power."

In the wake of Watergate, Congress, at the urging of Attorney General Edward H. Levi, provided the FBI director with a 10-year fixed term to insulate him from presidential whims.

As the sweep of federal criminal jurisdiction widens, it is imperative that Congress thoroughly review the provisions for appointment and removal of all important federal law enforcement officials - not merely U.S. attorneys. The dispersion of police and prosecutorial power is the bedrock of American civil liberty. In all but two or three states, prosecutors are elected for short terms.

We do not want prosecutors to be laws unto themselves, and we do not want an elective dictatorship. Geographic dispersion of prosecutorial power, of which Congress has lately grown careless with its expansions of federal jurisdiction, has historically been the American answer to this problem. The growth of the central office of the Justice Department renders it imperative that old controls be reinstated and new ones devised.

The residents of the seven judicial districts affected by the new appointments do not yet have reason to remonstrate against an executive who has, in the language of the Declaration of Independence, "sent hither swarms of officers to harass our people and eat out their substance," but the new appointments - and the statute authorizing them - impair the influence of locally elected senators and overly aggrandize the federal executive.

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George W. Liebmann, a Baltimore lawyer, is executive director of the Calvert Institute for Policy Research and the author of "The Common Law Tradition: A Collective Portrait of Five Legal Scholars."

CORPORATE SCANDALS:

3 Acquitted In Lengthy AOL Trial (WP)

By Carrie Johnson

The Washington Post, February 7, 2007

An Alexandria jury acquitted two former AOL executives on all the conspiracy and fraud charges against them yesterday, dealing a blow to prosecutors and marking a decisive end to one of the longest trials in the federal courthouse.

Jurors spent slightly more than three full days in deliberation before clearing Kent D. Wakeford and John P. Tuli of charges that they helped a Las Vegas software client post fictitious revenue in early 2001. As the court clerk read the verdict, Tuli wept while his mother and his wife gasped with delight. Wakeford trembled, clapped his hands twice and hugged his lawyers.

The six-man, six-woman jury also acquitted Christopher J. Benyo, a former vice president at the Las Vegas company, PurchasePro.com. Defense lawyer Terrance Reed last week appealed to the jury to "set yourselves and Mr. Benyo free" from a case that stretched into a fourth month, a rarity in a courthouse known for dispensing speedy justice.

"You're free to go, gentlemen," U.S. District Judge Walter D. Kelley Jr. told the jubilant defendants. Wakeford and Tuli clasped in a tearful embrace as prosecutors filed out of the eighth-floor courtroom without a word to spectators or opponents.

The case marks the second defeat for the government in its five-year-old investigation into accounting misdeeds at PurchasePro and AOL in the early days of the Internet bust. The same judge acquitted a former top lawyer for PurchasePro in December 2005 after a two-week trial. Once the focus of intense government scrutiny, high-ranking AOL sales and marketing officials ultimately avoided criminal charges, an issue that defense lawyers for their subordinates seized on as scapegoating during the trial.

Chuck Rosenberg, the U.S. attorney for the Eastern District of Virginia who joined the office last year, issued a statement praising the government team and concluding: "Sometimes, jurors see things in a different way. We respect their decision."

In the course of the trial, which began in October, Tuli's defense lawyer Mark J. Hulkower assailed nearly every aspect of the prosecution, from the integrity of former PurchasePro employees who pleaded guilty and testified in exchange for leniency to the tactics of the investigators.

The defense teams also heaped blame on Charles E. Johnson Jr., PurchasePro's former chief executive who was severed from the case last fall for reasons that remain secret. Johnson will be retried in August. Defense lawyers stressed that Wakeford and Tuli had not received payments or other direct financial benefits for entering into deals with PurchasePro, and asked jurors to consider whether they had a motive to engage in the alleged fraud.

"We're pleased with the verdict," said Hulkower, who spent a week in the hospital after his appendix burst but returned to deliver an impassioned three-hour closing argument last week. "It's been five years in coming, and now John Tuli can reclaim his life."

Tuli's wife, his brother, his mother and other relatives relocated from the Boston area to occupy a nearby town house for the duration of the trial. Wakeford's parents and friends appeared in the courtroom to support him.

Alone among the three, Wakeford took the witness stand in his defense, testifying emotionally in January -- a move that his attorney, Henry W. Asbill, said followed a gut feeling. "All's well that ends well," Asbill said yesterday.

After the verdict, Wakeford told reporters that the experience had been "hell," and in a telephone interview hours later spoke out against government tactics that he labeled "grossly unfair."

"At what point do the questionable tactics become so unfair that a government body should step in to make sure that innocent people are not wrongly convicted?" he asked.

AOL and parent company Time Warner paid more than $500 million two years ago to settle related charges over accounting practices. Spokesman Andrew Weinstein declined to comment on the jury's decision. AOL, which had been paying millions of dollars in attorney fees for Wakeford and Tuli, may have a difficult time recovering the money in light of the acquittals.

All three men continue to face civil fraud charges lodged by the Securities and Exchange Commission, which delayed its case while the criminal proceedings moved forward.

Defendants Acquitted In AOL-PurchasePro Trial (FINDLAW/AP)

By Matthew Barakat, Ap Business Writer

AP, February 7, 2007

DOJ_NMG_0129019

(AP) - ALEXANDRIA, Virginia-Two former midlevel executives at America Online were acquitted Tuesday on all counts of charges that they conspired with a now-defunct Las Vegas software firm to inflate its revenue with secret side deals and backdated contracts.

A third defendant, a senior executive at the Las Vegas company, also was found not guilty on all counts.

The verdicts brought to a close one of the longest trials in the history of the federal courthouse in Alexandria. The trial lasted more than three months; the jury deliberated three full days before reaching its verdict.

All three defendants wept with relief when the verdicts were read.

John Tuli, a former vice president in AOL's NetBusiness unit; Kent Wakeford, a former executive director at AOL's business affairs unit; and Christopher Benyo, a former senior vice president of marketing at PurchasePro, had been accused of deceiving PurchasePro stockholders about the company's revenue in the first quarter of 2001 as the dot-com economy collapsed.

The alleged ringleader of the scheme, PurchasePro founder Charles "Junior" Johnson, is scheduled to go on trial in August.

Several PurchasePro executives had struck plea deals and testified at the trial.

AOL is the online access unit of Time Warner Inc.

Oil Drilling Companies To Pay Record Settlement In Bribery Case (AP)

By JUAN A. LOZANO

AP, February 7, 2007

HOUSTON - Three oil drilling companies - subsidiaries of a British firm - have agreed to pay a $26 million fine for bribing Nigerian officials in order to get preferential customs treatment, Justice Department officials announced Tuesday.

The fine by the companies, subsidiaries of London-based Vetco International Ltd., is the largest criminal settlement of foreign corruption charges, said Deputy Attorney General Paul J. McNulty.

"This case ... confirms our commitment to root out corruption," McNulty said. "The Department of Justice will continue its efforts to assure a level playing field for businesses operating abroad."

During a closed hearing in a Houston federal court Tuesday, the companies - Vetco Gray UK Ltd., Vetco Gray Controls Inc., and Vetco Gray Controls Ltd. - pleaded guilty to violating the Foreign Corrupt Practices Act.

Vetco Gray Controls Inc. agreed to pay a $6 million fine; Vetco Gray Controls Ltd., $8 million; and Vetco Gray UK Ltd., $12 million.

A fourth subsidiary, Aibel Group Ltd., agreed to accept responsibility for similar conduct by its employees.

According to court documents, the four subsidiaries paid Nigerian customs officers $2.1 million from September 2002 to at least April 2005 to speed equipment and employees into the country. At least 378 corrupt payments were made to Nigerian officials, authorities said.

At the time, the companies were providing engineering and procurement services and subsea construction equipment for Nigeria's first deepwater oil drilling project, the Bonga Project.

The payments were coordinated mainly through Vetco Gray Controls Inc.'s offices in Houston.

This was the second time that Vetco Gray UK Ltd. pleaded guilty to corruption charges.

In July 2004, Vetco Gray UK agreed to pay $5.25 million for bribing Nigerian government officials with more than $1 million for insider bid information on oil and gas construction contracts.

Justice Department officials said their investigation was resolved due in part to Vetco International voluntarily disclosing what had happened and the subsidiaries' agreement to take steps to fix the problem.

In a statement, Vetco International Ltd. said the violations began under prior ownership in 2002 and stopped when discovered by current management in April 2005.

"Vetco International Limited and its subsidiaries fully cooperated with the (Department of Justice) by conducting a lengthy and thorough investigation of the conduct at issue, and took significant remedial action in response to its findings," the company said.

Vetco International officials said they will set up independent compliance monitors for both the Vetco Gray and Vetco Aibel subsidiaries for three years to make sure anti-corruption laws are followed.

The settlement with the Justice Department fulfills a closing condition for the previously announced sale of the Vetco Gray subsidiary to General Electric Co., Vetco International said.

Vetco International has about 10,000 employees in more than 30 countries.

Firms To Pay $26 Million In Nigeria Bribery Case (HC)

By Tom Fowler

Houston Chronicle, February 7, 2007

Three subsidiaries of Vetco International, an oilwell services firm with Houston ties, will pay a record $26 million to settle charges they violated the Foreign Corrupt Practices Act for bribing Nigerian officials.

Vetco Gray Controls Inc., Vetco Gray Controls Ltd., and Vetco Gray UK Ltd. will pay criminal fines of $6 million, $8 million, and $12 million, respectively. Collectively they constitute the largest such fine paid in connection with the act, the Department of Justice said today.

This is the second time in three years a Vetco-related firm has paid fines for bribery. In July 2004 Vetco Gray of Houston and Vetco Gray of Aberdeen, Scotland, each agreed to pay fines of $5.25 million. At the time the companies were owned by ABB of Switzerland.

Last month General Electric Co. said it would pay $1.9 billion to acquire Vetco Gray.

Vetco officials could not be reached for comment.

At a closed hearing this morning before U.S. District Judge Lynn Hughes in Houston, the companies pleaded guilty to violations of the anti-bribery provisions of the FCPA, as well as conspiracy to violate the federal law.

Aibel Group Ltd., another wholly owned subsidiary of Vetco International, also entered into a deferred prosecution agreement with the Justice Department .

According to the government from September 2002 through April 2005 each of the companies used an international freight forwarding and customs clearing company to make at least 378 payments totaling approximately $2.1 million to Nigerian Customs Service officials. The payments were aimed at getting customers officials to give Vetco preferential treatment.

Vetco Gray was providing engineering and procurement services and subsea construction equipment for Nigeria's first deepwater oil drilling project, the Bonga Project.

In addition to the criminal fines, the plea agreements require the companies to hire an independent monitor to oversee the creation and maintenance of a compliance program, complete an investigation of the companies' conduct in other countries and ensure that the agreements are binding to any future purchasers of the companies.

Allied Records Are Subpoenaed In 'Pretexting' Case (NYT)

By Julie Creswell

The New York Times, February 7, 2007

Federal prosecutors have subpoenaed records of Allied Capital, a business development company that provides financing to smaller firms, in an effort to discover how private investigators it hired may have obtained the phone records of one of its leading critics.

Allied, which had previously denied any involvement, said yesterday in a statement that it has since become aware that an agent of the company obtained the telephone records of David Einhorn, a hedge fund manager, as well as records of calls from his fund, Greenlight Capital, during 2005.

Allied, which is based in Washington, said that it had received a subpoena from the United States attorney in Washington in December.

The statement added that Allied's management had not authorized the obtaining of the telephone records and that the company was cooperating with prosecutors.

In November, The New York Times reported accusations by Mr. Einhorn and other Allied critics that they had been the victims of pretexting — improperly impersonating an individual to obtain confidential information.

Pretexting became part of the national vocabulary after the disclosure by Hewlett-Packard in September that it had hired investigators who obtained the phone records of board members and reporters to discover the source of leaks to the media.

California's attorney general has filed criminal charges against one of Hewlett-Packard's former senior lawyers as well as its former chairwoman, Patricia C. Dunn, and two private detectives. All have pleaded not guilty.

In response to Allied's statement yesterday, Mr. Einhorn expressed frustration that he had brought the pretexting allegations to the attention of Allied's board several times only to be ignored.

"After five years, Allied Capital has acknowledged a tiny piece of its rampant misconduct," Mr. Einhorn said in a statement. "The evidence was clearly always there; the board simply neglected its fiduciary responsibility to supervise the company appropriately."

The Justice Department inquiry raises questions about how far companies may be going to fight hedge funds that have sold their stocks short. In a short sale, an investor borrows shares and sells them, hoping to buy them back later at a lower price to return them to the lender, profiting from the difference in price.

That war between companies and hedge funds has been nasty. Several companies, like Biovail, a Canadian pharmaceutical company and a favorite target of short sellers, have filed lawsuits against hedge funds, accusing them of disseminating false information to drive their stocks down.

Last month, Greenlight Capital and James Brickman, a retired real estate developer in Dallas who has been a vocal critic of Allied on online message boards, turned the tables. Using the "citizen suit" provision of the federal False Claims Act, they filed a lawsuit on behalf of the United States government contending that an Allied subsidiary, Business Loan Express, had submitted fraudulent documents for shrimp-boat loans to the Small Business Administration, which partially guaranteed the loans.

Their lawsuit was filed as a federal grand jury in Michigan handed up an indictment against a former Business Loan Express executive, accusing him of falsifying information on 76 loans with a value of nearly $77 million over six years.

In an open letter to Allied's board released two weeks ago, Mr. Einhorn contended that fraudulent loan activity had occurred in several states and that the current management of Business Loan Express should be removed.

In its response, Allied went on the attack, asking Mr. Einhorn, who has sold Allied's stock short, to disclose fully his financial interests in the company over the last five years and saying that the company and the board are "exploring potential alternatives to address the damage caused by Mr. Einhorn to this company and its shareholders."

In letters written to members of Allied's board in 2005 and last September and provided to The New York Times, Mr. Einhorn detailed his pretexting allegations and asked that an independent investigation be conducted.

Mr. Einhorn says that more than three years ago someone claiming to be his wife contacted his phone company and used her Social Security number to open an online account, sending copies of his home telephone bills to an unknown AOL account.

At least four other individuals, including Mr. Brickman and Herb Greenberg, a columnist for the MarketWatch Web site, said they also discovered that their phone records had been revealed without their knowledge or approval at the same time.

In a letter to Mr. Einhorn dated Sept. 29, 2006, Anne Torre Bates, the chairwoman of Allied's audit committee, said the board had looked into his allegations that management had played a role in an attempt to access his phone records and found no evidence to support his claim.

Yet, after it received the subpoena from federal prosecutors, Allied said it established a committee, which was advised by its own counsel, to review the documents requested. While gathering documents, Allied became aware that an agent had obtained Mr. Einhorn's telephone records, yesterday's statement said.

The statement does not address the pretexting allegations made by Mr. Greenberg, Mr. Brickman and others. A spokesman for the company said it had no additional comments to make.

Allied Capital Says Its 'Agent' Got Phone Data (WP)

By Ellen Nakashima And David Cho

The Washington Post, February 7, 2007

Allied Capital, a Washington financial services firm, said yesterday that someone it hired had obtained the phone records of David Einhorn, a hedge-fund manager who has accused the company of fraud, and Einhorn's company, Greenlight Capital.

In a statement, Allied said it had received a subpoena from the U.S. attorney's office for the District of Columbia in late December requesting records regarding the use of private investigators hired by the firm or its agents.

Until yesterday's disclosures, the firm and its board had denied allegations by Einhorn and other Allied critics that the firm had engaged in a practice known as pretexting, which involves posing as a person or family member of that person to trick a phone company into giving out phone records.

"In the course of gathering documents responsive to the subpoena, Allied Capital has become aware that an agent of the company obtained what were represented to be telephone records of David Einhorn and which purport to be records of calls from Greenlight Capital during a period of time in 2005," the firm said.

Allied also said that while gathering the documents for investigators, "allegations were made" that management had authorized the acquisition of its critics' phone records and that it had been "subsequently advised that these records had been obtained."

"The management of Allied Capital states that these allegations are not true," the statement said. "Allied Capital is cooperating fully with the inquiry by the United States attorney's office and will have no further comment concerning this matter until that inquiry has been conducted." The company said its board had established a committee to review the matter.

The incident echoes the case of Hewlett-Packard, the Silicon Valley computer giant whose use of private investigators to obtain personal phone records led to criminal charges filed last year by the California attorney general and a criminal investigation by the Justice Department.

Pretexting for phone records violates wire-fraud statutes, according to some legal experts and former U.S. prosecutors. A new law, signed by President Bush in January, makes the act a crime. It is not retroactive.

Allied, located a few blocks from the White House and whose board includes a former chairman of the Republican National Committee, specializes in lending to and investing in smaller companies.

The firm's disclosures raise new questions in a long-running saga that began in 2002 when Einhorn, known as a short seller of Allied stock, accused Allied of inflating the value of its assets. Short sellers borrow shares and sell them, expecting to buy them back later at a lower price.

"After five years, Allied Capital has acknowledged a tiny piece of its rampant misconduct," Einhorn said in an interview yesterday.

Left unanswered, he said, are questions about who at the firm knew about the pretexting, who hired the agent responsible for obtaining the records and how widespread the activity was.

Several journalists and analysts who were critical of Allied also claim to be pretexting victims. One of those was Herb Greenberg, a senior columnist for Market Watch, who wrote an article in 2003 questioning why Allied employed a convicted felon who had served time for securities fraud. After the story, he said, an unauthorized person opened an online telephone account using his name and got his records.

Now Greenberg wants to know if other incidents will be investigated by the Justice Department.

"The company is acknowledging that it became aware that one of its agents got records of Einhorn's calls from Greenlight in 2005," Greenberg said. "The obvious question: Anything else in the subpoena?"

The battle between Einhorn and Allied is rooted in how a division of Allied, Business Loan Express, accounted for the loans it made to small businesses. In the past two years, the Securities and Exchange Commission and the Small Business Administration's inspector general opened inquiries into Allied's lending practices. Both agencies declined comment yesterday.

In December, a former Business Loan Express executive, Patrick J. Harrington, was indicted by a federal grand jury on charges that he defrauded the SBA of more than $76 million in guaranteed loans.

Einhorn said yesterday's disclosures suggest that the company had been engaged in a systematic attempt to silence critics to protect its share price. "This was an attempt to intimidate critics, chill free speech and chill investment research," he said.

Allied has long maintained that Einhorn has been deliberately spreading false information. William L. Walton, Allied Capital's chairman and chief executive, told analysts in November that Einhorn's motive is simple: "He makes money if he can drive down the price of Allied Capital stock."

Einhorn first raised concerns that Allied illegally gained access to his phone records in a March 2005 letter to Allied's board. He said that someone posing as his wife directed the phone company to send copies of their long-distance bills to an AOL account. In September 2006, Einhorn reiterated his concerns to the chairman of the board's audit committee, according to copies of letters he sent Allied.

The board dismissed his allegations, stating that it "looked into" it and "found no evidence to support" his claim, according to copies of letters he received.

Allied shares closed yesterday at $29.25, down 32 cents.

Corporate Guidelines On Pretexting Slow To Develop (NLJ)

By Sheri Qualters, The National Law Journal

National Law Journal, February 7, 2007

A Deloitte & Touche poll revealed that most companies have not crafted policies to ban pretexting, which exposes them to potential criminal liability if their employees or investigators use deception to gather information in a probe.

In an online poll of 230 executives during a Webcast conducted by Deloitte Financial Advisory Services late last year, 42 percent said their companies had no written pretexting guidelines, and 45 percent said they didn't know if their company had such policies.

Only 8 percent have guidelines they are satisfied with, while 5 percent believe they have unsatisfactory rules on the books.

This lack of corporate attention on pretexting is especially alarming in light of a new federal law that creates criminal penalties for illicitly obtaining or disclosing telephone records.

President George W. Bush signed the bill in January, following civil and criminal charges against individuals involved in a Hewlett-Packard Co. scheme to fraudulently obtain phone records in an effort to discover which board members were leaking stories to the media.

Several detectives and the former chairwoman of the Palo Alto, Calif.-based technology company face criminal charges, and the company paid $14.5 million in civil fines.

DRAWING THE LINE

Beyond prohibiting tactics that are clearly illegal, such as obtaining bank or telephone records under false pretenses, companies need to consider what kinds of information-gathering techniques -- pretexting as well as other methods -- are acceptable at their firms, said Ernie Brod, director of Forensic & Dispute Services for Deloitte's financial advisory services arm.

The problem is that some individuals may see nothing wrong with surveillance, for example, but "others may be appalled," he said.

"Has someone told the people who conduct investigations what they are permitted to do and not permitted to do according to the culture and ethical guidelines of that company?" Brod said.

Although companies are not detailing what kinds of pretexting tactics their employees or hired investigators can use, corporate counsel say existing ethics policies cover potential problems. Others say pretexting is rare in the daily operations of smaller and midsize companies.

Gabe Miller, the chief operating officer and general counsel of Chestnut Hill, Mass.-based digital media company STORS Digital Retail Networks, said he would be "very surprised if even 10 percent" of a 95-member Massachusetts general counsel listserv group he belongs to had inked a policy.

"It's so remote from their normal course of operations, they wouldn't find the time to deal with it," Miller said.

NOT ENOUGH DISCUSSION?

Watson Wyatt Worldwide Inc. counsel Karl Chen said there hasn't been much discussion about pretexting in the Arlington, Va.-based human resources consulting company.

"We haven't taken steps toward that," Wyatt said. "It was initially a hot issue with the Hewlett-Packard [scandal] but nothing has evolved or erupted."

Brod argued that even the smallest companies investigate or conduct background checks on potential hires, vendors and business partners, and such activities are often scattered across different departments.

Sarbanes-Oxley Act policies requiring public companies to establish reporting channels or a "hotline" for employee complaints about accounting and auditing concerns will also trigger investigations, Brod said.

"It's the same as for other areas of compliance," Brod said. "Companies need these [policies] to protect the reputation of a company. That in turn protects market value."

NO GUIDELINES

Susan Hackett, general counsel of the Association of Corporate Counsel, has attended seminars about the issue, but she said the Washington-based organization hasn't issued any guidelines for companies or undertaken a formal review of the issue.

It's difficult to come up with hard-and-fast rules about what kinds of legal pretexting cross the line into objectionable behavior, Hackett said.

That gray zone makes it even more critical for companies to set guidelines for acceptable behavior, Brod said. A useful gauge may be as simple as considering how public exposure of the pretexting method would affect the company, Brod said.

"The key question is: How will it affect your company if you read about it in the front page of the newspaper?" he said.

Engineered Support Ex-Excutives Accused (AP)

By Marcy Gordon, AP Business Writer

AP, February 7, 2007

SEC Accuses 2 Former Engineered Support Executives of Options Scheme

WASHINGTON (AP) -- Two former top executives of defense contractor Engineered Support Systems Inc. enriched themselves and others in a five-year-long scheme to manipulate the timing of stock option grants, federal regulators charged Tuesday.

The Securities and Exchange Commission filed a civil lawsuit in federal court in St. Louis against Gary Gerhardt, former chief financial officer of the company, and Steven Landmann, the former controller, over the alleged options backdating scheme. Employees and directors of Engineered Support received some $20 million in unauthorized compensation as a result of the backdating, while Gerhardt and Landmann reaped $1.9 million and $518,972, respectively, according to the SEC.

Landmann agreed in a settlement with the agency to pay a $259,486 civil fine and $627,071 in restitution plus interest. He also was barred from serving as an officer or director of, or as an accountant for, any public company. Landmann neither admitted nor denied the SEC's allegations under the accord.

The SEC's case against Gerhardt is still pending. His attorney, Eugene Goldman, said he hadn't yet read the agency's complaint against his client and therefore had no immediate comment.

It was the third case by the agency since last summer involving alleged options backdating, in a scandal in which more than 100 public companies are under investigation by the SEC and the Justice Department, more than $5 billion in profit has been erased by restatements and 18 CEOs have been swept out of office.

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Federal prosecutors issued a subpoena last June in the matter to Engineered Support, a St. Louis-based company that supplies electronics for the military and some government agencies. The SEC also began its investigation around that time.

The SEC said that from 1997 through 2002, Gerhardt instructed Landmann to make company stock options more lucrative by backdating their exercise price to a historically low point in the stock's value. Usually, a stock option's exercise price coincides with the market value at the time of a grant to give the recipient an incentive to drive the price higher.

If companies backdate options without accounting for the move, it can cause profits to be overstated and taxes to be underpaid.

In the Engineered Support case, the improper backdating was worsened by the fact that the options vested immediately -- enabling the recipients to instantly cash in, according to the SEC.

As part of the scheme, the agency said, Gerhardt and Landmann prompted the company to misstate in its regulatory filings that all stock options were granted at the fair market value of the stock on the date of award.

"Gerhardt and Landmann undermined the company's stated goal of using stock options to tie management's compensation to shareholder return," Merri Jo Gillette, director of the SEC's Midwest regional office, said in a statement. "Instead, they granted themselves and others instant compensation that was entirely unrelated to the future performance of the company's stock."

Landmann's attorney, Robert Schultz, declined to comment.

Engineered Support was acquired by DRS Technologies Inc., another defense contractor, in January 2006.

SEC Alleges Fraud At DRS Unit (WSJ)

By CHARLES FORELLE And JAMES BANDLER

The Wall Street Journal, February 7, 2007

Federal regulators charged two former executives of Engineered Support Systems Inc. with a long-running scheme to backdate stock options at the defense contractor, saying that the pair improperly increased their own pay and that of other top officials by a total of $20 million.

Yesterday's civil charges by the Securities and Exchange Commission come as the pace of governmental investigations into the backdating matter appeared to be quickening. Criminal charges in other cases are likely to be filed in coming weeks or months, according to people familiar with the matter.

The SEC complaints, filed in federal district court in Missouri, allege that at least 10 option grants at Engineered Support were backdated, in some cases by more than two months, and depict rampant problems with the company's options-granting process. The SEC charged former finance chief Gary Gerhardt and former controller Steven Landmann with securities fraud, misleading investors, and other securities violations. Mr. Landmann settled the SEC's charges and agreed to surrender $518,972 in backdating profits and pay interest and penalties of another $368,000. A lawyer for Mr. Landmann declined to comment.

Engineered Support, St. Louis, was acquired last year for about $2 billion by DRS Technologies Inc., of Parsippany, N.J. The conduct in question allegedly occurred prior to the acquisition.

Federal prosecutors in St. Louis also are investigating Engineered Support's options practices. People familiar with the matter say prosecutors are looking closely at Messrs. Gerhardt and Landmann, and former chief executive, Michael F. Shanahan Sr. and his son, Michael Shanahan Jr., who had been a director.

In one instance, the SEC alleges, Mr. Gerhardt sent a list of potential option recipients to the younger Mr. Shanahan on July 12, 2000. The list indicated that the options' date would be two months earlier, May 4, the day the stock reached a quarterly low.

In other instances, the SEC complaint alleges Mr. Gerhardt instructed Mr. Landmann to cancel already backdated options and reissue them -- backdated a second time -- to land at another low point.

Mr. Gerhardt, the SEC says, "personally selected" the grant dates for many options, and Mr. Landmann was "involved in the selection" of dates. The SEC alleges Mr. Landmann told Mr. Gerhardt that backdating was prohibited by the company's stock-option plan, but that Mr. Gerhardt ordered him to backdate anyway.

A spokeswoman for DRS Technologies said it has been advised by prosecutors that DRS is "neither a subject nor a target" of the federal investigation.

Mr. Gerhardt's lawyer, Eugene Goldman, said he hadn't seen the complaint and couldn't comment. The SEC said Mr. Gerhardt's excess profit from backdating was $1.9 million. James Martin, a lawyer for the younger Mr. Shanahan, said he did "not see any evidence of fraud by anyone."

Options typically give their recipients the chance to purchase company shares at the price they were on the day the option was granted. By pretending the option was granted earlier than it really was, an executive magnifies the potential profit.

Mr. Shanahan Sr. was "ultimately responsible for authorizing stock-option grants during the relevant period" and received about $8.6 million in extra profit from the backdating, the SEC says. He wasn't charged. Arthur Margulis, a lawyer for Mr.

Shanahan Sr., said he hadn't seen the complaint. "I have seen no evidence of any kind, testimonial or otherwise, that indicates there was any fraud by anyone," Mr. Margulis said.

The SEC says the double backdating occurred after the company's share price slid, leaving even already-backdated options unable to be exercised for profit. On June 1, 1999, the SEC says, Mr. Shanahan Sr. told Mr. Landmann to issue 295,000 options; the options were issued with a date of April 21, when the stock had reached its low for the year. But Engineered Support's shares slid in June, and the SEC says that finance chief Mr. Gerhardt told Mr. Landmann on July 15 to cancel the April 21 options and redo them with a date of July 1 -- a new low point.

Nacchio Seeks Trial Delay (AP)

By Sandy Shore

AP, February 7, 2007

Former Quest chief Joe Nacchio's attorneys asked a federal judge Tuesday to delay his insider trading trial, saying prosecutors have been so slow in turning over evidence that his rights could be jeopardized if the trial starts March 19 as scheduled.

Attorney Herbert Stern sought a 60-day postponement to evaluate documents prosecutors have provided in recent weeks, including six CD-ROMs of material that Stern said he was made aware of Monday evening.

He said prosecutors advised if his team wanted to use any of the classified material, they would have to submit them to the court as required by federal law.

"The government has chosen on the eve of trial to place a heavy burden on the defendant - to review voluminous materials and then make applications to the court and we do not even know the full extent of that burden," Stern wrote in a brief filed in U.S. District Court.

Stern said the documents may support Nacchio's contention that he had hope for Qwest's future because he knew about the Denver-based phone company's classified business dealings with the government.

"This request is not of our making, but if not granted will prejudice our ability to mount a full defense as required by the Sixth Amendment," Stern wrote.

Jeff Dorschner, a spokesman for the U.S. attorney's office, declined comment.

Nacchio's attorneys have complained previously about government attorneys being slow to provide evidence, prompting U.S. District Judge Edward Nottingham last week to order prosecutors to step up efforts to turn over such material. At issue are witness interviews and other documents that Nacchio's attorneys say may help his defense, a contention prosecutors have disputed.

Prosecutors have told the judge that the evidence exchange has been hampered because some documents fall under the Classified Information Procedures Act, which sets guidelines for viewing secret government material such as business contracts.

In the brief, Stern said the defense was required to outline its strategy involving the classified documents by Oct. 31 but prosecutors did not provide any evidence involving classified documents from May to October.

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge Qwest Communications International Inc. (nyse: Q - news - people) would be unable to meet revenue targets.

He is charged with 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine. He has pleaded not guilty.

Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts that made him more optimistic about the company's financial future.

The Classified Information Procedures Act which was enacted several decades ago to counter a strategy used by defendants charged with spying who would threaten to expose national secrets unless the charges were dropped.

In order to view the contracts and determine their relevance at trial, attorneys for both sides and the judge received Justice Department security clearances. They must view the documents in secure facilities and debate their merit in a secure courtroom closed to the public.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

SEC Boosts Probe For Wall Street Leaks (WSJ)

By KARA SCANNELL And RANDALL SMITH

The Wall Street Journal, February 7, 2007

DOJ_NMG_0129026

The Securities and Exchange Commission has asked nearly a dozen brokerage firms for trading and other data in an effort to determine whether there is a leak of inside information across Wall Street.

The inquiry is being driven in part by complaints from mutual funds and others who worry market participants are trading ahead of their trades before they are executed.

The request is an expansion of the agency's continuing "street sweep" investigation of potential insider trading, which has mainly focused on the passing of inside information within a brokerage firm. Now, the agency is expanding the probe to look at information being exchanged between firms in hopes of avoiding detection, according to a top agency official.

'Passage of Information'

The SEC is looking at the "passage of information from one firm to another," said Lori Richards, director of the SEC's office of compliance, inspections and examinations. "It's just fact-finding at this point."

Former SEC commissioner Laura Unger discusses the SEC's insider-trading probe, noting the increasing power of hedge funds in the marketplace.The data request, reported in yesterday's New York Times, was sent by the SEC three weeks ago. The request seeks information on all stock and option orders in the firms' order management system for a 12-day period in late September, as well as a list of customers that use the firms' prime brokerage systems, which are used by hedge funds.

The agency hopes that once it examines the data, it will be able to determine if the concerns are valid and if there is a tipping chain from firm to firm. The sweep is in the information gathering stages and not all examinations result in enforcement actions.

The new take on potential leaking on Wall Street was spurred partly from other enforcement cases. The SEC and Justice Department have cracked down on instances of traders passing information about large pending trades before they are public across the firm's information boxes, known as squawk boxes.

In addition, the SEC has filed enforcement cases against hedge funds and brokerage-firm employees sharing nonpublic information about private investments in public entities, or PIPEs, allowing the hedge fund to profit before the PIPE is public.

Concerns about front-running of trades aren't new. However, worries have built amid the growth in hedge funds. Mutual-fund company executives fret that because hedge funds typically pay higher trading commissions than mutual funds and generally trade more, hedge funds may receive favorable treatment by brokerage firms.

The requests are considered extensive, and officials at some firms have asked about whether the scope could be narrowed. The deadline of late January has already passed, but broker-dealers routinely try to negotiate extensions.

An official of one Wall Street firm said it appears to be aimed at learning whether clients such as hedge funds are getting access to information about orders by other customers such as mutual funds. The request seeks data on how each order was routed.

Firms Protest

Some of the firms protested the request, questioning whether the SEC would be able to handle the volume of data, according to people familiar with the request.

Ms. Richards responded by telling an official at one firm that she understood the request seemed broad, one of the people said. She explained it was needed to see whether customers who may have obtained information from one firm were trading at others. It isn't unusual for firms and the SEC to negotiate over information to turn over.

S.E.C. Is Looking At Stock Trading (NYT)

By Jenny Anderson

The New York Times, February 6, 2007

The Securities and Exchange Commission has begun a broad examination into whether Wall Street bank employees are leaking information about big trades to favored clients, like hedge funds, in an effort to curry favor with those clients, executives at Wall Street banks said.

The inquiry, these people said, seems aimed at determining how pervasive insider trading, or the illegal use of market-moving nonpublic information, may be on Wall Street. Knowledge about a large trade, like the sale of a big block of stock by the mutual fund giant Fidelity, would tell a trader which way the stock would move.

Trading ahead of client orders, or front-running, has long been an issue on Wall Street. Large mutual fund companies have often complained in the past that Wall Street brokerage firms were front-running their trades, using information about the funds' plans to buy or sell to make a risk-free bet on a stock's direction.

But the latest S.E.C. investigation appears to have a new twist: Rather than examine whether a bank is trading ahead of its own client by using knowledge of the customer's trade, the scope of the investigation will allow regulators to see if banks tip their valued customers who then go trade at another bank, making the paper trail harder to detect.

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The commission sent out letters in mid-January to the major Wall Street banks, including Merrill Lynch, Morgan Stanley, UBS and Deutsche Bank. The commission, according to one Wall Street employee, is requesting a wide swath of information: all stock and option trading data, for themselves and their customers, for the last two weeks of September. Those weeks are the close of the third quarter and investigators may be looking to see any pickup in trading activity as money mangers sought to dress up their returns.

Representatives for the Wall Street banks declined to comment on the investigation.

"Mutual fund traders have long complained that their big trades may be being front-run by market participants with inside information about their trades, and they believe the price on those trades suffers as a result," said Lori Richards, the director of the Office of Compliance Inspections and Examinations at the S.E.C. "We are looking into these allegations in a systemic way. It is fact-finding and too early for any conclusions."

The S.E.C. confirmed the existence of the investigation but declined to comment further.

Concerns about insider trading have escalated as mergers and buyouts have boomed and the use of complex derivatives has soared. Studies of various markets — including those for stocks and credit default swaps — have pointed to an unusual amount of trading ahead of announcements for deals.

The growing power of hedge funds — and their opaqueness and the wide range of trading strategies they employ — is feeding those concerns. Hedge funds control an estimated 30 percent to 50 percent of trading on most major markets. They are also Wall Street's best customers. Hedge funds trade, borrow and finance more, on average, than other clients And as more hedge funds enter a crowded field, the premium on information has never been higher.

With data on millions of trades from most major Wall Street banks, the S.E.C. will try to examine whether outside traders like hedge funds or internal traders like those inside the firm who are trading with the bank's money may be getting tips from the bank handling the mutual fund's trade and using the information to place a trade elsewhere.

"If an investment bank is tipping a hedge fund on a trade we are doing on Dell, those people all need to go to jail," said Andrew M. Brooks, vice president and head of equity trading at T. Rowe Price, the mutual fund company. "We are absolutely concerned and worried and paranoid about information leakage, information that would allow someone to know about our trades and run ahead."

If the commission finds any evidence of possible insider trading, it would then commence a formal investigation. The S.E.C. could ultimately bring civil charges against individuals or firms.

Regulators and law enforcement officials have pursued other cases related to the sharing of information about trades. In what became known as the squawk box case, brokers from institutions, including Merrill Lynch, Citigroup and Lehman Brothers, were accused of allowing traders to listen in on the public outcry system — the squawk box on the trading floors — to glean tips about customer orders coming in.

The S.E.C. sued the A. B. Watley Group and 16 people in the case. Next month, the United States attorney's office in Brooklyn will bring to trial a case against seven people. Two have pleaded guilty to insider trading. While the accusations in the squawk box case involve an obvious dissemination of insider information, detecting whether traders were illegally tipped in huge, fast-moving markets is much harder.

When Linda Chatman Thomsen, head of enforcement at the S.E.C., testified before Congress in September about insider trading, she outlined some of the problems inherent in such cases.

"Piecing together an insider trading case can be a complex and painstaking process," she said. "It is rare to find a 'smoking gun'; virtually all insider trading cases hinge on circumstantial evidence. It is quite common for insider traders to come up with alternative rationales for their trading — rationales that the staff must refute with inferences drawn from the timing of the trades, the movement of the funds and other facts and circumstances."

There are many gray areas. If Mr. Brooks of T. Rowe Price wants to sell stock in the XYZ Company and he hires a bank to do that, the bank has to call clients to gauge interest in the stock. That is not tipping, but legitimate work for the bank to do.

And detecting any trades will be difficult. If a trader received a tip about a stock whose price was set to rise, that trader could enter into trades that are harder for regulators to detect — like derivatives transactions that are not traded on any exchange and whose value may be linked to a change in a stock price rather than the stock itself or an option on the stock.

Here's how a questionable trade might take place: If Fidelity asked brokerage firm X to sell a large part of its stake in I.B.M., and traders at that brokerage firm told its favorite clients to expect a drop in I.B.M.'s price as a result, that favorite client could go to another brokerage firm — or group of banks or trading venues — and sell I.B.M. shares short, betting on a decline and making money when Fidelity's order went through. The trader could pay back the source of the tip by directing more business to his bank.

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"The information is going to the bank as an agent, and the bank is only supposed to use the information for the mutual fund's benefit," said Larry E. Ribstein, a professor of law at the University of Illinois. "If it uses it for someone else's benefit, you might have a concern."

The hedge fund business has long argued that it is unfairly tarnished with suggestions of insider trading. Amid increased scrutiny by regulators into hedge funds' use of information in the loan market, the Managed Funds Association said in a statement last year, "We reaffirm our collective commitment to promote fair and competitive markets in which inappropriate use of material nonpublic information is not tolerated."

Some money managers disagree.

"Hedge funds pay a lot in commissions," said Mr. Brooks of T. Rowe Price. "They are smart and work hard, but they can't be that smart and work that hard to get some of the advantages they have gotten."

"There are too many conflicts of interest between those who serve hedge funds and hedge funds themselves."

SEC Pores Over Trading Data To See If Hedge Funds Are Being Tipped Off (USAT)

By Greg Farrell

USA Today, February 7, 2007

Federal regulators have embarked on a fact-finding mission on Wall Street to determine if hedge funds are being routinely tipped off about buy and sell orders placed by mutual funds.

The Securities and Exchange Commission, which is conducting the probe, has asked approximately 10 major Wall Street banks for trading information from the last two weeks of September 2006, at the close of the third quarter.

Over the next few months, SEC examiners will try to determine whether big buy and sell orders placed with the banks by mutual funds in that period triggered any suspicious front-running activity in those same stocks by hedge fund managers or other traders.

Lori Richards, director of the SEC's Office of Compliance, Inspections and Examinations, confirmed that her office was looking into the matter. "We're always concerned about information leakage in the market which could harm investors," she said.

Details of the investigation first appeared Tuesday in The New York Times, which said that the SEC request for information had gone out in mid-January.

According to people with direct knowledge of the probe, who don't want to be identified because the investigation is ongoing, the banks being examined include but are not limited to: Merrill Lynch, Credit Suisse, Morgan Stanley, Deutsche Bank and UBS. None of those banks would comment on the matter.

For years, mutual fund executives have complained that financial intermediaries have used sensitive information about their buy and sell orders to disadvantage them in the marketplace.

Representatives of the mutual fund industry applauded the SEC's decision to conduct the examination. "This issue is of paramount importance to mutual fund shareholders," says Edward Giltenan, a spokesman for the Investment Company Institute, a trade organization for funds. "Mutual funds represent 20% of U.S. equities, and north of 10% of the daily volume of U.S. stocks traded."

Harold Bradley, who recently moved from American Century Funds to become chief investment officer of the $2.1 billion Kauffman Foundation, says so much money has been plowed into hedge funds in recent years that it's become extremely difficult for hedge fund managers to make money without access to sensitive information.

"People are looking for an edge any way they can get it," he says. "Whenever there is too much money chasing too few ideas, people push the envelope. The hedge funds have got more money and fewer ideas, so they have to take bigger risks and cheat more."

Bradley has criticized the SEC for not being more aggressive on this front in the past, but he saluted this latest initiative. "When Lori Richards starts looking for trouble, she has been extremely effective at rooting it out and fixing it," he says.

The Class-Action Market (WSJ)

By JOSEPH A. GRUNDFEST

The Wall Street Journal, February 7, 2007

Litigation is booming in the U.S. Courts complain of burgeoning dockets. Lawyers collect record fees. Legislators, regulators and academics either grouse that litigation is driving business offshore and should be contained, or that economic injustice still pervades our economy and that the courthouse doors must be kept wide open to help right wrongs.

But few policy makers or scholars seem aware that a highly controversial component of the litigation market -- the class-action securities fraud litigation business -- is shrinking faster than a polar icecap. The interesting question is why this decline has occurred and what it means for the future of U.S. securities regulation.

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The modern history of securities fraud litigation begins with the Private Securities Litigation Reform Act of 1995. That law tightened the requirements for filing securities claims and was expected to reduce litigation activity, but it had no such effect. According to data collected by Stanford Law School and Cornerstone Research, the number of companies sued in plain vanilla class-action fraud claims has averaged about 193 per year from 1996 through 2005, not much different from pre-reform levels. But halfway through 2005 filing activity took a sharp drop, and in 2006 only 110 companies were named as defendants in securities-fraud class actions.

A closer look at the data suggests that the decline is even more remarkable because 20 of these lawsuits allege options backdating activity. Backdating is a one-time event, and if we subtract these 20 cases we arrive at a "core" litigation rate of 90 companies per year.

The decline is even more dramatic if we measure the dollar amounts at stake. The most inflated measure of the amount at issue in these lawsuits looks at the total decline in a company's stock market capitalization over the period of the alleged fraud. Typically, only a fraction of this decline is caused by the fraud and plaintiffs recover a very small percentage of this loss, if anything at all. After averaging $683 billion from 1996 through 2005, and peaking at $2.07 trillion in 2002, the maximum dollar loss in 2006 declined to $294 billion. Excluding the backdating cases reduces the 2006 figure to only $198 billion.

Why have these declines occurred? Some claim that the criminal prosecution of the Milberg Weiss firm, long the dominant plaintiff firm in the field, caused a cutback in filing activity. However, there is no shortage of plaintiff class-action lawyers in America, and the barriers to entry in class-action securities fraud are quite low. The lawyers who abandoned Milberg in droves haven't forgotten how to file class-action complaints, and their incentives to sue every firm in sight remain as strong as ever. The Milberg explanation doesn't hold much water.

Last year's strong equity markets, combined with low market volatility, offer a second explanation. Although it will take several years of additional data to determine statistically whether reduced volatility has throttled the class-action market, I am skeptical because the change in the litigation market is rather sudden in comparison to a relatively smooth shift in the larger stock market patterns.

To be sure, the remarkable boom-bust cycle of the late 1990s created a happy hunting ground for plaintiff lawyers. The resolution of boom-era claims without another boom-bust cycle following quickly on its heels would naturally depress the volume and size of class-action fraud filings. Nonetheless, current activity levels are low even when measured by pre-boom standards.

The remaining explanation is more interesting and profound: Perhaps fewer companies are being sued for fraud because there is less fraud. Under this theory, the government's aggressive criminal and civil enforcement strategy following the Enron and WorldCom frauds has caused corporate boards and management to "get religion" when it comes to complying with the securities laws. Executives are acutely aware that a major accounting or disclosure fraud is more likely than ever to leave them fired or indicted. They respond to this new regime like rational economic actors: If you increase the penalties for engaging in fraud then you reduce the incentive to commit fraud. Nothing complicated here at all.

In this new world, private securities fraud claims generate no meaningful deterrence because it's the fear of the feds that's driving boardroom and executive behavior. A large body of academic literature also confirms that these lawsuits are virtually useless as means of compensating investors for their losses. Sarbanes-Oxley also now gives the SEC authority to collect funds that can be distributed to shareholders harmed by fraud. When plaintiffs' attorneys recover funds for the class, they collect contingent fees that can consume up to a third of any recovery, but the SEC doesn't take a nickel of the recoveries it collects on behalf of investors. So, if we want to keep the litigation engine running in order to reimburse investors, investors could come out ahead if they simply allowed the SEC to control the process and eliminated the private bar's cut of the action.

From this perspective, class-action securities litigation is in decline because there is a new, tougher and superior enforcement mechanism in place. The SEC and the Department of Justice now insist that any corporation suspected of a sufficiently serious fraud conduct an internal investigation that will finger the executives responsible. The corporation must also cooperate in prosecuting these executives. This enforcement technique is stunningly effective, if often overbearing. It eliminates the government's need to conduct expensive and lengthy investigations and provides the authorities with extraordinary leverage over every executive suspected of wrongdoing. Private litigation doesn't have an equivalent deterrent effect because it can't threaten executives with jail and because damages are almost always paid by corporations and insurers, not the executives who cause the fraud.

As long as the government's enforcement activities remain sufficiently vigorous, the private class-action securities fraud lawsuit can be viewed as an expensive, wasteful and unnecessary sideshow that generates little deterrence and offers questionable levels of compensation. The question then is not why these lawsuits have been shrinking so rapidly in recent months, but when and whether they should exist at all.

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CRIMINAL LAW:

NBC Reporter To Testify At CIA Leak Case (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 7, 2007

WASHINGTON -- NBC News reporter Tim Russert should find the format familiar: An interviewer, a television screen and a gauntlet of pointed questions.

Unlike his seat as host of "Meet the Press," however, Russert won't be asking the questions. He'll be in the witness box, fielding questions from prosecutors about his conversation with former White House aide I. Lewis "Scooter" Libby and from defense attorneys who want to undercut his credibility.

Special Prosecutor Patrick Fitzgerald says he expects Russert to be his final witness Wednesday in Libby's perjury and obstruction trial. Libby is accused of lying to authorities investigating the leak of CIA operative Valerie Plame's identity.

Russert and Libby tell two very different stories about a phone conversation they had in July 2003.

Both agree Libby called to complain about one of Russert's colleagues. Russert says the call ended there. Libby says Russert brought up the subject of an outspoken war critic, Joseph Wilson, a former ambassador who accused the Bush administration of doctoring prewar intelligence on Iraq.

"Did you know that Ambassador Wilson's wife worked at the CIA?" Libby said Russert asked.

"No, I don't know that," Libby said he replied.

"Yes, all the reporters know it," Russert responded, according to Libby's grand jury testimony.

Russert is expected to testify that exchange never happened. Fitzgerald believes Libby learned about Plame's identity from government officials, passed it on to reporters, then concocted the Russert conversation to cover it up.

Libby acknowledges learning about Plame from his boss, Vice President Dick Cheney, but says he forgot it. He says he learned it from Russert a month later as if it were new and only discussed Plame with other reporters based on that conversation.

Defense attorneys, working to reveal inconsistencies in government witnesses, often show quotes, notes or other documents on a courtroom big-screen television and ask witnesses to explain discrepancies. It's a technique Russert has made famous on "Meet the Press" and one he may find himself facing Wednesday.

Though most jurors in the case said they were not regular "Meet the Press" viewers and did not have an opinion of Russert, Fitzgerald is counting on him to wrap up his case for the jury.

So even though he won't be in charge, when he takes the stand, Russert will still be the star of the show.

Court Hears Libby Describe Cheney As 'Upset' At Critic (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 7, 2007

Vice President Cheney and other senior White House officials regarded a former ambassador's accusations that President Bush misled the nation in going to war in Iraq as an unparalleled political assault and, early in the summer of 2003, held daily discussions about how to debunk them, I. Lewis "Scooter" Libby told a federal grand jury.

In grand jury audiotapes played yesterday during Libby's perjury trial, the vice president's then-chief of staff said Cheney had been "upset" and "disturbed" by criticisms from former ambassador Joseph C. Wilson IV that Bush had twisted intelligence to justify the war. And Libby said that Karl Rove had been "animated" by a conversation with Robert D. Novak, in which the conservative columnist told Rove he "had a bad taste in his mouth" about Wilson and was writing a column about him.

Libby is charged with lying to the grand jury as it investigated a leak by administration officials of the identity of Wilson's wife, an undercover CIA officer named Valerie Plame. The sound of Libby's clear, measured voice in the tapes -- filling a courtroom in U.S. District Court here for six hours over the past two days -- buttresses the prosecution's case in two significant ways.

Libby's portrayal of the zeal to discredit Wilson's claims, reaching to the White House's highest echelons, reinforces Special Counsel Patrick J. Fitzgerald's assertion that the criticism of war provoked such a political crisis among Bush's top aides that it is unlikely the defendant simply forgot his role in the leak, as defense attorneys contend.

In addition, the tapes display the specific gaps between Libby's version of events and those of government officials and journalists who, as prosecution witnesses, have testified about conversations they had with Libby about Plame.

Repeatedly, Libby told the grand jury that he did not recall various conversations about Plame. His account conflicts with those of a former White House press secretary, a former undersecretary of state, Cheney's former public affairs director, two CIA officials and a pair of journalists.

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Libby told the grand jury "it seemed to me as if I was learning it for the first time" when, according to his account, NBC's Tim Russert told him about Plame on July 10 or 11, 2003. Only later, when looking at his calendar and notes, Libby said, did he remember that he actually learned the information from Cheney in June 2003.

After the jury hears the final two hours of tapes today, Russert, host of "Meet the Press," is scheduled to testify before the prosecution concludes its case this week.

Libby, 56, the only person indicted in the leak investigation, has not been charged with actually disclosing Plame's CIA role. He faces five felony counts that he lied to FBI agents and the grand jury and that he obstructed the investigation. His lawyers are arguing that Libby had a notoriously bad memory -- and that he innocently but incorrectly remembered his interactions with journalists.

The prosecution alleges that, as part of the White House's strategy to discredit Wilson, Libby deliberately revealed Plame's identity to selected reporters, because her CIA job implied that Wilson was chosen for the Africa mission because of nepotism, not his expertise.

In the tapes, Libby also describes Cheney's eagerness to use what had been a 2002 National Intelligence Estimate, a secret summary of the evidence of whether Iraq posed a threat, to rebut Wilson. The NIE was declassified just after Wilson's criticism emerged. Yesterday's tapes made it clear how many of Bush's most senior aides had been unaware of that decision, even as they were arguing for the document to be released.

According to Libby's testimony, during two volatile weeks in July 2003, Cheney and Bush were the only people who knew the president apparently had authorized Libby to use portions of the NIE. Left in the dark were many aides, including then-White House chief of staff Andrew H. Card Jr., then-CIA Director George J. Tenet, and then-national security adviser Condoleezza Rice.

In response to methodical questioning by Fitzgerald during two grand jury appearances in March 2004, Libby said that he did not remember discussing Plame with a former CIA official, Robert Grenier. Two weeks ago, Grenier testified that Libby telephoned him out of the blue to ask about a CIA-sponsored mission to the African nation of Niger -- and was so eager to find out that he called back three hours later and pulled Grenier out of a meeting with Tenet.

Similarly, former White House press secretary Ari Fleischer has testified that Libby disclosed Wilson's wife's identify to him over a lunch in the White House mess. But in the tapes, Libby told the grand jury, "I do not recall discussing Mr. Wilson's wife at all with Ari." Libby said, however, that he distinctly remembers talking with Fleischer about the Miami Dolphins, because it was the only conversation he had that week about the team.

Libby Testimony Details Plot To Discredit Critic (LAT)

By Greg Miller

The Los Angeles Times, February 7, 2007

WASHINGTON — Former White House official I. Lewis "Scooter" Libby told a grand jury in 2004 that Vice President Dick Cheney was upset by an ambassador's public questioning of the Iraq war and that President Bush, Cheney and Libby were involved in a plan — kept secret from other senior White House officials — to leak previously classified intelligence to reporters to counter the criticism.

Libby's audiotape testimony, played for jurors in federal court here, offered new details about how the White House orchestrated a campaign to discredit the Iraq war critic, former envoy Joseph C. Wilson IV. Wilson's wife, undercover CIA operative Valerie Plame, was subsequently exposed in the media, triggering a criminal investigation.

As Libby sat silently in the courtroom, jurors heard his recorded voice describe how he was instructed to leak intelligence secrets to select reporters, even as other White House officials were expressing concern over the leaks and debating whether the administration should formally declassify intelligence reports on Iraq to combat criticism of the case for war.

At one point, Special Prosecutor Patrick J. Fitzgerald can be heard on the tapes expressing disbelief that Libby would take part in those meetings without disclosing that the president had effectively already declassified key portions of one of the main prewar pieces of intelligence on Iraq, a national intelligence estimate on Saddam Hussein's alleged banned weapons programs.

"Was that unusual for you to have the national security advisor, the director of Central Intelligence, the White House chief of staff among others in the dark as to something that you had done regarding declassification?" Fitzgerald asked.

"It is not unusual for the vice president to tell me something which I am not allowed to share with others," Libby replied.

Libby's remarks came during a day in court devoted entirely to playing audiotapes of the former Cheney aide's grand jury testimony, allowing jurors to listen to the defendant's voice as he made a series of statements that prosecutors have labeled lies.

Libby faces five felony counts alleging perjury, making false statements and obstruction of justice for what he told investigators about his role in the campaign to discredit Wilson.

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The tapes offer an intriguing window into the reaction within the White House to mounting criticism of its crumbling case for war with Iraq, as well as a chance to witness Fitzgerald's method as he sparred with Libby during eight hours of grand jury testimony.

Libby can be heard describing in a low voice how Cheney was "upset" when Wilson went public with allegations that the White House had twisted intelligence to make the case for war. In an op-ed article, Wilson said he had been sent to investigate a key claim — that Iraq was seeking uranium from the African nation of Niger — and found it untrue months before Bush included the assertion in his 2003 State of the Union speech.

"It was a serious accusation," Libby said. "It was a very serious attack." It also quickly became a "topic that was discussed on a daily basis" in the White House.

Libby said that Cheney "thought we should get some of these facts out to the press. He then undertook to get permission from the president to talk about this" to reporters.

Libby said that Cheney's lawyer, David S. Addington, had advised him that merely getting such permission from the president rendered the intelligence declassified. Bush has publicly acknowledged doing so.

Libby's subsequent conversations with reporters and other White House officials are at the center of the perjury trial. Prosecutors have produced a series of witnesses over the last week, including former White House Press Secretary Ari Fleischer, to say that they learned of Plame's identity from Libby.

Libby has testified that he learned about Plame from Cheney in June 2003, but then forgot that detail and didn't share it with others until he heard it from NBC News reporter Tim Russert in a phone call on July 10 or 11.

Recounting that conversation, Libby said in taped testimony that Russert asked him, " 'Did you know that Ambassador Wilson's wife works at the CIA?' and I was a little taken aback by that…. And I said, 'No, I don't know that,' intentionally because I didn't want him to take anything I was saying as in any way confirming what he had said."

Russert, who is expected to testify this week, has said he did not tell Libby about Plame.

Libby's testimony also puts him at odds with other former White House officials. At one point, Fitzgerald asks if he recalled sharing Plame's name with Fleischer, as the former press secretary testified.

"Isn't it a fact, sir, that you told Mr. Fleischer over lunch that this was hush-hush or on the Q.T.?" Fitzgerald asked.

"I don't recall that," Libby replied.

Prosecutors are expected to continue playing remaining portions of Libby's taped testimony today.

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(INFOBOX BELOW)

Back story

The CIA leak affair began to unfold in July 2003, around the time former Ambassador

Joseph C. Wilson IV wrote an opinion article in the New York Times attacking the Bush administration as twisting the intelligence it used to go to war in Iraq. In his January 2003 State of the Union address, President Bush said Iraq had sought uranium for nuclear weapons from Niger, in West Africa. Wilson wrote that, during his CIA-sponsored trip to Niger in 2002, he had found no evidence to support Bush's claim — and that the administration knew it. The White House soon afterward admitted that it should not have included the claim in Bush's speech.

Eight days after Wilson's article appeared, syndicated columnist Robert Novak wrote that Wilson's wife, Valerie Plame, worked at the CIA and may have played a role in sending him to Niger. Disclosing the identity of an undercover CIA operative is illegal, and a criminal investigation was launched to find out who leaked the information.

No one was charged with leaking Plame's identity. But in October 2005, a grand jury indicted then-White House aide I. Lewis "Scooter" Libby on charges of perjury and obstruction of justice.

Prosecutors said Libby told three reporters — including

Judith Miller, then a New York Times staffer, who spent 85 days in jail for refusing to disclose her source — about Wilson and Plame, but lied to investigators about it. Libby's defense is that he didn't lie but simply forgot the conversations because, as Vice President Dick Cheney's chief of staff, he had been focused on more important national security matters at the time.

Libby Speaks On Tape, But May Not In Court (NYT)

By Neil A. Lewis

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — The jurors deciding the perjury case against I. Lewis Libby Jr. listened to his voice on audiotape for hours on Tuesday as his lawyers quietly explored a surprise strategy, keeping him off the witness stand, that would ensure that the jurors never hear his voice in person.

The audiotapes played in the courtroom were of Mr. Libby's two grand jury appearances in March 2004, in which he repeatedly testified under oath that he had no recollection of several conversations about Valerie Wilson, a Central Intelligence Agency operative. His denials were in sharp contrast to the testimony over the last two weeks of reporters and government officials who were colleagues of Mr. Libby, the former chief of staff to Vice President Dick Cheney.

Out of the jury's presence and beyond the courtroom, Mr. Libby's lawyers appeared to be engaging in some gamesmanship over the possibility of Mr. Libby's not testifying in his own defense. They had previously suggested that he would testify.

Theodore V. Wells Jr., Mr. Libby's chief lawyer, filed a motion with the court on Monday evening asking about the consequences of keeping his client off the stand. Mr. Wells argued that, even if his client decided not to testify, he should be able to argue that any misstatements Mr. Libby made to the grand jury and investigators about Ms. Wilson were caused by confusion due to Mr. Libby's pressing schedule of important issues.

Judge Reggie B. Walton had asserted earlier in the trial that Mr. Libby's "faulty memory" defense would require that he take the stand to testify about his distractions.

While testifying could be perilous for Mr. Libby, a decision not to testify is almost by definition a risky strategy for any defendant in a white-collar criminal case. Lawyers assume the jury, especially in a perjury case, wants to hear a personal and plausible explanation directly from the defendant about the statements that prosecutors have charged are false.

But Mr. Wells has had success with that strategy. He won much-lauded acquittals for Mike Espy, agriculture secretary for President Bill Clinton, and Raymond J. Donovan, labor secretary for President Ronald Reagan, without putting either man on the stand.

Mr. Wells would not comment on the possibility that Mr. Libby might not testify. Nor would Patrick J. Fitzgerald, the chief prosecutor, who has yet to file a response.

The four hours of audiotape played Tuesday in Federal District Court were intended by the prosecutors to underscore how much Mr. Libby's sworn testimony varied from the accounts of other trial witnesses. Mr. Fitzgerald was heard questioning Mr. Libby closely before the grand jury about a lunch he had on July 7, 2003, with Ari Fleischer, who was departing that week as President Bush's press secretary.

Mr. Fleischer already told the jury last week that, at the luncheon in the White House mess, Mr. Libby made a point of telling him that Valerie Wilson, also known as Valerie Plame, worked at the C.I.A. and that the information was "hush-hush and on the q.t."

But Tuesday, the jury heard Mr. Fitzgerald patiently draw from Mr. Libby a different story, one in which he never discussed Ms. Wilson with Mr. Fleischer. Mr. Libby was heard on the tape telling Mr. Fitzgerald that it did not make sense that he would have mentioned Ms. Wilson because he remembered being surprised when he learned that fact in a conversation three days later with Tim Russert, the Washington bureau chief of NBC News.

It was among many references Mr. Libby made before the grand jury to Mr. Russert and their conversation on July 10 or 11, 2003. One of the pillars of Mr. Libby's defense is that he did not discuss Ms. Wilson's identity with the witnesses the prosecution has presented because he learned about her from Mr. Russert.

But Mr. Russert, who is likely to testify Wednesday, has said his conversation with Mr. Libby never included any mention of Ms. Wilson.

Ms. Wilson's name was first disclosed in a column by Robert D. Novak on July 14, 2003, days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV. Mr. Wilson, a former ambassador, wrote that he went on an intelligence mission to Africa in 2002 and that the Bush White House had willfully distorted his findings — that Iraq had not tried to acquire uranium in Niger — to bolster the case for invading Iraq.

In his questioning of Mr. Libby, Mr. Fitzgerald's voice turned suddenly abrupt when he asked, "Isn't it a fact that you told Ari Fleischer the information about Ms. Wilson was hush-hush and on the q.t.?"

Mr. Libby's voice seemed to have lost much of its strength as he replied, "I don't recall."

It may be that kind of cross-examination from Mr. Fitzgerald that the defense hopes to avoid if it keeps Mr. Libby off the stand. In addition to Mr. Fleischer's conflicting testimony, the jury has heard that Mr. Libby was told about Ms. Wilson by Mr. Cheney's press spokesman, Cathie Martin, and the under secretary of state at the time, Marc Grossman. The jury has also heard testimony that Mr. Libby discussed Ms. Wilson with two separate C.I.A. officials.

The audiotapes also provided more detail about Mr. Libby's July 8, 2003, meeting with Judith Miller, then a reporter for The New York Times. Mr. Libby told the grand jury that his meeting with Ms. Miller was approved directly by the vice president. Mr.

Libby said that in order to convince Ms. Miller that Mr. Wilson's article in The Times was filled with inaccuracies, Mr. Cheney first went to President Bush directly to declassify a National Intelligence Estimate. Mr. Libby said that he used the intelligence estimate in the Miller interview to counter Mr. Wilson's claims that there was no Iraqi effort to obtain uranium from Niger.

"The vice president instructed me to go and talk to Judith Miller and lay this out for her," Mr. Libby told the grand jury. He said he did not discuss Ms. Wilson in the interview. But Ms. Miller, who went to jail for 85 days before talking to prosecutors about her interviews with Mr. Libby, testified last week that he spoke to her in detail about Ms. Wilson at the July 8 breakfast meeting.

He lamented that Ms. Miller did not write anything from the interview. At the time, Ms. Miller's editors had tried to prevent her from reporting on this subject because of criticisms of her coverage about Iraq and unconventional weapons.

Judge Walton, early in the day, denied a motion by The Times to quash a subpoena for the testimony of David Sanger, its chief Washington correspondent. Mr. Sanger interviewed Mr. Libby on July 2, 2003, about Iraq's nuclear intentions and has said there was no discussion of the Wilsons. The defense has contended that Mr. Sanger's expected testimony will show that Mr. Libby was not peddling a story about the Wilsons.

Libby Says He Thought Bush Authorized Unmasking Plame (CNN)

CNN, February 7, 2007

WASHINGTON (CNN) -- On a tape played at his trial Tuesday Lewis "Scooter" Libby told investigators he thought President Bush authorized him to give a reporter information about CIA agent Valerie Plame.

"If the president tells you to talk about a document, it's declassified," Libby told Special Counsel Patrick Fitzgerald on March 24, 2003, during testimony before a grand jury that would eventually indict Libby for perjury and obstruction of justice.

Libby is charged with lying to investigators trying to find out who leaked Plame's identity as a CIA operative. Her identity was revealed after her husband, former ambassador Joseph Wilson, alleged in an editorial that the Bush administration twisted facts to support an invasion of Iraq. Wilson said his intelligence-gathering work -- which concluded Iraq had made no serious effort to obtain nuclear weapons material in Niger -- had been ignored by the administration.

The audio recordings, made nearly four years ago, shed light on how Libby handled the controversy over Wilson's allegations.

Libby said White House Counsel David Addington told him the president has the power to declassify material on his own. Libby said he asked Addington, "Can the president declassify a document just by telling us to talk?" and Addington said he could.

Libby quoted that response to Fitzgerald on the stand.

Fitzgerald asked Libby whether he was present when Vice President Dick Cheney asked Bush to declassify the material, whether anyone else was present, and whether issues were raised about how going public might overrule CIA Director George Tenet.

To each question, Libby answered no.

Libby, who was Cheney's chief of staff at the time, also testified he had no knowledge of when or how Cheney got the okay from President Bush and concluded only the three of them were aware the material could be disclosed to New York Times reporter Judith Miller when Libby met with her for coffee at a Washington hotel.

Prosecutors are trying to portray Libby as someone who used lies and deception in his ranking position at the White House to try to discredit Joseph Wilson.

Libby's lawyers blame bad memory for any discrepancies in what he told investigators and the grand jury about revealing Valerie Wilson was a CIA operative.

Libby apologized for his poor memory in the audio recordings played Tuesday.

"I get a lot of information during the course of the day. I probably get, you know -- I tried to take a census of how many, and I tend to get between 100 and 200 pages a day," Libby explains on the recordings.

"When a lot of stuff comes to me, I'll gather my staff together and say, 'what happened here?' and we'll sort of pool our recollections of it, and that almost always brings me a fuller recollection of what's happened. I haven't done that here.

"I apologize if my recollection of this stuff is not perfect," Libby said. "I apologize if there's some stuff that I remember and some I don't."

In audio recordings played earlier Tuesday, Libby said he was "surprised" to hear from NBC "Meet the Press" moderator Tim Russert that Joseph Wilson's wife worked for the CIA.

"Is it your testimony under oath, you don't recall Wilson's wife working for the CIA -- between the sixth (of July) and your conversation with Russert?" asked Fitzgerald.

"That's correct, sir, I don't recall discussing it. I do recall being surprised when I talked to Russert on the 10th or 11th," Libby told Fitzgerald.

DOJ_NMG_0129035

Libby and Russert talked on July 10, 2003; Russert has denied he told Libby anything about Wilson's wife.

Wilson's article appeared on July 6, 2003. His wife's CIA connection was revealed in a column written by Robert Novak, eight days later.

Novak's column caused a political firestorm, and two months later prompted an FBI probe.

In the past two weeks of testimony and evidence, prosecutors tried to establish Cheney as the first source of Libby's knowledge that Wilson's wife worked at the CIA and sent him on the trip.

Presenting on Thursday, Libby's defense team is expected to argue that any discrepancies in what Libby told investigators stem from his difficult role as a busy government official distracted by urgent national security matters.

CNN's Paul Courson contributed to this report.

Powerful Pa. Senator Indicted (NSDY/AP)

By Maryclaire Dale, Associated Press Writer

Long Island Newsday, February 7, 2007

PHILADELPHIA -- State Sen. Vincent J. Fumo, one of the most powerful and controversial figures in Pennsylvania politics, was indicted Tuesday on federal charges he used a nonprofit group for personal and political gain and defrauded the state out of $1 million.

Many of the 139 charges stem from Fumo's ties to a nonprofit agency in his South Philadelphia district.

Authorities had been investigating the Citizens' Alliance for Better Neighborhoods for more than four years. The group was started by Fumo aides in 1991 to serve the neighborhood where he grew up.

Prosecutors said he used state employees and the nonprofit group to fulfill his every whim -- including cleaning his 33-room mansion, spying on his ex-wife, and fighting a dune project that might block his view of the ocean.

The charges included fraud, obstruction of justice, conspiracy and tax offenses.

Fumo is to surrender to the FBI on Wednesday, the U.S. attorney's office said.

U.S. Attorney Patrick Meehan said Fumo spent about $1 million in state money and another $1 million from the nonprofit. Prosecutors said Fumo also engaged in a systematic cover-up through the destruction of e-mails and other electronic records.

The Philadelphia Democrat beat two previous indictments. In 1973, authorities dropped vote-fraud charges against Fumo, while a 1980 conviction for his role in an alleged ghost-worker scheme was eventually overturned.

Fumo, anticipating the indictment on Monday, temporarily stepped down as the ranking Democrat on the Appropriations Committee but remains in the Senate.

"I know in my heart that I have not done anything illegal," the 63-year-old lawyer and banker said.

In Pennsylvania, Fumo's name has come to be synonymous with power during his nearly three decades in the Legislature.

He quickly maneuvered into leadership posts after arriving in 1978, and takes credit for producing more than $8 billion in economic benefits in the Philadelphia region. Federal investigators said he controlled more than 90 state employees.

"If an extraterrestrial came down here, it wouldn't say, `Take me to your leader.' It would say, `Where's Vince?'" former state Rep. Gerard Kosinski once said.

The Case Against Fumo (PHI)

By Craig R. Mccoy And John Shiffman

The Philadelphia Inquirer, February 7, 2007

State Sen. Vincent J. Fumo used taxpayer and charity money to pay for everything from political polls to power tools, from cars to farm equipment, from errands to shopping sprees, a grand jury charged yesterday.

Among the more than $2 million in allegedly illicit spending: Fumo (D., Phila.) hired private detectives to tail ex-girlfriends and dig up dirt on political rivals - including Gov. Rendell.

"Sen. Fumo didn't just step over the line," U.S. Attorney Patrick L. Meehan said yesterday. "He completely ignored it."

The grand jury indictment - 267 pages, 139 counts, carrying a possible 10-year prison sentence - came out one day after Fumo delivered a dramatic speech in the Senate in which he dismissed the pending charges as "falsities and half-truths."

Yesterday, Fumo was silent. Today, he will be fingerprinted and appear before a federal magistrate. Tomorrow, his lawyers have promised to hold a news conference to discuss the charges.

Fumo, 63, who has served as senator since 1978, was depicted by Meehan as a "greedy, manipulative" politician angling for ways to make the public and charities pay for his lavish lifestyle.

The indictment says Fumo once told a confidant that he had an acronym for one goal in his life - spending "OPM," that is, "other people's money."

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"Because he was delivering large amounts of money to his Philadelphia constituents with one hand," Meehan said, "Vincent Fumo felt entitled to reach deeply into the pockets of Pennsylvania taxpayers with the other hand."

Fumo is charged with fraud, conspiracy, and with directing a cover-up - ordering computers scrubbed of e-mails after The Inquirer broke the news that the FBI was investigating him.

The indictment says Fumo exploited his Senate budget and power; the South Philadelphia charity he helped fund, Citizens' Alliance for Better Neighborhoods; and the Independence Seaport Museum for his personal and political use.

Grand jurors said Fumo:

Funneled more than $60,000 from the charity into an effort to block a dune-rebuilding project in South Jersey. The indictment says Fumo feared the project would ruin the ocean view at his Margate home.

Assigned one Senate aide to work for 18 months as "project manager" overseeing renovations at Fumo's 33-room mansion in Spring Garden, and paid another aide to clean the house.

Put other taxpayer-paid aides to work organizing political fund-raisers; putting together campaign mailings; paying Fumo's personal bills; driving Fumo's daughter to schools; driving his shirts to be laundered; fixing his TV; and packing boxes of Fumo bobblehead dolls.

Doled out fat state contracts to political consultants and others who did little or no state work.

Repeatedly cruised on museum yachts at a cost to the museum of more than $100,000. One trip included a $2,539 bill for a French meal.

Fumo was a driving force behind the funding for Citizens', striking deals with Peco Energy under which the power company gave the charity $17 million.

No criminal charges were brought in connection with Fumo's interaction with Peco. At a news conference yesterday, Meehan said the destruction of e-mails by Fumo staff likely meant the full story of the Peco donation would remain unknown.

Yesterday's indictment also claimed Fumo sought $100 million from Verizon, of which $15 million was to go to Citizens' Alliance. The communications company refused to put up any money.

Also charged in the indictment was Ruth Arnao, 51, former executive director of Citizens' Alliance and one of Fumo's closest friends. She was charged with 45 criminal counts and was said to have taken part in the fraud and obstruction. Her lawyer, Edwin J. Jacobs Jr., declined to comment yesterday.

Two former computer technicians on Fumo's staff, Leonard P. Luchko, 50; and Mark Eister, 30, were previously indicted on such obstruction charges - and now will go on trial with Fumo and Arnao. U.S. District Judge William Yohn had scheduled that trial for May, but yesterday's superceding indictment is likely to trigger a delay.

In another count in the new filing, Fumo is charged with aiding Arnao in filing a false tax return to the IRS on behalf of Citizens' Alliance in 2002.

On the tax form she signed, Arnao pledged that the charity had not been used for political purposes. It is illegal for nonprofit organizations to engage in political activity.

In part, the indictment levels charges that have previously surfaced. As has been reported, it noted that Citizens' Alliance spent $250,000 to pay for political polls and also secretly financed a lawsuit against a foe of Fumo's in the state Senate.

One new allegation is that Fumo had detectives trying to dig up dirt on Rendell, city union leader John Dougherty, and Fumo's ex-wife and former girlfriends.

Detectives researched Rendell's purchase of a home in Ocean City, N.J., the indictment says.

At the time of the detective work, Fumo was supporting another candidate for governor.

One expert in Pennsylvania politics said the spying was "political dynamite" that, more than anything else, could cost Fumo support among his fellow legislators.

"In all my years of studying and writing about state government I have never heard anything that even remotely sounds like this," said G. Terry Madonna, a pollster and analyst at Franklin and Marshall College. "It's mind-boggling."

Rendell declined through a spokeswoman to comment.

"He won't comment. No way. Nice try," spokeswoman Kate Philips said.

Also new was the indictment's wholesale portrait of Fumo as an imperial boss who used Senate and charity workers as personal errand boys and girls.

Fumo had Citizens' Alliance employees at "his beck and call" to handle chores, the indictment says. Senate staffers, too, were available to "serve him in any manner he desired... to further his political goals and attend to his personal wants."

When Fumo bought a working farm near Harrisburg, state workers were assigned to set it up. While holding down a Senate job, these staffers allegedly bought feed for horses, hired hands to mend fences, and pondered the precise breed of goat to buy.

To underscore what they called Fumo's greed, prosecutors took pains to highlight his considerable wealth.

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Aside from his substantial income as a banker, Fumo has served as "of counsel" to the prominent Philadelphia law firm Dilworth Paxson. The indictment revealed Dilworth paid Fumo "as much as $1 million per year."

The indictment also cites Fumo's mansion in the Spring Garden section of Philadelphia; a beach-block home in Margate, N.J; a bayside condo in Ventnor, N.J.; a 100-acre farm outside Harrisburg; and a multi-million-dollar house in Florida.

The indictment reads in part like a catalog of Fumo's wide-ranging passions and love of gadgets. It says Citizens' Alliance spent more than $75,000 buying tools that ended up in Fumo's four houses.

A licensed electrician, Fumo liked having the same set of tools in each house, the indictment says.

According to the indictment, $6,500 went to buy 19 Oreck vacuum cleaners - one for each floor of his four houses.

Citizens' Alliance spent $600,000 to refurbish and furnish Fumo's legislative office in South Philadelphia. The charity owned the building housing the legislative office but collected only $18,000 a year in rent for it.

The indictment says the charity's money was also tapped for shopping sprees. Fumo and Arnao would meet at Sam's Club, Home Depot and Lowe's outlets near Atlantic City to "stock up on thousands of dollars of goods for their summer residences."

Grand jurors said the pair used Citizens' Alliance credit cards for such purchases as $3,900 in mosquito magnets and a $450 meat grinder destined for use on the Harrisburg-area farm.

The indictment said a charity minivan was regularly driven by Senate employees to Martha's Vineyard to be used by Fumo, Arnao and their friends on summer vacations. His Senate drivers did Fumo's personal shopping, drove his daughter to school, and regularly delivered packages.

And Fumo, who held no official title with the nonprofit, allegedly received a $55,000 SUV for his use.

Though he is one of only five state senators from Philadelphia, Fumo has long had an outsize impact on policy in the Capitol and in Philadelphia.

He is renowned and at times feared for his smarts, his mastery of the art of the deal, his network of appointees and allies, and his ability to build effective political coalitions.

Yesterday's indictment marks the third time Fumo has been criminally charged.

In 1973, five years before he became a senator, he was arrested on charges of voter intimidation, but the charges were quickly withdrawn.

In 1980, a federal jury convicted him of putting "ghost" employees on the state payroll, but a judge threw out the conviction.

Fumo has promised a vigorous fight to clear his name one more time.

"If there is anyone who has shown the capabilities of overcoming legal and ethical challenges, it's Vince Fumo," said Chris Borick, a professor of politics at Muhlenberg College.

"But I can see no obvious way that he can come out from under this one. From a political sense, these are some really deep scars that have been inflicted upon him."

Mayor Street said Fumo would "remain an influential force for Philadelphia," even though Fumo has stepped down from his key post as minority chairman of the Senate Appropriations Committee.

"My thoughts and concerns now are with Sen. Fumo and his family," Street said in a statement.

Founded in 1991 by Arnao and two others with ties to Fumo, Citizens' Alliance has helped charter schools, rehabbed storefronts in South Philadelphia, televised the Mummers, and helped fight AIDS.

Though the probe that resulted in yesterday's indictment began in 2003, investigators started focusing on Citizens' Alliance in 2004 after The Inquirer reported that Peco had secretly agreed to give the charity $17 million and reduce its rates as part of a legal settlement with Fumo, who had opposed the utility's business plans.

The paper also disclosed that Fumo had arranged for the Delaware River Port Authority to give $10 million to Citizens' Alliance. The port authority is largely funded through bridge tolls and the PATCO commuter train.

Citizens' Alliance also has received more than $4 million in state and other government grants.

The indictment says Fumo also asked Verizon to steer $2.5 million in legal business to Dilworth Paxson. A partner in the law firm could not be reached for comment last night.

If convicted, Fumo likely faces at least two years in prison, though he could be sentenced to 10 years or more if he is found guilty of the most serious charges, including conspiracy to defraud state taxpayers.

Fumo is scheduled to surrender to the FBI agents this morning who investigated him, Kathleen McAfee and Vicki Humphreys.

At 1:30 p.m., he is to appear briefly for arraignment with his lawyer before a federal magistrate and prosecutors John Pease and Robert Zauzmer. Fumo has already made routine bail arrangements, including surrendering his passport and firearms. Fumo owns a collection of more than 100 weapons.

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To accommodate the expected media and political interest, today's arraignment has been moved from the small magistrate courtroom to a larger one. There, Fumo and Arnao will appear with other people federally charged yesterday - including an accused bank robber and a fugitive from justice.

Indictment Is In The Details (PHI)

By Emilie Lounsberry

The Philadelphia Inquirer, February 7, 2007

The 267-page federal indictment of State Sen. Vincent J. Fumo is a portrait of greed and entitlement that prosecutors hope will be a road map to persuading a jury that one of the state's most resilient political figures engaged in fraud and other crimes.

And it was the talk of the legal community yesterday, as lawyers across Philadelphia - and beyond - marveled at the level of detail and predicted a raging courtroom battle.

One lawyer said the indictment was a bit like a poker game - with an extremely confident player.

"It's like the government saying, 'We're so confident of our hand, we'll show you our hand,' " said former federal prosecutor Robert E. Goldman.

E-mail. Bank documents. Payroll records. Even a table of contents. And a list of potential witnesses so tough to follow that another lawyer said it reminded him of the cast of characters from Crime and Punishment.

Indeed, the narrative is dotted with expletives used by the senator, dozens of references to girlfriends or ex-girlfriends, and more than 30 instances of double exclamation points!!

"It's like an edict of what the government is going to establish - in detail - at trial," said Goldman, now a lawyer with a Center City law firm.

Veteran defense lawyer Nicholas J. Nastasi said he was struck not just by the level of detail of the charges, but also by the level of apparent corroboration. "I think there's a great deal of documentary evidence," he said.

Fumo, in a speech Monday on the Senate floor, said he had done nothing wrong.

"I know in my heart that I have not done anything illegal," said Fumo, who vowed to fight the charges.

What a fight that is likely to be.

John P. Pucci, a former federal prosecutor in Philadelphia who now practices law in Massachusetts, predicted a showcase of "movers and shakers" on the witness stand at the eventual trial - and Fumo's life under a microscope.

"His life is going to be laid out for all the world to see," said Pucci.

Some defense lawyers said that Fumo, in his speech Monday, seemed to foreshadow a defense to charges that he used Senate staff to perform personal work for him: They work extraordinarily long hours at their Senate jobs, so it's no big deal if they do a few personal chores for him in between.

"When you put the two things together, it could be an interesting defense," said William A. DeStefano, a Center City lawyer who represented a number of witnesses called before the grand jury.

DeStefano said he, too, was struck by the breadth of the indictment.

"The amount of detail is boggling," DeStefano said, though he noted that much of that detail seemed to be more embarrassing to Fumo than incriminating.

It didn't have to go on and on, he said.

"From a legal perspective, it could have been done in five or 10 pages," DeStefano said.

Former Camden County Prosecutor Edward F. Borden Jr. said the sheer number of charges - 139 counts - gives prosecutors an edge.

"They only need to convince the jury to convict on some of the significant offenses to provide the basis for a very substantial sentence," he said.

But sometimes, he said, a complex indictment poses problems for prosecutors.

"You start to run into questions about what evidence is admissible," said Borden, who now practices law in Center City and Cherry Hill. "You run the risk that you're not able to prove significant portions."

Nastasi said the case was reminiscent of the federal indictment of one his clients, former State Sen. Buddy Cianfrani, who - like Fumo - was charged with numerous counts of mail fraud, tax violations and obstructing justice.

But Nastasi said Cianfrani, who represented the same Senate district and like Fumo was on the powerful Appropriations Committee, was the sole defendant and was charged only with violations involving public money.

And, he said, Cianfrani lived a more modest lifestyle than Fumo - so there was no mention in the Cianfrani indictment of any vacation homes, estates or yachts.

But Cianfrani pleaded guilty - and Nastasi sees no such outcome for Fumo. "The charges are going to be vigorously contested," Nastasi predicted, in a long trial. "This will be a full courtroom - standing room only."

A South Jersey defense lawyer, Rocco Cipparone Jr., said he, too, expected Fumo to mount a strong defense.

"He's not an individual who's afraid of a fight," he said.

Staffer's E-mail: DSL Lines, Special Errands and More

On or about Aug. 24, 2003, Leonard P. Luchko, a computer technician in State Sen. Vincent J. Fumo's Tasker Street office, e-mailed his supervisor complaining that Fumo had found out that staffers in Harrisburg were aware of a new DSL line given only to that office. According to the indictment, the e-mail stated in part:

It saddens me that some of our people don't think of [Person No. 1] and me as members of the SDCS [Senate Democratic Computer Services] team. I am sure at times it must seem to them that we are premadonnas down here because we seem to get everything we want and don't have to deal with any of the red tape that goes along with requests for hardware and software. I just wish they could see all of the bullshit [Person No. 1] and I have to go through every single day then they would understand why we get the so called special treatment. This of course is not possible because what happens at Tasker Street stays at Tasker Street!

Yes I would like to see their reaction when they are told to support the Senator his family, girlfriends and business associates along with the staff their friends and their kids 24 hours a day.

I would like to see their reaction when they are told to drive cars back from Martha's Vineyard on a Sunday.

I would like to see their reaction if they had to go to Florida for a week and stay in the middle of nowhere and work 12 hours a day.

I would like to see their reaction when they are told to drive people to get their hair done.

I would like to see their reaction when they are told to take out the trash or unload a tracker trailer.

I would like to see their reaction if they had to wrap 150 VJF bobble head dolls and mail them.

I would like to see their reaction when they go on vacation and have to take a phone, Blackberry and a laptop with them and are required to check email a minimum of 4 times a day.

I would like to see their reaction when they have to inform the Senator that they will not be available between the hours of 7 and 10 on a Saturday night because they want to go to the movies.

Yes I would like to see their reaction when they are told to be available to drive to the shore and wire a yacht for internet access on Labor Day weekend but are not told which day just be available and ready to go.

And I would REALLY like to see their reaction when they get screamed at for something that they have absolutely no control over like the internet being down. Then maybe just maybe they would understand why we have a DSL line.

PS I love my job and wouldn't trade it for any job in the Senate!

A FEDERAL CASE (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, February 7, 2007

STATE Sen. Vince Fumo touts his membership in the American Mensa Society, a society for people with very high IQs.

But Fumo wasn't smart enough to avoid being charged yesterday with 139 felonies by a federal grand jury.

The feds said Fumo, 63, one of the state's most influential power brokers, used his Senate workers to clean his house and provide personal services, and tapped a charity he helped organize to provide him with cars, tools and other goodies.

The charges include conspiracy, mail fraud, wire fraud, obstruction of justice, and aiding and assisting the filing of a false tax return.

If convicted of all charges, Fumo, a state senator since 1978, could face from five to 15 years behind bars, sources said.

Ruth Arnao, 50, a longtime aide and former executive director of the Fumo charity, Citizens Alliance for Better Neighborhoods, also was indicted.

She is charged with 45 counts of conspiracy, mail fraud, wire fraud, obstruction of justice and filing a false tax return.

The 267-page indictment painted Fumo as a man who "abused" his power to "build an empire" of Senate and charity employees who catered to his personal needs, U.S. Attorney Patrick Meehan said.

Fumo used Senate employees, government-paid contractors and the charity workers "to serve [Fumo's] sense of entitlement," Meehan said.

And, then, when Fumo realized investigators were onto him, he orchestrated a coverup by directing aides to destroy e-mails and other electronic evidence to scuttle the federal investigation, Meehan said.

Prosecutors said Fumo expressed a philosophy of using "other people's money," which was called "OPM." It was this philsophy that underlay the fraud.

Fumo will fire back tomorrow when his attorneys hold a press conference at the office of his attorney, Richard A. Sprague, to address the charges.

In remarks Monday on the floor of the state Senate, Fumo said he had not done anything illegal and that he and his staff had "produced" more than $8 billion in benefits for the city and the region.

Joel Frank, an attorney for Arnao, said she "categorically denied" engaging in any illegal activity.

"We intend to fight these charges and present the facts in court," Frank said.

Fumo and Arnao are scheduled to be arraigned before a federal magistrate today.

Two former Fumo computer aides, Leonard Luchko, 50, and Mark Eister, 37, were again charged with 29 counts and five counts, respectively, of conspiracy and obstruction of justice.

Both were indicted last June on obstruction charges, pleaded not guilty and are to stand trial in May.

Meehan took issue with Fumo's assertion Monday that the feds' suggestion that his Senate staffers were used as political operatives or personal assistants reflected an "amazing ignorance" of the legislative process.

"When you commit to public service you accept that there is a line," Meehan said, "and that that line is clear: The people's assets and resources... cannot be used for private benefit. Sen. Fumo just didn't step over the line; he completely ignored it."

The indictment alleges that Fumo's "fraudulent and extensive use" of Senate resources for his own benefit resulted in a loss to the Senate of more than $1 million.

Here are some examples of how prosecutors say Fumo stepped over the line:

· Fumo observed no distinction between public and private tasks for Senate staffers.

Staffers in his Philadelphia district office allegedly worked on Fumo's campaigns and campaigns of City Council candidates he favored.

The indictment alleged that Senate staffers in Harrisburg spent more time attending to Fumo's personal needs than the public's business.

A former Senate staffer served an 18-month stint as "project manager" overseeing the "restoration and refurbishment" of Fumo's 33-room mansion on Green Street in the Fairmount section.

Senate aides were routinely dispatched during regular working hours, the feds said. Among their duties: cleaning Fumo's homes, overseeing the 100-acre farm he bought in 2003 near Harrisburg and even driving luxury cars supplied by Citizens Alliance to Martha's Vineyard, Mass., so Fumo and his guests could arrive by private jet and have cars and luggage waiting for them.

Martha's Vineyard is a favored summertime playground for the rich and famous.

The feds said Fumo even gave a $40,000-a-year, taxpayer-financed contract to a private eye, ostensibly to do research for the Appropriations Committee.

But the detective's main job was to dig up dirt on Fumo's political enemies, and follow his ex-wife and ex-girlfriends and their new boyfriends.

Meehan characterized this as "scary."

· Fumo used Citizens Alliance for his personal benefit, the indictment charged.

Fumo and Arnao routinely skimmed from Alliance accounts to pay for personal goods and services.

The charity bought $75,000 worth of tools and other items for use in Fumo's four homes, including 19 Oreck vacuum cleaners, the feds charged.

Citizens Alliance paid for shopping sprees during summer months down the shore when Fumo and Arnao would meet to stock up on thousands of dollars worth of household items for their summer homes.

Citizens also bought a loaded-to-the-max, $55,000 SUV for use by Fumo's drivers at his Tasker Street office.

Fumo got a $38,000 minivan and Arnao a $25,000 Jeep for their personal use, courtesy of the charity, the indictment charged.

Laborers hired by Citizens Alliance were routinely dispatched to his homes and farm to do repair work, clear snow and pick up trash.

Citizens Alliance also provided heavy equipment it purchased - a bulldozer, a backhoe and a dump truck - for use at Fumo's properties, free of charge, the feds said.

And Arnao filed false tax returns with Fumo's assistance to mask the political spending and other improper use of Citizens Alliance's funds, the feds charged.

· Fumo is also alleged to have exploited his position as a board member at the Independence Seaport Museum.

The feds said the museum provided a free yacht for Fumo's use at Martha's Vineyard on his vacations from 1996 through 2003.

The yacht was supposed to be used to drum up contributions for the museum, the feds said, not as a plaything for Fumo.

The indictment charged that when neither of the museum's boats was available in 2001, the museum rented another yacht for $13,775 and let Fumo have it for his summer vacation.

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The indictment added that Fumo did not repay the museum for the cost of this trip until April 2004, after the federal probe was well under way.

Finally, the indictment alleges that Fumo directed Luchko, Eister and others, with Arnao's backing, to destroy e-mails and other electronic evidence on Fumo and Citizens Alliance computers in order to keep it from the FBI.

Supporters of Fumo stood by the embattled senator yesterday.

Senate Democratic leader Robert J. Mellow, D-Lackawanna, said Fumo could depend on his "continued support and friendship during this difficult time."

Mayor Street issued a statement saying Fumo had served the city with "energy and passion" for three decades and Street was "saddened" that Fumo had stepped down as minority chair of the Senate Appropriations Committee.

Editorial | Fumo Charged (PHI)

The Philadelphia Inquirer, February 7, 2007

Among the many dubious perks that federal prosecutors allege state Sen. Vincent J. Fumo engineered through his Pennsylvania Senate office and a Philadelphia community nonprofit was the free use of a bulldozer at Fumo's farm near Harrisburg.

Well, right now that bulldozer should come in mighty handy.

The powerful South Philadelphia Democrat and veteran Harrisburg lawmaker will have to move earth - and maybe heaven, as well - to bury the acres of criminal charges lodged against him yesterday.

Fumo will have his day in court and is entitled to the presumption of innocence, of course. Indeed, he sought to preempt the indictment Monday by declaring in a Senate speech that he had "not done anything illegal."

Across the broad expanse of a 267-page indictment, though, Fumo is accused of using taxpayer and charitable funds not merely to feather his own nest, but also to clean it.

The indictment's cast of characters includes a Senate staffer who allegedly served as Fumo's once-a-week housekeeper, and others who jumped at the senator's call to drive his cars, maintain his computers, and even serve as a gumshoe to shadow his old loves.

From the Citizens' Alliance for Better Neighborhoods, a nonprofit that Fumo created, came the bulldozer, agency-paid handymen, $75,000 worth of power tools, and 19 Oreck vacuum cleaners, the indictment said.

The charges resulting from a four-year probe by U.S. Attorney Patrick L. Meehan paint a portrait of an elected official who let his unofficial title as the prince of Philadelphia politics go to his head.

If the allegations are proven - including the serious-as-a-heart-attack charge of obstruction of justice - it would be truly sad that one of the brightest, most accomplished members of the General Assembly could have been so foolhardy.

What a contrast to Fumo's savvy track record as a state lawmaker, one who shaped countless budget deals and policies that provided handsome benefits to his state, his city and his constituents.

Whether Fumo can take sole credit for the nearly $8 billion brought home to Philadelphia for worthy public projects over the past two decades, he was a major player without a doubt.

The seeds of his current troubles, though, appear to have been planted by making one deal too many. That was the agreement in the late '90s to settle challenges to the state's electricity-deregulation efforts. One outcome of those negotiations was that PECO Energy Co. agreed to donate $17 million to lavishly fund the Citizens' Alliance.

The alliance did good works - street cleaning, business development, charter schools. Yet funds from a regional utility's ratepayers should have been used to benefit the region, not just one senator's district.

And how much more good could this money have done if it were distributed to true, and truly effective, nonprofits - not one so intent on enhancing the reputation, clout and comfort of one politician?

INDICTED: THE CURRENT CULTURE IN HARRISBURG (PHI)

The Philadelphia Inquirer, February 7, 2007

A HARRISBURG hand grenade rolled into the room a few weeks ago with the news of $4 million in bonuses paid to legislative aides in the House and Senate.

U.S. Attorney Patrick Meehan just pulled the pin yesterday, when he released the indictment of state Sen. Vincent Fumo.

That explosive 267-page document paints a picture of entitlement, a lack of accountabilty and a stunning disregard for the public trust that, if true, indicts not just a single senator, but an entire culture of arrogance, secretiveness and corruption that must be cleaned up.

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The General Assembly's legislative bonuses - lists of which are now being released by both caucuses -may in the end be defensible, though just looking at how widely they range, from $65 to $40,000, and how quickly some leaders suspended the practice, gives a foul smell to them all.

The attorney general may be investigating whether or not those bonuses were used to pay for campaign work, which is illegal.

And the bonuses may be small potatoes compared to the 139 counts the government outlines on how Fumo "systematically, routinely, and improperly used the funds and resources of the Senate for his personal and political benefit... [directing] that Senate employees and contractors employed by the Senate serve him in any manner he desired throughout the regular workday and at all hours of the day and night, to further his political goals and attend to his personal wants."

But both suggest something is very wrong in Harrisburg: a disconnect not only from the reality of the lives of taxpayers, but also from the jobs these lawmakers are supposed to be doing: working on behalf of the public.

The Fumo indictment is a stunning document that says Fumo had Senate staffers handle his personal life, such as cleaning his house and organizaing the renovations on his Green Street mansion.

It says he defrauded the nonprofit group he established, Citizens Alliance for Better Neighborhoods, by using $1 million from that group for a wide range of unrelated spending. The indictment lays out in excruciating detail purchases made by Executive Director (and Senate-paid staffer) Ruth Arnao, also under indictment. Numerous shopping sprees bought household items, food, clothing, DVDs, tools and an inexplicable 19 Oreck vacuum cleaners using Citizens Alliance funds. It says Fumo also used Alliance funds for political work, including polling.

Fumo also engaged in a coverup after the FBI and IRS began to investigate him, the indictment says. And it questions his free use of yachts owned by the Seaport Museum, on whose board he sits, during his Martha's Vineyard vacations.

The indictment paints a picture of a man whose boundaries between his personal life and professional responsibilities have completely dissolved.

And while that may feel familiar to some workaholics, the charge that taxpayers footed the bill for a shocking amount of personal comforts and political benefits is a sickening outrage. (Daily News sources say Fumo could face up to 15 years in jail.)

Harrisburg lawmakers have lately made a lot of noise about their new reform efforts. Indeed, Fumo himself not long ago released his list for reforming the way laws are heard and passed.

But all that is a light dusting compared to the thorough house-cleaning that must be done.

Citizens should demand a clean house in Harrisburg. And we know just where they might find a few extra vacuum cleaners to do the job.

Loudoun Land Deals Subject Of U.S. Probe (WP)

By Michael Laris And Sandhya Somashekhar

The Washington Post, February 7, 2007

Federal prosecutors have launched a far-reaching investigation into potential public corruption in Loudoun County, where officials have overseen billions of dollars' worth of development projects in one of the nation's fastest-growing areas.

Loudoun Commonwealth's Attorney James E. Plowman announced a joint investigation yesterday with the U.S. attorney's office in Alexandria, which will take the leading role. "It's kind of a waste of resources if we're both independently reviewing the same matters," Plowman said, adding that the combined federal-local effort "brings about a greater aspect of neutrality."

The announcement follows months of quiet interviewing by FBI agents, who have queried county figures about possible abuses of power by officials, and represents a major escalation of the scrutiny facing Loudoun, the officials with the power to approve lucrative development projects and those in the real estate industry with the most at stake.

It also came shortly before Loudoun's Board of Supervisors passed ethics measures designed to increase government transparency. As part of the reforms, the board voted to discourage supervisors from accepting campaign donations from developers and others with pending projects, and it agreed to disclosure guidelines that could expose potential conflicts of interest.

The investigation and board action come after reports by The Washington Post last month that detailed how major land-use decisions in Loudoun have been dominated by a small network of public officials and their allies in the development industry. Developers, landowners and others profited as they coordinated with public officials to influence land-use decisions in the county, e-mails and other records showed.

Plowman, who last month said his office was focusing on eight or nine areas of inquiry, said in a statement that the joint group "will be tasked with reviewing any potential issues of public corruption within Loudoun County." It was unclear which individuals or specific actions are being investigated.

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U.S. officials would not discuss their role in the probe. A spokesman for the U.S. attorney's office, Jim Rybicki, said, "Department of Justice policy does not allow us to confirm or deny the existence of an investigation." An FBI spokeswoman declined to comment.

People interviewed by the FBI in recent months said agents asked them in wide-ranging interviews if they had knowledge of any improper dealings by public officials.

The Post reported on the actions of Lawrence Beerman II, the former head of Loudoun's Planning Commission, who voted favorably on projects brought by companies with which he had business ties. They were a firm run by Peter J. Knop and his son, Peter R.Q. Knop, who operate a construction waste dump, and the home-building arm of Greenvest L.C. Beerman's activities have drawn the attention of the FBI, according to two people who were interviewed.

Beerman and the Knops were interviewed for The Post's report but declined to respond to additional written questions. A lawyer representing Greenvest said the company did nothing improper.

"The fact you have local law enforcement working with federal law enforcement is an indication of the seriousness of the probe," said Eric H. Holder Jr., a former deputy attorney general and U.S. attorney in the District. The investigation will now appear to be in "a quiet period, but just because federal officials are not commenting on what they are doing, that does not mean the investigation is not very active. . . . These things often take months, if not years, to resolve themselves."

Some Loudoun officials have argued that they forged close links to people in the real estate industry in an effort to serve residents and said that their votes and other public actions reflected what they thought was best for the county. Supervisor Bruce E. Tulloch (R-Potomac) was among the officials who, records and interviews show, worked closely with individuals who stood to benefit from his position.

"I embrace the investigation and look forward to the outcome," Tulloch said. "The sooner, the better." The allegations "need to be brought forward and people's names cleared," he said.

Supervisor James Burton (I-Blue Ridge) said that because of Plowman's ties to other Republican officials, Burton is "glad that someone other than the commonwealth's attorney is involved. . . . The public trust has been severely damaged. We need something to clear it up as soon as possible."

Chairman Scott K. York (I) asked that the board hold a closed meeting this month to discuss whether to sue a real estate agent and others over the purchase of 101 acres in Ashburn from the Islamic Saudi Academy Inc., a company affiliated with a conservative religious school in Fairfax County funded by the Saudi government. The county paid $13.5 million for the land with the urging of Tulloch, who had close ties with the broker.

The Post's series reported that the purchase price was substantially more than what another buyer said he was under contract to pay for the land.

Tulloch defended his actions and those of his friend Dale Polen Myers, a former supervisor who represented the Saudis in the sale.

"I'm proud of everything I've done on this board," Tulloch said. The land purchase "was a good deal for the county, and I don't regret that vote," he added, noting that the purchase had been approved unanimously by the board.

Supervisor Stephen J. Snow (R-Dulles), whose actions were also part of The Post's reports, defended his close communications with developers as proper and in the service of the community. Evoking his years in the Army, he said he lives by the strict code of ethics of a soldier and an officer.

"I don't take life casually," Snow said. "I don't take all of what we do here frivolously. A lot of blood, sweat and tears goes into this job."

More Indictments From Operation Big Coon Dog Investigation (TRI)

By Kathy Still

TriCities.com, February 7, 2007

A South Carolina resident and a North Carolina contracting firm were indicted Tuesday on corruption charges stemming from the Operation Big Coon Dog investigation that rocked Buchanan County after a 2002 flood nearly wiped out the Hurley community.

James Frederick "Rick" Byrd, 56, of Landrum, S.C., and Byrd Brothers Inc., of Wilson, N.C., were indicted by a federal grand jury in Abingdon, both on two counts of program fraud and money laundering conspiracy, according to a news release issued by the U.S attorney's office in Roanoke.

The corporation and Byrd are the latest charged in the public-corruption investigation that nabbed 16 Buchanan County officials, residents and business owners for taking and offering bribes to land lucrative contracts to clean up Hurley. The flood killed two people and caused millions of dollars in damage to the Buchanan County community.

Federal prosecutors got 16 convictions following the investigation.

The federal government spent more than $9 million to rebuild some homes, roads and bridges in Hurley following the May flood. However, court proceedings revealed that many of the contracts for cleanup work were awarded after some local officials received bribes for favorable treatment.

Expensive televisions, NASCAR race tickets and expensive coon dogs were among the bribes offered, prosecutors said. The coon dog bribes gave the investigation and subsequent prosecution its catchy name.

During the federal hearings, prosecutors said the Federal Emergency Management Agency allowed the Board of Supervisors to take responsibility for the cleanup efforts. The contracts were never awarded by public bid, they said. Instead, contractors were selected primarily through bribes, according to prosecutors.

According to Tuesday's indictment, Byrd Brothers was the subcontractor in charge of the cleanup for nearly 30 days before the Buchanan County officials and business owners got involved in the corruption.

The indictment alleges that Rick Byrd is the agent for Byrd Brothers. He is accused of paying two bribes to Ray Blankenship, the former chairman of the Buchanan County Board of Supervisors. Prosecutors say the bribes bought Blankenship's favor when it came time to determine who got the contracts, according to the news release.

The bribes allegedly paid to Blankenship were hidden and disguised as legitimate payments to Byrd Brothers' subcontractors, prosecutors said in the news release.

The charges carry a maximum penalty of 30 years in federal prison, a $750,000 fine, or both.

Special Agent Phillip Barnett with the Internal Revenue Service and Special Agent Tom Snapp with the Federal Bureau of Investigation conducted the probe. Thomas Bondurant Jr. will prosecute the case.

Bondurant could not be reached for comment Tuesday evening.

FBI: 19 Bonano Crime Family Members Busted (WABC)

WABC-TV, February 7, 2007

The acting underboss and the elderly acting consigliore of the Bonanno crime family were among 19 reputed mobsters busted by federal authorities Tuesday morning, officials said.

Authorities say acting underboss Nicholas "Nicky Mouth" Santora, 73-year-old acting consigliore Anthony "Fat Anthony" Rabito and 17 others were arrested during the raids.

Officials say they will be arraigned in Brooklyn federal court on charges that include racketeering, racketeering conspiracy, conspiracy to commit murder in aid of racketeering, illegal gambling, extortion, extortion conspiracy, loansharking, securities fraud and narcotics distribution.

It is reportedly the fifth time since 2003 that FBI agents busted the Bonanno crime family.

Officials say the repeated busts have come after former Bonanno boss Joseph Massino began cooperating with authorities.

The U.S. Attorney's Office in the Eastern District has prosecuted more than 100 members and associates of the Bonanno family.

Since March 2002, three Bonanno family bosses or acting bosses have been convicted in this district on racketeering and racketeering-related charges, which include murder or murder conspiracy as a racketeering act. A fourth reputed Bonanno family acting boss, Michael Mancuso, is awaiting trial.

Rabito, the alleged "street boss" of the Bonanno crime family, is a Korean War veteran who lives on a quiet street in the East Williamsburg section of Brooklyn.

Alleged Bonanno Crime Family Under Boss Busted (WNBC)

By Ap MOB ARRESTS PDF: Rabito Indictment PDF: Rabito Detention Memo PDF: Rabito Press Release First On WNBC.com: POSTED: 1:11 Pm EST February 6, 2007 UPDATED: 6:27 Pm EST February 6, 2007 Email This Story | Print This Story Sign Up For Breaking News Alerts

WNBC-TV, February 7, 2007

19 Charged in FBI Mafia Sweep

NEW YORK -- Federal prosecutors charged 19 reputed members and associates of the Bonanno crime family Tuesday, including alleged acting under boss Nicky "Nicky Mouth" Santora and alleged acting consigliore Anthony "Fat Anthony" Rabito.

In addition to the reputed under boss and consigliere, 17 other reputed soldiers, members and associates are charged.

Investigators said other charges will include drug trafficking, extortion, illegal gambling and securities fraud. They will be arraigned in Brooklyn federal court this evening.

FBI agents conducted raids and made the arrests Tuesday morning. Investigators said this is the fifth time since 2003 that FBI agents have arrested reputed leaders and their replacements inside the Bonanno crime family.

Former boss Joseph Massino has cooperated with authorities since his arrest, even having worn a recording device to help build a case against his former associates.

Among those arrested today and some of the charges they will face:

Jerome Asaro - Racketeering Conspiracy
Tracy Badget - Gambling
Giacomo Bonventre - Gambling
Joseph Cammarano- Racketeering, Murder in Aid of Racketeering
Christopher Merz - Racketeering, Marijuana Distribution
Anthony Rabito - Racketeering, Gambling Extortion
Joseph Rossetti - Securities Fraud
Nicholas Santora - Racketeering, Gambling, Extortion
Robert Schwichraft - Securities Fraud
Paul Spina - Racketeering, Murder in Aid of Racketeering
Patrick Parsio - Racketeering, Gambling, Extortion
Anthony Vivelo - Racketeering, Gambling

Feds: Top Bonanno Mobsters Busted (NSDY)

By Anthony M. Destefano, Newsday Staff Writer

Long Island Newsday, February 7, 2007

The aging men believed to be the current leadership of the decimated Bonanno crime family were arrested Tuesday in an FBI sweep that netted 19 people.

Grabbed by agents at their homes were Nicholas Santora, 64, the crime family's reputed acting underboss, and Anthony Rabito, 73, the acting consiglieri, officials said.

Both men are considered by the FBI to be the latest patchwork of leaders of a crime family that in the past five years has seen more than 70 of its members, including former boss Joseph Massino, convicted of federal charges.

Santora, known by the moniker "Nicky Mouth," and Rabito, whose nickname is "Fat Anthony," were the lead defendants in a massive indictment that charges various defendants with racketeering, loansharking, extortion, gambling and a murder conspiracy. A charge of securities fraud is also listed in the indictment.

Also indicted were reputed Bonanno captains Jerome Asaro, 48, Joseph Cammarano Jr., 47, and Louis DeCicco, 60. Cammarano is the son of reputed Bonanno crime captain Joseph Cammarano Sr.

The 37-count indictment also levied additional charges on three other defendants who had been previously accused of shaking down Howard Beach housewife Yvonne Rossetti. Those charged in the Rossetti case and included in yesterday's indictment were reputed Bonanno soldiers Michael Cassese and Michael Virtuoso. The indictment added Santora and Rabito to the Rossetti extortion allegation. Rossetti's husband, Vincent, became a cooperating witness for the government and is believed to be the source of some of the information used in the latest round of charges, court records indicate.

Joseph Rossetti, 38, who a law enforcement source said was Vincent's younger brother, was arrested Tuesday as well on charges he was involved in securities fraud from 2002 to 2004 with Cassese and another defendant.

The case is the latest salvo in a continuing offensive by the U.S. attorney's office in Brooklyn, which began focusing on the Bonanno family earlier in the decade. Brooklyn U.S. Attorney Roslynn Mauskopf said in a prepared statement that more than 70 crime family members and associates have been convicted since March 2002.

The murder conspiracy charges involved Cammarano and another defendant named Paul Spina. No one was harmed as a result of that conspiracy, according to court papers.

Untouched by the latest charges is Salvatore Montagna, reportedly the new acting boss of the Bonanno crime family. A snippet of information about Montagna's reputed status came out in a letter submitted by prosecutors to the court Tuesday. In a secret tape recording made by a government informant, Cassese said that "Sal 's the acting boss; there is nobody in between. That is it."

Rabito was indicted in 2005 by Queens County prosecutors in a gambling case and was free on bail. He was also convicted in 1982 of federal narcotics charges in a major racketeering case against the Bonanno family. Santora also was convicted in that case of conspiracy, but that judgment was overturned on appeal. Santora was sentenced to prison for other charges and was released after 15 years.

Magistrate Lois Bloom Tuesday ordered Rabito, Santora and Spina held temporarily pending bail arguments later in the week. Rossetti, Cammarano, Asaro, DeCicco and most of the other defendants were released on bonds. Cassese and Virtuoso were already in custody.

DOJ_NMG_0129046

City Briefs (NYDN)

New York Daily News, February 7, 2007

Bonanno gangsters nicknamed Fat Anthony, Nicky Mouth and Fat Paul are charged with living up to their names by shaking down New York City restaurants in the latest federal indictment against the beleaguered crime family. Anthony Rabito, 73, is charged with extorting a $6,000 annual payment from Via Oreto on the upper East Side, Nicholas Santoro with shaking down the Bistro restaurant on Staten Island and Paul Spina with demanding payoffs from the Napa & Sonoma Steakhouse in Queens. All pleaded not guilty in Brooklyn Federal Court.

John Marzulli

Breast-feeding push

The city's Health Department is serious about getting more new moms to breast-feed. Nurses and other health workers will be trained by lactation counselors from the Healthy Children Project as part of a new Health Department initiative starting in March.

Lisa L. Colangelo

8 years for kid porn

A state transportation worker serving 15 years in prison for raping a young child was sentenced to eight years yesterday in a related case for keeping child pornography on his Queens office computer. Vinod Patel, 49, of East Meadow, L.I., was spotted on March 2, 2006, storing a picture of an adult having sex with a child on his computer at the Department of Transportation field office in Bayside, Queens, prosecutors said. The prison terms will run concurrently.

Scott Shifrel

Dead in Bronx drive-by

A man in his 20s was killed in a drive-by shooting in the Bronx last night, cops said. The victim, whose name was not released, was hit several times in the chest about 8:30 p.m. on Burke Ave. in Baychester, authorities said.

The gunman fled in a dark-colored vehicle, police said. "Always kids hanging out here," said a woman who lives nearby. She said she went outside after hearing three or four shots and saw the victim lying in the road.

Oren Yaniv

Samsung fined $90M

ALBANY - Samsung Electronics Co., the world's largest memory-chip maker, agreed to pay $90 million to settle a lawsuit charging the company and others with price-fixing, New York Attorney General Andrew Cuomo said yesterday.

The suit, filed in July, claimed Korean-based Samsung and numerous other companies made secret arrangements to raise the prices of dynamic random access memory, or DRAM, chips.

The Associated Press

BONFIRE OF THE BONANNOS BUSTS 19 (NYPOST)

By Stefanie Cohen

The New York Post, February 7, 2007

Two top Bonannos got unpeeled yesterday when feds arrested the reputed acting underboss and the reputed acting consigliere of the notorious crime family.

Acting underboss Nicholas "Nicky Mouth" Santora and acting consigliere Anthony "Fat Anthony" Rabito topped a list of 19 Bonanno capos, soldiers and other associates collared on extortion, loan-sharking, gambling and murder-conspiracy charges.

Prosecutors have brought down three successive Bonanno family bosses since 2002: Joseph "Big Joey" Massino, Anthony "Tony Green" Urso and Vincent "Vinny Gorgeous" Basciano.

A fourth reputed boss, Michael Mancuso, is awaiting trial.

The two high-ranking mobsters were named in a 39-count indictment in Brooklyn federal court yesterday, which made use of wiretaps and the recordings of a canary who is working with the government.

Santora rose to family underboss after Mancuso was arrested in January 2005. Rabito was named the acting consigliere after the 2004 arrest of Joseph Cammarano, who had the top-advisor job before him.

The indictment is part of a probe that has prosecuted more than 100 Bonanno members and associates over the past five years.

stefanie.cohen@nypost.com

Fighting Crime Tops GOP Priorities (WT)

By Christina Bellantoni

The Washington Times, February 7, 2007

House Republicans yesterday outlined a legislative package to curb drug crime, gang violence and child pornography -- pushing domestic safety issues they say will help them win back a majority.

Republican members of the Judiciary Committee criticized the Democratic leadership for leaving measures against violent crime off its publicized "first 100 hours" agenda last month.

"If you listened very carefully, there was a deafening silence when it came to dealing with violent crime," said Rep. J. Randy Forbes, Virginia Republican.

Democrats, upon taking leadership of the House, gave top priority to implementing more of the September 11 commission's recommendations, raising the minimum wage and increasing federal funding for embryonic-stem-cell research.

Republicans, holding 202 seats in the 435-member House, plan to push their own priorities as they look toward the 2008 elections.

"We are taking an activist approach, we are taking initiative, coming up with our own agenda and our own ideas," said Rep. Lamar Smith of Texas, the ranking Republican on the Judiciary Committee.

Mr. Smith said he expects bipartisan support on the bills. "Crime is simply too important to leave to partisan politics," he said.

The Republican Law and Order Agenda, formally introduced yesterday, lists nine proposals. Several were passed in the House in previous Congresses but stalled in the Senate.

Among the Republican proposals were bills to make the Internet safer for children, target identity theft and other cyberspace crime, and reduce fraudulent claims with the Federal Emergency Management Agency. They also give law enforcement more tools to crack down on drug trafficking and gang crime.

"One thing is crystal clear: If we are going to do something about the skyrocketing murder rate, we have to break the back of the drug traffickers," said Rep. Ric Keller, Florida Republican, whose hometown of Orlando has recorded a 122 percent increase in the homicide rate.

His bill would impose "stiff penalties" on drug dealers.

Republicans said gang problems are inextricably linked to a spike in the number of illegal aliens, and stressed the need for legislation to strengthen border security.

Another proposal would bolster counterterrorism tools and require the death penalty for terrorist killers.

Mr. Forbes said Republicans may not have the House votes to pass their agenda, but "if we don't have them now we'll get them two years from now."

"I'm glad to see, it's important to notice who's talking about ideas in this Congress and I certainly hope that they will get a fair hearing and markup," said Rep. Adam H. Putnam of Florida, the Republican Conference chairman.

Mr. Putnam said the Republicans on the Judiciary Committee "are not using being in the minority as an excuse not to produce good legislation."

Democrats have introduced bills this year to address methamphetamine use, gang problems and Internet safety issues.

Rep. Bart Gordon, Tennessee Democrat, will hold a press conference today on his legislative efforts to clean up methamphetamine labs.

GOP Revives ISP-tracking Legislation (CNET)

By Declan Mccullagh

CNET News, February 7, 2007

All Internet service providers would have to keep track of what their customers are doing online to aid police in future investigations under legislation introduced Tuesday as part of a Republican "law and order agenda."

Employees of any Internet provider who fail to store that information will face fines and prison terms of up to one year, the bill says. The U.S. Justice Department could order the companies to store those records forever.

Rep. Lamar Smith of Texas, the top Republican on the House Judiciary Committee, called it a necessary anti-cybercrime measure. "The legislation introduced today will give law enforcement the tools it needs to find and prosecute criminals," he said in a statement.

A second requirement, also embedded in Smith's so-called Safety Act (click for PDF), requires owners of sexually explicit Web sites to post warning labels on their pages or face imprisonment. This echoes, nearly word for word, an earlier proposal from last year that was approved by a Senate committee but never made it to a floor vote.

Even though both requirements are central to a Republican-led effort, neither data retention nor Web labeling are that partisan. A Senate committee approved a telecommunications bill that included Web labeling by a 15-7 vote in June. And Rep. Diana DeGette, a Colorado Democrat, has been the most vocal proponent of data retention in the entire Congress.

Other bills in the Republicans' "law and order" agenda are related to terrorism, the death penalty, gangs, computer data breaches and drug trafficking. ISP snooping timeline

The legislative fusillade marks the renewal of a political tussle that began in earnest last April, when Attorney General Alberto Gonzales called on Congress to target Internet providers with new regulations, which have been generally opposed by telecommunications companies and civil liberties organizations. CNET News.com was the first to report that the Bush administration has been pushing for such a rule privately since mid-2005.

Until this week, however, no formal bill had been introduced in the U.S. Congress.

Supporters of the proposal say it's necessary to help track criminals if police don't respond immediately to reports of illegal activity and the relevant logs are deleted by Internet providers. They cite cases of child molestation, for instance. Industry representatives respond by saying there's no evidence that Internet providers have dragged their feet when responding to subpoenas from law enforcement.

Details about data retention requirements would be left to Gonzales. At a minimum, the bill says, the regulations must require storing records "such as the name and address of the subscriber or registered user to whom an Internet Protocol address, user identification or telephone number was assigned, in order to permit compliance with court orders."

Because there is no limit on how broad the rules can be, Gonzales would be permitted to force Internet providers to keep logs of Web browsing, instant message exchanges, or e-mail conversations indefinitely. (The bill does not, however, explicitly cover search engines or Web hosting companies, which officials have talked about before as targets of regulation.)

That broad wording also would permit the records to be obtained by private litigants in noncriminal cases, such as divorces and employment disputes. That raises additional privacy concerns, civil libertarians say.

The American Civil Liberties Union is skeptical of data retention and Web labeling. "It's going to be very difficult for Web sites to know whether they fit into this," said ACLU legislative counsel Marv Johnson, referring to the labeling rules. "And then when you throw in the 'sexually explicit materials' definition, does that include safe sex Web sites?"

"Preservation" vs. "Retention"

Currently, Internet service providers typically discard any log file that's no longer required for business reasons such as network monitoring, fraud prevention, or billing disputes. Companies do, however, alter that general rule when contacted by police performing an investigation--a practice called data preservation.

A 1996 federal law called the Electronic Communication Transactional Records Act regulates data preservation. It requires Internet providers to retain any "record" in their possession for 90 days "upon the request of a governmental entity."

Because Internet addresses remain a relatively scarce commodity, ISPs tend to allocate them to customers from a pool based on if a computer is in use at the time. (Two standard techniques used are the Dynamic Host Configuration Protocol and Point-to-Point Protocol over Ethernet.)

In addition, Internet providers are required by another federal law to report child pornography sightings to the National Center for Missing and Exploited Children, which is in turn charged with forwarding that report to the appropriate police agency.

When adopting its data retention rules, the European Parliament approved U.K.-backed requirements saying that communications providers in its 25 member countries--several of which had enacted their own data retention laws already--must retain customer data for a minimum of six months and a maximum of two years.

The Europe-wide requirement applies to a wide variety of "traffic" and "location" data, including the identities of the customers' correspondents; the date, time, and duration of phone calls, voice over Internet Protocol calls, or e-mail messages; and the location of the device used for the communications. But the "content" of the communications is not supposed to be retained. The rules are expected to take effect in 2008.

Three Plead Guilty To Fraud In Katrina Debris Removal (BSH)

Biloxi Sun Herald, February 7, 2007

GULFPORT - Three people, including a Florida contractor, have pleaded guilty to conspiracy to defraud the government by falsifying records of debris clean up from Hurricane Katrina and billing the federal government $716,677 for the work.

Allan Kitto, 24, of Dundee, Fla., whose company was a subcontractor for debris cleanup in Pearl River County; Clinton K. Miller, 28, of Carriere; and Lauren Robertson, 23, of Picayune, entered the pleas Tuesday in Gulfport federal court, U.S. Attorney Dunn Lampton said.

Lampton said the three will be sentenced May 7. The maximum penalty is five years in prison and a $250,000 fine.

According to a federal indictment, Robertson allegedly signed false debris load slips misrepresenting that debris was loaded onto trucks on the roadway when Robertson was not present at the loading site.

DOJ_NMG_0129049

The false debris load slips misrepresented that certain trucks, belonging to and under the control of Kitto, were hauling loads of debris at a time when the trucks identified on the debris load slips were not in operation on the roadway or at the dump site listed, Lampton said.

The false debris load slips also misrepresented that loads of debris were delivered to a designated dump site in Pearl River County when no debris was delivered to the dump site.

Lampton said Miller allegedly collected the false load slips and submitted them to the debris monitoring company, which would submit the false load slips to the prime contractor for payment to Kitto.

The indictment also charges that Kitto, in an effort to conceal the conspiracy, would deposit the funds into a bank account opened in the name of one of his employees and then write a check to an unindicted coconspirator who would then pay Kitto and Miller.

Miller would then pay Robertson for completing and signing the false load slips, according to the indictment.

U.S. Wants US$309 Million In Katrina Hurricane Aid Returned (FINDLAW/AP)

AP, February 7, 2007

(AP) - NEW ORLEANS-In the neighborhood President George W. Bush visited right after Hurricane Katrina, the U.S. government gave US$84.5 million (â,¬65.3 million) to more than 10,000 households. But official figures show fewer than 8,000 homes existed there at the time.

Now the government wants back a lot of the money it gave out across the region.

The Federal Emergency Management Administration has determined nearly 70,000 households improperly received US$309.1 million (â,¬239 million) in grants, and officials acknowledge those numbers are likely to rise.

In the chaotic period after two deadly hurricanes, Katrina and Rita, slammed the Gulf Coast in 2005, federal officials scrambled to provide help to hard-hit areas.

But an Associated Press analysis of government data suggests the government might not have been careful enough with its aid as it gave out nearly US$5.3 billion (â,¬4 billion) to storm victims. The analysis found the government regularly gave money to more homes in some neighborhoods than the number of homes that actually existed.

The pattern was repeated in nearly 100 neighborhoods damaged by the hurricanes. At least 162,750 homes that did not exist before the storms may have received a total of more than US$1 billion (â,¬774 million) in improper or illegal payments, the AP found.

The AP analysis discovered the government made more home grants than the number of homes in one of every five neighborhoods in the wake of Katrina. After Rita roared ashore, there were more home grants than homes in one of every 10 neighborhoods.

In one neighborhood, at least one person gave an address as a cemetery.

In St. Bernard Parish, close to where Katrina made landfall south of New Orleans, Martina Wiggins said she was denied aid because someone had already applied using her address.

"They gave away the money too fast," Wiggins said bitterly. "A lot of people got money who didn't deserve it."

"We don't dispute that more households received expedited assistance in certain zip codes than are listed in the 2000 Census," said David Garratt, FEMA's deputy director for recovery. But he called this "not only justifiable, it's defensible."

Officials say a large number of those payments - they cannot say precisely how many - were made legitimately to homes where family members were separated after the storm, such as emergency workers who stayed behind as spouses and children fled. In such cases, a single family could qualify for more than one aid package. Garratt said officials were in a no-win position.

"We were faced with a situation where we had individuals who needed assistance, and needed it now," he said. "If we'd followed the standard procedures, it would have taken weeks."

The Justice Department so far has prosecuted more than 400 people for storm-related fraud, and US$18 million(â,¬14 million) has been returned to FEMA or the American Red Cross, according to a recent report by the department's Katrina Fraud Task Force.

In some cases, FEMA is still trying to collect refunds from individuals who improperly received more than one grant or who were ineligible for assistance. But for people like Keshian Mitchell, a 17-year-old Katrina refugee living in a dismal apartment complex in west Houston, it is small comfort.

"They ain't no help now," said Mitchell, who didn't find her parents until six months after Katrina laid waste to New Orleans. "Nobody's getting any more help - they already spent all the money."

Crystal Dixon, who lives near Mitchell, agreed. Dixon, 25, said she saw people defraud taxpayers while she fought for basic assistance to help feed and clothe her five children, ages 1 to 10.

She met one woman who had moved to Houston two years before the storm but kept her Louisiana driver's license. The woman, who had no children, got cash assistance before Dixon was helped, Dixon said.

"I try to understand how confused things got," said Dixon. Her children played outside and chattered excitedly about nearly falling off a roof into flood-swollen streets, being rescued by a Coast Guard helicopter and scrounging for food and water at the overcrowded Superdome. "But I thought everyone should have been treated equally."

Cedric Miller, a 34-year-old busboy at a New Orleans restaurant, said FEMA officials seemed to be reacting as best they could to the devastation. But Miller also said: "There was a lot of fraud going on. ... There was a whole lot of that going on. It was a big ol' way-drawn-out mess."

Frank Bass reported this story from Washington, Houston and New Orleans. Michelle Roberts reported from New Orleans.

On the Net:

Federal Emergency Management Agency: http://www.fema.gov

Former Manager Gets 1 1/2 Years For Theft (MIDP)

By Jeff Mill, Press Staff

Middletown (CT) Press, February 7, 2007

HARTFORD - A longtime bank official who embezzled more than a half-million dollars from Liberty Bank was sentenced Tuesday to 18 months in federal prison.

Mary Kuskey, 51, who now lives in Portland but who formerly lived in Middletown, pleaded guilty in May 2006 to a single count of bank embezzlement.

Kuskey had worked for Liberty Bank in a variety of positions from 1974 until 2005, when she was fired after the bank uncovered a complex scheme to divert bank funds for her personal use.

During her 31-year career with Liberty Bank, U.S. Attorney Kevin J. O'Connor said, Kuskey steadily rose up through the hierarchy of the bank, from teller to assistant manager, manager and finally regional manager.

In 1995, she was promoted yet again, to the post of branch manager at Liberty's Durham branch.

Two years later, O'Connor said, Kuskey began her fall from grace.

From 1997-2001, Kuskey "created several fraudulent loans in the names of bank customers who had large deposit account balances," O'Connor said. But, she "kept the loan proceeds for her own use, he added.

She concealed the scheme by repaying the loans within 90 days, O'Connor said. That prevented the bank from sending the customers a loan statement, which might have revealed the flimflam.

To cover the existing loans, Kuskey created new loans in increasing amounts, the U.S. Attorney said. Eventually, Kuskey was able to generate more than $261,000 that she diverted for her own use.

But after four years of switching the loans, Kuskey abandoned that scheme and began a new and more ambitious scheme, O'Connor said.

She began making unauthorized withdrawals from the jumbo certificate of deposit account of a bank customer.

At first, she withdrew $261,244 to pay off the outstanding loans from her previous scheme. Then, O'Connor said, she went back to the same account and continued to make withdrawals that she diverted for her own use.

From January 2001 to May 2005, Kuskey "made unauthorized withdrawals totaling $497,792.26," O'Connor said.

But that required still another dizzying effort to conceal what she was doing, O'Connor said.

"The customer's CD accounts typically matured every 30 days," he explained, "and to induce the customer to roll over the CD into a new CD, Kuskey gave the customer a much higher interest rate than what the bank was offering."

"To conceal the scheme, Kuskey gave the customer false certificates and related documentation," which Kuskey fabricated.

Those false documents "reflected the inflated balance that the customer believed was in the account, based on the false interest rates," O'Connor said.

In addition to her guilty plea, Kuskey is also required to repay the bank for what she stole.

To date, O'Connor said, she has made restitution of $190,148. However, she still owes Liberty another $410,799 "in order to fulfill her restitution requirement," O'Connor said.

Once she completes her sentence, Kuskey will then still have to serve three years of supervised release under the sentence imposed Tuesday by District court Judge Christopher F. Droney.

O'Connor commended Liberty Bank for uncovering the fraud and for what he called the bank's "valuable assistance" with the subsequent FBI investigation.

To contact Jeff Mill, call him at (860) 347-3331, Ext. 221, or e-mail him at jmill@middletownpress.com.

Trio Convicted In Bank Robbery Scheme (FWST)

By Bryon Okada

The Fort Worth Star-Telegram, February 7, 2007

FORT WORTH — James Edward Geske, Kevin Michael Smith and Alicia Nichole Frazier face up to life in federal prison without parole after a Fort Worth jury found them guilty of plotting to orchestrate three simultaneous bank robberies in downtown Hamilton, including using military explosives to blow up 15 police cars.

Geske, 27, was the ringleader of the plot that was planned in great detail during October and November. Smith, 37, and Frazier, 25, played lesser roles, but all are equally guilty of participating in the conspiracy to commit the crimes, the jury found.

All three were arrested on Nov. 8, the same day the bank plan was being finalized. On that day, Geske traded a stash of fake methamphetamine for guns with an undercover federal agent. The plan as a whole was largely brought down by two undercover law enforcement officers.

"The Arlington Police Department and ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives) and this jury took three dangerous criminals off the streets, as well as a cache of weapons," federal prosecutor Bret Helmer said. "The end result could have been catastrophic for a lot of people in Hamilton, Texas."

Defense attorneys attempted to portray their clients as small-time street characters who talked big but meant little.

The jury disagreed, taking two hours to bring back guilty verdicts on all four counts against the three defendants.

Geske, Smith and Frazier are scheduled to be sentenced at 9 a.m. May 25 in U.S. District Judge John McBryde's court.

Government Wants Former Coke Secretary Jailed (AP)

By HARRY R. WEBER

AP, February 7, 2007

ATLANTA - The government said in court papers Tuesday it believes a former Coca-Cola secretary convicted of conspiring to steal trade secrets from the beverage giant should be jailed immediately because she poses a flight risk.

In a motion filed in U.S. District Court in Atlanta, Assistant U.S. Attorney Byung J. Pak said clothing, prescription medication, papers and other personal items were found in Joya Williams' Mustang during a search after a fire destroyed her apartment Friday.

The fire, which has been ruled accidental by local officials in Norcross, occurred nearly 90 minutes after the guilty verdict was reached in federal court in Atlanta.

"With no place to live, with no money, with a significant amount of debt, and with the prospect of a lengthy prison sentence, the defendant poses a serious risk of flight," Pak argued in the motion.

Pak also indicated that while local fire investigators deemed Friday's fire was caused accidentally by an unattended candle igniting some curtains in a bedroom of Williams' apartment, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives continues to investigate the incident.

"Residents from the Hunters Point apartment complex reported that they heard what sounded like an argument from Williams' apartment and items may have been thrown through her apartment windows," Pak wrote.

Pak also said that Williams made inconsistent statements to investigators regarding her location and actions during the fire.

He added, "Regardless of whether the fire was intentionally or accidentally set, the fact remains that the defendant no longer has a residence at which the pretrial release supervision can be maintained."

The government motion is seeking to force Williams to prove why she should not be remanded to the custody of federal marshals, and if she fails to do that, asks the court to order her jailed immediately.

Williams, who was out on bond during her trial, currently remains free pending sentencing.

Williams, 41, faces up to 10 years in prison for conspiring to steal trade secrets from Atlanta-based Coca-Cola in an effort to sell them to rival PepsiCo Inc. No sentencing date has been set.

Water Deal Exposes Secret Iraq Contracts (AP)

By Katherine Shrader And Allison Hoffman

AP, February 7, 2007

WASHINGTON, (AP) -- CIA officers operating in northern Iraq bought drinking water from a bottling plant there for years prior to the 2003 invasion that ousted Saddam Hussein.

That changed soon afterward. A CIA officer handling logistics for the Middle East and other regions recommended that an American company provide water and other supplies, according to former government officials.

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The U.S. contractor that benefited from the multimillion-dollar deal wasn't just anyone. The company had personal ties to the officer, Kyle "Dusty" Foggo, who would soon leave his logistics post in Frankfurt, Germany, and move to Washington to become the CIA's third-ranking official.

In at least one written communication, a Baghdad CIA officer complained about the no-bid contract. According to one official, the officer believed the deal was simply unnecessary because safe water was available commercially but he was ignored.

The water contract, while small on the scale of the billions that flowed into Iraq, raises questions about why U.S. taxpayer dollars went to well-connected businessmen rather than Iraqis who could have benefited from a share of postwar reconstruction business. And the case provides a window into the murky world of covert government business arrangements.

Foggo retired from the CIA last year. He is now at the center of a federal investigation, nearing completion, into whether he improperly steered contracts to companies controlled by his best friend, San Diego defense contractor Brent Wilkes.

Federal prosecutors in San Diego are preparing to seek indictments against Foggo and Wilkes on charges of honest services fraud and conspiracy, two government officials familiar with the investigation told The Associated Press last week.

Those officials and others spoke on condition that they not be identified because the charges have not been finalized and because CIA contracting is classified. Justice Department and law enforcement officials in San Diego and Washington declined to comment.

Honest services fraud is a charge combining mail and wire fraud often used in public corruption cases involving officials who have engaged in a pattern of improper activities, such as accepting gifts, trips or promises of future employment from private individuals.

The probe of Foggo and Wilkes stems from a broader federal investigation involving at least five federal agencies into how associates of former Rep. Randy "Duke" Cunningham directed government business to a favored network of national security contractors. Cunningham, a San Diego Republican elected to eight terms in Congress, is currently serving more than eight years in jail for taking at least $2.4 million in bribes. Another defense contractor has pleaded guilty to paying some of them.

In June 2002, Wilkes created a government contractor called Archer Defense Technologies, which was registered to the address of his flagship, Wilkes Corp., in Poway, Calif. The company also used the name Liberty Defense Technologies. At the beginning of 2004, his nephew and apprentice, Joel Combs, formed a new company called Archer Logistics, run out of a small Virginia office.

Despite the short history of Wilkes' company, Foggo recommended that the CIA buy water from it, current and former officials said. He was a supervising officer at the CIA supply hub in Germany, and the purchasing officer there went along.

Foggo didn't tell the purchasing officer about his personal ties to Combs or Wilkes, a government official says. With CIA officers literally under fire and other large issues to deal with, the CIA station didn't put up a fight, former officials say.

The issue in the investigation isn't the price but that the contract was awarded without competitive bidding and that Foggo had an obligation to disclose his personal connections, according to these officials.

Foggo's former attorney publicly acknowledged before he died last summer that the investigation includes Archer, but he said his client had no idea that the company was associated with Wilkes. Foggo's current attorney, Mark MacDougall, declined to comment, as did Wilkes' attorney, Mark Geragos.

CIA spokesman Mark Mansfield declined to comment citing the investigation, which includes the spy agency's inspector general. "As a rule, we don't comment publicly about which firms may or may not have a contractual relationship with the agency," he said.

From the beginning of the Iraq invasion, the CIA was forced almost constantly to revise its game plan. Early predictions were that the CIA station set up in Baghdad would move to a peacekeeping mission by fall of 2003 and need less than 100 officers, with the Army handling most key functions.

Instead, the CIA had a station of more than 500 that fall, the former officials said. Sorting out where the water came from had never been a top priority, they recalled.

A veteran officer who served in Central America, Foggo rose through the ranks to become a leading logistics officer for the CIA based in Frankfurt, one of a few CIA bases of its kind in the world. In that position, he handled shipments of supplies on C-130 cargo planes to nearly a third of the CIA's overseas operations — outfits in Central Europe, Africa, the Balkans and the Middle East that required everything from food and water to phones and computers.

Foggo, 52, was described as a guy who could get things done. When the U.S.-led coalition invaded Iraq in 2003, Foggo was in charge of ensuring CIA personnel in the war zone had what they needed, including bottled water.

The officials say the CIA turned to Foggo's friends, including Wilkes and his nephew, Combs. Wilkes, also 52, was Foggo's best friend from high school, and the two football teammates named their sons after each other. Combs used an address at an

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office park called Thunderbolt Place in Chantilly, Va., which was also used by other Wilkes' companies. The space in a two-story brick office park has now been vacated.

The review of the logistics operations in Iraq did not begin until after Foggo had been tapped by then-CIA Director Porter Goss to be the agency's No. 3 — the executive director — who would run the agency's day-to-day operations.

Such a significant promotion for a logistics officer came as a surprise to many in the agency.

Observers said Foggo embraced the role. He started sending out memos to agency personnel, signed "Yours in Service." He had a nickname for everyone, and he could be seen glad-handing his way through lunch at the CIA's seventh-floor executive dining room.

He and Wilkes also dined at a Washington steakhouse at the foot of Capitol Hill frequented by lobbyists, which caught the attention of a House Intelligence Committee investigator looking into ties between defense contractors and Cunningham. Foggo and Wilkes kept a private wine locker at the restaurant stocked with Cunningham's favorite, a pricey California cabernet.

The meteoric rise ended with a crash.

Foggo retired from the agency in May under investigation by five agencies: the FBI, the IRS, the Defense Criminal Investigative Service, the CIA's inspector general and the U.S. attorney's office in San Diego. A local news helicopter circled his house in the Northern Virginia suburbs as agents sifted through his belongings.

Wilkes' business and personal fortunes have also suffered. In the past two months, his wife has filed for divorce, and he has defaulted on a $7.5 million personal mortgage loan. His company, the Wilkes Corp., defaulted on $12.1 million owed on another note.

Associated Press writer Allison Hoffman reported from San Diego.

Wider Death Penalty Sought (USAT)

By Emily Bazar

USA Today, February 7, 2007

At least a half-dozen states are considering broadening the death penalty, countering a national trend toward scaling back its use.

Lawmakers have proposed legislation that would increase the range of crimes eligible for execution. In Texas and Tennessee, for example, legislators want to include certain child molesters who did not murder their victims.

"The hope is that these monsters will see that Texas is serious about protecting children," says Rich Parsons, spokesman for Lt. Gov. David Dewhurst. Dewhurst, a Republican, is working with state senators to draft legislation that would make repeat offenders subject to capital punishment in some cases. "If they understand they could face the ultimate punishment," they might "think twice," Parsons says.

Virginia is considering bills that would make accomplices to murder, as well as killers of judges and court witnesses, eligible for the death penalty.

"I'm a believer in the deterrent effect of the death penalty," says Republican Delegate Todd Gilbert, a state prosecutor who sponsored two of the measures. "I know a number of states are reconsidering their position on the death penalty. … I feel confident Virginia's system is set up to work."

Lawmakers or courts have temporarily halted all executions in 11 states in the past year, most of them over concerns that lethal injection is cruel and unusual punishment, says Richard Dieter of the Death Penalty Information Center, which he says takes no position on the death penalty but has been critical of how it is applied.

In December, a convicted killer in Florida took 34 minutes to die and had chemical burns on his arms after a lethal injection procedure. After the execution, then-governor Jeb Bush created a commission to study possible improvements and halted executions until the commission releases its report.

Other states with proposals to expand the death penalty:

·Missouri. Gov. Matt Blunt said in his State of the State address last month that he wants a mandatory death penalty for the murder of law enforcement officers. Blunt, a Republican, says the state must protect its public servants and the death penalty would be a deterrent. "This is the type of crime that calls for the death penalty," he says.

Robert Blecker, a law professor at New York Law School who specializes in the death penalty, says the Supreme Court has found mandatory death sentences unconstitutional because they don't allow defendants to present mitigating evidence. Blunt says his measure will take that into account.

·Georgia. GOP state Rep. Barry Fleming has introduced a bill to allow a judge to impose the death sentence if at least nine of 12 jurors — not all 12, as now — voted for it.

·Utah. The House passed a bill Tuesday making murder of a child under 14 subject to execution.

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State Rep. Paul Ray, a Republican, introduced a bill to allow the death penalty for killing a child during abuse, sexual assault or kidnapping, even if prosecutors cannot prove intent to kill. He expects the House to vote later this week.

"We're going to send a message that if you kill our kids in Utah, we're going to kill you," he says. "In Utah, I don't think we use the death penalty enough."

6 City Police Officers Suspended (BSUN)

By Gus G. Sentementes

The Baltimore Sun, February 7, 2007

Six Baltimore police officers were suspended Tuesday as part of an internal affairs investigation into possible "irregularities" with their overtime pay, a department spokesman said.

The officers -- two sergeants and four detectives -- worked in criminal investigations in the department's Eastern District when they filed for overtime that is now being reviewed by internal affairs investigators, police said. One of the sergeants was recently transferred to the Northeastern District, police said.

Matt Jablow, a Police Department spokesman, declined to release the names of the officers or say how much overtime was in question.

He said that questions about their overtime -- which consisted of money paid out for court and investigative time -- arose as part of an internal audit last summer.

Their law enforcement powers have been suspended, but the officers will continue to work in administrative positions, Jablow said.

According to a document obtained by The Sun, the suspended officers are Sgt. Darryl Massey, Sgt. Raynard H. Jones, and detectives Sandra D. Forsythe, Dave P. Peckoo, Kerry D. Snead and Kevin R. Turner.

The suspensions come amid a push by the department this year to curtail overtime spending.

As of Dec. 31, the Police Department had spent $21 million on overtime -- more than twice the $8.7 million budgeted for fiscal year 2007, which ends June 30. The department regularly exceeds its allotted overtime, but some say it is because city leaders budget an unrealistically low figure each year.

Mayor Sheila Dixon recently pledged to reduce Police Department spending on overtime. In recent weeks, each of the city's nine police districts have been told to rein in overtime spending.

Department leaders have set a target of $30,000 in total officer overtime per two-week pay-period.

"I believe an allegation was made against these officers, and everybody should consider them innocent until proven guilty," said Paul M. Blair Jr., president of the city police union. "People shouldn't jump to conclusions just because allegations are made. It comes with the job. It comes with the job every day."

Blair said he was concerned about the impact that the reduction in overtime might have on public safety, since the department remains short about 165 officers.

CIVIL LAW:

Relatives Sue FBI, Say Club Sting Was Bungled (BERGREC)

By Douglass Crouse, STAFF WRITER

Bergen Record, February 7, 2007

Relatives of three of the four people gunned down in a Paterson after-hours club sued the federal government Monday, claiming the deaths resulted from a bungled FBI sting operation.

Three men and a woman were massacred inside the illegal gambling club during an early-morning robbery Dec. 14, 2005.

"The FBI violated their own policies on undercover cases: to make sure that the safety of unrelated civilians is not in jeopardy," said the families' attorney, Rosemarie Arnold. "You have a virtual casino operating in a known dangerous neighborhood without any security. That to me is an invitation to robbery."

Four co-defendants are now behind bars, with the Passaic County Prosecutor's Office preparing a death penalty case against the alleged gunman.

FBI officials have declined comment and did not return a call Monday.

Based on police files, the lawsuit says the FBI set up the sting four months before the shootings to investigate drugs and arms trafficking by the Latin Kings gang. It claims the agency paid a former convict $3,500 a month to run the business -- known as Kings Court -- atop a warehouse on Railroad Avenue, but failed to properly train or supervise him.

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The nine-count complaint filed in federal court in Newark names as defendants the U.S. government, three FBI agents and the four criminal defendants.

The victims' relatives say they hunger for accountability.

"I'm left wondering: Does the FBI realize what actions they set in motion when they opened this place?" said the sister of victim Tara Woods of West Paterson. "Somebody messed up and they have to be held accountable."

She asked that her name not be published for safety concerns.

Law enforcement sources say the club manager was a federal informant, and he had opened the club on the night of the shootings without notifying the FBI.

But the sister of Woods, a 29-year-old mother of two, isn't satisfied by that account.

"We want to know exactly what happened and why," she said. "This has devastated us. And that's one family. Multiply that effect by four."

Carmen Suarez of Paterson, who lived for 20 years with victim Ralph Hernandez, 53, said, "I want the people responsible for his death to pay."

Relatives of Jesus Antonio Gonzales, 31, also of Paterson, also are plaintiffs but could not be reached. The fourth victim was Johnny Melendez, 39, of Newark.

Investigators say the conspirators had envisioned an in-and-out robbery that would never get reported to police. Instead, they say, gunman David Baylor of Passaic snapped and shot the cowering victims point-blank.

"However solidified the [robbery] plan had been, at that point it went out the window," said John Latoracca, chief assistant prosecutor for Passaic County. "Baylor had effectively elevated the stakes a thousand times."

After the shootings, rumors spread quickly about FBI involvement in the illegal club.

Latoracca confirmed the club was the "subject of an undercover operation by the FBI." He was not aware of any armed guards, but said patrons were "wanded."

Baylor's death-penalty trial is tentatively set for September.

Baylor's attorney, Harley Breite, has attacked some of the state's witnesses as "people with lengthy criminal records."

"Is that the type of credible testimony we can rely upon to send somebody to death?" he said.

Baylor's co-defendants are Reginald "Khaddafi" Barris of Clifton; Beatriz Hernandez, 24, address unavailable, and Hamid Shabazz, 30, of Passaic.

All four have been indicted on felony murder, robbery and weapons charges.

Baylor, 27, and Barris, 25, are in the county jail in lieu of $5 million bail each. Shabazz is in prison for an unrelated robbery, and Hernandez is in undisclosed custody.

FBI Sued By Relatives Of Victims In Club Shooting (MH)

The Miami Herald, February 7, 2007

NEWARK, N.J. - A mishandled FBI sting at a Paterson after-hours club led to a massacre in which four people died, according to a lawsuit filed by some of their families.

The FBI failed to properly train or supervise the former inmate it paid $3,500 a month to operate the illegal casino, according to the lawsuit filed Monday in U.S. District Court.

"Kings Court" was opened in a warehouse to investigate weapons and drug trafficking by the Latin Kings gang four months before the fatal shootings, the lawsuit said.

"The FBI violated their own policies on undercover cases: to make sure that the safety of unrelated civilians is not in jeopardy," a lawyer for the families of three victims, Rosemarie Arnold, told The Record of Bergen County in Tuesday's editions. "You have a virtual casino operating in a known dangerous neighborhood without any security. That to me is an invitation to robbery."

Three men and a woman were shot to death inside the club during an early morning robbery on Dec. 14, 2005. The manager escaped the carnage, called 911, and said he worked for the FBI, according to a transcript of his call obtained by The Record of Bergen County and its sister paper, the Herald News of West Paterson.

An FBI spokesman, Special Agent Steven Siegel, on Tuesday declined to comment on the lawsuit or on whether the manager was working for the agency.

Four people were arrested and indicted on murder charges. Prosecutors said they will seek the death penalty for the accused gunman, David Baylor, 27, of Passaic.

Radio Star's Fatal Air Crash Blamed On Radar Lack (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, February 7, 2007

An air-traffic controller admitted Tuesday that he had no idea of a Cessna's location when he instructed its pilot to turn, a maneuver that less than two minutes later resulted in a midair collision that killed radio star Bob Collins and two others.

Testifying at a federal trial stemming from lawsuits filed by the families of the three victims, air-traffic controller Gregory Fowler said the crash of the two small aircraft would have been prevented if the Waukegan Regional Airport had been equipped with radar at the time.

A radar system was installed at the airfield five months after the February 2000 collision that killed Collins, a passenger in his Moravan Z242L plane and the student pilot at the controls of the Cessna 172P, Fowler said.

Fowler's testimony highlighted the first full day of testimony in the bench trial before U.S. District Judge John Darrah. Lawyers for the victims have sued the U.S. government, contending the Federal Aviation Administration was responsible for the crash, even though the Waukegan airport is operated by a private company. Other defendants reached settlements before the trial, which is expected to last about two weeks.

Relatives of two victims also testified, including Ed Hock, who struggled to keep his composure as he spoke about his daughter, Sharon, the student pilot, who he said had a vibrant personality. Evan Luscher, 19, whose father, Herman, died in Collins' plane, said he thinks of his dad every day.

Attorneys for Collins played audiotapes of the transmissions between Fowler and the pilots in the minutes before the fatal crash.

Collins, 57, at the time Chicago's top-ranked morning-radio personality on WGN, could be heard calmly identifying his airplane before he announced: "Just had a mid-air."

WGN is owned by Tribune Co., which also owns the Chicago Tribune.

Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, and Hock's plane plummeted to a Zion street.

The planes were approaching the Waukegan tower in order to land, but a hazy sky made it difficult for the pilots to see one another and for Fowler to observe the planes, he said. The airfield is near Lake Michigan in the north suburb.

Under questioning by Kevin Durkin, a lawyer for Collins' widow, Christine, Fowler acknowledged it was important that Hock had Collins' plane in sight before she was instructed to turn her plane on the approach to the airfield.

Yet Fowler admitted that he asked Hock three separate times if she saw Collins' plane and each time she responded no, the last time seconds before he told her to make the turn.

"Have you passed the shoreline?" Fowler then asked.

"Gettin' there," the transcript quoted Hock as replying.

It was then that Fowler instructed Hock to turn the plane, even though under questioning he acknowledged that Hock's answer hadn't been precise enough for him to so act.

Durkin asked Fowler if he had issued that instruction "without having any real idea of where [Hock] was?"

"Correct," Fowler replied.

"And you couldn't see [Collins' plane]?" Durkin asked.

No, Fowler said.

Less than two minutes later, Collins' plane rear-ended Hock's Cessna, even though Collins was supposed to be the first to land.

Fowler, who then managed the tower, said radar would have given him "the tools" to prevent the crash.

On cross-examination by Jill Dahlmann Rosa, a Justice Department lawyer, Fowler agreed that the collision could have been avoided if Collins hadn't misreported his location seconds before Fowler instructed Hock to turn her plane.

The government has blamed Collins for the collision, saying he missed the mark by about 1? miles when he reported to the tower that he was "just crossing the shoreline."

"If Mr. Collins had been crossing the shoreline when he said he was, would this accident have happened?" Rosa asked.

"I don't believe it would have," Fowler replied.

But under questioning by another plaintiff's lawyer, Fowler acknowledged that if Collins had in fact been on the shoreline when he said he was, his plane "in all likelihood" would have been visible to Fowler about a minute and a half later, just before the collision.

"And you didn't see him?" asked Mark Fineberg, who represents the damaged hospital's insurer.

"No," Fowler said.

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AmeriDebt Founder Accused Of Hiding Funds Meant For Debtors (FINDLAW/AP)

By Stephen Manning, Ap Business Writer

AP, February 7, 2007

(AP) - GREENBELT, Maryland-The founder of a credit counseling firm accused of cheating thousands of debtors is hiding assets even though he agreed to contribute millions of dollars to help repay the debtors, a court-appointed receiver told a federal judge Tuesday.

The receiver, Robb Evans & Associates, wants Andris Pukke held in contempt of court, alleging the former head of now-defunct AmeriDebt is using friends and families to hide substantial assets - including an online betting venture, a California mansion, a development in Belize and bank accounts in Latvia.

Hiding the assets would violate the terms of a 2006 settlement with the Federal Trade Commission that set up a restitution fund of up to $35 million (â‚¬27 million). So far, only about $10 million (â‚¬7.7 million) of Pukke's money has been turned over to the FTC, which had sued him and AmeriDebt for allegedly charging customers $172 million (â‚¬133 million) in hidden fees.

"There has been utter lack of cooperation on Mr. Pukke's part," Gary Caris, an attorney for Rob Evans & Associates, told U.S. District Judge Peter Messitte in a hearing on the contempt request.

But in testimony Tuesday, Pukke claimed the attorney was overstating his control over money, such as the Latvian bank accounts held in his father's name. Pukke also said he no longer had a major stake in the Belize operation despite Caris' efforts to prove Pukke was still a part of the project.

AmeriDebt once was one of the largest U.S. firms meant to help debt-laden customers pay off their loans. But in its lawsuit, the FTC claimed AmeriDebt collected upfront fees that customers thought were going to pay down their debt but instead went to AmeriDebt. Pukke allegedly used that money, collected from about 300,000 people, to fund a lavish lifestyle.

The FTC and Pukke settled in January 2006 before the case was to go to trial. Pukke admitted no wrongdoing but agreed to disclose his assets for the restitution fund. The judge had already frozen Pukke's holdings a year earlier to keep him from hiding money.

Caris, however, claimed Pukke kept working on the project to build multimillion dollars homes near a Belize game preserve without telling the receiver, a project Caris estimated was worth $20 million (â‚¬15.5 million) as of July 2005.

Pukke said he invested $3 million (â‚¬2.3 million) in the deal, but that his participation was limited after he declared personal bankruptcy in 2005.

He also disputed allegations that he controlled the Latvian accounts, even though Caris detailed several payments of $100,000 (â‚¬77,190) to pay Pukke's legal fees. Pukke said he asked, not directed, his father to make the payments.

Caris questioned Pukke about $3 million Pukke's companies spent in the late 1990s to pay for advertising at an online gambling company run by a friend. It later generated millions of dollars when it was sold to a British firm. Pukke said he never had a stake in the gambling venture, saying his friend repaid him in ways that left no paper trail, including large sums of cash.

"It never crossed your mind why you were fronting millions of dollars for advertising?" asked Caris.

"That's correct," Pukke replied.

The receiver also alleges that Pukke's childhood friend, Peter Baker, helped Pukke conceal his ownership of a $6.45 million (â‚¬5 million) Laguna Beach, California, house. Baker also faces a possible contempt charge.

Pukke's lawyer said Pukke merely advised Baker on the investment, but did not take part.

The FTC hopes the receiver can find more money for the restitution fund. Of the $10 million that has been disbursed so far, much of it has gone to settle claims against Pukke by the IRS and to cover attorney fees for a related class action lawsuit.

Lucy Morris, an FTC attorney, said she expects more of Pukke's assets will be uncovered and put into the fund. She said only about $4 million (â‚¬3.1 million) currently remains for restitution, an amount too small to allow any substantial payments to former AmeriDebt customers.

"There is not enough in the fund at this point to make a redress program cost effective," she said.

Two Hospitals Allege RICO Violations By UnitedHealth (AP)

By Joshua Freed

AP, February 7, 2007

MINNEAPOLIS - Two New York hospitals said they sued insurer UnitedHealth Group Inc. on Tuesday alleging "a pattern of racketeering activity."

The lawsuit by Flushing Hospital Medical Center and Jamaica Hospital Medical Center was brought under the Racketeer Influenced and Corrupt Organizations law and filed in federal court in the Eastern District of New York, according to Idan Sims, a spokesman for the hospitals. It claims at least $50 million in punitive damages, along with millions more in actual damages. The same hospitals sued under a similar set of facts last year in state court in New York.

Both lawsuits claim UnitedHealth cost them business by repeatedly telling patients that Flushing was not in its network and that Oxford Health, which was bought by UnitedHealth, did the same thing to patients at Jamaica Hospital. The lawsuit also claims Oxford postponed signing contracts with both hospitals to avoid paying them higher negotiated fees.

The new lawsuit claims that UnitedHealth has been providing inaccurate information about who's in its network at other hospitals, too, including a 2003 case related to a health plan for New York civil service employees, and similar allegations by the Nebraska Department of Insurance.

"This behavior persists to this day. And the consequence of that is the patients pay more for the services that they purchased in their health care coverage," said David Rosen, chief executive of Flushing and Jamaica hospitals as well as their parent company, MediSys Health Network.

He said that just last month UnitedHealth denied a patient's appeal for in-network coverage for a surgical procedure at Flushing, and billed the patient for $1,100 more than she should have had to pay.

"It's $1,100 on the case I just described, and $1,000 on the next case. These are things that are inappropriately enriching the company," he said.

Rosen said the federal case would supercede the state case, which he said was headed for arbitration.

UnitedHealth spokesman Tyler Mason pointed out that both hospitals ultimately remained in the network. He said he had not seen the new lawsuit, but said the company believes arbitration is the best way to work out the dispute.

All Parties In Jet-noise Lawsuits Sent To Mediation (VAPILOT)

By Susan E. White, The Virginian-pilot

Hampton Roads Virginian-Pilot, February 7, 2007

VIRGINIA BEACH - A federal judge Tuesday ordered all parties involved in nearly 2,100 jet-noise lawsuits back to mediation.

Judge Victor J. Wolski of the U.S. Court of Federal Claims in Washington set a tentative date in September for a two-week trial for the first group of lawsuits, should negotiations fail.

Wolski also granted a motion by the Justice Department that the court not review a recently submitted report from plaintiffs' lawyers, which included details of the original settlement agreement.

Government attorneys argued that the information was improperly disclosed and could potentially sway the court if the lawsuits went to trial.

At stake is a proposed

$38 million deal that was tentatively reached in October between the federal government and 2,098 homeowners who live near Oceana Naval Air Station in Virginia Beach and Fentress Naval Auxiliary Landing Field in Chesapeake. The median payment to homeowners who agreed to the deal would have been $5,000.

The property owners sued between 2001 and 2004, claiming that the arrival of the Navy's F/A-18 Hornets in 1998 and 1999 subjected their homes to substantially louder noise and devalued their property.

Appraisers said the plaintiffs' properties did not appreciate as fast as similar properties outside jet-noise zones. Homeowners said this resulted in the government taking their property without compensation.

On Monday, plaintiffs' lawyers said they had gathered the necessary signatures of support for the initial settlement.

Then, they said, they recently learned that government attorneys were demanding a change in the deal to give plaintiffs who sold their homes after July 1999 less money than other property owners.

Plaintiffs' lawyers said the government is trying to renege on the initial agreement.

Plaintiffs' attorneys did not return phone calls Tuesday.

Cynthia Magnuson, a spokeswoman with the Justice Department, said the government was pleased with the court's order.

In a statement, Magnuson said "b y granting the government's request to appoint a mediator, the United States remains hopeful that the parties can reach agreement on the terms still in dispute and resolve this case without further litigation."

CIVIL RIGHTS:

Review Lays Out Lags In State Hospital Improvements (AP)

By Lisa Rathke, Associated Press Writer

AP, February 7, 2007

MONTPELIER, Vt. -- The state hospital is behind in improving patient treatment, assessment, discharge and planning but has made progress in other areas, as part of a settlement with the U.S. Department of Justice, according to a six-month review.

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The report by two out-of-state psychiatrists outlines numerous areas where the psychiatric hospital was not in compliance with the terms of the four-year settlement.

"This is the first time that we're going through this and we'll be going through this again and every time we should in be greater compliance," said Michael Hartman, the new deputy commissioner for mental health. "Obviously if there weren't problems then we wouldn't be in this place in the first place."

The 70-page report released Tuesday noted progress in the hospital's reduced use of restraint and seclusion of patients, improvements to the building, creation of a full-time psychiatric team, hiring a staff neurologist, working with the University of Vermont medical school and certain areas of training, Hartman said.

But the report said the hospital needs a more organized system to better integrate documentation, treatment, assessment, use of medicine and therapy.

"We can hit timelines but a lot of time the content of that paperwork is not up to the criteria that they would like us to meet," said Hartman.

The documentation may not go deep enough, be updated or connect the different levels of treatment.

"In some areas we have significant gaps," he said.

The Justice Department investigated the hospital in September 2004 after the facility lost its federal certification and millions of dollars in funding following two patient suicides.

The DOJ found the hospital used excessive seclusion and restraints and provided inadequate psychiatric and psychological services.

Rep. Anne Donahue, R-Northfield, who has long pushed for a changes at the state hospital, said the report recognizes the need for a shift in culture at the hospital and points out that medication is not being monitored for adverse affects and effectiveness.

"It's a sickening recognition that what I've been saying for the past year is taking place," she said. "I'd much rather be dead wrong."

The state has different deadlines to meet each of the settlement goals.

Human Services Secretary Cynthia LaWare said the systemic nature of some of the improvements will take a significant amount of time to complete. Certain improvements would be hastened by replacing the hospital.

"It's critically important that we move forward with the next phase of more in depth planning for a replacement hospital," she said.

New Task Force Formed To Fight Human Trafficking (KLAS)

KLAS-TV, February 7, 2007

"She told me dogs have more rights than you," said Esperanza.

"She sold me to him for $200," said Maria.

Terry Miller is the Southern Nevada director for the newly launched Anti-Trafficking League Against Slavery -- ATLAS for short.

Local agencies announced Tuesday morning a massive task force has been formed, aimed at combating the problem of human trafficking.

Dozens of agencies, including Metro, Henderson police, Nevada child seekers, Salvation Army, the AGS office, TSA, and the FBI are working together to identify people who are bring forced to work in the sex industry or as laborers.

The federal government says Southern Nevada is one of 17 comunities at high risk for human trafficking.

U.S. Attorney Daniel Bogden said, "Trafficked victims are often difficult to identify and therefore we must work together in our communities and neighborhoods to identify and assist those among us who may be victims of these horrible crimes."

The Department of Justice granted Southern Nevada $370,000 to launch a task force to fight the problem.

Human trafficking is what many call a modern day form of slavery. It hits so close to home it could be a brothel next door or the landscapers who maintain your yard. They are children, women, and men -- coerced or kidnapped.

"She sold me to him for $200," said Maria.

Some were taken to other communities or other countries while some, like Esperanza, are forced to work in sweat shops.

"She told me dogs have more rights than you," said Esperanza.

Others, like Maria, are exploited in the sex industry.

"He told me that he had bought me. That I was his slave. He paid $200 for me, and I was there to do whatever he want," said Maria.

Like many other trafficking victims, the psychological chains can be more powerful than any walls or locks.

"He threatened me. He hit me and tells me that he's going to go and kill my family, which was killing me little by little," said Maria.

Maria is a survivor of human trafficking. She is also an advocate for the Coalition to Abolish Slavery and Trafficking or CAST for short. Based in California, CAST uses a video to alert people to the problem of human trafficking. Kay Buck is the executive director.

"Trafficking is such an underground crime that often times traffickers go undetected by law enforcement and what we have learned as a nation is that we need to employ very innovative strategic ways to find more victims," said Buck.

Before now, local law enforcement did not have a division targeting human traffickers. CAST is one agency that uses educational tools like a video, to help train officers in identifying traffickers and their victims.

Terry Miller is the Southern Nevada director for the newly launched Anti-Trafficking League Against Slavery -- ATLAS for short.

"Victims need to be rescued," said Miller.

Her job is to work with dozens of local agencies to prosecute traffickers and help the victims become survivors.

"They're a very unique victim. They often times need legal representation from the immigration clinics. They need medical attention, they need dental attention they need social services, and therapeutic services, housing, food clothing," said Miller.

Around the world, more than 800,000 people are victims of human trafficking. As many as 18,000 are in the United States. Some are right in our backyard.

Buck said, "You have to remember that in most cases, survivors of trafficking have nothing more than the clothes on their back. So it's important that we have safe, safe shelter to help them heal from the trauma and also help them become better witnesses for the case."

Now that CAST has helped train Southern Nevada's first responders, the Anti-Trafficking League Against Slavery will work to educate the public. Then everyone can work to help people like Maria and Esperanza.

Victim advocates say it is important to understand children involved in prostitution are considered human trafficking victims, not simply child prostitutes.

They say anyone under the age of 18 being pimped or exploited in the sex industry is a trafficking victim, even if they are working in their own neighborhood.

Fellow Inmates Beat An Imprisoned Border Patrol Agent (MCT)

By Dave Montgomery

McClatchy Newspapers, February 7, 2007

One of two Border Patrol agents who were sentenced to a decade in federal prison for the shooting of a Mexican drug smuggler in Texas was beaten by five fellow inmates at a medium-security prison at Yazoo City, Miss., lawmakers and members of his family said Tuesday.

Fellow inmates surrounded Ignacio Ramos on Saturday night and struck him with their fists and prison work boots, said his father-in-law, Joe Loya of El Paso, Texas. Family members learned of the attack Monday when they reached Ramos by phone to celebrate his 38th birthday, Loya said.

Rep. Walter Jones, R-N.C., one of a group of lawmakers who are seeking presidential pardons for Ramos and fellow agent Jose Compean, said prison officials had confirmed the assault and were investigating, according to Jones' office.

Public affairs officers at the U.S. Bureau of Prisons didn't comment on the case immediately. Prison officials told Jones' office that a doctor had examined Ramos, who had bruises and abrasions.

Reports of the incident circulated on the Internet and accelerated grass-roots efforts that already were under way on behalf of the two agents. Ramos and Compean's supporters contend that overzealous prosecutors victimized them, but federal authorities say the two abused their authority and were properly sentenced.

An El Paso jury found them guilty in a Feb. 17, 2005, shooting incident involving Osvaldo Aldrete-Davila, who was trying to flee back into Mexico after abandoning a van near Fabens, Texas, that contained 743 pounds of marijuana. The agents fired a total of 15 shots at Aldrete-Davila, who was struck once in the buttocks and escaped into Mexico.

An investigation found that the agents had attempted to dispose of empty shell casings and had filed a false report. They told authorities that they'd thought Aldrete-Davila was armed.

Loya, in a telephone interview, said Ramos had told his family that a group of inmates surrounded his bedside in the dormitory-like facility where they were being held and kicked him in the head, face and mouth. The attack occurred after inmates watched an episode of "America's Most Wanted" that featured the shooting case, Loya said.

Ramos identified only one of his assailants but thought that the group included illegal immigrants who were serving criminal sentences for drug trafficking and other offenses, Loya said.

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"They were able to identify him," Loya said. "A bunch of them just ganged up on him while he was sleeping."

After the attack, Loya said, a fellow inmate took Ramos to security guards. He was placed in isolation, away from the other prisoners, Loya said.

Former Border Agent Assaulted In Prison (WT)

By Jerry Seper

The Washington Times, February 7, 2007

A former U.S. Border Patrol agent sentenced with his partner to prison for shooting a drug smuggling suspect suffered "minor" injuries when he was assaulted Saturday night by fellow inmates at a federal prison in Mississippi, the White House said yesterday.

White House spokesman Tony Snow, reading a statement from a Bureau of Prisons official at the Federal Correctional Complex in Yazoo City, Miss., said a "thorough investigation" has been ordered into the incident.

Agents Ignacio Ramos, 37, and Jose Alonso Compean, 28, surrendered to federal authorities Jan. 17 to begin 11- and 12-year prison sentences, respectively, for shooting the suspect in the buttocks after he abandoned a van with 743 pounds of marijuana along the Mexico border in Texas.

Ramos was sent to Mississippi and Compean to the Federal Correctional Institution in Elkton, Ohio.

In the one-paragraph statement, bureau spokesman Charles Smith said that Ramos reported to prison officials at 10:15 p.m. Saturday, that he had been assaulted and that an evaluation by the facility's medical staff determined that he sustained "some bruises and abrasions."

"The injuries sustained were minor in nature," Mr. Smith said. "Inmate Ramos was subsequently placed in the special housing unit, pending a thorough investigation of the incident. He will remain in the special housing unit until the conclusion of this investigation. No further information is available at this time."

Spokeswoman Traci Billingsley said in Washington that the bureau has "a long history of safely housing sentenced law-enforcement officers in general population," adding that the assault occurred immediately after the airing of a television show that described Ramos' case.

"It is regrettable that Mr. Ramos was assaulted, and the Bureau of Prisons will take appropriate actions to determine an appropriate housing status and ensure his ongoing safety," she said. "The Bureau of Prisons is vigorously investigating the matter and will pursue all appropriate sanctions against the assailants."

Rep. Duncan Hunter, a California Republican who has been critical of the government's prosecution of the agents, said the incident "clearly demonstrates the severe risk involved with incorporating Border Patrol agents into general prison populations.

"An overwhelming number of federal inmates are non-U.S. citizens who have been apprehended by the Border Patrol," Mr. Hunter said. "The danger to agents Compean and Ramos was immediately apparent, and the attack against agent Ramos could have been prevented."

Last month, Mr. Hunter recommended that the agents be segregated. He said he had been assured that they would be removed from the general population and that close attention was being paid to their personal safety.

Mr. Hunter called on President Bush yesterday to investigate the attack and order Bureau of Prisons Director Harley Lappin's termination "should it be ascertained that the proper precautions were not taken."

Compean's wife, Patty, said her husband was offered a choice of general population or isolation, and chose isolation for his safety.

"Last week we were offered a chance for him to be placed in the general population, which we rejected immediately as a family, because of the high risk and fear for his safety," she said. "This attack only reinforces why they must be kept isolated from a prison's general population."

Former Border Patrol Agent Convicted Of Shooting Drug Smuggler Beaten By Fellow Prison Inmates, Authorities Say (FINDLAW/AP)

By Alicia A. Caldwell, Associated Press Writer

AP, February 7, 2007

(AP) - EL PASO, Texas-A former U.S. Border Patrol agent who was convicted of shooting a drug smuggling suspect and then lying about it has been beaten by fellow inmates in prison.

Prison officials on Tuesday confirmed assertions by a congressman and relatives of Ignacio Ramos. He was attacked Saturday night after his case was described on the TV show "America's Most Wanted," the officials said.

Ramos suffered minor cuts and bruises, U.S. Bureau of Prisons spokeswoman Traci Billingsley said in a statement.

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Ramos has been moved to the special housing unit at the medium-and low-security federal prison in Yazoo City, Mississippi, where he is serving his sentence, Billingsley said.

The convictions of Ramos and fellow former agent Jose Alonso Compean sparked outcry from critics who argued that the men were merely doing their job defending the border against criminals.

Republican U.S. Rep. Tom Tancredo of Colorado, a vocal supporter of the agents and opponent of illegal immigration, criticized the Bush administration Tuesday for failing to protect Ramos and demanded a full presidential pardon for the two men.

"Not only did the administration choose the side of a foreign dope runner over the agents who stopped him from smuggling a load of drugs into the county - now they've failed to protect that agent while his case is on appeal," he said in a statement.

The incident is being investigated, and the four inmates believed to have been involved have been separated from other inmates, Billingsley said.

Ramos and Compean, who reported to prison in January, were each sentenced to more than a decade behind bars. Compean is serving his sentence at the Elkton Federal Correctional Institution in Ohio; no problems have been reported with his detention.

The agents were convicted last year of shooting Osvaldo Aldrete Davila in 2005 near El Paso and then trying to cover up the incident. Davila was shot once in the buttocks.

Ramos' wife, Monica Ramos, told The Associated Press on Tuesday that her husband described being attacked late Saturday, when he "let his guard down." She said the attackers kicked and stomped him for several minutes.

He was able to identify one man in the group, Monica Ramos said.

Ex-Border Patrol Agent In Prison For Shooting Mexican Drug Runner Assaulted By Inmates (FOX)

By Liza Porteus

Fox News, February 7, 2007

One of two former Border Patrol agents sentenced to more than a decade in prison for shooting and wounding a suspected Mexican drug smuggler was beaten by a group of inmates last weekend, a Texas congressman confirmed Tuesday to FOXNews.com.

Ignacio Ramos, who was transferred to the Yazoo City Federal Correctional Complex in Mississippi last month to begin serving his 12-year sentence for the February 2005 shooting of Osbaldo Aldrete-Davila, was placed in a special housing unit after the incident pending an investigation, according to T.J. Bonner, president of the National Border Patrol Council.

"We received verbal confirmation from the prison folks that he was assaulted and went to the infirmary and was treated for injuries," Rep. Ted Poe, R-Texas, told FOXNews.com, adding that he has requested a written report of the incident.

Another agent, Jose Compean, is serving 11 years in another facility for the same border shooting.

Prison authorities, in a statement issued Monday, said that Ramos reported to the staff on Saturday around 10:15 p.m. ET that he was assaulted and that he sustained some 'minor' bruises and abrasions, Bonner said.

Some members of Ramos' family claim the assault happened after the airing of an "America's Most Wanted" segment featuring both Ramos and Compean. They say the attack happened after Ramos fell asleep.

"Nacho was assaulted Saturday night by about five illegal immigrants who were yelling at him in Spanish, 'Maten a la migra' — which means 'kill the Border Patrol agent,'" one family member said, according to Grassfire.org, a group that has petitioned President Bush to pardon the two agents and has been working with the agents' families.

Grassfire.org and Ramos' family dispute the prison report saying he suffered minor injuries. Grassfire.org in a press release says Ramos suffered "multiple and severe injuries." The release also said that a family member claims Ramos' attackers beat him with repeated blows and kicks and that he suffered wounds to his back, shoulder, arms and head. There also is concern from Ramos' family that he was not given medical treatment immediately after the incident and may not have received medical attention for up to 48 hours, the group said.

"Our government has betrayed these agents," said Grassfire president Steve Elliott. "And now they have put these men in mortal danger. I am frightened for the lives of these two family men. This is beyond outrage, and I am calling on grassroots Americans to express their outrage directly to the White House — demanding the president pardon agents Ramos and Compean before it's too late."

Bonner said Ramos believes that he was assaulted by four or five people and that his injuries are more than 'minor."

"I believe him more than I believe the Department of Justice and its attempt to minimize this," Bonner said. "After all, this is the same Department of Justice that's tried to cover up the facts surrounding the" case, he added.

The two agents' supporters — which include a slew of lawmakers on Capital Hill — claim the Justice Department and prosecutor Johnny Sutton did not appropriately handle the case.

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Ramos and Compean were found guilty by a jury of not only shooting Aldrete-Davila, but also of trying to cover up the incident. Supporters say it was wrong for Sutton to go after the border agents and not the drug dealer who was given immunity for testifying against them, and that the Justice Department has been less than forthcoming about certain facts surrounding the case.

The transcripts of the trial have not yet been released by the court.

In response to the reports of the prison assault, Rep. Duncan Hunter, R-Calif., wrote to President Bush requesting an investigation into the incident. The letter also requested that Bureau of Prisons Director Harley Lappin be discharged from his position if it's discovered that the proper precautions were not taken to protect Ramos.

"Placing these two agents in general population, especially when assuring Congress it would not happen, constitutes an enormous dereliction of duty by the Administration and the Bureau of Prisons," said the Feb. 6 letter to Bush. "The families of agents Compean and Ramos deserve an immediate response. Further, please ensure that segregation from general population occurs immediately."

On Jan. 17, Hunter requested that both agents be put in isolation for their own safety. He and others were concerned that if jailed with many of the illegal immigrants and drug runners they helped put away, the safety and well-being of Ramos and Compean would be threatened.

"The assault against agent Ramos clearly demonstrates the severe risk involved with incorporating Border Patrol agents into general prison populations," Hunter said in a statement Tuesday. "An overwhelming number of federal inmates are non U.S. citizens who have been apprehended by the Border Patrol. The danger to agents Compean and Ramos was immediately apparent and the attack against agent Ramos could have been prevented."

Rep. Tom Tancredo, R-Colo., said he spoke to several of Ramos' family members Monday night. The Ramos family wasn't aware of the situation until late Monday, when they called him to wish him well on his 38th birthday. Ramos told his family that he was attacked by five men who beat him severely for being a former law enforcement agent.

Tancredo said one of the assailants has been identified by Ramos and is now being charged with assault.

"The administration has for too long turned their back on law enforcement and left them to fend for themselves," Tancredo said. "These men have been the victims of what the Bush administration's border enforcement policy has always been. Mr. President, pardon these men now."

Bonner said Ramos likely asked to be put in general population because when in isolation, inmates are only allowed one phone call a month. Isolated prisoners also normally are in lockdown for 23 hours a day and only allowed out for one hour.

"Why they couldn't bend that rule given the fact they have law enforcement agent in custody … you kind of go stir crazy" in isolation, Bonner said.

"I don't blame him [Ramos], I blame the folks in charge for not being reasonable about that. One phone call a month sounds like punishment to me for someone who's been acting up. But here's a guy you're putting in isolation because you need to protect him."

Poe agreed, saying that it's Ramos' choice whether he wants to be put in isolation or general population, but wherever he is, it's the job of the federal government and the prison to ensure his safety.

"It's just another example that the federal government doesn't protect Border Patrol agents on the border and doesn't protect them in prison," Poe said.

"The prison authorities, especially the federal prison system, are experts at protecting inmates from harm from other inmates ... they've been doing this for years. Why aren't they protecting Ramos?"

Poe, who said he speaks to the wives of Compean and Ramos regularly, said Compean is in isolation. According to the Federal Bureau of Prisons, Compean is serving his sentence at the Federal Correctional Institution in Elkton, Ohio, a low-security facility housing male offenders.

Appeals Court Sends Wal-Mart Women Bias Case To Trial (FINDLAW/AP)

By David Kravets, Associated Press Writer

AP, February 7, 2007

(AP) - SAN FRANCISCO-A federal appeals court ruled Tuesday that Wal-Mart Stores Inc., the world's largest private employer, must face a class-action lawsuit alleging as many as 1.5 million female employees were discriminated against in pay and promotions.

The ruling by the 9th U.S. Circuit Court of Appeals upholds a 2004 federal judge's decision to let the United States' largest class-action employment discrimination lawsuit go to trial, possibly exposing the Bentonville, Arkansas-based retailing powerhouse to billions of dollars (euros) in damages.

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"Plaintiff's expert opinions, factual evidence, statistical evidence and anecdotal evidence present significant proof of a corporate policy of discrimination and support plaintiff's contention that female employees nationwide were subjected to a common pattern and practice of discrimination," the court wrote in a 2-1 decision.

Wal-Mart said it would ask the court to rehear the case with the same three-judge panel or with 15 judges, a move likely to idle the case for months. Tuesday's ruling came 18 months after the case was argued.

"This is one step of what is going to be a long process," Wal-Mart attorney Theodore Boutrous Jr. said. "We are very optimistic of obtaining relief from this ruling."

He said Wal-Mart's own review found no significant disparity in pay between men and women at 90 percent of its stores.

Wal-Mart, which currently employs 1.3 million workers, claimed that the conventional rules of class action suits should not apply in the case because its 3,400 stores, including Sam's Club warehouse outlets, operate like independent businesses, and that the company did not have a policy of discriminating against women.

U.S. District Judge Martin Jenkins, the San Francisco trial court judge who said the case could proceed, had ruled that anecdotal evidence warranted a class-action trial. Wal-Mart took the case to the San Francisco-based appeals court.

Jenkins said if companywide gender discrimination is proven at trial, Wal-Mart could be forced to pay billions of dollars (euros) to women who earned less than their male counterparts. Jenkins rejected as "impractical" Wal-Mart's suggestion of having individual hearings for each plaintiff and he planned to use a statistical formula to compensate the women if they won.

Wal-Mart said the judge's scenario was an unprecedented denial of its rights and sought to dismiss the case. The company said women who allege discrimination could file lawsuits against individual stores.

The women's lawyers said the idea was ridiculous, and would clog the federal judiciary.

"Although size of this class action is large, mere size does not render a case unmanageable," Judge Harry Pregerson wrote for the majority, which upheld Jenkins' decision in its entirety.

But Judge Andrew Kleinfeld wrote in a dissent that women should perhaps file individual lawsuits to safeguard Wal-Mart from paying those who do not deserve money, and would also ensure women get the compensation they deserve.

The appellate court's decision, he wrote, "threatens the rights of women injured by sex discrimination. And it threatens Wal-Mart's rights."

Brad Seligman, one of the attorneys who represented the women suing Wal-Mart, said the decision would hurt the company's reputation.

"No amount of PR by Wal-Mart is going to allow it to deal with its legacy of discrimination," Seligman said.

David Nassar, executive director of Wal-Mart Watch, a group critical of Wal-Mart policies, said the decision vindicates "victims of the company's illegal and immoral gender discrimination."

David Nassar, executive director of Wal-Mart Watch, a group critical of Wal-Mart policies, said the decision vindicates the "victims of the company's illegal and immoral gender discrimination."

Wal-Mart shares rose 6 cents to close at $48.58 on the New York Stock Exchange.

Wal-Mart Loses Bid To Block Group Bias Suit (WP)

By Amy Joyce

The Washington Post, February 7, 2007

A federal appeals court ruled yesterday that the largest sex discrimination lawsuit in U.S. history could proceed as a class action against Wal-Mart, which is accused of paying female workers less than men and giving them fewer promotions.

The ruling will allow about 2 million women who have worked for Wal-Mart since 1998 to seek compensation for discrimination as a group.

Wal-Mart said it will ask the U.S. Court of Appeals for the 9th Circuit in San Francisco to reconsider its decision. Barring that, the company will ask the U.S. Supreme Court to overturn the certification. A lower court originally said the case could proceed as a class action in June 2004, and the company first appealed the decision in August 2005.

"We think its analysis is much too deferential to plaintiffs and erred in not taking into account Wal-Mart's evidence," said Theodore J. Boutrous Jr., an attorney for Wal-Mart. He said the court's ruling does not address the merits of the plaintiffs' claims, but whether the case meets the technical requirements to move forward as a class action.

The 2-to-1 ruling took no position on the case's merits, but agreed with the lower court ruling that the case Dukes v. Wal-Mart, originally filed by six women in 2001, could proceed as a class action against the retailer.

With nearly 2 million women, the lawsuit is the nation's largest sex discrimination case filed against a business. Most large discrimination cases are settled out of court. The suit claims that Wal-Mart's female employees receive lower pay and fewer promotions than male employees. But Wal-Mart's lawyers argued that there is no pattern of discrimination.

The women who filed suit are represented by the Impact Fund, a nonprofit group in Berkeley, Calif.

"No amount of PR or spin is going to allow Wal-Mart to avoid facing its legacy of discrimination," Brad Seligman, a lawyer and executive director of the Impact Fund, said in an interview. "Now two courts have ruled this trial should go forward. I expect they will attempt to further appeal, but I have great confidence the women will get their day."

A class-action lawsuit allows a small number of plaintiffs to sue on behalf of a much larger group in a similar situation.

The judge in the original case ruled that the attorneys for the six named women presented sufficient evidence for a class-action suit, calling it "largely uncontested descriptive statistics which show that women working in Wal-Mart stores are paid less than men in every region, that pay disparities exist in most job categories, that the salary gap widens over time even for men and women hired into the same jobs at the same time, that women take longer to enter into management positions, and that the higher one looks in the organization, the lower the percentage of women."

The company has two opportunities to overturn the decision. It will first ask the three-judge panel to reconsider yesterday's ruling and a panel of more than a dozen Ninth Circuit Court of Appeals judges to rehear the panel decision. If the court does not overturn its decision, the company will petition the U.S. Supreme Court.

"And then we have a trial, which is where we think we're headed," said Joseph M. Sellers, a Washington-based civil rights and employment lawyer, who represents the plaintiffs. "What Wal-Mart has tried to do so far is derail the case procedurally. The evidence, we think, is very strong. We have a number of clients who would like to have their day in court."

The company said its stores are mostly run by managers who have autonomy over hiring, pay and promotion. Boutrous argued that decisions by thousands of managers at 3,400 stores during a six-year period were "highly individualized and cannot be tried in one fell swoop in a nationwide class action."

Richard Drogin, a statistician at California State University at East Bay hired by the plaintiffs, said that it took women an average of 4.38 years from the date of hire to be promoted to assistant manager, while it took men 2.86 years. It took 10.12 years, on average, for women to become managers compared with 8.64 years for men. He also found that female managers made an average salary of $89,280 a year, while men in the same position earned an average of $105,682 a year. The results for hourly workers show that women were paid 6.7 percent less than men in comparable positions.

Several business groups, including the U.S. Chamber of Commerce, have filed amicus briefs calling for a reversal of the class certification.

In 1996, Texaco paid a $176.1 million settlement on behalf of black employees who sued for racial discrimination. Home Depot settled a sex discrimination class-action suit in 1997 for $104 million. That same year, Publix Super Markets paid $81.5 million for discriminating against female workers. Coca-Cola paid $192.5 million in 2000 to employees who sued for racial discrimination. Morgan Stanley agreed to pay $54 million in 2004 to settle claims it underpaid and did not promote women, and a few days later, aircraft manufacturer Boeing agreed to pay up to $72.5 million to settle similar allegations.

Wal-Mart Faces Sex Bias Lawsuit (FT)

By Patti Waldmeir In Washington

Financial Times, February 7, 2007

Wal-Mart on Tuesday lost a bid to block the biggest employment lawsuit in US history after a federal appeals court ruled that at least 1.6m current and former female employees could sue the company as a group.

The ruling, by a narrowly divided panel of the ninth circuit federal appeals court in California, upheld a lower court ruling granting class-action status to a lawsuit accusing Wal-Mart of paying women less than men and promoting them less often. The plaintiffs include almost all women who worked at Wal-Mart stores from December 1998 to the present.

“Expert opinions, factual evidence, statistical evidence and anecdotal evidence present significant proof of a corporate policy of discrimination,” the panel said in its 2-1 ruling.

The US Chamber of Commerce condemned the ruling. “The suit includes a hodgepodge of claims, it’s huge, it’s unmanageable, and it’s difficult if not impossible to defend,” said Robin Conrad of the National Chamber Litigation Center, the chamber’s legal arm. “Class actions like this are almost extortionate.”

Though the women still have to prove their claims in a trial, the decision to allow the lawsuit to proceed as a class action could substantially increase pressure on Wal-Mart to settle, legal experts said. But Wal-Mart said on Tuesday it would appeal the ruling to the full appeals court and if necessary to the US Supreme Court. “This is just one step in a long process,” said Theodore Boutrous, of the law firm Gibson, Dunn & Crutcher, who will handle Wal-Mart’s appeal.

Judge Andrew Kleinfeld, who dissented from the ruling, said it violated Wal-Mart’s constitutional right to due process. “Plaintiffs’ only evidence of sex discrimination is that around two thirds of Wal-Mart employees are female, but only about one third of its managers are female,” he wrote, adding “not everybody wants to be a Wal-Mart manager.”

The Wal-Mart suit is seen as a test case of the rules for “certifying” a class action lawsuit – the quintessentially American kind of legal action designed to empower individuals by allowing them to sue in groups.

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The Wal-Mart plaintiffs argue that they should be able to sue as a group, claiming that even though individual store managers had broad discretion over pay and promotion decisions for the women concerned, the pervasive corporate culture of Wal-Mart has promoted sexism throughout the company.

Final Teen Gets Probation In Long Beach Hate Crime (LAT)

By Tami Abdollah, Times Staff Writer

The Los Angeles Times, February 7, 2007

A black teenager was sentenced to probation in the Long Beach hate attack today, the last of a group to be punished in the Halloween night incident.

Judge Gibson Lee put Allyson Stone, who is now 18, on probation, ordered 250 hours of community service and racial tolerance training.

The sentence was similar to that given the eight other teenagers convicted in the attack. Most of the youths also received a sentence of house arrest.

One of the 10 defendants was acquitted in the case.

Darrell Goss, the lawyer for Stone, said he has already filed an appeal, the first in what is expected to be continuing legal action from the attack on a street in the Bixby Knolls neighborhood of Long Beach.

Laura Schneider, 19, Loren Hyman, 21, and Michelle Smith, 19 were injured in the attack.

tami.abdollah@latimes.com

Dallas Has 3 Months To Fix Jail (DMN)

By Kevin Krause, The Dallas Morning News Kkrause@dallasnews.com

The Dallas Morning News, February 7, 2007

Understaffing may force county to pay millions to send inmates elsewhere

Dallas County officials soon may have to shut the doors to their crowded and understaffed jail and pay millions of dollars to send inmates to other counties if they can't get the inmate population under control.

The county has three months to meet the state's minimum staffing requirement of one guard per 48 inmates – something it has consistently been unable to do – or the state probably will order the crowded jail not to admit any more prisoners.

If that happens, the county would have to pay to transport and house its prisoners in other jails across the state, at an annual cost of up to $18 million.

Such a scenario would result in "mayhem," Chief Public Defender Brad Lollar said. Defense attorneys may not have time to visit clients in distant jails, and inmates would have to be bused back and forth to court hearings.

The Texas Commission on Jail Standards summoned county and sheriff's officials to its meeting last Friday for a status update on the troubled jail. The commission staff had been prepared to recommend the remedial order that day to close the jail but reconsidered after hearing about improvements in the works, said Allen Clemson, the Commissioners Court administrator.

County officials are now in emergency mode, having given themselves a 30-day deadline to reduce the jail's population of more than 7,000 by 1,000 inmates, which they said will bring them in compliance.

The state jail commission "told us we were subject to an inspection at any time and that midnight unannounced visits are not out of the question," said Commissioner John Wiley Price, who attended the jail commission meeting. "We take them very seriously."

The Dallas County Jail system – the seventh largest in the nation – has failed state inspections three years in a row, primarily because of inadequate staffing. Dallas has the highest incarceration rate among Texas' five largest counties.

The Sheriff's Department spent more than $9 million in overtime in the jails last fiscal year. But a surprise state inspection in October revealed the jail still wasn't meeting the minimum staffing requirement.

"We are both in agreement that you cannot go on like this forever," said Adan Munoz, executive director of the Commission on Jail Standards. "Remedial orders have to be put in place."

Mr. Munoz said a U.S. Justice Department report on the jail was the main reason he asked Dallas County officials to appear last week before the commission in Austin. The federal investigation concluded in December that the county is violating inmates' civil rights with dangerous and unsanitary jail conditions.

The district attorney's office, defense attorneys and criminal court judges have agreed to work together to dispose of cases quicker.

Judges will release nonviolent low-level offenders with lower bonds, personal recognizance bonds or a notice to appear in court at a later date. A similar move was taken to free up space in the Decker jail for Katrina evacuees in 2005.

For example, 125 people are in jail charged with prostitution who could be released, Mr. Clemson said.

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County criminal courts manager Mikah Mitchell said that in the misdemeanor courts, inmates will be released if they meet certain conditions such as no immigration holds and no history of bond forfeitures.

Judge John Creuzot, who presides over the county's felony courts, could not be reached for comment Tuesday. But Lena Levario, one of the new Democratic judges who was elected in November, said she will begin calling defense attorneys to ask them to show up in court and dispose of their clients' cases.

"I will ask them to come in and take care of it," said Judge Levario, of the 204th Criminal District Court. "We will not be releasing anyone who we think will be a threat to the community."

Reducing crowding

District Attorney Craig Watkins said his office began pulling the oldest state jail felony cases this week and will make more reasonable plea bargain offers so the defendants can be moved out of the county jail to begin serving their sentences in state jails.

Mr. Lollar, the public defender chief, said his office is already seeing better plea bargain offers.

Mr. Price, who heads the county's jail population committee, said some inmates can be given community service while others can wear electronic monitors while awaiting trial.

If such measures to reduce the jail population fail, Sheriff Lupe Valdez will move some of her deputies from patrol, warrants and other divisions into the jail as a last resort, Mr. Price said.

The jail-crowding problem is a result not only of the county's crime rate but also of its own policies.

The Dallas County Jail has the highest percentage of inmates awaiting trial on low-level, nonviolent charges in Texas – almost double that of Harris County, according to recent numbers sent to the state.

Most inmates are there because they cannot afford bail. Others, arrested on drug charges, are in jail awaiting drug test results before their cases can even go before a grand jury. That was a policy former District Attorney Bill Hill enacted in 2002 to prevent a repeat of the fake-drug scandal in which dozens of innocent people were arrested.

Under the policy, drugs must be sent to a lab for analysis before drug offenders' cases can move. The turnaround time was lengthy at first because of staff shortages at the county's crime lab, but it has since improved to about 20 days.

In Tarrant County, defendants are not admitted to the county jail until the drugs are tested.

Mr. Watkins said during a recent jail population committee meeting that he plans to re-evaluate that policy and possibly ask arresting agencies to hold offenders until drug testing is complete.

A decision several years ago to dismantle the pretrial release program has come back to haunt Dallas County. The program identifies low-risk inmates charged with minor crimes who are allowed to pay reduced bail to get out of jail.

The county is working to reinstate the program, which is expected to be up and running by next month.

In Dallas County, it takes longer to see a judge after an arrest. Police have up to 72 hours to file a case with the district attorney, not including weekends, Mr. Lollar said. As a result, inmates can sit in jail from five to 12 days before going before a judge, he said.

"We can't do anything with those cases," he said.

In Harris County, prosecutors work shifts around the clock and can immediately accept or reject a case from an arresting officer, Mr. Lollar said.

Stretched thin

As Dallas County's inmate population swells, the jail staff is being stretched thin.

More guards are leaving the jail to transport inmates to Parkland Memorial Hospital because of the increased trips ordered by the hospital, which is now in charge of jail health. Guards also are needed to watch the inmates at the hospital.

County commissioners recently approved 100 more jail guard positions to help transport inmates to the hospital, as well as 85 new positions for the Decker jail, but it could take months to fill them.

Mr. Price said the Sheriff's Department is having difficulty finding enough recruits who can pass the physical and psychological tests, as well as the background checks.

Mattye Mauldin-Taylor, the county's human resources director, said she needs 1,500 applications to fill 200 guard positions. Recruiting is not easy because of the nature of the job, she said.

The starting salary for a jail guard is $31,158, with a guaranteed 5 percent raise after one year, she said.

Mr. Clemson said that reducing the jail population by 1,000 inmates will not be easy but that he doesn't think it will strain the system.

State officials "expect us to take immediate action to get into compliance," he said.

More Than Words (WP)

The Washington Post, February 7, 2007

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The Democratic leadership needs to act on D.C. voting rights.

NATIONAL Democratic party leaders are on record with their unequivocal endorsement of the District's bid for full voting rights in the House of Representatives. Support is always welcome, but what's needed is action. It's time for the Democrats who control Congress to act on legislation to end the disenfranchisement of citizens living in the nation's capital.

The Democratic National Committee voted last weekend to support the measure, promising a grass-roots lobbying campaign. It's a welcome boost for a bill that has languished too long. Sponsored by Rep. Thomas M. Davis III (R-Va.) and the District's nonvoting delegate, Eleanor Holmes Norton (D), the measure would add two seats to the House -- one for the heavily Democratic District and the other for largely Republican Utah. The bill enjoyed widespread bipartisan support in the past Congress but was never scheduled for a floor vote, to what should be the everlasting embarrassment of the Republican leadership.

Democrats are in a position to push the bill for approval, but internal party squabbling has slowed its movement. Some Democrats balked at doing anything for Utah until they were convinced that the District seat wouldn't have a chance unless balanced against Utah, which probably would get an extra seat anyway after the next census reapportionment. In recent days, Rep. Henry A. Waxman (D-Calif.) has raised the concern that the bill would give Utah an extra electoral college vote in the 2008 presidential election and could hurt Democrats in a close race. The question is whether Democrats will allow that highly remote and partisan concern to stand in the way of their claimed support for fair representation for District residents.

Party insiders are confident that the disagreements will be ironed out, and they stress that, unlike the Republican leadership, House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny H. Hoyer (D-Md.) are genuinely committed to voting rights for the District. We have no reason to doubt that. But the strength of the bill crafted by Mr. Davis and Ms. Norton is that it takes into account the self-interest of both parties while weighing the needs of the people of the District and Utah. Tinkering with that formula could doom the bill, and no matter how good the intentions of lawmakers, the District deserves results.

ANTITRUST:

Deal Raises Concerns About Antitrust Issues (SLPD)

By Rachel Melcer, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 7, 2007

A pair of biotech agribusinesses wants to go head to head with Monsanto Co. in creating a better cotton seed, but they may never get there.

At issue is Monsanto's proposed $1.5 billion purchase of Delta & Pine Land Co. Swiss firm Syngenta AG and Pioneer Hi-Bred International Inc., a DuPont company, had planned to partner with Delta, combining their genetic traits with D&PL's seed.

The Monsanto deal is pending an antitrust review by the Justice Department. If it goes through, Syngenta and Pioneer will have to turn to rival Monsanto as their cotton seed partner.

All of the companies involved say the plans for partnerships are proceeding until the deal closes. They don't know what the future will hold, though Monsanto promises to work with its competitors.

But many cotton farmers say they were hoping increased competition would bring down prices and result in greater service and product choices. Now, they worry that won't materialize.

"This is a real issue. If Monsanto can't work out an agreement to develop the DuPont and Syngenta technology in Delta & Pine Land (seeds) … that's a problem," said Steve Verett, executive vice president of Plains Cotton Growers Inc., which represents farmers in 41 counties around Lubbock, Texas.

Monsanto, the world leader in developing biotech crop traits, said bringing competing technology to market is a common agribusiness practice that it is open to continuing with Syngenta and Pioneer. Monsanto's traits, for example, were planted on nearly 86 percent of U.S. cotton acres last year, yet Monsanto's Stone-ville brand of seed grew on just 12 percent of those acres, according to the U.S. Agriculture Department.

Biotech seeds contain two profitable parts: The seeds themselves and the genetic traits that are added to protect those seeds from herbicides and pests. While the agribusiness ideal is to own both parts — and that's Monsanto's primary motivation in buying D&PL — Monsanto still would make money by selling the D&PL seed it owns with another company's genetic traits.

"There definitely will be competition, if (Pioneer and Syngenta) choose to be in that market," said Monsanto spokeswoman Lori Fisher. "But that's not within our domain at Monsanto to decide — it's up to the owners of those technologies."

Verett, whose family grows about 2,500 acres of cotton, said he's inclined to believe Monsanto. And he trusts regulators, who are sure to be focusing on these partnerships in considering whether the deal is anti-competitive.

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Senate Panel Probes Gas Trades For Possible Market Manipulation (WSJ)

By JOHN J. FIALKA And ANN DAVIS

The Wall Street Journal, February 7, 2007

The Senate Energy Committee is investigating whether futures traders are manipulating markets that set natural-gas prices for consumers, farmers and industries.

Sen. Jeff Bingaman, the panel's chairman, has sent letters to two federal market regulators, asking them what they know about unusual price fluctuations that may have taken place, which could have the effect of artificially raising indexes used to establish market prices for natural gas.

The congressional investigation aims to explore how federal agencies monitor such trades, and if possible, to identify the agents and motivations behind the alleged illegal trading.

Amaranth Impact

In separate letters sent yesterday to the Commodity Futures Trading Commission and the Federal Energy Regulatory Commission, Sen. Bingaman said the panel's probe was partly triggered by a Wall Street Journal article. The Jan. 30 article said one factor behind last year's $6 billion failure of Amaranth Advisors LLC, a hedge fund, may have been rapid or unanticipated fluctuations in futures-trading prices on the New York Mercantile Exchange.

Both agencies monitor aspects of trading of natural-gas futures and related contracts.

A FERC spokesman said the agency had no comment on the Bingaman letter. Ianthe Zabel, director of external affairs for CFTC, said it was preparing to work with the committee. She said her agency "routinely monitors large positions and trading in the Nymex natural-gas futures markets and vigorously investigates instances of possible wrongdoing."

The energy committee is interested in trading flurries in the final minutes before the contract for September gas delivery expired in August, which sent prices sharply up. It asked the regulators how they follow such trades and what they know about "suspected anomalies" in the natural-gas market in 2006 that could have affected indexes used to set gas-supply contracts.

'Just and Reasonable' Trades?

The letter to FERC said the agency was given responsibility by Congress under the 2005 Energy Policy Act to ensure "just and reasonable" natural-gas prices by monitoring futures trades. It asked agency regulators how they carry out their duties.

The two agencies, and the Securities and Exchange Commission, have been investigating the collapse of Amaranth. Investigators have requested information from Nymex and the Atlanta-based IntercontinentalExchange, which trades in contracts that are closely related to futures.

They are asking questions about Amaranth's trading activities, as well as those of some other large, natural-gas traders, said traders and attorneys who are involved in, or were briefed on, the questioning. But it is unclear whether they have found evidence of possible wrongdoing or manipulation.

In addition, the Senate Permanent Subcommittee on Investigations has recently been interviewing large natural-gas trading companies about hedge-fund participation in the natural-gas markets, said two lawyers familiar with its actions.

Samsung To Pay $90 Million To Settle 41 State Claims (Update3) (BLOOM)

By Karen Gullo

Bloomberg, February 7, 2007

Feb. 6 (Bloomberg) -- Samsung Electronics Co., the world's biggest memory chipmaker, agreed to pay $90 million to settle claims by California, New York, Illinois, 38 other states and consumers that it conspired to fix prices on some chips.

The accord resolves claims that the unit of Seoul, South Korea-based Samsung Group and other chipmakers drove up prices, inflating the cost of computers and other electronics for consumers and state governments. Samsung agreed to help state officials pursue claims against other chipmakers.

Samsung, Infineon AG and six other companies were sued by U.S. states in July on claims that the companies added billions of dollars to chip costs by fixing prices of dynamic random access memory, the most commonly used semiconductor memory product. So-called DRAM is used by Dell Inc. and Hewlett-Packard Co. in making personal computers, laptops, printers, mobile phones, digital cameras and digital music players.

``Consumers, states and localities were the victims of an international conspiracy that artificially raised the price of memory chips," New York Attorney General Andrew Cuomo said today in a statement. ``This settlement is a major step in recovering the overcharges that Samsung and its co-conspirators illegally foisted on consumers and taxpayers."

Shares of Suwon, South Korea-based Samsung fell 0.2 percent to 586,000 won at 10:35 a.m. in Seoul today.

Consumer Payout

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About $80 million of the accord will go to reimbursing consumers and $10 million will go to states and localities, Cuomo said. The lawsuit grew out of a global price-fixing investigation by the U.S. Justice Department that led to claims against four companies and 16 individuals who have been fined $731 million. Samsung paid $300 million in the U.S. probe, the second-largest U.S. criminal antitrust fine at the time.

``These latest settlements effectively put the DRAM antitrust matter behind us," said Samsung spokeswoman Chris Goodhart in an e-mailed statement.

The U.S. criminal case spawned civil lawsuits by direct and indirect purchasers of DRAM chips, including litigation by manufacturers, computer repair companies and individual states. The price-fixing conspiracy lasted from 1998 to 2002, according to the lawsuit.

Two Samsung Electronics Inc. executives were accused by the U.S. in October of participating in the global price-fixing scheme.

Today's settlement resolves claims by California, which didn't include Samsung in the lawsuit it filed against other chipmakers in July, said Nathan Barankin, a spokesman for California Attorney General Jerry Brown.

Samsung Settles Price-fixing Suit For $90m (FT)

By Chris Nuttall In San Francisco

Financial Times, February 7, 2007

Samsung, the world's biggest memory chipmaker, is to pay $90m to settle a price-fixing lawsuit brought by 41 US states.

The South Korean company also agreed to assist the states in litigation against other memory chip manufacturers who had taken part in the conspiracy.

The class-action suits filed in July last year arose from a justice department investigation begun in 2002. It uncovered one of the largest price-fixing schemes on record.

It led to $730m in fines and guilty pleas by Samsung and three other major manufacturers of dynamic random access memory (Dram) chips – Elpida, Hynix and Infineon. A fifth, Micron, admitted taking part but avoided federal criminal charges through its co-operation with the authorities.

The price-fixing suits had charged that Samsung and others reached secret agreements to inflate the prices of memory chips commonly installed in consumer desktop and notebook PCs.

"Consumers, states and localities were victims of an international conspiracy that artificially raised the price of memory chips, and thus illegally boosted the price of computers and popular hi-tech products," said Andrew Cuomo, New York attorney-general.

Five Samsung executives have pleaded guilty in the US to price-fixing and have agreed to each pay $250,000 fines and serve prison time.

Samsung To Pay $90 Million To Settle Price-fixing Lawsuit (AP)

By MARK JOHNSON

AP, February 7, 2007

ALBANY, N.Y. - Samsung Electronics Co., the world's largest memory chip maker, agreed to pay $90 million to settle a lawsuit charging the company and others with price-fixing, New York Attorney General Andrew Cuomo said Tuesday.

The suit, filed in July, claimed Korean-based Samsung and numerous other companies made secret arrangements to raise the prices of dynamic random access memory, or DRAM, chips. The memory chips are the most commonly used product for storing and retrieving information in computers and electronic devices.

A spokeswoman for Samsung, a top producer of flat-screen televisions, mobile phone handsets, MP3 players and laptop computers, did not immediately return a call for comment.

About $80 million of the settlement will go to consumers nationwide while $10 million will cover losses suffered by states and local governments, Cuomo's office said.

The settlement is subject to approval in federal court in San Francisco. New York, California and Illinois were the lead plaintiffs in the case.

The lawsuit was one of several filed following a U.S. Justice Department investigation that began in 2002 into whether computer chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices. The investigation resulted in more than $730 million in fines and guilty pleas from four companies - Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

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Companies such as Dell Inc., Hewlett-Packard Co., Apple Computer Inc., International Business Machines Corp. and Gateway Inc. had to raise PC prices or reduce the amount of memory installed on their systems to compensate for the higher costs, prosecutors said.

Cuomo said the case is continuing against Micron Technology Inc., Infineon Technologies, Elpida Memory Inc, Hynix Semiconductor Inc., Mosel-Vitelic Corp., Nanya Technology Corp. and NEC Electronics America Inc.

Bush Talks About Fiscal Responsibility At Company Accused Of Price-fixing (AP)

AP, February 7, 2007

MANASSAS, Va. President Bush preached the virtues of fiscal responsibility today at a company in Manassas, Virginia that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws.

Bush went to computer chip-maker Micron Technology Incorporated to talk about the budget he unveiled yesterday. He said Congress needs to set priorities in spending taxpayer money.

Micron Technology, based in Boise, Idaho, settled a federal class action lawsuit last month that was filed in 2002 on behalf of computer manufacturers who bought dynamic random-access memory chips, or DRAM from suppliers between April 1999 and June 2002.

The lawsuit is one of several filed after a U-S Justice Department investigation into whether computer chip companies conspired to manipulate the number of DRAM chips on the market to inflate prices.

The Justice Department granted Micron immunity from criminal charges in exchange for its cooperation. But the amnesty did not shield the company from lawsuits.

Apple Calls To End Online Copy Protection (FT)

By Chris Nuttall In San Francisco

Financial Times, February 7, 2007

Steve Jobs, Apple chief executive, on Tuesday called on the four major record companies to start selling songs online without the copy protection software known as digital rights management.

Apple has been under pressure in Europe to make its iTunes Music Store compatible with players other than the iPod. Consumer groups and agencies in Denmark, Finland, France, Germany, Norway, the Netherlands and Sweden have made antitrust complaints against Apple in recent months.

"Perhaps those [European countries] unhappy with the current situation should redirect their energies towards persuading the music companies to sell their music DRM – free," he said in a rare statement published on Apple's website.

The songs sold on the service are protected by Apple's proprietary FairPlay software, which prevents users from making multiple copies for distribution. Mr Jobs said Apple had concluded that if it licenses FairPlay to other companies it could no longer guarantee to protect the music it licenses from the major labels – Vivendi's Universal Music, Sony BMG Music Entertainment, EMI and Warner Music Group.

Instead, he favours abolishing DRM entirely so any MP3 player could play music purchased from any online store. "This is clearly the best alternative for consumers and Apple would embrace it in a heartbeat," he says.

Richard Stice, analyst at Standard & Poor's equity research, said Tuesday's statement appeared to be an attempt to combat the negative publicity Apple had been receiving in Europe.

"He's been getting a lot of heat from several countries. In some ways, this could get consumers on his side and stop Apple looking like the bad guy."

Mr Stice said the removal of copyright protection from online music downloads was likely to benefit Apple as the number one player, more than rivals such as Microsoft and Sony.

"I think it's a pretty smart thing for him to say. If you use [Microsoft's] Zune, you can't use iTunes – for Apple, if there's no DRM, it would open up the market much more."

In being so public with his views, Mr Jobs may also be trying to put pressure on the major labels where private negotiations have failed. The music industry has been implacable in insisting on copyright protection for downloaded music.

Mr Jobs argues that "DRMs haven't worked and may never work to halt music piracy."

More than 20bn songs were sold completely DRM-free in 2006 on unprotected CDs by record companies. This was more than 10-times the number of DRM-protected songs sold worldwide by online stores, he says, while only around 3 per cent of the music on the 90m iPods sold to date had been purchased from iTunes.

Mr Jobs' argument was somewhat at odds with Apple's complaint last year that a proposed French law making music DRM-free would be tantamount to "state-sponsored piracy."

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Jobs Pitches Dumping Anti-piracy Software (LAT)

By Michelle Quinn

The Los Angeles Times, February 7, 2007

Steve Jobs, the chief executive of Apple, wrote an open letter today asking the music industry to consider giving up anti-piracy software on the digital music it sells.

The letter, which can be seen at www.apple.com/hotnews/thoughtsonmusic, walks through the problems of anti-piracy software, also known as digital rights management, that is supposed to prevent consumers from copying digital music.

Jobs lists the problems with the software, which is often hacked and needs updating and prevents consumers from listening to their music wherever they like. He also points out that consumers are already buying compact discs and copying them digitally without facing controls to stop them.

What the letter doesn't spell out is how Apple and Microsoft were advocates for DRM use so that the music they sold through their online stores could only be played on their devices. Convincing record labels "to license their music to Apple and others DRM-free will create a truly interoperable music marketplace," wrote Jobs. "Apple will embrace this wholeheartedly."

The letter comes as the music and film industries are actively talking about dropping the use of DRMs, which force consumers who buy music on Apple's online store iTunes to use the music only on the company's products. Many in the entertainment industry have expressed frustration with DRM and have talked about other ways to protect content without forcing consumers to stick with one kind of device.

"Rhetorically, he's been disingenuous," said Aram Sinnreich, managing partner at Radar Research in Los Angeles. "He's been metaphorically ramming it down their throats. To be fair, Apple has never been as DRM insane as Microsoft. Apple has put it in enough DRM to make it a pain in the butt for consumers to buy music on iTunes….and use it on non Apple devices."

"This is good for consumers and it's ultimately good for everyone," said Sinnreich.

Jobs's New Tune Raises Pressure On Music Firms (WSJ)

By NICK WINGFIELD And ETHAN SMITH

The Wall Street Journal, February 7, 2007

A movement to pressure the music industry to drop its primary weapon against online piracy has gained a high-profile convert: Steve Jobs, the man who helped build the market for selling music via the Internet.

In an 1,800-word online essay, Apple Inc.'s chief executive said the world's major music companies should consider allowing Apple and others to sell songs unfettered by anticopying software that prevents them from being shared or played however a consumer chooses.

Mr. Jobs contends that the recording industry isn't solving piracy with the technology, and could spur the market further if music lovers could buy music online without the restrictions. Many consumers resent the curbs on how they can listen to what they buy from online stores. Songs from one company's catalog, for example, won't work on another company's player -- a gridlock that has frustrated some consumers. Getting rid of the antipiracy software could make downloaded music as widely compatible with digital players in the market as compact discs are with CD players.

While Mr. Jobs is positioning his proposal as a consumer-friendly step, it isn't clear whether the biggest music companies -- Warner Music Group Corp., EMI Group PLC, Vivendi SA's Universal Music Group, and Sony BMG, the joint venture of Sony Corp. and Bertelsmann AG -- will embrace his recommendation. Allowing online music sales without anticopying software would amount to a radical about-face for the recording industry, which several years ago viewed the technology as a remedy to rampant online piracy through file-sharing networks like the original Napster and Kazaa. Music heavyweights have long required Apple and others to use the technology -- known as digital-rights management, or DRM, software -- if they wish to sell their songs online.

QUESTION OF THE DAY

Would you pay more for legal digital-music downloads without copy restrictions?Nor is it clear whether such a shift would deliver a further blow or a potential boon to the music industry, which has endured a spiral of declining sales and rising piracy since the advent of Internet-enabled copying and transmission of music. According to the Recording Industry Association of America, the value of recorded music shipped to U.S. retailers plunged 16% from a $14.5 billion peak in 1999 to $12.2 billion at the end of 2005 -- a slide the industry blames in part on online piracy. Record companies decided that one way to keep this from worsening was to let legitimate companies sell music in a format whose distribution could be more tightly controlled.

Apple quickly took the lead several years ago by selling music through its iTunes Store for 99 cents a song. The digital music files are essentially padlocked by a layer of software that makes them playable only on iPods and on computers using

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iTunes software. Other companies use competing copy-protection software, though, limiting users of digital-music players to purchasing songs online through compatible song catalogs.

Yet for all the limits such software places on copying music, Mr. Jobs said, the technology doesn't effectively deter piracy because more than 90% of music world-wide is purchased on CDs -- which don't contain antipiracy software and are therefore easily copied to a computer and then traded online.

In his essay, posted yesterday on Apple's Web site, Mr. Jobs suggests the music industry might see better growth by abandoning its protective approach. "If such requirements were removed, the music industry might experience an influx of new companies willing to invest in innovative new stores and players," he wrote. "This can only be seen as a positive by the music companies."

Sales of digital downloads have continued to rise, but at a slower rate than in previous years. That, combined with an accelerating downturn in CD sales, has meant the music companies have been harder pressed than ever to find new sales wherever they can. Some executives in the technology and music industries have argued that sales of digital music are being held back by the lack of compatibility between hardware devices and music services. These people believe the market could grow more strongly if iTunes competitors can sell music that can be played on iPods.

Aside from sales, dropping the technological barriers also could also eliminate pressure Apple is facing from consumer-protection agencies in several European countries. They want Apple to modify its two most popular music products -- iPods and iTunes Store -- to make them compatible with online music services and hardware offered by others.

And since Apple thoroughly dominates the market -- with more than 85% of online song sales in the U.S., and more than 70% of digital-music-player sales -- many consumers have chafed at the problems associated with using the company's hardware and music store with offerings from competitors. Those limitations have helped spawn a growing movement within the technology and entertainment industries against the use of DRM.

Ken Hertz, a prominent lawyer who does extensive work in the digital-music business, said Mr. Jobs's letter could be viewed as "a cynical attempt" to place the blame for incompatibility of hardware and services on the music industry, rather than on Apple itself. Some executives have suggested that the Cupertino, Calif. , company has used encryption technology to deliberately lock consumers into its music products by discouraging those with large iTunes music collections from switching to new gadgets that won't play their songs.

"Apple has been more of a beneficiary of DRM than a victim," Mr. Hertz added.

Mr. Jobs discounted such criticism, estimating that 97% of the music on most iPods is from sources other than the iTunes Store, such as personal CD collections. "It's hard to believe that just 3% of the music on the average iPod is enough to lock users into buying only iPods in the future," he wrote in his essay.

One of the more vocal opponents of the technology, Terry McBride, chief executive of the management company and independent record label Nettwerk Music Group, said the support of Mr. Jobs will significantly increase the potency of calls to abandon it.

"If anyone can make this happen, Steve can," said Mr. McBride, whose clients include the music group Barenaked Ladies and singers Avril Lavigne and Sarah McLachlan.

Music companies said it is too soon to say how and whether they would respond to Mr. Jobs's essay, but a few acknowledge some of the consumer issues the Apple CEO described. "The lack of operability between a proliferating range of digital platforms and devices is more and more becoming a real issue for music consumers," said Jeanne Meyer, an EMI spokeswoman.

The digital revolution has caused big problems for music labels. Because music on CDs is recorded in digital form, without anticopying technology, Web sites that enable people to share copyrighted songs illegally have cut into profits.

Mr. Jobs helped change the situation, brokering deals with major record labels to allow their songs to be sold on iTunes for 99 cents each. As part of those negotiations, he says, the labels insisted that Apple use software that prevented their songs from being played on unauthorized devices.

Apple developed software known as FairPlay, which works with iTunes and the iPod and enforces certain restrictions, such as allowing consumers only to play protected recordings on up to five computers.

Other companies such as Microsoft Corp. developed their own solutions to the antipiracy requirement. So while CDs represent a standard format -- playable on hardware made by a wide array of companies and sold by countless retailers -- there is no single DRM standard. Copy-protection systems have been developed by many companies and, in some cases, are tightly integrated with specific devices and online services -- leading to incompatibility problems.

The music industry has begun to experiment with the online sale of unprotected music using the popular MP3 format that works with virtually all digital music players, including Apple's iPod. Yahoo Inc., for instance, has sold MP3 songs by Norah

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Jones, Jessica Simpson and other artists. Another music-retail site, eMusic.com, offers more than two million songs for sale in the MP3 format from independent music labels, which means they can be played on iPods and other music players.

Most popular music from major recording companies, though, hasn't been available without anticopying software. David Goldberg, general manager of music for Yahoo, said the company is making progress in discussions with major music companies about offering songs without DRM and, by Christmas, expects to have significant portions of Yahoo's catalog of two million songs available in the MP3 format.

Mr. Goldberg said he was pleased to hear Mr. Jobs propose that music companies abandon the antipiracy protection. "We've been vocal about that, and we're glad to hear it from him," he said.

Ms. Meyer of EMI added that the response from fans to EMI's limited MP3 sales has been "very enthusiastic."

Mr. Jobs proposes three paths the digital-music business might follow, including its current course of using multiple incompatible anticopying systems. A second option, he said, would be for Apple to license its antipiracy system so other companies can make their hardware and online services work with Apple's music products.

Mr. Jobs said that scenario -- which competitors and music-industry executives have proposed before, and Apple has resisted -- is problematic because sharing its encryption software with others could compromise the security of the system and slow Apple's ability to repair breaches of the software.

Mr. Jobs made it clear in the essay that he favors a third scenario, abolishing the use of DRM, in large part because he says it doesn't prevent piracy.

Besides worries about European regulators and record labels, Mr. Jobs's letter could reflect a desire to counter more-credible competition from Microsoft, said Talal Shamoon, chief executive of Intertrust Technologies Corp., a DRM software maker that is jointly owned by Sony, Philips Electronics NV and Stephens Bank. Microsoft has long offered its own antipiracy software to other companies, and now is emulating Apple's formula with a proprietary format tied to its new Zune player -- which could become stronger as Microsoft exploits connections to its new Vista operating system and Xbox 360 game console, Mr. Shamoon said.

This isn't the first time Mr. Jobs has launched a public broadside against the music industry, in an apparent attempt to sway public opinion. In 2005, amid calls from record labels for iTunes to sell music for a wider range of prices than 99 cents per track, he blasted the labels as "greedy."

Mr. Jobs's suggestion yesterday was applauded by rival Rob Glaser, chairman and CEO of RealNetworks Inc., owner of the Rhapsody music service. He recently called on major labels to drop DRM for digital-music purchases. "Doing so would be the right thing for consumers and would also be good for everyone in the industry," Mr. Glaser said. "It's great to see other industry leaders support this message."

Jobs Wants Fewer Download Limits (USAT)

By Kevin Maney

USA Today, February 7, 2007

Apple CEO Steve Jobs is trying to start a stampede to make music downloaded from iTunes or any online store playable on any device without restrictions.

In a major pronouncement that joins a growing chorus of discontent about copy restrictions, Jobs on Tuesday posted a manifesto, " Thoughts on Music," on Apple's website.

It argues that digital rights management (DRM) technology, which record companies require in digital music files to limit where and how songs can be played, has failed to stop piracy and impedes development of the online music industry.

COMMENT: What do you think?

Within minutes, the essay was picked up by bloggers and circulated worldwide.

Jobs asked Europeans to pressure major Europe-based music companies — Universal, EMI and Sony BMG (half-owned by Germany's Bertelsmann) — to end DRM. "Convincing them to license their music to Apple and others DRM-free will create a truly interoperable music marketplace," Jobs wrote. "Apple will embrace this wholeheartedly."

Apple, which dominates the legitimate digital download market, uses DRM called FairPlay. Songs bought at iTunes can play only on PCs using iTunes software or on Apple's iPod. Songs with DRM from other companies such as Microsoft and RealNetworks won't play on iPods.

Apple has been accused of using FairPlay to lock consumers into iTunes. Jobs contests that, noting that just 3% of songs on an average iPod were bought through iTunes and have DRM. Songs copied from CDs and music files in the MP3 format can be played anywhere.

Bloggers, tech execs and some musicians jumped in to side with Jobs. "I see 2% of DRM as protecting copyright and 98% annoying consumers," music artist Moby said.

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RealNetworks CEO Rob Glaser said he "gave a speech on this exact topic advocating this exact position ... two weeks ago."

The key is whether record labels will give up DRM. "We'll continue experimenting" with DRM-free releases, says Adam Grossberg, spokesman for EMI. The label has put out songs by Norah Jones and Relient K with no DRM. Warner Music Group and Sony BMG spokesmen didn't respond to requests for comment.

Another question is whether lifting DRM will lead to more piracy and fewer royalties to musicians. "If it increases piracy, everybody loses," says John MacFarlane, CEO of Sonos, which makes a home digital music system.

Jobs Calls For End To Music Copy Protection (NYT)

By John Markoff

The New York Times, February 7, 2007

SAN FRANCISCO, Feb. 6 — Steven P. Jobs, Apple's chief executive, jolted the record industry on Tuesday by calling on its largest companies to allow online music sales unfettered by antipiracy software.

The move is a gamble for Apple. Its iPod players and iTunes Store have defined the online music market, and they have much at stake in the current copy-protection system.

Under terms reached with the major record labels, online music stores embed software code into the digital song files they sell to restrict the ability to copy them. Because Apple uses its own system, the songs it sells can be played only on the iPod. That limitation has drawn increasing scrutiny from European governments, pressure that Apple has recently begun to acknowledge.

Mr. Jobs's appeal, posted on the company's Web site Tuesday, came in the form of an essay titled "Thoughts on Music," but in essence it was a letter to the "Big 4" music companies: Universal, Sony BMG, Warner and EMI.

While he said that "customers are being well served" by the current approach to digital rights management — with online music retailers using incompatible antipiracy systems but nonetheless offering "a wide variety of choices" — the subtext clearly pointed to the prospect of change.

He dismissed one possible alternative, in which Apple would license its own system, FairPlay, allowing competing digital players to play iTunes songs and letting other stores sell copy-protected music for the iPod. Mr. Jobs said that approach would only complicate enforcement of digital rights management, as myriad companies would have to coordinate software and hardware updates.

Instead, he proposed that labels could shed digital rights management altogether. Mr. Jobs pointed out that only 10 percent of all music sold last year was through an online store and that music is already easily loaded onto digital players from CDs, with no antipiracy features. Attaching digital rights management to music bought online has only limited the number of online music stores, he wrote.

"This is clearly the best alternative for consumers, and Apple would embrace it in a heartbeat," he wrote.

Mr. Jobs's move comes as the music industry appears to be facing a crisis. Sales of its mainstay product — the album — continue to sink, and sales of digital music, including individual songs, have not increased fast enough to offset the decline.

With a paucity of hit releases to start the year, industrywide album sales are already down more than 15 percent from last year, the worst January performance since computerized sales tracking began in 1991.

At a forum in France last month, Rob Glaser, chief executive of RealNetworks, which operates the Rhapsody digital music service, predicted the widespread availability of unrestricted digital music within a few years. He said it was "an idea in ascendance and whose time has come."

But Mr. Jobs is clearly the most powerful voice raised so far in support of a change. With the clout built on his company's market share for both players and music, he has already prevailed against the labels in disputes over pricing.

Facing pressure to bolster digital sales, the four major music companies have only toyed with the idea of selling unprotected files — most notably with a personalized version of a Jessica Simpson song and the first single from the new album of Norah Jones. MySpace, the social-networking giant that is host to pages for countless independent and major-label acts, has embraced the unrestricted MP3 format for artists who choose to sell music there.

More recently, the industry has been abuzz with rumors that one or more of the major companies is preparing to lift restrictions on some portions of their digital catalog.

Jeanne Meyer, a spokeswoman for EMI, said, "The lack of interoperability between a proliferating range of digital platforms and devices is increasingly becoming a real issue for music consumers."

The Universal Music Group, the Warner Music Group and Sony BMG Music Entertainment declined to comment. But several industry executives said they viewed Mr. Jobs's comments as an effort to deflect blame from Apple and onto the record companies for the incompatibility of various digital music devices and services.

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There is a general sense that the industry is still unwilling to do away completely with copy protection, and no contracts have been signed yet to change the systems of distribution by any of the players.

A senior executive at one company, who requested anonymity to avoid straining relations with Apple, said that while labels might experiment with other forms of copy-protection software, "we're not going to broadly license our content for unprotected digital distribution."

Another digital music industry executive said that the record companies — many of them part of larger media companies involved in movie and television production — were concerned that lifting restrictions on digital music might have perilous effects on the parallel market for copy-protected video content.

Several consumer electronics and music industry executives said that if the music industry moved away from copy protection, it could potentially make it easier for competing music players. Mr. Jobs seems to be betting that anything that stimulates the sale of digital music can only help his company.

"It's a bold move on his part," said Ted Cohen, managing partner of TAG Strategic, an industry consultancy; he is also former senior vice president for digital development and distribution for EMI Music. "If anything can play on anything, it's a clear win for the consumer electronics device world, but a potential disaster for the content companies."

The global music trade group, the International Federation for the Phonographic Industry, based in London, has long pushed for "interoperability," saying Apple should license its digital management system so that iTunes music plays on devices other than the iPod. But the industry has also stuck with the idea of some kind of digital control to prevent wholesale copying of musical tracks.

Officially, the industry chose to respond Tuesday by seizing on one idea that Mr. Jobs raised — licensing Apple's own copy-protection system — even though he went on to reject it. "Apple's offer to license FairPlay to other technology companies is a welcome breakthrough and would be a real victory for fans, artists and labels," the Recording Industry Association of America said.

Mr. Jobs's statement drew criticism from some competitors, who argued that he was simply trying to get in front of a shift in industry strategy and claim credit for it.

Jason Reindorp, marketing director for Zune at Microsoft, said Mr. Jobs's call for unrestricted music sales was "irresponsible, or at the very least naïve," adding, "It's like he's on top of the mountain making pronouncements, while we're here on the ground working with the industry to make it happen."

"He's certainly a master of the obvious," Mr. Reindorp said, adding that "the stars were already aligning" to loosen the restrictions.

In Norway last month, after a yearlong investigation, the government's consumer ombudsman ruled that iTunes violates national law by restricting playback to iPods. The government gave Apple until Oct. 1 to make changes.

Consumer agencies in six other European countries are looking into the legality of limiting how legally purchased songs can be played.

Late last month, as consumer groups across the region began banding together, Apple issued a statement that said, "Apple hopes that European governments will encourage a competitive environment that allows innovation to thrive, protects intellectual property and allows consumers to decide which products are successful."

In 2005, France lobbed the first legislative volley in the European effort to fight digital restrictions, but by the time the law was adopted last summer, most of the teeth were gone from the proposal. Now, the French are putting together a government commission that will rule on the legality of digital rights restrictions case by case.

Jobs Calls For Open Music Sales (WP)

By Mike Musgrove

The Washington Post, February 7, 2007

Apple chief executive Steve Jobs yesterday called on record companies to let online music stores sell digital music files without anti-piracy controls, an idea that some analysts say has merit.

"This is clearly the best alternative for customers and Apple would embrace it in a heartbeat," Jobs wrote in a column titled "Thoughts on Music," which was posted on Apple's Web site yesterday.

Critics have complained that digital rights management, or DRM, software built into tracks sold on the company's iTunes music store locks users into Apple's iPod. Such competitors as Real Networks, as well as some European countries, have called on Apple to share its software code or otherwise open its protected music file format. Doing so would allow devices other than iPods to play music downloaded from iTunes and would allow music purchased elsewhere on the Internet to be played on iPods.

But Jobs wrote that Apple sells music solely for the iPod because that's what the music industry insisted on when he was negotiating deals years ago -- even though "DRMs haven't worked, and may never work, to halt music piracy."

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"A key provision of our agreements with the music companies is that if our DRM system is compromised and their music becomes playable on unauthorized devices, we have only a small number of weeks to fix the problem or they can withdraw their entire music catalog from our iTunes store," Jobs wrote.

The problem, he said, is "there are many smart people in the world, some with a lot of time on their hands, who love to discover such secrets and publish a way for everyone to get free (and stolen) music."

Phil Leigh, senior analyst and president of Inside Digital Media, said Jobs's comments were legitimate, albeit a bit self-serving.

"Jobs is trying to show that Apple is not the bad guy when it comes to proprietary formats," Leigh said, noting that the open letter was an aggressive public-relations tactic by a company that eventually will have to renegotiate with the record companies. "I think he's taking the offensive here."

Chris Castle, a music-industry lawyer who represented the original Napster, said the shift from CDs to digital music has hurt the music industry enough that it might be willing to consider Jobs's points.

"I think the labels are finally starting to come around to this," he said. "There's more willingness to entertain this sort of thing than there ever has been."

Jobs noted that eliminating DRM software is only one alternative. Another, he said, would be for Apple to license its FairPlay DRM technology to competitors -- for a fee. But, he said, releasing the secrets of the technology could lead to leaks, which can spread around the world in an instant over the Internet.

The Recording Industry Association of America, which has battled music piracy for years, called Apple's offer to license FairPlay "a welcome breakthrough and would be a real victory for fans, artists and labels. There have been many services seeking a license to the Apple DRM. This would enable the interoperability that we have been urging for a very long time."

In its statement, the RIAA did not address Jobs's idea of eliminating DRM software.

In his letter, Jobs noted that EMI and Universal, two of the big four CD labels, are both owned by European companies while 50 percent of a third, Sony BMG, is owned by Bertelsmann, a German company. The fourth, Warner, is based in the United States.

"Much of the concern over DRM systems has arisen in European countries," Jobs wrote. "Perhaps those unhappy with the current situation should redirect their energies towards persuading the music companies to sell their music DRM-free. . . . Convincing them to license their music to Apple and others DRM-free will create a truly interoperable music marketplace."

In Equity Office Battle, A Matter Of Scale (WSJ)

By JENNIFER S. FORSYTH And HENNY SENDER

The Wall Street Journal, February 7, 2007

With only hours until shareholders of Equity Office Properties Trust are to decide whether to sell the company to private-equity firm Blackstone Group, the outcome was still up in the air last evening.

If Vornado Realty Trust comes in with a higher offer before the vote at noon EST today, it would likely delay the tally -- at least until the Equity Office board has time to consider whether any new offer resolves its reservations that Vornado's previous bids have had too many uncertainties.

At stake in this high-noon gunfight is the nation's largest office portfolio and bragging rights to pulling off one of the largest leveraged buyouts in U.S. corporate history -- valued at $23 billion, not including the assumption of Equity Office's $16 billion in debt. But the risk for the eventual winner is considerably higher than when the bidding battle began in November with Blackstone's initial bid.

In addition to the size, the bidding battle involves two longtime kings in the commercial real estate world -- with Equity Office led by chairman Sam Zell and Vornado led by chief executive Steven Roth -- and a relative newcomer in Blackstone. Blackstone has become a huge player in real estate with acquisitions within the last 24 months, reflecting the aggressive strategy of Jonathan Gray, the 37-year-old head of its real estate group.

What's clear is how much both Blackstone and Vornado desperately desire Equity Office's stake in more than 500 buildings at a time of rising rents and falling vacancies in many markets, with neither firm yet raising a white flag.

Since Jan. 17, when Vornado first weighed in with a higher offer, Blackstone has moved up its all-cash bid first to $54 a share from $48.50 and then, yesterday morning to $55.50. Meanwhile, Vornado has increased the total amount of its cash-and-stock bid to $56 a share and promised to pay the cash portion before a shareholder vote. But at the same time, Vornado reduced the cash portion of its offer to 55% from 60% and didn't offer to pay Equity Office shareholders a fee if its own shareholders decline to approve its bid.

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As of late yesterday afternoon, Vornado had no comment. If Vornado doesn't come in with a higher offer addressing Equity Office's concerns, Equity Office shareholders are expected to decide that Blackstone's bid is superior. Even if Vornado does increase its price, most shareholders say they want a price above $58 to make the decision a no-brainer.

Equity Office's board is urging its shareholders to accept Blackstone's offer. Even with Vornado's agreement to offer the cash portion up front, the remaining merger would still be subject to approval by Vornado shareholders, which could take four to six months, according to a statement issued yesterday by Equity Office.

Perhaps more frustrating to Equity Office's board is that Vornado's weekend offer came in the form of a two-page letter, not a definitive contract that could help the board assess whether the offer was truly superior to Blackstone's.

In its statement, EOP said despite repeated requests, "Vornado has failed to address significant contractual issues identified by the board."

Moreover, Equity Office agreed yesterday to raise the breakup fee -- the amount that Blackstone would receive if EOP accepts a competing offer -- to $720 million, up from $500 million last week and $200 million when the deal was announced by Equity Office in November. Any offer from Vornado would have to factor in that payment.

That puts Blackstone in a seemingly enviable position. Either it cements its reputation as a determined investor that just sealed the biggest private-equity deal ever by many measures, or it walks away with a $720 million consolation prize to share with its investors.

But some shareholders wonder if Equity Office directors are focusing too much on the risk instead of seeing the upside opportunity of accepting an offer from a company with a reputation at increasing shareholder value. Dean Frankel, domestic portfolio manager of Urdang Securities Management, an Equity Office shareholder, says he is disappointed the Equity Office board agreed to allow Blackstone to raise its breakup fee. "Blackstone is being treated as the brother and Vornado is treated as a stepbrother," he says.

Those familiar with the transaction say the higher breakup fee had a strategic role: trying to force Vornado to put a definitive contract on the table or to let Equity Office close the deal by the end of the week.

Shareholder Vote Today Could Settle Fight For Office REIT (NYT)

By Terry Pristin

The New York Times, February 7, 2007

The feverish competition over Equity Office Properties Trust, the nation's largest office landlord, appeared to be nearing an end yesterday, with the original suitor, the Blackstone Group, leading the bidding.

Real estate investors waited yesterday to see if Vornado Realty Trust would try to top Blackstone's latest all-cash offer of $55.50 a share, which was approved during the night by Equity Office.

Equity Office shareholders are scheduled to vote today on the $39 billion bid by Blackstone, a private equity company.

"I'm hearing that it's over," said Barry Vinocur, the editor of REIT Wrap, a daily newsletter about real estate investment trusts. "Vornado has gone radio silent and has been that way all day."

Mr. Vinocur said he had been told that Blackstone had amassed the votes necessary for shareholders to approve the merger. Blackstone has said it could close the deal on Friday. If the Blackstone bid is not approved today by a majority of eligible shareholders, the merger agreement would be terminated and the bidding could continue.

If Vornado fails to raise its bid to win the deal, many investors will be surprised. Vornado's chief executive, Steven Roth, has said that buying Equity Office would make his company the dominant real estate investment trust in the office sector, with a strong portfolio of "irreplaceable assets" in the markets where it is hardest for developers to put up new buildings. In addition to office buildings, the company owns shopping centers and showroom space.

"The Vornado team views this as a transformative transaction for their company," said Keven S. Lindemann, the director of real estate for SNL Financial, a research company in Charlottesville, Va. Equity Office owns interests in 543 buildings across the nation.

Mr. Roth said he would keep most of the Equity Office buildings that are in coastal cities, strengthening Vornado's portfolio in the hot Manhattan market, adding to its holdings in Washington and instantly establishing a strong presence in three new markets: Los Angeles, San Francisco and Boston.

About $10 billion worth of property would be sold to two private equity companies, the Starwood Capital Group and Walton Street Capital. The two were Vornado's partners in its original bid.

If Blackstone prevails, it is considered likely to sell much of the Equity Office portfolio within months of the transaction.

Whichever suitor is successful, the transaction will be the largest leveraged buyout ever.

Though Vornado's bid is higher at $56 a share, it would be paid in cash and stock. Analysts say Blackstone's offer is superior because the deal could close as soon as Friday.

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Green Street Advisors, a research company in Newport Beach, Calif., which earlier recommended a vote in favor of Vornado, endorsed the Blackstone bid yesterday.

On Sunday, Vornado offered to pay the cash portion of its bid several weeks — instead of several months — after a merger agreement is signed. Vornado said its new bid would address Equity Office's concerns that the original deal posed too much risk for shareholders. Though Vornado shareholders would still have to approve the issuance of stock, the tender offer portion of the transaction would not need their approval, the company said.

Equity Office said Vornado had not allayed all its concerns. It said Vornado needed to agree to pay Equity Office hundreds of millions of dollars if the deal fell through.

Documents filed yesterday with the Securities and Exchange Commission revealed that on Monday, Equity Office pressed Blackstone to come up with more cash. Several major investors had made it clear that they preferred Vornado's richer offer and thought the risks had been exaggerated.

Later that day, Jonathan D. Gray, a senior managing director at Blackstone, told Richard D. Kincaid, the president of Equity Office, that he would be willing to pay $55.25 a share, provided that the breakup fee that Vornado would have to pay Blackstone was increased to $700 million from $500 million.

Pushing for more, Mr. Kincaid asked Mr. Gray if Blackstone would add another 25 cents a share. It would, Mr. Gray told him, but only if the breakup fee rose to $720 million and the company did not postpone today's shareholders' meeting.

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By Mike Barris

The Wall Street Journal, February 7, 2007

MGIC Investment Corp., a provider of insurance on low-down-payment mortgages, said Tuesday it agreed to acquire Radian Group Inc., a global credit-risk management company, in a stock swap valued at about $4.9 billion.

Under the agreement, Milwaukee-based MGIC said it will exchange 0.9658 share of its stock for each share of Radian. The terms don't appear to offer Radian shareholders any premium. Radian shares closed Monday down 44 cents at $60.84, while MGIC's offer was valued at $60.78 at Monday's close.

Shares of both companies jumped sharply in early afternoon trading Tuesday. Radian shares were up 9.3% at $66.47, while MGIC shares rose 11% to $69.70.

The combined company, a mortgage and credit-risk insurer to be called MGIC Radian Financial Group Inc., will have assets of nearly $15 billion and primary mortgage insurance in force of more than $290 billion, the companies said. The combined company will have "a broad and balanced mix of businesses including domestic mortgage insurance, financial guaranty, financial services and international credit enhancement," the companies said.

MGIC Chief Executive Curt S. Culver will head the company until 2009, when he will cede the CEO job to Radian Chief Executive S.A. Ibrahim. Mr. Culver will pass the chairman post to Ibrahim in 2010. The board initially will be tilted 6-5 in MGIC's favor, but will add a sixth Radian director soon after the deal closes.

MGIC is the parent of Mortgage Guaranty Insurance Corp., a provider of private mortgage insurance serving about 5,000 lenders nationwide and in Puerto Rico. MGIC had $176.5 billion in primary insurance in force covering 1.3 million mortgages as of Dec. 31. The company reported last month that its fourth-quarter earnings fell to $121.5 million from $128.1 million a year ago, as revenue slipped 1% to $367.2 million.

Radian, Philadelphia, provides private mortgage insurance coverage to protect lenders from defaults by borrowers who put down a deposit of less than 20%. It offers primary insurance, which provides protection on individual loans and covers unpaid loan principal and delinquent interest; it also provides pool insurance, which covers unlimited exposure on groups of loans.

Radian reported last month that its fourth-quarter earnings rose to $158.4 million from $104.5 million the year before, as revenue rose 16.5% to $347.9 million.

In a conference call Tuesday discussing the acquisition, MGIC officials fielded a number of questions related to credit risk in both companies' books of business and to challenges from the weaker housing market overall.

Mr. Culver said MGIC looked at Radian's credit exposure quite carefully -- notably its exposure to so-called Alt-A mortgages, which are made to borrowers with high credit scores but less than full documentation. While acknowledging that he isn't "a huge fan" of that segment, Mr. Culver said in general lenders seem to be showing more discipline in their underwriting.

Midwest Flies In The Face Of Takeover Effort (USAT)

DOJ_NMG_0129080

By Marilyn Adams

USA Today, February 7, 2007

As the USA's biggest airlines jostle to get bigger and more powerful, little Midwest Airlines is happy to be itself: an anachronism.

But things could soon change for Midwest as a result of an ongoing hostile takeover effort being waged by Orlando-based AirTran Airways, the USA's third-biggest discounter.

Milwaukee-based Midwest, which most East and West coast residents have probably never heard of, has no desire to get rich quick, swallow other airlines or be swallowed itself. It flies to cities in America's heartland that the major carriers would just as soon fly over.

Only Midwest, for example, flies non-stop from Omaha to Reagan Washington National, or from Kansas City non-stop to New York LaGuardia. Along the way, flight attendants bake chocolate chip cookies that are served free, still warm and fragrant. It recently completed its first full year of profit since 2000.

The airline "has built up an amazing love affair with its passengers that I've never seen the likes of," says Midwest's marketing chief, Scott Dickson. If AirTran succeeds, he says, "There will be no vestige of Midwest Airlines left."

Over its objections, AirTran has launched a $345 million tender offer to acquire Midwest's shares directly from shareholders in hopes of forcing the board to sell. AirTran undertook the offer after Midwest's management rejected outright an earlier offer to buy the airline.

AirTran, which owns a few hundred Midwest shares, has gone to court to try to get Midwest's full shareholder list and is lobbying Midwest's institutional investors, who own up to half of Midwest's shares. Shareholders' deadline to tender shares is March 8, extended from an earlier deadline of Feb. 8.

"We think we're making progress with them," says AirTran CEO John Leonard.

Even if AirTran gains traction with shareholders, Midwest's board could launch a "poison pill," diluting its shares to make the deal too costly.

AirTran has offered $13.25 in stock and cash for every Midwest share, a 46% premium over the share price on Dec. 12, the day before the offer became public. That's up from an offer of $11.25 in December.

"It's nice to be wanted," Midwest CEO Tim Hoeksema says with deadpan wit. But Hoeksema, who has run the airline for 23 years, says the offer would take the company down the wrong path.

Midwest's directors decided unanimously that the offer was too low and that the airline doesn't need a partner to succeed. Because of cost-cutting in recent years, "We are in the strongest competitive position we have ever been in," Hoeksema says. "We think we have a lot of value here."

With US Airways' withdrawal of its hostile bid for Delta Air Lines last week, the AirTran proposal becomes the only proposed merger still on the table among domestic airlines. And it is much smaller than the $10 billion US Airways offer, which would have created the USA's biggest domestic carrier. AirTran is the 12th-biggest U.S. airline, and Midwest is No. 23.

AirTran flies mainly out of Atlanta, the world's busiest airport. It competes head on with Atlanta-based Delta, the USA's third-biggest airline. Aside from some of their airplanes — both fly Boeing 717s — the airlines have little in common.

What is now Midwest Airlines began in 1969 as a corporate jet service for executives of paper manufacturer Kimberly-Clark out of Appleton, Wis. In 1984, the company began scheduled service and went public in 1995.

Midwest's passengers seem to love their homey little airline with its two-across, four-to-a-row leather seats on many flights. Like other airlines, Midwest started charging for meals and wine in the post-9/11 travel downturn. Even now, the food is better than most. It has won awards from Travel & Leisure magazine, Condé Nast travel publications and food reviewer Zagat.

Midwest loyalist Judy Schweikart, an Omaha lawyer, flies the airline whenever she can, and dreads the thought of a takeover.

"If they make Midwest into AirTran, they're going to lose something unique," she says. "I hope the shareholders turn it down."

Meanwhile, AirTran executives can't fathom Midwest's rejection and its refusal to even sit down for talks. Leonard, the CEO, says Midwest is profitable only because Minneapolis-based Northwest, which serves Milwaukee, has cut flights while in bankruptcy protection. Midwest disputes that assertion.

Leonard says Midwest is so small and dependent on Milwaukee that it would be crushed if Northwest set its sights on that market. Northwest still has six gates at Milwaukee Mitchell airport, and could add flights and put pressure on Midwest after exiting bankruptcy, he says.

If AirTran and Midwest merged, both would be stronger, Leonard says. AirTran would go from serving 52 cities to more than 70 overnight. AirTran could increase flights to lucrative destinations Midwest also serves, such as New York, Boston and Los Angeles.

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But Hoeksema says AirTran is simply "desperate" because it has "all these airplanes coming" and needs to expand. AirTran is scheduled to receive 60 new planes between now and 2010, and needs places to put them. The merged carrier could put new Boeing 737s on routes Midwest is now serving with aging MD80s and smaller 717s.

AirTran has even offered to keep serving free chocolate chip cookies on the merged carrier if the deal goes through. But they would not be baked onboard.

ENVIRONMENT/INDIAN AFFAIRS:

US Farmworkers, Environmental Groups Reopen Lawsuit To Quicken Pace Of Pesticide Ban (FINDLAW/AP)

By Anne Kim, Associated Press Writer

AP, February 7, 2007

(AP) - SEATTLE-Farmworkers and environmental groups have reopened a lawsuit against the U.S. Environmental Protection Agency in an attempt to force it to more quickly phase out a pesticide they say has been poisoning fieldworkers for decades.

The federal lawsuit challenges a decision by the EPA last November to set a 2012 timetable for phasing out the pesticide azinphos-methyl, known as guthion or AZM.

"These pesticides put thousands of workers at risk of serious illness every year," Erik Nicholson of the United Farm Workers of America said Monday in a news release. "It is inexcusable for EPA to allow AZM to continue poisoning workers for six more years."

The pesticide has been used on apples, cherries, pears and other crops since the late 1950s.

The farmworkers and environmental groups, represented by the environmental law firm Earthjustice, sued the EPA in federal court in Seattle in 2004, arguing that the agency was wrong to continue allowing the use of a pesticide that could cause dizziness, vomiting, seizures, paralysis, loss of mental function and even death. The lawsuit was put on hold when the EPA agreed to reconsider the use of AZM and another pesticide, phosmet, which is used on orchard crops and blueberries.

Last November, the EPA decided to end the use of AZM on nursery stocks and Brussels sprouts by Sept. 30, 2007. The phase-out for nuts was extended until Oct. 30, 2009, and for apples, blueberries, cherries, pears and parsley until Sept. 30, 2012.

The EPA decided to lengthen the phase-out time but also progressively limit the amount of AZM that would be available during the period, Enesta Jones, an EPA spokeswoman, said Monday.

"This allows sufficient time to facilitate the transition to safer alternatives," she said. "Public health is still our top priority and the agency will implement several risk mitigation measures to reduce exposure and ways to minimize harm if the public is exposed as this phase-out occurs."

In January, the EPA decided to lengthen - for some uses of phosmet - the amount of time workers are restricted entry into areas treated with the pesticide and added other restrictions to nine uses of phosmet, such as lowering the maximum amount of phosmet that can be applied each season.

But that does not adequately protect workers, said Patti Goldman, managing attorney for Earthjustice.

Earthjustice also wants to end the use of the pesticide chlorpyrifos, used on corn and orchard crops, and seeks to add it to the reopened lawsuit, Goldman said.

Gore Says Bush Administration Paying Scientists To Dispute Global Warming (CNN)

CNN, February 7, 2007

MADRID , SPAIN (CNN) -- Former Vice President Al Gore said in an interview on Tuesday the Bush administration is now paying scientists to dispute global warming since the administration can no longer argue against it.

During an interview with CNN affiliate Cuatro in Madrid, Gore said, "they've lost the argument and they don't want to stop dumping all this pollution into the Earth's atmosphere. The only thing they have left is cash and now they're offering cash for so-called skeptics who will try to confuse people about what the science really say. But it's unethical because now the time has come when we have to act."

Gore was the Democratic nominee against Bush in the 2004 presidential election. His film, An Inconvenient Truth, is up for the best documentary Oscar.

China Says Rich Countries Should Take Lead On Global Warming (NYT)

DOJ_NMG_0129082

By Jim Yardley

The New York Times, February 7, 2007

BEIJING, Feb. 6 — China said Tuesday that wealthier countries must take the lead in curbing greenhouse gas emissions and refused to say whether it would agree to any mandatory emissions limits that might hamper its booming economy.

Jiang Yu, a spokeswoman for the Foreign Ministry, said China was willing to contribute to an international effort to combat global warming but placed the primary responsibility on richer, developed nations that have been polluting for much longer.

"It must be pointed out that climate change has been caused by the long-term historic emissions of developed countries and their high per capita emissions," she said, adding that developed countries have responsibilities for global warming "that cannot be shirked."

Ms. Jiang's comments, combined with another briefing on Tuesday by the country's leading climate expert, represented China's first official response to a landmark report issued last week by a United Nations panel of scientists that declared global warming is "unequivocal" and warned that immediate action must be taken to prevent harmful consequences.

China is the world's second largest emitter of the greenhouse gases contributing to climate change, trailing only the United States. Last November, the International Energy Agency in Paris predicted that China would pass the United States in emissions of carbon dioxide in 2009. China had been expected to surpass the United States as late as 2020, but its soaring consumption of coal has rapidly increased the country's emissions.

China derives nearly 70 percent of its energy from coal-fired power plants, many of them equipped with substandard pollution controls.

Chinese officials have long noted that China's per capita emissions remain well below the averages in wealthier countries, including the United States. Officials also argue that China remains a developing country without the financial resources or technological prowess to make a rapid shift to cleaner, more expensive energy technology.

China has not disputed the scientific rationale behind global warming or denied the potential harm it could cause. Later this year, China is expected to release broad policy goals on how it can reduce emissions and respond to global warming. In December, it issued a report warning that climate change posed a serious threat to the country's agricultural output and economy.

"The Chinese government is taking climate change extremely seriously," Qin Dahe, chief of the China Meteorological Administration, told reporters at the briefing. "President Hu Jintao has said that climate change is not just an environmental issue but also a development issue, ultimately a development issue."

Indeed, even if Chinese leaders acknowledge the problem, they remain resistant to any sweeping measures that could threaten the country's development. Some efforts are already meeting with uneven results.

Mr. Qin, who served as a co-chairman of the United Nations panel that issued the global warming report last week, noted that China had set an ambitious five-year goal of improving energy efficiency by 20 percent. But last year, the country failed to meet the initial target in that schedule.

China's standing as both a huge developing country and as one of the world's fastest-growing economies has given it prominence in the global warming debate. Along with India, China is exempt from the requirements of the Kyoto Protocol, the agreement that calls on industrial nations to reduce emissions by 2012. (The United States signed the agreement, but has not ratified it.)

Asked if China would agree to mandatory, specific targets to reduce emissions, Mr. Qin did not answer directly.

"As a developing country that's growing rapidly and has a big population, to thoroughly transform the energy structure and use clean energy would need a lot of money," Mr. Qin said, according to [a news agency].

Ms. Jiang, the Foreign Ministry spokeswoman, said China recently ordered a shutdown of dirtier coal-fired power plants that emitted 5.4 million tons of sulfur dioxide a year.

Meanwhile, China has been experiencing record warm temperatures this winter that scientists attribute at least partly to global warming. Temperatures in Beijing have soared into the 50s in February, a month when the historical average is just below freezing.

Legacy Of Radiation Illness Stirs Objection To Nevada Bomb Test (WP)

By Sonya Geis

Washington Post, February 7, 2007

ST. GEORGE, Utah -- When the baby boomers of St. George were children, radioactive ash from nuclear test explosions in Nevada regularly drifted toward the red bluffs of their town and fell like snow. They played in it and wrote their names in it on car windows.

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The federal government reassured the townspeople they were in no danger as it detonated 952 bombs in Nevada over four decades. But thousands of people who lived downwind of the test site got radiation-related cancer, and the town of 50,000 has its own cancer-treatment center today.

So when word got out recently that the government wants to test a huge conventional bomb in Nevada, sending a mushroom cloud thousands of feet in the air, people in St. George felt an unwelcome blast from the past.

At a series of emotional meetings last month in Las Vegas, St. George, Salt Lake City and the Idaho capital of Boise, people who live downwind of the Nevada Test Site expressed fear that if the government goes ahead with its code-named Divine Strake test, radioactive dust from previous tests will blow their way.

"People here have been exposed to radiation already. We don't need any little extra push," St. George native Michelle Thomas said in her home last week.

Thomas, 54, has had cancer twice, in the breast and in a salivary gland, and had a pre-malignant ovary removed. She suffers from polymyositis, a muscle-degenerating autoimmune disease. Ever since she became too sick to work as a teacher, she has spent her time on anti-nuclear activism.

"Fool me once, shame on you. Fool me twice, shame on me," she said.

The Pentagon plans to test a 700-ton ammonium-nitrate-and-fuel-oil "bunker buster" weapon on the Nevada Test Site, a 1,375-square-mile chunk of desert. Divine Strake will demonstrate the impact on deeply buried tunnels should a U.S. complex be attacked, or should the United States attack a bunker in another country. No date for the test has been set.

The Defense Threat Reduction Agency (DTRA) planned to conduct Divine Strake last June, but a Reno lawyer got an injunction to stop it. Robert Hager filed suit in April in federal court on behalf of the Western Shoshone tribe and people living downwind of the test site. A status hearing on the suit is scheduled for March 2.

Prompted by the lawsuit and outcry by lawmakers in Nevada, Utah and Idaho, the DTRA held a series of meetings and released a new environmental assessment.

Its studies predict a mushroom cloud will rise about 4,500 feet above the desert and then settle back in place. The amount of radiation that might be released at the boundaries of the test site will be equivalent to the amount released by a smoke detector, authorities said.

"The Nevada Test Site is one of the best-studied areas in terms of meteorology," said Darwin Morgan, a spokesman for the Nevada Site Office. "We know the volume of dust picked up from the explosion. We took the weather for the worst time period: January, with the highest winds. When you model to that, it stays on the test site.

"Now, will every single microscopic atom stay on the test site?" he continued. "No, you can't do that. But the bulk of the dust will remain on the test site."

Defense officials have looked at moving the test to another site, but they say the alternatives would cost $100 million and take three years of planning. Holding it in Nevada could be done this year for $5 million.

"My personal feeling is, rather than have people completely discombobulated, like they're doing, it would be better to have it somewhere else," Sen. Orrin G. Hatch (R-Utah) said. "If it costs $100 million more, that's better than having people scared to death and worrying they're going to suffer the same afflictions their families did."

Besides citing health concerns, Hager's lawsuit also charges the test would be held improperly on tribal land, and that the government is really seeking to test the effects of a nuclear bomb.

James Tegnelia, director of the DTRA, has acknowledged there is now no way to transport a single conventional bomb of the type Divine Strake will test. Also, budget documents from 2005 and 2006 say Divine Strake will simulate a "low yield nuclear weapon ground shock environment." But the agency has since disavowed the word "nuclear," and DTRA officials said they have no plans to test nuclear weapons in the future.

Rep. Jim Matheson (D-Utah), whose district includes St. George, is not convinced.

"There's no such thing as a 700-ton conventional weapon," Matheson said in an interview. "Make no mistake about it, there's an effort to move into creating new nuclear weapons."

Matheson's family suffered personally from fallout, and he is just as skeptical as some of his constituents about Defense Department assurances. Matheson's father, former Utah governor Scott Matheson, died of multiple myeloma, a rare cancer that can be linked to radiation exposure.

Like others in southern Nevada, he speaks bitterly of declassified documents that show the government did not detonate nuclear bombs when the wind blew toward Las Vegas. They waited until the wind blew toward St. George.

"The people in Utah have long memories," Matheson said. "They've been lied to before. The people in Utah are so patriotic, they're among the most supportive of the government in the nation, and the government has taken advantage of that. So I'm always skeptical when someone tells me not to worry about the testing of weapons."

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Democrats Rip EPA Chief Over Reforms (AP)

By Erica Werner

AP, February 7, 2007

The head of the Environmental Protection Agency faced down hostile critics Tuesday in his first committee appearance before the Democratic-led Congress, denying accusations that agency decisions last year rolled back environmental safeguards.

"These decisions and actions all accelerate the pace of environmental protection. They all deliver environmental results," EPA Administrator Stephen Johnson told the Senate Environment and Public Works Committee.

"Nobody's fooled by this," responded the new committee chair, Democratic Sen. Barbara Boxer of California.

"EPA has gone too long without meaningful oversight," she said, contending the changes "benefit polluters' bottom line and they hurt our communities."

At issue were a number of changes EPA made last year, including a new policy that reduces the role of scientists in setting air pollution standards; a move to raise the threshold for reporting releases of toxic chemicals; and the shuttering of five agency libraries where the public could look at scientific and health documents.

A Government Accountability Office study released Tuesday said that EPA did not adhere to its own rule-making in making the changes to toxic chemicals reporting. The Toxic Reporting Inventory changes, said GAO, "will likely have a significant impact on information available to the public about dozens of toxic chemicals" at facilities nationwide.

Johnson said the new rule encourages businesses to adopt better waste management practices by allowing them to reduce emissions reporting if they do so. "My interest is to do anything I can to encourage businesses to reduce emissions," he said.

The EPA libraries were closed, Johnson said, because they got barely any visitors and the information they housed was being put on the Internet.

Boxer confronted him with internal agency e-mails and Web postings indicating more libraries were closed than he seemed to be aware of and suggesting EPA staff was ordered to throw away scientific journals at one library.

Johnson said some journals were discarded after they were contaminated by mold in a flood, and that in some cases documents were destroyed if there was more than one copy of them.

"Mr. Johnson, you're reading those notes very well, but you're unaware of what's happening in the agency," Boxer said.

Several Republicans on the panel defended Johnson, praising him for streamlining agency regulations and ridiculing the idea that poorly attended libraries were necessary.

Sen. James Inhofe, R-Okla., held up a series of books and videos he said were at EPA libraries. One was "The Lorax" by Dr. Seuss. Another was called "Fat Chicks Rule! How to Survive in a Thin-centric World." There was also a pilates exercise video and a computer software guide from 1983.

Senator Grills EPA Chief Over `environmental Rollbacks' (MCT)

By David Whitney

McClatchy Newspapers, February 7, 2007

WASHINGTON - Sen. Barbara Boxer, the new chair of the Senate Environment and Public Works Committee, lambasted the head of the Environmental Protection Agency over "environmental rollbacks" in a hearing on Tuesday that was equal parts political theater and substance.

Conducting her first oversight hearing since becoming the panel's head last month, the liberal California Democrat detailed six areas where she said the agency's decisions have benefited industries at the expense of public health.

"EPA has gone too long without meaningful oversight," Boxer said. "I want to send a clear signal to EPA and to this administration: We are watching . . . and no longer will EPA rollbacks quietly escape scrutiny."

EPA Administrator Stephen L. Johnson defended the agency's actions, telling the committee that the Bush administration has a solid record of environmental achievement, including new rules on diesel fuel that he touted as the "single greatest achievement in clean fuel since lead was removed from gasoline."

"Regardless of rhetoric, our environmental record is clear," he said. "America's air, water and land are cleaner today than it was a generation ago, and under the Bush administration this progress continues."

Boxer focused the hearing on rules or policy decisions that the EPA proposed over the last six months or so, many of them in December before the Democrats took control of Congress.

Among the changes were reducing the requirements for some big industries to detail their release of toxic pollutants; weakening the role of scientists in air quality decisions; proposing to revoke the standard for lead emissions; and other changes on industrial air pollution.

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Boxer and other committee Democrats complained that the changes were often at the behest of industry, resulting in less public awareness of the health threats in people's communities. Another policy they attacked was the closure of five of 26 EPA libraries and reduced hours at others.

"The pattern of these year-end actions is striking," Boxer said. "The public interest is sacrificed and environmental protection compromised."

But Johnson, a 25-year EPA employee, said each of the rules Boxer raised was subject to misinterpretation. For example, he said, only companies that had eliminated or reduced other harmful emissions wouldn't have to report certain toxic pollutants in detail.

That change was one of the most controversial taken up at the hearing because those company reports become part of the national Toxic Release Inventory, a registry that allows people to look up on the Internet the toxic substances that plants vent in their neighborhoods.

The EPA regarded the change as an incentive for industry to cut pollution, Johnson said.

"The result is a cleaner environment for us all," he said.

Boxer zeroed in on the closure of the EPA libraries and employees' reports that large amounts of material was being discarded. Johnson insisted that only reports and journals of which the EPA had multiple copies were being pared.

When Boxer began grilling Johnson on the details, however, he quickly retreated, saying he had no information to answer her questions. But when the panel's senior Republican, Sen. James Inhofe of Oklahoma, asked Johnson about specific children's books and outdated computer manuals in the library collections, Johnson knew not only the titles but also the number of shelved copies.

Boxer said she was amazed by Johnson's knowledge of those books, but also that he was unaware that, as one agency staffer told her in an e-mail, 700 linear feet of journals, 25 percent of them "irreplaceable," were thrown out.

"E-mails have given us a story you apparently are unaware of," she told Johnson.

Republican committee members attempted to portray Boxer's concerns as trivial and the policy changes as prudent efforts at modernizing and streamlining.

"We are focusing on the wrong things," said Sen. Christopher "Kit" Bond, R-Mo.

"I appreciate that you consider these small in comparison to other things," Boxer retorted. "That's why we have two (political) parties."

Mining Heat From The Earth? New Technology Shows Promise. (CSM)

By Mark Clayton

Christian Science Monitor, February 7, 2007

Here's one vision for easing America's energy and emissions woes: Hundreds of drilling rigs are deployed throughout the country. But they're not prospecting for oil; they're looking for underground rock hot enough to produce steam-driven electricity. The potential? Enough power to provide 10 percent of US electricity by 2050 – with near-zero emissions of greenhouse gases.

That's the promise of "enhanced geothermal systems," or EGS, says a recent report by the Massachusetts Institute of Technology in Cambridge, Mass.

There are just two major catches. First, about $800 million in research and development is needed over the next decade to make the drilling technology cost-effective. Second, the Department of Energy is trying to kill the program by ending its funding.

On Monday, the DOE unveiled a $24.3 billion fiscal 2008 budget with more funding for nuclear power, alternative fuels, and science programs – but nothing for geo- thermal.

"The department will conduct our own internal review and assessment of the [MIT] report and its recommendations," DOE spokesman Craig Stevens said in an e-mail. But geothermal energy has "already entered the mainstream," he added. The DOE aims to fund new technologies.

Some parts of the technology are indeed mature. For years, conventional geothermal technology has been tapping mostly hot springs formations in a few isolated locations in the Western US, providing about 0.3 percent of the nation's electricity. The newer, enhanced approach identified by MIT could be developed virtually anywhere.

"It appears that large areas of the United States are suitable for future geo- thermal exploitation in the near term that have not been considered in the past," states the recent report, sponsored by the DOE and written by an 18-member panel convened by MIT. "Most of the key technical requirements to make [it] work economically over a wide area of the country are in effect, with remaining goals easily within reach."

The report, released Jan. 22, corroborates other reports – by the National Renewable Energy Laboratory last year and the Western Governors Association in 2005 – of a massive "deep geothermal" resource.

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"We should give strong credence to the MIT report," says Dan Reicher, former assistant secretary for energy efficiency and renewable energy in the Clinton years. "With these deep resources, we have the potential to access new energy over most of the country, including the East Coast. This is the moment to be adding to, not cutting, the geothermal R&D budget."

Since the 1970s, a few EGS systems have been tested in a half-dozen places in the US, and test systems are now being developed in France and Australia. The EGS promise has grown along with advances in oil and gas drilling technology and US-industry research partnerships.

Unlike drilling for oil, often done in softer, permeable rock, the enhanced geo- thermal approach requires boring down one to six miles into solid rock. Power plants would inject water down one well, passing it through crevices in the hot rock, then extract steam through another well. Federal research should focus on drilling, rock fracturing, and thermal energy conversion technologies, advocates say.

That's because the cost of digging wells can be as much as 60 percent of the total capital investment of a 25- to 100-megawatt geothermal plant, the MIT study says. Today, drilling a 23,000-foot-deep well into New Hampshire granite would cost about $15 million and take nearly half a year, the report estimates. By contrast, drilling a 15,800-foot-deep oil well in 2004 cost $7.5 million on average, the report says. Advocates say more research could dramatically reduce drilling costs.

"One and all, these recent reports agree there is an enormous resource out there [that] we're still learning how to use," says Karl Gawell, executive director of the Geo- thermal Energy Association, a Washington trade group. "That's why it's so ironic when the White House and DOE say, 'Hey, we're done. There's nothing out there left to learn.' It totally contradicts what the studies are saying."

Geothermal's research budget at DOE was $24 million in fiscal 2006 – the smallest among major federal renewable energy research. But at White House budget office urging, the department eliminated geothermal funding for 2007.

In response, Congress last fall voted to restore at least $5 million to keep the program alive. Last week, Congress moved to add $300 million to the DOE's Office of Energy Efficiency and Renewable Energy – but left it up to the department to allocate some of those 2007 funds to geothermal. Now there is growing concern it won't happen.

"The administration has been surprisingly hostile to geothermal energy research development and deployment," Senate majority leader Harry Reid wrote in a Feb. 1 letter to Energy Secretary Samuel Bodman, obtained by the Monitor. Calling the zero budget for EGS in fiscal 2007 "counterproductive," Senator Reid asked the DOE to restore funding to at least 2006 levels and to assure Congress of continued funding. "Geothermal has the potential to cleanly and renewably satisfy the new electricity needs of the West," he wrote.

With such funding, the cost of enhanced geothermal power could fall from 8 to 9 cents a kilowatt hour today to less than 5 cents as the technology is deployed, making it competitive even with big coal-fired power plants, the MIT report says. Because EGS emits little carbon dioxide, it could become competitive with coal power if regulation makes carbon emissions costly.

One possible result: Geothermal plants could supply about 100,000 megawatts – the equivalent of 200 big coal-burning power plants – by 2050, according to the report. That power could help replace the 50,000 megawatts of coal-fired power and 40,000 megawatts of nuclear power that the US is expected to lose over the next 25 years as it closes old power plants.

Tax Break With A View (WSJ)

By Rachel Emma Silverman

The Wall Street Journal, February 7, 2007

Muscoe R.H. Garnett Jr.'s farm in Loretto, Va., hasn't changed much since the family acquired it in the 1600s. Now, the retired insurance executive has made sure it will stay that way.

Encouraged by recent tax legislation, Mr. Garnett has placed a "conservation easement" on much of his property, located about 80 miles from Washington, D.C. The move permanently shields the rolling pastures, timber forests and croplands from being turned into a housing subdivision or business park. Under the easement, which is a binding agreement typically made with a land trust, the Garnett family still owns the land and can continue to use it for farming and timber but most of it can never be developed.

Landowners who place conservation easements on their scenic, environmentally sensitive or historic properties have long been able to get tax breaks from the federal government, and some states have also begun offering tax incentives. Now, a little-noticed provision in the wide-ranging pension law Congress passed last summer has made the federal tax breaks even more generous. Conservation groups say this has spurred a sharp increase in the number of landowners interested in placing easements on their property.

"The incentives are fantastic, and I don't think a lot of people realize it," Mr. Garnett says.

But the expanded federal incentives, backed by some influential lawmakers from agricultural states, are due to expire at the end of this year, unless Congress acts to extend them. (A bill recently introduced in the Senate would make the changes

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permanent, and President Bush also called for them to be made permanent in this week's budget proposal.) For now, landowners might need to act quickly, since conservation easements can take several months to put together.

Here's how it works: A landowner typically donates a conservation easement to a land trust, a type of non-profit organization that helps put together the easement and monitors its restrictions over time. The value of the donation for income-tax purposes generally is the difference between the land's unrestricted value and its new value with limited development or usage rights.

Be careful, though. The Internal Revenue Service and Congress in recent years have been concerned with easement abuses in which donors have taken inflated deductions or placed restrictions on land with little conservation value, such as golf courses. The new law includes stiffer rules and penalties regarding appraisals, to prevent donors from overstating the deduction for their land. The IRS says it is currently auditing hundreds of easements.

But the law is designed to encourage easement donations by allowing larger tax deductions. Landowners can now deduct the value of a donation up to 50% of their adjusted gross income per year, up from the previous ceiling of 30%. That means if your adjusted gross income is $100,000, you are now eligible for as much as a $50,000 tax deduction a year, instead of $30,000. And if your income is too low to deduct the full amount of your gift in one year, you can now carry forward the deduction for 15 additional years, up from five years previously.

Property held in family limited partnerships, limited liability companies and some types of corporations may also be able to take advantage of the increased deduction limits, says Stephen J. Small, a Boston tax lawyer who specializes in conservation easements.

The law is even more generous for career farmers and ranchers who earn at least half their income from their land. These property owners, who are often land-rich, but cash-poor, can now deduct up to 100% of their income. "If you're a farmer you could pay no federal income taxes for 16 years," says Rand Wentworth, president of the Land Trust Alliance, a coalition of 1,600 land trusts across the country.

Colorado rancher Jay Fetcher in recent years placed conservation easements on two large parcels of his 2,000-acre cattle ranch near ski resort Steamboat Springs. The first donation, on 1,350 acres, was worth about $1.1 million for tax purposes. But Mr. Fetcher, limited at the time to deducting a small portion of his income, was able to take only about $60,000 of that donation in deductions over six years. "We left almost all of the donation on the table," he says.

Mr. Fetcher is planning this year to make another easement donation on 270 acres to a Colorado land trust. He expects the value of the donation will be about $1.2 million, and thinks he will be able to recoup roughly half that amount because of the higher federal tax deductions and an increase in state tax credits. "The changes helped us," says Mr. Fetcher. Still, he says the financial incentives are secondary to his desire to preserve the land, in his family since 1949, with its sweeping views of mountains and pine forest. "Our family has no desire to ever see the ranch developed. That's at the beginning of it all," says Mr. Fetcher.

The tax-rule change has generated sharply increased interest in conservation easements, say land trust officials from Washington and Wyoming to Georgia. "Some landowners whom we've been talking to for five or almost 10 years say that now it makes economic sense for them," says Laurie Wayburn, president of the Pacific Forest Trust in San Francisco.

Conservation easements can generate other tax benefits, too. They can cut estate taxes, because the land is considered to be worth less under an easement. A growing number of states offer a range of income tax breaks. Colorado and Virginia, for example, give donors state income tax credits that are transferable, which means that landowners who don't need the tax credits can sell the credits to other taxpayers for instant cash. You may even get a property tax break, depending on where you live.

Conservation easements can vary. A farm owner, for instance, could still retain the right to farm the land and to build a couple additional homes or barns, but could limit the land from being further subdivided. Property owners can sell their land, but buyers are obligated to honor the easement.

Peter Bance recently placed a conservation easement on 65 acres of the Virginia farmland that has been in his family since 1840. The property was zoned to allow construction of six housing sites, and he donated the rights to five of those sites to a state-run land trust. (He kept one site in case a descendant wanted to build a house in the future.) "We think we have a piece of heaven and we hope to keep it that way for generations to come," says Mr. Bance, 55, who is an executive with Wachovia Corp.

If you're thinking of doing a conservation easement, it's best to contact a land trust in your area to find out if your property qualifies. (Try www.lta.org, the Web site of the Land Trust Alliance.) There's no minimum size, but in order to get a tax deduction the property has to meet certain criteria, such as having significant environmental, scenic or historic value. Also, be sure to work with a tax and legal adviser familiar with local applicable laws.

The land has to be appraised (try www.appraisers.org, the Web site of the American Society of Appraisers) and may need to be surveyed, which can cost a few thousand dollars. There are also legal fees to draw up the easement, which can cost

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several thousand dollars, depending on the complexity of the deal. Some land trusts also recommend landowners make cash donations to the land trust to help fund the organization's future monitoring of the easement.

Because easements are placed in perpetuity, a family has to be sure it wants to permanently restrict development -- and the potential for a big windfall -- before committing.

Several months ago, after discussions with his wife, children and grandchildren, Eslick Daniel placed a conservation easement on his 200-acre farm in Columbia, Tenn., near Nashville. The easement on the farm, called "Sweet Easy," limits development, except for a couple of building sites that Dr. Daniel's descendants could use for housing. For Dr. Daniel, 65 years old and a retired orthopedic surgeon, the tax incentives weren't a factor. "We wanted to keep it where it would be open land for our family and for other people," he says.

Write to Rachel Emma Silverman at rachel.silverman@wsj.com

House Committee Approves Bill To Combat Indian Meth Use (AP)

AP, February 7, 2007

WASHINGTON -- A House subcommittee on Tuesday took a step toward helping Indian communities battle crisis levels of methamphetamine use.

A House Judiciary subcommittee passed legislation sponsored by New Mexico Rep. Tom Udall, a Democrat, that would allow territories and Indian tribes to receive law enforcement grants to battle meth use.

Udall said larger meth legislation passed by Congress last year "unintentionally left out" Indian tribes as possible applicants for some grant programs. This legislation would clarify that law so the tribes would be eligible.

He noted that meth use has been disproportionately worse in Native American communities, citing a 2005 National Survey on Drug Use and Health. That study reported a "past year methamphetamine use" rate of 1.7 percent for American Indians and Alaska Natives and 2.2 percent for Native Hawaiians.

Ben Shelly, vice president of the Navajo Nation, also testified at the hearing.

"The escalating problem of methamphetamine is affecting the entire nation and has reached epidemic levels," Shelly said. "Methamphetamine use and production places tremendous burden on the already severely underfunded Indian health care system and law enforcement."

The full committee will consider the legislation Wednesday. It is expected to pass the bill, which will then move to the House floor.

FBI/DEA/ATF/USMS:

Combating Threat Of Cross-border Gangs Discussed (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, February 7, 2007

Rodrigo Avila-Aviles came to Los Angeles from El Salvador this week to discuss an export-import problem that has nothing to do with tariffs or quotas.

As director general of the El Salvador National Civil Police, Avila-Aviles is here to talk to the FBI about what can be done about the number of gang members moving back and forth between Central America and the United States.

Once here, they learn new ways to menace neighborhoods before they are deported, the director general said.

"As a general rule, the guys who have more status in the gangs in El Salvador are the ones who have been deported from the United States, who have been in prison here," Avila-Aviles said Tuesday as he and the heads of police forces for four other Central American nations prepared to discuss the issue today with their U.S. counterparts.

In Guatemala, there are up to 20,000 gang members, about 1,000 of them deportees from the U.S., according to Erwin Johann Sperisen-Vernon, director general of the Guatemala National Civil Police.

"These deportees come to our country and organize and spread their franchises there," Sperisen-Vernon said. "They get more sophisticated in their ways of committing crime."

But the traffic goes both ways, with U.S. law enforcement struggling to deal with an influx of gang members from Central America and Mexico. Los Angeles Police Chief William J. Bratton said the large number of such criminal gang members illegally in the United States is making gang violence worse.

Law enforcement executives hope the three-day meeting at the Universal City Hilton will help them find solutions while learning from one another.

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"The effort is to continue to inform, educate and develop relationships so we can have a much more concentrated effort internationally on dealing with our gang problems," said Bratton, who will address the meeting today.

Also attending will be the heads of law enforcement in Mexico, Belize and Honduras, as well as representatives of the FBI, U.S. Immigration and Customs Enforcement, the federal Drug Enforcement Agency, and police chiefs from Los Angeles and other U.S. cities.

The extent of the cross-border problem was made clear during a recent raid on gang members involved in violent extortion schemes in one El Salvadoran town. Of the 120 people arrested, 40 had been deported at least once from the U.S., Avila-Aviles said.

Although gangs in El Salvador include some with names tied to the Los Angeles area — the 18th Street and MS-13 gangs for instance — Avila-Aviles is quick to add that he does not blame the U.S. for the problem.

"These guys are Salvadoran," he said. "They learn all this stuff in this country, but I cannot blame the United States for deporting them. However, even though the U.S. is not to blame, we need to look out for new mechanisms so we have more control over these guys."

Cooperative measures announced as part of a four-part plan this week by U. S. Atty. Gen. Alberto R. Gonzales include fugitive apprehension, international coordination on deportations, information sharing, and cross-border training and prevention programs.

To better identify, track and apprehend gang members, the FBI will accelerate implementation of the Central American Fingerprinting Exploitation system, Gonzales said.

"This initiative will enable the United States and our colleagues in Central America to share information and coordinate law enforcement efforts as we work in partnership to target and dismantle violent gangs," Gonzales said.

Eighty out of every 100 homicides in El Salvador are gang-related, according to Avila-Aviles.

"If we put it together as a whole, the single most important criminal problem in our country is the gang activity," he said.

The directors general from El Salvador and Guatemala say they want the meeting's discussions also to focus on ways to prevent young people from joining gangs.

"We need some regional initiatives in the prevention area," Avila-Aviles said.

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Central America's Top Cops In LA For International Gang Summit (MERCN)

By Andrew Glazer

The San Jose Mercury News, February 7, 2007

LOS ANGELES - Not long ago, the U.S. regularly deported convicted gang members to their home countries in Central America without tipping off local police of their criminal past, the director of El Salvador's national police said Tuesday on the eve of an international summit on gangs.

Los Angeles' pervasive and violent street gangs were seen as a local problem and not part of an international criminal web, even as some gangs such as MS-13 and 18th Street, oozed across borders into Mexico, Guatemala, El Salvador and Honduras.

The three-day summit beginning Wednesday in Los Angeles reflects a recent shift in that philosophy. It features top officials from several Central American and local U.S. police departments, along with the FBI.

Seminar participants said gang members have been taking advantage of the lack of information sharing to cross borders unidentified by local police - bringing weapons, ideas for criminal enterprise and rivalries.

"Now it is most important to take advantage of technology, of our shared economic interests and of our information to find new ways to make sure these violent gangs don't continue to find ways of staying in the dark," said Rodrigo Avila Avilez, director general of El Salvador's national police.

Earlier this week in El Salvador, U.S. Attorney General Alberto Gonzalez announced an initiative to improve anti-gang cooperation between the two countries that will ease the arrest of fugitives, coordinate training and improve information sharing and gang intelligence gathering.

Avila Avilez estimated there were as many as 15,000 gang members in El Salvador, a country of about 6.8 million. There are about 6,000 gang members in Guatemala, a country of 12.3 million, said Ervin Johann Sperisen Vernon, director general of Guatemala's national police.

By comparison, police estimate Los Angeles County has about 40,000 gang members.

The spread of Los Angeles-style gangs to Central America is in part the result of mass deportations of young men indoctrinated in the city's violent streets after fleeing their home countries during the civil wars of the 1970s and 80s. In many

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cases, gang members raised in Los Angeles have more in common culturally with the city than their home countries, police officials said.

"In El Salvador, they speak Spanglish, or Spanish with a Mexican accent," Avila Avilez said. "It gives them a privileged status among fellow gang members."

Robert B. Loosle, who oversees the FBI's gang investigations in Los Angeles, said crimes committed by gangs in Central America serve as a bellwether for potential criminal enterprises in the U.S.

Particularly noteworthy, Loosle said, was a spike in extortion rackets committed by gangs in El Salvador. Armed members of MS-13 regularly shake down neighborhoods for protection money and demand taxes from bus and truck drivers passing through their turf.

"Since members of gangs travel freely across borders, we need to pay attention to new trends they bring with them," Loosle said.

Sperisen Vernon said gangs in Guatemala are increasingly recruiting young children to deal drugs, stash dirty money and even kill rivals.

"It's much more complicated to jail minors," he said.

He and Avila Avilez both mentioned another disturbing trend: the spread of gang recruitment from the disillusioned poor to children from good homes who are too afraid to remain unaffiliated.

"There is a saying in some El Salvador neighborhoods," Avila Avilez said. "It is, 'If you're not in a gang, then you're against gangs.'"

L.A. Exports Gang Terror (LADN)

By Rachel Uranga, Staff Writer

Los Angeles Daily News, February 7, 2007

Bratton to open world summit focusing on links to Central America

Acknowledging that Los Angeles is the epicenter of a global gang crisis, fueling violence from Guatemala to Russia, law enforcement officials from around the world will meet this week to tackle the scourge.

LAPD Chief William Bratton will open a three-day summit today to discuss the migration of gang members from Southern California to their homelands, bringing a culture of violence and terror.

"We are seeing the international gang problem growing by leaps and bounds," said Lt. Gary Nanson, head of the Los Angeles Police Department's Valley gang unit. "They have opened up the door for the local criminal. They are more worldly in their ability to franchise, they can move stolen goods or narcotics or money across boundaries."

The summit will focus on gangs with ties to Central America. Becoming increasingly sophisticated and murderous, these transnational gangs - such as the U.S.-grown Mara Salvatrucha, or MS-13 - are ravaging poor Central American communities and terrorizing Los Angeles neighborhoods.

The techniques are increasingly similar on both sides of the border.

In El Salvador, officials say, gang members commit half of the country's homicides. But there, gang members have derailed the city's infrastructure. In December 2005, Salvadoran gangs demanding "taxes" killed a series of bus drivers, shutting down service.

Local police are afraid some of the more brazen tactics Central American gangs use will emerge in Los Angeles.

"Their tactics are a lot more vicious than other gangs, they are more violent and they are everywhere," said Robert Loofle, the FBI agent overseeing Los Angeles' criminal division. "They use intimidation to get what they want, they will commit a vicious homicide to show their power and the force, then easily cross the border.

"We have to clamp down now so they don't evolve into something stronger and more vicious."

Cooperation needed

Key to slowing gang activity is better cooperation among police agencies in all countries - an item officials will focus on this week. All are clamoring for better intelligence.

Now, local law enforcement agencies contact other countries when they are looking for a suspect to be extradited. With increased cooperation, federal and local authorities hope they can eventually share surveillance on gang members and knowledge of their activities.

"Our fear is that they become franchises and unwittingly help other organizations like narco-traffickers as muscle or transporting money," Loofle said.

In areas of the San Fernando Valley, where transnational gangs such as MS 13 and 18th Street have taken root in North Hollywood and Van Nuys in recent years, violent gang crime has soared.

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Most troubling, police say, is the rising level of witness intimidation, which criminal organizations use to keep their members out of jail. In the North Hollywood area, the number of intimidation cases rose 85 percent in 2005-06, from 13 to 24.

"The part that scares us is that the percentage of increase of violent gang crime is higher in the Valley than any other regions ... we need to act fast," Nanson said.

Last year the San Fernando Valley saw a 42 percent increase in violent gang crime and citywide, gang crime jumped 14 percent. There has also been a rise in hate crimes among gang members.

New anti-gang effort

The summit comes a day before Mayor Antonio Villaraigosa is set to release a sweeping anti-gang effort and follows a high-profile report finding the city's gang prevention piecemeal and ineffective.

Community activists have lobbied for intervention efforts such as lengthening school hours and providing job opportunities. But stopping the spread of gangs - who can call on strong family ties and rooted criminal networks in both countries - will prove tough.

"The idea of eradicating them is erroneous and the way of totally severing the ties is misconceived," said Tom Ward, a University of Southern California expert on Central American gangs. "As long as you have migrants coming back, how are you going to determine which one is a gang member or an ex-gang member?

"Gangs are a reflection of society, they are symptom of sick societies, you address the social problems that bred the gangs and they won't necessarily go away but the problems they cause will be significantly diminished," Ward said.

Federal crackdown

Responding to the surge in gang activity nationally, U.S. Immigration and Customs Enforcement in 2005 launched Operation Community Shield targeting gangs across the U.S.

Under the effort, more than 4,302 street-gang members from 442 gangs were arrested, about one-fourth of those on pending criminal charges.

Over the past decade, as hundreds of gang members have been deported - immigration officials have no official estimate of just how many - and others returned home, a new gang culture emerged in their home country.

"It used to be for kids in the poor neighborhoods ... Now it's kids from well-to-do homes," said Rodrigo Avila, El Salvador's top law enforcement official. "They are forced into it, under pressure."

21 In Dorchester, Quincy Arrested (BOS)

By Shelley Murphy And Charles A. Radin, Globe Staff

The Boston Globe, February 3, 2007

Called members of drug rings tying Canada to Boston area

They worked out of nondescript little storefronts around Dorchester and Quincy: a flower shop, nail salon, grocery store, and wood floor finishing business. But yesterday law enforcement officials said the unidentified businesses were covers for members of Vietnamese drug rings who had been smuggling ecstasy and marijuana from Canada over the past two years and peddling it throughout Greater Boston.

Four indictments handed down by a federal grand jury Thursday and unsealed yesterday charged 23 people, ranging in age from 22 to 56, with conspiring to sell ecstasy or marijuana, and in some cases both. Three of them were also charged with money laundering.

"This ecstasy was manufactured in clandestine laboratories in Canada, then smuggled into the United States, ending up in Boston and further distributed to gangs and other buyers in the city," said June W. Stansbury, special agent in charge of the federal Drug Enforcement Administration's Boston office.

The alleged drug organization was dismantled from top to bottom by investigators who targeted the Canadian supplier and arrested local gangs that sold the drugs in the Boston area, Stansbury told reporters during a news conference yesterday.

The investigation started when an immigrant, who was facing possible deportation in February 2005 after his arrest on charges involving drugs, guns, and an assault on a police officer, began cooperating with Boston police and the DEA and identified a list of local drug dealers, according to an affidavit filed in federal court.

A task force of federal agents, state troopers, and local police tapped telephones, sifted through trash, made undercover drug buys, and conducted exhaustive surveillance during a 15-month probe dubbed Operation Polar Express that led to the four indictments, according to law enforcement officials.

Investigators seized 85,000 ecstasy pills, worth nearly $2.6 million on the street, 130 pounds of marijuana, five guns, and $25,000.

Law enforcement officials raided houses in Dorchester and Quincy yesterday and arrested 21 of those charged.

The remaining two suspects were being sought last night, officials said.

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US Attorney Michael J. Sullivan said the indictments "will have an immediate and positive impact on the city of Boston and the neighboring communities."

Some of the ecstasy pills seized were laced with methamphetamine, which was added by the manufacturer to make the drug more addictive.

Sullivan called the mixture "a dangerous trend" that has been developing across the country over the past few years.

Boston Police Commissioner Edward F. Davis said, "These drugs that were being sold on the streets of our city were destroying the qualify of life for people and driving the crime rate up."

Among those indicted were a family that lives on Bloomfield Street in Dorchester, including Tiem Trinh , 54; his wife, Anna , 51; and their sons Antwon Trinh , 24, and Quoc Boa Trinh, 27.

Quoc Boa Trinh, an alleged ringleader, is charged in three separate indictments with conspiring to sell ecstasy and marijuana and money laundering.

His parents and brother are charged with conspiring to possess with intent to distribute marijuana.

Boston lawyer Michael C. Andrews, who is representing Quoc Boa Trinh, said his client works at his father's convenience store, TJ Variety, and is "a hard-working young man from a good family."

His client is "looking forward to his day in court," Andrews said.

A neighbor of the Trinhs said they "were very nice people."

"I don't know much about them, but we never had any trouble," the neighbor said.

The family had lived in the house for more than two years, the neighbor said.

But affidavits filed in federal court offered a different portrait.

A witness told investigators that Quoc Boa Trinh wore a bulletproof vest, owned a couple of guns, and obtained up to 300 pounds of marijuana a week from his supplier, Tan Dinh Phung, 43, of Dorchester. Phung was also arrested yesterday.

Last night, investigators were searching for Hung Van Le, 37, of Revere and Van H. Nguyen, 25, of Dorchester.

Affidavits also assert that Nguyen and another man indicted , Long T. Vu, picked up 40,000 ecstasy pills in Buffalo in December. They were stopped by Massachusetts State Police, who seized the drugs. Vu, 23, of Christy Lane in Randolph, is in custody.

Newton Man Faces Federal Drug Charges (DNT)

Newton (MA) Daily Tribune, February 6, 2007

BOSTON - A Newton man is among 23 people indicted by a federal grand jury on drug charges stemming from a 15-month investigation known as Operation Polar Express, a U.S. Attorney's Office spokeswoman said.

The four federal indictments and several search warrants were unsealed Friday, following the arrests of 23 men and women on conspiracy to possess with intent to distribute Ecstasy and marijuana, spokeswoman Samantha Martin said.

Vinh Dung Diep, 26, of 197 Linwood Ave., Newton, is charged with one count and faces up to five years in prison if convicted, she said.

Others arrested are from Dorchester, Quincy, Randolph, Revere, Allston, New York, Rhode Island and Connecticut.

Operation Polar Express targeted wholesale and retail illegal drug distributors in Massachusetts and their sources of supply in Canada and other parts of the United States, Martin said.

According to documents filed in the case, a Drug Enforcement Administration task force had been investigating marijuana and Ecstasy distribution in Boston since October 2005.

The investigation included surveillance; wiretaps; undercover drug buys; "trash pulls;" and the seizure of drugs, firearms and other drug paraphernalia, during traffic stops and home searches, documents state.

Martin said about 85,000 Ecstasy pills and 100 pounds of marijuana have been seized.

"Complete cooperation among federal, state, and local law enforcement partners made it possible to dismantle this drug-dealing organization," said U.S. Attorney Michael J. Sullivan. "(These) indictments demonstrate our resolve to make our neighborhoods safer by reducing the availability of drugs in our communities and prosecuting those who peddle their poison."

June W. Stansbury, DEA special agent in charge, said the drugs were marketed using images such as Superman, a bat, a kangaroo and even the Statue of Liberty.

"It's ironic that a group of traffickers who chose to use our symbol of liberty now face losing theirs," she said.

Former Drug Boss Sent To Prison For Life For Cocaine Ring (DDN)

Dayton Daily News, February 6, 2007

DAYTON — An ex-Los Angeles drug boss was sentenced Monday in federal court to life in prison for supplying hundreds of pounds of cocaine to the Dayton area.

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A jury in September convicted Ronald Taylor, 47, on charges accusing him of operating a continuing criminal enterprise and conspiracy to distribute and possess more than 300 pounds of cocaine.

The operation funneled cocaine from L.A. to Dayton, Columbus, New York City, Buffalo, Milwaukee, Detroit, Nashville and Washington, D.C., between September 1999 and July 2001, prosecutors said.

Senior U.S. Judge Walter H. Rice sentenced Taylor.

Prosecutors Tie Kiel Problems To Gambling (SDUT)

By Brent Schrotenboer, Union-tribune Staff Writer

The San Diego Union-Tribune, February 7, 2007

Attorney says losses at casinos may be addressed in talks

Frequent gambling losses at area casinos apparently led Chargers safety Terrence Kiel to seek other means of income, including the shipping of codeine-based cough syrup that got him arrested last year, law enforcement authorities said.

Officials were told in their investigation that gambling is "exactly what caused the problem, that he was in over his head because he gambles too much," San Diego Deputy District Attorney Damon Mosler said.

Kiel, 26, is due in court today for a trial readiness hearing on five felony charges related to the cough syrup matter. Kiel's attorney, Bob Grimes, said he hoped to reach a deal with prosecutors and the judge, and that it could include Kiel's addressing of the gambling issue.

"The issue of gambling may be addressed," Grimes said. "But we don't know for sure. That's one of the things that could be part of the deal or it could not be."

Law enforcement sources said gambling was suspected because selling codeine-based cough syrup isn't very lucrative and that records show Kiel had dozens of cash transactions of at least $10,000 each at area casinos.

Grimes declined to address the specifics of the gambling issue.

Kiel also has been under investigation by Immigration and Customs Enforcement for transactions involving counterfeit Nike shoes from China. Grimes said he didn't expect charges in that case.

Said General Manager A.J. Smith: "We are very much aware of Terrence's personal and legal situation. We think it's best he addresses them, not us."

While Kiel has one year remaining on his contract, it appears unlikely he will return to the Chargers in 2007.

Smith would not address whether Kiel would be a Charger beyond this month, but he said recently in response to a question about Kiel's status with the team: "We've had a lot of problems this year, and we'll clean up a little bit of our mess."

Gambling issues with players long have been a concern for the NFL, which considers them a threat to its security and integrity.

Kiel's salary was $460,000 last year, his fourth with the Chargers. He signed a six-year, $3.71 million contract as a rookie, which included a $1.25 million signing bonus.

Mosler said prosecutors and the judge could ask Kiel to do community service as part of any deal that is reached. Such community service could include speaking on the dangers of drugs or gambling.

"The idea is not to see him again," Mosler said.

Records show Kiel has struggled with financial problems in the past year. On Sept. 7, a notice of default was filed by a loan corporation against Kiel, seeking payment of $16,610 from a $591,634 mortgage. The property no longer is being foreclosed. In 2005, Kiel obtained a $50,000 home equity line of credit. When $49,438 became due, Kiel "refused to pay," according to the lender. The case was settled in April.

Prosecutors allege Kiel was illegally obtaining codeine-based cough syrup from a friend, Hope Devina Vines, who worked at a San Diego pharmacy and was stealing it from her employer. Vines, a licensed pharmacy technician at Sharp Rees-Stealy in San Diego, has been arrested on felony charges of theft and possession of a controlled substance in connection with the case. Kiel and Vines have pleaded not guilty and both are expected in court today.

Kiel was arrested in September after Drug Enforcement Administration agents intercepted two express mail packages containing 18 pint bottles full of the drug. Authorities said Kiel admitted to shipping the cough syrup to his native Texas, where it can sell for up to $325 on the street and where it is mixed with soft drinks.

In an unrelated matter, the San Diego city attorney's office has charged Kiel with public urination, a violation of the municipal code. Police cited Kiel in the Gaslamp Quarter in December.

3 Plead Guilty In Drug Ring (CP)

Connecticut Post, February 7, 2007

BRIDGEPORT — The front for the cocaine distribution ring was an auto dealership on Barnum Avenue.

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The carriers were often cars packed with cocaine and driven here from New York.

Once unloaded, the cocaine was cut, packaged and distributed throughout Fairfield County and the Naugatuck Valley.

That is, until the U.S. Drug Enforcement Administration's High Intensity Drug Task Force wiretapped telephones at East End Auto on Barnum Avenue and videotaped drug deals.

Three more ring members — including Luis "Papo" Robles, 42, of Evelyn Road, Derby, who owned East End Auto — pleaded guilty this week, just before the scheduled start of their trial on cocaine trafficking charges.

Robles; Raul Reyes, 36, of Main Street; and Michael Harding, 31, of Karen Avenue, all pleaded guilty to conspiring to possess with the intent to distribute cocaine.

U.S. District Judge Stefan R. Underhill set May 3 for sentencing. Robles and Reyes face a mandatory minimum 10-year prison term and a maximum life sentence. Harding faces a maximum 30-year term.

During his guilty plea, Robles acknowledged that he attempted to obstruct the probe by threatening witnesses.

The three guilty pleas bring to 13 the number of ring members who have admitted their roles in the operation.

Ryan Persad, 44, of Horton Hill Road; Ignacio Vasquez, 31, of Berkshire Avenue; and Isabel Pagan, 30, of Palisade Avenue, have maintained their innocence and are awaiting trial.

The defendants were rounded up last April. At the same time, DEA agents conducted 11 searches in Bridgeport, Derby and Naugatuck in which they seized $125,000 cash, six cars, three and a half pounds of cocaine and 500 grams of crack.

Police from Ansonia, Bridgeport, Derby, Easton, Greenwich, New Canaan, Newtown, Norwalk, Stratford, Stamford and West Haven assisted in the probe.

Assistant U.S. Attorneys H. Gordon Hall and James Smart are prosecuting the cases.

North Dakota Issues First Hemp Production Licenses To 2 Farmers (AP)

By Blake Nicholson, Associated Press

AP, February 6, 2007

DEA still must approve

BISMARCK, N.D. – North Dakota issued the nation's first licenses to grow industrial hemp Tuesday to two farmers who still must meet federal requirements before they can plant the crop.

The farmers must get approval from the Drug Enforcement Administration, which treats hemp much the way it does marijuana and has not allowed commercial hemp production but has said it would consider applications to grow it.

Hemp is a cousin of marijuana that contains trace amounts of the chemical that causes a marijuana high, though hemp does not produce the same effects. The sturdy, fibrous plant is used to make an assortment of products including paper, rope, clothing and cosmetics.

Industrial hemp cultivation is legal in Canada and other countries but is banned in the United States. Law enforcement officials worry that industrial hemp can shield the growing of marijuana, although hemp supporters say that fear is unfounded.

The North Dakota Agriculture Department approved rules late last year for hemp production with the DEA's concerns in mind, State Agriculture Commissioner Roger Johnson has said.

The state issued permits Tuesday to Wayne Hauge and Dave Monson, who is also a legislator. The state Agriculture Department is processing 16 other hemp applications, Johnson said.

“It's taken us a lot longer than (expected) to get here, and I'm thinking we still have a ways to go,” said Monson, the House assistant Republican majority leader.

Joseph Rannazzisi, an administrator with the DEA, said federal law does not allow the agency to delegate its ability to regulate hemp to state officials. Although the DEA may waive registration requirements, it has done so only for law enforcement officers and other officials, he said.

Johnson asked the DEA in December to waive its $2,293 registration fee, but federal officials rejected that request. Johnson said he will hand-deliver Hauge's and Monson's applications when he meets with DEA officials in Washington early next week to try again to persuade them to relax the annual fee requirement.

North Dakota is one of seven states that have authorized industrial hemp farming. The others are Hawaii, Kentucky, Maine, Maryland, Montana and West Virginia, according to Vote Hemp, an industrial hemp advocacy organization based in Bedford, Mass.

Hemp Farming Licensees Have Different Plans (AP)

AP, February 6, 2007

BISMARCK, N.D. The first two North Dakota farmers to be licensed to grow industrial hemp have different plans for their future crops, assuming the federal government allows them to be cultivated.

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Dave Monson of Osnabrock, in northeastern North Dakota, and Wayne Hauge of Ray, in the northwestern corner of the state, on Tuesday received the first two licenses issued under new state rules for growing the crop.

Hemp can be used to make numerous products, from food to clothing, and Monson said he has received calls from potential buyers as far away as Taiwan. Monson, who also is a state lawmaker, wants to sell both hemp seed and fiber.

"I hope to capitalize on every part of (the plant)," he said. "There will be no problem finding a market."

Hauge said he wants to grow and sell registered hemp seed to other farmers.

"I think it's a viable crop," he said. "I think it would work well in rotations in both eastern and western North Dakota."

Hemp is a cousin of marijuana and falls under federal anti-drug rules, even though it does not produce a high. That means farmers licensed by North Dakota to grow hemp must also obtain approval from the federal Drug Enforcement Administration, which is not certain.

The annual federal registration fee is $2,293. Monson said the federal fee to import seed from Canada, where hemp is legally grown, would be an additional $1,147, though he and state Agriculture Commissioner Roger Johnson said one person could import seed for several farmers.

The state license costs a minimum of $202. Monson said with licensing, registration and seed expenses, "before you even get out of the chute you're looking at $400 an acre (in costs)."

Hemp still can be profitable, Monson said.

"You're looking at $500 an acre for seed and whatever you can get for fiber ... $100 per acre for straw would be realistic," he said. Organically grown hemp could fetch as much as $900 per acre, Monson said.

If he gets federal permission, Monson plans to seed 10 acres of industrial hemp this spring to "test the waters." Hauge plans to grow 100 acres.

Both farmers also grow other crops, including the more traditional wheat and barley. Monson also grows canola, and Hauge last year experimented with black beans.

Neither farmer plans to build a fence around his hemp field. A fence is not part of the state licensing requirements, though one would be needed under federal rules.

"They have this additional crazy requirement that is designed for drugs," Johnson said. "Chain-link, razor-wire topped, 10 to 12 feet high, 24-hour surveillance."

Johnson has urged the DEA to ease its rules, and plans to meet with officials in Washington, D.C., again early next week to "request that they work in every way possible with us."

Law enforcement officials worry that industrial hemp crops could shield stands of illegal marijuana. Supporters of legalizing hemp cultivation say that fear is unfounded.

In a related development, the North Dakota House on Tuesday approved legislation that gives North Dakota State University the authority to import and resell industrial hemp seed. The bill now goes to the Senate.

GOP Lawmakers Press Bush On Afghanistan (LAT)

By Josh Meyer, Times Staff Writer

The Los Angeles Times, February 7, 2007

Four leading House members call for new tactics to turn the tide in the fight against insurgents and drugs.

WASHINGTON — Four ranking Republican lawmakers on a committee with oversight of U.S. policy in Afghanistan are calling on the Pentagon and State Department to dramatically change their tactics in that country to better contain its growing insurgency and flow of opium to the rest of the world.

In a letter dated today, the GOP House members are urging the Bush administration to act quickly to counter a host of problems in Afghanistan that they say are being made worse by mismanagement and misplaced priorities. They are calling for the appointment of a special coordinator of overall narco-terrorism policy for Afghanistan to prevent losing the fight against insurgents and drug traffickers.

The letter describes in detail how various U.S. agencies such as the Pentagon, State Department and Drug Enforcement Administration are not working together and essentially are fighting separate wars against insurgents and drugs even though they believe that the booming heroin trade is fueling the insurgency and financing terrorist attacks.

"As we will soon face another massive opium harvest in Afghanistan, and a related spring offensive by anti-coalition militants (ACMs), it is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for Al Qaeda. We need to act now to prevent that," wrote Reps. Ileana Ros-Lehtinen (R-Fla.), Mike Pence (R-Ind.), Elton Gallegly (R-Simi Valley) and Dana Rohrabacher (R-Huntington Beach), all members of the House Committee on Foreign Affairs.

The letter was sent late Tuesday to Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, with copies delivered to the White House, DEA, Office of National Drug Control Policy and the British government, said a senior congressional staffer who requested anonymity because he was not authorized to discuss the letter.

The four Republicans say they may introduce legislation to enact and fund some of their proposals, but urge the White House to quickly implement other policy changes on its own. Democrats in Congress also have complained about rising drug trafficking and the growing insurgency in Afghanistan.

White House national security spokesman Gordon Johndroe said he had not seen the letter and could not comment on the lawmakers' requests. But he said the administration had been actively reassessing its policies in Afghanistan in recent months as part of a comprehensive "strategic review," which prompted senior officials to call for at least $10.6 billion in additional funding for Afghanistan over the next two years.

The new funding was a recognition "that we needed to make a larger effort … so that we can help the Afghan government succeed and we can defeat the Taliban," Johndroe said. "But obviously our counter-terrorism and counter-narcotics programs in Afghanistan work hand in hand. This is something that our people are coordinating on the ground."

The additional funding, though much needed in Afghanistan, is virtually worthless without a coordinated policy that ensures that all U.S. counter-terrorism and counter-narcotics agencies are working together, and not against each other, the senior congressional official asserted. "We have so many different views of narcotics within our own government and with our allies that somebody has to bang everybody's heads together and get something done on this," the staffer said. "We are out of time, and losing Afghanistan."

The Republican House members also said the United States must resolve a growing dispute with Britain over how to best fight the booming opium trade. British authorities who are now in charge of much of the counter-narcotics effort in Afghanistan are refusing to go along with a controversial U.S. policy to eradicate entire fields of poppy by aerial spraying.

Britain, as well as the North Atlantic Treaty Organization, which leads the forces battling the insurgency in Afghanistan, believes the U.S. policy is dangerous because it alienates farmers and the population at large and undermines Western efforts to turn them against the narco-traffickers and the Taliban, several U.S. and British counter-terrorism officials said.

The senior congressional staffer said the four lawmakers didn't want to get into the middle of the dispute over whether poppy eradication should be stopped. Instead, they want the U.S. government and its allies to more forcefully go after kingpins who preside over global narcotics trafficking enterprises that together bring in more than $2 billion a year in wholesale drug profits.

They are urging the Bush administration to force the Pentagon to provide more operational assistance to DEA agents operating in Afghanistan and to order the arrests of senior-level drug traffickers under a provision of the Patriot Act passed last year that allows such suspects to be extradited to the United States for prosecution.

A similar campaign has worked well in Colombia and is urgently needed in Afghanistan because that country has no judicial infrastructure to prosecute drug traffickers, the lawmakers say. "We must establish deterrence where none now exists," their letter says.

They also are urging the Pentagon to make good on a promise to provide at least eight Russian-made Mi-17 helicopters to Afghan authorities and their U.S. counter-narcotics advisors for the drug war, along with qualified pilots and maintenance and operational support.

"We have waited long enough to get this vital air lift…," the lawmakers' letter says. "We need someone put in charge of getting this done now, enough time has gone by already."

Venezuela: Nation Doesn't Need U.S. Aid (AP)

AP, February 7, 2007

CARACAS, Venezuela -- Venezuela's foreign minister on Tuesday dismissed the U.S. government's decision to cut anti-drug aid to the South American nation, saying it does not need money from "the devil."

Undersecretary of State Nicholas Burns said Monday that President Bush's proposed 2007-2008 budget eliminated $2.2 million in counter-drug aid originally requested for Venezuela.

"Venezuela is a sovereign country. (U.S. officials) can take their resources and do whatever they think they need to do," Foreign Minister Nicolas Maduro told reporters Tuesday. "We will continue fighting against drug-trafficking."

Maduro accused the U.S. government of offering aid only to countries that "submit to its commands."

President Hugo Chavez, who often refers to Bush as "the devil," broke off cooperation with the U.S. Drug Enforcement Administration in August 2005 accusing its agents of espionage, and has refused to draw up a new agreement since.

Venezuela is a major transit route for cocaine headed from neighboring Colombia to the United States and Europe.

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Venezuelan officials say they are fighting drug trafficking with increasing success, but Washington claims that because of corruption and a weak judicial system the amount of drugs smuggled through Venezuela is increasing.

Washington also has watched uneasily the close alliance between Chavez and Bolivian President Evo Morales, who have spoken of plans for Venezuela to help its Andean neighbor industrialize coca, the base ingredient for cocaine, into legal products.

Maduro met Tuesday with his Bolivian counterpart, David Choquehuanca, to discuss bilateral cooperation programs.

In comments to the press afterward, Choquehuanca said his country would not permit that "our sacred leaf, the coca leaf, be Satanized."

Troubled U.S. Presence On Ecuador Coast (AP)

AP, February 6, 2007

MANTA, Ecuador (AP) -- The U.S. military's lone outpost in South America is a modest affair -- some 220 Americans share space with a local air force wing and an international airport. They are allowed no more than eight planes at a time.

But these surveillance planes play a vital role in keeping Andean cocaine and heroin from reaching the United States and are responsible for about 60 percent of drug interdiction in the eastern Pacific.

That matters little to newly inaugurated President Rafael Correa, whose rejection of a U.S. military presence in Ecuador reflects widespread resentment over Washington's foreign policy in a region where President Bush's administration now has few reliable allies.

"We've said clearly that in 2009 the agreement will not be renewed because we believe that sovereignty consists of not having foreign soldiers on our home soil," Correa said recently.

No matter that the planes intentionally avoid Ecuadorean airspace after takeoff, and that U.S. operations at Manta contribute some $7 million a year to the local economy.

Many Ecuadoreans believe the U.S. is trying to draw them more deeply into the Colombian conflict spilling over their borders: Leftist rebels frequently cross into Ecuador, and tens of thousands of Colombian refugees crowd lawless border towns plagued by drug traffickers and child prostitution.

Although U.S. officials deny that Manta's planes spy on leftist rebels in Colombia, they do intercept drug flights and eavesdrop on radio communications there.

"There is a widespread feeling that Washington is carrying out an extensive, mostly security, anti-drug program with Colombia, with little regard for the severe consequences -- growing violence and refugees -- on Ecuador," said Michael Shifter, deputy director of the Inter-American Dialogue think tank in Washington.

The Bush administration's efforts to maintain the U.S. role as Latin America's No. 1 commercial and military partner have suffered badly with leftist presidents winning office from Venezuela to Bolivia and now Ecuador, where many resent Washington's tough bargaining for trade pacts that lock in preferential terms for U.S. industries and seem anything but "free."

Located on the coast some 160 miles southwest of the Ecuadorean capital of Quito, Manta is well situated for its mission. But the U.S. military, which got the Manta lease after it was forced to abandon Howard Air Base in Panama in 1999, would be wise to start looking elsewhere, according to Anna Gilmour, a Latin American analyst with Jane's Defense Information Group.

Colombia is not a good option -- U.S. troops based there would be at great risk of attack from the same leftist rebels Colombian President Alvaro Uribe is fighting with U.S. training, logistics and intelligence support.

Nor are its neighbors: Presidents Hugo Chavez of Venezuela, Alan Garcia of Peru and Luiz Ignacio Lula da Silva of Brazil have shown no interest in basing U.S. military units on their soil.

The region's leftist governments already have turned away from U.S. defense contractors, going instead to Russia, France and Brazil for military hardware. Venezuela said last week it hopes to buy Russian anti-aircraft missiles to protect its oil industry.

The Bush administration upset many in the region when it emphasized bilateral trade pacts and denigrated the Andean Trade Promotion and Drug Eradication Act, a package of trade benefits offered in exchange for cooperation against drugs. The act expired Dec. 31, though the administration extended it for six months.

Colombia and Peru have bilateral pacts, but they have not been ratified and the newly Democratic-controlled Congress has raised objections. Trade talks with Ecuador broke down last year, long before Correa became president, and show no signs of resuming.

Correa, a U.S.-trained economist, has said the Andean Trade Promotion and Drug Eradication Act "isn't charity" but rather "just compensation" for commitments to battling drug trafficking.

Chavez, for his part, has called the drug war "the excuse that imperialism obtained a few years ago to penetrate our countries, to oppress our peoples and to justify its military presence in Latin America."

The State Department has recommended eliminating all drug interdiction aid for Venezuela, which got $2.2 million in the current fiscal year, and slashing overall aid to Ecuador some 30 percent to $20 million.

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With the exception of Colombia, drug interdiction funding cuts were proposed across the Andean region.

In mid-2006, the United States had just short of 2,000 active duty military personnel stationed in Latin American and Caribbean countries, more than half at Guantanamo Bay in Cuba.

In all, some 6,000 Department of Defense employees are assigned to the region, many of them in Texas and Florida, where their bosses are headquartered at the U.S. Southern Command.

That is a small sliver of the nearly 1.4 million U.S. troops deployed around the world, mostly in Europe and Asia.

But those 220 Americans in Manta have had an outsized impact against drugs.

In the 1990s, most drug smuggling from the region was by air. That later shifted to the high seas as the so-called air bridge was essentially shut down.

Thanks to the Manta-based U.S. interdiction efforts, more than 275 tons of illegal drugs -- mostly cocaine -- were seized or intercepted last year, said Air Force Lt. Col. Javier Delucca, the base's U.S. administrator.

Ecuador Assails US Antidrug Funding Cuts (FT)

Financial Times, February 7, 2007

Ecuador criticised Washington on Tuesday for proposing a 40 per cent cut in antidrug aid to the Andean region over the next two years, a move that will be seen as retaliation for the election of leftwing nationalistic governments hostile to the US.

María Fernanda Espinosa, the foreign minister, said: "There are principles of joint responsibility and fairness, and under those principles the US must respond to the efforts Ecuador has made."

She said the Bush administration should recognise "the enormous efforts made by a poor country like Ecuador to combat narcotraffic. Now we need the US to commit itself to supporting those efforts."

In the budget he presented on Monday, President George W. Bush proposed a cut in the Andean counter-drug initiative from $722m last year to $570m this year and $443m in 2008.

The programme supports efforts such as eradicating coca, the plant that is the raw material for cocaine, which is primarily grown in Colombia, Peru and Bolivia. It also helps programmes to combat narcotrafficking in countries such as Ecuador and Panama.

The cuts will be seen in the region as a response to the election of hostile governments in Ecuador and Bolivia, and the failure of others to co-operate fully in the "war on drugs".

The one exception is Colombia, Mr Bush's closest regional ally. His administration has requested that Congress extend the $600m Plan Colombia, the US-funded military counter-narcotics programme, which is due to expire this year.

Last year Evo Morales, a former coca-growers' leader, became president of Bolivia and this year Rafael Correa took office as president of Ecuador, pledging to shut the US military base at Manta, the only one of its kind in South America and an important staging post for interception efforts.

Mr Correa's government has reacted angrily to Colombia's aerial spraying on its border with Ecuador. Last month Quito made an official complaint about the issue to the Organisation of American States.

The cuts will also be viewed in the region as a reaction to what is perceived to be Washington's frustration with antidrug efforts in the Andes. Unlike Colombia, which depends heavily on aerial spraying to destroy the plants, Peru and Bolivia, the second and third producers, rely on manual eradication, since coca is more culturally sensitive in those countries due to its use as a traditional stimulant.

Last month, Pilar Mazzetti, Peru's interior minister, and Romulo Pizarro, head of the antidrug agency, admitted that Peru is fighting a losing battle against trafficking. Officials in Lima estimate that Peru would need $200m a year to provide an effective eradication and interception programme.

Intensifying eradication in Colombia while cutting budgets to other producers will feed concerns about a "balloon effect" in which production crosses borders to avoid antidrug activity.

A US State Department report last year said coca cultivation increased by 38 per cent in Peru in 2005, while the total area rose for the fourth consecutive year in Bolivia, up by 8 per cent to 63,000 acres, the highest figure this century.

IMMIGRATION:

Border States' Burden (LAT)

The Los Angeles Times, February 7, 2007

DOJ_NMG_0129099

GEORGE W. BUSH, throughout his presidency, has talked a consistently good game about the federal government's responsibility to take a lead role in dealing with the unique challenges of immigration. But when budget time comes around, he's all talk, and California is once again left holding the bill.

In what has become an annual ritual, Bush is seeking to place the entire burden of jailing criminal illegal immigrants on individual states. His new budget would eliminate the State Criminal Alien Assistance Program, which has provided meager federal assistance to states that house a disproportionate share of the non-federal population of illegal immigrant inmates.

The administration's argument in favor of killing the program? That reimbursing the states for incarcerating illegal immigrants does not reduce the number of crimes they commit. White House analysts also warn that because illegal immigrants are hard to identify, there's a chance that states actually could be getting more than their due. Heaven forbid.

California's prison system spent $684 million last year to incarcerate and supervise the parole of about 19,000 illegal immigrants, according to the Department of Corrections and Rehabilitation. (That number doesn't include county jails; L.A. County alone processed an estimated 40,000 illegal immigrants last year.) Congress, which funded the State Criminal Alien Assistance Program last year despite Bush's lack of enthusiasm, kicked in $160 million to California. This year, with the state price tag rising to an estimated $865 million, Bush wants to back out.

In all probability, the program will be funded somewhere between the $0 proposed by the White House and the $900 million authorized by Congress last year. The program enjoys bipartisan support, and Gov. Arnold Schwarzenegger and Sens. Dianne Feinstein and Barbara Boxer say they are prepared to do battle.

Immigration, like free trade, is a boost for the economy and society in general but more challenging in the communities that bear the specific brunt.

California gladly accepts its role as the 21st century Ellis Island, but the Bush administration should be honest about the real costs of illegal immigration. The least the administration can do is provide economic relief to the few states that have to clean up after Washington's mess.

Next Stop: Underground (WP)

The Washington Post, February 7, 2007

REPUBLICAN state lawmakers in Virginia have advanced a grab bag of legislation designed to hound, harass and hassle illegal immigrants. The idea, as expressed by the author of one such bill, Del. Jackson H. Miller of Manassas, is "to make Virginia an unwelcome place if you are in this country illegally." Translation: Drive the immigrants out of the state. In this the bills are overwhelmingly likely to fail, since most immigrants are likely to remain near jobs despite official persecution. But the bills do threaten to push undocumented immigrants further underground, forcing them to live in fear, draw their curtains and keep their children indoors even as they fill a niche in the local economy.

Many of the measures are so patently obnoxious that they are unlikely to become law. One bill, Mr. Miller's, would cut off the flow of state and local funds to charities that might assist illegal, and presumably needy, immigrants. Another would make it a crime for an undocumented immigrant even to be in Virginia -- even though immigration is properly the purview of the federal government. There are bills to deny in-state tuition rates at public colleges and universities to illegal immigrants, even to those who have grown up in the state; to withhold business licenses from firms that would employ the immigrants; and to expand the power of state and local police to detain them.

Many of the bills are similar to ones making their way through legislatures across the country, particularly in states whose vibrant job markets have made them magnets for people who are here illegally. Two years ago, 500 immigrant-related bills were introduced in state legislatures nationwide, according to a survey by the National Conference of State Legislatures. No survey is yet available for this year, but it appears, according to the evidence from Virginia and elsewhere, that the number will have grown exponentially.

Not all the Virginia bills are heading for enactment; cooler heads in the state Senate will make short work of some. Still, taken together, the proposals transmit a message of hostility to newcomers. And good luck telling green-card-holders that the state doesn't object to them -- just to their cousins and nephews and aunts who lack the right papers.

The fact is, as many of the same conservative Republicans voting for the anti-immigrant bills know, the primal forces of economics -- hunger, need, the human thirst for self-advancement -- will generally trump official attempts at discrimination. If there is legislation to penalize landlords who rent to illegal immigrants, some will evict their tenants, and others will just demand more money under the table. If employers face sanctions for hiring illegal immigrants, many will nonetheless continue doing so, perhaps through subcontractors willing to assume the risk. Lawmakers who propose anti-immigrant legislation may be responding to the legitimate complaints of their constituents or to the worst instincts in American politics. Either way, their measures could inflict considerable pain while failing to solve a problem whose causes, and ultimate solution, lie with the federal government.

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TAX:

Tax Preparer Barred From Preparing Federal Returns For Others (AP)

AP, February 7, 2007

MINNEAPOLIS A St. Paul tax preparer accused of filing false tax returns that overstated deductions for recent immigrants is now barred from preparing federal tax returns for others.

The Department of Justice said a federal court in Minnesota issued the permanent injunction order against Nash Sonibare, who operated Liberty Financial Group in St. Paul.

The Justice Department lawsuit alleged that the Nigerian immigrant repeatedly prepared returns for his customers containing false or inflated credits and deductions. The complaint alleged that many of Sonibare's customers were from various African countries and had limited English-language skills.

Deadline Nears For 2006 Health-Care Accounts (WSJ)

By Tom Herman

The Wall Street Journal, February 7, 2007

Time is running out for many employees to drain their flexible spending accounts for 2006.

More companies are offering these accounts, which let you use pretax dollars to pay for health-care and dependent-care expenses. But there is an important catch: Under what is known as the use-it-or-lose-it rule, you must spend every penny you set aside before the deadline or lose the balance.

The deadline varies among employers. Many have set a cutoff date of March 15 -- only about five weeks from now. That represents a big change from just two years ago, when the deadline typically was Dec. 31. After congressional pressure, the Treasury changed its rules in 2005 and allowed employers to give employees a grace period of as much as 2½ months into the following year.

Initially, many employers were undecided about whether to offer the grace period. Health-care specialists now say most large employers they work with offer the additional time.

"I don't think I have a client who isn't offering the extension," says Blaine Bos of Mercer Health & Benefits in Minneapolis, a unit of Marsh & McLennan Cos.

Separately, a new law may offer additional relief for some FSA participants. Individuals can now make a one-time transfer to a health savings account, which is for people with high-deductible health-insurance plans, from a health-care flexible-spending account or from a health reimbursement plan. Health reimbursement plans allow employees to use employer contributions to pay for medical bills.

This provision is part of a tax bill signed by President Bush Dec. 20.

In a typical flexible-spending account, you tell your employer to set aside a certain amount of your pay -- say $4,000 or $5,000. If you don't spend every penny of that amount by the deadline, the money goes back to your employer. You are allowed to spend the rest on such items as glasses, sunglasses, aspirin, teeth cleaning and other health-care-related items.

Among the companies that offer them is Liberty Tax Service, a tax-preparation firm in Virginia Beach, Va. The company recently added a popular new benefit: Participants were given a debit card with their contribution amount preloaded, says Martha O'Gorman, a Liberty Tax vice president.

"It is very handy," she says, "and makes the plan attractive to those folks who were sometimes hard-pressed to pay for the services rendered -- and then wait for the reimbursement."

Ms. O'Gorman is keenly aware of the use-it-or-lose-it rule. "My first year I left some money in the pool, so I reduced my contribution amount last year and exceeded it by almost $1,000," she says. "This year I've gone back to the same amount I pledged the first year, and I am keeping a close eye on it."

Some merchants seek to capitalize on the use-it-or-lose-it rule. Mercer's Beth Umland says an eyeglass store in her Brooklyn, N.Y., neighborhood has a sign in the window urging customers to buy soon to avoid forfeiting money parked in health-care FSAs.

Many experts praise the general FSA concept. "I think they're very useful if you have the ability to budget expenses and you understand the tax advantages," Mercer's Mr. Bos says. "They're a very tax-efficient way of using your money."

If you participate, be sure to keep a close watch on your account balances. If your employer gives you until mid-March to drain your 2006 account, make sure your expenses for the first 2½ months of this year are applied against your 2006 account, rather than your 2007 account.

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A Mercer survey of employer-sponsored health plans last summer found a record 81% of large employers -- those with 500 or more employees -- offered a health-care flexible-spending account in 2006, up from 77% the prior year and 68% in 2001.

The percentage of eligible employees participating remained about the same: 20% in 2006, 21% in 2005 and 19% in 2001.

* * *

THE APRIL TAX DEADLINE comes two days later this year.

Usually, the deadline is April 15. This year, it is Tuesday, April 17. April 15 falls on a Sunday this year, and the following day is a holiday in Washington, D.C. Thus, "the entire country has an April 17 deadline" this year, the Internal Revenue Service says.

Don't pay attention to the April 16 deadline you will see in various IRS publications, the IRS says. That is now out of date.

The April 17 deadline applies to 2006 federal individual income-tax returns. It also applies to requests for a six-month tax-filing extension. It applies to tax-year 2006 balance-due payments and to tax-year 2006 contributions to individual retirement accounts.

Also, it applies to individual estimated-tax payments for the first quarter of this year, whether made electronically or by check.

* * *

REMINDER: Don't overlook a phone-tax refund on your tax return for 2006.

This year, there is a special one-time refund of the telephone excise tax on long-distance and bundled service. An IRS survey of early filers shows one in three early filers this year are failing to request the refund. To get the refund, you have to file.

Taxpayers can choose a standard refund amount between $30 and $60, depending on the total number of exemptions on their 2006 return -- or, if they kept good records, they can deduct the actual tax paid.

For details, see the IRS Web site (www.irs.gov).

CONGRESS-ADMINISTRATION:

Cabinet Members Go To Congress To Push The Budget (NYT)

By Steven R. Weisman

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — One day after the Bush administration proposed deep cuts in domestic spending, Treasury Secretary Henry M. Paulson Jr. told Democratic critics in Congress on Tuesday that the proposals for Medicare and Social Security were “a starting point for a discussion” and could be revised.

Democrats, on the other hand, promised to reshape the priorities to some extent, though several said they would take Mr. Paulson at his word, for now, that negotiation was possible.

On Social Security, Medicare and taxes, however, Democrats did not indicate what steps they would take, and that is a source of frustration to administration officials.

If tax increases are to be a part of any budget solution, Republicans want Democrats to propose them. Democrats are reluctant to do so. They distrust the administration’s promises of willingness to negotiate, noting that Vice President Dick Cheney and others seem to have ruled out compromise.

It was thus hard to tell whether Mr. Paulson’s call for negotiations was serious or just an effort to have Democrats make unpopular counterproposals. For the moment, conciliatory talk held sway.

Mr. Paulson appeared before the House Ways and Means Committee and the Senate Finance Committee, defending the administration proposals on domestic spending cuts, taxes and military outlays.

But he said, “We really welcome everybody’s ideas.”

He was referring specifically to the proposals to reduce Medicare and Medicaid costs by cutting payments to doctors and hospitals and requiring some recipients to pay out more, but his promise to negotiate extended to other areas, as well.

The comments were echoed in part by those of President Bush at a factory tour at Micron Technology in Manassas, Va. Mr. Bush was more combative in defending the budget, saying it “can work if Congress resists the temptation to raise your taxes.”

He also called on Democrats to do more than criticize.

“Now’s the time for members of the Congress in both parties to bring their best ideas to the table as to how to solve the problems involved with entitlement programs,” Mr. Bush said, referring to Social Security, Medicare and Medicaid.

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Rob Portman, director of the Office of Management and Budget, also defended the budget, before the House Budget Committee. Mr. Portman said that in response to years of criticism the administration had been more open in its projections of military spending and was calling for a slight increase in domestic spending, not an unrealistic freeze.

Possibly recognizing political realities, Mr. Paulson all but invited Congress to reject the cuts for the health program known as S-Chip. It provides health insurance to low-income children.

"It just may be that the Congress believes that that's something that should be funded at a higher level," Mr. Paulson said.

On another hot topic, Mr. Bush's desire to replace Social Security benefits for some future retirees with private investment accounts, a proposal that never came to a vote even when Republicans were in charge of Congress, Mr. Paulson said, "No one should be surprised that personal accounts are in the budget."

"That's his idea," the secretary said, referring to Mr. Bush. "A lot of people share that idea, and there are different views on that and on taxes. But everything's on the table."

Democratic criticism of the budget was tempered by repeated promises to take Mr. Paulson's promise of bipartisanship at face value, at least initially.

"We hope that you're our new best friend," Representative Charles B. Rangel, the New York Democrat who is chairman of the House Ways and Means Committee, told Mr. Paulson. "We look forward to working with you."

At another point, Mr. Rangel dismissed the budget proposals as pre-campaign talk.

Health and Human Services Secretary Michael O. Leavitt encountered deep skepticism when he defended the budget at a hearing of the House Energy and Commerce Committee. Democrats accused Mr. Leavitt of favoring spending on Iraq over spending for the poor and the sick.

President Bush Asks Lawmakers To Resist Raising Taxes (NYS/BL)

By Brendan Murray

New York Sun/Bloomberg, February 7, 2007

WASHINGTON — President Bush, a day after sending Congress a $2.9 trillion budget, urged lawmakers to resist raising taxes and to address the unsustainable growth in entitlement programs by restraining spending.

The president said his spending plan will lead to a balanced budget by 2012 while keeping tax rates at current levels and spending a record amount on defense and the conflicts in Iraq and Afghanistan. Rolling back the tax cuts he pushed through Congress would be a drag on the economy, he said.

"Do tax cuts work? They work," Mr. Bush said yesterday at a Manassas, Va., plant operated by Micron Technology Inc. Boise, Idaho-based Micron is the biggest American memory chipmaker. "Low taxes means economic vitality, which means more tax revenues" to bring the budget in balance.

As hearings on the fiscal 2008 budget got under way in Congress yesterday, members of the Democratic majority greeted Mr. Bush's spending blueprint with skepticism and signaled they will press forward with their own priorities. The party's congressional leaders say they have no plans to repeal all of the tax cuts approved during Mr. Bush's first term.

Mr. Bush's budget for the fiscal year that begins October 1 would increase federal spending 4.2% over the current year, even as funding for agencies outside defense and homeland security would rise an average of 1% in each of the next four years. That effectively is a cut because it is less than the rate of inflation, which was 2.5% in 2006.

The Senate Budget Committee chairman, Senator Conrad, a Democrat of North Dakota, said yesterday that the president's spending plan is "filled with debt and deception."

The biggest challenge, Mr. Bush and his advisers say, will be dealing with escalating costs for Medicare, Medicaid, and Social Security, known as entitlements because benefits and eligibility are set in the law. Outlays for all three would total $1.2 trillion in fiscal 2008.

"There is now nearly universal, bipartisan agreement that the unchecked growth of these programs presents real long-term threats to beneficiaries, our federal budget and the economy," Mr. Bush's budget director, Rob Portman, said yesterday in testimony to the House Budget Committee.

Mr. Bush proposes to trim the growth of Medicare, which provides health insurance for those 65 and older, and Medicaid, which benefits low-income individuals, by $78 billion over five years. The reductions would come from boosting costs for beneficiaries and cutting payments to some providers.

Mr. Bush's budget doesn't offer a legislative solution for Social Security, the government's retirement assistance program that last year covered about 49 million American retirees with $539 billion in benefits.

As the number of Medicare, Medicaid, and Social Security beneficiaries swells so do outlays. Mr. Portman said mandatory spending programs accounted for 53% of the budget in 2006, up from 26% in 1962.

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Mr. Bush has been prodding lawmakers to open a discussion about how to deal with the projected shortfalls in the program as the number of retirees drawing benefits rises relative to the number of workers paying into the system. The trustees of the system project that Social Security will begin paying out more in benefits than it takes in from payroll taxes by 2017.

"We have a fundamental problem when it comes to a program like Social Security," Mr. Bush said. "Now's the time for members of Congress from both political parties to bring their best ideas to the table."

Mr. Bush's effort two years ago to overhaul Social Security and add private accounts for workers never got off the ground because a lack of support from lawmakers and the public.

Micron Plant Provides Backdrop For Bush (WP)

By Cecilia Kang

The Washington Post, February 7, 2007

Micron Technology's plant in Manassas makes some of the most sophisticated memory chips in the world, semiconductors made from wafers of silicon 300 millimeters thin that run MP3 players, smart phones and satellite navigation systems.

But the finer details of the 650,000-square-foot plant's operations may have escaped the company's most esteemed visitor yesterday, President Bush.

They "tried to explain all the big machines that were there to a history major. I played like I understood," Bush said in a speech to 150 Micron employees.

Bush nevertheless praised the company for its growth, exports and creation of high-skill jobs -- a model, he said, for the nation's economic growth.

"One thing about Micron is that it is clear that the role of government is to encourage investment and enhance educational opportunities," Bush said. "I mean, when you walk through the halls of this innovative company, it's pretty clear to me that you need to know what you're doing in order to make this company survive and thrive like it is."

It was the president's first visit to the Manassas plant, which Micron bought in 2002. The company was lured to Northern Virginia by about $25 million in local and state tax incentives and it has grown impressively since, albeit with a few setbacks along the way.

Micron initially laid off 560 workers but has since undergone a $3.5 billion expansion that has brought in 800 new employees. About 1,700 people work there now.

More recently, the parent company, with manufacturing plants around the world, was granted immunity for cooperating with a federal investigation into whether some of the biggest companies in the semiconductor industry have fixed prices. Micron agreed to pay $91 million to settle a class-action lawsuit by chip purchasers, and still faces legal action from many states, including Maryland and Virginia. The company overall is now dealing with falling prices worldwide for some chips.

Steven R. Appleton, Micron's chief executive, said the White House approached Boise, Idaho-based Micron about the tour last week, impressed by the firm's decision to expand operations domestically.

"We've been investing here in Virginia for quite some time and have put our most advanced technology here," Appleton said.

About 60 percent of the company's products are exported overseas, he said: "This is a good example of how companies can invest in the U.S -- and we're manufacturers."

Bush came to Micron primarily to promote the $2.9 trillion budget he submitted to Congress on Monday and to preach the importance of fiscal responsibility.

Bush promised to balance the federal budget by 2012 by "keeping taxes low and being wise about how we spend your money." He said his hallmark economic policies -- the promotion of trade and tax cuts -- have helped companies like Micron grow.

"By cutting capital gains taxes and taxes on dividends, it encourages capital flow; it makes it easier for Micron to attract capital to buy new equipment to expand your business and to remain competitive," Bush said.

With just a few days' notice of the president's visit, crews rushed to spruce up the plant. They painted parts of the building and cleared rocks in a parking lot for the four White House helicopters that carried Bush, Secret Service agents and journalists between the District and Manassas. Inside, workers hung blue velvet curtains in the assembly room, played patriotic music through speakers, and set up a large promotional backdrop displaying the various products that use Micron's chips.

"We feel incredible pride, beyond what you can imagine," said Stephen Silberstein, facilities manager at the Manassas plant.

Bush Visits Micron's Manassas Plant (PBJ)

By Jeff Clabaugh

DOJ_NMG_0129104

Phoenix Business Journal, February 7, 2007

About 150 employees at Micron Technology's Northern Virginia plant had a morning visit from President Bush.

Bush toured Micron's plant in Manassas and spoke to employees at about 10:30 a.m. Tuesday, telling the audience that Micron is helping support the national economy through continued investment and job creation in states like Virginia.

"On thing about Micron is that it is clear the role of government is to encourage investment and enhance educational opportunities," Bush said. "When you walk through the halls of this innovative company, it is pretty clear to me that you need to know what you're doing for a company to survive and thrive like this."

Bush was accompanied by Micron Technology's chief executive Steve Appleton.

Micron began investing in its memory chip plant on Godwin Drive in 2005. The plant has undergone a $3.5 billion upgrade, and the expansion has created about 1,000 new jobs. The plant manufactures both DRAM memory and NAND flash memory chips, demand for which has surged with the popularity of MP3 players and cell phones with cameras.

Micron actually downsized the facility when it bought the plant from Toshiba in 2002, slashing 560 of its then 1,200 jobs, part of company-wide cost-cutting.

The plant now employees 4,000, according to Micron spokesman Dan Francisco, who describes them as well-paid jobs held by highly-trained technology workers.

Bush Touts Fiscal Responsibilityin Speech At Micron Plant In Virginia (AP)

By Ben Feller

AP, February 7, 2007

MANASSAS, Va. — President Bush preached the virtues of fiscal responsibility Tuesday at a company that recently settled a class-action lawsuit alleging it had engaged in price-fixing and violated antitrust laws.

Bush went to computer chip-maker Micron Technology Inc. to talk about the $2.9 trillion budget he had unveiled a day earlier. His spending plan gives the Pentagon a record $50 billion budget boost but squeezes programs cherished by Democrats, including health research and heating subsidies for the poor.

Bush said his plan would lead to a balanced budget in five years after soaring deficits.

He said Congress needs to set priorities in spending taxpayer money.

"The temptation in Washington is to spend your money on everything that sounds good," Bush said. "That's not how you run your family budget. That's not how this company runs its company budget, and that's certainly not how the government ought not to run its budget."

Micron Technology, based in Boise, settled a class-action lawsuit last month that was filed in 2002 in U.S. District Court in San Francisco on behalf of customers, generally computer manufacturers and others, who bought dynamic random-access memory chips, or DRAM, directly from suppliers between April 1, 1999, and June 30, 2002.

The White House knew about the lawsuit when it scheduled Bush's appearance, deputy press secretary Dana Perino said.

The lawsuit is one of several filed following a U.S. Justice Department investigation into whether computer-chip companies conspired to manipulate the number of DRAM chips released to market in a scheme to inflate prices.

The investigation resulted in more than $730 million in fines and guilty pleas from four companies — Samsung Electronics Co., Elpida Memory Inc., Infineon Technologies AG and Hynix Semiconductor Inc.

The Justice Department granted Micron immunity from criminal charges in exchange for its cooperation, but the amnesty did not shield it from lawsuits.

Steven Appleton, chief executive officer of Micron Technology gave $2,000 to Bush and $15,000 to the Republican National Committee during Bush's 2004 re-election campaign.

Appleton escorted Bush on a tour of the Manassas plant.

The recent $3.5 billion upgrade at the plant has created more than 1,000 jobs at the site over the past year.

"It's an honor for Micron to host President Bush at our Manassas site," Appleton said in a statement after the visit.

"We believe in innovation and ingenuity of the American work force, and we continue to invest not only in Virginia, but also our other U.S. locations."

Idaho Statesman reporter Ken Dey contributed to this report.

Budget Talk Venue Carries Baggage (LAT)

By James Gerstenzang

The Los Angeles Times, February 7, 2007

MANASSAS, VA. — President Bush promoted his newly released federal budget Tuesday at a company that recently settled a class-action lawsuit over alleged price-fixing and antitrust violations.

DOJ_NMG_0129105

Bush used his visit to Micron Technology Inc., a semiconductor manufacturer, to argue that Congress should look to private sector companies as examples of responsible budgeting. His spending plan for next year forecasts a balanced federal budget by 2012.

"I appreciate very much the fact that companies like Micron actually have a budget. It's a concept that the government needs to get used to too," the president said.

Bush called Micron an "innovative company" that is made up of "smart people back there making the products that people want."

In January, Micron settled a class-action lawsuit built on accusations that it had engaged in price-fixing and had violated antitrust laws, along with the other makers of dynamic random-access memory chips, or DRAM.

Bush made no reference to the lawsuit, which was filed after the Justice Department launched an investigation of the company's pricing policies in 2002. The suit was one of several legal actions facing the company that were brought by computer manufacturers, consumers and states.

At the Micron plant, in a suburb about 30 miles west of the White House, Bush promoted the $2.9-trillion budget for 2008 that he submitted to Congress on Monday.

"By keeping taxes low and being wise about how we spend your money, we actually achieve balance in the budget," he said. "This budget can work if Congress resists the temptation to raise your taxes."

The White House said it was aware of Micron's former legal difficulty before Bush's visit.

"From what we could see, they followed all the procedures in dealing with the Department of Justice and cooperated as required," said Deputy White House Press Secretary Tony Fratto.

A Micron spokesman said the company, which is based in Boise, Idaho, had cooperated with the department's probe, a step that he said protected it from the risk of criminal penalty.

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Paulson: Growth Can Spur Balanced Budget (AP)

By Martin Crutsinger

AP, February 7, 2007

President Bush's $2.9 trillion budget plan on Capitol Hill got a predictably cool reception from congressional Democrats Tuesday, while Bush's GOP allies said it's up to the new majority to come up with an alternative that balances the budget without raising taxes.

House Ways and Means Committee Chairman Charles Rangel, D-N.Y., said he saw Bush's budget — which appeals to anti-tax GOP conservatives while curbing Democratic priorities — as a missed opportunity for Bush to reach out to Democrats, who for the first time in Bush's presidency control both the House and Senate.

"The president has to be a party to this. He can create a climate that would allow us to move forward in a bipartisan way," Rangel said.

The $2.9 trillion Bush budget for the budget year that begins next Oct. 1 would provide a massive boost for the Defense Department, seek an additional $245 billion in spending on the wars in Iraq and Afghanistan for this year and 2008 and restrain spending across a wide swath of the rest of government.

The spending restraints allowed Bush to project gradually declining deficits, with the budget going into surplus in 2012, three years after he has left office.

His budget plan would make his first-term tax cuts permanent, at a cost over the next decade that the administration estimates at $1.6 trillion — which the Bush team says is key to maintaining economic growth.

"We are submitting a budget that includes a surplus in 2012, which is achievable if we keep our economy growing," Treasury Secretary Henry Paulson told the House Ways and Means Committee.

Democrats, however, charged that the president is able to produce a surplus only on paper by using overly optimistic assumptions about how much revenue the economy will generate over the next five years and by leaving out expensive items such as further war costs after 2009 or providing money beyond this year to fix the alternative minimum tax so that it doesn't hit millions of middle-income taxpayers.

House Budget Committee Chairman John Spratt Jr., D-S.C., said the Bush plan shortchanges domestic programs such as heating subsidies for the poor, education and the State Children's Health Insurance Program, which helps children of low-income working families that earn too much to qualify for Medicaid but not enough to afford private insurance.

Democrats said the plant doesn't provide enough money for the program to cover all of the children who are currently enrolled.

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"I couldn't believe that the president could be so unthinking as to want to deny poor children health care," said Rep. Pete Stark, D-Calif.

For their part, congressional Republicans rallied around the Bush plan and challenged Democrats to pass an alternative that doesn't raise taxes.

Rep. Adam Putnam, R-Fla., called the budget "a defining issue for ... whether (Democrats) can govern."

Despite requisite calls among all parties to work together, many also expressed pessimism that they could.

"We hope we can find common ground, but we also find the differences between us are substantial," Spratt told White House budget director Rob Portman.

Paulson and Portman are on friendly terms with many lawmakers, including Democrats, but many Democrats harbor distrust toward Bush and Vice President Cheney, whom they see as less flexible.

Paulson and Portman both disputed contentions by Democrats that the budget achieves its projected $61 billion surplus in 2012 by adopting overly optimistic economic assumptions.

"While no one has a crystal ball, our economic assumptions are close to the consensus of professional forecasters," Paulson said.

Paulson has been given the task by President Bush to see if a consensus can be reached on overhauling the government's huge benefit programs such as Social Security and Medicare. He said he looked forward to sitting down with Democrats and Republicans to see if a bipartisan consensus can be obtained.

He said the reductions in the new budget in spending on Medicare and Medicaid would lay the foundation for more comprehensive reform of the benefit programs.

Portman told the House Budget Committee that while the administration's budget projects balance in the short term, shortfalls in Social Security and Medicare promise to swamp taxpayers in the long term.

"The progress we are making in getting our fiscal house in order short-term must not distract us from this long-term challenge," Portman said. He added that it was possible the government's improving revenue picture could reduce the deficit from the $244 billion projected by the White House for the current year.

Hill Democrats Critical Of Bush's Budget Plan (WP)

By Lori Montgomery And Christopher Lee

The Washington Post, February 7, 2007

Administration officials dispatched to Capitol Hill to defend President Bush's budget received a frosty reception yesterday from congressional Democrats, who argued that the president's proposal to target health care, education and other Democratic priorities suggests a White House more interested in scoring political points than in genuine compromise.

The $2.9 trillion budget blueprint contains little to appeal to, but much to infuriate, the Democratic majority, Democrats said. In a series of hearings, they rattled off a list of their objections: More than $100 billion to be sliced from projected Medicare and Medicaid spending. Further restrictions on the federal food-stamp program. Insufficient cash to maintain health coverage for millions of children. And deep cuts proposed for a range of programs that help communities put police on the street and fund community projects.

When you combine the cutbacks with the large sums the White House is seeking to support the military, the war and tax cuts, "this is not a budget we can support," House Budget Committee Chairman John M. Spratt Jr. (D-S.C.) told reporters after his panel finished grilling White House budget director Rob Portman.

In the House Ways and Means Committee, Chairman Charles B. Rangel (D-N.Y.) told Treasury Secretary Henry M. Paulson that he was particularly annoyed by the health-care cuts and yet another request from the White House to create private retirement accounts that would allow taxpayers to shift billions of dollars out of the Social Security trust fund.

The proposal went nowhere two years ago, when Republicans controlled Congress. Democrats have refused even to discuss changing Social Security unless Bush backs away from the plan. At a time when the president is trying to engage Democrats in a politically risky effort to restructure Social Security, Medicare and Medicaid, Rangel told Paulson, the budget represents a "missed opportunity."

"They're playing politics at a time that I'm trying to be bipartisan," Rangel said later. "I don't think that I can tell the president what to put on the table and not to put on the table. But I can tell him: Don't pick a . . . fight."

Paulson replied that "no one should be surprised that private accounts are in the budget," because they represent the president's preferred path for restructuring Social Security. But, he said, "everything is on the table" for discussion, and "the president has been very clear and very sincere" about that.

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Despite what they consider unpalatable budget proposals, Rangel and House Majority Leader Steny H. Hoyer (D-Md.) said Democrats remain hopeful that they can work with the administration to rein in spending on the three programs, which threaten to swamp the federal budget as the baby boom generation retires. "We all need a win," Rangel said.

Health care was also a major topic in the House Energy and Commerce Committee, where Health and Human Services Secretary Mike Leavitt endured more than 2 1/2 hours of questions from Democrats complaining that the budget request would hurt children and the elderly and shortchange funding for research into cancer and other diseases.

The lawmakers focused on Bush's proposal to increase funding for the state-federal Children's Health Insurance Program by $4.8 billion over the next five years -- too little, experts say, to continue covering the 4.4 million children enrolled in the program last year. Analysts have said the program, which costs about $5 billion a year, would require an increase of $12 billion to $15 billion to keep pace with current enrollment because of rising health-care costs.

Some Democrats want to use the 10-year-old program, which must be reauthorized this year, to extend coverage to some of the nation's 8.3 million uninsured children. Rep. John D. Dingell (D-Mich.), the committee's chairman, said Bush's budget "misses an historic opportunity" to do so.

"Seven out of 10 uninsured children qualify for either Medicaid or the State Children's Health Insurance Program but are not yet enrolled. Yet, the president instead makes cuts in the program, ensuring that we will not reach those children, and that more children and their parents will become uninsured," Dingell said.

Democrats also panned the president's proposals to stop enrolling childless adults in the program and to provide less federal matching money for enrolled children whose families earn more than the targeted cutoff of twice the poverty level, or $41,300 for a family of four.

Leavitt called the proposed funding "adequate" and said the program should not be used "as an engine to pull us toward a point where everyone is covered by the federal government."

While Leavitt is an old hand at budget hearings, the hostile audience was a new experience. Both he and Portman, a former congressman from Ohio who served on both the Budget Committee and Ways and Means, handled the long hours of contentious questions with calm assurance.

But Paulson, the former chairman of Goldman Sachs who joined the administration last summer, seemed less comfortable with the interrogation, which ranged over a wide array of topics, not all of them familiar.

In addition to attacks from Democrats, Paulson took fire from Rep. Jerry Weller (R-Ill.), who demanded to know why the administration had chosen to extend the federal unemployment surtax. (Paulson said he did not know and suggested that Weller talk to Labor Secretary Elaine L. Chao.) And Rep. Jim Ramstad (R-Minn.) said that it was "not appropriate" for the White House to recommend cuts to the federal home-heating program at a time when the wind-chill factor back home was 40 degrees below zero. (Paulson thanked him for the question and changed the subject.)

"This is not like running Goldman Sachs," Rep. Richard E. Neal (D-Mass.) joked.

Paulson smiled. "You can say that again," he said.

Gleams Of Hope For '08 Budget Deal (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 7, 2007

WASHINGTON

Within hours of the arrival Monday of President Bush's $2.9 trillion budget proposal on Capitol Hill, Democrats dubbed it "disingenuous" and "filled with debt and deception" – not unlike their response to previous Bush budgets.

The chairman of the House Budget Committee, Rep. John Spratt Jr. (D) of South Carolina, questioned if even Republicans would rally around it.

Despite such predictions, GOP leaders have already pledged to rally around one part: tax cuts. "Raising taxes now will not only increase the family tax burden, [but] it will have devastating consequences on our robust economic growth that is creating the new jobs of tomorrow," said House Republican leader John Boehner (R) of Ohio.

But behind the tough talk, conditions exist for a potential compromise in this year's budget negotiations.

For the first time in Mr. Bush's tenure as president, Democrats control both the House and Senate. Their leaders are convinced that to keep that control after 2008 – and even to take back the White House – they need to show that they can govern. That means avoiding a budget train wreck and completing spending bills for the next fiscal year.

At the other end of Pennsylvania Avenue, an unpopular president is looking to leave a domestic legacy.

"There's an opportunity for compromise this year, because if Bush wants to get anything done in the last two years, he's going to have to work with the Democratic Congress to do it," says Robert Bixby, executive director of the Concord Coalition, a public interest group that aims to balance federal budgets.

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"And if Democrats come across as just being obstructionist or tax-and-spend, the public could take offense. Presuming that they both want to accomplish something, there's an opportunity," he adds.

In the run-up to the release of the budget this week, administration officials have taken careful soundings on Capitol Hill and consulted widely with Democrats. Rob Portman, director of the Office of Management and Budget (OMB), says he began his consultations on the budget this year by going first to Congress "to hear what they were looking for," and then to the administration.

In response to urging from Congress, especially Democrats, the Bush administration for the first time this year included war costs as part of the regular budget. With war costs, the proposed fiscal year 2008 budget raises military spending 11 percent and nondefense domestic spending by 1 percent. While praising the move, Democrats note that OMB's $50 billion estimate for the Iraq war in 2009 is well below previous spending levels. Administration officials describe it as a "place holder."

OMB officials say they also reined in the number of user fees used to demonstrate "savings" in the budget that have little chance of being enacted by Congress.

In a move that budget watchers say could be significant, Mr. Portman says that he heads into budget negotiations this year with "no preconditions" – which he describes as a "change in position" for the Bush White House.

"Our attempt here is to provide a credible, more transparent budget and one that is more realistic," he said at a briefing on Monday. "And so there are a number of different areas where we tried to be responsive [to Congress]. One is showing more war costs in greater detail."

One flash point in budget negotiations will be Bush's proposal to make tax cuts set to expire in 2010 permanent – at a cost of $1.6 trillion over 10 years. Democrats call the proposal a nonstarter.

But budget analysts note that the White House has already put taxes on the table, with one proposal to reform the alternative minimum tax (AMT) in a revenue-neutral way. The AMT was designed to ensure that the highest income tax payers paid their fair share of taxes, but it now impacts millions of Americans.

"The idea that you do AMT reform in a revenue-neutral way means you're going to have to raise taxes from somewhere else," says Mr. Bixby. "They're implicitly putting tax revenues on the table as a way to pay for something else."

For Democrats, the flash point could be the president's proposal to reduce Medicare benefits for upper-income seniors.

While early discussions with lawmakers over reining in entitlement spending prompted "immediate negative response," Portman says he also heard "a lot of response that says, 'Let's look at this,' on both sides of the aisle."

Analysis: Budget Deal Seems Unlikely (NSDY/AP)

By Andrew Taylor

Long Island Newsday, February 7, 2007

WASHINGTON -- Many of the necessary ingredients are there for the budget chefs in Washington to whip up a bipartisan deal.

Take the bountiful revenues that make it much easier to balance the budget. Add in the fact that it's not an election year, so politics shouldn't spoil the policymaking.

Warm with the relationships that have formed between key administration officials and lawmakers. Even having a government divided between a Democratic Congress and a GOP president can be a plus -- especially a president looking for a recipe to establish his legacy.

But rather than improve prospects of agreement with Democrats, President Bush's proposal for next year seems to have left the budget kitchen in turmoil.

Bush's budget appeals to anti-tax GOP conservatives and advocates of private accounts within Social Security while slighting Democratic priorities like health insurance coverage for children in low-income families.

"I don't think that I can tell the president what to put on the table and not to put on the table, but I can tell him, 'don't pick a damn fight,'" said House Ways and Means Committee Chairman Charles Rangel, D-N.Y. Private accounts, entitlement cuts and less money for the poor aren't the way to win cooperation, he suggested.

The poor start toward agreement on any number of budget issues dismays people like Senate Budget Committee Chairman Kent Conrad, D-N.D., who's hoping for action on the nation's long-term fiscal problems.

Big budget agreements like a 1997 deal forged by President Clinton and congressional Republicans often occur in odd-numbered, non-election years like this one. Then, like now, tax revenues were surging, and that made it much easier to grease the deal -- as did Clinton's willingness to call for Medicare cuts when submitting his budget that year.

It's often easier to take painful steps such as cutting benefit programs or raising taxes when the government is split between the two parties. That way, both share the political heat. That's what happened in 1990, when congressional Democrats and President Bush's father enacted a major deficit-cutting deal.

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But that 1990 deal -- in which the elder Bush broke his "read my lips" pledge on taxes -- had big political consequences for George H.W. Bush, who lost his re-election bid.

And a tax-laden 1993 bill, passed with only Democratic votes, contributed to a Democratic disaster at the hands of voters the following year.

That's the rub: Voters often punish politicians who take difficult steps on the budget. That may be why GOP leaders on Capitol Hill are in no hurry to work with Democrats on the budget.

There's certainly no shortage of budget problems crying out for solutions: tax cuts that expire in four years unless renewed; federal retirement programs like Social Security and Medicare that need to be overhauled to absorb tens of millions of baby boomers, a looming hidden tax hike on the middle class under the alternative minimum tax.

Bush's GOP allies in Congress have made it clear they'll insist on no rollbacks on his tax cuts -- even though such an agreement might make some of the tax cuts permanent instead of expiring at the end of 2010. Even a smallish rollback seems sure to rile core conservative GOP voters.

And if Democrats fall on their faces and are unable to pass a budget blueprint, that may be OK with the GOP, too.

"They have a responsibility to govern," said House Minority Leader John Boehner, R-Ohio. "It's been clear for some time that they're likely to have a balanced budget, but they're going to raise taxes and increase spending."

Since Democrats won back Congress last year, Treasury Secretary Henry Paulson and White House Budget Director Rob Portman have met repeatedly with Democrats and Republicans alike. They have said repeatedly that there are "no preconditions" for talks on Social Security. That's been interpreted as an openness to increase payroll taxes, something Bush was previously unwilling to do.

"We think everything should be on the table, and that's a change," Portman told the House Budget Committee Tuesday.

But the recent spadework by Paulson and Portman was undercut by Vice President Dick Cheney, who went on Fox News last month to declare, "This president has been very, very clear on his position on taxes, and nothing's changed."

Democrats think Portman and Paulson are more eager for an agreement than Bush and Cheney.

"The president's looking for a legacy and Republicans in Congress are looking to regain power, and it's not clear that compromise on the budget helps congressional Republicans get back the majority," said longtime budget expert Stan Collender, managing director at Qorvis Communications.

Bush Tax Cuts' Fate Hangs In Balance (WT)

By Stephen Dinan

The Washington Times, February 7, 2007

Democrats said President Bush's new budget is a "missed opportunity" to find common ground, but they are left with few good alternatives other than tax increases if they hope to boost spending and match the president's goal of balancing the budget by 2012.

It took an independent, Sen. Joe Lieberman of Connecticut, who called for a new "war on terrorism tax," to broach the issue of tax increases.

"People keep saying that we're not asking sacrifice of anybody but our military in this war, and some civilians who are working on it," said Mr. Lieberman, a former Democrat who supports the war in Iraq. "When you put together the [Department of Defense] budgets with Homeland Security budgets, we need to ask people to help us in a way that they know when they pay more it will go for their security."

But he exposed the key question that will lie beneath this year's budget debate: Can the government expand the war in Iraq and continue Mr. Bush's 2001 and 2003 tax cuts while increasing spending and bringing the budget into balance by 2012?

Mr. Bush on Monday sent Congress his $2.9 trillion budget for fiscal 2008, which begins Oct. 1. It includes a 1 percent increase in basic domestic spending, a giant boost for defense spending and a request for more than $93 billion in emergency war spending for the rest of 2007 -- all while bringing the budget into balance in 2012.

Democrats said Mr. Bush makes wrong assumptions on future tax revenue, such as the Alternative Minimum Tax, but admitted they will probably make the same choices when they pass their own budget so they can also show a balance by 2012, and so they can compare "apples to apples" with Mr. Bush.

Democrats also will have to decide whether to show continued costs for the war past 2008 -- something Mr. Bush does in a cursory manner -- and whether to plan on having Mr. Bush's 2001 and 2003 tax cuts expire in later years, which would help government revenue but would put them on a collision course with the president.

Mr. Bush, stumping for his budget at Micron Technology Inc.'s plant in Manassas, said Congress should choose the path of lower taxes.

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"Step One to balancing the budget is to keep taxes low," the president told company employees. "As a matter of fact, not only do I think we ought not to raise them, I think we ought to make every tax cut we passed permanent."

Stepping out from behind the lectern and hefting a foot-thick stack of congressional reports, which Congress uses to attach add-ons to spending bills, Mr. Bush challenged lawmakers to drop most pork-barrel spending projects called earmarks.

Meanwhile, the Congressional Budget Office yesterday said if Congress passes the new war-spending bill for 2007, but does not otherwise increase spending before October, the deficit will drop to about $200 billion this fiscal year. That's down from the actual 2006 deficit of $248 billion, and lower than the administration's $244 billion projection for this year.

House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, said there is a chance to work together with the president, but that Mr. Bush will need an attitude change.

"It sounds to me like this is pre-campaign talk," Mr. Rangel said of Mr. Bush's call to make the tax cuts permanent. "I just want someone at the White House to know that Democrats won and we want to work with Republicans."

Still, Democrats said they see no need to rush to put forward their own solutions to big budget problems such as Social Security, arguing Mr. Bush himself still hasn't come to the table with a serious proposal.

House Majority Leader Steny H. Hoyer, Maryland Democrat, challenged Republicans: "Why is it our turn when it was your turn and you didn't do something?"

Still Against Taxes, Bush Embraces User Fees (MCT)

By Kevin G. Hall

McClatchy Newspapers, February 7, 2007

WASHINGTON - The Bush administration may be squarely against new taxes, but its proposed fiscal 2008 budget seeks to raise almost $81 billion in new revenue over the next five years by hiking user fees and other charges on taxpayers and businesses.

Technically, changes to these fees aren't taxes. But for anyone who must pay them - everyone from recreational hikers to war veterans - it's a question of semantics.

The big revenue gains would come from changes to federal health-care programs.

Bush would raise more than $15 billion through 2012 by allowing the Defense Department to raise enrollment fees and deductibles for medical care provided to military retirees under age 65. It would also raise retail pharmacy co-payments for all military retirees.

He'd raise another $1.6 billion over five years by increasing the pharmacy co-pay for all veterans and another $526 million by raising medical care fees for non-disabled, high-income war veterans. Veterans with household income above $50,000 a year would pay an annual enrollment fee of $250, which would jump to $750 a year for vets with household income above $100,000.

The president also seeks to limit the growth in health care subsidies for high-income beneficiaries of Medicare, the federal health-insurance program for the elderly. His budget estimates collecting $5.5 billion over five years through "reduced subsidies for certain high-income beneficiaries."

Bush also proposes to end the practice of indexing for inflation the income thresholds that determine just how much wealthy Medicare beneficiaries must pay out of their own pockets. Over time, failure to index those income thresholds for inflation would allow more Americans to shoulder a greater share of their health-care costs.

Corporations of many stripes also would have to pay new fees.

The biggest single new revenue generator under Bush's user-fee section is $35 billion he'd collect over five years from airlines for use of the nation's air traffic control system. This would ostensibly eliminate ticket taxes and other charges imposed by airlines on consumers.

But this isn't necessarily good news for flyers, since the airlines would still be expected to pass on the new costs to the flying public. It simply would make funding of the Federal Aviation Administration less vulnerable to swings in passenger traffic.

Businesses that still offer pensions to their employees would get nicked too. The president seeks almost $5.5 billion over five years from increases in the premiums that companies pay to the Department of Labor for defined-benefit pensions. This would help close the $19 billion deficit faced by the Pension Fund Guaranty Corp., which pays worker pensions, at least in part, when employers go bankrupt.

Bush also seeks to raise $325 million in fees from U.S.-based businesses that are seeking certification from the Department of Labor that they cannot find sufficient workers in the United States and need to bring in foreign workers.

And he envisions raising $461 million in user fees to fund regulation by the Commodity Futures Trading Corporation. The CFTC regulates trading of contracts for future deliveries of everything from oil to orange juice, but remains the only federal financial regulator not funded by those it supervises.

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No federal activity is too small to escape a fee. Take the Corps of Engineers. Its civil works division manages 4,300 recreation areas, mostly at lakes and reservoirs, on 12 million acres in 43 states. This costs $267 million annually. Bush wants the Corps to charge unspecified entrance fees at some high-use areas. This could raise $65 million in fees collected from ordinary citizens over five years.

The administration also hopes to raise $2 million over five years by charging conference fees for events put on by the Minority Business Development Agency, part of the Department of Commerce. It hopes to raise another $1 million through registration fees at Federal Election Commission events.

Bush's Stealth Tax Increase (WP)

By Ruth Marcus

The Washington Post, February 7, 2007

Even President Bush acknowledges that he can't balance the budget without raising taxes.

The president would never put it that way, of course. In fact, his message is exactly the opposite. But the coming tax increase is the unavoidable, unstated subtext of his supposedly balanced-by-2012 budget.

The reason is the governmental cash cow known as the alternative minimum tax. Assume for the moment that the administration could somehow convince the newly Democratic Congress to accede to its pincer-tight domestic spending levels and to significant reductions in entitlement spending.

Assume also that the administration is right about how much tax revenue the government will take in -- though the Congressional Budget Office says it's too rosy by $155 billion over five years.

Even then, the only way the administration achieves its balance is by assuming that it will continue to rake in billions of dollars in revenue from the alternative minimum tax. More than billions, actually: CBO estimates that if left unchanged, the AMT would bring in an extra $1 trillion through 2017.

So the president achieves balance only with a stealth tax increase in the form of the AMT. If he means, as he says and nearly everyone agrees, to fix the AMT, that revenue has to come from somewhere else.

The AMT, as you may have had the misfortune of discovering, is hitting growing numbers of taxpayers who are further down the income scale. That's because (1) the level at which it takes effect isn't adjusted for inflation, so more taxpayers find themselves covered over time and (2) the Bush tax cuts lowered regular income tax rates, sweeping additional taxpayers into the alternative system.

Figures compiled by the Urban Institute-Brookings Institution Tax Policy Center demonstrate the AMT's dramatic effect. If nothing is done to fix the AMT and the Bush tax cuts are extended as he wants, 89 percent of married families with two or more children and incomes between $75,000 and $100,000 will be hit by the AMT by 2010 -- compared with less than 1 percent in 2006. By 2017, almost half of all taxpayers -- 53 million -- will owe the AMT. The tax will hit two-thirds of those making between $75,000 and $100,000 and 90 percent of those making $100,000 or more.

Looked at another way, what the Bush tax cuts give to taxpayers, the AMT grabs back. By 2012, if it isn't changed, the AMT would take back almost one-third of the Bush tax cuts. As the accompanying chart shows, it would take back more than half of the tax cut for people making between $100,000 and $200,000.

In fact, in an irony that only a tax geek could love, the AMT has been transformed from its original purpose, a means of assuring that the wealthiest pay at least some taxes, into a way of underwriting tax cuts for the wealthiest. Because the AMT hits fewer of those with the highest incomes, the rather comfortable end up subsidizing Bush's tax cuts for the super-rich.

Instead of dealing with the AMT, the administration has simply slapped on another one-year fix. It says it wants a permanent solution but in the context of revenue-neutral comprehensive tax reform. This is Washington-speak for "we have to find the money somewhere, but we're not ready to say how yet."

So where will the money come from? The Tax Gap Fairy isn't going to leave enough under the budget pillow; the administration's calculation of how much owed but uncollected tax revenue can be brought in comes to just $29 billion over the next decade. The working poor don't pay income taxes -- in fact, they get money back through the earned-income tax credit and the refundable child tax credit, and even this administration isn't proposing to do away with them.

That leaves the middle class, the better-off and corporations to divvy up the tab. In that context, does it really make sense to permanently repeal the estate tax? To leave in place lower tax rates for the richest Americans? To continue to tax capital gains and dividends at far lower rates than ordinary income? These are the choices that the Bush budget entails, even if it fails, deliberately, to spell them out.

Dems May Override Bush On Kid Insurance (AP)

By Ben Evans

DOJ_NMG_0129112

AP, February 7, 2007

Democrats may try to override a decision by President Bush to leave stopgap children's health insurance money out of his 2007 emergency war spending proposal.

Senate Majority Leader Harry Reid and House Speaker Nancy Pelosi asked the president last week to propose $745 million in supplemental spending for the State Children's Health Insurance Program, or SCHIP, which primarily covers children in low-income working families.

Bush declined the lawmakers' request in the $93 billion emergency war spending proposal he submitted Monday to cover the remainder of 2007. But Democrats, eager to show policy differences with the White House, are saying they may add the $745 million when the bill comes up in the coming weeks.

"It's certainly an option," said Drew Hammill, a Pelosi spokesman. "We know the states are running out of money on this. We're exploring all options."

If allocated, the new money would keep 14 states with looming shortfalls from having to cut off coverage until Congress renews the program later this year.

Georgia, for example, insures some 273,000 children under its PeachCare program but could be forced to end coverage in just a few weeks. Iowa's Hawk-I plan, which insures more than 30,000 children, expects to exhaust its budget by the end of June.

"We are putting the health coverage of thousands of Americans in jeopardy," Reid, D-Nev., and Pelosi , D-Calif., wrote in a letter to Bush on Friday. "The cost of filling the funding shortfall is minor in comparison to your other emergency requests."

The move could get significant backing from Republicans, particularly those from states with shortfalls.

"That's certainly something I could support," said Sen. Johnny Isakson, a Georgia Republican. "That would help Georgia."

Dennis Smith, director of Center for Medicaid and State Operations, defended the administration's omission by saying Bush has called instead for forcing states with SCHIP surpluses to give up unspent money more quickly to help states with deficits.

"We proposed a solution," Smith said. "There's plenty of money. It's just in different places."

States — and their representatives in Congress — have strongly resisted giving up surplus money, arguing that they will need it as participation grows and federal budgets tighten.

According to the nonpartisan Government Accountability Office, while some states still don't spend their full individual allotments, state spending overall has outstripped federal funding in recent years. So the pool of unspent money is quickly shrinking.

SCHIP insures some 6 million people nationwide and is aimed at working families who make too much to qualify for Medicaid but not enough to afford private insurance.

Along with Georgia and Iowa, states facing shortfalls are Alaska, Illinois, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, Rhode Island and Wisconsin.

Congress passed a temporary fix before adjourning last year, redistributing some unspent money. The federal government released the first installment of that money this week, but state officials say it buys only a few months at best.

Funding Fears To Halt Some Cancer Trials (WSJ)

By Amy Dockser Marcus

The Wall Street Journal, February 7, 2007

The 10 federally funded cancer cooperative groups, which enroll nearly half of the patients in the nation who are participating in cancer trials, have begun to shut down trials and stop studying certain cancers amid funding concerns.

Robert L. Comis, president and chairman of the Coalition of Cancer Cooperative Groups, a nonprofit group comprising cancer centers, hospitals and patient- advocacy groups that work to increase participation in clinical trials, said 3,000 patient spots in clinical trials will be eliminated in 2007 at centers around the U.S. Although the decrease will affect all cancers, among the hardest-hit will be rarer cancers such as sarcoma, rare childhood tumors and head-and-neck cancers, Dr. Comis said; some of the cooperative groups are totally eliminating trials in those diseases.

The National Cancer Institute, which provides funding for the cancer cooperatives, had asked the groups to come up with cuts because federal funding for the agency has been flat, and inflation is eating into its spending power. All agencies under the Department of Health and Human Services have been operating under a "continuing resolution," which extended the fiscal 2006 budget levels until Feb. 15, when Congress must either pass the fiscal 2007 budget or extend the resolution. Both the '06 and proposed '07 budgets maintained essentially flat funding levels for the NCI, which is part of the National Institutes of Health.

President Bush's proposed fiscal '08 budget includes an increase of 0.8% for the NIH overall, but a decline of 0.2%, or $9 million, in the NCI's budget, to $4.78 billion. So NCI officials are anticipating further financial constraints.

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Many groups are facing hard choices as a result of budget woes. The cuts at the cancer cooperative groups come at a time when, for the second year in a row, the number of people dying from cancer declined. The development of so-called targeted therapies that attack cancer cells but don't damage normal cells has increasingly led to cancer being considered a chronic condition rather than a death sentence. Many of the trials that led to the approval of those drugs by the Food and Drug Administration were sponsored by cancer centers participating in the various cooperative groups.

The Southwest Oncology Group recently said it was shutting down its sarcoma and head-and-neck cancer trials and no longer will run trials in those diseases. The Eastern Cooperative Oncology Group will be closing its brain cancer and sarcoma trials. Many of the groups also will stop acquiring new tissue samples for their ovarian, endometrial and lung-cancer tissue banks. The tissue is used by researchers to search for new drug targets, among other things.

Dr. Comis said the cooperative groups are postponing by one to two quarters all Phase II clinical trials. This will delay the chance of getting a new drug approved or getting existing ones approved for additional types of cancer. "The cooperative groups are really the engine for establishing new standards of cancer care for the public," Dr. Comis said.

James Doroshow, director of the division of cancer treatment and diagnosis at NCI, said the agency had asked the cooperative groups to "make contingency plans for the worst-case scenario" and that the cuts are the result of the continuing effort to streamline operations. He said the institute is studying ways to ensure that promising studies can go forward even when the patient population is small. "We won't close down our interest in rare diseases," he said.

Deborah Banker, vice president for research communications at the Leukemia & Lymphoma Society, said the organization is studying ways it can support cooperative-group trials, including the possibility of raising private funding.

Can Bush Reach Ethanol Goal With Proposed Spending Plan? (WSJ)

By Greg Hitt

Wall Street Journal, February 7, 2007

WASHINGTON -- In his State of the Union address, President Bush set an ambitious goal of cutting U.S. gasoline use 20% in the next 10 years. Now that Mr. Bush has unveiled his blueprint for federal spending, it isn't clear he is putting enough money on the table to accomplish that goal.

Mr. Bush is calling for millions of dollars in new spending to boost development of alternative fuels, chief among them ethanol, the corn-based additive. Targeted alternative fuel programs at the departments of Energy and Agriculture would benefit from increases of more than $250 million in the coming fiscal year, above what the president proposed for the current year. The administration also is proposing to spend another $1.6 billion in the next decade to boost ethanol production, as part of the farm bill to be written by Congress in coming months.

Many industry officials and lawmakers found the Bush plan wanting after sifting through the details yesterday. They said much broader federal action will be needed, especially to meet the president's goal to have the country using 35 billion gallons of alternative and renewable fuels by 2017, quadruple the current federal mandate.

"We have long ago given up relying on this president to act boldly to break the nation's addiction to oil," said Rep. Ed Markey (D., Mass.), a senior member of the House Energy and Commerce Committee. "His rhetoric looks to the future, but his budget proposals are mired in the past."

Tom Buis, president of the National Farmers Union, which represents 250,000 farm and ranch families across the country, agreed: "The rhetoric of the president in the State of the Union doesn't match the reality of what they're proposing here [in the budget]. To hear the president, it sounded like a massive effort, and this doesn't match that effort."

An Energy Department spokesman defended the proposed new spending on alternative fuels, saying it is part of a broader effort to make the U.S. "more reliant on farmers of the Midwest, than on oil sheiks of the Mideast."

At a minimum, the Bush budget looks to offer a down payment on the goal of greater ethanol production. Much of the Bush plan focuses on boosting the range of materials used to produce ethanol, now made principally with corn. Analysts suggest that increasing production of corn-based ethanol would result only in enough fuel to meet half of the president's alternative fuel-usage goal for 2017.

The rest largely would be accounted for with increased production of so-called cellulosic ethanol, which is made from wood chips and switchgrass, among other things. Currently, cellulosic ethanol isn't produced commercially in the U.S.

In the new budget, the president has proposed to spend $397 million next year on renewable energy projects at the Department of Agriculture, representing an increase of $161 million over what has been proposed for this fiscal year. A main focus of the spending would be development of cellulosic-ethanol technologies.

At the Energy Department, the president is proposing to spend $179 million on the department's biofuels initiative, an increase of $29 million. Financing for biofuel-research programs under the department's office of science would rise to $113 million, up $78 million.

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Matt Hartwig, communications director for the Renewable Fuels Association, an ethanol trade group, said the president's proposal represents "a step in the right direction." The increased support will help attract private capital, encouraging investments in refineries that produce cellulosic ethanol, he said. "Clearly, the president has indicated he understands there is a need for the government to play a role," Mr. Hartwig said. "But there's certainly more that could be done."

Sweetheart Deal For Airlines (USAT)

By Ed Bolen

USA Today, February 7, 2007

For the giant airlines, Valentine's Day comes early this year. The president's budget, released Monday, is a sweetheart deal for the airlines. It would give them a massive tax cut, to be paid for largely by a "general aviation" industry that serves many of the nation's small and mid-sized businesses and their communities.

In supporting the president's budget, the airlines will likely defend their tax break as an opportunity to provide consumers with cheaper ticket prices. But, if history is a guide, this would be just another empty promise. Twice in the past decade, the airlines' federal taxes lapsed and, according to a 2004 Government Accountability Office report, "carriers generally raised base airfares."

Another driver of the airlines' support for the budget is the advantage it gives them on funding and control of the nation's Air Traffic Control (ATC) system. Considered the best in the world, the system uses an efficient "pay-at-the-pump" approach for fuel and ticket taxes that is consistent with widely accepted international standards. Yet, to hear the airlines tell it, we need a radical change that would, of course, let them pay far less into the ATC system. They propose taxing every aircraft at the same rate, whether it's carrying four passengers or 400.

This argument, made by the airlines for decades, fails the credibility test with experts the world over, because the costs for our aviation system aren't determined by a small airplane crossing an air traffic controller's radar screen over Kansas at midnight. Instead, the system's costs are driven by the airlines' hub-and-spoke network, which moves hundreds of flights through big airports at peak travel times. That requires a massive amount of people, resources and infrastructure, so it makes sense that the airlines bear the costs.

Rather than working to shift their responsibilities onto others, the airlines should lobby for a budget that serves everyone's interests. We hope the carriers will look past their own narrow agenda and join us in supporting a plan to truly modernize our nation's aviation system.

Ed Bolen is president of the National Business Aviation Association, which represents companies that use small planes for business.

Rangel Open To Tax Cuts In Wage Measure (AP)

By Jim Kuhnhenn

AP, February 7, 2007

The chairman of the House taxwriting committee said Tuesday he would be willing to link tax breaks for small business to a hike in the minimum wage but that the $8 billion tax package adopted by the Senate was unacceptable.

The comments by Rep. Charles Rangel, D-N.Y., chairman of the House Ways and Means Committee, were the first public acknowledgment by a top House Democrat that some tax cuts might be necessary to win approval of an increase in the federal wage floor.

"I'm prepared to send something over there for (the Senate) to be able to attach a tax package," Rangel said in an interview with reporters. "The problem, which I can't answer, is what would I accept."

The House last month approved an increase in the minimum wage from $5.15 to $7.25 over two years. The Senate last week passed the same wage hike but attached tax cuts for businesses that Republicans demanded to win their vote. The two bills would have to be reconciled in a House-Senate conference committee.

House Democrats, encouraged by labor organizations, have been pressing the Senate to pass a "clean bill" without any added provisions. But Senate Democrats argued that they need Republican votes to get the 60 votes required to overcome a filibuster or other procedural delays.

Rangel's view is especially important because constitutional precedents require tax legislation to originate in the House. Without Rangel's cooperation, the Senate tax plan would have a difficult time surviving.

But Rangel left no doubt that he would reject the Senate tax package — worth $8.3 billion over 10 years. He refused to speculate on what types of tax cuts would be acceptable and placed the burden for lowering the tax package on Senate Majority Leader Harry Reid, D-Nev., and the chairman of the Senate Finance Committee, Max Baucus, D-Mont.

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"When we start with $8 billion my hearing aid is off," the 76-year-old congressional veteran said. "I see no reason to waste anybody's time."

Baucus said later he would continue to work with Rangel and said he was certain that their goal of raising the minimum wage would overcome differences on other provisions in the Senate bill.

Labor Pushes Dems To Deny Bush Extension Of Authority (HILL)

By Ian Swanson

The Hill, February 7, 2007

The AFL-CIO, United Autoworkers and other groups representing organized labor are pressing Democrats to deny the Bush administration an extension of its authority to send free-trade deals to Congress for up or down votes, partly by reminding lawmakers of the role trade played in Democrats' re-taking of majorities in the House and Senate.

"We're going to be talking to members of Congress extensively about why it would be a huge mistake to give this administration the authority," UAW's legislative director, Alan Reuther, said.

Labor groups already helped organize a letter to House Ways and Means Chairman Charles Rangel (D-N.Y.) from 39 members of the freshman House Democratic class that said the "vocal stand against the administration's misguided trade agenda" was vital to their electoral success.

AFL-CIO Assistant Director for International Economics Thea Lee said the group is "flat-out opposed" to extending the existing fast-track authority, which expires at the end of June, and sees an extension limited to allowing the Bush administration to finish negotiations on the current World Trade Organization talks, known as the Doha round, as a non-starter.

"I definitely don't trust the Bush administration to negotiate a good Doha round," said Lee, who charged that issues such as labor rights and currency manipulation are not being discussed seriously in the talks.

Lee does not completely rule out fast track for the Bush administration, but said the policy would have to be overhauled fundamentally from the existing authority. Noting the letter from freshman Democrats to Rangel, she said last year's elections have placed labor in a strengthened position for battles over trade policy this year.

Organized-labor groups were among top financial contributors to many of the new Democrats elected in November. For example, labor political action committees (PACs) contributed $247,200 to the campaign of Rep. Betty Sutton (D-Ohio), and $265,500 to Rep. Heath Shuler (D-N.C.). PACs representing labor groups gave $215,000 to Rep. Mike Michaud (D-Maine), who with Sutton helped organize the letter from freshman Democrats to Rangel.

The pressure from labor is important because of possible splits within the Democratic Party on trade, including the possible extension of fast track requested by President Bush last week.

For example, Senate Finance Committee Chairman Max Baucus (D-Mont.) called on Congress to approve a new fast-track law with some modifications in a column in The Wall Street Journal at the beginning of January, and last week described fast track as vital to U.S. trade. Rangel also has been open to considering a fast-track extension, but has stressed that Congress must first receive assurances on how the administration would use it.

Rep. Sandy Levin (D-Mich.), who chairs the Ways and Means trade subcommittee, has been more explicit in setting out conditions on extending fast track. He told The Hill last week that meaningful discussions on fast track cannot start until after the administration renegotiates labor provisions in three pending deals with Latin American countries to the satisfaction of congressional Democrats. Levin also wants the administration to persuade South Korea to agree in free-trade talks to end practices that he said prevent U.S. autos and auto parts from being exported to that country

"There is no question there are divisions within the Democratic Party over the trade issue," Lee said.

In the end, business representatives are hopeful that Rangel will be the key player on trade among House Democrats. "At the end of the day, if we're going to move the trade agenda forward, Charlie Rangel is going to have to sign off on it," the director of international trade policy for the National Association of Manufacturers, Christopher Wenk, said.

Wenk said House Democrats will want to find some issues, such as trade, where they can work with business.

Another business source noted that tax and healthcare issues could pose even greater problems for Rangel in trying to reach a compromise with committee Republicans and the administration. The source said trade is an issue on which Rangel might be able to forge a middle-ground consensus with Republicans, which would allow Rangel to show he is chairing Ways and Means differently from his predecessor, former Rep. Bill Thomas (R-Calif.), who was charged with shutting Democrats out of the legislative process and passing legislation with all Republican support.

Two committee aides said committee Republicans and Democrats have a shared desire to reach a compromise on trade, and agreed that finding common ground there could be easier than on healthcare and tax policy. They also emphasized, however, that the challenges remain significant.

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Some key Democratic figures, including former President Clinton economic adviser Gene Sperling, have already spoken out in favor of at least extending fast track to allow the Bush administration to complete the Doha talks. During a hearing on trade and globalization last week, Sperling warned Ways and Means members that Congress could be seen as killing Doha if it did not extend fast track. Alluding to global warming and the Iraq war, he said this would contribute to international sentiment that the U.S. is intent on taking a unilateral approach to global issues.

Lee said such arguments might sound good to the Brookings Institution, a centrist Democratic think tank, but will not play well in the heartland. She said granting the administration a short-term extension of fast track to conclude Doha should be a non-starter for Congress.

Senate GOP Threatens Filibuster Over Budget (RC)

By Emily Pierce

Roll Call, February 7, 2007

Senate Democrats and Republicans are headed for a classic game of chicken this week over the nine remaining fiscal 2007 appropriations bills.

Senate Majority Leader Harry Reid (D-Nev.) is poised to bring up a joint funding resolution for 13 Cabinet agencies, Congress and numerous independent agencies as early as today, but he has said repeatedly that he will not permit any Senators to offer amendments to the measure.

That stance has prompted Senate Minority Leader Mitch McConnell (R-Ky.) to threaten a Republican filibuster, and both sides are waiting to see who will blink before a possible government shutdown upon the expiration of the current continuing resolution on Feb. 15.

"At some point you get to Feb. 15 and something has to give," said Senate Appropriations ranking member Thad Cochran (R-Miss.).

Cochran added that Republicans are likely to call Reid's bluff and oppose his expected efforts to cut off debate, or invoke cloture, on the $463 billion measure. Reid would need 60 votes to prevail on cloture and move the funding resolution toward passage.

"I don't think they can get cloture," Cochran said. "We'll be protesting the process."

The Senate could vote as early as Thursday on a procedural motion to limit debate on the motion to proceed to the bill. Even if Senators are allowed to proceed to the bill, Republicans indicated that they would require Reid to file another cloture motion on the bill itself. The whole process could bring the Senate dangerously close to the Feb. 15 deadline.

However, Democrats could try to avoid a government shutdown by pushing another short-term continuing resolution in lieu of the larger joint funding resolution that would cover all eight months left in fiscal 2007. A continuing resolution, however, would keep funding at 2006 levels or lower, whereas the joint funding resolution would provide some government agencies with small boosts in funding.

The House already has passed the fiscal 2007 joint funding resolution, and Senate passage without amendment would send the bill directly to the president. Congress already approved fiscal 2007 funding for the Defense and Homeland Security departments last year.

Before Congress resorts to short-term measures, however, Reid said he would move to use Senate procedures to block all amendments, because Republicans already have vetted the bill.

"In getting to the point where we are, there's been total consultation by the majority and minority" on the Appropriations Committee, Reid said on the floor Tuesday. "If there were ever a bipartisan measure, it's the [joint funding] resolution."

But Sen. John Sununu (R-N.H.) said Reid's statements are "not a fair argument for abridging the rights of Senators to offer amendments."

And Sen. Judd Gregg (R-N.H.), a member of the Appropriations panel, said, "There's a lot more people in this Congress than just the Appropriations subcommittee chairmen" and ranking members. Gregg added that Republicans are looking to offer only two or three amendments.

"It seems to me that you don't have to bring it up and close down debate," he said. "We know it's got to be done ... on a timely basis. But to bring a $463 billion bill to the floor without amendments would be unprecedented. That's never happened before."

One of the amendments Republicans would like to offer is a restoration of cuts to the Base Closure and Realignment Commission funding, which was used as a way to address shortfalls in veterans' medical care accounts.

But Appropriations Committee member Jack Reed (D-R.I.) said Republicans are trying to have it both ways, considering they had an opportunity last year to pass full BRAC funding in the fiscal 2007 military construction spending bill only to see it blocked by members of their own Republican Conference.

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"That was an example of a bill that was held up by Republicans. So to come back and say we want a do-over is a real challenge," Reed said.

What's more, Senate Appropriations Chairman Robert Byrd (D-W.Va.) wants to restore funding for BRAC later this year as part of a nearly $100 billion emergency war spending bill.

"Senator Byrd has every intention to work to make BRAC funding whole in the supplemental appropriations bill," said Byrd spokesman Tom Gavin.

In the meantime, Gavin said the Pentagon has $2.5 billion available for BRAC, which is "certainly enough to begin the [BRAC] process."

Democrats Set To Unveil Agenda (RC)

By Jennifer Yachnin

Roll Call, February 7, 2007

Preparing to return the House to regular order after an initial legislative sprint full of popular bills and closed rules, Democratic leaders said Tuesday they are finally primed to roll out a long-term agenda.

House Majority Leader Steny Hoyer (D-Md.) confirmed Tuesday that Democrats will unveil their new agenda next week, although he declined to provide specific details.

Democratic Caucus Chairman Rahm Emanuel (Ill.) said the plan will not be an itemized blueprint, but rather would feature "guideposts" and serve as a broad outline of the goals the new majority hopes to complete over the next six months.

While Hoyer stated at a weekly press briefing the House will address health care and education bills in coming weeks — specifically mental health parity, the No Child Left Behind Act and re-authorization of the Head Start pre-kindergarten program — in a later interview he would not discuss which topics will take precedent under the new agenda, asserting that House committees must first be allowed to act on the measures.

"Obviously the committees are working," Hoyer said. "We just don't know how fast."

Democratic leadership sources suggested, however, that the plan will target broad topics such as environmental protections and health care initiatives that eventually will be translated into bills focused on clean water and spinal injuries, as well as efforts to address the ongoing recovery from Hurricane Katrina.

While Democrats spent their initial weeks in the House majority focused on their "100 hours" agenda — which included a half-dozen bills that Democrats touted during the 2006 campaign cycle — party leaders subsequently gave little indication about what issues would take precedence on House floor aside from must-do legislation, such as the federal budget and appropriations bills.

In the immediate future, the House is scheduled to debate a resolution next week condemning President Bush's proposal to increase troop levels in Iraq. (See story, p. 1.)

While Democratic sources acknowledged the lull prompted some minor grumbling among Members, Republicans more openly criticized the perceived standstill.

"They didn't have a plan. As the saying goes, when you fail to plan you plan to fail," said one GOP leadership aide, who asserted the Democrats' start paled in comparison to how Republicans began their majority in 1995, when the GOP pushed through the "Contract with America."

"They really haven't delivered much more than a few sound bites when you take a look at the legislation," added the aide, who spoke on the condition of anonymity.

But Democrats defended their control of the chamber, noting that in addition to completing their initial agenda, House lawmakers dealt with a continuing resolution to fund the federal government for the duration of fiscal 2007, a necessity given that the Republican-controlled 109th Congress did not complete work on those spending bills.

"It's important to remember that under normal schedule it would only be our second week here," Hoyer spokeswoman Stacey Bernards said Monday, referring to the fact that recent House sessions have begun in mid-January and typically have not produced significant legislation. "Committees are just now gearing up."

A Democratic leadership aide, who asked not to be identified, echoed that argument.

"We got a massive amount done in January and now we're formulating the agenda for the rest of the year," the aide said Tuesday, adding: "Just because we haven't put [our goals] in a one-pager and called them something doesn't mean we don't have a weighty agenda in the coming months."

Financial Services Chairman Barney Frank (D-Mass.) also cited Democrats' vow to move legislation through the chamber's regular order, particularly the committee process of hearings and markups.

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"The Republicans say, 'Why isn't anything on the floor?' The answer is we don't want to bypass the committees," Frank said. Among the first items his panel will send to the House floor are bills including terrorism risk insurance and executive compensation.

Rep. Ellen Tauscher (Calif.), who chairs the centrist New Democrat Coalition, also noted that the new majority hopes to eschew the "truncated process" that many Democrats perceived under the then-Republican majority.

"I think we will not be reactive like the former majority was, where you saw a lot of social agenda, a lot of divisive agenda coming forward because something happened out in the real world that caused people to say, 'That's something that's driving our base,'" Tauscher said. "Regular order is a very important thing for us to do. It's also how you get bipartisan support on legislation."

One Democratic operative, who asked not to be named, said the slow development of an agenda also could be attributed to a learning curve for the new majority.

"It's going to take some time to work out which parts of the system we've had for 12 years stay and which get thrown out," the operative said.

Members Earmarking Without Earmarks (RC)

By Kate Ackley And John Stanton

Roll Call, February 7, 2007

Nobody wants to give up the power of the purse — especially not Members of Congress.

Even though most of the appropriations bills for fiscal 2007 got stripped of practically all Congressionally mandated "earmarks," Members — and the lobbyists who push for funding of specific projects — have turned their attention to the executive branch agencies doling out chunks of money that otherwise would have gone for earmarks.

Members, especially those on the Appropriations and authorizing committees, can wield considerable behind-the-scenes power to make sure their favored projects get funded by executive-branch agencies.

One appropriations lobbyist, who would not be quoted by name, said Members and staffers alike have been calling agency officials to protect their 2007 earmarks.

"I heard Members and staff already made the calls before they put the money in the" omnibus bill, this lobbyist said. "They would say verbally, 'If we have this group submit an application — as long as it is complete and accurate and fits within the parameters of the program — you will honor that, right?' The answer was in the affirmative every time."

And for good reason.

Jim Dyer, a longtime House Appropriations staff member who is now managing director at the consulting firm Clark & Weinstock, said if anyone knows what an agency's spending priorities are, it's the Appropriations committees. And Members can use that power to get their own spending priorities through.

"The agencies recognize that they're up there for the '08 budget," Dyer said. "If they're going to disregard what the Congress wants [for 2007], they're doing it at their own peril. They know they could pay a long-term price for alienating Members."

Michael O'Bannon, president of the budget-focused EOP Group, said that within 30 days of passing the omnibus spending bill, the agencies must provide funding details to Congress.

"To the extent that the Congress does not like what the administration plans to do, obviously when they get that 30-day plan from the agency, they can go back and say we don't really like what you did here," O'Bannon said. "That, too, is an earmark."

Like the unnamed lobbyist, O'Bannon said that the process of calling agency officials is already going on in an informal way, with Appropriations staffers "calling budget officers over at the agency."

And, he said, it's likely that the agency budget officer will do what the Appropriations Committee staffer asks "without any acrimony because of the immense power Congress has" over the agencies' budgets.

But a Senate Appropriations Committee source said that while there may be a push by some Members to bring their clout with an agency to bear, at this point no reports of Senate lawmakers looking to influence how money is spent have surfaced. The aide predicted it likely would take several months before it is clear whether Members have sought to influence agency spending or whether it is a "myth everyone assumes is going on."

However, the committee source did say that Appropriations Chairman Robert Byrd (D-W.Va.) was not "happy about turning over the power of the purse" to the executive branch and that the committee would be aggressive in its oversight of the spending process. The aide also said that Byrd and other lawmakers would pay close attention to reports on how federal funds are being doled out.

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Nevertheless, Senate aides privately acknowledged that their offices likely would begin contacting agencies to stress their desire that funds earmarked in the appropriations bills passed last year make it to those specific projects.

Gerald Warburg, executive vice president at Cassidy & Associates, one of the biggest appropriations-focused firms, said that one of his clients, the Sacramento Area Flood Control Agency, is fighting to keep funding levels from the Army Corps of Engineers budget, which Congress gave more than $2 billion to give out.

Warburg said a Member of Congress already has had a face-to-face meeting with the agency head to keep the flood-control funding stable. Warburg would not name the Member, but according to published reports, Rep. Doris Matsui (D-Calif.), who represents the Sacramento area, has championed the flood-control programs and met with top officials. A Matsui spokesman did not provide a comment on the issue.

"The best projects are the ones that have to do with public health and safety," Warburg said. If the agencies don't fund those types of projects, then when agency officials are on the Hill this year "defending their FY '08 budget, the legislators are going to be furious."

Another appropriations lobbyist, who would not be quoted by name, said Members on the oversight committees have a better shot at influencing a particular agency than their rank-and-file colleagues.

"Members are going to treat this like regular earmarks," this lobbyist said. "They are going to help their districts and the lobbyists they like that raise money for them."

Colin Wellenkamp, a vice president at the Washington Linkage Group, represents state and local governments — many of which saw their earmarks derailed in the '07 budget.

Wellenkamp said that because cities and other clients lobbying for earmarks have been making their case to Members and staff for more than a year, "These are projects that Congressional offices are intimately aware of, and they are more than equipped to advocate to the agency on our clients' behalf."

Wellenkamp added that much of the money that would have been used for earmarks will now be given out in the form of competitive agency grants.

"We have several clients that are certainly going to try and take advantage of the grant process, to supplement the loss of earmarks in the bill, absolutely," he said. "The money is still around. It's just going to be channeled differently."

Appropriations lobbyists say they worry that some of their peers will end up getting clients funding while they'll be left saying that no one got earmarks when that's not entirely true — because some of the most plugged-in Members and lobbyists will score agency victories for clients.

"Everyone is looking at ways of getting these FY '07 projects funded, and there is some window of opportunity, and it is going to be abused," said the first appropriations lobbyist.

While there might still be uncertainty about the 2007 budget, one thing remains clear: In the 2008 budget, there is going to be "a tremendous amount of pent-up demand," Dyer said.

Pelosi's Push For Jet Remains Up In Air (WT)

By Rowan Scarborough And Charles Hurt

The Washington Times, February 7, 2007

The Bush administration has agreed to provide House Speaker Nancy Pelosi with regular access to an Air Force passenger jet, but the two sides are negotiating whether she will get the big aircraft she wants and who she may take as passengers, according to congressional and administration sources.

A congressional source said that Rep. John P. Murtha, chairman of House Appropriations subcommittee on defense, which controls the Pentagon's spending, has telephoned administration officials to urge them to give the speaker what she wants.

The congressional source said Pentagon officials complained that Mr. Murtha, Pennsylvania Democrat, is accusing them of sexism for not immediately heeding her request.

Megan E. Grote, Mr. Murtha's press secretary, said, "Mr. Murtha absolutely never said anything about being 'sexist.' We have no further comment."

Meanwhile, Republican Conference Chairman Adam Putnam of Florida said Mrs. Pelosi's request represents "an arrogance of office that just defies common sense" and called it "a major deviation from the previous speaker."

Minority Whip Roy Blunt of Missouri called it a "flying Lincoln Bedroom," and Rep. Patrick T. McHenry, North Carolina Republican, labeled the speaker's plane "Pelosi One."

"This is a bullet point to a larger value -- Pelosi's abuse of power continues," Mr. McHenry said yesterday. "It began when the speaker denied minority rights to Republicans, continued with her 'TunaGate' scandal, and now she's exploiting America's armed forces and taxpayers for her own personal convenience."

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"TunaGate" was a reference to Democrats exempting American Samoa from legislation to increase the minimum wage. Star-Kist Tuna, whose parent company Del Monte Corp. is based in Mrs. Pelosi's district, had lobbied against the wage increase.

An aide to Mrs. Pelosi, who is arguing she needs the jets for security reasons, yesterday referred questions to the Air Force, which is studying the California Democrat's request along with lawyers at the Pentagon and at the White House. "A lot of people are working this," an Air Force source said.

The congressional source said government lawyers are trying to reconcile Mrs. Pelosi's request with Defense Department policy and congressional travel rules.

The Washington Times first reported last week that Mrs. Pelosi's staff was pressing the administration for access to Air Force aircraft. Sources said the request went beyond what was offered to former House Speaker J. Dennis Hastert, Illinois Republican.

Mr. Hastert used an Air Force commuter-type jet to travel to and from his district. Mr. Hastert gained the access for security reasons after the September 11, 2001, attacks. Previously, the House speaker, who is second in the line of succession to the presidency, used commercial flights for such trips.

Mrs. Pelosi wants a larger aircraft that can fly to her home district of San Francisco nonstop. She also wants to be able to ferry other members of the congressional delegation, family members and her staff.

The speaker's request is being handled by her chief counsel, Bernard Raimo, a veteran Democratic lawyer on Capitol Hill.

"Who she can take is being worked out, outside the Air Force," said Ed Gulick, an Air Force spokesman at the Pentagon.

He said the Air Force is studying what types of planes are available for long, cross-country flights. Currently, three planes assigned to the 89th Airlift Wing at Andrews Air Force Base can make such nonstop flights year-round -- the C-32, C-40B and C-37.

Such VIP planes are in high demand.

"She's effectively taking a bird out of the fleet," said a defense source. "It will most directly impact the House, because they're the heavy users of the large aircraft. Congress looks at that Andrews fleet as their Hertz rent-a-car."

The congressional source said the speaker's office requested an Air Force plane to take her to a weekend Democratic retreat in Williamsburg, but the Pentagon declined.

The source said Mr. Hastert on one occasion used an Air Force plane for such an event. The Air Force later determined it was a mistake, and such flights were not repeated.

The source said the Pentagon will likely give in to Mrs. Pelosi's requests for a large plane and travel entourage, given her and Mr. Murtha's power over defense spending.

Mr. Raimo argues that Mrs. Pelosi needs a military aircraft, as opposed to commercial flights, for security reasons.

The defense source, who asked not to be named, termed her request "carte blanche," saying she wanted a plane that could carry an entourage just like President Bush, who flies on Air Force One, and Vice President Dick Cheney, who also always flies on military planes.

Department Of Peace Bill Off To A Rocky Start — Again (HILL)

By Jonathan E. Kaplan

The Hill, February 7, 2007

Rep. Dennis Kucinich (D-Ohio) may need to stage a sit-in on the House floor before a Department of Peace and Nonviolence is created.

Kucinich, newly empowered as chairman of the domestic policy subcommittee on the Oversight and Government Reform Committee, vowed yesterday to hold hearings on legislation lawmakers have discussed since the dawn of the republic: a bill to establish a Department of Peace and Nonviolence.

It seems that, like the Founding Fathers before him, Kucinich won't get past the talk — even with a bit of Hollywood backing.

Majority Leader Steny Hoyer (D-Md.), whose job is to manage the flow of legislation to the House floor, said that he considers Kucinich a "thoughtful, substantive guy and a good friend," but that "a lot of members have a lot to say about [the bill] and we're going to give them a lot of time to say it."

Perhaps unintentionally, other Democrats slighted the initiative yesterday. The majority governs room assignments, and Kucinich had to hold his peace press conference in a cramped room in the Capitol basement. Meanwhile, a gathering of centrist Republicans, the Tuesday Group, had a better room despite its minority status.

Plus, Hoyer met with reporters while Kucinich was making his announcement. Hoyer's appointment was a regular one — he talks to members of the press at the start of every workweek when Congress is in session — but it perhaps could have been

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rescheduled. While plenty of cameras showed up at Kucinich's event to get a few frames of "Walk the Line" star Joaquin Phoenix — wearing a black suit and pale green shirt without a tie — few print reporters opted out of the weekly briefing.

Phoenix did not speak; he lent his support, Kucinich said, by his presence.

Several other B-list celebrities were on hand, including actresses Amy Smart and Francis Fisher, as well as Nicole Brown Simpson's sister, Denise Brown, who has founded a charitable organization in her sister's name.

Pointing to Phoenix, Smart and Fisher, Rep. Lynn Woolsey (D-Calif.), a chairwoman of the Progressive Caucus, said, "You humble us because we think we're big shots until you show up."

She thanked the celebrities for bringing attention to the peace movement, saying, "We can't do anything if the people in this country don't care."

Despite the logistical hurdles and legislative roadblocks, Kucinich made history when he said he would hold hearings on H.R. 808, which has 52 cosponsors, including centrist Democratic Reps. Ellen Tauscher (Calif.) and Albert Wynn (Md.).

Tauscher pointed to a letter she and Kucinich wrote in 2002 urging Bush to postpone a vote on going to war until after the midterm election. At least one left-leaning political action committee has suggested finding a liberal Democrat to challenge Tauscher; Wynn nearly lost his primary in 2006 to a more liberal Democrat.

"We have to have a balance. For too long we have had a knee-jerk reaction to overuse the military for things like nation-building and reconstruction," Tauscher said. "Politics is never a factor."

Wynn, a new convert to the bill who has called his 2002 vote for the war in Iraq a mistake, said, "It makes sense to send a signal to the world that we'll at least consider non-violent solutions."

Kucinich said as chairman he would revisit the work of the Kerner Commission, which in 1968 issued a report on the causes of riots and violence in American society.

While the activists and actors in attendance agreed on the need to create a Department of Peace, they did not agree on who should become secretary of Peace.

Phoenix said nothing when asked for an informal nomination.

Wynn suggested Kucinich for the job — if he does not become president, that is.

Rep. Susan Davis (D-Calif.), who questioned President Bush on his handling of the Iraq war on Saturday at the House Democratic retreat, suggested Ret. Gen. Anthony Zinni. The chairwoman of Peace Alliance, Marianne Williamson, said the job should go to Jan Hartke, an environmental activist whose father, while an Indiana senator in the 1960s, introduced legislation to create a Peace Department.

Throughout the hour-long event, Kucinich remained upbeat and positive.

"There will be a Department of Peace," he said, speaking of a department that Jesus Christ, Mahatma Gandhi and Martin Luther King Jr. would have wanted to be a part of government.

"It's not about blaming anyone for anything. We want to capture the human potential … to create peace in our homes to influence peace in the nation," Kucinich said.

Even House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) lavished praise on Kucinich, saying his is the standard by which all other presidential candidates will be judged in terms of their commitment to the peace movement.

The event ended when Kucinich's aide held a hand-written sign from the back of the room that read, "You need to get to the House floor."

White House Wreath Placed In Honor Of Ronald Reagan's Birthday (LAT/AP)

The Los Angeles Times, February 7, 2007

SIMI VALLEY — Former President Ronald Reagan was remembered in a ceremony today on what he would have called another anniversary of his 39th birthday.

Former Attorney General Edwin Meese III and Col. James B. Seaton III, commanding officer of the Marine Corps' Camp Pendleton, placed a wreath of white roses on behalf of President Bush at Reagan's grave at the Ronald Reagan Presidential Museum.

Bush said in a proclamation that the wreath and military honors were sent "in tribute to his distinguished service to a grateful nation."

Two World War II vintage military aircraft flew over the ceremony and Marines offered a 21-gun salute.

Reagan, who died on June 5, 2004, at 93 after a 10-year battle with Alzheimer's disease, was remembered by Meese as a Cold War warrior for his "peace-through-strength" mantra. Meese said Reagan led the United States out of a national malaise and ended the Cold War.

"He had integrity," Meese said. "And he had perseverance.... We celebrate the legacy of Ronald Reagan."

Seaton told the crowd of about 600 seated on a sunny lawn near the grave that Reagan was an inspiration to the Marine Corps during his presidency and that legacy lives on today as the military faces adversaries in Iraq.

"America didn't become great because we took the easy road," the colonel said.

Former first lady Nancy Reagan, reported feeling a bit under the weather and reserving her energy for an evening library fundraiser honoring former President George H.W. Bush, said in a statement that her husband would have enjoyed the tributes.

"It's hard to believe that Ronnie would have been 96 years old today," Mrs. Reagan said. "I know he would have been thrilled to see the military band and color guard, the Naval Academy Glee Club and the flyover at his library today, and he would have been touched that so many of his old friends are coming to celebrate on his behalf."

Tonight, Mrs. Reagan planned to present former President Bush with the 2007 Ronald Reagan Freedom Award during a gala at the Beverly Hilton Hotel.

The award is given to those who "have contributed greatly to the cause of freedom worldwide." Past recipients include Colin Powell, Prime Minister Yitzhak Rabin, Jordan's King Hussein, Lady Margaret Thatcher, the Rev. Billy Graham, Bob Hope and Rudolph Giuliani.

"George was not only my husband's dedicated vice president, but he was also Ronnie's loyal friend," Mrs. Reagan said in a statement.

"Working closely with Ronald Reagan was one of the great joys of my life, and receiving this prestigious Reagan Freedom Award is something I will treasure always," former President Bush said in a statement.

The Biggest Secret In Health Care (WSJ)

By HOLMAN W. JENKINS, JR.

The Wall Street Journal, February 7, 2007

President Bush might seem a candidate for OCD treatment, what with his insistence that the fix for health care is tax reform. He was at it again in his latest budget proposal, which calls for reforming the unlimited tax break for job-related health insurance.

Where does he get such ideas?

The answer: From every recent president that went before him, including Presidents Reagan, Bush and Clinton. And from all the wonks in wonkdom, who've long understood that the tax code was the problem and who've occasionally even shared this understanding with the public, most recently during the heady days before the Clinton health plan was submitted to a congressional dumpster.

A newspaper we know and love, in 1993, reported as a nearly uncontested fact: "The tax breaks on this enormous transfer of wealth have created a health-care market characterized by inefficiency, ignorance and excess."

The head of Blue Cross & Blue Shield declared: "The most powerful incentive is the tax code. We've been through five decades of teaching the individual that health care is a free good."

Paul Ellwood, godfather of the Clinton plan, said: "Changing the tax status of health benefits is the glue that holds managed competition together."

Bill Clinton himself said: "There has to be some sort of personal responsibility in this health-care system we set up."

Let the current President Bush give voice to the same analysis, however, and it must be some kind of supply-side hokum.

To rehearse: The tax code is the original hectoring mommy behind our health-care neuroses. It gives the biggest subsidy to those who need it least. It pays the affluent to buy more medical care than they would if they were spending their own money. It prompts them to launder our health spending through an insurance bureaucracy, creating endless paperwork. It prices millions of less-favored taxpayers out of the market for health insurance. It fosters a misconception that health care is free even as workers are perplexed over the failure of their wages to rise.

Clark Havighurst, a Duke University sage, points to one of the many destructive consequences: "With insured consumer-voters generally believing that someone other than themselves is paying for their health care, they see no reason not to approve regulatory and other public policies that raise the cost of that care and foreclose opportunities to economize."

He was thinking of the congressional rage to prevent managed care from saving us money, after Congress and everyone else first championed managed care as a way to save us money.

Others point to a destructive consequence for the practice of medicine itself. Patients, because their only skin in the game is their skin, end up listening to doctors and hospitals who are massively incentivized to expose them to more procedures, more tests and more drugs than patients, quite apart from any consideration of costs, would choose for themselves.

Guess what? The patients are right. Much of this superfluous care is bad for their health. (Such is the finding of a long-running Dartmouth Medical School study of national treatment patterns.)

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Much better, in our view, would be simply to do away with the tax break and let businesses and consumers adjust. The insurance industry wouldn't stand around and watch its livelihood vanish. And tax rates could be adjusted to make sure the overall tax burden remains unchanged. You'd be shocked at how quickly the system would right itself.

Alas, there is panic on K Street when anyone suggests doing away with the tax break directly. The health industry goes ape. (Think doctors, hospitals, drug makers, insurers, etc. don't enjoy having a $200 billion-a-year tax subsidy to encourage consumption of their products? Think big business doesn't like having a tax subsidy for a good chunk of its employment costs? Think they don't lobby?)

So Mr. Bush makes peace with the tax code's bias toward health spending in order to do battle with the particular vice of our overreliance on third-party payment. He does so by equalizing the tax treatment of health dollars whether they flow directly from a consumer pocket (the vehicle here is health savings accounts) or through a third-party laundromat.

He would do so by equalizing the treatment of health insurance whether you buy it yourself or your employer buys it for you (his latest plan).

No, hosannas will not be sung to him by left or right. However, keep something in mind as the 2008 debate heats up. The oft-mouthed goal of expanding health insurance to the poor would be far easier to achieve if we stopped subsidizing overconsumption by the non-poor.

There's a lesson in presidential leadership here. Mr. Clinton lost interest in health care after a few months when he discovered health care wouldn't result in a monument to his presidency. In a very pre-postmodern approach, Mr. Bush identified the same basic problem and has worked steadily away at it, showing that a president can accomplish something as long as he's willing not to receive any credit.

The one great and glaring fault in his record is the creation of an unsustainable drug benefit to add to the unsustainable burden of future Medicare spending. Then again, what is unsustainable is unsustainable.

The pattern for that reform is already present between the lines -- towards greater reliance on saving than taxing, towards greater reliance on individual responsibility than on the illusory free-lunchism of government transfers. For the problem of Medicare is the problem health care writ small: The illusion that somebody else is available to pay our bills for us.

Beyond Health-Care Band-Aids (WP)

By Ezekiel J. Emanuel And Victor R. Fuchs

The Washington Post, February 7, 2007

It seems everyone has ideas for health-care reform. President Bush has proposed tax breaks to encourage the uninsured to buy coverage. Massachusetts has approved and California has proposed individual mandates with state subsidies to allow people with low incomes to buy coverage. Maryland wants to raise cigarette taxes to pay for coverage for the working uninsured. John Edwards wants to require employers to provide insurance or pay into a fund that would help individuals buy insurance. Sen. Hillary Clinton has proposed increasing the income eligibility limits for the State Children's Health Insurance Program. And the list goes on.

This profusion of proposals means that health care is getting more attention, and this makes reform more likely. But these proposals are like band-aids and fall far short of what our sick health-care system needs.

They build on what everyone agrees is a broken system. Ultimately, they prop up the sagging employment-based insurance system, with all its inefficiencies and inequities, and preserve the second-class income-tested programs such as Medicaid. By focusing on covering the uninsured, they fail to address either administrative inefficiency or long-term cost control. Consequently, in the short run they require ever more money to cover the uninsured, and in the long run the unabated rise in health costs will quickly revive the problem of the uninsured.

At $2 trillion per year, the U.S. health-care system suffers much more from inefficiency than lack of funds. The system wastes money on administration, unnecessary tests and marginal medicines that cost a lot for little health benefit. It also provides strong financial incentives to preserve such inefficiency.

By building on the existing health-care system, these reform proposals entrench the perverse incentives.

Moreover, even plans that reduce the number of uninsured today may find that those gains will disappear in a few years if costs continue to grow much faster than gross domestic product. As costs rise, many companies will drop insurance and pay the modest taxes or fees that have been proposed. States will find that costs exceed revenue and that cuts will have to be made.

The State Children's Health Insurance Program (SCHIP) provides a good example of the toxic interactions between public and private coverage. When it was enacted in 1997, SCHIP filled a hole, offering insurance to children whose parents earned too much to be covered by Medicaid but not enough to buy private health insurance. By 2005, 6 million children received health coverage through SCHIP. But SCHIP has had only a small impact on the overall number of uninsured children. In 2006, there were nearly 9 million uninsured children, compared with 10 million uninsured in 1997. Why? As costs rose, some companies

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stopped offering insurance, others dropped coverage for dependents, and others raised employee contributions to the point where some workers preferred covering their children through SCHIP.

Band-aids are not enough. The country needs comprehensive reform. Here are five essential changes:

Â· Get businesses out of health care. Health care is not part of their core competencies but something they use as a part of labor relations. It creates job lock and distorts employers' hiring and firing decisions.

Â· Guarantee every American an essential benefits package. This package -- modeled on what members of Congress get -- should be provided by qualified plans that would receive a risk-adjusted payment for each enrollee. Americans could choose their health plans, with guaranteed enrollment and renewability; "cherry-picking" and "lemon-dropping" would be minimized.

Â· The universal basic package should be financed by a dedicated tax that everyone pays, such as a value-added tax.

Â· Administer the program through an independent National Health Board and regional boards modeled on the Federal Reserve System. They would oversee health plans, define the benefits packages and, through strong incentives, facilitate adoption of patient safety measures and electronic management of medical records.

Â· Establish an independent Institute for Technology and Outcomes Assessment to systematically evaluate new technologies and quantify their health benefits in relation to their costs. These evaluations would be used by the National Health Board and health plans.

Reform based on these measures would eliminate job lock, increase workers' wages and make labor markets more efficient. It would also give Americans -- rather than their employers -- their choice of health plans, doctors and hospitals. And it would eliminate the $200 billion business tax deduction for providing health coverage.

Most important, such measures would improve efficiency and provide cost control for the health-care system. Eliminating employers' vetting of insurance companies and all associated costs would save tens of billions of dollars. Since all Americans would be guaranteed coverage, means testing and determination of subsidies necessary for Medicaid and SCHIP would be eliminated. Finally, the expected consolidation of the health insurance industry would also increase efficiency.

Only comprehensive change of our broken system can provide universal, portable coverage, reduce inefficiency, control costs and secure health care for all Americans long into the future.

Ezekiel J. Emanuel, chairman of the Department of Clinical Bioethics at the National Institutes of Health Clinical Center, is a co-author of "No Margin, No Mission." The views expressed here are his own. Victor R. Fuchs is a former president of the American Economics Association and the author of "Who Shall Live? Health, Economics, and Social Choice."

Hollywood Takes Its Concerns About Piracy And Taxes To Washington (NYT)

By David M. Halbfinger

The New York Times, February 7, 2007

Hollywood has often been a whipping boy here, but with a new Congress in session, the heads of the major movie studios converged on the capital Tuesday to pitch their industry in the unaccustomed role of good guy: boon to the trade balance, engine of economic growth, polisher of the nation's image and employer of a big, uncelebrated, middle-class work force.

Cheered by the Democratic takeover, the industry's leadership hopes to press its agenda of fighting piracy, obtaining new tax advantages and reining in movie and television production from going abroad.

So the Motion Picture Association of America put on a daylong show for lawmakers, lobbyists and Capitol Hill aides, armed with some A-list talent — the actor Will Smith gave a morning speech, and Clint Eastwood received an award at dinner — and a new study showing that film and TV production accounts for $30 billion in wages, $10 billion in taxes, more than 400,000 jobs and a trade surplus of $9.5 billion.

"When people read about us, they read about celebrity and glitz," said Dan Glickman, the trade association's chairman, who said he learned much about other industries from such programs while he was a congressman. "That's an asset we have, but that's not enough."

Judging from a few panel discussions, the M.P.A.A. had calculated that it would be hard to drum up sympathy for an industry symbolized by its highly paid stars and largely made up of giant conglomerates. So, atop the talking points, apparently, was the idea that the movie business is really made up of middle-class guild and union members who often live hand to mouth.

"It's not just me and Tom," said Mr. Smith, referring to Tom Cruise, one of his peers who can command $20 million a picture. He said his latest film, "I Am Legend," was employing 1,000 local crew members and actors on location in New York.

The director Paris Barclay told of trying to hire one of his favorite technicians recently, and learning that the man had moved his wife and three children to Vancouver, because that is where the work is.

And Taylor Hackford, the director of "Ray," in establishing his credentials, added: "I'm working class."

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The conversation often turned to piracy, the existential issue that dominates the association's agenda. Mr. Hackford, who spent more than a decade developing "Ray," told of finding a bootleg DVD of the movie on the day of its theatrical release, and said 42 million illicit copies were sold within five months.

That meant millions of dollars in lost revenue — "and DVDs is how people get their money back," he said of movie financiers. "If they don't, will I be able to sell a hard-to-sell picture like 'Ray'? No."

In a rare moment of newsmaking, Barry M. Meyer, the chairman of Warner Brothers, issued a sharp rebuke to the president of the Consumer Electronics Association, Gary Shapiro, who warned in January that antipiracy efforts could "smother" technological progress and said that "private conduct may be unauthorized, but that does not mean it is piracy."

Mr. Meyer took issue with calling the theft of intellectual property merely unauthorized rather than illegal, and said that Hollywood's promotion of so-called digital rights management technology had made it possible for consumers to rent or buy movies and TV programs at a variety of prices.

"It's easy to demonize it, but without some level of control and order, things don't work," he said. "The only choice we're not offering is free."

He added: "Unlike the technology industry, which can outrun pirates by upgrading their product, there is no 'Gone With the Wind 2.0.' "

Mr. Glickman took Mr. Meyer and some of his peers — Brad Grey of Paramount and Michael Lynton of Sony Pictures — to the capital for meetings with the new Senate leader, Harry Reid of Nevada; Senator Mitch McConnell of Kentucky, the minority leader; and Representative Steny Hoyer of Maryland, the House majority leader. The House speaker, Nancy Pelosi; Mr. Hoyer; Senator Christopher Dodd of Connecticut; and Senator Charles E. Schumer of New York attended an evening reception.

Almost no mention was made of the M.P.A.A.'s movie rating system, which Mr. Glickman recently tweaked. And it was not a Republican, but Senator Dianne Feinstein of California who, departing from a paean to everything else the movie industry stands for, called for the studio chiefs in the room to cut down on gratuitous sex and violence.

More typical of the day, however, was Representative Charles Rangel, the new Ways and Means chairman, promising to press the Bush administration to take a tougher line in trade talks with Russia, China and other countries concerning rampant piracy or barriers to Hollywood movies.

And then there was Senator Patrick J. Leahy, Democrat of Vermont, vowing to press the Justice Department to do more about piracy — moments before rushing over to the actor James Cromwell and complimenting his performance as Prince Philip in "The Queen."

Mystery Solved (RC)

By Ben Pershing

Roll Call, February 7, 2007

It had been one of the best little puzzles of the 110th Congress so far: Why did Rep. Dan Burton (R-Ind.) miss 19 House votes over four days in mid-January? Where was he?

Burton's office hadn't returned several calls from HOH over the past couple of weeks on this subject, nor did it respond to inquiries from the local press. No one in the Republican leadership seemed to know, either.

Now, when HOH finally learned Tuesday where Burton had been — courtesy of a report in The Indianapolis Star — he kicked himself for not figuring it out earlier. As anyone who has followed Burton over the years should have known, he was playing golf.

Specifically, Burton was at the Bob Hope Chrysler Classic in lovely Palm Springs, Calif., where he played in the pro-am event at four local golf courses over four days.

Keeping with tradition, Burton's office did not respond to HOH's request for comment Tuesday, and his staff didn't return the Star's calls, either.

And really, why should they? Why should an elected official like Burton have to explain his whereabouts to anyone? So what if he just decided not to go to work for a week? Can't you do that at your job? How important was it really to vote on stem-cell research funding, the minimum wage or energy policy when he had the chance to play golf with celebrities such as Yogi Berra, George Lopez, Michael Bolton, Huey Lewis and Maury Povich? This whole story is working HOH into a Lou Dobbs-style populist lather.

Anyway, Burton has been playing in the annual Bob Hope event for several years and often has missed House votes to do so. Sometimes, however, Burton has been able to make his tee time without missing any House work.

HOH's favorite example came in 2000, when Burton, at the time still the chairman of what was then known as the Government Reform Committee, scheduled a panel field hearing in nearby Los Angeles the same week as the Bob Hope event.

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The purpose of the hearing — HOH is not making this up — was to study whether Soviet agents had ever hidden secret stashes of weapons in the United States in case World War III broke out. The hearing was definitely NOT an excuse for Burton to fly out to sunny Southern California in the dead of winter on the taxpayers' dime.

"It's my understanding that there are many potential targets for Russian sabotage in California," Burton said at the time. "If there are hidden caches of explosives in the state, that's very dangerous. ... That's why we are here."

Then in 2005, HOH told you about Burton missing an important International Relations Committee vote on UN reform because he was playing at the Booz Allen Hamilton pro-am golf tournament over at Congressional Country Club in Bethesda, Md. That probably didn't do much for Burton in the race for the top GOP slot on the International Relations Committee, a contest he ended up losing to Rep. Ileana Ros-Lehtinen (Fla.).

As for the Bob Hope tournament, the Star reported that Burton may have paid at least part of his annual entry fee — this year's was $12,000 — to the charitable event out of his campaign account, which may not be acceptable given that Federal Election Commission rules allow Members to give campaign funds to charity only if they don't get anything in return.

And the donations Burton did make from his campaign account to Eisenhower Medical Center, the main charity involved with the Bob Hope event, apparently were part of Burton's pledge to give away contributions he had received from incarcerated lobbyist Jack Abramoff.

Of course, Burton probably thinks all those rules are kind of overblown anyway. Back on Jan. 4, the House voted 430-1 to sharply restrict gifts and privately funded travel for Members; Burton, of course, was the lone "no" vote.

Maybe HOH is being too cynical about Burton. All this week, the AT&T Pebble Beach National Pro-Am is going on out in scenic Monterey, Calif., and yet the Indiana lawmaker has been right here on Capitol Hill, voting on the House floor. Maybe by skipping the event, Burton is showing that he's changed his ways.

Or maybe he just didn't get an invite.

The Truth About Cats and Dogs. Normally, HOH makes a point of noting when celebrities are coming to Capitol Hill. In the case of an event today, however, he'll just settle for telling you which celebrities are going to be taken to the woodshed.

At 10 a.m. in 1116 Longworth, Reps. Jim Moran (D-Va.) and Mike Ferguson (R-N.J.) will join Wayne Pacelle, president and CEO of the Humane Society, to reveal details of that group's investigation into the ongoing use of cat and dog fur in fur products sold in the United States.

Apparently the Humane Society's tests have shown that fur coats from some high-end designers have at least some dog and/or cat fur in them. Yuck.

What's the celebrity angle? One issue that is expected to come up at the event is the fact that, according to the Humane Society, two of the designers who may be mixing some Fido and Fluffy into their products are none other than Jay-Z, proprietor of Rocawear, and Sean "Diddy" Combs, designer of Sean John (though Diddy has reportedly pledged to pull the offending garments off the shelves).

Tempted as he's been, HOH remains pleased with his recent decision not to buy any of Jay-Z's fur coats.

Government Inside Out (NYT)

The New York Times, February 7, 2007

The United States is quickly becoming a government of the contractors, by the contractors and for the contractors. While the private security personnel in Iraq have attracted the most attention, many day-to-day operations are no longer in the hands of federal employees. Functions as disparate as clerical work and tax collection are handled by private companies, while oversight of this always for-profit work is being sorely neglected.

There are plenty of examples of good contracting. The Interstate highway system was built in large part by contractors. The problem is that the explosion of government outsourcing under the Bush administration has not been accompanied by a sufficient increase in civil service personnel to oversee it and ensure that the work is done properly and without squandering taxpayer dollars.

As Scott Shane and Ron Nixon reported recently in The Times, spending on outsourced contracts has nearly doubled under this administration, to roughly $400 billion last year from $207 billion in 2000, while oversight staff levels have remained flat. At the same time, fewer and fewer contracts are being put up for competitive bids. While 79 percent of contracts were competitive in 2001, the number dropped to 48 percent in 2005. The top contractors are spending millions on lobbying and campaign contributions to ensure that the work keeps coming.

The conventional wisdom — which owes as much to the Clinton administration's emphasis on "reinventing government" as the Bush administration's fealty to the superiority of the private sector — holds that outsourcing saves money because the private sector is supposedly more efficient.

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But if there is to be any chance of cutting costs, that will have to come from competitive bidding. In one example from Mr. Shane and Mr. Nixon's story, a group of contract employees at the General Services Administration cost roughly double what the pay and benefits of comparable federal workers would have. What is most needed is a return to pragmatism, where each decision of whether to use government workers or outside companies is dictated by cost, rather than ideology or political favors.

OTHER NEWS:

Fed Chief Warns Of Widening Inequality (WSJ)

By David Wessel

The Wall Street Journal, February 7, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke cautioned that widening economic inequality may make Americans "less willing to accept the dynamism ... so essential to economic progress." But he warned politicians to avoid responses that would make labor markets less flexible or create barriers to international trade and investment.

In an unusual speech for a central banker, Mr. Bernanke said a wiser approach to the problem would be to improve education and training and to cushion dislocations caused by technology and globalization. He cited such steps as making health and pension benefits more portable and offering retraining and job-search assistance to displaced workers.

Mr. Bernanke's comments at the Greater Omaha Chamber of Commerce add to a chorus of concern about widening economic inequality from top government officials, including President Bush, Treasury Secretary Henry Paulson and Mr. Bernanke's predecessor, Alan Greenspan, as well as prominent Democrats.

Wandering beyond the boundaries of monetary policy, his area of responsibility, Mr. Bernanke said: "Although average economic well-being has increased considerably over time, the degree of inequality in economic outcomes has increased as well ... for at least three decades." A text of his speech was released by the Fed in Washington.

In his 15-page lecture, complete with 48 academic references, Mr. Bernanke documented the inequality evident in data on wages, household incomes and even baseball players' contracts. He also examined economic forces behind the trend, from changes in technology that have increased employers' appetite for more-educated workers, to the decline of unions, to the surge in chief executives' salaries, to the impact of globalization. He said the effect of the latter has been "moderate and almost surely less important than the effects of ... technological change."

The Fed chairman noted that in professions ranging from entertainment to investment banking, the forces of globalization and technological innovation have increased the value of the most-talented individuals -- the "superstars" -- over the merely good. "Two decades ago, the highest-paid player for the Boston Red Sox (and in the American League), Jim Rice, earned (in inflation-adjusted terms) just over $3 million. In 2004, the highest-paid player on the Red Sox (and in all of major-league baseball) was Manny Ramirez, who received $22.5 million for the season."

"The number of fans who can fit into Fenway Park has not increased much ... presumably the Red Sox owners believed that Ramirez's highest salary was justified by the increases in broadcast and merchandising revenues he might generate as a result of the confluence of new distribution channels (such as Internet-based broadcasts of games) and a larger and wealthier potential global audience," he added.

Mr. Bernanke spoke explicitly about the degree and causes of inequality, and more carefully about the increasingly loud political debate over what, if anything, to do about it. "Firm conclusions about the extent to which policy should attempt to offset inequality ... are properly left to the political process," he said.

But he offered three principles that he said are "broadly accepted in our society" -- economic opportunity should be as widely distributed and equal as possible, economic outcomes needn't be equal but should be linked to a person's contributions, and people should get some insurance against very painful outcomes.

"We ... believe," he said, referring to Americans generally, "that no one should be allowed to slip too far down the economic ladder, especially for reasons beyond his or her control."

Mr. Bernanke, who served briefly as an economic adviser to Mr. Bush before becoming Fed chief a year ago, avoided any mention of tax policy, a favorite tool of Democrats interested in reducing the inequality produced by market forces. He noted that eliminating inequality altogether would be unwise.

"Our market-based economy, which encourages productive activity primarily through the promise of financial reward, would function less effectively," he argued. The dynamism that has propelled the U.S. economy for decades brings with it "painful dislocations" for some workers, he added. But he said, "If we did not place some limits on the downside risks to individuals ... the public at large might become less willing to accept the dynamism that is so essential to economic progress."

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When Mr. Greenspan was Fed chairman, he occasionally expressed concern about the widening gap between winners and losers in the American economy, though usually in response to questions from members of Congress, rather than in public speeches. At the Joint Economic Committee in June 2005, for instance, Mr. Greenspan observed, "As I've often said, this is not the type of thing which a democratic society -- a capitalist democratic society -- can really accept without addressing."

Mr. Greenspan generally attributed the disparities to the extra wages that employers pay more-educated workers. Mr. Bernanke acknowledged that is a major factor, but not the only one.

Bernanke Suggests Job Skills To Combat Inequality (WT)

By Patrice Hill

The Washington Times, February 7, 2007

The growing income gap is largely the result of disparities in skill and education between the rich and poor, though globalization, trade and the waning influence of labor unions have played a role, Federal Reserve Chairman Ben S. Bernanke said yesterday.

To remedy inequality, Congress and the Bush administration should enact measures that ensure all Americans receive an equal opportunity to succeed by receiving good education and job skills, while resisting pressure to erect barriers to trade that will prevent Americans from enjoying the overwhelming benefits and higher living standards afforded by global markets, he said.

"Workers with more education are better positioned to adapt to changing demands in the workplace," and such flexibility has been a hallmark of America's economic success, he said. That has enabled overall living standards to grow steadily, even as the gap has widened between earners at the top and bottom of the income scale.

Congressional Democrats have floated a variety of measures to address the income gap, including raising the minimum wage, increasing taxes on the most highly paid executives, making it easier for unions to organize workers, and requiring negotiators to focus on the job and income impacts of international trade.

Mr. Bernanke acknowledged that growing income disparities are an important problem for Congress to address, and said many approaches can be considered to ensure everyone receives an equal opportunity to succeed and to provide social safety nets for those whose jobs and incomes are cut off by international competition.

"A bedrock American principle is the idea that all individuals should have the opportunity to succeed on the basis of their own effort, skill and ingenuity," he said. "We also believe that no one should be allowed to slip too far down the economic ladder, especially for reasons beyond his or her control."

But he cautioned against remedies that try to eliminate the disparity altogether.

"We do not guarantee equality of economic outcomes, nor should we," he said. "Without the possibility of unequal outcomes tied to differences in effort and skill, the economic incentive for productive behavior would be eliminated" and economic growth would be sacrificed.

People with the best educations and skills have been able to command higher and higher incomes because of the increasing complexity of technology-driven jobs and businesses, while people with minimal education have had to compete with billions of workers around the world who have similar job skills -- keeping their wages relatively flat, Mr. Bernanke said.

Evidence of the dramatic link between education and income is seen in the 75 percent gap between the average wages of college graduates and high school graduates and the 42 percent gap between those with high school degrees and those without them, he said.

Studies have documented that globalization -- including both trade and immigration -- puts pressure on the wages of low- and middle-income earners who compete with foreign workers even while trade and labor flows overall increase jobs and economic growth, he said.

Lower rates of unionization also accounted for between 10 percent and 20 percent of the increase in wage disparity among middle-income men in the 1970s and 1980s, he said.

But by far the largest factor causing inequality has been the skills gap.

Between 1979 and 2006, because of a combination of forces, the earnings of the top 10 percent of workers soared by 34 percent, while the wages of middle-income workers grew by 11.5 percent and the wages of the bottom 10 percent increased only 4 percent, he said.

Even taking into account extensive tax and spending programs that transfer income from the top earners to the bottom half, the disparities have grown, he said. The share of after-tax income enjoyed by the top fifth of workers grew to 50 percent in 2004 from 42 percent in 1979, while the share of those in the bottom fifth shrank from 7 percent to 5 percent.

Bernanke: Fixing Income Gap Will Take Education (USAT)

By Sue Kirchhoff

DOJ_NMG_0129129

USA Today, February 7, 2007

WASHINGTON — Globalization isn't the main cause of rising U.S. income inequality, and attacking the problem by imposing barriers to trade and technology would "do far more harm than good," Federal Reserve Chairman Ben Bernanke said Tuesday.

A better way to address the gap between lower- and higher-income Americans — and to ease the sometimes "painful dislocations" of free markets — would be to improve training and education or alter current policies to let workers keep health care and pension benefits when they change jobs, Bernanke told the Greater Omaha Chamber of Commerce.

Bernanke cautioned that without steps to smooth the effects of a changing economy, people could "become less willing to accept the dynamism that is so essential to economic progress." But the Fed chief, who sat at a table with billionaire investor Warren Buffett, stressed that determining the proper balance between free markets and social policy was a job for politicians, not the Fed.

"Although we Americans strive to provide equality of economic opportunity, we do not guarantee equality of economic outcomes, nor should we," Bernanke said. "That said, we also believe that no one should be allowed to slip too far down the economic ladder."

His remarks come as Democrats, who now control Congress, are building an agenda around inequality and middle-class economic concerns. Their initiatives include raising the minimum wage, limiting CEO pay, boosting college aid, making it easier to form unions and addressing labor and trade concerns.

"Despite the growing economy and skyrocketing corporate profits, the typical American family has actually seen its income decrease," says Rep. George Miller, D-Calif., chairman of the House Education and Labor Committee.

President Bush acknowledged recently that income inequality is a problem, but Democrats differ with his economic remedies, which include a focus on tax cuts.

In his speech, Bernanke noted that even though average living standards have risen considerably in recent decades, wealth distribution has become more skewed. The wealthiest fifth of households received 42% of after-tax income in 1979, a figure that rose to 50% in 2004. The share of those in the bottom fifth dropped to 5% from 7%.

There are many reasons for the trend, Bernanke said, including the fact that wages for better-educated workers have risen faster than for their lesser-educated counterparts. Technology seems to have improved the efficiency of highly skilled workers more than of less-skilled workers. The decline of unions has altered pay patterns.

But he warned that erecting barriers to globalized trade would undermine key sources of economic growth and rising living standards. And in any case, Bernanke said, globalization, including trade and immigration, isn't the main culprit.

"Overall, I read the available evidence as favoring the view that the influence of globalization on inequality has been moderate and almost surely less important than the effects of skill-biased technological change," he said.

Markets Quiet While Awaiting Cisco News (USAT)

USA Today, February 7, 2007

NEW YORK — Stocks slogged through a day of uneventful trading Tuesday after National Semiconductor issued a profit warning and investors awaited results from networker Cisco Systems.

The Dow Jones industrials rose 4.57 points to 12,666.31, the Standard & Poor's 500 index added 1.01 points to 1448.00, and the Nasdaq composite index climbed 0.89 points to 2471.49.

National Semi, which makes chips used in mobile telephones, dropped 64 cents to $22.68 after it warned late Monday that it expects sales to fall more than previously expected. That sparked a sell-off among chipmakers, including Texas Instruments, off 37 cents to $31.22, Advanced Micro Devices, down 28 cents to $15.32, and Maxim Integrated, off 72 cents to $31.70.

Investors also awaited results from Cisco, often considered a tech bellwether. The report marks one of the last closely watched companies to issue results as fourth-quarter earnings season winds down. After the close, Cisco said its earnings rose slightly more than expected. (Story, 2B.)

Investors have been reluctant to buy into the market without some kind of news that might indicate where the economy or corporate earnings are heading. The market gained some traction during the day Tuesday but drifted lower after a speech by Federal Reserve Chairman Ben Bernanke didn't address interest rates. (Story, 5B.)

"The market is not expensive, it's not dirt cheap, and the catalyst over the past few weeks has been earnings," says Matt Kelmon of Kelmoore Strategy Funds. "Everything is really on hold until the market finds something else to talk about, but there's still no huge sign of an imminent pullback."

Highlights:

Las Vegas Sands slid $3.41 to $100.68. The casino operator said fourth-quarter profit rose as it made more money off of losing gamblers. The company earned an extra $30 million in operating profit at table games for high rollers.

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·Anadarko Petroleum lost 48 cents to $42.47. The oil refiner said fourth-quarter profit doubled because of a gain from the sale of a Canadian unit.

·IAC/InterActiveCorp lost 55 cents to $38.72. The website company that operates Ticketmaster and Ask.com reported fourth-quarter profit fell 85%.

·Myriad Genetics added 82 cents to $35.87. The biotech company reported its fiscal second-quarter loss widened, but it was able to beat projections.

DJIA Edges Up To 12666.31, 7.37 Points Shy Of Record (WSJ)

By PETER A. MCKAY

The Wall Street Journal, February 7, 2007

For a second straight day, the stock market inched upward but finished shy of a record, as investors continued to take a breather from last week's buying spree.

The Dow Jones Industrial Average rose 4.57 points, just 0.04%, to 12666.31, up 1.6% on the year and 7.37 points shy of its record set last Thursday.

Even remarks by Federal Reserve Chairman Ben Bernanke couldn't cut through the market's torpor. In a speech to the Greater Omaha Chamber of Commerce, Mr. Bernanke warned that increased wage inequality could impede economic progress. He avoided any pronouncements on interest-rate policy, a more pressing short-term issue for investors.

Wall Street increasingly believes it has figured out the Fed's likely strategy, with many investing pros betting on a long period of unchanged interest-rate targets from the Fed, allowing solid-but-unspectacular growth in corporate profits.

The last holdouts to that guardedly sunny outlook seemed to buy into it last week, as the Dow industrials rallied 166.47 points. This week, it seems players are avoiding any new, big bets.

"The market is digesting the recent gains, waiting to see something bigger on the horizon," said analyst Richard Sparks of Schaeffer's Investment Research.

The broad Standard & Poor's 500-stock index rose 1.01 points, or 0.1%, to 1448.00, up 2.1% on the year. The technology-heavy Nasdaq Composite Index was nearly unchanged, up just 0.89 point, at 2471.49, up 2.3% on the year.

Keith Hembre, chief economist at mutual-fund firm First American Funds, said he expects that a rise in the unemployment rate will eventually prompt the Fed to cut its rate targets, perhaps in the second half of the year. Such a move would lower borrowing costs throughout the economy, prompting consumer spending and investment in stocks and other assets.

"In the meantime, the economic growth we're seeing is still enough to produce real earnings gains," which help the stock market, Mr. Hembre said.

The government released weekly data showing a rise in U.S. inventories of crude oil. Still, a continuing cold snap in the Northeast buoyed prices.

Crude contracts for March delivery inched up 14 cents, or 0.2%, to $58.88 a barrel, off 3.6% this year on the New York Mercantile Exchange but up 17% from its 52-week low less than three weeks ago.

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.6%, or 1.51 points, to 248.62.

In major U.S. market action:

Stocks rose, as did bond prices. The 10-year Treasury note jumped 11/32 point, or $3.44 for each $1,000 invested, pushing the yield down to 4.765%.

The dollar weakened. Against the Japanese currency, the dollar fell to 120.12 yen, compared with 120.41 yen. The euro strengthened to $1.2981 from $1.2928.

GOP Views Clinton As Virtually Unbeatable (POL)

By Carrie Sheffield And Jim VandeHei

The Politico, February 7, 2007

What many conservatives regard as the nightmare scenario -- President Hillary Rodham Clinton -- is increasingly seen by veteran Republican politicians and strategists as virtual inevitability.

In GOP circles, the Democratic front-runner is seen as so strong, and the political climate for Republicans so hostile, that many influential voices -- including current and former lawmakers, and veterans of President Bush's campaigns -- have grown despairing. These partisans describe a political equivalent of the stages of grief, starting with denial, then resentment and ending with acceptance.

For now, these Republicans say the party needs good luck, including a change of fortune in Iraq, and a revival of organization and leadership in the conservative movement to avert another Clinton presidency.

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"If the conservative movement and Republicans don't understand how massive the Clinton coalition is, she will be the next president," former House Majority Leader Tom DeLay said in an interview last week, after giving a private talk to GOP lawmakers. Clinton will win, he added, "if we don't use everything available to us and motivate our base, the people that believe in us."

In his closed-door comments to conservative House members, DeLay warned of the wealth and political potency of the Clinton fundraising network.

"We do have to get our act together, and I'd agree with Tom DeLay on that," said Rep. Steve King of Iowa. "At this point, short an inspirational Republican nominee, then I would agree that it's going to be very difficult to beat Hillary if she wins the nomination."

Those comments echoed those by former House Speaker Newt Gingrich last month on Fox News: "I think you have to start with the idea that, if we don't get Baghdad solved, and if we continue to drift, that it will be very hard for a Republican to win next year, no matter what our values and what our beliefs. And, second, you have to believe that, at the present moment, she is the odds-on favorite to be the Democratic nominee."

Even some well-connected outside advisers to Bush said in interviews they essentially accept this analysis. These strategists are advising Republicans that it will be next to impossible to win the White House if Bush's popularity remains so low, and public disgust with the war so high. Beyond the polls, some said there are gaps between the organizational prowess of the Clinton operation and any of the Republicans currently competing for the nomination.

Jack Oliver, former deputy chairman of the Republican National Committee, said Clinton is a prodigious fundraiser who can be beaten only with a specific and optimistic vision. "The challenge for Republicans is to avoid the temptation of just being against her," Oliver said. "It's not enough to keep the White House."

The comments are striking at several levels. The flagging conservative morale about beating Clinton comes at the same time many Democrats regard the New York senator as newly vulnerable because of the competition she faces from Illinois Sen. Barack Obama and skepticism she faces from activists opposed to the Iraq war. On the Republican side, there is a disconnect between grass-roots, red-state Republicans and the mostly Washington-based operatives who surround Bush. While conservative publishers and organizers have made a fortune off the loathing for Clinton among workaday Republicans, people around the president have always expressed a grudging respect for her wiles and willpower and have long warned that she would be a formidable national candidate.

Several top Republicans said the fears that Clinton could be a prohibitive favorite have contributed to overall blahs that activists feel about the GOP field. One presidential adviser said that Clinton dread was actually helping Republican leaders stomach candidates who might otherwise be unacceptable. "People are willing to sacrifice some of their ideological principles to win," the adviser said.

The conservative movement, ascendant for much of the Bush presidency, is now divided and dispirited. GOP leaders report that it is harder than ever to organize Republicans around a common cause and that Democrats have made progress in recent years in rebuilding the infrastructure of their party. In this mood of malaise, the prospect of a Hillary Clinton presidency is one prod leaders use to shock conservative troops into action.

Some Republicans say a Clinton presidency might even be good for Republicans. "If Americans actually have to witness and live through a Hillary Clinton presidency, it will remind us why we are fundamentally traditional conservatives in America. We believe in hard work, strong families," said Rep. Tom Feeney, R-Fla.

Conservatives are slowly starting to organize against Clinton, but the effort lacks the vitality and vitriol of the attacks on former first lady in the 1990s. Dick Morris, the former top adviser to President Clinton, is raising money to help produce a documentary critical of Clinton. Morris has argued publicly that Clinton is poised to win in 2008.

The movie is being made with Citizens United, a conservative advocacy group run by longtime Clinton opponents David N. Bossie and Floyd G. Brown. "Hillary Movie Coming Soon!" says the group's Web site, which solicits credit-card donations to "help finance this movie." The site brags that the film "will expose the truth about her conflicts in the past and her liberal plot for the future."

Former House member John LeBoutillier of New York is heading up the Stop Hillary PAC, which has run an anti-Clinton ad in Iowa. The group has grabbed headlines but not a lot of money for its efforts.

Reflecting the views of many well-known Republicans, DeLay thinks a Clinton juggernaut may provide the flattening the party needs in order to be reborn in Reagan's mold. "Hillary Clinton as president may be the best thing that ever happened to the conservative movement and the Republican Party," says the man known as the Hammer. "I mean, Bill Clinton as president was the best thing that ever happened to the Republican Party. It was because he was president that we gained the majority in 1995." And he would know.

Read more about why circumstances favor the Democratic candidates in '08.

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by OnlyChance on 02.06.2007 at 11:16 PM

The only reason Sen. Clinton is seen as unbeatable is because of the money she can raise for candidacy?

I thought there was campaign reform and level playing field on funding. Silly ME!!

Sen. Clinton is beatable when she will campaign for 45% top tier tax rate - which will be necessary to support her proposed health care reform. It will be interesting to see how Sen. Clinton votes on budget for the military that President Bush has submitted. If Sen. Clinton votes for cutting of funding she will appear weak on defense. IF she votes for the current budget, she will appear to be funding the war. Either way. Sen. Clinton will have to explain her position.

A respectful Good Luck Sen Clinton - we will be listening.

Maybe.

by Lady Bird Johnson on 02.06.2007 at 11:15 PM

Reserve psychology in full effect. If Hillary Clinton gets the nomination it will be like 1980 when President Reagan smoked President Carter. They want to run against Hillary Clinton.

by GGPSmith on 02.06.2007 at 11:15 PM

Unfortunately, Senator Clinton suffers from the 21st Century version of that late 20th Century disorder known as "Ted Kennedy Syndrome" (TKS): No matter what she does (cure cancer, negotiate a Middle East peace, etc.), about 25% of the people in this country will still hate her. I think that any Republican currently seeking their party's nomination in 2008 would like nothing more than to run against Senator Clinton, especially Senator McCain.

However, if Senator Obama is her running mate, then I believe the GOP strategists' currently advertised analysis that Hillary will inevitably win is true. But talk about something to energize soon-to-be-former-president Bush's base! There's nothing quite like Hillary as the opposition's front-runner.

But Senator Obama, especially as Senator Clinton's running mate, will no doubt energize more than enough of the 75% absolutely disgruntled with the status quo to get out there and give America another President Clinton, no matter what the religious right or self-proclaimed "Billary" haters say or do.

by John Galt on 02.06.2007 at 10:45 PM

I think that any talk about someone being inevitable this early in the game is pure foolishness. C'mon were still a year out from anything meaningful happening. I've got to agree with others here. Talk of Hillary as president is more an attempt to revitalize the republican base than anything else. That being said, republicans need to realize a Hillary president is very possible. A fact some still don't want to admit.

by alex forshaw on 02.06.2007 at 09:40 PM

What is with the religion of inevitability? There are a lot of Republicans who fear Hillary, but they don't see her as more "virtually unbeatable" than Edwards or Obama. And they generally underestimate Obama because they still see him as the media's baby to be aborted whenever they feel like it. (They completely underestimate Obama's intelligence. That will change.)

I have also heard tons of *life long Republicans* say that they would vote for Obama.

I agree with sssidney that the Republicans would rather run against Hillary. She has a crushing amount of baggage.

I see it as the media trying to sucker Democrats into nominating Hillary. I have seen a really, really suspicious amount of "Hillary is THE INEVITABLE CANDIDATE," and whatever your feelings about the Democratic field, "inevitable" is not a word that comes to mind.

Obama is the one to dread. But Hillary has a lot of media friends who like her campaign's nice expense accounts.

by anoodle on 02.06.2007 at 09:25 PM

I think they really are afraid of her. The whole "throw us into the briarpatch" argument I think is nonsense. She has amassed an incredible machine, she will raise much more than anyone in the history of American politics, and the national climate will tremendously favor democrats. Why wouldn't they be afraid? Especially with no sitting VP or anointed nominee on the GOP side, they should be nervous.

by jimmyo on 02.06.2007 at 09:15 PM

Sounds like the inside the beltway "moderates" are using Hillary-fright in an attempt to sucker the base into accepting a "moderate" like Guiliano. Let's see how things develop. If --and it's a very big if -- if Bush can quickly salvage a respectable outcome in Iraq, then the possibility of brother Jeb as a candidate comes into play. If --again a big if -- Iraq gets resolved quickly and reasonably he would be the strongest Republican contender and would beat Hillary or any other of the Dem hopefuls. Otherwise the base needs to find the best true Republican and let the chips fall where they may.

by polarbear on 02.06.2007 at 09:02 PM

Regarding the authors' comments about the electorate being hostile to Republicans, I would add that the local folks to whom I have spoken are pretty hostile about Iraq, but I am hearing distinctions being made between different Republicans. Where there is a strong assocation between the Republican and Iraq, yes, I am hearing strong opposition. For others, especially local Republicans focused on local issues, with distance from the war, there is acceptance. Most folks do not articulate "neocon" in their views, but their vitriol is directed at Republicans who talk the neocon talk.

In any case, I think it is pretty early in the race to be quite so sure of a Hillary Clinton nomination. Clearly the signs are in her favor, but a lot can happen between now and then.

by vwcat on 02.06.2007 at 08:40 PM

The gop dreams of Clinton getting the nomination because they know it will get all the voters of republicans out and keep half the democrats home. They know the loathing most left of total center despise this woman. I know of so many democrats who would stay home rather than vote for Hillary. And it is her machine that is trying to put out the word that she is inevitable and no one can defeat her. BS. She is peaking now due to name but, once the campaigns get going and voters are more familar with Edwards and Obama I see them both overtaking her. One thing most dems feel if not outright dislike is a cool nuetral to her. Hold your nose. They are excited about Obama and Edwards. So, while the pundit class buys into the Hillary machine spin of inevitability and the gop spin of fear in hopes that we would be dumb enough to vote for her, we, the real democrats will go about supporting our candidate of choice.

by Sidney on 02.06.2007 at 08:21 PM

I wouldn't pay too much attention to the GOP views. They would like her to be the nominee then they would tear in to her....

Anyhow, the race has just started and like most races, the front runners when the race is in the home stretch, it is then the winner shows itself. So I wouldn't place too much attention to the candidates right now.

We still have Gore to look at, should he decide to take another shot.

A dark horse and a long shot could be Sen Jim Webb. I nicknamed him "Boots". If he make that move he could win everything.

by sssidney on 02.06.2007 at 08:03 PM

I think the republicans are trying to sucker the dems. They want to run against Hillary.

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Iraq War And History Favor The Democrats (POL)

By Roger Simon

The Politico, February 7, 2007

Can the Democrats lose in 2008?

Can they possibly lose the next presidential election considering all they have going for them?

Well, yes. Of course, they can. They're Democrats!

But, seriously, can the Democrats really blow this one?

"I don't care who the Democratic nominee is," Bill Daley told me recently. "He will become president in '08."

Daley, who is backing Barack Obama, is not given to mindless boosterism. He has run both a presidential campaign and a precinct, and he knows a great deal about practical politics.

But go ahead and dismiss his comment as wishful thinking. Then consider this from a Republican:

"I don't want to contribute to my own party's demoralization and it doesn't necessarily mean there will be a Democratic landslide, but I think there is a thumb on their side of the scale that's not going to come off until after the next election," said Vin Weber, a former Republican congressman, who is backing Mitt Romney.

But it is early, right? And anything can happen right?

So try this out:

"The 2008 election is a catastrophe waiting to happen," a senior Republican, who has served in a previous White House, told me. "When Ronald Reagan was leaving office after two terms, everyone said electing George H.W. Bush was Reagan's third term. But is anybody looking for the third term of George W. Bush?"

Now that is a question for you.

Some think President Bush will work very hard for the Republican nominee for the same reason Ronald Reagan worked hard for Bush's father.

"Reagan felt all along that if a Democrat were elected to succeed him, it would be a repudiation of his eight years," said Ken Duberstein, who was Reagan's chief of staff. "For that reason, he went all-out for the election of George H.W. Bush. And I would anticipate George W. Bush will go all-out for whomever the Republicans nominate."

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If the nominee wants him to, that is. If, in the fall of 2008, Bush's poll numbers are still hovering somewhere around freezing, the Republican nominee might want him to stay home and write letters to Eagle Scouts.

The Democrats do have history on their side. My crack research staff (i.e. Wikipedia) tells me that although George H.W. Bush succeeded Reagan after Reagan served two full terms, to find the next example of voters rewarding the same party that way, you have to go back to Rutherford B. Hayes succeeding Ulysses S. Grant in 1877.

Then there is the war. We cannot know what state the Iraq war will be in by Election Day 2008, but President Bush has assured us it will still be going on.

And, as of now, the war looks like a losing issue for Republicans. But Weber sees a small window of opportunity for his party: If the Democratic nominee gets pushed too far to the left during the Democratic primaries, he or she may look like a wimp when it comes to protecting the homeland.

"Obviously, Republicans are afraid of this war as a political issue," Weber said, "but Democratic fears about the war as an issue may grow. They might be dragged into a dangerous political position on the core issue of national security."

Weber is a realist, however.

"I would say that a sober historical analysis would probably lead you to conclude that the Democrat trend exhibited in 2006 is really a two-election trend," he said. "That's not written in the stars, but Republicans should go into 2008 facing that distinct possibility for both the presidency and Congress."

Poll Favors Giuliani In New Hampshire (AP)

By Nedra Pickler

AP, February 7, 2007

New Hampshire residents likely to vote in the Republican presidential primary a year from now think more highly of former New York Mayor Rudy Giuliani than any of his rivals, a poll released Tuesday shows.

Giuliani's net favorability rating — the proportion of people viewing him favorably minus the proportion viewing him unfavorably — was 56 percent, well ahead of Sen. John McCain, 32 percent, and former Massachusetts Gov. Mitt Romney, 26 percent, in the University of New Hampshire poll for WMUR-TV in Manchester.

"He's the lesser-known candidate, but he has that rock star quality," poll director Andy Smith said of Giuliani. "He has a charisma that was built after 9-11."

This long before an election, political professionals pay more attention to favorability than voters' choices if they had to vote today. McCain and Giuliani were essentially tied at about 27 percent on that question among likely GOP primary voters, followed by Romney at 13 percent and former House Speaker Newt Gingrich at 9 percent.

The GOP portion of the telephone poll reached 311 likely voters from Thursday to Monday and had an error margin of plus or minus 5.6 percentage points.

Former Sen. John Edwards and Sens. Hillary Clinton and Barack Obama had net favorability ratings ranging from 61 percent to 55 percent, too close to be statistically significant.

When asked for whom they would vote, 35 percent of likely Democratic voters picked Clinton, 21 percent Obama and 15 percent Edwards. Eight percent chose former Vice President Al Gore, who is not running.

The Democratic portion of the phone poll reached 353 likely voters and had an error margin of plus or minus 5.2 percentage points.

Independents may vote in either primary, and 68 percent of them indicated they planned to vote in the Democratic primary compared to 32 percent leaning toward the GOP contest.

"This will hurt Republican candidates who try to appeal to more moderate, independent voters," Smith said.

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WASHINGTON (AP) — Democrat John Edwards has joined the growing list of presidential candidates who are skipping public financing of their campaigns.

Edwards' decision, first reported Tuesday in USA Today, applies to both the primary and, if he wins the nomination, the general election. It will allow him to raise and spend unlimited private money.

New York Sen. Hillary Rodham Clinton also is forgoing the public funds, and several other candidates are expected to follow their lead.

Edwards spokesman Jonathan Prince said Edwards supports public financing for presidential campaigns and would require it if elected president. But he is skipping the current system to compete in what is expected to be the most expensive campaign in history.

Strategists from both parties had estimated last year that the 2008 race could cost each nominee $500 million — far more than the Presidential Election Campaign Fund could afford. It is financed through the $3 checkoff on federal income tax returns.

The fund, which is expected to have about $200 million by the end of 2007, still would help pay for party presidential nominating conventions and assist primary candidates who do not raise large amounts of money.

While both President Bush and Democratic challenger John Kerry rejected public funding for their primary campaigns in 2004, they did accept $74.5 million each for the general election campaign. The funding for the general election was expected to reach $85 million for the major party candidates in 2008.

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CHARLESTON, S.C. (AP) — Republican presidential hopeful Rudy Giuliani will deliver the commencement address at The Citadel in the pivotal primary state of South Carolina, the military college announced Tuesday.

The former New York City mayor was asked to speak to graduates on May 5 "because of his leadership in the wake of the terrorist attacks on New York in September 2001," the school said in a news release.

Giuliani visited South Carolina last weekend, which will hold the first Republican primary in the South.

On Monday, he filed a "statement of candidacy" with the Federal Election Commission, which moved him closer to a full-fledged campaign.

Unlike chief GOP rivals Sen. John McCain of Arizona and Mitt Romney of Massachusetts, Giuliani had thus far been ambiguous about whether he would pursue the Republican nomination, even though he had taken the initial steps.

The event is not open to the public. Tickets are distributed to cadets in April, the school said.

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LAS VEGAS (AP) — Sen. Hillary Clinton has agreed to attend a Nevada forum for Democratic presidential candidates later this month, state party officials said Tuesday.

Clinton joins five other presidential hopefuls already confirmed for the Feb. 21 event in Carson City: Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, former Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel.

Billed by as a kickoff to Nevada's new early 2008 caucus, the forum faced some resistance from top-tier candidates.

Representatives for Clinton, Sen. Barack Obama and 2004 vice presidential nominee John Edwards complained last week to national party officials about the number and early timing of forums and debates scheduled in Nevada and other key states.

Nevada's caucus was moved to Jan. 19, between Iowa's first-in-the-nation caucus and the New Hampshire primary, as a way for minority and union voters in the West to get a say in picking the Democratic nominee. However, the state has not yet been showered with attention from the candidates.

Nevada Democratic Party spokeswoman Kirsten Searer said some candidates also had expressed concerns about the format of the forum, and the party agreed to accommodate them. Candidates will appear on stage individually, give a statement and answer a series of questions posed by a moderator, Searer said.

Clinton Lifts Fund-Raising Stakes (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 7, 2007

WASHINGTON -- In a show of financial muscle, Sen. Hillary Clinton today kicks off a fund-raising effort of volunteers working to direct donations from $25,000 to $1 million to her presidential campaign.

The million-dollar target for some fund-raisers demonstrates the overheated pace of the 2008 money race and raises the stakes for Sen. Clinton's competitors. Her allies will be able to generate that level of giving by soliciting checks of as much as $4,600 -- the maximum allowed for the primary and general election -- from friends and family, and recruiting others to become money raisers for their account.

"We'll do what we can to be competitive," said Blake Zeff, a campaign spokesman.

Though party caucuses and primaries are still a year off, the money race begins in earnest this month, as candidates try to generate big numbers for the first quarterly financial disclosure report due on March 31. Advisers to Mrs. Clinton and Republicans Mitt Romney and Rudy Giuliani have said their campaigns are shooting for about $30 million in that first report.

This strategy -- designed to minimize the number of challengers and to solidify front-runner status -- worked for the Bush campaign in 2000 when it was entering a crowded, wide-open primary field. One notable difference this year may be Illinois Sen. Barack Obama, whose appeal to voters may help him keep pace with Mrs. Clinton even if he isn't first in the March tallies.

On July 1, 1999, Mr. Bush reported raising a record $36 million in six months. Within days, two Republican hopefuls, former Ohio Rep. John Kasich and New Hampshire Sen. Bob Smith, dropped out of the race. By the end of the year, former Vice President Dan Quayle and Elizabeth Dole also quit after lagging in the money race.

"Early fund raising shows an ability to organize and capture the energy and excitement behind a candidate and their vision," said Jack Oliver, a senior Bush finance official in 2000 and 2004.

Still, the Clinton camp's million-dollar target dwarfs those used by President Bush in 2000 when he rewrote the campaign financing book by recruiting fund-raising "bundlers," volunteers who raised up to $100,000 by collecting checks of up to $1,000 -- then the legal maximum -- from friends and family. In 2004, Mr. Bush created a new layer of top fund-raisers who each generated $200,000 in campaign donations.

Dozens of people are expected to attend the Clinton fund-raising session on Capitol Hill. In addition to recruiting volunteers, the campaign plans to open fund-raising offices in major cities and name regional directors.

Jonathan Mantz, the campaign's finance director, recently declined to specify his fund-raising target: "It's a huge number. I've seen a lot of different figures, whether it's $80 or $100 [million], it's a huge number."

Mrs. Clinton's steps are increasing pressure on her leading rivals for the Democratic nomination, Mr. Obama and former vice presidential candidate John Edwards.

Mr. Obama is scheduled to attend a Los Angeles fund-raiser hosted by movie magnates David Geffen, Steven Spielberg and Jeffrey Katzenberg later this month. He also is benefiting from a wave of new donors among African-American executives. The Obama camp has attracted some Democratic rainmakers, including Boston Provident Partners LP general partner Orin Kramer, former DNC finance chairman Bob Farmer, and Florida attorney Kirk Wagar.

Despite those gains, Mr. Obama's operation is behind Mrs. Clinton's in terms of organization. Campaign advisers are playing down expectations for Mr. Obama's March report, emphasizing instead the senator's long-term fund-raising potential. But he may have handicapped his campaign by opting not to accept donations from political action committees and banning federal lobbyists from bundling checks for the campaign.

The Edwards campaign probably won't match money for the entire campaign raised by Mrs. Clinton or Mr. Obama, said a campaign insider. Still, the former North Carolina senator is expected to raise enough to compete in next year's primaries. He attended a New York City event hosted by Robert Katz, a senior director at Goldman Sachs Group Inc., and maintains ties to the deep-pocketed trial lawyer bar. But most of the Edwards money-raising events are scattered across the country, generally attracting smaller crowds.

On the Republican side, Mr. Romney and Arizona Sen. John McCain have waged a fierce campaign to recruit Mr. Bush's former fund-raisers as volunteers.

Next month, Mr. McCain will attend a New York fund-raiser sponsored by NYSE Group Inc. Chief Executive Officer John Thain, J.P. Morgan Chase & Co. Vice Chairman James B. Lee Jr., and New Jersey attorney Larry Bathgate, one of Mr. Bush's most successful fund-raisers. In all, the McCain campaign has recruited more than 40 of the president's former top fund-raisers.

In addition to building a traditional finance operation, the McCain campaign is ramping up its Internet presence, hoping to recapture the grass-roots energy that temporarily sustained the candidate in 2000 after his upset victory over Mr. Bush in the New Hampshire primary.

Mr. Romney has also incorporated Web techniques, including a system that allows his fund-raisers to easily monitor and track the donations they solicit. He opened his exploratory campaign with a fund-raising event that netted $6.5 million in pledges.

The former Massachusetts governor will follow his formal campaign launch Feb. 13 with a Boston fund-raiser two days later.

Former New York City Major Rudy Giuliani's relatively late entry into the race this week puts him somewhat behind. The finance team he announced this week includes veterans of the Bush campaigns, but Mr. Giuliani lacks the lengthy roster of star fund-raisers that Mr. McCain and Mr. Romney have captured.

Still, Mr. Giuliani's deep roots in New York are expected to keep him competitive and his campaign's fund-raising goals include raising more than $100 million by the end of the year.

Clinton Fundraising Goes Full Force (WP)

By Jeffrey H. Birnbaum And Matthew Mosk

The Washington Post, February 7, 2007

Sen. Hillary Rodham Clinton is playing hostess to billionaire Hollywood moguls, millionaire lawyers and venture capitalists here this week as she pushes to raise a record sum for her presidential campaign.

Last night, the New York Democrat invited about 70 top fundraisers from around the country to a reception at her Washington home. The guest list included such major Democratic donors as Haim Saban, a Hollywood studio investor, Alan J. Patricof, a New York financier, and Kevin O'Keefe, a Chicago lawyer.

The high-dollar rainmakers committed to collect at least $250,000 each during the presidential campaign for Clinton, and many have pledged $1 million, participants said. In addition, each agreed to raise $50,000 by the end of this month to bolster the campaign's first-quarter report due at the end of March.

Today, the Clinton campaign plans to host a couple of hundred people at briefings by the senator and her staff at the District's Hyatt Regency hotel. The attendees -- called Hillraisers -- are expected to collect at least $25,000 each for the Clinton drive this year.

This year's money race, which is often referred to as the first presidential primary, has started earlier and with greater intensity than ever. Clinton insiders said the senator hopes to demonstrate her preeminence in the growing field of Democratic contenders by raising $10 million or more in the first quarter and at least $60 million this year.

Both of those numbers, if attained, would represent a record-breaking take for a presidential contest. The gathering last night was the first major step in collecting those totals.

Others competing for the Democratic nomination, including Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.), are also hoping to raise several million dollars in time for their first-quarter reports. They expect the money to help them demonstrate strong candidacies.

Fancy cars lined up last night in front of Clinton's Embassy Row house, and guests were greeted at the door by a man wearing a tuxedo.

The senator's aides began executing a plan to enlist the nation's most effective fundraisers within 24 hours of the announcement of Clinton's presidential bid last month. Her chief recruiters included Patricof, former Democratic Party finance chair Maureen White and literary agent Francis Greenberger.

Clinton adviser Terry McAuliffe was in Los Angeles in late January wooing donors at a dinner at Saban's Beverly Hills estate. His salesmanship appears to have worked: Several of those who attended the Beverly Hills dinner made the trip to Washington yesterday, including Clarence Avant, a former Motown Records executive who heads a music publishing company.

At the same time, many of the biggest Hollywood donors have so far hedged their bets. For instance, film director Steven Spielberg plans to help Clinton but is also preparing to host an event for Obama next week and was not in Washington last night. Barbra Streisand said in a statement yesterday that she would be sending the maximum allowable to Clinton, Obama and Edwards.

Among those invited to the event last night at Clinton's home were Chris Korge, a Miami lawyer who has been building a Florida network of donors for her, New York investment banker Steven Rattner, Stanley Chesley, a Cincinnati lawyer and major Democratic Party donor, Susie Tompkins Buell, co-founder of Esprit clothing company, and O'Keefe, who befriended the Clintons in college and later worked in the Clinton administration.

Among more than a dozen Washingtonians were Democratic activists Smith and Elizabeth Bagley, former Maryland congressman Tom McMillan, former Federal Communications Commissioner Susan Ness, and DLA Piper partners John Merrigan and Mac Bernstein.

Clinton Helped With $15M (HILL)

By Alexander Bolton

The Hill, February 7, 2007

Sen. Hillary Rodham Clinton (D-N.Y.) collected at least $15 million for Democratic candidates by participating in more than 100 fundraising events during the 2006 election cycle, thereby cementing relationships with party leaders and colleagues in advance of her presidential campaign.

A rough tally of her campaign's fundraising records show that while her rival for the nomination, Sen. Barack Obama (D-Ill.) gave more money to candidates through his leadership PAC, Clinton appears to have surpassed his total by donating millions from her personal reelection account and attending scores of fundraisers.

Clinton raised the most at a single event for Sens. Debbie Stabenow (D-Mich.) and Maria Cantwell (D-Wash.), who faced difficult reelections. A Clinton adviser said the event for her fellow Senate women raised "several hundred thousand dollars."

Clinton raised money for the Democratic National Committee, the Democratic Senatorial Campaign Committee (DSCC) and the Democratic Congressional Campaign Committee (DCCC). She also raised money for 20 candidates in the Senate and 30 in the House, according to a Clinton campaign spokesman.

The presidential candidate raised all this money for colleagues on top of the $51.3 million that she raised for her own reelection campaign in New York, more than any other federal candidate in 2006. Clinton's fundraising prowess is expected to prove crucial in the 2008 White House campaign, for which experts predict she could raise some $500 million.

Public records also show that she transferred $2.1 million from her Senate campaign to the DSCC and $250,000 to the DCCC. Clinton also transferred $350,000 to state and local candidates.

Candidates who benefited from Clinton attending fundraisers include newly elected Sens. Jim Webb (D-Va.), Jon Tester (D-Mont.), and Sheldon Whitehouse (D-R.I.). Losing House candidates who fattened their coffers because of Clinton include Tammy Duckworth, of Illinois, and Christine Jennings, of Florida.

Obama gave $770,000 from his leadership PAC, Hopefund, to Democratic candidates during the 2006 cycle, more than any Democratic presidential candidate and more than any Democrat in the Senate, according to reports filed with the Federal Election Commission.

He targeted contributions at states scheduled to hold elections early in the presidential primary: Iowa, Nevada, and New Hampshire.

Obama gave $2,500 to Rep. Carol Shea-Porter (D-N.H.) and $5,000 to Paul Hodes (D-N.H.) shortly before the election. He gave two $5,000 contributions to Rep. Leonard Boswell and $5,000 to freshman Rep. Bruce Braley, both Iowa Democrats. Tessa Hafen and Jill Derby, who lost House races in Nevada, also each received $5,000 from Hopefund.

Days before the election, Obama also cut $5,000 checks to the New Hampshire and Nevada state Democratic parties.

Clinton gave more than $200,000 less than Obama to Democratic candidates from her PAC, Hill PAC, which in the past has been the most generous Senate Democratic leadership committee. She stepped up her giving pace in March after contributing relatively little in 2005.

Clinton gave $10,000 to the Iowa Democratic Party, $10,000 to the Nevada Democratic Party and $10,000 to the New Hampshire state party. She gave two $2,500 checks to New Hampshire's Hodes and $2,500 to Shea-Porter, Iowa's Boswell, and Nevada's Hafen.

After Nov. 7, Obama continued to use his leadership PAC aggressively, spreading $5,000 contributions to 10 Senate colleagues up for reelection. Clinton, who has had four more years in the Senate than Obama to build relationships, had not given anything in the month after the election, according to her PAC's latest fundraising report.

But how much influence the largess will have in primary battlegrounds is an open question.

Shea-Porter vowed to stay neutral and to spend time with any visiting White House hopeful who requested it.

"I had support from a good number of presidential candidates," she said. "My role is officially neutral. I'm going to play the part of a good host."

Both Obama and Clinton overlooked newly elected Rep. David Loebsack (D-Iowa), whom few political handicappers expected to beat former Rep. Jim Leach (R), and did not receive any money from either lawmaker's PAC.

Loebsack laughed at the suggestion that he went without contributions because of his long-shot chances of winning and said that he has since gotten Clinton's and Obama's attention.

"I've talked to them about it, don't you worry," he said, declining to offer further comment on pre-primary maneuverings.

Obama's PAC giving ranks well ahead of every Senate Democrat and Democratic presidential contender with registered leadership committees.

Former Sen. John Edwards (D-N.C.), who ranks with Obama and Clinton as a presidential frontrunner, gave no money to federal candidates from his One America PAC last year despite raising $2.8 million in 2005 and 2006.

Foreign Relations Committee Chairman Joseph Biden (D-Del.), who hurt his White House prospects last week with controversial comments about Obama, gave $215,000 from his leadership PAC to candidates and political committees in the last election cycle.

Sen. Chris Dodd (D-Conn.), an underdog in the race, gave $373,000 to other candidates and political committees through his committee, CHRIS PAC.

Other 2008 hopefuls such as Rep. Dennis Kucinich (D-Ohio), New Mexico Gov. Bill Richardson, and Iowa Gov. Tom Vilsack do not have federal leadership PACs, according to the Center for Responsive Politics and PoliticalMoneyLine, two organizations that track fundraising.

White House Bid? Giuliani Is Still Undeclared (NYT)

By Sewell Chan

The New York Times, February 7, 2007

Former Senator John Edwards stood in the Ninth Ward of New Orleans and declared, "I'm a candidate for the presidency of the United States." Senator Hillary Rodham Clinton proclaimed on her campaign Web site: "I'm in. And I'm in to win." Former Gov. Mitt Romney of Massachusetts plans to formally announce his White House run in Michigan on Feb. 13.

Rudolph W. Giuliani, the former mayor of New York, took two steps closer to a presidential run on Monday, and yet stopped short, once again, of unequivocally throwing himself in the ring.

After filing a candidate statement with the Federal Election Commission, he appeared on Fox News Channel's "Hannity & Colmes" for an interview, and Sean Hannity asked, "You are then officially running to be the next president of the United States?" Mr. Giuliani's response was cautious: "We still have to formally announce it and do a few more things. But this is about as close as you're going to get."

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When asked if he believed he could defeat Mrs. Clinton — if they received their respective parties' nominations — Mr. Giuliani said, "Well, I'm in this to win," but he added, "I have no idea who is going to get the nomination."

A few skeptics have wondered whether Mr. Giuliani, who has been crisscrossing the country over the last few months and signaled his interest in the presidency again and again, may ultimately back out — as he did in 2000, when he contemplated a race for the Senate but withdrew.

Aides to Mr. Giuliani yesterday dismissed the notion that he was equivocating. "The response across the country has been extremely encouraging, and Rudy has made clear he is moving toward making an official announcement," said Katie Levinson, a spokeswoman for Mr. Giuliani's not-yet-official campaign.

Mr. Giuliani established a federal presidential exploratory committee on Nov. 20 to "test the waters," meaning that he could raise and spend money on polls, focus groups and travel but not declare a candidacy or build a substantial war chest.

On Monday, Mr. Giuliani stopped testing the waters when he filed the statement of candidacy.

"From the F.E.C.'s perspective, he's running for president of the United States," said Karl J. Sandstrom, an election lawyer and a former Democratic member of the Federal Election Commission. Typically, he said, a statement of candidacy and a formal announcement of a run occur around the same time.

Bradley A. Smith, an election lawyer and a former Republican member of the commission, said that filing a candidate statement was not a definitive step. "People in the past have filed that form and then decided not to run," he said. "Filing the form may just mean that he's planning to raise some serious money that would put him outside of what the F.E.C. considers testing the waters."

Mr. Giuliani has recently moved to sell Giuliani Capital Advisors, an investment bank that is part of his consulting business, Giuliani Partners. But a candidacy would not necessarily complicate any sale of his assets.

Candidates for president are required to file personal financial disclosure statements with the federal Office of Government Ethics. Those who declare between Jan. 1 and May 15 must file by May 15. Those who declare their candidacies between May 15 and Dec. 31 must file the statement within 30 days of the declaration, according to Vincent J. Salamone, associate general counsel for the ethics office.

The statements require candidates to disclose financial interests, including sources of income, investment holdings and outstanding loans, going back a year from the filing date. Corporate directorships, partnerships and consulting contracts must be disclosed for the previous two years.

Fred Siegel, a historian at Cooper Union who has written admiringly about Mr. Giuliani, said he thought the former mayor was simply being deliberate. "He moves at his own pace," Mr. Siegel said. "He thinks these things through very carefully, and I think he's playing this out for tactical advantage."

Katon Dawson, chairman of the South Carolina Republican Party, said it was "a lot easier to get in the race than to get out of the race," and called Mr. Giuliani's actions so far "a natural progression of how you would enter a race for president."

Mr. Dawson, who spoke warmly of Mr. Giuliani but has not endorsed any candidate, speculated that the former mayor might simply be choosing the right time and place to make an announcement. "This is not unusual," he said. "Whether it will be at ground zero, or in California or New Hampshire or Iowa or South Carolina, he will announce on his own terms, and pick his own turf."

In his Fox interview, Mr. Giuliani affirmed his support for abortion rights but said he would "appoint judges that interpreted the Constitution rather than invented it." He said he approved of domestic partnership laws, but not same-sex marriage.

He said repeatedly, "We've got to get beyond Iraq," and called for more attention to Iran, Syria, Pakistan and Afghanistan. He called for tightening the country's borders and requiring prospective citizens to learn English, but also said that deporting illegal immigrants in large numbers was impractical.

Hillary And Rudy Could Wrap It Up This Year (HILL)

By Dick Morris

The Hill, February 7, 2007

The nominees for the 2008 presidential race will be selected in 2007. The tempo of the new political process, driven by 24-hour cable news, Internet bloggers, conservative talk radio, and liberal NPR is so rapid that the nomination race cannot exist in stasis waiting for Iowa, Nevada, New Hampshire and South Carolina to get around to holding their votes in early 2008. Well before they open their caucuses or polling places, this nomination, in each party, will have been decided by the national media coverage during 2007.

In 2004, we saw the precursor of this expedited process when Howard Dean upset Kerry's early lead in the fall of 2003, propelled ahead by his Internet fundraising and antiwar positioning. Then, in December 2003, the establishment media unloaded on the former Vermont governor — likely driven by disinformation passed around by other Democratic candidates — and he was

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gone by Christmas. Kerry's victory in Iowa a few weeks later was no more than a projection on the Iowa screen of the results settled at the national level the previous month.

A recent Gallup poll found that 35 percent of Americans — probably everyone who votes in a caucus or primary — watch cable news stations frequently. The intensity of viewer and voter interest and the ubiquity of the political coverage on these stations force the process to accelerate and to come to an early conclusion.

The role of Iowa, New Hampshire, etc.

What is the role for the early, small caucus/primary states in 2007? They will not have held their primaries or caucuses yet, but the state-by-state polls published regularly in 2007 become the equivalent of virtual primaries in each of these states. But to win these polls, it doesn't matter so much what happens within each small state but what is going on nationally. Hillary, for example, has moved from down in the pack to a lead in New Hampshire, and perhaps in Iowa, by announcing her candidacy nationally. Her perfunctory visits to each state likely had little to do with her surge compared to her national media efforts.

The old model — a Jimmy Carter labors in obscurity in the Iowa vineyards and then is discovered nationally after he wins there and sweeps all remaining primaries — is quaint but obsolete. Now you have to win the American Media Primary of 2007 and then your victory is ratified in the primaries and caucuses of 2008.

The importance of the front-runner

The key for the candidates is to become the early front-runner and hold the position for the first three quarters of 2007. Once that is accomplished, the nomination is probably in the bag. No clear front-runner, except for Rockefeller in 1964, has ever failed to win the nomination since the primary process became pivotal in party nominations in 1960.

Among Democrats, Kennedy in '60, Humphrey, once he entered the race, in '68, McGovern in '72, Carter in '76 and '80, Mondale in '84, Dukakis in '88, Clinton in '92, Gore in '00 and Kerry in '04 were front-runners who held their leads. Mondale, Clinton, Gore, and Kerry were front-runners who were briefly shaken by challengers (Hart, Tsongas, Bradley and Dean) but held on to win their nominations

Among Republicans, Nixon in '60 and '68, Ford in '76, Reagan in '80, Bush in '88, Dole in '96, and Bush in '00 were all front-runners going in and the nominee coming out. Only Goldwater can be said to have pulled off an upset in 1964 by toppling Rockefeller.

So once there is a clear front-runner, he or she is likely to go all the way. This is especially true since he or she will have won front-runner status by intensive national media exposure rather than just insider chatter. With the process giving him or her so much face-time so early, the front-runner is unlikely to fade once the real primaries start.

Rudy and Hillary: tentative leaders

Already the process seems to be congealing around Hillary and Rudy as tentative front-runners.

Hillary re-established the dominance she had back in the spring of 2006 by moving out to a 43 percent vote share among Democrats in the presidential primaries in the Fox News poll of January 30-31. Obama is second at 15 percent, Edwards at 12 percent and Gore at 11 percent. Hillary had been at 43 percent in a previous Fox News poll in March 2006, but slipped to 32 percent in August with most of her previous support going to either Gore or undecided. By December 5-6 of last year, she stayed at 32 percent with Obama at 12 percent, Gore at 11 percent and Edwards at 8 percent. But now, even with Obama and Gore in the trial heat, she has regained her robust 43 percent vote share again. Even though media coverage of her announcement and Iowa tour was mixed, the electorate is obviously thrilled at the prospect of a woman candidate and rallied to her banner last month.

There is still time for Obama to recapture the charisma he seemed to have going for him over Christmas through his book, his articulateness, his moderation and his novelty; or for Edwards's tough antiwar and healthcare positions to eat away at Hillary's base. But they had better get it untracked pretty soon.

Among Republicans, Rudy Giuliani is eclipsing John McCain for front-runner status. In the most recent Fox News poll among GOP voters, Rudy had a convincing 34-22 lead over McCain, with Gingrich in third place at 15 percent. McCain has been hovering in the low 20s all along. In March '06, he was at 22 percent, in August at 25 percent and in December at 23 percent. But Giuliani has shown steady progress from 27 percent of the vote in August to 30 percent in December to 34 percent at the end of January.

This poll finding — combined with McCain's dismal financial report for the fourth quarter of 2006 ($1.7 million raised and less than $500,000 on hand) — put him in a convincing second place after a year of sharing front-runner status with Giuliani. Do McCain's fundraisers think he is running for Congress or president?

In the battle among second-tier GOP candidates, Gingrich is moving up and Romney is fading badly. The Fox News poll has Newt moving up from 9 percent in December to 15 percent at the end of January while Romney has dropped from 8 percent in December to only 3 percent on Jan. 30-31. In the wake of George Allen's and Bill Frist's withdrawals, conservatives seem to be moving away from the former Massachusetts governor and toward the former Speaker.

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Should the right seek a real alternative to Giuliani, Romney's flip-flops will likely disqualify him. Gingrich could develop momentum with his strength and intellect, but he will only become a factor if he declares and runs. If he waits on the sidelines, events will eclipse him.

Beyond Newt and Romney, GOP wannabes like Huckabee, Brownback, Hunter, Tancredo, Gilmore and Thompson deserve some attention. Huckabee, a former client, may be the most interesting of the bunch.

Right now, neither Rudy nor Hillary has a front-runner's lock, but they are clearly the man and woman to beat in their respective parties.

If they hold their leads through Labor Day, my bet is that it will be all over.

Catholics Slam Bloggers Hired By Edwards (AP)

By Nedra Pickler

AP, February 7, 2007

Two bloggers hired recently by Democratic presidential candidate John Edwards were criticized Tuesday by a Catholic group for posts they had written elsewhere on the Internet.

Bill Donohue, president of the Catholic League for Religious and Civil Rights, demanded that Edwards fire Amanda Marcotte and Melissa McEwan.

"John Edwards is a decent man who has had his campaign tarnished by two anti-Catholic, vulgar, trash-talking bigots," Donohue wrote in a statement. "He has no choice but to fire them immediately."

The Edwards campaign declined to comment. McEwan and Marcotte did not respond to e-mails requesting a response.

Donohue cited posts that the women made on blogs in the past several months in which they criticized the pope and the church for its opposition to homosexuality, abortion and contraception, sometimes using profanity.

"The Catholic church is not about to let something like compassion for girls get in the way of using the state as an instrument to force women to bear more tithing Catholics," Marcotte wrote on the blog Pandagon on Dec. 26, in an excerpt cited by Donohue.

Among the McEwan posts that Donohue listed was one she posted on Feb. 21, 2006, on her site, Shakespeare's Sister. She questioned what religious conservatives don't understand about "keeping your noses out of our britches, our beds and our families?"

Edwards put both bloggers on his payroll last week as part of his outreach to liberal voters and activists on the Internet. Their decision to work for Edwards is part of a broader move among prominent bloggers to jobs with political campaigns and progressive organizations.

The Catholic League counts its membership at nearly 350,000.

Edwards's Bloggers Cross The Line, Critic Says (NYT)

By John M. Broder

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — Two bloggers hired by John Edwards to reach out to liberals in the online world have landed his presidential campaign in hot water for doing what bloggers do — expressing their opinions in provocative and often crude language.

The Catholic League, a conservative religious group, is demanding that Mr. Edwards dismiss the two, Amanda Marcotte of the Pandagon blog site and Melissa McEwan, who writes on her blog, Shakespeare's Sister, for expressing anti-Catholic opinions.

Mr. Edwards, a former North Carolina senator, is among the leading Democratic presidential candidates.

Bill Donohue, president of the Catholic League, said in a statement on Tuesday, "John Edwards is a decent man who has had his campaign tarnished by two anti-Catholic vulgar trash-talking bigots."

Mr. Edwards's spokeswoman, Jennifer Palmieri, said Tuesday night that the campaign was weighing the fate of the two bloggers.

The two women brought to the Edwards campaign long cyber trails in the incendiary language of the blogosphere. Other campaigns are likely to face similar controversies as they try to court voters using the latest techniques of online communication.

Ms. Marcotte wrote in December that the Roman Catholic Church's opposition to the use of contraception forced women "to bear more tithing Catholics." In another posting last year, she used vulgar language to describe the church doctrine of the Immaculate Conception.

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She has also written sarcastically about the news media coverage of the three Duke lacrosse players accused of sexual assault, saying: “Can’t a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair.”

Ms. Marcotte joined the Edwards campaign at the end of January in the new post of blogmaster. She has lived in Austin, Tex., for the past 11 years and wrote on her blog that she was planning to move to Chapel Hill, N.C., in February to work full-time on the campaign.

Ms. McEwan referred in her blog to President Bush’s “wingnut Christofascist base” and repeatedly used profanity in demanding that religious conservatives stop meddling with women’s reproductive and sexual rights. Multiple postings use explicit and inflammatory language on a variety of issues.

Ms. McEwan signed on with Mr. Edwards at the end of January with the title of Netroots coordinator, for campaign activities on the Web.

Romney To Announce Presidential Bid (AP)

By Liz Sidoti, Associated Press Writer

AP, February 7, 2007

Republican Mitt Romney will formally announce his candidacy for president next week in Michigan, his native state and an important early test for the GOP nomination, campaign aides said Tuesday.

The former one-term Massachusetts governor will make his announcement Feb. 13, and then will visit Iowa, New Hampshire and South Carolina — the first states to hold 2008 contests.

He will return to Boston two days later, where he will hold what his campaign is calling "a unity event" with supporters, aides said. They spoke on the condition of anonymity because the plans were not public.

The announcement had been expected.

Romney, 59, created an exploratory committee in January and then held a major fundraiser that netted $6.5 million in contributions and pledges to show he was a serious contender able to challenge Sen. John McCain and Rudy Giuliani, the other top-tier Republican candidates. Both have created exploratory committees but neither has formally announced a candidacy even though it's all but certain both will run.

For Romney, the initial steps were a formality. It has long been known that he aspired to the presidency. He has spent months building a national campaign organization, hiring top political talent, courting fundraisers and putting support networks in place in key states. His campaign recently opened its headquarters along Boston's waterfront.

In Dearborn, Mich., Romney will hold what amounts to a made-for-TV coming out event at the Henry Ford Museum in the state where he was born. He has a base of support in the battleground state and deep roots. His father, George Romney, was governor in the 1960s, and served as chief executive of the American Motors Corp. The elder Romney made an unsuccessful bid for the 1968 Republican presidential nomination.

The announcement comes midway through the first fundraising quarter of 2007. The timing could create a burst of momentum to increase donations as Romney seeks to ensure he posts big fundraising numbers on March 31, the end of the first financial reporting period.

Romney is seeking to convince the GOP's conservative flank, whose support is pivotal in GOP presidential nomination contests, that he shares their values and stands with them on social issues, including abortion and gay marriage.

But he's been forced to explain inconsistencies in his record from when he ran as a moderate in his two previous campaigns — a successful bid for Massachusetts governor in 2002 and an unsuccessful challenge to U.S. Sen. Edward M. Kennedy, a liberal icon, in 1994.

Romney supported abortion rights until two years ago, when he says he had a change of heart during a legislative debate on stem cell research. He has also taken positions sympathetic to gay rights in the past, although he opposes gay marriage.

A Mormon, Romney's faith also could pose another challenge. No one from his religion has been elected president.

His campaign hopes that his record of accomplishment in both the private and public sectors overrides primary voters' concerns.

Romney made his reputation in the Boston business community, where he helped found a multibillion-dollar venture capital firm after earning degrees from Harvard Business and Law schools. He rose to national prominence when he successfully resurrected the 2002 Olympic Winter Games, which were mired in a bribery scandal.

Mike Huckabee: Can He Fell The Big Guys In '08? (CSM)

By Linda Feldmann

The Christian Science Monitor, February 7, 2007

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WASHINGTON

Mike Huckabee, until recently the governor of Arkansas, may be most famous for losing 100 pounds and crusading against obesity in America.

Now he's going after the big guys in a different way. He wants to take out John McCain, Rudolph Giuliani, and Mitt Romney – the top three Republican challengers for their party's presidential nomination in 2008, polls show. He knows it's a long shot, especially when money and celebrity are the early drivers in the campaign. But in a race that Mr. Huckabee likens to a marathon, he sees kitchen-table issues – at the heart of any governor's tenure – growing in importance.

"If it's going to be only about money raised, then I suggest that we just put the whole thing on eBay, put it out for bid, and come November, whoever is still at the high bid when the clock ticks off, they win," Huckabee told reporters at a Monitor breakfast Tuesday. "I don't think ... people are going to allow that to happen."

Four of the last five US presidents were governors first. They balance budgets and solve problems, in healthcare, transportation, education, he says. But what about the war? Huckabee refers to himself as having been commander in chief of a state where 80 percent of its National Guard have been deployed overseas.

"When Ronald Reagan was elected, ... the rub was that he had been an actor and a governor, so what possible skills could he bring to the task?" Huckabee says.

Still, Huckabee knows he must rise in the pack by summer's end. "If by ... September I'm still considered second or third tier, after the Iowa straw poll, then ... I've got a problem," says the former Baptist minister, who formed a presidential exploratory committee last week. He seeks to be the second president from Hope, Ark., after Bill Clinton.

An evangelical Christian, Huckabee hopes his religiosity will win GOP voters who may have qualms about Senator McCain, who is not overtly religious; former Mayor Giuliani, who is liberal on social issues; and Mr. Romney, whose Mormon faith makes some Republicans uneasy.

In Campaign 2008, Candidates Starting Earlier, Spending More (WP)

By Matthew Mosk

The Washington Post, February 7, 2007

Starting as early as last June, Sen. John McCain (R-Ariz.) was hiring staffers and consultants in New Hampshire and Iowa and building the foundation for his 2008 presidential bid at a time when those in early battleground states typically get a breather from national politics.

Campaign filings released last week show that he spent more than $375,000 on staffing and consulting, getting an early jump in those states. One campaign cycle earlier, a single candidate -- Sen. John F. Kerry (D-Mass.) -- had started hiring in-state advisers at that point, and by the end of 2002 he had spent only $4,200 paying those aides.

The financial reports begin to document the underpinnings of a drive for dollars that is expected to make 2008 the nation's first billion-dollar presidential campaign. Top-tier candidates are hard at work courting wealthy political enthusiasts who can deliver scores of thousand-dollar donors. Sen. Hillary Rodham Clinton (D-N.Y.) held a gathering for 70 of those "bundlers," as they are known, last night at her Washington home. [Story, A8.]

To understand the impulses behind this fundraising race, look no further than activity in a cluster of early caucus and primary states. Democrats competing for their party's nomination will face a rapid-fire succession of contests in Iowa, New Hampshire, Nevada and South Carolina in January. Republicans will compete in Iowa, New Hampshire, South Carolina and Michigan. A number of states -- including behemoths such as California and Florida -- are seeking to move up their primaries to early February.

"Everything is so compact," said Tom Rath, a New Hampshire political consultant who is working for former Massachusetts governor Mitt Romney (R). "You've got to be competing everywhere across the board, right from the start."

To compete in those states, candidates are already confronting a daunting array of new expenses and demands that is creating a presidential sticker shock.

This year, candidates will need to hire more employees to wage battles in the growing number of early primaries. They will make unprecedented investments in computer technology to unlock clues to voter behavior.

They enter a 2008 field flush with political megastars who have set stratospheric fundraising goals. And the cost of such staples as television commercials will soar as candidates forgo public financing and the accompanying spending quotas.

That has meant candidates have started spending in those states earlier than ever. A full picture of that early activity will emerge more clearly in April, after most candidates have filed their first campaign reports.

But the 2006 expense reports released last week provide a glimpse at how aspirants have started spending their money. By the end of last year, budding contenders in the Democratic field had already written more than $660,000 in checks from their

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federal accounts to fund activities in key states -- more than twice what their counterparts spent in 2002 in the run-up to the 2004 presidential contest.

Steve Elmendorf, a deputy campaign manager in Kerry's 2004 bid, said campaigns are facing a series of escalating costs, including the "enormous expense" of building robust teams of political workers in four states at once.

"You need a big infrastructure in each one of these states," he said. "You need a press infrastructure, a political infrastructure, a fundraising infrastructure. And that takes people."

Add to that the rising price of travel, Elmendorf said. When McCain first ran for president in 2000, he defrayed some travel costs by flying on corporate jets. Under Federal Election Commission rules at the time, candidates could bill their campaign accounts the cost of a first-class ticket for a corporate flight.

But now, his campaign has said, McCain is abiding by a pledge to stay off corporate jets. In the past year, that has meant spending more than $1.1 million on charter flights, according to filings by his leadership committee.

Candidates will also be trying to reach voters through the Internet and through their mailboxes, and that will mean unprecedented investment in technology, much of which was in its infancy four years ago. This year, nearly all candidates are posting videotaped speeches on their Web sites to speak directly to voters.

When then-Sen. John Edwards (D-N.C.) began preparing for his first presidential bid, he made an early investment of nearly $100,000 to build an Internet operation. As he began constructing his 2008 effort, he found the cost to put his stamp on the Web had more than quadrupled, with close to half a million dollars already spent on consultants and technical-support teams.

Just as Edwards saw Web site production grow more costly, others are finding new ways to modernize campaign techniques that once relied on index cards and shoe leather.

Ken Strasma, a consultant whose firm developed a microtargeting program that uses vast supplies of marketing data to identify and persuade a candidate's likely supporters, said the powerful targeting programs will be more widely used this cycle.

In small states, such as Iowa, a candidate can spend $100,000 to $200,000 to identify every caucus voter within their reach and figure out how best to persuade them. In larger states, those costs will multiply.

Already, Edwards and Sen. Christopher J. Dodd (D-Conn.) have each paid $50,000 to the Iowa Democratic Party for copies of its voter files, and Dodd forked over $50,000 to the New Hampshire Democratic State Committee for its membership list.

Then there's television, which is always one of the largest expenses facing a presidential campaign.

Rath said he expects candidates to be up on television far sooner this time around. If candidates forgo public funding, as many expect, they will no longer be subject to strict spending limits on the amount candidates could invest in each state. Under FEC rules, candidates taking public money would face a spending cap that in 2004 amounted to just $729,000 in New Hampshire, though most candidates found legal ways to circumvent that limit.

Four years ago, only President Bush, Kerry and former Vermont governor Howard Dean opted out of the public system, which meant they could ignore the state-by-state limits altogether.

Steve Murphy, who managed the campaign of then-Rep. Richard A. Gephardt (D-Mo.) in the 2004 cycle and is now working with New Mexico Gov. Bill Richardson (D), said that four years ago spending limits might have left most candidates with no more than a couple of million dollars to spend on television in the early states. Now that number could increase tenfold.

Candidates who may have once bought ads only on local New Hampshire stations will now consider buying time in the far more costly Boston television market, Murphy said.

"I think it will take $40 million to mount a strong campaign on the air and on the ground in the early states, and some candidates will spend far more than that," Murphy said.

Beyond the nuts and bolts of running a campaign, many candidates will feel pressured to keep pace with the quasi-celebrities such as McCain, Clinton and Sen. Barack Obama (D-Ill.). All three are expected to set a blistering pace of fundraising.

To some, that notion has been too much to stomach. One was Sen. Evan Bayh (D-Ind.), who dropped from the field of 2008 presidential contenders last month.

"It's a fundraiser for breakfast, then call time. A fundraiser for lunch, then call time. Then a fundraising reception. And then you can still call the West Coast," Bayh said.

Not everyone in the field is certain that the path to victory will involve raising a quarter-million dollars a day. A spokeswoman for Edwards said that although some costs may nudge up, the former senator does not see much need to match big-number goals being bandied about for the year ahead.

"We need to raise enough so we can compete in all four early primaries," said the spokeswoman, Jennifer Palmieri. After that, she said, "if you're winning, the money will follow."

That said, Edwards has scheduled 22 fundraisers in 15 states this month.

Research database editor Derek Willis and washingtonpost.com staff writer Chris Cillizza contributed to this report.

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Who's Hitting The Right Notes? (WP)

By Harold Meyerson

The Washington Post, February 7, 2007

"Why are we here?" John Edwards asked the members of the Democratic National Committee last Friday -- meaning: What animates us? What is the banner we ask Americans to take up? And, by morning's end, the Democrats had heard three different answers from their party's presidential front-runners.

Edwards and Sens. Hillary Clinton and Barack Obama had distinct perspectives on Iraq, but their other differences were, if anything, more revealing. Edwards depicted, in a rising crescendo of emotion, the human cost of manmade disasters: the hotel housekeeper picketing for health coverage; the 8-year-old going to bed hungry; the mother of a soldier in Iraq answering her door to news of her son's death; the orphaned 5-year-old in the Sudanese desert. One of America's best trial lawyers was pleading for the victims of cruel and idiotic policies, offering policies of his own to save the innocents.

Where Edwards personified problems, Obama abstracted them. In the forthcoming election, he said, "our rivals won't be the other party. Our enemy is cynicism." More particularly, he went on, the enemy was the debasing of the public square.

"It's time to free ourselves from the constraints of politics," he said. Some might want to focus on specifics or plans but, "We've had a lot of plans, Democrats. What we've had is a shortage of hope." Accordingly, though Obama made clear his opposition to the Iraq war, he omitted any mention of his plan to withdraw U.S. forces by March 2008.

Clinton was less all-embracing in her indictments and her remedies -- nothing flowery, all matter-of-fact. Among the Democratic front-runners, she's the reality principle. "In the Senate," she reminded listeners, "we still have to create coalitions to get things accomplished." She also spoke about the erosion of the American social contract, though not with the kind of heartbreaking illustrations Edwards summoned. But Clinton also stated, more clearly than Edwards had, that our economic woes affected the vast middle class. With wages stagnating and health care growing more costly, Clinton said, we've lost the bargain that "if you worked hard and did your part, the country would stand with you. This bargain created the American middle class, our greatest social achievement."

All of which is to say that, because of the absurdly early start of the 2008 presidential campaign, we have already reached that point where the strengths and weaknesses of the candidates' messages are becoming apparent. Beyond question, Edwards is the best positioned to ride the populist wave that is finally and rightly hitting our shores. By his willingness to repeal tax cuts for the rich to pay for universal health care, he is wagering that Americans will favor fairness and functionality over the anti-tax ideology of recent decades.

But Edwards risks sounding like the tribune for a smaller, more marginal group of Americans than he may intend to. Defending unions, he said it was time for Democrats to stand with workers who spent their "whole lives in factories, who worked in the mills." True enough, but Democrats also have to stand with workers who spend their whole lives at their keyboards. The father of Democratic populism, William Jennings Bryan, never made it to the White House, in part because he could never add the backing of industrial workers to his support among farmers. Edwards will do well among industrial workers; it's the post-industrial workers he needs to win over.

For her part, Clinton stressed that engineers as well as mill hands face outsourcing. She articulates the scope of globalization's problems more broadly than Edwards does, even if Edwards is more likely to confront those problems with more aggressively fair-trade proposals. Clinton's grasp of the breadth of our dilemmas is offset by the incrementalism of her solutions -- a disjuncture that may disturb Democrats who feel the time is ripe for bigger things.

And Obama? His broad indictment of contemporary politics has great appeal, I suspect, to young voters in particular. But the cynicism about government that he rightly condemns didn't waft in from nowhere. It's been a tool that the right has used to undermine the bargain Clinton spelled out, creating the desperate Americans Edwards talked about, to the end of distributing more wealth to the rich. The hope Obama personifies can be a powerful force -- but not when he counterposes it to specifics or to political struggle.

Early midcourse recalibrations, anyone?

Ready For Obama Already (NYT)

By Martin Plissner

The New York Times, February 7, 2007

Washington

WITH Barack Obama expected to announce on Saturday that he's running for president, if you enter "America," "ready" and "black president" in a Google search, you'll get around 125,000 hits. When pollsters bring up those words with random

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samples of voters — and they've done it a lot recently — they get "yes" answers from 62 percent (CNN), 56 percent (Newsweek), 58 percent (Gallup) and 55 percent (CBS).

Most of these surveys, however, ask people only if the rest of America is ready for it to happen, not about being ready themselves to make it happen. When one poll asked Republicans and Democrats if they would vote for a "qualified" black of their own party, barely 5 percent said no — hardly surprising, as doing so would be a frank acknowledgment of prejudice.

A much better poll would consist of giving an actual set of candidates' names at the end of a real campaign. Fortunately, 10 years ago such a test was actually done.

On Nov. 5, 1996, Voter News Service — the organization hired by the TV networks to do exit polling — asked people at the polls, who had just given Bill Clinton 49 percent of the vote, Bob Dole 41 percent and Ross Perot 8 percent, how they would have voted if the Republican candidate had been Gen. Colin L. Powell. In an exit poll sample of 3,697 (three times the size of a standard high-grade public opinion survey), the result was this:

Powell: 50 percent.

Clinton: 38 percent.

Perot: 9 percent.

This finding, however, was not part of the pooled report shared by all the networks; it was commissioned by CBS News, of which I was then political director. As often happens, however, when there's a lot of big news, this bit of data got buried in an end-of-night roundup and was quickly forgotten. But it does suggest there was a day when Americans, had they been given a choice of major party candidates, one of whom was black, would very likely have chosen the black one.

Most significantly, General Powell would have won the race because of the support of white voters — Bill Clinton outpolled him 2 to 1 among the blacks surveyed. Among white voters, whom Senator Dole had carried very narrowly (too narrowly for him to win), General Powell clobbered the incumbent, 53 percent to 33 percent.

Any poll analysis has to be hedged with qualifications, and this one more than most. Bill Clinton and Bob Dole had just been through bruising year-long campaigns and exposed to more than $100 million of take-no-prisoners advertising. Colin Powell had not. He was still being acclaimed for his role as the country's top soldier in its only clear victory since World War II.

Still, even with these qualifiers, there is a pretty good, if not quite conclusive, case that America has for some time been ready to elect a black president. The question for Barack Obama is whether this time around it will be ready for this one.

Right Candidates, Wrong Question (NYT)

By Gloria Steinem

The New York Times, February 7, 2007

EVEN before Barack Obama and Hillary Clinton threw their exploratory committees into the ring, every reporter seemed to be asking which candidate are Americans more ready for, a white woman or a black man?

With all due respect to the journalistic dilemma of reporting two "firsts" at the same time — two viable presidential candidates who aren't the usual white faces over collars and ties — I think this is a dumb and destructive question.

It's dumb because most Americans are smart enough to figure out that a member of a group may or may not represent its interests. After all, many African-Americans opposed the appointment of Clarence Thomas to the Supreme Court in 1991 because they were aware of his record — and the views of his conservative supporters.

Similarly, most women weren't excited about Elizabeth Dole as a presidential candidate for the 2000 election because she seemed more attached to those in power than those in need of it. Indeed, Elizabeth Dole even got support from people who opposed women making their own reproductive decisions. (If Secretary of State Condoleezza Rice decides to run for president, I imagine that she would face the same fate.)

The question is also destructive because it's divisive. In fact, women of all races and men of color — who together form an underrepresented majority of this country — have often found themselves in coalition. Both opposed the wars in Vietnam and Iraq more and earlier than their white male counterparts. White women have also been more likely than white men to support pro-equality candidates of color, and people of color have been more likely to support pro-equality white women.

It's way too early to know which candidate will earn trust or survive Swift-boating, but forcing a choice between race and sex only conceals what's really going on.

So far, for example, polls show that about 60 percent of African-American Democrats support Hillary Clinton, while only about 20 percent support Barack Obama. These surprising numbers probably have less to do with Senator Obama himself than with whether people feel he's been around long enough to trust, whether the name "Clinton," with its associations of racial inclusiveness, is a better bet, and whether a member of one's own group — a group that has endured a history of discrimination — could win anyway.

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This disease of doubt plays a big role: 81 percent of black voters tell pollsters that a white man will get the Democratic nomination, while only 58 percent of white voters do. Such doubt also helps to explain why women are more likely than men to support Hillary Clinton, but also more likely to say she can't win.

Still, the larger question is: Why compare allies and ignore the opposition? Both Senators Clinton and Obama are civil rights advocates, feminists, environmentalists and critics of the war in Iraq, though she voted early and wrong, and he spoke out early and right. Both have resisted pandering to the right, something that sets them apart from any Republican candidate, including John McCain. Both have Washington and foreign policy experience; George W. Bush did not when he first ran for president.

But the greatest reason for progressives to refuse to be drawn into an irrelevant debate about Senators Clinton and Obama is that it is destructive. We can accomplish much more if we act as a coalition. Think, for instance, of the powerful 19th-century coalition for universal adult suffrage. The parallels between being a chattel slave by race and chattel as a wife, daughter or indentured worker turned abolitionists into suffragists, and vice versa. This coalition against a caste system based on race and sex turned the country on its head — until it was divided by giving the vote to its smallest part, Negro men.

Sojourner Truth famously warned that this division would cripple the movement for decades to come — and it did. Only a half-century later did white and black women get the vote, by then tarnished by the racist rhetoric of some white women and diminished by racist restrictions and violence at polls. And only decades after that, in the 1960s, did the civil rights movement start a new wave of equality that spread into feminism, the Native American movement, the gay and lesbian movement, and much more.

But those activists were reinventing the wheel. They were rediscovering Gunnar Myrdal's verdict of the 1940s that "the parallel between women and Negroes is the deepest truth of American life, for together they form the unpaid or underpaid labor on which America runs."

This time, we could learn from history. We could double our chances by working for one of these candidates, not against the other. For now, I've figured out how to answer reporters when they ask if I'm supporting Hillary Clinton or Barack Obama.

I just say yes.

This One's For You, Joe (NYT)

By Maureen Dowd

The New York Times, February 7, 2007

WASHINGTON

It's not double jeopardy exactly, but still, I'd prefer not to kill the same man twice.

And I wanted to follow William Safire's advice on writing about gaffes and graft: Only kick people when they're up, not when they're down.

So I decided to do something completely radical and not pile on.

Having played a role in derailing Joe Biden's '88 presidential bid with stories on his overreliance on the speeches of Neil Kinnock and Bobby Kennedy, I feel compelled, now that the guy has slipped on another presidential banana peel 20 years later, to lend him a hand.

I wanted to give him a chance to wipe the slate clean and articulate his positions — without dredging up any painful memories of the words "clean" and "articulate."

The senator called me between New York fund-raisers last night. After his rough week, he sounded a bit chastened, not at all in the mood for a columnist's probing questions. He needn't have feared.

"So," I asked him sweetly, "why has everyone been so mean to you?"

"Well," he demurred, "they haven't been mean. The truth is, a lot of people in the African-American community were hurt by what I said. I really feel lousy about it. I got involved in politics because of civil rights." (He said a lot more, but hey, it's a 750-word column.) I had another penetrating question ready: "Is Delaware big enough to launch a president?" "I think it is," he replied.

I had a tough follow-up: "Will your first act as president be to get rid of those tollbooths on I-95?" He laughed. "I get asked that a lot by people. I can't help 'em — they're on their own."

That's the straight talk I like to see. No pandering, like Hillary's telling Iowans she likes ethanol, and John McCain's telling Christian conservatives he likes Christian conservatives.

"People don't seem to appreciate your verbal generosity," I said. "Are you studying Bogie and Steve McQueen movies to become less wordy, or do you just hope people will come to see it as part of your charm?" "We're in a political culture where everything is reduced to bumper stickers and sound bites, and it's a lot more complicated than that," he said. "I'm fairly candid, and sometimes I'll cause controversy and sometimes I won't. It's who I am. I'm not going to change who I am."

That's my man. He stares controversy in the eye and chats with it.

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"In one sentence, with no more than two dependent clauses," I instruct, "tell me why you would make a great president."

"I really believe the American people get the fact that with the next president, there's no margin for error. He's going to inherit a world and a nation where this guy is going to leave him in a real deep hole. The next president has to get us out of Iraq without ruining the Middle East, so Americans should be looking for the person with the most experience."

O.K., that's three sentences, but who's counting?

"You've been a truth-teller on Iraq for years, so tell the truth," I said. "Are we cooked?" Citing the soft-partition plan he co-wrote, he noted: "Any country that comes into being as a consequence of the pen of a diplomat has never been able to be stable except by (a) an imperial power dominating it, (b) a dictator or strongman, or (c) a federal system."

Aren't Americans going to be angry at a Senate that's bending itself into a procedural pretzel, rather than seriously tackling the future of Iraq?

"They are going to be angry," he agreed. "Republicans are trying to avoid embarrassing the president. If you took a secret ballot, I'd be dumfounded if 20 senators thought sending 21,500 troops made any sense." He said John McCain wouldn't think it made sense either "because he has called for sending many more."

Do you agree that Dick Cheney is barking mad?

"Cheney is a very smart guy who's kicking the can down the road here," he replied. "He's concluded that this administration's policy can't succeed in Iraq and he's handing it off to the next guy."

Things were getting way too serious. "What's your ideal day?"

"It would be corny," he said. "Just taking off to the beach with Jill."

Trying to boost his dented confidence, I said I was sure he looked better in the Delaware waves than Barack Obama in the Hawaiian surf. The 64-year-old laughed, saying, "Like the Paul McCartney song, 'When I'm 64.' I don't look as good as I once did, but Jill does."

"Who would make the best president?" I coaxed.

"Me," he crowed.

I think his confidence is coming back. Excellent.

Texas Governor Has Funding Idea: Sell The Lottery (WP/AP)

The Washington Post, February 7, 2007

Gov. Rick Perry (R) proposed Tuesday that Texas sell its state lottery for at least $14 billion, with the money dedicated to an endowment for residents without health insurance and a trust fund for cancer research.

No state has sold or leased its lottery, although several are considering it. Last month, Indiana Gov. Mitchell E. Daniels Jr. (R) proposed leasing the state lottery for 30 years to pay for scholarships aimed at keeping Indiana's top college graduates in-state.

In Texas, the lottery reported more than $3.77 billion in sales in the 2006 fiscal year, the highest amount in its 14-year history. The lottery contributes $1 billion a year to public schools.

"This moment in time is a unique opportunity to address great challenges and build the foundation for a future of unparalleled prosperity," Perry said in his State of the State address.

Several legislative leaders questioned the idea, with some skeptical the lottery would fetch $14 billion and others wondering what it would mean for gambling overall.

"Basically, by privatizing the lottery you legalize private-run gambling operations in Texas," said Republican Sen. Steve Ogden, chairman of the Senate Finance Committee.

Under Perry's plan, money from the sale would be used to establish three trusts: $8.3 billion to replace most of the public-education revenue lost with the sale of the lottery, $3 billion for cancer research, and $2.7 billion to expand health insurance coverage for the working poor.

The interest proceeds from those trusts would fund the programs -- producing annual revenue of $1.26 billion, the governor projects.

On A Wintry Night, The Press And The Politicians Get Cozy (WP)

By Jose Antonio Vargas

The Washington Post, February 7, 2007

Another year, another black-tie dinner commingling the press and the pols, another way to stay warm on an utterly chilly night. For this one night, we could forget about the forgetful Scooter Libby, domestic budget cuts, the streets of Baghdad.

We could even forget that it's an "American Idol" night.

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On this Tuesday night, there was a party to be had and a journalistic legend -- the indefatigable Helen Thomas -- to be honored. And not even the threat of snow could stop the 63rd annual congressional dinner of the Washington Press Club Foundation.

Bob Schieffer, the venerable CBS newsman, played host in a jovial, playful tone. Together with ringers Sen. Edward Kennedy (D-Mass.) and House Minority Leader John Boehner (R-Ohio), he faced the toughest task of all: Make a roomful of journalists and politicians laugh.

In introducing Kennedy and Boehner, Schieffer said: "I've known these men for many years. And they are the cleanest . . ."

Boehner commented on Speaker of the House Nancy Pelosi's new no-smoking rule: "We can still smoke out on the balcony. But, Nancy, it was 20 degrees out there. I think I want a seat on your global warming committee."

And Kennedy said of Boehner, "We don't always believe in the same issues, but I believe in his right to make his mistakes."

It was a tough crowd at the Ritz-Carlton. But it worked. Sort of.

And anyway, it was all for a good cause. At $175 a plate and with 850 guests in attendance, last night's fete served as a benefit for the foundation, which provides scholarships for women and minorities. A good and necessary cause, indeed, especially considering the lack of people of color in the crowd.

The foundation's dinner is the kickoff to the annual string of press-plus-pols parties (the Gridiron, Radio-TV, White House correspondents) of the year. Seeing the elected officials and the reporters who cover them getting all chummy is a curious thing. If you're an outsider to all of this, making your way from the VIP room to the ballroom, a glass of merlot in hand, you ponder the separation of newsmaker and journalist. A lyric runs through your head: "The press and the pols, sitting in a tree, K-I-S-S-I-N-G."

Judy Holland, a congressional reporter for Hearst Newspapers and the president of the foundation explained: "On the Hill, all bets are off, the notebooks out. But on a night like this, we're a community, and we're celebrating a coming of age. First woman speaker of the House. A woman as a presidential front-runner. Helen Thomas. I yanked my 13-year-old daughter from her homework so she could be here and see what it all means."

Daryl Hannah was there, seated at the same table as Lauren Nelson, the newly crowned Miss America. And, yes, the actress is Amazonian, all legs. She's not the political schmoozer type, she says, but she was here to talk about global warming ("We're at a crossroads right now") and show her support for the new Democratic Congress.

"Who's your congressman?" you asked her.

A beat later, she replied, "I live in a couple of places simultaneously."

Arianna Huffington waited in the coat line, at one point dropping $1 and $5 bills from her purse as she greeted Rep. Dennis Kucinich (D-Ohio) with a kiss on the left cheek. "I was in Davos," she told him. "One of those capitalist gatherings." They laughed.

Rep. Rahm Emanuel (D-Ill.) whisked on by, followed by "Hardball" host Chris Matthews, then Democratic strategist Donna Brazile, an endless parade of the who's-who of the K Street-Capitol Hill-Washington-press-corps set.

The foundation dates back to 1919, when a handful of journalists formed the Women's National Press Club. They weren't welcome to the all-male National Press and Gridiron clubs. The foundation's annual dinner began in 1944, a kind of a welcoming party to the sociopolitical circuit for freshmen members of Congress.

As always, honors were handed out last night. The David Lynch Memorial Reporting Award went to David Lightman of the Hartford Courant and John E. Mulligan of the Providence Journal. A new scholarship, funded by the New York Times and the foundation, was announced, named after slain Timesman David Rosenbaum.

But no honor meant more than the lifetime achievement award bestowed on veteran White House correspondent Thomas.

"On behalf of the House of Representatives, we salute Helen Thomas," said Speaker of the House Nancy Pelosi. "You could have gotten [this award] over and over again, Helen."

"One of the greatest reporters in the history of the republic," Kennedy called her.

Thomas is definitely a perfectionist. Two hours before her speech, she was hunched over on the stage of the VIP room, a red pen in hand, rereading her remarks. ("To the members of Congress, I say, do the right thing. Pass laws that are fair to everyone. . . . To the media, I say, let's follow the truth wherever it leads us, and let the chips fall where they may . . .")

She's been attending these dinners since the late '40s. She was president of the Women's National Press Club in 1959.

"I've picked the greatest profession in the world," Thomas said. "There is nothing more indispensable to a democracy than a free press."

Spoken like an old pro, still idealistic after all these years.

Subprime Politics (WSJ)

The Wall Street Journal, February 7, 2007

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Mortgage delinquencies are rising, subprime lenders are going belly-up -- another company filed for bankruptcy Monday -- and the Senate Banking Committee is holding hearings today on "predatory lending." All of this can only mean one thing: Congress is looking for someone to blame now that the housing boom is over.

The noted banking expert Jesse Jackson is scheduled to be a featured witness at today's hearing, along with a couple of unfortunate consumers who were sold mortgages they couldn't afford to repay. Senator Chris Dodd, Chairman of the Banking Committee, is in high dudgeon, threatening legislation and talking about the American dream becoming a nightmare for those who can't make their mortgage payments. It's time for a reality check.

No one likes to see anyone lose his home to foreclosure -- and that includes the banks. Banks make money by lending to people who can repay their loans with interest. Lending people money they can't pay back is a lousy business, as the many recent headlines about subprime lenders going bankrupt demonstrate. If rapacious banks really had a goal of lending people more than they could afford to pay back, they wouldn't be swimming in red ink.

Related to this is the contention, made by the same populists on the current "predatory lending" rampage, that banks make money by charging them "excessive" interest. But, if anything, the recent spate of bankruptcy among subprime lenders suggests that they were charging too little interest to compensate for the credit risk they were taking by lending to people with bad credit histories.

This is not to say that there were no mistakes made during the recent housing boom. There always are excesses during asset bubbles. Quickly rising prices made a lot of people giddy on both sides, and it's now clear that loans were offered and taken that should not have been. Both the asset-price increases and the lending risks were also facilitated by a prolonged period of easy money, courtesy of the Alan Greenspan-Ben Bernanke Federal Reserve.

The combination of exceptionally low interest rates over an extended period contributed to booming prices that encouraged lenders and borrowers to overextend themselves. Borrowers figured that if rates rose or things got sticky, they could always sell for a profit. Lenders likewise became accustomed to lending with little or no money down from the buyer, confident that rising prices would soon provide the buyer with an equity cushion. Meanwhile, regulators at the Fed and Comptroller of the Currency waited a long time to question some of the riskier lending practices.

However, Members of Congress know it's a pain to wrestle with Mr. Bernanke over monetary policy, and the Comptroller's rules for mortgage lending don't make for sexy newspaper copy. It's so much more fun to knock around a couple of prosperous-looking bankers. So in searching for a scapegoat, the politicians are returning to that old chestnut, "predatory lending."

They may want to think twice before stringing up the bankers, though. Whether their borrowing history is good, bad or indifferent, Americans enjoy some of the best access to credit of anyone in the world. Those no-money-down loans are risky for both sides. But for many people, the alternative is no chance to buy that house at all. The politicians arguing for tighter credit standards are some of the same folks who deplore banks for "red-lining" by refusing to lend in poor urban neighborhoods. And the result may be less credit, or no credit at all, for the working poor or newly employed.

Last week the percentage of subprime mortgages that were more than 90 days past due was placed at just over 10% in November, the latest period for which figures are available. That's the highest it's been in years. But, remember, this also means that close to 90% of loans are still being paid off more or less on time. Tightening standards means not only "protecting" the 10% who got caught short but also hurting the 90% who stretched for a mortgage and are still making their payments.

Lenders know that some percentage of marginal loans will go bad. But they can't know in advance which loans will sour -- or presumably they wouldn't make those bets in the first place. The only way to ensure close to 100% loan performance is to restrict lenders to making only the safest loans. This in turn means shutting out of the market a whole lot of people who may be "risky," but still manage to send in their checks every month.

For such borrowers, a lender who makes a risky loan is not a predator, but a gatekeeper to homeownership and the economic opportunity that goes with it. We suspect that the vast majority of those who stretch to afford a home and sacrifice to make their payments don't need the kind of protection Mr. Dodd is offering.

Choice Advances (WSJ)

The Wall Street Journal, February 7, 2007

Proving that the best reforms often pass by the slimmest of margins, Utah's house voted 38-37 late last week to create a state-wide voucher program that will allow students to escape failing public schools.

Union opponents can be expected to mount a furious assault in the state senate, and then head to court. But the senate is likely to pass the reform supported by GOP Governor Jon Huntsman Jr., so Utah may soon become the first state with a universal school choice plan. It would offer students who attend private K-12 schools from $500 to $3,000 in tuition reimbursement based on family income.

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Meanwhile, South Carolina could be next. Legislation is now being drafted to allow nearly 200,000 poor students to opt out of failing public schools by giving them up to $4,500 a year to spend on private school tuition. Middle class parents would be eligible for a $1,000 tax credit.

Governor Mark Sanford, a Republican, also wants to create more choice within the public system by consolidating school districts so students who can't afford to live in a certain zip code aren't forced into the worst public schools -- a system that now consigns thousands of African-American students to failing schools. In his State of the State Address last month, Mr. Sanford branded the current districts a "throwback to the era of segregation." The comment drew hardly a flutter in the legislature, he told us, because "everyone knows it's true."

Despite a 137% increase in education spending over the past two decades and annual per pupil spending that exceeds $10,000, South Carolina schools trail the nation in performance. The state ranks 50th in SAT scores, only half of its students graduate from high school in four years and only 25% of eighth graders read at grade level. The Governor's budget puts it this way: "The more we expose students to public education, the worse they do."

In last year's elections three legislators paid for their opposition to school choice with their seats. One freshman reformer is Representative Curtis Brantley, an African-American Democrat from rural Jasper County who defeated a white incumbent in a June primary. He told us he supports school choice because something must be done to shake up the status quo.

Those counting votes say this might be the year that choice legislation passes. Advocates are planning a rally at the state Capitol in Columbia on Tuesday, February 13. Mr. Brantley says he's helping bus people in from his district, and Governor Sanford will address the event. The voucher movement has been declared dead many times, but as Utah and South Carolina show, its promise of better education is keeping hope alive.

Budget Sets High Foreign Policy Targets (FT)

By Guy Dinmore

Financial Times, February 7, 2007

Ambitious foreign policy goals set out in the Bush administration's federal budget for 2008 include the end of the Israeli-Palestinian conflict, dismantling North Korea's nuclear weapons programme and the start of comprehensive multilateral negotiations with Iran.

Other targets listed in the foreign assistance component of the budget seem more like Soviet-era quotas, for example a projected 10 per cent increase over the 2006 figure of 769 interviews given by US officials to Arab and other media outlets in the Middle East.

In 2006, 81.7 per cent of participants in exchange programmes with the US, including opinion leaders and media commentators, "agree with democratically oriented principles in politics, work, and societal issues". The 2008 target is 84 per cent.

An official involved in drawing up the budget said the targets represented "what we intend to achieve with the resources we ask for". He added: "They are in many cases intangible goals."

This month Condoleezza Rice, the secretary of state, is due to mediate in the first Israeli-Palestinian talks for six years that will attempt to deal with long-term "final status" issues, even as the Palestinian territories slide into deeper interfactional violence. Yet the 176-page FY 2008 Performance Summary, issued by the State Department on Monday, foresees a "permanent status agreement and the end of the Israeli-Palestinian conflict" and the "development of full normal relations between Arab states and Israel".

On North Korea, where stalled-six party talks are due to resume this week after making almost no progress for nearly 18 months, the State Department projects an agreement within the next eight months and implementation in 2008.

Similarly, Iran is projected to "maintain" a full suspension of its nuclear activities, even though it has yet to begin one. On suspension, "multilateral negotiations commence with Iran toward a long-term settlement of outstanding international concerns".

In contrast to the National Intelligence Estimate released last week, which painted a grim future for Iraq, the State Department performance goal sees 2008 as the year for "consolidating democracy", where "civil liberties provisions remain intact and receive strong support from legal and executive institutions".

Karen Hughes, who heads public diplomacy for the Bush administration, is credited with setting up the "rapid response unit" to generate swift ripostes to "misinformation, negative and misleading reporting".

"On fast-breaking stories on Iraq, for example, we have been able to mobilise Washington officials to appear on the media in the morning rather than at the end of the day, which gets our message out to key Arab TV outlets early enough to make the main evening news," the document says.

Apart from Iraq, which receives the bulk of its funding in a separate supplemental budget, Israel continues to receive the most US assistance, officials said, followed by Egypt.

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Winning the "global war on terror" remains an important theme in the foreign assistance budget. This means "winning the war of ideas", which involves $668m for foreign broadcasting, $486m for education and cultural exchanges and $359m for public diplomacy.

But foreign military assistance remains the largest component of the overseas budget, projected to rise slightly to $4.54bn, an official said.

Tom Lantos, the Democratic chairman of the House committee on foreign affairs, accused the administration of "short-changing the United Nations".

"This is absurd," he said in a statement. "The administration is budgeting for massive new arrears to the UN at a time when we need the organisation to help us in Iraq, Darfur, Lebanon, Haiti and a host of other global hot spots."

InterAction, an alliance of development and humanitarian non-government organisations, expressed concern that presidential initiatives on HIV/Aids, malaria and the Millennium Challenge Account were not accompanied by similar increases for traditional foreign assistance programmes.

Results, an advocacy organisation that seeks to create the political will to end hunger and poverty, criticised the 2008 request for "slashing" funding for the Global Fund to Fight Aids, Tuberculosis and Malaria after the House of Representatives voted last week to increase the amount.

Lebanon Leader Puts Onus On U.S. (LAT)

By Megan K. Stack And Borzou Daragahi

The Los Angeles Times, February 7, 2007

BEIRUT — Badgered by Hezbollah and jeered as a puppet of the U.S. government, Lebanon's prime minister on Tuesday blamed American support of Israel for an increasingly violent political crisis that has shredded this country's stability.

His voice rising in frustration during an interview with the Los Angeles Times, Fouad Siniora said the troubles in his nation would subside if U.S. officials were to press Israel to withdraw its soldiers from Shabaa Farms, a small patch of disputed turf that the United Nations has said was part of Syria.

With Shiite Muslim Hezbollah and its allies mounting a hard push for a bigger share of power in Lebanon, many people here believe that the international community should force Hezbollah's hand by depriving the party of any excuse for keeping an armed militia. The lingering occupation of the land has long been cited by Hezbollah as a justification for its armed guerrilla fighters on Israel's border.

But the U.S. has ignored his pleas, Siniora said.

"They're not doing it," he said.

"That's what we're telling them. That's what we disagree with them about."

In Washington, National Security Council spokesman Gordon Johndroe, told of Siniora's comments, said: "We understand the enormous pressure Prime Minister Siniora is under from Hezbollah and Syria and others that want to undermine democracy in Lebanon. We will stand by him to make sure democracy in Lebanon is successful, and we will continue to work for greater peace within the Middle East."

Divided by old sectarian and class tensions and battered by regional instability, Lebanon has reverted to being a battleground for regional and international conflicts. The United States, Iran, Syria, France, Saudi Arabia and other Arab states have pursued geopolitical agendas through local allies and proxies.

By all accounts, Siniora, a Sunni Muslim technocrat and former finance minister of humble birth, is Washington's favorite amid the stable of former warlords and clan patriarchs who jockey for power here. Officials in the Bush administration go out of their way to praise and bolster his government. And during months of angry anti-government protests, he has been cursed in the streets as a stooge of U.S. policy.

When he griped about the United States on Tuesday, it was a striking reminder of how American policy toward Lebanon can in some cases appear to undercut even Siniora, whom the Bush administration has scrambled to shore up in the face of fierce opposition.

Lebanese leaders complain that the United States failed to help Siniora when it mattered most, during last summer's war between Israel and Hezbollah. Israeli bombs pounded this country for weeks. An increasingly desperate Siniora wept on television and implored the Americans to intervene to stop the Israeli onslaught. But Washington refused to ask for a cease-fire.

In the final 36 hours of the war, Israel stepped up its shelling of southern Lebanon and unleashed a torrent of cluster bombs. More than a million bomblets and 380,000 land mines remain on Lebanese land, Siniora said Tuesday.

Israel has also continued to breach the cease-fire agreement with steady violations of Lebanese airspace, he said. According to the United Nations, Israel has engaged in about five or six flyovers each week.

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"In the Arab world there were always a lot of complaints and grievances against the United States…. They've pushed the Arab world toward extremism," Siniora said. The Arabs are "being humiliated every day. [The Americans] can see with their own eyes the Israelis are subjugating the Palestinians."

As for Hezbollah, it has seemed determined to keep its guns — no matter what happens to Shabaa Farms. Hezbollah lawmaker Nawar Sahili said the militia wouldn't even consider disarming until it believed the Lebanese army had been proved capable of defending the country.

"This is a red line for us," Sahili said of disarmament. "When the Lebanese army is strong enough, maybe."

In the nearly six months since a cease-fire stopped the fighting between Israel and Hezbollah, Siniora has come under harsh attack from the Islamic militant group and its allies, who cursed his government as an American puppet and demanded more power. Mass demonstrations outside his office have dragged on for months, sparking street fighting and dredging up dark memories of Lebanon's 15-year civil war, a conflict that finally faded out in the early 1990s.

On Tuesday, Siniora traced Lebanon's perpetual instability back to Israeli occupation, both of southern Lebanon and of the Palestinian territories. It was the repeated Israeli invasions and occupation of southern Lebanon, he said, that created Hezbollah and allowed it to spread.

Pointedly describing Shabaa Farms as Lebanese territory, Siniora insisted that if Israel were forced to relinquish the land, his government and Hezbollah could come to an understanding.

"The Arab-Israeli conflict is the mother of most problems in the Arab world," he said.

For now, Lebanon remains deeply locked in crisis. Gunfights erupted around the country last month between rival Christian factions and between Sunnis and Shiites.

The bloodshed rattled the political leaders, and both sides toned down their rhetoric and struggled to rein in the rage among their followers.

But talks between the government and the opposition remain frozen. Even during the bloodiest days of the civil war, the various sides kept talking, a Western diplomat here pointed out this week. But now, he said, there is no negotiation.

Each side blames the other for the break in talks.

Meanwhile, Iran and Saudi Arabia have begun to negotiate a settlement to Lebanon's impasse. Predominantly Shiite Iran has close ties to Hezbollah, while largely Sunni Saudi Arabia is a staunch supporter of the Siniora government.

As he complained about the Americans, Siniora praised Hezbollah leader Sheik Hassan Nasrallah as a "man who believes in his cause and who sacrificed even his son for that cause."

He also said that the Bush administration should engage Syria to pacify the region.

"Syria is a state. You cannot eliminate that state from the map. You've got to engage with Syria … to make it part of the solution, not part of the problem."

Rice Sees Summits With Israeli, Palestinian Leaders (AFP)

AFP, February 7, 2007

Secretary of State Condoleezza Rice plans a series of three-way meetings with Israeli and Palestinian leaders in a major shift of US efforts to broker a peace deal and establish a Palestinian state, a senior US official said.

Following six years of a virtual hands-off policy toward the Arab-Israeli dispute under President George W. Bush, Rice will bring Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas together for their first three-way meeting on February 19, US and Israeli officials announced.

"Our expectations are that this is an initial opportunity for these two leaders to start a discussion about those issues that would concern the framework of a possible Palestinian state," said Rice's spokesman, Sean McCormack.

"It is their first opportunity to discuss these in more than six years," he said, referring to a breakdown in peace negotiations since a Palestinian uprising against the Israeli occupation erupted in late 2000.

Rice had already announced her intention to host the Abbas-Olmert meeting in the middle of this month.

But McCormack said she intended to pursue the three-way format in a significant departure from Bush's past practice of remaining aloof from the intricacies of Israeli-Palestinian deal-making while he focused on the conflict in Iraq and the broader "war on terrorism".

"I would expect you would see more of the tripartite format as opposed to just the Israelis and Palestinians" meeting, McCormack said.

"We would hope that the Israelis and Palestinians would take advantage of this particular forum" to reach agreements on everything from the "most mundane" issues of security, economics and trade to the "most politically sensitive" questions of forming a Palestinian state, he said.

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The Bush administration has been under growing pressure from Arab and European allies to invest more effort in breaking the Israeli-Palestinian deadlock, seen as fueling a global rise in Islamic radicalism.

Rice has held many fruitless separate meetings with Israelis and Palestinians over the past two years focused primarily on ending attacks on Israel by Islamic radicals.

Last month during her latest tour of the region, she announced a new approach that would deal in parallel with security matters and so-called "final status" issues involving the borders and powers of a future Palestinian state, the status of Jerusalem and the fate of Palestinian refugees.

The US plan was endorsed Friday by the top diplomats from Russia, the European Union and United Nations, who together with the United States make up a group known as the "Quartet" of Middle East mediators.

But the initiative faces serious obstacles, with Abbas locked in a violent power struggle with the Islamic movement Hamas and Olmert severely weakened by his perceived mismanagement of Israel's war against Lebanon's Hezbollah militia last year.

Hamas won control of the Palestinian government in elections a year ago, sparking a diplomatic and aid embargo by Quartet nations.

Abbas has tried to negotiate a power-sharing deal that would create a unity government between Hamas and his secular Fatah party, but Hamas has refused to meet Quartet requirements, notably by recognizing Israel's right to exist.

Tensions between the two sides erupted into deadly violence in December which has left 100 dead, including 50 killed over four days last week.

Abbas and Hamas leaders were meeting in Mecca, Saudi Arabia, this week in another bid to reach an accommodation.

McCormack reaffirmed Tuesday that any agreement between the two sides should include recognition of the Quartet principles.

The Quartet is due to meet again in Berlin after the Rice-Abbas-Olmert summit.

Palestinian Aid Policies 'backfiring' (FT)

By Harvey Morris

Financial Times, February 7, 2007

Concern is mounting in the international aid community that policies aimed at isolating the Palestinian Authority's ruling Hamas movement have backfired by further impoverishing the people of Gaza and the West Bank without seriously undermining the Islamists.

The British charity Oxfam joins the debate on Wednesday with an appeal for Europe to scrap an emergency aid programme that bypasses Hamas and revert to direct funding of the PA government that it controls.

"The way that European aid is currently being delivered is undermining Palestinian basic services and damaging a highly fragile economy," said Barbara Stocking, Oxfam's director.

Her statement followed a report last week by the UK parliament's international development committee that claimed the policies of Israel and international donors towards Hamas were playing into the hands of its Iranian ally.

"The withholding of revenues by Israel and the boycott of the Hamas-led Palestinian Authority by existing donors has led the Hamas government increasingly to look elsewhere for financial support," the report said.

"As a result, Hamas now has closer links to governments like that of Iran than it had two years ago. We doubt whether this is a development that the international community would have intended."

Israel has released only $100m (€77m, £51m) of an estimated $600m in tax revenues collected on behalf of the PA since Hamas came to power 12 months ago. The PA collects locally about $25m a month in tax.

The controversy erupted as Hamas officials met in Mecca last night with Mahmoud Abbas, PA president and leader of the rival Fatah movement, to try to reach a national unity agreement that could lead to the lifting of what Palestinians describe as an international "siege".

Despite the so-called boycott, tens of millions of dollars are still flooding into the territories. There has been emergency aid from Europe and elsewhere, support from Arab governments – about $260m last year – and an indeterminate amount of cash smuggled by Hamas and others into the Gaza Strip.

One senior western aid official, asked to quantify the total reaching the territories, conceded: "Frankly, we don't have any idea."

Members of the international Quartet – the US, European Union, United Nations and Russia – who with other donors had provided about $1bn a year to the Palestinians, suspended direct aid to the PA after Hamas came to power in January last year.

The Quartet said the boycott of Hamas would remain in force until it recognised Israel, committed itself to non-violence and accepted existing agreements with Israel, a position the four reaffirmed at a meeting in Washington last week.

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Officials said the original thinking behind the boycott was to show Palestinians the consequences of electing a Hamas government. With Hamas unable to finance services and public sector salaries, it was assumed its popularity would suffer. Recent polls, however, showed it just a few percentage points behind Fatah.

In June, in an effort to stave off hardship among Palestinians, the Quartet supported the establishment of a European-run Temporary International Mechanism (TIM) to funnel funds to Palestinians through the office of Mr Abbas.

By the turn of the year, the European Commission had contributed €107.5m ($140m, £70m) through the TIM to pay for health services, fuel supplies and allowances to the poor and to public employees who had gone for months without pay.

Oxfam's statement described the mechanism as an "aid fiasco" and lambasted a system under which HSBC bank had received almost €4m in commissions to administer the transfer of allowances to Palestinian recipients.

European officials defended the TIM and played down the significance of commissions of less than 4 per cent, describing them as below normal for such large and complex transactions.

Mario Mariani, who heads TIM's operations from Jerusalem, told the FT: "The idea has been to show we were not prepared to starve people in order to get rid of a government we did not agree with."

Although officials liaise with Mr Abbas's office, TIM payments go directly to beneficiaries such as Israeli fuel suppliers or to the bank accounts of Palestinian employees. Payments to individuals are made on the basis of a database held by HSBC in London to ensure no funds are diverted to terrorism. "No money goes directly to [the] president's office," said Mr Mariani. "There is no blank cheque."

So far, 144,000 heads of poor households and state employees have received financial aid through the TIM, directly benefiting 900,000 people. The allowances have averaged 40 per cent of former salaries. No payments have been made to the 80,000-strong security forces.

Some aid officials and Palestinian officials close to Mr Abbas are concerned Hamas has attempted to claim credit for the fact the economy has not totally collapsed under its watch, while the president has failed to win kudos for acting as a conduit for continued foreign aid.

Mr Mariani acknowledged the problem but said: "People know what they are getting, and they are not getting it from Hamas.

"At the beginning there was some confusion and the government tried to exploit it. Now it is very clear that people can see Hamas has not delivered."

Fatah And Hamas Leaders Meet Saudi King For Peace Talks (NYT)

By Hassan M. Fattah

The New York Times, February 7, 2007

MECCA, Saudi Arabia, Feb. 6 — Leaders of the two main Palestinian parties, Hamas and Fatah, on Tuesday began a two-day Saudi-brokered effort to agree on a unity government that could end a wave of violence in the Gaza Strip and the West Bank and resume relations with donor countries.

The Palestinian president, Mahmoud Abbas of Fatah, and two Hamas leaders — Ismail Haniya, the Palestinian prime minister, and Khaled Meshal, the Damascus-based militant leader — met separately with King Abdullah, Saudi officials said.

All of the leaders are expected to perform the pilgrimage at the Grand Mosque in Mecca and meet with other Saudi officials and mediators before deliberations begin in earnest here on Wednesday.

The meeting is intended to yield a government that would include members of both parties and be acceptable to Western governments so that they resume relations with and aid to the Palestinians and restart peace negotiations with the Israelis, which have been stalled since 2003.

The United States and the European Union consider Hamas, which has carried out numerous attacks against Israeli civilians and opposes Israel's existence, to be a terrorist organization. They cut off aid to the Palestinian Authority last spring after Hamas took power as a result of defeating Fatah in elections held in January of last year.

Previous efforts to stem the current bloodshed between the Palestinian factions and find common ground have yielded only temporary cease-fires. But many hope that the high-profile meeting in Islam's holiest city, and the weight and personal prestige invested in it by King Abdullah, will prod the Palestinians to leave here with an agreement in hand.

"Hopefully, in the holy environment in the house of God, this will come clearly as a message to them and they will take their obligations as seriously as they can," the Saudi foreign minister, Prince Saud al-Faisal, said Tuesday in an interview.

Hamas and Fatah have wrangled over a unity government since last summer, when it became clear that with Western aid withheld, Hamas could not govern alone.

Prime Minister Ehud Olmert of Israel told visiting American Jewish leaders Tuesday that he would meet on Feb. 19 with Secretary of State Condoleezza Rice and Mr. Abbas. Mr. Olmert did not say where the meeting would take place.

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The issues separating Hamas and Fatah in the Saudi-sponsored talks are how to divide ministerial portfolios and how the new government will meet the Western criteria of renouncing violence, recognizing Israel and accepting previous Israeli-Palestinian agreements.

American and Israeli officials said Tuesday that the so-called quartet — the United States, the European Union, Russia and the United Nations — would not compromise on those demands.

If there is a deal in Mecca, Prince Saud said, "you move to the peace process — then you will be able to, with assurance, have the talks between the two sides."

The Saudis, who have traditionally preferred to work quietly behind the scenes, have grown increasingly alarmed at the chaos engulfing the Middle East.

Palestinians Try To Stave Off Civil War (AP)

By Donna Abu-Nasr

AP, February 7, 2007

Palestinian factions on the brink of civil war gathered Tuesday in Mecca, Islam's holiest city, in a last-ditch effort to end their bloody conflict. The Saudi-led push is key to any future peace talks with Israel — and to Arab efforts to blunt Iran's growing power.

Palestinian President Mahmoud Abbas of Fatah and Khaled Mashaal, leader of the militant Hamas movement, flew to the Saudi city of Jiddah before heading to Mecca to meet their host, King Abdullah, ahead of the start of talks Wednesday.

The talks are open-ended, a reflection of Saudi Arabia's determination to keep them going until the Palestinians reach a deal for power-sharing in a new coalition government.

The king's mediation and the holding of the talks in Mecca underline the Saudi pressure on the sides to overcome their differences. The Saudis are pointedly convening the talks in a Mecca guest palace overlooking the Kaaba, the cube-shaped shrine toward which all Muslims turn when they pray.

Four days of gunbattles between Fatah and Hamas fighters killed more than 30 people and wounded over 200 others until a cease-fire took hold Sunday.

Even as Palestinian Prime Minister Ismail Haniyeh of Hamas left the Gaza Strip Tuesday for the talks, Hamas and Fatah security officials fired at each other for 10 minutes at the Gaza-Egypt crossing terminal. No injuries were reported.

"Nobody wants the battling to continue," Haniyeh told reporters. "The only beneficiary is Israel."

In an interview with the Lebanese paper Al-Akhbar, Abbas warned that failure in Mecca "would mean the deterioration of the internal situation and igniting civil war."

Beyond ending the intra-Palestinian bloodshed, a deal on power-sharing is vital for any resumption of the peace process. Israel has refused any talks since Hamas formed a government following January 2006 elections, and the West imposed a financial blockade on the Palestinian government because of Hamas's refusal to renounce violence and recognize Israel.

Abbas, a moderate who was elected separately, is hoping for an agreement on a coalition government in which Hamas will give some degree of recognition to previous peace agreements with Israel to allow a resumption of talks and an end to the embargo.

The Mecca gathering is also a test of U.S. ally Saudi Arabia.

The kingdom, which normally prefers behind-the-scenes diplomacy, has taken an assertive new role in trying to resolve the Palestinian conflict, as well as two other Mideast conflicts that threaten to erupt into full-fledged civil wars: Iraq and Lebanon.

It has done so in part because it fears that Shiite-Sunni tensions fueled by the turmoil in Iraq and Lebanon could explode, destabilizing the region — and threatening the kingdom itself, which is mainly Sunni but has a significant Shiite minority.

Saudi Arabia also aims to stem the influence of mainly Shiite, Persian Iran, its longtime rival, which has a hand in all three crises. Iran has funneled millions of dollars to Hamas, giving it an unprecedented influence in the Israeli-Arab conflict. As a sign of its concern, Saudi Arabia has even opened contacts with Iran to cooperate in easing tensions in Iraq and Lebanon.

At the same time, Saudi Arabia sees reviving the Israeli-Arab peace process as vital to calming the crises across the Mideast.

King Abdullah underlined the need for a deal as he met with Abbas and Mashaal separately in Mecca.

"What's going on in the land of Palestine serves only the enemies of the Islamic nation," he told Abbas, according to the Saudi News Agency. "If it continues, it will rob the Palestinians of the fruits of their long struggle."

Speaking to Mashaal and Haniyeh, Abdullah warned: "If the dispute between Palestinian brothers goes on, it will bleed away their energy and end all that they have struggled to achieve."

Abdullah also received a message from President Bush ahead of the talks, delivered by Homeland Security and Counterterrorism adviser Frances Townsend, the news agency reported, without giving details.

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State-guided Saudi newspapers urged the Palestinians to reconcile and observe the truce that took hold Sunday. "If the Palestinians cannot reach radical solutions at the Mecca meeting, then I believe we have to wait 50 more years for them to, perhaps, get over the (power) complex," commentator Hani Wafa wrote in a column titled "The Last Chance" in Al-Riyadh newspaper.

The Palestinians have been struggling for months over a power-sharing deal, and street battles between gunmen of the two parties have erupted with increasing frequency in Gaza. The differences focused on the program of the proposed coalition and who would control the security forces. In recent months, Egypt, Syria and Qatar have all tried and failed to end the power struggle.

Moussa Abu Marzouk, deputy of Hamas leader Mashaal, was cautious as he and Mashaal left Damascus for the talks. "The disagreements ... have become narrower," Marzouk told The Associated Press, "but we don't know whether an agreement will be reached or not."

Ostensibly, the gaps are small — in the case of the program only a single word. Abbas, a moderate who was elected separately in 2005, has insisted Hamas promise to "commit" to previous agreements, including interim peace deals with Israel. Hamas is only willing to say it "respects" such agreements.

Saudis Offer Counterweight To Resurgent Iran (FT)

By Heba Saleh

Financial Times, February 7, 2007

By inviting the leaders of Fatah and Hamas, the two warring Palestinian factions, to reconciliation talks in Mecca, Saudi Arabia has invested its prestige in efforts to ward off a civil war in the occupied territories.

The Saudi-sponsored talks, which opened on Tuesday, come as the conservative kingdom increasingly finds itself at centre stage in diplomatic efforts to prevent the crisis-ridden Arab world sliding into further conflict.

Palestinian infighting is impeding the efforts of pro-US states, such as Saudi Arabia, Egypt and Jordan, to press Washington to revive a meaningful Arab-Israeli peace process leading to the establishment of a Palestinian state – a strategic goal for these countries. But Saudi concerns have gained urgency as Riyadh tries to counter Iranian influence in the region.

Arab officials are alarmed by what they see as Tehran's expanding regional role through its links with the newly resurgent Shia majority in Iraq and through its backing for radical forces such as the Palestinian Hamas government and Hizbollah, the Lebanese Shia group. They also see Iran profiting from the turmoil in Arab trouble spots by appealing directly to Arab public opinion frustrated by the inability of regional governments to stand up to Israel and the US.

Tehran has been cementing its ties with Hamas, Arab officials complain, to the detriment of Egyptian efforts to forge a Palestinian national unity government that could negotiate with Israel.

"The Palestinian issue should be resolved by the Arabs and no one else," said King Abdullah of Saudi -Arabia in remarks published last week.

He also warned Iran that it was "endangering" the Gulf region because of the problems in its international relations – an apparent reference to Tehran's stand-off with the US over its alleged nuclear ambitions.

Analysts say Saudi Arabia is engaged in a difficult balancing act. It wants Tehran's influence checked, but without confrontation. Riyadh, they argue, is trying to use pressure and diplomacy to counter Tehran but is anxious to avoid a US military strike against Iran's nuclear facilities.

Saud al-Feisal, the Saudi foreign minister, announced last week that his country was working with Iran to avert strife between the Sunni and Shia in Iraq and Lebanon. At the same time, however, Riyadh appears to be backing the new US strategy in Iraq, which includes raising the pressure on Tehran.

"The Iranians have a clear understanding of where we stand," said a Saudi analyst close to the government. "We want them to prove that they are a player for ending disputes, not for stirring them up."

Tehran denies it is stirring up trouble and argues it wants stability just as much as the Saudis.

However, even as Saudi and Iranian envoys criss-crossed the region in recent days with the declared aim of avoiding sectarian bloodshed in Lebanon and Iraq, a wave of anti-Iranian and anti-Shia rhetoric has been sweeping the Arab press, threatening to inflame rather than damp down -sectarian tensions.

Newspapers have accused Iran of seeking to win converts to Shia Islam in Sunni Arab countries as far afield as Algeria and of trying to revive its old Safavid empire. Some Saudi clerics have issued statements accusing the Shia of being heretics.

"We are going back to the discourse of the 1980s immediately after Iran's Islamic revolution," said Abdulaziz al-Qassim, a Saudi lawyer. "Even moderates have assumed a virulent anti-Shia tone. There is a sense of threat because of the sectarian massacres in Iraq and a fear that the balance of force in the region will be altered if [Iran acquires] nuclear weapons."

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In a country where there is a sizeable Shia minority, estimated at about 2m, the sectarian talk is producing alarm. “The consequences of this incitement . . . will be dangerous,” warned Sheikh Hassan al Nimr, a Shia cleric in Saudi Arabia.

However, so far there have been no moves on the part of the Saudi authorities or any other Arab government to curb the sectarian rhetoric.

“In some respects it may be Machiavellian,” said -Gregory Gause, a specialist in Gulf politics. “Most people in the Arab world like Iran’s support for the Palestinians and they see a nuclear Iran as strengthening the Islamic world. So if you inject a sectarian element you can mobilise opinion against Iran.”

Saudi Arabia's Diplomacy (WP)

The Washington Post, February 7, 2007

ONE CONSEQUENCE of the Bush administration's recent decision to divide the Middle East between "extremists" and "moderates" was to marginalize U.S. diplomacy in the region. The administration refuses to talk to the "extremists" -- Iran, Syria, Hezbollah and Hamas -- but those governments and groups are at the center of every major conflict from Iraq to the Gaza Strip. Now one of the administration's "moderate" allies, Saudi Arabia, has stepped into the vacuum. The result has been a revealing demonstration of how talks with adversaries can sometimes be useful -- and a hint of what may be lost by Mr. Bush's inflexible policy.

In Riyadh yesterday, Saudi King Abdullah was hosting potentially groundbreaking negotiations between Palestinian President Mahmoud Abbas and senior leaders of Hamas. While Secretary of State Condoleezza Rice has been preparing to have her own talks next week with Mr. Abbas and Israeli Prime Minister Ehud Olmert, the intra-Palestinian discussions are considerably more important: They could determine whether a Palestinian administration emerges that is both willing and able to settle with Israel, or whether recent Palestinian factional fighting escalates. Significantly, the Hamas representatives in Riyadh include Khaled Meshal, a militant leader based in Damascus who has blocked previous moves toward a Palestinian accord. Saudi relations with Mr. Meshal's sponsor, Syrian President Bashar al-Assad, may be warming; Mr. Assad will soon be in Riyadh for a Saudi-hosted summit of the Arab League.

Saudi diplomats, including former ambassador to Washington Prince Bandar bin Sultan, are also deeply engaged in talks with Iran. The contacts began with a visit to Saudi Arabia by Ali Larijani, the head of Iran's national security council. Prince Bandar subsequently visited Tehran and, according to a report in the New York Times, King Abdullah received leaders of Hezbollah. Sunni-ruled Saudi Arabia and Shiite Iran back opposite sides in the escalating sectarian conflicts in Iraq and Lebanon, but the talks show that both governments are interested in tamping them down. Though there have been no breakthroughs, the diplomacy seems to have succeeded, at least, in cooling the situation in Lebanon, where a Hezbollah campaign against the Saudi-supported, pro-Western government led to several days of violence last month.

The Bush administration seems to be encouraging the Saudi diplomacy: The State Department praised the king's hosting of the Palestinian talks. In fact the Saudi initiatives, even with so-far-uncertain results, refute the premises of the administration's own policy of sharply dividing enemies from friends. U.S. strategy assumes that nothing can be gained by talks with Iranians such as Mr. Larijani and that nothing can cause militants such as Mr. Meshal to compromise. It's good that Saudi Arabia is testing a contrary theory in practice; even better would be some American diplomatic risk-taking.

U.S. To Create A Single Command For Military Operations In Africa (NYT)

By David Stout

The New York Times, February 7, 2007

WASHINGTON, Feb. 6 — The Pentagon will establish a new military command to oversee its operations in Africa, President Bush and Defense Secretary Robert M. Gates announced Tuesday.

Creation of the United States Africa Command, which had been expected, will “strengthen our security cooperation with Africa and create new opportunities to bolster the capabilities of our partners in Africa,” Mr. Bush said.

The president said he had directed Mr. Gates to establish the command by Sept. 30, 2008. The location of the command will be determined after discussions with Congress and officials of countries on the continent, Mr. Bush said.

Mr. Gates, testifying Tuesday before the Senate Armed Services Committee, said creation of the command would eliminate an “outdated arrangement left over from the cold war.”

Three commands now divide responsibility for operations in Africa: the European Command, which oversees most countries on the continent, except those in the Horn of Africa; the Central Command, which has responsibility for Egypt, Sudan, Eritrea, Ethiopia, Djibouti, Somalia and Kenya; and the Pacific Command, which has responsibility for Madagascar, the Seychelles and the Indian Ocean.

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The man who is about to become the head of the Central Command, Adm. William J. Fallon, told the Senate Armed Services Committee on Jan. 30 that he favored establishment of an Africa Command, in light of the humanitarian crises and instability across much of the continent and its strategic importance.

"The Horn of Africa sits astride one of the most critical sea lines of communication in the world," Admiral Fallon said. On Tuesday, the committee endorsed him to succeed Gen. John P. Abizaid to lead the Central Command and sent the nomination to the full Senate for confirmation.

US Signals Scope For Ties With N Korea (FT)

By Demetri Sevastopulo

Financial Times, February 7, 2007

Washington would be prepared to start normalising relations with Pyongyang before it completed nuclear disarmament if it helped persuade North Korea to move forward on a previous agreement to denuclearise the Korean peninsula.

A senior Bush administration official said Washington would consider starting the process to remove Pyong-yang from the list of state sponsors of terrorism, and to ease restrictions on American companies dealing with the state, if North Korea moved forward on its commitment to dismantle its nuclear programmes.

US officials will meet their North Korean counterparts tomorrow when the six-party talks, which include China, Japan, South Korea and Russia, resume in Beijing.

In September 2005 North Korea pledged to abandon its nuclear weapons programmes and rejoin the nuclear non-proliferation treaty in return for energy aid and security guarantees. But Pyongyang refused to return to the negotiating table for more than a year after Washington imposed financial sanctions that hurt the regime of Kim Jong-il.

The Bush administration has come under greater pressure to deal with North Korea after it tested a nuc-lear weapon for the first time last year.

But the White House believes Mr Kim is also under pressure to reach an agreement because of the financial sanctions, and also because of increased pressure from China. But David Albright, a US nuclear expert who met government officials in Pyong-yang last week, said North Korea did not appear under pressure.

"North Korea feels the US is making a mistake by putting all their eggs in the Chinese basket," said Mr Albright.

The US official said South Korea would take the lead in providing energy assistance and food aid, which North Korea badly needs following a bad grain harvest in 2006. In return, Pyongyang would agree to freeze its plutonium reactor as the first stage of a process that, from the US perspective, would have to lead to complete disarmament, including the removal of North Korea's stockpile of plutonium.

U.S. Expects Intense N.Korea Nuke Talks (AP)

By Carl Freire

AP, February 7, 2007

The U.S. expects "hard bargaining" at upcoming talks aimed at getting North Korea to abandon its nuclear program, Washington's chief negotiator in the talks said Wednesday.

Christopher Hill, speaking to reporters in Tokyo on his way to Beijing where the six-nation talks resume Thursday, said North Korea's willingness to take steps forward was key.

"The big question is whether the North Koreans are really ready to make some progress," Hill said. "We did have some good signs in Berlin, but I think we also know that there is going to be some rather hard bargaining, so we'll see how we do."

North Korea returned to the six-party talks — which also include Japan, China, Russia and South Korea — in December after conducting its first nuclear test in October, but the talks stalled over the North's objections to U.S. financial sanctions.

The North agreed in January to resume the nuclear negotiations after the United States offered unspecified concessions during rare bilateral talks in Berlin.

North Korea is proposing to freeze its main nuclear reactor and allow U.N. monitoring in return for massive energy shipments and normal relations with the United States, according to an American nuclear expert who visited Pyongyang last week.

David Albright, a former U.N. nuclear inspector, said in an interview Tuesday that North Korean officials told him they also wanted the lifting of U.S. financial restrictions imposed for alleged North Korean counterfeiting of U.S. currency and money laundering that have led to about $24 million in North Korean funds being frozen at a Macau bank.

Chief North Korean disarmament negotiator Kim Kye Gwan and other officials told Albright and Joel Wit, a former State Department official, that nothing would happen until the U.S. agreed to the construction of light-water reactors that Washington promised North Korea under a 1994 deal to freeze Pyongyang's nuclear program.

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That deal, which also included an annual supply of half a million tons of heavy fuel oil until the reactors were built, was scrapped in 2002 when North Korea admitted it had restarted its atomic program.

Albright, the head of the Institute for Science and International Security, said the North emphasized that it now wanted either electricity shipments or more heavy fuel oil than was promised in the 1994 deal.

Hill said Tuesday that negotiators from Pyongyang had not raised the issue of heavy fuel oil in return for shutting down its reactor. However, he said there was room to discuss the matter under a September 2005 pledge in which North Korea agreed to give up its nuclear program in exchange for aid and security guarantees.

Northern Exposure (WSJ)

By Gordon G. Chang

The Wall Street Journal, February 7, 2007

Tomorrow, China-sponsored six-party talks to disarm North Korea are scheduled to resume in Beijing. This time, there are great expectations that an agreement will be reached. But if there is a deal, it will not be because Chinese diplomats worked behind the scenes. It will be because the Bush administration has made concessions it previously refused to consider -- in particular, releasing frozen North Korean funds, providing aid, and accepting only an interim freeze of the North's production of plutonium. American policy makers apparently think that if the U.S. makes the first moves, China will persuade North Korea in the future to completely give up its nuclear arsenal.

China supplies approximately 90% of the North's oil, 80% of its consumer goods and 45% of its food. It accounts for more than half of Pyongyang's foreign trade, and is the only nation that pledges to defend Kim Jong Il's state with military force. Some North Korean officials are thought to be more loyal to the Chinese leadership than to Kim Jong Il. The little autocrat could "neither bark nor bite" without China's assistance. Beijing can disarm him but has chosen not to exercise its influence.

China's failure to act leads analysts to believe that Beijing keeps the Kimist regime afloat to preserve regional peace, avoid a tide of refugees, maintain a buffer against American forces in South Korea, destabilize Japan and obtain leverage over Washington. Beijing seeks these advantages, but they barely explain recent Chinese policy. Kim Jong Il is the destabilizing force in North Asia, and Korean refugees would move south in a crisis and not north. A unified Korea in Beijing's orbit would serve as a superior buffer, and it is Kim Jong Il who is pushing Japan to rearm and build missile defenses. And Korean issues are beginning to cloud China's relations with America. On balance, North Korea is a growing liability for Beijing as it tars its international standing.

There are two primary reasons why the Chinese haven't solved the Korean crisis. First, China is in the middle of a once-in-a-lifetime transition. Mao Zedong was once the world's arch-proliferator of nuclear weapons technologies. Many in Beijing now realize that the further nuclearization of the region will only result in the reduction of China's relative power. It is not just the potential armament of Japan, South Korea and Taiwan that concerns the Chinese. The nuclear agreement between India and the U.S. -- the world's largest democracy and its most powerful one -- foreshadows a setback of immense proportions for China.

Despite Beijing's recognition that proliferation no longer benefits China in the long term, there is now no accepted strategic vision in the Chinese capital, just competing views and interests that result in directionless policy -- what many mistake as "nuanced" diplomacy. There may be academics and Foreign Ministry officials who want to take constructive steps, but there are also generals who enjoy bedeviling Americans and who maintain close ties with their North Korean counterparts.

The most recent evidence of Beijing's indecisiveness is its flip on the inspection of goods moving in and out of North Korea. On Oct. 14 of last year, Wang Guangya, China's U.N. ambassador, voted in favor of U.N. Security Council Resolution 1718, which calls on nations to inspect such goods. Immediately after the vote, he declared that the inspection provision was unacceptable to China. Then, two days later he said that China would inspect North Korean cargoes after all, but would not intercept or interdict them. This erratic performance is a sign of a government that does not know what to think or do, even on matters of importance.

More generally, Chinese foreign policy has not evolved to the point where Beijing is disposed, by itself, to openly interfere in the affairs of a neighbor in a drastic manner. China's officials still speak of the Five Principles of Peaceful Coexistence -- all of which boil down to noninterference in others' internal affairs -- as the bedrock of their foreign policy. China must complete the process of both shedding the self-image of an outsider and ending its traditional role as an adversary of the existing global order. Such a change inevitably occurs when a rising power matures, but it only happens after internal perceptions have shifted over time. The fundamental problem is that China is just not quite ready to act like a great power.

Second, China has priorities that it perceives to be more important -- or at least more immediate. North Korea was pushed to the top of Beijing's agenda only by an unexpected event: Pyongyang's October 2002 admission to an American envoy that it had been pursuing a uranium-weapons program in violation of its existing agreements. Up until then, Chinese leaders were

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preoccupied by domestic matters. To the extent they were concerned by international ones, they were focused on China's western and southern borders. Today, other matters -- such as securing energy -- are deemed far more urgent than Korea.

China will not disarm North Korea on its own. Beijing has been able to protect Pyongyang because Seoul is doing the same. Stripping Seoul from Beijing should be Washington's most immediate tactical goal. If Washington can help South Korea reverse course -- certainly possible in light of the conservative trend in that nation -- the Chinese will be alone in their support of Pyongyang and will therefore have to take a clear stand. They will have to choose between their future, cooperation with the U.S., and their past, the alliance with North Korea. America can help the Chinese break the deadlock inside their capital and complete their nation's historic transition.

Mr. Chang is the author of "Nuclear Showdown: North Korea Takes On the World" (Random House, 2006).

Bush Approves Plan To Pressure Sudan (WP)

By Glenn Kessler

The Washington Post, February 7, 2007

President Bush has approved a plan for the Treasury Department to aggressively block U.S. commercial bank transactions connected to the government of Sudan, including those involving oil revenues, if Khartoum continues to balk at efforts to bring peace to Sudan's troubled Darfur region, government officials said yesterday.

The Treasury plan is part of a secret three-tiered package of coercive steps -- labeled "Plan B" -- that the administration has repeatedly threatened to unleash if Sudan continues to sponsor a campaign of terror that has left as many as 450,000 dead and 2.5 million homeless. But the administration has held back on any announcement of Plan B, even after setting a Jan. 1 deadline, in hopes of still winning Khartoum's cooperation.

The delays have increased skepticism that the administration is willing to risk potential diplomatic and commercial fallout from targeting Khartoum.

The U.S. plan would put pressure on Darfur rebel leaders who have refused to participate in peace talks or who have targeted humanitarian groups operating in the region, officials said. The information on Plan B was provided by officials in four government agencies on the condition of anonymity because the administration had not planned on releasing details yet.

Some aspects of Plan B have already been stealthily launched, such as stationing four U.S. Army colonels last month as observers on the Sudan-Chad border in full view of Sudanese intelligence. The unannounced move was intended as a signal to Khartoum, which the administration accuses of launching a "quiet war" against Chad's government to widen the Darfur conflict.

"I find this all very dubious. They have talked about Plan B, but they have never explained what Plan B is," said J. Stephen Morrison, director of the Africa program at the Center for Strategic and International Studies. "The deadlines have come and gone, and the Sudanese have thumbed their noses."

Andrew Natsios, Bush's special envoy to Sudan, tomorrow will testify before the House Foreign Affairs Committee that the administration has set three triggers that would result in the enhanced sanctions: one, renewed attacks on displacement camps or driving nongovernmental organizations from Darfur; two, stonewalling peace negotiations with rebel forces; and three, refusing to implement a plan pushed by then-U.N. Secretary General Kofi Annan to expand a poorly equipped 7,000-person African Union force into a hybrid A.U.-U.N. force of 17,000 troops and 3,000 police.

"Treasury's plan to block commercial bank transactions connected to the Khartoum regime, even those involving oil revenues, will be only a minor, short-term inconvenience," said Eric Reeves, a Sudan expert at Smith College, who noted that Khartoum has already violated the three triggers since the start of the year. "This element of Plan B only reveals more fully its vacuous nature."

The Darfur conflict broke out in 2003, when African rebel groups attacked police stations and military outposts. The United Nations and human rights groups accuse Sudan's government of supporting a militia known as the Janjaweed in an effort to crush the rebellion. About 2,000 villages have been destroyed across Darfur, and the administration more than two years ago accused the government of engaging in genocide. But the United States has made little progress in ending the conflict or the humanitarian crisis.

Buoyed by booming oil wealth and a close relationship with China, Sudan has shrugged off repeated threats of action. Bush, increasingly frustrated by the impasse, approved key aspects of the plan last month, directing Treasury to come up with a menu of options that would directly affect the government in Khartoum, officials said. Sudan's Arab leadership has fought multiple civil wars with regional groups over the country's oil and other resources, and U.S. officials believe Sudan's leaders are fearful of any moves that might threaten their grip on power.

Sudan's economy is largely dollar-based, meaning many commercial transactions flow through the United States and making it especially vulnerable to Treasury actions. Indeed, U.S. intelligence, which has stepped up reporting on Sudan in recent months to prepare for a confrontation, believes Khartoum set up a government committee to explore ways of obtaining oil

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revenues that did not involve dollars, such as barter deals, one official said. Sudan's government has also unsuccessfully sought new oil contracts that would provide for large upfront payments.

The core of the Treasury plan rests on an executive order issued by President Bill Clinton in 1997 that blocked all Sudanese government assets, including companies connected to it, and curtailed financial dealings with Sudanese entities. Bush last year issued a second executive order that blocked the property of people connected to the conflict in Darfur. The existing orders already result in regular freezes or rejections of some Sudanese transactions, but U.S. officials believe they also give the Treasury the authority for an aggressive crackdown on a much larger group of companies connected to Sudan.

Officials hope a ripple effect of Treasury's actions would extend to other countries and companies doing business with Sudan, forcing them to reconsider whether they want to be tainted or, more troubling, subjected to Treasury's scrutiny. "Anything that is controlled by the government we can go after," a senior administration official said. "But the effectiveness will be driven by the participation of our partners," meaning other countries.

Sudan produces about 500,000 barrels of oil a year, which at current market rates is worth about $10 billion. As much as 200,000 barrels are kept for internal consumption, Morrison said, with about 75 percent of the rest sold to China. Partly because some aspects of the plan are still classified, administration officials yesterday were vague about how the plan would cripple Sudan's oil revenues. One official said Treasury will "have the ability to touch things that touch oil revenues."

The regional government of South Sudan, created through a peace deal two years ago, is supposed to get 50 percent of oil revenues. Officials said they think they had designed the plan so it would harm Khartoum but without impacting the government in the south.

Suicide Bomber Dies At Airport In Pakistan (NYT)

By Salman Masood

The New York Times, February 7, 2007

ISLAMABAD, Pakistan, Feb. 6 — A suicide bomber armed with pistols and grenades killed himself and at least one other person after a shootout with security guards at Islamabad's international airport on Tuesday night, in what the police described as a thwarted but brazen terrorist attack.

It was the second suicide bombing in Islamabad in less than a week and appeared intended to inflict major casualties at the airport, which was teeming with passengers and was sealed off by the police for hours. At least five people were wounded, including three security personnel, and were rushed to nearby Rawalpindi General Hospital.

Aftab Ahmed Khan Sherpao, the interior minister, said in an interview that the bomber and an accomplice fled a taxicab at an airport checkpoint near the parking lot. He said the bomber zigzagged, fired at security guards and detonated a grenade as he was hit by an officer's bullet. Another intelligence official said the accomplice was wounded and arrested.

The identities and motives of the pair were unclear. But Tariq Azeem Khan, the state minister for information, said the attack was evidently a response to President Pervez Musharraf's effort to suppress groups that support Al Qaeda, the Taliban and other Islamic militant extremists, particularly in Pakistan's northwest frontier near the border with Afghanistan.

"It is a backlash against Pakistan's support in the war against terror," Mr. Khan said. '"Pakistan is itself a victim of terror and is being targeted."

The attack followed a Jan. 26 suicide bombing at the Marriott Hotel in an upscale neighborhood of Islamabad and was the sixth militant attack in the past two weeks, most of them near the Afghanistan-Pakistan frontier.

Russia Tycoon May Talk To Police On Poisoning (NYT)

By Alan Cowell

The New York Times, February 7, 2007

LONDON, Feb. 6 — Boris A. Berezovsky, an exiled Russian tycoon and bitter opponent of the Kremlin, said Monday that he was prepared to be interviewed by the Russian police investigating the poisoning in London last November of Alexander V. Litvinenko, a dissident former K.G.B. agent he had advised and financed.

However, in what he called his first newspaper interview since the British police handed a dossier on the case to the Crown Prosecution Service last week, Mr. Berezovsky said that he would talk to Russian investigators only if they met conditions, including being searched for weapons and poisons.

Mr. Berezovsky spoke in a wide-ranging, 50-minute interview in his offices in Mayfair, a wealthy district of central London, offering some new insights into a tantalizing case that has raised many questions but answered few of them since Mr. Litvinenko, 43, died of radiation poisoning caused by a rare isotope, polonium 210, on Nov. 23.

Mr. Berezovsky said he believed that Mr. Litvinenko had been the target of two attempts on his life, the first in mid-October. That attempt failed, he said, because too little poison was used. Mr. Berezovsky also disclosed that the prime suspect identified

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in British news reports had visited him the day before Mr. Litvinenko was poisoned in November and had left a powerful trace of radiation in Mr. Berezovsky's office.

After the British police started investigating the case, Russian officials announced their own inquiry and said Moscow police officers were awaiting clearance from Britain to come here.

In a softly lighted and sumptuous suite, Mr. Berezovsky, a former mathematician who amassed huge wealth in business during the Russian presidency of Boris N. Yeltsin in the 1990s, said he was prepared to meet Russian investigators if that would help the British police inquiry, which is widely perceived to have stalled over Russia's resistance to extraditing suspects.

But Mr. Berezovsky said he would not meet the investigators in the Russian Embassy and would insist that they be searched beforehand.

"The people from Russia should be investigated for arms and poison," he said, insisting, too, that he would not sign a confidentiality agreement about the discussion. "I don't trust them at all."

Mr. Berezovsky said he blamed President Vladimir V. Putin of Russia for the killing, a charge the Kremlin has labeled absurd. He said the killers had apparently believed that the cause of death would never be known because British investigators would not be able to identify polonium 210 as the poison. Polonium had been discovered in Mr. Litvinenko's body only three hours before he died, Mr. Berezovsky said.

The British inquiry has focused on three Russian men who met with Mr. Litvinenko on Nov. 1 at an expensive hotel where the poison is thought to have been slipped into his tea. One of them is Andrei K. Lugovoi, a former K.G.B. agent who Mr. Berezovsky said worked for him after he acquired control of a major television station in Moscow in the 1990s.

Mr. Berezovsky, 61, fled Russia in 2000 and, after a series of court battles, won political asylum in Britain in 2003. Mr. Litvinenko also left Russia in 2000, and Mr. Berezovsky said he set the former agent up with a house in north London, a salary and school fees for his son.

Before the killing, however, Mr. Berezovsky said, the two men had agreed to go their separate ways and Mr. Litvinenko had started investigating a range of business deals involving prominent Russians. "Alexander touched something very sensitive," Mr. Berezovsky said, without elaborating.

When Mr. Litvinenko initially became ill in early November, Mr. Berezovsky said, he told hospital visitors that he believed Mr. Lugovoi was "involved" in the poisoning. Mr. Lugovoi has consistently denied any involvement. Until then, Mr. Berezovsky said, he had no reason to mistrust his former bodyguard and had asked him to arrange security for a daughter visiting Russia last year.

Last October, when Mr. Lugovoi called him to say he was visiting London for a soccer game, Mr. Berezovsky said, he invited him to his office. "I wanted to tell him thanks a lot for my daughter," Mr. Berezovsky said. "He came to my office."

But, after Mr. Litvinenko died and the office was scanned for radiation, Mr. Berezovsky said, a chair used by Mr. Lugovoi was found to have high levels of radiation. Mr. Litvinenko also visited Mr. Berezovsky's office, on the day he was poisoned.

The timing of Mr. Berezovsky's interview apparently reflected a desire by Mr. Litvinenko's family and supporters to keep the case firmly in the public eye when they seemed worried it could fizzle if British authorities did not prosecute. "The basic target is not to allow anybody to stop this case," Mr. Berezovsky said.

This week, Mr. Litvinenko's widow, Marina, released an open letter to Mr. Putin urging him to bring her husband's killers to justice.

Russian Justice (WSJ)

The Wall Street Journal, February 7, 2007

The wheels of justice in Vladimir Putin's Russia move strangely, but this week all too transparently. Prosecutors brought fresh charges against Mikhail Khodorkovsky that likely ensure that the former Yukos oil magnate and Putin political opponent won't leave his Siberian prison camp before next year's presidential election.

Nothing from his first trial suggests the outcome will be any better for Mr. Khodorkovsky once a Russian court in distant Chita, near the Mongolian border, takes up the new money laundering and embezzlement case. They could add 15 years to his prison term. Mr. Khodorkovsky's initial conviction and eight-year sentence for tax evasion enabled the backroom nationalization of Yukos's plumb assets. He would have been up for parole next year. No more.

Would that Russian investigators were as determined in pursuing the killer of Anna Politkovskaya, who was shot in her apartment building last October. Her case is unsolved. Since the murder of TV personality Vladislav Listyev in 1995, no one has been successfully prosecuted for a high-profile assassination inside Russia. Now the Kremlin is busy making it harder for United Kingdom authorities to bring to justice the murderers of Alexander Litvinenko, who was poisoned with polonium 210 in London last November.

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British investigators found traces of the radioactive substance at the hotels, on the plane, even on the football stadium seat that Moscow businessman Andrei Lugovoi used during his trip there. This former KGB agent and another colleague had drinks with Litvinenko the day he was poisoned. Polonium 210 was also discovered at the bar and in a tea pot at the London hotel where they met. Such forensic evidence apparently isn't up to Russian standards. No charges have been filed in Britain, but Russia's chief prosecutor has already preemptively ruled out the extradition of Mr. Lugovoi to the U.K. The Russians also refused to let British police question him directly in Moscow.

You don't have to be a conspiracy theorist to surmise that the Kremlin wants Mr. Khodorkovsky to stay in Siberia and the Politkovskaya and Litvinenko cases to remain unsolved. And so they are.

Blair Wins Cash-for-honours Reprieve (FT)

By Jimmy Burns, James Blitz And Nicholas Timmins

Financial Times, February 7, 2007

Downing Street on Tuesday won a temporary reprieve in the cash-for-honours affair when the Crown Prosecution Service announced that the first person to be arrested by the police last year would not be charged.

Amid signs that Labour pressure on Tony Blair to resign immediately had momentarily eased, the CPS said there was "insufficient evidence" to press charges against Des Smith, a headteacher.

Mr Smith was arrested last April after allegedly suggesting to a Sunday newspaper that sponsors of the government's flagship city academies would receive honours.

However, giving its first formal decision on the cash-for-honours affair, the CPS said: "Although it is clear that Mr Smith made some indiscreet comments to an undercover journalist, his conversations did not provide evidence that he was trying to obtain funding for city academies in exchange for honours."

The CPS's decision to drop the investigation into Mr Smith probably has no implications for the outcome of the rest of the inquiry. However, the CPS's decision on Mr Smith is the first crack in the Metropolitan police's investigation into claims that Labour offered peerages in return for secret loans.

Even so, one senior officer not directly involved with the investigation said there was widespread sympathy with John Yates, the head of the investigation team, and his apparent refusal not be derailed by political pressure.

The officer said: "I think what you are seeing is a Blue Revolution – a reminder that everyone is equal before the law, and the police are not bending to pressure from the establishment."

For the past 11 months police have investigated whether Downing Street offered peerages to a group of business leaders in return for loans and donations to the Labour party. Two close allies of Mr Blair have been arrested in relation to police investigations into a possible Downing Street cover-up. All deny the charges.

Mr Blair's immediate position was on Tuesday shored up by two other developments. First, Sir Gus O'Donnell, the cabinet secretary, denied media reports that there was a secret e-mail system inside Number 10 that the police had not been told about. Mr Blair's aides have repeatedly denied the allegation since it emerged in news reports some days ago.

But a denial by Sir Gus, the head of the civil service, carries particular weight.

Second, a new opinion poll showed that the public is less interested than the media and political worlds in the cash-for-honours affair. A Populus survey for The Times, conducted over last weekend, showed support for Labour has firmed to 33 per cent, up one point since early last month, while the Tories are three points down at 36 per cent.

In an appearance before the Commons public administration committee, Sir Gus signalled growing frustration in Whitehall with the way the allegations over cash for honours have been presented by broadcasters and the press. "I find it deeply worrying just how much media coverage there is," he said. "That's all I can say."

Appearing on Tuesday before the Commons liaison committee – made up of all Commons committee chairs – Mr Blair said he would be willing to appear before the group once more before he leaves office. This implies he still plans to be in office in June.

But a decision to charge one of Mr Blair's close aides might trigger a spasm of uncertainty within the Labour party over whether the prime minister should stay in office until June.

The CPS said that there would be no further charging decisions relating to any other persons arrested or interviewed by the police until Scotland Yard had completed its investigation and submitted its final dossier.

Neither the police nor the CPS would comment on Tuesday night on when the probe would end, although Scotland Yard said the "wider police investigation is ongoing".

British Prosecutors Clear Blair Ally In 'Cash-for-Honors' Probe (WP)

By Kevin Sullivan

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The Washington Post, February 7, 2007

LONDON, Feb. 6 -- Prosecutors cleared a political ally of Prime Minister Tony Blair on Tuesday in an investigation into whether Blair's Labor Party awarded government honors in exchange for cash.

The Crown Prosecution Service said it had found "insufficient evidence" to bring charges against Des Smith, who was arrested last year in the inquiry, which has caused extensive political damage to Blair's government.

Smith, a former government adviser who helped recruit wealthy sponsors for a key Blair education initiative, told reporters he was relieved that the inquiry regarding him was over and called it "nonsense from the beginning."

Smith was the first of four people arrested in what people here call the "cash-for-honors" investigation, centering on whether potential political donors have been enticed with promises of appointments to the House of Lords, the upper house of Parliament.

The others arrested were Blair's top fundraiser, Michael Levy; a key adviser, Ruth Turner; and Christopher Evans, an entrepreneur and major Labor Party donor. Police said all four were questioned on suspicion of breaking laws banning the exchange of honors for money. Levy and Turner were also questioned on suspicion of "perverting the course of justice," which has led political opponents to allege a coverup.

No one has been charged with a crime.

Blair has been questioned twice by police, the first time that a sitting British prime minister has been interviewed by police in a criminal probe. Police have said Blair was treated as a potential witness, not as a suspect.

Smith was a key backer of Blair's flagship education program to create public schools with special independence. Smith last year allegedly told an undercover newspaper reporter that major donors to those academies could be recommended for government honors, including seats in the House of Lords.

Smith has denied doing anything improper, including what he said in his conversation with the reporter, who was posing as an assistant to a potential donor. The prosecution service, in a statement, called Smith's comments to the reporter "indiscreet" but said they did not amount to evidence of wrongdoing.

As Inflation Soars, Zimbabwe Economy Plunges (NYT)

By Michael Wines

The New York Times, February 7, 2007

JOHANNESBURG, Feb. 6 — For close to seven years, Zimbabwe's economy and quality of life have been in slow, uninterrupted decline. They are still declining this year, people there say, with one notable difference: the pace is no longer so slow.

Indeed, Zimbabwe's economic descent has picked up so much speed that President Robert G. Mugabe, the nation's leader for 27 years, is starting to lose support from parts of his own party.

In recent weeks, the national power authority has warned of a collapse of electrical service. A breakdown in water treatment has set off a new outbreak of cholera in the capital, Harare. All public services were cut off in Marondera, a regional capital of 50,000 in eastern Zimbabwe, after the city ran out of money to fix broken equipment. In Chitungwiza, just south of Harare, electricity is supplied only four days a week.

The government awarded all civil servants a 300 percent raise two weeks ago. But the increase is only a fraction of the inflation rate, so the nation's 110,000 teachers are staging a work slowdown for more money. Measured by the black-market value of Zimbabwe's ragtag currency, even their new salaries total less than 60 American dollars a month.

Doctors and nurses have been on strike for five weeks, seeking a pay increase of nearly 9,000 percent, and health care is all but nonexistent. Harare's police chief warned in a recently leaked memo that if rank-and-file officers did not get a substantial raise, they might riot.

In the past eight months, "there's been a huge collapse in living standards," Iden Wetherell, the editor of the weekly newspaper Zimbabwe Independent said in a telephone interview, "and also a deterioration in the infrastructure — in standards of health care, in education. There's a sort of sense that things are plunging."

Mr. Mugabe's fortunes appear to have dimmed as well. In December, the ruling party that has traditionally bowed to his will, the Zimbabwe African National Union-Patriotic Front, balked at supporting a constitutional amendment that would have extended his term of office by two years, to 2010. The rebuff exposed a fissure in the party, known as ZANU-PF, between Mr. Mugabe's hard-line backers and others who fear he has brought their nation to the brink of collapse.

The trigger of this crisis — hyperinflation — reached an annual rate of 1,281 percent this month, and has been near or over 1,000 percent since last April. Hyperinflation has bankrupted the government, left 8 in 10 citizens destitute and decimated the country's factories and farms.

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Pay increases have so utterly failed to keep pace with price increases that some Harare workers now complain that bus fare to and from work consumes their entire salaries.

Citing a leaked central bank document, [a news agency] reported Tuesday that prices of basic items like meat, cooking oil and clothes had risen 223 percent in the past week alone.

Soaring costs have made it impossible for both national and local governments to meet budgets and for businesses to afford raw materials, while subsidies for basic commodities have drained the government treasury and promoted corruption.

Seeking to revive farm production, for example, the government sells gasoline to farmers at a bargain rate of 330 Zimbabwe dollars per liter — and farmers promptly resell it on the black market for 10 times that, leaving their fields idle.

Mr. Mugabe, who blames a Western plot against him for Zimbabwe's problems, has rejected all calls for economic reform. The government refuses to devalue Zimbabwe's dollar, which fetches only 5 to 10 percent of its official value on the thriving black market. As a result, foreign exchange to buy crucial imported goods like spare parts and fertilizer has effectively dried up.

Despite acceptable rains, one international aid official said, Zimbabwe's corn crop is currently lagging behind last year's — and that harvest was among the worst in history. The official spoke on condition of anonymity because the assessment had not been made public.

The central bank's latest response to these problems, announced this week, was to declare inflation illegal. From March 1 to June 30, anyone who raises prices or wages will be arrested and punished. Only a "firm social contract" to end corruption and restructure the economy will bring an end to the crisis, said the reserve bank governor, Gideon Gono.

The speech by Mr. Gono, a favorite of Mr. Mugabe, was broadcast nationally. In downtown Harare, the last half was blacked out by a power failure.

Eighty-two years old, wily and physically robust, Mr. Mugabe has survived both international condemnation and domestic upheaval before.

Efforts to suppress dissent are rising: in recent weeks, trade union officials were seriously injured in police beatings, arsonists burned the home of a leading pro-democracy activist and church leaders were arrested while meeting to discuss the economic crisis. Foreign journalists remain barred from the country under threat of imprisonment, and harassment of Zimbabwean journalists has sharply increased.

But hyperinflation is eroding the government's control over every aspect of public life and, by extension, over its own future.

"It's out of control now, and they have to bring it back in control," said John Robertson, a Harare-based economist and a frequent critic of government policies. "We're reaching the steepest slopes of the process. They say they can fix prices, but the things that cause price increases come from so many different directions that the government can't control them all."

That growing loss of control is apparent. The black market, which already flourishes beyond the reach of tax collectors and regulators, is likely to grab an even larger share of the economy when the government freezes prices in March, because stores will be unable to make a profit selling products at government-fixed prices.

Problems with water and power supplies have become acute because of a lack of foreign exchange and salaries for workers; a wave of blackouts hit the nation early last month when 100 electrical workers walked out to protest low pay.

Zimbabwe's political opposition has failed for years to mount an effective work stoppage to protest living conditions. But public workers, the bedrock of government support, this year have begun to walk off the job because there is no longer enough money to pay them a living wage.

The average teacher, for example, earns barely one-fourth of the salary needed to keep a family of six out of poverty. The military, unhappy with January's 300 percent pay hike, is seeking 1,000 percent.

The growing number of strikes also has emboldened the Zimbabwe Congress of Trade Unions, a center of opposition to Mr. Mugabe, to make its own plans for a general work stoppage.

"People in Zimbabwe tend to be resilient," said Jamal Jafari, an analyst for the Washington-based International Crisis Group, which monitors political risks worldwide. "But that having been said, what has to be the scariest statistic for the government is the fact that large sectors of the civil service and the military are far below the poverty line. They simply can't raise salaries fast enough."

Mr. Jafari and some political and economic analysts in southern Africa say they now believe that Zimbabwe faces a political showdown within months, as the governing bodies of ZANU-PF wrangle over whether to grant Mr. Mugabe an extended term or to put less radical members of the ruling party in power.

Few expect a democratic revolution; the one rival party, the Movement for Democratic Change, is riven by splits, systematically suppressed by the government and without an effective leader. Regardless, these experts say, by failing to arrest this accelerating decline, Zimbabwe is edging toward a day of political reckoning that years of diplomatic jawboning and political jockeying have failed to produce.

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For the government, “the big problem about Zimbabwe is that the one thing you can’t rig is the economy,” said one Harare political analyst, who refused to be identified for fear of being persecuted. “When it fails, it fails. And that can have unpredictable effects.”

From Bird To Person (WSJ)

By Peter D. Zimmerman

The Wall Street Journal, February 7, 2007

LONDON -- The "deadly" H5N1 avian flu is back on the front pages of newspapers and TV news shows. The British environment minister has pledged quick action to "eradicate" the disease from the U.K., and over 150,000 turkeys on one farm have been culled. "This is," someone said on the BBC's "Breakfast" show Monday, "a disease of birds, not humans." And so it is.

The H5N1 virus has still not made the critical interspecies leap which would make it easy for an infected person to give the disease to another person. That may happen, or it may not; and nobody can predict the outcome or its timing with any degree of confidence. Meanwhile, as of the World Health Organization's compilation on Feb. 3, there had been a total of 271 laboratory-confirmed cases of the virus in humans, and of that number a staggering 165, or 61%, died, making it one of the most lethal pathogens in history, even if not one of the most infectious.

Still, just 18 months ago many experts were predicting a global pandemic in a matter of months, perhaps one that would kill millions. There is historical precedent: The 1918-1919 "Spanish Flu" swept around the world in a matter of weeks, and before the disease burned out, more than 50 million people had died. Today H5N1 is reminiscent only of the Asian "Swine flu," which threatened the U.S. in 1976 but never turned into a serious threat to human life (although the media hype surrounding it helped undermine Gerald Ford's presidency). In 2004, worried people rapidly bought up much of the world's supply of Tamiflu and Relenza, the only two drugs that seemed to have a chance of beating H5N1. Now most of us have forgotten the names of these drugs.

Influenza viruses have eight genes and these mutate rapidly. Two sites on the viral genome, called H and N, are well catalogued, and each of those genes can come in many forms. Those are the markers that trigger the human immune system. If your body has seen a whiff of a particular virus, it will produce large numbers of antibodies if you later become infected with a strain having the same markers. If you have never been exposed to a particular strain, there are no antibodies in your bloodstream, and your body will fight an uphill battle for survival. The more virulent the virus, the less chance you have.

So far as is known, no H5N1 virus has ever circulated on the planet. That means nobody has any natural immunity. Our good fortune last flu season was that the bird flu virus had not yet learned the trick of passing easily from human to human. The few confirmed victims were almost all people who'd worked very closely with infected fowl in extremely unsanitary conditions. One can suppose that they were massively exposed, allowing this "disease of birds, not humans" to develop in their bodies.

Almost all influenza viruses originate in migrating water fowl in South-East Asia, and by and large the birds don't get sick. However, those birds can pass their viruses to domesticated birds. In the great viral mixing pot of China, where people live in close contact with both their birds and their pigs, influenza viruses can readily pass from one species to another, and sometimes to an animal or person already infected with another flu bug.

In this environment, mutations are guaranteed to occur, and from time to time a new pathogen with the ability to pass between people develops. If it carries the same marker combination as one or another previous flu virus, much of the world's population will have a basic immunity. If it does not have familiar markers, much of humanity is at risk once that virus learns to jump from person to person. Each year a panel of experts tries to guess which strains of flu will pose the highest risk in the coming influenza season, and orders up vaccines to give the vulnerable some protection. H5N1 has not been selected, because it still hasn't become contagious in our species. But it could make the jump at any time.

The last year has brought the world a major advantage, should H5N1 become a "disease of humans." The pharmaceutical industry has learned the difficult trick of making and producing a vaccine against a hitherto unknown disease. GlaxoSmithKline recently claimed that it had succeeded in developing a "second generation" bird flu vaccine that could be given in advance, even before knowing the detailed gene structure that would allow this bird flu to infect people. The vaccine could be given before the bug even learns that deadly trick. Other companies have also developed vaccines which appear to produce broad-spectrum antibodies against many strains of the virus, and many governments have ordered large stocks from various producers.

It is probably worth stockpiling many millions of doses before H5N1 escapes into the human population. Because none of us has any useful immunity, the virus could migrate around the world with the speed of commercial air travel, not the steamships that powered the Spanish Flu. If H5N1 escapes, and if it becomes as virulent as the Spanish Flu (which killed 1% of those who developed the disease), the pessimistic predictions of millions of people dead within months could come true. Only if vaccine bottles were already on the shelf, ready for instant use, could the virus be contained.

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However, deadly as it could be, and as harmless as it has so far been, the H5N1 avian flu will not be the last new influenza virus to develop. The process that produced H5N1 is at work every year, and the more intense the agribusiness of raising chickens in China becomes, the more rapidly new viruses can spread and mutate. Even if we may have dodged the H5N1 bullet, another pandemic like the Spanish Flu is inevitable and could break out into the human population so quickly that vaccines cannot be produced in time.

New types of influenza virus must be detected and combated while they are still diseases of birds, not humans. Detection of new viruses will happen where they originate. A global pathogen surveillance system -- as Sen. Joseph Biden suggested almost five years ago -- is necessary because the global first line of defense against influenza is not the U.S. Centers for Disease Control and Prevention, but the public health agencies of China, Vietnam and other nations in that region. Those agencies need multilateral support and encouragement, and the United States must take the lead. And countries where flu viruses originate need the courage to recognize that reporting a new disease does not reveal weakness, but rather demonstrates the strength of their health systems.

Mr. Zimmerman is professor of science and security at King's College London. He was chief scientist of the U.S. Senate Foreign Relations Committee staff and science adviser for arms control at the U.S. State Department.

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USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Gonzales Touts Argentina's Efforts To Seek Justice In 1994 Jewish Center Bombing. The AP (2/7, Cormier) reports from Buenos Aires, Argentina, "U.S. Attorney General Alberto Gonzales on Wednesday toured a Jewish cultural center bombed in 1994 and said the United States supports Argentina's efforts to seek justice for its worst terrorist attack." The AP continues, "Eight Iranians are wanted in Argentina in connection with the bombing, including the president, foreign minister and intelligence chief at the time. … 'Civilized nations cannot easily forget the pain that we share when terrorist attacks occur,' Gonzales said after laying flowers and meeting with Jewish leaders and relatives of victims of the attack. 'Whether 1994 in Argentina, 2001 in the United States or 2004 in Spain, these moments bind us together in our grief.'" The AP adds, "Eight-five people were killed and 200 wounded when a van packed with explosives blew up outside the seven-story center on July 18, 1994. The center, known as the AMIA, has since been rebuilt. … Gonzales did not take questions from journalists on Wednesday. … He also did not say where the United States stands on Argentina's request for help from Interpol, which must decide in the coming weeks whether to issue global alerts for the arrests." The AP notes, "Iran has denied any involvement and has said it does not recognize the validity of the warrants. It said it would oppose any attempt to detain former President Hashemi Rafsanjani or other Iranian citizens. … Gonzales called the attack a 'vicious act of hate.' … 'We will never give up the fight for justice ... just as we are bound together in our memories of the terrorist attacks, so too, we must be bound together in our resolve,' he said. 'Argentina has steadfastly pursued the perpetrators of the AMIA attacks ... the memory of what happened here, like our September 11th, is a touchstone for us.'"

Verizon Backs DOJ Request To Stop Contempt Hearing By Maine PUC. The AP (2/8, Quinn) reports, "Verizon is backing the U.S. government's attempt to stop a contempt hearing for the telecommunications giant that's scheduled for Friday by the Maine Public Utilities Commission." The AP continues, "Federal officials say the hearing could compromise national security. … 'The MPUC seeks, under threat of sanction, to compel Verizon to provide information in state proceedings concerning its alleged cooperation with an alleged national security program despite the fact that the United States has specifically instructed Verizon that providing such a response would violate federal law,' lawyers for Verizon wrote in a legal brief." The AP adds, "U.S. District Judge John Woodcock is expected to hear arguments in Bangor on Thursday. … A multi-customer complaint filed with the PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant. The complaint followed reports about domestic surveillance by the National Security Agency. … The PUC has challenged the adequacy of Verizon responses to date." The AP notes, "On Tuesday, the Justice Department asked Woodcock to bar the PUC from going ahead with a contempt hearing at this time. … The Justice Department also asked the judge to block Verizon from responding to PUC demands for an affirmation of previous statements 'because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities.' … Verizon supports the federal government's request for a temporary restraining order or preliminary injunction."

"Third Generation Terrorists" Organizing Without Al Qaeda Help. McClatchy (2/8, Schofield) reports, "While U.S. and British intelligence officials think that al-Qaida has regrouped in the mountains of Pakistan and is again capable of and intent on launching mass attacks around the globe, investigators in Britain, Germany and France are convinced that there's a broader terrorist threat against Europe. … Unlike the Sept. 11 plotters, the new wave of terrorists -- the so-called third generation terrorists -- are dreaming up, planning, funding and attempting attacks on their own, without international support." McClatchy notes that "the third generation has learned its hatred from television and its tactics from the Web, according to the experts. Its only connections to al-Qaida are Web sites and a shared anti-West philosophy. Its practitioners go online to find inspiration as well as practical advice, such as how to build a bomb."

HOMELAND RESPONSE:

Indiana Inmate Sentenced To 27 Years For Anthrax Hoax. The AP (2/3) reported, "A federal inmate

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has been sentenced to more than 27 years in prison for mailing what a letter claimed was anthrax to an assistant U.S. attorney who had prosecuted him. Charles E. Fuller, 39, pleaded guilty to one count of mailing a threatening communication and one count of threatening the use of a weapon of mass destruction before he was sentenced, prosecutors said Friday." The AP noted, "Fuller already is serving a 77-month sentence for attacking an inmate at the federal prison in Pekin, Ill., with an ice pick, prosecutors said. He was convicted in 2004 on a charge of threatening the president's life."

Bush Issues Orders For Medical Response To Terrorist Attack. The AP (2/7, Lumpkin) reported, "President Bush issued orders Wednesday for how federal medical personnel should respond to a nuclear, radiological, biological or chemical attack, saying authorities should focus on threats that can be dealt with medically." … 'We are moving heaven and earth to prevent' an attack, Homeland Security spokesman Russ Knocke said. He called the directive a playbook for how the federal government will respond and coordinate in providing medical treatment in case prevention fails." Meanwhile, a DHS IG report criticized the agency's BioWatch program, saying that "the department had not properly enforced or monitored the Environmental Protection Agency and the Centers for Disease Control and Prevention, which are also involved in the program. But it noted that Homeland Security had taken action to resolve the issues, and 'we consider the recommendations resolved and closed.'"

USA Today (2/8, 3A, Hall, 2.27M) reports the IG report said BioWatch "was bungled by the Homeland Security Department and has since undergone a revamping." Jeff Stiefel, the program's manager, "says the problems cropped up because the program was created quickly in 2003 in response to concerns that terrorists could spread deadly biological agents in densely populated areas. Homeland Security officials say they have 'taken action to resolve the issues,' the report says. Stiefel says that 'without question, those issues (raised by the report) are resolved.'"

DHS Releases Report On Border Patrol Shooting. The AP (2/7, Caldwell, Gamboa) reported a Department of Homeland Security report "on the shooting of a suspected drug smuggler by Border Patrol agents concurs with prosecutors that the men committed obstruction of justice by failing to report the shooting, destroying evidence and lying to investigators." The report was, made public Wednesday, "offered few, if any, new details on the case." Lawyers for the convicted agents, Ignacio Ramos and Jose Alonso Compean, "did not immediately return phone calls seeking comment. A spokeswoman for US Rep. Dana Rohrabacher, R-Calif., said the report only bolsters the congressman's support of the agents. 'The OIG report has just emboldened our position because there is nothing in there that indicates these agents were not justified in shooting this individual,' said Tara Setmayer."

The Washington Times (2/8, Seper, 88K) reports the DHS document "said the agents covered up the incident and tried to assault the alien, but the report fails to substantiate earlier accusations that they wanted to 'shoot a Mexican.' The long-awaited and heavily redacted report by the department's Office of Inspector General was billed as a substantiation of the government's conviction." However, "it falls short of statements by the Inspector General's Office in September to a House subcommittee. The office had told lawmakers that the officers confessed to knowingly shooting at an unarmed suspect and that they did not think he was a threat, they wanted to shoot a Mexican and they lied to investigators."

Lawmakers Angry Over DHS Official's Statements In Growing Border Agent Controversy. The Houston Chronicle (2/8, Mittelstadt) reports, "Republican congressmen's outrage over the imprisonment of two Border Patrol agents from Texas intensified Wednesday as the top Homeland Security investigative official apologized for his aides' misleading statements to lawmakers about the case." The Chronicle continues, "The agents, sent to federal prison for wounding a fleeing Mexican drug trafficker and hiding evidence, never told investigators that they went on patrol intending to 'shoot a Mexican,' admitted Richard Skinner, the Department of Homeland Security's inspector general, under questioning during a House Homeland Security Committee hearing. … The misstatements occurred when aides briefed four Texas congressmen in September about the 2005 shooting near Fabens, southeast of El Paso. … 'It was an unfortunate mischaracterization,' Skinner told Rep. Michael McCaul, R-Austin, whose district stretches to Harris County. 'I apologize on behalf of our staff, and I just want to make perfectly clear this was not intentional.' … But McCaul and several other House members from the Houston area who are involved in the Border Patrol agents' case said the

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misstatements never would have come to light had they not forced Skinner's office to release an investigative report on the shooting." The Chronicle adds, "The report, released Wednesday with some sections deleted, does not substantiate what McCaul said were some of the more inflammatory claims made by the inspector general's office last fall. The claims included the alleged 'shoot a Mexican' comment and an assertion that agents Jose Compean and Ignacio Ramos had no fear for their lives when they fired 15 rounds at the trafficker as he ran back toward Mexico after ditching a van with 743 pounds of marijuana. … 'Those representations became misrepresentations if not downright false statements to members of Congress,' McCaul said, later suggesting that Skinner should consider disciplining or firing the staffers." The Chronicle notes, "Other Republicans on Capitol Hill went further than McCaul in what has mushroomed into a growing political liability for President Bush and his administration — a vulnerability all the greater because some of the president's staunchest conservative allies have turned against him on this issue. … Reps. John Culberson of Houston and Sam Johnson of Plano said Skinner and his top aides should be forced to resign. … Rep. Duncan Hunter, R-Calif., demanded that the Bureau of Prisons chief, Harley Lappin, be fired after Saturday's beating of Ramos by six inmates at a Mississippi prison. … Bush faces increasing demands from House Republicans and others that he pardon Ramos and Compean, who were sentenced in October to 11 and 12 years, respectively, after being convicted of violating the trafficker's civil rights and tampering with evidence for picking up their shell casings and not reporting the shooting. "

FBI Outreach To Muslim-Americans "Steep Uphill Climb." Under the headline "Distrust Hinders FBI In Outreach To Muslims," the Washington Post (2/8, DeYoung, 690K) reports in a front-page, 2200-word story that without the help of Muslim-Americans, "the FBI, sheriffs and police chiefs believe they will never penetrate the world of homegrown Islamic extremists and potential terrorists the officials are convinced is out there. … Yet for both sides, the effort remains a steep uphill climb with frequent detours into resentment, suspicion and misunderstanding. Virtually all 56 FBI field offices and many local police departments have invited Muslim leaders to join multicultural advisory boards and to teach classes in the basics of Islam to agents and police. At community meetings, the FBI listens to Muslim complaints and asks for assistance in finding potential terrorists in their own communities." However, "Muslims are 'in denial' over the threat in their midst, one senior officer said, adding: 'All they say is "There is no problem. Stop picking on us."'"

US Wants To Expand Armed Pilot Program Internationally. USA Today (2/8, 1A, Frank, 2.27M) reports in a front page article, "The Homeland Security Department, working with the State Department, is trying to expand a 4-year-old program that allows thousands of pilots to carry guns on domestic flights." Conan Bruce, a spokesman for the Federal Air Marshals Service, which runs the armed-pilots program, said they are working toward having armed pilots "'be able to perform their duties on international flights.' Some countries may block US efforts because they don't want guns on airplanes, even if they're carried by trained pilots who have been sworn as law officers." Sweden, for instance, "would rather not see any weapons aboard airplanes," according to Michael Mohr, homeland security liaison at the Swedish Embassy in Washington. "The effort to expand the armed-pilots program comes amid criticism that it is falling short of its potential. A Homeland Security report released last month said the program needs improvement, and some policies 'may have dissuaded pilots from participating.'"

TSA Screeners To Get AMBER Alerts. USA Today (2/8, 3A, Frank, 2.27M) reports the TSA announced Wednesday that its "43,000 airport security screeners will get notices and photos of abducted children as part of the AMBER Alert network's quest to find missing people. … 'The goal is to get that (alert) to TSA officers within minutes,' said Gale Rossides, a TSA associate administrator. Screeners 'meet so many children every day, they may actually notice something that's out of character with a child.'" Ernie Allen, president of the National Center for Missing & Exploited Children, said the effort "is the first time AMBER Alerts will go directly to airports."

House Democrats Insist On Physical Screening Of All Air Cargo. The New York Times (2/8, Lipton, 1.16M) reports the handling of cargo stored on commercial aircraft "has set off an intense debate in Congress," where "House Democrats are pushing for a requirement that, within three years, all air cargo be inspected at a level equal to that of checked baggage, at an estimated

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cost to the federal government of $600 million per year." However, "officials at the Transportation Security Administration said the security measures already in place for air cargo — while very different from the passenger-baggage inspection system — were sufficient to prevent a bomb from getting aboard." TSA Administrator Kip Hawley said the Democrats' proposal "could actually reduce safety…because the high cost would require other security measures to be curtailed. … 'If you put all of your resources into making something invulnerable, you end up ironically with less security,'" Hawley said.

Groups Reach Out To Wireless Firms To Craft Emergency Communications Systems. The Wall Street Journal (2/8, B1, Sharma, Schatz, 2.04M) reports "convinced that the federal government alone can't answer their concerns, public-safety groups are turning to commercial wireless companies for help" with communications systems for emergency workers. "The new Congress is taking a hard look" at a proposal that would license a section of the radio spectrum "to an entity called a Public Safety Broadband Trust. A private bidder would be selected to manage the creation of a broadband network shared by consumer cellphone users and public-safety workers such as firemen and policemen; in an emergency, public-safety users would take precedence." However, "getting any legislation through a divided Congress this year will be difficult, especially given the controversy the plan is generating in the wireless industry. Critics say it amounts to a corporate giveaway to Cyren Call," which has lobbied "feverishly" for the Public Safety Broadband Trust.

WAR NEWS:

Seven Senate GOP Centrists Threaten To Tie Up Business Over Warner Resolution. The Los Angeles Times (2/8, Levey, 850K) reports seven Republican senators "threatened Wednesday to tie up Senate business until a resolution opposing President Bush's planned troop buildup gets a vote, saying they will try to attach the measure to future legislation." Sens. Norm Coleman, Susan Collins, Chuck Hagel, Gordon Smith, Olympia Snowe, John Warner, and George Voinovich "sent a letter to Senate leaders of both parties Wednesday evening." Voinovich "had not previously expressed support for the Warner measure." The Times says the "procedural gambit does not guarantee the Senate will vote any time soon on Bush's plan to send more troops into Baghdad to control sectarian violence there. But it may further complicate Senate debate on the war, just as Senate Democratic leaders seemed prepared to let the Democratic majority in the House take up the legislative challenge to the White House." McClatchy (2/8, Talev) says the letter declared, "The current stalemate is unacceptable to us and to the people of this country. We will explore all of our options."

The Washington Post (2/8, Murray, 690K), in a front-page report, says the group, "who earlier this week helped block deliberations" on the resolution, "changed course yesterday and vowed to use every tactic at their disposal to ensure a full and open debate." The letter "was not more specific about the Republican senators' strategy for reviving the war debate. But under the chamber's rules, senators have wide latitude in slowing the progress of legislation and in offering amendments, regardless of whether they have anything to do with the bill."

Roll Call (2/8, Stanton) says an "exasperated" Warner "put his colleagues on notice Wednesday that he would look to attach his resolution" to "any measure moving across the Senate floor." Warner's announcement "followed a day of angry and increasingly partisan recriminations between Senate Democrats and Republicans over who was to blame for the collapse of a planned debate on Iraq."

Novak Says McConnell Made GOP "Look Obstructionist." In his Washington Post (2/8, A21, 690K) column, Robert Novak writes, "Listening to Minority Leader Mitch McConnell boast last weekend that he had the votes to prevent closing off Senate debate on Iraq, Republicans opposing President Bush's troop surge feared the worst. The new Republican leader sounded as though he wanted to prevent passage of an anti-surge resolution at the cost of making his party look obstructionist. That's exactly what happened. The result of McConnell's tactics is that no resolution will be passed by the Senate anytime soon. The White House was overjoyed. But Tuesday's headlines indicated a public relations fiasco for Republicans."

Specter Drafting Rules Change On Amendments. Roll Call (2/8, Pierce) reports Sen. Arlen Specter, "frustrated" with Majority Leader Harry Reid's "efforts to control floor debates," said he is "drafting a rules change that would guarantee the minority the right to offer amendments to legislation on the Senate floor. Specter acknowledged that his proposal stands virtually no chance of achieving the two-

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thirds majority required to change Senate rules. But he said he wanted to bring attention to what he described as a growing problem with the way Reid is running the floor."

Webb Says GOP Leaders "Know They're Going To Lose." Sen. Jim Webb said on MSNBC's Hardball (2/7, Matthews), "I think the proposals that the Majority Leader put forward are good proposals and honestly, I think right now the Republican leadership just does not want a vote because they know they're going to lose."

Lieberman Moving Further Away From Democrats On Iraq. The New York Times (2/8, Zernike, 1.16M) reports that it "came as little surprise that when Senate Republicans blocked debate Monday on a resolution that would have opposed President Bush's plan to increase troop levels in Iraq, Senator Joseph I. Lieberman, erstwhile Democrat, sided with them." But Lieberman also "went further, accusing Democrats of giving strength to the enemy and abandoning the troops, and arguing that an alternative resolution that he and many Republicans backed was 'a statement of support to our troops.'" Defeated last year "in the Democratic senatorial primary in Connecticut but then elected as an independent to a fourth term, Mr. Lieberman has kept a promise to caucus with the Democrats, giving them a majority of only 51 to 49 and earning for him a designation as 'the most influential man in the Senate.'" But on Iraq, "the issue that made the last year the most difficult of his political life, he has moved farther and farther from the party, winding up to the right of many Republicans who now embrace what six months ago was almost solely a Democratic position on the war."

Yesterday, on CNN's The Situation Room (2/7, Blitzer), Lieberman said, "How we end Iraq is going to be very important to our security and our progress in the war against the Islamist terrorists who attacked us on 9/11. So, I'm supporting this latest plan, the new plan with a new general, a new secretary of defense, because I really do think it has some significant hope of working. And I'm not planning for failure. Gen. Petraeus told us when he was before the Armed Services Committee that he thought by this summer we'd have the beginning of an idea about whether this was working or not. I'm going to do everything I can to support it and I hope it does work and that we won't have to think about what's next."

House Democrats Move Toward "Stripped-Down" Resolution. Meanwhile in the House, the AP (2/7, Flaherty) reports Democratic leaders "coalesced Wednesday around a stripped-down measure that disapproves of President Bush's decision to send more forces to Iraq and declares support for the troops, according to party aides who said a vote was likely next week." Democratic officials "said they hoped for bipartisan support for the measure, and one Republican leader conceded some members of the GOP rank-and-file would likely break ranks." House Republican Conference Chairman Adam Putnam said, "I don't think it'll be a pure party-line vote." USA Today (2/8, 7A, Kiely, 2.27M) adds that Putnam said, "It will be virtually impossible for us to defeat it." But the "question is how broad a bipartisan majority the resolution will attract. 'It totally depends on what the language is,' said Putnam."

The New York Times (2/8, Zeleny, 1.16M) says Democratic leaders in the House sought to "reconcile deep differences within the party" over the war. Seventy-one House Democrats "signed a statement urging Congress to take a stronger stance against the war, including setting a six-month timetable for withdrawing American forces from Iraq," but Democratic leaders "have said that they favor a nonbinding resolution simply requiring lawmakers to support or reject the president's policy." The Hill (2/8, Kaplan) reports Speaker Nancy Pelosi and Majority Leader Steny Hoyer said they "intend to pass a clean and simple resolution opposing President Bush's troop surge while supporting the soldiers in Iraq."

Gates Says US Will Know If Surge Is Working Within Months. The AP (2/8) reports Defense Secretary Robert Gates "told a House panel Wednesday that the US should know in a few months if the Iraqi government is making progress toward peace and whether the United States 'is going to have to look at other alternatives and consequences.'" In "stark contrast to predecessor" Donald Rumsfeld, Gates also "said there was no doubt the Army and Marine Corps needed to be larger if they are to deal with future wars and give troops enough rest between combat tours." The Washington Times (2/8, Dinan, 88K) reports Gates also "said Congress doesn't endanger troop morale by voting on nonbinding resolutions opposing President Bush's Iraq reinforcement plan." The comments "are in stark contrast to arguments made by Republicans, including the president's spokesman, Tony Snow, that a debate on resolutions could have an effect on the troops."

VoteVets.org Seizes Key Role In Surge Debate. The Washington Post (2/8, A4, Layton, Weisman, 690K) writes that the "small band of veterans" that makes up anti-Iraq war group VoteVets.org "are saying things many Democrats would

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like to express but can't. And as the politics heat up over the Iraq war, Democratic leaders increasingly are being drawn" to the group's chairman, Iraq veteran Jon Soltz, and his "angry soldiers. VoteVets.org appears to be the most active group trying to influence the debate about the president's plan to send 21,500 more troops to Iraq."

WSJournal Chides Clinton For Move To Left On Iraq. The Wall Street Journal (2/8, 2.04M) editorializes, "One pleasant surprise of Hillary Rodham Clinton's tenure as New York Senator has been her tough-minded approach on national security. She responded to 9/11 by supporting President Bush's strategy of taking on not just terrorists but the states that harbor them. She also voted for the war in Iraq and has refused to follow much of her party in alleging that Mr. Bush 'lied' about weapons of mass destruction. But as Mrs. Clinton bids to win the Democratic Presidential nomination, she is taking a marked turn to the left. Pressured by other candidates and by her party's left wing, she is walking back her hawkish statements and is now all but part of the antiwar camp." The Journal runs a "summary of the arc of Mrs. Clinton's public thinking on Iraq," and concludes that "now that the war has proven to be difficult, and her fellow Democrats are outflanking her on the antiwar left, she is steadily, even rapidly, moving in their direction."

Public Debate Over Iraq Policy Seen As Deficient. In his New York Times (2/8, 1.16M) column, David Brooks says, "This week, in private, everyone acknowledges how complex the choices are. Everyone senses that the policy being promoted possibly won't work and could have ruinous consequences. This week, the mood — in private — is sober and anxious." But the "politicians have completely failed to institutionalize that sense of sobriety in the public sphere. Instead of having a serious debate, the Senate disgraced itself with mind-bendingly petty partisanship. Meanwhile, the Democratic presidential candidates engaged in an unholy bidding war to get out of Iraq soonest, which had nothing to do with realities in Iraq and everything to do with applause lines in Iowa."

Effort To Secure Baghdad, Anbar Province Now Underway. The Washington Post (2/8, A1, Londoño, Partlow, 690K) reports, "The U.S. military's chief spokesman in Iraq said Wednesday that US and Iraqi forces had begun a joint effort to secure Baghdad and troubled Anbar province. 'The plan is being fully implemented as we speak,' Maj. Gen. William B. Caldwell told reporters after being asked when the plan would start. 'Not all aspects are in place at this point.'" The plan "is being led by Iraqi officials and is designed to stop violence in the capital's volatile neighborhoods, Caldwell said. Officials have established nine new security districts in Baghdad and are creating dozens of security stations that Iraqi police and military officers will share with U.S. military personnel."

As the new operation gets underway in Iraq, two broadcast networks ran pessimistic reports on the situation on the ground in Iraq, and suggested US troops are less optimistic than in the past. NBC Nightly News (2/7, story 2, 2:50, Williams, 9.87M) reported, "The US military announced the official start of the new security operation in Baghdad" as the AP "reports its grim new count of American casualties in Iraq: 334 American troops…were killed in combat in Iraq between the beginning of October and the end of the month of January. That number is higher than in any other four-month stretch since the war started." On ABC World News (2/7, story 2, 2:10, 8.78M), anchor Charlie Gibson asked correspondent Martha Raddatz, "I know this is trip No. 12 for you over four years. What has particularly struck you as different this time?" Raddatz replied, "I think, perhaps, the pessimism of some soldiers. I haven't really seen that in the past. Now, one officer explained it as pessimistic optimism. But I think they're very, very worried about the outcome here in Iraq. I was struck by the sense of personal safety, Charlie. I think a lot of soldiers don't think about it often. A lot of journalists who have been here don't think about it off. But this time, the soldiers were talking about it a lot."

Car Bomb Kills Ten In Baghdad. NPR (2/8) broadcast in a report, "Iraqi police say a car bomb exploded in a vegetable market in a mainly Shiite town south of Baghdad today, killing at least ten people. Police say more than 20 others were also wounded in the attack." CBS Radio (2/8) aired a similar report.

Henninger Says Troops Should Be Equipped Like US Police. In a piece in the Wall Street Journal (2/8, A14, 2.04M) Daniel Henninger, Pulitzer Prize winning Wall Street Journal editorial writer and editor, writes that if US troops in Iraq were equipped as well as police in our nation, then insurgents would be easier to identify, follow, and arrest. Formerly, without even fingerprint identification resources, troops wrote "down suspects' names and addresses" while some had "created their own spreadsheets and PowerPoint programs, or" used "digital cameras to input the details of suspected insurgents," because at the time "no Iraq-wide

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software architecture" existed. Henninger optimistically points out that, thanks to a few technically-savvy Marines and a few changes in military procurement priorities, the military has now tested and developed fingerprint and biometric identification systems soldiers can use in the ongoing fight against insurgents.

Two More US Helicopters Downed In Iraq. The New York Times (2/8, Oppel, Glanz, 1.16M) reports, "With two more helicopter crashes near Baghdad, including a Marine transport crash on Wednesday that killed seven people, the number of helicopters that have gone down in Iraq over the past three weeks rose to six." US "officials say the streak strongly suggests that insurgents have adapted their tactics and are now putting more effort into shooting down the aircraft. The number also includes a previously unreported downing of a helicopter operated by a private security firm on Jan. 31." The Times adds, "Some aspects of the recent crashes indicate that insurgents have become smarter about anticipating American flight patterns and finding ways to use old weapons to down helicopters."

ABC World News (2/7, lead story, 2:40, Gibson, 8.78M) noted that "in the last 2 1/2 weeks, 5 US helicopters have gone down in Iraq, killing 28 Americans. Seven Marines were lost in the chopper crash today."

The CBS Evening News (2/7, lead story, 2:40, Couric, 7.66M) reported, "As if it weren't already dangerous enough for US Forces in Iraq, insurgents are apparently getting much better at shooting down American aircraft." CBS (Logan) added that "CBS News has learned that" the "transport helicopter was shot down during what the military called routine operations. But before the US could announce the cause of the crash, a jihadi Website linked to Al Qaeda was already declaring victory."

NBC Nightly News (2/7, lead story, 3:10, Yang, 9.87M) said, "Military officials tell us there is so much concern about this trend that Defense Secretary Robert Gates and General Peter Pace, the Chairman of the Joint Chiefs of Staff are personally reviewing the details of these crashes to see if any procedures need to be changed." The Los Angeles Times (2/8, Susman, 850K), USA Today (2/8, 6A, Dorell, 2.27M) and Washington Times/AP (2/8, Reid), among other newspapers, run similar reports this morning.

Citing Breach of Contract, Army To Withhold Funds From Halliburton. The New York Times (2/8, Shenon, 1.16M) reports, "The Army announced during a House oversight committee hearing on Wednesday that it would withhold $19.6 million from the Halliburton Company after recently discovering that the contractor had hired the company Blackwater USA to provide armed security guards in Iraq, a potential breach of its government contract." The Army "has said that its contracts with Halliburton, which has a five-year, $16 billion deal to support American military operations in Iraq, generally barred the company and its subcontractors from using private armed guards. But in a statement, Halliburton disagreed with the Army's interpretation and suggested that there was nothing to prohibit Halliburton's subcontractors from hiring such guards." The announcement "came during a hearing of the House Government Oversight Committee that included emotional testimony about the killing of four Blackwater employees in Falluja." The Financial Times (2/8, Kirchgaessner) runs a similar report.

Reserve Officers, US Civilians Charged In Iraq Bid-Rigging Scheme. ABC World News (2/7, story 3, :25, Gibson, 8.78M) reported, "Three former Army Reserve officers and two US civilians have been charged with taking part in a brazen bid-rigging scheme in Iraq. The reservists, while assigned to the Coalition Provisional Authority, allegedly helped to steer $8.6 million in Iraq reconstruction projects to one contractor. And in return, the contractor allegedly paid more than $1 million in bribes."

The Washington Post (2/8, A17, Merle, 690K) notes "three of the central characters in the scheme have pleaded guilty. Robert J. Stein, a former Coalition Provisional Authority employee, was sentenced last month to nine years in prison and ordered to forfeit millions of dollars for his role in steering contracts to businessman Philip H. Bloom. Lt. Bruce D. Hopfengardner also admitted to steering contracts to Bloom for money and a Harley-Davidson motorcycle." Bloom "pleaded guilty to conspiracy, bribery and money-laundering charges last year." The "alleged fraud scheme is the largest to emerge out of the Iraq reconstruction effort."

NYTimes Celebrates Congressional Oversight. The New York Times (2/8, 1.16M) editorializes, "The details are graphic: billions of dollars of Iraqi oil revenues -- 363 tons of cash -- bundled up and urgently flown to Baghdad on 484 pallets from the Federal Reserve Bank to jump-start a new Iraqi government. Four years later, the unanswered questions are just as graphic: Who was responsible for the money? What became of it? ... The details emerging provide a

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lesson in how easily cash can evaporate into the fog of an unmonitored war. … Republican lawmakers at the hearing again tried to gloss over the administration's mismanagement of the war, complaining that the mystery billions were 'old news.' The real news is that -- at long last -- the truth about the Iraq fiasco is being pursued in public by Congressional investigators."

Families Of US Contractors Killed In Iraq Appear Before House Panel. ABC World News (2/7, story 4, 3:05, Ross, 8.78M) reported, "Incompetence, cutting corners, overbilling and cover-up were the themes today, as the families of the four contractors killed in Fallujah finally got someone's attention in Washington. Now, three years after those gruesome killings, the families of dead men say the company they worked for, Blackwater USA, has tried to cover up what led to the tragedy." ABC added that during a hearing before the House Government Oversight Committee, it came out that "the men, all former military, got lost as they escorted a convoy of trucks carrying kitchen equipment. The families told Congress they have discovered their men were sent out by Blackwater in unarmored cars, without automatic weapons, no maps and no tail gunners as promised."

NBC Nightly News (2/7, story 7, 2:30, Myers, 9.87M) reported, "The committee produced this e-mail from the day before the attack. An urgent appeal from Blackwater's Iraq manager for more ammo, more powerful guns, body armor: 'I've requested hard or armored cars from the beginning.' Today, a Blackwater official said the company cares about the safety of employees. And that these men, had adequate equipment."

Mistrial Declared In Watada Court-Martial. ABC World News (2/7, story 5, :20, Gibson, 8.78M) reported, "At Fort Lewis, the judge overseeing the court-martial of an Army Lieutenant who refused to deploy to Iraq declared a mistrial today." Lieutenant Aaron Watada "signed a document admitting some of the charges. The judge ruled he didn't understand what he was signing and a retrial is expected in March."

The Los Angeles Times (2/8, Verhovek, 850K) reports the decision "left military prosecutors visibly stunned." The ruling by the judge, Lt. Col. John Head "turned on the contentious issue of whether factual stipulations agreed to earlier by the prosecutors and the defense team amounted to a confession of guilt." Prosecutors "argued, in effect, that Watada did confess to refusing direct orders to fly to Iraq with his unit last summer, and that his reasons were irrelevant." Watada "said he had admitted to the fact that he deliberately missed his flight, but that he did so because he considered the war illegal -- and wanted to explain his reasoning at the trial." The New York Times (2/8, Oppel, Glanz, 1.16M) runs a similar report.

El Paso Corp. Agrees To $7.7 Million Oil-For-Food Probe Settlement. In a widely-distributed story, the AP (2/8, Neumeister) reports, "The nation's largest natural gas pipeline company agreed to pay the federal government $7.7 million to settle corruption allegations related to the U.N. oil-for-food scandal over aid to Iraq, according to a settlement announced Wednesday. El Paso Corp. will forfeit $5.48 million to the United States, which will seek to transfer the money to the Development Fund of Iraq to be paid as restitution for the benefit of the people of Iraq, according to the agreement announced by federal prosecutors and the FBI. In a separate deal with the Securities and Exchange Commission, the Houston-based company will pay an additional $2.25 million." The AP notes that "El Paso will not be prosecuted for any crimes except possibly criminal tax violations as long as it continues to continue cooperating fully with the federal government in its investigation into the scandal-ridden U.N. oil-for-food program."

US Trying To Prevent Quick Hanging For Former Saddam VP. The Wall Street Journal (2/8, A4, Bravin, 2.04M) reports, "US officials are working to spare Saddam Hussein's former vice president from a rapid trip to the Iraqi gallows, fearful that his execution, following the flawed hangings of Mr. Hussein and a co-defendant, could further damage the credibility of the American-backed government." The former vice president, Taha Yassin Ramadan, "was among seven officials -- including Mr. Hussein -- convicted in November by the Iraqi High Tribunal, an Iraqi-run court established by the U.S. to try members of the ousted regime."

US Marine To Face Trial In Italian Court. The New York Times (2/8, 1.16M) reports in a trial that "is straining relations" between the US and Italy, "an American Marine was ordered to stand trial in Italy in connection with the shooting death of a top Italian intelligence agent in Iraq in 2005. But the trial, set for April 17 in Rome, is likely to occur without the defendant. United States officials cleared the Marine,

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Specialist Mario Lozano, of any wrongdoing in the death of the agent, Nicola Calipari" who, at the time of his death, "had just secured the release of an Italian journalist, Giuliana Sgrena, who was kidnapped in Baghdad."

$7M To Be Paid By El Paso in Oil-For-Food Settlement. The New York Times (2/8, 1.16M) reports that "the El Paso Corporation, the largest American natural gas pipeline operator, agreed Wednesday to pay the federal government $7.73 million to settle allegations of involvement in illegal payments under the oil-for-food program run by the United Nations in Iraq." El Paso "will forfeit $5.48 million under a settlement with federal prosecutors in New York" which is the "amount…of secret surcharges paid to Saddam Hussein's government by third parties from whom El Paso purchased oil." The Securities and Exchange Commission has also sought "a civil penalty of $2.25 million" because they allege El Paso "had bought about 21.4 million barrels of Iraqi crude oil from third parties participating in the program;" a program "that more than 4,500 companies had taken part and that more than half had paid kickbacks," according to former Federal Reserve chairman Paul A. Volcker.

Gates Holds NATO To Its Promise To Boost Help In Afghanistan. The New York Times (2/8, 1.16M) reports that Defense Secretary Robert Gates will join NATO defense ministers in Seville on Thursday "to discuss ways to confront an expected Taliban offensive in Afghanistan, amid growing American pressure for the allies to commit more troops and resources" to the growing unrest and terrorist activity in the region. During the "two days of informal talks," members "will also discuss developments in Kosovo, where tensions are quietly simmering over its future status." Defense Secretary Robert Gates "and NATO's new military chief, Gen. Bantz J. Craddock…face a baptism of fire with their first official meeting" where Gates plans "to prod his partners to supply the promised troops and military equipment for the 35,000-strong NATO-led International Security Assistance Force." According to one anonymous senior American defense official, General Craddock has "drawn up a new set of requirements for the Afghan mission that would be discussed at the meeting in Seville."

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Emanuel Wants Dismissed US Attorney Named Special Counsel In Cunningham Probe. The Wall Street Journal (2/8, A6, Paltrow) reports, "Democrats have signaled they aren't dropping the controversy over what they describe as the Bush administration's 'firing' of federal prosecutors." House Democratic Caucus Chair Rep. Rahm Emanuel (D-IL) "yesterday sent a letter to Attorney General Alberto Gonzales, demanding that he appoint the recently fired U.S. Attorney in San Diego as a special counsel so that she can continue overseeing a congressional corruption probe." The Journal adds, "Carol Lam, appointed in 2002 as San Diego U.S. Attorney, was among at least seven U.S. attorneys recently dismissed by the Justice Department. Ms. Lam supervised the investigation and prosecution of Republican Rep. Randy 'Duke' Cunningham, now in federal prison for soliciting bribes. That case led to related investigations, including inquiries into a businessman who also had dealings with Rep. Jerry Lewis, the California Republican who until recently was chairman of the House Appropriations Committee, and into Kyle 'Dusty' Foggo, the former third-ranking official at the Central Intelligence Agency. Both individuals deny any wrongdoing." The Journal notes, "In his letter, Mr. Emanuel said, 'As you are aware, there are many questions surrounding the recent dismissal of seven U.S. Attorneys, including whether or not your office has the authority to dismiss these individuals, and if their firings were politically motivated.' … The Justice Department has said most of the prosecutors in question were asked to leave because of poor performance. It has strongly denied any intent to derail investigations. A spokeswoman said the Justice Department wouldn't comment specifically on Mr. Emanuel's letter because it hadn't received it. 'As a general matter,' she said, 'U.S. attorneys leave office for all sorts of reasons, and complex and important cases carry on with no interruption by the career prosecutors who manage them. There is no reason to suggest that any ongoing cases in San Diego would be any different.'"

The Hill (2/8, Crabtree) reports, "Lam was one of seven U.S. attorneys the Justice Department asked to resign late last year, using a little-known provision in the USA Patriot Act that allows Gonzales to appoint replacement prosecutors on an indefinite basis. At the time of her dismissal, Lam was

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investigating whether the Cunningham case involved other members of Congress and lobbyists." The Hill adds, "Beyond Cunningham, the U.S. Attorney's Office in San Diego sent a flurry of subpoenas for records to three congressional committees in late December. According to a Democratic leadership aide, Speaker Nancy Pelosi (D-Calif.) has been working with the House General Counsel's office and was 'close to a deal' last week with the assistant U.S. Attorney's Office in San Diego on whether to comply with those subpoenas — and, if the papers were handed over, which documents to include." The Hill notes, "In a letter sent to Gonzales yesterday, Emanuel argued that keeping Lam on as an outside counsel would allow the Bush administration to dispel questions about whether Lam's firing was politically motivated. … Emanuel highlighted Lam's record on crime and immigration prosecutions to counter explanations that she was asked to leave because she was not prosecuting enough of these cases."

Former Washington US Attorney Says He Was Ordered To Resign. The AP (2/8, Johnson) reports, "Former U.S. Attorney John McKay told The Associated Press on Wednesday that his resignation last month was ordered by the Bush administration, which gave him no explanation for the firing. … 'I was ordered to resign as U.S. attorney on Dec. 7 by the Justice Department,' McKay, who had led the department's Western Washington office, said in a telephone interview from Washington, D.C. 'I was given no explanation. I certainly was told of no performance issues.'" The AP continues, "McKay previously had said only that he was resigning because it was time for him to move on. His comments came one day after Deputy Attorney General Paul McNulty acknowledged to the Senate Judiciary Committee that the Justice Department has fired seven U.S. attorneys in the West in the past year, most of them for 'performance-related' reasons he would not divulge." The AP adds, "The dismissals have been heavily criticized by Democratic lawmakers. … 'John McKay has worked diligently for our region and it is deeply disconcerting that he could have been let go for political reasons,' said Sen. Patty Murray, D-Wash. 'Congress and the American people have no tolerance for the politicization of the U.S. attorney's office.'" The AP notes, "Robert Lasnik, the chief U.S. District Court judge for the Western District of Washington, said he and his fellow judges could not understand the firing and were dismayed that the Justice Department implied there was anything wrong with McKay's performance. … 'This is unanimous among the judges: John McKay was a superb U.S. attorney,' Lasnik said. 'For the Justice Department to suggest otherwise is just not fair.' … 'By every measure, the performance of his office improved during his tenure,' Lasnik added. 'If you talk to local prosecutors, or local sheriffs, or the FBI or the ATF, they never had the kind of service from the U.S. attorney's office in terms of service, cooperation and aggressive handling of cases that they had under John McKay's leadership. We're busier than ever before because they're bringing more cases.'"

McKay Got Positive Review Seven Months Before Ouster. The Seattle Times (2/8, Bowermaster) reports, "Seven months before he was forced to resign as U.S. attorney for the western district of Washington, John McKay received a glowing performance review from Justice Department evaluators. … 'McKay is an effective, well-regarded and capable leader of the [U.S. attorney's office] and the District's law enforcement community,' the team of 27 Justice Department officials concluded, according to a copy of their final report obtained by The Seattle Times." The Times continues, "Yet on Dec. 7, Michael Battle, director of the Justice Department's executive office for U.S. attorneys, called McKay and asked him to step down. … 'I was told to resign by the end of January,' McKay confirmed Wednesday. 'I asked what the reason was, and they told me there was none. … Ultimately, I serve at the pleasure of the president,' McKay said. 'I accept that now and I accepted that then, and that's why I resigned.'" The Times adds, "McKay's revelation came one day after Deputy Attorney General Paul McNulty told the Senate judiciary committee that six U.S. attorneys had been asked to resign in December for 'performance-related' issues. … Democrats convened the hearing to express concerns that the White House was purging U.S. attorneys, either to replace them with political loyalists or to penalize them for cases they prosecuted. … McNulty denied both assertions at the hearing. … Sen. Patty Murray, D-Wash., was not satisfied. … 'I would like the Justice Department to inform me exactly what it means by "performance-related" reasons and reassure me that Mr. McKay was not dismissed solely on the basis of partisan politics,' Murray wrote in a letter to Sen. Patrick Leahy, D-Vt., who chairs the judiciary committee. Tasia Scolinos, director of public affairs for the Department of Justice, said the department would not confirm whether McKay was asked to step down, or why. … 'The department appreciates John's commitment to the job and the important work done during his tenure as U.S. attorney,' Scolinos said."

Senators Mull Changing Patriot Act Provision On US Attorneys. Congress Daily (2/8, Talbott) reports, "Senate Judiciary ranking member Arlen Specter, R-Pa., Tuesday said he would support a bid to reverse a provision in the USA PATRIOT Act that helped facilitate what Democrats charge was the improper dismissal of seven U.S. attorneys." Congress Daily continues, "Denying an accusation by Sen. Charles Schumer, D-N.Y., that the provision was 'slipped into the PATRIOT Act in the dead of night' on his watch, Specter said he discovered it recently and agreed 'We ought to change it back to what it was.' … The provision authorizes the attorney general to appoint interim U.S. attorneys for indefinite periods." Congress Daily adds, "A bill by Sen. Dianne Feinstein, D-Calif. to change the appointment procedure is scheduled to be voted on in the committee Wednesday."

Friends Praise New Arkansas US Attorney. The Arkansas Democrat & Gazette (2/8, Barton) reports, "Ask friends of new U. S. Attorney Tim Griffin to describe the 38-year-old prosecutor, and they gush adjectives. They call him 'driven,' 'conscientious, ' 'highly intelligent' and fiercely loyal to his home state of Arkansas." The D&G continues, "Rep. John Boozman, the lone Republican in the Arkansas delegation, is typical: 'He's a very smart guy and very hard worker. He's done great no matter where he has been.' … But outside the circle of Griffin's friends and many of the state's prominent conservatives, Griffin remains something of a mystery. … 'I don't know many people who know anything about him,' veteran Little Rock attorney Scott Trotter said. When Griffin, a Magnolia native, was appointed to be U. S. attorney for the Eastern District of Arkansas in December, 'we just sort of scratched our heads.'" The D&G adds, "Said Arkansas' senior senator, Democrat Blanche Lincoln, 'I really didn't know much about him, aside from what I read about him in the newspaper and what I found on Google.' … Griffin's political resume — key player in both of President Bush's campaigns, deputy to White House political guru Karl Rove — is better known than his legal resume. Many saw his appointment as forcing out the popular Bud Cummins in order to reward a campaign operative. … Cummins was not among them. … He, too, was a loyal Republican and Bush backer when he was appointed in 2001. To replace him with Griffin, Cummins has said, was 'entirely within the prerogative of the White House.'"

More Commentary. The Denver Post (2/8) editorializes, "The dismissals of at least seven U.S. attorneys in the West is a vivid reminder of just how far the Bush administration will go to circumvent Congress." The Post continues, "The firings will have a chilling effect on all federal prosecutors, as McNulty well knows. U.S. attorneys should be empowered to pursue justice wherever the road takes them. They certainly shouldn't fear for their jobs because the administration wants to reward the well-connected, or because their exercise of judgment could be seen as unwelcome independence. … Congress should act quickly to reinstate time limits on interim U.S. attorney appointments, a move supported by Specter and many other lawmakers. Scrutiny of these appointments will protect the country from nominees whose fidelity is to the White House instead of the Constitution."

The Memphis Commercial Appeal (2/8) editorializes, "The Justice Department had a chance to defend its dismissal of H.E. Cummins III, the United States attorney for Eastern Arkansas, along with six other U.S. attorneys across the country. Apparently the move was indefensible. … Offered a chance to explain the move at a Senate Judiciary Committee hearing this week, Deputy Atty. Gen. Paul J. McNulty said he knew of no complaints about Cummins' service. … This after Atty. Gen. Alberto Gonzales said: 'I think I would never, ever, make a change in a United States attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation.' … Could the credibility of the administration get worse?" The Appeal adds, "The losers here go beyond Cummins and the Senate, which didn't get a chance to vet Cummins' replacement because of a little-known provision of last year's reauthorization of the Patriot Act that allows the White House to circumvent the Senate approval process with open-ended interim appointments. The people of Eastern Arkansas have lost a capable federal prosecutor with a formidable record of public service. … Griffin could turn out to be capable as well. But he enters office under a cloud of doubt, created by an administration that has manipulated the Patriot Act to consolidate presidential power to an unprecedented degree."

CORPORATE SCANDALS:

Attorneys Claim Impasse Over Nacchio Evidence. The Denver Post (2/8, Vuong) reports, "The Department of Justice said in a new court filing that it is at an impasse with attorneys for former Qwest chief executive Joe Nacchio over how the parties will handle the introduction of certain classified information during the course of his

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criminal insider trading trial." The Post continues, "Nacchio's attorneys have said they plan to use classified information to defend him against 42 counts of illegal insider trading." The Post adds, "Prosecutors said in the filing that an unnamed government agency believes its identity will be disclosed under the defense's proposed handling of certain top-secret information. … 'The agency believes that the defendant's proposals, if adopted, will reveal the agency's identity,' Justice Department attorneys wrote in the filing. … The government asked U.S. District Judge Edward Nottingham to rule on its proposed handling of the information. … A hearing is scheduled for Thursday."

The AP (2/8, Shore) reports, "Prosecutors say they are at an impasse with former Qwest chief executive Joe Nacchio's attorneys over the best way to describe some of the classified material to be used at his trial on insider trading charges." The AP continues, "The evidence includes government documents that must be withheld from the public under federal law. Attorneys for both sides have been working on substitute explanations for the documents that can be made public without violating the law." The AP adds, "Representatives of a federal agency have said they believe a description proposed by defense attorneys will reveal the agency's identity, prosecutor Leo Wise said. … 'After discussions between the parties, it now appears that the parties are at an impasse on this issue,' Wise wrote in a brief filed late Tuesday." The AP notes, "The brief was filed the same day Nacchio's attorneys sought a 60-day postponement in the trial, contending prosecutors have been so slow in turning over evidence that Nacchio's rights could be jeopardized if the trial starts as scheduled. … At issue are witness interviews and other documents that Nacchio's attorneys say may help his defense, a contention prosecutors have disputed. … Defense attorney Herbert Stern told Nottingham that he needs the additional time to evaluate material that prosecutors have turned over in recent weeks, including six CD-ROMs of documents that Stern said he was made aware of Monday. … Prosecutors have countered that evidence exchange has been hampered because of the Classified Information Procedures Act, which sets strict guidelines for viewing secret government material such as business contracts."

Judge Seen Unlikely To Dismiss Brocade Fraud Charges. The California Recorder (2/8, Scheck) reports, "The initial casualties of the government's massive stock option backdating probe had their first chance to try to get their cases thrown out of court on Wednesday. … But after an hour of arguments, it seemed unlikely that U.S. District Judge Charles Breyer would dismiss some of the fraud counts against former Brocade Communications CEO Gregory Reyes and ex-HR manager Stephanie Jensen." The Recorder continues, "The motion to dismiss seven criminal counts is part of a two-pronged effort -- made possible by Breyer's insistence that criminal and civil government cases proceed together -- to gut criminal and civil SEC charges accusing the defendants of backdating employee stock options to recruit and retain top talent during the dot-com boom. … The other prong, a motion for summary judgment on the civil side, was filed late Monday." The Recorder adds, "At Wednesday's hearing, a lawyer for Reyes -- Skadden, Arps, Slate, Meagher & Flom partner Christopher Gunther -- argued that an August decision by the 5th Circuit U.S. Court of Appeals should invalidate seven counts in the indictment. Reyes is indicted on 12 counts and Jensen on eight. Gunther's energetic presentation included a chalkboard drawing and a stroll across the courtroom to display how far 'out on a limb' prosecutors were going with their case. … The opinion he cited, U.S. v. Brown, 2006 WL 2130525, found that a person cannot be convicted on charges of denial of honest services if he or she was acting in the best interests of the company. … And, Gunther said, the government's indictment says that Reyes and Jensen manipulated options grants not for their own gain, but to benefit the company." The Recorder notes, "Breyer seemed interested in the Brown arguments and asked the prosecutor, Assistant U.S. Attorney Christopher Steskal, whether the Department of Justice had decided how to deal with the case's fallout. … 'Right now, the only policy I'm aware of, your honor, is that Brown was wrongly decided,' Steskal said. He also told the judge that it's possible that later in the case, when the government produces its evidence, it could offer support for behavior that would involve self-dealing. … In the end, Breyer seemed inclined to not dismiss the indictments -- at least not right away -- since the honest services issues could be revisited later in the case."

Delaware Ruling In Maxim Case Opens Door To Shareholder Options Suits. The Wall Street Journal (2/8, A7, Jones, Maremont) reports, "An influential Delaware judge issued a strongly worded opinion that could open the doors to more shareholder derivative lawsuits against companies alleged to have backdated stock options."

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The Journal continues, "William Chandler, chancellor of the Delaware Court of Chancery, ruled Tuesday that certain claims brought by a shareholder of Maxim Integrated Products, Inc., a Sunnyvale, Calif., chip maker, against several current and former board members could go forward despite defendants' objections. … Separately, Maxim last week said an internal probe overseen by a special committee of its board found backdating of options to its employees and directors, though options for top officers were 'properly granted.' The company said it expects to restate results back to at least 2000." The Journal adds, "The suit, brought by Walter E. Ryan, is called a derivative suit, in which a shareholder technically sues on behalf of the corporation itself. To file a successful derivative suit, a plaintiff generally must first ask the board to remedy the alleged problem. But that requirement may not apply if a plaintiff can raise a reason to doubt that board members were complicit in the alleged behavior. … Defendants moved to dismiss the case on a variety of grounds, among them that Mr. Ryan had failed to take the backdating issue to the board. Chancellor Chandler denied the motion on that point, ruling that because 'one half of the current board members approved each challenged transaction,' the requirement to ask for board approval wasn't necessary."

Former Siemens Official Reportedly Cooperating With German Probe. The Wall Street Journal (2/8, A11, Esterl, Crawford) reports, "A former Siemens AG executive alleged to have negotiated a $50 million payment to cover up bribes in Saudi Arabia is cooperating with German authorities, according to people familiar with the matter. … The executive's assistance could lend momentum to a widening international investigation into alleged corruption at the German conglomerate." The Journal continues, "Police raided Siemens's offices in mid-November and arrested several suspects. Prosecutors suspect senior Siemens employees set up sham consulting contracts to bribe potential customers. … Siemens is cooperating with prosecutors. The company said in December it had uncovered €420 million, or about $545 million, in suspicious transactions spanning seven years." The Journal adds, "The prosecutor's office in Munich yesterday said it released a former Siemens employee who had turned himself in for questioning last week. … It would only identify the witness as 'J.-C.S.,' adding that the person had traveled to Germany from Argentina and made extensive statements to authorities. … People familiar with the situation said the witness -- who is also a suspect -- is Juan-Carlos Stotz, 43 years old, a former telecommunications-equipment executive suspended late last year by Siemens. … Mr. Stotz allegedly helped broker a $50 million settlement in 2004 with a Saudi consulting firm that had threatened to forward documents to U.S. authorities detailing bribes paid on the German company's behalf, according to another key suspect cooperating with German authorities."

Banks Suffer From Misjudging Mortgage Risks. The Wall Street Journal (2/8, Mollenkamp) reports, "When the U.S. housing market was booming, HSBC Holdings PLC raced to join the party. Sensing opportunity in the bottom end of the mortgage market, the giant British bank bet big on borrowers with sketchy credit records. … Such subprime customers have always been risky, but HSBC figured it could control that risk. In 2005 and 2006, it bought billions of dollars of subprime loans from other lenders, lured by the higher interest rates they carry." The Journal continues, "Now, the party is over for HSBC -- and for lots of other bankers who aimed to cash in on the housing boom of the first half of this decade. When interest rates ticked up and the market cooled, HSBC reached a disconcerting conclusion: Its systems for screening subprime borrowers and for assessing the default risk they posed were flawed. … Many of those loans have soured, sometimes quickly. The percentage of HSBC mortgages more than 60 days past due is climbing. Fraud by borrowers has been higher than expected." The Journal adds, "In a surprise announcement late yesterday, HSBC said its subprime-mortgage problem was worse than previously indicated. It said the capital it sets aside to cover all bad debts, including the soured mortgages, would be 20%, or $1.76 billion, higher than analysts' consensus estimates. … HSBC's mortgage woes provide a window into the economic hangover brought on by the end of the housing boom. In recent months, mortgage bankers have taken a place beside home builders, condominium developers and real-estate agents, all of them struggling to adjust to a new housing landscape."

Attorney Who Led Internal Hewlett-Packard Probe Named GC. The Wall Street Journal (2/8, B5, Lawton) reports, "Hewlett-Packard Co. appointed Michael Holston executive vice president and general counsel, succeeding Ann Baskins, who resigned in September over

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her role in H-P's board-investigation scandal." The Journal continues, "Mr. Holston, 44 years old, is a partner at the law firm Morgan, Lewis & Bockius LLP. He led H-P's internal review of the leak investigation and has worked with H-P as external counsel for more than a decade, H-P said. His new responsibilities will include the company's legal affairs in addition to other areas such as compliance, privacy and ethics. … In a statement, Chief Executive Mark Hurd said 'Mike is a first-rate lawyer, with extensive trial and government-relations experience.'" The Journal adds, "In September, H-P disclosed that external investigators retained by the company had used pretexting -- gaining access to private phone records through false pretences -- to spy on board members, employees, reporters and others in an investigation to ferret out boardroom leaks. The scandal resulted in the resignation of Patricia Dunn as chairman and investigations by several government agencies. … That month, Mr. Hurd asked Morgan Lewis to conduct an independent review of its leak investigation. Mr. Holston conducted the review and reported directly to Mr. Hurd. Another law firm had initially investigated the affair on behalf of the board. … Mr. Holston told reporters in September that Mr. Hurd attended a July 2005 meeting at which a summary of the first phase of the leak investigation was discussed, but Mr. Holston didn't specify if pretexting was mentioned in the meeting. Mr. Hurd also received a report on the investigation in March 2006 that explained pretexting but contained assurances that the tactics were legal, Mr. Holston disclosed. Mr. Hurd said he didn't read the report. … Fallout from the scandal included criminal charges by the California attorney general against Ms. Dunn, who pleaded not guilty. Ms. Baskins, was never charged. She declined to testify as part of a congressional investigation into the matter."

Judge Denies Request For Accelerated Trial Date For Former Fannie Mae Chief. The Washington Post (2/8, Hilzenrath) reports, "A judge yesterday rejected former Fannie Mae chief executive Franklin D. Raines's request that the government be compelled to begin a trial this month on administrative charges that he manipulated the company's earnings." The Post continues, "Accelerating such an extensive case 'would be nothing short of an absurdity,' administrative law Judge William B. Moran said at a scheduling conference. … Raines had argued that he was entitled to have the proceeding begin within 60 days of the filing of charges, which occurred in December." The Post adds, "The federal agency that filed the charges, the Office of Federal Housing Enterprise Oversight, had proposed a timetable that left the trial date open but gave the parties until nearly the end of this year to file pretrial statements. … Noting that Raines and other former Fannie Mae executives are seeking millions of pages of government documents for use in their defense, the judge said Raines's position was 'specious and somewhat disingenuous.' … Citing a Supreme Court decision in a previous case, the judge said the statute required that the scheduling conference, not the evidentiary hearing, occur within 60 days of the filing of charges. In future arguments, Moran warned, lawyers in the case should tell the court about case law that runs contrary to their positions. … Kevin Downey, an attorney for Raines, told the judge that if the trial begins this month, the burden on the defense would be comparable to the burden on the regulators. This week, a spokesman for Raines framed the request for a February trial date as an issue of fairness."

CRIMINAL LAW:

US Indicts Five In Iraq Contracting Scam. The AP (2/8, Jordan) reports, "Three U.S. Army Reserve officers were indicted Wednesday, accused of taking part in a bid-rigging scam that steered millions of dollars for Iraq reconstruction projects to a contractor in exchange for cash, luxury cars and jewelry." The AP continues, "An American businessman in Romania was charged as the go-between for the military officers and the contractor. The husband of one of the reservists was accused of helping smuggle tens of thousands of dollars into the United States that the couple used to pay for a deck and a hot tub at their New Jersey house. … Together, the five used the $26 billion Iraqi rebuilding fund 'as their own personal ATM machines,' Deputy Attorney General Paul McNulty said in announcing the charges. … 'These defendants actually took bricks of stolen cash ... and smuggled them out of Iraq and back to the United States for their own personal use,' McNulty said." The AP adds, "The 25-count indictment, filed in U.S. District Court in New Jersey, marks the latest development in an investigation of $8.6 million in Iraq contracts awarded to construction mogul Philip H. Bloom. … Bloom, an American citizen who ran construction and services companies under Global Business Group, has admitted to laundering at least $2 million that was stolen from reconstruction funds managed by the U.S.-led Coalition Provisional Authority in Iraq. He awaits

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sentencing. … McNulty said the five people indicted Wednesday stole or otherwise misused $3.6 million from the CPA fund."

USA Today (2/8, 6A, Leinwand, 2.27M) reports, "Col. Curtis Whiteford of Riverton, Utah, Lt. Col. Debra Harrison of Trenton, N.J., and Lt. Col. Michael Wheeler of Amherst Junction, Wis., allegedly rigged the bids for more than 27 projects for businessman Philip Bloom, according to a 25-count indictment unsealed in U.S. District Court in Trenton. … More indictments are expected as the investigation continues into contract corruption in Iraq, said Stuart Bowen, special inspector general for Iraq reconstruction." US News & World Report (7/7, Ragavan) noted on its Web site, "The indictment accuses the defendants and coconspirators of steering at least 27 CPA construction projects in Iraq to Bloom and his companies through a 'rigged bidding process,' overpaying Bloom for his services by more than $8 million, structuring the contracts to Bloom in amounts under $500,000, the dollar limit of all contracting officers' authority, and conspiring to avoid scrutiny by the CPA's contract review board and auditors."

Citing Breach of Contract, Army To Withhold Funds From Halliburton. The New York Times (2/8, Shenon, 1.16M) reports, "The Army announced during a House oversight committee hearing on Wednesday that it would withhold $19.6 million from the Halliburton Company after recently discovering that the contractor had hired the company Blackwater USA to provide armed security guards in Iraq, a potential breach of its government contract." The Army "has said that its contracts with Halliburton, which has a five-year, $16 billion deal to support American military operations in Iraq, generally barred the company and its subcontractors from using private armed guards. But in a statement, Halliburton disagreed with the Army's interpretation and suggested that there was nothing to prohibit Halliburton's subcontractors from hiring such guards."

Russert Contradicts Libby On Key Conversation. NBC Nightly News (2/7, story 3, 3:05, Williams, 9.87M) reported that at the trial of Lewis "Scooter" Libby, "the prosecution put its key witness on the stand today," NBC Washington bureau chief Tim Russert. NBC (O'Donnell) added, "Like so many Washington stories about scandal, what this case really boils down to is an alleged cover-up going back to the start of the war. … What happened at court today pits the man who was Vice President Cheney's closest advisor against a national known journalist," and "Russert's testimony is pivotal to the prosecution because it contradicts what Libby said to a grand jury. Under oath, Libby said it was Russert who first told him about a CIA operative named Valerie Wilson. … But today, Russert told the jury that never happened: 'That would be impossible because I didn't know who that person was until several days later.' … But Libby's lawyer, Ted Wells, in lengthy, sometimes prickly questioning, challenged Russert's memory and pressed him on why as a journalist he had not used the call to get information from Libby." Russert "told the jury that he treated the call as a complaint and not as a conversation with a high level government source."

ABC World News (2/7, story 6, Gibson, 8.78M) called Russert's appearance "crucial testimony," and the CBS Evening News (2/7, story 4, 2:20, Couric, 7.66M) noted that the trial "has Washington insiders riveted and the rest of us scratching our heads." CBS (Borger) added, "The courtroom testimony so far has provided a rare view inside a White House under fire during the lead up to the war in Iraq. It's not pretty. Top advisors squabbling in the West Wing, leaked secrets, faulty memories. All part of a full-blown damage control operation apparently led by the Vice President himself." Russert testified that his discussion with Libby "was more of a viewer complaint call. Russert said, 'If I had been told that, I would have remembered it.' Vice President Cheney could take the stand in Libby's defense, but he may also need to answer some questions about himself and whether he directly controlled a White House effort to discredit a political enemy."

In a widely-distributed story, the AP (2/8, Apuzzo) reports, "Russert originally told the FBI that he couldn't rule out discussing Wilson with Libby but had no recollection of it, according to an FBI report Wells read in court. Russert said Wednesday he did not believe he said that. Russert also acknowledged that in November 2003, shortly after the investigation began, that he told an FBI agent that he had not discussed Wilson's wife with Libby." The Washington Post (2/8, A4, Leonnig, Goldstein, 690K) notes that Russert was "the final, and perhaps most critical, prosecution witness," and adds, "In 11 minutes of direct testimony, Russert offered a vivid description of his telephone call with Libby, and said it rapidly 'evolved into a consumer complaint.' Russert said Libby…was upset that 'Hardball' host Chris Matthews had said in two broadcasts that the vice president was responsible for Wilson's mission to Niger for the CIA and had made

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negative remarks about Libby. 'What the hell is going on with "Hardball"?' Russert quoted Libby as having asked him. 'Damn it. I'm tired of hearing my name over and over again. What is being said is not true.' In addition to testifying that he had not mentioned Plame to Libby, Russert said that Libby did not bring her up, either.

The New York Times (2/8, Lewis, Johnston, 1.16M) reports, "Mr. Russert, whose signature technique in interrogating officials on his television program includes confronting them with documents and texts of previous quotes, found the technique used on him. A defense lawyer displayed documents on a large television screen in the courtroom as he challenged Mr. Russert's recollection of events. The cross-examination is expected to conclude on Thursday." Meanwhile, "white-collar criminal defense lawyers" yesterday "said Mr. Fitzgerald's case lacked emotional appeal, but gave the jurors an uncluttered and convincing story of wrongdoing. Defense efforts to trap prosecution witnesses in contradictions and memory lapses had probably helped Mr. Libby, the lawyers said, although they expressed doubt that the effort had jelled into a plausible explanation of Mr. Libby's conduct."

The Wall Street Journal (2/8, Perez, 2.04M) reports, "Also, yesterday in court, Mr. Libby's taped testimony revealed that in 2003, as controversy ensued over the Wilson criticism, Mr. Cheney ordered Mr. Libby to leak portions of an intelligence report, which said that Iraq 'vigorously' sought to procure uranium for its weapons program, to The Wall Street Journal. Mr. Libby said he asked Paul Wolfowitz, then deputy Defense Secretary, to leak parts of the report to an editor of the paper's opinion page. … A July 17, 2003, Journal editorial criticized Mr. Wilson's claims, citing the intelligence report, which was made public after the editorial was published."

The Los Angeles Times (2/8, Schmitt, 850K) and Financial Times (2/8, Daniel) also report on Russert's testimony, and the Washington Post (2/8, C1, Kurtz, 690K) reports, "With the perjury trial…hanging in the balance, the 'Meet the Press' inquisitor -- the man who puts all those quotations up on the screen and presses politicians about contradictions and evasions -- found himself on the receiving end of a tough cross-examination. Russert emerged relatively unscathed yesterday, except for a previously acknowledged memory lapse about a phone call unrelated to the Libby case. But it was a long afternoon for someone who much prefers asking the questions."

On Fox News' Special Report With Brit Hume (2/7), Fred Barnes said, "Obviously, the testimony made by Tim Russert was not helpful to the Libby defense," but "there have been any number of other witnesses who have had very, very fuzzy memories. Just this week, we had an FBI agent, Debra Bond, come back and say well, she had mis-testified the week before when she said it was Karl Rove who originally told columnist Robert Novak about Valerie Plame," and "that is, I think, the core of the defense case, 'Look at all these other people, they couldn't remember correctly, either. And why would you expect scooter Libby to?'"

The AP (2/8, Yost) reports, "Russert's much-anticipated version of the July 2003 telephone conversation is important to the case because Libby told the grand jury that his conversation with Russert was the first time the White House aide had heard about Wilson's wife. He later said he had forgotten that Vice President Dick Cheney had told him about Wilson's wife a month earlier." The AP continues, "Defense attorneys want to know who negotiated the agreement to get Russert's testimony and other details, including any interaction with Chief U.S. District Judge Thomas Hogan, who oversaw the grand jury that indicted Libby. … In a court filing, prosecutors said that nothing in the government's possession is inconsistent with Russert's statements in the investigation. Prosecutors said they've already provided Libby's lawyers with details of Russert's cooperation." The AP notes, "At the start of the trial, jurors were told that Russert was only questioned for 22 minutes, that he was not required to make a grand jury appearance and that prosecutors failed to ask Russert a number of important questions. … 'You're going to see that Tim Russert had a deal,' the jury was told by the defense during opening statements. … Special Counsel Patrick Fitzgerald says prosecutors' dealings with Russert had to conform to Justice Department guidelines, which require greater caution when dealing with journalists as opposed to other witnesses."

Bloomberg (2/8, Asseo) reports, "Prosecutors are near completion of their case in Libby's trial. U.S. District Judge Reggie Walton told defense lawyers to be prepared to begin presenting evidence tomorrow. … Potential defense witnesses include Cheney, Washington Post reporter Bob Woodward and other journalists." Bloomberg adds, "Wells sought to show that Russert has previously displayed a faulty memory, pointing to a letter he wrote to the Buffalo News acknowledging he forgot that he had called a News columnist to dispute an article about Russert's performance

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in moderating a debate by presidential candidates in 2000. … Wells also questioned how Russert could have talked to an FBI investigator in November 2003 about his conversation with Libby and later resisted a subpoena to testify before a grand jury. … In speaking to the FBI investigator, 'the focus was on my words, my words, not Mr. Libby's words,' Russert said, adding that he didn't reveal anything Libby said in confidence."

Libby Told Grand Jury Cheney Seemed Surprised By Plame Revelation. In a widely-distributed story, the AP (2/8, Yost) reports, "Vice President Dick Cheney seemed surprised in 2003 when told where his chief of staff had learned the identity of CIA officer Valerie Plame. 'From me?' Cheney asked, tilting his head, according to" Libby's grand jury testimony. "Libby's account of the conversation came near the end of nearly eight hours of audiotapes of his 2004 grand jury testimony that prosecutors finished playing at his trial Wednesday. Libby describes finding in his own handwritten notes a reference to Cheney saying in mid-June 2003 that the wife of war critic Joseph Wilson worked at the CIA. The reference by Cheney was more than a month before Plame was outed in a newspaper column."

Conference Panel Addresses Internet Threats To Children. CNET News (2/8, Ogg) reports, "The amount of unwanted sexual material that teens and preteens are exposed to on the Internet has skyrocketed in recent years, yet only a fraction of those children are likely to report it to an adult." CNET continues, "Those were among the concerns voiced Wednesday by members of a panel discussion here at the RSA Security Conference called 'Pandora's Box: Youth and the Internet.' The panel, which featured a journalist, pediatrician, federal law enforcement official and a security expert, threw out similarly scary statistics and invited the tech community to help find a solution to children's exposure to pornography as well as the prevalence of child pornography." CNET adds, "One in seven children between 10 and 17 have received an online sexual solicitation, according to the National Center for Missing and Exploited Children. In what may be even more disheartening to parents, NCMEC says only 27 percent of kids that received unwanted sexual material online are likely to report it to a parent or guardian. This can include receiving sexually explicit photos or videos, or an invitation to meet someone. … The type of material on the Internet and the threat of child sexual predation is increasingly dangerous, said Drew Oosterbaan, the Department of Justice's chief of the Child Exploitation and Obscenity Section. The exploitation of children in the last eight to 10 years has seen 'an amazingly scary escalation of abuse,' Oosterbaan said. A decade ago, the content of child pornography his department worked to eradicate depicted children usually no younger than 13. 'Now there is horrific, tortuous sexual abuse involving babies and toddlers,' he said. … This escalation, he said, is partly due to the Internet's ability to bring communities together. Prior to the explosion of the Internet, pedophiles were relatively isolated. They've now found each other online, and the community's main commodity is child pornography, which if they can't find, they create themselves."

Internet Attacks Highlight Need For Coordination Between Public, Private Sectors. Government Computer News (2/8, Jackson) reports, "Tuesday's denial-of-service attacks against three of the Internet's root DNS servers did not rise to the level of a major cyberincident, but it did highlight the government's efforts to coordinate responses with private-sector infrastructure providers. … 'There was some minor degradation of service,' but no large impact, said Jerry Dixon, head of the Homeland Security Department's National Cyber Security Division." GCN continues, "Dixon was joined Wednesday by Chris Painter of the Justice Department and Mark Hall of the Defense Department, his fellow co-chairmen on the National Cyber Response Coordination Group, at the RSA IT security conference. NCRCG is the government's tool for organizing its response to the most serious cyberattacks, coordinating the efforts of federal departments and agencies with the private sector. … So far, 'we haven't had a real crisis where we've had to stand up,' Painter said." GCN adds, "On a scale of 1 to 10, this week's attacks on top-level Domain Name Service servers only rated about a 3, Dixon said. The NCRCG co-chairs met to discuss the incident and monitor its impact and progress, but hands-on response was coordinated by the US CERT. … The attacks lasted for several hours and directed up to 54Gbps of traffic at the .mil, .info and .bus DNS servers, said US CERT deputy director Michael Witt. The .mil server was the most heavily targeted, he said. … Dixon said investigators are following leads to determine the source of the attacks."

Pennsylvania Lawmaker Pleads Not Guilty To Federal Charges. The AP (2/8, Dale) reports that

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Pennsylvania State Senator Vincent J. Fumo "pleaded not guilty Wednesday to federal charges he defrauded taxpayers and a local nonprofit out of more than $2 million, and surrendered more than 200 firearms as a condition of bail. … The powerful Philadelphia Democrat declined comment during several hours at the federal building, when he was arraigned and processed by the FBI and U.S. marshals." The AP continues, "Fumo appeared confident in court, although his jaw twitched at times, as a clerk spent several minutes reading the 139 criminal counts lodged against him. …. 'Not guilty, your honor,' he said, in answer to the charges." The AP adds, "Fumo, 63, later declined to discuss the cache of guns, which prosecutors said he kept at his Philadelphia mansion, his Harrisburg-area farm and at beach homes in New Jersey and Florida. … Fumo sat in court beside his lead defense attorney, Richard A. Sprague, a legendary 81-year-old former city prosecutor who plans a press conference on the indictment on Thursday." The AP notes, "Co-defendant Ruth Arnao, the longtime Fumo friend who ran the nonprofit, the Citizens' Alliance for Better Neighborhoods, also pleaded not guilty to the charges. … She was accompanied in court by her husband, Pennsylvania Turnpike Commission Chairman Mitchell Rubin. Rubin is not charged, but the 267-page indictment states that he joined Fumo on a 2001 trip to Cuba funded by the nonprofit and was paid for Senate contracts that involved little or no work. … The couple also enjoyed a sailing trip with Fumo at Martha's Vineyard on a yacht owned by the Independence Seaport Museum, the indictment charges. … Arnao, 51, of Philadelphia, obstructed the four-year investigation into Citizens' Alliance by helping delete years worth of e-mails, prosecutors said. … She is charged in 45 counts, including two counts of filing a false tax return for allegedly stating that the group did not engage in political activity. According to the indictment, Fumo ordered the charity to fund election polling, a politically motivated lawsuit against a Senate rival and other partisan efforts." The Philadelphia Inquirer (2/8, Shiffman, Lounsberry, 385K) reports on the arraignment, under the headline "Fumo Surrenders To FBI, Pleads Not Guilty," and the Philadelphia Daily News (2/8, Hinkelman, 106K) also reports the story.

Austrian Investigators Uncover International Child Porn Network. USA Today (2/8, 13A, Johnson, 2.27M) reports, "The Austrian government has provided the FBI with more than 200 U.S. Internet addresses identified in a far-reaching international child pornography investigation in which suspects allegedly paid to watch graphic videos of young children being sexually abused. The investigation, which began last summer, has identified 2,361 Internet addresses in at least 77 countries, including the USA, where customers paid about $90 to view the abuse of infants and other children, Austrian Interior Minister Guenther Platter said Wednesday." USA notes, "It was unclear how many suspects could be traced to the addresses because computer users frequently maintain multiple addresses, FBI and Austrian authorities said. 'This is an ongoing investigation,' FBI spokesman Paul Bresson said. 'The FBI is working closely with the Austrian authorities … to combat the proliferation of online child exploitation. Although the number of subjects may end up being significantly less … it will likely result in the identification of numerous individuals in the U.S.' Platter said no arrests had been made."

In a widely-distributed story, the AP (2/8, Oleksyn) reports, "The children were under the age of 14 and screams could be heard, said Harald Gremel, an Austrian police expert on Internet crime who headed the investigation." Platter "said the FBI was investigating about 600 of the suspects in the United States. German authorities were following leads on another 400 people, France was looking into about 100 others, and at least 23 suspects were Austrians, he said." The New York Times (2/8, Smith, 1.16M) notes, "The Federal Bureau of Investigation announced last year it had assembled an international task force, with officials from Europol, the European Union's law enforcement organization, and 18 countries serving six-month rotations in the United States to help American child-pornography investigators." BBC News (2/7) added, "Twenty-three suspects were being questioned, Austrian officials said, and arrest warrants might soon be issued. Fourteen of them have confessed to downloading the material."

Fox News Live (2/7, 2:07 p.m.), CNN's Live Today (2/7), CNN.com (2/7, Pleitgen), Bloomberg (2/8, Tirone), Canada's CTV.ca (2/7) and Britain's The Sun (2/8, Sturgis) also reported on the Austrian probe, all noting that the FBI is investigating the Internet addresses identified in the US.

Internet Porn Rings Prove Difficult To Track. The AP (2/8, Bergstein) reports, "The numbers behind an international child pornography bust Wednesday were themselves disturbing: Nearly 2,400 suspects from 77 countries allegedly paid to view videos depicting sexual abuse online. But the nature of Internet traffic makes it sadly unsurprising that people would figure they could hide so

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much hideous material." The AP continues, "Finding and stamping out such content 'is needle-in-a-haystack work,' said Carole Theriault, a security consultant with Sophos PLC in London." The AP adds, '"Austrian authorities said an employee of a Vienna-based Internet file-hosting service approached his national Interior Ministry last July with word that he had noticed the pornographic material during a routine scan. … The videos showed 'the worst kind of child sexual abuse,' said Austrian Interior Minister Guenther Platter, citing the rape and sexual abuse of girls and boys younger than 14. At times the children could be heard screaming. … Lead investigator Harald Gremel said the videos were online for at most a day before they were discovered. The Austrian Internet service employee blocked access to the videos while recording the computer addresses of people who tried to download the material, and gave the details to authorities. … Within 24 hours, investigators recorded more than 8,000 hits from 2,361 computer addresses in 77 countries around the world, including the United States, according to Gremel. … Why did finding this take what would seem a lucky break by network administrator? Because everything traversing the borderless Internet looks the same while in transit. Whether it's a mundane e-mail or videos as insidious as this, all traffic gets splintered into packets of data that don't identify what they contain. … Consequently, unless a nefarious Web site advertises itself with spam e-mails or shuttles an inordinate amount of traffic, several factors can conspire to keep it in the shadows."

Massachusetts Man Charged With Possession Of Child Pornography. The Hingham (MA) Journal (2/8, Ford) reports, "Philip W. Herzberg, 50, of 243 South St., was arrested in Hingham last Thursday (Feb. 1) on federal charges of receipt and possession of child pornography, the U.S. Attorney's office said." The Journal continues, "Herzberg was one of three Massachusetts men who were the latest to be charged in a Immigration and Customs Enforcement (ICE) nationwide investigation dubbed 'Operation Emissary' targeting a Web site based in New Jersey that offers images and movies of hardcore child pornography. … Herzberg, who was arrested at the Hingham Police Department, is charged with six counts of receipt of child pornography and one count of possession of child pornography. … If convicted, Herzberg could face a minimum of five years in prison for each charge of receipt of child pornography and a maximum of 10 years in prison for possession of child pornography." The Journal adds, "Federal agents had been monitoring Herzberg and others over the Internet for three months at the end of 2005 and 2006. In October 2006, more than 125 people in 22 states were arrested in the first wave of a nationwide sweep. … Lt. Michael Peraino, who is spokesman for the Hingham Police Department, said Hingham police assisted federal agents last September in executing a search warrant at Herzberg's home. They seized Herzberg's computers as a result of the federal investigation."

Delay Seen Likely For Cunningham Co-Conspirator's Hearing. The North County (CA) Times (2/8, Bennett) reports, "The sentencing of Randy Cunningham's co-conspirator, Mitchell Wade, will likely be delayed again, as the former defense contractor continues to cooperate with federal prosecutors in the ongoing investigation into the Cunningham bribery case, a spokesman for the U.S. attorney's office in Washington said Wednesday." The Times continues, "Wade pleaded guilty in February 2006 to having bribed the now-imprisoned Cunningham with more than $1 million in a scheme to enrich himself through lucrative defense contracts. Wade faces up to 11 years in prison and remains free pending sentencing. He could have gotten up to 20 years, if not for a plea deal in which he promised to cooperate with prosecutors in their ongoing investigation. … In August, the U.S. attorney's office in Washington announced that it was postponing the presentencing hearing until early 2007 due to Wade's ongoing cooperation. And on Wednesday, Washington spokesman Channing Phillips said the hearing is likely to be put off for another six months, for the same reason. … 'If he's going to get the full benefit of his cooperation, it makes no sense (to sentence him) before his cooperation ends,' Phillips said in a Wednesday phone interview from his Washington office. … He said defense counsel and prosecutors generally work with the judge to negotiate decisions on whether to postpone a sentencing hearing."

FTC Reports ID Theft Again Leads Consumer Fraud Complaints. In a widely-distributed story, the AP (2/8, Rugaber) reports, "Consumers reported over 670,000 cases of fraud and identity theft in 2006 that cost them $1.2 billion in losses, the Federal Trade Commission said in its annual report Wednesday. For the seventh straight year, ID theft was the most common

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complaint, the FTC said, accounting for 36 percent, or 246,035, of the complaints. ID theft complaints have leveled off after a steep increase earlier this decade. The number of ID theft complaints jumped from almost 162,000 in 2002 to a record 246,882 in 2004, slightly higher than last year's number, the agency said." The AP notes, "The annual report is based on data collected by the FTC and over 115 other organizations, including law enforcement agencies, such as the FBI, and private groups such as the Better Business Bureau."

Consultant Trains Convicts How To Survive In Prison. The San Diego Union-Tribune (2/8, Fitzsimmons) reports, "Dr. Prison is a consulting business, based in La Mesa and run by a San Diego man, that coaches men and women who are about to serve sentences in jail or prison. Dr. Prison teaches them how to talk, how to carry themselves, how to make allies and how to avoid making enemies. Really, how to survive. … 'Dr. Prison's mission is to help you avoid being physically hurt, extorted, or possibly killed in prison,' the business says on its Web site, www.drprison.com. … 'Just because you didn't know you shouldn't walk into another person's open cell because you didn't ask permission doesn't mean you should get the crap beaten out of you,' said Steve Scholl, who started Dr. Prison about two years ago." The Union-Tribune continues, "Scholl has never been to prison, but he works with 10 on-call ex-convicts. He carefully selects the right ones to match the client's background and crime. Each client – he sees about two a month – is charged a fee based on the amount of time and attention they need. … 'They will always have directly across the table from them someone who has served time,' Scholl said." The Union-Tribune adds, "Rates start with the phone/e-mail package, at $275 for jail preparation and $375 for prison. The personal visit package runs $375 for jail, $575 for prison, with the client paying for travel expenses; and the video teleconference deal costs $900 for jail and $1,200 for prison. … Dr. Prison also works with families of convicts, advising them how to best support their loved ones as they deal with the sentence from their side of the bars. This month, Scholl and his consultants will start hosting a national, online radio talk show Saturday nights on www.wsRadio.com. Listeners can call in for advice. … Clients contact Dr. Prison on the advice of their lawyers or bail bondsmen. … They aren't gang members, and certainly aren't people who have been in prison before. … Based on interviews he conducted with released convicts, Scholl says a person who doesn't know how to act in prison has a 25 percent to 30 percent chance of getting killed; a 10 percent to 15 percent chance of being raped; a 30 percent to 40 percent chance of getting stabbed; and an 80 percent to 90 percent chance of getting beaten."

CIVIL LAW:

Air Traffic Controller Blamed In Airline Crash That Killed Radio Star. The Chicago Tribune (2/8, O'Connor) reports, "An aviation consultant testified Wednesday that an air-traffic controller's negligence led to the midair collision near Waukegan that killed radio star Bob Collins and two other people in 2000. … 'There were a multitude of things he did wrong,' Richard P. Burgess, who spent 32 years at the Federal Aviation Administration, testified at a federal trial into the cause of the crash." The Tribune continues, "Burgess, hired by lawyers for Collins' widow, also said that a 1997 midair collision at Chicago's Meigs Field that killed seven people was 'a wake-up call' that should have prompted the FAA to install radar at the Waukegan Regional Airport in addition to installing it at Meigs. … The Waukegan airfield was busier than Meigs, yet only Meigs was equipped with radar after the midair collision at the lakefront airport, according to testimony. … Radar was installed at the Waukegan field five months after the crash killed Collins, his passenger, Herman Luscher, and student pilot Sharon Hock in the other plane." The Tribune adds, "In testimony Tuesday, Gregory Fowler, the air-traffic controller in question, admitted he had no idea of the precise location of Hock's Cessna when he instructed her to turn toward the Waukegan airport. … Less than two minutes later, Collins' Moravan Z242L rear-ended the Cessna 172P. Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, and Hock's plane plummeted to a Zion street. … Lawyers for the victims have sued the U.S. government, contending that the FAA was responsible for the crash even though a private company operated the Waukegan tower. U.S. District Judge John Darrah is to decide the case. … Burgess testified that Fowler erred when he issued certain directives to the two pilots, including clearing Collins to land, even though he had neither plane in sight. … On cross-examination of Burgess, Jill Dahlmann Rosa, a Justice Department lawyer, suggested he had a vendetta against the FAA after he had been suspended and reassigned to a nonsupervisory position late in his career.

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Burgess denied any hard feelings. … Rosa also contended that in the last four years Burgess had found 32 air-traffic controllers at fault in 18 lawsuits in which he testified."

CIVIL RIGHTS:

Report On Lynchburg, VA, Police Custody Death To Be Released Today. The Lynchburg (VA) News & Advance (2/8, Lee) reports, "Two more investigations into the death of Clarence Lightfoot Beard Jr. are complete and the findings will be released at a news conference today." The N&A continues, "Beard, a 46-year-old Lynchburg man, died in police custody last year after a struggle with two Lynchburg police officers. … Today's findings come a little more than three weeks after Lynchburg's top prosecutor said he would not bring criminal charges against officers Michael Eagle and Michael Huntsman." The N&A adds, "Commonwealth's Attorney Mike Doucette's findings were based on a Virginia State Police investigation. His report focused on whether or not the officers committed a criminal act. … Today's report is based on two internal investigations begun and almost immediately shelved by the Lynchburg Police Department after the state police started its outside investigation. … Lynchburg police have said they would release their findings once the state police inquiry wrapped up." The N&A notes, "One of the Lynchburg Police Department's investigations is looking into whether the officers acted legally during their encounter with Beard, while the other is to determine whether they followed department policy. … A state medical examiner's report showed Beard was suffering from advanced coronary artery disease and that there were no drugs in his system when he died. … Civil rights activists have called for the U.S. Justice Department to investigate the incident."

Three Atlanta Officers Expected To Face Murder Charges Following "No-Knock" Search. In a widely reported story, the AP (2/8) reports prosecutors "intend to seek murder charges against three Atlanta police officers involved in the shooting death of a 92-year-old woman in her home, according to a letter sent to an attorney for one of the officers. Fulton County District Attorney Paul Howard sent a letter that said he will ask a grand jury on Feb. 26 to deliver a murder indictment against officers Gregg Junnier, J.R. Smith and Arthur Tesler, said Rand Csehy, Junnier's attorney." Kathryn Johnston "died and three officers were wounded in the Nov. 21 shootout when police used a no-knock warrant to search for drugs in Johnston's northwest Atlanta home. … Narcotics officers said an informant had claimed there was cocaine in the home, but none was found."

The Atlanta Journal-Constitution (2/7) reported the three officers "were involved in securing a search warrant on Nov. 21 for the home of…Johnston. Shortly before the raid, Smith told a magistrate he and Tesler had a confidential informant buy $50 worth of crack at 933 Neal Street from a man named 'Sam.' But, according to the proposed indictment, no informant went to the house."

On its Web site, WXIA-TV, Atlanta (2/7) reports the district attorney "has told the officers' attorneys that he plans to take the case to a Grand Jury on February 26. An attorney for…Junnier said the charges the D.A. plans to take to the jury include felony murder, aggravated assault, false imprisonment, burglary, and other charges."

WSB-TV, Atlanta (2/7) reports on its Web site that the "big news is not only the notice of the indictment itself, but also an FBI action indicated to Channel 2's Mark Winne that the action by the Fulton County D.A.'s Office came without any notice to either the FBI or U.S. Attorney's Office. The official suggested the FBI investigation has not been completed and the FBI had not been notified of what he indicated was a unilateral action taken by the District Attorney."

Nashville Council Makes English Its Official Language. The AP (2/8) reports, "Nashville's city council has voted to adopt English as its official language, following similar moves by several smaller cities around the country." The AP continues, "After months of debate, the city's Metro Council voted 23-14 on Tuesday to approve the measure requiring all government communications to be in English, except when multilingual communications are required by federal rules or are needed 'to protect or promote public health, safety or welfare.' … The exceptions were added after the city attorney contended that the bill's original language was unconstitutional. Some supporters and opponents of the measure said the exceptions mean the law would have little effect on city business." The AP adds, "Nashville, a city of more than 600,000, is home to the nation's largest Kurdish community and has been a resettlement site for refugees from Africa and Southeast Asia. The Hispanic immigrant population also has boomed, and researchers say Nashville's

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foreign-born population has grown 350 percent since 1990. … Gregg Ramos, a Nashville attorney and first-generation American who opposed the measure, said Nashville is the largest city and the only state capital to pass such a law. … Twenty-eight states have adopted English as their official language, including Arizona, where voters approved a law last year, according to U.S. English Inc., a Washington-based advocacy group. … The U.S. Senate's version of last year's failed immigration bill would have made English the national language, but U.S. Attorney General Alberto Gonzales said the measure would have been purely symbolic."

Former Nvidia Counsel Sues Firm For Age Discrimination. The California Recorder (2/8, Seyfer) reports, "Stephen Pettigrew built Nvidia Corp.'s legal department from a one-man-show -- himself -- into a full-fledged public-company team. … But when he got too old, executives demoted and fired him. That's what Pettigrew, who was 64 when he left Nvidia, alleges in an age discrimination lawsuit filed last month against the Santa Clara, Calif., graphics-chip company." The Recorder continues, "Pettigrew also accuses the company of retaliating because he voiced his concern that one of the company's top executives may have committed sexual harassment and gender discrimination. … 'Steve Pettigrew is an outstanding attorney who served this company loyally and very skillfully, and he didn't deserve this,' said his attorney, Allen Ruby of San Jose's Ruby & Schofield." The Recorder adds, "The suit is the latest legal shadow cast on the company, which remains the subject of a Securities and Exchange Commission probe into stock-option backdating as well as a Department of Justice antitrust investigation. The DOJ probe is looking into whether the company monopolized the market for two kinds of graphics products."

ACLU Sues For Removal Of Commandments Monument From Florida Courthouse. The AP (2/8) reports from Cross City, FL, "The American Civil Liberties Union is suing to force a conservative Christian county in Florida to remove a hulking Ten Commandments monument from the courthouse steps." The AP continues, "The 5-foot-tall 6-ton black granite monument stands in front of a building for the courthouse, the elections supervisor office, the tax collector and other public offices in Dixie County. The lawsuit filed in federal court Tuesday said the monument heaps on its religious message with the inscription 'Love God and Keep His Commandments' in large capital letters at its base. … The lawsuit says the monument violates two amendments to the U.S. constitution because it is not part of a historical display and because the uniquely Christian message of the Ten Commandments on a government building could intimidate people with different religious beliefs." The AP adds, "The U.S. Supreme Court has ruled that religious displays are not inherently unconstitutional and must be considered on a case-by-case basis. Last year, the high court allowed the Ten Commandments to be displayed outside the Texas state Capitol but not inside two Kentucky courthouses, where the justices said the displays promoted a religious message. … The Dixie County Commission approved the monument, donated by a local businessman, in January 2006 and it was placed on the courthouse steps in November. Dixie County, a rural county where churches outnumber traffic lights, is on the Gulf Coast north of Tampa, Florida."

Wal-Mart Bias Suit Highlights Persistent Wage Disparities. The Christian Science Monitor (2/8, Trumbull) reports, "A lawsuit against America's largest employer is serving as a reminder that concerns about gender discrimination persist, despite four decades of focus on equal workplace rights." The Monitor continues, "Wal-Mart hasn't been found guilty of sex discrimination – and it may never be, in part because class-action cases on this issue are often settled out of court. … But the very fact that such a large case against the retailer has made it this far – with a federal appeals court giving the go-ahead Tuesday for a class-action lawsuit involving more than 1.5 million women – puts the issue back in the national spotlight more than at any other time in recent years." The Monitor adds, "The case revolves around wage issues – equal pay for equal work. But it also alleges that Wal-Mart shortchanged female employees on opportunities for promotion. … It's that issue – the proverbial glass ceiling – that studies find is the most intractable gender inequity in US industries today, despite the gains women have made since the equal-rights era. … The issue matters not just for women but the whole economy, because the underlying question is whether businesses are making the most productive use of the talent available. Gender discrimination represents a failure involving nearly half the workforce."

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African-American Success Stories Seen As Overlooked. In a Washington Post op-ed (2/8, A21), Stephanie Robinson, the founding president and chief executive of the Jamestown Project, and Cornel West, professor of religion at Princeton University and a member of the Jamestown Project Advisory Board, say, "To think of America in 2007, it is impossible not to consider the contributions of African Americans -- many of whom have laid the foundation for American culture, democracy, freedom and equality." Amid the "celebrations commemorating the Jamestown anniversary, thousands of African Americans will convene in Hampton this weekend for the annual State of the Black Union. While the stage will be populated by the extraordinarily successful, the purpose of the State of the Black Union is to not only showcase our success but also to discuss the staggering numbers of African American citizens in poverty, those who are incarcerated, undereducated, underemployed and otherwise outside the reach of the American Dream. But, while the factors that conspire to create subcommunities characterized by unemployment and marginal literacy are debated often, and with vigor, rarely do we discuss the factors that led to the successes of millions of African Americans."

ANTITRUST:

Blackstone Wins Battle To Acquire Equity Office Properties Trust. The Washington Post (2/8, D1, Cho) reports, "The battle to acquire Equity Office Properties Trust, the nation's largest office landlord, came to an end after Vornado Realty Trust dropped out of the bidding yesterday, leaving the private-equity firm Blackstone Group as the all-but-official winner of the biggest buyout deal in history." The Post continues, "Equity Office's board had tried to get Vornado to sweeten its bid throughout the week, but Vornado said that the price had soared beyond its tastes. … 'The company concluded that the premium it would have to pay to top Blackstone's latest bid . . . would not be in its shareholders' interest,' Vornado said in a statement." The Post adds, "The high-stakes bidding war compelled Blackstone to up the ante several times. After initially offering $48.50 per share last fall, Blackstone is to pay $55.50 per share for Equity Office and assume about $16 billion of Equity's debt, bringing the total value of the deal to $39 billion. … Blackstone's offer was approved by shareholders yesterday."

The Financial Times (2/8, Politi, Guerrera) reports, "Blackstone's victory confirmed its status as one of the most powerful actors in global finance. It comes in the same month as Steve Schwarzman, who founded the firm in 1986, will celebrate his 60th birthday by throwing what is already expected to be one of the most glamorous parties in New York history." The Times adds, "By agreeing to a takeover by Blackstone, EOP will join the string of big companies in the US that have chosen to go private in the past few months. These include Clear Channel Communications, the largest US radio station, and Harrah's Entertainment, the biggest US casino owner."

The Wall Street Journal (2/8, A1, Forsyth, Sender, Frangos) reports, "Blackstone Group's $23 billion buyout of the owner of the biggest portfolio of U.S. office buildings will send ripples through the real-estate world, with a good chance it will raise the ceiling on already-record prices." The Journal continues, "With office buildings in red-hot demand as investment vehicles, Blackstone's control of prime properties likely will put it in position to demand prices on its individual buildings high enough to make the private-equity firm's bid pay off. The deal, approved yesterday by Equity Office Properties Trust after rival bidder Vornado Realty Trust bowed out following weeks of bidding, also cements Blackstone's clout as one of the most powerful investors on Wall Street." The Journal notes, "Losing out was a bitter disappointment for Vornado Chief Executive Steven Roth, who gave up for the second time in six months on his hope of acquiring Equity Office and its coveted office buildings in markets from Manhattan to San Francisco. … And for Equity Office founder and Chairman Sam Zell, who chatted with his longtime friend Mr. Roth after the shareholder vote, the deal represents a big payday. Factoring in stock options and other payments, Mr. Zell stands to make more than $800 million from the sale, according to proxy statements."

The New York Times (2/8, Sorkin, Pristin) reports, "The deal for Equity Office encapsulates two of the hottest trends in deal-making: the wave of capital flooding into commercial real estate and the growing power of private money. … While residential real estate has slowed, commercial real estate, office buildings in particular, looks more attractive as the market finally shakes off the effects of the burst technology bubble in 2000. Many investors expect office vacancy rates to continue to decline in the next couple of years, with a

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corresponding rise in rents. … And private equity firms like Blackstone have been among some of the most aggressive investors in commercial real estate. These firms have accumulated huge war chests: even now Blackstone is raising a new $10 billion real estate fund. The surge in buyouts — which accounted for a fifth of the record $3.8 trillion in deals last year — shows no sign of slowing."

FTC Settles Antitrust Claims Against Michigan MLS. Inman News (2/8, Roberts) reports, "The U.S. Federal Trade Commission this week announced a settlement with MiRealSource Multiple Listing Service in Michigan over rules that blocked some property listings from the MLS and set restrictions for other property listings based on the type of real estate contracts." Inman continues, "MiRealSource is the sixth MLS to settle similar antitrust allegations brought by the FTC in October -- the federal agency is proceeding with an antitrust lawsuit against Realcomp II Ltd., another Michigan MLS, over its listings policies. … In each of the cases, the federal government charged that the MLSs engaged in anticompetitive activity by placing restrictions on a category of property listings that could ultimately lead to reduced choices for consumers in real estate services." Inman adds, "Representatives for MiRealSource, which is a broker-owned MLS with about 7,000 members, announced in November that the MLS had agreed to settle the FTC complaint, and the agreement was subject to review and approval by members of the FTC. … 'Under the FTC consent order settling the complaint, MiRealSource has agreed to abandon ... collusive conduct and provide its services to all member brokers representing potential home sellers, regardless of the type of listing contract that they choose,' FTC officials announced in a statement Monday." Inman notes, "The FTC complaint against MiRealSource, issued Oct. 10, charged that the MLS violated antitrust law 'by adopting rules or policies that limit the publication and marketing of certain sellers' properties, but not others, based solely on the terms of their listing contracts. Specifically, the FTC alleges that MiRealSource favored exclusive right to sell listings and disfavored exclusive agency listings by, among other things, adopting a rule to exclude the latter entirely from the MLS.'"

Internet Real Estate Firms Shaking Up Industry. The Los Angeles Times (2/8, Haddad) reports, "Recent Chicago transplants Pieter and Beth van Es have recovered from their sticker shock and are ready to buy a house in Southern California. Now, the Irvine couple have a new incentive. … When they buy their home through an online broker, they will get a nice chunk of their money back." The Times continues, "The Van Eses are using Seattle-based Redfin, one of several new brokerage services that hope to revolutionize home buying by rebating part of their commissions back to buyers. The challenge is aimed at traditional firms that charge full commissions, which often total tens of thousands of dollars in today's high-priced Southland market. … Although these upstarts have yet to make a major dent in nationwide sales volume, they are raising eyebrows and causing traditional brokerages to worry." The Times adds, "Redfin, which launches today in Southern California, offers rebates because buyers do much of the groundwork of finding homes via the Web. The brokerage handles the paperwork and conducts negotiations, usually over the phone or via e-mail or fax. … Typically, the commission totals 5% to 6% of the sale price, which is then split between the buyer's agent and the seller's agent. The industry is prevented by law from setting commission rates. As a buyer's broker, Redfin rebates more than half of its cut to the buyer. … Cutting customers in on commission fees isn't a trend the brand-name, more established brokerages are exactly cheering about. The industry is mired in a slowdown, and the number of brokerages and agents is expected to shrink as firms consolidate or go out of business." The Times notes, "What's more, after growing fat on fees that totaled more than $60 billion in 2005, the industry finds itself under attack for alleged anti-competitive practices. The Justice Department has sued the National Assn. of Realtors for trying to limit the availability of property-listing data to upstart online firms such as Redfin and others. … Such data are at the core of the burgeoning rebate movement. As consumers access the same information that brokers have long controlled, a growing awareness of the costs of buying and selling a house is taking hold."

ENVIRONMENT/INDIAN AFFAIRS:

Bush Promotes Boost In National Park Funding. ABC World News (2/7, story 10, :20, Gibson, 8.78M) reported, "President Bush visited Shenandoah National Park in Virginia today, to rally support for his plan to pump hundreds of millions of dollars into National Parks. A key part of the President's plan is a $3 billion ten-year initiative to improve and maintain parks. One-third of that money

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would come from private donations that would be matched by the government."

The Harrisonburg Daily News Record (2/8, Turner) says Bush and Interior Secretary Dirk Kempthorne "led a round-table discussion on the president's National Parks Centennial Initiative, which he revealed earlier this week as part of his proposed 2008 budget." The President's visit "began with a few opening remarks on why he's attempting to persuade Congress to support his initiative. Then Bush engaged in a discussion with national parks officials and representatives of organizations with a vested interest in the nation's parks." Said the President, "Our national parks are really one of America's great treasures. … And the fundamental question is, 'Are we wise enough to treat them as such?'"

McClatchy (2/8, Hutcheson) says Bush's proposed boost comes as part of "an otherwise lean domestic budget." For the new funds to be approved, "first Congress must go along, and it's not clear that it will. The plan includes a controversial proposal to leverage federal funds with matching private donations." McClatchy adds, "Insiders see the influence of first lady Laura Bush, an avid hiker who visits a national park with her Texas pals at least once a year. She and the president will travel to Virginia's Shenandoah National Park on Wednesday to promote the parks-improvement plan."

The AP (2/8) notes the First Lady was also present at the round-table discussion. Ron Tipton, senior vice president for programs at the National Parks Conservation Association, "said the president's proposal would be a significant step toward solving some of the parks' major problems, including crumbling facilities, growing pollution and lack of staff." But "House Natural Resources Committee Chairman Rep. Nick Rahall, D-W.Va., said the new funding is largely the result of shifting money from existing important park programs, such as construction, into a new budget column with a new label."

The Washington Post (2/8, A6, Fletcher, 690K) notes Rahall's criticism, and says "some critics were leery of Bush's idea of relying in part on private donations to fund major improvements in the nation's parks." The Post adds, "As Bush was campaigning for his parks initiative in the Blue Ridge Mountains, press secretary Tony Snow was challenging the notion that the administration's interest in the parks -- and the environment more generally -- marks a change for the president. Snow noted that last year Bush created the largest protected marine reserve in the world when he set aside as a national park an island chain spanning 1,400 miles of the Pacific northwest of Hawaii." Snow also "countered suggestions that Bush had denied that global warming has a large human component. The White House later released an open letter citing statements dating to 2001 in which Bush had said global warming was largely man-made."

The New York Times (2/8, Stolberg, Barringer, 1.16M), in a story titled "The President Shows His Environmentalist Colors," says that "at a time when his policies on global warming are under scrutiny from environmentalists," Bush "this week cloaked himself in another environmental issue: conservation. … Most environmentalists would not say George W. Bush and Theodore Roosevelt in the same sentence, unless making an invidious comparison." Bush, "his detractors say, has let the national parks slide into decline -- until now."

The Richmond Times-Dispatch (2/8) reports Bush's budget "would give the National Park Service its largest-ever funding increase." Bush is quoted saying, "Congress needs to hear loud and clear how important this initiative is. … I hope the citizens groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks."

The Rocky Mountain News (2/8, Sprengelmeyer) reports the plan "will take shape between now and the end of May, after…Kempthorne, who oversees the park service, leads a series of 'listening sessions' around the country about projects members of the public and would-be donors would like to see." Bush's proposed budget "includes a 17 percent increase for parks, monuments and other sites in Colorado."

The Beacon Journal (2/8, Downing) notes "the Cuyahoga Valley National Park would get a major boost under…Bush's 2008 federal budget, and park visitors would see a big difference with the 10 percent funding increase." The additional $1 million "would enable the park to hire six full-time staffers and 16 seasonal employees and to restore cuts in interpretive, educational programs and services that were made because of tight budgets in recent years, said Superintendent John P. Debo Jr." The additional funds proposed by Bush represent "a huge turnaround in the budget fortunes of the National Park Service,"' Debo said, adding, "We're just delighted."

The President's trip to Shenandoah National Park was extensively covered by local TV stations across the country. WVIR-TV Charlottesville (2/7), late in its 11 o'clock newscast said the President and First Lady "stopped at Shenandoah

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National Park to highlight a big dollar boost over the next ten years through the National Parks Centennial Initiative."

KTRV-TV Boise (2/7) reported, "The presidential visit was part of a roundtable discussion with Kempthorne, the National Parks Service director and other park officials."

WBAY-TV Green Bay (2/7, 5:13 pm) added, "The visit was meant to promote the President's plans to boost park spending. … Conservation groups say many parks have suffered years of neglect and a cleanup is long overdue."

More Commentary. John Bridgeland, vice chairman of the Earth Conservation Corps and CEO of Civic Enterprises, and Curt Buchholtz, president of the National Park Friends Alliance and executive director of the Rocky Mountain Nature Association, write in the Washington Times this morning (2/8) that "the president's release of a multibillion-dollar centennial plan will be an important step in determining what national park system we celebrate in 2016. … What we do with our parks over the next decade will affect how our children and grandchildren enjoy and learn from them and how America's evolving story and heritage are safeguarded. Let's hope our generation meets the challenge to preserve this collective consciousness of our nation and has something grand to celebrate at the 100th anniversary of our national park system."

Interior Extends Deadline For Final Decision On Bald Eagle. The New York Times (2/8, Barringer, 1.16M) reports, "With a court-ordered deadline looming for removal of the bald eagle from the endangered species list, the Interior Department, rejecting the advice of its staff wildlife biologists, tried to limit a separate set of protections for the majestic bird that has served as a national symbol for centuries. Public reaction, however, to its December proposal was so sharp that the department had sought a reprieve from the deadline, which it received Wednesday." It now "has until June 29 to make its final decision on the eagle's status and the extent of its continuing protections." The Times adds H. Dale Hall, said in an interview yesterday that contrary to published accounts, "I have never been overruled" by top officials at the Interior Department "on the extent of protections. He said he 'stands behind' the December proposal from the department, which gave the eagles less protection."

Investigators Say Lack Of Deepwater Oversight Led To Coast Guard Waste. The Washington Post (2/8, A7, Hsu, 690K) reports, "Even as contractors built patrol boats with buckling hulls and a large new cutter with structural flaws, a US Coast Guard review gave their performance high marks last year, extended their deal for nearly four years and paid them a multimillion-dollar bonus, government investigators said." DHS IG Richard L. Skinner told legislators at a hearing of the House Appropriations subcommittee on homeland security Tuesday that analysts evaluating the Deepwater program disregarded "defective ships under development by companies led by Northrop Grumman and Lockheed Martin." Skinner said the decision to turn over "to a private 'systems integrator' the main responsibility for planning, designing and producing a fleet to meet" the Coast Guard's needs had resulted in a failure "at times…to protect taxpayers' interests." Skinner and GAO head David M. Walker "called for more aggressive oversight."

FBI/DEA/ATF/USMS:

Jury Finds FBI Retaliated Against Agent Over Discrimination Complaint. As reported on Tuesday by the Minneapolis Star Tribune and in a widely-distributed AP story, the Washington Times (2/8, Seper, 88K) reports, "A Minneapolis civil jury…unanimously held that the FBI illegally retaliated against Jane Turner, a 25-year veteran FBI agent, by downgrading her performance reviews." The Times notes, "Among FBI officials named in court documents as participating in the retaliatory actions were James Burrus, the assistant director of the FBI's criminal division, and James Casey, a high-level official in the FBI's counterterrorism program. The $565,000 judgment is expected to be reduced by Chief U.S. District Judge James Rosenbaum, who heard the case, to the statutory limit of $360,000."

ATF Replaces Two Top Officials. USA Today (2/8, 10A, 2.27M) reports the Bureau of Alcohol, Tobacco, Firearms and Explosives "has replaced two of its leaders. Edgar Domenech, the No. 2 official at the agency, has been transferred to head the bureau's field division in Washington, D.C., ATF spokeswoman Sheree Mixell said. The assistant director, Michael Bouchard, will leave to oversee field operations nationally." Mixell "would not comment on whether Domenech and Bouchard were transferred as the result of a Justice Department audit alleging mismanagement and questionable spending decisions at ATF that led to Director Carl Truscott's departure last August."

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The AP (2/8, Jordan) reports, "Mixell said the two will be replaced with what she described as veteran special agents who 'bring a combination of leadership experience and great respect from colleagues that is critical to the ATF's success at the executive level.' … Mixell would not comment on whether Domenech and Bouchard were transferred as the result of mismanagement allegations and questionable spending decisions that led to the departure last August of Carl J. Truscott as director. … An audit by the Justice Department's inspector general in October found that Truscott ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules. The report also concluded that Truscott's leadership, hiring practices and financial decisions were troubling, including his plan to spend $100,000 on gym equipment for the ATF's new headquarters."

Police Chiefs From US, Latin American Seek Anti-Gang Coordination. AFP (2/8, Bustamante) reports, "Police chiefs from Latin America and the United States opened a three-day summit aimed at forming a strategy to crack down on violent crime gangs." AFP continues, "Latino gangs which originated from Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies. … 'Gang violence is a problem of international scope, and we must face it on a international scale,' Los Angeles Mayor Antonio Villaraigosa told reporters. … 'We must coordinate with our international counterparts in a smart and effective way.'" AFP adds, "Delegates from Mexico, Belize, El Salvador, Guatemala and Honduras attended Wednesday's conference along with several US police chiefs and officials from the FBI and Justice Department. … The conference aims to agree ways of increasing information-sharing among law enforcement agencies and look at how best to fight gangs thought to be responsible for trafficking drugs and illegal weapons. … FBI spokeswoman Laura Eimiller said the conference's focus was to 'fight gang violence in all its forms.'" AFP notes, "Central American nations have seen a sharp uptick in gang-related crimes, Eimiller said. El Salvador, with a population of 6.8 million people, saw an average of 10 homicides a day in 2006 -- about 70 percent committed by gangs. … 'That trend needs to stop before it comes here,' Eimiller said."

Villaraigosa Identifies City's Worst Gangs, Vows Broad Crackdown. The Los Angeles Times (2/8, McGreevy, Winton, 850K) reports, "Launching a counteroffensive against organized street thugs, Los Angeles Mayor Antonio Villaraigosa and police officials took the unusual step Wednesday of identifying the city's 11 worst gangs, then promising to go after them with teams of police, federal agents, probation officers and prosecutors. … How many local and federal officers will be committed to the anti-gang push remained unclear, however. And given the complexity of what has been a long-standing social problem, some experts questioned whether the plan would be any more effective than past police crackdowns." Meanwhile, California Gang Investigators Association director Wes McBride "said he feared that some gangs would feel slighted if not named and might try to up the ante with more violent crimes. Najee Ali, a community activist and former gang member, said he also was opposed to any ranking system. … 'To the gang members it is a badge of honor.'"

Study Of Latino Gangs Finds Few Connections To Overseas Groups. The Washington Post (2/8, B1, Aizenman) reports, "A study of Latino gangs in the Washington area and five Central American nations debunks the popular belief that the gangs are engaged in a systematic, organized effort to spread their influence." The Post continues, "Although the gangs have significant membership, the study found that their crimes are largely limited to petty theft and neighborhood extortion rather than some of those traditionally associated with organized crime -- drug trafficking, prostitution, human smuggling and arms sales. … The report, conducted by Autonomous Technological Institute of Mexico and the nonprofit advocacy group Washington Office on Latin America, comes as U.S. and Central American authorities are coordinating intelligence in the belief that the gangs have a networked structure." The Post notes, "Recent testimony in Washington area courtrooms has pointed to occasional cooperation between local gang members and counterparts in other regions. A 19-year-old Hyattsville man pleaded guilty in federal court last week to collecting dues and sending wire transfers to members in Los Angeles as treasurer of a cell of Mara Salvatrucha. And in an earlier trial, a Salvadoran police officer testified that gang leaders in El Salvador instructed Maryland gang members on how their organization should be run. … But Connie McGuire, who conducted the Washington area component of the study, said her interviews with law enforcement, community groups and 15 former gang members found no sign of transnational coordination among gang members. … 'We shouldn't pretend that gangs aren't a big, scary problem,' Thale said. "But we shouldn't

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misunderstand what the problem is and misdirect resources for solving it.' … Researchers said the current misconceptions may stem from the transnational nature of the gangs' origins. The two most powerful Central American gangs, 18th Street, also know as Eighteen, and Mara Salvatrucha, or MS-13, emerged in Los Angeles in the 1980s when Salvadoran, Honduran and Guatemalan immigrants fleeing their region's various civil wars joined Chicano gangs or started gangs to protect themselves from African American gangs in the same neighborhoods."

Civil Rights Lawyer Says Police Crackdown Alone Won't Stop Gangs. In a Los Angeles Times (2/8, 850K) op-ed titled "A 'Surge' On Gangs Alone Won't Help," civil rights lawyer Constance L. Rice writes, "Cheryl Green died Dec. 15 because she was black in the wrong gang-dominated neighborhood," and "L.A. politicians and law enforcement leaders have reacted forcefully to her death." Mayor Antonio Villaraigosa "vowed to put the gang out of business. Police Chief William Bratton, Sheriff Lee Baca and FBI Director Robert S. Mueller III announced weapons of mass crackdown," and "two days after this display, 204th Street shot another innocent black resident waiting in his car for his daughters." Rice adds, "Let's be clear here: Strategic suppression is essential, a strong response to violent gangs such as 204th Street is necessary, and the effort will need more resources. But it is unclear whether the city has learned that suppression must be coordinated with comprehensive prevention and intervention strategies. And, right now, the prevention and intervention side of the equation is mostly missing. Law enforcement is doing its part; it's the rest of us who are AWOL."

New Jersey "Kingpin" Gets Life Sentence In Drug, Money Laundering Case. In Newark, the New York Times (2/8, Holl) reports a man who prosecutors "said controlled much of the city's heroin trade for years was sentenced in Federal District Court yesterday to life in prison without parole." Hakeem Curry "was convicted of drug charges and money laundering in July." The Times says Curry's organization "is believed to have supplied nearly 85 percent of the heroin dealt on the streets of Newark and roughly 50 kilograms of cocaine a week for the last several years."

The Newark (NJ) Star-Ledger (2/8) reports Curry, the "notorious kingpin who ran an unparalleled drug empire in Newark for years and kept out of jail by marking those who threatened it with death, was sentenced to life in prison and fined $8 million by a federal judge yesterday. U.S. District Judge Faith Hochberg said she'd never seen a drug organization 'even remotely comparable' to the one Curry ran with 'incredible skill, acumen and intelligence,' but also 'extreme violence.'" The Star-Ledger says according to testimony, Curry "tried to hire a hit man to kill the prosecution's star witness against him. He also ordered the murder of a rival and the execution of another government witness who was supposed to testify in a case against an ally, the testimony showed."

On its Web site, WNBC-TV, New York (2/8) reports prosecutors say the Curry organization "was estimated to supply approximately 85 percent of the heroin in Newark while also supplying 30 to 50 kilograms of cocaine a week through its network of street level distributors. Cooperating witnesses testified that millions of dollars in drug profits were generated by the criminal organization."

Prosecutors Outline Case Against Accused DC Gang "Enforcer." The Washington Post (2/8, B5, Duggan) reports prosecutors say as an "enforcer for a violent drug-dealing crew in Northeast Washington, authorities allege, [Larry Gooch] pulled the trigger in four slayings and aided in a fifth. He sold crack, PCP and Ecstasy, according to an indictment, and tried to shoot a D.C. police officer to prevent a fellow gang member's arrest. … Many of the two dozen or so defendants indicted in the case have been convicted or have pleaded guilty and agreed to cooperate with prosecutors in exchange for reduced prison terms. The charges followed an 18-month investigation by D.C. police and the FBI." The Post notes that Gooch is on trial alone and "is the only defendant facing a possible death sentence."

Cuba To Deport Reputed Top Boss Of Norte Del Valle Cartel. The AP (2/8) reports Cuba "will deport reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States, a government official told The Associated Press on Wednesday. The Colombian official said Gomez was expected to arrive in Bogota on Thursday and would be held at its heavily fortified chief prosecutor's office compound before being extradited to the United States. … Gomez, an alleged top boss of Colombia's Norte del Valle cartel known by his alias 'Rasguno,' is wanted on a U.S. indictment in New York on drug trafficking, racketeering and money-laundering

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charges. … The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration. However, many of its top bosses have been captured in recent years and a campaign by the U.S. Treasury Department has frozen many of their assets, including front companies." The AP story was used by the New York Times and Washington Post.

Bush Administration Urged To Rethink Afghanistan Counternarcotics Strategy. The AP (2/7) reported four House Republicans on Wednesday "urged the Bush administration to rethink its policy on opium production in Afghanistan, saying more needs to be done to counter the growing threat of narco-terrorism. The lawmakers, in a letter to Secretary of State Condoleezza Rice and Defense Secretary Robert Gates, said the U.S. must end its dispute with Britain over opium eradication and design a uniform counternarcotics policy with the British and NATO. … 'It is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for al-Qaida,' wrote Rep. Ileana Ros-Lehtinen of Florida, the top Republican on the House Foreign Affairs Committee, and Reps. Mike Pence of Indiana and Elton Gallegly and Dana Rohrabacher, both from California." The AP says the four also "suggested a 'ride-along policy' where Drug Enforcement Administration agents could join U.S. and international military forces in unsecured areas where the DEA is targeting illicit drugs and drug kingpins." The AP story was used by ABC News, CBS News, the New York Times, and Washington Post.

Seattle Gun Dealer Questioned In AUSA Murder Indicted On More Charges. The Seattle Times (2/8, Carter, 118K) reports, "A federal grand jury has added another firearms-related felony charge against a Bellevue gun dealer once arrested as a material witness in the 2001 slaying of Assistant U.S. Attorney Thomas Wales. Albert Kwok-Leung Kwan was charged Wednesday with unlawful possession of a short-barreled rifle, which carries a potential prison term of up to 10 years. Kwan earlier had been charged with possession of a machine gun. Kwan has been scrutinized by the FBI and federal prosecutors because of evidence that he purchased two replacement gun barrels for a handgun like the one that was used to kill Wales. Kwan claims he recalls buying only one barrel, which he turned over to the federal agents. However, his attorney and court documents say he failed a FBI polygraph about the second barrel. Agents with a task force investigating Wales' slaying say they do not think Kwan killed Wales. They are trying to determine whether he gave the second gun barrel to the person who did."

IMMIGRATION:

Commission Criticizes Lack Of Change On US Asylum Procedures. The AP (2/7, Gamboa) reported a report released Thursday by the US Commission on International Religious Freedom says the Department of Homeland Security "is failing to protect asylum seekers from being wrongly deported or treated like criminals. … The commission said few of the changes it had recommended to Homeland Security Secretary Michael Chertoff have been made. 'Despite the passage of two years and a personal meeting with Secretary Chertoff and our expectation he would establish a system that both protects our borders and asylum, we are disappointed and dismayed,' said Felice Gaer, the commission's chairwoman. Stewart Baker, assistant secretary for policy at DHS, said several of the recommendations have been carried out but many 'were not entirely realistic and very difficult to implement.'" He "said building separate facilities only for asylum seekers and flying them to a better facility would be expensive and might serve as incentive for people to claim asylum."

The New York Times (2/8, Swarns, 1.16M) reports the commission "warned" that "in its zeal to secure the nation's borders and stem the tide of illegal immigrants," the Bush administration "may be leaving asylum seekers vulnerable to deportation and harsh treatment." The Times adds that Sen. Joseph I. Lieberman "said he planned to introduce legislation by March to require the Department of Homeland Security to adopt several of the commission's main recommendations." The Times runs quotes from Baker similar to those in the AP article and adds that he "said the department looked forward to working with Mr. Lieberman and would review his measure after it had been introduced."

Online Hunters Seek Fugitive Nazis. USA Today (2/8, Dorell) reports, "Bill Gray was working as a student intern at the Simon Wiesenthal Center in Jerusalem when he decided to use the Internet to find fugitive Nazis. … Within a

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few hours he found five, all living in the USA. … 'To think of the horrible crimes that these people committed,' said Gray, 24, a Harvard student from Munster, Ind. 'And to think that they were living in the United States for so long, so happily.'" USA continues, The Nazis whom Gray found were already known to the Justice Department. Some had been deemed too ill to prosecute, and Justice is taking a second look at the others, the center said. … Gray's use of Internet-based search engines and databases such as voting records comes at an important time. The Wiesenthal Center is making an intense push, known as 'Operation: Last Chance,' to find fugitives of the Holocaust and bring them to justice before they die. The center, renowned for finding scores of ex-Nazis, is also seeking collaborators, camp guards and leaders of paramilitary groups who helped round up and kill Jews and others during the Holocaust." USA adds, "The effort has rolled across Europe and collected hundreds of allegations and names from Lithuania, Latvia, Estonia, Poland, Romania, Austria, Hungary and Germany. This year the program will expand to Argentina, Brazil and Chile. … The suspects are all older than 80, so any time saved by using the Internet is critical. … 'It helps make my job easier,' says the world's chief Nazi hunter, Efraim Zuroff, director of the Wiesenthal Center's Jerusalem office. 'It helps me get up-to-date whereabouts on the current suspects.'" USA notes, "That's what happened when Zuroff gave Gray, then a new volunteer, a list of people he had been searching for. Zuroff had compiled the list by cross-checking World War II-era U.S. refugee records with names of suspected war criminals. But Zuroff could find nothing on what happened to the people."

CONGRESS-ADMINISTRATION:

Conrad: Budget Talks Off Over Cheney's Stated Opposition To Any Tax Hikes. The New York Times (2/8, Weisman, 1.16M) reports, "A leading Democratic senator said Wednesday that previously undisclosed behind-the-scenes bipartisan budget talks with the administration had collapsed because of comments by Vice President Dick Cheney and others in the administration." Sen. Kent Conrad, chairman of the Senate Budget Committee, also "accused the administration of undercutting the possibility of talks by refusing to signal a willingness to compromise on taxes to save Social Security and Medicare or to balance the budget in the years ahead." Conrad "made his comments at a hearing with Rob Portman, director of the Office of Management and Budget, who defended the $2.9 trillion plan that the Bush administration submitted on Monday." At the "root" of the current flap is "a Democratic strategy of saying tax increases, or rescinding tax cuts, are essential to solving many fiscal problems, but demonstrating reluctance to be first to offer a specific proposal. More specifically, Democrats fear that if they propose, and pass, tax increases, they will be vetoed and Republicans will club them over taxes for the next two years." Democrats "say tax increases might come out of bipartisan talks like those under Presidents Bill Clinton and the first George Bush." Conrad, in a telephone interview, "said that "back-channel communications" with Mr. Portman and Treasury Secretary Henry M. Paulson Jr. had made headway but that Mr. Cheney undercut progress by saying last month that the administration still opposed tax increases."

Meanwhile, Roll Call (2/8, Pierce) reports House Budget Chairman John Spratt "is quietly and methodically laying the groundwork to build support across the Democratic Caucus for a 2008 budget resolution that he hasn't even written yet." Spratt "said he already has engaged Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) in his plan to convince the diverse Caucus to help him pass a five-year balanced budget plan this spring." Spratt "acknowledged that Democrats, and himself in particular, are going to have a tough time balancing the budget with relatively limited funds."

Commenting on the upcoming debate, the Financial Times (2/8, Callan) notes Democrats "said the president's budget was filled with 'debt and deception' and 'disconnected from reality," but they "will almost undoubtedly mimic these alleged sleights of hand to conceal cracks in the US fiscal outlook when they present their own budget proposals next month. Party strategists said their proposals were still taking shape and would not be agreed until key committee chairmen met to work out the details by March 15. The plans would again be overhauled after that to produce a budget for next year in time for the real work of appropriating spending that gets under way in June." But "the budget priorities emerging at this early stage in the process suggest the party will postpone tackling many of the most divisive fiscal dilemmas facing policymakers – including changes to costly entitlement programmes and the president's $1,700bn (£867bn) tax cuts."

Budget Would Raise Agencies' IT Funding By 2.6 Percent. Under the headline, "Budget Keeps Tabs on

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Computer Security Risks," the Washington Post's (2/8, D3, Barr) "Federal Diary" column examines the work of Karen Evans, administrator of e-government and information technology for OMB who, when "the president releases a new budget," finds "herself in demand. She draws a crowd because, as the government's high-tech policy chief, she oversees big money for computer systems and other information technology investments. The fiscal 2008 budget proposes spending $65.5 billion on technology -- a handsome chunk of change by almost any standard." The Post adds, "Overall, fiscal 2008 spending on information technology in the government is increasing 2.6 percent from what Bush sought in fiscal 2007." The Post adds, "Under the president's budget," Evans said, "the government would spend about $46 billion this year on maintaining technology systems that support agency missions, and about $20 billion on projects to modernize or develop computer systems."

NYTimes Criticizes Bush Budget Plan. Under the headline "Mr. Bush's Improbable Budget," the New York Times (2/8, 1.16M) editorializes, "The budget is based on a series of improbable, if not dishonest, assumptions. To make it appear as if the tax cuts are affordable in the near term, it assumes that the Pentagon will not spend a single penny on Iraq or Afghanistan after 2009. It also assumes there will be no costs for fixing the alternative minimum tax after this year, even though Mr. Bush and virtually every politician in America is committed to such relief." The plan "has Bush's new budget has a few worthwhile nuggets, like a proposed increase in Pell grants for low-income college students and a jump in the funds for AIDS treatment worldwide. In drafting a real budget, Congress can take those items from the president's version, and jettison the rest."

Bush Budget Strategy Seen As Similar To Approach To Iraq. In the Wall Street Journal (2/8, 2.04M), David Wessel writes, "William Gale of the Brookings Institution think tank -- populated by deficit-fearing Democratic wonks who have been trying to find common ground with deficit-fearing Republican wonks -- has been thinking a lot lately about the parallels between Mr. Bush on Iraq and Mr. Bush on the budget." He argues, "The Bush administration's two signature policies have been the war in Iraq and consistent pressure for tax cuts. … On the surface, they look quite different and were advocated by different parts of the administration. Look a little deeper and some common patterns emerge -- so maybe this says something about the principles or management style of the Bush administration." Bush, says Gale, "took the US into Iraq with 'falsely rosy scenarios' about the post-Saddam landscape there, he says. Mr. Bush built his tax cuts in 2001 on a similarly unrealistic hope that the budget surplus was large enough to cut taxes without creating deficits."

GOP Fiscal Conservatives Ask Bush To Block CR Earmarks. Roll Call (2/8, Stanton) reports Senate Republican budget hawks "are urging President Bush to use an executive order or presidential signing statement to block some of their fellow lawmakers from adding earmarks or pet projects to the fiscal 2007 continuing resolution." The Senators' "call for help from the Bush administration comes as Senators, House Members and K Street lobbyists have begun pushing agencies to ensure funding for earmarks included in appropriations bills passed by the two chambers last year but never sent to the president." In a Feb. 7 letter to Bush, "the group of fiscal conservatives led by GOP Sens. Jim DeMint (S.C.) and Tom Coburn (Okla.) urged Bush to make good on his State of the Union pledge to oppose earmarks."

House Democrats Readying Tax Breaks To Accompany Minimum Wage Measure. The Wall Street Journal (2/8, A3, Lueck, 2.04M) reports, "House Democrats are preparing a $1 billion package of small-business tax breaks to be paired with an increase in the federal minimum wage, hoping to break a stalemate with the Senate over one of their top legislative priorities. In doing so, the House is likely to avoid many of the revenue increases passed by the Senate in its small-business tax package, increases that have caused heartburn for business groups and lawmakers in both parties." The House package "is far smaller than the $8 billion, 10-year package of tax breaks the Senate approved last week as part of its minimum-wage-increase package. Still, it represents a nod by the House to the Senate's insistence that tax breaks are needed to get Republican support sufficient to enact a phased-in, $2.10-an-hour increase in the minimum wage."

McConnell Says Democrats Reversed Course On Medicare Drug Benefit. In a Wall Street Journal op-ed (2/8, A14), Senate Minority Leader Mitch McConnell writes, "The Medicare drug benefit that Congress passed in 2003 and which took effect last January has exceeded every expectation. Not only is the program more popular than we imagined, it is also more flexible and less

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expensive." Four "out of five enrolled say they are satisfied, and why wouldn't they be? Monthly premiums, expected to cost $37, average $22. Part D is honored at 55,000 neighborhood pharmacies nationwide. Those who prefer home delivery can arrange for that, too. And critically, it covers nearly every drug approved by the FDA." But "some in Congress want to make over Part D to resemble the drug benefit program of the Veterans Administration, where the government sets a price on drugs that it can get at the cheapest rate and limits access to those it can't. As a result, the VA benefit excludes three out of four drugs available through Part D, including some of the most innovative treatments for arthritis, high cholesterol, breast cancer and other ailments." Both parties "used to oppose rationing." The "sudden reversal" by Democrats "is a mystery. Are Democrats unaware of their history on the issue? Are they unaware of the facts?"

SMU Faculty Rejects Faculty Referendum Over Bush Library. The New York Times (2/8, 1.16M) reports, "The Faculty Senate at Southern Methodist University in Dallas rejected a proposal yesterday for a faculty referendum on plans for an independent policy institute on campus that would accompany President Bush's future library and museum." The university notes "more than 170 faculty members, about a quarter of the full-time professors on campus, signed a petition calling for a referendum because the proposed institute would be controlled by the Bush Foundation, not the university. … Other faculty members and many students have expressed support for the institute and library."

Pelosi Draws Fire For Seeking Use Of Large Military Aircraft. House Speaker Nancy Pelosi's effort to arrange for a secure military airplane, first noted skeptically in the conservative Washington Times, has begun to attract critical attention even from mainstream media outlets.

The CBS Evening News reported the story "has Washington buzzing tonight. At a time when they're cracking down on congressional perks, the new Speaker of the House is apparently asking for a big travel upgrade." CBS (Attkisson) added, "Ever since 9/11, a small military jet like this has been made available to transport the speaker of the House for security reasons. The speaker is second in the line of succession to the presidency. Back then, it was Republican Dennis Hastert. Now it's Democrat Nancy Pelosi, but she may be getting a little more leg room. Speaker Pelosi is reportedly asking for a much bigger jet, a government version of the Boeing 757 that can make the trip between Washington and her San Francisco home without stopping to refuel. The Speaker's critics have dubbed it 'Pelosi One.' Military officials are said to be grumbling about it and the Speaker finds herself on the defensive. Today she insisted size doesn't really matter." Speaker Pelosi: "It's not a question of size, it's a question of distance. We want an aircraft that can reach California." Attkisson: "But an aircraft like that can comfortably seat 50 and Republican leader Roy Blunt is among those questioning how all those extra seats might get filled." Rep. Blunt: "If you can say to your supporters, 'Do you want to fly with me from San Francisco this week, spend a week in New York and then fly with me back in,' that's an incredible perk, an incredible fund-raising tool." Attkisson: "Pelosi's office told us she'll follow all the appropriate guidelines. The problem is there aren't any yet. Because of the flak, the Department is said to be quickly writing rules for the speaker's plane, everything from size to who can go along for the ride."

The Los Angeles Times (2/8, Fiore, Barnes, 850K) reports Pelosi's "people say she just wants to get home to California now and then and would like to do it in a plane that can make it all the way without stopping to refuel." But Pelosi's "conservative critics say the San Francisco Democrat is abusing the perks of power by attempting to commandeer a fancy jumbo-size military jet with a 'distinguished visitor compartment with sleep accommodations.'" The "flap over how the House speaker gets around has been circling over Washington since last week, but was largely ignored until Wednesday when, as things tend to do on a slow news day in the nation's capital, it exploded." Pelosi supporters "charge that the controversy is being fueled by GOP opponents who are still burning over an election loss that stemmed from Pelosi's charges of a 'culture of corruption' in Congress."

McClatchy (2/8, Talev) reports, "Republicans charge that she's trying to abuse the privileges of office. Pelosi, a California Democrat, denies doing anything wrong and says such slurs could be coming only from the White House." Still, "it's a potential image problem for the first female speaker - already caricatured for her wealth, love of designer clothes and chocolate obsession - to be portrayed as thinking she deserves her own Air Force Three." Republican "complaints about Pelosi's jet draw on recent articles in The Washington

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Times, a conservative newspaper in the nation's capital, that cited unnamed sources."

Defense Department Sets Limits On Pelosi Plane Use. The Washington Times (2/8, Hurt, Scarborough, 88K) reports the Department of Defense "sent a letter to House Speaker Nancy Pelosi that puts limits on the size of the plane she may use to travel across the country and restricts the guests she can bring, The Washington Times has learned." A congressional source "who read the letter signed by Assistant Secretary of Defense Robert Wilkie said it essentially limits her to the commuter plane used by former Speaker J. Dennis Hastert, which requires refueling to travel from Washington to Mrs. Pelosi's San Francisco district. A second source, in the Bush administration, confirmed the contents of the letter." The letter "leaves open the possibility that Mrs. Pelosi may get a larger plane that does not require refueling if one happens to be available in the 89th Airlift Wing at Andrews Air Force Base. But, generally, the larger military passenger jets are in high demand, especially due to the Iraq war."

Indicted New Jersey Attorney Was Guest At White House Holiday Party. Bloomberg (2/8, Voreacos, Glovin) reports, "President George W. Bush invited an indicted New Jersey lawyer to a White House holiday party less than two months after the attorney was charged with immigration fraud, court records show." Bloomberg continues, "Jonathan Saint-Preux was indicted on Oct. 5 with his wife, Michele, and another man on federal charges that they submitted fraudulent documents to help hundreds of undocumented immigrants stay in the U.S. Saint-Preux, who pleaded innocent, attended the White House party on Nov. 30, said his attorney, Patrick Toscano. … U.S. District Judge Katharine Hayden in Newark, New Jersey, signed an order granting permission for Saint-Preux 'to travel to Washington DC to attend a function at the White House at the request of President and Mrs. Bush.' A Justice Department prosecutor consented to the trip, court records show. … 'He was at a Christmas party,' Michele Saint-Preux said in an interview yesterday at her husband's office in Irvington, New Jersey, where she is the manager. 'He's been doing political work with the White House for years.' … Michele Saint-Preux said her husband also did political work to support former President Bill Clinton." Bloomberg adds, "White House spokeswoman Emily Lawrimore didn't have details on why Saint-Preux was invited to the party. 'Thousands of people attend the White House holiday parties,' she said. … 'I doubt very highly that if the president was aware that Mr. Saint-Preux was having legal problems here in New Jersey, he would have been invited,' Toscano said in an interview yesterday. … Toscano and Assistant U.S. Attorney Adam Lurie signed a consent order that allowed Saint-Preux to take the trip. Hayden approved that order on Dec. 1. Saint-Preux is free on $250,000 bail and is not supposed to leave New Jersey without a judge's authorization. It wasn't clear why Hayden signed the order on Dec. 1, the day after the party. … 'This is the sort of request that we get routinely from defense lawyers wanting to relax the bail restrictions because of business, family, or social reasons,' said Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie in Newark. … According to the indictment, Saint-Preux, his wife, and a man who recruited clients for him, Naranjan Patel, lied on immigration documents. They claimed the immigrants had lived continuously in the U.S. from before 1982 until at least May 1987, prosecutors said. Prosecutors claim the ruse was intended to help immigrants qualify for legal residency under a U.S. amnesty program."

Miller Denies Corruption Allegations At Closed-Door GOP Caucus Meeting. The Hill (2/8, Crabtree) reports California Rep. Gary Miller (R) "passionately pleaded his innocence before GOP colleagues at a closed-door conference meeting Tuesday, nearly a week after several media outlets reported that the FBI is looking into his land deals. Miller told colleagues that the press and Democrats had launched a smear campaign against him, singling out The Hill and the Los Angeles Times as perpetrators, as well as a former Democratic mayor of the Southern California city of Monrovia, Lara Larramendi Blakely, who now works for Rep. Hilda Solis (D-Calif.), according to GOP sources." The Hill notes Minority Leader John Boehner "tried to reassure members at the conference meeting Tuesday with regard to the FBI review of Miller's land deals, as well as an ongoing FBI probe of Rep. Jerry Lewis's (R-Calif.) relationship to a lobbying firm and its contracts. … Boehner told the conference that he believed that the legal precept of innocent until proven guilty should prevail."

House Panel To Probe SBA. The New York Times (2/8, Nixon, 1.16M) reports, "A House committee is holding the first of several hearings today to discuss the Small Business Administration, an agency that has come under criticism for its disaster relief program in the wake of

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Hurricane Katrina, as well as its operating, lending and contracting practices." Rep. Nydia M. Velásquez, chairwoman of the House Small Business Committee, "said that the hearings would look into other issues, including recent disclosures that federal investigators have accused a lender in an S.B.A. program of falsifying information on 76 loans with a value of nearly $77 million over six years." The administrator, Steven C. Preston, "is scheduled to appear at today's hearing, which will also address budget and staffing issues. An internal memo prepared by the agency's chief financial officer in January said that the S.B.A. had dropped below its minimal staffing levels because of budget shortfalls."

Frank Legislation Would Increase Control Over Foreign-Led Transactions In US. The Wall Street Journal (2/8, Hitt, 2.04M) reports, "Senior House members signaled intention to push forward with legislation tightening US scrutiny of foreign-led transactions, despite Bush administration concerns over a potential chilling effect on the nation's investment climate." In testimony before the House Financial Services Committee, Clay Lowery, the Treasury Department's assistant secretary for international affairs, "said the efforts on Capitol Hill are being closely watched abroad, especially in the wake of last year's tumult over a Dubai company's bid to take control of several American port operations." House Financial Services Chairman Barney Frank "said he intends to move legislation, which has wide, bipartisan support, through his committee next week, and to the House floor soon after. He suggested action could calm concern in the business community over the issue and bring certainty to the marketplace by clarifying how deals would be reviewed."

Norwood To Receive Hospice Care For Lung, Liver Cancer. USA Today (2/8, 10A, 2.27M) reports Republican Rep. Charles Norwood "is going home to Augusta for hospice care, forgoing further treatment for lung cancer that has spread to his liver, spokesman John Stone said." Stone said Norwood is not resigning, adding, "He said, 'Let me go back home, stop all the treatments and just see how I can do there.'"

Roll Call (2/8, Whittington) reports Rep. Norwood, "who has been hospitalized as he battles complications from a debilitating lung disease and lung cancer, has decided to forgo further medical treatment in Washington, D.C., and will return to his Augusta home for hospice care." Norwood had "been receiving chemotherapy treatments since last fall that have caused him to become extremely ill." While those "close to Norwood continue to dismiss any talk that he might resign, the Congressman's ailing health has led to subtle, and not so subtle, speculation back in his Northeastern Georgia district about who is interested in succeeding Norwood should he not seek another term in 2008." Republican state Reps. Barry Fleming and Ben Harbin and former state Sen. Brian Kemp (R) "are mentioned as possible candidates to succeed Norwood."

Congress' Work Week Extended, But Not Strenuous. In the Washington Post's "Washington Sketch" column (2/8, A2), Dana Milbank says, "Is there no rest for the weary lawmaker? 'Members Resist Five-Day Workweek,' one of the Capitol Hill newspapers proclaimed on its front page yesterday. Senators were 'ready to revolt' and House members were 'simmering' over their legislative demands." The new Congress "has a problem. The just-empowered Democrats have declared that lawmakers will work five-day weeks like most other Americans. But, at this early date, there isn't much legislation ready for passage -- so what little there is has to be stretched out to fill the week." The House, "which will hold its Iraq war debate next week, will extend that discussion by giving five minutes of floor time to all 435 members. And in the Senate, the pace is so lethargic that Majority Leader Harry Reid (Nev.) told colleagues late Tuesday that he would give them an extra week of vacation if they would take up the legislation he wants."

Bushes Attend Farewell Reception For White House Chief Of Protocol. The Washington Post (2/8, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column, "George and Laura Bush walked (walked!) across the street to Blair House last night and actually mingled with more than 100 guests at the farewell reception for Chief of Protocol Donald Ensenat and his wife, Taylor."

OTHER NEWS:

Productivity Growth Up In 4th Quarter, But May Be Slowing Overall. The Wall Street Journal (2/8, A7, Conkey, 2.04M) reports, "US productivity growth rebounded in the fourth quarter of 2006 but still appears to be

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slowing overall, clouding the outlook for economic growth, inflation and corporate profits in the months ahead. Nonfarm labor productivity -- a measure of the average worker's output per hour -- rose at an annual rate of 3% in the fourth quarter, bouncing back from an unusual decline of 0.1% in the previous quarter, the Labor Department reported." Growth in labor costs "per each unit of output, meanwhile, slowed to an annual rate of 1.7% in the quarter from the third quarter's 3.2%. … So far, slowing productivity growth and rising labor costs haven't crimped corporate profits, but that seems likely to change."

Stocks Up. NBC Nightly News (2/7, story 6, :10 Williams, 9.87M) reported, "On Wall Street today the blue chips managed to skip out a tiny gain. The Dow finishing the day up about half a point [to close at 12,666.87]. Nadsaq gained 19 points [to close at 2,490.50] on today's trading." USA Today (2/8, 5B, 2.27M) and Wall Street Journal (2/8, C1, Browning, 2.04M), among other newspapers, also report the stock numbers.

Emerging Markets Expected To Challenge US Dominance. USA Today (2/8, 1B, Lynch, 2.27M) reports that "emerging markets, once known dismissively as the Third World, are now central to Americans' lives. Not long ago, these countries were of interest only to the Peace Corps. Now, everything from the financial lifeline that makes possible the modern American lifestyle to the identity of your next boss, customer, competitor or cultural trendsetter likely can be found in the developing world." USA Today adds, "The new prominence of emerging markets represents a sharp departure from the flurry of financial crises that tore through Mexico, Asia and Russia in the 1990s. … China alone sits atop a $1 trillion mountain of cash. Russia, Mexico, India and South Korea also are swiftly building their cash hoards, according to Treasury Department data." Developing nations "have gone from beggar to banker. The US must borrow enormous sums each day to finance the gap between its anemic national savings rate and its consumption. Increasingly, those funds -- largely raised by selling Treasury securities -- come from poorer nations."

Wal-Mart, Unions Press For Affordable Healthcare. A coalition including Wal-Mart, the Service Employees International Union, AT&T, Intel, Kelly Services Inc., and the Communications Workers of America called for affordable health insurance Wednesday. Reports in major papers, including the New York Times (2/8, Barbaro, Pear, 1.16M), USA Today (2/8, 2B, Appleby, 2.27M), the Wall Street Journal (2/8, A6, Maher, 2.04M), and the Washington Post (2/8, D1, Mui, Russakoff, 690K), emphasize that the groups traditionally oppose each other on major issues. For example, the Wall Street Journal (2/8, A6, Maher, 2.04M) reports, "Yesterday's announcement in Washington united Wal-Mart Chief Executive H. Lee Scott and Andy Stern, president of the Service Employees International Union, who has criticized the Bentonville, Ark., retailer's pay and benefit policies. The inclusion of Wal-Mart, the nation's largest private employer and an industry bellwether, in any push to overhaul health care is significant." The New York Times (2/8, Barbaro, Pear, 1.16M) reports that the "extraordinary" meeting "could be the beginning, however tentative, of a détente between the nation's largest employer and its labor critics," but says "[t]he agreement is unlikely to end the rancor between Wal-Mart and unions, largely because the retailer's fiercest critic is the United Food and Commercial Workers, the union behind WakeUpWalMart.com."

USA Today (2/8, 2B, Appleby, 2.27M) reports, "The groups did not offer details of how to change the system, laying out instead four broad principles: Every person must have insurance; businesses, government and individuals must help pay for it; people have a responsibility to maintain their health; and the health system must become more efficient."

The Wall Street Journal (2/8, A6, Maher, 2.04M) adds, "While there is interest in doing something about the uninsured, consensus is lacking on what should be done, how much money to spend and how many Americans to try to cover. The new partnership offers no solution, only general goals, such as that individuals, business and government 'all should contribute to managing and financing a new American health- care system.' Wal-Mart remained noncommittal yesterday as to who should take the lead."

Criticism Of Wal-Mart Noted. The Washington Post (2/8, D1, Mui, Russakoff, 690K) reports, "Wal-Mart used to be noticeable for its absence from business coalitions calling for government help with the health-care crisis. As the rising cost of employee medical care staggered other large companies, Wal-Mart, which did not provide health coverage for the majority of its employees, was silent. But during a national crisis over the growing ranks of uninsured workers, Wal-Mart quickly became a target. … Change began in 2005 after Wal-Mart created a health-care plan with premiums of $11 per month. In a speech to the National Governors Association a

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year ago, Scott announced other major concessions, including reducing the eligibility requirement for part-time employees from two years to one and adding coverage for their children. But he also wanted help from government leaders and other groups to make substantive changes to the country's health policies. The speech caught Stern's attention. He was also impressed by Wal-Mart's efforts in environmental sustainability, in which it had worked with activist groups such as the Rocky Mountain Institute and TransFair USA."

The AP (2/8, Caterinicchia) reports, "Stern said the SEIU would continue to fund its Wal-Mart Watch campaign, which as recently as last month said Wal-Mart's health plans were a raw deal for employees. Stern said he expects to be criticized for teaming up with Wal-Mart, but that he felt it was in the best interest of workers who lack coverage, and their families."

In GOP Race For President, McCain Drops, While Giuliani Climbs. The Christian Science Monitor (2/8, Feldmann, 59K) reports that while polls have long shown Arizona Sen. John McCain (R) and ex-New York City Mayor Rudy Giuliani (R) as the frontrunners in the '08 GOP race for president, "pundits have tended to discount Mr. Giuliani's chances, given his liberal stands on social issues such as abortion and gay rights. Now, a combination of factors is forcing a new look at both Senator McCain's vulnerabilities, particularly over his steadfast support for an unpopular Iraq war, and Giuliani's potential to overcome weaknesses. For the first time since October 1999, McCain's favorability rating among American voters has dropped below 50 percent. A Gallup poll taken last month showed him at 48 percent, down 6 points from November." Giuliani, meanwhile, "has held above 60 percent favorability in Gallup polls, most recently at 62 percent." The Monitor notes, "For Giuliani, winning over enough of the conservative Republican base to secure the nomination has long been seen as a potentially insurmountable task. But now, analysts say, it's possible that Republican-leaning independents could make the difference in the early GOP primaries." New Hampshire-based pollster Dick Bennett of ARG said that McCain's problem "is that he has lost some of his luster as the 'maverick.' … That is hurting him in particular among independents, says Mr. Bennett. The problem is Iraq. 'They view McCain and Bush in the Iraq situation together,' he says."

Mormon Romney Confident His Religion Won't Undermine Presidential Hopes. The New York Times (2/8, Nagourney, Goodstein, 1.16M) reports that ex-Massachusetts Gov. Mitt Romney (R), a presidential hopeful, "is facing a threshold issue: Will his" Mormon religion "be a big obstacle to winning the White House? Polls show a substantial number of Americans will not vote for a Mormon for president. The religion is viewed with suspicion by Christian conservatives." While "Romney's advisers acknowledged that popular misconceptions about Mormonism…could give his opponents ammunition in the" GOP battle "to become the consensus candidate of social conservatives," Romney, in an interview "last week, expressed confidence that he could quell concerns about his faith, pointing to his own experience winning in Massachusetts. … 'People have interest early on in your religion and any similar element of your background,' he said. 'But as soon as they begin to watch you on TV and see the debates and hear you talking about issues, they are overwhelmingly concerned with your vision of the future and the leadership skills that you can bring to bear.'" That said, Romney "has set up a meeting this month in Florida with 100 ministers and religious broadcasters. That gathering follows what was by all accounts a successful meeting at his home last fall with evangelical leaders, including the Rev. Jerry Falwell" and "the Rev. Franklin Graham." Romney also "said he was giving strong consideration to a public address about his faith and political views, modeled after the one John F. Kennedy gave in 1960 in the face of a wave of concern about his being a Roman Catholic."

With Criticism Of Campaign-Finance Reform, Romney Reverses Field. The Hill (2/8, Bolton) reports that Romney, "who strongly criticized campaign-finance regulations in a private meeting with House conservatives last week, once touted dramatic restructuring measures such as taxing political contributions and placing spending limits on federal campaigns. Romney's past positions on campaign-finance regulation, anathema to many social conservatives who believe such rules place unconstitutional limits on free speech, could complicate his ongoing efforts to court conservative leaders." The Hill relates, "At a private meeting with conservative House Republicans in Baltimore Friday, Romney "specifically criticized the 2002 Bipartisan Campaign Reform Act sponsored by his rival for the GOP presidential nomination, Sen. John McCain (R-Ariz.). 'Referring to the bill, [Romney] called it 'one of the worst things in my lifetime,'' one

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conservative Republican said. 'The place erupted. That was by far the biggest applause line.'" The Hill notes, however, "A review of Romney's public statements from his 1994 senatorial and 2002 gubernatorial campaigns reveal that he once touted stringent campaign-finance modifications." For example, "a Boston Globe article from July 1994 reported that Romney publicly advocated placing spending limits on congressional campaigns and abolishing political action committees (PACs)," and "the Quincy Patriot Ledger and the Worcester Telegram & Gazette reported in the fall of 2002 that Romney proposed taxing political contributions to finance publicly funded campaigns."

Obama Wants To Preserve Public Financing Option. The AP (2/8, Pickler) reports Democratic Sen. Barack Obama is "asking whether he can take money from donors who want him to be president, then give it back later. The Federal Election Commission said Wednesday that it will look into the novel question." Obama is "indicating that he wants to at least keep the option of using the public financing system for his presidential campaign if he becomes the Democratic nominee. To do so, the Illinois senator could not spend any money from contributors for political purposes, but instead use federal funding that is expected to total about $85 million for next year's general election." Obama has "decided to raise unlimited private contributions for the primary and general campaigns, following the lead of chief Democratic rivals Sen. Hillary Rodham Clinton and John Edwards." But Obama's lawyer, Robert Bauer, "suggested in an advisory opinion request to the FEC that Obama may want to participate in the public financing system for the general election if he's nominated and the Republican candidate agreed to do the same."

The New York Times (2/8, Kirkpatrick, 1.16M) reports if Obama "won the Democratic nomination, he could then strike a deal with the Republican nominee to return their private donations and use only public money for the general election. For 2008, that would limit each general election campaign to about $85 million." It is "unclear how plausible such a truce might be. A candidate with a much bigger bank account at the start of the general election would be reluctant to relinquish that advantage." Obama's filing "raises delicate questions for some of his rivals. Three of them — Mrs. Clinton and John Edwards among the Democrats, and Senator John McCain, Republican of Arizona — have begun raising private contributions outside the public financing system. All three have said they value the public financing system and support updating it to keep it alive."

The Washington Post (2/8, A9, Cillizza, Mosk, 690K) reports Dan Pfeiffer, "a spokesman for Obama, said the senator's filing is intended to 'preserve the public financing option for the party's nominees.' Other aides explained that the request is aimed at defining what Obama can and cannot do in a murky area of campaign finance law." Until now, candidates "have accepted that once they start to raise a separate pool of money for the general election, they have committed to running without federal matching funds. Obama's filing questions that assumption."

McConnell Urges Scrapping Public Finance System. In a USA Today op-ed (2/8, 14A), Senate Minority Leader Mitch McConnell says, "The recent decision by a number of presidential aspirants not to dip into the public trough for campaign funds is a clear sign of just how expensive national elections have become. It's also a sign that the current system of public funding for private campaigns is on its way out. This is as it should be." Congress should follow the candidates' "lead — and that of nearly every American taxpayer— and do away with the current public financing system once and for all."

USA Today Praises Public Finance For Campaigns. USA Today (2/8, 14A, 2.27M) says in an editorial, "Seven states (Arizona, Connecticut, Maine, North Carolina, New Jersey, New Mexico and Vermont)and two cities (Albuquerque and Portland, Ore.) are using or preparing to use public funding for some or all races. Politicians who accept public funds must agree not to raise more money and to abide by strict spending limits. Opponents of this practice — incumbents, lobbyists, others seeking power — make hay deriding this as 'welfare for politicians.' Hardly. Candidates can spend more time with voters, and those who win office don't have to check with moneyed interests before taking action."

Seton Hall Law Professor To Serve As Policy Director For Obama Campaign. The Hill (2/8, Youngman) profiles Seton Hall law professor Mark Alexander, who "is signing on to Obama's 2008 presidential campaign as policy director." Alexander, a "Yale graduate and friend of Obama's for 10 to 12 years," said "he takes issue with those who might question Obama's depth of policy knowledge. 'I don't think he's short on substance at all,' Alexander said." Alexander "worked as issues director for then-Sen. Bill

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Bradley's (D-N.J.) 2000 presidential campaign," and "for Sen. Edward Kennedy's (D-Mass.) 1988 reelection campaign, and most recently served as general counsel to new Newark Mayor Cory Booker's campaign. His primary areas of study lie in First Amendment free-speech issues, election law and campaign finance reform." The Hill notes, "With a crowded field that includes" New York Sen. Hillary Clinton(D) and ex-North Carolina Sen. John Edwards (D), "as well as hefty-résumé-wielding candidates such as New Mexico Gov. Bill Richardson, Obama needs to avoid any early policy missteps lest his critics and opponents successfully paint him as too inexperienced for the job, according to political analyst Charlie Cook. 'When you've got a presidential candidate who has to dispel notions of inexperience…having a strong policy director that avoids mistakes and avoids painting the candidate into a corner is incredibly important,' Cook said. 'Obama can't afford any serious policy mistakes.'"

WPost Calls On Hillary Clinton To Identify "Bundlers." The Washington Post (2/8, A20, 690K) says in an editorial, "Sen. Hillary Rodham Clinton had a party at her house the other night for an elite group: about 70 fundraisers who agreed to raise at least $250,000 -- and some as much as $1 million -- for her presidential campaign. That soiree and a meeting for lower-level fundraisers ($25,000 and up) prompts us to raise again the question that we couldn't get the Clinton campaign to answer the other day. What are the candidate's plans to release the names of her big bundlers? Will she meet the standard of disclosure set by President Bush and every 2004 Democratic presidential contender except John Edwards and make the fundraisers' identities available? So far -- though we've been putting this question to the Clinton campaign since last Friday by telephone and by e-mail -- we haven't gotten an answer."

LATimes Urges Pelosi To Back Bundling Disclosure. The Los Angeles Times (2/8, 850K) says in an editorial, "Unlike their other activities, bundling by lobbyists is not a matter of public record." It "would be public under the Senate ethics bill and a similar House proposal by Reps. Chris Van Hollen (D-Md.) and Martin Meehan (D-Mass.)." House Speaker Nancy Pelosi "has promised that the 110th Congress would be 'the most honest, the most open and the most ethical Congress in history.' She can make good on that pledge by steeling her colleagues to resist the importuning of lobbyists — and their own worse instincts — and join the Senate in shining light on bundling."

Democratic Leaders Support Edwards' Plan To Boost Taxes. The Washington Times (2/8, Lambro, 88K) reports, "Democratic state chairmen yesterday said they support former Sen. John Edwards' plan to increase taxes on upper-income Americans if he wins the presidency in 2008, a plan backed by the party's House and Senate leaders. Those who responded to a survey of Democratic chairmen across the country said they approved of the plan presented Sunday by" Edwards "on NBC's 'Meet the Press' to raise the top tax rates on salaries of more than $200,000 and possibly other tax levies as well. But many state party leaders don't want to step into the politically charged issue of raising taxes, at least at this early juncture in the presidential-election cycle -- even if their party's congressional leadership has embraced the idea." For example, Louisiana Democratic Chairman Chris Wittington said, "Raising taxes is a really tough decision, but I think Edwards is just being realistic, considering the Iraq war costs and the war debt we've got. … If he's starting at $200,000, there aren't many of those people at that level in Louisiana who would be affected by it." However, Wittington "cautioned that just talking generally about raising taxes was politically risky. 'He's got to define his message to make sure he's clear about who will be affected,'" he said.

Anti-Poverty Message Seen As Contrasting With Edwards' Lavish Home. The AP (2/8, Baker) reports, "Two homes, two images, one candidate. Democrat John Edwards, who has made an anti-poverty message the theme of his 2008 presidential campaign, is taking heat for the lavish home he has constructed in Orange County, N.C. In December, Edwards chose the modest backyard of a New Orleans woman who had lost her home to Hurricane Katrina as the image that best underscored his campaign theme. Now voters are seeing another, sharply contrasting image of Edwards: his own home. Sitting on 102 secluded acres -- surrounded by trees and defended by no-trespassing signs -- the 28,000-square-foot estate that Edwards and his family call home has presidential privacy." The AP notes, "With a current building value of $4.3 million, the unfinished Edwards estate is already about $1 million more expensive than any other house in the county, according to tax records. It sits on land worth about $1.1 million." Edwards "has faced criticism regarding the estate. It also has become the subject of late-night jokes. 'Well, I think we know which America he's living in,' Jay Leno quipped on NBC's 'Tonight Show,' a riff of

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Edwards' frequent mention of the 'two Americas' -- one for the wealthy and one for the poor."

An Angry Matthews Says It's Time For A President Who Doesn't Own A Ranch. The Washington Times (2/8, Harper, 88K) reports in its "Inside Politics" column, "MSNBC's Chris Matthews has 'lurched even further off the deep end,' said Rich Noyes of the Media Research Center who chronicled Mr. Matthews' appearance yesterday on 'Imus in the Morning.'" Matthews, "who appeared by phone, went on a rant declaring how he's 'sick of Southern guys with ranches running this country.' Losing control, Matthews dropped the F-bomb on national television: 'I want a guy to run for president who doesn't have a [expletive] I'm sorry, a ranch.' As host Don Imus began to snicker, Matthews plowed ahead with his Democratic talking points: 'Wouldn't that be good, Don, a guy who wasn't on the ranch during Katrina, he was on the street corner answering questions?'"

New York Police Gave RNC Protestors Additional Scrutiny. The New York Times (2/8, Dwyer, 1.16M) reports that when "more than a thousand people were swept up in mass arrests during the 2004 Republican National Convention, defense lawyers complained in court that the protesters had to wait much longer to see a judge than those accused of far more serious crimes like robbery or assault." Newly released "city records not only put precise numbers to those claims, but also show the special scrutiny the New York Police Department gave to people arrested in or near the convention protests." Donna Lieberman of the New York Civil Liberties Union said, "We found out that the Police Department had a special set of rules in place for the R.N.C., and they didn't necessarily comport with the law."

Theft By Campaign Treasurers Not Uncommon. The Wall Street Journal (2/8, A1, Cummings, 2.04M) reports Florida Republican Nancy Detert "had two days to register her candidacy for Congress last April when she got a disturbing email from her secretary: Ms. Detert's campaign treasurer was missing." Court records "show that Randolph Maddox, the treasurer, had transferred $94,000 from the Detert campaign's Wachovia Bank account in Venice, Fla., to a Bank of America account he controlled in another county. Then he withdrew the money in cash, stuffed it into two carry-on bags and flew to Buenos Aires." What "happened to Ms. Detert isn't uncommon in campaigns because candidates trust friends to handle their money and often don't look too carefully at their work. Thanks to the Detert case, the Federal Election Commission is poised to pass new guidelines to strengthen campaign fund-raising operations. But even those changes will amount to 'bake-sale level oversight,' says FEC Vice Chairman David Mason."

Railroad Industry Hiring Relatives Of Lawmakers, Staff. The Washington Post (2/8, A1, Williamson, 690K) reports the railroad industry "is hiring relatives of Capitol Hill lawmakers and staff members as it faces tighter federal safety legislation, employing a tactic untouched by the Democrats' new ethics proposals: lobbying by congressional family members." The new Democratic Congress "is working on the first overhaul of railroad-safety laws in 13 years. Long attuned to Republican control, railroad companies are now working to keep their GOP allies but also hiring Democratic lobbyists." Days "after Jennifer Esposito became majority staff director of the House transportation panel's subcommittee on railroads, her father, Sante Esposito, and brother Michael Esposito signed up as railway lobbyists." Rep. Daniel Lipinski (D-Ill.) has "just taken a seat on the subcommittee, and in the coming weeks, the railroad industry trade association said, his father and predecessor in Congress, William O. Lipinski (D-Ill.), will register as a railroad lobbyist, too."

New Ethics Rules Seen As Burden To Charities. The Washington Post (2/8, A19, Romano, 690K) reports in its "In the Loop" column, "Anxiety over the new House ethics rules ratcheted up this week as lawmakers' spouses demanded clarification of whether the rules apply to them, and eight House members backed out of a fundraising gala for a major theatrical company when ethics lawyers stated that they could not attend as guests." At a "packed ethics briefing for congressional spouses last weekend, a number of wives struggled to understand whether the complicated rules would prevent them from accepting free tickets to bona fide charity events -- particularly those in which they were involved or served as chairmen." Ethics lawyers "and Hill staffers tried to dispel the uncertainty by explaining that spouses must adhere to the same rules, unless they are invited to an event by virtue of their own stature or job." Hill employees, spouses and "charity organizers complained this

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week that the new rule on gifts is an exceptional burden to charities -- which are known as 501(c)3s under the federal tax law and are tax-exempt -- because they depend mightily on House members' celebrity to sell tickets and raise money."

Cuban Americans Planning For Life After Castro. The Washington Times (2/8, Gentile, 88K) reports several rumors of Fidel Castro's death "have swept through Miami since Mr. Castro fell ill in July, only to be dashed with the release of videos showing a frail but indisputably living Cuban leader, most recently receiving a visit from Venezuelan President Hugo Chavez." That has "not deterred Miami's Cuban-Americans from planning and preparing for the dictator's death. Some say they intend to return to the island, while others anticipate that thousands of Cuban refugees will stream into southern Florida." Others are "preparing more pragmatically for the post-Castro Cuba. Business and legal leaders say they have already started working on ways to address a tangle of property-rights issues dating from the start of the Cuban revolution, when the communists seized and redistributed private land."

Kennedy Allegedly Offered To Aid Soviet Public Relations In US. In a Washington Times op-ed (2/8), a retired CIA analyst writing under the pseudonym John Smith says, "In 1983, Sen. Edward M. Kennedy offered to help the Soviets mount a public-relations offensive in the United States. This propaganda attack would target President Reagan and his policies. These are the same policies that eventually ended the Cold War and reduced the possibility of nuclear annihilation. This charge was made by Paul Kengor in his book 'The Crusader: Ronald Reagan and the Fall of Communism.'" The "bottom line is that if there is any shred of truth in these documented stories, the senator from Massachusetts, as well as any other compromised politicians, should resign or be kicked out of the Senate or Congress."

Daley's Lease Of City Assets Examined. In his Washington Post column (2/8, A21), George Will says Chicago Mayor Richard M. Daley has "become an accomplished practitioner of today's new wrinkle in public finance." Chicago "became the first city to sell a toll road. Actually, it has leased the road for 99 years, which is much the same as selling it. The 7.8-mile, six-lane Skyway goes from the Indiana Toll Road (which the state of Indiana last year leased for 75 years to a Spanish-Australian group for $3.85 billion) to Chicago's Dan Ryan Expressway." Skyway was "still a sufficiently attractive investment to have drawn $1.83 billion from the same consortium that leased the Indiana Toll Road." By "selling future revenue streams, Daley believes, the city can ignite a virtuous cycle: Buying improvements 'as quickly as possible' in education and infrastructure can lure people back to the city, thereby improving the city's tax base and cultural vibrancy, which enables further improvements that attract still more residents."

Rice Says Military Must Fill Civilian Jobs In Iraq. The Washington Post (2/8, A18, DeYoung, 690K) reports Secretary of State Condoleezza Rice told Congress yesterday "that more than 40 percent of nearly 300 State Department positions to be added in Iraq as part of President Bush's new strategy will have to be filled by military personnel." During testimony before the House Foreign Relations Committee yesterday morning, Rice said, "Frankly, the agencies of the US government cannot fill that many posts" as quickly as necessary, noting that "our agreement with the Department of Defense was that for a period of time...we would actually use reservists to fill those positions." In a Senate hearing Tuesday, Defense Secretary Robert Gates "said that he shares the concerns raised by senior military officers over a Rice memo detailing the request." State Department officials "expressed surprise" yesterday at Gates's remarks. However, Rice "insisted there is no controversy."

Under the headline "Few Veteran Diplomats Accept Mission To Iraq," the New York Times (2/8, A12, Cooper, 1.16M) reports, "While the diplomats and Foreign Service employees of the State Department have always been expected to staff 'hardship' postings, those jobs have not usually required that they wear flak jackets with their pinstriped suits." But now with the wars in Iraq and Afghanistan, the White House "is calling for more American civilians to head not only to those countries, but also to some of their most hostile regions -- including Iraq's volatile Anbar Province -- to try to establish democratic institutions and help in reconstruction. That plan is provoking unease and apprehension at the State Department and at other federal agencies." While Secretary Rice said Wednesday that State Department employees were "volunteering in large numbers" for difficult posts, including Iraq, "several department employees said that those who had signed up tended to be younger, more entry-level types, and not experienced,

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seasoned diplomats." The reluctance "highlights a problem with the administration's new strategy for Iraq, which calls on American diplomats to take challenges on a scale unmatched anywhere else in the world, when the lack of security on the ground outside the Green Zone makes it one of the last places people, particularly those with families, want to go."

Rice Pressed For Evidence On Iran. AFP (2/8) reports Secretary of State Condoleezza Rice "faced a blistering challenge in Congress over the administration's failure to provide evidence to back up allegations Iran is building nuclear weapons and fueling attacks on US forces in Iraq." Rep. Ron Paul (R-TX) said, "Unproven charges against Iran's nuclear intentions are eerily reminiscent of the false charges made against Iraq before we invaded that country." He also warned that "unproven accusations of Iranian support for the Iraqi insurgency" were also serving as a pretext for "escalating our sharp rhetoric toward Iran." However, Rice rejected suggestions the Administration is "planning or intending an attack on Iran." Instead, she insisted the Administration is "responding to a number of Iranian policies both in Iran and around the world that are actually quite dangerous for our national security." State Department spokesman Sean McCormack, meanwhile, said the Administration would reveal its evidence of Iranian involvement in Iraq "on our own timeline."

Rice Disputes Claim Of Iranian Overture. The AP (2/8, Gearan) reports Rice "disputed claims Wednesday that the Bush administration bungled a diplomatic overture from Iran that offered a broad dialogue" with the United States in 2003. Rice told Congress she "does not remember seeing the 2003 Iranian proposal, which suggested Iran was ready to discuss its disputed nuclear program, support for militant groups that the United States labels terrorists and the acceptance of Israel." During House testimony, Rice said, "We had people who said the Iranians went to talk to you… But I think I would have noticed if the Iranians had said, 'We're ready to recognize Israel.'"

The Washington Post (2/8, A18, Kessler, 690K) adds "former administration officials have said the proposal was discussed and ultimately rejected by top U.S. officials," including "Rice, who was then national security adviser." The Post says Rice's comments "add a new level of complexity to an issue that has generated debate among foreign policy experts: Did the Bush administration forgo a chance to pursue a dialogue with Iran shortly after the fall of Baghdad, when US power seemed at its height?"

US Reiterates Calls For Europe To Tighten Iran Sanctions. The Financial Times (2/8, Fidler) reports Washington on Wednesday "voiced its growing frustration over the failure of European governments to toughen financial sanctions on Iran over its nuclear program." Differences over the sanctions between Washington and European governments "threaten to open a new transatlantic division" over how to deal with Tehran's nuclear program. US Ambassador to the IAEA, Gregory Schulte, "went public with Washington's complaints, saying the Europeans should do more," saying during an address in Munich, "Faced by the defiance of Iran's leadership, the European Union and European countries can do more -- and should do more -- to bolster our common diplomacy. Why, for example, are European governments using export credits to subsidise exports to Iran? Why, for example, are European governments not taking more measures to discourage investment and financial transactions?" The ambassador said Europe should use "the full range of non- military measures at its disposal" to put pressure on Iran's leadership.

Iranians "Uneasy" With Ahmadinejad's Nuclear Diplomacy. The Los Angeles Times (2/8, Murphy, 850K) reports, "Iran's leadership is facing mounting public unease and the seeds of mutiny in the parliament over the combative nature of its nuclear diplomacy." For the "first time," there is "broad, open criticism" of President Mahmoud Ahmadinejad's defiance of the Bush administration and United Nations Security Council. Warnings have "emerged that the public may not be prepared to support the Islamic regime through a war." The "mounting dissent, however, does not appear to have chipped away at Iran's determination to maintain an active nuclear program, according to politicians, diplomats and political analysts" in Tehran. But those observers say it "opens the door to a face-saving compromise and signals that a broad range of Iranians hope to avoid an all-out confrontation."

Webb Says Deployment Of Carrier Raises Tensions. In an interview with MSNBC's Hardball (2/7, Matthews), Sen. Jim Webb said, "When I was Secretary of the Navy and until very recently, we never operated aircraft carriers inside the Persian Gulf" in part because "the chance of accidentally bumping into something that would start a diplomatic situation was pretty high. We now have been doing that, and with the tensions as high as they are, I'm very

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worried that we might accidentally set something off in there and we need, as a Congress, to get ahead of the ball game here."

More Commentary On Iran. In a New York Times (2/8, 1.16M) op-ed, Iranian ambassador to the UN Javad Zarif writes, "The United States administration is -- unfortunately -- reaping the expected bitter fruits of its ill-conceived adventurism" in Iraq, "taking the region and the world with it to the brink of further hostility. … The United States administration is trying to sell an escalated version of the same failed policy. It does this by trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq. … Forging imaginary new threats, as the United States administration is now doing with Iran, may provide some temporary domestic cover for the failure of the administration's Iraq policy, but it can hardly resolve problems that -- as widely suggested -- require prudence, dialogue and a genuine search for solutions."

In a Washington Post (2/8, A21, 690K) op-ed, Vali Nasr of the Naval Postgraduate School and Ray Takeyh of the Council on Foreign Relations write, "As Iran crosses successive nuclear demarcations and mischievously intervenes in Iraq, the question of how to address the Islamic republic is once more preoccupying Washington." The US "would do better to shelve its containment strategy and embark on a policy of unconditional dialogue and sanctions relief. A reduced American threat would deprive the hard-liners of the conflict they need to justify their concentration of power. In the meantime, as Iran became assimilated into the global economy, the regime's influence would inevitably yield to the private sector, with its demands for accountability and reform."

In his Wall Street Journal (2/8, A15, 2.04M) column, James Taranto writes, "Confrontation with Iran is very unpopular among the Democratic antiwar base. Last week Ezra Klein of The American Prospect, a left-liberal magazine, confronted" John Edwards about a recent speech on Iran, "and the candidate waffled. Although allowing that 'it would be foolish for any American president to ever take any option off the table,' he offered this criticism of President Bush: 'When he uses this kind of language "options are on the table," he does it in a very threatening kind of way.' Does Mr. Edwards mean to be docile? … Perhaps voters next year, chastened by Mr. Bush's dangerous boldness, will opt for someone more risk-averse. But if a crisis arises and the president proves unable to lead, they may find themselves longing for Mr. Bush's steadfastness. An excess of caution is itself a form of recklessness."

Hamas, Fatah Vow To Continue Talks Until Agreement Reached. The New York Times (2/8, A6, Fattah, 1.16M) reports the leaders of Hamas and Fatah "ended their first day of an emergency summit meeting on Wednesday promising to stay until they agreed on a new government to end a wave of violence in Gaza and the West Bank and salvage the moribund Israeli-Palestinian peace effort." Disputes reportedly remain between the two groups "on how to divide the ministerial portfolios, especially the security portfolios, and how the new government could meet Western criteria of renouncing violence, recognizing Israel and accepting previous Israeli-Palestinian agreements."

The Financial Times (2/8, Morris) says Ismail Haniyeh "might remain as prime minister in a new multi-party cabinet but, to be accepted by the international community, Hamas would have to bow to demands that it recognize Israel, commit itself to non-violence and accept existing agreements with Israel." The Times says an agreement at Mecca "would set the tone for a trilateral summit in Jerusalem next week" involving Palestinian President Mahmoud Abbas, Israeli Prime Minister Ehud Olmert and Secretary of State Condoleezza Rice.

WSJournal Says Palestinians Unable To Rule Themselves. In an editorial, the Wall Street Journal (2/8, 2.04M) writes that the recent violence among Palestinian factions negates "the notion that what is mainly needed for an Israeli-Palestinian settlement is a change in Israeli policies." Now as the two sides engage in talks in Saudi Arabia, "For King Abdullah, as for the Palestinians, the main challenge is not simply to midwife an agreement; it's the principles of their prospective statehood. If the experience of Gaza…demonstrates anything, it is that the absence of Israeli occupation is not a sufficient condition for a Palestinian state." The Journal suggests that the "first such condition would be a monopoly on the legitimate use of force," which "doesn't exist today in the Palestinian Authority." In addition, it says "the US must also insist that Mr. Abbas dismantle Hamas as a military entity, by force if necessary." The Journal concludes that "it is now clear that the deepest problems are of Palestinian making. That may not be much comfort to diplomats hungry for the next breakthrough. But no breakthrough will be worth the effort if the result is a state that cannot govern itself."

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Rice Urges Release Of Egyptian Dissident. AFP (2/8) reports Secretary of State Condoleezza Rice "urged Egypt to release a prominent jailed dissident, shortly before she met with the country's foreign minister." Testifying in Congress, Rice said she had repeatedly raised the case of opposition leader Ayman Nour with Egyptian officials "in the past and would continue to do so." Rice met later Wednesday Egyptian Foreign Minister Ahmed Aboul Gheit for talks expected to focus on US and Egyptian efforts to break the stalemate in Israeli-Palestinian peace talks.

Egypt Cracks Down On Muslim Brotherhood. The Financial Times (2/8, Saleh) reports the Egyptian government has "referred the cases of forty members of the illegal Muslim Brotherhood to a military tribunal in a move which signals another escalation of the government's crackdown against the group." The charges, which include money laundering and creating a militia, "arise from actions by Islamist students at Al Azhar university who in December staged a parade in which they wore black hoods and carried out martial arts exercises during a protest against the rigging of student union elections." In recent weeks, the Brotherhood has also "been the target of a new campaign of arrests in which some 260 people have been detained."

US, North Korea May Be Close To Reaching Nuclear Agreement. The AP (2/8, Herman) reports Pyongyang "expressed its readiness Thursday to discuss initial steps of its nuclear disarmament, raising hopes for the first tangible progress" at the six-party talks. On arriving in Beijing for the latest round of talks, North's nuclear envoy Kim Kye Gwan said, "We are prepared to discuss first-stage measures." Japanese media reports Thursday "suggested the North may agree to freeze its main nuclear reactor and allow international inspectors in exchange for energy aid as a starting step to disarm," but Kim said any moves by North Korea would be "based on whether the United States will give up its hostile policy and come out toward peaceful coexistence." Earlier Thursday, Assistant Secretary of State Christopher Hill said he sensed "there is a real desire to have progress" by the North Koreans at the talks.

Separately, the AP (2/8) notes the Japanese daily Asahi Shimbun reported Thursday that the US and North Korea "signed a memorandum during talks last month by which Pyongyang would begin closing a nuclear reactor while the US starts providing energy assistance." However, AFP (2/8) reports Assistant Secretary Hill denied the report, saying, "No, we did not sign anything. … Although it was a very useful discussion, we did not sign anything."

In a preview of Thursday's talks, the New York Times (2/8, A13, Yardley, 1.16M) reports, "Recently, North Korea has seemed to signal more of a willingness to bargain and to specify its demands." For example, last weekend, "two American envoys returning from Pyongyang, the North Korean capital, said the nation was prepared to disable its main nuclear reactor in Yongbyon in exchange for an energy package of electricity and oil from its neighbors."

The Financial Times (2/8, Fifield) says, "When diplomats sit down" at the talks "they will do so amid a new sense of optimism." If in the past North Korea's nuclear ambition "has been one of the world's most intractable diplomatic challenges, this time the six-party talks appear to have a clear -- and perhaps achievable -- goal, diplomats say." Extensive "behind-the-scenes dealings, increasing pressure on the North Korean regime, and an embattled US administration seeking success in its dealings with one of the 'axes of evil' have helped breathe life into a process long considered terminal," the Times says.

Similarly, the Wall Street Journal (2/8, A6, Ramstad, 2.04M) says "a deal appears more likely -- despite repeated failures in the past -- because the North's top negotiator has signaled it is willing to compromise and the US has settled on a more conciliatory approach." Meanwhile, in the US, "the election of a Democratic Congress and the departures of John Bolton, the ambassador to the United Nations, and Defense Secretary Donald Rumsfeld -- both of whom took a hard line against North Korea -- have given moderates in the State Department more leeway to compromise."

The Christian Science Monitor (2/8, LaFranchi, 59K) reports that despite the optimism, "The spoiler may be that Pyongyang, which toughened its bargaining position by testing a nuclear weapon last October, may demand too high a price for putting its nuclear ambitions on the table."

However, the Washington Times (2/8, Lanfranco, 88K) reports a Chinese analyst warned yesterday that "the United States and its partners in six-party talks have taken steps they knew would prevent progress in halting North Korea's nuclear program." In comments seen as "much more pessimistic than what has been heard from" Hill, Teng Jianqun, deputy secretary-general at the China Arms Control and Disarmament Association, "also warned of the risk of war between the United States and China if the North Korean nuclear issue is mishandled."

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French Trial Over Muhammad Cartoons Begins. The New York Times (2/8, A8, Bernard, 1.16M) reports hearings began Wednesday "in a suit brought by two influential French Muslim organizations against a satirical weekly newspaper for printing cartoons depicting the Prophet Muhammad that had touched off international rioting." The Paris Mosque and the Union of Islamic Organizations of France contend that the newspaper, Charlie Hebdo, and its director, Philippe Val, "are guilty of slander, an offense that carries a possible six-month sentence and a fine of up to 22,500 euros, or about $29,000."

Hu Defends China's Investments In Africa. The Washington Post (2/8, A14, Timberg, 690K) reports Chinese President Hu Jintao Wednesday "sought to reassure Africans that his country's aggressive investments in oil, copper and other natural resources do not amount to a new wave of colonialism," saying China would "not do anything harmful to the interests of Africa and its people." Hu's comments, made in Pretoria on the sixth stop of an eight-country tour of the continent, "came amid rising anxiety that China's economic power is strangling African manufacturing while locking up vital resources for years." Although China has "long-standing relationships with many countries in Africa," among Africans "concerns about rising Chinese clout are more often economic."

Poll Finds Religion Surging Among Chinese. The Washington Post (2/8, A15, Cody, 690K) reports a new government-sponsored survey on spirituality in China "has found that the number of religious believers among the country's 1.3 billion people is far higher than generally known, amounting to as many as 300 million." The findings, "based on a poll of 4,500 people conducted by professors at East China Normal University in Shanghai, supported growing indications that many Chinese are searching for new value systems to replace the communist doctrine that has been jettisoned in favor of market economics and a race for prosperity."

US Assures Russia On Kosovo Position. The Washington Times (2/8, Kralev, 88K) reports Secretary of State Condoleezza Rice yesterday said the US "has assured Russia that Washington's support for Kosovo's eventual independence from Serbia does not mean it will back the breakaway aspirations of Russian autonomous regions in the Caucasus." In congressional testimony yesterday, Rice said she has told Russian officials that "Kosovo is a precedent for nothing," but warned that delayed action on Kosovo's status could cause "a breakdown in order in Kosovo itself." Russia has been "reluctant to join American and European endorsements of a plan proposed by U.N. envoy Martti Ahtisaari that would lead to independence for Kosovo in all but name."

WPost Condemns New Charges Against Russians. In an editorial, the Washington Post (2/8, A20, 690K) writes, "We won't accuse Russian President Vladimir Putin of being subtle this week. On Monday, Russian prosecutors leveled charges against a pair of Mr. Putin's one-time political enemies that are beyond implausible. … Precisely why Mr. Putin wants to keep these two men in jail for another 15 years or so is still up for speculation. Observers of Russian energy politics see it as a way to assist the Kremlin in grabbing the remaining bits of Yukos's assets inside and outside the country." Regardless of his reasons, the Post says Putin "has systematically dismantled the institutions of democracy inside Russia while bullying his neighbors and jailing his opponents." After the new charges were announced, the Post notes that a State Department spokesman said that the proceedings "raise questions about Russia's commitment to the responsibilities which all democratic, free market countries embrace," and that American policymakers will discuss the issue with the Kremlin "at an appropriate time and at the appropriate level." However, "We doubt that Mr. Putin will lose much sleep over that prospect."

US, Brazil Discuss Partnership To Promote Ethanol Use. The Washington Post (2/8, A14, Reel, 690K) reports the US and Brazil "are meeting this week to discuss a new energy partnership that they hope will encourage ethanol use throughout Latin America and that US officials hope will diminish the regional influence of oil-rich Venezuela. US officials said they expect to sign accords within a year that would promote technology-sharing with Brazil and encourage more Latin American neighbors to become biofuel producers and consumers." The US and Brazil "together produce about 70 percent of the world's ethanol, a fuel that President Bush has called a cornerstone in reducing US dependence on oil." Undersecretary of State Nicholas Burns, who led discussions with Brazilian officials, Wednesday "declared that biofuel is now the 'symbolic

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centerpiece' of US relations with Brazil, a country that US officials have long hoped could counteract Venezuela's regional anti-American influence."

Venezuelan Oil Company Struggling As Chavez Squeezes Profits. The Washington Times (2/8, A1, Hill, 88K) reports on its front page, "Venezuela's national oil company is buckling under the burden of financing President Hugo Chavez's more than $9 billion a year in social and political ventures. Production at Petroleos de Venezuela is declining, and any major drop in oil prices or failure to reverse declining investment and production could lead to bankruptcy of the goose that lays the golden egg for Venezuela, Moody's Investors Service warned yesterday." The "well-tuned Venezuelan network of production facilities, Caribbean and U.S. Gulf Coast refineries and U.S. gas stations operated by Citgo has begun to falter after six years of Chavez rule, and the outlook for the once-thriving oil company looks bleak in light of the president's announced agenda to further squeeze profits from the oil sector."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"A Rescuer Of Korea's Forgotten."
"Airline Service Experiencing A Bumpy Ride."
"Dissent Grows In Iran."
"Air Travel Flap Circles Over Pelosi."
"Extracurricular Videos Roil Campus."
"5th Copter In Month Goes Down In Iraq."

USA Today:
"Anti-Fat Pill Goes Over-The-Counter."
"Gay Teens Coming Out Earlier To Peers And Family."
"U.S. Asks To Arm Pilots Abroad."
"Gun rules."

New York Times:
"Copter Crashes Suggest Change In Iraqi Tactics."
"Takeover Battle Ends With Sale Of Big Landlord."
"Mormon Candidate Braces For Religion As Issue
"At Libby Trial, Russert Of NBC Gives And Gets."
"Legislators Pick A Comptroller, Defying Spitzer."
"Rejecting Stereotypes, Athletes Embrace Size."
"Gaping Reminders of Aging and Crumbling Pipes."

Washington Post:
"With Discipline Honed by Training, Police Say, Astronaut Set Out to Kill."
"General Is Front Man For Bush's Iraq Plan."
"Loudoun Land Deals Subject of U.S. Probe."
"Problems Stall Pentagon's New Fighting Vehicle."
"Teddy Bear, Version 2.0."
"In Campaign 2008, Candidates Starting Earlier, Spending More."

Washington Times:
"War Foes Will Not Hurt Morale."
"Report Confirms Agents Cover-Up."
"Pentagon Limits Pelosi Jet Size."
"Chavez largess Hurts Venezuela Oil Firm."
"GOP Dismisses To Annapolis."
"Check Writing Loses Ground To Electric Payments."

Detroit Free Press:
"Toyota Sweats U.S. Labor Cost."
"Teacher In Sex-Abuse Case given New Trial."
"Tension High In Baghdad Security Push."

Atlanta Journal-Constitution:
"Cop Murder Charges Sought."
"Jurors Punish Marta In Rape."
"Mom's The Word For Recruits."
"New Strategy For Children's Hospital Care."
"Churches Mourn 3 Georgia Missionaries."

Houston Chronicle:
"Anger Grows In Congress Over Border Agent's Case."
"NASA Orders Review Of Astronaut Screening."
"Diet Pills get rare Ok From The FDA."
"El Paso Corp. Settles Oil-For Food Scam Case."
"Council Shows Wariness About Suing Polluters."

Story Lineup From Last Night's Network News:
ABC: Chopper Crash-Iraq; Moral Of Troops; Army Reservist Charged; Congressional Hearings; Army Court-Martial; Libby Trial; Winter Weather; Airline Service; Astronaut Arrested; Bush National Park Plan; Sleeping-Weight Loss; Ford Taurus Returns; Woopie Goldberg's Ancestry.
CBS: Iraq-Helicopter Downed; Astronaut Arrested; Pelosi-Military Plane; Libby Trial; FDA-Diet Pill; US Schools-Math, Science; Iraq Refugee Crisis; Ford Taurus.
NBC: Chopper Crash-Iraq; Patrolling Iraq; Libby Trial; Astronaut Arrested; Toxic Fire; Stock Market; Private Contractors-Congressional Hearings; Weight Loss Pill; Paying Medical Bills; Python Pete.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: North Korean Nuclear Program Talks; Arrested NASA Astronaut; House Republicans Criticize Speaker Pelosi Over Plane; Kansas City-Chemical Plant Fire; CA Researchers-Men's Sweat; CA-Cross Border Gang Crime Conference; NV-TSA Employee Reprimanded; Judge Orders OJ Simpson Not To Spend Book Advance.

CBS: Iraq-Car Bomb; Iraq-Health Ministry Raid; Another US Chopper Goes Down In Iraq; WA-Mistrial In Court Martial Of Iraq Objector; Iraq Reconstruction Projects-Bid-Rigging Scam; Arrested NASA Astronaut; China-Souvenir Crackdown; Atlantic City-Smoking In Casinos; Libby Trial-Russert Testimony.

NPR: North Korean Nuclear Program Talks; Kansas City-Chemical Plant Fire; Bush-Mexico Visit; Upstate New York-More Snow Forecast; Iraq Reconstruction Projects-Bid-Rigging Scam; Haiti-Pro-Aristide Protests; Iraq-Car Bomb.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Votes on pending nominations, followed by a hearing on the foreign affairs budget for FY08. Secretary of State Rice. Location: Room 106, Dirksen.

9:30 a.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on the FY08 budget for DOT. Secretary Peters. Location: Room 138, Dirksen.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on labor, immigration, law enforcement and economic conditiaons in the commonwealth of the Northern Mariana Islands. Gov. Benigno R. Fitial; Pedro Tenorio, Resident Representative; Amb. Hadyn Williams, Covenant Negotiator, San Francisco; Juan Guerrero, President, Saipan Chamber of Commerce, others. Location: Room 366, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Markup of pending legislation, followed by a hearing on diabetes among Native Americans. Location: Room 485, Russell.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 budget and revenue proposals. Treasury Secretary Paulson. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on public safety communications. Charles Werner, chief, Charlottesville Fire Department; Harlin R. McEwen, International Association of Chiefs of Police; Morgan O'Brien, Cyren Call; Steve Largent, CTIA-The Wireless Association; David Billstrom, National Interop; Matt Desch, Iridium Satellite. Location: Room 253, Russell.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on reauthorization of the No Child Left Behind Act. Michigan State Superintendent of Instruction Michael P. Flanagan; Alana Dale-Turner, teacher, Easton, Md.; Richard Coleman, Sr., Director, An Achievable Dream Academy, Newport News, Va.; Kimberly Johnson, Principal, Briggs Chaney Middle School, Silver Spring, Md.; Dr. Yvonne Brandon, Associate Superintendent for Instruction & Accountability, Richmond, Va. Public Schools; Martha Barber, Alabama Reading Initiative Regional Principal Coach, Birmingham; Hosanna Mahaley Johnson, Executive Officer, Office of New Schools, Chicago Public Schools; Paul Reville, President, Rennie Center for Education Research & Policy. Location: Room 216, Hart.

10 a.m. JUDICIARY _ Full Committee. Business meeting on pending judicial nominations and legislation. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Saudi Arabia. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 547 - Advanced Fuels Infrastructure Research and Development Act.

9:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the FY08 VA budget. Location: Room 334, Cannon.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on proposed FY08 budget for DHS. Secretary Chertoff. Location: Room 2359, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on the FY08 Energy Department budget. Secretary Bodman. Location: Room 2123, Rayburn.

10 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

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10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on waste, fraud and abuse in Homeland Security Department contracts including the Coast Guard's ``Deepwater'' program. Richard Skinner, DHS inspector general; Comptroller General David M. Walker, GAO; Elaine Duke, chief procurement officer, DHS; Greg Giddens, director, executive office, SBI Program, DHS; Coast Guard Commandant Adm. Thad Allen; Rear Adm. Gary Blore, executive officer, Deepwater Program, Coast Guard; Jerry W. McElwee, vice president, Boeing SBInet Program; Leo Mackay, president, Integrated Coast Guard Solutions. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Hearing on the state of climate change science. Susan Solomon, Co-Chair, IPCC, Working Group I: The Physical Basis of Climate Change; Kevin Trenberth, Coordinating Lead Author, IPCC, Working Group I, Chapter 3: Observations: Surface and Atmospheric Climate Change; Richard Alley, Lead Author, IPCC, Working Group I, Chapter 4: Observations: Changes in Snow, Ice and Frozen Ground; Gerald Meehl, Coordinating Lead Author, IPCC, Working Group I, Chapter 10: Global Climate Projections. Location: Room 2318, Rayburn. Notes: Note: House Speaker Pelosi will have opening remarks on the challenge of global warming.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on the SBA budget request for FY08. Administrator Steven Preston. Location: Room 2360, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the proposed HHS budget for FY08. Secretary Leavitt. Location: Room 1100, Longworth.

10:30 a.m. EDUCATION AND LABOR _ Health, Employment, Labor and Pensions Subcommittee. Hearing on the Employee Free Choice Act. Location: Room 2175, Rayburn.

10:30 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on the future of Darfur. Special Envoy to Sudan Andrew Natsios. Location: Room 2172, Rayburn.

1 p.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on food safety. Comptroller General David M. Walker, GAO; Michael R. Taylor, University of Maryland School of Medicine; Carol Tucker Foreman, Consumer Federation of America; Tom Stenzel, United Fresh Produce Association; Mark Dopp, American Meat Institute. Location: Room 2362A, Rayburn.

1:30 p.m. APPROPRIATIONS _ Select Intelligence Oversight Panel. Closed. Hearing on the FY07 war supplemental appropriations bill. Location: Room H-140, Capitol.

2 p.m. APPROPRIATIONS _ State, Foreign Operations and Related Programs Subcommittee. Hearing on assistanc eprograms in Iraq. Stuart Bowen, special inspector general for Iraq reconstruction. Location: Room 2359, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ full Committee. Hearing on the FY08 budget for the EPA and the Transportation Department. Location: Room 2167, Rayburn.

3 p.m. ARMED SERVICES _ Seapower and Expeditionary Forces Subcommittee. Hearing on Navy acquisition programs and the Littoral Combat System. Delores Etter, assistant secretary of the Navy; Vice Adm. Paul Sullivan, commander, Naval Sea Systems Command; Rear Adm. Charles Hamilton, program executive officer (ships); Rear Adm. Barry McCullough, director, Surface Warfare Division (N86); Fred Moosally, president, Marine Systems, Lockheed Martin Corp.; Kevin Moak, chairman, Gibbs and Cox Naval Architects; Richard McCreary, vice president and general manager, Marinette Marine Shipyard; Mike Ellis, executive vice president and chief operating officer, Bollinger Shipyards. Location: Room 2212, Rayburn.

Other: INSURANCE _ 8:30 a.m. The Council of Insurance Agents and Brokers holds its annual Insurance Legislative Summit. Highlights: 8:30 a.m. House Minority Leader John Boehner. 9 a.m. Sen. Christopher Dodd. 9:30 a.m. Rep. Paul Kanjorski. 9:50 a.m. Rep. Dennis Moore. Location: Room 2322, Rayburn.

EXPEDITED REMOVAL _ 9:30 a.m. Rep. Chris Smith, R-N.J., participates in a press conference to discuss the results of a study on the effect of expedited removal procedures on asylum seekers fleeing persecution in their home country. Smith will be joined by Sen. Joseph I. Lieberman, I-Conn., chairman of the Homeland Security and Governmental Affairs Committee; Felice D. Gaer, Chair, U.S. Commission on International Religious Freedom (USCIRF); and Preeta D. Bansal, Commissioner, USCIRF. Location: Room 342, Dirksen Senate Office Building.

RICHARDSON _ 10 a.m. New Mexico Gov. Bill Richardson delivers a ``major'' speech, ``The New Realism and the Rebirth of American Leadership,'' at the Center for Strategic and International Studies. Location: 1800 K St. NW.

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ELECTION ASSISTANCE _ 10 a.m. - 1 p.m. The United States Election Assistance Commission holds a meeting on the full Voting System Laboratory Accreditation Program and considers whether to terminate the interim program. Location: U.S. Election Assistance Commission, 1225 New York Ave. NW, Suite 150.

CLIMATE CHANGE _ 11 a.m. Global warming experts hold a telephone briefing to discuss the science of climate change and to preview the upcoming ``Legislators Forum on Climate Change." Notes: Callin number: 800-311-9403; passcode: WRLDBANK.

CLINTON-PALESTINIAN AUTHORITY _ 11:15 a.m. Sen. Hillary Clinton, D-N.Y., joins Itamar Marcus, Director of Palestinian Media Watch, and Associate Director Barbara Crook, for a press briefing to unveil a new report detailing what they say is continuing anti-Israel and anti-Western bias in the Palestinian Authority's most recently produced textbooks. Location: Room 418, Russell Senate Office Building.

BLACK LEADERS _ 12 p.m. The National Black Pro-Life Union holds a ``Leaders for Life Luncheon," with Sens. Sam Brownback and Ben Nelson, and Reps. Christopher Smith and Allen Mollohan. Keynote speech by Rev. Jesse Lee Peterson, President of BOND. Location: Mansfield Room, Capitol.

MANDEL-HEALTHCARE _ 12 p.m. Michael Mandel, Chief Economist, Business Week, addresses a National Economists Club luncheon. Topic: ``Will Our Children All Work In Hospitals and Doctors Offices?, focusing on the fact that healthcare has accounted for a surprisingly large share of net job gains since the last employment peak in 2001. This pattern seems to be continuing, which could change the way we think about long-term productivity growth. Location: Chinatown Gardens Restaurant, 618 H St. NW.

GOVERNMENT I.D. PROGRAMS _ 12 p.m. - 1:30 p.m. Briefing on ``Government I.D. Programs: Can Technology Protect Us?" Panel members include David Temoshok, GSA; Roy Bie, JDSU Flex Products, Santa Rosa, Calif.; Patrick Hearn, Oberthur Card Systems. Location: Room B-340, Rayburn House Office Building.

COMFORT WOMEN _ 12:15 p.m. Rep. Mike Honda holds a telephone news conference on a bill calling on Japan to apologize for the use of ``comfort women" during World War II. Notes: Callin number: 888-455-9650; passcode: Honda.

CHAO _ 12:30 p.m. Labor Secretary Chao speaks at the Latina Style Magazine's 50 Best Companies Awards Luncheon. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

CHINA _ 12:30 p.m. The Center for Strategic and International Studies holds an event to receive a report on China's expanding role in Africa and the implications for the U.S., with Deputy Assistant Secretary of State James Swan, Sun Baohong of the Chinese Embassy and J. Stephen Morrison and Bates Gill, both of CSIS. Location: B-1 conference level, 1800 K St. NW.

DYNAMIC SCORING-BUDGET _ 12:30 p.m. Reps. Jeff Flake and John Campbell hold an event to examine how dynamic scoring could have an impact on the federal budget and new PAYGO rules. Location: Room B-369, Rayburn.

POLITICS _ 12:30 p.m. The New America Foundation holds a panel discussion on ``Will a New Right-Left Synthesis Transform American Politics?" with Brink Lindsey of the Cato Institute, E.J. Dionne of Brookings, others. Location: 7th floor, 1630 Connecticut Ave. NW.

MEDICARE-PHARMACISTS _ 2 p.m. The National Community Pharmacists Association holds a telephone briefing to discuss federal polices harming independent community pharmacies. Notes: Callin number: 800-944-8766; passcode: 52466.

KIRKLAND CENTER _ 3 p.m. - 4 p.m. The National Labor College dedicates its new 72,000 square foot meeting and learning facility in honor of the late labor leader Lane Kirkland. Participants include Maryland Governor Martin OMalley, AFL-CIO President John J. Sweeney, international and national labor leaders, Kirkland family, local and national elected officials. Location: The NLC, 10000 New Hampshire Ave., Silver Spring, Md.

CHINA-TRADE _ 4 p.m. The American Enterprise Institute holds a discussion of China's economic expansion and its strategic, political and foreign policy objectives, with Margaret Pearson of the University of Maryland, Phillip Saunders of National Defense University, others. Location: 12th floor, AEI, 1150 17th St. NW.

CENTRAL ASIA-EU _ 6 p.m. The Central Asia Caucasus Institute holds an off-the-record discussion with Amb. Pierre Morel, EU Special Representative for Central Asia, discussing Central Asia and the European Union. Location: Room 806, 1619 Massachusetts Ave. NW.

IRAQ-FILM _ 6 p.m. The School of Advanced International Studies holds a screening of ``The Situation,"

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the first U.S. feature length film on the Iraqi occupation. Discussion following with director Philip Haas. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

PAYNE HONORED _ 6:30 p.m. - 9 p.m. There will be a reception honoring Rep. Donald M. Payne, D-N.J., chairman of the Subcommittee on Africa and Global Health. Location: Africare House, 440 R St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Gonzales Touts Argentina's Efforts To Seek Justice In 1994 Jewish Center Bombing. The AP (2/7, Cormier) reports from Buenos Aires, Argentina, "U.S. Attorney General Alberto Gonzales on Wednesday toured a Jewish cultural center bombed in 1994 and said the United States supports Argentina's efforts to seek justice for its worst terrorist attack." The AP continues, "Eight Iranians are wanted in Argentina in connection with the bombing, including the president, foreign minister and intelligence chief at the time. … 'Civilized nations cannot easily forget the pain that we share when terrorist attacks occur,' Gonzales said after laying flowers and meeting with Jewish leaders and relatives of victims of the attack. 'Whether 1994 in Argentina, 2001 in the United States or 2004 in Spain, these moments bind us together in our grief.'" The AP adds, "Eight-five people were killed and 200 wounded when a van packed with explosives blew up outside the seven-story center on July 18, 1994. The center, known as the AMIA, has since been rebuilt. … Gonzales did not take questions from journalists on Wednesday. … He also did not say where the United States stands on Argentina's request for help from Interpol, which must decide in the coming weeks whether to issue global alerts for the arrests." The AP notes, "Iran has denied any involvement and has said it does not recognize the validity of the warrants. It said it would oppose any attempt to detain former President Hashemi Rafsanjani or other Iranian citizens. … Gonzales called the attack a 'vicious act of hate.' … 'We will never give up the fight for justice ... just as we are bound together in our memories of the terrorist attacks, so too, we must be bound together in our resolve,' he said. 'Argentina has steadfastly pursued the perpetrators of the AMIA attacks ... the memory of what happened here, like our September 11th, is a touchstone for us.'"

Verizon Backs DOJ Request To Stop Contempt Hearing By Maine PUC. The AP (2/8, Quinn) reports, "Verizon is backing the U.S. government's attempt to stop a contempt hearing for the telecommunications giant that's scheduled for Friday by the Maine Public Utilities Commission." The AP continues, "Federal officials say the hearing could compromise national security. … 'The MPUC seeks, under threat of sanction, to compel Verizon to provide information in state proceedings concerning its alleged cooperation with an alleged national security program despite the fact that the United States has specifically instructed Verizon that providing such a response would violate federal law,' lawyers for Verizon wrote in a legal brief." The AP adds, "U.S. District Judge John Woodcock is expected to hear arguments in Bangor on Thursday. … A multi-customer complaint filed with the PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant. The complaint followed reports about domestic surveillance by the National Security Agency. … The PUC has challenged the adequacy of Verizon responses to date." The AP notes, "On Tuesday, the Justice Department asked Woodcock to bar the PUC from going ahead with a contempt hearing at this time. … The Justice Department also asked the judge to block Verizon from responding to PUC demands for an affirmation of previous statements 'because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities.' … Verizon supports the federal government's request for a temporary restraining order or preliminary injunction."

"Third Generation Terrorists" Organizing Without Al Qaeda Help. McClatchy (2/8, Schofield) reports, "While U.S. and British intelligence officials think that al-Qaida has regrouped in the mountains of Pakistan and is again capable of and intent on launching mass attacks around the globe, investigators in Britain, Germany and France are convinced that there's a broader terrorist threat against Europe. … Unlike the Sept. 11 plotters, the new wave of terrorists -- the so-called third generation terrorists -- are dreaming up, planning, funding and attempting attacks on their own, without international support." McClatchy notes that "the third generation has learned its hatred from television and its tactics from the Web, according to the experts. Its only connections to al-Qaida are Web sites and a shared anti-West philosophy. Its practitioners go online to find inspiration as well as practical advice, such as how to build a bomb."

HOMELAND RESPONSE:

Indiana Inmate Sentenced To 27 Years For Anthrax Hoax. The AP (2/3) reported, "A federal inmate has been sentenced to more than 27 years in prison for mailing what a letter claimed was anthrax to an assistant U.S. attorney who had prosecuted him. Charles E. Fuller, 39, pleaded guilty to one count of mailing a threatening communication and one count of threatening the use of a weapon of mass destruction before he was sentenced, prosecutors said Friday." The AP noted, "Fuller already is serving a 77-month sentence for attacking an inmate at the federal prison in Pekin, Ill., with an ice pick, prosecutors said.

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He was convicted in 2004 on a charge of threatening the president's life."

Bush Issues Orders For Medical Response To Terrorist Attack. The AP (2/7, Lumpkin) reported, "President Bush issued orders Wednesday for how federal medical personnel should respond to a nuclear, radiological, biological or chemical attack, saying authorities should focus on threats that can be dealt with medically." … 'We are moving heaven and earth to prevent' an attack, Homeland Security spokesman Russ Knocke said. He called the directive a playbook for how the federal government will respond and coordinate in providing medical treatment in case prevention fails." Meanwhile, a DHS IG report criticized the agency's BioWatch program, saying that "the department had not properly enforced or monitored the Environmental Protection Agency and the Centers for Disease Control and Prevention, which are also involved in the program. But it noted that Homeland Security had taken action to resolve the issues, and 'we consider the recommendations resolved and closed.'"

USA Today (2/8, 3A, Hall, 2.27M) reports the IG report said BioWatch "was bungled by the Homeland Security Department and has since undergone a revamping." Jeff Stiefel, the program's manager, "says the problems cropped up because the program was created quickly in 2003 in response to concerns that terrorists could spread deadly biological agents in densely populated areas. Homeland Security officials say they have 'taken action to resolve the issues,' the report says. Stiefel says that 'without question, those issues (raised by the report) are resolved.'"

DHS Releases Report On Border Patrol Shooting. The AP (2/7, Caldwell, Gamboa) reported a Department of Homeland Security report "on the shooting of a suspected drug smuggler by Border Patrol agents concurs with prosecutors that the men committed obstruction of justice by failing to report the shooting, destroying evidence and lying to investigators." The report was, made public Wednesday, "offered few, if any, new details on the case." Lawyers for the convicted agents, Ignacio Ramos and Jose Alonso Compean, "did not immediately return phone calls seeking comment. A spokeswoman for US Rep. Dana Rohrabacher, R-Calif., said the report only bolsters the congressman's support of the agents. 'The OIG report has just emboldened our position because there is nothing in there that indicates these agents were not justified in shooting this individual,' said Tara Setmayer."

The Washington Times (2/8, Seper, 88K) reports the DHS document "said the agents covered up the incident and tried to assault the alien, but the report fails to substantiate earlier accusations that they wanted to 'shoot a Mexican.' The long-awaited and heavily redacted report by the department's Office of Inspector General was billed as a substantiation of the government's conviction." However, "it falls short of statements by the Inspector General's Office in September to a House subcommittee. The office had told lawmakers that the officers confessed to knowingly shooting at an unarmed suspect and that they did not think he was a threat, they wanted to shoot a Mexican and they lied to investigators."

Lawmakers Angry Over DHS Official's Statements In Growing Border Agent Controversy. The Houston Chronicle (2/8, Mittelstadt) reports, "Republican congressmen's outrage over the imprisonment of two Border Patrol agents from Texas intensified Wednesday as the top Homeland Security investigative official apologized for his aides' misleading statements to lawmakers about the case." The Chronicle continues, "The agents, sent to federal prison for wounding a fleeing Mexican drug trafficker and hiding evidence, never told investigators that they went on patrol intending to 'shoot a Mexican,' admitted Richard Skinner, the Department of Homeland Security's inspector general, under questioning during a House Homeland Security Committee hearing. … The misstatements occurred when aides briefed four Texas congressmen in September about the 2005 shooting near Fabens, southeast of El Paso. … 'It was an unfortunate mischaracterization,' Skinner told Rep. Michael McCaul, R-Austin, whose district stretches to Harris County. 'I apologize on behalf of our staff, and I just want to make perfectly clear this was not intentional.' … But McCaul and several other House members from the Houston area who are involved in the Border Patrol agents' case said the misstatements never would have come to light had they not forced Skinner's office to release an investigative report on the shooting." The Chronicle adds, "The report, released Wednesday with some sections deleted, does not substantiate what McCaul said were some of the more inflammatory claims made by the inspector general's office last fall. The claims included the alleged 'shoot a Mexican' comment and an assertion that agents Jose Compean and Ignacio Ramos had no fear for their lives when they fired 15 rounds at the trafficker as he ran back toward Mexico after ditching a van with 743 pounds of marijuana. … 'Those representations became misrepresentations if not downright false statements to members of Congress,' McCaul said, later suggesting that Skinner should consider disciplining or firing the staffers." The Chronicle notes, "Other Republicans on Capitol Hill went further than McCaul in what has mushroomed into a growing political liability for President Bush and his administration — a vulnerability all the greater because some of the president's staunchest conservative allies have turned against him on this issue. … Reps. John Culberson of Houston and Sam Johnson of Plano said Skinner and his top aides should be forced to resign. … Rep.

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Duncan Hunter, R-Calif., demanded that the Bureau of Prisons chief, Harley Lappin, be fired after Saturday's beating of Ramos by six inmates at a Mississippi prison. … Bush faces increasing demands from House Republicans and others that he pardon Ramos and Compean, who were sentenced in October to 11 and 12 years, respectively, after being convicted of violating the trafficker's civil rights and tampering with evidence for picking up their shell casings and not reporting the shooting. "

FBI Outreach To Muslim-Americans "Steep Uphill Climb." Under the headline "Distrust Hinders FBI In Outreach To Muslims," the Washington Post (2/8, DeYoung, 690K) reports in a front-page, 2200-word story that without the help of Muslim-Americans, "the FBI, sheriffs and police chiefs believe they will never penetrate the world of homegrown Islamic extremists and potential terrorists the officials are convinced is out there. … Yet for both sides, the effort remains a steep uphill climb with frequent detours into resentment, suspicion and misunderstanding. Virtually all 56 FBI field offices and many local police departments have invited Muslim leaders to join multicultural advisory boards and to teach classes in the basics of Islam to agents and police. At community meetings, the FBI listens to Muslim complaints and asks for assistance in finding potential terrorists in their own communities." However, "Muslims are 'in denial' over the threat in their midst, one senior officer said, adding: 'All they say is "There is no problem. Stop picking on us."'"

US Wants To Expand Armed Pilot Program Internationally. USA Today (2/8, 1A, Frank, 2.27M) reports in a front page article, "The Homeland Security Department, working with the State Department, is trying to expand a 4-year-old program that allows thousands of pilots to carry guns on domestic flights." Conan Bruce, a spokesman for the Federal Air Marshals Service, which runs the armed-pilots program, said they are working toward having armed pilots "'be able to perform their duties on international flights.' Some countries may block US efforts because they don't want guns on airplanes, even if they're carried by trained pilots who have been sworn as law officers." Sweden, for instance, "would rather not see any weapons aboard airplanes," according to Michael Mohr, homeland security liaison at the Swedish Embassy in Washington. "The effort to expand the armed-pilots program comes amid criticism that it is falling short of its potential. A Homeland Security report released last month said the program needs improvement, and some policies 'may have dissuaded pilots from participating.'"

TSA Screeners To Get AMBER Alerts. USA Today (2/8, 3A, Frank, 2.27M) reports the TSA announced Wednesday that its "43,000 airport security screeners will get notices and photos of abducted children as part of the AMBER Alert network's quest to find missing people. … 'The goal is to get that (alert) to TSA officers within minutes,' said Gale Rossides, a TSA associate administrator. Screeners 'meet so many children every day, they may actually notice something that's out of character with a child.'" Ernie Allen, president of the National Center for Missing & Exploited Children, said the effort "is the first time AMBER Alerts will go directly to airports."

House Democrats Insist On Physical Screening Of All Air Cargo. The New York Times (2/8, Lipton, 1.16M) reports the handling of cargo stored on commercial aircraft "has set off an intense debate in Congress," where "House Democrats are pushing for a requirement that, within three years, all air cargo be inspected at a level equal to that of checked baggage, at an estimated cost to the federal government of $600 million per year." However, "officials at the Transportation Security Administration said the security measures already in place for air cargo — while very different from the passenger-baggage inspection system — were sufficient to prevent a bomb from getting aboard." TSA Administrator Kip Hawley said the Democrats' proposal "could actually reduce safety…because the high cost would require other security measures to be curtailed. … 'If you put all of your resources into making something invulnerable, you end up ironically with less security,'" Hawley said.

Groups Reach Out To Wireless Firms To Craft Emergency Communications Systems. The Wall Street Journal (2/8, B1, Sharma, Schatz, 2.04M) reports "convinced that the federal government alone can't answer their concerns, public-safety groups are turning to commercial wireless companies for help" with communications systems for emergency workers. "The new Congress is taking a hard look" at a proposal that would license a section of the radio spectrum "to an entity called a Public Safety Broadband Trust. A private bidder would be selected to manage the creation of a broadband network shared by consumer cellphone users and public-safety workers such as firemen and policemen; in an emergency, public-safety users would take precedence." However, "getting any legislation through a divided Congress this year will be difficult, especially given the controversy the plan is generating in the wireless industry. Critics say it amounts to a corporate giveaway to Cyren Call," which has lobbied "feverishly" for the Public Safety Broadband Trust.

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WAR NEWS:

Seven Senate GOP Centrists Threaten To Tie Up Business Over Warner Resolution. The Los Angeles Times (2/8, Levey, 850K) reports seven Republican senators "threatened Wednesday to tie up Senate business until a resolution opposing President Bush's planned troop buildup gets a vote, saying they will try to attach the measure to future legislation." Sens. Norm Coleman, Susan Collins, Chuck Hagel, Gordon Smith, Olympia Snowe, John Warner, and George Voinovich "sent a letter to Senate leaders of both parties Wednesday evening." Voinovich "had not previously expressed support for the Warner measure." The Times says the "procedural gambit does not guarantee the Senate will vote any time soon on Bush's plan to send more troops into Baghdad to control sectarian violence there. But it may further complicate Senate debate on the war, just as Senate Democratic leaders seemed prepared to let the Democratic majority in the House take up the legislative challenge to the White House." McClatchy (2/8, Talev) says the letter declared, "The current stalemate is unacceptable to us and to the people of this country. We will explore all of our options."

The Washington Post (2/8, Murray, 690K), in a front-page report, says the group, "who earlier this week helped block deliberations" on the resolution, "changed course yesterday and vowed to use every tactic at their disposal to ensure a full and open debate." The letter "was not more specific about the Republican senators' strategy for reviving the war debate. But under the chamber's rules, senators have wide latitude in slowing the progress of legislation and in offering amendments, regardless of whether they have anything to do with the bill."

Roll Call (2/8, Stanton) says an "exasperated" Warner "put his colleagues on notice Wednesday that he would look to attach his resolution" to "any measure moving across the Senate floor." Warner's announcement "followed a day of angry and increasingly partisan recriminations between Senate Democrats and Republicans over who was to blame for the collapse of a planned debate on Iraq."

Novak Says McConnell Made GOP "Look Obstructionist." In his Washington Post (2/8, A21, 690K) column, Robert Novak writes, "Listening to Minority Leader Mitch McConnell boast last weekend that he had the votes to prevent closing off Senate debate on Iraq, Republicans opposing President Bush's troop surge feared the worst. The new Republican leader sounded as though he wanted to prevent passage of an anti-surge resolution at the cost of making his party look obstructionist. That's exactly what happened. The result of McConnell's tactics is that no resolution will be passed by the Senate anytime soon. The White House was overjoyed. But Tuesday's headlines indicated a public relations fiasco for Republicans."

Specter Drafting Rules Change On Amendments. Roll Call (2/8, Pierce) reports Sen. Arlen Specter, "frustrated" with Majority Leader Harry Reid's "efforts to control floor debates," said he is "drafting a rules change that would guarantee the minority the right to offer amendments to legislation on the Senate floor. Specter acknowledged that his proposal stands virtually no chance of achieving the two-thirds majority required to change Senate rules. But he said he wanted to bring attention to what he described as a growing problem with the way Reid is running the floor."

Webb Says GOP Leaders "Know They're Going To Lose." Sen. Jim Webb said on MSNBC's Hardball (2/7, Matthews), "I think the proposals that the Majority Leader put forward are good proposals and honestly, I think right now the Republican leadership just does not want a vote because they know they're going to lose."

Lieberman Moving Further Away From Democrats On Iraq. The New York Times (2/8, Zernike, 1.16M) reports that it "came as little surprise that when Senate Republicans blocked debate Monday on a resolution that would have opposed President Bush's plan to increase troop levels in Iraq, Senator Joseph I. Lieberman, erstwhile Democrat, sided with them." But Lieberman also "went further, accusing Democrats of giving strength to the enemy and abandoning the troops, and arguing that an alternative resolution that he and many Republicans backed was 'a statement of support to our troops.'" Defeated last year "in the Democratic senatorial primary in Connecticut but then elected as an independent to a fourth term, Mr. Lieberman has kept a promise to caucus with the Democrats, giving them a majority of only 51 to 49 and earning for him a designation as 'the most influential man in the Senate.'" But on Iraq, "the issue that made the last year the most difficult of his political life, he has moved farther and farther from the party, winding up to the right of many Republicans who now embrace what six months ago was almost solely a Democratic position on the war."

Yesterday, on CNN's The Situation Room (2/7, Blitzer), Lieberman said, "How we end Iraq is going to be very important to our security and our progress in the war against the Islamist terrorists who attacked us on 9/11. So, I'm supporting this latest plan, the new plan with a new general, a new secretary of defense, because I really do think it has some significant hope of working. And I'm not planning for failure. Gen. Petraeus told us when he was before the Armed Services Committee that he thought by this summer we'd have the beginning of an idea about whether this was working or not. I'm going to do everything I can to support it and I hope it does work and that we won't have to think about what's next."

House Democrats Move Toward "Stripped-Down" Resolution. Meanwhile in the House, the AP (2/7, Flaherty)

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reports Democratic leaders "coalesced Wednesday around a stripped-down measure that disapproves of President Bush's decision to send more forces to Iraq and declares support for the troops, according to party aides who said a vote was likely next week." Democratic officials "said they hoped for bipartisan support for the measure, and one Republican leader conceded some members of the GOP rank-and-file would likely break ranks." House Republican Conference Chairman Adam Putnam said, "I don't think it'll be a pure party-line vote." USA Today (2/8, 7A, Kiely, 2.27M) adds that Putnam said, "It will be virtually impossible for us to defeat it." But the "question is how broad a bipartisan majority the resolution will attract. 'It totally depends on what the language is,' said Putnam."

The New York Times (2/8, Zeleny, 1.16M) says Democratic leaders in the House sought to "reconcile deep differences within the party" over the war. Seventy-one House Democrats "signed a statement urging Congress to take a stronger stance against the war, including setting a six-month timetable for withdrawing American forces from Iraq," but Democratic leaders "have said that they favor a nonbinding resolution simply requiring lawmakers to support or reject the president's policy." The Hill (2/8, Kaplan) reports Speaker Nancy Pelosi and Majority Leader Steny Hoyer said they "intend to pass a clean and simple resolution opposing President Bush's troop surge while supporting the soldiers in Iraq."

Gates Says US Will Know If Surge Is Working Within Months. The AP (2/8) reports Defense Secretary Robert Gates "told a House panel Wednesday that the US should know in a few months if the Iraqi government is making progress toward peace and whether the United States 'is going to have to look at other alternatives and consequences.'" In "stark contrast to predecessor" Donald Rumsfeld, Gates also "said there was no doubt the Army and Marine Corps needed to be larger if they are to deal with future wars and give troops enough rest between combat tours." The Washington Times (2/8, Dinan, 88K) reports Gates also "said Congress doesn't endanger troop morale by voting on nonbinding resolutions opposing President Bush's Iraq reinforcement plan." The comments "are in stark contrast to arguments made by Republicans, including the president's spokesman, Tony Snow, that a debate on resolutions could have an effect on the troops."

VoteVets.org Seizes Key Role In Surge Debate. The Washington Post (2/8, A4, Layton, Weisman, 690K) writes that the "small band of veterans" that makes up anti-Iraq war group VoteVets.org "are saying things many Democrats would like to express but can't. And as the politics heat up over the Iraq war, Democratic leaders increasingly are being drawn" to the group's chairman, Iraq veteran Jon Soltz, and his "angry soldiers. VoteVets.org appears to be the most active group trying to influence the debate about the president's plan to send 21,500 more troops to Iraq."

WSJournal Chides Clinton For Move To Left On Iraq. The Wall Street Journal (2/8, 2.04M) editorializes, "One pleasant surprise of Hillary Rodham Clinton's tenure as New York Senator has been her tough-minded approach on national security. She responded to 9/11 by supporting President Bush's strategy of taking on not just terrorists but the states that harbor them. She also voted for the war in Iraq and has refused to follow much of her party in alleging that Mr. Bush 'lied' about weapons of mass destruction. But as Mrs. Clinton bids to win the Democratic Presidential nomination, she is taking a marked turn to the left. Pressured by other candidates and by her party's left wing, she is walking back her hawkish statements and is now all but part of the antiwar camp." The Journal runs a "summary of the arc of Mrs. Clinton's public thinking on Iraq," and concludes that "now that the war has proven to be difficult, and her fellow Democrats are outflanking her on the antiwar left, she is steadily, even rapidly, moving in their direction."

Public Debate Over Iraq Policy Seen As Deficient. In his New York Times (2/8, 1.16M) column, David Brooks says, "This week, in private, everyone acknowledges how complex the choices are. Everyone senses that the policy being promoted possibly won't work and could have ruinous consequences. This week, the mood — in private — is sober and anxious." But the "politicians have completely failed to institutionalize that sense of sobriety in the public sphere. Instead of having a serious debate, the Senate disgraced itself with mind-bendingly petty partisanship. Meanwhile, the Democratic presidential candidates engaged in an unholy bidding war to get out of Iraq soonest, which had nothing to do with realities in Iraq and everything to do with applause lines in Iowa."

Effort To Secure Baghdad, Anbar Province Now Underway. The Washington Post (2/8, A1, Londoño, Partlow, 690K) reports, "The U.S. military's chief spokesman in Iraq said Wednesday that US and Iraqi forces had begun a joint effort to secure Baghdad and troubled Anbar province. 'The plan is being fully implemented as we speak,' Maj. Gen. William B. Caldwell told reporters after being asked when the plan would start. 'Not all aspects are in place at this point.'" The plan "is being led by Iraqi officials and is designed to stop violence in the capital's volatile neighborhoods, Caldwell said. Officials have established nine new security districts in Baghdad and are creating dozens of security stations that Iraqi police and military officers will share with U.S. military personnel."

As the new operation gets underway in Iraq, two broadcast networks ran pessimistic reports on the situation on the ground in Iraq, and suggested US troops are less optimistic than in the past. NBC Nightly News (2/7, story 2,

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2:50, Williams, 9.87M) reported, "The US military announced the official start of the new security operation in Baghdad" as the AP "reports its grim new count of American casualties in Iraq: 334 American troops…were killed in combat in Iraq between the beginning of October and the end of the month of January. That number is higher than in any other four-month stretch since the war started." On ABC World News (2/7, story 2, 2:10, 8.78M), anchor Charlie Gibson asked correspondent Martha Raddatz, "I know this is trip No. 12 for you over four years. What has particularly struck you as different this time?" Raddatz replied, "I think, perhaps, the pessimism of some soldiers. I haven't really seen that in the past. Now, one officer explained it as pessimistic optimism. But I think they're very, very worried about the outcome here in Iraq. I was struck by the sense of personal safety, Charlie. I think a lot of soldiers don't think about it often. A lot of journalists who have been here don't think about it off. But this time, the soldiers were talking about it a lot."

Car Bomb Kills Ten In Baghdad. NPR (2/8) broadcast in a report, "Iraqi police say a car bomb exploded in a vegetable market in a mainly Shiite town south of Baghdad today, killing at least ten people. Police say more than 20 others were also wounded in the attack." CBS Radio (2/8) aired a similar report.

Henninger Says Troops Should Be Equipped Like US Police. In a piece in the Wall Street Journal (2/8, A14, 2.04M) Daniel Henninger, Pulitzer Prize winning Wall Street Journal editorial writer and editor, writes that if US troops in Iraq were equipped as well as police in our nation, then insurgents would be easier to identify, follow, and arrest. Formerly, without even fingerprint identification resources, troops wrote "down suspects' names and addresses" while some had "created their own spreadsheets and PowerPoint programs, or" used "digital cameras to input the details of suspected insurgents," because at the time "no Iraq-wide software architecture" existed. Henninger optimistically points out that, thanks to a few technically-savvy Marines and a few changes in military procurement priorities, the military has now tested and developed fingerprint and biometric identification systems soldiers can use in the ongoing fight against insurgents.

Two More US Helicopters Downed In Iraq. The New York Times (2/8, Oppel, Glanz, 1.16M) reports, "With two more helicopter crashes near Baghdad, including a Marine transport crash on Wednesday that killed seven people, the number of helicopters that have gone down in Iraq over the past three weeks rose to six." US "officials say the streak strongly suggests that insurgents have adapted their tactics and are now putting more effort into shooting down the aircraft. The number also includes a previously unreported downing of a helicopter operated by a private security firm on Jan. 31." The Times adds, "Some aspects of the recent crashes indicate that insurgents have become smarter about anticipating American flight patterns and finding ways to use old weapons to down helicopters."

ABC World News (2/7, lead story, 2:40, Gibson, 8.78M) noted that "in the last 2 1/2 weeks, 5 US helicopters have gone down in Iraq, killing 28 Americans. Seven Marines were lost in the chopper crash today."

The CBS Evening News (2/7, lead story, 2:40, Couric, 7.66M) reported, "As if it weren't already dangerous enough for US Forces in Iraq, insurgents are apparently getting much better at shooting down American aircraft." CBS (Logan) added that "CBS News has learned that" the "transport helicopter was shot down during what the military called routine operations. But before the US could announce the cause of the crash, a jihadi Website linked to Al Qaeda was already declaring victory."

NBC Nightly News (2/7, lead story, 3:10, Yang, 9.87M) said, "Military officials tell us there is so much concern about this trend that Defense Secretary Robert Gates and General Peter Pace, the Chairman of the Joint Chiefs of Staff are personally reviewing the details of these crashes to see if any procedures need to be changed." The Los Angeles Times (2/8, Susman, 850K), USA Today (2/8, 6A, Dorell, 2.27M) and Washington Times/AP (2/8, Reid), among other newspapers, run similar reports this morning.

Citing Breach of Contract, Army To Withhold Funds From Halliburton. The New York Times (2/8, Shenon, 1.16M) reports, "The Army announced during a House oversight committee hearing on Wednesday that it would withhold $19.6 million from the Halliburton Company after recently discovering that the contractor had hired the company Blackwater USA to provide armed security guards in Iraq, a potential breach of its government contract." The Army "has said that its contracts with Halliburton, which has a five-year, $16 billion deal to support American military operations in Iraq, generally barred the company and its subcontractors from using private armed guards. But in a statement, Halliburton disagreed with the Army's interpretation and suggested that there was nothing to prohibit Halliburton's subcontractors from hiring such guards." The announcement "came during a hearing of the House Government Oversight Committee that included emotional testimony about the killing of four Blackwater employees in Falluja." The Financial Times (2/8, Kirchgaessner) runs a similar report.

Reserve Officers, US Civilians Charged In Iraq Bid-Rigging Scheme. ABC World News (2/7, story 3, :25, Gibson, 8.78M) reported, "Three former Army Reserve officers and two US civilians have been charged with taking part in a brazen bid-rigging scheme in Iraq. The reservists, while assigned to the Coalition Provisional Authority,

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allegedly helped to steer $8.6 million in Iraq reconstruction projects to one contractor. And in return, the contractor allegedly paid more than $1 million in bribes."

The Washington Post (2/8, A17, Merle, 690K) notes "three of the central characters in the scheme have pleaded guilty. Robert J. Stein, a former Coalition Provisional Authority employee, was sentenced last month to nine years in prison and ordered to forfeit millions of dollars for his role in steering contracts to businessman Philip H. Bloom. Lt. Bruce D. Hopfengardner also admitted to steering contracts to Bloom for money and a Harley-Davidson motorcycle." Bloom "pleaded guilty to conspiracy, bribery and money-laundering charges last year." The "alleged fraud scheme is the largest to emerge out of the Iraq reconstruction effort."

NYTimes Celebrates Congressional Oversight. The New York Times (2/8, 1.16M) editorializes, "The details are graphic: billions of dollars of Iraqi oil revenues -- 363 tons of cash -- bundled up and urgently flown to Baghdad on 484 pallets from the Federal Reserve Bank to jump-start a new Iraqi government. Four years later, the unanswered questions are just as graphic: Who was responsible for the money? What became of it? … The details emerging provide a lesson in how easily cash can evaporate into the fog of an unmonitored war. … Republican lawmakers at the hearing again tried to gloss over the administration's mismanagement of the war, complaining that the mystery billions were 'old news.' The real news is that -- at long last -- the truth about the Iraq fiasco is being pursued in public by Congressional investigators."

Families Of US Contractors Killed In Iraq Appear Before House Panel. ABC World News (2/7, story 4, 3:05, Ross, 8.78M) reported, "Incompetence, cutting corners, overbilling and cover-up were the themes today, as the families of the four contractors killed in Fallujah finally got someone's attention in Washington. Now, three years after those gruesome killings, the families of dead men say the company they worked for, Blackwater USA, has tried to cover up what led to the tragedy." ABC added that during a hearing before the House Government Oversight Committee, it came out that "the men, all former military, got lost as they escorted a convoy of trucks carrying kitchen equipment. The families told Congress they have discovered their men were sent out by Blackwater in unarmored cars, without automatic weapons, no maps and no tail gunners as promised."

NBC Nightly News (2/7, story 7, 2:30, Myers, 9.87M) reported, "The committee produced this e-mail from the day before the attack. An urgent appeal from Blackwater's Iraq manager for more ammo, more powerful guns, body armor: 'I've requested hard or armored cars from the beginning.' Today, a Blackwater official said the company cares about the safety of employees. And that these men, had adequate equipment."

Mistrial Declared In Watada Court-Martial. ABC World News (2/7, story 5, :20, Gibson, 8.78M) reported, "At Fort Lewis, the judge overseeing the court-martial of an Army Lieutenant who refused to deploy to Iraq declared a mistrial today." Lieutenant Aaron Watada "signed a document admitting some of the charges. The judge ruled he didn't understand what he was signing and a retrial is expected in March."

The Los Angeles Times (2/8, Verhovek, 850K) reports the decision "left military prosecutors visibly stunned." The ruling by the judge, Lt. Col. John Head "turned on the contentious issue of whether factual stipulations agreed to earlier by the prosecutors and the defense team amounted to a confession of guilt." Prosecutors "argued, in effect, that Watada did confess to refusing direct orders to fly to Iraq with his unit last summer, and that his reasons were irrelevant." Watada "said he had admitted to the fact that he deliberately missed his flight, but that he did so because he considered the war illegal -- and wanted to explain his reasoning at the trial." The New York Times (2/8, Oppel, Glanz, 1.16M) runs a similar report.

El Paso Corp. Agrees To $7.7 Million Oil-For-Food Probe Settlement. In a widely-distributed story, the AP (2/8, Neumeister) reports, "The nation's largest natural gas pipeline company agreed to pay the federal government $7.7 million to settle corruption allegations related to the U.N. oil-for-food scandal over aid to Iraq, according to a settlement announced Wednesday. El Paso Corp. will forfeit $5.48 million to the United States, which will seek to transfer the money to the Development Fund of Iraq to be paid as restitution for the benefit of the people of Iraq, according to the agreement announced by federal prosecutors and the FBI. In a separate deal with the Securities and Exchange Commission, the Houston-based company will pay an additional $2.25 million." The AP notes that "El Paso will not be prosecuted for any crimes except possibly criminal tax violations as long as it continues to continue cooperating fully with the federal government in its investigation into the scandal-ridden U.N. oil-for-food program."

US Trying To Prevent Quick Hanging For Former Saddam VP. The Wall Street Journal (2/8, A4, Bravin, 2.04M) reports, "US officials are working to spare Saddam Hussein's former vice president from a rapid trip to the Iraqi gallows, fearful that his execution, following the flawed hangings of Mr. Hussein and a co-defendant, could further damage the credibility of the American-backed government." The former vice president, Taha Yassin Ramadan, "was among seven officials -- including Mr.

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Hussein -- convicted in November by the Iraqi High Tribunal, an Iraqi-run court established by the U.S. to try members of the ousted regime."

US Marine To Face Trial In Italian Court. The New York Times (2/8, 1.16M) reports in a trial that "is straining relations" between the US and Italy, "an American Marine was ordered to stand trial in Italy in connection with the shooting death of a top Italian intelligence agent in Iraq in 2005. But the trial, set for April 17 in Rome, is likely to occur without the defendant. United States officials cleared the Marine, Specialist Mario Lozano, of any wrongdoing in the death of the agent, Nicola Calipari" who, at the time of his death, "had just secured the release of an Italian journalist, Giuliana Sgrena, who was kidnapped in Baghdad."

$7M To Be Paid By El Paso in Oil-For-Food Settlement. The New York Times (2/8, 1.16M) reports that "the El Paso Corporation, the largest American natural gas pipeline operator, agreed Wednesday to pay the federal government $7.73 million to settle allegations of involvement in illegal payments under the oil-for-food program run by the United Nations in Iraq." El Paso "will forfeit $5.48 million under a settlement with federal prosecutors in New York" which is the "amount…of secret surcharges paid to Saddam Hussein's government by third parties from whom El Paso purchased oil." The Securities and Exchange Commission has also sought "a civil penalty of $2.25 million" because they allege El Paso "had bought about 21.4 million barrels of Iraqi crude oil from third parties participating in the program;" a program "that more than 4,500 companies had taken part and that more than half had paid kickbacks," according to former Federal Reserve chairman Paul A. Volcker.

Gates Holds NATO To Its Promise To Boost Help In Afghanistan. The New York Times (2/8, 1.16M) reports that Defense Secretary Robert Gates will join NATO defense ministers in Seville on Thursday "to discuss ways to confront an expected Taliban offensive in Afghanistan, amid growing American pressure for the allies to commit more troops and resources" to the growing unrest and terrorist activity in the region. During the "two days of informal talks," members "will also discuss developments in Kosovo, where tensions are quietly simmering over its future status." Defense Secretary Robert Gates "and NATO's new military chief, Gen. Bantz J. Craddock…face a baptism of fire with their first official meeting" where Gates plans "to prod his partners to supply the promised troops and military equipment for the 35,000-strong NATO-led International Security Assistance Force." According to one anonymous senior American defense official, General Craddock has "drawn up a new set of requirements for the Afghan mission that would be discussed at the meeting in Seville."

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Emanuel Wants Dismissed US Attorney Named Special Counsel In Cunningham Probe. The Wall Street Journal (2/8, A6, Paltrow) reports, "Democrats have signaled they aren't dropping the controversy over what they describe as the Bush administration's 'firing' of federal prosecutors." House Democratic Caucus Chair Rep. Rahm Emanuel (D-IL) "yesterday sent a letter to Attorney General Alberto Gonzales, demanding that he appoint the recently fired U.S. Attorney in San Diego as a special counsel so that she can continue overseeing a congressional corruption probe." The Journal adds, "Carol Lam, appointed in 2002 as San Diego U.S. Attorney, was among at least seven U.S. attorneys recently dismissed by the Justice Department. Ms. Lam supervised the investigation and prosecution of Republican Rep. Randy 'Duke' Cunningham, now in federal prison for soliciting bribes. That case led to related investigations, including inquiries into a businessman who also had dealings with Rep. Jerry Lewis, the California Republican who until recently was chairman of the House Appropriations Committee, and into Kyle 'Dusty' Foggo, the former third-ranking official at the Central Intelligence Agency. Both individuals deny any wrongdoing." The Journal notes, "In his letter, Mr. Emanuel said, 'As you are aware, there are many questions surrounding the recent dismissal of seven U.S. Attorneys, including whether or not your office has the authority to dismiss these individuals, and if their firings were politically motivated.' … The Justice Department has said most of the prosecutors in question were asked to leave because of poor performance. It has strongly denied any intent to derail investigations. A spokeswoman said the Justice Department wouldn't comment specifically on Mr. Emanuel's letter because it hadn't received it. 'As a general matter,' she said, 'U.S. attorneys leave office for all sorts of reasons, and complex and important cases carry on with no interruption by the career prosecutors who manage them. There is no reason to suggest that any ongoing cases in San Diego would be any different.'"

The Hill (2/8, Crabtree) reports, "Lam was one of seven U.S. attorneys the Justice Department asked to resign late last year, using a little-known provision in the USA Patriot Act that allows Gonzales to appoint replacement prosecutors on an indefinite basis. At the time of her dismissal, Lam was investigating whether the Cunningham case involved other members of Congress and lobbyists." The Hill adds, "Beyond Cunningham, the U.S. Attorney's Office in San Diego sent a flurry of subpoenas for records to three congressional committees in late December. According to a Democratic leadership aide, Speaker Nancy Pelosi (D-Calif.) has been working with the House General Counsel's office and was

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'close to a deal' last week with the assistant U.S. Attorney's Office in San Diego on whether to comply with those subpoenas — and, if the papers were handed over, which documents to include." The Hill notes, "In a letter sent to Gonzales yesterday, Emanuel argued that keeping Lam on as an outside counsel would allow the Bush administration to dispel questions about whether Lam's firing was politically motivated. … Emanuel highlighted Lam's record on crime and immigration prosecutions to counter explanations that she was asked to leave because she was not prosecuting enough of these cases."

Former Washington US Attorney Says He Was Ordered To Resign. The AP (2/8, Johnson) reports, "Former U.S. Attorney John McKay told The Associated Press on Wednesday that his resignation last month was ordered by the Bush administration, which gave him no explanation for the firing. … 'I was ordered to resign as U.S. attorney on Dec. 7 by the Justice Department,' McKay, who had led the department's Western Washington office, said in a telephone interview from Washington, D.C. 'I was given no explanation. I certainly was told of no performance issues.'" The AP continues, "McKay previously had said only that he was resigning because it was time for him to move on. His comments came one day after Deputy Attorney General Paul McNulty acknowledged to the Senate Judiciary Committee that the Justice Department has fired seven U.S. attorneys in the West in the past year, most of them for 'performance-related' reasons he would not divulge." The AP adds, "The dismissals have been heavily criticized by Democratic lawmakers. … 'John McKay has worked diligently for our region and it is deeply disconcerting that he could have been let go for political reasons,' said Sen. Patty Murray, D-Wash. 'Congress and the American people have no tolerance for the politicization of the U.S. attorney's office.'" The AP notes, "Robert Lasnik, the chief U.S. District Court judge for the Western District of Washington, said he and his fellow judges could not understand the firing and were dismayed that the Justice Department implied there was anything wrong with McKay's performance. … 'This is unanimous among the judges: John McKay was a superb U.S. attorney,' Lasnik said. 'For the Justice Department to suggest otherwise is just not fair.' … 'By every measure, the performance of his office improved during his tenure,' Lasnik added. 'If you talk to local prosecutors, or local sheriffs, or the FBI or the ATF, they never had the kind of service from the U.S. attorney's office in terms of service, cooperation and aggressive handling of cases that they had under John McKay's leadership. We're busier than ever before because they're bringing more cases.'"

McKay Got Positive Review Seven Months Before Ouster. The Seattle Times (2/8, Bowermaster) reports, "Seven months before he was forced to resign as U.S. attorney for the western district of Washington, John McKay received a glowing performance review from Justice Department evaluators. … 'McKay is an effective, well-regarded and capable leader of the [U.S. attorney's office] and the District's law enforcement community,' the team of 27 Justice Department officials concluded, according to a copy of their final report obtained by The Seattle Times." The Times continues, "Yet on Dec. 7, Michael Battle, director of the Justice Department's executive office for U.S. attorneys, called McKay and asked him to step down. … 'I was told to resign by the end of January,' McKay confirmed Wednesday. 'I asked what the reason was, and they told me there was none. … Ultimately, I serve at the pleasure of the president,' McKay said. 'I accept that now and I accepted that then, and that's why I resigned.'" The Times adds, "McKay's revelation came one day after Deputy Attorney General Paul McNulty told the Senate judiciary committee that six U.S. attorneys had been asked to resign in December for 'performance-related' issues. … Democrats convened the hearing to express concerns that the White House was purging U.S. attorneys, either to replace them with political loyalists or to penalize them for cases they prosecuted. … McNulty denied both assertions at the hearing. … Sen. Patty Murray, D-Wash., was not satisfied. … 'I would like the Justice Department to inform me exactly what it means by "performance-related" reasons and reassure me that Mr. McKay was not dismissed solely on the basis of partisan politics,' Murray wrote in a letter to Sen. Patrick Leahy, D-Vt., who chairs the judiciary committee. Tasia Scolinos, director of public affairs for the Department of Justice, said the department would not confirm whether McKay was asked to step down, or why. … 'The department appreciates John's commitment to the job and the important work done during his tenure as U.S. attorney,' Scolinos said."

Senators Mull Changing Patriot Act Provision On US Attorneys. Congress Daily (2/8, Talbott) reports, "Senate Judiciary ranking member Arlen Specter, R-Pa., Tuesday said he would support a bid to reverse a provision in the USA PATRIOT Act that helped facilitate what Democrats charge was the improper dismissal of seven U.S. attorneys." Congress Daily continues, "Denying an accusation by Sen. Charles Schumer, D-N.Y., that the provision was 'slipped into the PATRIOT Act in the dead of night' on his watch, Specter said he discovered it recently and agreed 'We ought to change it back to what it was.' … The provision authorizes the attorney general to appoint interim U.S. attorneys for indefinite periods." Congress Daily adds, "A bill by Sen. Dianne Feinstein, D-Calif. to change the appointment procedure is scheduled to be voted on in the committee Wednesday."

Friends Praise New Arkansas US Attorney. The Arkansas Democrat & Gazette (2/8, Barton) reports, "Ask friends of new U. S. Attorney Tim Griffin to describe the 38-year-old prosecutor, and they gush adjectives. They call him

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'driven,' 'conscientious, ' 'highly intelligent' and fiercely loyal to his home state of Arkansas." The D&G continues, "Rep. John Boozman, the lone Republican in the Arkansas delegation, is typical: 'He's a very smart guy and very hard worker. He's done great no matter where he has been.' … But outside the circle of Griffin's friends and many of the state's prominent conservatives, Griffin remains something of a mystery. … 'I don't know many people who know anything about him,' veteran Little Rock attorney Scott Trotter said. When Griffin, a Magnolia native, was appointed to be U. S. attorney for the Eastern District of Arkansas in December, 'we just sort of scratched our heads.'" The D&G adds, "Said Arkansas' senior senator, Democrat Blanche Lincoln, 'I really didn't know much about him, aside from what I read about him in the newspaper and what I found on Google.' … Griffin's political resume — key player in both of President Bush's campaigns, deputy to White House political guru Karl Rove — is better known than his legal resume. Many saw his appointment as forcing out the popular Bud Cummins in order to reward a campaign operative. … Cummins was not among them. … He, too, was a loyal Republican and Bush backer when he was appointed in 2001. To replace him with Griffin, Cummins has said, was 'entirely within the prerogative of the White House.'"

More Commentary. The Denver Post (2/8) editorializes, "The dismissals of at least seven U.S. attorneys in the West is a vivid reminder of just how far the Bush administration will go to circumvent Congress." The Post continues, "The firings will have a chilling effect on all federal prosecutors, as McNulty well knows. U.S. attorneys should be empowered to pursue justice wherever the road takes them. They certainly shouldn't fear for their jobs because the administration wants to reward the well-connected, or because their exercise of judgment could be seen as unwelcome independence. … Congress should act quickly to reinstate time limits on interim U.S. attorney appointments, a move supported by Specter and many other lawmakers. Scrutiny of these appointments will protect the country from nominees whose fidelity is to the White House instead of the Constitution."

The Memphis Commercial Appeal (2/8) editorializes, "The Justice Department had a chance to defend its dismissal of H.E. Cummins III, the United States attorney for Eastern Arkansas, along with six other U.S. attorneys across the country. Apparently the move was indefensible. … Offered a chance to explain the move at a Senate Judiciary Committee hearing this week, Deputy Atty. Gen. Paul J. McNulty said he knew of no complaints about Cummins' service. … This after Atty. Gen. Alberto Gonzales said: 'I think I would never, ever, make a change in a United States attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation.' … Could the credibility of the administration get worse?" The Appeal adds, "The losers here go beyond Cummins and the Senate, which didn't get a chance to vet Cummins' replacement because of a little-known provision of last year's reauthorization of the Patriot Act that allows the White House to circumvent the Senate approval process with open-ended interim appointments. The people of Eastern Arkansas have lost a capable federal prosecutor with a formidable record of public service. … Griffin could turn out to be capable as well. But he enters office under a cloud of doubt, created by an administration that has manipulated the Patriot Act to consolidate presidential power to an unprecedented degree."

CORPORATE SCANDALS:

Attorneys Claim Impasse Over Nacchio Evidence. The Denver Post (2/8, Vuong) reports, "The Department of Justice said in a new court filing that it is at an impasse with attorneys for former Qwest chief executive Joe Nacchio over how the parties will handle the introduction of certain classified information during the course of his criminal insider trading trial." The Post continues, "Nacchio's attorneys have said they plan to use classified information to defend him against 42 counts of illegal insider trading." The Post adds, "Prosecutors said in the filing that an unnamed government agency believes its identity will be disclosed under the defense's proposed handling of certain top-secret information. … 'The agency believes that the defendant's proposals, if adopted, will reveal the agency's identity,' Justice Department attorneys wrote in the filing. … The government asked U.S. District Judge Edward Nottingham to rule on its proposed handling of the information. … A hearing is scheduled for Thursday."

The AP (2/8, Shore) reports, "Prosecutors say they are at an impasse with former Qwest chief executive Joe Nacchio's attorneys over the best way to describe some of the classified material to be used at his trial on insider trading charges." The AP continues, "The evidence includes government documents that must be withheld from the public under federal law. Attorneys for both sides have been working on substitute explanations for the documents that can be made public without violating the law." The AP adds, "Representatives of a federal agency have said they believe a description proposed by defense attorneys will reveal the agency's identity, prosecutor Leo Wise said. … 'After discussions between the parties, it now appears that the parties are at an impasse on this issue,' Wise wrote in a brief filed late Tuesday." The AP notes, "The brief was filed the same day Nacchio's attorneys sought a 60-day postponement in the trial, contending prosecutors have been so slow in turning over evidence that Nacchio's rights could be jeopardized if the trial starts as scheduled. … At issue are witness interviews and other documents that Nacchio's

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attorneys say may help his defense, a contention prosecutors have disputed. … Defense attorney Herbert Stern told Nottingham that he needs the additional time to evaluate material that prosecutors have turned over in recent weeks, including six CD-ROMs of documents that Stern said he was made aware of Monday. … Prosecutors have countered that evidence exchange has been hampered because of the Classified Information Procedures Act, which sets strict guidelines for viewing secret government material such as business contracts."

Judge Seen Unlikely To Dismiss Brocade Fraud Charges. The California Recorder (2/8, Scheck) reports, "The initial casualties of the government's massive stock option backdating probe had their first chance to try to get their cases thrown out of court on Wednesday. … But after an hour of arguments, it seemed unlikely that U.S. District Judge Charles Breyer would dismiss some of the fraud counts against former Brocade Communications CEO Gregory Reyes and ex-HR manager Stephanie Jensen." The Recorder continues, "The motion to dismiss seven criminal counts is part of a two-pronged effort -- made possible by Breyer's insistence that criminal and civil government cases proceed together -- to gut criminal and civil SEC charges accusing the defendants of backdating employee stock options to recruit and retain top talent during the dot-com boom. … The other prong, a motion for summary judgment on the civil side, was filed late Monday." The Recorder adds, "At Wednesday's hearing, a lawyer for Reyes -- Skadden, Arps, Slate, Meagher & Flom partner Christopher Gunther -- argued that an August decision by the 5th Circuit U.S. Court of Appeals should invalidate seven counts in the indictment. Reyes is indicted on 12 counts and Jensen on eight. Gunther's energetic presentation included a chalkboard drawing and a stroll across the courtroom to display how far 'out on a limb' prosecutors were going with their case. … The opinion he cited, U.S. v. Brown, 2006 WL 2130525, found that a person cannot be convicted on charges of denial of honest services if he or she was acting in the best interests of the company. … And, Gunther said, the government's indictment says that Reyes and Jensen manipulated options grants not for their own gain, but to benefit the company." The Recorder notes, "Breyer seemed interested in the Brown arguments and asked the prosecutor, Assistant U.S. Attorney Christopher Steskal, whether the Department of Justice had decided how to deal with the case's fallout. … 'Right now, the only policy I'm aware of, your honor, is that Brown was wrongly decided,' Steskal said. He also told the judge that it's possible that later in the case, when the government produces its evidence, it could offer support for behavior that would involve self-dealing. … In the end, Breyer seemed inclined to not dismiss the indictments -- at least not right away -- since the honest services issues could be revisited later in the case."

Delaware Ruling In Maxim Case Opens Door To Shareholder Options Suits. The Wall Street Journal (2/8, A7, Jones, Maremont) reports, "An influential Delaware judge issued a strongly worded opinion that could open the doors to more shareholder derivative lawsuits against companies alleged to have backdated stock options." The Journal continues, "William Chandler, chancellor of the Delaware Court of Chancery, ruled Tuesday that certain claims brought by a shareholder of Maxim Integrated Products, Inc., a Sunnyvale, Calif., chip maker, against several current and former board members could go forward despite defendants' objections. … Separately, Maxim last week said an internal probe overseen by a special committee of its board found backdating of options to its employees and directors, though options for top officers were 'properly granted.' The company said it expects to restate results back to at least 2000." The Journal adds, "The suit, brought by Walter E. Ryan, is called a derivative suit, in which a shareholder technically sues on behalf of the corporation itself. To file a successful derivative suit, a plaintiff generally must first ask the board to remedy the alleged problem. But that requirement may not apply if a plaintiff can raise a reason to doubt that board members were complicit in the alleged behavior. … Defendants moved to dismiss the case on a variety of grounds, among them that Mr. Ryan had failed to take the backdating issue to the board. Chancellor Chandler denied the motion on that point, ruling that because 'one half of the current board members approved each challenged transaction,' the requirement to ask for board approval wasn't necessary."

Former Siemens Official Reportedly Cooperating With German Probe. The Wall Street Journal (2/8, A11, Esterl, Crawford) reports, "A former Siemens AG executive alleged to have negotiated a $50 million payment to cover up bribes in Saudi Arabia is cooperating with German authorities, according to people familiar with the matter. … The executive's assistance could lend momentum to a widening international investigation into alleged corruption at the German conglomerate." The Journal continues, "Police raided Siemens's offices in mid-November and arrested several suspects. Prosecutors suspect senior Siemens employees set up sham consulting contracts to bribe potential customers. … Siemens is cooperating with prosecutors. The company said in December it had uncovered €420 million, or about $545 million, in suspicious transactions spanning seven years." The Journal adds, "The prosecutor's office in Munich yesterday said it released a former Siemens employee who had turned himself in for

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questioning last week. … It would only identify the witness as 'J.-C.S.,' adding that the person had traveled to Germany from Argentina and made extensive statements to authorities. … People familiar with the situation said the witness -- who is also a suspect -- is Juan-Carlos Stotz, 43 years old, a former telecommunications-equipment executive suspended late last year by Siemens. … Mr. Stotz allegedly helped broker a $50 million settlement in 2004 with a Saudi consulting firm that had threatened to forward documents to U.S. authorities detailing bribes paid on the German company's behalf, according to another key suspect cooperating with German authorities."

Banks Suffer From Misjudging Mortgage Risks. The Wall Street Journal (2/8, Mollenkamp) reports, "When the U.S. housing market was booming, HSBC Holdings PLC raced to join the party. Sensing opportunity in the bottom end of the mortgage market, the giant British bank bet big on borrowers with sketchy credit records. … Such subprime customers have always been risky, but HSBC figured it could control that risk. In 2005 and 2006, it bought billions of dollars of subprime loans from other lenders, lured by the higher interest rates they carry." The Journal continues, "Now, the party is over for HSBC -- and for lots of other bankers who aimed to cash in on the housing boom of the first half of this decade. When interest rates ticked up and the market cooled, HSBC reached a disconcerting conclusion: Its systems for screening subprime borrowers and for assessing the default risk they posed were flawed. … Many of those loans have soured, sometimes quickly. The percentage of HSBC mortgages more than 60 days past due is climbing. Fraud by borrowers has been higher than expected." The Journal adds, "In a surprise announcement late yesterday, HSBC said its subprime-mortgage problem was worse than previously indicated. It said the capital it sets aside to cover all bad debts, including the soured mortgages, would be 20%, or $1.76 billion, higher than analysts' consensus estimates. … HSBC's mortgage woes provide a window into the economic hangover brought on by the end of the housing boom. In recent months, mortgage bankers have taken a place beside home builders, condominium developers and real-estate agents, all of them struggling to adjust to a new housing landscape."

Attorney Who Led Internal Hewlett-Packard Probe Named GC. The Wall Street Journal (2/8, B5, Lawton) reports, "Hewlett-Packard Co. appointed Michael Holston executive vice president and general counsel, succeeding Ann Baskins, who resigned in September over her role in H-P's board-investigation scandal." The Journal continues, "Mr. Holston, 44 years old, is a partner at the law firm Morgan, Lewis & Bockius LLP. He led H-P's internal review of the leak investigation and has worked with H-P as external counsel for more than a decade, H-P said. His new responsibilities will include the company's legal affairs in addition to other areas such as compliance, privacy and ethics. … In a statement, Chief Executive Mark Hurd said 'Mike is a first-rate lawyer, with extensive trial and government-relations experience.'" The Journal adds, "In September, H-P disclosed that external investigators retained by the company had used pretexting -- gaining access to private phone records through false pretences -- to spy on board members, employees, reporters and others in an investigation to ferret out boardroom leaks. The scandal resulted in the resignation of Patricia Dunn as chairman and investigations by several government agencies. … That month, Mr. Hurd asked Morgan Lewis to conduct an independent review of its leak investigation. Mr. Holston conducted the review and reported directly to Mr. Hurd. Another law firm had initially investigated the affair on behalf of the board. … Mr. Holston told reporters in September that Mr. Hurd attended a July 2005 meeting at which a summary of the first phase of the leak investigation was discussed, but Mr. Holston didn't specify if pretexting was mentioned in the meeting. Mr. Hurd also received a report on the investigation in March 2006 that explained pretexting but contained assurances that the tactics were legal, Mr. Holston disclosed. Mr. Hurd said he didn't read the report. … Fallout from the scandal included criminal charges by the California attorney general against Ms. Dunn, who pleaded not guilty. Ms. Baskins, was never charged. She declined to testify as part of a congressional investigation into the matter."

Judge Denies Request For Accelerated Trial Date For Former Fannie Mae Chief. The Washington Post (2/8, Hilzenrath) reports, "A judge yesterday rejected former Fannie Mae chief executive Franklin D. Raines's request that the government be compelled to begin a trial this month on administrative charges that he manipulated the company's earnings." The Post continues, "Accelerating such an extensive case 'would be nothing short of an absurdity,' administrative law Judge William B. Moran said at a scheduling conference. … Raines had argued that he was entitled to have the proceeding begin within 60 days of the filing of charges, which occurred in December." The Post adds, "The federal agency that filed the charges, the Office of Federal Housing Enterprise Oversight, had proposed a timetable that left the trial date open but gave the parties until nearly the end of this year to file pretrial statements. … Noting that Raines and other former Fannie Mae executives are seeking millions of pages of government documents for use in their defense, the judge said Raines's position was 'specious and somewhat disingenuous.' … Citing a Supreme Court decision in a previous case, the judge said the statute required that the scheduling

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conference, not the evidentiary hearing, occur within 60 days of the filing of charges. In future arguments, Moran warned, lawyers in the case should tell the court about case law that runs contrary to their positions. … Kevin Downey, an attorney for Raines, told the judge that if the trial begins this month, the burden on the defense would be comparable to the burden on the regulators. This week, a spokesman for Raines framed the request for a February trial date as an issue of fairness."

CRIMINAL LAW:

US Indicts Five In Iraq Contracting Scam. The AP (2/8, Jordan) reports, "Three U.S. Army Reserve officers were indicted Wednesday, accused of taking part in a bid-rigging scam that steered millions of dollars for Iraq reconstruction projects to a contractor in exchange for cash, luxury cars and jewelry." The AP continues, "An American businessman in Romania was charged as the go-between for the military officers and the contractor. The husband of one of the reservists was accused of helping smuggle tens of thousands of dollars into the United States that the couple used to pay for a deck and a hot tub at their New Jersey house. … Together, the five used the $26 billion Iraqi rebuilding fund 'as their own personal ATM machines,' Deputy Attorney General Paul McNulty said in announcing the charges. … 'These defendants actually took bricks of stolen cash ... and smuggled them out of Iraq and back to the United States for their own personal use,' McNulty said." The AP adds, "The 25-count indictment, filed in U.S. District Court in New Jersey, marks the latest development in an investigation of $8.6 million in Iraq contracts awarded to construction mogul Philip H. Bloom. … Bloom, an American citizen who ran construction and services companies under Global Business Group, has admitted to laundering at least $2 million that was stolen from reconstruction funds managed by the U.S.-led Coalition Provisional Authority in Iraq. He awaits sentencing. … McNulty said the five people indicted Wednesday stole or otherwise misused $3.6 million from the CPA fund."

USA Today (2/8, 6A, Leinwand, 2.27M) reports, "Col. Curtis Whiteford of Riverton, Utah, Lt. Col. Debra Harrison of Trenton, N.J., and Lt. Col. Michael Wheeler of Amherst Junction, Wis., allegedly rigged the bids for more than 27 projects for businessman Philip Bloom, according to a 25-count indictment unsealed in U.S. District Court in Trenton. … More indictments are expected as the investigation continues into contract corruption in Iraq, said Stuart Bowen, special inspector general for Iraq reconstruction." US News & World Report (7/7, Ragavan) noted on its Web site, "The indictment accuses the defendants and coconspirators of steering at least 27 CPA construction projects in Iraq to Bloom and his companies through a 'rigged bidding process,' overpaying Bloom for his services by more than $8 million, structuring the contracts to Bloom in amounts under $500,000, the dollar limit of all contracting officers' authority, and conspiring to avoid scrutiny by the CPA's contract review board and auditors."

Citing Breach of Contract, Army To Withhold Funds From Halliburton. The New York Times (2/8, Shenon, 1.16M) reports, "The Army announced during a House oversight committee hearing on Wednesday that it would withhold $19.6 million from the Halliburton Company after recently discovering that the contractor had hired the company Blackwater USA to provide armed security guards in Iraq, a potential breach of its government contract." The Army "has said that its contracts with Halliburton, which has a five-year, $16 billion deal to support American military operations in Iraq, generally barred the company and its subcontractors from using private armed guards. But in a statement, Halliburton disagreed with the Army's interpretation and suggested that there was nothing to prohibit Halliburton's subcontractors from hiring such guards."

Russert Contradicts Libby On Key Conversation. NBC Nightly News (2/7, story 3, 3:05, Williams, 9.87M) reported that at the trial of Lewis "Scooter" Libby, "the prosecution put its key witness on the stand today," NBC Washington bureau chief Tim Russert. NBC (O'Donnell) added, "Like so many Washington stories about scandal, what this case really boils down to is an alleged cover-up going back to the start of the war. … What happened at court today pits the man who was Vice President Cheney's closest advisor against a national known journalist," and "Russert's testimony is pivotal to the prosecution because it contradicts what Libby said to a grand jury. Under oath, Libby said it was Russert who first told him about a CIA operative named Valerie Wilson. … But today, Russert told the jury that never happened: 'That would be impossible because I didn't know who that person was until several days later.' … But Libby's lawyer, Ted Wells, in lengthy, sometimes prickly questioning, challenged Russert's memory and pressed him on why as a journalist he had not used the call to get information from Libby." Russert "told the jury that he treated the call as a complaint and not as a conversation with a high level government source."

ABC World News (2/7, story 6, Gibson, 8.78M) called Russert's appearance "crucial testimony," and the CBS Evening News (2/7, story 4, 2:20, Couric, 7.66M) noted that the trial "has Washington insiders riveted and the rest of us scratching our heads." CBS (Borger) added, "The courtroom testimony so far has provided a rare view inside a White House under fire during the lead up to the war in Iraq. It's not pretty. Top advisors squabbling in the West Wing, leaked

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secrets, faulty memories. All part of a full-blown damage control operation apparently led by the Vice President himself." Russert testified that his discussion with Libby "was more of a viewer complaint call. Russert said, 'If I had been told that, I would have remembered it.' Vice President Cheney could take the stand in Libby's defense, but he may also need to answer some questions about himself and whether he directly controlled a White House effort to discredit a political enemy."

In a widely-distributed story, the AP (2/8, Apuzzo) reports, "Russert originally told the FBI that he couldn't rule out discussing Wilson with Libby but had no recollection of it, according to an FBI report Wells read in court. Russert said Wednesday he did not believe he said that. Russert also acknowledged that in November 2003, shortly after the investigation began, that he told an FBI agent that he had not discussed Wilson's wife with Libby." The Washington Post (2/8, A4, Leonnig, Goldstein, 690K) notes that Russert was "the final, and perhaps most critical, prosecution witness," and adds, "In 11 minutes of direct testimony, Russert offered a vivid description of his telephone call with Libby, and said it rapidly 'evolved into a consumer complaint.' Russert said Libby…was upset that 'Hardball' host Chris Matthews had said in two broadcasts that the vice president was responsible for Wilson's mission to Niger for the CIA and had made negative remarks about Libby. 'What the hell is going on with "Hardball"?' Russert quoted Libby as having asked him. 'Damn it. I'm tired of hearing my name over and over again. What is being said is not true.' In addition to testifying that he had not mentioned Plame to Libby, Russert said that Libby did not bring her up, either.

The New York Times (2/8, Lewis, Johnston, 1.16M) reports, "Mr. Russert, whose signature technique in interrogating officials on his television program includes confronting them with documents and texts of previous quotes, found the technique used on him. A defense lawyer displayed documents on a large television screen in the courtroom as he challenged Mr. Russert's recollection of events. The cross-examination is expected to conclude on Thursday." Meanwhile, "white-collar criminal defense lawyers" yesterday "said Mr. Fitzgerald's case lacked emotional appeal, but gave the jurors an uncluttered and convincing story of wrongdoing. Defense efforts to trap prosecution witnesses in contradictions and memory lapses had probably helped Mr. Libby, the lawyers said, although they expressed doubt that the effort had jelled into a plausible explanation of Mr. Libby's conduct."

The Wall Street Journal (2/8, Perez, 2.04M) reports, "Also, yesterday in court, Mr. Libby's taped testimony revealed that in 2003, as controversy ensued over the Wilson criticism, Mr. Cheney ordered Mr. Libby to leak portions of an intelligence report, which said that Iraq 'vigorously' sought to procure uranium for its weapons program, to The Wall Street Journal. Mr. Libby said he asked Paul Wolfowitz, then deputy Defense Secretary, to leak parts of the report to an editor of the paper's opinion page. … A July 17, 2003, Journal editorial criticized Mr. Wilson's claims, citing the intelligence report, which was made public after the editorial was published."

The Los Angeles Times (2/8, Schmitt, 850K) and Financial Times (2/8, Daniel) also report on Russert's testimony, and the Washington Post (2/8, C1, Kurtz, 690K) reports, "With the perjury trial…hanging in the balance, the 'Meet the Press' inquisitor -- the man who puts all those quotations up on the screen and presses politicians about contradictions and evasions -- found himself on the receiving end of a tough cross-examination. Russert emerged relatively unscathed yesterday, except for a previously acknowledged memory lapse about a phone call unrelated to the Libby case. But it was a long afternoon for someone who much prefers asking the questions."

On Fox News' Special Report With Brit Hume (2/7), Fred Barnes said, "Obviously, the testimony made by Tim Russert was not helpful to the Libby defense," but "there have been any number of other witnesses who have had very, very fuzzy memories. Just this week, we had an FBI agent, Debra Bond, come back and say well, she had mis-testified the week before when she said it was Karl Rove who originally told columnist Robert Novak about Valerie Plame," and "that is, I think, the core of the defense case, 'Look at all these other people, they couldn't remember correctly, either. And why would you expect scooter Libby to?'"

The AP (2/8, Yost) reports, "Russert's much-anticipated version of the July 2003 telephone conversation is important to the case because Libby told the grand jury that his conversation with Russert was the first time the White House aide had heard about Wilson's wife. He later said he had forgotten that Vice President Dick Cheney had told him about Wilson's wife a month earlier." The AP continues, "Defense attorneys want to know who negotiated the agreement to get Russert's testimony and other details, including any interaction with Chief U.S. District Judge Thomas Hogan, who oversaw the grand jury that indicted Libby. … In a court filing, prosecutors said that nothing in the government's possession is inconsistent with Russert's statements in the investigation. Prosecutors said they've already provided Libby's lawyers with details of Russert's cooperation." The AP notes, "At the start of the trial, jurors were told that Russert was only questioned for 22 minutes, that he was not required to make a grand jury appearance and that prosecutors failed to ask Russert a number of important questions. … 'You're going to see that Tim Russert had a deal,' the jury was told by the defense during opening statements. … Special Counsel Patrick Fitzgerald says prosecutors' dealings with Russert had to conform to Justice Department guidelines, which

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require greater caution when dealing with journalists as opposed to other witnesses."

Bloomberg (2/8, Asseo) reports, "Prosecutors are near completion of their case in Libby's trial. U.S. District Judge Reggie Walton told defense lawyers to be prepared to begin presenting evidence tomorrow. … Potential defense witnesses include Cheney, Washington Post reporter Bob Woodward and other journalists." Bloomberg adds, "Wells sought to show that Russert has previously displayed a faulty memory, pointing to a letter he wrote to the Buffalo News acknowledging he forgot that he had called a News columnist to dispute an article about Russert's performance in moderating a debate by presidential candidates in 2000. … Wells also questioned how Russert could have talked to an FBI investigator in November 2003 about his conversation with Libby and later resisted a subpoena to testify before a grand jury. … In speaking to the FBI investigator, 'the focus was on my words, my words, not Mr. Libby's words,' Russert said, adding that he didn't reveal anything Libby said in confidence."

Libby Told Grand Jury Cheney Seemed Surprised By Plame Revelation. In a widely-distributed story, the AP (2/8, Yost) reports, "Vice President Dick Cheney seemed surprised in 2003 when told where his chief of staff had learned the identity of CIA officer Valerie Plame. 'From me?' Cheney asked, tilting his head, according to" Libby's grand jury testimony. "Libby's account of the conversation came near the end of nearly eight hours of audiotapes of his 2004 grand jury testimony that prosecutors finished playing at his trial Wednesday. Libby describes finding in his own handwritten notes a reference to Cheney saying in mid-June 2003 that the wife of war critic Joseph Wilson worked at the CIA. The reference by Cheney was more than a month before Plame was outed in a newspaper column."

Conference Panel Addresses Internet Threats To Children. CNET News (2/8, Ogg) reports, "The amount of unwanted sexual material that teens and preteens are exposed to on the Internet has skyrocketed in recent years, yet only a fraction of those children are likely to report it to an adult." CNET continues, "Those were among the concerns voiced Wednesday by members of a panel discussion here at the RSA Security Conference called 'Pandora's Box: Youth and the Internet.' The panel, which featured a journalist, pediatrician, federal law enforcement official and a security expert, threw out similarly scary statistics and invited the tech community to help find a solution to children's exposure to pornography as well as the prevalence of child pornography." CNET adds, "One in seven children between 10 and 17 have received an online sexual solicitation, according to the National Center for Missing and Exploited Children. In what may be even more disheartening to parents, NCMEC says only 27 percent of kids that received unwanted sexual material online are likely to report it to a parent or guardian. This can include receiving sexually explicit photos or videos, or an invitation to meet someone. … The type of material on the Internet and the threat of child sexual predation is increasingly dangerous, said Drew Oosterbaan, the Department of Justice's chief of the Child Exploitation and Obscenity Section. The exploitation of children in the last eight to 10 years has seen 'an amazingly scary escalation of abuse,' Oosterbaan said. A decade ago, the content of child pornography his department worked to eradicate depicted children usually no younger than 13. 'Now there is horrific, tortuous sexual abuse involving babies and toddlers,' he said. … This escalation, he said, is partly due to the Internet's ability to bring communities together. Prior to the explosion of the Internet, pedophiles were relatively isolated. They've now found each other online, and the community's main commodity is child pornography, which if they can't find, they create themselves."

Internet Attacks Highlight Need For Coordination Between Public, Private Sectors. Government Computer News (2/8, Jackson) reports, "Tuesday's denial-of-service attacks against three of the Internet's root DNS servers did not rise to the level of a major cyberincident, but it did highlight the government's efforts to coordinate responses with private-sector infrastructure providers. … 'There was some minor degradation of service,' but no large impact, said Jerry Dixon, head of the Homeland Security Department's National Cyber Security Division." GCN continues, "Dixon was joined Wednesday by Chris Painter of the Justice Department and Mark Hall of the Defense Department, his fellow co-chairmen on the National Cyber Response Coordination Group, at the RSA IT security conference. NCRCG is the government's tool for organizing its response to the most serious cyberattacks, coordinating the efforts of federal departments and agencies with the private sector. … So far, 'we haven't had a real crisis where we've had to stand up,' Painter said." GCN adds, "On a scale of 1 to 10, this week's attacks on top-level Domain Name Service servers only rated about a 3, Dixon said. The NCRCG co-chairs met to discuss the incident and monitor its impact and progress, but hands-on response was coordinated by the US CERT. … The attacks lasted for several hours and directed up to 54Gbps of traffic at the .mil, .info and .bus DNS servers, said US CERT deputy director Michael Witt. The .mil server was the most heavily targeted, he said. … Dixon said investigators are following leads to determine the source of the attacks."

Pennsylvania Lawmaker Pleads Not Guilty To Federal Charges. The AP (2/8, Dale) reports that

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Pennsylvania State Senator Vincent J. Fumo "pleaded not guilty Wednesday to federal charges he defrauded taxpayers and a local nonprofit out of more than $2 million, and surrendered more than 200 firearms as a condition of bail. … The powerful Philadelphia Democrat declined comment during several hours at the federal building, when he was arraigned and processed by the FBI and U.S. marshals." The AP continues, "Fumo appeared confident in court, although his jaw twitched at times, as a clerk spent several minutes reading the 139 criminal counts lodged against him. …. 'Not guilty, your honor,' he said, in answer to the charges." The AP adds, "Fumo, 63, later declined to discuss the cache of guns, which prosecutors said he kept at his Philadelphia mansion, his Harrisburg-area farm and at beach homes in New Jersey and Florida. … Fumo sat in court beside his lead defense attorney, Richard A. Sprague, a legendary 81-year-old former city prosecutor who plans a press conference on the indictment on Thursday." The AP notes, "Co-defendant Ruth Arnao, the longtime Fumo friend who ran the nonprofit, the Citizens' Alliance for Better Neighborhoods, also pleaded not guilty to the charges. … She was accompanied in court by her husband, Pennsylvania Turnpike Commission Chairman Mitchell Rubin. Rubin is not charged, but the 267-page indictment states that he joined Fumo on a 2001 trip to Cuba funded by the nonprofit and was paid for Senate contracts that involved little or no work. … The couple also enjoyed a sailing trip with Fumo at Martha's Vineyard on a yacht owned by the Independence Seaport Museum, the indictment charges. … Arnao, 51, of Philadelphia, obstructed the four-year investigation into Citizens' Alliance by helping delete years worth of e-mails, prosecutors said. … She is charged in 45 counts, including two counts of filing a false tax return for allegedly stating that the group did not engage in political activity. According to the indictment, Fumo ordered the charity to fund election polling, a politically motivated lawsuit against a Senate rival and other partisan efforts." The Philadelphia Inquirer (2/8, Shiffman, Lounsberry, 385K) reports on the arraignment, under the headline "Fumo Surrenders To FBI, Pleads Not Guilty," and the Philadelphia Daily News (2/8, Hinkelman, 106K) also reports the story.

Austrian Investigators Uncover International Child Porn Network. USA Today (2/8, 13A, Johnson, 2.27M) reports, "The Austrian government has provided the FBI with more than 200 U.S. Internet addresses identified in a far-reaching international child pornography investigation in which suspects allegedly paid to watch graphic videos of young children being sexually abused. The investigation, which began last summer, has identified 2,361 Internet addresses in at least 77 countries, including the USA, where customers paid about $90 to view the abuse of infants and other children, Austrian Interior Minister Guenther Platter said Wednesday." USA notes, "It was unclear how many suspects could be traced to the addresses because computer users frequently maintain multiple addresses, FBI and Austrian authorities said. 'This is an ongoing investigation,' FBI spokesman Paul Bresson said. 'The FBI is working closely with the Austrian authorities … to combat the proliferation of online child exploitation. Although the number of subjects may end up being significantly less … it will likely result in the identification of numerous individuals in the U.S.' Platter said no arrests had been made."

In a widely-distributed story, the AP (2/8, Oleksyn) reports, "The children were under the age of 14 and screams could be heard, said Harald Gremel, an Austrian police expert on Internet crime who headed the investigation." Platter "said the FBI was investigating about 600 of the suspects in the United States. German authorities were following leads on another 400 people, France was looking into about 100 others, and at least 23 suspects were Austrians, he said." The New York Times (2/8, Smith, 1.16M) notes, "The Federal Bureau of Investigation announced last year it had assembled an international task force, with officials from Europol, the European Union's law enforcement organization, and 18 countries serving six-month rotations in the United States to help American child-pornography investigators." BBC News (2/7) added, "Twenty-three suspects were being questioned, Austrian officials said, and arrest warrants might soon be issued. Fourteen of them have confessed to downloading the material."

Fox News Live (2/7, 2:07 p.m.), CNN's Live Today (2/7), CNN.com (2/7, Pleitgen), Bloomberg (2/8, Tirone), Canada's CTV.ca (2/7) and Britain's The Sun (2/8, Sturgis) also reported on the Austrian probe, all noting that the FBI is investigating the Internet addresses identified in the US.

Internet Porn Rings Prove Difficult To Track. The AP (2/8, Bergstein) reports, "The numbers behind an international child pornography bust Wednesday were themselves disturbing: Nearly 2,400 suspects from 77 countries allegedly paid to view videos depicting sexual abuse online. But the nature of Internet traffic makes it sadly unsurprising that people would figure they could hide so much hideous material." The AP continues, "Finding and stamping out such content 'is needle-in-a-haystack work,' said Carole Theriault, a security consultant with Sophos PLC in London." The AP adds, '"Austrian authorities said an employee of a Vienna-based Internet file-hosting service approached his national Interior Ministry last July with word that he had noticed the pornographic material during a routine scan. … The videos showed 'the worst kind of child sexual abuse,' said Austrian Interior Minister Guenther Platter, citing the rape and sexual abuse of girls and boys younger than 14. At times the children could be heard screaming. … Lead investigator Harald Gremel said the videos were online for at most a day before they were discovered. The Austrian

Internet service employee blocked access to the videos while recording the computer addresses of people who tried to download the material, and gave the details to authorities. … Within 24 hours, investigators recorded more than 8,000 hits from 2,361 computer addresses in 77 countries around the world, including the United States, according to Gremel. … Why did finding this take what would seem a lucky break by network administrator? Because everything traversing the borderless Internet looks the same while in transit. Whether it's a mundane e-mail or videos as insidious as this, all traffic gets splintered into packets of data that don't identify what they contain. … Consequently, unless a nefarious Web site advertises itself with spam e-mails or shuttles an inordinate amount of traffic, several factors can conspire to keep it in the shadows."

Massachusetts Man Charged With Possession Of Child Pornography. The Hingham (MA) Journal (2/8, Ford) reports, "Philip W. Herzberg, 50, of 243 South St., was arrested in Hingham last Thursday (Feb. 1) on federal charges of receipt and possession of child pornography, the U.S. Attorney's office said." The Journal continues, "Herzberg was one of three Massachusetts men who were the latest to be charged in a Immigration and Customs Enforcement (ICE) nationwide investigation dubbed 'Operation Emissary' targeting a Web site based in New Jersey that offers images and movies of hardcore child pornography. … Herzberg, who was arrested at the Hingham Police Department, is charged with six counts of receipt of child pornography and one count of possession of child pornography. … If convicted, Herzberg could face a minimum of five years in prison for each charge of receipt of child pornography and a maximum of 10 years in prison for possession of child pornography." The Journal adds, "Federal agents had been monitoring Herzberg and others over the Internet for three months at the end of 2005 and 2006. In October 2006, more than 125 people in 22 states were arrested in the first wave of a nationwide sweep. … Lt. Michael Peraino, who is spokesman for the Hingham Police Department, said Hingham police assisted federal agents last September in executing a search warrant at Herzberg's home. They seized Herzberg's computers as a result of the federal investigation."

Delay Seen Likely For Cunningham Co-Conspirator's Hearing. The North County (CA) Times (2/8, Bennett) reports, "The sentencing of Randy Cunningham's co-conspirator, Mitchell Wade, will likely be delayed again, as the former defense contractor continues to cooperate with federal prosecutors in the ongoing investigation into the Cunningham bribery case, a spokesman for the U.S. attorney's office in Washington said Wednesday." The Times continues, "Wade pleaded guilty in February 2006 to having bribed the now-imprisoned Cunningham with more than $1 million in a scheme to enrich himself through lucrative defense contracts. Wade faces up to 11 years in prison and remains free pending sentencing. He could have gotten up to 20 years, if not for a plea deal in which he promised to cooperate with prosecutors in their ongoing investigation. … In August, the U.S. attorney's office in Washington announced that it was postponing the presentencing hearing until early 2007 due to Wade's ongoing cooperation. And on Wednesday, Washington spokesman Channing Phillips said the hearing is likely to be put off for another six months, for the same reason. … 'If he's going to get the full benefit of his cooperation, it makes no sense (to sentence him) before his cooperation ends,' Phillips said in a Wednesday phone interview from his Washington office. … He said defense counsel and prosecutors generally work with the judge to negotiate decisions on whether to postpone a sentencing hearing."

FTC Reports ID Theft Again Leads Consumer Fraud Complaints. In a widely-distributed story, the AP (2/8, Rugaber) reports, "Consumers reported over 670,000 cases of fraud and identity theft in 2006 that cost them $1.2 billion in losses, the Federal Trade Commission said in its annual report Wednesday. For the seventh straight year, ID theft was the most common complaint, the FTC said, accounting for 36 percent, or 246,035, of the complaints. ID theft complaints have leveled off after a steep increase earlier this decade. The number of ID theft complaints jumped from almost 162,000 in 2002 to a record 246,882 in 2004, slightly higher than last year's number, the agency said." The AP notes, "The annual report is based on data collected by the FTC and over 115 other organizations, including law enforcement agencies, such as the FBI, and private groups such as the Better Business Bureau."

Consultant Trains Convicts How To Survive In Prison. The San Diego Union-Tribune (2/8, Fitzsimmons) reports, "Dr. Prison is a consulting business, based in La Mesa and run by a San Diego man, that coaches men and women who are about to serve sentences in jail or prison. Dr. Prison teaches them how to talk, how to carry themselves, how to make allies and how to avoid making enemies. Really, how to survive. … 'Dr. Prison's mission is to help you avoid being physically hurt, extorted, or possibly killed in prison,' the business says on its Web site, www.drprison.com. … 'Just because you didn't know you shouldn't walk into another person's open cell because you didn't ask permission doesn't mean you should get the crap beaten out of you,' said Steve Scholl, who started Dr. Prison about two years ago." The Union-Tribune continues, "Scholl has never been to prison, but he works with 10 on-call ex-convicts. He carefully selects

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the right ones to match the client's background and crime. Each client – he sees about two a month – is charged a fee based on the amount of time and attention they need. … 'They will always have directly across the table from them someone who has served time,' Scholl said." The Union-Tribune adds, "Rates start with the phone/e-mail package, at $275 for jail preparation and $375 for prison. The personal visit package runs $375 for jail, $575 for prison, with the client paying for travel expenses; and the video teleconference deal costs $900 for jail and $1,200 for prison. … Dr. Prison also works with families of convicts, advising them how to best support their loved ones as they deal with the sentence from their side of the bars. This month, Scholl and his consultants will start hosting a national, online radio talk show Saturday nights on www.wsRadio.com. Listeners can call in for advice. … Clients contact Dr. Prison on the advice of their lawyers or bail bondsmen. … They aren't gang members, and certainly aren't people who have been in prison before. … Based on interviews he conducted with released convicts, Scholl says a person who doesn't know how to act in prison has a 25 percent to 30 percent chance of getting killed; a 10 percent to 15 percent chance of being raped; a 30 percent to 40 percent chance of getting stabbed; and an 80 percent to 90 percent chance of getting beaten."

CIVIL LAW:

Air Traffic Controller Blamed In Airline Crash That Killed Radio Star. The Chicago Tribune (2/8, O'Connor) reports, "An aviation consultant testified Wednesday that an air-traffic controller's negligence led to the midair collision near Waukegan that killed radio star Bob Collins and two other people in 2000. … 'There were a multitude of things he did wrong,' Richard P. Burgess, who spent 32 years at the Federal Aviation Administration, testified at a federal trial into the cause of the crash." The Tribune continues, "Burgess, hired by lawyers for Collins' widow, also said that a 1997 midair collision at Chicago's Meigs Field that killed seven people was 'a wake-up call' that should have prompted the FAA to install radar at the Waukegan Regional Airport in addition to installing it at Meigs. … The Waukegan airfield was busier than Meigs, yet only Meigs was equipped with radar after the midair collision at the lakefront airport, according to testimony. … Radar was installed at the Waukegan field five months after the crash killed Collins, his passenger, Herman Luscher, and student pilot Sharon Hock in the other plane." The Tribune adds, "In testimony Tuesday, Gregory Fowler, the air-traffic controller in question, admitted he had no idea of the precise location of Hock's Cessna when he instructed her to turn toward the Waukegan airport. … Less than two minutes later, Collins' Moravan Z242L rear-ended the Cessna 172P. Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, and Hock's plane plummeted to a Zion street. … Lawyers for the victims have sued the U.S. government, contending that the FAA was responsible for the crash even though a private company operated the Waukegan tower. U.S. District Judge John Darrah is to decide the case. … Burgess testified that Fowler erred when he issued certain directives to the two pilots, including clearing Collins to land, even though he had neither plane in sight. … On cross-examination of Burgess, Jill Dahlmann Rosa, a Justice Department lawyer, suggested he had a vendetta against the FAA after he had been suspended and reassigned to a nonsupervisory position late in his career. Burgess denied any hard feelings. … Rosa also contended that in the last four years Burgess had found 32 air-traffic controllers at fault in 18 lawsuits in which he testified."

CIVIL RIGHTS:

Report On Lynchburg, VA, Police Custody Death To Be Released Today. The Lynchburg (VA) News & Advance (2/8, Lee) reports, "Two more investigations into the death of Clarence Lightfoot Beard Jr. are complete and the findings will be released at a news conference today." The N&A continues, "Beard, a 46-year-old Lynchburg man, died in police custody last year after a struggle with two Lynchburg police officers. … Today's findings come a little more than three weeks after Lynchburg's top prosecutor said he would not bring criminal charges against officers Michael Eagle and Michael Huntsman." The N&A adds, "Commonwealth's Attorney Mike Doucette's findings were based on a Virginia State Police investigation. His report focused on whether or not the officers committed a criminal act. … Today's report is based on two internal investigations begun and almost immediately shelved by the Lynchburg Police Department after the state police started its outside investigation. … Lynchburg police have said they would release their findings once the state police inquiry wrapped up." The N&A notes, "One of the Lynchburg Police Department's investigations is looking into whether the officers acted legally during their encounter with Beard, while the other is to determine whether they followed department policy. … A state medical examiner's report showed Beard was suffering from advanced coronary artery disease and that there were no drugs in his system when he died. … Civil rights activists have called for the U.S. Justice Department to investigate the incident."

Three Atlanta Officers Expected To Face Murder Charges Following "No-Knock" Search. In a widely reported story, the AP (2/8) reports prosecutors "intend to seek murder charges against three Atlanta police

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officers involved in the shooting death of a 92-year-old woman in her home, according to a letter sent to an attorney for one of the officers. Fulton County District Attorney Paul Howard sent a letter that said he will ask a grand jury on Feb. 26 to deliver a murder indictment against officers Gregg Junnier, J.R. Smith and Arthur Tesler, said Rand Csehy, Junnier's attorney." Kathryn Johnston "died and three officers were wounded in the Nov. 21 shootout when police used a no-knock warrant to search for drugs in Johnston's northwest Atlanta home. … Narcotics officers said an informant had claimed there was cocaine in the home, but none was found."

The Atlanta Journal-Constitution (2/7) reported the three officers "were involved in securing a search warrant on Nov. 21 for the home of…Johnston. Shortly before the raid, Smith told a magistrate he and Tesler had a confidential informant buy $50 worth of crack at 933 Neal Street from a man named 'Sam.' But, according to the proposed indictment, no informant went to the house."

On its Web site, WXIA-TV, Atlanta (2/7) reports the district attorney "has told the officers' attorneys that he plans to take the case to a Grand Jury on February 26. An attorney for…Junnier said the charges the D.A. plans to take to the jury include felony murder, aggravated assault, false imprisonment, burglary, and other charges."

WSB-TV, Atlanta (2/7) reports on its Web site that the "big news is not only the notice of the indictment itself, but also an FBI action indicated to Channel 2's Mark Winne that the action by the Fulton County D.A.'s Office came without any notice to either the FBI or U.S. Attorney's Office. The official suggested the FBI investigation has not been completed and the FBI had not been notified of what he indicated was a unilateral action taken by the District Attorney."

Nashville Council Makes English Its Official Language. The AP (2/8) reports, "Nashville's city council has voted to adopt English as its official language, following similar moves by several smaller cities around the country." The AP continues, "After months of debate, the city's Metro Council voted 23-14 on Tuesday to approve the measure requiring all government communications to be in English, except when multilingual communications are required by federal rules or are needed 'to protect or promote public health, safety or welfare.' … The exceptions were added after the city attorney contended that the bill's original language was unconstitutional. Some supporters and opponents of the measure said the exceptions mean the law would have little effect on city business." The AP adds, "Nashville, a city of more than 600,000, is home to the nation's largest Kurdish community and has been a resettlement site for refugees from Africa and Southeast Asia. The Hispanic immigrant population also has boomed, and researchers say Nashville's foreign-born population has grown 350 percent since 1990. … Gregg Ramos, a Nashville attorney and first-generation American who opposed the measure, said Nashville is the largest city and the only state capital to pass such a law. … Twenty-eight states have adopted English as their official language, including Arizona, where voters approved a law last year, according to U.S. English Inc., a Washington-based advocacy group. … The U.S. Senate's version of last year's failed immigration bill would have made English the national language, but U.S. Attorney General Alberto Gonzales said the measure would have been purely symbolic."

Former Nvidia Counsel Sues Firm For Age Discrimination. The California Recorder (2/8, Seyfer) reports, "Stephen Pettigrew built Nvidia Corp.'s legal department from a one-man-show -- himself -- into a full-fledged public-company team. … But when he got too old, executives demoted and fired him. That's what Pettigrew, who was 64 when he left Nvidia, alleges in an age discrimination lawsuit filed last month against the Santa Clara, Calif., graphics-chip company." The Recorder continues, "Pettigrew also accuses the company of retaliating because he voiced his concern that one of the company's top executives may have committed sexual harassment and gender discrimination. … 'Steve Pettigrew is an outstanding attorney who served this company loyally and very skillfully, and he didn't deserve this,' said his attorney, Allen Ruby of San Jose's Ruby & Schofield." The Recorder adds, "The suit is the latest legal shadow cast on the company, which remains the subject of a Securities and Exchange Commission probe into stock-option backdating as well as a Department of Justice antitrust investigation. The DOJ probe is looking into whether the company monopolized the market for two kinds of graphics products."

ACLU Sues For Removal Of Commandments Monument From Florida Courthouse. The AP (2/8) reports from Cross City, FL, "The American Civil Liberties Union is suing to force a conservative Christian county in Florida to remove a hulking Ten Commandments monument from the courthouse steps." The AP continues, "The 5-foot-tall 6-ton black granite monument stands in front of a building for the courthouse, the elections supervisor office, the tax collector and other public offices in Dixie County. The lawsuit filed in federal court Tuesday said the monument heaps on its religious message with the inscription 'Love God and Keep His Commandments' in large capital letters at its base. … The lawsuit says the monument violates two amendments to the U.S. constitution because it is not part of a historical display and because the uniquely Christian message of the Ten Commandments on a government building could intimidate people with different religious

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beliefs." The AP adds, "The U.S. Supreme Court has ruled that religious displays are not inherently unconstitutional and must be considered on a case-by-case basis. Last year, the high court allowed the Ten Commandments to be displayed outside the Texas state Capitol but not inside two Kentucky courthouses, where the justices said the displays promoted a religious message. … The Dixie County Commission approved the monument, donated by a local businessman, in January 2006 and it was placed on the courthouse steps in November. Dixie County, a rural county where churches outnumber traffic lights, is on the Gulf Coast north of Tampa, Florida."

Wal-Mart Bias Suit Highlights Persistent Wage Disparities. The Christian Science Monitor (2/8, Trumbull) reports, "A lawsuit against America's largest employer is serving as a reminder that concerns about gender discrimination persist, despite four decades of focus on equal workplace rights." The Monitor continues, "Wal-Mart hasn't been found guilty of sex discrimination – and it may never be, in part because class-action cases on this issue are often settled out of court. … But the very fact that such a large case against the retailer has made it this far – with a federal appeals court giving the go-ahead Tuesday for a class-action lawsuit involving more than 1.5 million women – puts the issue back in the national spotlight more than at any other time in recent years." The Monitor adds, "The case revolves around wage issues – equal pay for equal work. But it also alleges that Wal-Mart shortchanged female employees on opportunities for promotion. … It's that issue – the proverbial glass ceiling – that studies find is the most intractable gender inequity in US industries today, despite the gains women have made since the equal-rights era. … The issue matters not just for women but the whole economy, because the underlying question is whether businesses are making the most productive use of the talent available. Gender discrimination represents a failure involving nearly half the workforce."

African-American Success Stories Seen As Overlooked. In a Washington Post op-ed (2/8, A21), Stephanie Robinson, the founding president and chief executive of the Jamestown Project, and Cornel West, professor of religion at Princeton University and a member of the Jamestown Project Advisory Board, say, "To think of America in 2007, it is impossible not to consider the contributions of African Americans -- many of whom have laid the foundation for American culture, democracy, freedom and equality." Amid the "celebrations commemorating the Jamestown anniversary, thousands of African Americans will convene in Hampton this weekend for the annual State of the Black Union. While the stage will be populated by the extraordinarily successful, the purpose of the State of the Black Union is to not only showcase our success but also to discuss the staggering numbers of African American citizens in poverty, those who are incarcerated, undereducated, underemployed and otherwise outside the reach of the American Dream. But, while the factors that conspire to create subcommunities characterized by unemployment and marginal literacy are debated often, and with vigor, rarely do we discuss the factors that led to the successes of millions of African Americans."

ANTITRUST:

Blackstone Wins Battle To Acquire Equity Office Properties Trust. The Washington Post (2/8, D1, Cho) reports, "The battle to acquire Equity Office Properties Trust, the nation's largest office landlord, came to an end after Vornado Realty Trust dropped out of the bidding yesterday, leaving the private-equity firm Blackstone Group as the all-but-official winner of the biggest buyout deal in history." The Post continues, "Equity Office's board had tried to get Vornado to sweeten its bid throughout the week, but Vornado said that the price had soared beyond its tastes. … 'The company concluded that the premium it would have to pay to top Blackstone's latest bid . . . would not be in its shareholders' interest,' Vornado said in a statement." The Post adds, "The high-stakes bidding war compelled Blackstone to up the ante several times. After initially offering $48.50 per share last fall, Blackstone is to pay $55.50 per share for Equity Office and assume about $16 billion of Equity's debt, bringing the total value of the deal to $39 billion. … Blackstone's offer was approved by shareholders yesterday."

The Financial Times (2/8, Politi, Guerrera) reports, "Blackstone's victory confirmed its status as one of the most powerful actors in global finance. It comes in the same month as Steve Schwarzman, who founded the firm in 1986, will celebrate his 60th birthday by throwing what is already expected to be one of the most glamorous parties in New York history." The Times adds, "By agreeing to a takeover by Blackstone, EOP will join the string of big companies in the US that have chosen to go private in the past few months. These include Clear Channel Communications, the largest US radio station, and Harrah's Entertainment, the biggest US casino owner."

The Wall Street Journal (2/8, A1, Forsyth, Sender, Frangos) reports, "Blackstone Group's $23 billion buyout of the owner of the biggest portfolio of U.S. office buildings will send ripples through the real-estate world, with a good chance it will raise the ceiling on already-record prices." The Journal continues, "With office buildings in red-hot demand as investment vehicles, Blackstone's control of prime properties

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likely will put it in position to demand prices on its individual buildings high enough to make the private-equity firm's bid pay off. The deal, approved yesterday by Equity Office Properties Trust after rival bidder Vornado Realty Trust bowed out following weeks of bidding, also cements Blackstone's clout as one of the most powerful investors on Wall Street." The Journal notes, "Losing out was a bitter disappointment for Vornado Chief Executive Steven Roth, who gave up for the second time in six months on his hope of acquiring Equity Office and its coveted office buildings in markets from Manhattan to San Francisco. … And for Equity Office founder and Chairman Sam Zell, who chatted with his longtime friend Mr. Roth after the shareholder vote, the deal represents a big payday. Factoring in stock options and other payments, Mr. Zell stands to make more than $800 million from the sale, according to proxy statements."

The New York Times (2/8, Sorkin, Pristin) reports, "The deal for Equity Office encapsulates two of the hottest trends in deal-making: the wave of capital flooding into commercial real estate and the growing power of private money. … While residential real estate has slowed, commercial real estate, office buildings in particular, looks more attractive as the market finally shakes off the effects of the burst technology bubble in 2000. Many investors expect office vacancy rates to continue to decline in the next couple of years, with a corresponding rise in rents. … And private equity firms like Blackstone have been among some of the most aggressive investors in commercial real estate. These firms have accumulated huge war chests: even now Blackstone is raising a new $10 billion real estate fund. The surge in buyouts — which accounted for a fifth of the record $3.8 trillion in deals last year — shows no sign of slowing."

FTC Settles Antitrust Claims Against Michigan MLS. Inman News (2/8, Roberts) reports, "The U.S. Federal Trade Commission this week announced a settlement with MiRealSource Multiple Listing Service in Michigan over rules that blocked some property listings from the MLS and set restrictions for other property listings based on the type of real estate contracts." Inman continues, "MiRealSource is the sixth MLS to settle similar antitrust allegations brought by the FTC in October -- the federal agency is proceeding with an antitrust lawsuit against Realcomp II Ltd., another Michigan MLS, over its listings policies. … In each of the cases, the federal government charged that the MLSs engaged in anticompetitive activity by placing restrictions on a category of property listings that could ultimately lead to reduced choices for consumers in real estate services." Inman adds, "Representatives for MiRealSource, which is a broker-owned MLS with about 7,000 members, announced in November that the MLS had agreed to settle the FTC complaint, and the agreement was subject to review and approval by members of the FTC. … 'Under the FTC consent order settling the complaint, MiRealSource has agreed to abandon ... collusive conduct and provide its services to all member brokers representing potential home sellers, regardless of the type of listing contract that they choose,' FTC officials announced in a statement Monday." Inman notes, "The FTC complaint against MiRealSource, issued Oct. 10, charged that the MLS violated antitrust law 'by adopting rules or policies that limit the publication and marketing of certain sellers' properties, but not others, based solely on the terms of their listing contracts. Specifically, the FTC alleges that MiRealSource favored exclusive right to sell listings and disfavored exclusive agency listings by, among other things, adopting a rule to exclude the latter entirely from the MLS.'"

Internet Real Estate Firms Shaking Up Industry. The Los Angeles Times (2/8, Haddad) reports, "Recent Chicago transplants Pieter and Beth van Es have recovered from their sticker shock and are ready to buy a house in Southern California. Now, the Irvine couple have a new incentive. … When they buy their home through an online broker, they will get a nice chunk of their money back." The Times continues, "The Van Eses are using Seattle-based Redfin, one of several new brokerage services that hope to revolutionize home buying by rebating part of their commissions back to buyers. The challenge is aimed at traditional firms that charge full commissions, which often total tens of thousands of dollars in today's high-priced Southland market. … Although these upstarts have yet to make a major dent in nationwide sales volume, they are raising eyebrows and causing traditional brokerages to worry." The Times adds, "Redfin, which launches today in Southern California, offers rebates because buyers do much of the groundwork of finding homes via the Web. The brokerage handles the paperwork and conducts negotiations, usually over the phone or via e-mail or fax. … Typically, the commission totals 5% to 6% of the sale price, which is then split between the buyer's agent and the seller's agent. The industry is prevented by law from setting commission rates. As a buyer's broker, Redfin rebates more than half of its cut to the buyer. … Cutting customers in on commission fees isn't a trend the brand-name, more established brokerages are exactly cheering about. The industry is mired in a slowdown, and the number of brokerages and agents is expected to shrink as firms consolidate or go out of business." The Times notes, "What's more, after growing fat on fees that totaled more than $60 billion in 2005, the industry finds itself under attack for alleged anti-competitive practices. The Justice Department has sued the National Assn. of Realtors for trying to limit the availability of property-listing data to upstart online firms such as Redfin and others. … Such data are at the core of the burgeoning rebate movement. As consumers access the same information that

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brokers have long controlled, a growing awareness of the costs of buying and selling a house is taking hold."

ENVIRONMENT/INDIAN AFFAIRS:

Bush Promotes Boost In National Park Funding. ABC World News (2/7, story 10, :20, Gibson, 8.78M) reported, "President Bush visited Shenandoah National Park in Virginia today, to rally support for his plan to pump hundreds of millions of dollars into National Parks. A key part of the President's plan is a $3 billion ten-year initiative to improve and maintain parks. One-third of that money would come from private donations that would be matched by the government."

The Harrisonburg Daily News Record (2/8, Turner) says Bush and Interior Secretary Dirk Kempthorne "led a round-table discussion on the president's National Parks Centennial Initiative, which he revealed earlier this week as part of his proposed 2008 budget." The President's visit "began with a few opening remarks on why he's attempting to persuade Congress to support his initiative. Then Bush engaged in a discussion with national parks officials and representatives of organizations with a vested interest in the nation's parks." Said the President, "Our national parks are really one of America's great treasures. … And the fundamental question is, 'Are we wise enough to treat them as such?'"

McClatchy (2/8, Hutcheson) says Bush's proposed boost comes as part of "an otherwise lean domestic budget." For the new funds to be approved, "first Congress must go along, and it's not clear that it will. The plan includes a controversial proposal to leverage federal funds with matching private donations." McClatchy adds, "Insiders see the influence of first lady Laura Bush, an avid hiker who visits a national park with her Texas pals at least once a year. She and the president will travel to Virginia's Shenandoah National Park on Wednesday to promote the parks-improvement plan."

The AP (2/8) notes the First Lady was also present at the round-table discussion. Ron Tipton, senior vice president for programs at the National Parks Conservation Association, "said the president's proposal would be a significant step toward solving some of the parks' major problems, including crumbling facilities, growing pollution and lack of staff." But "House Natural Resources Committee Chairman Rep. Nick Rahall, D-W.Va., said the new funding is largely the result of shifting money from existing important park programs, such as construction, into a new budget column with a new label."

The Washington Post (2/8, A6, Fletcher, 690K) notes Rahall's criticism, and says "some critics were leery of Bush's idea of relying in part on private donations to fund major improvements in the nation's parks." The Post adds, "As Bush was campaigning for his parks initiative in the Blue Ridge Mountains, press secretary Tony Snow was challenging the notion that the administration's interest in the parks -- and the environment more generally -- marks a change for the president. Snow noted that last year Bush created the largest protected marine reserve in the world when he set aside as a national park an island chain spanning 1,400 miles of the Pacific northwest of Hawaii." Snow also "countered suggestions that Bush had denied that global warming has a large human component. The White House later released an open letter citing statements dating to 2001 in which Bush had said global warming was largely man-made."

The New York Times (2/8, Stolberg, Barringer, 1.16M), in a story titled "The President Shows His Environmentalist Colors," says that "at a time when his policies on global warming are under scrutiny from environmentalists," Bush "this week cloaked himself in another environmental issue: conservation. … Most environmentalists would not say George W. Bush and Theodore Roosevelt in the same sentence, unless making an invidious comparison." Bush, "his detractors say, has let the national parks slide into decline -- until now."

The Richmond Times-Dispatch (2/8) reports Bush's budget "would give the National Park Service its largest-ever funding increase." Bush is quoted saying, "Congress needs to hear loud and clear how important this initiative is. … I hope the citizens groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks."

The Rocky Mountain News (2/8, Sprengelmeyer) reports the plan "will take shape between now and the end of May, after…Kempthorne, who oversees the park service, leads a series of 'listening sessions' around the country about projects members of the public and would-be donors would like to see." Bush's proposed budget "includes a 17 percent increase for parks, monuments and other sites in Colorado."

The Beacon Journal (2/8, Downing) notes "the Cuyahoga Valley National Park would get a major boost under…Bush's 2008 federal budget, and park visitors would see a big difference with the 10 percent funding increase." The additional $1 million "would enable the park to hire six full-time staffers and 16 seasonal employees and to restore cuts in interpretive, educational programs and services that were made because of tight budgets in recent years, said Superintendent John P. Debo Jr." The additional funds proposed by Bush represent "a huge turnaround in the budget fortunes of the National Park Service,"' Debo said, adding, "We're just delighted."

The President's trip to Shenandoah National Park was extensively covered by local TV stations across the country. WVIR-TV Charlottesville (2/7), late in its 11 o'clock newscast said the President and First Lady "stopped at Shenandoah

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National Park to highlight a big dollar boost over the next ten years through the National Parks Centennial Initiative."

KTRV-TV Boise (2/7) reported, "The presidential visit was part of a roundtable discussion with Kempthorne, the National Parks Service director and other park officials."

WBAY-TV Green Bay (2/7, 5:13 pm) added, "The visit was meant to promote the President's plans to boost park spending. … Conservation groups say many parks have suffered years of neglect and a cleanup is long overdue."

More Commentary. John Bridgeland, vice chairman of the Earth Conservation Corps and CEO of Civic Enterprises, and Curt Buchholtz, president of the National Park Friends Alliance and executive director of the Rocky Mountain Nature Association, write in the Washington Times this morning (2/8) that "the president's release of a multibillion-dollar centennial plan will be an important step in determining what national park system we celebrate in 2016. … What we do with our parks over the next decade will affect how our children and grandchildren enjoy and learn from them and how America's evolving story and heritage are safeguarded. Let's hope our generation meets the challenge to preserve this collective consciousness of our nation and has something grand to celebrate at the 100th anniversary of our national park system."

Interior Extends Deadline For Final Decision On Bald Eagle. The New York Times (2/8, Barringer, 1.16M) reports, "With a court-ordered deadline looming for removal of the bald eagle from the endangered species list, the Interior Department, rejecting the advice of its staff wildlife biologists, tried to limit a separate set of protections for the majestic bird that has served as a national symbol for centuries. Public reaction, however, to its December proposal was so sharp that the department had sought a reprieve from the deadline, which it received Wednesday." It now "has until June 29 to make its final decision on the eagle's status and the extent of its continuing protections." The Times adds H. Dale Hall, said in an interview yesterday that contrary to published accounts, "I have never been overruled" by top officials at the Interior Department "on the extent of protections. He said he 'stands behind' the December proposal from the department, which gave the eagles less protection."

Investigators Say Lack Of Deepwater Oversight Led To Coast Guard Waste. The Washington Post (2/8, A7, Hsu, 690K) reports, "Even as contractors built patrol boats with buckling hulls and a large new cutter with structural flaws, a US Coast Guard review gave their performance high marks last year, extended their deal for nearly four years and paid them a multimillion-dollar bonus, government investigators said." DHS IG Richard L. Skinner told legislators at a hearing of the House Appropriations subcommittee on homeland security Tuesday that analysts evaluating the Deepwater program disregarded "defective ships under development by companies led by Northrop Grumman and Lockheed Martin." Skinner said the decision to turn over "to a private 'systems integrator' the main responsibility for planning, designing and producing a fleet to meet" the Coast Guard's needs had resulted in a failure "at times…to protect taxpayers' interests." Skinner and GAO head David M. Walker "called for more aggressive oversight."

FBI/DEA/ATF/USMS:

Jury Finds FBI Retaliated Against Agent Over Discrimination Complaint. As reported on Tuesday by the Minneapolis Star Tribune and in a widely-distributed AP story, the Washington Times (2/8, Seper, 88K) reports, "A Minneapolis civil jury…unanimously held that the FBI illegally retaliated against Jane Turner, a 25-year veteran FBI agent, by downgrading her performance reviews." The Times notes, "Among FBI officials named in court documents as participating in the retaliatory actions were James Burrus, the assistant director of the FBI's criminal division, and James Casey, a high-level official in the FBI's counterterrorism program. The $565,000 judgment is expected to be reduced by Chief U.S. District Judge James Rosenbaum, who heard the case, to the statutory limit of $360,000."

ATF Replaces Two Top Officials. USA Today (2/8, 10A, 2.27M) reports the Bureau of Alcohol, Tobacco, Firearms and Explosives "has replaced two of its leaders. Edgar Domenech, the No. 2 official at the agency, has been transferred to head the bureau's field division in Washington, D.C., ATF spokeswoman Sheree Mixell said. The assistant director, Michael Bouchard, will leave to oversee field operations nationally." Mixell "would not comment on whether Domenech and Bouchard were transferred as the result of a Justice Department audit alleging mismanagement and questionable spending decisions at ATF that led to Director Carl Truscott's departure last August."

The AP (2/8, Jordan) reports, "Mixell said the two will be replaced with what she described as veteran special agents who 'bring a combination of leadership experience and great respect from colleagues that is critical to the ATF's success at the executive level.' … Mixell would not comment on whether Domenech and Bouchard were transferred as the result of mismanagement allegations and questionable spending decisions that led to the departure last August of Carl J. Truscott as director. … An audit by the Justice Department's inspector general in October found that Truscott ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules. The report also concluded that Truscott's leadership, hiring

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practices and financial decisions were troubling, including his plan to spend $100,000 on gym equipment for the ATF's new headquarters."

Police Chiefs From US, Latin American Seek Anti-Gang Coordination. AFP (2/8, Bustamante) reports, "Police chiefs from Latin America and the United States opened a three-day summit aimed at forming a strategy to crack down on violent crime gangs." AFP continues, "Latino gangs which originated from Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies. … 'Gang violence is a problem of international scope, and we must face it on a international scale,' Los Angeles Mayor Antonio Villaraigosa told reporters. … 'We must coordinate with our international counterparts in a smart and effective way.'" AFP adds, "Delegates from Mexico, Belize, El Salvador, Guatemala and Honduras attended Wednesday's conference along with several US police chiefs and officials from the FBI and Justice Department. … The conference aims to agree ways of increasing information-sharing among law enforcement agencies and look at how best to fight gangs thought to be responsible for trafficking drugs and illegal weapons. … FBI spokeswoman Laura Eimiller said the conference's focus was to 'fight gang violence in all its forms.'" AFP notes, "Central American nations have seen a sharp uptick in gang-related crimes, Eimiller said. El Salvador, with a population of 6.8 million people, saw an average of 10 homicides a day in 2006 -- about 70 percent committed by gangs. … 'That trend needs to stop before it comes here,' Eimiller said."

Villaraigosa Identifies City's Worst Gangs, Vows Broad Crackdown. The Los Angeles Times (2/8, McGreevy, Winton, 850K) reports, "Launching a counteroffensive against organized street thugs, Los Angeles Mayor Antonio Villaraigosa and police officials took the unusual step Wednesday of identifying the city's 11 worst gangs, then promising to go after them with teams of police, federal agents, probation officers and prosecutors. … How many local and federal officers will be committed to the anti-gang push remained unclear, however. And given the complexity of what has been a long-standing social problem, some experts questioned whether the plan would be any more effective than past police crackdowns." Meanwhile, California Gang Investigators Association director Wes McBride "said he feared that some gangs would feel slighted if not named and might try to up the ante with more violent crimes. Najee Ali, a community activist and former gang member, said he also was opposed to any ranking system. … 'To the gang members it is a badge of honor.'"

Study Of Latino Gangs Finds Few Connections To Overseas Groups. The Washington Post (2/8, B1, Aizenman) reports, "A study of Latino gangs in the Washington area and five Central American nations debunks the popular belief that the gangs are engaged in a systematic, organized effort to spread their influence." The Post continues, "Although the gangs have significant membership, the study found that their crimes are largely limited to petty theft and neighborhood extortion rather than some of those traditionally associated with organized crime -- drug trafficking, prostitution, human smuggling and arms sales. … The report, conducted by Autonomous Technological Institute of Mexico and the nonprofit advocacy group Washington Office on Latin America, comes as U.S. and Central American authorities are coordinating intelligence in the belief that the gangs have a networked structure." The Post notes, "Recent testimony in Washington area courtrooms has pointed to occasional cooperation between local gang members and counterparts in other regions. A 19-year-old Hyattsville man pleaded guilty in federal court last week to collecting dues and sending wire transfers to members in Los Angeles as treasurer of a cell of Mara Salvatrucha. And in an earlier trial, a Salvadoran police officer testified that gang leaders in El Salvador instructed Maryland gang members on how their organization should be run. … But Connie McGuire, who conducted the Washington area component of the study, said her interviews with law enforcement, community groups and 15 former gang members found no sign of transnational coordination among gang members. … 'We shouldn't pretend that gangs aren't a big, scary problem,' Thale said. "But we shouldn't misunderstand what the problem is and misdirect resources for solving it.' … Researchers said the current misconceptions may stem from the transnational nature of the gangs' origins. The two most powerful Central American gangs, 18th Street, also know as Eighteen, and Mara Salvatrucha, or MS-13, emerged in Los Angeles in the 1980s when Salvadoran, Honduran and Guatemalan immigrants fleeing their region's various civil wars joined Chicano gangs or started gangs to protect themselves from African American gangs in the same neighborhoods."

Civil Rights Lawyer Says Police Crackdown Alone Won't Stop Gangs. In a Los Angeles Times (2/8, 850K) op-ed titled "A 'Surge' On Gangs Alone Won't Help," civil rights lawyer Constance L. Rice writes, "Cheryl Green died Dec. 15 because she was black in the wrong gang-dominated neighborhood," and "L.A. politicians and law enforcement leaders have reacted forcefully to her death." Mayor Antonio Villaraigosa "vowed to put the gang out of business. Police Chief William Bratton, Sheriff Lee Baca and FBI Director Robert S. Mueller III announced weapons of mass crackdown," and "two days after this display, 204th Street shot another innocent black resident waiting in his car for his daughters." Rice adds, "Let's be clear here: Strategic suppression is essential, a strong response to violent gangs such as 204th Street is necessary, and the effort will need more resources. But it is unclear whether the city has

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learned that suppression must be coordinated with comprehensive prevention and intervention strategies. And, right now, the prevention and intervention side of the equation is mostly missing. Law enforcement is doing its part; it's the rest of us who are AWOL."

New Jersey "Kingpin" Gets Life Sentence In Drug, Money Laundering Case. In Newark, the New York Times (2/8, Holl) reports a man who prosecutors "said controlled much of the city's heroin trade for years was sentenced in Federal District Court yesterday to life in prison without parole." Hakeem Curry "was convicted of drug charges and money laundering in July." The Times says Curry's organization "is believed to have supplied nearly 85 percent of the heroin dealt on the streets of Newark and roughly 50 kilograms of cocaine a week for the last several years."

The Newark (NJ) Star-Ledger (2/8) reports Curry, the "notorious kingpin who ran an unparalleled drug empire in Newark for years and kept out of jail by marking those who threatened it with death, was sentenced to life in prison and fined $8 million by a federal judge yesterday. U.S. District Judge Faith Hochberg said she'd never seen a drug organization 'even remotely comparable' to the one Curry ran with 'incredible skill, acumen and intelligence,' but also 'extreme violence.'" The Star-Ledger says according to testimony, Curry "tried to hire a hit man to kill the prosecution's star witness against him. He also ordered the murder of a rival and the execution of another government witness who was supposed to testify in a case against an ally, the testimony showed."

On its Web site, WNBC-TV, New York (2/8) reports prosecutors say the Curry organization "was estimated to supply approximately 85 percent of the heroin in Newark while also supplying 30 to 50 kilograms of cocaine a week through its network of street level distributors. Cooperating witnesses testified that millions of dollars in drug profits were generated by the criminal organization."

Prosecutors Outline Case Against Accused DC Gang "Enforcer." The Washington Post (2/8, B5, Duggan) reports prosecutors say as an "enforcer for a violent drug-dealing crew in Northeast Washington, authorities allege, [Larry Gooch] pulled the trigger in four slayings and aided in a fifth. He sold crack, PCP and Ecstasy, according to an indictment, and tried to shoot a D.C. police officer to prevent a fellow gang member's arrest. … Many of the two dozen or so defendants indicted in the case have been convicted or have pleaded guilty and agreed to cooperate with prosecutors in exchange for reduced prison terms. The charges followed an 18-month investigation by D.C. police and the FBI." The Post notes that Gooch is on trial alone and "is the only defendant facing a possible death sentence."

Cuba To Deport Reputed Top Boss Of Norte Del Valle Cartel. The AP (2/8) reports Cuba "will deport reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States, a government official told The Associated Press on Wednesday. The Colombian official said Gomez was expected to arrive in Bogota on Thursday and would be held at its heavily fortified chief prosecutor's office compound before being extradited to the United States. … Gomez, an alleged top boss of Colombia's Norte del Valle cartel known by his alias 'Rasguno,' is wanted on a U.S. indictment in New York on drug trafficking, racketeering and money-laundering charges. … The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration. However, many of its top bosses have been captured in recent years and a campaign by the U.S. Treasury Department has frozen many of their assets, including front companies." The AP story was used by the New York Times and Washington Post.

Bush Administration Urged To Rethink Afghanistan Counternarcotics Strategy. The AP (2/7) reported four House Republicans on Wednesday "urged the Bush administration to rethink its policy on opium production in Afghanistan, saying more needs to be done to counter the growing threat of narco-terrorism. The lawmakers, in a letter to Secretary of State Condoleezza Rice and Defense Secretary Robert Gates, said the U.S. must end its dispute with Britain over opium eradication and design a uniform counternarcotics policy with the British and NATO. … 'It is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for al-Qaida,' wrote Rep. Ileana Ros-Lehtinen of Florida, the top Republican on the House Foreign Affairs Committee, and Reps. Mike Pence of Indiana and Elton Gallegly and Dana Rohrabacher, both from California." The AP says the four also "suggested a 'ride-along policy' where Drug Enforcement Administration agents could join U.S. and international military forces in unsecured areas where the DEA is targeting illicit drugs and drug kingpins." The AP story was used by ABC News, CBS News, the New York Times, and Washington Post.

Seattle Gun Dealer Questioned In AUSA Murder Indicted On More Charges. The Seattle Times (2/8, Carter, 118K) reports, "A federal grand jury has added another firearms-related felony charge against a Bellevue gun

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dealer once arrested as a material witness in the 2001 slaying of Assistant U.S. Attorney Thomas Wales. Albert Kwok-Leung Kwan was charged Wednesday with unlawful possession of a short-barreled rifle, which carries a potential prison term of up to 10 years. Kwan earlier had been charged with possession of a machine gun. Kwan has been scrutinized by the FBI and federal prosecutors because of evidence that he purchased two replacement gun barrels for a handgun like the one that was used to kill Wales. Kwan claims he recalls buying only one barrel, which he turned over to the federal agents. However, his attorney and court documents say he failed a FBI polygraph about the second barrel. Agents with a task force investigating Wales' slaying say they do not think Kwan killed Wales. They are trying to determine whether he gave the second gun barrel to the person who did."

IMMIGRATION:

Commission Criticizes Lack Of Change On US Asylum Procedures. The AP (2/7, Gamboa) reported a report released Thursday by the US Commission on International Religious Freedom says the Department of Homeland Security "is failing to protect asylum seekers from being wrongly deported or treated like criminals. … The commission said few of the changes it had recommended to Homeland Security Secretary Michael Chertoff have been made. 'Despite the passage of two years and a personal meeting with Secretary Chertoff and our expectation he would establish a system that both protects our borders and asylum, we are disappointed and dismayed,' said Felice Gaer, the commission's chairwoman. Stewart Baker, assistant secretary for policy at DHS, said several of the recommendations have been carried out but many 'were not entirely realistic and very difficult to implement.'" He "said building separate facilities only for asylum seekers and flying them to a better facility would be expensive and might serve as incentive for people to claim asylum."

The New York Times (2/8, Swarns, 1.16M) reports the commission "warned" that "in its zeal to secure the nation's borders and stem the tide of illegal immigrants," the Bush administration "may be leaving asylum seekers vulnerable to deportation and harsh treatment." The Times adds that Sen. Joseph I. Lieberman "said he planned to introduce legislation by March to require the Department of Homeland Security to adopt several of the commission's main recommendations." The Times runs quotes from Baker similar to those in the AP article and adds that he "said the department looked forward to working with Mr. Lieberman and would review his measure after it had been introduced."

Online Hunters Seek Fugitive Nazis. USA Today (2/8, Dorell) reports, "Bill Gray was working as a student intern at the Simon Wiesenthal Center in Jerusalem when he decided to use the Internet to find fugitive Nazis. … Within a few hours he found five, all living in the USA. … 'To think of the horrible crimes that these people committed,' said Gray, 24, a Harvard student from Munster, Ind. 'And to think that they were living in the United States for so long, so happily.'" USA continues, The Nazis whom Gray found were already known to the Justice Department. Some had been deemed too ill to prosecute, and Justice is taking a second look at the others, the center said. … Gray's use of Internet-based search engines and databases such as voting records comes at an important time. The Wiesenthal Center is making an intense push, known as 'Operation: Last Chance,' to find fugitives of the Holocaust and bring them to justice before they die. The center, renowned for finding scores of ex-Nazis, is also seeking collaborators, camp guards and leaders of paramilitary groups who helped round up and kill Jews and others during the Holocaust." USA adds, "The effort has rolled across Europe and collected hundreds of allegations and names from Lithuania, Latvia, Estonia, Poland, Romania, Austria, Hungary and Germany. This year the program will expand to Argentina, Brazil and Chile. … The suspects are all older than 80, so any time saved by using the Internet is critical. … 'It helps make my job easier,' says the world's chief Nazi hunter, Efraim Zuroff, director of the Wiesenthal Center's Jerusalem office. 'It helps me get up-to-date whereabouts on the current suspects.'" USA notes, "That's what happened when Zuroff gave Gray, then a new volunteer, a list of people he had been searching for. Zuroff had compiled the list by cross-checking World War II-era U.S. refugee records with names of suspected war criminals. But Zuroff could find nothing on what happened to the people."

CONGRESS-ADMINISTRATION:

Conrad: Budget Talks Off Over Cheney's Stated Opposition To Any Tax Hikes. The New York Times (2/8, Weisman, 1.16M) reports, "A leading Democratic senator said Wednesday that previously undisclosed behind-the-scenes bipartisan budget talks with the administration had collapsed because of comments by Vice President Dick Cheney and others in the administration." Sen. Kent Conrad, chairman of the Senate Budget Committee, also "accused the administration of undercutting the possibility of talks by refusing to signal a willingness to compromise on taxes to save Social Security and Medicare or to balance the budget in the years ahead." Conrad "made his comments at a hearing with Rob Portman, director of the Office of Management and Budget, who defended the $2.9

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trillion plan that the Bush administration submitted on Monday." At the "root" of the current flap is "a Democratic strategy of saying tax increases, or rescinding tax cuts, are essential to solving many fiscal problems, but demonstrating reluctance to be first to offer a specific proposal. More specifically, Democrats fear that if they propose, and pass, tax increases, they will be vetoed and Republicans will club them over taxes for the next two years." Democrats "say tax increases might come out of bipartisan talks like those under Presidents Bill Clinton and the first George Bush." Conrad, in a telephone interview, "said that "back-channel communications" with Mr. Portman and Treasury Secretary Henry M. Paulson Jr. had made headway but that Mr. Cheney undercut progress by saying last month that the administration still opposed tax increases."

Meanwhile, Roll Call (2/8, Pierce) reports House Budget Chairman John Spratt "is quietly and methodically laying the groundwork to build support across the Democratic Caucus for a 2008 budget resolution that he hasn't even written yet." Spratt "said he already has engaged Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) in his plan to convince the diverse Caucus to help him pass a five-year balanced budget plan this spring." Spratt "acknowledged that Democrats, and himself in particular, are going to have a tough time balancing the budget with relatively limited funds."

Commenting on the upcoming debate, the Financial Times (2/8, Callan) notes Democrats "said the president's budget was filled with 'debt and deception' and 'disconnected from reality," but they "will almost undoubtedly mimic these alleged sleights of hand to conceal cracks in the US fiscal outlook when they present their own budget proposals next month. Party strategists said their proposals were still taking shape and would not be agreed until key committee chairmen met to work out the details by March 15. The plans would again be overhauled after that to produce a budget for next year in time for the real work of appropriating spending that gets under way in June." But "the budget priorities emerging at this early stage in the process suggest the party will postpone tackling many of the most divisive fiscal dilemmas facing policymakers – including changes to costly entitlement programmes and the president's $1,700bn (£867bn) tax cuts."

Budget Would Raise Agencies' IT Funding By 2.6 Percent. Under the headline, "Budget Keeps Tabs on Computer Security Risks," the Washington Post's (2/8, D3, Barr) "Federal Diary" column examines the work of Karen Evans, administrator of e-government and information technology for OMB who, when "the president releases a new budget," finds "herself in demand. She draws a crowd because, as the government's high-tech policy chief, she oversees big money for computer systems and other information technology investments. The fiscal 2008 budget proposes spending $65.5 billion on technology -- a handsome chunk of change by almost any standard." The Post adds, "Overall, fiscal 2008 spending on information technology in the government is increasing 2.6 percent from what Bush sought in fiscal 2007." The Post adds, "Under the president's budget," Evans said, "the government would spend about $46 billion this year on maintaining technology systems that support agency missions, and about $20 billion on projects to modernize or develop computer systems."

NYTimes Criticizes Bush Budget Plan. Under the headline "Mr. Bush's Improbable Budget," the New York Times (2/8, 1.16M) editorializes, "The budget is based on a series of improbable, if not dishonest, assumptions. To make it appear as if the tax cuts are affordable in the near term, it assumes that the Pentagon will not spend a single penny on Iraq or Afghanistan after 2009. It also assumes there will be no costs for fixing the alternative minimum tax after this year, even though Mr. Bush and virtually every politician in America is committed to such relief." The plan "has Bush's new budget has a few worthwhile nuggets, like a proposed increase in Pell grants for low-income college students and a jump in the funds for AIDS treatment worldwide. In drafting a real budget, Congress can take those items from the president's version, and jettison the rest."

Bush Budget Strategy Seen As Similar To Approach To Iraq. In the Wall Street Journal (2/8, 2.04M), David Wessel writes, "William Gale of the Brookings Institution think tank -- populated by deficit-fearing Democratic wonks who have been trying to find common ground with deficit-fearing Republican wonks -- has been thinking a lot lately about the parallels between Mr. Bush on Iraq and Mr. Bush on the budget." He argues, "The Bush administration's two signature policies have been the war in Iraq and consistent pressure for tax cuts. … On the surface, they look quite different and were advocated by different parts of the administration. Look a little deeper and some common patterns emerge -- so maybe this says something about the principles or management style of the Bush administration." Bush, says Gale, "took the US into Iraq with 'falsely rosy scenarios' about the post-Saddam landscape there, he says. Mr. Bush built his tax cuts in 2001 on a similarly unrealistic hope that the budget surplus was large enough to cut taxes without creating deficits."

GOP Fiscal Conservatives Ask Bush To Block CR Earmarks. Roll Call (2/8, Stanton) reports Senate Republican budget hawks "are urging President Bush to use an executive order or presidential signing statement to block some of their fellow lawmakers from adding earmarks or pet projects to the fiscal 2007 continuing resolution." The Senators' "call for help from the Bush administration comes as Senators, House Members and K Street lobbyists have

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begun pushing agencies to ensure funding for earmarks included in appropriations bills passed by the two chambers last year but never sent to the president." In a Feb. 7 letter to Bush, "the group of fiscal conservatives led by GOP Sens. Jim DeMint (S.C.) and Tom Coburn (Okla.) urged Bush to make good on his State of the Union pledge to oppose earmarks."

House Democrats Readying Tax Breaks To Accompany Minimum Wage Measure. The Wall Street Journal (2/8, A3, Lueck, 2.04M) reports, "House Democrats are preparing a $1 billion package of small-business tax breaks to be paired with an increase in the federal minimum wage, hoping to break a stalemate with the Senate over one of their top legislative priorities. In doing so, the House is likely to avoid many of the revenue increases passed by the Senate in its small-business tax package, increases that have caused heartburn for business groups and lawmakers in both parties." The House package "is far smaller than the $8 billion, 10-year package of tax breaks the Senate approved last week as part of its minimum-wage-increase package. Still, it represents a nod by the House to the Senate's insistence that tax breaks are needed to get Republican support sufficient to enact a phased-in, $2.10-an-hour increase in the minimum wage."

McConnell Says Democrats Reversed Course On Medicare Drug Benefit. In a Wall Street Journal op-ed (2/8, A14), Senate Minority Leader Mitch McConnell writes, "The Medicare drug benefit that Congress passed in 2003 and which took effect last January has exceeded every expectation. Not only is the program more popular than we imagined, it is also more flexible and less expensive." Four "out of five enrolled say they are satisfied, and why wouldn't they be? Monthly premiums, expected to cost $37, average $22. Part D is honored at 55,000 neighborhood pharmacies nationwide. Those who prefer home delivery can arrange for that, too. And critically, it covers nearly every drug approved by the FDA." But "some in Congress want to make over Part D to resemble the drug benefit program of the Veterans Administration, where the government sets a price on drugs that it can get at the cheapest rate and limits access to those it can't. As a result, the VA benefit excludes three out of four drugs available through Part D, including some of the most innovative treatments for arthritis, high cholesterol, breast cancer and other ailments." Both parties "used to oppose rationing." The "sudden reversal" by Democrats "is a mystery. Are Democrats unaware of their history on the issue? Are they unaware of the facts?"

SMU Faculty Rejects Faculty Referendum Over Bush Library. The New York Times (2/8, 1.16M) reports, "The Faculty Senate at Southern Methodist University in Dallas rejected a proposal yesterday for a faculty referendum on plans for an independent policy institute on campus that would accompany President Bush's future library and museum." The university notes "more than 170 faculty members, about a quarter of the full-time professors on campus, signed a petition calling for a referendum because the proposed institute would be controlled by the Bush Foundation, not the university. … Other faculty members and many students have expressed support for the institute and library."

Pelosi Draws Fire For Seeking Use Of Large Military Aircraft. House Speaker Nancy Pelosi's effort to arrange for a secure military airplane, first noted skeptically in the conservative Washington Times, has begun to attract critical attention even from mainstream media outlets.

The CBS Evening News reported the story "has Washington buzzing tonight. At a time when they're cracking down on congressional perks, the new Speaker of the House is apparently asking for a big travel upgrade." CBS (Attkisson) added, "Ever since 9/11, a small military jet like this has been made available to transport the speaker of the House for security reasons. The speaker is second in the line of succession to the presidency. Back then, it was Republican Dennis Hastert. Now it's Democrat Nancy Pelosi, but she may be getting a little more leg room. Speaker Pelosi is reportedly asking for a much bigger jet, a government version of the Boeing 757 that can make the trip between Washington and her San Francisco home without stopping to refuel. The Speaker's critics have dubbed it 'Pelosi One.' Military officials are said to be grumbling about it and the Speaker finds herself on the defensive. Today she insisted size doesn't really matter." Speaker Pelosi: "It's not a question of size, it's a question of distance. We want an aircraft that can reach California." Attkisson: "But an aircraft like that can comfortably seat 50 and Republican leader Roy Blunt is among those questioning how all those extra seats might get filled." Rep. Blunt: "If you can say to your supporters, 'Do you want to fly with me from San Francisco this week, spend a week in New York and then fly with me back in,' that's an incredible perk, an incredible fund-raising tool." Attkisson: "Pelosi's office told us she'll follow all the appropriate guidelines. The problem is there aren't any yet. Because of the flak, the Department is said to be quickly writing rules for the speaker's plane, everything from size to who can go along for the ride."

The Los Angeles Times (2/8, Fiore, Barnes, 850K) reports Pelosi's "people say she just wants to get home to California now and then and would like to do it in a plane that can make it all the way without stopping to refuel." But Pelosi's "conservative critics say the San Francisco Democrat

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is abusing the perks of power by attempting to commandeer a fancy jumbo-size military jet with a 'distinguished visitor compartment with sleep accommodations.'" The "flap over how the House speaker gets around has been circling over Washington since last week, but was largely ignored until Wednesday when, as things tend to do on a slow news day in the nation's capital, it exploded." Pelosi supporters "charge that the controversy is being fueled by GOP opponents who are still burning over an election loss that stemmed from Pelosi's charges of a 'culture of corruption' in Congress."

McClatchy (2/8, Talev) reports, "Republicans charge that she's trying to abuse the privileges of office. Pelosi, a California Democrat, denies doing anything wrong and says such slurs could be coming only from the White House." Still, "it's a potential image problem for the first female speaker - already caricatured for her wealth, love of designer clothes and chocolate obsession - to be portrayed as thinking she deserves her own Air Force Three." Republican "complaints about Pelosi's jet draw on recent articles in The Washington Times, a conservative newspaper in the nation's capital, that cited unnamed sources."

Defense Department Sets Limits On Pelosi Plane Use. The Washington Times (2/8, Hurt, Scarborough, 88K) reports the Department of Defense "sent a letter to House Speaker Nancy Pelosi that puts limits on the size of the plane she may use to travel across the country and restricts the guests she can bring, The Washington Times has learned." A congressional source "who read the letter signed by Assistant Secretary of Defense Robert Wilkie said it essentially limits her to the commuter plane used by former Speaker J. Dennis Hastert, which requires refueling to travel from Washington to Mrs. Pelosi's San Francisco district. A second source, in the Bush administration, confirmed the contents of the letter." The letter "leaves open the possibility that Mrs. Pelosi may get a larger plane that does not require refueling if one happens to be available in the 89th Airlift Wing at Andrews Air Force Base. But, generally, the larger military passenger jets are in high demand, especially due to the Iraq war."

Indicted New Jersey Attorney Was Guest At White House Holiday Party. Bloomberg (2/8, Voreacos, Glovin) reports, "President George W. Bush invited an indicted New Jersey lawyer to a White House holiday party less than two months after the attorney was charged with immigration fraud, court records show." Bloomberg continues, "Jonathan Saint-Preux was indicted on Oct. 5 with his wife, Michele, and another man on federal charges that they submitted fraudulent documents to help hundreds of undocumented immigrants stay in the U.S. Saint-Preux, who pleaded innocent, attended the White House party on Nov. 30, said his attorney, Patrick Toscano. … U.S. District Judge Katharine Hayden in Newark, New Jersey, signed an order granting permission for Saint-Preux 'to travel to Washington DC to attend a function at the White House at the request of President and Mrs. Bush.' A Justice Department prosecutor consented to the trip, court records show. … 'He was at a Christmas party,' Michele Saint-Preux said in an interview yesterday at her husband's office in Irvington, New Jersey, where she is the manager. 'He's been doing political work with the White House for years.' … Michele Saint-Preux said her husband also did political work to support former President Bill Clinton." Bloomberg adds, "White House spokeswoman Emily Lawrimore didn't have details on why Saint-Preux was invited to the party. 'Thousands of people attend the White House holiday parties,' she said. … 'I doubt very highly that if the president was aware that Mr. Saint-Preux was having legal problems here in New Jersey, he would have been invited,' Toscano said in an interview yesterday. … Toscano and Assistant U.S. Attorney Adam Lurie signed a consent order that allowed Saint-Preux to take the trip. Hayden approved that order on Dec. 1. Saint-Preux is free on $250,000 bail and is not supposed to leave New Jersey without a judge's authorization. It wasn't clear why Hayden signed the order on Dec. 1, the day after the party. … 'This is the sort of request that we get routinely from defense lawyers wanting to relax the bail restrictions because of business, family, or social reasons,' said Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie in Newark. … According to the indictment, Saint-Preux, his wife, and a man who recruited clients for him, Naranjan Patel, lied on immigration documents. They claimed the immigrants had lived continuously in the U.S. from before 1982 until at least May 1987, prosecutors said. Prosecutors claim the ruse was intended to help immigrants qualify for legal residency under a U.S. amnesty program."

Miller Denies Corruption Allegations At Closed-Door GOP Caucus Meeting. The Hill (2/8, Crabtree) reports California Rep. Gary Miller (R) "passionately pleaded his innocence before GOP colleagues at a closed-door conference meeting Tuesday, nearly a week after several media outlets reported that the FBI is looking into his land deals. Miller told colleagues that the press and Democrats had launched a smear campaign against him, singling out The Hill and the Los Angeles Times as perpetrators, as well as a former Democratic mayor of the Southern California city of Monrovia, Lara Larramendi Blakely, who now works for Rep. Hilda Solis (D-Calif.), according to GOP sources." The Hill notes Minority Leader John Boehner "tried to reassure members at the conference meeting Tuesday with regard to the FBI review of Miller's land deals, as well as an ongoing FBI probe of Rep. Jerry Lewis's (R-Calif.) relationship to a lobbying firm and its contracts. … Boehner told the

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conference that he believed that the legal precept of innocent until proven guilty should prevail."

House Panel To Probe SBA. The New York Times (2/8, Nixon, 1.16M) reports, "A House committee is holding the first of several hearings today to discuss the Small Business Administration, an agency that has come under criticism for its disaster relief program in the wake of Hurricane Katrina, as well as its operating, lending and contracting practices." Rep. Nydia M. Velásquez, chairwoman of the House Small Business Committee, "said that the hearings would look into other issues, including recent disclosures that federal investigators have accused a lender in an S.B.A. program of falsifying information on 76 loans with a value of nearly $77 million over six years." The administrator, Steven C. Preston, "is scheduled to appear at today's hearing, which will also address budget and staffing issues. An internal memo prepared by the agency's chief financial officer in January said that the S.B.A. had dropped below its minimal staffing levels because of budget shortfalls."

Frank Legislation Would Increase Control Over Foreign-Led Transactions In US. The Wall Street Journal (2/8, Hitt, 2.04M) reports, "Senior House members signaled intention to push forward with legislation tightening US scrutiny of foreign-led transactions, despite Bush administration concerns over a potential chilling effect on the nation's investment climate." In testimony before the House Financial Services Committee, Clay Lowery, the Treasury Department's assistant secretary for international affairs, "said the efforts on Capitol Hill are being closely watched abroad, especially in the wake of last year's tumult over a Dubai company's bid to take control of several American port operations." House Financial Services Chairman Barney Frank "said he intends to move legislation, which has wide, bipartisan support, through his committee next week, and to the House floor soon after. He suggested action could calm concern in the business community over the issue and bring certainty to the marketplace by clarifying how deals would be reviewed."

Norwood To Receive Hospice Care For Lung, Liver Cancer. USA Today (2/8, 10A, 2.27M) reports Republican Rep. Charles Norwood "is going home to Augusta for hospice care, forgoing further treatment for lung cancer that has spread to his liver, spokesman John Stone said." Stone said Norwood is not resigning, adding, "He said, 'Let me go back home, stop all the treatments and just see how I can do there.'"

Roll Call (2/8, Whittington) reports Rep. Norwood, "who has been hospitalized as he battles complications from a debilitating lung disease and lung cancer, has decided to forgo further medical treatment in Washington, D.C., and will return to his Augusta home for hospice care." Norwood had "been receiving chemotherapy treatments since last fall that have caused him to become extremely ill." While those "close to Norwood continue to dismiss any talk that he might resign, the Congressman's ailing health has led to subtle, and not so subtle, speculation back in his Northeastern Georgia district about who is interested in succeeding Norwood should he not seek another term in 2008." Republican state Reps. Barry Fleming and Ben Harbin and former state Sen. Brian Kemp (R) "are mentioned as possible candidates to succeed Norwood."

Congress' Work Week Extended, But Not Strenuous. In the Washington Post's "Washington Sketch" column (2/8, A2), Dana Milbank says, "Is there no rest for the weary lawmaker? 'Members Resist Five-Day Workweek,' one of the Capitol Hill newspapers proclaimed on its front page yesterday. Senators were 'ready to revolt' and House members were 'simmering' over their legislative demands." The new Congress "has a problem. The just-empowered Democrats have declared that lawmakers will work five-day weeks like most other Americans. But, at this early date, there isn't much legislation ready for passage -- so what little there is has to be stretched out to fill the week." The House, "which will hold its Iraq war debate next week, will extend that discussion by giving five minutes of floor time to all 435 members. And in the Senate, the pace is so lethargic that Majority Leader Harry Reid (Nev.) told colleagues late Tuesday that he would give them an extra week of vacation if they would take up the legislation he wants."

Bushes Attend Farewell Reception For White House Chief Of Protocol. The Washington Post (2/8, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column, "George and Laura Bush walked (walked!) across the street to Blair House last night and actually mingled with more than 100 guests at the farewell reception for Chief of Protocol Donald Ensenat and his wife, Taylor."

OTHER NEWS:

Productivity Growth Up In 4th Quarter, But May Be Slowing Overall. The Wall Street Journal (2/8, A7, Conkey, 2.04M) reports, "US productivity growth rebounded in the fourth quarter of 2006 but still appears to be slowing overall, clouding the outlook for economic growth, inflation and corporate profits in the months ahead. Nonfarm labor productivity -- a measure of the average worker's output per hour -- rose at an annual rate of 3% in the fourth quarter, bouncing back from an unusual decline of 0.1% in the

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previous quarter, the Labor Department reported." Growth in labor costs "per each unit of output, meanwhile, slowed to an annual rate of 1.7% in the quarter from the third quarter's 3.2%. … So far, slowing productivity growth and rising labor costs haven't crimped corporate profits, but that seems likely to change."

Stocks Up. NBC Nightly News (2/7, story 6, :10 Williams, 9.87M) reported, "On Wall Street today the blue chips managed to skip out a tiny gain. The Dow finishing the day up about half a point [to close at 12,666.87]. Nadsaq gained 19 points [to close at 2,490.50] on today's trading." USA Today (2/8, 5B, 2.27M) and Wall Street Journal (2/8, C1, Browning, 2.04M), among other newspapers, also report the stock numbers.

Emerging Markets Expected To Challenge US Dominance. USA Today (2/8, 1B, Lynch, 2.27M) reports that "emerging markets, once known dismissively as the Third World, are now central to Americans' lives. Not long ago, these countries were of interest only to the Peace Corps. Now, everything from the financial lifeline that makes possible the modern American lifestyle to the identity of your next boss, customer, competitor or cultural trendsetter likely can be found in the developing world." USA Today adds, "The new prominence of emerging markets represents a sharp departure from the flurry of financial crises that tore through Mexico, Asia and Russia in the 1990s. … China alone sits atop a $1 trillion mountain of cash. Russia, Mexico, India and South Korea also are swiftly building their cash hoards, according to Treasury Department data." Developing nations "have gone from beggar to banker. The US must borrow enormous sums each day to finance the gap between its anemic national savings rate and its consumption. Increasingly, those funds -- largely raised by selling Treasury securities -- come from poorer nations."

Wal-Mart, Unions Press For Affordable Healthcare. A coalition including Wal-Mart, the Service Employees International Union, AT&T, Intel, Kelly Services Inc., and the Communications Workers of America called for affordable health insurance Wednesday. Reports in major papers, including the New York Times (2/8, Barbaro, Pear, 1.16M), USA Today (2/8, 2B, Appleby, 2.27M), the Wall Street Journal (2/8, A6, Maher, 2.04M), and the Washington Post (2/8, D1, Mui, Russakoff, 690K), emphasize that the groups traditionally oppose each other on major issues. For example, the Wall Street Journal (2/8, A6, Maher, 2.04M) reports, "Yesterday's announcement in Washington united Wal-Mart Chief Executive H. Lee Scott and Andy Stern, president of the Service Employees International Union, who has criticized the Bentonville, Ark., retailer's pay and benefit policies. The inclusion of Wal-Mart, the nation's largest private employer and an industry bellwether, in any push to overhaul health care is significant." The New York Times (2/8, Barbaro, Pear, 1.16M) reports that the "extraordinary" meeting "could be the beginning, however tentative, of a détente between the nation's largest employer and its labor critics," but says "[t]he agreement is unlikely to end the rancor between Wal-Mart and unions, largely because the retailer's fiercest critic is the United Food and Commercial Workers, the union behind WakeUpWalMart.com."

USA Today (2/8, 2B, Appleby, 2.27M) reports, "The groups did not offer details of how to change the system, laying out instead four broad principles: Every person must have insurance; businesses, government and individuals must help pay for it; people have a responsibility to maintain their health; and the health system must become more efficient."

The Wall Street Journal (2/8, A6, Maher, 2.04M) adds, "While there is interest in doing something about the uninsured, consensus is lacking on what should be done, how much money to spend and how many Americans to try to cover. The new partnership offers no solution, only general goals, such as that individuals, business and government 'all should contribute to managing and financing a new American health- care system.' Wal-Mart remained noncommittal yesterday as to who should take the lead."

Criticism Of Wal-Mart Noted. The Washington Post (2/8, D1, Mui, Russakoff, 690K) reports, "Wal-Mart used to be noticeable for its absence from business coalitions calling for government help with the health-care crisis. As the rising cost of employee medical care staggered other large companies, Wal-Mart, which did not provide health coverage for the majority of its employees, was silent. But during a national crisis over the growing ranks of uninsured workers, Wal-Mart quickly became a target. … Change began in 2005 after Wal-Mart created a health-care plan with premiums of $11 per month. In a speech to the National Governors Association a year ago, Scott announced other major concessions, including reducing the eligibility requirement for part-time employees from two years to one and adding coverage for their children. But he also wanted help from government leaders and other groups to make substantive changes to the country's health policies. The speech caught Stern's attention. He was also impressed by Wal-Mart's efforts in environmental sustainability, in which it had worked with activist groups such as the Rocky Mountain Institute and TransFair USA."

The AP (2/8, Caterinicchia) reports, "Stern said the SEIU would continue to fund its Wal-Mart Watch campaign, which as recently as last month said Wal-Mart's health plans were a raw deal for employees. Stern said he expects to be criticized for teaming up with Wal-Mart, but that he felt it was in the best interest of workers who lack coverage, and their families."

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In GOP Race For President, McCain Drops, While Giuliani Climbs. The Christian Science Monitor (2/8, Feldmann, 59K) reports that while polls have long shown Arizona Sen. John McCain (R) and ex-New York City Mayor Rudy Giuliani (R) as the frontrunners in the '08 GOP race for president, "pundits have tended to discount Mr. Giuliani's chances, given his liberal stands on social issues such as abortion and gay rights. Now, a combination of factors is forcing a new look at both Senator McCain's vulnerabilities, particularly over his steadfast support for an unpopular Iraq war, and Giuliani's potential to overcome weaknesses. For the first time since October 1999, McCain's favorability rating among American voters has dropped below 50 percent. A Gallup poll taken last month showed him at 48 percent, down 6 points from November." Giuliani, meanwhile, "has held above 60 percent favorability in Gallup polls, most recently at 62 percent." The Monitor notes, "For Giuliani, winning over enough of the conservative Republican base to secure the nomination has long been seen as a potentially insurmountable task. But now, analysts say, it's possible that Republican-leaning independents could make the difference in the early GOP primaries." New Hampshire-based pollster Dick Bennett of ARG said that McCain's problem "is that he has lost some of his luster as the 'maverick.' … That is hurting him in particular among independents, says Mr. Bennett. The problem is Iraq. 'They view McCain and Bush in the Iraq situation together,' he says."

Mormon Romney Confident His Religion Won't Undermine Presidential Hopes. The New York Times (2/8, Nagourney, Goodstein, 1.16M) reports that ex-Massachusetts Gov. Mitt Romney (R), a presidential hopeful, "is facing a threshold issue: Will his" Mormon religion "be a big obstacle to winning the White House? Polls show a substantial number of Americans will not vote for a Mormon for president. The religion is viewed with suspicion by Christian conservatives." While "Romney's advisers acknowledged that popular misconceptions about Mormonism…could give his opponents ammunition in the" GOP battle "to become the consensus candidate of social conservatives," Romney, in an interview "last week, expressed confidence that he could quell concerns about his faith, pointing to his own experience winning in Massachusetts. … 'People have interest early on in your religion and any similar element of your background,' he said. 'But as soon as they begin to watch you on TV and see the debates and hear you talking about issues, they are overwhelmingly concerned with your vision of the future and the leadership skills that you can bring to bear.'" That said, Romney "has set up a meeting this month in Florida with 100 ministers and religious broadcasters. That gathering follows what was by all accounts a successful meeting at his home last fall with evangelical leaders, including the Rev. Jerry Falwell" and "the Rev. Franklin Graham." Romney also "said he was giving strong consideration to a public address about his faith and political views, modeled after the one John F. Kennedy gave in 1960 in the face of a wave of concern about his being a Roman Catholic."

With Criticism Of Campaign-Finance Reform, Romney Reverses Field. The Hill (2/8, Bolton) reports that Romney, "who strongly criticized campaign-finance regulations in a private meeting with House conservatives last week, once touted dramatic restructuring measures such as taxing political contributions and placing spending limits on federal campaigns. Romney's past positions on campaign-finance regulation, anathema to many social conservatives who believe such rules place unconstitutional limits on free speech, could complicate his ongoing efforts to court conservative leaders." The Hill relates, "At a private meeting with conservative House Republicans in Baltimore Friday, Romney "specifically criticized the 2002 Bipartisan Campaign Reform Act sponsored by his rival for the GOP presidential nomination, Sen. John McCain (R-Ariz.). 'Referring to the bill, [Romney] called it 'one of the worst things in my lifetime,'' one conservative Republican said. 'The place erupted. That was by far the biggest applause line.'" The Hill notes, however, "A review of Romney's public statements from his 1994 senatorial and 2002 gubernatorial campaigns reveal that he once touted stringent campaign-finance modifications." For example, "a Boston Globe article from July 1994 reported that Romney publicly advocated placing spending limits on congressional campaigns and abolishing political action committees (PACs)," and "the Quincy Patriot Ledger and the Worcester Telegram & Gazette reported in the fall of 2002 that Romney proposed taxing political contributions to finance publicly funded campaigns."

Obama Wants To Preserve Public Financing Option. The AP (2/8, Pickler) reports Democratic Sen. Barack Obama is "asking whether he can take money from donors who want him to be president, then give it back later. The Federal Election Commission said Wednesday that it will look into the novel question." Obama is "indicating that he wants to at least keep the option of using the public financing system for his presidential campaign if he becomes the Democratic nominee. To do so, the Illinois senator could not spend any money from contributors for political purposes, but instead use federal funding that is expected to total about $85 million for next year's general election." Obama has "decided to raise unlimited private contributions for the primary and general campaigns, following the lead of chief Democratic rivals Sen. Hillary Rodham Clinton and John Edwards." But Obama's lawyer, Robert Bauer, "suggested in an advisory

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opinion request to the FEC that Obama may want to participate in the public financing system for the general election if he's nominated and the Republican candidate agreed to do the same."

The New York Times (2/8, Kirkpatrick, 1.16M) reports if Obama "won the Democratic nomination, he could then strike a deal with the Republican nominee to return their private donations and use only public money for the general election. For 2008, that would limit each general election campaign to about $85 million." It is "unclear how plausible such a truce might be. A candidate with a much bigger bank account at the start of the general election would be reluctant to relinquish that advantage." Obama's filing "raises delicate questions for some of his rivals. Three of them — Mrs. Clinton and John Edwards among the Democrats, and Senator John McCain, Republican of Arizona — have begun raising private contributions outside the public financing system. All three have said they value the public financing system and support updating it to keep it alive."

The Washington Post (2/8, A9, Cillizza, Mosk, 690K) reports Dan Pfeiffer, "a spokesman for Obama, said the senator's filing is intended to 'preserve the public financing option for the party's nominees.' Other aides explained that the request is aimed at defining what Obama can and cannot do in a murky area of campaign finance law." Until now, candidates "have accepted that once they start to raise a separate pool of money for the general election, they have committed to running without federal matching funds. Obama's filing questions that assumption."

McConnell Urges Scrapping Public Finance System. In a USA Today op-ed (2/8, 14A), Senate Minority Leader Mitch McConnell says, "The recent decision by a number of presidential aspirants not to dip into the public trough for campaign funds is a clear sign of just how expensive national elections have become. It's also a sign that the current system of public funding for private campaigns is on its way out. This is as it should be." Congress should follow the candidates' "lead — and that of nearly every American taxpayer— and do away with the current public financing system once and for all."

USA Today Praises Public Finance For Campaigns. USA Today (2/8, 14A, 2.27M) says in an editorial, "Seven states (Arizona, Connecticut, Maine, North Carolina, New Jersey, New Mexico and Vermont)and two cities (Albuquerque and Portland, Ore.) are using or preparing to use public funding for some or all races. Politicians who accept public funds must agree not to raise more money and to abide by strict spending limits. Opponents of this practice — incumbents, lobbyists, others seeking power — make hay deriding this as 'welfare for politicians.' Hardly. Candidates can spend more time with voters, and those who win office don't have to check with moneyed interests before taking action."

Seton Hall Law Professor To Serve As Policy Director For Obama Campaign. The Hill (2/8, Youngman) profiles Seton Hall law professor Mark Alexander, who "is signing on to Obama's 2008 presidential campaign as policy director." Alexander, a "Yale graduate and friend of Obama's for 10 to 12 years," said "he takes issue with those who might question Obama's depth of policy knowledge. 'I don't think he's short on substance at all,' Alexander said." Alexander "worked as issues director for then-Sen. Bill Bradley's (D-N.J.) 2000 presidential campaign," and "for Sen. Edward Kennedy's (D-Mass.) 1988 reelection campaign, and most recently served as general counsel to new Newark Mayor Cory Booker's campaign. His primary areas of study lie in First Amendment free-speech issues, election law and campaign finance reform." The Hill notes, "With a crowded field that includes" New York Sen. Hillary Clinton(D) and ex-North Carolina Sen. John Edwards (D), "as well as hefty-résumé-wielding candidates such as New Mexico Gov. Bill Richardson, Obama needs to avoid any early policy missteps lest his critics and opponents successfully paint him as too inexperienced for the job, according to political analyst Charlie Cook. 'When you've got a presidential candidate who has to dispel notions of inexperience…having a strong policy director that avoids mistakes and avoids painting the candidate into a corner is incredibly important,' Cook said. 'Obama can't afford any serious policy mistakes.'"

WPost Calls On Hillary Clinton To Identify "Bundlers." The Washington Post (2/8, A20, 690K) says in an editorial, "Sen. Hillary Rodham Clinton had a party at her house the other night for an elite group: about 70 fundraisers who agreed to raise at least $250,000 -- and some as much as $1 million -- for her presidential campaign. That soiree and a meeting for lower-level fundraisers ($25,000 and up) prompts us to raise again the question that we couldn't get the Clinton campaign to answer the other day. What are the candidate's plans to release the names of her big bundlers? Will she meet the standard of disclosure set by President Bush and every 2004 Democratic presidential contender except John Edwards and make the fundraisers' identities available? So far -- though we've been putting this question to the Clinton campaign since last Friday by telephone and by e-mail -- we haven't gotten an answer."

LATimes Urges Pelosi To Back Bundling Disclosure. The Los Angeles Times (2/8, 850K) says in an editorial, "Unlike their other activities, bundling by lobbyists is not a matter of public record." It "would be public under the Senate ethics bill and a similar House proposal by Reps. Chris Van Hollen (D-Md.) and Martin Meehan (D-Mass.)." House Speaker Nancy Pelosi "has promised that the 110th Congress would be 'the most honest, the most open and the most ethical Congress in history.' She can make good on

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that pledge by steeling her colleagues to resist the importuning of lobbyists — and their own worse instincts — and join the Senate in shining light on bundling."

Democratic Leaders Support Edwards' Plan To Boost Taxes. The Washington Times (2/8, Lambro, 88K) reports, "Democratic state chairmen yesterday said they support former Sen. John Edwards' plan to increase taxes on upper-income Americans if he wins the presidency in 2008, a plan backed by the party's House and Senate leaders. Those who responded to a survey of Democratic chairmen across the country said they approved of the plan presented Sunday by" Edwards "on NBC's 'Meet the Press' to raise the top tax rates on salaries of more than $200,000 and possibly other tax levies as well. But many state party leaders don't want to step into the politically charged issue of raising taxes, at least at this early juncture in the presidential-election cycle -- even if their party's congressional leadership has embraced the idea." For example, Louisiana Democratic Chairman Chris Wittington said, "Raising taxes is a really tough decision, but I think Edwards is just being realistic, considering the Iraq war costs and the war debt we've got. … If he's starting at $200,000, there aren't many of those people at that level in Louisiana who would be affected by it." However, Wittington "cautioned that just talking generally about raising taxes was politically risky. 'He's got to define his message to make sure he's clear about who will be affected,'" he said.

Anti-Poverty Message Seen As Contrasting With Edwards' Lavish Home. The AP (2/8, Baker) reports, "Two homes, two images, one candidate. Democrat John Edwards, who has made an anti-poverty message the theme of his 2008 presidential campaign, is taking heat for the lavish home he has constructed in Orange County, N.C. In December, Edwards chose the modest backyard of a New Orleans woman who had lost her home to Hurricane Katrina as the image that best underscored his campaign theme. Now voters are seeing another, sharply contrasting image of Edwards: his own home. Sitting on 102 secluded acres -- surrounded by trees and defended by no-trespassing signs -- the 28,000-square-foot estate that Edwards and his family call home has presidential privacy." The AP notes, "With a current building value of $4.3 million, the unfinished Edwards estate is already about $1 million more expensive than any other house in the county, according to tax records. It sits on land worth about $1.1 million." Edwards "has faced criticism regarding the estate. It also has become the subject of late-night jokes. 'Well, I think we know which America he's living in,' Jay Leno quipped on NBC's 'Tonight Show,' a riff of Edwards' frequent mention of the 'two Americas' -- one for the wealthy and one for the poor."

An Angry Matthews Says It's Time For A President Who Doesn't Own A Ranch. The Washington Times (2/8, Harper, 88K) reports in its "Inside Politics" column, "MSNBC's Chris Matthews has 'lurched even further off the deep end,' said Rich Noyes of the Media Research Center who chronicled Mr. Matthews' appearance yesterday on 'Imus in the Morning.'" Matthews, "who appeared by phone, went on a rant declaring how he's 'sick of Southern guys with ranches running this country.' Losing control, Matthews dropped the F-bomb on national television: 'I want a guy to run for president who doesn't have a [expletive] I'm sorry, a ranch.' As host Don Imus began to snicker, Matthews plowed ahead with his Democratic talking points: 'Wouldn't that be good, Don, a guy who wasn't on the ranch during Katrina, he was on the street corner answering questions?'"

New York Police Gave RNC Protestors Additional Scrutiny. The New York Times (2/8, Dwyer, 1.16M) reports that when "more than a thousand people were swept up in mass arrests during the 2004 Republican National Convention, defense lawyers complained in court that the protesters had to wait much longer to see a judge than those accused of far more serious crimes like robbery or assault." Newly released "city records not only put precise numbers to those claims, but also show the special scrutiny the New York Police Department gave to people arrested in or near the convention protests." Donna Lieberman of the New York Civil Liberties Union said, "We found out that the Police Department had a special set of rules in place for the R.N.C., and they didn't necessarily comport with the law."

Theft By Campaign Treasurers Not Uncommon. The Wall Street Journal (2/8, A1, Cummings, 2.04M) reports Florida Republican Nancy Detert "had two days to register her candidacy for Congress last April when she got a disturbing email from her secretary: Ms. Detert's campaign treasurer was missing." Court records "show that Randolph Maddox, the treasurer, had transferred $94,000 from the Detert campaign's Wachovia Bank account in Venice, Fla., to a Bank of America account he controlled in another county. Then he withdrew the money in cash, stuffed it into two carry-on bags and flew to Buenos Aires." What "happened to Ms. Detert isn't uncommon in campaigns because candidates trust friends to handle their money and often don't look too carefully at their work. Thanks to the Detert case, the Federal Election Commission is poised to pass new guidelines to strengthen campaign fund-raising operations. But even those changes will amount to 'bake-sale level oversight,' says FEC Vice Chairman David Mason."

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Railroad Industry Hiring Relatives Of Lawmakers, Staff. The Washington Post (2/8, A1, Williamson, 690K) reports the railroad industry "is hiring relatives of Capitol Hill lawmakers and staff members as it faces tighter federal safety legislation, employing a tactic untouched by the Democrats' new ethics proposals: lobbying by congressional family members." The new Democratic Congress "is working on the first overhaul of railroad-safety laws in 13 years. Long attuned to Republican control, railroad companies are now working to keep their GOP allies but also hiring Democratic lobbyists." Days "after Jennifer Esposito became majority staff director of the House transportation panel's subcommittee on railroads, her father, Sante Esposito, and brother Michael Esposito signed up as railway lobbyists." Rep. Daniel Lipinski (D-Ill.) has "just taken a seat on the subcommittee, and in the coming weeks, the railroad industry trade association said, his father and predecessor in Congress, William O. Lipinski (D-Ill.), will register as a railroad lobbyist, too."

New Ethics Rules Seen As Burden To Charities. The Washington Post (2/8, A19, Romano, 690K) reports in its "In the Loop" column, "Anxiety over the new House ethics rules ratcheted up this week as lawmakers' spouses demanded clarification of whether the rules apply to them, and eight House members backed out of a fundraising gala for a major theatrical company when ethics lawyers stated that they could not attend as guests." At a "packed ethics briefing for congressional spouses last weekend, a number of wives struggled to understand whether the complicated rules would prevent them from accepting free tickets to bona fide charity events -- particularly those in which they were involved or served as chairmen." Ethics lawyers "and Hill staffers tried to dispel the uncertainty by explaining that spouses must adhere to the same rules, unless they are invited to an event by virtue of their own stature or job." Hill employees, spouses and "charity organizers complained this week that the new rule on gifts is an exceptional burden to charities -- which are known as 501(c)3s under the federal tax law and are tax-exempt -- because they depend mightily on House members' celebrity to sell tickets and raise money."

Cuban Americans Planning For Life After Castro. The Washington Times (2/8, Gentile, 88K) reports several rumors of Fidel Castro's death "have swept through Miami since Mr. Castro fell ill in July, only to be dashed with the release of videos showing a frail but indisputably living Cuban leader, most recently receiving a visit from Venezuelan President Hugo Chavez." That has "not deterred Miami's Cuban-Americans from planning and preparing for the dictator's death. Some say they intend to return to the island, while others anticipate that thousands of Cuban refugees will stream into southern Florida." Others are "preparing more pragmatically for the post-Castro Cuba. Business and legal leaders say they have already started working on ways to address a tangle of property-rights issues dating from the start of the Cuban revolution, when the communists seized and redistributed private land."

Kennedy Allegedly Offered To Aid Soviet Public Relations In US. In a Washington Times op-ed (2/8), a retired CIA analyst writing under the pseudonym John Smith says, "In 1983, Sen. Edward M. Kennedy offered to help the Soviets mount a public-relations offensive in the United States. This propaganda attack would target President Reagan and his policies. These are the same policies that eventually ended the Cold War and reduced the possibility of nuclear annihilation. This charge was made by Paul Kengor in his book 'The Crusader: Ronald Reagan and the Fall of Communism.'" The "bottom line is that if there is any shred of truth in these documented stories, the senator from Massachusetts, as well as any other compromised politicians, should resign or be kicked out of the Senate or Congress."

Daley's Lease Of City Assets Examined. In his Washington Post column (2/8, A21), George Will says Chicago Mayor Richard M. Daley has "become an accomplished practitioner of today's new wrinkle in public finance." Chicago "became the first city to sell a toll road. Actually, it has leased the road for 99 years, which is much the same as selling it. The 7.8-mile, six-lane Skyway goes from the Indiana Toll Road (which the state of Indiana last year leased for 75 years to a Spanish-Australian group for $3.85 billion) to Chicago's Dan Ryan Expressway." Skyway was "still a sufficiently attractive investment to have drawn $1.83 billion from the same consortium that leased the Indiana Toll Road." By "selling future revenue streams, Daley believes, the city can ignite a virtuous cycle: Buying improvements 'as quickly as possible' in education and infrastructure can lure people back to the city, thereby improving the city's tax base and cultural vibrancy, which enables further improvements that attract still more residents."

Rice Says Military Must Fill Civilian Jobs In Iraq. The Washington Post (2/8, A18, DeYoung, 690K) reports Secretary of State Condoleezza Rice told Congress yesterday "that more than 40 percent of nearly 300 State Department positions to be added in Iraq as part of President Bush's new strategy will have to be filled by military personnel." During testimony before the House Foreign Relations Committee yesterday morning, Rice said, "Frankly, the agencies of the US government cannot fill that many posts" as quickly as necessary, noting that "our agreement

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with the Department of Defense was that for a period of time...we would actually use reservists to fill those positions." In a Senate hearing Tuesday, Defense Secretary Robert Gates "said that he shares the concerns raised by senior military officers over a Rice memo detailing the request." State Department officials "expressed surprise" yesterday at Gates's remarks. However, Rice "insisted there is no controversy."

Under the headline "Few Veteran Diplomats Accept Mission To Iraq," the New York Times (2/8, A12, Cooper, 1.16M) reports, "While the diplomats and Foreign Service employees of the State Department have always been expected to staff 'hardship' postings, those jobs have not usually required that they wear flak jackets with their pinstriped suits." But now with the wars in Iraq and Afghanistan, the White House "is calling for more American civilians to head not only to those countries, but also to some of their most hostile regions -- including Iraq's volatile Anbar Province -- to try to establish democratic institutions and help in reconstruction. That plan is provoking unease and apprehension at the State Department and at other federal agencies." While Secretary Rice said Wednesday that State Department employees were "volunteering in large numbers" for difficult posts, including Iraq, "several department employees said that those who had signed up tended to be younger, more entry-level types, and not experienced, seasoned diplomats." The reluctance "highlights a problem with the administration's new strategy for Iraq, which calls on American diplomats to take challenges on a scale unmatched anywhere else in the world, when the lack of security on the ground outside the Green Zone makes it one of the last places people, particularly those with families, want to go."

Rice Pressed For Evidence On Iran. AFP (2/8) reports Secretary of State Condoleezza Rice "faced a blistering challenge in Congress over the administration's failure to provide evidence to back up allegations Iran is building nuclear weapons and fueling attacks on US forces in Iraq." Rep. Ron Paul (R-TX) said, "Unproven charges against Iran's nuclear intentions are eerily reminiscent of the false charges made against Iraq before we invaded that country." He also warned that "unproven accusations of Iranian support for the Iraqi insurgency" were also serving as a pretext for "escalating our sharp rhetoric toward Iran." However, Rice rejected suggestions the Administration is "planning or intending an attack on Iran." Instead, she insisted the Administration is "responding to a number of Iranian policies both in Iran and around the world that are actually quite dangerous for our national security." State Department spokesman Sean McCormack, meanwhile, said the Administration would reveal its evidence of Iranian involvement in Iraq "on our own timeline."

Rice Disputes Claim Of Iranian Overture. The AP (2/8, Gearan) reports Rice "disputed claims Wednesday that the Bush administration bungled a diplomatic overture from Iran that offered a broad dialogue" with the United States in 2003. Rice told Congress she "does not remember seeing the 2003 Iranian proposal, which suggested Iran was ready to discuss its disputed nuclear program, support for militant groups that the United States labels terrorists and the acceptance of Israel." During House testimony, Rice said, "We had people who said the Iranians went to talk to you… But I think I would have noticed if the Iranians had said, 'We're ready to recognize Israel.'"

The Washington Post (2/8, A18, Kessler, 690K) adds "former administration officials have said the proposal was discussed and ultimately rejected by top U.S. officials," including "Rice, who was then national security adviser." The Post says Rice's comments "add a new level of complexity to an issue that has generated debate among foreign policy experts: Did the Bush administration forgo a chance to pursue a dialogue with Iran shortly after the fall of Baghdad, when US power seemed at its height?"

US Reiterates Calls For Europe To Tighten Iran Sanctions. The Financial Times (2/8, Fidler) reports Washington on Wednesday "voiced its growing frustration over the failure of European governments to toughen financial sanctions on Iran over its nuclear program." Differences over the sanctions between Washington and European governments "threaten to open a new transatlantic division" over how to deal with Tehran's nuclear program. US Ambassador to the IAEA, Gregory Schulte, "went public with Washington's complaints, saying the Europeans should do more," saying during an address in Munich, "Faced by the defiance of Iran's leadership, the European Union and European countries can do more -- and should do more -- to bolster our common diplomacy. Why, for example, are European governments using export credits to subsidise exports to Iran? Why, for example, are European governments not taking more measures to discourage investment and financial transactions?" The ambassador said Europe should use "the full range of non- military measures at its disposal" to put pressure on Iran's leadership.

Iranians "Uneasy" With Ahmadinejad's Nuclear Diplomacy. The Los Angeles Times (2/8, Murphy, 850K) reports, "Iran's leadership is facing mounting public unease and the seeds of mutiny in the parliament over the combative nature of its nuclear diplomacy." For the "first time," there is "broad, open criticism" of President Mahmoud Ahmadinejad's defiance of the Bush administration and United Nations Security Council. Warnings have "emerged that the public may not be prepared to support the Islamic regime through a war." The "mounting dissent, however, does not appear to have chipped away at Iran's determination to maintain an active nuclear program, according to politicians, diplomats

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and political analysts" in Tehran. But those observers say it "opens the door to a face-saving compromise and signals that a broad range of Iranians hope to avoid an all-out confrontation."

Webb Says Deployment Of Carrier Raises Tensions. In an interview with MSNBC's Hardball (2/7, Matthews), Sen. Jim Webb said, "When I was Secretary of the Navy and until very recently, we never operated aircraft carriers inside the Persian Gulf" in part because "the chance of accidentally bumping into something that would start a diplomatic situation was pretty high. We now have been doing that, and with the tensions as high as they are, I'm very worried that we might accidentally set something off in there and we need, as a Congress, to get ahead of the ball game here."

More Commentary On Iran. In a New York Times (2/8, 1.16M) op-ed, Iranian ambassador to the UN Javad Zarif writes, "The United States administration is -- unfortunately -- reaping the expected bitter fruits of its ill-conceived adventurism" in Iraq, "taking the region and the world with it to the brink of further hostility. … The United States administration is trying to sell an escalated version of the same failed policy. It does this by trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq. … Forging imaginary new threats, as the United States administration is now doing with Iran, may provide some temporary domestic cover for the failure of the administration's Iraq policy, but it can hardly resolve problems that -- as widely suggested -- require prudence, dialogue and a genuine search for solutions."

In a Washington Post (2/8, A21, 690K) op-ed, Vali Nasr of the Naval Postgraduate School and Ray Takeyh of the Council on Foreign Relations write, "As Iran crosses successive nuclear demarcations and mischievously intervenes in Iraq, the question of how to address the Islamic republic is once more preoccupying Washington." The US "would do better to shelve its containment strategy and embark on a policy of unconditional dialogue and sanctions relief. A reduced American threat would deprive the hard-liners of the conflict they need to justify their concentration of power. In the meantime, as Iran became assimilated into the global economy, the regime's influence would inevitably yield to the private sector, with its demands for accountability and reform."

In his Wall Street Journal (2/8, A15, 2.04M) column, James Taranto writes, "Confrontation with Iran is very unpopular among the Democratic antiwar base. Last week Ezra Klein of The American Prospect, a left-liberal magazine, confronted" John Edwards about a recent speech on Iran, "and the candidate waffled. Although allowing that 'it would be foolish for any American president to ever take any option off the table,' he offered this criticism of President Bush: 'When he uses this kind of language "options are on the table," he does it in a very threatening kind of way.' Does Mr. Edwards mean to be docile? … Perhaps voters next year, chastened by Mr. Bush's dangerous boldness, will opt for someone more risk-averse. But if a crisis arises and the president proves unable to lead, they may find themselves longing for Mr. Bush's steadfastness. An excess of caution is itself a form of recklessness."

Hamas, Fatah Vow To Continue Talks Until Agreement Reached. The New York Times (2/8, A6, Fattah, 1.16M) reports the leaders of Hamas and Fatah "ended their first day of an emergency summit meeting on Wednesday promising to stay until they agreed on a new government to end a wave of violence in Gaza and the West Bank and salvage the moribund Israeli-Palestinian peace effort." Disputes reportedly remain between the two groups "on how to divide the ministerial portfolios, especially the security portfolios, and how the new government could meet Western criteria of renouncing violence, recognizing Israel and accepting previous Israeli-Palestinian agreements."

The Financial Times (2/8, Morris) says Ismail Haniyeh "might remain as prime minister in a new multi-party cabinet but, to be accepted by the international community, Hamas would have to bow to demands that it recognize Israel, commit itself to non-violence and accept existing agreements with Israel." The Times says an agreement at Mecca "would set the tone for a trilateral summit in Jerusalem next week" involving Palestinian President Mahmoud Abbas, Israeli Prime Minister Ehud Olmert and Secretary of State Condoleezza Rice.

WSJournal Says Palestinians Unable To Rule Themselves. In an editorial, the Wall Street Journal (2/8, 2.04M) writes that the recent violence among Palestinian factions negates "the notion that what is mainly needed for an Israeli-Palestinian settlement is a change in Israeli policies." Now as the two sides engage in talks in Saudi Arabia, "For King Abdullah, as for the Palestinians, the main challenge is not simply to midwife an agreement; it's the principles of their prospective statehood. If the experience of Gaza…demonstrates anything, it is that the absence of Israeli occupation is not a sufficient condition for a Palestinian state." The Journal suggests that the "first such condition would be a monopoly on the legitimate use of force," which "doesn't exist today in the Palestinian Authority." In addition, it says "the US must also insist that Mr. Abbas dismantle Hamas as a military entity, by force if necessary." The Journal concludes that "it is now clear that the deepest problems are of Palestinian making. That may not be much comfort to diplomats hungry for the next breakthrough. But no breakthrough will be worth the effort if the result is a state that cannot govern itself."

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Rice Urges Release Of Egyptian Dissident. AFP (2/8) reports Secretary of State Condoleezza Rice "urged Egypt to release a prominent jailed dissident, shortly before she met with the country's foreign minister." Testifying in Congress, Rice said she had repeatedly raised the case of opposition leader Ayman Nour with Egyptian officials "in the past and would continue to do so." Rice met later Wednesday Egyptian Foreign Minister Ahmed Aboul Gheit for talks expected to focus on US and Egyptian efforts to break the stalemate in Israeli-Palestinian peace talks.

Egypt Cracks Down On Muslim Brotherhood. The Financial Times (2/8, Saleh) reports the Egyptian government has "referred the cases of forty members of the illegal Muslim Brotherhood to a military tribunal in a move which signals another escalation of the government's crackdown against the group." The charges, which include money laundering and creating a militia, "arise from actions by Islamist students at Al Azhar university who in December staged a parade in which they wore black hoods and carried out martial arts exercises during a protest against the rigging of student union elections." In recent weeks, the Brotherhood has also "been the target of a new campaign of arrests in which some 260 people have been detained."

US, North Korea May Be Close To Reaching Nuclear Agreement. The AP (2/8, Herman) reports Pyongyang "expressed its readiness Thursday to discuss initial steps of its nuclear disarmament, raising hopes for the first tangible progress" at the six-party talks. On arriving in Beijing for the latest round of talks, North's nuclear envoy Kim Kye Gwan said, "We are prepared to discuss first-stage measures." Japanese media reports Thursday "suggested the North may agree to freeze its main nuclear reactor and allow international inspectors in exchange for energy aid as a starting step to disarm," but Kim said any moves by North Korea would be "based on whether the United States will give up its hostile policy and come out toward peaceful coexistence." Earlier Thursday, Assistant Secretary of State Christopher Hill said he sensed "there is a real desire to have progress" by the North Koreans at the talks.

Separately, the AP (2/8) notes the Japanese daily Asahi Shimbun reported Thursday that the US and North Korea "signed a memorandum during talks last month by which Pyongyang would begin closing a nuclear reactor while the US starts providing energy assistance." However, AFP (2/8) reports Assistant Secretary Hill denied the report, saying, "No, we did not sign anything. … Although it was a very useful discussion, we did not sign anything."

In a preview of Thursday's talks, the New York Times (2/8, A13, Yardley, 1.16M) reports, "Recently, North Korea has seemed to signal more of a willingness to bargain and to specify its demands." For example, last weekend, "two American envoys returning from Pyongyang, the North Korean capital, said the nation was prepared to disable its main nuclear reactor in Yongbyon in exchange for an energy package of electricity and oil from its neighbors."

The Financial Times (2/8, Fifield) says, "When diplomats sit down" at the talks "they will do so amid a new sense of optimism." If in the past North Korea's nuclear ambition "has been one of the world's most intractable diplomatic challenges, this time the six-party talks appear to have a clear -- and perhaps achievable -- goal, diplomats say." Extensive "behind-the-scenes dealings, increasing pressure on the North Korean regime, and an embattled US administration seeking success in its dealings with one of the 'axes of evil' have helped breathe life into a process long considered terminal," the Times says.

Similarly, the Wall Street Journal (2/8, A6, Ramstad, 2.04M) says "a deal appears more likely -- despite repeated failures in the past -- because the North's top negotiator has signaled it is willing to compromise and the US has settled on a more conciliatory approach." Meanwhile, in the US, "the election of a Democratic Congress and the departures of John Bolton, the ambassador to the United Nations, and Defense Secretary Donald Rumsfeld -- both of whom took a hard line against North Korea -- have given moderates in the State Department more leeway to compromise."

The Christian Science Monitor (2/8, LaFranchi, 59K) reports that despite the optimism, "The spoiler may be that Pyongyang, which toughened its bargaining position by testing a nuclear weapon last October, may demand too high a price for putting its nuclear ambitions on the table."

However, the Washington Times (2/8, Lanfranco, 88K) reports a Chinese analyst warned yesterday that "the United States and its partners in six-party talks have taken steps they knew would prevent progress in halting North Korea's nuclear program." In comments seen as "much more pessimistic than what has been heard from" Hill, Teng Jianqun, deputy secretary-general at the China Arms Control and Disarmament Association, "also warned of the risk of war between the United States and China if the North Korean nuclear issue is mishandled."

French Trial Over Muhammad Cartoons Begins. The New York Times (2/8, A8, Bernard, 1.16M) reports hearings began Wednesday "in a suit brought by two influential French Muslim organizations against a satirical weekly newspaper for printing cartoons depicting the Prophet Muhammad that had touched off international rioting." The Paris Mosque and the Union of Islamic Organizations of France contend that the newspaper, Charlie Hebdo, and its director, Philippe Val, "are guilty of slander, an offense that carries a possible six-month sentence and a fine of up to 22,500 euros, or about $29,000."

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Hu Defends China's Investments In Africa. The Washington Post (2/8, A14, Timberg, 690K) reports Chinese President Hu Jintao Wednesday "sought to reassure Africans that his country's aggressive investments in oil, copper and other natural resources do not amount to a new wave of colonialism," saying China would "not do anything harmful to the interests of Africa and its people." Hu's comments, made in Pretoria on the sixth stop of an eight-country tour of the continent, "came amid rising anxiety that China's economic power is strangling African manufacturing while locking up vital resources for years." Although China has "long-standing relationships with many countries in Africa," among Africans "concerns about rising Chinese clout are more often economic."

Poll Finds Religion Surging Among Chinese. The Washington Post (2/8, A15, Cody, 690K) reports a new government-sponsored survey on spirituality in China "has found that the number of religious believers among the country's 1.3 billion people is far higher than generally known, amounting to as many as 300 million." The findings, "based on a poll of 4,500 people conducted by professors at East China Normal University in Shanghai, supported growing indications that many Chinese are searching for new value systems to replace the communist doctrine that has been jettisoned in favor of market economics and a race for prosperity."

US Assures Russia On Kosovo Position. The Washington Times (2/8, Kralev, 88K) reports Secretary of State Condoleezza Rice yesterday said the US "has assured Russia that Washington's support for Kosovo's eventual independence from Serbia does not mean it will back the breakaway aspirations of Russian autonomous regions in the Caucasus." In congressional testimony yesterday, Rice said she has told Russian officials that "Kosovo is a precedent for nothing," but warned that delayed action on Kosovo's status could cause "a breakdown in order in Kosovo itself." Russia has been "reluctant to join American and European endorsements of a plan proposed by U.N. envoy Martti Ahtisaari that would lead to independence for Kosovo in all but name."

WPost Condemns New Charges Against Russians. In an editorial, the Washington Post (2/8, A20, 690K) writes, "We won't accuse Russian President Vladimir Putin of being subtle this week. On Monday, Russian prosecutors leveled charges against a pair of Mr. Putin's one-time political enemies that are beyond implausible. … Precisely why Mr. Putin wants to keep these two men in jail for another 15 years or so is still up for speculation. Observers of Russian energy politics see it as a way to assist the Kremlin in grabbing the remaining bits of Yukos's assets inside and outside the country." Regardless of his reasons, the Post says Putin "has systematically dismantled the institutions of democracy inside Russia while bullying his neighbors and jailing his opponents." After the new charges were announced, the Post notes that a State Department spokesman said that the proceedings "raise questions about Russia's commitment to the responsibilities which all democratic, free market countries embrace," and that American policymakers will discuss the issue with the Kremlin "at an appropriate time and at the appropriate level." However, "We doubt that Mr. Putin will lose much sleep over that prospect."

US, Brazil Discuss Partnership To Promote Ethanol Use. The Washington Post (2/8, A14, Reel, 690K) reports the US and Brazil "are meeting this week to discuss a new energy partnership that they hope will encourage ethanol use throughout Latin America and that US officials hope will diminish the regional influence of oil-rich Venezuela. US officials said they expect to sign accords within a year that would promote technology-sharing with Brazil and encourage more Latin American neighbors to become biofuel producers and consumers." The US and Brazil "together produce about 70 percent of the world's ethanol, a fuel that President Bush has called a cornerstone in reducing US dependence on oil." Undersecretary of State Nicholas Burns, who led discussions with Brazilian officials, Wednesday "declared that biofuel is now the 'symbolic centerpiece' of US relations with Brazil, a country that US officials have long hoped could counteract Venezuela's regional anti-American influence."

Venezuelan Oil Company Struggling As Chavez Squeezes Profits. The Washington Times (2/8, A1, Hill, 88K) reports on its front page, "Venezuela's national oil company is buckling under the burden of financing President Hugo Chavez's more than $9 billion a year in social and political ventures. Production at Petroleos de Venezuela is declining, and any major drop in oil prices or failure to reverse declining investment and production could lead to bankruptcy of the goose that lays the golden egg for Venezuela, Moody's Investors Service warned yesterday." The "well-tuned Venezuelan network of production facilities, Caribbean and U.S. Gulf Coast refineries and U.S. gas stations operated by Citgo has begun to falter after six years of Chavez rule, and the outlook for the once-thriving oil company looks bleak in light of the president's announced agenda to further squeeze profits from the oil sector."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"A Rescuer Of Korea's Forgotten."
"Airline Service Experiencing A Bumpy Ride."
"Dissent Grows In Iran."
"Air Travel Flap Circles Over Pelosi."
"Extracurricular Videos Roil Campus."
"5th Copter In Month Goes Down In Iraq."

USA Today:
"Anti-Fat Pill Goes Over-The-Counter."
"Gay Teens Coming Out Earlier To Peers And Family."
"U.S. Asks To Arm Pilots Abroad."
"Gun rules."

New York Times:
"Copter Crashes Suggest Change In Iraqi Tactics."
"Takeover Battle Ends With Sale Of Big Landlord."
"Mormon Candidate Braces For Religion As Issue
"At Libby Trial, Russert Of NBC Gives And Gets."
"Legislators Pick A Comptroller, Defying Spitzer."
"Rejecting Stereotypes, Athletes Embrace Size."
"Gaping Reminders of Aging and Crumbling Pipes."

Washington Post:
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"General Is Front Man For Bush's Iraq Plan."
"Loudoun Land Deals Subject of U.S. Probe."
"Problems Stall Pentagon's New Fighting Vehicle."
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"In Campaign 2008, Candidates Starting Earlier, Spending More."

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"Report Confirms Agents Cover-Up."
"Pentagon Limits Pelosi Jet Size."
"Chavez largess Hurts Venezuela Oil Firm."
"GOP Dismisses To Annapolis."
"Check Writing Loses Ground To Electric Payments."

Detroit Free Press:
"Toyota Sweats U.S. Labor Cost."
"Teacher In Sex-Abuse Case given New Trial."
"Tension High In Baghdad Security Push."

Atlanta Journal-Constitution:
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"Jurors Punish Marta In Rape."
"Mom's The Word For Recruits."
"New Strategy For Children's Hospital Care."
"Churches Mourn 3 Georgia Missionaries."

Houston Chronicle:
"Anger Grows In Congress Over Border Agent's Case."
"NASA Orders Review Of Astronaut Screening."
"Diet Pills get rare Ok From The FDA."
"El Paso Corp. Settles Oil-For Food Scam Case."
"Council Shows Wariness About Suing Polluters."

Story Lineup From Last Night's Network News:
ABC: Chopper Crash-Iraq; Moral Of Troops; Army Reservist Charged; Congressional Hearings; Army Court-Martial; Libby Trial; Winter Weather; Airline Service; Astronaut Arrested; Bush National Park Plan; Sleeping-Weight Loss; Ford Taurus Returns; Woopie Goldberg's Ancestry.
CBS: Iraq-Helicopter Downed; Astronaut Arrested; Pelosi-Military Plane; Libby Trial; FDA-Diet Pill; US Schools-Math, Science; Iraq Refugee Crisis; Ford Taurus.
NBC: Chopper Crash-Iraq; Patrolling Iraq; Libby Trial; Astronaut Arrested; Toxic Fire; Stock Market; Private Contractors-Congressional Hearings; Weight Loss Pill; Paying Medical Bills; Python Pete.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: North Korean Nuclear Program Talks; Arrested NASA Astronaut; House Republicans Criticize Speaker Pelosi Over Plane; Kansas City-Chemical Plant Fire; CA Researchers-Men's Sweat; CA-Cross Border Gang Crime Conference; NV-TSA Employee Reprimanded; Judge Orders OJ Simpson Not To Spend Book Advance.
CBS: Iraq-Car Bomb; Iraq-Health Ministry Raid; Another US Chopper Goes Down In Iraq; WA-Mistrial In Court Martial Of Iraq Objector; Iraq Reconstruction Projects-Bid-Rigging Scam; Arrested NASA Astronaut; China-Souvenir Crackdown; Atlantic City-Smoking In Casinos; Libby Trial-Russert Testimony.
NPR: North Korean Nuclear Program Talks; Kansas City-Chemical Plant Fire; Bush-Mexico Visit; Upstate New York-More Snow Forecast; Iraq Reconstruction Projects-Bid-Rigging Scam; Haiti-Pro-Aristide Protests; Iraq-Car Bomb.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:15 a.m. FOREIGN RELATIONS _ Full Committee. Votes on pending nominations, followed by a hearing on the foreign affairs budget for FY08. Secretary of State Rice. Location: Room 106, Dirksen.

9:30 a.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on the FY08 budget for DOT. Secretary Peters. Location: Room 138, Dirksen.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on labor, immigration, law enforcement and economic conditiaons in the commonwealth

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of the Northern Mariana Islands. Gov. Benigno R. Fitial; Pedro Tenorio, Resident Representative; Amb. Hadyn Williams, Covenant Negotiator, San Francisco; Juan Guerrero, President, Saipan Chamber of Commerce, others. Location: Room 366, Dirksen.

9:30 a.m. INDIAN AFFAIRS _ Full Committee. Markup of pending legislation, followed by a hearing on diabetes among Native Americans. Location: Room 485, Russell.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 budget and revenue proposals. Treasury Secretary Paulson. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on public safety communications. Charles Werner, chief, Charlottesville Fire Department; Harlin R. McEwen, International Association of Chiefs of Police; Morgan O'Brien, Cyren Call; Steve Largent, CTIA-The Wireless Association; David Billstrom, National Interop; Matt Desch, Iridium Satellite. Location: Room 253, Russell.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on reauthorization of the No Child Left Behind Act. Michigan State Superintendent of Instruction Michael P. Flanagan; Alana Dale-Turner, teacher, Easton, Md.; Richard Coleman, Sr., Director, An Achievable Dream Academy, Newport News, Va.; Kimberly Johnson, Principal, Briggs Chaney Middle School, Silver Spring, Md.; Dr. Yvonne Brandon, Associate Superintendent for Instruction & Accountability, Richmond, Va. Public Schools; Martha Barber, Alabama Reading Initiative Regional Principal Coach, Birmingham; Hosanna Mahaley Johnson, Executive Officer, Office of New Schools, Chicago Public Schools; Paul Reville, President, Rennie Center for Education Research & Policy. Location: Room 216, Hart.

10 a.m. JUDICIARY _ Full Committee. Business meeting on pending judicial nominations and legislation. Location: Room 226, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Saudi Arabia. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 547 - Advanced Fuels Infrastructure Research and Development Act.

9:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the FY08 VA budget. Location: Room 334, Cannon.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on proposed FY08 budget for DHS. Secretary Chertoff. Location: Room 2359, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Full Committee. Hearing on the FY08 Energy Department budget. Secretary Bodman. Location: Room 2123, Rayburn.

10 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on pending legislation. Location: Room 2141, Rayburn.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on waste, fraud and abuse in Homeland Security Department contracts including the Coast Guard's ``Deepwater'' program. Richard Skinner, DHS inspector general; Comptroller General David M. Walker, GAO; Elaine Duke, chief procurement officer, DHS; Greg Giddens, director, executive office, SBI Program, DHS; Coast Guard Commandant Adm. Thad Allen; Rear Adm. Gary Blore, executive officer, Deepwater Program, Coast Guard; Jerry W. McElwee, vice president, Boeing SBInet Program; Leo Mackay, president, Integrated Coast Guard Solutions. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Hearing on the state of climate change science. Susan Solomon, Co-Chair, IPCC, Working Group I: The Physical Basis of Climate Change; Kevin Trenberth, Coordinating Lead Author, IPCC, Working Group I, Chapter 3: Observations: Surface and Atmospheric Climate Change; Richard Alley, Lead Author, IPCC, Working Group I, Chapter 4: Observations: Changes in Snow, Ice and Frozen Ground; Gerald Meehl, Coordinating Lead Author, IPCC, Working Group I, Chapter 10: Global Climate Projections. Location: Room 2318, Rayburn. Notes: Note: House Speaker Pelosi will have opening remarks on the challenge of global warming.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on the SBA budget request for FY08. Administrator Steven Preston. Location: Room 2360, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the proposed HHS budget for FY08. Secretary Leavitt. Location: Room 1100, Longworth.

10:30 a.m. EDUCATION AND LABOR _ Health, Employment, Labor and Pensions Subcommittee. Hearing on the Employee Free Choice Act. Location: Room 2175, Rayburn.

10:30 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on the future of Darfur. Special Envoy to Sudan Andrew Natsios. Location: Room 2172, Rayburn.

1 p.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on food safety. Comptroller General David M. Walker, GAO; Michael R. Taylor, University of Maryland School of Medicine; Carol Tucker Foreman, Consumer Federation of America; Tom Stenzel, United Fresh Produce Association; Mark Dopp, American Meat Institute. Location: Room 2362A, Rayburn.

1:30 p.m. APPROPRIATIONS _ Select Intelligence Oversight Panel. Closed. Hearing on the FY07 war supplemental appropriations bill. Location: Room H-140, Capitol.

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2 p.m. APPROPRIATIONS _ State, Foreign Operations and Related Programs Subcommittee. Hearing on assistanc eprograms in Iraq. Stuart Bowen, special inspector general for Iraq reconstruction. Location: Room 2359, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ full Committee. Hearing on the FY08 budget for the EPA and the Transportation Department. Location: Room 2167, Rayburn.

3 p.m. ARMED SERVICES _ Seapower and Expeditionary Forces Subcommittee. Hearing on Navy acquisition programs and the Littoral Combat System. Delores Etter, assistant secretary of the Navy; Vice Adm. Paul Sullivan, commander, Naval Sea Systems Command; Rear Adm. Charles Hamilton, program executive officer (ships); Rear Adm. Barry McCullough, director, Surface Warfare Division (N86); Fred Moosally, president, Marine Systems, Lockheed Martin Corp.; Kevin Moak, chairman, Gibbs and Cox Naval Architects; Richard McCreary, vice president and general manager, Marinette Marine Shipyard; Mike Ellis, executive vice president and chief operating officer, Bollinger Shipyards. Location: Room 2212, Rayburn.

Other: INSURANCE _ 8:30 a.m. The Council of Insurance Agents and Brokers holds its annual Insurance Legislative Summit. Highlights: 8:30 a.m. House Minority Leader John Boehner. 9 a.m. Sen. Christopher Dodd. 9:30 a.m. Rep. Paul Kanjorski. 9:50 a.m. Rep. Dennis Moore. Location: Room 2322, Rayburn.

EXPEDITED REMOVAL _ 9:30 a.m. Rep. Chris Smith, R-N.J., participates in a press conference to discuss the results of a study on the effect of expedited removal procedures on asylum seekers fleeing persecution in their home country. Smith will be joined by Sen. Joseph I. Lieberman, I-Conn., chairman of the Homeland Security and Governmental Affairs Committee; Felice D. Gaer, Chair, U.S. Commission on International Religious Freedom (USCIRF); and Preeta D. Bansal, Commissioner, USCIRF. Location: Room 342, Dirksen Senate Office Building.

RICHARDSON _ 10 a.m. New Mexico Gov. Bill Richardson delivers a ``major'' speech, ``The New Realism and the Rebirth of American Leadership,'' at the Center for Strategic and International Studies. Location: 1800 K St. NW.

ELECTION ASSISTANCE _ 10 a.m. - 1 p.m. The United States Election Assistance Commission holds a meeting on the full Voting System Laboratory Accreditation Program and considers whether to terminate the interim program. Location: U.S. Election Assistance Commission, 1225 New York Ave. NW, Suite 150.

CLIMATE CHANGE _ 11 a.m. Global warming experts hold a telephone briefing to discuss the science of climate change and to preview the upcoming ``Legislators Forum on Climate Change.'' Notes: Callin number: 800-311-9403; passcode: WRLDBANK.

CLINTON-PALESTINIAN AUTHORITY _ 11:15 a.m. Sen. Hillary Clinton, D-N.Y., joins Itamar Marcus, Director of Palestinian Media Watch, and Associate Director Barbara Crook, for a press briefing to unveil a new report detailing what they say is continuing anti-Israel and anti-Western bias in the Palestinian Authority's most recently produced textbooks. Location: Room 418, Russell Senate Office Building.

BLACK LEADERS _ 12 p.m. The National Black Pro-Life Union holds a ``Leaders for Life Luncheon,'' with Sens. Sam Brownback and Ben Nelson, and Reps. Christopher Smith and Allen Mollohan. Keynote speech by Rev. Jesse Lee Peterson, President of BOND. Location: Mansfield Room, Capitol.

MANDEL-HEALTHCARE _ 12 p.m. Michael Mandel, Chief Economist, Business Week, addresses a National Economists Club luncheon. Topic: ``Will Our Children All Work In Hospitals and Doctors Offices?, focusing on the fact that healthcare has accounted for a surprisingly large share of net job gains since the last employment peak in 2001. This pattern seems to be continuing, which could change the way we think about long-term productivity growth. Location: Chinatown Gardens Restaurant, 618 H St. NW.

GOVERNMENT I.D. PROGRAMS _ 12 p.m. - 1:30 p.m. Briefing on ``Government I.D. Programs: Can Technology Protect Us?'' Panel members include David Temoshok, GSA; Roy Bie, JDSU Flex Products, Santa Rosa, Calif.; Patrick Hearn, Oberthur Card Systems. Location: Room B-340, Rayburn House Office Building.

COMFORT WOMEN _ 12:15 p.m. Rep. Mike Honda holds a telephone news conference on a bill calling on Japan to apologize for the use of ``comfort women'' during World War II. Notes: Callin number: 888-455-9650; passcode: Honda.

CHAO _ 12:30 p.m. Labor Secretary Chao speaks at the Latina Style Magazine's 50 Best Companies Awards Luncheon. Location: JW Marriott, 1331 Pennsylvania Ave, NW.

CHINA _ 12:30 p.m. The Center for Strategic and International Studies holds an event to receive a report on China's expanding role in Africa and the implications for the U.S., with Deputy Assistant Secretary of State James Swan, Sun Baohong of the Chinese Embassy and J. Stephen Morrison and Bates Gill, both of CSIS. Location: B-1 conference level, 1800 K St. NW.

DYNAMIC SCORING-BUDGET _ 12:30 p.m. Reps. Jeff Flake and John Campbell hold an event to examine how dynamic scoring could have an impact on the federal budget and new PAYGO rules. Location: Room B-369, Rayburn.

POLITICS _ 12:30 p.m. The New America Foundation holds a panel discussion on ``Will a New Right-Left Synthesis Transform American Politics?'' with Brink Lindsey of the Cato

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Institute, E.J. Dionne of Brookings, others. Location: 7th floor, 1630 Connecticut Ave. NW.

MEDICARE-PHARMACISTS _ 2 p.m. The National Community Pharmacists Association holds a telephone briefing to discuss federal polices harming independent community pharmacies. Notes: Callin number: 800-944-8766; passcode: 52466.

KIRKLAND CENTER _ 3 p.m. - 4 p.m. The National Labor College dedicates its new 72,000 square foot meeting and learning facility in honor of the late labor leader Lane Kirkland. Participants include Maryland Governor Martin OMalley, AFL-CIO President John J. Sweeney, international and national labor leaders, Kirkland family, local and national elected officials. Location: The NLC, 10000 New Hampshire Ave., Silver Spring, Md.

CHINA-TRADE _ 4 p.m. The American Enterprise Institute holds a discussion of China's economic expansion and its strategic, political and foreign policy objectives, with Margaret Pearson of the University of Maryland, Phillip Saunders of National Defense University, others. Location: 12th floor, AEI, 1150 17th St. NW.

CENTRAL ASIA-EU _ 6 p.m. The Central Asia Caucasus Institute holds an off-the-record discussion with Amb. Pierre Morel, EU Special Representative for Central Asia, discussing Central Asia and the European Union. Location: Room 806, 1619 Massachusetts Ave. NW.

IRAQ-FILM _ 6 p.m. The School of Advanced International Studies holds a screening of ``The Situation,'' the first U.S. feature length film on the Iraqi occupation. Discussion following with director Philip Haas. Location: Kenney Auditorium, 1740 Massachusetts Ave. NW.

PAYNE HONORED _ 6:30 p.m. - 9 p.m. There will be a reception honoring Rep. Donald M. Payne, D-N.J., chairman of the Subcommittee on Africa and Global Health. Location: Africare House, 440 R St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, FEBRUARY 8, 2007 7:45 AM EST

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TERRORISM NEWS:

Gonzales Tours Argentine Jewish Center (AP)

By Bill Cormier, Associated Press Writer

AP, February 8, 2007

BUENOS AIRES, Argentina — U.S. Attorney General Alberto Gonzales on Wednesday toured a Jewish cultural center bombed in 1994 and said the United States supports Argentina's efforts to seek justice for its worst terrorist attack.

Eight Iranians are wanted in Argentina in connection with the bombing, including the president, foreign minister and intelligence chief at the time.

"Civilized nations cannot easily forget the pain that we share when terrorist attacks occur," Gonzales said after laying flowers and meeting with Jewish leaders and relatives of victims of the attack. "Whether 1994 in Argentina, 2001 in the United States or 2004 in Spain, these moments bind us together in our grief."

Eight-five people were killed and 200 wounded when a van packed with explosives blew up outside the seven-story center on July 18, 1994. The center, known as the AMIA, has since been rebuilt.

Gonzales did not take questions from journalists on Wednesday.

He also did not say where the United States stands on Argentina's request for help from Interpol, which must decide in the coming weeks whether to issue global alerts for the arrests.

Iran has denied any involvement and has said it does not recognize the validity of the warrants. It said it would oppose any attempt to detain former President Hashemi Rafsanjani or other Iranian citizens.

Gonzales called the attack a "vicious act of hate."

"We will never give up the fight for justice ... just as we are bound together in our memories of the terrorist attacks, so too, we must be bound together in our resolve," he said. "Argentina has steadfastly pursued the perpetrators of the AMIA attacks ... the memory of what happened here, like our September 11th, is a touchstone for us."

Riordan Roett, director of the Latin American Studies Program at Johns Hopkins University, said Gonzales' visit was intended as a political jab against Tehran.

"The Gonzales trip is clearly related to an effort to pressure Iran," Roett said. Although, he said, "There's not much the U.S. can really do, given the fact that the Iranians are in Iran and will not be extradited by the authorities."

Verizon Urges Judge To Grant Justice Department Request (AP)

By Francis X. Quinn, Associated Press Writer

AP, February 8, 2007

AUGUSTA, Maine --Verizon is backing the U.S. government's attempt to stop a contempt hearing for the telecommunications giant that's scheduled for Friday by the Maine Public Utilities Commission.

Federal officials say the hearing could compromise national security.

"The MPUC seeks, under threat of sanction, to compel Verizon to provide information in state proceedings concerning its alleged cooperation with an alleged national security program despite the fact that the United States has specifically instructed Verizon that providing such a response would violate federal law," lawyers for Verizon wrote in a legal brief.

U.S. District Judge John Woodcock is expected to hear arguments in Bangor on Thursday.

A multi-customer complaint filed with the PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant. The complaint followed reports about domestic surveillance by the National Security Agency.

The PUC has challenged the adequacy of Verizon responses to date.

On Tuesday, the Justice Department asked Woodcock to bar the PUC from going ahead with a contempt hearing at this time.

The Justice Department also asked the judge to block Verizon from responding to PUC demands for an affirmation of previous statements "because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities."

Verizon supports the federal government's request for a temporary restraining order or preliminary injunction.

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"The MPUC's action unfairly puts Verizon squarely in the middle of this dispute between the United States and Maine over the state's authority to investigate, and potentially interfere with, an alleged federal national security program," lawyers for Verizon said.

The federal government's position drew new criticism Wednesday from the Maine Civil Liberties Union.

"It is the PUC's job to ensure that all of Maine's utilities companies are acting within the law," Zachary Heiden, a staff attorney for the Maine Civil Liberties Union, said in a statement. "The Department of Justice has no business trying to keep Maine's PUC from simply doing its job."

"The contempt hearings on Friday are simply meant to find out why Verizon ignored an order from the PUC," Heiden said. "There is nothing secret at issue here."

A multi-district litigation panel has been considering whether to consolidate a number of similar cases in which the federal government has sued state officials.

New Generation Of Terrorists Cyber-inspired, -trained (MCT)

By Matthew Schofield

McClatchy Newspapers, February 8, 2007

COLOGNE, Germany - Sitting on a platform bench in Cologne's cavernous main station watching his alleged co-conspirator step onto a train, the young Lebanese who's accused of plotting the deadliest terrorist attack in Germany's history finished his orange juice, stood up to throw the container in a recycling bin and rolled a heavy case toward Platform 4.

His junior partner, Jihad Hamad, 19, had just stowed a suitcase that contained enough explosives to rip a train car to shreds on the regional train, which was headed to the Rhine valley tourist haven of Koblenz.

Now it was Youssef Mohammed el Hajdib's turn. The 21-year-old weaved through the crowded station and boarded the double-decker North Rhine-Westfalia Express, bound for the industrial center of Dortmund to the north. Video cameras captured both men boarding with the bags.

To cause maximum damage, the bomb-makers had diverted slightly from the instructions they'd obtained from a Web site that police said had al-Qaida connections. They'd crammed both suitcases with explosives and stuffed any empty space with plastic bags of food starch, which they thought would cover survivors of the blast with a burning, oily coat.

That, police later said, was a "beginner's mistake." In their attempt to increase the destruction from the bombs, they'd made the charges "too fat." By not leaving any space for air, they'd suffocated their bombs.

The two Lebanese disembarked before the timers ignited the fuses, which failed to ignite the charges.

Railway employees discovered the suitcases later that evening and turned them in to lost-and-found offices. Each case contained 3 } gallons of propane in metal canisters, a little more than a gallon of gasoline in plastic mineral-water bottles and a small alarm clock, timed to detonate at 2:30 p.m. as the crowded trains neared Koblenz and Dortmund.

German police think that 400 passengers would have died if the bombs had detonated, making it the deadliest terrorist attack in German history.

Terrorism investigators around Europe see a lesson in this failed attempt at mass murder and in other failed or thwarted terrorist plots in recent years. While U.S. and British intelligence officials think that al-Qaida has regrouped in the mountains of Pakistan and is again capable of and intent on launching mass attacks around the globe, investigators in Britain, Germany and France are convinced that there's a broader terrorist threat against Europe. They're tracking thousands of suspected terrorists whom they say are planning mass murder.

Unlike the Sept. 11 plotters, the new wave of terrorists - the so-called third generation terrorists - are dreaming up, planning, funding and attempting attacks on their own, without international support.

The first generation of al-Qaida terrorists were Osama bin Laden and other veterans of the jihad in Afghanistan against Soviet occupiers during the 1980s. After the Soviet Union withdrew its troops, they turned their attention to the West, which they believed was corrupting and bullying the Islamic world.

The hijackers who flew passenger jets into the World Trade Center in New York and the Pentagon in Washington were typical of the second generation: professional, educated men, chosen and directed by Osama bin Laden, trained in the Afghanistan camps and financed by the al-Qaida network.

But the third generation has learned its hatred from television and its tactics from the Web, according to the experts. Its only connections to al-Qaida are Web sites and a shared anti-West philosophy. Its practitioners go online to find inspiration as well as practical advice, such as how to build a bomb.

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The result has been a number of duds. "The new generation is not professional. They build bombs that don't explode," said Rolf Tophoven, one of Germany's most respected terrorism experts and the co-director of the Institute for Terrorism Research and Security Policy in Essen.

Still, he noted, studies of bombings in the Palestinian territories indicate that a "completely professional suicide bomber" - able to construct a bomb and conduct an attack - "can be created in three weeks."

He added that he expects the number of attacks to be high in the coming years, and over time he expects this generation to learn from the mistakes now being made.

Dame Eliza Manningham-Buller, the director general of Britain's MI6 Security Service, said in November that Britain was tracking 1,600 individuals and more than 200 groups thought to be involved in terrorism. Germany is investigating 200 suspected terrorist plots.

The two London commuter attacks in July 2005 are a prime example. The attackers were local; most were second-generation residents, products of British schools and middle-class homes, though with family links to Pakistan. In the first attack, on July 7, four suicide bombs killed 52 morning commuters. In the second, two weeks later, four young men stood on subways and a bus, shouted praise to Allah and attempted to detonate backpack bombs, which fizzled.

Last summer, British police arrested two dozen men - mostly British Muslims of Pakistani background - accused of plotting to blow up 10 trans-Atlantic jets en route to the United States. The alleged plotters, most of whom lived in the London area, are suspected of planning to sneak liquid explosives onto the planes and build bombs during the flights. Police said that as many as 4,000 people could have died if the plot had succeeded.

In northern Europe, few cases have had more impact than one on Nov. 2, 2004. A previously unknown Muslim Dutch citizen shot filmmaker Theo van Gogh, the great-grand-nephew of artist Vincent van Gogh, from his bicycle during his morning commute. The killer, Muhammad Bouyeri, 27, claimed that van Gogh's film "Submission," about violence against Muslim women, made him an enemy of Islam.

After knocking him to the sidewalk on a Dutch street, Bouyeri - raised in Amsterdam, but proud of his Moroccan heritage - slit van Gogh's throat with a knife, then put a page of Quranic verses on the knife and plunged the blade into van Gogh's chest. Police think that Bouyeri radicalized online, then joined Al Tahweed Mosque in Amsterdam, where he helped form the Hofstad Network, a Dutch terrorist group.

There have been many others. Magnus Ranstorp, an anti-terrorism expert at the Swedish Defense College, estimates that "about 40 serious plots" have been broken up in Europe since September 2001.

Last November, Norwegian police bugged the car of a 29-year-old Pakistani-Norwegian whom they suspected of having fired shots at an Oslo synagogue. They said they heard three other men and him - all of whom had criminal records - discussing plans to bomb the U.S. and Israeli embassies. The men - all younger than 30, two of Pakistani backgrounds, one of Turkish background and one Norwegian - were arrested, though it wasn't known whether they were close to carrying out the plot.

Police also have reported breaking up terrorist plots in Denmark, Italy, Spain, France, Turkey and Greece.

Tophoven said the plotters were European citizens or residents, usually Muslim and children of immigrants, and generally young.

Herbert Landolin Mueller, who's considered the top expert on Islamic terrorist organizations with the German equivalent of the National Security Agency, thinks that governments are overly focused on highly organized, international terrorism.

"People want to believe that there are terror cells, awaiting awakening, all within a central terrorist organization," he said. "But the Islamic movement is simply people who want to belong, people from the wealthy, middle class and lower classes. All attempts to define them are futile. Again, look at the attempted train bombing in Germany."

In that bombing attempt, investigators said that the two Lebanese men - both in Germany on student visas, one about to start a combined computer-electronics engineering program in Kiel, the other not yet enrolled at a college - told them that their plot was motivated by the Danish cartoon controversy that started in autumn 2005 over a collection of cartoons depicting the Prophet Muhammad, which were reprinted in Germany. The two hadn't attracted any suspicion before the attempt, police said. They're now in jail awaiting trial on terrorism charges.

Mueller thinks that many citizens would feel more comfortable if attacks emanated from a centralized terrorist organization, because that implies that the terrorists have been identified and the threat can be managed. Mueller thinks that the terrorism threat is as great as ever, but far more diverse and impossible to track. He considers the successful bombings in London and Madrid, Spain, as examples of the danger of homegrown, cyber-motivated and cyber-trained terrorists.

Bob Ayers, a former chief of the U.S. Department of Defense Information Systems Agency who's now an expert on security matters with Chatham House, a London research center, warned against dismissing the idea of central control.

"Al-Qaida is the spiritual head, the moral base of the movement," he said.

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"Do not make the mistake and believe that these are stupid people. They are not. In the West, too often people want to see them as backwards, uneducated, living in caves and filled with nothing but hatred."

His view has support among U.S. and British intelligence experts. But many say that the nature of the terrorism threat is not either/or - either under central direction or self-radicalized. It can be both, with a central organization influencing untrained people online and through mosques that are friendly to their views. Ayers thinks that's what's happening.

"Remember, the people lighting the fuse on the suicide bomb are always foot soldiers, highly expendable," he said. "The real concerns are those convincing the foot soldiers it's a good idea to kill themselves carrying out an attack."

Third wave terrorists will improve their professionalism, experts agree. Jean-Louis Bruguiere, who heads France's anti-terrorism efforts, said that while many were flying under investigative radar, others were becoming bold. His biggest worry is residents who've attached themselves to Islamic jihadism, and have gone to Iraq to learn more about how to run an insurgency.

Generally, the numbers of those who are leaving Europe for Iraq aren't thought to be large; experts think that five to 10 from Germany have made the trip, for example. And most of those who go are expected to die in fighting. But if even a few return, the experts worry about their impact.

"We have found a few returning, not many," Bruguiere said recently. "More than 10, fewer than 20. We know of as many as 100 who have left for Iraq."

They're particularly dangerous because not only will they bring back know-how but they'll also have hero status to young recruits, Bruguiere said.

That, Germany's Mueller thinks, is bad news for Europe.

"There will be future attacks, in many, many places," he said. "And those who carry out these attacks will not be known to law enforcement before the attack, but will have been leading very innocent lives."

HOMELAND RESPONSE:

Anthrax Hoax Adds To Sentence (AP)

AP, February 8, 2007

Inmate mailed threat and a white powder to the person who prosecuted him

A federal inmate has been sentenced to more than 27 years in prison for mailing what a letter claimed was anthrax to an assistant U.S. attorney who had prosecuted him.

Charles E. Fuller, 39, pleaded guilty to one count of mailing a threatening communication and one count of threatening the use of a weapon of mass destruction before he was sentenced, prosecutors said Friday.

Fuller was indicted on those charges after the U.S. attorney's office in Indianapolis received an envelope, addressed to the attorney who prosecuted him on another case, which contained a white powdery substance that a letter claimed was anthrax.

The letter threatened to kill members of the prosecutor's family and demanded $250,000 in cash and a letter from her admitting the use of false information in order to convict Fuller.

Authorities determined that the substance in the envelope, received in June 2004, was not anthrax.

Fingerprint and handwriting analysis showed the envelope and letter had been written and sent by Fuller, prosecutors said.

Fuller already is serving a 77-month sentence for attacking an inmate at the federal prison in Pekin, Ill., with an ice pick, prosecutors said.

He was convicted in 2004 on a charge of threatening the president's life.

Bush Issues Medical Emergency Directive (AP)

By Beverley Lumpkin

The AP, February 7, 2007

WASHINGTON -- President Bush issued orders Wednesday for how federal medical personnel should respond to a nuclear, radiological, biological or chemical attack, saying authorities should focus on threats that can be dealt with medically.

An attack using any one of those weapons "could cause mass casualties, compromise critical infrastructure, adversely affect our economy, and inflict social and psychological damage," according to the order.

The directive points out that the primary goal is to prevent such an attack, "but we must be fully prepared to respond to and recover from an attack if one occurs."

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It says it is not feasible to stockpile medicine and equipment against every possible threat. However, it says the priority must be on threats with a potential for a catastrophic impact on public health that have the greatest potential to be handled medically.

"We are moving heaven and earth to prevent" an attack, Homeland Security spokesman Russ Knocke said. He called the directive a playbook for how the federal government will respond and coordinate in providing medical treatment in case prevention fails.

Under the plan, authorities will focus on acquiring medicines and equipment that already exist and are proven approaches, and on pursuing long-term research to "get ahead of the curve," said Knocke.

Of all the possible threats, the biological agents offer the greatest opportunity for medical treatment and care.

Meanwhile, a report from the Homeland Security Department's internal watchdog criticized the effectiveness of its "BioWatch" program _ hundreds of air-sniffing sensors in at least 30 metropolitan areas intended to provide early warning of a chemical or biological attack.

The inspector general found that the department had not properly enforced or monitored the Environmental Protection Agency and the Centers for Disease Control and Prevention, which are also involved in the program. But it noted that Homeland Security had taken action to resolve the issues, and "we consider the recommendations resolved and closed."

Problems with filters, laboratories and fieldwork might cause cross-contamination of samples, which could jeopardize the department's ability "to protect the populace of the United States or to prosecute suspected perpetrators," the report said.

In some cities, the devices test the air 24 hours a day for traces of anthrax, smallpox and other deadly germs. New York, Boston and Washington have installed the monitors in major train and subway stations to sample the air for chemical poisons or explosive gases.

Environmental agencies also have been given portable air sensors that can be driven around in vans or carried by hand, though the sensors test only for about 20 different microbes and toxins.

In January 2003, the department rolled out the $129 million BioWatch program, relying on the Environmental Protection Agency and other agencies to run it. It was created out of concern that terrorists might aerosolize a biological agent and spread deadly biological pathogens.

Changes Made To Bioterror Warning Program (USAT)

By Mimi Hall

USA Today, February 8, 2007

WASHINGTON — An early-warning program in more than 30 cities aimed at detecting biological weapons was bungled by the Homeland Security Department and has since undergone a revamping, according to a federal watchdog.

Homeland Security Inspector General Richard Skinner released a report Wednesday citing a series of problems in the BioWatch program, which costs $1 million a year per city. Among the issues was sloppy handling and storage of sensors designed to give early warnings of a bioterrorism attack.

Such problems "could jeopardize (the department's) ability to detect biological agents and protect the populace of the United States," the report says.

Jeff Stiefel, BioWatch's program manager, says the problems cropped up because the program was created quickly in 2003 in response to concerns that terrorists could spread deadly biological agents in densely populated areas.

Homeland Security officials say they have "taken action to resolve the issues," the report says. Stiefel says that "without question, those issues (raised by the report) are resolved."

BioWatch allows government scientists to test the air daily in high-risk cities to see whether anthrax, smallpox or other biological agents have been released. In many cases, existing air pollution monitoring machines were fitted with filters that are removed several times a day and taken to state health labs for testing.

Locations of sensors and the list of cities in the monitoring program are classified for security reasons, but Stiefel confirmed that the list includes New York City and Washington.

The number of sensors per city also is secret. But in some cities, Stiefel says, 40 sensors were added over the past year, indicating there are at least dozens — and maybe hundreds — in place in each city. Most are outdoors, Stiefel says, but some are being added in airport terminals and other places indoors where crowds gather.

The program is run by and paid for by the Homeland Security Department. The Environmental Protection Agency and the federal Centers for Disease Control and Prevention also play a role in placing and maintaining the machines and overseeing the lab tests.

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Last March, the EPA's own inspector general criticized the agency for improperly placing and monitoring some of the machines.

Wednesday's report cited a host of problems but said all had been resolved to the inspector general's satisfaction. Among the problems:

•At 84% of the labs, exposed filters were not transferred properly from the field.

•At 74% of the labs, bags holding the filters weren't properly decontaminated.

•In 65% of the cities checked, procedural errors were made during handoffs from field workers to lab technicians.

"You won't find those issues prevalent today," Stiefel says.

He says the program has successfully run 3 million tests without any false positives. In three years, there have been 15 positive hits for one of the six agents — but all were attributed to naturally occurring bacteria.

Report Concludes Convicted Agents Lied, Covered Up Shooting (AP)

By Alicia A. Caldwell, Suzanne Gamboa

The AP, February 7, 2007

A federal report released Wednesday on the shooting of a suspected drug smuggler by Border Patrol agents concurs with prosecutors that the men committed obstruction of justice by failing to report the shooting, destroying evidence and lying to investigators.

Conservative members of Congress have criticized the case against the former agents, who were fired after their convictions, saying the men were doing their job when they injured Osvaldo Aldrete-Davila in 2005 near El Paso.

The U.S. Department of Homeland Security report on the investigation was drafted in 2006 after Ignacio Ramos and Jose Alonso Compean were convicted and each was sentenced to more than a decade in federal prison. The 77-page report was made public Wednesday and offered few, if any, new details on the case.

The report, which is heavily redacted of names and some specific details, primarily outlines what Aldrete said happened on Feb. 17, 2005, as he tried to run from Border Patrol agents after trying to elude them in a van loaded with marijuana.

According to the report, Aldrete, who was given immunity and has filed a multimillion dollar claim against the federal government, told investigators he was unarmed and shot as he ran away from Compean and other agents. He said he tried to surrender and ran again after Compean slipped while trying to hit him with the butt of a shotgun.

The report also notes that other agents on the scene that day could not confirm whether Aldrete was armed and initially lied about whether they were aware of the shooting. They later cooperated with authorities. Those agents, whose names were removed from the report, were not prosecuted.

A spokeswoman for U.S. Attorney Johnny Sutton, whose office prosecuted the case and who has been widely criticized for pursing the agents and not the drug dealer shot, declined to comment.

Lawyers for Ramos and Compean did not immediately return phone calls seeking comment.

A spokeswoman for U.S. Rep. Dana Rohrabacher, R-Calif., said the report only bolsters the congressman's support of the agents.

"The OIG report has just emboldened our position because there is nothing in there that indicates these agents were not justified in shooting this individual," said Tara Setmayer. "This finally sheds some light on what these agents were thinking."

She pointed to Compean's written statement which she said reflects that he "clearly believed the drug smuggler had a weapon and feared for his life."

Two Texas congressmen said the office of inspector general for Homeland Security told them the report would say that the agents planned to "go out and shoot Mexicans" on that day.

"The congressman is absolutely unequivocally not happy about the fact that what he was told was in the report, is not in the report," said Jack Hirschfield, a spokesman for Rep. Michael McCaul, an Austin Republican.

"So far it looks to me like Agents Ramos and Compean may not have followed proper procedure following the shooting, which at most should have resulted in their suspension from the force, but not criminal procedure," Rep. John Culberson, D-Houston, said in a statement issued Wednesday afternoon.

Sen. Diane Feinstein, D-Calif., also asked Senate Judiciary Chairman Patrick Leahy, D-Vt., to pursue a Senate probe of the prosecution and sentencing.

A spokeswoman for Leahy said the charirman would support Feinstein's request and suggested if an inquiry is held, Feinstein should lead it.

Rohrabacher and others also criticized President Bush Wednesday for not pardoning the agents.

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Ramos and Compean were sentenced in October and reported to prison in January. Reports were released Tuesday that Ramos was attacked in prison in Mississippi on Saturday night after the airing of an episode of America's Most Wanted that highlighted his case.

Compean is jailed at a federal prison in Northern Ohio.

Report Confirms Agents' Cover-up (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 8, 2007

A Department of Homeland Security investigation of the 2005 shooting of a drug-smuggling suspect by two U.S. Border Patrol agents yesterday said the agents covered up the incident and tried to assault the alien, but the report fails to substantiate earlier accusations that they wanted to "shoot a Mexican."

The long-awaited and heavily redacted report by the department's Office of Inspector General was billed as a substantiation of the government's conviction of Agents Ignacio Ramos and Jose Alonso Compean, who were sentenced to 11- and 12-year terms, respectively, for shooting a Mexican national in the buttocks after he abandoned a marijuana-laden van and fled across the border.

Although the 77-page report concludes that the agents covered up the shooting, tried to assault Osbaldo Aldrete-Davila with the butt of a shotgun as he fled to Mexico and failed to report the incident to their supervisors, it falls short of statements by the Inspector General's Office in September to a House subcommittee.

The office had told lawmakers that the officers confessed to knowingly shooting at an unarmed suspect and that they did not think he was a threat, they wanted to shoot a Mexican and they lied to investigators.

Rep. John Culberson, Texas Republican, yesterday said Inspector General Richard L. Skinner has "admitted under oath" his office gave false information to Congress "painting Border Patrol Agents Ignacio Ramos and Jose Compean as rogue cops who were not in fear for their lives and who were 'out to shoot Mexicans.' "

Mr. Culberson called for Mr. Skinner's resignation because "he lied to us."

"In my opinion, this false information was given to members of Congress to throw us off the scent and cover up what appears to be an unjust criminal prosecution of two U.S. law-enforcement officers whose job was protecting our country's borders from criminals and terrorists," Mr. Culberson said.

Mr. Culberson also said that although Ramos and Compean may not have followed proper procedure after the shooting, at most it "should have resulted in their suspension from the force, but not criminal prosecution."

"At a time when Homeland Security has left our borders largely undefended and deployed National Guardsman whose standard operating procedure is to retreat when confronted with armed criminals, the unjust prosecution of Agents Ramos and Compean weakens border security by discouraging all U.S. law-enforcement officers from drawing their weapons in self-defense or in the defense of our nation," he said.

Ramos, 37, and Compean, 28, were convicted on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in a crime of violence and a civil rights violation in their attempted arrest of Mr. Aldrete-Davila.

Their lengthy sentences have drawn widespread criticism, including from some members of Congress. Petitions with more than 260,000 signatures have been presented to President Bush calling for pardons. Seventy members of Congress are co-sponsors of a bill by Rep. Duncan Hunter, California Republican, calling for a congressional pardon.

The government brought the charges after Mr. Aldrete-Davila agreed with Homeland Security investigators to testify against the agents in exchange for immunity, protecting him from facing drug charges in this country.

The report relies heavily on Mr. Aldrete-Davila's statements, who admitted to IG investigators he was paid $1,500 to smuggle 743 pounds of marijuana into the United States. It said he sought the money to pay the medical bills of an unidentified relative.

It also said that at least three other Border Patrol agents knew about the shooting, did not report it to supervisors, destroyed evidence or made false statements to IG investigators. The agents agreed to cooperate in the probe after getting letters from federal prosecutors noting their cooperation.

At least six other agents knew about the shooting, the report noted. None of the nine agents was identified.

The IG's report noted that after Ramos and Compean spotted Mr. Aldrete-Davila's van along the border with Mexico and attempted to stop him, the Mexican national fled first in the van and then on foot. It said Compean confronted the man and "tried to hit him in the head with the butt of his shotgun."

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It said Mr. Aldrete-Davila then ran south and both Ramos and Compean fired shots at him, Ramos hitting him once in the buttocks. The report said the agents did not report the shooting as required and, instead, "covered up the crime scene by removing the spent shell casings that were ejected from their pistols during the shooting."

The report also noted that Mr. Aldrete-Davila, during a meeting with IG investigators at the U.S. Consulate office in Ciudad Juarez, Mexico, took drugs across the U.S. border to earn money to pay for the medical bills of a relative. It also said he denied saying he was putting together "a hunting party" to shoot Border Patrol agents in revenge for him being shot.

The Border Patrol considered the threat sufficient enough at the time to issue an alert to all law-enforcement agencies along the border to be on the lookout for Mexican gangs looking to kill federal agents.

Compean denied trying to hit Mr. Aldrete-Davila with his shotgun, the report said. It noted that the agent said when the Mexican national ignored his orders in Spanish to stop and put his hands in the air, Mr. Aldrete-Davila ran at him and he used the butt of the weapon to "push him away from me."

The report said Compean and Mr. Aldrete-Davila "confronted" each other at the ditch and the agent fell into the water as the Mexican national continued to flee.

"I got some dirt in my eyes and he got up and started running south, he was pointing something shiny with his left hand. It looked like a gun. That is when I started shooting," Compean told investigators. "I did not report the shooting because I did not think anything happened to the guy."

Mr. Aldrete-Davila was picked up by a waiting vehicle after he crossed the river into Mexico.

The report's delivery comes five months after it had been requested by Rep. Michael McCaul, Texas Republican and former chairman of the Homeland Security subcommittee on management, investigations and oversight.

Expressing "deep concern over the fate of these agents," Mr. McCaul asked his Texas colleagues last month in a letter to join with him in urging Homeland Security Secretary Michael Chertoff to order the report's release, saying he had "relentlessly" sought the document without success.

Anger Grows In Congress Over Border Agents' Case (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, February 8, 2007

Some in House dismiss Homeland official's apology, say punish staff for misstatements

WASHINGTON — Republican congressmen's outrage over the imprisonment of two Border Patrol agents from Texas intensified Wednesday as the top Homeland Security investigative official apologized for his aides' misleading statements to lawmakers about the case.

The agents, sent to federal prison for wounding a fleeing Mexican drug trafficker and hiding evidence, never told investigators that they went on patrol intending to "shoot a Mexican," admitted Richard Skinner, the Department of Homeland Security's inspector general, under questioning during a House Homeland Security Committee hearing.

The misstatements occurred when aides briefed four Texas congressmen in September about the 2005 shooting near Fabens, southeast of El Paso.

"It was an unfortunate mischaracterization," Skinner told Rep. Michael McCaul, R-Austin, whose district stretches to Harris County. "I apologize on behalf of our staff, and I just want to make perfectly clear this was not intentional."

But McCaul and several other House members from the Houston area who are involved in the Border Patrol agents' case said the misstatements never would have come to light had they not forced Skinner's office to release an investigative report on the shooting.

The report, released Wednesday with some sections deleted, does not substantiate what McCaul said were some of the more inflammatory claims made by the inspector general's office last fall. The claims included the alleged "shoot a Mexican" comment and an assertion that agents Jose Compean and Ignacio Ramos had no fear for their lives when they fired 15 rounds at the trafficker as he ran back toward Mexico after ditching a van with 743 pounds of marijuana.

"Those representations became misrepresentations if not downright false statements to members of Congress," McCaul said, later suggesting that Skinner should consider disciplining or firing the staffers.

In an interview, Skinner questioned the push to punish his office for "an innocent, unintended characterization."

Calls for pardon increaseOther Republicans on Capitol Hill went further than McCaul in what has mushroomed into a growing political liability for President Bush and his administration — a vulnerability all the greater because some of the president's staunchest conservative allies have turned against him on this issue.

Reps. John Culberson of Houston and Sam Johnson of Plano said Skinner and his top aides should be forced to resign.

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Rep. Duncan Hunter, R-Calif., demanded that the Bureau of Prisons chief, Harley Lappin, be fired after Saturday's beating of Ramos by six inmates at a Mississippi prison.

The prisoners recognized Ramos and assaulted him after a TV segment about his case aired on America's Most Wanted, lawmakers said.

'Impeachment talk'Bush faces increasing demands from House Republicans and others that he pardon Ramos and Compean, who were sentenced in October to 11 and 12 years, respectively, after being convicted of violating the trafficker's civil rights and tampering with evidence for picking up their shell casings and not reporting the shooting.

"The president has lost my respect because he will not step forward and do what's right," said Rep. Walter Jones, R-N.C.

Rep. Dana Rohrabacher, R-Calif., went a step further, saying Bush would face dire consequences if Compean or Ramos is killed while in prison. If that happens, he said, "There's going to be some kind of impeachment talk on Capitol Hill."

Last month, Bush said in response to passions about the case and the pardon request that he would take a hard look at the case.

Prison protections soughtBureau of Prisons spokeswoman Traci Billingsley said Ramos sustained minor bruises and abrasions and has since been removed from the general prison population at the Yazoo City prison. Compean, incarcerated in Ohio, has never been in the general population.

Hunter and Sen. John Cornyn, R-Texas, wrote President Bush and Attorney General Alberto Gonzales, respectively, on Wednesday, demanding protections in prison for the ex-agents.

Bipartisan requestSenate Judiciary Committee Chairman Patrick Leahy, D-Vt., granted a request Wednesday by Cornyn and Dianne Feinstein, D-Calif., for a committee investigation and hearing into the case. McCaul is asking the House Homeland Security Committee to conduct a hearing as well.

And Rep. Ted Poe, R-Humble, demanded a Justice Department investigation into the faulty statements made to lawmakers by the inspector general's staff last fall.

"It was a fabrication," Poe said flatly of the investigators' claims. Poe wouldn't hazard a guess as to why the investigators misspoke. But Culberson offered an opinion.

"There is no chance this was an innocent mistake," Culberson said. "Those statements made to us were designed to throw us off the scent and cover up what is obviously an unjust criminal prosecution of two officers who were protecting our borders from criminals and terrorists sneaking in."

Punishment criticizedCompean and Ramos have become a popular cause among immigration-enforcement proponents in and out of Congress, hailed as heroes wrongly prosecuted by the government. Federal prosecutors, for their part, claim they were rogue agents who fired on an unarmed man who posed no danger to them, destroyed evidence, and lied to superiors and investigators.

Even if the agents were guilty, their defenders suggest the punishment has far outweighed the wrongdoing.

"At worst, these two agents should have been suspended or fired from their jobs for failing to properly report the shooting and picking up the shell casings," Culberson said.

Distrust Hinders FBI In Outreach To Muslims (WP)

By Karen Deyoung

The Washington Post, February 8, 2007

LOS ANGELES -- The FBI's worst fears that hidden homegrown terrorist groups could take root in this country were fanned here in the summer of 2005, when four young Muslim men were charged with conspiring "to levy war against the United States" via deadly attacks on military installations and synagogues in Southern California.

The men belonged to what Attorney General Alberto R. Gonzales called a "radical Islamic organization" named Jamiyyat Ul-Islam Is-Saheeh (JIS), or Assembly of True Islam. They were discovered before they could carry out their alleged plans.

Although Gonzales claimed an intelligence victory, the FBI had only stumbled upon JIS. Numbers on a cellphone dropped during a gas-station holdup led local police to an apartment and a computer with documents that authorities said outlined a terrorism spree.

None of the four -- three U.S.-born citizens and one Pakistani immigrant -- fit a terrorist profile. They had no ties to foreign extremists or radical imams, and their public behavior had drawn no attention. JIS was also news to officials at the California state prison where a man accused of founding the group was serving a lengthy sentence for robbery and allegedly was directing JIS operations from his cell.

The discovery was an ominous surprise to federal law enforcement, whose senior officials now regularly refer to the case in speeches warning of the homegrown threat.

But the high-profile indictments, announced at news conferences in Los Angeles and Washington, were unsettling to Southern California's half-million-strong Muslim community for a different reason.

"They're not Muslims," declared Shakeel Syed, head of the 75-mosque Islamic Shura Council of Southern California and a government-approved chaplain who has visited the four men in jail, where they await trial this year. "They don't know anything about Islam."

Self-styled converts with the apple-pie surnames of Patterson, Washington and James, the Americans are "gangbangers, basically," Syed said dismissively, "petty criminals" incapable of responding even to his standard Islamic greetings. The Pakistani, described by Syed as a clueless 21-year-old, "I felt sorry for."

"If this is to be characterized as Islam, the faith of millions of people in this country," he said, "it is a great injustice and disservice." Labeling JIS "Islamic" just because it said it puts the religion unfairly in the spotlight again, Syed and other Muslim leaders argued.

The JIS affair is one of many incidents that have regularly challenged the fragile cooperation that law enforcement and Muslims nationwide are struggling to create after years of mutual suspicion. Without that cooperation, the FBI, sheriffs and police chiefs believe they will never penetrate the world of homegrown Islamic extremists and potential terrorists the officials are convinced is out there.

Muslim leaders say they are eager to help. Yet for both sides, the effort remains a steep uphill climb with frequent detours into resentment, suspicion and misunderstanding.

Virtually all 56 FBI field offices and many local police departments have invited Muslim leaders to join multicultural advisory boards and to teach classes in the basics of Islam to agents and police. At community meetings, the FBI listens to Muslim complaints and asks for assistance in finding potential terrorists in their own communities.

"We're spending more money on outreach . . . so we can say: 'Please help us. Please look for people who are turning away from institutions to extremism. Please be our eyes and ears,' " said Philip Mudd, deputy director of the bureau's national security branch.

But many FBI officers have grown impatient with what they see as Muslim resistance. The Muslims are "in denial" over the threat in their midst, one senior officer said, adding: "All they say is 'There is no problem. Stop picking on us.' "

Muslim leaders have frustrations of their own, ranging far beyond incidents such as the JIS case. Immigration sweeps following the Sept. 11, 2001, al-Qaeda attacks and mandatory registrations long ago convinced them that the FBI sees Muslims as suspects rather than partners.

"How much cooperation can we give . . . at the same time we ourselves are part of the problem in [their] eyes?" asked Sadullah Khan, director of the Islamic Center of Irvine, a city between Los Angeles and San Diego.

Hundreds gathered at a meeting last summer to angrily confront FBI officials after an agent's public comment, quickly contradicted by headquarters, that the bureau was "monitoring" Muslim student groups at the University of California at Irvine.

J. Stephen Tidwell, the assistant director in charge of the FBI's Los Angeles field office, is the bureau's point man for relations with a Muslim community spread across seven Southern California counties. He spends many Fridays attending services at mosques.

How is the outreach effort going? "As with any, and I'll use the word 'family,' there are family disagreements," Tidwell said. "There are times when we agree to disagree. I would say that overall, they feel comfortable enough with the relationship that if they've got a problem they'll call me."

Most days, his phone is ringing off the hook.Constant Vigilance

After Sept. 11, federal officials warned of terrorist "sleeper cells" -- groups of al-Qaeda operatives who, like the hijackers who flew planes into the World Trade Center and the Pentagon, had blended into cities and towns and were awaiting orders to launch new attacks.

Beyond sleepers, the FBI was on the lookout in this country for foreign Islamic "radicals" trying to recruit domestic Muslims to terrorist causes.

The White House has focused on combating the danger from without -- sealing borders, tapping overseas telephone calls and fighting terrorists "over there" so they do not have to be fought "here." But federal counterterrorism and law enforcement officials have issued increasingly dire warnings of a threat from within.

Homegrown or "self-starting" terrorism has become a reality in Europe. The 2004 bombing of commuter trains outside Madrid, attacks on British buses and subways in 2005, and last summer's discovery of plans to blow up U.S.-bound commercial airliners were all tied to young men "inspired" by al-Qaeda but with no tangible connections to it or any other known terrorist groups. Most of the alleged perpetrators are young men of Middle Eastern, South Asian or North African parentage who had spent all or most of their lives in secular Europe.

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"They were middle-class, educated and had people who loved them," a U.S. intelligence official said of the transit bombers in England. "How do you get from being a moderate Muslim to being a suicide bomber? What is that road?"

Compared with Europe, there has been little evidence of such activity in this country. The FBI acknowledges that the JIS indictments are the only case so far of genuine "self-starters" -- individuals who moved from radical thought to terrorist plans with no overseas involvement and without the aid of radical imams, undercover officers or paid informants.

Mudd, a career CIA official before he joined the FBI last year, said that although the growth of homegrown cells is "slower than in Europe," it is "inevitable."

Counterterrorism officials say they are less worried about traditional recruitment "gateways" such as prisons and mosques than about young Muslims, influenced by one another and what they see on the Internet, who find reasons to turn to extremism. Uncovering them, the intelligence official said, raises a number of troublesome issues, including "privacy, respect for religion, and not wanting to be seen as targeting."

The FBI's definition of homegrown extremists as "U.S. persons who appear to have assimilated, but reject the cultural values, beliefs and environment of the United States" could apply to disaffected young people of any era, regardless of faith.

"Youth are vulnerable," Mudd said, whether it is the Goths of the 1980s or the anti-establishment culture of the late 1960s and early 1970s.

Understanding and reversing individual transitions to extremism stretches both the bureau's skills and its legal mandate. Most FBI agents acknowledge that they have little understanding of the subterranean lives of youths, the Internet world or Islam. Differentiating between those who pose a threat and those who are pious or angry or both, who exercise their rights to protest against their government and visit their preferred Internet sites, is a dicey business for law enforcement.

When Muslims ask "What should we look for?" Mudd advises them to "think of every 15-to-26-year-old ostracized from the congregation," saying, "I need you to tell me when you see this."

But Hussam Ayloush, head of the Southern California branch of the Council on American-Islamic Relations, warned that Muslim youths already feel singled out in this country. "I don't think the looks, how many times a person prays, how strong their political views are should indicate anything. The red line for me, when I start noticing, is when someone starts justifying terrorism . . . when they say the West is killing Muslims" and that's the only way they could respond.

U.S. military involvement in the Middle East and what American Muslim youths perceive as challenges at home to their religion and patriotism have placed them, far more than their parents, in "a real identity crisis," Ayloush said. Increased radicalization "is possible," he added. "Now, it's not real, but I see it on the horizon."Two Constituencies

After a recent Friday afternoon sermon at the Irvine Islamic Center on the flexible and peaceful nature of Islam, Khan jostled his way through hallway greetings and embraces. But as he retreated behind the closed door of his tiny office for a conversation about Muslim relations with the FBI, his demeanor changed from calm reflection to irritation. He and countless friends and colleagues, he told a visitor, had been treated badly for no reason other than being Muslim.

He has hosted two meetings with bureau agents, Khan said, including the public one with Tidwell on the student "monitoring" question. "Basically, they gave us 'FBI 101.' How they don't harm people, they don't spy on anybody." An earlier session, he said, was far more memorable in terms of what he saw as typical disrespect and unnecessary brusqueness.

When two agents came to his office, one "refused to shake my hand and blocked the doorway. As if I were going to run away! They were recording everything, asking me about some guy I don't even know." He said it reminded him of officials' visits in his native South Africa during apartheid.

Khan said indignantly that he is a prominent Southern Californian who teaches at universities across the region. "I have a congregation of 1,500 people. If you treat me with this kind of doubt and suspicion," he asked, "do you think I'm going to be convincing telling people, 'Don't worry, the FBI is okay'?"

For immigrants, even the most innocuous official visit can be a source of deep anxiety. "We have many people who come from Arab backgrounds. Their historical experience is that the FBI is satan with a small 's' -- the mukhabarat," said the Shura Council's Syed, using the Arabic word for intelligence services. "When I introduce Tidwell in my community, if I say he is my friend, they're going to beat me up after he leaves. And if I don't say he is my friend, the FBI is going to beat me up after they leave."The Local Go-Between

In his 2 1/2 years as chief of the Anaheim Police Department in Orange County, John Welter has seen no evidence of homegrown terrorism. He is uncertain but hopeful, he said, that it is "not because we're not uncovering it, but because it doesn't exist" in Anaheim.

As the FBI and Muslims wrestle toward accommodation, local law enforcement officials have come to occupy a safe middle ground for both. The FBI readily acknowledges that it will never know what goes on in a community as well as the local cops do;

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Muslims say they feel more comfortable among faces they see every day. Welter is widely viewed as a chief who is equally attuned to the demands of counterterrorism and the needs of Anaheim's diverse population.

But achieving that status has been hard work. Welter was greeted on arrival here in 2004 with a formal complaint of police harassment by Muslim owners of restaurants and bookstores clustered along a portion of Brookhurst Street known locally as "Little Arabia."

Anaheim officers, they charged, were barging in -- often through the back door -- to demand information about possible terrorists. When the indignant businessmen replied that they did not know any terrorists and had not seen anything suspicious, police cruisers parked outside their stores and restaurants. Officers took down license-plate numbers and advised arriving customers that the proprietors were not cooperating with terrorism investigations.

"My guys were doing what they felt was expected of them, by the FBI and the chief," Welter recalled. "No police officer wants to be responsible for not knowing what's happening in their community. No one wants to be responsible for the next 9/11."

But, he said, "the methods that some of our intelligence officers were using were offending people rather than gathering support and important information."

After an internal department investigation and an assessment by the state attorney general's office, Welter reassigned part of his 12-officer intelligence division and "we changed the whole way we did a lot of our work." To the irritation of many, the entire force of 700 was made to attend cultural training sessions taught by the Council on American-Islamic Relations.

"Most people are very ignorant of what the Muslim faith is about, including me," Welter said. "I've got a book on Muslims for dummies; I can't be an expert on all the religions and cults and cultures in the world. But what I can do is be an expert in behavior that terrorists engage in prior to an attack."

U.S. Asks To Arm Pilots Abroad (USAT)

By Thomas Frank

USA Today, February 8, 2007

For the first time, the U.S. government is asking foreign countries to allow pilots to carry guns in the cockpit when they fly overseas.

The Homeland Security Department, working with the State Department, is trying to expand a 4-year-old program that allows thousands of pilots to carry guns on domestic flights.

"It's obvious that there's a threat internationally," said Conan Bruce, spokesman for the Federal Air Marshals Service, which runs the armed-pilots program. "We want to work toward having (armed pilots) be able to perform their duties on international flights."

Some countries may block U.S. efforts because they don't want guns on airplanes, even if they're carried by trained pilots who have been sworn as law officers.

"Sweden would rather not see any weapons aboard airplanes," said Michael Mohr, homeland security liaison at the Swedish Embassy in Washington. "There's a concern about arms and very sensitive equipment inside airplanes."

Nations can prohibit armed air marshals on U.S. flights to their countries. Some, including Sweden, have resisted U.S. efforts to have them put their own armed officers on U.S.-bound flights. Thousands of U.S. air marshals fly as passengers on domestic and international flights.

Armed pilots, known as flight deck officers, carry guns only in the cockpit. No pilot has fired a gun in a plane, Bruce said. The Transportation Security Administration allows handguns of varied calibers, including .357, .40 and .45, and 9mm.

The effort to expand the armed-pilots program comes amid criticism that it is falling short of its potential. A Homeland Security report released last month said the program needs improvement, and some policies "may have dissuaded pilots from participating."

"More needs to be accomplished to maximize the use of" armed pilots, the report concludes.

Congress cut $11.5 million from the last two budget requests for armed pilots because the program didn't spend all its money. Bruce said costs have fluctuated depending on pilot availability for one week of training.

Federal Flight Deck Officers Association Chairman Jim Krauss said the U.S. push for guns on international flights will help enlist more pilots in the program. "We certainly would see a lot more participation," he said.

About 8% of flights originating in the USA are to international destinations.

Members of Congress have proposed numerous bills since 2004 that would require the administration to work with countries to allow armed pilots, and to take other steps to improve the program.

David Mackett, president of the Airline Pilots Security Alliance, which advocates for armed pilots, said his group wants to see lifted a policy requiring them to keep guns in a lockbox except when they're in a cockpit. "We have thousands of pilots who

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are routinely riding in the cabin (as passengers) and could serve as the last line of defense," Mackett said. He said other law enforcement officers carry guns on board planes.

Bruce said improvements are planned in response to pilot concerns. Armed pilots will get badges this year to replace ID cards. Regional training sites will open to make pilot recertification more convenient.

Aviation security consultant Rich Roth said some pilots "feel better" carrying guns, but he doubts they could thwart a hijacker. "If you're sitting in the flight deck and they get through, you have no time to do anything with a weapon," Roth said.

Airport Screeners To Get AMBER Alerts (USAT)

By Thomas Frank

USA Today, February 8, 2007

The nation's 43,000 airport security screeners will get notices and photos of abducted children as part of the AMBER Alert network's quest to find missing people, the Transportation Security Administration said Wednesday.

Screeners will be looking to stop abductors from taking children on planes. AMBER Alerts are abduction notices sent to authorities and to media outlets, asking for help in locating a missing child. Airports are going to start receiving the bulletins starting today.

"This can be tremendously effective," said Ernie Allen, president of the National Center for Missing & Exploited Children, which helps disseminate the alerts. "You're talking about 43,000 TSA officers around the country."

TSA screeners check 2 million people a day at about 450 commercial airports around the USA.

"The goal is to get that (alert) to TSA officers within minutes," said Gale Rossides, a TSA associate administrator. Screeners "meet so many children every day, they may actually notice something that's out of character with a child."

The Justice Department says the AMBER Alert system has helped save more than 200 children since it began in 1996 after 9-year-old Amber Hagerman was kidnapped near Dallas and murdered.

Many abductors are non-custodial parents who try to get children out of their home neighborhood quickly and often use commercial airplanes, Allen said. "Time is the enemy in these cases," he said. Search efforts are typically focused in the child's home community.

The TSA effort is the first time AMBER Alerts will go directly to airports, Allen said.

TSA airport security directors will receive the notices and distribute photos and written descriptions of the child and potential abductor to airport and airline officials, as well as to the airport's screeners.

"The entire airport community will be on the lookout for the child and the abductor," Allen said.

Don Thomas, a screener at Orlando International Airport, said the alerts could help security overall by encouraging screeners to look more closely at passengers. "Sometimes we get complacent," said Thomas, who is president of a small screeners' union. "This will put us more on alert."

Federal air marshals have been receiving AMBER Alerts for a couple of years on their personal digital assistants, or PDAs.

The alerts are issued when authorities believe a child is in danger of being seriously hurt or killed and when the victim and abductor can be described.

Security Debate Centers On Tougher Standards For Inspections Of Air Cargo (NYT)

By Eric Lipton

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — The suitcases loaded onto a Seattle-bound flight at Dulles International Airport each went through an electronic device that can sniff out explosives. But the plane's belly also held bins filled with cargo — as varied as decorative plates and computer supplies — most of which got no such scrutiny.

This disparity in how aviation security officials scan air cargo has set off an intense debate in Congress. House Democrats are pushing for a requirement that, within three years, all air cargo be inspected at a level equal to that of checked baggage, at an estimated cost to the federal government of $600 million per year.

Those Democrats argue that, despite the billions of dollars the nation has already spent on aviation security, it would still be far too easy to slip a bomb aboard and blow up a passenger plane.

"Here is a backdoor way into planes," said Representative Edward J. Markey, Democrat of Massachusetts, who has been leading the drive for 100 percent inspection of air cargo placed on passenger jets, compared with the current level of about 30 percent.

But officials at the Transportation Security Administration said the security measures already in place for air cargo — while very different from the passenger-baggage inspection system — were sufficient to prevent a bomb from getting aboard.

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Mandating physical inspection of all air cargo could actually reduce safety, said Kip Hawley, the security administration's director, because the high cost would require other security measures to be curtailed. "History is full of examples of invincible secure systems failing, like the Titanic," Mr. Hawley said. "If you put all of your resources into making something invulnerable, you end up ironically with less security."

The debate has implications not only for air safety, but also for the financial health of the nation's airlines. Twenty-two percent of domestic air cargo travels on passenger aircraft, or about 2.8 million tons a year, producing $4.7 billion a year in revenue for the airlines.

And this steady stream of air cargo — most of it promised for delivery in one or two days — is often what makes the difference between a profitable route and one that loses money. Industry officials fear that tougher standards may force cargo off passenger planes and onto flights reserved just for cargo, or cause huge delays.

"Imagine automotive manufacturing facilities idled due to the lack of airbags or other parts, restaurants closed because seafood did not arrive or flower shops without flowers on Mother's Day and other holidays," the Air Transport Association said in reply to Mr. Markey's plan. "These are very real concerns."

At major airports across the United States, there are few similarities between security systems for cargo and passenger baggage even though both end up on the same plane.

For passenger baggage, almost the entire security system is focused on one moment: when the bag is handed off, as passengers arrive at the airport. Every bag is electronically scanned or examined by a second device that swabs it to check for traces of explosives. In unusual circumstances, physical or canine searches are substituted.

The security effort is not nearly so intense for air cargo at any one point. Instead, transportation officials have tried to build a security zone surrounding the cargo packages during their journey from the manufacturing plant to the plane.

Much of the cargo system is based on a belief that the government can be confident of cargo security if it has a record of who is sending the package and has completed background checks on the freight forwarding and air cargo employees who have access to the shipments.

Part of the rationale is also that whereas a passenger can be assured that his suitcase is going on a specific flight, when a package is sent through a freight forwarder, the sender has no idea whether it will be sent on a cargo or a passenger jet.

Some aviation security officials said this program, called Known Shipper, was fundamentally flawed.

"It is something that could be easily defeated by somebody with patience," said Jim Hall, who was chairman of the National Transportation Safety Board during the Clinton administration.

About a third of the cargo shipments destined for passenger planes are inspected at the airport warehouse or the freight forwarder. About 400 bomb-detection dogs, trained by the Transportation Security Administration, are working nationwide at 80 airports, where they spend about a quarter of their time checking cargo.

But there is huge variability in the intensity and quality of the work, said Fred Roder, a former explosives detection program manager at the Homeland Security Department.

The inspections are done by the airlines or freight forwarders, not security administration officers, who undergo much more intense background checks. Transportation officials also do not specify whether the inspections should be done by opening a box, using a screening machine or a dog, or other means, leaving the airlines to decide.

In addition, the security administration has been slow to approve a new generation of machines that can screen oversized cargo shipments. It has also not finished work on a long-promised computer program that is supposed to identify the highest risk shipments automatically — based on the identity of the shipper, the cargo contents and other factors — so the searches can be more specific.

The result is that most air cargo inspections are done by simply opening the box and looking for tampering or other possible hints of a bomb, Mr. Roder said.

Christopher White, a spokesman for the security administration, said the agency had recently enhanced the requirements for open-box inspections, although he would not say how. The agency also has its own staff of 300 auditors, who check on the work that the airlines and freight forwarders do, through visits and covert testing.

Mr. Hawley, the T.S.A. director, said: "The best way to do any security is in layers. Our system is based on flexibility and unpredictability."

Representative Markey said this system, while better than what existed before 2001, was not sufficient. "It is just like saying it is O.K. to screen one-third of the passengers going on a plane because they have secured the cockpit door," he said.

The House bill, which was part of a much larger antiterrorism package that passed last month, would require that within three years, all air cargo going onto passenger planes be inspected with a system of "equipment, technology, procedures and personnel" that together "provide a level of security equivalent" to checked baggage screening.

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A Senate version, introduced this week, would eliminate requiring that all cargo destined for a passenger plane be physically inspected, mandating instead that all cargo be "screened," which might simply mean evaluating the contents, sender and destination of packages and doing inspections on just high-risk cargo, similar to what now occurs.

To improve the existing process, the Senate bill, which has bipartisan backing, calls for speeding installation of more automated inspection equipment, and it pushes the security administration to consider mandating use of blast-resistant bins for holding air cargo, a move it has been considering for several years.

Department of Homeland Security officials have implied that might be acceptable, but Mr. Markey said he would fight to prevent the original bill from being watered down.

"They industry argued five years ago it would impossible to inspect all the checked bags," Mr. Markey said. "They were told to do so. And T.S.A. completed the task in two years."

Senators Debate Wireless Network For Safety Workers (WSJ)

By Amol Sharma And Amy Schatz

The Wall Street Journal, February 8, 2007

Emergency workers have long complained that their communications systems are outdated and underfunded. Now, convinced that the federal government alone can't answer their concerns, public-safety groups are turning to commercial wireless companies for help.

First responders can't always communicate with each other during major disasters because their telecom equipment is incompatible with that of other agencies.

What's more, much of the equipment is both expensive and out of date: In some cases, police agencies are paying $3,500 each for two-way radio devices.

To improve communications among emergency workers, Cyren Call, a McLean, Va., company launched by Nextel Communications founder Morgan O'Brien, has been lobbying feverishly for a plan to involve the private sector in public-safety upgrades.

Under the plan, a slice of the radio spectrum would be reserved for public-safety use and licensed to an entity called a Public Safety Broadband Trust. A private bidder would be selected to manage the creation of a broadband network shared by consumer cellphone users and public-safety workers such as firemen and policemen; in an emergency, public-safety users would take precedence. Small rural operators would pay to build out the infrastructure; in exchange, they would be able to offer services over frequencies they didn't have to pay for.

The new Congress is taking a hard look at the idea. Republican presidential contender Sen. John McCain of Arizona announced plans to introduce legislation that would take a similar approach. Today, the Senate Commerce Committee is planning to hold a hearing to consider it, and Senate staffers say it has support from some top Democrats.

But getting any legislation through a divided Congress this year will be difficult, especially given the controversy the plan is generating in the wireless industry. Critics say it amounts to a corporate giveaway to Cyren Call. There are better ways to go about improving public-safety communications, they say, without setting aside valuable frequencies for public-safety use.

The debate highlights how coveted radio spectrum is in the U.S. wireless industry, which now services more than 230 million cellphone customers. To acquire a license for such spectrum, cellphone companies have to bid in auctions that the government holds from time to time, putting down billions of dollars so they can provide coverage for more users and offer new services such as Web access. They say the O'Brien plan will sap auction revenue for the government.

To counter that argument, Mr. O'Brien proposes that the trust pay the U.S. Treasury $5 billion up front for the spectrum by raising private capital through government-backed loan guarantees. The trust would recoup that cost over time by taking a share of revenue from the commercial wireless operators. The network manager -- Cyren Call, if Mr. O'Brien has his way -- would get a cut of the proceeds.

The large cellphone operators, including Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC; AT&T Inc.'s wireless unit; and Sprint Nextel Corp. all declined to comment on Mr. O'Brien's proposal but said they support improving public-safety communications. But industry lobbyists, particularly Verizon's, are fighting Cyren Call's plan ferociously, people familiar with the matter say.

Giving the issue urgency is the timetable for the Federal Communications Commission's next major spectrum auction, which could come as soon as August and no later than next January. Unless Congress enacts legislation before the auction along the lines proposed by Sen. McCain, the plan backed by Mr. O'Brien will die, because the sought-after slice of the airwaves will have been licensed to commercial operators.

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Mr. O'Brien's plan fell flat at the FCC, but his lobbying of Congress appears to be paying dividends. Public-safety groups have generally embraced the Cyren Call proposal.

"It provides public safety with the access to the spectrum it needs, but doesn't deny the use for other purposes," says Robert Gurss, lobbyist for the Association of Public-Safety Communications Officials International.

Still, the idea of sidestepping auctions displeases watchdog groups. "We favor the auction process," says Thomas Schatz, president of the nonpartisan Citizens Against Government Waste.

None of the major cellphone companies are testifying at today's hearing. But their trade group, CTIA-The Wireless Association, is sending Steve Largent, its president and chief executive officer. In a statement last week, Jot Carpenter, the group's vice president for government affairs, said public-safety groups have enough spectrum to serve their roughly four million users nationally. "More spectrum is clearly not the answer," he said.

WAR NEWS:

GOP Senators Push Vote On Troop Buildup (LAT)

By Noam N. Levey

The Los Angeles Times, February 8, 2007

WASHINGTON — Seven Republican lawmakers threatened Wednesday to tie up Senate business until a resolution opposing President Bush's planned troop buildup gets a vote, saying they will try to attach the measure to future legislation.

"The war in Iraq is the most pressing issue of our time. It urgently deserves the attention of the full Senate," said Sen. John W. Warner (R-Va.), who sponsored the measure criticizing the White House plan to send 21,500 more troops to Iraq.

Warner and six other GOP senators sent a letter to Senate leaders of both parties Wednesday evening. Among the signatories was Sen. George V. Voinovich (R-Ohio), who had not previously expressed support for the Warner measure.

The procedural gambit does not guarantee the Senate will vote any time soon on Bush's plan to send more troops into Baghdad to control sectarian violence there. But it may further complicate Senate debate on the war, just as Senate Democratic leaders seemed prepared to let the Democratic majority in the House take up the legislative challenge to the White House.

House Speaker Nancy Pelosi (D-San Francisco) and her lieutenants have said they plan to consider a resolution like Warner's as early as Monday.

Senate Majority Leader Harry Reid (D-Nev.) had been pushing for a vote this week on the Warner resolution.

But Senate Republicans — including Warner — protested Monday that they were not allowed to bring up alternative resolutions and successfully denied Reid the 60 votes he needed to formally bring up the measure.

The GOP demanded votes on two alternative measures. One, by Sen. John McCain (R-Ariz.), expresses support for the mission but lists benchmarks for the Iraqi government to meet to demonstrate its commitment. The other, by Sen. Judd Gregg (R-N.H.), opposes any cutoff of funds for troops in the field.

After three days of rhetorical brawling in which Democrats portrayed Republicans as obstacles to a war debate, Reid said Wednesday that Democrats were no longer going to seek a vote on the Warner measure, which expresses the sense that the Senate "disagrees" with the buildup.

"I'm terribly disappointed," Reid said on the floor of the Senate.

Senate Minority Leader Mitch McConnell (R-Ky.) countered with expressions of his own distress.

"I'm disappointed, as other members of my party in the Senate are disappointed, we're not having the Iraq debate this week," he said.

If Warner follows through with his threat, the debate may soon be resurrected. He did not indicate when he planned to try to revive his measure.

Such an action would almost certainly be accompanied by another from McConnell and other White House allies to revive the Gregg measure.

Group Of Republican Senators Vows To Force A Vote On Troop Surge (MCT)

By Margaret Talev

McClatchy Newspapers, February 8, 2007

WASHINGTON - Seven Senate Republicans on Wednesday blasted their own leaders and Democrats for stalling the debate on the resolution to oppose President Bush's plans to send more troops to Iraq, and they vowed in a letter to push through a vote one way or another.

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"The current stalemate is unacceptable to us and to the people of this country," said the letter signed by Sens. John Warner of Virginia, Chuck Hagel of Nebraska, Susan Collins and Olympia Snowe of Maine, Gordon Smith of Oregon, Norm Coleman of Minnesota and George Voinovich of Ohio. "We will explore all of our options."

Democrats took notice but weren't convinced that the letter was much more than an attempt by the Republicans to protect their re-election prospects.

The group, led by Warner, a respected military veteran, includes moderates and members who are facing re-election in 2008.

Warner was the driving force behind the bipartisan resolution that Democrats had attempted to debate and vote on this week. The resolution opposes Bush's plan to send 21,500 additional troops to Iraq, but says that it would be wrong to cut off funding for troops on the ground.

But on Monday, Republican leaders used a procedural vote to block debate on the resolution unless Democrats agreed to also consider a proposal by Sen. Judd Gregg, R-N.H. That proposal opposes cutting off funding for troops but takes no position on the troop increase.

All of the Senate Republicans except for Coleman and Collins voted with their leadership to block the debate.

Democrats refused to consider Gregg's resolution because they saw it as a trap: If they opposed it, election opponents would accuse them of hurting U.S. soldiers. If they supported it and the Warner resolution failed, Gregg's resolution would be the only formal statement from the Senate and it would be silent on the troop increase issue. So the debate deadlocked before it began.

In the letter Wednesday, the senators said their Monday votes "should not be interpreted as any lessening of our resolve" to advocate against a troop increase.

Senate Majority Leader Harry Reid's spokesman, Jim Manley, said Reid "gave Senator Warner and the others a chance to vote for their own resolution on Monday, but only two of them chose to do so. Hopefully this letter signifies that the others have had a change of heart and will be willing to vote for their own resolution in the future."

7 GOP Senators Back War Debate (WP)

By Shailagh Murray

The Washington Post, February 8, 2007

Senate Republicans who earlier this week helped block deliberations on a resolution opposing President Bush's new troop deployments in Iraq changed course yesterday and vowed to use every tactic at their disposal to ensure a full and open debate.

In a letter distributed yesterday evening to Senate leaders, John W. Warner (Va.), Chuck Hagel (Neb.) and five other GOP supporters of the resolution threatened to attach their measure to any bill sent to the floor in the coming weeks. Noting that the war is the "most pressing issue of our time," the senators declared: "We will explore all of our options under the Senate procedures and practices to ensure a full and open debate."

The letter sent to Senate Majority Leader Harry M. Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) was not more specific about the Republican senators' strategy for reviving the war debate. But under the chamber's rules, senators have wide latitude in slowing the progress of legislation and in offering amendments, regardless of whether they have anything to do with the bill.

The letter began circulating yesterday evening after it became apparent the Senate was deadlocked over the war resolution and Reid was prepared to move on to other matters. McConnell and many in his party have aggressively defended their decision to block the bipartisan resolution as an issue of fairness because Democrats would not agree to GOP procedural demands.

But some Republicans were uneasy about appearing to have stymied the debate. The letter appeared so suddenly that, although it was addressed to Reid, the Democratic leader had not seen his copy before Warner read the text on the Senate floor.

"Monday's procedural vote should not be interpreted as any lessening of our resolve to go forward advocating the concepts" of the resolution, the letter said. "The current stalemate is unacceptable to us and to the people of this country."

House Democratic leaders are attempting to formulate their own nonbinding expression of disapproval of Bush's decision to send an additional 21,500 troops to battle, and they intend to devote three days next week to debating it.

A top Pentagon leader weighed in yesterday on the war debate and appeared to undercut the argument advanced by the White House and many GOP lawmakers that a congressional debate challenging the Bush plan would hurt troop morale.

"There's no doubt in my mind that the dialogue here in Washington strengthens our democracy. Period," Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified before the House Armed Services Committee. He added that potential enemies may take some comfort from the rancor but said they "don't have a clue how democracy works."

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Congress is grappling with several nonbinding resolutions, each of which addresses Bush's deployment plan, even as public support for the war declines and conditions on the ground grow increasingly perilous. The debate has particularly vexed Republicans, who are reluctant to abandon Bush at a critical moment but who also regard the party's defeat in the November midterm elections as a signal that voters want Congress to challenge White House war policy more aggressively.

The Senate was poised to debate a nonbinding resolution opposing the additional troop deployment and calling for a diplomatic initiative to settle the conflict in Iraq. Republicans refused to allow the resolution to reach the floor, relying on a standard procedural objection.

Five of the seven Senate signatories to yesterday's letter -- including Warner, the bipartisan resolution's chief author -- had voted Monday to block the debate. By showing party solidarity, they had hoped to pressure Democrats into allowing the consideration of other nonbinding measures, namely two that are more supportive of the administration's policy. But Democratic leaders refused to relent, and the long-awaited war debate -- or at least the opening chapter -- ended almost as soon as it began.

The Republican senators attempted in their letter to clear up the apparent contradiction. "Monday's procedural vote should not be interpreted as any lessening of our resolve to go forward," the senators insisted. But they voiced the GOP leadership's view that other resolutions should receive an equal vetting.

"The Senate should be allowed to work its will on our resolution as well as the concepts being brought forward by other senators," the letter stated.

The other Republican senators who signed the letter were Susan Collins and Olympia J. Snowe of Maine, Norm Coleman (Minn.), Gordon Smith (Ore.), and George V. Voinovich (Ohio).

Democrats brushed off the Republicans' declaration as too little, too late. Reid spokesman Jim Manley said in a statement: "Senator Reid gave Senator Warner and the others a chance to vote for their own resolution on Monday, but only two of them chose to do so. Hopefully this letter signifies that the others have had a change of heart, and will be willing to vote for their own resolution in the future."

After reading the text on the Senate floor, Warner hurried back to his office, declining to answer questions. He would not specify whether he and his allies would seek to block specific bills, including a huge spending package that the Senate is expected to take up today, to fund government activities for the current fiscal year. Warner did indicate whether he will attempt to amend the funding package with his resolution.

In the letter, the senators said they will offer the resolution "where possible" on bills as they come before the Senate.

House Democrats had hoped for a large bipartisan Senate vote on Warner's resolution to create momentum in the House and to provide maximum pressure on Republicans to go along. But with the Senate at a standstill, House leaders are considering a straightforward resolution that opposes the troop increase, without the multiple provisions that complicated Warner's text. Senior House Democrats predicted that their measure will attract overwhelming party support and possibly as many as 30 GOP votes.

Warner Warns Of New Push On Iraq Resolution (RC)

By John Stanton

Roll Call, February 8, 2007

An exasperated Sen. John Warner (R-Va.) put his colleagues on notice Wednesday that he would look to attach his resolution opposing President Bush's plan to boost troop levels in Iraq to any measure moving across the Senate floor.

In a letter to Majority Leader Harry Reid (D-Nev.), Majority Whip Dick Durbin (D-Ill.), Minority Leader Mitch McConnell (R-Ky.) and Minority Whip Trent Lott (R-Miss.), Warner called the current stalemate "unacceptable" and said he would look to attach the resolution opposing Bush's plan to any other measure considered by the Senate. He was joined on the letter by Republican Sens. Susan Collins (Maine), Gordon Smith (Ore.), George Voinovich (Ohio), Olympia Snowe (Maine) and Norm Coleman (Minn.).

Warner's announcement followed a day of angry and increasingly partisan recriminations between Senate Democrats and Republicans over who was to blame for the collapse of a planned debate on Iraq.

Warner had joined McConnell, Lott and 44 other Republicans in filibustering his own resolution in an effort to pressure Reid into allowing a vote on a resolution sponsored by Sen. Judd Gregg (R-N.H.) that would put Members on record as opposing cutting funds for the war. Although Smith, Snowe and Voinovich also voted for the filibuster, Collins and Coleman, both up for re-election next year, did not.

But in their letter, the Senators warn that, "Monday's procedural vote should not be interpreted as any lessening of our resolve to go forward advocating the concepts of [the Warner resolution. We will explore all of our options under the Senate procedures and practices to ensure a full and open debate on the Senate floor."

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Senate Republicans have privately expressed concern with McConnell's handling of the Iraq situation thus far, worrying that continued public pressure from Democrats — who have successfully forced the GOP into appearing to defend Bush's policies — could further erode support and end the filibuster.

Republicans also have said they are concerned that Democrats and their allies already have begun using the issue against incumbents up in 2008. MoveOn.org this week unveiled a new ad targeting Republican incumbents who voted for the filibuster, while the Democratic Senatorial Campaign Committee Wednesday circulated an e-mail criticizing Sen. John Sununu (R-N.H.) for backing the filibuster.

Sen. Charles Schumer (N.Y.), who serves as chairman of the DSCC and Democratic Caucus vice chairman, said Wednesday that despite suggestions to the contrary, Democrats are not motivated in this debate by electoral gains in 2008. But he did acknowledge that he believes his party is winning the debate, and that the war in Iraq will continue to dog vulnerable Republicans seeking re-election.

Who Won In The Senate? (WP)

By Robert D. Novak

The Washington Post, February 8, 2007

Listening to Minority Leader Mitch McConnell boast last weekend that he had the votes to prevent closing off Senate debate on Iraq, Republicans opposing President Bush's troop surge feared the worst. The new Republican leader sounded as though he wanted to prevent passage of an anti-surge resolution at the cost of making his party look obstructionist. That's exactly what happened.

The result of McConnell's tactics is that no resolution will be passed by the Senate anytime soon. The White House was overjoyed. But Tuesday's headlines indicated a public relations fiasco for Republicans: " GOP Stalls Debate on Troop Increase" (The Post), " In Senate, GOP Blocks a Debate Over Iraq Policy" (New York Times), " Vote on Iraq is blocked by GOP" (USA Today). Considering that outcome after a tactical victory, the Republicans might have been better off with a strategic defeat. It is unclear who won in the Senate this week.

McConnell's maiden voyage as party floor leader showed that he may be too much into process. Seldom has the Republican case been presented more poorly than it was Monday. But in his first big test as majority leader, Sen. Harry Reid overreached while trying to control the action. The developments also showed less than full control of his own Democratic caucus.

From the start, there has been a clear Senate bipartisan majority opposed to the 21,500-troop reinforcement. But nothing is that simple in the U.S. Senate. On Jan. 24, Sen. Joseph Biden pushed a harshly worded resolution through the Foreign Relations Committee, largely on party lines. It was obvious that the resolution could not collect the 60 votes needed to cut off debate, a prerequisite in today's Senate.

The prestigious Republican Sen. John Warner drafted a more conciliatory anti-surge resolution, with substantial Democratic support. On Jan. 25, Warner wrote Biden to say that he would not negotiate. That left Reid the choice of pressuring Democratic defectors or embracing Warner. He took the latter course, after making cosmetic changes.

But the White House and McConnell lobbied against Warner and pushed a unique new approach: Republican Sen. Judd Gregg's resolution, which ignored the surge and said Congress "should not . . . endanger United States military forces in the field" by "elimination or reduction of funds." That is the funding question that most Democrats in Congress desperately want to avoid.

Next, Reid stretched his authority in a way that I have not seen in a half-century of Senate-watching. He decreed that, besides the Warner resolution (now co-sponsored by Sen. Carl Levin, his Democratic successor as Armed Services Committee chairman), the Senate would vote on one Republican resolution. What made this unique was that Reid dictated that it would be not Gregg's but Sen. John McCain's, which endorsed the surge and could not command close to 60 votes. The Gregg amendment probably would have gotten 70.

McConnell convinced Republicans that they could not let the Democratic leader pick their amendment. Reid got only 49 votes (including just two Republicans, Susan Collins and Norm Coleman) on Monday for imposing cloture. Warner and Sen. Chuck Hagel, the toughest Republican critic of the surge, voted no on cloture. The Democratic caucus informed Reid on Tuesday that it would not accept a compromise putting both the Warner and Gregg resolutions before the Senate. Reid set aside the issue rather than permit a vote that would divide and embarrass Democrats.

"Mitch McConnell is a master behind the scenes, but he has a lot to learn about going public," said a Senate Republican insider who did not want his name used. Appalled by the headlines, Republicans regrouped Tuesday by delivering a substantive message. McCain was particularly vigorous, antagonizing Reid and other Democrats by contending that anti-surge resolutions say to U.S. troops that "we think they are going to fail, and this is a vote of no confidence."

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Democratic senators, given their message of the day, trooped onto the Senate floor to claim that Republicans had blocked debate over Iraq. That claim might seem peculiar to C-SPAN watchers who listened to hours of debate this week over the war. The true Democratic complaint was that Republicans prevented Harry Reid from ordering the parameters of that debate. The minority in the Senate, unlike in the House, has rights it exercises, even if Republicans characteristically have trouble explaining this to the public.

Specter Wants Changes To Rules For Debate (RC)

By Emily Pierce

Roll Call, February 8, 2007

Frustrated with Senate Majority Leader Harry Reid's (D-Nev.) efforts to control floor debates, Sen. Arlen Specter (R-Pa.) said Wednesday he is drafting a rules change that would guarantee the minority the right to offer amendments to legislation on the Senate floor. Specter acknowledged that his proposal stands virtually no chance of achieving the two-thirds majority required to change Senate rules. But he said he wanted to bring attention to what he described as a growing problem with the way Reid is running the floor.

Specter said Democrats successfully have painted GOP Senators as opposed to debating a nonbinding resolution criticizing President Bush's Iraq War policies because the American people do not understand that Republicans simply are trying to ensure that they are given ample opportunity to offer amendments during the debate.

"Democrats are winning the public relations battle," Specter said on the floor. "Most people think that what is going on, because we are opposing ending debate [on the Iraq resolution] ... that we do not want to have the debate. That we do not want to have a vote, and that is not factually correct. ... But it is my hope that there will yet be a recognition of really what is going on."

Indeed, Senate Republicans have been smarting this week following criticism — from Democrats and the media — of their decision to oppose Reid's efforts to begin debate on an Iraq resolution sponsored by Sens. John Warner (R-Va.) and Carl Levin (D-Mich.). On Monday, all but two Republicans voted against closing debate, or invoking cloture, on Reid's motion to proceed to the Iraq resolution. Without agreement on a motion to proceed, the Senate cannot formally begin debating a measure.

"Sen. Warner voted against cloture, and he's the principal proponent of disagreeing with the president's [Iraq] plan," explained Specter. "Senators who are critics of the president's plan have voted against cutting off debate because it is a big issue that ought to be debated and because what is going on behind the scenes — under the surface — is an effort to have agreement on how many votes there will be to have a fair airing of the subject matter and to have an opportunity for Senators to vote on a variety of resolutions and amendments."

Specter said Reid's implicit threat to use a procedural tool known as "filling the amendment tree" on bills ranging from the Iraq resolution to the fiscal 2007 joint funding resolution is at the heart of Republican concerns over whether they will have the opportunity to offer alternative proposals. Filling the tree, a tool Senate Majority Leaders have often used by virtue of their right to be recognized first and offer amendments first on the Senate floor, precludes other Senators from offering amendments to bills.

"What is happening today is that the charges are being leveled on all sides — an awful lot of finger-pointing — with most of the Democrats saying the Republicans are obstructing a vote [on Iraq]," Specter said. "And Republicans are saying ... 'We are insisting on our right to debate the motion to proceed.'"

Specter acknowledged that most people, even some of his own staff, don't understand the procedural maneuvering that has gone into the Iraq debate.

"If you ask virtually anybody, 'What's filling the tree?' you'd think about an orchard," Specter said. "They're not going to think about Senate procedure."

When a Majority Leader uses his power to fill the amendment tree, he essentially brings up a bill, proposes a first-degree amendment that is virtually identical to the underlying bill and then proposes a second-degree amendment that also is virtually identical to the bill. Unless there is a vote on the amendments or the Majority Leader agrees to set the amendments aside, no other amendments can be brought forward.

Specter's proposal, which he said still was being developed, would prevent one political party from offering both a first-degree and second-degree amendment in rapid succession. If a first-degree amendment were pending, the only second-degree amendment that would be in order would be one offered by the opposing party.

Specter acknowledged that his plan could preclude Senators from making even routine technical changes to their own amendments, but he said that problem could be overcome by requesting unanimous consent to waive the rule.

Still, Specter apparently has reason to be pessimistic about his plan's chances. Senate Democrats largely laughed off the proposed rules change.

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Said one Senate Democratic aide, "As long as Sen. Specter is around, there's no threat to long-winded debate in the United States Senate."

Allied With Democrats, Lieberman Easily Aligns With Republicans (NYT)

By Kate Zernike

The New York Times, February 8, 2007

WASHINGTON, Feb. 6 — It came as little surprise that when Senate Republicans blocked debate Monday on a resolution that would have opposed President Bush's plan to increase troop levels in Iraq, Senator Joseph I. Lieberman, erstwhile Democrat, sided with them.

But Mr. Lieberman also went further, accusing Democrats of giving strength to the enemy and abandoning the troops, and arguing that an alternative resolution that he and many Republicans backed was "a statement of support to our troops."

That was too much even for one Republican member, Senator John W. Warner of Virginia, a sponsor of the bipartisan resolution against the president's policy.

"I forcefully argue that ours is in support of the troops," Mr. Warner said tersely. "And there is no suggestion that one is less patriotic than the other."

Defeated last year in the Democratic senatorial primary in Connecticut but then elected as an independent to a fourth term, Mr. Lieberman has kept a promise to caucus with the Democrats, giving them a majority of only 51 to 49 and earning for him a designation as "the most influential man in the Senate."

But on Iraq, the issue that made the last year the most difficult of his political life, he has moved farther and farther from the party, winding up to the right of many Republicans who now embrace what six months ago was almost solely a Democratic position on the war.

Mr. Lieberman's enthusiasm for the troop increase has become a talking point for Republicans trying to shore up support for the president's plan. It infuriates the bloggers who first tried to defeat him. Some of his best friends on either side of the aisle take issue with him publicly. But given his importance as the lawmaker who ensures Democratic control of the Senate, members of the majority say there is little they can do.

Joe Lieberman, independent, sees himself as Joe Lieberman unchained.

"I feel liberated, free somehow," he said during an interview in his office.

"As I look back," he said, "I have always tried to do what I thought was right, regardless of where a majority of members of my party are. But there's always pressure on you. I just feel free of that pressure. And I think my Democratic colleagues know that I'm not going to do — on this, of all questions which I think is so important to our country's future, to our success in the war on terrorism — I'm not going to do anything here just to be a good member of the team."

His forays across the aisle have begun to extend past the Iraq debate. When he was asked on Fox News recently which Democrat he would support in 2008, Mr. Lieberman, the party's vice-presidential nominee in 2000, offered instead that he might vote for a Republican.

"I would not have said that three years ago," Mr. Lieberman said. "No chance."

Even Democrats who have come to expect his siding with the president on the war thought this was going a bit far. "Did you see that?" one Democratic senator asked, incredulous. But he, like others, criticized only privately. "The bottom line," the senator said, "is we need him."

To those who supported Ned Lamont, the victor over Mr. Lieberman in the Democratic primary, this is an "I told you so" moment.

"He was re-elected because he fooled enough people into believing he really was against the war and not for an escalation, but I think this is his true colors," said David Sirota, a Lamont consultant who recalled that during the campaign, Mr. Lieberman said he wanted to bring the troops home "as fast as anyone."

"It's everything Ned Lamont was saying: that you can't listen to this guy's words, you have to watch his actions," Mr. Sirota said. "I think it shows a disdain for the public. It's like the public to him is just a nuisance, an obstacle for him doing what he wants to do."

Mr. Lieberman's talk of supporting a Republican in 2008, Mr. Sirota said, suggests that he is still toying with the idea of switching to the Senate Republican Caucus.

Mr. Lieberman could always prove to be an unpredictable ally for the Republicans, too, as when he suggested last Thursday a "war on terrorism tax" to make Americans understand the sacrifice that he said the fight demanded.

Still, Republicans have missed few opportunities to embrace his support. Mr. Bush said in a recent speech that he was acting on "the good advice of Senator Joe Lieberman" in proposing a bipartisan Congressional working group on Iraq.

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(Democrats scoffed that the president had already had plenty of ways to consult with Congress and had never shown much interest in doing so.) The president and Vice President Dick Cheney also quote Mr. Lieberman in arguing the White House's view on the troop increase, and the Senate Republican leader, Mitch McConnell of Kentucky, repeatedly notes how happy the minority is to have Mr. Lieberman's backing.

"I wish I were being quoted by some Democrats, too," Mr. Lieberman said.

But he does not seem very worried about appearing cozy with the other side. When one Republican, Senator John McCain of Arizona, squabbled with Senator Carl Levin of Michigan, the chairman of the Armed Services Committee, at a hearing about the troop increase, Mr. Levin abruptly walked out. Mr. Lieberman walked over and chuckled with Mr. McCain, patting him on the back.

At hearings on Iraq, Mr. Lieberman frequently leads witnesses to testimony in support of the president. Isn't it true, he asked Gen. George W. Casey Jr., the departing commander of American forces there, that over all, the policy in Iraq has been a success? Doesn't Mr. Bush's strategy offer "a higher probability of working than any other plan?"

Such arguments have prompted friends like Senator Susan Collins, a Maine Republican who opposes the troop increase, to challenge him publicly. Still, Ms. Collins said in an interview, "the fact that he takes a position that's contrary to the vast majority of the members of his caucus I think speaks to his strong principles."

"I enjoy seeing him in this position of power, given the very difficult political year he's gone through," she said. "I think he's enjoying this."

The midterm election, Mr. Lieberman argues, was a call to bipartisanship, and his mandate is to get Democrats to look beyond party lines.

Yes, he concedes, the election was also a call for a change in Iraq; he just believes the president's plan offers the best chance of that.

"I'm a feisty, happy warrior," he said. "And I'm going to continue to fight for what I think is right for the security of our country."

House Leaders Move Toward Iraq Vote (LVS/AP)

By Anne Flaherty

Las Vegas Sun, February 8, 2007

House Democratic leaders coalesced Wednesday around a stripped-down measure that disapproves of President Bush's decision to send more forces to Iraq and declares support for the troops, according to party aides who said a vote was likely next week.

The vote would be the first on the House floor on the war since Democrats wrestled control of Congress in the Nov. 7 elections. The war, stretching nearly four years and killing more than 3,000 troops, has become widely unpopular among voters.

Democratic officials said they hoped for bipartisan support for the measure, and one Republican leader conceded some members of the GOP rank-and-file would likely break ranks.

"I don't think it'll be a pure party-line vote," said Rep. Adam Putnam, R-Fla., chairman of the House Republican Conference.

Democratic leaders met privately Wednesday to discuss the issue, and they intend to present their proposal to their own rank-and-file Thursday.

Leaders envision each House member getting a chance to speak for five minutes on the issue during a three-day debate. The proposal is expected to circumvent committee review.

Such a measure would indicate House leaders want their own approach to parting company with Bush on the war and are moving away from a version that stalled in the Senate.

That resolution, drafted by Sen. John Warner, R-Va., stated disagreement to Bush's decision to send 21,500 more troops to Iraq. In a bid to attract more GOP support, Warner added a section promising to protect funding for troops in combat - a promise many House Democrats do not want to make.

"The president has left the Congress few alternatives other than to use the power of (the) purse spelled out in Article I, Section 9 of the U.S. Constitution to curtail U.S. military operations in Iraq," wrote California Democratic Reps. Lynn Woolsey and Barbara Lee on behalf of 71 members of the progressive congressional caucus, a liberal group.

Frustrated that Senate leaders could not agree on debate rules for his resolution, Warner and six other Republicans told the leaders in a letter Wednesday that "the current stalemate is unacceptable to us and to the people of this country."

Republicans, on a party-line vote, blocked debate on the resolution earlier this week.

"Despite what has happened earlier this week, we are not going away," said Sen. Susan Collins, R-Maine. Collins and Sen. Norm Coleman, R-Minn., sided with Democrats in seeking to move ahead on the measure.

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Five other Republicans who oppose the troop increase and voted to bottle up the measure signed the letter. The five are Sens. Warner, Chuck Hagel of Nebraska, Olympia Snowe of Maine, Gordon Smith of Oregon and George Voinovich of Ohio.

Jim Manley, spokesman for Senate Majority Leader Harry Reid, D-Nev., said he hoped the letter signified that the five Republicans "have had a change of heart and will be willing to vote for their own resolution in the future."

As the House moved toward a vote, Defense Secretary Robert Gates and Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told lawmakers they did not think debate in Congress would hurt the morale of troops in combat.

Less than two weeks ago, Gates said a congressional resolution opposing the Iraq strategy undercuts U.S. commanders in Iraq and "emboldens the enemy."

"As long as this Congress continues to do what it has done, which is to provide the resources for the mission, the dialogue will be the dialogue, and the troops will feel supported," Pace told the House Armed Services Committee.

Gates said troops understand members of Congress want to find the best way to win the war. "I think they're sophisticated enough to understand that that's what the debate's really about," he said.

Senate Democrats, outmaneuvered in their efforts to get a vote on a resolution opposing Bush's troop buildup, said they will now try to put pressure on Bush by amending legislation that is likely to reach his desk, daring him to veto.

Reid is expected to meet with Democrats to hash out what amendments to offer to upcoming legislation. The next bill that could serve as a vehicle for Iraq measures is legislation adopting recommendations from the 9-11 Commission.

Finding proposals that have broad Democratic appeal is a different challenge for Reid. Various Senate Democrats have proposed cutting off funding for the new troops, setting a cap on the U.S. military presence in Iraq, and setting a timeline for withdrawal. None have unanimous support within the Democratic caucus.

Meanwhile, Secretary of State Condoleezza Rice told the House Foreign Affairs Committee that 350 civilians were being recruited for an expansion in reconstruction programs. She said these included engineers, legal experts and soil specialists.

David Satterfield, her senior adviser on Iraq, told reporters that 129 U.S. military reservists would be sent to Iraq for six to nine months along with 19 additional foreign service officers to work on new projects. The reservists would be replaced by contractors after Congress provides the funds needed to hire them, he said.

Democrats Weigh Goals For Resolution On Iraq Policy (USAT)

By Kathy Kiely

USA Today, February 8, 2007

WASHINGTON — For more than a year, Rep. Howard Coble, a conservative Republican from North Carolina, has been an outspoken critic of the Iraq war. Even so, he's waiting for specifics before he decides whether he'll back a House resolution opposing President Bush's plans to send more troops to Baghdad.

"His concern is that it's going to turn into an anti-Bush resolution," said Ed McDonald, Coble's chief of staff. "It if turns into Bush-bashing, he may vote against it."

Coble, who urged the president in a Jan. 4 letter not to send more troops to Iraq, represents the dilemma facing House Speaker Nancy Pelosi, D-Calif., and other Democratic leaders as they draft the measure that the House is set to debate next week.

There's little doubt about the outcome when the resolution comes up for a vote, which Democrats say could come next Thursday. "It will be virtually impossible for us to defeat it," conceded Rep. Adam Putnam of Florida, the chairman of the House Republican Conference.

The question is how broad a bipartisan majority the resolution will attract. "It totally depends on what the language is," said Putnam, who backs the president's plan.

Democrats have differences of opinion, too. On Tuesday night, senior House Democrats were huddling in an attempt to come up with wording measured enough to attract Republicans such as Coble, but also tough enough to satisfy Democrats who want to issue more than a symbolic protest.

"I came here to do something that really matters," said Rep. Gene Taylor, D-Miss., a member of the Armed Services Committee. "Put members on the spot. Those kids in Iraq are sure on the spot."

Appearing Wednesday with Iraq veterans opposed to the war, Pelosi said the resolution "will have clarity, and it will have concision," but declined to say whether she'd give more weight to making a stronger statement or attracting bipartisan support.

House Democratic leaders had been looking to their Senate colleagues to help them avoid walking such a legislative tightrope by passing a resolution of disapproval drafted by a bipartisan group of senators. Its sponsors included Virginia's John Warner, a senior Republican with credentials likely to attract other members of his party with concerns about the war. That Senate resolution remained tied in procedural knots Wednesday.

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However, Warner announced that he intends to resurrect his resolution, blocked this week when most Republican senators — including Warner — voted with Senate Minority Leader Mitch McConnell, R-Ky., against allowing a vote.

Warner and six other Republicans indicated they may change their position in a letter to McConnell and Senate Majority Leader Harry Reid, D-Nev. The senators urged the debate to begin. "The current stalemate is unacceptable to us," they wrote. Besides Warner, those signing the letter were Olympia Snowe and Susan Collins of Maine, Chuck Hagel of Nebraska, Norm Coleman of Minnesota, George Voinovich of Ohio and Gordon Smith of Oregon.

House Sets Path For Iraq Vote, But Must Decide What To Say (NYT)

By Jeff Zeleny

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — As the House prepares for three days of debate next week on Iraq, Democratic leaders sought Wednesday to reconcile deep differences within the party in order to shape a symbolic resolution denouncing President Bush's troop buildup plan.

Seventy-one Democratic representatives signed a statement urging Congress to take a stronger stance against the war, including setting a six-month timetable for withdrawing American forces from Iraq.

Democratic leaders have said that they favor a nonbinding resolution simply requiring lawmakers to support or reject the president's policy.

Representative Dennis Kucinich, Democrat of Ohio, expressed the view of those pushing for a weightier resolution, saying, "The nonbinding resolution is like putting your foot on the brake for a moment and a few weeks later, putting your foot on the accelerator." He added: "Congress has a chance to do something real on the war. A nonbinding resolution just doesn't cut it."

In the Senate, an impasse over the Iraq debate intensified as Democrats and Republicans spent the day heaping blame upon one another for failing to agree on how to proceed with an Iraq resolution of their own. But on Wednesday evening, seven Republican senators sent a sharply worded letter to their leaders pressing to resolve the delay, saying: "The current stalemate is unacceptable to us and to the people of this country."

Senator John W. Warner, a Virginia Republican who led the bipartisan resolution against the president's troop buildup plan, went to the Senate floor on Wednesday to read the letter only two days after siding with Republican leaders on a vote that blocked the debate. He declined to specify what he and the other Republicans intended to do but suggested they would make procedural trouble until the bipartisan Iraq resolution received a full hearing.

Mr. Warner was among the handful of Republican senators who have come under intense criticism for playing a role in this week's standoff, even though he wrote the resolution to rebuke the White House over its plan to send more troops to Baghdad.

Senator Chuck Hagel of Nebraska, who has been the loudest Republican critic of the president's Iraq policy, also signed the letter after his vote contributed to a delay of the Iraq debate. "People of this country look at us and shake their heads in disgust," he said in an interview Wednesday evening. "The message we're sending to the American people is that we don't have time, we're not mature enough to find a way to deal with the most important issue of our time."

The other Republican senators signing the letter were: Susan Collins and Olympia Snowe of Maine; Gordon Smith of Oregon; Norm Coleman of Minnesota; and George V. Voinovich of Ohio.

Of that seven, only Ms. Collins and Mr. Coleman broke ranks with Republican leaders and joined Democrats in voting for the debate over the Iraq resolution to proceed.

Senate Democrats, whose plan to debate the Iraq resolution this week was stymied by the Republican minority, said they planned to move on and express their opposition to the president's troop buildup in other pieces of pending legislation.

A spokesman for Senator Harry Reid of Nevada, the Democratic leader, dismissed the message of the letter and said Mr. Warner and the other Republican senators had missed their chance for a full debate on their resolutions.

"Hopefully this letter signifies that the others have had a change of heart and will be willing to vote for their own resolution in the future," said the spokesman, Jim Manley.

Frustrated by the impasse in the Senate, the House is gearing up for a full-fledged debate beginning Tuesday, leading up to the first Iraq-related vote since Democrats won control of Congress in November. Each representative will be allowed five minutes to speak before voting on a resolution devised to send a bipartisan message to the White House opposing the plan to expand the military operation in Iraq.

It remained an open question, though, if House Democratic leaders could keep the debate from fracturing along ideological lines within the party. Speaker Nancy Pelosi, a Democrat of California, has been meeting one on one with lawmakers in her party, urging them to support the bipartisan resolution as a first step.

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House Democrats will meet behind closed doors Thursday in an attempt to agree on language of the Iraq resolution to be debated next week. While many Democrats want to push legislation aimed at blocking financing for the war, a plan that has emerged among the leadership is simply to have representatives cast a vote to support or reject the president's plan.

"If you want to vote for the escalation, you can vote yes," said Representative Rahm Emanuel of Illinois, the chairman of the House Democratic caucus. "If you want to vote against the escalation, you can vote no."

Dems Seek Clean Iraq Resolution (HILL)

By Jonathan E. Kaplan

The Hill, February 8, 2007

House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) said yesterday that they intend to pass a clean and simple resolution opposing President Bush's troop surge while supporting the soldiers in Iraq.

Pelosi, Hoyer, Rep. John Murtha (D-Pa.) and several other senior Democrats yesterday told officials with VoteVets.org, a pressure group of Iraq war veterans opposed to Bush's strategy, that they would prefer to pass a resolution that is "as clean and straightforward as possible," sources in the room said.

The leaders stressed that they did not have complete control over the final version of the legislation because the House Armed Services and International Relations committees would draft the legislation, and other members would give their input as well.

At the same event, Pelosi told reporters that a measure condemning the president's plan to "escalate" the war in Iraq while expressing support for U.S. troops would be Congress's first step in reasserting its role in conducting the war in Iraq.

House Democrats will convene today so that House leaders have a chance to explain what they want to accomplish with the resolution. Their goal is to reassure the more liberal members of the caucus that this is just a "first bite at the apple," and that they will have more chances in the coming weeks and months to force Bush to change course in Iraq, said a senior Democratic leadership aide.

Democrats had wanted to advance the Iraq discussion further on Tuesday, when they gathered for their weekly meeting, but it was cut short because Louisiana Gov. Kathleen Blanco (D) made an appearance to talk about Hurricane Katrina.

For her part, Pelosi expressed confidence there already is strong bipartisan disapproval of the surge, adding that there also would have been "strong support" for the resolution introduced by Sen. John Warner (R-Va.) had it passed the Senate.

Just last week, House leaders indicated that they were leaning toward consideration of something like the Warner measure, which disapproved of the troop surge and included some proposals of the Iraq Study Group's report. House Democratic leaders had wanted the Senate to move first to pass a resolution. But Senate Republicans stymied further debate with procedural objections.

Hoyer said Tuesday that the House would allow three days of debate next week, and that the resolution would not be open to amendments. And House Democratic aides are more confident that action in the House will spur the Senate to finish its debate on Iraq. One top Democratic aide said that Democrats could pass a resolution that called for a cap in the number of troops and funding, if they wanted.

There are more than 16 resolutions expressing some form of objection to the Iraq war floating in the House.

The Progressive Caucus, a group of 71 liberal Democrats, has issued a position on Iraq that is in line with the ideas floated by House Democratic leaders. They favor withdrawing troops in six months without cutting off funding, but they would like to have binding votes to stop Bush from increasing troop levels in Iraq.

Meanwhile, the Blue Dog Coalition, a group of more than 40 conservative Democrats, has demanded that the resolution include measures calling for more oversight on reconstruction spending.

Gates Considers Alternatives For Iraq (LVS/AP)

By Anne Flaherty

Las Vegas Sun, February 8, 2007

0205dv-iraq-resolution Defense Secretary Robert Gates told a House panel Wednesday that the U.S. should know in a few months if the Iraqi government is making progress toward peace and whether the United States "is going to have to look at other alternatives and consequences."

In stark contrast to predecessor Donald H. Rumsfeld, Gates also said there was no doubt the Army and Marine Corps needed to be larger if they are to deal with future wars and give troops enough rest between combat tours.

"We need the full range of military capabilities," including ground combat forces to battle large armies and nimble special operations troops to scout out terrorist threats, Gates told the House Armed Services Committee.

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"We don't know what's going to develop in places like Russia and China, in North Korea, in Iran and elsewhere," he said.

Gates testified alongside Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, as the House was gearing up for its first full-fledged debate on the Iraq war since the Nov. 7 elections. House Democrats plan next week to bring to the floor a measure that would flatly oppose President Bush's decision to send 21,500 more troops to Iraq.

Gates had said Tuesday that U.S. forces might be able to start leaving Iraq before the end of the year, if daunting conditions including subdued violence and political reconciliation are met.

Democrats and several Republicans say they oppose the troop buildup and that it is time the Iraqi government stepped up to defend its own country.

Tired of waiting for an opportunity to try to stop the war in Iraq, some Democrats say they want to use legislation approving billions of dollars in war spending to insist that Bush not send more troops or bring troops home by a certain date.

"The longer we delay taking action, the greater the failure in Iraq and the larger the cost in American blood and treasure," said Sen. Christopher Dodd, D-Conn., who supports legislation that would cap the number of troops allowed in Iraq.

Sen. Barack Obama said he would push his legislation ordering troops out of Iraq by March 2008.

"This is not a symbolic vote," Obama, D-Ill., said of his proposal, which is backed by two House Democrats. "This is what I think has the best chance of bringing our troops home."

Sen. John Kerry, who drafted a similar proposal, said Congress' actions will be watched carefully by voters headed to the polls in 2008.

"If the Congress is going to procrastinate, if they refuse to debate the most important issue of our time ... then that is going to be clear issue in the context of '08," said Kerry, D-Mass.

Democratic leaders in both the House and Senate have pledged to their rank-and-file that a vote on a nonbinding resolution opposing the troop buildup would merely be the first attempt to pressure Bush to shift course in the war. Other legislation will be binding, they said.

Majority Leader Steny Hoyer, D-Md., told reporters he hoped the measure in the House would attract Republican support.

Rep. John Boehner, R-Ohio, his party's House leader, said in an interview that he hoped the GOP would be permitted to seek a vote on an alternative. If so, he said it would call for a bipartisan committee to oversee the war effort, and lay out a series of benchmarks by which people could judge whether the Iraqi government was living up to its commitments to help quell the violence.

"If you're not for victory in Iraq, you're for failure," Boehner said. "The consequences of failure are immense. I think it destabilizes the entire Middle East, encourages Iran and on top of that it's pretty clear that the terrorists will just follow us home."

War Foes Will Not Hurt Morale (WT)

By Stephen Dinan

The Washington Times, February 8, 2007

The Defense Department's top civilian and its top military officer, undercutting the White House and other senior Republicans yesterday, said Congress doesn't endanger troop morale by voting on nonbinding resolutions opposing President Bush's Iraq reinforcement plan.

"From the standpoint of the troops, I believe that they understand how our legislature works and that they understand that there's going to be this kind of debate," said Joint Chiefs of Staff Chairman Gen. Peter Pace, effectively taking out of play an argument that had been made by Mr. Bush's spokesman and other top Republicans, who had warned resolutions disagreeing with the troop increase plan would send bad signals.

Joining Gen. Pace in testifying to the House Armed Services Committee, Defense Secretary Robert M. Gates said the troops are "sophisticated enough to understand" that the debate is about a way to move forward in Iraq.

But Gen. Pace said that would all change if today's nonbinding resolutions turned into moves to cut off funding for the war effort -- something some Democrats have proposed.

"They're going to be looking to see whether or not they are supported in the realm of mission given and resources provided," the Marine general said. "As long as this Congress continues to do what it has done, which is to provide the resources for the mission, the dialogue will be the dialogue, and the troops will feel supported."

The two men's comments are in stark contrast to arguments made by Republicans, including the president's spokesman, Tony Snow, that a debate on resolutions could have an effect on the troops.

"Think about what message resolutions would send," Mr. Snow said last month, adding that while he wouldn't judge the effects himself, "It is a question that those who are talking about these resolutions will have to answer to themselves and to the public."

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Arizona Sens. Jon Kyl and John McCain and Utah Sen. Orrin G. Hatch, all Republicans, have raised similar questions -- just yesterday, in the case of Mr. Hatch.

"Our political will is directly related to the morale of our troops," he said on the Senate floor. "Those who seek to, for rhetorical purposes only, assert their support of the troops while communicating their opposition to their mission cannot sever this natural connection between political will and morale."

Mr. McCain last month raised the question about resolutions and morale with Army Lt. Gen. David H. Petraeus, the new commander of U.S. forces in Iraq, during a Senate hearing.

"It would not be a beneficial effect," answered Gen. Petraeus.

The division over U.S. troop morale aside, Mr. Gates, Gen. Pace and others all agreed that the debate could send wrong signals to al Qaeda and other enemies the United States is fighting.

The House will begin debating an anti-reinforcements resolution next week, with Democratic leaders hoping to succeed where the Senate failed.

Senate Republicans on Monday foiled that chamber's debate by using procedural means to block a final vote on a resolution that would have said the Senate "disagrees" with the plan to increase troops, but backs Mr. Bush's view that victory in Iraq is a critical objective.

Mr. Bush last month said he would send about 17,500 more soldiers to Baghdad to try to counter Sunni-Shi'ite sectarian violence that threatens Iraq's fledgling government, and deploy an additional 4,000 Marines to Anbar province to combat al Qaeda fighters making a stand there.

The president has claimed the authority as commander in chief to proceed.

Democrats who oppose the troop increase were left with few alternatives: rescind the authorization to go to war, cut off funding for troops, or pass a nonbinding resolution that has no effect but lets members vent their feelings on the way the war is going.

"We have a house that's burning, and we're putting gasoline on it by sending more troops to Iraq when what we need to be doing is trying to put out that fire," Rep. Hank Johnson, Georgia Democrat, told Gen. Pace and Mr. Gates yesterday. "I think that's what the American people want to hear."

Veterans Group Speaks Out On War (WP)

By Lyndsey Layton And Jonathan Weisman

The Washington Post, February 8, 2007

When Iraq war veteran Jon Soltz accused Senate Minority Leader Mitch McConnell (R-Ky.) of "aiding the enemy," the Democratic senators gathered around him yesterday did not wince. Nor did Democrats object when Soltz, the chairman of a group called VoteVets.org, called President Bush and Vice President Cheney "draft dodgers."

In the United States Congress, where decorum usually holds sway, Soltz and his small band of veterans are saying things many Democrats would like to express but can't. And as the politics heat up over the Iraq war, Democratic leaders increasingly are being drawn to Soltz and his angry soldiers.

VoteVets.org appears to be the most active group trying to influence the debate about the president's plan to send 21,500 more troops to Iraq. Last month, it dispatched veterans to the home states of Republican senators waffling over resolutions on the war. Next, it ran a stark television ad on Super Bowl Sunday that drew national attention. And this week, group members crisscrossed Capitol Hill, trying to persuade lawmakers and their staffs to oppose the troop increase.

Their efforts are supported by a coalition of liberal groups that blocked the president's 2005 plan to privatize Social Security. But this new campaign could prove more difficult.

The veterans are selling a blunt message: The Bush strategy in Iraq is a failure, and adding troops sends more young men and women to their deaths. If you care about the military, they told lawmakers, vote against the troop increase. Legislators who are stalling debate on the matter are "cowards," they said.

This week marked their third pilgrimage to the Capitol. They met privately with the staffs of 11 senators, mostly Republicans. They talked strategy behind closed doors with the Democrats who run the House and then held a media event with those leaders, including Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny H. Hoyer (D-Md.), who praised them for speaking out.

Soltz, the group's intense 29-year-old co-founder who served in Iraq in 2003, displayed a fiery impatience with the procedural morass that has paralyzed the Senate. "I don't need some fancy Senate talk about why they can't vote," he said in an interview. "We just want a vote. We need a vote that tells the president that his strategy is not working."

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In several news conferences, Soltz accused McConnell of "aiding the enemy" by allowing the Bush administration to build up troops in Iraq at the expense of the hunt for Osama bin Laden. "We are not fighting the war on terrorism, we are in the middle of a civil war," he said, referring to Iraq. "Meanwhile, the guy who attacked this country on 9/11 is living in a cave in Afghanistan."

Soltz called Cheney a "draft dodger," repeating charges he made last month when he disparaged a "president who frankly knows nothing of war and a vice president who knows even less." He said: "Senators on the fence have a choice. They can stand with veterans like us, or they can stand with the draft dodgers down the road."

Democrats said they will not muzzle the veterans. In many ways, the former soldiers and Marines are expressing sentiments the lawmakers want broadcast, and they help inoculate Democrats against Republican claims that opposing the president's plan undermines the troops.

Sen. John F. Kerry (D-Mass.), who appeared with four veterans yesterday morning, said he saw parallels between VoteVets.org and Vietnam Veterans Against the War, the group of protesters he led during Vietnam. He said he recognized the anger he saw in Soltz. "When you come back from fighting the enemy, you are passionate and feel very strongly about duty," Kerry said. "Each one of these folks has earned the right to express their thoughts. Their words ought to stand for themselves. That's exactly how they feel and people ought to listen to them."

In the office of Sen. Blanche Lincoln (D-Ark.), the chief of staff and several aides listened with rapt attention Tuesday as Brian Van Riper, a 25-year-old former Marine machine gunner, told how he struggled with creeping doubts during his Iraq tour that peaked when he met a 12-year-old Iraqi girl with a scarred face and missing leg. She was a casualty of the initial air bombing of Baghdad, Van Riper said. "That night, I felt a tear down my eye," he said.

Soltz, Van Riper and the others got polite if reserved receptions from Republicans, with one exception. The veterans said they stormed out of a Tuesday meeting with Sen. Larry E. Craig's chief of staff. "He was almost dismissive in his tone," said Joe Kramer, 31, who was in the light infantry in Iraq. "We agreed to disagree. Very loudly."

Dan Whiting, a spokesman for Craig, would say only that the Idaho Republican's chief of staff, Mike Ware, sees things differently.

Sen. John McCain (R-Ariz.), a decorated Vietnam veteran and likely presidential candidate who supports the addition of troops, dismissed VoteVets.org as a "handful of veterans" not representative of the military.

VoteVets.org has 20,000 members, including 1,000 veterans of Iraq and Afghanistan, said spokesman Eric Schmeltzer. The PAC is part of a coalition of left-leaning groups organized by Americans United for Change that includes labor unions and liberal groups such as MoveOn.org.

The veterans group raised just over $1.3 million in the last election cycle. Some of that money came in large doses, from Wall Street and Hollywood sources. Lynne Wasserman, daughter of the late Hollywood mogul Lew Wasserman, shelled out $25,000. Hedge fund owner Kevin Toner, a generous Democratic contributor, gave $25,000, as did Brian Snyder, another New York investor. Other donors include Phil Donahue, Democratic doyenne Beth Dozoretz, TV producer Norman Lear and architect Frank Gehry. At least $20,000 has come from organized labor and another $5,000 came from Senate Majority Leader Harry M. Reid's (D-Nev.) Searchlight Leadership Fund. But most donations have been $1,000 or less.

Soltz said the group is pro-military and not a front for the Democrats. "I'm a conservative," said Soltz, who volunteered on Kerry's 2004 presidential campaign. "I don't think 20,000 more troops is Democratic, I don't think 20,000 troops is Republican. I think it's stupid."

Hillary On Iraq (WSJ)

The Wall Street Journal, February 8, 2007

One pleasant surprise of Hillary Rodham Clinton's tenure as New York Senator has been her tough-minded approach on national security. She responded to 9/11 by supporting President Bush's strategy of taking on not just terrorists but the states that harbor them. She also voted for the war in Iraq and has refused to follow much of her party in alleging that Mr. Bush "lied" about weapons of mass destruction.

But as Mrs. Clinton bids to win the Democratic Presidential nomination, she is taking a marked turn to the left. Pressured by other candidates and by her party's left wing, she is walking back her hawkish statements and is now all but part of the antiwar camp. The polls show her to be the favorite to be the next Commander in Chief, so what she really believes, and how firmly she'll stick to it, deserves to be debated. Here's a summary of the arc of Mrs. Clinton's public thinking on Iraq:

- October 10, 2002. Mrs. Clinton addresses the Senate on the use-of-force resolution. "The facts that have brought us to this fateful vote are not in doubt," she declares, citing Saddam's record of using chemical weapons, the invasion of Kuwait, and his history of deceiving U.N. weapons inspectors. "As a result, President Clinton, with the British and others, ordered an intensive four-day air assault, Operation Desert Fox, on known and suspected weapons of mass destruction sites and other military

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targets," she continues, adding that Saddam "has also given aid, comfort, and sanctuary to terrorists, including al Qaeda members."

While she expresses her preference for working through the U.N. if possible, she adds, "I believe the authority to use force to enforce that mandate is inherent in the original 1991 U.N. resolution, as President Clinton recognized when he launched Operation Desert Fox in 1998."

- December 15, 2003. It is clear by now that no large stockpiles of weapons of mass destruction will be found in Iraq. But Mrs. Clinton tells the Council on Foreign Relations that "Yesterday was a good day. I was thrilled that Saddam Hussein had finally been captured. . . . We owe a great debt of gratitude to our troops, to the President, to our intelligence services, to all who had a hand in apprehending Saddam. Now he will be brought to justice."

She adds, "I was one who supported giving President Bush the authority, if necessary, to use force against Saddam Hussein. I believe that that was the right vote." As for Iraq's prospects, she declares herself "a little optimistic and a little pessimistic . . . We have no option but to stay involved and committed."

- April 20, 2004. Mrs. Clinton tells Larry King: "I don't regret giving the President the authority because at the time it was in the context of weapons of mass destruction, grave threats to the United States, and clearly, Saddam Hussein had been a real problem for the international community for more than a decade." Asked whether she thinks she was "fooled," she replies: "The consensus was the same, from the Clinton Administration to the Bush Administration. It was the same intelligence belief that our allies and friends around the world shared about the weapons of mass destruction."

- October 2005. Antiwar fervor on the left is picking up, and activist Cindy Sheehan compares her to Rush Limbaugh after Mrs. Clinton tells the Village Voice: "My bottom line is that I don't want their sons to die in vain . . . I don't believe it's smart to set a date for withdrawal . . . I don't think it's the right time to withdraw."

- November 2005. Mrs. Clinton posts a letter to constituents that marks her first dovish turn. "If Congress had been asked [to authorize the war], based on what we know now, we never would have agreed," she writes. But invoking retired General Eric Shinseki's estimate of more American troops necessary to pacify Iraq, she demands not withdrawal but a new plan: "It is time for the President to stop serving up platitudes and present us with a plan for finishing this war with success and honor -- not a rigid timetable that terrorists can exploit, but a public plan for winning and concluding the war."

- August 3, 2006. Mrs. Clinton calls for Donald Rumsfeld to resign as Defense Secretary, asking for "new leadership that would give us a fighting chance to turn the situation around before it's too late."

- December 18, 2006. Her march left gains speed. On NBC's "Today" show, Mrs. Clinton renounces her war vote unequivocally for the first time: "I certainly wouldn't have voted that way."

- January 13, 2007. From Baghdad, Mrs. Clinton responds to Mr. Bush's plan to send more troops to Iraq to secure Baghdad: "I don't know that the American people or the Congress at this point believe this mission can work. And in the absence of a commitment that is backed up by actions from the Iraqi government, why should we believe it?"

- January 17, 2007. Mrs. Clinton calls for capping the number of U.S. troops in Iraq, saying she will introduce legislation to do so. And while she says she won't block money for the troops, she suggests withholding funds for the Iraqi government. It is precisely such a funds cut-off to the South Vietnamese government in 1975 that led to the final U.S. flight from Saigon.

- January 27, 2007. On the campaign trail in Iowa, Mrs. Clinton demands that President Bush "extricate our country from this before he leaves office." And she promises that, if elected, she will end the war quickly.

All politicians change their minds about something at some point, but what's troubling about Mrs. Clinton's record on Iraq is that it tends to follow, rather than lead, public opinion. When the war was first debated, and she couldn't easily walk away from her husband's record against Saddam, she was a solid, even eloquent, hawk. Then for a time she laid low and avoided the antiwar excesses of John Kerry and others.

But now that the war has proven to be difficult, and her fellow Democrats are outflanking her on the antiwar left, she is steadily, even rapidly, moving in their direction. So in the space of merely 14 months and as the Presidential campaign begins in earnest, Mrs. Clinton has gone from advocating a new plan to "win" the Iraq war, with "honor," to vocally opposing President Bush's new strategy to try to do precisely that. And, oh, yes, she now wants the "surge" to be in Afghanistan instead of Iraq.

The question we'd ask is whether this is the kind of stalwart drift that Mrs. Clinton would bring to the Oval Office?

Private Virtue, Public Vice (NYT)

By David Brooks

The New York Times, February 8, 2007

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Deep in the bowels of Washington, hidden from public scrutiny and prying cameras, there is an illicit underworld where people are subtle, reasonable and interesting. I have occasionally been admitted to this place, the land of RIP (Reasonable in Private).

I have been in the Senate dining room and heard senators, in whispers and with furtive glances, acknowledge the weaknesses in their own arguments and admit the justice of some of the other side's points. I have seen politicians fess up to their own evasions and acknowledge the trade-offs inevitable in tough decisions.

I have always felt honored when politicians admit me into the realm of RIP, because if it ever got out that these pols were sensible and independent, it would ruin their careers. If it ever got out that they could think for themselves or often had subversive and honest thoughts, they would be branded traitors to their party and uncertain champions for their cause.

For politicians are not permitted to ply their trade in the land of RIP. In our democracy, all public business must be done in the land of SIPB (Self-Important Pathetic Blowhards).

In our democracy, everybody has to line up in party formation for each week's mighty clash, no matter how stupid they think the exercise may be.

In our democracy, lawmakers are compelled to spend their days maneuvering for trivial advantages that nobody will remember by dinnertime.

In our democracy, presidential aspirants spend a few months fighting a general election but two years positioning themselves for the primaries. That means they spend the bulk of their time in transcontinental cattle calls, competing to most assiduously flatter the prejudices of their most febrile supporters. They traffic in pre-approved bromides while searching with their hyperattenuated antennas for their party's maximum sweet spot of approval, love and applause.

In our democracy, top officials lead frantic, overscheduled lives, with almost no time alone and with major decisions made by instinct during rushed limo rides from one forgettable event to another. They spend their days talking, and pretty soon they become human jukeboxes — their snippets of conversation are just chunks of oft-repeated material they have retrieved from the stump speech audio collection in their heads.

In short, our democracy, at least as it has evolved, takes individuals who are reasonable in private and it churns them through a public process that is almost tailor-made to undermine their virtues. The process of perpetually kissing up to the voters destroys the leadership qualities the voters are looking for in the first place: tranquillity of spirit, independence of mind and a sensitivity to the contours and complexity of reality.

The best politicians try to build a fortress around their private lives to protect themselves from the ravages of the process all around them. They try to separate their real belief from their public spin. They stage little rebellions against members of their political base, who would otherwise be their slavemasters. They try not to let the bloated public persona smother the little voice within.

But this week it has become clear what an uphill struggle that is. This week, everyone senses that we have reached a crucial juncture in the Iraq war debate. This week, in private, everyone acknowledges how complex the choices are. Everyone senses that the policy being promoted possibly won't work and could have ruinous consequences. This week, the mood — in private — is sober and anxious.

And yet the politicians have completely failed to institutionalize that sense of sobriety in the public sphere. Instead of having a serious debate, the Senate disgraced itself with mind-bendingly petty partisanship. Meanwhile, the Democratic presidential candidates engaged in an unholy bidding war to get out of Iraq soonest, which had nothing to do with realities in Iraq and everything to do with applause lines in Iowa.

In a week when the private mood was grave, the public action was partisan and shortsighted. Instead of trying to educate public opinion by stressing the realities described in the National Intelligence Estimate, the political class, by and large, publicly ignored those findings. The Republicans maintained near lock-step solidarity even though privately, Republican opinions are all over the place. The Democrats ignored the intelligence community's warning about withdrawal after spending three years blasting the Bush administration for ignoring intelligence.

In private, we have a decent leadership class. In public, it's rotten.

Iraq Security Plan Underway; Crash Of Marine Copter Kills 7 (WP)

By Ernesto Londoño And Joshua Partlow

The Washington Post, February 8, 2007

BAGHDAD, Feb. 7 -- On the day the U.S. military announced that American and Iraqi forces had begun implementing their long-awaited security plan, a U.S. Marine transport helicopter crashed northwest of Baghdad, the fifth deadly loss of an American helicopter in Iraq in less than three weeks.

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Military officials said all seven crew members and passengers were killed in the crash of the CH-46 Sea Knight on Wednesday in Anbar province. The cause remains under investigation, but officials said the aircraft was having mechanical problems before it went down. The four other helicopters in recent crashes were shot down, the military acknowledged this week.

The U.S. military's chief spokesman in Iraq said Wednesday that U.S. and Iraqi forces had begun a joint effort to secure Baghdad and troubled Anbar province.

"The plan is being fully implemented as we speak," Maj. Gen. William B. Caldwell told reporters after being asked when the plan would start. "Not all aspects are in place at this point."

The plan is being led by Iraqi officials and is designed to stop violence in the capital's volatile neighborhoods, Caldwell said. Officials have established nine new security districts in Baghdad and are creating dozens of security stations that Iraqi police and military officers will share with U.S. military personnel.

"The key difference is, this time it's an Iraqi-led plan," Caldwell said. "Not only are they planning it, they are leading."

The announcement was something of a surprise, because officials had lately issued contradictory and vague messages about the scope and timing of the plan. Prime Minister Nouri al-Maliki on Tuesday urged his generals to move more quickly to get the plan off the ground.

"We will prove at the start of the Baghdad security plan that the Iraqi army and police can play an effective, courageous role," Maliki told the generals in a televised speech. "We will also disprove to the world that the Iraqi army relies on others and is not qualified to shoulder the responsibility."

Caldwell praised Maliki's leadership and what he described as the prime minister's commitment to keep political and sectarian differences from hindering the plan. Iraqi political leaders, many of whom draw some of their political strength from militias and insurgents, have in the past sought to influence military operations to protect militant groups loyal to them. Caldwell said that Maliki, who has been accused of protecting the Mahdi Army, a powerful Shiite Muslim militia, is urging his generals to resist such meddling.

"He doesn't want politicians calling and interfering with their mission," Caldwell said.

The rollout of the security plan comes as bombings and other acts of violence, much of it driven by sectarian fighting, continue in the capital.

"We are in a tough, tough situation," Deputy Prime Minister Barham Salih said in an interview Wednesday. He said the full implementation of the plan will take time because it involves "the mobilization of a lot of resources and assets, and the hope is that it will lead to a noticeable change in the security in Baghdad."

Foreign Minister Hoshyar Zebari said Wednesday that investigators were questioning four members of the Iraqi armed forces detained Sunday after other members of their group kidnapped an Iranian diplomat in Baghdad. He said the government is pursuing "strong leads" in the abduction.

"There is confusion as to their affiliation" within the armed forces, Zebari said. Iranian officials have alleged that the U.S. government was responsible for the kidnapping, which U.S. officials deny. There has been no further information on the fate of the diplomat.

Two U.S. military officials familiar with the latest helicopter crash investigation said the Marine aircraft apparently experienced equipment malfunction before crashing Wednesday morning. The troops aboard were on a routine mission, the officials said. They spoke on condition of anonymity because the investigation is underway.

A shop owner who works near the crash site in Garma, an area of orchards in Anbar province, said insurgents with machine guns drove by his store at approximately 10:30 a.m. claiming to have downed the aircraft.

"They told us, 'We just downed a helicopter,' " said Abu Anas, 30, who declined to give his full name. "When we went up to the roof, we saw big black smoke going up into the sky and an unbelievable fire. I have never seen such a fire."

The Islamic State of Iraq, a Sunni Muslim insurgent group, asserted responsibility for downing the helicopter in a statement posted on a Web site used by insurgents. The authenticity of the claim could not be verified.

One of the military officials familiar with the investigations of the five helicopter crashes said Wednesday that while none of the probes is complete, officials have identified common characteristics. The four before Wednesday's crash took place in the most heavily traveled air corridor in Iraq, where insurgents have been able to study flight patterns and techniques. One helicopter was being operated by the contracting firm Blackwater USA.

"The enemy in that area is smart and attuned to the air traffic and the fact that there's a big media splash when one goes down," the military official said. "The enemy has been concentrating on these more known routes in an attempt to interdict us. We are looking at ways now to ensure that the helicopter routes are more varied and more circuitous, and flying in a tactical manner to lessen the possibility of these types of tragedies."

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Overall, the recent crashes do not present a significant strain on U.S. helicopter capabilities in the region, because there are hundreds of helicopters flying thousands of missions a month in Iraq and Afghanistan. The Brookings Institution has counted 56 downed U.S. military helicopters in Iraq since May 2003 and says enemy fire was responsible for about half of the crashes.

The CH-46, a Vietnam-era aircraft, is one of the oldest in the U.S. military's fleet.

Nearly 5,000 U.S. helicopters were lost in Vietnam -- about 2,075 were shot down and 2,560 were lost in accidents and mechanical malfunctions -- according to "The Vietnam War Almanac" by Harry G. Summers Jr., who served as an Army colonel.

Also Wednesday, the U.S. military said a Marine was killed Tuesday in fighting in Anbar province.

The Snake Eater (WSJ)

By Daniel Henninger

The Wall Street Journal, February 8, 2007

ABOUT DANIEL HENNINGER

Daniel Henninger is deputy editor of The Wall Street Journal's editorial page. Mr. Henninger joined Dow Jones in 1971 as a staff writer for the National Observer. He became an editorial-page writer for the Journal in 1977, arts editor in 1978 and editorial features editor in 1980. He was appointed assistant editor of the editorial page in 1983 and chief editorial writer and senior assistant editor in October 1986, with daily responsibility for the "Review & Outlook" columns. In November 1989 he became deputy editor of the editorial page.

Mr. Henninger was a finalist for a Pulitzer Prize in editorial writing in 1987 and 1996, and shared in the Journal's Pulitzer Prize in 2002 for the paper's coverage of the attacks on September 11. He won the Gerald Loeb Award for commentary in 1985. In 1998 he received the Scripps Howard Foundation's Walker Stone Award for editorial writing, for editorials on a range of issues, including the International Monetary Fund, presidential politics and cloning. He won the 1995 American Society of Newspaper Editors' Distinguished Writing Award for editorial writing, and he was a finalist in that award in 1985, 1986 and 1993. A native of Cleveland, Mr. Henninger graduated from Georgetown University with a bachelor's degree from the School of Foreign Service.

Mr. Henninger invites comments to henninger@wsj.com1.

Subject: A case study of how the U.S. got bogged down in Iraq.

Problem: If a cop in Anytown, USA, pulls over a suspect, he checks the person's ID remotely from the squad car. He's linked to databases filled with Who's Who in the world of crime, killing and mayhem. In Iraq, there is nothing like that. When our troops and the Iraqi army enter a town, village or street, what they know about the local bad guys is pretty much in their heads, at best.

Fingerprinting the bad guys.

Solution: Give our troops what our cops have. The Pentagon knows this. For reasons you can imagine, it hasn't happened.

This is a story of can-do in a no-can-do world, a story of how a Marine officer in Iraq, a small network-design company in California, a nonprofit troop-support group, a blogger and other undeterrable folk designed a handheld insurgent-identification device, built it, shipped it and deployed it in Anbar province. They did this in 30 days, from Dec. 15 to Jan. 15. Compared to standard operating procedure for Iraq, this is a nanosecond.

Before fastening our seatbelts, let's check the status quo. As a high Defense Department official told the Journal's editorial page, "We're trying to fight a major war with peacetime procurement rules." The department knows this is awful. Indeed, a program exists, the Automated Biometric Identification System: retina scans, facial matching and the like. The reality: This war is in year four, and the troops don't have it. Beyond Baghdad, the U.S. role has become less about killing insurgents than arresting the worst and isolating them from the population. Obviously it would help to have an electronic database of who the bad guys are, their friends, where they live, tribal affiliation -- in short the insurgency's networks.

The Marine and Army officers who patrol Iraq's dangerous places know they need an identification system similar to cops back home. The troops now write down suspects' names and addresses. Some, like Marine Maj. Owen West in Anbar, have created their own spreadsheets and PowerPoint programs, or use digital cameras to input the details of suspected insurgents. But no Iraq-wide software architecture exists.

Operating around the town of Khalidiya, north of Baghdad, Maj. West has been the leader of a team of nine U.S. soldiers advising an Iraqi brigade. This has been his second tour of duty in Iraq. When not fighting the Iraq war, he's an energy trader for Goldman Sachs in New York City.

It had become clear to him last fall that the Iraqi soldiers were becoming the area's cops. And that they needed modern police surveillance tools. To help the Iraqi army in Khalidiya do its job right, Maj. West needed that technology yesterday: He was scheduled to rotate back stateside in February -- this month.

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Since arriving in Iraq last year, Maj. West had worked with Spirit of America (SoA), the civilian troop-support group founded by Jim Hake. In early December, SoA's project director, Michele Redmond, asked Maj. West if there was any out-of-the-ordinary project they could help him with. And Maj. West said, Why yes, there is. He described to them the basic concept for a mobile, handheld fingerprinting device which Iraqi soldiers would use to assemble an insurgent database. Mr. Hake said his organization would contribute $30,000 to build a prototype and get it to Khalidiya. In New York, Goldman Sachs contributed $14,000 to the project.

Two problems. They needed to find someone who could assemble the device, and the unit had to be in Khalidiya by Jan. 15 to give Maj. West time to field-test it before he left in February.

To build the device, they approached a small California company, Computer Deductions Inc., which makes electronic systems for law-enforcement agencies. Over the Dec. 15 weekend, CDI went to work building a machine for Iraq.

Tom Calabro, a CDI vice president, assembled a team of six technicians. Its basic platform would be a handheld fingerprint workstation called the MV 100, made by Cross Match Technologies, a maker of biometric identity applications. The data collected by the MV 100 would be stored via Bluetooth in a hardened laptop made by GETAC, a California manufacturer. From Knowledge Computing Corp. of Arizona they used the COPLINK program, which creates a linked "map" of events. The laptop would sit in the troops' Humvee and the data sent from there to a laptop at outpost headquarters.

Meanwhile, SoA began to think about how they'd get the package to Maj. West by Jan. 15. They likely would have less than seven days transit time after CDI finished. SoA normally used FedEx to ship time-sensitive equipment into Iraq. But given the unusual nature of the shipment, they were concerned about customs and clearance: This wasn't a case of soccer balls. Jim Hake thought of an alternative: Find someone who would hand-carry it, like a diplomatic courier, on a flight to Kuwait and from there to Taqaddum air base in central Iraq. This meant finding someone who could get into Iraq quickly.

The someone was Bill Roggio. Mr. Roggio is a former army signalman and infantryman who now embeds with the troops and writes about it on his blog, the Fourth Rail, or for the SoA Web site. He was at home in New Jersey, about to celebrate his birthday with his family. He agreed to fly the MV 100 to Iraq as soon as it was ready, in conjunction with an embed trip. With SoA's Michele Redmond, he started working out the logistics for getting to Iraq ASAP.

On Jan. 8, CDI's Tom Calabro emailed the group, including Maj. West in Iraq: "Things are progressing at a furious pace. I may be able to ship by end of day tomorrow. Worst case is Thursday or Friday."

Four days later, a glitch. Mr. Calabro said a vendor mistakenly shipped via the U.S. postal service and a crucial part arrived late, on Jan. 12. "My guys are going to work through the night to finish testing," he said. They shipped the kit via UPS to Bill Roggio for Monday arrival; later that day, he boarded a Lufthansa flight from Newark to Kuwait City. After an overnight hotel stay, he took a C130 military transport to Taqaddum, 45 miles north of Baghdad. Maj. West's Marines drove him to their outpost 15 minutes away.

And so, a month from inception, Bill Roggio handed the electronic identification kit to Maj. West.

On the night of Jan. 20, Maj. West, his Marine squad and the "jundi" (Iraq army soldiers) took the MV 100 and laptop on patrol. Their term of endearment for the insurgents is "snakes." So of course the MV 100 became the Snake Eater. The next day Maj. West emailed the U.S. team digital photos of Iraqi soldiers fingerprinting suspects with the Snake Eater. "It's one night old and the town is abuzz," he said. "I think we have a chance to tip this city over now." A rumor quickly spread that the Iraqi army was implanting GPS chips in insurgents' thumbs.

Over the past 10 days, Maj. West has had chance encounters with two Marine superiors -- Maj. Gen. Richard Zilmer, who commands the 30,000 joint forces in Anbar, and Brig. Gen. Robert Neller, deputy commanding general of operations in Iraq. He showed them the mobile ID database device.

I asked Gen. Neller by email on Tuesday what the status of these technologies is now. He replied that they're receiving advanced biometric equipment, "like the device being employed by Maj. West." He said "in the near future" they will begin to network such devices to share databases more broadly: "Bottom line: The requirement for networking our biometric capability is a priority of this organization."

As he departs, Maj. West reflected on winning at street level: "We're fixated on the enemy, but the enemy is fixated on the people. They know which families are apostates, which houses are safe for the night, which boys are vulnerable to corruption or kidnapping. The enemy's population collection effort far outstrips ours. The Snake Eater will change that, and fast." You have to believe he's got this right. It will only happen, though, if someone above his pay grade blows away the killing habits of peacetime procurement.

Copter Crashes Suggest Change In Iraqi Tactics (NYT)

By Richard A. Oppel Jr. And James Glanz

DOJ_NMG_0129304

The New York Times, February 8, 2007

BAGHDAD, Feb. 7 — With two more helicopter crashes near Baghdad, including a Marine transport crash on Wednesday that killed seven people, the number of helicopters that have gone down in Iraq over the past three weeks rose to six. American officials say the streak strongly suggests that insurgents have adapted their tactics and are now putting more effort into shooting down the aircraft.

The number also includes a previously unreported downing of a helicopter operated by a private security firm on Jan. 31.

Some aspects of the recent crashes indicate that insurgents have become smarter about anticipating American flight patterns and finding ways to use old weapons to down helicopters, according to military and witness reports. The aircraft, many of which are equipped with sophisticated antimissile technology, still can be vulnerable to more conventional weapons fired from the ground.

Details about the Marine helicopter, a CH-46 Sea Knight transport that crashed into an open field in an insurgent-heavy region northwest of Baghdad, were still sketchy Wednesday night. Witnesses said the aircraft appeared to have been shot down, but some military officials suggested that the crash might have been caused by a mechanical failure.

The private security helicopter shot down last week was being flown in support of State Department operations and was forced down 10 miles south of the capital after insurgents attacked it with heavy-caliber ground fire as it flew from Hilla to Baghdad, American officials said Wednesday. Another American helicopter quickly swooped in to rescue the passengers and crew.

There have been four other fatal downings of American helicopters since mid-January that killed at least 20 people and that military officials have suggested were all caused by small-arms fire. In some cases, however, witnesses indicated that missiles had been fired from the ground.

American officials emphasize that a new sense of coordinated aggressiveness on the part of insurgents toward attacking aircraft, or even luck, may be playing as large a role in the high pace of crashes as improved skill and tactics among insurgents.

"I do not know whether or not it is the law of averages that caught up with us," said Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, during Senate testimony on Tuesday. Another possibility, he said, was that there had "been a change in tactics, techniques and procedures on the part of the enemy."

Among the troops, helicopters are still seen as a less vulnerable way to travel than the ground convoys that are commonly subject to roadside bombs that can tear through thick vehicular armor.

Historically, improved tactics in shooting down helicopters have proved to be important factors in conflicts in which guerrillas have achieved victories against major powers, including battles in Somalia, Afghanistan and Vietnam.

A senior military official in Washington said Wednesday that, while the episodes were still under investigation, the rash of helicopter shoot-downs appeared to be part of an insurgent strategy to inflict heavier losses on American forces at the start of the new push to secure Baghdad.

"There is certainly the expectation here that insurgents are trying to inflict some losses as we're building up forces as a means to try to discourage the Iraqis and us that this is a futile plan," the official said, speaking on condition of anonymity.

Several officials said it was unclear whether the attacks had succeeded because insurgents had adopted new tactics, but judging only by the number of successful attacks, it appeared to be part of a coordinated effort.

Part of the explanation, one official said, may be that fighters are simply firing at low-flying American helicopters. In recent years, there has been relatively little small-arms fire against helicopters, the official said.

One Air Force commander in Baghdad said the recent crashes appeared largely to be a result of old weapons long available in Iraq and not an influx of new hardware or technology. "I haven't seen anything like that," the American commander said.

The Sea Knight, the aircraft that crashed Wednesday, is a large transport helicopter that is easily distinguished by its twin rotors, one mounted near the cockpit and one mounted on a tall tail at the back. It can carry more than two dozen passengers and crew members. The military said all seven people on board died in the crash but did not identify the victims.

Video of the aftermath broadcast by the BBC showed bright red flames and thick black smoke billowing from the burning hulk of the helicopter as the wreckage lay in an open field.

Witnesses said the helicopter appeared to have been attacked from the ground.

"I looked at the sky and saw this big helicopter with double rotors and it was hit in its tail and burning," said one Iraqi who declined to give his name but said he saw the crash while tending to his herd of grazing sheep near Karma, an area heavy with Sunni Arab insurgents between Baghdad and Falluja.

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Another helicopter, with one rotor, was flying just behind the burning aircraft, he said. The twin-rotor helicopter flew for another half mile or so before crashing, he said. “I saw a lot of airplanes after the crash, and I took my herd and left,” he said. “I was afraid there would be shooting after that.”

An Internet message from an insurgent group calling itself the Islamic State of Iraq took responsibility for shooting down the helicopter, the latest in a string of crashes that the group has claimed responsibility for. The message said that the group’s “antiaircraft” battalion downed the aircraft about 10:40 a.m. near Karma, and asserted that the crash was witnessed by hundreds of onlookers shouting “God is great,” according to the SITE Institute, which tracks Internet postings by insurgent groups.

American military officials emphasized that the investigation into the crash was scrutinizing a possible mechanical failure along with other potential causes.

Two American officials said the previously unreported downing of the private helicopter supporting State Department operations last week came after it was subjected to a hail of gunfire from the ground. One official described the gunfire as heavy caliber and said that after the helicopter crash-landed a second aircraft set down and evacuated the stranded passengers and crew.

But the official said that as a quick reaction force rushed to the crash scene, the force was struck by at least one large roadside bomb and suffered several casualties. The force withdrew from the site, and American officials decided to destroy the aircraft rather than risk it falling into insurgent hands.

Before the most recent crashes, at least 57 American military helicopters have crashed or been shot down since May 2003, according to a tally by the Brookings Institution. The highest total for any single month was five aircraft lost in January 2004. The overall tally since 2003 showed that at least 172 American service members had died in helicopter crashes, or about 5.5 percent of the total American troop fatalities.

On Jan. 20, in the deadliest recent crash, attackers appear to have fired from a pickup truck near Baghdad. The first of two Black Hawk helicopters passed over the truck and saw nothing amiss. But a witness said that the second helicopter fired the flares that were used to confuse heat-seeking missiles before bursting into flames and then crashing.

An Apache gunship in the area then pursued the truck and destroyed it. The American military later said that the debris from the truck contained tubes consistent with missile launchers.

U.S. Copter Crash In Iraq Kills 7 (LAT)

By Tina Susman

The Los Angeles Times, February 8, 2007

BAGHDAD — A U.S. military helicopter flying over farmland northwest of Baghdad crashed today, military officials said, killing all seven people on board. It was the fifth U.S. helicopter lost in the past three weeks and the second to crash in five days.

Witnesses described hearing loud bangs before the aircraft began swinging wildly in the sky and then plunged in flames.

Military officials in Baghdad said they did not know the cause of the crash. In Washington, a senior Defense Department official told the Associated Press that the military believed mechanical problems were to blame.

In Baghdad, military spokeswoman Lt. Col. Josslyn Aberle confirmed that all on board the aircraft were killed.

Hours after the crash, a Sunni Muslim insurgent group linked to Al Qaeda claimed to have shot down the CH-46 Sea Knight helicopter as part of a new anti-U.S. campaign that appears to have picked up steam just as U.S. and Iraqi forces begin to launch a new security plan in Baghdad.

The same group claimed to have shot down a U.S. helicopter north of Baghdad Friday and to have set off a string of car bombs that wreaked havoc in the northern city of Kirkuk the next day.

Today's crash occurred about 20 miles northwest of Baghdad, in Al Anbar province, a region notorious for Sunni insurgent activity.

Ahmed Said, 40, a taxi driver, said he saw the helicopter flying ahead of him and then heard what he thought was machine gun fire.

"I stopped the car and I saw the chopper was on fire and pivoting in the air," he said. When it hit the ground, it made "a big boom sound," he said, an account echoed by others witnesses.

Whether the cause of the crash was enemy fire or mechanical failure, the loss of another helicopter and of more U.S. troops underscored the perils faced by the U.S. military in Iraq, where roadside explosives and car bombs have made air travel the preferred mode of transport.

When asked about the recent rash of helicopter downings during a Senate hearing Tuesday, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged the concerns that insurgents may have changed tactics to focus on airborne targets. Four of the last five crashes have been caused by hostile fire, U.S. officials say.

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Military officials today announced two more U.S. troop deaths, bringing the total to at least 3,111 since the U.S. invasion of Iraq in 2003, according to the website icasualties.org, which tracks casualty figures from the war. At least 19 of those deaths have occurred in the past week.

Maj. Gen. William B. Caldwell IV, the U.S. military spokesman, said despite the ongoing violence, the new security plan designed to quash insurgent activity was well underway. He acknowledged, however, that only 3,000 of the 21,500 additional U.S. troops promised by President Bush had arrived in Baghdad and that it would take time to fully implement the plan.

"We're kind of rolling into this plan," he said, refusing to say when all 21,500 additional troops were expected in the country. Caldwell also emphasized that Iraqi leaders were in charge of deploying the troops and deciding in which areas to focus the security sweeps.

At a news conference earlier, Iraqi Foreign Minister Hoshyar Zebari announced that four Iraqi military officers were being held in the apparent abduction of an Iranian diplomat in Baghdad. Zebari said it was not yet clear whom the four answered to.

The Iranian government Tuesday accused the United States, which has long maintained that Iran is meddling in Iraq, of orchestrating the abduction of the Iranian Embassy's second secretary. U.S. officials in Baghdad today continued to deny any knowledge of the abduction, which Iran says occurred Sunday as the diplomat was leaving a bank. The diplomat remains missing.

Morgue officials and police said 33 bodies were found in Baghdad, all shot to death and apparent victims of sectarian warfare.

Marine Copter Crashes; 7 Killed (WT/AP)

By Robert H. Reid

The Washington Times, February 8, 2007

BAGHDAD -- A U.S. Marine transport helicopter crashed in flames yesterday in a field northwest of Baghdad, killing all seven persons aboard, the U.S. military said. It was the fifth U.S. aircraft lost in less than three weeks and the latest sign of growing problems with aviation in Iraq.

A U.S. military statement gave no reason for the crash of the CH-46 Sea Knight, which went down near Fallujah in Anbar province, about 20 miles from Baghdad. However, at the Pentagon, three Marine Corps officials said the troop-transport helicopter was in flames when it went down, with the pilot appearing to attempt a hasty landing but losing control as the aircraft descended.

They said witnesses in nearby Marine aircraft saw the flames but saw no sign that it involved hostile fire.

An Iraqi air force officer, however, said the helicopter was downed by an anti-aircraft missile. He spoke on the condition of anonymity because he was not authorized to release information.

An Iraqi farmer who lives about a half mile from the crash site said he heard a missile fired moments before the crash, which took place in an insurgent-infested region.

"The helicopter was flying and passed over us, then we heard the firing of a missile," said the farmer, Mohammed al-Janabi. "The helicopter then turned into a ball of fire. It flew in a circle twice and then went down."

Associated Press Television video showed the flaming wreckage lying in a field in front of a cluster of mud homes. A dense plume of black smoke rose over the remains. The Marine officials suspected that the fire was caused by a mechanical problem, the officials said. They spoke on the condition of anonymity because the investigation was continuing.

Names of the victims were not released, but military officials said five were Marines and two were from the Navy.

In a statement posted on an extremist Web site, an al Qaeda-linked group, the Islamic State in Iraq, claimed it shot down the helicopter, which it described as a Chinook -- an Army helicopter that resembles a Sea Knight.

Critics have long urged the military to replace the CH-46, which was introduced in 1964 at the start of the Vietnam War. In 2001, retired Col. Frank Jensen wrote in Defense News that the Marines should replace the CH-46 but cannot because of budget limitations.

Regardless of the cause, the latest crash adds urgency to a U.S. military review of flight operations in Iraq, including whether insurgents have perfected skills in attacking U.S. planes.

The latest crash occurred five days after a U.S. Army Apache helicopter went down in a hail of gunfire north of Baghdad. Three other helicopters -- two from the Army and one operated by an American security firm -- also have crashed since Jan. 20. A total of 27 persons -- 23 U.S. service members and four American civilian contractors -- were killed in the five crashes.

Army Says It Will Withhold $19.6 Million From Halliburton, Citing Potential Contract Breach (NYT)

By Philip Shenon

DOJ_NMG_0129307

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — The Army announced during a House oversight committee hearing on Wednesday that it would withhold $19.6 million from the Halliburton Company after recently discovering that the contractor had hired the company Blackwater USA to provide armed security guards in Iraq, a potential breach of its government contract.

The Army has said that its contracts with Halliburton, which has a five-year, $16 billion deal to support American military operations in Iraq, generally barred the company and its subcontractors from using private armed guards. But in a statement, Halliburton disagreed with the Army's interpretation and suggested that there was nothing to prohibit Halliburton's subcontractors from hiring such guards.

The announcement came during a hearing of the House Government Oversight Committee that included emotional testimony about the killing of four Blackwater employees in Falluja, Iraq, in 2004.

In an e-mail message made public in the hearing and written only hours before the four were killed, another Blackwater worker told the company to end the "smoke and mirror show" and provide its employees in the war zone with adequate weapons and armored vehicles.

"I need ammo," the worker, Tom Powell, said in an e-mail message dated March 30, 2004, to supervisors at Blackwater, which is based in North Carolina. "I need Glocks and M4s — all the client body armor you got," he wrote. "Guys are in the field with borrowed stuff and in harm's way."

Mr. Powell said he had requested heavily armored vehicles "from the beginning, and from my understanding, an order is still pending."

"Why? I ask," he added.

The next day, a mob in Falluja attacked a supply convoy that was being guarded by Blackwater employees and killed four guards, later stringing up two of the mutilated, charred bodies from a bridge. The men were riding in vehicles that were only lightly armored, and their families have claimed in a lawsuit against Blackwater that the company failed to provide basic protective equipment.

Blackwater's general counsel, Andrew G. Howell, told the House panel on Wednesday that the company, which also had a State Department contract to provide security services, believed that it had had an appropriate number of armored vehicles in Iraq. He said, "We have not skimped on equipment — no sir."

The panel is investigating Blackwater and the work of other large American military contractors in Iraq.

In the dispute with Halliburton, the Army insisted repeatedly to Congressional investigators last year that it could find no evidence that Blackwater had been hired by Halliburton and its subcontractors in Iraq for security.

But in a letter dated Tuesday and made public on Wednesday, Army Secretary Francis J. Harvey said that additional investigation showed that Blackwater had provided private security guards for a Halliburton subcontractor, ESS Support Services, a construction and food services business, and that the costs "were not itemized in the contracts or invoices" prepared by ESS.

"The Army is continuing to investigate this matter and we are committed to providing full disclosures of the results of our investigations to the committee," he wrote to the chairman of the oversight committee, Henry A. Waxman, a California Democrat. "We share your commitment to ensuring that contractors supporting the military and reconstruction efforts in Iraq comply with the terms and conditions of these contracts."

In a statement, Halliburton insisted that it was not in breach of its contract with the government.

"Nowhere does it prohibit subcontractors from supplementing that protection with private security," Halliburton said. "It is unrealistic to think that the military can both wage a war and at the same time protect every necessary civilian movement in Iraq." The company said it would "sit down with the Army to discuss and resolve these issues."

The committee also heard from family members of the four security guards.

"Why did Blackwater choose to make a profit over the safety of our loved ones?" asked Kathryn Helvenston-Wettengel, the mother of one of the men. "Blackwater gets paid for the number of warm bodies it can put on the ground in certain locations throughout the world. If some are killed, it replaces them at a moment's notice."

"Although everyone remembers those images of the bodies being burnt, beaten, dragged through the streets and ultimately hung from a bridge, we continue to relive that horror day after day, as those men were our fathers, sons and husbands," she said.

Halliburton Faces Scrutiny Over Security (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, February 8, 2007

DOJ_NMG_0129308

The US military is weighing up whether to force Halliburton to pay back what could amount to tens of millions of dollars in fees it charged the army to pay for private security subcontractors in Iraq.

Tina Ballard, deputy assistant secretary of the army, said it was investigating allegations that Halliburton violated the terms of its $16bn (£8bn, €12bn) logistics contract in Iraq, known as Logcap, by knowingly or unknowingly paying for private security subcontractors, and that the army would consider taking steps to recoup those funds.

Use of private security contractors in Iraq, for duties ranging from protecting visiting US officials to securing reconstruction sites, has soared in recent years, costing US taxpayers about $3.8bn, according to a report by Democratic lawmakers.

Under the terms of Logcap, Halliburton is prohibited from using security contractors, such as Blackwater. Last year a top Defense Department official said in a letter to lawmakers investigating the issue that the department had been told by Halliburton subsidiary KBR that the company was "unaware" that Blackwater had been hired by any of KBR's many subcontractors.

But in testimony yesterday before the chief House oversight committee, Ms Ballard admitted that, after a subsequent army probe, one of KBR's subcontractors, ESS, a food services company that is a subsidiary of Compass of the UK, admitted it had hired Blackwater to protect ESS employees under a Logcap subcontract.

KBR's director of security yesterday said travelling in Iraq without security was "exceptionally dangerous".

The investigation of the alleged engagement of Blackwater by KBR and other contractors in Iraq lies at the heart of a wrongful death lawsuit against Blackwater by families of four employees who were ambushed in Falluja in 2004. Henry Waxman, the Democratic chairman of the oversight committee, said that, after three years investigating the ambush, it was still unclear whether the men, who were working for ESS, were ultimately working under a contract held by KBR - which would have violated contracting rules - or Fluor, another contractor, because ESS had offered conflicting information on the issue. Fluor yesterday denied ever working with Blackwater.

"It's remarkable that the world of contractors and subcontractors is so murky that we can't even get to the bottom of this, let alone calculate how many millions of dollars taxpayers lose in each step of the subcontracting process," said Mr Waxman.

In emotional testimony yesterday, the families of the four men, who were shot, dragged through the streets, burned and hanged from a bridge, said Blackwater failed to supply the men with teams big enough to ensure their safety, armoured vehicles and rear gunners, and other provisions. "It's like the wild west over there and there is no accountability," said Kathryn Helvenston-Wettengel, mother of one of those killed.

A Blackwater official declined to discuss details of the case, but said Congress was only hearing an "incomplete and one-sided exploration" of the incident.

5 Indicted In Probe Of Iraq Deals (WP)

By Renae Merle

The Washington Post, February 8, 2007

Three Army Reserve officers and two civilians were indicted yesterday on federal charges of participating in a wide-ranging bribery and contract-rigging scheme involving millions in Iraq reconstruction funds.

The 25-count indictment handed up by a Trenton, N.J., grand jury expands a probe that has resulted in three guilty pleas. Those indicted yesterday were accused of participating in a scheme to funnel $8.6 million in reconstruction contracts to an American businessman in exchange for cars, $3,200 Breitling watches, plane tickets, $3,000 Toshiba laptop computers, weapons and stolen money. Named in the indictments were Col. Curtis G. Whiteford; Lt. Col. Debra M. Harrison and her husband, William Driver; Lt. Col. Michael B. Wheeler; and Michael Morris.

"This indictment alleges that the defendants flagrantly enriched themselves at the expense of the Iraqi people -- the very people they were there to help," said Paul J. McNulty, U.S. deputy attorney general.

Three of the central characters in the scheme have pleaded guilty. Robert J. Stein, a former Coalition Provisional Authority employee, was sentenced last month to nine years in prison and ordered to forfeit millions of dollars for his role in steering contracts to businessman Philip H. Bloom. Lt. Bruce D. Hopfengardner also admitted to steering contracts to Bloom for money and a Harley-Davidson motorcycle. Bloom pleaded guilty to conspiracy, bribery and money-laundering charges last year.

The alleged fraud scheme is the largest to emerge out of the Iraq reconstruction effort. In the indictment and in interviews, federal prosecutors described a series of grand scams designed to plunder a reconstruction program funded by the United States and with money collected from the sale of Iraqi oil. Over time, Bloom and his alleged confederates discussed setting up a private security company and an Iraqi airline to snag more work.

The reconstruction program often distributed funds in cash, handing out blocks of currency known as "bricks," and the indictment described how participants in the scam smuggled the bulk back into the United States.

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Morris, who was charged with conspiracy and wire fraud, was arrested in Romania Tuesday, and federal officials said they would attempt to extradite him. Messages left for Driver, Wheeler and Harrison were not returned. A woman who answered the phone at Whiteford's home hung up.

In one case, Harrison and Wheeler smuggled at least $330,000 in stolen authority funds from Iraq to New York using commercial business-class tickets purchased by Bloom, according to the indictment. In a January 2004 e-mail, Stein proudly told Bloom that he and Wheeler had secured another contract for him.

"I will give you 200K sometime tomorrow afternoon! I love to give you money," the e-mail said. Wheeler, the CPA's deputy chief of staff in the Al Hillah region, also accepted bottles of liquor for his efforts.

Later that year, Bloom discussed opening an Iraqi airline company and a private security company to be named Anaconda. The "objectives of the company are making money while allowing us to look cool and have cool stuff. That ought to be easy to do," Whiteford said of the private security company in an e-mail.

Bloom also handed out expensive cars as rewards for help, including a Cadillac Escalade for Harrison, who served as acting comptroller for the CPA office. In an e-mail, Bloom told Stein that Hopfengardner would receive a GMC Yukon but that Whiteford was only getting a Nissan 350 Z because he "had not been able to get Bloom all the aviation licenses necessary to startup Bloom's airline company," the indictment said.

Meanwhile, Whiteford, the second-most-senior CPA official in the region, was very specific about the type of sports car he wanted: a touring model with manual transmission, a cargo convenience package and other high-end vehicle options. He also accepted a $3,200 watch, $10,000 and round-trip tickets home to Utah, according to the indictment.

The Fog Of Accountability (NYT)

The New York Times, February 8, 2007

The details are graphic: billions of dollars of Iraqi oil revenues — 363 tons of cash — bundled up and urgently flown to Baghdad on 484 pallets from the Federal Reserve Bank to jump-start a new Iraqi government. Four years later, the unanswered questions are just as graphic: Who was responsible for the money? What became of it?

Two years ago, the special inspector general for Iraqi reconstruction reported that $8.8 billion of the cash surge could not be adequately accounted for by the Bush administration's provisional governing authority. The Republican-controlled Congress — which shrugged off oversight responsibilities for President Bush's failed war — dutifully sidestepped the issue. Thankfully, the new Democratic Congress is finally investigating the disappeared billions and other aspects of the war's mismanagement.

The details emerging provide a lesson in how easily cash can evaporate into the fog of an unmonitored war. One $500 million outlay was explained away with a one-word record entry — "security" — in the provisional authority's books. Ten disbursements ranging from $120 million to $900 million have no documentation at all, as if they were petty cash. Paul Bremer III, the former chief of the administration's provisional authority, told the House Oversight and Government Reform Committee this week that Iraq was strictly a cash economy with primitive banking, and that there had been no alternative but to spur reconstruction with a fast and poorly documented infusion of billions. "There are no perfect solutions in Iraq," said Mr. Bremer, still cocky despite the now increasingly apparent and seemingly limitless failures of his tenure.

According to the inspector general and Congressional investigators, Mr. Bremer's provisional authority, with the full backing of the White House and the Pentagon, doled out an estimated $12 billion to dodgy ministries — duffle bags full, some of it from the backs of pickups. The fact that this was Iraqi money reserved during the United Nations' oil-for-food program is no comfort to any American taxpayer wondering what's been happening to the hundreds of billions Washington is pouring into Iraq.

Republican lawmakers at the hearing again tried to gloss over the administration's mismanagement of the war, complaining that the mystery billions were "old news." The real news is that — at long last — the truth about the Iraq fiasco is being pursued in public by Congressional investigators.

Mistrial Declared For War Objector (LAT)

By Sam Howe Verhovek

The Los Angeles Times, February 8, 2007

A military judge abruptly declared a mistrial Wednesday in the court-martial of an Army lieutenant who refused orders to go to Iraq, a ruling that handed a temporary reprieve to the elated officer and left military prosecutors visibly stunned.

The decision by the judge, Lt. Col. John Head, turned on the contentious issue of whether factual stipulations agreed to earlier by the prosecutors and the defense team amounted to a confession of guilt by 1st Lt. Ehren Watada, 28, on the Army's charges of failure to deploy.

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Prosecutors argued, in effect, that Watada did confess to refusing direct orders to fly to Iraq with his unit last summer, and that his reasons were irrelevant.

Watada said he had admitted to the fact that he deliberately missed his flight, but that he did so because he considered the war illegal — and wanted to explain his reasoning at the trial.

Watada's touchstone case has made him a cult hero among antiwar protesters but a coward and a traitor to many in the military.

Under the military code, there is a heavy burden of proof on the refuser to justify disobeying the chain of command, since the chain is considered vital to the effective functioning of military forces.

With the defense set to begin its case Wednesday morning, the judge clearly surprised both sides by raising concerns about the stipulation, which he implied would cause him difficulties with the instructions he would give the jury on how to weigh the evidence.

With the seven-member military jury out of the courtroom, the judge said he could not proceed if Watada did not concede he was admitting guilt or if prosecutors did not abandon key lines of their argument.

"There is an inconsistency in the stipulation of fact," Head said. "I don't know how I can accept this ... as we stand here now."

He said he could not allow the court-martial to proceed without dismissing part of the stipulation altogether, which would have been a major tactical advance for Watada.

"We've got the immoveable object hitting the irresistible force," the judge said at one point, even as both prosecutors and defense lawyers said they wanted the court-martial to continue. Nevertheless, the prosecutors moved for a mistrial.

Though Watada will likely face another trial, the judge's ruling amounted to a temporary moral victory for the lieutenant in a case that many legal observers had considered a virtual slam-dunk for the Army.

Watada's lawyer, Eric Seitz, said Watada's intent in refusing deployment orders was at the heart of his defense, and that it was ridiculous for prosecutors to suggest that he had no right to explain why he did what he did.

"The government has created a major mess here, and that's clearly why they had to move for a mistrial," Seitz said. "Anytime the government tries to suppress a defendant's attempt to explain his actions, that's not a good thing for our legal system."

Antiwar forces wasted no time in declaring the mistrial a victory, with banners saying as much at a rally just outside the base here, several miles south of Tacoma.

"The legal mess we saw here today reflects the major mess the Bush administration has made with the war in Iraq," said Ann Wright, a retired Army colonel and diplomat who resigned a State Department post in March 2003 in protest of the war, which began that month.

But Army officials said the ruling showed how the military system bent over backward to be fair to a defendant.

"Throughout the military justice system, the Army steadfastly protects the rights of the accused," said Lt. Col. Robert Resnick, a legal advisor in the Army's staff judge advocate's office at Ft. Lewis. "The judge's ruling today in this case provides further evidence of that."

Eugene R. Fidell, a military lawyer and president of the nonprofit National Institute of Military Justice in Washington, D.C., said he was puzzled by the judge's decision "to pull the plug on the whole case." Fidell said the attorneys and the judge could have renegotiated the agreement in the courtroom.

"Now they have to start from square one," he said. With a second trial impending, he said, Watada's case will continue to make news and probably provide more momentum for the antiwar movement.

Watada smiled and hugged his mother, Carolyn Ho, after the judge declared the mistrial. But he left public comments to Seitz, who said that Watada was happy but also exhausted, suffering from a cold and disappointed that he was not able to present his defense to the jury.

Watada may not see his second court-martial start until March 19, though the judge indicated it could be postponed beyond that. Seitz, his lawyer, said it may never come to retrial because of government errors.

Seitz adamantly rejected any assertion that the stipulations were tantamount to an admission of guilt.

"No. Absolutely no way," he said. "Lt. Watada's a smart guy. He knew exactly what he was agreeing to."

Staff writer Tomas Alex Tizon contributed to this report.

Mistrial For Officer Who Refused To Go To Iraq (NYT)

By William Yardley

The New York Times, February 8, 2007

DOJ_NMG_0129311

SEATTLE, Feb. 7 — A military judge on Wednesday declared a mistrial in the court-martial of the Army officer who called the war in Iraq illegal and refused to join his unit when it deployed there last June.

The mistrial means that the officer, First Lt. Ehren K. Watada, could be retried in March, a spokesman for the base said.

Lt. Col. John Head, the military judge presiding over the case, declared the mistrial after he rejected an agreement Lieutenant Watada had reached with prosecutors before the trial began on Monday.

Under the pretrial deal, known as a stipulation agreement, Lieutenant Watada, 28, who is assigned to a Stryker brigade at Fort Lewis, about 45 miles south of Seattle, acknowledged refusing to deploy and speaking out against the war. In turn, prosecutors dropped two charges related to comments Lieutenant Watada made in interviews. His potential maximum sentence, if he were convicted, would be reduced to four years in an Army prison from six.

A lawyer for Lieutenant Watada, Eric Seitz, has maintained that there is no dispute over what Lieutenant Watada did, only over why he did it. He has said Lieutenant Watada's actions amounted to free speech and civil disobedience protected by the Constitution.

Colonel Head has repeatedly refused to allow Lieutenant Watada to center his defense on the argument that the war is illegal. On Wednesday, after Mr. Seitz proposed that the judge require jurors to consider that Lieutenant Watada acted out of a mistaken belief that his actions were legal, Colonel Head declared the mistrial, citing confusion over the stipulation.

The judge, according to a statement released by Fort Lewis, became "concerned that the stipulation amounted to a confession by Lieutenant Watada to an offense to which he intended to plead not guilty."

Lieutenant Watada's conviction has largely been considered a foregone conclusion. But Mr. Seitz said the circumstances surrounding the mistrial, including the fact that the judge rejected a stipulation he had initially approved, could allow Lieutenant Watada to avoid prosecution altogether.

Largest U.S. Natural Gas Pipeline Company Settles Oil-for-food Allegations For $7.7 Million (SDUT/AP)

By Larry Neumeister, Associated Press

The San Diego Union-Tribune, February 8, 2007

NEW YORK – The nation's largest natural gas pipeline company agreed to pay the federal government $7.7 million to settle corruption allegations related to the U.N. oil-for-food scandal over aid to Iraq, according to a settlement announced Wednesday.

El Paso Corp. will forfeit $5.48 million to the United States, which will seek to transfer the money to the Development Fund of Iraq to be paid as restitution for the benefit of the people of Iraq, according to the agreement announced by federal prosecutors and the FBI.

In a separate deal with the Securities and Exchange Commission, the Houston-based company will pay an additional $2.25 million.

U.S. Attorney Michael Garcia said in a statement that the $5.48 million represents the amount of illegal surcharges paid to Saddam Hussein's government by third parties from whom El Paso purchased Iraqi oil between mid-2000 and March 2003.

In return for the settlements, El Paso will not be prosecuted for any crimes except possibly criminal tax violations as long as it continues to continue cooperating fully with the federal government in its investigation into the scandal-ridden U.N. oil-for-food program, Garcia said.

El Paso spokesman Richard Wheatley said the company had taken measures to avoid buying oil from companies that paid illegal surcharges to Iraq but the procedures did not succeed.

"We have cooperated with the federal government in this matter for some time and we're glad to have it behind us," he said.

He said the company did not participate in the oil-for-food program until it acquired Coastal Corp. in 2001 for $24 billion.

The United Nations used the oil-for-food program starting in the 1990s as way to avoid making the Iraqi people suffer while it punished Saddam's regime. Iraq was allowed to sell its crude oil, but the proceeds were to go toward food and other humanitarian aid for Iraqis.

Authorities said Saddam began demanding kickbacks, and investigators suspect his government collected $10.2 billion in payoffs and other illegal oil sales.

U.S. Strives To Delay Iraqi Hanging (WSJ)

By Jess Bravin

The Wall Street Journal, February 8, 2007

DOJ_NMG_0129312

U.S. officials are working to spare Saddam Hussein's former vice president from a rapid trip to the Iraqi gallows, fearful that his execution, following the flawed hangings of Mr. Hussein and a co-defendant, could further damage the credibility of the American-backed government.

The former vice president, Taha Yassin Ramadan, was among seven officials -- including Mr. Hussein -- convicted in November by the Iraqi High Tribunal, an Iraqi-run court established by the U.S. to try members of the ousted regime. The trial court imposed a life sentence, but an appeals court in December directed that Mr. Ramadan be executed.

The appeals court offered no legal rationale for the change, and legal experts hired by the U.S. government to advise the Iraqi High Tribunal say the appeals ruling violated due process. Legal observers say prosecutors failed to provide direct evidence tying Mr. Ramadan to the specific killings for which he now faces execution, and that was a likely reason the trial court declined to order a death sentence.

"We've had two botched executions," said a senior administration official in Washington. "We would like to prevent additional debacles."

Today, the United Nations high commissioner for human rights, Louise Arbour, plans to ask Iraqi officials to reconsider the death sentence, because of flaws in the appellate process, according to a person familiar with the matter. A U.N. representative in Baghdad is scheduled to meet today with the Iraqi tribunal's chief judge, Aref Shahin, to deliver a letter detailing Ms. Arbour's concerns, this person said.

The Ramadan case places the Bush administration in a difficult dilemma. On the one hand, officials fear the bad publicity, claims of martyrdom and street violence a questionable execution could provoke. Yet they also want to avoid appearing to intervene in the Iraqi legal system, undercutting broader U.S. attempts to portray Iraq as a sovereign nation.

"There's no question that we have raised concerns with this appeals process," an administration official in Washington said, adding that the U.S. uses "funding and other things as leverage" to influence tribunal conduct. But "I don't want to substitute our judgment for the judgment of the Iraqi courts" or "micromanage the process," the official added.

On Nov. 5, Mr. Hussein and two co-defendants received death sentences from the trial court, and after the appeals chamber rapidly affirmed their verdicts, were hanged in a manner widely criticized as vengeful and amateurish. The Dec. 30 hanging was captured on video showing the execution party jeering Mr. Hussein as he stood at the gallows. Two weeks later, Mr. Hussein's half-brother, former secret-police chief Barzan Ibrahim al-Tikriti, was decapitated by his noose. The third man was hanged apparently without incident.

U.S. officials worry the perfunctory appeals, rush to the gallows and gruesome execution footage fueled perceptions that the American-backed, Shiite-dominated Iraqi government was more interested in vengeance than justice for the ousted Sunni regime. "They turned him into a martyr," Egyptian President Hosni Mubarak said of Mr. Hussein.

Western officials in Baghdad who have worked with the tribunal worry the Ramadan case could similarly inflame passions, saying it is the latest example of Iraqi political interference in the court's proceedings. Several judges considered too lenient by the government have been removed, they say, and throughout the trial, Prime Minister Nouri al Maliki and other officials suggested the verdicts in the trial of Mr. Hussein and his co-defendants were a foregone conclusion.

Mr. Maliki's liaison to the tribunal, Basam Ridha, said in an interview that the government had not tried to influence the court and that Iraqi law allows the appellate chamber to approve harsher sentences than trial courts hand down.

Mr. Ridha noted that the sole defendant acquitted by the tribunal, former Baath Party official Mohammed Azawi, was released. To ensure Mr. Azawi's safety, "we kept it secret, we gave him bodyguards and support to make sure he's OK and that nobody could hurt him," Mr. Ridha said. "We let go the guy who was ordered to go free."

Few doubt that Mr. Ramadan, the Ten of Diamonds in the pack of "most wanted" playing cards given to U.S. soldiers, was involved in atrocities over the years. In 2002, Mr. Ramadan suggested Baghdad and Washington settle their differences with a duel -- he and Mr. Hussein against Vice President Dick Cheney and President Bush.

Nevertheless, U.S. officials, Western legal advisers and human-rights observers in Baghdad say prosecutors never adequately linked Mr. Ramadan to the killings for which he is now expected to die. An execution now, they say, will foreclose the chance of holding him to account for other crimes where stronger evidence might more clearly justify a capital sentence.

The trial concerned a retaliatory crackdown on the Shiite village of Dujail after Mr. Hussein escaped a 1982 assassination attempt there. Evidence showed nearly 150 men died in custody or by execution and some 1,500 villagers were arrested, sent to camps or tortured and much of their property was destroyed. Dujail was a stronghold of Prime Minister Maliki's Dawa Party.

Mr. Ramadan headed the Popular Army, a Baath Party militia that carried out the Dujail attacks. His conviction apparently was based on the theory of command responsibility, in which superiors can be held accountable for the crimes of subordinates.

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The trial chamber scheduled a hearing to confirm the sentence on Jan. 25, but after U.N. and U.S. officials raised concerns, that was postponed to Feb. 12. Should the death sentence be confirmed, Iraqi law provides for an execution within 30 days, Mr. Ridha said.

Italian Court To Try Marine (NYT)

The New York Times, February 8, 2007

An American marine was ordered to stand trial in Italy in connection with the shooting death of a top Italian intelligence agent in Iraq in 2005. But the trial, set for April 17 in Rome, is likely to occur without the defendant.

United States officials cleared the marine, Specialist Mario Lozano, of any wrongdoing in the death of the agent, Nicola Calipari. The agent had just secured the release of an Italian journalist, Giuliana Sgrena, who was kidnapped in Baghdad.

It is the second trial in Italy involving Americans, and it is straining relations between the countries. Two dozen C.I.A. operatives face charges in Milan over the kidnapping there in 2003 of an Egyptian militant.

El Paso Corp. To Pay $7 Million As Settlement In Oil-Food Case (NYT)

The New York Times, February 8, 2007

The El Paso Corporation, the largest American natural gas pipeline operator, agreed Wednesday to pay the federal government $7.73 million to settle allegations of involvement in illegal payments under the oil-for-food program run by the United Nations in Iraq.

The company, based in Houston, will forfeit $5.48 million under a settlement with federal prosecutors in New York. Michael J. Garcia, the United States attorney for the Southern District, said the amount represented the sum of secret surcharges paid to Saddam Hussein's government by third parties from whom El Paso purchased oil between mid-2000 and March 2003.

In a statement, Mr. Garcia said his office would seek to transfer the $5.48 million to the Development Fund for Iraq as restitution for the benefit of the people of Iraq.

A civil penalty of $2.25 million was announced in Washington by the Securities and Exchange Commission, which said El Paso had bought about 21.4 million barrels of Iraqi crude oil from third parties participating in the program.

Paul A. Volcker, a former Federal Reserve chairman, estimated at the conclusion of his investigation of the program in October 2005 that more than 4,500 companies had taken part and that more than half had paid kickbacks.

Mr. Garcia said his office had decided against prosecuting El Paso because the company had voluntarily ceased participating in the oil-forfood program in mid-2002 out of concern for possible illegalities, had given full cooperation to the various oilfor-food investigations, had pledged continuing cooperation and had confirmed that culpable employees were no longer working for the company.

Richard Wheatley, the company's spokesman, said in a telephone interview that El Paso had not directly purchased oil from Iraq but that it had worked through third parties and had put procedures in place to eliminate surcharges, though they proved to be inadequate.

Mr. Wheatley said that the Coastal Corporation, which El Paso acquired in January 2001, had taken part in the program starting in 1996 and that El Paso continued that participation from the merger until May 2002, working through third parties.

U.S. To Press NATO For Help In Afghanistan (NYT)

The New York Times, February 8, 2007

NATO defense ministers will meet Thursday to discuss ways to confront an expected Taliban offensive in Afghanistan, amid growing American pressure for the allies to commit more troops and resources.

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The Reach of War

Go to Complete Coverage » The ministers, meeting in Seville for two days of informal talks, will also discuss developments in Kosovo, where tensions are quietly simmering over its future status.

The United States defense secretary, Robert M. Gates, and NATO's new military chief, Gen. Bantz J. Craddock, an American, face a baptism of fire with their first official meeting.

Mr. Gates told lawmakers this week that an objective of his trip was to prod his partners to supply the promised troops and military equipment for the 35,000-strong NATO-led International Security Assistance Force.

"And one of my requests of those folks, and one of the issues that I'll be pressing very hard, is that they meet the commitments that they made," Mr. Gates said.

A senior American defense official who briefed reporters on the condition of anonymity said General Craddock had drawn up a new set of requirements for the Afghan mission that would be discussed at the meeting in Seville.

Afghanistan is the world's leading opium producer, and its lawless border regions with Pakistan are the major breeding ground for international terrorism.

The North Atlantic Treaty Organization has taken a major gamble by trying to help spread the influence of President Hamid Karzai's weak central government throughout Afghanistan, even as it is faced with the resurgent Taliban.

About 4,000 people were killed in the insurgency last year, and American officials say suicide attacks have increased fourfold since 2005.

DOJ:

Democrats Press Issue Of Attorney 'Firings' (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 8, 2007

Democrats have signaled they aren't dropping the controversy over what they describe as the Bush administration's "firing" of federal prosecutors.

Rep. Rahm Emanuel of Illinois, chairman of the House Democratic Caucus, yesterday sent a letter to Attorney General Alberto Gonzales, demanding that he appoint the recently fired U.S. Attorney in San Diego as a special counsel so that she can continue overseeing a congressional corruption probe.

Carol Lam, appointed in 2002 as San Diego U.S. Attorney, was among at least seven U.S. attorneys recently dismissed by the Justice Department. Ms. Lam supervised the investigation and prosecution of Republican Rep. Randy "Duke" Cunningham, now in federal prison for soliciting bribes. That case led to related investigations, including inquiries into a businessman who also had dealings with Rep. Jerry Lewis, the California Republican who until recently was chairman of the House Appropriations Committee, and into Kyle "Dusty" Foggo, the former third-ranking official at the Central Intelligence Agency. Both individuals deny any wrongdoing.

Former senior Justice Department officials have said it is extremely unusual for an administration to fire U.S. attorneys, who normally remain in office throughout a president's term. Democrats in both the House and Senate have raised questions about whether the Bush White House and Justice Department may be trying to derail certain sensitive investigations and replace U.S. attorneys with conservatives loyal to the White House.

In his letter, Mr. Emanuel said, "As you are aware, there are many questions surrounding the recent dismissal of seven U.S. Attorneys, including whether or not your office has the authority to dismiss these individuals, and if their firings were politically motivated."

The Justice Department has said most of the prosecutors in question were asked to leave because of poor performance. It has strongly denied any intent to derail investigations. A spokeswoman said the Justice Department wouldn't comment specifically on Mr. Emanuel's letter because it hadn't received it. "As a general matter," she said, "U.S. attorneys leave office for all sorts of reasons, and complex and important cases carry on with no interruption by the career prosecutors who manage them. There is no reason to suggest that any ongoing cases in San Diego would be any different."

Senate Democrats, too, have pressed the issue. At a Senate Judiciary Committee hearing Tuesday, Deputy Attorney General Paul J. McNulty said, "We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution."

Sen. Dianne Feinstein, a California Democrat, contended the Justice Department hadn't given Congress adequate information about the firings.

Emanuel Tangles With DoJ On Lam Dismissal (HILL)

By Susan Crabtree

The Hill, February 8, 2007

Rep. Rahm Emanuel (D-Ill.) called on Attorney General Alberto Gonzales yesterday to name former U.S. Attorney Carol Lam as outside counsel so she can continue investigating the corruption case against former Rep. Randy "Duke" Cunningham (R-Calif.), who is now in jail.

Lam was one of seven U.S. attorneys the Justice Department asked to resign late last year, using a little-known provision in the USA Patriot Act that allows Gonzales to appoint replacement prosecutors on an indefinite basis. At the time of her dismissal, Lam was investigating whether the Cunningham case involved other members of Congress and lobbyists.

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Beyond Cunningham, the U.S. Attorney's Office in San Diego sent a flurry of subpoenas for records to three congressional committees in late December. According to a Democratic leadership aide, Speaker Nancy Pelosi (D-Calif.) has been working with the House General Counsel's office and was "close to a deal" last week with the assistant U.S. Attorney's Office in San Diego on whether to comply with those subpoenas — and, if the papers were handed over, which documents to include.

Cunningham pleaded guilty last year to taking $2.4 million in bribes.

In a letter sent to Gonzales yesterday, Emanuel argued that keeping Lam on as an outside counsel would allow the Bush administration to dispel questions about whether Lam's firing was politically motivated.

"To remove the cloud of politics over Ms. Lam's dismissal, and to ensure there are no delays in the investigation of the Cunningham matter, I call on you to immediately name Carol Lam as outside counsel with all necessary resources to continue her excellent work on the Cunningham case and related matters," Emanuel wrote.

Emanuel highlighted Lam's record on crime and immigration prosecutions to counter explanations that she was asked to leave because she was not prosecuting enough of these cases.

"In the latest data, San Diego ranked second in terms of immigration prosecutions, and Ms. Lam had recently convicted the chiefs of the Golden State Fence Co. for hiring illegal immigrants," Emanuel wrote.

Deputy Attorney General Paul McNulty acknowledged during a Senate Judiciary Committee hearing Tuesday that a U.S. attorney in Arkansas was removed so that a former aide to White House adviser Karl Rove could take his spot. But McNulty insisted that the six other U.S. attorney firings were "performance-based." He also said the attorney general's appointment authority would not be used to circumvent the Senate confirmation process.

Justice Department spokeswoman Tasia Scolinos yesterday afternoon said Gonzales had not received Emanuel's letter, so she could not comment on it specifically.

"As a general matter, U.S. attorneys leave offices for all sorts of reasons, and complex and important cases carry on with no interruption by the career prosecutors who are managing them," said Scolinos. "There's no reason to suggest that any ongoing cases in San Diego would be any different."

Former U.S. Attorney Says He Was Ordered To Resign (AP)

By Gene Johnson

AP, February 8, 2007

SEATTLE - Former U.S. Attorney John McKay told The Associated Press on Wednesday that his resignation last month was ordered by the Bush administration, which gave him no explanation for the firing.

"I was ordered to resign as U.S. attorney on Dec. 7 by the Justice Department," McKay, who had led the department's Western Washington office, said in a telephone interview from Washington, D.C. "I was given no explanation. I certainly was told of no performance issues."

McKay previously had said only that he was resigning because it was time for him to move on. His comments came one day after Deputy Attorney General Paul McNulty acknowledged to the Senate Judiciary Committee that the Justice Department has fired seven U.S. attorneys in the West in the past year, most of them for "performance-related" reasons he would not divulge.

The dismissals have been heavily criticized by Democratic lawmakers.

"John McKay has worked diligently for our region and it is deeply disconcerting that he could have been let go for political reasons," said Sen. Patty Murray, D-Wash. "Congress and the American people have no tolerance for the politicization of the U.S. attorney's office."

Robert Lasnik, the chief U.S. District Court judge for the Western District of Washington, said he and his fellow judges could not understand the firing and were dismayed that the Justice Department implied there was anything wrong with McKay's performance.

"This is unanimous among the judges: John McKay was a superb U.S. attorney," Lasnik said. "For the Justice Department to suggest otherwise is just not fair."

"By every measure, the performance of his office improved during his tenure," Lasnik added. "If you talk to local prosecutors, or local sheriffs, or the FBI or the ATF, they never had the kind of service from the U.S. attorney's office in terms of service, cooperation and aggressive handling of cases that they had under John McKay's leadership. We're busier than ever before because they're bringing more cases."

McKay's office filed charges against twice as many defendants last year as it did in 2001, the year he was nominated by President Bush and confirmed by the Senate.

McKay announced his resignation in mid-December, about the same time he received word that he would not be nominated to the federal bench in Seattle. His last day on the job was Jan. 26, and he took a job teaching a course on constitutional law and terrorism at Seattle University Law School.

The U.S. attorney is the top federal law enforcement officer in Seattle and makes decisions on which cases to prosecute in the Western District of Washington. McKay had personally argued on the government's behalf in the sentencing and appeal of Ahmed Ressam, who was convicted of plotting to blow up Los Angeles International Airport on the eve of the millennium.

The 22-year sentence Ressam received was less than McKay sought. On appeal, a three-judge panel of the 9th U.S. Circuit Court of Appeals threw out both the sentence and one of the charges Ressam was convicted of. Federal prosecutors are expected to ask a full 15-judge 9th Circuit Court panel to rehear the appeal.

King County Prosecutor Norm Maleng, who is heading a committee to help select McKay's permanent replacement, said McKay's pursuit of terror suspects, from Ressam to a local group that sought to establish a terrorist training camp in Bly, Ore., was a hallmark of his tenure, as was improving communication between state and federal law enforcement.

"That statement that it was 'performance-related,' no one can understand what was meant by that," Maleng said. "It isn't just that he did a good job. He did an outstanding job."

Tom Hillier, the federal public defender in Seattle who represented Ressam, said he was surprised, too.

"If this was done for political reasons, it shows a fundamental disrespect for the independence of the U.S. attorneys," Hillier said. "It's definitely bad policy for an administration to be accepting resignations for what it sees as performance issues, particularly if they're not giving any information about what those issues are. John McKay vigorously enforced the laws in this district."

McKay declined to say whether he had made any politically charged comments that might have drawn the ire of Justice Department officials. All U.S. attorneys serve at the pleasure of the president and may be dismissed for any reason, or no reason at all.

Jeffrey C. Sullivan, chief of the criminal division in the U.S. attorney's office for Western Washington, was named to be interim U.S. attorney for the district.

A provision in the reauthorization of the Patriot Act allows the attorney general to appoint U.S. attorneys indefinitely without Senate confirmation, but Attorney General Alberto Gonzales has promised to submit all of his choices for confirmation.

Last year, the U.S. attorney in Arkansas, H.E. Bud Cummins, was ordered to resign without cause, McNulty acknowledged Tuesday. Cummins was replaced by J. Timothy Griffin, a former aide to presidential counselor Karl Rove and a former military prosecutor.

McKay Got Good Review 7 Months Before Ouster (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, February 8, 2007

Seven months before he was forced to resign as U.S. attorney for the western district of Washington, John McKay received a glowing performance review from Justice Department evaluators.

"McKay is an effective, well-regarded and capable leader of the [U.S. attorney's office] and the District's law enforcement community," the team of 27 Justice Department officials concluded, according to a copy of their final report obtained by The Seattle Times.

Yet on Dec. 7, Michael Battle, director of the Justice Department's executive office for U.S. attorneys, called McKay and asked him to step down.

"I was told to resign by the end of January," McKay confirmed Wednesday. "I asked what the reason was, and they told me there was none.

"Ultimately, I serve at the pleasure of the president," McKay said. "I accept that now and I accepted that then, and that's why I resigned."

McKay's revelation came one day after Deputy Attorney General Paul McNulty told the Senate judiciary committee that six U.S. attorneys had been asked to resign in December for "performance-related" issues.

Democrats convened the hearing to express concerns that the White House was purging U.S. attorneys, either to replace them with political loyalists or to penalize them for cases they prosecuted.

McNulty denied both assertions at the hearing.

Sen. Patty Murray, D-Wash., was not satisfied.

"I would like the Justice Department to inform me exactly what it means by 'performance-related' reasons and reassure me that Mr. McKay was not dismissed solely on the basis of partisan politics," Murray wrote in a letter to Sen. Patrick Leahy, D-Vt.,

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who chairs the judiciary committee. Tasia Scolinos, director of public affairs for the Department of Justice, said the department would not confirm whether McKay was asked to step down, or why.

"The department appreciates John's commitment to the job and the important work done during his tenure as U.S. attorney," Scolinos said.

McKay's forced resignation, and the suggestion that it was due to poor performance, shocked many in the Seattle legal community.

Chief U.S. District Court Judge Robert Lasnik said that among federal judges in Western Washington, "it was unanimous that our feeling was John McKay was an absolutely superb U.S. attorney, and by every measure the performance of his office improved during his tenure."

Norm Maleng, King County Prosecutor, said, "[McKay] took the U.S. attorney's office to a higher level. He reached out to every prosecutor in Western Washington, and renewed connections and hooked back into their needs."

The assessment of McKay's office by the Justice Department's Evaluation and Review Staff (EARS) was similarly laudatory.

An EARS review, as it is known inside the Justice Department, is conducted every three years of each U.S. attorney's office.

Roger McRoberts, deputy criminal chief of the U.S. attorney's office for the Northern District of Texas, led the team that evaluated McKay's office. McRoberts declined to comment Wednesday.

In March 2006, McRoberts and his colleagues interviewed more than 170 federal and local law-enforcement officials. Their final report gave McKay's office high marks for the productivity of its criminal division, its anti-terrorism program and its complex drug investigations.

McKay, 50, was personally commended for his collaborative relationships with federal, state and local authorities, and for reaching out to his Canadian counterparts.

"[McKay] has been responsible for major advances in a cooperative cross-border effort," the report said. "All involved in these efforts pointed to U.S. Attorney McKay as the individual most responsible for the dramatic increase in cooperation."

McKay, nominated by President Bush to be U.S. attorney in late 2001, served during a time of sweeping legal changes, such as the Patriot Act and technological advancements.

The U.S. Navy last month gave McKay its Distinguished Public Service Award, its highest civilian honor, for creating a computer network that enhances the ability of local, state and federal law enforcement to share information.

McKay personally prosecuted several high-profile cases, including the sentencing and appeals of Ahmed Ressam, who was convicted in 2001 on terrorism and explosives charges for plotting to bomb Los Angeles International Airport on the eve of the millennium.

McKay said last month that he planned to join the faculty of Seattle University Law School.

Senators Weigh PATRIOT Act Attorney Provision (CONDAILY)

By Basil Talbott, CongressDaily

Congress Daily, February 8, 2007

Senate Judiciary ranking member Arlen Specter, R-Pa., Tuesday said he would support a bid to reverse a provision in the USA PATRIOT Act that helped facilitate what Democrats charge was the improper dismissal of seven U.S. attorneys.

Denying an accusation by Sen. Charles Schumer, D-N.Y., that the provision was "slipped into the PATRIOT Act in the dead of night" on his watch, Specter said he discovered it recently and agreed "We ought to change it back to what it was."

The provision authorizes the attorney general to appoint interim U.S. attorneys for indefinite periods.

A bill by Sen. Dianne Feinstein, D-Calif. to change the appointment procedure is scheduled to be voted on in the committee Wednesday.

Deputy Attorney General Paul McNulty defended the provision and said turnover in U.S. attorneys was normal. He pledged to go over each case in detail in private with the committee.

McNulty conceded that one individual who was singled out, U.S. Attorney Bud Cummins, was not fired for cause.

He said Cummins was asked to make way for interim appointment of Tim Griffin, who news reports have linked with White House adviser Karl Rove.

The other six U.S. attorneys who left were asked to resign for cause, according to McNulty, who said he preferred to discuss their situations in a closed session. Schumer said he was determined to obtain all records including evaluations of those involved, and would consider using subpoena power if necessary.

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Hearing Schumer's accusations that politics might have played an improper role in the dismissals and replacements "is like a knife in my heart," McNulty said. "The attorney general and I love the Justice Department." Schumer retorted, "What I have seen happening in the Justice Department is like a knife in my heart."

Schumer said several U.S. attorneys "were apparently fired with no real explanation" and were "seemingly removed merely to make way for political up-and-comers."

McNulty said the administration should have the power of making interim appointments, but declined to give an opinion on returning to the old system.

The previous statute authorized the attorney general to make interim appointments for 120 days, and if no nomination of a full-time replacement was made by then, a district court judge would make another interim appointment.

Pals: U.S. Attorney Has Right Stuff (AD&G)

By Paul Barton

Arkansas Democrat & Gazette, February 8, 2007

Ask friends of new U. S. Attorney Tim Griffin to describe the 38-year-old prosecutor, and they gush adjectives. They call him "driven," " conscientious, " "highly intelligent" and fiercely loyal to his home state of Arkansas.

Rep. John Boozman, the lone Republican in the Arkansas delegation, is typical: "He's a very smart guy and very hard worker. He's done great no matter where he has been."

But outside the circle of Griffin's friends and many of the state's prominent conservatives, Griffin remains something of a mystery.

"I don't know many people who know anything about him," veteran Little Rock attorney Scott Trotter said. When Griffin, a Magnolia native, was appointed to be U. S. attorney for the Eastern District of Arkansas in December, "we just sort of scratched our heads."

Said Arkansas' senior senator, Democrat Blanche Lincoln, "I really didn't know much about him, aside from what I read about him in the newspaper and what I found on Google."

Griffin's political resume — key player in both of President Bush's campaigns, deputy to White House political guru Karl Rove — is better known than his legal resume. Many saw his appointment as forcing out the popular Bud Cummins in order to reward a campaign operative.

Cummins was not among them.

He, too, was a loyal Republican and Bush backer when he was appointed in 2001. To replace him with Griffin, Cummins has said, was "entirely within the prerogative of the White House."

Deputy U. S. Attorney General Paul McNulty voiced similar sentiment during testimony before the Senate Judiciary Committee on Tuesday.

"A lot of U. S. attorneys bring political experience to the job," he said.

McNulty acknowledged that Griffin's file as a prosecutor was "not the thickest" but argued that Griffin has more experience in that role than Cummins had in 2001.

According to Griffin's Justice Department biography, most of his prosecutorial experience is in military courts. Griffin has served 10 years in the Judge Advocate General's (JAG) Corps of the U. S. Army Reserve. A graduate of Hendrix College and Tulane Law School, he holds the rank of major.

Called to active duty in September 2005, he served as an Army prosecutor at Fort Campbell, Ky., home of the 101 st Airborne Division.

His Justice Department biography says he prosecuted 40 cases and cites one, U. S. v. Mikel.

On his 21 st birthday, Pvt. Nicholas Mikel opened fire on his fellow soldiers during morning exercises. He later admitted that he was trying to kill his platoon sergeant and was sentenced to 25 years in prison in a plea bargain.

In May 2006, Griffin was assigned to the 101 st Airborne Division and sent to Iraq. He spent four months as judge advocate general in Mosul. EARNED CUMMINS' PRAISE

Griffin has a long history as a political operative.

In 1997, he went to work for Indiana's Republican Rep. Dan Burton's Government Reform Committee, which spent the better part of three years investigating foreign contributions to the 1996 Clinton-Gore campaign.

Griffin moved to the Republican National Committee for the 2000 presidential campaign, serving as deputy research director, then as legal advisor to the Bush-Cheney recount team in Florida.

He was rewarded with an appointment as special assistant to Michael Chertoff, then the assistant attorney general.

In the summer of 2001, Chertoff sent him to Little Rock, where Griffin served a year as a special assistant to the U. S. attorney.

Half that time was under Cummins, who offered high praise in a send-off letter. “You performed at the highest level of excellence during your time here,” Cummins wrote.

In Little Rock, Griffin prosecuted firearms and drug cases and organized the Eastern District’s Project Safe Neighborhoods, the Bush administration’s attempt to reduce firearms-related violence. “Overall, you served the office extremely well,” Cummins wrote. “I believe you indicted more people during your time here than any other [assistant U. S. attorney]. You were a real workhorse, and the quality of your work was excellent.”

ASSISTANT TO ROVE As research director for the Republican National Committee in the 2004 presidential campaign, Griffin’s job was to dig up things to use against Democratic candidate John Kerry. Three months after Bush began his second term, Griffin was named special assistant to the president and deputy director of political affairs — No. 3 to Rove.

Jim Dyke, a Charleston, S. C., communications consultant, worked with Griffin at the White House.

He said last week that Griffin’s general abilities and intelligence were unmistakable, and that Griffin has a real concern about crime and the other publicpolicy challenges that confront Arkansas.

“He has a real passion for the law,” Dyke said.

Arkansas’ Republican Sen. Tim Hutchinson felt much the same about Cummins when he recommended Cummins to be U. S. attorney in 2001. “Bud is a talented, aggressive attorney with a diverse professional backg round,” Hutchinson said when Bush endorsed his choice.

Cummins, 41, was then in private practice with a focus on business litigation, and was the state director of the National Federation of Independent Business, working as a lobbyist for the small-business group.

He had previously been a law clerk for U. S. District Judge Stephen Reasoner, now deceased, and for U. S. Magistrate Judge John Forster Jr.

From 1997-98, Cummins was chief legal counsel to Gov. Mike Huckabee.

Huckabee also had appointed Cummins to serve as a special associate justice of the Arkansas Supreme Court on five occasions.

Less than two months before Hutchinson offered his name, on Dec. 18, 2000, Cummins cast one of Arkansas’ six Electoral College votes for George W. Bush.

In an interview last week with The Washington Post, Cummins reiterated that “the political aspect of it shouldn’t really be a shock to anybody.”

He added: “Every U. S. attorney knows they serve at the pleasure of the president.” Information for this article was contributed by Linda Satter and Alex Daniels of the Arkansas Democrat-Gazette.

"Resignation" Of U.S. Attorneys (DENP)

Denver Post, February 8, 2007

The dismissals of at least seven U.S. attorneys in the West is a vivid reminder of just how far the Bush administration will go to circumvent Congress.

The groundwork for the purge was laid last year by Justice Department officials, who finagled the insertion of a measure into reauthorization of the Patriot Act. It allowed Attorney General Alberto Gonzales to appoint "interim" U.S. attorneys indefinitely - in other words, without Senate confirmation. It is another of the administration's schemes to operate without the proper oversight of Congress.

No one noticed the provision, not even Republican Sen. Arlen Specter, whose staff was bamboozled into inserting it. But once the law went into effect, the firings began.

San Diego U.S. Attorney Carol Lam, who prosecuted Republican Rep. Randy "Duke" Cunningham for taking $2.4 million in bribes from defense contractors, was unceremoniously forced out by the administration. She was in the middle of pursuing co-conspirators when her "resignation" was announced last month.

A Justice Department official testifying before the Senate Judiciary Committee on Tuesday said Lam's dismissal was "performance related." Of that we have no doubt.

And then there is the case of Arkansas U.S. Attorney Ed Cummins, who was fired without cause after the administration decided to give his job to a former aide to presidential adviser Karl Rove. The new hire has "more experience," Deputy Attorney General Paul McNulty told the judiciary panel.

Others pushed out include Kevin Ryan in San Francisco, John McKay in Seattle, David Iglesias in New Mexico, Daniel Bogden in Nevada and Paul Charlton in Arizona.

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The Justice Department, of course, disavows any ulterior motives in the shuffle. "When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart," McNulty told skeptical lawmakers.

The firings will have a chilling effect on all federal prosecutors, as McNulty well knows. U.S. attorneys should be empowered to pursue justice wherever the road takes them. They certainly shouldn't fear for their jobs because the administration wants to reward the well-connected, or because their exercise of judgment could be seen as unwelcome independence.

Congress should act quickly to reinstate time limits on interim U.S. attorney appointments, a move supported by Specter and many other lawmakers. Scrutiny of these appointments will protect the country from nominees whose fidelity is to the White House instead of the Constitution.

Politics? What Politics? (MCA)

Memphis Commercial Appeal, February 8, 2007

The Justice Department had a chance to defend its dismissal of H.E. Cummins III, the United States attorney for Eastern Arkansas, along with six other U.S. attorneys across the country. Apparently the move was indefensible.

Cummins, 47, best known in the Mid-South for prosecuting police corruption cases, was replaced by interim U.S. Atty. J. Timothy Griffin, 38, a protege of presidential adviser Karl Rove and a former Republican Party opposition researcher.

Advertisement

Offered a chance to explain the move at a Senate Judiciary Committee hearing this week, Deputy Atty. Gen. Paul J. McNulty said he knew of no complaints about Cummins' service.

This after Atty. Gen. Alberto Gonzales said: "I think I would never, ever, make a change in a United States attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation."

Could the credibility of the administration get worse?

The losers here go beyond Cummins and the Senate, which didn't get a chance to vet Cummins' replacement because of a little-known provision of last year's reauthorization of the Patriot Act that allows the White House to circumvent the Senate approval process with open-ended interim appointments. The people of Eastern Arkansas have lost a capable federal prosecutor with a formidable record of public service.

Griffin could turn out to be capable as well. But he enters office under a cloud of doubt, created by an administration that has manipulated the Patriot Act to consolidate presidential power to an unprecedented degree.

CORPORATE SCANDALS:

Classified Data Impasse In Nacchio Trial (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, February 8, 2007

The Department of Justice said in a new court filing that it is at an impasse with attorneys for former Qwest chief executive Joe Nacchio over how the parties will handle the introduction of certain classified information during the course of his criminal insider trading trial.

Nacchio's attorneys have said they plan to use classified information to defend him against 42 counts of illegal insider trading.

Prosecutors said in the filing that an unnamed government agency believes its identity will be disclosed under the defense's proposed handling of certain top-secret information.

"The agency believes that the defendant's proposals, if adopted, will reveal the agency's identity," Justice Department attorneys wrote in the filing.

The government asked U.S. District Judge Edward Nottingham to rule on its proposed handling of the information.

A hearing is scheduled for Thursday.

Nacchio faces 42 counts of illegal insider trading connected to his sale of $101 million in Qwest stock in early 2001. The government alleges Nacchio sold the stock while he knew the company's finances were deteriorating.

Nacchio has pleaded not guilty. He faces up to 10 years in prison and a $1 million fine for each count. His attorneys have said he had a rosy outlook for Qwest at the time of the stock sales because he knew the company was in line to receive large top-secret government contracts.

The trial is set for March 19.

Prosecutors, Nacchio Lawyers At Impasse (AP)

By Sandy Shore, AP Business Writer

AP, February 8, 2007

Prosecutors, Nacchio Lawyers at Impasse Over Secret Evidence

DENVER (AP) -- Prosecutors say they are at an impasse with former Qwest chief executive Joe Nacchio's attorneys over the best way to describe some of the classified material to be used at his trial on insider trading charges.

The evidence includes government documents that must be withheld from the public under federal law. Attorneys for both sides have been working on substitute explanations for the documents that can be made public without violating the law.

Representatives of a federal agency have said they believe a description proposed by defense attorneys will reveal the agency's identity, prosecutor Leo Wise said.

"After discussions between the parties, it now appears that the parties are at an impasse on this issue," Wise wrote in a brief filed late Tuesday.

U.S. District Judge Edward Nottingham has scheduled a hearing in the case Thursday afternoon to discuss pending issues ahead of the March 19 trial.

The brief was filed the same day Nacchio's attorneys sought a 60-day postponement in the trial, contending prosecutors have been so slow in turning over evidence that Nacchio's rights could be jeopardized if the trial starts as scheduled.

At issue are witness interviews and other documents that Nacchio's attorneys say may help his defense, a contention prosecutors have disputed.

Defense attorney Herbert Stern told Nottingham that he needs the additional time to evaluate material that prosecutors have turned over in recent weeks, including six CD-ROMs of documents that Stern said he was made aware of Monday.

Prosecutors have countered that evidence exchange has been hampered because of the Classified Information Procedures Act, which sets strict guidelines for viewing secret government material such as business contracts.

The act requires attorneys and the judge to receive Justice Department security clearances before they are able to review the contracts in secure facilities.

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge that Qwest Communications International Inc. would be unable to meet revenue targets.

He has pleaded not guilty to 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine.

Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts which made him more optimistic about the Denver-based telephone company's financial future.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

Brocade Attorneys Take Shot At Killing Case (LAW)

By Justin Scheck, The Recorder

California Recorder, February 8, 2007

The initial casualties of the government's massive stock option backdating probe had their first chance to try to get their cases thrown out of court on Wednesday.

But after an hour of arguments, it seemed unlikely that U.S. District Judge Charles Breyer would dismiss some of the fraud counts against former Brocade Communications CEO Gregory Reyes and ex-HR manager Stephanie Jensen.

The motion to dismiss seven criminal counts is part of a two-pronged effort -- made possible by Breyer's insistence that criminal and civil government cases proceed together -- to gut criminal and civil SEC charges accusing the defendants of backdating employee stock options to recruit and retain top talent during the dot-com boom.

The other prong, a motion for summary judgment on the civil side, was filed late Monday.

At Wednesday's hearing, a lawyer for Reyes -- Skadden, Arps, Slate, Meagher & Flom partner Christopher Gunther -- argued that an August decision by the 5th Circuit U.S. Court of Appeals should invalidate seven counts in the indictment. Reyes is indicted on 12 counts and Jensen on eight. Gunther's energetic presentation included a chalkboard drawing and a stroll across the courtroom to display how far "out on a limb" prosecutors were going with their case.

The opinion he cited, U.S. v. Brown, 2006 WL 2130525, found that a person cannot be convicted on charges of denial of honest services if he or she was acting in the best interests of the company.

And, Gunther said, the government's indictment says that Reyes and Jensen manipulated options grants not for their own gain, but to benefit the company.

"This is a case that's got no victim, and it's got no ill-gotten gains," he said.

Breyer seemed interested in the Brown arguments and asked the prosecutor, Assistant U.S. Attorney Christopher Steskal, whether the Department of Justice had decided how to deal with the case's fallout.

"Right now, the only policy I'm aware of, your honor, is that Brown was wrongly decided," Steskal said. He also told the judge that it's possible that later in the case, when the government produces its evidence, it could offer support for behavior that would involve self-dealing.

In the end, Breyer seemed inclined to not dismiss the indictments -- at least not right away -- since the honest services issues could be revisited later in the case.

But even if the judge doesn't dismiss the criminal counts, the defendants are holding out hope that a collateral motion could make that moot.

In their summary judgment arguments in the SEC's civil case against Brocade, Reyes' lead lawyer, Skadden partner Richard Marmaro, argues that none of the alleged wrongdoing at Brocade resulted in material damage to the company.

Since most of the backdated options were never exercised, the expenses they incurred, Marmaro said, were predominantly limited to paper, and didn't extend to the company's cash flow. And therefore, he argues, there was no damage to the company.

"For securities fraud to exist, there must be fraud," Marmaro wrote. "For 'fraud,' there must be a victim and a materially false statement. Here, there is neither."

The motion included hundreds of pages of financial analyses, news stories and formerly privileged internal company documents relating to the expense issue.

After the hearing Wednesday, Marmaro argued that if the summary judgment motion is successful -- and Breyer rules in the civil case that there was no material damage to the company -- the judge would have to reconsider whether the criminal case should move ahead.

"Who was the victim of this conduct?" Marmaro asked.

Maxim Ruling Opens Door For Backdating Cases (WSJ)

By Ashby Jones And Mark Maremont

The Wall Street Journal, February 8, 2007

An influential Delaware judge issued a strongly worded opinion that could open the doors to more shareholder derivative lawsuits against companies alleged to have backdated stock options.

William Chandler, chancellor of the Delaware Court of Chancery, ruled Tuesday that certain claims brought by a shareholder of Maxim Integrated Products, Inc., a Sunnyvale, Calif., chip maker, against several current and former board members could go forward despite defendants' objections.

Separately, Maxim last week said an internal probe overseen by a special committee of its board found backdating of options to its employees and directors, though options for top officers were "properly granted." The company said it expects to restate results back to at least 2000.

John Donovan, a securities litigator at Ropes & Gray LLP in Boston, says the Delaware decision is surprising and is likely to be influential. "Until now, there have only been a handful of rulings on derivative suits in backdating cases," and in general they have favored defendants, he says. This decision is likely to have more weight, says Mr. Donovan, in part because the Delaware Chancery Court is among the most influential in the country on corporate law issues. And Chancellor "Chandler is the first among equals for a very influential court." Mr. Donovan represents companies or boards in suits involving alleged backdating.

The suit, brought by Walter E. Ryan, is called a derivative suit, in which a shareholder technically sues on behalf of the corporation itself. To file a successful derivative suit, a plaintiff generally must first ask the board to remedy the alleged problem. But that requirement may not apply if a plaintiff can raise a reason to doubt that board members were complicit in the alleged behavior.

Defendants moved to dismiss the case on a variety of grounds, among them that Mr. Ryan had failed to take the backdating issue to the board. Chancellor Chandler denied the motion on that point, ruling that because "one half of the current board members approved each challenged transaction," the requirement to ask for board approval wasn't necessary.

"I am convinced that the intentional violation of a shareholder approved stock option plan, coupled with fraudulent disclosures regarding the directors' purported compliance with that plan, constitute conduct that is disloyal to the corporation and is therefore an act in bad faith," Chancellor Chandler wrote. He dismissed claims concerning transactions that occurred before the plaintiff owned shares.

As part of Maxim's announcement last week, Carl Jasper, the company's chief financial officer, resigned. John F. Gifford, the company's founder, stepped down as chief executive in December, and retired as a company adviser just before the release of the special committee probe's findings last week.

Questions continue to swirl around Maxim's options-granting practices. Although the internal probe found that all options for top officers -- including Mr. Gifford -- were "properly granted," Maxim hasn't explained its pattern of past option grants. From 1995 to 2001, four grants to top officials were dated at quarterly low points in Maxim's stock price, often at the bottom of steep dips, and three others were at monthly lows.

In addition, Mr. Gifford exhibited fortunate timing when he later exercised his grants. He exercised and held onto the resulting Maxim shares seven times from 1997 through 2002, according to regulatory filings and insider-trading data from Thomson Financial. In all but one case he did so on the day Maxim's stock reached its lowest closing price of the month.

A Maxim spokesman has said the company is continuing to look into past exercises of stock options. A lawyer for Mr. Gifford didn't comment. A lawyer representing several other defendants declined to comment.

In Bribe Probe, Siemens Ex-Staffer Cites Payment (WSJ)

By Mike Esterl In Frankfurt And David Crawford In Berlin

The Wall Street Journal, February 8, 2007

A former Siemens AG executive alleged to have negotiated a $50 million payment to cover up bribes in Saudi Arabia is cooperating with German authorities, according to people familiar with the matter.

The executive's assistance could lend momentum to a widening international investigation into alleged corruption at the German conglomerate.

Police raided Siemens's offices in mid-November and arrested several suspects. Prosecutors suspect senior Siemens employees set up sham consulting contracts to bribe potential customers.

Siemens is cooperating with prosecutors. The company said in December it had uncovered €420 million, or about $545 million, in suspicious transactions spanning seven years.

The prosecutor's office in Munich yesterday said it released a former Siemens employee who had turned himself in for questioning last week.

It would only identify the witness as "J.-C.S.," adding that the person had traveled to Germany from Argentina and made extensive statements to authorities.

People familiar with the situation said the witness -- who is also a suspect -- is Juan-Carlos Stotz, 43 years old, a former telecommunications-equipment executive suspended late last year by Siemens.

Mr. Stotz allegedly helped broker a $50 million settlement in 2004 with a Saudi consulting firm that had threatened to forward documents to U.S. authorities detailing bribes paid on the German company's behalf, according to another key suspect cooperating with German authorities.

That suspect, Michael Kutschenreuter, the former finance chief at the telecom unit, also told prosecutors after being arrested in November that top management -- including Klaus Kleinfeld, now the chief executive of Siemens, and Heinrich von Pierer, the CEO at the time -- were informed of the payment, which he described as "hush money."

German prosecutors are investigating Mr. Kutschenreuter's claims -- as well as claims by witnesses of widespread bribes in other countries -- as they try to determine how high up the corporate ladder the alleged corruption traveled.

Siemens says it has "zero tolerance" for illegal payments and that any wrongdoing that might have occurred was the result of "individual acts" by renegade managers. It suspended Mr. Kutschenreuter late last year.

The company would only confirm yesterday that Mr. Stotz was an "active" employee of Siemens until late last year.

Siemens says no bribes or hush money were paid in its dispute with the Saudi company, Beit Al Etisallat. Messrs. Kleinfeld and von Pierer say they were never aware of any illegal payments.

The company has said it agreed to settle with Beit Al Etisallat in early 2005 and that a Riyadh court certified the settlement.

The $50 million payment was made after the Saudi firm filed a claim saying it was owed $910 million in damages after the German company ended its contract in 2000.

Prosecutors released a half-dozen suspects -- including Mr. Kutschenreuter -- in December.

Mr. Kutschenreuter told prosecutors in December that he dispatched Mr. Stotz to London in 2004 to meet with Abdul Wahab Al-Akeel, the head of Beit Al Etisallat. Mr. Stotz returned to Germany with documents detailing bribes paid by Siemens to win contracts with Saudi Telecom, according to witness statements by Mr. Kutschenreuter reviewed by The Wall Street Journal.

Mr. Kutschenreuter said he informed Mr. Kleinfeld and other senior executives in writing in April 2004 of the situation, and that Mr. Stotz continued to negotiate a settlement with Mr. Akeel while Mr. von Pierer and other Siemens officials also got

involved. He said the $50 million payment to Beit Al Etisallat, finalized in early 2005, included $17 million for past obligations and described the rest as "hush money."

The Munich prosecutor's office declined to comment on Mr. Kutschenreuter's allegations or the role of Mr. Stotz in the investigation. Mr. Stotz couldn't be reached for comment.

The highest-ranking executive arrested thus far in the probe is Thomas Ganswindt, a member of Siemens's management board until September 2006.

German prosecutors also have said that Heinz-Joachim Neubürger -- Siemens's chief financial officer until last April -- is a suspect.

Mr. Ganswindt's lawyer said his client isn't guilty. A lawyer for Mr. Neubürger declined to comment.

The Munich prosecutor's office said it has interrogated more than 30 people and that it is working with prosecutors in Switzerland, Italy and Liechtenstein.

Siemens last week said the U.S. Department of Justice is also conducting an investigation into possible criminal wrongdoing and that the U.S. Securities and Exchange Commission had begun an informal inquiry.

The company has hired an outside auditor and says it has taken additional steps to beef up its compliance.

FAULTY ASSUMPTIONS In Home-Lending Push, Banks Misjudged Risk (WSJ)

By Carrick Mollenkamp

The Wall Street Journal, February 8, 2007

When the U.S. housing market was booming, HSBC Holdings PLC raced to join the party. Sensing opportunity in the bottom end of the mortgage market, the giant British bank bet big on borrowers with sketchy credit records.

Such subprime customers have always been risky, but HSBC figured it could control that risk. In 2005 and 2006, it bought billions of dollars of subprime loans from other lenders, lured by the higher interest rates they carry.

Now, the party is over for HSBC -- and for lots of other bankers who aimed to cash in on the housing boom of the first half of this decade. When interest rates ticked up and the market cooled, HSBC reached a disconcerting conclusion: Its systems for screening subprime borrowers and for assessing the default risk they posed were flawed.

Many of those loans have soured, sometimes quickly. The percentage of HSBC mortgages more than 60 days past due is climbing. Fraud by borrowers has been higher than expected. "We made some decisions that could have been better," says Tom Detelich, the HSBC executive in the U.S. spearheading an effort to clean up the mortgage portfolio. 1

In a surprise announcement late yesterday, HSBC said its subprime-mortgage problem was worse than previously indicated. It said the capital it sets aside to cover all bad debts, including the soured mortgages, would be 20%, or $1.76 billion, higher than analysts' consensus estimates. "The impact of slowing house price growth is being reflected in accelerated delinquency trends across the U.S. subprime mortgage market, particularly in the more recent loans," the bank said.

HSBC's mortgage woes provide a window into the economic hangover brought on by the end of the housing boom. In recent months, mortgage bankers have taken a place beside home builders, condominium developers and real-estate agents, all of them struggling to adjust to a new housing landscape.

London-based HSBC, the world's third-largest bank by market value and one of the biggest subprime lenders in the U.S., is one of several lenders to stumble in its dealings with low-end borrowers. Subprime mortgage lending surged over the past several years, and these days, subprime mortgages comprise about 12% of the roughly $8.4 trillion U.S. mortgage market, up from 7.5% of the market in late 2001, according to First American LoanPerformance, a San Francisco research firm.

Seattle-based Washington Mutual Inc. said last month that its subprime mortgage portfolio suffered in the fourth quarter. Four smaller mortgage lenders from which HSBC bought loans have disclosed problems: Carrollton, Texas-based Sebring Capital said that as of Dec. 1 it had ceased operations and was no longer accepting loan applications; Ownit Mortgage Solutions Inc. of Agoura Hills, Calif., filed for bankruptcy-court protection just after Christmas; and Fieldstone Investment Corp. and Accredited Home Lenders Holding Co., both public companies, have reported disappointing financial results.

HSBC is working to contain the damage and to persuade investors that it has learned from its mistakes. It has hired more people to seek payments from borrowers and has installed an executive schooled in workouts at the worst-hit division, HSBC Mortgage Services.

The troubled subprime mortgages represent only a small slice of HSBC's overall consumer-loan portfolio. But some analysts attribute the poor performance of HSBC's stock to the weakness of its U.S. consumer-finance operations. Over the past year, its shares have been flat in London trading, while the Dow Jones Wilshire Global Banks index has risen 19%.

HSBC, a 142-year-old bank with operations in 76 countries and territories, got into the U.S. consumer-finance business in 2003 with its $14 billion purchase of Household International Inc. Household, a big subprime lender based in Prospect Heights,

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Ill., had been criticized for allegedly predatory lending practices and, shortly before the HSBC deal, had reached a $484 million settlement with state regulators. HSBC saw Household as a way to diversify beyond Europe and Asia, and viewed subprime mortgage lending as a far less competitive business than lending to more credit-worthy customers.

After the deal was announced, Household's then-chief executive, William Aldinger, bragged that Household employed 150 Ph.D.s skilled at modeling credit risk. Household had developed a system for assessing consumer-lending risk -- called the Worldwide Household International Revolving Lending System, or Whirl -- which it used to underwrite credit-card debt and to collect from consumers in the U.S., United Kingdom, Middle East and Mexico.

Complicated Web

The mortgage market in the U.S. is a complicated web of mutually dependent businesses. Mortgages are frequently bought and sold several times over, and the default risk often lands far from the institution that originated a mortgage. Banks and mortgage brokers size up would-be borrowers and make the loans. These lenders sell many of the loans to mortgage wholesalers, which gather them into pools and flip them to large financial institutions or banks like HSBC. Some of these buyers, including Wall Street investment banks, package the mortgages as securities for sale to investors, a process known as securitization.

HSBC Mortgage Services, a South Carolina-based arm of the bank, was active in several parts of this web. One unit, called Decision One Mortgage Co., originated mortgages, many of them to subprime borrowers. HSBC sold some of these loans, but it held others as investments, collecting the interest income they generated and shouldering the risk of loss if they soured.

But the old Household branch network didn't reach everywhere, and HSBC was eager to boost the size of its mortgage business quickly. So it became a big buyer of subprime loans originated by others, which it held in its own portfolio. It purchased loans from approximately 250 wholesale mortgage companies, which themselves bought the loans from independent brokers and banks.

In 2006, the main operations of HSBC Mortgage Services moved from Charlotte, N.C., to a new Fort Mill, S.C., facility, which HSBC said offered 60% more space to accommodate expected growth. The unit also added to its mortgage-processing staff in Florida.

HSBC focused on buying second-lien loans. Also known as piggyback loans, they allow home buyers who are unable to scrape together down-payment money to borrow it. By cobbling together a bigger first mortgage from one lender and a second-lien loan often from another, home buyers can borrow 100% of the purchase price of a home. In the event of default, the first-mortgage lender has first claim on the property, which leaves the second-lien lender in a riskier position. For that reason, second-lien loans carry higher interest rates -- making them potentially more lucrative for lenders.

HSBC bought lots of mortgages. It was the top buyer of loans from Fieldstone Investment in Columbia, Md., a large mortgage originator. According to Fieldstone's securities filings, HSBC bought Fieldstone mortgages with a face value of $1.2 billion in 2005. By March 2006, the second-lien loans on HSBC's balance sheet totaled $10.24 billion, up from $6.3 billion in September 2005.

Bobby Mehta, HSBC's top executive in the U.S., said the bank was building its mortgage portfolio in a disciplined manner. "We've done them conservatively based on analytics and based on our ability to earn a good return for the risks that we undertake," he told investors in May 2005.

Tricky Business

Assessing the quality of big mortgage pools and predicting how many of the loans will go bad is a tricky business. Typically, HSBC would first specify to a mortgage wholesaler what kind of loan pool it was looking for, based on the income and credit scores of borrowers. Then it would send in its analysts to review the portfolio.

Zan Hamilton, chief executive officer of Lime Financial in Oregon, says his mortgage origination firm got used to having HSBC employees hunched over their computers sorting through mortgages for sale, trying to ensure they met HSBC's standards.

Some decisions later proved to be mistakes. To speed up these purchases from other lenders, HSBC accepted loan paperwork that didn't verify whether borrowers made as much as they claimed. Mortgages that rely on the borrower's word about that are called "stated-income" loans. (More conservative lenders might demand full documentation of income.)

As the real-estate market boomed in recent years, subprime loans were in hot demand by Wall Street banks and other investors, thanks to the higher interest rates paid by subprime borrowers. This competitive market prompted HSBC and others to seek riskier loans from less credit-worthy borrowers.

Lenders typically base their calculations of a borrower's credit-worthiness on credit ratings known as FICO scores, which are generated by Fair Isaac Corp. of Minneapolis. FICO scores are used to assess applicants for credit cards, auto loans and fixed-rate mortgages, among other things.

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But FICO scores had not yet been put to the test in predicting the performance, during a weakening housing market, of second-lien loans taken out by subprime borrowers. The same was true for adjustable-rate mortgages to subprime borrowers, which HSBC also purchased.

"There was very little data on loans to subprime borrowers where the borrower put very little down," says Thomas Lawler, a housing economist in Vienna, Va.

Chris Freemott, president of All American Mortgage Inc. in Naperville, Ill., says it was a time when "everyone lowered their credit standards" in what he refers to as "a race to the bottom." Adds Mr. Hamilton at Lime Financial: "People got way too aggressive in pricing, and they weren't pricing for the risk."

HSBC acknowledges that it erred in the way it assessed such subprime mortgages. "What is now clear is that FICO scores are less effective or ineffective" when lenders are granting loans in an unusually low interest-rate environment, Douglas Flint, HSBC's finance director, told investors in December. A spokesman for Fair Isaac says the company simply provides credit scores, and it is up to lenders to decide how to use them.

In 2005, HSBC stepped up its mortgage buying. By early 2006, interest rates were rising and home-price appreciation was slowing. The rate increases made it difficult for some borrowers to lower their monthly payments by refinancing, one way that borrowers in a financial pinch try to avoid default.

Some of HSBC's loans turned bad swiftly. Cynthia Soto and her husband Frank got a second mortgage from HSBC in May 2005 on their Grove City, Ohio, home. Ms. Soto, now 53 years old, says she was struggling with disabilities connected to heart troubles, and that she needed a kidney removed. Her husband works at an auto-parts plant. The Sotos wanted the money to pay off credit-card debt.

Second mortgages can be risky for lenders, because the first-mortgage lender has first claim on the home in event of default. Just one year after getting the $32,000 loan, the Soto's filed for Chapter 13 bankruptcy protection. "After raising three kids and having to come down to that, it was pretty hard," Mrs. Soto says. In bankruptcy-court documents, the Sotos, whose first mortgage is also with HSBC, maintained that there isn't enough equity in their 39-year-old home to cover the second HSBC loan.

Loans that HSBC purchased from other originators also began going bad. HSBC, for example, held the mortgage on Radames Mendez Jr. and Shana Ramos's Pennsylvania home. Bay Capital, a Maryland lender, had made the loan in June 2005, then transferred it to HSBC, according to federal court records. By April 2006, the borrowers had fallen behind on their payments, according to a complaint HSBC filed last September, seeking payment of $170,718.02 in principal due on the mortgage. In court papers, a local sheriff said he'd been unable to locate the couple to serve them with the foreclosure papers.

Mortgage lenders expect to see delinquencies and defaults climb in such an environment, and they plan for it. But by early 2006, HSBC was seeing indications that delinquencies were going to be worse than expected.

At first, HSBC executives say, the bank thought the defaults were tied to a change in U.S. bankruptcy laws in 2005, which prompted a spike in bankruptcy filings by consumers. But after a few more months of data rolled in, HSBC officials concluded they had a broader problem.

Last August, HSBC issued a memo to companies from which it was buying loans. The paper, called "Threads of Early Payment Default," reported that delinquencies were rising. HSBC said mortgage lenders had seen "a wealth of surprising data" on loans originated in 2005, including "surges" in 60-day-past-due delinquencies, particularly on "borrower-friendly" second-lien loans, and "heightened fraud incidents."

When borrowers didn't have to verify their incomes, the report said, they were overstating them, and they bolstered their false claims by overstating their job positions. HSBC recommended that originators verify employment by phoning human-resources departments and asking questions such as: "How many years has John worked there?" and "What is his title?"

HSBC has told investors that its second-lien loan portfolio represents just 6% of HSBC Finance Corp.'s $177 billion U.S. consumer-loan portfolio, which includes mortgages, auto loans and credit-card receivables. The percentage of loans in that larger pool that are 60 days or more past due rose to 3.99% at the end of September, from 3.57% three months earlier.

Limiting Damage

HSBC is trying to limit the damage. Last August, it installed a new head of HSBC Mortgage Services: Mr. Detelich, who had overhauled HSBC's U.S. consumer-lending business after Household's 2002 predatory-lending settlement with state regulators.

HSBC doubled to 875 the number of employees in Tampa and nearby Brandon who contact customers about missed payments and try to work out payment plans. That operation now runs seven days a week. HSBC is using computers to try to identify borrowers who will have the most trouble making monthly payments after their adjustable-rate mortgages, or ARMs, adjust upward.

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This year is expected to be particularly tough for some holders of adjustable-rate subprime mortgages. Holders of ARMs originated in 2005 and 2006 and that reset after two years could face monthly payment increases of as much as $500, according to Fitch Ratings. That could mean more trouble for HSBC, which holds many such loans.

HSBC is hiring "ARM modification specialists" in Tampa to help troubled borrowers. The bank says it is willing to stop short of jacking up rates as much as it is entitled to if that would help borrowers avoid default -- but only case-by-case.

The bank has stopped making and buying loans where borrower income hasn't been verified, and it has raised the FICO scores needed for certain loans. "Ensuring the customer can make payment is good for us and good for the customer," says Mr. Detelich.

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H-P Names General Counsel (WSJ)

By Christopher Lawton

Wall Street Journal, February 8, 2007

Hewlett-Packard Co. appointed Michael Holston executive vice president and general counsel, succeeding Ann Baskins, who resigned in September over her role in H-P's board-investigation scandal.

Mr. Holston, 44 years old, is a partner at the law firm Morgan, Lewis & Bockius LLP. He led H-P's internal review of the leak investigation and has worked with H-P as external counsel for more than a decade, H-P said. His new responsibilities will include the company's legal affairs in addition to other areas such as compliance, privacy and ethics.

In a statement, Chief Executive Mark Hurd said "Mike is a first-rate lawyer, with extensive trial and government-relations experience."

H-P declined to make Mr. Hurd or Mr. Holston available for comment.

In September, H-P disclosed that external investigators retained by the company had used pretexting -- gaining access to private phone records through false pretences -- to spy on board members, employees, reporters and others in an investigation to ferret out boardroom leaks. The scandal resulted in the resignation of Patricia Dunn as chairman and investigations by several government agencies.

That month, Mr. Hurd asked Morgan Lewis to conduct an independent review of its leak investigation. Mr. Holston conducted the review and reported directly to Mr. Hurd. Another law firm had initially investigated the affair on behalf of the board.

Mr. Holston told reporters in September that Mr. Hurd attended a July 2005 meeting at which a summary of the first phase of the leak investigation was discussed, but Mr. Holston didn't specify if pretexting was mentioned in the meeting. Mr. Hurd also received a report on the investigation in March 2006 that explained pretexting but contained assurances that the tactics were legal, Mr. Holston disclosed. Mr. Hurd said he didn't read the report.

Fallout from the scandal included criminal charges by the California attorney general against Ms. Dunn, who pleaded not guilty. Ms. Baskins, was never charged. She declined to testify as part of a congressional investigation into the matter.

In appointing Mr. Holston. Mr. Hurd passed over Charles Charnas, acting general counsel for the company. Mr. Charnas was part of Ms. Baskins's team at H-P, but has not been implicated.

The appointment follows others Mr. Hurd has made in the wake of the scandal. In October, Mr. Hurd hired his former general counsel at NCR Corp. to serve as vice president and chief ethics and compliance officer, filling the shoes of Kevin Hunsaker, a former H-P executive who resigned for his role in the leak investigation and was also indicted by the California attorney general. He has pleaded not guilty.

Prior to joining Morgan Lewis, Mr. Holston was a prosecutor for the Eastern District of Pennsylvania U.S. Attorney's Office.

Mr. Holston's appointment is effective Feb. 22. He will be based in H-P's Palo Alto, Calif., headquarters and will report directly to Mr. Hurd. He also will join the company's executive council.

Judge Rejects Raines's Request To Accelerate Trial Date (WP)

By David S. Hilzenrath

The Washington Post, February 8, 2007

A judge yesterday rejected former Fannie Mae chief executive Franklin D. Raines's request that the government be compelled to begin a trial this month on administrative charges that he manipulated the company's earnings.

Accelerating such an extensive case "would be nothing short of an absurdity," administrative law Judge William B. Moran said at a scheduling conference.

Raines had argued that he was entitled to have the proceeding begin within 60 days of the filing of charges, which occurred in December.

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The federal agency that filed the charges, the Office of Federal Housing Enterprise Oversight, had proposed a timetable that left the trial date open but gave the parties until nearly the end of this year to file pretrial statements.

Noting that Raines and other former Fannie Mae executives are seeking millions of pages of government documents for use in their defense, the judge said Raines's position was "specious and somewhat disingenuous."

Citing a Supreme Court decision in a previous case, the judge said the statute required that the scheduling conference, not the evidentiary hearing, occur within 60 days of the filing of charges. In future arguments, Moran warned, lawyers in the case should tell the court about case law that runs contrary to their positions.

Kevin Downey, an attorney for Raines, told the judge that if the trial begins this month, the burden on the defense would be comparable to the burden on the regulators. This week, a spokesman for Raines framed the request for a February trial date as an issue of fairness.

District-based Fannie Mae, which was chartered by the federal government to promote housing affordability, recently corrected its books to show that it had overstated past profits by $6.3 billion.

Regulators are seeking to recoup more than $115 million of compensation that they say Raines and two other former executives received while Fannie Mae's financial results were misstated. The regulators also are seeking penalties that could exceed $100 million.

Charged along with Raines are former Fannie Mae chief financial officer J. Timothy Howard and former controller Leanne G. Spencer. They joined Raines in pressing for the trial to begin this month.

"We're ready to go . . . simple as that," David S. Krakoff, an attorney for Spencer, told the judge. "What's really behind OFHEO's position is they're not ready to go . . . and they should be ready to go."

In response to Krakoff's protest, Moran reiterated that calling for a Feb. 16 start date was "really disingenuous," adding, "It's not a fair argument to make."

The judge's ruling yesterday could defer the conclusion of the case until next year.

However, in a second track of their defense strategy, the three former executives are trying to have the case moved out of the administrative law arena and into U.S. District Court. They note that the administrative law judge's role would be to make a recommendation to the OFHEO director, and they say the director, James B. Lockhart III, has prejudged the case.

Speaking from the bench yesterday, Moran said he would be a fair and impartial judge, and he said the OFHEO director can't "willy-nilly ignore" a judge's findings.

CRIMINAL LAW:

Officials Indict 5 In Iraq Contract Scam (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 8, 2007

WASHINGTON (AP) Three U.S. Army Reserve officers were indicted Wednesday, accused of taking part in a bid-rigging scam that steered millions of dollars for Iraq reconstruction projects to a contractor in exchange for cash, luxury cars and jewelry.

An American businessman in Romania was charged as the go-between for the military officers and the contractor. The husband of one of the reservists was accused of helping smuggle tens of thousands of dollars into the United States that the couple used to pay for a deck and a hot tub at their New Jersey house.

Together, the five used the $26 billion Iraqi rebuilding fund "as their own personal ATM machines," Deputy Attorney General Paul McNulty said in announcing the charges.

"These defendants actually took bricks of stolen cash ... and smuggled them out of Iraq and back to the United States for their own personal use," McNulty said.

The 25-count indictment, filed in U.S. District Court in New Jersey, marks the latest development in an investigation of $8.6 million in Iraq contracts awarded to construction mogul Philip H. Bloom.

Bloom, an American citizen who ran construction and services companies under Global Business Group, has admitted to laundering at least $2 million that was stolen from reconstruction funds managed by the U.S.-led Coalition Provisional Authority in Iraq. He awaits sentencing.

McNulty said the five people indicted Wednesday stole or otherwise misused $3.6 million from the CPA fund.

The three reservists - Col. Curtis G. Whiteford of Utah, Lt. Col. Debra M. Harrison of New Jersey and Lt. Col. Michael B. Wheeler of Wisconsin - were responsible for helping supervise the funding and progress of the CPA contracts in al-Hillah, Iraq, southwest of Baghdad.

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In return for steering contracts to Bloom between 2003 and 2005, prosecutors said, the military reservists and their accomplices shared an estimated $1 million in cash, and were showered with Porsche and Nissan sports cars, a Cadillac SUV, real estate, a Breitling watch, business-class plane tickets, computers and other items.

Harrison's husband, William Driver, was charged with helping smuggle over $300,000 into the U.S., part of which was used for home improvements, prosecutors said.

One of Bloom's friends, businessman Seymour Morris Jr., allegedly acted as a go-between for the military officers and the construction company by illegally wiring money and securing the goods. Morris is a U.S. citizen who lives in Romania, and owns a Cyprus-based financial services business.

Charges against the five include bribery, conspiracy, wire fraud, money laundering and transporting stolen property.

The indictment was unsealed the day after authorities arrested Morris in Romania. It also followed tough questioning Tuesday by House Democrats of the former U.S. occupation chief in Iraq over how he doled out up to $12 billion in Iraqi money without accounting for it.

At that hearing, in front of the a House Committee on Oversight and Government Reform, L. Paul Bremer III repeatedly said he had spent Iraqi - not U.S. - money. Bremer ran the country for 14 months.

U.S. Immigration and Customs Enforcement agents helped unravel the scheme by examining money trails and other data gleaned from computers, cell phones, global positioning systems and other devices, said Kumar Kibble, the agency's deputy assistant director for national security.

Stuart Bowen, the government's special inspector general in Iraq, said his team of 10 investigators are pursuing 80 cases of waste, fraud and abuse of taxpayer dollars in reconstruction contracts.

Last week, former CPA comptroller and funding officer Robert Stein, 52, of Fayetteville, N.C., was sentenced to nine years in prison for receiving kickbacks from Bloom in exchange for contracts.

Bribery and fraud "has not been a significant component of the American reconstruction experience over there, but where we found it, it has been egregious," Bowen said. "And this is an egregious example of it."

Officers Charged With Rigging Reconstruction Bids (USAT)

By Donna Leinwand

USA Today, February 8, 2007

WASHINGTON — Three high-ranking U.S. Army Reserve officers were charged Wednesday with steering more than $8.6 million in Iraqi reconstruction contracts to a U.S. businessman in exchange for cash, luxury cars, liquor and other payoffs.

Col. Curtis Whiteford of Riverton, Utah, Lt. Col. Debra Harrison of Trenton, N.J., and Lt. Col. Michael Wheeler of Amherst Junction, Wis., allegedly rigged the bids for more than 27 projects for businessman Philip Bloom, according to a 25-count indictment unsealed in U.S. District Court in Trenton.

In return, the officers received luxury cars, including a $50,000 Cadillac Escalade SUV, Breitling watches worth $3,200 each, business-class airline tickets and other goods, the indictment said.

Harrison's husband, William Driver, also was charged with four counts of money laundering for allegedly helping to smuggle some of the stolen money into the USA and using it to build a deck and a hot tub at their New Jersey home.

Some of the alleged bribes are detailed in e-mails. One Defense Department civilian employee allegedly involved in the operation told Bloom in an e-mail that he had won a contract for construction at an Iraqi police academy, the indictment said. "I will give you 200K some time tomorrow! I love to give you money," the e-mail said.

The officers allegedly kept the contracts under the $500,000 threshold that would have required approval by a board in Baghdad, the indictment said.

Bloom, who lived and ran his businesses in Romania, pleaded guilty April 18 to conspiracy, bribery and money laundering. Bloom admitted paying more than $2 million to the Army officers and Pentagon contractor Robert Stein of North Carolina in return for being funneled the reconstruction contracts, according to the Justice Department. Stein, who pleaded guilty to similar charges in February, was sentenced Jan. 29 to nine years in prison.

Also charged was Seymour Morris, a U.S. citizen living in Romania. He is accused of laundering the stolen government money through accounts in Cyprus and then wiring the cash to the USA to buy some of the items used to bribe the officers.

More indictments are expected as the investigation continues into contract corruption in Iraq, said Stuart Bowen, special inspector general for Iraq reconstruction. Bowen said he began the investigation in 2004 when a whistle-blower tipped him to irregularities at the U.S.-led occupation's office in Hillah.

"We are rooting out fraud, waste and abuse where we find it," Bowen said. "Where we have found it, it has been egregious."

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The indictment was unsealed one day after Paul Bremer, the former head of the U.S.-led occupation in Iraq, strongly denied accusations by auditors and House Democrats that his team was too lax with the billions of dollars it gave to Iraqi government ministries during his tenure in 2003-04.

U.S. Indicts Five In Iraq Fraud (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 8, 2007

The Justice Department has announced the first criminal indictments relating to contracting fraud in Iraq in what one official described as a "B-grade" plot, involving millions of dollars in bribes, gifts, kickbacks, and reconstruction contracts involving three senior active-duty Army officers, the spouse of one of the officers, and a U.S. contractor who owned and operated numerous companies in Iraq with ties to Romania.

Deputy Attorney General Paul McNulty said at a press conference that the Army officers and their coconspirators used Coalition Provisional Authority funds "as their own personal ATM machines," allegedly stealing millions of dollars from the CPA. The defendants and the unindicted coconspirators "rigged valuable reconstruction projects," McNulty said, "all the while helping themselves to cash, SUVs, luxury cars, jewelry, and other valuable items."

The investigation was sparked three years ago. The U.S. special inspector general for Iraq, Stuart Bowen, was sitting in his office inside the Green Zone, barely getting settled into his job, when a whistleblower, a U.S. official from the CPA comptroller's office in al-Hillah, about 50 miles southwest of Baghdad, walked in and told Bowen that some of his colleagues in the comptroller's office were stealing money from CPA funds. Bowen launched what he calls a "coordinated and rigorous investigation" by his office, the FBI, Immigrations and Customs Enforcement, and the Internal Revenue Service. For months, investigators pursued a maze of financial transactions through the Green Zone and in the United States and Romania.

Over a two-year period, McNulty said, the three Army Reserve officers conspired with three other people to rig the bids on contracts being awarded by the CPA. In all, they diverted nearly $8.6 million in contracts to one man, Phillip Bloom. One of Bloom's friends, Seymour Morris, also a U.S. citizen who operated a business in Romania, allegedly acted as a conduit.

In return for the contracts, said McNulty, Bloom "showed his gratitude" to the defendants and their coconspirators by "showering them" with gifts including more than $1 million in cash, luxury cars, a Cessna airplane, real estate, a motorcycle, jewelry, weapons, and future employment. The indictment unveiled today alleges that the defendants, in McNulty's words, "actually took bricks of stolen cash" and smuggled them into the United States. One defendant allegedly carried more than $300,000 and along with her husband, who also was named in the indictment, built a hot tub and deck in their home in New Jersey.

In all, the Justice Department said, the CPA fund lost $3.6 million in the bribery-kickback scandal but has so far recovered $2 million from the defendants. Some of the contracting work Bloom performed was legitimate, it said.

The department released a 25-count indictment, describing in minute detail the complex and audacious nature of the alleged scheme and revealing the relative ease with which the U.S. military personnel could siphon off millions of dollars in reconstruction funds, divert weaponry for their own personal use, and give lucrative reconstruction contracts to their buddies in exchange for gifts and kickbacks.

According to the indictment, three of the defendants, Col. Curtis Whiteford, Lt. Col. Debra Harrison, and Lt. Col. Michael Wheeler, were active U.S. Army Reserve officers, assigned to the CPA's office in al-Hillah. Harrison and Wheeler reported to Whiteford. The fourth defendant, Morris, owned and operated a Cyprus-based financial services business called Oxbridge Holdings Company Ltd. and lived in Romania. The fifth defendant, William Driver, is Harrison's husband.

Russert Contradicts Libby's Testimony (AP)

By Matt Apuzzo

AP, February 8, 2007

NBC newsman Tim Russert testified Wednesday he never discussed a CIA operative with vice presidential aide I. Lewis "Scooter" Libby, contradicting Libby's version to a grand jury in the CIA leak investigation.

The testimony came as prosecutors prepared to rest their perjury case against Vice President Dick Cheney's former chief of staff.

Russert, the host of "Meet the Press," testified about a July 2003 phone call in which Libby complained about a colleague's coverage. Libby has said that, at the end of the call, Russert brought up war critic Joseph Wilson and mentioned that Wilson's wife worked for the CIA.

"That would be impossible," Russert testified. "I didn't know who that person was until several days later."

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That discrepancy is at the heart of Libby's perjury and obstruction trial. He is accused of lying to investigators about his conversations with reporters regarding Wilson's wife, CIA operative Valerie Plame.

During Libby's 2004 grand jury testimony, he said Russert told him "all the reporters know" that Wilson's wife worked at the CIA. Libby now acknowledges he had learned about Plame a month earlier from Cheney but says he had forgotten about it and learned it again from Russert as if new.

Libby subsequently repeated the information about Plame to other journalists, always with the caveat that he had heard it from reporters, he has said. Prosecutors say Libby concocted the Russert conversation to shield him from prosecution for revealing information from government sources.

Plame's identity was leaked shortly after her husband began accusing the Bush administration of doctoring prewar intelligence on Iraq. The controversy over the faulty intelligence was a major story in mid-2003.

Given that news climate, defense attorney Theodore Wells was skeptical about Russert's account.

"You have the chief of staff of the vice president of the United States on the telephone and you don't ask him one question about it?" Wells asked. He followed up moments later with, "As a newsperson who's known for being aggressive and going after the facts, you wouldn't have asked him about the biggest stories in the world that week?"

"What happened is exactly what I told you," Russert replied.

Russert originally told the FBI that he couldn't rule out discussing Wilson with Libby but had no recollection of it, according to an FBI report Wells read in court. Russert said Wednesday he did not believe he said that.

Russert also acknowledged that in November 2003, shortly after the investigation began, that he told an FBI agent that he had not discussed Wilson's wife with Libby. The NBC News reporter subsequently resisted a subpoena for his testimony, but he agreed to give it after negotiations with Fitzgerald's office.

Special Prosecutor Patrick Fitzgerald has spent weeks making the case that Libby was preoccupied with discrediting Wilson. Several former White House, CIA and State Department officials testified that Libby discussed Plame with them — all before the Russert conversation.

Fitzgerald has said Russert would be his final witness. Prosecutors spent the past few days playing audiotapes of Libby's grand jury testimony in court. In the final hours of those tapes Wednesday, Libby described a tense mood in the White House as the leak investigation began.

Though President Bush was publicly stating that nobody in the White House was involved in the leak, Libby knew that he himself had spoken to several reporters about Plame. He said he did not bring that up with Bush and was uncertain whether he discussed it with Cheney.

Libby did remember one conversation with Cheney, however, in which the vice president seemed surprised when told by his aide where Libby had learned Plame's identity.

"From me?" Cheney asked, tilting his head, Libby recalled.

Libby said he had forgotten that Cheney was his original source until finding his own handwritten notes on the conversation. The notes predated the Russert phone call by more than a month.

Russert, who arrived in court on crutches because of a broken ankle, was scheduled to resume testifying Thursday. Prosecutors said they plan to rest their case after his testimony.

Russert Says He Didn't Tell Libby About CIA Officer (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 8, 2007

Tim Russert, the Washington bureau chief for NBC News, yesterday swiftly and firmly rejected I. Lewis "Scooter" Libby's assertion that the journalist revealed the identity of an undercover CIA officer to him during a telephone call in the summer of 2003.

Testifying as the final, and perhaps most critical, prosecution witness in the perjury trial of Vice President Cheney's former chief of staff, Russert recounted their conversation that July and how a "very agitated" Libby called to complain about MSNBC's "Hardball." Russert said that the subject of the CIA officer, Valerie Plame, never came up and that he could not have told Libby anything about her.

"That would be impossible," Russert said, "because I didn't know who that person was until several days later."

Libby, who faces five felony counts of lying to investigators about his role in the leak of Plame's identity, has repeatedly testified that he shared information about Plame with other reporters only after hearing it from Russert during the telephone call. Libby has acknowledged that Cheney first told him about Plame's CIA job, in mid-June, but said that he had forgotten the information by the time he heard it from Russert.

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Special Counsel Patrick J. Fitzgerald has argued that Libby fabricated the story about learning the information from Russert in the July 10, 2003, telephone call to protect himself from criminal charges. Passing along gossip from a reporter would not be a crime, but disclosing a CIA officer's classified status to reporters after learning it from the vice president could be.

Prosecutors spent three years investigating whether senior Bush administration officials deliberately revealed Plame's status to punish her husband, former ambassador Joseph C. Wilson IV. The CIA had sent him to Africa in 2002 to investigate reports that Iraq had been trying to buy nuclear material there. Wilson found no evidence of the activity and in July 2003 accused the administration of twisting his findings to justify going to war. Eight days after he went public with his accusations, his wife's name and CIA role were revealed in a syndicated column by Robert D. Novak.

In 11 minutes of direct testimony, Russert offered a vivid description of his telephone call with Libby, and said it rapidly "evolved into a consumer complaint." Russert said Libby, who was then Cheney's chief of staff, was upset that "Hardball" host Chris Matthews had said in two broadcasts that the vice president was responsible for Wilson's mission to Niger for the CIA and had made negative remarks about Libby.

"What the hell is going on with 'Hardball'?" Russert quoted Libby as having asked him. "Damn it. I'm tired of hearing my name over and over again. What is being said is not true."

In addition to testifying that he had not mentioned Plame to Libby, Russert said that Libby did not bring her up, either.

Russert said he first learned about Plame and her CIA job from the Novak column on July 14, and said "Wow" when he read it. He testified that if Libby had mentioned to him during their phone call four days earlier that Wilson's wife worked at the CIA, he would have pursued it, asking questions about how Plame's job might relate to Wilson's accusations against the White House.

"That would be a significant story," he said.

Under cross-examination, defense attorney Theodore V. Wells Jr. pressed Russert to say that he had, in fact, asked Libby about Wilson, because the former ambassador had become a major figure in the news. Russert said that he had not, and that he had been "in listening mode" during the call.

"What happened is exactly what I told you, sir," Russert said. "I did not know" about Plame. "I did not talk about it."

Jurors heard Russert's testimony on the same day they listened to Libby say in his own words that he had the utmost respect for Russert as a journalist. Libby's admiring description of Russert came in audiotapes of his March 2004 grand jury testimony, the last of which were played in court yesterday morning. Libby said it meant more to him to hear the information from a reporter he considered so credible.

"Tim Russert, in my view anyway, is one of the best of the newsmen, the most substantive," Libby testified. "It struck me that not only did he know this, and I didn't know it, but he also thought it was important."

In portions of the tapes played yesterday, Fitzgerald repeatedly pressed Libby to explain any role the vice president may have played in the leak. During Libby's two grand jury appearances in March 2004, the special counsel asked whether Cheney believed that Plame was the reason the CIA sent Wilson on the mission to Niger, and whether he considered Wilson unqualified or biased. Fitzgerald also pressed Libby on whether Cheney suggested or implied that he should tell journalists that Wilson is married to a CIA officer.

In response to each question, Libby can be heard on the tapes carefully choosing words that would not implicate Cheney, and saying he could not recollect whether the vice president suggested they make Plame's CIA role public.

In his grand jury testimony, Libby said that as the CIA leak investigation was beginning in September 2003, he knew the probe would look at more than just which administration official leaked the name to Novak. He said he was aware that the president had asked administration officials to come forward.

Libby said he privately went to the vice president twice to ask whether Cheney wanted to know all the details of his conversations with reporters about Wilson and Wilson's wife in late June and early July.

"I would have been happy to unburden myself of it," Libby testified. "He didn't want to hear it. . . . I have no problem telling him what happened."

But he said Cheney shook his head no. "You don't have to," Libby recalled his boss telling him.

Libby's attorneys have argued in the trial that Libby had no motive to lie because he believed the investigation was focused solely on identifying Novak's source.

At Libby Trial, Russert Of NBC Gives And Gets (NYT)

By Neil A. Lewis And David Johnston

The New York Times, February 8, 2007

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WASHINGTON, Feb. 7 — The prosecution in the perjury trial of I. Lewis Libby Jr. neared the end of its case Wednesday with a final dramatic flourish — putting Tim Russert of NBC News on the witness stand to deliver what could be a serious blow to Mr. Libby's defense.

Nevertheless, Mr. Russert, who is accustomed to asking tough questions of his guests on "Meet the Press," found himself in the clearly uncomfortable role of being the subject of tough questions during a cross-examination by Mr. Libby's defense lawyer.

Mr. Russert, whose signature technique in interrogating officials on his television program includes confronting them with documents and texts of previous quotes, found the technique used on him. A defense lawyer displayed documents on a large television screen in the courtroom as he challenged Mr. Russert's recollection of events.

The cross-examinationis expected to conclude on Thursday. He is the last of 10 witnesses who testified in 10 days of trial in which the prosecution has tried to show that Mr. Libby lied repeatedly to Federal Bureau of Investigation agents and a federal grand jury about how he learned about the Central Intelligence Agency operative at the heart of the leak case.

After the prosecution concludes its case, Mr. Libby's lawyers will face a daunting task in trying to undo it. The prosecutor, Patrick J. Fitzgerald, has offered a straightforward case in which the jurors have heard from numerous witnesses supporting the charges against Mr. Libby.

On Wednesday, Mr. Russert testified under a prosecutor's questioning that, contrary to Mr. Libby's testimony, he never spoke with him about Valerie Wilson, the C.I.A. officer.

Mr. Russert, the moderator of "Meet the Press," was unequivocal in his testimony that no such conversation with Mr. Libby occurred. But when Mr. Libby's chief defense lawyer, Theodore V. Wells Jr., began his efforts to disparage Mr. Russert's reliability in cross-examination, Mr. Russert's confident demeanor changed abruptly.

Mr. Russert, whose appearance drew the largest crowd of spectators yet in the three-week-long trial, stopped speaking in the confident, complete sentences in which he had answered the prosecutor in his direct testimony. Instead, he became more deliberate and halting in his responses, frequently asking Mr. Wells to repeat the question or asking for time to examine the document about which he was being asked. "Say again?" he said frequently.

Mr. Libby, who is charged with five felony counts, has sworn that it was Mr. Russert who informed him about Ms. Wilson sometime on July 10 or July 11, 2003. Although Mr. Libby, the former chief of staff to Vice President Dick Cheney, has acknowledged he heard about Ms. Wilson from Mr. Cheney earlier, he said he had forgotten about that. He said, "It was like hearing it for the first time" when he said Mr. Russert told him weeks later.

The prosecution has offered testimony that Mr. Libby learned of Ms. Wilson's identity from Mr. Cheney's former spokeswoman, a former under secretary of state and two officials of the C.I.A. In addition, two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine, testified that Mr. Libby discussed Ms. Wilson's identity with them.

White-collar criminal defense lawyers said on Wednesday that Mr. Libby's lawyers faced an uphill battle, although most cautioned that a criminal trial almost always appeared bleak for a defendant after the prosecution had presented its case, before the defense put on its own evidence.

Some of the lawyers, including those with clients in the case who would not discuss the trial on the record, said Mr. Fitzgerald's case lacked emotional appeal, but gave the jurors an uncluttered and convincing story of wrongdoing.

Defense efforts to trap prosecution witnesses in contradictions and memory lapses had probably helped Mr. Libby, the lawyers said, although they expressed doubt that the effort had jelled into a plausible explanation of Mr. Libby's conduct.

Andrew G. McBride, a lawyer in Washington, said that the defense could seek to show that Mr. Libby dealt with a wide array of issues that were more important than responding to an Op-Ed article published in The New York Times on July 6, 2003, by Valerie Wilson's husband, Joseph C. Wilson IV.

Mr. Wilson wrote that he had been on a mission to Africa to look into reports that Saddam Hussein was trying to buy uranium for his weapons program. He said that he discovered no evidence of that and asserted that the Bush White House had willfully distorted intelligence to justify the invasion of Iraq.

On July 14, Ms. Wilson's identity as a C.I.A. operative was disclosed in a column by Robert Novak.

Several of the lawyers said that the defense must find a way to cast Mr. Libby's actions in a sympathetic light, which raises the question of whether Mr. Libby will testify in his own defense.

"Whether a defendant takes the stand in his own defense is the most difficult decision that an attorney and his client have to make," said Richard Ben-Veniste, a prominent lawyer in Washington who has attended the trial.

Howard M. Pearl, a lawyer in Chicago, said that these decisions hinged on a careful balancing of the potential benefits of the defendant's testimony weighed against the risks of alienating a jury or opening oneself to embarrassing questions.

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"If a defendant does testify, the case is usually won or lost on the basis of the credibility of his testimony," Mr. Pearl said.

In the complex story behind Mr. Libby's criminal trial, the Russert-Libby conversation has loomed increasingly important. Mr. Libby has said that he learned about Ms. Wilson from Mr. Russert in a conversation in which he had called to complain about Chris Matthews' comments on "Hardball."

Mr. Russert, who limped into the courtroom Wednesday using a crutch because of a broken ankle, recalled that conversation for Mr. Fitzgerald, who took less than nine minutes to draw out the account, in which Mr. Russert said that Mr. Libby was "agitated" about Mr. Matthews.

Asked how he could tell Mr. Libby was agitated, Mr. Russert replied: "He said, 'What the hell's going on with Hardball. Dammit, I'm tired of hearing my name over and over again.' "

Mr. Russert insisted that it "would be impossible" for him to have told Mr. Libby about Ms. Wilson in their conversation on July 10 or 11, 2003, "because I didn't know who that person was until I read the Bob Novak column." He said that, when he read it on July 14, he said to himself, "Wow, this is really big."

In challenging Mr. Russert's reliability, Mr. Wells homed in on a dispute he had with The Buffalo News in 2004 over his serving as a debate moderator. Using Mr. Russert's technique, Mr. Wells displayed on the television screen documents in connection with the incident in which Mr. Russert had acknowledged that he had forgotten making a telephone call to a Buffalo reporter.

He also challenged Mr. Russert about initial efforts to avoid testifying. Mr. Russert had said in an affidavit that it was a matter of journalistic principle to refuse to divulge his conversation with Mr. Libby. But Mr. Wells, who also displayed this affidavit on-screen, noted that when Mr. Russert was first reached by telephone by an F.B.I. investigator, weeks before the affidavit, he spoke freely about it.

Russert Denies Discussing Plame In Disputed Call With Libby (WSJ)

By Evan Perez

The Wall Street Journal, February 8, 2007

WASHINGTON -- Special Prosecutor Patrick Fitzgerald concludes his perjury case against former vice presidential aide Lewis "Scooter" Libby on Thursday having succeeded in keeping the focus on the lengths to which Mr. Libby went to refute attacks on the Bush administration's handling of the invasion of Iraq.

Mr. Libby's actions, at Vice President Dick Cheney's behest, are key to Mr. Fitzgerald's charge that the former top aide intentionally lied to investigators during his probe of the leak that lead the outing of former Central Intelligence Agency operative Valerie Plame.

Witnesses buttressed Mr. Fitzgerald's argument that Mr. Libby lied when he told investigators that he first learned about Ms. Plame from NBC News Washington bureau chief Tim Russert. Several witnesses testified that wasn't true. Mr. Fitzgerald has argued that Mr. Libby lied to cover-up his involvement in a campaign against Ms. Plame's husband, former diplomat Joseph Wilson, who had criticized the administration.

In all, ten witnesses took the stand to help Mr. Fitzgerald methodically make his case, which had been heavily criticized and appeared weakened over pre-trial revelations that he pursued his investigation for more than two years despite having learned early in the probe that Mr. Libby wasn't the original source of the leak. No one has been charged in the leak.

Mr. Russert, the star government witness, took the stand and withstood over an hour of sometimes confusing questions from Theodore Wells, one of Mr. Libby's attorneys. Mr. Russert contradicted Mr. Libby's claims to have first learned about Ms. Plame from him. In 12 minutes of answering questions from Mr. Fitzgerald and over an hour of mostly respectful quizzing from Mr. Wells, Mr. Russert didn't budge from his contention that he couldn't have told Mr. Libby about Ms. Plame since he didn't know it at the time.

"That would be impossible. I did not know who that person was until several days later," when he read a syndicated column by Robert Novak, Mr. Russert said. Mr. Wells made several attempts to get Mr. Russert to admit to having a "faulty recollection" with little success.

Mr. Wells did prevail on Mr. Russert, however, to acknowledge that he answered questions from an FBI agent in a telephone call in November of 2003, denying that he told Mr. Libby about Ms. Plame. Mr. Wells tried to use that fact to draw a contrast with Mr. Russert's and NBC's protestations later on that he couldn't testify about his contact with Mr. Libby because he was seeking to protect the confidentiality of sources. Mr. Russert responded that he believed that answering prosecutors "on a fishing expedition" was different from responding to what he thought was a false statement.

Earlier this week, prosecutors played eight hours of Mr. Libby's recorded testimony to a grand jury to allow jurors to hear Mr. Libby's repeated assertion that he first learned about Mr. Wilson's wife from Mr. Russert in a July 11, 2003, telephone call.

The recordings could be the only opportunity for the jury to hear from Mr. Libby himself, since defense attorneys have backed off previous statements that he would testify. Defense attorneys said in court filings that he may not take the stand in his own defense.

Mr. Libby's words contrasted with testimony from several former administration colleagues of Mr. Libby's and from two journalists, who have bolstered Mr. Fitzgerald's charge that Mr. Libby either told them or learned from them about Ms. Plame before the call with Mr. Russert. A note in Mr. Libby's handwriting entered into evidence shows Mr. Libby also learned about Ms. Plame from Vice President Dick Cheney in early June.

Defense attorneys say Mr. Libby's misstatements weren't intentional, but rather a result of faulty memory. They also used their cross-examination to attack the credibility of two journalists, Judith Miller, formerly of the New York Times, and former Time magazine reporter, Matt Cooper, whose own memory and note-taking of conversations with Mr. Libby were shaky.

The defense team plans to call eight journalists to testify, with Jill Abramson, New York Times managing editor, being the first when it begins presenting its case, perhaps late Thursday. Prosecutors said they objected to Ms. Abramson being called. Mr. Libby's attorneys hope to use her to poke more holes in testimony by Ms. Miller, who said Ms. Abramson brushed her off when she suggested someone write a story about the Wilson controversy.

Also, yesterday in court, Mr. Libby's taped testimony revealed that in 2003, as controversy ensued over the Wilson criticism, Mr. Cheney ordered Mr. Libby to leak portions of an intelligence report, which said that Iraq "vigorously" sought to procure uranium for its weapons program, to The Wall Street Journal. Mr. Libby said he asked Paul Wolfowitz, then deputy Defense Secretary, to leak parts of the report to an editor of the paper's opinion page. Mr. Libby also gave the information to Ms. Miller, but she didn't write about it. A July 17, 2003, Journal editorial criticized Mr. Wilson's claims, citing the intelligence report, which was made public after the editorial was published. (Read the editorial1.)

A spokesman for Dow Jones & Co., publisher of the Journal, declined to comment.

Russert Tells Jury He Never Told Libby Of CIA Agent (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 8, 2007

WASHINGTON — "Meet the Press" moderator Tim Russert testified today that he never gave former vice presidential aide I. Lewis "Scooter" Libby information about the wife of a Bush administration war critic, directly contradicting the premise of Libby's defense of perjury charges.

Russert became the third journalist in the federal court trial to offer testimony that counters statements that Libby told investigators and a grand jury probing the outing of CIA operative Valerie Plame. The conversations — and alleged lies that Libby offered about them — form the crux of his perjury and obstruction indictment.

Testifying in federal court, a grim-faced Russert recounted receiving a phone call from Libby the week after former envoy Joseph C. Wilson IV published a New York Times op-ed article on July 6, 2003, accusing the Bush administration of twisting pre-war intelligence in Iraq.

He said an "agitated" Libby called to complain about coverage of the growing controversy on the "Hardball" program on MSNBC.

" 'What the hell is going on with 'Hardball?' " Russert recalled Libby saying. "'Damn it, I'm tired of hearing my name over and over again.' "

Russert said Libby complained that the MSNBC program, with anchor Chris Matthews, were distorting the truth about Wilson and his allegations.

Russert said he told Libby that even though he was head of the Washington bureau of NBC News, he did not have authority or responsibility over the "Hardball" program, which is run by one of the network's cable affiliates. He said he referred Libby to other NBC officials.

Under questioning by prosecutor Patrick Fitzgerald, Russert said that he had not discussed with Libby the wife of Wilson or the fact that she worked for the CIA.

"That would be impossible," Russert testified, "because I did not know who that person was until several days later."

Russert said that he did not know about Plame until he read about her in a column published by syndicated columnist Robert Novak. That column appeared on July 14, 2003.

Libby has asserted that four days earlier — on or around July 10 — that Russert told him that "all the reporters" knew that Wilson's wife worked for the CIA. Libby has said that was the first time he learned about her identity.

Asked if he had conveyed Libby that information, Russert responded: "No. I wouldn't do that. I didn't know that."

Russert said that Libby did not give him the information about Plame. He said he would have remembered if Libby had given him the information because "that would be a significant story."

Russert recalled later reading the Novak column connecting Plame to the CIA.

"I said, 'Wow! Look at this. This is really significant. This is big.' And I went to work and began to ask people I was working with what we knew about that and why we didn't have the story, because to me it was a significant development in the story."

Fitzgerald's questioning of Russert lasted barely 10 minutes. Russert had resisted testifying before the grand jury investigating the case in 2004 because of concerns that it would chill his ability to report, but was required to answer questions by a federal judge.

Libby's lead trial lawyer, Theodore Wells, spent the afternoon testing Russert's memory, including an article in the Buffalo News, where Russert acknowledged forgetting a phone call that he had placed to a columnist who had been critical of his work moderating a debate.

Russert's testimony strikes at the heart of Libby's defense that the vice president's aide said he learned about Wilson's wife from Russert.

The government has alleged that Libby made up the story about Russert and that he was the one spreading classified information about Plame's status, which had been supplied to him by his then-boss, Vice President Dick Cheney, which could be a federal crime.

Libby apparently believed that passing along information supplied by reporters would not violate the law, prosecutors believe.

Russert is expected to be the last witness called by the government. The defense is expected to begin its case Thursday afternoon.

TV Reporter Contradicts Libby In Perjury Trial (FT)

By Caroline Daniel In Washington

Financial Times, February 8, 2007

Tim Russert, host of NBC's Meet the Press, on Wednesday became the latest witness in the perjury trial of Lewis Scooter Libby to contradict Mr Libby's testimony to the grand jury.

Mr Russert told the trial that he had not discussed the identity of a CIA agent with Mr Libby, the vice-president's former chief of staff.

Mr Libby had told the grand jury he first heard about Valerie Plame, the covert operative, from Mr Russert during a phone call in July 2003, claiming the journalist had said "all the reporters" knew that Ms Plame was an agent at the Central Intelligence Agency. Mr Russert said he had not discussed Ms Plame in that call. "That would be impossible. I didn't know who that person was until several days later."

The prosecution contends that Mr Libby lied to the grand jury, seeking to blame reporters to mask the fact he first heard her name from Dick Cheney, the vice-president, and that there was an effort to leak her name to undermine her husband, Joe Wilson, for voicing public doubts about intelligence on Iraq's nuclear capabilities.

Mr Russert's testimony could be damaging to Mr Libby, who faces five charges, including obstruction of justice. Mr Russert said he first learned about the identity of Ms Plame from a newspaper article several days after he spoke to Mr Libby, who had called him in "a state of agitation" to complain about how the vice-president's office was being characterised on Hardball, a political programme on MSNBC.

"He was very firm and very direct. He had not liked what he had heard, saying 'What the hell is going on with Hardball, and damn it, I'm tired of hearing my name again and again'," Mr Russert testified. "It was not a natural phone call."

Mr Libby's defence lawyers sought to discredit Mr Russert by citing evidence he admitted having a faulty memory about an unrelated incident. They have been trying to prove their client simply forgot who first told him about Ms Plame.

Tim Russert, On The Uncomfortable Side Of A Question (WP)

By Howard Kurtz

The Washington Post, February 8, 2007

From the moment he hobbled into the wood-paneled courtroom on a single crutch from an ankle injury, Tim Russert seemed very different from the familiar television figure of Sunday morning combat.

He was careful, sober and subdued. He spoke in a flat monotone. He offered responses such as "I don't recall saying that specifically, but I may have," and "You'll have to refresh my recollection on that." Gone was Russert's usual bombast and showmanship.

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With the perjury trial of Lewis "Scooter" Libby hanging in the balance, the "Meet the Press" inquisitor -- the man who puts all those quotations up on the screen and presses politicians about contradictions and evasions -- found himself on the receiving end of a tough cross-examination.

Russert emerged relatively unscathed yesterday, except for a previously acknowledged memory lapse about a phone call unrelated to the Libby case. But it was a long afternoon for someone who much prefers asking the questions.

It was, at bottom, a case study in the importance of controlling the microphone. On the air, NBC's Washington bureau chief asks the questions, frames the issues or serves up political insight.

On the witness stand, by contrast, even the cockiest pundit is by definition on the defensive. Russert, a lawyer, measured his words and frequently answered the question he wished he had been asked rather than the query posed by Libby attorney Ted Wells.

Libby, who was Vice President Cheney's chief of staff, had called Russert in 2003 to gripe about MSNBC's Chris Matthews, who was hammering both Cheney and Libby on the handling of prewar intelligence involving Iraq's attempts to acquire illegal weapons. Libby says he learned from Russert that Valerie Plame, the wife of administration critic Joe Wilson, worked for the CIA. Russert said repeatedly that Wilson and Plame never came up during the conversation.

Russert likes to have all the documents at his disposal. At one point, Wells handed the witness a report on his interview with the FBI and directed him to review a brief section.

"I can't read the whole thing?" Russert asked.

The FBI summary said that Russert had not completely ruled out the possibility that he had talked about the Wilsons with Libby. "Those aren't my words," Russert insisted.

His apparent strategy was to remain low-key, regardless of the provocation -- precisely the opposite of what compelling television demands. Wearing a dark suit, white shirt and blue tie, Russert remained largely motionless, except when slipping on his glasses to look at evidence. As the questioning moved from special prosecutor Patrick Fitzgerald to the more tendentious Wells, the only signs of testiness that Russert displayed were a slight tightening of the voice and perhaps a whiff of impatience.

Even when recounting Libby's agitated words about the Matthews show -- "What the hell's going on with 'Hardball'? Damn it, I'm tired of hearing my name over and over again" -- Russert used a tone more suitable for reading a shopping list.

He showed a rare flash of emotion, putting his hand to his forehead, when he recalled reading the 2003 Robert Novak column that disclosed Plame's CIA employment -- which happened to underscore his contention that the subject never arose with Libby. "I said, 'Wow, look at this, this is really significant, this is really big.' "

He couldn't resist adding: "I wish I had known before then, but I did not."

Russert's unusual status was underscored when he recalled how the FBI agent sent to question him had first thanked him for speaking to the man's church group during a visit to the NBC bureau.

The newsman was not on trial, but in ways large and small, he defended his approach to journalism, even when that was off the point. Wells asked about a passage in Russert's book about his father, "Big Russ," in which he asserts how getting the news first is important.

"As long as you're accurate, yes," Russert said.

When asked about rumors that surrounded Wilson's mission to Africa to investigate alleged Iraqi efforts to obtain enriched uranium, Russert said: "We try to stay away from rumors. . . . Rumors don't make it on the air."

He said he assumes that phone calls from government officials, such as Libby, are confidential, and that if he wants to use some piece of information he warns the caller, "not to blindside anyone or try to trick them."

Since Libby's call turned out to be what Russert termed a "viewer complaint," not a whispered chat with a confidential source, why, Wells asked, had he initially resisted testifying? Russert used the occasion to deliver a journalism lecture on the "chilling effect" of subpoenas. "We do not want to be involved in a fishing expedition to find out who I talked to," he said.

Russert's most uncomfortable moments involved a 2004 Washington Post Magazine interview, which I conducted, in which he made an error. Russert said then that he challenged the accuracy of a Buffalo News columnist who had sharply criticized him for pressing Hillary Rodham Clinton, during a 2000 Senate debate that he moderated, about her remarks on the Monica Lewinsky uproar. Russert said in the interview that he had not called the columnist, Mark Sommer, to complain, but when Sommer said he had received two angry calls, Russert acknowledged to The Post: "I just plain didn't remember it."

Wells was using the incident to show that Russert's memory on the Libby call might be faulty as well, but the witness seemed more interested in defending his debate performance.

"I was very evenhanded, as I always try to be," Russert said. He is constantly criticized for his "Meet the Press" performance, Russert said, "and if I focused on that, I wouldn't be able to do my job."

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Wells sounded incredulous, but Russert, who always tries to get a rise out of his guests, gave the attorney precious little to work with.

How could he have forgotten the call? This was his hometown paper, and Russert was "one of the icons of Buffalo."

"I'm a citizen."

Wasn't he angry?

"Disappointed."

"Was it one of the more personal attacks you've experienced?"

"Probably not anymore," Russert said, and again returned to his role as moderator: "I stand by every question I asked. . . . The debate still stands up."

There was one question that Russert did not have to answer. "Does NBC pay you in excess of $5 million a year?" Wells asked. The judge sustained an objection.

Prosecutors Limit Russert Deal Details (AP)

By Pete Yost, Associated Press Writer

AP, February 8, 2007

Prosecutors in the CIA leak trial on Wednesday sought to limit how much they must reveal about how they gained the cooperation of NBC News reporter Tim Russert, whose testimony is key to the case against former White House aide I. Lewis "Scooter" Libby.

The dispute came as jurors listened to the final 2 1/2 hours of Libby's audiotaped grand jury testimony which forms the basis of perjury and obstruction charges against him.

Once the tapes are played in their entirety, "Meet the Press" host Russert is expected to testify that he didn't talk to Libby in 2003 about the CIA employment of Valerie Plame, wife of war-critic and former ambassador Joseph Wilson.

Russert's much-anticipated version of the July 2003 telephone conversation is important to the case because Libby told the grand jury that his conversation with Russert was the first time the White House aide had heard about Wilson's wife. He later said he had forgotten that Vice President Dick Cheney had told him about Wilson's wife a month earlier.

Various witnesses have testified that they discussed Wilson's wife with Libby before the Russert-Libby conversation.

On Wednesday's playing of the grand jury audiotapes, Special Counsel Patrick Fitzgerald asked Libby whether he had told Cheney, after hearing from Russert, that Wilson's wife worked for the CIA.

"No, sir," replied Libby.

Defense attorneys want to know who negotiated the agreement to get Russert's testimony and other details, including any interaction with Chief U.S. District Judge Thomas Hogan, who oversaw the grand jury that indicted Libby.

In a court filing, prosecutors said that nothing in the government's possession is inconsistent with Russert's statements in the investigation. Prosecutors said they've already provided Libby's lawyers with details of Russert's cooperation.

At the start of the trial, jurors were told that Russert was only questioned for 22 minutes, that he was not required to make a grand jury appearance and that prosecutors failed to ask Russert a number of important questions.

"You're going to see that Tim Russert had a deal," the jury was told by the defense during opening statements.

Special Counsel Patrick Fitzgerald says prosecutors' dealings with Russert had to conform to Justice Department guidelines, which require greater caution when dealing with journalists as opposed to other witnesses.

Fitzgerald says he expects Russert to be his final witness Wednesday in Libby's perjury and obstruction trial. Libby is accused of lying to authorities investigating the leak of CIA operative Valerie Plame's identity.

Russert and Libby tell two very different stories about the 2003 phone conversation.

Both agree Libby called to complain about one of Russert's colleagues. Russert says the call ended there. Libby says Russert brought up the subject of an outspoken war critic, Joseph Wilson, a former ambassador who accused the Bush administration of doctoring prewar intelligence on Iraq.

"Did you know that Ambassador Wilson's wife worked at the CIA?" Libby said Russert asked.

"No, I don't know that," Libby said he replied.

"Yes, all the reporters know it," Russert responded, according to Libby's grand jury testimony.

Russert Testifies He Didn't Tell Libby About Plame (Update2) (BLOOM)

By Laurie Asseo

Bloomberg, February 8, 2007

DOJ_NMG_0129339

Feb. 7 (Bloomberg) -- NBC journalist Tim Russert testified he didn't tell Lewis ``Scooter'' Libby that an Iraq war critic's wife was a CIA official -- or discuss her at all in their conversation, disputing a key point in Libby's defense against perjury charges.

Libby told a grand jury under oath that, when the two spoke around July 10, 2003, Russert told him that war critic Joseph Wilson's wife was a Central Intelligence Agency official. Libby testified he didn't speak to any other journalist about the CIA official, Valerie Plame, until after his conversation with Russert, according to a recording played in court in Washington.

``At any time did you discuss with Mr. Libby the wife of Joseph Wilson?'' prosecutor Patrick Fitzgerald asked Russert today after the jury heard the recordings.

``No, that would be impossible because I didn't know who that person was until several days later,'' Russert said. Under questioning by Fitzgerald, he also said he didn't tell Libby that Wilson's wife worked for the CIA, or that all the reporters knew it.

``No, I wouldn't do that,'' Russert said. ``I didn't know that.'' He will return to the witness stand tomorrow.

Libby, 56, who was Vice President Dick Cheney's chief of staff, is accused of lying to investigators probing whether U.S. officials deliberately leaked Plame's identity in 2003 to retaliate against her husband, a former ambassador, for attacking the government's Iraq war claims. No one has been charged with the leak itself.

Learned From Cheney

Libby told a grand jury that, even though he first learned about Plame from Cheney in June 2003, he forgot about it and thought he was hearing it for the first time when he and Russert spoke. Prosecutors earlier today finished playing for jurors eight hours of recordings of Libby's grand jury testimony.

Prosecutors are near completion of their case in Libby's trial. U.S. District Judge Reggie Walton told defense lawyers to be prepared to begin presenting evidence tomorrow.

Potential defense witnesses include Cheney, Washington Post reporter Bob Woodward and other journalists.

Wilson wrote a column in the New York Times on July 6, 2003, that accused the administration of twisting intelligence to justify invading Iraq. Wilson had gone to Niger a year earlier and reported that he found no evidence that Iraq tried to buy uranium there. He said his trip followed a query by Cheney's office about possible Iraqi efforts to buy uranium.

State of the Union

President George W. Bush's State of the Union address in January 2003 cited Iraqi efforts to buy uranium as a reason for going to war. Libby told the grand jury that Cheney was anxious to get the word out that his office wasn't responsible for Wilson's trip and didn't receive his report.

Russert told the jury today that he didn't learn anything about Wilson's wife until he read it in an article by syndicated columnist Robert Novak on July 14, 2003.

Russert said his conversation with Libby began when the vice presidential aide called to complain about a report on an MSNBC program. ``He was agitated'' and the two didn't discuss Wilson, Russert said.

Libby defense lawyer Ted Wells, in cross-examining Russert, questioned why he didn't ask Libby about Wilson.

``There is a story of great national import going on in which the office of the vice president is involved,'' Wells said. ``You didn't ask him one question about the Wilson issue?''

``It was very much a listening mode'' because Libby was ``not in a mood to talk,'' Russert said. Asked again by Wells why he didn't ask about Wilson, the NBC journalist said, ``What happened is exactly what I told you, sir.''

Faulty Memory

Wells sought to show that Russert has previously displayed a faulty memory, pointing to a letter he wrote to the Buffalo News acknowledging he forgot that he had called a News columnist to dispute an article about Russert's performance in moderating a debate by presidential candidates in 2000.

Wells also questioned how Russert could have talked to an FBI investigator in November 2003 about his conversation with Libby and later resisted a subpoena to testify before a grand jury.

In speaking to the FBI investigator, ``the focus was on my words, my words, not Mr. Libby's words,'' Russert said, adding that he didn't reveal anything Libby said in confidence.

In describing his July 10 conversation with Russert to the grand jury -- according to the recording played in court -- Libby had said the two were discussing Wilson and the dispute over whether Iraq sought to buy uranium.

`Taken Aback'

Russert then asked, ``Did you know that Ambassador Wilson's wife works at the CIA?'' Libby told the grand jury. ``And I was a little taken aback by that.''

``At that point in time, I did not recall that I had ever known this,'' Libby said on the recording. ``He said, `yeah, all the reporters know it.'" Libby said that, even after Russert mentioned Wilson's wife, he didn't remember that Cheney had told him about her the previous month.

Russert is NBC's Washington bureau chief and moderator of its Sunday program ``Meet the Press." He used crutches today and told the jury he is recovering from a broken ankle.

Libby is accused of obstructing the investigation and lying to the FBI and a federal grand jury. He would face up to 10 years in prison if convicted of obstruction, the most serious charge. Libby resigned after he was indicted in October 2005.

Fitzgerald said he plans to file an objection to defense plans to call as a witness Jill Abramson, the New York Times Washington bureau chief in 2003. Former Times reporter Judith Miller testified she recommended to Abramson that the newspaper pursue a story on Plame and that the paper didn't.

Defense lawyer William Jeffress said he will argue tomorrow that prosecutors didn't provide enough evidence to prove a charge related to one of Libby's interviews with Miller.

The case is U.S. vs. Libby, 05-394, U.S. District Court, the District of Columbia.

Cheney Surprised By Libby's Account (LVS/AP)

By Pete Yost

Las Vegas Sun, February 8, 2007

Vice President Dick Cheney seemed surprised in 2003 when told where his chief of staff had learned the identity of CIA officer Valerie Plame.

"From me?" Cheney asked, tilting his head, according to the grand jury testimony of the aide, I. Lewis "Scooter" Libby, who is on trial on charges of perjury, obstruction and lying to the FBI.

Libby's account of the conversation came near the end of nearly eight hours of audiotapes of his 2004 grand jury testimony that prosecutors finished playing at his trial Wednesday.

Libby describes finding in his own handwritten notes a reference to Cheney saying in mid-June 2003 that the wife of war critic Joseph Wilson worked at the CIA. The reference by Cheney was more than a month before Plame was outed in a newspaper column.

Libby told the grand jury that before finding the note, at the start of the criminal investigation into the leak of Plame's name, he had thought it was NBC newsman Tim Russert who first told him about Wilson's wife.

Under questioning before the grand jury by Special Counsel Patrick Fitzgerald, Libby said he went to Cheney with the new information.

Libby said that before reading his own notes, he had told Cheney he first learned the information from Russert. And he wanted to set the record straight with his boss, he said.

"He didn't say much, something about 'from me?'" Libby told the grand jury. The vice president "tilted his head, something he does commonly, and that was that," Libby recalled.

Libby's conversation with Russert took place a few days before Plame's CIA identity was publicly disclosed in a column by Robert Novak.

Now that the tapes are finished, "Meet the Press" host Russert is expected to testify that he didn't talk to Libby in 2003 about Plame or Wilson.

Various witnesses have testified that they discussed Wilson's wife with Libby before the Russert-Libby conversation.

Fitzgerald says he expects Russert to be his final witness Wednesday in Libby's trial. Libby is accused of lying to authorities investigating the leak of Plame's identity.

Russert and Libby tell two very different stories about the 2003 phone conversation.

Both agree Libby called to complain about one of Russert's colleagues. Russert says the call ended there. Libby says Russert brought up Wilson, a former ambassador who accused the Bush administration of doctoring prewar intelligence on Iraq.

"Did you know that Ambassador Wilson's wife worked at the CIA?" Libby said Russert asked.

"No, I don't know that," Libby said he replied.

"Yes, all the reporters know it," Russert responded, according to Libby's grand jury testimony.

RSA Panel Addresses Net Threats To Children (CNET)

By Erica Ogg, Staff Writer, CNET News.com

CNET News, February 8, 2007

Panel discusses the depth of the problem and roots of sexual predation in online communities and ways to protect children.

SAN FRANCISCO--The amount of unwanted sexual material that teens and preteens are exposed to on the Internet has skyrocketed in recent years, yet only a fraction of those children are likely to report it to an adult.

DOJ_NMG_0129341

Those were among the concerns voiced Wednesday by members of a panel discussion here at the RSA Security Conference called "Pandora's Box: Youth and the Internet." The panel, which featured a journalist, pediatrician, federal law enforcement official and a security expert, threw out similarly scary statistics and invited the tech community to help find a solution to children's exposure to pornography as well as the prevalence of child pornography.

One in seven children between 10 and 17 have received an online sexual solicitation, according to the National Center for Missing and Exploited Children. In what may be even more disheartening to parents, NCMEC says only 27 percent of kids that received unwanted sexual material online are likely to report it to a parent or guardian. This can include receiving sexually explicit photos or videos, or an invitation to meet someone.

Biology is one reason children are susceptible to online predators, according to Dr. Sharon Cooper, CEO of Developmental and Forensic Pediatrics. Children and teenagers who are sexually mature are not yet mentally mature. Most people aren't completely mature until age 22, she said. "When kids are 13, 14, 16 years of age, making those decisions about whether I should or shouldn't meet someone online, their ability to detect true threats are not (fully) present," she said.

The type of material on the Internet and the threat of child sexual predation is increasingly dangerous, said Drew Oosterbaan, the Department of Justice's chief of the Child Exploitation and Obscenity Section. The exploitation of children in the last eight to 10 years has seen "an amazingly scary escalation of abuse," Oosterbaan said. A decade ago, the content of child pornography his department worked to eradicate depicted children usually no younger than 13. "Now there is horrific, tortuous sexual abuse involving babies and toddlers," he said.

This escalation, he said, is partly due to the Internet's ability to bring communities together. Prior to the explosion of the Internet, pedophiles were relatively isolated. They've now found each other online, and the community's main commodity is child pornography, which if they can't find, they create themselves.

Myspace.com made national headlines last year, when it was discovered that the community contained hundreds of convicted sex offenders, including pedophiles. Last October, Wired magazine Senior Editor Kevin Poulsen's investigation into the prevalence of sex offenders with Myspace accounts led police to a 38-year-old convicted sex offender who was using the social-networking site to solicit young boys.

Poulsen investigated the problem by writing his own program that cross-referenced the Justice Department's National Sex Offender Database information with names and ZIP codes of Myspace members.

Even after the problem made national news, Myspace failed to directly address the problem, Poulsen told conference attendees. He said his takeaway from the experience was that Myspace wasn't doing enough to police its own site.

"They have enormous resources. They have people who do nothing all day but look for objectionable images on their site," Poulsen said. "Why couldn't they do the policing that I did--working part time with a relatively simple computer program--is hard to understand."

Panel moderator David Kirkpatrick took that opportunity to tell the audience that Myspace's chief security officer was originally scheduled to participate on the panel, but dropped out without explanation.

Reducing exposure to predators

FaceBook's chief security officer, Chris Kelly, a fill-in for his Myspace counterpart, talked about the steps his site has taken to reduce the risk of their members' exposure to sexual predators.

First, it's not as easy to sign up on Facebook as on other social-networking sites, Kelly said. College students must have an institution-issued e-mail address, and high school students must have a school-issued e-mail or an invitation from someone.

But they've also employed technology to help tackle the problem. Facebook employs algorithms that detect possibly problematic situations, such as someone making too many friend requests to users younger than 18, repeated denials of friend requests and reports of inappropriate photos, Kelly said.

Myspace is currently championing a bipartisan bill that would require sex offenders to list their e-mail addresses and instant messaging handles in the federal registry. Social-networking and other Web sites could then check their user database against that information. Poulsen said Myspace's backing of the bill seemed to him like "an easy way out."

"Any solution you're looking for should target behavior today," not just past criminal behavior, Poulsen said.

Lawmakers are looking at other ways to stamp out sexual material online, especially child pornography. Panel moderator Kirkpatrick brought up a bill proposed Wednesday by Sen. John McCain (R-Ariz.) that would require Internet service providers and some Web sites to alert federal authorities of any illegal images of real or "cartoon" minors online.

The Justice Department's Oosterbaan said he would support "anything that can help."

"The design here is to seek out, find, filter and destroy, with the idea that eventually you would dry up the imagery if it can be found," Oosterbaan said. But, he added, the bill calls for recognizing the DNA of a photograph, which can be altered with a simple pixel change. Though it's far from perfect, it's a start, he said.

Dr. Cooper noted that McCain's bill does not address the problem of live Webcam sessions between children and adult predators. "We need to block these transmissions," she said, and invited the audience of technology experts to help figure out ways to combat that.

Myspace escaped a complete thrashing during the session when Cooper said the site should applauded for offering Zephyr, software parents can install on a home computer to see the name, age and location of any MySpace profile accessed from that PC.

Though FaceBook isn't offering Zephyr software, Kelly said the network is strongly supportive of education as the best way to protect young people in online communities.

"Education is part of the solution here, but it's not the be-all and end-all," he said. "There's going to be crime in any large community, offline and online. But you can put up lights in parks to prevent criminal activity."

Internet DOS Attacks Spur Exchange Between Government, Private Sector (GCN)

By William Jackson, GCN Staff

Government Computer News, February 8, 2007

SAN FRANCISCO — Tuesday's denial-of-service attacks against three of the Internet's root DNS servers did not rise to the level of a major cyberincident, but it did highlight the government's efforts to coordinate responses with private-sector infrastructure providers.

"There was some minor degradation of service," but no large impact, said Jerry Dixon, head of the Homeland Security Department's National Cyber Security Division.

Dixon was joined Wednesday by Chris Painter of the Justice Department and Mark Hall of the Defense Department, his fellow co-chairmen on the National Cyber Response Coordination Group, at the RSA IT security conference. NCRCG is the government's tool for organizing its response to the most serious cyberattacks, coordinating the efforts of federal departments and agencies with the private sector.

So far, "we haven't had a real crisis where we've had to stand up," Painter said.

On a scale of 1 to 10, this week's attacks on top-level Domain Name Service servers only rated about a 3, Dixon said. The NCRCG co-chairs met to discuss the incident and monitor its impact and progress, but hands-on response was coordinated by the US CERT.

The attacks lasted for several hours and directed up to 54Gbps of traffic at the .mil, .info and .bus DNS servers, said US CERT deputy director Michael Witt. The .mil server was the most heavily targeted, he said.

"The root level servers continued to do their jobs," Witt said. His organization worked with the North American National Operations Group, an industry organization of backbone network operators, to minimize the impact of the attacks.

US CERT also worked with industry-level Information Sharing and Analysis Centers to gather information about the nature of the attacks.

Dixon said investigators are following leads to determine the source of the attacks.

US CERT is the executive agency of the NCRCG and handles the day-to-day operations of monitoring cyberactivity, coordinating actions with the private sector and responding to routine events. But during a genuine emergency, the NCRCG would stand up in a joint operations center housed at DHS to coordinate activities between departments and agencies and the private sector. This central node is necessary because each agency approaches cyberincidents from its own mission perspective.

"We can't step all over each other as we try to respond as systems go down," Hall said.

"Despite pretty communications between government agencies, it wasn't really regularized," Painter said. NCRCG regularizes those communications.

The group also extends its lines of communications with foreign nations and has established a 50-country investigative network that it can work with.

"When you go to some other countries they have the same communications issues" as U.S. agencies do, Painter said.

Hall said he is about to sign an information sharing agreement with NATO on behalf of DOD, as part of the department's watch center capability with foreign partners.

The importance of coordinating responses to cyberincidents is magnified by the shortage of expertise government can bring to bear on the problem, Painter said.

"The bench isn't really very deep in cyberstuff," he said. "We have a limited amount of expertise."

The NCRCG took part in last year's Cyber Storm exercises, a kind of cyberspace wargame in which private companies participated with government agencies to respond to a mock cyberattack.

"We are in the planning stages of Cyber Storm 2, which will be held next year," Dixon said.

DOJ_NMG_0129343

Fumo Pleads Not Guilty To Federal Charges, Surrenders Guns (AP)

By Maryclaire Dale

AP, February 8, 2007

PHILADELPHIA - State Sen. Vincent J. Fumo pleaded not guilty Wednesday to federal charges he defrauded taxpayers and a local nonprofit out of more than $2 million, and surrendered more than 200 firearms as a condition of bail.

The powerful Philadelphia Democrat declined comment during several hours at the federal building, when he was arraigned and processed by the FBI and U.S. marshals.

Fumo appeared confident in court, although his jaw twitched at times, as a clerk spent several minutes reading the 139 criminal counts lodged against him.

"Not guilty, your honor," he said, in answer to the charges.

Fumo, 63, later declined to discuss the cache of guns, which prosecutors said he kept at his Philadelphia mansion, his Harrisburg-area farm and at beach homes in New Jersey and Florida.

"We're not going to have any comment on that," said defense lawyer Mark Shepherd.

Fumo sat in court beside his lead defense attorney, Richard A. Sprague, a legendary 81-year-old former city prosecutor who plans a press conference on the indictment on Thursday.

Co-defendant Ruth Arnao, the longtime Fumo friend who ran the nonprofit, the Citizens' Alliance for Better Neighborhoods, also pleaded not guilty to the charges.

She was accompanied in court by her husband, Pennsylvania Turnpike Commission Chairman Mitchell Rubin. Rubin is not charged, but the 267-page indictment states that he joined Fumo on a 2001 trip to Cuba funded by the nonprofit and was paid for Senate contracts that involved little or no work.

The couple also enjoyed a sailing trip with Fumo at Martha's Vineyard on a yacht owned by the Independence Seaport Museum, the indictment charges.

Arnao, 51, of Philadelphia, obstructed the four-year investigation into Citizens' Alliance by helping delete years worth of e-mails, prosecutors said.

She is charged in 45 counts, including two counts of filing a false tax return for allegedly stating that the group did not engage in political activity. According to the indictment, Fumo ordered the charity to fund election polling, a politically motivated lawsuit against a Senate rival and other partisan efforts.

Arnao's lawyer, Edwin Jacobs Jr. of Atlantic City, N.J., declined comment after the arraignment.

Fumo and Arnao were each released on a $100,000 personal recognizance bond. Each was ordered to surrender passports and weapons, standard conditions of bail in federal cases.

Fumo's weaponry include collectibles and very large machine guns, prosecutors said. They will be kept in vaults at two firearms dealers.

Given its complexity, the case is not expected to be tried before the latter half of 2007, Assistant U.S. Attorney John Pease said Wednesday.

The case has been consolidated with that of the two Senate computer technicians charged with obstruction last year. They allegedly carried out Fumo's demands to systematically destroy e-mails about the Citizens' Alliance.

Fumo, who has served in the Senate since 1978, stepped down this week as the ranking Democrat on the Appropriations Committee, as Senate rules require with an indictment. He remains in the Senate.

Fumo has beaten two previous indictments.

Fumo Surrenders To FBI, Pleads Not Guilty (PHI)

By John Shiffman And Emilie Lounsberry

The Philadelphia Inquirer, February 8, 2007

State Sen. Vincent J. Fumo and a former Senate aide surrendered to the FBI today and pleaded not guilty before a federal magistrate judge to scores of fraud charges.

Neither Fumo nor the former aide, Ruth Arnao - nor their lawyers - spoke to reporters.

"Mum's the word," said Ed Jacobs, who represents Arnao.

Fumo, flanked by lawyers Richard Sprague and Mark Sheppard, arrived early for the brief but packed proceeding before U.S. Magistrate Judge Thomas J. Rueter.

Rueter's clerk read a list of charges: conspiracy, mail fraud, wire fraud, conspiracy to obstruct justice, and aiding the filing of a false tax return.

"How say you to the charges?" the clerk asked.

"Not guilty, your honor," replied Fumo (D., Phila.).

A few minutes later, Arnao pleaded not guilty, too.

Fumo, 63, was freed on a routine personal recognizance bond, with a stipulation that he will forfeit $100,000 if he does not reappear for court proceedings.

Assistant U.S. Attorney John J. Pease said that Fumo must reside at his Philadelphia home on Green Street and not travel outside of Pennsylvania, Delaware, New Jersey, Florida and Manhattan. Fumo has already surrendered his passport.

Fumo, a gun collector, must also turn over the more than 100 firearms he owns. They will be stored in vaults controlled by two different firearms dealers, and a court official will maintain the keys to the vaults, Pease said.

A grand jury indictment returned Tuesday alleges that Fumo exploited for his personal and political use: his Senate budget and power; the South Philadelphia charity he helped fund, Citizens' Alliance for Better Neighborhoods; and the Independence Seaport Museum.

The indictment charged that Fumo used taxpayer and charity money to pay for political polls, power tools, cars, farm equipment, personal errands, shopping sprees and more.

The indictment alleges more than $2 million in illicit spending and includes the sensational allegation that Fumo hired private detectives to tail ex-girlfriends and dig up dirt on political rivals - including Ed Rendell, when he first was running for governor.

Grand jurors said Fumo:

- Diverted more than $60,000 from the charity into an effort to block a dune-rebuilding project in South Jersey. Fumo allegedly feared that the project would ruin the ocean view at his Margate home.

- Assigned one Senate aide to oversee renovations at the senator's 33-room mansion in Spring Garden and paid another aide to clean the house.

- Put other taxpayer-paid aides to work organizing political fund-raisers; putting together campaign mailings; paying his personal bills; and packing boxes of Fumo bobblehead dolls.

- Doled out fat state contracts to political consultants and others who did little or no state work.

- Repeatedly cruised on museum yachts at a cost to the museum of more than $100,000.

Fumo arrived at the federal justice complex in Philadelphia shortly before 11 a.m. today to surrender to the FBI.

As he entered the building, Sprague cut off reporters' questions to Fumo. The lawyer said he would hold a news conference at noon tomorrow to talk about the indictment.

"So leave my client alone for the time being," Sprague said.

Fumo And Ex-chief Of Nonprofit Agency Are Released On 100G Bail After Feds Charge Conspiracy, Fraud, Obstruction Of Justice (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, February 8, 2007

STATE SEN. VINCE FUMO not only had political firepower, he had the real thing.

Fumo was ordered by U.S. Magistrate Thomas J. Reuter to surrender all his firearms yesterday as part of his agreement with the feds to remain free on bail.

A gun collector, Fumo had in excess of 200 firearms. The weapons are being turned over to two local firearms dealers for storage. A court official will have the keys to the vaults.

After a four-year investigation, a federal grand jury Tuesday charged Fumo, 63, with conspiracy, fraud, obstruction of justice and assisting in filing a false tax return.

Flanked by his attorneys, Richard A.

Sprague and Mark B. Sheppard, Fumo replied, "Not guilty, Your Honor," after a court clerk read him the charges.

Reuter released Fumo on $100,000 bail, ordered him to surrender his passport and restricted his travel to Pennsylvania, New Jersey, Florida, Delaware and Manhattan.

Before the brief arraignment, Fumo smiled and chatted amiably with his lawyers.

The grand jury alleged that Fumo had defrauded the state Senate and a charity his aides founded of more than $2 million by having Senate employees and charity workers do personal work for him.

Fumo also is alleged to have hired a private eye at taxpayers' expense to snoop on his former wife, ex-girlfriends and political enemies.

Fumo and a co-defendant, Ruth Arnao, are alleged to have skimmed from the charity, Citizens Alliance for Better Neighborhoods.

Arnao, 50, was once a top aide to Fumo and formerly executive director of Citizens Alliance.

The indictment alleges that Citizens Alliance paid for tools, cleaning equipment and vehicles for Fumo's personal use, and supplied laborers that Fumo used as personal servants to maintain his homes and a 100-acre farm near Harrisburg.

The charity also allegedly paid for summertime shopping sprees at the Shore for Fumo and Arnao so they could stock their Shore homes with household goods.

Before his arraigment, Fumo and his lawyers arrived at FBI headquarters yesterday morning to be fingerprinted.

When a reporter shouted, "Senator, you're worth millions. Why did you have to spend other people's money?" Fumo smiled but said nothing. Sprague said neither he nor Fumo would have any comment.

When the reporter pressed again, Fumo said: "Didn't you just listen to my lawyer's answer?"

Sprague said he would have a news conference today to address the indictment, and asked reporters to leave Fumo alone.

Fumo appeared to be in good spirits and frequently smiled as he ran a gantlet of photographers and TV cameras.

Fumo and his lawyers then entered the federal office building, where Fumo set off the security screener and was asked by security personnel to remove his black trench coat and suit jacket and pass through again.

About 30 minutes later, Arnao arrived with her lawyers and entered the federal building to be fingerprinted.

Neither she nor her lawyers made any comment.

Arnao has been charged with conspiracy, fraud, obstruction of justice and filing a false tax return.

She also pleaded not guilty yesterday to all charges and was released under conditions similar to Fumo's: $100,000 bail and ordered to surrender a firearm and her passport.

Arnao's travel was restricted to Pennsylvania, New Jersey, Florida and New York City.

Reuter set a trial date of May 21, when two Fumo computer aides charged with obstruction last June are scheduled to stand trial.

But prosecutors predicted yesterday that that trial date is likely to be extended to much later in the year, now that Fumo and Arnao have been added to the case.

Investigation Of Child Porn Site Hits 77 Nations (USAT)

By Kevin Johnson

USA Today, February 8, 2007

WASHINGTON — The Austrian government has provided the FBI with more than 200 U.S. Internet addresses identified in a far-reaching international child pornography investigation in which suspects allegedly paid to watch graphic videos of young children being sexually abused.

The investigation, which began last summer, has identified 2,361 Internet addresses in at least 77 countries, including the USA, where customers paid about $90 to view the abuse of infants and other children, Austrian Interior Minister Guenther Platter said Wednesday.

In Washington, Austrian Embassy spokesman Wolfgang Renezeder said the inquiry marked an extraordinary level of cooperation among law enforcement authorities throughout the world.

It was unclear how many suspects could be traced to the addresses because computer users frequently maintain multiple addresses, FBI and Austrian authorities said.

"This is an ongoing investigation," FBI spokesman Paul Bresson said. "The FBI is working closely with the Austrian authorities … to combat the proliferation of online child exploitation. Although the number of subjects may end up being significantly less … it will likely result in the identification of numerous individuals in the U.S."

Platter said no arrests had been made. The videos represented the "worst kind of child sex abuse," he said.

Law enforcement officials in Germany, Russia and France were also provided information about dozens of suspicious Internet addresses in those countries.

Videos were made available on a Russian website that no longer exists, Austrian authorities said.

During one 24-hour period, more than 8,000 hits were recorded on the site from 2,361 addresses across the globe.

Renezeder said explicit videos showing abuse of both girls and boys were seized by the Austria Federal Criminal Investigations Bureau.

Authorities are searching for an estimated 23 suspects in Austria. Austrian authorities said they were initially tipped to the suspicious material last summer by an unidentified Internet service business in Vienna.

Child Porn Ring Uncovered In Austria (NSDY/AP)

By Veronika Oleksyn, Associated Press Writer

Long Island Newsday, February 8, 2007

VIENNA, Austria -- Austrian authorities said Wednesday they have uncovered a major international child pornography ring involving more than 2,360 suspects from 77 countries, including hundreds in the United States, who paid to view videos of young children being sexually abused.

The children were under the age of 14 and screams could be heard, said Harald Gremel, an Austrian police expert on Internet crime who headed the investigation.

Interior Minister Guenther Platter said the FBI was investigating about 600 of the suspects in the United States. German authorities were following leads on another 400 people, France was looking into about 100 others, and at least 23 suspects were Austrians, he said.

Platter said videos downloaded from the Internet and seized by Austria's Federal Criminal Investigations Bureau included images that showed "the worst kind of child sexual abuse."

Gremel said "girls could be seen being raped, and you could also hear screams." Although officials initially said the children ranged in ages from "0 to 14," Gremel later said no infants were seen in the videos.

No Austrian suspects were yet in custody, authorities said, adding that they shared their information with law enforcement in other countries in hopes that suspects could be investigated and charged. Gremel said he could not provide details about investigations outside Austria, but noted that cooperation with Russian authorities had intensified over the past two weeks.

The investigation began in July when a man working for a Vienna-based Internet file hosting service approached authorities at the Interior Ministry to say he noticed the pornographic material during a routine check, Gremel said.

The man blocked access to the videos while recording the I.P. addresses of people who continued to try to download the material, and gave the details to authorities. Neither the man nor the Vienna company were identified, and police said neither was implicated in the case.

Within a 24-hour period, investigators recorded more than 8,000 hits from 2,361 computer I.P. addresses in 77 countries ranging from Algeria to South Africa, Gremel told reporters.

The videos were posted on a Russian Web site, and users had to pay $89 to access the material, Gremel said.

He said investigators believed the videos, which included images of girls and boys up to age 14, were made in Eastern Europe and uploaded to the site from somewhere in Britain.

Germany had the largest single number of suspects in Europe, Gremel said.

Child Pornography On Vienna Computer Prompts Worldwide Hunt (NYT)

By Craig S. Smith

The New York Times, February 8, 2007

PARIS, Feb. 7 — Austrian authorities have gathered information on more than 2,360 individuals from 77 countries who tried to view child pornography through a Russian Web site stored on a Vienna computer, the country's Interior Ministry said Wednesday.

The discovery, which has not yet yielded arrests, set off a pedophile hunt around the world. The F.B.I. is looking for as many as 600 suspects in the United States, the Austrian ministry said. Germany has been given about 400 names and France close to 100. The ministry says 23 of the suspects are Austrian.

Interior Minister Günther Platter said the videos included images that showed "the worst kind of child sexual abuse" of children of various ages, ranging up to 14.

"Girls could be seen being raped, and you could also hear screams," Harald Gremel, an Austrian police expert on Internet crime who headed the investigation, said at a news conference in Vienna, according to The Associated Press. He said the videos appeared to have been made in Eastern Europe and uploaded to the Vienna computer from Britain, and were accessible through a Russian Web site.

The Austrian case demonstrates the difficulty of tackling the growing problem of child pornography and the horrific abuse it entails without international cooperation.

Less than a month ago, Bernadette Chirac, the wife of the French president, held a meeting here of other leaders' wives, including Laura Bush, to urge international cooperation to fight child pornography and sexual solicitation of children online.

Mr. Gremel said the investigation began in July, when a man working for a Vienna-based Internet business spotted child pornography on one of the company's computers during a routine check. He blocked access to the videos but recorded the Internet Protocol addresses — coded numbers that identify computers using the Internet — of people who continued to try to download the material.

Within 24 hours, Mr. Gremel said, the man recorded more than 8,000 attempts from 2,361 computers in 77 countries. He turned the information over to the police.

Mr. Gremel said that the Austrian police seized 31 desktop computers, seven laptop computers, 1,232 DVDs and CDs, 1,428 diskettes and 213 videocassettes in subsequent raids on the 23 Austrian suspects, who range in age from 17 to 69.

The offending Web site has since been shut down, and Austria is cooperating with the Russian authorities to find its operators, Mr. Gremel said.

An aggressive effort by Britain's Internet Watch Foundation to shut or block access to child pornography sites resulted in a major decline in the percentage of child pornography sites based in Britain, to 0.2 percent last year from 18 percent in 1997, according to a recent Congressional report. A similar initiative began in the United States last year.

But laws on child pornography vary widely among countries. A report issued last year by the International Center for Missing and Exploited Children found that 95 countries had no legislation at all that specifically addressed child pornography. Operators of child pornography Web sites can use computer servers in different countries around the world and set up new sites at little cost when their sites on one server are shut down.

The Federal Bureau of Investigation announced last year it had assembled an international task force, with officials from Europol, the European Union's law enforcement organization, and 18 countries serving six-month rotations in the United States to help American child-pornography investigators.

Vienna Busts Huge Child Porn Ring (BBC)

BBC News, February 8, 2007

Austria has uncovered an international child pornography network involving more than 2,360 suspects from 77 countries, the interior minister said.

The suspects paid to view images that showed "the worst kind of child sexual abuse", Guenther Platter said.

The videos were posted on a Russian website, hosted by an Austrian company.

No arrests have yet been made but Austrian authorities are sharing their information with investigators in other countries including the US and Germany.

Austrian federal police said the case was "a strike against child pornography unprecedented in Austrian criminal history".

Girls could be seen being raped, and you could also hear screams

Twenty-three suspects were being questioned, Austrian officials said, and arrest warrants might soon be issued. Fourteen of them have confessed to downloading the material.

The youngest person implicated was 17 and the oldest was 69. They included students, government employees and retired people, Mr Platter said.

He said the FBI was investigating some 600 suspects in the US. German authorities were following leads on at least 400 people, France was looking into about 100 more and Britain was investigating 72 people.

Denmark's news agency Ritzau said 19 Danes were involved in the investigation, according to police sources.

Downloads of the illegal videos were recorded in countries ranging from Algeria to Iceland and Venezuela - those under investigation are suspected of distributing the material after watching it.

'Screams heard'

The inquiry began in July after an Austrian internet service provider notified police that unauthorised video files had been uploaded on to its server from London.

The material was accessible via a link to a Russian website that offered it for downloading - the site has since been closed down.

Within 24 hours, investigators said they recorded more than 8,000 hits on the video and DVD material from more than 2,360 computer addresses in 77 countries.

Harald Gremel, an Austrian police expert on internet crime who led the investigation, said the videos were made in eastern Europe and featured children of up to 14 years of age.

"Girls could be seen being raped, and you could also hear screams" Mr Gremel said, adding that users paid $89 (68 euros, £45) for three month's access to the material.

Under Austria law, the maximum prison term for possession of pornography involving children under 14 years is two years.

Production and distribution of child pornography is punishable by up to 10 years in jail.

Global Child-porn Ring Uncovered (CNN)

By From Frederik Pleitgen, Cnn

DOJ_NMG_0129348

CNN, February 8, 2007

VIENNA, Austria (CNN) -- Austrian police have uncovered a massive child-pornography ring on the Internet, tracking downloads of sexually violent material to more than 2,300 people in 77 countries, a government official said.

"This is the biggest case of child-porn distribution ever discovered in Austria," Interior Minister Guenther Platter told reporters on Wednesday. "This is a very important crackdown, and it is dealing with the most disgusting criminal acts against the most helpless members of society."

"It is amazing that within 24 hours, more than 8,000 hits were recorded from 2,361 suspects from 77 countries," he said.

None of the people believed to have downloaded the porn have been arrested, said Gerald Hesztera, a spokesman for Austria's federal police service. But 14 of 23 people questioned in Austria have admitted to taking the material off a Russian-based file-sharing site, he added.

A site administrator in Austria tipped police off to eight digital-video clips that included scenes of children between the ages of 5 and 14 being sexually molested or raped, Hesztera said. Police monitored the site for several months beginning in July, he said.

Hundreds of the addresses tracked back to users in Germany, France and the United States.

The FBI said it was investigating suspects in the United States and working with authorities in Austria and other nations as part of the probe. About 600 of the suspects were being investigated in the United States alone, said Platter, according to a report from The Associated Press.

German authorities were following leads on another 400 people, and France was looking into more than 100 others, AP reported.

Austrian Child-Porn Bust Uncovers 2,360 Suspects; FBI Alerted (BLOOM)

By Jonathan Tirone

Bloomberg, February 8, 2007

Feb. 7 (Bloomberg) -- Austrian authorities alerted the U.S. Federal Bureau of Investigation and other national police agencies after Austrian police uncovered a child-pornography ring involving around 2,360 suspects in 77 countries.

Among the suspects are about 600 people in the U.S., 400 from Germany, 100 from France and 23 from Austria, Interior Ministry spokesman Gerald Hesztera said today in a telephone interview. No arrests have yet been made in Austria, he said.

The ring was discovered after videos showing child sex abuse were uploaded to an Internet server and received more than 8,000 hits within 24 hours, according to the Interior Ministry. Austrian officials began investigating the ring in July 2006, Hesztera said.

The Internet company hosting the videos didn't know about the content, which was uploaded by a hacker, the Austrian Press Agency reported. Austrian police have so far recovered around 8 terabytes of pornographic material, equivalent to around 4 million pages of printed material, APA said.

Canadians Investigated In Global Child Porn Ring (CTV)

CTV.ca, February 8, 2007

Austrian police have uncovered a major international child pornography ring that may involve at least 19 Canadians, and critics say Canada needs tougher punishments for those who traffic in the images.

"For simple possession, you're looking at a matter of days (for sentencing)," David Butt of Kids Internet Safety told CTV News.

"For trafficking in child abuse images, perhaps 90 days as a minimum. We routinely see sentencing in other countries that are in the years."

The child porn ring stretches across 77 countries and involves more than 2,360 Internet addresses.

Austrian officials said they have identified 103 Canadian IP addresses involved in the ring, but the RCMP says the number is much lower, at just 19.

"We don't know until we contact the Internet service providers whether those are Canadians or hosted in Canada or whether they're international, so that could lead to some of the confusion as to whether they're Canadians and the numbers between 19 and greater," Supt. Earla-Kim McColl told CTV Newsnet.

She said Austrian authorities have sent the RCMP the information and evidence that they believe pertains to Canadian involvement. Police here will now launch their own investigation.

DOJ_NMG_0129349

"We go to the service provider and attempt to determine whether or not they still have the responsibility for that number and then which geographic address it's related to, and then we forward the investigation to the police of jurisdiction for a further investigation," McColl said.

CTV's Ottawa Bureau Chief Robert Fife said that although there are 19 suspicious IP addresses, "that does not mean that there are 19 suspects -- it could be one individual or several individuals using these addresses."

The Canadians are suspected of paying to access videos on a website of young children, aged 14 and under, being sexually abused.

Austrian Interior Minister Guenther Platter said the FBI was investigating about 600 Internet addresses in the United States, German authorities were looking at 400 addresses, France at 100 while his country was looking at 23.

Platter said the videos contained "the worst kind of child sexual abuse."

Austrian police are calling the case "a strike against child pornography unprecedented in Austrian criminal history."

"Girls could be seen being raped, and you could also hear screams," said Harald Gremel, an Austrian police expert on Internet crime who headed the investigation.

Gremel said no infants were seen in any of the videos and that authorities moved quickly to share their information with other countries to help apprehend suspects abroad.

He said the investigation was launched in July after a man working for a Vienna-based Internet file hosting service alerted authorities at the Interior Ministry to pornographic material he had discovered during a routine check.

In the span of 24 hours, the man recorded 8,000 hits from 2,361 computer IP addresses in 77 countries, confirmed Gremel. The man managed to record the IP addresses of those trying to access the material and gave the information to authorities.

In Austria, the youngest person implicated in the case is 17 and the oldest is 69.

Gremel said the videos were all posted on a Russian website that is now defunct. To access the material, users had to pay US$89.

Investigators believe most of the videos were made in Eastern Europe and uploaded somewhere in Britain.

Austrian authorities have so far seized 31 PCs, seven laptops, 1,232 DVDs and CDs, 1,428 diskettes and 213 video cassettes.

Though the most recent case has garnered a lot of media attention, McColl said similar offences are more common in Canada than most people think.

"It's a huge problem. And you know, this is a big case but I can say that we get a case like this just about every two weeks," McColl said.

"We have 14 on the go right now. In one instance we received 600 pages of information of addresses that we need to analyze, so there doesn't seem to be any stop to the appetite for this type of offensive and disturbing material."

With a report by CTV's Lisa LaFlamme and files from The Associated Press

Kid Porn Britons Tracked Down (UKSUN)

By John Sturgis

The Sun, February 8, 2007

THE names of 72 Britons caught downloading child porn have been passed to British cops by counterparts in Austria.

Experts traced 2,360 suspects in all from 77 countries who logged on to an Austrian internet provider to access the hard-core filth.

The material involved the “worst kind of abuse”, including child rape, said police spokesman Gerhard Hesterer.

The investigation began in July after the internet firm noticed eight unauthorised video files had been downloaded on to its server from London.

Computer users were paying £45 to access the material, believed to be from eastern Europe and involving children under the age of 14.

Within 24 hours, investigators had recorded more than 8,000 hits from 77 countries on the sickening material.

Austrian authorities have also passed 600 names to America’s FBI and 400 to the German authorities.

The youngest person implicated was 17 and the oldest 69.

Despite Bust, Internet Experts Say Child Porn Rings Can Remain Difficult To Track (AP)

By Brian Bergstein, Associated Press

AP, February 8, 2007

DOJ_NMG_0129350

The numbers behind an international child pornography bust Wednesday were themselves disturbing: Nearly 2,400 suspects from 77 countries allegedly paid to view videos depicting sexual abuse online. But the nature of Internet traffic makes it sadly unsurprising that people would figure they could hide so much hideous material.

Finding and stamping out such content "is needle-in-a-haystack work," said Carole Theriault, a security consultant with Sophos PLC in London.

Austrian authorities said an employee of a Vienna-based Internet file-hosting service approached his national Interior Ministry last July with word that he had noticed the pornographic material during a routine scan.

The videos showed "the worst kind of child sexual abuse," said Austrian Interior Minister Guenther Platter, citing the rape and sexual abuse of girls and boys younger than 14. At times the children could be heard screaming.

Lead investigator Harald Gremel said the videos were online for at most a day before they were discovered. The Austrian Internet service employee blocked access to the videos while recording the computer addresses of people who tried to download the material, and gave the details to authorities.

Within 24 hours, investigators recorded more than 8,000 hits from 2,361 computer addresses in 77 countries around the world, including the United States, according to Gremel.

In another sign of the ring's international tentacles, Gremel said investigators believe the videos were shot in Eastern Europe and uploaded to the Web from Britain. A link to the videos was posted on a Russian Web site, which is no longer in operation, and hosted on a server in Austria. Some of the material was free, but the Russian site charged $89 for access for a "members only" section, Gremel said.

Why did finding this take what would seem a lucky break by network administrator? Because everything traversing the borderless Internet looks the same while in transit. Whether it's a mundane e-mail or videos as insidious as this, all traffic gets splintered into packets of data that don't identify what they contain.

Consequently, unless a nefarious Web site advertises itself with spam e-mails or shuttles an inordinate amount of traffic, several factors can conspire to keep it in the shadows.

For example, Theriault noted that the perpetrators could send footage over peer-to-peer networks or computers that had been surreptitiously co-opted by Internet worms.

"You could have this stuff on innocent machines and the owner wouldn't even know it," Theriault said. "It can get ugly and complicated, absolutely."

Search engines and other analytical programs regularly "crawl" the Web to capture what lurks out there, but generally they are in search of text. One cloaking mechanism – often seen in spam – is for a site to put salacious keywords inside images, out of the reach of text-based scans.

Even the fact that viewers had to pay $89 for some material would not necessarily increase the chances of detection.

While the major credit card carriers have programs to verify the validity of merchants in their networks, dozens of Internet payment processors use other methods to discreetly ferry money around, said Mike Petitti, senior vice president of marketing at AmbironTrustWave Inc., a data-security company. One way involves automated check-clearing services that route money from checking accounts and avoid the credit card networks, he said.

"There are a number of payment processors out there that have a 'Don't look and don't ask' policy," Petitti said.

Because cases like this are not uncommon – in 2003, German investigators said they broke up child-porn rings that involved 26,500 suspect Internet users around the world – industry and governments have proposed prevention methods.

In fact, on Wednesday, a bipartisan group of senators and congressmen introduced revised legislation that would require Internet companies to do more to report child pornography discovered on their networks. Attorney General Alberto Gonzales has chided the industry for not being more aggressive on the subject, and last year called on Internet companies to lengthen the time they hold onto logs of their customers' Internet use.

Those comments churned up civil liberties concerns. But five top Internet companies did announce last June that they would be compiling a database of child-porn images and developing other tools making it easier for network managers and law enforcement to detect such material.

Hingham Man Arrested By Federal Agents (HINGJ)

By Mary Ford

Hingham (MA) Journal, February 8, 2007

Philip W. Herzberg, 50, of 243 South St., was arrested in Hingham last Thursday (Feb. 1) on federal charges of receipt and possession of child pornography, the U.S. Attorney's office said.

Herzberg was one of three Massachusetts men who were the latest to be charged in a Immigration and Customs Enforcement (ICE) nationwide investigation dubbed "Operation Emissary" targeting a Web site based in New Jersey that offers images and movies of hardcore child pornography.

Herzberg, who was arrested at the Hingham Police Department, is charged with six counts of receipt of child pornography and one count of possession of child pornography.

If convicted, Herzberg could face a minimum of five years in prison for each charge of receipt of child pornography and a maximum of 10 years in prison for possession of child pornography.

Federal agents had been monitoring Herzberg and others over the Internet for three months at the end of 2005 and 2006. In October 2006, more than 125 people in 22 states were arrested in the first wave of a nationwide sweep.

Lt. Michael Peraino, who is spokesman for the Hingham Police Department, said Hingham police assisted federal agents last September in executing a search warrant at Herzberg's home. They seized Herzberg's computers as a result of the federal investigation.

"Specials conducted a forensic examination of the computers," Peraino said. "Evidence taken from the computers was presented to a Grand Jury on Jan. 7 and then on Jan. 31, the Grand Jury indicted him on those counts."

Details contained in the indictment are allegations. Herzberg is presumed to be innocent until proven guilty beyond a reasonable doubt in a court of law, the U.S Attorney's office said.

The indictment alleges Herzberg received visual depictions of minors engaged in sexually explicit conduct in violation of federal law. It also alleges that Herzberg knowingly possessed child pornography that he had downloaded on his computer.

Peraino said federal agents notified Hingham police that they would be coming to arrest Herzberg and requested assistance.

At 9:30 a.m. last Thursday, police called Herzberg and told him to come to the station regarding a gun permit.

"He came down to the station where he was met by detectives Robert Mansfield and David Galvin and two federal special agents," he said.

Peraino explained that during the search of his home last September, police found a fully loaded gun with no trigger lock; it was also not secured in a locked container. He said Chief Steven Carlson was notified that the gun was unsecured and Herzberg's license was immediately revoked. Subsequently police went back to the scene and removed all firearms from the house.

"He voluntarily gave up the weapons," Peraino said.

According to a press release from the U.S. Attorney's Office in Boston, Herzberg and two Methuen men, Matthew Wilson, 28, and Donald Banker, 64, allegedly purchased subscriptions to the child pornography Web site. A forensic examination of the computers and equipment revealed that they each allegedly possessed and/or received child pornography in interstate commerce.

Operation Emissary, which was initiated by ICE in New Jersey, focused on a commercial Web site offering access to videos and images of hardcore child pornography. The Web site alerted would-be subscribers that subscribing was illegal and warned them to be discreet about their purchase. Investigators targeted individuals who subscribed to the Web site over two to three months at the end of 2005 and 2006.

Peraino said federal agents transported Herzberg from Hingham to the Joseph A. Moakley Federal Building in Boston. He is still in custody of the U.S. Marshall's Service pending a detention hearing Monday (Feb. 12). Herzberg's lawyer could not be reached for comment. The case is being brought as part of Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse. Led by the U.S. Attorneys' Offices, Project Safe Childhood marshals federal, state and local resources to better locate, apprehend and prosecute individuals who exploit children via the Internet, as well as identify and rescue victims.

Delay Likely In Cunningham's Co-conspirator's Hearing (NCT)

By William Finn Bennett, Staff Writer

North County (CA) Times, February 8, 2007

NORTH COUNTY -- The sentencing of Randy Cunningham's co-conspirator, Mitchell Wade, will likely be delayed again, as the former defense contractor continues to cooperate with federal prosecutors in the ongoing investigation into the Cunningham bribery case, a spokesman for the U.S. attorney's office in Washington said Wednesday.

News of the possible delay came on the same day that a separate tentacle developed in the case that forced Cunningham to resign his longtime seat in Congress.

On Wednesday, U.S. Rep. Rahm Emanuel, D-Ill., wrote a letter to U.S. Attorney General Alberto Gonzales, urging him to name U.S. Attorney Carol Lam as outside counsel in the Cunningham case. Earlier this year, Gonzales asked Lam to resign from her appointed post, effective Feb. 15.

Lam's office was responsible for the successful investigation of Cunningham that led to his pleading guilty late last year to bribery and tax evasion. Lam's prosecutors also continue to investigate the former 50th District representative's co-conspirators.

Wade pleaded guilty in February 2006 to having bribed the now-imprisoned Cunningham with more than $1 million in a scheme to enrich himself through lucrative defense contracts. Wade faces up to 11 years in prison and remains free pending sentencing. He could have gotten up to 20 years, if not for a plea deal in which he promised to cooperate with prosecutors in their ongoing investigation.

In August, the U.S. attorney's office in Washington announced that it was postponing the presentencing hearing until early 2007 due to Wade's ongoing cooperation. And on Wednesday, Washington spokesman Channing Phillips said the hearing is likely to be put off for another six months, for the same reason.

"If he's going to get the full benefit of his cooperation, it makes no sense (to sentence him) before his cooperation ends," Phillips said in a Wednesday phone interview from his Washington office.

He said defense counsel and prosecutors generally work with the judge to negotiate decisions on whether to postpone a sentencing hearing.

Recent news stories reported that federal prosecutors are close to asking a San Diego federal grand jury to issue indictments against three other alleged co-conspirators in the Cunningham bribery case: Poway businessman and defense contractor Brent Wilkes; New York businessman Thomas Kontogiannis; and Kontogiannis nephew, John T. Michael.

When asked if Wade, who lives in the Washington area, has testified before the same San Diego grand jury, a source with intimate knowledge of the proceedings would only say he knew that Wade was in San Diego in early January. Grand jury investigations are secret.

Neither the Bush administration nor Gonzales have stated why Lam was asked to step down. On Wednesday, the Copley News Service reported that Lam had been targeted by members of Congress unhappy with the way she handled immigration enforcement cases.

In his letter to Gonzales, Emanuel implies that there may be more to the story of Lam's exit than illegal immigrants. In his letter, he reminded Gonzales that Lam was in the process of investigating whether or not the corruption involved other members of Congress or lobbyists, as well as current and former members of the national security apparatus.

"It is for this reason that the timing of her dismissal raises serious and troubling questions," Emanuel wrote.

"In fact, special agent in charge Dan Dzwilewski -- the FBI's top official for San Diego -- said, 'I guarantee politics is involved,' " Emanuel states in his letter to Gonzales.

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ID Theft Tops Consumer Complaints In 2006, FTC Annual Report Says (AP)

By CHRISTOPHER S. RUGABER

AP, February 8, 2007

WASHINGTON - Consumers reported over 670,000 cases of fraud and identity theft in 2006 that cost them $1.2 billion in losses, the Federal Trade Commission said in its annual report Wednesday.

For the seventh straight year, ID theft was the most common complaint, the FTC said, accounting for 36 percent, or 246,035, of the complaints.

ID theft complaints have leveled off after a steep increase earlier this decade. The number of ID theft complaints jumped from almost 162,000 in 2002 to a record 246,882 in 2004, slightly higher than last year's number, the agency said.

Credit card fraud was the most common form of identity theft, the FTC said, making up 25 percent of the complaints, followed by phone or utilities fraud and bank fraud.

At least some of the credit card fraud came from data breaches at companies that track consumer information. ChoicePoint Inc., for example, which provides credit information and other consumer data to insurance and finance companies, agreed in January 2006 to pay the FTC a $15 million penalty to settle charges that its security procedures violated consumers' privacy rights after thieves infiltrated the company's massive database.

And TJX Cos., the parent company of retailers T.J. Maxx, Marshalls, and other stores, said Jan. 17 that hackers had broken into a computer system that handles its credit and debit card transactions. Credit card companies have told customers to watch for suspicious activity in the wake of the breach.

After identity theft, shop-at-home and catalog frauds were the second-leading cause of complaint, accounting for 7 percent or almost 47,000 complaints in 2006, followed by fraud in prizes, sweepstakes and lotteries, which made up 7 percent of complaints.

The next most common were Internet services and computer complaints, which accounted for 6 percent of the total, and 5 percent of complaints came from frauds at Internet auction Web sites, such as the popular one run by eBay Inc.

The amount lost in consumer frauds has increased steeply in recent years, jumping from $569 million in 2004 to $1.2 billion in 2006, the agency said.

The average loss reported was $3,257, the report said. And 184 consumers reported losing $1 million or more in 2006, the agency said.

The metropolitan areas with the highest rates of consumer fraud complaints in 2006 are Greeley, Colo.; Albany-Lebanon, Ore; and Napa, Calif.

Napa also experienced the highest rate of identity theft, the report said, followed by Madera Calif., and McAllen-Edinburg-Mission, Texas.

The FTC said it received 5,860 fraud complaints and 2,872 identity theft complaints from Minnesota consumers last year, ranking the state 33rd in ID-theft complaints per 100,000 people. The top fraud complaints for Minnesota involved prizes, sweepstakes and lotteries, which accounted for 12 percent of the state's total, followed by shop-at-home and catalog frauds at 10 percent, Internet services and computer complaints at 9 percent, Internet auctions at 9 percent and foreign money offers at 5 percent.

The annual report is based on data collected by the FTC and over 115 other organizations, including law enforcement agencies, such as the FBI, and private groups such as the Better Business Bureau.

It's Just What The Doctor Ordered: Paid Advice For The Prison-bound (SDUT)

By Elizabeth Fitzsimons, Staff Writer

The San Diego Union-Tribune, February 8, 2007

The client wore a $95 navy Burberry shirt tucked into jeans held up by a grosgrain ribbon belt, and blue socks with black penny loafers. He was freshly shaven, and his short, brown hair was shiny and stiff from the gel that held it in place.

In five days, he was going to prison.

He offered the men across the table a cup of coffee. Then he carried his oversized wallet to Starbucks and returned with a large cup and a muffin, which sat uneaten until an uncomfortable silence during their visit grew intolerable and peeling away its wrapper provided him with a diversion.

“How many fights you been in?” asked the man in the Chargers beanie, leaning forward. He wore sunglasses, though he was indoors and it was a rainy day.

“I'm not a fighter,” the client said. “I have a big mouth, but I'm not a fighter. I'm afraid to fight.”

The two men sat with that for a moment. But then they asked again. And they pressed their client, driving him into a corner until he admitted a misdemeanor conviction for spitting in a cop's face and an arrest for “going after” a co-worker.

And there was a lesson learned: In prison, the men said, always answer a question truthfully the first time. The client nodded his understanding.

Convicted of wire fraud and tax evasion, the client had been sentenced to 10 months in federal prison. He had only ever spent a few hours in jail.

That was why he had paid hundreds of dollars and come here, to a noisy food court in an East County shopping center, for advice from Dr. Prison.

Dr. Prison is a consulting business, based in La Mesa and run by a San Diego man, that coaches men and women who are about to serve sentences in jail or prison. Dr. Prison teaches them how to talk, how to carry themselves, how to make allies and how to avoid making enemies. Really, how to survive.

“Dr. Prison's mission is to help you avoid being physically hurt, extorted, or possibly killed in prison,” the business says on its Web site, www.drprison.com.

“Just because you didn't know you shouldn't walk into another person's open cell because you didn't ask permission doesn't mean you should get the crap beaten out of you,” said Steve Scholl, who started Dr. Prison about two years ago.

Scholl has never been to prison, but he works with 10 on-call ex-convicts. He carefully selects the right ones to match the client's background and crime. Each client – he sees about two a month – is charged a fee based on the amount of time and attention they need.

“They will always have directly across the table from them someone who has served time,” Scholl said.

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Advice for families Rates start with the phone/e-mail package, at $275 for jail preparation and $375 for prison. The personal visit package runs $375 for jail, $575 for prison, with the client paying for travel expenses; and the video teleconference deal costs $900 for jail and $1,200 for prison.

Dr. Prison also works with families of convicts, advising them how to best support their loved ones as they deal with the sentence from their side of the bars. This month, Scholl and his consultants will start hosting a national, online radio talk show Saturday nights on www.wsRadio.com. Listeners can call in for advice.

Scholl and his consultants usually meet their clients in a public place, the noisier and busier, the better. They want the client to be distracted, agitated. They want to mimic the stressful environment in prison, to tease out any weaknesses that might attract unwanted attention.

Clients contact Dr. Prison on the advice of their lawyers or bail bondsmen.

“They're generally middle-class people, people like you and me, people with $400 in their pocket,” Scholl said.

They aren't gang members, and certainly aren't people who have been in prison before.

“We are trying to help the person who probably is most vulnerable,” Scholl said.

A few years ago, Scholl was talking with a friend who had been released from prison.

“He was telling me stories about how things work in there, what you should and shouldn't do. I thought: this is valuable information,” Scholl said.

“It's a pretty fearful thing to think, 'My gosh, I'm going to go to prison.' Most of the stories you hear, they're true. And I thought, I'd pay someone to clue me in.”

Aura of science Based on interviews he conducted with released convicts, Scholl says a person who doesn't know how to act in prison has a 25 percent to 30 percent chance of getting killed; a 10 percent to 15 percent chance of being raped; a 30 percent to 40 percent chance of getting stabbed; and an 80 percent to 90 percent chance of getting beaten.

The numbers are hardly scientific.

“He plants the fear in people, if they didn't already have it, that something terrible is going to happen to them in prison,” said Paul Sutton, a professor of criminal justice at San Diego State University.

The percentages give the aura of science, Sutton said. But they're nonsense.

“The advice isn't necessarily nonsense,” Sutton said.

Although Dr. Prison may be preying on people's fears, and implying that the politics of maximum-security prisons apply to all levels of facilities, Sutton said the business does provide some sound advice.

“This kind of information, or at least useful survival information, needs to get to people somehow, and the prisons don't provide it,” Sutton said.

Upon entering prison, inmates are given a handbook that lays out the rules and punishments for infractions.

“It's important stuff, but it doesn't tell you how to survive or tell you how to get along,” Sutton said.

He recalled a visit with his students to a state prison, where the guards stopped in the yard and told the group how each public phone belonged to a certain race, and using the wrong phone would result in a beating from other inmates.

Sutton asked the guard whether they shared that tip with new inmates. The guard said no. It was up to the inmates to learn for themselves.

Scholl's goal is to give his clients a head start.

Recently, when he met with the client going to federal prison, he called in his consultant Tom, who served nearly two years for drug convictions.

Tom, in his beanie and sunglasses and gray Vandyke beard, frowned and stared at the client. Tom, an addiction counselor, asked that his last name not be used. The client's name was not given because he feared for his safety in prison. Scholl, in a Hawaiian shirt, read from an assessment questionnaire.

“I hate the cliché, but it's a good cop, bad cop thing,” Scholl said before the meeting.

Be straightforward In this meeting, the client kept fudging the truth. When Tom asked how long he had been sober, the client said 15 years, then backtracked. Well, it actually was five years, then five and another five, because he had a few lapses.

The men stared at their client. Wouldn't let the matter drop.

“Any inconsistencies, any hesitating, means something to a greater degree,” Scholl told him later.

Rather than blurting out something that isn't true, take a moment and think. Then answer truthfully, Scholl said. But don't give too much detail.

“Specific things are better than nothing because nothing means you're hiding things,” Scholl said. “Be more straightforward. Answer in straightforward generalities.”

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Later, they were reassuring. Tom encouraged the client to stick with his drug addiction recovery, and to make plans for his release.

"I think you will do well and one of the reasons is because you're a smart guy," Scholl told him.

"I thought you guys hated me," the client said. No, the men said. They were just trying to help him.

After the client shook their hands, thanked them and walked off, Tom pulled off his beanie and removed his sunglasses.

He had gray, receding hair and a kind, gently lined face. Going to prison could be a positive experience, he said. Like it was for him.

"It changed my life."

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CIVIL LAW:

Air Traffic Controller Blamed In Radio Star's Crash (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, February 8, 2007

An aviation consultant testified Wednesday that an air-traffic controller's negligence led to the midair collision near Waukegan that killed radio star Bob Collins and two other people in 2000.

"There were a multitude of things he did wrong," Richard P. Burgess, who spent 32 years at the Federal Aviation Administration, testified at a federal trial into the cause of the crash.

Burgess, hired by lawyers for Collins' widow, also said that a 1997 midair collision at Chicago's Meigs Field that killed seven people was "a wake-up call" that should have prompted the FAA to install radar at the Waukegan Regional Airport in addition to installing it at Meigs.

The Waukegan airfield was busier than Meigs, yet only Meigs was equipped with radar after the midair collision at the lakefront airport, according to testimony.

Radar was installed at the Waukegan field five months after the crash killed Collins, his passenger, Herman Luscher, and student pilot Sharon Hock in the other plane.

In testimony Tuesday, Gregory Fowler, the air-traffic controller in question, admitted he had no idea of the precise location of Hock's Cessna when he instructed her to turn toward the Waukegan airport.

Less than two minutes later, Collins' Moravan Z242L rear-ended the Cessna 172P. Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, and Hock's plane plummeted to a Zion street.

Lawyers for the victims have sued the U.S. government, contending that the FAA was responsible for the crash even though a private company operated the Waukegan tower. U.S. District Judge John Darrah is to decide the case.

Burgess testified that Fowler erred when he issued certain directives to the two pilots, including clearing Collins to land, even though he had neither plane in sight.

The sky was hazy, making visibility difficult on Feb. 8, 2000.

Burgess also faulted Fowler for not requesting additional reports from the pilots on their positions.

Moments before instructing Hock to turn toward the airfield, which is located near Lake Michigan, Fowler had asked if she had passed the shoreline. "Gettin' there," she replied. On the witness stand Tuesday, Fowler admitted he should have followed up to obtain a more precise location.

On cross-examination of Burgess, Jill Dahlmann Rosa, a Justice Department lawyer, suggested he had a vendetta against the FAA after he had been suspended and reassigned to a nonsupervisory position late in his career. Burgess denied any hard feelings.

Rosa also contended that in the last four years Burgess had found 32 air-traffic controllers at fault in 18 lawsuits in which he testified.

In other testimony Wednesday, Dr. Frank Weschler, Collins' physician, who briefly examined him the day before the fatal crash, said he didn't believe Collins' vision or cognitive abilities were impaired by his diabetes.

In opening statements Monday, the government contended that Collins caused the collision by misreporting his position to the tower and argued that diabetes impaired his ability to see and react.

Also Wednesday, media lawyer Joel Weisman, testifying as an expert, estimated that Collins, Chicago's top-ranked morning-radio personality, might have earned as much as $14 million from his next five-year contract and signing bonus if he had

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survived. At the time of his death, Collins was in the first year of a five-year contract that paid him about $9.5 million, bonus included.

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CIVIL RIGHTS:

LPD Beard Report Due Out Today (LN&A)

By Aaron Lee

Lynchburg (VA) News & Advance, February 8, 2007

Two more investigations into the death of Clarence Lightfoot Beard Jr. are complete and the findings will be released at a news conference today.

Beard, a 46-year-old Lynchburg man, died in police custody last year after a struggle with two Lynchburg police officers.

Today's findings come a little more than three weeks after Lynchburg's top prosecutor said he would not bring criminal charges against officers Michael Eagle and Michael Huntsman.

Commonwealth's Attorney Mike Doucette's findings were based on a Virginia State Police investigation. His report focused on whether or not the officers committed a criminal act.

Today's report is based on two internal investigations begun and almost immediately shelved by the Lynchburg Police Department after the state police started its outside investigation.

Lynchburg police have said they would release their findings once the state police inquiry wrapped up.

One of the Lynchburg Police Department's investigations is looking into whether the officers acted legally during their encounter with Beard, while the other is to determine whether they followed department policy.

Eagle and Huntsman have been on administrative leave since September.

Beard was in his James Crossing apartment around 3 a.m. Sept. 24 when the officers knocked on his door looking for a wanted woman.

Beard, who had no criminal record, was likely arguing with his fiancée, Roxanne Brown, when Huntsman and Eagle arrived, Doucette said in his 34-page report.

The officers had heard arguing in the apartment before they knocked on the door and asked Beard if they could search the apartment. Beard said they could, the report said.

After that, the report said, Beard used his forearm to strike one of the officers.

After using pepper spray to subdue him, the officers hauled Beard out of the apartment and laid him on the sidewalk outside, the report said. A short time later an officer noticed Beard had stopped breathing. He was pronounced dead at Lynchburg General Hospital a short time later.

A state medical examiner's report showed Beard was suffering from advanced coronary artery disease and that there were no drugs in his system when he died.

Civil rights activists have called for the U.S. Justice Department to investigate the incident. Subscribe to the Newspaper

Atlanta Cops Said To Face Murder Charges (AP)

AP, February 8, 2007

ATLANTA (AP) -- Prosecutors intend to seek murder charges against three Atlanta police officers involved in the shooting death of a 92-year-old woman in her home, according to a letter sent to an attorney for one of the officers.

Fulton County District Attorney Paul Howard sent a letter that said he will ask a grand jury on Feb. 26 to deliver a murder indictment against officers Gregg Junnier, J.R. Smith and Arthur Tesler, said Rand Csehy, Junnier's attorney.

Kathryn Johnston died and three officers were wounded in the Nov. 21 shootout when police used a no-knock warrant to search for drugs in Johnston's northwest Atlanta home.

When officers entered her home without first announcing their presence, police say Johnston fired a handgun and officers returned fire, killing her. An autopsy concluded she was shot five or six times.

Narcotics officers said an informant had claimed there was cocaine in the home, but none was found.

A copy of the letter obtained by The Associated Press said that prosecutors would ask the grand jury to indict Junnier on charges of felony murder, as well as counts of violation of oath, burglary, criminal solicitation, aggravated assault and false imprisonment.

"I expect an acquittal across the board," Csehy said. "I don't think there's any evidence supporting any of these charges."

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A spokeswoman for Howard declined to comment on the letter.

A spokesman for the U.S. Attorney's Office, Patrick Crosby, said his office and the FBI have not been contacted by Howard's office "regarding the issuance of such notices."

John Garland, an attorney for Smith, declined to comment on the letter, while William McKenney, an attorney for Tesler, did not immediately return several calls to his office seeking comment.

Junnier, 40, was hit in the leg, the face and his bulletproof vest in the shootout. Two other officers also suffered bullet wounds, one in the leg and one in the arm.

The shooting has brought renewed scrutiny to the police use of no-knock warrants, with which officers are allowed to raid homes where criminal activity is suspected without first announcing their presence.

Civil rights leaders, including the NAACP, have called on politicians and judges to restrict how often and how easily the warrants are issued, and for cities like Atlanta to create citizen review boards to oversee police actions.

Atlanta Officers To Face Murder Indictment Fulton DA Seeks Charges In Shooting Of Elderly Woman In Her Home (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 7, 2007

Fulton County District Attorney Paul Howard will seek criminal charges, including felony murder, against three Atlanta narcotics officers involved in a botched drug raid that resulted in the shooting death of an elderly woman, according to a proposed indictment.

The proposed indictment drawn up by the prosecutor's office names officers Gregg Junnier, Jason R. Smith and Arthur Tesler. Howard accuses them of felony murder, aggravated assault, false imprisonment, burglary, making false statements and violation of oath.

Defense attorney Rand Csehy, who is representing Junnier, said he received an e-mail from Howard's office Wednesday including the proposed indictment and saying the prosecutor would go before a grand jury Feb. 26 to seek charges against his client.

Those three officers were involved in securing a search warrant on Nov. 21 for the home of Kathryn Johnston. Shortly before the raid, Smith told a magistrate he and Tesler had a confidential informant buy $50 worth of crack at 933 Neal Street from a man named "Sam."

But, according to the proposed indictment, no informant went to the house.

Smith's attorney had no comment on the matter, and Tesler's could not be reached.

Eight officers were put on administrative leave after the shooting. The incident prompted an investigation that has included state and federal authorities.

Csehy responded angrily to the threat of an indictment against his client, saying, "It's an overbroad indictment."

He complained Howard's office acted prematurely without consulting with the FBI, which is still investigating.

"Paul Howard is no longer part of a joint investigation," Csehy said. Patrick Crosby, spokesman for the U.S. attorney's office, said Howard had not informed his office about plans to seek indictments.

FBI spokesman Stephen Emmett said, "We did not know this was taking place prior. The FBI has been charged with leading this investigation. And to date, this investigation has not been completed."

Csehy conceded his client may have made mistakes, but he said Junnier didn't commit murder. "There was no malfeasance here. It was sloppy police work," Csehy said. "It was cutting corners."

Lyn Vaughn, spokeswoman for Howard, said the district attorney would not comment on the prospect of seeking indictments. However, Howard expressed outrage over the shooting in a letter this week to Markel Hutchins, spokesman for the Johnston family.

"The death of Mrs. Johnston constitutes one of the greatest tragedies ever to occur in Fulton County," Howard wrote. "I will not rest until every person responsible for her death is held accountable. ...

"When homicides occur in Fulton County, whether committed by a civilian or a law enforcement official, it is the obligation of the District Attorney's Office to take the appropriate legal actions."

On Nov. 21, narcotics officers went to Johnston's home in northwest Atlanta to execute a "no knock" search warrant. Johnston was killed and three officers were injured in an ensuing shootout.

No-knock warrants are frequently issued so police can get inside before suspects can dispose of drugs.

Her friends and family members contended Johnston, who kept the gun for her protection, was a feeble and frightened woman who rarely ventured outside after dark. Her family says she was 92, while authorities say she was 88.

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Hearing her door being kicked in, the elderly woman fired on the officers. Officers Gary Smith, Cary Bond and Junnier were wounded by either "friendly fire" shrapnel or by Johnston. No cocaine was found in her house.

Junnier later told federal investigators that officers had lied to a magistrate judge about sending a confidential informant to Johnston's house to purchase drugs in order to get the warrant.

And, if the warrant to enter Johnston's home was based on deceit, all actions that occurred after police broke down the door could be considered criminal, legal experts said.

Junnier and Smith allegedly tried to cover up the botched raid by trying to persuade Alex White, a confidential informant they had previously used, to lie to investigators, according to proposed indictment. White came forward shortly after the shooting to say officers told him to lie and say he purchased crack cocaine at the home.

Police apparently were led to the house that day by an alleged small-time dealer who was arrested nearby on drug charges.

According to a report by Tesler, the suspect "wanted to take us to a house that had a kilo of cocaine. [He] directed us to 933 Neal Street N.W. where a buy of crack cocaine was later made and a search warrant drawn up for that location."

Atlanta police Sgt. Scott Kreher, president of the International Brotherhood of Police Officers, called reports that prosecutors would seek indictments against the officers "sad."

"I think any time law enforcement officer is accused of a crime, we all sit back and wonder what went wrong and look within ourselves in what we do day to day," Kreher said. "Hopefully, if it's presented to a grand jury and there isn't enough evidence, they will send back a no bill."

Johnston's family was angry that Howard was bringing the case to the grand jury, spokesman Hutchins said.

"The family of Kathryn Johnston is extremely unhappy and disappointed with today's turn of events. Mr. Howard's move today of pressing charges would effectively limit the scope of and the potential charges of a federal investigation, and borders on tampering with a federal investigation."

Staff writers Rhonda Cook, Ernie Suggs, Bill Rankin and Jeffry Scott contributed to this article.

Fulton D.A. To Seek Murder Charges (WXIA)

WXIA-TV,, February 7, 2007

The Fulton County District Attorney will seek murder charges against the three Atlanta police officers involved in the shooting death of 92-year-old Kathryn Johnston.

D.A. Paul Howard said he will take the case to a Grand Jury later this month.

The D.A. has told the officers' attorneys that he plans to take the case to a Grand Jury on February 26.

An attorney for Officer Gregg Junnier said the charges the D.A. plans to take to the jury include felony murder, aggravated assault, false imprisonment, burglary, and other charges.

Kathryn Johnston was shot and killed inside her Neal Street home in northwest Atlanta when narcotics officers tried to serve a no-knock search warrant. Johnston, armed with a handgun, thought the officers were intruders and in an exchange of multiple gunshots, she was killed.

Monday, at the Fulton County Courthouse, Rev. Markel Hutchins -- a spokesperson for Johnston's family -- asked Howard to recuse himself from the investigation.

In a terse letter, Howard refused.

Hutchins said the case is more far reaching that the state can go. He said Johnston's death can only receive justice from the federal civil rights division.

"This case has been solved," Hutchins said. "The case was not solved by local authorities. If we had relied merely on local authorities, we would still not know the truth. This family would still be hurting without any answers."

Hutchins was instrumental in getting the FBI involved in the investigation. It was originally a joint one, including the FBI, the U.S. Attorney's office, the GBI and the Fulton County District Attorney's Office. But it is clear that there is a rift between the federal investigation and the D.A.

Patrick Crosby, a spokesperson for U.S. Attorney David Nahmias said, "The U.S. Attorneys Office and the FBI have not been contacted by the district attorney regarding the issuance of such notices."

D.A. To Seek Indictments Against Officers (WSB)

WSB-TV,, February 7, 2007

ATLANTA -- Fulton County District Attorney Paul Howard plans to ask a grand jury to consider murder charges against three Atlanta police officers.

The big news is not only the notice of the indictment itself, but also an FBI action indicated to Channel 2's Mark Winne that the action by the Fulton County D.A.'s Office came without any notice to either the FBI or U.S. Attorney's Office. The official suggested the FBI investigation has not been completed and the FBI had not been notified of what he indicated was a unilateral action taken by the District Attorney.

Dramatic new developments relating to the November shooting on Neal Street -- Rand Csehy, attorney for retired Atlanta police officer, Greg Junnier, says Junnier has been notified that Fulton County D.A. Paul Howard will present a proposed indictment of Junnier and two other Atlanta police officers to a grand jury on February 26 in connection with the shooting of 92-year-old Kathryn Johnston during a drug raid in November.

Csehy says the proposed indictment is 17 counts -- 10 of them applying only to his client.

He says the most serious charge is felony murder against all three.

He says Junnier staunchly maintains his innocence. He said, "This is an overbroad and premature indictment." He is extremely disappointed but not surprised Paul Howard broke with the joint investigation and is apparently no longer cooperating with the federal government in this investigation.

The Rev. Markel Hutchins say as spokesman for the family of Kathryn Johnston, he has twice spoken with U.S. Attorney Dave Nahmias and FBI Special Agent in Charge Greg Jones and other federal authorities in face to face meetings. He says Ms. Johnston's niece, Sara Dozier, and others also attended one of the meetings.

He says federal authorities briefed him and Ms. Dozier. In the end, Hutchins says he and Ms. Dozier expressed their desire federal authorities handle prosecution of issues arising from the fatal shooting of Ms. Johnston in an encounter with Atlanta Police in November if charges are brought.

A statement from the U.S. Attorney's Office was released Wednesday evening. The spokesman told Channel 2, "The U.S. Attorney and the FBI have not been contacted by the District Attorney regarding the issuance of such notices.

Channel 2 has been unable to reach D.A. Paul Howard for comment.

D.A. Paul Howard, in a letter to Markel Hutchins, said the death of Mrs. Johnston constitutes one of the greatest tragedies ever to occur in Fulton County.

Nashville Makes English Its Official Language (AP)

AP, February 8, 2007

NASHVILLE, TENN. — Nashville's city council has voted to adopt English as its official language, following similar moves by several smaller cities around the country.

After months of debate, the city's Metro Council voted 23-14 on Tuesday to approve the measure requiring all government communications to be in English, except when multilingual communications are required by federal rules or are needed "to protect or promote public health, safety or welfare."

The exceptions were added after the city attorney contended that the bill's original language was unconstitutional. Some supporters and opponents of the measure said the exceptions mean the law would have little effect on city business.

The measure moves on to Nashville Mayor Bill Purcell, who hadn't said by today whether he will sign it, veto it or allow it to pass into law without his signature.

Bill sponsor Councilman Eric Crafton and his supporters said the change offers an incentive for immigrants to learn English.

"This bill says we'll simply do the governmental business in English," Crafton said. "If we shouldn't do it in English, I'd like for somebody else to stand up and tell us what language we should conduct our business in."

Opponents contend the new law would hurt the image of Nashville, which bills itself as "Music City USA."

"From our perspective, the job just got a little tougher to prove to the world that Nashville is the inclusive city it is," said Ralph Schulz, president of the Nashville Area Chamber of Commerce.

Nashville, a city of more than 600,000, is home to the nation's largest Kurdish community and has been a resettlement site for refugees from Africa and Southeast Asia. The Hispanic immigrant population also has boomed, and researchers say Nashville's foreign-born population has grown 350 percent since 1990.

Gregg Ramos, a Nashville attorney and first-generation American who opposed the measure, said Nashville is the largest city and the only state capital to pass such a law.

Smaller communities including Pahrump, Nev.; Taneytown, Md.; the Dallas suburb of Farmers Branch and the Atlanta suburb of Cherokee County all recently passed similar laws or resolutions.

Twenty-eight states have adopted English as their official language, including Arizona, where voters approved a law last year, according to U.S. English Inc., a Washington-based advocacy group.

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The U.S. Senate's version of last year's failed immigration bill would have made English the national language, but U.S. Attorney General Alberto Gonzales said the measure would have been purely symbolic.

Nvidia Faces Age Discrimination Suit From Former GC (LAW)

By Jessie Seyfer, The Recorder

California Recorder, February 8, 2007

Stephen Pettigrew built Nvidia Corp.'s legal department from a one-man-show -- himself -- into a full-fledged public-company team.

But when he got too old, executives demoted and fired him. That's what Pettigrew, who was 64 when he left Nvidia, alleges in an age discrimination lawsuit filed last month against the Santa Clara, Calif., graphics-chip company.

Pettigrew also accuses the company of retaliating because he voiced his concern that one of the company's top executives may have committed sexual harassment and gender discrimination.

"Steve Pettigrew is an outstanding attorney who served this company loyally and very skillfully, and he didn't deserve this," said his attorney, Allen Ruby of San Jose's Ruby & Schofield.

A Nvidia spokeswoman declined to comment on the ongoing litigation as a matter of policy.

The suit is the latest legal shadow cast on the company, which remains the subject of a Securities and Exchange Commission probe into stock-option backdating as well as a Department of Justice antitrust investigation. The DOJ probe is looking into whether the company monopolized the market for two kinds of graphics products.

In a Nov. 29 SEC filing, the company conceded that it deliberately backdated a number of stock option grants, mostly in 2000, 2001 and 2002. Nvidia stated that its previously undocumented expenses from stock options amounted to $199.6 million.

In his lawsuit, Pettigrew says he was Nvidia's acting general counsel from 1999 until the summer of 2002 when he was replaced by David Shannon. At that time, Pettigrew became the company's director of litigation and risk management until his firing in June, according to the suit.

Ruby declined to comment on whether Pettigrew was involved in backdating. "I have nothing to say about stock options," he said.

Pettigrew has undergraduate and graduate degrees in electrical engineering from Columbia University and received his J.D. from Hastings College of the Law. Before joining Nvidia, he had a long career as a business and litigation attorney and worked for several large firms, according to his complaint.

The complaint does not identify the three executives who had a hand in his firing, but it describes a string of inconsistent treatment, where he was repeatedly passed up for jobs while still receiving full bonuses and good performance reviews.

Pettigrew did not identify the executives because he is "very mindful not to disclose any materials that even arguably could be protected by attorney-client privilege," Ruby said.

In 2002 Pettigrew applied for the general counsel job, but it was awarded to Shannon. San Jose attorney William Priest Jr., a longtime friend of Pettigrew's, said Pettigrew had actually run the search for a new GC in 2002, but nonetheless "readily" accepted it when he wasn't chosen for the job.

"He was perfectly happy as patent counsel," Priest said. "He liked his job and he liked the company."

In 2005, an executive gave his work an overall positive review but said he wanted a "newer and more recent litigation skill set," the suit alleges.

Later in 2005, the same executive asked Pettigrew to take an early retirement. Pettigrew said he would take it if he could get accelerated vesting of his stock options, according to the suit. The executive allegedly told him he would get back to him.

In the meantime, Pettigrew says he told that executive that another top manager may have committed sexual harassment and gender discrimination. He also told the executive about possible wage-and-hour violations at the company, according to an affidavit Pettigrew supplied to the state Equal Employment Opportunity Commission.

In February 2006, Pettigrew received his full performance bonus, according to the suit. Later that month, the executive told Pettigrew it wouldn't be possible to accelerate his stock option vesting and asked him to retire in August. Pettigrew allegedly told him he wanted to stay.

On May 4, Pettigrew sought "emergency medical attention for severe nervous tension and anxiety as a direct result of the unlawful actions of Defendants," according to the complaint. Nvidia continued pressuring Pettigrew to sign agreements about his work schedule, and on June 26 he was fired.

Company managers also teased Pettigrew about his age up until his termination, going so far as displaying a picture of an "old codger" that resembled him at an off-site meeting attended by 200 employees, Pettigrew claims.

A case management conference has been set for June 5 before Santa Clara County Judge Kevin Murphy.

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American Civil Liberties Union Sues For Removal Of Ten Commandments From US Courthouse Steps (FINDLAW/AP)

AP, February 8, 2007

(AP) - CROSS CITY, Florida-The American Civil Liberties Union is suing to force a conservative Christian county in Florida to remove a hulking Ten Commandments monument from the courthouse steps.

The 5-foot-tall (1.50-meter-tall), 6-ton black granite monument stands in front of a building for the courthouse, the elections supervisor office, the tax collector and other public offices in Dixie County. The lawsuit filed in federal court Tuesday said the monument heaps on its religious message with the inscription "Love God and Keep His Commandments" in large capital letters at its base.

The lawsuit says the monument violates two amendments to the U.S. constitution because it is not part of a historical display and because the uniquely Christian message of the Ten Commandments on a government building could intimidate people with different religious beliefs.

The U.S. Supreme Court has ruled that religious displays are not inherently unconstitutional and must be considered on a case-by-case basis. Last year, the high court allowed the Ten Commandments to be displayed outside the Texas state Capitol but not inside two Kentucky courthouses, where the justices said the displays promoted a religious message.

The Dixie County Commission approved the monument, donated by a local businessman, in January 2006 and it was placed on the courthouse steps in November. Dixie County, a rural county where churches outnumber traffic lights, is on the Gulf Coast north of Tampa, Florida.

"Dixie County is, in effect, thumbing its nose at the Constitution by putting up this display," ACLU attorney Glenn Katon said.

Dixie County commissioners and the county attorney did not return several phone and e-mail messages left by the Associated Press on Wednesday.

"It's a great thing," Commission Chairman James Valentine told the St. Petersburg Times last month. "I believe in the Ten Commandments. I stand for it. It didn't cost the county a dime."

The suit was filed on behalf of the organization, not an individual plaintiff. The ACLU said it has "half a dozen" members in the north Florida county, but declined to name any residents who might testify in the case.

"This lawsuit is likely to be very unpopular lawsuit within Dixie County," said Florida ACLU Executive Director Howard Simon.

An initial effort to challenge the legality of the Dixie County monument fizzled because activists could not find a resident willing to sue.

The lack of an individual plaintiff may doom the case, said Brian Rooney, a spokesman for the nonprofit Thomas More Law Center, which has offered free legal aid to the Dixie County Commission. Commissioners had not yet asked the center to represent them Wednesday afternoon.

"It's interesting that they don't seem to have a plaintiff," Rooney said. "Once we get involved in the meat of the case, that's the first thing we're going to find out. Is there a case or controversy at all? That's a big hurdle for them to get past."

Wal-Mart Suit Shows Glass Ceiling Still An Issue (CSM)

By Mark Trumbull

The Christian Science Monitor, February 8, 2007

A lawsuit against America's largest employer is serving as a reminder that concerns about gender discrimination persist, despite four decades of focus on equal workplace rights.

Wal-Mart hasn't been found guilty of sex discrimination – and it may never be, in part because class-action cases on this issue are often settled out of court.

But the very fact that such a large case against the retailer has made it this far – with a federal appeals court giving the go-ahead Tuesday for a class-action lawsuit involving more than 1.5 million women – puts the issue back in the national spotlight more than at any other time in recent years.

The case revolves around wage issues – equal pay for equal work. But it also alleges that Wal-Mart shortchanged female employees on opportunities for promotion.

It's that issue – the proverbial glass ceiling – that studies find is the most intractable gender inequity in US industries today, despite the gains women have made since the equal-rights era.

"There actually has been tremendous progress.... Women are so much more visible," says Vicky Lovell of the Institute for Women's Policy Research, a nonpartisan research group in Washington. "Yet we do see [discrimination] continuing."

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The issue matters not just for women but the whole economy, because the underlying question is whether businesses are making the most productive use of the talent available. Gender discrimination represents a failure involving nearly half the workforce.

Women face a significant gap with men in promotion opportunities, according to research published last year by Cornell University economists Francine Blau and Jed DeVaro.

Their data covered 3,500 employers in four US cities. The study found that 10.6 percent of men had received promotions during a four-year period versus 7.6 percent of women – a gap of 3 percentage points.

Even after sifting out a range of possible explanations, including education, skills, and seniority, that gap narrowed a bit, but the promotion rate remained 2.2 percentage points apart.

Interestingly, this study, which drew on survey data from the 1990s, found no solid evidence that those women who were promoted got smaller pay raises than men.

But some experts say that important pay gaps remain – albeit not as wide as those that existed four decades ago.

"Comparable worth ... remains a very big question," says Ms. Lovell. She says this isn't just getting the same pay for the same job, but equalizing pay scales across different careers that are comparable in skills and other respects.

In the Wal-Mart case, the plaintiffs allege more basic concerns that the company failed to pay the same rate for women as men in the same jobs.

"I was layaway manager, getting $7.50 an hour" in Vacaville, Calif., says Patricia Surgeson, one of the plaintiffs in the lawsuit. When the company moved her to a new post in the cashier's office, her replacement made nearly twice that much, she recalled in an interview this week.

She also says Wal-Mart made it hard for her to find out about opportunities for promotion. "They would never post the [open] management position," she says. Eventually, in 2001, she left the company and worked as a manager in a clothing store.

It remains to be seen whether the details of her experience, and those of other plaintiffs, are borne out in a court of law. The Ninth Circuit Court of Appeals, which ruled 2-1 to allow the suit to go forward, said it had no position on those claims, stressing that the decision only affirmed a US district court's ruling to certify Dukes v. Wal-Mart as a class-action suit. Wal-Mart, which says it did not discriminate against its female employees, has several legal options.

But the case hints at the factors – some of them unconscious assumptions by both men and women – that makes a gender gap persist even after years of consciousness-raising and diversity workshops.

Ms. Surgeson says her bosses often assumed she wasn't interested in jobs that might require her, as a young mother, to relocate. They would say "you have a family, you can't do that," she recalls.

Some experts say the pay gap may involve factors other than overt discrimination. But many say it's in companies' interest to devote more top-level leadership to the issue.

"If we're going to be competitive, we can't afford to lose women's talent" by failing to promote them on their merit, says Sharlene Hesse-Biber, a Boston College sociologist and author of "Working Women in America: Split Dreams."

Wal-Mart says it will challenge Tuesday's ruling by asking the Ninth Circuit to rehear the case. "The panel's decision contradicts numerous decisions from the Supreme Court and the Ninth Circuit itself," attorney Theodore Boutrous Jr., Wal-Mart's lead counsel for the appeal, said in a statement. "The plaintiffs' lawyers persuaded the panel to accept a theory that would force employers to make decisions based on statistics, not merit, and would deny employers their basic due process rights."

Critics of the class-action suit also question, among other things, the unprecedented scale of this workplace gender-rights case.

"It's basically extortionist," Robin Conrad, a vice president with the US Chamber of Commerce, told the Associated Press. If it stands, she said, it likely would force Wal-Mart to settle out of court than risk losing at trial.

Most large discrimination cases are settled out of court. Home Depot settled a sex-discrimination class-action suit in 1997 for $104 million. That same year, Publix Super Markets paid $81.5 million for discriminating against female workers.

400 Years After Jamestown (WP)

By Stephanie Robinson And Cornel West

The Washington Post, February 8, 2007

To think of America in 2007, it is impossible not to consider the contributions of African Americans -- many of whom have laid the foundation for American culture, democracy, freedom and equality.

Indeed, as we approach the 400th anniversary of the Jamestown Colony, African Americans occupy a civic space that would have been unimaginable even 30 years ago.

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Jamestown is as much an idea as a place. There the promise of our founding ideals lived alongside slavery and racial domination. It is nothing short of remarkable that the sons and daughters of those who arrived in shackles now excel in the broad range of American life.

Sen. Barack Obama (D-Ill.) is poised to make a legitimate, not merely symbolic, run for the presidency. The current and most recent secretaries of state are African American. Ruth Simmons recently became the first African American president of an Ivy League university. Last weekend, for the first time in NFL history, an African American coach earned a Super Bowl title. When many of these luminaries were born, African Americans could not use the same bathrooms as whites, let alone participate in civil society as equals.

Amid the celebrations commemorating the Jamestown anniversary, thousands of African Americans will convene in Hampton this weekend for the annual State of the Black Union. While the stage will be populated by the extraordinarily successful, the purpose of the State of the Black Union is to not only showcase our success but also to discuss the staggering numbers of African American citizens in poverty, those who are incarcerated, undereducated, underemployed and otherwise outside the reach of the American Dream.

But, while the factors that conspire to create subcommunities characterized by unemployment and marginal literacy are debated often, and with vigor, rarely do we discuss the factors that led to the successes of millions of African Americans.

So what does it mean that a country so flawed in its founding nonetheless produces such an accomplished population of African Americans?

First, that when given the opportunity, African Americans, like all Americans who work hard, who have talent, ambition and desire, and who possess the complex of values that make up the "Protestant Ethic," can make the most of the American Dream.

Second, the impact of this work ethic is animated by and contingent on another core American value -- equality of opportunity. Opportunity in America, particularly as it relates to African Americans, had been systematically denied until the civil rights movement ushered in state-sponsored programs to ensure that qualified African Americans could participate fully in civil society.

Liberals and conservatives talk past one another, with some bemoaning the structural deficiencies that impede the promise of equal opportunity and others proselytizing the values of a good work ethic as the sole predictor of success. In truth, both structure and behavior are essential ingredients for success in America.

Structurally guaranteed opportunity alone does not guarantee success, nor should it. Beneficiaries of such opportunity must be prepared to capitalize on it. One does that through prudence, hard work, delayed gratification and similar values that have withstood the test of time. An unqualified incompetent cannot much benefit from, say, affirmative action -- no matter how robust the program.

Similarly, hard work alone does not guarantee success if one is structurally barred from realizing one's potential. There are numerous accounts of smart, talented and driven African Americans of generations past who were affirmatively prevented from realizing their potential. Not coincidentally, marvelously accomplished African American conservatives such as Condoleezza Rice and Clarence Thomas benefited from race-conscious programs designed to ensure equal opportunity for minorities. We can only speculate as to whether either would have reached their professional heights without such structural assistance.

The point is that the current political vocabulary, which treats structural aid and work ethic as either-or propositions, is wrongheaded. Both are important. Both make real the promises of democracy.

This changing face of leadership also says something important about the nature of our democracy. While American history is full of contradictions such as racial apartheid in a country founded on ideals of human equality, this democracy continues to work to overcome this failing.

We are reminded that democratic life is an ongoing project, an unfinished masterpiece. Our democracy is a process whereby its citizens continue to try to make it better. It can work if we are humble enough to recognize our failings and courageous enough to do the hard work of remedying them. As we celebrate the founding of Jamestown, we must be ever mindful of both the promise and the problems of our democratic experiment.

Stephanie Robinson is the founding president and chief executive of the Jamestown Project. Cornel West is a professor of religion at Princeton University and a member of the Jamestown Project Advisory Board. The writers will be panelists at the 2007 State of the Black Union on Saturday.

ANTITRUST:

Blackstone Wins Buyout Fight For Equity Office As Vornado Exits (WP)

DOJ_NMG_0129364

By David Cho

The Washington Post, February 8, 2007

The battle to acquire Equity Office Properties Trust, the nation's largest office landlord, came to an end after Vornado Realty Trust dropped out of the bidding yesterday, leaving the private-equity firm Blackstone Group as the all-but-official winner of the biggest buyout deal in history.

Equity Office's board had tried to get Vornado to sweeten its bid throughout the week, but Vornado said that the price had soared beyond its tastes.

"The company concluded that the premium it would have to pay to top Blackstone's latest bid . . . would not be in its shareholders' interest," Vornado said in a statement.

Vornado closed yesterday at $135.75 per share, up $8.75, or 7 percent. Equity Office closed at $55.45 per share, down 60 cents, or 1 percent.

The high-stakes bidding war compelled Blackstone to up the ante several times. After initially offering $48.50 per share last fall, Blackstone is to pay $55.50 per share for Equity Office and assume about $16 billion of Equity's debt, bringing the total value of the deal to $39 billion.

Blackstone's offer was approved by shareholders yesterday.

Blackstone's victory puts on display the formidable advantages that private-equity firms have in such deals. With the ability to close the deals quickly and lower the cost of borrowing, private equity seems to have the advantage in such battles, analysts said.

Vornado chief executive Steven Roth, 65, had been trying to acquire Equity Office since last summer to form a real estate powerhouse that would have owned some of the most valuable buildings in major cities, including New York, Washington, Los Angeles and San Francisco.

The pockets of private equity proved deeper, however. Blackstone's real estate group, which is led by Jonathan D. Gray, 37, has become a major player in real estate in the past few years. It made big splashes last year, paying $4.8 billion and assuming $4.1 billion in debt for Trizec Properties of Chicago and acquiring CarrAmerica Realty of the District for $5.6 billion.

Blackstone was able to offer a quick closing for Equity Office partly because it did not need the approval of shareholders, as Vornado did. Private-equity firms can generally borrow money at lower rates and more favorable terms than public companies. The private firms also can change the financial structure of the acquired company to obtain higher returns for their investments. These strategies helped Blackstone make an all-cash bid for Equity Office.

"Blackstone doesn't have the public market pressures that Vornado would have had in terms of delivering performance as soon as possible and as best as possible," said David AuBuchon, an analyst at A.G. Edwards & Sons.

The Blackstone deal exceeds the landmark $31.3 billion private-equity buyout for RJR Nabisco in 1988.

Several analysts say the high price paid for Equity Office was justified, given the soaring commercial real estate market. With the performance of Equity Office's stock less than that of its peers before news of the buyout, the stock value may rise higher than the stock of other real estate investment trusts after the buyout.

"I would be very surprised if we look back on this a year from now and view that Blackstone overpaid," said Kevin Lindemann, director of the real estate group of SNL Financial. "Blackstone probably has already identified who the buyers are for a good chunk of this portfolio" of buildings.

The real winner in the deal may be billionaire Sam Zell, 65, founder of Equity Office, who did a masterful job of playing his suitors off each other, analysts said. Estimates vary on his personal take from the deal, but it likely stands to be more than $1.8 billion, the analysts said. Data from several financial institutions show he personally owns more than 326,000 shares of Equity Office, aside from investments he may have made through institutions.

Zell, 65, acquired the nickname "the grave dancer" for his propensity for buying distressed commercial properties, fixing them up and selling them for huge gains.

Zell, meanwhile, is looking into buying the troubled Tribune Co. media empire, the Chicago Tribune reported yesterday. Lindemann said the purchase would fit Zell's buy low, sell high strategy -- the value of Tribune stock has dropped by half over the past seven years.

"He bought office buildings and apartment buildings . . . when everyone else was selling, and certainly the newspaper business has had its challenges over the last few years," Lindemann said. "Maybe he just sees this as another undervalued investment."

Blackstone Wins EOP In $39bn Buy-out (FT)

By James Politi And Francesco Guerrera In New York

Financial Times, February 8, 2007

The determination of private equity groups to own ever greater swathes of the global economy was highlighted on Wednesday as Blackstone emerged with a winning $38.9bn bid in the bitter takeover battle for Equity Office Properties, the biggest commercial property group in the US.

The deal, which was approved by EOP shareholders after Vornado Realty Trust dropped out of the bidding, ranks as the biggest leveraged buy-out on record, exceeding the $33bn takeover of HCA, the US hospital chain, by a consortium of firms.

Blackstone had reached a $36bn agreement to acquire EOP in November, in what was already a massive bet that commercial real estate values would continue to rise – contrary to predictions that the market was peaking. After Vornado swooped in last month, Blackstone raised its bet, increasing its offer twice to fend off its competitor, one of the biggest publicly traded US property groups.

As it threw in the towel on Wednesday, Vornado said the price it would have to pay to trump Blackstone would not benefit its own shareholders.

Blackstone's victory confirmed its status as one of the most powerful actors in global finance. It comes in the same month as Steve Schwarzman, who founded the firm in 1986, will celebrate his 60th birthday by throwing what is already expected to be one of the most glamorous parties in New York history.

"This is a great period for buy-out firms," said Matthew Rhodes-Kropf, professor of business at Columbia Business School in New York.

"These private equity firms have a chance to make large changes at major companies in corporate America. The question is whether they will be able to do it.

"This deal may not be the high-water mark, but it is part of a peak and when [this takeover wave] ends people will look back at these kinds of deals."

By agreeing to a takeover by Blackstone, EOP will join the string of big companies in the US that have chosen to go private in the past few months. These include Clear Channel Communications, the largest US radio station, and Harrah's Entertainment, the biggest US casino owner.

Based in Chicago, EOP was established in 1976 by Sam Zell, a veteran property investor known as the "grave dancer" for his ability to scoop up distressed properties. Mr Zell retains a small stake in the company.

The EOP deal, which is expected to close on Friday, is not only unusual for its size and the eruption of a bidding war, but also because Blackstone acted without the backing of any other private equity group. The biggest buy-outs have all been clinched by consortia.

Vornado shares 5.9 per cent to $134.48 in New York as investors appeared to reward the company's decision not to raise its bid. EOP shares, which were trading at $30 one year ago, fell 1 per cent to $55.46.

Blackstone Deal May Jolt Market For Office Space (WSJ)

By Jennifer S. Forsyth, Henny Sender And Alex Frangos

The Wall Street Journal, February 8, 2007

Blackstone Group's $23 billion buyout of the owner of the biggest portfolio of U.S. office buildings will send ripples through the real-estate world, with a good chance it will raise the ceiling on already-record prices.

With office buildings in red-hot demand as investment vehicles, Blackstone's control of prime properties likely will put it in position to demand prices on its individual buildings high enough to make the private-equity firm's bid pay off. The deal, approved yesterday by Equity Office Properties Trust after rival bidder Vornado Realty Trust bowed out following weeks of bidding, also cements Blackstone's clout as one of the most powerful investors on Wall Street.

Blackstone's final price of $55.50 a share was a 14.4% increase from its original bid of $48.50 in November, and reflects optimism that commercial-property demand will remain torrid. The private-equity outfit got a chance to hedge a bit, too: After Vornado entered the race in mid-January, Equity Office -- also known as EOP -- gave Blackstone permission to hold concrete talks with potential buyers about specific asset sales.

"The ability to talk to potential buyers gave us confidence that we had enough of a cushion," says Jonathan Gray, Blackstone's senior managing director in charge of real-estate investment activities.

To be sure, even though Blackstone can sell off the property, whoever buys the buildings could be burned if rents don't keep pace with rising price tags. "I don't know how long it can continue," says Peter Hennessy, president of the New York office of Staubach Co., a real-estate firm. "When things like this start to go wild like the last 12 months, how long can they sustain themselves?" he asks.

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Losing out was a bitter disappointment for Vornado Chief Executive Steven Roth, who gave up for the second time in six months on his hope of acquiring Equity Office and its coveted office buildings in markets from Manhattan to San Francisco.

And for Equity Office founder and Chairman Sam Zell, who chatted with his longtime friend Mr. Roth after the shareholder vote, the deal represents a big payday. Factoring in stock options and other payments, Mr. Zell stands to make more than $800 million from the sale, according to proxy statements.

In the second-largest leveraged buyout ever -- factoring in Equity Office's debt of $16 billion -- after Kohlberg Kravis Roberts & Co.'s 1988 buyout of RJR Nabisco Inc., shareholders of the nation's largest publicly held office landlord overwhelmingly agreed to the all-cash offer. Vornado's final $56 bid was 50 cents higher than Blackstone's, but the Equity Office board considered Blackstone's offer superior to Vornado's, which was 45% stock.

The deal closes at the end of the week, but Blackstone already has agreed to sell -- or is close to lining up buyers for -- a substantial piece of Equity Office's holdings, including much of its prime Manhattan portfolio. Demand for such buildings has been frenzied. Sales of U.S. office buildings rose 32% in 2006, with relatively modest new construction. The investors include foreign oil magnates seeking a haven to park cash, pension funds looking for reliable returns and private-equity firms wanting a percentage of their portfolio in real estate. If Blackstone scares off some potential customers by demanding higher prices, it is confident others will queue up to take their place.

Market observers say Blackstone's win is a vivid illustration of how private-equity firms now have a leg up in the battle for control of companies and assets such as commercial real estate in the U.S. and elsewhere. Among the reasons: the closely held investment firms are more comfortable putting loads of debt on their targets than publicly traded buyers at a time when the debt market is willing to provide massive amounts of money at record low prices. In addition, private-equity firms can move more quickly, with no need for messy shareholder votes.

Equity Office and Vornado are both publicly traded real-estate investment trusts, or REITs, which invest in real-estate assets and aren't subject to corporate income tax as long as they pay out at least 90% of profits as dividends.

Blackstone "executed with surgical precision," says Tom Barrack, founder of Los Angeles-based Colony Capital, a large private-equity real-estate firm with close links to Equity Office, Blackstone and Vornado. Blackstone is expected to move quickly to sell off many of the office buildings in Equity Office's portfolio. By doing so, it will generate cash it can then use to pay down some of the debt it is taking on, lowering the risk that market conditions could change and leave it exposed. (See related articles on pages C1, C3 and C18.)

Already, Blackstone has agreed to sell an Equity Office portfolio of New York office buildings to Macklowe Properties, a private New York landlord, for around $7 billion, according to several people briefed on the deal. The sale would include around 6.5 million square feet of so-called Class A, or top-rated, Manhattan office space. The price would value the space at more than $1,000 a square foot. People familiar with the matter say other buyers could be involved in the deal. William Macklowe of Macklowe Properties declined to comment.

Equity Office's properties in New York are concentrated in midtown Manhattan, the most expensive office market in the U.S. Average per-square-foot sales prices for Manhattan were $611 in 2006, up 48% from the year before, according to Real Capital Analytics, a New York research firm. Prices tend to be higher in midtown, where several buildings sold for more than $1,000 a square foot last year.

Mr. Zell's strategy at Equity Office was to build a national collection of real estate whose broad reach would ride out the ups and downs of local markets. But he ended up paying too much for some buildings and owning in too many weak markets. Meanwhile, companies such as Vornado, with assets concentrated in hard-to-penetrate markets with strong economies such as Washington, D.C., flourished.

Paul Adornato, senior real-estate investment trust analyst for BMO Capital Markets, says the sale of Equity Office shows private-equity firms can swallow even behemoth publicly traded real-estate investment trusts.

Even Blackstone's original $48.50-a-share bid was a shock to Chicago-based Equity Office. "It started to get at a price that even exceeded our own estimates," Chief Executive Richard Kincaid said in an interview yesterday. Mr. Kincaid said its board favored the quick closing promised by Blackstone's all-cash bid over the uncertainties of Vornado's stock-and-cash bid, in part because of Equity Office's own uncertainties about how long the office-building market would enjoy falling vacancies and rising rents. "We weren't going to necessarily assume that the market was going to stay like this forever."

By coincidence, Mr. Zell and Mr. Roth ran into each other yesterday morning at separate breakfast meetings unrelated to this deal at the Carlyle Hotel in New York -- before Vornado announced it had given up. "He walked in and of course I'm not allowed to talk to him so I just told him I loved him," Mr. Zell said in an interview after the shareholder vote.

Mr. Zell said Mr. Roth didn't say whether Vornado would try to raise its bid and Mr. Zell said he didn't ask. "Then, when I got out of my 10 o'clock meeting, I got a call telling me that they had withdrawn."

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Vornado executives declined requests for interviews but issued a public statement that said, "The premium it would have to pay to top Blackstone's latest bid, protected by a twice-increased breakup fee, would not be in its shareholders' interest." The company declined to comment further.

The company's shares closed up $8.75, or 6.9%, to $135.75 yesterday in New York Stock Exchange trading. Equity Office closed at $55.45, down 60 cents, or 1.1%, in NYSE trading.

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Takeover Battle Ends With Sale Of Big Landlord (NYT)

By Andrew Ross Sorkin And Terry Pristin

The New York Times, February 8, 2007

"Roses are red, violets are blue; I hear a rumor, is it true?"

That strained line of poetry set off the fiercest buyout battle since the epic contest for RJR Nabisco in the late 1980s, a struggle that was captured in the book "Barbarians at the Gate."

The line, written by the real estate mogul Samuel Zell in an e-mail message last month, invited a rival bid topping a $48.50 a share offer for his Equity Office Properties, the biggest office landlord in the nation, with buildings in Manhattan, Chicago, Atlanta and other major cities.

The reply: "Roses are red, violets are blue. I love you Sam, our bid is 52."

The rhyme was true, but the comeback was not good enough.

The private equity giant Blackstone Group, which was the initial bidder, won the bidding war for Equity Office yesterday with an offer of $55.50 a share, or $39 billion.

The takeover battle, perhaps the most entertaining of recent years because of the big financial players — and big egos — involved, was called "New York at the Gate," because it pitted two very different New York financiers against each other: Stephen A. Schwarzman of Blackstone, the leading figure in Manhattan's financial and charity circuit in recent years, and Steven Roth of Vornado, the onetime strip mall king of New Jersey.

The deal for Equity Office encapsulates two of the hottest trends in deal-making: the wave of capital flooding into commercial real estate and the growing power of private money.

While residential real estate has slowed, commercial real estate, office buildings in particular, looks more attractive as the market finally shakes off the effects of the burst technology bubble in 2000. Many investors expect office vacancy rates to continue to decline in the next couple of years, with a corresponding rise in rents.

And private equity firms like Blackstone have been among some of the most aggressive investors in commercial real estate. These firms have accumulated huge war chests: even now Blackstone is raising a new $10 billion real estate fund. The surge in buyouts — which accounted for a fifth of the record $3.8 trillion in deals last year — shows no sign of slowing.

The Equity Office deal is the biggest leveraged private equity buyout ever, surpassing last summer's $32 billion deal for the hospital chain HCA, which itself was the first to surpass the previous high-water mark, the $30 billion deal for RJR Nabisco.

Memories of that earlier contest were much on the minds of the bidders for Equity Office. At internal meetings when Blackstone would debate how to counter Vornado, Mr. Schwarzman would remind his bankers: "We don't want to be K.K.R.," referring to the buyout of RJR Nabisco that turned out a disappointment to Mr. Schwarzman's archrival, Henry R. Kravis of Kohlberg Kravis Roberts & Company.

"We need to remember this is just another deal," Mr. Schwarzman said, according to people close to the firm.

Blackstone had a huge incentive to make the deal. The firm will pay itself an "acquisition fee" worth about half of 1 percent of the deal — the equivalent of about $200 million just for winning the auction, no matter how well the investment turns out. (Blackstone is not alone. Its advisers, Goldman Sachs and the law firm Simpson Thacher & Bartlett, will also earn millions of dollars in fees.)

And Blackstone will waste no time disposing of some of its newly acquired assets, taking advantage of the hot Manhattan real estate market. All but one of Equity Office's eight buildings in New York — the Verizon building at 42nd Street and the Avenue of the Americas — are expected to be sold to Harry Macklowe for about $7 billion, some simultaneously with Friday's closing.

Blackstone was a winner, but Mr. Zell, 65, a raspy-voiced tycoon with a penchant for doggerel, music boxes and Ducati motorcycles, was an even bigger one. Even his detractors are saying he ran a masterly sale, encouraging a bidding war that drove up the price for Equity Office by $3 billion. Mr. Zell stands to make more than $130 million on his shares and options in the company.

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"When Sam steps into the prime decision-making role," said Timothy H. Callahan, a former chief executive of Equity Office, "no one is better able to be strategic. That's what shareholders have seen in the past, and that's why he will continue to wear the mantle as one of the leading lights of real estate."

It may have helped that Mr. Zell knew the bidders so well. As he said in an interview yesterday, "This was like a family outing in the Turkish bath."

The son of Jewish immigrants who fled Poland hours before the Nazi invasion, Mr. Zell grew up in Chicago. He showed an entrepreneurial streak at an early age, buying issues of Playboy magazine from newsstand vendors and selling them at a marked-up price to his friends.

Mr. Zell first made his fortune in the 1970s by buying distressed real estate and fixing it up, earning him the nickname "the grave dancer." In contrast to real estate moguls like Donald J. Trump, he shied away from trophy buildings, preferring strong financials to prestige. With his branding and financial acumen, he was one of the first to transform commercial real estate from a local affair to a national business.

But a year ago, his company was selling for $29 a share. After several missteps, including buying $7.2 billion worth of Silicon Valley property just before the technology bust, Mr. Zell's reputation as the sage of the real estate industry was in serious jeopardy. Now the sale has restored his reputation.

The battle for Equity Office started much earlier than any headline suggested. Last July, Mr. Roth secretly proposed merging Vornado with Equity Office to Mr. Zell. The two friends began negotiating back and forth for months.

Not long after, Jonathan D. Gray, a 37-year-old rising star within Blackstone's real estate group, took Equity Office's president, Richard D. Kincaid, for breakfast at the Peninsula New York hotel in Midtown Manhattan. After small talk, Mr. Gray, who looks even younger than his age despite a 5 o'clock shadow, asked whether Equity Office's board would ever consider selling the company.

Mr. Kincaid told him: "If you came with a 'Godfather' price the board would have to listen."

Two months later, Mr. Gray, calling from his wood-paneled office on the 32nd floor of Blackstone's headquarters on Park Avenue, asked Equity Office's banker at Merrill Lynch, Douglas W. Sesler: "What would a Godfather price be?"

A price that could not be refused, he was told, would be at least $45 and closer to $50.

In November, Blackstone reached a deal with Equity Office for $48.50 a share, and the assumption of $16 billion in debt, for a total of $36 billion. The deal by Blackstone floored Mr. Roth, who had been kept in the dark.

Despite the huge price tag, industry insiders thought it was remarkably low. Barry S. Sternlicht, the founder of Starwood Hotels and chairman of Starwood Capital, called the deal "the greatest heist of all time" on a panel at a Bear Stearns conference last fall. Vornado's president, Michael D. Fascitelli, was also on that panel.

Mr. Roth decided to mount a new bid. He reached out to several possible partners, including General Electric and Cerberus Capital Management, among others, according to people involved in the process. Vornado was interested in owning Equity Offices properties in major markets, but was looking to sell properties in ancillary markets.

Mr. Sternlicht and Neil Bluhm, a Chicago real estate mogul who was Mr. Sternlicht's mentor in the late 1980s, approached Mr. Roth before Christmas about working together and buying those ancillary properties.

They declared war on Jan. 18, lobbing in a bid of $52 a share. Mr. Schwarzman and Mr. Gray scrambled to salvage their deal. They negotiated to increase their offer to $54 a share if Equity Office would raise the breakup fee to $500 million, from $200 million.

Mr. Roth, holed up in his office above Penn Station with expansive views of Manhattan, plotted return fire. A week later, Vornado bid $56 a share in cash and stock. While it was a higher offer, it also was much less certain because some of the payment was in stock and it would take months to be completed compared with Blackstone's bid, which could be completed this week.

Equity Office, which was advised by Merrill Lynch and the law firm of Sidley Austin, said it would still back Blackstone and set a shareholder vote for yesterday.

Mr. Roth spent the weekend considering his options. He did not want to raise his bid, thinking that paying more than $56 a share was too much. And Blackstone had exercised its right to prevent Vornado from talking to Equity Office or having access to electronic data about the company. But he needed to do something.

Flanked by his advisers, including James. B. Lee of JPMorgan Chase and Mark G. Shafir of Lehman Brothers, they decided to fire another shot on Sunday night. Vornado would not pay more, but it agreed to pay a larger cash portion and pay it much more quickly, making its bid more attractive.

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The new offer hit the tape just as the Super Bowl started. Mr. Gray of Blackstone, a Chicago native who had given up his seats to the game to stay in New York, missed seeing a remarkable kickoff return by the Chicago Bears as he jumped on the phone to strategize about what to do.

The next day, Blackstone went to Equity Office with a new bid of $55.25 a share. Mr. Zell asked for another 25 cents; in exchange, the breakup fee was increased to $720 million.

And then everyone waited for Mr. Roth's response. But there was none. Blackstone had won.

By chance yesterday morning, Mr. Zell and Mr. Roth found themselves having separate breakfast meetings at the Carlyle Hotel on Manhattan's Upper East Side. It was 7:30 a.m., nearly two hours before Vornado would say that it was out of the race.

Barred by Equity Office's agreement with Blackstone from having a conversation before the vote, Mr. Zell said he smiled at Mr. Roth. Mr. Roth smiled back.

"I love you, Stevie," Mr. Zell said.

FTC Settles Antitrust Charges With MiRealSource MLS (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, February 8, 2007

Litigation continues with Realcomp II MLS

The U.S. Federal Trade Commission this week announced a settlement with MiRealSource Multiple Listing Service in Michigan over rules that blocked some property listings from the MLS and set restrictions for other property listings based on the type of real estate contracts.

MiRealSource is the sixth MLS to settle similar antitrust allegations brought by the FTC in October -- the federal agency is proceeding with an antitrust lawsuit against Realcomp II Ltd., another Michigan MLS, over its listings policies.

In each of the cases, the federal government charged that the MLSs engaged in anticompetitive activity by placing restrictions on a category of property listings that could ultimately lead to reduced choices for consumers in real estate services.

Representatives for MiRealSource, which is a broker-owned MLS with about 7,000 members, announced in November that the MLS had agreed to settle the FTC complaint, and the agreement was subject to review and approval by members of the FTC.

"Under the FTC consent order settling the complaint, MiRealSource has agreed to abandon ... collusive conduct and provide its services to all member brokers representing potential home sellers, regardless of the type of listing contract that they choose," FTC officials announced in a statement Monday.

The FTC complaint against MiRealSource, issued Oct. 10, charged that the MLS violated antitrust law "by adopting rules or policies that limit the publication and marketing of certain sellers' properties, but not others, based solely on the terms of their listing contracts. Specifically, the FTC alleges that MiRealSource favored exclusive right to sell listings and disfavored exclusive agency listings by, among other things, adopting a rule to exclude the latter entirely from the MLS."

Under the most common listing agreement, called an "exclusive right to sell listing," property owners agree to pay a listing broker for representing the sale of the property, regardless of whether the seller or the broker causes the sale.

An exclusive agency listing contract, meanwhile, typically provides that the seller is not obligated to pay the real estate broker if the seller directly locates a buyer. Under this form of agreement, the listing broker "often charges an up-front fee, but may receive a reduced commission or no commission at all, if the owner sells the property without the broker's further help," according to the FTC announcement.

The FTC complaint also stated that certain rules adopted by the MLS "limit the acceptance, publication and marketing of certain residential real estate listing contracts, thereby limiting the sellers' ability to choose a listing type that best serves their specific needs."

The consent order approved by the commission prohibits MiRealSource "from adopting or enforcing any rules or polices that deny or limit the ability of MLS members to enter into exclusive agency listings, or any other lawful listing agreements, with property sellers," according to the FTC and requires the MLS to make necessary changes to its rules within 45 days of final approval.

The Commission voted 5-0 to approve the consent order, and the order is subject to a 30-day public comment period, which will expire March 7. After that date, the commission will decide whether to make the order final. Comments can be sent to: FTC, Office of the Secretary, 600 Pennsylvania Ave., N.W., Washington, DC 20580.

Virginia Blatt, CEO for MiRealSource, told Inman News in a November interview, "There is no point in spending a significant amount of resources, time and energy to litigate with the FTC. We'd rather spend our energies ... in service to our

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members." The MLS board made a decision to settle the FTC complaint after meeting several times to discuss the issue, she also said.

The Realcomp II MLS, meanwhile, continues to fight the FTC's charges. That group has issued a "call to action" at its Web site that asks subscribers to convey their support to the FTC and to members of U.S. Congress for an MLS policy that prevents the MLS from forwarding exclusive agency listings for display on several public Web sites.

"To our knowledge, the FTC has received only a few complaints against Realcomp regarding this specific policy. We now suggest it's time they hear from Realcomp Realtors who agree with the policy and stand behind it," according to the announcement.

Karen S. Kage, CEO for Realcomp II, told Inman News that Realcomp and the FTC are taking depositions of potential witnesses and the trial is scheduled for June. "Many of our broker and agent customers have communicated with the FTC expressing their support for Realcomp," she said, and the MLS has not rescinded any of the challenged rules. She said she could not discuss whether there have been any settlement discussions.

Shareholders for Realcomp II include the Dearborn Board of Realtors, Detroit Association of Realtors, Eastern Thumb Association of Realtors, Livingston Association of Realtors, Metropolitan Consolidated Association of Realtors, North Oakland County Board of Realtors, and Western-Wayne Oakland County Association of Realtors.

It is the largest Realtor-owned MLS, with about 15,000 members in southeastern Michigan.

The federal government is also engaged in a separate real estate-related antitrust lawsuit with the National Association of Realtors -- the U.S. Justice Department filed a lawsuit against the trade group in 2005 charging that the group adopted overly restrictive policies for the online sharing and display of property listings information.

Web Real Estate Firms Shake Up Home Economics (LAT)

By Annette Haddad, Times Staff Writer

The Los Angeles Times, February 8, 2007

Challenging the commission system, they are giving rebates to buyers who hunt for houses on their own.

Recent Chicago transplants Pieter and Beth van Es have recovered from their sticker shock and are ready to buy a house in Southern California. Now, the Irvine couple have a new incentive.

When they buy their home through an online broker, they will get a nice chunk of their money back.

The Van Eses are using Seattle-based Redfin, one of several new brokerage services that hope to revolutionize home buying by rebating part of their commissions back to buyers. The challenge is aimed at traditional firms that charge full commissions, which often total tens of thousands of dollars in today's high-priced Southland market.

Although these upstarts have yet to make a major dent in nationwide sales volume, they are raising eyebrows and causing traditional brokerages to worry.

Redfin, which launches today in Southern California, offers rebates because buyers do much of the groundwork of finding homes via the Web. The brokerage handles the paperwork and conducts negotiations, usually over the phone or via e-mail or fax.

"If I can find a house myself, then I don't need the help of a [full-service] agent," said Pieter van Es, 39, who hadn't even met his Redfin agent. "And I can get 2% back."

Typically, the commission totals 5% to 6% of the sale price, which is then split between the buyer's agent and the seller's agent. The industry is prevented by law from setting commission rates. As a buyer's broker, Redfin rebates more than half of its cut to the buyer.

Cutting customers in on commission fees isn't a trend the brand-name, more established brokerages are exactly cheering about. The industry is mired in a slowdown, and the number of brokerages and agents is expected to shrink as firms consolidate or go out of business.

What's more, after growing fat on fees that totaled more than $60 billion in 2005, the industry finds itself under attack for alleged anti-competitive practices. The Justice Department has sued the National Assn. of Realtors for trying to limit the availability of property-listing data to upstart online firms such as Redfin and others.

Such data are at the core of the burgeoning rebate movement. As consumers access the same information that brokers have long controlled, a growing awareness of the costs of buying and selling a house is taking hold.

"Regular folks resent what agents charge. Soon the industry will be seen as bad as Big Oil or the tobacco companies," said Glenn Kelman, Redfin's chief executive. He has made few friends in the industry for his take-no-prisoners style and a business model that relies on other brokerages' listing agents to show homes to Redfin's clients.

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Having made a bundle on a software business during the dot-com boom, Kelman saw the real estate industry as ripe for the kind of technological changes that transformed the travel and securities brokerage industries. Redfin entered the Bay Area market last summer, after debuting in Seattle a year ago. It has transacted 242 deals but has yet to turn a profit.

Yet the rise of new models like Redfin suggests that "the agent's role is greatly diminished because they are not doing as much of the legwork as before," said Greg Sterling of online consulting and research firm Sterling Market Intelligence. "Now, the consumer is picking up much of the slack."

Tom Phillips and his wife were working with a full-service agent when they were in the market for a house in San Diego last summer. But it dawned on him after two weekends trailing her around town, viewing homes in neighborhoods he had little interest in, that he could do a better job on his own.

"I was following her Jaguar around and got to thinking, 'How many payments on her car will I be helping her make?' " Phillips said.

He then called BuySide Realty Inc., a Chicago-based online brokerage that entered the California market last year, and got a $15,000 rebate when he bought a house.

Many industry innovators are counting on independent, tech-savvy customers who prefer being hands-on. And thanks to so-called mash-up technology developed by Google and others, many of these brokerages' websites provide not only a given market's listings but also the means to plot them on an interactive map, along with comparative market data and historical price trends.

"The mapping technology changed the game for consumer search," said Michael Davin, executive vice president of Cata List Homes, a Hermosa Beach-based realty firm that charges sellers a 3% commission. CataList recently began giving rebates to buyers.

Although the dominant players have ceded some ground to the newer firms, they are quickly regaining their footing and have adopted an if-you-can't-beat-'em-join-'em mentality, confident that their name recognition and market positions will carry the day.

"These start-up companies that are doing innovative things are great," said Thomas Kunz, chief executive of Century 21 Real Estate, the nationwide brokerage based in Parsippany, N.J.

"But you don't have to be the innovator in every one of these areas because the one piece they don't have is the people on the street and the brand name."

And in a slow market, Kunz contends, consumers are more inclined to request a higher level of service.

*

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ENVIRONMENT/INDIAN AFFAIRS:

Bush Drops In For Parks (HDNR)

By Jamie Turner

Harrisonburg Daily News Record, February 8, 2007

BIG MEADOWS — President Bush's helicopter touched down midmorning Wednesday on a mountaintop meadow, blasting waves of newly fallen snow along a line of black Suburbans awaiting his arrival.

Upon the president's arrival at the Shenandoah National Park, Secret Service agents and sharpshooters spread out across Big Meadows, which was closed to the public. The motorcade left behind five helicopters, which landed in front of the Byrd Visitor Center to travel only a few hundred feet.

The two lead Suburbans, each sporting U.S. and presidential flags, kept the president and first lady Laura Bush shielded behind tinted windows.

Centennial Initiative

The president, along with Secretary of the Interior Dirk Kempthorne, made the brief trip to the Shenandoah Valley to push an initiative Bush says is geared toward restoring America's national park heritage.

"I just want to thank everyone for being here today to talk about our national parks," Bush said. "Especially, those who cleared the roads."

Bush and Kempthorne led a round-table discussion on the president's National Parks Centennial Initiative, which he revealed earlier this week as part of his proposed 2008 budget.

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Bush is proposing to spend $2.4 billion on the National Park Service in the next federal budget, $230 million more than he requested last year.

Coupled with additional funding from public-private investments, the park service could receive up to $3 billion over 10 years to prepare for its 100th birthday in 2016.

Visit Starts Campaign

The president's visit began with a few opening remarks on why he's attempting to persuade Congress to support his initiative. Then Bush engaged in a discussion with national parks officials and representatives of organizations with a vested interest in the nation's parks.

"Our national parks are really one of America's great treasures," Bush said. "And the fundamental question is, 'Are we wise enough to treat them as such?'"

The president and first lady shared what they said was their love for spending time in national parks.

"The National Park's Centennial Initiative is a way to fully honor the park system," he said. "It will allocate $1 billion now for operational expenses, adding more rangers to the park service.

"Let's face it, those guys have a pretty cool job," he quipped. "But one person who has a lot of say in this initiative is Laura. She loves the outdoors."

The first lady spends time each summer visiting at least one national park as part of an annual vacation with a set of childhood friends.

"We spend a lot of time hiking and camping," Laura Bush said. "The part I like is the wilderness and the opportunity to be in the backcountry and run into a bear every once in a while, which we have."

Effect On Shenandoah

Kempthorne said he was eager to get the initiative off the ground by partnering with various divisions within the National Park Service and charitable organizations.

"What you have done has infused such an energy with this bold initiative," Kempthorne said. "And I think Theodore Roosevelt would be proud of you."

The initiative emphasizes three key goals:

n Preserving heritage and history;

n Building capacity for critical park operations and facilities by adding 3,000 new seasonal employees to the system; and

n Reconnecting the public with the parks.

Shenandoah National Park Superintendent Chas Cartwright told the president this funding could dramatically affect operations locally.

"Shenandoah National Park has experienced a serious decline in visitation over the last several years," Cartwright said. "This funding for Shenandoah would mean $1.6 million for operations. This would truly be a big deal for Shenandoah."

"Chas, why are people not coming to the park?" Bush asked.

"It's a competition of what people want to do with their leisure time," Cartwright said. "I have five grandchildren, and if I asked them if they wanted to go for a hike on the park or play a video game, they are going to choose the video game. But we don't give them a choice."

A Quick Valley Stop

Following the round-table discussion, Bush made a final statement about how he intends to see his initiative carried out.

"I am calling upon our government and all Americans to be invested in our initiative," Bush said. "Our national parks are important, and we really do want individuals to feel they own a piece of this strategy.

"I urge all our fellow citizens to use the parks and to bring their families to the parks."

Within minutes of his closing statement, the president and first lady slipped out the back of the Byrd Visitor Center, on their way to the helicopter waiting in the meadow.

The only sign that the president had visited the Shenandoah Valley was the dozens of Secret Service agents and sharpshooters left on the ground to wrap up the visit.

Bush Seeks To Boost Spending On National Parks (KCS)

By Ron Hutcheson

The Kansas City Star, February 8, 2007

WASHINGTON - The brochures are coming back to national parks. So are the park rangers, if President Bush has his way.

Park supporters say Bush's proposed federal budget for fiscal 2008 would make a big difference at the 390 federally owned parks, monuments and other sites controlled by the National Park Service. In an otherwise lean domestic budget, Bush wants to

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boost park funding by $230 million - the first installment in an ambitious plan to spend as much as $3 billion on America's natural treasures over the next 10 years.

Of course, first Congress must go along, and it's not clear that it will. The plan includes a controversial proposal to leverage federal funds with matching private donations.

Insiders see the influence of first lady Laura Bush, an avid hiker who visits a national park with her Texas pals at least once a year. She and the president will travel to Virginia's Shenandoah National Park on Wednesday to promote the parks-improvement plan.

"They've put a lot of new money on the table," said Ron Tipton, senior vice president for programs at the National Parks Conservation Association, a private group that pushes for more parks funding. "Every park in the system, for the first time ever, would get a real dollar increase. It would make a real difference."

Tipton said park visitors would see the results by the summer of 2008.

Harry Truman's former home would get new drapes. The Great Smoky Mountains National Park would get 55 more park rangers. Everglades National Park would be able to better protect its aquatic specimen collections.

The park service plans to hire 3,000 more park rangers and 44 additional volunteer coordinators. Some visitor centers would get extended hours. About $1 million would be used to make sure the park system has enough brochures.

Park service officials say the extra cash would also improve campgrounds, restroom cleanliness, trash removal and trail maintenance.

"People are smiling in the hallways here today," said Jeffrey Olson, a spokesman at the agency's Washington headquarters.

It's no secret that the parks have been squeezed for years. The addition of new national parks in the 1970s and the 1980s, coupled with an increase in visitors, strained parks across the country. The park system gets about 270 million visitors annually, including repeat visits.

As a presidential candidate in 2000, Bush pledged to eliminate the maintenance backlog, but his previous increases in the park service budget failed to meet the needs. Now Bush wants to try a new approach.

His 2008 budget includes $100 million for a new parks program that would match private contributions, dollar for dollar. The goal is to come up with $3 billion in public and private money by the time the park service celebrates its 100th anniversary in 2016.

Critics dismissed Bush's plan as a gimmick that seeks to avoid government responsibility for public land.

"Our national parks are national treasures, and their funding is a national responsibility," said Rep. Nick Rahall, D-W.Va., the chairman of the House Natural Resources Committee. He called the funding plan "an illusion."

But Tipton, the parks advocate, thinks it could work - if Congress is willing to give it a try.

"I don't think it's pie in the sky," he said. "It will not be easy to find $100 million (in donations) every year, but I don't think it's an outrageous figure either."

And no one would be surprised if Laura Bush helps shake the money tree. She was the star attraction at a $1 million fundraiser last October for the National Park Foundation, a private group formed to raise money for the parks. Regan Gammon, one of the first lady's best friends and a hiking companion, serves on the foundation's board.

Laura Bush and her friends have been traveling to national parks every year since her 40th birthday 20 years ago. As first lady, she's hiked at Yosemite, Yellowstone, Death Valley, the Grand Canyon, Denali, Glacier, Olympic and Mesa Verde.

White House aides said they weren't sure how much influence she had on the budget, but there's no doubt that she approves of the plan.

"It's definitely something that has been personally important to her," said Susan Whitson, the first lady's spokeswoman. "It is definitely something that she cares about."

EDITORS: To localize, see specific parks at http://home.nps.gov/applications/budget2/fy08toc.htm. Also, while OMB documents put Bush's park funding increase at $250 million above fiscal 2006 levels, the National Park Service says it's $230 million above a pending fiscal 2007 funding bill to be passed soon by Congress. We use the NPS figure.

Bush Rallies Support For Park Initiative (LVS/AP)

By Deb Riechmann

Las Vegas Sun, February 8, 2007

President Bush came to the snow-topped Blue Ridge Mountains on Wednesday to rally public support for a plan to pump hundreds of millions of dollars into national parks.

"Congress needs to hear loud and clear how important this initiative is," Bush said at Shenandoah National Park.

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The president's National Parks Centennial Initiative, which he announced in his budget proposal on Monday, aims to generate up to $3 billion over 10 years. That combination of public and private money would serve as a run-up to the National Park Service's 100th birthday in 2016.

"I hope the citizens' groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks," the president said.

Bush flew in Marine One to the park, where he and first lady Laura Bush participated in a roundtable with park service employees and spoke about his spending initiative.

Bush's 2008 budget would give the National Park Service its largest-ever funding increase.

In all, Bush allots $2.4 billion for the National Park Service for the budget year that begins Oct. 1 - $230 million more than he requested last year. That includes $150 million more for daily park operations. The plan would add 3,000 new seasonal employees and increase money for park maintenance - two areas that advocates say have suffered for years.

To spur private donations, Bush also called for $100 million in federal money to be spent to match citizens' contributions to national park operations - a move that critics said reflects a troubling reliance on private funds to pay for park operations.

Conservation and environmental groups generally applauded the parks money in Bush's budget proposal.

Ron Tipton, senior vice president for programs at the National Parks Conservation Association, said the president's proposal would be a significant step toward solving some of the parks' major problems, including crumbling facilities, growing pollution and lack of staff.

But House Natural Resources Committee Chairman Rep. Nick Rahall, D-W.Va., said the new funding is largely the result of shifting money from existing important park programs, such as construction, into a new budget column with a new label.

Bush Seeks Public-Private Funding Boost For Parks (WP)

By Michael A. Fletcher

The Washington Post, February 8, 2007

President Bush traveled to Shenandoah National Park yesterday to tout his proposal to increase funding for national parks by $258 million next year, the first step in a plan to spend as much as $3 billion in public and private money on the popular attractions over the coming decade.

Bush's proposal, which critics called a sharp turn for a president whose previous budgets did not address maintenance and staffing problems at parks across the country, targets one of the few domestic areas where he has called for funding significant new initiatives in his fiscal 2008 spending plan.

The plan would pump $1 billion into the nation's 390 national parks and monuments by 2016, the park system's centennial. The proposal, which must be approved by Congress, would also call on private donors and philanthropies to donate as much as an additional $1 billion. The donated funds would be matched by the federal government.

"It's a bold program that calls upon the government to do its part, as well as our citizens to become invested in a campaign to really enhance the parks," Bush said. "The funding starts with a billion-dollar request over the next 10 years that I'll send up to Congress. It's really to enhance the operating missions of our parks. I'm looking forward to working with both Republicans and Democrats to get this initiative passed."

Bush's proposal, unveiled with his budget earlier this week, was applauded by parks advocates who say it is a much-needed boost for a park system straining to provide services for 270 million visitors a year.

"This budget proposal is a victory for all Americans who cherish our heritage and homeland. The Administration has responded to the diminished condition and serious needs of America's national parks and proposed a dramatic and unprecedented significant investment to help restore our parks before their centennial," National Parks Conservation Association President Tom Kiernan said in a statement.

But some critics were leery of Bush's idea of relying in part on private donations to fund major improvements in the nation's parks.

"While many Americans value the role of private philanthropy in supporting our National Park system, the administration's increasing reliance on the private sector in this capacity is troubling," said Rep. Nick J. Rahall II (D-W.Va.), chairman of the House Natural Resources Committee. "Our National Parks are national treasures -- and their funding is a national responsibility."

As Bush was campaigning for his parks initiative in the Blue Ridge Mountains, press secretary Tony Snow was challenging the notion that the administration's interest in the parks -- and the environment more generally -- marks a change for the president. Snow noted that last year Bush created the largest protected marine reserve in the world when he set aside as a national park an island chain spanning 1,400 miles of the Pacific northwest of Hawaii.

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Snow also countered suggestions that Bush had denied that global warming has a large human component. The White House later released an open letter citing statements dating to 2001 in which Bush had said global warming was largely man-made.

"This is not new. Just as many people have been saying, 'Wow, isn't the president -- isn't it nice that the president has finally agreed that global warming has man-made components,' only to find out, because we've been telling you, that he first started talking about it in June of 2001," Snow said. "There's been a lot of misreporting, or perhaps it just hasn't -- perhaps folks have not taken notice of the fact that this is an administration that's been keenly committed both to environmentalism and conservationism from the start."

The President Shows His Environmentalist Colors (NYT)

By Sheryl Gay Stolberg And Felicity Barringer

New York Times, February 8, 2007

WASHINGTON, Feb. 7 — After six years in the Oval Office, George W. Bush may have found his inner Teddy Roosevelt.

At a time when his policies on global warming are under scrutiny from environmentalists, President Bush this week cloaked himself in another environmental issue: conservation. He used his budget, and his bully pulpit, to announce a 10-year, $1 billion commitment in taxpayer money to enhance national parks, which have been limping along with limited money.

Most environmentalists would not say George W. Bush and Theodore Roosevelt in the same sentence, unless making an invidious comparison. Roosevelt, of course, created a collection of national preserves that helped form the foundation of the current park system. Mr. Bush, his detractors say, has let the national parks slide into decline — until now.

“This is real,” said Bill Wade, a former park superintendent and a persistent critic of the administration’s parks policies. “There’s a lot more focus in this budget for the operational funding that parks need.”

The turnaround came at the urging of Dirk Kempthorne, the former Idaho governor who is Mr. Bush’s new secretary of the interior. Two years ago, when Mr. Kempthorne was still governor, he and his wife spent two days with the president and Laura Bush, fishing, hiking and cycling in the Idaho outdoors.

“I saw up close and personal what the outdoors meant to this couple,” the secretary said in an interview Wednesday.

Once he became interior secretary, he said, he told the president that the 90th anniversary of the parks system, in 2006, should prompt planning for the centennial.

“Let’s not just light a candle for the one day of the 90th,” Mr. Kempthorne recalled saying. “The centennial needs to be spectacular.”

On Wednesday, the two men and Mrs. Bush traveled to Shenandoah National Park, 75 miles west of Washington, to talk to private supporters of the parks about the new twist in their initiative: a challenge to the private sector to raise an additional $1 billion for park enhancement, which the government would match dollar for dollar for a maximum $3 billion at the end of 10 years.

With attendance at national parks declining, recreation companies said the initiative makes business sense.

“It’s good business and it’s good policy,” said Gary Kiedaisch, president and chief executive of The Coleman Company, a leading manufacturer of camping equipment. In an interview after appearing with Mr. Bush on Wednesday, Mr. Kiedaisch said his company had not “put actual hard dollars down” but would support the initiative.

The initiative comes less than a year after Mr. Bush offered another gift to environmentalists: creating a marine reserve in the Northwest Hawaiian Islands.

“We’re quite enthusiastic about it,” Gene Sykes, chairman of the board of the National Parks Conservation Association, who participated in Wednesday’s event, said.

That enthusiasm, however, has yet to infect critics of Mr. Bush’s environmental record. Despite the praise for its effort on parks, the administration found itself on the defensive Wednesday — so much so that the White House felt compelled to issue an “open letter on the president’s position on climate change.”

In the letter, Mr. Bush’s top science and environmental advisers challenged news media reports that suggested that his concern about climate change was new. “Beginning in June 2001,” they wrote, “President Bush has consistently acknowledged climate change is occurring and humans are contributing to the problem.”

The letter cited a June 2001 statement in which Mr. Bush quoted the National Academy of Sciences saying an increase in Earth’s temperatures was “due in large part to human activity.” But it failed to finish the quotation, in which he went on to say it was unclear how much “natural fluctuations in climate” played a role, whether further climate change was inevitable and what, if anything, could be done about it.

The issue came up at the daily press briefing, where Tony Snow, the White House press secretary, insisted there was nothing new about the president’s commitment to parks or his recognition of global warming.

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"There's been a lot of misreporting," Mr. Snow said. "Perhaps folks have not taken notice of the fact that this is an administration that's been keenly committed, both to environmentalism and conservationism from the start."

At the suggestion that Mr. Bush was awakening to the environment, Mr. Snow said it was reporters who were waking up. "The long national slumber," he said, "may be approaching an end."

But Philip Clapp, president of the National Environmental Trust, a group that has conducted assiduous and unfriendly analyses of the administration's environmental record, had a slightly different take.

"When presidents come to the end of their terms, they always look for great places to save," Mr. Clapp said, adding, "As for the rest of President Bush's environmental record, I'm still snoring."

One not snoring is Secretary Kempthorne, who has a statue of Teddy Roosevelt in his office, a constant reminder of that president's commitment to conservation. At the Shenandoah park on Wednesday, he invoked a comparison between the first President Roosevelt and the second President Bush.

Turning to his boss, he said, "I think Theodore Roosevelt would be very proud of you."

Bush Seeks More Park Money (RTD)

By Rex Bowman

Richmond Times-Dispatch, February 8, 2007

LURAY - President Bush came to the snow-topped Shenandoah National Park yesterday to rally public support for a plan to pump hundreds of millions of dollars into national parks.

The plan would add $1.6 million to the Shenandoah's $10 million annual budget and $1.5 million to the Blue Ridge Parkway's $14 million budget, new money the parks' supporters have been clamoring for after years of restrained spending.

In the Shenandoah, the extra money would allow the park to restore ranger-led programs, lengthen the hours of some attractions, increase enforcement patrols, reopen information centers and even mow the grass more frequently, said park spokeswoman Julena Campbell.

Bush's 2008 budget would give the National Park Service its largest-ever funding increase.

In all, Bush allots $2.4 billion for the National Park Service for the budget year that begins Oct. 1 - $230 million more than he requested last year. That includes $150 million more for daily park operations. The plan would add 3,000 seasonal employees and increase money for park maintenance, two areas that advocates say have suffered for years.

"Congress needs to hear loud and clear how important this initiative is," Bush said.

The president's National Parks Centennial Initiative, which he announced in his budget proposal Monday, aims to generate up to $3 billion over 10 years. That combination of public and private money would serve as a run-up to the National Park Service's 100th birthday in 2016.

"I hope the citizens groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks," the president said.

Catharine Gilliam, Virginia program manager for the National Parks Conservation Association, said the organization is "incredibly pleased" with the proposed boost in funding for the nation's 390 parks and monuments. She also lauded Bush's pledge to match private donations of up to $100 million with federal money.

"We see that as a good thing," she said. "The Shenandoah National Park Trust was created several years ago and raises private money for the park. This [initiative] is a substantial boost to those efforts."

Others said the initiative reflects a troubling reliance on private funds to pay for park operations.

Judith Cariker, interim director of the Shenandoah Valley Travel Association in New Market, said she supports any effort to improve the Shenandoah National Park.

"The National Park and Skyline Drive are certainly two of the greatest assets of this area."

Ron Tipton, senior vice president for programs at the National Parks Conservation Association, said the president's proposal would be a significant step toward solving some of the parks' major problems, including crumbling facilities, growing pollution and a lack of staff.

But House Natural Resources Committee Chairman Rep. Nick J. Rahall II, D-W.Va., said the new funding is largely the result of shifting money from existing important park programs, such as construction, into a new budget column with a new label.

Bush Would Boost Park Package (RMN)

By M.E. Sprengelmeyer

Rocky Mountain News, February 8, 2007

DOJ_NMG_0129377

President Bush has proposed an extra $5.1 million for National Park Service lands in Colorado, and that could be just the tip of the iceberg if Congress backs a plan to match private donations.

The president has asked Congress to give the park service its biggest budget increase in history - $258 million more than in his 2006 budget request.

The hope is to jump-start public lands projects to get ready for 2016, the 100th anniversary of the agency.

In Colorado, this year's budget request would mean an extra $3 million for Colorado's four national parks: Rocky Mountain, Mesa Verde, Black Canyon of the Gunnison and the Great Sand Dunes. Meanwhile, historic sites, monuments and recreation areas in the state would get increases of more than $2 million over 2006 levels.

Combined, Colorado's sites would get $34.5 million, compared with $29.4 million in fiscal year 2006, the last time Congress approved federal budget.

"This is the most significant increase I've seen in my 30 years with the park service," said Vaughn Baker, superintendent of Rocky Mountain National Park.

There, an extra $1.35 million would be used to hire 27 seasonal workers, including rangers, patrol officers and maintenance personnel, and chip away an estimated $65 million to $70 million worth of deferred maintenance, Baker said.

Congress still has to approve the spending, along with a plan for the federal government to match up to $100 million per year worth of private donations for park-related projects.

The hope is that over the next decade that means an extra $1 billion in federal spending to match at least $1 billion in private contributions.

That plan will take shape between now and the end of May, after Interior Secretary Dirk Kempthorne, who oversees the park service, leads a series of "listening sessions" around the country about projects members of the public and would-be donors would like to see.

17 percent increase for Colorado sites

President Bush's proposed budget would pump $2.4 billion into the National Park Service in fiscal year 2008. The budget proposal includes a 17 percent increase for parks, monuments and other sites in Colorado.

Budget increase Percent change

Rocky Mountain National Park $1,347,000 12

Black Canyon of the Gunnison National Park $569,000 53

Dinosaur National Monument $491,000 17

Colorado National Monument $434,000 38

Florissant Fossil Beds National Monument $130,000 17

Hovenweep National Monument $32,000 6

Yucca House National Monument $1,000 1

Sand Creek Massacre National Historic Site $198,000 43

Curecanti National Recreation Area $772,000 25

Bent's Old Fort National Historic Site $80,000 7

Total $5,139,000 17

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Bush Offers Park $1 Million Boost (BJ)

By Bob Downing

Beacon Journal, February 8, 2007

Bush offers park $1 million boost Extra funds would restore cuts By Bob Downing Beacon Journal staff writer

The Cuyahoga Valley National Park would get a major boost under President Bush's 2008 federal budget, and park visitors would see a big difference with the 10 percent funding increase.

The additional $1 million proposed for the Cuyahoga Valley would enable the park to hire six full-time staffers and 16 seasonal employees and to restore cuts in interpretive, educational programs and services that were made because of tight budgets in recent years, said Superintendent John P. Debo Jr.

The additional funding, if approved by Congress, would have ``an absolutely enormous impact on this park," Debo said.

Bush has proposed a $2.4 billion budget in fiscal year 2008 for national parks, and that represents a $258 million increase over 2006 funding approved by Congress. That's the biggest increase ever for park programs and operations, said Mary Bomar, director of the National Park Service, in a Tuesday teleconference.

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The 33,000-acre federal park between Akron and Cleveland is expecting $10.1 million for operations in the federal fiscal year that began last October. Congress has not yet appropriated those funds.

That number would jump by just over $1 million to $11.1 million in the 2008 federal fiscal year that begins next October.

The bulk of those funds will be used in the Cuyahoga Valley to sustain and boost the park's core operations including maintenance, interpretation, education and law enforcement, Debo said. That ``will enable us to regain lost ground in the last few years," he said.

The additional funds proposed by Bush represent ``a huge turnaround in the budget fortunes of the National Park Service," Debo said. ``We're just delighted."

The full-time staff in the Cuyahoga Valley had dwindled from 128 to 96 in recent years, and positions have not been filled because of tight budgets, Debo said.

The additional funding would include:

• $314,000 for maintenance. The park has 240 historically significant structures plus 20,000 acres of federally owned land.

• $260,000 for interpretive and education programs led by rangers. The park also will look at using technologies to reach park visitors and to boost their park experiences, he said

• $85,000 for hiring eight seasonal law-enforcement rangers to boost patrols and public protection, especially during the busy summer season.

• $48,000 to augment what the park already is doing to promote and organize volunteers.

• $298,000 for pay increases in 2008.

In the past, Congress would approve pay increases but not allocate the needed funds.

Parks like the Cuyahoga Valley had to absorb the added costs of pay raises out of their operating funds, and that's been tough, Debo said.

He said he was ``very pleased with the money level for the Cuyahoga Valley," noting that only 131 of the national park system's 390 units got additional operating funds.

The additional funds mean the Cuyahoga Valley won't have to operate in ``a reduction mode" like it has for the last five years or so, Debo said.

The Cuyahoga Valley and other national parks could be in line for even more funding under Bush's National Parks Centennial Initiative.

Under that proposal, Bush wants to provide $1 billion over the next 10 years to national parks as the park system approaches its 100th birthday in 2016. An additional $1 billion would be available to match donations, possibly leveraging a third $1 billion for national parks.

The Cuyahoga Valley intends to work closely with the Cuyahoga Valley National Park Association, a friends-of-the-park group, to develop plans for new programs and to fund financial support from outside parties, Debo said.

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A Centennial Challenge (WT)

By John Bridgeland And Curt Buchholtz

The Washington Times, February 8, 2007

As our nation prepares for the centennial of its national park system, we should take stock of our past and future stewardship of these natural, historic and cultural treasures that attract 287 million visitors a year. This week, the president's release of a multibillion-dollar centennial plan will be an important step in determining what national park system we celebrate in 2016.

Nearly 100 years ago, President Theodore Roosevelt welcomed governors to a White House conference on the conservation of natural resources to prevent "the advent of the woodless age." Economic progress threatened to exhaust our natural resources, prompting government to place large tracts of land in federal custody. By 1916, Congress had created the National Park Service to ensure that parks such as Yellowstone and Glacier would remain unimpaired for the enjoyment of future generations. By 1933, President Franklin Delano Roosevelt had added more than 50 military parks and monuments such as Yorktown and Gettysburg to the system.

A decade before the 50th anniversary of the park service, President Eisenhower launched a 10-year, billion-dollar project to enable more Americans to utilize our national parks. His "Mission 66" resulted in the inclusion of 78 additional park units, the

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completion of the Gateway Arch; the Blue Ridge, Colonial and George Washington Memorial Parkways; and the construction of more than 100 new visitor centers to promote tourism. At the 50th anniversary of the National Park Service, there were achievements to celebrate and lessons to be learned.

Today, the national park system consists of 390 areas covering more than 84 million acres in 49 states and territories. Yet this system suffers from a significant funding shortfall every year that affects the preservation of historic buildings, cultural artifacts, native species and beloved park rangers that give families guided tours of places like Mammoth Cave, Antietam and the Grand Canyon. We can do better as a nation and help is on the way.

In a tight budget environment during a costly war, President Bush and Interior Secretary Dirk Kempthorne are nevertheless coming forward with an ambitious 10-year, $3 billion "Centennial Initiative & Challenge" that renews the nation's commitment to our parks and fosters accountability, innovation and partnerships. The federal government will make a significant new investment of $258 million for park operations, challenge private philanthropy with the lure of additional federal support and launch signature initiatives that connect citizens and communities to our national parks in innovative ways.

Park business plans with clear metrics will ensure new federal investments are made wisely to protect natural and historic resources, maintain facilities and provide more rangers. These will include 3,000 more seasonal rangers, who enhance the educational and recreational experience of visitors. On top of a strong new federal commitment, the centennial plan challenges philanthropy to attract an additional $100 million each year for 10 years with a dollar-for-dollar match. This is a match worth making.

National parks are dramatic outdoor classrooms and new technologies can deepen educational experiences. Imagine students visiting Gettysburg National Military Park downloading lectures on their iPods from historian David McCullough to learn of Joshua Chamberlain's textbook maneuver at Little Round Top that saved the Union Army; paleontologists teaching awestruck schoolchildren the scientific method as they take them on a hands-on or virtual dinosaur dig; or park visitors learning how bacteria from the bubbling pools of Yellowstone made mapping the human genome possible.

New efforts will strengthen the call to action to encourage up to 1 million volunteers every year to join the more than 125,000 volunteers who work in our parks to help maintain trails, catalogue species and further enhance visitor experiences.

The idea to create a national park system is one of America's greatest innovations. It prompted more than 100 nations to create 1,200 national parks and preserves worldwide.

What we do with our parks over the next decade will affect how our children and grandchildren enjoy and learn from them and how America's evolving story and heritage are safeguarded. Let's hope our generation meets the challenge to preserve this collective consciousness of our nation and has something grand to celebrate at the 100th anniversary of our national park system.

John Bridgeland is vice chairman of the Earth Conservation Corps and CEO of Civic Enterprises. Curt Buchholtz is president of the National Park Friends Alliance and executive director of the Rocky Mountain Nature Association.

Interior Dept. Gets Reprieve On Its Decision On Bald Eagle (NYT)

By Felicity Barringer

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — With a court-ordered deadline looming for removal of the bald eagle from the endangered species list, the Interior Department, rejecting the advice of its staff wildlife biologists, tried to limit a separate set of protections for the majestic bird that has served as a national symbol for centuries.

Public reaction, however, to its December proposal was so sharp that the department had sought a reprieve from the deadline, which it received Wednesday. It now has until June 29 to make its final decision on the eagle's status and the extent of its continuing protections.

Rebounding from a historically low population in the early 1960s, the eagle has become a symbol of the success of the 1973 Endangered Species Act. In 1963, there were barely more than 400 breeding pairs in the lower 48 states. Today, the Fish and Wildlife Service at the Interior Department estimates there are more than 7,000 breeding pairs.

But even before the widespread use of pesticides in the 1940s and 1950s caused the drop in the population, the eagle had been a target for people coveting its feathers, so Congress passed a law preventing the "taking" of any eagle. This word was broadly defined to include everything from hunting the bird to simply disturbing it.

Now, the department has proposed regulatory language narrowing that definition and making it harder to prove that human actions disturbed the bird. Under the new language, landowners and developers could cut down trees, build and engage in other activities in the vicinity of the bird and its nest as long as eagles were not killed or injured and did not abandon their nests.

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But two months before the department adopted that language, H. Dale Hall, director of the Fish and Wildlife Service, sent his superiors a memorandum arguing for a more protective approach.

The internal proposal advocated by wildlife biologists, the memorandum said, “does not require actual injury, death or nest abandonment” — merely the likelihood of such an outcome.

Mr. Hall, in an interview on Wednesday, said, “I have never been overruled” by top officials at the Interior Department on the extent of protections. He said he “stands behind” the December proposal from the department, which gave the eagles less protection.

The earlier memorandum, seeking greater protections, he said was part of a continuing conversation within the department as it struggled to find “the right point” along a continuum of options. Conservationists favor tight protections; many landowners seek less stringent ones.

John Kostyack, a senior counsel at the National Wildlife Federation, said in a comment to the department that the time lag between “human activity” and the severe impact on the bird means the activity “would likely never be linked to the impact.”

Coast Guard Failed To Properly Oversee Contracts, Officials Say (WP)

By Spencer S. Hsu

The Washington Post, February 8, 2007

Even as contractors built patrol boats with buckling hulls and a large new cutter with structural flaws, a U.S. Coast Guard review gave their performance high marks last year, extended their deal for nearly four years and paid them a multimillion-dollar bonus, government investigators said.

Coast Guard analysts evaluated only boats, aircraft and equipment systems that had been delivered under its troubled $24 billion, 25-year fleet-replacement program, known as Deepwater, disregarding defective ships under development by companies led by Northrop Grumman and Lockheed Martin, Homeland Security Department Inspector General Richard L. Skinner said at a congressional hearing Tuesday.

Investigators called the awards the latest example of breakdowns in the federal government's handling of a complex contracting experiment for the Deepwater project. The Coast Guard turned over to a private "systems integrator" the main responsibility for planning, designing and producing a fleet to meet its needs after concluding that it lacked such expertise in-house.

As a result, investigators said, Coast Guard officials at times failed to protect taxpayers' interests.

"We are relying on contractors in more areas, and we are giving them more discretion. And where there's more discretion, there's more risk," said David M. Walker, head of the Government Accountability Office, Congress's investigative arm. In testimony to the House, he and Skinner called for more aggressive oversight. The hearing Tuesday was conducted by the House Appropriations subcommittee on homeland security.

Despite Deepwater's problems, the Northrop-Lockheed partnership received a rating of "good" from a Coast Guard evaluator last May and had its term extended by 43 out of a possible 60 months.

A separate evaluation gave the partnership, Integrated Coast Guard Systems, $3.1 million in incentive and award fees, Walker said in an interview.

"I mean, that doesn't pass the straight-face test," he told the panel.

The disclosures come as Congress and government experts have stepped up scrutiny of the Pentagon's and DHS's use of the private sector to design and deploy next-generation technology such as the Army's Future Combat Systems initiative, and DHS's "virtual fence" at the border, called SBInet.

"The Deepwater and SBI contracts are extreme examples of giving government functions to the private contractors," said Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, which is holding a hearing into Deepwater and SBInet today ."In each case, the government appears to be abdicating oversight and giving private companies a virtual blank check."

Mary Elder, a Coast Guard spokeswoman, said retired Rear Adm. Patrick M. Stillman, who was then Deepwater manager, was aware of "facts relating to the production" of the cutter and other vehicles when he extended the deal last May. But he and a Coast Guard review panel were bound by criteria set in the initial five-year contract, signed June 2002 , that cited "operational effectiveness, total ownership cost and customer satisfaction."

New rules put in place for the second 43-month phase, which starts June 25, "are considered more objective," Elder said.

Adm. Thad W. Allen, Coast Guard commandant, met with Lockheed and Northrop executives Jan. 19 to negotiate terms for the contract renewal and has reorganized the service's contracting staff to beef up and unify their authority.

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Allen is seeking to set new performance guidelines, toughen rules that an outside entity certify boats and planes produced under Deepwater, and take a bigger role in determining the work done by subcontractors, Skinner said.

"He recognizes we, the Coast Guard, need to get a grip over these contractors," Skinner said.

Skinner's office reported on Jan. 29 that the Coast Guard's new, 418-foot National Security Cutter -- the largest ship the service has ever commissioned and the cornerstone of its new fleet -- suffers from design flaws that even when corrected will curtail its operating days by as much as 20 percent. The errors also helped nearly double the cost of the first two of eight planned vessels, from $517 million to about $1 billion, depending on negotiations and repairs ultimately required. None of the cutters has yet entered Coast Guard service.

The ship's "design and performance deficiencies are fundamentally the result of the Coast Guard's failure to exercise technical oversight over the design and construction of its Deepwater assets," the report said.

In December, the Coast Guard also docked eight 123-foot cutters retrofitted under the program and based in Key West, Fla., after determining they were not seaworthy. That came after the Coast Guard had spent nearly $100 million.

Meanwhile, the Coast Guard's plan to fill the gap by accelerating development of the next-generation, 140-foot Fast Response Cutter has stalled because of technical glitches.

Skinner said the Integrated Coast Guard Systems extension was based mainly on other boats and aircraft it delivered, not on the Fast Response Cutter, National Security Cutter and the 123-foot patrol boats.

"We said, 'You've got to fix that, because if you'd included that, they probably would have gotten an F,' " Skinner said. Despite the troubles, the Coast Guard has paid the partnership incentive awards totaling $16 million since 2002, Elder said. She said the awards were for meeting targets on other systems.

Integrated Coast Guard Systems spokeswoman Margaret Mitchell-Jones declined to comment, referring questions to Elder.

FBI/DEA/ATF/USMS:

Ex-agent Wins Lawsuit Against FBI (MINNST)

By Dan Browning

Minneapolis Star Tribune, February 6, 2007

Jurors said the FBI retaliated against the female agent, who filed a discrimination complaint in 1998.

Federal jurors hugged former FBI agent Jane Turner on Monday after awarding her $565,000 in damages and finding that the agency had retaliated against her for filing a 1998 sex-discrimination complaint.

"I think you were the very best FBI agent," juror Mashima Dickens told Turner, who investigated child sex-abuse crimes. "Looking at the way you were treated, I just said you were screwed left and right," Dickens said, tears rolling down her cheeks.

"I just want to tell you I have nothing but the utmost respect for you," juror Renee Anderle said as she hugged Turner in the hallway outside Chief U.S. District Judge James Rosenbaum's courtroom in Minneapolis.

"This is vindication," said Turner, 55, of St. Paul. "We spoke truth to power, and we won."

But Turner said she could never repair the damage done to her by her colleagues in the FBI, an organization she had dreamed of joining since she read Nancy Drew detective novels at age 12.

"I'm dead in their eyes because I betrayed them. And that's what's so sad," Turner said.

The government's attorneys declined to comment on the verdict in the trial, which began Jan. 24.

Stephen Kohn, one of Turner's attorneys and president of the National Whistleblower Center in Washington, called it historic. "I think it's the largest jury verdict in a civil rights case against the FBI for an individual plaintiff," he said.

The jury of six women and four men awarded Turner damages of $60,000 in lost wages and $505,000 for emotional distress, loss of reputation and similar injuries.

Rosenbaum will reduce the non-wage damages to the statutory limit of $300,000, said Robert Hill, of Eden Prairie, another of Turner's attorneys.

Turner had a noteworthy career. After joining the FBI in 1978, she helped capture Christopher Boyce, a Soviet spy, and solved some horrendous child-sex abuse and murder cases on North Dakota Indian reservations.

Records show that she received superior or exceptional job ratings until after her supervisor, Craig Welken, was interviewed in 1999 about a sex-discrimination complaint she had filed the previous year. Her ratings plummeted, which led to a transfer from Minot, N.D., to a desk job in Minneapolis.

Jurors decided that the negative job reviews were retaliation for filing the internal discrimination complaint, but that the transfer was not.

About a month after Turner filed the complaint against Welken, a task force was being formed to investigate a child pornographer who had confessed in an Internet chat room to murdering his 7-year-old daughter. The killer, Larry Froistad, recanted his confession, and the U.S. attorney in North Dakota at the time, the late John Schneider, wanted Turner's help. Welken resisted initially, but said he gave in because Schneider was "unrelenting."

Schneider later credited Turner in an e-mail with solving the Froistad case.

Martha Fagg, one of two assistant U.S. attorneys from Iowa who represented the FBI, argued that Turner had basically stopped working after the Froistad case, and that the transfer to Minneapolis was designed to help her get back on track.

"In my opinion, she was using the EEO [Equal Employment Opportunity] process not as a shield, but as a sword," Fagg said.

However, Turner's attorneys introduced evidence that she kept up her casework and solved some especially tough cases while she was being downgraded on her reviews. Two assistant U.S. attorneys testified that they never saw Turner slack off.

Turner's attorneys plan to file for compensation. Kohn said the final bill will be "well over $1 million to taxpayers in a case that should have been resolved at a fraction of the cost years ago."

Turner still has a complaint pending against the FBI with the U.S. inspector general's office. She reported that a fellow agent had brought back memorabilia from the World Trade Center in Manhattan after the Sept. 11 terrorist attacks. Turner said she was being run out of the FBI after that, so she retired in 2003.

Correction: FBI Whistleblower Story (STPPP)

The St. Paul Pioneer-Press, February 8, 2007

MINNEAPOLIS - In a Feb. 5 story about the outcome of a sex discrimination complaint brought by former FBI Agent Jane Turner, The Associated Press erroneously described Nikki Carlson. She was a jury consultant for Turner, not the defense team.

Jury Awards FBI Agent Cash In Report-retaliation Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 8, 2007

A longtime FBI agent who claimed she was subjected to "continued hostility" after reporting another agent's removal of a Tiffany crystal globe from ground zero at the World Trade Center has been awarded $565,000 by a federal jury for lost wages, damage to her reputation and emotional distress.

A Minneapolis civil jury of six women and four men unanimously held that the FBI illegally retaliated against Jane Turner, a 25-year veteran FBI agent, by downgrading her performance reviews. She was awarded $60,000 in lost wages and $505,000 for punitive damages.

Mrs. Turner's right to have the case heard before a jury was ordered by the 8th U.S. Court of Appeals in Minneapolis after a lawsuit she filed in 2001 was dismissed in 2004.

Among FBI officials named in court documents as participating in the retaliatory actions were James Burrus, the assistant director of the FBI's criminal division, and James Casey, a high-level official in the FBI's counterterrorism program.

The $565,000 judgment is expected to be reduced by Chief U.S. District Judge James Rosenbaum, who heard the case, to the statutory limit of $360,000.

"The buck stopped here. Jane Turner is an American hero," said Stephen M. Kohn, one of her attorneys and the president of the National Whistleblower Center. "She refused to be silent when her co-agents stole property from ground zero. She paid the price and lost her job.

"The jury did the right thing and ensured that justice will take place in her case," he said. "... The FBI misused its performance review and inspection process to justify vicious retaliation against an award-winning agent."

Mrs. Turner's performance had been attacked by FBI managers after she filed her lawsuit and disclosed what the appeals court described as serious FBI misconduct in its handling of child-abuse cases. Her complaint in the World Trade Center matter led to an investigation by the Justice Department's Office of Inspector General, which confirmed Mrs. Turner's accusations.

In the Minneapolis lawsuit, the court said the timing of performance rating downgrades for Mrs. Turner by the FBI "strongly supports an inference of causation."

The court said Mrs. Turner wrote a memo to her second-line supervisor, Mr. Burrus, referring to her equal employment opportunity complaint and accusing her immediate supervisor, Craig Welken, of discriminatory treatment. It said Mr. Burrus forwarded the memo to Mr. Welken and five days later, Mr. Welken wrote an interim performance review downgrading Mrs. Turner from "superior" to "minimally acceptable/unacceptable" in all rated areas.

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"The fact that it was not a regularly scheduled performance review and occurred less than two months after the regular annual review in April ... is further circumstantial evidence that the performance rating downgrade was motivated by Turner's complaints," the court said.

Mrs. Turner was then transferred to the Minneapolis field office and resigned in October 2003 after the FBI had initiated termination proceedings.

Report: Obama Plans To Skip Public Funding (USAT)

USA Today, February 8, 2007

Following the lead of his chief rivals, Sen. Barack Obama, D-Ill., will not accept public campaign financing for the Democratic presidential primaries or the general election if he's the nominee, an official close to the campaign told the Associated Press on Wednesday. The official spoke on condition of anonymity because the campaign had not yet announced the decision.

The move would allow Obama to raise and spend unlimited private money. He would join Sen. Hillary Rodham Clinton of New York and former North Carolina senator John Edwards, fellow Democrats who decided to forgo public financing. Obama, who established a presidential exploratory committee last month, plans to announce his candidacy Saturday.

ATF transfers two of bureau's top officials

The Bureau of Alcohol, Tobacco, Firearms and Explosives has replaced two of its leaders. Edgar Domenech, the No. 2 official at the agency, has been transferred to head the bureau's field division in Washington, D.C., ATF spokeswoman Sheree Mixell said. The assistant director, Michael Bouchard, will leave to oversee field operations nationally.

Mixell would not comment on whether Domenech and Bouchard were transferred as the result of a Justice Department audit alleging mismanagement and questionable spending decisions at ATF that led to Director Carl Truscott's departure last August. Domenech was replaced by Ronnie Carter, supervisor of the Dallas field division, and Bouchard by William Hoover, head of the bureau's D.C. field division.

Emanuel calls for special counsel in probe

A House Democratic leader is calling on Attorney General Alberto Gonzales to name Carol Lam as a special counsel so she can continue to oversee a political corruption investigation. Lam, who was a chief federal prosecutor in San Diego, was among seven prosecutors fired last year by the Justice Department. Illinois Rep. Rahm Emanuel, chairman of the House Democratic Caucus, said Lam should continue to manage the probe that led to the conviction of former congressman Randy "Duke" Cunningham, R-Calif., on bribery charges. The Senate Judiciary Committee is investigating the Justice firings. — Kevin Johnson

Georgia lawmaker entering hospice

Rep. Charles Norwood, R-Ga., is going home to Augusta for hospice care, forgoing further treatment for lung cancer that has spread to his liver, spokesman John Stone said. The seven-term congressman is not resigning, Stone said. "He said, 'Let me go back home, stop all the treatments and just see how I can do there,' " Stone said. Norwood, 65, had a lung transplant in 2004. He suffers from idiopathic pulmonary fibrosis, a chronic lung disease. Last year, doctors found a cancerous tumor on his other lung. They removed the tumor, but found cancer on his liver in November.

ATF Replaces 2 Top Leaders In Shake-Up (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 8, 2007

WASHINGTON (AP) - The Bureau of Alcohol, Tobacco, Firearms and Explosives has replaced two of its leaders, the latest shake-up since reports surfaced of financial and management problems surrounding the agency's former director.

Edgar A. Domenech, the No. 2 official at the Justice Department agency, has been transferred to head the bureau's field division in Washington, D.C., a spokeswoman said.

The assistant director, Michael Bouchard, will leave to oversee field operations nationally. He has been named special assistant to the bureau's acting director, Michael J. Sullivan.

ATF spokeswoman Sheree Mixell said the two will be replaced with what she described as veteran special agents who "bring a combination of leadership experience and great respect from colleagues that is critical to the ATF's success at the executive level."

Mixell would not comment on whether Domenech and Bouchard were transferred as the result of mismanagement allegations and questionable spending decisions that led to the departure last August of Carl J. Truscott as director.

An audit by the Justice Department's inspector general in October found that Truscott ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules. The report also concluded that Truscott's

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leadership, hiring practices and financial decisions were troubling, including his plan to spend $100,000 on gym equipment for the ATF's new headquarters.

Domenech was replaced Wednesday by Ronnie A. Carter, 53, a special agent since 1980 who supervises the Dallas field division. Bouchard's post was filled by William J. Hoover, who is in charge of the bureau's Washington, D.C., field division.

US, Latin American Police Chiefs Meet In LA For Gang Summit (AFP)

By Paula Bustamante

AFP, February 8, 2007

Police chiefs from Latin America and the United States opened a three-day summit aimed at forming a strategy to crack down on violent crime gangs.

Latino gangs which originated from Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies.

"Gang violence is a problem of international scope, and we must face it on a international scale," Los Angeles Mayor Antonio Villaraigosa told reporters.

"We must coordinate with our international counterparts in a smart and effective way."

Delegates from Mexico, Belize, El Salvador, Guatemala and Honduras attended Wednesday's conference along with several US police chiefs and officials from the FBI and Justice Department.

The conference aims to agree ways of increasing information-sharing among law enforcement agencies and look at how best to fight gangs thought to be responsible for trafficking drugs and illegal weapons.

FBI spokeswoman Laura Eimiller said the conference's focus was to "fight gang violence in all its forms."

Central American nations have seen a sharp uptick in gang-related crimes, Eimiller said. El Salvador, with a population of 6.8 million people, saw an average of 10 homicides a day in 2006 -- about 70 percent committed by gangs.

"That trend needs to stop before it comes here," Eimiller said.

Lee Baca, a Los Angeles County Sheriff, said many Los Angeles-based Hispanic gangs had now evolved into slick criminal syndicates.

"They have become sophisticated in communications and travel, and have set-up networks to carry out their criminal enterprises," Baca said, noting that many gang members were able to travel across borders with ease.

US authorities first attacked the threat of cross-border gangs by agreeing to work together in 2004 to stem violence committed by the 10,000-strong Los Angeles-based Mara Salvatrucha gang, known as MS-13.

The crackdown has led to the arrest of 3,400 gang members, 1,300 of whom were identified as members of MS-13, according to Kevin Kozak, of the Immigration and Customs Enforcement's (ICE) Los Angeles office.

"It's a recognition that this is not something any one agency can do on its own," Kozak said. "We need to share information, we need to collaborate and we need to work together with as many agencies as we can."

Kozak said the shooting of two police officers in Long Beach, southern California last December by a member of the city's 'Eastside Longos' gang had highlighted the need for greater intelligence sharing.

The gang member, who had entered the US illegally and who already been deported from the country to Mexico once before, was later shot dead by police in Santa Ana, California.

"Ever since that shooting, we've turned 100 percent of our efforts to find which of those Eastside Longos gang members are here illegally, and who we can simply remove from the streets," Kozak said.

About 671,832 criminals were deported from the United States between 2003 and 2006, but it is unclear exactly how many were gang members, according to ICE statistics.

An ICE spokeswoman denied the crackdown on gangs was being used as a pretext to root out illegal aliens.

"This is not an immigration issue, this is a public safety issue," said ICE spokeswoman Virginia Kice. "In many cases, the victims of violent street gangs are immigrants themselves."

Los Angeles Names And Targets City's Worst 11 Gangs (LAT)

By Patrick Mcgreevy And Richard Winton, Times Staff Writers

The Los Angeles Times, February 8, 2007

Mayor and police chief vow to pursue the groups with local-federal law enforcement teams. Experts question the strategy.

Launching a counteroffensive against organized street thugs, Los Angeles Mayor Antonio Villaraigosa and police officials took the unusual step Wednesday of identifying the city's 11 worst gangs, then promising to go after them with teams of police, federal agents, probation officers and prosecutors.

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Facing 720 identifiable gangs with 39,000 members, the city's plan would target the most dangerous groups, which total at least 800 members. Those gangs are thought to be responsible for a disproportionate amount of mayhem.

The gangs on the list are believed to have committed 6% of the violent crime that occurred in the city last year.

How many local and federal officers will be committed to the anti-gang push remained unclear, however. And given the complexity of what has been a long-standing social problem, some experts questioned whether the plan would be any more effective than past police crackdowns.

Overall, serious crime declined in Los Angeles last year, but violent, gang-related crime increased 14%.

Gang crime was even higher in areas such as South Los Angeles, where it increased 25%, and a section of the north San Fernando Valley where it grew by nearly 160%.

"Street gangs are responsible for the majority of all the murders in Los Angeles and nearly 70% of all the shootings," Villaraigosa said Wednesday at a previously scheduled international summit on gang issues in Universal City. "We must work to address gang violence in a truly comprehensive way."

Although the police had identified certain gangs on occasion, especially when they appeared to be involved in high-profile crimes, the LAPD historically has not called out their names "because of the widely held perception that doing so elevated the criminals' influence and standing in the gang community," the mayor's plan says.

"This new strategy abandons the earlier posture and challenges these menaces by exposing their corrosive behavior to the scrutiny of a more informed and confident community," the plan says.

But Wes McBride, executive director of the California Gang Investigators Assn. and a retired Los Angeles County sheriff's deputy, said he was "not sure" that identifying the gangs was a good idea.

"These guys keep the clippings, and I don't know if you can really say which are the most dangerous gangs on any one day," he said. "It is the kind of advertising you don't need."

McBride said he feared that some gangs would feel slighted if not named and might try to up the ante with more violent crimes.

Najee Ali, a community activist and former gang member, said he also was opposed to any ranking system. "The mayor and chief shouldn't be legitimizing the gangs," he said. "To the gang members it is a badge of honor."

The list of targeted gangs includes the 204th Street gang in Harbor Gateway, which is believed to be responsible for recent racially motivated attacks and will be the subject of a special abatement effort. The list also includes Canoga Park Alabama, whose members' recent violent acts have contributed to gang crime skyrocketing 43% in the San Fernando Valley.

The other gangs on the list include 18th Street Westside in the LAPD's Southeast Division; the Avenues gang in the Northeast Division; the Grape Street Crips in the Southeast Division; Black P-Stones in the Southwest Division; the La Mirada Locos in the Rampart and Northeast divisions; the Mara Salvatrucha in the Rampart, Hollywood and Wilshire divisions; the Rollin' 40s and Rollin' 30s Harlem Crips, both in Southwest, and the Rollin' 60s in the 77th Street Division.

The Mara Salvatrucha gang has up to 50,000 members in six countries, but police will focus on cliques that operate in a few local high-crime neighborhoods.

The LAPD already has shifted 18 additional officers to the 204th Street gang turf and is expected to double that amount soon. Smaller deployments are expected for other gang-infested neighborhoods.

An additional 50 officers will be assigned to a Community Safety Operations Center in the Valley, which will analyze real-time crime data to rapidly and strategically deploy officers, including high-visibility patrols, in crime-ridden regions of the Valley.

The mayor and chief are set to formally unveil their plan at 2:30 p.m. today at the Valley's Mission Community Police Station.

Most of the gangs on the list already have been hit with injunctions that restrict their movements and ability to socialize, and some have been in the crosshairs of local and federal authorities for years.

But Villaraigosa said that the new plan is not as piecemeal as previously, and that the FBI, the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, the federal Drug Enforcement Administration, county probation agents, county and city prosecutors, and the U.S. attorney's office have signed on to step up pressure.

"We, the police, law enforcement, can do a great deal working collectively together, with force magnification, to reduce this problem," said Police Chief William J. Bratton on Wednesday.

But, Villaraigosa added, the gang-suppression plan was only the first step in stabilizing crime-ridden neighborhoods. He said the city would later provide prevention and intervention programs to keep young people out of gangs.

The chief acknowledged that with a police force already stretched thin and expansion occurring slowly, he would have to redeploy existing officers to hot spots in the immediate future.

McBride, the gang expert, cautioned that plans without resources often fall short.

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"Until everyone hires a bunch more cops, you are shoving sand in the wind," he said.

In addition to releasing a list of targeted gangs, the LAPD has submitted the name of a fugitive gang member for placement on the FBI's most wanted list and will submit another name when the first fugitive is captured, officials said.

The submissions will come from the LAPD's own list of its 10 most wanted gang fugitives, which also was released Wednesday. It includes Merced "Shadow" Cambero, from the Avenues gang, and Kody "Monster Cody" DeJohn Scott, from the 8-Trey Gangster Crips.

Also, the plan includes the appointment of an LAPD gang coordinator, creates a South Bureau Criminal Gang Homicide Group, designates additional patrol officers in gang territories to enforce injunctions and warrants, and proposes community symposiums on gang awareness in affected neighborhoods.

Malcolm Klein, a professor emeritus at USC and a gang expert, said the city's gang plan would appear to use a "tip of the iceberg" strategy.

"Targeting hot spots for gangs — that is not much different than the past," Klein said.

He also questioned the methods used to choose which gangs belonged on the worst 11 list.

"The level of violence generated by a gang makes sense to me. But the interracial conflict [at the root of the 204th Street gang murders] is not common, and shooting at police officers also isn't common. The last two are more political than rational."

However, the idea of focusing on the most violent gangs was supported by Alex Alonso, an academic who studies gang territories in Los Angeles and runs the website streetgangs.com.

"What they did under [former Police Chief Daryl F.] Gates didn't work: Suppress everyone. Now they want to be more focused on the most hard-core gang members, that 10% who are really responsible for violence," Alonso said.

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(INFOBOX BELOW)
Top targets
Here are the areas where the gangs targeted by Los Angeles city officials operate:
1. Canoga Park Alabama
2. Avenues
3. Mara Salvatrucha
4. La Mirada Locos
5. 18th Street Westside
6. Black P-Stones
7. Rollin' 30s
Rollin' 40s
8. Rollin' 60s
9. Grape Street Crips
10. 204th Street

Sources: LAPD, Times reporting

Latino Gang Study Finds Few Links To Overseas Groups (WP)

By N.c. Aizenman
The Washington Post, February 8, 2007

A study of Latino gangs in the Washington area and five Central American nations debunks the popular belief that the gangs are engaged in a systematic, organized effort to spread their influence.

Although the gangs have significant membership, the study found that their crimes are largely limited to petty theft and neighborhood extortion rather than some of those traditionally associated with organized crime -- drug trafficking, prostitution, human smuggling and arms sales.

The report, conducted by Autonomous Technological Institute of Mexico and the nonprofit advocacy group Washington Office on Latin America, comes as U.S. and Central American authorities are coordinating intelligence in the belief that the gangs have a networked structure.

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"Yet this idea that gangs are like an infection spreading from country to country through a process where the leaders send out missionaries to colonize new areas is fundamentally untrue," said Geoff Thale, one of the researchers from the Washington Office on Latin America.

For instance, in interviews with 316 gang members in a major Salvadoran prison conducted as part of the study, although a little more than half said they knew fellow gang members in North America, the vast majority said they had no contact with them, and few had traveled to the United States or Mexico.

Recent testimony in Washington area courtrooms has pointed to occasional cooperation between local gang members and counterparts in other regions. A 19-year-old Hyattsville man pleaded guilty in federal court last week to collecting dues and sending wire transfers to members in Los Angeles as treasurer of a cell of Mara Salvatrucha. And in an earlier trial, a Salvadoran police officer testified that gang leaders in El Salvador instructed Maryland gang members on how their organization should be run.

But Connie McGuire, who conducted the Washington area component of the study, said her interviews with law enforcement, community groups and 15 former gang members found no sign of transnational coordination among gang members.

"We shouldn't pretend that gangs aren't a big, scary problem," Thale said. "But we shouldn't misunderstand what the problem is and misdirect resources for solving it."

Researchers said the current misconceptions may stem from the transnational nature of the gangs' origins. The two most powerful Central American gangs, 18th Street, also know as Eighteen, and Mara Salvatrucha, or MS-13, emerged in Los Angeles in the 1980s when Salvadoran, Honduran and Guatemalan immigrants fleeing their region's various civil wars joined Chicano gangs or started gangs to protect themselves from African American gangs in the same neighborhoods.

After the wars ended in the mid-1990s, many gang members chose to return or were deported to their home countries, where they fueled the rise of sister gangs modeled after the Los Angeles groups that now have 30,000 to 60,000 members, according to Central American government and FBI estimates.

Then, as those members began migrating back to the United States, MS-13 and Eighteen were in turn exported to new regions of the United States -- including the Washington area, where a law enforcement task force estimates there are now at least 3,600 Latino gang members.

MS-13, in particular, has garnered headlines in the Washington area for dozens of killings and attacks in recent years, including the gang rape of two teenage girls in Prince George's County in 2003 and the shooting by an MS-13 member of an 18-year-old member of a rival Latino gang in Arlington last spring.

But McGuire concluded that Central American gangs are a relatively minor problem in the D.C. area compared with other threats. The principal danger they pose is to people living in the particular communities where gang members live and "especially . . . the youth themselves who get drawn into the gang life."

By contrast, gang violence is a major political issue in El Salvador, Guatemala and Honduras, where violent shootouts between rival gangs have driven up national homicide rates, and extortion is common in many urban neighborhoods.

A 'Surge' On Gangs Alone Won't Help (LAT)

By Constance L. Rice, Constance L. Rice Is A Civil Rights Attorney In Los Angeles.

The Los Angeles Times, February 8, 2007

Violence-plagued neighborhoods need real reform, not just more cops walking the streets.

CHERYL GREEN died Dec. 15 because she was black in the wrong gang-dominated neighborhood. Like innocent Latino children who are terrorized by black gangs in Watts, the 14-year-old was allegedly gunned down by members of the Latino 204th Street gang because she rode her scooter too close to the no-blacks Mason-Dixon line that gang members had drawn in her Harbor Gateway neighborhood.

L.A. politicians and law enforcement leaders have reacted forcefully to her death. Amid enough satellite dishes to remind one LAPD officer of the O.J. Simpson trial, officials at a January news conference declared war on 204th Street.

Mayor Antonio Villaraigosa proclaimed that no one should fear losing his or her life for being the wrong color. He vowed to put the gang out of business. Police Chief William Bratton, Sheriff Lee Baca and FBI Director Robert S. Mueller III announced weapons of mass crackdown: combined LAPD-Sheriff's Department patrols; cooperation with neighboring Torrance police; targeting of the gang's guns and drugs by the federal Drug Enforcement Administration and the Bureau of Alcohol, Tobacco, Firearms and Explosives; dragnet operations; electronic surveillance; observation posts; intelligence sharing; early-release exclusions and a "most-wanted list" of the 10 worst gangs.

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The U.S. attorney brandished stepped-up use of federal hate crime laws, death penalty enhancements, civil rights laws and RICO prosecutions. The city attorney added the use of "stay-away orders," which ban gangs from the neighborhood, on top of existing injunctions that forbid gang members from congregating.

Two days after this display, 204th Street shot another innocent black resident waiting in his car for his daughters.

"We've done this before," the LAPD officer at the news conference recalled. He was referring to a similar crackdown on the 204th Street gang in 1997, when members killed another African American youth. Then, as now, politicians threatened zero-tolerance, the LAPD increased patrols and arrested everyone in the gang they could. Officers galvanized the community against the gang. Politicians held community planning meetings. "And then, the focus shifted," the officer said, "we went back to normal deployment levels, and while we probably abated it for a while, new gang members refilled the ranks. Nothing on the ground changed. All of the conditions in that neighborhood continued."

Bingo. The "surge" in 1997 was temporary and, more important, the city never reversed the neighborhood conditions that fuel 204th Street. For the last nine years, the gang has continued its ethnic terrorism, with the murder of Cheryl Green as one of its latest acts of violence.

Let's be clear here: Strategic suppression is essential, a strong response to violent gangs such as 204th Street is necessary, and the effort will need more resources. But it is unclear whether the city has learned that suppression must be coordinated with comprehensive prevention and intervention strategies. And, right now, the prevention and intervention side of the equation is mostly missing. Law enforcement is doing its part; it's the rest of us who are AWOL.

What needs to happen in Harbor Gateway? Concerned politicians must connect with the right experts, who can diagnose the unique neighborhood factors that fuel the gang's dominance. They must authorize county, state and school district staff to jointly close the entrance ramps into the gang and open the exit ramps out of it. Effective violence reduction requires a sustained community organization that forms a 24/7 shield against gang violence.

In Harbor Gateway, that planning has to begin with the area's isolated, "Galapagos Island" configuration, the diaspora of gang members who return on weekends to enforce 204th Street's sovereignty, and Harbor Gateway's unconnected and intimidated residents.

In addition to tough-on-crime tactics, the region's leaders will have to use political capital to reset priorities and redeploy the millions in tax dollars spent every year on anti-gang programs but with no sustained violence reduction to show for it.

And after determining that gangs do not get to take our children, Angelenos must launch a "cultures and values" campaign to end the violence and killing of la vida loca.

Without the political will to change business as usual, politicians will be back again before the cameras, declaring yet another suppression surge with no long-term effect. In the meantime, Cheryl Green's mother, Charlene Lovett, and her black neighbors say they have been told by police that the only way to be safe is to stay inside their homes — or move.

Newark: Man Sentenced For Drug Dealing (NYT)

By John Holl

The New York Times, February 8, 2007

A man who prosecutors said controlled much of the city's heroin trade for years was sentenced in Federal District Court yesterday to life in prison without parole, prosecutors said. The man, Hakeem Curry, 31, of Newark, was convicted of drug charges and money laundering in July, said Christopher J. Christie, the United States attorney in New Jersey. Mr. Curry's organization is believed to have supplied nearly 85 percent of the heroin dealt on the streets of Newark and roughly 50 kilograms of cocaine a week for the last several years, Mr. Christie said.

Newark Drug Lord Gets Life, $8M Fine (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, February 8, 2007

Federal sentence means no parole for kingpin who ruled by violence

Hakeem Curry, the notorious kingpin who ran an unparalleled drug empire in Newark for years and kept out of jail by marking those who threatened it with death, was sentenced to life in prison and fined $8 million by a federal judge yesterday.

U.S. District Judge Faith Hochberg said she'd never seen a drug organization "even remotely comparable" to the one Curry ran with "incredible skill, acumen and intelligence," but also "extreme violence."

She marveled at the longevity of the Curry organization, which prosecutors said had flooded northern New Jersey with tons of cocaine and heroin over more than a decade to earn millions of dollars.

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"Mr. Curry is smart, goal-directed and ruthlessly ambitious," Hochberg told a Newark courtroom filled with Curry's family and friends and federal agents. "He knew exactly how to manage his drug conspiracy so it would last ... by letting all those beneath him do the dirty work."

Curry, 31, will never be free again because there is no parole in the federal system.

According to testimony, Curry tried to hire a hitman to kill the prosecution's star witness against him. He also ordered the murder of a rival and the execution of another government witness who was supposed to testify in a case against an ally, the testimony showed.

U.S. marshals were in full force at the sentencing, and spectators were required to walk through a metal detector immediately outside the courtroom.

As Hochberg was in the middle of announcing the punishment, the defendant stood silently in his green prison jumpsuit and shackles, but some of his supporters gasped. Curry's father jumped up from the back row.

"People kill people at Seton Hall College and you don't give them life," he shouted. "Ya'll gonna put my son away for life? ... Goddamn!"

Marshals ushered the defendant from the courtroom through a back door. Hochberg banged her gavel and called for order, but Curry's other supporters stood up to watch the commotion.

Marshals tried to calm Curry's father, but he continued to shout and got into a scuffle with them as they escorted him out. Marshals signaled to the judge to leave for her own safety and she quickly exited into her chambers.

Officials cleared the courtroom, asking the family members and the more than a dozen Drug Enforcement Administration agents who had worked the case to leave.

However, after a long break, Hochberg consulted with defense attorney James Plaisted and assistant U.S. attorneys John Gay and Robert Frazer and resumed the hearing. Curry's father was not allowed back in.

Curry, convicted of conspiracy, money laundering and drug trafficking by a jury last year, faced a mandatory minimum prison term of 20 years. Federal sentencing guidelines had recommended at least 30 years.

After the hearing, U.S. Attorney Christopher Christie called Curry "among the most brutal, dangerous criminals we've ever prosecuted."

"If anyone ever has earned a life term in federal prison, it's Hakeem Curry," Christie said.

Rakim Baskerville, Curry's co-defendant and cousin, was convicted of conspiracy. Hochberg sentenced him to life in prison last week. The judge also has accepted a dozen guilty pleas from other related defendants.

During the hearing, Plaisted, the defense attorney, argued for leniency, saying Curry had tried to go straight in recent years by moving to the suburbs and opening a clothing store. Curry had been living in Pine Brook in Morris County with his wife and son.

"There is no question that Mr. Curry did go through a change at a certain point and was evolving as a person," Plaisted said.

When given the opportunity to address the court, Curry turned toward his family before glancing down at a yellow scrap of paper.

"I'm very sorry that all y'all have been put through all of this," he said. "I want all y'all to know there were a lot of things said in this courtroom that were not true."

Gay, the prosecutor, said Curry's store was only a front to launder money for his drug organization, which kept him in high style by financing luxury cars, diamond-studded jewelry and a junket to an NBA all-star game.

Hochberg said violence coupled with Curry's use of an attorney to represent and arrange for bail for defendants when they were arrested helped ruthlessly enforce a "code of silence" for years.

"Nobody ratted on Mr. Curry because they knew the rules," Hochberg said. She said a term of life in prison was "vital" to deter others from trying to replicate Curry's business model.

As Curry was led away, he waved and smiled to his family. His attorneys promised an appeal.

Heroin, Cocaine Trafficker Gets Life In Prison (WNBC)

WNBC-TV,, February 8, 2007

A federal judge has sentenced a heroin and cocaine trafficker to life in prison without parole following his conviction last July on drug conspiracy and money laundering charges, federal prosecutors said.

U.S. Attorney Christopher J. Christie said that Hakeem Curry, 31, led the Curry Organization, which sold thousands of pounds of drugs in Essex and Union Counties.

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Curry and co-defendant Rakim Baskerville -- identified by prosecutors as a street level manager for the Curry Organization -- were both found guilty of drug trafficking conspiracy.

Curry was also convicted of money laundering and other crimes.

According to prosecutors, the Curry Organization was estimated to supply approximately 85 percent of the heroin in Newark while also supplying 30 to 50 kilograms of cocaine a week through its network of street level distributors.

Cooperating witnesses testified that millions of dollars in drug profits were generated by the criminal organization.

Testimony at trial also revealed Curry drove a $120,000 Mercedes Benz and an $80,000 Land Rover, lived in a luxury apartment, took lavish trips and bought custom-made jewelry.

Curry had faced a minimum sentence of 20 years in prison but the judge took into consideration evidence that Curry and Baskerville tried to hire a hit man to murder a government witness.

Baskerville was sentenced to life in prison last week.

Christie said, "Curry is among the most brutal, dangerous criminals we've prosecuted. If anyone ever has earned a life term in federal prison, it's Hakeem Curry."

Prosecutor Details Killings In Case Against Alleged 'M Street Crew' Enforcer (WP)

By Paul Duggan, Washington Post Staff Writer

The Washington Post, February 8, 2007

Prosecutors say murder was Larry Gooch's job. As an enforcer for a violent drug-dealing crew in Northeast Washington, authorities allege, he pulled the trigger in four slayings and aided in a fifth. He sold crack, PCP and ecstasy, according to an indictment, and tried to shoot a D.C. police officer to prevent a fellow gang member's arrest.

From the late 1990s until he was locked up in 2003, Gooch, now 27, was one of about two dozen young men in the heavily armed "M Street crew," which controlled the drug trade along 18th and M streets in the Kingman Park neighborhood, prosecutor Darlene Soltys said yesterday in her opening statement to a U.S. District Court jury.

As she spoke, describing the piles of cash that the gang allegedly raked in, Gooch sat a few feet away, expressionless, dressed in a preppy V-neck sweater and dark paisley necktie, his hair trimmed, his hands folded, his life in the balance.

In a city where public sentiment runs against capital punishment -- where voters rejected executions in a nonbinding 1992 referendum -- the U.S. attorney's office is trying for the third time in recent years to obtain a death sentence in the District under federal law. The move has angered some, including D.C. Del. Eleanor Holmes Norton (D).

"I have no quarrel with your vigorous prosecution of these cases," Norton told Interim U.S. Attorney Jeffrey A. Taylor in a letter Jan. 8, the day jury selection began for Gooch's trial. But in "this strongly anti-death penalty jurisdiction," she said, "there are a number of reasons to question the stepped-up death penalty prosecutions."

The U.S. attorney's office, barred from commenting on the Gooch case by a court-imposed gag order, sought the death penalty for convicted drug-gang killer Tommy Edelin in 2001. After jurors said no, Edelin got life in prison.

Two years later, when prosecutors sought capital punishment for Kevin Gray, convicted of 19 drug-related murders, and co-defendant Rodney Moore, found guilty of 10 killings, the jury deadlocked in the penalty phase, and the men got life prison terms.

"I believe that your office will continue to find it exceedingly difficult to get a jury of District residents to order the death penalty here," Norton wrote, saying "repeated prosecutions show neither a wise use of scarce resources nor a sensitivity to the needs of the communities of victims."

Selecting a "death qualified" jury -- 12 D.C. residents willing to vote for execution if the prosecution's evidence warrants it -- took a month in Gooch's case. U.S. District Judge Rosemary M. Collyer has set aside 14 weeks on her calendar for the trial.

Many of the two dozen or so defendants indicted in the case have been convicted or have pleaded guilty and agreed to cooperate with prosecutors in exchange for reduced prison terms. The charges followed an 18-month investigation by D.C. police and the FBI involving undercover drug buys, wiretaps and hidden surveillance cameras in the neighborhood.

Gooch, on trial alone, is the only defendant facing a possible death sentence.

"Larry Gooch did not shoot anybody," defense attorney Thomas Heslep said yesterday in his opening statement. "He did not shoot at anybody. He was not a member of a drug conspiracy. . . . I'm not going to tell you he was an angel all of his life. . . . But he is factually innocent of this violence."

Soltys told a different story.

In the early hours of Aug. 1, 2000, the prosecutor said, Gooch and three other gang members visited the home of William Cunningham, a drug dealer with a stash of cocaine and cash in his apartment. They planned to rob him, Soltys said.

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"When Larry Gooch saw Will Cunningham as he opened the door, Larry Gooch shot and killed Will Cunningham with a single gunshot to the head," she said. Christopher Lane, a friend of Cunningham's, was staying in the apartment. One of Gooch's cohorts chased Lane into the kitchen and shot him in the head, Soltys said.

On a September night two years later, when Miguel Miles, stoned on PCP, showed up on the gang's turf to buy drugs, he got out of a sport-utility vehicle and began behaving irrationally, flailing his arms and shouting. Soltys said Gooch ordered Miles to get back in the SUV, and Miles complied. When he got out of the vehicle again, still acting crazy, "Larry Gooch stepped off the curb and opened fire and shot Miles six times," Soltys said.

When a gang member was being arrested in a carryout restaurant in November 2002, she said, Gooch tried to distract police and help his friend escape by creating a disturbance outside. She said he fired a shot into a patrol car parked in front of the carryout, narrowly missing an officer.

Three months later, suspecting that Calvin Cooper and his girlfriend, Yolanda Miller, had been stealing drugs from the crew and cooperating with police, Gooch approached them on the street one night, Soltys said. She said he shot Miller six times, leaving her dead in a snowbank, then chased Cooper into an alley and shot him three times in the back.

"It was like a McDonald's drive-through," Soltys said of the street-corner drug trade controlled by the gang. "There was traffic all the time. . . . There were all these shootings, all this gunfire, people arrested with weapons.

"And there were murders."

Cuba Deports Top Colombian Drug Suspect (AP)

AP, February 8, 2007

BOGOTA, Colombia (AP) -- Cuba will deport reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States, a government official told The Associated Press on Wednesday.

The Colombian official said Gomez was expected to arrive in Bogota on Thursday and would be held at its heavily fortified chief prosecutor's office compound before being extradited to the United States.

An extradition order has been signed, the official said. He spoke on condition he not be further identified because he was not authorized to divulge the information.

Gomez, an alleged top boss of Colombia's Norte del Valle cartel known by his alias "Rasguno," is wanted on a U.S. indictment in New York on drug trafficking, racketeering and money-laundering charges.

He has been held in Cuba since his 2004 arrest at a Havana airport on charges of carrying a false passport. He had fled Colombia after Washington offered rewards of $5 million each for the South American country's top drug traffickers.

Gomez would be the most senior reputed drug boss extradited to the United States since Cali cartel chief Miguel Rodriguez Orejuela was extradited in March 2005.

Gomez's Miami-based attorney, Oscar Rodriguez, told the AP he had no information on the deportation and would not answer questions until he has had a chance to speak with his client.

The U.S. Embassy in Bogota had no immediate comment on the case. Cuban press officials and officials at the Colombian Embassy in Havana also did not immediately respond to requests for comment.

Cuba does not have diplomatic relations of any kind, including an extradition treaty, with the United States.

Shortly after Gomez's arrest, Cuban officials said he had been "in transit" and didn't intend to develop a local drug market in Cuba.

The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration. However, many of its top bosses have been captured in recent years and a campaign by the U.S. Treasury Department has frozen many of their assets, including front companies.

In 2004, Colombian authorities seized $100 million worth of Gomez's assets including 68 farms, 24 offices and 17 parking lots. According to prosecutors, he went from pumping gas in 1991 to declaring property worth more than $500,000 a year later.

House Republicans Urge Change In Afghan Counternarcotics Policy (AP)

AP, February 7, 2007

WASHINGTON (AP)— Four House Republicans on Wednesday urged the Bush administration to rethink its policy on opium production in Afghanistan, saying more needs to be done to counter the growing threat of narco-terrorism.

The lawmakers, in a letter to Secretary of State Condoleezza Rice and Defense Secretary Robert Gates, said the U.S. must end its dispute with Britain over opium eradication and design a uniform counternarcotics policy with the British and NATO.

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They also suggested a "ride-along policy" where Drug Enforcement Administration agents could join U.S. and international military forces in unsecured areas where the DEA is targeting illicit drugs and drug kingpins.

"It is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for al-Qaida," wrote Rep. Ileana Ros-Lehtinen of Florida, the top Republican on the House Foreign Affairs Committee, and Reps. Mike Pence of Indiana and Elton Gallegly and Dana Rohrabacher, both from California.

Their proposal included:

Appointing a high-level coordinator of overall Afghan narco-terrorism policy.

Doing more to extradite to the U.S. major drug kingpins and drug warlords.

Giving Colombia's National Police anti-narcotic unit a greater role in training their Afghan counterparts.

Promoting Afghan trade to provide alternatives to poppy farming.

Testing the use of herbicides that do not harm the environment or humans.

White House national security spokesman Gordon Johndroe said he had not seen the letter. But he said the administration has undertaken a review of policy in Afghanistan "given the changed circumstances after five years of American assistance" and that President Bush has committed additional resources and personnel to the effort to establish a stable democracy there.

Ros-Lehtinen welcomed the administration's recently announced request for $10.6 billion over the next two years to improve Afghanistan's infrastructure, economy and security. But she said the threat from illicit drugs "will not be alleviated solely by investing more resources." The British, who are leading counternarcotic efforts in Afghanistan, have objected to U.S. eradication policy. They say it fuels the insurgency in a country where anywhere from 30 percent to 60 percent of gross domestic product comes from opium production.

An estimated 93 percent of the world's opium comes from Afghanistan. Trade in opium and heroin, much of it headed for Europe and Asia, brings in as much as $2 billion a year.

Proceeds from drug sales have allowed the Taliban and anti-U.S. forces to buy sophisticated weapons including night vision goggles and more deadly land mines.

The chairman of the House Foreign Affairs Committee, Rep. Tom Lantos, D-Calif., said in a statement that the U.S. and it allies should spend more to train police in Afghanistan and help authorities destroy drug labs and warehouses.

He suggested the possible use of U.S. military force "when necessary" against traffickers and kingpins.

On the Net:

House Foreign Affairs Committee: http://foreignaffairs.house.gov/

Another Charge Against Gun Dealer (SEATT)

By Mike Carter, Seattle Times staff reporter

Seattle Times, February 8, 2007

A federal grand jury has added another firearms-related felony charge against a Bellevue gun dealer once arrested as a material witness in the 2001 slaying of Assistant U.S. Attorney Thomas Wales.

Albert Kwok-Leung Kwan was charged Wednesday with unlawful possession of a short-barreled rifle, which carries a potential prison term of up to 10 years. Kwan earlier had been charged with possession of a machine gun.

Kwan has been scrutinized by the FBI and federal prosecutors because of evidence that he purchased two replacement gun barrels for a handgun like the one that was used to kill Wales. Kwan claims he recalls buying only one barrel, which he turned over to the federal agents. However, his attorney and court documents say he failed a FBI polygraph about the second barrel.

Agents with a task force investigating Wales' slaying say they do not think Kwan killed Wales. They are trying to determine whether he gave the second gun barrel to the person who did.

Wales was shot to death in the basement of his Queen Anne home Oct. 11, 2001. Bullets and shell casings recovered from the crime scene indicate the weapon was an Eastern European Makarov fitted with a replacement barrel. Only about 3,500 of the barrels were sold in the United States, and the FBI has been trying to find and test them all.

The task force has investigated hundreds of leads but has focused on a Bellevue airline pilot who Wales had prosecuted for fraud in the late 1990s. Those charges eventually were dropped and he was bitter over the ordeal, according to court documents.

In January 2005, Kwan was jailed for 23 days as a material witness in the case. An avid gun collector, agents searched his home and found more than 100 weapons, including an allegedly unregistered M-14 machine gun. Kwan is free but must wear an electronic monitoring bracelet.

Attempts to contact his Washington, D.C., attorney, Joseph Conte, were unsuccessful Wednesday. Conte has accused the government of trying to pressure Kwan to remember what he did with the second barrel.

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The new charge alleges he owned a Heckler & Koch VP70Z firearm fitted with a shoulder stock. Prosecutors allege the weapon is a short-barreled rifle and must be registered. Kwan's weapon was not registered, Assistant U.S. Attorney Bill Redkey said.

IMMIGRATION:

Panel: Few Changes In Asylum Procedures (AP)

By Suzanne Gamboa

The AP, February 7, 2007

WASHINGTON -- A bipartisan commission says the agency in charge of securing U.S. borders is failing to protect asylum seekers from being wrongly deported or treated like criminals.

The U.S. Commission on International Religious Freedom said in a report released Thursday that the Homeland Security Department expanded expedited removal of immigrants _ against its recommendation _ and continues to jail asylum seekers with criminals.

The commission said few of the changes it had recommended to Homeland Security Secretary Michael Chertoff have been made.

"Despite the passage of two years and a personal meeting with Secretary Chertoff and our expectation he would establish a system that both protects our borders and asylum, we are disappointed and dismayed," said Felice Gaer, the commission's chairwoman.

Stewart Baker, assistant secretary for policy at DHS, said several of the recommendations have been carried out but many "were not entirely realistic and very difficult to implement."

Asylum seekers are often detained while officials determine if their claim of persecution is credible. The commission found two years ago that some were shackled, kept in solitary confinement or strip searched.

Baker said building separate facilities only for asylum seekers and flying them to a better facility would be expensive and might serve as incentive for people to claim asylum.

The commission was required by Congress to study DHS and Justice Department asylum procedures. The 2005 study was significant because commission members were allowed to observe parts of the asylum screening process.

Mark Hetfield, director of the original study, said the commission found two years ago that DHS was not following special procedures Congress put in place to ensure legitimate asylum seekers weren't turned away as the country tightened immigration laws. Little has changed, he said.

"There's no mechanism to be sure DHS is following its own rules when it comes to asylum seekers. How do we know it's following its own rules when it comes to security?" said Hetfield, senior vice president of policy and programs at Hebrew Immigrant Aid Society.

The commission had recommended that DHS fix problems in the expedited removal process before expanding it. But DHS expanded the accelerated deportations amid growing calls for crackdowns on illegal immigration.

Under expedited removal, screeners at airports and other ports of entry can immediately send foreigners back to their country of origin if they decide the person does not have a credible fear of persecution.

"Expedited removal is probably one of the most important tools for controlling immigration that we have in our arsenal," Baker said. "It is something that has allowed us to get on top of or ahead of illegal immigration in the last two years."

DHS did create a senior adviser on refugee and asylum policy as recommended by the commission. But commission members said he hasn't been given enough authority or resources to carry out what they recommended. Igor Timofeyev, an attorney, was named to the position.

The commission praised some of the efforts by the Justice Department to carry out its recommendations, particularly efforts to provide money to train immigration judges.

The commission said it had trouble assessing some aspects of the asylum process because DHS would not provide it with requested information.

U.S. May Be Mishandling Asylum Seekers, Panel Says (NYT)

By Rachel L. Swarns

The New York Times, February 8, 2007

DOJ_NMG_0129394

WASHINGTON, Feb. 7 — A bipartisan federal commission warned on Wednesday that the Bush administration, in its zeal to secure the nation's borders and stem the tide of illegal immigrants, may be leaving asylum seekers vulnerable to deportation and harsh treatment.

The United States Commission on International Religious Freedom, which Congress asked to assess asylum regulations, found two years ago that some immigration officials were improperly processing asylum seekers for deportation. The commission, which also found that asylum seekers were often strip-searched, shackled and held in jails, called for safeguards in the system of speedy deportations known as expedited removal, to protect those fleeing persecution.

But the commission, which will issue its new findings on Thursday, says officials have failed to put into effect most of its 2005 recommendations. It says the failures come even as the Bush administration has significantly expanded efforts to detain and swiftly deport illegal immigrants from countries other than Mexico without letting them make their case before an immigration judge.

"We are clearly concerned as to whether, in addition to prioritizing secure borders, the government is ensuring fair and humane treatment of legitimate asylum seekers," said Felice D. Gaer, who is head of the commission, which was created by Congress in 1998. "We are really quite disappointed and dismayed by the lack of a response."

Senator Joseph I. Lieberman, the Connecticut independent who is chairman of the Senate Homeland Security Committee, also expressed concern about the slow pace of change. Mr. Lieberman said he planned to introduce legislation by March to require the Department of Homeland Security to adopt several of the commission's main recommendations.

Officials from the Homeland Security Department emphasized that they had put into effect some recommendations, including naming the first senior adviser for refugee and asylum policy and updating training for immigration officers, detention workers and other personnel.

But they said many other recommendations were impractical given the challenges in trying to stop illegal immigrants from pouring into the country.

"We have taken their report seriously," said Stewart A. Baker, an assistant secretary of homeland security. "But some of their recommendations just weren't practical given the enormous flood of illegal immigrants that we deal with every day."

Mr. Baker said the department looked forward to working with Mr. Lieberman and would review his measure after it had been introduced.

In its report, the commission praised the Justice Department, which oversees immigration courts, for training immigration judges on asylum law, expanding the number of legal orientation programs for detained immigrants and trying to improve immigration court decisions.

But the commission was sharply critical of the Department of Homeland Security, whose border agents and immigration officers interview asylum seekers at airports or land crossings.

Domestic security regulations require that immigration officials refer an illegal immigrant for what is known as a credible-fear interview if the immigrant indicates "an intention to apply for asylum, a fear of torture or a fear of return to his or her country." The asylum seeker is then removed from the expedited removal process so an immigration judge can review the claim.

But the commission found no evidence that domestic security officials had taken steps to ensure that agents advised immigrants to ask for such protection or to ensure that agents did not deport immigrants who express fear of deportation.

The commission also found no indication that the Department of Homeland Security had taken steps to ensure that asylum seekers were not treated like criminals while their claims were being evaluated. Mr. Stewart said that it would be too burdensome to create a separate detention program for asylum seekers and that such a system might create incentives for people to claim that they were fleeing persecution.

Eleanor Acer of Human Rights First said the failure to address such problems promptly had "real human consequences."

"Asylum seekers continue to be jailed in these prisonlike facilities for months and, in some cases, for years," Ms. Acer said.

The commission also expressed concern that officials chose to expand the expedited removal process before addressing the problems in the handling of asylum seekers.

Nazi Hunters Pick Up The Trail Online (USAT)

By Oren Dorell, Usa Today

USA Today, February 8, 2007

Bill Gray was working as a student intern at the Simon Wiesenthal Center in Jerusalem when he decided to use the Internet to find fugitive Nazis.

Within a few hours he found five, all living in the USA.

"To think of the horrible crimes that these people committed," said Gray, 24, a Harvard student from Munster, Ind. "And to think that they were living in the United States for so long, so happily."

The Nazis whom Gray found were already known to the Justice Department. Some had been deemed too ill to prosecute, and Justice is taking a second look at the others, the center said.

Gray's use of Internet-based search engines and databases such as voting records comes at an important time. The Wiesenthal Center is making an intense push, known as "Operation: Last Chance," to find fugitives of the Holocaust and bring them to justice before they die. The center, renowned for finding scores of ex-Nazis, is also seeking collaborators, camp guards and leaders of paramilitary groups who helped round up and kill Jews and others during the Holocaust.

The effort has rolled across Europe and collected hundreds of allegations and names from Lithuania, Latvia, Estonia, Poland, Romania, Austria, Hungary and Germany. This year the program will expand to Argentina, Brazil and Chile.

The suspects are all older than 80, so any time saved by using the Internet is critical.

"It helps make my job easier," says the world's chief Nazi hunter, Efraim Zuroff, director of the Wiesenthal Center's Jerusalem office. "It helps me get up-to-date whereabouts on the current suspects."

That's what happened when Zuroff gave Gray, then a new volunteer, a list of people he had been searching for. Zuroff had compiled the list by cross-checking World War II-era U.S. refugee records with names of suspected war criminals. But Zuroff could find nothing on what happened to the people.

Gray had become familiar with search tools such as LexisNexis, Westlaw and Net Detective as a research assistant for Harvard law professor Alan Dershowitz and as an intern for the U.S. attorney's office in Chicago. He thought: Why not try using them for this?

Gray took the names and birthdates and went to work. In his quest for a Lithuanian Nazi, he first searched death records. Nothing. He looked in property records and professional licensing data. Still nothing.

Within an hour, however, he found the woman's name in U.S. voting records. Those records included a list of addresses.

Gray got a "pretty decent picture" of what the suspected Nazi did during her time in the United States, which began in the 1940s.

"Her husband had a good job. They appeared to live a very comfortable lifestyle," he said.

The woman's name was not released because she is only a suspect. She has been reported to the Justice Department and may face charges on allegations by the center that she was involved in the extermination of Jews, the center said.

Of the other suspects, Gray found that some had died, one was missing, and four were in the USA.

Dershowitz says the Internet may revolutionize the search for perpetrators of the Holocaust.

"The days of hiding are basically over," he says.

Finding ex-Nazis is just the start, however. Zuroff says what happens with the evidence and documentation they collect depends on what country receives it.

"If it's in America, we know it's in good hands," he says.

The questions that surround people identified as suspects are seen in the case of Sandor Kepiro, an officer in a Hungarian police unit that rounded up and machine-gunned more than 1,000 Jews, Serbs and Gypsies in Novi Sad, a Yugoslav area occupied by Hungary in 1942. Kepiro was convicted in the massacre but freed by Hungary's fascist regime shortly after his trial in 1944. He fled to Argentina. In 1946, the communist government of Hungary tried him again in absentia and sentenced him to 14 years. He returned to Budapest in 1996 and has denied taking an active part in the executions.

Due to Operation: Last Chance, authorities are now deciding whether he should be re-arrested.

Zuroff says that over the years he has tracked down more than 2,000 people suspected of Holocaust crimes. He hopes that the new methods will help locate a notorious fugitive: Aribert Heim.

Heim was a doctor at the Mauthausen and Buchenwald concentration camps who was suspected of killing hundreds of inmates. He slipped from U.S. detention and was practicing gynecology in Germany until 1962 when state prosecutors issued a warrant for his arrest and he disappeared. A reward of more than $250,000 has been offered for Heim, who Zuroff believes is hiding in South America.

Gray says it should not matter that the suspects are old. Gray had two Jewish great-grandfathers who each lost siblings in the Holocaust.

"If they're healthy, I think that these bastards have to pay for what they've done," he says.

CONGRESS-ADMINISTRATION:

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2-Party Talks On Budget Fall Apart Amid Friction (NYT)

By STEVEN R. WEISMAN

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — A leading Democratic senator said Wednesday that previously undisclosed behind-the-scenes bipartisan budget talks with the administration had collapsed because of comments by Vice President Dick Cheney and others in the administration.

The senator, Kent Conrad of North Dakota, chairman of the Senate Budget Committee, also accused the administration of undercutting the possibility of talks by refusing to signal a willingness to compromise on taxes to save Social Security and Medicare or to balance the budget in the years ahead.

Mr. Conrad made his comments at a hearing with Rob Portman, director of the Office of Management and Budget, who defended the $2.9 trillion plan that the Bush administration submitted on Monday. The proposal has deep spending and benefits cuts, increased military spending and a call for continued tax cuts.

The skirmishing between Mr. Conrad and Mr. Portman reflected the extreme sensitivity of a budget two years before a presidential election.

At its root is a Democratic strategy of saying tax increases, or rescinding tax cuts, are essential to solving many fiscal problems, but demonstrating reluctance to be first to offer a specific proposal.

More specifically, Democrats fear that if they propose, and pass, tax increases, they will be vetoed and Republicans will club them over taxes for the next two years.

Democrats say tax increases might come out of bipartisan talks like those under Presidents Bill Clinton and the first George Bush.

Republicans say Mr. Bush has taken hard criticism from the conservative wing of his party for even saying he would talk with the Democrats about the budget without preconditions like ruling out tax increases.

"The question I keep putting to you is, 'Is your side prepared to really compromise?' " Mr. Conrad asked Mr. Portman.

He said that Democrats had agreed to cut spending in popular retirement programs but that they needed Republicans to agree to tax increases to make possible a deal on saving them. Mr. Conrad said Mr. Portman was "divorced from reality" by not being willing to accept responsibility for tax increases.

Mr. Portman and other administration officials said afterward that there had been preliminary talks with Mr. Conrad and Senator Judd Gregg of New Hampshire, the ranking Republican on the budget panel, but that the talks had not gone far.

In a phone interview, Mr. Portman said Wednesday that President Bush had sought to help the atmosphere by rejecting "preconditions" for the talks. Mr. Portman said the demand for a signal of willingness to accept tax increases was such a condition.

"The president supports the idea of a bipartisan process to address the longer-term budget problems, including entitlements," Mr. Portman said. "I also commend Chairman Conrad and Senator Gregg for their interest, because when you start a process like that, it entails risks."

Mr. Conrad, also in a telephone interview, said that "back-channel communications" with Mr. Portman and Treasury Secretary Henry M. Paulson Jr. had made headway but that Mr. Cheney undercut progress by saying last month that the administration still opposed tax increases.

"We were very close to getting ready, at least on the Senate side, to be able to go forward," Mr. Conrad said. "Now what's happened, behind the scenes, is that the talks have collapsed." Administration officials said Mr. Cheney had meant only to say the administration had its own ideas, including preserving tax cuts and setting up individual investment accounts to replace Social Security for some future retirees.

Spratt Rallies His Team On Budget (RC)

By Emily Pierce

Roll Call, February 8, 2007

House Budget Chairman John Spratt (D-S.C.) is quietly and methodically laying the groundwork to build support across the Democratic Caucus for a 2008 budget resolution that he hasn't even written yet.

Given the difficulties both parties have faced in recent years getting their Members to support a single, expansive blueprint that provides plenty of room for disagreement, Spratt said he already has engaged Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) in his plan to convince the diverse Caucus to help him pass a five-year balanced budget plan this spring.

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"We've already started working the Caucus for support of a budget resolution, the concept of a budget resolution," Spratt said in an interview Tuesday. "As I tell my Democratic colleagues, 'If you can't budget, you can't govern.'"

Hoyer plans to sit in on meetings between Spratt and Democratic committee chairmen, which Spratt said would be his first priority. Spratt said he would be asking committee chairmen what they would like a budget resolution to facilitate as well as what kinds of revenue raisers — including possible tax increases — they might be able to draw up as part of a potential budget reconciliation package.

Meanwhile, Spratt will be meeting, as he usually does, with different Democratic Party factions such as the moderate-to-conservative Blue Dogs, the New Democrats and the Progressive Caucus to press them to support a budget resolution.

Those meetings will be key, he said, because he does not want to run his budget "up the flag pole" to see if it flies. "We'll do a lot of flag drills before we bring it to the floor," he said.

Spratt said his job is much harder this year because previous Democratic budgets primarily were used as documents to register the party's opposition to the former Republican majority's budget priorities and often they didn't even get the votes of all Democrats — a situation Spratt said he is determined to avoid this year.

"We're putting together a budget that's got to work," Spratt said. "This is not a statement or a symbol."

He said Democratic leaders would be key to passing any budget this year — a fact that has not been lost on Pelosi or Hoyer.

"Certainly, there's a realization that this budget is very different from budgets we put together in the past," said one House Democratic leadership aide. "There's a higher bar to reach. It's going to become law."

That's why Spratt said he's putting such a premium on his meetings with Democratic committee chairmen.

Tops on his list will be meeting with House Ways and Means Chairman Charlie Rangel (N.Y.), considering Rangel likely will be charged with finding ways to save money under Medicare and Medicaid, as well as possibly drafting targeted tax increases.

Spratt said he would "like to do it without raising taxes," but acknowledged that may be hard to do. Still, he noted, "Nobody in the Democratic Party is pushing me to come up with new taxes to pay for a balanced budget."

He said he instead would be looking to reduce some Medicare payments to managed care providers as well as enacting some of the user fees proposed in the president's recently released 2008 budget.

Spratt said attempts by the White House and Republicans in Congress to frame the budget debate as one that challenges Democrats to balance the budget in five years without raising taxes — as the president's budget claims to do — is a red herring.

"It's not a real challenge," he said. "They haven't done what they're calling on others to do."

Spratt said the White House's refusal to include a permanent solution for the alternative minimum tax, which is increasingly ensnaring middle-income taxpayers rather than the wealthy ones it was designed to target, is just one example of how the president's budget does not live up to its hype. If a permanent fix for the AMT had been included, the president could not have counted as revenues the money those middle-income taxpayers will owe.

"They're booking those revenues and not acknowledging that it's a tax increase on middle-class" taxpayers, said Spratt.

Still, Spratt acknowledged that Democrats, and himself in particular, are going to have a tough time balancing the budget with relatively limited funds.

Spratt said the first problem for him is that he will not be following the president's budget, which assumes that revenues coming into the government will be higher than those projected by the Congressional Budget Office. He'll be using the lower CBO estimates, instead.

"Anyone who uses the CBO baseline is going to be at a disadvantage from the start," he said. In just the past year of the president's five-year budget, the difference between the White House's projected revenues and CBO's is a whopping $155 billion.

But he said that no matter the challenges to drafting a balanced five-year budget, he wants to do what Republicans were unable to do last year — get an actual budget passed through both chambers.

"We want to draw a distinction between us and them," he said.

Democrats Likely To Take Cue From Bush On Budget (FT)

By Eoin Callan In Washington

Financial Times, February 8, 2007

Democrats were scathing this week as they grilled senior administration officials over President George W. Bush's proposal to balance the budget four years after he leaves office.

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Party leaders said the president's budget was filled with "debt and deception" and "disconnected from reality". But Democrats will almost undoubtedly mimic these alleged sleights of hand to conceal cracks in the US fiscal outlook when they present their own budget proposals next month.

Party strategists said their proposals were still taking shape and would not be agreed until key committee chairmen met to work out the details by March 15. The plans would again be overhauled after that to produce a budget for next year in time for the real work of appropriating spending that gets under way in June.

But the budget priorities emerging at this early stage in the process suggest the party will postpone tackling many of the most divisive fiscal dilemmas facing policymakers – including changes to costly entitlement programmes and the president's $1,700bn (£867bn) tax cuts.

Hank Paulson, US Treasury secretary, acknowledged on Wednesday that neither party appeared ready to discuss big tax reform. "In terms of fundamental tax reform, maybe we will get to do that in the next two years," he told a congressional budget committee.

But the Democrats are likely to quickly throw off many of Mr Bush's proposed spending cuts, including a below-inflation cap on discretionary spending increases of 1 per cent.

Steny Hoyer, majority leader in the House of Representatives, said: "A 1 per cent freeze on domestic spending is a cut in almost every item on domestic discretionary spending."

However, the Democrats are unlikely to dismiss the administration's proposal to reduce rapidly rising spending on healthcare by $100bn in the coming years.

They are likely to agree on the needs for cuts, but may spend the savings on health insurance programmes for poor children rather than a proposed $1,500 per person tax cut to encourage private medical coverage.

Senior party figures said Democrats' proposal would include two of the most heavily criticised aspects of the president's budget: the off-balance sheet treatment of future war costs and the omission of tax relief for the middle class – regarded as inevitable by both parties.

Mr Hoyer said "on those two at least we will probably track the president", adding the party would tell the public: "Look, this is not the way we ought to be doing it." This approach will do little to answer economists who question the reliability of Republican and Democratic claims to be able to balance the budget by 2012.

Budget Keeps Tabs On Computer Security Risks (WP)

By Stephen Barr

Washington Post, February 8, 2007

When the president releases a new budget, Karen Evans finds herself in demand.

She draws a crowd because, as the government's high-tech policy chief, she oversees big money for computer systems and other information technology investments. The fiscal 2008 budget proposes spending $65.5 billion on technology -- a handsome chunk of change by almost any standard.

In recent days, Evans has briefed more than 150 industry executives on federal technology spending plans, provided budget highlights to congressional committees, talked to industry associations, and conducted press briefings for East Coast and West Coast publications. Another corporate briefing is being planned for tech executives who could not be crowded into the first session.

Yesterday, between rattling off budget numbers and explaining policy procedures, Evans, the administrator of e-government and information technology for the Office of Management and Budget, made clear that she's watching how agencies perform and stands ready to help any in danger of bungling projects.

For the first time, President Bush's budget includes a "management watch list" of technology projects that have been poorly managed or may be vulnerable to hackers or some other security problem, Evans said.

For 2008, 346 of 840 major technology investment programs and projects are on the watch list. Evans estimated spending on the 346 programs at $14.4 billion.

She has updated a lengthy list of high-risk technology projects, though some are included only because they require coordination among multiple agencies and need more oversight. The list includes 25 e-gov initiatives that have required additional discussions with the House and Senate Appropriations committees.

There is no estimate of how much these projects cost because agencies are still compiling data for the OMB. But Evans said the incomplete tally stands at $9.1 billion.

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The two lists have been compiled in previous years but did not become part of the public record until last year, when Sen. Tom Coburn (R-Okla.) pressed for their release. The management watch list for troubled projects, in particular, is no longer hidden, assuming budget-watchers make it to Chapter 9 of the "Analytical Perspectives" budget book.

In addition to the recurring concerns about whether big computer upgrades and other technology projects are running over budget or taking too long, the government had to deal with a series of high-profile data security breaches last year.

One notable case involved the theft of a Veterans Affairs Department laptop and external hard drive from an analyst's home, raising concerns that the burglary had put at risk the names and Social Security numbers of millions of veterans. Officials later concluded that the data had not been accessed.

Evans said yesterday that agencies are making progress on improving their cyber-security, at least from a statistical standpoint. The percentage of systems that have been certified and accredited for security controls and contingency plans has increased markedly, she said.

But reviews by agency inspectors general found 11 of the 26 agencies had not made satisfactory progress on their plans to resolve cyber-security problems or did not have an effective process in place to identify and correct security weaknesses, according to the OMB.

Overall, fiscal 2008 spending on information technology in the government is increasing 2.6 percent from what Bush sought in fiscal 2007.

Some agencies would get substantial increases: The budget calls for a 45.5 percent boost for the Nuclear Regulatory Commission (to help find alternative energy sources) and a 23.4 percent boost for the Treasury Department (to improve tax collection systems).

But the technology budget would fall by 1.1 percent, to $4.11 billion, at the Department of Homeland Security. Evans said the $44 million reduction would not hinder the fight against terrorism because the department was given significant increases in previous years.

Under the president's budget, she said, the government would spend about $46 billion this year on maintaining technology systems that support agency missions, and about $20 billion on projects to modernize or develop computer systems.

EDITORIAL: Mr. Bush's Improbable Budget (NYT)

The New York Times, February 8, 2007

President Bush claims that his new $2.9 trillion budget request is a tough-minded plan for balancing the books by 2012. In reality, it's a smokescreen for making Mr. Bush's tax cuts permanent — and either hollowing out the government in the process or digging the country deeper into debt.

The budget is based on a series of improbable, if not dishonest, assumptions. To make it appear as if the tax cuts are affordable in the near term, it assumes that the Pentagon will not spend a single penny on Iraq or Afghanistan after 2009. It also assumes there will be no costs for fixing the alternative minimum tax after this year, even though Mr. Bush and virtually every politician in America is committed to such relief.

The new budget would also slash key entitlement programs and punish many of the country's most vulnerable citizens. Sharp reductions are envisioned for Medicare, with cuts of $66 billion over five years, and Medicaid, down approximately $11 billion. Some of the Medicare proposals could serve as useful starting points for a debate on controlling costs through such steps as raising premiums for high-income beneficiaries. But the Medicaid cuts would be largely counterproductive. At a time when the number of uninsured children is rising, the cuts would force many states to reduce their Medicaid rolls.

Mr. Bush's budget would also take an ax to most other domestic spending. One program that would be gone entirely in 2008 provides monthly bags of groceries, each worth less than $20, to 440,000 needy elderly people. The $99 million block grant to states to help pay for preventive health care would also be eliminated. Other cuts — in Head Start, veterans' health care, environmental protection, scientific research, low-income housing and heating assistance, to name a few — would start in 2008 and grow, totaling $114 billion over five years. Such cuts would be shortsighted and cruel. They would also be politically impossible to enact — further exposing Mr. Bush's budget as the sham it is.

Even if they were achievable, the proposed spending reductions would be grossly unfair. Government programs that serve middle-class and low-income Americans would be slashed to offset the cost of extending tax cuts that favor the rich. In 2012 alone, the president's new budget would cut domestic discretionary spending by $34 billion, while tax cuts for households with incomes above $1 million would total $73 billion. In all, by 2012, 20 percent of the tax cuts would go to that richest sliver of Americans; one-third of the benefits would go to households with incomes over $400,000.

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Mr. Bush's new budget has a few worthwhile nuggets, like a proposed increase in Pell grants for low-income college students and a jump in the funds for AIDS treatment worldwide. In drafting a real budget, Congress can take those items from the president's version, and jettison the rest.

Bush's Course On Budget Parallels Iraq (WSJ)

By David Wessel

The Wall Street Journal, February 8, 2007

The numbers in President Bush's budget add up -- arithmetically. If his assumptions come true, the deficit will evaporate in 2012.

But there are a lot of ifs -- if Iraq and Afghanistan cost only $50 billion in 2009 and nothing thereafter; if the president and Congress hold growth in annually appropriated domestic spending well below inflation; if they let the alternative minimum tax reach deeper into the middle class or raise taxes on others to prevent that; if Congress squeezes $66 billion (4%) from Medicare over five years.

OK. Give him a break. A presidential budget is an opening bid, not an attempt at stating a consensus.

But is it sound? If former Republican Treasury Secretary James A. Baker III and former Democratic Rep. Lee Hamilton led a budget commission like their Iraq Study Group, what would they say?

They would hardly need to rewrite their cover letter. "There is no magic formula … . However, there are actions that can be taken to improve the situation and protect American interests," they said in the Iraq report. "Many Americans are dissatisfied, not just with the situation...but with the state of our political debate … . Our country deserves a debate that prizes substance over rhetoric, and a policy that is adequately funded and sustainable."

William Gale of the Brookings Institution think tank -- populated by deficit-fearing Democratic wonks who have been trying to find common ground with deficit-fearing Republican wonks -- has been thinking a lot lately about the parallels between Mr. Bush on Iraq and Mr. Bush on the budget.

"The Bush administration's two signature policies have been the war in Iraq and consistent pressure for tax cuts," he argues. "On the surface, they look quite different and were advocated by different parts of the administration. Look a little deeper and some common patterns emerge -- so maybe this says something about the principles or management style of the Bush administration."

It is a provocative and illuminating exercise. Let Mr. Gale kick it off: The president took the U.S. into Iraq with "falsely rosy scenarios" about the post-Saddam landscape there, he says. Mr. Bush built his tax cuts in 2001 on a similarly unrealistic hope that the budget surplus was large enough to cut taxes without creating deficits.

Let us keep going. As Iraq proved different and more difficult than anticipated, and contingency planning was regarded by the Bush White House as a sign of weakness, rather than prudence, Mr. Bush vowed to "stay the course." When then-Treasury Secretary Paul O'Neill and Federal Reserve Chairman Alan Greenspan argued for "triggers" to undo tax cuts if budget reality didn't match projections, the White House scoffed. Even when the Sept. 11, 2001, attacks and the wars in Iraq and Afghanistan drove spending on homeland security and the military far above projections, Mr. Bush didn't revisit his fiscal strategy.

Smart critics, even inside the administration, were disregarded and shunned. (Gen. Eric Shinseki on troops levels in Iraq, Treasury Secretary O'Neill on deficits.) Only true believers remained to give the president advice. Eventually, Mr. Bush changed his team -- hiring new secretaries of defense and Treasury -- but too late to get credit from the public or to forge bipartisan consensus in Congress.

Imagine what might have happened differently had Mr. Bush installed Josh Bolten as chief of staff, Rob Portman as budget director and Hank Paulson as Treasury secretary at the start of his second term, instead of waiting two years. Might the conversation on Mr. Bush's ideas for limiting tax breaks for health insurance be bearing fruit, not just taking shape?

Might overhauling the tax code be a legislative issue instead of the title of another report gathering dust on Treasury bookshelves? Might Mr. Bush have something besides scars to show for his call to fix Social Security? Might he have a shot at leaving the nation's long-term fiscal health better than he found it, instead of leaving a deeper hole for his successors?

OK. Take a breath. The U.S. economy is not Iraq, and today's headlines are upbeat: The economy's vigor is producing tax revenue that is keeping today's deficits in check, and the unabated willingness of foreigners to lend to the U.S. is keeping interest rates down.

But look ahead, and there is an unwelcome parallel between Iraq and the budget. Current policy is unsustainable, but there is no easy way out. Extend the president's tax cuts beyond their scheduled expiration in 2009 and 2010, and the fiscal hole is enormous. Let them expire, and the tax increases could derail the economy.

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Messrs. Baker and Hamilton had little apparent effect on the president's Iraq policy. Maybe they would have better luck on economics.

Earmarks Under Fire (RC)

By John Stanton

Roll Call, February 8, 2007

Senate Republican budget hawks are urging President Bush to use an executive order or presidential signing statement to block some of their fellow lawmakers from adding earmarks or pet projects to the fiscal 2007 continuing resolution.

The Senators' call for help from the Bush administration comes as Senators, House Members and K Street lobbyists have begun pushing agencies to ensure funding for earmarks included in appropriations bills passed by the two chambers last year but never sent to the president.

In a Feb. 7 letter to Bush, the group of fiscal conservatives led by GOP Sens. Jim DeMint (S.C.) and Tom Coburn (Okla.) urged Bush to make good on his State of the Union pledge to oppose earmarks.

Noting that Bush "articulated a forceful policy to reform non-legislative earmarks" in future appropriations bills, the letter calls on the "administration [to] take an equally strong stance with regard to [the CR], to clarify that agencies of your administration will not be bound or give any preference to earmarks contained in committee reports or in direct communications from Members of Congress or their staff."

The group has asked Office of Management and Budget Director Rob Portman in private meetings to urge Bush to use either an executive order or signing statement to explicitly prohibit agency officials from using funds in the CR to pay for these projects and programs unless they are in the national interest, an aide to one of the lawmakers said.

It is highly unusual for Members of Congress to seek a signing statement essentially undercutting the efforts of their colleagues, and it comes at a time when Bush's use of the controversial tool is under intense scrutiny in the House and Senate.

DeMint told reporters Wednesday that he and other conservatives have become increasingly concerned with the likelihood that Members will use their influence with federal agencies to "back-fund" earmarks included either in committee reports last year or multiyear earmarks that were included in the fiscal 2005 or fiscal 2006 spending bills.

DeMint said discussions with Portman and other administration officials led the group to "feel confident they will not honor nonauthorized earmarks." But the conservative lawmakers also are asking for direct involvement from the White House to make clear that the administration's policy is to oppose earmarks in general, he said.

DeMint acknowledged that blocking funding for earmarks included in committee reports from last year — which were written while both chambers were controlled by the GOP — could be politically costly in Republican-leaning states and districts. But he said this step is necessary to restore the integrity of the federal appropriations system, regardless of the near-term political pain. "Whether it's Republican or Democrat, a lot of us feel this had gotten so far [out of control] ... that we just felt we had to stop it."

An aide to Senate Appropriations Chairman Robert Byrd (D-W.Va.) dismissed the bid, noting Byrd and House Appropriations Chairman David Obey (D-Wis.) wrote the CR to eliminate earmarks and that they expected no funds to be used for them. "Sen. Byrd and Congressman Obey made it clear ... that there are to be no earmarks in this legislation," the aide said, adding that there is "no expectation that earmarks from previous years will continue" under the bill.

Meanwhile, it appears unlikely that Republicans will mount an effort to filibuster the CR over the next week and a half, although several lawmakers are expected to use procedural moves to drag out debate up to the Feb. 15 deadline for passing the measure. Despite dire warnings over the past week from Senate Majority Leader Harry Reid (D-Nev.) that the GOP would attempt to block the bill, lawmakers and leadership aides said no such move is in the offing.

One GOP leadership aide said that while Coburn and at least one other Member could use procedural hurdles to slow consideration, the Republican Conference has no interest in forcing a showdown with Reid that could result in a repeat of the 1995 government shutdown that hurt Republicans politically.

"Shutting down the government always goes really well for us," the aide quipped.

House Readies A Tax Compromise (WSJ)

By Sarah Lueck

The Wall Street Journal, February 8, 2007

WASHINGTON -- House Democrats are preparing a $1 billion package of small-business tax breaks to be paired with an increase in the federal minimum wage, hoping to break a stalemate with the Senate over one of their top legislative priorities.

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In doing so, the House is likely to avoid many of the revenue increases passed by the Senate in its small-business tax package, increases that have caused heartburn for business groups and lawmakers in both parties.

The House package is far smaller than the $8 billion, 10-year package of tax breaks the Senate approved last week as part of its minimum-wage-increase package. Still, it represents a nod by the House to the Senate's insistence that tax breaks are needed to get Republican support sufficient to enact a phased-in, $2.10-an-hour increase in the minimum wage.

The House Ways and Means Committee is set to consider the package as early as Monday, which could pave the way for full House action later in the week. Passage of a tax bill in the House would solve a major procedural issue that had been holding up progress on the minimum-wage increase.

The House package also moves the two chambers closer on substance, although many differences remain. In January, the House easily passed a minimum-wage increase without any tax breaks, and many Democrats there had said the Senate ought to do the same.

The House's tax breaks would be offset with revenue increases, House aides said. But, in a bright spot for business groups, the pared-down approach means the House will be able to avoid many of the Senate-passed offsets that businesses are lobbying against, such as new limits on the amount an employee could place in certain tax-deferred-compensation plans. Some House lawmakers, including Ways and Means Chairman Charles Rangel (D., N.Y.) and Rep. Jim McCrery (R., La.), have been leery of the some of the offsets passed by the Senate.

The House package is still in flux, House aides said, but it will propose from $1 billion to $1.5 billion over 10 years in breaks for small businesses affected by the minimum-wage increase. Among the tax sweeteners being considered: an extension of a credit for companies that hire disadvantaged workers and an extension of more generous expense write-offs. Another provision the House may consider would use a tax credit to offset the extra income tax that restaurants would pay on workers' tips if the minimum wage increases.

To pay for such changes, it's also likely the House will look to reduce the so-called "tax gap," the amount of revenue the government is legally entitled to collect but doesn't.

Along with the Senate-passed changes in the tax treatment of executive pay, the House is also likely to avoid a restriction on a tax shelter known as a "sale-in, lease-out," or SILO transaction. In SILO transactions, a tax-exempt entity such as a city government sells property to an investor and then leases the property back for use. The investor, in turn, can take advantage of tax breaks associated with the property that wouldn't benefit the seller.

The Senate restriction would have hit banks that have entered into such transactions.

Sudden Reversal (WSJ)

By Mitch Mcconnell

The Wall Street Journal, February 8, 2007

The Medicare drug benefit that Congress passed in 2003 and which took effect last January has exceeded every expectation. Not only is the program more popular than we imagined, it is also more flexible and less expensive. Of the 39 million seniors with prescription drug coverage, about 24 million have already signed up for the benefit, called Part D. Many of the remaining 15 million get an indirect subsidy from Part D through their pre-existing plans. Four out of five enrolled say they are satisfied, and why wouldn't they be? Monthly premiums, expected to cost $37, average $22. Part D is honored at 55,000 neighborhood pharmacies nationwide. Those who prefer home delivery can arrange for that, too. And critically, it covers nearly every drug approved by the FDA.

Nevertheless, some in Congress want to make over Part D to resemble the drug benefit program of the Veterans Administration, where the government sets a price on drugs that it can get at the cheapest rate and limits access to those it can't. As a result, the VA benefit excludes three out of four drugs available through Part D, including some of the most innovative treatments for arthritis, high cholesterol, breast cancer and other ailments. Retired veterans who want Crestor, Humira or Revlimid have to go elsewhere or go without. It also takes three years for new drugs to make it onto the VA's list; and enrollees can only directly fill prescriptions at about 350 government-run facilities nationwide. No wonder more than one million retired veterans have signed up for Medicare in the last year alone.

Why the difference between the programs? Unlike the VA benefit, Part D partners with a number of private-sector drug plans that were already negotiating prices with drug makers in other markets. Costs are then driven down even further from competition among plans. The savings flow not just to seniors, but to every taxpaying American. Part D has already cost $7 billion less than originally expected. It is now projected to cost another $113 billion less over the next 10 years. When was the last time a government program ended up costing less than projected?

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All of which brings us back to the Medicare bill that Democrats recently passed in the House, which would scrap the competitive pricing mechanism that has made Part D such a success. The Democrats' Senate version is short on details; but its call for senators to express their "sense" that Part D should be changed is a clear sign of what's in store. This, despite the findings of the nonpartisan Congressional Budget Office, along with every other major study of the issue, which say that fixing prices won't lead to lower costs -- just fewer options.

Both parties used to oppose rationing. For example, Tom Daschle, the former Democratic Senate Majority Leader, proposed a reform in 2000 that called on health plans to bargain on behalf of seniors. Bill Clinton's Health and Human Services Secretary Donna Shalala argued for the same thing.

The sudden reversal is a mystery. Are Democrats unaware of their history on the issue? Are they unaware of the facts? Ultimately, the answer to these questions doesn't matter. More than 30 million seniors say they are happy with the drug benefit we put together four years ago, and Republicans are eager to defend it. Even if we can't imagine why it's being threatened in the first place.

Mr. McConnell is the Senate Republican leader.

Faculty Resists Vote On Bush Institute (NYT)

The New York Times, February 8, 2007

The Faculty Senate at Southern Methodist University in Dallas rejected a proposal yesterday for a faculty referendum on plans for an independent policy institute on campus that would accompany President Bush's future library and museum.

The university learned on Dec. 21 that it was the favored site for the Bush library, museum and policy institute. Then in late January, more than 170 faculty members, about a quarter of the full-time professors on campus, signed a petition calling for a referendum because the proposed institute would be controlled by the Bush Foundation, not the university.

But after extensive debate largely on procedural matters, the call for a referendum failed with some original petitioners voting against it.

Other faculty members and many students have expressed support for the institute and library.

Last week, the university's chapter of the Young Conservatives of Texas student group gathered nearly 700 signatures in support of the Bush library.

Controversy Clouds Pelosi's Air Travel (LAT)

By Faye Fiore And Julian E. Barnes

The Los Angeles Times, February 8, 2007

Washington — House Speaker Nancy Pelosi's people say she just wants to get home to California now and then and would like to do it in a plane that can make it all the way without stopping to refuel.

Pelosi's conservative critics say the San Francisco Democrat is abusing the perks of power by attempting to commandeer a fancy jumbo-size military jet with a "distinguished visitor compartment with sleep accommodations."

The flap over how the House speaker gets around has been circling over Washington since last week, but was largely ignored until Wednesday when, as things tend to do on a slow news day in the nation's capital, it exploded.

"Flying Lincoln bedroom," Minority Whip Roy Blunt of Missouri cried in an story stripped across the top of the conservative-leaning Washington Times.

"Pelosi One," Republican Rep. Patrick T. McHenry of North Carolina quipped in the same article.

"Ridiculous," countered Brendan Daly, Pelosi's chief spokesman, after his boss was peppered with questions at the tail end of an event that was supposed to be a photo op with Iraq war veterans.

At issue is what kind of aircraft the House speaker -- second in line to the presidency -- should use to get around the country, a question that was a lot less complicated before Sept. 11, 2001. For years, speakers flew commercial like everybody else in Congress. But after the terrorist attacks it was deemed that anyone two heartbeats away was important enough to warrant a military jet.

Until now, the only speaker affected was Republican J. Dennis Hastert, who commuted to his Illinois district in small executive-style military jets.

But Pelosi has to go all the way to San Francisco, and the executive jets can only make the trip without refueling if weather conditions are ideal.

The only military passenger plane that can make the flight in any weather and also provide the communications necessary to stay in contact with the White House is the bigger and costlier C-40 -- described by the Air Force as an "office in the sky" with beds, two galleys and business-class seating.

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It's this plane that critics have flogged for a week in an attempt to paint the wealthy speaker as a San Francisco elitist who wants to fly around in splendor with her family and friends.

"Pelosi's abuse of power continues," McHenry thundered in a news release, "now she's exploiting America's armed forces and taxpayers for her own personal convenience."

So far, Pelosi hasn't used one of the big jets that has caused all the fuss.

In her single trip home as speaker since being sworn in Jan. 4, she flew commercial to San Francisco and took a military 12-seater back to Washington. It made it without refueling, thanks to headwinds, officials said.

She did, however, ask to use a military plane to go to a recent retreat of House Democrats in Williamsburg, Va., less than a three-hour drive from the capital. The request was denied and Pelosi took the train with everybody else.

The controversy caught up with Pelosi Wednesday when a photo session intended to discredit President Bush's planned troop buildup in Iraq backfired and she was forced to address a subject she would rather have ignored.

"That has nothing to do with family and friends and everything to do with security," a perturbed Pelosi explained. "It's a question of distance."

Then her aides cut off questions.

The Defense Department delivered a letter to Pelosi late Wednesday that "offers her, as a courtesy, the same provisions to travel that speaker Hastert had," said a senior Defense official who spoke on background because he did not want to anger the speaker. The official said that Pelosi would be offered the use of available aircraft, which could sometimes include the larger plane.

Daly would not elaborate on the letter, saying it was being "reviewed."

Military officials said in interviews that there are more VIPs looking for rides than there are planes available to carry them. There is, after all, a war on.

"It's not that the Air Force doesn't want to fly the speaker," said an Air Force officer who declined to be named because she didn't want to appear to take sides in a political fight.

Air Force officials say at least 21 people can theoretically request to use the C-40s. There are only four of the planes. The 89th Airlift Wing at Andrews Air Force Base near Washington has two and the Air National Guard also has two.

Those who want them include: the chairman of the Joint Chiefs of Staff, Cabinet secretaries and the seven commanders who oversee military operations around the world. In addition, the planes are regularly used to fly congressional delegations to military theaters.

One reason to fly the speaker of the House in a military plane, according to the Pentagon, is to enable her to stay in touch with the White House.

Hastert flew in the military's smaller jets: the C-20, a version of a 12-seat Gulfstream; the C-21, a version of a six-seat Learjet; and the C-37, a version of a 12-seat Gulfstream. But those planes can only make it cross-country nonstop under ideal weather conditions, with no serious headwinds.

Hastert, according to a military official, usually traveled with up to three staff members and two members of the Capitol Police. Occasionally his wife, Jean, came along, too, Air Force officials said.

Pelosi supporters charge that the controversy is being fueled by GOP opponents who are still burning over an election loss that stemmed from Pelosi's charges of a "culture of corruption" in Congress.

"It's one of the things they are still very raw from ... and that's part of the root of this -- to make her the symbol of Democratic entitlement, Democratic abuses," said Anita Dunn, a Washington Democratic strategist.

But it was under Pelosi's leadership that the House banned the use of corporate jets at bargain prices by lawmakers as part of its much-touted ethics reform package, leading critics to brand her a hypocrite.

Pelosi said Wednesday she would just as soon fly commercial, but security rules won't allow it. Aides note that she is so mindful of not misusing the powers of office that when she recently encountered a wild bird in her Georgetown condo, she called the super rather than the security detail downstairs. In fact, they noted, the speaker herself caught the bird in a brown bag.

The House sergeant-at-arms originally advised Pelosi that Hastert had used a military plane and recommended that she use one that didn't need to refuel. That prompted her office to request clarification of the rules, Daly said, noting that she never actually requested a specific plane.

Daly acknowledged, however, that Pelosi has inquired whether family and friends can fly with her on business travel. A mother of five and grandmother of six, Pelosi's family often accompanies her on the road.

The flare-up clearly rankled Pelosi and her staff Wednesday.

When the Los Angeles Times asked for copies of correspondence between her office and relevant agencies about any transportation requests, Daly's e-mail response was curt: "no."

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Times staff writer Richard Simon contributed to this report.

Republicans Balk At Pelosi's Request For A New Plane (MCT)

By Margaret Talev

McClatchy Newspapers, February 8, 2007

WASHINGTON - Everybody, including the woman who's at the center of Washington's latest tempest in a teapot, agrees on this much: The Pentagon was considering a request to give House Speaker Nancy Pelosi access to a bigger Air Force jet than previous speakers had.

From there, the story lines diverge, much like flight routes heading east versus west.

Republicans charge that she's trying to abuse the privileges of office. Pelosi, a California Democrat, denies doing anything wrong and says such slurs could be coming only from the White House.

"It has nothing to do with family and friends and everything to do about security," Pelosi said Wednesday.

Still, it's a potential image problem for the first female speaker - already caricatured for her wealth, love of designer clothes and chocolate obsession - to be portrayed as thinking she deserves her own Air Force Three.

Rep. Adam H. Putnam, R-Fla., the chairman of the House Republican Conference, wants an investigation. "It's an extravagance of power the taxpayers won't swallow," he said.

Republican complaints about Pelosi's jet draw on recent articles in The Washington Times, a conservative newspaper in the nation's capital, that cited unnamed sources.

Rep. Jeb Hensarling, R-Texas, the chairman of the Republican Study Committee, isn't waiting for an investigation. His group sent out a news release with a photo of a C-32 jet, the military version of Boeing's 757-200 jetliner, and this question: "During a week in which Democrats are pushing a resolution that states, `it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq,' they believe that securing Speaker Pelosi the military plane pictured below . . . is in the national interest?"

Pelosi denies any impropriety.

"The only misrepresentations could be coming from the administration and one would only have to wonder why. . . . I know it's not coming from the president of the United States because he has impressed upon me over and over again the need for me to have the security that I need," she said Wednesday.

Pelosi and her aides said 12-seat Air Force jets - the kind that Republican former House Speaker Dennis Hastert used to get home to Illinois - can't always get to California without refueling, a claim confirmed by an Air Force official who spoke on condition of anonymity because of the political sensitivities involved.

Pelosi also says that not flying commercial is a matter of personal and perhaps national security, as the House speaker is second in the line of succession to the presidency, after the vice president.

Navy Cmdr. Jeffrey Gordon said Wednesday night that the Defense Department has notified Pelosi in writing that she would have access to the same jet service as Hastert had.

"She will be offered shuttle service for no more than 10 passengers between Washington and San Francisco only based on aircraft availability," Gordon said. "This does not guarantee nonstop transport."

Pelosi spokesman Brendan Daly said the speaker's office was reviewing the letter and that it appreciated "the Defense Department's continuing concern for the speaker's security."

It's unclear whether the Defense Department's letter ends the issue or whether negotiations would continue.

Publicly, the White House took a stance somewhere between neutral and supportive of Pelosi. White House spokesman Tony Snow said that after the Sept. 11, 2001, terrorist attacks, the White House and Defense Department agreed that House speakers should have military transport.

"And so what is going on is that the Department of Defense is going through its rules and regulations and having conversations with the speaker about it."

Murtha said he'd sought jet privileges for every Democratic House speaker since Tip O'Neill, D-Mass., in the late `70s, and never threatened anyone.

Pelosi spokesman Brendan Daly said the speaker had used an Air Force jet only once to fly back from California and "she never asked for supporters on the plane."

Pelosi requested a jet to fly to a Democratic retreat last week in Williamsburg, Va., saying she thought that Hastert had used a jet similarly, but her request was rejected.

Pentagon Limits Pelosi Jet Size (WT)

DOJ_NMG_0129406

By Charles Hurt And Rowan Scarborough

The Washington Times, February 8, 2007

The Department of Defense yesterday sent a letter to House Speaker Nancy Pelosi that puts limits on the size of the plane she may use to travel across the country and restricts the guests she can bring, The Washington Times has learned.

A congressional source who read the letter signed by Assistant Secretary of Defense Robert Wilkie said it essentially limits her to the commuter plane used by former Speaker J. Dennis Hastert, which requires refueling to travel from Washington to Mrs. Pelosi's San Francisco district. A second source, in the Bush administration, confirmed the contents of the letter.

The Washington Times first reported last week that Mrs. Pelosi's staff was pressing the Department of Defense for an Air Force aircraft large enough to fly nonstop to San Francisco. She also has pressed to be able to include other members of the California congressional delegation, her family members and her staff on the plane.

"It's not a question of size. It's a question of distance," Mrs. Pelosi told reporters yesterday. "We want an aircraft that can reach California."

Earlier, Mrs. Pelosi did not comment on the matter but yesterday began a counteroffensive accusing the Bush administration of twisting the story.

These "misrepresentations could be coming from the administration," she told reporters yesterday.

"One would only have to wonder why," she said, though adding that she did not suspect President Bush "because he has impressed upon me over and over again the need for me to have the security that I need."

The letter from the Pentagon yesterday cites specific U.S. Code that government policy does not include the routine use of military aircraft for the speaker of the House.

"Nonstop service is not guaranteed, meaning she's getting Hastert's plane and nothing bigger," the congressional source said, referring to the commuter jet Mr. Hastert began using for security reasons after the September 11 terrorist attacks.

But the administration official said Mrs. Pelosi "wanted to be able to fly between Washington and the West Coast nonstop."

The letter leaves open the possibility that Mrs. Pelosi may get a larger plane that does not require refueling if one happens to be available in the 89th Airlift Wing at Andrews Air Force Base. But, generally, the larger military passenger jets are in high demand, especially due to the Iraq war.

In addition, the letter stipulates that the Air Force will only fly her between Washington and her San Francisco district and places limits on who can travel with her.

The Washington Times reported earlier this week that the Pentagon denied a request by Mrs. Pelosi to fly on a military aircraft to last weekend's Democratic retreat in Williamsburg, a two-hour drive from Washington.

"Non-governmental personnel, i.e. political supporters and contributors, may not fly," the congressional source said yesterday, paraphrasing the letter sent to Mrs. Pelosi. "The plane may not ferry her to any political events and other members may only accompany her after approval by the House ethics committee, which means Republicans would have to OK it."

Immediate family members who fly with her must pay the U.S. Treasury for the flight.

Pelosi spokesman Brendan Daly acknowledged the letter but declined to get into specifics about it.

"We appreciate the Defense Department's continuing concern for the speaker's security," he said. "We are reviewing their letter."

Mr. Daly said the negotiations with the Pentagon and the Air Force over using a larger plane is a matter of security based on her position as second in line to the presidency.

"The military is saying she needs this for her security," he said yesterday afternoon. "She's the speaker of the House."

But the congressional source noted that no speaker of the House has ever succeeded to the presidency.

"Just because she's second in line to be president does not entitle her to a military taxi service around the United States," the source said.

White House spokesman Tony Snow said yesterday that while negotiations were continuing between Mrs. Pelosi's office and the Pentagon, she would ultimately have some sort of military transport at her disposal.

"The Department of Defense is going through its rules and regulations and having conversations with the speaker about it," he said. "So Speaker Hastert had access to military aircraft, and Speaker Pelosi will too."

In an interview on Fox News, Mrs. Pelosi said the plane request was not hers.

"I wish I didn't have to have so much security, because I like my freedom of mobility," she said, adding that she would be willing to fly commercial aviation. "I'm not asking to go on that plane. If you need to take me there for security purposes, you're going to have to get a plane that goes across the country."

But Mrs. Pelosi's requests for the larger jet still has drawn ridicule from Republicans, who have dubbed the requested plane "Pelosi One."

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It's especially galling, they say, since Mrs. Pelosi and her fellow Democrats ran on campaigns to clear out many of the perks provided to lawmakers.

One of the first changes she made to the rules governing House members was to ban free air travel by members of Congress on corporate-owned or chartered planes.

The "jumbo request," as one Republican called it, also comes at a time when Democrats are trying to push through Congress a resolution that sending 21,500 reinforcement troops to Iraq "is not in the national interest of the United States."

"So let's get this straight," Republican Study Committee spokesman Brad Dayspring said in a statement yesterday that reproduced a picture of a transcontinental U.S. military jet. "During a week in which Democrats are pushing a resolution that states, 'it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq,' they believe that securing Speaker Pelosi the military plane pictured below for luxury flights is in the national interest?"

Bush White House Guest Was Indicted N.J. Lawyer, Records Show (BLOOM)

By David Voreacos And David Glovin

Bloomberg, February 8, 2007

Feb. 8 (Bloomberg) -- President George W. Bush invited an indicted New Jersey lawyer to a White House holiday party less than two months after the attorney was charged with immigration fraud, court records show.

Jonathan Saint-Preux was indicted on Oct. 5 with his wife, Michele, and another man on federal charges that they submitted fraudulent documents to help hundreds of undocumented immigrants stay in the U.S. Saint-Preux, who pleaded innocent, attended the White House party on Nov. 30, said his attorney, Patrick Toscano.

U.S. District Judge Katharine Hayden in Newark, New Jersey, signed an order granting permission for Saint-Preux ``to travel to Washington DC to attend a function at the White House at the request of President and Mrs. Bush." A Justice Department prosecutor consented to the trip, court records show.

``He was at a Christmas party," Michele Saint-Preux said in an interview yesterday at her husband's office in Irvington, New Jersey, where she is the manager. ``He's been doing political work with the White House for years."

Inside the law office were separate framed photographs of Saint-Preux with first lady Laura Bush, Secretary of State Condoleezza Rice and Democratic New York Senator Hillary Rodham Clinton. Michele Saint-Preux said her husband also did political work to support former President Bill Clinton.

White House spokeswoman Emily Lawrimore didn't have details on why Saint-Preux was invited to the party. ``Thousands of people attend the White House holiday parties," she said.

Jonathan Saint-Preux didn't return a message left with his wife. Hayden didn't return a call seeking comment.

Bush Not Aware?

``I doubt very highly that if the president was aware that Mr. Saint-Preux was having legal problems here in New Jersey, he would have been invited," Toscano said in an interview yesterday. ``It wasn't Mr. Saint-Preux's intent to cause problems for anybody."

Toscano and Assistant U.S. Attorney Adam Lurie signed a consent order that allowed Saint-Preux to take the trip. Hayden approved that order on Dec. 1. Saint-Preux is free on $250,000 bail and is not supposed to leave New Jersey without a judge's authorization. It wasn't clear why Hayden signed the order on Dec. 1, the day after the party.

``This is the sort of request that we get routinely from defense lawyers wanting to relax the bail restrictions because of business, family, or social reasons," said Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie in Newark.

According to the indictment, Saint-Preux, his wife, and a man who recruited clients for him, Naranjan Patel, lied on immigration documents. They claimed the immigrants had lived continuously in the U.S. from before 1982 until at least May 1987, prosecutors said. Prosecutors claim the ruse was intended to help immigrants qualify for legal residency under a U.S. amnesty program.

False Documents

The indictment, which accuses Saint-Preux of conspiracy to defraud the U.S. and seven counts of submitting false immigration documents, cites seven unnamed ``cooperating witnesses" who have provided evidence to prosecutors.

Saint-Preux, then 44, was arrested on Oct. 12. Toscano said plea negotiations are underway. ``We're hoping to amicably resolve this," he said.

Saint-Preux donated $1,100 to New Jersey Republicans in 2004 and 2005, according to opensecrets.org, a Web site.

``I know that Jonathan was active in political circles, but I can't speak to how he was invited to the White House Christmas party," Toscano said.

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On Nov. 30, Bush met with Iraqi Prime Minister Nuri al- Maliki in Amman, Jordan, before returning to Washington. The buffet menu at the holiday party included sugar cured Virginia ham and chicken fried beef tenderloin, according to the White House Web site.

The case is U.S. v. Saint-Preux, 06-CR-813, U.S. District Court, District of New Jersey (Newark).

House Committee To Examine Recent Performance Of S.B.A. (NYT)

By Ron Nixon

The New York Times, February 8, 2007

A House committee is holding the first of several hearings today to discuss the Small Business Administration, an agency that has come under criticism for its disaster relief program in the wake of Hurricane Katrina, as well as its operating, lending and contracting practices.

Representative Nydia M. Velásquez, Democrat of New York and chairwoman of the House Small Business Committee, said that the hearings would look into other issues, including recent disclosures that federal investigators have accused a lender in an S.B.A. program of falsifying information on 76 loans with a value of nearly $77 million over six years.

The administrator, Steven C. Preston, is scheduled to appear at today's hearing, which will also address budget and staffing issues. An internal memo prepared by the agency's chief financial officer in January said that the S.B.A. had dropped below its minimal staffing levels because of budget shortfalls.

Since 2001, the budget has declined by more than 37 percent. But the agency announced Monday that its 2008 budget request is a 5 percent increase over its 2006 budget. The 2007 budget for the agency was not passed.

"This is a very different budget than what you've seen in recent years," Mr. Preston said in an interview. "We will have money to run the agency and expand on what we do, including hiring new people."

But Ms. Velásquez said the figures actually showed a decline.

"In fact, the request cuts funding for a number of the agency's core programs, including initiatives that provide technical assistance for low-income entrepreneurs, business development for minorities and contracting opportunities in distressed areas of the country," Ms. Velásquez said in a statement.

President Bush's fiscal year 2008 operating budget for the agency is $464 million, down from $624 million last fiscal year, she said.

Michael L. Stamler, a spokesman for the S.B.A., said that the agency compared its new budget request with the 2006 budget because it was the last time a budget was passed.

Mr. Stamler also said that although budget documents show the agency's budget dropping from $533 million in 2006 to $463 million in the 2008 request, almost $90 million of the 2006 funds were what is known as earmarks.

"These are items inserted into the budget by lawmakers," Mr. Stamler said. "These are dollars that are designated for specific projects in their home districts. This is not money to fund the operation of the S.B.A."

A spokeswoman for Ms. Velásquez said the committee would question Mr. Preston about the differing views of the budget.

The S.B.A. under Mr. Preston, who took over the agency in July, has taken steps to address much of the criticism of the agency. Mr. Preston announced several initiatives during a news conference last week.

First, he said, the agency has revamped its disaster loan program by assigning a case manager to each borrower and added plans to enlist the private sector in case of another Katrina-like disaster.

Also, to ensure that companies receiving small-business contracts are actually small, the S.B.A. recently adopted a rule to require businesses to recertify their size as genuinely small after the fifth year of a contract and immediately when a company changes ownership.

Mr. Preston said the new rule would make federal contract reporting more relevant and increase opportunities for small businesses by encouraging federal contracting officers to expand their search for qualified contractors.

The agency is also working with the Office of Management and Budget to fix coding errors in the federal database of contracts. All federal agencies have been asked to review all 2005 and 2006 small-business contracting information for accuracy.

The S.B.A. is establishing a program to help contracting offices better identify qualified small businesses. The agency also intends to hire additional workers to help with oversight of contracting.

While giving Mr. Preston credit for his efforts so far, Ms. Velásquez says she still intends to provide aggressive oversight of the agency.

"We look forward to working with the agency to address these issues, whether S.B.A. can do that on its own," she said, "or if Congress needs to step in, that remains to be seen."

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Congress To Revisit Foreign Deals (WSJ)

By Greg Hitt

Wall Street Journal, February 8, 2007

WASHINGTON -- Senior House members signaled intention to push forward with legislation tightening U.S. scrutiny of foreign-led transactions, despite Bush administration concerns over a potential chilling effect on the nation's investment climate.

In testimony before the House Financial Services Committee, Clay Lowery, the Treasury Department's assistant secretary for international affairs, said the efforts on Capitol Hill are being closely watched abroad, especially in the wake of last year's tumult over a Dubai company's bid to take control of several American port operations.

"It is important we get this right," said Mr. Lowery. He said some foreign investors may be asking whether the U.S. is "closing its borders" to investment and competition. "We all realize our primary goal is to protect national security. But we also need to protect open investment in the United States."

House Financial Services Chairman Barney Frank (D., Mass.) said he intends to move legislation, which has wide, bipartisan support, through his committee next week, and to the House floor soon after. He suggested action could calm concern in the business community over the issue and bring certainty to the marketplace by clarifying how deals would be reviewed.

No major bill has yet emerged from the Senate, which last year had introduced a stringent bill on the issue. But Sen. Chris Dodd, the Connecticut Democrat who heads the Senate Banking Committee, "intends to address this issue once again," said his spokesman, Marvin Fast.

Lawmakers' determination to push ahead on this issue underscores the toughened environment toward trade and international investment in Washington. Democrats are also questioning the administration's broader trade agenda, as they push for greater protections for American workers hurt by globalization.

The House measure is focused on the review of certain foreign-investment deals by the Committee on Foreign Investment in the U.S. CFIUS, a secretive panel represented by 12 government agencies led by the Treasury Department, was set up in 1975 to review the national-security implications of foreign deals. The House bill would require CFIUS to conduct an extended, 45-day investigation, beyond the standard review, of all deals involving companies controlled by foreign governments.

Currently, deals are subject to a 30-day review, with some undergoing an additional 45 days if there are security concerns that need more scrutiny.

Mr. Lowery yesterday agreed that deals involving foreign government-controlled companies "should be given higher scrutiny." But he suggested a specific mandate goes too far, exposing "routine transactions" to drawn-out investigations.

He said the Bush administration has already taken steps to improve CFIUS's operations, including creating a more-formal role for the intelligence community to evaluate foreign deals, and pushing final decisions higher up the chain of command within the agencies involved in CFIUS.

The goal is to win back "the American people's confidence" that security is being protected, he said. Other agencies represented in CFIUS include the departments of Homeland Security, Defense and State.

The CFIUS panel approved the Dubai deal after giving the transaction a standard review. The move outraged lawmakers, who said the administration had failed to grasp the danger of giving an Arab firm a role in managing U.S. ports in the wake of the Sept. 11, 2001, terrorist attacks. The company, which is owned by the government of Dubai, the Persian Gulf emirate, eventually divested itself of the U.S. assets acquired in the deal.

The uproar highlighted U.S. public unease with foreign investments, and led to efforts in Congress to strengthen accountability and disclosure within CFIUS.

Ailing Norwood Heading To Hospice (RC)

By Lauren W. Whittington

Roll Call, February 8, 2007

Rep. Charlie Norwood (R-Ga.), who has been hospitalized as he battles complications from a debilitating lung disease and lung cancer, has decided to forgo further medical treatment in Washington, D.C., and will return to his Augusta home for hospice care.

A statement released Wednesday by the seven-term Congressman's office said that Norwood will leave Georgetown University Medical Center, where he was transferred last week, as soon as an air ambulance flight to Georgia can be arranged. Norwood had been receiving chemotherapy treatments since last fall that have caused him to become extremely ill.

"He's really throwing in the towel on the traditional hospital treatment and he's just going to go home," said Norwood spokesman John Stone.

Although Norwood is leaving Washington, Stone said he does not intend to resign his 10th district seat.

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"He's just been sick as a dog since November battling this thing," Stone said, adding that his boss is looking forward to returning to his own bed, his La-Z-Boy and his wife's cooking.

While those close to Norwood continue to dismiss any talk that he might resign, the Congressman's ailing health has led to subtle, and not so subtle, speculation back in his Northeastern Georgia district about who is interested in succeeding Norwood should he not seek another term in 2008.

Norwood, 65, was diagnosed with idiopathic pulmonary fibrosis in 1998. The condition causes scarring in a person's lungs. There is no cure and the only treatment available is a lung transplant.

Norwood underwent a single lung transplant in October 2004. The immune system-suppressing drugs the Congressman took following the transplant made him more prone to developing lung cancer, and in November 2005 he had a small malignant tumor removed from his nontransplanted lung.

Stone said Norwood felt good for much of 2006 — he visited Iraq and also played a major role in the House debate over reauthorization of the Voting Rights Act last summer.

But in November, doctors discovered that the non-small-cell lung cancer had spread to his liver and metastasized. He has been undergoing chemotherapy since that time and has remained hospitalized almost since the start of the 110th Congress.

Norwood had received treatments at Inova Fairfax and Inova Mount Vernon hospitals, but was transferred to Georgetown last week, where he was evaluated for Cyberknife laser surgery to remove the tumor in his liver. He declined to have the procedure.

On the political front, Republican state Reps. Barry Fleming and Ben Harbin and former state Sen. Brian Kemp (R) are mentioned as possible candidates to succeed Norwood.

Harbin is the chairman of the state House Appropriations Committee and may not want to relinquish that perch.

In his early 40s, Kemp has been viewed as one of the brightest rising stars in Georgia GOP circles and his political career appears far from over despite his unsuccessful primary bid for state Agriculture Commissioner in 2006. In the state Senate he represented a Democratic-leaning district in Athens, which could also not translate well into winning a Congressional primary.

The district is anchored by Augusta and Athens, a liberal bastion that includes the University of Georgia. Although Athens was put back into the district when GOP legislators redrew district lines in 2005, the 10th still heavily favors Republicans, and the Democrats are not likely to mount a serious challenge if there is a vacancy.

While Norwood has missed nearly all floor votes since the 110th Congress convened on Jan. 4, Stone said that Norwood has continued to direct his staff and has been involved in legislative discussions "and will continue to now, for as long as the good Lord sees fit to let him."

Congress Has So Little To Do, And So Much Time To Do It (WP)

By Dana Milbank

The Washington Post, February 8, 2007

Is there no rest for the weary lawmaker?

"Members Resist Five-Day Workweek," one of the Capitol Hill newspapers proclaimed on its front page yesterday. Senators were "ready to revolt" and House members were "simmering" over their legislative demands.

The poor dears.

Consider yesterday's schedule for the people's representatives. Not only did they have to pass H.R. 99, "commending the University of Nebraska-Lincoln volleyball team," but they had to do it immediately after passing H.R. 72, celebrating the achievements of meteorologist Max Mayfield. Then it was on to legislation in support of the African American spiritual, remembering a deceased NASCAR driver, naming a courthouse in Duluth, Minn., and honoring the grandfather of two congressmen.

That left time for a full debate over the day's signal legislative achievement: H.R. 130, congratulating the Indianapolis Colts for winning the Super Bowl.

"I won a deep-dish pizza, a pound of cheesecake, and a bunch of DVDs for our troops," reported Rep. Dan Burton (R-Ind.).

"Go, Colts," contributed Rep. Steve Buyer (R-Ind.). Rep. Mike Pence (R-Ind.) asked for "unanimous consent to add to the Congressional Record the names of all the members of the Colts offense, defense, substitutions and the coaching staff."

Rep. Zach Wamp (R-Tenn.) tried to crash the Hoosiers' party. Colts quarterback Peyton Manning, he said, "is married to a Chattanooga girl."

The new Congress has a problem. The just-empowered Democrats have declared that lawmakers will work five-day weeks like most other Americans. But, at this early date, there isn't much legislation ready for passage -- so what little there is has to be stretched out to fill the week.

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The House, which will hold its Iraq war debate next week, will extend that discussion by giving five minutes of floor time to all 435 members. And in the Senate, the pace is so lethargic that Majority Leader Harry Reid (Nev.) told colleagues late Tuesday that he would give them an extra week of vacation if they would take up the legislation he wants.

Senate Republicans blocked a debate on the Iraq war on Monday, but because the lawmakers have no other legislation ready to consider, they spent the past two days talking about it anyway. One by one, Republicans took to the Senate floor yesterday to plead for the debate they had blocked.

"I'm disappointed . . . we're not having the Iraq debate," said Minority Leader Mitch McConnell (Ky.).

"We should have found a way to go forward," concurred Trent Lott (Miss.), the No. 2 Republican.

"We need to debate this issue now," said David Vitter (La.).

The discourse was little more elevated in the other chamber, where the delegate from Guam was delivering the unhappy news that "heart disease is becoming a problem for islander women."

Fortunately, members did not have long to wait before Rep. Tim Mahoney (D-Fla.) brought up his legislation honoring meteorologist Mayfield on his retirement from the National Hurricane Center. "The U.S. Department of Commerce has recognized Mr. Mayfield with gold medals for his work during Hurricanes Andrew and Isabel, and a silver medal during Hurricane Gilbert," Mahoney read.

This raised the question of why Mayfield came up short during Gilbert. But the lawmakers did not dwell on this.

"In Congress we think we are busy, and indeed we are," added Vernon Ehlers (R-Mich.). "But I understand that in the thick of storm season, Mr. Mayfield sometimes did more than 100 interviews in one day. Now, that's busy."

Ehlers was being modest. Mayfield had nothing on these busy legislators.

After the Mayfield resolution, Ehlers and his colleagues moved quickly to the volleyball vote. "The Huskers rallied to defeat Stanford, 3-1, for their third NCAA Division I women's volleyball championship," Ehlers reported. "My only regret, since I enjoy playing volleyball myself, is I never had the opportunity to watch them play in person."

The speaker called for the yeas and nays. Ehlers was the only one who called out "aye" -- but because there were only three members on the floor and the two others were silent, the resolution passed.

The discussion then turned to a resolution "recognizing the African American spiritual as a national treasure." Members recalled such favorites as "We Shall Overcome," "Swing Low, Sweet Chariot" and "Gospel Train."

"I recall my family -- we had a number of musicians in the family -- very frequently were singing their Negro spirituals in groups at church," reminisced Ehlers, who is not African American.

This time, a roll-call vote was ordered; the spirituals were upheld by a vote of 426 to 0.

The hard work continued. Noting the passing of NASCAR's Benny Parsons, honoring the grandfather of Reps. Mario and Lincoln Diaz-Balart (R-Fla.), and naming the Gerald W. Heaney courthouse.

"Many have made light of the schedule we have had for the past few weeks, the grueling schedule of naming a lot of federal buildings," acknowledged Rep. Sam Graves (R-Mo.), speaking in favor of the Heaney courthouse. "It doesn't mean any of these individuals are any less deserving or shouldn't be honored."

Indeed not. The harried lawmakers gave Heaney his courthouse.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, February 8, 2007

Miss America, With Poise to Spare in Wonkland Central

Okay, Chris Matthews , we take it back. Once you meet Lauren Nelso n , you kind of get why she's Miss America.

After eight days of nonstop travel since being crowned in Vegas last week ("I won't go home until March"), the Oklahoman touched down in D.C. Tuesday to attend the Washington Press Club Foundation congressional dinner and managed to appear radiant and alert and genuinely interested through three hours of oxygen-depleting insider banter between Washington scribes and political types.

(Did it help or hurt that she wasn't drinking? At 20, she's the youngest Miss A. in more than a decade.)

Her host, Congressional Quarterly, sat her with a formidable group: Daryl Hannah , talking about human trafficking and an upcoming trip to Budapest and how "I should really go say hello to Teddy" (Sen. Kennedy , that is); Hannah's escort, California artist John Quigley , talking about his environmental work; and a Roanoke, Va., fellow named Dave "Mudcat" Saunders butting in to ask, "Are yew one of them damn Democrats?" Quigley was. "So am I," said Saunders, a strategist for John Edwards , and he whisked Quigley and Hannah away to meet Sen. Jim Webb.

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Which left Miss America at the table with a clatch of gossip and society writers. So, awkward question time: How much do you hate it that everyone confuses you with Miss USA in this, her year of scandal?

"It's saddening," Nelson said warmly. "But I look at my year as Miss America as an opportunity to discuss the issues and explain the difference between the two, and how there is no relationship between the two organizations." Guess we weren't the first to ask.

THIS JUST IN . . .

Â· George and Laura Bush walked (walked!) across the street to Blair House last night and actually mingled with more than 100 guests at the farewell reception for Chief of Protocol Donald Ensenat and his wife, Taylor . Among the guests: Josh Bolten, Karl Rove, dozens of diplomats. Said Bush of his Yale classmate, "He made A's, I made C's. Look who's president." Then he got all serious and promised they'd always be friends. The Ensenats, New Orleans residents, are headed home in time for Mardi Gras -- no fools, they.

Â· An Arkansas judge has dismissed one of two lawsuits against "Washingtonienne." Robert Steinbuch , who now lives in the state, sued Jessica Cutler , Hyperion (which published the sex blogger's steamy book), Disney and HBO. The judge threw out the local lawsuit yesterday, saying that D.C., where federal proceedings are pending, is a better place to try the case. We couldn't agree more.

Â· Mstislav Rostropovich is in satisfactory condition and improving from an unspecified illness, his spokeswoman said yesterday. The 79-year-old cellist, former music director of the National Symphony Orchestra, was hospitalized last week in Paris and transferred to a Moscow hospital, where President Vladimir Putin visited him Tuesday.

HEY, ISN'T THAT . . . ?

Â· James Cromwell munching trail mix while waiting for his flight at Reagan National Airport yesterday. The 6-7 actor ("Babe," "The Queen" and now playing Jack Bauer's evil dad in "24") was in town for Tuesday's MPAA's "Business of Show Business" symposium.

Â· Tony Parker posing in a white T-shirt, jeans and Air Force 1 sneakers at the Four Seasons yesterday. The San Antonio Spurs point guard shot a Nike ad in the spa before his team took on the Wizards; no sign of fiancee Eva Longoria .

UPDATE

The Washington Nationals Foundation claims developer Franklin Haney is ducking its attempts to serve him with a lawsuit that alleges he reneged on a $400,000 pledge. "He's doing all he can to avoid his day in court," said attorney Geoff Gitner . Haney -- who was bidding to buy the Nats at the time of the pledge but lost to the Lerner family -- has proven elusive to process servers and refused to sign papers sent by first-class mail, Gitner said. Haney's attorney, Larry Blust , said servers left papers at Haney's D.C. penthouse, but that the developer is a legal resident of Florida. "He's not dodging service. To my knowledge so far he hasn't been served." He said Haney "has been very reasonable in his settlement proposals" but would not elaborate.

OTHER NEWS:

Slowing Productivity Fogs Broader Outlook (WSJ)

By Christopher Conkey

The Wall Street Journal, February 8, 2007

WASHINGTON -- U.S. productivity growth rebounded in the fourth quarter of 2006 but still appears to be slowing overall, clouding the outlook for economic growth, inflation and corporate profits in the months ahead.

Nonfarm labor productivity -- a measure of the average worker's output per hour -- rose at an annual rate of 3% in the fourth quarter, bouncing back from an unusual decline of 0.1% in the previous quarter, the Labor Department reported. Growth in labor costs per each unit of output, meanwhile, slowed to an annual rate of 1.7% in the quarter from the third quarter's 3.2%.

Rising productivity means companies are squeezing more output out of their workers. Those gains allow profit margins and wages to grow while minimizing the need to raise prices. That's why increased productivity is the key to higher living standards. Productivity also helps to determine how fast the economy can expand without igniting unwelcome inflation.

Advances in information technology, among other factors, have led to a decadelong surge in the nation's productivity. More recently, however, the surge has shown signs of fatigue.

For 2006 as a whole, nonfarm productivity gains slowed to 2.1% from 2.3% in 2005 and a recent peak of 4.1% in 2002. Economists say last year's productivity growth was probably even weaker, and they expect the revised figure to come in lower when the government issues an update next month. Meanwhile, unit labor costs rose 3.2% last year, up from 2% in 2005 and the biggest increase since 2000.

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So far, slowing productivity growth and rising labor costs haven't crimped corporate profits, but that seems likely to change. Research firm Thomson Financial expects annual earnings growth among companies in the Standard & Poor's 500-stock index to slow to 4.8% in the first quarter of 2007 from 10.6% in the final quarter of 2006. For 2007 as a whole, Thomson expects profits to rise 7.2%, less than half of last year's growth rate.

Whether the productivity growth reprises its fourth-quarter advance or continues its broader slowdown is also a major variable in the outlook for the nation's economic growth and inflation. Slower productivity gains would pressure businesses to raise prices, particularly since the strong labor market is making it harder to restrict workers' pay.

In a speech yesterday, Charles Plosser, president of the Federal Reserve Bank of Philadelphia, warned that the recent signs of economic strength mean the Fed may not be done raising interest rates. "Additional monetary-policy action may be needed to keep us moving along the path to price stability," he said.

If productivity picks up, however, businesses may have more flexibility to absorb higher labor or raw-materials costs without raising prices, restraining inflation and lessening the need for higher interest rates.

Separately, the Federal Reserve said consumer-credit growth slowed sharply in December as credit-card and other revolving debt expanded at a slower rate. The nation's consumer credit outstanding rose about $6 billion, or 3%, in December to $2.401 trillion, after an upwardly revised $13.7 billion, or 6.9%, expansion in November.

Credit card and revolving credit grew by $608.9 million in December to $876.2 billion, down from a $9.9 billion expansion in November and the slowest since March, when revolving credit shrank.

For the whole of 2006, consumer credit grew 4.6%, compared with a 4.2% expansion in 2005. Revolving credit grew by 6%, while nonrevolving credit slowed to a 3.8% expansion in 2006.

Nasdaq Bounds; Dow, S& P Up Slightly (USAT)

USA Today, February 8, 2007

NEW YORK — Stocks ended slightly higher Wednesday after a midday retreat spoiled what had been shaping up to be a banner day.

The Dow Jones industrial average closed up 0.56 points at 12,666.87 after an early rally briefly pushed it above 12,700 for the first time. The Standard & Poor's 500 rose just 2.02 points to 1450.02 but still set a 61/4-year high. The Nasdaq composite turned in the day's best performance, rising 19.01 points to 2490.50 following better-than-expected earnings from tech barometer Cisco Systems late Tuesday.

Wall Street's love-hate relationship with falling oil prices continued Wednesday as a drop in crude prices hurt energy stocks, which in turn helped spoil the broader market rally.

Light, sweet crude fell $1.17 to $57.71 a barrel. Al Goldman, chief market strategist at A.G. Edwards, says the slip in the Dow Wednesday reflects "a normal pause," and a pullback in the energy companies. "The price of oil dropped dramatically, and (oil stocks) tend to be major factors overall," he says. Among major oil companies, ExxonMobil fell 35 cents to $74.79, Chevron lost 73 cents to $72.64, and Schlumberger fell 42 cents to $64.45.

Highlights:

Cisco rallied 81 cents to $28.09 after the networking equipment maker said quarterly earnings rose 41%.

•Whirlpool sank $2.54 to $92.36. The appliance maker said its fourth-quarter earnings fell 14% as it recorded a loss from discontinued operations.

•Intevac jumped $6.23, or nearly 28%, to $28.80 and was the Nasdaq's second-biggest gainer. The maker of equipment used to manufacture disk drives said late Tuesday that its fourth-quarter profit more than doubled.

•Lazard advanced $2.37 to $54.60 after the advisory firm reported a 50% increase in fourth-quarter earnings, thanks to its best merger and acquisition results in six years.

•FEI climbed $7.11, or 28%, to $32.42 and was the Nasdaq's top gainer. The company, which makes microscopes to analyze semiconductors, projected first-quarter results ahead of Wall Street predictions.

•EGL skidded $6.25, or 17%, to $31.64 following news that General Atlantic has withdrawn its backing from a proposed management-led takeover of the freight forwarding company.

•SWS climbed $6.04, or 24%, to $31. After the close Tuesday the financial services firm reported a 59% jump in fiscal second-quarter earnings.

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Industrials, Wilshire Near Record Levels (WSJ)

By E.s. Browning

The Wall Street Journal, February 8, 2007

The stock market continued its broad march higher, with indexes of small and midsize stocks hitting records as investors continued to celebrate the combination of low interest rates and steady economic growth.

Several indexes, including the Dow Jones Industrial Average and the Dow Jones Wilshire 5000 total-market index, are sitting just short of records, and the Standard & Poor's 500-stock index isn't far away.

The Wilshire 5000, which includes nearly all U.S.-based companies, stands just 70 points from the record close it last hit on March 24, 2000: 14751.64. Yesterday, it hit a seven-year high of 14681.86, up 0.24%, or 34.95 points and ahead 3% in 2007.

The blue-chip Dow industrials, less burdened with tech stocks during the long bear market, have hit 27 new records since the start of October. The industrials were virtually unchanged yesterday, up 0.56 point at 12666.87, just short of last Thursday's record 12673.68.

Stocks yesterday were reacting to upbeat quarterly profits from Cisco Systems, as well as news of strong fourth-quarter productivity gains and a fall in oil futures.

More broadly, investors are continuing to show optimism that a "Goldilocks" economy -- not too hot and not too cold -- will generate corporate profits and keep inflation low enough to ward off Federal Reserve interest-rate increases.

Although some analysts warn that stocks are overdue for a pullback, investors have been brushing off that concern.

During the day, the Dow industrials pushed above 12700 for the first time, to 12700.28, but then slumped. The gain was powered by the news that fourth-quarter productivity -- output measured in terms of hours worked -- came in much stronger than expected, while unit labor costs rose less than expected.

It appeared that, after all the records, some short-term traders were cashing in profits once the Dow hit 12700.

Some analysts noted that the $1.17 drop in oil futures to $57.71 a barrel weighed on Dow component Exxon Mobil. But the oil-futures decline, based on a report of strong oil inventories, was good news for most other companies and consumers.

Networking-systems company Cisco jumped 3% on its profit news and its upbeat sales projection for the current quarter, all released late Tuesday.

"Cisco touches a broad swath of tech, so its news affects a wide variety of stocks," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners.

Tech stocks were among the day's big gainers, with the tech-heavy Nasdaq Composite Index rising 0.77%, or 19.01 points, to 2490.50. It is up 3.1% so far this year, although it isn't back to its recent six-year high.

After regular trading hours, the market got more positive news: Walt Disney reported better quarterly profits than expected, sending the stock up 1.8% in after-hours trading and potentially helping other entertainment stocks today.

The broad S&P 500 finished at a fresh six-year high, 1450.02. It would have to rise just 5.3% to return to the record 1527.46 hit on March 24, 2000. Yesterday, it rose 0.14%, or 2.02 points, up 2.2% this year.

The resurgent Russell 2000 small-stock index jumped 0.71%, or 5.79 points, to a record 816.20, up 3.6% in 2007. The S&P's index of middle-sized stocks rose 0.39%, or 3.31 points, to a record 850.55.

The Dow Jones Utility Average also hit a record, at 469.80. The Dow Jones Transportation Average, at 4979.84, was short of Friday's record 5006.89.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.33%, or 0.81 point, to a record 249.43.

In the U.S., bonds gained. The 10-year Treasury note rose 5/32, or $1.56 for each $1,000 invested, pushing the yield down to 4.745%. The 30-year bond was up 9/32 to yield 4.852%.

The dollar was mixed. Late in New York, it traded at 120.61 yen, up from 120.12, while the euro rose against the dollar to $1.3011 from $1.2981.

Developing Nations Poised To Challenge USA As King Of The Hill (USAT)

By David J. Lynch

USA Today, February 8, 2007

Globalization long has been regarded as a made-in-America phenomenon, driven by Silicon Valley's technology, Hollywood's movies and Wall Street's cash. But suddenly, countries formerly on the periphery of world events seem poised to challenge American dominance of this age of global integration.

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It's not only that developing countries are proving to be white-hot investment opportunities, though they are: the Morgan Stanley Emerging Markets index gained 242% the past four years. It's also that emerging markets, once known dismissively as the Third World, are now central to Americans' lives.

Not long ago, these countries were of interest only to the Peace Corps. Now, everything from the financial lifeline that makes possible the modern American lifestyle to the identity of your next boss, customer, competitor or cultural trendsetter likely can be found in the developing world.

"We're in the middle of the biggest shift in 200 years — since the Industrial Revolution. It's really that big," said Antoine van Agtmael, the investment manager credited with coining the term "emerging markets" in 1981.

The new prominence of emerging markets represents a sharp departure from the flurry of financial crises that tore through Mexico, Asia and Russia in the 1990s. Since then, scores of developing countries have cleaned up their balance sheets, slashed inflation rates and accumulated enormous stockpiles of hard-currency reserves. China alone sits atop a $1 trillion mountain of cash. Russia, Mexico, India and South Korea also are swiftly building their cash hoards, according to Treasury Department data.

Developing nations have gone from beggar to banker. The U.S. must borrow enormous sums each day to finance the gap between its anemic national savings rate and its consumption. Increasingly, those funds — largely raised by selling Treasury securities — come from poorer nations.

Through November, the most recent data available, more than 29% of the $806 billion in net securities purchases came from developing countries compared with just 5% in 1998, according to Bank of America. The river of capital flowing into the U.S. economy enables Americans to continue consuming beyond their means. But some analysts find it worrisome that the world's wealthiest nation now depends on loans from some of the globe's poorest countries.

"The average American doesn't realize where this liquidity comes from. Capital is supposed to flow from rich to the poor," says Joseph Quinlan, chief market strategist for Bank of America.

For the USA, the danger is that an unexpected development could cause emerging nations to retrench on purchases of dollar-denominated assets. What could trigger such a pullback? A sustained oil price decline that pinches Middle Eastern oil producers, a global economic slump or an outbreak of protectionism in the USA, says Quinlan.

For more than half a century, Americans could take for granted that the world economy would orbit around them. No longer. The USA today produces about 30% of world output at market prices. That figure already is down significantly from about 46% in the aftermath of World War II, when European and Japanese factories lay in ruins. And it is headed lower still as China and India continue their ascent.

Over the next generation, fast-growing developing nations are expected to see a significant uptick in their share of world output from 23% today to about 33% in 2030, according to a recent World Bank study.

That shift has enormous consequences for Corporate America. "The change is from globalization going one way to globalization going every way. It's as much about what developing countries are doing as developed countries," said Mark Foster, a London-based Accenture consultant.

Assuming continued economic growth in the developing world, the ranks of the global middle class are expected to triple by 2030 to 1.2 billion, according to the World Bank. Today, a bit more than half of that free-spending group resides in developing countries. By 2030, almost all of it, 92%, will call the developing world home.

For multinational corporations, that means paying ever more attention to what's happening outside the United States and especially in Asia, Latin America, parts of the Middle East and Africa. Procter & Gamble CEO A.G. Lafley said in a Jan. 30 conference call that in the past several years, the company has "added about 1 billion consumers" to the ranks of those who have ever used or purchased its products. "We think we can add another 1 billion consumers over the next three to five years, and most of them are going to come from developing markets," Lafley added.

In the most recent quarter, P&G's developing-country sales outpaced its overall 8% sales growth. Examples: Sales of Crest toothpaste rose more than 10% in Russia, while Duracell batteries posted a 20% gain in Latin America.

Likewise, at PepsiCo, two-thirds of revenue growth is coming from the company's international operations and 60% of that from emerging markets, says Michael White, chief executive of PepsiCo International. "We've seen a real, material change in the performance of our emerging markets, and I expect it to continue," White told a recent panel at the World Economic Forum in Davos, Switzerland.

Those aren't isolated examples. FedEx, Manpower and Caterpillar all report impressive growth in their developing-world business. By 2010, GE wants emerging markets to account for 30% of its sales, twice the current level. "America is realizing for the first time that globalization is a two-way traffic," says Azim Premji, the billionaire chairman of Indian software firm Wipro.

As the developing world's purchasing power grows, it is likely to exercise greater influence over global tastes. To date, U.S. brands such as McDonald's, Nike or Apple mesmerize overseas consumers. By 2030, when the World Bank estimates that the

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number of middle-class consumers in China will exceed the entire U.S. population, Americans might be on the receiving end of as many trends as they start. Zhang Yimou, not Clint Eastwood, might direct the world's most-popular movies. Fast-food dumplings might rival burgers and fries. "New fashions, new trends … are just as likely, indeed more likely, to start in China and India or Brazil as they are today (to start) in Europe or the United States," says Uri Dadush, director of the World Bank's international trade department.

That's in the future. But already, Americans are being affected by the rise of multinational corporations based in the developing world. Once regarded as second-tier manufacturers of shoddy goods, companies in the most mature developing countries are making their presence felt by acquiring companies in the developed world. From computer research centers in North Carolina to steel mills in Oklahoma, American workers are finding their new boss often hails from far, far away.

Among the best-known acquisitions: Chinese computer maker Lenovo's 2005 purchase of IBM's personal computer business. But there have been plenty of other deals.

Last month, Mexican bank Banorte bought UniTeller, a U.S.-based remittances company. That deal came two months after Banorte snapped up INB Financial of McAllen, Texas. Russia's Evraz coal and steel producer in January completed its takeover of Oregon Steel Mills of Portland, Ore. And in June, Brazil's Gerdau Group acquired Sheffield Steel of Sand Springs, Okla. European companies, too, are in the cross hairs: India's Tata Steel earlier this month purchased London-based Corus.

The dealmaking is among the first visible signs of the growing clout of emerging-market multinationals. In his new book, The Emerging Markets Century, van Agtmael profiles 25 companies — such as Mexican cement maker Cemex, whose U.S. operations produce more cement in the USA than any other company, and Indian generic-drug maker Ranbaxy — that qualify as genuine global powers.

To many Americans, the notion of innovative, market-leading companies based in areas where widespread poverty and disease still hold sway might seem extraordinary. But van Agtmael notes that, in fact, it was the Western world's 20th-century economic dominance that was unusual.

For centuries, trade and commerce were rooted, not in the USA or Europe, but in more distant parts of the globe. In 1820, for example, today's "developing" countries were the acknowledged economic powers, accounting for 68% of the world economy, according to economic historian Angus Maddison. As late as 1870, the Chinese economy was almost twice as large as that of the United States.

Viewed from this vantage point, the contemporary emergence of countries such as China or Brazil represents less a new phenomenon than a reversion to history's norm.

"We still hold onto notions that are dear to us but wrong," says van Agtmael. "We will not always be the center of the world."

Wal-Mart And A Union Unite, At Least On Health Policy (NYT)

By Michael Barbaro And Robert Pear

The New York Times, February 8, 2007

They have established one of the fiercest rivalries in the American economy, attacking one another's organizations through dueling blogs, newspaper advertisements and news conferences.

But this morning, in an extraordinary meeting in Washington, the chiefs of Wal-Mart Stores and the Service Employees International Union stood together and agreed on a series of goals for achieving universal health coverage, according to people briefed on the matter.

The meeting between H. Lee Scott Jr., the chief executive of Wal-Mart, and Andrew L. Stern, president of the S.E.I.U., which capped months of secret conversations, could be the beginning, however tentative, of a détente between the nation's largest employer and its labor critics.

At least on one issue. But the issue — providing affordable health insurance — is arguably the biggest facing both Mr. Stern and Mr. Scott. Wal-Mart, which insures fewer than half its workers, has identified health care as potentially the biggest vulnerability to its image and business, and the S.E.I.U., one of the country's biggest unions, has called it the No. 1 priority for its members.

So during today's meeting, Mr. Stern and Mr. Scott announced a campaign to seek public acceptance of several principles of health policy. One goal is universal health coverage by a specific date, somewhere around 2012. Another is the idea of shared responsibility, emphasizing that individuals, businesses and government all play roles in financing health care and expanding coverage.

Executives from AT&T, Intel and several nonprofit organizations also participated in today's meeting.

The agreement is unlikely to end the rancor between Wal-Mart and unions, largely because the retailer's fiercest critic is the United Food and Commercial Workers, the union behind WakeUpWalMart.com.

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In a statement, WakeUpWalMart.com divulged last night for the first time that it had met with a Wal-Mart executive in December to discuss the company's health insurance, among other things, but decided the retailer was not serious about significantly improving its benefits.

"No one, in good conscience or without a real commitment from Wal-Mart to make substantive changes," the statement said, "could look the other way and ignore the awful fact that Wal-Mart still fails to provide company health care to over half of its employees."

Mr. Stern is likely to keep criticizing Wal-Mart on several fronts, according to people who work with him who spoke on condition of anonymity because they are not authorized to talk publicly.

But the fact that Mr. Scott and Mr. Stern are speaking, let alone agreeing on something, is somewhat surprising.

In 2004, Mr. Stern authorized the creation of an S.E.I.U.-backed group, called Wal-Mart Watch, that has relentlessly criticized the retailer, leaked internal company documents to the news media and pressed it to change its labor policies.

Mr. Scott, in turn, has lashed out at union-backed critics like the S.E.I.U. and Wal-Mart Watch, calling them special-interest groups spreading misinformation and half-truths about the chain.

But in July, the icy relationship between the men began to thaw after Mr. Stern wrote an op-ed article encouraging large corporations to work with unions to create alternatives to the employer-based health coverage system, which he said was collapsing. Mr. Stern sent the article, by certified mail, to hundreds of chief executives seeking their help.

Mr. Scott, who has already expanded Wal-Mart's health care benefits, responded, beginning a confidential series of conversations that culminated in today's news conference.

Harley Shaiken, a professor specializing in labor issues at the University of California, Berkeley, said the meeting represented "a combination of pragmatism, idealism and desperation on the part of Wal-Mart and S.E.I.U; health care has become a devastating issue for both."

But Mr. Shaiken said that with Wal-Mart's reputation for fighting unionization and Mr. Stern's advocacy for the labor movement, the pair are unlikely to become the best of friends. Wal-Mart is not unionized in United States.

"Lee Scott is willing to sit in the same room with Andy Stern," Mr. Shaiken said, "he just doesn't want to sit across a bargaining table from Andy Stern."

Wal-Mart Calls For Change In Health Care (USAT)

By Julie Appleby

USA Today, February 8, 2007

More businesses called for change in the health care system Wednesday when Wal-Mart, Intel, AT&T and Kelly Services joined with the leader of a large labor union in calling for "quality, affordable" health insurance for all Americans.

The groups did not offer details of how to change the system, laying out instead four broad principles: Every person must have insurance; businesses, government and individuals must help pay for it; people have a responsibility to maintain their health; and the health system must become more efficient.

The announcement, made in Washington where health policy issues have regained prominence after a long lull, brought together Wal-Mart CEO Lee Scott and Wal-Mart critic Andrew Stern, head of the Service Employees International Union.

That the two found agreement — even on broad principles — across quite a divide can't be ignored, says Len Nichols, a health economist at the New America Foundation.

"What Scott's reach does is give Republican moderates cover to do what they need to do, and Stern's reach gives moderate Democrats cover to meet the Republicans halfway and solve the problem in a way both can live with," Nichols said.

The groups said they would call for members to engage other business leaders, convene a national summit by the end of May and launch education efforts aimed at workers and customers.

While Stern signed on to the principles, the other major union that has been critical of Wal-Mart did not. The giant retailer has come under criticism by both unions over health insurance plans the groups say leave too many Wal-Mart workers uninsured.

Last month, Wal-Mart issued a report saying 47.4% of its employees were covered by its insurance. An additional 43%, the company said, got insurance elsewhere, such as through a spouse or parent.

But union critics say Wal-Mart should do more to cover its own workers. "If Wal-Mart is truly serious about universal health care, we challenge the company to provide universal health care to all of its uninsured employees and their families today," said Paul Blank, campaign director for WakeUpWalMart.com in a written statement.

Blank's group is funded by the United Food and Commercial Workers, which did not participate in Wednesday's press conference.

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Stern said he joined Wal-Mart and the other employers because America's health care system requires fundamental change.

"It's time to admit the employer-based health care system is dead," Stern said, according to the Associated Press.

Last month, Stern's group paired with AARP, an advocacy group for people over 50, and the Business Roundtable to urge Congress to take action to resolve health care and financial security issues.

The group said it believes all Americans "should have access to affordable health care."

Wal-Mart Joins Health-Care Call (WSJ)

By Kris Maher

The Wall Street Journal, February 8, 2007

An unlikely coalition of business and labor, including Wal-Mart Stores Inc. and the nation's biggest union, which has persistently criticized the retailer, called for affordable health coverage for all Americans by 2012, but offered no specifics on how to achieve the goal.

Yesterday's announcement in Washington united Wal-Mart Chief Executive H. Lee Scott and Andy Stern, president of the Service Employees International Union, who has criticized the Bentonville, Ark., retailer's pay and benefit policies. The inclusion of Wal-Mart, the nation's largest private employer and an industry bellwether, in any push to overhaul health care is significant.

"Our current system hurts America's competitiveness and leaves too many people uninsured," said Mr. Scott, who responded to Mr. Stern's invitation last year in letters to CEOs of every Fortune 500 company to revamp health care. "We put aside disagreements to drive this debate forward."

The campaign -- which is also supported by AT&T Inc., Intel Corp., staffing firm Kelly Services Inc., the Communications Workers of America and three public-policy groups -- comes amid a surge of interest in how to extend health insurance to the 46 million Americans without it. In recent weeks, proposals have come from the White House, Capitol Hill, the presidential campaign trail and a coalition of business, health and insurance groups. In some cases, parties that disagree on other issues have found common ground on health care.

While there is interest in doing something about the uninsured, consensus is lacking on what should be done, how much money to spend and how many Americans to try to cover. The new partnership offers no solution, only general goals, such as that individuals, business and government "all should contribute to managing and financing a new American health- care system." Wal-Mart remained noncommittal yesterday as to who should take the lead. "We have to work together -- business, labor, government and our communities," Mr. Scott said.

Members of the group, who met with lawmakers on Capitol Hill after the announcement, said they would recruit other business and labor and civic leaders to join the campaign, convene a national summit of the membership by the end of May, lobby national, state and local elected officials and launch initiatives to educate workers on health-care issues.

NEW PLAN

Principles of the "Better Health Care Together" campaign:

1. We believe every person in America must have quality, affordable health insurance coverage;

2. We believe individuals have a responsibility to maintain and protect their health;

3. We believe that America must dramatically improve the value it receives for every health care dollar; and,

4. We believe that businesses, governments, and individuals all should contribute to managing and financing a new American health care system.

Commenting on the new partnership, Sen. Ron Wyden, (D., Ore.), who has introduced legislation for a universal health-care plan, said, "Today, more employers and labor representatives are sending the message that our nation's health-care system is broken, and if we don't fix it, it will die under its own weight."

Several experts said it is hard to gauge the partnership's effect. "I'm skeptical that they at this point agree on anything other than broad general principles," said William Custer, an economist and professor of health administration at Georgia State University. "I do think it's going to have an effect because it's another fairly weighty voice entering the debate and pushing for something to be done."

Some labor experts suggested that at least part of Wal-Mart's motivation lay in an effort to deflect criticism from its own practices. "I would say probably half the announcement is public relations," said Gary Chaison, a professor of industrial relations at Clark University in Worcester, Mass.

Sarah Clark, a Wal-Mart spokeswoman, said the company didn't join the partnership to buff its image. "This is about engaging leaders at all levels to bring about real and meaningful change to the health-care system," she said.

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Wal-Mart said it recently made progress in health care, though critics say the factors behind the gains don't favor workers with above-average health-care needs. In January, Wal-Mart reported that 47.4% of its U.S. workers had enrolled in its health-benefits plans, up from 46% the previous year. The national average percentage of retail workers enrolled in company-sponsored health-benefits plans is 43%, according to the Henry J. Kaiser Family Foundation.

It was clear that Mr. Stern, who has been criticized within the labor movement for sometimes being too willing to collaborate with business, will need to walk a fine line while working with Wal-Mart.

Yesterday Mr. Stern, who is a board member of Wal-Mart Watch, an activist group backed by the SEIU, said the group would continue to draw attention to Wal-Mart's practices. "I think our members and most Americans expect us to stand up as an organization for people that work, and we will continue to do so," he said.

David Nassar, Wal-Mart Watch's executive director, issued a statement that both praised Wal-Mart but also criticized its current health-care plan, saying the retailer's "unaffordable plan" is part of the nation's health-care problem.

The partnership isn't likely to silence Wal-Mart critics. One of them, WakeUpWalMart.com, which is funded by the United Food and Commercial Workers union, called Wal-Mart's support for universal health coverage "disingenuous."

The group released a statement that also carried an implicit criticism of Mr. Stern: "What is surprising is how anyone, in good conscience, would give Wal-Mart a stage to make empty statements that will not give health care to one more uninsured Wal-Mart worker."

Wal-Mart, Union Join Forces On Health Care (WP)

By Ylan Q. Mui And Dale Russakoff

The Washington Post, February 8, 2007

Two once-implacable foes in the business world found common ground yesterday, at least for a few minutes, as they publicly pledged to work together for the first time to fix what they called the nation's health-care crisis by 2012.

At a news conference on Capitol Hill, Wal-Mart chief executive H. Lee Scott sat at one end of a table and vowed to put aside differences to "drive this debate forward." On the other end was Andy Stern, president of the Service Employees International Union (SEIU) and frequent Wal-Mart critic, declaring he had made a "tough choice" in the goal to improve coverage.

How this unlikely alliance came about illustrates the deepening concern that businesses, labor groups and lawmakers have over skyrocketing health-care costs. The issue has divided the nation's largest retailer and the SEIU, which founded a group called Wal-Mart Watch that has harshly criticized the company's wages and benefits. But yesterday they said they could come together under the broad umbrella of universal health care. And each realized it could not be achieved without the other's help.

"That's what makes it powerful," Stern said in a phone interview. "It's risky, and it's right."

Wal-Mart used to be noticeable for its absence from business coalitions calling for government help with the health-care crisis. As the rising cost of employee medical care staggered other large companies, Wal-Mart, which did not provide health coverage for the majority of its employees, was silent. But during a national crisis over the growing ranks of uninsured workers, Wal-Mart quickly became a target.

The barrage of criticism over the past two years by the SEIU's Wal-Mart Watch and another group, Wake-Up Wal-Mart, backed by the United Food and Commercial Workers Union, has frequently put the retailer in the hot seat. Maryland's Fair Share Health Care legislation, nicknamed the "Wal-Mart bill," was crafted with input from the unions and required large companies to spend part of their payroll on health coverage or contribute to a state fund for the poor, giving rise to similar initiatives in more than two dozen states even though the law was eventually struck down. The union groups have galvanized political and grass-roots opposition to Wal-Mart through bus tours and nationwide conference calls.

The dispute left Wal-Mart increasingly isolated, particularly as it tried to move into urban areas critical to its growth. Public outrage from Southern California to the East Coast prompted local and state governments to block the company from planting superstores in one metropolitan area after another.

"Wal-Mart has actually been defeated in metropolitan America," said labor historian Nelson Lichtenstein of the University of California at Santa Barbara. "It makes a lot of business sense for them to try to get health care off the table."

Change began in 2005 after Wal-Mart created a health-care plan with premiums of $11 per month. In a speech to the National Governors Association a year ago, Scott announced other major concessions, including reducing the eligibility requirement for part-time employees from two years to one and adding coverage for their children. But he also wanted help from government leaders and other groups to make substantive changes to the country's health policies.

The speech caught Stern's attention. He was also impressed by Wal-Mart's efforts in environmental sustainability, in which it had worked with activist groups such as the Rocky Mountain Institute and TransFair USA. He took it as a sign the retailer was committed to changing not just its reputation but its practices.

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"This was a company that was willing to create partnerships with people they might not normally agree with," Stern said. "It's always important to me that people don't just say things, they do things."

In his 2006 book, "A Country That Works," Stern wrote admiringly of how Dennis Rivera, president of the New York City Health Care Workers Union 1199, "taught us a great deal about how to tango" when he sent his members to join hospital operators in persuading the New York state legislature to raise insurance reimbursement rates. While the hospitals' pleas were viewed as self-serving, the workers won over lawmakers. Those billions of dollars of reimbursements found their way into better wages and "the gold standard of benefits for the hospital workers," Stern wrote.

In July, he wrote an opinion article in the Wall Street Journal declaring the death of employer-based health coverage and urging businesses to look for new solutions. Stern followed up with a letter to each head of a Fortune 500 company. Over the next few months, he received responses from many of them. By December, he was in discreet talks with Wal-Mart on ways they could reach a consensus on the problem of health care, if nothing else.

"We've disagreed on many issues in the past, and I'm sure we will disagree on others going forward," Sarah Clark, a spokeswoman for Wal-Mart, said yesterday. "However, resolving America's health-care crisis is so important to this country that we're willing to put aside our differences and work together."

In addition to Wal-Mart and the SEIU, the coalition announced yesterday includes other groups that historically have been at odds: AT&T, Intel, the Communications Workers of America, the Howard H. Baker Jr. Center for the Public Policy and Kelly Services. The coalition issued a statement decrying the state of the nation's health-care system and outlining four principles for an alternative, including ensuring that everyone has quality and affordable coverage.

But not everyone is convinced the coalition will be effective. Gerald M. Shea, the AFL-CIO's head of health policy, said he was concerned about the lack of detail in the coalition's plans.

"Their public positioning campaign is one thing. What they do is another," he said. "They want a solution by 2012 -- that's too far away from our point of view. What are you ready to do now?"

The UFCW had met with a Wal-Mart executive in December to discuss health care but decided the company was not taking enough steps to significantly improve its employee coverage. And it came out swinging again yesterday, with members handing out fliers from Wake-Up Wal-Mart denouncing the company at the news conference.

"Why Wal-Mart would want to look for a partner to cover up its health-care crisis is obvious," said Paul Blank, director of Wake-Up Wal-Mart. "But why anybody would decide to give a disingenuous player that stage is unconscionable."

Stern said the SEIU's Wal-Mart Watch will continue to speak out against the retailer as it sees fit. But now he has his eyes on bigger fish. The coalition spent the afternoon making rounds at Congress, stopping at the offices of House Speaker Nancy Pelosi (D-Calif.) and Rep. James E. Clyburn (D-S.C.), among others.

"We're way past the question, 'Can an employer solve this problem?' " he said. "We're at a point where the country has to solve the problem."

Wal-Mart, Unions Unite On Health Care (WP/AP)

By Dan Caterinicchia

The Washington Post, February 8, 2007

WASHINGTON -- Executives from Wal-Mart and three other large U.S. employers on Wednesday joined union leaders in calling for "quality, affordable" health care for every American by 2012.

However, they did not propose any specific policies to achieve this goal, or commit to spending any extra money in the near-term to provide health coverage to more workers.

Joining Wal-Mart Stores Inc. CEO Lee Scott and Service Employees International Union leader Andrew Stern at a Washington press conference were top executives from Intel Corp., AT&T Inc. and Kelly Services Inc., a temporary staffing agency. Yet some critics of Wal-Mart's health care policy remained unsatisfied.

"2012 is a still long way away. What about now?" said Dana Rezaie, a widow with three children who works nights stocking shelves at a Wal-Mart store in Fridley, Minn.

The partnership of business and union leaders laid out four main goals, including universal health-care coverage for all Americans and boosting the value of every U.S. dollar spent on health care. The business and union leaders' coalition, dubbed "Better Health Care Together," pledged to convene a national summit by the end of May to recruit others from the private sector, labor, government and non-profits.

"Government alone won't and can't solve this crisis," Scott said. "By following this campaign's common sense principles, we believe America can have high quality, affordable and accessible health care by 2012."

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But Scott and others did not provide a detailed plan. In response to a reporter's question, Scott said Wal-Mart is not committed to spending more on health care or making any immediate promises to provide health coverage to more workers.

The business executives did say that any universal coverage in the U.S. must be flexible enough to give consumers choices about their coverage, unlike plans in some foreign nations.

Stern said the SEIU would continue to fund its Wal-Mart Watch campaign, which as recently as last month said Wal-Mart's health plans were a raw deal for employees. Stern said he expects to be criticized for teaming up with Wal-Mart, but that he felt it was in the best interest of workers who lack coverage, and their families.

Stern said he and Scott first met face-to-face to discuss the partnership "around the holidays."

Joseph T. Hansen, president of the United Food and Commercial Workers union, was critical of other union leaders for teaming up with Wal-Mart.

"It's not appropriate to take the stage with a company that refuses to remedy its mistreatment of workers," Hansen said in a prepared statement. The union he represents funds the WakeUpWalMart campaign, which challenged the company to immediately provide health care to all of its uninsured employees and their families.

The Bentonville, Ark.-based company, which employs more than 1.3 million U.S. workers, has made several changes to its health care policy since 2005, including lowering premiums and shortening eligibility periods.

Yet Scott said Wednesday he would not withhold financial support from lawmakers and candidates who oppose universal health care. WakeUpWalMart spokesman Chris Kofinis called that stance "hypocritical," pointing out that Scott blamed politics as the main reason the nation lacked universal health care.

"Anybody can say they support something. They need to show they really do," said Rezaie, a six-year Wal-Mart employee who says she cannot afford the company's existing health plan and instead relies on state-funded care. WakeUpWalMart supplied Rezaie's name to The Associated Press.

Democratic presidential candidate Sen. Hillary Rodham Clinton, a longtime universal health care advocate, said the coalition's announcement was further evidence of broad agreement on the issue.

Drew Altman, president of the Kaiser Family Foundation, which studies health policy, was more sanguine. "This is a historic collection of strange bedfellows that have united behind a set of principles, not a concrete plan," Altman said.

John Podesta, president of the Center for American Progress, a member of the coalition, said business and union leaders already plan to meet with officials at the White House, on Capitol Hill and with state governors to transform its principles into action.

Shares of Wal-Mart closed unchanged at $48.58, while AT&T slid 35 cents to end at $37.16, both on the New York Stock Exchange. On the Nasdaq Stock Market, shares of Intel gained 20 cents to finish at $21.51, while those of Kelly Services rose 24 cents to $31.24.

In GOP Presidential Race, McCain Slips; Giuliani Gains Luster (CSM)

By Linda Feldmann

The Christian Science Monitor, February 8, 2007

WASHINGTON

In polls, the top two contenders for the 2008 Republican presidential nomination have long been Sen. John McCain of Arizona and former New York Mayor Rudolph Giuliani.

But pundits have tended to discount Mr. Giuliani's chances, given his liberal stands on social issues such as abortion and gay rights. Now, a combination of factors is forcing a new look at both Senator McCain's vulnerabilities, particularly over his steadfast support for an unpopular Iraq war, and Giuliani's potential to overcome weaknesses.

For the first time since October 1999, McCain's favorability rating among American voters has dropped below 50 percent. A Gallup poll taken last month showed him at 48 percent, down 6 points from November, and down from a high of 67 percent in February 2000. Giuliani, in contrast, has held above 60 percent favorability in Gallup polls, most recently at 62 percent. Now that Giuliani has signaled a serious intention to run, stating on Monday "I'm in this to win" as he filed papers with the Federal Election Commission, the comparisons grow in importance.

For Giuliani, winning over enough of the conservative Republican base to secure the nomination has long been seen as a potentially insurmountable task. But now, analysts say, it's possible that Republican-leaning independents could make the difference in the early GOP primaries.

"I tend to think if Giuliani catches fire, he could win" even the South Carolina primary, says Dick Bennett, a nonpartisan pollster based in New Hampshire, who has been polling in early nominating states. The key is that South Carolina has an open primary, meaning that independents can vote.

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In an interview with Fox News on Monday, Giuliani stood by his support for abortion and gay rights, but not gay marriage. He said he would nominate Supreme Court justices similar to those President Bush selected, meaning Chief Justice John Roberts and Justice Samuel Alito.

For Giuliani, the appeal to a broad swath of Republican primary voters would be centered on the leadership aura he gained from his post-9/11 performance as mayor of New York.

In a head-to-head matchup against McCain in a Gallup poll of Republicans and Republican "leaners" taken Jan. 25-28, Giuliani beat the Arizona senator handily in most categories: better public speaker, more likable, better chance of beating the Democratic nominee, would run a more positive campaign, would perform better in debates, would do more to unite the country, would manage the country more effectively, would be better in a crisis, better understands the problems faced by ordinary Americans, and strength of leadership.

McCain beat Giuliani handily in only three categories: more qualified to be president, higher ethical standards, and would work better with Congress.

But with 11 months to go before the Iowa caucuses, the first nominating contest, analysts caution against reading too much into polls. Most voters have not given much thought to the choices. And many are unaware of the facts. Gallup found in early January that 16 percent of Republican primary voters believe Giuliani is "pro-life;" 64 percent are unsure.

Still, the early polling is crucial to candidates' ability to attract funding, top staff, and media attention. Now that Giuliani has declared he's in, he will face a higher level of scrutiny than in the past. He is also just now beginning to put together the infrastructure of his campaign, something McCain has been working on for months and years.

Despite Giuliani's slow start, he now regularly beats McCain in head-to-head matchups. Gallup in early January had Giuliani beating McCain 50 to 42 among Republican primary voters.

The problem for McCain is that he has lost some of his luster as the "maverick" who nearly felled the party favorite for the GOP nomination eight years ago, then-Texas Gov. George Bush. That is hurting him in particular among independents, says Mr. Bennett. The problem is Iraq.

"They view McCain and Bush in the Iraq situation together," he says. In New Hampshire, "there's no excitement for him [McCain]... And I hear from people who are with McCain, 'I wonder if I made a mistake.' "

Giuliani holds a similar position on Iraq, supporting Bush's decision to send additional US troops there, but as an outside-the-Beltway figure, he is not lashed to the future of the war the way McCain is.

Regardless of who wins the GOP nomination, Iraq could be central to his chances in the general election.

"What happens in Iraq will determine whether Republicans have a very steep uphill fight or a fighting chance," says Cal Jillson, a political scientist at Southern Methodist University in Dallas. "Even though both McCain and Giuliani have roughly the same position, McCain's is so much better known and integrated into his persona than is Giuliani's. I think that's what's taken some of the air out of his balloon."

For McCain, too, conservative skepticism toward him over his support for campaign-finance reform and lack of reliability on tax cuts has never disappeared. McCain is also still working to address longstanding animosity from some Evangelicals. So it may be a combination of factors hurting McCain, analysts say.

"Is it that Republicans are saying to themselves, 'McCain is too close to this unpopular president and this unpopular war'?" says Larry Sabato, a political scientist at the University of Virginia in Charlottesville. "Or are they saying, 'I never liked McCain, I can't swallow him, he has too many problems, like age and temper, and I've always liked Giuliani'? I think it's a bit of everything."

"It's very revealing – the intensity of anti-McCain sentiment out there among Republicans," Mr. Sabato adds. "I encounter it whenever I give a talk."

Mormon Candidate Braces For Religion As Issue (NYT)

By Adam Nagourney And Laurie Goodstein

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — As he begins campaigning for the Republican presidential nomination, Mitt Romney, the former Massachusetts governor, is facing a threshold issue: Will his religion — he is a Mormon — be a big obstacle to winning the White House?

Polls show a substantial number of Americans will not vote for a Mormon for president. The religion is viewed with suspicion by Christian conservatives, a vital part of the Republicans' primary base.

Mr. Romney's advisers acknowledged that popular misconceptions about Mormonism — as well as questions about whether Mormons are beholden to their church's leaders on public policy — could give his opponents ammunition in the wide-open fight among Republicans to become the consensus candidate of social conservatives.

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Mr. Romney, in an extended interview on the subject as he drove through South Carolina last week, expressed confidence that he could quell concerns about his faith, pointing to his own experience winning in Massachusetts. He said he shared with many Americans the bafflement over obsolete Mormon practices like polygamy — he described it as "bizarre" — and disputed the argument that his faith would require him to be loyal to his church before his country.

"People have interest early on in your religion and any similar element of your background," he said. "But as soon as they begin to watch you on TV and see the debates and hear you talking about issues, they are overwhelmingly concerned with your vision of the future and the leadership skills that you can bring to bear."

Still, Mr. Romney is taking no chances. He has set up a meeting this month in Florida with 100 ministers and religious broadcasters. That gathering follows what was by all accounts a successful meeting at his home last fall with evangelical leaders, including the Rev. Jerry Falwell; the Rev. Franklin Graham, who is a son of the Rev. Billy Graham; and Paula White, a popular preacher.

Mr. Romney said he was giving strong consideration to a public address about his faith and political views, modeled after the one John F. Kennedy gave in 1960 in the face of a wave of concern about his being a Roman Catholic.

Mr. Romney's aides said he had closely studied Kennedy's speech in trying to measure how to navigate the task of becoming the nation's first Mormon president, and he has consulted other Mormon elected leaders, including Senator Orrin G. Hatch, Republican of Utah, about how to proceed.

Mr. Romney appears to be making some headway. Several prominent evangelical leaders said that, after meeting him, they had grown sufficiently comfortable with the notion of Mr. Romney as president to overcome any concerns they might have about his religion.

On a pragmatic level, some said that Mr. Romney — despite questions among conservatives about his shifting views on abortion and gay rights — struck them as the Republican candidate best able to win and carry their social conservative agenda to the White House.

"There's this growing acceptance of this idea that Mitt Romney may well be and is our best candidate," said Jay Sekulow, the chief counsel for the American Center for Law and Justice, a conservative legal advocacy group, and a prominent host on Christian radio.

Mark DeMoss, an evangelical public relations consultant who represents many conservative Christian groups, said it was "more important to me that a candidate shares my values than my faith," adding, "And if I look at it this way, Mr. Romney would be my top choice."

Mormons consider themselves to be Christians, but some beliefs central to Mormons are regarded by other churches as heretical. For example, Mormons have three books of Scripture other than the Bible, including the Book of Mormon, which Mormons believe was translated from golden plates discovered in 1827 by Joseph Smith Jr., the church's founder and first prophet.

Mormons believe that Smith rescued Christianity from apostasy and restored the church to what was envisioned in the New Testament — but these doctrines are beyond the pale for most Christian churches.

Beyond that, there are perceptions among some people regarding the Church of Jesus Christ of Latter-day Saints, as the church is formally known, that account for at least some of the public unease: that Mormons still practice polygamy (the church renounced polygamy in 1890), that it is more of a cult than a religion and that its members take political direction from the church's leaders.

Several Republicans said such perceptions could be a problem for Mr. Romney, especially in the South, which has had a disproportionate influence in selecting Republican presidential nominees.

Gloria A. Haskins, a state representative from South Carolina who is supporting Senator John McCain for the Republican nomination, said discussions with her constituents in Greenville, an evangelical stronghold, convinced her that a Mormon like Mr. Romney could not win a Republican primary in her state. South Carolina has one of the earliest, and most critical, primaries next year.

"From what I hear in my district, it is very doubtful," Ms. Haskins said. "This is South Carolina. We're very mainstream, evangelical, Christian, conservative. It will come up. In this of all states, it will come up."

But Katon Dawson, the state Republican chairman, said he thought Mr. Romney had made significant progress in dealing with those concerns. "I have heard him on his personal faith and on his character and conviction and the love for his country," Mr. Dawson said. "I have all confidence that he will be able to answer those questions, whether they be in negative ads against him or in forums or in debates."

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Mr. Romney's candidacy has stirred discussion about faith and the White House unlike any since Kennedy, including a remarkable debate that unfolded recently in The New Republic. Damon Linker, a critic of the influence of Christian conservatism on politics, described Mormonism as a "theologically unstable, and thus politically perilous, religion."

The article brought a stinging rebuttal in the same publication from Richard Lyman Bushman, a Mormon who is a history professor at Columbia University, and who said Mr. Linker's arguments had "no grounding in reality."

Mr. Romney is not the first Mormon to seek a presidential nomination, but by every indication he has the best chance yet of being in the general election next year. His father, George Romney, was a candidate in 1968, but his campaign collapsed before he ever had to deal seriously with questions about religion.

Senator Hatch said his own candidacy in 2000, which was something of a long shot, was to "knock down prejudice against my faith."

"There's a lot of prejudice out there," Mr. Hatch said. "We've come a long way, but there are still many people around the country who consider the Mormon faith a cult."

But if Mr. Romney has made progress with evangelicals, he appears to face a larger challenge in dispelling apprehensions among the public at large. A national poll by The Los Angeles Times and Bloomberg News last June found 37 percent said they would not vote for a Mormon for president.

Mr. Romney offered assurances that seemed to reflect what Kennedy told the nation in discussing his Catholicism some 50 years ago. Mr. Romney said the requirements of his faith would never overcome his political obligations. He pointed out that in Massachusetts, he had signed laws allowing stores to sell alcohol on Sundays, even though he was prohibited by his faith from drinking, and to expand the state lottery, though Mormons are forbidden to gamble. He also noted that Mormons are not exclusively Republicans, pointing to Senator Harry Reid of Nevada, the Democratic majority leader.

"There's no church-directed view," Mr. Romney said. "How can you have Harry Reid on one side and Orrin Hatch on the other without recognizing that the church doesn't direct political views? I very clearly subscribe to Abraham Lincoln's view of America's political religion. And that is when you take the oath of office, your responsibility is to the nation, and that is first and foremost."

He said he was not concerned about the resistance in the polls. "If you did a poll and said: 'Could a divorced actor be elected as president? Would you vote for a divorced actor as president?' my guess is 70 percent would say no. But then they saw Ronald Reagan. They heard him. They heard his vision. They heard his experience. They said: 'I like Ronald Reagan. I'm voting for him.' "

Romney's About-face On Campaign Funding (HILL)

By Alexander Bolton

The Hill, February 8, 2007

Former Massachusetts Gov. Mitt Romney, who strongly criticized campaign-finance regulations in a private meeting with House conservatives last week, once touted dramatic restructuring measures such as taxing political contributions and placing spending limits on federal campaigns.

Romney's past positions on campaign-finance regulation, anathema to many social conservatives who believe such rules place unconstitutional limits on free speech, could complicate his ongoing efforts to court conservative leaders.

Romney already has had to explain his past support for abortion rights, another volatile issue among conservatives. At a private meeting with conservative House Republicans in Baltimore Friday, Romney devoted much of his time to explaining how his stance on abortion has evolved, said a conservative who attended.

While several Republicans who attended the Republican Study Committee (RSC) retreat greeted Romney's remarks on abortion with skepticism, his condemnation of changes to campaign-finance rules struck a positive chord with the entire audience. Romney specifically criticized the 2002 Bipartisan Campaign Reform Act sponsored by his rival for the GOP presidential nomination, Sen. John McCain (R-Ariz.).

"Referring to the bill, [Romney] called it 'one of the worst things in my lifetime,'" one conservative Republican said. "The place erupted. That was by far the biggest applause line."

Romney also has criticized McCain on campaign finance while stumping in South Carolina, where President Bush turned the tide against McCain in the 2000 GOP presidential primary.

A South Carolina-based publication, The State, recently reported that Romney highlighted McCain's support of campaign regulations in order to draw a contrast with his rival.

"That's a terrible piece of legislation," Romney said, according to the report. "It hasn't taken the money out of politics … [But] it has hurt my party."

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A review of Romney's public statements from his 1994 senatorial and 2002 gubernatorial campaigns reveal that he once touted stringent campaign-finance modifications.

A Boston Globe article from July 1994 reported that Romney publicly advocated placing spending limits on congressional campaigns and abolishing political action committees (PACs).

McCain and his allies on campaign finance included similar proposals in the first campaign-finance reform package they introduced in Congress in 1995, said Meredith McGehee, policy director of the Campaign Legal Center, who was at the center of the fight to pass the changes. McCain and his allies later dropped the spending limits and PAC ban because they proved to be too controversial, she said.

During remarks before the Burlington (Mass.) Business Roundtable in 1994, Romney spoke like the committed reformers who later enacted sweeping national reforms in Congress.

"I understand Ted Kennedy will spend about $10 million to be reelected — he's been in 32 years, $10 million. I think that's wrong because — and that's not his own money, that's all from other people," Romney said during the 1994 presentation, which was aired by C-SPAN. "And to get that kind of money you've got to cozy up as an incumbent to all the special-interest groups who can go out and raise money for you from their members. And that kind of relationship has an influence on the way you're gonna vote."

Romney lost his race against Sen. Edward Kennedy (D-Mass.). When he ran for governor eight years later, Romney again proposed dramatic changes to campaign-finance rules.

The Quincy Patriot Ledger and the Worcester Telegram & Gazette reported in the fall of 2002 that Romney proposed taxing political contributions to finance publicly funded campaigns.

"Mr. Romney campaigned in favor of clean elections, which provides public money to candidates for state office who meet strict fundraising requirements," the Telegram & Gazette reported. "But he suggested an alternative funding method. Instead of providing campaign funds from state coffers, his plan would tap 10 percent of the fundraising of candidates who choose to raise money privately."

Kevin Madden, Romney's campaign spokesman, declined to comment about campaign finance proposals his boss made in 1994 and 2002.

"He believes there ought to be transparency and disclosure in a way so the public knows who's raising money and who's contributing money," said Madden. "Right now I can say we make every effort that the campaign adheres to the disclosure and transparency requirements of campaign finance law now; 1994 was 15 years ago."

Madden reiterated Romney's belief that the 2002 campaign law hindered public participation.

Public-financed elections are an idea that Democrats in the Senate and House are planning to push this Congress; the idea is strongly opposed by conservative leaders.

Tom McClusky, the vice president of government affairs for the Family Research Council, an influential Washington-based grassroots advocacy organization representing evangelical Christians, said public financing of elections would distance lawmakers from voters.

"For groups like ours that work directly with the grass roots, it hurts us because the distance [to lawmakers] grows larger and larger," said McClusky, who argued that if legislators did not have to make fundraising appeals, they "would no longer have to be worried that they're answerable to their constituents."

McClusky said he did not know whether Romney since had shifted his stance.

"Of course, this was Mitt Romney in 2002. Who knows? He might have changed his mind on that," he said. "He always seems to want to come back to the table."

Jeff Mazzella, the president of the Center for Individual Freedom, another conservative advocacy group, has published harsh criticisms of McCain because of his support for various campaign regulations. He was surprised to hear of Romney's past positions.

"I was not familiar [with] Romney's positions referenced in the articles you stated," Mazzella said in an interview. "We're adamantly opposed to the idea of taxing campaign donations, or eliminating PACs or any abridgement of the people's right to assemble or speak."

It remains to be seen, however, whether Romney will face as much skepticism on campaign finance as he has on abortion.

One House conservative who met with him last week noted disapprovingly that Romney freely admitted that he has been firmly opposed to abortion rights for only two and a half years. He was also unenthusiastic about what he called Romney's cumbersome explanation.

"He spent a significant portion of his speech trying to convince members that he was pro-life now," he said. "But on an issue like that is, it shouldn't take a lot of time to say, 'I'm pro-life.'

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"The fact that it took paragraphs and paragraphs of explanation, and never had a hard-and-fast 'I'm 100 percent pro-life from conception to natural death'" was disconcerting, the House Republican said.

Obama Preserves Public Financing Option (WP/AP)

By Nedra Pickler

The Washington Post, February 8, 2007

WASHINGTON -- Democratic Sen. Barack Obama is asking whether he can take money from donors who want him to be president, then give it back later. The Federal Election Commission said Wednesday that it will look into the novel question.

Obama is indicating that he wants to at least keep the option of using the public financing system for his presidential campaign if he becomes the Democratic nominee. To do so, the Illinois senator could not spend any money from contributors for political purposes, but instead use federal funding that is expected to total about $85 million for next year's general election.

"Senator Obama has long been a proponent of public financing of campaigns and we are asking the FEC to take a step that could preserve the public financing option for the party's nominees," said Obama spokesman Bill Burton.

Strategists from both parties estimate that the 2008 race could cost each nominee $500 million _ far more than the Presidential Election Campaign Fund can afford. It is financed through the $3 checkoff on federal income tax returns.

Obama has decided to raise unlimited private contributions for the primary and general campaigns, following the lead of chief Democratic rivals Sen. Hillary Rodham Clinton and John Edwards. Edwards and Obama also say they won't accept money from lobbyists or political action committees.

But Obama's lawyer, Robert Bauer, suggested in an advisory opinion request to the FEC that Obama may want to participate in the public financing system for the general election if he's nominated and the Republican candidate agreed to do the same.

"Should both major party nominees elect to receive public funding, this would preserve the public financing system, now in danger of collapse," Bauer wrote.

But a Republican will not be nominated for president until next year and it's impossible to know whether the candidate will agree to public financing. So Obama wants to know if he can raise the general election money now and give it back later if an agreement is reached.

While both President Bush and Democratic challenger John Kerry rejected public funding for their primary campaigns in 2004, they did accept $74.5 million each for the general election campaign.

Three Republican and three Democratic commissioners have 60 days to respond, unless the FEC decides to honor Obama's request for an expedited response. At least one commissioner, Republican Michael Toner, appeared opened to Obama's idea but said he needs to examine the law to see if it would be prohibited.

"We're dealing with uncharted territory here," Toner said. "We have candidates that face unique fundraising challenges and political pressures in the 21st Century, and I think the law needs to adapt whenever possible to meet those challenges."

All other presidential campaigns would have the right to weigh in with their comments before the FEC makes a decision.

Obama established a presidential exploratory committee last month and plans to announce his candidacy on Saturday in Springfield, Ill.

Obama Proposes Candidates Limit General Election Spending (NYT)

By David K. Kirkpatrick

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — Senator Barack Obama of Illinois, a contender for the Democratic presidential nomination, issued an unusual challenge to his rivals on Wednesday. He proposed a voluntary agreement between the two major party nominees that would limit their fund-raising and spending for the general election.

Mr. Obama's suggestion is notable because the 2008 presidential election is widely expected to be the first campaign since President Richard M. Nixon left office that would be paid for mainly by private donors and waged without legal spending limits.

For the first time in 30 years, the leading candidates in both major parties have indicated that they will not accept public money through the presidential public financing system so that they will not be bound by its spending limits. In previous general elections, the system provided all the money for both major party candidates on the condition that they did not take private contributions.

But the money the public system is expected to provide in 2008 — about $150 million for a candidate's primary contests, nominating convention and general election campaign — cannot keep up with the flow of private contributions available to the

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candidates. If the previous patterns hold, the two major party candidates in 2008 could each raise more than $500 million from private contributors, overpowering a nominee who chose to abide by the public financing rules.

Those calculations have already set off a furious fund-raising scramble as well-financed candidates, notably Senator Hillary Rodham Clinton, Democrat of New York, try to stockpile enough early money to scare off competition.

In a Feb. 1 filing with the Federal Election Commission that was made public on Wednesday, Mr. Obama said that he, too, would seek enough private donations to remain competitive, but with a twist. He asked the commission if he could begin soliciting private donations with the understanding that he might later return the money to his contributors. If he won the Democratic nomination, he could then strike a deal with the Republican nominee to return their private donations and use only public money for the general election. For 2008, that would limit each general election campaign to about $85 million.

"Should both major party nominees elect to receive public funding, this would preserve the public financing system, now in danger of collapse, and facilitate the conduct of campaigns freed from any dependence on private fund-raising," Mr. Obama's filing said.

It is unclear how plausible such a truce might be. A candidate with a much bigger bank account at the start of the general election would be reluctant to relinquish that advantage.

Mr. Obama's filing raises delicate questions for some of his rivals. Three of them — Mrs. Clinton and John Edwards among the Democrats, and Senator John McCain, Republican of Arizona — have begun raising private contributions outside the public financing system. All three have said they value the public financing system and support updating it to keep it alive. Mr. McCain in particular has led efforts to tighten campaign finance laws.

On Wednesday, a spokesman for Mr. McCain suggested that Mr. Obama was trying to have it both ways, preserving the possibility of taking public money if he could not bring in enough private donations. "Is he asking for the option of whatever is the higher number?" Matt David, the spokesman, asked.

Although Mr. McCain's campaign has sought donations that would be illegal for a candidate who takes public money to accept, his aides have asserted that no decision has been made and said that the campaign might return the contributions.

Mr. Obama's inquiry appears to be a pointed response to Mrs. Clinton, whose campaign was the first to announce that it would forgo public financing for both the primary and general elections. A spokesman for Mrs. Clinton declined to comment Wednesday.

A spokeswoman for Mr. Edwards, who said this week that he, too, would sidestep the public financing system, scoffed at Mr. Obama's proposal.

"That sounds a little optimistic to us," the spokeswoman, Jennifer Palmieri, said. "There are a lot of ifs there." At this point, she said, Mr. Edwards "is not prepared to do that."

Michael Toner, a Republican member of the commission, said Mr. Obama's inquiry "raises very novel issues."

Obama To Seek FEC Ruling On Financing (WP)

By Chris Cillizza And Matthew Mosk

The Washington Post, February 8, 2007

Sen. Barack Obama (D-Ill.) signaled yesterday that he will begin raising money for a potential general election candidacy, joining Sen. Hillary Rodham Clinton (D-N.Y.) and former senator John Edwards (D-N.C.) in rejecting the public financing system that has governed presidential elections for better than three decades.

Even as Obama starts to collect donations for a general election account, he has asked for guidance from the Federal Election Commission on whether he could reverse course if he wins the Democratic nomination and his Republican opponent accepts public money.

Dan Pfeiffer, a spokesman for Obama, said the senator's filing is intended to "preserve the public financing option for the party's nominees." Other aides explained that the request is aimed at defining what Obama can and cannot do in a murky area of campaign finance law.

Until now, candidates have accepted that once they start to raise a separate pool of money for the general election, they have committed to running without federal matching funds. Obama's filing questions that assumption.

Federal rules state that once a candidate "accepts" donations for a general election run, he can no longer accept federal money. Obama asked the FEC to determine whether he could "receive" contributions, but later, if he were to decide to take public funds, simply return the money.

The leading Republican candidates -- Sen. John McCain (Ariz.), former Massachusetts governor Mitt Romney and former New York mayor Rudolph W. Giuliani -- have not said whether they will take public funds. But it is unlikely they would agree to limit their spending if the Democratic nominee is unwilling to do so.

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Obama's campaign requested that the FEC rule within 20 days.

Stop Arm-twisting 'Support' (USAT)

By Mitch Mcconnell,

USA Today, February 8, 2007

The recent decision by a number of presidential aspirants not to dip into the public trough for campaign funds is a clear sign of just how expensive national elections have become. It's also a sign that the current system of public funding for private campaigns is on its way out.

This is as it should be. Those who support a candidate are free to contribute to his or her campaign. They always have been. But the idea that those who don't support that candidate should also contribute to his or her campaign is worse than nonsense: It's a coercive use of taxpayer funds.

Americans are in overwhelming agreement on this point. Every year, they're asked to check a box on their tax returns if they wish to send $3 from the U.S. Treasury to the national campaigns. In what amounts to an annual national referendum on the question, an overwhelming majority of taxpayers have always held back their pens.

The number of Americans who support the current system has long been in decline. At one point, nearly 30% of tax filers thought the public financing system was a good idea. But the percentage of us who checked the box fell to an all-time low of 9% in 2004, the most recent presidential election year.

A number of special-interest groups have recently registered their "concerns" about the future of the public financing system. They say the increasing lack of voter support suggests a lack of education. Yet this steady decline in support should suggest just the opposite: Many voters who once supported the public funding system have thought about it and changed their minds.

One group in particular recently said it would cost each American "just $6 per year" to subsidize political campaigns. That's $1.8 billion annually — $7.2 billion over a four-year cycle — in taxpayer funds that could be spent on national security, education or Social Security.

The current crop of presidential hopefuls are turning aside taxpayer-subsidized welfare for their campaigns. Congress should follow their lead — and that of nearly every American taxpayer— and do away with the current public financing system once and for all.

Sen. Mitch McConnell, R-Ky., is the Senate Minority Leader.

Presidential Candidates Flee Public Fund, Seek Big Bucks (USAT)

USA Today, February 8, 2007

Public financing for presidential candidates, in place since the post-Watergate reforms of the 1970s, is all but dead for most major candidates, done in by the fact that Hillary Clinton and John McCain and others seeking the White House will have to spend as much as $500 million each to be competitive. That's far more than the roughly $122 million the out-of-date public system would limit them to spending for next year's primary and general elections.

It's a serious loss. Price was evident at a party Tuesday at Sen. Clinton's Washington home, where she entertained about 70 well-heeled fundraisers, some of whom reportedly pledged to bundle as much as $1 million in individual contributions for her presidential campaign. Among those invited were lawyers, financiers and at least two partners from a Washington lobbying firm. If their largesse helps Clinton get elected, will these folks expect access and favors for themselves and their clients? Does anyone really think otherwise?

One might wish for candidates who are above such things, but Clinton is doing what most serious candidates from both major parties almost certainly will do — opt out of a voluntary public financing system that was designed in the 1970s and hasn't been upgraded to keep up with wildly expensive campaigns. Congress could fix this by changing the law. Instead, it's dropped the ball.

A key goal of the presidential fund was to free candidates from money grubbing and the corrosive ties that come with it. Raising the money for a credible run for the presidency puts a premium on donors who can write the largest legal checks: $2,100 each for the primary and general elections cycles. Statistics show that's fewer than a tenth of 1% of Americans. But they and the people who bundle those checks into million-dollar packages are the ones who will have first claim on the next president's time.

Taxpayers can underwrite presidential elections by checking the box on their tax forms that sends $3 to the election fund, but fewer and fewer do. It's tempting to view this as popular rejection of public financing, but that would be simplistic. Polling suggests that when voters know what it takes to get public money, support shoots above 70%.

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That's why seven states (Arizona, Connecticut, Maine, North Carolina, New Jersey, New Mexico and Vermont)and two cities (Albuquerque and Portland, Ore.) are using or preparing to use public funding for some or all races. Politicians who accept public funds must agree not to raise more money and to abide by strict spending limits.

Opponents of this practice — incumbents, lobbyists, others seeking power — make hay deriding this as "welfare for politicians." Hardly. Candidates can spend more time with voters, and those who win office don't have to check with moneyed interests before taking action.

Gov. Janet Napolitano, who won office under Arizona's public financing law, implemented a prescription drug discount plan on her first day in office in 2003. Had she run with contributions from donors such as drug companies, she said that year, she might never have been able to do that. Lobbyists would have tried to undermine it, threatening to back another candidate in the next election.

"None of that happened," Napolitano said, "because special interests had nothing to hold over me."

Law Professor Set To Fill Obama's Policy Bank For White House Bid (HILL)

By Sam Youngman

The Hill, February 8, 2007

If the early knock on presumed presidential candidate Sen. Barack Obama (D-Ill.), that he's long on style and short on substance, is true, then Seton Hall law professor Mark Alexander is going to have his hands full.

Alexander is signing on to Obama's 2008 presidential campaign as policy director, and he concedes that both he and the senator have a lot of work to do.

Alexander would not deny a report on PoliticsNJ.com that he told his law students to expect a new professor in coming weeks as he departs for his new endeavor, but when talking to The Hill Wednesday, he was careful not to put "the cart before the horse" in anticipation of Obama's forthcoming announcement.

That said, the Yale graduate and friend of Obama's for 10 to 12 years said he is "honored" to be joining the senator's campaign — again, assuming the campaign moves beyond the exploratory phase — and he takes issue with those who might question Obama's depth of policy knowledge.

"I don't think he's short on substance at all," Alexander said. "I guess I don't buy into that criticism."

Alexander acknowledged that, like many past presidential candidates who were relatively new to the national stage (think then-Texas Gov. George W. Bush as opposed to longtime Washingtonians Vice President Al Gore or Massachusetts Sen. John Kerry), Obama will have to go through "an intense period" of deep policy education in order to offer a "firm vision."

"I think, frankly, every campaign has to do that," he said.

Alexander wouldn't comment on recent conversations he and Obama have had on specific policy areas, except to say that much of the exploratory committee's purpose is "exploring the issues that are confronting the American people."

Alexander is not new to the intersection of policy and politics, having worked as issues director for then-Sen. Bill Bradley's (D-N.J.) 2000 presidential campaign. The professor also worked for Sen. Edward Kennedy's (D-Mass.) 1988 reelection campaign, and most recently served as general counsel to new Newark Mayor Cory Booker's campaign.

His primary areas of study lie in First Amendment free-speech issues, election law and campaign finance reform, the last of which led him to file a brief with the U.S. Supreme Court "defending the right of governments to limit campaign spending," according to his Seton Hall biography.

Whether or not a deep knowledge of campaign-finance reform will be an asset in a campaign cycle predicted to be the most expensive to date is not an issue, Alexander's colleagues say.

"He is someone who is just … always on top of the policy issues of the day," an associate law professor at Seton Hall, Baher Azny, said.

An associate dean at Seton Hall's law school, Kathleen Boozang, called Alexander a "quick study" and "pragmatic," two qualities she said will serve Obama well.

"He's able to take lofty ideas and translate them to solid ideas on the ground," Boozang said.

Boozang described Alexander as "charming" and "even-tempered" and added that his students and colleagues "adore him."

Though his academic interests are in the areas of the First Amendment and election law, Boozang said Alexander does care "passionately" about making his community a better place.

"He's an African-American man raising three kids, raising his family, which to me means he is incredibly attuned to social issues," she said.

With a crowded field that includes former first lady and Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.), as well as hefty-résumé-wielding candidates such as New Mexico Gov. Bill Richardson, Obama needs to

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avoid any early policy missteps lest his critics and opponents successfully paint him as too inexperienced for the job, according to political analyst Charlie Cook.

"When you've got a presidential candidate who has to dispel notions of inexperience … having a strong policy director that avoids mistakes and avoids painting the candidate into a corner is incredibly important," Cook said. "Obama can't afford any serious policy mistakes."

In early voting states such as Iowa and New Hampshire, shallow policy knowledge can — and more than likely will — be exposed by educated voters, often with a particular "axe to grind," according to Dante Scala, a politics professor at Saint Anselm College in Manchester, N.H.

"Preparing for New Hampshire is not like a multiple-choice test," Scala said. "It's much more open-ended than that."

Scala said it is nearly impossible for a candidate to do the homework necessary to know the answer to every question posed at the Granite State's rigorous town hall meetings, in which voters can be "very demanding" and often ask "a very particular question on a very particular subject."

"There's more potential for getting caught flat-footed in a New Hampshire campaign," he said.

Sen. Clinton's Bundles (WP)

The Washington Post, February 8, 2007

SEN. HILLARY Rodham Clinton had a party at her house the other night for an elite group: about 70 fundraisers who agreed to raise at least $250,000 -- and some as much as $1 million -- for her presidential campaign. That soiree and a meeting for lower-level fundraisers ($25,000 and up) prompts us to raise again the question that we couldn't get the Clinton campaign to answer the other day. What are the candidate's plans to release the names of her big bundlers? Will she meet the standard of disclosure set by President Bush and every 2004 Democratic presidential contender except John Edwards and make the fundraisers' identities available? So far -- though we've been putting this question to the Clinton campaign since last Friday by telephone and by e-mail -- we haven't gotten an answer.

Candidates are as indebted to big bundlers as they would be to big check-writers; the public deserves to know who's underwriting their campaigns. Disclosure of this sort should be a no-brainer. Sen. Barack Obama (D-Ill.) has promised to release the names of his big bundlers. So has Sen. John McCain (R-Ariz.), whose campaign told us of his promise yesterday. But Mr. Edwards won't say anything except that he'll abide by the law; voters might ask how his refusal to identify big-money bundlers squares with his populist message. Meanwhile, former Massachusetts governor Mitt Romney and former New York mayor Rudolph W. Giuliani haven't responded to our inquiries.

Ultimately, the Federal Election Commission or Congress should require disclosure of this information and not leave it up to the whim and goodwill of individual candidates. In the meantime, voters have every reason to be suspicious of those who would be president but don't want to be transparent about how they're going to collect the cash they need to reach the White House.

Bring Bundling Into The Public Eye (LAT)

The Los Angeles Times, February 8, 2007

IN CAMPAIGNING last year against the "culture of corruption," the Democrats who now control Congress set the stage for a bidding war between the House and Senate over ethics reform. So far it's been good for both chambers, not to mention the American public, but on one issue the competition could stand another round.

First the House approved a ban on members accepting gifts, meals and travel on corporate jets, shaming the Senate into following suit.

Then the Senate upped the ante by voting to deny future pensions to members convicted of serious crimes (an initiative quickly emulated by the House) and passing a measure requiring disclosure of the arcane but influential practice in which lobbyists "bundle" campaign contributions.

In some societies, "bundling" is the practice of betrothed couples chastely sharing a bed. In Washington, "bundling" takes place when someone — not necessarily a lobbyist — orchestrates and then takes credit for several contributions to candidates for Congress (many of whom, of course, are incumbents) or to party committees.

A bundler can be more than a collector of contributions; he can also stage the fundraiser at which donors are asked to help the cause. And bundling isn't confined to the raising of campaign funds. It also takes the form of lobbyists orchestrating fundraising for presidential inauguration events and presidential libraries.

Bundling by anyone goes against the spirit of federal election law, which encourages small contributions. But bundling by lobbyists also has the effect of increasing the clout of those who are in the day-to-day business of trying to influence legislation. Yet, unlike their other activities, bundling by lobbyists is not a matter of public record.

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It would be public under the Senate ethics bill and a similar House proposal by Reps. Chris Van Hollen (D-Md.) and Martin Meehan (D-Mass.). This week, six campaign-reform groups, including Common Cause and the League of Women Voters, sent a letter to members calling bundling disclosure "essential" to lobbying reform.

House Speaker Nancy Pelosi (D-San Francisco) has promised that the 110th Congress would be "the most honest, the most open and the most ethical Congress in history." She can make good on that pledge by steeling her colleagues to resist the importuning of lobbyists — and their own worse instincts — and join the Senate in shining light on bundling.

Democrat Leaders Back Edwards On Taxes (WT)

By Donald Lambro

The Washington Times, February 8, 2007

Democratic state chairmen yesterday said they support former Sen. John Edwards' plan to increase taxes on upper-income Americans if he wins the presidency in 2008, a plan backed by the party's House and Senate leaders.

Those who responded to a survey of Democratic chairmen across the country said they approved of the plan presented Sunday by the former North Carolina senator on NBC's "Meet the Press" to raise the top tax rates on salaries of more than $200,000 and possibly other tax levies as well.

But many state party leaders don't want to step into the politically charged issue of raising taxes, at least at this early juncture in the presidential-election cycle -- even if their party's congressional leadership has embraced the idea.

"Raising taxes is a really tough decision, but I think Edwards is just being realistic, considering the Iraq war costs and the war debt we've got. We've got to pay it," said Chris Wittington, the Louisiana Democratic state chairman.

"If he's starting at $200,000, there aren't many of those people at that level in Louisiana who would be affected by it. We're a poor state," he said. But he cautioned that just talking generally about raising taxes was politically risky.

"He's got to define his message to make sure he's clear about who will be affected. He needs to narrow it down to those who will be affected," he said.

When asked on "Meet the Press" how he would pay for his universal health care proposal, Mr. Edwards said, "We'll have to raise taxes."

Democrats ruefully remember what happened to former Vice President Walter Mondale, their 1984 presidential nominee, who lost 49 states to President Reagan after he called for raising taxes on anyone making more than $60,000 a year and imposing a 10 percent surtax on people earning more than $100,000.

While Democrats have criticized Mr. Bush's tax cuts since their enactment in 2001, collectively defining them as "tax cuts for the wealthy," they have not criticized the lower tax rates for low- to middle-income earners or the doubling of the $500-per-child tax credit for families. Democratic leaders have said they would only repeal the tax cuts for those earning $200,000 or more annually -- sharply higher than the near-middle-class tax threshold Mr. Mondale set in his ill-fated campaign.

"If Edwards is proposing to raise income taxes just on upper-level income people or doing away with tax breaks for the wealthy, there aren't that many out here in proportion to the number of middle-class people," said Patricia Waak, the Colorado Democratic chairwoman.

"It's the middle-income people who bear the brunt of high costs for things like food and gas prices. People in the Democratic Party feel that giving tax breaks to the rich is not a policy they want to pursue," she said.

Still, Miss Waak added, "I have not seen his proposal, so I would not want to speak to this for the people of this state."

"I don't think it's going to hurt Democrats to talk about paying for what you get. The vast majority of the American people believe that basic health care should be an American right," said Joe Turnham, the Alabama Democratic chairman.

"What you are seeing from the Democrats is a stand for fiscal responsibility that says that any new programs or tax cuts have to be paid for," he said.

Other Democratic presidential contenders had little to say about Mr. Edwards' plan, even though most of them have said universal health care should and will be a top priority during the 2008 campaign.

"I haven't read his proposal yet," said Illinois Sen. Barack Obama, who gave a speech on the issue two weeks ago.

"Regardless of what combination of policies and proposals get us to this goal, we must reach it. We must act. And we must act boldly," he said.

But Sen Christopher J. Dodd of Connecticut dodged the tax question Monday night. "I don't know what's in it," he said. When pressed if taxes should be raised to pay for health care generally, he shook his head and said, "I haven't seen it. I'll look at it."

Mr. Edwards also was looking at other revenue-raising opportunities, saying that "we need to do a much better job of collecting the taxes that are already owed," including targeting what he said were large sums of unpaid capital-gains taxes.

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But the day after Mr. Edwards called for repealing the Bush tax cuts for people in the highest income brackets, conservative tax-cutters condemned his proposal.

"Americans don't want higher taxes. They said 'no' to Mondale in '84; they'll say no to Edwards in 2008; and they'll say no to any candidate -- Republican or Democrat -- who runs on a platform of more government and higher taxes," said the Club for Growth, a tax-cut advocacy group.

c Christina Bellantoni contributed to this article.

Edwards Takes Heat Over Lavish Estate (WP/AP)

By Mike Baker

The Washington Post, February 8, 2007

CHAPEL HILL, N.C. -- Two homes, two images, one candidate.

Democrat John Edwards, who has made an anti-poverty message the theme of his 2008 presidential campaign, is taking heat for the lavish home he has constructed in Orange County, N.C.

In December, Edwards chose the modest backyard of a New Orleans woman who had lost her home to Hurricane Katrina as the image that best underscored his campaign theme.

Now voters are seeing another, sharply contrasting image of Edwards: his own home.

Sitting on 102 secluded acres _ surrounded by trees and defended by no-trespassing signs _ the 28,000-square-foot estate that Edwards and his family call home has presidential privacy.

A main home has five bedrooms and six-and-a-half baths. It's connected by a covered walkway to a bright red addition known as "The Barn," that includes its own living facilities along with a handball court, an indoor pool and an indoor basketball court with a stage at one end. Nearby, the family has cleared space for a soccer field.

With a current building value of $4.3 million, the unfinished Edwards estate is already about $1 million more expensive than any other house in the county, according to tax records. It sits on land worth about $1.1 million.

Edwards first purchased the land in 2004, during his failed run as vice president. He recently sold his mansion in Washington's tony Georgetown neighborhood for $5.2 million.

Edwards, a former trial lawyer who made millions before winning a seat in the Senate representing North Carolina, has faced criticism regarding the estate. It also has become the subject of late-night jokes.

"Well, I think we know which America he's living in," Jay Leno quipped on NBC's "Tonight Show," a riff of Edwards' frequent mention of the "two Americas" _ one for the wealthy and one for the poor.

Monty Johnson, a neighbor whose property sits directly across from the Edwards tract, recently posted a "Go Rudy Giuliani 2008" sign just 100 feet from Edwards' driveway.

"The home is a monster. It's way over the top," Johnson said. "There's no way that a normal family could ever need a house like that. It's only going to hurt him. I don't think he's going to be able to sell his story that he's for the poor people."

Laurin Easthom, a Democrat and town council member in nearby Chapel Hill, said Edwards has earned the right to build a large home.

"I see somebody who has come from a very humble background and with really hard work has gotten to the point where he is," Easthom said. "He's out there trying to do some good, and he's giving back both financially and by what he plans to do through his campaign."

Jennifer Palmieri, an Edwards adviser, dismissed the brouhaha as of little interest to voters.

But political consultant Bill Miller said the lavish estate could become a sore point for the candidate.

"Anything that appears to be extravagant or over the top is not the best card to play when you're running for president _ especially when you're trying to differentiate yourself the way John Edwards is," said Miller, who has worked closely with the Republican Party.

After introducing their new home on her husband's campaign Web site, Elizabeth Edwards explained the couple had taken special precautions to make the house energy efficient _ keeping in line with Edwards' environmental platform. But she spent the next week battling blog-based critics who wanted to discuss the building's size _ and she suggested that one posting on the campaign's Web site may have come from a Republican or a rival Democrat.

"Did it come from the right? Did it come from another campaign? I have no idea," Elizabeth Edwards wrote. "What I do know is that it is no news bulletin that John and I have money. It is no news bulletin that he earned every cent."

Edwards and his wife live in the house with their two young children, Emma Claire, 8, and Jack, 6. Their older daughter, Cate, is a student at Harvard Law School.

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Many of the other 2008 contenders also own expensive homes. New York Sen. Hillary Rodham Clinton and husband Bill, the former president, own two homes: a Dutch Colonial house in Chappaqua, N.Y., that they purchased for $1.7 million in 1999, and a Washington home that went for $2.9 million in 2001.

On the GOP side, former Massachusetts Gov. Mitt Romney, the founder of venture capital and investment firm Bain Capital, owns three homes. Arizona Sen. John McCain also owns real estate worth millions of dollars.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, February 8, 2007

The Plains truth

"Shalom" may not be forthcoming down in Georgia: Former President Jimmy Carter has lashed out at the Simon Wiesenthal Center for compiling a 25,000-signature petition against his new book about the Israeli-Palestinian conflict.

"I don't believe Simon Wiesenthal would have resorted to falsehood and slander to raise funds," Mr. Carter said in a handwritten letter to Rabbi Marvin Hier, founder of the Jewish human rights center named for the late Holocaust survivor and Nazi hunter.

The rabbi lashed back.

"I believe that Simon Wiesenthal would have been as outraged by your book, 'Palestine: Peace Not Apartheid,' as I was," he wrote Friday. "It is incredible to me that, after your historic achievement of brokering peace between Israel and Egypt, you could write such a book."

Critics say the book is inaccurate and presents Mr. Carter's distorted take on history.

"He could be the director of public relations for the Palestinian cause," Mr. Hier told Fox News yesterday. "The book was a litany of complaints blaming Israel for everything. ... He has come down 100 percent on the Palestinian side."

During a Jan. 23 appearance at Brandeis University, Mr. Carter defended himself, saying, "This is the first time that I've ever been called a liar and a bigot and an anti-Semite and a coward and a plagiarist."

Brandeis President Jehuda Reinharz, meanwhile, is upset about the $95,000 security bill for the appearance, the Boston Herald reported.

Blog bog

"The right-wing blogosphere has gotten its scalps -- John Edwards has fired the two controversial bloggers he recently hired to do liberal blogger outreach," Salon noted yesterday.

"The bloggers, Amanda Marcotte, formerly of Pandagon, and Melissa McEwan, of Shakespeare's Sister, had come under fire from right-wing bloggers for statements they had previously made on their respective blogs. A statement by the Catholic League's Bill Donohue, which called Marcotte and McEwan 'anti-Catholic vulgar trash-talking bigots,' and an accompanying article on the controversy in the New York Times [yesterday], put extra pressure on the campaign. ...

"This isn't the first Internet-related misstep for the Edwards campaign, which had been making an effort to reach out to the 'netroots' but has found its popularity dropping in a straw poll done on the landmark liberal blog Daily Kos."

Miss Marcotte at one point wrote that the Roman Catholic Church's opposition to contraception forced women "to bear more tithing Catholics" and made blasphemous comments about the Virgin Mary. Of the three Duke University lacrosse players accused of sexual assault, she sarcastically observed, "Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair."

Miss McEwan, meanwhile, chastised President Bush's "wingnut Christofascist base" and demanded that religious conservatives "stop meddling with women's reproductive and sexual rights."

The Times observed, "Other campaigns are likely to face similar controversies as they try to court voters using the latest techniques of online communication."

Article of faith

Administrators at Mercy High School, a Catholic school in Michigan, have canceled an appearance Monday by pro-life author Dan Flynn, who was to address the student Pro-Life Club on Planned Parenthood's founder, Margaret Sanger, according to Young America's Foundation (YAF).

Principal Carolyn Witte told YAF that the lecture was unsuitable for "sensitive" students and could be misunderstood.

"The principal didn't mention how information exposing Sanger's nefarious programs to sterilize large segments of the blacks, Italians, and Jews -- whom Sanger referred to as 'human weeds' -- could be 'misunderstood,' particularly by a pro-life club sanctioned by a Catholic school," YAF noted. "Mr. Flynn's speech is taken from his book, 'Intellectual Morons: How Ideology Makes Smart People Fall For Stupid Ideas', which is backed by 985 footnotes."

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YAF also pointed out that although the school was censoring a topic related to abortion, it previously brought in speakers to talk about chastity and sexual abuse.

"Principal Witte admits to never hearing Mr. Flynn talk, then cancels his appearance because of his message? What sense does that make? We're high school students, not first-graders. I think we can handle a controversial topic. History is replete with unpleasant facts, including slavery, racism and Native American genocide, but that doesn't mean we should be sheltered from learning the past," said Pro-Life Club member Kathryn Stickley.

Err America

The bankrupt, liberal radio network Air America will be sold to Stephen Green, the founder of a New York real estate firm, for the rock-bottom price of $4.25 million, the Smoking Gun reported yesterday.

Main talker Al Franken, who is planning to run next year for a U.S. Senate seat from Minnesota, will do his final show on Valentine's Day.

Put it in a park

President Bush and first lady Laura Bush flew aboard Marine One to the snowcapped Blue Ridge Mountains yesterday to promote a new initiative that could bring $3 billion in public and private funds to the national parks system in the next decade.

"I hope the citizens groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks," Mr. Bush said.

His 2008 budget would give the National Park Service its largest-ever funding increase -- $2.4 billion -- a boost that could add 3,000 new seasonal employees and increase park maintenance. Mr. Bush also called for $100 million in federal money to match citizens' contributions -- a move critics said "reflects a troubling reliance on private funds to pay for park operations," according to the Associated Press.

Attention FCC

MSNBC's Chris Matthews has "lurched even further off the deep end," said Rich Noyes of the Media Research Center who chronicled Mr. Matthews' appearance yesterday on "Imus in the Morning."

"After praising the 'great job' Rudy Giuliani did in cleaning up New York City, the MSNBC star, who appeared by phone, went on a rant declaring how he's 'sick of Southern guys with ranches running this country.' Losing control, Matthews dropped the F-bomb on national television: 'I want a guy to run for president who doesn't have a [expletive] I'm sorry, a ranch.' As host Don Imus began to snicker, Matthews plowed ahead with his Democratic talking points: 'Wouldn't that be good, Don, a guy who wasn't on the ranch during Katrina, he was on the street corner answering questions?'

"Executive producer Bernard McGuirk suggested Matthews was the sort who would 'put on a diaper and drive 900 miles to abduct Dick Cheney or somebody,' and someone else offered that 'he's crazy.' "

Records Show Extra Scrutiny Of Detainees In '04 Protests (NYT)

By Jim Dwyer

The New York Times, February 8, 2007

When more than a thousand people were swept up in mass arrests during the 2004 Republican National Convention, defense lawyers complained in court that the protesters had to wait much longer to see a judge than those accused of far more serious crimes like robbery or assault.

Now, newly released city records not only put precise numbers to those claims, but also show the special scrutiny the New York Police Department gave to people arrested in or near the convention protests.

At the height of the mass arrests, on Aug. 31, 2004, demonstrators — and some people who said they were bystanders just swept up by the police — were held for an average of 32.7 hours before they saw a judge, according to city statistics. For people charged with crimes that the police decided were not related to the convention, the wait to see a judge was just under five hours.

Those records were among the materials produced by the city for lawsuits brought by people who claim they were wrongly arrested during the convention. A federal magistrate judge permitted the release of the records, over objections by the city, in response to a request made by The New York Times and by Christopher Dunn and Donna Lieberman of the New York Civil Liberties Union, which is representing seven of the hundreds of people who are suing the city.

Ms. Lieberman said that by fingerprinting every person arrested at the convention, no matter how minor the infraction, the Police Department created a backlog on Aug. 31.

"We found out that the Police Department had a special set of rules in place for the R.N.C., and they didn't necessarily comport with the law," said Ms. Lieberman, the executive director of the civil liberties organization. "We learned that there was

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indeed an official no-summons policy for people arrested; there was an official policy to fingerprint everyone arrested, which translates into an official policy of prolonged detention."

The Police Department said the delays in taking protesters to court were a result of the extraordinary number of arrests on Aug. 31, when some 1,100 people were taken into custody in about four hours. During the rest of the convention, the records show that people were brought to court in less than 24 hours, the normal deadline.

The vast majority of those arrested were held on charges of roughly the same weight as a traffic ticket, and the law does not require fingerprinting for those offenses. However, the Police Department determined months before the convention that no one would be given a summons; instead anyone taken into custody would be sent through a full arrest process, including fingerprints and criminal record checks. Police officials said that for public safety, it was important to use fingerprints to confirm identities.

Paul J. Browne, the chief spokesman for the Police Department, said the department did issue desk appearance tickets to some of those charged, meaning those people did not have to wait to see a judge.

The people arrested during the protests were taken to a holding pen on a Hudson River pier. Conditions at the pier, a former bus depot, were the subject of many complaints at the time. Mayor Michael R. Bloomberg responded, "It's not Club Med, don't make any mistake about it, and it's not supposed to be Club Med."

The records released this week show that it was not just prisoners who were unhappy with the conditions: 40 police officers submitted medical reports, saying they became ill after working there. Mr. Browne said that environmental tests in 2004 showed that the pier was safe.

He also took exception to the critiques by the civil liberties union.

"We believe it is improper for the N.Y.C.L.U., attorneys for plaintiffs in some of these cases, to be making comments to the press about this active litigation," Mr. Browne said.

Mr. Dunn of the civil liberties union said that the records concerned matters of public interest. "Any suggestion that disclosure of these documents somehow is inappropriate reflects an unfortunate hostility to the public's right to know about the policing of protest activity," Mr. Dunn said.

In allowing the release of the records, Magistrate Judge James C. Francis IV said the city had not shown that its chances for a fair trial would be hurt if the civil liberties group made the records public.

The judge also wrote that the city "can remedy any confusion that results from disclosure of these documents by providing public clarification."

Political Hazard: Candidates Bilked By Their Treasurers (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 8, 2007

WASHINGTON -- Florida Republican Nancy Detert had two days to register her candidacy for Congress last April when she got a disturbing email from her secretary: Ms. Detert's campaign treasurer was missing.

Ms. Detert grabbed her cellphone: "Is my money there?" she recalls asking.

Most of it wasn't. Court records show that Randolph Maddox, the treasurer, had transferred $94,000 from the Detert campaign's Wachovia Bank account in Venice, Fla., to a Bank of America account he controlled in another county. Then he withdrew the money in cash, stuffed it into two carry-on bags and flew to Buenos Aires.

Ms. Detert was left with only about $3,000 -- not enough to pay the $10,000 registration fee to run in the Republican primary for the seat being vacated by Rep. Katherine Harris.

What happened to Ms. Detert isn't uncommon in campaigns because candidates trust friends to handle their money and often don't look too carefully at their work. Thanks to the Detert case, the Federal Election Commission is poised to pass new guidelines to strengthen campaign fund-raising operations. But even those changes will amount to "bake-sale level oversight," says FEC Vice Chairman David Mason.

Some prominent politicians have been victims. House Republican Leader John Boehner, of Ohio, discovered in 2004 that his treasurer had gambled away more than $600,000 in campaign funds at Indiana riverboat casinos over a period of nearly 10 years. A year earlier, Delaware Sen. Joe Biden, a 2008 Democratic presidential hopeful, saw his Senate re-election coffers nearly emptied when an assistant treasurer swiped more than $400,000.

Both of those treasurers went to prison. But sometimes politicians let aides repay money without facing charges, thus avoiding unwanted publicity in the midst of a campaign.

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Ms. Detert, 62, moved to Venice from Chicago in 1978. She founded Osprey Mortgage Co. in 1983, and raised three sons. She was elected to the local school board and was finishing her fourth term in the Florida House when she decided to run for Congress.

For years, Ms. Detert juggled her mortgage business and her part-time legislative duties in Tallahassee. Mr. Maddox often managed the business while she was away. When she was assembling her campaign team in June 2005, he volunteered for the treasurer's job.

The 42-year-old Mr. Maddox had held the treasurer's job in another campaign, and he had never been in legal trouble. He had a history of mental illness. In the early 1980s, he was treated at Manatee Glens Hospital in Bradenton, Fla., after attempting suicide, court records show. Over the next 25 years, he suffered cycles of depression, his lawyer told the U.S. District Court in Tampa.

Ms. Detert says she was unaware of that history when she hired him.

Knowing she would have to split time between her Tallahassee legislative and Venice campaign offices, Ms. Detert authorized Mr. Maddox to write campaign checks on her account.

Money was going to be a big factor in the race. Ms. Detert hoped her legislative experience would prevail in a five-candidate Republican field. But the pack included two multimillionaires. Though she spent four months raising money, she lagged far behind her wealthier opponents.

Ms. Detert was in Tallahassee on April 9, heading to a House banking committee meeting, when she received the message from her secretary. The secretary had filed a missing person report after failing to reach Mr. Maddox, who was supposed to be attending a mortgage seminar in Miami.

Ms. Detert immediately called her bank and then the Federal Bureau of Investigation. Wachovia officials told her he had made the large withdrawal on April 3, saying that he needed to transfer the money to pay for advertising.

The FBI traced Mr. Maddox's trail to the Miami airport. When he checked in for his April 5 flight, he had declared to customs officials that he was carrying $94,616 in cash.

After he had been gone for about five days, Mr. Maddox began calling and emailing family and friends in Florida. He told them that he had suffered memory loss and had no idea what had happened to him.

He told his attorney, Mark Reinhold, that he was on his way to the Miami conference and awakened days later in a Buenos Aires movie theater when someone bumped his leg, Mr. Reinhold says. Mr. Maddox's head and eyebrows had been shaved, one of his bags was missing, and he wanted to come home.

Mr. Maddox, through his attorney, declined to be interviewed for this article.

Ms. Detert managed to raise the $10,000 to pay her candidate registration fee and secure her spot on the ballot. But she had no money -- and her closest supporters had already given her the maximum donation under federal law and couldn't give again.

On April 13, Mr. Maddox arrived at the Miami airport, where Mr. Reinhold met him and took him straight to Manatee Glens Hospital stabilization unit. He was diagnosed, according to his attorney, with bipolar disorder, characterized by a repeating cycle of depressive and manic episodes.

Mr. Maddox offered to return the stolen cash he had brought back with him from Argentina. But $27,166 of it was missing.

Mr. Maddox's parents told Ms. Detert they would make up the difference by taking out a loan on their house. But that posed another problem. Under federal campaign finance law, no donor could give a candidate more than $2,100 per election, the 2006 maximum. Would reimbursing the money violate the law?

Ms. Detert sent an SOS to the FEC, seeking a waiver. Time was of the essence because the campaign was under way. On May 10, the commission issued an advisory opinion that found a way around the donation limit. Because Mr. Maddox's family was trying to mitigate potential criminal liability for their son, the Maddox check wasn't intended to influence "a federal election and would not constitute a contribution by his parents to the Detert Committee."

The FEC told Ms. Detert to list the missing money under the "Other Disbursement" column on disclosure reports.

Ms. Detert's campaign opponents used the Maddox episode to attack her competence. On Sept. 5, she lost the primary race. She came in second, less than 10 percentage points behind the multimillionaire winner.

Mr. Maddox became the first person to plead guilty and be convicted under the "wrongful conversion of campaign funds" provision in the 2002 McCain-Feingold campaign-finance reform law. He was sentenced in November to five years' probation, with a requirement to get mental-health treatment. Mr. Reinhold said Mr. Maddox is staying in his parents' home.

Ms. Detert is back at her mortgage company full time. She said she hasn't talked to Mr. Maddox since he disappeared suddenly 10 months ago.

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In Washington, the FEC in October drafted recommendations to tighten campaign bookkeeping to, among other things, require two signatures on wire transfers and checks totaling more than $1,000. At the same time, the commission said it would not go after campaigns that follow those guidelines for false reports caused by a crooked treasurer.

Railroad Firms Bringing Aboard Lawmakers' Lobbyist Relatives (WP)

By Elizabeth Williamson

The Washington Post, February 8, 2007

The railroad industry is hiring relatives of Capitol Hill lawmakers and staff members as it faces tighter federal safety legislation, employing a tactic untouched by the Democrats' new ethics proposals: lobbying by congressional family members.

The new Democratic Congress is working on the first overhaul of railroad-safety laws in 13 years. Long attuned to Republican control, railroad companies are now working to keep their GOP allies but also hiring Democratic lobbyists.

Days after Jennifer Esposito became majority staff director of the House transportation panel's subcommittee on railroads, her father, Sante Esposito, and brother Michael Esposito signed up as railway lobbyists. Rep. Daniel Lipinski (D-Ill.) has just taken a seat on the subcommittee, and in the coming weeks, the railroad industry trade association said, his father and predecessor in Congress, William O. Lipinski (D-Ill.), will register as a railroad lobbyist, too.

The new lobbyists join Bud Shuster (R-Pa.), a former congressman and chairman of the transportation committee who lobbies for railroads and whose son, Rep. Bill Shuster (R-Pa.), also has just joined the railroads subcommittee.

The lobbyists said they would not directly advocate for clients through family members. The hirings are legal, experts on lobbying law said, but point to a topic left unaddressed in the new ethics proposals before Congress. While the Senate has voted to ban lobbying by some lawmakers' spouses, neither chamber has moved to limit lobbying by other family members.

"Like every other industry, we felt it was important to have representatives from both the Democratic and Republican side," said Peggy Nasir, spokeswoman for the Association of American Railroads, which hired Shuster, Lipinski, and Sante and Michael Esposito. "We are meeting all the standards we need to meet for lobbying."

The stakes are high for the railroads. Last week, Congress began debate on a reauthorization of the Federal Railroad Safety Program, which has not been updated since 1994. With government figures showing an increase in railroad accidents and fatalities over the past decade, watchdog agencies, accident victims and many Democratic lawmakers want improved track and crossing inspections, better accident investigations, and heavy fines for companies that break the rules.

It is against this backdrop that the railroads association turned to Sante Esposito.

The Esposito family has a long history with the House transportation committee. Sante Esposito served for nearly two decades as its Democratic chief counsel. Michael and Jennifer Esposito were committee interns and Jennifer joined the railroads subcommittee as staff director in 2004, when Democrats were in the minority.

Sante and Michael Esposito are partners in Federal Advocates Inc. in Sterling, Va., which advertises its transport policy influence on its Web site. Sante Esposito, it says, "enjoys long-standing working relationships with numerous decision-makers in the Congress and Executive Branch."

Sante Esposito said that he told the railroads association, "I can advise you on the best strategy for dealing with the new majority in Congress," and he added that "it was clear right from the beginning that I was not to lobby my daughter."

"I don't think relatives should lobby relatives, but I don't think relatives of members or staff should be precluded from lobbying the Congress."

Jennifer Esposito said that her family's work will not keep her from representing the interests of her boss and the transportation committee's chairman, Rep. James L. Oberstar (D-Minn.), who favors stronger safety laws. She said she considers the railroad companies her "adversaries."

When they were hired, she said, she consulted her supervisors and House ethics advisers who she said told her to create a "wall" to prevent them from lobbying her. Her father, she decided, "can't lobby me, he can't meet with me, I can't discuss any issues with him."

Lobbying experts said such precautions are not required by law. "The rules do not prohibit hiring a family member such as this to lobby on an issue," Kenneth Gross, an ethics lawyer at the law firm Skadden, Arps, Slate, Meagher & Flom, said about the Espositos. "It's up to the judgment of the individual."

Nevertheless, public-interest groups say such family relationships beg for oversight.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said: "Congressional staffers should be recused from dealing with matters their immediate family members lobby on."

Such recusals rarely happen, watchdog groups say.

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Before he left Congress, William Lipinski championed the Chicago Region Environmental and Transportation Efficiency program (CREATE), a railroad improvement project for the nation's biggest freight-rail hub. The $1.5 billion project is funded by taxpayers, and $212 million of it by the nation's six big railroads. When CREATE began in mid-2003, Lipinski complained that the railroads were not picking up more of the tab.

"These improvements are worth more to the railroads than $212 million," he said at the time.

In 2004, Lipinski left Congress and joined the Association of American Railroads as a CREATE consultant. Daniel Lipinski won his father's seat, and last year his office issued a news release announcing a new funding agreement for CREATE, but the railroads' share of its cost has stayed the same.

After the November midterm elections, Daniel Lipinski was named to the transportation committee and its railroads subcommittee. And this month, William Lipinski will register as a lobbyist for the railroads but said he will not "lobby my son in regards to any of my clients."

Asked how father and son avoid the appearance of impropriety while working on the same railway project, Daniel Lipinski said: "CREATE is a very important project, not just for the Chicago area. . . . The more people working on this, the better."

In a 2001 special election, Bill Shuster won the congressional seat and the transportation committee slot vacated by his father that year. Shuster is now the new ranking Republican on the railroads subcommittee.

His father "doesn't need to lobby a junior member of Congress," Shuster said, adding that "he's got an extremely close relationship with the chairman" of the transportation panel, Oberstar.

He added: "How are you going to stop somebody who spent 28 years of their life being an expert on something from going to the private sector? It's discrimination."

Corrine Brown (D-Fla.), chairman of the railroads subcommittee, hopes to ready a rail-safety bill before June. Since 1994, train use has risen 17 percent, according to government figures, while accidents have increased by one-third. There are 421 federal inspectors checking tracks and equipment nationwide, leaving safety monitoring largely to the industry.

Nasir of the Association of American Railroads said that train accident rates have decreased sharply since 1980. She said that when complete figures are compiled, they probably will show last year to be the industry's safest.

The regulations, association chief Edward R. Hamberger told the subcommittee last week, cost railroads money and hamper innovation.

The industry prefers "performance standards," that "would rely on the superior knowledge of railroads," he testified. Except in special cases, federal regulators "would no longer specify how a railroad would achieve its safety goals," as they do now.

Jennifer Esposito disagrees with that proposal. "Train accidents are going up, and it's something that we feel needs to be addressed," she said. "I don't think that just because they hired my father, somehow there will be some conversation that will change my boss's mind."

Her father and brother, she said, "are working for my adversaries."

Ethics Rules May Inadvertently Burden Charities (WP)

By Lois Romano

The Washington Post, February 8, 2007

Anxiety over the new House ethics rules ratcheted up this week as lawmakers' spouses demanded clarification of whether the rules apply to them, and eight House members backed out of a fundraising gala for a major theatrical company when ethics lawyers stated that they could not attend as guests.

At a packed ethics briefing for congressional spouses last weekend, a number of wives struggled to understand whether the complicated rules would prevent them from accepting free tickets to bona fide charity events -- particularly those in which they were involved or served as chairmen.

"I am a person," Leslie Meek, wife of Rep. Kendrick B. Meek (Fla.), was quoted as saying during the noisy, packed meeting, held during the Democratic retreat in Williamsburg.

Ethics lawyers and Hill staffers tried to dispel the uncertainty by explaining that spouses must adhere to the same rules, unless they are invited to an event by virtue of their own stature or job.

The confusion largely centers on a new rule that bans legislators and staff members from accepting gifts and free tickets to events sponsored by organizations that employ lobbyists. There are 16 "exemptions" to the rule that are equally complicated.

"These rules are complex and are difficult in the application because each situation presents it own nuances," said lawyer Kenneth A. Gross, an ethics-law expert.

The previous ethics restrictions allowed members to accept a gift worth less than $50 from lobbyists and others. Under the new rules approved by the House last month, members are prohibited from accepting anything.

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Hill employees, spouses and charity organizers complained this week that the new rule on gifts is an exceptional burden to charities -- which are known as 501(c)3s under the federal tax law and are tax-exempt -- because they depend mightily on House members' celebrity to sell tickets and raise money.

Carolyn Peachey, one of Washington's best-known event planners, said she sought an opinion from the House Committee on Standards of Official Conduct regarding the Alvin Ailey American Dance Theater Gala, an annual A-list event at the Kennedy Center.

She was eventually advised that, because the dance troupe had employed a lobbying firm last year, the legislators could not attend for free -- even though the invitation was issued by the nonprofit group.

"In major communities across the country, you'll find corporations that help with the charitable needs of a community," said Peachey. "Here, the main industry is the federal government. We can't expect the government to support all the charities, so we depend on members who are interested in the cause to attend. It enhances the evening -- it's celebrity."

Senior Hill sources acknowledged yesterday that the new rule's effect on legitimate charities was an unintended consequence. They predicted that it would be amended.

"We will look at it because a lot of members and spouses are concerned," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi (Calif.). "This wasn't the intent."The Interesting Life of the Leader

Senate Majority Leader Harry M. Reid (D-Nev.) has never shied away from describing his triumph over a hardscrabble childhood in the small town Searchlight, Nev., where he grew up poor in a house with no toilet and no running water.

He has reveled in talking of his father Harry's eighth-grade education and how his mother, Inez, had to take in laundry to help feed the family. He has unabashedly bragged about swimming in the pool of a local brothel owner.

But at the Democratic National Committee winter meeting last weekend, Reid brought up something he rarely mentions: whose wash his mother took in.

"Searchlight was a town of a couple hundred people. The mines were basically gone," he said. "But the big business as I was growing up in Searchlight was prostitution, and that's whose wash my mother did."

Reid spokesman Jim Manley said the Senate leader has never been embarrassed about his background. "It's who he is, and he's not self-conscious about it," Manley said. "It's a story about a kid who grew up to be majority leader. It is what it is."Dispute Over Global Warming Panel Is Over -- for Now

Just because you haven't heard much lately about the speaker's intention to appoint a new select committee on global warming, that doesn't mean it has gone away.

On the contrary, House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.) quietly ended the two-week standoff with Nancy Pelosi by dropping his objections to the new committee and, thereby, avoiding a messy floor fight.

Dingell had resisted the new committee, furious that it was likely to step on his turf. The final battle was fought over the limits of the select committee's subpoena power. By agreement, the new panel will be able to issue subpoenas only by a vote of the full committee; it will have no legislative jurisdiction; and it will automatically dissolve on Oct. 30, 2008 -- commitments Dingell sought.

Much of Dingell's wrath has been directed at Massachusetts Rep. Edward J. Markey (D-Mass.), a member of Dingell's committee, who will chair the new panel and who Dingell saw as doing an end run around him. Even with the gentleman's agreement, no one is harboring any illusions that the crusty chairman will soon forgive Markey, who heads the Energy and Commerce subcommittee on telecommunications.

"We've got a certain amount of concern over Markey's ability to get things done in telecommunications in this atmosphere," a telecommunications executive said.

Joking Congressman Offers Rice a Serious Suggestion

Rep. Gary L. Ackerman (D-N.Y.) went after the Pentagon's "don't ask, don't tell" policy on gay people in the military yesterday, jokingly telling Secretary of State Condoleezza Rice that the administration seems to fear a "platoon of lesbians" more than terrorists.

Ackerman was reacting to Rice's testimony that there is a foreign-language deficit at the State Department. He noted that the Pentagon had fired interpreters and language experts who were gay.

"Well, it seems that the military has fired a whole bunch of people who speak foreign languages -- Farsi and Arabic, et cetera. After they train them . . . for 63 weeks, and presumably they all passed all kinds of security things," Ackerman said. "For some reason, the military seems more afraid of gay people. . . . And if the terrorists ever got a hold of this information, they get a platoon of lesbians to chase us out of Baghdad."

Ackerman suggested that the State Department hire back those people to do "what you're suggesting would cost a lot of money to do and to train."

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"Can we have some kind of union of those two issues? Can we marry up these two -- or maybe that's not the right word. . . . Can we have some kind of union of those two issues?" Ackerman asked, sparking laughter.

Rice promised to look into it. Last night, Ackerman said in an interview that, after the hearing, he received a call from an aide to Rice who said that his suggestion was being taken seriously.

Miami's Cubans Prepare For Life After Castro (WT)

By Carmen Gentile

The Washington Times, February 8, 2007

MIAMI -- Scrawled in Spanish on the bathroom wall at Miami's most famous Cuban eatery, Versailles, are several unflattering and unquotable descriptions of Fidel Castro.

Beneath the defamatory remarks about the communist leader who has ruled Cuba for 48 years reads simply "Castro es muerte" (Castro is dead) -- a bit of wishful thinking shared by many in this city's exile community.

Several such rumors have swept through Miami since Mr. Castro fell ill in July, only to be dashed with the release of videos showing a frail but indisputably living Cuban leader, most recently receiving a visit from Venezuelan President Hugo Chavez.

That has not deterred Miami's Cuban-Americans from planning and preparing for the dictator's death. Some say they intend to return to the island, while others anticipate that thousands of Cuban refugees will stream into southern Florida.

The city of Miami said last week it would allow Cubans to use the city's Orange Bowl stadium to hold a "Castro is dead" celebration, a notion some consider ghoulish. Miami officials have since scaled back plans for a citywide celebration, though the offer to use the stadium still stands.

"I don't like the idea of celebrating someone's death, even Fidel's," said Lily Fernandez, who sells traditional and contemporary Cuban tunes at a record store in Miami's Little Havana neighborhood.

Others are preparing more pragmatically for the post-Castro Cuba. Business and legal leaders say they have already started working on ways to address a tangle of property-rights issues dating from the start of the Cuban revolution, when the communists seized and redistributed private land.

Along with land reform, economic and political changes are the chief concerns among those Cubans planning an eventual return home. None, though, expect those changes to occur quickly, even if Mr. Castro's brother and designated successor Raul is quickly deposed and democratic elections are held.

"It takes time. A process like that takes years. It doesn't happen overnight," said Carlos Saladrigas, a member of the Cuba Study Group.

A bipartisan group of U.S. lawmakers already is moving ahead with an attempt to change long-standing U.S. policies toward Cuba, particularly by easing travel restrictions and trade sanctions on most goods.

House Foreign Affairs Committee member Jeff Flake, Arizona Republican, and House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, introduced a bill last week that would lift the restrictions on Americans traveling to Cuba.

"Far from hastening democratic reforms, our current policy has given Fidel Castro a convenient scapegoat for his own regime's failures," said Mr. Flake, an avid critic of U.S. policy on Cuba.

"With the Cuban government taking new shape [under Raul Castro], we shouldn't give the new leader the same excuses we've given the old one."

The initiative is not being well-received by Cuban-American political leaders, who see it as an unwelcome concession to Mr. Castro and his brother.

Rep. Lincoln Diaz-Balart, Florida Republican, rejects Mr. Flake's "scapegoat" theory, countering that tourist dollars from the United States would simply prop up the regime.

"That's one of the really pathetic arguments" for lifting the travel ban, said Mr. Diaz-Balart, who plans to lead opposition to Mr. Flake's measure.

"After almost 50 years of totalitarian dictatorship in Cuba, [Mr. Flake] won't demand the release of all political prisoners and free elections ... it's really sad."

The Cuban exiles, meanwhile, will continue to ponder the implications of Mr. Castro's seemingly imminent death.

"I don't know when it's going to happen; only God knows," said Manuela Gomez, a decades-long resident of Little Havana. "I just know it's time for him and all the communists to go."

Cold War Contacts (WT)

By John Smith

DOJ_NMG_0129441

The Washington Times, February 8, 2007

In 1983, Sen. Edward M. Kennedy offered to help the Soviets mount a public-relations offensive in the United States. This propaganda attack would target President Reagan and his policies. These are the same policies that eventually ended the Cold War and reduced the possibility of nuclear annihilation. This charge was made by Paul Kengor in his book "The Crusader: Ronald Reagan and the Fall of Communism."

This new book adds to research done by Herb Romerstein, Yevgenia Albats, Vladimir Bukovsky, Pavel Stroilov and others. They all indicate that Mr. Kennedy felt that any bad relations between the United States and the Soviet Union were the sole fault of Mr. Reagan and that talk of a Soviet military threat was nonsense. These articles seem to validate reports that were first published by Vasili Mitrokhin — the former KGB historian who secretly copied sensitive KGB files and released them after the fall of the Soviet Union.

According to this research and released KGB papers, Mr. Kennedy felt that the booming economy during Mr. Reagan's presidency made him popular — and thus a difficult target for Democratic criticism. Because of this, Mr. Kennedy reportedly felt that Mr. Reagan's only weakness was in foreign policy. Here, the articles say Mr. Kennedy felt the Soviets might be of assistance, if Mr. Kennedy and the Democrats could get the ear of the general-secretary of the Communist Party of the Soviet Union.

Numerous articles also saidthatthisanti-Reagan/anti-U.S. conspiracy was not a one-man operation by Mr. Kennedy. They indicate that former Sen. John V. Tunney, a California Democrat, went to Moscow and met with officials of the KGB on Mr. Kennedy's behalf. Additionally, in their book "The Sword And The Shield," Christopher Andrew and Vasili Metrokhin said that as early as 1975 the KGB began operations to penetrate the inner circles of a number of leading Democrats, including the likes of Mr. Kennedy and Ramsey Clark. They also mentioned that a Democratic Party activist had been recruited by the KGB and had supplied the Soviets with information from a variety of Democratic leaders, including President Carter.

Speaking of Jimmy Carter, according to John Burtis of the Canada Free Press, Mr. Kennedy also worked against Mr. Carter in 1979. Mr. Burtis reported that Mr. Kennedy offered to help Moscow when Mr. Carter harshly criticized the Soviets for their invasion of Afghanistan. According to Charles Dunn, the dean of the Robertson School of Government at Regent University, these types of subversive activities were in "clear violation of the U.S. Constitution and at the expense of presidential authority."

Here the question arises, are these accusations true? Would a U.S. senator, the brother of a beloved U.S. president, conspire with the Soviets against his own country? The works by Messrs. Metrokhin, Kengor and Romerstein, and others seem to lend credence to the charges if they don't actually confirm them.

In considering all this information, it is necessary to understand how the USSR and the KGB operated during the Cold War. The Soviet KGB (i.e. the Secret Police) was nothing if not thorough. Visitors to Moscow, especially important visitors, could count on total and constant surveillance, both audio and video. Total surveillance would include meetings, private conversations, bedrooms and even bathrooms. The Soviets were also masters in using any information that was acquired to manipulate or even blackmail the victim. So, like perversion of the Miranda rights statement, anything anyone said or did in Moscow could be and often was used against them — but not in a court of law.

Reportedly, after Mr. Reagan left office, Mr. Tunney said that he had indeed contacted the Soviets on behalf of several U.S. senators — not just Mr. Kennedy. So, the question is, did some of the Democratic Party leadership offer to work with the Soviet KGB against Mr. Reagan? If so, were they later blackmailed into working for the KGB and against the United States on other fronts? How many Democratic politicians were compromised and later blackmailed? Lastly, if they were controlled by the Soviets, are they now "influenced" by the Russians? Inquiring minds want to know.

Any foreign influence over U.S. politicians could have drastic consequences in the politically charged atmosphere seen in today's Washington.

The bottom line is that if there is any shred of truth in these documented stories, the senator from Massachusetts, as well as any other compromised politicians, should resign or be kicked out of the Senate or Congress.

John Smith is the pseudonym for a retired CIA analyst.

Daley's Art Of The Lease (WP)

By George F. Will

The Washington Post, February 8, 2007

CHICAGO -- Eighteen years ago, Richard M. Daley went into the family business, which is the business of being mayor of this city. Back then, he hardly could have imagined that he would become an accomplished practitioner of today's new wrinkle in public finance, here and elsewhere. He says his father, who died in 1976, would approve, but one wonders.

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Richard J. Daley, who was mayor from 1955 until his death, was a builder. He thought of urban success the way many mayors then did and still do, as the improvement and enlargement of the city's physical assets -- bridges, roads, public housing, etc. Today, some mayors and governors are discovering the wisdom of, in effect, cashing in municipal or state assets.

That is why two years ago Chicago became the first city to sell a toll road. Actually, it has leased the road for 99 years, which is much the same as selling it. The 7.8-mile, six-lane Skyway goes from the Indiana Toll Road (which the state of Indiana last year leased for 75 years to a Spanish-Australian group for $3.85 billion) to Chicago's Dan Ryan Expressway. Skyway was built in the 1950s to move workers and material to and from the steelworks on the South Side. Most of the steelmaking has gone elsewhere, but Skyway was still a sufficiently attractive investment to have drawn $1.83 billion from the same consortium that leased the Indiana Toll Road.

Now, 99 years is a long time. Ninety-nine years ago the Cubs won the World Series; things change. But that is for the consortium to worry about. Meanwhile, the city has fewer immediate worries because of the one-time infusion of $1.83 billion. The money has financed a $500 million long-term reserve and a midterm reserve that has (note the carefully crafted noncommitment) "mitigated the need to raise taxes over the next eight years." "Mitigated," indeed.

Some of the $1.83 billion has been used for city services, and some has been used to retire city debt -- which has caused the three major credit rating agencies to upgrade the city's rating to its highest level since 1978. This makes it cheaper for Chicago to borrow money, thereby increasing the value to the city of the lease arrangement.

The city has also leased, again for 99 years, four underground parking garages for $563 million -- $61,342 for each of the 9,178 parking spaces. What probably will be next? Midway Airport, which is used by 11 airlines and almost 18 million passengers a year.

Daley believes that census figures are evidence of what will happen if he wins his wager on forgoing some future revenue streams in order to put money to work immediately. Chicago, like many other cities, lost population in the 1950s. And the 1960s, 1970s and 1980s. But in the 1990s it gained at least 112,290 residents, a 4 percent increase. (Daley believes the census undercounts African Americans and Latinos, who together are a majority of Chicagoans.)

By selling future revenue streams, Daley believes, the city can ignite a virtuous cycle: Buying improvements "as quickly as possible" in education and infrastructure can lure people back to the city, thereby improving the city's tax base and cultural vibrancy, which enables further improvements that attract still more residents.

Unfortunately, Daley's theory -- that it can be better to get a sum X immediately, rather than getting over many years a sum Y that is substantially larger than X -- assumes something that cannot be assumed. It assumes that governments will prudently husband sudden surges of revenue from the lease or sale of assets. Still, his theory has adherents downstate, in Springfield.

The state government is hoping to lease the state lottery for at least $10 billion. The purchaser would get most of the lottery's revenue and profits for up to 75 years. Last year, the lottery made $630 million on revenue of $2 billion.

Daley stresses that the assets sold are not "core competencies" of the city government, such as public safety and education. Actually, what competencies are really "core" is debatable. Leasing -- privatizing -- some cities' school systems probably would make the systems more competent. Perhaps the moral of Chicago's story is that what government can shed, it should shed.

This lesson was illustrated exactly 50 years ago by Murray Kempton, the finest practitioner of the columnist's craft, when he heard the great defense attorney Edward Bennett Williams deliver his successful closing argument for Jimmy Hoffa's acquittal. Kempton's conclusion: "To watch Williams and then to watch a Department of Justice lawyer contending with him is to understand the essential superiority of free enterprise to government ownership."

Military Must Fill Iraq Civilian Jobs (WP)

By Karen DeYoung

The Washington Post, February 8, 2007

Secretary of State Condoleezza Rice told Congress yesterday that more than 40 percent of nearly 300 State Department positions to be added in Iraq as part of President Bush's new strategy will have to be filled by military personnel.

"Frankly, the agencies of the U.S. government cannot fill that many posts" as quickly as necessary, Rice said at a hearing of the House Foreign Relations Committee yesterday morning. "And so our agreement with the Department of Defense was that for a period of time . . . we would actually use reservists to fill those positions."

The State Department has asked the Pentagon for 129 people to fill slots in "business development, agribusiness, medicine, city management" and other areas for 10 new provincial reconstruction teams (PRTs), according to David Satterfield, Rice's coordinator for Iraq, who spoke to reporters in an afternoon briefing.

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Deployments will last at least six months until Congress provides supplemental funding to pay for private contractors. The State Department has already filled its own slots on the new teams with 19 Foreign Service officers, Satterfield said, adding that the department is actively engaged in identifying appropriate contractors. The Agency for International Development will also supply personnel, he said.

The request for reservists to fill civilian-designated positions has been a source of tension between State and the tightly stretched Defense Department, which has already been asked to provide an additional 21,500 combat troops for Iraq.

In a Senate hearing Tuesday, Defense Secretary Robert M. Gates said that he shares the concerns raised by senior military officers over a Rice memo detailing the request. Their reaction, Gates said, "was mild compared to my reaction when I saw it."

Bush himself, Gates said, had mentioned during a White House meeting Monday that civilian agencies need to "step up to the task." Controversy over the request was first reported in Wednesday's New York Times.

State Department officials expressed surprise yesterday at Gates's remarks. At the hearing, Rice insisted there is no controversy, saying that agreement over the use of reservists for the PRTs had been reached as the new Iraq strategy was developed in December.

Not so, a Defense official countered, noting that Rice's memo to Gates arrived only recently. A State Department official acknowledged that the memo was dated Jan. 21, but said it was merely "formalizing on paper . . . discussions from back in December."

The disagreement raised the specter of past battles between then-Secretary of State Colin L. Powell and then-Defense Secretary Donald H. Rumsfeld, and those between Rumsfeld and Rice in Bush's second term. Amid yesterday's exchanges, both sides insisted that they were fully cooperating on the new strategy.

"We're trying to get synchronized in a way that is mutually beneficial," said one senior Defense official who spoke on the condition of anonymity. "We're talking every day and working together."

"Everybody just wants to pretend this never happened," a State Department official said of the tempest.

Late yesterday, both departments agreed that the 129 military personnel -- most of whom have not yet been identified and tasked -- may include active-duty troops as well as reservists. It is up to the military, the State Department agreed, to decide whom they can spare.

The administration has described the new Iraq plan as a "three-legged stool" in which additional combat troops will help provide a secure environment for the other two legs of political and economic development.

The plan calls for increased U.S. assistance through a doubling of the existing PRTs to 20 in Baghdad and around the country. By assisting designated Iraqi "moderates" who have eschewed sectarian and insurgent violence, the administration hopes to create employment and build local support for a unified Iraqi government.

The administration has asked Congress for $538 million in supplemental funds to pay for the program. The PRTs, which are projected to be up and running by the end of next month, will be housed with U.S. military combat brigades.

Few Veteran Diplomats Accept Mission To Iraq (NYT)

By Helene Cooper

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — While the diplomats and Foreign Service employees of the State Department have always been expected to staff “hardship” postings, those jobs have not usually required that they wear flak jackets with their pinstriped suits.

But in the last five years, the Foreign Service landscape has shifted.

Now, thanks to the wars in Iraq and Afghanistan, the White House is calling for more American civilians to head not only to those countries, but also to some of their most hostile regions — including Iraq’s volatile Anbar Province — to try to establish democratic institutions and help in reconstruction. That plan is provoking unease and apprehension at the State Department and at other federal agencies.

Many federal employees have outright refused repeated requests that they go to Iraq, while others have demanded that they be assigned only to Baghdad and not be sent outside the more secure Green Zone, which includes the American Embassy and Iraqi government ministries. And while Secretary of State Condoleezza Rice maintained Wednesday that State Department employees were “volunteering in large numbers” for difficult posts, including Iraq, several department employees said that those who had signed up tended to be younger, more entry-level types, and not experienced, seasoned diplomats.

The reluctance highlights a problem with the administration’s new strategy for Iraq, which calls on American diplomats to take challenges on a scale unmatched anywhere else in the world, when the lack of security on the ground outside the Green Zone makes it one of the last places people, particularly those with families, want to go.

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Steve Kashkett, vice president of the American Foreign Service Association, the professional organization that represents State Department employees, said that "our people continue to show great courage in volunteering for duty in Iraq." But Mr. Kashkett added, "there remain legitimate questions about the ability of unarmed civilian diplomats to carry out a reconstruction and democracy-building mission in the middle of an active war zone."

The issue flared this week when Defense Secretary Robert M. Gates testified at a Senate hearing that he shared the concerns of officers who complained about a request from Ms. Rice's office that military personnel temporarily fill more than one-third of 350 new jobs in Iraq that the State Department is supposed to be responsible for. The New York Times reported on Wednesday that senior military officials were upset at the request and told President Bush and Mr. Gates that the new Iraq strategy could fail unless more civilian agencies stepped forward quickly to carry out plans for reconstruction and political development.

David Satterfield, the State Department's senior adviser for Iraq, told reporters during a teleconference that the State Department's request was only for temporary help and for non-State Department positions that would probably be filled by contractors anyway.

"The skill sets needed for the additional staff are not skill sets in which any foreign service in the world, including our own," are proficient, Mr. Satterfield said. While State Department employees would provide leadership, he said, most of the staffing required would involve specialists like agricultural technicians.

But many military officials remained angry at the request, saying that the military did not necessarily have people with those skill sets, either, and that it would have to go to the already strained National Guard to plug holes that would take advantage of their civilian, and not their military, strengths.

Adm. Edmund P. Giambastiani, vice chairman of the Joint Chiefs of Staff, said the military was used to working with State Department officials in Iraq, including Ambassador Zalmay Khalilzad. But, in a telephone interview, Admiral Giambastiani went on to describe a kind of cultural clash.

"The problem, not surprising, is we're used to deploying over there," Admiral Giambastiani said. "We send out orders, we execute orders, we deploy our military, and guess what happens? They turn up and do their job."

He said that while it was acceptable for the State Department to ask for the National Guard, with its experts in civilian military affairs, to fill the positions temporarily, "you have to understand why people on the Defense side would come up with this frustration." He added, "We've got to get the mission done, but in the long term, we'd rather use our military personnel to fill the military functions."

Answering lawmakers' questions on Monday, Ms. Rice said the department had managed to fill 87 percent of the positions it needed in Iraq.

But that percentage does not readily show the people who are volunteering, a number of State Department officials and employees said.

"A number of lower-level people are willing to go, seeing this as a combination money-maker, adventure and career-builder," said one State Department employee who said he had been asked twice to go to Iraq in the past year and had said no both times, vehemently. "It's the midlevel people who don't want to go."

Department officials have offered incentives, including combat and danger pay, and have conveyed to employees that a stint in Iraq could lead to a more rapid career rise. They have also refused to fill openings in some plusher postings in Europe until Iraqi positions are filled, State Department employees said.

The complaints from the Pentagon are part of long-simmering tensions between the Pentagon and the State Department over who is responsible for what in Iraq, The differences go back to the months before the invasion, when State employees complained that they were being cut out of the postwar planning by a Pentagon bent on doing everything itself.

"There's some outrage that the collective capacity of American reconstruction capability was ignored prior to the war," said one State Department employee who is learning Arabic before deploying to the Middle East. "And now we are expected to clean up the mess."

Rice Grilled Over Lack Of Smoking Gun In Allegations Against Iran (AFP)

AFP, February 8, 2007

US Secretary of State Condoleezza Rice faced a blistering challenge in Congress over the administration's failure to provide evidence to back up allegations Iran is building nuclear weapons and fueling attacks on US forces in Iraq.

"Unproven charges against Iran's nuclear intentions are eerily reminiscent of the false charges made against Iraq before we invaded that country," said Ron Paul, a lawmaker from President George W. Bush's own Republican Party, during an appearance by Rice before a congressional panel.

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He said "unproven accusations of Iranian support for the Iraqi insurgency" were also serving as a pretext for "escalating our sharp rhetoric toward Iran."

"Pressed for proof of dramatic claims of Iranian involvement in Iraq, the administration keeps promising that they are compiling it," he said.

"This sounds like Iraq, where accusations came first and proof was supposed to come later -- only that proof never came because the accusations turned out to be false," he said, referring to now discredited allegations that Saddam Hussein's regime was building weapons of mass destruction.

US officials have been promising for weeks to make public what State Department spokesman Sean McCormack described as a "mountain of evidence" to back up US allegations about Iranian involvement in attacks on US and allied forces in Iraq.

But the proof has yet to be forthcoming.

Rice rejected suggestions the administration was exaggerating its case against Iran to pave the way for military action.

"We are not planning or intending an attack on Iran," she said.

"What we are doing is that we are responding to a number of Iranian policies both in Iran and around the world that are actually quite dangerous for our national security," she said.

Rice asserted that Iranian support for terrorism was "well known and well-understood" and included providing arms and training to the Hezbollah militia in Lebanon and backing sectarian death squads in Iraq.

She said British forces in Iraq had also linked Iran to attacks on allied forces in the country, notably with sophisticated bombs able to penetrate armored vehicles.

"I don't think any government in the world would stand by and not react to that," she said.

McCormack meanwhile rejected suggestions the administration had yet to reveal its proof of Iranian involvement in Iraq because the evidence was not strong enough to sway skeptics.

"We're going to do this on our own timeline," he said, arguing that it took time to vet the "rich fact base" pointing to Iran's guilt so as not to compromise US intelligence sources.

"There are always going to be doubters, critics, skeptics, that's fine, we accept that," he said.

"It's not going to influence us into hurrying through something that we don't think is ready or appropriate."

Rice Disputes Claim Of Iranian Overture (AP)

By Anne Gearan

AP, February 8, 2007

Secretary of State Condoleezza Rice disputed claims Wednesday that the Bush administration bungled a diplomatic overture from Iran that offered a broad dialogue with the United States after nearly a quarter-century of enmity.

Rice told Congress she does not remember seeing the 2003 Iranian proposal, which suggested Iran was ready to discuss its disputed nuclear program, support for militant groups that the United States labels terrorists and the acceptance of Israel.

"We had people who said the Iranians went to talk to you, lots of people who said the Iranians want to talk to you," Rice said during an exchange with Rep. Robert Wexler, D-Fla.

"But I think I would have noticed if the Iranians had said, 'We're ready to recognize Israel,'" Rice said. "I just don't remember ever seeing any such thing."

The document, faxed to the State Department in the early days of the U.S.-led war in Iraq, proposed direct talks, perhaps in Paris. Iraq was at the top of the proposed agenda, with Tehran proposing "active Iranian support for Iraqi stabilization."

The text of the document has been provided to news organizations, including The Associated Press.

"You did not see that supposed fax?" Wexler asked Rice.

"I just have to tell you that perhaps somebody saw something of the like, but I can tell you I would have noticed if the Iranians had offered to recognize Israel," she replied.

The administration dismissed the proposal, which has since become a touchstone for criticism that the Bush administration muffed a chance to avert Iran's rush toward nuclear proficiency that could produce a bomb.

Rice was asked about such criticism from a former National Security Council aide, Flynt Leverett.

"I don't know what Flynt Leverett's talking about, quite frankly," Rice said. "Maybe I should ask him when he came to me and said, 'We have a proposal from Iran and we really ought to take it.'"

Leverett had left the NSC by the time the fax arrived, but he said in an interview that he knows the document was sent to the NSC. It also went to Rice's predecessor as secretary of state, Colin Powell, former officials have said.

Leverett said he has never discussed with Rice whether she saw it.

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"This administration, out of some combination of ideological blindness and incompetence, couldn't be bothered to explore whether this opportunity was as serious as it looked on paper," Leverett said Wednesday.

Critics also say that engagement in 2003 might have blunted Iranian influence in Iraq. Shiite militias and death squads, some with ties to Iran, are blamed for much of the sectarian violence in Iraq.

In June 2006, Rice had indicated that she was familiar with the proposal. She was asked about the offer during an interview with National Public Radio, and she appeared to provide the first official confirmation that it existed.

"What the Iranians wanted earlier was to be one-on-one with the United States so that this could be about the United States and Iran," Rice said then. She contrasted that with the current U.S. stance, in which the United States has offered to join European-led talks with Iran over its nuclear program if Iran meets preconditions. Iran has refused.

The Bush administration has resisted suggestions, including from the bipartisan Iraq Study Group, that is should engage Iran to try to improve security in next-door Iraq. Lawmakers challenged that position Wednesday and about the administration's current stepped-up rhetoric and seeming provocation of Iraq.

Rice repeated Bush's assurance that "we're not planning or intending an attack on Iran."

"What we are doing is we're responding to a number of Iranian policies both in Iraq and around the world that are actually quite dangerous for our national security," she said.

Rice Denies Seeing Iranian Proposal In '03 (WP)

By Glenn Kessler

The Washington Post, February 8, 2007

Secretary of State Condoleezza Rice was pressed yesterday on whether the Bush administration missed an opportunity to improve relations with Iran in 2003, when Tehran issued a proposal calling for a broad dialogue with the United States, on matters including cooperation on nuclear safeguards, action against terrorists and possible recognition of Israel.

Although former administration officials have said the proposal was discussed and ultimately rejected by top U.S. officials, Rice, who was then national security adviser, said she never saw it.

"I have read about this so-called proposal from Iran," Rice told the House Foreign Affairs Committee yesterday, referring to reports in The Washington Post and other publications last year. "We had people who said, 'The Iranians want to talk to you,' lots of people who said, 'The Iranians want to talk to you.' But I think I would have noticed if the Iranians had said, 'We're ready to recognize Israel.' . . . I just don't remember ever seeing any such thing."

Rep. Robert Wexler (D-Fla.) cited a former Rice staff member, Flynt Leverett, who has publicly discussed seeing the proposal when he worked at the White House.

"Why should we accept the administration's analysis today that it is correct to yet again not engage with Iran when administration officials at the time now have concluded -- at least this one and one or two others -- that the administration was wrong?" Wexler asked Rice at the hearing.

Rice's comments add a new level of complexity to an issue that has generated debate among foreign policy experts: Did the Bush administration forgo a chance to pursue a dialogue with Iran shortly after the fall of Baghdad, when U.S. power seemed at its height?

The Iranian document, conveyed to Washington via the Swiss Embassy, listed a series of Iranian aims for potential talks, such as ending sanctions, full access to peaceful nuclear technology and a recognition of its "legitimate security interests," according to a copy that has circulated in Washington and was verified by Iranian and U.S. officials.

In the document, Iran offered to put a series of U.S. aims on the agenda, including full cooperation on nuclear safeguards, "decisive action" against terrorists, coordination in Iraq, ending "material support" for Palestinian militias and accepting a two-state solution in the Israeli-Palestinian conflict. The document also laid out an agenda for negotiations, including possible steps to be achieved at a first meeting and the development of road maps on disarmament, countering terrorism and economic cooperation.

Rice dismissed yesterday the earlier comments of Leverett.

"First of all, I don't know what Flynt Leverett's talking about, quite frankly," she said. "Maybe I should ask him when he came to me and said, 'We have a proposal from Iran and we really ought to take it.' "

Leverett said yesterday that he became aware of the two-page offer, which came over a fax machine at the State Department, in his waning days in the U.S. government as a senior director at the National Security Council, but that it was not his responsibility to put it on Rice's desk because Rice had placed Elliott Abrams in charge of Middle East policy. "If he did not put it on her desk, that says volumes about how she handled the issue," he said yesterday.

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Abrams is currently the deputy national security adviser in charge of the Middle East and democracy promotion. An NSC spokeswoman, speaking on behalf of Abrams, said yesterday that Abrams "has no memory of any such fax and never saw or heard of any such thing."

Former State Department officials have said that they saw the Iranian offer and used it as a key element in a 2003 memo to then-Secretary of State Colin L. Powell proposing that the United States pursue a "grand bargain" with Iran. The Iranian offer was attached to the memo, but Powell did not forward the memo to the White House, officials said.

Last June, Rice appeared to confirm, in an interview with National Public Radio, that the White House had received the memo. "What the Iranians wanted earlier was to be one-on-one with the United States so that this could be about the United States and Iran," Rice said. State Department officials at that time did not dissuade reporters from interpreting her comments as referring to the 2003 fax.

Leverett said the Iranian offer is "embarrassing and politically difficult" for the administration now that it has rejected calls for a dialogue from the bipartisan Iraq Study Group, has confronted Iranian agents in Iraq and has expanded military assets in the Persian Gulf.

Leverett charged in December that the White House orchestrated an effort by the CIA to demand significant deletions in an opinion article he had written on Iran policy on the grounds that the material was classified. "The single biggest recision" concerned his description of the Iran's 2003 offer, he said yesterday.

US Urges Europe To Boost Iran Sanctions (FT)

By Stephen Fidler

Financial Times, February 8, 2007

The US on Wednesday night voiced its growing frustration over the failure of European governments to toughen financial sanctions on Iran over its nuclear programme.

Differences over the sanctions between Washington and European governments threaten to open a new transatlantic division over how to deal with Tehran's nuclear ambitions, which have until now been papered over.

Gregory Schulte, the US ambassador to the International Atomic Energy Agency, the United Nations nuclear watchdog, went public with Washington's complaints, saying the Europeans should do more. He drew attention to European export credit agencies that provide billions of dollars a year in help to Iran for the finance of imports.

"Faced by the defiance of Iran's leadership, the European Union and European countries can do more – and should do more – to bolster our common diplomacy. Why, for example, are European governments using export credits to subsidise exports to Iran? Why, for example, are European governments not taking more measures to discourage investment and financial transactions?" he said in a speech drafted for delivery in Munich last night.

Since a United Nations resolution in December that mandated sanctions on Iran – including a ban on financing for 10 named companies said to be linked to missile and nuclear programmes – the US has expanded its own financial sanctions.

These include barring one bank from dealing in dollars. The US alleges the state-owned Bank Sepah, which is not named in the UN resolution, has helped finance weapons programmes and Washington has passed a dossier to European governments that it says supports its case. The US also took action last September against Bank Saderat for its alleged involvement in terrorist financing.

European officials expect that Washington will follow up with unilateral action against other financial institutions.

But US pressure on the EU to follow suit has met resistance, with Europe saying it does not have the right mechanisms for taking such action and expressing fears that the extra sanctions would be overturned by courts.

In spite of the lack of official European enthusiasm for the US proposals, several European private banks have announced they would curb their dealings with Tehran.

Mr Schulte said Europe should use "the full range of non- military measures at its disposal" to direct political, economic, communications and other non-military pressure at Iran's leadership and those who influenced them.

His remarks suggested that bolstering economic and financial sanctions against Iran could avoid military action, which the US has refused to rule out.

The US and many western governments believe Iran's nuclear programme is aimed at developing a weapon, but Iran has repeatedly asserted that its programme is for civil purposes.

Iranian Public Is Uneasy With Leaders' Nuclear Diplomacy (LAT)

By Kim Murphy

The Los Angeles Times, February 8, 2007

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TEHRAN, Iran -- Iran's leadership is facing mounting public unease and the seeds of mutiny in the parliament over the combative nature of its nuclear diplomacy.

For the first time since Iran resumed its uranium enrichment activities, there is broad, open criticism of President Mahmoud Ahmadinejad's defiance of the Bush administration and United Nations Security Council. Warnings have emerged that the public may not be prepared to support the Islamic regime through a war.

The criticism and public wariness arise at a time when the Bush administration has moved ships to the Persian Gulf, and both Washington and Israel refuse to rule out a pre-emptive strike against Iran's nuclear facilities.

The mounting dissent, however, does not appear to have chipped away at Iran's determination to maintain an active nuclear program, according to politicians, diplomats and political analysts here in the Iranian capital. But those observers say it opens the door to a face-saving compromise and signals that a broad range of Iranians hope to avoid an all-out confrontation.

"If (Ahmadinejad) wants to start a new war, from where does he think he's going to produce the army?" asked Mohammad Atrianfar, a well-known political commentator allied with former president Hashemi Rafsanjani, who has sought to work behind the scenes in recent weeks to ease the nuclear confrontation.

"We are not agreeing with his radical, extreme policies," Atrianfar said. "It is because of the propagandist speech of Ahmadinejad all over the world that we're in the situation we're in."

The United Nations Security Council voted on Dec. 23 to ban the sale to Iran of materials that can be used in uranium enrichment, reprocessing of nuclear material, and production of ballistic missiles. Ahmadinejad, however, has declared the resolution "a torn paper."

But some experts here believe passage of the sanctions, with the assent of China and Russia, took the country's top leadership by surprise.

"They were counting on it not getting that far, or that it wouldn't be unanimous," said a Western diplomat based in Tehran. "Many advisers weren't telling (Supreme Leader Ali Khamenei) it would get this far. The fact that it was unanimous and they couldn't count on Russia and China was a bit of a shock. Hence this debate on where they're going to go next."

Parliament responded by calling in foreign minister Manouchehr Mottaki to discuss whether Iran's defiant discourse was giving Washington ammunition to argue for escalating the sanctions once a 60-day deadline to halt enrichment expires this month. The combative exchange was broadcast on state radio.

"He's making some adventures in foreign relationships that don't benefit our country," Akbar A'alami, the reformist lawmaker who led the charge in parliament, said in an interview. "The nuclear issue and the right of Iran to have nuclear power is a matter of national pride. But we cannot limit this issue to one person like Mr. Ahmadinejad."

Although Ahmadinejad attracts concerted attention in the West, his power as Iran's president has considerable limits. The deciding power in the country is held by the top Islamic clerics, led by Khamenei, who has ultimate authority of the armed forces.

Analysts here say it is significant that Khamenei, who has been a strong backer of the nuclear program, has not silenced Ahmadinejad's critics.

Indeed, Jamhouri Eslamic, a newspaper once owned by Khamenei that still often reflects his views, has voiced criticism of its own. "Turning the nuclear issue into a propaganda slogan gives the impression that you, for the sake of covering up flaws in the government, are exaggerating its importance. This is harmful for you and your government," the paper said in an editorial last month.

But it remains unknown which side Khamenei will choose and whether he will try to rein in the public dissent.

The average public, meanwhile, appears aghast at the idea that a nation that spent eight years at war with neighboring Iraq could be in for another conflict.

"I'm 100 percent worried that there will be another war," said Zari, a 26-year-old theater director who declined to give her last name. "But it's not in our control. Both Bush and Ahmadinejad are powerful enough to do something, and we can't do anything to stop them."

Abbas Maleki, a political analyst who recently returned from Harvard University, said many Iranians fear speaking out. "People cannot show their concern because of the need for solidarity. But they really are concerned now, and this is the discussion deep in all of the families," said Maleki. "Iranians want to have a better situation. They are working and they are trying to have better education for their sons and daughters, and all of these issues will be destroyed with one strike."

The unrest does not mean that Iranians are rejecting the country's nuclear power drive entirely. Even those Iranian politicians who have criticized Ahmadinejad seem to share the view that Iran is entitled to peaceful nuclear power and the uranium enrichment technology that goes with it.

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While blessed with one of the world's largest reservoirs of oil and natural gas, Iran spends billions of dollars a year importing gasoline. Many analysts believe it faces the prospect of reduced oil exports in the future if it does not find a solution to its domestic energy dilemma.

Hampered by sanctions and forced to develop much of the technology on its own, Iran has made slow progress in setting up an industrial-scale uranium enrichment operation, international nuclear experts say. The London-based International Institute of Strategic Studies reported this month that while Iran probably will meet its goal of building 3,000 uranium-enrichment centrifuges by March, it will be another year before engineers can get them linked and running.

Even the test cascades Iran is building at its Natanz facility are not running smoothly, the institute said. The report estimated that Iran is at least two to three years away from being able to produce enough material for a nuclear bomb, should it try. Iran strongly denies that it is seeking to produce nuclear weapons.

In the internal debate over how fast and how far to push the nuclear program, Ahmadinejad and his allies are convinced, analysts here say, that the U.S. has been weakened by the war in Iraq, economic constraints at home, and a population disinclined for further global adventures.

"The first approach taken by some here in Iran is that the United States is commencing its disintegration as an imperialist state, and will be defeated in one or two years. Therefore Iran can enjoy the fruits of this confrontation: the United States will collapse, and Iran will be in power," Maleki said. Ahmadinejad and his allies appear to be convinced that this is the case, he said.

"The second approach says, 'Yes, there are several signals and signs that the United States is becoming weakened. But it is not 100 percent sure that this year or next year it will be collapse. Maybe it needs 100 years.' And this approach says that the best way for Iran is to refrain from any issues with the United States -- to avoid any confrontation, on any level. Experience shows that the second approach now is dominant in Iran."

Those dissenting voices remained muted until the Dec. 15 elections for the municipal councils and the clerical Assembly of Experts, when candidates from Ahmadinejad's camp were trounced and Rafsanjani, running for the Assembly, won half a million votes more than his nearest opponent.

"There's definitely been a big internal debate going since the municipality elections went badly for Ahmadinejad," said the Western diplomat. "Then the gloves sort of came off for the critics. The reformists have stuck their heads above the parapet, saying, is this really the direction we want the country to go in? It was almost as if they'd been given the green light."

The reformists' new momentum could provide ammunition for Iran's chief negotiator, Ali Larijani, to find common ground with Western leaders during scheduled talks in Germany this weekend.

How Not To Inflame Iraq (NYT)

By Javad Zarif

The New York Times, February 8, 2007

BEFORE the United States invaded Iraq on false pretexts nearly four years ago, the overwhelming view of analysts and diplomats was that war would plunge the region and the world into greater turmoil and instability. Echoing the views of my colleagues from the region and beyond, I told the Security Council on Feb. 18, 2003, that while the ramifications of the war could go beyond anyone's calculations, "one outcome is almost certain: extremism stands to benefit enormously from an uncalculated adventure in Iraq."

This assessment came not from any sympathy for the former Iraqi dictator or his regime. Certainly Iran — which had suffered the carnage of an eight-year war with Iraq in the 1980s, and on which Saddam Hussein unleashed chemical weapons — had no affinity for him. Rather, it was based on a sober recognition of the realities of the region and the inescapable dynamics of occupation.

Now the United States administration is — unfortunately — reaping the expected bitter fruits of its ill-conceived adventurism, taking the region and the world with it to the brink of further hostility. But rather than face these unpleasant facts, the United States administration is trying to sell an escalated version of the same failed policy. It does this by trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq.

The United States administration also appears to be trying to forge a regional coalition to counter Iranian influence. But even if it succeeds in doing so, such a coalition will prove practically futile, dangerous to the region as a whole and internally destabilizing for Iraq. By promoting such a policy, the United States is fanning the flames of sectarianism just when they most need to be quelled.

Coalitions of convenience like the one the United States government now contemplates were a hallmark of American policy in the region in the 1980s and 1990s, and their effect then was to contribute to the creation of monsters like Saddam Hussein, Al Qaeda and the Taliban. Short memories may be responsible for this ill-advised return to old habits.

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But who can forget that Saddam Hussein used the very same scare tactic, invoking the "Iranian threat" to extort money, loyalty and military hardware from the region and the world, only to turn them later against his suppliers? Who cannot remember that to contain the supposed "Shiite Crescent" after the 1979 Iranian revolution, the extremism of the fundamentalist Salafi movement was nourished by the West — only to transform later into Al Qaeda and the Taliban? Why should the same policy in the same region produce any different result now?

There are already indications that extremists are exploiting the most emotional sectarian and ethnic divides in the region in an effort to sell possible collaboration with old and new occupiers of Arab lands to a restive, frustrated and resentful populace. Such a shortsighted campaign of hatred will compound regional problems, and it will have global implications, from the subcontinent to Europe and the United States, long after the current crisis in Iraq ends.

We need to remember that sectarian division and hatred in Iraq and the wider region was most recently instigated by none other than the leader of Al Qaeda in Mesopotamia, Abu Musab al-Zarqawi. The shameful legacy of Mr. Zarqawi and his collaborators should have been buried with him. To that end, all of us in the region need to set aside shortsighted schemes and engage with the government of Iraq in a common effort to contain sectarian violence.

The Persian Gulf region is in dire need of a truly inclusive arrangement for security and cooperation. Only through such regional cooperation, with the necessary international support, can we contain the current crisis and prevent future ones. I wrote in these pages almost four years ago that the removal of Saddam Hussein provided a unique opportunity to finally realize the long sought objective of regional confidence-building and cooperation, as well as to reverse the dangerous trend of confrontation, exclusion and rivalry.

We have lost many valuable opportunities to effect this arrangement, with hundreds of thousands of innocent lives shattered in the interim. The forthcoming meeting of Iraq's neighbors, to be held in Baghdad next month, will be a good place to begin this difficult but necessary journey toward regional security.

The American administration can also contribute to ending the current nightmare — and preventing future ones — by recognizing that occupation and the threat or use of force are not merely impermissible under international law, but indeed imprudent in purely political calculations of national interest. As authoritative studies have repeatedly shown, no initiators of war in recent history have achieved the intended results; in fact, in almost all cases, those resorting to force have ultimately undermined their own security and stature.

When 140,000 American troops could not bring stability to Iraq, and in fact achieved exactly the opposite, an additional 20,000 soldiers with a dangerous new mandate can only be expected to worsen tension and increase the possibility of unintended escalation. Only a reversal of the logic of force and occupation can dry up the hotbeds of insurgency.

Similarly, forging imaginary new threats, as the United States administration is now doing with Iran, may provide some temporary domestic cover for the failure of the administration's Iraq policy, but it can hardly resolve problems that — as widely suggested — require prudence, dialogue and a genuine search for solutions.

We all need to learn from past mistakes and not stubbornly insist on repeating them against all advice — including the advice George Bush gave as a presidential candidate in 2000: "If we're an arrogant nation, they'll resent us; if we're a humble nation, but strong, they'll welcome us."

Javad Zarif is the Iranian ambassador to the United Nations.

The Iran Option That Isn't On The Table (WP)

By Vali Nasr And Ray Takeyh

The Washington Post, February 8, 2007

As Iran crosses successive nuclear demarcations and mischievously intervenes in Iraq, the question of how to address the Islamic republic is once more preoccupying Washington. Economic sanctions, international ostracism, military strikes and even support for hopeless exiles are all contemplated with vigor and seriousness. One option, however, is rarely assessed: engagement as a means of achieving a more pluralistic and responsible government in Tehran.

The all-encompassing nuclear debate comes as Iran's political landscape is changing once again. As America became reconciled to a monolithic Iran, represented by President Mahmoud Ahmadinejad and his brand of rambunctious politics, the results from December's local elections suggest Iranians were doing otherwise. Ahmadinejad's defiant rhetoric and populist posturing did not impress the Iranians who turned out in large numbers to elect city councils and members of the Assembly of Experts. Voters favored pragmatic conservatives and reformers who oppose their president's policies abroad and his economic programs at home. Despite this show of dissent, though, it would be a mistake to assume that Iran's regime is about to fall or that a democratic spring is looming.

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Iran has long appeared ready for democracy. It has a literate, youthful population that is immersed in world culture, is at home on the Internet, is keen to engage the West and is above the anti-American anger that dominates the Arab street. No other Middle Eastern country has as much civic activism or a population that has voted as often in elections at various levels. But positive social and cultural indices have so far not translated into a political opening. Iranian society may be ready to embrace democracy, but Iranian politics is not ready to accommodate it.

Iran does not have an organized pro-democracy movement. The reformers who were swept to power in 1997 never coalesced around a coherent platform, nor did they produce a political party. Their movement inspired activism and student protests, and it changed the style and language of politics, but its lack of organization ultimately cost it the presidency in 2005. Reformism was popular but politically ineffective.

The clerical regime has also proved to be enterprising in facing demands for reform, particularly by using elections to manage opposition within the bounds of the Islamic republic. Economic isolation, supported by international sanctions, has kept the private sector weak, which has in turn denied supporters of change levers they could use to pry open the regime. The public sector accounts for more than 80 percent of the Iranian economy, and the constitution gives the clerical leadership most of the power. The problem facing democracy is not so much the state's theocratic nature as it is the enormous domination it enjoys over the economy, society and politics. For democracy to succeed, the state's domination of the economy and society must be reduced.

For too long, Washington has thought that a policy of coercion and sanctions applied to Iran would eventually yield a responsible and representative regime. Events in the Soviet Union and Eastern Europe suggest that containment eventually generates sufficient pressure to force autocratic elites to accommodate both international mandates and the aspirations of their restless constituents. Ironically, though, U.S. policy has buttressed the Iranian regime, which has justified its monopoly of power as a means of fending off external enemies and managing an economy under international duress.

More than sanctions or threats of military retribution, Iran's integration into the global economy would impose standards and discipline on the recalcitrant theocracy. International investors and institutions such as the World Trade Organization are far more subversive, as they would demand the prerequisites of a democratic society -- transparency, the rule of law and decentralization -- as a price for their commerce.

Paradoxically, to liberalize the theocratic state, the United States would do better to shelve its containment strategy and embark on a policy of unconditional dialogue and sanctions relief. A reduced American threat would deprive the hard-liners of the conflict they need to justify their concentration of power. In the meantime, as Iran became assimilated into the global economy, the regime's influence would inevitably yield to the private sector, with its demands for accountability and reform.

It is important to appreciate that Iran has a political system without precedent or parallel in modern history. The struggle there is not just between reactionaries and reformers, conservatives and liberals, but fundamentally between the state and society. A subtle means of diminishing the state and empowering the society is, in the end, the best manner of promoting not only democracy but also nuclear disarmament.

Vali Nasr is a professor at the Naval Postgraduate School and the author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future." Ray Takeyh is a senior fellow at the Council on Foreign Relations and the author of "Hidden Iran: Paradox and Power in the Islamic Republic."

Reckless Caution (WSJ)

By James Taranto

The Wall Street Journal, February 8, 2007

When NBC's Tim Russert asked John Edwards on Sunday if he, as president, would accept a nuclear-armed Iran, the silver-tongued lawyer got tongue-tied: "I -- there's no answer to that question at this moment. I think that it's a -- it's a -- it's a very bad thing for Iran to get a nuclear weapon. I think we have -- we have many steps in front of us that have not been used. We ought to negotiate directly with the Iranians, which has not, not been done. The things that I just talked about, I think, are the right approach in dealing with Iran. And then we'll, we'll see what the result is. . . . I think -- I think the -- we don't know, and you have to make a judgment as you go along, and that's what I would do as president."

Less than two weeks earlier, Mr. Edwards had spoken by satellite to Israel's annual Herzliya Conference. "Let me be clear: Under no circumstances can Iran be allowed to have nuclear weapons. . . . To ensure that Iran never gets nuclear weapons, we need to keep all options on the table. Let me reiterate -- all options must remain on the table."

Why did Mr. Edwards's views morph so quickly from hawkish to weaselly? Probably because confrontation with Iran is very unpopular among the Democratic antiwar base. Last week Ezra Klein of The American Prospect, a left-liberal magazine, confronted Mr. Edwards about the Herzliya speech, and the candidate waffled. Although allowing that "it would be foolish for any

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American president to ever take any option off the table," he offered this criticism of President Bush: "When he uses this kind of language 'options are on the table,' he does it in a very threatening kind of way." Does Mr. Edwards mean to be docile?

Mr. Klein asked if America can live with a nuclear Iran. "I'm not ready to cross that bridge yet," Mr. Edwards answered. There's a world of difference between the unequivocal "under no circumstances" and the coy "I'm not ready." And that "yet" suggests it is only a matter of time before he does cross the bridge.

Mr. Edwards is not the only Democratic presidential candidate without a comprehensible position on Iran. Last week Hillary Clinton spoke to the American Israel Public Affairs Committee, and Heather Robinson of PoliticalMavens.com reported that Mrs. Clinton said: "There are many, including our president, who reject any engagement with Iran and Syria. I believe that is a good-faith position to take, but I'm not sure it's the smart strategy that'll take us to the goal we share. What do I mean by engagement or some kind of process? I'm not sure anything positive would come out of it . . . but there are a number of factors that argue for doing what I'm suggesting." Whatever that may be.

Mr. Edwards and Mrs. Clinton have something else in common: Both voted for the Iraq war in 2002, and both turned against it only after it become unpopular. On Iraq, they followed public opinion; on Iran, they are waiting to be led.

Pandering to public sentiment may be fine for a senator, but the president needs to be able to make decisions in the national interest -- which sometimes means shaping public opinion, sometimes defying it. Mr. Bush has done both, whether or not his decisions were wise ones.

Perhaps voters next year, chastened by Mr. Bush's dangerous boldness, will opt for someone more risk-averse. But if a crisis arises and the president proves unable to lead, they may find themselves longing for Mr. Bush's steadfastness. An excess of caution is itself a form of recklessness.

Mr. Taranto is the editor of OpinionJournal.com.

Hamas And Fatah Pledge To Meet Until They Agree (NYT)

By Hassan M. Fattah

The New York Times, February 8, 2007

MECCA, Saudi Arabia, Feb. 7 — The leaders of the two main Palestinian political groups ended their first day of an emergency summit meeting on Wednesday promising to stay until they agreed on a new government to end a wave of violence in Gaza and the West Bank and salvage the moribund Israeli-Palestinian peace effort.

The two, Ismail Haniya, the Palestinian prime minister, and Khaled Meshal, the Damascus-based militant leader, both of Hamas, faced the Palestinian Authority president, Mahmoud Abbas of Fatah, at a round table as other Palestinian officials watched in a royal palace towering above the Grand Mosque, where Islam was born.

The men held three sessions. Saudi officials and advisers remained outside, offering help but insisting that they would not get directly involved. The summit meeting is expected to last at least two days.

“We came here to agree and have no option but to agree,” Mr. Meshal told his counterparts in opening remarks broadcast on Saudi television.

Hamas and Fatah gunmen have feuded for months with many broken cease-fires, and fear of a civil war is growing.

The high-profile meeting and the personal involvement of King Abdullah increased pressure to reach a compromise.

The issues separating Hamas and Fatah in the talks center on how to divide the ministerial portfolios, especially the security portfolios, and how the new government could meet Western criteria of renouncing violence, recognizing Israel and accepting previous Israeli-Palestinian agreements.

Hamas has refused to recognize the interim agreements signed between Israel and the Palestinians dating to 1993.

Margaret Beckett, Britain’s foreign minister, warned in Israel on Wednesday that even if the factions settled their differences, Britain would not engage the government as long as Hamas refused to recognize Israel and renounce violence. Any new Palestinian government must meet the demands of the so-called quartet — the United States, Russia, the European Union and United Nations — she told Israeli Army Radio.

“If nothing new changes from the position there’s been hitherto, I’m afraid the position will stay the same,” she said.

In his opening speech, Mr. Meshal said, “I think the international community can do nothing but respect our wishes if we are united.”

In Israel, troops searching for explosives near the border with Lebanon came under fire on Wednesday night and retaliated with machine-gun fire, the military said. No casualties were reported, and the Israeli military said it had reported the incident to United Nations peacekeepers in southern Lebanon.

Hamas And Fatah Pledge To Defuse Tensions (FT)

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By Harvey Morris

Financial Times, February 8, 2007

Leaders of the rival Palestinian Hamas and Fatah movements began open-ended talks in the Saudi holy city of Mecca on Wednesday in the hope of forging a unity government.

At an inaugural session of the Saudi-sponsored talks, Khaled Mashaal, exiled leader of the Palestinian Authority's ruling Hamas, said: "We came here to agree and we have no other option but to agree."

He and Ismail Haniyeh, the Gaza-based Hamas prime minister, hope to reach a deal with Mahmoud Abbas, the PA's Fatah president, that would not only defuse factional tensions but might also lead to a lifting of an international boycott of the PA government.

Mr Haniyeh might remain as prime minister in a new multi-party cabinet but, to be accepted by the international community, Hamas would have to bow to demands that it recognise Israel, commit itself to non-violence and accept existing agreements with Israel.

Mr Abbas said in Mecca: "We will not leave this holy place until we have agreed on everything good, with God's blessing. I tell our people to expect good news, and I hope this will not be mere words in the air."

Previous efforts to forge a unity government failed and Mr Abbas's threat in December to hold new presidential and parliamentary elections in the absence of a deal led to a worsening of relations between the rivals.

Hamas has three years of its term still to run after winning parliamentary elections in January last year.

Dozens of people have died in waves of violence in the Gaza Strip that were broken by tentative ceasefires. Gaza was relatively quiet on Wednesday, but locals said they were braced for worse violence if the Mecca talks failed.

Agreement at Mecca would set the tone for a trilateral summit in Jerusalem next week involving Mr Abbas, Ehud Olmert, Israeli prime minister, and Condoleezza Rice, US secretary of state.

Tzipi Livni, Israeli foreign minister, told visiting Jewish leaders in Jerusalem: "The only way for the future Palestinian government to gain legitimacy by the world is an acceptance and compliance of the requirement of the international community, including renouncing violence and terrorism, accepting the right of Israel to exist and accepting the agreements between Israel and the Palestinians."

Members of the international Quartet – the US, European Union United Nations and Russia – have signalled they would not automatically renew contacts with the PA if a deal were reached in Mecca.

"We have said consistently from the beginning that we believe that any government should be based on the Quartet principles," Margaret Beckett, foreign secretary, said in Jerusalem on Wednesday.

Palestine's House Divided (WSJ)

The Wall Street Journal, February 8, 2007

At least 20 Palestinians were killed last week in gun battles pitting forces loyal to President Mahmoud Abbas's Fatah Party against members of Prime Minister Ismail Haniyeh's Hamas. Hundreds more have been killed in this internecine fighting of the last two years. Most of the killing has taken place in the Gaza Strip following Israel's withdrawal of 8,000 settlers, who once were seen as the primary obstacle to Palestinian development.

So much, then, for the notion that what is mainly needed for an Israeli-Palestinian settlement is a change in Israeli policies. Instead, Messrs. Abbas and Haniyeh made a diplomatic pilgrimage to Mecca yesterday, where Saudi Arabia's King Abdullah attempted to mediate talks on a unity government. Good luck with that: Every previous such effort has collapsed, usually within days.

For King Abdullah, as for the Palestinians, the main challenge is not simply to midwife an agreement; it's the principles of their prospective statehood. If the experience of Gaza -- from which Israel removed its settlements in 2005 -- demonstrates anything, it is that the absence of Israeli occupation is not a sufficient condition for a Palestinian state.

The first such condition would be a monopoly on the legitimate use of force. That doesn't exist today in the Palestinian Authority, where various militias answer to contending sides of the same government. A second condition is that it honor the agreements on which it is based. The PA is a creature of the Oslo Accords, which require Palestinians to recognize Israel's right to exist. By refusing to do so, Hamas calls into question the legal basis of the Authority itself. A third condition is that the state be self-governing. But Prime Minister Haniyeh answers to Hamas supremo Khaled Mashaal, who is based in Damascus and was present at yesterday's conference with King Abdullah.

All this raises fundamental questions about the political viability of a Palestinian state. There are still good reasons for Israel eventually to push forward with territorial withdrawals; the much-maligned security fence, which has proved effective in stopping

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suicide bombers, could serve as a de facto border. There are also good reasons for the U.S. to funnel money to Mr. Abbas, to boost his political support via Fatah's extensive patronage network.

But the U.S. must also insist that Mr. Abbas dismantle Hamas as a military entity, by force if necessary. Lebanon already provides a depressing example of what happens to a state that tolerates an independent militia such as Hezbollah within its borders. As with Hezbollah, Iran has now become Hamas's primary financial and perhaps military backer.

Nor will it help much if a Palestinian unity government serves mainly as the fig leaf the international community -- read, Europe -- was looking for to resume aid. Palestinians were entitled to elect Hamas to parliament, but that choice hardly obliges the world to support a government part of which is sworn to Israel's destruction. The aid cut-off has been the one effective tool in bolstering Mr. Abbas and delegitimizing Hamas among Palestinians.

A decade ago it may have been plausible to believe that the answer to the Palestinian problem rested in outside hands: Israel, the U.S., the Arab world. It is now clear that the deepest problems are of Palestinian making. That may not be much comfort to diplomats hungry for the next breakthrough. But no breakthrough will be worth the effort if the result is a state that cannot govern itself.

Rice Meets Egyptian Ministers After Urging Release Of Dissident (AFP)

AFP, February 8, 2007

US Secretary of State Condoleezza Rice urged Egypt to release a prominent jailed dissident, shortly before she met with the country's foreign minister.

Testifying in Congress, Rice said she had repeatedly raised the case of opposition leader Ayman Nour with Egyptian officials in the past and would continue to do so.

"We think that his release would be wholly appropriate," she said.

Nour was the leading opposition candidate against President Hosni Mubarak in presidential elections in 2005, but is now serving a five-year prison term on charges of electoral fraud -- allegations he denies.

Human rights groups have said Nour's health is failing in prison.

Rice met later Wednesday Egyptian Foreign Minister Ahmed Aboul Gheit for talks expected to focus on US and Egyptian efforts to break the stalemate in Israeli-Palestinian peace talks.

In an address earlier Wednesday to the Brookings Institution think tank, Gheit defended his government's record on reform, insisting, "We are continuing to open our political process."

But he also said the process needed to advance "one step at a time, with moderation" or it could "create dynamics that would help the extremists."

Rice has been accused of backing away from her once outspoken support for democratic reforms in Egypt and other allied Arab states as Washington found itself increasingly in need of those governments' support over the crisis in Iraq.

The top US diplomat famously angered Egyptian officials when she made an impassioned plea for greater democracy under Mubarak during a 2005 speech at Cairo University.

During her most recent visit to Egypt last month, Rice made no mention of political reforms.

"On your trip to Cairo University in 2005, you had spoken very, very powerfully about democracy reform, and in 2006 it doesn't seem to have been mentioned as part of the agenda," Congressman Gary Ackerman told Rice during Wednesday's hearing.

"Why are we not really pushing our friends in Egypt and Saudi Arabia and Pakistan?" he asked.

Rice insisted that "democracy is right at the core of what we are doing in our foreign policy," and described her Cairo University address as "maybe the most important speech I've made as secretary."

Rice also said that during her brief January talks with Mubarak and Gheit focussed on the Israeli-Palestinian issue, she did privately raise US concerns about the treatment of nongovernmental organizations and Nour's case.

Egypt Cracks Down On Illegal Muslim Group (FT)

By Heba Saleh

Financial Times, February 8, 2007

Egypt has referred the cases of forty members of the illegal Muslim Brotherhood to a military tribunal in a move which signals another escalation of the government's crackdown against the group - the largest opposition force in the country.

Decisions by the military courts cannot be appealed and the authorities have not referred any Brotherhood members to a military trial since 2001.

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Khairat El Shater, a wealthy businessman and the number three in the movement is among those facing trial. The authorities say that he and several other businessmen among the defendants bankrolled the Brotherhood's activities.

The charges against them include money laundering and creating a militia.

"We condemn this unjust decision which does not respect the minimum rights of citizens and which uses unconstitutional means to deal with political adversaries," said Mohamed Mahdi Akef, the leader of the Brotherhood in a statement issued Wedenesday.

The charges arise from actions by Islamist students at Al Azhar university who in December staged a parade in which they wore black hoods and carried out martial arts exercises during a protest against the rigging of student union elections.

Although the Brotherhood said the students had acted wrongly, the group's opponents now accuse them of preparing for violence.

The Muslim Brotherhood is barred from contesting elections but independent candidates standing for it had managed to win a fifth of the seats in parliament in elections in 2005. The government now appears determined to prevent them from achieving any further gains.

Hosni Mubarak the president has presented to parliament draft constitutional amendments which would make it illegal to establish parties based on religion. Mr Mubarak, who recently described the Brotherhood as a threat to national security, also wants to change the electoral law to favour political parties over movements.

Many believe this will result in reducing or doing away completely with chances for independent candidates.

In recent weeks the Brotherhood has been the target of a new campaign of arrests in which some 260 people have been detained. This has been accompanied by a sustained wave of attacks againt the movement in both the state media and private media.

North Korea Ready To Discuss Nuke Disarmament (AP)

By Burt Herman

AP, February 8, 2007

North Korea expressed its readiness Thursday to discuss initial steps of its nuclear disarmament, raising hopes for the first tangible progress at international talks on Pyongyang's atomic weapons program since they began more than three years ago.

"We are prepared to discuss first-stage measures," the North's nuclear envoy Kim Kye Gwan said on arriving in Beijing for the six-nation negotiations set to start later Thursday.

Media reports have suggested the North may agree to freeze its main nuclear reactor and allow international inspectors in exchange for energy aid as a starting step to disarm.

But Kim said any moves by North Korea would be determined by the United States' attitude.

"We are going to make a judgment based on whether the United States will give up its hostile policy and come out toward peaceful coexistence," he said, adding that Washington was "well-aware" of what it had to do.

The North has twice boycotted the talks for more than a year, claiming various U.S. policies show Washington's thinly veiled desire to topple the Pyongyang regime.

"I'm not either optimistic or pessimistic because there are still many points of confrontation to resolve," Kim said.

Earlier Thursday, the main U.S. envoy said he sensed "there is a real desire to have progress" by the North Koreans at the talks.

The lack of any on-the-ground results on disarming the North at the negotiations has raised the issue of the credibility of the talks. Since 2003, they have produced only a single agreement in September 2005 on principles for the North to abandon its nuclear program in exchange for aid and pledges that Washington won't seek the regime's ouster.

Ahead of this week's round, the North had signaled it was satisfied with changes in the United States' attitude amid an apparent greater willingness on all sides to compromise on issues that deadlocked previous talks.

However, U.S. envoy Christopher Hill denied a report in a Japanese newspaper Thursday that the United States and North Korea had signed a memorandum during bilateral talks last month agreeing that Pyongyang's first steps toward denuclearization and U.S. energy support would begin simultaneously.

"We did not sign anything," Hill told reporters, but added he was hopeful the Beijing talks would lead to progress such as working groups to discuss technical issues.

Japanese envoy Kenichiro Sasae said the main goal of the current round of talks was to make concrete progress toward disarmament.

"We are prepared to do our utmost toward this goal, and we strongly hope and are certain that North Korea has come prepared to do that," Sasae said in Beijing.

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The latest nuclear standoff with the North was sparked in late 2002 after Washington accused Pyongyang of a secret uranium enrichment program in violation of a 1994 deal between the two countries. North Korea kicked out nuclear inspectors and restarted its main reactor, moves that culminated in the country's first-ever test atomic detonation in October.

Although the U.S. and other key North Korean allies China and Russia backed U.N. sanctions in the wake of the nuclear test, Washington has since engaged in a series of diplomatic overtures that have drawn praise from Pyongyang.

That includes Hill's trip to Germany last month to meet Kim. The North said after the sides had reached an unspecified agreement, but the specifics of what they discussed have not been made public.

Washington also has held separate talks on financial restrictions it placed on a Macau bank where the North held accounts, accusing it of complicity in the regime's alleged counterfeiting and money laundering. Blacklisting that bank has scared off other financial institutions from dealings with the North for fears of losing access to the U.S. market.

The North had earlier demanded the financial restrictions be lifted for it to disarm, and refused to talk about anything besides that issue at the last nuclear talks in December.

No end date has been set for this round of talks, but Hill has said the Chinese hosts expected the talks to last a few days and the sides would start reviewing a draft agreement Friday.

Report: US, North Korea Signed Nuclear Memo (AP)

AP, February 8, 2007

The United States and North Korea signed a memorandum during talks last month by which Pyongyang would begin closing a nuclear reactor while the U.S. starts providing energy assistance, a major Japanese newspaper reported Thursday.

In the memorandum of understanding, North Korea agreed to shut down its Yongbyon nuclear reactor as a step toward denuclearization, the Asahi Shimbun newspaper, citing U.S. and North Korean officials which it did not further identify. In exchange, the United States would begin assisting the North with energy.

The paper said the memorandum, which apparently would require further agreement, also included a provision for the North to accept nuclear inspection by the International Atomic Energy Agency.

The State Department in Washington declined to comment on the report. Japanese Foreign Ministry officials said they were not aware of the memorandum.

New round of negotiations on North Korea's nuclear disarmament is set to begin Thursday following a December meeting that ended in stalemate. But since then, signs have emerged a greater willingness to compromise.

North Korea walked away from s 2005 agreement after Washington imposed financial sanctions on a small private bank in Macau, accusing it of abetting North Korean money-laundering and counterfeiting.

Pyongyang has insisted that the sanctions be lifted as part of any deal on the nuclear programs. U.S. and North Korean officials met in January to discuss Washington's allegations and ways for resolving the dispute.

North Korean negotiator Kim Kye GwanKim told visiting Americans last week that Pyongyang also is demanding normal relations with the United States and supplies of electricity or heavy fuel oil, said David Albright, president of the Institute for Science and International Security in Washington.

US Envoys Denies Signing Nuke Deal With North Korea (AFP)

AFP, February 8, 2007

US envoy Christopher Hill has denied a Japanese press report that said he had secured a deal with North Korea in which Pyongyang had agreed to shut down a nuclear reactor in exchange for energy aid.

The Asahi Shimbun newspaper report said Hill, the chief US envoy to six-party talks on Pyongyang's nuclear programme, and North Korean counterpart Kim Kye-Gwan had signed the memorandum last month when they met in Berlin.

"No, we did not sign anything," Hill told reporters when asked about the report ahead of the start of a new round of six-nation talks that were due to start here on Thursday.

"We had a very good discussion and we talked about what we might do at the next six-party talks. Although it was a very useful discussion, we did not sign anything."

In the memorandum, North Korea agreed to stop the Yongbyon nuclear reactor and allow inspections by the UN nuclear watchdog, the International Atomic Energy Agency, the newspaper said, quoting US and North Korean sources.

The United States in turn pledged energy and humanitarian assistance to the reclusive state, although the memorandum did not give further details, the daily reported.

The six-nation talks, which group host China with the two Koreas, the United States, Japan and Russia, began in 2003 with the aim of convincing Pyongyang to abandon its nuclear ambitions.

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However North Korea conducted its first atomic test in October last year and the forum is now aiming to get North Korea to disarm.

Nuclear Talks On North Korea Set To Resume In Beijing (NYT)

By Jim Yardley

The New York Times, February 8, 2007

BEIJING, Feb. 7 — Negotiators on Thursday will resume the long-stalled talks aimed at North Korean nuclear disarmament amid tentative signs of a possible breakthrough in a diplomatic process that seemed shattered four months ago when North Korea tested a nuclear device.

Christopher R. Hill, the chief American envoy, arrived in Beijing on Wednesday and held separate meetings with Chinese and Russian diplomats. Mr. Hill has been shuttling around the world, meeting with envoys from North Korea and other countries, in an effort to restart and advance the talks that North Korea abandoned more than a year ago.

"We all share ambitions for this round," Mr. Hill told reporters as he arrived at his hotel on Wednesday evening. "We want to make a good start, a good step forward."

Mr. Hill is essentially trying to return the process to September 2005, when North Korea agreed in a broad draft accord to end its nuclear arms program in return for security, economic and energy benefits. Even then, analysts said the differences between the United States and North Korea made a final agreement far from certain. Subsequent talks on carrying out the provisions broke down, and North Korea then defied international warnings by testing a nuclear device last October.

In a brief appearance earlier Wednesday at the Beijing airport, Mr. Hill was careful not to set expectations too high for this week. "I want to emphasize that the real success is when we complete the September '05 agreement," he said. "Not just when we start the '05 agreement, but when we finish it. So we're not going to finish that this week."

"We'll just maybe take a good first step," he said.

The talks — which involve China, Russia, Japan, South Korea, the United States and North Korea — began more than three years ago and have brought scarce tangible progress after various rounds in Beijing. Formal talks will resume Thursday afternoon in a government guesthouse in Beijing and are likely to continue into the weekend.

Recently, North Korea has seemed to signal more of a willingness to bargain and to specify its demands. Last weekend, two American envoys returning from Pyongyang, the North Korean capital, said the nation was prepared to disable its main nuclear reactor in Yongbyon in exchange for an energy package of electricity and oil from its neighbors. North Korea also told the envoys that it wanted the United States to lift financial sanctions and remove it from a list of states that sponsored terrorism.

The two envoys, Joel S. Wit, a Clinton administration official involved in North Korea issues, and David Albright, a nuclear specialist, first described the North Korean position to the Japanese newspaper Asahi Shimbun, while passing through the Beijing airport last Saturday.

Mr. Hill, assistant secretary of state for East Asian and Pacific affairs, has spent much of 2007 traveling to build a consensus on a deal. Last month, he and the top North Korean envoy, Kim Kye-gwan, met in Berlin, the first such meetings between the United States and North Korea outside Beijing. Mr. Hill described those talks as "substantive" and has expressed guarded optimism throughout his travels.

A potential sticking point for North Korea is how much ground the United States will give on financial sanctions. In 2005, the United States accused Banco Delta Asia in Macao, a Chinese territory, of laundering counterfeit dollars that it said North Korea was using to finance drug trafficking and other illegal activities. The United States froze $24 million in North Korean assets, largely shutting North Korea out of the international financial system.

North Korea has demanded the release of the $24 million. Last week, a United States Treasury official met with North Korean diplomats on the issue.

Brian Bridges, a professor of politics at Lingnan University in Hong Kong, said no breakthrough was apparent but that there had been speculation that the United States might agree to declare part of the frozen Banco Delta Asia money "clean" in a compromise. Mr. Bridges predicted that negotiations this week, at best, might form working groups to discuss particular issues like denuclearization and the sanctions. But he said any larger, significant progress was unlikely. "I'm not too optimistic," he said. "I don't think there is going to be a major breakthrough."

Six-party Talks To Curb N Korea's Nuke Programme (FT)

By Anna Fifield

Financial Times, February 8, 2007

DOJ_NMG_0129458

When diplomats sit down at the green hexagonal table in Beijing's lavish Diaoyutai State Guesthouse on Thursday, they will do so amid a new sense of optimism over multi-lateral efforts to persuade North Korea to dismantle its nuclear programme.

If in the past North Korea's nuclear ambition has been one of the world's most intractable diplomatic challenges, this time the six-party talks appear to have a clear – and perhaps achievable – goal, diplomats say.

Extensive behind-the-scenes dealings, increasing pressure on the North Korean regime, and an embattled US administration seeking success in its dealings with one of the "axes of evil" have helped breathe life into a process long considered terminal. "There is a new dynamic in the talks now," says a South Korean diplomat involved in the negotiations.

The discussions due to begin on Thursday are expected to focus on producing a written document that would see Pyongyang pledge to move towards nuclear disarmament in return for energy assistance from the US.

Paradoxically, the outlines of the proposed deal appear very similar to a 1994 deal – known as the "agreed framework" – forged by the Clinton administration and belittled by the Bush administration after it took office.

But diplomats say the deal would be the first step towards implementing the "big agreement" of 2005, when North Korea agreed to abandon its nuclear weapons programme, and the clear goal of drafting this document means that measuring progress in this round of talks may be easy.

"We're looking for a document to be produced. If there is no document there will be trouble," said a senior South Korean government official.

There remains a great deal of scepticism in both Washington and Seoul that Pyongyang has made the strategic decision to abandon its nuclear ambitions. But there is a hope that North Korea will participate seriously in the negotiations.

Much of the new optimism is attributable to the efforts of Christopher Hill, the US assistant secretary of state and chief negotiator since April 2005, who has ridden the ups and downs of hawkishness in Washington to forge a productive working environment at the talks.

"The big question is whether the North Koreans are really ready to make some progress," Mr Hill said on Wednesday. "We did have some good signs [at talks] in Berlin [in January], but I think we also know that there is going to be some rather hard bargaining, so we'll see how we do."

Peter Beck, a Korea analyst for the International Crisis Group, says a "maximalist approach" by North Korea, which would like to get a light water reactor in return for abandoning its nuclear programme, could still impede progress. "It's not a pre-cooked deal," he says. "There are some pretty big gaps to be overcome."

But there are also signs that the relationships built in the negotiating room are beginning to bear fruit. Mr Hill, who helped to negotiate the 1995 Dayton Peace Accords that brought an end to war in Bosnia, held unprecedented bilateral talks in Berlin last month with his North Korean counterpart, Kim Kye-gwan.

Mr Kim, who often wears a pinstriped suit that – bar the Kim Il-sung badge – would not be out of place on Wall Street, is the only negotiator to have lasted the entire six-party talks process. He also helped negotiate the 1994 deal.

The pair appear to have developed a relationship that has taken a lighter tone, an important point in what is essentially a bilateral nuc-lear dispute. "Hill and Kim get along fine," says one diplomat with know-ledge of the Berlin talks. "Ri Gun [North Korea's deputy negotiator] has a good sense of humour and is easy to get along with, but Kim Kye-gwan has always been a much more serious person. However, during the meeting in Berlin, Kim lightened up quite a lot."

South Korea and China still step in to help bridge the gaps between the US and North Korea and relations between the negotiators from the two Koreas have proven critical.

The two delegations dine together during the talks, and after the September 2005 round – when all sides signed what was then seen as a hopeful agreement – they celebrated by drinking poktanju, the South's beloved "bomb drink" that involves putting whisky into a glass of beer.

But North Korea does not like the South playing too prominent a public role during the talks, the South Korean said.

North Korea, U.S. Appear Closer To A Nuclear Accord (WSJ)

By Evan Ramstad

The Wall Street Journal, February 8, 2007

SEOUL, South Korea -- With talks set to begin again today on North Korea's nuclear program, a deal appears more likely -- despite repeated failures in the past -- because the North's top negotiator has signaled it is willing to compromise and the U.S. has settled on a more conciliatory approach.

U.S. officials said they are cautiously optimistic North Korea will agree to take the first steps in abandoning its pursuit of nuclear weapons, ending an 18-month negotiating stalemate and six years of intensified acrimony between the two countries.

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The U.S. said it expects North Korea to agree to turn off its Yongbyon nuclear reactor, which it uses to produce the core material needed for atomic weapons, and allow international inspectors to visit it and other weapons-related facilities.

In return, the U.S., along with China, Japan, Russia and South Korea, would begin to deliver on economic assistance that was broadly offered in an agreement made in September 2005.

The result would be a start to stabilizing a major threat to regional security. Officials caution that nothing is certain, however, and that North Korea has walked away from previous deals.

In the U.S., the election of a Democratic Congress and the departures of John Bolton, the ambassador to the United Nations, and Defense Secretary Donald Rumsfeld -- both of whom took a hard line against North Korea -- have given moderates in the State Department more leeway to compromise.

Both the U.S. and North Korea are under enormous pressure now to resolve the matter. Success in dealing with North Korea would give the U.S. more leverage with Iran, which the U.S. said is pursuing nuclear weapons and has sought assistance from North Korea.

Meanwhile, impoverished North Korea grows more desperate. The U.N. imposed more economic sanctions after North Korea tested a nuclear device in October. Food rations last month in Pyongyang, the capital and most prosperous city, amounted to three days of rice for ordinary citizens and 15 days for the elite, according to aid agencies in South Korea.

Upon arriving in Beijing for the talks yesterday, U.S. envoy Christopher Hill said "real success" for the six-party process would be ending the North Korean nuclear program under the terms of the September 2005 agreement.

At the time, North Korea agreed to give up nuclear weapons in return for economic assistance, normalized relations with Japan and the U.S., and a start to a peace process that formally ends the Korean War of the 1950s.

The North balked at the deal soon afterward, citing banking restrictions imposed by the U.S. that are still unresolved. That set up the negotiation stalemate. In October, North Korea further challenged the pact by testing its first nuclear device.

The U.S. delegation is upbeat after Kim Kye Gwan, North Korea's envoy, positively responded in a meeting with Mr. Hill in Berlin last month to some of the proposals the U.S. made at the last round of talks in December.

Neither country has disclosed details, though Mr. Hill referred to the meeting again yesterday. "We did have some good signs in Berlin, but I think we also know that there is going to be some rather hard bargaining, so we'll see how we do," he said.

If the North agrees to freeze production at its nuclear plant, U.S. officials envision the six nations will meet as often as once a month to work on details for full-scale denuclearization.

Why Latest Korea Nuclear Talks Raise Hopes (CSM)

By Howard Lafranchi

Christian Science Monitor, February 8, 2007

WASHINGTON

International negotiations on North Korea's nuclear program resume in Beijing Thursday with more optimism than at any time in more than 18 months – largely because the two principal parties in the talks, North Korea and the United States, both have reason for craving the appearance of progress.

The spoiler may be that Pyongyang, which toughened its bargaining position by testing a nuclear weapon last October, may demand too high a price for putting its nuclear ambitions on the table.

Still, extraordinary bilateral talks between American and North Korean officials in Berlin last month have raised hopes. While no one expects full implementation of the North's 2005 agreement in principle to dismantle its nuclear program in exchange for economic and diplomatic incentives, the top US negotiator says progress in that direction is possible.

"We're not going to finish [the 2005 agreement] this week. We'll just maybe take a good first step," said Christopher Hill, assistant secretary of State, in Beijing Wednesday. The six-party talks, which have proceeded in fits and starts over the past three years, draw together the US, North Korea, South Korea, Japan, Russia, and host China.

One plausible outcome of this week's talks might be suspension of US financial sanctions on the North and an agreement on fuel deliveries in exchange for a freeze on the North's plutonium production and the return of inspectors to nuclear facilities.

That would leave for later talks the dismantling of the North's military nuclear program, debate over controversial points such as the furnishing of light-water reactors for civilian power production, and the North's desire for normalized relations with the US.

But will Pyongyang seek more than Washington is willing to give? The word from officials and experts who have spoken with North Korean officials in the run-up to the talks is that Pyongyang will demand an unfreezing of at least part of $24 million in North Korean financial assets in a Macao bank, huge fuel oil deliveries, and a move toward normalized relations with the US in exchange for shutting down its plutonium- producing facility.

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That position would seem to be more than what President Bush could accept, given his opposition to an even less generous agreement reached with North Korea under the Clinton administration in 1994. That so-called "agreed framework" gave North Korea economic incentives for agreeing to end its nuclear program. But Pyongyang ended up using it as a cover for a secret nuclear arms program, a fact Mr. Bush cited in adopting a "disarmament first, then talk" approach to the North.

But the Bush administration may be interested in using the North Korea talks to offer a bit of good news on the foreign-policy and proliferation fronts, even as it struggles in the Middle East, some experts say.

"Both sides have a reason to want to talk, but not necessarily to make significant progress," says Jim Walsh, a research associate at the Massachusetts Institute of Technology's Strategic Studies Program. "The [North] Koreans are feeling a lot of heat from China over their nuclear test, and the US has its hands full in Iraq, Afghanistan, and Iran."

With division in the Bush administration over how much ground to cede to Pyongyang still a factor, some analysts see the potential for incremental progress and a ratcheting down of a confrontational tone toward the North. Under that scenario, the prickliest issues that still divide the administration – such as the provision of light-water reactors for power production – would be left to the next administration.

"Those kinds of small steps may be about all we can expect out of the Bush administration," says David Albright, president of the Institute for Science and International Security in Washington. "They may just be looking to settle the situation down so they can focus their last two years on Iraq, Iran, and the Israeli-Palestinian conflict."

Mr. Albright, who met recently with North Korea's chief nuclear negotiator, says the North's ultimate goal is a move toward "meaningful relations" with the US. The North also understands it will have to take clear steps before that could happen, he says, but they also remain skeptical of US intent.

"They want a process," he says, but they are also reluctant to proceed to a freeze on plutonium production that they fear might open them up to bolder US moves against them. "They make it clear they would respond to any aggressive moves," Albright says.

One stumbling block is a lack of clarity from the Bush administration on North Korea, he adds. Does the US accept the regime of Kim Jong Il or not? Might it still try to use military force to end its military nuclear capabilities or not? Is the furnishing of civilian nuclear facilities on the table for the US or not?

"The US is suffering from a lack of clarity on this issue," Albright says, "and it's not at all clear it can be resolved in the next two years."

Mr. Walsh of MIT says just the fact these talks are taking place suggests the North – and the US – believe something can be accomplished. He notes, for example, that US Treasury officials met last month with North Korean counterparts to discuss the US freeze on financial assets. The US accuses the North of running US dollar counterfeit operations.

And he says two question marks still hang over the talks: Will the North's new status after its nuclear test make an accord more difficult, and will Bush administration hard-liners – seemingly quiet on North Korea over recent months as they have focused on Iran – step in at some point to squelch an accord?

"The camp that favored regime change and emphasized never rewarding bad behavior has been silent on North Korea as they've turned their attention to Iran," Walsh says. "What happens in these [Beijing] talks may depend on whether the squeezers or the talkers have won the day with the president."

Nuclear Issue Seen Muddied By U.S. (WT)

By Ed Lanfranco

The Washington Times, February 8, 2007

BEIJING -- The United States and its partners in six-party talks have taken steps they knew would prevent progress in halting North Korea's nuclear program, a Chinese analyst said yesterday in remarks presumed to reflect the thinking of the Beijing government.

In comments much more pessimistic than what has been heard from chief U.S. negotiator Christopher Hill, the analyst also warned of the risk of war between the United States and China if the North Korean nuclear issue is mishandled.

The "North Korean nuclear issue is not a technical nuclear issue, but an issue complicated by politics, economy, military and ideology and other considerations," said Teng Jianqun, deputy secretary-general at the China Arms Control and Disarmament Association.

"If we really want to solve this dispute, don't bind the nuclear issue with other issues such as money laundering, hostage hijacking; it completely ruins the talks," he told foreign reporters of the eve of the latest round of talks.

"Of course, the decision-makers knew what reaction would come from North Korea after the financial sanctions," he said.

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The Chinese analyst spoke on the eve of the resumption today of six-party talks seeking to dismantle North Korea's nuclear weapons program.

Negotiators will gather in a secluded compound in western Beijing and, aided by rows of translators, focus on fleshing out a 2005 statement offering North Korea economic and security concessions in return for abandoning nuclear weapons.

The talks on the North Korean crisis involve the two Koreas, the United States, Japan, Russia and host China.

Agreement in principle to halt Pyongyang's program was announced in September 2005, but all progress halted soon afterward when a bank in Macau, facing pressure from the United States, froze a $24 million North Korean bank account citing suspected counterfeiting and money laundering.

However, the Japanese newspaper Asahi said yesterday that North Korea and the United States signed a memorandum of understanding in Berlin last month in which Pyongyang agreed to move toward shutting down its nuclear reactor in exchange for aid, [a wire service] reported.

In Beijing, Mr. Teng said repeatedly that he was expressing his own opinions, but the remarks were interpreted as subtle signals of official Chinese impatience with the slow progress of the talks.

The event was hosted by the International Liaison Department of the All-China Journalists Association, a government-approved body that helps keep the Chinese press on a tight leash.

Mr. Teng called his group a nongovernmental organization, but also stated it was sponsored by the Ministry of Foreign Affairs and that he draws a government salary.

His grim tone stood in stark contrast to a series of upbeat remarks from Mr. Hill and other U.S. officials following three days of talks with North Korean nuclear envoy Kim Kye-gwan in Berlin last month.

"The real success will be when we complete the full September '05 statement, not just when we start," Mr. Hill said after arriving in Beijing yesterday. "We're not going to finish that this week. We'll just maybe take a good first step."

The U.S. envoy added that Washington was "ready to implement all of the joint statement," including economic and energy aid.

At his own briefing, Mr. Teng said he thinks North Korea has nuclear weapons but would not estimate how many. He said the bomb was the country's "last resort to defend itself from foreign countries including the U.S."

He also reiterated that "stability not only on Korean Peninsula but the Northeast Asian region is in the greatest interest of China."

A "dangerous result of the nuclear issue over the Korean Peninsula might be a face-to-face confrontation between China and the U.S.," Mr. Teng warned.

The analyst, who until 2004 served in the People's Liberation Army and the PLA's Navy, used a nautical metaphor to describe a possible Sino-U.S. conflict.

"No country, especially the big powers, can suffer such a face-to-face direct confrontation," he said.

"If the U.S. was a supership with a displacement of 100,000 tons and China could be a large ship with a displacement of 10,000 tons, so if an iceberg can take a supership like the Titanic to the bottom of the ocean, how about the direct clash between China and the U.S.?

"Who will sink? Nobody knows."

Trial Over Muhammad Cartoons Begins In France (NYT)

By Ariane Bernard

The New York Times, February 8, 2007

PARIS, Feb. 7 — Hearings began Wednesday in a suit brought by two influential French Muslim organizations against a satirical weekly newspaper for printing cartoons depicting the Prophet Muhammad that had touched off international rioting.

The Paris Mosque and the Union of Islamic Organizations of France contend that the newspaper, Charlie Hebdo, and its director, Philippe Val, are guilty of slander, an offense that carries a possible six-month sentence and a fine of up to 22,500 euros, or about $29,000.

“If we can no longer laugh at the terrorists, what weapon is left for the citizen?” Mr. Val said at the hearing, according to The Associated Press.

“These drawings are about ideas, not men, about ideas defended by men who commit violent acts.”

The case is causing debate in a country where separation of church and state is considered a fundamental tenet of the national identity.

In its Feb. 8, 2006, issue, Charlie Hebdo republished 12 drawings that had originally appeared in the Danish newspaper Jyllands-Posten, some of them representing the Prophet Muhammad. The cartoons were first published in September 2005.

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Two of those drawings are cited in the suit: one depicting the prophet greeting suicide bombers in heaven with the caption, “Stop, stop, we have run out of virgins,” and another depicting Muhammad wearing a turban containing a bomb. A third image included in the suit was an original drawing by the French cartoonist Cabu, depicting a crying Muhammad with his head in his hands, saying, “It’s hard to be loved by idiots.”

Outcry in the Muslim world over the Danish cartoons led to violent protests in a number of countries — which resulted in the deaths of at least 50 people — and boycotts of Danish products. A number of other European publications also reprinted the cartoons.

A lawyer for the newspaper on Wednesday read in court a letter of support from Nicolas Sarkozy, the interior minister and the leading conservative presidential candidate. Mr. Sarkozy, whose office said that he had written the letter as a presidential candidate and not as a cabinet minister, said he “preferred an excess of caricature to a lack of caricature.”

In response, representatives of the French Council for the Muslim Religion, a national group that Mr. Sarkozy’s office helped to create, called an emergency meeting.

Another presidential candidate, François Bayrou, and the Socialist Party leader, François Hollande, have been called by the defense to testify.

The issue of whether revisions to the 1901 law separating church and state might be needed has become a topic of discussion in the presidential campaign.

In recent decisions, French courts have largely ruled against religious groups that contended that their faiths had been insulted.

More Articles in International »

Hu Defends China's Role In Africa (WP)

By Craig Timberg

Washington Post, February 8, 2007

JOHANNESBURG, Feb. 7 -- Chinese President Hu Jintao on Wednesday sought to reassure Africans that his country's aggressive investments in oil, copper and other natural resources do not amount to a new wave of colonialism, saying China would "not do anything harmful to the interests of Africa and its people."

Hu's comments, made in Pretoria on the sixth stop of an eight-country tour of the continent, came amid rising anxiety that China's economic power is strangling African manufacturing while locking up vital resources for years. Although China has made massive purchases of oil from Angola, Sudan and Nigeria, the flood of finished goods to Africa has created a large trade imbalance.

Commentators increasingly compare the relationship to that of European countries and their African colonies, in which the ruling powers extracted natural resources at marginal cost and forced the colonies to import costly manufactured goods. But Hu sought to distinguish China by invoking his country's experience with colonialism.

"For more than 100 years in China's modern history, the Chinese people were subjected to colonial aggression and oppression by foreign powers and went through similar suffering and agony that the majority of African countries endured," he said at the University of Pretoria, according to a transcript released by South African officials.

He added, "China has never imposed its will or unequal practices on other countries and will never do so in the future."

China has long-standing relationships with many countries in Africa, dating to the era when its communist government backed liberation movements seeking to overthrow colonial and white supremacist governments. In the past decade, China has dramatically escalated its role through a combination of major construction projects and investments in materials needed to keep its manufacturing boom at home alive.

Chinese companies have built railways, water treatment plants, telecommunication systems, highways and port facilities, often subsidizing projects or working for much less than the bids of competitors. And Chinese companies have not been content to merely buy raw materials; increasingly they are investing in production capacity, purchasing oil blocks in Nigeria or copper mines in Zambia. China also has delivered billions of dollars in aid and loans.

African governments have largely welcomed the largess, as well as the lack of accompanying demands for human rights reforms, expanded democracy or increased financial transparency often made by Western investors and their governments.

In advance of Hu's trip to Sudan last week, Andrew S. Natsios, President Bush's special envoy for Sudan, traveled to Beijing to urge China to help persuade President Omar Hassan al-Bashir to accept a strong U.N. peacekeeping force in the war-torn region of Darfur. After the talks, Natsios said that "our policies and the Chinese policies are closer than I realized," adding that China would "play an increasingly important role in helping us to resolve this."

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But U.S. officials now say Hu did little to press Bashir, instead calling on countries to "respect the sovereignty of Sudan," while writing off debts and providing an interest-free loan to build a new presidential palace.

"There have been some mixed signals, obviously," State Department spokesman Sean McCormack said in Washington.

Among Africans, concerns about rising Chinese clout are more often economic. Textile mills from Nigeria to South Africa have closed as inexpensive Chinese imports have flooded markets. At the same time, Chinese purchases of mining concessions have stirred nationalist backlashes.

Hu canceled a stop last Sunday in a mining community in Zambia after threatened demonstrations against the alleged plunder of the country's natural resources, according to news reports. The main opposition party in Zambia, which accused China of dumping inexpensive goods and bankrupting Zambian traders, fired a top official for attending a welcoming ceremony for Hu.

There was little such rancor in South Africa, which has an especially close relationship with China. Many South African companies have major investments in China, and Hu on Tuesday signed deals opening his country's markets to South African agricultural products.

"The Chinese government will continue to take steps to increase import from Africa to balance the trade between the two sides," he said at the University of Pretoria. "We encourage Chinese companies to increase investment in Africa, provide technical and management training and help Africa develop processing and manufacturing industries so as to ease employment pressure and enhance the competitiveness of its exports."

In addition to South Africa, Sudan and Zambia, Hu also has visited Cameroon, Namibia and Liberia and has planned stops in Mozambique and Seychelles.

Poll Finds Surge Of Religion Among Chinese (WP)

By Edward Cody

The Washington Post, February 8, 2007

BEIJING, Feb. 7 -- A new government-sponsored survey on spirituality in China has found that the number of religious believers among the country's 1.3 billion people is far higher than generally known, amounting to as many as 300 million.

The findings, based on a poll of 4,500 people conducted by professors at East China Normal University in Shanghai, supported growing indications that many Chinese are searching for new value systems to replace the communist doctrine that has been jettisoned in favor of market economics and a race for prosperity.

"More Chinese feel unstable and harassed by the rootless lives they lead now," Liu Zhongyu, a philosophy professor who helped organize the survey, said in a telephone interview.

"The standards of morality are declining," Liu told Oriental Outlook magazine, which reported the survey results. "People don't trust each other anymore. They are looking for something to anchor their lives in."

President Hu Jintao, reacting to such sentiments, repeatedly has cited a need to reemphasize human values in China, suggesting they should be part of the "socialism with Chinese characteristics" that is the ruling Communist Party's official dogma. He has made creation of "a socialist harmonious society" a watchword of his administration. Last year, he issued a list of eight virtues and eight vices as guidance for officials and ordinary people as they go about their business in this fast-changing country.

But the poll's findings indicate that many Chinese are going elsewhere in search of moral inspiration. In that light, the polling by Liu and his colleague, Tong Shijun, seemed likely to be read with interest by Communist leaders as they seek to rebuild confidence in a party apparatus often compromised by corruption and distance from common people.

The total number of believers estimated by the researchers was three times the long-standing official estimate of 100 million. Liu suggested that population growth was part of the explanation; the 100 million figure has stood since the 1960s. But he also said the survey found a remarkable surge in religious belief across the country that has not been reflected in the official estimates.

Liu said the researchers did not take into account whether those queried observed religious practices, such as visiting mosques or temples to pray, but asked only whether people believed in some form of religion. Liu Bainian, vice chairman of the official Chinese Patriotic Catholic Association, noted that followers of traditional Chinese religions often have a loose definition of their beliefs, sometimes following family customs without formally practicing religious rites.

Historical Chinese religions, such as Buddhism, Taoism and Islam, accounted for 67 percent of those who declared themselves believers, the pollsters concluded. The number of Chinese who identified themselves as Christians also rose swiftly, however, reaching up to 40 million, according to the estimate derived from the poll.

Officially sanctioned Christian organizations have said 15 million Protestants and 6 million Catholics participate in their religious practices in China. But Chinese and foreign researchers have estimated that the number of those who practice religion

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outside the official institutions is several times greater. The semi-secrecy in which they practice their faith makes an accurate count impossible.

Liu said one factor in the fast growth of religion is expanded freedom of belief in China. During the 1960s and 1970s, he noted, radical political orthodoxy enforced by Mao Zedong and his followers replaced religious beliefs, often under threat of imprisonment. Although the Communist Party remains officially atheist, he said, Chinese are free now to practice the religion of their choice as long as it does not challenge the party's monopoly on power.

The poll was taken as part of a three-year research project on contemporary Chinese cultural life commissioned by the Education Ministry. Liu said researchers first identified those to be surveyed by telephone, then dispatched teams to interview them in person, with the help of forms to fill out.

U.S. Assures Russia On Backing Of Kosovo (WT)

By Nicholas Kralev, The Washington Times

The Washington Times, February 8, 2007

The United States has assured Russia that Washington's support for Kosovo's eventual independence from Serbia does not mean it will back the breakaway aspirations of Russian autonomous regions in the Caucasus, Secretary of State Condoleezza Rice said yesterday.

Moscow, in sympathy with Belgrade, has been reluctant to join American and European endorsements of a plan proposed by U.N. envoy Martti Ahtisaari that would lead to independence for Kosovo in all but name.

"I have talked very often to the Russians, first of all, that Kosovo is a precedent for nothing, which is a very important point to make," Miss Rice told the House Foreign Affairs Committee, in reference to Moscow's fear that Kosovo's independence might encourage separatist forces in Russian regions such as Chechnya and North Ossetia.

"We need to recognize that the longer this drags out, the more likely we are to have a breakdown in order in Kosovo itself," the secretary said during testimony on President Bush's fiscal 2008 foreign affairs budget proposal. "We believe that the Ahtisaari plan deserves support."

Kosovo has been a U.N. protectorate since the 1999 NATO war with Serbia over President Slobodan Milosevic's policies in the province, which led to "ethnic cleansing" targeting Kosovo's majority Albanian population.

Mr. Ahtisaari, a former Finnish president, heads a yearlong process whose last phase is a round of talks with Serbs and Kosovo's leaders. He has invited both sides to meet in Vienna, Austria, next week.

But Serbian Prime Minister Vojislav Kostunica asked yesterday for a 10-day delay to convene the country's new parliament elected last month. He said the legislature must choose a new Kosovo negotiating team to guarantee its credibility.

Javier Solana, the European Union's foreign policy chief, met with Mr. Kostunica in Belgrade yesterday and said a brief delay would be acceptable.

Nevertheless, Mr. Kostunica indicated that Serbia will not agree to independence for Kosovo.

"Serbia will be constructive, but it will also be unbending in its efforts to ensure respect ... for its territorial integrity," he said at a press conference.

Russia, a traditional Serbian ally whose position is that a solution should not be imposed on Serbia, has said that Belgrade should be "constructive."

Miss Rice noted NATO's inclusion of Serbia in its Partnership for Peace program, which could lead to eventual membership in the alliance.

"We don't want a revanchist and angry Serbia," she said. "So we are working with our European allies to make sure that Serbia understands that it belongs in Europe."

But Kosovar Albanians have warned that their patience is running out. They blame the eight-year political limbo for a stagnant economy and an unemployment rate of 50 percent.

Both Miss Rice and Mr. Solana urged Kosovo to step up to the task of building democratic institutions.

"The Kosovars have a responsibility, too, to protect minority rights, to make certain that Serbs feel that they can really live there," Miss Rice said. "We are having equally difficult and tough, sometimes, discussions with the Kosovo Albanians about their responsibilities."

U.S. Seeks Partnership With Brazil On Ethanol (WP)

By Monte Reel

Washington Post, February 8, 2007

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SAO PAULO, Brazil, Feb. 7 -- The United States and Brazil, the two largest biofuel producers in the world, are meeting this week to discuss a new energy partnership that they hope will encourage ethanol use throughout Latin America and that U.S. officials hope will diminish the regional influence of oil-rich Venezuela.

U.S. officials said they expect to sign accords within a year that would promote technology-sharing with Brazil and encourage more Latin American neighbors to become biofuel producers and consumers.

The United States and Brazil together produce about 70 percent of the world's ethanol, a fuel that President Bush has called a cornerstone in reducing U.S. dependence on oil.

"It's clearly in our interests -- Brazil's and the United States's -- that we expand the global market for biofuels, particularly ethanol, and that it become a global commodity of sorts," said R. Nicholas Burns, the U.S. undersecretary of state, who led discussions with Brazilian government officials on Wednesday.

For the United States, the initiative is more than purely economic. Venezuelan President Hugo ChÃ¡vez has exploited regional frustrations with the market-driven economic prescriptions that the United States has promoted throughout the region for years, and he has used oil revenue to promote several regional economic alliances.

Burns declared that biofuel is now the "symbolic centerpiece" of U.S. relations with Brazil, a country that U.S. officials have long hoped could counteract Venezuela's regional anti-American influence.

"Energy has tended to distort the power of some of the states we find to be negative in the world -- Venezuela, Iran -- and so the more we can diversify our energy sources and depend less on oil, the better off we will be," Burns said at a news conference in Sao Paulo.

Brazil, the world's largest exporter of ethanol, has been a leader in biofuel technology after its government invested heavily in the ethanol industry in the 1970s. Its sugar cane-based ethanol is more efficient to produce than the corn-based fuel made in the United States. To date, ethanol has replaced about 40 percent of Brazil's non-diesel gasoline consumption. More than 70 percent of the vehicles now sold in Brazil are flex-fuel models that run on either ethanol or gas, and the number continues to increase.

Although the United States has surpassed Brazil in the total amount of ethanol produced, its producers cannot keep up with surging demand. Last year, the United States produced about 4.9 billion gallons and imported an additional 1.7 billion gallons, mostly from Brazil.

U.S. production is expected to sharply increase as new production facilities are finished this year, but demand is expected to surge as well. Bush has called for a 20 percent reduction in gasoline consumption by 2017, which would require an estimated 35 billion gallons of alternative fuels to bridge the gap.

The United States currently places a 54-cent-a-gallon tariff on most imported ethanol. Brazilian producers have long labeled the tariff hypocritical, saying that it is exactly the kind of trade barrier that U.S. officials oppose in other countries.

"It's not about free trade, but fair trade," said Matt Hartwig, spokesman for the Renewable Fuels Association, a Washington-based lobbying group that says lifting the tariff would amount to the United States supporting Brazilian producers. "The tariff has never served as a barrier to entry. More than 400 million gallons of ethanol came in from Brazil alone last year -- straight from Sao Paulo to New York Harbor."

The tariff is unlikely to be lifted during the current talks. It expires in 2009, and many in the industry believe the government is unlikely to address the issue before a presidential election year.

"The administration has indicated it would support lifting the tariff, but I think the current inclination is to allow it to expire and have that discussion at a later date," said Brian Dean, head of the private Interamerican Ethanol Commission, which was created in December by then-Florida Gov. Jeb Bush (R) to encourage U.S. ethanol partnerships with Brazil and other Latin American nations.

Brazilian industry leaders say the expanding demand for ethanol has resulted in a new understanding that Brazilian sugar growers and American corn growers are not competitors.

"Up to yesterday, we considered the U.S. corn growers our enemies, and they considered us their enemies," said Eduardo Pereira de Carvalho, president of Brazil's sugar cane growers union. "But we aren't enemies -- we're allies, independent of the tariff issue that has divided us. My government has said to me, 'Aren't you creating competition for us?' I say no."

If an agreement between the two countries is signed, both will likely share some of the technological advances each has been pursuing independently. The U.S. Energy Department last year opened two research centers to study how to better derive ethanol from cellulose material -- a development that could turn a wide variety of plants into fuel sources. Brazil, meanwhile, has been conducting similar research, and some in the industry believe pooling sources could lead to quicker breakthroughs.

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But U.S. officials said the most valuable result of an alliance would be that it would encourage more countries to get involved in production and use of ethanol. This would create an internationally tradable commodity, much like oil is today, Burns said. That would lessen the power that oil has over the region, he said.

"If you boil down all the issues causing political instability in the region, many of them do come down to energy -- the expropriation of a petroleum company in Ecuador, Venezuela and its oil dominance, the nationalization of natural gas and other energy sources in Bolivia," said Dean, of the Interamerican Ethanol Commission. "So there clearly is a compelling need for an energy security regime."

According to Carvalho, the Brazilians are aware that such concerns -- particularly about Venezuela's oil influence -- have spurred talks of the ethanol partnership.

"Of that I have absolutely no doubt," he said.

Chavez Largess Hurts Venezuela Oil Firm (WT)

By Patrice Hill

The Washington Times, February 8, 2007

Venezuela's national oil company is buckling under the burden of financing President Hugo Chavez's more than $9 billion a year in social and political ventures.

Production at Petroleos de Venezuela is declining, and any major drop in oil prices or failure to reverse declining investment and production could lead to bankruptcy of the goose that lays the golden egg for Venezuela, Moody's Investors Service warned yesterday.

Cambridge Energy Research Associates also questions whether the once well-run oil company is being overstretched by $20 billion in joint energy ventures Mr. Chavez has started with other Latin American countries, which are a further drain on scarce funding and personnel from the projects the company needs to survive and maintain its obligations.

Mr. Chavez boosted social spending out of oil revenues by 50 percent last year when he was running for a second term in office, sending inflation surging by 18.4 percent.

The inflationary spiral was further fed by a 21 percent plunge in the value of the Venezuelan bolivar last month -- the result of citizens and investors pulling money out of the country after Mr. Chavez announced he would nationalize "strategic" industries not already under state control and assert majority control over pioneering projects by major Western oil companies in Venezuela's oil-rich Orinoco River basin.

"I do believe that the president of Venezuela is really, really destroying his own country, economically, politically," Secretary of State Condoleezza Rice told lawmakers at a congressional hearing yesterday. She added that Mr. Chavez's forced nationalizations and newly secured powers to rule by decree represent "an assault on democracy."

Mr. Chavez is known for his fierce anti-American rhetoric and is a close ally of Cuban President Fidel Castro, but his country has maintained a business-as-usual relationship with the U.S. behind the scenes. Venezuela remains the fourth-largest supplier of petroleum to the United States, relying on a legacy of close ties that were forged between U.S. and Venezuelan oil companies before he took office in 1999.

But the well-tuned Venezuelan network of production facilities, Caribbean and U.S. Gulf Coast refineries and U.S. gas stations operated by Citgo has begun to falter after six years of Chavez rule, and the outlook for the once-thriving oil company looks bleak in light of the president's announced agenda to further squeeze profits from the oil sector.

Mr. Chavez's skimming of more than half the oil company's profits is forcing it to go deeply into debt, with plans to issue $5 billion in bonds to finance a backlog of projects needed to maintain Venezuela's 2.3 million barrels a day of oil production and attempt to boost it to 4 million barrels a day.

"The growing financial burden has put [the oil company's] future at risk, raising serious questions about the sustainability of the government's strategy," the Cambridge research group said in a recent report.

Mr. Chavez's emphasis on "oil rent distribution over wealth generation" not only could bankrupt the oil company, but Mr. Chavez's joint energy ventures with other Latin countries also are "straining the technical and personnel capabilities" of the oil company, "which are already challenged by domestic operations alone."

"The resulting financial burden has raised doubts about [the company's] capacity to deliver on its business plan and continue to contribute to government-led social programs," it said.

Moody's also questions whether the oil company can make the costly investments it needs and keep contributing the cash that Mr. Chavez demands.

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Beyond that, the nationalizations are throwing into question whether the oil company will get the technical expertise and cooperation it needs from Western oil companies to complete the heavy oil projects in the Orinoco basin that hold the key to future production in Venezuela, Moody's said.

"The current price environment has allowed [the company] both to fund its capital and to make ever-larger social payments" -- which Moody's estimated at $9 billion in the first nine months of 2006, versus $6.6 billion for all of 2005. Social spending by the company now outpaces its $7 billion a year in spending on maintenance and expansion of oil operations.

"Ultimately, the biggest challenge will be to retain more of the cash it needs internally" in the face of increasing government demands, Moody's said. "Without significant re-investment, the company's ability even to continue to deliver cash to the government could be compromised, particularly if there is a return to lower commodity prices."

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Gonzales Tours Argentine Jewish Center (AP)

By Bill Cormier, Associated Press Writer

AP, February 8, 2007

BUENOS AIRES, Argentina — U.S. Attorney General Alberto Gonzales on Wednesday toured a Jewish cultural center bombed in 1994 and said the United States supports Argentina's efforts to seek justice for its worst terrorist attack.

Eight Iranians are wanted in Argentina in connection with the bombing, including the president, foreign minister and intelligence chief at the time.

"Civilized nations cannot easily forget the pain that we share when terrorist attacks occur," Gonzales said after laying flowers and meeting with Jewish leaders and relatives of victims of the attack. "Whether 1994 in Argentina, 2001 in the United States or 2004 in Spain, these moments bind us together in our grief."

Eight-five people were killed and 200 wounded when a van packed with explosives blew up outside the seven-story center on July 18, 1994. The center, known as the AMIA, has since been rebuilt.

Gonzales did not take questions from journalists on Wednesday.

He also did not say where the United States stands on Argentina's request for help from Interpol, which must decide in the coming weeks whether to issue global alerts for the arrests.

Iran has denied any involvement and has said it does not recognize the validity of the warrants. It said it would oppose any attempt to detain former President Hashemi Rafsanjani or other Iranian citizens.

Gonzales called the attack a "vicious act of hate."

"We will never give up the fight for justice ... just as we are bound together in our memories of the terrorist attacks, so too, we must be bound together in our resolve," he said. "Argentina has steadfastly pursued the perpetrators of the AMIA attacks ... the memory of what happened here, like our September 11th, is a touchstone for us."

Riordan Roett, director of the Latin American Studies Program at Johns Hopkins University, said Gonzales' visit was intended as a political jab against Tehran.

"The Gonzales trip is clearly related to an effort to pressure Iran," Roett said. Although, he said, "There's not much the U.S. can really do, given the fact that the Iranians are in Iran and will not be extradited by the authorities."

Verizon Urges Judge To Grant Justice Department Request (AP)

By Francis X. Quinn, Associated Press Writer

AP, February 8, 2007

AUGUSTA, Maine --Verizon is backing the U.S. government's attempt to stop a contempt hearing for the telecommunications giant that's scheduled for Friday by the Maine Public Utilities Commission.

Federal officials say the hearing could compromise national security.

"The MPUC seeks, under threat of sanction, to compel Verizon to provide information in state proceedings concerning its alleged cooperation with an alleged national security program despite the fact that the United States has specifically instructed Verizon that providing such a response would violate federal law," lawyers for Verizon wrote in a legal brief.

U.S. District Judge John Woodcock is expected to hear arguments in Bangor on Thursday.

A multi-customer complaint filed with the PUC last May effectively seeks to force Verizon to say whether it provided telephone call records to the government without a warrant. The complaint followed reports about domestic surveillance by the National Security Agency.

The PUC has challenged the adequacy of Verizon responses to date.

On Tuesday, the Justice Department asked Woodcock to bar the PUC from going ahead with a contempt hearing at this time.

The Justice Department also asked the judge to block Verizon from responding to PUC demands for an affirmation of previous statements "because of the substantial risk of direct or inadvertent disclosure of information that would tend to confirm or deny the existence of foreign intelligence activities."

Verizon supports the federal government's request for a temporary restraining order or preliminary injunction.

"The MPUC's action unfairly puts Verizon squarely in the middle of this dispute between the United States and Maine over the state's authority to investigate, and potentially interfere with, an alleged federal national security program," lawyers for Verizon said.

The federal government's position drew new criticism Wednesday from the Maine Civil Liberties Union.

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"It is the PUC's job to ensure that all of Maine's utilities companies are acting within the law," Zachary Heiden, a staff attorney for the Maine Civil Liberties Union, said in a statement. "The Department of Justice has no business trying to keep Maine's PUC from simply doing its job."

"The contempt hearings on Friday are simply meant to find out why Verizon ignored an order from the PUC," Heiden said. "There is nothing secret at issue here."

A multi-district litigation panel has been considering whether to consolidate a number of similar cases in which the federal government has sued state officials.

New Generation Of Terrorists Cyber-inspired, -trained (MCT)

By Matthew Schofield

McClatchy Newspapers, February 8, 2007

COLOGNE, Germany - Sitting on a platform bench in Cologne's cavernous main station watching his alleged co-conspirator step onto a train, the young Lebanese who's accused of plotting the deadliest terrorist attack in Germany's history finished his orange juice, stood up to throw the container in a recycling bin and rolled a heavy case toward Platform 4.

His junior partner, Jihad Hamad, 19, had just stowed a suitcase that contained enough explosives to rip a train car to shreds on the regional train, which was headed to the Rhine valley tourist haven of Koblenz.

Now it was Youssef Mohammed el Hajdib's turn. The 21-year-old weaved through the crowded station and boarded the double-decker North Rhine-Westfalia Express, bound for the industrial center of Dortmund to the north. Video cameras captured both men boarding with the bags.

To cause maximum damage, the bomb-makers had diverted slightly from the instructions they'd obtained from a Web site that police said had al-Qaida connections. They'd crammed both suitcases with explosives and stuffed any empty space with plastic bags of food starch, which they thought would cover survivors of the blast with a burning, oily coat.

That, police later said, was a "beginner's mistake." In their attempt to increase the destruction from the bombs, they'd made the charges "too fat." By not leaving any space for air, they'd suffocated their bombs.

The two Lebanese disembarked before the timers ignited the fuses, which failed to ignite the charges.

Railway employees discovered the suitcases later that evening and turned them in to lost-and-found offices. Each case contained 3 } gallons of propane in metal canisters, a little more than a gallon of gasoline in plastic mineral-water bottles and a small alarm clock, timed to detonate at 2:30 p.m. as the crowded trains neared Koblenz and Dortmund.

German police think that 400 passengers would have died if the bombs had detonated, making it the deadliest terrorist attack in German history.

Terrorism investigators around Europe see a lesson in this failed attempt at mass murder and in other failed or thwarted terrorist plots in recent years. While U.S. and British intelligence officials think that al-Qaida has regrouped in the mountains of Pakistan and is again capable of and intent on launching mass attacks around the globe, investigators in Britain, Germany and France are convinced that there's a broader terrorist threat against Europe. They're tracking thousands of suspected terrorists whom they say are planning mass murder.

Unlike the Sept. 11 plotters, the new wave of terrorists - the so-called third generation terrorists - are dreaming up, planning, funding and attempting attacks on their own, without international support.

The first generation of al-Qaida terrorists were Osama bin Laden and other veterans of the jihad in Afghanistan against Soviet occupiers during the 1980s. After the Soviet Union withdrew its troops, they turned their attention to the West, which they believed was corrupting and bullying the Islamic world.

The hijackers who flew passenger jets into the World Trade Center in New York and the Pentagon in Washington were typical of the second generation: professional, educated men, chosen and directed by Osama bin Laden, trained in the Afghanistan camps and financed by the al-Qaida network.

But the third generation has learned its hatred from television and its tactics from the Web, according to the experts. Its only connections to al-Qaida are Web sites and a shared anti-West philosophy. Its practitioners go online to find inspiration as well as practical advice, such as how to build a bomb.

The result has been a number of duds. "The new generation is not professional. They build bombs that don't explode," said Rolf Tophoven, one of Germany's most respected terrorism experts and the co-director of the Institute for Terrorism Research and Security Policy in Essen.

Still, he noted, studies of bombings in the Palestinian territories indicate that a "completely professional suicide bomber" - able to construct a bomb and conduct an attack - "can be created in three weeks."

He added that he expects the number of attacks to be high in the coming years, and over time he expects this generation to learn from the mistakes now being made.

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Dame Eliza Manningham-Buller, the director general of Britain's MI6 Security Service, said in November that Britain was tracking 1,600 individuals and more than 200 groups thought to be involved in terrorism. Germany is investigating 200 suspected terrorist plots.

The two London commuter attacks in July 2005 are a prime example. The attackers were local; most were second-generation residents, products of British schools and middle-class homes, though with family links to Pakistan. In the first attack, on July 7, four suicide bombs killed 52 morning commuters. In the second, two weeks later, four young men stood on subways and a bus, shouted praise to Allah and attempted to detonate backpack bombs, which fizzled.

Last summer, British police arrested two dozen men - mostly British Muslims of Pakistani background - accused of plotting to blow up 10 trans-Atlantic jets en route to the United States. The alleged plotters, most of whom lived in the London area, are suspected of planning to sneak liquid explosives onto the planes and build bombs during the flights. Police said that as many as 4,000 people could have died if the plot had succeeded.

In northern Europe, few cases have had more impact than one on Nov. 2, 2004. A previously unknown Muslim Dutch citizen shot filmmaker Theo van Gogh, the great-grand-nephew of artist Vincent van Gogh, from his bicycle during his morning commute. The killer, Muhammad Bouyeri, 27, claimed that van Gogh's film "Submission," about violence against Muslim women, made him an enemy of Islam.

After knocking him to the sidewalk on a Dutch street, Bouyeri - raised in Amsterdam, but proud of his Moroccan heritage - slit van Gogh's throat with a knife, then put a page of Quranic verses on the knife and plunged the blade into van Gogh's chest. Police think that Bouyeri radicalized online, then joined Al Tahweed Mosque in Amsterdam, where he helped form the Hofstad Network, a Dutch terrorist group.

There have been many others. Magnus Ranstorp, an anti-terrorism expert at the Swedish Defense College, estimates that "about 40 serious plots" have been broken up in Europe since September 2001.

Last November, Norwegian police bugged the car of a 29-year-old Pakistani-Norwegian whom they suspected of having fired shots at an Oslo synagogue. They said they heard three other men and him - all of whom had criminal records - discussing plans to bomb the U.S. and Israeli embassies. The men - all younger than 30, two of Pakistani backgrounds, one of Turkish background and one Norwegian - were arrested, though it wasn't known whether they were close to carrying out the plot.

Police also have reported breaking up terrorist plots in Denmark, Italy, Spain, France, Turkey and Greece.

Tophoven said the plotters were European citizens or residents, usually Muslim and children of immigrants, and generally young.

Herbert Landolin Mueller, who's considered the top expert on Islamic terrorist organizations with the German equivalent of the National Security Agency, thinks that governments are overly focused on highly organized, international terrorism.

"People want to believe that there are terror cells, awaiting awakening, all within a central terrorist organization," he said. "But the Islamic movement is simply people who want to belong, people from the wealthy, middle class and lower classes. All attempts to define them are futile. Again, look at the attempted train bombing in Germany."

In that bombing attempt, investigators said that the two Lebanese men - both in Germany on student visas, one about to start a combined computer-electronics engineering program in Kiel, the other not yet enrolled at a college - told them that their plot was motivated by the Danish cartoon controversy that started in autumn 2005 over a collection of cartoons depicting the Prophet Muhammad, which were reprinted in Germany. The two hadn't attracted any suspicion before the attempt, police said. They're now in jail awaiting trial on terrorism charges.

Mueller thinks that many citizens would feel more comfortable if attacks emanated from a centralized terrorist organization, because that implies that the terrorists have been identified and the threat can be managed. Mueller thinks that the terrorism threat is as great as ever, but far more diverse and impossible to track. He considers the successful bombings in London and Madrid, Spain, as examples of the danger of homegrown, cyber-motivated and cyber-trained terrorists.

Bob Ayers, a former chief of the U.S. Department of Defense Information Systems Agency who's now an expert on security matters with Chatham House, a London research center, warned against dismissing the idea of central control.

"Al-Qaida is the spiritual head, the moral base of the movement," he said.

"Do not make the mistake and believe that these are stupid people. They are not. In the West, too often people want to see them as backwards, uneducated, living in caves and filled with nothing but hatred."

His view has support among U.S. and British intelligence experts. But many say that the nature of the terrorism threat is not either/or - either under central direction or self-radicalized. It can be both, with a central organization influencing untrained people online and through mosques that are friendly to their views. Ayers thinks that's what's happening.

"Remember, the people lighting the fuse on the suicide bomb are always foot soldiers, highly expendable," he said. "The real concerns are those convincing the foot soldiers it's a good idea to kill themselves carrying out an attack."

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Third wave terrorists will improve their professionalism, experts agree. Jean-Louis Bruguiere, who heads France's anti-terrorism efforts, said that while many were flying under investigative radar, others were becoming bold. His biggest worry is residents who've attached themselves to Islamic jihadism, and have gone to Iraq to learn more about how to run an insurgency.

Generally, the numbers of those who are leaving Europe for Iraq aren't thought to be large; experts think that five to 10 from Germany have made the trip, for example. And most of those who go are expected to die in fighting. But if even a few return, the experts worry about their impact.

"We have found a few returning, not many," Bruguiere said recently. "More than 10, fewer than 20. We know of as many as 100 who have left for Iraq."

They're particularly dangerous because not only will they bring back know-how but they'll also have hero status to young recruits, Bruguiere said.

That, Germany's Mueller thinks, is bad news for Europe.

"There will be future attacks, in many, many places," he said. "And those who carry out these attacks will not be known to law enforcement before the attack, but will have been leading very innocent lives."

HOMELAND RESPONSE:

Anthrax Hoax Adds To Sentence (AP)

AP, February 8, 2007

Inmate mailed threat and a white powder to the person who prosecuted him

A federal inmate has been sentenced to more than 27 years in prison for mailing what a letter claimed was anthrax to an assistant U.S. attorney who had prosecuted him.

Charles E. Fuller, 39, pleaded guilty to one count of mailing a threatening communication and one count of threatening the use of a weapon of mass destruction before he was sentenced, prosecutors said Friday.

Fuller was indicted on those charges after the U.S. attorney's office in Indianapolis received an envelope, addressed to the attorney who prosecuted him on another case, which contained a white powdery substance that a letter claimed was anthrax.

The letter threatened to kill members of the prosecutor's family and demanded $250,000 in cash and a letter from her admitting the use of false information in order to convict Fuller.

Authorities determined that the substance in the envelope, received in June 2004, was not anthrax.

Fingerprint and handwriting analysis showed the envelope and letter had been written and sent by Fuller, prosecutors said.

Fuller already is serving a 77-month sentence for attacking an inmate at the federal prison in Pekin, Ill., with an ice pick, prosecutors said.

He was convicted in 2004 on a charge of threatening the president's life.

Bush Issues Medical Emergency Directive (AP)

By Beverley Lumpkin

The AP, February 7, 2007

WASHINGTON -- President Bush issued orders Wednesday for how federal medical personnel should respond to a nuclear, radiological, biological or chemical attack, saying authorities should focus on threats that can be dealt with medically.

An attack using any one of those weapons "could cause mass casualties, compromise critical infrastructure, adversely affect our economy, and inflict social and psychological damage," according to the order.

The directive points out that the primary goal is to prevent such an attack, "but we must be fully prepared to respond to and recover from an attack if one occurs."

It says it is not feasible to stockpile medicine and equipment against every possible threat. However, it says the priority must be on threats with a potential for a catastrophic impact on public health that have the greatest potential to be handled medically.

"We are moving heaven and earth to prevent" an attack, Homeland Security spokesman Russ Knocke said. He called the directive a playbook for how the federal government will respond and coordinate in providing medical treatment in case prevention fails.

Under the plan, authorities will focus on acquiring medicines and equipment that already exist and are proven approaches, and on pursuing long-term research to "get ahead of the curve," said Knocke.

Of all the possible threats, the biological agents offer the greatest opportunity for medical treatment and care.

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Meanwhile, a report from the Homeland Security Department's internal watchdog criticized the effectiveness of its "BioWatch" program _ hundreds of air-sniffing sensors in at least 30 metropolitan areas intended to provide early warning of a chemical or biological attack.

The inspector general found that the department had not properly enforced or monitored the Environmental Protection Agency and the Centers for Disease Control and Prevention, which are also involved in the program. But it noted that Homeland Security had taken action to resolve the issues, and "we consider the recommendations resolved and closed."

Problems with filters, laboratories and fieldwork might cause cross-contamination of samples, which could jeopardize the department's ability "to protect the populace of the United States or to prosecute suspected perpetrators," the report said.

In some cities, the devices test the air 24 hours a day for traces of anthrax, smallpox and other deadly germs. New York, Boston and Washington have installed the monitors in major train and subway stations to sample the air for chemical poisons or explosive gases.

Environmental agencies also have been given portable air sensors that can be driven around in vans or carried by hand, though the sensors test only for about 20 different microbes and toxins.

In January 2003, the department rolled out the $129 million BioWatch program, relying on the Environmental Protection Agency and other agencies to run it. It was created out of concern that terrorists might aerosolize a biological agent and spread deadly biological pathogens.

Changes Made To Bioterror Warning Program (USAT)

By Mimi Hall

USA Today, February 8, 2007

WASHINGTON — An early-warning program in more than 30 cities aimed at detecting biological weapons was bungled by the Homeland Security Department and has since undergone a revamping, according to a federal watchdog.

Homeland Security Inspector General Richard Skinner released a report Wednesday citing a series of problems in the BioWatch program, which costs $1 million a year per city. Among the issues was sloppy handling and storage of sensors designed to give early warnings of a bioterrorism attack.

Such problems "could jeopardize (the department's) ability to detect biological agents and protect the populace of the United States," the report says.

Jeff Stiefel, BioWatch's program manager, says the problems cropped up because the program was created quickly in 2003 in response to concerns that terrorists could spread deadly biological agents in densely populated areas.

Homeland Security officials say they have "taken action to resolve the issues," the report says. Stiefel says that "without question, those issues (raised by the report) are resolved."

BioWatch allows government scientists to test the air daily in high-risk cities to see whether anthrax, smallpox or other biological agents have been released. In many cases, existing air pollution monitoring machines were fitted with filters that are removed several times a day and taken to state health labs for testing.

Locations of sensors and the list of cities in the monitoring program are classified for security reasons, but Stiefel confirmed that the list includes New York City and Washington.

The number of sensors per city also is secret. But in some cities, Stiefel says, 40 sensors were added over the past year, indicating there are at least dozens — and maybe hundreds — in place in each city. Most are outdoors, Stiefel says, but some are being added in airport terminals and other places indoors where crowds gather.

The program is run by and paid for by the Homeland Security Department. The Environmental Protection Agency and the federal Centers for Disease Control and Prevention also play a role in placing and maintaining the machines and overseeing the lab tests.

Last March, the EPA's own inspector general criticized the agency for improperly placing and monitoring some of the machines.

Wednesday's report cited a host of problems but said all had been resolved to the inspector general's satisfaction. Among the problems:

·At 84% of the labs, exposed filters were not transferred properly from the field.

·At 74% of the labs, bags holding the filters weren't properly decontaminated.

·In 65% of the cities checked, procedural errors were made during handoffs from field workers to lab technicians.

"You won't find those issues prevalent today," Stiefel says.

He says the program has successfully run 3 million tests without any false positives. In three years, there have been 15 positive hits for one of the six agents — but all were attributed to naturally occurring bacteria.

DOJ_NMG_0129476

Report Concludes Convicted Agents Lied, Covered Up Shooting (AP)

By Alicia A. Caldwell, Suzanne Gamboa

The AP, February 7, 2007

A federal report released Wednesday on the shooting of a suspected drug smuggler by Border Patrol agents concurs with prosecutors that the men committed obstruction of justice by failing to report the shooting, destroying evidence and lying to investigators.

Conservative members of Congress have criticized the case against the former agents, who were fired after their convictions, saying the men were doing their job when they injured Osvaldo Aldrete-Davila in 2005 near El Paso.

The U.S. Department of Homeland Security report on the investigation was drafted in 2006 after Ignacio Ramos and Jose Alonso Compean were convicted and each was sentenced to more than a decade in federal prison. The 77-page report was made public Wednesday and offered few, if any, new details on the case.

The report, which is heavily redacted of names and some specific details, primarily outlines what Aldrete said happened on Feb. 17, 2005, as he tried to run from Border Patrol agents after trying to elude them in a van loaded with marijuana.

According to the report, Aldrete, who was given immunity and has filed a multimillion dollar claim against the federal government, told investigators he was unarmed and shot as he ran away from Compean and other agents. He said he tried to surrender and ran again after Compean slipped while trying to hit him with the butt of a shotgun.

The report also notes that other agents on the scene that day could not confirm whether Aldrete was armed and initially lied about whether they were aware of the shooting. They later cooperated with authorities. Those agents, whose names were removed from the report, were not prosecuted.

A spokeswoman for U.S. Attorney Johnny Sutton, whose office prosecuted the case and who has been widely criticized for pursing the agents and not the drug dealer shot, declined to comment.

Lawyers for Ramos and Compean did not immediately return phone calls seeking comment.

A spokeswoman for U.S. Rep. Dana Rohrabacher, R-Calif., said the report only bolsters the congressman's support of the agents.

"The OIG report has just emboldened our position because there is nothing in there that indicates these agents were not justified in shooting this individual," said Tara Setmayer. "This finally sheds some light on what these agents were thinking."

She pointed to Compean's written statement which she said reflects that he "clearly believed the drug smuggler had a weapon and feared for his life."

Two Texas congressmen said the office of inspector general for Homeland Security told them the report would say that the agents planned to "go out and shoot Mexicans" on that day.

"The congressman is absolutely unequivocally not happy about the fact that what he was told was in the report, is not in the report," said Jack Hirschfield, a spokesman for Rep. Michael McCaul, an Austin Republican.

"So far it looks to me like Agents Ramos and Compean may not have followed proper procedure following the shooting, which at most should have resulted in their suspension from the force, but not criminal procedure," Rep. John Culberson, D-Houston, said in a statement issued Wednesday afternoon.

Sen. Diane Feinstein, D-Calif., also asked Senate Judiciary Chairman Patrick Leahy, D-Vt., to pursue a Senate probe of the prosecution and sentencing.

A spokeswoman for Leahy said the charirman would support Feinstein's request and suggested if an inquiry is held, Feinstein should lead it.

Rohrabacher and others also criticized President Bush Wednesday for not pardoning the agents.

Ramos and Compean were sentenced in October and reported to prison in January. Reports were released Tuesday that Ramos was attacked in prison in Mississippi on Saturday night after the airing of an episode of America's Most Wanted that highlighted his case.

Compean is jailed at a federal prison in Northern Ohio.

Report Confirms Agents' Cover-up (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 8, 2007

A Department of Homeland Security investigation of the 2005 shooting of a drug-smuggling suspect by two U.S. Border Patrol agents yesterday said the agents covered up the incident and tried to assault the alien, but the report fails to substantiate earlier accusations that they wanted to "shoot a Mexican."

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The long-awaited and heavily redacted report by the department's Office of Inspector General was billed as a substantiation of the government's conviction of Agents Ignacio Ramos and Jose Alonso Compean, who were sentenced to 11- and 12-year terms, respectively, for shooting a Mexican national in the buttocks after he abandoned a marijuana-laden van and fled across the border.

Although the 77-page report concludes that the agents covered up the shooting, tried to assault Osbaldo Aldrete-Davila with the butt of a shotgun as he fled to Mexico and failed to report the incident to their supervisors, it falls short of statements by the Inspector General's Office in September to a House subcommittee.

The office had told lawmakers that the officers confessed to knowingly shooting at an unarmed suspect and that they did not think he was a threat, they wanted to shoot a Mexican and they lied to investigators.

Rep. John Culberson, Texas Republican, yesterday said Inspector General Richard L. Skinner has "admitted under oath" his office gave false information to Congress "painting Border Patrol Agents Ignacio Ramos and Jose Compean as rogue cops who were not in fear for their lives and who were 'out to shoot Mexicans.' "

Mr. Culberson called for Mr. Skinner's resignation because "he lied to us."

"In my opinion, this false information was given to members of Congress to throw us off the scent and cover up what appears to be an unjust criminal prosecution of two U.S. law-enforcement officers whose job was protecting our country's borders from criminals and terrorists," Mr. Culberson said.

Mr. Culberson also said that although Ramos and Compean may not have followed proper procedure after the shooting, at most it "should have resulted in their suspension from the force, but not criminal prosecution."

"At a time when Homeland Security has left our borders largely undefended and deployed National Guardsman whose standard operating procedure is to retreat when confronted with armed criminals, the unjust prosecution of Agents Ramos and Compean weakens border security by discouraging all U.S. law-enforcement officers from drawing their weapons in self-defense or in the defense of our nation," he said.

Ramos, 37, and Compean, 28, were convicted on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in a crime of violence and a civil rights violation in their attempted arrest of Mr. Aldrete-Davila.

Their lengthy sentences have drawn widespread criticism, including from some members of Congress. Petitions with more than 260,000 signatures have been presented to President Bush calling for pardons. Seventy members of Congress are co-sponsors of a bill by Rep. Duncan Hunter, California Republican, calling for a congressional pardon.

The government brought the charges after Mr. Aldrete-Davila agreed with Homeland Security investigators to testify against the agents in exchange for immunity, protecting him from facing drug charges in this country.

The report relies heavily on Mr. Aldrete-Davila's statements, who admitted to IG investigators he was paid $1,500 to smuggle 743 pounds of marijuana into the United States. It said he sought the money to pay the medical bills of an unidentified relative.

It also said that at least three other Border Patrol agents knew about the shooting, did not report it to supervisors, destroyed evidence or made false statements to IG investigators. The agents agreed to cooperate in the probe after getting letters from federal prosecutors noting their cooperation.

At least six other agents knew about the shooting, the report noted. None of the nine agents was identified.

The IG's report noted that after Ramos and Compean spotted Mr. Aldrete-Davila's van along the border with Mexico and attempted to stop him, the Mexican national fled first in the van and then on foot. It said Compean confronted the man and "tried to hit him in the head with the butt of his shotgun."

It said Mr. Aldrete-Davila then ran south and both Ramos and Compean fired shots at him, Ramos hitting him once in the buttocks. The report said the agents did not report the shooting as required and, instead, "covered up the crime scene by removing the spent shell casings that were ejected from their pistols during the shooting."

The report also noted that Mr. Aldrete-Davila, during a meeting with IG investigators at the U.S. Consulate office in Ciudad Juarez, Mexico, took drugs across the U.S. border to earn money to pay for the medical bills of a relative. It also said he denied saying he was putting together "a hunting party" to shoot Border Patrol agents in revenge for him being shot.

The Border Patrol considered the threat sufficient enough at the time to issue an alert to all law-enforcement agencies along the border to be on the lookout for Mexican gangs looking to kill federal agents.

Compean denied trying to hit Mr. Aldrete-Davila with his shotgun, the report said. It noted that the agent said when the Mexican national ignored his orders in Spanish to stop and put his hands in the air, Mr. Aldrete-Davila ran at him and he used the butt of the weapon to "push him away from me."

The report said Compean and Mr. Aldrete-Davila "confronted" each other at the ditch and the agent fell into the water as the Mexican national continued to flee.

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"I got some dirt in my eyes and he got up and started running south, he was pointing something shiny with his left hand. It looked like a gun. That is when I started shooting," Compean told investigators. "I did not report the shooting because I did not think anything happened to the guy."

Mr. Aldrete-Davila was picked up by a waiting vehicle after he crossed the river into Mexico.

The report's delivery comes five months after it had been requested by Rep. Michael McCaul, Texas Republican and former chairman of the Homeland Security subcommittee on management, investigations and oversight.

Expressing "deep concern over the fate of these agents," Mr. McCaul asked his Texas colleagues last month in a letter to join with him in urging Homeland Security Secretary Michael Chertoff to order the report's release, saying he had "relentlessly" sought the document without success.

Anger Grows In Congress Over Border Agents' Case (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, February 8, 2007

Some in House dismiss Homeland official's apology, say punish staff for misstatements

WASHINGTON — Republican congressmen's outrage over the imprisonment of two Border Patrol agents from Texas intensified Wednesday as the top Homeland Security investigative official apologized for his aides' misleading statements to lawmakers about the case.

The agents, sent to federal prison for wounding a fleeing Mexican drug trafficker and hiding evidence, never told investigators that they went on patrol intending to "shoot a Mexican," admitted Richard Skinner, the Department of Homeland Security's inspector general, under questioning during a House Homeland Security Committee hearing.

The misstatements occurred when aides briefed four Texas congressmen in September about the 2005 shooting near Fabens, southeast of El Paso.

"It was an unfortunate mischaracterization," Skinner told Rep. Michael McCaul, R-Austin, whose district stretches to Harris County. "I apologize on behalf of our staff, and I just want to make perfectly clear this was not intentional."

But McCaul and several other House members from the Houston area who are involved in the Border Patrol agents' case said the misstatements never would have come to light had they not forced Skinner's office to release an investigative report on the shooting.

The report, released Wednesday with some sections deleted, does not substantiate what McCaul said were some of the more inflammatory claims made by the inspector general's office last fall. The claims included the alleged "shoot a Mexican" comment and an assertion that agents Jose Compean and Ignacio Ramos had no fear for their lives when they fired 15 rounds at the trafficker as he ran back toward Mexico after ditching a van with 743 pounds of marijuana.

"Those representations became misrepresentations if not downright false statements to members of Congress," McCaul said, later suggesting that Skinner should consider disciplining or firing the staffers.

In an interview, Skinner questioned the push to punish his office for "an innocent, unintended characterization."

Calls for pardon increaseOther Republicans on Capitol Hill went further than McCaul in what has mushroomed into a growing political liability for President Bush and his administration — a vulnerability all the greater because some of the president's staunchest conservative allies have turned against him on this issue.

Reps. John Culberson of Houston and Sam Johnson of Plano said Skinner and his top aides should be forced to resign.

Rep. Duncan Hunter, R-Calif., demanded that the Bureau of Prisons chief, Harley Lappin, be fired after Saturday's beating of Ramos by six inmates at a Mississippi prison.

The prisoners recognized Ramos and assaulted him after a TV segment about his case aired on America's Most Wanted, lawmakers said.

'Impeachment talk'Bush faces increasing demands from House Republicans and others that he pardon Ramos and Compean, who were sentenced in October to 11 and 12 years, respectively, after being convicted of violating the trafficker's civil rights and tampering with evidence for picking up their shell casings and not reporting the shooting.

"The president has lost my respect because he will not step forward and do what's right," said Rep. Walter Jones, R-N.C.

Rep. Dana Rohrabacher, R-Calif., went a step further, saying Bush would face dire consequences if Compean or Ramos is killed while in prison. If that happens, he said, "There's going to be some kind of impeachment talk on Capitol Hill."

Last month, Bush said in response to passions about the case and the pardon request that he would take a hard look at the case.

Prison protections soughtBureau of Prisons spokeswoman Traci Billingsley said Ramos sustained minor bruises and abrasions and has since been removed from the general prison population at the Yazoo City prison. Compean, incarcerated in Ohio, has never been in the general population.

Hunter and Sen. John Cornyn, R-Texas, wrote President Bush and Attorney General Alberto Gonzales, respectively, on Wednesday, demanding protections in prison for the ex-agents.

Bipartisan requestSenate Judiciary Committee Chairman Patrick Leahy, D-Vt., granted a request Wednesday by Cornyn and Dianne Feinstein, D-Calif., for a committee investigation and hearing into the case. McCaul is asking the House Homeland Security Committee to conduct a hearing as well.

And Rep. Ted Poe, R-Humble, demanded a Justice Department investigation into the faulty statements made to lawmakers by the inspector general's staff last fall.

"It was a fabrication," Poe said flatly of the investigators' claims. Poe wouldn't hazard a guess as to why the investigators misspoke. But Culberson offered an opinion.

"There is no chance this was an innocent mistake," Culberson said. "Those statements made to us were designed to throw us off the scent and cover up what is obviously an unjust criminal prosecution of two officers who were protecting our borders from criminals and terrorists sneaking in."

Punishment criticizedCompean and Ramos have become a popular cause among immigration-enforcement proponents in and out of Congress, hailed as heroes wrongly prosecuted by the government. Federal prosecutors, for their part, claim they were rogue agents who fired on an unarmed man who posed no danger to them, destroyed evidence, and lied to superiors and investigators.

Even if the agents were guilty, their defenders suggest the punishment has far outweighed the wrongdoing.

"At worst, these two agents should have been suspended or fired from their jobs for failing to properly report the shooting and picking up the shell casings," Culberson said.

Distrust Hinders FBI In Outreach To Muslims (WP)

By Karen Deyoung

The Washington Post, February 8, 2007

LOS ANGELES -- The FBI's worst fears that hidden homegrown terrorist groups could take root in this country were fanned here in the summer of 2005, when four young Muslim men were charged with conspiring "to levy war against the United States" via deadly attacks on military installations and synagogues in Southern California.

The men belonged to what Attorney General Alberto R. Gonzales called a "radical Islamic organization" named Jamiyyat Ul-Islam Is-Saheeh (JIS), or Assembly of True Islam. They were discovered before they could carry out their alleged plans.

Although Gonzales claimed an intelligence victory, the FBI had only stumbled upon JIS. Numbers on a cellphone dropped during a gas-station holdup led local police to an apartment and a computer with documents that authorities said outlined a terrorism spree.

None of the four -- three U.S.-born citizens and one Pakistani immigrant -- fit a terrorist profile. They had no ties to foreign extremists or radical imams, and their public behavior had drawn no attention. JIS was also news to officials at the California state prison where a man accused of founding the group was serving a lengthy sentence for robbery and allegedly was directing JIS operations from his cell.

The discovery was an ominous surprise to federal law enforcement, whose senior officials now regularly refer to the case in speeches warning of the homegrown threat.

But the high-profile indictments, announced at news conferences in Los Angeles and Washington, were unsettling to Southern California's half-million-strong Muslim community for a different reason.

"They're not Muslims," declared Shakeel Syed, head of the 75-mosque Islamic Shura Council of Southern California and a government-approved chaplain who has visited the four men in jail, where they await trial this year. "They don't know anything about Islam."

Self-styled converts with the apple-pie surnames of Patterson, Washington and James, the Americans are "gangbangers, basically," Syed said dismissively, "petty criminals" incapable of responding even to his standard Islamic greetings. The Pakistani, described by Syed as a clueless 21-year-old, "I felt sorry for."

"If this is to be characterized as Islam, the faith of millions of people in this country," he said, "it is a great injustice and disservice." Labeling JIS "Islamic" just because it said it puts the religion unfairly in the spotlight again, Syed and other Muslim leaders argued.

The JIS affair is one of many incidents that have regularly challenged the fragile cooperation that law enforcement and Muslims nationwide are struggling to create after years of mutual suspicion. Without that cooperation, the FBI, sheriffs and police chiefs believe they will never penetrate the world of homegrown Islamic extremists and potential terrorists the officials are convinced is out there.

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Muslim leaders say they are eager to help. Yet for both sides, the effort remains a steep uphill climb with frequent detours into resentment, suspicion and misunderstanding.

Virtually all 56 FBI field offices and many local police departments have invited Muslim leaders to join multicultural advisory boards and to teach classes in the basics of Islam to agents and police. At community meetings, the FBI listens to Muslim complaints and asks for assistance in finding potential terrorists in their own communities.

"We're spending more money on outreach . . . so we can say: 'Please help us. Please look for people who are turning away from institutions to extremism. Please be our eyes and ears,' " said Philip Mudd, deputy director of the bureau's national security branch.

But many FBI officers have grown impatient with what they see as Muslim resistance. The Muslims are "in denial" over the threat in their midst, one senior officer said, adding: "All they say is 'There is no problem. Stop picking on us.' "

Muslim leaders have frustrations of their own, ranging far beyond incidents such as the JIS case. Immigration sweeps following the Sept. 11, 2001, al-Qaeda attacks and mandatory registrations long ago convinced them that the FBI sees Muslims as suspects rather than partners.

"How much cooperation can we give . . . at the same time we ourselves are part of the problem in [their] eyes?" asked Sadullah Khan, director of the Islamic Center of Irvine, a city between Los Angeles and San Diego.

Hundreds gathered at a meeting last summer to angrily confront FBI officials after an agent's public comment, quickly contradicted by headquarters, that the bureau was "monitoring" Muslim student groups at the University of California at Irvine.

J. Stephen Tidwell, the assistant director in charge of the FBI's Los Angeles field office, is the bureau's point man for relations with a Muslim community spread across seven Southern California counties. He spends many Fridays attending services at mosques.

How is the outreach effort going? "As with any, and I'll use the word 'family,' there are family disagreements," Tidwell said. "There are times when we agree to disagree. I would say that overall, they feel comfortable enough with the relationship that if they've got a problem they'll call me."

Most days, his phone is ringing off the hook.Constant Vigilance

After Sept. 11, federal officials warned of terrorist "sleeper cells" -- groups of al-Qaeda operatives who, like the hijackers who flew planes into the World Trade Center and the Pentagon, had blended into cities and towns and were awaiting orders to launch new attacks.

Beyond sleepers, the FBI was on the lookout in this country for foreign Islamic "radicals" trying to recruit domestic Muslims to terrorist causes.

The White House has focused on combating the danger from without -- sealing borders, tapping overseas telephone calls and fighting terrorists "over there" so they do not have to be fought "here." But federal counterterrorism and law enforcement officials have issued increasingly dire warnings of a threat from within.

Homegrown or "self-starting" terrorism has become a reality in Europe. The 2004 bombing of commuter trains outside Madrid, attacks on British buses and subways in 2005, and last summer's discovery of plans to blow up U.S.-bound commercial airliners were all tied to young men "inspired" by al-Qaeda but with no tangible connections to it or any other known terrorist groups. Most of the alleged perpetrators are young men of Middle Eastern, South Asian or North African parentage who had spent all or most of their lives in secular Europe.

"They were middle-class, educated and had people who loved them," a U.S. intelligence official said of the transit bombers in England. "How do you get from being a moderate Muslim to being a suicide bomber? What is that road?"

Compared with Europe, there has been little evidence of such activity in this country. The FBI acknowledges that the JIS indictments are the only case so far of genuine "self-starters" -- individuals who moved from radical thought to terrorist plans with no overseas involvement and without the aid of radical imams, undercover officers or paid informants.

Mudd, a career CIA official before he joined the FBI last year, said that although the growth of homegrown cells is "slower than in Europe," it is "inevitable."

Counterterrorism officials say they are less worried about traditional recruitment "gateways" such as prisons and mosques than about young Muslims, influenced by one another and what they see on the Internet, who find reasons to turn to extremism. Uncovering them, the intelligence official said, raises a number of troublesome issues, including "privacy, respect for religion, and not wanting to be seen as targeting."

The FBI's definition of homegrown extremists as "U.S. persons who appear to have assimilated, but reject the cultural values, beliefs and environment of the United States" could apply to disaffected young people of any era, regardless of faith.

"Youth are vulnerable," Mudd said, whether it is the Goths of the 1980s or the anti-establishment culture of the late 1960s and early 1970s.

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Understanding and reversing individual transitions to extremism stretches both the bureau's skills and its legal mandate. Most FBI agents acknowledge that they have little understanding of the subterranean lives of youths, the Internet world or Islam. Differentiating between those who pose a threat and those who are pious or angry or both, who exercise their rights to protest against their government and visit their preferred Internet sites, is a dicey business for law enforcement.

When Muslims ask "What should we look for?" Mudd advises them to "think of every 15-to-26-year-old ostracized from the congregation," saying, "I need you to tell me when you see this."

But Hussam Ayloush, head of the Southern California branch of the Council on American-Islamic Relations, warned that Muslim youths already feel singled out in this country. "I don't think the looks, how many times a person prays, how strong their political views are should indicate anything. The red line for me, when I start noticing, is when someone starts justifying terrorism . . . when they say the West is killing Muslims" and that's the only way they could respond.

U.S. military involvement in the Middle East and what American Muslim youths perceive as challenges at home to their religion and patriotism have placed them, far more than their parents, in "a real identity crisis," Ayloush said. Increased radicalization "is possible," he added. "Now, it's not real, but I see it on the horizon."Two Constituencies

After a recent Friday afternoon sermon at the Irvine Islamic Center on the flexible and peaceful nature of Islam, Khan jostled his way through hallway greetings and embraces. But as he retreated behind the closed door of his tiny office for a conversation about Muslim relations with the FBI, his demeanor changed from calm reflection to irritation. He and countless friends and colleagues, he told a visitor, had been treated badly for no reason other than being Muslim.

He has hosted two meetings with bureau agents, Khan said, including the public one with Tidwell on the student "monitoring" question. "Basically, they gave us 'FBI 101.' How they don't harm people, they don't spy on anybody." An earlier session, he said, was far more memorable in terms of what he saw as typical disrespect and unnecessary brusqueness.

When two agents came to his office, one "refused to shake my hand and blocked the doorway. As if I were going to run away! They were recording everything, asking me about some guy I don't even know." He said it reminded him of officials' visits in his native South Africa during apartheid.

Khan said indignantly that he is a prominent Southern Californian who teaches at universities across the region. "I have a congregation of 1,500 people. If you treat me with this kind of doubt and suspicion," he asked, "do you think I'm going to be convincing telling people, 'Don't worry, the FBI is okay'?"

For immigrants, even the most innocuous official visit can be a source of deep anxiety. "We have many people who come from Arab backgrounds. Their historical experience is that the FBI is satan with a small 's' -- the mukhabarat," said the Shura Council's Syed, using the Arabic word for intelligence services. "When I introduce Tidwell in my community, if I say he is my friend, they're going to beat me up after he leaves. And if I don't say he is my friend, the FBI is going to beat me up after they leave."The Local Go-Between

In his 2 1/2 years as chief of the Anaheim Police Department in Orange County, John Welter has seen no evidence of homegrown terrorism. He is uncertain but hopeful, he said, that it is "not because we're not uncovering it, but because it doesn't exist" in Anaheim.

As the FBI and Muslims wrestle toward accommodation, local law enforcement officials have come to occupy a safe middle ground for both. The FBI readily acknowledges that it will never know what goes on in a community as well as the local cops do; Muslims say they feel more comfortable among faces they see every day. Welter is widely viewed as a chief who is equally attuned to the demands of counterterrorism and the needs of Anaheim's diverse population.

But achieving that status has been hard work. Welter was greeted on arrival here in 2004 with a formal complaint of police harassment by Muslim owners of restaurants and bookstores clustered along a portion of Brookhurst Street known locally as "Little Arabia."

Anaheim officers, they charged, were barging in -- often through the back door -- to demand information about possible terrorists. When the indignant businessmen replied that they did not know any terrorists and had not seen anything suspicious, police cruisers parked outside their stores and restaurants. Officers took down license-plate numbers and advised arriving customers that the proprietors were not cooperating with terrorism investigations.

"My guys were doing what they felt was expected of them, by the FBI and the chief," Welter recalled. "No police officer wants to be responsible for not knowing what's happening in their community. No one wants to be responsible for the next 9/11."

But, he said, "the methods that some of our intelligence officers were using were offending people rather than gathering support and important information."

After an internal department investigation and an assessment by the state attorney general's office, Welter reassigned part of his 12-officer intelligence division and "we changed the whole way we did a lot of our work." To the irritation of many, the entire force of 700 was made to attend cultural training sessions taught by the Council on American-Islamic Relations.

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"Most people are very ignorant of what the Muslim faith is about, including me," Welter said. "I've got a book on Muslims for dummies; I can't be an expert on all the religions and cults and cultures in the world. But what I can do is be an expert in behavior that terrorists engage in prior to an attack."

U.S. Asks To Arm Pilots Abroad (USAT)

By Thomas Frank

USA Today, February 8, 2007

For the first time, the U.S. government is asking foreign countries to allow pilots to carry guns in the cockpit when they fly overseas.

The Homeland Security Department, working with the State Department, is trying to expand a 4-year-old program that allows thousands of pilots to carry guns on domestic flights.

"It's obvious that there's a threat internationally," said Conan Bruce, spokesman for the Federal Air Marshals Service, which runs the armed-pilots program. "We want to work toward having (armed pilots) be able to perform their duties on international flights."

Some countries may block U.S. efforts because they don't want guns on airplanes, even if they're carried by trained pilots who have been sworn as law officers.

"Sweden would rather not see any weapons aboard airplanes," said Michael Mohr, homeland security liaison at the Swedish Embassy in Washington. "There's a concern about arms and very sensitive equipment inside airplanes."

Nations can prohibit armed air marshals on U.S. flights to their countries. Some, including Sweden, have resisted U.S. efforts to have them put their own armed officers on U.S.-bound flights. Thousands of U.S. air marshals fly as passengers on domestic and international flights.

Armed pilots, known as flight deck officers, carry guns only in the cockpit. No pilot has fired a gun in a plane, Bruce said. The Transportation Security Administration allows handguns of varied calibers, including .357, .40 and .45, and 9mm.

The effort to expand the armed-pilots program comes amid criticism that it is falling short of its potential. A Homeland Security report released last month said the program needs improvement, and some policies "may have dissuaded pilots from participating."

"More needs to be accomplished to maximize the use of" armed pilots, the report concludes.

Congress cut $11.5 million from the last two budget requests for armed pilots because the program didn't spend all its money. Bruce said costs have fluctuated depending on pilot availability for one week of training.

Federal Flight Deck Officers Association Chairman Jim Krauss said the U.S. push for guns on international flights will help enlist more pilots in the program. "We certainly would see a lot more participation," he said.

About 8% of flights originating in the USA are to international destinations.

Members of Congress have proposed numerous bills since 2004 that would require the administration to work with countries to allow armed pilots, and to take other steps to improve the program.

David Mackett, president of the Airline Pilots Security Alliance, which advocates for armed pilots, said his group wants to see lifted a policy requiring them to keep guns in a lockbox except when they're in a cockpit. "We have thousands of pilots who are routinely riding in the cabin (as passengers) and could serve as the last line of defense," Mackett said. He said other law enforcement officers carry guns on board planes.

Bruce said improvements are planned in response to pilot concerns. Armed pilots will get badges this year to replace ID cards. Regional training sites will open to make pilot recertification more convenient.

Aviation security consultant Rich Roth said some pilots "feel better" carrying guns, but he doubts they could thwart a hijacker. "If you're sitting in the flight deck and they get through, you have no time to do anything with a weapon," Roth said.

Airport Screeners To Get AMBER Alerts (USAT)

By Thomas Frank

USA Today, February 8, 2007

The nation's 43,000 airport security screeners will get notices and photos of abducted children as part of the AMBER Alert network's quest to find missing people, the Transportation Security Administration said Wednesday.

Screeners will be looking to stop abductors from taking children on planes. AMBER Alerts are abduction notices sent to authorities and to media outlets, asking for help in locating a missing child. Airports are going to start receiving the bulletins starting today.

"This can be tremendously effective," said Ernie Allen, president of the National Center for Missing & Exploited Children, which helps disseminate the alerts. "You're talking about 43,000 TSA officers around the country."

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TSA screeners check 2 million people a day at about 450 commercial airports around the USA.

"The goal is to get that (alert) to TSA officers within minutes," said Gale Rossides, a TSA associate administrator. Screeners "meet so many children every day, they may actually notice something that's out of character with a child."

The Justice Department says the AMBER Alert system has helped save more than 200 children since it began in 1996 after 9-year-old Amber Hagerman was kidnapped near Dallas and murdered.

Many abductors are non-custodial parents who try to get children out of their home neighborhood quickly and often use commercial airplanes, Allen said. "Time is the enemy in these cases," he said. Search efforts are typically focused in the child's home community.

The TSA effort is the first time AMBER Alerts will go directly to airports, Allen said.

TSA airport security directors will receive the notices and distribute photos and written descriptions of the child and potential abductor to airport and airline officials, as well as to the airport's screeners.

"The entire airport community will be on the lookout for the child and the abductor," Allen said.

Don Thomas, a screener at Orlando International Airport, said the alerts could help security overall by encouraging screeners to look more closely at passengers. "Sometimes we get complacent," said Thomas, who is president of a small screeners' union. "This will put us more on alert."

Federal air marshals have been receiving AMBER Alerts for a couple of years on their personal digital assistants, or PDAs.

The alerts are issued when authorities believe a child is in danger of being seriously hurt or killed and when the victim and abductor can be described.

Security Debate Centers On Tougher Standards For Inspections Of Air Cargo (NYT)

By Eric Lipton

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — The suitcases loaded onto a Seattle-bound flight at Dulles International Airport each went through an electronic device that can sniff out explosives. But the plane's belly also held bins filled with cargo — as varied as decorative plates and computer supplies — most of which got no such scrutiny.

This disparity in how aviation security officials scan air cargo has set off an intense debate in Congress. House Democrats are pushing for a requirement that, within three years, all air cargo be inspected at a level equal to that of checked baggage, at an estimated cost to the federal government of $600 million per year.

Those Democrats argue that, despite the billions of dollars the nation has already spent on aviation security, it would still be far too easy to slip a bomb aboard and blow up a passenger plane.

"Here is a backdoor way into planes," said Representative Edward J. Markey, Democrat of Massachusetts, who has been leading the drive for 100 percent inspection of air cargo placed on passenger jets, compared with the current level of about 30 percent.

But officials at the Transportation Security Administration said the security measures already in place for air cargo — while very different from the passenger-baggage inspection system — were sufficient to prevent a bomb from getting aboard.

Mandating physical inspection of all air cargo could actually reduce safety, said Kip Hawley, the security administration's director, because the high cost would require other security measures to be curtailed. "History is full of examples of invincible secure systems failing, like the Titanic," Mr. Hawley said. "If you put all of your resources into making something invulnerable, you end up ironically with less security."

The debate has implications not only for air safety, but also for the financial health of the nation's airlines. Twenty-two percent of domestic air cargo travels on passenger aircraft, or about 2.8 million tons a year, producing $4.7 billion a year in revenue for the airlines.

And this steady stream of air cargo — most of it promised for delivery in one or two days — is often what makes the difference between a profitable route and one that loses money. Industry officials fear that tougher standards may force cargo off passenger planes and onto flights reserved just for cargo, or cause huge delays.

"Imagine automotive manufacturing facilities idled due to the lack of airbags or other parts, restaurants closed because seafood did not arrive or flower shops without flowers on Mother's Day and other holidays," the Air Transport Association said in reply to Mr. Markey's plan. "These are very real concerns."

At major airports across the United States, there are few similarities between security systems for cargo and passenger baggage even though both end up on the same plane.

For passenger baggage, almost the entire security system is focused on one moment: when the bag is handed off, as passengers arrive at the airport. Every bag is electronically scanned or examined by a second device that swabs it to check for traces of explosives. In unusual circumstances, physical or canine searches are substituted.

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The security effort is not nearly so intense for air cargo at any one point. Instead, transportation officials have tried to build a security zone surrounding the cargo packages during their journey from the manufacturing plant to the plane.

Much of the cargo system is based on a belief that the government can be confident of cargo security if it has a record of who is sending the package and has completed background checks on the freight forwarding and air cargo employees who have access to the shipments.

Part of the rationale is also that whereas a passenger can be assured that his suitcase is going on a specific flight, when a package is sent through a freight forwarder, the sender has no idea whether it will be sent on a cargo or a passenger jet.

Some aviation security officials said this program, called Known Shipper, was fundamentally flawed.

"It is something that could be easily defeated by somebody with patience," said Jim Hall, who was chairman of the National Transportation Safety Board during the Clinton administration.

About a third of the cargo shipments destined for passenger planes are inspected at the airport warehouse or the freight forwarder. About 400 bomb-detection dogs, trained by the Transportation Security Administration, are working nationwide at 80 airports, where they spend about a quarter of their time checking cargo.

But there is huge variability in the intensity and quality of the work, said Fred Roder, a former explosives detection program manager at the Homeland Security Department.

The inspections are done by the airlines or freight forwarders, not security administration officers, who undergo much more intense background checks. Transportation officials also do not specify whether the inspections should be done by opening a box, using a screening machine or a dog, or other means, leaving the airlines to decide.

In addition, the security administration has been slow to approve a new generation of machines that can screen oversized cargo shipments. It has also not finished work on a long-promised computer program that is supposed to identify the highest risk shipments automatically — based on the identity of the shipper, the cargo contents and other factors — so the searches can be more specific.

The result is that most air cargo inspections are done by simply opening the box and looking for tampering or other possible hints of a bomb, Mr. Roder said.

Christopher White, a spokesman for the security administration, said the agency had recently enhanced the requirements for open-box inspections, although he would not say how. The agency also has its own staff of 300 auditors, who check on the work that the airlines and freight forwarders do, through visits and covert testing.

Mr. Hawley, the T.S.A. director, said: "The best way to do any security is in layers. Our system is based on flexibility and unpredictability."

Representative Markey said this system, while better than what existed before 2001, was not sufficient. "It is just like saying it is O.K. to screen one-third of the passengers going on a plane because they have secured the cockpit door," he said.

The House bill, which was part of a much larger antiterrorism package that passed last month, would require that within three years, all air cargo going onto passenger planes be inspected with a system of "equipment, technology, procedures and personnel" that together "provide a level of security equivalent" to checked baggage screening.

A Senate version, introduced this week, would eliminate requiring that all cargo destined for a passenger plane be physically inspected, mandating instead that all cargo be "screened," which might simply mean evaluating the contents, sender and destination of packages and doing inspections on just high-risk cargo, similar to what now occurs.

To improve the existing process, the Senate bill, which has bipartisan backing, calls for speeding installation of more automated inspection equipment, and it pushes the security administration to consider mandating use of blast-resistant bins for holding air cargo, a move it has been considering for several years.

Department of Homeland Security officials have implied that might be acceptable, but Mr. Markey said he would fight to prevent the original bill from being watered down.

"They industry argued five years ago it would impossible to inspect all the checked bags," Mr. Markey said. "They were told to do so. And T.S.A. completed the task in two years."

Senators Debate Wireless Network For Safety Workers (WSJ)

By Amol Sharma And Amy Schatz

The Wall Street Journal, February 8, 2007

Emergency workers have long complained that their communications systems are outdated and underfunded. Now, convinced that the federal government alone can't answer their concerns, public-safety groups are turning to commercial wireless companies for help.

First responders can't always communicate with each other during major disasters because their telecom equipment is incompatible with that of other agencies.

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What's more, much of the equipment is both expensive and out of date: In some cases, police agencies are paying $3,500 each for two-way radio devices.

To improve communications among emergency workers, Cyren Call, a McLean, Va., company launched by Nextel Communications founder Morgan O'Brien, has been lobbying feverishly for a plan to involve the private sector in public-safety upgrades.

Under the plan, a slice of the radio spectrum would be reserved for public-safety use and licensed to an entity called a Public Safety Broadband Trust. A private bidder would be selected to manage the creation of a broadband network shared by consumer cellphone users and public-safety workers such as firemen and policemen; in an emergency, public-safety users would take precedence. Small rural operators would pay to build out the infrastructure; in exchange, they would be able to offer services over frequencies they didn't have to pay for.

The new Congress is taking a hard look at the idea. Republican presidential contender Sen. John McCain of Arizona announced plans to introduce legislation that would take a similar approach. Today, the Senate Commerce Committee is planning to hold a hearing to consider it, and Senate staffers say it has support from some top Democrats.

But getting any legislation through a divided Congress this year will be difficult, especially given the controversy the plan is generating in the wireless industry. Critics say it amounts to a corporate giveaway to Cyren Call. There are better ways to go about improving public-safety communications, they say, without setting aside valuable frequencies for public-safety use.

The debate highlights how coveted radio spectrum is in the U.S. wireless industry, which now services more than 230 million cellphone customers. To acquire a license for such spectrum, cellphone companies have to bid in auctions that the government holds from time to time, putting down billions of dollars so they can provide coverage for more users and offer new services such as Web access. They say the O'Brien plan will sap auction revenue for the government.

To counter that argument, Mr. O'Brien proposes that the trust pay the U.S. Treasury $5 billion up front for the spectrum by raising private capital through government-backed loan guarantees. The trust would recoup that cost over time by taking a share of revenue from the commercial wireless operators. The network manager -- Cyren Call, if Mr. O'Brien has his way -- would get a cut of the proceeds.

The large cellphone operators, including Verizon Wireless, a joint venture of Verizon Communications Inc. and Vodafone Group PLC; AT&T Inc.'s wireless unit; and Sprint Nextel Corp. all declined to comment on Mr. O'Brien's proposal but said they support improving public-safety communications. But industry lobbyists, particularly Verizon's, are fighting Cyren Call's plan ferociously, people familiar with the matter say.

Giving the issue urgency is the timetable for the Federal Communications Commission's next major spectrum auction, which could come as soon as August and no later than next January. Unless Congress enacts legislation before the auction along the lines proposed by Sen. McCain, the plan backed by Mr. O'Brien will die, because the sought-after slice of the airwaves will have been licensed to commercial operators.

Mr. O'Brien's plan fell flat at the FCC, but his lobbying of Congress appears to be paying dividends. Public-safety groups have generally embraced the Cyren Call proposal.

"It provides public safety with the access to the spectrum it needs, but doesn't deny the use for other purposes," says Robert Gurss, lobbyist for the Association of Public-Safety Communications Officials International.

Still, the idea of sidestepping auctions displeases watchdog groups. "We favor the auction process," says Thomas Schatz, president of the nonpartisan Citizens Against Government Waste.

None of the major cellphone companies are testifying at today's hearing. But their trade group, CTIA-The Wireless Association, is sending Steve Largent, its president and chief executive officer. In a statement last week, Jot Carpenter, the group's vice president for government affairs, said public-safety groups have enough spectrum to serve their roughly four million users nationally. "More spectrum is clearly not the answer," he said.

WAR NEWS:

GOP Senators Push Vote On Troop Buildup (LAT)

By Noam N. Levey

The Los Angeles Times, February 8, 2007

WASHINGTON — Seven Republican lawmakers threatened Wednesday to tie up Senate business until a resolution opposing President Bush's planned troop buildup gets a vote, saying they will try to attach the measure to future legislation.

"The war in Iraq is the most pressing issue of our time. It urgently deserves the attention of the full Senate," said Sen. John W. Warner (R-Va.), who sponsored the measure criticizing the White House plan to send 21,500 more troops to Iraq.

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Warner and six other GOP senators sent a letter to Senate leaders of both parties Wednesday evening. Among the signatories was Sen. George V. Voinovich (R-Ohio), who had not previously expressed support for the Warner measure.

The procedural gambit does not guarantee the Senate will vote any time soon on Bush's plan to send more troops into Baghdad to control sectarian violence there. But it may further complicate Senate debate on the war, just as Senate Democratic leaders seemed prepared to let the Democratic majority in the House take up the legislative challenge to the White House.

House Speaker Nancy Pelosi (D-San Francisco) and her lieutenants have said they plan to consider a resolution like Warner's as early as Monday.

Senate Majority Leader Harry Reid (D-Nev.) had been pushing for a vote this week on the Warner resolution.

But Senate Republicans — including Warner — protested Monday that they were not allowed to bring up alternative resolutions and successfully denied Reid the 60 votes he needed to formally bring up the measure.

The GOP demanded votes on two alternative measures. One, by Sen. John McCain (R-Ariz.), expresses support for the mission but lists benchmarks for the Iraqi government to meet to demonstrate its commitment. The other, by Sen. Judd Gregg (R-N.H.), opposes any cutoff of funds for troops in the field.

After three days of rhetorical brawling in which Democrats portrayed Republicans as obstacles to a war debate, Reid said Wednesday that Democrats were no longer going to seek a vote on the Warner measure, which expresses the sense that the Senate "disagrees" with the buildup.

"I'm terribly disappointed," Reid said on the floor of the Senate.

Senate Minority Leader Mitch McConnell (R-Ky.) countered with expressions of his own distress.

"I'm disappointed, as other members of my party in the Senate are disappointed, we're not having the Iraq debate this week," he said.

If Warner follows through with his threat, the debate may soon be resurrected. He did not indicate when he planned to try to revive his measure.

Such an action would almost certainly be accompanied by another from McConnell and other White House allies to revive the Gregg measure.

Group Of Republican Senators Vows To Force A Vote On Troop Surge (MCT)

By Margaret Talev

McClatchy Newspapers, February 8, 2007

WASHINGTON - Seven Senate Republicans on Wednesday blasted their own leaders and Democrats for stalling the debate on the resolution to oppose President Bush's plans to send more troops to Iraq, and they vowed in a letter to push through a vote one way or another.

"The current stalemate is unacceptable to us and to the people of this country," said the letter signed by Sens. John Warner of Virginia, Chuck Hagel of Nebraska, Susan Collins and Olympia Snowe of Maine, Gordon Smith of Oregon, Norm Coleman of Minnesota and George Voinovich of Ohio. "We will explore all of our options."

Democrats took notice but weren't convinced that the letter was much more than an attempt by the Republicans to protect their re-election prospects.

The group, led by Warner, a respected military veteran, includes moderates and members who are facing re-election in 2008.

Warner was the driving force behind the bipartisan resolution that Democrats had attempted to debate and vote on this week. The resolution opposes Bush's plan to send 21,500 additional troops to Iraq, but says that it would be wrong to cut off funding for troops on the ground.

But on Monday, Republican leaders used a procedural vote to block debate on the resolution unless Democrats agreed to also consider a proposal by Sen. Judd Gregg, R-N.H. That proposal opposes cutting off funding for troops but takes no position on the troop increase.

All of the Senate Republicans except for Coleman and Collins voted with their leadership to block the debate.

Democrats refused to consider Gregg's resolution because they saw it as a trap: If they opposed it, election opponents would accuse them of hurting U.S. soldiers. If they supported it and the Warner resolution failed, Gregg's resolution would be the only formal statement from the Senate and it would be silent on the troop increase issue. So the debate deadlocked before it began.

In the letter Wednesday, the senators said their Monday votes "should not be interpreted as any lessening of our resolve" to advocate against a troop increase.

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Senate Majority Leader Harry Reid's spokesman, Jim Manley, said Reid "gave Senator Warner and the others a chance to vote for their own resolution on Monday, but only two of them chose to do so. Hopefully this letter signifies that the others have had a change of heart and will be willing to vote for their own resolution in the future."

7 GOP Senators Back War Debate (WP)

By Shailagh Murray

The Washington Post, February 8, 2007

Senate Republicans who earlier this week helped block deliberations on a resolution opposing President Bush's new troop deployments in Iraq changed course yesterday and vowed to use every tactic at their disposal to ensure a full and open debate.

In a letter distributed yesterday evening to Senate leaders, John W. Warner (Va.), Chuck Hagel (Neb.) and five other GOP supporters of the resolution threatened to attach their measure to any bill sent to the floor in the coming weeks. Noting that the war is the "most pressing issue of our time," the senators declared: "We will explore all of our options under the Senate procedures and practices to ensure a full and open debate."

The letter sent to Senate Majority Leader Harry M. Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) was not more specific about the Republican senators' strategy for reviving the war debate. But under the chamber's rules, senators have wide latitude in slowing the progress of legislation and in offering amendments, regardless of whether they have anything to do with the bill.

The letter began circulating yesterday evening after it became apparent the Senate was deadlocked over the war resolution and Reid was prepared to move on to other matters. McConnell and many in his party have aggressively defended their decision to block the bipartisan resolution as an issue of fairness because Democrats would not agree to GOP procedural demands.

But some Republicans were uneasy about appearing to have stymied the debate. The letter appeared so suddenly that, although it was addressed to Reid, the Democratic leader had not seen his copy before Warner read the text on the Senate floor.

"Monday's procedural vote should not be interpreted as any lessening of our resolve to go forward advocating the concepts" of the resolution, the letter said. "The current stalemate is unacceptable to us and to the people of this country."

House Democratic leaders are attempting to formulate their own nonbinding expression of disapproval of Bush's decision to send an additional 21,500 troops to battle, and they intend to devote three days next week to debating it.

A top Pentagon leader weighed in yesterday on the war debate and appeared to undercut the argument advanced by the White House and many GOP lawmakers that a congressional debate challenging the Bush plan would hurt troop morale.

"There's no doubt in my mind that the dialogue here in Washington strengthens our democracy. Period," Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified before the House Armed Services Committee. He added that potential enemies may take some comfort from the rancor but said they "don't have a clue how democracy works."

Congress is grappling with several nonbinding resolutions, each of which addresses Bush's deployment plan, even as public support for the war declines and conditions on the ground grow increasingly perilous. The debate has particularly vexed Republicans, who are reluctant to abandon Bush at a critical moment but who also regard the party's defeat in the November midterm elections as a signal that voters want Congress to challenge White House war policy more aggressively.

The Senate was poised to debate a nonbinding resolution opposing the additional troop deployment and calling for a diplomatic initiative to settle the conflict in Iraq. Republicans refused to allow the resolution to reach the floor, relying on a standard procedural objection.

Five of the seven Senate signatories to yesterday's letter -- including Warner, the bipartisan resolution's chief author -- had voted Monday to block the debate. By showing party solidarity, they had hoped to pressure Democrats into allowing the consideration of other nonbinding measures, namely two that are more supportive of the administration's policy. But Democratic leaders refused to relent, and the long-awaited war debate -- or at least the opening chapter -- ended almost as soon as it began.

The Republican senators attempted in their letter to clear up the apparent contradiction. "Monday's procedural vote should not be interpreted as any lessening of our resolve to go forward," the senators insisted. But they voiced the GOP leadership's view that other resolutions should receive an equal vetting.

"The Senate should be allowed to work its will on our resolution as well as the concepts being brought forward by other senators," the letter stated.

The other Republican senators who signed the letter were Susan Collins and Olympia J. Snowe of Maine, Norm Coleman (Minn.), Gordon Smith (Ore.), and George V. Voinovich (Ohio).

Democrats brushed off the Republicans' declaration as too little, too late. Reid spokesman Jim Manley said in a statement: "Senator Reid gave Senator Warner and the others a chance to vote for their own resolution on Monday, but only two of them

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chose to do so. Hopefully this letter signifies that the others have had a change of heart, and will be willing to vote for their own resolution in the future."

After reading the text on the Senate floor, Warner hurried back to his office, declining to answer questions. He would not specify whether he and his allies would seek to block specific bills, including a huge spending package that the Senate is expected to take up today, to fund government activities for the current fiscal year. Warner did indicate whether he will attempt to amend the funding package with his resolution.

In the letter, the senators said they will offer the resolution "where possible" on bills as they come before the Senate.

House Democrats had hoped for a large bipartisan Senate vote on Warner's resolution to create momentum in the House and to provide maximum pressure on Republicans to go along. But with the Senate at a standstill, House leaders are considering a straightforward resolution that opposes the troop increase, without the multiple provisions that complicated Warner's text. Senior House Democrats predicted that their measure will attract overwhelming party support and possibly as many as 30 GOP votes.

Warner Warns Of New Push On Iraq Resolution (RC)

By John Stanton

Roll Call, February 8, 2007

An exasperated Sen. John Warner (R-Va.) put his colleagues on notice Wednesday that he would look to attach his resolution opposing President Bush's plan to boost troop levels in Iraq to any measure moving across the Senate floor.

In a letter to Majority Leader Harry Reid (D-Nev.), Majority Whip Dick Durbin (D-Ill.), Minority Leader Mitch McConnell (R-Ky.) and Minority Whip Trent Lott (R-Miss.), Warner called the current stalemate "unacceptable" and said he would look to attach the resolution opposing Bush's plan to any other measure considered by the Senate. He was joined on the letter by Republican Sens. Susan Collins (Maine), Gordon Smith (Ore.), George Voinovich (Ohio), Olympia Snowe (Maine) and Norm Coleman (Minn.).

Warner's announcement followed a day of angry and increasingly partisan recriminations between Senate Democrats and Republicans over who was to blame for the collapse of a planned debate on Iraq.

Warner had joined McConnell, Lott and 44 other Republicans in filibustering his own resolution in an effort to pressure Reid into allowing a vote on a resolution sponsored by Sen. Judd Gregg (R-N.H.) that would put Members on record as opposing cutting funds for the war. Although Smith, Snowe and Voinovich also voted for the filibuster, Collins and Coleman, both up for re-election next year, did not.

But in their letter, the Senators warn that, "Monday's procedural vote should not be interpreted as any lessening of our resolve to go forward advocating the concepts of [the Warner resolution. We will explore all of our options under the Senate procedures and practices to ensure a full and open debate on the Senate floor."

Senate Republicans have privately expressed concern with McConnell's handling of the Iraq situation thus far, worrying that continued public pressure from Democrats — who have successfully forced the GOP into appearing to defend Bush's policies — could further erode support and end the filibuster.

Republicans also have said they are concerned that Democrats and their allies already have begun using the issue against incumbents up in 2008. MoveOn.org this week unveiled a new ad targeting Republican incumbents who voted for the filibuster, while the Democratic Senatorial Campaign Committee Wednesday circulated an e-mail criticizing Sen. John Sununu (R-N.H.) for backing the filibuster.

Sen. Charles Schumer (N.Y.), who serves as chairman of the DSCC and Democratic Caucus vice chairman, said Wednesday that despite suggestions to the contrary, Democrats are not motivated in this debate by electoral gains in 2008. But he did acknowledge that he believes his party is winning the debate, and that the war in Iraq will continue to dog vulnerable Republicans seeking re-election.

Who Won In The Senate? (WP)

By Robert D. Novak

The Washington Post, February 8, 2007

Listening to Minority Leader Mitch McConnell boast last weekend that he had the votes to prevent closing off Senate debate on Iraq, Republicans opposing President Bush's troop surge feared the worst. The new Republican leader sounded as though he wanted to prevent passage of an anti-surge resolution at the cost of making his party look obstructionist. That's exactly what happened.

The result of McConnell's tactics is that no resolution will be passed by the Senate anytime soon. The White House was overjoyed. But Tuesday's headlines indicated a public relations fiasco for Republicans: " GOP Stalls Debate on Troop Increase"

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(The Post), " In Senate, GOP Blocks a Debate Over Iraq Policy" (New York Times), " Vote on Iraq is blocked by GOP" (USA Today). Considering that outcome after a tactical victory, the Republicans might have been better off with a strategic defeat. It is unclear who won in the Senate this week.

McConnell's maiden voyage as party floor leader showed that he may be too much into process. Seldom has the Republican case been presented more poorly than it was Monday. But in his first big test as majority leader, Sen. Harry Reid overreached while trying to control the action. The developments also showed less than full control of his own Democratic caucus.

From the start, there has been a clear Senate bipartisan majority opposed to the 21,500-troop reinforcement. But nothing is that simple in the U.S. Senate. On Jan. 24, Sen. Joseph Biden pushed a harshly worded resolution through the Foreign Relations Committee, largely on party lines. It was obvious that the resolution could not collect the 60 votes needed to cut off debate, a prerequisite in today's Senate.

The prestigious Republican Sen. John Warner drafted a more conciliatory anti-surge resolution, with substantial Democratic support. On Jan. 25, Warner wrote Biden to say that he would not negotiate. That left Reid the choice of pressuring Democratic defectors or embracing Warner. He took the latter course, after making cosmetic changes.

But the White House and McConnell lobbied against Warner and pushed a unique new approach: Republican Sen. Judd Gregg's resolution, which ignored the surge and said Congress "should not . . . endanger United States military forces in the field" by "elimination or reduction of funds." That is the funding question that most Democrats in Congress desperately want to avoid.

Next, Reid stretched his authority in a way that I have not seen in a half-century of Senate-watching. He decreed that, besides the Warner resolution (now co-sponsored by Sen. Carl Levin, his Democratic successor as Armed Services Committee chairman), the Senate would vote on one Republican resolution. What made this unique was that Reid dictated that it would be not Gregg's but Sen. John McCain's, which endorsed the surge and could not command close to 60 votes. The Gregg amendment probably would have gotten 70.

McConnell convinced Republicans that they could not let the Democratic leader pick their amendment. Reid got only 49 votes (including just two Republicans, Susan Collins and Norm Coleman) on Monday for imposing cloture. Warner and Sen. Chuck Hagel, the toughest Republican critic of the surge, voted no on cloture. The Democratic caucus informed Reid on Tuesday that it would not accept a compromise putting both the Warner and Gregg resolutions before the Senate. Reid set aside the issue rather than permit a vote that would divide and embarrass Democrats.

"Mitch McConnell is a master behind the scenes, but he has a lot to learn about going public," said a Senate Republican insider who did not want his name used. Appalled by the headlines, Republicans regrouped Tuesday by delivering a substantive message. McCain was particularly vigorous, antagonizing Reid and other Democrats by contending that anti-surge resolutions say to U.S. troops that "we think they are going to fail, and this is a vote of no confidence."

Democratic senators, given their message of the day, trooped onto the Senate floor to claim that Republicans had blocked debate over Iraq. That claim might seem peculiar to C-SPAN watchers who listened to hours of debate this week over the war. The true Democratic complaint was that Republicans prevented Harry Reid from ordering the parameters of that debate. The minority in the Senate, unlike in the House, has rights it exercises, even if Republicans characteristically have trouble explaining this to the public.

Specter Wants Changes To Rules For Debate (RC)

By Emily Pierce

Roll Call, February 8, 2007

Frustrated with Senate Majority Leader Harry Reid's (D-Nev.) efforts to control floor debates, Sen. Arlen Specter (R-Pa.) said Wednesday he is drafting a rules change that would guarantee the minority the right to offer amendments to legislation on the Senate floor. Specter acknowledged that his proposal stands virtually no chance of achieving the two-thirds majority required to change Senate rules. But he said he wanted to bring attention to what he described as a growing problem with the way Reid is running the floor.

Specter said Democrats successfully have painted GOP Senators as opposed to debating a nonbinding resolution criticizing President Bush's Iraq War policies because the American people do not understand that Republicans simply are trying to ensure that they are given ample opportunity to offer amendments during the debate.

"Democrats are winning the public relations battle," Specter said on the floor. "Most people think that what is going on, because we are opposing ending debate [on the Iraq resolution] ... that we do not want to have the debate. That we do not want to have a vote, and that is not factually correct. ... But it is my hope that there will yet be a recognition of really what is going on."

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Indeed, Senate Republicans have been smarting this week following criticism — from Democrats and the media — of their decision to oppose Reid's efforts to begin debate on an Iraq resolution sponsored by Sens. John Warner (R-Va.) and Carl Levin (D-Mich.). On Monday, all but two Republicans voted against closing debate, or invoking cloture, on Reid's motion to proceed to the Iraq resolution. Without agreement on a motion to proceed, the Senate cannot formally begin debating a measure.

"Sen. Warner voted against cloture, and he's the principal proponent of disagreeing with the president's [Iraq] plan," explained Specter. "Senators who are critics of the president's plan have voted against cutting off debate because it is a big issue that ought to be debated and because what is going on behind the scenes — under the surface — is an effort to have agreement on how many votes there will be to have a fair airing of the subject matter and to have an opportunity for Senators to vote on a variety of resolutions and amendments."

Specter said Reid's implicit threat to use a procedural tool known as "filling the amendment tree" on bills ranging from the Iraq resolution to the fiscal 2007 joint funding resolution is at the heart of Republican concerns over whether they will have the opportunity to offer alternative proposals. Filling the tree, a tool Senate Majority Leaders have often used by virtue of their right to be recognized first and offer amendments first on the Senate floor, precludes other Senators from offering amendments to bills.

"What is happening today is that the charges are being leveled on all sides — an awful lot of finger-pointing — with most of the Democrats saying the Republicans are obstructing a vote [on Iraq]," Specter said. "And Republicans are saying ... 'We are insisting on our right to debate the motion to proceed.'"

Specter acknowledged that most people, even some of his own staff, don't understand the procedural maneuvering that has gone into the Iraq debate.

"If you ask virtually anybody, 'What's filling the tree?' you'd think about an orchard," Specter said. "They're not going to think about Senate procedure."

When a Majority Leader uses his power to fill the amendment tree, he essentially brings up a bill, proposes a first-degree amendment that is virtually identical to the underlying bill and then proposes a second-degree amendment that also is virtually identical to the bill. Unless there is a vote on the amendments or the Majority Leader agrees to set the amendments aside, no other amendments can be brought forward.

Specter's proposal, which he said still was being developed, would prevent one political party from offering both a first-degree and second-degree amendment in rapid succession. If a first-degree amendment were pending, the only second-degree amendment that would be in order would be one offered by the opposing party.

Specter acknowledged that his plan could preclude Senators from making even routine technical changes to their own amendments, but he said that problem could be overcome by requesting unanimous consent to waive the rule.

Still, Specter apparently has reason to be pessimistic about his plan's chances. Senate Democrats largely laughed off the proposed rules change.

Said one Senate Democratic aide, "As long as Sen. Specter is around, there's no threat to long-winded debate in the United States Senate."

Allied With Democrats, Lieberman Easily Aligns With Republicans (NYT)

By Kate Zernike

The New York Times, February 8, 2007

WASHINGTON, Feb. 6 — It came as little surprise that when Senate Republicans blocked debate Monday on a resolution that would have opposed President Bush's plan to increase troop levels in Iraq, Senator Joseph I. Lieberman, erstwhile Democrat, sided with them.

But Mr. Lieberman also went further, accusing Democrats of giving strength to the enemy and abandoning the troops, and arguing that an alternative resolution that he and many Republicans backed was "a statement of support to our troops."

That was too much even for one Republican member, Senator John W. Warner of Virginia, a sponsor of the bipartisan resolution against the president's policy.

"I forcefully argue that ours is in support of the troops," Mr. Warner said tersely. "And there is no suggestion that one is less patriotic than the other."

Defeated last year in the Democratic senatorial primary in Connecticut but then elected as an independent to a fourth term, Mr. Lieberman has kept a promise to caucus with the Democrats, giving them a majority of only 51 to 49 and earning for him a designation as "the most influential man in the Senate."

But on Iraq, the issue that made the last year the most difficult of his political life, he has moved farther and farther from the party, winding up to the right of many Republicans who now embrace what six months ago was almost solely a Democratic position on the war.

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Mr. Lieberman's enthusiasm for the troop increase has become a talking point for Republicans trying to shore up support for the president's plan. It infuriates the bloggers who first tried to defeat him. Some of his best friends on either side of the aisle take issue with him publicly. But given his importance as the lawmaker who ensures Democratic control of the Senate, members of the majority say there is little they can do.

Joe Lieberman, independent, sees himself as Joe Lieberman unchained.

"I feel liberated, free somehow," he said during an interview in his office.

"As I look back," he said, "I have always tried to do what I thought was right, regardless of where a majority of members of my party are. But there's always pressure on you. I just feel free of that pressure. And I think my Democratic colleagues know that I'm not going to do — on this, of all questions which I think is so important to our country's future, to our success in the war on terrorism — I'm not going to do anything here just to be a good member of the team."

His forays across the aisle have begun to extend past the Iraq debate. When he was asked on Fox News recently which Democrat he would support in 2008, Mr. Lieberman, the party's vice-presidential nominee in 2000, offered instead that he might vote for a Republican.

"I would not have said that three years ago," Mr. Lieberman said. "No chance."

Even Democrats who have come to expect his siding with the president on the war thought this was going a bit far. "Did you see that?" one Democratic senator asked, incredulous. But he, like others, criticized only privately. "The bottom line," the senator said, "is we need him."

To those who supported Ned Lamont, the victor over Mr. Lieberman in the Democratic primary, this is an "I told you so" moment.

"He was re-elected because he fooled enough people into believing he really was against the war and not for an escalation, but I think this is his true colors," said David Sirota, a Lamont consultant who recalled that during the campaign, Mr. Lieberman said he wanted to bring the troops home "as fast as anyone."

"It's everything Ned Lamont was saying: that you can't listen to this guy's words, you have to watch his actions," Mr. Sirota said. "I think it shows a disdain for the public. It's like the public to him is just a nuisance, an obstacle for him doing what he wants to do."

Mr. Lieberman's talk of supporting a Republican in 2008, Mr. Sirota said, suggests that he is still toying with the idea of switching to the Senate Republican Caucus.

Mr. Lieberman could always prove to be an unpredictable ally for the Republicans, too, as when he suggested last Thursday a "war on terrorism tax" to make Americans understand the sacrifice that he said the fight demanded.

Still, Republicans have missed few opportunities to embrace his support. Mr. Bush said in a recent speech that he was acting on "the good advice of Senator Joe Lieberman" in proposing a bipartisan Congressional working group on Iraq. (Democrats scoffed that the president had already had plenty of ways to consult with Congress and had never shown much interest in doing so.) The president and Vice President Dick Cheney also quote Mr. Lieberman in arguing the White House's view on the troop increase, and the Senate Republican leader, Mitch McConnell of Kentucky, repeatedly notes how happy the minority is to have Mr. Lieberman's backing.

"I wish I were being quoted by some Democrats, too," Mr. Lieberman said.

But he does not seem very worried about appearing cozy with the other side. When one Republican, Senator John McCain of Arizona, squabbled with Senator Carl Levin of Michigan, the chairman of the Armed Services Committee, at a hearing about the troop increase, Mr. Levin abruptly walked out. Mr. Lieberman walked over and chuckled with Mr. McCain, patting him on the back.

At hearings on Iraq, Mr. Lieberman frequently leads witnesses to testimony in support of the president. Isn't it true, he asked Gen. George W. Casey Jr., the departing commander of American forces there, that over all, the policy in Iraq has been a success? Doesn't Mr. Bush's strategy offer "a higher probability of working than any other plan?"

Such arguments have prompted friends like Senator Susan Collins, a Maine Republican who opposes the troop increase, to challenge him publicly. Still, Ms. Collins said in an interview, "the fact that he takes a position that's contrary to the vast majority of the members of his caucus I think speaks to his strong principles."

"I enjoy seeing him in this position of power, given the very difficult political year he's gone through," she said. "I think he's enjoying this."

The midterm election, Mr. Lieberman argues, was a call to bipartisanship, and his mandate is to get Democrats to look beyond party lines.

Yes, he concedes, the election was also a call for a change in Iraq; he just believes the president's plan offers the best chance of that.

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"I'm a feisty, happy warrior," he said. "And I'm going to continue to fight for what I think is right for the security of our country."

House Leaders Move Toward Iraq Vote (LVS/AP)

By Anne Flaherty

Las Vegas Sun, February 8, 2007

House Democratic leaders coalesced Wednesday around a stripped-down measure that disapproves of President Bush's decision to send more forces to Iraq and declares support for the troops, according to party aides who said a vote was likely next week.

The vote would be the first on the House floor on the war since Democrats wrestled control of Congress in the Nov. 7 elections. The war, stretching nearly four years and killing more than 3,000 troops, has become widely unpopular among voters.

Democratic officials said they hoped for bipartisan support for the measure, and one Republican leader conceded some members of the GOP rank-and-file would likely break ranks.

"I don't think it'll be a pure party-line vote," said Rep. Adam Putnam, R-Fla., chairman of the House Republican Conference.

Democratic leaders met privately Wednesday to discuss the issue, and they intend to present their proposal to their own rank-and-file Thursday.

Leaders envision each House member getting a chance to speak for five minutes on the issue during a three-day debate. The proposal is expected to circumvent committee review.

Such a measure would indicate House leaders want their own approach to parting company with Bush on the war and are moving away from a version that stalled in the Senate.

That resolution, drafted by Sen. John Warner, R-Va., stated disagreement to Bush's decision to send 21,500 more troops to Iraq. In a bid to attract more GOP support, Warner added a section promising to protect funding for troops in combat - a promise many House Democrats do not want to make.

"The president has left the Congress few alternatives other than to use the power of (the) purse spelled out in Article I, Section 9 of the U.S. Constitution to curtail U.S. military operations in Iraq," wrote California Democratic Reps. Lynn Woolsey and Barbara Lee on behalf of 71 members of the progressive congressional caucus, a liberal group.

Frustrated that Senate leaders could not agree on debate rules for his resolution, Warner and six other Republicans told the leaders in a letter Wednesday that "the current stalemate is unacceptable to us and to the people of this country."

Republicans, on a party-line vote, blocked debate on the resolution earlier this week.

"Despite what has happened earlier this week, we are not going away," said Sen. Susan Collins, R-Maine. Collins and Sen. Norm Coleman, R-Minn., sided with Democrats in seeking to move ahead on the measure.

Five other Republicans who oppose the troop increase and voted to bottle up the measure signed the letter. The five are Sens. Warner, Chuck Hagel of Nebraska, Olympia Snowe of Maine, Gordon Smith of Oregon and George Voinovich of Ohio.

Jim Manley, spokesman for Senate Majority Leader Harry Reid, D-Nev., said he hoped the letter signified that the five Republicans "have had a change of heart and will be willing to vote for their own resolution in the future."

As the House moved toward a vote, Defense Secretary Robert Gates and Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told lawmakers they did not think debate in Congress would hurt the morale of troops in combat.

Less than two weeks ago, Gates said a congressional resolution opposing the Iraq strategy undercuts U.S. commanders in Iraq and "emboldens the enemy."

"As long as this Congress continues to do what it has done, which is to provide the resources for the mission, the dialogue will be the dialogue, and the troops will feel supported," Pace told the House Armed Services Committee.

Gates said troops understand members of Congress want to find the best way to win the war. "I think they're sophisticated enough to understand that that's what the debate's really about," he said.

Senate Democrats, outmaneuvered in their efforts to get a vote on a resolution opposing Bush's troop buildup, said they will now try to put pressure on Bush by amending legislation that is likely to reach his desk, daring him to veto.

Reid is expected to meet with Democrats to hash out what amendments to offer to upcoming legislation. The next bill that could serve as a vehicle for Iraq measures is legislation adopting recommendations from the 9-11 Commission.

Finding proposals that have broad Democratic appeal is a different challenge for Reid. Various Senate Democrats have proposed cutting off funding for the new troops, setting a cap on the U.S. military presence in Iraq, and setting a timeline for withdrawal. None have unanimous support within the Democratic caucus.

Meanwhile, Secretary of State Condoleezza Rice told the House Foreign Affairs Committee that 350 civilians were being recruited for an expansion in reconstruction programs. She said these included engineers, legal experts and soil specialists.

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David Satterfield, her senior adviser on Iraq, told reporters that 129 U.S. military reservists would be sent to Iraq for six to nine months along with 19 additional foreign service officers to work on new projects. The reservists would be replaced by contractors after Congress provides the funds needed to hire them, he said.

Democrats Weigh Goals For Resolution On Iraq Policy (USAT)

By Kathy Kiely

USA Today, February 8, 2007

WASHINGTON — For more than a year, Rep. Howard Coble, a conservative Republican from North Carolina, has been an outspoken critic of the Iraq war. Even so, he's waiting for specifics before he decides whether he'll back a House resolution opposing President Bush's plans to send more troops to Baghdad.

"His concern is that it's going to turn into an anti-Bush resolution," said Ed McDonald, Coble's chief of staff. "It if turns into Bush-bashing, he may vote against it."

Coble, who urged the president in a Jan. 4 letter not to send more troops to Iraq, represents the dilemma facing House Speaker Nancy Pelosi, D-Calif., and other Democratic leaders as they draft the measure that the House is set to debate next week.

There's little doubt about the outcome when the resolution comes up for a vote, which Democrats say could come next Thursday. "It will be virtually impossible for us to defeat it," conceded Rep. Adam Putnam of Florida, the chairman of the House Republican Conference.

The question is how broad a bipartisan majority the resolution will attract. "It totally depends on what the language is," said Putnam, who backs the president's plan.

Democrats have differences of opinion, too. On Tuesday night, senior House Democrats were huddling in an attempt to come up with wording measured enough to attract Republicans such as Coble, but also tough enough to satisfy Democrats who want to issue more than a symbolic protest.

"I came here to do something that really matters," said Rep. Gene Taylor, D-Miss., a member of the Armed Services Committee. "Put members on the spot. Those kids in Iraq are sure on the spot."

Appearing Wednesday with Iraq veterans opposed to the war, Pelosi said the resolution "will have clarity, and it will have concision," but declined to say whether she'd give more weight to making a stronger statement or attracting bipartisan support.

House Democratic leaders had been looking to their Senate colleagues to help them avoid walking such a legislative tightrope by passing a resolution of disapproval drafted by a bipartisan group of senators. Its sponsors included Virginia's John Warner, a senior Republican with credentials likely to attract other members of his party with concerns about the war. That Senate resolution remained tied in procedural knots Wednesday.

However, Warner announced that he intends to resurrect his resolution, blocked this week when most Republican senators — including Warner — voted with Senate Minority Leader Mitch McConnell, R-Ky., against allowing a vote.

Warner and six other Republicans indicated they may change their position in a letter to McConnell and Senate Majority Leader Harry Reid, D-Nev. The senators urged the debate to begin. "The current stalemate is unacceptable to us," they wrote. Besides Warner, those signing the letter were Olympia Snowe and Susan Collins of Maine, Chuck Hagel of Nebraska, Norm Coleman of Minnesota, George Voinovich of Ohio and Gordon Smith of Oregon.

House Sets Path For Iraq Vote, But Must Decide What To Say (NYT)

By Jeff Zeleny

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — As the House prepares for three days of debate next week on Iraq, Democratic leaders sought Wednesday to reconcile deep differences within the party in order to shape a symbolic resolution denouncing President Bush's troop buildup plan.

Seventy-one Democratic representatives signed a statement urging Congress to take a stronger stance against the war, including setting a six-month timetable for withdrawing American forces from Iraq.

Democratic leaders have said that they favor a nonbinding resolution simply requiring lawmakers to support or reject the president's policy.

Representative Dennis Kucinich, Democrat of Ohio, expressed the view of those pushing for a weightier resolution, saying, "The nonbinding resolution is like putting your foot on the brake for a moment and a few weeks later, putting your foot on the accelerator." He added: "Congress has a chance to do something real on the war. A nonbinding resolution just doesn't cut it."

In the Senate, an impasse over the Iraq debate intensified as Democrats and Republicans spent the day heaping blame upon one another for failing to agree on how to proceed with an Iraq resolution of their own. But on Wednesday evening, seven

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Republican senators sent a sharply worded letter to their leaders pressing to resolve the delay, saying: "The current stalemate is unacceptable to us and to the people of this country."

Senator John W. Warner, a Virginia Republican who led the bipartisan resolution against the president's troop buildup plan, went to the Senate floor on Wednesday to read the letter only two days after siding with Republican leaders on a vote that blocked the debate. He declined to specify what he and the other Republicans intended to do but suggested they would make procedural trouble until the bipartisan Iraq resolution received a full hearing.

Mr. Warner was among the handful of Republican senators who have come under intense criticism for playing a role in this week's standoff, even though he wrote the resolution to rebuke the White House over its plan to send more troops to Baghdad.

Senator Chuck Hagel of Nebraska, who has been the loudest Republican critic of the president's Iraq policy, also signed the letter after his vote contributed to a delay of the Iraq debate. "People of this country look at us and shake their heads in disgust," he said in an interview Wednesday evening. "The message we're sending to the American people is that we don't have time, we're not mature enough to find a way to deal with the most important issue of our time."

The other Republican senators signing the letter were: Susan Collins and Olympia Snowe of Maine; Gordon Smith of Oregon; Norm Coleman of Minnesota; and George V. Voinovich of Ohio.

Of that seven, only Ms. Collins and Mr. Coleman broke ranks with Republican leaders and joined Democrats in voting for the debate over the Iraq resolution to proceed.

Senate Democrats, whose plan to debate the Iraq resolution this week was stymied by the Republican minority, said they planned to move on and express their opposition to the president's troop buildup in other pieces of pending legislation.

A spokesman for Senator Harry Reid of Nevada, the Democratic leader, dismissed the message of the letter and said Mr. Warner and the other Republican senators had missed their chance for a full debate on their resolutions.

"Hopefully this letter signifies that the others have had a change of heart and will be willing to vote for their own resolution in the future," said the spokesman, Jim Manley.

Frustrated by the impasse in the Senate, the House is gearing up for a full-fledged debate beginning Tuesday, leading up to the first Iraq-related vote since Democrats won control of Congress in November. Each representative will be allowed five minutes to speak before voting on a resolution devised to send a bipartisan message to the White House opposing the plan to expand the military operation in Iraq.

It remained an open question, though, if House Democratic leaders could keep the debate from fracturing along ideological lines within the party. Speaker Nancy Pelosi, a Democrat of California, has been meeting one on one with lawmakers in her party, urging them to support the bipartisan resolution as a first step.

House Democrats will meet behind closed doors Thursday in an attempt to agree on language of the Iraq resolution to be debated next week. While many Democrats want to push legislation aimed at blocking financing for the war, a plan that has emerged among the leadership is simply to have representatives cast a vote to support or reject the president's plan.

"If you want to vote for the escalation, you can vote yes," said Representative Rahm Emanuel of Illinois, the chairman of the House Democratic caucus. "If you want to vote against the escalation, you can vote no."

Dems Seek Clean Iraq Resolution (HILL)

By Jonathan E. Kaplan

The Hill, February 8, 2007

House Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) said yesterday that they intend to pass a clean and simple resolution opposing President Bush's troop surge while supporting the soldiers in Iraq.

Pelosi, Hoyer, Rep. John Murtha (D-Pa.) and several other senior Democrats yesterday told officials with VoteVets.org, a pressure group of Iraq war veterans opposed to Bush's strategy, that they would prefer to pass a resolution that is "as clean and straightforward as possible," sources in the room said.

The leaders stressed that they did not have complete control over the final version of the legislation because the House Armed Services and International Relations committees would draft the legislation, and other members would give their input as well.

At the same event, Pelosi told reporters that a measure condemning the president's plan to "escalate" the war in Iraq while expressing support for U.S. troops would be Congress's first step in reasserting its role in conducting the war in Iraq.

House Democrats will convene today so that House leaders have a chance to explain what they want to accomplish with the resolution. Their goal is to reassure the more liberal members of the caucus that this is just a "first bite at the apple," and that they will have more chances in the coming weeks and months to force Bush to change course in Iraq, said a senior Democratic leadership aide.

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Democrats had wanted to advance the Iraq discussion further on Tuesday, when they gathered for their weekly meeting, but it was cut short because Louisiana Gov. Kathleen Blanco (D) made an appearance to talk about Hurricane Katrina.

For her part, Pelosi expressed confidence there already is strong bipartisan disapproval of the surge, adding that there also would have been "strong support" for the resolution introduced by Sen. John Warner (R-Va.) had it passed the Senate.

Just last week, House leaders indicated that they were leaning toward consideration of something like the Warner measure, which disapproved of the troop surge and included some proposals of the Iraq Study Group's report. House Democratic leaders had wanted the Senate to move first to pass a resolution. But Senate Republicans stymied further debate with procedural objections.

Hoyer said Tuesday that the House would allow three days of debate next week, and that the resolution would not be open to amendments. And House Democratic aides are more confident that action in the House will spur the Senate to finish its debate on Iraq. One top Democratic aide said that Democrats could pass a resolution that called for a cap in the number of troops and funding, if they wanted.

There are more than 16 resolutions expressing some form of objection to the Iraq war floating in the House.

The Progressive Caucus, a group of 71 liberal Democrats, has issued a position on Iraq that is in line with the ideas floated by House Democratic leaders. They favor withdrawing troops in six months without cutting off funding, but they would like to have binding votes to stop Bush from increasing troop levels in Iraq.

Meanwhile, the Blue Dog Coalition, a group of more than 40 conservative Democrats, has demanded that the resolution include measures calling for more oversight on reconstruction spending.

Gates Considers Alternatives For Iraq (LVS/AP)

By Anne Flaherty

Las Vegas Sun, February 8, 2007

0205dv-iraq-resolution Defense Secretary Robert Gates told a House panel Wednesday that the U.S. should know in a few months if the Iraqi government is making progress toward peace and whether the United States "is going to have to look at other alternatives and consequences."

In stark contrast to predecessor Donald H. Rumsfeld, Gates also said there was no doubt the Army and Marine Corps needed to be larger if they are to deal with future wars and give troops enough rest between combat tours.

"We need the full range of military capabilities," including ground combat forces to battle large armies and nimble special operations troops to scout out terrorist threats, Gates told the House Armed Services Committee.

"We don't know what's going to develop in places like Russia and China, in North Korea, in Iran and elsewhere," he said.

Gates testified alongside Marine Corps Gen. Peter Pace, chairman of the Joint Chiefs of Staff, as the House was gearing up for its first full-fledged debate on the Iraq war since the Nov. 7 elections. House Democrats plan next week to bring to the floor a measure that would flatly oppose President Bush's decision to send 21,500 more troops to Iraq.

Gates had said Tuesday that U.S. forces might be able to start leaving Iraq before the end of the year, if daunting conditions including subdued violence and political reconciliation are met.

Democrats and several Republicans say they oppose the troop buildup and that it is time the Iraqi government stepped up to defend its own country.

Tired of waiting for an opportunity to try to stop the war in Iraq, some Democrats say they want to use legislation approving billions of dollars in war spending to insist that Bush not send more troops or bring troops home by a certain date.

"The longer we delay taking action, the greater the failure in Iraq and the larger the cost in American blood and treasure," said Sen. Christopher Dodd, D-Conn., who supports legislation that would cap the number of troops allowed in Iraq.

Sen. Barack Obama said he would push his legislation ordering troops out of Iraq by March 2008.

"This is not a symbolic vote," Obama, D-Ill., said of his proposal, which is backed by two House Democrats. "This is what I think has the best chance of bringing our troops home."

Sen. John Kerry, who drafted a similar proposal, said Congress' actions will be watched carefully by voters headed to the polls in 2008.

"If the Congress is going to procrastinate, if they refuse to debate the most important issue of our time ... then that is going to be clear issue in the context of '08," said Kerry, D-Mass.

Democratic leaders in both the House and Senate have pledged to their rank-and-file that a vote on a nonbinding resolution opposing the troop buildup would merely be the first attempt to pressure Bush to shift course in the war. Other legislation will be binding, they said.

Majority Leader Steny Hoyer, D-Md., told reporters he hoped the measure in the House would attract Republican support.

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Rep. John Boehner, R-Ohio, his party's House leader, said in an interview that he hoped the GOP would be permitted to seek a vote on an alternative. If so, he said it would call for a bipartisan committee to oversee the war effort, and lay out a series of benchmarks by which people could judge whether the Iraqi government was living up to its commitments to help quell the violence.

"If you're not for victory in Iraq, you're for failure," Boehner said. "The consequences of failure are immense. I think it destabilizes the entire Middle East, encourages Iran and on top of that it's pretty clear that the terrorists will just follow us home."

War Foes Will Not Hurt Morale (WT)

By Stephen Dinan

The Washington Times, February 8, 2007

The Defense Department's top civilian and its top military officer, undercutting the White House and other senior Republicans yesterday, said Congress doesn't endanger troop morale by voting on nonbinding resolutions opposing President Bush's Iraq reinforcement plan.

"From the standpoint of the troops, I believe that they understand how our legislature works and that they understand that there's going to be this kind of debate," said Joint Chiefs of Staff Chairman Gen. Peter Pace, effectively taking out of play an argument that had been made by Mr. Bush's spokesman and other top Republicans, who had warned resolutions disagreeing with the troop increase plan would send bad signals.

Joining Gen. Pace in testifying to the House Armed Services Committee, Defense Secretary Robert M. Gates said the troops are "sophisticated enough to understand" that the debate is about a way to move forward in Iraq.

But Gen. Pace said that would all change if today's nonbinding resolutions turned into moves to cut off funding for the war effort -- something some Democrats have proposed.

"They're going to be looking to see whether or not they are supported in the realm of mission given and resources provided," the Marine general said. "As long as this Congress continues to do what it has done, which is to provide the resources for the mission, the dialogue will be the dialogue, and the troops will feel supported."

The two men's comments are in stark contrast to arguments made by Republicans, including the president's spokesman, Tony Snow, that a debate on resolutions could have an effect on the troops.

"Think about what message resolutions would send," Mr. Snow said last month, adding that while he wouldn't judge the effects himself, "It is a question that those who are talking about these resolutions will have to answer to themselves and to the public."

Arizona Sens. Jon Kyl and John McCain and Utah Sen. Orrin G. Hatch, all Republicans, have raised similar questions -- just yesterday, in the case of Mr. Hatch.

"Our political will is directly related to the morale of our troops," he said on the Senate floor. "Those who seek to, for rhetorical purposes only, assert their support of the troops while communicating their opposition to their mission cannot sever this natural connection between political will and morale."

Mr. McCain last month raised the question about resolutions and morale with Army Lt. Gen. David H. Petraeus, the new commander of U.S. forces in Iraq, during a Senate hearing.

"It would not be a beneficial effect," answered Gen. Petraeus.

The division over U.S. troop morale aside, Mr. Gates, Gen. Pace and others all agreed that the debate could send wrong signals to al Qaeda and other enemies the United States is fighting.

The House will begin debating an anti-reinforcements resolution next week, with Democratic leaders hoping to succeed where the Senate failed.

Senate Republicans on Monday foiled that chamber's debate by using procedural means to block a final vote on a resolution that would have said the Senate "disagrees" with the plan to increase troops, but backs Mr. Bush's view that victory in Iraq is a critical objective.

Mr. Bush last month said he would send about 17,500 more soldiers to Baghdad to try to counter Sunni-Shi'ite sectarian violence that threatens Iraq's fledgling government, and deploy an additional 4,000 Marines to Anbar province to combat al Qaeda fighters making a stand there.

The president has claimed the authority as commander in chief to proceed.

Democrats who oppose the troop increase were left with few alternatives: rescind the authorization to go to war, cut off funding for troops, or pass a nonbinding resolution that has no effect but lets members vent their feelings on the way the war is going.

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"We have a house that's burning, and we're putting gasoline on it by sending more troops to Iraq when what we need to be doing is trying to put out that fire," Rep. Hank Johnson, Georgia Democrat, told Gen. Pace and Mr. Gates yesterday. "I think that's what the American people want to hear."

Veterans Group Speaks Out On War (WP)

By Lyndsey Layton And Jonathan Weisman

The Washington Post, February 8, 2007

When Iraq war veteran Jon Soltz accused Senate Minority Leader Mitch McConnell (R-Ky.) of "aiding the enemy," the Democratic senators gathered around him yesterday did not wince. Nor did Democrats object when Soltz, the chairman of a group called VoteVets.org, called President Bush and Vice President Cheney "draft dodgers."

In the United States Congress, where decorum usually holds sway, Soltz and his small band of veterans are saying things many Democrats would like to express but can't. And as the politics heat up over the Iraq war, Democratic leaders increasingly are being drawn to Soltz and his angry soldiers.

VoteVets.org appears to be the most active group trying to influence the debate about the president's plan to send 21,500 more troops to Iraq. Last month, it dispatched veterans to the home states of Republican senators waffling over resolutions on the war. Next, it ran a stark television ad on Super Bowl Sunday that drew national attention. And this week, group members crisscrossed Capitol Hill, trying to persuade lawmakers and their staffs to oppose the troop increase.

Their efforts are supported by a coalition of liberal groups that blocked the president's 2005 plan to privatize Social Security. But this new campaign could prove more difficult.

The veterans are selling a blunt message: The Bush strategy in Iraq is a failure, and adding troops sends more young men and women to their deaths. If you care about the military, they told lawmakers, vote against the troop increase. Legislators who are stalling debate on the matter are "cowards," they said.

This week marked their third pilgrimage to the Capitol. They met privately with the staffs of 11 senators, mostly Republicans. They talked strategy behind closed doors with the Democrats who run the House and then held a media event with those leaders, including Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny H. Hoyer (D-Md.), who praised them for speaking out.

Soltz, the group's intense 29-year-old co-founder who served in Iraq in 2003, displayed a fiery impatience with the procedural morass that has paralyzed the Senate. "I don't need some fancy Senate talk about why they can't vote," he said in an interview. "We just want a vote. We need a vote that tells the president that his strategy is not working."

In several news conferences, Soltz accused McConnell of "aiding the enemy" by allowing the Bush administration to build up troops in Iraq at the expense of the hunt for Osama bin Laden. "We are not fighting the war on terrorism, we are in the middle of a civil war," he said, referring to Iraq. "Meanwhile, the guy who attacked this country on 9/11 is living in a cave in Afghanistan."

Soltz called Cheney a "draft dodger," repeating charges he made last month when he disparaged a "president who frankly knows nothing of war and a vice president who knows even less." He said: "Senators on the fence have a choice. They can stand with veterans like us, or they can stand with the draft dodgers down the road."

Democrats said they will not muzzle the veterans. In many ways, the former soldiers and Marines are expressing sentiments the lawmakers want broadcast, and they help inoculate Democrats against Republican claims that opposing the president's plan undermines the troops.

Sen. John F. Kerry (D-Mass.), who appeared with four veterans yesterday morning, said he saw parallels between VoteVets.org and Vietnam Veterans Against the War, the group of protesters he led during Vietnam. He said he recognized the anger he saw in Soltz. "When you come back from fighting the enemy, you are passionate and feel very strongly about duty," Kerry said. "Each one of these folks has earned the right to express their thoughts. Their words ought to stand for themselves. That's exactly how they feel and people ought to listen to them."

In the office of Sen. Blanche Lincoln (D-Ark.), the chief of staff and several aides listened with rapt attention Tuesday as Brian Van Riper, a 25-year-old former Marine machine gunner, told how he struggled with creeping doubts during his Iraq tour that peaked when he met a 12-year-old Iraqi girl with a scarred face and missing leg. She was a casualty of the initial air bombing of Baghdad, Van Riper said. "That night, I felt a tear down my eye," he said.

Soltz, Van Riper and the others got polite if reserved receptions from Republicans, with one exception. The veterans said they stormed out of a Tuesday meeting with Sen. Larry E. Craig's chief of staff. "He was almost dismissive in his tone," said Joe Kramer, 31, who was in the light infantry in Iraq. "We agreed to disagree. Very loudly."

Dan Whiting, a spokesman for Craig, would say only that the Idaho Republican's chief of staff, Mike Ware, sees things differently.

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Sen. John McCain (R-Ariz.), a decorated Vietnam veteran and likely presidential candidate who supports the addition of troops, dismissed VoteVets.org as a "handful of veterans" not representative of the military.

VoteVets.org has 20,000 members, including 1,000 veterans of Iraq and Afghanistan, said spokesman Eric Schmeltzer. The PAC is part of a coalition of left-leaning groups organized by Americans United for Change that includes labor unions and liberal groups such as MoveOn.org.

The veterans group raised just over $1.3 million in the last election cycle. Some of that money came in large doses, from Wall Street and Hollywood sources. Lynne Wasserman, daughter of the late Hollywood mogul Lew Wasserman, shelled out $25,000. Hedge fund owner Kevin Toner, a generous Democratic contributor, gave $25,000, as did Brian Snyder, another New York investor. Other donors include Phil Donahue, Democratic doyenne Beth Dozoretz, TV producer Norman Lear and architect Frank Gehry. At least $20,000 has come from organized labor and another $5,000 came from Senate Majority Leader Harry M. Reid's (D-Nev.) Searchlight Leadership Fund. But most donations have been $1,000 or less.

Soltz said the group is pro-military and not a front for the Democrats. "I'm a conservative," said Soltz, who volunteered on Kerry's 2004 presidential campaign. "I don't think 20,000 more troops is Democratic, I don't think 20,000 troops is Republican. I think it's stupid."

Hillary On Iraq (WSJ)

The Wall Street Journal, February 8, 2007

One pleasant surprise of Hillary Rodham Clinton's tenure as New York Senator has been her tough-minded approach on national security. She responded to 9/11 by supporting President Bush's strategy of taking on not just terrorists but the states that harbor them. She also voted for the war in Iraq and has refused to follow much of her party in alleging that Mr. Bush "lied" about weapons of mass destruction.

But as Mrs. Clinton bids to win the Democratic Presidential nomination, she is taking a marked turn to the left. Pressured by other candidates and by her party's left wing, she is walking back her hawkish statements and is now all but part of the antiwar camp. The polls show her to be the favorite to be the next Commander in Chief, so what she really believes, and how firmly she'll stick to it, deserves to be debated. Here's a summary of the arc of Mrs. Clinton's public thinking on Iraq:

- October 10, 2002. Mrs. Clinton addresses the Senate on the use-of-force resolution. "The facts that have brought us to this fateful vote are not in doubt," she declares, citing Saddam's record of using chemical weapons, the invasion of Kuwait, and his history of deceiving U.N. weapons inspectors. "As a result, President Clinton, with the British and others, ordered an intensive four-day air assault, Operation Desert Fox, on known and suspected weapons of mass destruction sites and other military targets," she continues, adding that Saddam "has also given aid, comfort, and sanctuary to terrorists, including al Qaeda members."

While she expresses her preference for working through the U.N. if possible, she adds, "I believe the authority to use force to enforce that mandate is inherent in the original 1991 U.N. resolution, as President Clinton recognized when he launched Operation Desert Fox in 1998."

- December 15, 2003. It is clear by now that no large stockpiles of weapons of mass destruction will be found in Iraq. But Mrs. Clinton tells the Council on Foreign Relations that "Yesterday was a good day. I was thrilled that Saddam Hussein had finally been captured. . . . We owe a great debt of gratitude to our troops, to the President, to our intelligence services, to all who had a hand in apprehending Saddam. Now he will be brought to justice."

She adds, "I was one who supported giving President Bush the authority, if necessary, to use force against Saddam Hussein. I believe that that was the right vote." As for Iraq's prospects, she declares herself "a little optimistic and a little pessimistic . . . We have no option but to stay involved and committed."

- April 20, 2004. Mrs. Clinton tells Larry King: "I don't regret giving the President the authority because at the time it was in the context of weapons of mass destruction, grave threats to the United States, and clearly, Saddam Hussein had been a real problem for the international community for more than a decade." Asked whether she thinks she was "fooled," she replies: "The consensus was the same, from the Clinton Administration to the Bush Administration. It was the same intelligence belief that our allies and friends around the world shared about the weapons of mass destruction."

- October 2005. Antiwar fervor on the left is picking up, and activist Cindy Sheehan compares her to Rush Limbaugh after Mrs. Clinton tells the Village Voice: "My bottom line is that I don't want their sons to die in vain . . . I don't believe it's smart to set a date for withdrawal . . . I don't think it's the right time to withdraw."

- November 2005. Mrs. Clinton posts a letter to constituents that marks her first dovish turn. "If Congress had been asked [to authorize the war], based on what we know now, we never would have agreed," she writes. But invoking retired General Eric Shinseki's estimate of more American troops necessary to pacify Iraq, she demands not withdrawal but a new plan: "It is time for

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the President to stop serving up platitudes and present us with a plan for finishing this war with success and honor -- not a rigid timetable that terrorists can exploit, but a public plan for winning and concluding the war."

- August 3, 2006. Mrs. Clinton calls for Donald Rumsfeld to resign as Defense Secretary, asking for "new leadership that would give us a fighting chance to turn the situation around before it's too late."

- December 18, 2006. Her march left gains speed. On NBC's "Today" show, Mrs. Clinton renounces her war vote unequivocally for the first time: "I certainly wouldn't have voted that way."

- January 13, 2007. From Baghdad, Mrs. Clinton responds to Mr. Bush's plan to send more troops to Iraq to secure Baghdad: "I don't know that the American people or the Congress at this point believe this mission can work. And in the absence of a commitment that is backed up by actions from the Iraqi government, why should we believe it?"

- January 17, 2007. Mrs. Clinton calls for capping the number of U.S. troops in Iraq, saying she will introduce legislation to do so. And while she says she won't block money for the troops, she suggests withholding funds for the Iraqi government. It is precisely such a funds cut-off to the South Vietnamese government in 1975 that led to the final U.S. flight from Saigon.

- January 27, 2007. On the campaign trail in Iowa, Mrs. Clinton demands that President Bush "extricate our country from this before he leaves office." And she promises that, if elected, she will end the war quickly.

All politicians change their minds about something at some point, but what's troubling about Mrs. Clinton's record on Iraq is that it tends to follow, rather than lead, public opinion. When the war was first debated, and she couldn't easily walk away from her husband's record against Saddam, she was a solid, even eloquent, hawk. Then for a time she laid low and avoided the antiwar excesses of John Kerry and others.

But now that the war has proven to be difficult, and her fellow Democrats are outflanking her on the antiwar left, she is steadily, even rapidly, moving in their direction. So in the space of merely 14 months and as the Presidential campaign begins in earnest, Mrs. Clinton has gone from advocating a new plan to "win" the Iraq war, with "honor," to vocally opposing President Bush's new strategy to try to do precisely that. And, oh, yes, she now wants the "surge" to be in Afghanistan instead of Iraq.

The question we'd ask is whether this is the kind of stalwart drift that Mrs. Clinton would bring to the Oval Office?

Private Virtue, Public Vice (NYT)

By David Brooks

The New York Times, February 8, 2007

Deep in the bowels of Washington, hidden from public scrutiny and prying cameras, there is an illicit underworld where people are subtle, reasonable and interesting. I have occasionally been admitted to this place, the land of RIP (Reasonable in Private).

I have been in the Senate dining room and heard senators, in whispers and with furtive glances, acknowledge the weaknesses in their own arguments and admit the justice of some of the other side's points. I have seen politicians fess up to their own evasions and acknowledge the trade-offs inevitable in tough decisions.

I have always felt honored when politicians admit me into the realm of RIP, because if it ever got out that these pols were sensible and independent, it would ruin their careers. If it ever got out that they could think for themselves or often had subversive and honest thoughts, they would be branded traitors to their party and uncertain champions for their cause.

For politicians are not permitted to ply their trade in the land of RIP. In our democracy, all public business must be done in the land of SIPB (Self-Important Pathetic Blowhards).

In our democracy, everybody has to line up in party formation for each week's mighty clash, no matter how stupid they think the exercise may be.

In our democracy, lawmakers are compelled to spend their days maneuvering for trivial advantages that nobody will remember by dinnertime.

In our democracy, presidential aspirants spend a few months fighting a general election but two years positioning themselves for the primaries. That means they spend the bulk of their time in transcontinental cattle calls, competing to most assiduously flatter the prejudices of their most febrile supporters. They traffic in pre-approved bromides while searching with their hyperattenuated antennas for their party's maximum sweet spot of approval, love and applause.

In our democracy, top officials lead frantic, overscheduled lives, with almost no time alone and with major decisions made by instinct during rushed limo rides from one forgettable event to another. They spend their days talking, and pretty soon they become human jukeboxes — their snippets of conversation are just chunks of oft-repeated material they have retrieved from the stump speech audio collection in their heads.

In short, our democracy, at least as it has evolved, takes individuals who are reasonable in private and it churns them through a public process that is almost tailor-made to undermine their virtues. The process of perpetually kissing up to the voters

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destroys the leadership qualities the voters are looking for in the first place: tranquillity of spirit, independence of mind and a sensitivity to the contours and complexity of reality.

The best politicians try to build a fortress around their private lives to protect themselves from the ravages of the process all around them. They try to separate their real belief from their public spin. They stage little rebellions against members of their political base, who would otherwise be their slavemasters. They try not to let the bloated public persona smother the little voice within.

But this week it has become clear what an uphill struggle that is. This week, everyone senses that we have reached a crucial juncture in the Iraq war debate. This week, in private, everyone acknowledges how complex the choices are. Everyone senses that the policy being promoted possibly won't work and could have ruinous consequences. This week, the mood — in private — is sober and anxious.

And yet the politicians have completely failed to institutionalize that sense of sobriety in the public sphere. Instead of having a serious debate, the Senate disgraced itself with mind-bendingly petty partisanship. Meanwhile, the Democratic presidential candidates engaged in an unholy bidding war to get out of Iraq soonest, which had nothing to do with realities in Iraq and everything to do with applause lines in Iowa.

In a week when the private mood was grave, the public action was partisan and shortsighted. Instead of trying to educate public opinion by stressing the realities described in the National Intelligence Estimate, the political class, by and large, publicly ignored those findings. The Republicans maintained near lock-step solidarity even though privately, Republican opinions are all over the place. The Democrats ignored the intelligence community's warning about withdrawal after spending three years blasting the Bush administration for ignoring intelligence.

In private, we have a decent leadership class. In public, it's rotten.

Iraq Security Plan Underway; Crash Of Marine Copter Kills 7 (WP)

By Ernesto Londoño And Joshua Partlow

The Washington Post, February 8, 2007

BAGHDAD, Feb. 7 -- On the day the U.S. military announced that American and Iraqi forces had begun implementing their long-awaited security plan, a U.S. Marine transport helicopter crashed northwest of Baghdad, the fifth deadly loss of an American helicopter in Iraq in less than three weeks.

Military officials said all seven crew members and passengers were killed in the crash of the CH-46 Sea Knight on Wednesday in Anbar province. The cause remains under investigation, but officials said the aircraft was having mechanical problems before it went down. The four other helicopters in recent crashes were shot down, the military acknowledged this week.

The U.S. military's chief spokesman in Iraq said Wednesday that U.S. and Iraqi forces had begun a joint effort to secure Baghdad and troubled Anbar province.

"The plan is being fully implemented as we speak," Maj. Gen. William B. Caldwell told reporters after being asked when the plan would start. "Not all aspects are in place at this point."

The plan is being led by Iraqi officials and is designed to stop violence in the capital's volatile neighborhoods, Caldwell said. Officials have established nine new security districts in Baghdad and are creating dozens of security stations that Iraqi police and military officers will share with U.S. military personnel.

"The key difference is, this time it's an Iraqi-led plan," Caldwell said. "Not only are they planning it, they are leading."

The announcement was something of a surprise, because officials had lately issued contradictory and vague messages about the scope and timing of the plan. Prime Minister Nouri al-Maliki on Tuesday urged his generals to move more quickly to get the plan off the ground.

"We will prove at the start of the Baghdad security plan that the Iraqi army and police can play an effective, courageous role," Maliki told the generals in a televised speech. "We will also disprove to the world that the Iraqi army relies on others and is not qualified to shoulder the responsibility."

Caldwell praised Maliki's leadership and what he described as the prime minister's commitment to keep political and sectarian differences from hindering the plan. Iraqi political leaders, many of whom draw some of their political strength from militias and insurgents, have in the past sought to influence military operations to protect militant groups loyal to them. Caldwell said that Maliki, who has been accused of protecting the Mahdi Army, a powerful Shiite Muslim militia, is urging his generals to resist such meddling.

"He doesn't want politicians calling and interfering with their mission," Caldwell said.

The rollout of the security plan comes as bombings and other acts of violence, much of it driven by sectarian fighting, continue in the capital.

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"We are in a tough, tough situation," Deputy Prime Minister Barham Salih said in an interview Wednesday. He said the full implementation of the plan will take time because it involves "the mobilization of a lot of resources and assets, and the hope is that it will lead to a noticeable change in the security in Baghdad."

Foreign Minister Hoshyar Zebari said Wednesday that investigators were questioning four members of the Iraqi armed forces detained Sunday after other members of their group kidnapped an Iranian diplomat in Baghdad. He said the government is pursuing "strong leads" in the abduction.

"There is confusion as to their affiliation" within the armed forces, Zebari said. Iranian officials have alleged that the U.S. government was responsible for the kidnapping, which U.S. officials deny. There has been no further information on the fate of the diplomat.

Two U.S. military officials familiar with the latest helicopter crash investigation said the Marine aircraft apparently experienced equipment malfunction before crashing Wednesday morning. The troops aboard were on a routine mission, the officials said. They spoke on condition of anonymity because the investigation is underway.

A shop owner who works near the crash site in Garma, an area of orchards in Anbar province, said insurgents with machine guns drove by his store at approximately 10:30 a.m. claiming to have downed the aircraft.

"They told us, 'We just downed a helicopter,' " said Abu Anas, 30, who declined to give his full name. "When we went up to the roof, we saw big black smoke going up into the sky and an unbelievable fire. I have never seen such a fire."

The Islamic State of Iraq, a Sunni Muslim insurgent group, asserted responsibility for downing the helicopter in a statement posted on a Web site used by insurgents. The authenticity of the claim could not be verified.

One of the military officials familiar with the investigations of the five helicopter crashes said Wednesday that while none of the probes is complete, officials have identified common characteristics. The four before Wednesday's crash took place in the most heavily traveled air corridor in Iraq, where insurgents have been able to study flight patterns and techniques. One helicopter was being operated by the contracting firm Blackwater USA.

"The enemy in that area is smart and attuned to the air traffic and the fact that there's a big media splash when one goes down," the military official said. "The enemy has been concentrating on these more known routes in an attempt to interdict us. We are looking at ways now to ensure that the helicopter routes are more varied and more circuitous, and flying in a tactical manner to lessen the possibility of these types of tragedies."

Overall, the recent crashes do not present a significant strain on U.S. helicopter capabilities in the region, because there are hundreds of helicopters flying thousands of missions a month in Iraq and Afghanistan. The Brookings Institution has counted 56 downed U.S. military helicopters in Iraq since May 2003 and says enemy fire was responsible for about half of the crashes.

The CH-46, a Vietnam-era aircraft, is one of the oldest in the U.S. military's fleet.

Nearly 5,000 U.S. helicopters were lost in Vietnam -- about 2,075 were shot down and 2,560 were lost in accidents and mechanical malfunctions -- according to "The Vietnam War Almanac" by Harry G. Summers Jr., who served as an Army colonel.

Also Wednesday, the U.S. military said a Marine was killed Tuesday in fighting in Anbar province.

The Snake Eater (WSJ)

By Daniel Henninger

The Wall Street Journal, February 8, 2007

ABOUT DANIEL HENNINGER

Daniel Henninger is deputy editor of The Wall Street Journal's editorial page. Mr. Henninger joined Dow Jones in 1971 as a staff writer for the National Observer. He became an editorial-page writer for the Journal in 1977, arts editor in 1978 and editorial features editor in 1980. He was appointed assistant editor of the editorial page in 1983 and chief editorial writer and senior assistant editor in October 1986, with daily responsibility for the "Review & Outlook" columns. In November 1989 he became deputy editor of the editorial page.

Mr. Henninger was a finalist for a Pulitzer Prize in editorial writing in 1987 and 1996, and shared in the Journal's Pulitzer Prize in 2002 for the paper's coverage of the attacks on September 11. He won the Gerald Loeb Award for commentary in 1985. In 1998 he received the Scripps Howard Foundation's Walker Stone Award for editorial writing, for editorials on a range of issues, including the International Monetary Fund, presidential politics and cloning. He won the 1995 American Society of Newspaper Editors' Distinguished Writing Award for editorial writing, and he was a finalist in that award in 1985, 1986 and 1993. A native of Cleveland, Mr. Henninger graduated from Georgetown University with a bachelor's degree from the School of Foreign Service.

Mr. Henninger invites comments to henninger@wsj.com1.

Subject: A case study of how the U.S. got bogged down in Iraq.

DOJ_NMG_0129502

Problem: If a cop in Anytown, USA, pulls over a suspect, he checks the person's ID remotely from the squad car. He's linked to databases filled with Who's Who in the world of crime, killing and mayhem. In Iraq, there is nothing like that. When our troops and the Iraqi army enter a town, village or street, what they know about the local bad guys is pretty much in their heads, at best.

Fingerprinting the bad guys.

Solution: Give our troops what our cops have. The Pentagon knows this. For reasons you can imagine, it hasn't happened.

This is a story of can-do in a no-can-do world, a story of how a Marine officer in Iraq, a small network-design company in California, a nonprofit troop-support group, a blogger and other undeterrable folk designed a handheld insurgent-identification device, built it, shipped it and deployed it in Anbar province. They did this in 30 days, from Dec. 15 to Jan. 15. Compared to standard operating procedure for Iraq, this is a nanosecond.

Before fastening our seatbelts, let's check the status quo. As a high Defense Department official told the Journal's editorial page, "We're trying to fight a major war with peacetime procurement rules." The department knows this is awful. Indeed, a program exists, the Automated Biometric Identification System: retina scans, facial matching and the like. The reality: This war is in year four, and the troops don't have it. Beyond Baghdad, the U.S. role has become less about killing insurgents than arresting the worst and isolating them from the population. Obviously it would help to have an electronic database of who the bad guys are, their friends, where they live, tribal affiliation -- in short the insurgency's networks.

The Marine and Army officers who patrol Iraq's dangerous places know they need an identification system similar to cops back home. The troops now write down suspects' names and addresses. Some, like Marine Maj. Owen West in Anbar, have created their own spreadsheets and PowerPoint programs, or use digital cameras to input the details of suspected insurgents. But no Iraq-wide software architecture exists.

Operating around the town of Khalidiya, north of Baghdad, Maj. West has been the leader of a team of nine U.S. soldiers advising an Iraqi brigade. This has been his second tour of duty in Iraq. When not fighting the Iraq war, he's an energy trader for Goldman Sachs in New York City.

It had become clear to him last fall that the Iraqi soldiers were becoming the area's cops. And that they needed modern police surveillance tools. To help the Iraqi army in Khalidiya do its job right, Maj. West needed that technology yesterday: He was scheduled to rotate back stateside in February -- this month.

Since arriving in Iraq last year, Maj. West had worked with Spirit of America (SoA), the civilian troop-support group founded by Jim Hake. In early December, SoA's project director, Michele Redmond, asked Maj. West if there was any out-of-the-ordinary project they could help him with. And Maj. West said, Why yes, there is. He described to them the basic concept for a mobile, handheld fingerprinting device which Iraqi soldiers would use to assemble an insurgent database. Mr. Hake said his organization would contribute $30,000 to build a prototype and get it to Khalidiya. In New York, Goldman Sachs contributed $14,000 to the project.

Two problems. They needed to find someone who could assemble the device, and the unit had to be in Khalidiya by Jan. 15 to give Maj. West time to field-test it before he left in February.

To build the device, they approached a small California company, Computer Deductions Inc., which makes electronic systems for law-enforcement agencies. Over the Dec. 15 weekend, CDI went to work building a machine for Iraq.

Tom Calabro, a CDI vice president, assembled a team of six technicians. Its basic platform would be a handheld fingerprint workstation called the MV 100, made by Cross Match Technologies, a maker of biometric identity applications. The data collected by the MV 100 would be stored via Bluetooth in a hardened laptop made by GETAC, a California manufacturer. From Knowledge Computing Corp. of Arizona they used the COPLINK program, which creates a linked "map" of events. The laptop would sit in the troops' Humvee and the data sent from there to a laptop at outpost headquarters.

Meanwhile, SoA began to think about how they'd get the package to Maj. West by Jan. 15. They likely would have less than seven days transit time after CDI finished. SoA normally used FedEx to ship time-sensitive equipment into Iraq. But given the unusual nature of the shipment, they were concerned about customs and clearance: This wasn't a case of soccer balls. Jim Hake thought of an alternative: Find someone who would hand-carry it, like a diplomatic courier, on a flight to Kuwait and from there to Taqaddum air base in central Iraq. This meant finding someone who could get into Iraq quickly.

The someone was Bill Roggio. Mr. Roggio is a former army signalman and infantryman who now embeds with the troops and writes about it on his blog, the Fourth Rail, or for the SoA Web site. He was at home in New Jersey, about to celebrate his birthday with his family. He agreed to fly the MV 100 to Iraq as soon as it was ready, in conjunction with an embed trip. With SoA's Michele Redmond, he started working out the logistics for getting to Iraq ASAP.

On Jan. 8, CDI's Tom Calabro emailed the group, including Maj. West in Iraq: "Things are progressing at a furious pace. I may be able to ship by end of day tomorrow. Worst case is Thursday or Friday."

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Four days later, a glitch. Mr. Calabro said a vendor mistakenly shipped via the U.S. postal service and a crucial part arrived late, on Jan. 12. "My guys are going to work through the night to finish testing," he said. They shipped the kit via UPS to Bill Roggio for Monday arrival; later that day, he boarded a Lufthansa flight from Newark to Kuwait City. After an overnight hotel stay, he took a C130 military transport to Taqaddum, 45 miles north of Baghdad. Maj. West's Marines drove him to their outpost 15 minutes away.

And so, a month from inception, Bill Roggio handed the electronic identification kit to Maj. West.

On the night of Jan. 20, Maj. West, his Marine squad and the "jundi" (Iraq army soldiers) took the MV 100 and laptop on patrol. Their term of endearment for the insurgents is "snakes." So of course the MV 100 became the Snake Eater. The next day Maj. West emailed the U.S. team digital photos of Iraqi soldiers fingerprinting suspects with the Snake Eater. "It's one night old and the town is abuzz," he said. "I think we have a chance to tip this city over now." A rumor quickly spread that the Iraqi army was implanting GPS chips in insurgents' thumbs.

Over the past 10 days, Maj. West has had chance encounters with two Marine superiors -- Maj. Gen. Richard Zilmer, who commands the 30,000 joint forces in Anbar, and Brig. Gen. Robert Neller, deputy commanding general of operations in Iraq. He showed them the mobile ID database device.

I asked Gen. Neller by email on Tuesday what the status of these technologies is now. He replied that they're receiving advanced biometric equipment, "like the device being employed by Maj. West." He said "in the near future" they will begin to network such devices to share databases more broadly: "Bottom line: The requirement for networking our biometric capability is a priority of this organization."

As he departs, Maj. West reflected on winning at street level: "We're fixated on the enemy, but the enemy is fixated on the people. They know which families are apostates, which houses are safe for the night, which boys are vulnerable to corruption or kidnapping. The enemy's population collection effort far outstrips ours. The Snake Eater will change that, and fast." You have to believe he's got this right. It will only happen, though, if someone above his pay grade blows away the killing habits of peacetime procurement.

Copter Crashes Suggest Change In Iraqi Tactics (NYT)

By Richard A. Oppel Jr. And James Glanz

The New York Times, February 8, 2007

BAGHDAD, Feb. 7 — With two more helicopter crashes near Baghdad, including a Marine transport crash on Wednesday that killed seven people, the number of helicopters that have gone down in Iraq over the past three weeks rose to six. American officials say the streak strongly suggests that insurgents have adapted their tactics and are now putting more effort into shooting down the aircraft.

The number also includes a previously unreported downing of a helicopter operated by a private security firm on Jan. 31.

Some aspects of the recent crashes indicate that insurgents have become smarter about anticipating American flight patterns and finding ways to use old weapons to down helicopters, according to military and witness reports. The aircraft, many of which are equipped with sophisticated antimissile technology, still can be vulnerable to more conventional weapons fired from the ground.

Details about the Marine helicopter, a CH-46 Sea Knight transport that crashed into an open field in an insurgent-heavy region northwest of Baghdad, were still sketchy Wednesday night. Witnesses said the aircraft appeared to have been shot down, but some military officials suggested that the crash might have been caused by a mechanical failure.

The private security helicopter shot down last week was being flown in support of State Department operations and was forced down 10 miles south of the capital after insurgents attacked it with heavy-caliber ground fire as it flew from Hilla to Baghdad, American officials said Wednesday. Another American helicopter quickly swooped in to rescue the passengers and crew.

There have been four other fatal downings of American helicopters since mid-January that killed at least 20 people and that military officials have suggested were all caused by small-arms fire. In some cases, however, witnesses indicated that missiles had been fired from the ground.

American officials emphasize that a new sense of coordinated aggressiveness on the part of insurgents toward attacking aircraft, or even luck, may be playing as large a role in the high pace of crashes as improved skill and tactics among insurgents.

“I do not know whether or not it is the law of averages that caught up with us,” said Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, during Senate testimony on Tuesday. Another possibility, he said, was that there had “been a change in tactics, techniques and procedures on the part of the enemy.”

Among the troops, helicopters are still seen as a less vulnerable way to travel than the ground convoys that are commonly subject to roadside bombs that can tear through thick vehicular armor.

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Historically, improved tactics in shooting down helicopters have proved to be important factors in conflicts in which guerrillas have achieved victories against major powers, including battles in Somalia, Afghanistan and Vietnam.

A senior military official in Washington said Wednesday that, while the episodes were still under investigation, the rash of helicopter shoot-downs appeared to be part of an insurgent strategy to inflict heavier losses on American forces at the start of the new push to secure Baghdad.

"There is certainly the expectation here that insurgents are trying to inflict some losses as we're building up forces as a means to try to discourage the Iraqis and us that this is a futile plan," the official said, speaking on condition of anonymity.

Several officials said it was unclear whether the attacks had succeeded because insurgents had adopted new tactics, but judging only by the number of successful attacks, it appeared to be part of a coordinated effort.

Part of the explanation, one official said, may be that fighters are simply firing at low-flying American helicopters. In recent years, there has been relatively little small-arms fire against helicopters, the official said.

One Air Force commander in Baghdad said the recent crashes appeared largely to be a result of old weapons long available in Iraq and not an influx of new hardware or technology. "I haven't seen anything like that," the American commander said.

The Sea Knight, the aircraft that crashed Wednesday, is a large transport helicopter that is easily distinguished by its twin rotors, one mounted near the cockpit and one mounted on a tall tail at the back. It can carry more than two dozen passengers and crew members. The military said all seven people on board died in the crash but did not identify the victims.

Video of the aftermath broadcast by the BBC showed bright red flames and thick black smoke billowing from the burning hulk of the helicopter as the wreckage lay in an open field.

Witnesses said the helicopter appeared to have been attacked from the ground.

"I looked at the sky and saw this big helicopter with double rotors and it was hit in its tail and burning," said one Iraqi who declined to give his name but said he saw the crash while tending to his herd of grazing sheep near Karma, an area heavy with Sunni Arab insurgents between Baghdad and Falluja.

Another helicopter, with one rotor, was flying just behind the burning aircraft, he said. The twin-rotor helicopter flew for another half mile or so before crashing, he said. "I saw a lot of airplanes after the crash, and I took my herd and left," he said. "I was afraid there would be shooting after that."

An Internet message from an insurgent group calling itself the Islamic State of Iraq took responsibility for shooting down the helicopter, the latest in a string of crashes that the group has claimed responsibility for. The message said that the group's "antiaircraft" battalion downed the aircraft about 10:40 a.m. near Karma, and asserted that the crash was witnessed by hundreds of onlookers shouting "God is great," according to the SITE Institute, which tracks Internet postings by insurgent groups.

American military officials emphasized that the investigation into the crash was scrutinizing a possible mechanical failure along with other potential causes.

Two American officials said the previously unreported downing of the private helicopter supporting State Department operations last week came after it was subjected to a hail of gunfire from the ground. One official described the gunfire as heavy caliber and said that after the helicopter crash-landed a second aircraft set down and evacuated the stranded passengers and crew.

But the official said that as a quick reaction force rushed to the crash scene, the force was struck by at least one large roadside bomb and suffered several casualties. The force withdrew from the site, and American officials decided to destroy the aircraft rather than risk it falling into insurgent hands.

Before the most recent crashes, at least 57 American military helicopters have crashed or been shot down since May 2003, according to a tally by the Brookings Institution. The highest total for any single month was five aircraft lost in January 2004. The overall tally since 2003 showed that at least 172 American service members had died in helicopter crashes, or about 5.5 percent of the total American troop fatalities.

On Jan. 20, in the deadliest recent crash, attackers appear to have fired from a pickup truck near Baghdad. The first of two Black Hawk helicopters passed over the truck and saw nothing amiss. But a witness said that the second helicopter fired the flares that were used to confuse heat-seeking missiles before bursting into flames and then crashing.

An Apache gunship in the area then pursued the truck and destroyed it. The American military later said that the debris from the truck contained tubes consistent with missile launchers.

U.S. Copter Crash In Iraq Kills 7 (LAT)

By Tina Susman

The Los Angeles Times, February 8, 2007

DOJ_NMG_0129505

BAGHDAD — A U.S. military helicopter flying over farmland northwest of Baghdad crashed today, military officials said, killing all seven people on board. It was the fifth U.S. helicopter lost in the past three weeks and the second to crash in five days.

Witnesses described hearing loud bangs before the aircraft began swinging wildly in the sky and then plunged in flames.

Military officials in Baghdad said they did not know the cause of the crash. In Washington, a senior Defense Department official told the Associated Press that the military believed mechanical problems were to blame.

In Baghdad, military spokeswoman Lt. Col. Josslyn Aberle confirmed that all on board the aircraft were killed.

Hours after the crash, a Sunni Muslim insurgent group linked to Al Qaeda claimed to have shot down the CH-46 Sea Knight helicopter as part of a new anti-U.S. campaign that appears to have picked up steam just as U.S. and Iraqi forces begin to launch a new security plan in Baghdad.

The same group claimed to have shot down a U.S. helicopter north of Baghdad Friday and to have set off a string of car bombs that wreaked havoc in the northern city of Kirkuk the next day.

Today's crash occurred about 20 miles northwest of Baghdad, in Al Anbar province, a region notorious for Sunni insurgent activity.

Ahmed Said, 40, a taxi driver, said he saw the helicopter flying ahead of him and then heard what he thought was machine gun fire.

"I stopped the car and I saw the chopper was on fire and pivoting in the air," he said. When it hit the ground, it made "a big boom sound," he said, an account echoed by others witnesses.

Whether the cause of the crash was enemy fire or mechanical failure, the loss of another helicopter and of more U.S. troops underscored the perils faced by the U.S. military in Iraq, where roadside explosives and car bombs have made air travel the preferred mode of transport.

When asked about the recent rash of helicopter downings during a Senate hearing Tuesday, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged the concerns that insurgents may have changed tactics to focus on airborne targets. Four of the last five crashes have been caused by hostile fire, U.S. officials say.

Military officials today announced two more U.S. troop deaths, bringing the total to at least 3,111 since the U.S. invasion of Iraq in 2003, according to the website icasualties.org, which tracks casualty figures from the war. At least 19 of those deaths have occurred in the past week.

Maj. Gen. William B. Caldwell IV, the U.S. military spokesman, said despite the ongoing violence, the new security plan designed to quash insurgent activity was well underway. He acknowledged, however, that only 3,000 of the 21,500 additional U.S. troops promised by President Bush had arrived in Baghdad and that it would take time to fully implement the plan.

"We're kind of rolling into this plan," he said, refusing to say when all 21,500 additional troops were expected in the country. Caldwell also emphasized that Iraqi leaders were in charge of deploying the troops and deciding in which areas to focus the security sweeps.

At a news conference earlier, Iraqi Foreign Minister Hoshyar Zebari announced that four Iraqi military officers were being held in the apparent abduction of an Iranian diplomat in Baghdad. Zebari said it was not yet clear whom the four answered to.

The Iranian government Tuesday accused the United States, which has long maintained that Iran is meddling in Iraq, of orchestrating the abduction of the Iranian Embassy's second secretary. U.S. officials in Baghdad today continued to deny any knowledge of the abduction, which Iran says occurred Sunday as the diplomat was leaving a bank. The diplomat remains missing.

Morgue officials and police said 33 bodies were found in Baghdad, all shot to death and apparent victims of sectarian warfare.

Marine Copter Crashes; 7 Killed (WT/AP)

By Robert H. Reid

The Washington Times, February 8, 2007

BAGHDAD -- A U.S. Marine transport helicopter crashed in flames yesterday in a field northwest of Baghdad, killing all seven persons aboard, the U.S. military said. It was the fifth U.S. aircraft lost in less than three weeks and the latest sign of growing problems with aviation in Iraq.

A U.S. military statement gave no reason for the crash of the CH-46 Sea Knight, which went down near Fallujah in Anbar province, about 20 miles from Baghdad. However, at the Pentagon, three Marine Corps officials said the troop-transport helicopter was in flames when it went down, with the pilot appearing to attempt a hasty landing but losing control as the aircraft descended.

They said witnesses in nearby Marine aircraft saw the flames but saw no sign that it involved hostile fire.

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An Iraqi air force officer, however, said the helicopter was downed by an anti-aircraft missile. He spoke on the condition of anonymity because he was not authorized to release information.

An Iraqi farmer who lives about a half mile from the crash site said he heard a missile fired moments before the crash, which took place in an insurgent-infested region.

"The helicopter was flying and passed over us, then we heard the firing of a missile," said the farmer, Mohammed al-Janabi. "The helicopter then turned into a ball of fire. It flew in a circle twice and then went down."

Associated Press Television video showed the flaming wreckage lying in a field in front of a cluster of mud homes. A dense plume of black smoke rose over the remains. The Marine officials suspected that the fire was caused by a mechanical problem, the officials said. They spoke on the condition of anonymity because the investigation was continuing.

Names of the victims were not released, but military officials said five were Marines and two were from the Navy.

In a statement posted on an extremist Web site, an al Qaeda-linked group, the Islamic State in Iraq, claimed it shot down the helicopter, which it described as a Chinook -- an Army helicopter that resembles a Sea Knight.

Critics have long urged the military to replace the CH-46, which was introduced in 1964 at the start of the Vietnam War. In 2001, retired Col. Frank Jensen wrote in Defense News that the Marines should replace the CH-46 but cannot because of budget limitations.

Regardless of the cause, the latest crash adds urgency to a U.S. military review of flight operations in Iraq, including whether insurgents have perfected skills in attacking U.S. planes.

The latest crash occurred five days after a U.S. Army Apache helicopter went down in a hail of gunfire north of Baghdad. Three other helicopters -- two from the Army and one operated by an American security firm -- also have crashed since Jan. 20. A total of 27 persons -- 23 U.S. service members and four American civilian contractors -- were killed in the five crashes.

Army Says It Will Withhold $19.6 Million From Halliburton, Citing Potential Contract Breach (NYT)

By Philip Shenon

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — The Army announced during a House oversight committee hearing on Wednesday that it would withhold $19.6 million from the Halliburton Company after recently discovering that the contractor had hired the company Blackwater USA to provide armed security guards in Iraq, a potential breach of its government contract.

The Army has said that its contracts with Halliburton, which has a five-year, $16 billion deal to support American military operations in Iraq, generally barred the company and its subcontractors from using private armed guards. But in a statement, Halliburton disagreed with the Army's interpretation and suggested that there was nothing to prohibit Halliburton's subcontractors from hiring such guards.

The announcement came during a hearing of the House Government Oversight Committee that included emotional testimony about the killing of four Blackwater employees in Falluja, Iraq, in 2004.

In an e-mail message made public in the hearing and written only hours before the four were killed, another Blackwater worker told the company to end the "smoke and mirror show" and provide its employees in the war zone with adequate weapons and armored vehicles.

"I need ammo," the worker, Tom Powell, said in an e-mail message dated March 30, 2004, to supervisors at Blackwater, which is based in North Carolina. "I need Glocks and M4s — all the client body armor you got," he wrote. "Guys are in the field with borrowed stuff and in harm's way."

Mr. Powell said he had requested heavily armored vehicles "from the beginning, and from my understanding, an order is still pending."

"Why? I ask," he added.

The next day, a mob in Falluja attacked a supply convoy that was being guarded by Blackwater employees and killed four guards, later stringing up two of the mutilated, charred bodies from a bridge. The men were riding in vehicles that were only lightly armored, and their families have claimed in a lawsuit against Blackwater that the company failed to provide basic protective equipment.

Blackwater's general counsel, Andrew G. Howell, told the House panel on Wednesday that the company, which also had a State Department contract to provide security services, believed that it had had an appropriate number of armored vehicles in Iraq. He said, "We have not skimped on equipment — no sir."

The panel is investigating Blackwater and the work of other large American military contractors in Iraq.

In the dispute with Halliburton, the Army insisted repeatedly to Congressional investigators last year that it could find no evidence that Blackwater had been hired by Halliburton and its subcontractors in Iraq for security.

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But in a letter dated Tuesday and made public on Wednesday, Army Secretary Francis J. Harvey said that additional investigation showed that Blackwater had provided private security guards for a Halliburton subcontractor, ESS Support Services, a construction and food services business, and that the costs "were not itemized in the contracts or invoices" prepared by ESS.

"The Army is continuing to investigate this matter and we are committed to providing full disclosures of the results of our investigations to the committee," he wrote to the chairman of the oversight committee, Henry A. Waxman, a California Democrat. "We share your commitment to ensuring that contractors supporting the military and reconstruction efforts in Iraq comply with the terms and conditions of these contracts."

In a statement, Halliburton insisted that it was not in breach of its contract with the government.

"Nowhere does it prohibit subcontractors from supplementing that protection with private security," Halliburton said. "It is unrealistic to think that the military can both wage a war and at the same time protect every necessary civilian movement in Iraq." The company said it would "sit down with the Army to discuss and resolve these issues."

The committee also heard from family members of the four security guards.

"Why did Blackwater choose to make a profit over the safety of our loved ones?" asked Kathryn Helvenston-Wettengel, the mother of one of the men. "Blackwater gets paid for the number of warm bodies it can put on the ground in certain locations throughout the world. If some are killed, it replaces them at a moment's notice."

"Although everyone remembers those images of the bodies being burnt, beaten, dragged through the streets and ultimately hung from a bridge, we continue to relive that horror day after day, as those men were our fathers, sons and husbands," she said.

Halliburton Faces Scrutiny Over Security (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, February 8, 2007

The US military is weighing up whether to force Halliburton to pay back what could amount to tens of millions of dollars in fees it charged the army to pay for private security subcontractors in Iraq.

Tina Ballard, deputy assistant secretary of the army, said it was investigating allegations that Halliburton violated the terms of its $16bn (£8bn, €12bn) logistics contract in Iraq, known as Logcap, by knowingly or unknowingly paying for private security subcontractors, and that the army would consider taking steps to recoup those funds.

Use of private security contractors in Iraq, for duties ranging from protecting visiting US officials to securing reconstruction sites, has soared in recent years, costing US taxpayers about $3.8bn, according to a report by Democratic lawmakers.

Under the terms of Logcap, Halliburton is prohibited from using security contractors, such as Blackwater. Last year a top Defense Department official said in a letter to lawmakers investigating the issue that the department had been told by Halliburton subsidiary KBR that the company was "unaware" that Blackwater had been hired by any of KBR's many subcontractors.

But in testimony yesterday before the chief House oversight committee, Ms Ballard admitted that, after a subsequent army probe, one of KBR's subcontractors, ESS, a food services company that is a subsidiary of Compass of the UK, admitted it had hired Blackwater to protect ESS employees under a Logcap subcontract.

KBR's director of security yesterday said travelling in Iraq without security was "exceptionally dangerous".

The investigation of the alleged engagement of Blackwater by KBR and other contractors in Iraq lies at the heart of a wrongful death lawsuit against Blackwater by families of four employees who were ambushed in Falluja in 2004. Henry Waxman, the Democratic chairman of the oversight committee, said that, after three years investigating the ambush, it was still unclear whether the men, who were working for ESS, were ultimately working under a contract held by KBR - which would have violated contracting rules - or Fluor, another contractor, because ESS had offered conflicting information on the issue. Fluor yesterday denied ever working with Blackwater.

"It's remarkable that the world of contractors and subcontractors is so murky that we can't even get to the bottom of this, let alone calculate how many millions of dollars taxpayers lose in each step of the subcontracting process," said Mr Waxman.

In emotional testimony yesterday, the families of the four men, who were shot, dragged through the streets, burned and hanged from a bridge, said Blackwater failed to supply the men with teams big enough to ensure their safety, armoured vehicles and rear gunners, and other provisions. "It's like the wild west over there and there is no accountability," said Kathryn Helvenston-Wettengel, mother of one of those killed.

A Blackwater official declined to discuss details of the case, but said Congress was only hearing an "incomplete and one-sided exploration" of the incident.

5 Indicted In Probe Of Iraq Deals (WP)

DOJ_NMG_0129508

By Renae Merle

The Washington Post, February 8, 2007

Three Army Reserve officers and two civilians were indicted yesterday on federal charges of participating in a wide-ranging bribery and contract-rigging scheme involving millions in Iraq reconstruction funds.

The 25-count indictment handed up by a Trenton, N.J., grand jury expands a probe that has resulted in three guilty pleas. Those indicted yesterday were accused of participating in a scheme to funnel $8.6 million in reconstruction contracts to an American businessman in exchange for cars, $3,200 Breitling watches, plane tickets, $3,000 Toshiba laptop computers, weapons and stolen money. Named in the indictments were Col. Curtis G. Whiteford; Lt. Col. Debra M. Harrison and her husband, William Driver; Lt. Col. Michael B. Wheeler; and Michael Morris.

"This indictment alleges that the defendants flagrantly enriched themselves at the expense of the Iraqi people -- the very people they were there to help," said Paul J. McNulty, U.S. deputy attorney general.

Three of the central characters in the scheme have pleaded guilty. Robert J. Stein, a former Coalition Provisional Authority employee, was sentenced last month to nine years in prison and ordered to forfeit millions of dollars for his role in steering contracts to businessman Philip H. Bloom. Lt. Bruce D. Hopfengardner also admitted to steering contracts to Bloom for money and a Harley-Davidson motorcycle. Bloom pleaded guilty to conspiracy, bribery and money-laundering charges last year.

The alleged fraud scheme is the largest to emerge out of the Iraq reconstruction effort. In the indictment and in interviews, federal prosecutors described a series of grand scams designed to plunder a reconstruction program funded by the United States and with money collected from the sale of Iraqi oil. Over time, Bloom and his alleged confederates discussed setting up a private security company and an Iraqi airline to snag more work.

The reconstruction program often distributed funds in cash, handing out blocks of currency known as "bricks," and the indictment described how participants in the scam smuggled the bulk back into the United States.

Morris, who was charged with conspiracy and wire fraud, was arrested in Romania Tuesday, and federal officials said they would attempt to extradite him. Messages left for Driver, Wheeler and Harrison were not returned. A woman who answered the phone at Whiteford's home hung up.

In one case, Harrison and Wheeler smuggled at least $330,000 in stolen authority funds from Iraq to New York using commercial business-class tickets purchased by Bloom, according to the indictment. In a January 2004 e-mail, Stein proudly told Bloom that he and Wheeler had secured another contract for him.

"I will give you 200K sometime tomorrow afternoon! I love to give you money," the e-mail said. Wheeler, the CPA's deputy chief of staff in the Al Hillah region, also accepted bottles of liquor for his efforts.

Later that year, Bloom discussed opening an Iraqi airline company and a private security company to be named Anaconda. The "objectives of the company are making money while allowing us to look cool and have cool stuff. That ought to be easy to do," Whiteford said of the private security company in an e-mail.

Bloom also handed out expensive cars as rewards for help, including a Cadillac Escalade for Harrison, who served as acting comptroller for the CPA office. In an e-mail, Bloom told Stein that Hopfengardner would receive a GMC Yukon but that Whiteford was only getting a Nissan 350 Z because he "had not been able to get Bloom all the aviation licenses necessary to startup Bloom's airline company," the indictment said.

Meanwhile, Whiteford, the second-most-senior CPA official in the region, was very specific about the type of sports car he wanted: a touring model with manual transmission, a cargo convenience package and other high-end vehicle options. He also accepted a $3,200 watch, $10,000 and round-trip tickets home to Utah, according to the indictment.

The Fog Of Accountability (NYT)

The New York Times, February 8, 2007

The details are graphic: billions of dollars of Iraqi oil revenues — 363 tons of cash — bundled up and urgently flown to Baghdad on 484 pallets from the Federal Reserve Bank to jump-start a new Iraqi government. Four years later, the unanswered questions are just as graphic: Who was responsible for the money? What became of it?

Two years ago, the special inspector general for Iraqi reconstruction reported that $8.8 billion of the cash surge could not be adequately accounted for by the Bush administration's provisional governing authority. The Republican-controlled Congress — which shrugged off oversight responsibilities for President Bush's failed war — dutifully sidestepped the issue. Thankfully, the new Democratic Congress is finally investigating the disappeared billions and other aspects of the war's mismanagement.

The details emerging provide a lesson in how easily cash can evaporate into the fog of an unmonitored war. One $500 million outlay was explained away with a one-word record entry — "security" — in the provisional authority's books. Ten disbursements ranging from $120 million to $900 million have no documentation at all, as if they were petty cash. Paul Bremer III, the former chief of the administration's provisional authority, told the House Oversight and Government Reform Committee

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this week that Iraq was strictly a cash economy with primitive banking, and that there had been no alternative but to spur reconstruction with a fast and poorly documented infusion of billions. “There are no perfect solutions in Iraq," said Mr. Bremer, still cocky despite the now increasingly apparent and seemingly limitless failures of his tenure.

According to the inspector general and Congressional investigators, Mr. Bremer’s provisional authority, with the full backing of the White House and the Pentagon, doled out an estimated $12 billion to dodgy ministries — duffle bags full, some of it from the backs of pickups. The fact that this was Iraqi money reserved during the United Nations’ oil-for-food program is no comfort to any American taxpayer wondering what’s been happening to the hundreds of billions Washington is pouring into Iraq.

Republican lawmakers at the hearing again tried to gloss over the administration’s mismanagement of the war, complaining that the mystery billions were “old news.” The real news is that — at long last — the truth about the Iraq fiasco is being pursued in public by Congressional investigators.

Mistrial Declared For War Objector (LAT)

By Sam Howe Verhovek

The Los Angeles Times, February 8, 2007

A military judge abruptly declared a mistrial Wednesday in the court-martial of an Army lieutenant who refused orders to go to Iraq, a ruling that handed a temporary reprieve to the elated officer and left military prosecutors visibly stunned.

The decision by the judge, Lt. Col. John Head, turned on the contentious issue of whether factual stipulations agreed to earlier by the prosecutors and the defense team amounted to a confession of guilt by 1st Lt. Ehren Watada, 28, on the Army's charges of failure to deploy.

Prosecutors argued, in effect, that Watada did confess to refusing direct orders to fly to Iraq with his unit last summer, and that his reasons were irrelevant.

Watada said he had admitted to the fact that he deliberately missed his flight, but that he did so because he considered the war illegal — and wanted to explain his reasoning at the trial.

Watada's touchstone case has made him a cult hero among antiwar protesters but a coward and a traitor to many in the military.

Under the military code, there is a heavy burden of proof on the refuser to justify disobeying the chain of command, since the chain is considered vital to the effective functioning of military forces.

With the defense set to begin its case Wednesday morning, the judge clearly surprised both sides by raising concerns about the stipulation, which he implied would cause him difficulties with the instructions he would give the jury on how to weigh the evidence.

With the seven-member military jury out of the courtroom, the judge said he could not proceed if Watada did not concede he was admitting guilt or if prosecutors did not abandon key lines of their argument.

"There is an inconsistency in the stipulation of fact," Head said. "I don't know how I can accept this ... as we stand here now."

He said he could not allow the court-martial to proceed without dismissing part of the stipulation altogether, which would have been a major tactical advance for Watada.

"We've got the immoveable object hitting the irresistible force," the judge said at one point, even as both prosecutors and defense lawyers said they wanted the court-martial to continue. Nevertheless, the prosecutors moved for a mistrial.

Though Watada will likely face another trial, the judge's ruling amounted to a temporary moral victory for the lieutenant in a case that many legal observers had considered a virtual slam-dunk for the Army.

Watada's lawyer, Eric Seitz, said Watada's intent in refusing deployment orders was at the heart of his defense, and that it was ridiculous for prosecutors to suggest that he had no right to explain why he did what he did.

"The government has created a major mess here, and that's clearly why they had to move for a mistrial," Seitz said. "Anytime the government tries to suppress a defendant's attempt to explain his actions, that's not a good thing for our legal system."

Antiwar forces wasted no time in declaring the mistrial a victory, with banners saying as much at a rally just outside the base here, several miles south of Tacoma.

"The legal mess we saw here today reflects the major mess the Bush administration has made with the war in Iraq," said Ann Wright, a retired Army colonel and diplomat who resigned a State Department post in March 2003 in protest of the war, which began that month.

But Army officials said the ruling showed how the military system bent over backward to be fair to a defendant.

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"Throughout the military justice system, the Army steadfastly protects the rights of the accused," said Lt. Col. Robert Resnick, a legal advisor in the Army's staff judge advocate's office at Ft. Lewis. "The judge's ruling today in this case provides further evidence of that."

Eugene R. Fidell, a military lawyer and president of the nonprofit National Institute of Military Justice in Washington, D.C., said he was puzzled by the judge's decision "to pull the plug on the whole case." Fidell said the attorneys and the judge could have renegotiated the agreement in the courtroom.

"Now they have to start from square one," he said. With a second trial impending, he said, Watada's case will continue to make news and probably provide more momentum for the antiwar movement.

Watada smiled and hugged his mother, Carolyn Ho, after the judge declared the mistrial. But he left public comments to Seitz, who said that Watada was happy but also exhausted, suffering from a cold and disappointed that he was not able to present his defense to the jury.

Watada may not see his second court-martial start until March 19, though the judge indicated it could be postponed beyond that. Seitz, his lawyer, said it may never come to retrial because of government errors.

Seitz adamantly rejected any assertion that the stipulations were tantamount to an admission of guilt.

"No. Absolutely no way," he said. "Lt. Watada's a smart guy. He knew exactly what he was agreeing to."

Staff writer Tomas Alex Tizon contributed to this report.

Mistrial For Officer Who Refused To Go To Iraq (NYT)

By William Yardley

The New York Times, February 8, 2007

SEATTLE, Feb. 7 — A military judge on Wednesday declared a mistrial in the court-martial of the Army officer who called the war in Iraq illegal and refused to join his unit when it deployed there last June.

The mistrial means that the officer, First Lt. Ehren K. Watada, could be retried in March, a spokesman for the base said.

Lt. Col. John Head, the military judge presiding over the case, declared the mistrial after he rejected an agreement Lieutenant Watada had reached with prosecutors before the trial began on Monday.

Under the pretrial deal, known as a stipulation agreement, Lieutenant Watada, 28, who is assigned to a Stryker brigade at Fort Lewis, about 45 miles south of Seattle, acknowledged refusing to deploy and speaking out against the war. In turn, prosecutors dropped two charges related to comments Lieutenant Watada made in interviews. His potential maximum sentence, if he were convicted, would be reduced to four years in an Army prison from six.

A lawyer for Lieutenant Watada, Eric Seitz, has maintained that there is no dispute over what Lieutenant Watada did, only over why he did it. He has said Lieutenant Watada's actions amounted to free speech and civil disobedience protected by the Constitution.

Colonel Head has repeatedly refused to allow Lieutenant Watada to center his defense on the argument that the war is illegal. On Wednesday, after Mr. Seitz proposed that the judge require jurors to consider that Lieutenant Watada acted out of a mistaken belief that his actions were legal, Colonel Head declared the mistrial, citing confusion over the stipulation.

The judge, according to a statement released by Fort Lewis, became "concerned that the stipulation amounted to a confession by Lieutenant Watada to an offense to which he intended to plead not guilty."

Lieutenant Watada's conviction has largely been considered a foregone conclusion. But Mr. Seitz said the circumstances surrounding the mistrial, including the fact that the judge rejected a stipulation he had initially approved, could allow Lieutenant Watada to avoid prosecution altogether.

Largest U.S. Natural Gas Pipeline Company Settles Oil-for-food Allegations For $7.7 Million (SDUT/AP)

By Larry Neumeister, Associated Press

The San Diego Union-Tribune, February 8, 2007

NEW YORK – The nation's largest natural gas pipeline company agreed to pay the federal government $7.7 million to settle corruption allegations related to the U.N. oil-for-food scandal over aid to Iraq, according to a settlement announced Wednesday.

El Paso Corp. will forfeit $5.48 million to the United States, which will seek to transfer the money to the Development Fund of Iraq to be paid as restitution for the benefit of the people of Iraq, according to the agreement announced by federal prosecutors and the FBI.

In a separate deal with the Securities and Exchange Commission, the Houston-based company will pay an additional $2.25 million.

U.S. Attorney Michael Garcia said in a statement that the $5.48 million represents the amount of illegal surcharges paid to Saddam Hussein's government by third parties from whom El Paso purchased Iraqi oil between mid-2000 and March 2003.

In return for the settlements, El Paso will not be prosecuted for any crimes except possibly criminal tax violations as long as it continues to continue cooperating fully with the federal government in its investigation into the scandal-ridden U.N. oil-for-food program, Garcia said.

El Paso spokesman Richard Wheatley said the company had taken measures to avoid buying oil from companies that paid illegal surcharges to Iraq but the procedures did not succeed.

"We have cooperated with the federal government in this matter for some time and we're glad to have it behind us," he said.

He said the company did not participate in the oil-for-food program until it acquired Coastal Corp. in 2001 for $24 billion.

The United Nations used the oil-for-food program starting in the 1990s as way to avoid making the Iraqi people suffer while it punished Saddam's regime. Iraq was allowed to sell its crude oil, but the proceeds were to go toward food and other humanitarian aid for Iraqis.

Authorities said Saddam began demanding kickbacks, and investigators suspect his government collected $10.2 billion in payoffs and other illegal oil sales.

U.S. Strives To Delay Iraqi Hanging (WSJ)

By Jess Bravin

The Wall Street Journal, February 8, 2007

U.S. officials are working to spare Saddam Hussein's former vice president from a rapid trip to the Iraqi gallows, fearful that his execution, following the flawed hangings of Mr. Hussein and a co-defendant, could further damage the credibility of the American-backed government.

The former vice president, Taha Yassin Ramadan, was among seven officials -- including Mr. Hussein -- convicted in November by the Iraqi High Tribunal, an Iraqi-run court established by the U.S. to try members of the ousted regime. The trial court imposed a life sentence, but an appeals court in December directed that Mr. Ramadan be executed.

The appeals court offered no legal rationale for the change, and legal experts hired by the U.S. government to advise the Iraqi High Tribunal say the appeals ruling violated due process. Legal observers say prosecutors failed to provide direct evidence tying Mr. Ramadan to the specific killings for which he now faces execution, and that was a likely reason the trial court declined to order a death sentence.

"We've had two botched executions," said a senior administration official in Washington. "We would like to prevent additional debacles."

Today, the United Nations high commissioner for human rights, Louise Arbour, plans to ask Iraqi officials to reconsider the death sentence, because of flaws in the appellate process, according to a person familiar with the matter. A U.N. representative in Baghdad is scheduled to meet today with the Iraqi tribunal's chief judge, Aref Shahin, to deliver a letter detailing Ms. Arbour's concerns, this person said.

The Ramadan case places the Bush administration in a difficult dilemma. On the one hand, officials fear the bad publicity, claims of martyrdom and street violence a questionable execution could provoke. Yet they also want to avoid appearing to intervene in the Iraqi legal system, undercutting broader U.S. attempts to portray Iraq as a sovereign nation.

"There's no question that we have raised concerns with this appeals process," an administration official in Washington said, adding that the U.S. uses "funding and other things as leverage" to influence tribunal conduct. But "I don't want to substitute our judgment for the judgment of the Iraqi courts" or "micromanage the process," the official added.

On Nov. 5, Mr. Hussein and two co-defendants received death sentences from the trial court, and after the appeals chamber rapidly affirmed their verdicts, were hanged in a manner widely criticized as vengeful and amateurish. The Dec. 30 hanging was captured on video showing the execution party jeering Mr. Hussein as he stood at the gallows. Two weeks later, Mr. Hussein's half-brother, former secret-police chief Barzan Ibrahim al-Tikriti, was decapitated by his noose. The third man was hanged apparently without incident.

U.S. officials worry the perfunctory appeals, rush to the gallows and gruesome execution footage fueled perceptions that the American-backed, Shiite-dominated Iraqi government was more interested in vengeance than justice for the ousted Sunni regime. "They turned him into a martyr," Egyptian President Hosni Mubarak said of Mr. Hussein.

Western officials in Baghdad who have worked with the tribunal worry the Ramadan case could similarly inflame passions, saying it is the latest example of Iraqi political interference in the court's proceedings. Several judges considered too lenient by the government have been removed, they say, and throughout the trial, Prime Minister Nouri al Maliki and other officials suggested the verdicts in the trial of Mr. Hussein and his co-defendants were a foregone conclusion.

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Mr. Maliki's liaison to the tribunal, Basam Ridha, said in an interview that the government had not tried to influence the court and that Iraqi law allows the appellate chamber to approve harsher sentences than trial courts hand down.

Mr. Ridha noted that the sole defendant acquitted by the tribunal, former Baath Party official Mohammed Azawi, was released. To ensure Mr. Azawi's safety, "we kept it secret, we gave him bodyguards and support to make sure he's OK and that nobody could hurt him," Mr. Ridha said. "We let go the guy who was ordered to go free."

Few doubt that Mr. Ramadan, the Ten of Diamonds in the pack of "most wanted" playing cards given to U.S. soldiers, was involved in atrocities over the years. In 2002, Mr. Ramadan suggested Baghdad and Washington settle their differences with a duel -- he and Mr. Hussein against Vice President Dick Cheney and President Bush.

Nevertheless, U.S. officials, Western legal advisers and human-rights observers in Baghdad say prosecutors never adequately linked Mr. Ramadan to the killings for which he is now expected to die. An execution now, they say, will foreclose the chance of holding him to account for other crimes where stronger evidence might more clearly justify a capital sentence.

The trial concerned a retaliatory crackdown on the Shiite village of Dujail after Mr. Hussein escaped a 1982 assassination attempt there. Evidence showed nearly 150 men died in custody or by execution and some 1,500 villagers were arrested, sent to camps or tortured and much of their property was destroyed. Dujail was a stronghold of Prime Minister Maliki's Dawa Party.

Mr. Ramadan headed the Popular Army, a Baath Party militia that carried out the Dujail attacks. His conviction apparently was based on the theory of command responsibility, in which superiors can be held accountable for the crimes of subordinates.

The trial chamber scheduled a hearing to confirm the sentence on Jan. 25, but after U.N. and U.S. officials raised concerns, that was postponed to Feb. 12. Should the death sentence be confirmed, Iraqi law provides for an execution within 30 days, Mr. Ridha said.

Italian Court To Try Marine (NYT)

The New York Times, February 8, 2007

An American marine was ordered to stand trial in Italy in connection with the shooting death of a top Italian intelligence agent in Iraq in 2005. But the trial, set for April 17 in Rome, is likely to occur without the defendant.

United States officials cleared the marine, Specialist Mario Lozano, of any wrongdoing in the death of the agent, Nicola Calipari. The agent had just secured the release of an Italian journalist, Giuliana Sgrena, who was kidnapped in Baghdad.

It is the second trial in Italy involving Americans, and it is straining relations between the countries. Two dozen C.I.A. operatives face charges in Milan over the kidnapping there in 2003 of an Egyptian militant.

El Paso Corp. To Pay $7 Million As Settlement In Oil-Food Case (NYT)

The New York Times, February 8, 2007

The El Paso Corporation, the largest American natural gas pipeline operator, agreed Wednesday to pay the federal government $7.73 million to settle allegations of involvement in illegal payments under the oil-for-food program run by the United Nations in Iraq.

The company, based in Houston, will forfeit $5.48 million under a settlement with federal prosecutors in New York. Michael J. Garcia, the United States attorney for the Southern District, said the amount represented the sum of secret surcharges paid to Saddam Hussein's government by third parties from whom El Paso purchased oil between mid-2000 and March 2003.

In a statement, Mr. Garcia said his office would seek to transfer the $5.48 million to the Development Fund for Iraq as restitution for the benefit of the people of Iraq.

A civil penalty of $2.25 million was announced in Washington by the Securities and Exchange Commission, which said El Paso had bought about 21.4 million barrels of Iraqi crude oil from third parties participating in the program.

Paul A. Volcker, a former Federal Reserve chairman, estimated at the conclusion of his investigation of the program in October 2005 that more than 4,500 companies had taken part and that more than half had paid kickbacks.

Mr. Garcia said his office had decided against prosecuting El Paso because the company had voluntarily ceased participating in the oil-forfood program in mid-2002 out of concern for possible illegalities, had given full cooperation to the various oilfor-food investigations, had pledged continuing cooperation and had confirmed that culpable employees were no longer working for the company.

Richard Wheatley, the company's spokesman, said in a telephone interview that El Paso had not directly purchased oil from Iraq but that it had worked through third parties and had put procedures in place to eliminate surcharges, though they proved to be inadequate.

Mr. Wheatley said that the Coastal Corporation, which El Paso acquired in January 2001, had taken part in the program starting in 1996 and that El Paso continued that participation from the merger until May 2002, working through third parties.

U.S. To Press NATO For Help In Afghanistan (NYT)

The New York Times, February 8, 2007

NATO defense ministers will meet Thursday to discuss ways to confront an expected Taliban offensive in Afghanistan, amid growing American pressure for the allies to commit more troops and resources.

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The Reach of War

Go to Complete Coverage » The ministers, meeting in Seville for two days of informal talks, will also discuss developments in Kosovo, where tensions are quietly simmering over its future status.

The United States defense secretary, Robert M. Gates, and NATO's new military chief, Gen. Bantz J. Craddock, an American, face a baptism of fire with their first official meeting.

Mr. Gates told lawmakers this week that an objective of his trip was to prod his partners to supply the promised troops and military equipment for the 35,000-strong NATO-led International Security Assistance Force.

"And one of my requests of those folks, and one of the issues that I'll be pressing very hard, is that they meet the commitments that they made," Mr. Gates said.

A senior American defense official who briefed reporters on the condition of anonymity said General Craddock had drawn up a new set of requirements for the Afghan mission that would be discussed at the meeting in Seville.

Afghanistan is the world's leading opium producer, and its lawless border regions with Pakistan are the major breeding ground for international terrorism.

The North Atlantic Treaty Organization has taken a major gamble by trying to help spread the influence of President Hamid Karzai's weak central government throughout Afghanistan, even as it is faced with the resurgent Taliban.

About 4,000 people were killed in the insurgency last year, and American officials say suicide attacks have increased fourfold since 2005.

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Democrats Press Issue Of Attorney 'Firings' (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 8, 2007

Democrats have signaled they aren't dropping the controversy over what they describe as the Bush administration's "firing" of federal prosecutors.

Rep. Rahm Emanuel of Illinois, chairman of the House Democratic Caucus, yesterday sent a letter to Attorney General Alberto Gonzales, demanding that he appoint the recently fired U.S. Attorney in San Diego as a special counsel so that she can continue overseeing a congressional corruption probe.

Carol Lam, appointed in 2002 as San Diego U.S. Attorney, was among at least seven U.S. attorneys recently dismissed by the Justice Department. Ms. Lam supervised the investigation and prosecution of Republican Rep. Randy "Duke" Cunningham, now in federal prison for soliciting bribes. That case led to related investigations, including inquiries into a businessman who also had dealings with Rep. Jerry Lewis, the California Republican who until recently was chairman of the House Appropriations Committee, and into Kyle "Dusty" Foggo, the former third-ranking official at the Central Intelligence Agency. Both individuals deny any wrongdoing.

Former senior Justice Department officials have said it is extremely unusual for an administration to fire U.S. attorneys, who normally remain in office throughout a president's term. Democrats in both the House and Senate have raised questions about whether the Bush White House and Justice Department may be trying to derail certain sensitive investigations and replace U.S. attorneys with conservatives loyal to the White House.

In his letter, Mr. Emanuel said, "As you are aware, there are many questions surrounding the recent dismissal of seven U.S. Attorneys, including whether or not your office has the authority to dismiss these individuals, and if their firings were politically motivated."

The Justice Department has said most of the prosecutors in question were asked to leave because of poor performance. It has strongly denied any intent to derail investigations. A spokeswoman said the Justice Department wouldn't comment specifically on Mr. Emanuel's letter because it hadn't received it. "As a general matter," she said, "U.S. attorneys leave office for all sorts of reasons, and complex and important cases carry on with no interruption by the career prosecutors who manage them. There is no reason to suggest that any ongoing cases in San Diego would be any different."

Senate Democrats, too, have pressed the issue. At a Senate Judiciary Committee hearing Tuesday, Deputy Attorney General Paul J. McNulty said, "We never have and never will seek to remove a United States attorney to interfere with an ongoing investigation or prosecution or in retaliation for a prosecution."

Sen. Dianne Feinstein, a California Democrat, contended the Justice Department hadn't given Congress adequate information about the firings.

Emanuel Tangles With DoJ On Lam Dismissal (HILL)

By Susan Crabtree

The Hill, February 8, 2007

Rep. Rahm Emanuel (D-Ill.) called on Attorney General Alberto Gonzales yesterday to name former U.S. Attorney Carol Lam as outside counsel so she can continue investigating the corruption case against former Rep. Randy "Duke" Cunningham (R-Calif.), who is now in jail.

Lam was one of seven U.S. attorneys the Justice Department asked to resign late last year, using a little-known provision in the USA Patriot Act that allows Gonzales to appoint replacement prosecutors on an indefinite basis. At the time of her dismissal, Lam was investigating whether the Cunningham case involved other members of Congress and lobbyists.

Beyond Cunningham, the U.S. Attorney's Office in San Diego sent a flurry of subpoenas for records to three congressional committees in late December. According to a Democratic leadership aide, Speaker Nancy Pelosi (D-Calif.) has been working with the House General Counsel's office and was "close to a deal" last week with the assistant U.S. Attorney's Office in San Diego on whether to comply with those subpoenas — and, if the papers were handed over, which documents to include.

Cunningham pleaded guilty last year to taking $2.4 million in bribes.

In a letter sent to Gonzales yesterday, Emanuel argued that keeping Lam on as an outside counsel would allow the Bush administration to dispel questions about whether Lam's firing was politically motivated.

"To remove the cloud of politics over Ms. Lam's dismissal, and to ensure there are no delays in the investigation of the Cunningham matter, I call on you to immediately name Carol Lam as outside counsel with all necessary resources to continue her excellent work on the Cunningham case and related matters," Emanuel wrote.

Emanuel highlighted Lam's record on crime and immigration prosecutions to counter explanations that she was asked to leave because she was not prosecuting enough of these cases.

"In the latest data, San Diego ranked second in terms of immigration prosecutions, and Ms. Lam had recently convicted the chiefs of the Golden State Fence Co. for hiring illegal immigrants," Emanuel wrote.

Deputy Attorney General Paul McNulty acknowledged during a Senate Judiciary Committee hearing Tuesday that a U.S. attorney in Arkansas was removed so that a former aide to White House adviser Karl Rove could take his spot. But McNulty insisted that the six other U.S. attorney firings were "performance-based." He also said the attorney general's appointment authority would not be used to circumvent the Senate confirmation process.

Justice Department spokeswoman Tasia Scolinos yesterday afternoon said Gonzales had not received Emanuel's letter, so she could not comment on it specifically.

"As a general matter, U.S. attorneys leave offices for all sorts of reasons, and complex and important cases carry on with no interruption by the career prosecutors who are managing them," said Scolinos. "There's no reason to suggest that any ongoing cases in San Diego would be any different."

Former U.S. Attorney Says He Was Ordered To Resign (AP)

By Gene Johnson

AP, February 8, 2007

SEATTLE - Former U.S. Attorney John McKay told The Associated Press on Wednesday that his resignation last month was ordered by the Bush administration, which gave him no explanation for the firing.

"I was ordered to resign as U.S. attorney on Dec. 7 by the Justice Department," McKay, who had led the department's Western Washington office, said in a telephone interview from Washington, D.C. "I was given no explanation. I certainly was told of no performance issues."

McKay previously had said only that he was resigning because it was time for him to move on. His comments came one day after Deputy Attorney General Paul McNulty acknowledged to the Senate Judiciary Committee that the Justice Department has fired seven U.S. attorneys in the West in the past year, most of them for "performance-related" reasons he would not divulge.

The dismissals have been heavily criticized by Democratic lawmakers.

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"John McKay has worked diligently for our region and it is deeply disconcerting that he could have been let go for political reasons," said Sen. Patty Murray, D-Wash. "Congress and the American people have no tolerance for the politicization of the U.S. attorney's office."

Robert Lasnik, the chief U.S. District Court judge for the Western District of Washington, said he and his fellow judges could not understand the firing and were dismayed that the Justice Department implied there was anything wrong with McKay's performance.

"This is unanimous among the judges: John McKay was a superb U.S. attorney," Lasnik said. "For the Justice Department to suggest otherwise is just not fair."

"By every measure, the performance of his office improved during his tenure," Lasnik added. "If you talk to local prosecutors, or local sheriffs, or the FBI or the ATF, they never had the kind of service from the U.S. attorney's office in terms of service, cooperation and aggressive handling of cases that they had under John McKay's leadership. We're busier than ever before because they're bringing more cases."

McKay's office filed charges against twice as many defendants last year as it did in 2001, the year he was nominated by President Bush and confirmed by the Senate.

McKay announced his resignation in mid-December, about the same time he received word that he would not be nominated to the federal bench in Seattle. His last day on the job was Jan. 26, and he took a job teaching a course on constitutional law and terrorism at Seattle University Law School.

The U.S. attorney is the top federal law enforcement officer in Seattle and makes decisions on which cases to prosecute in the Western District of Washington. McKay had personally argued on the government's behalf in the sentencing and appeal of Ahmed Ressam, who was convicted of plotting to blow up Los Angeles International Airport on the eve of the millennium.

The 22-year sentence Ressam received was less than McKay sought. On appeal, a three-judge panel of the 9th U.S. Circuit Court of Appeals threw out both the sentence and one of the charges Ressam was convicted of. Federal prosecutors are expected to ask a full 15-judge 9th Circuit Court panel to rehear the appeal.

King County Prosecutor Norm Maleng, who is heading a committee to help select McKay's permanent replacement, said McKay's pursuit of terror suspects, from Ressam to a local group that sought to establish a terrorist training camp in Bly, Ore., was a hallmark of his tenure, as was improving communication between state and federal law enforcement.

"That statement that it was 'performance-related,' no one can understand what was meant by that," Maleng said. "It isn't just that he did a good job. He did an outstanding job."

Tom Hillier, the federal public defender in Seattle who represented Ressam, said he was surprised, too.

"If this was done for political reasons, it shows a fundamental disrespect for the independence of the U.S. attorneys," Hillier said. "It's definitely bad policy for an administration to be accepting resignations for what it sees as performance issues, particularly if they're not giving any information about what those issues are. John McKay vigorously enforced the laws in this district."

McKay declined to say whether he had made any politically charged comments that might have drawn the ire of Justice Department officials. All U.S. attorneys serve at the pleasure of the president and may be dismissed for any reason, or no reason at all.

Jeffrey C. Sullivan, chief of the criminal division in the U.S. attorney's office for Western Washington, was named to be interim U.S. attorney for the district.

A provision in the reauthorization of the Patriot Act allows the attorney general to appoint U.S. attorneys indefinitely without Senate confirmation, but Attorney General Alberto Gonzales has promised to submit all of his choices for confirmation.

Last year, the U.S. attorney in Arkansas, H.E. Bud Cummins, was ordered to resign without cause, McNulty acknowledged Tuesday. Cummins was replaced by J. Timothy Griffin, a former aide to presidential counselor Karl Rove and a former military prosecutor.

McKay Got Good Review 7 Months Before Ouster (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, February 8, 2007

Seven months before he was forced to resign as U.S. attorney for the western district of Washington, John McKay received a glowing performance review from Justice Department evaluators.

"McKay is an effective, well-regarded and capable leader of the [U.S. attorney's office] and the District's law enforcement community," the team of 27 Justice Department officials concluded, according to a copy of their final report obtained by The Seattle Times.

Yet on Dec. 7, Michael Battle, director of the Justice Department's executive office for U.S. attorneys, called McKay and asked him to step down.

"I was told to resign by the end of January," McKay confirmed Wednesday. "I asked what the reason was, and they told me there was none.

"Ultimately, I serve at the pleasure of the president," McKay said. "I accept that now and I accepted that then, and that's why I resigned."

McKay's revelation came one day after Deputy Attorney General Paul McNulty told the Senate judiciary committee that six U.S. attorneys had been asked to resign in December for "performance-related" issues.

Democrats convened the hearing to express concerns that the White House was purging U.S. attorneys, either to replace them with political loyalists or to penalize them for cases they prosecuted.

McNulty denied both assertions at the hearing.

Sen. Patty Murray, D-Wash., was not satisfied.

"I would like the Justice Department to inform me exactly what it means by 'performance-related' reasons and reassure me that Mr. McKay was not dismissed solely on the basis of partisan politics," Murray wrote in a letter to Sen. Patrick Leahy, D-Vt., who chairs the judiciary committee. Tasia Scolinos, director of public affairs for the Department of Justice, said the department would not confirm whether McKay was asked to step down, or why.

"The department appreciates John's commitment to the job and the important work done during his tenure as U.S. attorney," Scolinos said.

McKay's forced resignation, and the suggestion that it was due to poor performance, shocked many in the Seattle legal community.

Chief U.S. District Court Judge Robert Lasnik said that among federal judges in Western Washington, "it was unanimous that our feeling was John McKay was an absolutely superb U.S. attorney, and by every measure the performance of his office improved during his tenure."

Norm Maleng, King County Prosecutor, said, "[McKay] took the U.S. attorney's office to a higher level. He reached out to every prosecutor in Western Washington, and renewed connections and hooked back into their needs."

The assessment of McKay's office by the Justice Department's Evaluation and Review Staff (EARS) was similarly laudatory.

An EARS review, as it is known inside the Justice Department, is conducted every three years of each U.S. attorney's office.

Roger McRoberts, deputy criminal chief of the U.S. attorney's office for the Northern District of Texas, led the team that evaluated McKay's office. McRoberts declined to comment Wednesday.

In March 2006, McRoberts and his colleagues interviewed more than 170 federal and local law-enforcement officials. Their final report gave McKay's office high marks for the productivity of its criminal division, its anti-terrorism program and its complex drug investigations.

McKay, 50, was personally commended for his collaborative relationships with federal, state and local authorities, and for reaching out to his Canadian counterparts.

"[McKay] has been responsible for major advances in a cooperative cross-border effort," the report said. "All involved in these efforts pointed to U.S. Attorney McKay as the individual most responsible for the dramatic increase in cooperation."

McKay, nominated by President Bush to be U.S. attorney in late 2001, served during a time of sweeping legal changes, such as the Patriot Act and technological advancements.

The U.S. Navy last month gave McKay its Distinguished Public Service Award, its highest civilian honor, for creating a computer network that enhances the ability of local, state and federal law enforcement to share information.

McKay personally prosecuted several high-profile cases, including the sentencing and appeals of Ahmed Ressam, who was convicted in 2001 on terrorism and explosives charges for plotting to bomb Los Angeles International Airport on the eve of the millennium.

McKay said last month that he planned to join the faculty of Seattle University Law School.

Senators Weigh PATRIOT Act Attorney Provision (CONDAILY)

By Basil Talbott, CongressDaily

Congress Daily, February 8, 2007

Senate Judiciary ranking member Arlen Specter, R-Pa., Tuesday said he would support a bid to reverse a provision in the USA PATRIOT Act that helped facilitate what Democrats charge was the improper dismissal of seven U.S. attorneys.

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Denying an accusation by Sen. Charles Schumer, D-N.Y., that the provision was "slipped into the PATRIOT Act in the dead of night" on his watch, Specter said he discovered it recently and agreed "We ought to change it back to what it was."

The provision authorizes the attorney general to appoint interim U.S. attorneys for indefinite periods.

A bill by Sen. Dianne Feinstein, D-Calif. to change the appointment procedure is scheduled to be voted on in the committee Wednesday.

Deputy Attorney General Paul McNulty defended the provision and said turnover in U.S. attorneys was normal. He pledged to go over each case in detail in private with the committee.

McNulty conceded that one individual who was singled out, U.S. Attorney Bud Cummins, was not fired for cause.

He said Cummins was asked to make way for interim appointment of Tim Griffin, who news reports have linked with White House adviser Karl Rove.

The other six U.S. attorneys who left were asked to resign for cause, according to McNulty, who said he preferred to discuss their situations in a closed session. Schumer said he was determined to obtain all records including evaluations of those involved, and would consider using subpoena power if necessary.

Hearing Schumer's accusations that politics might have played an improper role in the dismissals and replacements "is like a knife in my heart," McNulty said. "The attorney general and I love the Justice Department." Schumer retorted, "What I have seen happening in the Justice Department is like a knife in my heart."

Schumer said several U.S. attorneys "were apparently fired with no real explanation" and were "seemingly removed merely to make way for political up-and-comers."

McNulty said the administration should have the power of making interim appointments, but declined to give an opinion on returning to the old system.

The previous statute authorized the attorney general to make interim appointments for 120 days, and if no nomination of a full-time replacement was made by then, a district court judge would make another interim appointment.

Pals: U.S. Attorney Has Right Stuff (AD&G)

By Paul Barton

Arkansas Democrat & Gazette, February 8, 2007

Ask friends of new U. S. Attorney Tim Griffin to describe the 38-year-old prosecutor, and they gush adjectives. They call him “driven,” “ conscientious, ” “highly intelligent” and fiercely loyal to his home state of Arkansas.

Rep. John Boozman, the lone Republican in the Arkansas delegation, is typical: “He’s a very smart guy and very hard worker. He’s done great no matter where he has been.”

But outside the circle of Griffin’s friends and many of the state’s prominent conservatives, Griffin remains something of a mystery.

“I don’t know many people who know anything about him,” veteran Little Rock attorney Scott Trotter said. When Griffin, a Magnolia native, was appointed to be U. S. attorney for the Eastern District of Arkansas in December, “we just sort of scratched our heads.”

Said Arkansas’ senior senator, Democrat Blanche Lincoln, “I really didn’t know much about him, aside from what I read about him in the newspaper and what I found on Google.”

Griffin’s political resume — key player in both of President Bush’s campaigns, deputy to White House political guru Karl Rove — is better known than his legal resume. Many saw his appointment as forcing out the popular Bud Cummins in order to reward a campaign operative.

Cummins was not among them.

He, too, was a loyal Republican and Bush backer when he was appointed in 2001. To replace him with Griffin, Cummins has said, was “entirely within the prerogative of the White House.”

Deputy U. S. Attorney General Paul McNulty voiced similar sentiment during testimony before the Senate Judiciary Committee on Tuesday.

“A lot of U. S. attorneys bring political experience to the job,” he said.

McNulty acknowledged that Griffin’s file as a prosecutor was “not the thickest” but argued that Griffin has more experience in that role than Cummins had in 2001.

According to Griffin’s Justice Department biography, most of his prosecutorial experience is in military courts. Griffin has served 10 years in the Judge Advocate General’s (JAG) Corps of the U. S. Army Reserve. A graduate of Hendrix College and Tulane Law School, he holds the rank of major.

Called to active duty in September 2005, he served as an Army prosecutor at Fort Campbell, Ky., home of the 101 st Airborne Division.

His Justice Department biography says he prosecuted 40 cases and cites one, U. S. v. Mikel.

On his 21 st birthday, Pvt. Nicholas Mikel opened fire on his fellow soldiers during morning exercises. He later admitted that he was trying to kill his platoon sergeant and was sentenced to 25 years in prison in a plea bargain.

In May 2006, Griffin was assigned to the 101 st Airborne Division and sent to Iraq. He spent four months as judge advocate general in Mosul. EARNED CUMMINS' PRAISE

Griffin has a long history as a political operative.

In 1997, he went to work for Indiana's Republican Rep. Dan Burton's Government Reform Committee, which spent the better part of three years investigating foreign contributions to the 1996 Clinton-Gore campaign.

Griffin moved to the Republican National Committee for the 2000 presidential campaign, serving as deputy research director, then as legal advisor to the Bush-Cheney recount team in Florida.

He was rewarded with an appointment as special assistant to Michael Chertoff, then the assistant attorney general.

In the summer of 2001, Chertoff sent him to Little Rock, where Griffin served a year as a special assistant to the U. S. attorney.

Half that time was under Cummins, who offered high praise in a send-off letter. "You performed at the highest level of excellence during your time here," Cummins wrote.

In Little Rock, Griffin prosecuted firearms and drug cases and organized the Eastern District's Project Safe Neighborhoods, the Bush administration's attempt to reduce firearms-related violence. "Overall, you served the office extremely well," Cummins wrote. "I believe you indicted more people during your time here than any other [assistant U. S. attorney]. You were a real workhorse, and the quality of your work was excellent."

ASSISTANT TO ROVE As research director for the Republican National Committee in the 2004 presidential campaign, Griffin's job was to dig up things to use against Democratic candidate John Kerry. Three months after Bush began his second term, Griffin was named special assistant to the president and deputy director of political affairs — No. 3 to Rove.

Jim Dyke, a Charleston, S. C., communications consultant, worked with Griffin at the White House.

He said last week that Griffin's general abilities and intelligence were unmistakable, and that Griffin has a real concern about crime and the other publicpolicy challenges that confront Arkansas.

"He has a real passion for the law," Dyke said.

Arkansas' Republican Sen. Tim Hutchinson felt much the same about Cummins when he recommended Cummins to be U. S. attorney in 2001. "Bud is a talented, aggressive attorney with a diverse professional backg round," Hutchinson said when Bush endorsed his choice.

Cummins, 41, was then in private practice with a focus on business litigation, and was the state director of the National Federation of Independent Business, working as a lobbyist for the small-business group.

He had previously been a law clerk for U. S. District Judge Stephen Reasoner, now deceased, and for U. S. Magistrate Judge John Forster Jr.

From 1997-98, Cummins was chief legal counsel to Gov. Mike Huckabee.

Huckabee also had appointed Cummins to serve as a special associate justice of the Arkansas Supreme Court on five occasions.

Less than two months before Hutchinson offered his name, on Dec. 18, 2000, Cummins cast one of Arkansas' six Electoral College votes for George W. Bush.

In an interview last week with The Washington Post, Cummins reiterated that "the political aspect of it shouldn't really be a shock to anybody."

He added: "Every U. S. attorney knows they serve at the pleasure of the president." Information for this article was contributed by Linda Satter and Alex Daniels of the Arkansas Democrat-Gazette.

"Resignation" Of U.S. Attorneys (DENP)

Denver Post, February 8, 2007

The dismissals of at least seven U.S. attorneys in the West is a vivid reminder of just how far the Bush administration will go to circumvent Congress.

The groundwork for the purge was laid last year by Justice Department officials, who finagled the insertion of a measure into reauthorization of the Patriot Act. It allowed Attorney General Alberto Gonzales to appoint "interim" U.S. attorneys indefinitely - in other words, without Senate confirmation. It is another of the administration's schemes to operate without the proper oversight of Congress.

No one noticed the provision, not even Republican Sen. Arlen Specter, whose staff was bamboozled into inserting it. But once the law went into effect, the firings began.

San Diego U.S. Attorney Carol Lam, who prosecuted Republican Rep. Randy "Duke" Cunningham for taking $2.4 million in bribes from defense contractors, was unceremoniously forced out by the administration. She was in the middle of pursuing co-conspirators when her "resignation" was announced last month.

A Justice Department official testifying before the Senate Judiciary Committee on Tuesday said Lam's dismissal was "performance related." Of that we have no doubt.

And then there is the case of Arkansas U.S. Attorney Ed Cummins, who was fired without cause after the administration decided to give his job to a former aide to presidential adviser Karl Rove. The new hire has "more experience," Deputy Attorney General Paul McNulty told the judiciary panel.

Others pushed out include Kevin Ryan in San Francisco, John McKay in Seattle, David Iglesias in New Mexico, Daniel Bogden in Nevada and Paul Charlton in Arizona.

The Justice Department, of course, disavows any ulterior motives in the shuffle. "When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart," McNulty told skeptical lawmakers.

The firings will have a chilling effect on all federal prosecutors, as McNulty well knows. U.S. attorneys should be empowered to pursue justice wherever the road takes them. They certainly shouldn't fear for their jobs because the administration wants to reward the well-connected, or because their exercise of judgment could be seen as unwelcome independence.

Congress should act quickly to reinstate time limits on interim U.S. attorney appointments, a move supported by Specter and many other lawmakers. Scrutiny of these appointments will protect the country from nominees whose fidelity is to the White House instead of the Constitution.

Politics? What Politics? (MCA)

Memphis Commercial Appeal, February 8, 2007

The Justice Department had a chance to defend its dismissal of H.E. Cummins III, the United States attorney for Eastern Arkansas, along with six other U.S. attorneys across the country. Apparently the move was indefensible.

Cummins, 47, best known in the Mid-South for prosecuting police corruption cases, was replaced by interim U.S. Atty. J. Timothy Griffin, 38, a protege of presidential adviser Karl Rove and a former Republican Party opposition researcher.

Advertisement

Offered a chance to explain the move at a Senate Judiciary Committee hearing this week, Deputy Atty. Gen. Paul J. McNulty said he knew of no complaints about Cummins' service.

This after Atty. Gen. Alberto Gonzales said: "I think I would never, ever, make a change in a United States attorney position for political reasons or if it would in any way jeopardize an ongoing, serious investigation."

Could the credibility of the administration get worse?

The losers here go beyond Cummins and the Senate, which didn't get a chance to vet Cummins' replacement because of a little-known provision of last year's reauthorization of the Patriot Act that allows the White House to circumvent the Senate approval process with open-ended interim appointments. The people of Eastern Arkansas have lost a capable federal prosecutor with a formidable record of public service.

Griffin could turn out to be capable as well. But he enters office under a cloud of doubt, created by an administration that has manipulated the Patriot Act to consolidate presidential power to an unprecedented degree.

CORPORATE SCANDALS:

Classified Data Impasse In Nacchio Trial (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, February 8, 2007

The Department of Justice said in a new court filing that it is at an impasse with attorneys for former Qwest chief executive Joe Nacchio over how the parties will handle the introduction of certain classified information during the course of his criminal insider trading trial.

Nacchio's attorneys have said they plan to use classified information to defend him against 42 counts of illegal insider trading.

Prosecutors said in the filing that an unnamed government agency believes its identity will be disclosed under the defense's proposed handling of certain top-secret information.

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"The agency believes that the defendant's proposals, if adopted, will reveal the agency's identity," Justice Department attorneys wrote in the filing.

The government asked U.S. District Judge Edward Nottingham to rule on its proposed handling of the information.

A hearing is scheduled for Thursday.

Nacchio faces 42 counts of illegal insider trading connected to his sale of $101 million in Qwest stock in early 2001. The government alleges Nacchio sold the stock while he knew the company's finances were deteriorating.

Nacchio has pleaded not guilty. He faces up to 10 years in prison and a $1 million fine for each count. His attorneys have said he had a rosy outlook for Qwest at the time of the stock sales because he knew the company was in line to receive large top-secret government contracts.

The trial is set for March 19.

Prosecutors, Nacchio Lawyers At Impasse (AP)

By Sandy Shore, AP Business Writer

AP, February 8, 2007

Prosecutors, Nacchio Lawyers at Impasse Over Secret Evidence

DENVER (AP) -- Prosecutors say they are at an impasse with former Qwest chief executive Joe Nacchio's attorneys over the best way to describe some of the classified material to be used at his trial on insider trading charges.

The evidence includes government documents that must be withheld from the public under federal law. Attorneys for both sides have been working on substitute explanations for the documents that can be made public without violating the law.

Representatives of a federal agency have said they believe a description proposed by defense attorneys will reveal the agency's identity, prosecutor Leo Wise said.

"After discussions between the parties, it now appears that the parties are at an impasse on this issue," Wise wrote in a brief filed late Tuesday.

U.S. District Judge Edward Nottingham has scheduled a hearing in the case Thursday afternoon to discuss pending issues ahead of the March 19 trial.

The brief was filed the same day Nacchio's attorneys sought a 60-day postponement in the trial, contending prosecutors have been so slow in turning over evidence that Nacchio's rights could be jeopardized if the trial starts as scheduled.

At issue are witness interviews and other documents that Nacchio's attorneys say may help his defense, a contention prosecutors have disputed.

Defense attorney Herbert Stern told Nottingham that he needs the additional time to evaluate material that prosecutors have turned over in recent weeks, including six CD-ROMs of documents that Stern said he was made aware of Monday.

Prosecutors have countered that evidence exchange has been hampered because of the Classified Information Procedures Act, which sets strict guidelines for viewing secret government material such as business contracts.

The act requires attorneys and the judge to receive Justice Department security clearances before they are able to review the contracts in secure facilities.

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge that Qwest Communications International Inc. would be unable to meet revenue targets.

He has pleaded not guilty to 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine.

Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts which made him more optimistic about the Denver-based telephone company's financial future.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

Brocade Attorneys Take Shot At Killing Case (LAW)

By Justin Scheck, The Recorder

California Recorder, February 8, 2007

The initial casualties of the government's massive stock option backdating probe had their first chance to try to get their cases thrown out of court on Wednesday.

But after an hour of arguments, it seemed unlikely that U.S. District Judge Charles Breyer would dismiss some of the fraud counts against former Brocade Communications CEO Gregory Reyes and ex-HR manager Stephanie Jensen.

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The motion to dismiss seven criminal counts is part of a two-pronged effort -- made possible by Breyer's insistence that criminal and civil government cases proceed together -- to gut criminal and civil SEC charges accusing the defendants of backdating employee stock options to recruit and retain top talent during the dot-com boom.

The other prong, a motion for summary judgment on the civil side, was filed late Monday.

At Wednesday's hearing, a lawyer for Reyes -- Skadden, Arps, Slate, Meagher & Flom partner Christopher Gunther -- argued that an August decision by the 5th Circuit U.S. Court of Appeals should invalidate seven counts in the indictment. Reyes is indicted on 12 counts and Jensen on eight. Gunther's energetic presentation included a chalkboard drawing and a stroll across the courtroom to display how far "out on a limb" prosecutors were going with their case.

The opinion he cited, U.S. v. Brown, 2006 WL 2130525, found that a person cannot be convicted on charges of denial of honest services if he or she was acting in the best interests of the company.

And, Gunther said, the government's indictment says that Reyes and Jensen manipulated options grants not for their own gain, but to benefit the company.

"This is a case that's got no victim, and it's got no ill-gotten gains," he said.

Breyer seemed interested in the Brown arguments and asked the prosecutor, Assistant U.S. Attorney Christopher Steskal, whether the Department of Justice had decided how to deal with the case's fallout.

"Right now, the only policy I'm aware of, your honor, is that Brown was wrongly decided," Steskal said. He also told the judge that it's possible that later in the case, when the government produces its evidence, it could offer support for behavior that would involve self-dealing.

In the end, Breyer seemed inclined to not dismiss the indictments -- at least not right away -- since the honest services issues could be revisited later in the case.

But even if the judge doesn't dismiss the criminal counts, the defendants are holding out hope that a collateral motion could make that moot.

In their summary judgment arguments in the SEC's civil case against Brocade, Reyes' lead lawyer, Skadden partner Richard Marmaro, argues that none of the alleged wrongdoing at Brocade resulted in material damage to the company.

Since most of the backdated options were never exercised, the expenses they incurred, Marmaro said, were predominantly limited to paper, and didn't extend to the company's cash flow. And therefore, he argues, there was no damage to the company.

"For securities fraud to exist, there must be fraud," Marmaro wrote. "For 'fraud,' there must be a victim and a materially false statement. Here, there is neither."

The motion included hundreds of pages of financial analyses, news stories and formerly privileged internal company documents relating to the expense issue.

After the hearing Wednesday, Marmaro argued that if the summary judgment motion is successful -- and Breyer rules in the civil case that there was no material damage to the company -- the judge would have to reconsider whether the criminal case should move ahead.

"Who was the victim of this conduct?" Marmaro asked.

Maxim Ruling Opens Door For Backdating Cases (WSJ)

By Ashby Jones And Mark Maremont

The Wall Street Journal, February 8, 2007

An influential Delaware judge issued a strongly worded opinion that could open the doors to more shareholder derivative lawsuits against companies alleged to have backdated stock options.

William Chandler, chancellor of the Delaware Court of Chancery, ruled Tuesday that certain claims brought by a shareholder of Maxim Integrated Products, Inc., a Sunnyvale, Calif., chip maker, against several current and former board members could go forward despite defendants' objections.

Separately, Maxim last week said an internal probe overseen by a special committee of its board found backdating of options to its employees and directors, though options for top officers were "properly granted." The company said it expects to restate results back to at least 2000.

John Donovan, a securities litigator at Ropes & Gray LLP in Boston, says the Delaware decision is surprising and is likely to be influential. "Until now, there have only been a handful of rulings on derivative suits in backdating cases," and in general they have favored defendants, he says. This decision is likely to have more weight, says Mr. Donovan, in part because the Delaware Chancery Court is among the most influential in the country on corporate law issues. And Chancellor "Chandler is the first among equals for a very influential court." Mr. Donovan represents companies or boards in suits involving alleged backdating.

The suit, brought by Walter E. Ryan, is called a derivative suit, in which a shareholder technically sues on behalf of the corporation itself. To file a successful derivative suit, a plaintiff generally must first ask the board to remedy the alleged problem. But that requirement may not apply if a plaintiff can raise a reason to doubt that board members were complicit in the alleged behavior.

Defendants moved to dismiss the case on a variety of grounds, among them that Mr. Ryan had failed to take the backdating issue to the board. Chancellor Chandler denied the motion on that point, ruling that because "one half of the current board members approved each challenged transaction," the requirement to ask for board approval wasn't necessary.

"I am convinced that the intentional violation of a shareholder approved stock option plan, coupled with fraudulent disclosures regarding the directors' purported compliance with that plan, constitute conduct that is disloyal to the corporation and is therefore an act in bad faith," Chancellor Chandler wrote. He dismissed claims concerning transactions that occurred before the plaintiff owned shares.

As part of Maxim's announcement last week, Carl Jasper, the company's chief financial officer, resigned. John F. Gifford, the company's founder, stepped down as chief executive in December, and retired as a company adviser just before the release of the special committee probe's findings last week.

Questions continue to swirl around Maxim's options-granting practices. Although the internal probe found that all options for top officers -- including Mr. Gifford -- were "properly granted," Maxim hasn't explained its pattern of past option grants. From 1995 to 2001, four grants to top officials were dated at quarterly low points in Maxim's stock price, often at the bottom of steep dips, and three others were at monthly lows.

In addition, Mr. Gifford exhibited fortunate timing when he later exercised his grants. He exercised and held onto the resulting Maxim shares seven times from 1997 through 2002, according to regulatory filings and insider-trading data from Thomson Financial. In all but one case he did so on the day Maxim's stock reached its lowest closing price of the month.

A Maxim spokesman has said the company is continuing to look into past exercises of stock options. A lawyer for Mr. Gifford didn't comment. A lawyer representing several other defendants declined to comment.

In Bribe Probe, Siemens Ex-Staffer Cites Payment (WSJ)

By Mike Esterl In Frankfurt And David Crawford In Berlin

The Wall Street Journal, February 8, 2007

A former Siemens AG executive alleged to have negotiated a $50 million payment to cover up bribes in Saudi Arabia is cooperating with German authorities, according to people familiar with the matter.

The executive's assistance could lend momentum to a widening international investigation into alleged corruption at the German conglomerate.

Police raided Siemens's offices in mid-November and arrested several suspects. Prosecutors suspect senior Siemens employees set up sham consulting contracts to bribe potential customers.

Siemens is cooperating with prosecutors. The company said in December it had uncovered €420 million, or about $545 million, in suspicious transactions spanning seven years.

The prosecutor's office in Munich yesterday said it released a former Siemens employee who had turned himself in for questioning last week.

It would only identify the witness as "J.-C.S.," adding that the person had traveled to Germany from Argentina and made extensive statements to authorities.

People familiar with the situation said the witness -- who is also a suspect -- is Juan-Carlos Stotz, 43 years old, a former telecommunications-equipment executive suspended late last year by Siemens.

Mr. Stotz allegedly helped broker a $50 million settlement in 2004 with a Saudi consulting firm that had threatened to forward documents to U.S. authorities detailing bribes paid on the German company's behalf, according to another key suspect cooperating with German authorities.

That suspect, Michael Kutschenreuter, the former finance chief at the telecom unit, also told prosecutors after being arrested in November that top management -- including Klaus Kleinfeld, now the chief executive of Siemens, and Heinrich von Pierer, the CEO at the time -- were informed of the payment, which he described as "hush money."

German prosecutors are investigating Mr. Kutschenreuter's claims -- as well as claims by witnesses of widespread bribes in other countries -- as they try to determine how high up the corporate ladder the alleged corruption traveled.

Siemens says it has "zero tolerance" for illegal payments and that any wrongdoing that might have occurred was the result of "individual acts" by renegade managers. It suspended Mr. Kutschenreuter late last year.

The company would only confirm yesterday that Mr. Stotz was an "active" employee of Siemens until late last year.

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Siemens says no bribes or hush money were paid in its dispute with the Saudi company, Beit Al Etisallat. Messrs. Kleinfeld and von Pierer say they were never aware of any illegal payments.

The company has said it agreed to settle with Beit Al Etisallat in early 2005 and that a Riyadh court certified the settlement.

The $50 million payment was made after the Saudi firm filed a claim saying it was owed $910 million in damages after the German company ended its contract in 2000.

Prosecutors released a half-dozen suspects -- including Mr. Kutschenreuter -- in December.

Mr. Kutschenreuter told prosecutors in December that he dispatched Mr. Stotz to London in 2004 to meet with Abdul Wahab Al-Akeel, the head of Beit Al Etisallat. Mr. Stotz returned to Germany with documents detailing bribes paid by Siemens to win contracts with Saudi Telecom, according to witness statements by Mr. Kutschenreuter reviewed by The Wall Street Journal.

Mr. Kutschenreuter said he informed Mr. Kleinfeld and other senior executives in writing in April 2004 of the situation, and that Mr. Stotz continued to negotiate a settlement with Mr. Akeel while Mr. von Pierer and other Siemens officials also got involved. He said the $50 million payment to Beit Al Etisallat, finalized in early 2005, included $17 million for past obligations and described the rest as "hush money."

The Munich prosecutor's office declined to comment on Mr. Kutschenreuter's allegations or the role of Mr. Stotz in the investigation. Mr. Stotz couldn't be reached for comment.

The highest-ranking executive arrested thus far in the probe is Thomas Ganswindt, a member of Siemens's management board until September 2006.

German prosecutors also have said that Heinz-Joachim Neubürger -- Siemens's chief financial officer until last April -- is a suspect.

Mr. Ganswindt's lawyer said his client isn't guilty. A lawyer for Mr. Neubürger declined to comment.

The Munich prosecutor's office said it has interrogated more than 30 people and that it is working with prosecutors in Switzerland, Italy and Liechtenstein.

Siemens last week said the U.S. Department of Justice is also conducting an investigation into possible criminal wrongdoing and that the U.S. Securities and Exchange Commission had begun an informal inquiry.

The company has hired an outside auditor and says it has taken additional steps to beef up its compliance.

FAULTY ASSUMPTIONS In Home-Lending Push, Banks Misjudged Risk (WSJ)

By Carrick Mollenkamp

The Wall Street Journal, February 8, 2007

When the U.S. housing market was booming, HSBC Holdings PLC raced to join the party. Sensing opportunity in the bottom end of the mortgage market, the giant British bank bet big on borrowers with sketchy credit records.

Such subprime customers have always been risky, but HSBC figured it could control that risk. In 2005 and 2006, it bought billions of dollars of subprime loans from other lenders, lured by the higher interest rates they carry.

Now, the party is over for HSBC -- and for lots of other bankers who aimed to cash in on the housing boom of the first half of this decade. When interest rates ticked up and the market cooled, HSBC reached a disconcerting conclusion: Its systems for screening subprime borrowers and for assessing the default risk they posed were flawed.

Many of those loans have soured, sometimes quickly. The percentage of HSBC mortgages more than 60 days past due is climbing. Fraud by borrowers has been higher than expected. "We made some decisions that could have been better," says Tom Detelich, the HSBC executive in the U.S. spearheading an effort to clean up the mortgage portfolio. 1

In a surprise announcement late yesterday, HSBC said its subprime-mortgage problem was worse than previously indicated. It said the capital it sets aside to cover all bad debts, including the soured mortgages, would be 20%, or $1.76 billion, higher than analysts' consensus estimates. "The impact of slowing house price growth is being reflected in accelerated delinquency trends across the U.S. subprime mortgage market, particularly in the more recent loans," the bank said.

HSBC's mortgage woes provide a window into the economic hangover brought on by the end of the housing boom. In recent months, mortgage bankers have taken a place beside home builders, condominium developers and real-estate agents, all of them struggling to adjust to a new housing landscape.

London-based HSBC, the world's third-largest bank by market value and one of the biggest subprime lenders in the U.S., is one of several lenders to stumble in its dealings with low-end borrowers. Subprime mortgage lending surged over the past several years, and these days, subprime mortgages comprise about 12% of the roughly $8.4 trillion U.S. mortgage market, up from 7.5% of the market in late 2001, according to First American LoanPerformance, a San Francisco research firm.

Seattle-based Washington Mutual Inc. said last month that its subprime mortgage portfolio suffered in the fourth quarter. Four smaller mortgage lenders from which HSBC bought loans have disclosed problems: Carrollton, Texas-based Sebring Capital said that as of Dec. 1 it had ceased operations and was no longer accepting loan applications; Ownit Mortgage Solutions

Inc. of Agoura Hills, Calif., filed for bankruptcy-court protection just after Christmas; and Fieldstone Investment Corp. and Accredited Home Lenders Holding Co., both public companies, have reported disappointing financial results.

HSBC is working to contain the damage and to persuade investors that it has learned from its mistakes. It has hired more people to seek payments from borrowers and has installed an executive schooled in workouts at the worst-hit division, HSBC Mortgage Services.

The troubled subprime mortgages represent only a small slice of HSBC's overall consumer-loan portfolio. But some analysts attribute the poor performance of HSBC's stock to the weakness of its U.S. consumer-finance operations. Over the past year, its shares have been flat in London trading, while the Dow Jones Wilshire Global Banks index has risen 19%.

HSBC, a 142-year-old bank with operations in 76 countries and territories, got into the U.S. consumer-finance business in 2003 with its $14 billion purchase of Household International Inc. Household, a big subprime lender based in Prospect Heights, Ill., had been criticized for allegedly predatory lending practices and, shortly before the HSBC deal, had reached a $484 million settlement with state regulators. HSBC saw Household as a way to diversify beyond Europe and Asia, and viewed subprime mortgage lending as a far less competitive business than lending to more credit-worthy customers.

After the deal was announced, Household's then-chief executive, William Aldinger, bragged that Household employed 150 Ph.D.s skilled at modeling credit risk. Household had developed a system for assessing consumer-lending risk -- called the Worldwide Household International Revolving Lending System, or Whirl -- which it used to underwrite credit-card debt and to collect from consumers in the U.S., United Kingdom, Middle East and Mexico.

Complicated Web

The mortgage market in the U.S. is a complicated web of mutually dependent businesses. Mortgages are frequently bought and sold several times over, and the default risk often lands far from the institution that originated a mortgage. Banks and mortgage brokers size up would-be borrowers and make the loans. These lenders sell many of the loans to mortgage wholesalers, which gather them into pools and flip them to large financial institutions or banks like HSBC. Some of these buyers, including Wall Street investment banks, package the mortgages as securities for sale to investors, a process known as securitization.

HSBC Mortgage Services, a South Carolina-based arm of the bank, was active in several parts of this web. One unit, called Decision One Mortgage Co., originated mortgages, many of them to subprime borrowers. HSBC sold some of these loans, but it held others as investments, collecting the interest income they generated and shouldering the risk of loss if they soured.

But the old Household branch network didn't reach everywhere, and HSBC was eager to boost the size of its mortgage business quickly. So it became a big buyer of subprime loans originated by others, which it held in its own portfolio. It purchased loans from approximately 250 wholesale mortgage companies, which themselves bought the loans from independent brokers and banks.

In 2006, the main operations of HSBC Mortgage Services moved from Charlotte, N.C., to a new Fort Mill, S.C., facility, which HSBC said offered 60% more space to accommodate expected growth. The unit also added to its mortgage-processing staff in Florida.

HSBC focused on buying second-lien loans. Also known as piggyback loans, they allow home buyers who are unable to scrape together down-payment money to borrow it. By cobbling together a bigger first mortgage from one lender and a second-lien loan often from another, home buyers can borrow 100% of the purchase price of a home. In the event of default, the first-mortgage lender has first claim on the property, which leaves the second-lien lender in a riskier position. For that reason, second-lien loans carry higher interest rates -- making them potentially more lucrative for lenders.

HSBC bought lots of mortgages. It was the top buyer of loans from Fieldstone Investment in Columbia, Md., a large mortgage originator. According to Fieldstone's securities filings, HSBC bought Fieldstone mortgages with a face value of $1.2 billion in 2005. By March 2006, the second-lien loans on HSBC's balance sheet totaled $10.24 billion, up from $6.3 billion in September 2005.

Bobby Mehta, HSBC's top executive in the U.S., said the bank was building its mortgage portfolio in a disciplined manner. "We've done them conservatively based on analytics and based on our ability to earn a good return for the risks that we undertake," he told investors in May 2005.

Tricky Business

Assessing the quality of big mortgage pools and predicting how many of the loans will go bad is a tricky business. Typically, HSBC would first specify to a mortgage wholesaler what kind of loan pool it was looking for, based on the income and credit scores of borrowers. Then it would send in its analysts to review the portfolio.

Zan Hamilton, chief executive officer of Lime Financial in Oregon, says his mortgage origination firm got used to having HSBC employees hunched over their computers sorting through mortgages for sale, trying to ensure they met HSBC's standards.

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Some decisions later proved to be mistakes. To speed up these purchases from other lenders, HSBC accepted loan paperwork that didn't verify whether borrowers made as much as they claimed. Mortgages that rely on the borrower's word about that are called "stated-income" loans. (More conservative lenders might demand full documentation of income.)

As the real-estate market boomed in recent years, subprime loans were in hot demand by Wall Street banks and other investors, thanks to the higher interest rates paid by subprime borrowers. This competitive market prompted HSBC and others to seek riskier loans from less credit-worthy borrowers.

Lenders typically base their calculations of a borrower's credit-worthiness on credit ratings known as FICO scores, which are generated by Fair Isaac Corp. of Minneapolis. FICO scores are used to assess applicants for credit cards, auto loans and fixed-rate mortgages, among other things.

But FICO scores had not yet been put to the test in predicting the performance, during a weakening housing market, of second-lien loans taken out by subprime borrowers. The same was true for adjustable-rate mortgages to subprime borrowers, which HSBC also purchased.

"There was very little data on loans to subprime borrowers where the borrower put very little down," says Thomas Lawler, a housing economist in Vienna, Va.

Chris Freemott, president of All American Mortgage Inc. in Naperville, Ill., says it was a time when "everyone lowered their credit standards" in what he refers to as "a race to the bottom." Adds Mr. Hamilton at Lime Financial: "People got way too aggressive in pricing, and they weren't pricing for the risk."

HSBC acknowledges that it erred in the way it assessed such subprime mortgages. "What is now clear is that FICO scores are less effective or ineffective" when lenders are granting loans in an unusually low interest-rate environment, Douglas Flint, HSBC's finance director, told investors in December. A spokesman for Fair Isaac says the company simply provides credit scores, and it is up to lenders to decide how to use them.

In 2005, HSBC stepped up its mortgage buying. By early 2006, interest rates were rising and home-price appreciation was slowing. The rate increases made it difficult for some borrowers to lower their monthly payments by refinancing, one way that borrowers in a financial pinch try to avoid default.

Some of HSBC's loans turned bad swiftly. Cynthia Soto and her husband Frank got a second mortgage from HSBC in May 2005 on their Grove City, Ohio, home. Ms. Soto, now 53 years old, says she was struggling with disabilities connected to heart troubles, and that she needed a kidney removed. Her husband works at an auto-parts plant. The Sotos wanted the money to pay off credit-card debt.

Second mortgages can be risky for lenders, because the first-mortgage lender has first claim on the home in event of default. Just one year after getting the $32,000 loan, the Soto's filed for Chapter 13 bankruptcy protection. "After raising three kids and having to come down to that, it was pretty hard," Mrs. Soto says. In bankruptcy-court documents, the Sotos, whose first mortgage is also with HSBC, maintained that there isn't enough equity in their 39-year-old home to cover the second HSBC loan.

Loans that HSBC purchased from other originators also began going bad. HSBC, for example, held the mortgage on Radames Mendez Jr. and Shana Ramos's Pennsylvania home. Bay Capital, a Maryland lender, had made the loan in June 2005, then transferred it to HSBC, according to federal court records. By April 2006, the borrowers had fallen behind on their payments, according to a complaint HSBC filed last September, seeking payment of $170,718.02 in principal due on the mortgage. In court papers, a local sheriff said he'd been unable to locate the couple to serve them with the foreclosure papers.

Mortgage lenders expect to see delinquencies and defaults climb in such an environment, and they plan for it. But by early 2006, HSBC was seeing indications that delinquencies were going to be worse than expected.

At first, HSBC executives say, the bank thought the defaults were tied to a change in U.S. bankruptcy laws in 2005, which prompted a spike in bankruptcy filings by consumers. But after a few more months of data rolled in, HSBC officials concluded they had a broader problem.

Last August, HSBC issued a memo to companies from which it was buying loans. The paper, called "Threads of Early Payment Default," reported that delinquencies were rising. HSBC said mortgage lenders had seen "a wealth of surprising data" on loans originated in 2005, including "surges" in 60-day-past-due delinquencies, particularly on "borrower-friendly" second-lien loans, and "heightened fraud incidents."

When borrowers didn't have to verify their incomes, the report said, they were overstating them, and they bolstered their false claims by overstating their job positions. HSBC recommended that originators verify employment by phoning human-resources departments and asking questions such as: "How many years has John worked there?" and "What is his title?"

HSBC has told investors that its second-lien loan portfolio represents just 6% of HSBC Finance Corp.'s $177 billion U.S. consumer-loan portfolio, which includes mortgages, auto loans and credit-card receivables. The percentage of loans in that larger pool that are 60 days or more past due rose to 3.99% at the end of September, from 3.57% three months earlier.

Limiting Damage

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HSBC is trying to limit the damage. Last August, it installed a new head of HSBC Mortgage Services: Mr. Detelich, who had overhauled HSBC's U.S. consumer-lending business after Household's 2002 predatory-lending settlement with state regulators.

HSBC doubled to 875 the number of employees in Tampa and nearby Brandon who contact customers about missed payments and try to work out payment plans. That operation now runs seven days a week. HSBC is using computers to try to identify borrowers who will have the most trouble making monthly payments after their adjustable-rate mortgages, or ARMs, adjust upward.

This year is expected to be particularly tough for some holders of adjustable-rate subprime mortgages. Holders of ARMs originated in 2005 and 2006 and that reset after two years could face monthly payment increases of as much as $500, according to Fitch Ratings. That could mean more trouble for HSBC, which holds many such loans.

HSBC is hiring "ARM modification specialists" in Tampa to help troubled borrowers. The bank says it is willing to stop short of jacking up rates as much as it is entitled to if that would help borrowers avoid default -- but only case-by-case.

The bank has stopped making and buying loans where borrower income hasn't been verified, and it has raised the FICO scores needed for certain loans. "Ensuring the customer can make payment is good for us and good for the customer," says Mr. Detelich.

Write to Carrick Mollenkamp at carrick.mollenkamp@wsj.com2

H-P Names General Counsel (WSJ)

By Christopher Lawton

Wall Street Journal, February 8, 2007

Hewlett-Packard Co. appointed Michael Holston executive vice president and general counsel, succeeding Ann Baskins, who resigned in September over her role in H-P's board-investigation scandal.

Mr. Holston, 44 years old, is a partner at the law firm Morgan, Lewis & Bockius LLP. He led H-P's internal review of the leak investigation and has worked with H-P as external counsel for more than a decade, H-P said. His new responsibilities will include the company's legal affairs in addition to other areas such as compliance, privacy and ethics.

In a statement, Chief Executive Mark Hurd said "Mike is a first-rate lawyer, with extensive trial and government-relations experience."

H-P declined to make Mr. Hurd or Mr. Holston available for comment.

In September, H-P disclosed that external investigators retained by the company had used pretexting -- gaining access to private phone records through false pretences -- to spy on board members, employees, reporters and others in an investigation to ferret out boardroom leaks. The scandal resulted in the resignation of Patricia Dunn as chairman and investigations by several government agencies.

That month, Mr. Hurd asked Morgan Lewis to conduct an independent review of its leak investigation. Mr. Holston conducted the review and reported directly to Mr. Hurd. Another law firm had initially investigated the affair on behalf of the board.

Mr. Holston told reporters in September that Mr. Hurd attended a July 2005 meeting at which a summary of the first phase of the leak investigation was discussed, but Mr. Holston didn't specify if pretexting was mentioned in the meeting. Mr. Hurd also received a report on the investigation in March 2006 that explained pretexting but contained assurances that the tactics were legal, Mr. Holston disclosed. Mr. Hurd said he didn't read the report.

Fallout from the scandal included criminal charges by the California attorney general against Ms. Dunn, who pleaded not guilty. Ms. Baskins, was never charged. She declined to testify as part of a congressional investigation into the matter.

In appointing Mr. Holston. Mr. Hurd passed over Charles Charnas, acting general counsel for the company. Mr. Charnas was part of Ms. Baskins's team at H-P, but has not been implicated.

The appointment follows others Mr. Hurd has made in the wake of the scandal. In October, Mr. Hurd hired his former general counsel at NCR Corp. to serve as vice president and chief ethics and compliance officer, filling the shoes of Kevin Hunsaker, a former H-P executive who resigned for his role in the leak investigation and was also indicted by the California attorney general. He has pleaded not guilty.

Prior to joining Morgan Lewis, Mr. Holston was a prosecutor for the Eastern District of Pennsylvania U.S. Attorney's Office.

Mr. Holston's appointment is effective Feb. 22. He will be based in H-P's Palo Alto, Calif., headquarters and will report directly to Mr. Hurd. He also will join the company's executive council.

Judge Rejects Raines's Request To Accelerate Trial Date (WP)

By David S. Hilzenrath

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The Washington Post, February 8, 2007

A judge yesterday rejected former Fannie Mae chief executive Franklin D. Raines's request that the government be compelled to begin a trial this month on administrative charges that he manipulated the company's earnings.

Accelerating such an extensive case "would be nothing short of an absurdity," administrative law Judge William B. Moran said at a scheduling conference.

Raines had argued that he was entitled to have the proceeding begin within 60 days of the filing of charges, which occurred in December.

The federal agency that filed the charges, the Office of Federal Housing Enterprise Oversight, had proposed a timetable that left the trial date open but gave the parties until nearly the end of this year to file pretrial statements.

Noting that Raines and other former Fannie Mae executives are seeking millions of pages of government documents for use in their defense, the judge said Raines's position was "specious and somewhat disingenuous."

Citing a Supreme Court decision in a previous case, the judge said the statute required that the scheduling conference, not the evidentiary hearing, occur within 60 days of the filing of charges. In future arguments, Moran warned, lawyers in the case should tell the court about case law that runs contrary to their positions.

Kevin Downey, an attorney for Raines, told the judge that if the trial begins this month, the burden on the defense would be comparable to the burden on the regulators. This week, a spokesman for Raines framed the request for a February trial date as an issue of fairness.

District-based Fannie Mae, which was chartered by the federal government to promote housing affordability, recently corrected its books to show that it had overstated past profits by $6.3 billion.

Regulators are seeking to recoup more than $115 million of compensation that they say Raines and two other former executives received while Fannie Mae's financial results were misstated. The regulators also are seeking penalties that could exceed $100 million.

Charged along with Raines are former Fannie Mae chief financial officer J. Timothy Howard and former controller Leanne G. Spencer. They joined Raines in pressing for the trial to begin this month.

"We're ready to go . . . simple as that," David S. Krakoff, an attorney for Spencer, told the judge. "What's really behind OFHEO's position is they're not ready to go . . . and they should be ready to go."

In response to Krakoff's protest, Moran reiterated that calling for a Feb. 16 start date was "really disingenuous," adding, "It's not a fair argument to make."

The judge's ruling yesterday could defer the conclusion of the case until next year.

However, in a second track of their defense strategy, the three former executives are trying to have the case moved out of the administrative law arena and into U.S. District Court. They note that the administrative law judge's role would be to make a recommendation to the OFHEO director, and they say the director, James B. Lockhart III, has prejudged the case.

Speaking from the bench yesterday, Moran said he would be a fair and impartial judge, and he said the OFHEO director can't "willy-nilly ignore" a judge's findings.

CRIMINAL LAW:

Officials Indict 5 In Iraq Contract Scam (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 8, 2007

WASHINGTON (AP) Three U.S. Army Reserve officers were indicted Wednesday, accused of taking part in a bid-rigging scam that steered millions of dollars for Iraq reconstruction projects to a contractor in exchange for cash, luxury cars and jewelry.

An American businessman in Romania was charged as the go-between for the military officers and the contractor. The husband of one of the reservists was accused of helping smuggle tens of thousands of dollars into the United States that the couple used to pay for a deck and a hot tub at their New Jersey house.

Together, the five used the $26 billion Iraqi rebuilding fund "as their own personal ATM machines," Deputy Attorney General Paul McNulty said in announcing the charges.

"These defendants actually took bricks of stolen cash ... and smuggled them out of Iraq and back to the United States for their own personal use," McNulty said.

The 25-count indictment, filed in U.S. District Court in New Jersey, marks the latest development in an investigation of $8.6 million in Iraq contracts awarded to construction mogul Philip H. Bloom.

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Bloom, an American citizen who ran construction and services companies under Global Business Group, has admitted to laundering at least $2 million that was stolen from reconstruction funds managed by the U.S.-led Coalition Provisional Authority in Iraq. He awaits sentencing.

McNulty said the five people indicted Wednesday stole or otherwise misused $3.6 million from the CPA fund.

The three reservists - Col. Curtis G. Whiteford of Utah, Lt. Col. Debra M. Harrison of New Jersey and Lt. Col. Michael B. Wheeler of Wisconsin - were responsible for helping supervise the funding and progress of the CPA contracts in al-Hillah, Iraq, southwest of Baghdad.

In return for steering contracts to Bloom between 2003 and 2005, prosecutors said, the military reservists and their accomplices shared an estimated $1 million in cash, and were showered with Porsche and Nissan sports cars, a Cadillac SUV, real estate, a Breitling watch, business-class plane tickets, computers and other items.

Harrison's husband, William Driver, was charged with helping smuggle over $300,000 into the U.S., part of which was used for home improvements, prosecutors said.

One of Bloom's friends, businessman Seymour Morris Jr., allegedly acted as a go-between for the military officers and the construction company by illegally wiring money and securing the goods. Morris is a U.S. citizen who lives in Romania, and owns a Cyprus-based financial services business.

Charges against the five include bribery, conspiracy, wire fraud, money laundering and transporting stolen property.

The indictment was unsealed the day after authorities arrested Morris in Romania. It also followed tough questioning Tuesday by House Democrats of the former U.S. occupation chief in Iraq over how he doled out up to $12 billion in Iraqi money without accounting for it.

At that hearing, in front of the a House Committee on Oversight and Government Reform, L. Paul Bremer III repeatedly said he had spent Iraqi - not U.S. - money. Bremer ran the country for 14 months.

U.S. Immigration and Customs Enforcement agents helped unravel the scheme by examining money trails and other data gleaned from computers, cell phones, global positioning systems and other devices, said Kumar Kibble, the agency's deputy assistant director for national security.

Stuart Bowen, the government's special inspector general in Iraq, said his team of 10 investigators are pursuing 80 cases of waste, fraud and abuse of taxpayer dollars in reconstruction contracts.

Last week, former CPA comptroller and funding officer Robert Stein, 52, of Fayetteville, N.C., was sentenced to nine years in prison for receiving kickbacks from Bloom in exchange for contracts.

Bribery and fraud "has not been a significant component of the American reconstruction experience over there, but where we found it, it has been egregious," Bowen said. "And this is an egregious example of it."

Officers Charged With Rigging Reconstruction Bids (USAT)

By Donna Leinwand

USA Today, February 8, 2007

WASHINGTON — Three high-ranking U.S. Army Reserve officers were charged Wednesday with steering more than $8.6 million in Iraqi reconstruction contracts to a U.S. businessman in exchange for cash, luxury cars, liquor and other payoffs.

Col. Curtis Whiteford of Riverton, Utah, Lt. Col. Debra Harrison of Trenton, N.J., and Lt. Col. Michael Wheeler of Amherst Junction, Wis., allegedly rigged the bids for more than 27 projects for businessman Philip Bloom, according to a 25-count indictment unsealed in U.S. District Court in Trenton.

In return, the officers received luxury cars, including a $50,000 Cadillac Escalade SUV, Breitling watches worth $3,200 each, business-class airline tickets and other goods, the indictment said.

Harrison's husband, William Driver, also was charged with four counts of money laundering for allegedly helping to smuggle some of the stolen money into the USA and using it to build a deck and a hot tub at their New Jersey home.

Some of the alleged bribes are detailed in e-mails. One Defense Department civilian employee allegedly involved in the operation told Bloom in an e-mail that he had won a contract for construction at an Iraqi police academy, the indictment said. "I will give you 200K some time tomorrow! I love to give you money," the e-mail said.

The officers allegedly kept the contracts under the $500,000 threshold that would have required approval by a board in Baghdad, the indictment said.

Bloom, who lived and ran his businesses in Romania, pleaded guilty April 18 to conspiracy, bribery and money laundering. Bloom admitted paying more than $2 million to the Army officers and Pentagon contractor Robert Stein of North Carolina in return for being funneled the reconstruction contracts, according to the Justice Department. Stein, who pleaded guilty to similar charges in February, was sentenced Jan. 29 to nine years in prison.

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Also charged was Seymour Morris, a U.S. citizen living in Romania. He is accused of laundering the stolen government money through accounts in Cyprus and then wiring the cash to the USA to buy some of the items used to bribe the officers.

More indictments are expected as the investigation continues into contract corruption in Iraq, said Stuart Bowen, special inspector general for Iraq reconstruction. Bowen said he began the investigation in 2004 when a whistle-blower tipped him to irregularities at the U.S.-led occupation's office in Hillah.

"We are rooting out fraud, waste and abuse where we find it," Bowen said. "Where we have found it, it has been egregious."

The indictment was unsealed one day after Paul Bremer, the former head of the U.S.-led occupation in Iraq, strongly denied accusations by auditors and House Democrats that his team was too lax with the billions of dollars it gave to Iraqi government ministries during his tenure in 2003-04.

U.S. Indicts Five In Iraq Fraud (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 8, 2007

The Justice Department has announced the first criminal indictments relating to contracting fraud in Iraq in what one official described as a "B-grade" plot, involving millions of dollars in bribes, gifts, kickbacks, and reconstruction contracts involving three senior active-duty Army officers, the spouse of one of the officers, and a U.S. contractor who owned and operated numerous companies in Iraq with ties to Romania.

Deputy Attorney General Paul McNulty said at a press conference that the Army officers and their coconspirators used Coalition Provisional Authority funds "as their own personal ATM machines," allegedly stealing millions of dollars from the CPA. The defendants and the unindicted coconspirators "rigged valuable reconstruction projects," McNulty said, "all the while helping themselves to cash, SUVs, luxury cars, jewelry, and other valuable items."

The investigation was sparked three years ago. The U.S. special inspector general for Iraq, Stuart Bowen, was sitting in his office inside the Green Zone, barely getting settled into his job, when a whistleblower, a U.S. official from the CPA comptroller's office in al-Hillah, about 50 miles southwest of Baghdad, walked in and told Bowen that some of his colleagues in the comptroller's office were stealing money from CPA funds. Bowen launched what he calls a "coordinated and rigorous investigation" by his office, the FBI, Immigrations and Customs Enforcement, and the Internal Revenue Service. For months, investigators pursued a maze of financial transactions through the Green Zone and in the United States and Romania.

Over a two-year period, McNulty said, the three Army Reserve officers conspired with three other people to rig the bids on contracts being awarded by the CPA. In all, they diverted nearly $8.6 million in contracts to one man, Phillip Bloom. One of Bloom's friends, Seymour Morris, also a U.S. citizen who operated a business in Romania, allegedly acted as a conduit.

In return for the contracts, said McNulty, Bloom "showed his gratitude" to the defendants and their coconspirators by "showering them" with gifts including more than $1 million in cash, luxury cars, a Cessna airplane, real estate, a motorcycle, jewelry, weapons, and future employment. The indictment unveiled today alleges that the defendants, in McNulty's words, "actually took bricks of stolen cash" and smuggled them into the United States. One defendant allegedly carried more than $300,000 and along with her husband, who also was named in the indictment, built a hot tub and deck in their home in New Jersey.

In all, the Justice Department said, the CPA fund lost $3.6 million in the bribery-kickback scandal but has so far recovered $2 million from the defendants. Some of the contracting work Bloom performed was legitimate, it said.

The department released a 25-count indictment, describing in minute detail the complex and audacious nature of the alleged scheme and revealing the relative ease with which the U.S. military personnel could siphon off millions of dollars in reconstruction funds, divert weaponry for their own personal use, and give lucrative reconstruction contracts to their buddies in exchange for gifts and kickbacks.

According to the indictment, three of the defendants, Col. Curtis Whiteford, Lt. Col. Debra Harrison, and Lt. Col. Michael Wheeler, were active U.S. Army Reserve officers, assigned to the CPA's office in al-Hillah. Harrison and Wheeler reported to Whiteford. The fourth defendant, Morris, owned and operated a Cyprus-based financial services business called Oxbridge Holdings Company Ltd. and lived in Romania. The fifth defendant, William Driver, is Harrison's husband.

Russert Contradicts Libby's Testimony (AP)

By Matt Apuzzo

AP, February 8, 2007

NBC newsman Tim Russert testified Wednesday he never discussed a CIA operative with vice presidential aide I. Lewis "Scooter" Libby, contradicting Libby's version to a grand jury in the CIA leak investigation.

The testimony came as prosecutors prepared to rest their perjury case against Vice President Dick Cheney's former chief of staff.

Russert, the host of "Meet the Press," testified about a July 2003 phone call in which Libby complained about a colleague's coverage. Libby has said that, at the end of the call, Russert brought up war critic Joseph Wilson and mentioned that Wilson's wife worked for the CIA.

"That would be impossible," Russert testified. "I didn't know who that person was until several days later."

That discrepancy is at the heart of Libby's perjury and obstruction trial. He is accused of lying to investigators about his conversations with reporters regarding Wilson's wife, CIA operative Valerie Plame.

During Libby's 2004 grand jury testimony, he said Russert told him "all the reporters know" that Wilson's wife worked at the CIA. Libby now acknowledges he had learned about Plame a month earlier from Cheney but says he had forgotten about it and learned it again from Russert as if new.

Libby subsequently repeated the information about Plame to other journalists, always with the caveat that he had heard it from reporters, he has said. Prosecutors say Libby concocted the Russert conversation to shield him from prosecution for revealing information from government sources.

Plame's identity was leaked shortly after her husband began accusing the Bush administration of doctoring prewar intelligence on Iraq. The controversy over the faulty intelligence was a major story in mid-2003.

Given that news climate, defense attorney Theodore Wells was skeptical about Russert's account.

"You have the chief of staff of the vice president of the United States on the telephone and you don't ask him one question about it?" Wells asked. He followed up moments later with, "As a newsperson who's known for being aggressive and going after the facts, you wouldn't have asked him about the biggest stories in the world that week?"

"What happened is exactly what I told you," Russert replied.

Russert originally told the FBI that he couldn't rule out discussing Wilson with Libby but had no recollection of it, according to an FBI report Wells read in court. Russert said Wednesday he did not believe he said that.

Russert also acknowledged that in November 2003, shortly after the investigation began, that he told an FBI agent that he had not discussed Wilson's wife with Libby. The NBC News reporter subsequently resisted a subpoena for his testimony, but he agreed to give it after negotiations with Fitzgerald's office.

Special Prosecutor Patrick Fitzgerald has spent weeks making the case that Libby was preoccupied with discrediting Wilson. Several former White House, CIA and State Department officials testified that Libby discussed Plame with them — all before the Russert conversation.

Fitzgerald has said Russert would be his final witness. Prosecutors spent the past few days playing audiotapes of Libby's grand jury testimony in court. In the final hours of those tapes Wednesday, Libby described a tense mood in the White House as the leak investigation began.

Though President Bush was publicly stating that nobody in the White House was involved in the leak, Libby knew that he himself had spoken to several reporters about Plame. He said he did not bring that up with Bush and was uncertain whether he discussed it with Cheney.

Libby did remember one conversation with Cheney, however, in which the vice president seemed surprised when told by his aide where Libby had learned Plame's identity.

"From me?" Cheney asked, tilting his head, Libby recalled.

Libby said he had forgotten that Cheney was his original source until finding his own handwritten notes on the conversation. The notes predated the Russert phone call by more than a month.

Russert, who arrived in court on crutches because of a broken ankle, was scheduled to resume testifying Thursday. Prosecutors said they plan to rest their case after his testimony.

Russert Says He Didn't Tell Libby About CIA Officer (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 8, 2007

Tim Russert, the Washington bureau chief for NBC News, yesterday swiftly and firmly rejected I. Lewis "Scooter" Libby's assertion that the journalist revealed the identity of an undercover CIA officer to him during a telephone call in the summer of 2003.

Testifying as the final, and perhaps most critical, prosecution witness in the perjury trial of Vice President Cheney's former chief of staff, Russert recounted their conversation that July and how a "very agitated" Libby called to complain about MSNBC's "Hardball." Russert said that the subject of the CIA officer, Valerie Plame, never came up and that he could not have told Libby anything about her.

"That would be impossible," Russert said, "because I didn't know who that person was until several days later."

Libby, who faces five felony counts of lying to investigators about his role in the leak of Plame's identity, has repeatedly testified that he shared information about Plame with other reporters only after hearing it from Russert during the telephone call. Libby has acknowledged that Cheney first told him about Plame's CIA job, in mid-June, but said that he had forgotten the information by the time he heard it from Russert.

Special Counsel Patrick J. Fitzgerald has argued that Libby fabricated the story about learning the information from Russert in the July 10, 2003, telephone call to protect himself from criminal charges. Passing along gossip from a reporter would not be a crime, but disclosing a CIA officer's classified status to reporters after learning it from the vice president could be.

Prosecutors spent three years investigating whether senior Bush administration officials deliberately revealed Plame's status to punish her husband, former ambassador Joseph C. Wilson IV. The CIA had sent him to Africa in 2002 to investigate reports that Iraq had been trying to buy nuclear material there. Wilson found no evidence of the activity and in July 2003 accused the administration of twisting his findings to justify going to war. Eight days after he went public with his accusations, his wife's name and CIA role were revealed in a syndicated column by Robert D. Novak.

In 11 minutes of direct testimony, Russert offered a vivid description of his telephone call with Libby, and said it rapidly "evolved into a consumer complaint." Russert said Libby, who was then Cheney's chief of staff, was upset that "Hardball" host Chris Matthews had said in two broadcasts that the vice president was responsible for Wilson's mission to Niger for the CIA and had made negative remarks about Libby.

"What the hell is going on with 'Hardball'?" Russert quoted Libby as having asked him. "Damn it. I'm tired of hearing my name over and over again. What is being said is not true."

In addition to testifying that he had not mentioned Plame to Libby, Russert said that Libby did not bring her up, either.

Russert said he first learned about Plame and her CIA job from the Novak column on July 14, and said "Wow" when he read it. He testified that if Libby had mentioned to him during their phone call four days earlier that Wilson's wife worked at the CIA, he would have pursued it, asking questions about how Plame's job might relate to Wilson's accusations against the White House.

"That would be a significant story," he said.

Under cross-examination, defense attorney Theodore V. Wells Jr. pressed Russert to say that he had, in fact, asked Libby about Wilson, because the former ambassador had become a major figure in the news. Russert said that he had not, and that he had been "in listening mode" during the call.

"What happened is exactly what I told you, sir," Russert said. "I did not know" about Plame. "I did not talk about it."

Jurors heard Russert's testimony on the same day they listened to Libby say in his own words that he had the utmost respect for Russert as a journalist. Libby's admiring description of Russert came in audiotapes of his March 2004 grand jury testimony, the last of which were played in court yesterday morning. Libby said it meant more to him to hear the information from a reporter he considered so credible.

"Tim Russert, in my view anyway, is one of the best of the newsmen, the most substantive," Libby testified. "It struck me that not only did he know this, and I didn't know it, but he also thought it was important."

In portions of the tapes played yesterday, Fitzgerald repeatedly pressed Libby to explain any role the vice president may have played in the leak. During Libby's two grand jury appearances in March 2004, the special counsel asked whether Cheney believed that Plame was the reason the CIA sent Wilson on the mission to Niger, and whether he considered Wilson unqualified or biased. Fitzgerald also pressed Libby on whether Cheney suggested or implied that he should tell journalists that Wilson is married to a CIA officer.

In response to each question, Libby can be heard on the tapes carefully choosing words that would not implicate Cheney, and saying he could not recollect whether the vice president suggested they make Plame's CIA role public.

In his grand jury testimony, Libby said that as the CIA leak investigation was beginning in September 2003, he knew the probe would look at more than just which administration official leaked the name to Novak. He said he was aware that the president had asked administration officials to come forward.

Libby said he privately went to the vice president twice to ask whether Cheney wanted to know all the details of his conversations with reporters about Wilson and Wilson's wife in late June and early July.

"I would have been happy to unburden myself of it," Libby testified. "He didn't want to hear it. . . . I have no problem telling him what happened."

But he said Cheney shook his head no. "You don't have to," Libby recalled his boss telling him.

Libby's attorneys have argued in the trial that Libby had no motive to lie because he believed the investigation was focused solely on identifying Novak's source.

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At Libby Trial, Russert Of NBC Gives And Gets (NYT)

By Neil A. Lewis And David Johnston

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — The prosecution in the perjury trial of I. Lewis Libby Jr. neared the end of its case Wednesday with a final dramatic flourish — putting Tim Russert of NBC News on the witness stand to deliver what could be a serious blow to Mr. Libby's defense.

Nevertheless, Mr. Russert, who is accustomed to asking tough questions of his guests on "Meet the Press," found himself in the clearly uncomfortable role of being the subject of tough questions during a cross-examination by Mr. Libby's defense lawyer.

Mr. Russert, whose signature technique in interrogating officials on his television program includes confronting them with documents and texts of previous quotes, found the technique used on him. A defense lawyer displayed documents on a large television screen in the courtroom as he challenged Mr. Russert's recollection of events.

The cross-examinationis expected to conclude on Thursday. He is the last of 10 witnesses who testified in 10 days of trial in which the prosecution has tried to show that Mr. Libby lied repeatedly to Federal Bureau of Investigation agents and a federal grand jury about how he learned about the Central Intelligence Agency operative at the heart of the leak case.

After the prosecution concludes its case, Mr. Libby's lawyers will face a daunting task in trying to undo it. The prosecutor, Patrick J. Fitzgerald, has offered a straightforward case in which the jurors have heard from numerous witnesses supporting the charges against Mr. Libby.

On Wednesday, Mr. Russert testified under a prosecutor's questioning that, contrary to Mr. Libby's testimony, he never spoke with him about Valerie Wilson, the C.I.A. officer.

Mr. Russert, the moderator of "Meet the Press," was unequivocal in his testimony that no such conversation with Mr. Libby occurred. But when Mr. Libby's chief defense lawyer, Theodore V. Wells Jr., began his efforts to disparage Mr. Russert's reliability in cross-examination, Mr. Russert's confident demeanor changed abruptly.

Mr. Russert, whose appearance drew the largest crowd of spectators yet in the three-week-long trial, stopped speaking in the confident, complete sentences in which he had answered the prosecutor in his direct testimony. Instead, he became more deliberate and halting in his responses, frequently asking Mr. Wells to repeat the question or asking for time to examine the document about which he was being asked. "Say again?" he said frequently.

Mr. Libby, who is charged with five felony counts, has sworn that it was Mr. Russert who informed him about Ms. Wilson sometime on July 10 or July 11, 2003. Although Mr. Libby, the former chief of staff to Vice President Dick Cheney, has acknowledged he heard about Ms. Wilson from Mr. Cheney earlier, he said he had forgotten about that. He said, "It was like hearing it for the first time" when he said Mr. Russert told him weeks later.

The prosecution has offered testimony that Mr. Libby learned of Ms. Wilson's identity from Mr. Cheney's former spokeswoman, a former under secretary of state and two officials of the C.I.A. In addition, two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine, testified that Mr. Libby discussed Ms. Wilson's identity with them.

White-collar criminal defense lawyers said on Wednesday that Mr. Libby's lawyers faced an uphill battle, although most cautioned that a criminal trial almost always appeared bleak for a defendant after the prosecution had presented its case, before the defense put on its own evidence.

Some of the lawyers, including those with clients in the case who would not discuss the trial on the record, said Mr. Fitzgerald's case lacked emotional appeal, but gave the jurors an uncluttered and convincing story of wrongdoing.

Defense efforts to trap prosecution witnesses in contradictions and memory lapses had probably helped Mr. Libby, the lawyers said, although they expressed doubt that the effort had jelled into a plausible explanation of Mr. Libby's conduct.

Andrew G. McBride, a lawyer in Washington, said that the defense could seek to show that Mr. Libby dealt with a wide array of issues that were more important than responding to an Op-Ed article published in The New York Times on July 6, 2003, by Valerie Wilson's husband, Joseph C. Wilson IV.

Mr. Wilson wrote that he had been on a mission to Africa to look into reports that Saddam Hussein was trying to buy uranium for his weapons program. He said that he discovered no evidence of that and asserted that the Bush White House had willfully distorted intelligence to justify the invasion of Iraq.

On July 14, Ms. Wilson's identity as a C.I.A. operative was disclosed in a column by Robert Novak.

Several of the lawyers said that the defense must find a way to cast Mr. Libby's actions in a sympathetic light, which raises the question of whether Mr. Libby will testify in his own defense.

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"Whether a defendant takes the stand in his own defense is the most difficult decision that an attorney and his client have to make," said Richard Ben-Veniste, a prominent lawyer in Washington who has attended the trial.

Howard M. Pearl, a lawyer in Chicago, said that these decisions hinged on a careful balancing of the potential benefits of the defendant's testimony weighed against the risks of alienating a jury or opening oneself to embarrassing questions.

"If a defendant does testify, the case is usually won or lost on the basis of the credibility of his testimony," Mr. Pearl said.

In the complex story behind Mr. Libby's criminal trial, the Russert-Libby conversation has loomed increasingly important. Mr. Libby has said that he learned about Ms. Wilson from Mr. Russert in a conversation in which he had called to complain about Chris Matthews' comments on "Hardball."

Mr. Russert, who limped into the courtroom Wednesday using a crutch because of a broken ankle, recalled that conversation for Mr. Fitzgerald, who took less than nine minutes to draw out the account, in which Mr. Russert said that Mr. Libby was "agitated" about Mr. Matthews.

Asked how he could tell Mr. Libby was agitated, Mr. Russert replied: "He said, 'What the hell's going on with Hardball. Dammit, I'm tired of hearing my name over and over again.' "

Mr. Russert insisted that it "would be impossible" for him to have told Mr. Libby about Ms. Wilson in their conversation on July 10 or 11, 2003, "because I didn't know who that person was until I read the Bob Novak column." He said that, when he read it on July 14, he said to himself, "Wow, this is really big."

In challenging Mr. Russert's reliability, Mr. Wells homed in on a dispute he had with The Buffalo News in 2004 over his serving as a debate moderator. Using Mr. Russert's technique, Mr. Wells displayed on the television screen documents in connection with the incident in which Mr. Russert had acknowledged that he had forgotten making a telephone call to a Buffalo reporter.

He also challenged Mr. Russert about initial efforts to avoid testifying. Mr. Russert had said in an affidavit that it was a matter of journalistic principle to refuse to divulge his conversation with Mr. Libby. But Mr. Wells, who also displayed this affidavit on-screen, noted that when Mr. Russert was first reached by telephone by an F.B.I. investigator, weeks before the affidavit, he spoke freely about it.

Russert Denies Discussing Plame In Disputed Call With Libby (WSJ)

By Evan Perez

The Wall Street Journal, February 8, 2007

WASHINGTON -- Special Prosecutor Patrick Fitzgerald concludes his perjury case against former vice presidential aide Lewis "Scooter" Libby on Thursday having succeeded in keeping the focus on the lengths to which Mr. Libby went to refute attacks on the Bush administration's handling of the invasion of Iraq.

Mr. Libby's actions, at Vice President Dick Cheney's behest, are key to Mr. Fitzgerald's charge that the former top aide intentionally lied to investigators during his probe of the leak that lead the outing of former Central Intelligence Agency operative Valerie Plame.

Witnesses buttressed Mr. Fitzgerald's argument that Mr. Libby lied when he told investigators that he first learned about Ms. Plame from NBC News Washington bureau chief Tim Russert. Several witnesses testified that wasn't true. Mr. Fitzgerald has argued that Mr. Libby lied to cover-up his involvement in a campaign against Ms. Plame's husband, former diplomat Joseph Wilson, who had criticized the administration.

In all, ten witnesses took the stand to help Mr. Fitzgerald methodically make his case, which had been heavily criticized and appeared weakened over pre-trial revelations that he pursued his investigation for more than two years despite having learned early in the probe that Mr. Libby wasn't the original source of the leak. No one has been charged in the leak.

Mr. Russert, the star government witness, took the stand and withstood over an hour of sometimes confusing questions from Theodore Wells, one of Mr. Libby's attorneys. Mr. Russert contradicted Mr. Libby's claims to have first learned about Ms. Plame from him. In 12 minutes of answering questions from Mr. Fitzgerald and over an hour of mostly respectful quizzing from Mr. Wells, Mr. Russert didn't budge from his contention that he couldn't have told Mr. Libby about Ms. Plame since he didn't know it at the time.

"That would be impossible. I did not know who that person was until several days later," when he read a syndicated column by Robert Novak, Mr. Russert said. Mr. Wells made several attempts to get Mr. Russert to admit to having a "faulty recollection" with little success.

Mr. Wells did prevail on Mr. Russert, however, to acknowledge that he answered questions from an FBI agent in a telephone call in November of 2003, denying that he told Mr. Libby about Ms. Plame. Mr. Wells tried to use that fact to draw a contrast with Mr. Russert's and NBC's protestations later on that he couldn't testify about his contact with Mr. Libby because he

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was seeking to protect the confidentiality of sources. Mr. Russert responded that he believed that answering prosecutors "on a fishing expedition" was different from responding to what he thought was a false statement.

Earlier this week, prosecutors played eight hours of Mr. Libby's recorded testimony to a grand jury to allow jurors to hear Mr. Libby's repeated assertion that he first learned about Mr. Wilson's wife from Mr. Russert in a July 11, 2003, telephone call. The recordings could be the only opportunity for the jury to hear from Mr. Libby himself, since defense attorneys have backed off previous statements that he would testify. Defense attorneys said in court filings that he may not take the stand in his own defense.

Mr. Libby's words contrasted with testimony from several former administration colleagues of Mr. Libby's and from two journalists, who have bolstered Mr. Fitzgerald's charge that Mr. Libby either told them or learned from them about Ms. Plame before the call with Mr. Russert. A note in Mr. Libby's handwriting entered into evidence shows Mr. Libby also learned about Ms. Plame from Vice President Dick Cheney in early June.

Defense attorneys say Mr. Libby's misstatements weren't intentional, but rather a result of faulty memory. They also used their cross-examination to attack the credibility of two journalists, Judith Miller, formerly of the New York Times, and former Time magazine reporter, Matt Cooper, whose own memory and note-taking of conversations with Mr. Libby were shaky.

The defense team plans to call eight journalists to testify, with Jill Abramson, New York Times managing editor, being the first when it begins presenting its case, perhaps late Thursday. Prosecutors said they objected to Ms. Abramson being called. Mr. Libby's attorneys hope to use her to poke more holes in testimony by Ms. Miller, who said Ms. Abramson brushed her off when she suggested someone write a story about the Wilson controversy.

Also, yesterday in court, Mr. Libby's taped testimony revealed that in 2003, as controversy ensued over the Wilson criticism, Mr. Cheney ordered Mr. Libby to leak portions of an intelligence report, which said that Iraq "vigorously" sought to procure uranium for its weapons program, to The Wall Street Journal. Mr. Libby said he asked Paul Wolfowitz, then deputy Defense Secretary, to leak parts of the report to an editor of the paper's opinion page. Mr. Libby also gave the information to Ms. Miller, but she didn't write about it. A July 17, 2003, Journal editorial criticized Mr. Wilson's claims, citing the intelligence report, which was made public after the editorial was published. (Read the editorial1.)

A spokesman for Dow Jones & Co., publisher of the Journal, declined to comment.

Russert Tells Jury He Never Told Libby Of CIA Agent (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 8, 2007

WASHINGTON — "Meet the Press" moderator Tim Russert testified today that he never gave former vice presidential aide I. Lewis "Scooter" Libby information about the wife of a Bush administration war critic, directly contradicting the premise of Libby's defense of perjury charges.

Russert became the third journalist in the federal court trial to offer testimony that counters statements that Libby told investigators and a grand jury probing the outing of CIA operative Valerie Plame. The conversations — and alleged lies that Libby offered about them — form the crux of his perjury and obstruction indictment.

Testifying in federal court, a grim-faced Russert recounted receiving a phone call from Libby the week after former envoy Joseph C. Wilson IV published a New York Times op-ed article on July 6, 2003, accusing the Bush administration of twisting pre-war intelligence in Iraq.

He said an "agitated" Libby called to complain about coverage of the growing controversy on the "Hardball" program on MSNBC.

" 'What the hell is going on with 'Hardball?' " Russert recalled Libby saying. "'Damn it, I'm tired of hearing my name over and over again.' "

Russert said Libby complained that the MSNBC program, with anchor Chris Matthews, were distorting the truth about Wilson and his allegations.

Russert said he told Libby that even though he was head of the Washington bureau of NBC News, he did not have authority or responsibility over the "Hardball" program, which is run by one of the network's cable affiliates. He said he referred Libby to other NBC officials.

Under questioning by prosecutor Patrick Fitzgerald, Russert said that he had not discussed with Libby the wife of Wilson or the fact that she worked for the CIA.

"That would be impossible," Russert testified, "because I did not know who that person was until several days later."

Russert said that he did not know about Plame until he read about her in a column published by syndicated columnist Robert Novak. That column appeared on July 14, 2003.

Libby has asserted that four days earlier — on or around July 10 — that Russert told him that "all the reporters" knew that Wilson's wife worked for the CIA. Libby has said that was the first time he learned about her identity.

Asked if he had conveyed Libby that information, Russert responded: "No. I wouldn't do that. I didn't know that."

Russert said that Libby did not give him the information about Plame. He said he would have remembered if Libby had given him the information because "that would be a significant story."

Russert recalled later reading the Novak column connecting Plame to the CIA.

"I said, 'Wow! Look at this. This is really significant. This is big.' And I went to work and began to ask people I was working with what we knew about that and why we didn't have the story, because to me it was a significant development in the story."

Fitzgerald's questioning of Russert lasted barely 10 minutes. Russert had resisted testifying before the grand jury investigating the case in 2004 because of concerns that it would chill his ability to report, but was required to answer questions by a federal judge.

Libby's lead trial lawyer, Theodore Wells, spent the afternoon testing Russert's memory, including an article in the Buffalo News, where Russert acknowledged forgetting a phone call that he had placed to a columnist who had been critical of his work moderating a debate.

Russert's testimony strikes at the heart of Libby's defense that the vice president's aide said he learned about Wilson's wife from Russert.

The government has alleged that Libby made up the story about Russert and that he was the one spreading classified information about Plame's status, which had been supplied to him by his then-boss, Vice President Dick Cheney, which could be a federal crime.

Libby apparently believed that passing along information supplied by reporters would not violate the law, prosecutors believe.

Russert is expected to be the last witness called by the government. The defense is expected to begin its case Thursday afternoon.

TV Reporter Contradicts Libby In Perjury Trial (FT)

By Caroline Daniel In Washington

Financial Times, February 8, 2007

Tim Russert, host of NBC's Meet the Press, on Wednesday became the latest witness in the perjury trial of Lewis Scooter Libby to contradict Mr Libby's testimony to the grand jury.

Mr Russert told the trial that he had not discussed the identity of a CIA agent with Mr Libby, the vice-president's former chief of staff.

Mr Libby had told the grand jury he first heard about Valerie Plame, the covert operative, from Mr Russert during a phone call in July 2003, claiming the journalist had said "all the reporters" knew that Ms Plame was an agent at the Central Intelligence Agency. Mr Russert said he had not discussed Ms Plame in that call. "That would be impossible. I didn't know who that person was until several days later."

The prosecution contends that Mr Libby lied to the grand jury, seeking to blame reporters to mask the fact he first heard her name from Dick Cheney, the vice-president, and that there was an effort to leak her name to undermine her husband, Joe Wilson, for voicing public doubts about intelligence on Iraq's nuclear capabilities.

Mr Russert's testimony could be damaging to Mr Libby, who faces five charges, including obstruction of justice. Mr Russert said he first learned about the identity of Ms Plame from a newspaper article several days after he spoke to Mr Libby, who had called him in "a state of agitation" to complain about how the vice-president's office was being characterised on Hardball, a political programme on MSNBC.

"He was very firm and very direct. He had not liked what he had heard, saying 'What the hell is going on with Hardball, and damn it, I'm tired of hearing my name again and again'," Mr Russert testified. "It was not a natural phone call."

Mr Libby's defence lawyers sought to discredit Mr Russert by citing evidence he admitted having a faulty memory about an unrelated incident. They have been trying to prove their client simply forgot who first told him about Ms Plame.

Tim Russert, On The Uncomfortable Side Of A Question (WP)

By Howard Kurtz

The Washington Post, February 8, 2007

From the moment he hobbled into the wood-paneled courtroom on a single crutch from an ankle injury, Tim Russert seemed very different from the familiar television figure of Sunday morning combat.

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He was careful, sober and subdued. He spoke in a flat monotone. He offered responses such as "I don't recall saying that specifically, but I may have," and "You'll have to refresh my recollection on that." Gone was Russert's usual bombast and showmanship.

With the perjury trial of Lewis "Scooter" Libby hanging in the balance, the "Meet the Press" inquisitor -- the man who puts all those quotations up on the screen and presses politicians about contradictions and evasions -- found himself on the receiving end of a tough cross-examination.

Russert emerged relatively unscathed yesterday, except for a previously acknowledged memory lapse about a phone call unrelated to the Libby case. But it was a long afternoon for someone who much prefers asking the questions.

It was, at bottom, a case study in the importance of controlling the microphone. On the air, NBC's Washington bureau chief asks the questions, frames the issues or serves up political insight.

On the witness stand, by contrast, even the cockiest pundit is by definition on the defensive. Russert, a lawyer, measured his words and frequently answered the question he wished he had been asked rather than the query posed by Libby attorney Ted Wells.

Libby, who was Vice President Cheney's chief of staff, had called Russert in 2003 to gripe about MSNBC's Chris Matthews, who was hammering both Cheney and Libby on the handling of prewar intelligence involving Iraq's attempts to acquire illegal weapons. Libby says he learned from Russert that Valerie Plame, the wife of administration critic Joe Wilson, worked for the CIA. Russert said repeatedly that Wilson and Plame never came up during the conversation.

Russert likes to have all the documents at his disposal. At one point, Wells handed the witness a report on his interview with the FBI and directed him to review a brief section.

"I can't read the whole thing?" Russert asked.

The FBI summary said that Russert had not completely ruled out the possibility that he had talked about the Wilsons with Libby. "Those aren't my words," Russert insisted.

His apparent strategy was to remain low-key, regardless of the provocation -- precisely the opposite of what compelling television demands. Wearing a dark suit, white shirt and blue tie, Russert remained largely motionless, except when slipping on his glasses to look at evidence. As the questioning moved from special prosecutor Patrick Fitzgerald to the more tendentious Wells, the only signs of testiness that Russert displayed were a slight tightening of the voice and perhaps a whiff of impatience.

Even when recounting Libby's agitated words about the Matthews show -- "What the hell's going on with 'Hardball'? Damn it, I'm tired of hearing my name over and over again" -- Russert used a tone more suitable for reading a shopping list.

He showed a rare flash of emotion, putting his hand to his forehead, when he recalled reading the 2003 Robert Novak column that disclosed Plame's CIA employment -- which happened to underscore his contention that the subject never arose with Libby. "I said, 'Wow, look at this, this is really significant, this is really big.' "

He couldn't resist adding: "I wish I had known before then, but I did not."

Russert's unusual status was underscored when he recalled how the FBI agent sent to question him had first thanked him for speaking to the man's church group during a visit to the NBC bureau.

The newsman was not on trial, but in ways large and small, he defended his approach to journalism, even when that was off the point. Wells asked about a passage in Russert's book about his father, "Big Russ," in which he asserts how getting the news first is important.

"As long as you're accurate, yes," Russert said.

When asked about rumors that surrounded Wilson's mission to Africa to investigate alleged Iraqi efforts to obtain enriched uranium, Russert said: "We try to stay away from rumors. . . . Rumors don't make it on the air."

He said he assumes that phone calls from government officials, such as Libby, are confidential, and that if he wants to use some piece of information he warns the caller, "not to blindside anyone or try to trick them."

Since Libby's call turned out to be what Russert termed a "viewer complaint," not a whispered chat with a confidential source, why, Wells asked, had he initially resisted testifying? Russert used the occasion to deliver a journalism lecture on the "chilling effect" of subpoenas. "We do not want to be involved in a fishing expedition to find out who I talked to," he said.

Russert's most uncomfortable moments involved a 2004 Washington Post Magazine interview, which I conducted, in which he made an error. Russert said then that he challenged the accuracy of a Buffalo News columnist who had sharply criticized him for pressing Hillary Rodham Clinton, during a 2000 Senate debate that he moderated, about her remarks on the Monica Lewinsky uproar. Russert said in the interview that he had not called the columnist, Mark Sommer, to complain, but when Sommer said he had received two angry calls, Russert acknowledged to The Post: "I just plain didn't remember it."

Wells was using the incident to show that Russert's memory on the Libby call might be faulty as well, but the witness seemed more interested in defending his debate performance.

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"I was very evenhanded, as I always try to be," Russert said. He is constantly criticized for his "Meet the Press" performance, Russert said, "and if I focused on that, I wouldn't be able to do my job."

Wells sounded incredulous, but Russert, who always tries to get a rise out of his guests, gave the attorney precious little to work with.

How could he have forgotten the call? This was his hometown paper, and Russert was "one of the icons of Buffalo."

"I'm a citizen."

Wasn't he angry?

"Disappointed."

"Was it one of the more personal attacks you've experienced?"

"Probably not anymore," Russert said, and again returned to his role as moderator: "I stand by every question I asked. . . . The debate still stands up."

There was one question that Russert did not have to answer. "Does NBC pay you in excess of $5 million a year?" Wells asked. The judge sustained an objection.

Prosecutors Limit Russert Deal Details (AP)

By Pete Yost, Associated Press Writer

AP, February 8, 2007

Prosecutors in the CIA leak trial on Wednesday sought to limit how much they must reveal about how they gained the cooperation of NBC News reporter Tim Russert, whose testimony is key to the case against former White House aide I. Lewis "Scooter" Libby.

The dispute came as jurors listened to the final 2 1/2 hours of Libby's audiotaped grand jury testimony which forms the basis of perjury and obstruction charges against him.

Once the tapes are played in their entirety, "Meet the Press" host Russert is expected to testify that he didn't talk to Libby in 2003 about the CIA employment of Valerie Plame, wife of war-critic and former ambassador Joseph Wilson.

Russert's much-anticipated version of the July 2003 telephone conversation is important to the case because Libby told the grand jury that his conversation with Russert was the first time the White House aide had heard about Wilson's wife. He later said he had forgotten that Vice President Dick Cheney had told him about Wilson's wife a month earlier.

Various witnesses have testified that they discussed Wilson's wife with Libby before the Russert-Libby conversation.

On Wednesday's playing of the grand jury audiotapes, Special Counsel Patrick Fitzgerald asked Libby whether he had told Cheney, after hearing from Russert, that Wilson's wife worked for the CIA.

"No, sir," replied Libby.

Defense attorneys want to know who negotiated the agreement to get Russert's testimony and other details, including any interaction with Chief U.S. District Judge Thomas Hogan, who oversaw the grand jury that indicted Libby.

In a court filing, prosecutors said that nothing in the government's possession is inconsistent with Russert's statements in the investigation. Prosecutors said they've already provided Libby's lawyers with details of Russert's cooperation.

At the start of the trial, jurors were told that Russert was only questioned for 22 minutes, that he was not required to make a grand jury appearance and that prosecutors failed to ask Russert a number of important questions.

"You're going to see that Tim Russert had a deal," the jury was told by the defense during opening statements.

Special Counsel Patrick Fitzgerald says prosecutors' dealings with Russert had to conform to Justice Department guidelines, which require greater caution when dealing with journalists as opposed to other witnesses.

Fitzgerald says he expects Russert to be his final witness Wednesday in Libby's perjury and obstruction trial. Libby is accused of lying to authorities investigating the leak of CIA operative Valerie Plame's identity.

Russert and Libby tell two very different stories about the 2003 phone conversation.

Both agree Libby called to complain about one of Russert's colleagues. Russert says the call ended there. Libby says Russert brought up the subject of an outspoken war critic, Joseph Wilson, a former ambassador who accused the Bush administration of doctoring prewar intelligence on Iraq.

"Did you know that Ambassador Wilson's wife worked at the CIA?" Libby said Russert asked.

"No, I don't know that," Libby said he replied.

"Yes, all the reporters know it," Russert responded, according to Libby's grand jury testimony.

Russert Testifies He Didn't Tell Libby About Plame (Update2) (BLOOM)

By Laurie Asseo

Bloomberg, February 8, 2007

DOJ_NMG_0129538

Feb. 7 (Bloomberg) -- NBC journalist Tim Russert testified he didn't tell Lewis ``Scooter'' Libby that an Iraq war critic's wife was a CIA official -- or discuss her at all in their conversation, disputing a key point in Libby's defense against perjury charges.

Libby told a grand jury under oath that, when the two spoke around July 10, 2003, Russert told him that war critic Joseph Wilson's wife was a Central Intelligence Agency official. Libby testified he didn't speak to any other journalist about the CIA official, Valerie Plame, until after his conversation with Russert, according to a recording played in court in Washington.

``At any time did you discuss with Mr. Libby the wife of Joseph Wilson?'' prosecutor Patrick Fitzgerald asked Russert today after the jury heard the recordings.

``No, that would be impossible because I didn't know who that person was until several days later,'' Russert said. Under questioning by Fitzgerald, he also said he didn't tell Libby that Wilson's wife worked for the CIA, or that all the reporters knew it.

``No, I wouldn't do that,'' Russert said. ``I didn't know that.'' He will return to the witness stand tomorrow.

Libby, 56, who was Vice President Dick Cheney's chief of staff, is accused of lying to investigators probing whether U.S. officials deliberately leaked Plame's identity in 2003 to retaliate against her husband, a former ambassador, for attacking the government's Iraq war claims. No one has been charged with the leak itself.

Learned From Cheney

Libby told a grand jury that, even though he first learned about Plame from Cheney in June 2003, he forgot about it and thought he was hearing it for the first time when he and Russert spoke. Prosecutors earlier today finished playing for jurors eight hours of recordings of Libby's grand jury testimony.

Prosecutors are near completion of their case in Libby's trial. U.S. District Judge Reggie Walton told defense lawyers to be prepared to begin presenting evidence tomorrow.

Potential defense witnesses include Cheney, Washington Post reporter Bob Woodward and other journalists.

Wilson wrote a column in the New York Times on July 6, 2003, that accused the administration of twisting intelligence to justify invading Iraq. Wilson had gone to Niger a year earlier and reported that he found no evidence that Iraq tried to buy uranium there. He said his trip followed a query by Cheney's office about possible Iraqi efforts to buy uranium.

State of the Union

President George W. Bush's State of the Union address in January 2003 cited Iraqi efforts to buy uranium as a reason for going to war. Libby told the grand jury that Cheney was anxious to get the word out that his office wasn't responsible for Wilson's trip and didn't receive his report.

Russert told the jury today that he didn't learn anything about Wilson's wife until he read it in an article by syndicated columnist Robert Novak on July 14, 2003.

Russert said his conversation with Libby began when the vice presidential aide called to complain about a report on an MSNBC program. ``He was agitated'' and the two didn't discuss Wilson, Russert said.

Libby defense lawyer Ted Wells, in cross-examining Russert, questioned why he didn't ask Libby about Wilson.

``There is a story of great national import going on in which the office of the vice president is involved,'' Wells said. ``You didn't ask him one question about the Wilson issue?''

``It was very much a listening mode'' because Libby was ``not in a mood to talk,'' Russert said. Asked again by Wells why he didn't ask about Wilson, the NBC journalist said, ``What happened is exactly what I told you, sir.''

Faulty Memory

Wells sought to show that Russert has previously displayed a faulty memory, pointing to a letter he wrote to the Buffalo News acknowledging he forgot that he had called a News columnist to dispute an article about Russert's performance in moderating a debate by presidential candidates in 2000.

Wells also questioned how Russert could have talked to an FBI investigator in November 2003 about his conversation with Libby and later resisted a subpoena to testify before a grand jury.

In speaking to the FBI investigator, ``the focus was on my words, my words, not Mr. Libby's words,'' Russert said, adding that he didn't reveal anything Libby said in confidence.

In describing his July 10 conversation with Russert to the grand jury -- according to the recording played in court -- Libby had said the two were discussing Wilson and the dispute over whether Iraq sought to buy uranium.

`Taken Aback'

Russert then asked, ``Did you know that Ambassador Wilson's wife works at the CIA?'' Libby told the grand jury. ``And I was a little taken aback by that.''

``At that point in time, I did not recall that I had ever known this,'' Libby said on the recording. ``He said, `yeah, all the reporters know it.'" Libby said that, even after Russert mentioned Wilson's wife, he didn't remember that Cheney had told him about her the previous month.

Russert is NBC's Washington bureau chief and moderator of its Sunday program ``Meet the Press." He used crutches today and told the jury he is recovering from a broken ankle.

Libby is accused of obstructing the investigation and lying to the FBI and a federal grand jury. He would face up to 10 years in prison if convicted of obstruction, the most serious charge. Libby resigned after he was indicted in October 2005.

Fitzgerald said he plans to file an objection to defense plans to call as a witness Jill Abramson, the New York Times Washington bureau chief in 2003. Former Times reporter Judith Miller testified she recommended to Abramson that the newspaper pursue a story on Plame and that the paper didn't.

Defense lawyer William Jeffress said he will argue tomorrow that prosecutors didn't provide enough evidence to prove a charge related to one of Libby's interviews with Miller.

The case is U.S. vs. Libby, 05-394, U.S. District Court, the District of Columbia.

Cheney Surprised By Libby's Account (LVS/AP)

By Pete Yost

Las Vegas Sun, February 8, 2007

Vice President Dick Cheney seemed surprised in 2003 when told where his chief of staff had learned the identity of CIA officer Valerie Plame.

"From me?" Cheney asked, tilting his head, according to the grand jury testimony of the aide, I. Lewis "Scooter" Libby, who is on trial on charges of perjury, obstruction and lying to the FBI.

Libby's account of the conversation came near the end of nearly eight hours of audiotapes of his 2004 grand jury testimony that prosecutors finished playing at his trial Wednesday.

Libby describes finding in his own handwritten notes a reference to Cheney saying in mid-June 2003 that the wife of war critic Joseph Wilson worked at the CIA. The reference by Cheney was more than a month before Plame was outed in a newspaper column.

Libby told the grand jury that before finding the note, at the start of the criminal investigation into the leak of Plame's name, he had thought it was NBC newsman Tim Russert who first told him about Wilson's wife.

Under questioning before the grand jury by Special Counsel Patrick Fitzgerald, Libby said he went to Cheney with the new information.

Libby said that before reading his own notes, he had told Cheney he first learned the information from Russert. And he wanted to set the record straight with his boss, he said.

"He didn't say much, something about 'from me?'" Libby told the grand jury. The vice president "tilted his head, something he does commonly, and that was that," Libby recalled.

Libby's conversation with Russert took place a few days before Plame's CIA identity was publicly disclosed in a column by Robert Novak.

Now that the tapes are finished, "Meet the Press" host Russert is expected to testify that he didn't talk to Libby in 2003 about Plame or Wilson.

Various witnesses have testified that they discussed Wilson's wife with Libby before the Russert-Libby conversation.

Fitzgerald says he expects Russert to be his final witness Wednesday in Libby's trial. Libby is accused of lying to authorities investigating the leak of Plame's identity.

Russert and Libby tell two very different stories about the 2003 phone conversation.

Both agree Libby called to complain about one of Russert's colleagues. Russert says the call ended there. Libby says Russert brought up Wilson, a former ambassador who accused the Bush administration of doctoring prewar intelligence on Iraq.

"Did you know that Ambassador Wilson's wife worked at the CIA?" Libby said Russert asked.

"No, I don't know that," Libby said he replied.

"Yes, all the reporters know it," Russert responded, according to Libby's grand jury testimony.

RSA Panel Addresses Net Threats To Children (CNET)

By Erica Ogg, Staff Writer, CNET News.com

CNET News, February 8, 2007

Panel discusses the depth of the problem and roots of sexual predation in online communities and ways to protect children.

SAN FRANCISCO--The amount of unwanted sexual material that teens and preteens are exposed to on the Internet has skyrocketed in recent years, yet only a fraction of those children are likely to report it to an adult.

Those were among the concerns voiced Wednesday by members of a panel discussion here at the RSA Security Conference called "Pandora's Box: Youth and the Internet." The panel, which featured a journalist, pediatrician, federal law

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enforcement official and a security expert, threw out similarly scary statistics and invited the tech community to help find a solution to children's exposure to pornography as well as the prevalence of child pornography.

One in seven children between 10 and 17 have received an online sexual solicitation, according to the National Center for Missing and Exploited Children. In what may be even more disheartening to parents, NCMEC says only 27 percent of kids that received unwanted sexual material online are likely to report it to a parent or guardian. This can include receiving sexually explicit photos or videos, or an invitation to meet someone.

Biology is one reason children are susceptible to online predators, according to Dr. Sharon Cooper, CEO of Developmental and Forensic Pediatrics. Children and teenagers who are sexually mature are not yet mentally mature. Most people aren't completely mature until age 22, she said. "When kids are 13, 14, 16 years of age, making those decisions about whether I should or shouldn't meet someone online, their ability to detect true threats are not (fully) present," she said.

The type of material on the Internet and the threat of child sexual predation is increasingly dangerous, said Drew Oosterbaan, the Department of Justice's chief of the Child Exploitation and Obscenity Section. The exploitation of children in the last eight to 10 years has seen "an amazingly scary escalation of abuse," Oosterbaan said. A decade ago, the content of child pornography his department worked to eradicate depicted children usually no younger than 13. "Now there is horrific, tortuous sexual abuse involving babies and toddlers," he said.

This escalation, he said, is partly due to the Internet's ability to bring communities together. Prior to the explosion of the Internet, pedophiles were relatively isolated. They've now found each other online, and the community's main commodity is child pornography, which if they can't find, they create themselves.

Myspace.com made national headlines last year, when it was discovered that the community contained hundreds of convicted sex offenders, including pedophiles. Last October, Wired magazine Senior Editor Kevin Poulsen's investigation into the prevalence of sex offenders with Myspace accounts led police to a 38-year-old convicted sex offender who was using the social-networking site to solicit young boys.

Poulsen investigated the problem by writing his own program that cross-referenced the Justice Department's National Sex Offender Database information with names and ZIP codes of Myspace members.

Even after the problem made national news, Myspace failed to directly address the problem, Poulsen told conference attendees. He said his takeaway from the experience was that Myspace wasn't doing enough to police its own site.

"They have enormous resources. They have people who do nothing all day but look for objectionable images on their site," Poulsen said. "Why couldn't they do the policing that I did--working part time with a relatively simple computer program--is hard to understand."

Panel moderator David Kirkpatrick took that opportunity to tell the audience that Myspace's chief security officer was originally scheduled to participate on the panel, but dropped out without explanation.

Reducing exposure to predators

FaceBook's chief security officer, Chris Kelly, a fill-in for his Myspace counterpart, talked about the steps his site has taken to reduce the risk of their members' exposure to sexual predators.

First, it's not as easy to sign up on Facebook as on other social-networking sites, Kelly said. College students must have an institution-issued e-mail address, and high school students must have a school-issued e-mail or an invitation from someone.

But they've also employed technology to help tackle the problem. Facebook employs algorithms that detect possibly problematic situations, such as someone making too many friend requests to users younger than 18, repeated denials of friend requests and reports of inappropriate photos, Kelly said.

Myspace is currently championing a bipartisan bill that would require sex offenders to list their e-mail addresses and instant messaging handles in the federal registry. Social-networking and other Web sites could then check their user database against that information. Poulsen said Myspace's backing of the bill seemed to him like "an easy way out."

"Any solution you're looking for should target behavior today," not just past criminal behavior, Poulsen said.

Lawmakers are looking at other ways to stamp out sexual material online, especially child pornography. Panel moderator Kirkpatrick brought up a bill proposed Wednesday by Sen. John McCain (R-Ariz.) that would require Internet service providers and some Web sites to alert federal authorities of any illegal images of real or "cartoon" minors online.

The Justice Department's Oosterbaan said he would support "anything that can help."

"The design here is to seek out, find, filter and destroy, with the idea that eventually you would dry up the imagery if it can be found," Oosterbaan said. But, he added, the bill calls for recognizing the DNA of a photograph, which can be altered with a simple pixel change. Though it's far from perfect, it's a start, he said.

Dr. Cooper noted that McCain's bill does not address the problem of live Webcam sessions between children and adult predators. "We need to block these transmissions," she said, and invited the audience of technology experts to help figure out ways to combat that.

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Myspace escaped a complete thrashing during the session when Cooper said the site should applauded for offering Zephyr, software parents can install on a home computer to see the name, age and location of any MySpace profile accessed from that PC.

Though FaceBook isn't offering Zephyr software, Kelly said the network is strongly supportive of education as the best way to protect young people in online communities.

"Education is part of the solution here, but it's not the be-all and end-all," he said. "There's going to be crime in any large community, offline and online. But you can put up lights in parks to prevent criminal activity."

Internet DOS Attacks Spur Exchange Between Government, Private Sector (GCN)

By William Jackson, GCN Staff

Government Computer News, February 8, 2007

SAN FRANCISCO — Tuesday's denial-of-service attacks against three of the Internet's root DNS servers did not rise to the level of a major cyberincident, but it did highlight the government's efforts to coordinate responses with private-sector infrastructure providers.

"There was some minor degradation of service," but no large impact, said Jerry Dixon, head of the Homeland Security Department's National Cyber Security Division.

Dixon was joined Wednesday by Chris Painter of the Justice Department and Mark Hall of the Defense Department, his fellow co-chairmen on the National Cyber Response Coordination Group, at the RSA IT security conference. NCRCG is the government's tool for organizing its response to the most serious cyberattacks, coordinating the efforts of federal departments and agencies with the private sector.

So far, "we haven't had a real crisis where we've had to stand up," Painter said.

On a scale of 1 to 10, this week's attacks on top-level Domain Name Service servers only rated about a 3, Dixon said. The NCRCG co-chairs met to discuss the incident and monitor its impact and progress, but hands-on response was coordinated by the US CERT.

The attacks lasted for several hours and directed up to 54Gbps of traffic at the .mil, .info and .bus DNS servers, said US CERT deputy director Michael Witt. The .mil server was the most heavily targeted, he said.

"The root level servers continued to do their jobs," Witt said. His organization worked with the North American National Operations Group, an industry organization of backbone network operators, to minimize the impact of the attacks.

US CERT also worked with industry-level Information Sharing and Analysis Centers to gather information about the nature of the attacks.

Dixon said investigators are following leads to determine the source of the attacks.

US CERT is the executive agency of the NCRCG and handles the day-to-day operations of monitoring cyberactivity, coordinating actions with the private sector and responding to routine events. But during a genuine emergency, the NCRCG would stand up in a joint operations center housed at DHS to coordinate activities between departments and agencies and the private sector. This central node is necessary because each agency approaches cyberincidents from its own mission perspective.

"We can't step all over each other as we try to respond as systems go down," Hall said.

"Despite pretty communications between government agencies, it wasn't really regularized," Painter said. NCRCG regularizes those communications.

The group also extends its lines of communications with foreign nations and has established a 50-country investigative network that it can work with.

"When you go to some other countries they have the same communications issues" as U.S. agencies do, Painter said.

Hall said he is about to sign an information sharing agreement with NATO on behalf of DOD, as part of the department's watch center capability with foreign partners.

The importance of coordinating responses to cyberincidents is magnified by the shortage of expertise government can bring to bear on the problem, Painter said.

"The bench isn't really very deep in cyberstuff," he said. "We have a limited amount of expertise."

The NCRCG took part in last year's Cyber Storm exercises, a kind of cyberspace wargame in which private companies participated with government agencies to respond to a mock cyberattack.

"We are in the planning stages of Cyber Storm 2, which will be held next year," Dixon said.

Fumo Pleads Not Guilty To Federal Charges, Surrenders Guns (AP)

By Maryclaire Dale

DOJ_NMG_0129542

AP, February 8, 2007

PHILADELPHIA - State Sen. Vincent J. Fumo pleaded not guilty Wednesday to federal charges he defrauded taxpayers and a local nonprofit out of more than $2 million, and surrendered more than 200 firearms as a condition of bail.

The powerful Philadelphia Democrat declined comment during several hours at the federal building, when he was arraigned and processed by the FBI and U.S. marshals.

Fumo appeared confident in court, although his jaw twitched at times, as a clerk spent several minutes reading the 139 criminal counts lodged against him.

"Not guilty, your honor," he said, in answer to the charges.

Fumo, 63, later declined to discuss the cache of guns, which prosecutors said he kept at his Philadelphia mansion, his Harrisburg-area farm and at beach homes in New Jersey and Florida.

"We're not going to have any comment on that," said defense lawyer Mark Shepherd.

Fumo sat in court beside his lead defense attorney, Richard A. Sprague, a legendary 81-year-old former city prosecutor who plans a press conference on the indictment on Thursday.

Co-defendant Ruth Arnao, the longtime Fumo friend who ran the nonprofit, the Citizens' Alliance for Better Neighborhoods, also pleaded not guilty to the charges.

She was accompanied in court by her husband, Pennsylvania Turnpike Commission Chairman Mitchell Rubin. Rubin is not charged, but the 267-page indictment states that he joined Fumo on a 2001 trip to Cuba funded by the nonprofit and was paid for Senate contracts that involved little or no work.

The couple also enjoyed a sailing trip with Fumo at Martha's Vineyard on a yacht owned by the Independence Seaport Museum, the indictment charges.

Arnao, 51, of Philadelphia, obstructed the four-year investigation into Citizens' Alliance by helping delete years worth of e-mails, prosecutors said.

She is charged in 45 counts, including two counts of filing a false tax return for allegedly stating that the group did not engage in political activity. According to the indictment, Fumo ordered the charity to fund election polling, a politically motivated lawsuit against a Senate rival and other partisan efforts.

Arnao's lawyer, Edwin Jacobs Jr. of Atlantic City, N.J., declined comment after the arraignment.

Fumo and Arnao were each released on a $100,000 personal recognizance bond. Each was ordered to surrender passports and weapons, standard conditions of bail in federal cases.

Fumo's weaponry include collectibles and very large machine guns, prosecutors said. They will be kept in vaults at two firearms dealers.

Given its complexity, the case is not expected to be tried before the latter half of 2007, Assistant U.S. Attorney John Pease said Wednesday.

The case has been consolidated with that of the two Senate computer technicians charged with obstruction last year. They allegedly carried out Fumo's demands to systematically destroy e-mails about the Citizens' Alliance.

Fumo, who has served in the Senate since 1978, stepped down this week as the ranking Democrat on the Appropriations Committee, as Senate rules require with an indictment. He remains in the Senate.

Fumo has beaten two previous indictments.

Fumo Surrenders To FBI, Pleads Not Guilty (PHI)

By John Shiffman And Emilie Lounsberry

The Philadelphia Inquirer, February 8, 2007

State Sen. Vincent J. Fumo and a former Senate aide surrendered to the FBI today and pleaded not guilty before a federal magistrate judge to scores of fraud charges.

Neither Fumo nor the former aide, Ruth Arnao - nor their lawyers - spoke to reporters.

"Mum's the word," said Ed Jacobs, who represents Arnao.

Fumo, flanked by lawyers Richard Sprague and Mark Sheppard, arrived early for the brief but packed proceeding before U.S. Magistrate Judge Thomas J. Rueter.

Rueter's clerk read a list of charges: conspiracy, mail fraud, wire fraud, conspiracy to obstruct justice, and aiding the filing of a false tax return.

"How say you to the charges?" the clerk asked.

"Not guilty, your honor," replied Fumo (D., Phila.).

A few minutes later, Arnao pleaded not guilty, too.

Fumo, 63, was freed on a routine personal recognizance bond, with a stipulation that he will forfeit $100,000 if he does not reappear for court proceedings.

Assistant U.S. Attorney John J. Pease said that Fumo must reside at his Philadelphia home on Green Street and not travel outside of Pennsylvania, Delaware, New Jersey, Florida and Manhattan. Fumo has already surrendered his passport.

Fumo, a gun collector, must also turn over the more than 100 firearms he owns. They will be stored in vaults controlled by two different firearms dealers, and a court official will maintain the keys to the vaults, Pease said.

A grand jury indictment returned Tuesday alleges that Fumo exploited for his personal and political use: his Senate budget and power; the South Philadelphia charity he helped fund, Citizens' Alliance for Better Neighborhoods; and the Independence Seaport Museum.

The indictment charged that Fumo used taxpayer and charity money to pay for political polls, power tools, cars, farm equipment, personal errands, shopping sprees and more.

The indictment alleges more than $2 million in illicit spending and includes the sensational allegation that Fumo hired private detectives to tail ex-girlfriends and dig up dirt on political rivals - including Ed Rendell, when he first was running for governor.

Grand jurors said Fumo:

- Diverted more than $60,000 from the charity into an effort to block a dune-rebuilding project in South Jersey. Fumo allegedly feared that the project would ruin the ocean view at his Margate home.

- Assigned one Senate aide to oversee renovations at the senator's 33-room mansion in Spring Garden and paid another aide to clean the house.

- Put other taxpayer-paid aides to work organizing political fund-raisers; putting together campaign mailings; paying his personal bills; and packing boxes of Fumo bobblehead dolls.

- Doled out fat state contracts to political consultants and others who did little or no state work.

- Repeatedly cruised on museum yachts at a cost to the museum of more than $100,000.

Fumo arrived at the federal justice complex in Philadelphia shortly before 11 a.m. today to surrender to the FBI.

As he entered the building, Sprague cut off reporters' questions to Fumo. The lawyer said he would hold a news conference at noon tomorrow to talk about the indictment.

"So leave my client alone for the time being," Sprague said.

Fumo And Ex-chief Of Nonprofit Agency Are Released On 100G Bail After Feds Charge Conspiracy, Fraud, Obstruction Of Justice (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, February 8, 2007

STATE SEN. VINCE FUMO not only had political firepower, he had the real thing.

Fumo was ordered by U.S. Magistrate Thomas J. Reuter to surrender all his firearms yesterday as part of his agreement with the feds to remain free on bail.

A gun collector, Fumo had in excess of 200 firearms. The weapons are being turned over to two local firearms dealers for storage. A court official will have the keys to the vaults.

After a four-year investigation, a federal grand jury Tuesday charged Fumo, 63, with conspiracy, fraud, obstruction of justice and assisting in filing a false tax return.

Flanked by his attorneys, Richard A.

Sprague and Mark B. Sheppard, Fumo replied, "Not guilty, Your Honor," after a court clerk read him the charges.

Reuter released Fumo on $100,000 bail, ordered him to surrender his passport and restricted his travel to Pennsylvania, New Jersey, Florida, Delaware and Manhattan.

Before the brief arraignment, Fumo smiled and chatted amiably with his lawyers.

The grand jury alleged that Fumo had defrauded the state Senate and a charity his aides founded of more than $2 million by having Senate employees and charity workers do personal work for him.

Fumo also is alleged to have hired a private eye at taxpayers' expense to snoop on his former wife, ex-girlfriends and political enemies.

Fumo and a co-defendant, Ruth Arnao, are alleged to have skimmed from the charity, Citizens Alliance for Better Neighborhoods.

Arnao, 50, was once a top aide to Fumo and formerly executive director of Citizens Alliance.

The indictment alleges that Citizens Alliance paid for tools, cleaning equipment and vehicles for Fumo's personal use, and supplied laborers that Fumo used as personal servants to maintain his homes and a 100-acre farm near Harrisburg.

The charity also allegedly paid for summertime shopping sprees at the Shore for Fumo and Arnao so they could stock their Shore homes with household goods.

Before his arraigment, Fumo and his lawyers arrived at FBI headquarters yesterday morning to be fingerprinted.

When a reporter shouted, "Senator, you're worth millions. Why did you have to spend other people's money?" Fumo smiled but said nothing. Sprague said neither he nor Fumo would have any comment.

When the reporter pressed again, Fumo said: "Didn't you just listen to my lawyer's answer?"

Sprague said he would have a news conference today to address the indictment, and asked reporters to leave Fumo alone.

Fumo appeared to be in good spirits and frequently smiled as he ran a gantlet of photographers and TV cameras.

Fumo and his lawyers then entered the federal office building, where Fumo set off the security screener and was asked by security personnel to remove his black trench coat and suit jacket and pass through again.

About 30 minutes later, Arnao arrived with her lawyers and entered the federal building to be fingerprinted.

Neither she nor her lawyers made any comment.

Arnao has been charged with conspiracy, fraud, obstruction of justice and filing a false tax return.

She also pleaded not guilty yesterday to all charges and was released under conditions similar to Fumo's: $100,000 bail and ordered to surrender a firearm and her passport.

Arnao's travel was restricted to Pennsylvania, New Jersey, Florida and New York City.

Reuter set a trial date of May 21, when two Fumo computer aides charged with obstruction last June are scheduled to stand trial.

But prosecutors predicted yesterday that that trial date is likely to be extended to much later in the year, now that Fumo and Arnao have been added to the case.

Investigation Of Child Porn Site Hits 77 Nations (USAT)

By Kevin Johnson

USA Today, February 8, 2007

WASHINGTON — The Austrian government has provided the FBI with more than 200 U.S. Internet addresses identified in a far-reaching international child pornography investigation in which suspects allegedly paid to watch graphic videos of young children being sexually abused.

The investigation, which began last summer, has identified 2,361 Internet addresses in at least 77 countries, including the USA, where customers paid about $90 to view the abuse of infants and other children, Austrian Interior Minister Guenther Platter said Wednesday.

In Washington, Austrian Embassy spokesman Wolfgang Renezeder said the inquiry marked an extraordinary level of cooperation among law enforcement authorities throughout the world.

It was unclear how many suspects could be traced to the addresses because computer users frequently maintain multiple addresses, FBI and Austrian authorities said.

"This is an ongoing investigation," FBI spokesman Paul Bresson said. "The FBI is working closely with the Austrian authorities … to combat the proliferation of online child exploitation. Although the number of subjects may end up being significantly less … it will likely result in the identification of numerous individuals in the U.S."

Platter said no arrests had been made. The videos represented the "worst kind of child sex abuse," he said.

Law enforcement officials in Germany, Russia and France were also provided information about dozens of suspicious Internet addresses in those countries.

Videos were made available on a Russian website that no longer exists, Austrian authorities said.

During one 24-hour period, more than 8,000 hits were recorded on the site from 2,361 addresses across the globe.

Renezeder said explicit videos showing abuse of both girls and boys were seized by the Austria Federal Criminal Investigations Bureau.

Authorities are searching for an estimated 23 suspects in Austria. Austrian authorities said they were initially tipped to the suspicious material last summer by an unidentified Internet service business in Vienna.

Child Porn Ring Uncovered In Austria (NSDY/AP)

By Veronika Oleksyn, Associated Press Writer

Long Island Newsday, February 8, 2007

VIENNA, Austria -- Austrian authorities said Wednesday they have uncovered a major international child pornography ring involving more than 2,360 suspects from 77 countries, including hundreds in the United States, who paid to view videos of young children being sexually abused.

The children were under the age of 14 and screams could be heard, said Harald Gremel, an Austrian police expert on Internet crime who headed the investigation.

Interior Minister Guenther Platter said the FBI was investigating about 600 of the suspects in the United States. German authorities were following leads on another 400 people, France was looking into about 100 others, and at least 23 suspects were Austrians, he said.

Platter said videos downloaded from the Internet and seized by Austria's Federal Criminal Investigations Bureau included images that showed "the worst kind of child sexual abuse."

Gremel said "girls could be seen being raped, and you could also hear screams." Although officials initially said the children ranged in ages from "0 to 14," Gremel later said no infants were seen in the videos.

No Austrian suspects were yet in custody, authorities said, adding that they shared their information with law enforcement in other countries in hopes that suspects could be investigated and charged. Gremel said he could not provide details about investigations outside Austria, but noted that cooperation with Russian authorities had intensified over the past two weeks.

The investigation began in July when a man working for a Vienna-based Internet file hosting service approached authorities at the Interior Ministry to say he noticed the pornographic material during a routine check, Gremel said.

The man blocked access to the videos while recording the I.P. addresses of people who continued to try to download the material, and gave the details to authorities. Neither the man nor the Vienna company were identified, and police said neither was implicated in the case.

Within a 24-hour period, investigators recorded more than 8,000 hits from 2,361 computer I.P. addresses in 77 countries ranging from Algeria to South Africa, Gremel told reporters.

The videos were posted on a Russian Web site, and users had to pay $89 to access the material, Gremel said.

He said investigators believed the videos, which included images of girls and boys up to age 14, were made in Eastern Europe and uploaded to the site from somewhere in Britain.

Germany had the largest single number of suspects in Europe, Gremel said.

Child Pornography On Vienna Computer Prompts Worldwide Hunt (NYT)

By Craig S. Smith

The New York Times, February 8, 2007

PARIS, Feb. 7 — Austrian authorities have gathered information on more than 2,360 individuals from 77 countries who tried to view child pornography through a Russian Web site stored on a Vienna computer, the country's Interior Ministry said Wednesday.

The discovery, which has not yet yielded arrests, set off a pedophile hunt around the world. The F.B.I. is looking for as many as 600 suspects in the United States, the Austrian ministry said. Germany has been given about 400 names and France close to 100. The ministry says 23 of the suspects are Austrian.

Interior Minister Günther Platter said the videos included images that showed "the worst kind of child sexual abuse" of children of various ages, ranging up to 14.

"Girls could be seen being raped, and you could also hear screams," Harald Gremel, an Austrian police expert on Internet crime who headed the investigation, said at a news conference in Vienna, according to The Associated Press. He said the videos appeared to have been made in Eastern Europe and uploaded to the Vienna computer from Britain, and were accessible through a Russian Web site.

The Austrian case demonstrates the difficulty of tackling the growing problem of child pornography and the horrific abuse it entails without international cooperation.

Less than a month ago, Bernadette Chirac, the wife of the French president, held a meeting here of other leaders' wives, including Laura Bush, to urge international cooperation to fight child pornography and sexual solicitation of children online.

Mr. Gremel said the investigation began in July, when a man working for a Vienna-based Internet business spotted child pornography on one of the company's computers during a routine check. He blocked access to the videos but recorded the Internet Protocol addresses — coded numbers that identify computers using the Internet — of people who continued to try to download the material.

Within 24 hours, Mr. Gremel said, the man recorded more than 8,000 attempts from 2,361 computers in 77 countries. He turned the information over to the police.

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Mr. Gremel said that the Austrian police seized 31 desktop computers, seven laptop computers, 1,232 DVDs and CDs, 1,428 diskettes and 213 videocassettes in subsequent raids on the 23 Austrian suspects, who range in age from 17 to 69.

The offending Web site has since been shut down, and Austria is cooperating with the Russian authorities to find its operators, Mr. Gremel said.

An aggressive effort by Britain's Internet Watch Foundation to shut or block access to child pornography sites resulted in a major decline in the percentage of child pornography sites based in Britain, to 0.2 percent last year from 18 percent in 1997, according to a recent Congressional report. A similar initiative began in the United States last year.

But laws on child pornography vary widely among countries. A report issued last year by the International Center for Missing and Exploited Children found that 95 countries had no legislation at all that specifically addressed child pornography. Operators of child pornography Web sites can use computer servers in different countries around the world and set up new sites at little cost when their sites on one server are shut down.

The Federal Bureau of Investigation announced last year it had assembled an international task force, with officials from Europol, the European Union's law enforcement organization, and 18 countries serving six-month rotations in the United States to help American child-pornography investigators.

Vienna Busts Huge Child Porn Ring (BBC)

BBC News, February 8, 2007

Austria has uncovered an international child pornography network involving more than 2,360 suspects from 77 countries, the interior minister said.

The suspects paid to view images that showed "the worst kind of child sexual abuse", Guenther Platter said.

The videos were posted on a Russian website, hosted by an Austrian company.

No arrests have yet been made but Austrian authorities are sharing their information with investigators in other countries including the US and Germany.

Austrian federal police said the case was "a strike against child pornography unprecedented in Austrian criminal history".

Girls could be seen being raped, and you could also hear screams

Twenty-three suspects were being questioned, Austrian officials said, and arrest warrants might soon be issued. Fourteen of them have confessed to downloading the material.

The youngest person implicated was 17 and the oldest was 69. They included students, government employees and retired people, Mr Platter said.

He said the FBI was investigating some 600 suspects in the US. German authorities were following leads on at least 400 people, France was looking into about 100 more and Britain was investigating 72 people.

Denmark's news agency Ritzau said 19 Danes were involved in the investigation, according to police sources.

Downloads of the illegal videos were recorded in countries ranging from Algeria to Iceland and Venezuela - those under investigation are suspected of distributing the material after watching it.

'Screams heard'

The inquiry began in July after an Austrian internet service provider notified police that unauthorised video files had been uploaded on to its server from London.

The material was accessible via a link to a Russian website that offered it for downloading - the site has since been closed down.

Within 24 hours, investigators said they recorded more than 8,000 hits on the video and DVD material from more than 2,360 computer addresses in 77 countries.

Harald Gremel, an Austrian police expert on internet crime who led the investigation, said the videos were made in eastern Europe and featured children of up to 14 years of age.

"Girls could be seen being raped, and you could also hear screams" Mr Gremel said, adding that users paid $89 (68 euros, £45) for three month's access to the material.

Under Austria law, the maximum prison term for possession of pornography involving children under 14 years is two years.

Production and distribution of child pornography is punishable by up to 10 years in jail.

Global Child-porn Ring Uncovered (CNN)

By From Frederik Pleitgen, Cnn

CNN, February 8, 2007

VIENNA, Austria (CNN) -- Austrian police have uncovered a massive child-pornography ring on the Internet, tracking downloads of sexually violent material to more than 2,300 people in 77 countries, a government official said.

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"This is the biggest case of child-porn distribution ever discovered in Austria," Interior Minister Guenther Platter told reporters on Wednesday. "This is a very important crackdown, and it is dealing with the most disgusting criminal acts against the most helpless members of society."

"It is amazing that within 24 hours, more than 8,000 hits were recorded from 2,361 suspects from 77 countries," he said.

None of the people believed to have downloaded the porn have been arrested, said Gerald Hesztera, a spokesman for Austria's federal police service. But 14 of 23 people questioned in Austria have admitted to taking the material off a Russian-based file-sharing site, he added.

A site administrator in Austria tipped police off to eight digital-video clips that included scenes of children between the ages of 5 and 14 being sexually molested or raped, Hesztera said. Police monitored the site for several months beginning in July, he said.

Hundreds of the addresses tracked back to users in Germany, France and the United States.

The FBI said it was investigating suspects in the United States and working with authorities in Austria and other nations as part of the probe. About 600 of the suspects were being investigated in the United States alone, said Platter, according to a report from The Associated Press.

German authorities were following leads on another 400 people, and France was looking into more than 100 others, AP reported.

Austrian Child-Porn Bust Uncovers 2,360 Suspects; FBI Alerted (BLOOM)

By Jonathan Tirone

Bloomberg, February 8, 2007

Feb. 7 (Bloomberg) -- Austrian authorities alerted the U.S. Federal Bureau of Investigation and other national police agencies after Austrian police uncovered a child-pornography ring involving around 2,360 suspects in 77 countries.

Among the suspects are about 600 people in the U.S., 400 from Germany, 100 from France and 23 from Austria, Interior Ministry spokesman Gerald Hesztera said today in a telephone interview. No arrests have yet been made in Austria, he said.

The ring was discovered after videos showing child sex abuse were uploaded to an Internet server and received more than 8,000 hits within 24 hours, according to the Interior Ministry. Austrian officials began investigating the ring in July 2006, Hesztera said.

The Internet company hosting the videos didn't know about the content, which was uploaded by a hacker, the Austrian Press Agency reported. Austrian police have so far recovered around 8 terabytes of pornographic material, equivalent to around 4 million pages of printed material, APA said.

Canadians Investigated In Global Child Porn Ring (CTV)

CTV.ca, February 8, 2007

Austrian police have uncovered a major international child pornography ring that may involve at least 19 Canadians, and critics say Canada needs tougher punishments for those who traffic in the images.

"For simple possession, you're looking at a matter of days (for sentencing)," David Butt of Kids Internet Safety told CTV News.

"For trafficking in child abuse images, perhaps 90 days as a minimum. We routinely see sentencing in other countries that are in the years."

The child porn ring stretches across 77 countries and involves more than 2,360 Internet addresses.

Austrian officials said they have identified 103 Canadian IP addresses involved in the ring, but the RCMP says the number is much lower, at just 19.

"We don't know until we contact the Internet service providers whether those are Canadians or hosted in Canada or whether they're international, so that could lead to some of the confusion as to whether they're Canadians and the numbers between 19 and greater," Supt. Earla-Kim McColl told CTV Newsnet.

She said Austrian authorities have sent the RCMP the information and evidence that they believe pertains to Canadian involvement. Police here will now launch their own investigation.

"We go to the service provider and attempt to determine whether or not they still have the responsibility for that number and then which geographic address it's related to, and then we forward the investigation to the police of jurisdiction for a further investigation," McColl said.

CTV's Ottawa Bureau Chief Robert Fife said that although there are 19 suspicious IP addresses, "that does not mean that there are 19 suspects -- it could be one individual or several individuals using these addresses."

DOJ_NMG_0129548

The Canadians are suspected of paying to access videos on a website of young children, aged 14 and under, being sexually abused.

Austrian Interior Minister Guenther Platter said the FBI was investigating about 600 Internet addresses in the United States, German authorities were looking at 400 addresses, France at 100 while his country was looking at 23.

Platter said the videos contained "the worst kind of child sexual abuse."

Austrian police are calling the case "a strike against child pornography unprecedented in Austrian criminal history."

"Girls could be seen being raped, and you could also hear screams," said Harald Gremel, an Austrian police expert on Internet crime who headed the investigation.

Gremel said no infants were seen in any of the videos and that authorities moved quickly to share their information with other countries to help apprehend suspects abroad.

He said the investigation was launched in July after a man working for a Vienna-based Internet file hosting service alerted authorities at the Interior Ministry to pornographic material he had discovered during a routine check.

In the span of 24 hours, the man recorded 8,000 hits from 2,361 computer IP addresses in 77 countries, confirmed Gremel. The man managed to record the IP addresses of those trying to access the material and gave the information to authorities.

In Austria, the youngest person implicated in the case is 17 and the oldest is 69.

Gremel said the videos were all posted on a Russian website that is now defunct. To access the material, users had to pay US$89.

Investigators believe most of the videos were made in Eastern Europe and uploaded somewhere in Britain.

Austrian authorities have so far seized 31 PCs, seven laptops, 1,232 DVDs and CDs, 1,428 diskettes and 213 video cassettes.

Though the most recent case has garnered a lot of media attention, McColl said similar offences are more common in Canada than most people think.

"It's a huge problem. And you know, this is a big case but I can say that we get a case like this just about every two weeks," McColl said.

"We have 14 on the go right now. In one instance we received 600 pages of information of addresses that we need to analyze, so there doesn't seem to be any stop to the appetite for this type of offensive and disturbing material."

With a report by CTV's Lisa LaFlamme and files from The Associated Press

Kid Porn Britons Tracked Down (UKSUN)

By John Sturgis

The Sun, February 8, 2007

THE names of 72 Britons caught downloading child porn have been passed to British cops by counterparts in Austria.

Experts traced 2,360 suspects in all from 77 countries who logged on to an Austrian internet provider to access the hard-core filth.

The material involved the “worst kind of abuse”, including child rape, said police spokesman Gerhard Hesterer.

The investigation began in July after the internet firm noticed eight unauthorised video files had been downloaded on to its server from London.

Computer users were paying £45 to access the material, believed to be from eastern Europe and involving children under the age of 14.

Within 24 hours, investigators had recorded more than 8,000 hits from 77 countries on the sickening material.

Austrian authorities have also passed 600 names to America’s FBI and 400 to the German authorities.

The youngest person implicated was 17 and the oldest 69.

Despite Bust, Internet Experts Say Child Porn Rings Can Remain Difficult To Track (AP)

By Brian Bergstein, Associated Press

AP, February 8, 2007

The numbers behind an international child pornography bust Wednesday were themselves disturbing: Nearly 2,400 suspects from 77 countries allegedly paid to view videos depicting sexual abuse online. But the nature of Internet traffic makes it sadly unsurprising that people would figure they could hide so much hideous material.

Finding and stamping out such content “is needle-in-a-haystack work,” said Carole Theriault, a security consultant with Sophos PLC in London.

Austrian authorities said an employee of a Vienna-based Internet file-hosting service approached his national Interior Ministry last July with word that he had noticed the pornographic material during a routine scan.

The videos showed "the worst kind of child sexual abuse," said Austrian Interior Minister Guenther Platter, citing the rape and sexual abuse of girls and boys younger than 14. At times the children could be heard screaming.

Lead investigator Harald Gremel said the videos were online for at most a day before they were discovered. The Austrian Internet service employee blocked access to the videos while recording the computer addresses of people who tried to download the material, and gave the details to authorities.

Within 24 hours, investigators recorded more than 8,000 hits from 2,361 computer addresses in 77 countries around the world, including the United States, according to Gremel.

In another sign of the ring's international tentacles, Gremel said investigators believe the videos were shot in Eastern Europe and uploaded to the Web from Britain. A link to the videos was posted on a Russian Web site, which is no longer in operation, and hosted on a server in Austria. Some of the material was free, but the Russian site charged $89 for access for a "members only" section, Gremel said.

Why did finding this take what would seem a lucky break by network administrator? Because everything traversing the borderless Internet looks the same while in transit. Whether it's a mundane e-mail or videos as insidious as this, all traffic gets splintered into packets of data that don't identify what they contain.

Consequently, unless a nefarious Web site advertises itself with spam e-mails or shuttles an inordinate amount of traffic, several factors can conspire to keep it in the shadows.

For example, Theriault noted that the perpetrators could send footage over peer-to-peer networks or computers that had been surreptitiously co-opted by Internet worms.

"You could have this stuff on innocent machines and the owner wouldn't even know it," Theriault said. "It can get ugly and complicated, absolutely."

Search engines and other analytical programs regularly "crawl" the Web to capture what lurks out there, but generally they are in search of text. One cloaking mechanism – often seen in spam – is for a site to put salacious keywords inside images, out of the reach of text-based scans.

Even the fact that viewers had to pay $89 for some material would not necessarily increase the chances of detection.

While the major credit card carriers have programs to verify the validity of merchants in their networks, dozens of Internet payment processors use other methods to discreetly ferry money around, said Mike Petitti, senior vice president of marketing at AmbironTrustWave Inc., a data-security company. One way involves automated check-clearing services that route money from checking accounts and avoid the credit card networks, he said.

"There are a number of payment processors out there that have a 'Don't look and don't ask' policy," Petitti said.

Because cases like this are not uncommon – in 2003, German investigators said they broke up child-porn rings that involved 26,500 suspect Internet users around the world – industry and governments have proposed prevention methods.

In fact, on Wednesday, a bipartisan group of senators and congressmen introduced revised legislation that would require Internet companies to do more to report child pornography discovered on their networks. Attorney General Alberto Gonzales has chided the industry for not being more aggressive on the subject, and last year called on Internet companies to lengthen the time they hold onto logs of their customers' Internet use.

Those comments churned up civil liberties concerns. But five top Internet companies did announce last June that they would be compiling a database of child-porn images and developing other tools making it easier for network managers and law enforcement to detect such material.

Hingham Man Arrested By Federal Agents (HINGJ)

By Mary Ford

Hingham (MA) Journal, February 8, 2007

Philip W. Herzberg, 50, of 243 South St., was arrested in Hingham last Thursday (Feb. 1) on federal charges of receipt and possession of child pornography, the U.S. Attorney's office said.

Herzberg was one of three Massachusetts men who were the latest to be charged in a Immigration and Customs Enforcement (ICE) nationwide investigation dubbed "Operation Emissary" targeting a Web site based in New Jersey that offers images and movies of hardcore child pornography.

Herzberg, who was arrested at the Hingham Police Department, is charged with six counts of receipt of child pornography and one count of possession of child pornography.

If convicted, Herzberg could face a minimum of five years in prison for each charge of receipt of child pornography and a maximum of 10 years in prison for possession of child pornography.

Federal agents had been monitoring Herzberg and others over the Internet for three months at the end of 2005 and 2006. In October 2006, more than 125 people in 22 states were arrested in the first wave of a nationwide sweep.

Lt. Michael Peraino, who is spokesman for the Hingham Police Department, said Hingham police assisted federal agents last September in executing a search warrant at Herzberg's home. They seized Herzberg's computers as a result of the federal investigation.

"Specials conducted a forensic examination of the computers," Peraino said. "Evidence taken from the computers was presented to a Grand Jury on Jan. 7 and then on Jan. 31, the Grand Jury indicted him on those counts."

Details contained in the indictment are allegations. Herzberg is presumed to be innocent until proven guilty beyond a reasonable doubt in a court of law, the U.S Attorney's office said.

The indictment alleges Herzberg received visual depictions of minors engaged in sexually explicit conduct in violation of federal law. It also alleges that Herzberg knowingly possessed child pornography that he had downloaded on his computer.

Peraino said federal agents notified Hingham police that they would be coming to arrest Herzberg and requested assistance.

At 9:30 a.m. last Thursday, police called Herzberg and told him to come to the station regarding a gun permit.

"He came down to the station where he was met by detectives Robert Mansfield and David Galvin and two federal special agents," he said.

Peraino explained that during the search of his home last September, police found a fully loaded gun with no trigger lock; it was also not secured in a locked container. He said Chief Steven Carlson was notified that the gun was unsecured and Herzberg's license was immediately revoked. Subsequently police went back to the scene and removed all firearms from the house.

"He voluntarily gave up the weapons," Peraino said.

According to a press release from the U.S. Attorney's Office in Boston, Herzberg and two Methuen men, Matthew Wilson, 28, and Donald Banker, 64, allegedly purchased subscriptions to the child pornography Web site. A forensic examination of the computers and equipment revealed that they each allegedly possessed and/or received child pornography in interstate commerce.

Operation Emissary, which was initiated by ICE in New Jersey, focused on a commercial Web site offering access to videos and images of hardcore child pornography. The Web site alerted would-be subscribers that subscribing was illegal and warned them to be discreet about their purchase. Investigators targeted individuals who subscribed to the Web site over two to three months at the end of 2005 and 2006.

Peraino said federal agents transported Herzberg from Hingham to the Joseph A. Moakley Federal Building in Boston. He is still in custody of the U.S. Marshall's Service pending a detention hearing Monday (Feb. 12). Herzberg's lawyer could not be reached for comment. The case is being brought as part of Project Safe Childhood, a nationwide initiative designed to protect children from online exploitation and abuse. Led by the U.S. Attorneys' Offices, Project Safe Childhood marshals federal, state and local resources to better locate, apprehend and prosecute individuals who exploit children via the Internet, as well as identify and rescue victims.

Delay Likely In Cunningham's Co-conspirator's Hearing (NCT)

By William Finn Bennett, Staff Writer

North County (CA) Times, February 8, 2007

NORTH COUNTY -- The sentencing of Randy Cunningham's co-conspirator, Mitchell Wade, will likely be delayed again, as the former defense contractor continues to cooperate with federal prosecutors in the ongoing investigation into the Cunningham bribery case, a spokesman for the U.S. attorney's office in Washington said Wednesday.

News of the possible delay came on the same day that a separate tentacle developed in the case that forced Cunningham to resign his longtime seat in Congress.

On Wednesday, U.S. Rep. Rahm Emanuel, D-Ill., wrote a letter to U.S. Attorney General Alberto Gonzales, urging him to name U.S. Attorney Carol Lam as outside counsel in the Cunningham case. Earlier this year, Gonzales asked Lam to resign from her appointed post, effective Feb. 15.

Lam's office was responsible for the successful investigation of Cunningham that led to his pleading guilty late last year to bribery and tax evasion. Lam's prosecutors also continue to investigate the former 50th District representative's co-conspirators.

Wade pleaded guilty in February 2006 to having bribed the now-imprisoned Cunningham with more than $1 million in a scheme to enrich himself through lucrative defense contracts. Wade faces up to 11 years in prison and remains free pending sentencing. He could have gotten up to 20 years, if not for a plea deal in which he promised to cooperate with prosecutors in their ongoing investigation.

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In August, the U.S. attorney's office in Washington announced that it was postponing the presentencing hearing until early 2007 due to Wade's ongoing cooperation. And on Wednesday, Washington spokesman Channing Phillips said the hearing is likely to be put off for another six months, for the same reason.

"If he's going to get the full benefit of his cooperation, it makes no sense (to sentence him) before his cooperation ends," Phillips said in a Wednesday phone interview from his Washington office.

He said defense counsel and prosecutors generally work with the judge to negotiate decisions on whether to postpone a sentencing hearing.

Recent news stories reported that federal prosecutors are close to asking a San Diego federal grand jury to issue indictments against three other alleged co-conspirators in the Cunningham bribery case: Poway businessman and defense contractor Brent Wilkes; New York businessman Thomas Kontogiannis; and Kontogiannis nephew, John T. Michael.

When asked if Wade, who lives in the Washington area, has testified before the same San Diego grand jury, a source with intimate knowledge of the proceedings would only say he knew that Wade was in San Diego in early January. Grand jury investigations are secret.

Neither the Bush administration nor Gonzales have stated why Lam was asked to step down. On Wednesday, the Copley News Service reported that Lam had been targeted by members of Congress unhappy with the way she handled immigration enforcement cases.

In his letter to Gonzales, Emanuel implies that there may be more to the story of Lam's exit than illegal immigrants. In his letter, he reminded Gonzales that Lam was in the process of investigating whether or not the corruption involved other members of Congress or lobbyists, as well as current and former members of the national security apparatus.

"It is for this reason that the timing of her dismissal raises serious and troubling questions," Emanuel wrote.

"In fact, special agent in charge Dan Dzwilewski -- the FBI's top official for San Diego -- said, 'I guarantee politics is involved,' " Emanuel states in his letter to Gonzales.

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ID Theft Tops Consumer Complaints In 2006, FTC Annual Report Says (AP)

By CHRISTOPHER S. RUGABER

AP, February 8, 2007

WASHINGTON - Consumers reported over 670,000 cases of fraud and identity theft in 2006 that cost them $1.2 billion in losses, the Federal Trade Commission said in its annual report Wednesday.

For the seventh straight year, ID theft was the most common complaint, the FTC said, accounting for 36 percent, or 246,035, of the complaints.

ID theft complaints have leveled off after a steep increase earlier this decade. The number of ID theft complaints jumped from almost 162,000 in 2002 to a record 246,882 in 2004, slightly higher than last year's number, the agency said.

Credit card fraud was the most common form of identity theft, the FTC said, making up 25 percent of the complaints, followed by phone or utilities fraud and bank fraud.

At least some of the credit card fraud came from data breaches at companies that track consumer information. ChoicePoint Inc., for example, which provides credit information and other consumer data to insurance and finance companies, agreed in January 2006 to pay the FTC a $15 million penalty to settle charges that its security procedures violated consumers' privacy rights after thieves infiltrated the company's massive database.

And TJX Cos., the parent company of retailers T.J. Maxx, Marshalls, and other stores, said Jan. 17 that hackers had broken into a computer system that handles its credit and debit card transactions. Credit card companies have told customers to watch for suspicious activity in the wake of the breach.

After identity theft, shop-at-home and catalog frauds were the second-leading cause of complaint, accounting for 7 percent or almost 47,000 complaints in 2006, followed by fraud in prizes, sweepstakes and lotteries, which made up 7 percent of complaints.

The next most common were Internet services and computer complaints, which accounted for 6 percent of the total, and 5 percent of complaints came from frauds at Internet auction Web sites, such as the popular one run by eBay Inc.

The amount lost in consumer frauds has increased steeply in recent years, jumping from $569 million in 2004 to $1.2 billion in 2006, the agency said.

The average loss reported was $3,257, the report said. And 184 consumers reported losing $1 million or more in 2006, the agency said.

The metropolitan areas with the highest rates of consumer fraud complaints in 2006 are Greeley, Colo.; Albany-Lebanon, Ore; and Napa, Calif.

Napa also experienced the highest rate of identity theft, the report said, followed by Madera Calif., and McAllen-Edinburg-Mission, Texas.

The FTC said it received 5,860 fraud complaints and 2,872 identity theft complaints from Minnesota consumers last year, ranking the state 33rd in ID-theft complaints per 100,000 people. The top fraud complaints for Minnesota involved prizes, sweepstakes and lotteries, which accounted for 12 percent of the state's total, followed by shop-at-home and catalog frauds at 10 percent, Internet services and computer complaints at 9 percent, Internet auctions at 9 percent and foreign money offers at 5 percent.

The annual report is based on data collected by the FTC and over 115 other organizations, including law enforcement agencies, such as the FBI, and private groups such as the Better Business Bureau.

It's Just What The Doctor Ordered: Paid Advice For The Prison-bound (SDUT)

By Elizabeth Fitzsimons, Staff Writer

The San Diego Union-Tribune, February 8, 2007

The client wore a $95 navy Burberry shirt tucked into jeans held up by a grosgrain ribbon belt, and blue socks with black penny loafers. He was freshly shaven, and his short, brown hair was shiny and stiff from the gel that held it in place.

In five days, he was going to prison.

He offered the men across the table a cup of coffee. Then he carried his oversized wallet to Starbucks and returned with a large cup and a muffin, which sat uneaten until an uncomfortable silence during their visit grew intolerable and peeling away its wrapper provided him with a diversion.

“How many fights you been in?” asked the man in the Chargers beanie, leaning forward. He wore sunglasses, though he was indoors and it was a rainy day.

“I'm not a fighter,” the client said. “I have a big mouth, but I'm not a fighter. I'm afraid to fight.”

The two men sat with that for a moment. But then they asked again. And they pressed their client, driving him into a corner until he admitted a misdemeanor conviction for spitting in a cop's face and an arrest for “going after” a co-worker.

And there was a lesson learned: In prison, the men said, always answer a question truthfully the first time. The client nodded his understanding.

Convicted of wire fraud and tax evasion, the client had been sentenced to 10 months in federal prison. He had only ever spent a few hours in jail.

That was why he had paid hundreds of dollars and come here, to a noisy food court in an East County shopping center, for advice from Dr. Prison.

Dr. Prison is a consulting business, based in La Mesa and run by a San Diego man, that coaches men and women who are about to serve sentences in jail or prison. Dr. Prison teaches them how to talk, how to carry themselves, how to make allies and how to avoid making enemies. Really, how to survive.

“Dr. Prison's mission is to help you avoid being physically hurt, extorted, or possibly killed in prison,” the business says on its Web site, www.drprison.com.

“Just because you didn't know you shouldn't walk into another person's open cell because you didn't ask permission doesn't mean you should get the crap beaten out of you,” said Steve Scholl, who started Dr. Prison about two years ago.

Scholl has never been to prison, but he works with 10 on-call ex-convicts. He carefully selects the right ones to match the client's background and crime. Each client – he sees about two a month – is charged a fee based on the amount of time and attention they need.

“They will always have directly across the table from them someone who has served time,” Scholl said.

Advice for families Rates start with the phone/e-mail package, at $275 for jail preparation and $375 for prison. The personal visit package runs $375 for jail, $575 for prison, with the client paying for travel expenses; and the video teleconference deal costs $900 for jail and $1,200 for prison.

Dr. Prison also works with families of convicts, advising them how to best support their loved ones as they deal with the sentence from their side of the bars. This month, Scholl and his consultants will start hosting a national, online radio talk show Saturday nights on www.wsRadio.com. Listeners can call in for advice.

Scholl and his consultants usually meet their clients in a public place, the noisier and busier, the better. They want the client to be distracted, agitated. They want to mimic the stressful environment in prison, to tease out any weaknesses that might attract unwanted attention.

Clients contact Dr. Prison on the advice of their lawyers or bail bondsmen.

“They're generally middle-class people, people like you and me, people with $400 in their pocket,” Scholl said.

They aren't gang members, and certainly aren't people who have been in prison before.

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“We are trying to help the person who probably is most vulnerable,” Scholl said.

A few years ago, Scholl was talking with a friend who had been released from prison.

“He was telling me stories about how things work in there, what you should and shouldn't do. I thought: this is valuable information,” Scholl said.

“It's a pretty fearful thing to think, 'My gosh, I'm going to go to prison.' Most of the stories you hear, they're true. And I thought, I'd pay someone to clue me in.”

Aura of science Based on interviews he conducted with released convicts, Scholl says a person who doesn't know how to act in prison has a 25 percent to 30 percent chance of getting killed; a 10 percent to 15 percent chance of being raped; a 30 percent to 40 percent chance of getting stabbed; and an 80 percent to 90 percent chance of getting beaten.

The numbers are hardly scientific.

“He plants the fear in people, if they didn't already have it, that something terrible is going to happen to them in prison,” said Paul Sutton, a professor of criminal justice at San Diego State University.

The percentages give the aura of science, Sutton said. But they're nonsense.

“The advice isn't necessarily nonsense,” Sutton said.

Although Dr. Prison may be preying on people's fears, and implying that the politics of maximum-security prisons apply to all levels of facilities, Sutton said the business does provide some sound advice.

“This kind of information, or at least useful survival information, needs to get to people somehow, and the prisons don't provide it,” Sutton said.

Upon entering prison, inmates are given a handbook that lays out the rules and punishments for infractions.

“It's important stuff, but it doesn't tell you how to survive or tell you how to get along,” Sutton said.

He recalled a visit with his students to a state prison, where the guards stopped in the yard and told the group how each public phone belonged to a certain race, and using the wrong phone would result in a beating from other inmates.

Sutton asked the guard whether they shared that tip with new inmates. The guard said no. It was up to the inmates to learn for themselves.

Scholl's goal is to give his clients a head start.

Recently, when he met with the client going to federal prison, he called in his consultant Tom, who served nearly two years for drug convictions.

Tom, in his beanie and sunglasses and gray Vandyke beard, frowned and stared at the client. Tom, an addiction counselor, asked that his last name not be used. The client's name was not given because he feared for his safety in prison. Scholl, in a Hawaiian shirt, read from an assessment questionnaire.

“I hate the cliché, but it's a good cop, bad cop thing,” Scholl said before the meeting.

Be straightforward In this meeting, the client kept fudging the truth. When Tom asked how long he had been sober, the client said 15 years, then backtracked. Well, it actually was five years, then five and another five, because he had a few lapses.

The men stared at their client. Wouldn't let the matter drop.

“Any inconsistencies, any hesitating, means something to a greater degree,” Scholl told him later.

Rather than blurting out something that isn't true, take a moment and think. Then answer truthfully, Scholl said. But don't give too much detail.

“Specific things are better than nothing because nothing means you're hiding things,” Scholl said. “Be more straightforward. Answer in straightforward generalities.”

Later, they were reassuring. Tom encouraged the client to stick with his drug addiction recovery, and to make plans for his release.

“I think you will do well and one of the reasons is because you're a smart guy,” Scholl told him.

“I thought you guys hated me,” the client said. No, the men said. They were just trying to help him.

After the client shook their hands, thanked them and walked off, Tom pulled off his beanie and removed his sunglasses.

He had gray, receding hair and a kind, gently lined face. Going to prison could be a positive experience, he said. Like it was for him.

“It changed my life.”

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CIVIL LAW:

Air Traffic Controller Blamed In Radio Star's Crash (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, February 8, 2007

An aviation consultant testified Wednesday that an air-traffic controller's negligence led to the midair collision near Waukegan that killed radio star Bob Collins and two other people in 2000.

"There were a multitude of things he did wrong," Richard P. Burgess, who spent 32 years at the Federal Aviation Administration, testified at a federal trial into the cause of the crash.

Burgess, hired by lawyers for Collins' widow, also said that a 1997 midair collision at Chicago's Meigs Field that killed seven people was "a wake-up call" that should have prompted the FAA to install radar at the Waukegan Regional Airport in addition to installing it at Meigs.

The Waukegan airfield was busier than Meigs, yet only Meigs was equipped with radar after the midair collision at the lakefront airport, according to testimony.

Radar was installed at the Waukegan field five months after the crash killed Collins, his passenger, Herman Luscher, and student pilot Sharon Hock in the other plane.

In testimony Tuesday, Gregory Fowler, the air-traffic controller in question, admitted he had no idea of the precise location of Hock's Cessna when he instructed her to turn toward the Waukegan airport.

Less than two minutes later, Collins' Moravan Z242L rear-ended the Cessna 172P. Collins' plane crashed onto the roof of the Midwestern Regional Medical Center, and Hock's plane plummeted to a Zion street.

Lawyers for the victims have sued the U.S. government, contending that the FAA was responsible for the crash even though a private company operated the Waukegan tower. U.S. District Judge John Darrah is to decide the case.

Burgess testified that Fowler erred when he issued certain directives to the two pilots, including clearing Collins to land, even though he had neither plane in sight.

The sky was hazy, making visibility difficult on Feb. 8, 2000.

Burgess also faulted Fowler for not requesting additional reports from the pilots on their positions.

Moments before instructing Hock to turn toward the airfield, which is located near Lake Michigan, Fowler had asked if she had passed the shoreline. "Gettin' there," she replied. On the witness stand Tuesday, Fowler admitted he should have followed up to obtain a more precise location.

On cross-examination of Burgess, Jill Dahlmann Rosa, a Justice Department lawyer, suggested he had a vendetta against the FAA after he had been suspended and reassigned to a nonsupervisory position late in his career. Burgess denied any hard feelings.

Rosa also contended that in the last four years Burgess had found 32 air-traffic controllers at fault in 18 lawsuits in which he testified.

In other testimony Wednesday, Dr. Frank Weschler, Collins' physician, who briefly examined him the day before the fatal crash, said he didn't believe Collins' vision or cognitive abilities were impaired by his diabetes.

In opening statements Monday, the government contended that Collins caused the collision by misreporting his position to the tower and argued that diabetes impaired his ability to see and react.

Also Wednesday, media lawyer Joel Weisman, testifying as an expert, estimated that Collins, Chicago's top-ranked morning-radio personality, might have earned as much as $14 million from his next five-year contract and signing bonus if he had survived. At the time of his death, Collins was in the first year of a five-year contract that paid him about $9.5 million, bonus included.

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CIVIL RIGHTS:

LPD Beard Report Due Out Today (LN&A)

By Aaron Lee

Lynchburg (VA) News & Advance, February 8, 2007

Two more investigations into the death of Clarence Lightfoot Beard Jr. are complete and the findings will be released at a news conference today.

Beard, a 46-year-old Lynchburg man, died in police custody last year after a struggle with two Lynchburg police officers.

Today's findings come a little more than three weeks after Lynchburg's top prosecutor said he would not bring criminal charges against officers Michael Eagle and Michael Huntsman.

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Commonwealth's Attorney Mike Doucette's findings were based on a Virginia State Police investigation. His report focused on whether or not the officers committed a criminal act.

Today's report is based on two internal investigations begun and almost immediately shelved by the Lynchburg Police Department after the state police started its outside investigation.

Lynchburg police have said they would release their findings once the state police inquiry wrapped up.

One of the Lynchburg Police Department's investigations is looking into whether the officers acted legally during their encounter with Beard, while the other is to determine whether they followed department policy.

Eagle and Huntsman have been on administrative leave since September.

Beard was in his James Crossing apartment around 3 a.m. Sept. 24 when the officers knocked on his door looking for a wanted woman.

Beard, who had no criminal record, was likely arguing with his fiancée, Roxanne Brown, when Huntsman and Eagle arrived, Doucette said in his 34-page report.

The officers had heard arguing in the apartment before they knocked on the door and asked Beard if they could search the apartment. Beard said they could, the report said.

After that, the report said, Beard used his forearm to strike one of the officers.

After using pepper spray to subdue him, the officers hauled Beard out of the apartment and laid him on the sidewalk outside, the report said. A short time later an officer noticed Beard had stopped breathing. He was pronounced dead at Lynchburg General Hospital a short time later.

A state medical examiner's report showed Beard was suffering from advanced coronary artery disease and that there were no drugs in his system when he died.

Civil rights activists have called for the U.S. Justice Department to investigate the incident. Subscribe to the Newspaper

Atlanta Cops Said To Face Murder Charges (AP)

AP, February 8, 2007

ATLANTA (AP) -- Prosecutors intend to seek murder charges against three Atlanta police officers involved in the shooting death of a 92-year-old woman in her home, according to a letter sent to an attorney for one of the officers.

Fulton County District Attorney Paul Howard sent a letter that said he will ask a grand jury on Feb. 26 to deliver a murder indictment against officers Gregg Junnier, J.R. Smith and Arthur Tesler, said Rand Csehy, Junnier's attorney.

Kathryn Johnston died and three officers were wounded in the Nov. 21 shootout when police used a no-knock warrant to search for drugs in Johnston's northwest Atlanta home.

When officers entered her home without first announcing their presence, police say Johnston fired a handgun and officers returned fire, killing her. An autopsy concluded she was shot five or six times.

Narcotics officers said an informant had claimed there was cocaine in the home, but none was found.

A copy of the letter obtained by The Associated Press said that prosecutors would ask the grand jury to indict Junnier on charges of felony murder, as well as counts of violation of oath, burglary, criminal solicitation, aggravated assault and false imprisonment.

"I expect an acquittal across the board," Csehy said. "I don't think there's any evidence supporting any of these charges."

A spokeswoman for Howard declined to comment on the letter.

A spokesman for the U.S. Attorney's Office, Patrick Crosby, said his office and the FBI have not been contacted by Howard's office "regarding the issuance of such notices."

John Garland, an attorney for Smith, declined to comment on the letter, while William McKenney, an attorney for Tesler, did not immediately return several calls to his office seeking comment.

Junnier, 40, was hit in the leg, the face and his bulletproof vest in the shootout. Two other officers also suffered bullet wounds, one in the leg and one in the arm.

The shooting has brought renewed scrutiny to the police use of no-knock warrants, with which officers are allowed to raid homes where criminal activity is suspected without first announcing their presence.

Civil rights leaders, including the NAACP, have called on politicians and judges to restrict how often and how easily the warrants are issued, and for cities like Atlanta to create citizen review boards to oversee police actions.

Atlanta Officers To Face Murder Indictment Fulton DA Seeks Charges In Shooting Of Elderly Woman In Her Home (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 7, 2007

DOJ_NMG_0129556

Fulton County District Attorney Paul Howard will seek criminal charges, including felony murder, against three Atlanta narcotics officers involved in a botched drug raid that resulted in the shooting death of an elderly woman, according to a proposed indictment.

The proposed indictment drawn up by the prosecutor's office names officers Gregg Junnier, Jason R. Smith and Arthur Tesler. Howard accuses them of felony murder, aggravated assault, false imprisonment, burglary, making false statements and violation of oath.

Defense attorney Rand Csehy, who is representing Junnier, said he received an e-mail from Howard's office Wednesday including the proposed indictment and saying the prosecutor would go before a grand jury Feb. 26 to seek charges against his client.

Those three officers were involved in securing a search warrant on Nov. 21 for the home of Kathryn Johnston. Shortly before the raid, Smith told a magistrate he and Tesler had a confidential informant buy $50 worth of crack at 933 Neal Street from a man named "Sam."

But, according to the proposed indictment, no informant went to the house.

Smith's attorney had no comment on the matter, and Tesler's could not be reached.

Eight officers were put on administrative leave after the shooting. The incident prompted an investigation that has included state and federal authorities.

Csehy responded angrily to the threat of an indictment against his client, saying, "It's an overbroad indictment."

He complained Howard's office acted prematurely without consulting with the FBI, which is still investigating.

"Paul Howard is no longer part of a joint investigation," Csehy said. Patrick Crosby, spokesman for the U.S. attorney's office, said Howard had not informed his office about plans to seek indictments.

FBI spokesman Stephen Emmett said, "We did not know this was taking place prior. The FBI has been charged with leading this investigation. And to date, this investigation has not been completed."

Csehy conceded his client may have made mistakes, but he said Junnier didn't commit murder. "There was no malfeasance here. It was sloppy police work," Csehy said. "It was cutting corners."

Lyn Vaughn, spokeswoman for Howard, said the district attorney would not comment on the prospect of seeking indictments. However, Howard expressed outrage over the shooting in a letter this week to Markel Hutchins, spokesman for the Johnston family.

"The death of Mrs. Johnston constitutes one of the greatest tragedies ever to occur in Fulton County," Howard wrote. "I will not rest until every person responsible for her death is held accountable. ...

"When homicides occur in Fulton County, whether committed by a civilian or a law enforcement official, it is the obligation of the District Attorney's Office to take the appropriate legal actions."

On Nov. 21, narcotics officers went to Johnston's home in northwest Atlanta to execute a "no knock" search warrant. Johnston was killed and three officers were injured in an ensuing shootout.

No-knock warrants are frequently issued so police can get inside before suspects can dispose of drugs.

Her friends and family members contended Johnston, who kept the gun for her protection, was a feeble and frightened woman who rarely ventured outside after dark. Her family says she was 92, while authorities say she was 88.

Hearing her door being kicked in, the elderly woman fired on the officers. Officers Gary Smith, Cary Bond and Junnier were wounded by either "friendly fire" shrapnel or by Johnston. No cocaine was found in her house.

Junnier later told federal investigators that officers had lied to a magistrate judge about sending a confidential informant to Johnston's house to purchase drugs in order to get the warrant.

And, if the warrant to enter Johnston's home was based on deceit, all actions that occurred after police broke down the door could be considered criminal, legal experts said.

Junnier and Smith allegedly tried to cover up the botched raid by trying to persuade Alex White, a confidential informant they had previously used, to lie to investigators, according to proposed indictment. White came forward shortly after the shooting to say officers told him to lie and say he purchased crack cocaine at the home.

Police apparently were led to the house that day by an alleged small-time dealer who was arrested nearby on drug charges.

According to a report by Tesler, the suspect "wanted to take us to a house that had a kilo of cocaine. [He] directed us to 933 Neal Street N.W. where a buy of crack cocaine was later made and a search warrant drawn up for that location."

Atlanta police Sgt. Scott Kreher, president of the International Brotherhood of Police Officers, called reports that prosecutors would seek indictments against the officers "sad."

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"I think any time law enforcement officer is accused of a crime, we all sit back and wonder what went wrong and look within ourselves in what we do day to day," Kreher said. "Hopefully, if it's presented to a grand jury and there isn't enough evidence, they will send back a no bill."

Johnston's family was angry that Howard was bringing the case to the grand jury, spokesman Hutchins said.

"The family of Kathryn Johnston is extremely unhappy and disappointed with today's turn of events. Mr. Howard's move today of pressing charges would effectively limit the scope of and the potential charges of a federal investigation, and borders on tampering with a federal investigation."

Staff writers Rhonda Cook, Ernie Suggs, Bill Rankin and Jeffry Scott contributed to this article.

Fulton D.A. To Seek Murder Charges (WXIA)

WXIA-TV,, February 7, 2007

The Fulton County District Attorney will seek murder charges against the three Atlanta police officers involved in the shooting death of 92-year-old Kathryn Johnston.

D.A. Paul Howard said he will take the case to a Grand Jury later this month.

The D.A. has told the officers' attorneys that he plans to take the case to a Grand Jury on February 26.

An attorney for Officer Gregg Junnier said the charges the D.A. plans to take to the jury include felony murder, aggravated assault, false imprisonment, burglary, and other charges.

Kathryn Johnston was shot and killed inside her Neal Street home in northwest Atlanta when narcotics officers tried to serve a no-knock search warrant. Johnston, armed with a handgun, thought the officers were intruders and in an exchange of multiple gunshots, she was killed.

Monday, at the Fulton County Courthouse, Rev. Markel Hutchins -- a spokesperson for Johnston's family -- asked Howard to recuse himself from the investigation.

In a terse letter, Howard refused.

Hutchins said the case is more far reaching that the state can go. He said Johnston's death can only receive justice from the federal civil rights division.

"This case has been solved," Hutchins said. "The case was not solved by local authorities. If we had relied merely on local authorities, we would still not know the truth. This family would still be hurting without any answers."

Hutchins was instrumental in getting the FBI involved in the investigation. It was originally a joint one, including the FBI, the U.S. Attorney's office, the GBI and the Fulton County District Attorney's Office. But it is clear that there is a rift between the federal investigation and the D.A.

Patrick Crosby, a spokesperson for U.S. Attorney David Nahmias said, "The U.S. Attorneys Office and the FBI have not been contacted by the district attorney regarding the issuance of such notices."

D.A. To Seek Indictments Against Officers (WSB)

WSB-TV,, February 7, 2007

ATLANTA -- Fulton County District Attorney Paul Howard plans to ask a grand jury to consider murder charges against three Atlanta police officers.

The big news is not only the notice of the indictment itself, but also an FBI action indicated to Channel 2's Mark Winne that the action by the Fulton County D.A.'s Office came without any notice to either the FBI or U.S. Attorney's Office. The official suggested the FBI investigation has not been completed and the FBI had not been notified of what he indicated was a unilateral action taken by the District Attorney.

Dramatic new developments relating to the November shooting on Neal Street -- Rand Csehy, attorney for retired Atlanta police officer, Greg Junnier, says Junnier has been notified that Fulton County D.A. Paul Howard will present a proposed indictment of Junnier and two other Atlanta police officers to a grand jury on February 26 in connection with the shooting of 92-year-old Kathryn Johnston during a drug raid in November.

Csehy says the proposed indictment is 17 counts -- 10 of them applying only to his client.

He says the most serious charge is felony murder against all three.

He says Junnier staunchly maintains his innocence. He said, "This is an overbroad and premature indictment." He is extremely disappointed but not surprised Paul Howard broke with the joint investigation and is apparently no longer cooperating with the federal government in this investigation.

The Rev. Markel Hutchins say as spokesman for the family of Kathryn Johnston, he has twice spoken with U.S. Attorney Dave Nahmias and FBI Special Agent in Charge Greg Jones and other federal authorities in face to face meetings. He says Ms. Johnston's niece, Sara Dozier, and others also attended one of the meetings.

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He says federal authorities briefed him and Ms. Dozier. In the end, Hutchins says he and Ms. Dozier expressed their desire federal authorities handle prosecution of issues arising from the fatal shooting of Ms. Johnston in an encounter with Atlanta Police in November if charges are brought.

A statement from the U.S. Attorney's Office was released Wednesday evening. The spokesman told Channel 2, "The U.S. Attorney and the FBI have not been contacted by the District Attorney regarding the issuance of such notices.

Channel 2 has been unable to reach D.A. Paul Howard for comment.

D.A. Paul Howard, in a letter to Markel Hutchins, said the death of Mrs. Johnston constitutes one of the greatest tragedies ever to occur in Fulton County.

Nashville Makes English Its Official Language (AP)

AP, February 8, 2007

NASHVILLE, TENN. — Nashville's city council has voted to adopt English as its official language, following similar moves by several smaller cities around the country.

After months of debate, the city's Metro Council voted 23-14 on Tuesday to approve the measure requiring all government communications to be in English, except when multilingual communications are required by federal rules or are needed "to protect or promote public health, safety or welfare."

The exceptions were added after the city attorney contended that the bill's original language was unconstitutional. Some supporters and opponents of the measure said the exceptions mean the law would have little effect on city business.

The measure moves on to Nashville Mayor Bill Purcell, who hadn't said by today whether he will sign it, veto it or allow it to pass into law without his signature.

Bill sponsor Councilman Eric Crafton and his supporters said the change offers an incentive for immigrants to learn English.

"This bill says we'll simply do the governmental business in English," Crafton said. "If we shouldn't do it in English, I'd like for somebody else to stand up and tell us what language we should conduct our business in."

Opponents contend the new law would hurt the image of Nashville, which bills itself as "Music City USA."

"From our perspective, the job just got a little tougher to prove to the world that Nashville is the inclusive city it is," said Ralph Schulz, president of the Nashville Area Chamber of Commerce.

Nashville, a city of more than 600,000, is home to the nation's largest Kurdish community and has been a resettlement site for refugees from Africa and Southeast Asia. The Hispanic immigrant population also has boomed, and researchers say Nashville's foreign-born population has grown 350 percent since 1990.

Gregg Ramos, a Nashville attorney and first-generation American who opposed the measure, said Nashville is the largest city and the only state capital to pass such a law.

Smaller communities including Pahrump, Nev.; Taneytown, Md.; the Dallas suburb of Farmers Branch and the Atlanta suburb of Cherokee County all recently passed similar laws or resolutions.

Twenty-eight states have adopted English as their official language, including Arizona, where voters approved a law last year, according to U.S. English Inc., a Washington-based advocacy group.

The U.S. Senate's version of last year's failed immigration bill would have made English the national language, but U.S. Attorney General Alberto Gonzales said the measure would have been purely symbolic.

Nvidia Faces Age Discrimination Suit From Former GC (LAW)

By Jessie Seyfer, The Recorder

California Recorder, February 8, 2007

Stephen Pettigrew built Nvidia Corp.'s legal department from a one-man-show -- himself -- into a full-fledged public-company team.

But when he got too old, executives demoted and fired him. That's what Pettigrew, who was 64 when he left Nvidia, alleges in an age discrimination lawsuit filed last month against the Santa Clara, Calif., graphics-chip company.

Pettigrew also accuses the company of retaliating because he voiced his concern that one of the company's top executives may have committed sexual harassment and gender discrimination.

"Steve Pettigrew is an outstanding attorney who served this company loyally and very skillfully, and he didn't deserve this," said his attorney, Allen Ruby of San Jose's Ruby & Schofield.

A Nvidia spokeswoman declined to comment on the ongoing litigation as a matter of policy.

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The suit is the latest legal shadow cast on the company, which remains the subject of a Securities and Exchange Commission probe into stock-option backdating as well as a Department of Justice antitrust investigation. The DOJ probe is looking into whether the company monopolized the market for two kinds of graphics products.

In a Nov. 29 SEC filing, the company conceded that it deliberately backdated a number of stock option grants, mostly in 2000, 2001 and 2002. Nvidia stated that its previously undocumented expenses from stock options amounted to $199.6 million.

In his lawsuit, Pettigrew says he was Nvidia's acting general counsel from 1999 until the summer of 2002 when he was replaced by David Shannon. At that time, Pettigrew became the company's director of litigation and risk management until his firing in June, according to the suit.

Ruby declined to comment on whether Pettigrew was involved in backdating. "I have nothing to say about stock options," he said.

Pettigrew has undergraduate and graduate degrees in electrical engineering from Columbia University and received his J.D. from Hastings College of the Law. Before joining Nvidia, he had a long career as a business and litigation attorney and worked for several large firms, according to his complaint.

The complaint does not identify the three executives who had a hand in his firing, but it describes a string of inconsistent treatment, where he was repeatedly passed up for jobs while still receiving full bonuses and good performance reviews.

Pettigrew did not identify the executives because he is "very mindful not to disclose any materials that even arguably could be protected by attorney-client privilege," Ruby said.

In 2002 Pettigrew applied for the general counsel job, but it was awarded to Shannon. San Jose attorney William Priest Jr., a longtime friend of Pettigrew's, said Pettigrew had actually run the search for a new GC in 2002, but nonetheless "readily" accepted it when he wasn't chosen for the job.

"He was perfectly happy as patent counsel," Priest said. "He liked his job and he liked the company."

In 2005, an executive gave his work an overall positive review but said he wanted a "newer and more recent litigation skill set," the suit alleges.

Later in 2005, the same executive asked Pettigrew to take an early retirement. Pettigrew said he would take it if he could get accelerated vesting of his stock options, according to the suit. The executive allegedly told him he would get back to him.

In the meantime, Pettigrew says he told that executive that another top manager may have committed sexual harassment and gender discrimination. He also told the executive about possible wage-and-hour violations at the company, according to an affidavit Pettigrew supplied to the state Equal Employment Opportunity Commission.

In February 2006, Pettigrew received his full performance bonus, according to the suit. Later that month, the executive told Pettigrew it wouldn't be possible to accelerate his stock option vesting and asked him to retire in August. Pettigrew allegedly told him he wanted to stay.

On May 4, Pettigrew sought "emergency medical attention for severe nervous tension and anxiety as a direct result of the unlawful actions of Defendants," according to the complaint. Nvidia continued pressuring Pettigrew to sign agreements about his work schedule, and on June 26 he was fired.

Company managers also teased Pettigrew about his age up until his termination, going so far as displaying a picture of an "old codger" that resembled him at an off-site meeting attended by 200 employees, Pettigrew claims.

A case management conference has been set for June 5 before Santa Clara County Judge Kevin Murphy.

American Civil Liberties Union Sues For Removal Of Ten Commandments From US Courthouse Steps (FINDLAW/AP)

AP, February 8, 2007

(AP) - CROSS CITY, Florida-The American Civil Liberties Union is suing to force a conservative Christian county in Florida to remove a hulking Ten Commandments monument from the courthouse steps.

The 5-foot-tall (1.50-meter-tall), 6-ton black granite monument stands in front of a building for the courthouse, the elections supervisor office, the tax collector and other public offices in Dixie County. The lawsuit filed in federal court Tuesday said the monument heaps on its religious message with the inscription "Love God and Keep His Commandments" in large capital letters at its base.

The lawsuit says the monument violates two amendments to the U.S. constitution because it is not part of a historical display and because the uniquely Christian message of the Ten Commandments on a government building could intimidate people with different religious beliefs.

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The U.S. Supreme Court has ruled that religious displays are not inherently unconstitutional and must be considered on a case-by-case basis. Last year, the high court allowed the Ten Commandments to be displayed outside the Texas state Capitol but not inside two Kentucky courthouses, where the justices said the displays promoted a religious message.

The Dixie County Commission approved the monument, donated by a local businessman, in January 2006 and it was placed on the courthouse steps in November. Dixie County, a rural county where churches outnumber traffic lights, is on the Gulf Coast north of Tampa, Florida.

"Dixie County is, in effect, thumbing its nose at the Constitution by putting up this display," ACLU attorney Glenn Katon said.

Dixie County commissioners and the county attorney did not return several phone and e-mail messages left by the Associated Press on Wednesday.

"It's a great thing," Commission Chairman James Valentine told the St. Petersburg Times last month. "I believe in the Ten Commandments. I stand for it. It didn't cost the county a dime."

The suit was filed on behalf of the organization, not an individual plaintiff. The ACLU said it has "half a dozen" members in the north Florida county, but declined to name any residents who might testify in the case.

"This lawsuit is likely to be very unpopular lawsuit within Dixie County," said Florida ACLU Executive Director Howard Simon.

An initial effort to challenge the legality of the Dixie County monument fizzled because activists could not find a resident willing to sue.

The lack of an individual plaintiff may doom the case, said Brian Rooney, a spokesman for the nonprofit Thomas More Law Center, which has offered free legal aid to the Dixie County Commission. Commissioners had not yet asked the center to represent them Wednesday afternoon.

"It's interesting that they don't seem to have a plaintiff," Rooney said. "Once we get involved in the meat of the case, that's the first thing we're going to find out. Is there a case or controversy at all? That's a big hurdle for them to get past."

Wal-Mart Suit Shows Glass Ceiling Still An Issue (CSM)

By Mark Trumbull

The Christian Science Monitor, February 8, 2007

A lawsuit against America's largest employer is serving as a reminder that concerns about gender discrimination persist, despite four decades of focus on equal workplace rights.

Wal-Mart hasn't been found guilty of sex discrimination – and it may never be, in part because class-action cases on this issue are often settled out of court.

But the very fact that such a large case against the retailer has made it this far – with a federal appeals court giving the go-ahead Tuesday for a class-action lawsuit involving more than 1.5 million women – puts the issue back in the national spotlight more than at any other time in recent years.

The case revolves around wage issues – equal pay for equal work. But it also alleges that Wal-Mart shortchanged female employees on opportunities for promotion.

It's that issue – the proverbial glass ceiling – that studies find is the most intractable gender inequity in US industries today, despite the gains women have made since the equal-rights era.

"There actually has been tremendous progress.... Women are so much more visible," says Vicky Lovell of the Institute for Women's Policy Research, a nonpartisan research group in Washington. "Yet we do see [discrimination] continuing."

The issue matters not just for women but the whole economy, because the underlying question is whether businesses are making the most productive use of the talent available. Gender discrimination represents a failure involving nearly half the workforce.

Women face a significant gap with men in promotion opportunities, according to research published last year by Cornell University economists Francine Blau and Jed DeVaro.

Their data covered 3,500 employers in four US cities. The study found that 10.6 percent of men had received promotions during a four-year period versus 7.6 percent of women – a gap of 3 percentage points.

Even after sifting out a range of possible explanations, including education, skills, and seniority, that gap narrowed a bit, but the promotion rate remained 2.2 percentage points apart.

Interestingly, this study, which drew on survey data from the 1990s, found no solid evidence that those women who were promoted got smaller pay raises than men.

But some experts say that important pay gaps remain – albeit not as wide as those that existed four decades ago.

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"Comparable worth ... remains a very big question," says Ms. Lovell. She says this isn't just getting the same pay for the same job, but equalizing pay scales across different careers that are comparable in skills and other respects.

In the Wal-Mart case, the plaintiffs allege more basic concerns that the company failed to pay the same rate for women as men in the same jobs.

"I was layaway manager, getting $7.50 an hour" in Vacaville, Calif., says Patricia Surgeson, one of the plaintiffs in the lawsuit. When the company moved her to a new post in the cashier's office, her replacement made nearly twice that much, she recalled in an interview this week.

She also says Wal-Mart made it hard for her to find out about opportunities for promotion. "They would never post the [open] management position," she says. Eventually, in 2001, she left the company and worked as a manager in a clothing store.

It remains to be seen whether the details of her experience, and those of other plaintiffs, are borne out in a court of law. The Ninth Circuit Court of Appeals, which ruled 2-1 to allow the suit to go forward, said it had no position on those claims, stressing that the decision only affirmed a US district court's ruling to certify Dukes v. Wal-Mart as a class-action suit. Wal-Mart, which says it did not discriminate against its female employees, has several legal options.

But the case hints at the factors – some of them unconscious assumptions by both men and women – that makes a gender gap persist even after years of consciousness-raising and diversity workshops.

Ms. Surgeson says her bosses often assumed she wasn't interested in jobs that might require her, as a young mother, to relocate. They would say "you have a family, you can't do that," she recalls.

Some experts say the pay gap may involve factors other than overt discrimination. But many say it's in companies' interest to devote more top-level leadership to the issue.

"If we're going to be competitive, we can't afford to lose women's talent" by failing to promote them on their merit, says Sharlene Hesse-Biber, a Boston College sociologist and author of "Working Women in America: Split Dreams."

Wal-Mart says it will challenge Tuesday's ruling by asking the Ninth Circuit to rehear the case. "The panel's decision contradicts numerous decisions from the Supreme Court and the Ninth Circuit itself," attorney Theodore Boutrous Jr., Wal-Mart's lead counsel for the appeal, said in a statement. "The plaintiffs' lawyers persuaded the panel to accept a theory that would force employers to make decisions based on statistics, not merit, and would deny employers their basic due process rights."

Critics of the class-action suit also question, among other things, the unprecedented scale of this workplace gender-rights case.

"It's basically extortionist," Robin Conrad, a vice president with the US Chamber of Commerce, told the Associated Press. If it stands, she said, it likely would force Wal-Mart to settle out of court than risk losing at trial.

Most large discrimination cases are settled out of court. Home Depot settled a sex-discrimination class-action suit in 1997 for $104 million. That same year, Publix Super Markets paid $81.5 million for discriminating against female workers.

400 Years After Jamestown (WP)

By Stephanie Robinson And Cornel West

The Washington Post, February 8, 2007

To think of America in 2007, it is impossible not to consider the contributions of African Americans -- many of whom have laid the foundation for American culture, democracy, freedom and equality.

Indeed, as we approach the 400th anniversary of the Jamestown Colony, African Americans occupy a civic space that would have been unimaginable even 30 years ago.

Jamestown is as much an idea as a place. There the promise of our founding ideals lived alongside slavery and racial domination. It is nothing short of remarkable that the sons and daughters of those who arrived in shackles now excel in the broad range of American life.

Sen. Barack Obama (D-Ill.) is poised to make a legitimate, not merely symbolic, run for the presidency. The current and most recent secretaries of state are African American. Ruth Simmons recently became the first African American president of an Ivy League university. Last weekend, for the first time in NFL history, an African American coach earned a Super Bowl title. When many of these luminaries were born, African Americans could not use the same bathrooms as whites, let alone participate in civil society as equals.

Amid the celebrations commemorating the Jamestown anniversary, thousands of African Americans will convene in Hampton this weekend for the annual State of the Black Union. While the stage will be populated by the extraordinarily successful, the purpose of the State of the Black Union is to not only showcase our success but also to discuss the staggering numbers of African American citizens in poverty, those who are incarcerated, undereducated, underemployed and otherwise outside the reach of the American Dream.

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But, while the factors that conspire to create subcommunities characterized by unemployment and marginal literacy are debated often, and with vigor, rarely do we discuss the factors that led to the successes of millions of African Americans.

So what does it mean that a country so flawed in its founding nonetheless produces such an accomplished population of African Americans?

First, that when given the opportunity, African Americans, like all Americans who work hard, who have talent, ambition and desire, and who possess the complex of values that make up the "Protestant Ethic," can make the most of the American Dream.

Second, the impact of this work ethic is animated by and contingent on another core American value -- equality of opportunity. Opportunity in America, particularly as it relates to African Americans, had been systematically denied until the civil rights movement ushered in state-sponsored programs to ensure that qualified African Americans could participate fully in civil society.

Liberals and conservatives talk past one another, with some bemoaning the structural deficiencies that impede the promise of equal opportunity and others proselytizing the values of a good work ethic as the sole predictor of success. In truth, both structure and behavior are essential ingredients for success in America.

Structurally guaranteed opportunity alone does not guarantee success, nor should it. Beneficiaries of such opportunity must be prepared to capitalize on it. One does that through prudence, hard work, delayed gratification and similar values that have withstood the test of time. An unqualified incompetent cannot much benefit from, say, affirmative action -- no matter how robust the program.

Similarly, hard work alone does not guarantee success if one is structurally barred from realizing one's potential. There are numerous accounts of smart, talented and driven African Americans of generations past who were affirmatively prevented from realizing their potential. Not coincidentally, marvelously accomplished African American conservatives such as Condoleezza Rice and Clarence Thomas benefited from race-conscious programs designed to ensure equal opportunity for minorities. We can only speculate as to whether either would have reached their professional heights without such structural assistance.

The point is that the current political vocabulary, which treats structural aid and work ethic as either-or propositions, is wrongheaded. Both are important. Both make real the promises of democracy.

This changing face of leadership also says something important about the nature of our democracy. While American history is full of contradictions such as racial apartheid in a country founded on ideals of human equality, this democracy continues to work to overcome this failing.

We are reminded that democratic life is an ongoing project, an unfinished masterpiece. Our democracy is a process whereby its citizens continue to try to make it better. It can work if we are humble enough to recognize our failings and courageous enough to do the hard work of remedying them. As we celebrate the founding of Jamestown, we must be ever mindful of both the promise and the problems of our democratic experiment.

Stephanie Robinson is the founding president and chief executive of the Jamestown Project. Cornel West is a professor of religion at Princeton University and a member of the Jamestown Project Advisory Board. The writers will be panelists at the 2007 State of the Black Union on Saturday.

ANTITRUST:

Blackstone Wins Buyout Fight For Equity Office As Vornado Exits (WP)

By David Cho

The Washington Post, February 8, 2007

The battle to acquire Equity Office Properties Trust, the nation's largest office landlord, came to an end after Vornado Realty Trust dropped out of the bidding yesterday, leaving the private-equity firm Blackstone Group as the all-but-official winner of the biggest buyout deal in history.

Equity Office's board had tried to get Vornado to sweeten its bid throughout the week, but Vornado said that the price had soared beyond its tastes.

"The company concluded that the premium it would have to pay to top Blackstone's latest bid . . . would not be in its shareholders' interest," Vornado said in a statement.

Vornado closed yesterday at $135.75 per share, up $8.75, or 7 percent. Equity Office closed at $55.45 per share, down 60 cents, or 1 percent.

The high-stakes bidding war compelled Blackstone to up the ante several times. After initially offering $48.50 per share last fall, Blackstone is to pay $55.50 per share for Equity Office and assume about $16 billion of Equity's debt, bringing the total value of the deal to $39 billion.

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Blackstone's offer was approved by shareholders yesterday.

Blackstone's victory puts on display the formidable advantages that private-equity firms have in such deals. With the ability to close the deals quickly and lower the cost of borrowing, private equity seems to have the advantage in such battles, analysts said.

Vornado chief executive Steven Roth, 65, had been trying to acquire Equity Office since last summer to form a real estate powerhouse that would have owned some of the most valuable buildings in major cities, including New York, Washington, Los Angeles and San Francisco.

The pockets of private equity proved deeper, however. Blackstone's real estate group, which is led by Jonathan D. Gray, 37, has become a major player in real estate in the past few years. It made big splashes last year, paying $4.8 billion and assuming $4.1 billion in debt for Trizec Properties of Chicago and acquiring CarrAmerica Realty of the District for $5.6 billion.

Blackstone was able to offer a quick closing for Equity Office partly because it did not need the approval of shareholders, as Vornado did. Private-equity firms can generally borrow money at lower rates and more favorable terms than public companies. The private firms also can change the financial structure of the acquired company to obtain higher returns for their investments. These strategies helped Blackstone make an all-cash bid for Equity Office.

"Blackstone doesn't have the public market pressures that Vornado would have had in terms of delivering performance as soon as possible and as best as possible," said David AuBuchon, an analyst at A.G. Edwards & Sons.

The Blackstone deal exceeds the landmark $31.3 billion private-equity buyout for RJR Nabisco in 1988.

Several analysts say the high price paid for Equity Office was justified, given the soaring commercial real estate market. With the performance of Equity Office's stock less than that of its peers before news of the buyout, the stock value may rise higher than the stock of other real estate investment trusts after the buyout.

"I would be very surprised if we look back on this a year from now and view that Blackstone overpaid," said Kevin Lindemann, director of the real estate group of SNL Financial. "Blackstone probably has already identified who the buyers are for a good chunk of this portfolio" of buildings.

The real winner in the deal may be billionaire Sam Zell, 65, founder of Equity Office, who did a masterful job of playing his suitors off each other, analysts said. Estimates vary on his personal take from the deal, but it likely stands to be more than $1.8 billion, the analysts said. Data from several financial institutions show he personally owns more than 326,000 shares of Equity Office, aside from investments he may have made through institutions.

Zell, 65, acquired the nickname "the grave dancer" for his propensity for buying distressed commercial properties, fixing them up and selling them for huge gains.

Zell, meanwhile, is looking into buying the troubled Tribune Co. media empire, the Chicago Tribune reported yesterday. Lindemann said the purchase would fit Zell's buy low, sell high strategy -- the value of Tribune stock has dropped by half over the past seven years.

"He bought office buildings and apartment buildings . . . when everyone else was selling, and certainly the newspaper business has had its challenges over the last few years," Lindemann said. "Maybe he just sees this as another undervalued investment."

Blackstone Wins EOP In $39bn Buy-out (FT)

By James Politi And Francesco Guerrera In New York

Financial Times, February 8, 2007

The determination of private equity groups to own ever greater swathes of the global economy was highlighted on Wednesday as Blackstone emerged with a winning $38.9bn bid in the bitter takeover battle for Equity Office Properties, the biggest commercial property group in the US.

The deal, which was approved by EOP shareholders after Vornado Realty Trust dropped out of the bidding, ranks as the biggest leveraged buy-out on record, exceeding the $33bn takeover of HCA, the US hospital chain, by a consortium of firms.

Blackstone had reached a $36bn agreement to acquire EOP in November, in what was already a massive bet that commercial real estate values would continue to rise – contrary to predictions that the market was peaking. After Vornado swooped in last month, Blackstone raised its bet, increasing its offer twice to fend off its competitor, one of the biggest publicly traded US property groups.

As it threw in the towel on Wednesday, Vornado said the price it would have to pay to trump Blackstone would not benefit its own shareholders.

Blackstone's victory confirmed its status as one of the most powerful actors in global finance. It comes in the same month as Steve Schwarzman, who founded the firm in 1986, will celebrate his 60th birthday by throwing what is already expected to be one of the most glamorous parties in New York history.

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“This is a great period for buy-out firms,” said Matthew Rhodes-Kropf, professor of business at Columbia Business School in New York.

“These private equity firms have a chance to make large changes at major companies in corporate America. The question is whether they will be able to do it.

“This deal may not be the high-water mark, but it is part of a peak and when [this takeover wave] ends people will look back at these kinds of deals.”

By agreeing to a takeover by Blackstone, EOP will join the string of big companies in the US that have chosen to go private in the past few months. These include Clear Channel Communications, the largest US radio station, and Harrah’s Entertainment, the biggest US casino owner.

Based in Chicago, EOP was established in 1976 by Sam Zell, a veteran property investor known as the “grave dancer” for his ability to scoop up distressed properties. Mr Zell retains a small stake in the company.

The EOP deal, which is expected to close on Friday, is not only unusual for its size and the eruption of a bidding war, but also because Blackstone acted without the backing of any other private equity group. The biggest buy-outs have all been clinched by consortia.

Vornado shares 5.9 per cent to $134.48 in New York as investors appeared to reward the company’s decision not to raise its bid. EOP shares, which were trading at $30 one year ago, fell 1 per cent to $55.46.

Blackstone Deal May Jolt Market For Office Space (WSJ)

By Jennifer S. Forsyth, Henny Sender And Alex Frangos

The Wall Street Journal, February 8, 2007

Blackstone Group's $23 billion buyout of the owner of the biggest portfolio of U.S. office buildings will send ripples through the real-estate world, with a good chance it will raise the ceiling on already-record prices.

With office buildings in red-hot demand as investment vehicles, Blackstone's control of prime properties likely will put it in position to demand prices on its individual buildings high enough to make the private-equity firm's bid pay off. The deal, approved yesterday by Equity Office Properties Trust after rival bidder Vornado Realty Trust bowed out following weeks of bidding, also cements Blackstone's clout as one of the most powerful investors on Wall Street.

Blackstone's final price of $55.50 a share was a 14.4% increase from its original bid of $48.50 in November, and reflects optimism that commercial-property demand will remain torrid. The private-equity outfit got a chance to hedge a bit, too: After Vornado entered the race in mid-January, Equity Office -- also known as EOP -- gave Blackstone permission to hold concrete talks with potential buyers about specific asset sales.

"The ability to talk to potential buyers gave us confidence that we had enough of a cushion," says Jonathan Gray, Blackstone's senior managing director in charge of real-estate investment activities.

To be sure, even though Blackstone can sell off the property, whoever buys the buildings could be burned if rents don't keep pace with rising price tags. "I don't know how long it can continue," says Peter Hennessy, president of the New York office of Staubach Co., a real-estate firm. "When things like this start to go wild like the last 12 months, how long can they sustain themselves?" he asks.

Losing out was a bitter disappointment for Vornado Chief Executive Steven Roth, who gave up for the second time in six months on his hope of acquiring Equity Office and its coveted office buildings in markets from Manhattan to San Francisco.

And for Equity Office founder and Chairman Sam Zell, who chatted with his longtime friend Mr. Roth after the shareholder vote, the deal represents a big payday. Factoring in stock options and other payments, Mr. Zell stands to make more than $800 million from the sale, according to proxy statements.

In the second-largest leveraged buyout ever -- factoring in Equity Office's debt of $16 billion -- after Kohlberg Kravis Roberts & Co.'s 1988 buyout of RJR Nabisco Inc., shareholders of the nation's largest publicly held office landlord overwhelmingly agreed to the all-cash offer. Vornado's final $56 bid was 50 cents higher than Blackstone's, but the Equity Office board considered Blackstone's offer superior to Vornado's, which was 45% stock.

The deal closes at the end of the week, but Blackstone already has agreed to sell -- or is close to lining up buyers for -- a substantial piece of Equity Office's holdings, including much of its prime Manhattan portfolio. Demand for such buildings has been frenzied. Sales of U.S. office buildings rose 32% in 2006, with relatively modest new construction. The investors include foreign oil magnates seeking a haven to park cash, pension funds looking for reliable returns and private-equity firms wanting a percentage of their portfolio in real estate. If Blackstone scares off some potential customers by demanding higher prices, it is confident others will queue up to take their place.

Market observers say Blackstone's win is a vivid illustration of how private-equity firms now have a leg up in the battle for control of companies and assets such as commercial real estate in the U.S. and elsewhere. Among the reasons: the closely held

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investment firms are more comfortable putting loads of debt on their targets than publicly traded buyers at a time when the debt market is willing to provide massive amounts of money at record low prices. In addition, private-equity firms can move more quickly, with no need for messy shareholder votes.

Equity Office and Vornado are both publicly traded real-estate investment trusts, or REITs, which invest in real-estate assets and aren't subject to corporate income tax as long as they pay out at least 90% of profits as dividends.

Blackstone "executed with surgical precision," says Tom Barrack, founder of Los Angeles-based Colony Capital, a large private-equity real-estate firm with close links to Equity Office, Blackstone and Vornado. Blackstone is expected to move quickly to sell off many of the office buildings in Equity Office's portfolio. By doing so, it will generate cash it can then use to pay down some of the debt it is taking on, lowering the risk that market conditions could change and leave it exposed. (See related articles on pages C1, C3 and C18.)

Already, Blackstone has agreed to sell an Equity Office portfolio of New York office buildings to Macklowe Properties, a private New York landlord, for around $7 billion, according to several people briefed on the deal. The sale would include around 6.5 million square feet of so-called Class A, or top-rated, Manhattan office space. The price would value the space at more than $1,000 a square foot. People familiar with the matter say other buyers could be involved in the deal. William Macklowe of Macklowe Properties declined to comment.

Equity Office's properties in New York are concentrated in midtown Manhattan, the most expensive office market in the U.S. Average per-square-foot sales prices for Manhattan were $611 in 2006, up 48% from the year before, according to Real Capital Analytics, a New York research firm. Prices tend to be higher in midtown, where several buildings sold for more than $1,000 a square foot last year.

Mr. Zell's strategy at Equity Office was to build a national collection of real estate whose broad reach would ride out the ups and downs of local markets. But he ended up paying too much for some buildings and owning in too many weak markets. Meanwhile, companies such as Vornado, with assets concentrated in hard-to-penetrate markets with strong economies such as Washington, D.C., flourished.

Paul Adornato, senior real-estate investment trust analyst for BMO Capital Markets, says the sale of Equity Office shows private-equity firms can swallow even behemoth publicly traded real-estate investment trusts.

Even Blackstone's original $48.50-a-share bid was a shock to Chicago-based Equity Office. "It started to get at a price that even exceeded our own estimates," Chief Executive Richard Kincaid said in an interview yesterday. Mr. Kincaid said its board favored the quick closing promised by Blackstone's all-cash bid over the uncertainties of Vornado's stock-and-cash bid, in part because of Equity Office's own uncertainties about how long the office-building market would enjoy falling vacancies and rising rents. "We weren't going to necessarily assume that the market was going to stay like this forever."

By coincidence, Mr. Zell and Mr. Roth ran into each other yesterday morning at separate breakfast meetings unrelated to this deal at the Carlyle Hotel in New York -- before Vornado announced it had given up. "He walked in and of course I'm not allowed to talk to him so I just told him I loved him," Mr. Zell said in an interview after the shareholder vote.

Mr. Zell said Mr. Roth didn't say whether Vornado would try to raise its bid and Mr. Zell said he didn't ask. "Then, when I got out of my 10 o'clock meeting, I got a call telling me that they had withdrawn."

Vornado executives declined requests for interviews but issued a public statement that said, "The premium it would have to pay to top Blackstone's latest bid, protected by a twice-increased breakup fee, would not be in its shareholders' interest." The company declined to comment further.

The company's shares closed up $8.75, or 6.9%, to $135.75 yesterday in New York Stock Exchange trading. Equity Office closed at $55.45, down 60 cents, or 1.1%, in NYSE trading.

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Takeover Battle Ends With Sale Of Big Landlord (NYT)

By Andrew Ross Sorkin And Terry Pristin

The New York Times, February 8, 2007

"Roses are red, violets are blue; I hear a rumor, is it true?"

That strained line of poetry set off the fiercest buyout battle since the epic contest for RJR Nabisco in the late 1980s, a struggle that was captured in the book "Barbarians at the Gate."

The line, written by the real estate mogul Samuel Zell in an e-mail message last month, invited a rival bid topping a $48.50 a share offer for his Equity Office Properties, the biggest office landlord in the nation, with buildings in Manhattan, Chicago, Atlanta and other major cities.

The reply: "Roses are red, violets are blue. I love you Sam, our bid is 52."

The rhyme was true, but the comeback was not good enough.

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The private equity giant Blackstone Group, which was the initial bidder, won the bidding war for Equity Office yesterday with an offer of $55.50 a share, or $39 billion.

The takeover battle, perhaps the most entertaining of recent years because of the big financial players — and big egos — involved, was called "New York at the Gate," because it pitted two very different New York financiers against each other: Stephen A. Schwarzman of Blackstone, the leading figure in Manhattan's financial and charity circuit in recent years, and Steven Roth of Vornado, the onetime strip mall king of New Jersey.

The deal for Equity Office encapsulates two of the hottest trends in deal-making: the wave of capital flooding into commercial real estate and the growing power of private money.

While residential real estate has slowed, commercial real estate, office buildings in particular, looks more attractive as the market finally shakes off the effects of the burst technology bubble in 2000. Many investors expect office vacancy rates to continue to decline in the next couple of years, with a corresponding rise in rents.

And private equity firms like Blackstone have been among some of the most aggressive investors in commercial real estate. These firms have accumulated huge war chests: even now Blackstone is raising a new $10 billion real estate fund. The surge in buyouts — which accounted for a fifth of the record $3.8 trillion in deals last year — shows no sign of slowing.

The Equity Office deal is the biggest leveraged private equity buyout ever, surpassing last summer's $32 billion deal for the hospital chain HCA, which itself was the first to surpass the previous high-water mark, the $30 billion deal for RJR Nabisco.

Memories of that earlier contest were much on the minds of the bidders for Equity Office. At internal meetings when Blackstone would debate how to counter Vornado, Mr. Schwarzman would remind his bankers: "We don't want to be K.K.R.," referring to the buyout of RJR Nabisco that turned out a disappointment to Mr. Schwarzman's archrival, Henry R. Kravis of Kohlberg Kravis Roberts & Company.

"We need to remember this is just another deal," Mr. Schwarzman said, according to people close to the firm.

Blackstone had a huge incentive to make the deal. The firm will pay itself an "acquisition fee" worth about half of 1 percent of the deal — the equivalent of about $200 million just for winning the auction, no matter how well the investment turns out. (Blackstone is not alone. Its advisers, Goldman Sachs and the law firm Simpson Thacher & Bartlett, will also earn millions of dollars in fees.)

And Blackstone will waste no time disposing of some of its newly acquired assets, taking advantage of the hot Manhattan real estate market. All but one of Equity Office's eight buildings in New York — the Verizon building at 42nd Street and the Avenue of the Americas — are expected to be sold to Harry Macklowe for about $7 billion, some simultaneously with Friday's closing.

Blackstone was a winner, but Mr. Zell, 65, a raspy-voiced tycoon with a penchant for doggerel, music boxes and Ducati motorcycles, was an even bigger one. Even his detractors are saying he ran a masterly sale, encouraging a bidding war that drove up the price for Equity Office by $3 billion. Mr. Zell stands to make more than $130 million on his shares and options in the company.

"When Sam steps into the prime decision-making role," said Timothy H. Callahan, a former chief executive of Equity Office, "no one is better able to be strategic. That's what shareholders have seen in the past, and that's why he will continue to wear the mantle as one of the leading lights of real estate."

It may have helped that Mr. Zell knew the bidders so well. As he said in an interview yesterday, "This was like a family outing in the Turkish bath."

The son of Jewish immigrants who fled Poland hours before the Nazi invasion, Mr. Zell grew up in Chicago. He showed an entrepreneurial streak at an early age, buying issues of Playboy magazine from newsstand vendors and selling them at a marked-up price to his friends.

Mr. Zell first made his fortune in the 1970s by buying distressed real estate and fixing it up, earning him the nickname "the grave dancer." In contrast to real estate moguls like Donald J. Trump, he shied away from trophy buildings, preferring strong financials to prestige. With his branding and financial acumen, he was one of the first to transform commercial real estate from a local affair to a national business.

But a year ago, his company was selling for $29 a share. After several missteps, including buying $7.2 billion worth of Silicon Valley property just before the technology bust, Mr. Zell's reputation as the sage of the real estate industry was in serious jeopardy. Now the sale has restored his reputation.

The battle for Equity Office started much earlier than any headline suggested. Last July, Mr. Roth secretly proposed merging Vornado with Equity Office to Mr. Zell. The two friends began negotiating back and forth for months.

Not long after, Jonathan D. Gray, a 37-year-old rising star within Blackstone's real estate group, took Equity Office's president, Richard D. Kincaid, for breakfast at the Peninsula New York hotel in Midtown Manhattan. After small talk, Mr. Gray,

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who looks even younger than his age despite a 5 o'clock shadow, asked whether Equity Office's board would ever consider selling the company.

Mr. Kincaid told him: "If you came with a 'Godfather' price the board would have to listen."

Two months later, Mr. Gray, calling from his wood-paneled office on the 32nd floor of Blackstone's headquarters on Park Avenue, asked Equity Office's banker at Merrill Lynch, Douglas W. Sesler: "What would a Godfather price be?"

A price that could not be refused, he was told, would be at least $45 and closer to $50.

In November, Blackstone reached a deal with Equity Office for $48.50 a share, and the assumption of $16 billion in debt, for a total of $36 billion. The deal by Blackstone floored Mr. Roth, who had been kept in the dark.

Despite the huge price tag, industry insiders thought it was remarkably low. Barry S. Sternlicht, the founder of Starwood Hotels and chairman of Starwood Capital, called the deal "the greatest heist of all time" on a panel at a Bear Stearns conference last fall. Vornado's president, Michael D. Fascitelli, was also on that panel.

Mr. Roth decided to mount a new bid. He reached out to several possible partners, including General Electric and Cerberus Capital Management, among others, according to people involved in the process. Vornado was interested in owning Equity Offices properties in major markets, but was looking to sell properties in ancillary markets.

Mr. Sternlicht and Neil Bluhm, a Chicago real estate mogul who was Mr. Sternlicht's mentor in the late 1980s, approached Mr. Roth before Christmas about working together and buying those ancillary properties.

They declared war on Jan. 18, lobbing in a bid of $52 a share. Mr. Schwarzman and Mr. Gray scrambled to salvage their deal. They negotiated to increase their offer to $54 a share if Equity Office would raise the breakup fee to $500 million, from $200 million.

Mr. Roth, holed up in his office above Penn Station with expansive views of Manhattan, plotted return fire. A week later, Vornado bid $56 a share in cash and stock. While it was a higher offer, it also was much less certain because some of the payment was in stock and it would take months to be completed compared with Blackstone's bid, which could be completed this week.

Equity Office, which was advised by Merrill Lynch and the law firm of Sidley Austin, said it would still back Blackstone and set a shareholder vote for yesterday.

Mr. Roth spent the weekend considering his options. He did not want to raise his bid, thinking that paying more than $56 a share was too much. And Blackstone had exercised its right to prevent Vornado from talking to Equity Office or having access to electronic data about the company. But he needed to do something.

Flanked by his advisers, including James. B. Lee of JPMorgan Chase and Mark G. Shafir of Lehman Brothers, they decided to fire another shot on Sunday night. Vornado would not pay more, but it agreed to pay a larger cash portion and pay it much more quickly, making its bid more attractive.

The new offer hit the tape just as the Super Bowl started. Mr. Gray of Blackstone, a Chicago native who had given up his seats to the game to stay in New York, missed seeing a remarkable kickoff return by the Chicago Bears as he jumped on the phone to strategize about what to do.

The next day, Blackstone went to Equity Office with a new bid of $55.25 a share. Mr. Zell asked for another 25 cents; in exchange, the breakup fee was increased to $720 million.

And then everyone waited for Mr. Roth's response. But there was none. Blackstone had won.

By chance yesterday morning, Mr. Zell and Mr. Roth found themselves having separate breakfast meetings at the Carlyle Hotel on Manhattan's Upper East Side. It was 7:30 a.m., nearly two hours before Vornado would say that it was out of the race.

Barred by Equity Office's agreement with Blackstone from having a conversation before the vote, Mr. Zell said he smiled at Mr. Roth. Mr. Roth smiled back.

"I love you, Stevie," Mr. Zell said.

FTC Settles Antitrust Charges With MiRealSource MLS (INMAN)

By Glenn Roberts Jr., Inman News

Inman News, February 8, 2007

Litigation continues with Realcomp II MLS

The U.S. Federal Trade Commission this week announced a settlement with MiRealSource Multiple Listing Service in Michigan over rules that blocked some property listings from the MLS and set restrictions for other property listings based on the type of real estate contracts.

MiRealSource is the sixth MLS to settle similar antitrust allegations brought by the FTC in October -- the federal agency is proceeding with an antitrust lawsuit against Realcomp II Ltd., another Michigan MLS, over its listings policies.

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In each of the cases, the federal government charged that the MLSs engaged in anticompetitive activity by placing restrictions on a category of property listings that could ultimately lead to reduced choices for consumers in real estate services.

Representatives for MiRealSource, which is a broker-owned MLS with about 7,000 members, announced in November that the MLS had agreed to settle the FTC complaint, and the agreement was subject to review and approval by members of the FTC.

"Under the FTC consent order settling the complaint, MiRealSource has agreed to abandon ... collusive conduct and provide its services to all member brokers representing potential home sellers, regardless of the type of listing contract that they choose," FTC officials announced in a statement Monday.

The FTC complaint against MiRealSource, issued Oct. 10, charged that the MLS violated antitrust law "by adopting rules or policies that limit the publication and marketing of certain sellers' properties, but not others, based solely on the terms of their listing contracts. Specifically, the FTC alleges that MiRealSource favored exclusive right to sell listings and disfavored exclusive agency listings by, among other things, adopting a rule to exclude the latter entirely from the MLS."

Under the most common listing agreement, called an "exclusive right to sell listing," property owners agree to pay a listing broker for representing the sale of the property, regardless of whether the seller or the broker causes the sale.

An exclusive agency listing contract, meanwhile, typically provides that the seller is not obligated to pay the real estate broker if the seller directly locates a buyer. Under this form of agreement, the listing broker "often charges an up-front fee, but may receive a reduced commission or no commission at all, if the owner sells the property without the broker's further help," according to the FTC announcement.

The FTC complaint also stated that certain rules adopted by the MLS "limit the acceptance, publication and marketing of certain residential real estate listing contracts, thereby limiting the sellers' ability to choose a listing type that best serves their specific needs."

The consent order approved by the commission prohibits MiRealSource "from adopting or enforcing any rules or polices that deny or limit the ability of MLS members to enter into exclusive agency listings, or any other lawful listing agreements, with property sellers," according to the FTC and requires the MLS to make necessary changes to its rules within 45 days of final approval.

The Commission voted 5-0 to approve the consent order, and the order is subject to a 30-day public comment period, which will expire March 7. After that date, the commission will decide whether to make the order final. Comments can be sent to: FTC, Office of the Secretary, 600 Pennsylvania Ave., N.W., Washington, DC 20580.

Virginia Blatt, CEO for MiRealSource, told Inman News in a November interview, "There is no point in spending a significant amount of resources, time and energy to litigate with the FTC. We'd rather spend our energies ... in service to our members." The MLS board made a decision to settle the FTC complaint after meeting several times to discuss the issue, she also said.

The Realcomp II MLS, meanwhile, continues to fight the FTC's charges. That group has issued a "call to action" at its Web site that asks subscribers to convey their support to the FTC and to members of U.S. Congress for an MLS policy that prevents the MLS from forwarding exclusive agency listings for display on several public Web sites.

"To our knowledge, the FTC has received only a few complaints against Realcomp regarding this specific policy. We now suggest it's time they hear from Realcomp Realtors who agree with the policy and stand behind it," according to the announcement.

Karen S. Kage, CEO for Realcomp II, told Inman News that Realcomp and the FTC are taking depositions of potential witnesses and the trial is scheduled for June. "Many of our broker and agent customers have communicated with the FTC expressing their support for Realcomp," she said, and the MLS has not rescinded any of the challenged rules. She said she could not discuss whether there have been any settlement discussions.

Shareholders for Realcomp II include the Dearborn Board of Realtors, Detroit Association of Realtors, Eastern Thumb Association of Realtors, Livingston Association of Realtors, Metropolitan Consolidated Association of Realtors, North Oakland County Board of Realtors, and Western-Wayne Oakland County Association of Realtors.

It is the largest Realtor-owned MLS, with about 15,000 members in southeastern Michigan.

The federal government is also engaged in a separate real estate-related antitrust lawsuit with the National Association of Realtors -- the U.S. Justice Department filed a lawsuit against the trade group in 2005 charging that the group adopted overly restrictive policies for the online sharing and display of property listings information.

Web Real Estate Firms Shake Up Home Economics (LAT)

By Annette Haddad, Times Staff Writer

The Los Angeles Times, February 8, 2007

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Challenging the commission system, they are giving rebates to buyers who hunt for houses on their own.

Recent Chicago transplants Pieter and Beth van Es have recovered from their sticker shock and are ready to buy a house in Southern California. Now, the Irvine couple have a new incentive.

When they buy their home through an online broker, they will get a nice chunk of their money back.

The Van Eses are using Seattle-based Redfin, one of several new brokerage services that hope to revolutionize home buying by rebating part of their commissions back to buyers. The challenge is aimed at traditional firms that charge full commissions, which often total tens of thousands of dollars in today's high-priced Southland market.

Although these upstarts have yet to make a major dent in nationwide sales volume, they are raising eyebrows and causing traditional brokerages to worry.

Redfin, which launches today in Southern California, offers rebates because buyers do much of the groundwork of finding homes via the Web. The brokerage handles the paperwork and conducts negotiations, usually over the phone or via e-mail or fax.

"If I can find a house myself, then I don't need the help of a [full-service] agent," said Pieter van Es, 39, who hadn't even met his Redfin agent. "And I can get 2% back."

Typically, the commission totals 5% to 6% of the sale price, which is then split between the buyer's agent and the seller's agent. The industry is prevented by law from setting commission rates. As a buyer's broker, Redfin rebates more than half of its cut to the buyer.

Cutting customers in on commission fees isn't a trend the brand-name, more established brokerages are exactly cheering about. The industry is mired in a slowdown, and the number of brokerages and agents is expected to shrink as firms consolidate or go out of business.

What's more, after growing fat on fees that totaled more than $60 billion in 2005, the industry finds itself under attack for alleged anti-competitive practices. The Justice Department has sued the National Assn. of Realtors for trying to limit the availability of property-listing data to upstart online firms such as Redfin and others.

Such data are at the core of the burgeoning rebate movement. As consumers access the same information that brokers have long controlled, a growing awareness of the costs of buying and selling a house is taking hold.

"Regular folks resent what agents charge. Soon the industry will be seen as bad as Big Oil or the tobacco companies," said Glenn Kelman, Redfin's chief executive. He has made few friends in the industry for his take-no-prisoners style and a business model that relies on other brokerages' listing agents to show homes to Redfin's clients.

Having made a bundle on a software business during the dot-com boom, Kelman saw the real estate industry as ripe for the kind of technological changes that transformed the travel and securities brokerage industries. Redfin entered the Bay Area market last summer, after debuting in Seattle a year ago. It has transacted 242 deals but has yet to turn a profit.

Yet the rise of new models like Redfin suggests that "the agent's role is greatly diminished because they are not doing as much of the legwork as before," said Greg Sterling of online consulting and research firm Sterling Market Intelligence. "Now, the consumer is picking up much of the slack."

Tom Phillips and his wife were working with a full-service agent when they were in the market for a house in San Diego last summer. But it dawned on him after two weekends trailing her around town, viewing homes in neighborhoods he had little interest in, that he could do a better job on his own.

"I was following her Jaguar around and got to thinking, 'How many payments on her car will I be helping her make?' " Phillips said.

He then called BuySide Realty Inc., a Chicago-based online brokerage that entered the California market last year, and got a $15,000 rebate when he bought a house.

Many industry innovators are counting on independent, tech-savvy customers who prefer being hands-on. And thanks to so-called mash-up technology developed by Google and others, many of these brokerages' websites provide not only a given market's listings but also the means to plot them on an interactive map, along with comparative market data and historical price trends.

"The mapping technology changed the game for consumer search," said Michael Davin, executive vice president of Cata List Homes, a Hermosa Beach-based realty firm that charges sellers a 3% commission. CataList recently began giving rebates to buyers.

Although the dominant players have ceded some ground to the newer firms, they are quickly regaining their footing and have adopted an if-you-can't-beat-'em-join-'em mentality, confident that their name recognition and market positions will carry the day.

"These start-up companies that are doing innovative things are great," said Thomas Kunz, chief executive of Century 21 Real Estate, the nationwide brokerage based in Parsippany, N.J.

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"But you don't have to be the innovator in every one of these areas because the one piece they don't have is the people on the street and the brand name."

And in a slow market, Kunz contends, consumers are more inclined to request a higher level of service.

*

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ENVIRONMENT/INDIAN AFFAIRS:

Bush Drops In For Parks (HDNR)

By Jamie Turner

Harrisonburg Daily News Record, February 8, 2007

BIG MEADOWS — President Bush's helicopter touched down midmorning Wednesday on a mountaintop meadow, blasting waves of newly fallen snow along a line of black Suburbans awaiting his arrival.

Upon the president's arrival at the Shenandoah National Park, Secret Service agents and sharpshooters spread out across Big Meadows, which was closed to the public. The motorcade left behind five helicopters, which landed in front of the Byrd Visitor Center to travel only a few hundred feet.

The two lead Suburbans, each sporting U.S. and presidential flags, kept the president and first lady Laura Bush shielded behind tinted windows.

Centennial Initiative

The president, along with Secretary of the Interior Dirk Kempthorne, made the brief trip to the Shenandoah Valley to push an initiative Bush says is geared toward restoring America's national park heritage.

"I just want to thank everyone for being here today to talk about our national parks," Bush said. "Especially, those who cleared the roads."

Bush and Kempthorne led a round-table discussion on the president's National Parks Centennial Initiative, which he revealed earlier this week as part of his proposed 2008 budget.

Bush is proposing to spend $2.4 billion on the National Park Service in the next federal budget, $230 million more than he requested last year.

Coupled with additional funding from public-private investments, the park service could receive up to $3 billion over 10 years to prepare for its 100th birthday in 2016.

Visit Starts Campaign

The president's visit began with a few opening remarks on why he's attempting to persuade Congress to support his initiative. Then Bush engaged in a discussion with national parks officials and representatives of organizations with a vested interest in the nation's parks.

"Our national parks are really one of America's great treasures," Bush said. "And the fundamental question is, 'Are we wise enough to treat them as such?'"

The president and first lady shared what they said was their love for spending time in national parks.

"The National Park's Centennial Initiative is a way to fully honor the park system," he said. "It will allocate $1 billion now for operational expenses, adding more rangers to the park service.

"Let's face it, those guys have a pretty cool job," he quipped. "But one person who has a lot of say in this initiative is Laura. She loves the outdoors."

The first lady spends time each summer visiting at least one national park as part of an annual vacation with a set of childhood friends.

"We spend a lot of time hiking and camping," Laura Bush said. "The part I like is the wilderness and the opportunity to be in the backcountry and run into a bear every once in a while, which we have."

Effect On Shenandoah

Kempthorne said he was eager to get the initiative off the ground by partnering with various divisions within the National Park Service and charitable organizations.

"What you have done has infused such an energy with this bold initiative," Kempthorne said. "And I think Theodore Roosevelt would be proud of you."

The initiative emphasizes three key goals:

n Preserving heritage and history;

n Building capacity for critical park operations and facilities by adding 3,000 new seasonal employees to the system; and

n Reconnecting the public with the parks.

Shenandoah National Park Superintendent Chas Cartwright told the president this funding could dramatically affect operations locally.

"Shenandoah National Park has experienced a serious decline in visitation over the last several years," Cartwright said. "This funding for Shenandoah would mean $1.6 million for operations. This would truly be a big deal for Shenandoah."

"Chas, why are people not coming to the park?" Bush asked.

"It's a competition of what people want to do with their leisure time," Cartwright said. "I have five grandchildren, and if I asked them if they wanted to go for a hike on the park or play a video game, they are going to choose the video game. But we don't give them a choice."

A Quick Valley Stop

Following the round-table discussion, Bush made a final statement about how he intends to see his initiative carried out.

"I am calling upon our government and all Americans to be invested in our initiative," Bush said. "Our national parks are important, and we really do want individuals to feel they own a piece of this strategy.

"I urge all our fellow citizens to use the parks and to bring their families to the parks."

Within minutes of his closing statement, the president and first lady slipped out the back of the Byrd Visitor Center, on their way to the helicopter waiting in the meadow.

The only sign that the president had visited the Shenandoah Valley was the dozens of Secret Service agents and sharpshooters left on the ground to wrap up the visit.

Bush Seeks To Boost Spending On National Parks (KCS)

By Ron Hutcheson

The Kansas City Star, February 8, 2007

WASHINGTON - The brochures are coming back to national parks. So are the park rangers, if President Bush has his way.

Park supporters say Bush's proposed federal budget for fiscal 2008 would make a big difference at the 390 federally owned parks, monuments and other sites controlled by the National Park Service. In an otherwise lean domestic budget, Bush wants to boost park funding by $230 million - the first installment in an ambitious plan to spend as much as $3 billion on America's natural treasures over the next 10 years.

Of course, first Congress must go along, and it's not clear that it will. The plan includes a controversial proposal to leverage federal funds with matching private donations.

Insiders see the influence of first lady Laura Bush, an avid hiker who visits a national park with her Texas pals at least once a year. She and the president will travel to Virginia's Shenandoah National Park on Wednesday to promote the parks-improvement plan.

"They've put a lot of new money on the table," said Ron Tipton, senior vice president for programs at the National Parks Conservation Association, a private group that pushes for more parks funding. "Every park in the system, for the first time ever, would get a real dollar increase. It would make a real difference."

Tipton said park visitors would see the results by the summer of 2008.

Harry Truman's former home would get new drapes. The Great Smoky Mountains National Park would get 55 more park rangers. Everglades National Park would be able to better protect its aquatic specimen collections.

The park service plans to hire 3,000 more park rangers and 44 additional volunteer coordinators. Some visitor centers would get extended hours. About $1 million would be used to make sure the park system has enough brochures.

Park service officials say the extra cash would also improve campgrounds, restroom cleanliness, trash removal and trail maintenance.

"People are smiling in the hallways here today," said Jeffrey Olson, a spokesman at the agency's Washington headquarters.

It's no secret that the parks have been squeezed for years. The addition of new national parks in the 1970s and the 1980s, coupled with an increase in visitors, strained parks across the country. The park system gets about 270 million visitors annually, including repeat visits.

As a presidential candidate in 2000, Bush pledged to eliminate the maintenance backlog, but his previous increases in the park service budget failed to meet the needs. Now Bush wants to try a new approach.

His 2008 budget includes $100 million for a new parks program that would match private contributions, dollar for dollar. The goal is to come up with $3 billion in public and private money by the time the park service celebrates its 100th anniversary in 2016.

Critics dismissed Bush's plan as a gimmick that seeks to avoid government responsibility for public land.

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"Our national parks are national treasures, and their funding is a national responsibility," said Rep. Nick Rahall, D-W.Va., the chairman of the House Natural Resources Committee. He called the funding plan "an illusion."

But Tipton, the parks advocate, thinks it could work - if Congress is willing to give it a try.

"I don't think it's pie in the sky," he said. "It will not be easy to find $100 million (in donations) every year, but I don't think it's an outrageous figure either."

And no one would be surprised if Laura Bush helps shake the money tree. She was the star attraction at a $1 million fundraiser last October for the National Park Foundation, a private group formed to raise money for the parks. Regan Gammon, one of the first lady's best friends and a hiking companion, serves on the foundation's board.

Laura Bush and her friends have been traveling to national parks every year since her 40th birthday 20 years ago. As first lady, she's hiked at Yosemite, Yellowstone, Death Valley, the Grand Canyon, Denali, Glacier, Olympic and Mesa Verde.

White House aides said they weren't sure how much influence she had on the budget, but there's no doubt that she approves of the plan.

"It's definitely something that has been personally important to her," said Susan Whitson, the first lady's spokeswoman. "It is definitely something that she cares about."

EDITORS: To localize, see specific parks at http://home.nps.gov/applications/budget2/fy08toc.htm. Also, while OMB documents put Bush's park funding increase at $250 million above fiscal 2006 levels, the National Park Service says it's $230 million above a pending fiscal 2007 funding bill to be passed soon by Congress. We use the NPS figure.

Bush Rallies Support For Park Initiative (LVS/AP)

By Deb Riechmann

Las Vegas Sun, February 8, 2007

President Bush came to the snow-topped Blue Ridge Mountains on Wednesday to rally public support for a plan to pump hundreds of millions of dollars into national parks.

"Congress needs to hear loud and clear how important this initiative is," Bush said at Shenandoah National Park.

The president's National Parks Centennial Initiative, which he announced in his budget proposal on Monday, aims to generate up to $3 billion over 10 years. That combination of public and private money would serve as a run-up to the National Park Service's 100th birthday in 2016.

"I hope the citizens' groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks," the president said.

Bush flew in Marine One to the park, where he and first lady Laura Bush participated in a roundtable with park service employees and spoke about his spending initiative.

Bush's 2008 budget would give the National Park Service its largest-ever funding increase.

In all, Bush allots $2.4 billion for the National Park Service for the budget year that begins Oct. 1 - $230 million more than he requested last year. That includes $150 million more for daily park operations. The plan would add 3,000 new seasonal employees and increase money for park maintenance - two areas that advocates say have suffered for years.

To spur private donations, Bush also called for $100 million in federal money to be spent to match citizens' contributions to national park operations - a move that critics said reflects a troubling reliance on private funds to pay for park operations.

Conservation and environmental groups generally applauded the parks money in Bush's budget proposal.

Ron Tipton, senior vice president for programs at the National Parks Conservation Association, said the president's proposal would be a significant step toward solving some of the parks' major problems, including crumbling facilities, growing pollution and lack of staff.

But House Natural Resources Committee Chairman Rep. Nick Rahall, D-W.Va., said the new funding is largely the result of shifting money from existing important park programs, such as construction, into a new budget column with a new label.

Bush Seeks Public-Private Funding Boost For Parks (WP)

By Michael A. Fletcher

The Washington Post, February 8, 2007

President Bush traveled to Shenandoah National Park yesterday to tout his proposal to increase funding for national parks by $258 million next year, the first step in a plan to spend as much as $3 billion in public and private money on the popular attractions over the coming decade.

Bush's proposal, which critics called a sharp turn for a president whose previous budgets did not address maintenance and staffing problems at parks across the country, targets one of the few domestic areas where he has called for funding significant new initiatives in his fiscal 2008 spending plan.

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The plan would pump $1 billion into the nation's 390 national parks and monuments by 2016, the park system's centennial. The proposal, which must be approved by Congress, would also call on private donors and philanthropies to donate as much as an additional $1 billion. The donated funds would be matched by the federal government.

"It's a bold program that calls upon the government to do its part, as well as our citizens to become invested in a campaign to really enhance the parks," Bush said. "The funding starts with a billion-dollar request over the next 10 years that I'll send up to Congress. It's really to enhance the operating missions of our parks. I'm looking forward to working with both Republicans and Democrats to get this initiative passed."

Bush's proposal, unveiled with his budget earlier this week, was applauded by parks advocates who say it is a much-needed boost for a park system straining to provide services for 270 million visitors a year.

"This budget proposal is a victory for all Americans who cherish our heritage and homeland. The Administration has responded to the diminished condition and serious needs of America's national parks and proposed a dramatic and unprecedented significant investment to help restore our parks before their centennial," National Parks Conservation Association President Tom Kiernan said in a statement.

But some critics were leery of Bush's idea of relying in part on private donations to fund major improvements in the nation's parks.

"While many Americans value the role of private philanthropy in supporting our National Park system, the administration's increasing reliance on the private sector in this capacity is troubling," said Rep. Nick J. Rahall II (D-W.Va.), chairman of the House Natural Resources Committee. "Our National Parks are national treasures -- and their funding is a national responsibility."

As Bush was campaigning for his parks initiative in the Blue Ridge Mountains, press secretary Tony Snow was challenging the notion that the administration's interest in the parks -- and the environment more generally -- marks a change for the president. Snow noted that last year Bush created the largest protected marine reserve in the world when he set aside as a national park an island chain spanning 1,400 miles of the Pacific northwest of Hawaii.

Snow also countered suggestions that Bush had denied that global warming has a large human component. The White House later released an open letter citing statements dating to 2001 in which Bush had said global warming was largely man-made.

"This is not new. Just as many people have been saying, 'Wow, isn't the president -- isn't it nice that the president has finally agreed that global warming has man-made components,' only to find out, because we've been telling you, that he first started talking about it in June of 2001," Snow said. "There's been a lot of misreporting, or perhaps it just hasn't -- perhaps folks have not taken notice of the fact that this is an administration that's been keenly committed both to environmentalism and conservationism from the start."

The President Shows His Environmentalist Colors (NYT)

By Sheryl Gay Stolberg And Felicity Barringer

New York Times, February 8, 2007

WASHINGTON, Feb. 7 — After six years in the Oval Office, George W. Bush may have found his inner Teddy Roosevelt.

At a time when his policies on global warming are under scrutiny from environmentalists, President Bush this week cloaked himself in another environmental issue: conservation. He used his budget, and his bully pulpit, to announce a 10-year, $1 billion commitment in taxpayer money to enhance national parks, which have been limping along with limited money.

Most environmentalists would not say George W. Bush and Theodore Roosevelt in the same sentence, unless making an invidious comparison. Roosevelt, of course, created a collection of national preserves that helped form the foundation of the current park system. Mr. Bush, his detractors say, has let the national parks slide into decline — until now.

“This is real,” said Bill Wade, a former park superintendent and a persistent critic of the administration’s parks policies. “There’s a lot more focus in this budget for the operational funding that parks need.”

The turnaround came at the urging of Dirk Kempthorne, the former Idaho governor who is Mr. Bush’s new secretary of the interior. Two years ago, when Mr. Kempthorne was still governor, he and his wife spent two days with the president and Laura Bush, fishing, hiking and cycling in the Idaho outdoors.

“I saw up close and personal what the outdoors meant to this couple,” the secretary said in an interview Wednesday.

Once he became interior secretary, he said, he told the president that the 90th anniversary of the parks system, in 2006, should prompt planning for the centennial.

“Let’s not just light a candle for the one day of the 90th,” Mr. Kempthorne recalled saying. “The centennial needs to be spectacular.”

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On Wednesday, the two men and Mrs. Bush traveled to Shenandoah National Park, 75 miles west of Washington, to talk to private supporters of the parks about the new twist in their initiative: a challenge to the private sector to raise an additional $1 billion for park enhancement, which the government would match dollar for dollar for a maximum $3 billion at the end of 10 years.

With attendance at national parks declining, recreation companies said the initiative makes business sense.

"It's good business and it's good policy," said Gary Kiedaisch, president and chief executive of The Coleman Company, a leading manufacturer of camping equipment. In an interview after appearing with Mr. Bush on Wednesday, Mr. Kiedaisch said his company had not "put actual hard dollars down" but would support the initiative.

The initiative comes less than a year after Mr. Bush offered another gift to environmentalists: creating a marine reserve in the Northwest Hawaiian Islands.

"We're quite enthusiastic about it," Gene Sykes, chairman of the board of the National Parks Conservation Association, who participated in Wednesday's event, said.

That enthusiasm, however, has yet to infect critics of Mr. Bush's environmental record. Despite the praise for its effort on parks, the administration found itself on the defensive Wednesday — so much so that the White House felt compelled to issue an "open letter on the president's position on climate change."

In the letter, Mr. Bush's top science and environmental advisers challenged news media reports that suggested that his concern about climate change was new. "Beginning in June 2001," they wrote, "President Bush has consistently acknowledged climate change is occurring and humans are contributing to the problem."

The letter cited a June 2001 statement in which Mr. Bush quoted the National Academy of Sciences saying an increase in Earth's temperatures was "due in large part to human activity." But it failed to finish the quotation, in which he went on to say it was unclear how much "natural fluctuations in climate" played a role, whether further climate change was inevitable and what, if anything, could be done about it.

The issue came up at the daily press briefing, where Tony Snow, the White House press secretary, insisted there was nothing new about the president's commitment to parks or his recognition of global warming.

"There's been a lot of misreporting," Mr. Snow said. "Perhaps folks have not taken notice of the fact that this is an administration that's been keenly committed, both to environmentalism and conservationism from the start."

At the suggestion that Mr. Bush was awakening to the environment, Mr. Snow said it was reporters who were waking up. "The long national slumber," he said, "may be approaching an end."

But Philip Clapp, president of the National Environmental Trust, a group that has conducted assiduous and unfriendly analyses of the administration's environmental record, had a slightly different take.

"When presidents come to the end of their terms, they always look for great places to save," Mr. Clapp said, adding, "As for the rest of President Bush's environmental record, I'm still snoring."

One not snoring is Secretary Kempthorne, who has a statue of Teddy Roosevelt in his office, a constant reminder of that president's commitment to conservation. At the Shenandoah park on Wednesday, he invoked a comparison between the first President Roosevelt and the second President Bush.

Turning to his boss, he said, "I think Theodore Roosevelt would be very proud of you."

Bush Seeks More Park Money (RTD)

By Rex Bowman

Richmond Times-Dispatch, February 8, 2007

LURAY - President Bush came to the snow-topped Shenandoah National Park yesterday to rally public support for a plan to pump hundreds of millions of dollars into national parks.

The plan would add $1.6 million to the Shenandoah's $10 million annual budget and $1.5 million to the Blue Ridge Parkway's $14 million budget, new money the parks' supporters have been clamoring for after years of restrained spending.

In the Shenandoah, the extra money would allow the park to restore ranger-led programs, lengthen the hours of some attractions, increase enforcement patrols, reopen information centers and even mow the grass more frequently, said park spokeswoman Julena Campbell.

Bush's 2008 budget would give the National Park Service its largest-ever funding increase.

In all, Bush allots $2.4 billion for the National Park Service for the budget year that begins Oct. 1 - $230 million more than he requested last year. That includes $150 million more for daily park operations. The plan would add 3,000 seasonal employees and increase money for park maintenance, two areas that advocates say have suffered for years.

"Congress needs to hear loud and clear how important this initiative is," Bush said.

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The president's National Parks Centennial Initiative, which he announced in his budget proposal Monday, aims to generate up to $3 billion over 10 years. That combination of public and private money would serve as a run-up to the National Park Service's 100th birthday in 2016.

"I hope the citizens groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks," the president said.

Catharine Gilliam, Virginia program manager for the National Parks Conservation Association, said the organization is "incredibly pleased" with the proposed boost in funding for the nation's 390 parks and monuments. She also lauded Bush's pledge to match private donations of up to $100 million with federal money.

"We see that as a good thing," she said. "The Shenandoah National Park Trust was created several years ago and raises private money for the park. This [initiative] is a substantial boost to those efforts."

Others said the initiative reflects a troubling reliance on private funds to pay for park operations.

Judith Cariker, interim director of the Shenandoah Valley Travel Association in New Market, said she supports any effort to improve the Shenandoah National Park.

"The National Park and Skyline Drive are certainly two of the greatest assets of this area."

Ron Tipton, senior vice president for programs at the National Parks Conservation Association, said the president's proposal would be a significant step toward solving some of the parks' major problems, including crumbling facilities, growing pollution and a lack of staff.

But House Natural Resources Committee Chairman Rep. Nick J. Rahall II, D-W.Va., said the new funding is largely the result of shifting money from existing important park programs, such as construction, into a new budget column with a new label.

Bush Would Boost Park Package (RMN)

By M.E. Sprengelmeyer

Rocky Mountain News, February 8, 2007

President Bush has proposed an extra $5.1 million for National Park Service lands in Colorado, and that could be just the tip of the iceberg if Congress backs a plan to match private donations.

The president has asked Congress to give the park service its biggest budget increase in history - $258 million more than in his 2006 budget request.

The hope is to jump-start public lands projects to get ready for 2016, the 100th anniversary of the agency.

In Colorado, this year's budget request would mean an extra $3 million for Colorado's four national parks: Rocky Mountain, Mesa Verde, Black Canyon of the Gunnison and the Great Sand Dunes. Meanwhile, historic sites, monuments and recreation areas in the state would get increases of more than $2 million over 2006 levels.

Combined, Colorado's sites would get $34.5 million, compared with $29.4 million in fiscal year 2006, the last time Congress approved federal budget.

"This is the most significant increase I've seen in my 30 years with the park service," said Vaughn Baker, superintendent of Rocky Mountain National Park.

There, an extra $1.35 million would be used to hire 27 seasonal workers, including rangers, patrol officers and maintenance personnel, and chip away an estimated $65 million to $70 million worth of deferred maintenance, Baker said.

Congress still has to approve the spending, along with a plan for the federal government to match up to $100 million per year worth of private donations for park-related projects.

The hope is that over the next decade that means an extra $1 billion in federal spending to match at least $1 billion in private contributions.

That plan will take shape between now and the end of May, after Interior Secretary Dirk Kempthorne, who oversees the park service, leads a series of "listening sessions" around the country about projects members of the public and would-be donors would like to see.

17 percent increase for Colorado sites

President Bush's proposed budget would pump $2.4 billion into the National Park Service in fiscal year 2008. The budget proposal includes a 17 percent increase for parks, monuments and other sites in Colorado.

Budget increase Percent change

Rocky Mountain National Park $1,347,000 12

Black Canyon of the Gunnison National Park $569,000 53

Dinosaur National Monument $491,000 17

Colorado National Monument $434,000 38

Florissant Fossil Beds National Monument $130,000 17

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Hovenweep National Monument $32,000 6
Yucca House National Monument $1,000 1
Sand Creek Massacre National Historic Site $198,000 43
Curecanti National Recreation Area $772,000 25
Bent's Old Fort National Historic Site $80,000 7
Total $5,139,000 17
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Bush Offers Park $1 Million Boost (BJ)

By Bob Downing
Beacon Journal, February 8, 2007
Bush offers park $1 million boost Extra funds would restore cuts By Bob Downing Beacon Journal staff writer

The Cuyahoga Valley National Park would get a major boost under President Bush's 2008 federal budget, and park visitors would see a big difference with the 10 percent funding increase.

The additional $1 million proposed for the Cuyahoga Valley would enable the park to hire six full-time staffers and 16 seasonal employees and to restore cuts in interpretive, educational programs and services that were made because of tight budgets in recent years, said Superintendent John P. Debo Jr.

The additional funding, if approved by Congress, would have ``an absolutely enormous impact on this park," Debo said.

Bush has proposed a $2.4 billion budget in fiscal year 2008 for national parks, and that represents a $258 million increase over 2006 funding approved by Congress. That's the biggest increase ever for park programs and operations, said Mary Bomar, director of the National Park Service, in a Tuesday teleconference.

The 33,000-acre federal park between Akron and Cleveland is expecting $10.1 million for operations in the federal fiscal year that began last October. Congress has not yet appropriated those funds.

That number would jump by just over $1 million to $11.1 million in the 2008 federal fiscal year that begins next October.

The bulk of those funds will be used in the Cuyahoga Valley to sustain and boost the park's core operations including maintenance, interpretation, education and law enforcement, Debo said. That ``will enable us to regain lost ground in the last few years," he said.

The additional funds proposed by Bush represent ``a huge turnaround in the budget fortunes of the National Park Service," Debo said. ``We're just delighted."

The full-time staff in the Cuyahoga Valley had dwindled from 128 to 96 in recent years, and positions have not been filled because of tight budgets, Debo said.

The additional funding would include:

· $314,000 for maintenance. The park has 240 historically significant structures plus 20,000 acres of federally owned land.

· $260,000 for interpretive and education programs led by rangers. The park also will look at using technologies to reach park visitors and to boost their park experiences, he said

· $85,000 for hiring eight seasonal law-enforcement rangers to boost patrols and public protection, especially during the busy summer season.

· $48,000 to augment what the park already is doing to promote and organize volunteers.

· $298,000 for pay increases in 2008.

In the past, Congress would approve pay increases but not allocate the needed funds.

Parks like the Cuyahoga Valley had to absorb the added costs of pay raises out of their operating funds, and that's been tough, Debo said.

He said he was ``very pleased with the money level for the Cuyahoga Valley," noting that only 131 of the national park system's 390 units got additional operating funds.

The additional funds mean the Cuyahoga Valley won't have to operate in ``a reduction mode" like it has for the last five years or so, Debo said.

The Cuyahoga Valley and other national parks could be in line for even more funding under Bush's National Parks Centennial Initiative.

Under that proposal, Bush wants to provide $1 billion over the next 10 years to national parks as the park system approaches its 100th birthday in 2016. An additional $1 billion would be available to match donations, possibly leveraging a third $1 billion for national parks.

The Cuyahoga Valley intends to work closely with the Cuyahoga Valley National Park Association, a friends-of-the-park group, to develop plans for new programs and to fund financial support from outside parties, Debo said.

DOJ_NMG_0129577

Bob Downing can be reached at 330-996-3745 or bdowning@thebeaconjournal.com.

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A Centennial Challenge (WT)

By John Bridgeland And Curt Buchholtz

The Washington Times, February 8, 2007

As our nation prepares for the centennial of its national park system, we should take stock of our past and future stewardship of these natural, historic and cultural treasures that attract 287 million visitors a year. This week, the president's release of a multibillion-dollar centennial plan will be an important step in determining what national park system we celebrate in 2016.

Nearly 100 years ago, President Theodore Roosevelt welcomed governors to a White House conference on the conservation of natural resources to prevent "the advent of the woodless age." Economic progress threatened to exhaust our natural resources, prompting government to place large tracts of land in federal custody. By 1916, Congress had created the National Park Service to ensure that parks such as Yellowstone and Glacier would remain unimpaired for the enjoyment of future generations. By 1933, President Franklin Delano Roosevelt had added more than 50 military parks and monuments such as Yorktown and Gettysburg to the system.

A decade before the 50th anniversary of the park service, President Eisenhower launched a 10-year, billion-dollar project to enable more Americans to utilize our national parks. His "Mission 66" resulted in the inclusion of 78 additional park units, the completion of the Gateway Arch; the Blue Ridge, Colonial and George Washington Memorial Parkways; and the construction of more than 100 new visitor centers to promote tourism. At the 50th anniversary of the National Park Service, there were achievements to celebrate and lessons to be learned.

Today, the national park system consists of 390 areas covering more than 84 million acres in 49 states and territories. Yet this system suffers from a significant funding shortfall every year that affects the preservation of historic buildings, cultural artifacts, native species and beloved park rangers that give families guided tours of places like Mammoth Cave, Antietam and the Grand Canyon. We can do better as a nation and help is on the way.

In a tight budget environment during a costly war, President Bush and Interior Secretary Dirk Kempthorne are nevertheless coming forward with an ambitious 10-year, $3 billion "Centennial Initiative & Challenge" that renews the nation's commitment to our parks and fosters accountability, innovation and partnerships. The federal government will make a significant new investment of $258 million for park operations, challenge private philanthropy with the lure of additional federal support and launch signature initiatives that connect citizens and communities to our national parks in innovative ways.

Park business plans with clear metrics will ensure new federal investments are made wisely to protect natural and historic resources, maintain facilities and provide more rangers. These will include 3,000 more seasonal rangers, who enhance the educational and recreational experience of visitors. On top of a strong new federal commitment, the centennial plan challenges philanthropy to attract an additional $100 million each year for 10 years with a dollar-for-dollar match. This is a match worth making.

National parks are dramatic outdoor classrooms and new technologies can deepen educational experiences. Imagine students visiting Gettysburg National Military Park downloading lectures on their iPods from historian David McCullough to learn of Joshua Chamberlain's textbook maneuver at Little Round Top that saved the Union Army; paleontologists teaching awestruck schoolchildren the scientific method as they take them on a hands-on or virtual dinosaur dig; or park visitors learning how bacteria from the bubbling pools of Yellowstone made mapping the human genome possible.

New efforts will strengthen the call to action to encourage up to 1 million volunteers every year to join the more than 125,000 volunteers who work in our parks to help maintain trails, catalogue species and further enhance visitor experiences.

The idea to create a national park system is one of America's greatest innovations. It prompted more than 100 nations to create 1,200 national parks and preserves worldwide.

What we do with our parks over the next decade will affect how our children and grandchildren enjoy and learn from them and how America's evolving story and heritage are safeguarded. Let's hope our generation meets the challenge to preserve this collective consciousness of our nation and has something grand to celebrate at the 100th anniversary of our national park system.

John Bridgeland is vice chairman of the Earth Conservation Corps and CEO of Civic Enterprises. Curt Buchholtz is president of the National Park Friends Alliance and executive director of the Rocky Mountain Nature Association.

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Interior Dept. Gets Reprieve On Its Decision On Bald Eagle (NYT)

By Felicity Barringer

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — With a court-ordered deadline looming for removal of the bald eagle from the endangered species list, the Interior Department, rejecting the advice of its staff wildlife biologists, tried to limit a separate set of protections for the majestic bird that has served as a national symbol for centuries.

Public reaction, however, to its December proposal was so sharp that the department had sought a reprieve from the deadline, which it received Wednesday. It now has until June 29 to make its final decision on the eagle's status and the extent of its continuing protections.

Rebounding from a historically low population in the early 1960s, the eagle has become a symbol of the success of the 1973 Endangered Species Act. In 1963, there were barely more than 400 breeding pairs in the lower 48 states. Today, the Fish and Wildlife Service at the Interior Department estimates there are more than 7,000 breeding pairs.

But even before the widespread use of pesticides in the 1940s and 1950s caused the drop in the population, the eagle had been a target for people coveting its feathers, so Congress passed a law preventing the "taking" of any eagle. This word was broadly defined to include everything from hunting the bird to simply disturbing it.

Now, the department has proposed regulatory language narrowing that definition and making it harder to prove that human actions disturbed the bird. Under the new language, landowners and developers could cut down trees, build and engage in other activities in the vicinity of the bird and its nest as long as eagles were not killed or injured and did not abandon their nests.

But two months before the department adopted that language, H. Dale Hall, director of the Fish and Wildlife Service, sent his superiors a memorandum arguing for a more protective approach.

The internal proposal advocated by wildlife biologists, the memorandum said, "does not require actual injury, death or nest abandonment" — merely the likelihood of such an outcome.

Mr. Hall, in an interview on Wednesday, said, "I have never been overruled" by top officials at the Interior Department on the extent of protections. He said he "stands behind" the December proposal from the department, which gave the eagles less protection.

The earlier memorandum, seeking greater protections, he said was part of a continuing conversation within the department as it struggled to find "the right point" along a continuum of options. Conservationists favor tight protections; many landowners seek less stringent ones.

John Kostyack, a senior counsel at the National Wildlife Federation, said in a comment to the department that the time lag between "human activity" and the severe impact on the bird means the activity "would likely never be linked to the impact."

Coast Guard Failed To Properly Oversee Contracts, Officials Say (WP)

By Spencer S. Hsu

The Washington Post, February 8, 2007

Even as contractors built patrol boats with buckling hulls and a large new cutter with structural flaws, a U.S. Coast Guard review gave their performance high marks last year, extended their deal for nearly four years and paid them a multimillion-dollar bonus, government investigators said.

Coast Guard analysts evaluated only boats, aircraft and equipment systems that had been delivered under its troubled $24 billion, 25-year fleet-replacement program, known as Deepwater, disregarding defective ships under development by companies led by Northrop Grumman and Lockheed Martin, Homeland Security Department Inspector General Richard L. Skinner said at a congressional hearing Tuesday.

Investigators called the awards the latest example of breakdowns in the federal government's handling of a complex contracting experiment for the Deepwater project. The Coast Guard turned over to a private "systems integrator" the main responsibility for planning, designing and producing a fleet to meet its needs after concluding that it lacked such expertise in-house.

As a result, investigators said, Coast Guard officials at times failed to protect taxpayers' interests.

"We are relying on contractors in more areas, and we are giving them more discretion. And where there's more discretion, there's more risk," said David M. Walker, head of the Government Accountability Office, Congress's investigative arm. In testimony to the House, he and Skinner called for more aggressive oversight. The hearing Tuesday was conducted by the House Appropriations subcommittee on homeland security.

Despite Deepwater's problems, the Northrop-Lockheed partnership received a rating of "good" from a Coast Guard evaluator last May and had its term extended by 43 out of a possible 60 months.

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A separate evaluation gave the partnership, Integrated Coast Guard Systems, $3.1 million in incentive and award fees, Walker said in an interview.

"I mean, that doesn't pass the straight-face test," he told the panel.

The disclosures come as Congress and government experts have stepped up scrutiny of the Pentagon's and DHS's use of the private sector to design and deploy next-generation technology such as the Army's Future Combat Systems initiative, and DHS's "virtual fence" at the border, called SBInet.

"The Deepwater and SBI contracts are extreme examples of giving government functions to the private contractors," said Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, which is holding a hearing into Deepwater and SBInet today ."In each case, the government appears to be abdicating oversight and giving private companies a virtual blank check."

Mary Elder, a Coast Guard spokeswoman, said retired Rear Adm. Patrick M. Stillman, who was then Deepwater manager, was aware of "facts relating to the production" of the cutter and other vehicles when he extended the deal last May. But he and a Coast Guard review panel were bound by criteria set in the initial five-year contract, signed June 2002 , that cited "operational effectiveness, total ownership cost and customer satisfaction."

New rules put in place for the second 43-month phase, which starts June 25, "are considered more objective," Elder said.

Adm. Thad W. Allen, Coast Guard commandant, met with Lockheed and Northrop executives Jan. 19 to negotiate terms for the contract renewal and has reorganized the service's contracting staff to beef up and unify their authority.

Allen is seeking to set new performance guidelines, toughen rules that an outside entity certify boats and planes produced under Deepwater, and take a bigger role in determining the work done by subcontractors, Skinner said.

"He recognizes we, the Coast Guard, need to get a grip over these contractors," Skinner said.

Skinner's office reported on Jan. 29 that the Coast Guard's new, 418-foot National Security Cutter -- the largest ship the service has ever commissioned and the cornerstone of its new fleet -- suffers from design flaws that even when corrected will curtail its operating days by as much as 20 percent. The errors also helped nearly double the cost of the first two of eight planned vessels, from $517 million to about $1 billion, depending on negotiations and repairs ultimately required. None of the cutters has yet entered Coast Guard service.

The ship's "design and performance deficiencies are fundamentally the result of the Coast Guard's failure to exercise technical oversight over the design and construction of its Deepwater assets," the report said.

In December, the Coast Guard also docked eight 123-foot cutters retrofitted under the program and based in Key West, Fla., after determining they were not seaworthy. That came after the Coast Guard had spent nearly $100 million.

Meanwhile, the Coast Guard's plan to fill the gap by accelerating development of the next-generation, 140-foot Fast Response Cutter has stalled because of technical glitches.

Skinner said the Integrated Coast Guard Systems extension was based mainly on other boats and aircraft it delivered, not on the Fast Response Cutter, National Security Cutter and the 123-foot patrol boats.

"We said, 'You've got to fix that, because if you'd included that, they probably would have gotten an F,' " Skinner said. Despite the troubles, the Coast Guard has paid the partnership incentive awards totaling $16 million since 2002, Elder said. She said the awards were for meeting targets on other systems.

Integrated Coast Guard Systems spokeswoman Margaret Mitchell-Jones declined to comment, referring questions to Elder.

FBI/DEA/ATF/USMS:

Ex-agent Wins Lawsuit Against FBI (MINNST)

By Dan Browning

Minneapolis Star Tribune, February 6, 2007

Jurors said the FBI retaliated against the female agent, who filed a discrimination complaint in 1998.

Federal jurors hugged former FBI agent Jane Turner on Monday after awarding her $565,000 in damages and finding that the agency had retaliated against her for filing a 1998 sex-discrimination complaint.

"I think you were the very best FBI agent," juror Mashima Dickens told Turner, who investigated child sex-abuse crimes. "Looking at the way you were treated, I just said you were screwed left and right," Dickens said, tears rolling down her cheeks.

"I just want to tell you I have nothing but the utmost respect for you," juror Renee Anderle said as she hugged Turner in the hallway outside Chief U.S. District Judge James Rosenbaum's courtroom in Minneapolis.

"This is vindication," said Turner, 55, of St. Paul. "We spoke truth to power, and we won."

But Turner said she could never repair the damage done to her by her colleagues in the FBI, an organization she had dreamed of joining since she read Nancy Drew detective novels at age 12.

"I'm dead in their eyes because I betrayed them. And that's what's so sad," Turner said.

The government's attorneys declined to comment on the verdict in the trial, which began Jan. 24.

Stephen Kohn, one of Turner's attorneys and president of the National Whistleblower Center in Washington, called it historic. "I think it's the largest jury verdict in a civil rights case against the FBI for an individual plaintiff," he said.

The jury of six women and four men awarded Turner damages of $60,000 in lost wages and $505,000 for emotional distress, loss of reputation and similar injuries.

Rosenbaum will reduce the non-wage damages to the statutory limit of $300,000, said Robert Hill, of Eden Prairie, another of Turner's attorneys.

Turner had a noteworthy career. After joining the FBI in 1978, she helped capture Christopher Boyce, a Soviet spy, and solved some horrendous child-sex abuse and murder cases on North Dakota Indian reservations.

Records show that she received superior or exceptional job ratings until after her supervisor, Craig Welken, was interviewed in 1999 about a sex-discrimination complaint she had filed the previous year. Her ratings plummeted, which led to a transfer from Minot, N.D., to a desk job in Minneapolis.

Jurors decided that the negative job reviews were retaliation for filing the internal discrimination complaint, but that the transfer was not.

About a month after Turner filed the complaint against Welken, a task force was being formed to investigate a child pornographer who had confessed in an Internet chat room to murdering his 7-year-old daughter. The killer, Larry Froistad, recanted his confession, and the U.S. attorney in North Dakota at the time, the late John Schneider, wanted Turner's help. Welken resisted initially, but said he gave in because Schneider was "unrelenting."

Schneider later credited Turner in an e-mail with solving the Froistad case.

Martha Fagg, one of two assistant U.S. attorneys from Iowa who represented the FBI, argued that Turner had basically stopped working after the Froistad case, and that the transfer to Minneapolis was designed to help her get back on track.

"In my opinion, she was using the EEO [Equal Employment Opportunity] process not as a shield, but as a sword," Fagg said.

However, Turner's attorneys introduced evidence that she kept up her casework and solved some especially tough cases while she was being downgraded on her reviews. Two assistant U.S. attorneys testified that they never saw Turner slack off.

Turner's attorneys plan to file for compensation. Kohn said the final bill will be "well over $1 million to taxpayers in a case that should have been resolved at a fraction of the cost years ago."

Turner still has a complaint pending against the FBI with the U.S. inspector general's office. She reported that a fellow agent had brought back memorabilia from the World Trade Center in Manhattan after the Sept. 11 terrorist attacks. Turner said she was being run out of the FBI after that, so she retired in 2003.

Correction: FBI Whistleblower Story (STPPP)

The St. Paul Pioneer-Press, February 8, 2007

MINNEAPOLIS - In a Feb. 5 story about the outcome of a sex discrimination complaint brought by former FBI Agent Jane Turner, The Associated Press erroneously described Nikki Carlson. She was a jury consultant for Turner, not the defense team.

Jury Awards FBI Agent Cash In Report-retaliation Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 8, 2007

A longtime FBI agent who claimed she was subjected to "continued hostility" after reporting another agent's removal of a Tiffany crystal globe from ground zero at the World Trade Center has been awarded $565,000 by a federal jury for lost wages, damage to her reputation and emotional distress.

A Minneapolis civil jury of six women and four men unanimously held that the FBI illegally retaliated against Jane Turner, a 25-year veteran FBI agent, by downgrading her performance reviews. She was awarded $60,000 in lost wages and $505,000 for punitive damages.

Mrs. Turner's right to have the case heard before a jury was ordered by the 8th U.S. Court of Appeals in Minneapolis after a lawsuit she filed in 2001 was dismissed in 2004.

Among FBI officials named in court documents as participating in the retaliatory actions were James Burrus, the assistant director of the FBI's criminal division, and James Casey, a high-level official in the FBI's counterterrorism program.

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The $565,000 judgment is expected to be reduced by Chief U.S. District Judge James Rosenbaum, who heard the case, to the statutory limit of $360,000.

"The buck stopped here. Jane Turner is an American hero," said Stephen M. Kohn, one of her attorneys and the president of the National Whistleblower Center. "She refused to be silent when her co-agents stole property from ground zero. She paid the price and lost her job.

"The jury did the right thing and ensured that justice will take place in her case," he said. "... The FBI misused its performance review and inspection process to justify vicious retaliation against an award-winning agent."

Mrs. Turner's performance had been attacked by FBI managers after she filed her lawsuit and disclosed what the appeals court described as serious FBI misconduct in its handling of child-abuse cases. Her complaint in the World Trade Center matter led to an investigation by the Justice Department's Office of Inspector General, which confirmed Mrs. Turner's accusations.

In the Minneapolis lawsuit, the court said the timing of performance rating downgrades for Mrs. Turner by the FBI "strongly supports an inference of causation."

The court said Mrs. Turner wrote a memo to her second-line supervisor, Mr. Burrus, referring to her equal employment opportunity complaint and accusing her immediate supervisor, Craig Welken, of discriminatory treatment. It said Mr. Burrus forwarded the memo to Mr. Welken and five days later, Mr. Welken wrote an interim performance review downgrading Mrs. Turner from "superior" to "minimally acceptable/unacceptable" in all rated areas.

"The fact that it was not a regularly scheduled performance review and occurred less than two months after the regular annual review in April ... is further circumstantial evidence that the performance rating downgrade was motivated by Turner's complaints," the court said.

Mrs. Turner was then transferred to the Minneapolis field office and resigned in October 2003 after the FBI had initiated termination proceedings.

Report: Obama Plans To Skip Public Funding (USAT)

USA Today, February 8, 2007

Following the lead of his chief rivals, Sen. Barack Obama, D-Ill., will not accept public campaign financing for the Democratic presidential primaries or the general election if he's the nominee, an official close to the campaign told the Associated Press on Wednesday. The official spoke on condition of anonymity because the campaign had not yet announced the decision.

The move would allow Obama to raise and spend unlimited private money. He would join Sen. Hillary Rodham Clinton of New York and former North Carolina senator John Edwards, fellow Democrats who decided to forgo public financing. Obama, who established a presidential exploratory committee last month, plans to announce his candidacy Saturday.

ATF transfers two of bureau's top officials

The Bureau of Alcohol, Tobacco, Firearms and Explosives has replaced two of its leaders. Edgar Domenech, the No. 2 official at the agency, has been transferred to head the bureau's field division in Washington, D.C., ATF spokeswoman Sheree Mixell said. The assistant director, Michael Bouchard, will leave to oversee field operations nationally.

Mixell would not comment on whether Domenech and Bouchard were transferred as the result of a Justice Department audit alleging mismanagement and questionable spending decisions at ATF that led to Director Carl Truscott's departure last August. Domenech was replaced by Ronnie Carter, supervisor of the Dallas field division, and Bouchard by William Hoover, head of the bureau's D.C. field division.

Emanuel calls for special counsel in probe

A House Democratic leader is calling on Attorney General Alberto Gonzales to name Carol Lam as a special counsel so she can continue to oversee a political corruption investigation. Lam, who was a chief federal prosecutor in San Diego, was among seven prosecutors fired last year by the Justice Department. Illinois Rep. Rahm Emanuel, chairman of the House Democratic Caucus, said Lam should continue to manage the probe that led to the conviction of former congressman Randy "Duke" Cunningham, R-Calif., on bribery charges. The Senate Judiciary Committee is investigating the Justice firings. — Kevin Johnson

Georgia lawmaker entering hospice

Rep. Charles Norwood, R-Ga., is going home to Augusta for hospice care, forgoing further treatment for lung cancer that has spread to his liver, spokesman John Stone said. The seven-term congressman is not resigning, Stone said. "He said, 'Let me go back home, stop all the treatments and just see how I can do there,' " Stone said. Norwood, 65, had a lung transplant in 2004. He suffers from idiopathic pulmonary fibrosis, a chronic lung disease. Last year, doctors found a cancerous tumor on his other lung. They removed the tumor, but found cancer on his liver in November.

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ATF Replaces 2 Top Leaders In Shake-Up (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 8, 2007

WASHINGTON (AP) - The Bureau of Alcohol, Tobacco, Firearms and Explosives has replaced two of its leaders, the latest shake-up since reports surfaced of financial and management problems surrounding the agency's former director.

Edgar A. Domenech, the No. 2 official at the Justice Department agency, has been transferred to head the bureau's field division in Washington, D.C., a spokeswoman said.

The assistant director, Michael Bouchard, will leave to oversee field operations nationally. He has been named special assistant to the bureau's acting director, Michael J. Sullivan.

ATF spokeswoman Sheree Mixell said the two will be replaced with what she described as veteran special agents who "bring a combination of leadership experience and great respect from colleagues that is critical to the ATF's success at the executive level."

Mixell would not comment on whether Domenech and Bouchard were transferred as the result of mismanagement allegations and questionable spending decisions that led to the departure last August of Carl J. Truscott as director.

An audit by the Justice Department's inspector general in October found that Truscott ordered his staff to help with his nephew's high school homework, wasting the agency's time and violating ethics rules. The report also concluded that Truscott's leadership, hiring practices and financial decisions were troubling, including his plan to spend $100,000 on gym equipment for the ATF's new headquarters.

Domenech was replaced Wednesday by Ronnie A. Carter, 53, a special agent since 1980 who supervises the Dallas field division. Bouchard's post was filled by William J. Hoover, who is in charge of the bureau's Washington, D.C., field division.

US, Latin American Police Chiefs Meet In LA For Gang Summit (AFP)

By Paula Bustamante

AFP, February 8, 2007

Police chiefs from Latin America and the United States opened a three-day summit aimed at forming a strategy to crack down on violent crime gangs.

Latino gangs which originated from Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies.

"Gang violence is a problem of international scope, and we must face it on a international scale," Los Angeles Mayor Antonio Villaraigosa told reporters.

"We must coordinate with our international counterparts in a smart and effective way."

Delegates from Mexico, Belize, El Salvador, Guatemala and Honduras attended Wednesday's conference along with several US police chiefs and officials from the FBI and Justice Department.

The conference aims to agree ways of increasing information-sharing among law enforcement agencies and look at how best to fight gangs thought to be responsible for trafficking drugs and illegal weapons.

FBI spokeswoman Laura Eimiller said the conference's focus was to "fight gang violence in all its forms."

Central American nations have seen a sharp uptick in gang-related crimes, Eimiller said. El Salvador, with a population of 6.8 million people, saw an average of 10 homicides a day in 2006 -- about 70 percent committed by gangs.

"That trend needs to stop before it comes here," Eimiller said.

Lee Baca, a Los Angeles County Sheriff, said many Los Angeles-based Hispanic gangs had now evolved into slick criminal syndicates.

"They have become sophisticated in communications and travel, and have set-up networks to carry out their criminal enterprises," Baca said, noting that many gang members were able to travel across borders with ease.

US authorities first attacked the threat of cross-border gangs by agreeing to work together in 2004 to stem violence committed by the 10,000-strong Los Angeles-based Mara Salvatrucha gang, known as MS-13.

The crackdown has led to the arrest of 3,400 gang members, 1,300 of whom were identified as members of MS-13, according to Kevin Kozak, of the Immigration and Customs Enforcement's (ICE) Los Angeles office.

"It's a recognition that this is not something any one agency can do on its own," Kozak said. "We need to share information, we need to collaborate and we need to work together with as many agencies as we can."

Kozak said the shooting of two police officers in Long Beach, southern California last December by a member of the city's 'Eastside Longos' gang had highlighted the need for greater intelligence sharing.

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The gang member, who had entered the US illegally and who already been deported from the country to Mexico once before, was later shot dead by police in Santa Ana, California.

"Ever since that shooting, we've turned 100 percent of our efforts to find which of those Eastside Longos gang members are here illegally, and who we can simply remove from the streets," Kozak said.

About 671,832 criminals were deported from the United States between 2003 and 2006, but it is unclear exactly how many were gang members, according to ICE statistics.

An ICE spokeswoman denied the crackdown on gangs was being used as a pretext to root out illegal aliens.

"This is not an immigration issue, this is a public safety issue," said ICE spokeswoman Virginia Kice. "In many cases, the victims of violent street gangs are immigrants themselves."

Los Angeles Names And Targets City's Worst 11 Gangs (LAT)

By Patrick Mcgreevy And Richard Winton, Times Staff Writers

The Los Angeles Times, February 8, 2007

Mayor and police chief vow to pursue the groups with local-federal law enforcement teams. Experts question the strategy.

Launching a counteroffensive against organized street thugs, Los Angeles Mayor Antonio Villaraigosa and police officials took the unusual step Wednesday of identifying the city's 11 worst gangs, then promising to go after them with teams of police, federal agents, probation officers and prosecutors.

Facing 720 identifiable gangs with 39,000 members, the city's plan would target the most dangerous groups, which total at least 800 members. Those gangs are thought to be responsible for a disproportionate amount of mayhem.

The gangs on the list are believed to have committed 6% of the violent crime that occurred in the city last year.

How many local and federal officers will be committed to the anti-gang push remained unclear, however. And given the complexity of what has been a long-standing social problem, some experts questioned whether the plan would be any more effective than past police crackdowns.

Overall, serious crime declined in Los Angeles last year, but violent, gang-related crime increased 14%.

Gang crime was even higher in areas such as South Los Angeles, where it increased 25%, and a section of the north San Fernando Valley where it grew by nearly 160%.

"Street gangs are responsible for the majority of all the murders in Los Angeles and nearly 70% of all the shootings," Villaraigosa said Wednesday at a previously scheduled international summit on gang issues in Universal City. "We must work to address gang violence in a truly comprehensive way."

Although the police had identified certain gangs on occasion, especially when they appeared to be involved in high-profile crimes, the LAPD historically has not called out their names "because of the widely held perception that doing so elevated the criminals' influence and standing in the gang community," the mayor's plan says.

"This new strategy abandons the earlier posture and challenges these menaces by exposing their corrosive behavior to the scrutiny of a more informed and confident community," the plan says.

But Wes McBride, executive director of the California Gang Investigators Assn. and a retired Los Angeles County sheriff's deputy, said he was "not sure" that identifying the gangs was a good idea.

"These guys keep the clippings, and I don't know if you can really say which are the most dangerous gangs on any one day," he said. "It is the kind of advertising you don't need."

McBride said he feared that some gangs would feel slighted if not named and might try to up the ante with more violent crimes.

Najee Ali, a community activist and former gang member, said he also was opposed to any ranking system. "The mayor and chief shouldn't be legitimizing the gangs," he said. "To the gang members it is a badge of honor."

The list of targeted gangs includes the 204th Street gang in Harbor Gateway, which is believed to be responsible for recent racially motivated attacks and will be the subject of a special abatement effort. The list also includes Canoga Park Alabama, whose members' recent violent acts have contributed to gang crime skyrocketing 43% in the San Fernando Valley.

The other gangs on the list include 18th Street Westside in the LAPD's Southeast Division; the Avenues gang in the Northeast Division; the Grape Street Crips in the Southeast Division; Black P-Stones in the Southwest Division; the La Mirada Locos in the Rampart and Northeast divisions; the Mara Salvatrucha in the Rampart, Hollywood and Wilshire divisions; the Rollin' 40s and Rollin' 30s Harlem Crips, both in Southwest, and the Rollin' 60s in the 77th Street Division.

The Mara Salvatrucha gang has up to 50,000 members in six countries, but police will focus on cliques that operate in a few local high-crime neighborhoods.

The LAPD already has shifted 18 additional officers to the 204th Street gang turf and is expected to double that amount soon. Smaller deployments are expected for other gang-infested neighborhoods.

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An additional 50 officers will be assigned to a Community Safety Operations Center in the Valley, which will analyze real-time crime data to rapidly and strategically deploy officers, including high-visibility patrols, in crime-ridden regions of the Valley.

The mayor and chief are set to formally unveil their plan at 2:30 p.m. today at the Valley's Mission Community Police Station.

Most of the gangs on the list already have been hit with injunctions that restrict their movements and ability to socialize, and some have been in the crosshairs of local and federal authorities for years.

But Villaraigosa said that the new plan is not as piecemeal as previously, and that the FBI, the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, the federal Drug Enforcement Administration, county probation agents, county and city prosecutors, and the U.S. attorney's office have signed on to step up pressure.

"We, the police, law enforcement, can do a great deal working collectively together, with force magnification, to reduce this problem," said Police Chief William J. Bratton on Wednesday.

But, Villaraigosa added, the gang-suppression plan was only the first step in stabilizing crime-ridden neighborhoods. He said the city would later provide prevention and intervention programs to keep young people out of gangs.

The chief acknowledged that with a police force already stretched thin and expansion occurring slowly, he would have to redeploy existing officers to hot spots in the immediate future.

McBride, the gang expert, cautioned that plans without resources often fall short.

"Until everyone hires a bunch more cops, you are shoving sand in the wind," he said.

In addition to releasing a list of targeted gangs, the LAPD has submitted the name of a fugitive gang member for placement on the FBI's most wanted list and will submit another name when the first fugitive is captured, officials said.

The submissions will come from the LAPD's own list of its 10 most wanted gang fugitives, which also was released Wednesday. It includes Merced "Shadow" Cambero, from the Avenues gang, and Kody "Monster Cody" DeJohn Scott, from the 8-Trey Gangster Crips.

Also, the plan includes the appointment of an LAPD gang coordinator, creates a South Bureau Criminal Gang Homicide Group, designates additional patrol officers in gang territories to enforce injunctions and warrants, and proposes community symposiums on gang awareness in affected neighborhoods.

Malcolm Klein, a professor emeritus at USC and a gang expert, said the city's gang plan would appear to use a "tip of the iceberg" strategy.

"Targeting hot spots for gangs — that is not much different than the past," Klein said.

He also questioned the methods used to choose which gangs belonged on the worst 11 list.

"The level of violence generated by a gang makes sense to me. But the interracial conflict [at the root of the 204th Street gang murders] is not common, and shooting at police officers also isn't common. The last two are more political than rational."

However, the idea of focusing on the most violent gangs was supported by Alex Alonso, an academic who studies gang territories in Los Angeles and runs the website streetgangs.com.

"What they did under [former Police Chief Daryl F.] Gates didn't work: Suppress everyone. Now they want to be more focused on the most hard-core gang members, that 10% who are really responsible for violence," Alonso said.

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*

(INFOBOX BELOW)

Top targets

Here are the areas where the gangs targeted by Los Angeles city officials operate:

1. Canoga Park Alabama
2. Avenues
3. Mara Salvatrucha
4. La Mirada Locos
5. 18th Street Westside
6. Black P-Stones
7. Rollin' 30s

Rollin' 40s

8. Rollin' 60s
9. Grape Street Crips
10. 204th Street

Sources: LAPD, Times reporting

Latino Gang Study Finds Few Links To Overseas Groups (WP)

By N.c. Aizenman

The Washington Post, February 8, 2007

A study of Latino gangs in the Washington area and five Central American nations debunks the popular belief that the gangs are engaged in a systematic, organized effort to spread their influence.

Although the gangs have significant membership, the study found that their crimes are largely limited to petty theft and neighborhood extortion rather than some of those traditionally associated with organized crime -- drug trafficking, prostitution, human smuggling and arms sales.

The report, conducted by Autonomous Technological Institute of Mexico and the nonprofit advocacy group Washington Office on Latin America, comes as U.S. and Central American authorities are coordinating intelligence in the belief that the gangs have a networked structure.

"Yet this idea that gangs are like an infection spreading from country to country through a process where the leaders send out missionaries to colonize new areas is fundamentally untrue," said Geoff Thale, one of the researchers from the Washington Office on Latin America.

For instance, in interviews with 316 gang members in a major Salvadoran prison conducted as part of the study, although a little more than half said they knew fellow gang members in North America, the vast majority said they had no contact with them, and few had traveled to the United States or Mexico.

Recent testimony in Washington area courtrooms has pointed to occasional cooperation between local gang members and counterparts in other regions. A 19-year-old Hyattsville man pleaded guilty in federal court last week to collecting dues and sending wire transfers to members in Los Angeles as treasurer of a cell of Mara Salvatrucha. And in an earlier trial, a Salvadoran police officer testified that gang leaders in El Salvador instructed Maryland gang members on how their organization should be run.

But Connie McGuire, who conducted the Washington area component of the study, said her interviews with law enforcement, community groups and 15 former gang members found no sign of transnational coordination among gang members.

"We shouldn't pretend that gangs aren't a big, scary problem," Thale said. "But we shouldn't misunderstand what the problem is and misdirect resources for solving it."

Researchers said the current misconceptions may stem from the transnational nature of the gangs' origins. The two most powerful Central American gangs, 18th Street, also know as Eighteen, and Mara Salvatrucha, or MS-13, emerged in Los Angeles in the 1980s when Salvadoran, Honduran and Guatemalan immigrants fleeing their region's various civil wars joined Chicano gangs or started gangs to protect themselves from African American gangs in the same neighborhoods.

After the wars ended in the mid-1990s, many gang members chose to return or were deported to their home countries, where they fueled the rise of sister gangs modeled after the Los Angeles groups that now have 30,000 to 60,000 members, according to Central American government and FBI estimates.

Then, as those members began migrating back to the United States, MS-13 and Eighteen were in turn exported to new regions of the United States -- including the Washington area, where a law enforcement task force estimates there are now at least 3,600 Latino gang members.

MS-13, in particular, has garnered headlines in the Washington area for dozens of killings and attacks in recent years, including the gang rape of two teenage girls in Prince George's County in 2003 and the shooting by an MS-13 member of an 18-year-old member of a rival Latino gang in Arlington last spring.

But McGuire concluded that Central American gangs are a relatively minor problem in the D.C. area compared with other threats. The principal danger they pose is to people living in the particular communities where gang members live and "especially . . . the youth themselves who get drawn into the gang life."

By contrast, gang violence is a major political issue in El Salvador, Guatemala and Honduras, where violent shootouts between rival gangs have driven up national homicide rates, and extortion is common in many urban neighborhoods.

A 'Surge' On Gangs Alone Won't Help (LAT)

By Constance L. Rice, Constance L. Rice Is A Civil Rights Attorney In Los Angeles.

The Los Angeles Times, February 8, 2007

Violence-plagued neighborhoods need real reform, not just more cops walking the streets.

DOJ_NMG_0129586

CHERYL GREEN died Dec. 15 because she was black in the wrong gang-dominated neighborhood. Like innocent Latino children who are terrorized by black gangs in Watts, the 14-year-old was allegedly gunned down by members of the Latino 204th Street gang because she rode her scooter too close to the no-blacks Mason-Dixon line that gang members had drawn in her Harbor Gateway neighborhood.

L.A. politicians and law enforcement leaders have reacted forcefully to her death. Amid enough satellite dishes to remind one LAPD officer of the O.J. Simpson trial, officials at a January news conference declared war on 204th Street.

Mayor Antonio Villaraigosa proclaimed that no one should fear losing his or her life for being the wrong color. He vowed to put the gang out of business. Police Chief William Bratton, Sheriff Lee Baca and FBI Director Robert S. Mueller III announced weapons of mass crackdown: combined LAPD-Sheriff's Department patrols; cooperation with neighboring Torrance police; targeting of the gang's guns and drugs by the federal Drug Enforcement Administration and the Bureau of Alcohol, Tobacco, Firearms and Explosives; dragnet operations; electronic surveillance; observation posts; intelligence sharing; early-release exclusions and a "most-wanted list" of the 10 worst gangs.

The U.S. attorney brandished stepped-up use of federal hate crime laws, death penalty enhancements, civil rights laws and RICO prosecutions. The city attorney added the use of "stay-away orders," which ban gangs from the neighborhood, on top of existing injunctions that forbid gang members from congregating.

Two days after this display, 204th Street shot another innocent black resident waiting in his car for his daughters.

"We've done this before," the LAPD officer at the news conference recalled. He was referring to a similar crackdown on the 204th Street gang in 1997, when members killed another African American youth. Then, as now, politicians threatened zero-tolerance, the LAPD increased patrols and arrested everyone in the gang they could. Officers galvanized the community against the gang. Politicians held community planning meetings. "And then, the focus shifted," the officer said, "we went back to normal deployment levels, and while we probably abated it for a while, new gang members refilled the ranks. Nothing on the ground changed. All of the conditions in that neighborhood continued."

Bingo. The "surge" in 1997 was temporary and, more important, the city never reversed the neighborhood conditions that fuel 204th Street. For the last nine years, the gang has continued its ethnic terrorism, with the murder of Cheryl Green as one of its latest acts of violence.

Let's be clear here: Strategic suppression is essential, a strong response to violent gangs such as 204th Street is necessary, and the effort will need more resources. But it is unclear whether the city has learned that suppression must be coordinated with comprehensive prevention and intervention strategies. And, right now, the prevention and intervention side of the equation is mostly missing. Law enforcement is doing its part; it's the rest of us who are AWOL.

What needs to happen in Harbor Gateway? Concerned politicians must connect with the right experts, who can diagnose the unique neighborhood factors that fuel the gang's dominance. They must authorize county, state and school district staff to jointly close the entrance ramps into the gang and open the exit ramps out of it. Effective violence reduction requires a sustained community organization that forms a 24/7 shield against gang violence.

In Harbor Gateway, that planning has to begin with the area's isolated, "Galapagos Island" configuration, the diaspora of gang members who return on weekends to enforce 204th Street's sovereignty, and Harbor Gateway's unconnected and intimidated residents.

In addition to tough-on-crime tactics, the region's leaders will have to use political capital to reset priorities and redeploy the millions in tax dollars spent every year on anti-gang programs but with no sustained violence reduction to show for it.

And after determining that gangs do not get to take our children, Angelenos must launch a "cultures and values" campaign to end the violence and killing of la vida loca.

Without the political will to change business as usual, politicians will be back again before the cameras, declaring yet another suppression surge with no long-term effect. In the meantime, Cheryl Green's mother, Charlene Lovett, and her black neighbors say they have been told by police that the only way to be safe is to stay inside their homes — or move.

Newark: Man Sentenced For Drug Dealing (NYT)

By John Holl

The New York Times, February 8, 2007

A man who prosecutors said controlled much of the city's heroin trade for years was sentenced in Federal District Court yesterday to life in prison without parole, prosecutors said. The man, Hakeem Curry, 31, of Newark, was convicted of drug charges and money laundering in July, said Christopher J. Christie, the United States attorney in New Jersey. Mr. Curry's organization is believed to have supplied nearly 85 percent of the heroin dealt on the streets of Newark and roughly 50 kilograms of cocaine a week for the last several years, Mr. Christie said.

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Newark Drug Lord Gets Life, $8M Fine (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, February 8, 2007

Federal sentence means no parole for kingpin who ruled by violence

Hakeem Curry, the notorious kingpin who ran an unparalleled drug empire in Newark for years and kept out of jail by marking those who threatened it with death, was sentenced to life in prison and fined $8 million by a federal judge yesterday.

U.S. District Judge Faith Hochberg said she'd never seen a drug organization "even remotely comparable" to the one Curry ran with "incredible skill, acumen and intelligence," but also "extreme violence."

She marveled at the longevity of the Curry organization, which prosecutors said had flooded northern New Jersey with tons of cocaine and heroin over more than a decade to earn millions of dollars.

"Mr. Curry is smart, goal-directed and ruthlessly ambitious," Hochberg told a Newark courtroom filled with Curry's family and friends and federal agents. "He knew exactly how to manage his drug conspiracy so it would last ... by letting all those beneath him do the dirty work."

Curry, 31, will never be free again because there is no parole in the federal system.

According to testimony, Curry tried to hire a hitman to kill the prosecution's star witness against him. He also ordered the murder of a rival and the execution of another government witness who was supposed to testify in a case against an ally, the testimony showed.

U.S. marshals were in full force at the sentencing, and spectators were required to walk through a metal detector immediately outside the courtroom.

As Hochberg was in the middle of announcing the punishment, the defendant stood silently in his green prison jumpsuit and shackles, but some of his supporters gasped. Curry's father jumped up from the back row.

"People kill people at Seton Hall College and you don't give them life," he shouted. "Ya'll gonna put my son away for life? ... Goddamn!"

Marshals ushered the defendant from the courtroom through a back door. Hochberg banged her gavel and called for order, but Curry's other supporters stood up to watch the commotion.

Marshals tried to calm Curry's father, but he continued to shout and got into a scuffle with them as they escorted him out. Marshals signaled to the judge to leave for her own safety and she quickly exited into her chambers.

Officials cleared the courtroom, asking the family members and the more than a dozen Drug Enforcement Administration agents who had worked the case to leave.

However, after a long break, Hochberg consulted with defense attorney James Plaisted and assistant U.S. attorneys John Gay and Robert Frazer and resumed the hearing. Curry's father was not allowed back in.

Curry, convicted of conspiracy, money laundering and drug trafficking by a jury last year, faced a mandatory minimum prison term of 20 years. Federal sentencing guidelines had recommended at least 30 years.

After the hearing, U.S. Attorney Christopher Christie called Curry "among the most brutal, dangerous criminals we've ever prosecuted."

"If anyone ever has earned a life term in federal prison, it's Hakeem Curry," Christie said.

Rakim Baskerville, Curry's co-defendant and cousin, was convicted of conspiracy. Hochberg sentenced him to life in prison last week. The judge also has accepted a dozen guilty pleas from other related defendants.

During the hearing, Plaisted, the defense attorney, argued for leniency, saying Curry had tried to go straight in recent years by moving to the suburbs and opening a clothing store. Curry had been living in Pine Brook in Morris County with his wife and son.

"There is no question that Mr. Curry did go through a change at a certain point and was evolving as a person," Plaisted said.

When given the opportunity to address the court, Curry turned toward his family before glancing down at a yellow scrap of paper.

"I'm very sorry that all y'all have been put through all of this," he said. "I want all y'all to know there were a lot of things said in this courtroom that were not true."

Gay, the prosecutor, said Curry's store was only a front to launder money for his drug organization, which kept him in high style by financing luxury cars, diamond-studded jewelry and a junket to an NBA all-star game.

Hochberg said violence coupled with Curry's use of an attorney to represent and arrange for bail for defendants when they were arrested helped ruthlessly enforce a "code of silence" for years.

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"Nobody ratted on Mr. Curry because they knew the rules," Hochberg said. She said a term of life in prison was "vital" to deter others from trying to replicate Curry's business model.

As Curry was led away, he waved and smiled to his family. His attorneys promised an appeal.

Heroin, Cocaine Trafficker Gets Life In Prison (WNBC)

WNBC-TV,, February 8, 2007

A federal judge has sentenced a heroin and cocaine trafficker to life in prison without parole following his conviction last July on drug conspiracy and money laundering charges, federal prosecutors said.

U.S. Attorney Christopher J. Christie said that Hakeem Curry, 31, led the Curry Organization, which sold thousands of pounds of drugs in Essex and Union Counties.

Curry and co-defendant Rakim Baskerville -- identified by prosecutors as a street level manager for the Curry Organization -- were both found guilty of drug trafficking conspiracy.

Curry was also convicted of money laundering and other crimes.

According to prosecutors, the Curry Organization was estimated to supply approximately 85 percent of the heroin in Newark while also supplying 30 to 50 kilograms of cocaine a week through its network of street level distributors.

Cooperating witnesses testified that millions of dollars in drug profits were generated by the criminal organization.

Testimony at trial also revealed Curry drove a $120,000 Mercedes Benz and an $80,000 Land Rover, lived in a luxury apartment, took lavish trips and bought custom-made jewelry.

Curry had faced a minimum sentence of 20 years in prison but the judge took into consideration evidence that Curry and Baskerville tried to hire a hit man to murder a government witness.

Baskerville was sentenced to life in prison last week.

Christie said, "Curry is among the most brutal, dangerous criminals we've prosecuted. If anyone ever has earned a life term in federal prison, it's Hakeem Curry."

Prosecutor Details Killings In Case Against Alleged 'M Street Crew' Enforcer (WP)

By Paul Duggan, Washington Post Staff Writer

The Washington Post, February 8, 2007

Prosecutors say murder was Larry Gooch's job. As an enforcer for a violent drug-dealing crew in Northeast Washington, authorities allege, he pulled the trigger in four slayings and aided in a fifth. He sold crack, PCP and ecstasy, according to an indictment, and tried to shoot a D.C. police officer to prevent a fellow gang member's arrest.

From the late 1990s until he was locked up in 2003, Gooch, now 27, was one of about two dozen young men in the heavily armed "M Street crew," which controlled the drug trade along 18th and M streets in the Kingman Park neighborhood, prosecutor Darlene Soltys said yesterday in her opening statement to a U.S. District Court jury.

As she spoke, describing the piles of cash that the gang allegedly raked in, Gooch sat a few feet away, expressionless, dressed in a preppy V-neck sweater and dark paisley necktie, his hair trimmed, his hands folded, his life in the balance.

In a city where public sentiment runs against capital punishment -- where voters rejected executions in a nonbinding 1992 referendum -- the U.S. attorney's office is trying for the third time in recent years to obtain a death sentence in the District under federal law. The move has angered some, including D.C. Del. Eleanor Holmes Norton (D).

"I have no quarrel with your vigorous prosecution of these cases," Norton told Interim U.S. Attorney Jeffrey A. Taylor in a letter Jan. 8, the day jury selection began for Gooch's trial. But in "this strongly anti-death penalty jurisdiction," she said, "there are a number of reasons to question the stepped-up death penalty prosecutions."

The U.S. attorney's office, barred from commenting on the Gooch case by a court-imposed gag order, sought the death penalty for convicted drug-gang killer Tommy Edelin in 2001. After jurors said no, Edelin got life in prison.

Two years later, when prosecutors sought capital punishment for Kevin Gray, convicted of 19 drug-related murders, and co-defendant Rodney Moore, found guilty of 10 killings, the jury deadlocked in the penalty phase, and the men got life prison terms.

"I believe that your office will continue to find it exceedingly difficult to get a jury of District residents to order the death penalty here," Norton wrote, saying "repeated prosecutions show neither a wise use of scarce resources nor a sensitivity to the needs of the communities of victims."

Selecting a "death qualified" jury -- 12 D.C. residents willing to vote for execution if the prosecution's evidence warrants it -- took a month in Gooch's case. U.S. District Judge Rosemary M. Collyer has set aside 14 weeks on her calendar for the trial.

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Many of the two dozen or so defendants indicted in the case have been convicted or have pleaded guilty and agreed to cooperate with prosecutors in exchange for reduced prison terms. The charges followed an 18-month investigation by D.C. police and the FBI involving undercover drug buys, wiretaps and hidden surveillance cameras in the neighborhood.

Gooch, on trial alone, is the only defendant facing a possible death sentence.

"Larry Gooch did not shoot anybody," defense attorney Thomas Heslep said yesterday in his opening statement. "He did not shoot at anybody. He was not a member of a drug conspiracy. . . . I'm not going to tell you he was an angel all of his life. . . . But he is factually innocent of this violence."

Soltys told a different story.

In the early hours of Aug. 1, 2000, the prosecutor said, Gooch and three other gang members visited the home of William Cunningham, a drug dealer with a stash of cocaine and cash in his apartment. They planned to rob him, Soltys said.

"When Larry Gooch saw Will Cunningham as he opened the door, Larry Gooch shot and killed Will Cunningham with a single gunshot to the head," she said. Christopher Lane, a friend of Cunningham's, was staying in the apartment. One of Gooch's cohorts chased Lane into the kitchen and shot him in the head, Soltys said.

On a September night two years later, when Miguel Miles, stoned on PCP, showed up on the gang's turf to buy drugs, he got out of a sport-utility vehicle and began behaving irrationally, flailing his arms and shouting. Soltys said Gooch ordered Miles to get back in the SUV, and Miles complied. When he got out of the vehicle again, still acting crazy, "Larry Gooch stepped off the curb and opened fire and shot Miles six times," Soltys said.

When a gang member was being arrested in a carryout restaurant in November 2002, she said, Gooch tried to distract police and help his friend escape by creating a disturbance outside. She said he fired a shot into a patrol car parked in front of the carryout, narrowly missing an officer.

Three months later, suspecting that Calvin Cooper and his girlfriend, Yolanda Miller, had been stealing drugs from the crew and cooperating with police, Gooch approached them on the street one night, Soltys said. She said he shot Miller six times, leaving her dead in a snowbank, then chased Cooper into an alley and shot him three times in the back.

"It was like a McDonald's drive-through," Soltys said of the street-corner drug trade controlled by the gang. "There was traffic all the time. . . . There were all these shootings, all this gunfire, people arrested with weapons.

"And there were murders."

Cuba Deports Top Colombian Drug Suspect (AP)

AP, February 8, 2007

BOGOTA, Colombia (AP) -- Cuba will deport reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States, a government official told The Associated Press on Wednesday.

The Colombian official said Gomez was expected to arrive in Bogota on Thursday and would be held at its heavily fortified chief prosecutor's office compound before being extradited to the United States.

An extradition order has been signed, the official said. He spoke on condition he not be further identified because he was not authorized to divulge the information.

Gomez, an alleged top boss of Colombia's Norte del Valle cartel known by his alias "Rasguno," is wanted on a U.S. indictment in New York on drug trafficking, racketeering and money-laundering charges.

He has been held in Cuba since his 2004 arrest at a Havana airport on charges of carrying a false passport. He had fled Colombia after Washington offered rewards of $5 million each for the South American country's top drug traffickers.

Gomez would be the most senior reputed drug boss extradited to the United States since Cali cartel chief Miguel Rodriguez Orejuela was extradited in March 2005.

Gomez's Miami-based attorney, Oscar Rodriguez, told the AP he had no information on the deportation and would not answer questions until he has had a chance to speak with his client.

The U.S. Embassy in Bogota had no immediate comment on the case. Cuban press officials and officials at the Colombian Embassy in Havana also did not immediately respond to requests for comment.

Cuba does not have diplomatic relations of any kind, including an extradition treaty, with the United States.

Shortly after Gomez's arrest, Cuban officials said he had been "in transit" and didn't intend to develop a local drug market in Cuba.

The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration. However, many of its top bosses have been captured in recent years and a campaign by the U.S. Treasury Department has frozen many of their assets, including front companies.

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In 2004, Colombian authorities seized $100 million worth of Gomez's assets including 68 farms, 24 offices and 17 parking lots. According to prosecutors, he went from pumping gas in 1991 to declaring property worth more than $500,000 a year later.

House Republicans Urge Change In Afghan Counternarcotics Policy (AP)

AP, February 7, 2007

WASHINGTON (AP)— Four House Republicans on Wednesday urged the Bush administration to rethink its policy on opium production in Afghanistan, saying more needs to be done to counter the growing threat of narco-terrorism.

The lawmakers, in a letter to Secretary of State Condoleezza Rice and Defense Secretary Robert Gates, said the U.S. must end its dispute with Britain over opium eradication and design a uniform counternarcotics policy with the British and NATO.

They also suggested a "ride-along policy" where Drug Enforcement Administration agents could join U.S. and international military forces in unsecured areas where the DEA is targeting illicit drugs and drug kingpins.

"It is time for some new thinking to ensure that Afghanistan does not fall into a failed narco-state status and become, once again, a safe haven for al-Qaida," wrote Rep. Ileana Ros-Lehtinen of Florida, the top Republican on the House Foreign Affairs Committee, and Reps. Mike Pence of Indiana and Elton Gallegly and Dana Rohrabacher, both from California.

Their proposal included:

Appointing a high-level coordinator of overall Afghan narco-terrorism policy.

Doing more to extradite to the U.S. major drug kingpins and drug warlords.

Giving Colombia's National Police anti-narcotic unit a greater role in training their Afghan counterparts.

Promoting Afghan trade to provide alternatives to poppy farming.

Testing the use of herbicides that do not harm the environment or humans.

White House national security spokesman Gordon Johndroe said he had not seen the letter. But he said the administration has undertaken a review of policy in Afghanistan "given the changed circumstances after five years of American assistance" and that President Bush has committed additional resources and personnel to the effort to establish a stable democracy there.

Ros-Lehtinen welcomed the administration's recently announced request for $10.6 billion over the next two years to improve Afghanistan's infrastructure, economy and security. But she said the threat from illicit drugs "will not be alleviated solely by investing more resources." The British, who are leading counternarcotic efforts in Afghanistan, have objected to U.S. eradication policy. They say it fuels the insurgency in a country where anywhere from 30 percent to 60 percent of gross domestic product comes from opium production.

An estimated 93 percent of the world's opium comes from Afghanistan. Trade in opium and heroin, much of it headed for Europe and Asia, brings in as much as $2 billion a year.

Proceeds from drug sales have allowed the Taliban and anti-U.S. forces to buy sophisticated weapons including night vision goggles and more deadly land mines.

The chairman of the House Foreign Affairs Committee, Rep. Tom Lantos, D-Calif., said in a statement that the U.S. and it allies should spend more to train police in Afghanistan and help authorities destroy drug labs and warehouses.

He suggested the possible use of U.S. military force "when necessary" against traffickers and kingpins.

On the Net:

House Foreign Affairs Committee: http://foreignaffairs.house.gov/

Another Charge Against Gun Dealer (SEATT)

By Mike Carter, Seattle Times staff reporter

Seattle Times, February 8, 2007

A federal grand jury has added another firearms-related felony charge against a Bellevue gun dealer once arrested as a material witness in the 2001 slaying of Assistant U.S. Attorney Thomas Wales.

Albert Kwok-Leung Kwan was charged Wednesday with unlawful possession of a short-barreled rifle, which carries a potential prison term of up to 10 years. Kwan earlier had been charged with possession of a machine gun.

Kwan has been scrutinized by the FBI and federal prosecutors because of evidence that he purchased two replacement gun barrels for a handgun like the one that was used to kill Wales. Kwan claims he recalls buying only one barrel, which he turned over to the federal agents. However, his attorney and court documents say he failed a FBI polygraph about the second barrel.

Agents with a task force investigating Wales' slaying say they do not think Kwan killed Wales. They are trying to determine whether he gave the second gun barrel to the person who did.

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Wales was shot to death in the basement of his Queen Anne home Oct. 11, 2001. Bullets and shell casings recovered from the crime scene indicate the weapon was an Eastern European Makarov fitted with a replacement barrel. Only about 3,500 of the barrels were sold in the United States, and the FBI has been trying to find and test them all.

The task force has investigated hundreds of leads but has focused on a Bellevue airline pilot who Wales had prosecuted for fraud in the late 1990s. Those charges eventually were dropped and he was bitter over the ordeal, according to court documents.

In January 2005, Kwan was jailed for 23 days as a material witness in the case. An avid gun collector, agents searched his home and found more than 100 weapons, including an allegedly unregistered M-14 machine gun. Kwan is free but must wear an electronic monitoring bracelet.

Attempts to contact his Washington, D.C., attorney, Joseph Conte, were unsuccessful Wednesday. Conte has accused the government of trying to pressure Kwan to remember what he did with the second barrel.

The new charge alleges he owned a Heckler & Koch VP70Z firearm fitted with a shoulder stock. Prosecutors allege the weapon is a short-barreled rifle and must be registered. Kwan's weapon was not registered, Assistant U.S. Attorney Bill Redkey said.

IMMIGRATION:

Panel: Few Changes In Asylum Procedures (AP)

By Suzanne Gamboa

The AP, February 7, 2007

WASHINGTON -- A bipartisan commission says the agency in charge of securing U.S. borders is failing to protect asylum seekers from being wrongly deported or treated like criminals.

The U.S. Commission on International Religious Freedom said in a report released Thursday that the Homeland Security Department expanded expedited removal of immigrants _ against its recommendation _ and continues to jail asylum seekers with criminals.

The commission said few of the changes it had recommended to Homeland Security Secretary Michael Chertoff have been made.

"Despite the passage of two years and a personal meeting with Secretary Chertoff and our expectation he would establish a system that both protects our borders and asylum, we are disappointed and dismayed," said Felice Gaer, the commission's chairwoman.

Stewart Baker, assistant secretary for policy at DHS, said several of the recommendations have been carried out but many "were not entirely realistic and very difficult to implement."

Asylum seekers are often detained while officials determine if their claim of persecution is credible. The commission found two years ago that some were shackled, kept in solitary confinement or strip searched.

Baker said building separate facilities only for asylum seekers and flying them to a better facility would be expensive and might serve as incentive for people to claim asylum.

The commission was required by Congress to study DHS and Justice Department asylum procedures. The 2005 study was significant because commission members were allowed to observe parts of the asylum screening process.

Mark Hetfield, director of the original study, said the commission found two years ago that DHS was not following special procedures Congress put in place to ensure legitimate asylum seekers weren't turned away as the country tightened immigration laws. Little has changed, he said.

"There's no mechanism to be sure DHS is following its own rules when it comes to asylum seekers. How do we know it's following its own rules when it comes to security?" said Hetfield, senior vice president of policy and programs at Hebrew Immigrant Aid Society.

The commission had recommended that DHS fix problems in the expedited removal process before expanding it. But DHS expanded the accelerated deportations amid growing calls for crackdowns on illegal immigration.

Under expedited removal, screeners at airports and other ports of entry can immediately send foreigners back to their country of origin if they decide the person does not have a credible fear of persecution.

"Expedited removal is probably one of the most important tools for controlling immigration that we have in our arsenal," Baker said. "It is something that has allowed us to get on top of or ahead of illegal immigration in the last two years."

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DHS did create a senior adviser on refugee and asylum policy as recommended by the commission. But commission members said he hasn't been given enough authority or resources to carry out what they recommended. Igor Timofeyev, an attorney, was named to the position.

The commission praised some of the efforts by the Justice Department to carry out its recommendations, particularly efforts to provide money to train immigration judges.

The commission said it had trouble assessing some aspects of the asylum process because DHS would not provide it with requested information.

U.S. May Be Mishandling Asylum Seekers, Panel Says (NYT)

By Rachel L. Swarns

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — A bipartisan federal commission warned on Wednesday that the Bush administration, in its zeal to secure the nation's borders and stem the tide of illegal immigrants, may be leaving asylum seekers vulnerable to deportation and harsh treatment.

The United States Commission on International Religious Freedom, which Congress asked to assess asylum regulations, found two years ago that some immigration officials were improperly processing asylum seekers for deportation. The commission, which also found that asylum seekers were often strip-searched, shackled and held in jails, called for safeguards in the system of speedy deportations known as expedited removal, to protect those fleeing persecution.

But the commission, which will issue its new findings on Thursday, says officials have failed to put into effect most of its 2005 recommendations. It says the failures come even as the Bush administration has significantly expanded efforts to detain and swiftly deport illegal immigrants from countries other than Mexico without letting them make their case before an immigration judge.

"We are clearly concerned as to whether, in addition to prioritizing secure borders, the government is ensuring fair and humane treatment of legitimate asylum seekers," said Felice D. Gaer, who is head of the commission, which was created by Congress in 1998. "We are really quite disappointed and dismayed by the lack of a response."

Senator Joseph I. Lieberman, the Connecticut independent who is chairman of the Senate Homeland Security Committee, also expressed concern about the slow pace of change. Mr. Lieberman said he planned to introduce legislation by March to require the Department of Homeland Security to adopt several of the commission's main recommendations.

Officials from the Homeland Security Department emphasized that they had put into effect some recommendations, including naming the first senior adviser for refugee and asylum policy and updating training for immigration officers, detention workers and other personnel.

But they said many other recommendations were impractical given the challenges in trying to stop illegal immigrants from pouring into the country.

"We have taken their report seriously," said Stewart A. Baker, an assistant secretary of homeland security. "But some of their recommendations just weren't practical given the enormous flood of illegal immigrants that we deal with every day."

Mr. Baker said the department looked forward to working with Mr. Lieberman and would review his measure after it had been introduced.

In its report, the commission praised the Justice Department, which oversees immigration courts, for training immigration judges on asylum law, expanding the number of legal orientation programs for detained immigrants and trying to improve immigration court decisions.

But the commission was sharply critical of the Department of Homeland Security, whose border agents and immigration officers interview asylum seekers at airports or land crossings.

Domestic security regulations require that immigration officials refer an illegal immigrant for what is known as a credible-fear interview if the immigrant indicates "an intention to apply for asylum, a fear of torture or a fear of return to his or her country." The asylum seeker is then removed from the expedited removal process so an immigration judge can review the claim.

But the commission found no evidence that domestic security officials had taken steps to ensure that agents advised immigrants to ask for such protection or to ensure that agents did not deport immigrants who express fear of deportation.

The commission also found no indication that the Department of Homeland Security had taken steps to ensure that asylum seekers were not treated like criminals while their claims were being evaluated. Mr. Stewart said that it would be too burdensome to create a separate detention program for asylum seekers and that such a system might create incentives for people to claim that they were fleeing persecution.

Eleanor Acer of Human Rights First said the failure to address such problems promptly had "real human consequences."

"Asylum seekers continue to be jailed in these prisonlike facilities for months and, in some cases, for years," Ms. Acer said.

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The commission also expressed concern that officials chose to expand the expedited removal process before addressing the problems in the handling of asylum seekers.

Nazi Hunters Pick Up The Trail Online (USAT)

By Oren Dorell, Usa Today

USA Today, February 8, 2007

Bill Gray was working as a student intern at the Simon Wiesenthal Center in Jerusalem when he decided to use the Internet to find fugitive Nazis.

Within a few hours he found five, all living in the USA.

"To think of the horrible crimes that these people committed," said Gray, 24, a Harvard student from Munster, Ind. "And to think that they were living in the United States for so long, so happily."

The Nazis whom Gray found were already known to the Justice Department. Some had been deemed too ill to prosecute, and Justice is taking a second look at the others, the center said.

Gray's use of Internet-based search engines and databases such as voting records comes at an important time. The Wiesenthal Center is making an intense push, known as "Operation: Last Chance," to find fugitives of the Holocaust and bring them to justice before they die. The center, renowned for finding scores of ex-Nazis, is also seeking collaborators, camp guards and leaders of paramilitary groups who helped round up and kill Jews and others during the Holocaust.

The effort has rolled across Europe and collected hundreds of allegations and names from Lithuania, Latvia, Estonia, Poland, Romania, Austria, Hungary and Germany. This year the program will expand to Argentina, Brazil and Chile.

The suspects are all older than 80, so any time saved by using the Internet is critical.

"It helps make my job easier," says the world's chief Nazi hunter, Efraim Zuroff, director of the Wiesenthal Center's Jerusalem office. "It helps me get up-to-date whereabouts on the current suspects."

That's what happened when Zuroff gave Gray, then a new volunteer, a list of people he had been searching for. Zuroff had compiled the list by cross-checking World War II-era U.S. refugee records with names of suspected war criminals. But Zuroff could find nothing on what happened to the people.

Gray had become familiar with search tools such as LexisNexis, Westlaw and Net Detective as a research assistant for Harvard law professor Alan Dershowitz and as an intern for the U.S. attorney's office in Chicago. He thought: Why not try using them for this?

Gray took the names and birthdates and went to work. In his quest for a Lithuanian Nazi, he first searched death records. Nothing. He looked in property records and professional licensing data. Still nothing.

Within an hour, however, he found the woman's name in U.S. voting records. Those records included a list of addresses.

Gray got a "pretty decent picture" of what the suspected Nazi did during her time in the United States, which began in the 1940s.

"Her husband had a good job. They appeared to live a very comfortable lifestyle," he said.

The woman's name was not released because she is only a suspect. She has been reported to the Justice Department and may face charges on allegations by the center that she was involved in the extermination of Jews, the center said.

Of the other suspects, Gray found that some had died, one was missing, and four were in the USA.

Dershowitz says the Internet may revolutionize the search for perpetrators of the Holocaust.

"The days of hiding are basically over," he says.

Finding ex-Nazis is just the start, however. Zuroff says what happens with the evidence and documentation they collect depends on what country receives it.

"If it's in America, we know it's in good hands," he says.

The questions that surround people identified as suspects are seen in the case of Sandor Kepiro, an officer in a Hungarian police unit that rounded up and machine-gunned more than 1,000 Jews, Serbs and Gypsies in Novi Sad, a Yugoslav area occupied by Hungary in 1942. Kepiro was convicted in the massacre but freed by Hungary's fascist regime shortly after his trial in 1944. He fled to Argentina. In 1946, the communist government of Hungary tried him again in absentia and sentenced him to 14 years. He returned to Budapest in 1996 and has denied taking an active part in the executions.

Due to Operation: Last Chance, authorities are now deciding whether he should be re-arrested.

Zuroff says that over the years he has tracked down more than 2,000 people suspected of Holocaust crimes. He hopes that the new methods will help locate a notorious fugitive: Aribert Heim.

Heim was a doctor at the Mauthausen and Buchenwald concentration camps who was suspected of killing hundreds of inmates. He slipped from U.S. detention and was practicing gynecology in Germany until 1962 when state prosecutors issued a

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warrant for his arrest and he disappeared. A reward of more than $250,000 has been offered for Heim, who Zuroff believes is hiding in South America.

Gray says it should not matter that the suspects are old. Gray had two Jewish great-grandfathers who each lost siblings in the Holocaust.

"If they're healthy, I think that these bastards have to pay for what they've done," he says.

CONGRESS-ADMINISTRATION:

2-Party Talks On Budget Fall Apart Amid Friction (NYT)

By STEVEN R. WEISMAN

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — A leading Democratic senator said Wednesday that previously undisclosed behind-the-scenes bipartisan budget talks with the administration had collapsed because of comments by Vice President Dick Cheney and others in the administration.

The senator, Kent Conrad of North Dakota, chairman of the Senate Budget Committee, also accused the administration of undercutting the possibility of talks by refusing to signal a willingness to compromise on taxes to save Social Security and Medicare or to balance the budget in the years ahead.

Mr. Conrad made his comments at a hearing with Rob Portman, director of the Office of Management and Budget, who defended the $2.9 trillion plan that the Bush administration submitted on Monday. The proposal has deep spending and benefits cuts, increased military spending and a call for continued tax cuts.

The skirmishing between Mr. Conrad and Mr. Portman reflected the extreme sensitivity of a budget two years before a presidential election.

At its root is a Democratic strategy of saying tax increases, or rescinding tax cuts, are essential to solving many fiscal problems, but demonstrating reluctance to be first to offer a specific proposal.

More specifically, Democrats fear that if they propose, and pass, tax increases, they will be vetoed and Republicans will club them over taxes for the next two years.

Democrats say tax increases might come out of bipartisan talks like those under Presidents Bill Clinton and the first George Bush.

Republicans say Mr. Bush has taken hard criticism from the conservative wing of his party for even saying he would talk with the Democrats about the budget without preconditions like ruling out tax increases.

“The question I keep putting to you is, ‘Is your side prepared to really compromise?’ ” Mr. Conrad asked Mr. Portman.

He said that Democrats had agreed to cut spending in popular retirement programs but that they needed Republicans to agree to tax increases to make possible a deal on saving them. Mr. Conrad said Mr. Portman was “divorced from reality” by not being willing to accept responsibility for tax increases.

Mr. Portman and other administration officials said afterward that there had been preliminary talks with Mr. Conrad and Senator Judd Gregg of New Hampshire, the ranking Republican on the budget panel, but that the talks had not gone far.

In a phone interview, Mr. Portman said Wednesday that President Bush had sought to help the atmosphere by rejecting “preconditions” for the talks. Mr. Portman said the demand for a signal of willingness to accept tax increases was such a condition.

“The president supports the idea of a bipartisan process to address the longer-term budget problems, including entitlements,” Mr. Portman said. “I also commend Chairman Conrad and Senator Gregg for their interest, because when you start a process like that, it entails risks.”

Mr. Conrad, also in a telephone interview, said that “back-channel communications” with Mr. Portman and Treasury Secretary Henry M. Paulson Jr. had made headway but that Mr. Cheney undercut progress by saying last month that the administration still opposed tax increases.

“We were very close to getting ready, at least on the Senate side, to be able to go forward,” Mr. Conrad said. “Now what’s happened, behind the scenes, is that the talks have collapsed.” Administration officials said Mr. Cheney had meant only to say the administration had its own ideas, including preserving tax cuts and setting up individual investment accounts to replace Social Security for some future retirees.

Spratt Rallies His Team On Budget (RC)

By Emily Pierce

DOJ_NMG_0129595

Roll Call, February 8, 2007

House Budget Chairman John Spratt (D-S.C.) is quietly and methodically laying the groundwork to build support across the Democratic Caucus for a 2008 budget resolution that he hasn't even written yet.

Given the difficulties both parties have faced in recent years getting their Members to support a single, expansive blueprint that provides plenty of room for disagreement, Spratt said he already has engaged Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.) in his plan to convince the diverse Caucus to help him pass a five-year balanced budget plan this spring.

"We've already started working the Caucus for support of a budget resolution, the concept of a budget resolution," Spratt said in an interview Tuesday. "As I tell my Democratic colleagues, 'If you can't budget, you can't govern.'"

Hoyer plans to sit in on meetings between Spratt and Democratic committee chairmen, which Spratt said would be his first priority. Spratt said he would be asking committee chairmen what they would like a budget resolution to facilitate as well as what kinds of revenue raisers — including possible tax increases — they might be able to draw up as part of a potential budget reconciliation package.

Meanwhile, Spratt will be meeting, as he usually does, with different Democratic Party factions such as the moderate-to-conservative Blue Dogs, the New Democrats and the Progressive Caucus to press them to support a budget resolution.

Those meetings will be key, he said, because he does not want to run his budget "up the flag pole" to see if it flies. "We'll do a lot of flag drills before we bring it to the floor," he said.

Spratt said his job is much harder this year because previous Democratic budgets primarily were used as documents to register the party's opposition to the former Republican majority's budget priorities and often they didn't even get the votes of all Democrats — a situation Spratt said he is determined to avoid this year.

"We're putting together a budget that's got to work," Spratt said. "This is not a statement or a symbol."

He said Democratic leaders would be key to passing any budget this year — a fact that has not been lost on Pelosi or Hoyer.

"Certainly, there's a realization that this budget is very different from budgets we put together in the past," said one House Democratic leadership aide. "There's a higher bar to reach. It's going to become law."

That's why Spratt said he's putting such a premium on his meetings with Democratic committee chairmen.

Tops on his list will be meeting with House Ways and Means Chairman Charlie Rangel (N.Y.), considering Rangel likely will be charged with finding ways to save money under Medicare and Medicaid, as well as possibly drafting targeted tax increases.

Spratt said he would "like to do it without raising taxes," but acknowledged that may be hard to do. Still, he noted, "Nobody in the Democratic Party is pushing me to come up with new taxes to pay for a balanced budget."

He said he instead would be looking to reduce some Medicare payments to managed care providers as well as enacting some of the user fees proposed in the president's recently released 2008 budget.

Spratt said attempts by the White House and Republicans in Congress to frame the budget debate as one that challenges Democrats to balance the budget in five years without raising taxes — as the president's budget claims to do — is a red herring.

"It's not a real challenge," he said. "They haven't done what they're calling on others to do."

Spratt said the White House's refusal to include a permanent solution for the alternative minimum tax, which is increasingly ensnaring middle-income taxpayers rather than the wealthy ones it was designed to target, is just one example of how the president's budget does not live up to its hype. If a permanent fix for the AMT had been included, the president could not have counted as revenues the money those middle-income taxpayers will owe.

"They're booking those revenues and not acknowledging that it's a tax increase on middle-class" taxpayers, said Spratt.

Still, Spratt acknowledged that Democrats, and himself in particular, are going to have a tough time balancing the budget with relatively limited funds.

Spratt said the first problem for him is that he will not be following the president's budget, which assumes that revenues coming into the government will be higher than those projected by the Congressional Budget Office. He'll be using the lower CBO estimates, instead.

"Anyone who uses the CBO baseline is going to be at a disadvantage from the start," he said. In just the past year of the president's five-year budget, the difference between the White House's projected revenues and CBO's is a whopping $155 billion.

But he said that no matter the challenges to drafting a balanced five-year budget, he wants to do what Republicans were unable to do last year — get an actual budget passed through both chambers.

"We want to draw a distinction between us and them," he said.

Democrats Likely To Take Cue From Bush On Budget (FT)

By Eoin Callan In Washington

Financial Times, February 8, 2007

Democrats were scathing this week as they grilled senior administration officials over President George W. Bush's proposal to balance the budget four years after he leaves office.

Party leaders said the president's budget was filled with "debt and deception" and "disconnected from reality". But Democrats will almost undoubtedly mimic these alleged sleights of hand to conceal cracks in the US fiscal outlook when they present their own budget proposals next month.

Party strategists said their proposals were still taking shape and would not be agreed until key committee chairmen met to work out the details by March 15. The plans would again be overhauled after that to produce a budget for next year in time for the real work of appropriating spending that gets under way in June.

But the budget priorities emerging at this early stage in the process suggest the party will postpone tackling many of the most divisive fiscal dilemmas facing policymakers – including changes to costly entitlement programmes and the president's $1,700bn (£867bn) tax cuts.

Hank Paulson, US Treasury secretary, acknowledged on Wednesday that neither party appeared ready to discuss big tax reform. "In terms of fundamental tax reform, maybe we will get to do that in the next two years," he told a congressional budget committee.

But the Democrats are likely to quickly throw off many of Mr Bush's proposed spending cuts, including a below-inflation cap on discretionary spending increases of 1 per cent.

Steny Hoyer, majority leader in the House of Representatives, said: "A 1 per cent freeze on domestic spending is a cut in almost every item on domestic discretionary spending."

However, the Democrats are unlikely to dismiss the administration's proposal to reduce rapidly rising spending on healthcare by $100bn in the coming years.

They are likely to agree on the needs for cuts, but may spend the savings on health insurance programmes for poor children rather than a proposed $1,500 per person tax cut to encourage private medical coverage.

Senior party figures said Democrats' proposal would include two of the most heavily criticised aspects of the president's budget: the off-balance sheet treatment of future war costs and the omission of tax relief for the middle class – regarded as inevitable by both parties.

Mr Hoyer said "on those two at least we will probably track the president", adding the party would tell the public: "Look, this is not the way we ought to be doing it." This approach will do little to answer economists who question the reliability of Republican and Democratic claims to be able to balance the budget by 2012.

Budget Keeps Tabs On Computer Security Risks (WP)

By Stephen Barr

Washington Post, February 8, 2007

When the president releases a new budget, Karen Evans finds herself in demand.

She draws a crowd because, as the government's high-tech policy chief, she oversees big money for computer systems and other information technology investments. The fiscal 2008 budget proposes spending $65.5 billion on technology -- a handsome chunk of change by almost any standard.

In recent days, Evans has briefed more than 150 industry executives on federal technology spending plans, provided budget highlights to congressional committees, talked to industry associations, and conducted press briefings for East Coast and West Coast publications. Another corporate briefing is being planned for tech executives who could not be crowded into the first session.

Yesterday, between rattling off budget numbers and explaining policy procedures, Evans, the administrator of e-government and information technology for the Office of Management and Budget, made clear that she's watching how agencies perform and stands ready to help any in danger of bungling projects.

For the first time, President Bush's budget includes a "management watch list" of technology projects that have been poorly managed or may be vulnerable to hackers or some other security problem, Evans said.

For 2008, 346 of 840 major technology investment programs and projects are on the watch list. Evans estimated spending on the 346 programs at $14.4 billion.

She has updated a lengthy list of high-risk technology projects, though some are included only because they require coordination among multiple agencies and need more oversight. The list includes 25 e-gov initiatives that have required additional discussions with the House and Senate Appropriations committees.

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There is no estimate of how much these projects cost because agencies are still compiling data for the OMB. But Evans said the incomplete tally stands at $9.1 billion.

The two lists have been compiled in previous years but did not become part of the public record until last year, when Sen. Tom Coburn (R-Okla.) pressed for their release. The management watch list for troubled projects, in particular, is no longer hidden, assuming budget-watchers make it to Chapter 9 of the "Analytical Perspectives" budget book.

In addition to the recurring concerns about whether big computer upgrades and other technology projects are running over budget or taking too long, the government had to deal with a series of high-profile data security breaches last year.

One notable case involved the theft of a Veterans Affairs Department laptop and external hard drive from an analyst's home, raising concerns that the burglary had put at risk the names and Social Security numbers of millions of veterans. Officials later concluded that the data had not been accessed.

Evans said yesterday that agencies are making progress on improving their cyber-security, at least from a statistical standpoint. The percentage of systems that have been certified and accredited for security controls and contingency plans has increased markedly, she said.

But reviews by agency inspectors general found 11 of the 26 agencies had not made satisfactory progress on their plans to resolve cyber-security problems or did not have an effective process in place to identify and correct security weaknesses, according to the OMB.

Overall, fiscal 2008 spending on information technology in the government is increasing 2.6 percent from what Bush sought in fiscal 2007.

Some agencies would get substantial increases: The budget calls for a 45.5 percent boost for the Nuclear Regulatory Commission (to help find alternative energy sources) and a 23.4 percent boost for the Treasury Department (to improve tax collection systems).

But the technology budget would fall by 1.1 percent, to $4.11 billion, at the Department of Homeland Security. Evans said the $44 million reduction would not hinder the fight against terrorism because the department was given significant increases in previous years.

Under the president's budget, she said, the government would spend about $46 billion this year on maintaining technology systems that support agency missions, and about $20 billion on projects to modernize or develop computer systems.

EDITORIAL: Mr. Bush's Improbable Budget (NYT)

The New York Times, February 8, 2007

President Bush claims that his new $2.9 trillion budget request is a tough-minded plan for balancing the books by 2012. In reality, it's a smokescreen for making Mr. Bush's tax cuts permanent — and either hollowing out the government in the process or digging the country deeper into debt.

The budget is based on a series of improbable, if not dishonest, assumptions. To make it appear as if the tax cuts are affordable in the near term, it assumes that the Pentagon will not spend a single penny on Iraq or Afghanistan after 2009. It also assumes there will be no costs for fixing the alternative minimum tax after this year, even though Mr. Bush and virtually every politician in America is committed to such relief.

The new budget would also slash key entitlement programs and punish many of the country's most vulnerable citizens. Sharp reductions are envisioned for Medicare, with cuts of $66 billion over five years, and Medicaid, down approximately $11 billion. Some of the Medicare proposals could serve as useful starting points for a debate on controlling costs through such steps as raising premiums for high-income beneficiaries. But the Medicaid cuts would be largely counterproductive. At a time when the number of uninsured children is rising, the cuts would force many states to reduce their Medicaid rolls.

Mr. Bush's budget would also take an ax to most other domestic spending. One program that would be gone entirely in 2008 provides monthly bags of groceries, each worth less than $20, to 440,000 needy elderly people. The $99 million block grant to states to help pay for preventive health care would also be eliminated. Other cuts — in Head Start, veterans' health care, environmental protection, scientific research, low-income housing and heating assistance, to name a few — would start in 2008 and grow, totaling $114 billion over five years. Such cuts would be shortsighted and cruel. They would also be politically impossible to enact — further exposing Mr. Bush's budget as the sham it is.

Even if they were achievable, the proposed spending reductions would be grossly unfair. Government programs that serve middle-class and low-income Americans would be slashed to offset the cost of extending tax cuts that favor the rich. In 2012 alone, the president's new budget would cut domestic discretionary spending by $34 billion, while tax cuts for households with incomes above $1 million would total $73 billion. In all, by 2012, 20 percent of the tax cuts would go to that richest sliver of Americans; one-third of the benefits would go to households with incomes over $400,000.

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Mr. Bush's new budget has a few worthwhile nuggets, like a proposed increase in Pell grants for low-income college students and a jump in the funds for AIDS treatment worldwide. In drafting a real budget, Congress can take those items from the president's version, and jettison the rest.

Bush's Course On Budget Parallels Iraq (WSJ)

By David Wessel

The Wall Street Journal, February 8, 2007

The numbers in President Bush's budget add up -- arithmetically. If his assumptions come true, the deficit will evaporate in 2012.

But there are a lot of ifs -- if Iraq and Afghanistan cost only $50 billion in 2009 and nothing thereafter; if the president and Congress hold growth in annually appropriated domestic spending well below inflation; if they let the alternative minimum tax reach deeper into the middle class or raise taxes on others to prevent that; if Congress squeezes $66 billion (4%) from Medicare over five years.

OK. Give him a break. A presidential budget is an opening bid, not an attempt at stating a consensus.

But is it sound? If former Republican Treasury Secretary James A. Baker III and former Democratic Rep. Lee Hamilton led a budget commission like their Iraq Study Group, what would they say?

They would hardly need to rewrite their cover letter. "There is no magic formula … . However, there are actions that can be taken to improve the situation and protect American interests," they said in the Iraq report. "Many Americans are dissatisfied, not just with the situation...but with the state of our political debate … . Our country deserves a debate that prizes substance over rhetoric, and a policy that is adequately funded and sustainable."

William Gale of the Brookings Institution think tank -- populated by deficit-fearing Democratic wonks who have been trying to find common ground with deficit-fearing Republican wonks -- has been thinking a lot lately about the parallels between Mr. Bush on Iraq and Mr. Bush on the budget.

"The Bush administration's two signature policies have been the war in Iraq and consistent pressure for tax cuts," he argues. "On the surface, they look quite different and were advocated by different parts of the administration. Look a little deeper and some common patterns emerge -- so maybe this says something about the principles or management style of the Bush administration."

It is a provocative and illuminating exercise. Let Mr. Gale kick it off: The president took the U.S. into Iraq with "falsely rosy scenarios" about the post-Saddam landscape there, he says. Mr. Bush built his tax cuts in 2001 on a similarly unrealistic hope that the budget surplus was large enough to cut taxes without creating deficits.

Let us keep going. As Iraq proved different and more difficult than anticipated, and contingency planning was regarded by the Bush White House as a sign of weakness, rather than prudence, Mr. Bush vowed to "stay the course." When then-Treasury Secretary Paul O'Neill and Federal Reserve Chairman Alan Greenspan argued for "triggers" to undo tax cuts if budget reality didn't match projections, the White House scoffed. Even when the Sept. 11, 2001, attacks and the wars in Iraq and Afghanistan drove spending on homeland security and the military far above projections, Mr. Bush didn't revisit his fiscal strategy.

Smart critics, even inside the administration, were disregarded and shunned. (Gen. Eric Shinseki on troops levels in Iraq, Treasury Secretary O'Neill on deficits.) Only true believers remained to give the president advice. Eventually, Mr. Bush changed his team -- hiring new secretaries of defense and Treasury -- but too late to get credit from the public or to forge bipartisan consensus in Congress.

Imagine what might have happened differently had Mr. Bush installed Josh Bolten as chief of staff, Rob Portman as budget director and Hank Paulson as Treasury secretary at the start of his second term, instead of waiting two years. Might the conversation on Mr. Bush's ideas for limiting tax breaks for health insurance be bearing fruit, not just taking shape?

Might overhauling the tax code be a legislative issue instead of the title of another report gathering dust on Treasury bookshelves? Might Mr. Bush have something besides scars to show for his call to fix Social Security? Might he have a shot at leaving the nation's long-term fiscal health better than he found it, instead of leaving a deeper hole for his successors?

OK. Take a breath. The U.S. economy is not Iraq, and today's headlines are upbeat: The economy's vigor is producing tax revenue that is keeping today's deficits in check, and the unabated willingness of foreigners to lend to the U.S. is keeping interest rates down.

But look ahead, and there is an unwelcome parallel between Iraq and the budget. Current policy is unsustainable, but there is no easy way out. Extend the president's tax cuts beyond their scheduled expiration in 2009 and 2010, and the fiscal hole is enormous. Let them expire, and the tax increases could derail the economy.

Messrs. Baker and Hamilton had little apparent effect on the president's Iraq policy. Maybe they would have better luck on economics.

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Earmarks Under Fire (RC)

By John Stanton

Roll Call, February 8, 2007

Senate Republican budget hawks are urging President Bush to use an executive order or presidential signing statement to block some of their fellow lawmakers from adding earmarks or pet projects to the fiscal 2007 continuing resolution.

The Senators' call for help from the Bush administration comes as Senators, House Members and K Street lobbyists have begun pushing agencies to ensure funding for earmarks included in appropriations bills passed by the two chambers last year but never sent to the president.

In a Feb. 7 letter to Bush, the group of fiscal conservatives led by GOP Sens. Jim DeMint (S.C.) and Tom Coburn (Okla.) urged Bush to make good on his State of the Union pledge to oppose earmarks.

Noting that Bush "articulated a forceful policy to reform non-legislative earmarks" in future appropriations bills, the letter calls on the "administration [to] take an equally strong stance with regard to [the CR], to clarify that agencies of your administration will not be bound or give any preference to earmarks contained in committee reports or in direct communications from Members of Congress or their staff."

The group has asked Office of Management and Budget Director Rob Portman in private meetings to urge Bush to use either an executive order or signing statement to explicitly prohibit agency officials from using funds in the CR to pay for these projects and programs unless they are in the national interest, an aide to one of the lawmakers said.

It is highly unusual for Members of Congress to seek a signing statement essentially undercutting the efforts of their colleagues, and it comes at a time when Bush's use of the controversial tool is under intense scrutiny in the House and Senate.

DeMint told reporters Wednesday that he and other conservatives have become increasingly concerned with the likelihood that Members will use their influence with federal agencies to "back-fund" earmarks included either in committee reports last year or multiyear earmarks that were included in the fiscal 2005 or fiscal 2006 spending bills.

DeMint said discussions with Portman and other administration officials led the group to "feel confident they will not honor nonauthorized earmarks." But the conservative lawmakers also are asking for direct involvement from the White House to make clear that the administration's policy is to oppose earmarks in general, he said.

DeMint acknowledged that blocking funding for earmarks included in committee reports from last year — which were written while both chambers were controlled by the GOP — could be politically costly in Republican-leaning states and districts. But he said this step is necessary to restore the integrity of the federal appropriations system, regardless of the near-term political pain. "Whether it's Republican or Democrat, a lot of us feel this had gotten so far [out of control] ... that we just felt we had to stop it."

An aide to Senate Appropriations Chairman Robert Byrd (D-W.Va.) dismissed the bid, noting Byrd and House Appropriations Chairman David Obey (D-Wis.) wrote the CR to eliminate earmarks and that they expected no funds to be used for them. "Sen. Byrd and Congressman Obey made it clear ... that there are to be no earmarks in this legislation," the aide said, adding that there is "no expectation that earmarks from previous years will continue" under the bill.

Meanwhile, it appears unlikely that Republicans will mount an effort to filibuster the CR over the next week and a half, although several lawmakers are expected to use procedural moves to drag out debate up to the Feb. 15 deadline for passing the measure. Despite dire warnings over the past week from Senate Majority Leader Harry Reid (D-Nev.) that the GOP would attempt to block the bill, lawmakers and leadership aides said no such move is in the offing.

One GOP leadership aide said that while Coburn and at least one other Member could use procedural hurdles to slow consideration, the Republican Conference has no interest in forcing a showdown with Reid that could result in a repeat of the 1995 government shutdown that hurt Republicans politically.

"Shutting down the government always goes really well for us," the aide quipped.

House Readies A Tax Compromise (WSJ)

By Sarah Lueck

The Wall Street Journal, February 8, 2007

WASHINGTON -- House Democrats are preparing a $1 billion package of small-business tax breaks to be paired with an increase in the federal minimum wage, hoping to break a stalemate with the Senate over one of their top legislative priorities.

In doing so, the House is likely to avoid many of the revenue increases passed by the Senate in its small-business tax package, increases that have caused heartburn for business groups and lawmakers in both parties.

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The House package is far smaller than the $8 billion, 10-year package of tax breaks the Senate approved last week as part of its minimum-wage-increase package. Still, it represents a nod by the House to the Senate's insistence that tax breaks are needed to get Republican support sufficient to enact a phased-in, $2.10-an-hour increase in the minimum wage.

The House Ways and Means Committee is set to consider the package as early as Monday, which could pave the way for full House action later in the week. Passage of a tax bill in the House would solve a major procedural issue that had been holding up progress on the minimum-wage increase.

The House package also moves the two chambers closer on substance, although many differences remain. In January, the House easily passed a minimum-wage increase without any tax breaks, and many Democrats there had said the Senate ought to do the same.

The House's tax breaks would be offset with revenue increases, House aides said. But, in a bright spot for business groups, the pared-down approach means the House will be able to avoid many of the Senate-passed offsets that businesses are lobbying against, such as new limits on the amount an employee could place in certain tax-deferred-compensation plans. Some House lawmakers, including Ways and Means Chairman Charles Rangel (D., N.Y.) and Rep. Jim McCrery (R., La.), have been leery of the some of the offsets passed by the Senate.

The House package is still in flux, House aides said, but it will propose from $1 billion to $1.5 billion over 10 years in breaks for small businesses affected by the minimum-wage increase. Among the tax sweeteners being considered: an extension of a credit for companies that hire disadvantaged workers and an extension of more generous expense write-offs. Another provision the House may consider would use a tax credit to offset the extra income tax that restaurants would pay on workers' tips if the minimum wage increases.

To pay for such changes, it's also likely the House will look to reduce the so-called "tax gap," the amount of revenue the government is legally entitled to collect but doesn't.

Along with the Senate-passed changes in the tax treatment of executive pay, the House is also likely to avoid a restriction on a tax shelter known as a "sale-in, lease-out," or SILO transaction. In SILO transactions, a tax-exempt entity such as a city government sells property to an investor and then leases the property back for use. The investor, in turn, can take advantage of tax breaks associated with the property that wouldn't benefit the seller.

The Senate restriction would have hit banks that have entered into such transactions.

Sudden Reversal (WSJ)

By Mitch Mcconnell

The Wall Street Journal, February 8, 2007

The Medicare drug benefit that Congress passed in 2003 and which took effect last January has exceeded every expectation. Not only is the program more popular than we imagined, it is also more flexible and less expensive. Of the 39 million seniors with prescription drug coverage, about 24 million have already signed up for the benefit, called Part D. Many of the remaining 15 million get an indirect subsidy from Part D through their pre-existing plans. Four out of five enrolled say they are satisfied, and why wouldn't they be? Monthly premiums, expected to cost $37, average $22. Part D is honored at 55,000 neighborhood pharmacies nationwide. Those who prefer home delivery can arrange for that, too. And critically, it covers nearly every drug approved by the FDA.

Nevertheless, some in Congress want to make over Part D to resemble the drug benefit program of the Veterans Administration, where the government sets a price on drugs that it can get at the cheapest rate and limits access to those it can't. As a result, the VA benefit excludes three out of four drugs available through Part D, including some of the most innovative treatments for arthritis, high cholesterol, breast cancer and other ailments. Retired veterans who want Crestor, Humira or Revlimid have to go elsewhere or go without. It also takes three years for new drugs to make it onto the VA's list; and enrollees can only directly fill prescriptions at about 350 government-run facilities nationwide. No wonder more than one million retired veterans have signed up for Medicare in the last year alone.

Why the difference between the programs? Unlike the VA benefit, Part D partners with a number of private-sector drug plans that were already negotiating prices with drug makers in other markets. Costs are then driven down even further from competition among plans. The savings flow not just to seniors, but to every taxpaying American. Part D has already cost $7 billion less than originally expected. It is now projected to cost another $113 billion less over the next 10 years. When was the last time a government program ended up costing less than projected?

All of which brings us back to the Medicare bill that Democrats recently passed in the House, which would scrap the competitive pricing mechanism that has made Part D such a success. The Democrats' Senate version is short on details; but its call for senators to express their "sense" that Part D should be changed is a clear sign of what's in store. This, despite the

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findings of the nonpartisan Congressional Budget Office, along with every other major study of the issue, which say that fixing prices won't lead to lower costs -- just fewer options.

Both parties used to oppose rationing. For example, Tom Daschle, the former Democratic Senate Majority Leader, proposed a reform in 2000 that called on health plans to bargain on behalf of seniors. Bill Clinton's Health and Human Services Secretary Donna Shalala argued for the same thing.

The sudden reversal is a mystery. Are Democrats unaware of their history on the issue? Are they unaware of the facts? Ultimately, the answer to these questions doesn't matter. More than 30 million seniors say they are happy with the drug benefit we put together four years ago, and Republicans are eager to defend it. Even if we can't imagine why it's being threatened in the first place.

Mr. McConnell is the Senate Republican leader.

Faculty Resists Vote On Bush Institute (NYT)

The New York Times, February 8, 2007

The Faculty Senate at Southern Methodist University in Dallas rejected a proposal yesterday for a faculty referendum on plans for an independent policy institute on campus that would accompany President Bush's future library and museum.

The university learned on Dec. 21 that it was the favored site for the Bush library, museum and policy institute. Then in late January, more than 170 faculty members, about a quarter of the full-time professors on campus, signed a petition calling for a referendum because the proposed institute would be controlled by the Bush Foundation, not the university.

But after extensive debate largely on procedural matters, the call for a referendum failed with some original petitioners voting against it.

Other faculty members and many students have expressed support for the institute and library.

Last week, the university's chapter of the Young Conservatives of Texas student group gathered nearly 700 signatures in support of the Bush library.

Controversy Clouds Pelosi's Air Travel (LAT)

By Faye Fiore And Julian E. Barnes

The Los Angeles Times, February 8, 2007

Washington — House Speaker Nancy Pelosi's people say she just wants to get home to California now and then and would like to do it in a plane that can make it all the way without stopping to refuel.

Pelosi's conservative critics say the San Francisco Democrat is abusing the perks of power by attempting to commandeer a fancy jumbo-size military jet with a "distinguished visitor compartment with sleep accommodations."

The flap over how the House speaker gets around has been circling over Washington since last week, but was largely ignored until Wednesday when, as things tend to do on a slow news day in the nation's capital, it exploded.

"Flying Lincoln bedroom," Minority Whip Roy Blunt of Missouri cried in an story stripped across the top of the conservative-leaning Washington Times.

"Pelosi One," Republican Rep. Patrick T. McHenry of North Carolina quipped in the same article.

"Ridiculous," countered Brendan Daly, Pelosi's chief spokesman, after his boss was peppered with questions at the tail end of an event that was supposed to be a photo op with Iraq war veterans.

At issue is what kind of aircraft the House speaker -- second in line to the presidency -- should use to get around the country, a question that was a lot less complicated before Sept. 11, 2001. For years, speakers flew commercial like everybody else in Congress. But after the terrorist attacks it was deemed that anyone two heartbeats away was important enough to warrant a military jet.

Until now, the only speaker affected was Republican J. Dennis Hastert, who commuted to his Illinois district in small executive-style military jets.

But Pelosi has to go all the way to San Francisco, and the executive jets can only make the trip without refueling if weather conditions are ideal.

The only military passenger plane that can make the flight in any weather and also provide the communications necessary to stay in contact with the White House is the bigger and costlier C-40 -- described by the Air Force as an "office in the sky" with beds, two galleys and business-class seating.

It's this plane that critics have flogged for a week in an attempt to paint the wealthy speaker as a San Francisco elitist who wants to fly around in splendor with her family and friends.

"Pelosi's abuse of power continues," McHenry thundered in a news release, "now she's exploiting America's armed forces and taxpayers for her own personal convenience."

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So far, Pelosi hasn't used one of the big jets that has caused all the fuss.

In her single trip home as speaker since being sworn in Jan. 4, she flew commercial to San Francisco and took a military 12-seater back to Washington. It made it without refueling, thanks to headwinds, officials said.

She did, however, ask to use a military plane to go to a recent retreat of House Democrats in Williamsburg, Va., less than a three-hour drive from the capital. The request was denied and Pelosi took the train with everybody else.

The controversy caught up with Pelosi Wednesday when a photo session intended to discredit President Bush's planned troop buildup in Iraq backfired and she was forced to address a subject she would rather have ignored.

"That has nothing to do with family and friends and everything to do with security," a perturbed Pelosi explained. "It's a question of distance."

Then her aides cut off questions.

The Defense Department delivered a letter to Pelosi late Wednesday that "offers her, as a courtesy, the same provisions to travel that speaker Hastert had," said a senior Defense official who spoke on background because he did not want to anger the speaker. The official said that Pelosi would be offered the use of available aircraft, which could sometimes include the larger plane.

Daly would not elaborate on the letter, saying it was being "reviewed."

Military officials said in interviews that there are more VIPs looking for rides than there are planes available to carry them. There is, after all, a war on.

"It's not that the Air Force doesn't want to fly the speaker," said an Air Force officer who declined to be named because she didn't want to appear to take sides in a political fight.

Air Force officials say at least 21 people can theoretically request to use the C-40s. There are only four of the planes. The 89th Airlift Wing at Andrews Air Force Base near Washington has two and the Air National Guard also has two.

Those who want them include: the chairman of the Joint Chiefs of Staff, Cabinet secretaries and the seven commanders who oversee military operations around the world. In addition, the planes are regularly used to fly congressional delegations to military theaters.

One reason to fly the speaker of the House in a military plane, according to the Pentagon, is to enable her to stay in touch with the White House.

Hastert flew in the military's smaller jets: the C-20, a version of a 12-seat Gulfstream; the C-21, a version of a six-seat Learjet; and the C-37, a version of a 12-seat Gulfstream. But those planes can only make it cross-country nonstop under ideal weather conditions, with no serious headwinds.

Hastert, according to a military official, usually traveled with up to three staff members and two members of the Capitol Police. Occasionally his wife, Jean, came along, too, Air Force officials said.

Pelosi supporters charge that the controversy is being fueled by GOP opponents who are still burning over an election loss that stemmed from Pelosi's charges of a "culture of corruption" in Congress.

"It's one of the things they are still very raw from ... and that's part of the root of this -- to make her the symbol of Democratic entitlement, Democratic abuses," said Anita Dunn, a Washington Democratic strategist.

But it was under Pelosi's leadership that the House banned the use of corporate jets at bargain prices by lawmakers as part of its much-touted ethics reform package, leading critics to brand her a hypocrite.

Pelosi said Wednesday she would just as soon fly commercial, but security rules won't allow it. Aides note that she is so mindful of not misusing the powers of office that when she recently encountered a wild bird in her Georgetown condo, she called the super rather than the security detail downstairs. In fact, they noted, the speaker herself caught the bird in a brown bag.

The House sergeant-at-arms originally advised Pelosi that Hastert had used a military plane and recommended that she use one that didn't need to refuel. That prompted her office to request clarification of the rules, Daly said, noting that she never actually requested a specific plane.

Daly acknowledged, however, that Pelosi has inquired whether family and friends can fly with her on business travel. A mother of five and grandmother of six, Pelosi's family often accompanies her on the road.

The flare-up clearly rankled Pelosi and her staff Wednesday.

When the Los Angeles Times asked for copies of correspondence between her office and relevant agencies about any transportation requests, Daly's e-mail response was curt: "no."

Times staff writer Richard Simon contributed to this report.

Republicans Balk At Pelosi's Request For A New Plane (MCT)

By Margaret Talev

McClatchy Newspapers, February 8, 2007

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WASHINGTON - Everybody, including the woman who's at the center of Washington's latest tempest in a teapot, agrees on this much: The Pentagon was considering a request to give House Speaker Nancy Pelosi access to a bigger Air Force jet than previous speakers had.

From there, the story lines diverge, much like flight routes heading east versus west.

Republicans charge that she's trying to abuse the privileges of office. Pelosi, a California Democrat, denies doing anything wrong and says such slurs could be coming only from the White House.

"It has nothing to do with family and friends and everything to do about security," Pelosi said Wednesday.

Still, it's a potential image problem for the first female speaker - already caricatured for her wealth, love of designer clothes and chocolate obsession - to be portrayed as thinking she deserves her own Air Force Three.

Rep. Adam H. Putnam, R-Fla., the chairman of the House Republican Conference, wants an investigation. "It's an extravagance of power the taxpayers won't swallow," he said.

Republican complaints about Pelosi's jet draw on recent articles in The Washington Times, a conservative newspaper in the nation's capital, that cited unnamed sources.

Rep. Jeb Hensarling, R-Texas, the chairman of the Republican Study Committee, isn't waiting for an investigation. His group sent out a news release with a photo of a C-32 jet, the military version of Boeing's 757-200 jetliner, and this question: "During a week in which Democrats are pushing a resolution that states, `it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq,' they believe that securing Speaker Pelosi the military plane pictured below . . . is in the national interest?"

Pelosi denies any impropriety.

"The only misrepresentations could be coming from the administration and one would only have to wonder why. . . . I know it's not coming from the president of the United States because he has impressed upon me over and over again the need for me to have the security that I need," she said Wednesday.

Pelosi and her aides said 12-seat Air Force jets - the kind that Republican former House Speaker Dennis Hastert used to get home to Illinois - can't always get to California without refueling, a claim confirmed by an Air Force official who spoke on condition of anonymity because of the political sensitivities involved.

Pelosi also says that not flying commercial is a matter of personal and perhaps national security, as the House speaker is second in the line of succession to the presidency, after the vice president.

Navy Cmdr. Jeffrey Gordon said Wednesday night that the Defense Department has notified Pelosi in writing that she would have access to the same jet service as Hastert had.

"She will be offered shuttle service for no more than 10 passengers between Washington and San Francisco only based on aircraft availability," Gordon said. "This does not guarantee nonstop transport."

Pelosi spokesman Brendan Daly said the speaker's office was reviewing the letter and that it appreciated "the Defense Department's continuing concern for the speaker's security."

It's unclear whether the Defense Department's letter ends the issue or whether negotiations would continue.

Publicly, the White House took a stance somewhere between neutral and supportive of Pelosi. White House spokesman Tony Snow said that after the Sept. 11, 2001, terrorist attacks, the White House and Defense Department agreed that House speakers should have military transport.

"And so what is going on is that the Department of Defense is going through its rules and regulations and having conversations with the speaker about it."

Murtha said he'd sought jet privileges for every Democratic House speaker since Tip O'Neill, D-Mass., in the late `70s, and never threatened anyone.

Pelosi spokesman Brendan Daly said the speaker had used an Air Force jet only once to fly back from California and "she never asked for supporters on the plane."

Pelosi requested a jet to fly to a Democratic retreat last week in Williamsburg, Va., saying she thought that Hastert had used a jet similarly, but her request was rejected.

Pentagon Limits Pelosi Jet Size (WT)

By Charles Hurt And Rowan Scarborough

The Washington Times, February 8, 2007

The Department of Defense yesterday sent a letter to House Speaker Nancy Pelosi that puts limits on the size of the plane she may use to travel across the country and restricts the guests she can bring, The Washington Times has learned.

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A congressional source who read the letter signed by Assistant Secretary of Defense Robert Wilkie said it essentially limits her to the commuter plane used by former Speaker J. Dennis Hastert, which requires refueling to travel from Washington to Mrs. Pelosi's San Francisco district. A second source, in the Bush administration, confirmed the contents of the letter.

The Washington Times first reported last week that Mrs. Pelosi's staff was pressing the Department of Defense for an Air Force aircraft large enough to fly nonstop to San Francisco. She also has pressed to be able to include other members of the California congressional delegation, her family members and her staff on the plane.

"It's not a question of size. It's a question of distance," Mrs. Pelosi told reporters yesterday. "We want an aircraft that can reach California."

Earlier, Mrs. Pelosi did not comment on the matter but yesterday began a counteroffensive accusing the Bush administration of twisting the story.

These "misrepresentations could be coming from the administration," she told reporters yesterday.

"One would only have to wonder why," she said, though adding that she did not suspect President Bush "because he has impressed upon me over and over again the need for me to have the security that I need."

The letter from the Pentagon yesterday cites specific U.S. Code that government policy does not include the routine use of military aircraft for the speaker of the House.

"Nonstop service is not guaranteed, meaning she's getting Hastert's plane and nothing bigger," the congressional source said, referring to the commuter jet Mr. Hastert began using for security reasons after the September 11 terrorist attacks.

But the administration official said Mrs. Pelosi "wanted to be able to fly between Washington and the West Coast nonstop."

The letter leaves open the possibility that Mrs. Pelosi may get a larger plane that does not require refueling if one happens to be available in the 89th Airlift Wing at Andrews Air Force Base. But, generally, the larger military passenger jets are in high demand, especially due to the Iraq war.

In addition, the letter stipulates that the Air Force will only fly her between Washington and her San Francisco district and places limits on who can travel with her.

The Washington Times reported earlier this week that the Pentagon denied a request by Mrs. Pelosi to fly on a military aircraft to last weekend's Democratic retreat in Williamsburg, a two-hour drive from Washington.

"Non-governmental personnel, i.e. political supporters and contributors, may not fly," the congressional source said yesterday, paraphrasing the letter sent to Mrs. Pelosi. "The plane may not ferry her to any political events and other members may only accompany her after approval by the House ethics committee, which means Republicans would have to OK it."

Immediate family members who fly with her must pay the U.S. Treasury for the flight.

Pelosi spokesman Brendan Daly acknowledged the letter but declined to get into specifics about it.

"We appreciate the Defense Department's continuing concern for the speaker's security," he said. "We are reviewing their letter."

Mr. Daly said the negotiations with the Pentagon and the Air Force over using a larger plane is a matter of security based on her position as second in line to the presidency.

"The military is saying she needs this for her security," he said yesterday afternoon. "She's the speaker of the House."

But the congressional source noted that no speaker of the House has ever succeeded to the presidency.

"Just because she's second in line to be president does not entitle her to a military taxi service around the United States," the source said.

White House spokesman Tony Snow said yesterday that while negotiations were continuing between Mrs. Pelosi's office and the Pentagon, she would ultimately have some sort of military transport at her disposal.

"The Department of Defense is going through its rules and regulations and having conversations with the speaker about it," he said. "So Speaker Hastert had access to military aircraft, and Speaker Pelosi will too."

In an interview on Fox News, Mrs. Pelosi said the plane request was not hers.

"I wish I didn't have to have so much security, because I like my freedom of mobility," she said, adding that she would be willing to fly commercial aviation. "I'm not asking to go on that plane. If you need to take me there for security purposes, you're going to have to get a plane that goes across the country."

But Mrs. Pelosi's requests for the larger jet still has drawn ridicule from Republicans, who have dubbed the requested plane "Pelosi One."

It's especially galling, they say, since Mrs. Pelosi and her fellow Democrats ran on campaigns to clear out many of the perks provided to lawmakers.

One of the first changes she made to the rules governing House members was to ban free air travel by members of Congress on corporate-owned or chartered planes.

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The "jumbo request," as one Republican called it, also comes at a time when Democrats are trying to push through Congress a resolution that sending 21,500 reinforcement troops to Iraq "is not in the national interest of the United States."

"So let's get this straight," Republican Study Committee spokesman Brad Dayspring said in a statement yesterday that reproduced a picture of a transcontinental U.S. military jet. "During a week in which Democrats are pushing a resolution that states, 'it is not in the national interest of the United States to deepen its military involvement in Iraq, particularly by escalating the United States military force presence in Iraq,' they believe that securing Speaker Pelosi the military plane pictured below for luxury flights is in the national interest?"

Bush White House Guest Was Indicted N.J. Lawyer, Records Show (BLOOM)

By David Voreacos And David Glovin

Bloomberg, February 8, 2007

Feb. 8 (Bloomberg) -- President George W. Bush invited an indicted New Jersey lawyer to a White House holiday party less than two months after the attorney was charged with immigration fraud, court records show.

Jonathan Saint-Preux was indicted on Oct. 5 with his wife, Michele, and another man on federal charges that they submitted fraudulent documents to help hundreds of undocumented immigrants stay in the U.S. Saint-Preux, who pleaded innocent, attended the White House party on Nov. 30, said his attorney, Patrick Toscano.

U.S. District Judge Katharine Hayden in Newark, New Jersey, signed an order granting permission for Saint-Preux ``to travel to Washington DC to attend a function at the White House at the request of President and Mrs. Bush." A Justice Department prosecutor consented to the trip, court records show.

``He was at a Christmas party," Michele Saint-Preux said in an interview yesterday at her husband's office in Irvington, New Jersey, where she is the manager. ``He's been doing political work with the White House for years."

Inside the law office were separate framed photographs of Saint-Preux with first lady Laura Bush, Secretary of State Condoleezza Rice and Democratic New York Senator Hillary Rodham Clinton. Michele Saint-Preux said her husband also did political work to support former President Bill Clinton.

White House spokeswoman Emily Lawrimore didn't have details on why Saint-Preux was invited to the party. ``Thousands of people attend the White House holiday parties," she said.

Jonathan Saint-Preux didn't return a message left with his wife. Hayden didn't return a call seeking comment.

Bush Not Aware?

``I doubt very highly that if the president was aware that Mr. Saint-Preux was having legal problems here in New Jersey, he would have been invited," Toscano said in an interview yesterday. ``It wasn't Mr. Saint-Preux's intent to cause problems for anybody."

Toscano and Assistant U.S. Attorney Adam Lurie signed a consent order that allowed Saint-Preux to take the trip. Hayden approved that order on Dec. 1. Saint-Preux is free on $250,000 bail and is not supposed to leave New Jersey without a judge's authorization. It wasn't clear why Hayden signed the order on Dec. 1, the day after the party.

``This is the sort of request that we get routinely from defense lawyers wanting to relax the bail restrictions because of business, family, or social reasons," said Michael Drewniak, a spokesman for U.S. Attorney Christopher Christie in Newark.

According to the indictment, Saint-Preux, his wife, and a man who recruited clients for him, Naranjan Patel, lied on immigration documents. They claimed the immigrants had lived continuously in the U.S. from before 1982 until at least May 1987, prosecutors said. Prosecutors claim the ruse was intended to help immigrants qualify for legal residency under a U.S. amnesty program.

False Documents

The indictment, which accuses Saint-Preux of conspiracy to defraud the U.S. and seven counts of submitting false immigration documents, cites seven unnamed ``cooperating witnesses" who have provided evidence to prosecutors.

Saint-Preux, then 44, was arrested on Oct. 12. Toscano said plea negotiations are underway. ``We're hoping to amicably resolve this," he said.

Saint-Preux donated $1,100 to New Jersey Republicans in 2004 and 2005, according to opensecrets.org, a Web site.

``I know that Jonathan was active in political circles, but I can't speak to how he was invited to the White House Christmas party," Toscano said.

On Nov. 30, Bush met with Iraqi Prime Minister Nuri al- Maliki in Amman, Jordan, before returning to Washington. The buffet menu at the holiday party included sugar cured Virginia ham and chicken fried beef tenderloin, according to the White House Web site.

The case is U.S. v. Saint-Preux, 06-CR-813, U.S. District Court, District of New Jersey (Newark).

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House Committee To Examine Recent Performance Of S.B.A. (NYT)

By Ron Nixon

The New York Times, February 8, 2007

A House committee is holding the first of several hearings today to discuss the Small Business Administration, an agency that has come under criticism for its disaster relief program in the wake of Hurricane Katrina, as well as its operating, lending and contracting practices.

Representative Nydia M. Velásquez, Democrat of New York and chairwoman of the House Small Business Committee, said that the hearings would look into other issues, including recent disclosures that federal investigators have accused a lender in an S.B.A. program of falsifying information on 76 loans with a value of nearly $77 million over six years.

The administrator, Steven C. Preston, is scheduled to appear at today's hearing, which will also address budget and staffing issues. An internal memo prepared by the agency's chief financial officer in January said that the S.B.A. had dropped below its minimal staffing levels because of budget shortfalls.

Since 2001, the budget has declined by more than 37 percent. But the agency announced Monday that its 2008 budget request is a 5 percent increase over its 2006 budget. The 2007 budget for the agency was not passed.

"This is a very different budget than what you've seen in recent years," Mr. Preston said in an interview. "We will have money to run the agency and expand on what we do, including hiring new people."

But Ms. Velásquez said the figures actually showed a decline.

"In fact, the request cuts funding for a number of the agency's core programs, including initiatives that provide technical assistance for low-income entrepreneurs, business development for minorities and contracting opportunities in distressed areas of the country," Ms. Velásquez said in a statement.

President Bush's fiscal year 2008 operating budget for the agency is $464 million, down from $624 million last fiscal year, she said.

Michael L. Stamler, a spokesman for the S.B.A., said that the agency compared its new budget request with the 2006 budget because it was the last time a budget was passed.

Mr. Stamler also said that although budget documents show the agency's budget dropping from $533 million in 2006 to $463 million in the 2008 request, almost $90 million of the 2006 funds were what is known as earmarks.

"These are items inserted into the budget by lawmakers," Mr. Stamler said. "These are dollars that are designated for specific projects in their home districts. This is not money to fund the operation of the S.B.A."

A spokeswoman for Ms. Velásquez said the committee would question Mr. Preston about the differing views of the budget.

The S.B.A. under Mr. Preston, who took over the agency in July, has taken steps to address much of the criticism of the agency. Mr. Preston announced several initiatives during a news conference last week.

First, he said, the agency has revamped its disaster loan program by assigning a case manager to each borrower and added plans to enlist the private sector in case of another Katrina-like disaster.

Also, to ensure that companies receiving small-business contracts are actually small, the S.B.A. recently adopted a rule to require businesses to recertify their size as genuinely small after the fifth year of a contract and immediately when a company changes ownership.

Mr. Preston said the new rule would make federal contract reporting more relevant and increase opportunities for small businesses by encouraging federal contracting officers to expand their search for qualified contractors.

The agency is also working with the Office of Management and Budget to fix coding errors in the federal database of contracts. All federal agencies have been asked to review all 2005 and 2006 small-business contracting information for accuracy.

The S.B.A. is establishing a program to help contracting offices better identify qualified small businesses. The agency also intends to hire additional workers to help with oversight of contracting.

While giving Mr. Preston credit for his efforts so far, Ms. Velásquez says she still intends to provide aggressive oversight of the agency.

"We look forward to working with the agency to address these issues, whether S.B.A. can do that on its own," she said, "or if Congress needs to step in, that remains to be seen."

Congress To Revisit Foreign Deals (WSJ)

By Greg Hitt

Wall Street Journal, February 8, 2007

WASHINGTON -- Senior House members signaled intention to push forward with legislation tightening U.S. scrutiny of foreign-led transactions, despite Bush administration concerns over a potential chilling effect on the nation's investment climate.

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In testimony before the House Financial Services Committee, Clay Lowery, the Treasury Department's assistant secretary for international affairs, said the efforts on Capitol Hill are being closely watched abroad, especially in the wake of last year's tumult over a Dubai company's bid to take control of several American port operations.

"It is important we get this right," said Mr. Lowery. He said some foreign investors may be asking whether the U.S. is "closing its borders" to investment and competition. "We all realize our primary goal is to protect national security. But we also need to protect open investment in the United States."

House Financial Services Chairman Barney Frank (D., Mass.) said he intends to move legislation, which has wide, bipartisan support, through his committee next week, and to the House floor soon after. He suggested action could calm concern in the business community over the issue and bring certainty to the marketplace by clarifying how deals would be reviewed.

No major bill has yet emerged from the Senate, which last year had introduced a stringent bill on the issue. But Sen. Chris Dodd, the Connecticut Democrat who heads the Senate Banking Committee, "intends to address this issue once again," said his spokesman, Marvin Fast.

Lawmakers' determination to push ahead on this issue underscores the toughened environment toward trade and international investment in Washington. Democrats are also questioning the administration's broader trade agenda, as they push for greater protections for American workers hurt by globalization.

The House measure is focused on the review of certain foreign-investment deals by the Committee on Foreign Investment in the U.S. CFIUS, a secretive panel represented by 12 government agencies led by the Treasury Department, was set up in 1975 to review the national-security implications of foreign deals. The House bill would require CFIUS to conduct an extended, 45-day investigation, beyond the standard review, of all deals involving companies controlled by foreign governments.

Currently, deals are subject to a 30-day review, with some undergoing an additional 45 days if there are security concerns that need more scrutiny.

Mr. Lowery yesterday agreed that deals involving foreign government-controlled companies "should be given higher scrutiny." But he suggested a specific mandate goes too far, exposing "routine transactions" to drawn-out investigations.

He said the Bush administration has already taken steps to improve CFIUS's operations, including creating a more-formal role for the intelligence community to evaluate foreign deals, and pushing final decisions higher up the chain of command within the agencies involved in CFIUS.

The goal is to win back "the American people's confidence" that security is being protected, he said. Other agencies represented in CFIUS include the departments of Homeland Security, Defense and State.

The CFIUS panel approved the Dubai deal after giving the transaction a standard review. The move outraged lawmakers, who said the administration had failed to grasp the danger of giving an Arab firm a role in managing U.S. ports in the wake of the Sept. 11, 2001, terrorist attacks. The company, which is owned by the government of Dubai, the Persian Gulf emirate, eventually divested itself of the U.S. assets acquired in the deal.

The uproar highlighted U.S. public unease with foreign investments, and led to efforts in Congress to strengthen accountability and disclosure within CFIUS.

Ailing Norwood Heading To Hospice (RC)

By Lauren W. Whittington

Roll Call, February 8, 2007

Rep. Charlie Norwood (R-Ga.), who has been hospitalized as he battles complications from a debilitating lung disease and lung cancer, has decided to forgo further medical treatment in Washington, D.C., and will return to his Augusta home for hospice care.

A statement released Wednesday by the seven-term Congressman's office said that Norwood will leave Georgetown University Medical Center, where he was transferred last week, as soon as an air ambulance flight to Georgia can be arranged. Norwood had been receiving chemotherapy treatments since last fall that have caused him to become extremely ill.

"He's really throwing in the towel on the traditional hospital treatment and he's just going to go home," said Norwood spokesman John Stone.

Although Norwood is leaving Washington, Stone said he does not intend to resign his 10th district seat.

"He's just been sick as a dog since November battling this thing," Stone said, adding that his boss is looking forward to returning to his own bed, his La-Z-Boy and his wife's cooking.

While those close to Norwood continue to dismiss any talk that he might resign, the Congressman's ailing health has led to subtle, and not so subtle, speculation back in his Northeastern Georgia district about who is interested in succeeding Norwood should he not seek another term in 2008.

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Norwood, 65, was diagnosed with idiopathic pulmonary fibrosis in 1998. The condition causes scarring in a person's lungs. There is no cure and the only treatment available is a lung transplant.

Norwood underwent a single lung transplant in October 2004. The immune system-suppressing drugs the Congressman took following the transplant made him more prone to developing lung cancer, and in November 2005 he had a small malignant tumor removed from his nontransplanted lung.

Stone said Norwood felt good for much of 2006 — he visited Iraq and also played a major role in the House debate over reauthorization of the Voting Rights Act last summer.

But in November, doctors discovered that the non-small-cell lung cancer had spread to his liver and metastasized. He has been undergoing chemotherapy since that time and has remained hospitalized almost since the start of the 110th Congress.

Norwood had received treatments at Inova Fairfax and Inova Mount Vernon hospitals, but was transferred to Georgetown last week, where he was evaluated for Cyberknife laser surgery to remove the tumor in his liver. He declined to have the procedure.

On the political front, Republican state Reps. Barry Fleming and Ben Harbin and former state Sen. Brian Kemp (R) are mentioned as possible candidates to succeed Norwood.

Harbin is the chairman of the state House Appropriations Committee and may not want to relinquish that perch.

In his early 40s, Kemp has been viewed as one of the brightest rising stars in Georgia GOP circles and his political career appears far from over despite his unsuccessful primary bid for state Agriculture Commissioner in 2006. In the state Senate he represented a Democratic-leaning district in Athens, which could also not translate well into winning a Congressional primary.

The district is anchored by Augusta and Athens, a liberal bastion that includes the University of Georgia. Although Athens was put back into the district when GOP legislators redrew district lines in 2005, the 10th still heavily favors Republicans, and the Democrats are not likely to mount a serious challenge if there is a vacancy.

While Norwood has missed nearly all floor votes since the 110th Congress convened on Jan. 4, Stone said that Norwood has continued to direct his staff and has been involved in legislative discussions "and will continue to now, for as long as the good Lord sees fit to let him."

Congress Has So Little To Do, And So Much Time To Do It (WP)

By Dana Milbank

The Washington Post, February 8, 2007

Is there no rest for the weary lawmaker?

"Members Resist Five-Day Workweek," one of the Capitol Hill newspapers proclaimed on its front page yesterday. Senators were "ready to revolt" and House members were "simmering" over their legislative demands.

The poor dears.

Consider yesterday's schedule for the people's representatives. Not only did they have to pass H.R. 99, "commending the University of Nebraska-Lincoln volleyball team," but they had to do it immediately after passing H.R. 72, celebrating the achievements of meteorologist Max Mayfield. Then it was on to legislation in support of the African American spiritual, remembering a deceased NASCAR driver, naming a courthouse in Duluth, Minn., and honoring the grandfather of two congressmen.

That left time for a full debate over the day's signal legislative achievement: H.R. 130, congratulating the Indianapolis Colts for winning the Super Bowl.

"I won a deep-dish pizza, a pound of cheesecake, and a bunch of DVDs for our troops," reported Rep. Dan Burton (R-Ind.).

"Go, Colts," contributed Rep. Steve Buyer (R-Ind.). Rep. Mike Pence (R-Ind.) asked for "unanimous consent to add to the Congressional Record the names of all the members of the Colts offense, defense, substitutions and the coaching staff."

Rep. Zach Wamp (R-Tenn.) tried to crash the Hoosiers' party. Colts quarterback Peyton Manning, he said, "is married to a Chattanooga girl."

The new Congress has a problem. The just-empowered Democrats have declared that lawmakers will work five-day weeks like most other Americans. But, at this early date, there isn't much legislation ready for passage -- so what little there is has to be stretched out to fill the week.

The House, which will hold its Iraq war debate next week, will extend that discussion by giving five minutes of floor time to all 435 members. And in the Senate, the pace is so lethargic that Majority Leader Harry Reid (Nev.) told colleagues late Tuesday that he would give them an extra week of vacation if they would take up the legislation he wants.

Senate Republicans blocked a debate on the Iraq war on Monday, but because the lawmakers have no other legislation ready to consider, they spent the past two days talking about it anyway. One by one, Republicans took to the Senate floor yesterday to plead for the debate they had blocked.

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"I'm disappointed . . . we're not having the Iraq debate," said Minority Leader Mitch McConnell (Ky.).

"We should have found a way to go forward," concurred Trent Lott (Miss.), the No. 2 Republican.

"We need to debate this issue now," said David Vitter (La.).

The discourse was little more elevated in the other chamber, where the delegate from Guam was delivering the unhappy news that "heart disease is becoming a problem for islander women."

Fortunately, members did not have long to wait before Rep. Tim Mahoney (D-Fla.) brought up his legislation honoring meteorologist Mayfield on his retirement from the National Hurricane Center. "The U.S. Department of Commerce has recognized Mr. Mayfield with gold medals for his work during Hurricanes Andrew and Isabel, and a silver medal during Hurricane Gilbert," Mahoney read.

This raised the question of why Mayfield came up short during Gilbert. But the lawmakers did not dwell on this.

"In Congress we think we are busy, and indeed we are," added Vernon Ehlers (R-Mich.). "But I understand that in the thick of storm season, Mr. Mayfield sometimes did more than 100 interviews in one day. Now, that's busy."

Ehlers was being modest. Mayfield had nothing on these busy legislators.

After the Mayfield resolution, Ehlers and his colleagues moved quickly to the volleyball vote. "The Huskers rallied to defeat Stanford, 3-1, for their third NCAA Division I women's volleyball championship," Ehlers reported. "My only regret, since I enjoy playing volleyball myself, is I never had the opportunity to watch them play in person."

The speaker called for the yeas and nays. Ehlers was the only one who called out "aye" -- but because there were only three members on the floor and the two others were silent, the resolution passed.

The discussion then turned to a resolution "recognizing the African American spiritual as a national treasure." Members recalled such favorites as "We Shall Overcome," "Swing Low, Sweet Chariot" and "Gospel Train."

"I recall my family -- we had a number of musicians in the family -- very frequently were singing their Negro spirituals in groups at church," reminisced Ehlers, who is not African American.

This time, a roll-call vote was ordered; the spirituals were upheld by a vote of 426 to 0.

The hard work continued. Noting the passing of NASCAR's Benny Parsons, honoring the grandfather of Reps. Mario and Lincoln Diaz-Balart (R-Fla.), and naming the Gerald W. Heaney courthouse.

"Many have made light of the schedule we have had for the past few weeks, the grueling schedule of naming a lot of federal buildings," acknowledged Rep. Sam Graves (R-Mo.), speaking in favor of the Heaney courthouse. "It doesn't mean any of these individuals are any less deserving or shouldn't be honored."

Indeed not. The harried lawmakers gave Heaney his courthouse.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, February 8, 2007

Miss America, With Poise to Spare in Wonkland Central

Okay, Chris Matthews , we take it back. Once you meet Lauren Nelso n , you kind of get why she's Miss America.

After eight days of nonstop travel since being crowned in Vegas last week ("I won't go home until March"), the Oklahoman touched down in D.C. Tuesday to attend the Washington Press Club Foundation congressional dinner and managed to appear radiant and alert and genuinely interested through three hours of oxygen-depleting insider banter between Washington scribes and political types.

(Did it help or hurt that she wasn't drinking? At 20, she's the youngest Miss A. in more than a decade.)

Her host, Congressional Quarterly, sat her with a formidable group: Daryl Hannah , talking about human trafficking and an upcoming trip to Budapest and how "I should really go say hello to Teddy" (Sen. Kennedy , that is); Hannah's escort, California artist John Quigley , talking about his environmental work; and a Roanoke, Va., fellow named Dave "Mudcat" Saunders butting in to ask, "Are yew one of them damn Democrats?" Quigley was. "So am I," said Saunders, a strategist for John Edwards , and he whisked Quigley and Hannah away to meet Sen. Jim Webb.

Which left Miss America at the table with a clatch of gossip and society writers. So, awkward question time: How much do you hate it that everyone confuses you with Miss USA in this, her year of scandal?

"It's saddening," Nelson said warmly. "But I look at my year as Miss America as an opportunity to discuss the issues and explain the difference between the two, and how there is no relationship between the two organizations." Guess we weren't the first to ask.

THIS JUST IN . . .

Â· George and Laura Bush walked (walked!) across the street to Blair House last night and actually mingled with more than 100 guests at the farewell reception for Chief of Protocol Donald Ensenat and his wife, Taylor . Among the guests: Josh

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Bolten, Karl Rove, dozens of diplomats. Said Bush of his Yale classmate, "He made A's, I made C's. Look who's president." Then he got all serious and promised they'd always be friends. The Ensenats, New Orleans residents, are headed home in time for Mardi Gras -- no fools, they.

Â· An Arkansas judge has dismissed one of two lawsuits against "Washingtonienne." Robert Steinbuch , who now lives in the state, sued Jessica Cutler , Hyperion (which published the sex blogger's steamy book), Disney and HBO. The judge threw out the local lawsuit yesterday, saying that D.C., where federal proceedings are pending, is a better place to try the case. We couldn't agree more.

Â· Mstislav Rostropovich is in satisfactory condition and improving from an unspecified illness, his spokeswoman said yesterday. The 79-year-old cellist, former music director of the National Symphony Orchestra, was hospitalized last week in Paris and transferred to a Moscow hospital, where President Vladimir Putin visited him Tuesday.

HEY, ISN'T THAT . . . ?

Â· James Cromwell munching trail mix while waiting for his flight at Reagan National Airport yesterday. The 6-7 actor ("Babe," "The Queen" and now playing Jack Bauer's evil dad in "24") was in town for Tuesday's MPAA's "Business of Show Business" symposium.

Â· Tony Parker posing in a white T-shirt, jeans and Air Force 1 sneakers at the Four Seasons yesterday. The San Antonio Spurs point guard shot a Nike ad in the spa before his team took on the Wizards; no sign of fiancee Eva Longoria .

UPDATE

The Washington Nationals Foundation claims developer Franklin Haney is ducking its attempts to serve him with a lawsuit that alleges he reneged on a $400,000 pledge. "He's doing all he can to avoid his day in court," said attorney Geoff Gitner . Haney -- who was bidding to buy the Nats at the time of the pledge but lost to the Lerner family -- has proven elusive to process servers and refused to sign papers sent by first-class mail, Gitner said. Haney's attorney, Larry Blust , said servers left papers at Haney's D.C. penthouse, but that the developer is a legal resident of Florida. "He's not dodging service. To my knowledge so far he hasn't been served." He said Haney "has been very reasonable in his settlement proposals" but would not elaborate.

OTHER NEWS:

Slowing Productivity Fogs Broader Outlook (WSJ)

By Christopher Conkey

The Wall Street Journal, February 8, 2007

WASHINGTON -- U.S. productivity growth rebounded in the fourth quarter of 2006 but still appears to be slowing overall, clouding the outlook for economic growth, inflation and corporate profits in the months ahead.

Nonfarm labor productivity -- a measure of the average worker's output per hour -- rose at an annual rate of 3% in the fourth quarter, bouncing back from an unusual decline of 0.1% in the previous quarter, the Labor Department reported. Growth in labor costs per each unit of output, meanwhile, slowed to an annual rate of 1.7% in the quarter from the third quarter's 3.2%.

Rising productivity means companies are squeezing more output out of their workers. Those gains allow profit margins and wages to grow while minimizing the need to raise prices. That's why increased productivity is the key to higher living standards. Productivity also helps to determine how fast the economy can expand without igniting unwelcome inflation.

Advances in information technology, among other factors, have led to a decadelong surge in the nation's productivity. More recently, however, the surge has shown signs of fatigue.

For 2006 as a whole, nonfarm productivity gains slowed to 2.1% from 2.3% in 2005 and a recent peak of 4.1% in 2002. Economists say last year's productivity growth was probably even weaker, and they expect the revised figure to come in lower when the government issues an update next month. Meanwhile, unit labor costs rose 3.2% last year, up from 2% in 2005 and the biggest increase since 2000.

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So far, slowing productivity growth and rising labor costs haven't crimped corporate profits, but that seems likely to change. Research firm Thomson Financial expects annual earnings growth among companies in the Standard & Poor's 500-stock index to slow to 4.8% in the first quarter of 2007 from 10.6% in the final quarter of 2006. For 2007 as a whole, Thomson expects profits to rise 7.2%, less than half of last year's growth rate.

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Whether the productivity growth reprises its fourth-quarter advance or continues its broader slowdown is also a major variable in the outlook for the nation's economic growth and inflation. Slower productivity gains would pressure businesses to raise prices, particularly since the strong labor market is making it harder to restrict workers' pay.

In a speech yesterday, Charles Plosser, president of the Federal Reserve Bank of Philadelphia, warned that the recent signs of economic strength mean the Fed may not be done raising interest rates. "Additional monetary-policy action may be needed to keep us moving along the path to price stability," he said.

If productivity picks up, however, businesses may have more flexibility to absorb higher labor or raw-materials costs without raising prices, restraining inflation and lessening the need for higher interest rates.

Separately, the Federal Reserve said consumer-credit growth slowed sharply in December as credit-card and other revolving debt expanded at a slower rate. The nation's consumer credit outstanding rose about $6 billion, or 3%, in December to $2.401 trillion, after an upwardly revised $13.7 billion, or 6.9%, expansion in November.

Credit card and revolving credit grew by $608.9 million in December to $876.2 billion, down from a $9.9 billion expansion in November and the slowest since March, when revolving credit shrank.

For the whole of 2006, consumer credit grew 4.6%, compared with a 4.2% expansion in 2005. Revolving credit grew by 6%, while nonrevolving credit slowed to a 3.8% expansion in 2006.

Nasdaq Bounds; Dow, S& P Up Slightly (USAT)

USA Today, February 8, 2007

NEW YORK — Stocks ended slightly higher Wednesday after a midday retreat spoiled what had been shaping up to be a banner day.

The Dow Jones industrial average closed up 0.56 points at 12,666.87 after an early rally briefly pushed it above 12,700 for the first time. The Standard & Poor's 500 rose just 2.02 points to 1450.02 but still set a 61/4-year high. The Nasdaq composite turned in the day's best performance, rising 19.01 points to 2490.50 following better-than-expected earnings from tech barometer Cisco Systems late Tuesday.

Wall Street's love-hate relationship with falling oil prices continued Wednesday as a drop in crude prices hurt energy stocks, which in turn helped spoil the broader market rally.

Light, sweet crude fell $1.17 to $57.71 a barrel. Al Goldman, chief market strategist at A.G. Edwards, says the slip in the Dow Wednesday reflects "a normal pause," and a pullback in the energy companies. "The price of oil dropped dramatically, and (oil stocks) tend to be major factors overall," he says. Among major oil companies, ExxonMobil fell 35 cents to $74.79, Chevron lost 73 cents to $72.64, and Schlumberger fell 42 cents to $64.45.

Highlights:

Cisco rallied 81 cents to $28.09 after the networking equipment maker said quarterly earnings rose 41%.

·Whirlpool sank $2.54 to $92.36. The appliance maker said its fourth-quarter earnings fell 14% as it recorded a loss from discontinued operations.

·Intevac jumped $6.23, or nearly 28%, to $28.80 and was the Nasdaq's second-biggest gainer. The maker of equipment used to manufacture disk drives said late Tuesday that its fourth-quarter profit more than doubled.

·Lazard advanced $2.37 to $54.60 after the advisory firm reported a 50% increase in fourth-quarter earnings, thanks to its best merger and acquisition results in six years.

·FEI climbed $7.11, or 28%, to $32.42 and was the Nasdaq's top gainer. The company, which makes microscopes to analyze semiconductors, projected first-quarter results ahead of Wall Street predictions.

·EGL skidded $6.25, or 17%, to $31.64 following news that General Atlantic has withdrawn its backing from a proposed management-led takeover of the freight forwarding company.

·SWS climbed $6.04, or 24%, to $31. After the close Tuesday the financial services firm reported a 59% jump in fiscal second-quarter earnings.

Industrials, Wilshire Near Record Levels (WSJ)

By E.s. Browning

The Wall Street Journal, February 8, 2007

The stock market continued its broad march higher, with indexes of small and midsize stocks hitting records as investors continued to celebrate the combination of low interest rates and steady economic growth.

Several indexes, including the Dow Jones Industrial Average and the Dow Jones Wilshire 5000 total-market index, are sitting just short of records, and the Standard & Poor's 500-stock index isn't far away.

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The Wilshire 5000, which includes nearly all U.S.-based companies, stands just 70 points from the record close it last hit on March 24, 2000: 14751.64. Yesterday, it hit a seven-year high of 14681.86, up 0.24%, or 34.95 points and ahead 3% in 2007.

The blue-chip Dow industrials, less burdened with tech stocks during the long bear market, have hit 27 new records since the start of October. The industrials were virtually unchanged yesterday, up 0.56 point at 12666.87, just short of last Thursday's record 12673.68.

Stocks yesterday were reacting to upbeat quarterly profits from Cisco Systems, as well as news of strong fourth-quarter productivity gains and a fall in oil futures.

More broadly, investors are continuing to show optimism that a "Goldilocks" economy -- not too hot and not too cold -- will generate corporate profits and keep inflation low enough to ward off Federal Reserve interest-rate increases.

Although some analysts warn that stocks are overdue for a pullback, investors have been brushing off that concern.

During the day, the Dow industrials pushed above 12700 for the first time, to 12700.28, but then slumped. The gain was powered by the news that fourth-quarter productivity -- output measured in terms of hours worked -- came in much stronger than expected, while unit labor costs rose less than expected.

It appeared that, after all the records, some short-term traders were cashing in profits once the Dow hit 12700.

Some analysts noted that the $1.17 drop in oil futures to $57.71 a barrel weighed on Dow component Exxon Mobil. But the oil-futures decline, based on a report of strong oil inventories, was good news for most other companies and consumers.

Networking-systems company Cisco jumped 3% on its profit news and its upbeat sales projection for the current quarter, all released late Tuesday.

"Cisco touches a broad swath of tech, so its news affects a wide variety of stocks," said Todd Clark, director of stock trading at San Francisco money-management and brokerage firm Nollenberger Capital Partners.

Tech stocks were among the day's big gainers, with the tech-heavy Nasdaq Composite Index rising 0.77%, or 19.01 points, to 2490.50. It is up 3.1% so far this year, although it isn't back to its recent six-year high.

After regular trading hours, the market got more positive news: Walt Disney reported better quarterly profits than expected, sending the stock up 1.8% in after-hours trading and potentially helping other entertainment stocks today.

The broad S&P 500 finished at a fresh six-year high, 1450.02. It would have to rise just 5.3% to return to the record 1527.46 hit on March 24, 2000. Yesterday, it rose 0.14%, or 2.02 points, up 2.2% this year.

The resurgent Russell 2000 small-stock index jumped 0.71%, or 5.79 points, to a record 816.20, up 3.6% in 2007. The S&P's index of middle-sized stocks rose 0.39%, or 3.31 points, to a record 850.55.

The Dow Jones Utility Average also hit a record, at 469.80. The Dow Jones Transportation Average, at 4979.84, was short of Friday's record 5006.89.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.33%, or 0.81 point, to a record 249.43.

In the U.S., bonds gained. The 10-year Treasury note rose 5/32, or $1.56 for each $1,000 invested, pushing the yield down to 4.745%. The 30-year bond was up 9/32 to yield 4.852%.

The dollar was mixed. Late in New York, it traded at 120.61 yen, up from 120.12, while the euro rose against the dollar to $1.3011 from $1.2981.

Developing Nations Poised To Challenge USA As King Of The Hill (USAT)

By David J. Lynch

USA Today, February 8, 2007

Globalization long has been regarded as a made-in-America phenomenon, driven by Silicon Valley's technology, Hollywood's movies and Wall Street's cash. But suddenly, countries formerly on the periphery of world events seem poised to challenge American dominance of this age of global integration.

It's not only that developing countries are proving to be white-hot investment opportunities, though they are: the Morgan Stanley Emerging Markets index gained 242% the past four years. It's also that emerging markets, once known dismissively as the Third World, are now central to Americans' lives.

Not long ago, these countries were of interest only to the Peace Corps. Now, everything from the financial lifeline that makes possible the modern American lifestyle to the identity of your next boss, customer, competitor or cultural trendsetter likely can be found in the developing world.

"We're in the middle of the biggest shift in 200 years — since the Industrial Revolution. It's really that big," said Antoine van Agtmael, the investment manager credited with coining the term "emerging markets" in 1981.

The new prominence of emerging markets represents a sharp departure from the flurry of financial crises that tore through Mexico, Asia and Russia in the 1990s. Since then, scores of developing countries have cleaned up their balance sheets, slashed

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inflation rates and accumulated enormous stockpiles of hard-currency reserves. China alone sits atop a $1 trillion mountain of cash. Russia, Mexico, India and South Korea also are swiftly building their cash hoards, according to Treasury Department data.

Developing nations have gone from beggar to banker. The U.S. must borrow enormous sums each day to finance the gap between its anemic national savings rate and its consumption. Increasingly, those funds — largely raised by selling Treasury securities — come from poorer nations.

Through November, the most recent data available, more than 29% of the $806 billion in net securities purchases came from developing countries compared with just 5% in 1998, according to Bank of America. The river of capital flowing into the U.S. economy enables Americans to continue consuming beyond their means. But some analysts find it worrisome that the world's wealthiest nation now depends on loans from some of the globe's poorest countries.

"The average American doesn't realize where this liquidity comes from. Capital is supposed to flow from rich to the poor," says Joseph Quinlan, chief market strategist for Bank of America.

For the USA, the danger is that an unexpected development could cause emerging nations to retrench on purchases of dollar-denominated assets. What could trigger such a pullback? A sustained oil price decline that pinches Middle Eastern oil producers, a global economic slump or an outbreak of protectionism in the USA, says Quinlan.

For more than half a century, Americans could take for granted that the world economy would orbit around them. No longer. The USA today produces about 30% of world output at market prices. That figure already is down significantly from about 46% in the aftermath of World War II, when European and Japanese factories lay in ruins. And it is headed lower still as China and India continue their ascent.

Over the next generation, fast-growing developing nations are expected to see a significant uptick in their share of world output from 23% today to about 33% in 2030, according to a recent World Bank study.

That shift has enormous consequences for Corporate America. "The change is from globalization going one way to globalization going every way. It's as much about what developing countries are doing as developed countries," said Mark Foster, a London-based Accenture consultant.

Assuming continued economic growth in the developing world, the ranks of the global middle class are expected to triple by 2030 to 1.2 billion, according to the World Bank. Today, a bit more than half of that free-spending group resides in developing countries. By 2030, almost all of it, 92%, will call the developing world home.

For multinational corporations, that means paying ever more attention to what's happening outside the United States and especially in Asia, Latin America, parts of the Middle East and Africa. Procter & Gamble CEO A.G. Lafley said in a Jan. 30 conference call that in the past several years, the company has "added about 1 billion consumers" to the ranks of those who have ever used or purchased its products. "We think we can add another 1 billion consumers over the next three to five years, and most of them are going to come from developing markets," Lafley added.

In the most recent quarter, P&G's developing-country sales outpaced its overall 8% sales growth. Examples: Sales of Crest toothpaste rose more than 10% in Russia, while Duracell batteries posted a 20% gain in Latin America.

Likewise, at PepsiCo, two-thirds of revenue growth is coming from the company's international operations and 60% of that from emerging markets, says Michael White, chief executive of PepsiCo International. "We've seen a real, material change in the performance of our emerging markets, and I expect it to continue," White told a recent panel at the World Economic Forum in Davos, Switzerland.

Those aren't isolated examples. FedEx, Manpower and Caterpillar all report impressive growth in their developing-world business. By 2010, GE wants emerging markets to account for 30% of its sales, twice the current level. "America is realizing for the first time that globalization is a two-way traffic," says Azim Premji, the billionaire chairman of Indian software firm Wipro.

As the developing world's purchasing power grows, it is likely to exercise greater influence over global tastes. To date, U.S. brands such as McDonald's, Nike or Apple mesmerize overseas consumers. By 2030, when the World Bank estimates that the number of middle-class consumers in China will exceed the entire U.S. population, Americans might be on the receiving end of as many trends as they start. Zhang Yimou, not Clint Eastwood, might direct the world's most-popular movies. Fast-food dumplings might rival burgers and fries. "New fashions, new trends … are just as likely, indeed more likely, to start in China and India or Brazil as they are today (to start) in Europe or the United States," says Uri Dadush, director of the World Bank's international trade department.

That's in the future. But already, Americans are being affected by the rise of multinational corporations based in the developing world. Once regarded as second-tier manufacturers of shoddy goods, companies in the most mature developing countries are making their presence felt by acquiring companies in the developed world. From computer research centers in North Carolina to steel mills in Oklahoma, American workers are finding their new boss often hails from far, far away.

Among the best-known acquisitions: Chinese computer maker Lenovo's 2005 purchase of IBM's personal computer business. But there have been plenty of other deals.

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Last month, Mexican bank Banorte bought UniTeller, a U.S.-based remittances company. That deal came two months after Banorte snapped up INB Financial of McAllen, Texas. Russia's Evraz coal and steel producer in January completed its takeover of Oregon Steel Mills of Portland, Ore. And in June, Brazil's Gerdau Group acquired Sheffield Steel of Sand Springs, Okla. European companies, too, are in the cross hairs: India's Tata Steel earlier this month purchased London-based Corus.

The dealmaking is among the first visible signs of the growing clout of emerging-market multinationals. In his new book, The Emerging Markets Century, van Agtmael profiles 25 companies — such as Mexican cement maker Cemex, whose U.S. operations produce more cement in the USA than any other company, and Indian generic-drug maker Ranbaxy — that qualify as genuine global powers.

To many Americans, the notion of innovative, market-leading companies based in areas where widespread poverty and disease still hold sway might seem extraordinary. But van Agtmael notes that, in fact, it was the Western world's 20th-century economic dominance that was unusual.

For centuries, trade and commerce were rooted, not in the USA or Europe, but in more distant parts of the globe. In 1820, for example, today's "developing" countries were the acknowledged economic powers, accounting for 68% of the world economy, according to economic historian Angus Maddison. As late as 1870, the Chinese economy was almost twice as large as that of the United States.

Viewed from this vantage point, the contemporary emergence of countries such as China or Brazil represents less a new phenomenon than a reversion to history's norm.

"We still hold onto notions that are dear to us but wrong," says van Agtmael. "We will not always be the center of the world."

Wal-Mart And A Union Unite, At Least On Health Policy (NYT)

By Michael Barbaro And Robert Pear

The New York Times, February 8, 2007

They have established one of the fiercest rivalries in the American economy, attacking one another's organizations through dueling blogs, newspaper advertisements and news conferences.

But this morning, in an extraordinary meeting in Washington, the chiefs of Wal-Mart Stores and the Service Employees International Union stood together and agreed on a series of goals for achieving universal health coverage, according to people briefed on the matter.

The meeting between H. Lee Scott Jr., the chief executive of Wal-Mart, and Andrew L. Stern, president of the S.E.I.U., which capped months of secret conversations, could be the beginning, however tentative, of a détente between the nation's largest employer and its labor critics.

At least on one issue. But the issue — providing affordable health insurance — is arguably the biggest facing both Mr. Stern and Mr. Scott. Wal-Mart, which insures fewer than half its workers, has identified health care as potentially the biggest vulnerability to its image and business, and the S.E.I.U., one of the country's biggest unions, has called it the No. 1 priority for its members.

So during today's meeting, Mr. Stern and Mr. Scott announced a campaign to seek public acceptance of several principles of health policy. One goal is universal health coverage by a specific date, somewhere around 2012. Another is the idea of shared responsibility, emphasizing that individuals, businesses and government all play roles in financing health care and expanding coverage.

Executives from AT&T, Intel and several nonprofit organizations also participated in today's meeting.

The agreement is unlikely to end the rancor between Wal-Mart and unions, largely because the retailer's fiercest critic is the United Food and Commercial Workers, the union behind WakeUpWalMart.com.

In a statement, WakeUpWalMart.com divulged last night for the first time that it had met with a Wal-Mart executive in December to discuss the company's health insurance, among other things, but decided the retailer was not serious about significantly improving its benefits.

"No one, in good conscience or without a real commitment from Wal-Mart to make substantive changes," the statement said, "could look the other way and ignore the awful fact that Wal-Mart still fails to provide company health care to over half of its employees."

Mr. Stern is likely to keep criticizing Wal-Mart on several fronts, according to people who work with him who spoke on condition of anonymity because they are not authorized to talk publicly.

But the fact that Mr. Scott and Mr. Stern are speaking, let alone agreeing on something, is somewhat surprising.

In 2004, Mr. Stern authorized the creation of an S.E.I.U.-backed group, called Wal-Mart Watch, that has relentlessly criticized the retailer, leaked internal company documents to the news media and pressed it to change its labor policies.

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Mr. Scott, in turn, has lashed out at union-backed critics like the S.E.I.U. and Wal-Mart Watch, calling them special-interest groups spreading misinformation and half-truths about the chain.

But in July, the icy relationship between the men began to thaw after Mr. Stern wrote an op-ed article encouraging large corporations to work with unions to create alternatives to the employer-based health coverage system, which he said was collapsing. Mr. Stern sent the article, by certified mail, to hundreds of chief executives seeking their help.

Mr. Scott, who has already expanded Wal-Mart's health care benefits, responded, beginning a confidential series of conversations that culminated in today's news conference.

Harley Shaiken, a professor specializing in labor issues at the University of California, Berkeley, said the meeting represented "a combination of pragmatism, idealism and desperation on the part of Wal-Mart and S.E.I.U; health care has become a devastating issue for both."

But Mr. Shaiken said that with Wal-Mart's reputation for fighting unionization and Mr. Stern's advocacy for the labor movement, the pair are unlikely to become the best of friends. Wal-Mart is not unionized in United States.

"Lee Scott is willing to sit in the same room with Andy Stern," Mr. Shaiken said, "he just doesn't want to sit across a bargaining table from Andy Stern."

Wal-Mart Calls For Change In Health Care (USAT)

By Julie Appleby

USA Today, February 8, 2007

More businesses called for change in the health care system Wednesday when Wal-Mart, Intel, AT&T and Kelly Services joined with the leader of a large labor union in calling for "quality, affordable" health insurance for all Americans.

The groups did not offer details of how to change the system, laying out instead four broad principles: Every person must have insurance; businesses, government and individuals must help pay for it; people have a responsibility to maintain their health; and the health system must become more efficient.

The announcement, made in Washington where health policy issues have regained prominence after a long lull, brought together Wal-Mart CEO Lee Scott and Wal-Mart critic Andrew Stern, head of the Service Employees International Union.

That the two found agreement — even on broad principles — across quite a divide can't be ignored, says Len Nichols, a health economist at the New America Foundation.

"What Scott's reach does is give Republican moderates cover to do what they need to do, and Stern's reach gives moderate Democrats cover to meet the Republicans halfway and solve the problem in a way both can live with," Nichols said.

The groups said they would call for members to engage other business leaders, convene a national summit by the end of May and launch education efforts aimed at workers and customers.

While Stern signed on to the principles, the other major union that has been critical of Wal-Mart did not. The giant retailer has come under criticism by both unions over health insurance plans the groups say leave too many Wal-Mart workers uninsured.

Last month, Wal-Mart issued a report saying 47.4% of its employees were covered by its insurance. An additional 43%, the company said, got insurance elsewhere, such as through a spouse or parent.

But union critics say Wal-Mart should do more to cover its own workers. "If Wal-Mart is truly serious about universal health care, we challenge the company to provide universal health care to all of its uninsured employees and their families today," said Paul Blank, campaign director for WakeUpWalMart.com in a written statement.

Blank's group is funded by the United Food and Commercial Workers, which did not participate in Wednesday's press conference.

Stern said he joined Wal-Mart and the other employers because America's health care system requires fundamental change.

"It's time to admit the employer-based health care system is dead," Stern said, according to the Associated Press.

Last month, Stern's group paired with AARP, an advocacy group for people over 50, and the Business Roundtable to urge Congress to take action to resolve health care and financial security issues.

The group said it believes all Americans "should have access to affordable health care."

Wal-Mart Joins Health-Care Call (WSJ)

By Kris Maher

The Wall Street Journal, February 8, 2007

DOJ_NMG_0129616

An unlikely coalition of business and labor, including Wal-Mart Stores Inc. and the nation's biggest union, which has persistently criticized the retailer, called for affordable health coverage for all Americans by 2012, but offered no specifics on how to achieve the goal.

Yesterday's announcement in Washington united Wal-Mart Chief Executive H. Lee Scott and Andy Stern, president of the Service Employees International Union, who has criticized the Bentonville, Ark., retailer's pay and benefit policies. The inclusion of Wal-Mart, the nation's largest private employer and an industry bellwether, in any push to overhaul health care is significant.

"Our current system hurts America's competitiveness and leaves too many people uninsured," said Mr. Scott, who responded to Mr. Stern's invitation last year in letters to CEOs of every Fortune 500 company to revamp health care. "We put aside disagreements to drive this debate forward."

The campaign -- which is also supported by AT&T Inc., Intel Corp., staffing firm Kelly Services Inc., the Communications Workers of America and three public-policy groups -- comes amid a surge of interest in how to extend health insurance to the 46 million Americans without it. In recent weeks, proposals have come from the White House, Capitol Hill, the presidential campaign trail and a coalition of business, health and insurance groups. In some cases, parties that disagree on other issues have found common ground on health care.

While there is interest in doing something about the uninsured, consensus is lacking on what should be done, how much money to spend and how many Americans to try to cover. The new partnership offers no solution, only general goals, such as that individuals, business and government "all should contribute to managing and financing a new American health- care system." Wal-Mart remained noncommittal yesterday as to who should take the lead. "We have to work together -- business, labor, government and our communities," Mr. Scott said.

Members of the group, who met with lawmakers on Capitol Hill after the announcement, said they would recruit other business and labor and civic leaders to join the campaign, convene a national summit of the membership by the end of May, lobby national, state and local elected officials and launch initiatives to educate workers on health-care issues.

NEW PLAN

Principles of the "Better Health Care Together" campaign:

1. We believe every person in America must have quality, affordable health insurance coverage;

2. We believe individuals have a responsibility to maintain and protect their health;

3. We believe that America must dramatically improve the value it receives for every health care dollar; and,

4. We believe that businesses, governments, and individuals all should contribute to managing and financing a new American health care system.

Commenting on the new partnership, Sen. Ron Wyden, (D., Ore.), who has introduced legislation for a universal health-care plan, said, "Today, more employers and labor representatives are sending the message that our nation's health-care system is broken, and if we don't fix it, it will die under its own weight."

Several experts said it is hard to gauge the partnership's effect. "I'm skeptical that they at this point agree on anything other than broad general principles," said William Custer, an economist and professor of health administration at Georgia State University. "I do think it's going to have an effect because it's another fairly weighty voice entering the debate and pushing for something to be done."

Some labor experts suggested that at least part of Wal-Mart's motivation lay in an effort to deflect criticism from its own practices. "I would say probably half the announcement is public relations," said Gary Chaison, a professor of industrial relations at Clark University in Worcester, Mass.

Sarah Clark, a Wal-Mart spokeswoman, said the company didn't join the partnership to buff its image. "This is about engaging leaders at all levels to bring about real and meaningful change to the health-care system," she said.

Wal-Mart said it recently made progress in health care, though critics say the factors behind the gains don't favor workers with above-average health-care needs. In January, Wal-Mart reported that 47.4% of its U.S. workers had enrolled in its health-benefits plans, up from 46% the previous year. The national average percentage of retail workers enrolled in company-sponsored health-benefits plans is 43%, according to the Henry J. Kaiser Family Foundation.

It was clear that Mr. Stern, who has been criticized within the labor movement for sometimes being too willing to collaborate with business, will need to walk a fine line while working with Wal-Mart.

Yesterday Mr. Stern, who is a board member of Wal-Mart Watch, an activist group backed by the SEIU, said the group would continue to draw attention to Wal-Mart's practices. "I think our members and most Americans expect us to stand up as an organization for people that work, and we will continue to do so," he said.

David Nassar, Wal-Mart Watch's executive director, issued a statement that both praised Wal-Mart but also criticized its current health-care plan, saying the retailer's "unaffordable plan" is part of the nation's health-care problem.

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The partnership isn't likely to silence Wal-Mart critics. One of them, WakeUpWalMart.com, which is funded by the United Food and Commercial Workers union, called Wal-Mart's support for universal health coverage "disingenuous."

The group released a statement that also carried an implicit criticism of Mr. Stern: "What is surprising is how anyone, in good conscience, would give Wal-Mart a stage to make empty statements that will not give health care to one more uninsured Wal-Mart worker."

Wal-Mart, Union Join Forces On Health Care (WP)

By Ylan Q. Mui And Dale Russakoff

The Washington Post, February 8, 2007

Two once-implacable foes in the business world found common ground yesterday, at least for a few minutes, as they publicly pledged to work together for the first time to fix what they called the nation's health-care crisis by 2012.

At a news conference on Capitol Hill, Wal-Mart chief executive H. Lee Scott sat at one end of a table and vowed to put aside differences to "drive this debate forward." On the other end was Andy Stern, president of the Service Employees International Union (SEIU) and frequent Wal-Mart critic, declaring he had made a "tough choice" in the goal to improve coverage.

How this unlikely alliance came about illustrates the deepening concern that businesses, labor groups and lawmakers have over skyrocketing health-care costs. The issue has divided the nation's largest retailer and the SEIU, which founded a group called Wal-Mart Watch that has harshly criticized the company's wages and benefits. But yesterday they said they could come together under the broad umbrella of universal health care. And each realized it could not be achieved without the other's help.

"That's what makes it powerful," Stern said in a phone interview. "It's risky, and it's right."

Wal-Mart used to be noticeable for its absence from business coalitions calling for government help with the health-care crisis. As the rising cost of employee medical care staggered other large companies, Wal-Mart, which did not provide health coverage for the majority of its employees, was silent. But during a national crisis over the growing ranks of uninsured workers, Wal-Mart quickly became a target.

The barrage of criticism over the past two years by the SEIU's Wal-Mart Watch and another group, Wake-Up Wal-Mart, backed by the United Food and Commercial Workers Union, has frequently put the retailer in the hot seat. Maryland's Fair Share Health Care legislation, nicknamed the "Wal-Mart bill," was crafted with input from the unions and required large companies to spend part of their payroll on health coverage or contribute to a state fund for the poor, giving rise to similar initiatives in more than two dozen states even though the law was eventually struck down. The union groups have galvanized political and grass-roots opposition to Wal-Mart through bus tours and nationwide conference calls.

The dispute left Wal-Mart increasingly isolated, particularly as it tried to move into urban areas critical to its growth. Public outrage from Southern California to the East Coast prompted local and state governments to block the company from planting superstores in one metropolitan area after another.

"Wal-Mart has actually been defeated in metropolitan America," said labor historian Nelson Lichtenstein of the University of California at Santa Barbara. "It makes a lot of business sense for them to try to get health care off the table."

Change began in 2005 after Wal-Mart created a health-care plan with premiums of $11 per month. In a speech to the National Governors Association a year ago, Scott announced other major concessions, including reducing the eligibility requirement for part-time employees from two years to one and adding coverage for their children. But he also wanted help from government leaders and other groups to make substantive changes to the country's health policies.

The speech caught Stern's attention. He was also impressed by Wal-Mart's efforts in environmental sustainability, in which it had worked with activist groups such as the Rocky Mountain Institute and TransFair USA. He took it as a sign the retailer was committed to changing not just its reputation but its practices.

"This was a company that was willing to create partnerships with people they might not normally agree with," Stern said. "It's always important to me that people don't just say things, they do things."

In his 2006 book, "A Country That Works," Stern wrote admiringly of how Dennis Rivera, president of the New York City Health Care Workers Union 1199, "taught us a great deal about how to tango" when he sent his members to join hospital operators in persuading the New York state legislature to raise insurance reimbursement rates. While the hospitals' pleas were viewed as self-serving, the workers won over lawmakers. Those billions of dollars of reimbursements found their way into better wages and "the gold standard of benefits for the hospital workers," Stern wrote.

In July, he wrote an opinion article in the Wall Street Journal declaring the death of employer-based health coverage and urging businesses to look for new solutions. Stern followed up with a letter to each head of a Fortune 500 company. Over the next few months, he received responses from many of them. By December, he was in discreet talks with Wal-Mart on ways they could reach a consensus on the problem of health care, if nothing else.

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"We've disagreed on many issues in the past, and I'm sure we will disagree on others going forward," Sarah Clark, a spokeswoman for Wal-Mart, said yesterday. "However, resolving America's health-care crisis is so important to this country that we're willing to put aside our differences and work together."

In addition to Wal-Mart and the SEIU, the coalition announced yesterday includes other groups that historically have been at odds: AT&T, Intel, the Communications Workers of America, the Howard H. Baker Jr. Center for the Public Policy and Kelly Services. The coalition issued a statement decrying the state of the nation's health-care system and outlining four principles for an alternative, including ensuring that everyone has quality and affordable coverage.

But not everyone is convinced the coalition will be effective. Gerald M. Shea, the AFL-CIO's head of health policy, said he was concerned about the lack of detail in the coalition's plans.

"Their public positioning campaign is one thing. What they do is another," he said. "They want a solution by 2012 -- that's too far away from our point of view. What are you ready to do now?"

The UFCW had met with a Wal-Mart executive in December to discuss health care but decided the company was not taking enough steps to significantly improve its employee coverage. And it came out swinging again yesterday, with members handing out fliers from Wake-Up Wal-Mart denouncing the company at the news conference.

"Why Wal-Mart would want to look for a partner to cover up its health-care crisis is obvious," said Paul Blank, director of Wake-Up Wal-Mart. "But why anybody would decide to give a disingenuous player that stage is unconscionable."

Stern said the SEIU's Wal-Mart Watch will continue to speak out against the retailer as it sees fit. But now he has his eyes on bigger fish. The coalition spent the afternoon making rounds at Congress, stopping at the offices of House Speaker Nancy Pelosi (D-Calif.) and Rep. James E. Clyburn (D-S.C.), among others.

"We're way past the question, 'Can an employer solve this problem?' " he said. "We're at a point where the country has to solve the problem."

Wal-Mart, Unions Unite On Health Care (WP/AP)

By Dan Caterinicchia

The Washington Post, February 8, 2007

WASHINGTON -- Executives from Wal-Mart and three other large U.S. employers on Wednesday joined union leaders in calling for "quality, affordable" health care for every American by 2012.

However, they did not propose any specific policies to achieve this goal, or commit to spending any extra money in the near-term to provide health coverage to more workers.

Joining Wal-Mart Stores Inc. CEO Lee Scott and Service Employees International Union leader Andrew Stern at a Washington press conference were top executives from Intel Corp., AT&T Inc. and Kelly Services Inc., a temporary staffing agency. Yet some critics of Wal-Mart's health care policy remained unsatisfied.

"2012 is a still long way away. What about now?" said Dana Rezaie, a widow with three children who works nights stocking shelves at a Wal-Mart store in Fridley, Minn.

The partnership of business and union leaders laid out four main goals, including universal health-care coverage for all Americans and boosting the value of every U.S. dollar spent on health care. The business and union leaders' coalition, dubbed "Better Health Care Together," pledged to convene a national summit by the end of May to recruit others from the private sector, labor, government and non-profits.

"Government alone won't and can't solve this crisis," Scott said. "By following this campaign's common sense principles, we believe America can have high quality, affordable and accessible health care by 2012."

But Scott and others did not provide a detailed plan. In response to a reporter's question, Scott said Wal-Mart is not committed to spending more on health care or making any immediate promises to provide health coverage to more workers.

The business executives did say that any universal coverage in the U.S. must be flexible enough to give consumers choices about their coverage, unlike plans in some foreign nations.

Stern said the SEIU would continue to fund its Wal-Mart Watch campaign, which as recently as last month said Wal-Mart's health plans were a raw deal for employees. Stern said he expects to be criticized for teaming up with Wal-Mart, but that he felt it was in the best interest of workers who lack coverage, and their families.

Stern said he and Scott first met face-to-face to discuss the partnership "around the holidays."

Joseph T. Hansen, president of the United Food and Commercial Workers union, was critical of other union leaders for teaming up with Wal-Mart.

"It's not appropriate to take the stage with a company that refuses to remedy its mistreatment of workers," Hansen said in a prepared statement. The union he represents funds the WakeUpWalMart campaign, which challenged the company to immediately provide health care to all of its uninsured employees and their families.

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The Bentonville, Ark.-based company, which employs more than 1.3 million U.S. workers, has made several changes to its health care policy since 2005, including lowering premiums and shortening eligibility periods.

Yet Scott said Wednesday he would not withhold financial support from lawmakers and candidates who oppose universal health care. WakeUpWalMart spokesman Chris Kofinis called that stance "hypocritical," pointing out that Scott blamed politics as the main reason the nation lacked universal health care.

"Anybody can say they support something. They need to show they really do," said Rezaie, a six-year Wal-Mart employee who says she cannot afford the company's existing health plan and instead relies on state-funded care. WakeUpWalMart supplied Rezaie's name to The Associated Press.

Democratic presidential candidate Sen. Hillary Rodham Clinton, a longtime universal health care advocate, said the coalition's announcement was further evidence of broad agreement on the issue.

Drew Altman, president of the Kaiser Family Foundation, which studies health policy, was more sanguine. "This is a historic collection of strange bedfellows that have united behind a set of principles, not a concrete plan," Altman said.

John Podesta, president of the Center for American Progress, a member of the coalition, said business and union leaders already plan to meet with officials at the White House, on Capitol Hill and with state governors to transform its principles into action.

Shares of Wal-Mart closed unchanged at $48.58, while AT&T slid 35 cents to end at $37.16, both on the New York Stock Exchange. On the Nasdaq Stock Market, shares of Intel gained 20 cents to finish at $21.51, while those of Kelly Services rose 24 cents to $31.24.

In GOP Presidential Race, McCain Slips; Giuliani Gains Luster (CSM)

By Linda Feldmann

The Christian Science Monitor, February 8, 2007

WASHINGTON

In polls, the top two contenders for the 2008 Republican presidential nomination have long been Sen. John McCain of Arizona and former New York Mayor Rudolph Giuliani.

But pundits have tended to discount Mr. Giuliani's chances, given his liberal stands on social issues such as abortion and gay rights. Now, a combination of factors is forcing a new look at both Senator McCain's vulnerabilities, particularly over his steadfast support for an unpopular Iraq war, and Giuliani's potential to overcome weaknesses.

For the first time since October 1999, McCain's favorability rating among American voters has dropped below 50 percent. A Gallup poll taken last month showed him at 48 percent, down 6 points from November, and down from a high of 67 percent in February 2000. Giuliani, in contrast, has held above 60 percent favorability in Gallup polls, most recently at 62 percent. Now that Giuliani has signaled a serious intention to run, stating on Monday "I'm in this to win" as he filed papers with the Federal Election Commission, the comparisons grow in importance.

For Giuliani, winning over enough of the conservative Republican base to secure the nomination has long been seen as a potentially insurmountable task. But now, analysts say, it's possible that Republican-leaning independents could make the difference in the early GOP primaries.

"I tend to think if Giuliani catches fire, he could win" even the South Carolina primary, says Dick Bennett, a nonpartisan pollster based in New Hampshire, who has been polling in early nominating states. The key is that South Carolina has an open primary, meaning that independents can vote.

In an interview with Fox News on Monday, Giuliani stood by his support for abortion and gay rights, but not gay marriage. He said he would nominate Supreme Court justices similar to those President Bush selected, meaning Chief Justice John Roberts and Justice Samuel Alito.

For Giuliani, the appeal to a broad swath of Republican primary voters would be centered on the leadership aura he gained from his post-9/11 performance as mayor of New York.

In a head-to-head matchup against McCain in a Gallup poll of Republicans and Republican "leaners" taken Jan. 25-28, Giuliani beat the Arizona senator handily in most categories: better public speaker, more likable, better chance of beating the Democratic nominee, would run a more positive campaign, would perform better in debates, would do more to unite the country, would manage the country more effectively, would be better in a crisis, better understands the problems faced by ordinary Americans, and strength of leadership.

McCain beat Giuliani handily in only three categories: more qualified to be president, higher ethical standards, and would work better with Congress.

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But with 11 months to go before the Iowa caucuses, the first nominating contest, analysts caution against reading too much into polls. Most voters have not given much thought to the choices. And many are unaware of the facts. Gallup found in early January that 16 percent of Republican primary voters believe Giuliani is "pro-life;" 64 percent are unsure.

Still, the early polling is crucial to candidates' ability to attract funding, top staff, and media attention. Now that Giuliani has declared he's in, he will face a higher level of scrutiny than in the past. He is also just now beginning to put together the infrastructure of his campaign, something McCain has been working on for months and years.

Despite Giuliani's slow start, he now regularly beats McCain in head-to-head matchups. Gallup in early January had Giuliani beating McCain 50 to 42 among Republican primary voters.

The problem for McCain is that he has lost some of his luster as the "maverick" who nearly felled the party favorite for the GOP nomination eight years ago, then-Texas Gov. George Bush. That is hurting him in particular among independents, says Mr. Bennett. The problem is Iraq.

"They view McCain and Bush in the Iraq situation together," he says. In New Hampshire, "there's no excitement for him [McCain]... And I hear from people who are with McCain, 'I wonder if I made a mistake.' "

Giuliani holds a similar position on Iraq, supporting Bush's decision to send additional US troops there, but as an outside-the-Beltway figure, he is not lashed to the future of the war the way McCain is.

Regardless of who wins the GOP nomination, Iraq could be central to his chances in the general election.

"What happens in Iraq will determine whether Republicans have a very steep uphill fight or a fighting chance," says Cal Jillson, a political scientist at Southern Methodist University in Dallas. "Even though both McCain and Giuliani have roughly the same position, McCain's is so much better known and integrated into his persona than is Giuliani's. I think that's what's taken some of the air out of his balloon."

For McCain, too, conservative skepticism toward him over his support for campaign-finance reform and lack of reliability on tax cuts has never disappeared. McCain is also still working to address longstanding animosity from some Evangelicals. So it may be a combination of factors hurting McCain, analysts say.

"Is it that Republicans are saying to themselves, 'McCain is too close to this unpopular president and this unpopular war'?" says Larry Sabato, a political scientist at the University of Virginia in Charlottesville. "Or are they saying, 'I never liked McCain, I can't swallow him, he has too many problems, like age and temper, and I've always liked Giuliani'? I think it's a bit of everything."

"It's very revealing – the intensity of anti-McCain sentiment out there among Republicans," Mr. Sabato adds. "I encounter it whenever I give a talk."

Mormon Candidate Braces For Religion As Issue (NYT)

By Adam Nagourney And Laurie Goodstein

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — As he begins campaigning for the Republican presidential nomination, Mitt Romney, the former Massachusetts governor, is facing a threshold issue: Will his religion — he is a Mormon — be a big obstacle to winning the White House?

Polls show a substantial number of Americans will not vote for a Mormon for president. The religion is viewed with suspicion by Christian conservatives, a vital part of the Republicans' primary base.

Mr. Romney's advisers acknowledged that popular misconceptions about Mormonism — as well as questions about whether Mormons are beholden to their church's leaders on public policy — could give his opponents ammunition in the wide-open fight among Republicans to become the consensus candidate of social conservatives.

Mr. Romney, in an extended interview on the subject as he drove through South Carolina last week, expressed confidence that he could quell concerns about his faith, pointing to his own experience winning in Massachusetts. He said he shared with many Americans the bafflement over obsolete Mormon practices like polygamy — he described it as "bizarre" — and disputed the argument that his faith would require him to be loyal to his church before his country.

"People have interest early on in your religion and any similar element of your background," he said. "But as soon as they begin to watch you on TV and see the debates and hear you talking about issues, they are overwhelmingly concerned with your vision of the future and the leadership skills that you can bring to bear."

Still, Mr. Romney is taking no chances. He has set up a meeting this month in Florida with 100 ministers and religious broadcasters. That gathering follows what was by all accounts a successful meeting at his home last fall with evangelical leaders, including the Rev. Jerry Falwell; the Rev. Franklin Graham, who is a son of the Rev. Billy Graham; and Paula White, a popular preacher.

Mr. Romney said he was giving strong consideration to a public address about his faith and political views, modeled after the one John F. Kennedy gave in 1960 in the face of a wave of concern about his being a Roman Catholic.

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Mr. Romney's aides said he had closely studied Kennedy's speech in trying to measure how to navigate the task of becoming the nation's first Mormon president, and he has consulted other Mormon elected leaders, including Senator Orrin G. Hatch, Republican of Utah, about how to proceed.

Mr. Romney appears to be making some headway. Several prominent evangelical leaders said that, after meeting him, they had grown sufficiently comfortable with the notion of Mr. Romney as president to overcome any concerns they might have about his religion.

On a pragmatic level, some said that Mr. Romney — despite questions among conservatives about his shifting views on abortion and gay rights — struck them as the Republican candidate best able to win and carry their social conservative agenda to the White House.

"There's this growing acceptance of this idea that Mitt Romney may well be and is our best candidate," said Jay Sekulow, the chief counsel for the American Center for Law and Justice, a conservative legal advocacy group, and a prominent host on Christian radio.

Mark DeMoss, an evangelical public relations consultant who represents many conservative Christian groups, said it was "more important to me that a candidate shares my values than my faith," adding, "And if I look at it this way, Mr. Romney would be my top choice."

Mormons consider themselves to be Christians, but some beliefs central to Mormons are regarded by other churches as heretical. For example, Mormons have three books of Scripture other than the Bible, including the Book of Mormon, which Mormons believe was translated from golden plates discovered in 1827 by Joseph Smith Jr., the church's founder and first prophet.

Mormons believe that Smith rescued Christianity from apostasy and restored the church to what was envisioned in the New Testament — but these doctrines are beyond the pale for most Christian churches.

Beyond that, there are perceptions among some people regarding the Church of Jesus Christ of Latter-day Saints, as the church is formally known, that account for at least some of the public unease: that Mormons still practice polygamy (the church renounced polygamy in 1890), that it is more of a cult than a religion and that its members take political direction from the church's leaders.

Several Republicans said such perceptions could be a problem for Mr. Romney, especially in the South, which has had a disproportionate influence in selecting Republican presidential nominees.

Gloria A. Haskins, a state representative from South Carolina who is supporting Senator John McCain for the Republican nomination, said discussions with her constituents in Greenville, an evangelical stronghold, convinced her that a Mormon like Mr. Romney could not win a Republican primary in her state. South Carolina has one of the earliest, and most critical, primaries next year.

"From what I hear in my district, it is very doubtful," Ms. Haskins said. "This is South Carolina. We're very mainstream, evangelical, Christian, conservative. It will come up. In this of all states, it will come up."

But Katon Dawson, the state Republican chairman, said he thought Mr. Romney had made significant progress in dealing with those concerns. "I have heard him on his personal faith and on his character and conviction and the love for his country," Mr. Dawson said. "I have all confidence that he will be able to answer those questions, whether they be in negative ads against him or in forums or in debates."

Mr. Romney's candidacy has stirred discussion about faith and the White House unlike any since Kennedy, including a remarkable debate that unfolded recently in The New Republic. Damon Linker, a critic of the influence of Christian conservatism on politics, described Mormonism as a "theologically unstable, and thus politically perilous, religion."

The article brought a stinging rebuttal in the same publication from Richard Lyman Bushman, a Mormon who is a history professor at Columbia University, and who said Mr. Linker's arguments had "no grounding in reality."

Mr. Romney is not the first Mormon to seek a presidential nomination, but by every indication he has the best chance yet of being in the general election next year. His father, George Romney, was a candidate in 1968, but his campaign collapsed before he ever had to deal seriously with questions about religion.

Senator Hatch said his own candidacy in 2000, which was something of a long shot, was to "knock down prejudice against my faith."

"There's a lot of prejudice out there," Mr. Hatch said. "We've come a long way, but there are still many people around the country who consider the Mormon faith a cult."

But if Mr. Romney has made progress with evangelicals, he appears to face a larger challenge in dispelling apprehensions among the public at large. A national poll by The Los Angeles Times and Bloomberg News last June found 37 percent said they would not vote for a Mormon for president.

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Mr. Romney offered assurances that seemed to reflect what Kennedy told the nation in discussing his Catholicism some 50 years ago. Mr. Romney said the requirements of his faith would never overcome his political obligations. He pointed out that in Massachusetts, he had signed laws allowing stores to sell alcohol on Sundays, even though he was prohibited by his faith from drinking, and to expand the state lottery, though Mormons are forbidden to gamble. He also noted that Mormons are not exclusively Republicans, pointing to Senator Harry Reid of Nevada, the Democratic majority leader.

"There's no church-directed view," Mr. Romney said. "How can you have Harry Reid on one side and Orrin Hatch on the other without recognizing that the church doesn't direct political views? I very clearly subscribe to Abraham Lincoln's view of America's political religion. And that is when you take the oath of office, your responsibility is to the nation, and that is first and foremost."

He said he was not concerned about the resistance in the polls. "If you did a poll and said: 'Could a divorced actor be elected as president? Would you vote for a divorced actor as president?' my guess is 70 percent would say no. But then they saw Ronald Reagan. They heard him. They heard his vision. They heard his experience. They said: 'I like Ronald Reagan. I'm voting for him.' "

Romney's About-face On Campaign Funding (HILL)

By Alexander Bolton

The Hill, February 8, 2007

Former Massachusetts Gov. Mitt Romney, who strongly criticized campaign-finance regulations in a private meeting with House conservatives last week, once touted dramatic restructuring measures such as taxing political contributions and placing spending limits on federal campaigns.

Romney's past positions on campaign-finance regulation, anathema to many social conservatives who believe such rules place unconstitutional limits on free speech, could complicate his ongoing efforts to court conservative leaders.

Romney already has had to explain his past support for abortion rights, another volatile issue among conservatives. At a private meeting with conservative House Republicans in Baltimore Friday, Romney devoted much of his time to explaining how his stance on abortion has evolved, said a conservative who attended.

While several Republicans who attended the Republican Study Committee (RSC) retreat greeted Romney's remarks on abortion with skepticism, his condemnation of changes to campaign-finance rules struck a positive chord with the entire audience. Romney specifically criticized the 2002 Bipartisan Campaign Reform Act sponsored by his rival for the GOP presidential nomination, Sen. John McCain (R-Ariz.).

"Referring to the bill, [Romney] called it 'one of the worst things in my lifetime,'" one conservative Republican said. "The place erupted. That was by far the biggest applause line."

Romney also has criticized McCain on campaign finance while stumping in South Carolina, where President Bush turned the tide against McCain in the 2000 GOP presidential primary.

A South Carolina-based publication, The State, recently reported that Romney highlighted McCain's support of campaign regulations in order to draw a contrast with his rival.

"That's a terrible piece of legislation," Romney said, according to the report. "It hasn't taken the money out of politics … [But] it has hurt my party."

A review of Romney's public statements from his 1994 senatorial and 2002 gubernatorial campaigns reveal that he once touted stringent campaign-finance modifications.

A Boston Globe article from July 1994 reported that Romney publicly advocated placing spending limits on congressional campaigns and abolishing political action committees (PACs).

McCain and his allies on campaign finance included similar proposals in the first campaign-finance reform package they introduced in Congress in 1995, said Meredith McGehee, policy director of the Campaign Legal Center, who was at the center of the fight to pass the changes. McCain and his allies later dropped the spending limits and PAC ban because they proved to be too controversial, she said.

During remarks before the Burlington (Mass.) Business Roundtable in 1994, Romney spoke like the committed reformers who later enacted sweeping national reforms in Congress.

"I understand Ted Kennedy will spend about $10 million to be reelected — he's been in 32 years, $10 million. I think that's wrong because — and that's not his own money, that's all from other people," Romney said during the 1994 presentation, which was aired by C-SPAN. "And to get that kind of money you've got to cozy up as an incumbent to all the special-interest groups who can go out and raise money for you from their members. And that kind of relationship has an influence on the way you're gonna vote."

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Romney lost his race against Sen. Edward Kennedy (D-Mass.). When he ran for governor eight years later, Romney again proposed dramatic changes to campaign-finance rules.

The Quincy Patriot Ledger and the Worcester Telegram & Gazette reported in the fall of 2002 that Romney proposed taxing political contributions to finance publicly funded campaigns.

"Mr. Romney campaigned in favor of clean elections, which provides public money to candidates for state office who meet strict fundraising requirements," the Telegram & Gazette reported. "But he suggested an alternative funding method. Instead of providing campaign funds from state coffers, his plan would tap 10 percent of the fundraising of candidates who choose to raise money privately."

Kevin Madden, Romney's campaign spokesman, declined to comment about campaign finance proposals his boss made in 1994 and 2002.

"He believes there ought to be transparency and disclosure in a way so the public knows who's raising money and who's contributing money," said Madden. "Right now I can say we make every effort that the campaign adheres to the disclosure and transparency requirements of campaign finance law now; 1994 was 15 years ago."

Madden reiterated Romney's belief that the 2002 campaign law hindered public participation.

Public-financed elections are an idea that Democrats in the Senate and House are planning to push this Congress; the idea is strongly opposed by conservative leaders.

Tom McClusky, the vice president of government affairs for the Family Research Council, an influential Washington-based grassroots advocacy organization representing evangelical Christians, said public financing of elections would distance lawmakers from voters.

"For groups like ours that work directly with the grass roots, it hurts us because the distance [to lawmakers] grows larger and larger," said McClusky, who argued that if legislators did not have to make fundraising appeals, they "would no longer have to be worried that they're answerable to their constituents."

McClusky said he did not know whether Romney since had shifted his stance.

"Of course, this was Mitt Romney in 2002. Who knows? He might have changed his mind on that," he said. "He always seems to want to come back to the table."

Jeff Mazzella, the president of the Center for Individual Freedom, another conservative advocacy group, has published harsh criticisms of McCain because of his support for various campaign regulations. He was surprised to hear of Romney's past positions.

"I was not familiar [with] Romney's positions referenced in the articles you stated," Mazzella said in an interview. "We're adamantly opposed to the idea of taxing campaign donations, or eliminating PACs or any abridgement of the people's right to assemble or speak."

It remains to be seen, however, whether Romney will face as much skepticism on campaign finance as he has on abortion.

One House conservative who met with him last week noted disapprovingly that Romney freely admitted that he has been firmly opposed to abortion rights for only two and a half years. He was also unenthusiastic about what he called Romney's cumbersome explanation.

"He spent a significant portion of his speech trying to convince members that he was pro-life now," he said. "But on an issue like that is, it shouldn't take a lot of time to say, 'I'm pro-life.'

"The fact that it took paragraphs and paragraphs of explanation, and never had a hard-and-fast 'I'm 100 percent pro-life from conception to natural death'" was disconcerting, the House Republican said.

Obama Preserves Public Financing Option (WP/AP)

By Nedra Pickler

The Washington Post, February 8, 2007

WASHINGTON -- Democratic Sen. Barack Obama is asking whether he can take money from donors who want him to be president, then give it back later. The Federal Election Commission said Wednesday that it will look into the novel question.

Obama is indicating that he wants to at least keep the option of using the public financing system for his presidential campaign if he becomes the Democratic nominee. To do so, the Illinois senator could not spend any money from contributors for political purposes, but instead use federal funding that is expected to total about $85 million for next year's general election.

"Senator Obama has long been a proponent of public financing of campaigns and we are asking the FEC to take a step that could preserve the public financing option for the party's nominees," said Obama spokesman Bill Burton.

Strategists from both parties estimate that the 2008 race could cost each nominee $500 million _ far more than the Presidential Election Campaign Fund can afford. It is financed through the $3 checkoff on federal income tax returns.

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Obama has decided to raise unlimited private contributions for the primary and general campaigns, following the lead of chief Democratic rivals Sen. Hillary Rodham Clinton and John Edwards. Edwards and Obama also say they won't accept money from lobbyists or political action committees.

But Obama's lawyer, Robert Bauer, suggested in an advisory opinion request to the FEC that Obama may want to participate in the public financing system for the general election if he's nominated and the Republican candidate agreed to do the same.

"Should both major party nominees elect to receive public funding, this would preserve the public financing system, now in danger of collapse," Bauer wrote.

But a Republican will not be nominated for president until next year and it's impossible to know whether the candidate will agree to public financing. So Obama wants to know if he can raise the general election money now and give it back later if an agreement is reached.

While both President Bush and Democratic challenger John Kerry rejected public funding for their primary campaigns in 2004, they did accept $74.5 million each for the general election campaign.

Three Republican and three Democratic commissioners have 60 days to respond, unless the FEC decides to honor Obama's request for an expedited response. At least one commissioner, Republican Michael Toner, appeared opened to Obama's idea but said he needs to examine the law to see if it would be prohibited.

"We're dealing with uncharted territory here," Toner said. "We have candidates that face unique fundraising challenges and political pressures in the 21st Century, and I think the law needs to adapt whenever possible to meet those challenges."

All other presidential campaigns would have the right to weigh in with their comments before the FEC makes a decision.

Obama established a presidential exploratory committee last month and plans to announce his candidacy on Saturday in Springfield, Ill.

Obama Proposes Candidates Limit General Election Spending (NYT)

By David K. Kirkpatrick

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — Senator Barack Obama of Illinois, a contender for the Democratic presidential nomination, issued an unusual challenge to his rivals on Wednesday. He proposed a voluntary agreement between the two major party nominees that would limit their fund-raising and spending for the general election.

Mr. Obama's suggestion is notable because the 2008 presidential election is widely expected to be the first campaign since President Richard M. Nixon left office that would be paid for mainly by private donors and waged without legal spending limits.

For the first time in 30 years, the leading candidates in both major parties have indicated that they will not accept public money through the presidential public financing system so that they will not be bound by its spending limits. In previous general elections, the system provided all the money for both major party candidates on the condition that they did not take private contributions.

But the money the public system is expected to provide in 2008 — about $150 million for a candidate's primary contests, nominating convention and general election campaign — cannot keep up with the flow of private contributions available to the candidates. If the previous patterns hold, the two major party candidates in 2008 could each raise more than $500 million from private contributors, overpowering a nominee who chose to abide by the public financing rules.

Those calculations have already set off a furious fund-raising scramble as well-financed candidates, notably Senator Hillary Rodham Clinton, Democrat of New York, try to stockpile enough early money to scare off competition.

In a Feb. 1 filing with the Federal Election Commission that was made public on Wednesday, Mr. Obama said that he, too, would seek enough private donations to remain competitive, but with a twist. He asked the commission if he could begin soliciting private donations with the understanding that he might later return the money to his contributors. If he won the Democratic nomination, he could then strike a deal with the Republican nominee to return their private donations and use only public money for the general election. For 2008, that would limit each general election campaign to about $85 million.

"Should both major party nominees elect to receive public funding, this would preserve the public financing system, now in danger of collapse, and facilitate the conduct of campaigns freed from any dependence on private fund-raising," Mr. Obama's filing said.

It is unclear how plausible such a truce might be. A candidate with a much bigger bank account at the start of the general election would be reluctant to relinquish that advantage.

Mr. Obama's filing raises delicate questions for some of his rivals. Three of them — Mrs. Clinton and John Edwards among the Democrats, and Senator John McCain, Republican of Arizona — have begun raising private contributions outside the public

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financing system. All three have said they value the public financing system and support updating it to keep it alive. Mr. McCain in particular has led efforts to tighten campaign finance laws.

On Wednesday, a spokesman for Mr. McCain suggested that Mr. Obama was trying to have it both ways, preserving the possibility of taking public money if he could not bring in enough private donations. “Is he asking for the option of whatever is the higher number?” Matt David, the spokesman, asked.

Although Mr. McCain’s campaign has sought donations that would be illegal for a candidate who takes public money to accept, his aides have asserted that no decision has been made and said that the campaign might return the contributions.

Mr. Obama’s inquiry appears to be a pointed response to Mrs. Clinton, whose campaign was the first to announce that it would forgo public financing for both the primary and general elections. A spokesman for Mrs. Clinton declined to comment Wednesday.

A spokeswoman for Mr. Edwards, who said this week that he, too, would sidestep the public financing system, scoffed at Mr. Obama’s proposal.

“That sounds a little optimistic to us,” the spokeswoman, Jennifer Palmieri, said. “There are a lot of ifs there.” At this point, she said, Mr. Edwards “is not prepared to do that.”

Michael Toner, a Republican member of the commission, said Mr. Obama’s inquiry “raises very novel issues.”

Obama To Seek FEC Ruling On Financing (WP)

By Chris Cillizza And Matthew Mosk

The Washington Post, February 8, 2007

Sen. Barack Obama (D-Ill.) signaled yesterday that he will begin raising money for a potential general election candidacy, joining Sen. Hillary Rodham Clinton (D-N.Y.) and former senator John Edwards (D-N.C.) in rejecting the public financing system that has governed presidential elections for better than three decades.

Even as Obama starts to collect donations for a general election account, he has asked for guidance from the Federal Election Commission on whether he could reverse course if he wins the Democratic nomination and his Republican opponent accepts public money.

Dan Pfeiffer, a spokesman for Obama, said the senator's filing is intended to "preserve the public financing option for the party's nominees." Other aides explained that the request is aimed at defining what Obama can and cannot do in a murky area of campaign finance law.

Until now, candidates have accepted that once they start to raise a separate pool of money for the general election, they have committed to running without federal matching funds. Obama's filing questions that assumption.

Federal rules state that once a candidate "accepts" donations for a general election run, he can no longer accept federal money. Obama asked the FEC to determine whether he could "receive" contributions, but later, if he were to decide to take public funds, simply return the money.

The leading Republican candidates -- Sen. John McCain (Ariz.), former Massachusetts governor Mitt Romney and former New York mayor Rudolph W. Giuliani -- have not said whether they will take public funds. But it is unlikely they would agree to limit their spending if the Democratic nominee is unwilling to do so.

Obama's campaign requested that the FEC rule within 20 days.

Stop Arm-twisting 'Support' (USAT)

By Mitch Mcconnell,

USA Today, February 8, 2007

The recent decision by a number of presidential aspirants not to dip into the public trough for campaign funds is a clear sign of just how expensive national elections have become. It's also a sign that the current system of public funding for private campaigns is on its way out.

This is as it should be. Those who support a candidate are free to contribute to his or her campaign. They always have been. But the idea that those who don't support that candidate should also contribute to his or her campaign is worse than nonsense: It's a coercive use of taxpayer funds.

Americans are in overwhelming agreement on this point. Every year, they're asked to check a box on their tax returns if they wish to send $3 from the U.S. Treasury to the national campaigns. In what amounts to an annual national referendum on the question, an overwhelming majority of taxpayers have always held back their pens.

The number of Americans who support the current system has long been in decline. At one point, nearly 30% of tax filers thought the public financing system was a good idea. But the percentage of us who checked the box fell to an all-time low of 9% in 2004, the most recent presidential election year.

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A number of special-interest groups have recently registered their "concerns" about the future of the public financing system. They say the increasing lack of voter support suggests a lack of education. Yet this steady decline in support should suggest just the opposite: Many voters who once supported the public funding system have thought about it and changed their minds.

One group in particular recently said it would cost each American "just $6 per year" to subsidize political campaigns. That's $1.8 billion annually — $7.2 billion over a four-year cycle — in taxpayer funds that could be spent on national security, education or Social Security.

The current crop of presidential hopefuls are turning aside taxpayer-subsidized welfare for their campaigns. Congress should follow their lead — and that of nearly every American taxpayer— and do away with the current public financing system once and for all.

Sen. Mitch McConnell, R-Ky., is the Senate Minority Leader.

Presidential Candidates Flee Public Fund, Seek Big Bucks (USAT)

USA Today, February 8, 2007

Public financing for presidential candidates, in place since the post-Watergate reforms of the 1970s, is all but dead for most major candidates, done in by the fact that Hillary Clinton and John McCain and others seeking the White House will have to spend as much as $500 million each to be competitive. That's far more than the roughly $122 million the out-of-date public system would limit them to spending for next year's primary and general elections.

It's a serious loss. Price was evident at a party Tuesday at Sen. Clinton's Washington home, where she entertained about 70 well-heeled fundraisers, some of whom reportedly pledged to bundle as much as $1 million in individual contributions for her presidential campaign. Among those invited were lawyers, financiers and at least two partners from a Washington lobbying firm. If their largesse helps Clinton get elected, will these folks expect access and favors for themselves and their clients? Does anyone really think otherwise?

One might wish for candidates who are above such things, but Clinton is doing what most serious candidates from both major parties almost certainly will do — opt out of a voluntary public financing system that was designed in the 1970s and hasn't been upgraded to keep up with wildly expensive campaigns. Congress could fix this by changing the law. Instead, it's dropped the ball.

A key goal of the presidential fund was to free candidates from money grubbing and the corrosive ties that come with it. Raising the money for a credible run for the presidency puts a premium on donors who can write the largest legal checks: $2,100 each for the primary and general elections cycles. Statistics show that's fewer than a tenth of 1% of Americans. But they and the people who bundle those checks into million-dollar packages are the ones who will have first claim on the next president's time.

Taxpayers can underwrite presidential elections by checking the box on their tax forms that sends $3 to the election fund, but fewer and fewer do. It's tempting to view this as popular rejection of public financing, but that would be simplistic. Polling suggests that when voters know what it takes to get public money, support shoots above 70%.

That's why seven states (Arizona, Connecticut, Maine, North Carolina, New Jersey, New Mexico and Vermont)and two cities (Albuquerque and Portland, Ore.) are using or preparing to use public funding for some or all races. Politicians who accept public funds must agree not to raise more money and to abide by strict spending limits.

Opponents of this practice — incumbents, lobbyists, others seeking power — make hay deriding this as "welfare for politicians." Hardly. Candidates can spend more time with voters, and those who win office don't have to check with moneyed interests before taking action.

Gov. Janet Napolitano, who won office under Arizona's public financing law, implemented a prescription drug discount plan on her first day in office in 2003. Had she run with contributions from donors such as drug companies, she said that year, she might never have been able to do that. Lobbyists would have tried to undermine it, threatening to back another candidate in the next election.

"None of that happened," Napolitano said, "because special interests had nothing to hold over me."

Law Professor Set To Fill Obama's Policy Bank For White House Bid (HILL)

By Sam Youngman

The Hill, February 8, 2007

If the early knock on presumed presidential candidate Sen. Barack Obama (D-Ill.), that he's long on style and short on substance, is true, then Seton Hall law professor Mark Alexander is going to have his hands full.

Alexander is signing on to Obama's 2008 presidential campaign as policy director, and he concedes that both he and the senator have a lot of work to do.

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Alexander would not deny a report on PoliticsNJ.com that he told his law students to expect a new professor in coming weeks as he departs for his new endeavor, but when talking to The Hill Wednesday, he was careful not to put "the cart before the horse" in anticipation of Obama's forthcoming announcement.

That said, the Yale graduate and friend of Obama's for 10 to 12 years said he is "honored" to be joining the senator's campaign — again, assuming the campaign moves beyond the exploratory phase — and he takes issue with those who might question Obama's depth of policy knowledge.

"I don't think he's short on substance at all," Alexander said. "I guess I don't buy into that criticism."

Alexander acknowledged that, like many past presidential candidates who were relatively new to the national stage (think then-Texas Gov. George W. Bush as opposed to longtime Washingtonians Vice President Al Gore or Massachusetts Sen. John Kerry), Obama will have to go through "an intense period" of deep policy education in order to offer a "firm vision."

"I think, frankly, every campaign has to do that," he said.

Alexander wouldn't comment on recent conversations he and Obama have had on specific policy areas, except to say that much of the exploratory committee's purpose is "exploring the issues that are confronting the American people."

Alexander is not new to the intersection of policy and politics, having worked as issues director for then-Sen. Bill Bradley's (D-N.J.) 2000 presidential campaign. The professor also worked for Sen. Edward Kennedy's (D-Mass.) 1988 reelection campaign, and most recently served as general counsel to new Newark Mayor Cory Booker's campaign.

His primary areas of study lie in First Amendment free-speech issues, election law and campaign finance reform, the last of which led him to file a brief with the U.S. Supreme Court "defending the right of governments to limit campaign spending," according to his Seton Hall biography.

Whether or not a deep knowledge of campaign-finance reform will be an asset in a campaign cycle predicted to be the most expensive to date is not an issue, Alexander's colleagues say.

"He is someone who is just … always on top of the policy issues of the day," an associate law professor at Seton Hall, Baher Azny, said.

An associate dean at Seton Hall's law school, Kathleen Boozang, called Alexander a "quick study" and "pragmatic," two qualities she said will serve Obama well.

"He's able to take lofty ideas and translate them to solid ideas on the ground," Boozang said.

Boozang described Alexander as "charming" and "even-tempered" and added that his students and colleagues "adore him."

Though his academic interests are in the areas of the First Amendment and election law, Boozang said Alexander does care "passionately" about making his community a better place.

"He's an African-American man raising three kids, raising his family, which to me means he is incredibly attuned to social issues," she said.

With a crowded field that includes former first lady and Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.), as well as hefty-résumé-wielding candidates such as New Mexico Gov. Bill Richardson, Obama needs to avoid any early policy missteps lest his critics and opponents successfully paint him as too inexperienced for the job, according to political analyst Charlie Cook.

"When you've got a presidential candidate who has to dispel notions of inexperience … having a strong policy director that avoids mistakes and avoids painting the candidate into a corner is incredibly important," Cook said. "Obama can't afford any serious policy mistakes."

In early voting states such as Iowa and New Hampshire, shallow policy knowledge can — and more than likely will — be exposed by educated voters, often with a particular "axe to grind," according to Dante Scala, a politics professor at Saint Anselm College in Manchester, N.H.

"Preparing for New Hampshire is not like a multiple-choice test," Scala said. "It's much more open-ended than that."

Scala said it is nearly impossible for a candidate to do the homework necessary to know the answer to every question posed at the Granite State's rigorous town hall meetings, in which voters can be "very demanding" and often ask "a very particular question on a very particular subject."

"There's more potential for getting caught flat-footed in a New Hampshire campaign," he said.

Sen. Clinton's Bundles (WP)

The Washington Post, February 8, 2007

SEN. HILLARY Rodham Clinton had a party at her house the other night for an elite group: about 70 fundraisers who agreed to raise at least $250,000 -- and some as much as $1 million -- for her presidential campaign. That soiree and a meeting for lower-level fundraisers ($25,000 and up) prompts us to raise again the question that we couldn't get the Clinton campaign to

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answer the other day. What are the candidate's plans to release the names of her big bundlers? Will she meet the standard of disclosure set by President Bush and every 2004 Democratic presidential contender except John Edwards and make the fundraisers' identities available? So far -- though we've been putting this question to the Clinton campaign since last Friday by telephone and by e-mail -- we haven't gotten an answer.

Candidates are as indebted to big bundlers as they would be to big check-writers; the public deserves to know who's underwriting their campaigns. Disclosure of this sort should be a no-brainer. Sen. Barack Obama (D-Ill.) has promised to release the names of his big bundlers. So has Sen. John McCain (R-Ariz.), whose campaign told us of his promise yesterday. But Mr. Edwards won't say anything except that he'll abide by the law; voters might ask how his refusal to identify big-money bundlers squares with his populist message. Meanwhile, former Massachusetts governor Mitt Romney and former New York mayor Rudolph W. Giuliani haven't responded to our inquiries.

Ultimately, the Federal Election Commission or Congress should require disclosure of this information and not leave it up to the whim and goodwill of individual candidates. In the meantime, voters have every reason to be suspicious of those who would be president but don't want to be transparent about how they're going to collect the cash they need to reach the White House.

Bring Bundling Into The Public Eye (LAT)

The Los Angeles Times, February 8, 2007

IN CAMPAIGNING last year against the "culture of corruption," the Democrats who now control Congress set the stage for a bidding war between the House and Senate over ethics reform. So far it's been good for both chambers, not to mention the American public, but on one issue the competition could stand another round.

First the House approved a ban on members accepting gifts, meals and travel on corporate jets, shaming the Senate into following suit.

Then the Senate upped the ante by voting to deny future pensions to members convicted of serious crimes (an initiative quickly emulated by the House) and passing a measure requiring disclosure of the arcane but influential practice in which lobbyists "bundle" campaign contributions.

In some societies, "bundling" is the practice of betrothed couples chastely sharing a bed. In Washington, "bundling" takes place when someone — not necessarily a lobbyist — orchestrates and then takes credit for several contributions to candidates for Congress (many of whom, of course, are incumbents) or to party committees.

A bundler can be more than a collector of contributions; he can also stage the fundraiser at which donors are asked to help the cause. And bundling isn't confined to the raising of campaign funds. It also takes the form of lobbyists orchestrating fundraising for presidential inauguration events and presidential libraries.

Bundling by anyone goes against the spirit of federal election law, which encourages small contributions. But bundling by lobbyists also has the effect of increasing the clout of those who are in the day-to-day business of trying to influence legislation. Yet, unlike their other activities, bundling by lobbyists is not a matter of public record.

It would be public under the Senate ethics bill and a similar House proposal by Reps. Chris Van Hollen (D-Md.) and Martin Meehan (D-Mass.). This week, six campaign-reform groups, including Common Cause and the League of Women Voters, sent a letter to members calling bundling disclosure "essential" to lobbying reform.

House Speaker Nancy Pelosi (D-San Francisco) has promised that the 110th Congress would be "the most honest, the most open and the most ethical Congress in history." She can make good on that pledge by steeling her colleagues to resist the importuning of lobbyists — and their own worse instincts — and join the Senate in shining light on bundling.

Democrat Leaders Back Edwards On Taxes (WT)

By Donald Lambro

The Washington Times, February 8, 2007

Democratic state chairmen yesterday said they support former Sen. John Edwards' plan to increase taxes on upper-income Americans if he wins the presidency in 2008, a plan backed by the party's House and Senate leaders.

Those who responded to a survey of Democratic chairmen across the country said they approved of the plan presented Sunday by the former North Carolina senator on NBC's "Meet the Press" to raise the top tax rates on salaries of more than $200,000 and possibly other tax levies as well.

But many state party leaders don't want to step into the politically charged issue of raising taxes, at least at this early juncture in the presidential-election cycle -- even if their party's congressional leadership has embraced the idea.

"Raising taxes is a really tough decision, but I think Edwards is just being realistic, considering the Iraq war costs and the war debt we've got. We've got to pay it," said Chris Wittington, the Louisiana Democratic state chairman.

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"If he's starting at $200,000, there aren't many of those people at that level in Louisiana who would be affected by it. We're a poor state," he said. But he cautioned that just talking generally about raising taxes was politically risky.

"He's got to define his message to make sure he's clear about who will be affected. He needs to narrow it down to those who will be affected," he said.

When asked on "Meet the Press" how he would pay for his universal health care proposal, Mr. Edwards said, "We'll have to raise taxes."

Democrats ruefully remember what happened to former Vice President Walter Mondale, their 1984 presidential nominee, who lost 49 states to President Reagan after he called for raising taxes on anyone making more than $60,000 a year and imposing a 10 percent surtax on people earning more than $100,000.

While Democrats have criticized Mr. Bush's tax cuts since their enactment in 2001, collectively defining them as "tax cuts for the wealthy," they have not criticized the lower tax rates for low- to middle-income earners or the doubling of the $500-per-child tax credit for families. Democratic leaders have said they would only repeal the tax cuts for those earning $200,000 or more annually -- sharply higher than the near-middle-class tax threshold Mr. Mondale set in his ill-fated campaign.

"If Edwards is proposing to raise income taxes just on upper-level income people or doing away with tax breaks for the wealthy, there aren't that many out here in proportion to the number of middle-class people," said Patricia Waak, the Colorado Democratic chairwoman.

"It's the middle-income people who bear the brunt of high costs for things like food and gas prices. People in the Democratic Party feel that giving tax breaks to the rich is not a policy they want to pursue," she said.

Still, Miss Waak added, "I have not seen his proposal, so I would not want to speak to this for the people of this state."

"I don't think it's going to hurt Democrats to talk about paying for what you get. The vast majority of the American people believe that basic health care should be an American right," said Joe Turnham, the Alabama Democratic chairman.

"What you are seeing from the Democrats is a stand for fiscal responsibility that says that any new programs or tax cuts have to be paid for," he said.

Other Democratic presidential contenders had little to say about Mr. Edwards' plan, even though most of them have said universal health care should and will be a top priority during the 2008 campaign.

"I haven't read his proposal yet," said Illinois Sen. Barack Obama, who gave a speech on the issue two weeks ago.

"Regardless of what combination of policies and proposals get us to this goal, we must reach it. We must act. And we must act boldly," he said.

But Sen Christopher J. Dodd of Connecticut dodged the tax question Monday night. "I don't know what's in it," he said. When pressed if taxes should be raised to pay for health care generally, he shook his head and said, "I haven't seen it. I'll look at it."

Mr. Edwards also was looking at other revenue-raising opportunities, saying that "we need to do a much better job of collecting the taxes that are already owed," including targeting what he said were large sums of unpaid capital-gains taxes.

But the day after Mr. Edwards called for repealing the Bush tax cuts for people in the highest income brackets, conservative tax-cutters condemned his proposal.

"Americans don't want higher taxes. They said 'no' to Mondale in '84; they'll say no to Edwards in 2008; and they'll say no to any candidate -- Republican or Democrat -- who runs on a platform of more government and higher taxes," said the Club for Growth, a tax-cut advocacy group.

c Christina Bellantoni contributed to this article.

Edwards Takes Heat Over Lavish Estate (WP/AP)

By Mike Baker

The Washington Post, February 8, 2007

CHAPEL HILL, N.C. -- Two homes, two images, one candidate.

Democrat John Edwards, who has made an anti-poverty message the theme of his 2008 presidential campaign, is taking heat for the lavish home he has constructed in Orange County, N.C.

In December, Edwards chose the modest backyard of a New Orleans woman who had lost her home to Hurricane Katrina as the image that best underscored his campaign theme.

Now voters are seeing another, sharply contrasting image of Edwards: his own home.

Sitting on 102 secluded acres _ surrounded by trees and defended by no-trespassing signs _ the 28,000-square-foot estate that Edwards and his family call home has presidential privacy.

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A main home has five bedrooms and six-and-a-half baths. It's connected by a covered walkway to a bright red addition known as "The Barn," that includes its own living facilities along with a handball court, an indoor pool and an indoor basketball court with a stage at one end. Nearby, the family has cleared space for a soccer field.

With a current building value of $4.3 million, the unfinished Edwards estate is already about $1 million more expensive than any other house in the county, according to tax records. It sits on land worth about $1.1 million.

Edwards first purchased the land in 2004, during his failed run as vice president. He recently sold his mansion in Washington's tony Georgetown neighborhood for $5.2 million.

Edwards, a former trial lawyer who made millions before winning a seat in the Senate representing North Carolina, has faced criticism regarding the estate. It also has become the subject of late-night jokes.

"Well, I think we know which America he's living in," Jay Leno quipped on NBC's "Tonight Show," a riff of Edwards' frequent mention of the "two Americas" _ one for the wealthy and one for the poor.

Monty Johnson, a neighbor whose property sits directly across from the Edwards tract, recently posted a "Go Rudy Giuliani 2008" sign just 100 feet from Edwards' driveway.

"The home is a monster. It's way over the top," Johnson said. "There's no way that a normal family could ever need a house like that. It's only going to hurt him. I don't think he's going to be able to sell his story that he's for the poor people."

Laurin Easthom, a Democrat and town council member in nearby Chapel Hill, said Edwards has earned the right to build a large home.

"I see somebody who has come from a very humble background and with really hard work has gotten to the point where he is," Easthom said. "He's out there trying to do some good, and he's giving back both financially and by what he plans to do through his campaign."

Jennifer Palmieri, an Edwards adviser, dismissed the brouhaha as of little interest to voters.

But political consultant Bill Miller said the lavish estate could become a sore point for the candidate.

"Anything that appears to be extravagant or over the top is not the best card to play when you're running for president _ especially when you're trying to differentiate yourself the way John Edwards is," said Miller, who has worked closely with the Republican Party.

After introducing their new home on her husband's campaign Web site, Elizabeth Edwards explained the couple had taken special precautions to make the house energy efficient _ keeping in line with Edwards' environmental platform. But she spent the next week battling blog-based critics who wanted to discuss the building's size _ and she suggested that one posting on the campaign's Web site may have come from a Republican or a rival Democrat.

"Did it come from the right? Did it come from another campaign? I have no idea," Elizabeth Edwards wrote. "What I do know is that it is no news bulletin that John and I have money. It is no news bulletin that he earned every cent."

Edwards and his wife live in the house with their two young children, Emma Claire, 8, and Jack, 6. Their older daughter, Cate, is a student at Harvard Law School.

Many of the other 2008 contenders also own expensive homes. New York Sen. Hillary Rodham Clinton and husband Bill, the former president, own two homes: a Dutch Colonial house in Chappaqua, N.Y., that they purchased for $1.7 million in 1999, and a Washington home that went for $2.9 million in 2001.

On the GOP side, former Massachusetts Gov. Mitt Romney, the founder of venture capital and investment firm Bain Capital, owns three homes. Arizona Sen. John McCain also owns real estate worth millions of dollars.

Inside Politics (WT)

By Jennifer Harper

The Washington Times, February 8, 2007

The Plains truth

"Shalom" may not be forthcoming down in Georgia: Former President Jimmy Carter has lashed out at the Simon Wiesenthal Center for compiling a 25,000-signature petition against his new book about the Israeli-Palestinian conflict.

"I don't believe Simon Wiesenthal would have resorted to falsehood and slander to raise funds," Mr. Carter said in a handwritten letter to Rabbi Marvin Hier, founder of the Jewish human rights center named for the late Holocaust survivor and Nazi hunter.

The rabbi lashed back.

"I believe that Simon Wiesenthal would have been as outraged by your book, 'Palestine: Peace Not Apartheid,' as I was," he wrote Friday. "It is incredible to me that, after your historic achievement of brokering peace between Israel and Egypt, you could write such a book."

Critics say the book is inaccurate and presents Mr. Carter's distorted take on history.

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"He could be the director of public relations for the Palestinian cause," Mr. Hier told Fox News yesterday. "The book was a litany of complaints blaming Israel for everything. ... He has come down 100 percent on the Palestinian side."

During a Jan. 23 appearance at Brandeis University, Mr. Carter defended himself, saying, "This is the first time that I've ever been called a liar and a bigot and an anti-Semite and a coward and a plagiarist."

Brandeis President Jehuda Reinharz, meanwhile, is upset about the $95,000 security bill for the appearance, the Boston Herald reported.

Blog bog

"The right-wing blogosphere has gotten its scalps -- John Edwards has fired the two controversial bloggers he recently hired to do liberal blogger outreach," Salon noted yesterday.

"The bloggers, Amanda Marcotte, formerly of Pandagon, and Melissa McEwan, of Shakespeare's Sister, had come under fire from right-wing bloggers for statements they had previously made on their respective blogs. A statement by the Catholic League's Bill Donohue, which called Marcotte and McEwan 'anti-Catholic vulgar trash-talking bigots,' and an accompanying article on the controversy in the New York Times [yesterday], put extra pressure on the campaign. ...

"This isn't the first Internet-related misstep for the Edwards campaign, which had been making an effort to reach out to the 'netroots' but has found its popularity dropping in a straw poll done on the landmark liberal blog Daily Kos."

Miss Marcotte at one point wrote that the Roman Catholic Church's opposition to contraception forced women "to bear more tithing Catholics" and made blasphemous comments about the Virgin Mary. Of the three Duke University lacrosse players accused of sexual assault, she sarcastically observed, "Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair."

Miss McEwan, meanwhile, chastised President Bush's "wingnut Christofascist base" and demanded that religious conservatives "stop meddling with women's reproductive and sexual rights."

The Times observed, "Other campaigns are likely to face similar controversies as they try to court voters using the latest techniques of online communication."

Article of faith

Administrators at Mercy High School, a Catholic school in Michigan, have canceled an appearance Monday by pro-life author Dan Flynn, who was to address the student Pro-Life Club on Planned Parenthood's founder, Margaret Sanger, according to Young America's Foundation (YAF).

Principal Carolyn Witte told YAF that the lecture was unsuitable for "sensitive" students and could be misunderstood.

"The principal didn't mention how information exposing Sanger's nefarious programs to sterilize large segments of the blacks, Italians, and Jews -- whom Sanger referred to as 'human weeds' -- could be 'misunderstood,' particularly by a pro-life club sanctioned by a Catholic school," YAF noted. "Mr. Flynn's speech is taken from his book, 'Intellectual Morons: How Ideology Makes Smart People Fall For Stupid Ideas', which is backed by 985 footnotes."

YAF also pointed out that although the school was censoring a topic related to abortion, it previously brought in speakers to talk about chastity and sexual abuse.

"Principal Witte admits to never hearing Mr. Flynn talk, then cancels his appearance because of his message? What sense does that make? We're high school students, not first-graders. I think we can handle a controversial topic. History is replete with unpleasant facts, including slavery, racism and Native American genocide, but that doesn't mean we should be sheltered from learning the past," said Pro-Life Club member Kathryn Stickley.

Err America

The bankrupt, liberal radio network Air America will be sold to Stephen Green, the founder of a New York real estate firm, for the rock-bottom price of $4.25 million, the Smoking Gun reported yesterday.

Main talker Al Franken, who is planning to run next year for a U.S. Senate seat from Minnesota, will do his final show on Valentine's Day.

Put it in a park

President Bush and first lady Laura Bush flew aboard Marine One to the snowcapped Blue Ridge Mountains yesterday to promote a new initiative that could bring $3 billion in public and private funds to the national parks system in the next decade.

"I hope the citizens groups who are concerned about the parks beat a hasty trail to the Congress and remind the Congress about what we have done, and what we need to do as good stewards of the parks," Mr. Bush said.

His 2008 budget would give the National Park Service its largest-ever funding increase -- $2.4 billion -- a boost that could add 3,000 new seasonal employees and increase park maintenance. Mr. Bush also called for $100 million in federal money to match citizens' contributions -- a move critics said "reflects a troubling reliance on private funds to pay for park operations," according to the Associated Press.

Attention FCC

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MSNBC's Chris Matthews has "lurched even further off the deep end," said Rich Noyes of the Media Research Center who chronicled Mr. Matthews' appearance yesterday on "Imus in the Morning."

"After praising the 'great job' Rudy Giuliani did in cleaning up New York City, the MSNBC star, who appeared by phone, went on a rant declaring how he's 'sick of Southern guys with ranches running this country.' Losing control, Matthews dropped the F-bomb on national television: 'I want a guy to run for president who doesn't have a [expletive] I'm sorry, a ranch.' As host Don Imus began to snicker, Matthews plowed ahead with his Democratic talking points: 'Wouldn't that be good, Don, a guy who wasn't on the ranch during Katrina, he was on the street corner answering questions?'

"Executive producer Bernard McGuirk suggested Matthews was the sort who would 'put on a diaper and drive 900 miles to abduct Dick Cheney or somebody,' and someone else offered that 'he's crazy.' "

Records Show Extra Scrutiny Of Detainees In '04 Protests (NYT)

By Jim Dwyer

The New York Times, February 8, 2007

When more than a thousand people were swept up in mass arrests during the 2004 Republican National Convention, defense lawyers complained in court that the protesters had to wait much longer to see a judge than those accused of far more serious crimes like robbery or assault.

Now, newly released city records not only put precise numbers to those claims, but also show the special scrutiny the New York Police Department gave to people arrested in or near the convention protests.

At the height of the mass arrests, on Aug. 31, 2004, demonstrators — and some people who said they were bystanders just swept up by the police — were held for an average of 32.7 hours before they saw a judge, according to city statistics. For people charged with crimes that the police decided were not related to the convention, the wait to see a judge was just under five hours.

Those records were among the materials produced by the city for lawsuits brought by people who claim they were wrongly arrested during the convention. A federal magistrate judge permitted the release of the records, over objections by the city, in response to a request made by The New York Times and by Christopher Dunn and Donna Lieberman of the New York Civil Liberties Union, which is representing seven of the hundreds of people who are suing the city.

Ms. Lieberman said that by fingerprinting every person arrested at the convention, no matter how minor the infraction, the Police Department created a backlog on Aug. 31.

"We found out that the Police Department had a special set of rules in place for the R.N.C., and they didn't necessarily comport with the law," said Ms. Lieberman, the executive director of the civil liberties organization. "We learned that there was indeed an official no-summons policy for people arrested; there was an official policy to fingerprint everyone arrested, which translates into an official policy of prolonged detention."

The Police Department said the delays in taking protesters to court were a result of the extraordinary number of arrests on Aug. 31, when some 1,100 people were taken into custody in about four hours. During the rest of the convention, the records show that people were brought to court in less than 24 hours, the normal deadline.

The vast majority of those arrested were held on charges of roughly the same weight as a traffic ticket, and the law does not require fingerprinting for those offenses. However, the Police Department determined months before the convention that no one would be given a summons; instead anyone taken into custody would be sent through a full arrest process, including fingerprints and criminal record checks. Police officials said that for public safety, it was important to use fingerprints to confirm identities.

Paul J. Browne, the chief spokesman for the Police Department, said the department did issue desk appearance tickets to some of those charged, meaning those people did not have to wait to see a judge.

The people arrested during the protests were taken to a holding pen on a Hudson River pier. Conditions at the pier, a former bus depot, were the subject of many complaints at the time. Mayor Michael R. Bloomberg responded, "It's not Club Med, don't make any mistake about it, and it's not supposed to be Club Med."

The records released this week show that it was not just prisoners who were unhappy with the conditions: 40 police officers submitted medical reports, saying they became ill after working there. Mr. Browne said that environmental tests in 2004 showed that the pier was safe.

He also took exception to the critiques by the civil liberties union.

"We believe it is improper for the N.Y.C.L.U., attorneys for plaintiffs in some of these cases, to be making comments to the press about this active litigation," Mr. Browne said.

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Mr. Dunn of the civil liberties union said that the records concerned matters of public interest. “Any suggestion that disclosure of these documents somehow is inappropriate reflects an unfortunate hostility to the public’s right to know about the policing of protest activity,” Mr. Dunn said.

In allowing the release of the records, Magistrate Judge James C. Francis IV said the city had not shown that its chances for a fair trial would be hurt if the civil liberties group made the records public.

The judge also wrote that the city “can remedy any confusion that results from disclosure of these documents by providing public clarification.”

Political Hazard: Candidates Bilked By Their Treasurers (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 8, 2007

WASHINGTON -- Florida Republican Nancy Detert had two days to register her candidacy for Congress last April when she got a disturbing email from her secretary: Ms. Detert's campaign treasurer was missing.

Ms. Detert grabbed her cellphone: "Is my money there?" she recalls asking.

Most of it wasn't. Court records show that Randolph Maddox, the treasurer, had transferred $94,000 from the Detert campaign's Wachovia Bank account in Venice, Fla., to a Bank of America account he controlled in another county. Then he withdrew the money in cash, stuffed it into two carry-on bags and flew to Buenos Aires.

Ms. Detert was left with only about $3,000 -- not enough to pay the $10,000 registration fee to run in the Republican primary for the seat being vacated by Rep. Katherine Harris.

What happened to Ms. Detert isn't uncommon in campaigns because candidates trust friends to handle their money and often don't look too carefully at their work. Thanks to the Detert case, the Federal Election Commission is poised to pass new guidelines to strengthen campaign fund-raising operations. But even those changes will amount to "bake-sale level oversight," says FEC Vice Chairman David Mason.

Some prominent politicians have been victims. House Republican Leader John Boehner, of Ohio, discovered in 2004 that his treasurer had gambled away more than $600,000 in campaign funds at Indiana riverboat casinos over a period of nearly 10 years. A year earlier, Delaware Sen. Joe Biden, a 2008 Democratic presidential hopeful, saw his Senate re-election coffers nearly emptied when an assistant treasurer swiped more than $400,000.

Both of those treasurers went to prison. But sometimes politicians let aides repay money without facing charges, thus avoiding unwanted publicity in the midst of a campaign.

Ms. Detert, 62, moved to Venice from Chicago in 1978. She founded Osprey Mortgage Co. in 1983, and raised three sons. She was elected to the local school board and was finishing her fourth term in the Florida House when she decided to run for Congress.

For years, Ms. Detert juggled her mortgage business and her part-time legislative duties in Tallahassee. Mr. Maddox often managed the business while she was away. When she was assembling her campaign team in June 2005, he volunteered for the treasurer's job.

The 42-year-old Mr. Maddox had held the treasurer's job in another campaign, and he had never been in legal trouble. He had a history of mental illness. In the early 1980s, he was treated at Manatee Glens Hospital in Bradenton, Fla., after attempting suicide, court records show. Over the next 25 years, he suffered cycles of depression, his lawyer told the U.S. District Court in Tampa.

Ms. Detert says she was unaware of that history when she hired him.

Knowing she would have to split time between her Tallahassee legislative and Venice campaign offices, Ms. Detert authorized Mr. Maddox to write campaign checks on her account.

Money was going to be a big factor in the race. Ms. Detert hoped her legislative experience would prevail in a five-candidate Republican field. But the pack included two multimillionaires. Though she spent four months raising money, she lagged far behind her wealthier opponents.

Ms. Detert was in Tallahassee on April 9, heading to a House banking committee meeting, when she received the message from her secretary. The secretary had filed a missing person report after failing to reach Mr. Maddox, who was supposed to be attending a mortgage seminar in Miami.

Ms. Detert immediately called her bank and then the Federal Bureau of Investigation. Wachovia officials told her he had made the large withdrawal on April 3, saying that he needed to transfer the money to pay for advertising.

The FBI traced Mr. Maddox's trail to the Miami airport. When he checked in for his April 5 flight, he had declared to customs officials that he was carrying $94,616 in cash.

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After he had been gone for about five days, Mr. Maddox began calling and emailing family and friends in Florida. He told them that he had suffered memory loss and had no idea what had happened to him.

He told his attorney, Mark Reinhold, that he was on his way to the Miami conference and awakened days later in a Buenos Aires movie theater when someone bumped his leg, Mr. Reinhold says. Mr. Maddox's head and eyebrows had been shaved, one of his bags was missing, and he wanted to come home.

Mr. Maddox, through his attorney, declined to be interviewed for this article.

Ms. Detert managed to raise the $10,000 to pay her candidate registration fee and secure her spot on the ballot. But she had no money -- and her closest supporters had already given her the maximum donation under federal law and couldn't give again.

On April 13, Mr. Maddox arrived at the Miami airport, where Mr. Reinhold met him and took him straight to Manatee Glens Hospital stabilization unit. He was diagnosed, according to his attorney, with bipolar disorder, characterized by a repeating cycle of depressive and manic episodes.

Mr. Maddox offered to return the stolen cash he had brought back with him from Argentina. But $27,166 of it was missing.

Mr. Maddox's parents told Ms. Detert they would make up the difference by taking out a loan on their house. But that posed another problem. Under federal campaign finance law, no donor could give a candidate more than $2,100 per election, the 2006 maximum. Would reimbursing the money violate the law?

Ms. Detert sent an SOS to the FEC, seeking a waiver. Time was of the essence because the campaign was under way. On May 10, the commission issued an advisory opinion that found a way around the donation limit. Because Mr. Maddox's family was trying to mitigate potential criminal liability for their son, the Maddox check wasn't intended to influence "a federal election and would not constitute a contribution by his parents to the Detert Committee."

The FEC told Ms. Detert to list the missing money under the "Other Disbursement" column on disclosure reports.

Ms. Detert's campaign opponents used the Maddox episode to attack her competence. On Sept. 5, she lost the primary race. She came in second, less than 10 percentage points behind the multimillionaire winner.

Mr. Maddox became the first person to plead guilty and be convicted under the "wrongful conversion of campaign funds" provision in the 2002 McCain-Feingold campaign-finance reform law. He was sentenced in November to five years' probation, with a requirement to get mental-health treatment. Mr. Reinhold said Mr. Maddox is staying in his parents' home.

Ms. Detert is back at her mortgage company full time. She said she hasn't talked to Mr. Maddox since he disappeared suddenly 10 months ago.

In Washington, the FEC in October drafted recommendations to tighten campaign bookkeeping to, among other things, require two signatures on wire transfers and checks totaling more than $1,000. At the same time, the commission said it would not go after campaigns that follow those guidelines for false reports caused by a crooked treasurer.

Railroad Firms Bringing Aboard Lawmakers' Lobbyist Relatives (WP)

By Elizabeth Williamson

The Washington Post, February 8, 2007

The railroad industry is hiring relatives of Capitol Hill lawmakers and staff members as it faces tighter federal safety legislation, employing a tactic untouched by the Democrats' new ethics proposals: lobbying by congressional family members.

The new Democratic Congress is working on the first overhaul of railroad-safety laws in 13 years. Long attuned to Republican control, railroad companies are now working to keep their GOP allies but also hiring Democratic lobbyists.

Days after Jennifer Esposito became majority staff director of the House transportation panel's subcommittee on railroads, her father, Sante Esposito, and brother Michael Esposito signed up as railway lobbyists. Rep. Daniel Lipinski (D-Ill.) has just taken a seat on the subcommittee, and in the coming weeks, the railroad industry trade association said, his father and predecessor in Congress, William O. Lipinski (D-Ill.), will register as a railroad lobbyist, too.

The new lobbyists join Bud Shuster (R-Pa.), a former congressman and chairman of the transportation committee who lobbies for railroads and whose son, Rep. Bill Shuster (R-Pa.), also has just joined the railroads subcommittee.

The lobbyists said they would not directly advocate for clients through family members. The hirings are legal, experts on lobbying law said, but point to a topic left unaddressed in the new ethics proposals before Congress. While the Senate has voted to ban lobbying by some lawmakers' spouses, neither chamber has moved to limit lobbying by other family members.

"Like every other industry, we felt it was important to have representatives from both the Democratic and Republican side," said Peggy Nasir, spokeswoman for the Association of American Railroads, which hired Shuster, Lipinski, and Sante and Michael Esposito. "We are meeting all the standards we need to meet for lobbying."

The stakes are high for the railroads. Last week, Congress began debate on a reauthorization of the Federal Railroad Safety Program, which has not been updated since 1994. With government figures showing an increase in railroad accidents

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and fatalities over the past decade, watchdog agencies, accident victims and many Democratic lawmakers want improved track and crossing inspections, better accident investigations, and heavy fines for companies that break the rules.

It is against this backdrop that the railroads association turned to Sante Esposito.

The Esposito family has a long history with the House transportation committee. Sante Esposito served for nearly two decades as its Democratic chief counsel. Michael and Jennifer Esposito were committee interns and Jennifer joined the railroads subcommittee as staff director in 2004, when Democrats were in the minority.

Sante and Michael Esposito are partners in Federal Advocates Inc. in Sterling, Va., which advertises its transport policy influence on its Web site. Sante Esposito, it says, "enjoys long-standing working relationships with numerous decision-makers in the Congress and Executive Branch."

Sante Esposito said that he told the railroads association, "I can advise you on the best strategy for dealing with the new majority in Congress," and he added that "it was clear right from the beginning that I was not to lobby my daughter."

"I don't think relatives should lobby relatives, but I don't think relatives of members or staff should be precluded from lobbying the Congress."

Jennifer Esposito said that her family's work will not keep her from representing the interests of her boss and the transportation committee's chairman, Rep. James L. Oberstar (D-Minn.), who favors stronger safety laws. She said she considers the railroad companies her "adversaries."

When they were hired, she said, she consulted her supervisors and House ethics advisers who she said told her to create a "wall" to prevent them from lobbying her. Her father, she decided, "can't lobby me, he can't meet with me, I can't discuss any issues with him."

Lobbying experts said such precautions are not required by law. "The rules do not prohibit hiring a family member such as this to lobby on an issue," Kenneth Gross, an ethics lawyer at the law firm Skadden, Arps, Slate, Meagher & Flom, said about the Espositos. "It's up to the judgment of the individual."

Nevertheless, public-interest groups say such family relationships beg for oversight.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, said: "Congressional staffers should be recused from dealing with matters their immediate family members lobby on."

Such recusals rarely happen, watchdog groups say.

Before he left Congress, William Lipinski championed the Chicago Region Environmental and Transportation Efficiency program (CREATE), a railroad improvement project for the nation's biggest freight-rail hub. The $1.5 billion project is funded by taxpayers, and $212 million of it by the nation's six big railroads. When CREATE began in mid-2003, Lipinski complained that the railroads were not picking up more of the tab.

"These improvements are worth more to the railroads than $212 million," he said at the time.

In 2004, Lipinski left Congress and joined the Association of American Railroads as a CREATE consultant. Daniel Lipinski won his father's seat, and last year his office issued a news release announcing a new funding agreement for CREATE, but the railroads' share of its cost has stayed the same.

After the November midterm elections, Daniel Lipinski was named to the transportation committee and its railroads subcommittee. And this month, William Lipinski will register as a lobbyist for the railroads but said he will not "lobby my son in regards to any of my clients."

Asked how father and son avoid the appearance of impropriety while working on the same railway project, Daniel Lipinski said: "CREATE is a very important project, not just for the Chicago area. . . . The more people working on this, the better."

In a 2001 special election, Bill Shuster won the congressional seat and the transportation committee slot vacated by his father that year. Shuster is now the new ranking Republican on the railroads subcommittee.

His father "doesn't need to lobby a junior member of Congress," Shuster said, adding that "he's got an extremely close relationship with the chairman" of the transportation panel, Oberstar.

He added: "How are you going to stop somebody who spent 28 years of their life being an expert on something from going to the private sector? It's discrimination."

Corrine Brown (D-Fla.), chairman of the railroads subcommittee, hopes to ready a rail-safety bill before June. Since 1994, train use has risen 17 percent, according to government figures, while accidents have increased by one-third. There are 421 federal inspectors checking tracks and equipment nationwide, leaving safety monitoring largely to the industry.

Nasir of the Association of American Railroads said that train accident rates have decreased sharply since 1980. She said that when complete figures are compiled, they probably will show last year to be the industry's safest.

The regulations, association chief Edward R. Hamberger told the subcommittee last week, cost railroads money and hamper innovation.

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The industry prefers "performance standards," that "would rely on the superior knowledge of railroads," he testified. Except in special cases, federal regulators "would no longer specify how a railroad would achieve its safety goals," as they do now.

Jennifer Esposito disagrees with that proposal. "Train accidents are going up, and it's something that we feel needs to be addressed," she said. "I don't think that just because they hired my father, somehow there will be some conversation that will change my boss's mind."

Her father and brother, she said, "are working for my adversaries."

Ethics Rules May Inadvertently Burden Charities (WP)

By Lois Romano

The Washington Post, February 8, 2007

Anxiety over the new House ethics rules ratcheted up this week as lawmakers' spouses demanded clarification of whether the rules apply to them, and eight House members backed out of a fundraising gala for a major theatrical company when ethics lawyers stated that they could not attend as guests.

At a packed ethics briefing for congressional spouses last weekend, a number of wives struggled to understand whether the complicated rules would prevent them from accepting free tickets to bona fide charity events -- particularly those in which they were involved or served as chairmen.

"I am a person," Leslie Meek, wife of Rep. Kendrick B. Meek (Fla.), was quoted as saying during the noisy, packed meeting, held during the Democratic retreat in Williamsburg.

Ethics lawyers and Hill staffers tried to dispel the uncertainty by explaining that spouses must adhere to the same rules, unless they are invited to an event by virtue of their own stature or job.

The confusion largely centers on a new rule that bans legislators and staff members from accepting gifts and free tickets to events sponsored by organizations that employ lobbyists. There are 16 "exemptions" to the rule that are equally complicated.

"These rules are complex and are difficult in the application because each situation presents it own nuances," said lawyer Kenneth A. Gross, an ethics-law expert.

The previous ethics restrictions allowed members to accept a gift worth less than $50 from lobbyists and others. Under the new rules approved by the House last month, members are prohibited from accepting anything.

Hill employees, spouses and charity organizers complained this week that the new rule on gifts is an exceptional burden to charities -- which are known as 501(c)3s under the federal tax law and are tax-exempt -- because they depend mightily on House members' celebrity to sell tickets and raise money.

Carolyn Peachey, one of Washington's best-known event planners, said she sought an opinion from the House Committee on Standards of Official Conduct regarding the Alvin Ailey American Dance Theater Gala, an annual A-list event at the Kennedy Center.

She was eventually advised that, because the dance troupe had employed a lobbying firm last year, the legislators could not attend for free -- even though the invitation was issued by the nonprofit group.

"In major communities across the country, you'll find corporations that help with the charitable needs of a community," said Peachey. "Here, the main industry is the federal government. We can't expect the government to support all the charities, so we depend on members who are interested in the cause to attend. It enhances the evening -- it's celebrity."

Senior Hill sources acknowledged yesterday that the new rule's effect on legitimate charities was an unintended consequence. They predicted that it would be amended.

"We will look at it because a lot of members and spouses are concerned," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi (Calif.). "This wasn't the intent."The Interesting Life of the Leader

Senate Majority Leader Harry M. Reid (D-Nev.) has never shied away from describing his triumph over a hardscrabble childhood in the small town Searchlight, Nev., where he grew up poor in a house with no toilet and no running water.

He has reveled in talking of his father Harry's eighth-grade education and how his mother, Inez, had to take in laundry to help feed the family. He has unabashedly bragged about swimming in the pool of a local brothel owner.

But at the Democratic National Committee winter meeting last weekend, Reid brought up something he rarely mentions: whose wash his mother took in.

"Searchlight was a town of a couple hundred people. The mines were basically gone," he said. "But the big business as I was growing up in Searchlight was prostitution, and that's whose wash my mother did."

Reid spokesman Jim Manley said the Senate leader has never been embarrassed about his background. "It's who he is, and he's not self-conscious about it," Manley said. "It's a story about a kid who grew up to be majority leader. It is what it is."Dispute Over Global Warming Panel Is Over -- for Now

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Just because you haven't heard much lately about the speaker's intention to appoint a new select committee on global warming, that doesn't mean it has gone away.

On the contrary, House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.) quietly ended the two-week standoff with Nancy Pelosi by dropping his objections to the new committee and, thereby, avoiding a messy floor fight.

Dingell had resisted the new committee, furious that it was likely to step on his turf. The final battle was fought over the limits of the select committee's subpoena power. By agreement, the new panel will be able to issue subpoenas only by a vote of the full committee; it will have no legislative jurisdiction; and it will automatically dissolve on Oct. 30, 2008 -- commitments Dingell sought.

Much of Dingell's wrath has been directed at Massachusetts Rep. Edward J. Markey (D-Mass.), a member of Dingell's committee, who will chair the new panel and who Dingell saw as doing an end run around him. Even with the gentleman's agreement, no one is harboring any illusions that the crusty chairman will soon forgive Markey, who heads the Energy and Commerce subcommittee on telecommunications.

"We've got a certain amount of concern over Markey's ability to get things done in telecommunications in this atmosphere," a telecommunications executive said.

Joking Congressman Offers Rice a Serious Suggestion

Rep. Gary L. Ackerman (D-N.Y.) went after the Pentagon's "don't ask, don't tell" policy on gay people in the military yesterday, jokingly telling Secretary of State Condoleezza Rice that the administration seems to fear a "platoon of lesbians" more than terrorists.

Ackerman was reacting to Rice's testimony that there is a foreign-language deficit at the State Department. He noted that the Pentagon had fired interpreters and language experts who were gay.

"Well, it seems that the military has fired a whole bunch of people who speak foreign languages -- Farsi and Arabic, et cetera. After they train them . . . for 63 weeks, and presumably they all passed all kinds of security things," Ackerman said. "For some reason, the military seems more afraid of gay people. . . . And if the terrorists ever got a hold of this information, they get a platoon of lesbians to chase us out of Baghdad."

Ackerman suggested that the State Department hire back those people to do "what you're suggesting would cost a lot of money to do and to train."

"Can we have some kind of union of those two issues? Can we marry up these two -- or maybe that's not the right word. . . . Can we have some kind of union of those two issues?" Ackerman asked, sparking laughter.

Rice promised to look into it. Last night, Ackerman said in an interview that, after the hearing, he received a call from an aide to Rice who said that his suggestion was being taken seriously.

Miami's Cubans Prepare For Life After Castro (WT)

By Carmen Gentile

The Washington Times, February 8, 2007

MIAMI -- Scrawled in Spanish on the bathroom wall at Miami's most famous Cuban eatery, Versailles, are several unflattering and unquotable descriptions of Fidel Castro.

Beneath the defamatory remarks about the communist leader who has ruled Cuba for 48 years reads simply "Castro es muerte" (Castro is dead) -- a bit of wishful thinking shared by many in this city's exile community.

Several such rumors have swept through Miami since Mr. Castro fell ill in July, only to be dashed with the release of videos showing a frail but indisputably living Cuban leader, most recently receiving a visit from Venezuelan President Hugo Chavez.

That has not deterred Miami's Cuban-Americans from planning and preparing for the dictator's death. Some say they intend to return to the island, while others anticipate that thousands of Cuban refugees will stream into southern Florida.

The city of Miami said last week it would allow Cubans to use the city's Orange Bowl stadium to hold a "Castro is dead" celebration, a notion some consider ghoulish. Miami officials have since scaled back plans for a citywide celebration, though the offer to use the stadium still stands.

"I don't like the idea of celebrating someone's death, even Fidel's," said Lily Fernandez, who sells traditional and contemporary Cuban tunes at a record store in Miami's Little Havana neighborhood.

Others are preparing more pragmatically for the post-Castro Cuba. Business and legal leaders say they have already started working on ways to address a tangle of property-rights issues dating from the start of the Cuban revolution, when the communists seized and redistributed private land.

Along with land reform, economic and political changes are the chief concerns among those Cubans planning an eventual return home. None, though, expect those changes to occur quickly, even if Mr. Castro's brother and designated successor Raul is quickly deposed and democratic elections are held.

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"It takes time. A process like that takes years. It doesn't happen overnight," said Carlos Saladrigas, a member of the Cuba Study Group.

A bipartisan group of U.S. lawmakers already is moving ahead with an attempt to change long-standing U.S. policies toward Cuba, particularly by easing travel restrictions and trade sanctions on most goods.

House Foreign Affairs Committee member Jeff Flake, Arizona Republican, and House Ways and Means Committee Chairman Charles B. Rangel, New York Democrat, introduced a bill last week that would lift the restrictions on Americans traveling to Cuba.

"Far from hastening democratic reforms, our current policy has given Fidel Castro a convenient scapegoat for his own regime's failures," said Mr. Flake, an avid critic of U.S. policy on Cuba.

"With the Cuban government taking new shape [under Raul Castro], we shouldn't give the new leader the same excuses we've given the old one."

The initiative is not being well-received by Cuban-American political leaders, who see it as an unwelcome concession to Mr. Castro and his brother.

Rep. Lincoln Diaz-Balart, Florida Republican, rejects Mr. Flake's "scapegoat" theory, countering that tourist dollars from the United States would simply prop up the regime.

"That's one of the really pathetic arguments" for lifting the travel ban, said Mr. Diaz-Balart, who plans to lead opposition to Mr. Flake's measure.

"After almost 50 years of totalitarian dictatorship in Cuba, [Mr. Flake] won't demand the release of all political prisoners and free elections ... it's really sad."

The Cuban exiles, meanwhile, will continue to ponder the implications of Mr. Castro's seemingly imminent death.

"I don't know when it's going to happen; only God knows," said Manuela Gomez, a decades-long resident of Little Havana. "I just know it's time for him and all the communists to go."

Cold War Contacts (WT)

By John Smith

The Washington Times, February 8, 2007

In 1983, Sen. Edward M. Kennedy offered to help the Soviets mount a public-relations offensive in the United States. This propaganda attack would target President Reagan and his policies. These are the same policies that eventually ended the Cold War and reduced the possibility of nuclear annihilation. This charge was made by Paul Kengor in his book "The Crusader: Ronald Reagan and the Fall of Communism."

This new book adds to research done by Herb Romerstein, Yevgenia Albats, Vladimir Bukovsky, Pavel Stroilov and others. They all indicate that Mr. Kennedy felt that any bad relations between the United States and the Soviet Union were the sole fault of Mr. Reagan and that talk of a Soviet military threat was nonsense. These articles seem to validate reports that were first published by Vasili Mitrokhin — the former KGB historian who secretly copied sensitive KGB files and released them after the fall of the Soviet Union.

According to this research and released KGB papers, Mr. Kennedy felt that the booming economy during Mr. Reagan's presidency made him popular — and thus a difficult target for Democratic criticism. Because of this, Mr. Kennedy reportedly felt that Mr. Reagan's only weakness was in foreign policy. Here, the articles say Mr. Kennedy felt the Soviets might be of assistance, if Mr. Kennedy and the Democrats could get the ear of the general-secretary of the Communist Party of the Soviet Union.

Numerous articles also saidthatthisanti-Reagan/anti-U.S. conspiracy was not a one-man operation by Mr. Kennedy. They indicate that former Sen. John V. Tunney, a California Democrat, went to Moscow and met with officials of the KGB on Mr. Kennedy's behalf. Additionally, in their book "The Sword And The Shield," Christopher Andrew and Vasili Metrokhin said that as early as 1975 the KGB began operations to penetrate the inner circles of a number of leading Democrats, including the likes of Mr. Kennedy and Ramsey Clark. They also mentioned that a Democratic Party activist had been recruited by the KGB and had supplied the Soviets with information from a variety of Democratic leaders, including President Carter.

Speaking of Jimmy Carter, according to John Burtis of the Canada Free Press, Mr. Kennedy also worked against Mr. Carter in 1979. Mr. Burtis reported that Mr. Kennedy offered to help Moscow when Mr. Carter harshly criticized the Soviets for their invasion of Afghanistan. According to Charles Dunn, the dean of the Robertson School of Government at Regent University, these types of subversive activities were in "clear violation of the U.S. Constitution and at the expense of presidential authority."

Here the question arises, are these accusations true? Would a U.S. senator, the brother of a beloved U.S. president, conspire with the Soviets against his own country? The works by Messrs. Metrokhin, Kengor and Romerstein, and others seem to lend credence to the charges if they don't actually confirm them.

In considering all this information, it is necessary to understand how the USSR and the KGB operated during the Cold War. The Soviet KGB (i.e. the Secret Police) was nothing if not thorough. Visitors to Moscow, especially important visitors, could count on total and constant surveillance, both audio and video. Total surveillance would include meetings, private conversations, bedrooms and even bathrooms. The Soviets were also masters in using any information that was acquired to manipulate or even blackmail the victim. So, like perversion of the Miranda rights statement, anything anyone said or did in Moscow could be and often was used against them — but not in a court of law.

Reportedly, after Mr. Reagan left office, Mr. Tunney said that he had indeed contacted the Soviets on behalf of several U.S. senators — not just Mr. Kennedy. So, the question is, did some of the Democratic Party leadership offer to work with the Soviet KGB against Mr. Reagan? If so, were they later blackmailed into working for the KGB and against the United States on other fronts? How many Democratic politicians were compromised and later blackmailed? Lastly, if they were controlled by the Soviets, are they now "influenced" by the Russians? Inquiring minds want to know.

Any foreign influence over U.S. politicians could have drastic consequences in the politically charged atmosphere seen in today's Washington.

The bottom line is that if there is any shred of truth in these documented stories, the senator from Massachusetts, as well as any other compromised politicians, should resign or be kicked out of the Senate or Congress.

John Smith is the pseudonym for a retired CIA analyst.

Daley's Art Of The Lease (WP)

By George F. Will

The Washington Post, February 8, 2007

CHICAGO -- Eighteen years ago, Richard M. Daley went into the family business, which is the business of being mayor of this city. Back then, he hardly could have imagined that he would become an accomplished practitioner of today's new wrinkle in public finance, here and elsewhere. He says his father, who died in 1976, would approve, but one wonders.

Richard J. Daley, who was mayor from 1955 until his death, was a builder. He thought of urban success the way many mayors then did and still do, as the improvement and enlargement of the city's physical assets -- bridges, roads, public housing, etc. Today, some mayors and governors are discovering the wisdom of, in effect, cashing in municipal or state assets.

That is why two years ago Chicago became the first city to sell a toll road. Actually, it has leased the road for 99 years, which is much the same as selling it. The 7.8-mile, six-lane Skyway goes from the Indiana Toll Road (which the state of Indiana last year leased for 75 years to a Spanish-Australian group for $3.85 billion) to Chicago's Dan Ryan Expressway. Skyway was built in the 1950s to move workers and material to and from the steelworks on the South Side. Most of the steelmaking has gone elsewhere, but Skyway was still a sufficiently attractive investment to have drawn $1.83 billion from the same consortium that leased the Indiana Toll Road.

Now, 99 years is a long time. Ninety-nine years ago the Cubs won the World Series; things change. But that is for the consortium to worry about. Meanwhile, the city has fewer immediate worries because of the one-time infusion of $1.83 billion. The money has financed a $500 million long-term reserve and a midterm reserve that has (note the carefully crafted noncommitment) "mitigated the need to raise taxes over the next eight years." "Mitigated," indeed.

Some of the $1.83 billion has been used for city services, and some has been used to retire city debt -- which has caused the three major credit rating agencies to upgrade the city's rating to its highest level since 1978. This makes it cheaper for Chicago to borrow money, thereby increasing the value to the city of the lease arrangement.

The city has also leased, again for 99 years, four underground parking garages for $563 million -- $61,342 for each of the 9,178 parking spaces. What probably will be next? Midway Airport, which is used by 11 airlines and almost 18 million passengers a year.

Daley believes that census figures are evidence of what will happen if he wins his wager on forgoing some future revenue streams in order to put money to work immediately. Chicago, like many other cities, lost population in the 1950s. And the 1960s, 1970s and 1980s. But in the 1990s it gained at least 112,290 residents, a 4 percent increase. (Daley believes the census undercounts African Americans and Latinos, who together are a majority of Chicagoans.)

By selling future revenue streams, Daley believes, the city can ignite a virtuous cycle: Buying improvements "as quickly as possible" in education and infrastructure can lure people back to the city, thereby improving the city's tax base and cultural vibrancy, which enables further improvements that attract still more residents.

Unfortunately, Daley's theory -- that it can be better to get a sum X immediately, rather than getting over many years a sum Y that is substantially larger than X -- assumes something that cannot be assumed. It assumes that governments will prudently husband sudden surges of revenue from the lease or sale of assets. Still, his theory has adherents downstate, in Springfield.

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The state government is hoping to lease the state lottery for at least $10 billion. The purchaser would get most of the lottery's revenue and profits for up to 75 years. Last year, the lottery made $630 million on revenue of $2 billion.

Daley stresses that the assets sold are not "core competencies" of the city government, such as public safety and education. Actually, what competencies are really "core" is debatable. Leasing -- privatizing -- some cities' school systems probably would make the systems more competent. Perhaps the moral of Chicago's story is that what government can shed, it should shed.

This lesson was illustrated exactly 50 years ago by Murray Kempton, the finest practitioner of the columnist's craft, when he heard the great defense attorney Edward Bennett Williams deliver his successful closing argument for Jimmy Hoffa's acquittal. Kempton's conclusion: "To watch Williams and then to watch a Department of Justice lawyer contending with him is to understand the essential superiority of free enterprise to government ownership."

Military Must Fill Iraq Civilian Jobs (WP)

By Karen DeYoung

The Washington Post, February 8, 2007

Secretary of State Condoleezza Rice told Congress yesterday that more than 40 percent of nearly 300 State Department positions to be added in Iraq as part of President Bush's new strategy will have to be filled by military personnel.

"Frankly, the agencies of the U.S. government cannot fill that many posts" as quickly as necessary, Rice said at a hearing of the House Foreign Relations Committee yesterday morning. "And so our agreement with the Department of Defense was that for a period of time . . . we would actually use reservists to fill those positions."

The State Department has asked the Pentagon for 129 people to fill slots in "business development, agribusiness, medicine, city management" and other areas for 10 new provincial reconstruction teams (PRTs), according to David Satterfield, Rice's coordinator for Iraq, who spoke to reporters in an afternoon briefing.

Deployments will last at least six months until Congress provides supplemental funding to pay for private contractors. The State Department has already filled its own slots on the new teams with 19 Foreign Service officers, Satterfield said, adding that the department is actively engaged in identifying appropriate contractors. The Agency for International Development will also supply personnel, he said.

The request for reservists to fill civilian-designated positions has been a source of tension between State and the tightly stretched Defense Department, which has already been asked to provide an additional 21,500 combat troops for Iraq.

In a Senate hearing Tuesday, Defense Secretary Robert M. Gates said that he shares the concerns raised by senior military officers over a Rice memo detailing the request. Their reaction, Gates said, "was mild compared to my reaction when I saw it."

Bush himself, Gates said, had mentioned during a White House meeting Monday that civilian agencies need to "step up to the task." Controversy over the request was first reported in Wednesday's New York Times.

State Department officials expressed surprise yesterday at Gates's remarks. At the hearing, Rice insisted there is no controversy, saying that agreement over the use of reservists for the PRTs had been reached as the new Iraq strategy was developed in December.

Not so, a Defense official countered, noting that Rice's memo to Gates arrived only recently. A State Department official acknowledged that the memo was dated Jan. 21, but said it was merely "formalizing on paper . . . discussions from back in December."

The disagreement raised the specter of past battles between then-Secretary of State Colin L. Powell and then-Defense Secretary Donald H. Rumsfeld, and those between Rumsfeld and Rice in Bush's second term. Amid yesterday's exchanges, both sides insisted that they were fully cooperating on the new strategy.

"We're trying to get synchronized in a way that is mutually beneficial," said one senior Defense official who spoke on the condition of anonymity. "We're talking every day and working together."

"Everybody just wants to pretend this never happened," a State Department official said of the tempest.

Late yesterday, both departments agreed that the 129 military personnel -- most of whom have not yet been identified and tasked -- may include active-duty troops as well as reservists. It is up to the military, the State Department agreed, to decide whom they can spare.

The administration has described the new Iraq plan as a "three-legged stool" in which additional combat troops will help provide a secure environment for the other two legs of political and economic development.

The plan calls for increased U.S. assistance through a doubling of the existing PRTs to 20 in Baghdad and around the country. By assisting designated Iraqi "moderates" who have eschewed sectarian and insurgent violence, the administration hopes to create employment and build local support for a unified Iraqi government.

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The administration has asked Congress for $538 million in supplemental funds to pay for the program. The PRTs, which are projected to be up and running by the end of next month, will be housed with U.S. military combat brigades.

Few Veteran Diplomats Accept Mission To Iraq (NYT)

By Helene Cooper

The New York Times, February 8, 2007

WASHINGTON, Feb. 7 — While the diplomats and Foreign Service employees of the State Department have always been expected to staff "hardship" postings, those jobs have not usually required that they wear flak jackets with their pinstriped suits.

But in the last five years, the Foreign Service landscape has shifted.

Now, thanks to the wars in Iraq and Afghanistan, the White House is calling for more American civilians to head not only to those countries, but also to some of their most hostile regions — including Iraq's volatile Anbar Province — to try to establish democratic institutions and help in reconstruction. That plan is provoking unease and apprehension at the State Department and at other federal agencies.

Many federal employees have outright refused repeated requests that they go to Iraq, while others have demanded that they be assigned only to Baghdad and not be sent outside the more secure Green Zone, which includes the American Embassy and Iraqi government ministries. And while Secretary of State Condoleezza Rice maintained Wednesday that State Department employees were "volunteering in large numbers" for difficult posts, including Iraq, several department employees said that those who had signed up tended to be younger, more entry-level types, and not experienced, seasoned diplomats.

The reluctance highlights a problem with the administration's new strategy for Iraq, which calls on American diplomats to take challenges on a scale unmatched anywhere else in the world, when the lack of security on the ground outside the Green Zone makes it one of the last places people, particularly those with families, want to go.

Steve Kashkett, vice president of the American Foreign Service Association, the professional organization that represents State Department employees, said that "our people continue to show great courage in volunteering for duty in Iraq." But Mr. Kashkett added, "there remain legitimate questions about the ability of unarmed civilian diplomats to carry out a reconstruction and democracy-building mission in the middle of an active war zone."

The issue flared this week when Defense Secretary Robert M. Gates testified at a Senate hearing that he shared the concerns of officers who complained about a request from Ms. Rice's office that military personnel temporarily fill more than one-third of 350 new jobs in Iraq that the State Department is supposed to be responsible for. The New York Times reported on Wednesday that senior military officials were upset at the request and told President Bush and Mr. Gates that the new Iraq strategy could fail unless more civilian agencies stepped forward quickly to carry out plans for reconstruction and political development.

David Satterfield, the State Department's senior adviser for Iraq, told reporters during a teleconference that the State Department's request was only for temporary help and for non-State Department positions that would probably be filled by contractors anyway.

"The skill sets needed for the additional staff are not skill sets in which any foreign service in the world, including our own," are proficient, Mr. Satterfield said. While State Department employees would provide leadership, he said, most of the staffing required would involve specialists like agricultural technicians.

But many military officials remained angry at the request, saying that the military did not necessarily have people with those skill sets, either, and that it would have to go to the already strained National Guard to plug holes that would take advantage of their civilian, and not their military, strengths.

Adm. Edmund P. Giambastiani, vice chairman of the Joint Chiefs of Staff, said the military was used to working with State Department officials in Iraq, including Ambassador Zalmay Khalilzad. But, in a telephone interview, Admiral Giambastiani went on to describe a kind of cultural clash.

"The problem, not surprising, is we're used to deploying over there," Admiral Giambastiani said. "We send out orders, we execute orders, we deploy our military, and guess what happens? They turn up and do their job."

He said that while it was acceptable for the State Department to ask for the National Guard, with its experts in civilian military affairs, to fill the positions temporarily, "you have to understand why people on the Defense side would come up with this frustration." He added, "We've got to get the mission done, but in the long term, we'd rather use our military personnel to fill the military functions."

Answering lawmakers' questions on Monday, Ms. Rice said the department had managed to fill 87 percent of the positions it needed in Iraq.

But that percentage does not readily show the people who are volunteering, a number of State Department officials and employees said.

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“A number of lower-level people are willing to go, seeing this as a combination money-maker, adventure and career-builder,” said one State Department employee who said he had been asked twice to go to Iraq in the past year and had said no both times, vehemently. “It’s the midlevel people who don’t want to go.”

Department officials have offered incentives, including combat and danger pay, and have conveyed to employees that a stint in Iraq could lead to a more rapid career rise. They have also refused to fill openings in some plusher postings in Europe until Iraqi positions are filled, State Department employees said.

The complaints from the Pentagon are part of long-simmering tensions between the Pentagon and the State Department over who is responsible for what in Iraq, The differences go back to the months before the invasion, when State employees complained that they were being cut out of the postwar planning by a Pentagon bent on doing everything itself.

“There’s some outrage that the collective capacity of American reconstruction capability was ignored prior to the war,” said one State Department employee who is learning Arabic before deploying to the Middle East. “And now we are expected to clean up the mess.”

Rice Grilled Over Lack Of Smoking Gun In Allegations Against Iran (AFP)

AFP, February 8, 2007

US Secretary of State Condoleezza Rice faced a blistering challenge in Congress over the administration's failure to provide evidence to back up allegations Iran is building nuclear weapons and fueling attacks on US forces in Iraq.

"Unproven charges against Iran's nuclear intentions are eerily reminiscent of the false charges made against Iraq before we invaded that country," said Ron Paul, a lawmaker from President George W. Bush's own Republican Party, during an appearance by Rice before a congressional panel.

He said "unproven accusations of Iranian support for the Iraqi insurgency" were also serving as a pretext for "escalating our sharp rhetoric toward Iran."

"Pressed for proof of dramatic claims of Iranian involvement in Iraq, the administration keeps promising that they are compiling it," he said.

"This sounds like Iraq, where accusations came first and proof was supposed to come later -- only that proof never came because the accusations turned out to be false," he said, referring to now discredited allegations that Saddam Hussein's regime was building weapons of mass destruction.

US officials have been promising for weeks to make public what State Department spokesman Sean McCormack described as a "mountain of evidence" to back up US allegations about Iranian involvement in attacks on US and allied forces in Iraq.

But the proof has yet to be forthcoming.

Rice rejected suggestions the administration was exaggerating its case against Iran to pave the way for military action.

"We are not planning or intending an attack on Iran," she said.

"What we are doing is that we are responding to a number of Iranian policies both in Iran and around the world that are actually quite dangerous for our national security," she said.

Rice asserted that Iranian support for terrorism was "well known and well-understood" and included providing arms and training to the Hezbollah militia in Lebanon and backing sectarian death squads in Iraq.

She said British forces in Iraq had also linked Iran to attacks on allied forces in the country, notably with sophisticated bombs able to penetrate armored vehicles.

"I don't think any government in the world would stand by and not react to that," she said.

McCormack meanwhile rejected suggestions the administration had yet to reveal its proof of Iranian involvement in Iraq because the evidence was not strong enough to sway skeptics.

"We're going to do this on our own timeline," he said, arguing that it took time to vet the "rich fact base" pointing to Iran's guilt so as not to compromise US intelligence sources.

"There are always going to be doubters, critics, skeptics, that's fine, we accept that," he said.

"It's not going to influence us into hurrying through something that we don't think is ready or appropriate."

Rice Disputes Claim Of Iranian Overture (AP)

By Anne Gearan

AP, February 8, 2007

Secretary of State Condoleezza Rice disputed claims Wednesday that the Bush administration bungled a diplomatic overture from Iran that offered a broad dialogue with the United States after nearly a quarter-century of enmity.

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Rice told Congress she does not remember seeing the 2003 Iranian proposal, which suggested Iran was ready to discuss its disputed nuclear program, support for militant groups that the United States labels terrorists and the acceptance of Israel.

"We had people who said the Iranians went to talk to you, lots of people who said the Iranians want to talk to you," Rice said during an exchange with Rep. Robert Wexler, D-Fla.

"But I think I would have noticed if the Iranians had said, 'We're ready to recognize Israel,'" Rice said. "I just don't remember ever seeing any such thing."

The document, faxed to the State Department in the early days of the U.S.-led war in Iraq, proposed direct talks, perhaps in Paris. Iraq was at the top of the proposed agenda, with Tehran proposing "active Iranian support for Iraqi stabilization."

The text of the document has been provided to news organizations, including The Associated Press.

"You did not see that supposed fax?" Wexler asked Rice.

"I just have to tell you that perhaps somebody saw something of the like, but I can tell you I would have noticed if the Iranians had offered to recognize Israel," she replied.

The administration dismissed the proposal, which has since become a touchstone for criticism that the Bush administration muffed a chance to avert Iran's rush toward nuclear proficiency that could produce a bomb.

Rice was asked about such criticism from a former National Security Council aide, Flynt Leverett.

"I don't know what Flynt Leverett's talking about, quite frankly," Rice said. "Maybe I should ask him when he came to me and said, 'We have a proposal from Iran and we really ought to take it.'"

Leverett had left the NSC by the time the fax arrived, but he said in an interview that he knows the document was sent to the NSC. It also went to Rice's predecessor as secretary of state, Colin Powell, former officials have said.

Leverett said he has never discussed with Rice whether she saw it.

"This administration, out of some combination of ideological blindness and incompetence, couldn't be bothered to explore whether this opportunity was as serious as it looked on paper," Leverett said Wednesday.

Critics also say that engagement in 2003 might have blunted Iranian influence in Iraq. Shiite militias and death squads, some with ties to Iran, are blamed for much of the sectarian violence in Iraq.

In June 2006, Rice had indicated that she was familiar with the proposal. She was asked about the offer during an interview with National Public Radio, and she appeared to provide the first official confirmation that it existed.

"What the Iranians wanted earlier was to be one-on-one with the United States so that this could be about the United States and Iran," Rice said then. She contrasted that with the current U.S. stance, in which the United States has offered to join European-led talks with Iran over its nuclear program if Iran meets preconditions. Iran has refused.

The Bush administration has resisted suggestions, including from the bipartisan Iraq Study Group, that is should engage Iran to try to improve security in next-door Iraq. Lawmakers challenged that position Wednesday and about the administration's current stepped-up rhetoric and seeming provocation of Iraq.

Rice repeated Bush's assurance that "we're not planning or intending an attack on Iran."

"What we are doing is we're responding to a number of Iranian policies both in Iraq and around the world that are actually quite dangerous for our national security," she said.

Rice Denies Seeing Iranian Proposal In '03 (WP)

By Glenn Kessler

The Washington Post, February 8, 2007

Secretary of State Condoleezza Rice was pressed yesterday on whether the Bush administration missed an opportunity to improve relations with Iran in 2003, when Tehran issued a proposal calling for a broad dialogue with the United States, on matters including cooperation on nuclear safeguards, action against terrorists and possible recognition of Israel.

Although former administration officials have said the proposal was discussed and ultimately rejected by top U.S. officials, Rice, who was then national security adviser, said she never saw it.

"I have read about this so-called proposal from Iran," Rice told the House Foreign Affairs Committee yesterday, referring to reports in The Washington Post and other publications last year. "We had people who said, 'The Iranians want to talk to you,' lots of people who said, 'The Iranians want to talk to you.' But I think I would have noticed if the Iranians had said, 'We're ready to recognize Israel.' . . . I just don't remember ever seeing any such thing."

Rep. Robert Wexler (D-Fla.) cited a former Rice staff member, Flynt Leverett, who has publicly discussed seeing the proposal when he worked at the White House.

"Why should we accept the administration's analysis today that it is correct to yet again not engage with Iran when administration officials at the time now have concluded -- at least this one and one or two others -- that the administration was wrong?" Wexler asked Rice at the hearing.

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Rice's comments add a new level of complexity to an issue that has generated debate among foreign policy experts: Did the Bush administration forgo a chance to pursue a dialogue with Iran shortly after the fall of Baghdad, when U.S. power seemed at its height?

The Iranian document, conveyed to Washington via the Swiss Embassy, listed a series of Iranian aims for potential talks, such as ending sanctions, full access to peaceful nuclear technology and a recognition of its "legitimate security interests," according to a copy that has circulated in Washington and was verified by Iranian and U.S. officials.

In the document, Iran offered to put a series of U.S. aims on the agenda, including full cooperation on nuclear safeguards, "decisive action" against terrorists, coordination in Iraq, ending "material support" for Palestinian militias and accepting a two-state solution in the Israeli-Palestinian conflict. The document also laid out an agenda for negotiations, including possible steps to be achieved at a first meeting and the development of road maps on disarmament, countering terrorism and economic cooperation.

Rice dismissed yesterday the earlier comments of Leverett.

"First of all, I don't know what Flynt Leverett's talking about, quite frankly," she said. "Maybe I should ask him when he came to me and said, 'We have a proposal from Iran and we really ought to take it.' "

Leverett said yesterday that he became aware of the two-page offer, which came over a fax machine at the State Department, in his waning days in the U.S. government as a senior director at the National Security Council, but that it was not his responsibility to put it on Rice's desk because Rice had placed Elliott Abrams in charge of Middle East policy. "If he did not put it on her desk, that says volumes about how she handled the issue," he said yesterday.

Abrams is currently the deputy national security adviser in charge of the Middle East and democracy promotion. An NSC spokeswoman, speaking on behalf of Abrams, said yesterday that Abrams "has no memory of any such fax and never saw or heard of any such thing."

Former State Department officials have said that they saw the Iranian offer and used it as a key element in a 2003 memo to then-Secretary of State Colin L. Powell proposing that the United States pursue a "grand bargain" with Iran. The Iranian offer was attached to the memo, but Powell did not forward the memo to the White House, officials said.

Last June, Rice appeared to confirm, in an interview with National Public Radio, that the White House had received the memo. "What the Iranians wanted earlier was to be one-on-one with the United States so that this could be about the United States and Iran," Rice said. State Department officials at that time did not dissuade reporters from interpreting her comments as referring to the 2003 fax.

Leverett said the Iranian offer is "embarrassing and politically difficult" for the administration now that it has rejected calls for a dialogue from the bipartisan Iraq Study Group, has confronted Iranian agents in Iraq and has expanded military assets in the Persian Gulf.

Leverett charged in December that the White House orchestrated an effort by the CIA to demand significant deletions in an opinion article he had written on Iran policy on the grounds that the material was classified. "The single biggest recision" concerned his description of the Iran's 2003 offer, he said yesterday.

US Urges Europe To Boost Iran Sanctions (FT)

By Stephen Fidler

Financial Times, February 8, 2007

The US on Wednesday night voiced its growing frustration over the failure of European governments to toughen financial sanctions on Iran over its nuclear programme.

Differences over the sanctions between Washington and European governments threaten to open a new transatlantic division over how to deal with Tehran's nuclear ambitions, which have until now been papered over.

Gregory Schulte, the US ambassador to the International Atomic Energy Agency, the United Nations nuclear watchdog, went public with Washington's complaints, saying the Europeans should do more. He drew attention to European export credit agencies that provide billions of dollars a year in help to Iran for the finance of imports.

"Faced by the defiance of Iran's leadership, the European Union and European countries can do more – and should do more – to bolster our common diplomacy. Why, for example, are European governments using export credits to subsidise exports to Iran? Why, for example, are European governments not taking more measures to discourage investment and financial transactions?" he said in a speech drafted for delivery in Munich last night.

Since a United Nations resolution in December that mandated sanctions on Iran – including a ban on financing for 10 named companies said to be linked to missile and nuclear programmes – the US has expanded its own financial sanctions.

These include barring one bank from dealing in dollars. The US alleges the state-owned Bank Sepah, which is not named in the UN resolution, has helped finance weapons programmes and Washington has passed a dossier to European governments

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that it says supports its case. The US also took action last September against Bank Saderat for its alleged involvement in terrorist financing.

European officials expect that Washington will follow up with unilateral action against other financial institutions.

But US pressure on the EU to follow suit has met resistance, with Europe saying it does not have the right mechanisms for taking such action and expressing fears that the extra sanctions would be overturned by courts.

In spite of the lack of official European enthusiasm for the US proposals, several European private banks have announced they would curb their dealings with Tehran.

Mr Schulte said Europe should use “the full range of non- military measures at its disposal” to direct political, economic, communications and other non-military pressure at Iran’s leadership and those who influenced them.

His remarks suggested that bolstering economic and financial sanctions against Iran could avoid military action, which the US has refused to rule out.

The US and many western governments believe Iran’s nuclear programme is aimed at developing a weapon, but Iran has repeatedly asserted that its programme is for civil purposes.

Iranian Public Is Uneasy With Leaders' Nuclear Diplomacy (LAT)

By Kim Murphy

The Los Angeles Times, February 8, 2007

TEHRAN, Iran -- Iran's leadership is facing mounting public unease and the seeds of mutiny in the parliament over the combative nature of its nuclear diplomacy.

For the first time since Iran resumed its uranium enrichment activities, there is broad, open criticism of President Mahmoud Ahmadinejad's defiance of the Bush administration and United Nations Security Council. Warnings have emerged that the public may not be prepared to support the Islamic regime through a war.

The criticism and public wariness arise at a time when the Bush administration has moved ships to the Persian Gulf, and both Washington and Israel refuse to rule out a pre-emptive strike against Iran's nuclear facilities.

The mounting dissent, however, does not appear to have chipped away at Iran's determination to maintain an active nuclear program, according to politicians, diplomats and political analysts here in the Iranian capital. But those observers say it opens the door to a face-saving compromise and signals that a broad range of Iranians hope to avoid an all-out confrontation.

"If (Ahmadinejad) wants to start a new war, from where does he think he's going to produce the army?" asked Mohammad Atrianfar, a well-known political commentator allied with former president Hashemi Rafsanjani, who has sought to work behind the scenes in recent weeks to ease the nuclear confrontation.

"We are not agreeing with his radical, extreme policies," Atrianfar said. "It is because of the propagandist speech of Ahmadinejad all over the world that we're in the situation we're in."

The United Nations Security Council voted on Dec. 23 to ban the sale to Iran of materials that can be used in uranium enrichment, reprocessing of nuclear material, and production of ballistic missiles. Ahmadinejad, however, has declared the resolution "a torn paper."

But some experts here believe passage of the sanctions, with the assent of China and Russia, took the country's top leadership by surprise.

"They were counting on it not getting that far, or that it wouldn't be unanimous," said a Western diplomat based in Tehran. "Many advisers weren't telling (Supreme Leader Ali Khamenei) it would get this far. The fact that it was unanimous and they couldn't count on Russia and China was a bit of a shock. Hence this debate on where they're going to go next."

Parliament responded by calling in foreign minister Manouchehr Mottaki to discuss whether Iran's defiant discourse was giving Washington ammunition to argue for escalating the sanctions once a 60-day deadline to halt enrichment expires this month. The combative exchange was broadcast on state radio.

"He's making some adventures in foreign relationships that don't benefit our country," Akbar A'alami, the reformist lawmaker who led the charge in parliament, said in an interview. "The nuclear issue and the right of Iran to have nuclear power is a matter of national pride. But we cannot limit this issue to one person like Mr. Ahmadinejad."

Although Ahmadinejad attracts concerted attention in the West, his power as Iran's president has considerable limits. The deciding power in the country is held by the top Islamic clerics, led by Khamenei, who has ultimate authority of the armed forces.

Analysts here say it is significant that Khamenei, who has been a strong backer of the nuclear program, has not silenced Ahmadinejad's critics.

Indeed, Jamhouri Eslamic, a newspaper once owned by Khamenei that still often reflects his views, has voiced criticism of its own. "Turning the nuclear issue into a propaganda slogan gives the impression that you, for the sake of covering up flaws in

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the government, are exaggerating its importance. This is harmful for you and your government," the paper said in an editorial last month.

But it remains unknown which side Khamenei will choose and whether he will try to rein in the public dissent.

The average public, meanwhile, appears aghast at the idea that a nation that spent eight years at war with neighboring Iraq could be in for another conflict.

"I'm 100 percent worried that there will be another war," said Zari, a 26-year-old theater director who declined to give her last name. "But it's not in our control. Both Bush and Ahmadinejad are powerful enough to do something, and we can't do anything to stop them."

Abbas Maleki, a political analyst who recently returned from Harvard University, said many Iranians fear speaking out. "People cannot show their concern because of the need for solidarity. But they really are concerned now, and this is the discussion deep in all of the families," said Maleki. "Iranians want to have a better situation. They are working and they are trying to have better education for their sons and daughters, and all of these issues will be destroyed with one strike."

The unrest does not mean that Iranians are rejecting the country's nuclear power drive entirely. Even those Iranian politicians who have criticized Ahmadinejad seem to share the view that Iran is entitled to peaceful nuclear power and the uranium enrichment technology that goes with it.

While blessed with one of the world's largest reservoirs of oil and natural gas, Iran spends billions of dollars a year importing gasoline. Many analysts believe it faces the prospect of reduced oil exports in the future if it does not find a solution to its domestic energy dilemma.

Hampered by sanctions and forced to develop much of the technology on its own, Iran has made slow progress in setting up an industrial-scale uranium enrichment operation, international nuclear experts say. The London-based International Institute of Strategic Studies reported this month that while Iran probably will meet its goal of building 3,000 uranium-enrichment centrifuges by March, it will be another year before engineers can get them linked and running.

Even the test cascades Iran is building at its Natanz facility are not running smoothly, the institute said. The report estimated that Iran is at least two to three years away from being able to produce enough material for a nuclear bomb, should it try. Iran strongly denies that it is seeking to produce nuclear weapons.

In the internal debate over how fast and how far to push the nuclear program, Ahmadinejad and his allies are convinced, analysts here say, that the U.S. has been weakened by the war in Iraq, economic constraints at home, and a population disinclined for further global adventures.

"The first approach taken by some here in Iran is that the United States is commencing its disintegration as an imperialist state, and will be defeated in one or two years. Therefore Iran can enjoy the fruits of this confrontation: the United States will collapse, and Iran will be in power," Maleki said. Ahmadinejad and his allies appear to be convinced that this is the case, he said.

"The second approach says, 'Yes, there are several signals and signs that the United States is becoming weakened. But it is not 100 percent sure that this year or next year it will be collapse. Maybe it needs 100 years.' And this approach says that the best way for Iran is to refrain from any issues with the United States -- to avoid any confrontation, on any level. Experience shows that the second approach now is dominant in Iran."

Those dissenting voices remained muted until the Dec. 15 elections for the municipal councils and the clerical Assembly of Experts, when candidates from Ahmadinejad's camp were trounced and Rafsanjani, running for the Assembly, won half a million votes more than his nearest opponent.

"There's definitely been a big internal debate going since the municipality elections went badly for Ahmadinejad," said the Western diplomat. "Then the gloves sort of came off for the critics. The reformists have stuck their heads above the parapet, saying, is this really the direction we want the country to go in? It was almost as if they'd been given the green light."

The reformists' new momentum could provide ammunition for Iran's chief negotiator, Ali Larijani, to find common ground with Western leaders during scheduled talks in Germany this weekend.

How Not To Inflame Iraq (NYT)

By Javad Zarif

The New York Times, February 8, 2007

BEFORE the United States invaded Iraq on false pretexts nearly four years ago, the overwhelming view of analysts and diplomats was that war would plunge the region and the world into greater turmoil and instability. Echoing the views of my colleagues from the region and beyond, I told the Security Council on Feb. 18, 2003, that while the ramifications of the war could go beyond anyone's calculations, "one outcome is almost certain: extremism stands to benefit enormously from an uncalculated adventure in Iraq."

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This assessment came not from any sympathy for the former Iraqi dictator or his regime. Certainly Iran — which had suffered the carnage of an eight-year war with Iraq in the 1980s, and on which Saddam Hussein unleashed chemical weapons — had no affinity for him. Rather, it was based on a sober recognition of the realities of the region and the inescapable dynamics of occupation.

Now the United States administration is — unfortunately — reaping the expected bitter fruits of its ill-conceived adventurism, taking the region and the world with it to the brink of further hostility. But rather than face these unpleasant facts, the United States administration is trying to sell an escalated version of the same failed policy. It does this by trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq.

The United States administration also appears to be trying to forge a regional coalition to counter Iranian influence. But even if it succeeds in doing so, such a coalition will prove practically futile, dangerous to the region as a whole and internally destabilizing for Iraq. By promoting such a policy, the United States is fanning the flames of sectarianism just when they most need to be quelled.

Coalitions of convenience like the one the United States government now contemplates were a hallmark of American policy in the region in the 1980s and 1990s, and their effect then was to contribute to the creation of monsters like Saddam Hussein, Al Qaeda and the Taliban. Short memories may be responsible for this ill-advised return to old habits.

But who can forget that Saddam Hussein used the very same scare tactic, invoking the "Iranian threat" to extort money, loyalty and military hardware from the region and the world, only to turn them later against his suppliers? Who cannot remember that to contain the supposed "Shiite Crescent" after the 1979 Iranian revolution, the extremism of the fundamentalist Salafi movement was nourished by the West — only to transform later into Al Qaeda and the Taliban? Why should the same policy in the same region produce any different result now?

There are already indications that extremists are exploiting the most emotional sectarian and ethnic divides in the region in an effort to sell possible collaboration with old and new occupiers of Arab lands to a restive, frustrated and resentful populace. Such a shortsighted campaign of hatred will compound regional problems, and it will have global implications, from the subcontinent to Europe and the United States, long after the current crisis in Iraq ends.

We need to remember that sectarian division and hatred in Iraq and the wider region was most recently instigated by none other than the leader of Al Qaeda in Mesopotamia, Abu Musab al-Zarqawi. The shameful legacy of Mr. Zarqawi and his collaborators should have been buried with him. To that end, all of us in the region need to set aside shortsighted schemes and engage with the government of Iraq in a common effort to contain sectarian violence.

The Persian Gulf region is in dire need of a truly inclusive arrangement for security and cooperation. Only through such regional cooperation, with the necessary international support, can we contain the current crisis and prevent future ones. I wrote in these pages almost four years ago that the removal of Saddam Hussein provided a unique opportunity to finally realize the long sought objective of regional confidence-building and cooperation, as well as to reverse the dangerous trend of confrontation, exclusion and rivalry.

We have lost many valuable opportunities to effect this arrangement, with hundreds of thousands of innocent lives shattered in the interim. The forthcoming meeting of Iraq's neighbors, to be held in Baghdad next month, will be a good place to begin this difficult but necessary journey toward regional security.

The American administration can also contribute to ending the current nightmare — and preventing future ones — by recognizing that occupation and the threat or use of force are not merely impermissible under international law, but indeed imprudent in purely political calculations of national interest. As authoritative studies have repeatedly shown, no initiators of war in recent history have achieved the intended results; in fact, in almost all cases, those resorting to force have ultimately undermined their own security and stature.

When 140,000 American troops could not bring stability to Iraq, and in fact achieved exactly the opposite, an additional 20,000 soldiers with a dangerous new mandate can only be expected to worsen tension and increase the possibility of unintended escalation. Only a reversal of the logic of force and occupation can dry up the hotbeds of insurgency.

Similarly, forging imaginary new threats, as the United States administration is now doing with Iran, may provide some temporary domestic cover for the failure of the administration's Iraq policy, but it can hardly resolve problems that — as widely suggested — require prudence, dialogue and a genuine search for solutions.

We all need to learn from past mistakes and not stubbornly insist on repeating them against all advice — including the advice George Bush gave as a presidential candidate in 2000: "If we're an arrogant nation, they'll resent us; if we're a humble nation, but strong, they'll welcome us."

Javad Zarif is the Iranian ambassador to the United Nations.

The Iran Option That Isn't On The Table (WP)

By Vali Nasr And Ray Takeyh
The Washington Post, February 8, 2007

As Iran crosses successive nuclear demarcations and mischievously intervenes in Iraq, the question of how to address the Islamic republic is once more preoccupying Washington. Economic sanctions, international ostracism, military strikes and even support for hopeless exiles are all contemplated with vigor and seriousness. One option, however, is rarely assessed: engagement as a means of achieving a more pluralistic and responsible government in Tehran.

The all-encompassing nuclear debate comes as Iran's political landscape is changing once again. As America became reconciled to a monolithic Iran, represented by President Mahmoud Ahmadinejad and his brand of rambunctious politics, the results from December's local elections suggest Iranians were doing otherwise. Ahmadinejad's defiant rhetoric and populist posturing did not impress the Iranians who turned out in large numbers to elect city councils and members of the Assembly of Experts. Voters favored pragmatic conservatives and reformers who oppose their president's policies abroad and his economic programs at home. Despite this show of dissent, though, it would be a mistake to assume that Iran's regime is about to fall or that a democratic spring is looming.

Iran has long appeared ready for democracy. It has a literate, youthful population that is immersed in world culture, is at home on the Internet, is keen to engage the West and is above the anti-American anger that dominates the Arab street. No other Middle Eastern country has as much civic activism or a population that has voted as often in elections at various levels. But positive social and cultural indices have so far not translated into a political opening. Iranian society may be ready to embrace democracy, but Iranian politics is not ready to accommodate it.

Iran does not have an organized pro-democracy movement. The reformers who were swept to power in 1997 never coalesced around a coherent platform, nor did they produce a political party. Their movement inspired activism and student protests, and it changed the style and language of politics, but its lack of organization ultimately cost it the presidency in 2005. Reformism was popular but politically ineffective.

The clerical regime has also proved to be enterprising in facing demands for reform, particularly by using elections to manage opposition within the bounds of the Islamic republic. Economic isolation, supported by international sanctions, has kept the private sector weak, which has in turn denied supporters of change levers they could use to pry open the regime. The public sector accounts for more than 80 percent of the Iranian economy, and the constitution gives the clerical leadership most of the power. The problem facing democracy is not so much the state's theocratic nature as it is the enormous domination it enjoys over the economy, society and politics. For democracy to succeed, the state's domination of the economy and society must be reduced.

For too long, Washington has thought that a policy of coercion and sanctions applied to Iran would eventually yield a responsible and representative regime. Events in the Soviet Union and Eastern Europe suggest that containment eventually generates sufficient pressure to force autocratic elites to accommodate both international mandates and the aspirations of their restless constituents. Ironically, though, U.S. policy has buttressed the Iranian regime, which has justified its monopoly of power as a means of fending off external enemies and managing an economy under international duress.

More than sanctions or threats of military retribution, Iran's integration into the global economy would impose standards and discipline on the recalcitrant theocracy. International investors and institutions such as the World Trade Organization are far more subversive, as they would demand the prerequisites of a democratic society -- transparency, the rule of law and decentralization -- as a price for their commerce.

Paradoxically, to liberalize the theocratic state, the United States would do better to shelve its containment strategy and embark on a policy of unconditional dialogue and sanctions relief. A reduced American threat would deprive the hard-liners of the conflict they need to justify their concentration of power. In the meantime, as Iran became assimilated into the global economy, the regime's influence would inevitably yield to the private sector, with its demands for accountability and reform.

It is important to appreciate that Iran has a political system without precedent or parallel in modern history. The struggle there is not just between reactionaries and reformers, conservatives and liberals, but fundamentally between the state and society. A subtle means of diminishing the state and empowering the society is, in the end, the best manner of promoting not only democracy but also nuclear disarmament.

Vali Nasr is a professor at the Naval Postgraduate School and the author of "The Shia Revival: How Conflicts Within Islam Will Shape the Future." Ray Takeyh is a senior fellow at the Council on Foreign Relations and the author of "Hidden Iran: Paradox and Power in the Islamic Republic."

Reckless Caution (WSJ)

By James Taranto
The Wall Street Journal, February 8, 2007

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When NBC's Tim Russert asked John Edwards on Sunday if he, as president, would accept a nuclear-armed Iran, the silver-tongued lawyer got tongue-tied: "I -- there's no answer to that question at this moment. I think that it's a -- it's a -- it's a very bad thing for Iran to get a nuclear weapon. I think we have -- we have many steps in front of us that have not been used. We ought to negotiate directly with the Iranians, which has not, not been done. The things that I just talked about, I think, are the right approach in dealing with Iran. And then we'll, we'll see what the result is. . . . I think -- I think the -- we don't know, and you have to make a judgment as you go along, and that's what I would do as president."

Less than two weeks earlier, Mr. Edwards had spoken by satellite to Israel's annual Herzliya Conference. "Let me be clear: Under no circumstances can Iran be allowed to have nuclear weapons. . . . To ensure that Iran never gets nuclear weapons, we need to keep all options on the table. Let me reiterate -- all options must remain on the table."

Why did Mr. Edwards's views morph so quickly from hawkish to weaselly? Probably because confrontation with Iran is very unpopular among the Democratic antiwar base. Last week Ezra Klein of The American Prospect, a left-liberal magazine, confronted Mr. Edwards about the Herzliya speech, and the candidate waffled. Although allowing that "it would be foolish for any American president to ever take any option off the table," he offered this criticism of President Bush: "When he uses this kind of language 'options are on the table,' he does it in a very threatening kind of way." Does Mr. Edwards mean to be docile?

Mr. Klein asked if America can live with a nuclear Iran. "I'm not ready to cross that bridge yet," Mr. Edwards answered. There's a world of difference between the unequivocal "under no circumstances" and the coy "I'm not ready." And that "yet" suggests it is only a matter of time before he does cross the bridge.

Mr. Edwards is not the only Democratic presidential candidate without a comprehensible position on Iran. Last week Hillary Clinton spoke to the American Israel Public Affairs Committee, and Heather Robinson of PoliticalMavens.com reported that Mrs. Clinton said: "There are many, including our president, who reject any engagement with Iran and Syria. I believe that is a good-faith position to take, but I'm not sure it's the smart strategy that'll take us to the goal we share. What do I mean by engagement or some kind of process? I'm not sure anything positive would come out of it . . . but there are a number of factors that argue for doing what I'm suggesting." Whatever that may be.

Mr. Edwards and Mrs. Clinton have something else in common: Both voted for the Iraq war in 2002, and both turned against it only after it become unpopular. On Iraq, they followed public opinion; on Iran, they are waiting to be led.

Pandering to public sentiment may be fine for a senator, but the president needs to be able to make decisions in the national interest -- which sometimes means shaping public opinion, sometimes defying it. Mr. Bush has done both, whether or not his decisions were wise ones.

Perhaps voters next year, chastened by Mr. Bush's dangerous boldness, will opt for someone more risk-averse. But if a crisis arises and the president proves unable to lead, they may find themselves longing for Mr. Bush's steadfastness. An excess of caution is itself a form of recklessness.

Mr. Taranto is the editor of OpinionJournal.com.

Hamas And Fatah Pledge To Meet Until They Agree (NYT)

By Hassan M. Fattah

The New York Times, February 8, 2007

MECCA, Saudi Arabia, Feb. 7 — The leaders of the two main Palestinian political groups ended their first day of an emergency summit meeting on Wednesday promising to stay until they agreed on a new government to end a wave of violence in Gaza and the West Bank and salvage the moribund Israeli-Palestinian peace effort.

The two, Ismail Haniya, the Palestinian prime minister, and Khaled Meshal, the Damascus-based militant leader, both of Hamas, faced the Palestinian Authority president, Mahmoud Abbas of Fatah, at a round table as other Palestinian officials watched in a royal palace towering above the Grand Mosque, where Islam was born.

The men held three sessions. Saudi officials and advisers remained outside, offering help but insisting that they would not get directly involved. The summit meeting is expected to last at least two days.

“We came here to agree and have no option but to agree,” Mr. Meshal told his counterparts in opening remarks broadcast on Saudi television.

Hamas and Fatah gunmen have feuded for months with many broken cease-fires, and fear of a civil war is growing.

The high-profile meeting and the personal involvement of King Abdullah increased pressure to reach a compromise.

The issues separating Hamas and Fatah in the talks center on how to divide the ministerial portfolios, especially the security portfolios, and how the new government could meet Western criteria of renouncing violence, recognizing Israel and accepting previous Israeli-Palestinian agreements.

Hamas has refused to recognize the interim agreements signed between Israel and the Palestinians dating to 1993.

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Margaret Beckett, Britain's foreign minister, warned in Israel on Wednesday that even if the factions settled their differences, Britain would not engage the government as long as Hamas refused to recognize Israel and renounce violence. Any new Palestinian government must meet the demands of the so-called quartet — the United States, Russia, the European Union and United Nations — she told Israeli Army Radio.

"If nothing new changes from the position there's been hitherto, I'm afraid the position will stay the same," she said.

In his opening speech, Mr. Meshal said, "I think the international community can do nothing but respect our wishes if we are united."

In Israel, troops searching for explosives near the border with Lebanon came under fire on Wednesday night and retaliated with machine-gun fire, the military said. No casualties were reported, and the Israeli military said it had reported the incident to United Nations peacekeepers in southern Lebanon.

Hamas And Fatah Pledge To Defuse Tensions (FT)

By Harvey Morris

Financial Times, February 8, 2007

Leaders of the rival Palestinian Hamas and Fatah movements began open-ended talks in the Saudi holy city of Mecca on Wednesday in the hope of forging a unity government.

At an inaugural session of the Saudi-sponsored talks, Khaled Mashaal, exiled leader of the Palestinian Authority's ruling Hamas, said: "We came here to agree and we have no other option but to agree."

He and Ismail Haniyeh, the Gaza-based Hamas prime minister, hope to reach a deal with Mahmoud Abbas, the PA's Fatah president, that would not only defuse factional tensions but might also lead to a lifting of an international boycott of the PA government.

Mr Haniyeh might remain as prime minister in a new multi-party cabinet but, to be accepted by the international community, Hamas would have to bow to demands that it recognise Israel, commit itself to non-violence and accept existing agreements with Israel.

Mr Abbas said in Mecca: "We will not leave this holy place until we have agreed on everything good, with God's blessing. I tell our people to expect good news, and I hope this will not be mere words in the air."

Previous efforts to forge a unity government failed and Mr Abbas's threat in December to hold new presidential and parliamentary elections in the absence of a deal led to a worsening of relations between the rivals.

Hamas has three years of its term still to run after winning parliamentary elections in January last year.

Dozens of people have died in waves of violence in the Gaza Strip that were broken by tentative ceasefires. Gaza was relatively quiet on Wednesday, but locals said they were braced for worse violence if the Mecca talks failed.

Agreement at Mecca would set the tone for a trilateral summit in Jerusalem next week involving Mr Abbas, Ehud Olmert, Israeli prime minister, and Condoleezza Rice, US secretary of state.

Tzipi Livni, Israeli foreign minister, told visiting Jewish leaders in Jerusalem: "The only way for the future Palestinian government to gain legitimacy by the world is an acceptance and compliance of the requirement of the international community, including renouncing violence and terrorism, accepting the right of Israel to exist and accepting the agreements between Israel and the Palestinians."

Members of the international Quartet – the US, European Union United Nations and Russia – have signalled they would not automatically renew contacts with the PA if a deal were reached in Mecca.

"We have said consistently from the beginning that we believe that any government should be based on the Quartet principles," Margaret Beckett, foreign secretary, said in Jerusalem on Wednesday.

Palestine's House Divided (WSJ)

The Wall Street Journal, February 8, 2007

At least 20 Palestinians were killed last week in gun battles pitting forces loyal to President Mahmoud Abbas's Fatah Party against members of Prime Minister Ismail Haniyeh's Hamas. Hundreds more have been killed in this internecine fighting of the last two years. Most of the killing has taken place in the Gaza Strip following Israel's withdrawal of 8,000 settlers, who once were seen as the primary obstacle to Palestinian development.

So much, then, for the notion that what is mainly needed for an Israeli-Palestinian settlement is a change in Israeli policies. Instead, Messrs. Abbas and Haniyeh made a diplomatic pilgrimage to Mecca yesterday, where Saudi Arabia's King Abdullah attempted to mediate talks on a unity government. Good luck with that: Every previous such effort has collapsed, usually within days.

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For King Abdullah, as for the Palestinians, the main challenge is not simply to midwife an agreement; it's the principles of their prospective statehood. If the experience of Gaza -- from which Israel removed its settlements in 2005 -- demonstrates anything, it is that the absence of Israeli occupation is not a sufficient condition for a Palestinian state.

The first such condition would be a monopoly on the legitimate use of force. That doesn't exist today in the Palestinian Authority, where various militias answer to contending sides of the same government. A second condition is that it honor the agreements on which it is based. The PA is a creature of the Oslo Accords, which require Palestinians to recognize Israel's right to exist. By refusing to do so, Hamas calls into question the legal basis of the Authority itself. A third condition is that the state be self-governing. But Prime Minister Haniyeh answers to Hamas supremo Khaled Mashaal, who is based in Damascus and was present at yesterday's conference with King Abdullah.

All this raises fundamental questions about the political viability of a Palestinian state. There are still good reasons for Israel eventually to push forward with territorial withdrawals; the much-maligned security fence, which has proved effective in stopping suicide bombers, could serve as a de facto border. There are also good reasons for the U.S. to funnel money to Mr. Abbas, to boost his political support via Fatah's extensive patronage network.

But the U.S. must also insist that Mr. Abbas dismantle Hamas as a military entity, by force if necessary. Lebanon already provides a depressing example of what happens to a state that tolerates an independent militia such as Hezbollah within its borders. As with Hezbollah, Iran has now become Hamas's primary financial and perhaps military backer.

Nor will it help much if a Palestinian unity government serves mainly as the fig leaf the international community -- read, Europe -- was looking for to resume aid. Palestinians were entitled to elect Hamas to parliament, but that choice hardly obliges the world to support a government part of which is sworn to Israel's destruction. The aid cut-off has been the one effective tool in bolstering Mr. Abbas and delegitimizing Hamas among Palestinians.

A decade ago it may have been plausible to believe that the answer to the Palestinian problem rested in outside hands: Israel, the U.S., the Arab world. It is now clear that the deepest problems are of Palestinian making. That may not be much comfort to diplomats hungry for the next breakthrough. But no breakthrough will be worth the effort if the result is a state that cannot govern itself.

Rice Meets Egyptian Ministers After Urging Release Of Dissident (AFP)

AFP, February 8, 2007

US Secretary of State Condoleezza Rice urged Egypt to release a prominent jailed dissident, shortly before she met with the country's foreign minister.

Testifying in Congress, Rice said she had repeatedly raised the case of opposition leader Ayman Nour with Egyptian officials in the past and would continue to do so.

"We think that his release would be wholly appropriate," she said.

Nour was the leading opposition candidate against President Hosni Mubarak in presidential elections in 2005, but is now serving a five-year prison term on charges of electoral fraud -- allegations he denies.

Human rights groups have said Nour's health is failing in prison.

Rice met later Wednesday Egyptian Foreign Minister Ahmed Aboul Gheit for talks expected to focus on US and Egyptian efforts to break the stalemate in Israeli-Palestinian peace talks.

In an address earlier Wednesday to the Brookings Institution think tank, Gheit defended his government's record on reform, insisting, "We are continuing to open our political process."

But he also said the process needed to advance "one step at a time, with moderation" or it could "create dynamics that would help the extremists."

Rice has been accused of backing away from her once outspoken support for democratic reforms in Egypt and other allied Arab states as Washington found itself increasingly in need of those governments' support over the crisis in Iraq.

The top US diplomat famously angered Egyptian officials when she made an impassioned plea for greater democracy under Mubarak during a 2005 speech at Cairo University.

During her most recent visit to Egypt last month, Rice made no mention of political reforms.

"On your trip to Cairo University in 2005, you had spoken very, very powerfully about democracy reform, and in 2006 it doesn't seem to have been mentioned as part of the agenda," Congressman Gary Ackerman told Rice during Wednesday's hearing.

"Why are we not really pushing our friends in Egypt and Saudi Arabia and Pakistan?" he asked.

Rice insisted that "democracy is right at the core of what we are doing in our foreign policy," and described her Cairo University address as "maybe the most important speech I've made as secretary."

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Rice also said that during her brief January talks with Mubarak and Gheit focussed on the Israeli-Palestinian issue, she did privately raise US concerns about the treatment of nongovernmental organizations and Nour's case.

Egypt Cracks Down On Illegal Muslim Group (FT)

By Heba Saleh

Financial Times, February 8, 2007

Egypt has referred the cases of forty members of the illegal Muslim Brotherhood to a military tribunal in a move which signals another escalation of the government's crackdown against the group - the largest opposition force in the country.

Decisions by the military courts cannot be appealed and the authorities have not referred any Brotherhood members to a military trial since 2001.

Khairat El Shater, a wealthy businessman and the number three in the movement is among those facing trial. The authorities say that he and several other businessmen among the defendants bankrolled the Brotherhood's activities.

The charges against them include money laundering and creating a militia.

"We condemn this unjust decision which does not respect the minimum rights of citizens and which uses unconstitutional means to deal with political adversaries," said Mohamed Mahdi Akef, the leader of the Brotherhood in a statement issued Wedenesday.

The charges arise from actions by Islamist students at Al Azhar university who in December staged a parade in which they wore black hoods and carried out martial arts exercises during a protest against the rigging of student union elections.

Although the Brotherhood said the students had acted wrongly, the group's opponents now accuse them of preparing for violence.

The Muslim Brotherhood is barred from contesting elections but independent candidates standing for it had managed to win a fifth of the seats in parliament in elections in 2005. The government now appears determined to prevent them from achieving any further gains.

Hosni Mubarak the president has presented to parliament draft constitutional amendments which would make it illegal to establish parties based on religion. Mr Mubarak, who recently described the Brotherhood as a threat to national security, also wants to change the electoral law to favour political parties over movements.

Many believe this will result in reducing or doing away completely with chances for independent candidates.

In recent weeks the Brotherhood has been the target of a new campaign of arrests in which some 260 people have been detained. This has been accompanied by a sustained wave of attacks againt the movement in both the state media and private media.

North Korea Ready To Discuss Nuke Disarmament (AP)

By Burt Herman

AP, February 8, 2007

North Korea expressed its readiness Thursday to discuss initial steps of its nuclear disarmament, raising hopes for the first tangible progress at international talks on Pyongyang's atomic weapons program since they began more than three years ago.

"We are prepared to discuss first-stage measures," the North's nuclear envoy Kim Kye Gwan said on arriving in Beijing for the six-nation negotiations set to start later Thursday.

Media reports have suggested the North may agree to freeze its main nuclear reactor and allow international inspectors in exchange for energy aid as a starting step to disarm.

But Kim said any moves by North Korea would be determined by the United States' attitude.

"We are going to make a judgment based on whether the United States will give up its hostile policy and come out toward peaceful coexistence," he said, adding that Washington was "well-aware" of what it had to do.

The North has twice boycotted the talks for more than a year, claiming various U.S. policies show Washington's thinly veiled desire to topple the Pyongyang regime.

"I'm not either optimistic or pessimistic because there are still many points of confrontation to resolve," Kim said.

Earlier Thursday, the main U.S. envoy said he sensed "there is a real desire to have progress" by the North Koreans at the talks.

The lack of any on-the-ground results on disarming the North at the negotiations has raised the issue of the credibility of the talks. Since 2003, they have produced only a single agreement in September 2005 on principles for the North to abandon its nuclear program in exchange for aid and pledges that Washington won't seek the regime's ouster.

Ahead of this week's round, the North had signaled it was satisfied with changes in the United States' attitude amid an apparent greater willingness on all sides to compromise on issues that deadlocked previous talks.

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However, U.S. envoy Christopher Hill denied a report in a Japanese newspaper Thursday that the United States and North Korea had signed a memorandum during bilateral talks last month agreeing that Pyongyang's first steps toward denuclearization and U.S. energy support would begin simultaneously.

"We did not sign anything," Hill told reporters, but added he was hopeful the Beijing talks would lead to progress such as working groups to discuss technical issues.

Japanese envoy Kenichiro Sasae said the main goal of the current round of talks was to make concrete progress toward disarmament.

"We are prepared to do our utmost toward this goal, and we strongly hope and are certain that North Korea has come prepared to do that," Sasae said in Beijing.

The latest nuclear standoff with the North was sparked in late 2002 after Washington accused Pyongyang of a secret uranium enrichment program in violation of a 1994 deal between the two countries. North Korea kicked out nuclear inspectors and restarted its main reactor, moves that culminated in the country's first-ever test atomic detonation in October.

Although the U.S. and other key North Korean allies China and Russia backed U.N. sanctions in the wake of the nuclear test, Washington has since engaged in a series of diplomatic overtures that have drawn praise from Pyongyang.

That includes Hill's trip to Germany last month to meet Kim. The North said after the sides had reached an unspecified agreement, but the specifics of what they discussed have not been made public.

Washington also has held separate talks on financial restrictions it placed on a Macau bank where the North held accounts, accusing it of complicity in the regime's alleged counterfeiting and money laundering. Blacklisting that bank has scared off other financial institutions from dealings with the North for fears of losing access to the U.S. market.

The North had earlier demanded the financial restrictions be lifted for it to disarm, and refused to talk about anything besides that issue at the last nuclear talks in December.

No end date has been set for this round of talks, but Hill has said the Chinese hosts expected the talks to last a few days and the sides would start reviewing a draft agreement Friday.

Report: US, North Korea Signed Nuclear Memo (AP)

AP, February 8, 2007

The United States and North Korea signed a memorandum during talks last month by which Pyongyang would begin closing a nuclear reactor while the U.S. starts providing energy assistance, a major Japanese newspaper reported Thursday.

In the memorandum of understanding, North Korea agreed to shut down its Yongbyon nuclear reactor as a step toward denuclearization, the Asahi Shimbun newspaper, citing U.S. and North Korean officials which it did not further identify. In exchange, the United States would begin assisting the North with energy.

The paper said the memorandum, which apparently would require further agreement, also included a provision for the North to accept nuclear inspection by the International Atomic Energy Agency.

The State Department in Washington declined to comment on the report. Japanese Foreign Ministry officials said they were not aware of the memorandum.

New round of negotiations on North Korea's nuclear disarmament is set to begin Thursday following a December meeting that ended in stalemate. But since then, signs have emerged a greater willingness to compromise.

North Korea walked away from s 2005 agreement after Washington imposed financial sanctions on a small private bank in Macau, accusing it of abetting North Korean money-laundering and counterfeiting.

Pyongyang has insisted that the sanctions be lifted as part of any deal on the nuclear programs. U.S. and North Korean officials met in January to discuss Washington's allegations and ways for resolving the dispute.

North Korean negotiator Kim Kye GwanKim told visiting Americans last week that Pyongyang also is demanding normal relations with the United States and supplies of electricity or heavy fuel oil, said David Albright, president of the Institute for Science and International Security in Washington.

US Envoys Denies Signing Nuke Deal With North Korea (AFP)

AFP, February 8, 2007

US envoy Christopher Hill has denied a Japanese press report that said he had secured a deal with North Korea in which Pyongyang had agreed to shut down a nuclear reactor in exchange for energy aid.

The Asahi Shimbun newspaper report said Hill, the chief US envoy to six-party talks on Pyongyang's nuclear programme, and North Korean counterpart Kim Kye-Gwan had signed the memorandum last month when they met in Berlin.

"No, we did not sign anything," Hill told reporters when asked about the report ahead of the start of a new round of six-nation talks that were due to start here on Thursday.

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"We had a very good discussion and we talked about what we might do at the next six-party talks. Although it was a very useful discussion, we did not sign anything."

In the memorandum, North Korea agreed to stop the Yongbyon nuclear reactor and allow inspections by the UN nuclear watchdog, the International Atomic Energy Agency, the newspaper said, quoting US and North Korean sources.

The United States in turn pledged energy and humanitarian assistance to the reclusive state, although the memorandum did not give further details, the daily reported.

The six-nation talks, which group host China with the two Koreas, the United States, Japan and Russia, began in 2003 with the aim of convincing Pyongyang to abandon its nuclear ambitions.

However North Korea conducted its first atomic test in October last year and the forum is now aiming to get North Korea to disarm.

Nuclear Talks On North Korea Set To Resume In Beijing (NYT)

By Jim Yardley

The New York Times, February 8, 2007

BEIJING, Feb. 7 — Negotiators on Thursday will resume the long-stalled talks aimed at North Korean nuclear disarmament amid tentative signs of a possible breakthrough in a diplomatic process that seemed shattered four months ago when North Korea tested a nuclear device.

Christopher R. Hill, the chief American envoy, arrived in Beijing on Wednesday and held separate meetings with Chinese and Russian diplomats. Mr. Hill has been shuttling around the world, meeting with envoys from North Korea and other countries, in an effort to restart and advance the talks that North Korea abandoned more than a year ago.

“We all share ambitions for this round,” Mr. Hill told reporters as he arrived at his hotel on Wednesday evening. “We want to make a good start, a good step forward.”

Mr. Hill is essentially trying to return the process to September 2005, when North Korea agreed in a broad draft accord to end its nuclear arms program in return for security, economic and energy benefits. Even then, analysts said the differences between the United States and North Korea made a final agreement far from certain. Subsequent talks on carrying out the provisions broke down, and North Korea then defied international warnings by testing a nuclear device last October.

In a brief appearance earlier Wednesday at the Beijing airport, Mr. Hill was careful not to set expectations too high for this week. “I want to emphasize that the real success is when we complete the September ’05 agreement,” he said. “Not just when we start the ’05 agreement, but when we finish it. So we’re not going to finish that this week.”

“We’ll just maybe take a good first step,” he said.

The talks — which involve China, Russia, Japan, South Korea, the United States and North Korea — began more than three years ago and have brought scarce tangible progress after various rounds in Beijing. Formal talks will resume Thursday afternoon in a government guesthouse in Beijing and are likely to continue into the weekend.

Recently, North Korea has seemed to signal more of a willingness to bargain and to specify its demands. Last weekend, two American envoys returning from Pyongyang, the North Korean capital, said the nation was prepared to disable its main nuclear reactor in Yongbyon in exchange for an energy package of electricity and oil from its neighbors. North Korea also told the envoys that it wanted the United States to lift financial sanctions and remove it from a list of states that sponsored terrorism.

The two envoys, Joel S. Wit, a Clinton administration official involved in North Korea issues, and David Albright, a nuclear specialist, first described the North Korean position to the Japanese newspaper Asahi Shimbun, while passing through the Beijing airport last Saturday.

Mr. Hill, assistant secretary of state for East Asian and Pacific affairs, has spent much of 2007 traveling to build a consensus on a deal. Last month, he and the top North Korean envoy, Kim Kye-gwan, met in Berlin, the first such meetings between the United States and North Korea outside Beijing. Mr. Hill described those talks as “substantive” and has expressed guarded optimism throughout his travels.

A potential sticking point for North Korea is how much ground the United States will give on financial sanctions. In 2005, the United States accused Banco Delta Asia in Macao, a Chinese territory, of laundering counterfeit dollars that it said North Korea was using to finance drug trafficking and other illegal activities. The United States froze $24 million in North Korean assets, largely shutting North Korea out of the international financial system.

North Korea has demanded the release of the $24 million. Last week, a United States Treasury official met with North Korean diplomats on the issue.

Brian Bridges, a professor of politics at Lingnan University in Hong Kong, said no breakthrough was apparent but that there had been speculation that the United States might agree to declare part of the frozen Banco Delta Asia money “clean” in a compromise. Mr. Bridges predicted that negotiations this week, at best, might form working groups to discuss particular issues

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like denuclearization and the sanctions. But he said any larger, significant progress was unlikely. "I'm not too optimistic," he said. "I don't think there is going to be a major breakthrough."

Six-party Talks To Curb N Korea's Nuke Programme (FT)

By Anna Fifield

Financial Times, February 8, 2007

When diplomats sit down at the green hexagonal table in Beijing's lavish Diaoyutai State Guesthouse on Thursday, they will do so amid a new sense of optimism over multi-lateral efforts to persuade North Korea to dismantle its nuclear programme.

If in the past North Korea's nuclear ambition has been one of the world's most intractable diplomatic challenges, this time the six-party talks appear to have a clear – and perhaps achievable – goal, diplomats say.

Extensive behind-the-scenes dealings, increasing pressure on the North Korean regime, and an embattled US administration seeking success in its dealings with one of the "axes of evil" have helped breathe life into a process long considered terminal. "There is a new dynamic in the talks now," says a South Korean diplomat involved in the negotiations.

The discussions due to begin on Thursday are expected to focus on producing a written document that would see Pyongyang pledge to move towards nuclear disarmament in return for energy assistance from the US.

Paradoxically, the outlines of the proposed deal appear very similar to a 1994 deal – known as the "agreed framework" – forged by the Clinton administration and belittled by the Bush administration after it took office.

But diplomats say the deal would be the first step towards implementing the "big agreement" of 2005, when North Korea agreed to abandon its nuclear weapons programme, and the clear goal of drafting this document means that measuring progress in this round of talks may be easy.

"We're looking for a document to be produced. If there is no document there will be trouble," said a senior South Korean government official.

There remains a great deal of scepticism in both Washington and Seoul that Pyongyang has made the strategic decision to abandon its nuclear ambitions. But there is a hope that North Korea will participate seriously in the negotiations.

Much of the new optimism is attributable to the efforts of Christopher Hill, the US assistant secretary of state and chief negotiator since April 2005, who has ridden the ups and downs of hawkishness in Washington to forge a productive working environment at the talks.

"The big question is whether the North Koreans are really ready to make some progress," Mr Hill said on Wednesday. "We did have some good signs [at talks] in Berlin [in January], but I think we also know that there is going to be some rather hard bargaining, so we'll see how we do."

Peter Beck, a Korea analyst for the International Crisis Group, says a "maximalist approach" by North Korea, which would like to get a light water reactor in return for abandoning its nuclear programme, could still impede progress. "It's not a pre-cooked deal," he says. "There are some pretty big gaps to be overcome."

But there are also signs that the relationships built in the negotiating room are beginning to bear fruit. Mr Hill, who helped to negotiate the 1995 Dayton Peace Accords that brought an end to war in Bosnia, held unprecedented bilateral talks in Berlin last month with his North Korean counterpart, Kim Kye-gwan.

Mr Kim, who often wears a pinstriped suit that – bar the Kim Il-sung badge – would not be out of place on Wall Street, is the only negotiator to have lasted the entire six-party talks process. He also helped negotiate the 1994 deal.

The pair appear to have developed a relationship that has taken a lighter tone, an important point in what is essentially a bilateral nuc-lear dispute. "Hill and Kim get along fine," says one diplomat with know-ledge of the Berlin talks. "Ri Gun [North Korea's deputy negotiator] has a good sense of humour and is easy to get along with, but Kim Kye-gwan has always been a much more serious person. However, during the meeting in Berlin, Kim lightened up quite a lot."

South Korea and China still step in to help bridge the gaps between the US and North Korea and relations between the negotiators from the two Koreas have proven critical.

The two delegations dine together during the talks, and after the September 2005 round – when all sides signed what was then seen as a hopeful agreement – they celebrated by drinking poktanju, the South's beloved "bomb drink" that involves putting whisky into a glass of beer.

But North Korea does not like the South playing too prominent a public role during the talks, the South Korean said.

North Korea, U.S. Appear Closer To A Nuclear Accord (WSJ)

By Evan Ramstad

The Wall Street Journal, February 8, 2007

DOJ_NMG_0129656

SEOUL, South Korea -- With talks set to begin again today on North Korea's nuclear program, a deal appears more likely -- despite repeated failures in the past -- because the North's top negotiator has signaled it is willing to compromise and the U.S. has settled on a more conciliatory approach.

U.S. officials said they are cautiously optimistic North Korea will agree to take the first steps in abandoning its pursuit of nuclear weapons, ending an 18-month negotiating stalemate and six years of intensified acrimony between the two countries. The U.S. said it expects North Korea to agree to turn off its Yongbyon nuclear reactor, which it uses to produce the core material needed for atomic weapons, and allow international inspectors to visit it and other weapons-related facilities.

In return, the U.S., along with China, Japan, Russia and South Korea, would begin to deliver on economic assistance that was broadly offered in an agreement made in September 2005.

The result would be a start to stabilizing a major threat to regional security. Officials caution that nothing is certain, however, and that North Korea has walked away from previous deals.

In the U.S., the election of a Democratic Congress and the departures of John Bolton, the ambassador to the United Nations, and Defense Secretary Donald Rumsfeld -- both of whom took a hard line against North Korea -- have given moderates in the State Department more leeway to compromise.

Both the U.S. and North Korea are under enormous pressure now to resolve the matter. Success in dealing with North Korea would give the U.S. more leverage with Iran, which the U.S. said is pursuing nuclear weapons and has sought assistance from North Korea.

Meanwhile, impoverished North Korea grows more desperate. The U.N. imposed more economic sanctions after North Korea tested a nuclear device in October. Food rations last month in Pyongyang, the capital and most prosperous city, amounted to three days of rice for ordinary citizens and 15 days for the elite, according to aid agencies in South Korea.

Upon arriving in Beijing for the talks yesterday, U.S. envoy Christopher Hill said "real success" for the six-party process would be ending the North Korean nuclear program under the terms of the September 2005 agreement.

At the time, North Korea agreed to give up nuclear weapons in return for economic assistance, normalized relations with Japan and the U.S., and a start to a peace process that formally ends the Korean War of the 1950s.

The North balked at the deal soon afterward, citing banking restrictions imposed by the U.S. that are still unresolved. That set up the negotiation stalemate. In October, North Korea further challenged the pact by testing its first nuclear device.

The U.S. delegation is upbeat after Kim Kye Gwan, North Korea's envoy, positively responded in a meeting with Mr. Hill in Berlin last month to some of the proposals the U.S. made at the last round of talks in December.

Neither country has disclosed details, though Mr. Hill referred to the meeting again yesterday. "We did have some good signs in Berlin, but I think we also know that there is going to be some rather hard bargaining, so we'll see how we do," he said.

If the North agrees to freeze production at its nuclear plant, U.S. officials envision the six nations will meet as often as once a month to work on details for full-scale denuclearization.

Why Latest Korea Nuclear Talks Raise Hopes (CSM)

By Howard Lafranchi

Christian Science Monitor, February 8, 2007

WASHINGTON

International negotiations on North Korea's nuclear program resume in Beijing Thursday with more optimism than at any time in more than 18 months – largely because the two principal parties in the talks, North Korea and the United States, both have reason for craving the appearance of progress.

The spoiler may be that Pyongyang, which toughened its bargaining position by testing a nuclear weapon last October, may demand too high a price for putting its nuclear ambitions on the table.

Still, extraordinary bilateral talks between American and North Korean officials in Berlin last month have raised hopes. While no one expects full implementation of the North's 2005 agreement in principle to dismantle its nuclear program in exchange for economic and diplomatic incentives, the top US negotiator says progress in that direction is possible.

"We're not going to finish [the 2005 agreement] this week. We'll just maybe take a good first step," said Christopher Hill, assistant secretary of State, in Beijing Wednesday. The six-party talks, which have proceeded in fits and starts over the past three years, draw together the US, North Korea, South Korea, Japan, Russia, and host China.

One plausible outcome of this week's talks might be suspension of US financial sanctions on the North and an agreement on fuel deliveries in exchange for a freeze on the North's plutonium production and the return of inspectors to nuclear facilities.

That would leave for later talks the dismantling of the North's military nuclear program, debate over controversial points such as the furnishing of light-water reactors for civilian power production, and the North's desire for normalized relations with the US.

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But will Pyongyang seek more than Washington is willing to give? The word from officials and experts who have spoken with North Korean officials in the run-up to the talks is that Pyongyang will demand an unfreezing of at least part of $24 million in North Korean financial assets in a Macao bank, huge fuel oil deliveries, and a move toward normalized relations with the US in exchange for shutting down its plutonium- producing facility.

That position would seem to be more than what President Bush could accept, given his opposition to an even less generous agreement reached with North Korea under the Clinton administration in 1994. That so-called "agreed framework" gave North Korea economic incentives for agreeing to end its nuclear program. But Pyongyang ended up using it as a cover for a secret nuclear arms program, a fact Mr. Bush cited in adopting a "disarmament first, then talk" approach to the North.

But the Bush administration may be interested in using the North Korea talks to offer a bit of good news on the foreign-policy and proliferation fronts, even as it struggles in the Middle East, some experts say.

"Both sides have a reason to want to talk, but not necessarily to make significant progress," says Jim Walsh, a research associate at the Massachusetts Institute of Technology's Strategic Studies Program. "The [North] Koreans are feeling a lot of heat from China over their nuclear test, and the US has its hands full in Iraq, Afghanistan, and Iran."

With division in the Bush administration over how much ground to cede to Pyongyang still a factor, some analysts see the potential for incremental progress and a ratcheting down of a confrontational tone toward the North. Under that scenario, the prickliest issues that still divide the administration – such as the provision of light-water reactors for power production – would be left to the next administration.

"Those kinds of small steps may be about all we can expect out of the Bush administration," says David Albright, president of the Institute for Science and International Security in Washington. "They may just be looking to settle the situation down so they can focus their last two years on Iraq, Iran, and the Israeli-Palestinian conflict."

Mr. Albright, who met recently with North Korea's chief nuclear negotiator, says the North's ultimate goal is a move toward "meaningful relations" with the US. The North also understands it will have to take clear steps before that could happen, he says, but they also remain skeptical of US intent.

"They want a process," he says, but they are also reluctant to proceed to a freeze on plutonium production that they fear might open them up to bolder US moves against them. "They make it clear they would respond to any aggressive moves," Albright says.

One stumbling block is a lack of clarity from the Bush administration on North Korea, he adds. Does the US accept the regime of Kim Jong Il or not? Might it still try to use military force to end its military nuclear capabilities or not? Is the furnishing of civilian nuclear facilities on the table for the US or not?

"The US is suffering from a lack of clarity on this issue," Albright says, "and it's not at all clear it can be resolved in the next two years."

Mr. Walsh of MIT says just the fact these talks are taking place suggests the North – and the US – believe something can be accomplished. He notes, for example, that US Treasury officials met last month with North Korean counterparts to discuss the US freeze on financial assets. The US accuses the North of running US dollar counterfeit operations.

And he says two question marks still hang over the talks: Will the North's new status after its nuclear test make an accord more difficult, and will Bush administration hard-liners – seemingly quiet on North Korea over recent months as they have focused on Iran – step in at some point to squelch an accord?

"The camp that favored regime change and emphasized never rewarding bad behavior has been silent on North Korea as they've turned their attention to Iran," Walsh says. "What happens in these [Beijing] talks may depend on whether the squeezers or the talkers have won the day with the president."

Nuclear Issue Seen Muddied By U.S. (WT)

By Ed Lanfranco

The Washington Times, February 8, 2007

BEIJING -- The United States and its partners in six-party talks have taken steps they knew would prevent progress in halting North Korea's nuclear program, a Chinese analyst said yesterday in remarks presumed to reflect the thinking of the Beijing government.

In comments much more pessimistic than what has been heard from chief U.S. negotiator Christopher Hill, the analyst also warned of the risk of war between the United States and China if the North Korean nuclear issue is mishandled.

The "North Korean nuclear issue is not a technical nuclear issue, but an issue complicated by politics, economy, military and ideology and other considerations," said Teng Jianqun, deputy secretary-general at the China Arms Control and Disarmament Association.

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"If we really want to solve this dispute, don't bind the nuclear issue with other issues such as money laundering, hostage hijacking; it completely ruins the talks," he told foreign reporters of the eve of the latest round of talks.

"Of course, the decision-makers knew what reaction would come from North Korea after the financial sanctions," he said.

The Chinese analyst spoke on the eve of the resumption today of six-party talks seeking to dismantle North Korea's nuclear weapons program.

Negotiators will gather in a secluded compound in western Beijing and, aided by rows of translators, focus on fleshing out a 2005 statement offering North Korea economic and security concessions in return for abandoning nuclear weapons.

The talks on the North Korean crisis involve the two Koreas, the United States, Japan, Russia and host China.

Agreement in principle to halt Pyongyang's program was announced in September 2005, but all progress halted soon afterward when a bank in Macau, facing pressure from the United States, froze a $24 million North Korean bank account citing suspected counterfeiting and money laundering.

However, the Japanese newspaper Asahi said yesterday that North Korea and the United States signed a memorandum of understanding in Berlin last month in which Pyongyang agreed to move toward shutting down its nuclear reactor in exchange for aid, [a wire service] reported.

In Beijing, Mr. Teng said repeatedly that he was expressing his own opinions, but the remarks were interpreted as subtle signals of official Chinese impatience with the slow progress of the talks.

The event was hosted by the International Liaison Department of the All-China Journalists Association, a government-approved body that helps keep the Chinese press on a tight leash.

Mr. Teng called his group a nongovernmental organization, but also stated it was sponsored by the Ministry of Foreign Affairs and that he draws a government salary.

His grim tone stood in stark contrast to a series of upbeat remarks from Mr. Hill and other U.S. officials following three days of talks with North Korean nuclear envoy Kim Kye-gwan in Berlin last month.

"The real success will be when we complete the full September '05 statement, not just when we start," Mr. Hill said after arriving in Beijing yesterday. "We're not going to finish that this week. We'll just maybe take a good first step."

The U.S. envoy added that Washington was "ready to implement all of the joint statement," including economic and energy aid.

At his own briefing, Mr. Teng said he thinks North Korea has nuclear weapons but would not estimate how many. He said the bomb was the country's "last resort to defend itself from foreign countries including the U.S."

He also reiterated that "stability not only on Korean Peninsula but the Northeast Asian region is in the greatest interest of China."

A "dangerous result of the nuclear issue over the Korean Peninsula might be a face-to-face confrontation between China and the U.S.," Mr. Teng warned.

The analyst, who until 2004 served in the People's Liberation Army and the PLA's Navy, used a nautical metaphor to describe a possible Sino-U.S. conflict.

"No country, especially the big powers, can suffer such a face-to-face direct confrontation," he said.

"If the U.S. was a supership with a displacement of 100,000 tons and China could be a large ship with a displacement of 10,000 tons, so if an iceberg can take a supership like the Titanic to the bottom of the ocean, how about the direct clash between China and the U.S.?

"Who will sink? Nobody knows."

Trial Over Muhammad Cartoons Begins In France (NYT)

By Ariane Bernard

The New York Times, February 8, 2007

PARIS, Feb. 7 — Hearings began Wednesday in a suit brought by two influential French Muslim organizations against a satirical weekly newspaper for printing cartoons depicting the Prophet Muhammad that had touched off international rioting.

The Paris Mosque and the Union of Islamic Organizations of France contend that the newspaper, Charlie Hebdo, and its director, Philippe Val, are guilty of slander, an offense that carries a possible six-month sentence and a fine of up to 22,500 euros, or about $29,000.

“If we can no longer laugh at the terrorists, what weapon is left for the citizen?” Mr. Val said at the hearing, according to The Associated Press.

“These drawings are about ideas, not men, about ideas defended by men who commit violent acts.”

The case is causing debate in a country where separation of church and state is considered a fundamental tenet of the national identity.

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In its Feb. 8, 2006, issue, Charlie Hebdo republished 12 drawings that had originally appeared in the Danish newspaper Jyllands-Posten, some of them representing the Prophet Muhammad. The cartoons were first published in September 2005.

Two of those drawings are cited in the suit: one depicting the prophet greeting suicide bombers in heaven with the caption, “Stop, stop, we have run out of virgins,” and another depicting Muhammad wearing a turban containing a bomb. A third image included in the suit was an original drawing by the French cartoonist Cabu, depicting a crying Muhammad with his head in his hands, saying, “It’s hard to be loved by idiots.”

Outcry in the Muslim world over the Danish cartoons led to violent protests in a number of countries — which resulted in the deaths of at least 50 people — and boycotts of Danish products. A number of other European publications also reprinted the cartoons.

A lawyer for the newspaper on Wednesday read in court a letter of support from Nicolas Sarkozy, the interior minister and the leading conservative presidential candidate. Mr. Sarkozy, whose office said that he had written the letter as a presidential candidate and not as a cabinet minister, said he “preferred an excess of caricature to a lack of caricature.”

In response, representatives of the French Council for the Muslim Religion, a national group that Mr. Sarkozy’s office helped to create, called an emergency meeting.

Another presidential candidate, François Bayrou, and the Socialist Party leader, François Hollande, have been called by the defense to testify.

The issue of whether revisions to the 1901 law separating church and state might be needed has become a topic of discussion in the presidential campaign.

In recent decisions, French courts have largely ruled against religious groups that contended that their faiths had been insulted.

More Articles in International »

Hu Defends China's Role In Africa (WP)

By Craig Timberg

Washington Post, February 8, 2007

JOHANNESBURG, Feb. 7 -- Chinese President Hu Jintao on Wednesday sought to reassure Africans that his country's aggressive investments in oil, copper and other natural resources do not amount to a new wave of colonialism, saying China would "not do anything harmful to the interests of Africa and its people."

Hu's comments, made in Pretoria on the sixth stop of an eight-country tour of the continent, came amid rising anxiety that China's economic power is strangling African manufacturing while locking up vital resources for years. Although China has made massive purchases of oil from Angola, Sudan and Nigeria, the flood of finished goods to Africa has created a large trade imbalance.

Commentators increasingly compare the relationship to that of European countries and their African colonies, in which the ruling powers extracted natural resources at marginal cost and forced the colonies to import costly manufactured goods. But Hu sought to distinguish China by invoking his country's experience with colonialism.

"For more than 100 years in China's modern history, the Chinese people were subjected to colonial aggression and oppression by foreign powers and went through similar suffering and agony that the majority of African countries endured," he said at the University of Pretoria, according to a transcript released by South African officials.

He added, "China has never imposed its will or unequal practices on other countries and will never do so in the future."

China has long-standing relationships with many countries in Africa, dating to the era when its communist government backed liberation movements seeking to overthrow colonial and white supremacist governments. In the past decade, China has dramatically escalated its role through a combination of major construction projects and investments in materials needed to keep its manufacturing boom at home alive.

Chinese companies have built railways, water treatment plants, telecommunication systems, highways and port facilities, often subsidizing projects or working for much less than the bids of competitors. And Chinese companies have not been content to merely buy raw materials; increasingly they are investing in production capacity, purchasing oil blocks in Nigeria or copper mines in Zambia. China also has delivered billions of dollars in aid and loans.

African governments have largely welcomed the largess, as well as the lack of accompanying demands for human rights reforms, expanded democracy or increased financial transparency often made by Western investors and their governments.

In advance of Hu's trip to Sudan last week, Andrew S. Natsios, President Bush's special envoy for Sudan, traveled to Beijing to urge China to help persuade President Omar Hassan al-Bashir to accept a strong U.N. peacekeeping force in the war-torn region of Darfur. After the talks, Natsios said that "our policies and the Chinese policies are closer than I realized," adding that China would "play an increasingly important role in helping us to resolve this."

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But U.S. officials now say Hu did little to press Bashir, instead calling on countries to "respect the sovereignty of Sudan," while writing off debts and providing an interest-free loan to build a new presidential palace.

"There have been some mixed signals, obviously," State Department spokesman Sean McCormack said in Washington.

Among Africans, concerns about rising Chinese clout are more often economic. Textile mills from Nigeria to South Africa have closed as inexpensive Chinese imports have flooded markets. At the same time, Chinese purchases of mining concessions have stirred nationalist backlashes.

Hu canceled a stop last Sunday in a mining community in Zambia after threatened demonstrations against the alleged plunder of the country's natural resources, according to news reports. The main opposition party in Zambia, which accused China of dumping inexpensive goods and bankrupting Zambian traders, fired a top official for attending a welcoming ceremony for Hu.

There was little such rancor in South Africa, which has an especially close relationship with China. Many South African companies have major investments in China, and Hu on Tuesday signed deals opening his country's markets to South African agricultural products.

"The Chinese government will continue to take steps to increase import from Africa to balance the trade between the two sides," he said at the University of Pretoria. "We encourage Chinese companies to increase investment in Africa, provide technical and management training and help Africa develop processing and manufacturing industries so as to ease employment pressure and enhance the competitiveness of its exports."

In addition to South Africa, Sudan and Zambia, Hu also has visited Cameroon, Namibia and Liberia and has planned stops in Mozambique and Seychelles.

Poll Finds Surge Of Religion Among Chinese (WP)

By Edward Cody

The Washington Post, February 8, 2007

BEIJING, Feb. 7 -- A new government-sponsored survey on spirituality in China has found that the number of religious believers among the country's 1.3 billion people is far higher than generally known, amounting to as many as 300 million.

The findings, based on a poll of 4,500 people conducted by professors at East China Normal University in Shanghai, supported growing indications that many Chinese are searching for new value systems to replace the communist doctrine that has been jettisoned in favor of market economics and a race for prosperity.

"More Chinese feel unstable and harassed by the rootless lives they lead now," Liu Zhongyu, a philosophy professor who helped organize the survey, said in a telephone interview.

"The standards of morality are declining," Liu told Oriental Outlook magazine, which reported the survey results. "People don't trust each other anymore. They are looking for something to anchor their lives in."

President Hu Jintao, reacting to such sentiments, repeatedly has cited a need to reemphasize human values in China, suggesting they should be part of the "socialism with Chinese characteristics" that is the ruling Communist Party's official dogma. He has made creation of "a socialist harmonious society" a watchword of his administration. Last year, he issued a list of eight virtues and eight vices as guidance for officials and ordinary people as they go about their business in this fast-changing country.

But the poll's findings indicate that many Chinese are going elsewhere in search of moral inspiration. In that light, the polling by Liu and his colleague, Tong Shijun, seemed likely to be read with interest by Communist leaders as they seek to rebuild confidence in a party apparatus often compromised by corruption and distance from common people.

The total number of believers estimated by the researchers was three times the long-standing official estimate of 100 million. Liu suggested that population growth was part of the explanation; the 100 million figure has stood since the 1960s. But he also said the survey found a remarkable surge in religious belief across the country that has not been reflected in the official estimates.

Liu said the researchers did not take into account whether those queried observed religious practices, such as visiting mosques or temples to pray, but asked only whether people believed in some form of religion. Liu Bainian, vice chairman of the official Chinese Patriotic Catholic Association, noted that followers of traditional Chinese religions often have a loose definition of their beliefs, sometimes following family customs without formally practicing religious rites.

Historical Chinese religions, such as Buddhism, Taoism and Islam, accounted for 67 percent of those who declared themselves believers, the pollsters concluded. The number of Chinese who identified themselves as Christians also rose swiftly, however, reaching up to 40 million, according to the estimate derived from the poll.

Officially sanctioned Christian organizations have said 15 million Protestants and 6 million Catholics participate in their religious practices in China. But Chinese and foreign researchers have estimated that the number of those who practice religion

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outside the official institutions is several times greater. The semi-secrecy in which they practice their faith makes an accurate count impossible.

Liu said one factor in the fast growth of religion is expanded freedom of belief in China. During the 1960s and 1970s, he noted, radical political orthodoxy enforced by Mao Zedong and his followers replaced religious beliefs, often under threat of imprisonment. Although the Communist Party remains officially atheist, he said, Chinese are free now to practice the religion of their choice as long as it does not challenge the party's monopoly on power.

The poll was taken as part of a three-year research project on contemporary Chinese cultural life commissioned by the Education Ministry. Liu said researchers first identified those to be surveyed by telephone, then dispatched teams to interview them in person, with the help of forms to fill out.

U.S. Assures Russia On Backing Of Kosovo (WT)

By Nicholas Kralev, The Washington Times

The Washington Times, February 8, 2007

The United States has assured Russia that Washington's support for Kosovo's eventual independence from Serbia does not mean it will back the breakaway aspirations of Russian autonomous regions in the Caucasus, Secretary of State Condoleezza Rice said yesterday.

Moscow, in sympathy with Belgrade, has been reluctant to join American and European endorsements of a plan proposed by U.N. envoy Martti Ahtisaari that would lead to independence for Kosovo in all but name.

"I have talked very often to the Russians, first of all, that Kosovo is a precedent for nothing, which is a very important point to make," Miss Rice told the House Foreign Affairs Committee, in reference to Moscow's fear that Kosovo's independence might encourage separatist forces in Russian regions such as Chechnya and North Ossetia.

"We need to recognize that the longer this drags out, the more likely we are to have a breakdown in order in Kosovo itself," the secretary said during testimony on President Bush's fiscal 2008 foreign affairs budget proposal. "We believe that the Ahtisaari plan deserves support."

Kosovo has been a U.N. protectorate since the 1999 NATO war with Serbia over President Slobodan Milosevic's policies in the province, which led to "ethnic cleansing" targeting Kosovo's majority Albanian population.

Mr. Ahtisaari, a former Finnish president, heads a yearlong process whose last phase is a round of talks with Serbs and Kosovo's leaders. He has invited both sides to meet in Vienna, Austria, next week.

But Serbian Prime Minister Vojislav Kostunica asked yesterday for a 10-day delay to convene the country's new parliament elected last month. He said the legislature must choose a new Kosovo negotiating team to guarantee its credibility.

Javier Solana, the European Union's foreign policy chief, met with Mr. Kostunica in Belgrade yesterday and said a brief delay would be acceptable.

Nevertheless, Mr. Kostunica indicated that Serbia will not agree to independence for Kosovo.

"Serbia will be constructive, but it will also be unbending in its efforts to ensure respect ... for its territorial integrity," he said at a press conference.

Russia, a traditional Serbian ally whose position is that a solution should not be imposed on Serbia, has said that Belgrade should be "constructive."

Miss Rice noted NATO's inclusion of Serbia in its Partnership for Peace program, which could lead to eventual membership in the alliance.

"We don't want a revanchist and angry Serbia," she said. "So we are working with our European allies to make sure that Serbia understands that it belongs in Europe."

But Kosovar Albanians have warned that their patience is running out. They blame the eight-year political limbo for a stagnant economy and an unemployment rate of 50 percent.

Both Miss Rice and Mr. Solana urged Kosovo to step up to the task of building democratic institutions.

"The Kosovars have a responsibility, too, to protect minority rights, to make certain that Serbs feel that they can really live there," Miss Rice said. "We are having equally difficult and tough, sometimes, discussions with the Kosovo Albanians about their responsibilities."

U.S. Seeks Partnership With Brazil On Ethanol (WP)

By Monte Reel

Washington Post, February 8, 2007

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SAO PAULO, Brazil, Feb. 7 -- The United States and Brazil, the two largest biofuel producers in the world, are meeting this week to discuss a new energy partnership that they hope will encourage ethanol use throughout Latin America and that U.S. officials hope will diminish the regional influence of oil-rich Venezuela.

U.S. officials said they expect to sign accords within a year that would promote technology-sharing with Brazil and encourage more Latin American neighbors to become biofuel producers and consumers.

The United States and Brazil together produce about 70 percent of the world's ethanol, a fuel that President Bush has called a cornerstone in reducing U.S. dependence on oil.

"It's clearly in our interests -- Brazil's and the United States's -- that we expand the global market for biofuels, particularly ethanol, and that it become a global commodity of sorts," said R. Nicholas Burns, the U.S. undersecretary of state, who led discussions with Brazilian government officials on Wednesday.

For the United States, the initiative is more than purely economic. Venezuelan President Hugo ChÃ¡vez has exploited regional frustrations with the market-driven economic prescriptions that the United States has promoted throughout the region for years, and he has used oil revenue to promote several regional economic alliances.

Burns declared that biofuel is now the "symbolic centerpiece" of U.S. relations with Brazil, a country that U.S. officials have long hoped could counteract Venezuela's regional anti-American influence.

"Energy has tended to distort the power of some of the states we find to be negative in the world -- Venezuela, Iran -- and so the more we can diversify our energy sources and depend less on oil, the better off we will be," Burns said at a news conference in Sao Paulo.

Brazil, the world's largest exporter of ethanol, has been a leader in biofuel technology after its government invested heavily in the ethanol industry in the 1970s. Its sugar cane-based ethanol is more efficient to produce than the corn-based fuel made in the United States. To date, ethanol has replaced about 40 percent of Brazil's non-diesel gasoline consumption. More than 70 percent of the vehicles now sold in Brazil are flex-fuel models that run on either ethanol or gas, and the number continues to increase.

Although the United States has surpassed Brazil in the total amount of ethanol produced, its producers cannot keep up with surging demand. Last year, the United States produced about 4.9 billion gallons and imported an additional 1.7 billion gallons, mostly from Brazil.

U.S. production is expected to sharply increase as new production facilities are finished this year, but demand is expected to surge as well. Bush has called for a 20 percent reduction in gasoline consumption by 2017, which would require an estimated 35 billion gallons of alternative fuels to bridge the gap.

The United States currently places a 54-cent-a-gallon tariff on most imported ethanol. Brazilian producers have long labeled the tariff hypocritical, saying that it is exactly the kind of trade barrier that U.S. officials oppose in other countries.

"It's not about free trade, but fair trade," said Matt Hartwig, spokesman for the Renewable Fuels Association, a Washington-based lobbying group that says lifting the tariff would amount to the United States supporting Brazilian producers. "The tariff has never served as a barrier to entry. More than 400 million gallons of ethanol came in from Brazil alone last year -- straight from Sao Paulo to New York Harbor."

The tariff is unlikely to be lifted during the current talks. It expires in 2009, and many in the industry believe the government is unlikely to address the issue before a presidential election year.

"The administration has indicated it would support lifting the tariff, but I think the current inclination is to allow it to expire and have that discussion at a later date," said Brian Dean, head of the private Interamerican Ethanol Commission, which was created in December by then-Florida Gov. Jeb Bush (R) to encourage U.S. ethanol partnerships with Brazil and other Latin American nations.

Brazilian industry leaders say the expanding demand for ethanol has resulted in a new understanding that Brazilian sugar growers and American corn growers are not competitors.

"Up to yesterday, we considered the U.S. corn growers our enemies, and they considered us their enemies," said Eduardo Pereira de Carvalho, president of Brazil's sugar cane growers union. "But we aren't enemies -- we're allies, independent of the tariff issue that has divided us. My government has said to me, 'Aren't you creating competition for us?' I say no."

If an agreement between the two countries is signed, both will likely share some of the technological advances each has been pursuing independently. The U.S. Energy Department last year opened two research centers to study how to better derive ethanol from cellulose material -- a development that could turn a wide variety of plants into fuel sources. Brazil, meanwhile, has been conducting similar research, and some in the industry believe pooling sources could lead to quicker breakthroughs.

But U.S. officials said the most valuable result of an alliance would be that it would encourage more countries to get involved in production and use of ethanol. This would create an internationally tradable commodity, much like oil is today, Burns said. That would lessen the power that oil has over the region, he said.

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"If you boil down all the issues causing political instability in the region, many of them do come down to energy -- the expropriation of a petroleum company in Ecuador, Venezuela and its oil dominance, the nationalization of natural gas and other energy sources in Bolivia," said Dean, of the Interamerican Ethanol Commission. "So there clearly is a compelling need for an energy security regime."

According to Carvalho, the Brazilians are aware that such concerns -- particularly about Venezuela's oil influence -- have spurred talks of the ethanol partnership.

"Of that I have absolutely no doubt," he said.

Chavez Largess Hurts Venezuela Oil Firm (WT)

By Patrice Hill

The Washington Times, February 8, 2007

Venezuela's national oil company is buckling under the burden of financing President Hugo Chavez's more than $9 billion a year in social and political ventures.

Production at Petroleos de Venezuela is declining, and any major drop in oil prices or failure to reverse declining investment and production could lead to bankruptcy of the goose that lays the golden egg for Venezuela, Moody's Investors Service warned yesterday.

Cambridge Energy Research Associates also questions whether the once well-run oil company is being overstretched by $20 billion in joint energy ventures Mr. Chavez has started with other Latin American countries, which are a further drain on scarce funding and personnel from the projects the company needs to survive and maintain its obligations.

Mr. Chavez boosted social spending out of oil revenues by 50 percent last year when he was running for a second term in office, sending inflation surging by 18.4 percent.

The inflationary spiral was further fed by a 21 percent plunge in the value of the Venezuelan bolivar last month -- the result of citizens and investors pulling money out of the country after Mr. Chavez announced he would nationalize "strategic" industries not already under state control and assert majority control over pioneering projects by major Western oil companies in Venezuela's oil-rich Orinoco River basin.

"I do believe that the president of Venezuela is really, really destroying his own country, economically, politically," Secretary of State Condoleezza Rice told lawmakers at a congressional hearing yesterday. She added that Mr. Chavez's forced nationalizations and newly secured powers to rule by decree represent "an assault on democracy."

Mr. Chavez is known for his fierce anti-American rhetoric and is a close ally of Cuban President Fidel Castro, but his country has maintained a business-as-usual relationship with the U.S. behind the scenes. Venezuela remains the fourth-largest supplier of petroleum to the United States, relying on a legacy of close ties that were forged between U.S. and Venezuelan oil companies before he took office in 1999.

But the well-tuned Venezuelan network of production facilities, Caribbean and U.S. Gulf Coast refineries and U.S. gas stations operated by Citgo has begun to falter after six years of Chavez rule, and the outlook for the once-thriving oil company looks bleak in light of the president's announced agenda to further squeeze profits from the oil sector.

Mr. Chavez's skimming of more than half the oil company's profits is forcing it to go deeply into debt, with plans to issue $5 billion in bonds to finance a backlog of projects needed to maintain Venezuela's 2.3 million barrels a day of oil production and attempt to boost it to 4 million barrels a day.

"The growing financial burden has put [the oil company's] future at risk, raising serious questions about the sustainability of the government's strategy," the Cambridge research group said in a recent report.

Mr. Chavez's emphasis on "oil rent distribution over wealth generation" not only could bankrupt the oil company, but Mr. Chavez's joint energy ventures with other Latin countries also are "straining the technical and personnel capabilities" of the oil company, "which are already challenged by domestic operations alone."

"The resulting financial burden has raised doubts about [the company's] capacity to deliver on its business plan and continue to contribute to government-led social programs," it said.

Moody's also questions whether the oil company can make the costly investments it needs and keep contributing the cash that Mr. Chavez demands.

Beyond that, the nationalizations are throwing into question whether the oil company will get the technical expertise and cooperation it needs from Western oil companies to complete the heavy oil projects in the Orinoco basin that hold the key to future production in Venezuela, Moody's said.

"The current price environment has allowed [the company] both to fund its capital and to make ever-larger social payments" -- which Moody's estimated at $9 billion in the first nine months of 2006, versus $6.6 billion for all of 2005. Social spending by the company now outpaces its $7 billion a year in spending on maintenance and expansion of oil operations.

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"Ultimately, the biggest challenge will be to retain more of the cash it needs internally" in the face of increasing government demands, Moody's said. "Without significant re-investment, the company's ability even to continue to deliver cash to the government could be compromised, particularly if there is a return to lower commodity prices."

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Sent:	Friday, February 09, 2007 8:01 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, February 09, 2007
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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, FEBRUARY 9, 2007 7:45 AM EST

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TERRORISM NEWS:

Federal Judge Blocks Verizon Contempt Hearing By Maine PUC. The AP (2/9) reports from Bangor, ME, "A federal judge Thursday blocked state regulators from going ahead with a contempt hearing for Verizon, ruling that national security considerations outweighed the state´s interest in speedy resolution of a complaint by customers." The AP continues, "The preliminary injunction forced cancellation of the Public Utilities Commission hearing that had been set for Friday in Augusta to force the telecommunications giant to say whether it provided customer call records to the government without a warrant." The AP adds, "In his 24-page order, U.S. District Judge John Woodcock said the hearing was not the appropriate place to air the dispute. … 'The federal court, not the PUC hearing room, is the proper forum to resolve the opposing positions of the federal and state governments,' he wrote. 'Moreover, in this controversy, Verizon is a surrogate for the position of the federal government and it would be profoundly unfair to punish Verizon for asserting a legal position mandated by the federal government.' … Woodcock said the only hardship that the PUC would suffer from the injunction would be to face some delay in resolving the multi-citizen complaint that triggered the federal lawsuit. … By contrast, he wrote, 'the revelation of sensitive information pertaining to national security is a manifest hardship to the United States if the injunction were denied.'" The AP notes, "The dispute before the judge was an outgrowth of a complaint filed by Verizon customers last May. Last week, the PUC said it would begin contempt proceedings against Verizon for failure to comply with an order last August that requires an official of the company to swear under oath that its previous statements regarding the National Security Agency´s alleged surveillance were true."

House Democrats Moving On Foreign Investment Bills. House Democrats The Hill (2/9, Swanson) reports House Democrats "are moving quickly to approve legislation in response to last year's controversy surrounding a United Arab Emirates-based company's attempted takeover of several U.S. shipping ports, but may be headed for a clash" with Rep. Duncan Hunter, "a presidential candidate and vocal critic of the Dubai deal," as well as Senate Democrats. Leaders of "key House and Senate committees are expected to forge ahead with rival bills similar to those approved last year when both chambers were under Republican control."

HOMELAND RESPONSE:

Immigrants Sue FBI, DHS Over Citizenship Background Check Delay. In a widely-distributed story, the AP (2/9, Barbassa) reports, "Eight immigrants who have waited years for their citizenship applications to clear tougher post-9/11 background checks claim in a lawsuit filed Thursday that the delays violate their constitutional rights of due process. The lawsuit was filed in U.S. District Court in San Francisco and names the FBI and the Department of Homeland Security among the defendants." The AP notes, "The eight immigrants cleared traditional criminal background checks and other requirements only to see their applications bogged down by federal immigration officials' process of checking names against an FBI database, the plaintiffs' attorneys said. … Calls to the FBI were not immediately returned," but ICE spokesman Christopher Bentley "defended the rigorous background checks as vital to national security.

The San Francisco Chronicle (2/9, Kuruvila, 384K) notes that the plaintiffs have "waited years for a mysterious 'F.B.I. name check' to clear them for citizenship," and adds, "'Our clients deserve to get out of the limbo that the government agencies have created,' said Cecillia Wang, senior staff attorney for the American Civil Liberties Union's Immigrant's Rights Project, which is handling the case with the Asian Law Caucus and the Council on American-Islamic Relations. The lawsuit, which the ACLU hopes will be certified as a class action, is the fourth of its kind around the country to address similar issues." The Alameda Times-Star (2/9, Marcucci) reports Rep. Pete Stark "said he wants the problem fixed. … 'Congress should allocate additional resources to enable the FBI to eliminate its backlog and expeditiously conduct all background checks,'" Stark said. In addition to ICE and DHS, the suit names "San Francisco CIS District Director David Still, agency head Emilio Gonzalez, Homeland Security Secretary Michael Chertoff, FBI Director Robert Mueller III and Attorney General Alberto Gonzales."

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The Washington Times (2/9, Hudson, 88K) reports, "Todd Gallinger, CAIR legal counsel for the San Francisco Bay Area Chapter, says his group has received 65 complaints from immigrants of Middle Eastern and South Asian origin. 'Regardless of whether these delays are due to discrimination or incompetence, they are illegal and must be corrected,' Mr. Gallinger said." ICE spokesman Bentley noted, "The vast majority of FBI checks are done in six months. About 1 percent can take two to three years to be resolved. It depends on what level they have to go to get information to make sure the person who is on the application is not someone who has in their background a security risk."

Price, Chertoff Disagree On Adequacy Of Bush's DHS Budget Request. The Washington Post (2/9, Deane, 690K) reports House Homeland Security Appropriations Subcommittee Chairman David Price told Homeland Security Secretary Michael Chertoff that President Bush's proposed $35 billion budget for the agency "is 'simply inadequate,'" though he "acknowledged that solving the agency's many problems wasn't just about throwing more money at it. Chertoff, in his first appearance before the Democratic-controlled Congress, responded that the administration's proposed Homeland Security budget for 2008 is 'sound, sensible and ample' and reflects the president's 'strong commitment' to protecting the United States."

Bush Visits DHS To Give "Pep Talk." Fox News' Special Report (2/8, Wallace) said Chertoff "found himself defending a budget increase the Democrats in a House committee say is too small. Meanwhile, President Bush was visiting Chertoff's headquarters to give the staff there a pep talk," a month after its workers rated the department "the worst in government in a survey of leadership and job satisfaction." ABC World News (2/8, story 3, 2:50, Gibson, 8.78M) reported DHS workers say the agency is "the worst place in the government to work. President Bush went to a briefing today, where, among other things, he discussed the budget. But there are problems at the department that will require more than money to fix."

US To Test Nuclear Terrorism Defenses In New York. The New York Times (2/9, Lipton, 1.16M) reports on its front page, "New York City is about to become a laboratory to test ways of strengthening the nation's defenses against a terror attack by a nuclear device or a radioactive 'dirty bomb.'" Starting in the spring, the federal government "will assess new detection machines at a Staten Island port terminal that are designed to screen cargo and automatically distinguish between naturally occurring radiation and critical bomb-building ingredients," and later this year, the Department of Homeland Security "plans to begin setting up an elaborate network of radiation alarms at some bridges, tunnels, roadways and waterways into New York, creating a 50-mile circle around the city." The effort "is a major shift of focus" by DHS. As it "finishes installing the first generation of radiation scanners at the nation's ports and land border crossings, the department is trying to find ways to stop a plot that would use a weapon" built within the US.

Ramsey Hired To Study Capitol Antiterrorism Defenses. The Washington Post (2/9, B4, Horwitz, 690K) reports ex-District of Columbia police chief Charles Ramsey "has been hired to study ways to make the U.S. Capitol more secure against a potential terrorist attack." Ramsey "got the Capitol job through" Senate Sergeant-at-Arms Terrance Gainer, a "longtime colleague" who was "once was Ramsey's second-in-command at the police department. Their ties stretch back to their days with the Chicago police force."

Federal Air Marshal Service Experiences Growing Pains. The Wall Street Journal (2/9, Meckler, Carey, 2.04M) runs a front-page feature on the Federal Air Marshal Service, which on September 11, 2001, "consisted of just 33 agents scattered on more than 26,000 daily flights around the globe." It has "swelled to a current force somewhere between an estimated 2,500 and 4,000. (The exact number of marshals is classified.) Their presence, combined with new provisions allowing U.S. pilots to carry guns in the cockpit, has changed the equation of onboard security." But "building and maintaining the force in recent years has been an uneasy ride. Marshals have griped that it's unhealthy flying four or more flights a day and say the job is a monotonous rut that doesn't lead to advancement. Another big complaint: Their cover can be easily blown, particularly when they go through special boarding procedures."

State Legislatures Take On Federal Real ID Act. The Christian Science Monitor (2/9, Arnoldy, 59K) reports, "Legislators in 15 states are pushing bills and resolutions that urge noncompliance with the 2005 Real ID

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Act," which "sets minimum standards for verifying the identity of license applicants, and stipulates what information must be stored on machine-readable cards." The law "is intended to make it harder for terrorists to operate on American soil and for illegal immigrants to get legitimate employment in the US. But as the 2008 deadline for implementation nears, the Real ID law is raising a host of concerns: cost, hassle for millions of drivers, and fear that government or private industry will misuse the data network."

WAR NEWS:

House Plans Three-Day Debate On Resolution Criticizing Bush Iraq Strategy. The focus of the Capitol Hill battles over resolutions criticizing President Bush's Iraq strategy shifted from the Senate to the House Thursday. Fox News' Special Report (2/8, Wallace) said the "House resolution hasn't been written yet," and "Democrats indicated it would sidestep the issue that most divides the party, future funding of the war." The House debate, scheduled to begin next Tuesday, "will last a full three days -- plenty of time, Democrats hope, to force fence-sitting Republicans to actually oppose the troop surge. House GOP leaders can't say how many of their rank and file will actually break ranks. Current estimates range from a low of 20 to a high of 50 House Republicans who may oppose the President." The Financial Times (2/9, Daniel) also said "agreement on the non-binding resolution could attract the support of disaffected Republicans and enable a symbolic bipartisan expression of no confidence in the Iraq policy."

Every House Member Given Access To Classified NIE On Iraq. The Politico (2/9) reports, "To the surprise of the Bush administration, the House Intelligence Committee voted unanimously Wednesday night to allow all 435 House members to see the classified version of the National Intelligence Estimate on Iraq sent to the White House last week. The report is classified in part because it contains information about sources and methods used in intelligence-gathering." The document "will provide fuel" for the resolution debate. The Politico says, "Remarkably, each House member will be given five minutes to speak. The decision to provide such broad access to the microphones is based on the fact that each member got the chance to speak before the Iraq war began, according to House leadership aides." The White House "was not informed or consulted about the decision. Such access for members is rare but not unprecedented."

Some Democrats Deem Non-Binding Resolutions Insufficient. The New York Times (2/9, Zeleny, 1.16M) reports House Speaker Nancy Pelosi and other Democratic leaders "met privately for more than an hour" with members of their caucus, seeking to "reassure Democrats that the symbolic, nonbinding resolution devised to rebuke Mr. Bush was a first step -- but not a final one -- toward asserting Congressional powers on Iraq." A "growing number of House Democrats…say they believe that time has expired for a symbolic resolution that will have little effect on the White House." Rep. Joe Sestak, "a former three-star admiral who was elected in November, introduced legislation on Thursday calling for American troops to be withdrawn from Iraq by the year's end. Under his plan, financing for the American forces in Iraq would expire on Dec. 31." Sestak said, "The nonbinding resolution is a necessary step, but it's insufficient. But even if it's a half-measure, I will take any measure that moves us further down that line."

Roll Call (2/9, Yachnin) reports House Democrats "characterized a Thursday morning Caucus meeting on the resolution as agreeable, with Members largely unified on the simplified resolution." Majority Leader Steny Hoyer "reiterated Thursday that the House will consider other measures on the Iraq War in coming months, including funding issues. 'This is just the first step. a first step of many steps available to Congress,' Hoyer said, citing the supplemental spending bill the House is set to take up following the Presidents Day recess in late-February."

The Los Angeles Times (2/9, Levey, 850K) reports Democratic lawmakers including Rep. John Murtha "have talked of restricting funding for the war," while several California representatives "are pushing legislation to begin a phased withdrawal over the next six months. There are now more than 30 pieces of legislation in the House dealing with the war, according to Rep. Tom Lantos, D-Calif., who plans a hearing on them in his Foreign Affairs Committee next month."

GOP Will Offer Alternative Resolutions. The Washington Post (2/9, A5, Murray, 690K) reports House Democrats "agreed yesterday to debate a straightforward, nonbinding resolution that rejects President Bush's plan to send more troops to Iraq, but they will also allow Republicans to bring their own war-related measure to the floor. … Democrats will allow Republicans to offer alternative

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language, and House GOP leaders said they are considering two possible approaches. One is a resolution declaring that Congress will not cut off funding for U.S. troops. The other would establish a bipartisan panel to monitor Bush's new strategy in Iraq, including the troop increase. It would also offer benchmarks for Iraqis to meet, to show they are fulfilling their commitments to assuming greater responsibility for the war." House Minority Leader John Boehner "said Republicans will make a final decision after the Democratic resolution is officially unveiled, which may not happen until Monday."

USA Today (2/9, Kiely, 2.27M) reports Democrats "are trying to generate the broadest possible support for the resolution." Boehner "acknowledged 'there are Republicans in the House and Senate who are skeptical of the president's plan, that's no secret.' Bush hasn't made a public effort to fight next week's vote. White House spokesman Tony Snow said some members of Congress might find presidential intervention 'unwelcome.' Supporters of Bush's war plan have urged the White House to respond more forcefully."

Reid Reportedly Asked Kennedy To Introduce Binding Anti-Surge Legislation. Fox News' Special Report (2/8, Wallace) reported, "Senate Democrats tonight are upping the ante in the debate over President Bush's proposed troop surge in Iraq. Instead of arguing over different versions of a nonbinding resolution against the surge…Democrats will now try to block the troop increase outright." Senate Majority Leader Harry Reid, "checkmated by Republicans, has all but given up on symbolic moves to oppose the President's Iraq troop surge. Reid will reportedly tap Sen. Edward Kennedy to lead party efforts to block the surge with binding legislation. Reid "today dubbed Kennedy the party's 'antisurge quarterback.'" Roll Call (2/9, Stanton, Billings) reports Reid "will put off another attempt to pass a resolution…until after the Presidents Day recess."

Sen. Jon Tester, on MSNBC's Hardball (2/8), said, "I'm actually disappointed that the cloture vote didn't come to fruition so we could have that debate and have that vote this week. … I think without being too critical, we really have wasted some time this week where we could have been debating that surge…proposal by the president and really give the president a clear sign of where the U.S. Senate was on this issue."

In his column for the Washington Post (2/9, A19, 690K) Charles Krauthammer writes, "When it came to doing something serious about the surge, the Senate ducked. It unanimously (81-0) approved sending Gen. David H. Petraeus to Baghdad to do the surge -- precisely what a majority of the senators said they did not want done. If you really oppose the surge, how can you not oppose the appointment of the man whose very mission is to carry it out? Yet not one senator did so. Instead, they spent days fine-tuning the wording of a nonbinding -- i.e., entirely toothless -- expression of disapproval."

Pace, Gates Criticized Over Comments On Iraq Debate And Troop Morale. The Washington Times (2/9, Miller, 88K) reports, "Senate Republicans yesterday contradicted top Pentagon officials who say Congress would not injure troop morale by passing a nonbinding resolution critical of President Bush's Iraq war plan." Sen. Lindsey Graham "said he was outraged that Joint Chiefs of Staff Chairman Gen. Peter Pace and Defense Secretary Robert M. Gates would say U.S. combat forces 'understand' politics back home and won't be disheartened by a symbolic no-confidence vote against the commander in chief. 'It shows a lack of sophistication about how this would play in newspaper headlines throughout the world,' said Mr. Graham, South Carolina Republican." Sen. Jon Kyl said Pace and Gates "were cornered into dismissing the impact on morale during their testimony Wednesday before the House Armed Services Committee. 'I would hardly have expected either of them to have answered the question any differently,' he said, adding that he still thinks a resolution 'will send the wrong message to our allies, to our enemies, and to our troops and their families.'"

Pentagon IG Report Says Feith Iraq Report Was Flawed. The Washington Post (2/9, A1, Pincus, Smith, 690K) reports that the "intelligence provided by former undersecretary of defense Douglas J. Feith to buttress the White House case for invading Iraq included 'reporting of dubious quality or reliability' that supported the political views of senior administration officials rather than the conclusions of the intelligence community, according to a report by the Pentagon's inspector general." This "unclassified summary of the full document is scheduled for release today in a hearing of the Senate Armed Services Committee," along with a copy obtained by the Washington Post, reveals Feith's 2002 assessment "that Iraq and al-Qaeda had a 'mature symbiotic relationship'" that "was not fully supported by available intelligence but was nonetheless used by policymakers." According to Sen. Carl Levin, intelligence about an Iraq and

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al Qaeda relationship "was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq." Levin also said yesterday, "The inspector general's report is a devastating condemnation of inappropriate activities in the DOD policy office that helped take this nation to war." The Post added, that this summary placed special "link" emphasis on "the defense policy office's preparation of slides describing…an alleged 2001 meeting in Prague between Mohamed Atta…and an Iraqi intelligence officer."

The New York Times (2/9, Cloud, Mazzetti, 1.16M) reports that "a Pentagon investigation into the handling of prewar intelligence has criticized civilian Pentagon officials for conducting their own intelligence analysis to find links between Saddam Hussein and Al Qaeda, but said the officials did not violate any laws or mislead Congress, according to Congressional officials who have read the report. … by the Pentagon's acting inspector general, Thomas F. Gimble, was sent to Congress on Thursday" and "is the first major review to rebuke senior officials working for Defense Secretary Donald H. Rumsfeld for the way intelligence was used before the invasion of Iraq early in 2003." Critical senators assert that "under Douglas J. Feith," the civilan group "developed, produced and then disseminated alternative intelligence assessments on the Iraq and Al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the Intelligence Community, to senior decision-makers," according to the report. "The Pentagon's rebuttal vehemently rejected the report's contention that there was 'inappropriate' use of intelligence by Pentagon civilians" and said the "fresh, critical look" helped "to identify links between Saddam Hussein's government and Al Qaeda was done at the direction of Mr. Wolfowitz, who was deputy defense secretary at the time."

The Wall Street Journal/AP (2/9) reports that "a Defense Department investigation to be presented to Congress on Friday concludes that some of the Pentagon's pre-Iraq War intelligence work was inappropriate but not illegal." According to Mr. Feith, the inspector general's conclusion that some of the intelligence activities "were inappropriate but not unauthorized" was, in his words, "bizarre."

The Washington Times (2/9, Scarborough, 88K) reports that "a report to be released today clears" Feith "of Democrats' charges he acted illegally and without authorization when he set up a small team to compile intelligence reports." According to the IG report, "there was nothing illegal or unauthorized about Pentagon policy-makers looking at intelligence and writing a report. Democrats contend that such work, by law, is done only by intelligence analysts."

Senate Approves Casey 83-14, With 10 GOP Senators Opposed. The Washington Post (2/9, A3, White, 690K) reports he Senate "voted 83 to 14 yesterday to confirm Gen. George W. Casey Jr. as the Army's new chief of staff, a tally that included 10 Republicans voting against the general who has commanded the Iraq war for the past 2 1/2 years. … More than a fifth of the Republicans in the Senate voted against Casey, including influential members of the Armed Services Committee, which grilled the general during a contentious confirmation hearing last week. Sen. John McCain (Ariz.), the panel's ranking GOP member, joined three other Republicans on the committee in opposing Casey's confirmation: Sens. John Ensign (Nev.), Saxby Chambliss (Ga.) and Lindsey O. Graham (S.C.)."

USA Today/AP (2/9) reports, "Despite their opposition to Bush's war strategies, Democrats defended Casey while Republicans who support Bush's policies assailed the general, accusing him of mismanaging the conflict. 'Gen. Casey knows Iraq and the challenges the Army faces there,' Sen. Carl Levin, D-Mich., and chairman of the Senate Armed Services Committee, said this week, adding, 'The principal failures that led to the chaos in Iraq were due to the civilian leaders.'" Sen. John McCain "said Casey should be held accountable for giving Congress rosy assessments of the war as the violence got worse. 'I have questioned in the past and question today a number of decisions and judgments that Gen. Casey has made in the past two and a half years,' said McCain. 'During that time, conditions in Iraq have gotten remarkably and progressively worse.'"

McCain's Opposition To Casey Analyzed. The Hill (2/9, Bolton) reports McCain's vote "is a departure from a policy he outlined two years ago on the president's prerogative to appoint advisers. But a McCain spokeswoman said that his earlier statement should not be taken out of context. She said it referred to filibusters of presidential appointments, not final confirmation votes. … Critics view McCain's vote as an effort to distance himself from President Bush's Iraq war policy while he lays the groundwork for his own presidential campaign."

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"Warrior Scholar" Petraeus Officially Takes Command Saturday. The Christian Science Monitor (2/9, Murphy, 59K) reports Lt. Gen. David Petraeus, "armed with a Princeton PhD, legions of admirers, and a coterie of advisers who have frequently criticized the approach to America's last long war (Vietnam) – arrived in Baghdad this week to lead a war that even many of its supporters say is approaching zero hour. The 'warrior scholar' brings a new approach, officially taking over command Saturday of operations in Iraq from Gen. George Casey." Petraeus "says he's optimistic, but he'll have fewer troops to do the job than recommended by the US military's new counterinsurgency manual, which he spent most of the past year helping to rewrite, calls for in these situations. … But counterinsurgency experts, and some inside the military, say that the deck is heavily stacked against him."

Pentagon Plans "Rolling Implementation" Of New Iraq Strategy. The Christian Science Monitor (2/9, Grier, 59K) reports, "US and Iraqi forces have begun to implement President Bush's new security plan for Iraq – but the start-up is not without its difficulties. Iraqi units have met deployment deadlines, but they're not at full strength. The first additional US brigade has arrived in Baghdad, but military officials are steamed that civilian US agencies aren't moving as fast as they are." Prime Minister Maliki "has complained that things should speed up, lest insurgents take advantage of the delay to inflict as many casualties as possible. No one ever said the plan's first stages would be easy ones, noted US officials in congressional testimony this week. The US is taking it one step at a time. 'So far, so good,' said Secretary of Defense Robert Gates at a House Armed Services Committee hearing on Wednesday. According to Secretary Gates, the first official day of the plan was Monday, Feb. 5. For both US and Iraqi forces the new effort will involve a 'rolling implementation,' said the Pentagon chief, not an 'all at once' surge."

High-Ranking Iraqi Official Accused Of Financing Shiite Militant Groups. The New York Times (2/9, Cave, 1.16M) reports that "Iraqi and American troops arrested the second highest official in the Iraqi Health Ministry on Thursday, charging that he funneled millions of dollars to rogue Shiite militants who kidnapped and killed Iraqi civilians." According to "a statement…the official was suspected of using his position to run a rogue unit of the Mahdi Army, the Shiite militia that claims loyalty to the cleric Moktada al-Sadr. The statement accused the official of flooding the Health Ministry's payroll with militants, embezzling American money meant to pay for Iraq's overworked medical system and using Health Ministry 'facilities and services for sectarian kidnapping and murder.'"

The Los Angeles Times (2/9, Roug, 850K) reports that accused high ranking Iraqi official, Deputy Minister Hakim Zamili, was detained "in connection with the killings of Health Ministry officials and the diversion of millions of dollars to a Shiite Muslim militia. Iraqi Special Forces, backed by U.S. troops, stormed the health complex in downtown Baghdad, detaining Deputy Minister Hakim Zamili, an al-Sadr loyalist." One American advisor to the Iraqi military stated, "This is the first, visible big fish, it's one to watch. It has to be the beginning of the house cleaning."

USA Today/AP (2/9) reports that Zamili is accused "of diverting millions of dollars to the biggest Shiite militia and allowing death squads use of ambulances and government hospitals to carry out kidnappings and killings" resulting in condemnation of the arrest by "Shiite politicians allied with anti-American cleric Muqtada al-Sadr" who said the arrest was "a violation of Iraqi sovereignty and demanded that the prime minister intervene to win his release." Yet, "Prime Minister Nouri al-Maliki and his senior advisers remained silent" under "strong U.S. pressure to crack down on Shiite militias and has pledged not to interfere in the security operation to rid Baghdad's streets of gunmen from both Islamic sects."

The Washington Times/AP (2/9, Yacoub) reports that senior Iraqi Health Ministry official Hakim Zamili is accused of "helping to funnel millions of dollars to Shi'ite militiamen blamed for much of the recent sectarian violence in the capital, the U.S. military said." An Iraqi "ministry spokesman said earlier that U.S. and Iraqi forces had seized Deputy Health Minister Hakim al-Zamili, an al-Sadr supporter, from his first-floor office in northern Baghdad" leaving "a large white boot print…on the bullet-pocked office door, which apparently had been kicked in by the troops, and shattered glass as well as overturned computers and phones were scattered on the floor."

Fox News' Special Report (2/8, Wallace) reported on "a crackdown on corruption in the heart of the Iraqi government. A disturbing arrest indicating militias may have infiltrated the upper levels of the Iraqi government. A deputy health minister is in custody suspected of perpetrating sectarian violence and using U.S. taxpayer dollars to do it."

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US Forces Told To Avoid Offensive With Militiamen In Iraq. The Washington Post (2/9, A14, Partlow, 690K) reports that "Iraqi and U.S. forces should not launch a military offensive against the militias -- most of them Shiite -- that are a major source of turmoil in Iraq, but should instead rely on nonviolent steps to bring militiamen into the political fold, according to an Iraqi report," called "Dismantling Iraq's Militias," which has a Shiite slant, after being "based on a round-table discussion by six Shiite politicians, two Kurds and a Sunni Arab. Government officials said Thursday it would be considered in setting policy," yet "some here saw it as reflecting the private thinking of Prime Minister Nouri al-Maliki as more U.S. troops arrive to try to end the violence."

Thirteen Insurgents Killed By US Airstrike. The Washington Post (2/9, A14, Londoño, 690K) reports that "U.S. forces used precision-guided munitions to kill thirteen Sunni insurgents west of Baghdad on Thursday and aided Iraqi officials in the detention of a deputy cabinet minister accused of funneling money to a Shiite militia" where many residents and "a doctor…of the area said women and children were killed in the airstrike, but a military spokesman denied there were any civilian casualties." This targeted "strike in Amiriyah" bombed "two suspected safe houses used by insurgents, a military statement said. U.S. forces said they later detained five suspected insurgents and found weapons including armor-piercing ammunition."

Baghdad Attempts To Rebuild, But Sectarian Inequities Evident. The New York Times (2/9, Cave, 1.16M) reports that in a mainly Shia area in Baghdad, Sadr City, "is recovering, with the help of $41 million in reconstruction funds from the Shiite-led government, all of it spent since May, according to Iraqi officials, and millions more in American assistance." As many Shia areas thrive under government assistance, "middle-class Sunni enclaves are withering into abandoned ghettos, starved of government services." US forces face a strong resistance by the Mahdi Army and it's Shia radical leader Moktada al-Sadr due to their violence against both American troops and their "death squads preying on Sunnis, making the district a potential target as American troops pour into Baghdad to enforce the new security plan." This tension, violence, and lack of equality of services for the Sunnis has led to a great amount of Sunni refugees fleeing Baghdad and other areas in Iraq.

USA Today (2/9, 8A, Dorell, 2.27M) reports that "neighborhoods where Sunnis and Shiites live side by side are vanishing as residents flee, seeking safety among their own sects." Currently, "more than 540,000 Iraqis have left their homes over the past year because of sectarian violence, according to a recent estimate by the International Medical Corps (IMC), a relief organization operating in Iraq" where "about 90% of displaced Iraqis move elsewhere within the country, the IMC says, usually joining members of their own sect. The resulting separation of Baghdad into more distinct Shiite and Sunni areas has made it easier for militias to attack each other, posing a major challenge to Iraqi and U.S. forces as they implement a security plan in coming months."

Baghdad Police Remain Ready For The Unexpected. USA Today (2/9, 8A, 2.27M) reports that "with stoplights often dead because of blackouts, security checkpoints blocking many roads and more cars than ever circulating in the city, Baghdad's 1,700 traffic cops have their hands full" with the capital now "a traffic nightmare." New laws to maintain driver safety have been enacted in a city where life attempts to go on amid security checkpoints, bombings, road closings, and military convoys that "frequently barrel through the streets."

US Soldiers Followed Idealistic Beliefs To Serve In Iraq. The Washington Post (2/9, A13, Otto, Kunkle, 690K) reports "Seaman Manuel Ruiz, 21…killed when a Marine transport helicopter crashed in Anbar province Wednesday," "Marine Sgt. Joshua J. Frazier, 24…killed by a sniper Monday as he stood on a rooftop in Ramadi," and "Marine Cpl. Jennifer M. Parcell, 20…died Wednesday in Anbar province in what the Defense Department described as 'supporting combat operations.' The Post honors these fallen soldiers from the DC area with a description of their compelling duty to serve in Iraq, despite pleas from their families not to join the military, and their idealistic intentions as soldiers.

Marine Withdraws Guilty Plea In Murder, Kidnapping Case. The USA Today (2/9, 2.27M) reports that "a military judge granted a Marine corporal's request Thursday to withdraw his guilty plea to charges of murdering an unarmed Iraqi civilian who was dragged from his home and shot. Cpl. Trent Thomas asked to change the plea, saying he no longer believes he is guilty. Thomas now says he believes he was following a lawful order" referring to

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his role in the "squad of seven Marines and a sailor accused last year of hatching a plot to kill an Iraqi in the town of Hamdania. Four others pleaded guilty to lesser charges. Thomas, the squad's second in command, could face life in prison."

Judge Dismisses Fraud Charges Against Reconstruction Contractor. The Washington Post (2/9, D1, Hedgpeth, 690K) reports that "a federal judge has dismissed a civil case against a military contractor accused of improperly billing Iraq reconstruction authorities for tens of millions of dollars worth of security services that it did not provide. U.S. District Judge T.S. Ellis III in Alexandria said there was no evidence that Custer Battles, a firm started by Army veterans Scott Custer and Michael Battles, committed fraud under a $16.8 million contract to provide security at the Baghdad International Airport in 2003."

Rice Authorized Talks With Syria On Iraqi Refugee Crisis. AFP (2/8) reports Secretary of State Condoleezza Rice "revealed that she had authorized diplomatic talks with Syria about the Iraqi refugee crisis." Rice told a congressional panel that she "had instructed the US charge d'affaires in Damascus, Michael Corbin, to meet with the Syrians as part of a new US initiative to tackle a growing Iraqi refugee crisis." However, she stressed that Corbin has been authorized "explicitly to talk to the Syrians about the issue of refugees." US officials "made clear this did not represent a break with standing US policy" not to engage in high-level diplomatic dealings with Syria.

Syria Will Not Expel Iraqi Refugees. The AP (2/8, Mroue) reports Syria will not "force any Iraqi refugees to return to their homeland despite the exchange of harsh words between the two countries," UN High Commissioner for Refugees Antonio Guterres said Thursday.

Official In Turkey Warns About Kirkuk Vote. The Washington Post (2/9, A12, Kessler, 690K) reports Turkish Foreign Minister Abdullah Gul "warned yesterday that a referendum planned this year on the status of the Iraqi city of Kirkuk should be canceled or else the outcome might widen the sectarian violence that has largely left the northern part of Iraq untouched. Under Iraq's constitution, the oil-rich city will be able to decide whether to join the Kurdish-dominated Kurdistan region. Turkey, plagued by terrorist attacks by Kurdish separatist rebels, is concerned that control of the city by the semiautonomous Kurdistan would give the region the economic clout to break free from Iraq" and "Turkish officials have warned that they may intervene if the vote goes against their interests."

Italy Ask US To Cooperate On Judicial Matters. The AP (2/9) reports that the Italian Foreign Ministry "on Thursday urged the United States to cooperate on judicial matters after a court indicted a U.S. soldier for the fatal shooting of an Italian intelligence agent at a checkpoint in Baghdad" resulting in Spc. Mario Lozano being "indicted Wednesday for murder and attempted murder in the death of Nicola Calipari, who was shot in 2005 on his way by car to Baghdad's airport shortly after securing the release of an Italian journalist who had been kidnapped." Italy assumes "independent and autonomous" judicial power in this case over an American citizen.

Gates Urges NATO To Honor Afghanistan Commitments. The New York Times (2/9, Shanker, 1.16M) reports Defense Secretary Robert Gates, "attending his first conference of NATO defense ministers, told these American allies that they must fulfill their commitments to provide troops for Afghanistan in time for a spring offensive against the Taliban." According to Defense Secretary Gates, "progress had already been made on one issue," while more "NATO members to lift some of their individual restrictions on the types of operations their forces would be allowed to carry out in Afghanistan" and more was needed to "compel the member nations to keep the promises they had already made for the organization-led force that provides security operations in Afghanistan." Defense Secretary Gates stressed the need for a spring offensive against the Taliban in Afghanistan and "reaffirmed to the NATO allies that he would extend for 120 days the tour of a brigade of Army troops. He also cited the United States' promise of $8.6 billion for Afghanistan's security forces and $2 billion more for economic development."

Pentagon Says War On Taliban Is Reaching "Pivotal Mark." The Washington Times/AP (2/9, Baldor) reports that "a senior defense official said yesterday, calling this a pivotal time in the nearly five-year-old war there." In a previewd message to be delivered to NATO members by Defense Secretary Robert Gates, "the official said now is the time to finally defeat the Taliban, who harbored planners of the September 11, 2001, attacks that prompted the U.S. global war on terror" as "NATO's new top commander, U.S.

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Army Gen. John Craddock, was presenting ministers with a plan to 'rebalance' the force of 35,000, using the more mobile combat units in the southern and eastern regions along the border with Pakistan where combat is expected to be most intense." Gates also calls for "more military trainers to work with the Afghan army."

Air Force Continues Bombing Taliban In Afghanistan. USA Today (2/9, 9A, Brook, 2.27M) reports that "the Pentagon is ramping up its bombing campaign in Afghanistan as it plans a major offensive against the resurgent Taliban in the spring. Close-air-support missions flown by U.S. Air Force pilots increased nearly 80% in the first five weeks of 2007 compared with the same period last year, records show. In such missions, aircraft attack enemy ground forces in close proximity to friendly forces" and "the Air Force plans to send in dozens more precision bomb-targeting systems that allow troops on the ground to call in close-air-support missions within a few hundred yards of their own position."

Video Simulations Uses To Treat PTSD. The Los Angeles Times (2/9, Gordon, 850K) reports, "Universities, private firms and the federal government are pouring millions of dollars into creating and testing such virtual Iraqs to help ease the psychological disorder that, according to a 2004 study by the Walter Reed Army Institute of Research, affects more than 15% of combat personnel returning from Iraq. Sufferers may have anxiety, nightmares, flashbacks, emotional numbness, extreme jumpiness and physical pain. Unable to return to combat or civilian jobs, some receive disability payments for years or for life. With a therapist's supervision, the virtual Iraqs are designed to vividly, yet safely, allow those veterans to confront war experiences in ways that go beyond traditional counseling and drug therapy."

Bush Warned Against "Jumping" Into Diplomacy. Morton Abramowitz, a senior fellow of the Century Foundation, and Leslie H. Gelb, president emeritus of the Council on Foreign Relations, write in a Wall Street Journal (2/9, A11, 2.04M) op-ed, "Not many in Washington think President Bush's military surge will solve Iraq, but there is plenty of enthusiasm for a diplomatic surge," including "the Iraq Study Group, much of Congress, think-tankers and media pundits." The Administration, they say, "should be wary of quick fixes," noting that "diplomacy cannot resolve Iraq's internal conflicts, though it may help lubricate a deal reached by Iraqis, or an American exit from Iraq." Meanwhile, regional diplomacy "might prove useful if the Iraqis gain momentum toward a power-sharing deal, but can't make tough calls without outside aid and pressure."

Former Interrogator Asserts Abu Ghraib Story "Isn't Over." In a piece in the Washington Post (2/9, A19, 690K) Eric Fair writes about nightmares that he continues to have about being a civilian interrogator in Iraq. Fair writes that since his summer in Iraq in 2004, he has been haunted by the bad treatment he was ordered to inflict on prisoners, and their faces haunt his dreams and conscience to this day. He disagrees with "American authorities" who "continue to insist that the abuse of Iraqi prisoners at Abu Ghraib was an isolated incident in an otherwise well-run detention system" asserting that "aggressive, and in many ways abusive, techniques were used daily in Iraq, all in the name of acquiring the intelligence necessary to bring an end to the insurgency. The violence raging there today is evidence that those tactics never worked." Fair concludes that "the story of Abu Ghraib isn't over. In many ways, we have yet to open the book."

VOA Chief Says American Ideas More Powerful Tool Than Pop Culture. In a piece entitled "Britney vs. The Terrorists," Robert R. Reilly, the director of the Voice of America, writes in the Washington Post (2/9, A19, 690K) that the effect of American music and culture is far less powerful in Iraq and Middle Eastern countries than most give it credit for as a potential weapon. In an attempt to sway the youth of Iraq, American broadcasts are playing music but not expressing the ideas that the country needs to build a democracy. Reilly asserts that "we do not teach civics to American teenagers by asking them to listen to pop music, so why should we expect Arabs and Persians to learn about America or democracy this way? The condescension implicit in this nearly all-music format is not lost on the audience that we should wish to influence the most -- those who think."

Writer Proposes A War Tax. In an opinion piece in the New York Times (2/9, 1.16M), Kristin Henderson, the author of "While They're At War: The True Story of American Families on the Home Front," writes that "every morning that my husband was in a war zone, whether it was Afghanistan or Iraq, I woke up knowing that today could be the day my world might end." This war "takes a toll on the families left behind"

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and the "claim that all Americans are making sacrifices for the war on terrorism, it's just not true." Henderson asserts "a universal draft would certainly help spread the sacrifice" yet she thinks "the privileged will find a way to avoid serving" so proposes "a war tax, dedicated to financing the support services needed by military families and combat veterans" is the answer.

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Democrats Seek To Limit AG's Power To Appoint US Attorneys. The Hill (2/9, Schor) reports, "Senate Democrats plan to bring legislation to the floor next week that would rein in the Bush administration's power to appoint U.S. attorneys without Senate confirmation, an increasingly bipartisan concern as the number of abruptly dismissed prosecutors grew to eight. Senate leaders announced their plans hours after the Judiciary Committee approved a bill reversing a little-noticed provision of last year's Patriot Act reauthorization that allows the Justice Department to sidestep Senate approval in naming interim U.S. attorneys. Three Judiciary Republicans backed the bill, signaling heightened concerns on both sides of the aisle at the pattern of attorney axe-ings.

The AP (2/9, Kellman) reports, "Sponsored by Sen. Dianne Feinstein, D-Calif., the measure would eliminate a provision in the antiterror Patriot Act that gave the attorney general new power to replace fired U.S. attorneys indefinitely, avoiding the Senate confirmation process. … Feinstein's bill would allow the attorney general to appoint an interim U.S. attorney for 120 days. If after that time someone had not been nominated and confirmed by the Senate, authority to appoint an interim U.S. attorney would fall to the district court. … The bill would apply to any interim U.S. attorneys who have not been confirmed, including those appointed to replace the seven prosecutors who have been fired since the Patriot Act reauthorization went into effect, according to a spokeswoman for Judiciary Committee Chairman Patrick Leahy, D-Vt. … The Justice Department opposes the bill, saying the attorney general's authority to choose prosecutors should not be handed to courts because district court judges, they contend, are often unqualified to make such decisions. Kyl said he would remove his objection if Reid agreed to remove the provision giving district court judges the 120-day backup power to appoint interim prosecutors. … 'We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected,' said Justice spokeswoman Tasia Scolinos." The AP continues, "Senate Democratic leaders sent Attorney General Alberto Gonzales a letter Thursday asking him to publicly answer several questions about the matter, including any role that presidential adviser Karl Rove might have had in replacing Arkansas U.S. Attorney Bud Cummins with former Rove adviser Tim Griffin."

The Washington Post (2/9, A6, Eggen) reports, "Chairman Patrick J. Leahy (D-Vt.) said the legislation is necessary to ensure Senate oversight and limit the 'politicization of U.S. attorneys offices.' … Justice Department spokeswoman Tasia Scolinos said that allowing Gonzales to appoint interim prosecutors is 'good government and constitutionally sound.' … 'We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected,' Scolinos said."

CongressDaily (2/9, Posner) also reports on the bill.

McKay Disputes DOJ Allegation Of Performance Problems. The Washington Post (2/9, A6, Eggen) reports, "A recently fired U.S. attorney based in Seattle said yesterday that he was told of no performance problems when he was asked to resign, and he called critical remarks by a top Justice Department official 'unfair' and inaccurate." The Post continues, "The comments by former U.S. attorney John McKay add to a growing tide of criticism of the Justice Department's decision to fire seven top prosecutors without explanation, and came on the same day the Senate Judiciary Committee voted 13 to 6 to limit the attorney general's power to appoint replacements." The Post adds, "McKay said in an interview that his Seattle office received glowing reviews as recently as last fall, when an intensive Justice Department audit heaped praise on McKay and his staff. … McKay challenged testimony this week by Deputy Attorney General Paul J. McNulty, who told the Senate panel that McKay and five other Republican-appointed U.S. attorneys were forced to resign for 'performance-related' reasons. … 'That is unfair,' McKay said. 'That reflects on my former colleagues in the office and the good work that we did, and I know that's not true.'" The Post notes, "McKay is the third U.S. attorney to speak publicly about his dismissal. Daniel G. Bogden of Nevada told the Las Vegas Review-Journal that he was given no explanation for being forced out and that he had not been told of any problems with his performance. … McNulty's

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testimony Tuesday also included an admission that the chief prosecutor in Little Rock, Ark., was fired to make way for GOP stalwart J. Timothy Griffin, a protege of presidential adviser Karl Rove and former researcher for the Republican National Committee. … "

Reid Decries Nevada US Attorney's Dismissal. The Reno (NV) Gazette-Journal/Gannett News Service (2/9, Marrero) reports, "Senate Majority Leader Harry Reid accused the Bush Administration Thursday of forcing the U.S. Attorney for the district of Nevada to step down as part of an attempt to name more political allies as federal prosecutors." Gannett continues, "Daniel Bogden, 50, resigned last month after consulting with officials at the Department of Justice. He is among at least seven U.S. Attorneys who have been forced to resign or have been fired in the past few months - sparking accusations of political favoritism by the Bush administration. … Reid, a Nevada Democrat, vowed he would act to correct the situation. … 'What has happened in my town in Nevada is ... distasteful to say the very least,' Reid said. 'We want to know what's going on.'"

More Commentary. In a piece posted on Salon.com (2/9), Joe Conason writes, "The Constitution be damned, the attorney general has seized control of U.S. attorney appointments for partisan purposes. … Under any circumstances, the Bush administration's sudden, explicitly political dismissal and replacement of United States attorneys in judicial districts across the country would be very troubling -- both as a violation of American law enforcement traditions and as a triumph of patronage over competence. … But as the story behind these strange decisions unfolds, a familiar theme is emerging. Again, the White House and the Justice Department have been exposed in a secretive attempt to expand executive power for partisan purposes. And again, their scheming is tainted with a nasty whiff of authoritarianism." Conason continues, There is much more at stake here than a handful of federal jobs. … Leading senators of both parties are disturbed by these incidents because U.S. attorneys -- the powerful officials appointed by the president to prosecute federal crimes and defend federal interests in each of the nation's judicial districts -- are supposed to be as nonpartisan as possible. Democrats mostly appoint Democrats and Republicans mostly appoint Republicans, but the U.S. attorneys are usually chosen with the advice and consent of the senators from their home states, and then confirmed by the full Senate, with a decent respect for skill and experience as well as political connections." Conason adds, "The reason for this appointment process was simple: These prosecutors must police the politicians. They are expected to guard the nation's judicial system against the varieties of political abuse that are typical of authoritarian systems. They are granted a substantial degree of independence from the government in Washington, including the attorney general who functions as their boss. … To ensure that no U.S. attorney could be fired on a whim and replaced with a malleable hack, the relevant statute required that whenever a vacancy occurred in midterm, the replacement would be appointed by federal circuit judges rather than by the president. Getting rid of irksomely honest and nonpartisan prosecutors was difficult if not impossible. … On Thursday, the Senate Judiciary Committee voted to restore the old nonpartisan system for replacing U.S. attorneys and to require Senate confirmation of all new appointees. The full Senate and the House of Representatives should do likewise, despite Republican opposition, but that is not enough. The Senate Democrats should continue to probe the attorney general's little coup d'état and all of the resulting appointments. That is the best way to discourage future usurpations -- and to frustrate whatever skulduggery was afoot this time."

The Seattle Post-Intelligencer (2/9) editorializes, "The Bush administration again has been caught undermining American justice in Seattle and across the nation. The best hope is that the exposure will, over the long term, serve to hinder extreme right-wing hopes of turning the entire legal system into a reflection of arch-conservative ideology." The P-I adds, "As the Iraq reconstruction fiasco best illustrates, this is an administration with an appalling record of putting considerations of ideology ahead of competence. Appointing young conservatives as U.S. attorneys might pave the way for their selection as U.S. judges later. We hope Congress will have a long memory about anyone receiving such a dubious appointment to a U.S. prosecutor position. This administration won't reform, but lessons can be learned for the future."

Gonzales' Trip To Central, South America Noted. In his "In The Loop" column for the Washington Post (2/9, A17), Al Kamen writes that "while folks in this area are freezing, Attorney General Alberto Gonzales is off this week to Central and South America for a series of chats with various officials about drugs, copyright laws and other exciting topics. On Monday, he talked about gangs with El

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Salvador's president." Kamen continues, "Tuesday he flew to Buenos Aires and on Wednesday (sunny and 84 degrees) toured the Buenos Aires Jewish community center, where a terrorist bomb killed 85 people in 1994. Yesterday it was off to Brasilia (temps in the 80s but partly cloudy) for meetings with various folks there. He had 'a fruitful discussion on a number of topics of mutual importance to Brazil and the United States' with his Brazilian counterpart, he announced." Kamen adds, "Today, it's to be Rio -- no carnival action, we're told -- to speak at an exciting conference about copyright laws. … The department says the curiously unimportant trip was planned long before anyone predicted the current cold snap -- or that increasingly nasty spat over the firings of those U.S. attorneys."

Former DOJ Official's Relationship With Griles Raises Conflict Concerns. The Legal Times (2/8, McLure) reports, "When Sue Ellen Wooldridge stepped down last month from her job as the Justice Department's top environmental prosecutor, it wasn't her desire to return to the private sector that was notable, it was her timing." The Times continues, "Days earlier, Wooldridge's boyfriend —oil and energy lobbyist J. Steven Griles —had been put on notice that he was a target of the federal public-corruption investigation involving convicted lobbyist Jack Abramoff. … The romance between Wooldridge, 46, and Griles, 60, is significant and has had an impact beyond the Justice Department's Abramoff probe. Both previously held high-ranking jobs at the Interior Department — Griles was deputy secretary there, while Wooldridge was deputy chief of staff to then-Secretary Gale Norton and later the agency's top lawyer." The Times adds, "At Interior, they concealed their relationship from multiple department investigators looking into Griles' contacts with former lobbying clients —even as Wooldridge responded to the investigators on Griles' behalf and, later, as solicitor, oversaw Interior's ethics office, according to two current government officials with knowledge of the investigation and one former Interior official. These sources say the romance between Wooldridge and Griles was going on as early as February 2004. … Details of their relationship raise questions about the vetting process for presidential nominees at both the Justice and Interior departments, in addition to Wooldridge's candor with those who examined her credentials. … Wooldridge left Interior in the fall of 2005, when she was confirmed to become the DOJ's assistant attorney general for environment and natural resources. According to a senior DOJ official, Attorney General Alberto Gonzales and other top Justice officials were unaware of her relationship with Griles until months after Wooldridge had been confirmed. That disclosure came long after FBI agents and prosecutors in the Justice Department's Criminal Division had begun investigating Griles as part of the Abramoff probe, according to a source with knowledge of the investigation."

CORPORATE SCANDALS:

Bush's Uncle Alleged To Have Befitted From Options Backdating Scheme. The Los Angeles Times (2/9, 850K) reports William H.T. Bush, President Bush's uncle, "was among a group of directors of a defense contractor who reaped $6 million from what federal regulators say was an illegal five-year scheme by two company executives to manipulate the timing of stock option grants, documents show. Bush, known as 'Bucky,' becomes the second member of the president's family to become enmeshed in the stock options scandal this month." Bucky Bush "was an outside, non-executive director of Engineered Support Systems Inc., a defense contractor whose profits were bolstered because of the Iraq war. The St. Louis-based company, a supplier of equipment and electronics to the military that was acquired last year by another defense contractor, has been under investigation by federal prosecutors and the Securities and Exchange Commission concerning the alleged options backdating scheme. Last week in U.S. District Court in Houston, President Bush's youngest brother, Marvin, was named as a defendant in a suit charging that officers and directors of HCC Insurance Holdings benefited from backdated options."

Jobs Helped Arrange Well-Timed Options Package For Pixar Director. The Wall Street Journal (2/9, A3, Stecklow) reports, "Steve Jobs helped negotiate an employment contract with a top film director that included a large stock-options grant with an especially well-timed date, according to a person familiar with the matter." The Journal continues, "The options grant, part of a 2001 employment contract reached between Pixar Inc. and noted animated-film director John Lasseter, carried the lowest share price of the previous year -- on a date more than three months before the employment contract was actually signed. Mr. Jobs, then Pixar's chairman and chief executive, signed the agreement on behalf of Pixar." The Journal adds, "It

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remains unclear what role, if any, Mr. Jobs played in selecting the prior grant date of the agreement's stock options. The grant is one of several the Emeryville, Calif., movie company awarded at yearly lows, a pattern that has raised questions about whether the Pixar grants were improperly backdated. … Pixar was bought last year by Walt Disney Co., which is conducting an internal investigation into Pixar's options-granting practices. Federal prosecutors in San Francisco also are looking into Pixar options and are awaiting the conclusion of the Disney probe, according to people familiar with the matter. Mr. Jobs sits on Disney's board and is its largest individual shareholder. Mr. Lasseter is Disney's chief creative officer of its animation studios. … The prosecutors and the Securities and Exchange Commission already are examining Mr. Jobs's role in stock-options backdating at Apple, where he is chief executive. An internal probe by Apple recently cleared him of any wrongdoing but said Mr. Jobs 'was aware or recommended the selection of some favorable grant dates.' … Pixar and Apple are two of nearly 140 companies under federal investigation for possible stock-options manipulation."

Aon To Review Stock Option Practices. The Chicago Tribune (2/9, Yerak) reports, "A stock buyback helped boost Aon Corp.'s per-share earnings in the fourth quarter, but it also disclosed Thursday that it has launched a 'comprehensive review of option grant date practices and related accounting issues.'" The Tribune continues, "The Chicago-based insurance brokerage and consulting firm said it recently determined that incorrect dates for 'certain' stock options granted in 2000 and in certain previous years appear to have been used for accounting purposes. … 'Based upon our preliminary review, the company has not found evidence of intentional misconduct or financial self-dealing, including backdating or other manipulation of stock option pricing,' Aon said in its earnings release, issued after the market closed. … But Aon said that its audit committee has begun a thorough review of option grant date practices. Aon wouldn't say which of the certain options are in question, though a spokesman did say that they don't involve the options of Patrick Ryan, Aon's executive chairman who was chief executive in 2000." The Tribune adds, "It said it hasn't yet been able to determine the amount of additional compensation expense or related impact on taxes, but said it doesn't expect it to be material in 2005 or 2006. It said it will try to quantify the impact on finances for previous periods by the time it files its annual report on or before March 1. … Stock option scandals have caused the downfall of several prominent chief executives who received option grants that had been backdated, or artificially rigged to make them more valuable. Nearly 200 companies have disclosed that the Securities and Exchange Commission, Justice Department or internal investigations are looking into potential problems with backdating."

IRS Proposes Tax Penalty Relief For Backdated Options. The AP (2/9) reports, "Companies can voluntarily pay the additional taxes rank-and-file workers face because they were issued backdated stock options, the IRS said Thursday." The AP continues, "The Internal Revenue Service initiative affects the additional 20 percent tax and any interest tax employees would owe after exercising backdated stock options. The proposal's main benefit would simplify taxes for individuals whose companies agree to pay the additional taxes. It wouldn't apply to top executives and company insiders. … The IRS said its 'Compliance Resolution Program' would help employees who may be unaware that they held backdated stock options." The AP adds, "Options give holders the right to buy stock at a particular point in the future at a predetermined price. Federal authorities have been probing whether companies have backdated the exercise price of the options to a date when the price was lower."

The Wall Street Journal (2/9, A3, Scannell) reports, "The IRS initiative, which is voluntary, proposes that companies with backdating problems pay the steep additional taxes due from lower-level employees who exercised backdated stock options in 2006. … The theory: Employees who had nothing to do with receiving backdated options shouldn't be penalized. Top corporate officials of companies with backdating problems will remain on the hook for taxes on exercised stock options that were backdated. … 'We're sending the message here that a proper penalty has to be paid but allowing it to be resolved by the companies so [lower-ranking] individuals aren't swallowing the penalty,' IRS Commissioner Mark W. Everson said in an interview. 'We think it's appropriate to pursue more directly individuals who were manipulating and benefiting from the untoward conduct.'" The Journal notes, "The IRS program comes as more than 140 companies are facing potential problems about how their stock options were dated. More than 130 companies are under investigation by the Securities and Exchange Commission, and the Justice Department has

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charged five executives with criminal wrongdoing in connection with stock-options backdating."

Judge Chastises Prosecutors, Defense Attorneys At Nacchio Hearing. The AP (2/9, Shore) reports from Denver, "A federal judge sharply rebuked prosecutors and Joe Nacchio's attorneys Thursday, calling them 'petulant children' as he issued several orders in the insider trading case against the former Qwest chief executive. … 'This just seems to be petulant children in a sandbox kicking sand at each other,' U.S. District Judge Edward Nottingham said, referring to a series of motions exchanged between the two sides this week as the March 19 trial approaches. … 'I think what you need to do is stop whining and get on with the business of preparing for this trial,' he told the attorneys." The AP continues, "Nottingham had stern words for both sides as he worked his way through the motions with attorneys sitting quietly in the courtroom or listening via telephone. He set a series of deadlines ahead of the next status conference on Feb. 23. … Prosecutors and defense lawyers have been arguing over the evidence exchange process, which includes witness interviews, documents and classified government information." The AP notes, "Nacchio's attorneys complained this week that prosecutors have been dragging their feet in turning over evidence and that they needed a 60-day delay to review material they received as late as Monday. … Prosecutors denied the accusations and said the process had been slow because of the procedures in federal law that must be followed for classified documents. … Nottingham said he was dismayed by how long it has been taking to turn over evidence but stopped short of penalizing prosecutors, instead ordering them to produce transcripts of witness interviews within 48 hours. … He rejected what he called the defense's 'backhanded, lame request for a continuance,' saying there was no showing of prejudice that would require a delay. 'This case is going to be tried March 19th on schedule,' he said."

Four Plead Guilty To Conspiracy In New York Stock-Flipping Case. The Washington Post (2/9, D03, Johnson) reports, "A former pharmaceutical executive and two of his sons pleaded guilty yesterday to conspiracy charges for engaging in what authorities called a 'brazen' scheme to profit more than $2 million from illegal stock tips passed among the family members and their friends." The Post continues, "Zvi Rosenthal, 62, a former vice president at Taro Pharmaceutical Industries of Hawthorne, N.Y., shared confidential information about the generic-drug maker's products and financial condition with his sons Amir, 29, and Ayal, 26, more than a dozen times from 2001 to 2005, according to securities regulators. … The three men and Amir Rosenthal's friend David Heyman, 29, pleaded guilty to a single count of conspiracy to commit securities fraud yesterday in U.S. District Court in Brooklyn, N.Y. Each defendant faces a maximum prison term of five years and a $250,000 fine when he is sentenced in May, U.S. Attorney Roslynn R. Mauskopf said." The Post adds, "Securities and Exchange Commission officials yesterday filed related civil insider-trading charges against the men and several of their alleged confederates, including Oren Rosenthal, 30, Rosenthal's eldest son, and Bahram Delshad, 55, Amir Rosenthal's father-in-law. … Mark K. Schonfeld, director of the SEC's Northeast Regional Office, said the case is particularly disturbing because it appeared to be a 'family business based on insider trading.' … Members of the Rosenthal family and many of their friends worked as lawyers and accountants at respected businesses, including the accounting firm PricewaterhouseCoopers. They were people 'who had every reason to know better,' said Bruce Karpati, an assistant regional director at the SEC."

The New York Law Journal (2/9, Perrotta) reports, "The Eastern District U.S. Attorney's Office said the men made more than $2 million through insider trading. The SEC put the figure at $3.7 million, including gains by three others who were not charged criminally: Kim; Bahram Delshad, Amir's father-in-law; and Amir's 30-year-old brother Oren, a former attorney at the New York office of O'Melveny & Myers."

NYTimes Praises SEC For Probing Bank Leaks. The New York Times (2/9, 1.16M), in an editorial, writes, "we applaud the Securities and Exchange Commission's decision to begin a broad examination into whether employees at major Wall Street banks have been leaking information to their favorite customers, like funds. As Jenny Anderson reported recently in The Times, the S.E.C. is requesting reams of information from large banks to determine whether bankers are tipping off hedge funds — whose active trading tends to make them lucrative customers — about other client's orders as a way to curry favor with them."

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CRIMINAL LAW:

Prosecution Rests After Libby Lawyer Grills Russert. NBC Nightly News (2/8, lead story, 2:30, Williams, 9.87M) reported, "Tim Russert's second day on the witness stand ended today as the prosecution rested" in the trial of Lewis "Scooter" Libby. NBC (O'Donnell) added, "An aggressive cross-examination again today by Libby's lawyer, who tried to discredit Russert. One defense tactic, using TV clips talking about his own role in this case. … Libby's lawyer suggested there was bad blood between Russert and Libby." Defense attorney Thomas Wells "pointed to an appearance Russert made on the morning he was indicted." Russert, from NBC broadcast: "Santa Claus is coming tomorrow. What will be under the tree?" O'Donnell: "Russert testified he meant it would be a big news day. The prosecutor followed up by asking him did you take any joy in Mr. Libby's indictment. He responded, 'No, not at all, and I don't take joy in being here.'"

In a widely distributed story, the AP (2/9, Apuzzo) reports that "Russert deflected criticism of his ethics and credibility as he completed a heated second day of cross-examination." The AP adds, "A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential." The Washington Post (2/9, A3, Goldstein, Leonnig, 690K) notes, "Wells also read parts of a transcript from that same day's broadcast of the 'Today' show, in which Russert explained to host Katie Couric the significance of possible indictments against Libby or President Bush's top political adviser, Karl Rove, which newspapers were reporting that morning. … Russert's buoyant tone, Wells contended, reflected 'bad blood' between Russert and Libby."

The New York Times (2/9, Lewis, 1.16M) reports, "Mr. Libby's legal team will begin with a parade of Washington journalists as witnesses for the defense when the proceedings resume Monday. But lawyers for Mr. Libby, the former chief of staff to Vice President Dick Cheney, left it a mystery as to whether they would call the two star attractions on their witness list: Mr. Cheney and Mr. Libby himself." The Times notes that jurors yesterday "seemed to pay close attention as Mr. Wells, known for his cross-examination skills, and Mr. Russert, a successful public communicator, went at each other for a second consecutive day." The Los Angeles Times (2/9, Miller, Schmitt, 850K) adds, "Libby's attorneys have succeeded in showing that prosecution witnesses at times suffered memory lapses. But those testifying against Vice President Dick Cheney's former chief of staff…were consistent on two key points: what they did not tell Libby, and what he told them."

The AP (2/9, Apuzzo) reports, "The trial has provided the jury - and the public- a rare glimpse into how the highly disciplined Bush administration dealt with the media and how reporters extract or are provided information from high-level sources. … Russert was subjected to the kind of interrogation he usually gives guests on his Sunday television show 'Meet the Press,' as attorneys flashed excerpts of his previous statements on a video monitor and asked him to explain inconsistencies." The AP continues, "A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential." The defense "wants to cast Russert as someone who cannot be believed, who publicly championed the sanctity of off-the-record conversations but privately revealed that information to investigators. Russert said he viewed the FBI conversation and testimony to prosecutors differently."

Russert's testimony received widespread local TV news coverage, which generally characterized the cross-examination as contentious. For example, WLWT-TV Cincinnati (2/8, 11:15 p.m.) reported, "The prosecution rests its case against former White House aide Scooter Libby, but it wasn't until after some courtroom drama involving NBC's 'Meet the Press' host, Tim Russert," while KDVR-TV Denver (2/8, 9:13 p.m.) noted, "In an attempt to show" Libby "is believable, his attorneys continued to question…Russert, grilling him about a phone conversation he had with Libby in 2003."

Russert Discusses "Difficult Position" Of Testifying At Trial. NBC Nightly News (2/8, story 2, 2:50, Williams, 9.87M) reported, "We are able tonight to talk to Tim Russert, though I should point out there are still restrictions on what Tim can say…because he could be called back to the stand. … This is not a role you were asking for. But you ended up, your investigation of events, as the crux of this case, really."

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Russert: "Yeah. It is a difficult position being in the news rather than just covering the news. … Lyndon Johnson once said it is easier to throw grenades than to catch them. He was right. But what I used for my own benchmark in this particular situation was something I was taught in seventh grade by a sister, and that is if you tell the truth, you only have to remember one story. That's what I did." Russert added, "It is something that I did not want to participate in. … I did not want to testify. But the judge decided otherwise."

Thompson Appears At Court To Show Support For Libby. The AP (2/9, Sniffen) reports, "One of the nation's most familiar 'prosecutors' showed in Scooter Libby's camp in court Thursday. … Joining Libby's public relations person, Barbara Comstock, in the public gallery was former Tennessee Republican Sen. Fred Thompson. … At one point, Libby's wife, Harriet Grant, went back and sat beside Thompson. They hugged, laughed and chatted for a few minutes before she returned to her seat in the front row. Asked why he came Thompson said, 'I'm a friend of Scooter Libby and his family.'"

Defense Attorney In New York Death Penalty Case Profiled. The New York Times (2/9, Finn) profiles New York defense attorney Ephraim Savitt,, "a federal prosecutor for nearly eight years in the 1980s" whose "laurels include the Justice Department's first conviction of ranking members of the Gambino crime family, Gene Gotti among them. … Sonorous of voice (part Motown-ish croon, part rabbinical oratory that is a genetic gift from his father, who died when he was 19), and impeccable of tailoring (his fluffy alpaca overcoat suggests topnotch llama), Mr. Savitt, 55 … was one of four lawyers appointed to represent defendants in the first capital prosecution in New York under the current federal death penalty act, and he has since defended other criminals in this predicament. Only (Ronell) Wilson received a death sentence. … In 1996, he obtained a life sentence for Peng You Zhong, a member of a Chinese gang accused of kidnapping, torture and murder. In 2003, he won a life sentence for Emile Dixon, a convicted murderer and crack dealer. On March 26, the trial of Richard James, accused of murder in what Mr. Savitt terms 'a hybrid insurance fraud/death penalty case' begins. … He also represents Vincent Basciano, a k a Vinny Gorgeous, a reputed mobster accused of making death threats against Greg Andres, a federal prosecutor, and Judge Nicholas G. Garaufis, of Federal District Court, coincidentally the presiding judge in the Wilson case." The Times adds, "Formal sentencing, scheduled for March 29, is the next step in the legal odyssey of Mr. Wilson, convicted of murdering two undercover detectives in a botched gun sale and already the recipient of a jury sentence of death by lethal injection. (Mr. Savitt is not sold on lethal injection as a painless ending and believes the death penalty should apply only to child murderers and terrorists, people he would refuse to defend.) … The petulant Mr. Wilson, whose post-verdict misbehavior includes sticking out his tongue after the jury delivered its sentence last week and smashing a chair through a window at the Metropolitan Detention Center in Brooklyn over the weekend, is the first defendant in New York in more than 50 years to receive a death penalty in a federal trial."

Stalkers Usually Know Their Target. USA Today (2/9, Koch) reports, "Nicole Kidman, Sharon Stone, Meg Ryan, Brad Pitt, Catherine Zeta-Jones, Steven Spielberg, Gwyneth Paltrow, Richard Gere and Katie Holmes share an experience beyond being on the Hollywood A-list. They've all reported being stalked, often by delusional fans." USA continues, "Their widely publicized cases are unusual, though, because they involved strangers. Most stalkers and victims know each other, and many have a current or former romantic tie, says Mary Lou Leary, executive director of the National Center for Victims of Crime. … She cites government figures showing that 77% of female victims and 64% of male victims knew their stalkers. The most common trigger: a broken, lonely or jealous heart." USA adds, "Astronaut Lisa Nowak, charged this week with attempted murder, knew Colleen Shipman, the woman she is accused of attacking at Orlando International Airport early Monday. Police said Nowak viewed her as a romantic rival over fellow astronaut William Oefelein. … After the alleged attack, Shipman filed a petition for a protective order in which she said Nowak had stalked her for about two months. … The case is unusual in that it alleges one woman stalked another, says Mindy Mechanic, assistant professor of psychology at California State University, Fullerton. She says most stalkers are men." USA notes, "Noting Nowak's accomplished career, Mechanic says she has seen cases of stalkers who are highly educated, successful people but emotionally immature. … In celebrity cases, she says, stalkers often have psychiatric disorders. The more typical stalker, however, is someone who has trouble letting go of a real or imagined relationship but whose emotional condition may be less severe than a mental illness.

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… The most recent comprehensive research on stalking, a 1998 Justice Department study, found that more than 1 million women and about 370,000 men are stalked annually in the USA. Women account for 78% of the victims and men for 87% of the perpetrators. The study said one in every 12 women will be stalked during her lifetime, and 81% of women stalked by a current or former intimate partner were physically attacked.'

New Jersey Man Sentenced For Luring Teen Online For Sex. WNBC-TV (2/9) reports, "A Hillsdale, N.J., man was sentenced on Thursday to 46 months in federal prison and fined $10,000 for traveling to Waltham, Mass., to have sex with a 15-year-old girl." WNBC-TV continues, "The defendant had actually been chatting on the Internet with an undercover police officer instead of a teenager. … After numerous Internet messages, the U.S. Justice Department said 49-year-old Martin Rob Van Vliet traveled to Waltham to meet the girl. Investigators presented evidence during the six-day federal trial that Vliet wanted to 'commit a sexual act' with the girl. … Investigators said the exchanges took place in a Yahoo Inc., chatroom."

Fumo Lawyer Says Case Politically-Motivated, "Reeks Of Malice." The Philadelphia Inquirer (2/9, Shiffman, 385K) reports, "State Sen. Vincent J. Fumo's lawyer attacked the U.S. attorney's motives yesterday and called the 139 charges against his client nothing more than a malicious effort by the Bush administration to drive powerful Democrats from office. 'This is an indictment born of political ambition,' lawyer Richard A. Sprague told reporters. 'It reeks of malice.' Sprague described U.S. Attorney Patrick L. Meehan, who was appointed by President Bush, as a political operative who loaded Fumo's indictment with 'twists and distortions, venal and salacious entries, deliberate statements out of context.' Meehan's spokesman called Sprague's comments 'inaccurate and regrettable.'" The Inquirer notes Sprague said "on whether the Bush administration specifically targeted Fumo: 'Hopefully, they are... using the FBI to get Osama bin Laden and not Vince Fumo, but what I am saying is that they, from on high, do have a policy of using local U.S. attorneys to try to get effective Democrats.'"

The Philadelphia Daily News (2/9, Hinkelman, 106K) reports, "Citing an academic study that concluded that President Bush's Justice Department engages in political profiling and disproportionately targets state and local Democratic officeholders over Republicans, Sprague said the federal probe's objective was to 'destroy' Fumo." DOJ spokesman Bryan Sierra "declined to comment on the study or the charge that the investigation had been politically driven." The Daily News adds, "Asked by a reporter later if the 'gloves were off,' Sprague chuckled and said: 'Let me say the gloves are off in terms of a fight on our part with his prosecution. I've called it for what I believe it is and has been,' adding that he intended to fight by the Marquis of Queensbury rules."

The AP (2/9, Dale) reports, "Sprague, a fiery former city prosecutor, called the investigation partisan and suggested the Republican Justice Department has its eyes on effective Democratic lawmakers like Fumo. … 'This is not a case of greed. This is an indictment that was born of political ambition,' Sprague said. … He charged that U.S. Attorney Patrick Meehan had allowed 'malicious leaks' during the four-year Fumo probe. … Meehan denied the charges. … 'These comments are inaccurate and regrettable and we will present our case in court,' he said through a spokesman."

Grand Jury Subpoenas Companies In Widening Bruno Probe. The New York Times (2/9, McIntire, 1.16M) reports, "A federal grand jury investigating the business dealings" of New York Senate Majority Leader Joseph Bruno "has issued subpoenas to two more companies that had been affiliated with an Albany businessman who is his friend and business associate." Motient Corporation "and its subsidiary, TerreStar Networks, a Virginia provider of mobile satellite communications services," received the subpoenas on Monday, according to an SEC filing. "The Albany businessman, Jared E. Abbruzzese, resigned as chairman of TerreStar last month and had previously been a consultant to Motient. The scope of the subpoenas…suggested that the federal investigation of Mr. Bruno's business activities is widening." The Times notes, "It was unclear yesterday what connection, if any, Mr. Bruno had to Motient or TerreStar."

FBI, Tennessee Police Arrest Four In Ongoing Corruption Probe. The Knoxville News (2/9, Stambaugh) reports, "Another round of arrests Thursday in the ongoing 'Rose Thorn' corruption probe in Cocke County marked the first time local deputies have played a public role in the FBI-led initiative." Kenneth R. Frazier, Allen

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Eugene Frazier, George Ray Hicks and Ernest Arrowood Jr. "were charged as part of an alleged illegal gambling operation based on cockfighting and were taken into custody by FBI agents assisted by state troopers and the Cocke County Sheriff's Department, said Assistant U.S. Attorney Neil Smith. … Like Smith, FBI spokesman Gary Kidder said Thursday's arrests were a joint effort and 'we want to emphasize we had excellent cooperation and assistance from' the Cocke County agency." The News notes, "The Rose Thorn investigation has uncovered large-scale drug trafficking, automobile chop shops, prostitution, public corruption, extortion and illegal gambling operations built around both cockfighting and video poker machines, authorities say. Seven Cocke County lawmen have either been convicted or have pleaded guilty to crimes such as cocaine trafficking, attempted money laundering, perjury, and shaking down drug suspects and illegal immigrants."

Arizona Man Sentenced To Prison For Theft Of US Government Property. The Arizona Republic (2/8, Sepessy) reported, "A Tucson man received 30 months in prison on Wednesday in connection to theft of government property. Christopher Howard, 34, pleaded guilty to the theft of a Naval Aircraft Inertial Navigation System on Sept. 28 of last year, according to the U.S Attorney's Office. Howard stole the system from Aerospace Maintenance and Regeneration Center in Tucson. The navigation system, worth $92,000, provides an electronic map to Navy pilots." The Republic notes that the USAF "and the FBI conducted the investigation after receiving a tip that the equipment was stolen, the U.S. Attorney's office said. The agencies found Howard shortly after and obtained the navigation system before Howard was able to sell it."

Iowa Man Pleads Guilty To Violating Federal Spam Law. In a widely-distributed story, the AP (2/9) reports, "A man who flooded e-mail systems with millions of messages advertising software that could steal passwords pleaded guilty to violating a federal anti-spam law. Joshua Eveloff, 27, of Carter Lake, Iowa, admitted Wednesday that he faked information on the e-mails to conceal that they came from him. The messages, which promised to 'steal anyone's password' and 'read your FBI file,' were sent to millions of people over three months in 2004. The FBI began investigating after a Florida company reported that its computers had been used to transmit at least 1.5 million e-mails in six hours. Prosecutors said the case was only the nation's third to be brought under federal legislation banning unsolicited e-mails."

US Drops Carjacking Charges In Tennessee Slayings. The Knoxville News Sentinel (TN) (2/9, Satterfield) reports, "In a move that was not entirely unexpected, prosecutors on Thursday announced their intent to drop federal carjacking charges in connection with the slayings of a Knox County couple. … 'There are jurisdictional lines that just cannot be crossed,' Assistant U.S. Attorney David Jennings said at a hearing Thursday before U.S. District Magistrate Judge Bruce Guyton. … 'It is the opinion of U.S. Attorney Russ Dedrick that the most serious crimes should be prosecuted by Knox County,' Jennings said." The Sentinel adds, "The decision to drop the federal case against all but one suspect comes after state prosecutors filed a 46-count indictment alleging a slew of crimes, including first-degree murder, kidnapping, rape and theft. … It is consistent with the notion espoused by some that the U.S. Attorney's Office marshaled its vast resources to beef up an investigation into the slayings last month of Channon Christian, 21, and her boyfriend, Christopher Newsom, 23, and make quick work of a roundup of suspects. … The federal indictment allowed authorities to keep suspects Lemaricus 'Slim' Davidson, brother Letalvis 'Rome' Cobbins and George 'Detroit' Thomas behind bars while Knox County District Attorney General Randy Nichols' office took its time preparing what is one of the most detailed indictments to be issued by a grand jury here in years. … That state indictment adds suspect Vanessa Lynn Coleman to the list of accused killers but left off Eric Dewayne 'E' Boyd, who has been named as an accessory to carjacking in the federal case. … Jennings said Dedrick is not seeking to drop the federal case against Boyd. … Dropping the federal case against the remaining suspects will allow the massive team of investigators from agencies including the Knoxville Police Department, Knox County Sheriff's Office, U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives and the U.S. Marshals Service to focus efforts on building what many expect to be a capital murder case in Knox County Criminal Court. … But federal prosecutors aren't willing to abandon the case entirely should the state prosecution somehow go awry, Jennings indicated at Thursday's hearing."

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Texas Executes Parolee For Murdering Stepdaughters. The AP (2/9, Graczyk) reports, "A parolee condemned for killing his two stepdaughters during a strangling spree almost 10 years ago has been executed." The AP continues, "James Jackson thanked his family and expressed love for them Wednesday. 'This is not the end but the beginning of a new chapter for you and I together forever,' he said. .. .Jackson told the warden standing over him, 'Warden, murder me.' He then referred to Harris County, where he was convicted, as Sodom and Gomorrah, the biblical cities destroyed by God for their sins. … 'I'm ready to roll. Time to get this party started.' … Seven minutes later he was pronounced dead at 6:18 p.m." The AP adds, "Jackson, 47, was the fourth convicted killer executed this year in Texas, the nation's busiest capital punishment state. … Jackson, known to fellow death row inmates as 'Big Jack' for his height, insisted he was not responsible for the slayings of Sonceria 'Sonnie' Mayes, 19, and her sister Ericka, 18, at the apartment they shared with Jackson and his wife, Sharon, 39. Sharon Jackson, the girls' mother, also was murdered. … The U.S. Supreme Court last month turned down Jackson's request to review his case. Jackson's lawyer, Kenneth Williams, said legal efforts to block the execution had been exhausted."

CIVIL LAW:

Suit Claims Federal Dredging Caused New Orleans Katrina Flooding. The AP (2/9, Burdeau) reports from New Orleans, "The federal government and Army Corps of Engineers are targeted in a new lawsuit that alleges flooding during Hurricane Katrina was the fault of a decision to allow dredging of a main canal, weakening the soil base that supported its levees." The AP continues, "The suit, which seeks class-action status and unspecified damages, was filed Thursday in U.S. District Court representing seven residents of the Lakeview neighborhood, which was hard hit by flooding when a levee on the east side of the 17th Street Canal broke. .. If class-action status is granted, tens of thousands of New Orleans residents and claims in the tens of billions of dollars could be affected." The AP adds, "The suit's basic argument was bolstered by a decision last week. In that ruling, U.S. District Judge Stanwood Duval allowed a suit to go forward charging the corps with liability for the flooding of eastern New Orleans and St. Bernard Parish from the Mississippi River-Gulf Outlet. The ship channel, maintained by the corps, connects New Orleans' inner harbor with the Gulf of Mexico. … The issue in Thursday's suit is whether the 17th Street Canal should be considered a navigable waterway or a flood control project. The canal is one of three arteries that drain water out of the below sea-level city during heavy rainfall. Levees on two of the canals broke during Katrina and caused massive flooding. … If the court determines the 17th Street Canal was a flood control project, then the 1928 Flood Control Act would shield the corps from liability. However if a judge decides it is a navigable waterway, then the corps, and by extension the federal government, may have to defend their actions at trial."

4th Circuit Cuts Tobacco Verdict. The AP (2/9) reports, "A Louisiana appeals court cut a $591 million verdict against tobacco companies by more than half and limited the kinds of smoking-cessation programs the money can be used for. … Even so, a plaintiffs' attorney called Wednesday's ruling a victory that reaffirmed the original verdict, while a tobacco company said it would appeal to have the entire verdict thrown out." The AP continues, "In another tobacco case, also ruled on Wednesday, a judge in Boston refused to dismiss a lawsuit that claims a tobacco company targeted black children. … The Louisiana ruling by the 4th Circuit Court of Appeal in New Orleans was the first major development since jurors found in 2004 that tobacco firms had conspired for more than 50 years to distort public knowledge about the effects of smoking. … 'Even though the court has reduced the award, we are gratified that the court again - for the seventh time - has said this is a legitimate class action and that the jury and judge were correct in finding the tobacco companies were guilty of intentional fault and fraud,' attorney Russ Herman said." The AP adds, "In addition to cutting the damages, the court ruled that the plaintiffs cannot collect pretrial interest, which totaled about $400 million, said David Howard, a spokesman for R.J. Reynolds Tobacco Co. 'The effect basically reduced the award from approximately $1 billion to less than $300 million,' he said. … Howard said tobacco companies will ask the Louisiana Supreme Court to overturn the entire verdict against them."

CIVIL RIGHTS:

Lawmakers Expected To Introduce "Till Bill" To Pursue Civil Rights Slayings. The Jackson

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(MS) Clarion-Ledger (2/9, Mitchell) reports, "U. S. Rep. John Lewis of Georgia and Sen. Chris Dodd of Connecticut are expected to introduce today in their respective chambers legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era, said Alvin Sykes, a Kansas City activist pushing for the bill." The Clarion-Ledger continues, "The Democrats are picking up where ousted GOP Sen. Jim Talent of Missouri left off. Talent last year introduced the legislation dubbed the 'Till Billl' after the 1955 killing of 14-year-old Emmett Till. The African-American Chicago youth visiting relatives in Money was killed after allegedly wolf-whistling at a white woman. … Mississippi's Republican Sens. Thad Cochran and Trent Lott had signed on as co-sponsors of that bill." The Clarion-Ledger adds, "The FBI already is examining 51 killings from those days, and a Montgomery museum lists 127 racial killings between 1954 and 1968, conceding the number could be much higher. … The bill would enable federal authorities to pursue killings from before 1970."

More Commentary. The San Antonio Express-News (2/9) editorializes, "James Chaney, Andrew Goodman and Michael Schwerner are known to history. Henry Dee and Charles Moore are not." The Express-News continues, "Chaney, Goodman and Schwerner were murdered during the summer of 1964 while working for civil rights in Mississippi. Their disappearance, the eventual discovery of their bodies and the effort to bring their killers to justice charged the nation. … Dee and Moore were black teenagers, hitchhikers in Mississippi who vanished weeks before the three civil rights workers. During the search for Chaney, Goodman and Schwerner, authorities discovered the bodies of Dee and Moore weighted down in the Mississippi River." The Express-News adds, "The FBI, overwhelmed with the national significance of the 'Freedom Summer' murders, turned the case of the hitchhikers over to local authorities. Two reputed KKK members were arrested, but no charges were ever brought. And, as with many crimes from the civil rights era, justice was never done. .. Last month, the Justice Department finally brought kidnapping charges against one of the two original suspects. James Ford Seale is now 71." The Express-News notes, "In recent years, state and federal prosecutors have obtained convictions in long-dormant cases from the civil rights era. However, some people don't see the point of devoting law enforcement resources to 4-decade-old crimes or of putting old men on trial and behind bars. … Henry Dee and Charles Moore were Americans. The crimes committed against them, though less well-known than others, were also crimes against the nation. … In life, the law of the land in 1964 Mississippi could not guarantee them equal protection. It's a small measure of justice to grant them that protection 43 years after their deaths."

Miami Man Convicted In Sex Slavery Case.

The South Florida Sun-Sentinel (2/9, 237K) reports, "A Miami man faces possible life in prison after a federal jury convicted him Wednesday of human trafficking for forcing a 17-year-old girl into prostitution, federal prosecutors said." Demond Levail Osley "met the girl in Detroit and brought her to South Florida, authorities said. He held her in a Miami Beach hotel and ordered her to earn for him at least $500 per day before selling her to a second man."

Atlanta Prosecutor Criticized For Jeopardizing DOJ Probe Of Police Shooting.

The New York Times (2/9, Goodman) reports, "A plan by the district attorney to seek murder charges against three narcotics officers involved in the shooting death of an elderly woman during a bungled drug raid may jeopardize a broad, federal investigation into civil rights violations by the Atlanta Police Department, a spokesman for the victim's family said Thursday." The Times continues, "Paul Howard, the district attorney for Fulton County, sent a proposed indictment against the officers, Gregg Junnier, Jason R. Smith and Arthur Tesler to their lawyers on Wednesday. A spokeswoman for Mr. Howard's office said he had informed federal authorities of his intentions. … Mr. Howard's action 'stunned and disappointed' family members of the victim, Kathryn Johnston, said the Rev. Markel Hutchins, a spokesman for the family." The Times adds, "Ms. Johnston, whose age has been given as 88 or 92, was shot after she fired a handgun at the narcotics officers, who pried open burglary bars on her home and broke down her door on Nov. 21. The officers have been accused of lying to obtain the search warrant for the home. … Before copies of the proposed indictment were released, Sarah C. Dozier, Ms. Johnston's niece, sent a letter to Mr. Howard asking him to recuse himself from the case. She cited concerns that a federal civil rights investigation into her aunt's death would extend to his office and create a conflict of interest. … Mr. Hutchins said Mr. Howard had not informed the Johnston family or their lawyers, federal investigators or federal prosecutors about his intention to seek murder charges. … Stephen Emmett, a spokesman for the F.B.I., has

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also said that his office had not been informed of Mr. Howard's plans and that they considered the investigation into Ms. Johnston's death to be ongoing, The Atlanta Journal-Constitution reported."

NYTimes Praises Feinstein Voting Machine Probe. The New York Times (2/9, 1.16M) editorializes, "Time is growing short to head off more embarrassing voting machine scandals. The presidential election looms, yet nearly half of the states offer no reassuring paper trail so voters who use electronic voting machines can check that their ballot choices are accurately recorded. With a proper sense of urgency," Sen. Dianne Feinstein "is asking all of the right questions about voting technology. This week, she ordered an investigation of the case of as many as 18,000 electronic votes that turned up missing in a tight Congressional race in Florida last November. … It is good news that Ms. Feinstein has called for the federal investigations -- and that she is pushing a bill to require paper trails nationally. As long as there are no paper records, and voting machine manufacturers continue to insist that the software that runs the machines is a 'trade secret,' voters cannot be expected to trust that votes are being counted correctly."

ANTITRUST:

Online House-Hunting Is Changing Real Estate Market. USA Today (2/9, Knox) reports, "If there's any lingering doubt about how the Internet is transforming the way people buy and sell homes, here's eye-widening proof: Marnie Azadian and her husband just moved from Scottsdale, Ariz., into a $410,000 home in Tulsa that they bought 100% over the Internet. … Risky? Maybe so. But this is just a glimpse of how rapidly and radically the Internet and other techno-gadgets are reshaping real estate sales. Already, 80% of buyers used the Internet to help find a home, according to the National Association of Realtors. Day by day, new real estate tools are surfacing on the Web." USA continues, "Technology is shifting knowledge and power to buyers and sellers. In doing so, it's loosening Realtors' long-standing control of vital information and cutting into their sales commissions. For more than 100 years, Realtors have guarded the details of homes for sale via their multiple listing services. At least 900 regional MLS systems exist nationwide. Unless the MLS systems become more open, unified and technologically sophisticated, they risk being replaced by a Web search engine." USA adds, "Signs of upheaval in the industry were evident by late 2005, when the Justice Department filed an antitrust lawsuit against the National Association of Realtors. Justice wants the Realtors to stop letting brokers withhold for-sale listings from low-cost Internet rivals. … The Realtors' policy is on hold. But Brian McDonald, a deputy assistant attorney general for the antitrust division, says the policy's restrictions still exert 'a chilling effect in the market' because some companies won't risk introducing new Internet business strategies if they could be undercut in the future. … But even as the two sides file motions, delaying the trial, the Internet is leveling the playing field and prodding the industry to adapt …"

Kerry Opposes Baseball's Extra Innings Deal With DirecTV. The New York Times (2/9, Sandomir) reports, "The pending deal to shift Major League Baseball's Extra Innings package exclusively to DirecTV starting in April is still not ready to be announced, but Senator John Kerry, Democrat of Massachusetts, would like to undo it. … In that desire, he is no different from the many fans enraged that Extra Innings — a 10-channel service that transmits out-of-market games for $179 a year — will disappear from cable TV homes altogether, and will be available only to DirecTV subscribers or, under baseball's banner, on mlb.com." The Times quotes Kerry as saying, "There's a whole movement toward fans being screwed by consolidation which raises prices and reduces options." The Times adds, "DirecTV has agreed to pay $700 million over seven years to carry Extra Innings and a new baseball channel (which will begin in 2009). … Kerry isn't sure the deal can be scotched, but last week he wrote to Kevin Martin, the chairman of the Federal Communications Commission, asking him to investigate it. … Kerry's demand to alter the deal aligns with the desire of Dan Asnis, a Mets fan from South Brunswick, N.J., who started an online petition to keep Extra Innings on cable." The Times notes that last year, when he was still chairman of the Senate Judiciary Committee, Sen. Arlen Specter (R-PA) "fulminated about the antitrust implications of some of the National Football League's TV practices, such as its exclusive deals since 1994 to sell its Sunday Ticket package of out-of-market games to DirecTV. … Now, Specter said by telephone: 'Since I found out about the baseball deal, I've asked my antitrust people to do research to confirm my preliminary judgment that it's an

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antitrust violation. But I don't think I'll be able to stop it.' … Baseball has a longstanding, Supreme Court-blessed exemption from antitrust laws, except for its labor dealings, which were removed in 1998. … Unlike baseball, the N.F.L. lacks a broad, if ambiguous, exemption. But it has had a narrow one (as other leagues do) to collectively sell its teams' broadcast rights as permitted by the Sports Broadcasting Act of 1961, an exemption that Specter would like to get rid of. He joked that he was selling rights to his regular squash games to DirecTV."

Carlyle's Bid For Chinese Firm Sparks Antitrust Dispute. The Financial Times (2/9, Tucker, Dyer) reports, "The attempt by Carlyle to take a big stake in a Chinese construction equipment maker was the subject of 'fighting' among regulators in Beijing over whether to approve the deal, according to people familiar with the situation." The Times continues, "The US private equity group agreed in October 2005 to pay $375m for an 85 per cent stake in Xugong Construction Machinery, a listed company whose parent is controlled by the local government of Xuzhou city, after a public auction. … However, the deal got caught up in the backlash over foreign investment, and although Carlyle cut its planned investment to a 50 per cent stake, the deal still awaits regulatory approval." The Times adds, "To break the impasse over Carlyle's investment in Xugong, several government departments held an unprecedented three-day meeting last summer in Beijing to try to agree on a policy for foreign investment in the construction machinery sector. … Last November, the influential State-owned Assets Supervision and Administration Commission decided Carlyle could take a 50 per cent stake. Many analysts expected the revised deal to be rubber-stamped quickly by the Ministry of Commerce and State Council. … However, people close to the situation said some officials at the ministry were lobbying for Carlyle to be forced to take a minority stake, deeming the sector to be of 'strategic' importance."

Music Industry Officials Slowly Coming Out Against Jobs' Open System Proposal. The Washington Post (2/9, D02, Musgrove) reports, "The recording industry is beginning to respond to a proposal made this week by Apple chief executive Steve Jobs calling for an open music system that would allow songs to be played on any device. … The answer, so far, is no." The Post continues, "Edgar Bronfman Jr., chief executive of the Warner Music Group, said in a conference call with analysts yesterday that Jobs's stance is 'completely without logic or merit.' … 'We advocate the continued . . . protection of our and our artists' intellectual property,' Bronfman said." The Post adds, "Jobs's letter, which was posted on Apple's Web site Tuesday, has sparked a broad conversation about the business of digital music and renewed interest in the measures that have so far limited consumers' options. Today, music purchased on Apple's iTunes store, for example, can be played only on iPod players, while music purchased elsewhere on the Internet is not playable on the iPod, the dominant digital music player on the market. … Jobs argues that without digital rights management, or DRM, software that employs these controls, consumers would be able to buy tracks from any online music store and play them on any digital music device, just as DVDs purchased or rented from any store can be read by any DVD player, regardless of the manufacturer. … 'Bronfman attacked the assertion that anti-piracy technology was the reason that iTunes music will not play on anything but an iPod. 'The issue is obscured by asserting that DRM and interoperability is the same thing. They are not. To suggest that they cannot co-exist is simply incorrect.'"

The Financial Times (2/9, Chaffin) reports, "Mr Bronfman is the first head of one of the major record companies to publicly reject the Apple chief executive's suggestion, which was published as an open letter on Tuesday. Several, however, have privately fumed about the idea, calling it disingenuous." The Times continues, "Mr Bronfman acknowledged that it had been 'a difficult quarter.' Yet he laid most of the blame on the company's release schedule, which included big acts such as Madonna and Greenday during the same period last year. … The record companies are frustrated that Apple reaps most of the benefits of online music through sales of its iPod while the music they supply is often pirated or discounted. Yet they have been forced so far to accept Mr Jobs' conditions because Apple dominates the online market at a time when they are desperate to demonstrate progress in their digital businesses."

EU OKs Scheidner Purchase Of APC. The AP (2/9) reports, "EU regulators said Thursday that French electric equipment maker Schneider Electric SA could buy American Power Conversion Corp. if it sells off its uninterruptible power supply unit." The AP continues,

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"Schneider offered to sell off its MGE UPS Systems SA subsidiary after the European Commission found that the Schneider-APC deal would 'significantly reduce competition' in the market for small power supply devices used to protect personal computers and other electronic equipment against power surges." The AP adds, "The French company had originally planned to combine the two units, saying this would generate annual cost savings of $220 million (173 million euros). … But the EU executive said APC and MGE are the No. 1 and No. 2 suppliers in Europe and their nearest rival has a very limited market share. … 'The Commission considered that the proposed transaction as initially notified was likely to weaken competition,' it said. 'The Commission's clearance is conditional upon the divestiture of Schneider Electric's business related to small UPS devices.' … The sell-off would clear up any antitrust problem with the deal, it said."

ENVIRONMENT:

Economists Surveyed By WSJournal Support Fossil Fuels Tax. The Wall Street Journal (2/9, A6, Izzo, 2.04M) reports that economist surveyed by the newspaper say the "government should encourage development of alternatives to fossil fuels. … But most say the best way to do that isn't in President Bush's energy proposals: a new tax on fossil fuels. Forty of 47 economists who answered the question said the government should help champion alternative fuels. Economists generally are in favor of free-market solutions, but there are times when you need to intervene,' said David Wyss at Standard & Poor's Corp. 'We're already in the danger zone' because of the outlook for oil supplies and concerns about climate change, he said. A majority of the economists said a tax on fossil fuels would be the most economically sound way to encourage alternatives."

WPost Backs Maryland "Clean Car" Bill. The Washington Post (2/9, A18, 690K) editorializes, "Two years ago, Maryland lawmakers narrowly rejected a bill intended to make automobile emissions safer to breathe and to mitigate their contribution to global warming. They acceded to auto industry lobbyists who argued that the legislation would hurt their business while doing little for public health or the environment. Those arguments were wrong then, and they're wrong now." A "fresh attempt in Annapolis to enact a 'clean car' bill" would "Maryland to the growing list of states that have embraced a clean-car program modeled on the one implemented by California more than 15 years ago."

New York To Sue Five Firms Over 50-Year-Old Oil Spill. The New York Times (2/9, Confessore) reports, "New York State moved to sue Exxon Mobil and four other companies on Thursday to force them to clean up a half-century-old spill of millions of gallons of oil lying under the Greenpoint neighborhood in Brooklyn and to repair environmental damage inflicted on nearby Newtown Creek." The Times continues, "The spill, originally several times the size of the Exxon Valdez oil leak, resulted from an accident in the 1950s and lay undiscovered until 1978. In notices of intent to sue that were sent to the five companies, Andrew M. Cuomo, the state attorney general, said that so much oil had leaked into the creek that some samples of its sediment, when dried and weighed, were nearly one-tenth oil. … The notices also disclosed that an internal study by one of the companies found nearly 100 different pollutants in the creek water or sediment, including benzene, arsenic and lead. … The other companies receiving the notices were BP, Chevron, KeySpan and Phelps Dodge." The Times adds, "The state's action is a sharp turning point in its handling of the spill, which in recent years has occasioned lawsuits by Greenpoint residents, local elected officials and environmental groups. A 1990 agreement between Exxon Mobil and state environmental officials had required the company to recover the spilled oil, but it specified no deadline and required no remediation of either the creek or the polluted soil under Greenpoint. … About eight million gallons of oil and petroleum byproducts are believed to remain underground, and past soil tests have revealed that the spill releases toxic vapors into the neighborhood above. Mr. Cuomo's action will seek a far faster pace for recovering the oil, extensive scientific testing to determine damage to the soil and groundwater, and millions of dollars in fines. Cleanup costs could increase the companies' expense by tens of millions of dollars, Mr. Cuomo's aides said."

WSJournal Disputes Reports Regarding AEI, Global Warming Research. The Wall Street Journal (2/9, 2.04M), in an editorial, writes, "Last week the London Guardian published a story headlined, 'Scientists Offer Cash to Dispute Climate Study.' The story alleges that the American Enterprise Institute (AEI), a conservative-leaning think tank in Washington, collected contributions from ExxonMobil and then offered climate scholars $10,000 so they could lobby against global warming legislation." The Journal adds, "Here are the facts as we've been able to

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collect them. AEI doesn't lobby, didn't offer money to scientists to question global warming, and the money it did pay for climate research didn't come from Exxon. What AEI did was send a letter to several leading climate scientists asking them to participate in a symposium that would present a 'range of policy prescriptions that should be considered for climate change of uncertain dimension.'"

Compensation Urged For Bird Flu Poultry Kill Victims. In an op-ed for the New York Times (2/9, 1.16M) Ruth R. Faden and Patrick S. Duggan of the Johns Hopkins Berman Institute of Bioethics, and Ruth Karron, director of the Center for Immunization Research at the Johns Hopkins, write, "When poultry become infected with the deadly strain of avian influenza (H5N1), it is essential that all birds nearby be culled to prevent further spread. We all stand to benefit from this important pandemic prevention strategy. Unfortunately, however, the world's poor are unfairly shouldering the burden of the intervention." The authors urge government officials to "compensate people who suffer losses from bird-culling programs, regardless of whether the destroyed birds are infected with the avian influenza virus."

FBI/DEA/ATF/USMS:

Los Angeles Pledges Crackdown On Most Violent Gangs. The AP (2/9, Glazer) reports, "Abandoning the long-held belief that naming the worst gangs boosts their street image, the mayor and police chief identified 11 of the most violent groups Thursday and promised to confront them with more law enforcement." The AP continues, "Authorities are reversing strategy in response to a surge in gang bloodshed that has defied the city's continuing drop in overall crime. The Police Department says the city has 400 gangs with about 39,000 members, though other agencies estimate there are more than 700 groups." The AP adds, "Mayor Antonio Villaraigosa and police Chief William Bratton were to announce the plans Thursday at a police station in a San Fernando Valley neighborhood where gang crime more than doubled last year. … Gangs selected for the 'Most Wanted'-style list have histories of assaulting police officers or targeting victims based on race, said Lt. Paul Vernon, a police spokesman. … Other parts of the initiative involve seeking more gang injunctions that ban members from congregating in certain neighborhoods, training residents on how to recognize gang members and creating a list of the 10 most wanted gang members, Vernon said." The AP notes, "Villaraigosa has appealed to U.S. Attorney General Alberto Gonzales for millions of dollars in anti-gang funds and for more federal prosecutors to pursue racketeering and other charges mostly used in the past against organized crime. Gonzales has identified gangs as one of the country's greatest security threats. … The mayor is also working with FBI Director Robert Mueller, who has assigned agents to an anti-gang task force in the San Fernando Valley to work alongside police officers deputized as federal officers."

Study Finds Youth Gang Crackdowns Can Be Counter-Productive. AFP (2/9, Rabuffetti) reports, "Tough police crackdowns on gang violence are counterproductive and lead to better-organized gangs, a new study showed amid talks between US and Latin American police chiefs to hammer out a global strategy to tackle the scourge." AFP continues, "The year-long study, conducted in El Salvador, Honduras, Guatemala, Mexico and the US capital, said repressive police actions against youth gangs have actually made the problem worse. … 'The research shows that gangs have grown more organized rather than less in response to hard-line police approaches. Public security has not improved as a result of these strategies,' said the researchers led by the Instituto Tecnologico Autonomo de Mexico, a private institute of higher education in Mexico City." AFP adds, "The report, released by the Washington Office on Latin America (WOLA), comes a day after a three-day international summit opened in Los Angeles with the aim of forging a strategy to curb the menace of violent criminal gangs. … Latino gangs that originated in Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies. … The report recommends following 'best practices' seen elsewhere in Central America and the United States. … Recommended practices cited by the report included police efforts in Washington to treat the problem comprehensively, 'police involvement in prevention programs' in Nicaragua and local efforts in Central America to develop community-based responses."

Reputed Norte Del Valle Cartel Boss Deported To Colombia. Including yesterday's reports, there are now nearly 200 media references to Cuba's deportation of a reputed Norte del Valle cartel boss. The AP (2/9) reports officials said Cuba "deported reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States to face

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trafficking and money laundering charges. Gomez, an alleged boss of the Norte del Valle cartel known by his alias 'Rasguno,' had been held in Cuba since his 2004 arrest at Havana's main airport. He fled Colombia after Washington offered a $5 million reward for the capture of that country's top drug traffickers. … The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration." CBS News, Forbes, the New York Times, Washington Post, Los Angeles Times, Houston Chronicle, Dallas Morning News, and Denver Post are among the media outlets that used the AP story.

The BBC (2/9) reports officials in Cuba and Colombia "confirmed that the deportation had been completed. … According to the US Drug Enforcement Administration, [the cartel] is believed to be behind as much as 60% of all the cocaine consumed in the US."

Landis Agrees Not To Race In Tour de France, Doping Deliberations To Continue. There are more than 600 media references to the doping case against American cyclist Floyd Landis. For example, the New York Times (2/8, Bowley) reported Landis has agreed not to "defend his controversial 2006 victory in the Tour de France. In return, France's anti-doping agency said it would postpone a decision on whether to suspend him from racing for two years after he was accused of using an illegal steroid to help him win the tour. The agency's president, Pierre Bordry, said the French authority would resume its deliberations on the case no later than June, after the United States Anti-Doping Agency considers its own doping case against Landis."

The Los Angeles Times (2/9) reports, "Both investigations stem from the same accusation — that Landis illicitly doped with testosterone during one stage of the 2006 Tour de France. Landis denies the contention, alleging that errors and sloppy procedures by the Paris anti-doping lab that tested his samples produced a false positive result."

The Houston Chronicle (2/9) reports a hearing "scheduled Thursday in Paris before French anti-doping authorities (AFLD) that was expected to result in Landis' being stripped of his 2006 title and suspended from racing in France for two years was postponed until after the 30-year-old American gets his day in court with the U.S. Anti-Doping Agency on May 14."

Bloomberg (2/8) reported Landis, who "denies taking banned drugs, has said he was unlikely to race this year anyway because he had hip surgery in September. The 31-year-old aims to return for the 2008 Tour de France. This year's edition of cycling's most prestigious competition begins July 7 in London and ends three weeks later in Paris."

In a widely reported story from Paris, the AP (2/9) reports last year's Tour champion "had hip-replacement surgery 4 1/2 months ago and was unlikely to have competed in this year's Tour. He agreed yesterday not to race again in France until 2008, and in return the French anti-doping agency postponed its decision on whether to suspend him from competing in France for a maximum of two years because of a positive doping test." ABC News, the San Francisco Chronicle, San Diego Union-Tribune, and Arizona Republic are among the news outlets that used the AP story.

On its Web site, CNN (2/8) reports, "In a letter read by his lawyer to the AFLD hearing, Landis asked for the chance to first defend himself in front of the U.S. Anti-Doping Agency (USADA). … In the letter, Landis wrote: 'Let me assure you that I fully share the goal of preventing illegal doping.'"

Jury Hears Corrupt Cop's Taped Conversation In Chicago Suit. The Chicago Tribune (2/9, Coen) reports, "Jurors considering a lawsuit filed by a former federal agent against the city of Chicago listened Thursday as the ex-agent's lawyers played a secretly taped conversation between notorious former Officer Joseph Miedzianowski and a police official who had been assigned to investigate him." The Tribune continues, "It was 1998. And while the internal look at Miedzianowski's activity had been over for years, a federal net was closing in on the corrupt cop and his home phone had been tapped. .. .On the tape, Raymond Risley, head of the Police Department's internal affairs division when Miedzianowski was being investigated, could be heard discussing the allegations that had been made by Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms. … The suit filed by Klipfel and her husband, who is still an agent, was progressing. … 'It's so [expletive] muddied up,' said Risley, a deputy chief at the time of the call. 'I don't think she's going to get anywhere. It's [expletive] crazy.'" The Tribune notes, "Risley told Miedzianowski he had kept 'all kinds of stuff' related to the internal investigation, which began in early 1993, about a year after Klipfel first contends she tried to report Miedzianowski for stealing from drug dealers. … In her federal civil suit seeking

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damages, Klipfel contends that Miedzianowski flipped internal investigations onto her as the city failed to root out a corrupt cop. She also says she left the ATF about a year before Miedzianowski was charged with leading a drug conspiracy. He was labeled the most corrupt cop in the history of Chicago by federal prosecutors and was convicted in 2001."

Washington Bill To Close Gun Show Loophole Sparks Debate. The AP (2/9) reports from Olympia, WA, "Supporters and opponents showed up by the hundreds Thursday to hear testimony on a measure designed to prevent the unregulated sale of handguns at gun shows in Washington." The AP continues, "Backers said the bill would help prevent criminals from getting firearms; those against said it would only put further restrictions on gun ownership. … The bill has failed in past sessions, and doesn't appear to have much of a shot at passing this year. Leaders in both the House and Senate have said they don't see enough support for it. … But that didn't prevent partisans from turning out en masse. Members of the crowd had buttons identifying themselves as for or against the bill, but other than some heated debate and clapping and jeering during testimony, things stayed civil at the hearing in front of the Senate Labor, Commerce, Research and Development Committee." The AP adds, "Federally licensed firearms dealers - including those who operate at gun shows - must perform background checks on anyone who purchases a firearm and keep records of buyers' names and addresses. For handgun buyers, state law also requires a five-day waiting period. … But people who only make occasional sales at gun shows - such as collectors - aren't considered dealers, and can sell handguns without a background check or waiting period. … The measure would require all dealers at gun shows to be licensed and perform background checks. … Opponents say criminals do not obtain their guns at gun shows and that the bill would further restrict gun ownership rights. Supporters say the exemption is a dangerous opportunity for criminals to evade the background checks. … California and Oregon have passed similar measures."

IMMIGRATION:

Texas Town Deals With Aftermath Of Unprecedented ICE Raid. The Washington Post (2/9, A2, Moreno, 690K) reports that the streets of Cactus, Texas, "are virtually empty nowadays. … An estimated 12 to 18 children are now living with only one parent since the other was arrested in a massive immigration raid at the biggest employer in town. On Dec. 12, hundreds of Immigration and Customs Enforcement agents clad in riot gear and armed with assault rifles descended on the Swift & Co. meatpacking plant in a coordinated raid of six of the company's facilities nationwide. The operation was the government's largest single work-site enforcement operation ever. The plant in little Cactus…was the largest one raided. Almost a quarter of the 1,282 suspected illegal immigrants arrested in the raids were removed from the Cactus plant."

Illegal Immigrants Targeted By Gunmen Along Mexican Border. The New York Times (2/9, Archibold, 1.16M) reports, "Three illegal immigrants were shot to death, three were wounded and others were missing Thursday near Tucson after gunmen accosted them as they traveled north from the Mexican border, the authorities said. The shootings came a day after gunmen in ski masks and carrying assault-style rifles robbed 18 people who had illegally crossed the border 70 miles to the south, near Sasabe. On Jan. 28 a man driving illegal immigrants from the border several miles from the scene of Thursday's killings was ambushed and shot to death as the immigrants fled. The federal and local authorities were investigating whether the spate of shootings was related."

USA Today/AP (2/9) reports, "Investigators did not immediately know a motive for Thursday's attack, but gangs of bandits are known to roam border areas preying on illegal immigrants as they cross into the country. Feuding among smuggling organizations also is not uncommon, sometimes involving demands for ransoms from the immigrants relatives to gain their freedom." AFP (2/9) also reported on the incidents.

Schwarzenegger's Comments On Assimilation Spur Outrage. The Los Angeles Times (2/9, Gorman, 850K) reports, "Gov. Arnold Schwarzenegger's off-the-cuff comments in recently released audio recordings about illegal immigration and the unwillingness of Mexicans to assimilate into American society have drawn angry responses this week from Latino community and political leaders. … 'His comments were highly offensive and outrageous,' said Assembly Assistant Majority Leader Kevin de Leon." The Times notes that the "controversy is the latest flap for the governor involving casual conversations that were not intended to become public. The recordings were made by a

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speechwriter and temporarily stored on the governor's website. A six-minute excerpt was first made public by The Times in September.'

Alarm Over Illegal Immigration Reportedly Helping KKK. USA Today (2/9, 3A, Kim, Bazar, 2.27M) reports, "The Ku Klux Klan is stepping up its activities in some parts of the country, a trend that its leaders and opponents tie to anti-immigrant sentiment." The Christian Science Monitor (2/9, Knickerbocker, 59K) reports, "It is the debate over what to do about the nation's nearly 35 million immigrants, of whom about 11 million are in the US illegally, that has become the Klan's main recruiting tool."

CONGRESS-ADMINISTRATION:

White House Defends Pelosi As House GOP Criticizes Aircraft Request. The kerfuffle over House Speaker Nancy Pelosi's request for use of a larger US Air Force jet to take her back and forth between Washington and her San Francisco district receives substantial coverage, with two broadcast networks and several major newspapers running reports. Many stories highlight White House Press Secretary Tony Snow's defense of the Democrat, and how that has put the White House at odds with some Republicans in Congress.

The CBS Evening News (2/8, story 5, 1:55, Couric, 7.66M) said "it's not often that the White House sides" with Pelosi, "but it happened today, as the House Speaker fired back at the Pentagon over which plane she'll take on visits home." CBS (Attkisson) added, "During floor debate today, Republicans could barely contain their glee over the idea of Nancy Pelosi flying around on a military version of a jet big enough to carry everyone in the House." Rep. Patrick McHenry: "Speaker Pelosi asked for carte blanche access to one of the most extravagance and luxurious airliners in the military arsenal." Attkisson: "Pelosi insists she never asked for the Air Force 757…but her good friend Rep. Jack Murtha, who oversees the military budget, did fess up to calling the Defense Department about a plane on Pelosi's behalf. … Pelosi suggested the Pentagon may have leaked the plane story as payback." Pelosi: "This is really something that is very strange that the department of defense, the Pentagon, which I have been a constant critic of the war on Iraq, has decided they would go public about a conversation on an issue that applied to the previous Speaker." NBC Nightly News (2/8, story 4, 0:43, Williams, 9.87M) said Pelosi "denied ever asking for any specific type of aircraft, saying that what she flew in was up to the Air Force."

Fox News' Special Report (2/8, lead story, Wallace) opened its broadcast by saying, "The White House calls it a 'silly story,' but the House of Representatives is taking seriously the debate" over the plane. The Washington Times (2/9, Scarborough, Hurt, 88K) says that as Pelosi "defended her bid for a large U.S. Air Force jet to take her home and back to Washington nonstop," the "White House backed her up." Pelosi "suggested that former Defense Secretary Donald H. Rumsfeld may be involved in leaking information about her request," but Larry Di Rita, Rumsfeld's "spokesman while defense secretary, responded, 'Secretary Rumsfeld's priorities while in office did not allow for time to get too involved in member travel issues, and I doubt that has changed since he left.'" Snow "defended Mrs. Pelosi against Republican criticism and labeled as 'silly' press coverage of her request."

The New York Times (2/9, Hulse, 1.16M) says Republicans accused Pelosi "of putting on royal airs" as they "stepped up their campaign to portray her as a luxury-loving San Franciscan because her cross-country travel could require a larger military jet than the one used since the Sept. 11, 2001, attacks to ferry Speaker J. Dennis Hastert home to Illinois." The "House debate poked fun at the speaker's love of chocolate" and "lamented the torment of missed connections and middle seats. … The White House weighed in, as well. 'This is a silly story,'" Snow said, adding that the "Republican criticism was unfair and that the Bush administration essentially sided with Ms. Pelosi." USA Today/AP (2/9) says Pelosi received "rare help" from the White House against the "barrage of Republican criticism." The Hill (2/9, Kaplan) also says Snow "defended her right to travel nonstop across the country aboard a military jet."

House Sergeant-At-Arms Takes Responsibility For Request. Roll Call (2/9, Van Dongen) reports Pelosi "released a rare statement from House Sergeant-at-Arms Bill Livingood on Thursday afternoon in which he took responsibility: for requesting an aircraft. Livingood said, "In a post-9/11 threat environment, it is reasonable and prudent to provide military aircraft to the Speaker for official travel between Washington and her district. The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security purposes, unless such an aircraft is unavailable."

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LATimes Decries "Hot Air" Over Pelosi's Plane. The Los Angeles Times (2/9, 850K) editorializes, "At least 21 government officials can request transport via C-40, including those as far down on the presidential succession list as the secretary of education; to do so is hardly an abuse of power. Even the Bush administration, rarely shy about slinging partisan mud, seems disgusted by the attacks on Pelosi. … Hopefully, the federal government can figure out how senior political officials can fly coast to coast both in safety and nonstop. Until then, buckle up -- the hot air ahead is likely to be turbulent."

Air Force One Undergoing "Extensive Overhaul." The Washington Post (2/9, A17, Kamen, 690K) "In The Loop" column writes that Air Force One "is in the shop for an extensive overhaul, a job that could take many months. … There's a second 747 ready to go as Air Force One," but the President's "backup now is one of the 757s out of the government fleet of only four such planes. These are used by, among others, Vice President Cheney and Secretary of State Condoleezza Rice. Problem is that two of those four 757s also are undergoing long-term maintenance overhauls. So that leaves only one of the big planes available. Cheney has dibs over Rice, unless he's flying domestic and she's going overseas."

Democrats Put Their Stamp On 2007 Spending Bill. The Wall Street Journal (2/9, A6, Rogers, 2.04M) reports, "Stalled on Iraq, the Senate turned to domestic business, hoping to send a giant spending bill to President Bush next week to fill the gap left by the collapse of the budget process under Republican rule last year. The $463.5 billion measure keeps to the limits set by the White House, but imposes a strong Democratic imprint on funding for the rest of the fiscal year ending Sept. 30. Veterans medical services, education, transit and health care will see spending increases. … And despite a self-imposed moratorium on spending earmarks for lawmakers' districts, oil and research programs at the National Energy Technology Laboratory, or NETL, in West Virginia could benefit, thanks to Senate Appropriations Committee Chairman Robert Byrd (D., W.Va.).

WPost Puts Current Defense Spending In Historical Context. The Washington Post (2/9, 690K), in an editorial, writes, "As a share of the U.S. economy, defense spending was at a near-historic low before Sept. 11, 2001, and even if Mr. Bush's new budget is fully funded, it will still be well below the average over the past century. Defense spending is now just under 4 percent of gross domestic product, compared with 9.5 percent during Vietnam; the Reagan-era buildup took a 50 percent larger piece of national output. … The reality that the budget reflects is that U.S. defense spending will have to return in the years ahead to its historic level of 5 percent of GDP -- at least -- and remain there for some time. That's because the American role in heading off threats in an increasingly disorderly world will not change soon, and because the military faces the need to replace aging tanks, planes and ships with 21st-century systems. If anything, the new budget low-balls the numbers."

Bush's Budget Said To Exacerbate Income Inequality. In his Washington Post column (2/9) E. J. Dionne writes, "The cutbacks in health coverage for lower-income working families are among the most egregious of the president's fiscal choices. And it's not just Democrats who are saying so. 'These cuts interfere with the fundamental responsibility of government: to safeguard the lives of its citizens,' said Connecticut Gov. M. Jodi Rell, a member of that small, hardy group of Northeastern Republicans to survive November's Democratic tide." Dionne adds that Bush's budget is "destined to make income inequality much worse."

Congressional Earmarking Now "Hidden From Public View." In her column for the Wall Street Journal (2/9, A10, 2.04M) Kimberley Strassel writes, "in a nod to voter disapproval with…special-interest projects, this year Congress will do its pork spending in secret. Welcome to Congress's new and dirtier earmark game, in which the big spenders are setting all the rules. In front of the cameras, both parties claim to have found earmark religion, and are talking up a bill that would reform the way Congress asks for billions in goodies for lawmakers' home districts. Behind the scenes, they're working feverishly to keep the earmarks rolling, this time using a technique outside of the legislative process and hidden from public view."

Senate's Spousal Lobbying Ban Applies Only To Conrad's Wife. The Washington Times/AP (2/8) reports, "Ethics legislation designed to prevent senators' spouses from lobbying the Senate seems to have a limited reach, allowing some husbands and wives to go about their business. In fact, the legislation appears to affect the spouse of only one lawmaker: Sen. Kent Conrad, North Dakota

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Democrat. Mr. Conrad's wife, Lucy Calautti, is a top lobbyist for Major League Baseball and is affiliated with the firm Baker Hostetler. She became a lobbyist after her 1987 marriage to Mr. Conrad, disqualifying her from an exception in the bill that would allow some Senate spouses to continue lobbying." The provision "has an exception allowing those who became lobbyists at least one year before their marriage or their spouse's election to still lobby the chamber."

Miller Reportedly Sought Federal Funds To Purchase Land He Owned. The Hill (2/9, Crabtree) reports, "For over two years, Rep. Gary Miller (R-Calif.) helped members of a southern California city council in their pursuit of federal and state funds for a wilderness preserve project that included the purchase of 165 acres that he owned. The FBI is looking into whether Miller violated tax laws. He failed to pay capital gains taxes on the sale of his land to the City of Monrovia, claiming that the city imposed eminent domain, which allows a government agency to force a sale if it is deemed to be in the public interest. City of Monrovia officials deny that they invoked eminent domain."

Pelosi Fills Ethics Panel Slots. Roll Call (2/9) reports Speaker Nancy Pelosi "filled out the Democratic roster on the House Committee on Standards of Official Conduct. Pelosi named Reps. Gene Green (Texas), Lucille Roybal-Allard (Calif.), Mike Doyle (Pa.) and Bill Delahunt (Mass.) to serve under ethics Chairwoman Stephanie Tubbs Jones (Ohio.)." The Hill (2/9, Marre) also briefly reports on Pelosi's selections.

Reid Hints At Negotiation On BRAC Funds. The Hill (2/9, Schor) reports Senate Majority Leader Harry Reid "yesterday moved to shorten debate on the continuing resolution (CR) that must pass next week or risk a government shutdown, but he signaled willingness to negotiate with Republicans on opening the spending measure to amendments." Republicans "are amplifying their calls for votes on several changes to the $463 billion CR, reiterating their concerns about minority rights that also have stalled a bipartisan nonbinding resolution on Iraq. Restoring $3.1 billion that was sliced from funding for the military's base realignment and closure (BRAC) program tops the GOP's agenda, which also includes more funding for infant AIDS treatment and payments to victims of crime." Reid said he is discussing with Senate Minority Leader Mitch McConnell "whether to allow votes on a limited number of amendments, including some from Democrats. Yet Reid warned Republicans not to resort to obstruction."

Senators Fight Presidential National Guard Authority. The Hill (2/9, Tiron) reports leaders of the "Senate National Guard Caucus are fighting to repeal legislation slipped into the latest defense authorization bill that would make it easier for the president to declare martial law and assume control of the National Guard. The law, which President Bush signed last fall, revised the 200-year-old Insurrection Act, which empowered the president to use the military as a police force during a rebellion." The new provision, crafted by Senate Armed Services Chairman Carl Levin and ranking member John Warner "says the president can call up troops to deal with natural disasters, epidemics and terrorist attacks, among other events."

Waxman Suggests Coast Guard Overhaul Program Cover-Up. The Washington Post (2/9, A6, Hsu, 690K) reports House Oversight and Government Reform Chairman Henry Waxman says "managers of the U.S. Coast Guard's $24 billion fleet-overhaul program appeared to cover up a Navy engineering report that highlighted design flaws in a new flagship cutter under scrutiny by government investigators." Waxman said the "December 2005 report included 'bottom-line' warnings in red ink on a pair of briefing slides that concluded the national security cutter, as it is known, would not last the required 30 years. But the warnings were deleted in a copy of the report given by Coast Guard officials to Department of Homeland Security auditors and altered in an edited version included in a wider briefing on the $1 billion-a-year fleet-replacement program, known as Deepwater, to the Coast Guard's commanding officer at the time, Waxman said."

Reid Among Clients Of "Celebrity Lawyer" Singer. The Washington Post (2/9, A17, Kamen, 690K) "In The Loop" column writes that Senate Majority Leader Harry Reid is among the clients of "Los Angeles celebrity lawyer Martin Singer, known for his take-no-prisoners style and investigative prowess." In December, "Reid paid Singer $25,000 on Dec. 14 from his senatorial campaign account for unspecified 'legal fees.'" Other Singer clients have included Gov. Arnold Schwarzenegger, Britney Spears, and Bruce Willis.

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OTHER NEWS:

Stock Markets Down Slightly. The Wall Street Journal (2/9, Civils, 2.04M) reports that "a day after setting a new intraday high just above 12700 points, the Dow Jones Industrial Average fell all the way back below the 12600 mark. But the Dow industrials rebounded to finish the day down 29.24 points at 12637.63." The S&P 500 "lost 1.71 to 1448.31," while the Nasdaq "fell 1.83 to 2488.67." NBC Nightly News (2/8, story 6, 0:10, Williams, 9.87M) briefly ran the numbers.

Retail Recovered Somewhat In January. The Wall Street Journal (2/9, A7, Covert, 2.04M) reports, "Shoppers armed with gift cards went on a belated holiday shopping spree last month, but many in the industry fear retail sales will soften in the coming months." The New York Times (2/9, 1.16M) adds that the "arrival of frigid temperatures in much of the country helped sales of cold-weather items."

Florida High Court Ruling Raises Questions About Child Support. The Christian Science Monitor (2/9, Richey) reports from Fort Lauderdale, FL, "Sixteen months after his divorce, Richard Parker made a devastating discovery. A DNA test revealed that his 3-year-old son had been fathered by someone else. … Mr. Parker immediately filed a lawsuit claiming fraud by his apparently unfaithful ex-wife. He took his case all the way to the Florida Supreme Court." The Monitor continues, "Last week, the Florida justices ruled 7-0 against him. They said that Parker must continue to pay $1,200 a month in child support because he had missed the one-year postdivorce deadline for filing his lawsuit. His court-ordered payments would total more than $200,000 over 15 years to support another man's child." The Monitor adds, "The Parker case illustrates an increasingly contentious debate over the rights and responsibilities of divorced fathers who have been duped and don't challenge paternity at or near the time of divorce. But it also raises fundamental questions about the nature of fatherhood and the legal responsibilities that can attach to a father-child relationship – even when that relationship is the result of fraud and deception by a wife and mother. … Most states have laws that permit courts to order men who have been deceived to continue to make child- support payments even when they have no biological connection to the child. The idea is to minimize any disruption in the life of the child. In recent years, some states have begun passing laws that give deceived dads some ways to fight back. … There are no reliable estimates of how often 'paternity fraud' takes place. Some findings suggest 4 to 10 percent of fathers, but no definitive study has been completed."

White House Risks Being Sidelined As Election Season Heats Up. The Washington Post (2/9, Baker, 690K) writes on its front page that "this is the first White House in 80 years without someone running for president, a twist of history that will shape not just the campaign but also the remainder of the Bush administration. With neither a president seeking reelection nor a vice president positioned as the heir presumptive, the Bush team will increasingly turn into a spectator in the nation's political debate. Its absence in the contest will spare the White House the trials of a campaign, easing the tensions between governing priorities and election imperatives that traditionally tear at the institution. Yet, at the same time, it means that no one will be making the case for the Bush legacy as 2008 nears. To one degree or another, all of the candidates, including the Republicans, will distance themselves from the president, particularly if he remains as unpopular as he is today." For President Bush, "the challenge will be to assert his leadership anyway. As a wartime commander in chief sending more troops to Iraq, he is more relevant than most lame-duck presidents. But he seems eager not to let the election debate pass him by."

GOP Conservatives Not Pleased With Field. Meanwhile, on its front page, the Washington Times (2/9, Hallow, 88K) says "many conservatives say they pick 'none of the above' when faced with a choice" between Rudy Giuliani, Sen. John McCain, and Mitt Romney. Dissatisfaction with the GOP frontrunners "is widespread among the party's conservative stalwarts."

Presidential Campaign Advertising To Last Longer Than Ever Before. The Hill (2/9, Holzer) reports presidential campaign advertising "will start hitting the airwaves in the coming months, far earlier in the election cycle than during the 2004 race, and the ads will barrage the American public for much longer." For the first time since 1972, both major-party nominees "are expected to forego public financing entirely." That, coupled with earlier primaries and a longer general election campaign, means more advertising. The "scramble has already begun," with Rep. Duncan Hunter's PAC airing an aid in Iowa, New Hampshire, and South Carolina in December.

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"Celebrity Candidates" Face New Hampshire's Retail-Politics Reality. The Hill (2/9, Youngman) writes about the presence of "celebrity candidates" like Sens. Hillary Clinton and Barack Obama in the New Hampshire presidential primary race. In a "state considered to be the Super Bowl of retail politics, a number of strategists" say both Democrats "would do well to focus on the voters, not the cameras. According to reports, Obama had more than 150 reporters in tow when he visited in mid-December."

Obama Sees Brief Political Résumé As "Greatest Strength." USA Today (2/9, Keen, 2.27M) gives full play to Sen. Barack Obama's formal entry into the presidential campaign, expected to come Saturday. On its front page, the newspaper writes that Obama "says the brevity of his political résumé is his 'greatest strength.' His work as a community organizer, civil rights attorney, constitutional law professor and state legislator 'provides me with insights into solving problems at the federal level and at the local level and at the neighborhood level,' Obama said in an interview." He said "that experience 'is what's needed right now." USA Today (2/9, 6A, Keen, 2.27M) runs the text of the interview as well. Obama said, "We face enormous challenges, challenges that are going to set the course of this country for the next generation. … I decided that I might have the kind of skills and life experience that were unique and it would be worthwhile for me to take the plunge." USA Today (2/9, 6A, Schouten, Keen, 2.27M) also runs a story on the race factor, saying that Obama "makes clear…that he hopes to make race irrelevant in his bid to become the first black to occupy the White House."

The Washington Post (2/9, Slevin, 690K) also has a front-page story on Obama today, focused on "the heart of Obama's political résumé," which lies in Springfield, Illinois, where he served in the state Senate for eight years. From a "district on the South Side of Chicago, he reached Republican-dominated Springfield as a committed liberal, later writing that he understood politics in the capital 'as a full-contact sport, and minded neither the sharp elbows nor the occasional blind-side hit.' Yet he emerged as a leader while still in his 30s by developing a style former colleagues describe as methodical, inclusive and pragmatic. He cobbled together legislation with Republicans and conservative Democrats, making overtures other progressive politicians might consider distasteful."

Obama To Skip Attend Nevada Presidential Forum. The AP (2/8, Hennessey) reports Obama "is skipping a forum for Democratic presidential candidates in Nevada this month -- his first opportunity to share a platform with his rivals for the 2008 nomination. Seven other announced or expected Democratic candidates," including Sen. Hillary Clinton, "have told organizers they will participate in the Feb. 21 forum in Carson City, Nev. It's the first such candidates forum of the 2008 presidential campaign. Obama, who is scheduled to be in southern Nevada the same week, couldn't work the Nevada forum into his itinerary, campaign spokesman Dan Pfeiffer said."

Edwards Learns Perils Of Dealing With "Raucous" Blogging Community. On its front page, the New York Times (2/9, Broder, 1.16M) writes that John Edwards "learned the hard way this week of the perils of grafting the raucous culture of the Internet to the decidedly staider world of a presidential campaign." The Democratic contender "announced on Thursday, after 36 hours of deliberation, that he would keep on his campaign staff two liberal feminist bloggers with long cybertrails of incendiary comments on sex, religion and politics. Deliberations over the fate" of Amanda Marcotte and Melissa McEwan "created a crisis in Mr. Edwards's nascent campaign" and "illuminated the treacherous road ahead as candidates of both parties try to harness the growing power of the online world." Edwards had to choose between keeping them and having "to answer for the sometimes vulgar and intemperate writings posted on their personal blogs before he hired them late last month," or dismissing them and facing "a revolt in the liberal blogosphere." The AP (2/8, Pickler) reports Edwards "said Thursday he was personally offended by the provocative messages" the two posted on their blogs.

The Politico (2/9, Ben Smith) says the "flap over alleged anti-Catholic writings" by Marcotte and McEwan has left "some members of the 'religious left'" feeling "shoved to the margins of the Democratic Party." Commonweal's Eduardo Penalver said, "We're completely invisible to this debate. As a constituency, the Christian left isn't taken all that seriously."

Krugman Praises Edwards Health Proposal. In his New York Times (2/9, 1.16M) column, Paul Krugman writes under the headline "Edwards Gets It Right" that "aalmost all prominent Democrats and quite a few Republicans pay at least lip service to calls for a major expansion of social insurance, in the form of universal health care. But fine

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words, by themselves, mean nothing. … I won't trust presidential candidates on health care unless they provide enough specifics to show both that they understand the issues, and that they're willing to face up to hard choices when necessary," and Edwards "has just set a fine example."

Clinton Selects New Hampshire State Campaign Director. The New Hampshire Union Leader (2/9) reports that Sen. Hillary Clinton's presidential campaign "has hired New Hampshire Democratic Party executive director Nick Clemons as its state campaign director." Clemons "has been party executive director since November 2004. He directed John Kerry's campaign in the state during the 2004 general election and was Kerry's field director during the New Hampshire primary campaign." Clinton campaign national field director Karen Hicks "called Clemons 'one of the best political organizers in the state. He will bring a wealth of experience, a savvy and great set of contacts to the Clinton campaign.'"

Bill Clinton Makes No Mention Of Wife's Campaign In Texas Speech. The Dallas Morning News (2/9, Jeffers, 500K) reports ex-President Clinton, speaking at Rice University, "called on Americans to move from interdependence to an integrated society that focuses on security, diplomacy and improvements on such issues as health care and energy." His speech before a crowd of 4,000 "was a sprawling lecture nearly devoid of politics. He even refrained from discussing the presidential aspirations of his wife." The Houston Chronicle (2/9, Grant, 530K) reports Clinton encouraged the students "to help steer the country in a positive direction while taking a global view of today's challenges."

Economist Williams Does Not Rule Out Presidential Run. The Washington Times (2/9, McCain, 88K) reports on its front page, "Conservative economist Walter E. Williams says he's flattered at being urged to seek the 2008 Republican presidential nomination -- even if the draft committee is headed by a cartoon duck. The 'Mallard Fillmore' comic strip has spent the past two weeks promoting the George Mason University economics professor as a 2008 candidate." Williams said his "'08 favorite is Rep. Ron Paul," who formed an exploratory committee in January. And while he "has no plans for trips to Iowa and New Hampshire, Mr. Williams would not completely rule out a 2008 run for the White House."

Florida House Panel Approves Plan For Earlier Presidential Primary. The AP (2/8, Majors) reports, "Defying national Republican and Democratic party threats, Florida lawmakers in a House committee Thursday unanimously approved a proposal to hold the state's presidential primary as early as January. If the bill (HB 537) becomes law, Florida's primary -- currently in March, when it's virtually irrelevant -- would take place either seven days after New Hampshire's, or on Feb. 5, whichever comes first. That would mean Florida's 2008 contest could be in late January or earlier. New Hampshire's secretary of state is waiting to schedule the primary until other states set theirs, to preserve its first-in-the-nation status. National Democrats have recommended that New Hampshire hold its primary Jan. 22. An identical bill has been filed in the Senate."

New Hampshire Party Leaders Say Other States' Moves Will Backfire. The New Hampshire Union Leader (2/9) reports New Hampshire's Democratic and Republican party chairmen say "actions by officials in various states to move up their presidential nominating primaries or caucuses to early dates" to compete with New Hampshire "will backfire." Democrat Kathy Sullivan said, "The more states that move up, the more important we become and, ironically, the less important they become because there will be so many of them." Republican Fergus Cullen said, "I agree completely. These other states will just cannibalize themselves."

WPost Calls For Primary Calendar Reform For 2012. The Washington Post (2/9, A18, 690K) editorializes, "For 2008, there's not much to do about this state of affairs other than lament it. Regarding 2012, now is the time for both parties to get together on a reform. Because Republicans will set their rules for 2012 at the 2008 convention, the parties' consultation needs to happen soon. The National Association of Secretaries of State has proposed a calendar that would allow Iowa and New Hampshire to go first, followed by four regional primaries held every month from March through June. The regions would rotate their positions on the primary calendar each cycle. We supported the plan in 2000, when it seemed the process couldn't become much crazier. Now, when that campaign looks measured and sedate by the light-speed standards of 2008, we agree more than ever."

Coleman, Collins, Landrieu Strive For Center As Elections Loom. The Hill (2/9, Blake) reports,

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"Vulnerable Sens. Norm Coleman (R-Minn.), Susan Collins (R-Maine) and Mary Landrieu (D-La.) spent much of the 110th Congress's first month burnishing their centrist credentials, while other 2008 targets largely have stuck by their parties thus far, according to a review of Senate roll call." Coleman and Collins "capped off a month of bucking their party by voting to move forward with debate on legislation critical of President Bush's proposed troop increase in Iraq." But Sens. Gordon Smith and John Sununu "are drawing heat for standing with their party on the vote. Coleman and Collins were the only two Republicans to vote for cloture, and they also teamed up on three other close roll call votes. The two voted with Democrats on amendments to consider Indian tribes as corporations for political-giving purposes and to ban family from campaign and political action committees, as well as on cloture to increase the federal minimum wage." Meanwhile, Landrieu, "widely considered the most vulnerable Democratic senator, voted with Republicans on those amendments and two others, to the ethics bill."

Expanded State Government Follows Idaho's Population Boom. The New York Times (2/9, Yardley, 1.16M) reports, "Idaho's government is growing. … The state's population, almost 1.5 million, is up nearly 50 percent since 1990 and some projections show it gaining another 50 percent or more by 2020. While the growth has brought a sophisticated new economy, it has also brought demands for more spending on education and transportation and concerns about high taxes, too much development and a trampled environment."

NYTimes Criticizes ABA's Judicial Conduct Rules Revisions. The New York Times (2/9, 1.16M), in an editorial, writes that the "special commission charged with recommending revisions to the Model Code of Judicial Conduct of the American Bar Association has been flip-flopping around on some of the most important aspects of the code, which the states use to set standards for their courts. For decades, the code's overarching charge to judges has been to avoid not only actual impropriety, but also the appearance of impropriety. Recently, however, quietly adopted changes to the commission's 'final' report demoted this gold standard of judicial conduct from an enforceable rule to a mere aspirational guideline. When the misguided switch came to light, the panel reversed field again yesterday and went back to the previous formulation. But that does not excuse the fact that the panel was following internal politics, not sound legal principle."

Iran Warns Of Retaliation Against US Interests If Attacked. The Washington Post (2/9, Branigin, 690K) reports that Iran's supreme leader, Ayatollah Ali Khamenei, warned that "any U.S. attack on his country would trigger Iranian retaliation against U.S. interests 'around the world.'" This threat was issued "as Iran's Revolutionary Guards carried out military exercises in the Persian Gulf that included the test-firing of anti-ship missiles with a range of more than 200 miles" saying "the missiles 'can hit different kinds of big warships in all of the Persian Gulf, all of the Sea of Oman and the north of the Indian Ocean,' senior Revolutionary Guards naval commander Ali Fadavi told Iran's state-run television. The missile tests were staged on the second day of exercises by Iranian naval and air force units in the Gulf as a second U.S. aircraft carrier headed toward the waterway." "Khamenei continued, 'Some say that the U.S. President is not the type who acts based on calculations or thinks about the consequences of his action. But even these people can be brought to their senses." He said U.S. policymakers know that Iran "would not let an invasion go without a response.'" In response to the missile test, "the White House dismissed the threats, saying that the United States has no intention of launching a war against Iran."

The New York Times (2/9, A10, Fathi, 1.16M) reports Khamenei said Iran "would retaliate against American interests worldwide if it was attacked," in what is perceived as "the latest volley in an escalating war of rhetoric." Speaking to a group of air force commanders "about rumors of an imminent American military strike," Ayatollah Khamenei said, "Iranian people should not get scared of such issues. Our enemies know very well that any aggression will have a response from all sides by Iranian people on their interests all over the world." Meanwhile in Spain, Defense Secretary Robert Gates responded to the threat at a meeting of NATO defense ministers, saying, "My impression is that they make threats like this from time to time. We have no intention of attacking Iran."

The Washington Times/AP (2/9, Karimi) reports that in "the latest sharp exchange in an escalating standoff between" the US and Iran, "Iran's intelligence minister also said the government had detected a network of U.S. and Israeli spies and had detained a second group of people who planned to go abroad for espionage training, state television reported. It

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gave few details." This "claim comes just a few days after an Iranian diplomat was detained in Baghdad in an incident that Iran blamed on U.S. forces. The Americans have denied involvement in the diplomat's detention."

Democrats Divided On Iran. The Hill (2/9, Mikhail) reports that "as the House is set to proceed on a resolution addressing the war in Iraq, a potential divide is surfacing over Democratic bills regarding Iran. Democrats may not stand united behind a series of bills that speak out against a military attack on Iran, concerned that such bills would make the party prone to attacks regarding foreign policy, according to a senior House staffer. In spite of the party's overwhelming unity behind similar resolutions regarding Iraq, it seems clear that the party's next challenge will be to craft a position on Iran that is distinct from the White House's and also insulates it from criticism of being weak in the global arena."

Tehran Showing "Unease" In Wake Of Sanctions. The Wall Street Journal (2/9, A5, King, 2.04M) reports, "Iran is likely to showcase the expansion of its main nuclear plant as another advance toward large-scale production of enriched uranium, just in time for Sunday's 28th anniversary of its Islamic Revolution. But don't expect the Bush administration or its European allies to get agitated about the news." Officials in Washington, London and Paris "say that for the first time in several years, Tehran is showing signs of both political and economic unease in the wake of international moves to sanction Iran's nuclear program." Added pressure, these officials say, "could nudge opinion in Iran closer toward favoring a deal to suspend its uranium work." However, "No one is predicting victory anytime soon."

White House, Gates Deny US Planning To Attack Iran. Fox News' Special Report (2/8, Wallace) reported, "The White House and Pentagon both repeated today that America has no intention of attacking Iran. Those comments came in response to the latest threat from Tehran promising retaliation against U.S. interests around the world if Iran is invaded. … In a second day of Persian Gulf war games, Iran test fired missiles while its supreme leader told Air Force commanders the enemy, presumably the U.S., knows any invasion of Iran will bring counterattacks on its 'interests all over the world.'" Defense Secretary Robert Gates "repeated Washington's many previous denials of hostile intent." Defense Secretary Gates: "We have no intention of attacking Iran." Fox added that White House spokesman Tony Snow "seemed downright fatigued by the suspect." Snow was shown saying, "I've said it, the Secretary of Defense has said it, the President has said it. We're not invading Iran."

Senators Seek Answers From Rice On US Policy Regarding Iran. Fox News' Special Report (2/8, Wallace) reported Senate Foreign Relations Committee chairman Sen. Joe Biden "charged the administration has no coherent strategy on Iran and renewed calls for direct talks." Biden was shown saying, "Do we have so little confidence in our diplomats that we're not willing to let them talk to somebody we disagree with?" Fox went on to report, "When Democrat Chris Dodd asked for secret documents about an Iranian overture that was rejected four years ago, [Secretary of State] Rice stopped short of saying yes. … Virginia democrat Jim Webb questioned the president's authority to strike Iran without congressional approval." Sen. Webb: "When the President asserted that he has "the constitutional authority to use force to deter, prevent or respond to aggression or other threats to United States interests," that's a very vague and troubling phrase and I just want you to know I'm going to continue to try to get some clarification as to what that means."

Palestinians Reach Agreement On Unity Government. ABC World News (2/8, story 6, 0:25, Gibson, 8.78M) reported, "There is very encouraging news in the Middle East tonight. The rival Palestinian factions, Hamas and Fatah, recently fighting with one another, now have agreed to form a unity government and end the attacks against each other. They also agreed to 'respect previous peace deals with Israel,' but it is not clear if that will be enough for the US and its allies to lift a financial boycott of the Palestinian government." Similarly, the CBS Evening News (2/8, story 3, 0:30, Couric, 7.66M) cautioned the deal "might not go far because the militant group Hamas did not agree to explicitly recognize Israel."

On its front page, the New York Times (2/9, Fattah, 1.16M) says the agreement "appeared likely to end, at least for now, weeks of fighting that had ravaged the West Bank and Gaza Strip." However, "it seemed to stop short of meeting the demands of the international community for resuming relations and support for the Palestinian Authority." In Washington, a State Department spokesman Tom Casey, said, "The international community has made it clear that in order to be able to have a broader relationship with the Palestinian Authority government, that those principles are going to have to be met." He noted that US officials were still

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studying the accord. However, the Times says that "perhaps the biggest winner from the deal is Saudi Arabia," whose "effort to mediate between the Palestinian factions reflects a general agreement among leaders in the Arab world that the first step to stabilizing the burgeoning conflicts in the region and parrying the growing influence of Iran is resolving the Palestinian conflict."

The Los Angeles Times (2/9, Ellingwood, 850K) notes the groups "have not worked out who will control the various agencies of the security services, a potentially explosive issue." The two factions planned further talks on those details 'and several other unresolved matters." The Washington Post (2/9, A11, Wilson, 690K) adds, "The disunity has undermined the Palestinian national movement as Abbas is preparing to meet Feb. 19 with Israeli Prime Minister Ehud Olmert and [Secretary] Rice to discuss ways of reviving the Palestinian-Israeli peace process."

The Financial Times (2/9, Morris) says the "Quartet reaction to the Mecca accord will set the tone for trilateral talks in Jerusalem next week" at which Secretary Rice "hopes to coax" Abbas and Olmert "towards a revival of the defunct peace process." USA Today/AP (2/9, Daraghmeh) calls the State Department's response to the accord "cautious," noting that "unless they are convinced Hamas has sufficiently moderated, the West is unlikely to lift a crippling financial blockade of the Palestinian government, and it will be difficult to advance the peace process." The Washington Times/AP (2/9, Daraghmeh) also prints this report on its front page.

Israeli Hospital Treats Wounded Palestinian Fighters. The Washington Times (2/9, A1, Mitnick, 88K) reports on its front page that the "wounded in the bitter Palestinian struggle between Hamas and Fatah" are brought "to an Israeli hospital in [a] nearby coastal city…for treatment." Officials at Ashkelon's Barzilai Medical Center "say there is no political calculation behind the decision to take in the Palestinian wounded," but "when the father of a wounded security officer from" Fatah "tells a reporter that he wants 'to say thank you to all of the people of Israel,' it seems that the center's work is changing at least some hearts and minds."

LATimes Says Success Of Accord Depends On Recognition Of Israel. In an editorial, the Los Angeles Times (2/9, 850K) says the agreement "is welcome even if it accomplishes nothing more than an end, for now, to fratricidal violence in the Gaza Strip. It remains to be seen whether the agreement between Fatah and Hamas will bring something more -- an improvement in their material condition. That additional blessing depends on whether Hamas is willing to join Fatah and its leader, President Mahmoud Abbas, in recognizing the state of Israel."

Israeli Official Blames Egypt For Arms Flow Into Gaza. The Washington Post (2/9, A11, Kessler, 690K) reports Israeli Public Security Minister Avi Dichter accused Egypt "of failing to halt arms smuggling into Gaza, thus bolstering the militant group Hamas at the expense of the Palestinian leadership supported by the United States." The comments "reflect the increasing frustration of Israeli officials that Hamas has been able to increase its grip on the Gaza Strip since Israel withdrew its troops in 2005."

Bush To Meet Former Lebanese President Gemayel. AFP (2/9) reports President Bush is to meet with former Lebanese president Amin Gemayel "and affirm US support for a 'sovereign and democratic' Lebanon as the country is locked in political crisis," the White House said. Spokesman Tony Snow said, "We'll be demonstrating US commitment to a sovereign and democratic Lebanon, and express sympathy, again, on behalf of the president and the American people, for the assassination of Mr. Gemayel's son, Pierre Gemayel," in November.

Lebanese Prime Minister Protests Israeli "Incursion." The Financial Times (2/9, Morris) reports Lebanese Prime Minister Fouad Siniora Thursday "protested that Israel had violated his country's sovereignty in an incident that led to the first cross-border exchange of fire since last year's war." The Israeli military said it returned fire "after the Lebanese army fired warning shots towards an Israeli army bulldozer searching for explosive devices on the border." Thought there were no casualties in the brief exchange, the exchange of fire was "the most serious incident since" last summer and "the first involving the Lebanese army since it took over Hezbollah positions in the wake of Israel's withdrawal." The Wall Street Journal (2/9, A5, Solomon, 2.04M) reports Siniora "vowed in an interview to buttress defense of his nation's 49-mile border with Israel as part of a broader initiative to restore stability to Lebanon." Siniora said, "What we are after...is to know" who committed the crime "to prevent attacks in the future."

Six-Party North Korea Talks Resume On Positive Note. NBC Nightly News (2/8, story 8, 2:00, Williams, 9.87M) reported, "High stakes talks…are underway

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tonight in China" aimed at "getting North Korea to stand down on its nuclear program." Six NBC (Mitchell) added, "Secretary of State Condoleezza Rice says she is 'cautiously optimistic' about reaching an agreement to start eliminating North Korea's nuclear weapons. In Beijing today, [there is] finally real progress in long delayed nuclear talks." US officials tell NBC News "the North Koreans are now offering to suspend and eventually disable the nuclear program and permit UN inspections. In return, North Korea wants diplomatic relations with the US, an end to sanctions and hundreds of millions of dollars in fuel aid. Critics say the US could have had the same deal at less cost five years ago if President Bush hadn't canceled an agreement negotiated by the Clinton White House." The CBS Evening News (2/8, story 4, 0:25, Couric, 7.66M) said "the mood [in Beijing] was upbeat" as "North Korea said it's willing to consider steps to end its production of plutonium."

The Washington Post (2/9, A11, Cody, 690K) says Thursday's talks were "buoyed by signs that North Korea is ready to return to serious negotiations." The Chinese chief negotiator and host, Vice Foreign Minister Wu Dawei, "suggested there were hopes of breaking a long stalemate." Meanwhile, North Korea's top nuclear negotiator, Kim Gye Gwan, "said on his arrival that he came prepared to discuss the first steps in what the Bush administration hopes will be a gradual but irreversible program to eliminate North Korea's nuclear weapons and dismantle" its nuclear facilities. However, he "also made clear that agreement remains a distant goal."

The AP (2/9, Herman) reports South Korea's nuclear envoy "said Friday that a Chinese draft agreement -- with North Korea accepting in principle the initial steps for its disarmament -- offered a good start" for talks, but "declined to give any details of what the draft contained." The Washington Times (2/9, Kralev, 88K) reports the draft proposed "builds on a joint statement all six countries -- the United States, China, Japan, Russia, South and North Korea -- signed in September 2005," diplomats said. The Los Angeles Times (2/9, 850K) and USA Today (2/9, 11A, 2.27M) also briefly report the developments.

Report Urges Congress To Increase Focus On Asia. The Washington Times (2/9, Halloran, 88K) reports the Congressional Research Service has "waved a red flag in front of the new Congress, warning that America risks costly conflicts if it does not pay closer attention to the rise of China and other troubles in Asia." A "preoccupation" with Iraq and the Middle East means the United States "is not sufficiently focused on the Asia-Pacific at a critical point in the evolution of what may prove to be a new era," says the report from the CRS, an arm of the Library of Congress. The report "says a failure to attend to a less than peaceful rise" of China, tensions over Taiwan, and conflict on the Korean Peninsula "has the potential to embroil the United States in a large-scale war that could be very costly in terms of lives, wealth, power, and prestige." Moreover, terrorist groups in Southeast and South Asia are "a key source of instability, a threat to US forces and interests, and could serve as a catalyst for inter-state conflict," the document says.

Congress Urges Japan To Strengthen Yen. The Financial Times (2/9, Callan, Pilling, Garnham) reports House Democrats "are pressing the Bush administration to persuade Tokyo to strengthen the yen, claiming the currency's weakness is bolstering Japanese imports at the expense of US manufacturers." In a letter to Treasury Secretary Hank Paulson, House members "alleged that Tokyo was pursuing a cheap currency to subsidise exporters" and urged Mr Paulson "to press the Japanese government to reverse their weak yen policy."

Bush Plans Five-Nation Latin American Tour. The AP (2/9) reports the White House announced Thursday President Bush will leave next month on a five-nation tour of Latin America, including stops in Brazil, Uruguay, Colombia, Guatemala and Mexico. Spokesman Tony Snow said the trip "will underscore the commitment of the United States to the Western Hemisphere and will highlight our common agenda to advance freedom, prosperity and social justice and deliver the benefits of democracy in the areas of health, education and economic opportunity." In its "Washington Wire" column, the Wall Street Journal (2/9, A4, Harwood, 2.04M) says Bush will seek to counter "the populist Venezuelan leader's [Hugo Chavez] criticism of his intentions," while praising leaders in Brazil and Uruguay, "leftists who are friendly to free-market policies."

Venezuela Signs Agreement To Nationalize Power Company. The AP (2/9) reports Venezuelan President Hugo Chavez's government "moved to nationalize Venezuela's largest private electric company on Thursday, signing an agreement to buy a controlling stake in Electricidad de Caracas from its US-based owner, AES Corp." The sale

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agreement was signed by Paul Hanrahan, president and chief executive of Arlington, Va.-based AES, "agreeing to pass the company's 82-percent stake in the utility to the Venezuelan government within 30 days."

Two More Cases Of Radiation Exposure Reported In UK. The AP (2/9) reports two more people in the UK "have shown signs of low-level exposure to polonium-210," the radioactive isotope that killed former KGB agent Alexander Litvinenko, British health authorities said Thursday. The Health Protection Agency "said one was a staff member at the Sheraton Hotel in London's Park Lane and the second visited a bar at London's Millennium Hotel on Nov. 1, the same day as Litvinenko." Health officials said the two "were likely to face only a small risk of long-term health effects."

British Police Defend Arrest Of Muslim Activist. The New York Times (2/9, A11, Cowell, 1.16M) reports British police Thursday defended the arrest of "an outspoken advocate of fiery Islamic views, a week after seizing nine people accused of a separate conspiracy to kidnap and kill a Muslim British soldier." The arrests brought accusations "of a witch hunt against Muslims, but high government officials rejected the idea." The man arrested on Thursday, Abu Izzadeen, is a "former spokesman for the militant and now outlawed group Al Ghurabaa."

Chirac Suggests He Will Not Seek Third Term. The New York Times (2/9, Bernard, 1.16M) reports French President Jacques Chirac, "in remarks that his office confirmed Thursday, has given his first hint that he may not run for a third term in the French elections in April." In a transcript of an interview given to a television station yet to be broadcast, Chirac said, "I have always tried to act for the French and for the idea that I had of France, and the day I will no longer have responsibilities of this nature, well, I will try to serve France, the French, in another way."

Turkish Groups Seek To Amend Law On Insulting The State. The New York Times (2/9, A6, Arsu, 1.16M) reports a group of Turkish civic organizations Thursday "submitted suggestions for rewording a section of the Turkish penal code under which noted intellectuals and writers had been charged with the crime of insulting the Turkish identity and the state. But some critics of the law say it should be revoked, not amended." After the killing last month of an Armenian-Turkish journalist, Hrant Dink, "some critics said the law…was partly responsible."

NYTimes Criticizes Russia's Moves Toward Natural Gas Cartel. In an editorial, the New York Times (2/9, 1.16M) writes, "The Kremlin is full of disturbing and counterproductive ideas these days on how it can wield its energy resources, not to mention shield its economic client Iran from international pressure. And if it looks as if a [natural gas] cartel might serve Mr. Putin's ambitions, the world should pay close attention." The Times notes that "what arouses anxiety over the new cartel talk -- especially in Europe, which relies on Russia for more than a quarter of its natural gas -- is the fact that Mr. Putin has already managed to get most of Russia's energy production and distribution under the Kremlin's control." However, Putin "needs to understand that Russia's long-term economic and strategic interests depend on its playing by the international rules, rather than breaking them. Russia is still not capable of developing its oil and gas by itself, and the expertise it needs lies almost entirely in the West."

Friedman Says Pace Of Democratization Depends On Economy, Energy Prices. The New York Times' (2/9, 1.16M) Thomas Friedman says the pace of democratization in Russia "will most likely depend on three things." First, is whether the country's "emerging middle class gets so preoccupied with material gains…that 'it just disconnects from politics.'" Second, according to Friedman, "is the genie of Russian nationalism, which can always pop up and derail democratization." And third "is the price of oil and gas. Anyone who observes Russia can see that the price of oil and the pace of freedom here operate with an inverse correlation. As oil prices go down the pace of freedom goes up, because Russia has to open itself more to the world and empower its people to get ahead. As oil prices go up the pace of freedom goes down, because the government can get by drilling oil wells, rather than unleashing its people."

Lawyer Decries New Charges Against Yukos' Khodorkovsky. Robert Amsterdam, international defense counsel for Mikhail Khodorkovsky, writes in the Wall Street Journal (2/9, A10, 2.04M) that the Kremlin this week 'showed that democracy, human rights and the rule of law are dead in Vladimir Putin's Russia. With extraordinarily cynical timing, new charges -- this time, money-laundering -- were brought against Mikhail Khodorkovsky, who once ran Russia's largest oil company, Yukos." Amsterdam says the charges have

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"nothing to do with upholding Russia's laws" and "everything to do with the fact that Mr. Khodorkovsky" will "be unable to support democratic opposition parties in December's Duma elections or the 2008 'presidential coronation.'"

Turkmenistan To Hold First "Free" Elections. The Christian Science Monitor (2/9, Weir, 59K) reports the people of Turkmenistan will get their "first ever chance to vote in multi-candidate elections this Sunday in polls to replace longtime strongman Saparmurat Niyazov, who died in December without naming an heir. But the appearance of choice may be illusory, analysts say, making the Central Asian nation's first election more the stuff of hype than history." Of the six contenders are vying openly for the post, experts "say that five of the candidates, mostly second-tier regional officials, are merely window dressing and victory has been pre-ordained for acting president Gurbanguly Berdymukhammedov."

"Frustrated" Activists Form Group To Fight Atrocities In Darfur. The Washington Post (2/9, A16, Boustany, 690K) reports, "Veteran Africa activists, frustrated by the slow response from Sudan's government to international demands to ease the plight of refugees in Darfur, are regrouping to take their fight to the next level." The new group, calling itself Enough, "has joined the growing list of nongovernmental peacemaking organizations," to "tap into the grass-roots awareness and sense of rage generated by the Darfur crisis." The group was founded by former State Department and NSC officials Gayle E. Smith and John Prendergast and former USAID official Colin Thomas-Jensen.

Frist Joins Mission To Southern Sudan. The Washington Post (2/9, A16, McCrummen, 690K) reports former Senate majority leader Bill Frist this week joined Franklin Graham, son of evangelist Billy Graham, and members of the Christian charity group, Samaritan's Purse, to visit the group's "far-flung health clinics" in Southern Sudan.

Hu Meets Growing Skepticism Of China's Role In Africa. The Christian Science Monitor (2/9, Baldauf, 59K) reports Chinese President Hu Jintao's visit to Africa "started out last week with the usual manly handshakes, red-carpet strolls, factory visits, and displays of African dance and music." However, "the farther south Hu traveled this week, the more skepticism he met," signaling "the African honeymoon is over." But Monitor suggests that the "caution on the part of a few African countries -- concentrated in the south of the continent -- doesn't mean that African leaders are ready to give China the boot. To the contrary, Hu's visit has been a rather triumphant follow-through on promises made during the Beijing summit."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Latino leaders outraged over Gov.'s comments."
"'Virtual Iraq' aides in real healing."
"President's uncle snarled in scandal."
"200 LAPD officers target 11 gangs."

USA Today:

"Autism estimates increase sharply."
"Profile emerges of ASD children."
"Obama touts non-political résumé."
"Can Toyota win over NASCAR Nation?"

New York Times:

"Accord Is Signed by Palestinians to Stop Feuding."
"Shiite District, Flash Point in Baghdad, Rebuilds."
"Less Is More, but in Idaho, Not for Long."
"Edwards Learns Campaign Blogs Can Cut 2 Ways."
"A Brutal Sport Is Having Its Day Again in Russia."
"New York City to Test Ways to Prevent Nuclear Terror."
"N.Y. Governor Escalates Feud With Legislature."

Washington Post:

"Official's Iraq Report Is Faulted."
"White House On Sidelines in '08 Race."
"Parents Steamed About Chronic Heating Problems in D.C. Schools."
"A Troubled Tabloid Life Ends in Fla."
"Obama Forged Political Mettle In Illinois Capitol."
"Chinese Youth Navigate to Internet Cafes."

Washington Times:

"Hamas, Fatah make peace."
"Pelosi defends request for jet."
"War resolution seen hurting morale."
"'08 slate without standout for GOP."
"Israeli hospital treats Palestinian fighters."
"Williams can't duck campaign pushes."

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"Airlines will charge for 2nd bag checked."

Detroit Free Press:

"1,000 Salaried Jobs To Go."
"Firefighter's last words: 'Tell wife, daughter I love them."
"Pistons dominate Lakers up front, win fifth in a row."

Atlanta Journal-Constitution:

"Sleet and snow possible today."
"Nichols would plead guilty."
"Airport considers a fast lane."
"Determined missionaries return."
"MARTA officials: System is safe."
"Autism trending higher."
"PeachCare bars new entries."

Dallas Morning News:

"Cowboys go with Phillips."
"Smith's life had drama until end."
"Trustees have something else in mind for DISD logo."
"Detained Palestinian dad may be freed."
"Former President Clinton's focus: cooperation."
"DISD nets 1st plea in abuse of credit."
"Study: One in 150 kids has autism."
"Former A&M coach Metcalf dies at age 76."

Houston Chronicle:

"Anna Nicole mimicked Marilyn in looks, tragedy."
"Astros' caravan makes impact with fans."
"Harris teen held in fatal beating of cousin, 2."
"Shuttle pilot told NASA of attack, sought leave."
"Exxon Mobil has no more doubts on warming."
"Rowdy HISD teachers demand bonus change."
"Conroe passes dangerous-dog ordinance."
"Galveston officials hope Mardi Gras profits roll."
"Frustrated New Orleans residents fleeing city."

Story Lineup From Last Night's Network News:

ABC: Autism Study; Autism Study-Analysis; Homeland Security-Bad Morale; Anbar Province Violence; Iraq Health Official Arrested; Hamas Fatah Unity Government; Muslims In US Military; Winter Weather; Inventors Hall Of Fame.

CBS: Autism Study; Iraq Health Official Arrested; Hamas Fatah Unity Government; North Korea Nuclear Program; Pelosi's Plane; Caring For Seniors; Winter Weather.

NBC: Libby Trial; Russert Interview; Autism Study; Pelosi's Plane; Anbar Province Violence; Stock Market; North Korea Nuclear Program; Winter Weather' Sniper's Perch Window.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Anna Nicole Smith Obit; Libby Trial-Prosecution Rests; Autism Study; Atlanta-Openly Gay Pastor Ousted From Lutheran Church; US-Cold Weather; Toledo, OH-Woman Saved By Dog; Tokyo Stock Exchange; Wall Street.

CBS: Anna Nicole Smith Obit; Iraq-US KIAs; Iraq-Sniper; Libby Trial-Prosecution Rests; Western NY-Heavy Snow; Hospital Van Dumps Paraplegic On Streets Of LA's Skid Row; New Orleans-Mardi Gras Preparations; San Diego County-Earthquake; Harvard Reportedly Could Name Its First Female President Soon.

NPR: North Korean Nuclear Program Talks; Hamas, Fatah Sign Power-Sharing Agreement; Libby Trial-Prosecution Rests; Iraq-US KIAs; Western NY-Heavy Snow; France-Two Policemen Charged In Electrocution Case That Led To Three Weeks Of Nationwide Riots; Los Angeles-Gang Crackdown; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. Notes: Gaggle at 9 a.m. There will be no briefing.

VICE PRESIDENT CHENEY — Unavailable.

US Senate: COMMITTEE MEETINGS 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the DoD Inspector General's report on the Office of Special Plans prior to the Iraq war. Acting IG Thomas Gimble. Location: Room 222, Russell.

Notes: Closed session in Room 232A, Russell after the hearing.

US House: FLOOR SCHEDULE _ 2 p.m. The House meets for a pro forma session.

HOMELAND SECURITY _ 9 a.m. Full Committee. Hearing on the FY08 budget for DHS. Secretary Chertoff. Location: Room 311, Cannon.

APPROPRIATIONS _ 9:30 a.m. Military Construction, VA and Related Agencies Subcommittee. Hearing on military quality of life. Location: Room H-143, Capitol.

APPROPIRATIONS _ 10 a.m. Defense Subcommittee. Hearing on the Army portion of the supplemental war appropriations bill. Location: Room 2359, Rayburn.

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OVERSIGHT AND GOVENMENT REFORM _ 10 a.m. Full Committee. Hearing on waste, fraud and abuse in pharmaceutical pricing and the impact on federal health programs. Steven Schondelmeye, College of Pharmacy, University of Minnesota; Gerald F. Anderson, Center for Hospital Finance and Management, Bloomberg School of Public Health, Johns Hopkins University; James W. Moorman, Taxpayers Against Fraud; Lew Morris, Office of the Inspector General, HHS; John Dicken, GAO; Patrick J. O'Connell, chief, Civil Medicaid Fraud and Texas state attorney general. Location: Room 2154, Rayburn.

Other: SECRETARIES OF STATE _ Winter conference of the National Association of Secretaries of State. Highlights: 3:45 p.m. Session on presidential primaries. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Kay Stimson, 202-624-3528.

BROADBAND _ 8:30 a.m. The Alliance for Public Technology holds its annual policy forum, "Achieving Universal Broadband: Models for Stimulating Deployment and Demand." Panelists include Brian Mefford for ConnectKentucky, Takashi Ebihara of the NTT Initiative, Albert Browne of Verizon Foundation, Kenneth Peres of CWA and Alec Ross of One Economy Corporation. Location: National Press Club. Contacts: Maytal Selzer, 202-263-2970

JOHANNS _ 8:30 a.m. Secretary of Agriculture Johanns speaks to the National Association of State Departments of Agriculture Mid-Year Conference Location: Holiday Inn on the Hill, 415 New Jersey Ave. NW. Contacts: Keith Williams, 202-720-4623

EU AGRICULTURE _ 9 a.m. EU Agriculture and Rural Development Commissioner Mariann Fischer Boel discusses EU agriculture policy in the globalization era, sponsored by the Carnegie Endowment for International Peace. Location: 1779 Massachusetts Ave. NW. Contacts: Trent Perrotto, 202-939-2372

UN REFORM _ 9 a.m. Georgetown University Law Center holds a conference on UN reform. Keynote address by South African Deputy Chief of Mission D. Moyo at 9:10 a.m. Location: Room 203, 600 New Jersey Ave. NW. Contacts: Kara Tershel, 202-662-9500

ARMS SALES _ 9:30 a.m. The Arms Control Association holds a briefing on regulating global arms sales and cluster munitions. Participants include Amb. John Duncan of the UK, Roald Naes of Norway, Stephen Goose of Human Rights Watch, others. Location: National Press Club. Contacts: Wade Boese, 202-463-8270 ext 104

SOUTH ASIA _ 10 a.m. Representatives from seven embassies of the South Asian Association for Regional Cooperation countries discuss their viewpoints on the effects of migration in the region, sponsored by the School of Advanced International Studies. Participants include Rudra Nepal, chargi d'affaires at the Embassy of Nepal; Masood Aziz, counselor at the Embassy of Afghanistan; Shamsher Mobin Chowdhury, ambassador of Bangladesh; Daw Penjo, permanent representative of the Kingdom of Bhutan to the United States; Raminder Singh Jassal, deputy chief of mission at the Embassy of India; Mahmud Ali Durrani, ambassador of Pakistan; and Bernard Goonetilleke, ambassador of Sri Lanka. Location: Room 500, 1717 Massachusetts Ave. NW. Contacts: Felissa Klubes, 202-663-5626

VOTER SUPPRESSION _ 10 a.m. - 12 p.m. People for the American Way and the NAACP sponsor a discussion, "Voter Suppresion in the 21st Century: What Happens and How to Stop It." Speakers include Minnesota Secretary of State Mark Ritchie, and Michael Strautmanis, chief counsel to Sen. Barack Obama, D-Ill. Location: Room SR385, Russell Contacts: n/a

DEMOCRATS-RURAL _ 10:15 a.m. Democratic Senators from rural states hold a press conference to release their "Rural Report Card, a report that they say illustrates the presidents neglect of domestic programs critical to rural America. Participants: Senate Majority Leader Harry Reid and Senators Blanche Lincoln, Chair of Rural Outreach; Kent Conrad; Byron Dorgan; Debbie Stabenow; Ken Salazar; Claire McCaskill; and Amy Klobuchar. Location: Senate Radio/TV Gallery. Contacts: Jim Manley, 202-224-2939

CORPORATE RESPONSIBILITY _ 12:30 p.m. The Center for American Progress holds a discussion on the future of corporate social responsibility, with Aaron Chatterji of Duke University, Dan Feldman of the law firm of Foley Hoag LLP, Mila Rosenthal of Amnesty International, and AFL-CIO Secretary Treasurer Richard Trumka. Location: 1333 H St. NW. Contacts: Trevor Kincaid, 202-682-1611

TAX POLICY _ 1 p.m. The Tax Policy Center holds a discussion on issues raised by President Bush's plan to use the tax code to expand health insurance coverage. Location: Falk Auditorium, 1775 Massachusetts Ave. NW. Contacts: n/a, 202-797-6105

BAICKER _ 2 p.m. Council of Economic Advisers member Katherine Baicker speaks on "New Directions in Health Policy: A Discussion of the President's Tax-Based

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Health Insurance Proposals." Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, FEBRUARY 9, 2007 7:45 AM EST

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TERRORISM NEWS:

Federal Judge Blocks Verizon Contempt Hearing By Maine PUC. The AP (2/9) reports from Bangor, ME, "A federal judge Thursday blocked state regulators from going ahead with a contempt hearing for Verizon, ruling that national security considerations outweighed the state´s interest in speedy resolution of a complaint by customers." The AP continues, "The preliminary injunction forced cancellation of the Public Utilities Commission hearing that had been set for Friday in Augusta to force the telecommunications giant to say whether it provided customer call records to the government without a warrant." The AP adds, "In his 24-page order, U.S. District Judge John Woodcock said the hearing was not the appropriate place to air the dispute. … 'The federal court, not the PUC hearing room, is the proper forum to resolve the opposing positions of the federal and state governments,' he wrote. 'Moreover, in this controversy, Verizon is a surrogate for the position of the federal government and it would be profoundly unfair to punish Verizon for asserting a legal position mandated by the federal government.' … Woodcock said the only hardship that the PUC would suffer from the injunction would be to face some delay in resolving the multi-citizen complaint that triggered the federal lawsuit. … By contrast, he wrote, 'the revelation of sensitive information pertaining to national security is a manifest hardship to the United States if the injunction were denied.'" The AP notes, "The dispute before the judge was an outgrowth of a complaint filed by Verizon customers last May. Last week, the PUC said it would begin contempt proceedings against Verizon for failure to comply with an order last August that requires an official of the company to swear under oath that its previous statements regarding the National Security Agency´s alleged surveillance were true."

House Democrats Moving On Foreign Investment Bills. House Democrats The Hill (2/9, Swanson) reports House Democrats "are moving quickly to approve legislation in response to last year's controversy surrounding a United Arab Emirates-based company's attempted takeover of several U.S. shipping ports, but may be headed for a clash" with Rep. Duncan Hunter, "a presidential candidate and vocal critic of the Dubai deal," as well as Senate Democrats. Leaders of "key House and Senate committees are expected to forge ahead with rival bills similar to those approved last year when both chambers were under Republican control."

HOMELAND RESPONSE:

Immigrants Sue FBI, DHS Over Citizenship Background Check Delay. In a widely-distributed story, the AP (2/9, Barbassa) reports, "Eight immigrants who have waited years for their citizenship applications to clear tougher post-9/11 background checks claim in a lawsuit filed Thursday that the delays violate their constitutional rights of due process. The lawsuit was filed in U.S. District Court in San Francisco and names the FBI and the Department of Homeland Security among the defendants." The AP notes, "The eight immigrants cleared traditional criminal background checks and other requirements only to see their applications bogged down by federal immigration officials' process of checking names against an FBI database, the plaintiffs' attorneys said. … Calls to the FBI were not immediately returned," but ICE spokesman Christopher Bentley "defended the rigorous background checks as vital to national security.

The San Francisco Chronicle (2/9, Kuruvila, 384K) notes that the plaintiffs have "waited years for a mysterious 'F.B.I. name check' to clear them for citizenship," and adds, "'Our clients deserve to get out of the limbo that the government agencies have created,' said Cecillia Wang, senior staff attorney for the American Civil Liberties Union's Immigrant's Rights Project, which is handling the case with the Asian Law Caucus and the Council on American-Islamic Relations. The lawsuit, which the ACLU hopes will be certified as a class action, is the fourth of its kind around the country to address similar issues." The Alameda Times-Star (2/9, Marcucci) reports Rep. Pete Stark "said he wants the problem fixed. … 'Congress should allocate additional resources to enable the FBI to eliminate its backlog and expeditiously conduct all background checks,'" Stark said. In addition to ICE and DHS, the suit names "San Francisco CIS District Director David Still, agency head Emilio Gonzalez, Homeland Security Secretary Michael Chertoff, FBI Director Robert Mueller III and Attorney General Alberto Gonzales."

The Washington Times (2/9, Hudson, 88K) reports, "Todd Gallinger, CAIR legal counsel for the San Francisco Bay Area Chapter, says his group has received 65 complaints from immigrants of Middle Eastern and South Asian origin. 'Regardless of whether these delays are due to discrimination or incompetence, they are illegal and must be corrected,' Mr. Gallinger said." ICE spokesman Bentley noted, "The vast majority of FBI checks are done in six months. About 1 percent can take two to three years to be resolved. It depends on what level they have to go to get information to make sure the person who is on the application is not someone who has in their background a security risk."

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Price, Chertoff Disagree On Adequacy Of Bush's DHS Budget Request. The Washington Post (2/9, Deane, 690K) reports House Homeland Security Appropriations Subcommittee Chairman David Price told Homeland Security Secretary Michael Chertoff that President Bush's proposed $35 billion budget for the agency "is 'simply inadequate,'" though he "acknowledged that solving the agency's many problems wasn't just about throwing more money at it. Chertoff, in his first appearance before the Democratic-controlled Congress, responded that the administration's proposed Homeland Security budget for 2008 is 'sound, sensible and ample' and reflects the president's 'strong commitment' to protecting the United States."

Bush Visits DHS To Give "Pep Talk." Fox News' Special Report (2/8, Wallace) said Chertoff "found himself defending a budget increase the Democrats in a House committee say is too small. Meanwhile, President Bush was visiting Chertoff's headquarters to give the staff there a pep talk," a month after its workers rated the department "the worst in government in a survey of leadership and job satisfaction." ABC World News (2/8, story 3, 2:50, Gibson, 8.78M) reported DHS workers say the agency is "the worst place in the government to work. President Bush went to a briefing today, where, among other things, he discussed the budget. But there are problems at the department that will require more than money to fix."

US To Test Nuclear Terrorism Defenses In New York. The New York Times (2/9, Lipton, 1.16M) reports on its front page, "New York City is about to become a laboratory to test ways of strengthening the nation's defenses against a terror attack by a nuclear device or a radioactive 'dirty bomb.'" Starting in the spring, the federal government "will assess new detection machines at a Staten Island port terminal that are designed to screen cargo and automatically distinguish between naturally occurring radiation and critical bomb-building ingredients," and later this year, the Department of Homeland Security "plans to begin setting up an elaborate network of radiation alarms at some bridges, tunnels, roadways and waterways into New York, creating a 50-mile circle around the city." The effort "is a major shift of focus" by DHS. As it "finishes installing the first generation of radiation scanners at the nation's ports and land border crossings, the department is trying to find ways to stop a plot that would use a weapon" built within the US.

Ramsey Hired To Study Capitol Antiterrorism Defenses. The Washington Post (2/9, B4, Horwitz, 690K) reports ex-District of Columbia police chief Charles Ramsey "has been hired to study ways to make the U.S. Capitol more secure against a potential terrorist attack." Ramsey "got the Capitol job through" Senate Sergeant-at-Arms Terrance Gainer, a "longtime colleague" who was "once was Ramsey's second-in-command at the police department. Their ties stretch back to their days with the Chicago police force."

Federal Air Marshal Service Experiences Growing Pains. The Wall Street Journal (2/9, Meckler, Carey, 2.04M) runs a front-page feature on the Federal Air Marshal Service, which on September 11, 2001, "consisted of just 33 agents scattered on more than 26,000 daily flights around the globe." It has "swelled to a current force somewhere between an estimated 2,500 and 4,000. (The exact number of marshals is classified.) Their presence, combined with new provisions allowing U.S. pilots to carry guns in the cockpit, has changed the equation of onboard security." But "building and maintaining the force in recent years has been an uneasy ride. Marshals have griped that it's unhealthy flying four or more flights a day and say the job is a monotonous rut that doesn't lead to advancement. Another big complaint: Their cover can be easily blown, particularly when they go through special boarding procedures."

State Legislatures Take On Federal Real ID Act. The Christian Science Monitor (2/9, Arnoldy, 59K) reports, "Legislators in 15 states are pushing bills and resolutions that urge noncompliance with the 2005 Real ID Act," which "sets minimum standards for verifying the identity of license applicants, and stipulates what information must be stored on machine-readable cards." The law "is intended to make it harder for terrorists to operate on American soil and for illegal immigrants to get legitimate employment in the US. But as the 2008 deadline for implementation nears, the Real ID law is raising a host of concerns: cost, hassle for millions of drivers, and fear that government or private industry will misuse the data network."

WAR NEWS:

House Plans Three-Day Debate On Resolution Criticizing Bush Iraq Strategy. The focus of the Capitol Hill battles over resolutions criticizing President Bush's Iraq strategy shifted from the Senate to the House Thursday. Fox News' Special Report (2/8, Wallace) said the "House resolution hasn't been written yet," and "Democrats indicated it would sidestep the issue that most divides the party, future funding of the war." The House debate, scheduled to begin next Tuesday, "will last a full three days -- plenty of time, Democrats hope, to force fence-sitting Republicans to actually oppose the troop surge. House GOP leaders can't say how many of their rank and file will actually break ranks. Current estimates range from a low of 20 to a high of 50 House Republicans who may oppose the

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President." The Financial Times (2/9, Daniel) also said "agreement on the non-binding resolution could attract the support of disaffected Republicans and enable a symbolic bipartisan expression of no confidence in the Iraq policy."

Every House Member Given Access To Classified NIE On Iraq. The Politico (2/9) reports, "To the surprise of the Bush administration, the House Intelligence Committee voted unanimously Wednesday night to allow all 435 House members to see the classified version of the National Intelligence Estimate on Iraq sent to the White House last week. The report is classified in part because it contains information about sources and methods used in intelligence-gathering." The document "will provide fuel" for the resolution debate. The Politico says, "Remarkably, each House member will be given five minutes to speak. The decision to provide such broad access to the microphones is based on the fact that each member got the chance to speak before the Iraq war began, according to House leadership aides." The White House "was not informed or consulted about the decision. Such access for members is rare but not unprecedented."

Some Democrats Deem Non-Binding Resolutions Insufficient. The New York Times (2/9, Zeleny, 1.16M) reports House Speaker Nancy Pelosi and other Democratic leaders "met privately for more than an hour" with members of their caucus, seeking to "reassure Democrats that the symbolic, nonbinding resolution devised to rebuke Mr. Bush was a first step -- but not a final one -- toward asserting Congressional powers on Iraq." A "growing number of House Democrats…say they believe that time has expired for a symbolic resolution that will have little effect on the White House." Rep. Joe Sestak, "a former three-star admiral who was elected in November, introduced legislation on Thursday calling for American troops to be withdrawn from Iraq by the year's end. Under his plan, financing for the American forces in Iraq would expire on Dec. 31." Sestak said, "The nonbinding resolution is a necessary step, but it's insufficient. But even if it's a half-measure, I will take any measure that moves us further down that line."

Roll Call (2/9, Yachnin) reports House Democrats "characterized a Thursday morning Caucus meeting on the resolution as agreeable, with Members largely unified on the simplified resolution." Majority Leader Steny Hoyer "reiterated Thursday that the House will consider other measures on the Iraq War in coming months, including funding issues. 'This is just the first step. a first step of many steps available to Congress,' Hoyer said, citing the supplemental spending bill the House is set to take up following the Presidents Day recess in late-February."

The Los Angeles Times (2/9, Levey, 850K) reports Democratic lawmakers including Rep. John Murtha "have talked of restricting funding for the war," while several California representatives "are pushing legislation to begin a phased withdrawal over the next six months. There are now more than 30 pieces of legislation in the House dealing with the war, according to Rep. Tom Lantos, D-Calif., who plans a hearing on them in his Foreign Affairs Committee next month."

GOP Will Offer Alternative Resolutions. The Washington Post (2/9, A5, Murray, 690K) reports House Democrats "agreed yesterday to debate a straightforward, nonbinding resolution that rejects President Bush's plan to send more troops to Iraq, but they will also allow Republicans to bring their own war-related measure to the floor. … Democrats will allow Republicans to offer alternative language, and House GOP leaders said they are considering two possible approaches. One is a resolution declaring that Congress will not cut off funding for U.S. troops. The other would establish a bipartisan panel to monitor Bush's new strategy in Iraq, including the troop increase. It would also offer benchmarks for Iraqis to meet, to show they are fulfilling their commitments to assuming greater responsibility for the war." House Minority Leader John Boehner "said Republicans will make a final decision after the Democratic resolution is officially unveiled, which may not happen until Monday."

USA Today (2/9, Kiely, 2.27M) reports Democrats "are trying to generate the broadest possible support for the resolution." Boehner "acknowledged 'there are Republicans in the House and Senate who are skeptical of the president's plan, that's no secret.' Bush hasn't made a public effort to fight next week's vote. White House spokesman Tony Snow said some members of Congress might find presidential intervention 'unwelcome.' Supporters of Bush's war plan have urged the White House to respond more forcefully."

Reid Reportedly Asked Kennedy To Introduce Binding Anti-Surge Legislation. Fox News' Special Report (2/8, Wallace) reported, "Senate Democrats tonight are upping the ante in the debate over President Bush's proposed troop surge in Iraq. Instead of arguing over different versions of a nonbinding resolution against the surge…Democrats will now try to block the troop increase outright." Senate Majority Leader Harry Reid, "checkmated by Republicans, has all but given up on symbolic moves to oppose the President's Iraq troop surge. Reid will reportedly tap Sen. Edward Kennedy to lead party efforts to block the surge with binding legislation. Reid "today dubbed Kennedy the party's 'antisurge quarterback.'" Roll Call (2/9, Stanton, Billings) reports Reid "will put off another attempt to pass a resolution…until after the Presidents Day recess."

Sen. Jon Tester, on MSNBC's Hardball (2/8), said, "I'm actually disappointed that the cloture vote didn't come to fruition so we could have that debate and have that vote this week. … I think without being too critical, we really have wasted some time this week where we could have been debating that surge…proposal by the president and really

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give the president a clear sign of where the U.S. Senate was on this issue."

In his column for the Washington Post (2/9, A19, 690K) Charles Krauthammer writes, "When it came to doing something serious about the surge, the Senate ducked. It unanimously (81-0) approved sending Gen. David H. Petraeus to Baghdad to do the surge -- precisely what a majority of the senators said they did not want done. If you really oppose the surge, how can you not oppose the appointment of the man whose very mission is to carry it out? Yet not one senator did so. Instead, they spent days fine-tuning the wording of a nonbinding -- i.e., entirely toothless -- expression of disapproval."

Pace, Gates Criticized Over Comments On Iraq Debate And Troop Morale. The Washington Times (2/9, Miller, 88K) reports, "Senate Republicans yesterday contradicted top Pentagon officials who say Congress would not injure troop morale by passing a nonbinding resolution critical of President Bush's Iraq war plan." Sen. Lindsey Graham "said he was outraged that Joint Chiefs of Staff Chairman Gen. Peter Pace and Defense Secretary Robert M. Gates would say U.S. combat forces 'understand' politics back home and won't be disheartened by a symbolic no-confidence vote against the commander in chief. 'It shows a lack of sophistication about how this would play in newspaper headlines throughout the world,' said Mr. Graham, South Carolina Republican." Sen. Jon Kyl said Pace and Gates "were cornered into dismissing the impact on morale during their testimony Wednesday before the House Armed Services Committee. 'I would hardly have expected either of them to have answered the question any differently,' he said, adding that he still thinks a resolution 'will send the wrong message to our allies, to our enemies, and to our troops and their families.'"

Pentagon IG Report Says Feith Iraq Report Was Flawed. The Washington Post (2/9, A1, Pincus, Smith, 690K) reports that the "intelligence provided by former undersecretary of defense Douglas J. Feith to buttress the White House case for invading Iraq included 'reporting of dubious quality or reliability' that supported the political views of senior administration officials rather than the conclusions of the intelligence community, according to a report by the Pentagon's inspector general." This "unclassified summary of the full document is scheduled for release today in a hearing of the Senate Armed Services Committee," along with a copy obtained by the Washington Post, reveals Feith's 2002 assessment "that Iraq and al-Qaeda had a 'mature symbiotic relationship'" that "was not fully supported by available intelligence but was nonetheless used by policymakers." According to Sen. Carl Levin, intelligence about an Iraq and al Qaeda relationship "was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq." Levin also said yesterday, "The inspector general's report is a devastating condemnation of inappropriate activities in the DOD policy office that helped take this nation to war." The Post added, that this summary placed special "link" emphasis on "the defense policy office's preparation of slides describing…an alleged 2001 meeting in Prague between Mohamed Atta…and an Iraqi intelligence officer."

The New York Times (2/9, Cloud, Mazzetti, 1.16M) reports that "a Pentagon investigation into the handling of prewar intelligence has criticized civilian Pentagon officials for conducting their own intelligence analysis to find links between Saddam Hussein and Al Qaeda, but said the officials did not violate any laws or mislead Congress, according to Congressional officials who have read the report. … by the Pentagon's acting inspector general, Thomas F. Gimble, was sent to Congress on Thursday" and "is the first major review to rebuke senior officials working for Defense Secretary Donald H. Rumsfeld for the way intelligence was used before the invasion of Iraq early in 2003." Critical senators assert that "under Douglas J. Feith," the civilan group "developed, produced and then disseminated alternative intelligence assessments on the Iraq and Al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the Intelligence Community, to senior decision-makers," according to the report. "The Pentagon's rebuttal vehemently rejected the report's contention that there was 'inappropriate' use of intelligence by Pentagon civilians" and said the "fresh, critical look" helped "to identify links between Saddam Hussein's government and Al Qaeda was done at the direction of Mr. Wolfowitz, who was deputy defense secretary at the time."

The Wall Street Journal/AP (2/9) reports that "a Defense Department investigation to be presented to Congress on Friday concludes that some of the Pentagon's pre-Iraq War intelligence work was inappropriate but not illegal." According to Mr. Feith, the inspector general's conclusion that some of the intelligence activities "were inappropriate but not unauthorized" was, in his words, "bizarre."

The Washington Times (2/9, Scarborough, 88K) reports that "a report to be released today clears" Feith "of Democrats' charges he acted illegally and without authorization when he set up a small team to compile intelligence reports." According to the IG report, "there was nothing illegal or unauthorized about Pentagon policy-makers looking at intelligence and writing a report. Democrats contend that such work, by law, is done only by intelligence analysts."

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Senate Approves Casey 83-14, With 10 GOP Senators Opposed. The Washington Post (2/9, A3, White, 690K) reports he Senate "voted 83 to 14 yesterday to confirm Gen. George W. Casey Jr. as the Army's new chief of staff, a tally that included 10 Republicans voting against the general who has commanded the Iraq war for the past 2 1/2 years. … More than a fifth of the Republicans in the Senate voted against Casey, including influential members of the Armed Services Committee, which grilled the general during a contentious confirmation hearing last week. Sen. John McCain (Ariz.), the panel's ranking GOP member, joined three other Republicans on the committee in opposing Casey's confirmation: Sens. John Ensign (Nev.), Saxby Chambliss (Ga.) and Lindsey O. Graham (S.C.)."

USA Today/AP (2/9) reports, "Despite their opposition to Bush's war strategies, Democrats defended Casey while Republicans who support Bush's policies assailed the general, accusing him of mismanaging the conflict. 'Gen. Casey knows Iraq and the challenges the Army faces there,' Sen. Carl Levin, D-Mich., and chairman of the Senate Armed Services Committee, said this week, adding, 'The principal failures that led to the chaos in Iraq were due to the civilian leaders.'" Sen. John McCain "said Casey should be held accountable for giving Congress rosy assessments of the war as the violence got worse. 'I have questioned in the past and question today a number of decisions and judgments that Gen. Casey has made in the past two and a half years,' said McCain. 'During that time, conditions in Iraq have gotten remarkably and progressively worse.'"

McCain's Opposition To Casey Analyzed. The Hill (2/9, Bolton) reports McCain's vote "is a departure from a policy he outlined two years ago on the president's prerogative to appoint advisers. But a McCain spokeswoman said that his earlier statement should not be taken out of context. She said it referred to filibusters of presidential appointments, not final confirmation votes. … Critics view McCain's vote as an effort to distance himself from President Bush's Iraq war policy while he lays the groundwork for his own presidential campaign."

"Warrior Scholar" Petraeus Officially Takes Command Saturday. The Christian Science Monitor (2/9, Murphy, 59K) reports Lt. Gen. David Petraeus, "armed with a Princeton PhD, legions of admirers, and a coterie of advisers who have frequently criticized the approach to America's last long war (Vietnam) – arrived in Baghdad this week to lead a war that even many of its supporters say is approaching zero hour. The 'warrior scholar' brings a new approach, officially taking over command Saturday of operations in Iraq from Gen. George Casey." Petraeus "says he's optimistic, but he'll have fewer troops to do the job than recommended by the US military's new counterinsurgency manual, which he spent most of the past year helping to rewrite, calls for in these situations. … But counterinsurgency experts, and some inside the military, say that the deck is heavily stacked against him."

Pentagon Plans "Rolling Implementation" Of New Iraq Strategy. The Christian Science Monitor (2/9, Grier, 59K) reports, "US and Iraqi forces have begun to implement President Bush's new security plan for Iraq – but the start-up is not without its difficulties. Iraqi units have met deployment deadlines, but they're not at full strength. The first additional US brigade has arrived in Baghdad, but military officials are steamed that civilian US agencies aren't moving as fast as they are." Prime Minister Maliki "has complained that things should speed up, lest insurgents take advantage of the delay to inflict as many casualties as possible. No one ever said the plan's first stages would be easy ones, noted US officials in congressional testimony this week. The US is taking it one step at a time. 'So far, so good,' said Secretary of Defense Robert Gates at a House Armed Services Committee hearing on Wednesday. According to Secretary Gates, the first official day of the plan was Monday, Feb. 5. For both US and Iraqi forces the new effort will involve a 'rolling implementation,' said the Pentagon chief, not an 'all at once' surge."

High-Ranking Iraqi Official Accused Of Financing Shiite Militant Groups. The New York Times (2/9, Cave, 1.16M) reports that "Iraqi and American troops arrested the second highest official in the Iraqi Health Ministry on Thursday, charging that he funneled millions of dollars to rogue Shiite militants who kidnapped and killed Iraqi civilians." According to "a statement…the official was suspected of using his position to run a rogue unit of the Mahdi Army, the Shiite militia that claims loyalty to the cleric Moktada al-Sadr. The statement accused the official of flooding the Health Ministry's payroll with militants, embezzling American money meant to pay for Iraq's overworked medical system and using Health Ministry 'facilities and services for sectarian kidnapping and murder.'"

The Los Angeles Times (2/9, Roug, 850K) reports that accused high ranking Iraqi official, Deputy Minister Hakim Zamili, was detained "in connection with the killings of Health Ministry officials and the diversion of millions of dollars to a Shiite Muslim militia. Iraqi Special Forces, backed by U.S. troops, stormed the health complex in downtown Baghdad, detaining Deputy Minister Hakim Zamili, an al-Sadr loyalist." One American advisor to the Iraqi military stated, "This is the first, visible big fish, it's one to watch. It has to be the beginning of the house cleaning."

USA Today/AP (2/9) reports that Zamili is accused "of diverting millions of dollars to the biggest Shiite militia and allowing death squads use of ambulances and government

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hospitals to carry out kidnappings and killings" resulting in condemnation of the arrest by "Shiite politicians allied with anti-American cleric Muqtada al-Sadr" who said the arrest was "a violation of Iraqi sovereignty and demanded that the prime minister intervene to win his release." Yet, "Prime Minister Nouri al-Maliki and his senior advisers remained silent" under "strong U.S. pressure to crack down on Shiite militias and has pledged not to interfere in the security operation to rid Baghdad's streets of gunmen from both Islamic sects."

The Washington Times/AP (2/9, Yacoub) reports that senior Iraqi Health Ministry official Hakim Zamili is accused of "helping to funnel millions of dollars to Shi'ite militiamen blamed for much of the recent sectarian violence in the capital, the U.S. military said." An Iraqi "ministry spokesman said earlier that U.S. and Iraqi forces had seized Deputy Health Minister Hakim al-Zamili, an al-Sadr supporter, from his first-floor office in northern Baghdad" leaving "a large white boot print…on the bullet-pocked office door, which apparently had been kicked in by the troops, and shattered glass as well as overturned computers and phones were scattered on the floor."

Fox News' Special Report (2/8, Wallace) reported on "a crackdown on corruption in the heart of the Iraqi government. A disturbing arrest indicating militias may have infiltrated the upper levels of the Iraqi government. A deputy health minister is in custody suspected of perpetrating sectarian violence and using U.S. taxpayer dollars to do it."

US Forces Told To Avoid Offensive With Militiamen In Iraq. The Washington Post (2/9, A14, Partlow, 690K) reports that "Iraqi and U.S. forces should not launch a military offensive against the militias -- most of them Shiite -- that are a major source of turmoil in Iraq, but should instead rely on nonviolent steps to bring militiamen into the political fold, according to an Iraqi report," called "Dismantling Iraq's Militias," which has a Shiite slant, after being "based on a round-table discussion by six Shiite politicians, two Kurds and a Sunni Arab. Government officials said Thursday it would be considered in setting policy," yet "some here saw it as reflecting the private thinking of Prime Minister Nouri al-Maliki as more U.S. troops arrive to try to end the violence."

Thirteen Insurgents Killed By US Airstrike. The Washington Post (2/9, A14, Londoño, 690K) reports that "U.S. forces used precision-guided munitions to kill thirteen Sunni insurgents west of Baghdad on Thursday and aided Iraqi officials in the detention of a deputy cabinet minister accused of funneling money to a Shiite militia" where many residents and "a doctor…of the area said women and children were killed in the airstrike, but a military spokesman denied there were any civilian casualties." This targeted "strike in Amiriyah" bombed "two suspected safe houses used by insurgents, a military statement said. U.S. forces said they later detained five suspected insurgents and found weapons including armor-piercing ammunition."

Baghdad Attempts To Rebuild, But Sectarian Inequities Evident. The New York Times (2/9, Cave, 1.16M) reports that in a mainly Shia area in Baghdad, Sadr City, "is recovering, with the help of $41 million in reconstruction funds from the Shiite-led government, all of it spent since May, according to Iraqi officials, and millions more in American assistance." As many Shia areas thrive under government assistance, "middle-class Sunni enclaves are withering into abandoned ghettos, starved of government services." US forces face a strong resistance by the Mahdi Army and it's Shia radical leader Moktada al-Sadr due to their violence against both American troops and their "death squads preying on Sunnis, making the district a potential target as American troops pour into Baghdad to enforce the new security plan." This tension, violence, and lack of equality of services for the Sunnis has led to a great amount of Sunni refugees fleeing Baghdad and other areas in Iraq.

USA Today (2/9, 8A, Dorell, 2.27M) reports that "neighborhoods where Sunnis and Shiites live side by side are vanishing as residents flee, seeking safety among their own sects." Currently, "more than 540,000 Iraqis have left their homes over the past year because of sectarian violence, according to a recent estimate by the International Medical Corps (IMC), a relief organization operating in Iraq" where "about 90% of displaced Iraqis move elsewhere within the country, the IMC says, usually joining members of their own sect. The resulting separation of Baghdad into more distinct Shiite and Sunni areas has made it easier for militias to attack each other, posing a major challenge to Iraqi and U.S. forces as they implement a security plan in coming months."

Baghdad Police Remain Ready For The Unexpected. USA Today (2/9, 8A, 2.27M) reports that "with stoplights often dead because of blackouts, security checkpoints blocking many roads and more cars than ever circulating in the city, Baghdad's 1,700 traffic cops have their hands full" with the capital now "a traffic nightmare." New laws to maintain driver safety have been enacted in a city where life attempts to go on amid security checkpoints, bombings, road closings, and military convoys that "frequently barrel through the streets."

US Soldiers Followed Idealistic Beliefs To Serve In Iraq. The Washington Post (2/9, A13, Otto, Kunkle, 690K) reports "Seaman Manuel Ruiz, 21…killed when a Marine transport helicopter crashed in Anbar province Wednesday," "Marine Sgt. Joshua J. Frazier, 24…killed by a sniper Monday as he stood on a rooftop in Ramadi," and "Marine Cpl. Jennifer M. Parcell, 20…died Wednesday in

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Anbar province in what the Defense Department described as 'supporting combat operations.' The Post honors these fallen soldiers from the DC area with a description of their compelling duty to serve in Iraq, despite pleas from their families not to join the military, and their idealistic intentions as soldiers.

Marine Withdraws Guilty Plea In Murder, Kidnapping Case. The USA Today (2/9, 2.27M) reports that "a military judge granted a Marine corporal's request Thursday to withdraw his guilty plea to charges of murdering an unarmed Iraqi civilian who was dragged from his home and shot. Cpl. Trent Thomas asked to change the plea, saying he no longer believes he is guilty. Thomas now says he believes he was following a lawful order" referring to his role in the "squad of seven Marines and a sailor accused last year of hatching a plot to kill an Iraqi in the town of Hamdania. Four others pleaded guilty to lesser charges. Thomas, the squad's second in command, could face life in prison."

Judge Dismisses Fraud Charges Against Reconstruction Contractor. The Washington Post (2/9, D1, Hedgpeth, 690K) reports that "a federal judge has dismissed a civil case against a military contractor accused of improperly billing Iraq reconstruction authorities for tens of millions of dollars worth of security services that it did not provide. U.S. District Judge T.S. Ellis III in Alexandria said there was no evidence that Custer Battles, a firm started by Army veterans Scott Custer and Michael Battles, committed fraud under a $16.8 million contract to provide security at the Baghdad International Airport in 2003."

Rice Authorized Talks With Syria On Iraqi Refugee Crisis. AFP (2/8) reports Secretary of State Condoleezza Rice "revealed that she had authorized diplomatic talks with Syria about the Iraqi refugee crisis." Rice told a congressional panel that she "had instructed the US charge d'affaires in Damascus, Michael Corbin, to meet with the Syrians as part of a new US initiative to tackle a growing Iraqi refugee crisis." However, she stressed that Corbin has been authorized "explicitly to talk to the Syrians about the issue of refugees." US officials "made clear this did not represent a break with standing US policy" not to engage in high-level diplomatic dealings with Syria.

Syria Will Not Expel Iraqi Refugees. The AP (2/8, Mroue) reports Syria will not "force any Iraqi refugees to return to their homeland despite the exchange of harsh words between the two countries," UN High Commissioner for Refugees Antonio Guterres said Thursday.

Official In Turkey Warns About Kirkuk Vote. The Washington Post (2/9, A12, Kessler, 690K) reports Turkish Foreign Minister Abdullah Gul "warned yesterday that a referendum planned this year on the status of the Iraqi city of Kirkuk should be canceled or else the outcome might widen the sectarian violence that has largely left the northern part of Iraq untouched. Under Iraq's constitution, the oil-rich city will be able to decide whether to join the Kurdish-dominated Kurdistan region. Turkey, plagued by terrorist attacks by Kurdish separatist rebels, is concerned that control of the city by the semiautonomous Kurdistan would give the region the economic clout to break free from Iraq" and "Turkish officials have warned that they may intervene if the vote goes against their interests."

Italy Ask US To Cooperate On Judicial Matters. The AP (2/9) reports that the Italian Foreign Ministry "on Thursday urged the United States to cooperate on judicial matters after a court indicted a U.S. soldier for the fatal shooting of an Italian intelligence agent at a checkpoint in Baghdad" resulting in Spc. Mario Lozano being "indicted Wednesday for murder and attempted murder in the death of Nicola Calipari, who was shot in 2005 on his way by car to Baghdad's airport shortly after securing the release of an Italian journalist who had been kidnapped." Italy assumes "independent and autonomous" judicial power in this case over an American citizen.

Gates Urges NATO To Honor Afghanistan Commitments. The New York Times (2/9, Shanker, 1.16M) reports Defense Secretary Robert Gates, "attending his first conference of NATO defense ministers, told these American allies that they must fulfill their commitments to provide troops for Afghanistan in time for a spring offensive against the Taliban." According to Defense Secretary Gates, "progress had already been made on one issue," while more "NATO members to lift some of their individual restrictions on the types of operations their forces would be allowed to carry out in Afghanistan" and more was needed to "compel the member nations to keep the promises they had already made for the organization-led force that provides security operations in Afghanistan." Defense Secretary Gates stressed the need for a spring offensive against the Taliban in Afghanistan and "reaffirmed to the NATO allies that he would extend for 120 days the tour of a brigade of Army troops. He also cited the United States' promise of $8.6 billion for Afghanistan's security forces and $2 billion more for economic development."

Pentagon Says War On Taliban Is Reaching "Pivotal Mark." The Washington Times/AP (2/9, Baldor) reports that "a senior defense official said yesterday, calling this a pivotal time in the nearly five-year-old war there." In a previewd message to be delivered to NATO members by Defense Secretary Robert Gates, "the official said now is the time to finally defeat the Taliban, who harbored planners of the September 11, 2001, attacks that prompted the U.S. global

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war on terror" as "NATO's new top commander, U.S. Army Gen. John Craddock, was presenting ministers with a plan to 'rebalance' the force of 35,000, using the more mobile combat units in the southern and eastern regions along the border with Pakistan where combat is expected to be most intense." Gates also calls for "more military trainers to work with the Afghan army."

Air Force Continues Bombing Taliban In Afghanistan. USA Today (2/9, 9A, Brook, 2.27M) reports that "the Pentagon is ramping up its bombing campaign in Afghanistan as it plans a major offensive against the resurgent Taliban in the spring. Close-air-support missions flown by U.S. Air Force pilots increased nearly 80% in the first five weeks of 2007 compared with the same period last year, records show. In such missions, aircraft attack enemy ground forces in close proximity to friendly forces" and "the Air Force plans to send in dozens more precision bomb-targeting systems that allow troops on the ground to call in close-air-support missions within a few hundred yards of their own position."

Video Simulations Uses To Treat PTSD. The Los Angeles Times (2/9, Gordon, 850K) reports, "Universities, private firms and the federal government are pouring millions of dollars into creating and testing such virtual Iraqs to help ease the psychological disorder that, according to a 2004 study by the Walter Reed Army Institute of Research, affects more than 15% of combat personnel returning from Iraq. Sufferers may have anxiety, nightmares, flashbacks, emotional numbness, extreme jumpiness and physical pain. Unable to return to combat or civilian jobs, some receive disability payments for years or for life. With a therapist's supervision, the virtual Iraqs are designed to vividly, yet safely, allow those veterans to confront war experiences in ways that go beyond traditional counseling and drug therapy."

Bush Warned Against "Jumping" Into Diplomacy. Morton Abramowitz, a senior fellow of the Century Foundation, and Leslie H. Gelb, president emeritus of the Council on Foreign Relations, write in a Wall Street Journal (2/9, A11, 2.04M) op-ed, "Not many in Washington think President Bush's military surge will solve Iraq, but there is plenty of enthusiasm for a diplomatic surge," including "the Iraq Study Group, much of Congress, think-tankers and media pundits." The Administration, they say, "should be wary of quick fixes," noting that "diplomacy cannot resolve Iraq's internal conflicts, though it may help lubricate a deal reached by Iraqis, or an American exit from Iraq." Meanwhile, regional diplomacy "might prove useful if the Iraqis gain momentum toward a power-sharing deal, but can't make tough calls without outside aid and pressure."

Former Interrogator Asserts Abu Ghraib Story "Isn't Over." In a piece in the Washington Post (2/9, A19, 690K) Eric Fair writes about nightmares that he continues to have about being a civilian interrogator in Iraq. Fair writes that since his summer in Iraq in 2004, he has been haunted by the bad treatment he was ordered to inflict on prisoners, and their faces haunt his dreams and conscience to this day. He disagrees with "American authorities" who "continue to insist that the abuse of Iraqi prisoners at Abu Ghraib was an isolated incident in an otherwise well-run detention system" asserting that "aggressive, and in many ways abusive, techniques were used daily in Iraq, all in the name of acquiring the intelligence necessary to bring an end to the insurgency. The violence raging there today is evidence that those tactics never worked." Fair concludes that "the story of Abu Ghraib isn't over. In many ways, we have yet to open the book."

VOA Chief Says American Ideas More Powerful Tool Than Pop Culture. In a piece entitled "Britney vs. The Terrorists," Robert R. Reilly, the director of the Voice of America, writes in the Washington Post (2/9, A19, 690K) that the effect of American music and culture is far less powerful in Iraq and Middle Eastern countries than most give it credit for as a potential weapon. In an attempt to sway the youth of Iraq, American broadcasts are playing music but not expressing the ideas that the country needs to build a democracy. Reilly asserts that "we do not teach civics to American teenagers by asking them to listen to pop music, so why should we expect Arabs and Persians to learn about America or democracy this way? The condescension implicit in this nearly all-music format is not lost on the audience that we should wish to influence the most -- those who think."

Writer Proposes A War Tax. In an opinion piece in the New York Times (2/9, 1.16M), Kristin Henderson, the author of "While They're At War: The True Story of American Families on the Home Front," writes that "every morning that my husband was in a war zone, whether it was Afghanistan or Iraq, I woke up knowing that today could be the day my world might end." This war "takes a toll on the families left behind" and the "claim that all Americans are making sacrifices for the war on terrorism, it's just not true." Henderson asserts "a universal draft would certainly help spread the sacrifice" yet she thinks "the privileged will find a way to avoid serving" so proposes "a war tax, dedicated to financing the support services needed by military families and combat veterans" is the answer.

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Democrats Seek To Limit AG's Power To Appoint US Attorneys. The Hill (2/9, Schor) reports, "Senate Democrats plan to bring legislation to the floor next week that would rein in the Bush administration's power to appoint U.S. attorneys without Senate confirmation, an increasingly bipartisan concern as the number of abruptly dismissed prosecutors grew to eight. Senate leaders announced their plans hours after the Judiciary Committee approved a bill reversing a little-noticed provision of last year's Patriot Act reauthorization that allows the Justice Department to sidestep Senate approval in naming interim U.S. attorneys. Three Judiciary Republicans backed the bill, signaling heightened concerns on both sides of the aisle at the pattern of attorney axe-ings.

The AP (2/9, Kellman) reports, "Sponsored by Sen. Dianne Feinstein, D-Calif., the measure would eliminate a provision in the antiterror Patriot Act that gave the attorney general new power to replace fired U.S. attorneys indefinitely, avoiding the Senate confirmation process. … Feinstein's bill would allow the attorney general to appoint an interim U.S. attorney for 120 days. If after that time someone had not been nominated and confirmed by the Senate, authority to appoint an interim U.S. attorney would fall to the district court. … The bill would apply to any interim U.S. attorneys who have not been confirmed, including those appointed to replace the seven prosecutors who have been fired since the Patriot Act reauthorization went into effect, according to a spokeswoman for Judiciary Committee Chairman Patrick Leahy, D-Vt. … The Justice Department opposes the bill, saying the attorney general's authority to choose prosecutors should not be handed to courts because district court judges, they contend, are often unqualified to make such decisions. Kyl said he would remove his objection if Reid agreed to remove the provision giving district court judges the 120-day backup power to appoint interim prosecutors. … 'We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected,' said Justice spokeswoman Tasia Scolinos." The AP continues, "Senate Democratic leaders sent Attorney General Alberto Gonzales a letter Thursday asking him to publicly answer several questions about the matter, including any role that presidential adviser Karl Rove might have had in replacing Arkansas U.S. Attorney Bud Cummins with former Rove adviser Tim Griffin."

The Washington Post (2/9, A6, Eggen) reports, "Chairman Patrick J. Leahy (D-Vt.) said the legislation is necessary to ensure Senate oversight and limit the 'politicization of U.S. attorneys offices.' … Justice Department spokeswoman Tasia Scolinos said that allowing Gonzales to appoint interim prosecutors is 'good government and constitutionally sound.' … 'We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected,' Scolinos said."

CongressDaily (2/9, Posner) also reports on the bill.

McKay Disputes DOJ Allegation Of Performance Problems. The Washington Post (2/9, A6, Eggen) reports, "A recently fired U.S. attorney based in Seattle said yesterday that he was told of no performance problems when he was asked to resign, and he called critical remarks by a top Justice Department official 'unfair' and inaccurate." The Post continues, "The comments by former U.S. attorney John McKay add to a growing tide of criticism of the Justice Department's decision to fire seven top prosecutors without explanation, and came on the same day the Senate Judiciary Committee voted 13 to 6 to limit the attorney general's power to appoint replacements." The Post adds, "McKay said in an interview that his Seattle office received glowing reviews as recently as last fall, when an intensive Justice Department audit heaped praise on McKay and his staff. … McKay challenged testimony this week by Deputy Attorney General Paul J. McNulty, who told the Senate panel that McKay and five other Republican-appointed U.S. attorneys were forced to resign for 'performance-related' reasons. … 'That is unfair,' McKay said. 'That reflects on my former colleagues in the office and the good work that we did, and I know that's not true.'" The Post notes, "McKay is the third U.S. attorney to speak publicly about his dismissal. Daniel G. Bogden of Nevada told the Las Vegas Review-Journal that he was given no explanation for being forced out and that he had not been told of any problems with his performance. … McNulty's testimony Tuesday also included an admission that the chief prosecutor in Little Rock, Ark., was fired to make way for GOP stalwart J. Timothy Griffin, a protege of presidential adviser Karl Rove and former researcher for the Republican National Committee. … "

Reid Decries Nevada US Attorney's Dismissal. The Reno (NV) Gazette-Journal/Gannett News Service (2/9, Marrero) reports, "Senate Majority Leader Harry Reid accused the Bush Administration Thursday of forcing the U.S. Attorney for the district of Nevada to step down as part of an attempt to name more political allies as federal prosecutors." Gannett continues, "Daniel Bogden, 50, resigned last month after consulting with officials at the Department of Justice. He is among at least seven U.S. Attorneys who have been forced to resign or have been fired in the past few months - sparking accusations of political favoritism by the Bush administration. … Reid, a Nevada Democrat, vowed he would act to correct the situation. … 'What has happened in my town in Nevada is ... distasteful to say the very least,' Reid said. 'We want to know what's going on.'"

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More Commentary. In a piece posted on Salon.com (2/9), Joe Conason writes, "The Constitution be damned, the attorney general has seized control of U.S. attorney appointments for partisan purposes. … Under any circumstances, the Bush administration's sudden, explicitly political dismissal and replacement of United States attorneys in judicial districts across the country would be very troubling -- both as a violation of American law enforcement traditions and as a triumph of patronage over competence. … But as the story behind these strange decisions unfolds, a familiar theme is emerging. Again, the White House and the Justice Department have been exposed in a secretive attempt to expand executive power for partisan purposes. And again, their scheming is tainted with a nasty whiff of authoritarianism." Conason continues, There is much more at stake here than a handful of federal jobs. … Leading senators of both parties are disturbed by these incidents because U.S. attorneys -- the powerful officials appointed by the president to prosecute federal crimes and defend federal interests in each of the nation's judicial districts -- are supposed to be as nonpartisan as possible. Democrats mostly appoint Democrats and Republicans mostly appoint Republicans, but the U.S. attorneys are usually chosen with the advice and consent of the senators from their home states, and then confirmed by the full Senate, with a decent respect for skill and experience as well as political connections." Conason adds, "The reason for this appointment process was simple: These prosecutors must police the politicians. They are expected to guard the nation's judicial system against the varieties of political abuse that are typical of authoritarian systems. They are granted a substantial degree of independence from the government in Washington, including the attorney general who functions as their boss. … To ensure that no U.S. attorney could be fired on a whim and replaced with a malleable hack, the relevant statute required that whenever a vacancy occurred in midterm, the replacement would be appointed by federal circuit judges rather than by the president. Getting rid of irksomely honest and nonpartisan prosecutors was difficult if not impossible. … On Thursday, the Senate Judiciary Committee voted to restore the old nonpartisan system for replacing U.S. attorneys and to require Senate confirmation of all new appointees. The full Senate and the House of Representatives should do likewise, despite Republican opposition, but that is not enough. The Senate Democrats should continue to probe the attorney general's little coup d'état and all of the resulting appointments. That is the best way to discourage future usurpations -- and to frustrate whatever skulduggery was afoot this time."

The Seattle Post-Intelligencer (2/9) editorializes, "The Bush administration again has been caught undermining American justice in Seattle and across the nation. The best hope is that the exposure will, over the long term, serve to hinder extreme right-wing hopes of turning the entire legal system into a reflection of arch-conservative ideology." The P-I adds, "As the Iraq reconstruction fiasco best illustrates, this is an administration with an appalling record of putting considerations of ideology ahead of competence. Appointing young conservatives as U.S. attorneys might pave the way for their selection as U.S. judges later. We hope Congress will have a long memory about anyone receiving such a dubious appointment to a U.S. prosecutor position. This administration won't reform, but lessons can be learned for the future."

Gonzales' Trip To Central, South America Noted. In his "In The Loop" column for the Washington Post (2/9, A17), Al Kamen writes that "while folks in this area are freezing, Attorney General Alberto Gonzales is off this week to Central and South America for a series of chats with various officials about drugs, copyright laws and other exciting topics. On Monday, he talked about gangs with El Salvador's president." Kamen continues, "Tuesday he flew to Buenos Aires and on Wednesday (sunny and 84 degrees) toured the Buenos Aires Jewish community center, where a terrorist bomb killed 85 people in 1994. Yesterday it was off to Brasilia (temps in the 80s but partly cloudy) for meetings with various folks there. He had 'a fruitful discussion on a number of topics of mutual importance to Brazil and the United States' with his Brazilian counterpart, he announced." Kamen adds, "Today, it's to be Rio -- no carnival action, we're told -- to speak at an exciting conference about copyright laws. … The department says the curiously unimportant trip was planned long before anyone predicted the current cold snap -- or that increasingly nasty spat over the firings of those U.S. attorneys."

Former DOJ Official's Relationship With Griles Raises Conflict Concerns. The Legal Times (2/8, McLure) reports, "When Sue Ellen Wooldridge stepped down last month from her job as the Justice Department's top environmental prosecutor, it wasn't her desire to return to the private sector that was notable, it was her timing." The Times continues, "Days earlier, Wooldridge's boyfriend —oil and energy lobbyist J. Steven Griles —had been put on notice that he was a target of the federal public-corruption investigation involving convicted lobbyist Jack Abramoff. … The romance between Wooldridge, 46, and Griles, 60, is significant and has had an impact beyond the Justice Department's Abramoff probe. Both previously held high-ranking jobs at the Interior Department — Griles was deputy secretary there, while Wooldridge was deputy chief of staff to then-Secretary Gale Norton and later the agency's top lawyer." The Times adds, "At Interior, they concealed their relationship from multiple department investigators looking

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into Griles' contacts with former lobbying clients —even as Wooldridge responded to the investigators on Griles' behalf and, later, as solicitor, oversaw Interior's ethics office, according to two current government officials with knowledge of the investigation and one former Interior official. These sources say the romance between Wooldridge and Griles was going on as early as February 2004. … Details of their relationship raise questions about the vetting process for presidential nominees at both the Justice and Interior departments, in addition to Wooldridge's candor with those who examined her credentials. … Wooldridge left Interior in the fall of 2005, when she was confirmed to become the DOJ's assistant attorney general for environment and natural resources. According to a senior DOJ official, Attorney General Alberto Gonzales and other top Justice officials were unaware of her relationship with Griles until months after Wooldridge had been confirmed. That disclosure came long after FBI agents and prosecutors in the Justice Department's Criminal Division had begun investigating Griles as part of the Abramoff probe, according to a source with knowledge of the investigation."

CORPORATE SCANDALS:

Bush's Uncle Alleged To Have Befitted From Options Backdating Scheme. The Los Angeles Times (2/9, 850K) reports William H.T. Bush, President Bush's uncle, "was among a group of directors of a defense contractor who reaped $6 million from what federal regulators say was an illegal five-year scheme by two company executives to manipulate the timing of stock option grants, documents show. Bush, known as 'Bucky,' becomes the second member of the president's family to become enmeshed in the stock options scandal this month." Bucky Bush "was an outside, non-executive director of Engineered Support Systems Inc., a defense contractor whose profits were bolstered because of the Iraq war. The St. Louis-based company, a supplier of equipment and electronics to the military that was acquired last year by another defense contractor, has been under investigation by federal prosecutors and the Securities and Exchange Commission concerning the alleged options backdating scheme. Last week in U.S. District Court in Houston, President Bush's youngest brother, Marvin, was named as a defendant in a suit charging that officers and directors of HCC Insurance Holdings benefited from backdated options."

Jobs Helped Arrange Well-Timed Options Package For Pixar Director. The Wall Street Journal (2/9, A3, Stecklow) reports, "Steve Jobs helped negotiate an employment contract with a top film director that included a large stock-options grant with an especially well-timed date, according to a person familiar with the matter." The Journal continues, "The options grant, part of a 2001 employment contract reached between Pixar Inc. and noted animated-film director John Lasseter, carried the lowest share price of the previous year -- on a date more than three months before the employment contract was actually signed. Mr. Jobs, then Pixar's chairman and chief executive, signed the agreement on behalf of Pixar." The Journal adds, "It remains unclear what role, if any, Mr. Jobs played in selecting the prior grant date of the agreement's stock options. The grant is one of several the Emeryville, Calif., movie company awarded at yearly lows, a pattern that has raised questions about whether the Pixar grants were improperly backdated. … Pixar was bought last year by Walt Disney Co., which is conducting an internal investigation into Pixar's options-granting practices. Federal prosecutors in San Francisco also are looking into Pixar options and are awaiting the conclusion of the Disney probe, according to people familiar with the matter. Mr. Jobs sits on Disney's board and is its largest individual shareholder. Mr. Lasseter is Disney's chief creative officer of its animation studios. … The prosecutors and the Securities and Exchange Commission already are examining Mr. Jobs's role in stock-options backdating at Apple, where he is chief executive. An internal probe by Apple recently cleared him of any wrongdoing but said Mr. Jobs 'was aware or recommended the selection of some favorable grant dates.' … Pixar and Apple are two of nearly 140 companies under federal investigation for possible stock-options manipulation."

Aon To Review Stock Option Practices. The Chicago Tribune (2/9, Yerak) reports, "A stock buyback helped boost Aon Corp.'s per-share earnings in the fourth quarter, but it also disclosed Thursday that it has launched a 'comprehensive review of option grant date practices and related accounting issues.'" The Tribune continues, "The Chicago-based insurance brokerage and consulting firm said it recently determined that incorrect dates for 'certain' stock options granted in 2000 and in certain previous years appear to have been used for accounting purposes. … 'Based upon our preliminary review, the company has not found evidence of intentional misconduct or financial self-dealing, including backdating or other manipulation of stock option pricing,' Aon said in its earnings release, issued after the market closed. … But Aon said that its audit committee has begun a thorough review of option grant date practices. Aon wouldn't say which of the certain options are in question, though a spokesman did say that they don't involve the options of Patrick Ryan, Aon's executive chairman who was chief executive in 2000." The Tribune adds, "It said it hasn't yet been able to determine the amount of additional compensation expense or related impact on taxes, but said it doesn't expect it to be material in 2005 or 2006. It said it will try to quantify the impact on

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finances for previous periods by the time it files its annual report on or before March 1. … Stock option scandals have caused the downfall of several prominent chief executives who received option grants that had been backdated, or artificially rigged to make them more valuable. Nearly 200 companies have disclosed that the Securities and Exchange Commission, Justice Department or internal investigations are looking into potential problems with backdating."

IRS Proposes Tax Penalty Relief For Backdated Options. The AP (2/9) reports, "Companies can voluntarily pay the additional taxes rank-and-file workers face because they were issued backdated stock options, the IRS said Thursday." The AP continues, "The Internal Revenue Service initiative affects the additional 20 percent tax and any interest tax employees would owe after exercising backdated stock options. The proposal's main benefit would simplify taxes for individuals whose companies agree to pay the additional taxes. It wouldn't apply to top executives and company insiders. … The IRS said its 'Compliance Resolution Program' would help employees who may be unaware that they held backdated stock options." The AP adds, "Options give holders the right to buy stock at a particular point in the future at a predetermined price. Federal authorities have been probing whether companies have backdated the exercise price of the options to a date when the price was lower."

The Wall Street Journal (2/9, A3, Scannell) reports, "The IRS initiative, which is voluntary, proposes that companies with backdating problems pay the steep additional taxes due from lower-level employees who exercised backdated stock options in 2006. … The theory: Employees who had nothing to do with receiving backdated options shouldn't be penalized. Top corporate officials of companies with backdating problems will remain on the hook for taxes on exercised stock options that were backdated. … 'We're sending the message here that a proper penalty has to be paid but allowing it to be resolved by the companies so [lower-ranking] individuals aren't swallowing the penalty,' IRS Commissioner Mark W. Everson said in an interview. 'We think it's appropriate to pursue more directly individuals who were manipulating and benefiting from the untoward conduct.'" The Journal notes, "The IRS program comes as more than 140 companies are facing potential problems about how their stock options were dated. More than 130 companies are under investigation by the Securities and Exchange Commission, and the Justice Department has charged five executives with criminal wrongdoing in connection with stock-options backdating."

Judge Chastises Prosecutors, Defense Attorneys At Nacchio Hearing. The AP (2/9, Shore) reports from Denver, "A federal judge sharply rebuked prosecutors and Joe Nacchio's attorney's Thursday, calling them 'petulant children' as he issued several orders in the insider trading case against the former Qwest chief executive. … 'This just seems to be petulant children in a sandbox kicking sand at each other,' U.S. District Judge Edward Nottingham said, referring to a series of motions exchanged between the two sides this week as the March 19 trial approaches. … 'I think what you need to do is stop whining and get on with the business of preparing for this trial,' he told the attorneys." The AP continues, "Nottingham had stern words for both sides as he worked his way through the motions with attorneys sitting quietly in the courtroom or listening via telephone. He set a series of deadlines ahead of the next status conference on Feb. 23. … Prosecutors and defense lawyers have been arguing over the evidence exchange process, which includes witness interviews, documents and classified government information." The AP notes, "Nacchio's attorneys complained this week that prosecutors have been dragging their feet in turning over evidence and that they needed a 60-day delay to review material they received as late as Monday. … Prosecutors denied the accusations and said the process had been slow because of the procedures in federal law that must be followed for classified documents. … Nottingham said he was dismayed by how long it has been taking to turn over evidence but stopped short of penalizing prosecutors, instead ordering them to produce transcripts of witness interviews within 48 hours. … He rejected what he called the defense's 'backhanded, lame request for a continuance,' saying there was no showing of prejudice that would require a delay. 'This case is going to be tried March 19th on schedule,' he said."

Four Plead Guilty To Conspiracy In New York Stock-Flipping Case. The Washington Post (2/9, D03, Johnson) reports, "A former pharmaceutical executive and two of his sons pleaded guilty yesterday to conspiracy charges for engaging in what authorities called a 'brazen' scheme to profit more than $2 million from illegal stock tips passed among the family members and their friends." The Post continues, "Zvi Rosenthal, 62, a former vice president at Taro Pharmaceutical Industries of Hawthorne, N.Y., shared confidential information about the generic-drug maker's products and financial condition with his sons Amir, 29, and Ayal, 26, more than a dozen times from 2001 to 2005, according to securities regulators. … The three men and Amir Rosenthal's friend David Heyman, 29, pleaded guilty to a single count of conspiracy to commit securities fraud yesterday in U.S. District Court in Brooklyn, N.Y. Each defendant faces a maximum prison term of five years and a $250,000 fine when he is sentenced in May, U.S. Attorney Roslynn R. Mauskopf said." The Post adds, "Securities and

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Exchange Commission officials yesterday filed related civil insider-trading charges against the men and several of their alleged confederates, including Oren Rosenthal, 30, Rosenthal's eldest son, and Bahram Delshad, 55, Amir Rosenthal's father-in-law. … Mark K. Schonfeld, director of the SEC's Northeast Regional Office, said the case is particularly disturbing because it appeared to be a 'family business based on insider trading.' … Members of the Rosenthal family and many of their friends worked as lawyers and accountants at respected businesses, including the accounting firm PricewaterhouseCoopers. They were people 'who had every reason to know better,' said Bruce Karpati, an assistant regional director at the SEC."

The New York Law Journal (2/9, Perrotta) reports, "The Eastern District U.S. Attorney's Office said the men made more than $2 million through insider trading. The SEC put the figure at $3.7 million, including gains by three others who were not charged criminally: Kim; Bahram Delshad, Amir's father-in-law; and Amir's 30-year-old brother Oren, a former attorney at the New York office of O'Melveny & Myers."

NYTimes Praises SEC For Probing Bank Leaks. The New York Times (2/9, 1.16M), in an editorial, writes, "we applaud the Securities and Exchange Commission's decision to begin a broad examination into whether employees at major Wall Street banks have been leaking information to their favorite customers, like funds. As Jenny Anderson reported recently in The Times, the S.E.C. is requesting reams of information from large banks to determine whether bankers are tipping off hedge funds — whose active trading tends to make them lucrative customers — about other client's orders as a way to curry favor with them."

CRIMINAL LAW:

Prosecution Rests After Libby Lawyer Grills Russert. NBC Nightly News (2/8, lead story, 2:30, Williams, 9.87M) reported, "Tim Russert's second day on the witness stand ended today as the prosecution rested" in the trial of Lewis "Scooter" Libby. NBC (O'Donnell) added, "An aggressive cross-examination again today by Libby's lawyer, who tried to discredit Russert. One defense tactic, using TV clips talking about his own role in this case. … Libby's lawyer suggested there was bad blood between Russert and Libby." Defense attorney Thomas Wells "pointed to an appearance Russert made on the morning he was indicted." Russert, from NBC broadcast: "Santa Claus is coming tomorrow. What will be under the tree?" O'Donnell: "Russert testified he meant it would be a big news day. The prosecutor followed up by asking him did you take any joy in Mr. Libby's indictment. He responded, 'No, not at all, and I don't take joy in being here.'"

In a widely distributed story, the AP (2/9, Apuzzo) reports that "Russert deflected criticism of his ethics and credibility as he completed a heated second day of cross-examination." The AP adds, "A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential." The Washington Post (2/9, A3, Goldstein, Leonnig, 690K) notes, "Wells also read parts of a transcript from that same day's broadcast of the 'Today' show, in which Russert explained to host Katie Couric the significance of possible indictments against Libby or President Bush's top political adviser, Karl Rove, which newspapers were reporting that morning. … Russert's buoyant tone, Wells contended, reflected 'bad blood' between Russert and Libby."

The New York Times (2/9, Lewis, 1.16M) reports, "Mr. Libby's legal team will begin with a parade of Washington journalists as witnesses for the defense when the proceedings resume Monday. But lawyers for Mr. Libby, the former chief of staff to Vice President Dick Cheney, left it a mystery as to whether they would call the two star attractions on their witness list: Mr. Cheney and Mr. Libby himself." The Times notes that jurors yesterday "seemed to pay close attention as Mr. Wells, known for his cross-examination skills, and Mr. Russert, a successful public communicator, went at each other for a second consecutive day." The Los Angeles Times (2/9, Miller, Schmitt, 850K) adds, "Libby's attorneys have succeeded in showing that prosecution witnesses at times suffered memory lapses. But those testifying against Vice President Dick Cheney's former chief of staff…were consistent on two key points: what they did not tell Libby, and what he told them."

The AP (2/9, Apuzzo) reports, "The trial has provided the jury - and the public- a rare glimpse into how the highly disciplined Bush administration dealt with the media and how reporters extract or are provided information from high-level sources. … Russert was subjected to the kind of interrogation he usually gives guests on his Sunday television show 'Meet the Press,' as attorneys flashed excerpts of his previous statements on a video monitor and asked him to explain inconsistencies." The AP continues, "A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential." The defense "wants to cast Russert as someone who cannot be believed, who publicly championed the sanctity of off-the-record conversations but privately revealed that information to investigators. Russert

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said he viewed the FBI conversation and testimony to prosecutors differently."

Russert's testimony received widespread local TV news coverage, which generally characterized the cross-examination as contentious. For example, WLWT-TV Cincinnati (2/8, 11:15 p.m.) reported, "The prosecution rests its case against former White House aide Scooter Libby, but it wasn't until after some courtroom drama involving NBC's 'Meet the Press' host, Tim Russert," while KDVR-TV Denver (2/8, 9:13 p.m.) noted, "In an attempt to show" Libby "is believable, his attorneys continued to question…Russert, grilling him about a phone conversation he had with Libby in 2003."

Russert Discusses "Difficult Position" Of Testifying At Trial. NBC Nightly News (2/8, story 2, 2:50, Williams, 9.87M) reported, "We are able tonight to talk to Tim Russert, though I should point out there are still restrictions on what Tim can say…because he could be called back to the stand. … This is not a role you were asking for. But you ended up, your investigation of events, as the crux of this case, really." Russert: "Yeah. It is a difficult position being in the news rather than just covering the news. … Lyndon Johnson once said it is easier to throw grenades than to catch them. He was right. But what I used for my own benchmark in this particular situation was something I was taught in seventh grade by a sister, and that is if you tell the truth, you only have to remember one story. That's what I did." Russert added, "It is something that I did not want to participate in. … I did not want to testify. But the judge decided otherwise."

Thompson Appears At Court To Show Support For Libby. The AP (2/9, Sniffen) reports, "One of the nation's most familiar 'prosecutors' showed in Scooter Libby's camp in court Thursday. … Joining Libby's public relations person, Barbara Comstock, in the public gallery was former Tennessee Republican Sen. Fred Thompson. … At one point, Libby's wife, Harriet Grant, went back and sat beside Thompson. They hugged, laughed and chatted for a few minutes before she returned to her seat in the front row. Asked why he came Thompson said, 'I'm a friend of Scooter Libby and his family.'"

Defense Attorney In New York Death Penalty Case Profiled. The New York Times (2/9, Finn) profiles New York defense attorney Ephraim Savitt,, "a federal prosecutor for nearly eight years in the 1980s" whose "laurels include the Justice Department's first conviction of ranking members of the Gambino crime family, Gene Gotti among them. … Sonorous of voice (part Motown-ish croon, part rabbinical oratory that is a genetic gift from his father, who died when he was 19), and impeccable of tailoring (his fluffy alpaca overcoat suggests topnotch llama), Mr. Savitt, 55 … was one of four lawyers appointed to represent defendants in the first capital prosecution in New York under the current federal death penalty act, and he has since defended other criminals in this predicament. Only (Ronell) Wilson received a death sentence. … In 1996, he obtained a life sentence for Peng You Zhong, a member of a Chinese gang accused of kidnapping, torture and murder. In 2003, he won a life sentence for Emile Dixon, a convicted murderer and crack dealer. On March 26, the trial of Richard James, accused of murder in what Mr. Savitt terms 'a hybrid insurance fraud/death penalty case' begins. … He also represents Vincent Basciano, a k a Vinny Gorgeous, a reputed mobster accused of making death threats against Greg Andres, a federal prosecutor, and Judge Nicholas G. Garaufis, of Federal District Court, coincidentally the presiding judge in the Wilson case." The Times adds, "Formal sentencing, scheduled for March 29, is the next step in the legal odyssey of Mr. Wilson, convicted of murdering two undercover detectives in a botched gun sale and already the recipient of a jury sentence of death by lethal injection. (Mr. Savitt is not sold on lethal injection as a painless ending and believes the death penalty should apply only to child murderers and terrorists, people he would refuse to defend.) … The petulant Mr. Wilson, whose post-verdict misbehavior includes sticking out his tongue after the jury delivered its sentence last week and smashing a chair through a window at the Metropolitan Detention Center in Brooklyn over the weekend, is the first defendant in New York in more than 50 years to receive a death penalty in a federal trial."

Stalkers Usually Know Their Target. USA Today (2/9, Koch) reports, "Nicole Kidman, Sharon Stone, Meg Ryan, Brad Pitt, Catherine Zeta-Jones, Steven Spielberg, Gwyneth Paltrow, Richard Gere and Katie Holmes share an experience beyond being on the Hollywood A-list. They've all reported being stalked, often by delusional fans." USA continues, "Their widely publicized cases are unusual, though, because they involved strangers. Most stalkers and victims know each other, and many have a current or former romantic tie, says Mary Lou Leary, executive director of the National Center for Victims of Crime. … She cites government figures showing that 77% of female victims and 64% of male victims knew their stalkers. The most common trigger: a broken, lonely or jealous heart." USA adds, "Astronaut Lisa Nowak, charged this week with attempted murder, knew Colleen Shipman, the woman she is accused of attacking at Orlando International Airport early Monday. Police said Nowak viewed her as a romantic rival over fellow astronaut William Oefelein. … After the alleged attack, Shipman filed a petition for a protective order in which she said Nowak had stalked her for about two months. … The case is unusual in that it alleges one woman stalked another, says Mindy Mechanic, assistant professor of psychology at California State University, Fullerton. She says most stalkers are men." USA notes, "Noting Nowak's accomplished career,

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Mechanic says she has seen cases of stalkers who are highly educated, successful people but emotionally immature. … In celebrity cases, she says, stalkers often have psychiatric disorders. The more typical stalker, however, is someone who has trouble letting go of a real or imagined relationship but whose emotional condition may be less severe than a mental illness. … The most recent comprehensive research on stalking, a 1998 Justice Department study, found that more than 1 million women and about 370,000 men are stalked annually in the USA. Women account for 78% of the victims and men for 87% of the perpetrators. The study said one in every 12 women will be stalked during her lifetime, and 81% of women stalked by a current or former intimate partner were physically attacked.'

New Jersey Man Sentenced For Luring Teen Online For Sex. WNBC-TV (2/9) reports, "A Hillsdale, N.J., man was sentenced on Thursday to 46 months in federal prison and fined $10,000 for traveling to Waltham, Mass., to have sex with a 15-year-old girl." WNBC-TV continues, "The defendant had actually been chatting on the Internet with an undercover police officer instead of a teenager. … After numerous Internet messages, the U.S. Justice Department said 49-year-old Martin Rob Van Vliet traveled to Waltham to meet the girl. Investigators presented evidence during the six-day federal trial that Vliet wanted to 'commit a sexual act' with the girl. … Investigators said the exchanges took place in a Yahoo Inc., chatroom."

Fumo Lawyer Says Case Politically-Motivated, "Reeks Of Malice." The Philadelphia Inquirer (2/9, Shiffman, 385K) reports, "State Sen. Vincent J. Fumo's lawyer attacked the U.S. attorney's motives yesterday and called the 139 charges against his client nothing more than a malicious effort by the Bush administration to drive powerful Democrats from office. 'This is an indictment born of political ambition,' lawyer Richard A. Sprague told reporters. 'It reeks of malice.' Sprague described U.S. Attorney Patrick L. Meehan, who was appointed by President Bush, as a political operative who loaded Fumo's indictment with 'twists and distortions, venal and salacious entries, deliberate statements out of context.' Meehan's spokesman called Sprague's comments 'inaccurate and regrettable.'" The Inquirer notes Sprague said "on whether the Bush administration specifically targeted Fumo: 'Hopefully, they are... using the FBI to get Osama bin Laden and not Vince Fumo, but what I am saying is that they, from on high, do have a policy of using local U.S. attorneys to try to get effective Democrats.'"

The Philadelphia Daily News (2/9, Hinkelman, 106K) reports, "Citing an academic study that concluded that President Bush's Justice Department engages in political profiling and disproportionately targets state and local Democratic officeholders over Republicans, Sprague said the federal probe's objective was to 'destroy' Fumo." DOJ spokesman Bryan Sierra "declined to comment on the study or the charge that the investigation had been politically driven." The Daily News adds, "Asked by a reporter later if the 'gloves were off,' Sprague chuckled and said: 'Let me say the gloves are off in terms of a fight on our part with his prosecution. I've called it for what I believe it is and has been,' adding that he intended to fight by the Marquis of Queensbury rules."

The AP (2/9, Dale) reports, "Sprague, a fiery former city prosecutor, called the investigation partisan and suggested the Republican Justice Department has its eyes on effective Democratic lawmakers like Fumo. … 'This is not a case of greed. This is an indictment that was born of political ambition,' Sprague said. … He charged that U.S. Attorney Patrick Meehan had allowed 'malicious leaks' during the four-year Fumo probe. … Meehan denied the charges. … 'These comments are inaccurate and regrettable and we will present our case in court,' he said through a spokesman."

Grand Jury Subpoenas Companies In Widening Bruno Probe. The New York Times (2/9, McIntire, 1.16M) reports, "A federal grand jury investigating the business dealings" of New York Senate Majority Leader Joseph Bruno "has issued subpoenas to two more companies that had been affiliated with an Albany businessman who is his friend and business associate." Motient Corporation "and its subsidiary, TerreStar Networks, a Virginia provider of mobile satellite communications services," received the subpoenas on Monday, according to an SEC filing. "The Albany businessman, Jared E. Abbruzzese, resigned as chairman of TerreStar last month and had previously been a consultant to Motient. The scope of the subpoenas…suggested that the federal investigation of Mr. Bruno's business activities is widening." The Times notes, "It was unclear yesterday what connection, if any, Mr. Bruno had to Motient or TerreStar."

FBI, Tennessee Police Arrest Four In Ongoing Corruption Probe. The Knoxville News (2/9, Stambaugh) reports, "Another round of arrests Thursday in the ongoing 'Rose Thorn' corruption probe in Cocke County marked the first time local deputies have played a public role in the FBI-led initiative." Kenneth R. Frazier, Allen Eugene Frazier, George Ray Hicks and Ernest Arrowood Jr. "were charged as part of an alleged illegal gambling operation based on cockfighting and were taken into custody by FBI agents assisted by state troopers and the Cocke County Sheriff's Department, said Assistant U.S. Attorney Neil Smith. … Like Smith, FBI spokesman Gary Kidder said Thursday's arrests were a joint effort and 'we want to emphasize we had excellent cooperation and assistance from' the Cocke County

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agency." The News notes, "The Rose Thorn investigation has uncovered large-scale drug trafficking, automobile chop shops, prostitution, public corruption, extortion and illegal gambling operations built around both cockfighting and video poker machines, authorities say. Seven Cocke County lawmen have either been convicted or have pleaded guilty to crimes such as cocaine trafficking, attempted money laundering, perjury, and shaking down drug suspects and illegal immigrants."

Arizona Man Sentenced To Prison For Theft Of US Government Property. The Arizona Republic (2/8, Sepessy) reported, "A Tucson man received 30 months in prison on Wednesday in connection to theft of government property. Christopher Howard, 34, pleaded guilty to the theft of a Naval Aircraft Inertial Navigation System on Sept. 28 of last year, according to the U.S Attorney's Office. Howard stole the system from Aerospace Maintenance and Regeneration Center in Tucson. The navigation system, worth $92,000, provides an electronic map to Navy pilots." The Republic notes that the USAF "and the FBI conducted the investigation after receiving a tip that the equipment was stolen, the U.S. Attorney's office said. The agencies found Howard shortly after and obtained the navigation system before Howard was able to sell it."

Iowa Man Pleads Guilty To Violating Federal Spam Law. In a widely-distributed story, the AP (2/9) reports, "A man who flooded e-mail systems with millions of messages advertising software that could steal passwords pleaded guilty to violating a federal anti-spam law. Joshua Eveloff, 27, of Carter Lake, Iowa, admitted Wednesday that he faked information on the e-mails to conceal that they came from him. The messages, which promised to 'steal anyone's password' and 'read your FBI file,' were sent to millions of people over three months in 2004. The FBI began investigating after a Florida company reported that its computers had been used to transmit at least 1.5 million e-mails in six hours. Prosecutors said the case was only the nation's third to be brought under federal legislation banning unsolicited e-mails."

US Drops Carjacking Charges In Tennessee Slayings. The Knoxville News Sentinel (TN) (2/9, Satterfield) reports, "In a move that was not entirely unexpected, prosecutors on Thursday announced their intent to drop federal carjacking charges in connection with the slayings of a Knox County couple. … 'There are jurisdictional lines that just cannot be crossed,' Assistant U.S. Attorney David Jennings said at a hearing Thursday before U.S. District Magistrate Judge Bruce Guyton. … 'It is the opinion of U.S. Attorney Russ Dedrick that the most serious crimes should be prosecuted by Knox County,' Jennings said." The Sentinel adds, "The decision to drop the federal case against all but one suspect comes after state prosecutors filed a 46-count indictment alleging a slew of crimes, including first-degree murder, kidnapping, rape and theft. … It is consistent with the notion espoused by some that the U.S. Attorney's Office marshaled its vast resources to beef up an investigation into the slayings last month of Channon Christian, 21, and her boyfriend, Christopher Newsom, 23, and make quick work of a roundup of suspects. … The federal indictment allowed authorities to keep suspects Lemaricus 'Slim' Davidson, brother Letalvis 'Rome' Cobbins and George 'Detroit' Thomas behind bars while Knox County District Attorney General Randy Nichols' office took its time preparing what is one of the most detailed indictments to be issued by a grand jury here in years. … That state indictment adds suspect Vanessa Lynn Coleman to the list of accused killers but left off Eric Dewayne 'E' Boyd, who has been named as an accessory to carjacking in the federal case. … Jennings said Dedrick is not seeking to drop the federal case against Boyd. … Dropping the federal case against the remaining suspects will allow the massive team of investigators from agencies including the Knoxville Police Department, Knox County Sheriff's Office, U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives and the U.S. Marshals Service to focus efforts on building what many expect to be a capital murder case in Knox County Criminal Court. … But federal prosecutors aren't willing to abandon the case entirely should the state prosecution somehow go awry, Jennings indicated at Thursday's hearing."

Texas Executes Parolee For Murdering Stepdaughters. The AP (2/9, Graczyk) reports, "A parolee condemned for killing his two stepdaughters during a strangling spree almost 10 years ago has been executed." The AP continues, "James Jackson thanked his family and expressed love for them Wednesday. 'This is not the end but the beginning of a new chapter for you and I together forever,' he said. .. .Jackson told the warden standing over him, 'Warden, murder me.' He then referred to Harris County, where he was convicted, as Sodom and Gomorrah, the biblical cities destroyed by God for their sins. … 'I'm ready to roll. Time to get this party started.' … Seven minutes later he was pronounced dead at 6:18 p.m." The AP adds, "Jackson, 47, was the fourth convicted killer executed this year in Texas, the nation's busiest capital punishment state. … Jackson, known to fellow death row inmates as 'Big Jack' for his height, insisted he was not responsible for the slayings of Sonceria 'Sonnie' Mayes, 19, and her sister Ericka, 18, at the apartment they shared with Jackson and his wife, Sharon, 39. Sharon Jackson, the girls' mother, also was murdered. … The U.S. Supreme Court last month turned down Jackson's

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request to review his case. Jackson's lawyer, Kenneth Williams, said legal efforts to block the execution had been exhausted."

CIVIL LAW:

Suit Claims Federal Dredging Caused New Orleans Katrina Flooding. The AP (2/9, Burdeau) reports from New Orleans, "The federal government and Army Corps of Engineers are targeted in a new lawsuit that alleges flooding during Hurricane Katrina was the fault of a decision to allow dredging of a main canal, weakening the soil base that supported its levees." The AP continues, "The suit, which seeks class-action status and unspecified damages, was filed Thursday in U.S. District Court representing seven residents of the Lakeview neighborhood, which was hard hit by flooding when a levee on the east side of the 17th Street Canal broke. .. If class-action status is granted, tens of thousands of New Orleans residents and claims in the tens of billions of dollars could be affected." The AP adds, "The suit's basic argument was bolstered by a decision last week. In that ruling, U.S. District Judge Stanwood Duval allowed a suit to go forward charging the corps with liability for the flooding of eastern New Orleans and St. Bernard Parish from the Mississippi River-Gulf Outlet. The ship channel, maintained by the corps, connects New Orleans' inner harbor with the Gulf of Mexico. … The issue in Thursday's suit is whether the 17th Street Canal should be considered a navigable waterway or a flood control project. The canal is one of three arteries that drain water out of the below sea-level city during heavy rainfall. Levees on two of the canals broke during Katrina and caused massive flooding. … If the court determines the 17th Street Canal was a flood control project, then the 1928 Flood Control Act would shield the corps from liability. However if a judge decides it is a navigable waterway, then the corps, and by extension the federal government, may have to defend their actions at trial."

4th Circuit Cuts Tobacco Verdict. The AP (2/9) reports, "A Louisiana appeals court cut a $591 million verdict against tobacco companies by more than half and limited the kinds of smoking-cessation programs the money can be used for. … Even so, a plaintiffs' attorney called Wednesday's ruling a victory that reaffirmed the original verdict, while a tobacco company said it would appeal to have the entire verdict thrown out." The AP continues, "In another tobacco case, also ruled on Wednesday, a judge in Boston refused to dismiss a lawsuit that claims a tobacco company targeted black children. … The Louisiana ruling by the 4th Circuit Court of Appeal in New Orleans was the first major development since jurors found in 2004 that tobacco firms had conspired for more than 50 years to distort public knowledge about the effects of smoking. … 'Even though the court has reduced the award, we are gratified that the court again - for the seventh time - has said this is a legitimate class action and that the jury and judge were correct in finding the tobacco companies were guilty of intentional fault and fraud,' attorney Russ Herman said." The AP adds, "In addition to cutting the damages, the court ruled that the plaintiffs cannot collect pretrial interest, which totaled about $400 million, said David Howard, a spokesman for R.J. Reynolds Tobacco Co. 'The effect basically reduced the award from approximately $1 billion to less than $300 million,' he said. … Howard said tobacco companies will ask the Louisiana Supreme Court to overturn the entire verdict against them."

CIVIL RIGHTS:

Lawmakers Expected To Introduce "Till Bill" To Pursue Civil Rights Slayings. The Jackson (MS) Clarion-Ledger (2/9, Mitchell) reports, "U. S. Rep. John Lewis of Georgia and Sen. Chris Dodd of Connecticut are expected to introduce today in their respective chambers legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era, said Alvin Sykes, a Kansas City activist pushing for the bill." The Clarion-Ledger continues, "The Democrats are picking up where ousted GOP Sen. Jim Talent of Missouri left off. Talent last year introduced the legislation dubbed the 'Till Billl' after the 1955 killing of 14-year-old Emmett Till. The African-American Chicago youth visiting relatives in Money was killed after allegedly wolf-whistling at a white woman. … Mississippi's Republican Sens. Thad Cochran and Trent Lott had signed on as co-sponsors of that bill." The Clarion-Ledger adds, "The FBI already is examining 51 killings from those days, and a Montgomery museum lists 127 racial killings between 1954 and 1968, conceding the number could be much higher. … The bill would enable federal authorities to pursue killings from before 1970."

More Commentary. The San Antonio Express-News (2/9) editorializes, "James Chaney, Andrew Goodman and Michael Schwerner are known to history. Henry Dee and Charles Moore are not." The Express-News continues, "Chaney, Goodman and Schwerner were murdered during the summer of 1964 while working for civil rights in Mississippi. Their disappearance, the eventual discovery of their bodies and the effort to bring their killers to justice charged the nation. … Dee and Moore were black teenagers, hitchhikers in Mississippi who vanished weeks before the three civil rights workers. During the search for Chaney, Goodman and Schwerner, authorities discovered the bodies of Dee and Moore weighted down in the Mississippi River." The Express-News adds, "The FBI, overwhelmed with the

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national significance of the 'Freedom Summer' murders, turned the case of the hitchhikers over to local authorities. Two reputed KKK members were arrested, but no charges were ever brought. And, as with many crimes from the civil rights era, justice was never done. .. Last month, the Justice Department finally brought kidnapping charges against one of the two original suspects. James Ford Seale is now 71." The Express-News notes, "In recent years, state and federal prosecutors have obtained convictions in long-dormant cases from the civil rights era. However, some people don't see the point of devoting law enforcement resources to 4-decade-old crimes or of putting old men on trial and behind bars. … Henry Dee and Charles Moore were Americans. The crimes committed against them, though less well-known than others, were also crimes against the nation. … In life, the law of the land in 1964 Mississippi could not guarantee them equal protection. It's a small measure of justice to grant them that protection 43 years after their deaths."

Miami Man Convicted In Sex Slavery Case. The South Florida Sun-Sentinel (2/9, 237K) reports, "A Miami man faces possible life in prison after a federal jury convicted him Wednesday of human trafficking for forcing a 17-year-old girl into prostitution, federal prosecutors said." Demond Levail Osley "met the girl in Detroit and brought her to South Florida, authorities said. He held her in a Miami Beach hotel and ordered her to earn for him at least $500 per day before selling her to a second man."

Atlanta Prosecutor Criticized For Jeopardizing DOJ Probe Of Police Shooting. The New York Times (2/9, Goodman) reports, "A plan by the district attorney to seek murder charges against three narcotics officers involved in the shooting death of an elderly woman during a bungled drug raid may jeopardize a broad, federal investigation into civil rights violations by the Atlanta Police Department, a spokesman for the victim's family said Thursday." The Times continues, "Paul Howard, the district attorney for Fulton County, sent a proposed indictment against the officers, Gregg Junnier, Jason R. Smith and Arthur Tesler to their lawyers on Wednesday. A spokeswoman for Mr. Howard's office said he had informed federal authorities of his intentions. … Mr. Howard's action 'stunned and disappointed' family members of the victim, Kathryn Johnston, said the Rev. Markel Hutchins, a spokesman for the family." The Times adds, "Ms. Johnston, whose age has been given as 88 or 92, was shot after she fired a handgun at the narcotics officers, who pried open burglary bars on her home and broke down her door on Nov. 21. The officers have been accused of lying to obtain the search warrant for the home. … Before copies of the proposed indictment were released, Sarah C. Dozier, Ms. Johnston's niece, sent a letter to Mr. Howard asking him to recuse himself from the case. She cited concerns that a federal civil rights investigation into her aunt's death would extend to his office and create a conflict of interest. … Mr. Hutchins said Mr. Howard had not informed the Johnston family or their lawyers, federal investigators or federal prosecutors about his intention to seek murder charges. … Stephen Emmett, a spokesman for the F.B.I., has also said that his office had not been informed of Mr. Howard's plans and that they considered the investigation into Ms. Johnston's death to be ongoing, The Atlanta Journal-Constitution reported."

NYTimes Praises Feinstein Voting Machine Probe. The New York Times (2/9, 1.16M) editorializes, "Time is growing short to head off more embarrassing voting machine scandals. The presidential election looms, yet nearly half of the states offer no reassuring paper trail so voters who use electronic voting machines can check that their ballot choices are accurately recorded. With a proper sense of urgency," Sen. Dianne Feinstein "is asking all of the right questions about voting technology. This week, she ordered an investigation of the case of as many as 18,000 electronic votes that turned up missing in a tight Congressional race in Florida last November. … It is good news that Ms. Feinstein has called for the federal investigations -- and that she is pushing a bill to require paper trails nationally. As long as there are no paper records, and voting machine manufacturers continue to insist that the software that runs the machines is a 'trade secret,' voters cannot be expected to trust that votes are being counted correctly."

ANTITRUST:

Online House-Hunting Is Changing Real Estate Market. USA Today (2/9, Knox) reports, "If there's any lingering doubt about how the Internet is transforming the way people buy and sell homes, here's eye-widening proof: Marnie Azadian and her husband just moved from Scottsdale, Ariz., into a $410,000 home in Tulsa that they bought 100% over the Internet. … Risky? Maybe so. But this is just a glimpse of how rapidly and radically the Internet and other techno-gadgets are reshaping real estate sales. Already, 80% of buyers used the Internet to help find a home, according to the National Association of Realtors. Day by day, new real estate tools are surfacing on the Web." USA continues, "Technology is shifting knowledge and power to buyers and sellers. In doing so, it's loosening Realtors' long-standing control of vital information and cutting into their sales commissions. For more than 100 years, Realtors have guarded the details of homes for sale via their multiple listing services. At least 900 regional MLS systems exist nationwide.

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Unless the MLS systems become more open, unified and technologically sophisticated, they risk being replaced by a Web search engine." USA adds, "Signs of upheaval in the industry were evident by late 2005, when the Justice Department filed an antitrust lawsuit against the National Association of Realtors. Justice wants the Realtors to stop letting brokers withhold for-sale listings from low-cost Internet rivals. … The Realtors' policy is on hold. But Brian McDonald, a deputy assistant attorney general for the antitrust division, says the policy's restrictions still exert 'a chilling effect in the market' because some companies won't risk introducing new Internet business strategies if they could be undercut in the future. … But even as the two sides file motions, delaying the trial, the Internet is leveling the playing field and prodding the industry to adapt …"

Kerry Opposes Baseball's Extra Innings Deal With DirecTV. The New York Times (2/9, Sandomir) reports, "The pending deal to shift Major League Baseball's Extra Innings package exclusively to DirecTV starting in April is still not ready to be announced, but Senator John Kerry, Democrat of Massachusetts, would like to undo it. … In that desire, he is no different from the many fans enraged that Extra Innings — a 10-channel service that transmits out-of-market games for $179 a year — will disappear from cable TV homes altogether, and will be available only to DirecTV subscribers or, under baseball's banner, on mlb.com." The Times quotes Kerry as saying, "There's a whole movement toward fans being screwed by consolidation which raises prices and reduces options." The Times adds, "DirecTV has agreed to pay $700 million over seven years to carry Extra Innings and a new baseball channel (which will begin in 2009). … Kerry isn't sure the deal can be scotched, but last week he wrote to Kevin Martin, the chairman of the Federal Communications Commission, asking him to investigate it. … Kerry's demand to alter the deal aligns with the desire of Dan Asnis, a Mets fan from South Brunswick, N.J., who started an online petition to keep Extra Innings on cable." The Times notes that last year, when he was still chairman of the Senate Judiciary Committee, Sen. Arlen Specter (R-PA) "fulminated about the antitrust implications of some of the National Football League's TV practices, such as its exclusive deals since 1994 to sell its Sunday Ticket package of out-of-market games to DirecTV. … Now, Specter said by telephone: 'Since I found out about the baseball deal, I've asked my antitrust people to do research to confirm my preliminary judgment that it's an antitrust violation. But I don't think I'll be able to stop it.' … Baseball has a longstanding, Supreme Court-blessed exemption from antitrust laws, except for its labor dealings, which were removed in 1998. … Unlike baseball, the N.F.L. lacks a broad, if ambiguous, exemption. But it has had a narrow one (as other leagues do) to collectively sell its teams' broadcast rights as permitted by the Sports Broadcasting Act of 1961, an exemption that Specter would like to get rid of. He joked that he was selling rights to his regular squash games to DirecTV."

Carlyle's Bid For Chinese Firm Sparks Antitrust Dispute. The Financial Times (2/9, Tucker, Dyer) reports, "The attempt by Carlyle to take a big stake in a Chinese construction equipment maker was the subject of 'fighting' among regulators in Beijing over whether to approve the deal, according to people familiar with the situation." The Times continues, "The US private equity group agreed in October 2005 to pay $375m for an 85 per cent stake in Xugong Construction Machinery, a listed company whose parent is controlled by the local government of Xuzhou city, after a public auction. … However, the deal got caught up in the backlash over foreign investment, and although Carlyle cut its planned investment to a 50 per cent stake, the deal still awaits regulatory approval." The Times adds, "To break the impasse over Carlyle's investment in Xugong, several government departments held an unprecedented three-day meeting last summer in Beijing to try to agree on a policy for foreign investment in the construction machinery sector. … Last November, the influential State-owned Assets Supervision and Administration Commission decided Carlyle could take a 50 per cent stake. Many analysts expected the revised deal to be rubber-stamped quickly by the Ministry of Commerce and State Council. … However, people close to the situation said some officials at the ministry were lobbying for Carlyle to be forced to take a minority stake, deeming the sector to be of 'strategic' importance."

Music Industry Officials Slowly Coming Out Against Jobs' Open System Proposal. The Washington Post (2/9, D02, Musgrove) reports, "The recording industry is beginning to respond to a proposal made this week by Apple chief executive Steve Jobs calling for an open music system that would allow songs to be played on any device. … The answer, so far, is no." The Post continues, "Edgar Bronfman Jr., chief executive of the Warner Music Group, said in a conference call with analysts yesterday that Jobs's stance is 'completely without logic or merit.' … 'We advocate the continued . . . protection of our and our artists' intellectual property,' Bronfman said." The Post adds, "Jobs's letter, which was posted on Apple's Web site Tuesday, has sparked a broad conversation about the business of digital music and renewed interest in the measures that have so far limited consumers' options. Today, music purchased on Apple's iTunes store, for example, can be played only on iPod players, while music purchased elsewhere on the Internet is not playable on the iPod, the dominant digital music player on the market. … Jobs argues

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that without digital rights management, or DRM, software that employs these controls, consumers would be able to buy tracks from any online music store and play them on any digital music device, just as DVDs purchased or rented from any store can be read by any DVD player, regardless of the manufacturer. … 'Bronfman attacked the assertion that anti-piracy technology was the reason that iTunes music will not play on anything but an iPod. 'The issue is obscured by asserting that DRM and interoperability is the same thing. They are not. To suggest that they cannot co-exist is simply incorrect.'"

The Financial Times (2/9, Chaffin) reports, "Mr Bronfman is the first head of one of the major record companies to publicly reject the Apple chief executive's suggestion, which was published as an open letter on Tuesday. Several, however, have privately fumed about the idea, calling it disingenuous." The Times continues, "Mr Bronfman acknowledged that it had been 'a difficult quarter.' Yet he laid most of the blame on the company's release schedule, which included big acts such as Madonna and Greenday during the same period last year. … The record companies are frustrated that Apple reaps most of the benefits of online music through sales of its iPod while the music they supply is often pirated or discounted. Yet they have been forced so far to accept Mr Jobs' conditions because Apple dominates the online market at a time when they are desperate to demonstrate progress in their digital businesses."

EU OKs Scheidner Purchase Of APC. The AP (2/9) reports, "EU regulators said Thursday that French electric equipment maker Schneider Electric SA could buy American Power Conversion Corp. if it sells off its uninterruptible power supply unit." The AP continues, "Schneider offered to sell off its MGE UPS Systems SA subsidiary after the European Commission found that the Schneider-APC deal would 'significantly reduce competition' in the market for small power supply devices used to protect personal computers and other electronic equipment against power surges." The AP adds, "The French company had originally planned to combine the two units, saying this would generate annual cost savings of $220 million (173 million euros). … But the EU executive said APC and MGE are the No. 1 and No. 2 suppliers in Europe and their nearest rival has a very limited market share. … 'The Commission considered that the proposed transaction as initially notified was likely to weaken competition,' it said. 'The Commission's clearance is conditional upon the divestiture of Schneider Electric's business related to small UPS devices.' … The sell-off would clear up any antitrust problem with the deal, it said."

ENVIRONMENT:

Economists Surveyed By WSJournal Support Fossil Fuels Tax. The Wall Street Journal (2/9, A6, Izzo, 2.04M) reports that economist surveyed by the newspaper say the "government should encourage development of alternatives to fossil fuels. … But most say the best way to do that isn't in President Bush's energy proposals: a new tax on fossil fuels. Forty of 47 economists who answered the question said the government should help champion alternative fuels. Economists generally are in favor of free-market solutions, but there are times when you need to intervene,' said David Wyss at Standard & Poor's Corp. 'We're already in the danger zone' because of the outlook for oil supplies and concerns about climate change, he said. A majority of the economists said a tax on fossil fuels would be the most economically sound way to encourage alternatives."

WPost Backs Maryland "Clean Car" Bill. The Washington Post (2/9, A18, 690K) editorializes, "Two years ago, Maryland lawmakers narrowly rejected a bill intended to make automobile emissions safer to breathe and to mitigate their contribution to global warming. They acceded to auto industry lobbyists who argued that the legislation would hurt their business while doing little for public health or the environment. Those arguments were wrong then, and they're wrong now." A "fresh attempt in Annapolis to enact a 'clean car' bill" would "Maryland to the growing list of states that have embraced a clean-car program modeled on the one implemented by California more than 15 years ago."

New York To Sue Five Firms Over 50-Year-Old Oil Spill. The New York Times (2/9, Confessore) reports, "New York State moved to sue Exxon Mobil and four other companies on Thursday to force them to clean up a half-century-old spill of millions of gallons of oil lying under the Greenpoint neighborhood in Brooklyn and to repair environmental damage inflicted on nearby Newtown Creek." The Times continues, "The spill, originally several times the size of the Exxon Valdez oil leak, resulted from an accident in the 1950s and lay undiscovered until 1978. In notices of intent to sue that were sent to the five companies, Andrew M. Cuomo, the state attorney general, said that so much oil had leaked into the creek that some samples of its sediment, when dried and weighed, were nearly one-tenth oil. … The notices also disclosed that an internal study by one of the companies found nearly 100 different pollutants in the creek water or sediment, including benzene, arsenic and lead. … The other companies receiving the notices were BP, Chevron, KeySpan and Phelps Dodge." The Times adds, "The state's action is a sharp turning point in its handling of the spill, which in recent years has occasioned lawsuits by

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Greenpoint residents, local elected officials and environmental groups. A 1990 agreement between Exxon Mobil and state environmental officials had required the company to recover the spilled oil, but it specified no deadline and required no remediation of either the creek or the polluted soil under Greenpoint. … About eight million gallons of oil and petroleum byproducts are believed to remain underground, and past soil tests have revealed that the spill releases toxic vapors into the neighborhood above. Mr. Cuomo's action will seek a far faster pace for recovering the oil, extensive scientific testing to determine damage to the soil and groundwater, and millions of dollars in fines. Cleanup costs could increase the companies' expense by tens of millions of dollars, Mr. Cuomo's aides said."

WSJournal Disputes Reports Regarding AEI, Global Warming Research. The Wall Street Journal (2/9, 2.04M), in an editorial, writes, "Last week the London Guardian published a story headlined, 'Scientists Offer Cash to Dispute Climate Study.' The story alleges that the American Enterprise Institute (AEI), a conservative-leaning think tank in Washington, collected contributions from ExxonMobil and then offered climate scholars $10,000 so they could lobby against global warming legislation." The Journal adds, "Here are the facts as we've been able to collect them. AEI doesn't lobby, didn't offer money to scientists to question global warming, and the money it did pay for climate research didn't come from Exxon. What AEI did was send a letter to several leading climate scientists asking them to participate in a symposium that would present a 'range of policy prescriptions that should be considered for climate change of uncertain dimension.'"

Compensation Urged For Bird Flu Poultry Kill Victims. In an op-ed for the New York Times (2/9, 1.16M) Ruth R. Faden and Patrick S. Duggan of the Johns Hopkins Berman Institute of Bioethics, and Ruth Karron, director of the Center for Immunization Research at the Johns Hopkins, write, "When poultry become infected with the deadly strain of avian influenza (H5N1), it is essential that all birds nearby be culled to prevent further spread. We all stand to benefit from this important pandemic prevention strategy. Unfortunately, however, the world's poor are unfairly shouldering the burden of the intervention." The authors urge government officials to "compensate people who suffer losses from bird-culling programs, regardless of whether the destroyed birds are infected with the avian influenza virus."

FBI/DEA/ATF/USMS:

Los Angeles Pledges Crackdown On Most Violent Gangs. The AP (2/9, Glazer) reports, "Abandoning the long-held belief that naming the worst gangs boosts their street image, the mayor and police chief identified 11 of the most violent groups Thursday and promised to confront them with more law enforcement." The AP continues, "Authorities are reversing strategy in response to a surge in gang bloodshed that has defied the city's continuing drop in overall crime. The Police Department says the city has 400 gangs with about 39,000 members, though other agencies estimate there are more than 700 groups." The AP adds, "Mayor Antonio Villaraigosa and police Chief William Bratton were to announce the plans Thursday at a police station in a San Fernando Valley neighborhood where gang crime more than doubled last year. … Gangs selected for the 'Most Wanted'-style list have histories of assaulting police officers or targeting victims based on race, said Lt. Paul Vernon, a police spokesman. … Other parts of the initiative involve seeking more gang injunctions that ban members from congregating in certain neighborhoods, training residents on how to recognize gang members and creating a list of the 10 most wanted gang members, Vernon said." The AP notes, "Villaraigosa has appealed to U.S. Attorney General Alberto Gonzales for millions of dollars in anti-gang funds and for more federal prosecutors to pursue racketeering and other charges mostly used in the past against organized crime. Gonzales has identified gangs as one of the country's greatest security threats. … The mayor is also working with FBI Director Robert Mueller, who has assigned agents to an anti-gang task force in the San Fernando Valley to work alongside police officers deputized as federal officers."

Study Finds Youth Gang Crackdowns Can Be Counter-Productive. AFP (2/9, Rabuffetti) reports, "Tough police crackdowns on gang violence are counterproductive and lead to better-organized gangs, a new study showed amid talks between US and Latin American police chiefs to hammer out a global strategy to tackle the scourge." AFP continues, "The year-long study, conducted in El Salvador, Honduras, Guatemala, Mexico and the US capital, said repressive police actions against youth gangs have actually made the problem worse. … 'The research shows that gangs have grown more organized rather than less in response to hard-line police approaches. Public security has not improved as a result of these strategies,' said the researchers led by the Instituto Tecnologico Autonomo de Mexico, a private institute of higher education in Mexico City." AFP adds, "The report, released by the Washington Office on Latin America (WOLA), comes a day after a three-day international summit

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opened in Los Angeles with the aim of forging a strategy to curb the menace of violent criminal gangs. … Latino gangs that originated in Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies. … The report recommends following 'best practices' seen elsewhere in Central America and the United States. … Recommended practices cited by the report included police efforts in Washington to treat the problem comprehensively, 'police involvement in prevention programs' in Nicaragua and local efforts in Central America to develop community-based responses."

Reputed Norte Del Valle Cartel Boss Deported To Colombia. Including yesterday's reports, there are now nearly 200 media references to Cuba's deportation of a reputed Norte del Valle cartel boss. The AP (2/9) reports officials said Cuba "deported reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States to face trafficking and money laundering charges. Gomez, an alleged boss of the Norte del Valle cartel known by his alias 'Rasguno,' had been held in Cuba since his 2004 arrest at Havana's main airport. He fled Colombia after Washington offered a $5 million reward for the capture of that country's top drug traffickers. … The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration." CBS News, Forbes, the New York Times, Washington Post, Los Angeles Times, Houston Chronicle, Dallas Morning News, and Denver Post are among the media outlets that used the AP story.

The BBC (2/9) reports officials in Cuba and Colombia "confirmed that the deportation had been completed. … According to the US Drug Enforcement Administration, [the cartel] is believed to be behind as much as 60% of all the cocaine consumed in the US."

Landis Agrees Not To Race In Tour de France, Doping Deliberations To Continue. There are more than 600 media references to the doping case against American cyclist Floyd Landis. For example, the New York Times (2/8, Bowley) reported Landis has agreed not to "defend his controversial 2006 victory in the Tour de France. In return, France's anti-doping agency said it would postpone a decision on whether to suspend him from racing for two years after he was accused of using an illegal steroid to help him win the tour. The agency's president, Pierre Bordry, said the French authority would resume its deliberations on the case no later than June, after the United States Anti-Doping Agency considers its own doping case against Landis."

The Los Angeles Times (2/9) reports, "Both investigations stem from the same accusation — that Landis illicitly doped with testosterone during one stage of the 2006 Tour de France. Landis denies the contention, alleging that errors and sloppy procedures by the Paris anti-doping lab that tested his samples produced a false positive result."

The Houston Chronicle (2/9) reports a hearing "scheduled Thursday in Paris before French anti-doping authorities (AFLD) that was expected to result in Landis' being stripped of his 2006 title and suspended from racing in France for two years was postponed until after the 30-year-old American gets his day in court with the U.S. Anti-Doping Agency on May 14."

Bloomberg (2/8) reported Landis, who "denies taking banned drugs, has said he was unlikely to race this year anyway because he had hip surgery in September. The 31-year-old aims to return for the 2008 Tour de France. This year's edition of cycling's most prestigious competition begins July 7 in London and ends three weeks later in Paris."

In a widely reported story from Paris, the AP (2/9) reports last year's Tour champion "had hip-replacement surgery 4 1/2 months ago and was unlikely to have competed in this year's Tour. He agreed yesterday not to race again in France until 2008, and in return the French anti-doping agency postponed its decision on whether to suspend him from competing in France for a maximum of two years because of a positive doping test." ABC News, the San Francisco Chronicle, San Diego Union-Tribune, and Arizona Republic are among the news outlets that used the AP story.

On its Web site, CNN (2/8) reports, "In a letter read by his lawyer to the AFLD hearing, Landis asked for the chance to first defend himself in front of the U.S. Anti-Doping Agency (USADA). … In the letter, Landis wrote: 'Let me assure you that I fully share the goal of preventing illegal doping.'"

Jury Hears Corrupt Cop's Taped Conversation In Chicago Suit. The Chicago Tribune (2/9, Coen) reports, "Jurors considering a lawsuit filed by a former federal agent against the city of Chicago listened Thursday as the ex-agent's lawyers played a secretly taped conversation between notorious former Officer Joseph Miedzianowski and a police official who had been assigned to investigate him." The Tribune continues, "It was 1998. And while the internal look at Miedzianowski's activity had been over for years, a federal net was closing in on the corrupt cop and his home phone had been tapped. .. .On the tape, Raymond Risley, head of the Police Department's internal affairs division when Miedzianowski was being investigated, could be heard discussing the allegations that had been made by Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms. … The suit filed by Klipfel and her husband, who is still an agent, was progressing. … 'It's so [expletive] muddied up,' said Risley, a deputy chief at the time of the call. 'I don't think she's going to get anywhere. It's [expletive]

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crazy.'" The Tribune notes, "Risley told Miedzianowski he had kept 'all kinds of stuff' related to the internal investigation, which began in early 1993, about a year after Klipfel first contends she tried to report Miedzianowski for stealing from drug dealers. … In her federal civil suit seeking damages, Klipfel contends that Miedzianowski flipped internal investigations onto her as the city failed to root out a corrupt cop. She also says she left the ATF about a year before Miedzianowski was charged with leading a drug conspiracy. He was labeled the most corrupt cop in the history of Chicago by federal prosecutors and was convicted in 2001."

Washington Bill To Close Gun Show Loophole Sparks Debate. The AP (2/9) reports from Olympia, WA, "Supporters and opponents showed up by the hundreds Thursday to hear testimony on a measure designed to prevent the unregulated sale of handguns at gun shows in Washington." The AP continues, "Backers said the bill would help prevent criminals from getting firearms; those against said it would only put further restrictions on gun ownership. … The bill has failed in past sessions, and doesn't appear to have much of a shot at passing this year. Leaders in both the House and Senate have said they don't see enough support for it. … But that didn't prevent partisans from turning out en masse. Members of the crowd had buttons identifying themselves as for or against the bill, but other than some heated debate and clapping and jeering during testimony, things stayed civil at the hearing in front of the Senate Labor, Commerce, Research and Development Committee." The AP adds, "Federally licensed firearms dealers - including those who operate at gun shows - must perform background checks on anyone who purchases a firearm and keep records of buyers' names and addresses. For handgun buyers, state law also requires a five-day waiting period. … But people who only make occasional sales at gun shows - such as collectors - aren't considered dealers, and can sell handguns without a background check or waiting period. … The measure would require all dealers at gun shows to be licensed and perform background checks. … Opponents say criminals do not obtain their guns at gun shows and that the bill would further restrict gun ownership rights. Supporters say the exemption is a dangerous opportunity for criminals to evade the background checks. … California and Oregon have passed similar measures."

IMMIGRATION:

Texas Town Deals With Aftermath Of Unprecedented ICE Raid. The Washington Post (2/9, A2, Moreno, 690K) reports that the streets of Cactus, Texas, "are virtually empty nowadays. … An estimated 12 to 18 children are now living with only one parent since the other was arrested in a massive immigration raid at the biggest employer in town. On Dec. 12, hundreds of Immigration and Customs Enforcement agents clad in riot gear and armed with assault rifles descended on the Swift & Co. meatpacking plant in a coordinated raid of six of the company's facilities nationwide. The operation was the government's largest single work-site enforcement operation ever. The plant in little Cactus…was the largest one raided. Almost a quarter of the 1,282 suspected illegal immigrants arrested in the raids were removed from the Cactus plant."

Illegal Immigrants Targeted By Gunmen Along Mexican Border. The New York Times (2/9, Archibold, 1.16M) reports, "Three illegal immigrants were shot to death, three were wounded and others were missing Thursday near Tucson after gunmen accosted them as they traveled north from the Mexican border, the authorities said. The shootings came a day after gunmen in ski masks and carrying assault-style rifles robbed 18 people who had illegally crossed the border 70 miles to the south, near Sasabe. On Jan. 28 a man driving illegal immigrants from the border several miles from the scene of Thursday's killings was ambushed and shot to death as the immigrants fled. The federal and local authorities were investigating whether the spate of shootings was related."

USA Today/AP (2/9) reports, "Investigators did not immediately know a motive for Thursday's attack, but gangs of bandits are known to roam border areas preying on illegal immigrants as they cross into the country. Feuding among smuggling organizations also is not uncommon, sometimes involving demands for ransoms from the immigrants relatives to gain their freedom." AFP (2/9) also reported on the incidents.

Schwarzenegger's Comments On Assimilation Spur Outrage. The Los Angeles Times (2/9, Gorman, 850K) reports, "Gov. Arnold Schwarzenegger's off-the-cuff comments in recently released audio recordings about illegal immigration and the unwillingness of Mexicans to assimilate into American society have drawn angry responses this week from Latino community and political leaders. … 'His comments were highly offensive and outrageous,' said Assembly Assistant Majority Leader Kevin de Leon." The Times notes that the "controversy is the latest flap for the governor involving casual conversations that were not intended to become public. The recordings were made by a speechwriter and temporarily stored on the governor's website. A six-minute excerpt was first made public by The Times in September.'

Alarm Over Illegal Immigration Reportedly Helping KKK. USA Today (2/9, 3A, Kim, Bazar, 2.27M) reports, "The Ku Klux Klan is stepping up its activities in some parts of the country, a trend that its leaders and opponents tie to anti-immigrant sentiment." The Christian Science Monitor (2/9, Knickerbocker, 59K) reports, "It is the debate over what to do

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about the nation's nearly 35 million immigrants, of whom about 11 million are in the US illegally, that has become the Klan's main recruiting tool."

CONGRESS-ADMINISTRATION:

White House Defends Pelosi As House GOP Criticizes Aircraft Request. The kerfuffle over House Speaker Nancy Pelosi's request for use of a larger US Air Force jet to take her back and forth between Washington and her San Francisco district receives substantial coverage, with two broadcast networks and several major newspapers running reports. Many stories highlight White House Press Secretary Tony Snow's defense of the Democrat, and how that has put the White House at odds with some Republicans in Congress.

The CBS Evening News (2/8, story 5, 1:55, Couric, 7.66M) said "it's not often that the White House sides" with Pelosi, "but it happened today, as the House Speaker fired back at the Pentagon over which plane she'll take on visits home." CBS (Attkisson) added, "During floor debate today, Republicans could barely contain their glee over the idea of Nancy Pelosi flying around on a military version of a jet big enough to carry everyone in the House." Rep. Patrick McHenry: "Speaker Pelosi asked for carte blanche access to one of the most extravagance and luxurious airliners in the military arsenal." Attkisson: "Pelosi insists she never asked for the Air Force 757…but her good friend Rep. Jack Murtha, who oversees the military budget, did fess up to calling the Defense Department about a plane on Pelosi's behalf. … Pelosi suggested the Pentagon may have leaked the plane story as payback." Pelosi: "This is really something that is very strange that the department of defense, the Pentagon, which I have been a constant critic of the war on Iraq, has decided they would go public about a conversation on an issue that applied to the previous Speaker." NBC Nightly News (2/8, story 4, 0:43, Williams, 9.87M) said Pelosi "denied ever asking for any specific type of aircraft, saying that what she flew in was up to the Air Force."

Fox News' Special Report (2/8, lead story, Wallace) opened its broadcast by saying, "The White House calls it a 'silly story,' but the House of Representatives is taking seriously the debate" over the plane. The Washington Times (2/9, Scarborough, Hurt, 88K) says that as Pelosi "defended her bid for a large U.S. Air Force jet to take her home and back to Washington nonstop," the "White House backed her up." Pelosi "suggested that former Defense Secretary Donald H. Rumsfeld may be involved in leaking information about her request," but Larry Di Rita, Rumsfeld's "spokesman while defense secretary, responded, 'Secretary Rumsfeld's priorities while in office did not allow for time to get too involved in member travel issues, and I doubt that has changed since he left.'" Snow "defended Mrs. Pelosi against Republican criticism and labeled as 'silly' press coverage of her request."

The New York Times (2/9, Hulse, 1.16M) says Republicans accused Pelosi "of putting on royal airs" as they "stepped up their campaign to portray her as a luxury-loving San Franciscan because her cross-country travel could require a larger military jet than the one used since the Sept. 11, 2001, attacks to ferry Speaker J. Dennis Hastert home to Illinois." The "House debate poked fun at the speaker's love of chocolate" and "lamented the torment of missed connections and middle seats. … The White House weighed in, as well. 'This is a silly story,'" Snow said, adding that the "Republican criticism was unfair and that the Bush administration essentially sided with Ms. Pelosi." USA Today/AP (2/9) says Pelosi received "rare help" from the White House against the "barrage of Republican criticism." The Hill (2/9, Kaplan) also says Snow "defended her right to travel nonstop across the country aboard a military jet."

House Sergeant-At-Arms Takes Responsibility For Request. Roll Call (2/9, Van Dongen) reports Pelosi "released a rare statement from House Sergeant-at-Arms Bill Livingood on Thursday afternoon in which he took responsibility: for requesting an aircraft. Livingood said, "In a post-9/11 threat environment, it is reasonable and prudent to provide military aircraft to the Speaker for official travel between Washington and her district. The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security purposes, unless such an aircraft is unavailable."

LATimes Decries "Hot Air" Over Pelosi's Plane. The Los Angeles Times (2/9, 850K) editorializes, "At least 21 government officials can request transport via C-40, including those as far down on the presidential succession list as the secretary of education; to do so is hardly an abuse of power. Even the Bush administration, rarely shy about slinging partisan mud, seems disgusted by the attacks on Pelosi. … Hopefully, the federal government can figure out how senior political officials can fly coast to coast both in safety and nonstop. Until then, buckle up -- the hot air ahead is likely to be turbulent."

Air Force One Undergoing "Extensive Overhaul." The Washington Post (2/9, A17, Kamen, 690K) "In The Loop" column writes that Air Force One "is in the shop for an extensive overhaul, a job that could take many months. … There's a second 747 ready to go as Air Force One," but the President's "backup now is one of the 757s out of the government fleet of only four such planes. These are used by, among others, Vice President Cheney and Secretary of State Condoleezza Rice. Problem is that two of those four 757s also are undergoing long-term maintenance overhauls. So that leaves only one of the big

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planes available. Cheney has dibs over Rice, unless he's flying domestic and she's going overseas."

Democrats Put Their Stamp On 2007 Spending Bill. The Wall Street Journal (2/9, A6, Rogers, 2.04M) reports, "Stalled on Iraq, the Senate turned to domestic business, hoping to send a giant spending bill to President Bush next week to fill the gap left by the collapse of the budget process under Republican rule last year. The $463.5 billion measure keeps to the limits set by the White House, but imposes a strong Democratic imprint on funding for the rest of the fiscal year ending Sept. 30. Veterans medical services, education, transit and health care will see spending increases. … And despite a self-imposed moratorium on spending earmarks for lawmakers' districts, oil and research programs at the National Energy Technology Laboratory, or NETL, in West Virginia could benefit, thanks to Senate Appropriations Committee Chairman Robert Byrd (D., W.Va.).

WPost Puts Current Defense Spending In Historical Context. The Washington Post (2/9, 690K), in an editorial, writes, "As a share of the U.S. economy, defense spending was at a near-historic low before Sept. 11, 2001, and even if Mr. Bush's new budget is fully funded, it will still be well below the average over the past century. Defense spending is now just under 4 percent of gross domestic product, compared with 9.5 percent during Vietnam; the Reagan-era buildup took a 50 percent larger piece of national output. … The reality that the budget reflects is that U.S. defense spending will have to return in the years ahead to its historic level of 5 percent of GDP -- at least -- and remain there for some time. That's because the American role in heading off threats in an increasingly disorderly world will not change soon, and because the military faces the need to replace aging tanks, planes and ships with 21st-century systems. If anything, the new budget low-balls the numbers."

Bush's Budget Said To Exacerbate Income Inequality. In his Washington Post column (2/9) E. J. Dionne writes, "The cutbacks in health coverage for lower-income working families are among the most egregious of the president's fiscal choices. And it's not just Democrats who are saying so. 'These cuts interfere with the fundamental responsibility of government: to safeguard the lives of its citizens,' said Connecticut Gov. M. Jodi Rell, a member of that small, hardy group of Northeastern Republicans to survive November's Democratic tide." Dionne adds that Bush's budget is "destined to make income inequality much worse."

Congressional Earmarking Now "Hidden From Public View." In her column for the Wall Street Journal (2/9, A10, 2.04M) Kimberley Strassel writes, "in a nod to voter disapproval with…special-interest projects, this year Congress will do its pork spending in secret. Welcome to Congress's new and dirtier earmark game, in which the big spenders are setting all the rules. In front of the cameras, both parties claim to have found earmark religion, and are talking up a bill that would reform the way Congress asks for billions in goodies for lawmakers' home districts. Behind the scenes, they're working feverishly to keep the earmarks rolling, this time using a technique outside of the legislative process and hidden from public view."

Senate's Spousal Lobbying Ban Applies Only To Conrad's Wife. The Washington Times/AP (2/8) reports, "Ethics legislation designed to prevent senators' spouses from lobbying the Senate seems to have a limited reach, allowing some husbands and wives to go about their business. In fact, the legislation appears to affect the spouse of only one lawmaker: Sen. Kent Conrad, North Dakota Democrat. Mr. Conrad's wife, Lucy Calautti, is a top lobbyist for Major League Baseball and is affiliated with the firm Baker Hostetler. She became a lobbyist after her 1987 marriage to Mr. Conrad, disqualifying her from an exception in the bill that would allow some Senate spouses to continue lobbying." The provision "has an exception allowing those who became lobbyists at least one year before their marriage or their spouse's election to still lobby the chamber."

Miller Reportedly Sought Federal Funds To Purchase Land He Owned. The Hill (2/9, Crabtree) reports, "For over two years, Rep. Gary Miller (R-Calif.) helped members of a southern California city council in their pursuit of federal and state funds for a wilderness preserve project that included the purchase of 165 acres that he owned. The FBI is looking into whether Miller violated tax laws. He failed to pay capital gains taxes on the sale of his land to the City of Monrovia, claiming that the city imposed eminent domain, which allows a government agency to force a sale if it is deemed to be in the public interest. City of Monrovia officials deny that they invoked eminent domain."

Pelosi Fills Ethics Panel Slots. Roll Call (2/9) reports Speaker Nancy Pelosi "filled out the Democratic roster on the House Committee on Standards of Official Conduct. Pelosi named Reps. Gene Green (Texas), Lucille Roybal-Allard (Calif.), Mike Doyle (Pa.) and Bill Delahunt (Mass.) to serve under ethics Chairwoman Stephanie Tubbs Jones (Ohio.)." The Hill (2/9, Marre) also briefly reports on Pelosi's selections.

Reid Hints At Negotiation On BRAC Funds. The Hill (2/9, Schor) reports Senate Majority Leader Harry Reid "yesterday moved to shorten debate on the continuing resolution (CR) that must pass next week or risk a government shutdown, but he signaled willingness to negotiate with Republicans on opening the spending measure to amendments." Republicans "are amplifying their

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calls for votes on several changes to the $463 billion CR, reiterating their concerns about minority rights that also have stalled a bipartisan nonbinding resolution on Iraq. Restoring $3.1 billion that was sliced from funding for the military's base realignment and closure (BRAC) program tops the GOP's agenda, which also includes more funding for infant AIDS treatment and payments to victims of crime." Reid said he is discussing with Senate Minority Leader Mitch McConnell "whether to allow votes on a limited number of amendments, including some from Democrats. Yet Reid warned Republicans not to resort to obstruction."

Senators Fight Presidential National Guard Authority. The Hill (2/9, Tiron) reports leaders of the "Senate National Guard Caucus are fighting to repeal legislation slipped into the latest defense authorization bill that would make it easier for the president to declare martial law and assume control of the National Guard. The law, which President Bush signed last fall, revised the 200-year-old Insurrection Act, which empowered the president to use the military as a police force during a rebellion." The new provision, crafted by Senate Armed Services Chairman Carl Levin and ranking member John Warner "says the president can call up troops to deal with natural disasters, epidemics and terrorist attacks, among other events."

Waxman Suggests Coast Guard Overhaul Program Cover-Up. The Washington Post (2/9, A6, Hsu, 690K) reports House Oversight and Government Reform Chairman Henry Waxman says "managers of the U.S. Coast Guard's $24 billion fleet-overhaul program appeared to cover up a Navy engineering report that highlighted design flaws in a new flagship cutter under scrutiny by government investigators." Waxman said the "December 2005 report included 'bottom-line' warnings in red ink on a pair of briefing slides that concluded the national security cutter, as it is known, would not last the required 30 years. But the warnings were deleted in a copy of the report given by Coast Guard officials to Department of Homeland Security auditors and altered in an edited version included in a wider briefing on the $1 billion-a-year fleet-replacement program, known as Deepwater, to the Coast Guard's commanding officer at the time, Waxman said."

Reid Among Clients Of "Celebrity Lawyer" Singer. The Washington Post (2/9, A17, Kamen, 690K) "In The Loop" column writes that Senate Majority Leader Harry Reid is among the clients of "Los Angeles celebrity lawyer Martin Singer, known for his take-no-prisoners style and investigative prowess." In December, "Reid paid Singer $25,000 on Dec. 14 from his senatorial campaign account for unspecified 'legal fees.'" Other Singer clients have included Gov. Arnold Schwarzenegger, Britney Spears, and Bruce Willis.

OTHER NEWS:

Stock Markets Down Slightly. The Wall Street Journal (2/9, Civils, 2.04M) reports that "a day after setting a new intraday high just above 12700 points, the Dow Jones Industrial Average fell all the way back below the 12600 mark. But the Dow industrials rebounded to finish the day down 29.24 points at 12637.63." The S&P 500 "lost 1.71 to 1448.31," while the Nasdaq "fell 1.83 to 2488.67." NBC Nightly News (2/8, story 6, 0:10, Williams, 9.87M) briefly ran the numbers.

Retail Recovered Somewhat In January. The Wall Street Journal (2/9, A7, Covert, 2.04M) reports, "Shoppers armed with gift cards went on a belated holiday shopping spree last month, but many in the industry fear retail sales will soften in the coming months." The New York Times (2/9, 1.16M) adds that the "arrival of frigid temperatures in much of the country helped sales of cold-weather items."

Florida High Court Ruling Raises Questions About Child Support. The Christian Science Monitor (2/9, Richey) reports from Fort Lauderdale, FL, "Sixteen months after his divorce, Richard Parker made a devastating discovery. A DNA test revealed that his 3-year-old son had been fathered by someone else. … Mr. Parker immediately filed a lawsuit claiming fraud by his apparently unfaithful ex-wife. He took his case all the way to the Florida Supreme Court." The Monitor continues, "Last week, the Florida justices ruled 7-0 against him. They said that Parker must continue to pay $1,200 a month in child support because he had missed the one-year postdivorce deadline for filing his lawsuit. His court-ordered payments would total more than $200,000 over 15 years to support another man's child." The Monitor adds, "The Parker case illustrates an increasingly contentious debate over the rights and responsibilities of divorced fathers who have been duped and don't challenge paternity at or near the time of divorce. But it also raises fundamental questions about the nature of fatherhood and the legal responsibilities that can attach to a father-child relationship – even when that relationship is the result of fraud and deception by a wife and mother. … Most states have laws that permit courts to order men who have been deceived to continue to make child- support payments even when they have no biological connection to the child. The idea is to minimize any disruption in the life of the child. In recent years, some states have begun passing laws that give deceived dads some ways to fight back. … There are no reliable estimates of how often 'paternity fraud' takes place.

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Some findings suggest 4 to 10 percent of fathers, but no definitive study has been completed."

White House Risks Being Sidelined As Election Season Heats Up. The Washington Post (2/9, Baker, 690K) writes on its front page that "this is the first White House in 80 years without someone running for president, a twist of history that will shape not just the campaign but also the remainder of the Bush administration. With neither a president seeking reelection nor a vice president positioned as the heir presumptive, the Bush team will increasingly turn into a spectator in the nation's political debate. Its absence in the contest will spare the White House the trials of a campaign, easing the tensions between governing priorities and election imperatives that traditionally tear at the institution. Yet, at the same time, it means that no one will be making the case for the Bush legacy as 2008 nears. To one degree or another, all of the candidates, including the Republicans, will distance themselves from the president, particularly if he remains as unpopular as he is today." For President Bush, "the challenge will be to assert his leadership anyway. As a wartime commander in chief sending more troops to Iraq, he is more relevant than most lame-duck presidents. But he seems eager not to let the election debate pass him by."

GOP Conservatives Not Pleased With Field. Meanwhile, on its front page, the Washington Times (2/9, Hallow, 88K) says "many conservatives say they pick 'none of the above' when faced with a choice" between Rudy Giuliani, Sen. John McCain, and Mitt Romney. Dissatisfaction with the GOP frontrunners "is widespread among the party's conservative stalwarts."

Presidential Campaign Advertising To Last Longer Than Ever Before. The Hill (2/9, Holzer) reports presidential campaign advertising "will start hitting the airwaves in the coming months, far earlier in the election cycle than during the 2004 race, and the ads will barrage the American public for much longer." For the first time since 1972, both major-party nominees "are expected to forego public financing entirely." That, coupled with earlier primaries and a longer general election campaign, means more advertising. The "scramble has already begun," with Rep. Duncan Hunter's PAC airing an aid in Iowa, New Hampshire, and South Carolina in December.

"Celebrity Candidates" Face New Hampshire's Retail-Politics Reality. The Hill (2/9, Youngman) writes about the presence of "celebrity candidates" like Sens. Hillary Clinton and Barack Obama in the New Hampshire presidential primary race. In a "state considered to be the Super Bowl of retail politics, a number of strategists" say both Democrats "would do well to focus on the voters, not the cameras. According to reports, Obama had more than 150 reporters in tow when he visited in mid-December."

Obama Sees Brief Political Résumé As "Greatest Strength." USA Today (2/9, Keen, 2.27M) gives full play to Sen. Barack Obama's formal entry into the presidential campaign, expected to come Saturday. On its front page, the newspaper writes that Obama "says the brevity of his political résumé is his 'greatest strength.' His work as a community organizer, civil rights attorney, constitutional law professor and state legislator 'provides me with insights into solving problems at the federal level and at the local level and at the neighborhood level,' Obama said in an interview." He said "that experience 'is what's needed right now." USA Today (2/9, 6A, Keen, 2.27M) runs the text of the interview as well. Obama said, "We face enormous challenges, challenges that are going to set the course of this country for the next generation. … I decided that I might have the kind of skills and life experience that were unique and it would be worthwhile for me to take the plunge." USA Today (2/9, 6A, Schouten, Keen, 2.27M) also runs a story on the race factor, saying that Obama "makes clear…that he hopes to make race irrelevant in his bid to become the first black to occupy the White House."

The Washington Post (2/9, Slevin, 690K) also has a front-page story on Obama today, focused on "the heart of Obama's political résumé," which lies in Springfield, Illinois, where he served in the state Senate for eight years. From a "district on the South Side of Chicago, he reached Republican-dominated Springfield as a committed liberal, later writing that he understood politics in the capital 'as a full-contact sport, and minded neither the sharp elbows nor the occasional blind-side hit.' Yet he emerged as a leader while still in his 30s by developing a style former colleagues describe as methodical, inclusive and pragmatic. He cobbled together legislation with Republicans and conservative Democrats, making overtures other progressive politicians might consider distasteful."

Obama To Skip Attend Nevada Presidential Forum. The AP (2/8, Hennessey) reports Obama "is skipping a forum for Democratic presidential candidates in Nevada this month -- his first opportunity to share a platform with his rivals for the 2008 nomination. Seven other announced or expected Democratic candidates," including Sen. Hillary Clinton, "have told organizers they will participate in the Feb. 21 forum in Carson City, Nev. It's the first such candidates forum of the 2008 presidential campaign. Obama, who is scheduled to be in southern Nevada the same week, couldn't work the Nevada forum into his itinerary, campaign spokesman Dan Pfeiffer said."

Edwards Learns Perils Of Dealing With "Raucous" Blogging Community. On its front page, the New York Times (2/9, Broder, 1.16M) writes that John Edwards "learned the hard way this week of the perils of

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grafting the raucous culture of the Internet to the decidedly staider world of a presidential campaign." The Democratic contender "announced on Thursday, after 36 hours of deliberation, that he would keep on his campaign staff two liberal feminist bloggers with long cybertrails of incendiary comments on sex, religion and politics. Deliberations over the fate" of Amanda Marcotte and Melissa McEwan "created a crisis in Mr. Edwards's nascent campaign" and "illuminated the treacherous road ahead as candidates of both parties try to harness the growing power of the online world." Edwards had to choose between keeping them and having "to answer for the sometimes vulgar and intemperate writings posted on their personal blogs before he hired them late last month," or dismissing them and facing "a revolt in the liberal blogosphere." The AP (2/8, Pickler) reports Edwards "said Thursday he was personally offended by the provocative messages" the two posted on their blogs.

The Politico (2/9, Ben Smith) says the "flap over alleged anti-Catholic writings" by Marcotte and McEwan has left "some members of the 'religious left'" feeling "shoved to the margins of the Democratic Party." Commonweal's Eduardo Penalver said, "We're completely invisible to this debate. As a constituency, the Christian left isn't taken all that seriously."

Krugman Praises Edwards Health Proposal. In his New York Times (2/9, 1.16M) column, Paul Krugman writes under the headline "Edwards Gets It Right" that "aalmost all prominent Democrats and quite a few Republicans pay at least lip service to calls for a major expansion of social insurance, in the form of universal health care. But fine words, by themselves, mean nothing. … I won't trust presidential candidates on health care unless they provide enough specifics to show both that they understand the issues, and that they're willing to face up to hard choices when necessary," and Edwards "has just set a fine example."

Clinton Selects New Hampshire State Campaign Director. The New Hampshire Union Leader (2/9) reports that Sen. Hillary Clinton's presidential campaign "has hired New Hampshire Democratic Party executive director Nick Clemons as its state campaign director." Clemons "has been party executive director since November 2004. He directed John Kerry's campaign in the state during the 2004 general election and was Kerry's field director during the New Hampshire primary campaign." Clinton campaign national field director Karen Hicks "called Clemons 'one of the best political organizers in the state. He will bring a wealth of experience, a savvy and great set of contacts to the Clinton campaign.'"

Bill Clinton Makes No Mention Of Wife's Campaign In Texas Speech. The Dallas Morning News (2/9, Jeffers, 500K) reports ex-President Clinton, speaking at Rice University, "called on Americans to move from interdependence to an integrated society that focuses on security, diplomacy and improvements on such issues as health care and energy." His speech before a crowd of 4,000 "was a sprawling lecture nearly devoid of politics. He even refrained from discussing the presidential aspirations of his wife." The Houston Chronicle (2/9, Grant, 530K) reports Clinton encouraged the students "to help steer the country in a positive direction while taking a global view of today's challenges."

Economist Williams Does Not Rule Out Presidential Run. The Washington Times (2/9, McCain, 88K) reports on its front page, "Conservative economist Walter E. Williams says he's flattered at being urged to seek the 2008 Republican presidential nomination -- even if the draft committee is headed by a cartoon duck. The 'Mallard Fillmore' comic strip has spent the past two weeks promoting the George Mason University economics professor as a 2008 candidate." Williams said his "'08 favorite is Rep. Ron Paul," who formed an exploratory committee in January. And while he "has no plans for trips to Iowa and New Hampshire, Mr. Williams would not completely rule out a 2008 run for the White House."

Florida House Panel Approves Plan For Earlier Presidential Primary. The AP (2/8, Majors) reports, "Defying national Republican and Democratic party threats, Florida lawmakers in a House committee Thursday unanimously approved a proposal to hold the state's presidential primary as early as January. If the bill (HB 537) becomes law, Florida's primary -- currently in March, when it's virtually irrelevant -- would take place either seven days after New Hampshire's, or on Feb. 5, whichever comes first. That would mean Florida's 2008 contest could be in late January or earlier. New Hampshire's secretary of state is waiting to schedule the primary until other states set theirs, to preserve its first-in-the-nation status. National Democrats have recommended that New Hampshire hold its primary Jan. 22. An identical bill has been filed in the Senate."

New Hampshire Party Leaders Say Other States' Moves Will Backfire. The New Hampshire Union Leader (2/9) reports New Hampshire's Democratic and Republican party chairmen say "actions by officials in various states to move up their presidential nominating primaries or caucuses to early dates" to compete with New Hampshire "will backfire." Democrat Kathy Sullivan said, "The more states that move up, the more important we become and, ironically, the less important they become because there will be so many of them." Republican Fergus Cullen said, "I agree completely. These other states will just cannibalize themselves."

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WPost Calls For Primary Calendar Reform For 2012. The Washington Post (2/9, A18, 690K) editorializes, "For 2008, there's not much to do about this state of affairs other than lament it. Regarding 2012, now is the time for both parties to get together on a reform. Because Republicans will set their rules for 2012 at the 2008 convention, the parties' consultation needs to happen soon. The National Association of Secretaries of State has proposed a calendar that would allow Iowa and New Hampshire to go first, followed by four regional primaries held every month from March through June. The regions would rotate their positions on the primary calendar each cycle. We supported the plan in 2000, when it seemed the process couldn't become much crazier. Now, when that campaign looks measured and sedate by the light-speed standards of 2008, we agree more than ever."

Coleman, Collins, Landrieu Strive For Center As Elections Loom. The Hill (2/9, Blake) reports, "Vulnerable Sens. Norm Coleman (R-Minn.), Susan Collins (R-Maine) and Mary Landrieu (D-La.) spent much of the 110th Congress's first month burnishing their centrist credentials, while other 2008 targets largely have stuck by their parties thus far, according to a review of Senate roll call." Coleman and Collins "capped off a month of bucking their party by voting to move forward with debate on legislation critical of President Bush's proposed troop increase in Iraq." But Sens. Gordon Smith and John Sununu "are drawing heat for standing with their party on the vote. Coleman and Collins were the only two Republicans to vote for cloture, and they also teamed up on three other close roll call votes. The two voted with Democrats on amendments to consider Indian tribes as corporations for political-giving purposes and to ban family from campaign and political action committees, as well as on cloture to increase the federal minimum wage." Meanwhile, Landrieu, "widely considered the most vulnerable Democratic senator, voted with Republicans on those amendments and two others, to the ethics bill."

Expanded State Government Follows Idaho's Population Boom. The New York Times (2/9, Yardley, 1.16M) reports, "Idaho's government is growing. … The state's population, almost 1.5 million, is up nearly 50 percent since 1990 and some projections show it gaining another 50 percent or more by 2020. While the growth has brought a sophisticated new economy, it has also brought demands for more spending on education and transportation and concerns about high taxes, too much development and a trampled environment."

NYTimes Criticizes ABA's Judicial Conduct Rules Revisions. The New York Times (2/9, 1.16M), in an editorial, writes that the "special commission charged with recommending revisions to the Model Code of Judicial Conduct of the American Bar Association has been flip-flopping around on some of the most important aspects of the code, which the states use to set standards for their courts. For decades, the code's overarching charge to judges has been to avoid not only actual impropriety, but also the appearance of impropriety. Recently, however, quietly adopted changes to the commission's 'final' report demoted this gold standard of judicial conduct from an enforceable rule to a mere aspirational guideline. When the misguided switch came to light, the panel reversed field again yesterday and went back to the previous formulation. But that does not excuse the fact that the panel was following internal politics, not sound legal principle."

Iran Warns Of Retaliation Against US Interests If Attacked. The Washington Post (2/9, Branigin, 690K) reports that Iran's supreme leader, Ayatollah Ali Khamenei, warned that "any U.S. attack on his country would trigger Iranian retaliation against U.S. interests 'around the world.'" This threat was issued "as Iran's Revolutionary Guards carried out military exercises in the Persian Gulf that included the test-firing of anti-ship missiles with a range of more than 200 miles" saying "the missiles 'can hit different kinds of big warships in all of the Persian Gulf, all of the Sea of Oman and the north of the Indian Ocean,' senior Revolutionary Guards naval commander Ali Fadavi told Iran's state-run television. The missile tests were staged on the second day of exercises by Iranian naval and air force units in the Gulf as a second U.S. aircraft carrier headed toward the waterway." "Khamenei continued, 'Some say that the U.S. President is not the type who acts based on calculations or thinks about the consequences of his action. But even these people can be brought to their senses." He said U.S. policymakers know that Iran "would not let an invasion go without a response.'" In response to the missile test, "the White House dismissed the threats, saying that the United States has no intention of launching a war against Iran."

The New York Times (2/9, A10, Fathi, 1.16M) reports Khamenei said Iran "would retaliate against American interests worldwide if it was attacked," in what is perceived as "the latest volley in an escalating war of rhetoric." Speaking to a group of air force commanders "about rumors of an imminent American military strike," Ayatollah Khamenei said, "Iranian people should not get scared of such issues. Our enemies know very well that any aggression will have a response from all sides by Iranian people on their interests all over the world." Meanwhile in Spain, Defense Secretary Robert Gates responded to the threat at a meeting of NATO defense ministers, saying, "My impression is that they make

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threats like this from time to time. We have no intention of attacking Iran."

The Washington Times/AP (2/9, Karimi) reports that in "the latest sharp exchange in an escalating standoff between" the US and Iran, "Iran's intelligence minister also said the government had detected a network of U.S. and Israeli spies and had detained a second group of people who planned to go abroad for espionage training, state television reported. It gave few details." This "claim comes just a few days after an Iranian diplomat was detained in Baghdad in an incident that Iran blamed on U.S. forces. The Americans have denied involvement in the diplomat's detention."

Democrats Divided On Iran. The Hill (2/9, Mikhail) reports that "as the House is set to proceed on a resolution addressing the war in Iraq, a potential divide is surfacing over Democratic bills regarding Iran. Democrats may not stand united behind a series of bills that speak out against a military attack on Iran, concerned that such bills would make the party prone to attacks regarding foreign policy, according to a senior House staffer. In spite of the party's overwhelming unity behind similar resolutions regarding Iraq, it seems clear that the party's next challenge will be to craft a position on Iran that is distinct from the White House's and also insulates it from criticism of being weak in the global arena."

Tehran Showing "Unease" In Wake Of Sanctions. The Wall Street Journal (2/9, A5, King, 2.04M) reports, "Iran is likely to showcase the expansion of its main nuclear plant as another advance toward large-scale production of enriched uranium, just in time for Sunday's 28th anniversary of its Islamic Revolution. But don't expect the Bush administration or its European allies to get agitated about the news." Officials in Washington, London and Paris "say that for the first time in several years, Tehran is showing signs of both political and economic unease in the wake of international moves to sanction Iran's nuclear program." Added pressure, these officials say, "could nudge opinion in Iran closer toward favoring a deal to suspend its uranium work." However, "No one is predicting victory anytime soon."

White House, Gates Deny US Planning To Attack Iran. Fox News' Special Report (2/8, Wallace) reported, "The White House and Pentagon both repeated today that America has no intention of attacking Iran. Those comments came in response to the latest threat from Tehran promising retaliation against U.S. interests around the world if Iran is invaded. … In a second day of Persian Gulf war games, Iran test fired missiles while its supreme leader told Air Force commanders the enemy, presumably the U.S., knows any invasion of Iran will bring counterattacks on its 'interests all over the world.'" Defense Secretary Robert Gates "repeated Washington's many previous denials of hostile intent." Defense Secretary Gates: "We have no intention of attacking Iran." Fox added that White House spokesman Tony Snow "seemed downright fatigued by the suspect." Snow was shown saying, "I've said it, the Secretary of Defense has said it, the President has said it. We're not invading Iran."

Senators Seek Answers From Rice On US Policy Regarding Iran. Fox News' Special Report (2/8, Wallace) reported Senate Foreign Relations Committee chairman Sen. Joe Biden "charged the administration has no coherent strategy on Iran and renewed calls for direct talks." Biden was shown saying, "Do we have so little confidence in our diplomats that we're not willing to let them talk to somebody we disagree with?" Fox went on to report, "When Democrat Chris Dodd asked for secret documents about an Iranian overture that was rejected four years ago, [Secretary of State] Rice stopped short of saying yes. … Virginia democrat Jim Webb questioned the president's authority to strike Iran without congressional approval." Sen. Webb: "When the President asserted that he has "the constitutional authority to use force to deter, prevent or respond to aggression or other threats to United States interests," that's a very vague and troubling phrase and I just want you to know I'm going to continue to try to get some clarification as to what that means."

Palestinians Reach Agreement On Unity Government. ABC World News (2/8, story 6, 0:25, Gibson, 8.78M) reported, "There is very encouraging news in the Middle East tonight. The rival Palestinian factions, Hamas and Fatah, recently fighting with one another, now have agreed to form a unity government and end the attacks against each other. They also agreed to 'respect previous peace deals with Israel,' but it is not clear if that will be enough for the US and its allies to lift a financial boycott of the Palestinian government." Similarly, the CBS Evening News (2/8, story 3, 0:30, Couric, 7.66M) cautioned the deal "might not go far because the militant group Hamas did not agree to explicitly recognize Israel."

On its front page, the New York Times (2/9, Fattah, 1.16M) says the agreement "appeared likely to end, at least for now, weeks of fighting that had ravaged the West Bank and Gaza Strip." However, "it seemed to stop short of meeting the demands of the international community for resuming relations and support for the Palestinian Authority." In Washington, a State Department spokesman Tom Casey, said, "The international community has made it clear that in order to be able to have a broader relationship with the Palestinian Authority government, that those principles are going to have to be met." He noted that US officials were still studying the accord. However, the Times says that "perhaps the biggest winner from the deal is Saudi Arabia," whose "effort to mediate between the Palestinian factions reflects a general agreement among leaders in the Arab world that the first step to stabilizing the burgeoning conflicts in the region

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and parrying the growing influence of Iran is resolving the Palestinian conflict."

The Los Angeles Times (2/9, Ellingwood, 850K) notes the groups "have not worked out who will control the various agencies of the security services, a potentially explosive issue." The two factions planned further talks on those details 'and several other unresolved matters." The Washington Post (2/9, A11, Wilson, 690K) adds, "The disunity has undermined the Palestinian national movement as Abbas is preparing to meet Feb. 19 with Israeli Prime Minister Ehud Olmert and [Secretary] Rice to discuss ways of reviving the Palestinian-Israeli peace process."

The Financial Times (2/9, Morris) says the "Quartet reaction to the Mecca accord will set the tone for trilateral talks in Jerusalem next week" at which Secretary Rice "hopes to coax" Abbas and Olmert "towards a revival of the defunct peace process." USA Today/AP (2/9, Daraghmeh) calls the State Department's response to the accord "cautious," noting that "unless they are convinced Hamas has sufficiently moderated, the West is unlikely to lift a crippling financial blockade of the Palestinian government, and it will be difficult to advance the peace process." The Washington Times/AP (2/9, Daraghmeh) also prints this report on its front page.

Israeli Hospital Treats Wounded Palestinian Fighters. The Washington Times (2/9, A1, Mitnick, 88K) reports on its front page that the "wounded in the bitter Palestinian struggle between Hamas and Fatah" are brought "to an Israeli hospital in [a] nearby coastal city…for treatment." Officials at Ashkelon's Barzilai Medical Center "say there is no political calculation behind the decision to take in the Palestinian wounded," but "when the father of a wounded security officer from" Fatah "tells a reporter that he wants 'to say thank you to all of the people of Israel,' it seems that the center's work is changing at least some hearts and minds."

LATimes Says Success Of Accord Depends On Recognition Of Israel. In an editorial, the Los Angeles Times (2/9, 850K) says the agreement "is welcome even if it accomplishes nothing more than an end, for now, to fratricidal violence in the Gaza Strip. It remains to be seen whether the agreement between Fatah and Hamas will bring something more -- an improvement in their material condition. That additional blessing depends on whether Hamas is willing to join Fatah and its leader, President Mahmoud Abbas, in recognizing the state of Israel."

Israeli Official Blames Egypt For Arms Flow Into Gaza. The Washington Post (2/9, A11, Kessler, 690K) reports Israeli Public Security Minister Avi Dichter accused Egypt "of failing to halt arms smuggling into Gaza, thus bolstering the militant group Hamas at the expense of the Palestinian leadership supported by the United States." The comments "reflect the increasing frustration of Israeli officials that Hamas has been able to increase its grip on the Gaza Strip since Israel withdrew its troops in 2005."

Bush To Meet Former Lebanese President Gemayel. AFP (2/9) reports President Bush is to meet with former Lebanese president Amin Gemayel "and affirm US support for a 'sovereign and democratic' Lebanon as the country is locked in political crisis," the White House said. Spokesman Tony Snow said, "We'll be demonstrating US commitment to a sovereign and democratic Lebanon, and express sympathy, again, on behalf of the president and the American people, for the assassination of Mr. Gemayel's son, Pierre Gemayel," in November.

Lebanese Prime Minister Protests Israeli "Incursion." The Financial Times (2/9, Morris) reports Lebanese Prime Minister Fouad Siniora Thursday "protested that Israel had violated his country's sovereignty in an incident that led to the first cross-border exchange of fire since last year's war." The Israeli military said it returned fire "after the Lebanese army fired warning shots towards an Israeli army bulldozer searching for explosive devices on the border." Thought there were no casualties in the brief exchange, the exchange of fire was "the most serious incident since" last summer and "the first involving the Lebanese army since it took over Hezbollah positions in the wake of Israel's withdrawal." The Wall Street Journal (2/9, A5, Solomon, 2.04M) reports Siniora "vowed in an interview to buttress defense of his nation's 49-mile border with Israel as part of a broader initiative to restore stability to Lebanon." Siniora said, "What we are after...is to know" who committed the crime "to prevent attacks in the future."

Six-Party North Korea Talks Resume On Positive Note. NBC Nightly News (2/8, story 8, 2:00, Williams, 9.87M) reported, "High stakes talks…are underway tonight in China" aimed at "getting North Korea to stand down on its nuclear program." Six NBC (Mitchell) added, "Secretary of State Condoleezza Rice says she is 'cautiously optimistic' about reaching an agreement to start eliminating North Korea's nuclear weapons. In Beijing today, [there is] finally real progress in long delayed nuclear talks." US officials tell NBC News "the North Koreans are now offering to suspend and eventually disable the nuclear program and permit UN inspections. In return, North Korea wants diplomatic relations with the US, an end to sanctions and hundreds of millions of dollars in fuel aid. Critics say the US could have had the same deal at less cost five years ago if President Bush hadn't canceled an agreement negotiated by the Clinton White House." The CBS Evening News (2/8, story 4, 0:25, Couric, 7.66M) said "the mood [in Beijing] was upbeat" as "North Korea said it's willing to consider steps to end its production of plutonium."

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The Washington Post (2/9, A11, Cody, 690K) says Thursday's talks were "buoyed by signs that North Korea is ready to return to serious negotiations." The Chinese chief negotiator and host, Vice Foreign Minister Wu Dawei, "suggested there were hopes of breaking a long stalemate." Meanwhile, North Korea's top nuclear negotiator, Kim Gye Gwan, "said on his arrival that he came prepared to discuss the first steps in what the Bush administration hopes will be a gradual but irreversible program to eliminate North Korea's nuclear weapons and dismantle" its nuclear facilities. However, he "also made clear that agreement remains a distant goal."

The AP (2/9, Herman) reports South Korea's nuclear envoy "said Friday that a Chinese draft agreement -- with North Korea accepting in principle the initial steps for its disarmament -- offered a good start" for talks, but "declined to give any details of what the draft contained." The Washington Times (2/9, Kralev, 88K) reports the draft proposed "builds on a joint statement all six countries -- the United States, China, Japan, Russia, South and North Korea -- signed in September 2005," diplomats said. The Los Angeles Times (2/9, 850K) and USA Today (2/9, 11A, 2.27M) also briefly report the developments.

Report Urges Congress To Increase Focus On Asia. The Washington Times (2/9, Halloran, 88K) reports the Congressional Research Service has "waved a red flag in front of the new Congress, warning that America risks costly conflicts if it does not pay closer attention to the rise of China and other troubles in Asia." A "preoccupation" with Iraq and the Middle East means the United States "is not sufficiently focused on the Asia-Pacific at a critical point in the evolution of what may prove to be a new era," says the report from the CRS, an arm of the Library of Congress. The report "says a failure to attend to a less than peaceful rise" of China, tensions over Taiwan, and conflict on the Korean Peninsula "has the potential to embroil the United States in a large-scale war that could be very costly in terms of lives, wealth, power, and prestige." Moreover, terrorist groups in Southeast and South Asia are "a key source of instability, a threat to US forces and interests, and could serve as a catalyst for inter-state conflict," the document says.

Congress Urges Japan To Strengthen Yen. The Financial Times (2/9, Callan, Pilling, Garnham) reports House Democrats "are pressing the Bush administration to persuade Tokyo to strengthen the yen, claiming the currency's weakness is bolstering Japanese imports at the expense of US manufacturers." In a letter to Treasury Secretary Hank Paulson, House members "alleged that Tokyo was pursuing a cheap currency to subsidise exporters" and urged Mr Paulson "to press the Japanese government to reverse their weak yen policy."

Bush Plans Five-Nation Latin American Tour. The AP (2/9) reports the White House announced Thursday President Bush will leave next month on a five-nation tour of Latin America, including stops in Brazil, Uruguay, Colombia, Guatemala and Mexico. Spokesman Tony Snow said the trip "will underscore the commitment of the United States to the Western Hemisphere and will highlight our common agenda to advance freedom, prosperity and social justice and deliver the benefits of democracy in the areas of health, education and economic opportunity." In its "Washington Wire" column, the Wall Street Journal (2/9, A4, Harwood, 2.04M) says Bush will seek to counter "the populist Venezuelan leader's [Hugo Chavez] criticism of his intentions," while praising leaders in Brazil and Uruguay, "leftists who are friendly to free-market policies."

Venezuela Signs Agreement To Nationalize Power Company. The AP (2/9) reports Venezuelan President Hugo Chavez's government "moved to nationalize Venezuela's largest private electric company on Thursday, signing an agreement to buy a controlling stake in Electricidad de Caracas from its US-based owner, AES Corp." The sale agreement was signed by Paul Hanrahan, president and chief executive of Arlington, Va.-based AES, "agreeing to pass the company's 82-percent stake in the utility to the Venezuelan government within 30 days."

Two More Cases Of Radiation Exposure Reported In UK. The AP (2/9) reports two more people in the UK "have shown signs of low-level exposure to polonium-210," the radioactive isotope that killed former KGB agent Alexander Litvinenko, British health authorities said Thursday. The Health Protection Agency "said one was a staff member at the Sheraton Hotel in London's Park Lane and the second visited a bar at London's Millennium Hotel on Nov. 1, the same day as Litvinenko." Health officials said the two "were likely to face only a small risk of long-term health effects."

British Police Defend Arrest Of Muslim Activist. The New York Times (2/9, A11, Cowell, 1.16M) reports British police Thursday defended the arrest of "an outspoken advocate of fiery Islamic views, a week after seizing nine people accused of a separate conspiracy to kidnap and kill a Muslim British soldier." The arrests brought accusations "of a witch hunt against Muslims, but high government officials rejected the idea." The man arrested on Thursday, Abu Izzadeen, is a "former spokesman for the militant and now outlawed group Al Ghurabaa."

Chirac Suggests He Will Not Seek Third Term. The New York Times (2/9, Bernard, 1.16M) reports French President Jacques Chirac, "in remarks that his office confirmed Thursday, has given his first hint that he may not

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run for a third term in the French elections in April." In a transcript of an interview given to a television station yet to be broadcast, Chirac said, "I have always tried to act for the French and for the idea that I had of France, and the day I will no longer have responsibilities of this nature, well, I will try to serve France, the French, in another way."

Turkish Groups Seek To Amend Law On Insulting The State. The New York Times (2/9, A6, Arsu, 1.16M) reports a group of Turkish civic organizations Thursday "submitted suggestions for rewording a section of the Turkish penal code under which noted intellectuals and writers had been charged with the crime of insulting the Turkish identity and the state. But some critics of the law say it should be revoked, not amended." After the killing last month of an Armenian-Turkish journalist, Hrant Dink, "some critics said the law…was partly responsible."

NYTimes Criticizes Russia's Moves Toward Natural Gas Cartel. In an editorial, the New York Times (2/9, 1.16M) writes, "The Kremlin is full of disturbing and counterproductive ideas these days on how it can wield its energy resources, not to mention shield its economic client Iran from international pressure. And if it looks as if a [natural gas] cartel might serve Mr. Putin's ambitions, the world should pay close attention." The Times notes that "what arouses anxiety over the new cartel talk -- especially in Europe, which relies on Russia for more than a quarter of its natural gas -- is the fact that Mr. Putin has already managed to get most of Russia's energy production and distribution under the Kremlin's control." However, Putin "needs to understand that Russia's long-term economic and strategic interests depend on its playing by the international rules, rather than breaking them. Russia is still not capable of developing its oil and gas by itself, and the expertise it needs lies almost entirely in the West."

Friedman Says Pace Of Democratization Depends On Economy, Energy Prices. The New York Times' (2/9, 1.16M) Thomas Friedman says the pace of democratization in Russia "will most likely depend on three things." First, is whether the country's "emerging middle class gets so preoccupied with material gains…that 'it just disconnects from politics.'" Second, according to Friedman, "is the genie of Russian nationalism, which can always pop up and derail democratization." And third "is the price of oil and gas. Anyone who observes Russia can see that the price of oil and the pace of freedom here operate with an inverse correlation. As oil prices go down the pace of freedom goes up, because Russia has to open itself more to the world and empower its people to get ahead. As oil prices go up the pace of freedom goes down, because the government can get by drilling oil wells, rather than unleashing its people."

Lawyer Decries New Charges Against Yukos' Khodorkovsky. Robert Amsterdam, international defense counsel for Mikhail Khodorkovsky, writes in the Wall Street Journal (2/9, A10, 2.04M) that the Kremlin this week 'showed that democracy, human rights and the rule of law are dead in Vladimir Putin's Russia. With extraordinarily cynical timing, new charges -- this time, money-laundering -- were brought against Mikhail Khodorkovsky, who once ran Russia's largest oil company, Yukos." Amsterdam says the charges have "nothing to do with upholding Russia's laws" and "everything to do with the fact that Mr. Khodorkovsky" will "be unable to support democratic opposition parties in December's Duma elections or the 2008 'presidential coronation.'"

Turkmenistan To Hold First "Free" Elections. The Christian Science Monitor (2/9, Weir, 59K) reports the people of Turkmenistan will get their "first ever chance to vote in multi-candidate elections this Sunday in polls to replace longtime strongman Saparmurat Niyazov, who died in December without naming an heir. But the appearance of choice may be illusory, analysts say, making the Central Asian nation's first election more the stuff of hype than history." Of the six contenders are vying openly for the post, experts "say that five of the candidates, mostly second-tier regional officials, are merely window dressing and victory has been pre-ordained for acting president Gurbanguly Berdymukhammedov."

"Frustrated" Activists Form Group To Fight Atrocities In Darfur. The Washington Post (2/9, A16, Boustany, 690K) reports, "Veteran Africa activists, frustrated by the slow response from Sudan's government to international demands to ease the plight of refugees in Darfur, are regrouping to take their fight to the next level." The new group, calling itself Enough, "has joined the growing list of nongovernmental peacemaking organizations," to "tap into the grass-roots awareness and sense of rage generated by the Darfur crisis." The group was founded by former State Department and NSC officials Gayle E. Smith and John Prendergast and former USAID official Colin Thomas-Jensen.

Frist Joins Mission To Southern Sudan. The Washington Post (2/9, A16, McCrummen, 690K) reports former Senate majority leader Bill Frist this week joined Franklin Graham, son of evangelist Billy Graham, and members of the Christian charity group, Samaritan's Purse, to visit the group's "far-flung health clinics" in Southern Sudan.

Hu Meets Growing Skepticism Of China's Role In Africa. The Christian Science Monitor (2/9, Baldauf, 59K) reports Chinese President Hu Jintao's visit to Africa "started out last week with the usual manly handshakes, red-carpet strolls, factory visits, and displays of African dance and music." However, "the farther south Hu traveled this week,

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the more skepticism he met," signaling "the African honeymoon is over." But Monitor suggests that the "caution on the part of a few African countries -- concentrated in the south of the continent -- doesn't mean that African leaders are ready to give China the boot. To the contrary, Hu's visit has been a rather triumphant follow-through on promises made during the Beijing summit."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Latino leaders outraged over Gov.'s comments."
"'Virtual Iraq' aides in real healing."
"President's uncle snarled in scandal."
"200 LAPD officers target 11 gangs."

USA Today:
"Autism estimates increase sharply."
"Profile emerges of ASD children."
"Obama touts non-political résumé."
"Can Toyota win over NASCAR Nation?"

New York Times:
"Accord Is Signed by Palestinians to Stop Feuding."
"Shiite District, Flash Point in Baghdad, Rebuilds."
"Less Is More, but in Idaho, Not for Long."
"Edwards Learns Campaign Blogs Can Cut 2 Ways."
"A Brutal Sport Is Having Its Day Again in Russia."
"New York City to Test Ways to Prevent Nuclear Terror."
"N.Y. Governor Escalates Feud With Legislature."

Washington Post:
"Official's Iraq Report Is Faulted."
"White House On Sidelines in '08 Race."
"Parents Steamed About Chronic Heating Problems in D.C. Schools."
"A Troubled Tabloid Life Ends in Fla."
"Obama Forged Political Mettle In Illinois Capitol."
"Chinese Youth Navigate to Internet Cafes."

Washington Times:
"Hamas, Fatah make peace."
"Pelosi defends request for jet."
"War resolution seen hurting morale."
"'08 slate without standout for GOP."
"Israeli hospital treats Palestinian fighters."
"Williams can't duck campaign pushes."
"Airlines will charge for 2nd bag checked."

Detroit Free Press:
"1,000 Salaried Jobs To Go."
"Firefighter's last words: 'Tell wife, daughter I love them."
"Pistons dominate Lakers up front, win fifth in a row."

Atlanta Journal-Constitution:
"Sleet and snow possible today."
"Nichols would plead guilty."
"Airport considers a fast lane."
"Determined missionaries return."
"MARTA officials: System is safe."
"Autism trending higher."
"PeachCare bars new entries."

Dallas Morning News:
"Cowboys go with Phillips."
"Smith's life had drama until end."
"Trustees have something else in mind for DISD logo."
"Detained Palestinian dad may be freed."
"Former President Clinton's focus: cooperation."
"DISD nets 1st plea in abuse of credit."
"Study: One in 150 kids has autism."
"Former A&M coach Metcalf dies at age 76."

Houston Chronicle:
"Anna Nicole mimicked Marilyn in looks, tragedy."
"Astros' caravan makes impact with fans."
"Harris teen held in fatal beating of cousin, 2."
"Shuttle pilot told NASA of attack, sought leave."
"Exxon Mobil has no more doubts on warming."
"Rowdy HISD teachers demand bonus change."
"Conroe passes dangerous-dog ordinance."
"Galveston officials hope Mardi Gras profits roll."
"Frustrated New Orleans residents fleeing city."

Story Lineup From Last Night's Network News:
ABC: Autism Study; Autism Study-Analysis; Homeland Security-Bad Morale; Anbar Province Violence; Iraq Health Official Arrested; Hamas Fatah Unity Government; Muslims In US Military; Winter Weather; Inventors Hall Of Fame.
CBS: Autism Study; Iraq Health Official Arrested; Hamas Fatah Unity Government; North Korea Nuclear Program; Pelosi's Plane; Caring For Seniors; Winter Weather.
NBC: Libby Trial; Russert Interview; Autism Study; Pelosi's Plane; Anbar Province Violence; Stock Market; North Korea Nuclear Program; Winter Weather' Sniper's Perch Window.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Anna Nicole Smith Obit; Libby Trial-Prosecution Rests; Autism Study; Atlanta-Openly Gay Pastor Ousted From Lutheran Church; US-Cold Weather; Toledo, OH-Woman Saved By Dog; Tokyo Stock Exchange; Wall Street.
CBS: Anna Nicole Smith Obit; Iraq-US KIAs; Iraq-Sniper; Libby Trial-Prosecution Rests; Western NY-Heavy Snow; Hospital Van Dumps Paraplegic On Streets Of LA's Skid Row; New Orleans-Mardi Gras Preparations; San Diego County-Earthquake; Harvard Reportedly Could Name Its First Female President Soon.

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NPR: North Korean Nuclear Program Talks; Hamas, Fatah Sign Power-Sharing Agreement; Libby Trial-Prosecution Rests; Iraq-US KIAs; Western NY-Heavy Snow; France-Two Policemen Charged In Electrocution Case That Led To Three Weeks Of Nationwide Riots; Los Angeles-Gang Crackdown; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule. Notes: Gaggle at 9 a.m. There will be no briefing.

VICE PRESIDENT CHENEY — Unavailable.

US Senate: COMMITTEE MEETINGS 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the DoD Inspector General's report on the Office of Special Plans prior to the Iraq war. Acting IG Thomas Gimble. Location: Room 222, Russell.

Notes: Closed session in Room 232A, Russell after the hearing.

US House: FLOOR SCHEDULE _ 2 p.m. The House meets for a pro forma session.

HOMELAND SECURITY _ 9 a.m. Full Committee. Hearing on the FY08 budget for DHS. Secretary Chertoff. Location: Room 311, Cannon.

APPROPRIATIONS _ 9:30 a.m. Military Construction, VA and Related Agencies Subcommittee. Hearing on military quality of life. Location: Room H-143, Capitol.

APPROPIRATIONS _ 10 a.m. Defense Subcommittee. Hearing on the Army portion of the supplemental war appropriations bill. Location: Room 2359, Rayburn.

OVERSIGHT AND GOVENMENT REFORM _ 10 a.m. Full Committee. Hearing on waste, fraud and abuse in pharmaceutical pricing and the impact on federal health programs. Steven Schondelmeye, College of Pharmacy, University of Minnesota; Gerald F. Anderson, Center for Hospital Finance and Management, Bloomberg School of Public Health, Johns Hopkins University; James W. Moorman, Taxpayers Against Fraud; Lew Morris, Office of the Inspector General, HHS; John Dicken, GAO; Patrick J. O'Connell, chief, Civil Medicaid Fraud and Texas state attorney general. Location: Room 2154, Rayburn.

Other: SECRETARIES OF STATE _ Winter conference of the National Association of Secretaries of State. Highlights: 3:45 p.m. Session on presidential primaries. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Kay Stimson, 202-624-3528.

BROADBAND _ 8:30 a.m. The Alliance for Public Technology holds its annual policy forum, "Achieving Universal Broadband: Models for Stimulating Deployment and Demand." Panelists include Brian Mefford for ConnectKentucky, Takashi Ebihara of the NTT Initiative, Albert Browne of Verizon Foundation, Kenneth Peres of CWA and Alec Ross of One Economy Corporation. Location: National Press Club. Contacts: Maytal Selzer, 202-263-2970

JOHANNS _ 8:30 a.m. Secretary of Agriculture Johanns speaks to the National Association of State Departments of Agriculture Mid-Year Conference Location: Holiday Inn on the Hill, 415 New Jersey Ave. NW. Contacts: Keith Williams, 202-720-4623

EU AGRICULTURE _ 9 a.m. EU Agriculture and Rural Development Commissioner Mariann Fischer Boel discusses EU agriculture policy in the globalization era, sponsored by the Carnegie Endowment for International Peace. Location: 1779 Massachusetts Ave. NW. Contacts: Trent Perrotto, 202-939-2372

UN REFORM _ 9 a.m. Georgetown University Law Center holds a conference on UN reform. Keynote address by South African Deputy Chief of Mission D. Moyo at 9:10 a.m. Location: Room 203, 600 New Jersey Ave. NW. Contacts: Kara Tershel, 202-662-9500

ARMS SALES _ 9:30 a.m. The Arms Control Association holds a briefing on regulating global arms sales and cluster munitions. Participants include Amb. John Duncan of the UK, Roald Naes of Norway, Stephen Goose of Human Rights Watch, others. Location: National Press Club. Contacts: Wade Boese, 202-463-8270 ext 104

SOUTH ASIA _ 10 a.m. Representatives from seven embassies of the South Asian Association for Regional Cooperation countries discuss their viewpoints on the effects of migration in the region, sponsored by the School of Advanced International Studies. Participants include Rudra Nepal, chargi d'affaires at the Embassy of Nepal; Masood Aziz, counselor at the Embassy of Afghanistan; Shamsher Mobin Chowdhury, ambassador of Bangladesh; Daw Penjo, permanent representative of the Kingdom of Bhutan to the United States; Raminder Singh Jassal, deputy chief of mission at the Embassy of India; Mahmud Ali Durrani, ambassador of Pakistan; and Bernard Goonetilleke, ambassador of Sri Lanka. Location: Room 500, 1717 Massachusetts Ave. NW. Contacts: Felissa Klubes, 202-663-5626

VOTER SUPPRESSION _ 10 a.m. - 12 p.m. People for the American Way and the NAACP sponsor a discussion, "Voter Suppresion in the 21st Century: What Happens and How to Stop It." Speakers include Minnesota Secretary of State Mark Ritchie, and Michael Strautmanis, chief counsel to Sen. Barack Obama, D-Ill. Location: Room SR385, Russell Contacts: n/a

DEMOCRATS-RURAL _ 10:15 a.m. Democratic Senators from rural states hold a press conference to release their "Rural Report Card, a report that they say illustrates the presidents neglect of domestic programs critical to rural

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America. Participants: Senate Majority Leader Harry Reid and Senators Blanche Lincoln, Chair of Rural Outreach; Kent Conrad; Byron Dorgan; Debbie Stabenow; Ken Salazar; Claire McCaskill; and Amy Klobuchar. Location: Senate Radio/TV Gallery. Contacts: Jim Manley, 202-224-2939

CORPORATE RESPONSIBILITY _ 12:30 p.m. The Center for American Progress holds a discussion on the future of corporate social responsibility, with Aaron Chatterji of Duke University, Dan Feldman of the law firm of Foley Hoag LLP, Mila Rosenthal of Amnesty International, and AFL-CIO Secretary Treasurer Richard Trumka. Location: 1333 H St. NW. Contacts: Trevor Kincaid, 202-682-1611

TAX POLICY _ 1 p.m. The Tax Policy Center holds a discussion on issues raised by President Bush's plan to use the tax code to expand health insurance coverage. Location: Falk Auditorium, 1775 Massachusetts Ave. NW. Contacts: n/a, 202-797-6105

BAICKER _ 2 p.m. Council of Economic Advisers member Katherine Baicker speaks on "New Directions in Health Policy: A Discussion of the President's Tax-Based Health Insurance Proposals." Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

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TERRORISM NEWS:

Judge Blocks Contempt Hearing For Verizon In Phone Records Case (AP)

AP, February 9, 2007

BANGOR, Maine — A federal judge Thursday blocked state regulators from going ahead with a contempt hearing for Verizon, ruling that national security considerations outweighed the state´s interest in speedy resolution of a complaint by customers.

The preliminary injunction forced cancellation of the Public Utilities Commission hearing that had been set for Friday in Augusta to force the telecommunications giant to say whether it provided customer call records to the government without a warrant.

In his 24-page order, U.S. District Judge John Woodcock said the hearing was not the appropriate place to air the dispute.

"The federal court, not the PUC hearing room, is the proper forum to resolve the opposing positions of the federal and state governments," he wrote. "Moreover, in this controversy, Verizon is a surrogate for the position of the federal government and it would be profoundly unfair to punish Verizon for asserting a legal position mandated by the federal government."

Woodcock said the only hardship that the PUC would suffer from the injunction would be to face some delay in resolving the multi-citizen complaint that triggered the federal lawsuit.

By contrast, he wrote, "the revelation of sensitive information pertaining to national security is a manifest hardship to the United States if the injunction were denied."

The dispute before the judge was an outgrowth of a complaint filed by Verizon customers last May. Last week, the PUC said it would begin contempt proceedings against Verizon for failure to comply with an order last August that requires an official of the company to swear under oath that its previous statements regarding the National Security Agency´s alleged surveillance were true.

PUC spokeswoman Nicole Clegg said the commission was "obviously disappointed" at the ruling. "We´re still reviewing it, and tomorrow we´re going to discuss our options with the Attorney General´s Office."

Shenna Bellows of the Maine Civil Liberties Union, which had backed the agency´s stance, described the judge´s ruling as a "temporary setback."

"The Maine Civil Liberties Union is committed to carrying this as far as we need to go to defend Mainers´ privacy," she said.

A spokesman for Verizon, which had backed the U.S. Justice Department suit to stop the contempt hearing, could not be reached immediately for comment. The company had argued that it had been unfairly placed in the middle of a dispute between the state and federal governments.

House Dems Push New Security Regulations On Foreign Investment (HILL)

By Ian Swanson

The Hill, February 9, 2007

House Democrats are moving quickly to approve legislation in response to last year's controversy surrounding a United Arab Emirates-based company's attempted takeover of several U.S. shipping ports, but may be headed for a clash with a Republican presidential candidate and Senate Democrats.

Leaders of key House and Senate committees are expected to forge ahead with rival bills similar to those approved last year when both chambers were under Republican control.

Congress was unable then to reconcile differences over how to update rules governing the Committee on Foreign Investment in the U.S. (CFIUS), an interagency panel led by the Treasury Department that reviews foreign investment deals for national-security threats. CFIUS approved Dubai Ports World's acquisition of a British company that operated several U.S. ports, sparking vibrant debate one year ago this month.

Privately, House Financial Services Committee Chairman Barney Frank (D-Mass.) has told supporters of the House bill that his goal would be to move legislation to the House floor immediately following the President's Day recess, according to business sources. This would allow House Democrats to say they had moved legislation responding to the Dubai Ports deal early in their majority tenure.

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Frank currently is working on a manager's amendment to bipartisan legislation approved unanimously by the House in 2006 and reintroduced in January by Reps. Carolyn Maloney (D-N.Y.), Joseph Crowley (D-N.Y.), Republican Whip Roy Blunt (R-Mo.) and Rep. Deborah Pryce (R-Ohio), two business sources said.

On the floor, the bill is expected to be considered under an open rule that would allow amendments, and Frank has indicated some misgivings regarding amendments from the Republican side. For example, Rep. Duncan Hunter (R-Calif.), a presidential candidate and vocal critic of the Dubai deal, voted for last year's House bill under some pressure from leadership. He might be more inclined to offer amendments while pursuing a presidential bid, particularly with Democrats running the House, one lobbyist said.

A spokesman for Hunter on the Armed Services Committee, Josh Holly, said Hunter would not make a decision on whether to seek amendments until he saw a committee-approved bill. Holly indicated Hunter would be watching to see if the House bill is updated to reflect Hunter's concerns about the recent merger between France's Alcatel and U.S.-based Lucent Technologies, which includes a subsidiary that has done defense work.

CFIUS approved the Alcatel-Lucent merger last year, but imposed certain conditions on it that business groups said set a bad precedent, since they would allow the government to unravel the deal in the future.

Business groups want Congress to approve CFIUS legislation because they hope it will counter actions taken by the administration in the wake of the Dubai Ports controversy. CFIUS investigations have increased in the last year, and the administration is imposing more conditions on deals it approves, according to the president of the Organization for International Investment, Todd Malan. In testimony at a Financial Services hearing this week, he said the CFIUS bureaucracy went into a "hyper-cautious" mode in the wake of the ports scandal that could decrease foreign investment in the U.S.

In the Senate, Democratic presidential candidate and Banking Committee Chairman Chris Dodd (D-Conn.) told The Hill he intends to move a bill quickly. He also suggested it would look similar to the legislation approved by the Senate in 2006 that was opposed by the U.S. Chamber of Commerce, Business Roundtable, Organization for International Investment and other groups representing U.S. multinationals.

Dodd, whose presidential campaign is seen by business as a potentially complicating factor in the debate, said his committee would consider modifying last year's bill, but said it may make more sense to consider changes during a conference with the House.

"I don't know if any changes have occurred since last fall that would warrant any changes to the bill," he said. "My intent would be to get it up and out of the committee pretty quickly."

In a statement, Dodd spokesman Marvin Fast described Dubai-based management of ports as "another case of the outsourcing of our critical infrastructure and security." He said Dodd had worked closely with Banking leaders on last year's bill, which he described as greatly improving the government's process for reviewing and authorizing foreign investment in the U.S.

Similarly, Sen. Charles Schumer (D-N.Y.), who helped lead Democratic criticism of the CFIUS approval of the Dubai Ports World deal, expressed support for the Senate bill opposed by business.

"I thought the bill last year was pretty good," Schumer told The Hill. He said there might be some small changes, but predicted the business community would "calm down" once it realized the legislation is not leading to a slowdown of foreign investment. Schumer added that he has heard few complaints about the Senate bill.

In an interview, Crowley said his sense from business is that it would be better to do nothing than to pass the Senate bill. Maloney agreed that business groups prefer the House bill, which she described as carefully balancing national security with economic security. She said Dodd and other senators might change their views if they hold hearings on CFIUS, and indicated differences could also be addressed in conference.

If Dodd wants to move the 2006 Senate bill to expedite the process and address differences in a conference, Crowley suggested it would be possible to get a final bill. If it indicates the Senate view on policy, however, he said it would be difficult to get a final bill approved.

Dodd acknowledged some business criticism of the 2006 Senate bill, which, unlike the House bill, allowed initial reviews to be stretched to 60 days and required that certain congressional committees be notified of a CFIUS review once one is launched.

Business groups argue this could politicize reviews, and the executive director of the Emergency Committee on American Trade, Cal Cohen, said it could also serve as a roadmap showing other countries how to block U.S. investments in their countries. The House bill only allows 30-day reviews, and does not notify congressional committees until after the conclusion of a second-stage investigation, held only for deals that trigger serious national-security concerns.

HOMELAND RESPONSE:

DOJ_NMG_0129754

Government Sued Over Citizenship Delays (NSDY/AP)

By Juliana Barbassa, Associated Press Writer

Long Island Newsday, February 9, 2007

SAN FRANCISCO -- Eight immigrants who have waited years for their citizenship applications to clear tougher post-9/11 background checks claim in a lawsuit filed Thursday that the delays violate their constitutional rights of due process.

The lawsuit was filed in U.S. District Court in San Francisco and names the FBI and the Department of Homeland Security among the defendants. It seeks to enforce regulations in which the federal government must act on a citizenship application within 120 days of the applicant's interview.

The eight immigrants cleared traditional criminal background checks and other requirements only to see their applications bogged down by federal immigration officials' process of checking names against an FBI database, the plaintiffs' attorneys said.

"The system is broken, and it's time to fix it," said Maya Harris, executive director of American Civil Liberties Union of Northern California, which filed the lawsuit on behalf of the eight immigrants. Also named as plaintiffs are the Asian Law Caucus and the Council on American-Islamic Relations, San Francisco Bay Area Chapter.

The name checks were adopted before the Sept. 11, 2001, terrorist attacks, but only after the attacks did every application go through the process, said Christopher Bentley, spokesman for the U.S. Bureau of Citizenship and Immigration Services.

The majority of the 35 million background checks the agency runs every year are cleared within nine months, Bentley said. The others require more research and can take years, he said.

Calls to the FBI were not immediately returned.

Bentley defended the rigorous background checks as vital to national security.

"The American public expects that as an agency we won't grant a benefit such as citizenship to someone who is not qualified," he said. "We will not and do not grant any benefits until all background security clearances have been resolved."

One plaintiff, Sana Jalili of Pakistan, applied for citizenship in December 2003. She gave her fingerprints, passed a criminal background check and completed the final interview in September 2004.

Jalili, 26, said she was told she would be naturalized in three months, at most. She's waited almost three years with no conclusion.

"We are continuously told the same message, that my name has gone for a background check," she said. "But how long does it take to complete a simple background check?"

Cecillia D. Wang, senior attorney with the ACLU Immigrants' Rights Project, said a faster approval process would improve national security.

"If there are lawful permanent residents who pose a security risk, the government should discover that quickly and get to the bottom of any possible problems," Wang said.

Three other lawsuits are pending around the country asking the government to act on citizenship applications within 120 days of the last interview.

Immigration officials now conduct name checks before interviews, following the letter of the law but violating applicants' due process rights, said Sin Yen Ling, staff attorney with the Asian Law Caucus.

The suit asks for a time limit for name checks and a speedy review of the plaintiffs' own applications.

Green-card Holders File Suit Over "name Check" Delay (SFC)

By Matthai Chakko Kuruvila

San Francisco Chronicle, February 9, 2007

(02-08) 13:43 PST SAN FRANCISCO -- Green-card holders who've waited years for a mysterious "F.B.I. name check" to clear them for citizenship filed a lawsuit today in San Francisco, hoping to speed the process for themselves and others.

The eight plaintiffs, including residents of San Francisco and Fremont, had successfully completed the interview process and cleared criminal background checks before being told their names would have to clear a post-Sept. 11 procedure referred to as the "name check."

U.S. Citizenship and Immigration Services regulations entitle citizenship applicants to hear back about their applications within 120 days of their interviews, but all of the plaintiffs had waited more than two years.

"Our clients deserve to get out of the limbo that the government agencies have created," said Cecillia Wang, senior staff attorney for the American Civil Liberties Union's Immigrant's Rights Project, which is handling the case with the Asian Law Caucus and the Council on American-Islamic Relations. '

The lawsuit, which the ACLU hopes will be certified as a class action, is the fourth of its kind around the country to address similar issues.

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A case filed in Los Angeles last year was voluntarily dismissed after eleven of the 12 plaintiffs were given citizenship.

Another filed last summer in Brooklyn on behalf of mostly elderly and disabled green card holders, who were denied social security benefits because of their lack of U.S. citizenship, and a fourth case in Chicago are still pending, according to Wang.

"I know that many other people, like me, have this problem," said San Francisco resident Yinan Zhang, 32, who has waited five years for his name to clear the name check. "I hope this lawsuit can help them to become United States citizens."

Suit Seeks To End Citizenship Delays (ALTS)

By Michele R. Marcucci, STAFF WRITER

Alameda Times-Star, February 9, 2007

When Sana Jalili of Fremont first applied for United States citizenship in December 2003, everything seemed to be going well.

Jalili, who came to the U.S. from Pakistan on her parents' work visas at age 15 and became a legal permanent resident in 2001, aced her citizenship test and interview, and made it through criminal background checks without a problem. In September 2004, an officer with U.S. Citizenship and Immigration Services told her she would receive notice of her oath ceremony within three months.

But more than two years later, the 26-year-old mother of two and information technology specialist is still waiting, held up by a "name check" requirement that has left perhaps thousands of would-be citizens in limbo.

So Jalili and seven other Bay Area residents are suing the government in federal court, seeking answers and their citizenship.

"America is the only home I know. There's no other place I would want to live other than here. It is extremely important to me that I become a full participating citizen of this country," she told a room full of reporters on Thursday.

Jalili and the other plaintiffs, who live in Fremont, Richmond and San Francisco, have each waited more than two years for that right, because name checks conducted by the Federal Bureau of Investigation on them are not yet complete. The suit argues that Citizenship and Immigration Services has just 120 days to do the work, and that they should adhere to that timeline.

The delay has left Jalili waiting for the right to vote and has made it difficult for her family to travel together, she said. Her husband and children are U.S. citizens, she said. She would also like to be able to apply for government interpreter positions, the suit says.

Other plaintiffs said in the suit that they have missed out on time with family living overseas due to travel restrictions they face as non-citizens, as well as work opportunities and government aid for the aged and disabled because of the waits. Several contacted their local members of Congress, to no avail.

One of those contacted, Rep. Pete Stark, D-Fremont, said he wants the problem fixed.

"People should not have to wait for years to learn the outcome of their citizenship or security clearance applications," Stark said. "Congress should allocate additional resources to enable the FBI to eliminate its backlog and expeditiously conduct all background checks."

The suit, filed by local chapters of the American Civil Liberties Union and Council on American-Islamic Relations and also the Asian Law Caucus, is one of several such suits filed across the country. Attorneys said Thursday that they know of more than 100 people in the Bay Area facing similar problems. They are seeking class action status.

Spokespersons for Citizenship and Immigration Services said they couldn't comment directly on the suit. But they said only a small fraction of applicants for permanent residence and citizenship -- less than 1 percent -- are delayed more than six months.

And they said Americans expect them to take security seriously.

"We feel the American public expects that we will not approve applications for important benefits like citizenship and permanent residence until the background checks are complete," San Francisco-based spokeswoman Sharon Rummery said.

But such thoroughness wasn't always the case, another spokesman admitted.

In the past, the agency's predecessor, the Immigration and Naturalization Service, would wait 60 days for the name checks to come back from the FBI, and would proceed with naturalization and permanent resident, or "green card," applications even if they didn't come back, CIS spokesman Chris Bentley said. Now, the agency waits until the checks are completed, no matter how long they take, he said.

Bentley said several other things have changed since the Sept. 11 attacks, including a new focus on national security and also additional databases for federal agents to consider before completing a check.

And he said the checks have been extended to even visitors to the U.S., greatly expanding the number of people being checked. Last year, some 35 million people were checked; fewer than 1.3 million of them had applied for a green card or naturalization.

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Although most searches yield no hits, a fraction of those that do must be meticulously analyzed, FBI special agent Joseph Schadler said. A team of about 100 people comb through files scattered in offices and warehouses throughout the country, trying to determine if, say, a John Smith mentioned in one case is the same John Smith submitting an application today.

Depending on the complexity, each case can take years to resolve.

"It's better to take a little longer and be as accurate as possible," he said, noting a mistake could get someone wrongly deported or forever barred from citizenship.

In April 2006, the citizenship agency set a new policy requiring the checks to take place before someone is interviewed for citizenship. Attorneys said the agency did this to dodge the 120-day requirement; the agency denied that charge.

Some attorneys representing those caught in this system said they're concerned it could be targeting Muslims and people from the Middle East and Southeast Asian.

Heena Musabji, a staff attorney with the Council on American-Islamic Relations in Chicago, which has also sued the government over the delays, said her agency has heard about 203 delay cases in the Chicago area so far; the majority of those waiting are Muslim, and the majority are male. Her group asked the government for more information on those facing delays.

But Bentley said the agency doesn't discriminate.

"There's no credence to that allegation," he said.

The suit names Bentley's agency and its parent, the Department of Homeland Security, as well as San Francisco CIS District Director David Still, agency head Emilio Gonzalez, Homeland Security Secretary Michael Chertoff, FBI Director Robert Mueller III and Attorney General Alberto Gonzales.

MediaNews staff writer Kim Vo contributed to this report. Contact Michele R. Marcucci at mmarcucci@angnewspapers.com or (510) 208-6434.

Chertoff Defends Bush's 2008 Budget Proposal (WP)

By Daniela Deane

The Washington Post, February 9, 2007

President Bush's proposed $35 billion budget for the Department of Homeland Security next year is "simply inadequate," a top House Democrat told Secretary Michael Chertoff today, even though he acknowledged that solving the agency's many problems wasn't just about throwing more money at it.

Chertoff, in his first appearance before the Democratic-controlled Congress, responded that the administration's proposed Homeland Security budget for 2008 is "sound, sensible and ample" and reflects the president's "strong commitment" to protecting the United States.

Rep. David Price (D-N.C.), chairman of the House homeland security appropriations subcommittee , began his comments by reciting a laundry list of what was wrong with the department, including what he said were some of the most demoralized employees in the federal government and "devastation that still looks fresh" in areas ravaged by Hurricane Katrina a year and a half ago.

"I'm not saying the department's troubles can be solved simply by throwing more money at them," Price said, but he added that "some areas of your proposed budget are simply inadequate."

Price said that the additional $447 million asked for next year represented an increase of only one percent over this year.

Chertoff responded that the budget represented an eight percent increase over this year and that this was a time for "prudence from a fiscal standpoint."

In his opening statement to the committee, Chertoff defended the recently-created department, saying the Department of Defense took 40 years to "get configured properly and the first secretary of defense committed suicide."

Answering questions about whether federal aid for the department should be spread evenly throughout the country, Chertoff responded that the department should be "risk-based in funding."

Democratic and Republican congressmen pointed out to Chertoff that in recent days their committee had heard "troublesome" testimony from the Government Accountability Office and the Homeland Security department's own inspector general criticizing the department's responsiveness and openness.

Chertoff responded that committee members could count on him to communicate their expectations to his senior managers.

New York City To Test Ways To Prevent Nuclear Terror (NYT)

By Eric Lipton

New York Times, February 9, 2007

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WASHINGTON, Feb. 8 — New York City is about to become a laboratory to test ways of strengthening the nation's defenses against a terror attack by a nuclear device or a radioactive "dirty bomb."

Starting this spring, the Bush administration will assess new detection machines at a Staten Island port terminal that are designed to screen cargo and automatically distinguish between naturally occurring radiation and critical bomb-building ingredients.

And later this year, the federal government plans to begin setting up an elaborate network of radiation alarms at some bridges, tunnels, roadways and waterways into New York, creating a 50-mile circle around the city.

The effort, which could be expanded to other cities if proven successful, is a major shift of focus for the Department of Homeland Security. As it finishes installing the first generation of radiation scanners at the nation's ports and land border crossings, the department is trying to find ways to stop a plot that would use a weapon built within the United States.

"How do you create deterrence against terrorism?" said Vayl S. Oxford, director of the Domestic Nuclear Detection Office, the Homeland Security agency coordinating the work. "You complicate the ability for the terrorist to do what they want."

But even as the new campaign begins, some members of Congress and antiterrorism experts are raising concerns that the initiative, like previous Homeland Security programs, could prove extraordinarily costly and provide few security gains.

"This is just total baloney," said Tara O'Toole, a former assistant secretary at the Department of Energy during the Clinton administration, where she oversaw nuclear weapons safety efforts. "They are forgetting that no matter what type of engineering solution they try in good faith to come up with, this is a thinking enemy and they will look for a way around it."

While Homeland Security officials repeatedly declined to estimate the costs of a nationwide detection system, agency documents show they might spend more than a billion dollars on the cargo-screening equipment alone.

Local officials in New York are sparring with Homeland Security over a plan to immediately transfer to local and state authorities the burden of maintaining and operating the network of detection machines when it is completed within several years.

"We are concerned they will put money forward for a piece of hardware and then move to another project," said Raymond W. Kelly, New York City's police commissioner. He added that while the city supports the plan, he is not convinced that the proposed detection network makes sense. "Whether or not it works, whether or not it causes too many false alarms, which causes a whole other set of problems, all of these things are still to be determined," he said.

Mr. Oxford said he is aware of the concerns about costs, which is still the subject of negotiations, and the performance of the new detection machines. But with a threat like a nuclear attack, the country cannot afford to wait until all the details are worked out, he said.

"Our philosophy is not to wait for perfection, because perfection never comes," he said.

The Domestic Nuclear Detection Office, among the newest agencies at Homeland Security, was established in April 2005, in response to criticism that efforts to combat nuclear terrorism were too disorganized.

The office focuses on blocking two types of plots: a nuclear weapon or a dirty bomb. A nuclear attack by terrorists is considered unlikely, because of the difficulty of obtaining the required radioactive materials, such as highly enriched uranium.

The detonation of a dirty bomb is considered much more feasible. It only requires dynamite or another conventional explosive to detonate a widely available radioactive source — like the cesium or cobalt in certain medical devices. The blast might cause injuries or deaths, but the radioactive residue would cover a two- to three-block area and not pose an immediate health threat. Possible panic and economic disruption could be among the most serious consequences, experts say.

The Securing the Cities detection network, as the New York experiment is called, is intended to stop a nuclear or radiological threat as far away from a city as possible. "Detecting it in the core of Manhattan is too late," Mr. Oxford said.

The network would most likely include truck inspection stations along highways approaching New York, which would be equipped with radiation detection devices, agency budget documents say. Devices might also be installed at highway tollbooths and at spots where rail, boat and subway traffic could be monitored.

The detection equipment, some of which would be mobile, would be electronically connected and monitored so if a suspicious vehicle passed one spot without being stopped, it might be intercepted after passing another detector.

Some New York agencies already have a limited supply of radiation detection equipment, but the new system would be much more extensive and go much further outside the city.

Mr. Kelly said that the city would, at least initially, use any new detection equipment to screen vehicles heading into Lower Manhattan. The project would complement a city program to install cameras, license plate readers and devices that can block vehicle traffic, creating a "ring of steel" around the financial district.

The actual design of the Homeland Security system and the protocols for how responses to alarms will be handled, are still being negotiated by federal officials and authorities in New York City, New Jersey, Connecticut and New York state.

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Benn H. Tannenbaum, a physicist and nuclear terrorism expert at the American Association for the Advancement of Science in Washington, said the system would never create anything close to an impenetrable barrier, particularly for a nuclear bomb, since the required ingredients have low levels of radioactivity and can easily be shielded. But the project still might be worthwhile, he said. “If nothing else, it makes the terrorist think twice before they do something like this,” he said.

Ms. O’Toole, the former Department of Energy official, pointed to Homeland Security’s BioWatch program, set up in about 30 cities in 2003 to monitor the air for a possible biological attack.

The equipment was installed quickly, but there was no detailed plan in place for how to respond to positive alarms, which meant three weeks of confusion among Houston authorities in October 2003, after tularemia, a naturally occurring pathogen, was discovered. “There is this disconnect between these grand schemes for technology and reality,” Ms. O’Toole said.

Laura S. H. Holgate, vice president at the Nuclear Threat Initiative, a Washington-based research group, said the government should put far more energy into a global effort to prevent nuclear materials from getting into the hands of terrorists.

The testing planned on Staten Island at the New York Container Terminal is intended to police concerns about false alarms.

Three sets of new types of detection machines have been installed there. For the first time, such machines sound an alarm when something radioactive passes through, and simultaneously identify the radioactive isotope. That allows officials to distinguish between innocuous items that can emit low levels of radiation, such as granite or kitty litter, and real threats.

Officials at the Government Accountability Office and some members of Congress are concerned that Homeland Security is moving too quickly to buy the new machines. Initial tests have shown them to be not much more effective than existing machines that are a fraction of the cost.

“We know this system is going to be expensive,” said Senator Joseph I. Lieberman, an independent from Connecticut and chairman of the Senate Homeland Security Committee. “We need to be sure it will perform as promised.”

Ramsey Hired To Provide Anti-Terrorism Advice (WP)

By Sari Horwitz

The Washington Post, February 9, 2007

Former D.C. police chief Charles H. Ramsey has been hired to study ways to make the U.S. Capitol more secure against a potential terrorist attack.

Ramsey, who stepped down in December after nearly nine years as chief, got the Capitol job through a longtime colleague, Terrance W. Gainer, the U.S. Senate's sergeant-at-arms. Gainer is a former Capitol Police chief and once was Ramsey's second-in-command at the police department. Their ties stretch back to their days with the Chicago police force.

Gainer said Ramsey will work part time with him to put an improved security plan in place. He is scheduled to begin work in a week to 10 days, Gainer said.

"The chief has agreed to come up and assist myself and the police board to further develop our anti-terrorism measures on the Hill," Gainer said in an interview. "We are crying out for a guy with Chuck Ramsey's skills and knowledge of the terrorism situation."

Ramsey already has a security clearance, "knows the city inside and out, knows the extent of the terrorism threat and understands how to counter it," Gainer said.

Gainer and other Senate officials are working through final details on the contract, including his pay, he said. The contract is one of several part-time projects Ramsey could soon be undertaking.

Ramsey said he also might be hired to provide security expertise to the D.C. Convention Center.

"I'm looking forward to it," Ramsey said of his work with the Capitol. "I want to continue to make a contribution. It's an opportunity to help Terry, and there are few things that are more visible in terms of a symbol of our country than the nation's Capitol."

Ramsey said he has received calls from several companies that want to hire him.

"I've certainly had a few offers," Ramsey said. "I want to listen and see what's out there. I'm taking it a step at a time. I want to stay local, stay involved and continue to make a contribution. The city has been good to me. And I enjoyed it here, that's for sure."

Ramsey, 56, the District's longest-serving chief in more than three decades of home rule, has said for months that he wanted to remain in law enforcement. In November, soon after being elected mayor, Adrian M. Fenty (D) announced plans to replace Ramsey with Cathy L. Lanier, 39, a 16-year veteran and Ramsey protege. Lanier took over in late December.

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Last night, Ramsey was feted at a retirement party at the Mandarin Oriental Hotel attended by Fenty, Lanier, former Mayor Anthony A. Williams and other city leaders, as well as scores of local and federal law enforcement officials from throughout the Washington area.

"To me, chief Ramsey will always be the super chief," Williams said. "There are business leaders here, political leaders . . . people from all corners of the city. I rest my case."

More than 500 tickets were sold for the event at $75 each. Nine speakers toasted the former chief, including David Friedman, director of law enforcement initiatives for the Anti-Defamation League.

Friedman said Ramsey did much for the city during his tenure. Often on television and radio, Ramsey became a celebrity of sorts, recognized throughout the city. Only this week, Friedman said, he and Ramsey were finishing lunch when they were greeted by two city residents who wanted to express their gratitude to Ramsey.

"The chief was surprised by that," Friedman said in his speech. "But there are thousands and thousands of people in this community who would like the opportunity to thank you."

U.S. Air Marshal Service Navigates Turbulent Times (WSJ)

By Laura Meckler, Susan Carey

The Wall Street Journal, February 9, 2007

On Sept. 11, 2001, the Federal Air Marshal Service -- an undercover squad trained to stop or kill hijackers on U.S. carriers -- consisted of just 33 agents scattered on more than 26,000 daily flights around the globe.

None were aboard any of the hijacked planes on 9/11. Six days later, Congress passed legislation calling for a massive expansion of the law-enforcement service as part of the nation's mobilization against terrorism. More than 200,000 people applied to become agents. Soon, thousands of recruits were quietly training in hand-to-hand combat, advanced marksmanship and techniques for discreetly defusing onboard disturbances without ever identifying themselves as marshals.

The service swelled to a current force somewhere between an estimated 2,500 and 4,000. (The exact number of marshals is classified.) Their presence, combined with new provisions allowing U.S. pilots to carry guns in the cockpit, has changed the equation of onboard security. Would-be terrorists now must enter into their calculations a fair chance that a fellow passenger is a well-trained policeman concealing a semiautomatic weapon.

But building and maintaining the force in recent years has been an uneasy ride. Marshals have griped that it's unhealthy flying four or more flights a day and say the job is a monotonous rut that doesn't lead to advancement. Another big complaint: Their cover can be easily blown, particularly when they go through special boarding procedures.

RELATED READING

"The check in and boarding procedures currently employed by FAMS are unacceptable to ensuring the anonymity of federal air marshals." • In a report this spring, the House Judiciary Committee1 was highly critical of the marshal program.

* * *

"The shooting death … is legally justified in light of the surrounding circumstances presented to the air marshals. It should be noted that both air marshals demonstrated remarkable restraint." • In a May 2006 report2, the Miami State Attorney's office determined that the December 2005 shooting of an American Airlines passenger by federal air marshals was legally justified.

* * *

"People are terrestrial creatures … suited for surface living. When they venture above the surface of the earth, they encounter certain difficulties. Those are most directly related to flying and the change in barometric pressure." • A marshal in the program's Charlotte, N.C., field office filed a report3 critical of the program's handling of health issues in July 2005.

* * *

"The manner of dress should allow you to blend in and not direct attention to yourself, as well as be sufficiently functional to enable you to conduct your law enforcement responsibilities, and effectively conceal your duty equipment." • In two emails sent to marshals in the summer of 2006, Dana Brown, the director of the program, discusses low morale4 among the marshals and announces a change in the program's hotel policy and dress code5.

* * *

"I'm very appreciative of the time that so many of you have dedicated to helping me through the last nine months." • At the end of 2006, Mr. Brown sent a letter6 to air marshals explaining what he had done in his first nine months on the job to improve their working conditions.

Budget issues led to a hiring freeze, and in some cases resulted in heavier schedules and fewer flights covered. Government oversight bodies, including the House Judiciary Committee and Homeland Security's Inspector General, raised concerns as to whether the marshals were able to do their jobs effectively.

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Some marshals say many of their colleagues have quit, although agency officials say defections have been minimal. But Dana Brown, the current director, concedes that the program's $700 million budget wasn't enough to sustain any new hires between July 2002 and fall 2006.

In an interview, Mr. Brown said the agency challenges are largely due to growing pains. "It's the equivalent of having a mom-and-pop or good small business that worked very well and overnight it turned into a large Fortune 500-type corporation with many more issues than it had previously," he said. Mr. Brown is now taking steps to address the marshals' complaints.

The job is a stressful mixture of tedium and high pressure. Marshals have made 59 arrests since 2001 and drawn their weapons only twice -- once shooting a man dead. In the end, none of the incidents were found to be related to terrorism.

Last summer, their secretive operations came into rare public view after Northwest Airlines Flight 42 lifted off from Amsterdam's Schiphol Airport on Aug. 23 for a nearly nine-hour flight to Mumbai, India. Less than two weeks earlier, British authorities had foiled an alleged trans-Atlantic airliner bombing plot, and officials were on high alert.

A group of 11 Indian passengers on Flight 42 attracted the attention of flight attendants and one undercover marshal when they allegedly didn't follow crew member instructions while boarding. Shortly after the DC-10 left the runway, one of the Indian men allegedly handed several cellphones to another, while a third member of the group appeared to be deliberately obstructing the view of what was happening.

Within minutes, as the plane continued to climb, three air marshals on board broke cover and took control of the cabin, moving into the aisles, revealing badges and assuming defensive positions -- according to an internal Federal Air Marshal Service report on the incident and accounts from passengers and crew. A pair of Dutch F-16 fighter jets scrambled to escort the plane back to Amsterdam. Half an hour after takeoff, Flight 42 touched back down, and the Indian men were detained by Netherlands law enforcement.

The incident was a classic demonstration of the marshals' daunting, and often imprecise, task. A potentially dangerous situation was defused with no injuries. But in the end, there had been no security risk at all. The cellphones were just cellphones. All of the suspects were quickly released. Some passengers, particularly Indian nationals, believed the marshals overreacted to plainly innocent conduct.

"We were not passing cellphones," said Shakil Chhotani, a 33-year-old Mumbai exporter of women's garments who was among the arrested men. "Just because one of us was wearing kurta pajamas and four or five of us had a beard, they thought we were terrorists."

Mr. Brown backed up his officers' actions. "I'm comfortable that the federal air marshals did exactly what they thought they should do under the circumstances," he said, noting that the decision was made in consultation with the crew.

President Kennedy launched the air-marshal program in 1961, in response to a wave of hijackings of U.S. flights to Cuba. In the years prior to 9/11, its ranks rose and fell, amid various threat levels and bureaucratic shuffling. Today, after obtaining top-secret security clearance, marshals undergo 15 weeks of preparation for the job, divided between facilities in Artesia, N.M., and Atlantic City, N.J. Each is issued a Sig Sauer sidearm, a small but powerful, Swiss-designed weapon popular in law enforcement.

They are trained to shoot in small areas that replicate airline cabins, practicing with low-powered paint balls. They drill repeatedly through scenarios they might encounter.

The flying force is more than 95% male, and includes recruits from the Secret Service, the Border Patrol, the Bureau of Prisons and the military. The full-time positions pay salaries starting at about $36,000 and average just under $62,000 a year, with a premium for working in certain cities. Marshals travel in teams of at least two, often sitting in first class to be near the cockpit door. Routes considered to be high-risk are given priority.

At the Mission Operations Center outside Washington, stars dot a digital map of the U.S. looming large over the control room, each one representing a plane with a marshal on board. Officials here relay intelligence to marshals in the field and are poised to redeploy marshals if need be.

While marshals train for the most dangerous criminal scenarios, the job is usually uneventful. Many spend their hours in the sky reading. At the same time, they must stay constantly alert.

Marshals say that after flying four or more flights in a single day, they experience fatigue, headaches, and other maladies. Compounding their frustrations, marshals -- mostly in their 20s and 30s -- have little opportunity to advance in or diversify their careers. "Federal air marshals cannot sustain a career in an airborne position, based on such factors as the frequency of flying, their irregular schedules, and the monotony of flying repetitive assignments," the Government Accountability Office concluded in November 2005 report.

Since the post-9/11 expansion, marshals have protested that their anonymity hasn't been adequately protected. Agents are required to check in at airport ticket counters, and in most cases display oversized credentials. Until recently, a jacket-and-tie

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dress code was mandated on all flights, even those filled with tourists headed for Disney World. They also were instructed to stay in designated hotels, where they had to display their marshal credentials to secure a discounted rate.

To bypass security checkpoints, where notice would obviously be taken of their guns, marshals typically enter concourses through the exit lanes. But they often wait for several minutes while a security guard checks their IDs -- a process that sometimes draws attention from passengers. In some cases, they must enter via alarmed exit doors. "The lights and sirens go off. Everyone turns and looks," one marshal said in an interview.

At the gate, at least one marshal must board the plane 10 or 15 minutes before passengers to check for hidden weapons and meet briefly with the crew. Marshals report being thanked and given the "thumbs up" from passengers who had obviously figured out who they were.

"Without anonymity, an air marshal is reduced to a target that need only be ambushed and eliminated or an obstacle that can be easily avoided," wrote former air marshal William Meares in a letter resigning from the service in 2004. "There is no question that terrorists, using known tactics and methods, can easily determine whether or not a particular flight is covered by air marshals."

Don Strange, the agent formerly in charge of the Atlanta field office, says he repeatedly complained about the stuffy dress code -- internally and to the House Judiciary Committee. "My views were not well received," he said in an interview. Mr. Strange was subsequently dismissed, in October 2005. The Federal Air Marshal Service wouldn't comment on Mr. Strange's termination.

Federal law prohibits marshals from unionizing. But in 2003, mounting discontent prompted them to organize and seek affiliation with the Federal Law Enforcement Officers Association. That gave them a unified voice to deal with management. In October 2003, Frank Terreri, the group's newly elected president, wrote to the agency's then-director, Thomas Quinn, complaining about issues including boarding procedures, dress code, transfer policy and scheduling. In the spring of 2004, the House Judiciary Committee launched its investigation into the service.

Mr. Quinn, a retired Secret Service agent who took over the service a few months after 9/11, told the committee that the problems were exaggerated and that complainers were "disgruntled amateurs" who were bringing the whole organization down.

In February 2006, Mr. Quinn retired from the federal government. Three months later, the Judiciary Committee issued its findings, saying that Mr. Quinn included "factual inaccuracies" in his responses to the committee. The committee also concluded that the check-in and boarding procedures were "unacceptable to ensuring the anonymity of Federal Air Marshals" and criticized the formal dress code and hotel policy.

Now a private security consultant, Mr. Quinn dismissed the report. In an interview, he called those who voiced complaints "insurgents" and "organizational terrorists."

So far, few marshals or security experts believe that the tensions inside the agency have affected the performance of the agents' flights or their judgment in the most critical question they face: when to blow cover and intervene in a situation on board. The decision is more art than science. One air marshal says that officers get drawn into onboard conflicts so often they seem more like in-flight security guards. Says another: "You have to wait until it seems bad before you do anything. You're not a bouncer."

False alarms are sometimes inevitable. Marshals must quickly judge if suspicious behavior is criminal or just odd. They also have to weigh the need to remain undercover as long as possible against the needs of passengers who might be under distress.

"We don't want to ... be drawn out only to find out there was a situation designed specifically for that purpose and now our presence, our positions have been compromised," says Mr. Brown. But even if a situation is not necessarily life-threatening, "We're not going to let anyone get hurt on that aircraft."

In the first of the two incidents when marshals drew their weapons, in August 2002, an agent held the entire coach section of a Delta flight to Philadelphia at gunpoint while his partner restrained an unruly passenger. Once the plane landed, the disruptive passenger and a second flier were detained by authorities but later released and not charged.

The second came in December 2005, when Rigoberto Alpizar, a 44-year-old paint salesman from Maitland, Fla., frantically ran off an American Airlines flight about to leave Miami, with his backpack strapped to his chest. "I'm going to blow up this bomb," he said as he reached into the pack, according to two air marshals who were on board.

When the man, later determined to have been mentally ill, advanced toward the marshals, they shot him nine times, killing him. State prosecutors later concluded that the shooting was legally justified. Calls to Mr. Alpizar's widow, Anne Buechner, weren't returned.

After Flight 42 from Amsterdam, the air marshal service's investigative and training divisions reviewed the incident, according to standard policy, and determined that it had been properly handled, according to a federal official familiar with the process. "It was textbook, that was really the bottom line," the official said.

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Mr. Brown, a 25-year veteran of the U.S. Secret Service, took over after Mr. Quinn's retirement. He initially saw the complaints from marshals much as his former boss had. But soon after taking office, he began inviting marshals to small dinners in Washington, and soon came to a different understanding. In July, he sent an email to all air marshals. "Candidly, the morale was much worse than I thought," he wrote.

Mr. Brown has begun taking steps to deal with some of the discord. In August, he loosened the dress code, instructing marshals to "dress at your discretion." A new pilot program allows them to check in for flights at airports using kiosks, rather than ticket counters. The marshals are also free to choose their own hotels. Mr. Brown has set up 29 working groups to address such matters as scheduling and promotions. He's also opened up a dialogue with the officers' association, meeting with its leaders to hear their complaints.

Still, he said he hasn't found a way to change the boarding procedures. In a December memo, he noted that the agency was able to reach its hiring goal for the year, but didn't specify how many new marshals were recruited.

Meanwhile, some marshals who had been highly critical of management "are more optimistic that things are going to get better," says Mr. Terreri.

Resistance Rises To US Law That Requires Stricter ID Standards (CSM)

By Ben Arnoldy

The Christian Science Monitor, February 9, 2007

States from Maine to Montana are rebelling against a federal law meant to make driver's licenses a definitive form of identification, an issue that cuts across flash points of homeland security, civil liberties, and illegal immigration.

Legislators in 15 states are pushing bills and resolutions that urge noncompliance with the 2005 Real ID Act. The law, based on recommendations by the 9/11 commission, sets minimum standards for verifying the identity of license applicants, and stipulates what information must be stored on machine-readable cards.

The law is intended to make it harder for terrorists to operate on American soil and for illegal immigrants to get legitimate employment in the US.

But as the 2008 deadline for implementation nears, the Real ID law is raising a host of concerns: cost, hassle for millions of drivers, and fear that government or private industry will misuse the data network. Opponents as divergent as states' rights politicians, civil libertarians, and immigration advocates are rallying to undo it.

"When we call around the country, we get Democrats to join [against it], we get Republicans. In one state, they were fighting to see which party was going to file the [anti-Real ID] legislation," says James Guest (R), a state representative in Missouri. He is at the center of a loose coalition of lawmakers in 34 states who are filing measures opposing Real ID.

Maine's legislature fired the opening salvo last month in adopting a resolution of noncompliance – a position that, if carried out, could eventually impair Mainers' ability to easily board airplanes, open bank accounts, or enter federal buildings. The Montana House went further by actually prohibiting implementation.

Frustration over "a large unfunded mandate" is the first complaint of Massachusetts state Sen. Richard Moore (D), who has filed a noncompliance resolution similar to one in New Mexico.

Such lawmaker concerns stem from a September study by state government associations that put the price tag for implementing the Real ID law at $11 billion – much more than the $100 million Congress had estimated. So far, Congress has allocated $40 million to the project.

To arrive at that figure, the study assumed that everyone with a driver's license – all 245 million of them – must be recredentialed within five years of May 2008, the federal deadline for compliance. That would require each individual to visit a division of motor vehicles (DMV), paperwork in hand, and mandates the DMV to verify each identification document with the agency that issued it. There are about 16,000 issuers of birth certificates alone.

"States will feel the wrath of the driving public," says Senator Moore. "Our hope is [that], with the change in the majority in Congress, ... folks [will] take another look at it ... or come up with the money."

Opponents in the US Senate say they will press for changes to the law.

One congressional backer of Real ID, Rep. James Sensenbrenner Jr. (R) of Wisconsin, says delays at the Department of Homeland Security in drafting the regulations have led people to jump to wrong conclusions about cost and intent.

"They're seeing this as a national ID card. It's a case of the far left and the far right joining in the middle. It's not a national ID card," he says. "Those that are talking about $11 billion are Chicken Little types saying that the sky is falling.... Until the regulations are finalized, they don't know exactly what they need to do."

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Homeland Security plans to release the regulations in coming weeks. All eyes are on a few specifics, such as how identification documents will be verified by DMVs and whether the cards will be required to include fingerprints or other biometrics.

Mr. Sensenbrenner and other Real ID supporters say the law tightens a system that allowed some of the 9/11 hijackers to get driver's licenses, and thereby board planes, despite being in the US illegally. It also is expected to curb the hiring of illegal immigrants who rely on fake driver's licenses to feign legal residency.

"Congress needs to stand its ground. Driver's licenses are our de facto national ID system, but ... it's decentralized," says Mark Krikorian of the Center for Immigration Studies, a Washington think tank that advocates low immigration levels. "States have to meet certain minimum standards."

The ID system will not create new federal or private databases, says a Homeland Security spokesman. It will require only that states' driver's license databases can talk to one another so that drivers can't obtain multiple IDs in many states.

But civil libertarians argue that 50 interconnected state databases are not tangibly different from one national database. Their concern is that the US government would use the standardized licenses to cross-reference against other databases – and that people would be tracked by Uncle Sam at every turn.

There are concerns, too, that private companies could use them to build databases.

The information to be contained on the cards is valuable, says Barry Steinhardt of the American Civil Liberties Union. "Everybody and their uncle is going to want to 'swipe' that information off the card," he says. Existing shields on releasing motor vehicle information will be undermined, he says, if the machine- readable cards are not encrypted. Sensenbrenner says he supports encrypting the cards; Homeland Security won't comment.

Under Real ID, licenses must have valid names, home addresses, birth dates, signatures, and high-quality photographs.

Privacy experts worry that businesses other than bars and airports will ask people to electronically swipe their ID cards. Privacy laws must be expanded first, some say, because this ID system would increase the damage from identity theft.

WAR NEWS:

Bush And Congress Set To Clash Over Iraq (FT)

By Caroline Daniel

Financial Times, February 9, 2007

The White House is likely to face its most significant confrontation with Congress so far over its handling of the Iraq war after House Democrats agreed on Thursday on plans to debate a simple resolution next week that would oppose the escalation of the war but express support for funding the troops already on the ground.

Agreement on the non-binding resolution could attract the support of disaffected Republicans and enable a symbolic bipartisan expression of no confidence in the Iraq policy. The shift of focus to the House comes after the Senate Republican leadership this week stymied debate on a non-binding Iraq war resolution by exploiting procedural motions.

Steny Hoyer, House majority leader, said Democrats had stepped up oversight of Iraq policy holding 22 oversight hearings over Iraq and Afghanistan in the past four weeks, and would next week hold three days of debate on Iraq. “Frankly, for four years the Congress has been complacent and complicit, therefore, in the policies that have been pursued. We have not conducted vigorous oversight, and we have not taken Congress’s proper role in the articulation of and setting of policy.”

Rahm Emanuel, chairman of the House Democratic caucus, said: “At one time they [the administration] said ‘No, this is merely a symbolic vote that has no meaning’, and yet they have fought it tooth-and-nail to ever come to the floor in the Senate. They can’t do that in the House. Clearly, it has an impact because it’s an expression of the House of Representatives, the elected members closest to the American people.”

However, John Boehner, House minority leader, attacked the coming debate as “nothing more than political theatre that means nothing. And I believe that it demoralises our troops in the field.” If Democrats were serious about ending the war they should vote to cut off funding.

Although the Senate Republicans scored a temporary legislative victory in preventing an embarrassing vote against the president, the tactics have split the party. On Wednesday night seven Republican senators wrote to Senate leaders threatening to attach a resolution opposing the surge in troops to any bill sent to the floor in the coming weeks. The group, which includes John Warner, Chuck Hagel, Norm Coleman and Susan Collins, vowed to “explore all of our options under the Senate procedures and practices to ensure a full and open debate”.

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While the appearance of obstructionism has damaged the party, Vin Weber, a Republican strategist, said: "There has been no winner, but in the longer run the Democrats incurred a greater loss this week as they demonstrated to the anti-war movement that they were incapable of passing even a non-binding resolution against the war. That will stoke the anti-war movement who will demand they cut off war funding."

Some Democrats have backed calls for that more aggressive action, but most are reluctant to withdraw funding.

All 435 House Members Can See Iraq Intelligence -- And Talk On Iraq Next Week (POL)

By Mike Allen

The Politico, February 9, 2007

To the surprise of the Bush administration, the House Intelligence Committee voted unanimously Wednesday night to allow all 435 House members to see the classified version of the National Intelligence Estimate on Iraq sent to the White House last week. The report is classified in part because it contains information about sources and methods used in intelligence-gathering.

The document will provide fuel for a House debate, scheduled to begin Tuesday, on a resolution of disapproval of President Bush's plan to boost U.S. troop strength in Iraq. Remarkably, each House member will be given five minutes to speak. The decision to provide such broad access to the microphones is based on the fact that each member got the chance to speak before the Iraq war began, according to House leadership aides.

In announcing the vote to allow all members access to the classified portion of the NIE, the committee said those examining it "will be required to review the document in the Committee's secure offices in the Capitol and sign a secrecy oath." The members will not be allowed to leave with notes, congressional sources said.

The White House was not informed or consulted about the decision. Such access for members is rare but not unprecedented. The document had been made available to members of several committees with jurisdiction over the intelligence community, but other lawmakers would have needed to request permission to read it. The committee had received written requests from one Republican and one Democrat, plus some other informal inquires, and decided it would be better to allow blanket access instead of voting on each request, congressional sources said.

The report runs about 90 pages, and the Office of the National Intelligence Director released 3 1/2 pages of "Key Judgments" last week. The report, called "Prospects for Iraq's Stability: A Challenging Road Ahead," was approved Jan. 29 by the heads of the government's 16 intelligence agencies. It paints a generally bleak picture of conditions in Iraq and warns that without successful efforts to rein in insurgent violence and political extremism, the overall security situation "will continue to deteriorate" at current rates for the next 12 to 18 months, the period covered by the report.

The decision raised fears among some Republicans that members not used to dealing with classified information might play fast and loose with what they saw. But Rep. Silvestre Reyes, D-Texas, chairman of the Intelligence Committee, said in a statement: "It is critical that all Members of Congress understand the consensus view of the Intelligence Community on the gravity of the situation in Iraq and the consequences for U.S. troops and our long-term national security interests."

Democrats Set House Debate To Rebuke Bush Over Iraq Policy (NYT)

By Jeff Zeleny

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — House Democratic leaders persuaded members of their party on Thursday to limit the scope of an Iraq war resolution next week to a simple repudiation of President Bush's troop buildup plan, hoping to temporarily set aside divisive decisions over war financing and troop redeployments.

Speaker Nancy Pelosi, Democrat of California, and other party leaders met privately for more than an hour with other Democratic lawmakers. They sought to reassure Democrats that the symbolic, nonbinding resolution devised to rebuke Mr. Bush was a first step — but not a final one — toward asserting Congressional powers on Iraq.

After winning control of Congress, in part because of discontent over the Iraq war, Democrats are eager to send a strong signal of disapproval to the White House. To make the proposal palatable to at least some Republicans, the Democrats said their resolution would express support for the troops, but reject the plan to send 21,500 more of them to Iraq.

The people "called for a new direction," Ms. Pelosi said, "and no place do they want that direction to be more clear than in the war in Iraq."

The three-day House debate, set to begin next Tuesday, comes after consideration of an Iraq war resolution faltered in the Senate. Republicans and Democrats quarreled over a series of competing resolutions but failed to reach a compromise, prompting House leaders to schedule their first major Iraq debate since assuming the majority last month.

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A growing number of House Democrats, though, say they believe that time has expired for a symbolic resolution that will have little effect on the White House.

Representative Joe Sestak, Democrat of Pennsylvania, a former three-star admiral who was elected in November, introduced legislation on Thursday calling for American troops to be withdrawn from Iraq by the year's end. Under his plan, financing for the American forces in Iraq would expire on Dec. 31.

"The nonbinding resolution is a necessary step, but it's insufficient," Mr. Sestak said in an interview on Thursday. "But even if it's a half-measure, I will take any measure that moves us further down that line."

The discussion in the House, scheduled to last 36 hours, will allow each member to speak for five minutes about Iraq. While Democrats said they would allow Republicans an opportunity to propose an alternative plan, it remained uncertain what kind of latitude Republicans would actually have during the debate.

But Republicans said that, through the course of the debate, they would seek to highlight deep differences among their rivals, whose views range from pulling out troops immediately to cutting financing for new deployments. At the same time, Republicans will ask Democrats why they are taking up a nonbinding resolution instead of actual legislation.

"They are now in the majority," said Representative Adam H. Putnam of Florida, the chairman of the Republican Conference. "They finally have the opportunity to change policy and they are putting up a sense of the Congress resolution, which is worth about as much as the parchment it's printed on."

Still, Mr. Putnam and other party leaders conceded that many Republicans were likely to support the bipartisan resolution, given the growing public dissatisfaction with the war and the administration's decision to expand the military operation in Iraq.

Yet even Republicans who are troubled by the troop buildup plan may not necessarily join the bipartisan resolution, a point underscored this week in the Senate as Republican leaders and the White House campaigned to encourage members of the president's party to keep their objections at bay. The White House is employing similar lobbying efforts in the House. At the closed-door Democratic caucus meeting on Thursday, Representative Jerrold Nadler of New York voiced his support for taking stronger steps to bring an end to American involvement in Iraq. The unanimity inside the caucus, he said, could expire after next week if the party does not exercise its authority to begin drawing down the war.

"The president is not going to listen to anything we have to say," Mr. Nadler said later in an interview. "There's nothing we can do to stop him unless it's the real consequence — the power of the purse."

Representative Carol Shea-Porter, Democrat of New Hampshire, said the stalemate in the Senate had only added to the public's frustration. But she said she was still likely to support the Democratic approach next week, while hoping for more significant legislation in coming weeks.

"It's training wheels for the real thing," Ms. Shea-Porter said of the symbolic resolution. "But it will show us which direction things are going."

Leaders Outline House Iraq Resolution (RC)

By Jennifer Yachnin

Roll Call, February 9, 2007

House Democratic leaders announced Thursday that the chamber will take up a comparatively austere resolution next week disapproving of President Bush's Iraq War strategy, and will not rely on legislation now stalled in the Senate.

The resolution, which House leaders said will be released Monday, is expected to consist of two provisions: one expressing general support for the military personnel and a second condemning Bush's proposed increase of 21,500 troops.

"This is an up-or-down vote on the policy enunciated by the president," House Democratic Caucus Chairman Rahm Emanuel (Ill.) said at a Thursday morning press briefing.

While the House initially had planned to take up the resolution after the Senate had completed work on its version of the bill, progress in that chamber stalled Monday when parliamentary tactics prevented an up-or-down vote on the resolution as Democrats failed to get the 60 votes necessary to end debate and move to the underlying bill.

"This is a case ... where less is more," Emanuel said.

Debate on the bill is scheduled to take begin Tuesday and go through Thursday, with each Member receiving five minutes on the House floor. Republicans will be allowed a vote on one substitute measure but otherwise the bill will be closed to amendments.

"They are going to offer their alternative and we'll have a vote on that," Emanuel said.

House Democrats characterized a Thursday morning Caucus meeting on the resolution as agreeable, with Members largely unified on the simplified resolution.

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House Majority Leader Steny Hoyer (D-Md.) reiterated Thursday that the House will consider other measures on the Iraq War in coming months, including funding issues.

"This is just the first step. a first step of many steps available to Congress," Hoyer said, citing the supplemental spending bill the House is set to take up following the Presidents Day recess in late-February, as well as fiscal 2008 spending bills.

In addition, House Foreign Affairs Chairman Tom Lantos (D-Calif.) said he has scheduled a hearing, expected to take about 6 hours, in early March to review each of the measures addressing Iraq that has been introduced in the House in the first weeks of the 110th Congress.

House Measure On Iraq To Measure Its Language (LAT)

By Noam N. Levey

The Los Angeles Times, February 9, 2007

WASHINGTON -- The House of Representatives next week will confront President Bush with a short, straightforward resolution expressing opposition to his plan to boost troop levels in Iraq.

Forgoing the complex language that tied up the Senate's debate of the war this week, House Democrats said Thursday they will offer a concise measure that expresses support for the troops and opposition to the Bush strategy.

But Democratic leaders billed the nonbinding measure as the beginning of a more expansive campaign to begin forcing an end to the nearly 4-year-old war. "This is the first step, a first step, of many steps available to the Congress as we proceed," said Majority Leader Steny Hoyer, D-Md., echoing words used by the most staunchly anti-war members of the House.

Democratic lawmakers -- including Rep. John P. Murtha, D-Pa., who heads the defense appropriations subcommittee -- have talked of restricting funding for the war.

Reps. Lynn C. Woolsey, D-Calif., Barbara Lee, D-Calif., and Maxine Waters, D-Calif., are pushing legislation to begin a phased withdrawal over the next six months.

And Thursday, Pennsylvania Rep. Joe Sestak, a former three-star admiral who knocked off a Republican incumbent in November, introduced legislation setting a timetable for withdrawing U.S. forces from Iraq by the end of the year.

There are now more than 30 pieces of legislation in the House dealing with the war, according to Rep. Tom Lantos, D-Calif., who plans a hearing on them in his Foreign Affairs Committee next month.

Congressional Democrats have promised a vigorous challenge to Bush's leadership of the war since they captured majorities in the House and Senate in November.

But plans for a Senate resolution opposing the addition of 21,500 troops, in part to control sectarian violence in Iraq, foundered this week amid fierce partisan squabbling in the upper chamber.

And Wednesday, Senate Majority Leader Harry Reid, D-Nev., ceded leadership of the campaign against the Bush plan to the House, where Democrats hold a more commanding majority.

House Democratic leaders had considered debating the same resolution that stalled in the Senate. That measure -- sponsored by Sen. John Warner, R-Va., and backed by other Republican and Democratic lawmakers -- expounded at length on presidential powers and critiques of the war before urging the president to explore alternative policies.

Rep. Rahm Emmanuel, D-Ill., the No. 4 leader in the House who also quarterbacked the party's 2006 election effort, said Thursday that House Democrats decided to explicitly reject such a nuanced approach.

"This is an up-or-down vote on the policy enunciated by the president," he said. "To make it anything else was to get off the debate that we are having in this country."

Emmanuel said Democrats also will offer Republicans the opportunity to offer one alternative measure.

The gesture appears unlikely to quell partisan tensions in the House. Minority Leader John Boehner, R-Ohio, quickly condemned any resolution as "nothing more than political theater that means nothing."

Republicans -- who have consistently cast the Democratic effort as defeatist -- are pushing measures that oppose any cut-off of funds for the troops and lay out a series of benchmarks for the Iraqi government to show that it is cooperating with the American effort.

Twelve years ago, 221 Republicans, including Boehner, backed a nonbinding resolution opposing President Clinton's plans to send 20,000 U.S. forces to Bosnia to enforce the peace there, according to the Congressional Record.

But Republican leaders -- whose caucus is outnumbered 233-202 -- acknowledge they stand little chance of stopping the Democratic resolution.

"We're going to have to face whatever they cram down our throats," Rep. Adam H. Putnam, R-Fla., said outside the House chamber.

Democrats plan a vote Thursday after three days of debate.

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House Democrats Reach Accord On Debate Over War Resolution (WP)

By Shailagh Murray

The Washington Post, February 9, 2007

House Democrats agreed yesterday to debate a straightforward, nonbinding resolution that rejects President Bush's plan to send more troops to Iraq, but they will also allow Republicans to bring their own war-related measure to the floor.

The House debate is set to begin Tuesday and will continue for at least three days, with all lawmakers offered five-minute speaking slots. Unlike the more complicated Senate version, which has run into a Republican-erected procedural roadblock, the House Democratic resolution will make two basic points.

"It will express our strong support of our troops -- not only those who are at the point of the spear and at risk in Afghanistan and in Iraq, but our strong support of the troops who are here, ready to be deployed, to be trained, to be equipped properly," said House Majority Leader Steny H. Hoyer (D-Md.).

"It will also then express our disagreement with the president's proposal to increase the numbers of troops," Hoyer said.

Democrats will allow Republicans to offer alternative language, and House GOP leaders said they are considering two possible approaches. One is a resolution declaring that Congress will not cut off funding for U.S. troops. The other would establish a bipartisan panel to monitor Bush's new strategy in Iraq, including the troop increase. It would also offer benchmarks for Iraqis to meet, to show they are fulfilling their commitments to assuming greater responsibility for the war.

House Minority Leader John A. Boehner (R-Ohio) said Republicans will make a final decision after the Democratic resolution is officially unveiled, which may not happen until Monday. "I want to see what the Democrats are going to put on the floor," he told Republicans yesterday.

Rep. John P. Murtha (D-Pa.), a sharp critic of the war and chairman of a subcommittee that oversees defense funding, is separately preparing language to block money for the additional troops in Iraq unless the military meets certain readiness standards. He said he will introduce his proposal on March 15 as an attachment to Bush's request for Iraq war funding.

"The hope is we will affect the surge," Murtha said of Bush's plan to deploy more troops in Iraq. He stressed that increasing troops in Iraq means diverting resources from Afghanistan. "Afghanistan is a forgotten war," he said. "It started there, and it should have stayed there."

In the Senate, the resolution debate remained stalled, despite a bid by some Republican senators to revive it before a week-long recess that begins Feb. 17. Democrats and some Republicans had rallied behind a nonbinding resolution authored by Sen. John W. Warner (R-Va.) that would expresses disapproval of Bush's troop plan. But all but two Republicans voted to block the resolution from advancing, to protest what GOP leaders considered to be unfair procedural terms.

Seven Republicans, including Warner and other GOP co-sponsors, released a letter Wednesday night announcing they would "explore all of our options" under Senate rules to reignite the debate.

Republican Leader Mitch McConnell (Ky.) and Minority Whip Trent Lott (Miss.) wrote to Senate Majority Leader Harry M. Reid (D-Nev.) yesterday affirming their desire to begin debating the resolution, but they reiterated their demand for consideration of a GOP alternative that opposes withholding funds for the troop increase.

Although that resolution would also be nonbinding, many Democrats don't want to touch the funding issue, regardless of their position on the war.

Senate Democrats scoffed at Warner's letter vowing to force the Senate to consider his resolution. Sen. Charles E. Schumer (N.Y.) called it "a giant mea culpa." Reid said: "We know Republicans have their misgivings about what they did." Referring to the House, he added, "They're going to send us something late next week, and we'll be back on Iraq before you know it."

House Leaders Plan For Vote On Iraq Resolution Next Week (USAT)

By Kathy Kiely

USA Today, February 9, 2007

WASHINGTON — House Democratic leaders prepared for a war policy debate next week that is likely to end in a resolution opposing President Bush's plan to increase troop numbers in Iraq.

There will be three days of debate on the resolution, beginning Tuesday. House Majority Leader Steny Hoyer, D-Md., said the measure will be "simple and concise," expressing support for U.S. troops but opposition to the president's plan to send 21,500 more of them to Iraq.

Democrats are trying to generate the broadest possible support for the resolution. House Minority Leader John Boehner, R-Ohio, acknowledged "there are Republicans in the House and Senate who are skeptical of the president's plan, that's no secret."

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Bush hasn't made a public effort to fight next week's vote. White House spokesman Tony Snow said some members of Congress might find presidential intervention "unwelcome."

Supporters of Bush's war plan have urged the White House to respond more forcefully.

"I've encouraged them to put the full-court press on," Rep. Ray LaHood, R-Ill., said. "This is a big issue, and they have a big stake in the outcome."

In the Senate, seven Republicans threatened to tack their own resolution opposing the planned troop increase to a must-pass bill.

Jen Burita, spokeswoman for Sen. Olympia Snowe, R-Maine, said the "overwhelming majority" of calls and e-mails from constituents oppose the troop increase.

House Democrats expressed support for the non-binding resolution being drafted by their leaders, even though some would like to go further. "It's brilliant," said Rep. Gary Ackerman, D-N.Y. "It's something we can all support."

Rep. Barbara Lee, D-Calif., called the resolution "a good first step." She and Reps. Jerrold Nadler, D-N.Y., and Dennis Kucinich, D-Ohio, said they plan to push for spending restrictions to effectively force a troop withdrawal when a funding bill comes before the House of Representatives this spring.

Boehner argued that the Iraq war is "part of a global fight against Islamic terrorism."

"Fleeing Iraq doesn't mean that war will end," he said.

Reid Puts Off Iraq Debate Until After Recess (RC)

By John Stanton And Erin P. Billings

Roll Call, February 9, 2007

Senate Majority Leader Harry Reid (D-Nev.) will put off another attempt to pass a resolution opposing President Bush's plan to increase troop levels in Iraq until after the Presidents Day recess, turning the issue over to Speaker Nancy Pelosi (D-Calif.) to address during next week's lead up to the break.

Reid's decision to let the House vote first on the measure came on the heels of an announcement by seven Republican critics of the war that they would look to break the Senate's impasse on the resolution by attaching it to other bills. Five of the seven — including Sen. John Warner (R-Va.), the sponsor of the resolution — had backed a GOP filibuster of the language Monday that brought the debate on Iraq to a standstill.

Democratic and Republican leaders were quick to claim the announcement was a vindication of their positions. Minority Leader Mitch McConnell (R-Ky.) and Minority Whip Trent Lott (R-Miss.) sent Reid a letter Thursday claiming the announcement by Warner should be read as an endorsement of their demands that the Senate also vote on a resolution drafted by Sen. Judd Gregg (R-N.H.) aimed at undermining support for the Warner resolution by shifting the focus to whether lawmakers support the soldiers in the field.

But Reid, Minority Whip Dick Durbin (D-Ill.) and Democratic Caucus Vice Chairman Charles Schumer (N.Y.) saw the announcement as vindication of their decision to limit debate on Iraq to the Warner resolution. "I think the letter they sent was a giant mea culpa ... I'm glad they came to their senses," Schumer, who also is the Democratic Senatorial Campaign Committee chairman, told reporters.

As the political stakes continue to increase on Capitol Hill, the White House on Thursday waged a PR offensive of its own. Bush administration officials invited a bipartisan, bicameral group of House and Senate leadership communications officials to join in on "an unclassified briefing" from Baghdad on Monday morning.

The video teleconference is being billed as the first of what the administration says will be regular sessions with leadership aides, and comes at a time when the Democrats have voiced near uniform opposition to the president's proposed troop surge. Ambassador Daniel Speckhard, deputy chief of mission, and Maj. Gen. William Caldwell, the spokesman for multinational forces in Iraq, will spearhead the briefing with the press aides.

The War And The Words (WP)

By Charles Krauthammer

The Washington Post, February 9, 2007

National Intelligence Estimates are not supposed to be amusing. And the latest NIE on the situation in Iraq was uniformly grim. But the document's determined effort to split the difference on the use of the phrase "civil war" did verge on the comical. One can only imagine the interagency wrangling that produced the classic bureaucratic compromise: "The Intelligence Community judges that the term 'civil war' does not adequately capture the complexity of the conflict," but "nonetheless, the term 'civil war' accurately describes key elements of the Iraqi conflict."

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In other words: yes, no, maybe. Multiple civil strife, but way too messy to rank with the classics such as America in the 1860s or Spain in the 1930s.

I don't deny that this is a fair application of "civil war" to the current situation. What I note with dismay, however, is how important -- and absurdly irrelevant -- the application of certain loaded words to the situation has become.

What is striking is how much of the debate in Washington about Iraq has to do not with the war but with the words. Who owns them, who deploys them, who uses them as a bludgeon. NBC's announcement in November that it would henceforth use the term civil war -- a statement far more political than analytical, invoking the same fake authority with which the networks regally "declare" election winners (e.g., Florida to Al Gore, Nov. 7, 2000) -- set the tone of definitional self-importance.

Words. We had weeks of debates in the Senate about Iraq. They eventually went nowhere, being shut down (temporarily) by partisan procedural disputes. But they were going nowhere anyway. The debates were not about real fighting in a real place. They were about how the various senators would position themselves in relation to that real fighting in that real place. At issue? With what tone and nuance and addenda to express disapproval of a troop surge that the president was going to order anyway.

When it came to doing something serious about the surge, the Senate ducked. It unanimously (81-0) approved sending Gen. David H. Petraeus to Baghdad to do the surge -- precisely what a majority of the senators said they did not want done.

If you really oppose the surge, how can you not oppose the appointment of the man whose very mission is to carry it out? Yet not one senator did so. Instead, they spent days fine-tuning the wording of a nonbinding -- i.e., entirely toothless -- expression of disapproval.

A serious legislative body would not be arguing over degrees of disapproval anyway, but about the elements of three or four alternative plans that might actually change our course in Iraq, something they all say they desire. But instead of making a contribution to thinking through how the war should be either prosecuted or liquidated, they negotiate language that provides precisely the amount of distancing a senator might need as political insulation should the surge either succeed or fail.

Words. The Democrats are all in favor of "redeployment" and pretend that this is an alternative plan. But the word redeployment is meaningless. It simply means changing the position of our soldiers and, implicitly, changing their mission. Unless you're saying where you're redeploying to, and with what mission, you've said nothing. It's a statement of opposition, yet another expression of disapproval of the current strategy -- much like an empty, nonbinding congressional resolution -- until you say whether you want to redeploy to Kansas or Kurdistan.

Words. Consider "surge." It carries an air of energy, aggression and even hope. That, in fact, is a fairly good reflection of Petraeus's view of it -- not just more troops but a change in the rules of engagement, with more latitude to fight, less political interference by the Iraqi government and a much tougher attitude toward foreign, especially Iranian, agents in Iraq.

The opposition prefers "escalation," as featured, for example, in the anti-surge commercial that aired in certain markets during the Super Bowl. The main reason for using escalation, of course, is that it is a Vietnam word. And the more Vietnam words you can use in discussing Iraq, the more you've won the debate without having to make an argument.

The problem with this battle over words is that it is entirely irrelevant to what is happening in Iraq. There will be real troops on real missions regardless of what label they are given. The country is engaged in a serious debate about exactly what strategy to pursue to either prosecute the war or withdraw in an orderly fashion. The Senate might consider putting such a debate on its agenda.

War Resolution Seen Hurting Morale (WT)

By S.A. Miller

The Washington Times, February 9, 2007

Senate Republicans yesterday contradicted top Pentagon officials who say Congress would not injure troop morale by passing a nonbinding resolution critical of President Bush's Iraq war plan.

Sen. Lindsey Graham said he was outraged that Joint Chiefs of Staff Chairman Gen. Peter Pace and Defense Secretary Robert M. Gates would say U.S. combat forces "understand" politics back home and won't be disheartened by a symbolic no-confidence vote against the commander in chief.

"It shows a lack of sophistication about how this would play in newspaper headlines throughout the world," said Mr. Graham, South Carolina Republican.

"The war on terror is about headlines," he told The Washington Times. "The last thing we need to do is give [terrorists] a headline by our political action that would embolden them, and by contrast would be hurtful to our men and women in the theater trying to execute the new strategy."

Mr. Graham continued, "The only way we will ever lose in Iraq is if our will to succeed is broken."

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Mr. Gates and Gen. Pace did say that a resolution against the president's plan to reinforce forces in Iraq with 21,500 more troops would send the wrong signal to al Qaeda and other U.S. enemies. Still, their remarks about morale undercut one of the chief arguments against the resolutions that would criticize Mr. Bush's troop-surge plan.

Sen. Jon Kyl, Arizona Republican, said Gen. Pace and Mr. Gates were cornered into dismissing the impact on morale during their testimony Wednesday before the House Armed Services Committee.

"I would hardly have expected either of them to have answered the question any differently," he said, adding that he still thinks a resolution "will send the wrong message to our allies, to our enemies, and to our troops and their families."

Mr. Kyl noted his speech last week in which he quoted three U.S. troops in Iraq who told NBC's "Nightly News" that they take criticism of the war effort personally.

For instance, Mr. Kyl quoted Army Spc. Peter Manna, who said, "If they don't think what we're doing is a good job, everything that we've done here is all in vain -- is all in vain."

"They said what they said," Mr. Kyl said. "So you can judge for yourself whether their morale was being affected."

Senate Minority Leader Mitch McConnell, Kentucky Republican, ducked questions about troop morale yesterday when calling for a vote on the resolution against reinforcements, along with a Republican resolution promising not to cut war funding.

"There will be one or more Republican alternatives that we will insist on being debated, and I'm going to engage in the substantive debate on that at that time," Mr. McConnell said.

Senate Republicans cut off the war debate Monday by blocking a vote on a resolution that said the chamber "disagrees" with the reinforcement plan but supports Mr. Bush's view that victory in Iraq is a critical objective.

House Minority Leader John A. Boehner also said resolutions against the war plan threaten morale, even if they are "nothing more than political theater that means nothing."

"I believe that it demoralizes our troops in the field," the Ohio Republican said. If Democrats "are really serious about their intent to bring troops home, why not bring a real resolution to the floor and have a debate about whether, in fact, they should cut funding or not?"

The House will begin debating a resolution next week, with Democratic leaders hoping to succeed where the Senate failed.

Mr. Bush last month said he would send about 17,500 more soldiers to Baghdad to try to counter Sunni-Shi'ite sectarian violence that threatens Iraq's fledgling government, and deploy an additional 4,000 Marines to Anbar province to combat al Qaeda fighters making a stand there.

The president has claimed the authority as commander in chief to proceed.

Democrats who oppose the troop increase were left with few alternatives: rescind the authorization to go to war, cut off funding for troops, or pass a nonbinding resolution that has no effect but lets members vent their feelings on the way the war is going.

Whatever happens in Congress, the White House said yesterday it will not get involved in the debate over nonbinding resolutions.

"This is an expression of opinion on the part of members of Congress, and therefore, it is appropriate to let them go ahead and express it," said White House press secretary Tony Snow.

Mr. Snow said the debate is "healthy" but repeated his challenge that lawmakers must be careful of "what kind of message they're sending."

Official's Key Report On Iraq Is Faulted (WP)

By Walter Pincus And R. Jeffrey Smith

The Washington Post, February 9, 2007

Intelligence provided by former undersecretary of defense Douglas J. Feith to buttress the White House case for invading Iraq included "reporting of dubious quality or reliability" that supported the political views of senior administration officials rather than the conclusions of the intelligence community, according to a report by the Pentagon's inspector general.

Feith's office "was predisposed to finding a significant relationship between Iraq and al Qaeda," according to portions of the report, released yesterday by Sen. Carl M. Levin (D-Mich.). The inspector general described Feith's activities as "an alternative intelligence assessment process."

An unclassified summary of the full document is scheduled for release today in a hearing of the Senate Armed Services Committee, which Levin chairs. In that summary, a copy of which was obtained from another source by The Washington Post, the inspector general concluded that Feith's assessment in 2002 that Iraq and al-Qaeda had a "mature symbiotic relationship" was not fully supported by available intelligence but was nonetheless used by policymakers.

DOJ_NMG_0129771

At the time of Feith's reporting, the CIA had concluded only that there was an "evolving" association, "based on sources of varying reliability."

In a telephone interview yesterday, Feith emphasized the inspector general's conclusion that his actions, described in the report as "inappropriate," were not unlawful. "This was not 'alternative intelligence assessment,' " he said. "It was from the start a criticism of the consensus of the intelligence community, and in presenting it I was not endorsing its substance."

Feith, who was defense policy chief before leaving the government in 2005, was one of the key contributors to the administration's rationale for war. His intelligence activities, authorized by then-Defense Secretary Donald H. Rumsfeld and his deputy, Paul D. Wolfowitz, and coordinated with Vice President Cheney's office, stemmed from an administration belief that the CIA was underplaying evidence of then-Iraqi leader Saddam Hussein's ties with al-Qaeda.

In interviews with Pentagon investigators, the summary document said, Feith insisted that his activities did not constitute intelligence and that "even if they were, [they] would be appropriate given that they were responding to direction from the Deputy Secretary of Defense."

The report was requested in fall 2005 by Sen. Pat Roberts (R-Kan.), then chairman of the Senate Select Committee on Intelligence. Although the committee and a number of official inquiries had criticized the administration's prewar intelligence, Democratic senators, led by Levin, demanded further investigation of Feith's operation.

"The bottom line is that intelligence relating to the Iraq-al-Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," Levin said yesterday. "The inspector general's report is a devastating condemnation of inappropriate activities in the DOD policy office that helped take this nation to war."

The summary document confirmed a range of accusations that Levin had leveled against Feith's office, alleging inaccurate work.

Feith's office, it said, drew on "both reliable and unreliable" intelligence reports in 2002 to produce a link between al-Qaeda and Iraq "that was much stronger than that assessed by the IC [Intelligence Community] and more in accord with the policy views of senior officials in the Administration."

It stated that the office produced intelligence assessments "inconsistent" with the U.S. intelligence community consensus, calling those actions "inappropriate" because the assessments purported to be "intelligence products" but were far more conclusive than the consensus view.

In particular, the summary cited the defense policy office's preparation of slides describing as a "known contact" an alleged 2001 meeting in Prague between Mohamed Atta, the leader of the terrorist attack on the World Trade Center, and an Iraqi intelligence officer.

That claim figured heavily in statements by Cheney and other senior administration officials alleging a link between al-Qaeda and the Iraqi regime, but it has since been discredited.

Three versions of the briefing prepared by Feith's office were presented in August and September 2002 -- months before the U.S. invasion of Iraq -- to I. Lewis "Scooter" Libby, then Cheney's chief of staff; Rumsfeld; and then-deputy national security adviser Stephen J. Hadley, the summary states.

But only "some of the information" in those briefings was "supported by available intelligence," the summary said. The version of the briefing presented to senior Bush officials, it said, contained different information than a presentation to the CIA. Left out of the version for the CIA, the inspector general said, was "a slide that said there were 'fundamental problems' " with the way the intelligence community was presenting the evidence.

While Pentagon officials said in responses cited in the summary that no senior policymakers mistook these briefings as "intelligence assessments," the inspector general said that administration officials had indeed cited classified intelligence that allegedly documented a close al-Qaeda-Iraq relationship.

The policy office, the summary stated, "was inappropriately performing Intelligence Activities . . . that should be performed by the Intelligence Community."

The summary recommended no action within the Defense Department because, it said, the current collaboration under new leadership at the Pentagon and the intelligence community "will significantly reduce the opportunity for the inappropriate conduct of intelligence activities outside intelligence channels."

Pentagon Criticized For Prewar Data Analysis (NYT)

By David S. Cloud And Mark Mazzetti

The New York Times, February 9, 2007

DOJ_NMG_0129772

WASHINGTON, Feb. 8 — A Pentagon investigation into the handling of prewar intelligence has criticized civilian Pentagon officials for conducting their own intelligence analysis to find links between Saddam Hussein and Al Qaeda, but said the officials did not violate any laws or mislead Congress, according to Congressional officials who have read the report.

The long-awaited report by the Pentagon's acting inspector general, Thomas F. Gimble, was sent to Congress on Thursday. It is the first major review to rebuke senior officials working for Defense Secretary Donald H. Rumsfeld for the way intelligence was used before the invasion of Iraq early in 2003.

Working under Douglas J. Feith, who at the time was under secretary of defense for policy, the group "developed, produced and then disseminated alternative intelligence assessments on the Iraq and Al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the Intelligence Community, to senior decision-makers," the report concluded. Excerpts were quoted by Senator Carl Levin, a Michigan Democrat who has long been critical of Mr. Feith and other Pentagon officials.

The report, and the dueling over its conclusions, shows that bitter divisions over the handling of prewar intelligence remain even after many of the substantive questions have been laid to rest and the principal actors have left the government.

In a rebuttal to an earlier draft of Mr. Gimble's report, Eric S. Edelman, the under secretary of defense, said the group's activities were authorized by Mr. Rumsfeld and his deputy, Paul D. Wolfowitz. They did not produce formal intelligence assessments, and they were properly shared, the rebuttal said.

In a statement issued Thursday, Mr. Feith, who left the Pentagon in 2005, made similar points. Mr. Rumsfeld did not respond to telephone messages seeking comment.

According to Congressional officials, Mr. Feith's statement and the policy office's rebuttal, the report concluded that none of the Pentagon's activities were illegal and that they did not violate Defense Department directives.

But the chairman of the Senate Intelligence Committee, John D. Rockefeller IV of West Virginia, said in a statement that because the inspector general considered the work of Mr. Feith's group to be "intelligence activities," the committee would investigate whether the Pentagon violated the National Security Act of 1947 by failing to notify Congress about the group's work.

Senator Levin, who is chairman of the Senate Armed Services Committee, called the report a "very strong condemnation" of the Pentagon's activities.

"I think they sought this kind of intelligence. They made it clear they wanted any kind of possible connections, no matter how skimpy, and they got it," he said.

Mr. Feith and other officials in his Pentagon office have been accused by critics of the administration of distorting intelligence data to justify the invasion of Iraq. When Democrats were in the minority in Congress, Mr. Levin conducted an inquiry and issued a report excoriating Mr. Feith and others at the Pentagon for their conduct.

The conclusions the Pentagon team reached in the year or so before the invasion of Iraq have been generally known for some time and were largely discredited by the Sept. 11 commission, which found "no evidence" that contacts between the Iraqi government and Al Qaeda "ever developed into a collaborative operational relationship."

According to Mr. Levin, the inspector general's report did not make any specific recommendations, and he said that interagency coordination "will significantly reduce the opportunity for the inappropriate conduct of intelligence activities outside of intelligence channels."

The Senate Intelligence Committee, meanwhile, is completing work on its own investigation into the use of intelligence by policy makers in the months before the Iraq war. Under Republican leadership, it had delayed an examination of Mr. Feith's activities pending the outcome of the inspector general's report.

The Pentagon's rebuttal vehemently rejected the report's contention that there was "inappropriate" use of intelligence by Pentagon civilians and said the effort to identify links between Saddam Hussein's government and Al Qaeda was done at the direction of Mr. Wolfowitz, who was deputy defense secretary at the time.

Describing the work as a "fresh, critical look" at intelligence agency conclusions about Al Qaeda and Iraq, the Pentagon rebuttal said, "It is somewhat difficult to understand how activities that admittedly were lawful and authorized (in this case by either the secretary of defense or the deputy secretary of defense) could nevertheless be characterized as 'inappropriate.' "

The Feith operation dates to shortly after the Sept. 11 terrorist attacks, when the Pentagon established a small team of civilians to sift through existing intelligence with the aim of finding possible links between terror networks and governments. Bush administration officials contended that intelligence agencies were ignoring reports of collaboration between Iraq and Al Qaeda.

By the summer of 2002, the group, whose membership evolved over time, was aimed at identifying links between Al Qaeda and Saddam Hussein's government in Iraq.

The inspector general's report criticizes a July 25, 2002, memo, written by an intelligence analyst detailed to Mr. Feith's office, titled, "Iraq and al-Qaida: Making the Case."

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The memo said that, while “some analysts have argued” that Osama bin Laden would not cooperate with secular Arab entities like Iraq, “reporting indicates otherwise.”

The inspector general concluded that the memo constituted an “alternative intelligence assessment” from that given by the Central Intelligence Agency and other intelligence agencies and that it led to a briefing on links between Al Qaeda and Iraq that was given to senior Bush administration officials in August 2002, according to excerpts of the draft inspector general report quoted by Mr. Edelman.

It is not clear whether the inspector general revised his report after receiving the rebuttal.

The draft inspector general report said Mr. Feith’s office should have followed intelligence agency guidelines for registering differing views, “in those rare instances where consensus could not be reached.”

In his statement Thursday, Mr. Feith said he was pleased that the inspector general had cleared him of violating laws or Defense Department policies, but he called it “wrong” and “bizarre” for the report to criticize civilian officials for scrutinizing intelligence agency conclusions and passing along their findings to senior officials.

Mr. Feith also said that the inspector general’s findings reflected “confusion about the way policy and intelligence officials relate to one another in the real world.”

Pentagon Probe Deems Intelligence Inappropriate (WSJ/AP)

Associated Press

The Wall Street Journal, February 9, 2007

A Defense Department investigation to be presented to Congress on Friday concludes that some of the Pentagon's pre-Iraq War intelligence work was inappropriate but not illegal.

Two people familiar with the findings discussed the main points and some details Thursday on condition they not be identified.

In the report, the department's inspector general said former Pentagon policy chief Douglas J. Feith had not engaged in illegal activities through the creation of special offices to review intelligence. Some Democrats also have contended that Mr. Feith misled Congress about the basis of the administration's assertions on the threat posed by Iraq, but the Pentagon investigation did not support that.

The Senate Armed Services Committee has scheduled a hearing Friday to receive the findings by Thomas F. Gimble, the Pentagon's acting inspector general. The committee's chairman, Carl Levin (D., Mich.), has been a leading critic of Mr. Feith's role in prewar intelligence activities and has accused him of deceiving Congress.

Mr. Levin has asserted that President Bush took the country to war in Iraq based in part on intelligence assessments -- some shaped by Mr. Feith's office -- that were off base and didn't fully reflect the views of the intelligence community.

In a telephone interview Thursday, Mr. Levin said the inspector-general report is "very damning" and shows a Pentagon policy shop trying to shape intelligence to prove a link between al Qaeda and Saddam. Mr. Levin also said it was a "red herring" to say that he or others in Congress claimed that any of Mr. Feith's activities had been illegal. Mr. Feith has said the accusation that he misled Congress was, by definition, a claim that he had acted illegally.

The 2004 report from the Sept. 11 Commission found no evidence of a collaborative relationship between Saddam and Osama bin Laden's al Qaeda terror organization before the U.S. invasion.

Asked to comment on the inspector general's findings, Mr. Feith said in a telephone interview that he had not seen the report but was pleased to hear that it concluded his office's activities were neither illegal nor unauthorized. He took strong issue, however, with the inspector general's finding that some activities had been "inappropriate."

Mr. Feith called "bizarre" the inspector general's conclusion that some intelligence activities by the Office of Special Plans, which was created while Mr. Feith served as the undersecretary of defense for policy -- the top policy position under Defense Secretary Donald H. Rumsfeld -- were inappropriate but not unauthorized.

Mr. Feith left his Pentagon post in August 2005 and now teaches at Georgetown University's School of Foreign Service.

Defense Report OKs Policy Chief's Intelligence Move (WT)

By Rowan Scarborough

The Washington Times, February 9, 2007

A report to be released today clears the Pentagon's former policy chief of Democrats' charges he acted illegally and without authorization when he set up a small team to compile intelligence reports.

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The report from the Defense Department inspector general focuses on a two-man team that after the September 11, 2001, attacks was assigned the task of studying intelligence reports on terrorist networks. It especially looked at reports of contacts between al Qaeda and Saddam Hussein's regime in Iraq.

Sen. John D. Rockefeller IV, West Virginia Democrat, in 2004 accused then-Undersecretary of Defense for Policy Douglas Feith, who created the unit, of "running a private intelligence failure, which is not lawful."

But the IG report specifically rejects that charge, the sources said, adding there was nothing illegal or unauthorized about Pentagon policy-makers looking at intelligence and writing a report. Democrats contend that such work, by law, is done only by intelligence analysts.

Mr. Feith said yesterday he feels vindicated after hearing repeated charges from Mr. Rockefeller and Sen. Carl Levin, Michigan Democrat. Both serve on the Senate intelligence committee, which failed to find any illegality when it reviewed the Feith unit in 2003-2004.

"It is good but not surprising that the inspector general found that the Pentagon policy office's activities were all legal and authorized and that policy officials did not mislead Congress," said Mr. Feith, who was questioned by senators.

"The policy office has been smeared for years by allegations that its pre-Iraq War work was somehow 'unlawful' or 'unauthorized' and that some information it gave to congressional committees was deceptive or misleading. The office's accusers always couched the charges in vague language, making them difficult to refute with precision. The charges have been repeated persistently despite the lack of any substantiation. The inspector general's report has now thoroughly repudiated the smears."

Mr. Levin, who requested the IG report and has repeatedly referred to the "Feith group" in derogatory terms, has suggested the Democratic-controlled Senate will conduct more probes into the unit.

The Senate Armed Services chairman plans a hearing today on the IG report.

The IG found one problem in Mr. Feith's shop, questioning the criticism some policy people leveled at CIA analysts. The Defense Department rejected that part of the IG report, saying it was healthy for policy-makers and intelligence analysts to debate findings.

In a statement yesterday, Mr. Rockefeller stuck by his charges:

"Individuals in that office produced and disseminated intelligence products outside of the regular intelligence channels. These intelligence products were inconsistent with the consensus judgments of the Intelligence Community. This office did this without coordinating with the Intelligence Community and as a result policy-makers received distorted intelligence."

Senate Confirms Casey As Army Chief Of Staff (WP)

By Josh White

The Washington Post, February 9, 2007

The Senate voted 83 to 14 yesterday to confirm Gen. George W. Casey Jr. as the Army's new chief of staff, a tally that included 10 Republicans voting against the general who has commanded the Iraq war for the past 2 1/2 years. Though a vast majority of the senators supported Casey's ascension to the Army's top post, several powerful Republicans decried what they regard as Casey's leadership failures amid a deteriorating situation in Iraq.

The vote allowed some Republicans wary of taking a public stand against President Bush's current strategy in Iraq to speak out against the conduct of the war. Though the senators almost unanimously praised Casey's service to the nation, some lashed out at his 30-month tenure as the top commander in Baghdad.

Sen. John E. Sununu (R-N.H.), who has at times evaded questions about the president's plan to secure Iraq, said that Casey's tour saw a steady deterioration in the country's security. "There are many factors that contributed to the failure to improve the situation, but ultimately our military leadership has to bear some responsibility for its choices," Sununu said. "Simply put, we shouldn't reward a lack of success on the field of command with such an important promotion."

More than a fifth of the Republicans in the Senate voted against Casey, including influential members of the Armed Services Committee, which grilled the general during a contentious confirmation hearing last week. Sen. John McCain (Ariz.), the panel's ranking GOP member, joined three other Republicans on the committee in opposing Casey's confirmation: Sens. John Ensign (Nev.), Saxby Chambliss (Ga.) and Lindsey O. Graham (S.C.).

Chambliss said yesterday that he has been unimpressed with Casey's leadership, criticizing him for maintaining his position that the United States did not need additional forces in Iraq even as the war worsened.

"I've been a big supporter of the president on the war itself. My only questions have come . . . with deployment of additional troops, but my concerns have been addressed and answered," Chambliss said, citing his concerns about Casey's strategies. "I think it's a bad decision to put old ideas in place."

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Graham said that he voted against Casey because he thinks it is time to stop being overly optimistic about the war. "We have slowly but surely gone backwards, and that strategy General Casey was implementing was not working," Graham said. He added that the administration is now betting everything on the buildup of troops in Iraq. "If this is all in, which I think it is, I'm not so sure I want him to play the hand."

Sen. Carl M. Levin (D-Mich.), chairman of the Armed Services Committee, voted in favor of Casey's confirmation.

"It is not fair that General Casey be tagged with failures, massive failures which were caused by the false policies, the wrong policies, the deceptions, the ignorance, the arrogance, the cockiness of civilian leaders in this administration," Levin said.

Army officials close to Casey said yesterday that he is extremely honored by the confirmation. He could not be reached in Iraq because of the late hour there.

Confirmations of Army chiefs of staff have almost always lacked controversy, but Casey's comes as the U.S. public is growing weary of the Iraq war and as Congress is split over the way forward. According to Senate records dating to 1930, there has been only one other contested confirmation vote for an Army chief, when Gen. Creighton W. Abrams Jr. was confirmed in late 1972. The Senate approved Abrams in an 84 to 2 vote during the Vietnam War.

Senate Confirms Shift Of Gen. Casey From Iraq To Army Chief Of Staff (USAT/AP)

USA Today, February 9, 2007

WASHINGTON (AP) — The Senate on Thursday confirmed Gen. George Casey as the next Army chief of staff, despite reservations by several lawmakers over his direction of the Iraq war.

Casey was confirmed by a 83-14 vote. He had been top U.S. commander in Iraq since July 2004, but President Bush replaced him with Army Gen. David Petraeus as part of an overhaul of his Iraq policies and his team of top U.S. officials in the Middle East.

The Senate a day earlier confirmed Navy Adm. William Fallon to replace Army Gen. John Abizaid as head of U.S. Central Command, which oversees operations throughout the Middle East.

Their approval comes as Democrats launch a full-court press against Bush's decision to send 21,500 more troops to Iraq. House Democratic leaders are planning a vote next week on a resolution stating opposition to the buildup, while some senators are considering bogging down upcoming budget bills with anti-war measures.

Despite their opposition to Bush's war strategies, Democrats defended Casey while Republicans who support Bush's policies assailed the general, accusing him of mismanaging the conflict.

"Gen. Casey knows Iraq and the challenges the Army faces there," Sen. Carl Levin, D-Mich., and chairman of the Senate Armed Services Committee, said this week, adding, "The principal failures that led to the chaos in Iraq were due to the civilian leaders."

Sen. John McCain, R-Ariz., said Casey should be held accountable for giving Congress rosy assessments of the war as the violence got worse.

"I have questioned in the past and question today a number of decisions and judgments that Gen. Casey has made in the past two and a half years," said McCain. "During that time, conditions in Iraq have gotten remarkably and progressively worse."

Testifying this month before the Senate Armed Services Committee, Casey said he had asked for three fewer ground combat units than Bush is sending to Iraq. Bush announced Jan. 10 he would send five brigades to Iraq, whereas Casey had requested only two.

Casey said he does not oppose the deployment of the additional brigades because it would give U.S. commanders in Iraq flexibility.

Casey will replace Gen. Peter Schoomaker, who is retiring.

Retired Vice Adm. Mike McConnell also was confirmed Wednesday on a voice vote to become the nation's second national intelligence director.

McCain Vote On General (HILL)

By Alexander Bolton

The Hill, February 9, 2007

Sen. John McCain's (R-Ariz.) vote against the nomination of Gen. George Casey to become Army chief of staff is a departure from a policy he outlined two years ago on the president's prerogative to appoint advisers.

But a McCain spokeswoman said that his earlier statement should not be taken out of context. She said it referred to filibusters of presidential appointments, not final confirmation votes.

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McCain was one of 14 senators to vote against Casey yesterday, but his vote drew a lot of attention because he is the top-ranking Republican on the Senate Armed Services Committee. Nine other Republicans and four Democrats also voted against Casey, including fellow White House hopeful, Sen. Hillary Rodham Clinton (D-N.Y.).

Critics view McCain's vote as an effort to distance himself from President Bush's Iraq war policy while he lays the groundwork for his own presidential campaign. Sixty five percent of Americans disapprove of Bush's job performance, according to a Gallup poll completed over the weekend, a dismal rating that has been widely attributed to lack of support for the war.

(Casey's wife, Sheila Casey, is the chief financial officer of The Hill newspaper.)

Two years ago, shortly after Bush won reelection, McCain declared that the president has a right to appoint his team of advisers, even though they may be controversial or unappealing to senators who have the responsibility of confirming them.

"Mr. President, elections have consequences, and one consequence of President Bush's reelection is that he has the right to appoint officials of his choice," McCain said in a statement on the Senate floor as his colleagues were considering whether to confirm John Bolton as U.S. ambassador to the United Nations.

"I stress this, because the president nominates not the Democrats' selection, nor mine or that of any other senator, but his own choice," said McCain. "When President Clinton was elected, I did not share the policy views of some of the officials he nominated, but I voted to confirm them, knowing that the president has a right to put into place the team that he believes will serve him best."

Bolton at the time was a far more controversial nominee. He never received a confirmation vote from the full Senate because Democrats filibustered his nomination with the support of Sen. George Voinovich (R-Ohio). Bolton attracted widespread criticism after the Foreign Relations Committee received testimony from the nominee's former colleagues, who accused him of being abusive.

Democrats criticized Bolton's nomination because of his outspoken critical views of the U.N., which he described as irrelevant and corrupt.

Melissa Shuffield, McCain's spokeswoman, said his statement during the Bolton debate conveyed his belief that presidential appointees should receive up-or-down confirmation votes, and did not mean to say they are entitled to unanimous approval.

She noted that in the same floor statement that McCain urged his colleagues to allow a vote to proceed.

"For my colleagues who disagree and do not want Mr. Bolton there, I respect their views," he said. "But let's go ahead and give him an up-or-down vote before we go into recess for a week. Let him go."

Senate approval for the position of Army chief of staff is usually routine — either by voice vote or unanimous consent.

There is only one recorded instance of the Senate voting on an Army chief of staff, which happened in 1972 after public support for the Vietnam war had cratered when Sens. Frank Church (D-Idaho) and William Proxmire (D-Wis.) cast the only two votes against Gen. Creighton Abrams. Neither lawmaker sat on the Armed Services Committee at that time, according to Senate records.

"This is not a typical step," said Norman Ornstein, a congressional scholar at the American Enterprise Institute, of McCain's vote. "It's a reflection of a deep frustration that McCain has felt for three years about the way this war has been conducted; a frustration with [former Defense Secretary Donald] Rumsfeld, with the president and vice president, and with the military."

McCain did not have a chance to formally register his position on the war earlier this week when he missed the vote on proceeding to consideration of two Iraqi war resolutions, including one he sponsored along with Sens. Lindsey Graham (R-S.C.) and Joe Lieberman (D-Conn.). McCain was in Texas meeting with political supporters.

Sen. Edward Kennedy (D-Mass.) and other Democrats claimed the vote on whether to end a filibuster of the resolutions would be considered tantamount to a vote on the war itself if Republicans successfully blocked consideration of the resolutions.

Luis Miranda, a spokesman for the Democratic National Committee, said that McCain was trying to distance himself from the president's war policy, but that it would not succeed.

But Ornstein disputed allegations of McCain's political motive.

"This is not an area where McCain is posturing for politics," said Ornstein, who explained that his judgment was based on knowing McCain personally. "That line is drawn. When it comes to war and peace John McCain is going to do what he thinks is right no matter what."

Sen. Sam Brownback (R-Kan.), one of McCain's rivals for the Republican presidential nomination, declined to offer judgment on his colleague.

"I don't know what his rationale was," he said.

But others said they respected McCain's stance.

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"I respect John McCain and his extraordinary knowledge of the U.S. military," said Sen. John Warner (R-Va.), who preceded McCain as the senior Republican on Armed Services. "His vote should be respected."

New Commander, New Plan In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, February 9, 2007

CAIRO

Lt. Gen. David Petraeus – armed with a Princeton PhD, legions of admirers, and a coterie of advisers who have frequently criticized the approach to America's last long war (Vietnam) – arrived in Baghdadthis week to lead a war that even many of its supporters say is approaching zero hour.

The "warrior scholar" brings a new approach, officially taking over command Saturday of operations in Iraq from Gen. George Casey.

The path forward, as General Petraeus has told Congress, means essentially decentralizing operations in Iraq. It's a plan that aims to place bands of US soldiers with Iraqi forces in Baghdad, a high-risk strategy that will put more Americans in daily contact with Iraqis, providing both opportunities to win hearts and minds and more occasions for casualties.

Petraeus says he's optimistic, but he'll have fewer troops to do the job than recommended by the US military's new counterinsurgency manual, which he spent most of the past year helping to rewrite, calls for in these situations.

If he succeeds, the genial Petraeus, skilled at both befriending journalists and the men under his command, could achieve the hero status last bestowed on a US general, Norman Schwarzkopf, after leading the 1991 Gulf War.

But counterinsurgency experts, and some inside the military, say that the deck is heavily stacked against him.

"The strategy is a good one, Petraeus's approach is by far has the best chance of anyone to win. The problem is it doesn't matter how good a campaign you run if you're not given the resources you need," says Thomas Hammes, a retired Marine Corps colonel who is a counterinsurgency expert who served in Iraq. His counterinsurgency book, "The Sling and the Stone: On War in the 21st Century," is considered required reading for commanders in Iraq.

Mr. Hammes, in concert with the counterinsurgency manual that Petraeus helped to write, says the general doesn't have enough manpower for the job that he has been sent to do. In the time frame provided, Hammes is skeptical about success, particularly with Washington looking to substantially reduce US troop levels again in six months time.

Experts say that a standard rule of thumb for counterinsurgency operations, particularly ones aimed at building the security and trust of the host populations, is to have about 20 troops on the ground for every 1,000 inhabitants.

The manual says that this ratio "is often considered the minimum troop density required for effective [counter-insurgency] operations." In his Congressional confirmation hearing, Petraeus said that would indicate a minimum of about 120,000 security forces to control the 6 million resident of Baghdad alone. He estimated that US troops – plus Iraqi soldiers and police – will add up to just 85,000 total during the current escalation in force in Baghdad.

While Petraeus said he was concerned that he wouldn't have more troops, he added that he would be relying on contractors and guards employed by Iraq's ministries to provide some security, "which does give me reason to believe that we can accomplish the mission."

"Why he won't say he needs more troops is, I think, because he knows he's not going to get them. And he knows if you go up on [Capitol] Hill and ask for that you just undercut yourself," says Hammes.

Looking to the past to win Iraq

Petraeus is a New York state native who starred on West Point's soccer team and is now, at 55, a serious marathoner. He sailed through Senate confirmation hearings earlier this month, but will now have to come to grips with the reality of Iraq, a country he hasn't visited since October 2005.

While he emits an aura of quiet confidence, he admits the mission is far from assured of success.

"We face a determined, adaptable, barbaric enemy," Petraeus said at his confirmation hearing. "He will try to wait us out. In fact, any such endeavor is a test of wills. There are no guarantees."

Petraeus has become a proponent of spreading more troops out in the capital, working with Iraqi soldiers, both to keep them honest and improve their capabilities, and focusing on systematically securing the capital, neighborhood by neighborhood.

US combat strength in the country is currently being increased by 21,500, all but 4,000 of them bound for Baghdad. US soldiers will be distributed to police stations the city's nine districts, working side by side with Iraqi soldiers and police, rather than being billeted in the large Forward Operating Bases (FOBs).

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Petraeus is looking at past counterinsurgency efforts in places as diverse as Algeria, Vietnam, and Malaysia in making the bet that abandoning the Army's heavy emphasis on "force protection," keeping soldiers out of harm's way as much as possible when on their bases, will actually lead to more safety and success.

The manual he co-authored, calls it one of the "paradoxes of counterinsurgency" and sums it up under a heading declaring: "The more you protect your force, the less secure you may be."

It argues: "If military forces remain in their compounds, they lose touch with the people, appear to be running scared and cede initiative to the insurgents."

David Kilcullen, a former Australian lieutenant colonel who served in Iraq and has a PhD for his work on Indonesia's successful destruction of the separatist Islamist Darul Islam movement in the 1950s, is now Petraeus's principal counterinsurgency adviser. He summed up the new approach in Iraq in a January article in the online Small Wars Journal entitled, "Don't confuse the surge with the strategy."

"The key element of the plan ... is to concentrate security forces within Baghdad to secure the local people where they live," he wrote. "Troops will operate in small, local groups closely partnered with the Iraqi military and police ... this is less like conventional warfare, and more like a cop patrolling a beat."

But Hammes points to the past success of key Petraeus aide Col. H.R. McMaster, who led a highly lauded operation to root out Sunni Arab extremists from the northern Iraqi city of Tal Afar in 2005, as actually emphasizing the need for more troops.

Colonel McMaster built a huge sand berm around the city to control its citizens' movements, aggressively targeted local insurgents, then quickly shifted focus to providing a security presence on the streets and rapidly repairing damaged infrastructure in what was called a "clear, hold and build" strategy. This largely pacified the city, allowing families that had fled to return.

But, Hammes says, "McMaster had a troop ratio of 20 per 1,000, and that was the only place in Iraq that has had that, and he did a masterful job. A lesser commander would have failed even with that, but without that, I don't care how competent a commander you are, you can't get the job done."

Hammes argues that the job might be achievable with more time, given the limited number of boots on the ground, but warns that US politicians appear too fixated on quick results. "If we were saying we hoped to pacify Baghdad in two and a half years' time and then move out and do the same in the rest of the country, OK, that's possible."

Unconventional successes

In his career, Petraeus has proven an exceptional student of both military history and international affairs. He was first in his class at the US Army's Command and General Staff College, and earned his PhD for a dissertation on the lessons of the Vietnam War.

Much of his recent reputation was built on success in the northern Iraqi city of Mosul in 2004. The diverse city – with Kurdish, Shiite, and Sunni populations – would have seemed a likely candidate for the sectarian violence that was already starting to sweep Iraq further south, but was largely peaceful while he commanded the 101st Airborne division there.

In Mosul, he emphasized cultural sensitivity and outreach to locals, both in the conventional settings where his junior officers sat down to hear the grievances of sheikhs, as well as more off-beat approaches, like a talent competition for would-be Iraqi crooners paid for by the US military.

But the relative success in Mosul didn't hold after the 101st's departure, whose 20,000 soldiers were replaced by a force of just 6,000, a Stryker Brigade that relied on high-tech armored vehicles, rather than the intensive foot patrols of its predecessor.

Iraq Security Plan Starts – With Glitches (CSM)

By Peter Grier

The Christian Science Monitor, February 9, 2007

WASHINGTON

US and Iraqi forces have begun to implement President Bush's new security plan for Iraq – but the start-up is not without its difficulties.

Iraqi units have met deployment deadlines, but they're not at full strength. The first additional US brigade has arrived in Baghdad, but military officials are steamed that civilian US agencies aren't moving as fast as they are.

Iraqi Prime Minister Nouri al-Maliki has complained that things should speed up, lest insurgents take advantage of the delay to inflict as many casualties as possible.

No one ever said the plan's first stages would be easy ones, noted US officials in congressional testimony this week. The US is taking it one step at a time.

"So far, so good," said Secretary of Defense Robert Gates at a House Armed Services Committee hearing on Wednesday.

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According to Secretary Gates, the first official day of the plan was Monday, Feb. 5. For both US and Iraqi forces the new effort will involve a "rolling implementation,"said the Pentagon chief, not an "all at once" surge.

The first extra US forces to be involved in the plan, the Second Brigade of the 82nd Airborne Division, have already arrived in Baghdad. The lead elements of a second brigade have also arrived and are in the process of planning the arrival of the rest of their unit, said Maj. Gen. William Caldwell in a Wednesday briefing.

Iraqi forces have already established 10 joint security stations in Baghdad, said General Caldwell. These are the mini-forts within urban neighborhoods from which US and Iraqi units will operate.

"It's going to be at least double, if not triple that number that are going to eventually be out there," Caldwell told reporters.

Meanwhile, the Iraqi government of Mr. Maliki has complied with a key benchmark for the deployment of his own forces – but only just.

New Iraqi brigades that were told to show up in Baghdad by February have indeed done so, according to Gates. But at least one of the brigades arrived with only 55 to 60 percent of its assigned soldiers.

About 25 percent of the brigade was home on leave, delivering their pay – a common practice in a country with a shattered financial system. Still, deploying brigades at half strength "isn't good enough," Gates admitted before Congress.

"We need to evaluate it as we go along to see if they're fulfilling their commitments," he told the House Armed Services Committee.

At his confirmation hearings earlier this year, Gates suggested that the US would know as early as February whether the Iraqi government would be an adequate partner for the US in the implementation of the new plan.

Asked this week when the US would know whether it was beginning to accomplish its security mission or not, the nation's top uniformed military officer pushed the date for key benchmarks somewhat back.

"We should start seeing results in the March/April time frame," Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told the House Armed Services panel.

But military operations are only one part of the plan, noted General Pace. They won't succeed unless political and economic efforts surge as well, he noted.

And the Pentagon is not happy about what it perceives to be a slow response on the part of some other parts of the US government. In particular, Gates complained that the State Department is not stepping up to fill all of the 350 extra diplomatic jobs in Iraq created under the new plan.

Foggy Bottom has in fact asked the Pentagon to fill up to one-third of those slots with military personnel – perhaps reservists.

"It is illustrative of the difficulty of getting other agencies to provide people on a timely basis," Gates told a Senate panel Tuesday.

But Secretary of State Condoleezza Rice defended her department's performance on Wednesday – pointing out that getting unarmed civilian diplomats deployed to a dangerous combat zone is a different matter than sending trained soldiers, particularly when the size of the entire US diplomatic corps equals about one US military brigade.

Many Foreign Service officers have volunteered for the duty, and the presurge requirement for personnel for the key Provincial Reconstruction Teams has been met, noted Secretary Rice.

But getting the extra people required now may take time.

"The president's plan requires ... 350 people whose skill set is far different than the one we actually have in the Department of State," Rice told the House Foreign Affairs Committee on Wednesday. "These are engineers, these are legal experts, these are soil specialists/scientists who can help on the agricultural side."

Iraq's No. 2 Health Official Is Held And Accused Of Financing Shiite Militants (NYT)

By Damien Cave

The New York Times, February 9, 2007

BAGHDAD, Feb. 8 — Iraqi and American troops arrested the second highest official in the Iraqi Health Ministry on Thursday, charging that he funneled millions of dollars to rogue Shiite militants who kidnapped and killed Iraqi civilians.

The United States military said in a statement that the official was suspected of using his position to run a rogue unit of the Mahdi Army, the Shiite militia that claims loyalty to the cleric Moktada al-Sadr. The statement accused the official of flooding the Health Ministry's payroll with militants, embezzling American money meant to pay for Iraq's overworked medical system and using Health Ministry "facilities and services for sectarian kidnapping and murder."

The military's statement did not identify the official, but several Iraqi government officials said he was Deputy Health Minister Hakim al-Zamili, a Shiite with longstanding ties to the Sadr organization. An Interior Ministry official said the authorities in

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recent weeks had come to believe that Mr. Zamili was using government ambulances to ferry weapons and militants across Sadr City, hiding them from American raids.

Mr. Zamili's detainment was the latest of several high-profile arrests or killings of commanders from the Mahdi Army in recent weeks. He was the fifth Iraqi deputy or cabinet level official to be arrested and charged with corruption since 2003, according to Iraq's Commission on Public Integrity, and the first known example of a senior Iraqi official charged with directly contributing to the country's convulsive sectarian violence.

He was arrested as new Iraqi Army and police checkpoints appeared all over Baghdad as part of the new security plan for the city. Though it was unclear whether Mr. Zamili's arrest was part of the new plan, it underscored the challenge that American troops faced as they tried to secure the capital while relying on an Iraqi government with questionable loyalties.

The Health Ministry is one of six ministries controlled by officials affiliated with Mr. Sadr. And even as Iraqi hospital officials complain of medicine and equipment shortages, the ministry has often been the site of dramatic kidnappings and killings.

In November, Mr. Zamili's predecessor, Ammar al-Saffar, a Shiite, was kidnapped by at least 24 gunmen wearing the uniforms of Interior Ministry policemen. Though he was abducted in a Sunni neighborhood, there were questions at the time about whether he had been removed by Shiite rivals.

Neither American nor Iraqi officials connected Mr. Zamili to Mr. Saffar's kidnapping, but the American statement said the arrested official was implicated in the deaths of several Health Ministry officials, including a director general in Diyala Province.

Though the statement from the American military said Iraqi forces had made the arrest, witnesses said American Humvees flooded the ministry building about 9 a.m., firing warning shots into the air and breaking windows before seizing Mr. Zamili, several guards and important paperwork in his office.

Shiite officials said Mr. Zamili's arrest was an affront to Iraqi sovereignty. The health minister, Ali al-Shammari, called the arrest an abduction and demanded proof to support the charges against his deputy.

Bahar al-Araji, one of 30 members of the Sadr bloc in Parliament, said American troops should have sought permission to search the ministry from the prime minister or an Iraqi court.

"This is not an attack on the Sadr organization," he said. "It's an attack on the Iraqi government."

His comments suggested that the Sadr organization planned to stand by its stated policy of refusing to outwardly fight American and Iraqi troops as the security plan moves through Baghdad. In recent weeks, Sadr officials have repeatedly sought to show that the Mahdi Army is only a defensive organization that aims to protect Shiite residents from Sunni attacks.

The American military also said in a statement that an airstrike in Anbar Province on two suspected safe houses for foreign fighters killed 13 insurgents. But witnesses said the airstrike flattened four houses, killing at least 35 people, including women and children. There was no immediate way to confirm either claim.

Witnesses said the site of the airstrike, a mostly Sunni Arab area northeast of Amiriya, near Falluja, had been the site of vicious battles between fighters with Al Qaeda in Mesopotamia and local tribes. One tribal leader said the clashes started because Al Qaeda wanted tribal leaders to join its fight, and they refused.

Violence also continued to rage near the capital, with news agencies reporting that gunmen killed 14 men from the same Sunni family just north of Baghdad.

The United States military announced that four marines were killed Wednesday in separate episodes in Anbar Province. Seven other people were killed the same day when a Marine transport helicopter crashed in an insurgent-heavy region northwest of Baghdad.

And in what appeared to be a rare case of cross-sectarian solidarity, the police in Diyala Province said a family of 25 Shiites — moving from a Sunni area after receiving death threats — was saved from death on Thursday when their Sunni neighbors repelled an insurgent ambush. Iraqi security forces were called in to help, and continued the battle, killing six gunmen.

Iraqi Health Minister Arrested In Raid (LAT)

By Louise Roug

The Los Angeles Times, February 9, 2007

BAGHDAD — Iraqi and U.S. forces on Thursday launched a crackdown on the web of patronage that sustains radical anti-American cleric Muqtada Sadr, detaining a high-level Iraqi official in connection with the killings of Health Ministry officials and the diversion of millions of dollars to a Shiite Muslim militia.

Iraqi special forces, backed by U.S. troops, stormed the Health Ministry complex in downtown Baghdad, detaining Deputy Minister Hakim Zamili, a Sadr loyalist.

It was the second raid at the ministry in six months, but the first high-profile arrest.

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"This is the first visible big fish," said a U.S. advisor to the Iraqi military after Zamili was arrested. "It's one to watch. It has to be the beginning of the housecleaning."

U.S. military officials say Sadr's Al Mahdi army is one of the deadliest groups in Iraq, killing thousands of civilians and troops.

Sadr, who has emerged as an important political power broker, has built his stature by controlling seats in parliament and gunmen on the street.

His hold on key service branches with large budgets, such as the health and transportation ministries, provides patronage for his followers, Iraqi and U.S. officials say.

The arrest of Zamili immediately sparked protest among Shiite lawmakers affiliated with Sadr, who described it as an unlawful kidnapping and an attack on the "dignity of the Iraqis."

Reaction from Sadr's camp and the streets was unusually muted, lending credence to theories that the Shiite cleric is remaining neutral in the early days of the Baghdad security crackdown.

The Health Ministry is controlled by Sadr, Iraqi and U.S. authorities say. It's a house of horrors where health officials have disappeared on their way to meetings, never to be heard from again.

Controlling the ministry means controlling the hundreds of gunmen who guard the gates, plus a billion-dollar budget and thousands of jobs.

U.S. officials no longer visit the run-down ministry. Even for Americans, who typically travel in cocoons of security, the threat level is too high, the U.S. advisor said.

At the nearby morgue, Sunni Arabs have been abducted and killed while trying to retrieve the bodies of slain relatives, forcing many families to leave their loved ones behind and violate Islamic rules on burial.

Sunni doctors from the provinces have stopped coming to the Health Ministry. They cite the danger and a sense that medicine and equipment are withheld from Sunnis, resulting in countless deaths.

Sunni and Shiite patients complain of bribery and corruption throughout the system.

Threats and kickbacks?

In a statement on the raid, the U.S. military did not name Zamili. It identified the detainee as a "senior Ministry of Health official" and said he was linked to the killing of Ali Mahdawi, a health director from a Sunni-dominated province who was kidnapped from the ministry, along with his bodyguards, in June.

"He is reported to openly intimidate and threaten officials who disagree with and question his actions," said the statement, which also alleged that the minister was taking kickbacks on contracts and siphoning off millions of dollars to the Al Mahdi army.

A third of the Health Ministry's budget goes to salaries, making it a rich source of patronage.

The Al Mahdi army also is suspected of using the ministry's ambulances to transport fighters.

Additionally, U.S. agencies have spent at least $493 million of Iraqi reconstruction funds on healthcare. Most new clinics built in Baghdad are in Shiite neighborhoods.

An aide to Prime Minister Nouri Maliki who spoke on condition of anonymity called Zamili's detention a "major arrest." The aide said Zamili was suspected in the kidnapping of another deputy health minister, Ammar Safar, who was abducted from his home in November. Safar has not been heard from since.

'No one is immune'

Although there was no official comment from Maliki's office, the aide said the prime minister had been informed of the raid, which showed that "no one is immune," the aide said.

Health Minister Ali Shammari, a Shiite, called the raid a "violation of the sovereignty of Iraq."

"They humiliated the officials, smashed the glass and broke the doors," Shammari said. Images of dusty boot prints suggesting that troops had kicked down doors played on national television.

Shammari and a group of lawmakers affiliated with Sadr said the charges against Zamili were trumped up. They demanded his release.

"This kidnapping has proved that they are not only targeting the ruling government of Iraq but also the dignity of Iraqis," Nassar Rubaie, a Shiite lawmaker loyal to Sadr, said in a statement.

A delegation of Shiite politicians complained to Maliki, also a Shiite who relies on Sadr for political support. In the past, Maliki has released high-level Shiite suspects detained by U.S. and Iraqi troops.

But U.S. officials hope the raid and arrest represent a departure from the government's unwillingness to go after Shiite militias.

In August, U.S. and Iraqi soldiers raided the Health Ministry, looking for kidnapping victims. They arrested seven of Shammari's bodyguards and confiscated large sums of money and documents.

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Increasingly, Maliki is speaking out more forcefully against militias, saying his government will go after both Sunnis and Shiites.

The raid came less than 48 hours after a meeting called by Maliki to tell Iraqi army commanders in Baghdad to go after anyone breaking the law, regardless of their sectarian or political affiliations.

"Maybe, just maybe, this is an indication that the political circles will not intervene," the U.S. advisor said.

Across the country, the violence continued.

A car bomb killed 15 in Aziziyah, southeast of Baghdad, and mortar shells killed seven in Babil province, south of the capital. Shootings, bombings and mortar shells killed at least 52 others around the country, authorities said.

Of those, 20 were found dead across the capital.

The U.S. military announced the death of four Marines in Al Anbar province. They died in separate attacks Wednesday, the military said.

The deaths brought to at least 30 the number of U.S. troops killed in the first week of February, according to icasualties.org, a website that tracks coalition casualties.

At least 3,115 U.S. troops have been killed in Iraq since the U.S.-led invasion in 2003, the website said.

The U.S. military also said a U.S. airstrike killed 13 suspected insurgents Thursday northeast of the Amiriya neighborhood in Baghdad.

Iraqis Arrest Deputy Health Minister, Allege Links To Shiite Death Squads (USAT/AP)

AP

USA Today, February 9, 2007

U.S.-backed Iraqi forces stormed the Health Ministry and arrested the No. 2 official Thursday, accusing him of diverting millions of dollars to the biggest Shiite militia and allowing death squads use of ambulances and government hospitals to carry out kidnappings and killings.

Shiite politicians allied with anti-American cleric Muqtada al-Sadr denounced the arrest of Deputy Health Minister Hakim al-Zamili as a violation of Iraqi sovereignty and demanded that the prime minister intervene to win his release.

But Prime Minister Nouri al-Maliki and his senior advisers remained silent. Al-Maliki, a Shiite, is under strong U.S. pressure to crack down on Shiite militias and has pledged not to interfere in the security operation to rid Baghdad's streets of gunmen from both Islamic sects.

The arrest took place at 9 a.m., an hour after Iraqi government offices generally open. Iraqi troops pushed through the iron gates of the Health Ministry building in northern Baghdad, ordered people to drop to the ground and rushed to al-Zamili's ground-floor office, witnesses said.

One of al-Zamili's bodyguards said American soldiers accompanying the force asked everyone to step aside and approached the deputy minister, who introduced himself. A U.S. soldier handcuffed al-Zamili and led him away, the guard said on condition of anonymity because he feared reprisal.

AP Television News footage of al-Zamili's office showed overturned chairs and smashed computers along with scattered files and telephones on the floor. Dusty, white boot prints marked the door, apparently because the troops had kicked it in.

A U.S. military statement did not mention al-Zamili by name but said Iraqi special troops captured a "senior official" suspected of alleged corruption and links to al-Sadr's Mahdi Army militia. The Health Ministry is among six Cabinet posts controlled by al-Sadr, an ally of the prime minister.

The statement also alleged the senior official played a role in the deaths of several ministry officials, including the Sunni director of health in Diyala province. The director, Ali al-Mahdawi, vanished last June after coming to Baghdad for a meeting at the ministry.

According to the statement, the official was believed to have siphoned millions of dollars from the ministry to the Mahdi Army "to support sectarian attacks and violence targeting Iraqi citizens."

U.S. military spokesman Lt. Col. Christopher Garver said militiamen were also allowed to use government hospitals and clinics to gather information on Iraqis seeking treatment and "those Iraqis that were discovered to be Sunnis would later be targeted for attacks."

American officials had long complained that al-Sadr's followers were transforming hospitals into bases for the Mahdi militia and were diverting medicine from state clinics to health care facilities run by the cleric's movement.

The clinics helped al-Sadr build a powerful nationwide political movement modeled in part on the Shiite Hezbollah militia in Lebanon.

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The arrest is likely to add new strains to al-Maliki's fragile coalition as it embarks on a high-risk campaign to curb violence in Baghdad. Shiite politicians persuaded al-Sadr to pull his militiamen back from the streets in the run-up to the security campaign.

But a series of bombings and suicide attacks on Shiite civilians in Baghdad and the southern city of Hillah has led many Shiites to complain that U.S. and Iraqi forces have not launched the security campaign fast enough to protect them against Sunni extremists.

Nasr al-Rubaie, leader of the Sadrist bloc in parliament, called al-Zamili's arrest a "kidnapping."

Health Minister Ali al-Shemari also denounced the raid.

"This is a violation of Iraq's sovereignty," he said. "They should have a court order to carry out a raid like this."

U.S. officials have insisted that al-Maliki rein in al-Sadr's forces, and the prime minister told the cleric last month that he could no longer provide him with political protection in the face of U.S. pressure, according to al-Maliki's aides.

Curbing the militias is considered key to halting the wave of Sunni-Shiite reprisal killings that surged after last year's bombing of a Shiite shrine in the mostly Sunni city of Samarra.

Despite recent efforts, the violence showed little signs of receding.

At least 104 people were killed or found dead Thursday in Iraq, including at least 10 Sunni men gunned down in the village of Rufayaat, just east of Balad. Balad is a majority Shiite town 50 miles northeast of the Iraqi capital, but it is surrounded by territory that is mainly populated by Sunnis.

In the day's deadliest attack, a parked car bomb exploded at a food market in the predominantly Shiite town of Aziziyah, 35 miles southeast of Baghdad, killing 20 people and wounding 45, police said.

Another parked car bomb tore through a minibus in the mainly Shiite Amin neighborhood of southeastern Baghdad, killing seven passengers and wounding 10, police said.

Senior Health Official Detained By U.S.-Iraqi Forces (WT/AP)

By Sameer N. Yacoub, Associated Press

The Washington Times, February 9, 2007

Iraqi forces today detained a senior Health Ministry official accused of corruption and helping to funnel millions of dollars to Shi'ite militiamen blamed for much of the recent sectarian violence in the capital, the U.S. military said.

The raid was the latest in a crackdown on radical Shi'ite cleric Muqtada al-Sadr's militia, coming a day after the chief U.S. military spokesman Maj. Gen. William Caldwell said a security sweep to stop the rampant attacks in the capital was under way.

Violence was unrelenting today, with car bombs striking Shi'ite targets in Baghdad and south of the capital. At least 43 persons were killed or found dead in Iraq.

The military also announced that four U.S. Marines were killed yesterday in fighting in Anbar province, an insurgent stronghold west of Baghdad.

The military statement did not identify the detained official, but a ministry spokesman said earlier that U.S. and Iraqi forces had seized Deputy Health Minister Hakim al-Zamili, an al-Sadr supporter, from his first-floor office in northern Baghdad.

A large white boot print was left on the bullet-pocked office door, which apparently had been kicked in by the troops, and shattered glass as well as overturned computers and phones were scattered on the floor.

The Shi'ite Health Minister Ali al-Shemari, who also has been linked to Sheik al-Sadr, and several other members of the movement denounced the raid.

"This is a violation of Iraq's sovereignty," he said. "They should have a court order to carry out a raid like this."

The detainee was implicated in the deaths of several ministry officials, including the director-general in Diyala province, northeast of Baghdad, the military said.

He reportedly orchestrated several kickback schemes related to inflated contracts for equipment and services, with millions of dollars allegedly funneled to the Mahdi Army militia that is loyal to Sheik al-Sadr, according to the statement.

The official also was suspected of providing large-scale employment of militia members who used Health Ministry facilities and services for "sectarian kidnapping and murder," the military said.

Joint U.S.-Iraqi forces stormed the Health Ministry compound early today, causing all the employees to flee, spokesman Qassim Yahya said.

One of Mr. al-Zamili's bodyguards said he heard gunshots, then the Americans asked him to step aside and approached the deputy health minister, who introduced himself by name and title. A U.S. soldier told Mr. al-Zamili he was on a list of wanted names and handcuffed him before leading him away, the bodyguard said, speaking on the condition of anonymity because of security concerns.

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The U.S. Embassy, meanwhile, said U.S. officials were investigating a Jan. 31 incident involving a civilian helicopter after the New York times reported that insurgents had brought the chopper down with ground fire during a flight between Hillah and Baghdad.

If confirmed, it would be the sixth helicopter to crash in Iraq since Jan. 20, prompting the U.S. military to review flight operations. The most recent crash occurred yesterday when a CH-46 Sea Knight went down northwest of Baghdad, killing seven persons.

Iraq, U.S. Advised To Avoid Offensive Against Militiamen (WP)

By Joshua Partlow

The Washington Post, February 9, 2007

BAGHDAD, Feb. 8 -- Iraqi and U.S. forces should not launch a military offensive against the militias -- most of them Shiite -- that are a major source of turmoil in Iraq, but should instead rely on nonviolent steps to bring militiamen into the political fold, according to an Iraqi report that draws largely on the views of prominent Shiite politicians.

"In the short-term at least, there can be no military offensive against the militias. Military confrontation, in the current climate, will only strengthen their appeal and swell their ranks," the Baghdad Institute for Public Policy Research concludes.

The institute said the 18-page report, "Dismantling Iraq's Militias," was based on a round-table discussion by six Shiite politicians, two Kurds and a Sunni Arab. Government officials said Thursday it would be considered in setting policy, but some here saw it as reflecting the private thinking of Prime Minister Nouri al-Maliki as more U.S. troops arrive to try to end the violence.

Maliki has publicly declared that the joint effort will target all lawbreakers equally, regardless of sectarian affiliation. But late last year, his advisers said the prime minister was urging the Americans to combat Sunni groups while Iraqi forces focused on Shiite militias.

"The tense situation between the Mahdi Army militia and the U.S. military means that it would be unwise for multinational forces to go into Shia strongholds at this stage," the report says. The Mahdi Army is led by anti-American cleric Moqtada al-Sadr, a key Maliki supporter.

Many Iraqi officials say previous Baghdad security plans failed because Maliki did not take a tough stance against that militia.

"I don't want to see the prime minister again violating his commitment," said Tariq al-Hashemi, an Iraqi vice president who leads the most powerful Sunni Arab party. The report's goals would be a "complete deviation of what has been agreed upon from the beginning by the political entities," he said in an interview. "I don't support the theme that the militias could be accommodated or be resolved by the political process," he added.

The report reflects "the government's point of view," said Mahmoud Othman, a Sunni Kurd and a legislator who was a member of the round table. "This prime minister won't go against Sadr or the Mahdi Army. Those people are his supporters." Like other participants, Othman had not been given the finished report and commented based on a reporter's description.

Ahmed Shames, a member of Maliki's media office who was a co-author of the report, said in an interview that it will be widely read in the government, but "it does not mean the government will follow these recommendations."

Sadiq al-Rikabi, a political adviser to Maliki and one of the politicians involved in the discussions, said the report emerged from frank discussion and did not necessarily represent the prime minister's views. Rikabi reiterated that Maliki will use force against anyone regardless of sect if political solutions are not possible.

The only Sunni Arab in the round table, Mithal al-Alusi, said he was unaware of the report's publication and angered that his name was attached to a document that did not represent his views. "The Dawa party, they organized this meeting in the name of the Baghdad Institute," Alusi said, referring to Maliki's political party. "More than one [participant], not just me, said there is no place for a political solution for killers, militias and terrorists."

The report outlines a three-phase approach to solving Iraq's militia problem. The short-term goal, over a period of about two years, is to use government forces for "defensive military campaigns" to break the cycle of violence in Baghdad. This will deprive militias of their role of protecting embattled neighborhoods, the report says. The second phase would be provision of such services as clearing sewers and cleaning and paving streets. The final step would be integration of some militiamen into the security forces or civil service in a way that holds their political patrons accountable for any crimes they commit.

U.S. Says Airstrike Kills 13 Insurgents (WP)

By Ernesto Londoño

The Washington Post, February 9, 2007

DOJ_NMG_0129785

BAGHDAD, Feb. 8 -- U.S. forces used precision-guided munitions to kill 13 Sunni insurgents west of Baghdad on Thursday and aided Iraqi officials in the detention of a deputy cabinet minister accused of funneling money to a Shiite militia, the U.S. military said.

A doctor and a resident of the area said women and children were killed in the airstrike, but a military spokesman denied there were any civilian casualties.

The strike in Amiriyah targeted two suspected safe houses used by insurgents, a military statement said. U.S. forces said they later detained five suspected insurgents and found weapons including armor-piercing ammunition.

Ahmad Mansoor al-Zubaie, who lives near the scene of the airstrike, said it was aimed at two houses, but destroyed two additional homes.

Another resident, Muhammad Khalaf al-Zubaie, said women and children were killed in the attack.

Muhammad Ismail, a physician who works at Fallujah General Hospital, said more than 30 people wounded or killed in the attack were brought to the hospital. He said in a telephone interview that women and children were among the dead.

A U.S. military spokesman, Lt. Col. Christopher C. Garver, said no civilians were killed. "After an airstrike we put what we call boots on the objective," he said. "We send in an exploration team to see what effect we had. They would see 40 civilians killed in an airstrike and we would report that if it had happened."

Muhammad al-Zubaie also said the target of the attack was Abu Sihail al-Zubaie, a leader of the Sunni insurgent group al-Qaeda in Iraq.

Also Thursday, U.S. and Iraqi officials detained a deputy minister of health accused of funneling millions of dollars to the Mahdi Army, a Shiite militia, according to the U.S. military and Health Minister Ali Hussein al-Shamari.

Shamari called the detention a "kidnapping" and criticized the way the officials took Hakim al-Zamili, one of his deputies. "They broke a door, they broke a window. And they humiliated my employees badly," Shamari said in an interview.

The U.S. military said in a statement that a senior Health Ministry official "is suspected of being a central figure in alleged corruption and rogue infiltration" of the ministry by the Mahdi Army. The statement did not name Zamili.

The detained official allegedly orchestrated several kickback schemes that directed millions of dollars to the militia "to support sectarian attacks and violence targeting Iraqi civilians," the U.S. military statement said. The military also said the senior health official had been implicated in the deaths of several ministry officials.

Shamari said he was not in a position to dispute the allegations, but said the military should have gone through proper channels before making the arrest.

Two deadly incidents involving American private security companies were disclosed Thursday.

Snipers working for one company fatally shot three guards working at the state-run al-Iraqiya television station in Baghdad on Wednesday morning, the director of the station's parent company said in an interview.

The security contractors were accompanying foreign dignitaries who were visiting the Justice Ministry, which is across the street from the station's headquarters, said Habib al-Sadr of the Iraqi Media Network.

Sadr said the three slain guards, Azhar Abdullah Ali, Nibras Muhammad Dawood and Sabah Salman Hassoon, were all in their early 20s. "Not a single bullet was shot toward the ministry building," he said.

The Iraqi guards "had full control of themselves not to attack back. I gave orders, personally gave orders, not to shoot back so that things didn't get worse and we didn't lose more men."

Lou Fintor, a spokesman for the U.S. Embassy in Iraq, said the incident was under investigation.

It was unclear what company the contractors worked for and whether they were escorting U.S. diplomats.

Also Thursday, defense contractor KBR, a Halliburton subsidiary formerly known as Kellogg Brown and Root, said U.S. military personnel fatally shot a KBR truck driver and wounded another employee near a checkpoint outside a military facility in Balad, north of Baghdad.

"Our thoughts and prayers are with the family of the truck driver who was killed," Halliburton spokeswoman Melissa Norcross said in an e-mail. "The wounded truck driver was transported to the Air Force Theater Hospital and has since been treated and released."

Another KBR employee, Hector PatiÃ±o, 58, was killed Jan. 13 in the Green Zone in Baghdad in another apparent friendly-fire incident.

Norcross said she could not release the names of the employees shot Wednesday. The U.S. military in Baghdad did not respond to an e-mail inquiry about the incident.

Fintor, the embassy spokesman, said the death was under investigation.

KBR has lost 98 employees to "hostile action" in Iraq, Afghanistan and Kuwait, Norcross said.

Also Thursday, the military disclosed the deaths of four Marines killed in two incidents in Anbar province in western Iraq.

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In Balad, a police official said armed men dressed in Iraqi military uniforms attacked a farmhouse northeast of the city early Thursday, killing 16 members of a Sunni family and wounding two. The home belonged to Amar Fadhil Rufaie, said Capt. Hassan al-Rufaie.

A neighbor, Amad Rufaie, said 12 cars entered the farm area and heavy gunfire ensued. When he went to see what had happened, he found 18 people on the ground, all but two of them dead. Many people in the area belong to the Rufaie tribe.

Shiite District, Flash Point In Baghdad, Rebuilds (NYT)

By Damien Cave

The New York Times, February 9, 2007

BAGHDAD, Feb. 8 — Just past the main checkpoint into Sadr City, children kick soccer balls at goals with new green nets, on fields where mounds of trash covered the ground last summer. A few blocks away, city workers plant palm trees by the road, while men gather at a cafe nearby to chatter and laugh.

Sadr City, once infamous as a fetid slum and symbol of Shiite subjugation, is recovering, with the help of $41 million in reconstruction funds from the Shiite-led government, all of it spent since May, according to Iraqi officials, and millions more in American assistance.

But as Shiite areas like Sadr City begin to thrive as self-enclosed fiefs, middle-class Sunni enclaves are withering into abandoned ghettos, starved of government services.

Many residents credit a Shiite militia, the Mahdi Army, and its powerful political leader, the radical cleric Moktada al-Sadr, for keeping the area safe enough to allow rebuilding. Yet the Mahdi Army has also killed American troops and has been linked to death squads preying on Sunnis, making the district a potential target as American troops pour into Baghdad to enforce the new security plan.

The neighborhood, which is Baghdad's largest Shiite area and was named in honor of Mr. Sadr's father, is a web of contradictions, at once a test of whether its progress can be sustained, a flash point for sectarian tensions and the heart of the government's political and military base.

"Sadr City is different because it has been left without services for 35 years," said Hassan al-Shimmari, a Shiite member of Parliament with the Fadila Party. "And with the presence of the Mahdi Army, and its agenda against the Americans — that is what makes it disturbing."

Over three days of interviews in homes, businesses and political offices, residents described their community as tight-knit, often abused and increasingly isolated.

Abdul Karim Kassem, the prime minister in the late 1950s and early 1960s, built the neighborhood as a public housing project for the poor. The rectangle of roughly 125,000 homes northeast of central Baghdad covered an area about half the size of Manhattan, with streets in a grid and simple brick homes of about 1,550 square feet.

These days, after decades of neglect under Saddam Hussein (though the area was once called Saddam City), many of the houses have been divided into apartments and many more are crumbling.

Sadr City officials, including Rahim al-Daraji, the elected mayor, claim that more than two million people live there, almost all Shiites but with a smattering still of Sunnis and Kurds.

If that number is correct, the district has a higher population density than Calcutta or Hong Kong, which demographers say is unlikely, given the low-rise architecture.

Undeniably, Sadr City has grown in recent months as families moved in from what Iraqis call hot zones, typically Sunni areas where violence has brought daily routines to a standstill. Schools are packed with children, rents have increased and the economy has come alive.

More surprising than the pyramids of fruit at the bustling market, near a park with new red fences, are the signs of leisure, like the new children's bicycles with tassels on the handlebars and the silvery computer shops.

"Our neighborhood is much better than other areas," said Hussail Allawi, 41, in a crowd of men smoking flavored tobacco, a pastime now rare in much of the city. "The people are cooperative. There are many volunteers, including the Mahdi Army, and we are doing our best."

City officials said 16 sewer mains had been cleaned to eliminate the putrid waste that once collected in large puddles, while 22 roads are to be repaved.

Louis J. Fintor, a spokesman for the United States Embassy, said American agencies were also working on more than 35 projects, mostly in health and education. He did not identify their locations or say how much money had been spent. "Getting credit," he said, "is not the motivating force."

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Abu Firas al-Amtari, a spokesman for the Sadr political party in Sadr City, said the American and Iraqi governments spent reconstruction money haphazardly. But he acknowledged that the neighborhood was gaining momentum.

"The situation inside is very good," he said in an interview. "We are always afraid of what comes from other neighborhoods."

Bombings here have become less common than in other parts of Baghdad, though a coordinated series of explosions last fall killed 144 people. Residents and Sadr party officials said they felt more secure because the Mahdi Army kept watch. As members of the community, militiamen have an advantage.

"The Mahdi are more loyal because they feel they are protecting their own families," said Ahmed Hashem, 30.

Sadr officials have seized on a simpler refrain: The Mahdi Army makes peace, not war.

Mr. Amtari described the militants as humanitarians, community volunteers and part of "a moral army" that checked vehicles and enforced the law. Naeem al-Kabbi, a deputy mayor affiliated with the Sadr party, said the battles between American troops and the militia in Najaf and Sadr City in 2004 amounted to a misunderstanding — though American troops said they had come under attack while doing little more than running patrols.

Seemingly determined to clean the tarnished Mahdi image, Sadr officials said the militia's members would disarm temporarily during the Baghdad security plan, even if Sunnis or Americans attacked. "Whatever the provocation, with the surge against us or anything else, we will not kidnap anyone or take revenge by ourselves," said Mr. Daraji, the mayor, who has been negotiating with American and Iraqi officials over the role of the militia. "We will leave everything to the government."

Sunni officials said Sadr officials had calculated that if they stayed quiet for the security plan, American troops would eventually withdraw, giving Shiites even more freedom to exercise power.

Salim Abdullah, a senior Sunni member of Parliament, added that the security plan's impact would be blunted in Sadr City because Shiite militias had infiltrated the Iraqi security forces, and could tip off Mahdi militants before raids began.

An open question is whether all the Mahdi fighters will obey orders not to fight. Some residents, who declined to give their names, described the Mahdi Army as a loose collection of often rival and rogue groups, and said arrests — on, say, an especially volatile anti-American street — could set off firefights with the arrestees' families and neighbors, even if senior Mahdi commanders remained uninvolved.

But like the streets themselves, the community's relationship with the militia seemed to be changing. The Sadr organization, whose members once whipped people on the streets for selling alcohol, now works out of a centrally located office that has expanded from a squat one-story building into a small campus with fresh white paint and a covered courtyard. It has the feel of an American post office.

Residents said the building reflected the move from insurgent group to established player. After winning control of six ministries and 30 seats in Parliament, residents said, the Sadrists have become a more traditionally political, less religious force, with leaders primarily interested in safety and power.

There is still a saying in Sadr City that if you anger the Mahdi, "They'll throw you in the trunk," a reference to their notorious gangsterism. And the American military has clearly taken a harder line. Citing evidence that militia members killed Americans and innocent civilians, American troops have arrested or killed several Mahdi commanders in recent weeks as part of their efforts to pacify the capital.

In the latest move, on Thursday, American forces raided the Health Ministry and detained a deputy minister whom they accused of ferrying weapons and militants across Sadr City in ambulances to thwart American raids.

Some residents and officials acknowledge that their sprawling neighborhood includes men who contribute to Baghdad's cycle of violence. One resident said few people had protested the recent increase in American raids because it was clear that some members of the Mahdi Army cared less for the neighborhood than they did for killing and cash.

But in interviews, even critics of the Mahdi Army said that security and economics mattered most, and that as long as the militia kept the neighborhood safe enough to function, it could count on tacit support.

Mr. Allawi, the man smoking at the cafe, said "the people are satisfied" with the spoils of Sadr control.

Muhammad Issa Sachit, 38, a mechanic for the city government who has lived and worked in Sadr City for more than 20 years, said families received a stable fuel supply at competitive prices from the Mahdi Army, more than what most Baghdad communities could depend on.

He also said that when a Sunni neighbor died in a bombing a few months ago, the Mahdi Army rushed in to help the family. "They paid for everything — the funeral, the burial, the food," he said.

The man's wife and children left soon afterward. The house was still empty last week.

Mr. Sachit denied that the family's move had anything to do with a fear of Shiites. Sitting on a green rug in his simple home, he seemed to feel that his neighbor's death was mainly a story of Mahdi Army generosity.

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Thousands Displaced As Unrest Grows (USAT)

By Oren Dorell

USA Today, February 9, 2007

Neighborhoods where Sunnis

and Shiites live side by side are vanishing as residents flee, seeking safety among their own sects

A few weeks ago, young men carrying AK-47 rifles left a note on the door of Ayad al-Hiti's house. The note used a slur on al-Hiti's Sunni religion, called him a collaborator with Sunni extremists, and gave him 48 hours to leave.

Having seen several neighbors turn up dead, al-Hiti, his wife and three children moved the next day. They left their religiously mixed neighborhood and moved into his in-laws' house in a safer area north of Baghdad. The family now shares three bedrooms and one bath among 17 people.

More than 540,000 Iraqis have left their homes over the past year because of sectarian violence, according to a recent estimate by the International Medical Corps (IMC), a relief organization operating in Iraq.

About 90% of displaced Iraqis move elsewhere within the country, the IMC says, usually joining members of their own sect. The resulting separation of Baghdad into more distinct Shiite and Sunni areas has made it easier for militias to attack each other, posing a major challenge to Iraqi and U.S. forces as they implement a security plan in coming months.

The militias "might use heavy artillery because there wouldn't be a danger of harming their own people," says Rabih Torbay, vice president for international operations at the IMC. "The situation (in Baghdad) is looking more and more similar to what happened in Yugoslavia."

"Our only hope now is the new security plan, and the new U.S. strategy in Iraq," says al-Hiti, a taxi driver. "We don't trust this sectarian government at all. They promised a lot but did nothing."

In areas of Baghdad such as Ghazaliya, a neighborhood of about 7,000, clear battle lines have appeared on city streets.

The Mahdi Army, a Shiite militia run by anti-U.S. cleric Muqtada al-Sadr, is methodically pushing the majority Sunnis out of their homes and working its way south, U.S. Army Capt. Erik Peterson says.

About half a mile south of the current sectarian dividing line, the U.S. military has set up a combat outpost manned by about 200 Iraqi and U.S. soldiers, says Peterson, who leads the outpost. The sectarian fighting in Ghazaliya is some of the most intense in Baghdad, he says.

Such divisions recall the infamous "Green Line" that divided Beirut into Christian and Muslim areas during Lebanon's 1975-91 civil war. When sectarian lines become more stark, fighters on both sides feel freer to use bigger bombs and more powerful weapons, Torbay says.

The Iraqi government says its new security plan, which includes an additional 21,500 troops sent by President Bush, will attempt to halt the trend.

"Part of the plan is to bring the families back to their homes by directing force against the people that made them leave. (We will) escort them and declare that it will be safe for them to go back," said Ali al-Dabagh, a spokesman for Iraqi Prime Minister Nouri al-Maliki.

Al-Dabagh would not provide details on when or how that would happen. But he said there would be "no difference between the Sunni or the Shia. The security plan covers all of Baghdad."

About 2 million Iraqis have fled the country since the U.S. invasion in 2003, according to the United Nations High Commissioner for Refugees. The IMC says migration within Iraq accelerated dramatically in February 2006, when al-Qaeda agents bombed two Shiite shrines in Samarra, unleashing a wave of sectarian violence.

Sattar Jabbar, 41, a father of four and a Shiite imam at the al-Jalaika mosque in al-Hahama district north of Baghdad, says about a third of the residents in his once-mixed district have left.

"We used to live as neighbors for centuries, and there were no problems between us at all," Jabbar says. "We have married their women, and they have married our women. We attended their parties and wakes, and they did the same. But after the bombings of Samarra, things collapsed between us."

First, a stranger called Jabbar and threatened to kill him unless he changed his prayer call from Shiite to Sunni. In August, a caller ordered him to leave the mosque. Then, Sunnis put up a roadblock and "began to kill every single Shiite passing that way," Jabbar says.

In mid-January, Jabbar took his wife and four children to live with his wife's parents and her brother. Since then, his old neighborhood has been under mortar attack.

"Our last hope is the new government security plan," Jabbar says. "If it works, all things will succeed. But if it fails, there will be no other solution, and civil war will really break out."

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Baghdad Traffic Police Expect The Unexpected (USAT)

USA Today, February 9, 2007

On a typical day, Baghdad's traffic police deal with gunfire, militias and speeding convoys with armed men.

And, oh yeah, there's also the traffic.

With stoplights often dead because of blackouts, security checkpoints blocking many roads and more cars than ever circulating in the city, Baghdad's 1,700 traffic cops have their hands full.

"We keep working because life does not stop despite the hard circumstances Iraq is witnessing now," says Col. Mohammed al-Azzawi, a traffic policeman.

It's dangerous duty. A new Traffic Police Directorate website devotes a section to "traffic martyrs" and displays the photographs of 45 traffic officers who have died in the line of duty.

The number of registered cars on Baghdad's streets has almost tripled since the fall of Saddam Hussein and the end of sanctions imposed by the United Nations. There are now more than 1 million registered vehicles in the city, according to Brig. Gen. Najim Abed, spokesman for the traffic police.

The capital is a traffic nightmare. A number of key roads and at least two bridges over the Tigris River remain blocked to traffic because of security concerns. Thirteen bridges cross the Tigris, which divides the city.

Small vendors, with more goods to sell now, are spilling out into the city's narrow streets, Abed says.

In the middle of it are the traffic police, armed with pistols and wearing blue uniforms. They wave their arms, blow whistles and try to cope with the daily stress.

Militias have set up illegal checkpoints, and U.S. and Iraqi military forces frequently barrel through the streets. Traffic police Lt. Thu al-Fiqar Saif al-Deen, who directs traffic in the Mansour neighborhood in western Baghdad, says the most disruptive convoys are Iraq's national police commandos.

"We got insults from them daily," he says. "They consider themselves above the law. They fire into the sky to terrify people. We face the same problem with the Mahdi Army," a militia loyal to anti-American cleric Muqtada al-Sadr.

However, al-Deen says the majority of drivers respect traffic police and follow their directions.

Police can now impose fines of up to about $20 on motorists who drive on the sidewalk or go the wrong way on one-way streets.

There is even a new law banning motorists from speaking on cellphones.

If fines are not paid within 60 days, the fine is doubled.

"I know a driver who now owes 2.5 million Iraqi dinars (almost $2,000) because of that," al-Deen says. Under Saddam, fines were about $5, but police could also confiscate a motorist's car for several days as punishment.

The Traffic Police Directorate would not say what percentage of the fines they generally collect, but motorists can be prevented from selling their car if the fines are not paid.

Issuing fines is only part of what traffic police do.

On one occasion, traffic police saw a minibus driving on the wrong side of the road. "We stopped him and asked for his car documents," al-Deen says.

"He refused to give us the documents, so we removed his car plates," which would have prevented the man from driving legally.

"He became angry and threatened us," al-Deen says. "He said, 'I'm working with Americans, and I will teach you a lesson.' We raised our pistols and shot his car with 17 bullets. Then we beat him and broke his arm. He left, and we did not see him again."

Troops Shared Firm Belief In Iraq Service (WP)

By Mary Otto And Fredrick Kunkle

The Washington Post, February 9, 2007

Navy Medic, Marine Pleaded to Return; Other Marine Followed Brother's Path

One was a Navy medic, the other a Marine sergeant. Both begged to go back to Iraq for another tour of duty. A third followed her brother into the Marine Corps and, eventually, into the war.

All three died this week as stepped-up security operations intensified fighting.

Seaman Manuel Ruiz, 21, from Maryland's Eastern Shore was among seven people killed when a Marine transport helicopter crashed in Anbar province Wednesday, his family said.

Marine Sgt. Joshua J. Frazier, 24, from Virginia's Spotsylvania County was killed by a sniper Monday as he stood on a rooftop in Ramadi, the Pentagon and his family said yesterday.

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And Marine Cpl. Jennifer M. Parcell, 20, of Bel Air, Md., died Wednesday in Anbar province in what the Defense Department described as "supporting combat operations."

In Ruiz's hometown of Federalsburg, a farm community of 2,600, friends and neighbors tied red, white and blue ribbons to lampposts yesterday, and officials made plans to lower flags in his honor. But the gestures seemed inadequate.

"Our hearts are broken," said Connie Blanchard, who works in the town hall accounting office. "He was a very brave and courageous guy."

Ruiz, whose mother, Lisa, also served in the Navy, was 14 days into his second tour in Iraq when he died, said Adam Lusk, a family friend who fought back tears as he described Ruiz's dedication to his job, helping to save lives. "He pretty much demanded to go back."

In a small town where young people often seek the military life as a way to broaden their horizons, Ruiz also stood out as a talented and sensitive artist, said Marjorie Scott, who was Ruiz's art teacher during his four years at Colonel Richardson High School. When he was back from his first tour, Ruiz visited the school in his Navy uniform.

"Any time he talked about the military, his eyes glistened," she said. She said she had worried about him, but he assured her that he was fulfilling his calling. He was assigned to Camp Lejeune, N.C.

"He was well-trained, and he loved what he was doing," Scott said.

Likewise, Frazier believed so deeply in his mission in Iraq that he ignored pleas from his family and begged, pleaded and knocked on doors to get the Marines to send him back to Iraq. It was his third time in combat after previous tours in Afghanistan and Iraq.

He enlisted in the military because of the 2001 terrorist attacks and had recently been promoted to sergeant, his family said.

His elder stepbrother, Aaron Mallin, said Frazier's devotion to the cause was matched by a lifelong interest in stepping in to look after others.

When he was 18, he came home with a black eye. When his brother asked where the shiner had come from, Frazier said he had stepped into a quarrel when he'd seen a man hit a woman.

At home, he looked after his maternal grandmother, Elaine Tate, whom everyone knew as Meemaw. If she needed wood chopped, he did it. If her gutters were clogged, he cleaned them. When the nation was attacked, he felt he had to go.

"He is my little brother, and I idolized him," Mallin said. "It's supposed to be the other way around."

Frazier wanted to be a police officer after graduating from high school, but after Sept. 11, he decided he was going to join the Marines, Mallin said. His mother, Shelia Cutshall, tried to talk him out of it. So did Mallin. They told him not to make a rash decision in anger. They told him to wait a year.

Ten months later, Frazier told them he was still determined to become a Marine. His elder brother, who works for a defense contractor, also tried to persuade his brother to pursue jobs with the Marines that might reduce the risks of combat. But that was not for him.

"He wanted to be an infantryman. He wanted to be a grunt," Mallin said. In telephone calls and notes from Iraq, he expressed concern about the men in his unit with wives and children. "You got the sense that if he could, he would send them home," Mallin said. "He really was quite honorable and passionate about what he did."

Mallin said his younger brother was "fed up" by the mounting doubts expressed back home. After returning from a seven-month tour in April, he began lobbying to go back.

"He begged. He pleaded. He asked for transfers," Mallin said. "Everybody in the family wanted to talk him out of it. But they knew they couldn't."

His family said Frazier asked to be buried near family. A private funeral is to be held at the Montague Baptist Church in Dogue.

Mourners at Parcell's home yesterday declined to be quoted but remembered her as a loving and motivated woman who joined the Marines in 2005, following the path of her older brother Joseph.

The two served together in Iraq briefly before their assignments separated them. Joseph is returning from his tour to be with the family, people at the home said.

Parcell served with the Marine Expeditionary Force based in Okinawa, Japan.

Staff researcher Eddy Palanzo contributed to this report.

Marine Accused Of Murder, Kidnapping Withdraws Guilty Plea (USAT/AP)

USA Today, February 9, 2007

DOJ_NMG_0129791

A military judge granted a Marine corporal's request Thursday to withdraw his guilty plea to charges of murdering an unarmed Iraqi civilian who was dragged from his home and shot.

Cpl. Trent Thomas asked to change the plea, saying he no longer believes he is guilty. Thomas now says he believes he was following a lawful order.

"Sir, when my country gives me an order, I follow it," Thomas told the judge, Lt. Col. Tracy Daley.

Thomas, 25, pleaded guilty Jan. 18 to eight felonies including kidnapping, murder and assault. He was one of a squad of seven Marines and a sailor accused last year of hatching a plot to kill an Iraqi in the town of Hamdania. Four others pleaded guilty to lesser charges. Thomas, the squad's second in command, could face life in prison.

The request to withdraw those pleas came at the beginning of the second day of Thomas' sentencing hearing.

On Wednesday, the Navy medic, who said he was one of Thomas' closest friends, testified that the Marine corporal played an instrumental role in carrying out the kidnapping and murder.

Seaman Recruit Melson J. Bacos testified that Thomas, along with Cpl. Marshall Magincalda, entered the home of Hashim Ibrahim Awad's on April 26 while Bacos and Lance Cpl. Robert Pennington waited outside. Thomas and Magincalda returned with a confused-looking Awad, Bacos said, then the troops started walking him away from the house.

For much of that march, Thomas held onto Awad, Bacos said.

"He was grabbing him, pushing him forward," Bacos said. "If he was talking, he told him to shut up, be quiet."

Bacos said the squad forced Awad into a hole and shot him, then tried to cover it up by placing an AK-47 and shovel by his body to make it look like he was an insurgent planting a bomb.

Prosecutors — as well as other squad members who made plea deals — have said the troops wanted to kill an Iraqi insurgent they suspected of planting bombs. They couldn't find the man, and instead kidnapped Awad, according to court testimony.

Bacos, testifying about 12 feet from where Thomas sat, did not make eye contact with his friend, whom he met in 2004 and served with on an earlier Iraq combat tour. When a prosecutor asked Bacos whether it was difficult to testify about Thomas, he said, "It's not easy at all, sir."

Thomas' wife, Erica Thomas, said outside court that her husband is a Christian and a good father to their 2-year-old daughter, and that he bears no anger toward his colleagues or the Marine Corps for prosecuting him.

"He's got no animosity toward anyone," Erica Thomas said. "He would re-enlist in the Marines if he could."

Judge Clears Contractor Of Fraud In Iraq (WP)

By Dana Hedgpeth

The Washington Post, February 9, 2007

Custer Battles Handled Baghdad Airport Security

A federal judge has dismissed a civil case against a military contractor accused of improperly billing Iraq reconstruction authorities for tens of millions of dollars worth of security services that it did not provide.

U.S. District Judge T.S. Ellis III in Alexandria said there was no evidence that Custer Battles, a firm started by Army veterans Scott Custer and Michael Battles, committed fraud under a $16.8 million contract to provide security at the Baghdad International Airport in 2003.

"It gives them the vindication they deserve," said Robert T. Rhoad, an attorney for Custer and Battles. "They've been fighting these legal battles for the last three years to try to clear their names from these irresponsible claims that have been made by their competitors."

The case is one of two brought against Custer Battles over its work in Iraq for the Coalition Provisional Authority, which ran Iraq after the U.S.-led invasion until a government was elected. A jury found the company, which had offices in Northern Virginia, liable for fraud in an earlier case, but Ellis dismissed that verdict. He ruled that it was improper to bring the charges up in U.S. court because the authority was not a U.S. entity.

Yesterday's ruling involved a second case brought under a federal whistle-blower statute by Robert Isakson, who worked for a Custer Battles subcontractor, and William D. Baldwin, who worked for Custer Battles. They alleged that the company failed to make good on a commitment to provide 138 people as part of its airport security contract. Instead, Alan Grayson, an attorney for Isakson and Baldwin, said Custer Battles moved airport personnel to other contracts and illegally double-billed for their work.

Ellis, however, ruled that the contract didn't call for a specific number of security personnel, and he found that Custer Battles did not knowingly commit fraud.

Grayson said his clients planned to appeal both cases to the U.S. Court of Appeals for the 4th Circuit in Richmond. He pointed to the testimony of Col. Richard Ballard, a former Army inspector general in Iraq, saying that Custer Battles should not

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have charged the CPA for security services because they were not needed; the airport terminal had already been secured by about 21,000 allied troops.

"The judge disregarded evidence of fraud that was in the record, including evidence that was found by a top U.S. official in charge of fettering out fraud in Iraq," Grayson said. "We believe that all these issues have to be decided by a jury."

Charles Tiefer, a government-contracting professor at the University of Baltimore School of Law, said the judge's ruling "means that taxpayers are going to have great trouble recovering any of the money lost by contractor abuses in Iraq."

"He's requiring a high level of proof that a contractor that obtained a juicy award on dubious grounds was 100 percent fully aware that it was planning to cheat the government," Tiefer said.

Rice Authorizes Talks With Syria On Iraqi Refugee Crisis (AFP)

AFP, February 9, 2007

US Secretary of State Condoleezza Rice revealed that she had authorized diplomatic talks with Syria about the Iraqi refugee crisis, despite a continuing freeze on high-level contacts with Damascus.

Rice told a congressional panel that she had instructed the US charge d'affaires in Damascus, Michael Corbin, to meet with the Syrians as part of a new US initiative to tackle a growing Iraqi refugee crisis.

"We have a charge there who does have discussions with the Syrians about a variety of things," she said.

"But I have authorized him explicitly to talk to the Syrians about the issue of refugees."

Officials made clear this did not represent a break with standing US policy not to have high-level diplomatic dealings with the government of Syrian President Bashar al-Assad, which Washington accuses of backing anti-US extremists in Iraq, Lebanon and the Palestinian areas.

"This is consistent and in keeping with our existing relationship with Syria and not something that represents any kind of change in that approach," a senior State Department official said.

"Syria plays into it only to the extent that Syria is a prime location for Iraqi refugees," the official said. Between 600,000 and one million Iraqis are believed to be living in Syria.

The administration of President George W. Bush has been under pressure from domestic critics and overseas allies alike to enter into a dialogue with Syria and Iran as part of a broad diplomatic push to stabilize Iraq and further peace efforts in Lebanon and between Israelis and Palestinians.

But he and Rice have refused, arguing that the allied states would seek unacceptable concessions in exchange for their help.

In a sign of the continuing tensions, Syrian Vice President Faruq al-Shara Thursday blamed Washington for the "humanitarian catastrophe" involving Iraqi refugees.

The influx of refugees has "imposed heavy economic, social and security burdens" on Syria, he said.

According to the United Nations, about two million Iraqis out of a population of 26 million have fled the country to escape the war and mounting sectarian violence, many going to Syria and neighboring Jordan.

Another 1.8 million have been forced to flee their homes to safer areas inside Iraq.

Washington has been accused of not doing enough to help the millions of people displaced by the war it unleashed nearly four years ago, having taken in fewer than 500 Iraqi refugees since 2003.

In response, Rice announced on Monday the creation of a high-level task force to look into the issue.

The group force will examine what additional help the United Nations needs to deal with the immediate humanitarian needs of Iraqi refugees both inside Iraq and in neighboring countries, State Department spokesman Tom Casey said.

It will also examine how to speed up processing refugees for resettlement, including in the United States, he said.

Rice is scheduled to meet here next week with the UN High Commissioner for Refugees, Antonio Guterres, to discuss the issue, Casey added.

The United States withdrew its ambassador from Syria after accusing Damascus of involvement in the February 2005 assassination in Beirut of former Lebanese prime minister Rafiq Hariri, an outspoken critic of Syria's occupation of his country.

But Washington maintains its embassy in Damascus and Corbin and other diplomats are in regular contact with their Syrian counterparts, Casey said.

Syria: Won't Force Iraqis To Return (AP)

By Bassem Mroue

AP, February 9, 2007

DOJ_NMG_0129793

Syria will not force any Iraqi refugees to return to their homeland despite the exchange of harsh words between the two countries, the U.N. refugee chief said Thursday.

The United Nations High Commissioner for Refugees Antonio Guterres thanked Syria for absorbing a large number of Iraqis who fled the violence in their war-torn country.

Guterres spoke during a visit to a public clinic in Damascus' al-Sayda Zeinab suburb, where many Iraqi refugees live. Earlier in the day, he discussed the status of refugees with Syria's vice president, interior minister and deputy foreign minister.

Iraqis in Syria say they now get a 15-day permit to stay, after which they have to apply for a three-month permit that can be renewed once. After six months, if an Iraqi is not a student or does not have a business or a job, he or she has to leave the country for at least 30 days before being allowed back in again.

In the past, Iraqis needed only an exit stamp in their passports, and many drove to the border and re-entered the same day. No Syrian official has confirmed the measure pertaining to the 30-day stay outside Syria.

But Interior Minister Bassam Abdul-Majid said Iraqis would henceforth have to apply for an official resident permit after 15 days of entering Syria, the Syrian Arab News Agency reported Thursday.

The measure is meant to bring order to issuing residential permits for Iraqis, and help create an accurate count of refugees, Abdul-Majid said.

No Iraqis have been deported so far, he said.

Guterres described talks with Syrian leaders as "very open and frank."

They "were clearly saying that they consider these Iraqis as sisters and brothers and they will not be pushed or forced to go to Iraq. I think that is a very important statement," Guterres said.

Last week, Iraqi government spokesman Ali al-Dabbagh accused Syria of putting thousands of Iraqis in difficult conditions. He also said half the foreign insurgents in Iraq enter the country from Syria.

Guterres has also visited Saudi Arabia, Kuwait and Jordan on a tour to push for assistance for the refugees.

Syria, with a population of 18 million, has some 800,000 Iraqi refugees and 500,000 Palestinians. The country also received about 1 million Lebanese refugees in the summer war between Israel and the Islamic militant Hezbollah last year.

Turkish Official Warns Against Vote On Kirkuk (WP)

By Glenn Kessler

The Washington Post, February 9, 2007

Turkish Foreign Minister Abdullah Gul warned yesterday that a referendum planned this year on the status of the Iraqi city of Kirkuk should be canceled or else the outcome might widen the sectarian violence that has largely left the northern part of Iraq untouched.

Under Iraq's constitution, the oil-rich city will be able to decide whether to join the Kurdish-dominated Kurdistan region. Turkey, plagued by terrorist attacks by Kurdish separatist rebels, is concerned that control of the city by the semiautonomous Kurdistan would give the region the economic clout to break free from Iraq.

Gul, in a lunch with Washington Post editors and reporters, argued that Kirkuk is an ethnically mixed city, "a small Iraq," and thus should receive a negotiated separate status that keeps it apart from the Kurdish region. Historically there were large percentages of Kurds, Arabs and Turkmens in the city, but former Iraqi leader Saddam Hussein attempted to "Arabize" the city. Now, in advance of the vote, Arabs and Turkmens have been driven out, and as many as 350,000 Kurds have flooded the city of 1 million people.

"If Kirkuk is included in one region, that will be a big mistake," Gul said. "Some people want to escape from this bad situation, but they should not fall into a worse situation." Partition of Iraq, he said, "will be the worst situation."

Analysts believe the Kurds will prevail in a vote, but Gul said ethnic groups such as the Turkmens will probably boycott it, depriving the result of legitimacy. He exclaimed: "You think the problem will be solved. No, the problem will get big!"

Turkish officials have warned that they may intervene if the vote goes against their interests. Gul declined to say what would happen, but he pointedly noted that Turkey currently provides Kurdistan with its electricity and 90 percent of its gasoline. He said Turkey is eager for Kurdistan to thrive as part of a stable Iraq.

"You want to think we are against the Kurds," he said. "That is wrong."

Gul said he raised Turkey's concerns about the referendum with U.S. officials, including Secretary of State Condoleezza Rice, in meetings this week. "I saw an awareness about this problem," he said. "Last year it was not like that."

Gul further warned that Washington must take action against militants from the Kurdistan Workers' Party, holed up in Kurdistan. He noted that Turkey is an active contributor of troops to Afghanistan but said, "We don't accept a double standard here," indicating that Turkish patience is ending.

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Gul reiterated concerns that strong U.S.-Turkish relations would be shattered if Congress passes a resolution to condemn as genocide the early-20th-century killings of up to 1.5 million Armenians. Turkey's predecessor state, the Ottoman Empire, has been blamed by most scholars for the deaths, but the Turkish government says the toll is exaggerated and the deaths were largely the result of civil unrest, not genocide.

"If it passed, there will be a real shock in Turkey" and the Turkish government would not be able to prevent popular demands to stop cooperating with the United States, Gul said.

Italy Asks U.S. For Judicial Cooperation (AP)

AP, February 9, 2007

The Foreign Ministry on Thursday urged the United States to cooperate on judicial matters after a court indicted a U.S. soldier for the fatal shooting of an Italian intelligence agent at a checkpoint in Baghdad.

Spc. Mario Lozano, a member of the New York-based 69th Infantry Regiment, was indicted Wednesday for murder and attempted murder in the death of Nicola Calipari, who was shot in 2005 on his way by car to Baghdad's airport shortly after securing the release of an Italian journalist who had been kidnapped.

Another agent, who was driving the car, and the journalist, Giuliana Sgrena, were wounded.

Italy has not sought Lozano's extradition so far but prosecutors have lamented that U.S. authorities have not responded to requests for more details about the soldier and haven't passed on to him documents concerning the investigation.

Foreign Ministry spokesman Pasquale Ferrara stressed that the Italian judiciary had taken an "independent and autonomous initiative," but said the two countries should cooperate under a treaty of mutual assistance.

"All the opportunities for bilateral cooperation offered by the treaty of mutual judicial assistance that is in effect between Italy and the United States must be fully taken," Ferrara said during a briefing at the ministry.

The comments were made ahead of scheduled talks later Thursday between Foreign Minister Massimo D'Alema and U.S. Ambassador Ronald P. Spogli — a meeting that comes amid recent friction in relations between Washington and Rome.

The Pentagon indicated Wednesday that Lozano would not be extradited, saying it considered the incident a "closed matter." The soldier, who is set to be tried in absentia in April, has said through friends in the military that he had no idea the car was carrying the Italians.

Nerves in Rome were frayed last week by a published appeal by Washington's ambassador and envoys from Britain and four other allies for Italy to keep up its military mission in Afghanistan. While insisting that Italy would continue its commitment in Afghanistan, D'Alema criticized the appeal as interference in Italian affairs.

On Thursday evening, D'Alema, who is also deputy premier, reiterated that commitment in talks with Spogli, the Foreign Ministry said.

The meeting allowed both sides to confirm "that traditional constructive collaboration ... which characterizes the relationship between the two countries and between the two governments, and that is based on consolidated understanding and friendship and on a broad sharing of values and aims," the ministry said.

D'Alema and Spogli discussed the published appeal on Afghanistan by the allies and "agreed that the case should be considered definitively closed for good," according to the ministry.

Premier Romano Prodi has pledged to keep Italy's 1,800-member contingent in Afghanistan but far-left allies in his coalition are uneasy with the decision and are threatening to vote against refinancing the mission in an upcoming vote in parliament.

NATO Asked To Meet Promises Already Made To Afghanistan (NYT)

By Thom Shanker

The New York Times, February 9, 2007

SEVILLE, Spain, Feb. 8 — Defense Secretary Robert M. Gates, attending his first conference of NATO defense ministers, told these American allies that they must fulfill their commitments to provide troops for Afghanistan in time for a spring offensive against the Taliban.

Mr. Gates and other NATO officials said progress had already been made on one issue, getting NATO members to lift some of their individual restrictions on the types of operations their forces would be allowed to carry out in Afghanistan.

The goal of the two-day defense ministers' conference here, NATO leaders stressed, was not to obtain new promises of troops and equipment, but rather to compel the member nations to keep the promises they had already made for the organization-led force that provides security operations in Afghanistan.

However, the defense ministers also discussed a new assessment of the situation in Afghanistan prepared by Gen. John Craddock of the United States Army, who recently took over as the supreme allied commander in Europe.

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General Craddock's classified review, called a Combined Joint Statement of Requirements, proposes new force levels, and NATO officials say privately that it seeks commitments of about 2,000 additional troops as well as more helicopters and transport aircraft.

Gen. David J. Richards of Britain, the previous NATO commander in Afghanistan, had said last month that unmet pledges of troops and equipment from NATO countries left him 10 to 15 percent short of the forces he needed.

NATO has about 35,000 troops in Afghanistan, about 13,000 of them American. The United States has an additional 9,000 troops in Afghanistan operating outside the NATO mission, handling tasks like specialized counterterrorism work and helping to train Afghan forces. An American, Gen. Dan K. McNeill of the Army, took command of the NATO mission this month, reporting to General Craddock.

"There are no formal decisions taken," Jaap de Hoop Scheffer, the alliance's secretary general, said when asked whether the defense ministers had moved toward new troop commitments. "It also is not a force-generation meeting."

Even so, senior officials of NATO nations said more troops were needed because past pledges remained unfulfilled. But they declined to reveal the number of troops or the nations, citing diplomatic sensitivities.

"There is still a request out there for additional forces," said one senior American official traveling with Mr. Gates.

In the years since they were removed from power by the American-led invasion of Afghanistan in 2001, Taliban fighters there have tended to lie low during the mountainous country's harsh winter and return to action when the weather warms.

Mr. Gates said the goal this year is to have alliance forces ready to beat them to the punch.

"The spring offensive in Afghanistan should be our offensive," Mr. Gates said. "I am optimistic we are going to be successful."

Mr. Gates said he had reaffirmed to the NATO allies that he would extend for 120 days the tour of a brigade of Army troops. He also cited the United States' promise of $8.6 billion for Afghanistan's security forces and $2 billion more for economic development.

NATO officials say Germany has announced that it will add six combat aircraft to the Afghanistan effort to conduct reconnaissance missions. Other nations have said they will send more security trainers.

But Germany's offer seemed somewhat tempered by comments from Franz-Josef Jung, the defense minister. "I do not think it is right to talk about more and more military means," he said according to German press accounts. "When the Russians were in Afghanistan they had 100,000 troops and didn't win."

Asked about those comments, Mr. Gates said the NATO defense ministers had agreed it was important to adopt a comprehensive approach in Afghanistan that would include military action but also bolster programs to improve the economy and government — and to counter the narcotics trade.

American commanders have said that the NATO mission in Afghanistan has been hampered by restrictions, known as national caveats, that some governments placed on their units.

War On Taliban Nears Pivotal Mark (WT/AP)

By Lolita C. Baldor, Associated Press

The Washington Times, February 9, 2007

The United States and its allies must launch their own offensive this spring against the Taliban in Afghanistan, a senior defense official said yesterday, calling this a pivotal time in the nearly five-year-old war there.

Previewing the message Defense Secretary Robert M. Gates was to deliver to NATO allies at a meeting here yesterday and today, the official said now is the time to finally defeat the Taliban, who harbored planners of the September 11, 2001, attacks that prompted the U.S. global war on terror.

In addition, NATO's new top commander, U.S. Army Gen. John Craddock, was presenting ministers with a plan to "rebalance" the force of 35,000, using the more mobile combat units in the southern and eastern regions along the border with Pakistan where combat is expected to be most intense.

Allied officials said Gen. Craddock was seeking 1,500 to 2,000 extra combat troops in addition to the extra brigade provided by the United States and about 800 more from the British. They said he is asking for a couple of combat battalions and some support forces.

The end of winter traditionally has brought an upsurge in attacks by Taliban militants in Afghanistan, and U.S. commanders already have predicted that this spring will be even more violent than last year, when a record number of attacks included nearly 140 suicide bombings.

"We think the upcoming spring in Afghanistan is a pivotal moment in the conflict, and we're encouraging the allies to do as much as they can as soon as they can," said the official, who spoke on the condition of anonymity because the planned

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discussions had not been presented to allies. "The offensive should be our offensive. That's the offensive we've been communicating to the allies."

The defense official said there are no plans to further increase the U.S. troop commitment to Afghanistan.

About 27,000 U.S. troops are in Afghanistan, the highest number since the start of the war in 2001. About 15,000 of those troops are serving in the NATO-led force, which now totals about 35,000, while the other 12,000 are special operations forces or are training Afghan troops.

Mr. Gates, who was making his first appearance at a NATO defense ministers meeting, began a series of private meetings with his colleagues yesterday.

Mr. Gates has said he thinks there is a need for more military trainers to work with the Afghan army.

The call for a spring offensive comes just three weeks after Mr. Gates made his first trip to Afghanistan, which was followed quickly by his decision to increase U.S. troop levels there by several thousand. He ordered a brigade -- or about 3,200 soldiers -- from the New York-based 10th Mountain Division to extend their tour in Afghanistan by four months.

Mr. Gates, who took over the job in late December after the resignation of Donald H. Rumsfeld, will spend about two days at the NATO meeting, then go on to Munich for the annual security conference.

Bombing Campaign Intensifies In Afghanistan (USAT)

By Tom Vanden Brook

USA Today, February 9, 2007

Air Force uses precision systems against Taliban

The Pentagon is ramping up its bombing campaign in Afghanistan as it plans a major offensive against the resurgent Taliban in the spring.

Close-air-support missions flown by U.S. Air Force pilots increased nearly 80% in the first five weeks of 2007 compared with the same period last year, records show. In such missions, aircraft attack enemy ground forces in close proximity to friendly forces.

The Air Force plans to send in dozens more precision bomb-targeting systems that allow troops on the ground to call in close-air-support missions within a few hundred yards of their own position.

That technology, called ROVER (Remotely Operated Video Enhanced Receiver), allows troops on the ground to share video with pilots in attack aircraft so they both see the target simultaneously, said Lt. Col. Greg Harbin, one of the lead officers on the Air Force ROVER program. He plans to deliver 50 systems to coalition forces in Afghanistan in March.

Along with increasing the effectiveness of airstrikes, the systems will reduce the number of "friendly fire" incidents that have strained relations between U.S. and allied militaries, Harbin said.

Defense Secretary Robert Gates said NATO allies agreed Thursday on a strategy that includes fighting the Taliban, developing the government and economy and training and equipping the Afghan army.

The Taliban has gotten more aggressive each spring, Gates said. The fundamentalist Islamic theocracy ran Afghanistan until ousted by U.S. and allied forces in 2001.

"It's important we knock that back," Gates said of the Taliban's expected offensive. His remarks came after a meeting with defense ministers from NATO countries.

Last month, President Bush asked Congress to spend $10 billion in Afghanistan over the next two years — $8 billion to train and equip Afghan security forces and $2 billion to fund reconstruction projects. The Pentagon also announced Jan. 25 that 3,200 U.S. soldiers with the 10th Mountain Division will stay in Afghanistan four more months to bolster the force there.

There are about 21,000 U.S. troops in Afghanistan: 13,000 of them work with NATO troops in the International Security Assistance Force; 8,000 train Afghan troops and mount counterterrorist operations.

Two NATO nations, Denmark and Lithuania, agreed Thursday to bolster their contingents in Afghanistan. Franz-Josef Jung, Germany's defense minister, questioned the need to for more troops.

"I do not think it is right to talk about more and more military means," Jung said. "When the Russians were in Afghanistan, they had 100,000 troops and didn't win."

Gates said some NATO nations lifted restrictions on how and where their troops are used. He did not provide specifics on the restrictions, also called caveats.

The caveats placed on allied troops have stymied U.S. efforts to counter the Taliban insurgency. Some restrictions involve a refusal to fight in bad weather or in certain parts of the country, said a November report by the Congressional Research Service (CRS).

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Gen. James Jones, who heads the U.S. European Command, asked Germany last fall to send troops to southern Afghanistan to fight the Taliban, but Germany declined, according to the report.

NATO asked France, Turkey, Italy and Spain to send troops to the south, but they, too, declined. The countries said that they had committed troops to peacekeeping forces in Lebanon or that their own areas of responsibility in Afghanistan remained "restive," according to the CRS report.

Though the report noted that problems with caveats remain in Afghanistan, it said the Netherlands had increased its fighting role despite the move's unpopularity with Dutch voters.

Coalition nations have been involved in friendly-fire incidents in which their troops have been killed by U.S. or other forces.

Harbin, the Air Force officer, said the ROVER system can prevent incidents such as one in which a U.S. pilot mistakenly fired on a British convoy in Afghanistan, killing one British soldier. Other friendly-fire incidents include four Canadians being killed in 2002 and one Canadian killed last September.

The Air Force has loaned 12 ROVER systems to British troops.

Virtual War, Real Healing (LAT)

By Larry Gordon

The Los Angeles Times, February 9, 2007

San Diego — NONE of this is really happening, but the experience is almost overwhelming in "virtual Iraq."

The Humvee plows along a desert road. The engine rumbles underfoot and Blackhawk choppers whirl overhead. A sandstorm blows in, and insurgents pop up and start to shoot with sickening blasts that shatter the windshield. Is that the smell of burning rubber?

Those sensations of war are being fed into a special helmet, goggles and earphones. They are conjured by a computerized virtual reality developed in part by gaming engineers and psychologists at USC and being tested, among other places, at the Naval Medical Center in San Diego. The goal is to treat post-traumatic stress disorder.

Universities, private firms and the federal government are pouring millions of dollars into creating and testing such virtual Iraqs to help ease the psychological disorder that, according to a 2004 study by the Walter Reed Army Institute of Research, affects more than 15% of combat personnel returning from Iraq.

Sufferers may have anxiety, nightmares, flashbacks, emotional numbness, extreme jumpiness and physical pain. Unable to return to combat or civilian jobs, some receive disability payments for years or for life.

With a therapist's supervision, the virtual Iraqs are designed to vividly, yet safely, allow those veterans to confront war experiences in ways that go beyond traditional counseling and drug therapy. The computer programs, even with the somewhat cartoonish digital depictions of combat, seek to relieve trauma by repeatedly revisiting its origins and not letting fear fester. Lt. Cmdr. Robert McLay, a Navy psychiatrist who is a research leader on virtual-reality treatment of PTSD in San Diego, explained that more customary forms of exposure therapy for trauma may require visits to actual locations, such as returning a rape victim to the scene of the assault. "You don't want to send someone who is traumatized back to Iraq," he said. "This allows us to bring someone back, but within the situation here."

And, he said, some PTSD sufferers are unable or unwilling to recall things in counseling sessions without stimuli, such as the digital images of a combat hospital, a recorded Islamic prayer melody or the smell of cordite explosives misted into a psychologist's office.

In 2005, the Office of Naval Research awarded $4 million to support tests of such virtual-reality treatments in San Diego and at Tripler Army Medical Center in Hawaii. The funds also bolster related work by USC's Institute for Creative Technologies in Marina del Rey, the University of Washington and allied high-tech firms.

Cmdr. Russell Shilling, the Office of Naval Research's program officer for medical science and technology, said virtual Iraqs might be especially useful to remove the stigma of psychological therapy for a younger generation who grew up playing video games.

Though it is too early to make judgments about the trial runs, early results "look very promising," Shilling said.

The National Institute of Mental Health is funding a $2-million study at Emory University School of Medicine that uses a virtual Iraq along with a drug, D-cycloserine, that has been shown to reduce the fear of heights.

"The potential impact for men and women with stress adjustment problems is really substantial" and the possible impact on medical research "is extraordinarily important," said Farris Tuma, chief of the national institute's traumatic stress disorders program.

But Tuma cautioned that no treatment is a panacea. "We want to be careful not to oversell it as a simple fix for very complex conditions," he said.

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AT the sprawling Navy hospital near San Diego's Balboa Park, researchers are testing two somewhat different systems: one for combat fighters who saw no relief from other therapies, the other for medics and support staff traumatized by war.

So far, McLay said, nine people have completed the cycle of 10 sessions. The goal by next year is have 150 treated at San Diego and Camp Pendleton, including some also suffering from concussions and crushed limbs.

Marines put on a helmet and goggles that allow them to be visually and aurally engulfed, often for 45 minutes. They stand or sit over a small platform that can vibrate. They work a joystick that allows them to walk or ride at various speeds. They can change directions on computerized streets and alleys by twisting their heads and bodies. In one biofeedback version, their respiration, heart rate and palm sweat are monitored.

Psychologists such as Karen Perlman sit at computers and help tailor the experience to the patients, conversing with them throughout.

The treatment usually starts with a digital scene and no violence. But in subsequent sessions, the therapists — after giving warning — heighten the intensity and specifics of the re-created event. They can make the platform shake more violently. They can set off simulated explosions and gunfire and add fog, smoke and night-vision effects, along with the smells of body odor and Iraqi spices.

"Habituation occurs when they repeat their story over and over again," Perlman said. "They start to learn they can tolerate their distress, they can work through it."

If all of that proves to be too much, the session can be interrupted for a discussion or be made less vivid.

Researchers say they want to ensure the experience feels real enough to trigger emotions without being overly bloody. Though some patients have temporarily removed the goggles or asked for a break, no one has completely freaked out, according to McLay. "We are prepared for that experience," he said. "The great thing about virtual reality is that you can turn it off."

Citing privacy issues, authorities did not allow interviews with patients. But a reporter was permitted to talk to a Navy medic who recently served in Iraq and who, though not a PTSD patient, tried one system.

"It's pretty real. The vibration and the sights and sounds and everything were pretty darn close. I was waiting for shrapnel overhead," said Eugene Gochicoa, a Navy corpsman 1st class. "It did kind of take me back to when I was back there … except I knew I was safe here."

FOR a reporter, a test run at USC's lab had a disorienting double effect: the fun of being inside an astonishingly lively video game but also the dread of being trapped in a dangerous situation that other people controlled. The scenarios were changed to give me a sampling: I drove a Humvee through a smoky field until insurgents' bullets cracked the windshield. I had a growing sense of paranoia. I heard my own footsteps as I walked quickly down a street past suspicious characters.

Hearing prayer calls, I entered a beautifully decorated mosque, where I suddenly encountered a gunman. Again, the story line switched and I heard and felt helicopters nearby. I ran past burning cars and a wounded man holding his head. Am I the next to be shot?

Engineers want to make systems more portable. And redesigns may make the simulated urban streets messier and add smells — such as roasting lamb.

One of the systems grew out of the computerized war training program known as Full Spectrum Command, which was designed, with Army funding, at USC's Institute for Creative Technologies. The institute also produces Hollywood special effects and multimedia systems for healthcare and education.

The Army software later was adapted for the popular Full Spectrum Warrior video game and then morphed again, in collaboration with Virtually Better Inc. in Georgia, for the therapy. "From training to toy to treatment" is the way the sequence was described by USC professor Albert "Skip" Rizzo, one of its adapters, along with computer engineer Jarrell Pair.

Rizzo, a psychologist who works in gerontology and directs the institute's virtual-reality psychology lab, previously used other VR programs to aid Alzheimer's and brain-injury patients and youngsters with attention deficits. VR, as it is often called, is being tried around the country for addictions and phobias, such as fear of flying. Weill Cornell Medical College in New York is testing a version for people who witnessed or responded to the terrorist attacks on the World Trade Center in 2001.

Because there are no clear battle lines and it is difficult to identify enemies, the Iraq war is a petri dish for the constant stress that can produce PTSD, Rizzo said.

"We are sending teenagers 19 years old to fight wars, and we owe them whatever can be done, using the latest technology, to look after those people after the fact," he said.

The federal government has a financial, as well as humanitarian, interest in trying to speed treatment and reduce long-term disability payments. But even if some otherwise healthy malingerers use the technology to bolster phony trauma claims, Rizzo said, he can live with that "as long as I know that the people who really need the treatment are getting it."

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A more primitive virtual-reality therapy — depicting a jungle and Vietnam-era helicopters — produced some significant improvement for Vietnam War veterans, researchers at the VA Medical Center in Atlanta reported in 2001. According to study leader Barbara Rothbaum, director of Emory University's trauma and anxiety recovery program, the experience was so effective that some of those veterans said they saw tanks and Viet Cong, even though none were presented on-screen.

Patients, she said, "will fill in with their own memories."

A Better Way (WSJ)

By Morton Abramowitz And Leslie H. Gelb

The Wall Street Journal, February 9, 2007

Not many in Washington think President Bush's military surge will solve Iraq, but there is plenty of enthusiasm for a diplomatic surge. The Iraq Study Group, much of Congress, think-tankers and media pundits urge diplomacy as the way out. "Give diplomacy a chance," they say. "Talk to everybody, especially the bad guys, and we'll find common ground." The general enthusiasm is not surprising, given the decline of diplomacy during the Bush administration.

We should be wary of quick fixes. Military or diplomatic surges reflecting desperation rarely turn out as hoped. Diplomacy cannot resolve Iraq's internal conflicts, though it may help lubricate a deal reached by Iraqis, or an American exit from Iraq. Region-wide diplomacy can help over the long term, if based on a sound policy to re-establish American power in the Mideast, Gulf and world-wide.

But diplomacy by itself rarely changes the facts on the ground, and right now, the facts appear to be a nonfunctioning central government, half the country sunk in civil/sectarian war, and Sunnis leaving Iraq in droves. Despite optimistic rhetoric about diplomacy, it is virtually certain that the neighbors won't step into this maelstrom, rescue the U.S. and compel their various Iraqi allies to buy a deal. At this point, no diplomatic enthusiast has explained convincingly what incentives Syria and Iran have to help the U.S.

Nor do the neighbors have the power to compel a settlement. Advocates of a diplomatic solution say the U.S. can do in Iraq what it did in Bosnia with the Dayton Accords. But Iraq is not Bosnia. At Dayton, the U.S. and eventually Serb leader Slobodan Milosevic himself wanted the war to end, and, most importantly, had the muscle to compel the parties to accept the territorial and political divisions produced by war. In Iraq, the U.S. is not able to enforce its will, and no neighbor, or group within Iraq, has the power that Milosevic had in Bosnia.

Regional diplomacy might prove useful if the Iraqis gain momentum toward a power-sharing deal, but can't make tough calls without outside aid and pressure. At that point, the neighbors could help. But as for Arab-Israeli talks helping to settle Iraq -- that's an illusion.

Iraqi leaders don't care much about the Palestinians. They see them as past supporters of Saddam Hussein. Where serious American efforts to broker an Israeli-Palestinian deal could help is not in Iraq, but in tamping down further inroads by Iran among Arab terrorist groups.

In fact, this is where the real value of U.S. diplomacy comes in. Iranians and terrorists can stoke hatred and wars; only the U.S. can lead the parties toward peace agreements and economic development. But to do this, Washington needs a coherent policy before it can have an effective diplomacy. The Bush team first has to figure out realistically how to change the balance of incentives and pain for Iran and Syria, and then translate this into diplomacy.

Right now, the U.S. is isolated, widely seen as without a coherent policy, and therefore without much power. Yet the ultimate paradox is that the U.S., not Iran, remains the major power in the area.

Diplomacy with Iran will take patience and the non-hysterical application of American power. Iran is a politically divided and economically poor country; it is not a regional superpower. Most Iranians don't like their present political leaders and are open to the U.S. connection. Without giving up, or giving in on key security concerns, Washington can let the great majority of Iranians in and out of government see the benefits of better relations with the U.S., and allow that thought to settle in. As for Syria, it causes a lot of trouble in the region, but its leaders, with their own internal problems, also have demonstrated they can act on national self-interest when Washington gives them that choice.

If the U.S. puts the policy pieces in place -- working toward a realistic outcome in Iraq, toning down bellicose rhetoric, pursuing Arab-Israeli talks, and letting America's economic and political power do the talking -- most nations will rally to us. That's what happened in Asia during the darkest days of Vietnam. President Nixon and Secretary of State Kissinger put together triangular diplomacy with China and the Soviet Union, giving the U.S. new global diplomatic leverage, and they reaffirmed American military presence and security commitments to Asian friends. East Asian countries knew they needed America for their peace and prosperity, and quickly moved behind Washington. Though different from Asia, Arab leaders also know they need America.

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Probably, the U.S. would have done better to try to establish and maintain diplomatic contacts with friends and enemies in the region all along. But too much water and blood have now passed under the bridge for such wishful thinking.

Jumping into diplomacy without a careful weighing of underlying policy and power could strengthen the bargaining hands of the tyrannical regimes, confuse and unsettle friends, and put all the pressure for making concessions on the U.S. Better for the moment to let the Saudis continue sounding out the parties, and spend the next months figuring out exactly what to do in Iraq, how to use diplomacy to support that, and how to re-establish U.S. diplomatic power in that nasty part of the world.

Mr. Abramowitz is a senior fellow of the Century Foundation. Mr. Gelb is president emeritus of the Council on Foreign Relations.

An Iraq Interrogator's Nightmare (WP)

By Eric Fair

The Washington Post, February 9, 2007

Aman with no face stares at me from the corner of a room. He pleads for help, but I'm afraid to move. He begins to cry. It is a pitiful sound, and it sickens me. He screams, but as I awaken, I realize the screams are mine.

That dream, along with a host of other nightmares, has plagued me since my return from Iraq in the summer of 2004. Though the man in this particular nightmare has no face, I know who he is. I assisted in his interrogation at a detention facility in Fallujah. I was one of two civilian interrogators assigned to the division interrogation facility (DIF) of the 82nd Airborne Division. The man, whose name I've long since forgotten, was a suspected associate of Khamis Sirhan al-Muhammad, the Baath Party leader in Anbar province who had been captured two months earlier.

The lead interrogator at the DIF had given me specific instructions: I was to deprive the detainee of sleep during my 12-hour shift by opening his cell every hour, forcing him to stand in a corner and stripping him of his clothes. Three years later the tables have turned. It is rare that I sleep through the night without a visit from this man. His memory harasses me as I once harassed him.

Despite my best efforts, I cannot ignore the mistakes I made at the interrogation facility in Fallujah. I failed to disobey a meritless order, I failed to protect a prisoner in my custody, and I failed to uphold the standards of human decency. Instead, I intimidated, degraded and humiliated a man who could not defend himself. I compromised my values. I will never forgive myself.

American authorities continue to insist that the abuse of Iraqi prisoners at Abu Ghraib was an isolated incident in an otherwise well-run detention system. That insistence, however, stands in sharp contrast to my own experiences as an interrogator in Iraq. I watched as detainees were forced to stand naked all night, shivering in their cold cells and pleading with their captors for help. Others were subjected to long periods of isolation in pitch-black rooms. Food and sleep deprivation were common, along with a variety of physical abuse, including punching and kicking. Aggressive, and in many ways abusive, techniques were used daily in Iraq, all in the name of acquiring the intelligence necessary to bring an end to the insurgency. The violence raging there today is evidence that those tactics never worked. My memories are evidence that those tactics were terribly wrong.

While I was appalled by the conduct of my friends and colleagues, I lacked the courage to challenge the status quo. That was a failure of character and in many ways made me complicit in what went on. I'm ashamed of that failure, but as time passes, and as the memories of what I saw in Iraq continue to infect my every thought, I'm becoming more ashamed of my silence.

Some may suggest there is no reason to revive the story of abuse in Iraq. Rehashing such mistakes will only harm our country, they will say. But history suggests we should examine such missteps carefully. Oppressive prison environments have created some of the most determined opponents. The British learned that lesson from Napoleon, the French from Ho Chi Minh, Europe from Hitler. The world is learning that lesson again from Ayman al-Zawahiri. What will be the legacy of abusive prisons in Iraq?

We have failed to properly address the abuse of Iraqi detainees. Men like me have refused to tell our stories, and our leaders have refused to own up to the myriad mistakes that have been made. But if we fail to address this problem, there can be no hope of success in Iraq. Regardless of how many young Americans we send to war, or how many militia members we kill, or how many Iraqis we train, or how much money we spend on reconstruction, we will not escape the damage we have done to the people of Iraq in our prisons.

I am desperate to get on with my life and erase my memories of my experiences in Iraq. But those memories and experiences do not belong to me. They belong to history. If we're doomed to repeat the history we forget, what will be the consequences of the history we never knew? The citizens and the leadership of this country have an obligation to revisit what took place in the interrogation booths of Iraq, unpleasant as it may be. The story of Abu Ghraib isn't over. In many ways, we have yet to open the book.

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The writer served in the Army from 1995 to 2000 as an Arabic linguist and worked in Iraq as a contract interrogator in early 2004. His e-mail address isierictfair@comcast.net.

Britney Vs. The Terrorists (WP)

By Robert R. Reilly

The Washington Post, February 9, 2007

In the spring of 2003, across a field of rubble in Baghdad, a young Iraqi journalist accosted me and demanded: "Why did you stop broadcasting substance and substitute music?" The year before the Broadcasting Board of Governors, the government entity in charge of radio broadcasting, had shut down the Voice of America's Arabic service, and it ended most of its Farsi service in 2003. Voice of America had been broadcasting features, discussions of issues and editorials reflecting U.S. policies. But now it filled 50 minutes of each hour on Arabic-language Radio Sawa and most of the time on Persian-language Radio Farda with Eminem, J. Lo and Britney Spears.

This change in format provoked other angry questions: Are Americans playing music because they are afraid to tell the truth? Do they not have a truth to tell? Or do they not consider us worth telling the truth to?

We did not fight communism with pop music. In fact, during the Cold War, America used its government media institutions to broadcast its ideas and beliefs. So why are we not refashioning those successful broadcast strategies and trying to spread our ideas in the Muslim world, the breeding ground of much of the world's terrorist threats?

Members of the Broadcasting Board of Governors (BBG) have shared their answer: Radio Sawa's progenitor, media mogul Norman Pattiz, was still serving his Clinton-appointed term in 2002 when he told the New Yorker that "it was MTV that brought down the Berlin Wall." (Not Ronald Reagan, Lech Walesa or Vaclav Havel, of course.) President Bush's appointees did not improve the board's outlook. In October 2002, Ken Tomlinson, then the board's new chairman, approvingly quoted his son as saying Spears's music "represents the sounds of freedom." It seems that the board transformed the "war of ideas" into the battle of the bands.

So, is MTV winning the "war of ideas"? After years of the United States broadcasting Britney Spears to the Levant, the average radical mullah has not exactly succumbed to apoplexy or come to love democracy. A State Department inspector general's draft report on Radio Sawa (the final report was never issued) found that"it is difficult to ascertain Radio Sawa's impact in countering anti-American views and the biased state-run media of the Arab world." Or, as one expert panel assembled to assess its value concluded, "Radio Sawa failed to present America to its audience."

The BBG has achieved part of its objective in gaining large youth audiences in some areas of the Middle East, such as in Amman, Jordan, where it has an FM transmitter. But as the Jordanian journalist Jamil Nimri told me: "Radio Sawa is fun, but it's irrelevant." We do not teach civics to American teenagers by asking them to listen to pop music, so why should we expect Arabs and Persians to learn about America or democracy this way? The condescension implicit in this nearly all-music format is not lost on the audience that we should wish to influence the most -- those who think.

Some, of course, suspect that the United States is consciously attempting to subvert the morals of Arab youth. Undersecretary of State Karen Hughes told columnist Cal Thomas in December that our "view of freedom is sometimes seen as licentiousness. . . . And that is only exacerbated by the movies and the television and some of the music and the lyrics that they see exported from America." Especially, Hughes might have added, since the BBG, on which she sits as an ex officio member, promotes this very image.

Becoming a caricature of ourselves is bad policy and bad public diplomacy. The job of U.S. international broadcasting is to present, before we are attacked, what much of the world saw only after Sept. 11 -- the sacrifice, bravery and piety of the American people -- as part of a complete picture. By presenting this aspect of our culture, we might even prevent the miscalculations of those who believe they should attack the United States or can do so with impunity because we are a weak, irreligious, morally corrupt country.

We need radio broadcasting in the "war of ideas," but it has to deal in ideas to be effective. The "MTV message" is something that commercial broadcasting can do and would do better than government-funded radio. Government broadcasting is needed when the United States must communicate a message to a key audience that that audience otherwise would not hear.

Music may have a role in this kind of broadcast mission, but only if it is part of a larger, idea-based strategy. Where are the ideas that will help us win this war, and why are they not being deployed by all available means to the places that most need to hear them? Isn't it time to change our tune?

The writer was the 25th director of the Voice of America and was senior adviser to the Iraqi Ministry of Information during Operation Iraqi Freedom.

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Your Money At War (NYT)

By Kristin Henderson

The New York Times, February 9, 2007

Washington

EVERY morning that my husband was in a war zone, whether it was Afghanistan or Iraq, I woke up knowing that today could be the day my world might end. He's a Navy chaplain, but when he's convoying with the Marines, hunkering down with them under fire, he is as exposed as they are. Even those tucked away on bases over there face mortar attacks.

This takes a toll on the families left behind. "Everyone up here is on Prozac," a wife from Fort Drum, N.Y., told me. We field phone calls from our loved ones on the frontlines. We deal with money shortfalls and anxious children. And then our combat veterans come home. In the last few years, divorces among enlisted soldiers shot up 28 percent and the suicide rate among Iraq veterans doubled.

Though some claim that all Americans are making sacrifices for the war on terrorism, it's just not true. The few who are sent to fight and those left behind who are an intimate part of their daily lives are the ones whose mental health, finances and relationships are taking the hit.

A universal draft would certainly help spread the sacrifice. But we all know that the privileged will find a way to avoid serving, as they did by paying $300 during the Civil War or claiming college deferments during Vietnam.

What we need is a war tax, dedicated to financing the support services needed by military families and combat veterans. Perhaps it would be more accurate to call it a long-term costs-of-war tax. Because the tax I'm proposing, like the needs it's intended to meet, will not end when the war does.

Historically, war taxes are how America finances its military conflicts — taxes on income, beverages, tobacco, utilities and more. The federal government first imposed what became a 3 percent tax on long-distance telephone calls in 1898 to help pay for the Spanish-American War. Since then, it's been repealed, most recently last summer, and reinstated several times.

Some argue that sharing the sacrifice by raising taxes hurts the economy. But clearly the phone tax didn't damage the growth of the telecommunications industry. And during its last three years in existence, it brought $15 billion into the government's general fund.

If a phone tax were reinstated, or a tax on oil or clothing — something we use in proportion to our income — then all Americans would wind up shouldering at least a small portion of the burden of our nation's wars. Military families would be exempt.

Unlike the old phone tax, however, this new tax must be dedicated to financing programs that support and heal combat veterans and their families during deployment and afterward — combat trauma counseling, respite child care, part-time jobs for spouses trying to make ends meet, marriage counseling. These programs have always suffered from meager budgets, and while the public's interest will inevitably move on, the needs won't go away as long as America has a military.

For those who oppose the war and spending any additional money on it, all I can say is that this isn't about financing a war. It's about reducing human suffering. And for everyone who claims to "support the troops" — peace activists and war supporters alike — put your money where your bumper stickers are.

Kristin Henderson is the author of "While They're at War: The True Story of American Families on the Home Front."

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Senate Democrats Condemn Policy Of Placing Unconfirmed U.S. Attorneys (HILL)

By Elana Schor

The Hill, February 9, 2007

Senate Democrats plan to bring legislation to the floor next week that would rein in the Bush administration's power to appoint U.S. attorneys without Senate confirmation, an increasingly bipartisan concern as the number of abruptly dismissed prosecutors grew to eight.

Senate leaders announced their plans hours after the Judiciary Committee approved a bill reversing a little-noticed provision of last year's Patriot Act reauthorization that allows the Justice Department to sidestep Senate approval in naming interim U.S. attorneys. Three Judiciary Republicans backed the bill, signaling heightened concerns on both sides of the aisle at the pattern of attorney axe-ings.

"We have a new topic: It's called 'crony-gate,'" Senate Majority Leader Harry Reid (D-Nev.) told reporters yesterday, vowing to "do everything I can to get this to the floor."

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Nevada's U.S. attorney, Daniel Bogden, a Bush appointee whose actions have been questioned in a civil suit against a key supporter of Gov.-elect Jim Gibbons (R-Nev.), was asked to step down just before Christmas. The home-state U.S. attorney of Sen. Patty Murray (Wash.), Democratic Caucus secretary, late Wednesday revealed that the Justice Department also had asked for his resignation.

"This has come home for me in a very personal way," Murray said, adding that her state's departed attorney is also a Republican.

Justice has strongly defended the dismissals, with Deputy Attorney General Paul McNulty telling Judiciary this week that the administration will seek formal Senate confirmation for each of the new prosecutors. But two removals in particular, those of San Diego-based U.S. Attorney Carol Lam and Arkansas U.S. Attorney Bud Cummins, have sparked Democrats' ire.

Senate Majority Whip Dick Durbin (D-Ill.) noted colleague Mark Pryor's (D-Ark.) uncharacteristic alarm at the naming of Timothy Griffin, a former staffer in White House adviser Karl Rove's office and onetime national GOP opposition research director, to replace Cummins.

"Mark Pryor is a mild-mannered, soft-spoken senator, unlike some of us, but he's righteously upset," Durbin said.

The revision in the Patriot Act rewrite was intended for use in national-security emergencies, when U.S. attorneys might need quick appointment to pursue terrorism suspects. Yet GOP lawmakers have backed administration suggestions that Lam was removed amid complaints about her record of prosecuting immigration-related cases.

An October 2005 letter to Attorney General Alberto Gonzales from 19 California House Republicans blasted Lam's office for a "lax prosecutorial standard" in only prosecuting apprehended illegal immigrants who have two felony convictions on their records. Rep. Darrell Issa (R-Calif.), a signatory of that letter, earlier chastised Lam for amassing "an appalling record of refusal to prosecute even the worst criminal alien offenders."

Sen. Dianne Feinstein (D-Calif.), who first raised concerns that Lam will leave her post next week unable to complete her corruption probe of imprisoned former Rep. Randy "Duke" Cunningham (R-Calif.), inquired in June about the low number of immigration prosecutions in Lam's district.

One House GOP aide contended that the bipartisan concern over Lam clouds Democratic attempts to link her dismissal to the Cunningham probe.

"Democrats don't want to talk about the fact that they actually had substantive concerns with this particular U.S. attorney," the aide said.

House Democrats aim to move the Senate's bill quickly through the process, holding a hearing in the Judiciary panel's subcommittee of jurisdiction during the first week of March and a markup soon after, Rep. Howard Berman (D-Calif.) said in a statement yesterday.

Meanwhile, Sen. John Ensign (R-Nev.) has been asked to recommend candidates to fill the open Nevada attorney's post, but Reid said he had no knowledge of talks on Bogden's replacement.

"Maybe it's somebody from Scooter Libby's office," he quipped.

Senate Panel Reacts To Attorney Firings (AP)

By Laurie Kellman, Associated Press Writer

AP, February 9, 2007

A Senate panel advanced a bill Thursday to curb the Justice Department's power to replace federal prosecutors after seven forced resignations sparked accusations of political favoritism.

The Judiciary Committee voted 13-6 to send the measure to the Senate floor, where it is certain to face opposition from Republicans who oppose giving more appointment power to federal judges.

"I'm going to do everything I can to get it to the floor next week," said Senate Majority leader Harry Reid, D-Nev.

"It'll be over my objection," shot back Republican Conference Chairman Jon Kyl of Arizona.

The House is expected to begin hearings on a similar bill next month.

Three Republicans, Sens. Arlen Specter of Pennsylvania, Charles Grassley of Iowa and Orrin Hatch of Utah, joined all the panel's Democrats in backing the bill.

U.S. attorneys serve at the pleasure of the president and may be dismissed for any reason, or no reason at all. It's the process of replacement that, the bill's proponents argue, should prevent political cronyism.

Sponsored by Sen. Dianne Feinstein, D-Calif., the measure would eliminate a provision in the antiterror Patriot Act that gave the attorney general new power to replace fired U.S. attorneys indefinitely, avoiding the Senate confirmation process.

Feinstein's bill would allow the attorney general to appoint an interim U.S. attorney for 120 days. If after that time someone had not been nominated and confirmed by the Senate, authority to appoint an interim U.S. attorney would fall to the district court.

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The bill would apply to any interim U.S. attorneys who have not been confirmed, including those appointed to replace the seven prosecutors who have been fired since the Patriot Act reauthorization went into effect, according to a spokeswoman for Judiciary Committee Chairman Patrick Leahy, D-Vt.

The Justice Department opposes the bill, saying the attorney general's authority to choose prosecutors should not be handed to courts because district court judges, they contend, are often unqualified to make such decisions. Kyl said he would remove his objection if Reid agreed to remove the provision giving district court judges the 120-day backup power to appoint interim prosecutors.

"We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected," said Justice spokeswoman Tasia Scolinos.

Senate Democratic leaders sent Attorney General Alberto Gonzales a letter Thursday asking him to publicly answer several questions about the matter, including any role that presidential adviser Karl Rove might have had in replacing Arkansas U.S. Attorney Bud Cummins with former Rove adviser Tim Griffin.

Senate Democrats accuse the administration of slipping the provision into the Patriot Act reauthorization that took effect last March with the intent of circumventing the Senate confirmation process and rewarding political allies. Specter, who wrote the reauthorization as chairman of the committee, says he was unaware of the provision and opposes it.

The Democrats cite the firings since March of seven U.S. attorneys from Arkansas to California, some without cause, as evidence that the administration is punishing prosecutors whose work targeted Republican allies and rewarding those faithful to the GOP.

Gonzales has denied that charge and promised to submit every replacement for Senate confirmation.

Earlier this week, his deputy, Paul McNulty, told the panel that some of the ousted prosecutors were fired for performance-related causes he would not describe, while others were asked to leave without cause.

Democrats demanded the performance reports of all seven dismissed prosecutors and threatened to subpoena the material. McNulty cautioned that the reports might not detail any reasons for dismissal.

The panel's action came a day after one of those fired, former U.S. Attorney John McKay of Washington state, said his resignation was ordered by the administration without explanation seven months after he received a favorable job evaluation.

"I was ordered to resign as U.S. attorney on Dec. 7 by the Justice Department," McKay, who led the Justice Department's Western Washington office, said Wednesday in a telephone interview. "I was given no explanation. I certainly was told of no performance issues."

The Seattle Times reported Thursday that in his last performance review, McKay received a highly favorable report from a 27-member team from the Justice Department's Evaluation and Review Staff.

Fired Prosecutor Disputes Justice Dept. Allegation (WP)

By Dan Eggen

The Washington Post, February 9, 2007

A recently fired U.S. attorney based in Seattle said yesterday that he was told of no performance problems when he was asked to resign, and he called critical remarks by a top Justice Department official "unfair" and inaccurate.

The comments by former U.S. attorney John McKay add to a growing tide of criticism of the Justice Department's decision to fire seven top prosecutors without explanation, and came on the same day the Senate Judiciary Committee voted 13 to 6 to limit the attorney general's power to appoint replacements.

McKay said in an interview that his Seattle office received glowing reviews as recently as last fall, when an intensive Justice Department audit heaped praise on McKay and his staff.

McKay challenged testimony this week by Deputy Attorney General Paul J. McNulty, who told the Senate panel that McKay and five other Republican-appointed U.S. attorneys were forced to resign for "performance-related" reasons.

"That is unfair," McKay said. "That reflects on my former colleagues in the office and the good work that we did, and I know that's not true."

McKay is the third U.S. attorney to speak publicly about his dismissal. Daniel G. Bogden of Nevada told the Las Vegas Review-Journal that he was given no explanation for being forced out and that he had not been told of any problems with his performance.

McNulty's testimony Tuesday also included an admission that the chief prosecutor in Little Rock, Ark., was fired to make way for GOP stalwart J. Timothy Griffin, a protege of presidential adviser Karl Rove and former researcher for the Republican National Committee.

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The firings have angered lawmakers in both parties and have rapidly evolved into a serious political problem for the Justice Department. Yesterday's vote by the Judiciary Committee included approval from three Republicans: Sens. Arlen Specter (Pa.), Charles E. Grassley (Iowa) and Orrin G. Hatch (Utah).

The measure would repeal a provision in last year's USA Patriot Act reauthorization law that gave Attorney Gen. Alberto R. Gonzales the authority to appoint interim prosecutors for indefinite terms. The new legislation would return to the previous system, under which the attorney general appoints a replacement for 120 days and district courts appoint an interim U.S. attorney if a permanent one is not named in that time.

Chairman Patrick J. Leahy (D-Vt.) said the legislation is necessary to ensure Senate oversight and limit the "politicization of U.S. attorneys offices."

Justice Department spokeswoman Tasia Scolinos said that allowing Gonzales to appoint interim prosecutors is "good government and constitutionally sound."

"We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected," Scolinos said.

The House Judiciary Committee plans to hold hearings on similar legislation next month. They may include testimony from some of the fired prosecutors.

The leader of the House Democratic caucus, Rep. Rahm Emanuel (Ill.), has called on Gonzales to appoint one of the fired prosecutors, Carol S. Lam of San Diego, as an outside counsel to continue the corruption investigation related to former representative Randy "Duke" Cunningham (R-Calif.), who pleaded guilty to accepting $2.4 million in bribes in 2005 and is serving a sentence of as much as eight years. Scolinos said career prosecutors will be able to continue handling the case while a replacement is chosen.

In addition to Lam, McKay and Bogden, three other U.S. attorneys were told on Dec. 7 to resign: Paul K. Charlton in Arizona; David C. Iglesias in New Mexico; and Kevin Ryan in San Francisco. A seventh U.S. attorney, Bud Cummins in Little Rock, was notified he was being removed last summer.

McKay said he was called Dec. 7 by Michael A. Battle, head of the Executive Office of U.S. Attorneys, who only months before had sent him a congratulatory letter for the laudatory report issued by the Justice Department audit team. He said Battle told him to resign by the end of January.

"When I was composed enough to ask him why, he told me he couldn't answer any of my questions," said McKay, who has accepted a teaching position at Seattle University Law School. "I was immediately so surprised. He said nothing about performance issues or management or anything else."

McKay said that four days after Battle's call, the White House counsel's office also informed him that he was not among a group of three finalists for a federal judgeship in Washington state. He declined to say whether he believed political considerations went into his dismissal.

McKay angered other Republicans when he declined to intervene in a ballot dispute in the 2004 Washington governor's race. His brother, Mike McKay, served as U.S. attorney in Seattle under President George H.W. Bush.

In a highly unusual move, the chief judge of the federal court in Seattle publicly came to John McKay's defense.

"We were dismayed to see that the Justice Department was suggesting there was something wrong with his performance as a United States attorney," said Judge Robert Lasnik, a Clinton-era appointee who said he was speaking for all the judges on the Seattle court. "We unanimously agreed that he was absolutely superb."

Scolinos declined to comment on McKay's remarks.

Senators Weigh PATRIOT Act Attorney Provision (CONGD)

By Michael Posner, CongressDaily

CongressDaily, February 9, 2007

Senate judiciary panel revises rule for U.S. attorneys

Reacting to Democratic allegations the Bush administration fired several U.S. attorneys possibly for politically connected replacements, the Senate Judiciary Committee on Thursday revised rules for filling U.S. attorney vacancies.

On a 13-6 vote, the committee adopted a compromise measure from Senate Judiciary Chairman Patrick Leahy, ranking member Arlen Specter, R-Pa., and Sen. Dianne Feinstein, D-Calif. Their plan restricts the authority of the U.S. attorney general from filling prosecutor vacancies for an unlimited time without Senate confirmation.

The committee held a hearing Tuesday on the firings of at least seven U.S. attorneys. Deputy Attorney General Paul McNulty said six of the U.S. attorneys were dismissed for "performance related" matters. A seventh, former U.S. Attorney Ed

Cummins of Little Rock, Ark., was let go last year to be replaced by J. Timothy Griffin, a former aide to presidential adviser Karl Rove, McNulty acknowledged.

But McNulty denied Democratic charges that the dismissals were politicized to reward Republicans and avoid the Senate confirmation process.

One of those fired was former U.S. Attorney Carol Lam of San Diego, who prosecuted former Rep. Randy (Duke) Cunningham, R-Calif. Cunningham pleaded guilty to accepting about $2.4 million in bribes. The Justice Department has denied Lam was fired because of the Cunningham case, which was praised by McNulty as "a very good thing for the American people." However, he did not give a reason for Lam's dismissal.

Under the USA PATRIOT Act reauthorization last year, a provision was inserted that eliminated a century-long rule that limited the attorney general to making interim appointments to fill vacancies for no more than 120 days. Under the old rule, if a U.S. attorney vacancy was not filled within 120 days, the U.S. District Court could fill the vacancy.

Reid Calls Dismissal 'cronygate' (RGJ)

By Diana Marrero, GANNETT NEWS SERVICE

Reno (NV) Gazette-Journal, February 9, 2007

WASHINGTON - Senate Majority Leader Harry Reid accused the Bush Administration Thursday of forcing the U.S. Attorney for the district of Nevada to step down as part of an attempt to name more political allies as federal prosecutors.

Daniel Bogden, 50, resigned last month after consulting with officials at the Department of Justice. He is among at least seven U.S. Attorneys who have been forced to resign or have been fired in the past few months - sparking accusations of political favoritism by the Bush administration.

Reid, a Nevada Democrat, vowed he would act to correct the situation.

"What has happened in my town in Nevada is ... distasteful to say the very least," Reid said. "We want to know what's going on."

Reid's comments came on the same day the Senate Judiciary Committee approved a bill to curb the ability of the Justice Department to replace federal prosecutors without Senate confirmation. Reid wants to act on the legislation next week.

Alberto Gonzalez's Coup D'etat (SALON)

By Joe Conason

Salon.com, February 9, 2007

The Constitution be damned, the attorney general has seized control of U.S. attorney appointments for partisan purposes.

Under any circumstances, the Bush administration's sudden, explicitly political dismissal and replacement of United States attorneys in judicial districts across the country would be very troubling -- both as a violation of American law enforcement traditions and as a triumph of patronage over competence.

But as the story behind these strange decisions unfolds, a familiar theme is emerging. Again, the White House and the Justice Department have been exposed in a secretive attempt to expand executive power for partisan purposes. And again, their scheming is tainted with a nasty whiff of authoritarianism.

There is much more at stake here than a handful of federal jobs.

Leading senators of both parties are disturbed by these incidents because U.S. attorneys -- the powerful officials appointed by the president to prosecute federal crimes and defend federal interests in each of the nation's judicial districts -- are supposed to be as nonpartisan as possible. Democrats mostly appoint Democrats and Republicans mostly appoint Republicans, but the U.S. attorneys are usually chosen with the advice and consent of the senators from their home states, and then confirmed by the full Senate, with a decent respect for skill and experience as well as political connections.

The reason for this appointment process was simple: These prosecutors must police the politicians. They are expected to guard the nation's judicial system against the varieties of political abuse that are typical of authoritarian systems. They are granted a substantial degree of independence from the government in Washington, including the attorney general who functions as their boss.

To ensure that no U.S. attorney could be fired on a whim and replaced with a malleable hack, the relevant statute required that whenever a vacancy occurred in midterm, the replacement would be appointed by federal circuit judges rather than by the president. Getting rid of irksomely honest and nonpartisan prosecutors was difficult if not impossible.

But that wholesome safeguard was breached in December 2005, when the Senate renewed the Patriot Act. At the behest of the Justice Department, an aide to Sen. Arlen Specter slipped a provision into the bill that permitted the White House to place its own appointees in vacant U.S. attorney positions permanently and without Senate confirmation. So silently was this sleight of

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hand performed that Specter himself now claims, many months later, to have been completely unaware of the amendment's passage. (Of course, it would be nice if the senators actually read the legislation before they voted, particularly when they claim to be the authors.)

The staffer who reportedly performed this bit of dirty work is Michael O'Neill, a law professor at George Mason University and former clerk for Supreme Court Justice Clarence Thomas. As the Washington Times explained when O'Neill was appointed as the Senate Judiciary Committee's chief counsel, many observers believed that Specter had hired him to reassure conservatives of his loyalty to the Bush White House. Right-wing distrust had almost ousted the Pennsylvania moderate from the Judiciary chairmanship, and appointing O'Neill was apparently the price for keeping that post.

Evidently O'Neill rewarded Specter by sneaking through legislation to deprive him and his fellow senators of one of their most important powers, at the behest of an attorney general intent on aggrandizing executive power. The results of this backstage betrayal -- now playing out in a wave of politicized dismissals and hirings -- were perfectly predictable and utterly poisonous.

Carol Lam, the U.S. attorney in San Diego who successfully prosecuted the sensationally crooked Republican Rep. Randy "Duke" Cunningham, was fired for no known reason while she is still pursuing important leads in that historic case. Cunningham is supposed to be cooperating, but if Bush replaces her with a partisan stooge, he may be able to keep his secrets. Bud Cummings, the respected U.S. attorney in Little Rock, Ark., was canned to make room for a Republican opposition research operative and Karl Rove acolyte named Timothy Griffin. Could that conceivably have anything to do with Sen. Hillary Rodham Clinton's presidential candidacy? Paul Charlton, the U.S. attorney in Arizona, was thrown out while investigating allegations of corruption against Republican Rep. Rick Renzi.

And John McKay, the U.S. attorney in Seattle whose diligence has been praised by judges and lawyers of both parties, was simply ordered to quit last December, for no obvious reason. Although McKay's last evaluation by the Justice Department was excellent, the attorney general insists that all of these curious firings were due to "performance" issues.

Any such self-serving statements emanating from Alberto Gonzales should always be greeted with appropriate skepticism. So should the claim that he sought to seize control of interim U.S. attorney appointments because of his concern over the "separation of powers" issues supposedly inherent in judges' appointing prosecutors. As the McClatchy Newspapers reported on Jan. 26, Gonzales has named at least nine "conservative loyalists from the Bush administration's inner circle" to positions vacated by professional prosecutors.

On Thursday, the Senate Judiciary Committee voted to restore the old nonpartisan system for replacing U.S. attorneys and to require Senate confirmation of all new appointees. The full Senate and the House of Representatives should do likewise, despite Republican opposition, but that is not enough. The Senate Democrats should continue to probe the attorney general's little coup d'état and all of the resulting appointments. That is the best way to discourage future usurpations -- and to frustrate whatever skulduggery was afoot this time.

Editorial: U.S. Attorney: Ideology Vs. Justice (SEAPI)

By SEATTLE POST-INTELLIGENCER EDITORIAL BOARD

Seattle Post-Intelligencer, February 9, 2007

The Bush administration again has been caught undermining American justice in Seattle and across the nation. The best hope is that the exposure will, over the long term, serve to hinder extreme right-wing hopes of turning the entire legal system into a reflection of arch-conservative ideology.

As reports this week have shown, the administration removed John McKay, the highly able former U.S. attorney heading the Justice Department's Seattle office. It was part of at least seven such removals that became a focus of a U.S. Senate Judiciary Committee hearing Tuesday.

A deputy attorney general defended the actions in six firings as "performance-related," a ludicrous and offensive characterization in McKay's case. The committee has promised to check previous job performance records and the like for the fired attorneys. The deputy acknowledged that in another case, a prosecutor was removed to make way for a former aide to White House adviser Karl Rove. It's likely something similar was at play in the whole scheme, which one former U.S. attorney told the committee was unprecedented. A source told the Seattle P-I's Paul Shukovsky the firings were part of an effort to make room for up-and-coming young Republicans.

As the Iraq reconstruction fiasco best illustrates, this is an administration with an appalling record of putting considerations of ideology ahead of competence. Appointing young conservatives as U.S. attorneys might pave the way for their selection as U.S. judges later. We hope Congress will have a long memory about anyone receiving such a dubious appointment to a U.S. prosecutor position. This administration won't reform, but lessons can be learned for the future.

DOJ_NMG_0129808

L.A.'s Lawyer To The Stars -- And The Majority Leader (WP)

By Al Kamen

The Washington Post, February 9, 2007

What do Gov. Arnold Schwarzenegger, Britney Spears, Bruce Willis, Paris Hilton's ex-boyfriend/videographer Rick Salomon and Senate Majority Leader Harry Reid (D-Nev.) have in common?

They've all hired Los Angeles celebrity lawyer Martin Singer, known for his take-no-prisoners style and investigative prowess, to be their attorney.

Seems Reid paid Singer $25,000 on Dec. 14 from his senatorial campaign account for unspecified "legal fees," according to his most recent Federal Election Commission report.

So what prompted Reid to join this prestigious group of clients?

His spokesman, Jon Summers, told our colleague Howard Kurtz that Reid "sought outside counsel regarding his response to the AP story written by John Solomon," now at The Washington Post. The story was about how Reid reported the 2004 sale of land he once owned -- he made a profit of $700,000 on the property, which he had not owned for three years.

Summers said the story was "misleading" and had "inaccuracies." The AP stood by the story, and Reid amended his financial disclosure forms after the report. Reid's amendments are being reviewed by the ethics panel, Summers said.

He said Reid "obtained approval from the ethics committee for this expenditure."Someone's Getting Bumped

It's always a pain to take your vehicle into the shop for repairs, be told it will take weeks to fix and then get some cheesy loaner in the meantime.

It's even worse when your vehicle is Air Force One. Seems President Bush's 747 is in the shop for an extensive overhaul, a job that could take many months.

The president is always required to have a plane and a standby, in case of emergencies. There's a second 747 ready to go as Air Force One, but his backup now is one of the 757s out of the government fleet of only four such planes. These are used by, among others, Vice President Cheney and Secretary of State Condoleezza Rice.

Problem is that two of those four 757s also are undergoing long-term maintenance overhauls. So that leaves only one of the big planes available. Cheney has dibs over Rice, unless he's flying domestic and she's going overseas.

But next week they're both going overseas, Cheney to Asia and Rice on her latest major trip to the Mideast. She is to meet with Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert and then go on to Berlin for a session with the "Quartet" of would-be peacemakers: the United States, the European Union, the United Nations and Russia.

So Rice gets bumped to a smaller plane. It's still quite nice, but it has room for only three reporters, instead of her usual complement of 13 or 14.

Unclear how many press are going with the loquacious vice president.Gonzales Travels to Balmier Climes

Speaking of trips, while folks in this area are freezing, Attorney General Alberto Gonzales is off this week to Central and South America for a series of chats with various officials about drugs, copyright laws and other exciting topics. On Monday, he talked about gangs with El Salvador's president.

Tuesday he flew to Buenos Aires and on Wednesday (sunny and 84 degrees) toured the Buenos Aires Jewish community center, where a terrorist bomb killed 85 people in 1994. Yesterday it was off to Brasilia (temps in the 80s but partly cloudy) for meetings with various folks there. He had "a fruitful discussion on a number of topics of mutual importance to Brazil and the United States" with his Brazilian counterpart, he announced.

Today, it's to be Rio -- no carnival action, we're told -- to speak at an exciting conference about copyright laws.

The department says the curiously unimportant trip was planned long before anyone predicted the current cold snap -- or that increasingly nasty spat over the firings of those U.S. attorneys.Punching Not Among Obama's Strengths

Conservative news organizations got it half right when they reported recently that Sen. Barack Obama (D-Ill.) was once schooled in a foreign-sounding place that may have promoted violent techniques. But it turns out it wasn't a madrassah he attended but rather a "dojang," where he learned taekwondo.

Obama, who studied the Korean martial art in the early 2000s, was "not the best kicker, not the best puncher," his former teacher, Chicago financial capital planner David Posner, told our colleague Mary Ann Akers-- http://www.washingtonpost.com/thesleuth.

On the other hand, Obama was "very disciplined, very diligent" and had "phenomenal balance, very good footwork" -- critical in a presidential campaign -- and "really good, solid stances" -- less important these days.

DOJ Official's Romance Raises Conflict Questions (LAW)

By Jason McLure, Legal Times

DOJ_NMG_0129809

Legal Times, February 8, 2007

When Sue Ellen Wooldridge stepped down last month from her job as the Justice Department's top environmental prosecutor, it wasn't her desire to return to the private sector that was notable, it was her timing.

Days earlier, Wooldridge's boyfriend —oil and energy lobbyist J. Steven Griles —had been put on notice that he was a target of the federal public-corruption investigation involving convicted lobbyist Jack Abramoff.

The romance between Wooldridge, 46, and Griles, 60, is significant and has had an impact beyond the Justice Department's Abramoff probe. Both previously held high-ranking jobs at the Interior Department — Griles was deputy secretary there, while Wooldridge was deputy chief of staff to then-Secretary Gale Norton and later the agency's top lawyer.

At Interior, they concealed their relationship from multiple department investigators looking into Griles' contacts with former lobbying clients —even as Wooldridge responded to the investigators on Griles' behalf and, later, as solicitor, oversaw Interior's ethics office, according to two current government officials with knowledge of the investigation and one former Interior official. These sources say the romance between Wooldridge and Griles was going on as early as February 2004.

Details of their relationship raise questions about the vetting process for presidential nominees at both the Justice and Interior departments, in addition to Wooldridge's candor with those who examined her credentials.

According to a transcript of her March 11, 2004, Senate confirmation hearing for the Interior solicitor job, as well as her written answers to Senate questions, Wooldridge did not disclose her relationship with Griles, despite being asked about Interior's investigation of Griles in a written question from Sen. Ron Wyden (D-Ore.) and despite the fact that, as solicitor, Wooldridge would oversee the department's ethics office, which had been monitoring Griles.

Nor was the relationship disclosed to Interior Department Inspector General Earl Devaney, who conducted an 18-month investigation into numerous ethical allegations against Griles. Upon learning of the relationship after Griles left Interior in December 2004, Devaney, according to two sources, was furious.

Wooldridge left Interior in the fall of 2005, when she was confirmed to become the DOJ's assistant attorney general for environment and natural resources. According to a senior DOJ official, Attorney General Alberto Gonzales and other top Justice officials were unaware of her relationship with Griles until months after Wooldridge had been confirmed. That disclosure came long after FBI agents and prosecutors in the Justice Department's Criminal Division had begun investigating Griles as part of the Abramoff probe, according to a source with knowledge of the investigation.

Efforts to contact Wooldridge and Griles in person at a townhouse in Falls Church, Va., owned by Griles and listed by both individuals as a home address in a public-records database, were unsuccessful. (Wooldridge also owns two houses in Arlington.) Phone messages left at Griles' home number were not returned. Barry Hartman, a lawyer for Griles in the Abramoff probe, also did not respond to repeated phone messages or to a detailed list of questions provided for this article.

The law firm representing Wooldridge, D.C.'s James Sharp & Associates, responded to a lengthy set of questions with a statement saying, "Ms. Wooldridge has testified before the grand jury, but is not now nor was she ever" a target in the Abramoff probe. The statement also said that after Griles left Interior to return to lobbying in December 2004, "Ms. Wooldridge recused herself from any matters involving Mr. Griles' clients, whether at the Department of Interior or Department of Justice." The law firm refused to answer any other questions regarding Wooldridge and Griles, and did not dispute or confirm the time frame of the relationship laid out by the current and former officials.

In response to a series of written questions regarding Wooldridge, an Interior spokesman said in a statement last week that "at some point following her move to the Solicitor's Office, Ms. Wooldridge did verbally inform the Designated Agency Ethics Official that she and Mr. Griles had begun dating." Wooldridge received a recess appointment on May 28, 2004.

This spokesman said he had "no knowledge of the timeline of the dating relationship."

The spokesman's statement in part backs up the claim of Wooldridge's lawyers that after Griles left Interior, Wooldridge verbally recused herself from matters involving his clients.

After 14 months on the job at the Justice Department, Wooldridge offered little explanation for her decision to step down in her Jan. 8 resignation letter, stating simply that after six years in government service she had "decided to return to the private sector."

But even those close to Wooldridge suggest that her relationship with Griles may have cost Wooldridge her government career.

"She has a personal relationship with Mr. Griles, and Mr. Griles is the subject of an investigation," says Rep. Dan Lungren (R-Calif.), Wooldridge's friend. "I assume that would make anyone uncomfortable." Wooldridge worked for Lungren while he was California attorney general. Lungren also testified on Wooldridge's behalf at both her Senate confirmation hearings.

Finding mr. Right

Griles resigned his lobbying position with the firm of Lundquist, Nethercutt & Griles on Jan. 10. The Washington Post reported that day that he'd been informed the previous week he was a target in the Abramoff probe for allegedly making false statements to the Senate Indian Affairs Committee.

In e-mails released as part of a report on the investigation by that committee, Abramoff referred to Griles as "our guy" at Interior. The June 2006 report noted that Griles had met with Abramoff and an associate about coming to work for Abramoff's firm, Greenberg Traurig. The report also scrutinized tens of thousands of dollars in donations by Abramoff's tribal clients to the Council of Republicans for Environmental Advocacy, a group with close ties to Griles and then-Interior Secretary Norton. The report said it could not "definitively" conclude that Griles had assisted Abramoff's clients at Interior, but it also noted that the committee could not reach "any definitive conclusions as to the veracity of Griles' testimony on his relationship, and interaction, with Abramoff."

Griles and Wooldridge came to Interior from different backgrounds. Griles is a career Washington insider. Before becoming Interior deputy secretary in 2001, he spent eight years in the Reagan administration's Interior Department, including five years as the assistant secretary for land and minerals management. He'd then spent years lobbying for coal, oil, and other corporate interests.

Wooldridge came to Washington in 2001 as a rising star with an earthy sense of humor. Soon after arriving, she made news for joking at a conference in Scottsdale, Ariz., about her experiences castrating sheep with her teeth while growing up on a small California farm. The captain of the women's basketball team at the University of California, Davis, Wooldridge went on to Harvard Law School and returned to California in 1987 to work for the Sacramento firm of Diepenbrock, Wulff, Plant & Hannegan.

There she met Lungren, who was impressed with her intelligence and drive. Lungren was elected California attorney general in 1990. After winning re-election in 1994, he brought Wooldridge to the state legal office. There, Lungren made her California's lead negotiator in the multibillion-dollar settlement, known as the Master Settlement Agreement, between tobacco companies and 46 state governments.

It was during those negotiations that Wooldridge met Norton, who was then Colorado's attorney general, and cemented a bond that would carry her to Washington, friends of Wooldridge say.

Saying no

After George W. Bush became president, Norton became secretary of the interior. Wooldridge was brought on as her deputy chief of staff in 2001, and she quickly became involved in attempting to resolve disputes over access to water in the West. The No. 2 position at Interior went to Griles, who overcame opposition to his nomination by a number of environmental and watchdog groups for his background as an energy lobbyist.

By late 2002, Griles was the focus of what would become a wide-ranging ethics investigation by the inspector general's office at Interior. Among the activities being scrutinized: the possibility that Advanced Power Technologies Inc., a former client of Griles, was given preferred treatment for Interior contracts; a dinner party Griles planned for senior Interior officials at the house of Marc Himmelstein, his former lobbying partner, whose firm was then paying Griles severance of more than a quarter-million dollars annually; and contacts by Griles with the Environmental Protection Agency regarding an assessment of a massive coal-bed methane project planned by some of his former clients in Wyoming and Montana.

It was also in 2002, according to a report produced by the inspector general, that Wooldridge was given a new duty. After an incident in which Advanced Power Technologies was given access to Griles' government conference room to pitch a new technology to a group of top Interior officials (Griles himself did not attend the presentation), Wooldridge was assigned to screen Griles' contacts on all matters in which he was recused.

By February 2004, as the inspector general's office was nearing completion of its investigation of Griles' contacts with former lobbying clients, the romantic relationship between Griles and Wooldridge had quietly blossomed, current and former officials say.

The next month, the Office of Government Ethics issued a letter analyzing the facts contained in the inspector general's draft report about Griles, clearing him of misconduct in a number of matters but concluding that Griles may have committed an ethical violation regarding his involvement in the coal-bed methane project approval sought by several of his former clients.

Wooldridge leapt to his defense. According to the inspector general's report, Wooldridge contacted the office with a memorandum for the record disputing the Office of Government Ethics analysis. Ultimately, when the inspector general's report was released in March 2004, it did not accuse Griles of breaking any law but stated that Griles had landed himself in an "ethical quagmire."

The final report concluded that Griles' many former clients with business before Interior, combined with the department's weak ethics oversight, was "a train wreck waiting to happen."

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The report recommended reorganizing and strengthening Interior's ethics office. Among the recommendations: "Ethics advisers must be willing to say the word 'NO!' — even to high-level political appointees."

Guarding the henhouse

It's not clear when Norton became aware of the relationship between her two subordinates. Norton resigned from the government in March 2006 and is now a corporate lawyer for Royal Dutch Shell Inc. A lawyer for the former interior secretary said she was traveling overseas and could not be reached for comment.

But in 2003, part of her response to criticism of Interior's weak ethics practices was to consolidate responsibility for ethics advice within the Office of the Solicitor. In January 2004, Bush nominated Wooldridge to be the department's new solicitor, a position, according to one former Interior official, for which Griles had recommended her.

As part of her confirmation process, in March 2004, Sen. Wyden submitted a written question to Wooldridge noting her involvement in advising Griles on his ethics agreements. Given that her office would now oversee all of Interior's ethics matters, how would she ensure that all ethics agreements would be enforced? In a 720-word response, Wooldridge discussed a number of changes in Interior's ethics bureaucracy. But she offered just a single reference to Griles, an acknowledgement that she was "aware" of the inspector general's recently issued report. In closing, she wrote, "I will take the steps necessary to ensure that ethics agreements and recusals are enforced."

At Wooldridge's March 11 confirmation hearing, Sen. Craig Thomas (R-Wyo.) asked, "Are you aware of any personal holdings, investments, or interests that could constitute a conflict or create the appearance of such a conflict?"

Wooldridge responded: "No, Senator. I have reviewed those with counselors for the department and ethics counselors, and with regard to my investments and interests, I do not believe there are any conflicts of interest."

Although Wooldridge ascended to the solicitor's job via a recess appointment, the Senate later confirmed her to the post. As solicitor, Wooldridge took over the supervision of not only Interior's ethics office but also the department's roughly 400-lawyer legal team and the mammoth, long-running Indian trust fund case now known as Cobell v. Kempthorne. She also worked frequently with the DOJ's Environment and Natural Resources Division, which represents Interior in a number of matters.

When Thomas Sansonetti stepped down from heading that DOJ office in April 2005, Wooldridge was selected by Bush for the slot.

In October 2005, as Wooldridge was again up for Senate confirmation for that job — which would make her the country's top environmental prosecutor — she was asked in a Judiciary Committee questionnaire to identify the categories of litigation and financial arrangements that were likely to present potential conflicts of interest.

The question came at a time when, according to Wooldridge's lawyers, she had recused herself from involvement in any cases involving Griles. In a standard response to the question — explaining that she would seek the advice of appropriate officials and recuse where necessary — Wooldridge did not mention Griles, nor did she mention that Griles' lobbying clients that year included the American Petroleum Institute, Consol Energy Inc., and Newmont Mining Corp.

Ann Klee, who as EPA general counsel worked closely with Wooldridge during Wooldridge's tenure at Justice, says she wasn't aware that Wooldridge had recused herself from any matters at the DOJ. But Klee, now a partner at Crowell & Moring, says she believes Wooldridge is someone who would do the right thing.

"She is one of the smartest, most effective lawyers that I've ever worked with and has more integrity than anyone I've ever worked with," says Klee, who also worked with both Griles and Wooldridge at Interior. Asked about Wooldridge's relationship with Griles, Klee pauses before saying, "I can't talk about her personal life."

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CORPORATE SCANDALS:

Bush's Uncle Benefited From Illegal Stock Sale, Records Show (LAT)

From Times Staff And Wires

The Los Angeles Times, February 9, 2007

President Bush's uncle William H.T. Bush was among a group of directors of a defense contractor who reaped $6 million from what federal regulators say was an illegal five-year scheme by two company executives to manipulate the timing of stock option grants, documents show.

Bush, known as "Bucky," becomes the second member of the president's family to become enmeshed in the stock options scandal this month. The two cases are unrelated.

Bucky Bush is the youngest brother of former President George H.W. Bush. He was an outside, non-executive director of Engineered Support Systems Inc., a defense contractor whose profits were bolstered because of the Iraq war.

The St. Louis-based company, a supplier of equipment and electronics to the military that was acquired last year by another defense contractor, has been under investigation by federal prosecutors and the Securities and Exchange Commission concerning the alleged options backdating scheme.

Last week in U.S. District Court in Houston, President Bush's youngest brother, Marvin, was named as a defendant in a suit charging that officers and directors of HCC Insurance Holdings benefited from backdated options.

Marvin Bush, who is now an advisory director, was a director of the firm at the time some of the backdated options were issued. According to the complaint, Marvin Bush made $2.2 million by cashing in the questioned options. The class action suit was filed in behalf of HCC stockholders.

Bucky Bush and the others who sat on the board of Engineered Support Systems, known as ESSI, were not accused of any wrongdoing in the SEC's civil lawsuit. The action, filed Tuesday against the company's former chief financial officer and former controller, accuses them of enriching themselves and others with the backdating scheme.

More than 100 public companies are under investigation by the SEC and the Justice Department for alleged improper options backdating.

Bucky Bush was not immediately available to comment Thursday, an aide at the former president's office in Houston said.

He made about $450,000 in January 2005 by exercising his company stock options and selling shares, his filing with the SEC shows. When questioned by a Times reporter about the sale at the time, he said he had not pulled any strings in Washington to win Iraq war contracts for ESSI.

Pixar Pay Package To Lasseter Included Well-Timed Options (WSJ)

By Steve Stecklow

The Wall Street Journal, February 9, 2007

Pact Jobs Helped Arrange Had Grant Date 3 Months Before Deal Was Signed

Steve Jobs helped negotiate an employment contract with a top film director that included a large stock-options grant with an especially well-timed date, according to a person familiar with the matter.

The options grant, part of a 2001 employment contract reached between Pixar Inc. and noted animated-film director John Lasseter, carried the lowest share price of the previous year -- on a date more than three months before the employment contract was actually signed. Mr. Jobs, then Pixar's chairman and chief executive, signed the agreement on behalf of Pixar.

It remains unclear what role, if any, Mr. Jobs played in selecting the prior grant date of the agreement's stock options. The grant is one of several the Emeryville, Calif., movie company awarded at yearly lows, a pattern that has raised questions about whether the Pixar grants were improperly backdated.

Pixar was bought last year by Walt Disney Co., which is conducting an internal investigation into Pixar's options-granting practices. Federal prosecutors in San Francisco also are looking into Pixar options and are awaiting the conclusion of the Disney probe, according to people familiar with the matter. Mr. Jobs sits on Disney's board and is its largest individual shareholder. Mr. Lasseter is Disney's chief creative officer of its animation studios.

Disney declined to comment beyond its previous statements. Disney referred all questions for Mr. Jobs to Apple Inc., where a spokeswoman said he wasn't available.

In November, Disney Chief Executive Bob Iger said that "we aren't aware of any basis under which stock options that were issued by Pixar would have a material impact on our financial statements." The company declined to make Mr. Lasseter available for comment. Mr. Lasseter appeared yesterday at a Disney analysts meeting in Orlando, Fla., where he unveiled plans for a third "Toy Story" movie.

• The News: While at Pixar, Apple's Steve Jobs helped negotiate an employment contract with a film director that included a large stock-options grant that carried the lowest share price of the previous year on a date more than three months before the contract actually was signed.

• Background: Disney, which bought Pixar, is conducting an internal investigation into Pixar's options-granting practices. Federal prosecutors also are looking into Pixar options and, along with the U.S. Securities and Exchange Commission, are examining Mr. Jobs's role in stock-options backdating at Apple.

• What's Next: Prosecutors are awaiting the conclusion of the Disney probe.

The prosecutors and the Securities and Exchange Commission already are examining Mr. Jobs's role in stock-options backdating at Apple, where he is chief executive. An internal probe by Apple recently cleared him of any wrongdoing but said Mr. Jobs "was aware or recommended the selection of some favorable grant dates."

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Pixar and Apple are two of nearly 140 companies under federal investigation for possible stock-options manipulation. Options let recipients buy company shares some time in the future, usually at the price on the day they are granted -- meaning recipients profit when shares rise above their grant-date price. Backdating involves pretending that the grant was made earlier than it actually was, at a lower price, thus enhancing potential profit.

SEC filings show that on March 21, 2001, Mr. Jobs signed a new, 10-year employment agreement with Mr. Lasseter, a two-time Oscar winner whose directing credits include "Toy Story" and "A Bug's Life." The contract superseded a seven-year contract that Pixar had signed with the director in 1997.

By late 2000, after two "Toy Story" hit movies, Mr. Lasseter had become the animation world's biggest superstar, and was seen as Pixar's most-valuable asset. Mr. Jobs was therefore anxious to lock him into a long-term contract, according to a person familiar with the matter. He may have been concerned that a competitor might try to poach Mr. Lasseter. Indeed, Disney appeared interested in the animator. Then-CEO Michael Eisner had wooed Mr. Lasseter, and another person familiar with the matter says that within Disney there was discussion of whether he could be hired.

The new Pixar contract included a $5 million signing bonus, a $2.5 million annual salary and one million stock options. But the options weren't priced on the date of the contract. "In connection with the Employment Agreement, Mr. Lasseter was previously granted an option to purchase 1,000,000 shares of our common stock at the fair market value on the date of such grant," according to Pixar documents filed with the SEC.

The options were dated Dec. 6, 2000, carrying a strike price of the stock's close the day before. That price marked the yearly low and was at the bottom of a months-long slide. By the close of trading on March 20, the day before the contract was signed, Pixar's shares had climbed 24%, increasing Mr. Lasseter's potential profit by $6.4 million. Between 2003 and last year, Mr. Lasseter exercised and sold about 880,000 of the options, adjusted for a two-for-one split, at various prices before converting the remaining shares to Disney shares when the acquisition took place, SEC records show.

Mr. Lasseter's Dec. 2000 grant featured several peculiarities that raise questions about when he actually received them, according to a review of SEC filings.

Under SEC rules at the time, Mr. Lasseter was required to report the options grant to the SEC no later than 45 days after the end of Pixar's fiscal year -- which meant a deadline of mid-February 2001. But the grant wasn't reported until May 9, 2001 -- 84 days past the deadline for disclosing the options to the SEC and 49 days after the new contract was signed. Moreover, on April 30, 2001, Pixar told the SEC that Mr. Lasseter's filing "will be filed late," without any explanation.

According to a person familiar with the situation, Pixar prepared and filed SEC filings on behalf of its executives.

In his 1997 contract, Mr. Lasseter also received stock options. He reported those to the SEC within two weeks of the grant date, nearly a year before the agency's deadline. He included them on a form reporting the exercise of some earlier options he had received. At the time, the SEC gave corporate insiders a choice of reporting option grants either on so-called Form 4s in which they reported other stock transactions or on separate annual Form 5s which could be filed later.

Mr. Lasseter had a similar opportunity to report his options grant with the December 2000 date. On March 12, 2001 -- nine days before he signed his new employment contract -- Mr. Lasseter filed a Form 4 with the SEC reporting the sale of some Pixar shares. But he didn't include any mention of the options dated in December. Mr. Lasseter wasn't the only Pixar employee to be awarded options with the timely Dec. 6, 2000, grant date and a strike price the day before. So was Edwin Catmull, who co-founded Pixar with Mr. Jobs. Mr. Catmull received 500,000 options.

As it happened, Mr. Catmull reported exercising on Dec. 5 some other options he had, and reported that exercise to the SEC in a Form 4 filing on Jan. 9, 2001. But the filing made no mention of the 500,000-option grant of Dec. 6, 2000. He reported that grant to the SEC in a Form 5 filing on Feb. 13, 2001.

Mr. Catmull had recently been promoted. On Jan. 24, 2001, Pixar announced that he had been named president. Disney declined to make Mr. Catmull, who is now president of the combined Disney and Pixar animation studios, available for comment.

Another peculiarity that raises questions of when Mr. Lasseter actually received the grant is contained in the wording of the employment agreement. According to his new contract, his December 2000 options vested, or became exercisable, "on an equal monthly basis over the ten years of the [employment] agreement." Since the agreement wasn't signed until March 21, 2001, that would mean that the options began vesting in April 2001.

Yet Mr. Lasseter's Form 5 filing seems to contradict this, stating that the options carried an expiration date of Dec. 6, 2010, or 10 years after the grant date, and that they will "vest each month over a 10-year period." That suggests they began vesting in January 2001.

--Merissa Marr contributed to this article.

Write to Steve Stecklow at steve.stecklow@wsj.com1

Aon To Review Options Practices (CHIT)

By Becky Yerak, Tribune Staff Reporter

Chicago Tribune, February 9, 2007

A stock buyback helped boost Aon Corp.'s per-share earnings in the fourth quarter, but it also disclosed Thursday that it has launched a "comprehensive review of option grant date practices and related accounting issues."

The Chicago-based insurance brokerage and consulting firm said it recently determined that incorrect dates for "certain" stock options granted in 2000 and in certain previous years appear to have been used for accounting purposes.

"Based upon our preliminary review, the company has not found evidence of intentional misconduct or financial self-dealing, including backdating or other manipulation of stock option pricing," Aon said in its earnings release, issued after the market closed.

But Aon said that its audit committee has begun a thorough review of option grant date practices. Aon wouldn't say which of the certain options are in question, though a spokesman did say that they don't involve the options of Patrick Ryan, Aon's executive chairman who was chief executive in 2000.

It said it hasn't yet been able to determine the amount of additional compensation expense or related impact on taxes, but said it doesn't expect it to be material in 2005 or 2006. It said it will try to quantify the impact on finances for previous periods by the time it files its annual report on or before March 1.

Stock option scandals have caused the downfall of several prominent chief executives who received option grants that had been backdated, or artificially rigged to make them more valuable. Nearly 200 companies have disclosed that the Securities and Exchange Commission, Justice Department or internal investigations are looking into potential problems with backdating.

Meanwhile, Aon had fourth-quarter net income of $224 million, or 68 cents a share, compared to $224 million, or 65 cents a share, in the same period a year ago.

It repurchased about 11 million common shares in the fourth quarter for $390 million. Diluted average shares outstanding were 333.6 million in the latest quarter, compared with 347.5 million in the year-ago quarter.

Aon said income from continuing operations, excluding certain items, was 67 cents a share, compared with 47 cents a share a year ago. On that basis, analysts were expecting 63 cents a share, according to Thomson Financial. Revenue rose 7 percent, to $2.4 billion.

Restructuring expense in the most recent quarter was $86 million, compared with $123 million for the fourth quarter of 2005. A previously announced three-year restructuring plan is now expected to result in pretax charges of $365 million. That's up from estimates of $260 million in early 2006 and $300 million in the third quarter of last year.

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IRS Proposes Penalty Relief For Options (AP)

AP, February 9, 2007

IRS Proposes Tax Penalty Relief for Backdated Options, Simplifying Employee Paperwork

WASHINGTON (AP) -- Companies can voluntarily pay the additional taxes rank-and-file workers face because they were issued backdated stock options, the IRS said Thursday.

The Internal Revenue Service initiative affects the additional 20 percent tax and any interest tax employees would owe after exercising backdated stock options. The proposal's main benefit would simplify taxes for individuals whose companies agree to pay the additional taxes. It wouldn't apply to top executives and company insiders.

The IRS said its "Compliance Resolution Program" would help employees who may be unaware that they held backdated stock options.

Options give holders the right to buy stock at a particular point in the future at a predetermined price. Federal authorities have been probing whether companies have backdated the exercise price of the options to a date when the price was lower.

Federal authorities are scrutinizing the options practices of nearly 140 companies. There are many other companies conducting internal reviews of their stock option plans.

"This shameful practice was widespread," IRS Commissioner Mark Everson said. "We are allowing employers to satisfy the tax obligations of employees who did not knowingly participate in these schemes."

He added the IRS plan doesn't extend to "the executives and insiders who were the principal beneficiaries of the backdating schemes." The offer applies to employees, except for executives, insiders, and shareholders owning at least 10 percent of a company who are required to disclose their holdings under federal securities laws, IRS said.

"The opportunity will not be available for backdated options exercised by most corporate executives or other insiders," IRS said in a press release.

IRS is still pursuing enforcement investigations into the options backdating cases.

"We continue to pursue these cases and work closely with the Securities and Exchange Commission and the Justice Department as appropriate," Everson said. The IRS said this new plan doesn't involve or affect any other federal agency's investigations or regulatory action.

Exercising backdated stock options can result in serious tax consequences. Employees that did so in 2006 may owe an additional 20 percent tax, plus an interest tax, under deferred compensation regulations. With stock options that aren't backdated, the employee would owe income tax on the difference between the value at the date of grant and exercise.

The new IRS initiative allows companies to step forward and pay the additional 20 percent tax and any interest tax that employees owe.

IRS Urges Companies To Pay Taxes Owed By Workers Unaware Of Backdated Options (WSJ)

By Kara Scannell

The Wall Street Journal, February 9, 2007

WASHINGTON -- The Internal Revenue Service has come up with a plan to help rank-and-file employees who owe taxes because they unwittingly received backdated stock options: Have their employers pick up the tab.

The IRS initiative, which is voluntary, proposes that companies with backdating problems pay the steep additional taxes due from lower-level employees who exercised backdated stock options in 2006.

The theory: Employees who had nothing to do with receiving backdated options shouldn't be penalized. Top corporate officials of companies with backdating problems will remain on the hook for taxes on exercised stock options that were backdated.

"We're sending the message here that a proper penalty has to be paid but allowing it to be resolved by the companies so [lower-ranking] individuals aren't swallowing the penalty," IRS Commissioner Mark W. Everson said in an interview. "We think it's appropriate to pursue more directly individuals who were manipulating and benefiting from the untoward conduct."

The IRS program comes as more than 140 companies are facing potential problems about how their stock options were dated. More than 130 companies are under investigation by the Securities and Exchange Commission, and the Justice Department has charged five executives with criminal wrongdoing in connection with stock-options backdating.

Robert Salwen, a compensation attorney and consultant in Scarsdale, N.Y., said the IRS announcement isn't a major concession by the government, but is really "a way for companies to minimize the embarrassment of having failed to comply" with tax rules on stock options.

Under IRS regulations, each affected employee is required to go through the task of calculating the penalties and interest due on improperly dated options, then report that on their individual 1040s. What the IRS is doing, Mr. Salwen says, "is allowing companies to take on the burden of having to report and calculate the penalty taxes." Some lawyers say it is hard to imagine many companies taking advantage of the new IRS program, since paying employees' taxes doesn't resolve any corporate-tax issues and there is no penalty to corporations for not participating in the program.

The initiative comes in response to a request by a group of lawyers and accountants who sought to develop a settlement program where companies would pay something less than the full tax that employees would be charged.

"We proposed the IRS develop a program where companies can say we're not sure we have a problem [but] we'd be willing to pay something to make it go away," said Mary B. Hevener, a partner in Baker & McKenzie LLP's Washington office. "I'm a little surprised it's this tough. For them to announce settlement terms that are the maximum conceivable amount that anyone will pay, people aren't going to take them up on the settlement."

Another obstacle: A number of companies haven't completed internal investigations looking into whether options were backdated, so they may not know if they have a problem, or the potential cost to fix it.

The IRS has given companies until Feb. 28 to notify the agency of their intention to participate in the program and until March 15 to contact employees about their participation. The program applies only to options that vested in 2005 and 2006 and were exercised last year.

Mr. Salwen said he expects some companies will take up the IRS on its offer. And he figures the IRS would benefit, too. Instead of having to audit hundreds of individual filings from employees at a particular company to ensure compliance, it only has to look at information filed by the company itself.

Under IRS rules, employees have to pay regular income tax on income they have received from exercising stock options, based on the difference between the option's strike price and the market value of the stock when the option is exercised

For employees who received backdated options, they may have to pay an additional 20% tax, plus an interest tax, under 2004 deferred-compensation regulations. The rules don't apply to options that vested before 2005.

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While companies can't resolve their top executives' taxes through this program, some have taken steps to spare them from the tax on any options they haven't yet exercised, by repricing the options to fix the backdating. In some of these cases, the companies have paid the executives a special bonus to compensate them for the repricing.

---- Mark Maremont and Charles Forelle contributed to this article.

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Prosecutors Deny Dragging Feet In Nacchio Trial (AP)

By Sandy Shore, AP Business Writer

AP, February 9, 2007

DENVER (AP) - A federal judge sharply rebuked prosecutors and Joe Nacchio's attorney's Thursday, calling them "petulant children" as he issued several orders in the insider trading case against the former Qwest chief executive.

"This just seems to be petulant children in a sandbox kicking sand at each other," U.S. District Judge Edward Nottingham said, referring to a series of motions exchanged between the two sides this week as the March 19 trial approaches.

"I think what you need to do is stop whining and get on with the business of preparing for this trial," he told the attorneys.

Nottingham had stern words for both sides as he worked his way through the motions with attorneys sitting quietly in the courtroom or listening via telephone. He set a series of deadlines ahead of the next status conference on Feb. 23.

Prosecutors and defense lawyers have been arguing over the evidence exchange process, which includes witness interviews, documents and classified government information.

Nacchio's attorneys complained this week that prosecutors have been dragging their feet in turning over evidence and that they needed a 60-day delay to review material they received as late as Monday.

Prosecutors denied the accusations and said the process had been slow because of the procedures in federal law that must be followed for classified documents.

Nottingham said he was dismayed by how long it has been taking to turn over evidence but stopped short of penalizing prosecutors, instead ordering them to produce transcripts of witness interviews within 48 hours.

He rejected what he called the defense's "backhanded, lame request for a continuance," saying there was no showing of prejudice that would require a delay. "This case is going to be tried March 19th on schedule," he said.

Nottingham also ruled that one government motion and some documents filed with the court would not be shared with Nacchio's attorneys, saying the information was highly classified and needed to be guarded for national security concerns.

He noted that the information - with some details such as names and locations of buildings omitted - had been given to the defense.

By telephone, defense attorney Herbert Stern began to object saying that his team was "as trustworthy" as the prosecutors when Nottingham interrupted.

The judge said he never questioned whether the defense team could be trusted but that the more people who knew about the documents' contents the greater chance that the information would be released inadvertently.

"My reason (for withholding the full documents) has nothing to do with whether you can be trusted," he told Stern. "I don't appreciate you're trying to make a record of something I didn't say."

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge that Qwest Communications International Inc. would be unable to meet revenue targets.

He has pleaded not guilty to 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine.

Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts which made him more optimistic about the Denver-based telephone company's financial future.

The documents are protected by the Classified Information Procedures Act, which sets strict guidelines for viewing secret government material such as business contracts.

Attorneys for both sides have been working on substitute explanations for the documents that can be made public at trial without violating the law.

It requires attorneys and the judge to receive Justice Department security clearances before they are able to review the contracts in secure facilities.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

4 Admit Conspiracy In Stock-Tip Case (WP)

DOJ_NMG_0129817

By Carrie Johnson

The Washington Post, February 9, 2007

A former pharmaceutical executive and two of his sons pleaded guilty yesterday to conspiracy charges for engaging in what authorities called a "brazen" scheme to profit more than $2 million from illegal stock tips passed among the family members and their friends.

Zvi Rosenthal, 62, a former vice president at Taro Pharmaceutical Industries of Hawthorne, N.Y., shared confidential information about the generic-drug maker's products and financial condition with his sons Amir, 29, and Ayal, 26, more than a dozen times from 2001 to 2005, according to securities regulators.

The three men and Amir Rosenthal's friend David Heyman, 29, pleaded guilty to a single count of conspiracy to commit securities fraud yesterday in U.S. District Court in Brooklyn, N.Y. Each defendant faces a maximum prison term of five years and a $250,000 fine when he is sentenced in May, U.S. Attorney Roslynn R. Mauskopf said.

Securities and Exchange Commission officials yesterday filed related civil insider-trading charges against the men and several of their alleged confederates, including Oren Rosenthal, 30, Rosenthal's eldest son, and Bahram Delshad, 55, Amir Rosenthal's father-in-law.

Mark K. Schonfeld, director of the SEC's Northeast Regional Office, said the case is particularly disturbing because it appeared to be a "family business based on insider trading."

Members of the Rosenthal family and many of their friends worked as lawyers and accountants at respected businesses, including the accounting firm PricewaterhouseCoopers. They were people "who had every reason to know better," said Bruce Karpati, an assistant regional director at the SEC.

The Rosenthals created a hedge fund, Aragon Partners, to hide the source of their stock trades from authorities, according to court papers. Hedge funds are investment pools designed for wealthy individuals and are subject to less oversight than other investment vehicles. The men also traded using sophisticated options contracts, rather than run-of-the-mill shares of Taro and other stocks, to avoid detection, regulators said.

Zvi Rosenthal engaged in some of the improper trades when he was on probation for making false claims to the Defense Department while employed at a contractor that made military uniforms, according to the 51-page SEC complaint. He resolved that case by pleading guilty to a single felony false-claims charge in 2000. At the time, Zvi Rosenthal also agreed to a $20,000 fine and three years of probation, including six months of home confinement and electronic monitoring.

Amir Rosenthal, a former corporate lawyer at a large New York law firm that prosecutors did not identify, received kickbacks from two of the people with whom he shared confidential information. A friend gave him more than $6,300 in cash to buy a plasma television, and Delshad gave him $66,000 in installments routed through Delshad's children, SEC lawyers said.

In all, the family members and their friends collected more than $1.5 million in profit and avoided millions of dollars more in potential losses by trading on confidential tips, for a total of nearly $4 million, according to regulators.

Paul Shechtman, a lawyer for Amir Rosenthal, said, "I've never seen so much hard-earned human capital lost in one day."

Former Thacher Proffitt Associate Admits Role In Insider Trading Scheme (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, February 9, 2007

A former associate at Thacher Proffitt & Wood faces up to five years in prison after he pleaded guilty Thursday in Eastern District of New York federal court to an insider trading scheme involving his father, brother and a childhood friend who worked at Ernst & Young.

The 29-year-old attorney, Amir Rosenthal, his co-defendants and several others named in a civil securities complaint earned as much as $3.7 million by trading on inside information provided by Rosenthal's 62-year-old father, Zvi, a former executive at Taro Pharmaceutical Industries, Ltd., according to prosecutors and the Securities and Exchange Commission.

Another Thacher Proffitt associate Thursday settled related civil insider trading charges and may face termination by the firm.

Thacher Proffitt did not do business with any of the companies whose shares were traded, and Rosenthal, a graduate of New York University School of Law, was not alleged to have relied on firm information. He executed several trades before joining the firm in September 2004. The firm suspended him in April 2006 after the SEC and federal prosecutors began an investigation. He was terminated in June 2006.

But Rosenthal did provide information to his supervisor at Thacher Proffitt, associate Young Kim, according to the SEC.

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Kim's future employment was in question Thursday after Thacher Proffitt learned that he had settled a civil complaint with the SEC for $4,288 and agreed to pay $42,000 in penalties. He consented to a judgment without admitting or denying the SEC's insider trading allegations.

Thacher Proffitt knew Kim was a potential witness against Rosenthal and was being questioned about insider trading, but it did not know until Thursday that the SEC would take action against him or that he would agree to pay civil penalties, according to a spokesman.

"It's a complete surprise to us," the spokesman, Paul Tvetenstrand, said. "We were not aware that Young Kim had done anything wrong and was anything other than a witness."

Kim, who joined the firm in 2000 after graduating from Cornell Law School in 1998, was on vacation and could not be reach for comment; his attorney, Susan Walsh of Moskowitz & Book, was also unavailable.

Tvetenstrand said the firm would speak with Kim upon his return and decide his future.

"We are a securities law firm," Tvetenstrand said. "We cannot afford to even have the slightest shadow of a doubt about our credibility."

In a 90-minute hearing Thursday, Eastern District Judge John Gleeson accepted guilty pleas from Rosenthal; his father, a resident of Tenafly, N.J., who has a prior conviction for defrauding the government; his 26-year-old brother Ayal, an accountant at PricewaterhouseCoopers; and his friend David Heyman, 29, an accountant at Ernst & Young. Amir Rosenthal and Heyman attended high school and Rutgers University together.

Zvi Rosenthal, wiping away tears, admitted that since 2001 he had provided Amir with inside information about Taro Pharmaceutical, including details about pending Food and Drug Administration approval for the company's drugs. He also told his son when Taro's profits would not meet expectations so his son could trade on the subsequent decline in the value of the company's shares.

Amir Rosenthal admitted that he passed similar information to his brother and to Heyman.

The Eastern District U.S. Attorney's Office said the men made more than $2 million through insider trading. The SEC put the figure at $3.7 million, including gains by three others who were not charged criminally: Kim; Bahram Delshad, Amir's father-in-law; and Amir's 30-year-old brother Oren, a former attorney at the New York office of O'Melveny & Myers.

Rosenthal also attempted to trade on information provided by Heyman in 2005 about an upcoming merger between two large, publicly held companies -- information Heyman had learned as an employee of Ernst & Young (the U.S. Attorney's Office did not identify the companies). The merger did not happen and Rosenthal realized no gain. He also received kickbacks from Heyman ($6,300 for a plasma television for Zvi) and Delshad ($66,000 delivered in $11,000 installments through Delshad's children).

Under federal sentencing guidelines agreed upon by prosecutors and defense attorneys for the men, Amir Rosenthal will likely receive 33 to 41 months in prison, with a maximum of 5 years. His father will likely receive 51 to 71 months. Heyman faces 21 to 27 months, while Ayal Rosenthal faces up to 6 months.

Tvetenstrand described Rosenthal's guilty plea as "very sad."

Amir Rosenthal's attorney, Paul Shechtman of Stillman, Friedman & Shechtman, said, "This is a very sad chapter for a good family."

A Matter Of Fair Play (NYT)

The New York Times, February 9, 2007

Financial markets run on information. Knowledge turns into money for whoever reacts to changes the fastest and makes the right bets. Most part-time investors working with their nest eggs know they're a step slower than the top professionals at Wall Street banks and hedge funds. But that doesn't mean they deserve an unfair playing field.

That's why we applaud the Securities and Exchange Commission's decision to begin a broad examination into whether employees at major Wall Street banks have been leaking information to their favorite customers, like funds. As Jenny Anderson reported recently in The Times, the S.E.C. is requesting reams of information from large banks to determine whether bankers are tipping off hedge funds — whose active trading tends to make them lucrative customers — about other client's orders as a way to curry favor with them.

When most people hear about insider trading, they think of buying shares before a piece of good news drives up the stock price. But trading on nonpublic information can get much more complicated than that. Front-running is the technical term for buying ahead of a big sale or purchase. When, for instance, a mutual fund company buys a large stake in a stock, the stock will go up. Anyone who is aware of what is about to happen during the lag time between when the order is placed and when the

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purchase is made could get in first and make a killing, although it is illegal to do so. It would also mean the mutual fund would pay more for the same stock than it would have absent the front-running.

It is good to see the commission playing an active role. We hope that it is not just reacting to recent Congressional scrutiny. The former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter and Charles Grassley, released an interim report last week taking the commission to task for mishandling an inquiry into possible insider trading involving the hedge fund Pequot Capital Management. Last fall, Mr. Grassley asked the Government Accountability Office, Congress's investigative arm, to take a closer look at the commission's enforcement and compliance divisions. Its report is expected by June.

Whatever happens, it is clear that the growing power of hedge funds in an ever more complex market requires increased scrutiny. While the S.E.C. looks for signs of insider trading, Congress should pass legislation to regulate hedge funds.

CRIMINAL LAW:

Libby Lawyers Grill NBC's Russert (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 9, 2007

WASHINGTON -- NBC's Tim Russert deflected criticism of his ethics and credibility as he completed a heated second day of cross-examination Thursday in the trial of former White House aide I. Lewis "Scooter Libby.

Russert, who testified that he never discussed outed CIA operative Valerie Plame with Libby, was the final prosecution witness before Special Prosecutor Patrick Fitzgerald rested his three-week perjury and obstruction case. Libby's attorneys will begin calling witnesses Monday.

The journalist was subjected to the kind of interrogation he usually gives guests on his Sunday television show "Meet the Press," as attorneys flashed excerpts of his previous statements on a video monitor and asked him to explain inconsistencies.

A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential.

"Did you disclose in the affidavit to the court that you had already disclosed the contents of your conversation with Mr. Libby," asked Theodore Wells, one of Libby's attorneys.

"As I've said, sir ... "Russert began.

"It's a yes or no question," Wells interrupted.

"I'd like to answer it to the best of my ability," Russert said.

"This is a very simple question. Either it's in the affidavit or it's not?" Wells asked. "Did you disclose to the court that you had already communicated to the FBI the fact that you had communicated with Mr. Libby?"

"No," Russert said.

Wells wants to cast Russert as someone who cannot be believed, who publicly championed the sanctity of off-the-record conversations but privately revealed that information to investigators. Russert said he viewed the FBI conversation and testimony to prosecutors differently.

Russert's credibility is under fire because he and Libby tell very different stories about a July 2003 phone call that is at the heart of the case. The question of which to believe could be a critical jury room issue.

Both men agree that Libby called Russert to complain about a colleague's news coverage. Libby says at the end of the call, Russert told him "all the reporters know" that Plame, the wife of a prominent war critic, worked for the CIA. Russert testified that part of the conversation never occurred.

"That would be impossible," Russert testified Wednesday. "I didn't know who that person was until several days later."

Libby subsequently repeated the information about Plame to other journalists, always with the caveat that he had heard it from reporters, he has said. Prosecutors say Libby concocted the Russert conversation to shield him from prosecution for revealing classified information from government sources.

Libby's attorneys say Russert knew about Plame from colleagues David Gregory and Andrea Mitchell. Mitchell said in an interview that she and other reporters knew Plame worked for the CIA but she later recanted that statement. Wells had hoped to play clips of Mitchell discussing her statements on the Don Imus morning show on MSNBC.

Fitzgerald successfully argued that the tapes not be played.

"We might as well take 'Wigmore on Evidence' and replace it with 'Imus on Evidence,'" Fitzgerald said, referencing the classic treatise on evidentiary law. "There's no Imus exception to the hearsay rule. This has no business in a federal court."

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Wells has questioned Russert about other phone conversations he couldn't remember, inconsistencies between his current account and FBI notes of an agent's original interview with him, and the likelihood that he would've let such a high-ranking official off the phone without fishing for some news.

Suggesting that Russert was eager to see Libby face charges, Wells played a video of Russert discussing the impending indictment with Imus. Russert sounded giddy at times in the discussion, laughing and describing the anticipation as "like Christmas Eve."

Russert said he was eager for the story to unfold like any big event.

"Did you take joy in Mr. Libby's indictment?" Fitzgerald asked during follow-up questioning.

"No, not at all," Russert said. "And I don't take joy in being here."

Libby's attorneys also will try to undercut the credibility of former New York Times reporter Judith Miller, who testified that Libby revealed Plame's identity to her. Defense attorney William Jeffress said he intends to call Miller's former boss, Times managing editor Jill Abramson, to try to refute Miller and question her credibility.

Prosecution Rests Case In Libby's Perjury Trial (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 9, 2007

Prosecutors rested their case yesterday in the perjury trial of I. Lewis "Scooter" Libby, completing a methodical portrait of a top-tier presidential aide who they say diligently scrambled to defend the White House against an early critic of the Iraq war and then lied to investigators about what he had done.

Special Counsel Patrick J. Fitzgerald concluded the prosecution's portion of the trial after 11 days in which he laid out for jurors a chronological narrative -- of a volatile period inside in the White House in 2003 -- that was sometimes dry but provided tantalizing glimpses into the worlds of President Bush's closest advisers and an elite tier of Washington journalists.

The prosecution first demonstrated the steps Libby allegedly took to find out the identity of Valerie Plame, an undercover CIA officer married to a former ambassador, Joseph C. Wilson IV. Wilson accused the White House of twisting intelligence he had gathered as it justified the invasion of Iraq.

Fitzgerald then led jurors through the sequence of journalists and a White House press secretary Libby allegedly told about Plame in an effort, the prosecutor alleges, to discredit her husband by suggesting Wilson was sent on the CIA-sponsored mission as a result of nepotism.

Finally, the prosecutor -- relying on an FBI agent, eight hours of audiotapes of Libby testifying before a federal grand jury, and NBC News Washington bureau chief Tim Russert -- laid out the fabrications the government contends Libby told about his role in the leak.

On Monday, defense attorneys are scheduled to begin presenting their case, which will try to cast a more flattering light on Libby's statements and behavior. The defense has said it plans to begin by calling as witnesses several journalists, including some from The Washington Post, in part to show that Libby did not mention Plame to every reporter with whom he spoke early in the summer of 2003, around the time of the CIA leak.

The prosecution rested after one of Libby's attorneys spent hours yesterday hammering the ethics, memory and motives of Russert, potentially the government's most damaging witness. As the grand finale in the prosecution's effort to prove that the vice president's former chief of staff lied to investigators about his role in the leak, Russert told jurors it was "impossible" that he had disclosed Plame's identity to Libby, as Libby told FBI agents and a federal grand jury.

To try to undermine his testimony, defense attorney Theodore Wells Jr. suggested that Russert harbored personal animosity for Libby and was "elated" when he was indicted in 2005.

On the witness stand for more than five hours of pointed cross-examination over two days, Russert said that he took no joy in Libby's fate and that, on the morning of Oct. 28, 2005, he had been keyed up only because a major news story on the indictments was to unfold within hours. But Wells implied to the jury that Russert had darker motives.

The defense played in court snippets of radio personality Don Imus's interview of Russert that morning. Russert, the moderator of NBC's "Meet the Press," spoke in giddy tones that contrasted markedly with his sober, careful style in court.

"It was like Christmas Eve here last night," Russert told Imus about his newsroom's anticipation of the results of the federal investigation that Fitzgerald was about to announce. "Santa Claus is coming tomorrow. Surprises! What's going to be under the tree?"

Wells also read parts of a transcript from that same day's broadcast of the "Today" show, in which Russert explained to host Katie Couric the significance of possible indictments against Libby or President Bush's top political adviser, Karl Rove, which newspapers were reporting that morning.

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"It's huge, Katie," Russert said on the program. "This is the first time in 130 years that a sitting White House official would come under indictment."

Russert's buoyant tone, Wells contended, reflected "bad blood" between Russert and Libby. Wells also pressed Russert to try to illustrate that he had a flawed memory, that he could have learned of Plame from two NBC colleagues, and that he acted inconsistently by answering an FBI agent's questions early in the investigation but seeking unsuccessfully months later to fight a grand jury subpoena for his testimony.

Fitzgerald tried unsuccessfully yesterday to persuade U.S. District Judge Reggie B. Walton to prevent the defense from reading the jury excerpts of Russert's "Today" comments. "To turn it into a grudge match -- with some sort of bad blood -- I think that is a stretch," Fitzgerald argued.

Wells also suggested that Russert's 22-minute deposition with the special counsel had been incomplete because Russert was not asked whether he was told about Wilson's wife by NBC colleagues Andrea Mitchell or David Gregory, who were working on aspects of the unfolding Wilson story. Russert acknowledged that he was not asked about either one during his deposition but told the jury "they never came forward" to share with him anything they were learning about Wilson from administration officials.

Libby, 56, faces five felony counts of lying to investigators and a grand jury. He is not charged with actual disclosure of Plame's identity. He has repeatedly testified that he shared information about Plame with other reporters only after learning it from Russert during a telephone call.

Libby has acknowledged that Cheney first told him about Plame's CIA job in June 2003 but said that he forgot he knew about her by the time that, according to his account, Russert mentioned her nearly a month later.

Russert testified Wednesday that he could not have told Libby about Plame because he had not heard of her until she was publicly revealed in a syndicated column by Robert D. Novak on July 14, 2003 -- four days after Russert spoke with the vice president's right-hand man.

Fitzgerald has argued that Libby fabricated the story about learning the information from Russert to protect himself from criminal charges. Passing along gossip from a reporter would not be a crime, but disclosing a CIA officer's classified status to reporters after learning it from the vice president could be.

NBC's Russert Wraps Up Prosecution Case In Libby Trial (NYT)

By Neil A. Lewis

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — The prosecution finished presenting its case in the perjury trial of I. Lewis Libby Jr. on Thursday, leaving his defense lawyers to try to undo the government's contention that Mr. Libby lied under oath during an investigation into the leak of a C.I.A. officer's identity.

Mr. Libby's legal team will begin with a parade of Washington journalists as witnesses for the defense when the proceedings resume Monday. But lawyers for Mr. Libby, the former chief of staff to Vice President Dick Cheney, left it a mystery as to whether they would call the two star attractions on their witness list: Mr. Cheney and Mr. Libby himself.

The last day of the prosecution's case was largely consumed with an intense battle of wills between Mr. Libby's chief defense lawyer, Theodore V. Wells Jr., and the final prosecution witness, Tim Russert of NBC News. Before the jurors left for a long weekend, they were bombarded as they have been each day with a fast-moving and complex torrent of information.

They seemed to pay close attention as Mr. Wells, known for his cross-examination skills, and Mr. Russert, a successful public communicator, went at each other for a second consecutive day.

Mr. Wells focused on Mr. Russert's behavior when he was first called by an F.B.I. agent and asked about a telephone conversation he had had with Mr. Libby on July 10 or 11, 2003.

In that call, the agent told Mr. Russert that Mr. Libby had said in an interview that he first learned of the identity of the C.I.A. operative, Valerie Wilson, from Mr. Russert in the July 2003 conversation.

Mr. Russert told the agent that Mr. Libby's assertion was untrue, that the issue of Ms. Wilson never came up in that conversation.

Mr. Wells, using the technique that Mr. Russert is known for as moderator of "Meet the Press," then put up on video screens throughout the courtroom Mr. Russert's words in an affidavit he filed later. In an effort to avoid complying with a subpoena to testify about the same subject before a grand jury, Mr. Russert swore that he could not discuss the conversation because to do so would violate his deeply held journalistic principles.

"Did you disclose in the affidavit to the court that you had already disclosed the contents of your conversation with Mr. Libby" to the Federal Bureau of Investigation, Mr. Wells asked.

"As I've said, sir ... ," Mr. Russert began.

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"It's a yes or no question," Mr. Wells interrupted.

"I'd like to answer it to the best of my ability," Mr. Russert replied.

"This is a very simple question. Either it's in the affidavit or it's not," Mr. Wells said. "Did you disclose to the court that you had already communicated to the F.B.I. the fact that you had communicated with Mr. Libby?"

"No," Mr. Russert said.

The July phone conversation between Mr. Libby and Mr. Russert is at the heart of the five-count felony indictment. Mr. Libby swore that he did not learn the identity of Ms. Wilson from fellow administration officials but learned it then from Mr. Russert.

Prosecutors have asserted that Mr. Libby concocted that testimony to avoid acknowledging that he learned about her from fellow officials.

Ms. Wilson's identity was first disclosed publicly on July 14, 2003, in a column by Robert Novak, only days after The New York Times published an Op-Ed article by her husband criticizing the Bush White House.

Mr. Russert was notably more subdued during his two days of cross-examination than the ebullient personality he presents on television. He seemed initially taken aback by the pace and ferocity of Mr. Wells's questions. But by Thursday he had regained much of his confidence.

The Libby defense won a victory of sorts when Judge Reggie B. Walton agreed to exclude part of one of the five felony counts against Mr. Libby. But it remained unclear whether the change, which was not contested by the prosecutors, would matter in jury deliberations.

Mr. Libby's team won another victory when Judge Walton ruled that the defense could call as a witness Jill Abramson, the managing editor of The New York Times.

Mr. Libby's lawyers want to question Ms. Abramson in an effort to discredit one of the prosecution witnesses, Judith Miller, a former reporter for The Times. Ms. Miller, who went to jail for 85 days before agreeing to testify before the grand jury, has provided pivotal testimony against Mr. Libby, saying he informed her in detail about Ms. Wilson in several conversations.

Ms. Miller also testified that after a July 8, 2003, breakfast meeting during which Mr. Libby spoke at length about Ms. Wilson, she recommended to Ms. Abramson, then the Washington bureau chief, that the newspaper assign a reporter to look into Mr. and Mrs. Wilson.

Ms. Abramson had been quoted in The Times denying such a conversation, and Mr. Libby's lawyers want Ms. Abramson to cast doubt on Ms. Miller's credibility.

Ms. Abramson will probably testify on Tuesday, and other journalists, like Bob Woodward and Walter Pincus of The Washington Post, will take the stand on Monday.

Prosecution Rests Case Against Libby (LAT)

By Greg Miller And Richard B. Schmitt

The Los Angeles Times, February 9, 2007

WASHINGTON — After 11 days of testimony from some high-profile witnesses, prosecutors on Thursday wrapped up their case against former White House official I. Lewis "Scooter" Libby — and the task now facing the defense appears daunting: convincing jurors that one Washington insider is to be believed when his version of events is at odds with that of so many others.

Libby's attorneys have succeeded in showing that prosecution witnesses at times suffered memory lapses. But those testifying against Vice President Dick Cheney's former chief of staff in his perjury and obstruction trial were consistent on two key points: what they did not tell Libby, and what he told them.

Tim Russert, NBC News' Washington bureau chief and moderator of "Meet the Press," was the latest to testify that Libby's description of events is wrong.

Libby told a grand jury in 2004 that he learned of CIA officer Valerie Plame from Russert.

Previous witnesses have testified they learned of Plame from Libby, which defense lawyers deny.

Special Prosecutor Patrick J. Fitzgerald wrapped up his argument in typically matter-of-fact fashion Thursday, telling U.S. District Judge Reggie B. Walton: "At this time the government rests its case." The defense is set to begin Monday.

Libby's trial, the first high-profile prosecution of a senior administration official in Washington in more than a decade, has been a legal and political spectacle, providing details of how the Bush administration launched a campaign against Plame's husband, a critic of the Iraq war.

The case grew out of Libby's statements to federal investigators about his conversations with three journalists around the time Plame was named in a July 14, 2003, newspaper column by Robert D. Novak. Libby, prosecutors charged, obstructed a federal probe into how Plame's identity became public. Disclosing the identity of an undercover officer can be a felony.

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Russert completed his second day of testimony Thursday with a series of testy exchanges with Libby's lawyers, who sought to portray him as an unreliable witness with a grudge against the defendant.

At one point, Libby's lawyers played a tape of an interview with Russert by radio host Don Imus on Oct. 28, 2005, the day Libby's indictment was announced. Russert sounded giddy as he told how the pending release of legal documents targeting White House officials had the feel of "Christmas Eve" for reporters in Washington.

Theodore Wells Jr., Libby's lead attorney, suggested Russert was relishing the idea that Cheney's chief of staff was in serious legal trouble. "Who was Santa Claus?" Wells asked, wondering aloud if Russert saw prosecutor Fitzgerald in that role.

Russert insisted that he was merely describing the atmosphere of anticipation surrounding a case that had been two years in the making. When Fitzgerald asked whether Russert took any joy in Libby's legal trouble, the newsman turned solemn.

"No, not at all, and I don't take joy in being here," Russert said.

Later in the session, the case drew comparisons to the O.J. Simpson murder trial, which was criticized for how long it took to complete.

With jurors out of the room, Wells argued for permission to present more tapes of the "Imus in the Morning" show in which Russert and NBC News reporter Andrea Mitchell discussed the case. Fitzgerald protested that doing so would be tantamount to replacing traditional rules on evidence "with Imus on evidence."

"Or O.J. on evidence," Walton said, adding that the Simpson trial had dragged on for nine months largely because attorneys were given extraordinary latitude to pursue tangential arguments and evidence.

Libby has said, through his lawyers and in court papers, that he first heard about Plame in a conversation with Russert a few days after the New York Times published a July 6, 2003, column by her husband, former envoy Joseph C. Wilson IV, criticizing the administration's use of prewar intelligence.

Russert testified he did not learn her identity until reading Novak's July 14 column. Two other journalists have testified that Libby told them about Wilson's wife.

The defense contends that Libby did not knowingly lie, but may not have recollected the conversations accurately because he was swamped with pressing national security matters. A memo from his files introduced into evidence shows that he learned about Plame from Cheney before he talked with the reporters. Libby has said he forgot that too.

Fitzgerald has alleged that Libby concocted the story about Russert after realizing that, by talking with reporters about Plame, he may have committed a felony by disclosing classified information.

In court, Fitzgerald has shown how Cheney's office mobilized to attack Wilson; the vice president even prepared the talking points. An issue of such importance to Cheney, Fitzgerald has argued, would be hard to forget.

Fitzgerald has "methodically constructed a wall of witnesses who all testified to what a significant issue Plame and her husband were," said Henry E. Hockeimer Jr., a Philadelphia lawyer and former federal prosecutor. "It's going to be hard for the jury to believe Libby simply was too busy at the time of his grand jury testimony to remember his conversations."

The prosecutor also has elicited testimony from former senior government officials that they remember telling Libby about Wilson's wife well before Libby says he learned about her from Russert.

The defense is expected to attack some of those witnesses in the days ahead. Walton ruled Thursday that Libby's lawyers could call New York Times Managing Editor Jill Abramson to discredit former Times reporter Judith Miller, who testified against Libby.

Other journalists, including Bob Woodward of the Washington Post, are expected to testify that Libby did not leak them information about Plame.

The defense has indicated that it also plans to call Cheney, presumably to buttress the point about his former aide's workload, but the timing of his appearance is unclear.

Whether Libby will take the stand in his own defense is unclear. His lawyers previously indicated he was going to testify, but they appear to be rethinking their plans.

"The defendant testifying in any case is your moment of truth for winning or losing," said Guy Singer, a Washington lawyer and former federal prosecutor. But, he said, Libby may have more to lose than to gain by taking the stand and allowing Fitzgerald — once described by a colleague as "Eliot Ness with a Harvard law degree" — to cross-examine him.

"I think that is very, very risky," Singer said. "He would have to explain his motives."

Fitzgerald would probably ask Libby, for example, whether it was true that he was engaged in a pitched battle to fight off what Wilson was saying publicly. The question would put Libby in a bind.

"If he admits it, he helps make the government case," Singer said. "If he denies it, he may appear to be lying."

Prosecution Rests After Russert Completes Testimony In Libby Trial (FINDLAW/AP)

DOJ_NMG_0129824

By Matt Apuzzo, Associated Press Writer

AP, February 9, 2007

(AP) - WASHINGTON-A television journalist deflected criticism of his ethics and credibility as he completed a heated second day of cross-examination Thursday in the trial of former White House aide I. Lewis "Scooter Libby.

NBC newsman Tim Russert, who testified that he never discussed outed CIA operative Valerie Plame with Libby, was the final prosecution witness before Special Prosecutor Patrick Fitzgerald rested his three-week perjury and obstruction of justice case.

Attorney's for Libby, former chief of staff to Vice President Dick Cheney, will begin calling witnesses Monday.

Plame's husband, former ambassador Joe Wilson, criticized the Bush administration's Iraq policy in a leading newspaper and on television in 2003.

The trial has provided the jury - and the public- a rare glimpse into how the highly disciplined Bush administration dealt with the media and how reporters extract or are provided information from high-level sources

Russert was subjected to the kind of interrogation he usually gives guests on his Sunday television show "Meet the Press," as attorneys flashed excerpts of his previous statements on a video monitor and asked him to explain inconsistencies.

A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential.

"Did you disclose in the affidavit to the court that you had already disclosed the contents of your conversation with Mr. Libby," Wells asked.

"As I've said, sir ... "Russert began.

"It's a yes or no question," Wells interrupted.

"I'd like to answer it to the best of my ability," Russert said.

"This is a very simple question. Either it's in the affidavit or it's not?" Wells asked. "Did you disclose to the court that you had already communicated to the FBI the fact that you had communicated with Mr. Libby?"

"No," Russert said.

Wells wants to cast Russert as someone who cannot be believed, who publicly championed the sanctity of off-the-record conversations but privately revealed that information to investigators. Russert said he viewed the FBI conversation and testimony to prosecutors differently.

Russert's credibility is under fire because he and Libby tell very different stories about a July 2003 phone call that is at the heart of the case. The question of which to believe could be a critical jury room issue.

Both men agree that Libby called Russert to complain about a colleague's news coverage. Libby says at the end of the call, Russert told him "all the reporters know" that Plame worked for the CIA. Russert testified that part of the conversation never occurred.

"That would be impossible," Russert testified Wednesday. "I didn't know who that person was until several days later."

Libby subsequently repeated the information about Plame to other journalists, always with the caveat that he had heard it from reporters, he has said. Prosecutors say Libby concocted the Russert conversation to shield him from prosecution for revealing classified information from government sources.

Libby's attorneys say Russert knew about Plame from colleagues David Gregory and Andrea Mitchell. Mitchell said in an interview that she and other reporters knew Plame worked for the CIA but she later recanted that statement. Wells had hoped to play clips of Mitchell discussing her statements on a television program.

Fitzgerald successfully argued that the tapes not be played.

Wells has questioned Russert about other phone conversations he could not remember, inconsistencies between his current account and FBI notes of an agent's original interview with him, and the likelihood that he would have let such a high-ranking official off the phone without fishing for some news.

Libby's attorneys also will try to undercut the credibility of former New York Times reporter Judith Miller, who testified that Libby revealed Plame's identity to her. Defense attorney William Jeffress said he intends to call Miller's former boss, Times managing editor Jill Abramson, to try to refute Miller and question her credibility.

Associated Press writer Michael J. Sniffen contributed to this report.

'Law And Order' Star Stands By Libby (NSDY/AP)

By Michael J. Sniffen

Long Island Newsday, February 9, 2007

WASHINGTON -- One of the nation's most familiar "prosecutors" showed in Scooter Libby's camp in court Thursday.

But it was a "prosecutor" who only plays one on TV.

Joining Libby's public relations person, Barbara Comstock, in the public gallery was former Tennessee Republican Sen. Fred Thompson, who plays a New York City prosecutor on the NBC series "Law and Order." He came to listen while another NBC star, Washington bureau chief Tim Russert was cross examined by defense attorney Theodore Wells.

At one point, Libby's wife, Harriet Grant, went back and sat beside Thompson. They hugged, laughed and chatted for a few minutes before she returned to her seat in the front row.

Asked why he came Thompson said, "I'm a friend of Scooter Libby and his family."

During a late-morning break, Libby and Thompson shook hands in the hallway and went into a private conference room to chat. Thompson did not return for the conclusion of the morning session.

The former senator is on the steering committee of the Scooter Libby Legal Defense Fund Trust, an organization that set out to raise more than $5 million to help finance Libby's defense.

Thompson, who declined to answer more questions Thursday, hosted a fundraiser at his northern Virginia home last May to raise money for Libby's defense fund.

In Defense Of The Desperate (and The Notorious) (NYT)

By Robin Finn

The New York Times, February 9, 2007

REGRETTABLY, Ephraim Savitt is a little late for this friendly cross-examination, but not because he shrewdly anticipates that its subtext will be something scathing along the lines of “Don’t you worry that everyone despises you for your emphatic defense of a cold-blooded murderer like Ronell Wilson? Where are your scruples?”

As a federal prosecutor for nearly eight years in the 1980s, Mr. Savitt takes such predictable ranting from a nonstudent of jurisprudence in stride. His laurels include the Justice Department’s first conviction of ranking members of the Gambino crime family, Gene Gotti among them.

Sonorous of voice (part Motown-ish croon, part rabbinical oratory that is a genetic gift from his father, who died when he was 19), and impeccable of tailoring (his fluffy alpaca overcoat suggests topnotch llama), Mr. Savitt, 55, sweeps off the elevator into the vestibule of his Madison Avenue office.

He smiles, apologizes and insists that most people accuse his coat of “being designed by Smokey the Bear.” Glib, yes, but too much of a mensch to be slick.

Then he wields his excuse for tardiness, a verbal bludgeon aimed straight at the conscience: It would be beyond impolite, would it not, for a criminal defense lawyer to duck out early from a meeting convened to formulate defense strategies for a desperate client. Which his tend to be, regardless of whether they are “white-collar criminal” types who can afford his regular $500 hourly fee or the cash-poor committers of capital crimes he defends, at the court’s request, for a mere $163 an hour. That means taxpayers foot the bill. All the way to the Supreme Court, perhaps, in the Wilson case.

“There is no way that I will compromise in my defense of a client no matter how bad my client may be, or is perceived to be,” is Mr. Savitt’s mantra, mellifluously delivered, as he leads the way to an overheated office overstuffed with “ersatz mechanical piggy-banks and antique Judaica. It’s a vice,” he says of his collecting habits.

He keeps an assortment of antique silver, much of it acquired in Israel, at home on the Upper West Side, where his wife, Leah, four children, and the Lincoln Square Synagogue absorb his spare time. That is in short supply since the list of federal crimes that can result in the death penalty was expanded in 1994.

“There are a lot of Ronell Wilsons around, and I try not to make this my exclusive business,” he says of defending murderers. “People hated me even before I took this case.” (He received an anonymous death threat for being on Mr. Wilson’s defense team.)

“I’m not at all excusing what he did. But to me, the only question now is when exactly is he going to die in prison, not if he’s going to die in prison. I have nightmares about going to Terre Haute if he goes to the death chamber. I don’t want to see it happen, but if it does, I suppose it is my moral obligation to be there for him.”

More than a decade ago, Mr. Savitt was one of four lawyers appointed to represent defendants in the first capital prosecution in New York under the current federal death penalty act, and he has since defended other criminals in this predicament. Only Mr. Wilson received a death sentence.

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In 1996, he obtained a life sentence for Peng You Zhong, a member of a Chinese gang accused of kidnapping, torture and murder. In 2003, he won a life sentence for Emile Dixon, a convicted murderer and crack dealer. On March 26, the trial of Richard James, accused of murder in what Mr. Savitt terms “a hybrid insurance fraud/death penalty case” begins.

He also represents Vincent Basciano, a k a Vinny Gorgeous, a reputed mobster accused of making death threats against Greg Andres, a federal prosecutor, and Judge Nicholas G. Garaufis, of Federal District Court, coincidentally the presiding judge in the Wilson case.

Formal sentencing, scheduled for March 29, is the next step in the legal odyssey of Mr. Wilson, convicted of murdering two undercover detectives in a botched gun sale and already the recipient of a jury sentence of death by lethal injection. (Mr. Savitt is not sold on lethal injection as a painless ending and believes the death penalty should apply only to child murderers and terrorists, people he would refuse to defend.)

“I don’t believe Ronell Wilson is the worst of the worst,” he says.

The petulant Mr. Wilson, whose post-verdict misbehavior includes sticking out his tongue after the jury delivered its sentence last week and smashing a chair through a window at the Metropolitan Detention Center in Brooklyn over the weekend, is the first defendant in New York in more than 50 years to receive a death penalty in a federal trial.

IT is the kind of history I don’t want to make,” says Mr. Savitt. “If I had my druthers, I would rather it had not been me on the defense team; there’s no such thing as a ‘good’ death penalty case. But it doesn’t make any sense not to appeal. I don’t think justice has been vindicated by this sentence.”

“Whatever happens at the appellate level, I think this case has a decent chance to go all the way to the Supreme Court,” he adds, “because this whole area of the law is evolving and there’s not a lot of appellate guidance, there were mistakes made.” Among other concerns, Mr. Savitt feels that his client’s statement of remorse was “sanitized” by the judge, dampening its effect.

Born in Paris to Holocaust survivors, Mr. Savitt moved with his family to Washington Heights as an infant. It was, he recalls, a tough neighborhood; at age 14, he was accosted by a knife-wielding man and harassed for wearing a yarmulke. “I guess I grew up learning,” says Mr. Savitt, who went to law school at Fordham and opened his own firm in 1989, “how not to be a chicken.” Murderers don’t scare him. Prosecutors, either.

Stalker Usually Not A Stranger; Trigger Is Often Jealousy (USAT)

By Wendy Koch, Usa Today

USA Today, February 9, 2007

Nicole Kidman, Sharon Stone, Meg Ryan, Brad Pitt, Catherine Zeta-Jones, Steven Spielberg, Gwyneth Paltrow, Richard Gere and Katie Holmes share an experience beyond being on the Hollywood A-list. They've all reported being stalked, often by delusional fans.

Their widely publicized cases are unusual, though, because they involved strangers. Most stalkers and victims know each other, and many have a current or former romantic tie, says Mary Lou Leary, executive director of the National Center for Victims of Crime.

She cites government figures showing that 77% of female victims and 64% of male victims knew their stalkers. The most common trigger: a broken, lonely or jealous heart.

Astronaut Lisa Nowak, charged this week with attempted murder, knew Colleen Shipman, the woman she is accused of attacking at Orlando International Airport early Monday. Police said Nowak viewed her as a romantic rival over fellow astronaut William Oefelein.

After the alleged attack, Shipman filed a petition for a protective order in which she said Nowak had stalked her for about two months.

The case is unusual in that it alleges one woman stalked another, says Mindy Mechanic, assistant professor of psychology at California State University, Fullerton. She says most stalkers are men.

Noting Nowak's accomplished career, Mechanic says she has seen cases of stalkers who are highly educated, successful people but emotionally immature.

In celebrity cases, she says, stalkers often have psychiatric disorders. The more typical stalker, however, is someone who has trouble letting go of a real or imagined relationship but whose emotional condition may be less severe than a mental illness.

"The problem with stalking-related behavior is it's a slippery slope," she says. "It's normal not to want to let someone go," but it can become a problem when a rejected person persists, she says.

"It's often about power and control," Leary says. She says it can become dangerous, leading to sexual assault and murder, especially when a stalker takes the attitude that "if I can't have you, no one will."

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The most recent comprehensive research on stalking, a 1998 Justice Department study, found that more than 1 million women and about 370,000 men are stalked annually in the USA. Women account for 78% of the victims and men for 87% of the perpetrators. The study said one in every 12 women will be stalked during her lifetime, and 81% of women stalked by a current or former intimate partner were physically attacked.

A survey of nearly 10,000 adults published in 2006 found 4.5% reported having been stalked. It was done by Kathleen Basile, a scientist at the National Center for Injury Prevention and Control.

Leary says no figures exist on whether stalking has increased, but she says awareness of it as a crime has grown.

Victims need to report abuse but often find it difficult to accept that they're being stalked, says Lois Manns of the West Virginia Foundation for Rape Information and Services.

All 50 states have adopted anti-stalking laws, and 15 consider a first offense a felony, says Leary, a former prosecutor. She says, however, that it's often difficult to prove stalking, and that convicted stalkers tend to get light sentences.

Leary says stalkers have become better at evading detection and increasingly use Global Positioning System devices, spycams and computer software. She says many are no longer "lurking in the shadows in a trench coat."

N.J. Man Sentenced For Trying To Have Sex With Teen (WNBC)

WNBC-TV, February 9, 2007

NEW YORK -- A Hillsdale, N.J., man was sentenced on Thursday to 46 months in federal prison and fined $10,000 for traveling to Waltham, Mass., to have sex with a 15-year-old girl.

The defendant had actually been chatting on the Internet with an undercover police officer instead of a teenager.

After numerous Internet messages, the U.S. Justice Department said 49-year-old Martin Rob Van Vliet traveled to Waltham to meet the girl. Investigators presented evidence during the six-day federal trial that Vliet wanted to "commit a sexual act" with the girl.

Investigators said the exchanges took place in a Yahoo Inc., chatroom.

"Dateline NBC" continues to report on the national problem of child sex predators. "Dateline" has set up numerous sting operations catching grown men arriving to have sex with children, only to be confronted on camera and then arrested by law enforcement.

Fumo's Lawyer: Charges Political (PHI)

By John Shiffman

The Philadelphia Inquirer, February 9, 2007

State Sen. Vincent J. Fumo's lawyer attacked the U.S. attorney's motives yesterday and called the 139 charges against his client nothing more than a malicious effort by the Bush administration to drive powerful Democrats from office.

"This is an indictment born of political ambition," lawyer Richard A. Sprague told reporters. "It reeks of malice."

Sprague described U.S. Attorney Patrick L. Meehan, who was appointed by President Bush, as a political operative who loaded Fumo's indictment with "twists and distortions, venal and salacious entries, deliberate statements out of context."

Meehan's spokesman called Sprague's comments "inaccurate and regrettable."

Sprague's harsh words came on the same day that Fumo resigned from an influential post: a seat on the Delaware River Port Authority, which runs the PATCO line and regional bridges.

Fumo is charged with fraud, conspiracy, and obstruction of justice on a grand scale - using state Senate staff and funds from a neighborhood charity to support an opulent lifestyle and then orchestrating a cover-up after the FBI started asking questions.

In all, prosecutors say Fumo (D., Phila.) misused more than $2 million in public money and funds from the charity he helped create, Citizens' Alliance for Better Neighborhoods. Fumo's influence gained the charity $30 million from Peco Energy, the DRPA, and state grants.

Fumo, whose personal worth exceeds $20 million, is accused of using the charity's money to pay for political polls, cars, power tools, farm equipment, personal errands and shopping sprees.

Among the most sensational allegations is that Fumo used people on the Senate payroll to clean his house and spy on ex-girlfriends and political opponents.

If convicted, Fumo likely faces two to four years in prison, and perhaps as many as 10 years.

Sprague, one of the city's most prominent lawyers, convened yesterday's news conference at his Rittenhouse Square law office a day after his client, one of the most powerful politicians in Pennsylvania, pleaded not guilty.

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Sprague offered a glimpse into Fumo's defense against the obstruction-of-justice charges - that the senator directed a cover-up by ordering aides to destroy e-mails after he learned of the FBI investigation.

Fumo did nothing wrong, Sprague said. The senator's office simply followed a longstanding "document retention" policy that called for the office to routinely clear computers of old e-mails.

"Mr. Meehan knows that when Citizens' Alliance was under investigation, Sen. Fumo went and sought advice from a lawyer - not me - on whether he had to change his policy... . That lawyer told Sen. Fumo, 'No, you don't have to change your policy because you haven't been subpoenaed... .' "

The 81-year-old lawyer, a former prosecutor who rarely holds news conferences, spoke for 75 minutes yesterday but refused to answer specific questions about Fumo's spending and use of staff.

Instead, he mostly mocked Meehan and his case:

On using Senate workers for personal tasks:

"... Ask yourself: What is to prevent someone who is devoted, dedicated to their boss, Vince Fumo, to knock themselves out and, beyond their Senate time, do activities that make his time more efficient and make him more effective as a state senator?"

On using Senate workers for political tasks:

"How is it that Vince was able, as everybody concedes, to be the most effective senator Philadelphia has ever had? By just sitting in his office, or by doing political activity, anywhere, everywhere?"

On Meehan's post-indictment news conference:

"Mr. Meehan said that Sen. Fumo crossed the line. He did this, he did that... . Mr. Meehan talks as though Sen. Fumo has been convicted. That kind of presentation is an outrage."

On the size of the 267-page indictment:

"How do you make headlines as a prosecutor? I know all the tricks of the trade... . When you have a weak case, throw in the kitchen sink. Throw everything you possibly can in the indictment. Maybe something will stick."

On whether the Bush administration specifically targeted Fumo:

"Hopefully, they are... using the FBI to get Osama bin Laden and not Vince Fumo, but what I am saying is that they, from on high, do have a policy of using local U.S. attorneys to try to get effective Democrats."

Because of the scope of the case, Sprague said, he expects the trial won't begin for a year. He said the government has interviewed more than 1,000 people and plans to call 100 to 200 witnesses at trial.

"I am going to stick with this case and try this case," Sprague said. "I am 81 years young."

Meanwhile, Fumo yesterday continued to shed some of his clout in the state and the region - at least temporarily.

He stepped down from the DRPA, where he was long a power who exerted control over the agency's money and jobs. Fumo helped direct about $10 million from DRPA to Citizens' Alliance.

"I regret, due to the lack of time and energy, to be able to serve on the DRPA board," Fumo wrote in a letter to Auditor General Jack Wagner, who appointed Fumo.

Fumo yesterday also pulled his name from consideration as vice chairman of the Pennsylvania Higher Education Assistance Agency, the state's wealthy college-loan agency. But he'll remain on the board.

The indictment has already hit Fumo in his pocketbook: When he stepped down as the ranking Democrat on the Appropriations Committee on Monday, Fumo also lost his $98,691 salary as a Senate leader.

Fumo, who has served for 29 years, now makes as much as a freshman senator - $73,614.

For the latest news, text of the indictment, and more coverage, go to philly.com

Fumo's Lawyer Says Staff Worked Hard Out Of Love For Boss (AP)

By Maryclaire Dale

AP, February 9, 2007

PHILADELPHIA - Indicted state Sen. Vincent J. Fumo's legal camp fired back at federal prosecutors Thursday, accusing them of malice, and defended Fumo's use of state workers for personal and political chores.

Veteran lawyer Richard A. Sprague - previewing the apparent defense strategy - said that state Senate aides loved Fumo and happily worked day and night for him.

"I have seen people who just had a joy of being there and working as a team for a guy they adore," Sprague said at a news conference. "I really see love expressed by them, for him."

Sprague argued that devoted staffers were lawfully entitled to "knock themselves out" for Fumo beyond their Senate workday. Their help enabled Fumo to concentrate on more important legislative duties, he said.

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The 139-count indictment filed Tuesday accused Fumo, a Democratic power broker, of using staff and a local nonprofit group to clean his mansion, work his 100-acre farm, drive spare vehicles to his vacation homes, help out political allies, assist his campaigns and even spy on former lovers.

Much of the work was done during business hours, prosecutors said. They say Fumo defrauded the state out of more than $1 million and a South Philadelphia charity he allegedly controlled, Citizens' Alliance for Better Neighborhoods, out of a similar amount.

The trial could hinge on whether Fumo, a multimillionaire, ordered the employees to perform the tasks in question.

According to the indictment, state senators cannot use Senate employees on state time to perform personal or campaign tasks. "Senators were further prohibited from requiring, as a condition of their employment, that Senate employees perform such tasks on behalf of a senator after working hours," it states.

Prosecutors say Fumo controlled 90 Senate employees, and many more through Citizens' Alliance and the various boards on which he served, including the Delaware River Port Authority, the Pennsylvania Higher Education Assistance Agency and the Independence Seaport Museum.

They say he rewarded loyalty with undeservedly high salaries or no-work state contracts.

"What business is it of the federal government to determine whether a state senator's staff is too big?" Sprague asked.

Sprague, a fiery former city prosecutor, called the investigation partisan and suggested the Republican Justice Department has its eyes on effective Democratic lawmakers like Fumo.

"This is not a case of greed. This is an indictment that was born of political ambition," Sprague said.

He charged that U.S. Attorney Patrick Meehan had allowed "malicious leaks" during the four-year Fumo probe.

Meehan denied the charges.

"These comments are inaccurate and regrettable and we will present our case in court," he said through a spokesman.

Fumo pleaded not guilty to the charges at an arraignment Wednesday.

He has resigned from his leadership post on the Senate Appropriations Committee, and on Thursday was replaced as vice chairman of the PHEAA's board of directors. However, Fumo remains on the agency's board and in his Senate seat.

More Records Subpoenaed In U.S. Inquiry Into Bruno (NYT)

By Mike Mcintire

The New York Times, February 9, 2007

A federal grand jury investigating the business dealings of Joseph L. Bruno, the State Senate majority leader, has issued subpoenas to two more companies that had been affiliated with an Albany businessman who is his friend and business associate, according to documents filed with securities regulators.

The subpoenas were received on Monday by Motient Corporation in Illinois and its subsidiary, TerreStar Networks, a Virginia provider of mobile satellite communications services, Motient disclosed in papers submitted to the Securities and Exchange Commission yesterday. The Albany businessman, Jared E. Abbruzzese, resigned as chairman of TerreStar last month and had previously been a consultant to Motient.

The scope of the subpoenas, which sought documents related to Mr. Bruno, Mr. Abbruzzese and unidentified people and companies, suggested that the federal investigation of Mr. Bruno's business activities is widening. Although the nearly yearlong inquiry is believed to have focused on a consulting business the senator ran out of his home — whose clients included Mr. Abbruzzese — an array of Mr. Bruno's financial activities have also come under scrutiny in recent months.

The grand jury has issued subpoenas for information on Mr. Bruno's financial records and real estate investments; a consulting arrangement he had with an Albany-based investment firm; his dealings with a veterinarian with whom he owned racehorses; a $500,000 state grant he directed to an upstate company, Evident Technologies, in which Mr. Abbruzzese was an investor; and records of a state lobbying commission's inquiry into Mr. Bruno's use of airplanes provided by Mr. Abbruzzese.

Mr. Bruno has denied any wrongdoing. His spokesman had no comment on the subpoenas yesterday.

A message left for Stephen R. Coffey, a lawyer for Mr. Abbruzzese, was not answered. Attempts to reach Mr. Abbruzzese were unsuccessful.

It was unclear yesterday what connection, if any, Mr. Bruno had to Motient or TerreStar. He has not reported owning stock in either company on the annual financial disclosure statements he filed with the Legislative Ethics Committee.

Two years ago, Mr. Bruno disclosed owning stock in another firm connected to both of those companies: Tejas Inc., a small Texas-based securities brokerage of which Mr. Abbruzzese was once vice chairman and a major shareholder.

Mr. Bruno consulted with Mr. Abbruzzese before investing $31,500 in a public offering of Tejas stock in February 2005, a few months before Mr. Abbruzzese's consulting firm, Capital and Technology Advisors, merged with Tejas. Although the value of Mr. Bruno's shares increased for a time, he ultimately sold them at a loss.

About a year before Mr. Bruno bought his Tejas stock, Tejas was retained by Motient to provide investment banking services, at the suggestion of Mr. Abbruzzese, whom Motient had hired to help restructure the company following a bankruptcy, according to court papers that are part of a lawsuit filed in Delaware by Motient stockholders who accused Mr. Abbruzzese and his consulting firm of enriching themselves at Motient's expense.

The suit claimed that Mr. Abbruzzese pressured Motient's board to hire Tejas, while failing to disclose that he had options to purchase 100,000 shares of Tejas stock, whose price surged on the strength of the business being sent its way by Motient. Tejas announced a two-for-one dividend for its shareholders in November 2004, as the share price was approaching record highs.

"After Tejas began work for Motient," the stockholders' lawsuit said, "Tejas's investment banking revenue increased over 25,000 percent, annual profit increased over 2,600 percent and Tejas's stock price appreciated 900 percent in one year."

A judge dismissed the suit last March, saying the claims did not constitute malfeasance under Delaware law. Tejas — which divested itself of Mr. Abbruzzese's consulting firm last year — has declined to comment on its dealings with Mr. Abbruzzese or on Mr. Bruno's investment.

Cocke Deputies Take Part In 'Rose Thorn' Arrests (KNOXNS)

By J.j. Stambaugh

Knoxville News Sentinel (TN), February 9, 2007

Another round of arrests Thursday in the ongoing "Rose Thorn" corruption probe in Cocke County marked the first time local deputies have played a public role in the FBI-led initiative.

Four men were charged as part of an alleged illegal gambling operation based on cockfighting and were taken into custody by FBI agents assisted by state troopers and the Cocke County Sheriff's Department, said Assistant U.S. Attorney Neil Smith.

The Rose Thorn investigation began in 2001 as an effort to root out corruption in the Cocke County agency. Longtime Sheriff D.C. Ramsey, who hasn't been charged, resigned early last year after it was revealed he had been targeted by the FBI because of allegations of protecting gambling operations.

A new sheriff, former state Trooper Claude Strange, has since taken the department's helm, and the FBI has made a point of trying to build bridges between the agencies. Strange couldn't be reached for comment.

Like Smith, FBI spokesman Gary Kidder said Thursday's arrests were a joint effort and "we want to emphasize we had excellent cooperation and assistance from" the Cocke County agency.

Kenneth R. Frazier, 64; his brother, Allen Eugene Frazier, 60; George Ray Hicks, 69; and Ernest Arrowood Jr., 67, were charged in a criminal complaint with conducting an illegal gambling business and sponsoring or exhibiting gamecocks in an animal-fighting venture.

The first offense is a felony that carries up to five years in prison, while the second charge is a misdemeanor.

Kenneth Frazier is the owner of the 440 Cockfight Pit on Camber Drive near Newport. His brother and the other men were allegedly involved in the pit's operations, according to the complaint filed by FBI Agent Thomas Farrow.

The cockfighting arena was allegedly an illegal gambling facility similar to the Del Rio Cockfighting Pit that was raided by a small army of state and federal agents in mid-2005.

The Rose Thorn investigation has uncovered large-scale drug trafficking, automobile chop shops, prostitution, public corruption, extortion and illegal gambling operations built around both cockfighting and video poker machines, authorities say.

Seven Cocke County lawmen have either been convicted or have pleaded guilty to crimes such as cocaine trafficking, attempted money laundering, perjury, and shaking down drug suspects and illegal immigrants.

Last year, Gov. Phil Bredesen's campaign returned more than $22,000 in contributions given since 2001 by individuals caught up in the Rose Thorn probe.

The money had either been donated by or raised through the efforts of Harold Grooms, a convicted chop shop operator who has been identified as a Rose Thorn target because of allegations of cocaine and marijuana trafficking.

Bredesen's campaign also returned $10,000 given by a man named Kenneth Frazier. It's unclear from public records whether the Kenneth Frazier who donated the money to Bredesen is the 440 pit's owner or a close relative who shares his name.

George Hicks gained notoriety more than 20 years ago when he was arrested by the FBI as part of another crackdown on vice in Cocke County. In 1983, Hicks was arrested for taking part in a cocaine-smuggling scheme along with then-Sheriff Bobby Stinson and ultimately served time in federal prison.

The four defendants were released on their own recognizance after their arrests and are scheduled to appear in federal court in Greeneville on Thursday, Smith said.

J.J. Stambaugh may be reached at 865-342-6307.

Tucson Man Gets 30 Months In Theft Case (AZREP)

By Celeste Sepessy, The Arizona Republic

Arizona Republic, February 9, 2007

A Tucson man received 30 months in prison on Wednesday in connection to theft of government property.

Christopher Howard, 34, pleaded guilty to the theft of a Naval Aircraft Inertial Navigation System on Sept. 28 of last year, according to the U.S Attorney's Office.

Howard stole the system from Aerospace Maintenance and Regeneration Center in Tucson. The navigation system, worth $92,000, provides an electronic map to Navy pilots.

advertisement

The United States Air Force Office of Special Investigations and the FBI conducted the investigation after receiving a tip that the equipment was stolen, the U.S. Attorney's office said.

The agencies found Howard shortly after and obtained the navigation system before Howard was able to sell it.

Assistant U.S. Attorney David Petermann said Howard had been regularly surveying the center before stealing the system.

During this time, local authorities noticed a car parked near the maintenance center after-hours and saw Howard trespassing. The police cited Howard, taking down his name and information. They then notified maintenance center authorities of the incident.

This record helped lead the investigation toward Howard, Petermann said.

"The system actually had a sticker on it that said, 'Be careful with this device. It is worth its weight in gold," Petermann said. "Howard's eyes must have popped."

After his conviction, officials took Howard to the Corrections Corporation of America, a private federal facility in Florence.

Man Admits Sending Host Of Spam E-Mails (WP/AP)

The Associated Press

The Washington Post, February 9, 2007

SAN DIEGO -- A man who flooded e-mail systems with millions of messages advertising software that could steal passwords pleaded guilty to violating a federal anti-spam law.

Joshua Eveloff, 27, of Carter Lake, Iowa, admitted Wednesday that he faked information on the e-mails to conceal that they came from him.

The messages, which promised to "steal anyone's password" and "read your FBI file," were sent to millions of people over three months in 2004. The FBI began investigating after a Florida company reported that its computers had been used to transmit at least 1.5 million e-mails in six hours.

Prosecutors said the case was only the nation's third to be brought under federal legislation banning unsolicited e-mails.

Eveloff could face up to three years in prison and a maximum fine of $250,000 when he is sentenced in April.

Michael Twombly, of Cardiff, pleaded guilty in January to related charges and also will be sentenced in April. Prosecutors say he helped Eveloff lease computer access throughout the country.

Carjacking Charges Dropped (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 9, 2007

Focus is on expected capital murder case in slayings of Knox couple

In a move that was not entirely unexpected, prosecutors on Thursday announced their intent to drop federal carjacking charges in connection with the slayings of a Knox County couple.

"There are jurisdictional lines that just cannot be crossed," Assistant U.S. Attorney David Jennings said at a hearing Thursday before U.S. District Magistrate Judge Bruce Guyton.

"It is the opinion of U.S. Attorney Russ Dedrick that the most serious crimes should be prosecuted by Knox County," Jennings said.

The decision to drop the federal case against all but one suspect comes after state prosecutors filed a 46-count indictment alleging a slew of crimes, including first-degree murder, kidnapping, rape and theft.

It is consistent with the notion espoused by some that the U.S. Attorney's Office marshaled its vast resources to beef up an investigation into the slayings last month of Channon Christian, 21, and her boyfriend, Christopher Newsom, 23, and make quick work of a roundup of suspects.

The federal indictment allowed authorities to keep suspects Lemaricus "Slim" Davidson, brother Letalvis "Rome" Cobbins and George "Detroit" Thomas behind bars while Knox County District Attorney General Randy Nichols' office took its time preparing what is one of the most detailed indictments to be issued by a grand jury here in years.

That state indictment adds suspect Vanessa Lynn Coleman to the list of accused killers but left off Eric Dewayne "E" Boyd, who has been named as an accessory to carjacking in the federal case.

Jennings said Dedrick is not seeking to drop the federal case against Boyd.

"The state presentment does not charge Mr. Boyd," he said.

Dropping the federal case against the remaining suspects will allow the massive team of investigators from agencies including the Knoxville Police Department, Knox County Sheriff's Office, U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives and the U.S. Marshals Service to focus efforts on building what many expect to be a capital murder case in Knox County Criminal Court.

But federal prosecutors aren't willing to abandon the case entirely should the state prosecution somehow go awry, Jennings indicated at Thursday's hearing.

"We will resist any move by the defense to dismiss with prejudice," Jennings said.

That statement came after Davidson's attorney, David Eldridge, said he needed time to mull the dismissal request to see if he might find legal grounds to ask U.S. District Judge Tom Varlan to specifically bar federal prosecutors from resurrecting the carjacking case.

Varlan still must rule on the motion to dismiss. Meanwhile, Guyton set a July 9 trial date for Boyd, who is represented by attorney Richard Gaines. Boyd is accused of helping Davidson hide out after the slayings.

Jamie Satterfield may be reached at 865-342-6308.

Parolee Executed In Texas For Strangling Of Stepdaughters (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, February 9, 2007

(AP) - HUNTSVILLE, Texas-A parolee condemned for killing his two stepdaughters during a strangling spree almost 10 years ago has been executed.

James Jackson thanked his family and expressed love for them Wednesday. "This is not the end but the beginning of a new chapter for you and I together forever," he said.

Jackson told the warden standing over him, "Warden, murder me." He then referred to Harris County, where he was convicted, as Sodom and Gomorrah, the biblical cities destroyed by God for their sins.

"I'm ready to roll. Time to get this party started."

Seven minutes later he was pronounced dead at 6:18 p.m. (0018 GMT)

Jackson, 47, was the fourth convicted killer executed this year in Texas, the nation's busiest capital punishment state.

Jackson, known to fellow death row inmates as "Big Jack" for his height, insisted he was not responsible for the slayings of Sonceria "Sonnie" Mayes, 19, and her sister Ericka, 18, at the apartment they shared with Jackson and his wife, Sharon, 39. Sharon Jackson, the girls' mother, also was murdered.

The U.S. Supreme Court last month turned down Jackson's request to review his case. Jackson's lawyer, Kenneth Williams, said legal efforts to block the execution had been exhausted.

A friend of Sharon Jackson became concerned April 9, 1997, when the normally conscientious woman failed to pick her up for a drive to church. She called the woman's sister, who went to the apartment and found the three bodies.

Jackson was on parole after serving about half of a 10-year sentence for using a shotgun to wound the elderly father of a former girlfriend in Dallas. He was arrested the next morning when he returned to the apartment.

Police found a handwritten note, signed by Jackson, in which he lamented how he had no job and could not care for his wife and stepdaughters.

"I gave them back to God," the note said. "He and they will understand."

Jackson, however, insisted it was a prayer left weeks earlier in a Bible study folder.

"Everybody I talk to that's a Christian, they understand," Jackson said from death row. "You're giving back to God. They just took it out of context."

Prosecutors said the note confirmed a confession Jackson gave to police in which he acknowledged strangling the three.

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Jackson was the first of three Texas inmates set to die this month. Newton Anderson, 30, is scheduled to follow Jackson to the death chamber Feb. 22 for the 1999 slayings of a Tyler couple during a burglary of their home.

On the Net:

James Jackson, http://www.deathrow-usa.us/james-jackson.htm

Texas Department of Criminal Justice execution schedule, http://www.tdcj.state.tx.us/stat/scheduledexecutions.htm

CIVIL LAW:

U.S. Government Faces Massive Suit Over New Orleans Canal Breach (FINDLAW/AP)

By Cain Burdeau, Associated Press Writer

AP, February 9, 2007

(AP) - NEW ORLEANS-The federal government and Army Corps of Engineers are targeted in a new lawsuit that alleges flooding during Hurricane Katrina was the fault of a decision to allow dredging of a main canal, weakening the soil base that supported its levees.

The suit, which seeks class-action status and unspecified damages, was filed Thursday in U.S. District Court representing seven residents of the Lakeview neighborhood, which was hard hit by flooding when a levee on the east side of the 17th Street Canal broke.

If class-action status is granted, tens of thousands of New Orleans residents and claims in the tens of billions of dollars could be affected.

The suit's basic argument was bolstered by a decision last week. In that ruling, U.S. District Judge Stanwood Duval allowed a suit to go forward charging the corps with liability for the flooding of eastern New Orleans and St. Bernard Parish from the Mississippi River-Gulf Outlet. The ship channel, maintained by the corps, connects New Orleans' inner harbor with the Gulf of Mexico.

The corps declined to comment on the suit.

The issue in Thursday's suit is whether the 17th Street Canal should be considered a navigable waterway or a flood control project. The canal is one of three arteries that drain water out of the below sea-level city during heavy rainfall. Levees on two of the canals broke during Katrina and caused massive flooding.

If the court determines the 17th Street Canal was a flood control project, then the 1928 Flood Control Act would shield the corps from liability. However if a judge decides it is a navigable waterway, then the corps, and by extension the federal government, may have to defend their actions at trial.

Though primarily a drainage waterway, fishing boats and other small vessels tied up along the canal near its mouth for years before Katrina.

The plaintiffs argue the corps knew about weak soil under that area, and that maps dating as far back as the mid-1800s and subsequent academic studies showed the ground under the canal walls was made up of sand and other unstable soil.

Oliver Houck, an environmental law scholar at Tulane University, said the case may force Congress to consider broad compensation for Katrina victims.

"Congress may be compelled to find a more generic solution than trying to settle thousands and thousands of individual claims," Houck said.

U.S. Court Cuts Tobacco Verdict By More Than Half, Lawyer For Smokers Still Happy (FINDLAW/AP)

AP, February 9, 2007

(AP) - NEW ORLEANS-A Louisiana appeals court cut a $591 million (â,¬455 million) verdict against tobacco companies by more than half and limited the kinds of smoking-cessation programs the money can be used for.

Even so, a plaintiffs' attorney called Wednesday's ruling a victory that reaffirmed the original verdict, while a tobacco company said it would appeal to have the entire verdict thrown out.

In another tobacco case, also ruled on Wednesday, a judge in Boston refused to dismiss a lawsuit that claims a tobacco company targeted black children.

The Louisiana ruling by the 4th Circuit Court of Appeal in New Orleans was the first major development since jurors found in 2004 that tobacco firms had conspired for more than 50 years to distort public knowledge about the effects of smoking.

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"Even though the court has reduced the award, we are gratified that the court again - for the seventh time - has said this is a legitimate class action and that the jury and judge were correct in finding the tobacco companies were guilty of intentional fault and fraud," attorney Russ Herman said.

In addition to cutting the damages, the court ruled that the plaintiffs cannot collect pretrial interest, which totaled about $400 million (â,¬308 million), said David Howard, a spokesman for R.J. Reynolds Tobacco Co. "The effect basically reduced the award from approximately $1 billion (â,¬770 million) to less than $300 million (â,¬231 million)," he said.

Howard said tobacco companies will ask the Louisiana Supreme Court to overturn the entire verdict against them.

The ruling cut the amount of money for stop-smoking programs to $279 million (â,¬215 million). It also limited the kinds of programs it can pay for to traditional stop-smoking aids and limited the class to people who smoked before Louisiana's products liability law was passed in 1988. The class originally was defined as anyone who started smoking before the lawsuit was filed in 1996.

Howard did not know how many of the original 500,000 plaintiffs that will rule out.

In the Boston lawsuit, Lorillard Tobacco Co. was sued by Will Evans, the son of Marie Evans, who died in 2002 at age 54 after smoking for about 40 years.

The lawsuit says Marie Evans started receiving free Newport cigarettes in her neighborhood at age 9. At first she traded the cigarettes for candy, then started smoking at 13.

Lawyers for Will Evans allege that the woman was too young to recognize the hazards of smoking and was pulled in by advertising aimed at blacks.

"I would not call it racism, but Lorillard handed out free samples of its cigarettes to a poor minority community in Boston," said Rebecca McIntyre, a lawyer for Will Evans. The cigarette giveaway was a form of "battery" because it tricked Marie Evans into consuming a toxic substance, McIntyre said.

Lawyers for Greensboro, North Carolina-based Lorillard said in court filings the company should not be held liable for any harm to Evans that occurred after 1969, when Congress required cigarettes to carry a warning label. Evans's health problems from cigarettes did not begin until she suffered a heart attack in 1984, according to court documents.

But Superior Court Judge Paul Troy rejected that argument, ruling that the company could still be found negligent for injury to customers despite the warning labels.

No trial date has been scheduled.

CIVIL RIGHTS:

'Till Bill' Expected To Be Filed Today (JCL)

By Jerry Mitchell

Jackson (MS) Clarion-Ledger, February 9, 2007

U. S. Rep. John Lewis of Georgia and Sen. Chris Dodd of Connecticut are expected to introduce today in their respective chambers legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era, said Alvin Sykes, a Kansas City activist pushing for the bill.

The Democrats are picking up where ousted GOP Sen. Jim Talent of Missouri left off. Talent last year introduced the legislation dubbed the “Till Billl” after the 1955 killing of 14-year-old Emmett Till. The African-American Chicago youth visiting relatives in Money was killed after allegedly wolf-whistling at a white woman.

Mississippi’s Republican Sens. Thad Cochran and Trent Lott had signed on as co-sponsors of that bill.

The FBI already is examining 51 killings from those days, and a Montgomery museum lists 127 racial killings between 1954 and 1968, conceding the number could be much higher.

The bill would enable federal authorities to pursue killings from before 1970.

Sykes' determination helped lead to state and federal authorities reopening Till's Aug. 28, 1955, slaying.

In 1955, an all-white jury acquitted Roy Bryant and his half brother, J.W. Milam, of killing Till. They later confessed their involvement to Look magazine.

Both men since have died of cancer.

Editorial: Delayed Four Decades, Justice Is Finally Served (SAEN)

San Antonio Express-News, February 9, 2007

James Chaney, Andrew Goodman and Michael Schwerner are known to history. Henry Dee and Charles Moore are not.

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Chaney, Goodman and Schwerner were murdered during the summer of 1964 while working for civil rights in Mississippi. Their disappearance, the eventual discovery of their bodies and the effort to bring their killers to justice charged the nation.

Dee and Moore were black teenagers, hitchhikers in Mississippi who vanished weeks before the three civil rights workers. During the search for Chaney, Goodman and Schwerner, authorities discovered the bodies of Dee and Moore weighted down in the Mississippi River.

The FBI, overwhelmed with the national significance of the "Freedom Summer" murders, turned the case of the hitchhikers over to local authorities. Two reputed KKK members were arrested, but no charges were ever brought. And, as with many crimes from the civil rights era, justice was never done.

Last month, the Justice Department finally brought kidnapping charges against one of the two original suspects. James Ford Seale is now 71.

In recent years, state and federal prosecutors have obtained convictions in long-dormant cases from the civil rights era. However, some people don't see the point of devoting law enforcement resources to 4-decade-old crimes or of putting old men on trial and behind bars.

Henry Dee and Charles Moore were Americans. The crimes committed against them, though less well-known than others, were also crimes against the nation.

In life, the law of the land in 1964 Mississippi could not guarantee them equal protection. It's a small measure of justice to grant them that protection 43 years after their deaths.

Man Is Convicted Of Forcing Girl, 17, Into Prostitution (FLSUNSEN)

South Florida Sun-Sentinel, February 9, 2007

A Miami man faces possible life in prison after a federal jury convicted him Wednesday of human trafficking for forcing a 17-year-old girl into prostitution, federal prosecutors said.

Demond Levail Osley, 30, who used the street name D-Lo, met the girl in Detroit and brought her to South Florida, authorities said. He held her in a Miami Beach hotel and ordered her to earn for him at least $500 per day before selling her to a second man.

Undercover officers arrested the girl Nov. 8, 2006 in Miami Beach. The police department called federal authorities when they discovered she was a minor. The girl, who testified at Osley's trial, was not charged.

A Miami grand jury charged Osley under a 2000 law that sets stiff penalties for sexual trafficking of minors. He is to be sentenced April 18.

Family Of Police Shooting Victim Protests Prosecutor's Actions (NYT)

By Brenda Goodman

The New York Times, February 9, 2007

ATLANTA, Feb. 8 — A plan by the district attorney to seek murder charges against three narcotics officers involved in the shooting death of an elderly woman during a bungled drug raid may jeopardize a broad, federal investigation into civil rights violations by the Atlanta Police Department, a spokesman for the victim's family said Thursday.

Paul Howard, the district attorney for Fulton County, sent a proposed indictment against the officers, Gregg Junnier, Jason R. Smith and Arthur Tesler to their lawyers on Wednesday. A spokeswoman for Mr. Howard's office said he had informed federal authorities of his intentions.

Mr. Howard's action "stunned and disappointed" family members of the victim, Kathryn Johnston, said the Rev. Markel Hutchins, a spokesman for the family.

Ms. Johnston, whose age has been given as 88 or 92, was shot after she fired a handgun at the narcotics officers, who pried open burglary bars on her home and broke down her door on Nov. 21. The officers have been accused of lying to obtain the search warrant for the home.

Before copies of the proposed indictment were released, Sarah C. Dozier, Ms. Johnston's niece, sent a letter to Mr. Howard asking him to recuse himself from the case. She cited concerns that a federal civil rights investigation into her aunt's death would extend to his office and create a conflict of interest.

Mr. Hutchins said Mr. Howard had not informed the Johnston family or their lawyers, federal investigators or federal prosecutors about his intention to seek murder charges.

"He is acting outside the spirit of cooperation that has made this investigation as successful as it has been today," Mr. Hutchins said.

"These officers did not commit felony murder," he said. "They committed a violation of civil rights that led to her death."

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Mr. Hutchins said both he and Ms. Dozier believed strongly that the civil rights division of the federal Department of Justice should be the prosecuting agency. That way, the legal consequences might apply to the entire Atlanta Police Department, not simply to the three officers.

"From that perspective, it is a very, very bitter hour," Mr. Hutchins said.

Lyn Vaughn, a spokeswoman for Mr. Howard's office, challenged the suggestion that Mr. Howard had failed to notify federal agencies about his plan to pursue murder charges.

Ms. Vaughn said Mr. Howard had sent letters at least four times to David Nahmias, the United States attorney for the Northern District of Georgia, and Gregory Jones, the special agent in charge of the Federal Bureau of Investigation in Atlanta. The letters, dated Jan. 22, Jan. 26, Jan. 29 and Feb. 6, included copies of the proposed indictment and suggestions that the case be tried jointly by county and federal prosecutors, Ms. Vaughn said.

She said Mr. Howard told the federal authorities he "strongly disagreed" with the direction of the federal investigation.

Patrick Crosby, a spokesman for Mr. Nahmias, said Wednesday that Mr. Howard had not informed his office about his plans. On Thursday, Mr. Crosby said the Justice Department had no comment.

Stephen Emmett, a spokesman for the F.B.I., has also said that his office had not been informed of Mr. Howard's plans and that they considered the investigation into Ms. Johnston's death to be ongoing, The Atlanta Journal-Constitution reported.

William J. McKenney, a lawyer defending Mr. Tesler, said his client was "disheartened and his family was devastated" to learn of the proposed charges.

"The indictment is overreaching," Mr. McKenney said. "The actual facts do not support these charges."

He said: "Paul Howard is a good man. I read into this that he apparently feels very strongly that his crime happened on his watch and he feels morally obligated to pursue the prosecution."

Mr. McKenney agreed with arguments that Mr. Howard's action would hinder the federal civil rights investigation.

"The dialogue between the justice department and my office is effectively severed," Mr. McKenney said. "I cannot, in good conscience, help investigators bring federal civil rights charges against my client."

In addition to felony murder, the proposed indictment accuses the three men of aggravated assault, false imprisonment, burglary, making false statements and violation of oath.

A grand jury is scheduled to weigh evidence against the officers on Feb. 26.

Making Democracy Credible (NYT)

The New York Times, February 9, 2007

Time is growing short to head off more embarrassing voting machine scandals. The presidential election looms, yet nearly half of the states offer no reassuring paper trail so voters who use electronic voting machines can check that their ballot choices are accurately recorded.

With a proper sense of urgency, Dianne Feinstein, Democrat of California, who leads the Senate committee in charge of elections, is asking all of the right questions about voting technology. This week, she ordered an investigation of the case of as many as 18,000 electronic votes that turned up missing in a tight Congressional race in Florida last November.

Senator Feinstein called on the Government Accountability Office and the National Institute of Standards and Technology to conduct "top to bottom" federal investigations of the machines used in Sarasota County, where the 18,000 votes may have disappeared. Florida is now moving to toss out electronic voting machines that do not produce a paper trail. But this is no comfort to Christine Jennings, the Democrat in the 13th Congressional District race, which includes Sarasota County. She lost by 369 votes and is now in court trying to find out what went wrong in the election.

Ms. Jennings is right to be skeptical about the election results. In Sarasota County, her strongest county, there were "undervotes" — ballots that did not record a vote in her race — on 14.9 percent of the ballots, five times the undervoting rate on absentee ballots in the same election. With no paper backup, the true touch-screen history is lost in the ether. So far, Florida courts have denied Ms. Jennings's request to have experts examine the "black box" heart of the matter: the computer software code embedded in the suspect machines.

It is good news that Ms. Feinstein has called for the federal investigations — and that she is pushing a bill to require paper trails nationally. As long as there are no paper records, and voting machine manufacturers continue to insist that the software that runs the machines is a "trade secret," voters cannot be expected to trust that votes are being counted correctly. The leadership in Congress needs to focus on making sure that Ms. Feinstein's paper-trail bill becomes law, along with a companion House measure from Rush Holt, Democrat of New Jersey.

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ANTITRUST:

Home Shoppers Do Their Hunting Online (USAT)

By Noelle Knox, Usa Today

USA Today, February 9, 2007

If there's any lingering doubt about how the Internet is transforming the way people buy and sell homes, here's eye-widening proof: Marnie Azadian and her husband just moved from Scottsdale, Ariz., into a $410,000 home in Tulsa that they bought 100% over the Internet.

They never visited Tulsa, where Marnie had accepted a job. They never opened the front door, or a kitchen drawer. Never drove around the neighborhood.

"I did have some moments of 'Oh my gosh, what did we just do?' " says Azadian, 57, but no regrets about the house they'd fallen in love with from a virtual tour. (Though her commute is a bit more of "a pain" than it looked like on mapquest.com.)

Risky? Maybe so. But this is just a glimpse of how rapidly and radically the Internet and other techno-gadgets are reshaping real estate sales. Already, 80% of buyers used the Internet to help find a home, according to the National Association of Realtors. Day by day, new real estate tools are surfacing on the Web.

Technology is shifting knowledge and power to buyers and sellers. In doing so, it's loosening Realtors' long-standing control of vital information and cutting into their sales commissions. For more than 100 years, Realtors have guarded the details of homes for sale via their multiple listing services. At least 900 regional MLS systems exist nationwide. Unless the MLS systems become more open, unified and technologically sophisticated, they risk being replaced by a Web search engine.

"The Internet is a significant threat to Realtors, who in previous decades have had iron-grip control over all necessary information for those seeking to buy or sell a home," says Stuart G,abriel of the University of Southern California's Lusk Center for Real Estate.

Compared with the patchwork of MLS systems, each with its own board of directors, "The Internet search engines may be very competitive and very efficient."

Signs of upheaval in the industry were evident by late 2005, when the Justice Department filed an antitrust lawsuit against the National Association of Realtors. Justice wants the Realtors to stop letting brokers withhold for-sale listings from low-cost Internet rivals.

The Realtors' policy is on hold. But Brian McDonald, a deputy assistant attorney general for the antitrust division, says the policy's restrictions still exert "a chilling effect in the market" because some companies won't risk introducing new Internet business strategies if they could be undercut in the future.

But even as the two sides file motions, delaying the trial, the Internet is leveling the playing field and prodding the industry to adapt faster than you can say, "Your honor, we'd like a recess to consider new developments."

In just the past few months:

•Zillow.com, which created a stir last year by posting its estimated values of millions of homes across the country, has started showing homes for sale. In the past two months, nearly 32,000 people have listed their homes for sale.

An additional 16,000 have put "Make Me Move" prices on their homes. That feature lets homeowners who aren't really looking to sell put a kind of dream price tag on their home, just in case someone wants to make a sweet offer. Zillow says the Make Me Move prices tend to be about 17% higher than its "zestimates," which means owners are taking the option seriously.

•Trulia.com is asking real estate agents to post homes for sale and has introduced "heat maps," showing the price and popularity of sales by state, county and neighborhood.

•Google.com is trolling for real estate agent listings for its classified-ads system, known as Google Base. The Houston Association of Realtors, for example, announced in December it would put all of its listings on Google.

•By the end of the month, apartment hunters will be able to use some cellphones with GPS technology to find places to rent. From the national database of apartments.com, customers can see a list of the 70 closest apartments from where they are standing. On cellphone screens, they'll be able to see apartment details, floor plans, area maps and call the manager to see the property. (Gannett, which owns USA TODAY, also owns a stake in the parent company of apartments.com.)

This summer, the inventor of the technology, SmarterAgent.com, says it'll launch a similar service for houses on the market.

•Forget grainy aerial photos of homes. Microsoft's Live Local lets people use their Xbox 360 or other video-game controller to take 3D street tours of 15 cities. The company is busy adding more locations.

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"It used to be, five or seven years ago, that our job was about helping clients find the right home," says Pat Lashinsky of ZipRealty, a discount brokerage. Now, "The clients are very involved in finding their own homes; there are so many tools and ways they can do it."

The role of the agent, which for years was mainly to bring together buyers and sellers, increasingly is "to help clients with all of the paperwork," Lashinsky says. Nearly one out of four buyers last year found the home they wanted on the Internet, up from 2% a decade ago, according to the NAR.

There's no hard data on how many people are quite as bold as the Azadians, willing to buy a home with only a high-tech tour from afar. But there's anecdotal evidence that more buyers are willing to make a leap of faith in cyberspace.

Virtual tours

J.R. Crawford, an agent on Vashon Island, Wash., said she had three buyers last year who made offers after taking virtual tours. Though each bid was contingent on a walk-through of the home, Crawford recalls that one buyer from Texas opened the door and said, "I know where I'm going; you don't have to walk me through the house."

That said, buyers should beware: The quality of the information and the tools on websites can vary dramatically. A USA TODAY test of 10 popular sites found very different results for available homes, prices and lenders. (Chart, above.)

For now, the vast majority of home buyers still use real estate agents, in some way, during the sales process. The Azadians said the good telephone rapport they developed with the seller's agents in Tulsa gave them the confidence they needed to put their trust in technology. They sent all their documents via express mail.

But fewer buyers think they need agents to supply vital information. Last year, 69% of buyers said their agent was a "very useful" source of information, down from 72% the year before, according to the Realtors association.

Sellers, likewise, are doing more work themselves, from scheduling appraisals to holding open houses. As homeowners bear more of the labor, and agents less, many sellers don't want to pay as much for an agent's services. Rather than pay a traditional 6% commission, more sellers are saving money by using agents who provide a la carte services — such as advertising homes on the Realtors' multiple listing service and filling out contracts.

These limited-service brokers are especially popular in high-cost areas, like the Washington, D.C., Northern Virginia and Maryland region, where the typical 6% commission on the average-priced home of about $400,000 could cost the seller $24,000.

Which is why four of the top-10-producing real estate agent teams in that area offer a la carte services, says David Charron, president of the MRIS, the multiple listing service for the Washington area, the largest in the country.

"That shows the business is evolving," Charron says.

Federal regulators, however, say the industry hasn't changed enough. The Federal Trade Commission has made the Realtors' multiple listing services in seven metro areas drop policies that hampered limited-service brokers. The FTC is suing one MLS operator in Michigan for rebuffing listings from limited-service brokers.

"There are more (actions) in the pipeline," says Maureen Ohlhausen, director of the FTC's office for policy planning.

The Justice Department, meantime, is moving forward with its antitrust case against the NAR. The Realtors are fighting back. They argue that the broker should control the information about the seller's home and decide how to share that information and with whom.

Competitive pressures, though, are shrinking the number of brokers who can afford to guard their listings from Internet rivals or a la carte agents. Just ask Re/Max International. It was among the firms singled out in the Justice Department's lawsuit as sounding anti-competitive by expressing fear of the threat from Internet-based brokers. Now, Re/Max displays all available homes for sale on its website — even homes from low-cost Internet companies.

"The consumer is the one we really need to think of, and the exposure for their listing," says Kristi Graning, senior vice president of technology for Re/Max. "We encourage listings to be exposed on as many websites as possible. … The data is already out there. Give consumers the data, and in exchange the consumer will give us trust and believe in our services."

Kerry Joins Fans Upset By The Plan For Extra Innings (NYT)

By Richard Sandomir

The New York Times, February 9, 2007

The pending deal to shift Major League Baseball's Extra Innings package exclusively to DirecTV starting in April is still not ready to be announced, but Senator John Kerry, Democrat of Massachusetts, would like to undo it.

In that desire, he is no different from the many fans enraged that Extra Innings — a 10-channel service that transmits out-of-market games for $179 a year — will disappear from cable TV homes altogether, and will be available only to DirecTV subscribers or, under baseball's banner, on mlb.com.

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"Here's what bothers me," Kerry said yesterday in a telephone interview. "You get M.L.B. and DirecTV marshaling their forces to go out and make money while cutting out fans. In my judgment, more fans watching games strengthens baseball."

He added, "There's a whole movement toward fans being screwed by consolidation which raises prices and reduces options."

DirecTV has agreed to pay $700 million over seven years to carry Extra Innings and a new baseball channel (which will begin in 2009).

Kerry isn't sure the deal can be scotched, but last week he wrote to Kevin Martin, the chairman of the Federal Communications Commission, asking him to investigate it.

"The F.C.C. doesn't have the right to say, 'You can't do this,' but they have levers that affect this business," said Kerry, who sits on the Senate Commerce Committee, which oversees communications.

Kerry's demand to alter the deal aligns with the desire of Dan Asnis, a Mets fan from South Brunswick, N.J., who started an online petition to keep Extra Innings on cable.

"I felt frustrated that this was happening, and that fans like me had no say in it," he said in a telephone interview. Asnis bought Extra Innings last season to watch teams whose games affected the Mets. He said he would not switch to DirecTV, but would buy mlb.tv, which streams games on mlb.com.

Asnis's plea on the Internet — petitiononline.com/MLBCABLE/petition.html — had gathered 848 signatures by late yesterday afternoon.

"We just feel helpless," he said.

If Asnis feels helpless, Senator Arlen Specter does not. Last year, when he was still the chairman of the Senate Judiciary Committee, Specter, a Pennsylvania Republican, fulminated about the antitrust implications of some of the National Football League's TV practices, such as its exclusive deals since 1994 to sell its Sunday Ticket package of out-of-market games to DirecTV.

Now, Specter said by telephone: "Since I found out about the baseball deal, I've asked my antitrust people to do research to confirm my preliminary judgment that it's an antitrust violation. But I don't think I'll be able to stop it."

Baseball has a longstanding, Supreme Court-blessed exemption from antitrust laws, except for its labor dealings, which were removed in 1998.

"You can't charge baseball with an antitrust violation," Specter said, but Congress could continue the exemption on the condition that baseball avoids exclusive deals like the one it will soon announce with DirecTV.

Still, even that exemption, which some say is not fully defined in its scope, may not protect baseball from a serious antitrust challenge to the DirecTV deal. Gabe Feldman, an associate professor at Tulane Law School, said, "A few courts have said the exemption does not apply when baseball makes agreements with third parties."

Unlike baseball, the N.F.L. lacks a broad, if ambiguous, exemption. But it has had a narrow one (as other leagues do) to collectively sell its teams' broadcast rights as permitted by the Sports Broadcasting Act of 1961, an exemption that Specter would like to get rid of. He joked that he was selling rights to his regular squash games to DirecTV.

In 1997, a group of DirecTV subscribers filed a class-action suit against the N.F.L. in Federal District Court in Philadelphia saying that the Sunday Ticket package violated antitrust laws partly because it was sold exclusively. The plaintiffs settled for an undisclosed sum before a definitive judgment. But the United States Court of Appeals for the Third Circuit upheld the lower court's ruling that the 1961 law applied to broadcast deals, not those made with a satellite service.

Disgruntled former cable (or Dish Network) subscribers of Extra Innings may take a similar route to court. But their success is far from guaranteed.

In its defense, baseball may argue that it has not restricted the output of games by selling Extra Innings to DirecTV because the games will also be on mlb.tv (and, besides, there is so much local and national baseball on TV).

"Baseball might say there is a process under way that is merging Internet streaming with TV, and anyone who wants the package can go to mlb.com," said Andrew Zimbalist, an economics professor at Smith College.

But baseball may open itself to a counterargument that because it controls mlb.com, it is offering an option to its DirecTV deal — a type of eyebrow-arching vertical integration — that is not purely competitive, with a price that it sets on its own.

Meanwhile, we wait for baseball to speak.

Regulators In China At Odds Over Carlyle (FT)

By Sundeep Tucker In Hong Kong And Geoff Dyer In Shanghai

Financial Times, February 9, 2007

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The attempt by Carlyle to take a big stake in a Chinese construction equipment maker was the subject of “fighting” among regulators in Beijing over whether to approve the deal, according to people familiar with the situation.

The US private equity group agreed in October 2005 to pay $375m for an 85 per cent stake in Xugong Construction Machinery, a listed company whose parent is controlled by the local government of Xuzhou city, after a public auction.

However, the deal got caught up in the backlash over foreign investment, and although Carlyle cut its planned investment to a 50 per cent stake, the deal still awaits regulatory approval.

To break the impasse over Carlyle’s investment in Xugong, several government departments held an unprecedented three-day meeting last summer in Beijing to try to agree on a policy for foreign investment in the construction machinery sector.

Last November, the influential State-owned Assets Supervision and Administration Commission decided Carlyle could take a 50 per cent stake. Many analysts expected the revised deal to be rubber-stamped quickly by the Ministry of Commerce and State Council.

However, people close to the situation said some officials at the ministry were lobbying for Carlyle to be forced to take a minority stake, deeming the sector to be of “strategic” importance.

“There is a big fight going on at the Ministry of Commerce about this,” said one. “One camp is keen to endorse the 50-50 structure. Others want further revisions. The debate could go on for weeks.” Carlyle declined to comment.

However, in a sign the government does not consider the sector off-limits, Volvo said last month it had completed the purchase of 70 per cent of Lingong Construction Machinery after getting the go-ahead from all the regulators, including the Shandong province branch of the ministry.

Lawyers say the National Development and Reform Commission, the main planning body, is drawing up a document to clarify which business and technology segments it considers to be core industries in which foreign companies cannot invest.

The initiative will be an attempt to co-ordinate attitudes to foreign investment.

Jobs's Music Proposal Rebuffed (WP)

By Mike Musgrove

The Washington Post, February 9, 2007

The recording industry is beginning to respond to a proposal made this week by Apple chief executive Steve Jobs calling for an open music system that would allow songs to be played on any device.

The answer, so far, is no.

Edgar Bronfman Jr., chief executive of the Warner Music Group, said in a conference call with analysts yesterday that Jobs's stance is "completely without logic or merit."

"We advocate the continued . . . protection of our and our artists' intellectual property," Bronfman said.

Jobs's letter, which was posted on Apple's Web site Tuesday, has sparked a broad conversation about the business of digital music and renewed interest in the measures that have so far limited consumers' options. Today, music purchased on Apple's iTunes store, for example, can be played only on iPod players, while music purchased elsewhere on the Internet is not playable on the iPod, the dominant digital music player on the market.

Jobs argues that without digital rights management, or DRM, software that employs these controls, consumers would be able to buy tracks from any online music store and play them on any digital music device, just as DVDs purchased or rented from any store can be read by any DVD player, regardless of the manufacturer.

"This is clearly the best alternative for consumers," he wrote.

Bronfman attacked the assertion that anti-piracy technology was the reason that iTunes music will not play on anything but an iPod. "The issue is obscured by asserting that DRM and interoperability is the same thing. They are not. To suggest that they cannot co-exist is simply incorrect."

Jobs also suggested that Apple might consider licensing its technology to competitors to help loosen the ties between online music stores and digital players, an idea that the Recording Industry Association of America prefers over the elimination of the protection software.

"We don't think that a wholesale abandonment of DRM is necessary," said Mitch Bainwol, chairman and chief executive of the RIAA. "I think you'll see some experimentation, but that's a lot different from a policy saying 'forget it.' "

Phil Leigh, senior analyst and president of Inside Digital Media, said he believed the two sides needed to come together to compromise on the use of software intended to curb music piracy. Jobs asserted in his letter that the software had not been effective at stopping piracy, which continues on Internet file-sharing sites.

Leigh suggested that music publishers test the waters by stripping tracks that appeal to older audiences, as they are less likely to use file-sharing sites to trade music illegally.

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"There's a number of ways to negotiate this transition," he said. "You don't have to flip the switch all at once."

Apple did not return calls seeking comment.

Digital Music Rights Furore Deepens (FT)

By Joshua Chaffin In New York

Financial Times, February 9, 2007

Edgar Bronfman, Warner Music's chief executive, on Thursday slapped down Steve Jobs's suggestion that record companies do away with copyright protections for digital music in order to spur the market's growth.

Mr Bronfman, speaking to investors as Warner announced its earnings, called Mr Jobs's argument "completely without logic or merit" and said his company was committed to the continued use of copyright protections, known as digital rights management, in the same way that software makers and film studios safeguard their intellectual property.

Mr Bronfman is the first head of one of the major record companies to publicly reject the Apple chief executive's suggestion, which was published as an open letter on Tuesday. Several, however, have privately fumed about the idea, calling it disingenuous.

The goal of making it easier to play music on different devices, they said, could be easily achieved if Apple would licence its own DRM software, known as FairPlay, to competitors – something that European regulators are pressing it to do.

As the dispute dragged on, Warner's earnings reflected the shaky state of a music industry struggling to offset a continued erosion in the CD business with new digital sales. For the quarter, Warner's revenue fell 11 per cent from $1.04bn to $928m while its net income slid 74 per cent to $18. At midday, its shares had dropped more than 5 per cent to $20.31.

While digital revenues increased 45 per cent to $100m from the same quarter a year ago, they dipped $4m from the previous quarter, underscoring some analysts' concerns that the furious growth in digital music sales was beginning to moderate.

Mr Bronfman acknowledged that it had been "a difficult quarter." Yet he laid most of the blame on the company's release schedule, which included big acts such as Madonna and Greenday during the same period last year.

Michael Fleisher, Warner's chief financial officer, said the changes in the digital business reflected its maturation. "As digital becomes a more meaningful part of our total revenue, it's going to fluctuate," he said.

Warner's performance could play into its bargaining position with Apple as it and other record companies prepare to renegotiate contracts with iTunes that expire in a few months.

The record companies are frustrated that Apple reaps most of the benefits of online music through sales of its iPod while the music they supply is often pirated or discounted. Yet they have been forced so far to accept Mr Jobs' conditions because Apple dominates the online market at a time when they are desperate to demonstrate progress in their digital businesses.

Mr Bronfman expressed hope that the two sides could cooperate, but added: "Frankly, manifestos in advance of those discussions are counter-productive."

EU Says Scheidner Can Buy APC (AP)

AP, February 9, 2007

EU Says France's Schneider Electric Can Buy U.S. Rival APC, Must Divest Unit

BRUSSELS, Belgium (AP) -- EU regulators said Thursday that French electric equipment maker Schneider Electric SA could buy American Power Conversion Corp. if it sells off its uninterruptible power supply unit.

Schneider offered to sell off its MGE UPS Systems SA subsidiary after the European Commission found that the Schneider-APC deal would "significantly reduce competition" in the market for small power supply devices used to protect personal computers and other electronic equipment against power surges.

The French company had originally planned to combine the two units, saying this would generate annual cost savings of $220 million (173 million euros).

But the EU executive said APC and MGE are the No. 1 and No. 2 suppliers in Europe and their nearest rival has a very limited market share.

"The Commission considered that the proposed transaction as initially notified was likely to weaken competition," it said. "The Commission's clearance is conditional upon the divestiture of Schneider Electric's business related to small UPS devices."

The sell-off would clear up any antitrust problem with the deal, it said.

Schneider will pay $6.1 billion (4.8 billion euros) in cash for APC and said it was confident it could help the U.S. maker of backup power equipment recover from falling profit that led to job cuts.

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Schneider said APC's profitability had "dramatically deteriorated" on a series of bad investments in larger power systems. The French company, which is already outsourcing some of its own production to lower-wage countries, said it was "confident" it could turn APC around.

With 7,600 employees, APC generated $1.98 billion revenues (1.56 billion euros) in sales in 2005. Small power systems, such as uninterruptible power supplies and surge protectors, account for about three-quarters of its business.

ENVIRONMENT:

Is It Time For A New Tax On Energy? (WSJ)

By Phil Izzo

Wall Street Journal, February 9, 2007

Economists Say Government Should Foster Alternatives – But Not How Bush Proposes

The government should encourage development of alternatives to fossil fuels, economists said in a WSJ.com survey. But most say the best way to do that isn't in President Bush's energy proposals: a new tax on fossil fuels.

Forty of 47 economists who answered the question said the government should help champion alternative fuels. Economists generally are in favor of free-market solutions, but there are times when you need to intervene," said David Wyss at Standard & Poor's Corp. "We're already in the danger zone" because of the outlook for oil supplies and concerns about climate change, he said.

A majority of the economists said a tax on fossil fuels would be the most economically sound way to encourage alternatives. A tax would raise the price of fossil fuels and make alternatives, which today often are more costly to produce, more competitive in the consumer market. "A tax puts pressure on the market, rather than forcing an artificial solution on it," said Mr. Wyss.

President Bush has made a strong push on energy initiatives over the past month but he has steered clear of proposals that would raise taxes. In his State of the Union address, Mr. Bush set targets that call for a 20% reduction in gasoline use over the next 10 years. He proposed regulations6 to tighten gas-mileage standards and force fuel suppliers to use more alternative fuels. In addition, his budget proposal7 presented to Congress this week provides substantial funding for biofuel, clean coal and renewable energy programs.

In the survey, which was conducted Feb. 2-7, just two economists recommended regulations that require energy companies use more alternatives, one of the keys of the Bush plan, while six advised subsidies for producers of alternative fuels. "With subsidies, the government chooses the market solution," said Diane Swonk at Mesirow Financial. "I'd favor taxes in this area."

Other economists in the survey, though, said the smartest course for the government is to let market forces determine the future of alternative energies. "The more we mess with things the more problems we create," said Brian S. Wesbury of First Trust Advisors. "Government interference in the marketplace can do damage to long-term development of alternate energies."

Biggest Economic Risks

Although crude-oil prices have eased from levels hit last year, the economists said dependence on fossil fuels remains a threat. When asked to pick the greater geopolitical threat to the economy, by almost an 3-to-1 margin the economists chose a disruption in crude oil supplies caused by tensions in the Mideast over the impact on spending and confidence that could follow a major terrorist attack. "The economy has already proven it can survive terror attacks. It had a harder time with almost $80 per barrel oil," said Ms. Swonk.

The economists generally expect oil to remain below $60 a barrel for the remainder of this year. The average forecast puts crude oil futures at $57.98 a barrel in June and $58.72 in December. That roughly matches the price at which crude futures have traded in New York this week, but is well below the nominal highs set last year at around $77 a barrel.

"Demand for energy is going to grow, and energy likely to come from existing sources isn't going to grow fast enough," said Daniel Laufenberg at Amerprise Financial. "It's not a crisis today, but higher prices are telling us now is the time the start preparing."

Sarbanes-Oxley Fallout

The survey also gauged economists' sentiment on concerns expressed by business leaders that Sarbanes-Oxley rules, other regulatory enforcement and litigation are hurting the competitiveness9 of U.S. financial markets. Twelve of 51 economists who responded to the question said they feel these forces are hurting market competitiveness "a lot and are a serious threat to the economy." Thirty-six of the economists said markets are being hurt some but not enough to be a major economic worry.

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Regarding Sarbanes Oxley specifically, a majority – 26 of 50 economists – said they believe the rules have had a "more negative than positive" impact on the economy. Four others said the impact has been entirely negative. In contrast, 19 economists deemed the impact "more positive than negative" and one said it has been an entirely positive influence on the economy.

Among other findings in the survey:

• Economists, on average, increased their forecast for first-quarter gross domestic product growth by three-tenths of a percentage point to 2.5% following the release10 of the government's first estimate of fourth-quarter growth last week. That report put growth for the period at a 3.5% rate. GDP is the broadest measure of economic output. Expectations of modest improvement in growth for the rest of the year were changed little. For the fourth quarter of 2007, the economists forecast growth at a 3% rate.

• The economists are skeptical that the federal budget will be balanced by 2012, a goal that is shared11 by President Bush and Democratic leaders. The economists put the probability of attaining that goal at 32%.

• There is a split on where the Federal Reserve's federal-funds rate is headed this year. Some 69% of respondents expect the next move to be a decrease, while 31% see a rate increase on the horizon. However, most don't see any move until some time in the summer.

• Sentiment improved a bit on the outlook for home prices. On average, economists expect a closely watched index calculated by the Office of Federal Housing Enterprise Oversight will show that prices rose 3.52% last year, up from an earlier forecast of 2.76%. Ofheo's report on 2006 prices is expected to be released early next month. For 2007, the economists see a price decline of 0.18% compared to an earlier forecast of a 0.49% decline. However, when one outlier, who forecast a 20% drop, is removed, the economists expect a modest gain in home prices this year.

As California Goes . . . (WP)

The Washington Post, February 9, 2007

TWO YEARS AGO, Maryland lawmakers narrowly rejected a bill intended to make automobile emissions safer to breathe and to mitigate their contribution to global warming. They acceded to auto industry lobbyists who argued that the legislation would hurt their business while doing little for public health or the environment. Those arguments were wrong then, and they're wrong now, as Gov. Martin O'Malley (D) has recognized in throwing his support behind a fresh attempt in Annapolis to enact a "clean car" bill.

The measure would add Maryland to the growing list of states that have embraced a clean-car program modeled on the one implemented by California more than 15 years ago. Together, the populations of "clean car states" now account for about 30 percent of the nation's market for new vehicles. California's clean-car requirements, which Maryland would adopt, are somewhat tougher than federal rules on smog- and cancer-causing pollutants. But the shift would not be huge because nearly all new vehicles sold in Maryland are already in compliance. More significant is that the program would also require that some 40 percent of the new cars and trucks sold annually be hybrids, cleaner-burning conventional cars or other vehicles using advanced technology to cut harmful emissions.

The most important provision of the rules would limit emissions of carbon dioxide, a principal culprit in global climate change. Under the legislation, which would be phased in over five years starting with the 2011 model year, average CO2emissions would have to decline for the entire fleet of new vehicles sold annually in Maryland. Each manufacturer would be required to achieve the average reduction or face a fine.

Automakers and dealers say the effect of that provision would be to limit the ability of Maryland consumers to buy whatever (higher-polluting) vehicle they please, especially larger pickup trucks and sport-utility vehicles; those models would probably become scarce. The auto industry also complains that the new standards, particularly on CO2, would raise the sticker price of most cars, prompting some buyers to make their purchases out of state. But the fact that a relatively small number of buyers would have their options limited is outweighed by the urgency of tackling climate change.

Automakers and dealers, seeing the political mood shift against them, are asking for more study before Maryland moves ahead with the legislation. In fact, there have been plenty of studies, and the results, and benefits, are well known. The potential consequences of global warming for a coastal state such as Maryland are clear; so, too, are the arguments for the clean-car measure.

New York Moves Toward Suit Over A 50-Year-Old Oil Spill (NYT)

By Nicholas Confessore

New York Times, February 9, 2007

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ALBANY, Feb. 8 — New York State moved to sue Exxon Mobil and four other companies on Thursday to force them to clean up a half-century-old spill of millions of gallons of oil lying under the Greenpoint neighborhood in Brooklyn and to repair environmental damage inflicted on nearby Newtown Creek.

The spill, originally several times the size of the Exxon Valdez oil leak, resulted from an accident in the 1950s and lay undiscovered until 1978. In notices of intent to sue that were sent to the five companies, Andrew M. Cuomo, the state attorney general, said that so much oil had leaked into the creek that some samples of its sediment, when dried and weighed, were nearly one-tenth oil.

The notices also disclosed that an internal study by one of the companies found nearly 100 different pollutants in the creek water or sediment, including benzene, arsenic and lead.

The other companies receiving the notices were BP, Chevron, KeySpan and Phelps Dodge.

The state's action is a sharp turning point in its handling of the spill, which in recent years has occasioned lawsuits by Greenpoint residents, local elected officials and environmental groups. A 1990 agreement between Exxon Mobil and state environmental officials had required the company to recover the spilled oil, but it specified no deadline and required no remediation of either the creek or the polluted soil under Greenpoint.

About eight million gallons of oil and petroleum byproducts are believed to remain underground, and past soil tests have revealed that the spill releases toxic vapors into the neighborhood above. Mr. Cuomo's action will seek a far faster pace for recovering the oil, extensive scientific testing to determine damage to the soil and groundwater, and millions of dollars in fines. Cleanup costs could increase the companies' expense by tens of millions of dollars, Mr. Cuomo's aides said.

"This is one of the worst environmental disasters in the nation, larger than the Exxon Valdez and slower in the cleanup," Mr. Cuomo said in a statement. "Exxon Mobil must and will be held accountable. The toxic footprint of Exxon Mobil is found all over this area. It is Exxon Mobil's oil that remains under the homes and businesses. And it is Exxon Mobil that has dragged its feet and done as little as possible to address the dangers that it created."

According to the notices, Exxon Mobil's current mechanisms for recovering the spilled oil have, as a side effect, discharged yet more pollutants into the creek, a process that the company has been aware of for years, the notices say. A spokesman for Mr. Cuomo said on Thursday that Exxon Mobil had also been reselling some of the recovered oil, even as it allowed the creek to become more polluted.

Barry Wood, a spokesman for Exxon Mobil, said the company had not received the notices. In a statement, he said the company had already helped recover more than 9.3 million gallons of the petroleum products.

"While the cost of remediation at the site is confidential, Exxon Mobil is committed to remediation of the site, and we have been aggressive in our efforts and have made significant progress," Mr. Wood said.

He added that the company remained committed to its 1990 agreement with the state's Department of Environmental Conservation.

"We take our environmental responsibilities very seriously and have committed substantial resources toward cleaning up the site," he said. "Complex remediation projects such as this, where the product to be recovered is under ground and not easily accessible, takes time to complete."

Phelps Dodge operated a copper smelting plant on the creek's north bank, in Queens, where studies have found heavy metals and other pollutants. Companies later acquired by KeySpan owned gas processing facilities along the waterway that contaminated the creek's sediments with some of the same pollutants and other toxic chemicals, according to the notices.

Companies later acquired by Chevron and BP operated storage or refinery facilities along the creek that leaked oil into the ground, according to the notices.

Together, the notices significantly widen the scope of state legal action concerning the creek, a dirty, 3.5-mile-long estuary that marks Brooklyn's northern border and flows into the East River. Local politicians said yesterday that they believed Mr. Cuomo's actions would pave the way for a long-overdue cleanup of the creek and its transformation into a recreational waterway.

"The Brooklyn-Queens waterfront has the potential to be New York's Gold Coast, with sparkling towers, schools, parks and libraries," said Eric Gioia, a City Council member whose Queens district abuts the creek. "Cleaning Newtown Creek is critical to that vision."

Gov. Eliot Spitzer, who took over investigation of the spill from the state's Department of Environmental Conservation last year when he was attorney general, praised Mr. Cuomo's decision.

"This is an important day for the people of Greenpoint, Brooklyn," Mr. Spitzer said. "It is imperative that Exxon Mobil and the other companies responsible for this pollution be held fully accountable."

When first discovered, the spill was estimated at 17 million gallons of oil and oil products spread over 100 acres. Currently, the spill covers about 55 acres.

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For years, Greenpoint residents have watched as environmentalists battled state officials and the companies responsible for the oil. In 2004, Riverkeeper, an environmental group, decided to file its own lawsuit against Exxon Mobil. The following summer, soil tests performed by the group showed toxic fumes coming from the ground over the spill. That caused a second lawsuit by about two dozen Greenpoint residents.

Both suits are active, but local officials and environmental groups said Mr. Cuomo's move would put significant new pressure on Exxon Mobil.

"They have managed to manipulate and work with previous administrations and enlist their help in avoiding a serious remediation," said Alex Matthiessen, the president of Riverkeeper. "Attorney General Cuomo's notice letter brings that to a screeching halt."

Federal laws require Mr. Cuomo to give the companies advance notice of his intent to sue them, and to allow the companies to avoid the suits by acting quickly.

BP, Chevron, KeySpan and Phelps Dodge have been cooperating with state officials to clean up their own properties, according to Robert E. Hernan, an assistant attorney general who heads Mr. Cuomo's environmental enforcement unit.

But Exxon Mobil may prove more resistant. According to the notices, the attorney general's office recently approached the company and asked it to take responsibility for stopping continuing leaks at one of two sites it owns. The company declined, the documents state, and Mr. Hernan predicted that it would fight the new action in court.

"Our expectations are not high," he said.

Global Warming Smear (WSJ)

The Wall Street Journal, February 9, 2007

Mark Twain once complained that a lie can make it half way around the world before the truth gets its boots on. That's been the case of late in the climate change debate, as political and media activists attempt to stigmatize anyone who doesn't pay homage to their "scientific consensus."

Last week the London Guardian published a story headlined, "Scientists Offer Cash to Dispute Climate Study." The story alleges that the American Enterprise Institute (AEI), a conservative-leaning think tank in Washington, collected contributions from ExxonMobil and then offered climate scholars $10,000 so they could lobby against global warming legislation.

Another newspaper, the British Independent, picked up on the story and claimed: "It has come to light that one of the world's largest oil companies, ExxonMobil, is attempting to bribe scientists to pick holes in the IPCC's assessment." (The IPCC is the United Nations climate-change panel.)

It would be easy to dismiss all this as propaganda from British tabloids, except that a few days ago the "news" crossed the Atlantic where more respectable media outlets, including the Washington Post, are reporting the story in what has become all too typical pack fashion. A CNNMoney.com report offered that, "A think tank partly funded by ExxonMobil sent letters to scientists offering them up to $10,000 to critique findings in a major global warming study released Friday which found that global warming was real and likely caused by burning fossil fuels."

Here are the facts as we've been able to collect them. AEI doesn't lobby, didn't offer money to scientists to question global warming, and the money it did pay for climate research didn't come from Exxon.

What AEI did was send a letter to several leading climate scientists asking them to participate in a symposium that would present a "range of policy prescriptions that should be considered for climate change of uncertain dimension." Some of the scholars asked to participate, including Steve Schroeder of Texas A& M, are climatologists who believe that global warming is a major problem.

AEI President Chris DeMuth says, "What the Guardian essentially characterizes as a bribe is the conventional practice of AEI -- and Brookings, Harvard and the University of Manchester -- to pay individuals" for commissioned work. He says that Exxon has contributed less than 1% of AEI's budget over the last decade.

As for Exxon, Lauren Kerr, director of its Washington office, says that "none of us here had ever heard of this AEI climate change project until we read about it in the London newspapers." By the way, commissioning such research is also standard practice at NASA and other government agencies and at liberal groups such as the Pew Charitable Trusts, which have among them spent billions of dollars attempting to link fossil fuels to global warming.

We don't know where the Brits first got this "news," but the leading suspects are the reliable sources at Greenpeace. They have been peddling these allegations for months, and the London newspaper sleuths seem to have swallowed them like pints on a Fleet Street lunch hour.

So, apparently, have several members of the U.S. Senate. Yesterday Senators Bernard Sanders, Patrick Leahy, Dianne Feinstein and John Kerry sent a letter to Mr. DeMuth complaining that "should these reports be accurate," then "it would highlight

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the extent to which moneyed interests distort honest scientific and public policy discussions. . . . Does your donors' self-interest trump an honest discussion over the well-being of the planet?"

Every member of AEI's board of directors was graciously copied on the missive. We're told the Senators never bothered to contact AEI about the veracity of the reports, and by repeating the distortions, these four Democratic senators, wittingly or not, gave credence to falsehood.

For its part, Exxon appears unwilling to take this smear campaign lying down. Bribery can be a crime, and falsely accusing someone of a crime may well be defamation. A company spokesman says Exxon has written a letter to the Independent demanding a retraction.

One can only conclude from this episode that the environmental left and their political and media supporters now believe it is legitimate to quash debate on climate change and its consequences. This is known as orthodoxy, and, until now, science accepted the legitimacy of challenging it.

Who Pays To Stop A Pandemic? (NYT)

By Ruth R. Faden, Patrick S. Duggan And Ruth Karron

The New York Times, February 9, 2007

Baltimore

BIRD flu has not yet turned into a pandemic, but it is already killing the meager hopes of some of the world's poorest people for a marginally better life.

When poultry become infected with the deadly strain of avian influenza (H5N1), it is essential that all birds nearby be culled to prevent further spread. We all stand to benefit from this important pandemic prevention strategy, recommended by the World Health Organization and the United Nations Food and Agriculture Organization. Unfortunately, however, the world's poor are unfairly shouldering the burden of the intervention.

Last month officials in Jakarta, Indonesia, announced a ban on household farming of poultry there. The domestic bird population of Jakarta is estimated at 1.3 million. Thousands of families were given until Feb. 1 to consume, sell or kill their birds. Now inspectors are going door to door to destroy any remaining birds.

The Indonesian government pledged to pay about $1.50 for each bird infected with the H5N1 virus, a sum that may approximate the bird's fair market value. But most birds that have been killed under this policy are healthy, so their owners, most reports suggest, will receive nothing.

Moreover, it is not clear how Jakarta's poor will replace the income they once received from chickens and other birds. When officials impose widespread culling, industrial-scale poultry producers — like the company that owns the large British turkey farm where bird flu was found this month — usually have the resources to absorb the losses. But when the birds of small-scale poultry farmers are culled, entrepreneurs who were just beginning to move up the development ladder can be plunged right back into poverty. The most dependent and vulnerable members of the community become even more dependent and vulnerable. "Backyard birds" are the only source of income for many women and children.

Families whose birds are found to be infected with the virus may suffer even more. People in Cambodia, China and India whose poultry have been blamed for avian influenza outbreaks have often been subject to extreme stigma and isolation, and there have even been reports of suicides by desperate farmers.

It is inevitable that the world's poor will suffer most from a pandemic. A recent article in The Lancet predicted that if the next pandemic were to mimic the huge 1918 flu outbreak, 96 percent of an estimated 62 million deaths would occur in developing countries. But specific steps can and should be taken now to prevent or mitigate the injustices that are already occurring.

We are part of a group of 24 government officials, public health experts and scientists from 11 countries who recently met in Bellagio, Italy, with the support of the Rockefeller Foundation to call attention to how pandemic planning affects the world's disadvantaged. We created a checklist for avian influenza control that explicitly calls on the authorities to compensate people who suffer losses from bird-culling programs, regardless of whether the destroyed birds are infected with the avian influenza virus.

Such a program in Jakarta alone would be expensive. Just to compensate families for their culled birds would require nearly $2 million, not including the cost of administering the program. Indonesia's domestic bird population countrywide is estimated at 300 million, so if the culling program were to be expanded beyond Jakarta, the total compensation cost could run as high as $450 million.

Indonesia's avian influenza budget for the coming year is reported to be less than $50 million. Clearly, without donor assistance, the government cannot afford to compensate families and farmers fairly. So the burden of pandemic prevention must also fall on the world's wealthy nations.

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Last year, the United States, the European Union and other nations pledged more than $2 billion to the global war chest for avian influenza response. Developing a program to compensate poor families in countries with limited resources is an enormous challenge. But it is time that the money pledged by the donor countries reach the people who are already the first victims of the next pandemic.

Ruth R. Faden is the executive director and Patrick S. Duggan is the research coordinator of the Johns Hopkins Berman Institute of Bioethics. Ruth Karron is the director of the Center for Immunization Research at the Johns Hopkins Bloomberg School of Public Health.

FBI/DEA/ATF/USMS:

LA To Name Thugs In Anti-gang Effort (AP)

By Andrew Glazer, Associated Press Writer

AP, February 9, 2007

LOS ANGELES — Abandoning the long-held belief that naming the worst gangs boosts their street image, the mayor and police chief identified 11 of the most violent groups Thursday and promised to confront them with more law enforcement.

Authorities are reversing strategy in response to a surge in gang bloodshed that has defied the city's continuing drop in overall crime. The Police Department says the city has 400 gangs with about 39,000 members, though other agencies estimate there are more than 700 groups.

Mayor Antonio Villaraigosa and police Chief William Bratton were to announce the plans Thursday at a police station in a San Fernando Valley neighborhood where gang crime more than doubled last year.

Gangs selected for the "Most Wanted"-style list have histories of assaulting police officers or targeting victims based on race, said Lt. Paul Vernon, a police spokesman.

Other parts of the initiative involve seeking more gang injunctions that ban members from congregating in certain neighborhoods, training residents on how to recognize gang members and creating a list of the 10 most wanted gang members, Vernon said.

Reaction from neighborhood activists and gang interventionists ranged from skeptical to negative. Posting a list simply will make gangs want to be on it, they said.

"To the gang members it is a badge of honor," said Najee Ali, an activist and former gang member.

Mike Cummings, a former gang member and pastor of the We Care Ministries in Watts, said the city should focus more on programs designed to keep children from joining gangs.

"If you're going to take away gangbangers, you need to replace them with something," said Cummings, who helps broker peace accords between rival gangs. "Job training. Recreation. We're talking about long-term stuff."

In a city-funded study, civil rights attorney Connie Rice last month said efforts to combat gang crime in the city should include $1 billion in a plan that would create economic and social opportunities in gang-infested areas. Rice also recommended focusing law enforcement efforts on the most violent gangs.

Villaraigosa has appealed to U.S. Attorney General Alberto Gonzales for millions of dollars in anti-gang funds and for more federal prosecutors to pursue racketeering and other charges mostly used in the past against organized crime. Gonzales has identified gangs as one of the country's greatest security threats.

The mayor is also working with FBI Director Robert Mueller, who has assigned agents to an anti-gang task force in the San Fernando Valley to work alongside police officers deputized as federal officers.

Another study released Thursday in Washington found that anti-immigrant backlash can marginalize young people from Central America and increase the risk that they will turn to gangs. The yearlong study of Latino gangs in the Washington area and five Central American countries also found no sign of transnational coordination among gang members, undercutting the idea that gangs are engaged in an organized effort to spread their influence.

The report was from the Autonomous Technological Institute of Mexico and the nonprofit advocacy group Washington Office on Latin America.

Heavy Crackdown On Youth Gangs Counter-productive: Study (AFP)

By Mauricio Rabuffetti

AFP, February 9, 2007

DOJ_NMG_0129848

Tough police crackdowns on gang violence are counterproductive and lead to better-organized gangs, a new study showed amid talks between US and Latin American police chiefs to hammer out a global strategy to tackle the scourge.

The year-long study, conducted in El Salvador, Honduras, Guatemala, Mexico and the US capital, said repressive police actions against youth gangs have actually made the problem worse.

"The research shows that gangs have grown more organized rather than less in response to hard-line police approaches. Public security has not improved as a result of these strategies," said the researchers led by the Instituto Tecnologico Autonomo de Mexico, a private institute of higher education in Mexico City.

The report, released by the Washington Office on Latin America (WOLA), comes a day after a three-day international summit opened in Los Angeles with the aim of forging a strategy to curb the menace of violent criminal gangs.

Latino gangs that originated in Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies.

The report recommends following "best practices" seen elsewhere in Central America and the United States.

Recommended practices cited by the report included police efforts in Washington to treat the problem comprehensively, "police involvement in prevention programs" in Nicaragua and local efforts in Central America to develop community-based responses.

The report called for such successful methods to be considered in Mexico, "where there is a need of preventive and coordinated responses."

In the case of Mexico, the investigators said they had reached "a surprising conclusion": gangs made up of Central American immigrants -- or linked to Central American youth gangs such as the Mara Salvatrucha or the 18th Street Gang (Mara 18) -- are not widespread.

"Mexican youth gangs exist, and drug-trafficking criminal gangs are a serious security problem. But, despite alarmist rhetoric, research shows that Central American gangs are not a major problem in Mexico," the report said.

The investigators emphasized the nature of gangs varies from country to country.

"Youth gangs are a serious threat to public security in El Salvador, Honduras and Guatemala" and represent "a much smaller problem" in Nicaragua, they said.

In the Washington area, gangs made up of Central American immigrants or the children of immigrants are active in certain areas, "but are not at this time a major public security issue," they said.

In San Salvador on Monday, US Attorney General Alberto Gonzales and his Central American counterparts weighed proposed cooperation projects to fight youth gangs which have become a criminal transnational problem.

The international summit underway in Los Angeles has drawn police chiefs from Mexico, Belize, El Salvador, Guatemala, Honduras and the United States as well as officials from the FBI and the US Justice Department.

In Central America, according to local police estimates, more than 200,000 marginalized youths, many of them deported from US cities, are members of gangs, including the notorious Mara Salvatruch and Mara 18.

Cuba Sends Key Drug Suspect To Colombia (AP)

AP, February 9, 2007

BOGOTA, Colombia (AP) -- Cuba deported reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States to face trafficking and money laundering charges, officials said Thursday.

Gomez, an alleged boss of the Norte del Valle cartel known by his alias "Rasguno," had been held in Cuba since his 2004 arrest at Havana's main airport. He fled Colombia after Washington offered a $5 million reward for the capture of that country's top drug traffickers.

Cuba's government said Gomez was turned over to Colombian authorities Thursday at Havana's international airport. Oscar Galvis, a spokesman for the Colombia's DAS intelligence agency, confirmed to The Associated Press that Gomez arrived in Colombia on an air force flight from Cuba.

The Cuban statement did not mention Colombia's plans for Gomez. Cuba has no extradition treaty with the United States and harbors some suspects wanted in the United States who are considered political refugees here.

But a Colombian official said Wednesday that an order had already been signed to send Gomez to the United States. He spoke on condition of anonymity because he was not authorized to divulge the information.

Gomez is wanted on a U.S. indictment in New York on drug trafficking, racketeering and money-laundering charges.

His extradition appears to be more a result of his desire to get out of Cuban jail than a desire by Havana to improve relations with Washington. Last year, Gomez expressed to Colombian media his desire to leave the Cuban jail even if it meant extradition to the United States.

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He would be the most senior reputed drug boss extradited to the United States since Cali cartel chief Miguel Rodriguez Orejuela was handed over in March 2005.

Gomez's Miami-based attorney, Oscar Rodriguez, told the AP on Wednesday he had no information on the deportation and would not answer questions about Gomez's intentions until he has had a chance to speak with his client.

The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration.

However, many of its top bosses have been captured in recent years and a campaign by the U.S. Treasury Department had succeeded in freezing many of their assets, including front companies.

In March of 2004, Colombian authorities seized $100 million worth of Gomez's assets including 68 farms, 24 offices and 17 parking lots.

According to prosecutors, Rasguno went from pumping gas at a petrol station in 1991 to declaring property worth more than half a million dollars a year later.

Cuba Deports Suspected Drug Baron (BBC)

BBC, February 9, 2007

The Cuban government has deported to Colombia a suspected narcotics baron wanted in the US on charges of drug trafficking and money laundering.

Colombian officials escorted Luis Hernando Gomez Bustamante, 49, from Havana to Bogota on a government plane.

Mr Gomez Bustamante, who is also known as "Rasguno", or "Scratch", is an alleged head of Colombia's biggest drug cartel, Norte del Valle.

He was arrested in Cuba in July 2004 after entering on a false passport.

Officials in both Cuba and Colombia confirmed that the deportation had been completed.

The US is seeking his extradition and had offered a $5m (£2.55m) reward for information leading to his arrest.

An unidentified Colombian official told the Associated Press news agency that an order had already been signed to send Mr Gomez Bustamante to the US.

Norte del Valle became Colombia's most powerful drugs organisation after the dismantling of the Medellin and Cali cartels in the 1980s and early 1990s.

According to the US Drug Enforcement Administration, it is believed to be behind as much as 60% of all the cocaine consumed in the US.

Landis Agrees Not To Race In Tour This Year (NYT)

By Graham Bowley

The New York Times, February 8, 2007

The American cyclist Floyd Landis agreed today not to defend his controversial 2006 victory in the Tour de France.

In return, France's anti-doping agency said it would postpone a decision on whether to suspend him from racing for two years after he was accused of using an illegal steroid to help him win the tour.

The agency's president, Pierre Bordry, said the French authority would resume its deliberations on the case no later than June, after the United States Anti-Doping Agency considers its own doping case against Landis.

The cyclist, who also agreed not to participate in any other races in France this year, is facing a two-year ban from cycling and the loss of his Tour title after he tested positive for a performance-enhancing drug the day after he won the Tour last July.

"He understood perfectly that if he didn't act today, we would start the procedure immediately," Bordry said in a statement, according to wire service reports. "We will let Landis defend himself as he wishes before the U.S.A.D.A."

During last year's Tour, Landis tested positive for an unusually high level of testosterone. Landis, 31, has denied any wrongdoing and is appealing against the charges.

Four and a half months ago, Landis underwent hip replacement surgery and has said that he would be unlikely to compete in the Tour de France this July. (He has agreed, however, to ride in the grueling Leadville 100 mountain bike race in Leadville, Colo., in August.)

If he loses his appeal, he would be the first cyclist in the history of the race to be stripped of his title.

In the U.S., Landis and his lawyers are expected to present their case before a three- person arbitration panel on May 14. Landis or the agency could appeal the result to the Court of Arbitration for Sport, and that decision would be final.

Should Landis lose his case, he would be banned from competing in countries that adhere to the World Anti-Doping Agency's code, according to the U.S. anti-doping authority.

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Landis was in Brooklyn on Wednesday evening, taking part in a question and answer session where he defended himself against the charges. Landis did not attend the French agency's hearing today before a nine-member panel in Paris but was represented by his lawyer, who read his request for a delay, according to reports.

In his letter to the agency, according to The Associated Press, Landis said the dual cases in France and the United States were complicating matters, and asked the French agency to delay its decision until after the U.S. agency rules.

"In this case, and in order to avoid any misunderstanding, I agree to voluntarily not participate in any professional or amateur cycling event in France until December 31, 2007, and in particular the Tour de France 2007," Landis said in the letter, according to The A.P.

Under French law, the French anti-doping agency, the Agence Française de Lutte contre le Dopage, known as the AFLD, can suspend Landis from racing on French soil. Landis and his advisors believe there were inaccuracies and instances of sloppiness by the French laboratory that tested Landis' urine last summer.

The French agency, however, has no authority to suspend Landis from competitions in other countries.

The power to ban a rider in France was last used by the French agency in 2003 against the Spanish rider Igor González de Galdeano.

French Authorities Will Postpone Their Decision On Suspension Of Floyd Landis (LAT)

By Michael A. Hiltzik, Times Staff Writer

The Los Angeles Times, February 9, 2007

Cyclist won't compete in Tour or other races there this year, and doping inquiry will be postponed. His appeal of charges is pending.

French authorities agreed Thursday to suspend their investigation of doping charges against Tour de France champion Floyd Landis after Landis agreed not to race in France for the rest of this year.

The decision will allow the California cyclist to focus on his appeal of charges brought under the international sports doping system and prosecuted by the United States Anti-Doping Agency (USADA).

That appeal hearing is scheduled to open May 14 before a panel of three arbitrators. They are Christopher Campbell, a San Francisco lawyer and former Olympic wrestler, who was selected by Landis; Richard McLaren, a London, Ontario, lawyer selected by USADA, and Patrice Brunet, a Montreal lawyer chosen as the panel's chairman by the other two arbitrators.

If the panel rules against him and he loses a further appeal to the International Court of Arbitration for Sport, Landis would face a two-year suspension from racing and the loss of his 2006 Tour de France title.

The French national anti-doping agency, which is known by its initials AFLD, is empowered only to bar Landis from racing in France. AFLD had been scheduled to open its hearing Thursday in Paris, but Landis and international anti-doping officials had requested that the case be postponed until after the USADA hearing was finished.

Both investigations stem from the same accusation — that Landis illicitly doped with testosterone during one stage of the 2006 Tour de France. Landis denies the contention, alleging that errors and sloppy procedures by the Paris anti-doping lab that tested his samples produced a false positive result.

AFLD said it would defer its investigation until no later than the end of June, as long as Landis complies with his agreement not to race in France.

The agreement will keep him out of the 2007 Tour de France, which is scheduled to begin July 7.

A spokesman for Landis said the cyclist had planned to skip the Tour this year anyway to attend to his doping defense.

Meanwhile, sources confirmed Thursday that Landis had rejected a request by USADA to retest eight of his urine samples, including six from the 2006 Tour, that had previously been ruled negative for doping. A report of the request appeared in L'Equipe, a French sports journal.

The sources say USADA proposed that eight backup samples be subjected to a carbon isotope ratio test at the Paris anti-doping lab that conducted the original tests on Landis' Tour de France samples. Landis' defense, however, has questioned the lab's conduct of the isotope test on those samples and challenged its interpretation of the results.

USADA did not respond to questions Thursday about its rationale for the request.

Landis Won't Defend Tour De France Title (HC)

By Dale Robertson, Houston Chronicle

Houston Chronicle, February 9, 2007

Hearing on win in last year's race postponed until USADA rules

DOJ_NMG_0129851

It's official that Floyd Landis will not make an effort to defend his tainted Tour de France yellow jersey this summer. Whether he will be allowed to keep the prized maillot jaune, however, is still undetermined.

A hearing scheduled Thursday in Paris before French anti-doping authorities (AFLD) that was expected to result in Landis' being stripped of his 2006 title and suspended from racing in France for two years was postponed until after the 30-year-old American gets his day in court with the U.S. Anti-Doping Agency on May 14.

In return for the stay, Landis promised not to enter any French races in 2007, first and foremost the Tour. His concession was somewhat moot because he had recently conceded delays in getting a hearing before USADA made it improbable he would be able to salvage the current season. He's also coming off major hip surgery.

"Mr. Landis requested that the AFLD allow him to first defend himself in front of the American agency," a statement from AFLD said. "He has agreed not to take part in any cycling competition in France before the end of 2007 and that includes this year's Tour de France.

"On the basis of that commitment, the agency has decided to adjourn the hearing to a later date that will be decided on how the American procedure proceeds — but no later than the end of June."

In addition to Landis' attorneys, France's minister of sport, Jean-François Lamour, speaking in his capacity as World Anti-Doping Agency vice president, had sought the postponement, saying Landis should have his hearing in the U.S. first.

Landis' near-term future in cycling rests in the hands of the USADA because USA Cycling, which controls his professional license, transferred jurisdiction. French authorities only have the right to keep him from competing in France. Ultimately, the decision as to whether he keeps his Tour title rests in the hands of the race organization itself.

Tour director Christian Prudhomme is on the record as saying he no longer considers Landis the champion.

France ratified the World Anti-Doping Code, which gives the final say in these cases to each athlete's national governing body, only following the conclusion of the Tour, so there was some sentiment inside AFLD that it still controlled Landis' fate.

Landis tested positive for an elevated testosterone/epitestosterone ratio after his heroic stage-17 ride through the Alps enabled him to regain control of the Tour one day after he had broken down on a similar rugged mountain stage. News of the failed test broke three days after his triumphant ride into Paris.

Whatever results from Landis' meeting with USADA or AFLD's final say on the matter, the case will wind up before the Court of Arbitration for Sport in Lausanne, Switzerland. The appeals process could drag things out until the end of the year, if not longer.

Landis To Skip Tour As Agency Delays Drug Decision (Update1) (BLOOM)

By Gregory Viscusi

Bloomberg, February 8, 2007

(Bloomberg) -- Floyd Landis will skip the 2007 Tour de France as part of an agreement to delay a disciplinary hearing by France's anti-doping agency over the test he failed while winning last year's race.

The Paris-based agency, known as the AFLD, said in a statement it accepted a written request by Landis to delay any judgment until after U.S. anti-doping authorities have made their decision. In exchange, the U.S. cyclist committed himself not to enter any French races this year.

``In response to this undertaking, the board of the agency decided to delay the examination of the dossier to a date that will be fixed in relation to the outcome of the procedure in front of the American anti-doping agency," the AFLD said.

Landis, who faces being the first Tour de France champion to be stripped of his title, is summoned in front of the USADA on May 14 to face the same doping charges. The AFLD said it expects to hold its own hearing by the end of June.

Landis, who denies taking banned drugs, has said he was unlikely to race this year anyway because he had hip surgery in September. The 31-year-old aims to return for the 2008 Tour de France. This year's edition of cycling's most prestigious competition begins July 7 in London and ends three weeks later in Paris.

Landis beat Spain's Oscar Pereiro by 57 seconds last year to succeed fellow U.S. rider Lance Armstrong, who won the event a record seven times.

Testosterone

Two urine samples taken after the 17th stage found inappropriate levels of testosterone in Landis's body. He won the stage by more than five minutes, riding solo for 130 kilometers (80.8 miles) to get back in contention after falling more than eight minutes behind the leaders the previous day.

The USADA, based in Colorado Springs, Colorado, generally is responsible for deciding whether to impose sanctions on U.S. riders, usually a two-year ban for a first offense. The ultimate decision on whether to strip him of the title would be taken by the sport's ruling body, the International Cycling Union.

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Landis and his lawyers contend that his urine sample was mishandled and mislabeled by the French laboratory, that the test is unreliable and that the findings don't meet minimum standards for a drug offense.

Landis Will Bypass France (AP)

By Jerome Pugmire, Associated Press

AP, February 9, 2007

French postpone doping decision

PARIS -- Floyd Landis will skip the Tour de France -- and all races in France this year -- as part of an agreement with French doping authorities in a case that could strip him of cycling's most prestigious title.

Last year's Tour champion had hip-replacement surgery 4 1/2 months ago and was unlikely to have competed in this year's Tour. He agreed yesterday not to race again in France until 2008, and in return the French anti-doping agency postponed its decision on whether to suspend him from competing in France for a maximum of two years because of a positive doping test.

"Floyd is pleased that the AFLD has agreed with his counsel's request that they suspend this proceeding," spokesman Michael Henson said.

Earlier, AFLD president Pierre Bordry said Landis "understood perfectly that if he didn't act today, we would start the procedure immediately."

Landis will go before the US Anti-Doping Agency May 14 and, following that, the AFLD will deliver its verdict in June.

"We will let Landis defend himself as he wishes," Bordry said.

The American, who has denied wrongdoing, didn't appear at yesterday's meeting of the AFLD's nine-member panel, but sent a lawyer who read his request.

In the letter, a copy of which was obtained by the Associated Press, Landis said the parallel cases in France and the United States were complicating matters. He asked the French agency to hold off until after the US agency rules.

"In this case, and in order to avoid any misunderstanding, I agree to voluntarily not participate in any professional or amateur cycling event in France until December 31, 2007, and in particular the Tour de France 2007," Landis said in the letter.

Bordry said Landis deserves to be heard by the USADA. But Bordry echoed Tour de France president Christian Prudhomme's sentiment that the American agency was dragging out its process.

Landis's urine sample after a 17th-stage win in last year's Tour de France was found to contain elevated testosterone to epitestosterone levels. He risks being the first rider in the 104-year history of the race to be stripped of his title. Prudhomme has said the Tour no longer considers him the winner.

Landis argues the Chatenay-Malabry laboratory that carried out the tests is unreliable.

Landis To Sit Out This Year's Tour (CNN)

CNN, February 8, 2007

PARIS, France -- Tour de France winner Floyd Landis will not take part in this year's race in order to concentrate on fighting doping charges on one front rather than two.

The American was facing disciplinary hearings in France and the U.S. after testing positive for the banned male sex hormone testosterone during the 2006 Tour.

On Thursday, however, the French Anti-Doping Agency (AFLD) agreed to postpone its investigation, due to be held that day, in exchange for a pledge by the Californian not to race in the country in 2007.

"Simultaneous proceedings in the U.S. and France risk the possibility of an inconsistent application of rules, contradictory judgements, and come at a great cost -- both personal and financial -- to Floyd," said Landis' representative Michael Henson.

In a letter read by his lawyer to the AFLD hearing, Landis asked for the chance to first defend himself in front of the U.S. Anti-Doping Agency (USADA).

"He says in this very letter that he promises not to take part in any race in France until the end of 2007, in particular in the 2007 Tour," the AFLD said in a statement.

"The AFLD subsequently decided to postpone the examination of his case to a date that will be set according to the course of the procedure before the U.S. Anti-Doping Agency," added the statement.

In the letter, Landis wrote: "Let me assure you that I fully share the goal of preventing illegal doping."

He added, though, that two disciplinary hearings dealing with the same facts could lead to confusion and asked for the a postponement of the French one.

"In this case, and in order to avoid any misunderstanding, I agree voluntarily not to participate in any professional or amateur cycling event in France until December 31, 2007, and in particular the Tour de France 2007," the letter read.

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Landis, 31, is due to have a separate USADA hearing on May 14.

Speaking about the AFLD's postponement of their inquiry, said World Anti-Doping Agency vice-president Jean-Francois Lamour. "It is a common sense decision, which allows USADA to prepare their hearing in a proper manner.

"AFLD has the obligation to respect the WADA code and in delaying the decision they do so," he added.

The International Cycling Union (UCI) said they did not have any specific comment to make on the AFLD's decision because they only take into account the U.S. federation's actions, which will be based on the USADA recommendations.

If found guilty of doping, Landis, who denies any wrongdoing, faces a two-year suspension from the sport and the possibility of becoming the first Tour winner to be stripped of his title. However, the American could take the matter to the Court of Arbitration for Sport (CAS).

His lawyers say the samples were mislabelled by the French laboratory which conducted the tests, the testing process was unreliable and the rider never in fact tested positive.

Testosterone can speed up recovery after exercise and generally improves stamina and strength.

Corrupt Cop's Taped Conversation Heard (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, February 9, 2007

Jurors considering a lawsuit filed by a former federal agent against the city of Chicago listened Thursday as the ex-agent's lawyers played a secretly taped conversation between notorious former Officer Joseph Miedzianowski and a police official who had been assigned to investigate him.

It was 1998. And while the internal look at Miedzianowski's activity had been over for years, a federal net was closing in on the corrupt cop and his home phone had been tapped.

On the tape, Raymond Risley, head of the Police Department's internal affairs division when Miedzianowski was being investigated, could be heard discussing the allegations that had been made by Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms.

The suit filed by Klipfel and her husband, who is still an agent, was progressing.

"It's so [expletive] muddied up," said Risley, a deputy chief at the time of the call. "I don't think she's going to get anywhere. It's [expletive] crazy."

Risley told Miedzianowski he had kept "all kinds of stuff" related to the internal investigation, which began in early 1993, about a year after Klipfel first contends she tried to report Miedzianowski for stealing from drug dealers.

In her federal civil suit seeking damages, Klipfel contends that Miedzianowski flipped internal investigations onto her as the city failed to root out a corrupt cop. She also says she left the ATF about a year before Miedzianowski was charged with leading a drug conspiracy. He was labeled the most corrupt cop in the history of Chicago by federal prosecutors and was convicted in 2001.

Risley could be heard on the recorded conversation telling Miedzianowski, "I got the prison tapes." The tapes were recordings of a call between Klipfel and the drug dealer at the center of her allegations, made while the dealer was in prison.

The plaintiffs' lawyers argue the tapes would have corroborated Klipfel's account, but they were missing in the case until just this week.

Risley and Miedzianowski could be heard trading opinions of Klipfel.

"If you scratch the surface on her you realize she's a [expletive] wacko," Risley could be heard saying.

"This lady is maniacal," Miedzianowski said. "She's not stupid by any means."

Risley questioned how Klipfel had come across some of her information used to make the allegations in her suit that Miedzianowski was at the center of a plot to destroy her with the help of friends throughout law enforcement.

Miedzianowski joked about it.

"If you're gonna lie, lie big," Miedzianowski said on the recorded call. "That's what it comes down to."

In his questioning of Risley, the plaintiffs' lawyer, Steven Fine, asked about how the internal investigation had been conducted. Risley testified that the investigation did not include interviews of the officers or Klipfel.

On cross-examination, a lawyer for the city, Sara Ellis, asked Risley to explain some of his decisions. Risley said the result of the probe was that investigators under him were simply unable to determine whether Miedzianowski and other officers were innocent or guilty of the accusations.

He said he did not interview Klipfel because the ATF did not allow it. The investigation showed the officers had a search warrant for a safe-deposit box Miedzianowski had allegedly stolen from and learned that the officers actually had inventoried more cash than the drug dealer had said was being stored there.

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Bill To Eliminate 'gun Show Loophole' Draws Heated Debate (AP)

AP, February 9, 2007

OLYMPIA, Wash. (AP) - Supporters and opponents showed up by the hundreds Thursday to hear testimony on a measure designed to prevent the unregulated sale of handguns at gun shows in Washington.

Backers said the bill would help prevent criminals from getting firearms; those against said it would only put further restrictions on gun ownership.

The crowd filled at least two hearing rooms and formed lines that nearly reached out of the John A. Cherberg Building near the Capitol.

"It's great to see this kind of crowd," said Sen. Rodney Tom D-Medina, the bill's primary sponsor. "I wish we could get this kind of attention at our Education Committee."

The bill has failed in past sessions, and doesn't appear to have much of a shot at passing this year. Leaders in both the House and Senate have said they don't see enough support for it.

But that didn't prevent partisans from turning out en masse. Members of the crowd had buttons identifying themselves as for or against the bill, but other than some heated debate and clapping and jeering during testimony, things stayed civil at the hearing in front of the Senate Labor, Commerce, Research and Development Committee.

Federally licensed firearms dealers - including those who operate at gun shows - must perform background checks on anyone who purchases a firearm and keep records of buyers' names and addresses. For handgun buyers, state law also requires a five-day waiting period.

But people who only make occasional sales at gun shows - such as collectors - aren't considered dealers, and can sell handguns without a background check or waiting period.

The measure would require all dealers at gun shows to be licensed and perform background checks.

Opponents say criminals do not obtain their guns at gun shows and that the bill would further restrict gun ownership rights. Supporters say the exemption is a dangerous opportunity for criminals to evade the background checks.

California and Oregon have passed similar measures.

Oregon state Sen. Ginny Burdick, D-Portland, who spearheaded the initiative movement to pass the measure in her state, told the hearing that many gun owners came around to supporting the idea once they understood it.

"This is all about crime prevention to me," Burdick said. "It's a no brainer; it's common sense."

Seattle Police Chief Gil Kerlikowske also testified in favor of the bill. He said background checks required by licensed firearms dealers have prevented many criminals from obtaining guns. It's only fair to extend that requirement to unlicensed dealers at gun shows, he said.

"It just makes sense to level the playing field," Kerlikowske said.

Sen. Pam Roach, R-Auburn - who is not a member of the committee but was allowed to ask questions - said the only big gun shows held in the Seattle area are sponsored by the Washington Arms Collectors organization. To buy a gun at one of those shows, she said, you have to undergo a background check.

"There is no problem here," Roach said. "I really object with using words like loophole, because there isn't one."

National Rifle Association lobbyist Brian Judy said he was concerned the bill was just a starting point and soon all private firearms transactions would be regulated.

"The NRA is vehemently opposed to this bill," Judy said.

IMMIGRATION:

Immigration Raid Leaves Texas Town A Skeleton (WP)

By Sylvia Moreno

The Washington Post, February 9, 2007

CACTUS, Tex. -- The streets of this small, isolated city in the Texas Panhandle are virtually empty nowadays, and "For Rent" signs decorate dilapidated trailers and shabby 1940s-era military barracks that just weeks ago were full of tenants.

Sales of tortillas and other staples are down. Money wire transactions to Central America have mostly dried up. The "Guatemalas," as local residents call them, are almost all gone, and so are a significant number of Mexican nationals. An

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estimated 12 to 18 children are now living with only one parent since the other was arrested in a massive immigration raid at the biggest employer in town.

On Dec. 12, hundreds of Immigration and Customs Enforcement agents clad in riot gear and armed with assault rifles descended on the Swift & Co. meatpacking plant in a coordinated raid of six of the company's facilities nationwide. The operation was the government's largest single work-site enforcement operation ever. The plant in little Cactus -- a town better known in the state of Chihuahua, Mexico, and in the department of QuichÃ©, Guatemala, where workers came from, than in Texas -- was the largest one raided. Almost a quarter of the 1,282 suspected illegal immigrants arrested in the raids were removed from the Cactus plant.

That an obscure town 600 miles north of the border and in the middle of High Plains country once owned by Anglo ranchers and farmers was a haven for illegal Mexican and Central American immigrants was no surprise to anyone here. The draw to Cactus has existed since American Beef Packers opened the meat-processing plant in 1974. Swift's predecessor company bought the plant in 1975, and it became known as Swift & Co.'s Cactus Beef Plant in 2002.

Although opened with local hires, Vietnamese and Laotian refugees became the dominant workforce by the late-1970s. By the mid-'80s the workforce was overwhelmingly Mexican immigrants, and by 2000 the Guatemalans, speaking the Mayan language of QuichÃ©, had started to arrive. Before the Dec. 12 raid, Swift employed 3,050 workers in Cactus at a starting wage of $11.50 an hour to slaughter, process and package several thousand head of cattle daily.

Work inside the plant is hard, dirty, stinky and dangerous, and it is where Cactus's biggest business owner and mayor, Luis Aguilar, and Cactus's largest landlord, Thanh Nguyen, got their starts in the United States. Aguilar, a native of Chihuahua, began working at the plant in 1976 using false identity papers, he admits. In 1986, he was able to legalize his status in the United States, along with 2.7 million illegal workers, under the amnesty program authorized by the federal Immigration Reform and Control Act.

Previously criticized by some local officials who thought he aided and even encouraged illegal immigrants to settle in Cactus, Aguilar took the raids almost personally. He canceled the annual city Christmas party because so many residents, including City Council members, had spouses or other relatives who had been arrested by immigration authorities. Aguilar subsequently lent one of his buildings to be used as a food and used-clothing pantry for residents whose relatives were caught in the raid.

"These are my people," said Aguilar, 50, who today owns the largest house in Cactus, a nearby 575-acre ranch, a laundromat and the town's only full-fledged grocery store. About half of his 26 rental units are empty now.

Nguyen and his family, part of the mass exodus of "boat people" who left Vietnam after the fall of Saigon, arrived as legal refugees in nearby Dumas, Tex., in 1979 under the sponsorship of a restaurant owner who wanted cheap labor. Within six months, Nguyen and his wife left for the better-paying meatpacking plant in Cactus, said Nguyen's son Phuong, 37, who is also known as Ben.

Except for the Nguyens, Asian immigrants moved out of Cactus, which is now 99.5 percent Hispanic. Some local officials recently said that 75 percent of the city's estimated 5,000 residents before the raid were illegal immigrants. Aguilar disputes that, saying it was only 15 percent.

To Ben Nguyen, that number is not important. His father usually offered a few weeks of free rent to immigrants until they got a job at the meat plant and their first paycheck and provided thrift store mattresses and clothes, if necessary, Nguyen said. Now only eight of his father's 60 rental units are occupied. Some were vacated the day of the raid, but the majority were abandoned within weeks, when frightened immigrants moved away. Since then, vandals have been kicking in the doors of the empty apartments, looking for any items of value that might have been left behind.

"I do believe in punishment for the crime, but this is too much," Ben Nguyen said. "You scare kids; you push people so far away that you destroy the economy of the town. . . . This town is built by immigrants. They were just like me when they come over here. They didn't have anything. They came over here just to work and start their lives."

But authorities charge that these immigrants had false identity documents, enabling them to get driver's licenses and jobs illegally, victimizing U.S. citizens and fueling the fraudulent document industry. Traffic stops or crime reports became confusing events in Cactus in recent years. Immigrants would offer two names, said former Cactus Police Chief Tim Turley. The had "el verdadero," as they called it -- the true name -- and their work name.

Mario Lux, 26, from the town of Canilla in QuichÃ©, said the piece of paper that gave him his work name cost him $1,400 and was obtained for him by a friend in Cactus. With that document, Lux said he got an identification card in nearby New Mexico and then a job at the Swift plant in March 2006, cutting fat and gristle off meat for $11.90 an hour. He was not working the day of the raid but now will not return for fear of being discovered and arrested. He says that he still owes $3,200 to the smuggling

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network that got him to Cactus and that he has been unable to send money to his wife and three children back home. He is also three weeks behind in his rent. He and his three roommates pay $120 a week for their small apartment.

"I have no idea how I will pay that now," Lux said as he stood in the food and clothes pantry established in the Cactus town center.

Illegal Immigrants Slain In An Attack In Arizona (NYT)

By Randal C. Archibold

The New York Times, February 9, 2007

LOS ANGELES, Feb. 8 — Three illegal immigrants were shot to death, three were wounded and others were missing Thursday near Tucson after gunmen accosted them as they traveled north from the Mexican border, the authorities said.

The shootings came a day after gunmen in ski masks and carrying assault-style rifles robbed 18 people who had illegally crossed the border 70 miles to the south, near Sasabe. On Jan. 28 a man driving illegal immigrants from the border several miles from the scene of Thursday's killings was ambushed and shot to death as the immigrants fled.

The federal and local authorities were investigating whether the spate of shootings was related.

Illegal immigrants crossing the Mexican border often encounter bandits, armed civilian patrols and rival smugglers bent on robbing or stopping them.

The violence has been particularly acute in Arizona, which in recent years has become the busiest crossing area for illegal immigrants.

The latest shooting appeared to be the work of bandits, law enforcement officials said, though they said they had not ruled anything out.

Investigators were still piecing together what had happened, but they said they believed that the gunmen had opened fire on the travelers, apparently all from Guatemala, about 7 a.m. along a known smuggling route in a remote area near a mine 20 miles northwest of Tucson.

Their pickup truck crashed, and two of the immigrants, a young man and a teen-age girl, were found inside, dead from gunshot wounds, said Alonzo Peña, the agent in charge of Immigration and Customs Enforcement in Arizona.

The gunmen forced the other immigrants into another vehicle and left, dropping off the wounded, including one person found dead later, along their way, Mr. Peña said. The others who were left were a woman with a gunshot wound in the neck, a 15-year-old girl and a man shot in the fingers.

The man with the hand wound hiked to a nearby mine, and workers there helped him call the police.

Mr. Peña said the authorities were trying to determine how many had been in the group of immigrants and how many were still missing. He said it appeared the smuggler driving the illegal immigrants and a guide had either escaped or were among the group taken captive.

The Associated Press, quoting officials of the Pima County Sheriff's Department, said six or seven immigrants had left with the gunmen.

"There have been similar cases where undocumented migrants have been taken to a location and relatives in Mexico contacted and extortion took place," Rick Kastigar, the criminal investigations chief for the sheriff's department, told The A.P.

Mr. Peña said the increase in border security in the past year, including scores of additional Border Patrol agents assisted by National Guard troops, had prompted more immigrants to employ smugglers commanding ever higher prices.

The going rate is about $3,000, or higher for trips from Central America, for a guide to lead immigrants by foot across the Mexican border or in a vehicle, usually through treacherous terrain.

Some smuggling rings, rather than risk capture at the border, have chosen to rob rivals, leading to violence.

"Smugglers look at them as a commodity, a product, and in some cases they would rather rip off a load and try to extort money instead of taking the risk to smuggle," Mr. Peña said.

The Border Patrol's Tucson sector has reported that arrests of illegal aliens dropped 11 percent last year and is down 9 percent since October compared with the previous year. Officials at the agency have attributed the decline to additional manpower and newly installed fencing, cameras and sensors deterring crossers, though advocates for immigrants suggest that traffic may have shifted elsewhere.

3 Illegal Immigrants Killed By Gunmen In Southern Arizona, Follows Similar Attack (USAT/AP)

USA Today, February 9, 2007

TUCSON (AP) — Gunmen stopped a pickup full of illegal immigrants, shot some and took the rest captive Thursday in an attack that left at least three people dead and two wounded, authorities said.

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Officials have not determined who the gunmen were but believe at least two of the immigrants were Guatemalan. They believe that the driver, who was probably a smuggler, escaped along with a guide.

The men are believed to have shot five people, three fatally, along a known smuggling corridor near Tucson, and forced several others in the group of nine or 10 immigrants to leave with them, Pima County sheriff's officials said. The victims are believed to be two men and a 15-year-old girl.

The bodies of one man and the teenager were found in the rear seat of the pickup that had been carrying the group.

Another 15-year-old girl was later found with slight injuries, and another apparently uninjured person was found in the afternoon, officials said.

Two men who were not injured were in custody and telling authorities what happened. It was not clear whether anyone remained missing.

Investigators did not immediately know a motive for Thursday's attack, but gangs of bandits are known to roam border areas preying on illegal immigrants as they cross into the country. Feuding among smuggling organizations also is not uncommon, sometimes involving demands for ransoms from the immigrants relatives to gain their freedom.

The attack occurred on a dirt road near the Silverbell Mine, about 20 miles northwest of Tucson, said Rick Kastigar, the Pima County sheriff's criminal investigations chief.

The immigrants were heading north when four men armed with assault rifles in another vehicle forced the truck to stop, Kastigar said. During the confrontation, one man suffered a fatal wound, another was shot in the hand — losing several fingers — and a woman was shot in the chest and suffered a neck injury.

The two wounded immigrants were taken to a hospital with "very, very serious injuries," said sheriff's Sgt. James Ogden.

Authorities were trying to determine any link to a Jan. 27 confrontation about 40 miles to the north, possibly between human smugglers, that left one man dead and another wounded. In that incident, four men wearing camouflage uniforms and berets stopped a vehicle carrying illegal immigrants.

Three Illegal Immigrants Shot Dead Crossing US Border: Police (AFP)

AFP, February 9, 2007

Three illegal immigrants were shot dead and two more were wounded after falling prey to suspected bandits as they crossed into the United States from Mexico, police said.

Sergeant James Ogden of Pima County Sheriff's Department said the bodies of three men were discovered early Thursday after ranchers found a group of immigrants stumbling through the desert in southwest Arizona.

One body was found by a roadside and two more bodies were found in a pick-up truck after police conducted aerial searches of the area outside Tucson, around 60 miles north of the border with Mexico.

Two of the immigrants were taken to hospital for treatment to injuries while two more were being questioned by police trying to piece together events leading to the killings.

Ogden told AFP police were working on the theory that the group had been ambushed by bandits lying in wait for them as they crossed the border.

"We're looking at the possibility of bandits," Ogden said. "They are normally armed, and stop vehicles that are being used for human trafficking. "Sometimes they take the vehicle -- and a lot times immigrants can be taken to another area and (bandits) will call family members in Mexico, and hold them for ransom."

Ogden said it was not known if there were other immigrants travelling in the group who had yet to be accounted for. "We just don't know that yet. We're trying to piece together the puzzle," he said.

The southern US-Mexico border is often used by people-smugglers and drug traffickers seeking to slip into the country unseen across stretches of isolated desert.

Latinos Lob A Few Words At Governor (LAT)

By Anna Gorman

The Los Angeles Times, February 9, 2007

Gov. Arnold Schwarzenegger's off-the-cuff comments in recently released audio recordings about illegal immigration and the unwillingness of Mexicans to assimilate into American society have drawn angry responses this week from Latino community and political leaders.

"I made an effort," the Austrian-born Schwarzenegger told aides last April in conversations that touched on assimilation. "But the Mexicans don't make that effort."

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The governor also used an expletive to disparage the 1986 federal law that granted asylum to more than 2 million illegal immigrants.

"His comments were highly offensive and outrageous," said Assembly Assistant Majority Leader Kevin de Leon (D-Los Angeles). "It's just mind-blowing that he continues to put his foot in his mouth."

If Spanish-language newspapers and radio are any guide, others were angered as well. The headline on one La Opinion piece this week: "Governor attacks Mexicans."

Even a former campaign aide weighed in. "Those comments are disturbing to many of us," said Arnoldo Torres, who worked for the governor during last year's reelection campaign and is a former political advisor to the League of United Latin American Citizens.

The controversy is the latest flap for the governor involving casual conversations that were not intended to become public.

The recordings were made by a speechwriter and temporarily stored on the governor's website.

A six-minute excerpt was first made public by The Times in September. The remaining 3 1/2 hours of recordings were recently obtained by The Times.

In the recordings released last fall, Schwarzenegger referred to a Latina lawmaker as "hot," casually saying that her fiery personality was the result of mixing "black blood" with "Latino blood."

The more recently released recordings provide the governor's most candid statements yet on illegal immigration.

The conversations were brainstorming sessions designed to help the governor talk out ideas, his communications director, Adam Mendelsohn, said Thursday.

"I think everyone in this state struggles with how to manage an issue as large as the immigration issue," Mendelsohn said. "The governor is working through that issue as anyone else, and he is trying to come up with a responsible position."

Mendelsohn said the recordings, however, fail "to reflect his deep respect for the Mexican culture…. He has a strong belief and understanding of what immigrants have contributed to this state in terms of economic growth."

Some immigration control advocates were pleased by his more hard-line positions.

Ira Mehlman, spokesman for the Federation for American Immigration Reform, said the governor "hit the truth" in his comments about the 1986 amnesty and the government's failure to enforce the law against employers who hired illegal immigrants.

"He was absolutely right," Mehlman said. "People who broke the law got rewarded, and the American people got a bunch of broken promises."

But the discussions suggest that the governor's views on immigration are mixed and sometimes difficult to categorize.

He denigrated, for instance, the idea of sending hundreds of thousands of immigrant workers back to Mexico and called the 700-mile border fence recently approved by Congress "ridiculous."

"We all know a 12-foot fence has never stopped anybody, because you can build tunnels," he said.

He compared the fence with the Berlin Wall, saying that the United States should not be looking at Mexico as an enemy.

"These are our trading partners," he said. "All of a sudden you're building a wall for a specific group of people, which are the people that are wanting to come over here. Are those necessarily criminals? No."

Schwarzenegger also critiqued guest-worker proposals and said he supported a path to earned legalization for undocumented immigrants.

"The governor seemed to be trying to work out a position for himself" in his taped conversation, said Harry Pachon, president of USC's Tomas Rivera Policy Institute.

Pachon said the governor's opinions are shared by many Californians.

"He reflects a segment of the California electorate that is really frustrated and puzzled with the immigration issue," Pachon said. "The answers aren't easy."

The governor's frankness is what worries immigrant rights groups, which say they now have a much clearer view of his true beliefs.

At one point, to illustrate immigrants' lack of assimilation, he described a shopping mall in Lynwood called Plaza Mexico.

"Literally I felt I was in Mexico City," he said. "Everyone only spoke Spanish, every shop was in Spanish, every sign was in Spanish. They create a Mexico within California."

And he compared the United States with a home where some guests help out and others don't.

"Look, you want to come in here as a guest … then behave as if you are a guest," he said. "But what do we see in return? We see protesters carrying the Mexican flag…. And stepping on the American flag and speaking in Spanish and talking about, 'We are here, and we're going to stay.' "

Immigrant rights groups said the governor was simply wrong about the lack of integration.

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"Integration is in the eye of the beholder," said Angelica Salas, executive director of the Coalition for Humane Immigrant Rights of Los Angeles. "Somebody might say that because of his accent, the governor hasn't integrated fully."

Salas added that the governor should be "more careful about what he says about the very people who are sustaining the economy."

"He needs to be much more appreciative of all the opportunities he himself has had as an immigrant," Salas said, adding that not everyone becomes a movie star or marries a Kennedy.

Eddie "El Piolin" Sotelo, a popular Spanish-language radio personality, said the governor's remarks made him want to work harder to prove that immigrants play a key role in U.S. society.

"We love this country, and we want to be a part of it," said Sotelo, who helped mobilize immigrants to march for their rights last year. "We are working every day to integrate."

State Sen. Gloria Romero (D-Los Angeles) called Schwarzenegger's remarks "abhorrent" and said he should visit her district in East Los Angeles.

"He would find Mexican Americans proud of their Mexican roots, but who call themselves American, speak English and aspire to the American dream, just like him and his family," she said.

Romero, however, praised Schwarzenegger for having compassion for undocumented immigrants with U.S.-born children. The governor said in the conversations that it would be "almost impossible" to send millions of illegal immigrants back home.

"Some have families," he said. "The children that were born here are American citizens. So how do you split that family up? So it doesn't make sense."

Torres, the former advisor, said the governor needed to learn more about the Latino community.

"We take solace in this one thing — that those comments were made in April and that they will not be made again, in public or in private," he said.

Immigration Becomes KKK Rallying Point (USAT)

By Theodore Kim And Emily Bazar

USA Today, February 9, 2007

The Ku Klux Klan is stepping up its activities in some parts of the country, a trend that its leaders and opponents tie to anti-immigrant sentiment.

In the past year, the Klan has rallied or distributed fliers in Bloomington, Ind.; Amarillo, Texas; Denison, Iowa; and elsewhere. In each case, the white-supremacist group denounced illegal immigration or targeted communities with growing immigrant populations.

"It surprised me they came," says police Sgt. Randy TenBrink in Amarillo, site of a rally in August by the Texas chapter of the Empire Knights of the KKK. It is the only local KKK rally he knows of in 30 years. "The content of their message surprised me. It was so disjointed."

The Anti-Defamation League, a group that fights anti-Semitism and racism, released a report this week citing "a surprising and troubling resurgence" of KKK activity by long-standing and new groups. "They use this immigration issue to bring in others who feel like America is under siege," says Deborah Lauter, the ADL's national civil rights director. "It's easy for hate to spread."

The Southern Poverty Law Center, which tracks hate groups, also has charted an overall increase in KKK activity and says anti-immigrant sentiment is a primary driver, says Mark Potok, director of the center's tracking operation. The number of KKK groups rose from 110 in 2000 to 179 in 2005 but fell to about 150 last year, Potok says.

The behavior parallels the periods after Sept. 11, 2001, and the launch of the Iraq war in 2003. Extremist groups recruited new members by targeting Muslims, says William Aponte, the FBI's supervisory special agent for civil rights.

Phil Lawson, who says his title is "imperial wizard" of the United Northern and Southern Knights of the KKK, would not give membership numbers but says his group is growing.

He says last year it distributed 6,000 anti-immigrant newsletters in Bloomington and other Indiana communities calling for a rally and blaming illegal workers for taking jobs.

"Everyday that our government allows this Illegal Mexican Invasion to continue, our membership numbers continue to grow in the KKK," he says in an e-mail responding to questions.

In Denison, KKK members put recruitment fliers on parked cars in August, Police Chief Rod Bradley says. Storm Lake, Iowa, also was targeted.

Bradley says, "The two communities they targeted in western Iowa are both communities that have seen an influx of immigrants in the last 10 years."

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Anti-immigrant Sentiments Fuel Ku Klux Klan Resurgence (CSM)

By Brad Knickerbocker

The Christian Science Monitor, February 9, 2007

The Ku Klux Klan appears to be on the rise again after years of irrelevance and splintered obscurity.

"Due to the successful exploitation of hot-button issues," the Klan has seen "a surprising and troubling resurgence," states a new report by the Anti-Defamation League (ADL).

Gay marriage and urban crime are part of the picture. But, in particular, it is the debate over what to do about the nation's nearly 35 million immigrants, of whom about 11 million are in the US illegally, that has become the Klan's main recruiting tool.

"If any one single issue or trend can be credited with reenergizing the Klan, it is the debate over immigration in America," says Deborah Lauter, the ADL's civil rights director. "New groups [are] sprouting in parts of the country that have not seen much activity."

In addition to the South, where the Ku Klux Klan was founded by Confederate Civil War veterans in 1866, this now includes active or growing Klan chapters in Indiana, Michigan, Ohio, Iowa, Nebraska, Maryland, New Jersey, and Pennsylvania.

There is no centralized organization, and membership numbers are estimates at best – 5,000 to 8,000 in as many as 179 Klan groups, according to the ADL, a group that fights bigotry, especially anti-Semitism, and the Southern Poverty Law Center, a civil rights law firm and education center.

But it is the increase in activity, including rallies, recruitment drives, and distribution of racist literature, and the partnering with skinheads, neo-Nazis, and other kinds of hate groups, that civil rights groups find troubling.

As it did from its founding, the KKK views itself has having a religious dimension. Members see "lighting" a cross as a symbol of faith. Today, Christian Evangelicals are much more likely than mainstream Protestants or Roman Catholics to believe that "newcomers threaten traditional American customs and values," according to the Pew Research Center.

It is this trend in attitudes that the Klan hopes to use in recruiting new supporters among those opposed to US immigration policies and practices, according to Klan leaders and expert observers.

In a way, it's a reversion to the Klan's nativist origins.

"While we generally think of it as a white supremacist organization, the Klan at its peak was virulently anti-immigrant, particularly with regard to Catholic immigrants, Irish, and southern European," says Brian Levin, director of the Center for the Study of Hate and Extremism at California State University, San Bernardino.

That was in the 1920s, when the Klan numbered about 4.5 million. The KKK had dropped to an estimated 60,000 members during the civil rights era (1954-65) and had bottomed out at fewer than 2,000 members by the mid-1970s, says Mr. Levin, a civil rights attorney who teaches criminal justice.

Levin notes that any rise in KKK activity and membership today comes off a near-historic low, and "some of the chapters are rather slim pickings."

"I'm more worried about the exploitation of the immigration issue generally than I am about the Klan exploiting it," says Levin. "I think the Klan is going to hit a ceiling because of the negative symbolism, the negative baggage."

But, he adds, "The whole nature of hate group membership has changed with the advent of the Internet. You can take bits and pieces from whatever group you like without necessarily becoming a card- carrying member."

Although some KKK adherents still don robes and pointed hoods to hold rallies and burn crosses, younger followers are more likely to look like skinheads or neo-Nazis, decorated with racist tattoos and listening to white power rock bands such as Skrewdriver and Brutal Attack.

During the first half of this decade the number of hate groups in the US increased 33 percent to 803, according to the Southern Poverty Law Center. The Ku Klux Klan was an important part of that increase.

CONGRESS-ADMINISTRATION:

Pelosi Defends Request For Jet (WT)

By Rowan Scarborough, Charles Hurt

The Washington Times, February 9, 2007

House Speaker Nancy Pelosi yesterday defended her bid for a large U.S. Air Force jet to take her home and back to Washington nonstop -- and the White House backed her up.

Mrs. Pelosi suggested that former Defense Secretary Donald H. Rumsfeld may be involved in leaking information about her request.

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"It still raises the question, why would the Department of Defense not be denying this information that has been conveyed?" the California Democrat told reporters. "Why are they feeding the flames? Of course I have been a constant critic -- for nearly three years, I've called for the resignation of Donald Rumsfeld, who still has a desk at the Department of Defense, and I guess any chance they have ..."

Larry Di Rita, Mr. Rumsfeld's spokesman while defense secretary, responded, "Secretary Rumsfeld's priorities while in office did not allow for time to get too involved in member travel issues, and I doubt that has changed since he left."

The Washington Times first reported last week on Mrs. Pelosi's request, saying she wanted a larger plane and more passengers than afforded her predecessor, Rep. J. Dennis Hastert, Illinois Republican. The Air Force allotted Mr. Hastert a small, 12-seat commuter jet to ferry him to his Illinois district.

As her office pressed the Pentagon for a large plane, and a staunch ally, Rep. John P. Murtha, Pennsylvania Democrat, called defense officials on her behalf, Mrs. Pelosi said she does not particularly want a military jet and would be happy to fly commercially.

"I don't even like having the security," Mrs. Pelosi said. "I would rather travel on the plane with my friends to get some work done. I like my freedom, but there are certain sacrifices you have to make when you are speaker of the House."

The Pentagon told Mrs. Pelosi in a letter on Wednesday that it cannot guarantee her a plane capable of flying to California nonstop -- as she requested.

White House press secretary Tony Snow defended Mrs. Pelosi against Republican criticism and labeled as "silly" press coverage of her request for a plane and the flexibility of transporting aides, lawmakers and family members. President Bush has reached out to Mrs. Pelosi in a bid to reach agreement on major legislation, such as immigration reform.

"This is a silly story, and I think it's been unfair to the speaker," Mr. Snow said.

Mr. Snow's defense put him at odds with the Republican Party, and also Republicans on Capitol Hill who have blasted Mrs. Pelosi for demanding a perk reserved for the president and vice president and a few Cabinet members.

Mrs. Pelosi also asked the Air Force to fly her and her colleagues to a Democratic Party retreat in Williamsburg, where Mr. Bush appeared. The Air Force declined the request, saying it was not allowed under Defense Department directives.

Mrs. Pelosi said, "I'm not saying that I am being discriminated against because I am a woman, I'm just saying as the first woman speaker, I have no intention of having less respect for the office I hold than all of the other speakers that have come before me."

Mrs. Pelosi stayed quiet after The Times first reported the story. But as criticism grew and the story was picked up by media outlets such as Fox News and CNN, she began making TV appearances to defend her request.

Asked later in the day if the White House differed with its own party, Mr. Snow said:

"And I'll just repeat our position, which is as speaker of the House, she is entitled to military transport and that the ... the proper arrangements are being made between the sergeant of arms office in the House of Representatives and the U.S. Department of Defense. We think it's appropriate, and so I -- again, I think this is much ado about not a whole lot. It is important for the speaker to have this kind of protection and travel. It was certainly appropriate for Speaker Hastert. And so we trust that all sides will get this worked out."

Republicans did not see it that way.

Members quickly drafted an amendment to an environmental bill on the House floor, forcing Democrats to debate Mrs. Pelosi and military planes for two hours.

"The Congress also finds that in order to lessen United States dependence on foreign sources of petroleum, and decrease demand for petroleum in aircraft, such as passenger planes with 42 business-class seats capable of transcontinental flights, the nation must diversify its fuel supply for aircraft to include domestically produced alternative fuels," says the amendment, a clear reference to the large jet requested by Mrs. Pelosi's office.

The Washington Times reported yesterday that the Defense Department sent a letter to Mrs. Pelosi that limits her choice of aircraft to commuter-sized planes that would have to be refueled. The letter said the Pentagon could not guarantee access to larger jets, and it stated rules for carrying family members and lawmakers.

The 89th Airlift Wing at Andrews Air Force base operates three jets that can make the nonstop flight year-round: the C-32 (Boeing 757); a C-40 (Boeing 737) and the C-20, a Gulfstream jet.

Mr. Murtha is playing hardball.

"I don't need to pressure them," he told reporters, when asked about his calls to the Pentagon. "I just tell them what they need to do."

Mr. Murtha warned the Pentagon against leaking information that makes Mrs. Pelosi look bad.

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"They're making a mistake when they leak it because she decides on allocations for them," he said, referring to the Pentagon budget.

Rep. Tom Cole, Oklahoma Republican and chairman of the National Republican Congressional Committee, responded:

"It is irresponsible and reckless for Congressman Murtha to use funding needed for the protection of our country and for our men and women in uniform as leverage in order for Nancy Pelosi to travel from coast to coast like a movie star. We are a country at war, and I think it is time for the Democrat majority to get their priorities straight."

In a statement yesterday, House Sergeant at Arms Wilson Livingood assumed responsibility for the decision to request a larger plane for Mrs. Pelosi.

"The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security reasons, unless such an aircraft is unavailable," he said. "Such an aircraft will ensure communications capabilities and also enhance security."

He also said he regrets "that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

Speaker's Plane Becomes A Point Of Criticism (NYT)

By Carl Hulse

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — It is quite a way from Washington to San Francisco, but evidently nothing like the distance separating House Democrats and Republicans when it comes to the air travel arrangements of Speaker Nancy Pelosi.

Republicans, accusing Ms. Pelosi of putting on royal airs, on Thursday stepped up their campaign to portray her as a luxury-loving San Franciscan because her cross-country travel could require a larger military jet than the one used since the Sept. 11, 2001, attacks to ferry Speaker J. Dennis Hastert home to Illinois.

Ms. Pelosi and fellow Democrats said that House security officials insisted that she travel in a government plane and that if she had her way she would fly on commercial craft. They suggested that Republicans were hypocritical, scheming sexists trying to deny the speaker the same protection afforded her male predecessor.

The House debate poked fun at the speaker's love of chocolate, lamented the torment of missed connections and middle seats and speculated about whether Senator John McCain of Arizona or Senator Barack Obama of Illinois would draw bigger crowds in an airport than Ms. Pelosi.

The White House weighed in, as well. "This is a silly story," its spokesman, Tony Snow, said.

Mr. Snow said that the Republican criticism was unfair and that the Bush administration essentially sided with Ms. Pelosi.

The attention to the dispute illustrates that politicians are acutely aware that a jet-setting image can be dangerous, particularly given the travails of modern travel for average Americans.

President Bill Clinton spent a long time living down the tale of his haircut on Air Force One as flights were delayed at Los Angeles International Airport, even though there is dispute over whether other planes were affected.

The image of Newt Gingrich complaining about his forced rear-exit departure from Air Force One earned him a reputation as a petulant pol. And John H. Sununu, a former White House chief of staff, was ridiculed for using government jets to visit the dentist and the ski slopes.

When Republicans learned that Ms. Pelosi was trying to upgrade at taxpayer expense, they caricatured her as an imperial speaker even though no one uttered a peep about Mr. Hastert's reliance on military jets. Cornered by reporters on Thursday, Ms. Pelosi suggested that what she called a misinformation effort emanated from the Pentagon.

"Look, when I became speaker, the sergeant at arms said the speaker has transportation because of security," said Ms. Pelosi. "As a woman speaker of the House, I don't want any less opportunity than male speakers have had."

In a statement released on Thursday, the House sergeant-at-arms, Wilson Livingood, said he had been behind the call for the long-distance airplane. "The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security reasons," Mr. Livingood said, adding he regretted that the security concerns had become a political issue.

In a letter from the Pentagon that she received on Wednesday, Ms. Pelosi was assured that she would receive courtesy military shuttle service between Washington and San Francisco but that it might not always be nonstop. The letter said that she could not be given a plane to take her to political events and that family members would have to make some reimbursement.

House Republicans lined up on the floor to attack Ms. Pelosi and submitted a pointed amendment to a renewable energy bill that said the nation should decrease demand for jet fuel for aircraft "such as passenger planes with 42 business class seats capable of transcontinental fights."

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Republicans said one plane that might be available for the speaker had a game room, stateroom, entertainment center and bedroom and seated 42 to 50 people.

“I hardly think these amenities help with security, and I personally would describe them as inappropriate and unnecessary extravagances,” said Representative Eric Cantor of Virginia, chief deputy Republican whip and sponsor of the amendment.

Some Republicans were put off by the flight fight. “This is a bunch of baloney,” said Representative Ray LaHood, Republican of Illinois, who said he had flown on Mr. Hastert’s military plane.

“Next week,” Representative Jeff Flake, Republican of Arizona, said, “we are going to steal their mascot and short-sheet their beds.”

White House Defends Pelosi's Access To Air Force Transport Plane (USAT/AP)

USA Today, February 9, 2007

WASHINGTON (AP) — Democrat Nancy Pelosi received some rare help Thursday from the White House against a barrage of Republican criticism over how the new House speaker intends to get back home.

For security reasons, Pelosi is entitled to fly to her San Francisco district on military planes.

The House sergeant-at-arms, who helps oversee security for the House, suggested that flying non-stop would be the safest way home for Pelosi, next after the vice president in the line of presidential succession.

Republicans, led by aggressive junior lawmakers, seized on the most extreme possibility: Pelosi's flying on the military equivalent of a Boeing 757 with the latest in travel comforts.

Too expensive, some critics said. Too polluting, others said. Too much ado about nothing, the White House weighed in.

"I have never asked for any larger plane," Pelosi said. "I have said that I am happy to ride commercial if the plane they have doesn't go coast to coast."

To presidential spokesman Tony Snow, "This is a silly story and I think it's been unfair to the speaker."

During debate on a bill that encouraged research on advanced fuels, Republicans proposed an amendment urging planes diversify their fuel load to include "domestically produced alternative fuels."

The amendment singled out "passenger planes with 42 business class seats capable of transcontinental flights" — exactly the specifications of an Air Force C-32 jet.

"The jet that Pelosi has produces 10,000 pounds of carbon dioxide an hour, far more than the previous speaker used," said Rep. Patrick McHenry, R-N.C. Pelosi's predecessor was Rep. Dennis Hastert, R-Ill.

Flying in a large Air Force plane, Rep. Mark Kirk, R-Ill., said, "appears to remove any spending controls from our operations and dramatically increases our impact on the environment especially climate change."

Snow, too, came under criticism.

"He does not have a duty, as I do, to come to this floor and to discuss the consequences for our taxpayers," said Rep. John Shadegg, R-Ariz.

After the attacks of Sept. 11, 2001, the Bush administration agreed to provide Hastert with a military plane for added security during trips back home. Hastert flew in a commuter-sized Air Force jet.

House Sergeant-at-Arms Bill Livingood said in a statement he recommended the Pentagon continue the practice, begun with Hastert, of flying the speaker back home.

"The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making non-stop flights for security purposes, unless such an aircraft is unavailable," he said.

The Pentagon this week told Pelosi's staff she would be provided with a plane but the size would be based on availability and non-stop service could not be guaranteed.

The Defense Department's guidelines say Pelosi could be accompanied by family members, provided they pay the government coach fare. The plane could not be used for travel to political events. Members of Congress could join her if the House ethics committee clears the travel.

Pelosi speculated that Pentagon officials were distorting the story as retribution for her stance against the war and former Defense Secretary Donald Rumsfeld.

"Why would the Department of Defense be not denying this information that has been conveyed?" she asked. "Why are they feeding the flames?"

Snow called Pelosi's office to make sure she knew the White House supported her use of a military plane.

He also distanced the White House from the GOP's take on the matter. The Republican National Committee said Pelosi was on a "power trip." Snow, asked whether the RNC is free to go after Pelosi on its own, said, "Well, apparently they did this time."

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Sensenbrenner Stuns Pelosi, White House Defends Her (HILL)

By Jonathan E. Kaplan

The Hill, February 9, 2007

A new split has emerged between House Republicans and President Bush in dealing with House Speaker Nancy Pelosi (D-Calif.): House GOPers have chosen to keep her close; Bush has chosen to keep her closer.

Pelosi experienced the effect of the new strategy yesterday when Rep. James Sensenbrenner Jr. (R-Wis.) stunned her by using a procedural tactic to force her to answer questions from members of the Science Committee and White House spokesman Tony Snow defended her right to travel nonstop across the country aboard a military jet.

After Pelosi finished making an opening statement on global warming before the Science panel, Sensenbrenner employed House Rule XI, which allows lawmakers to question witnesses for five minutes.

The move flustered Science Committee Chairman Bart Gordon (D-Tenn.) and committee aides. Gordon asked for unanimous consent to waive the rules, but Sensenbrenner did not agree.

It is rare that the House Speaker, who does not vote on or sponsor legislation, would testify before a committee; it is rarer still that lawmakers would force one of their own to submit to questioning. Lawmakers testify in committees all the time, but their colleagues routinely dispense with all but the friendliest questions.

Pelosi delivered an opening statement at a hearing where scientists from the Intergovernmental Panel on Climate Change (IPCC) testified about a report issued last week that said humans "very likely" have caused global warming.

"It's tough being in the minority, but the American people are looking for cooperation on this very serious issue and the Speaker showed today she's willing to talk about the issue with anyone anywhere," said a spokesman for Pelosi.

Sensenbrenner responded in a statement to Pelosi's allegation that "for 12 years, the [GOP] leadership stifled all discussion and debate of global warming. The long rejection of reality is over, to the relief of members on both sides of the aisle."

Sensenbrenner, chairman of the Science Committee from 1997 to 2001, said he held hearings on global warming. He then asked Pelosi to explain the economic impact of policies that would slow global warming.

"He's a rules kind of guy and he felt he had a right to question her," said Sensenbrenner's spokesman, Raj Bharwani. Whether Sensenbrenner's plan was premeditated or extemporaneous is unclear. Sensenbrenner rarely talks to reporters without an appointment.

Rep. Todd Akin (R-Mo.) asked Pelosi whether her views on the use of nuclear energy had changed since she arrived in Congress 20 years ago. Pelosi said she believed that all options to reduce global warming should be open for discussion.

Gordon then jumped in and asked Pelosi to talk about the proposed global-warming select committee.

"The hearing may have gotten off to a rocky start, but it ended up being one of Congress's most productive hearings on climate change to date," Gordon said.

Rep. Jerry Costello (D-Ill.) rescued Pelosi from further questioning. He noted that most lawmakers are extended the courtesy of not being subjected to questions and suggested that, in the interest of time and busy schedules, the panel should move forward.

Rep. Dana Rohrabacher (R-Calif.) agreed and the questioning ceased.

It was an inauspicious start to a day when Sensenbrenner's younger GOP colleagues subjected Pelosi to withering criticism over whether she should be allowed to use a military jet to fly to and from her San Francisco congressional district and Washington, D.C.

On the House floor, Republicans sought to attach an amendment to legislation promoting alternative-fuels research — the first debate under an open rule in three years — barring Pelosi from using the plane.

But their move backfired when White House spokesman Tony Snow defended the Speaker.

"I think this is much ado about not a whole lot. It is important for the speaker to have this kind of protection and travel," he told reporters yesterday. "It was certainly appropriate for Speaker Hastert. And so we trust that all sides will get this worked out."

Rep. John Murtha (D-Pa.), a Pelosi ally, said, "It's a silly issue. These guys [Republicans] tend to forget they lost."

After the Sept. 11, 2001 terrorist attacks, Rep. Dennis Hastert (R-Ill.), who was then the Speaker, began using a 12-seat Air Force jet to fly between D.C. and his district, close to Chicago.

The House sergeant at arms defended Pelosi, stating that it is his responsibility to ensure members' safety and that he made the recommendation to use military aircraft with the ability to travel cross-country nonstop.

"The Speaker requires additional precautions due to her responsibilities as the leader of the House and her Constitutional position as second in the line of succession to the presidency," he said in a statement. "I regret that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

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Pelosi Strikes Back At Plane Critics (RC)

By Rachel Van Dongen

Roll Call, February 9, 2007

Speaker Nancy Pelosi (D-Calif.) struck back at her Republican foes who continued to blast her Thursday on the use of military transport to travel regularly back to her California district.

Pelosi released a rare statement from House Sergeant-at-Arms Bill Livingood on Thursday afternoon in which he took responsibility for requesting an aircraft that would enable the Speaker to fly coast-to-coast without stopping and expressed "regret" that the issue was being used for political purposes.

"In a post-9/11 threat environment, it is reasonable and prudent to provide military aircraft to the Speaker for official travel between Washington and her district," Livingood said. "The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security purposes, unless such an aircraft is unavailable."

"I made the recommendation to use military aircraft based upon the need to provide necessary levels of security for ranking national leaders, such as the Speaker," Livingood added. "I regret that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

At the same time, Appropriations subcommittee on Defense Chairman John Murtha (D-Pa.), who lobbied the Pentagon for a larger plane, announced that he planned to hold hearings on the use of military aircraft for executive branch and Congressional travel over the past two fiscal years. Murtha predicted that despite the flap, Pelosi would end up with a plane capable of making the coast-to-coast trip.

"I would predict she would" get a larger plane, he said Thursday. "I'm seldom wrong on these kinds of things."

Meanwhile, Republicans continued to have a political field day with the Speaker's travel arrangements, expounding on the issue for much of Thursday afternoon on the House floor. In a direct jab at Pelosi, an amendment authored by House Chief Deputy Minority Whip Eric Cantor (R-Va.) passed overwhelmingly, 385-23. The amendment called on the nation to "diversify its fuel supply" for passenger planes, especially those with "42 business class seats capable of transcontinental flights."

Pelosi spokesman Drew Hammill called the move a "ridiculous distraction from the real issues."

"It just shows just how desperate and devoid of ideas the minority party has become," he said.

After remaining relatively mum on the burgeoning public relations disaster, Pelosi addressed the issue publicly on Thursday. The new Speaker told reporters that she would be "happy" to fly commercially, but that the Sergeant-at-Arms had requested that she not do so for security reasons.

"I have never asked for any larger plane. I have said that I am happy to ride commercial if the plane they have doesn't go coast-to-coast," Pelosi said. "This is a myth that [the Republicans] are talking about on the floor. They have nothing to say to the American people about the war, the economy, global warming and the rest. So they have this game they're playing."

But Pelosi questioned the motives behind the "misinformation" flowing from the Pentagon on the issue, while pointedly noting that President Bush was "insistent" that she be provided a certain level of security.

And White House spokesman Tony Snow bolstered that view Thursday, saying of the plane controversy, "This is a silly story and I think it's been unfair to the Speaker."

Unnamed administration sources and Congressional Republicans have pounced on the issue of how Pelosi will travel between Washington, D.C., and her home district. They say the new Speaker has demanded a luxury aircraft used only by the vice president and first lady, top Cabinet officials and generals. But Pelosi insists she has not requested a specific plane, but has been told by the Sergeant-at-Arms and Air Force that it would be safer and more efficient for her to travel nonstop to California from Washington.

After the Sept. 11, 2001, terrorist attacks, the policy was changed so that then-Speaker Dennis Hastert (R-Ill.) would be granted military transport to his Illinois district for official business.

While Republicans claim Pelosi is asking for more than what Hastert was given, the problem actually lies in aircraft availability. The fleet used is from the 89th Airlift Wing located at Andrews Air Force Base and includes the small, Lear-type jet used by Hastert to fly to Illinois, as well as two Gulfstream jets, a C-20 and C-37, which could potentially make it nonstop to California under the right weather and weight conditions.

But if the weather does not cooperate, the only other options may be larger, more deluxe planes typically used by top government officials. For example, the 89th Airlift Wing contains a C-32A, the military equivalent of a Boeing 757 that often flies the vice president as "Air Force Two." That plane seats 45 and has 16 crew members. The Wing also counts in its fleet a C-40B, a refurbished Boeing 737 that can hold up to 32 passengers and 10 crew. The wing's Web site states that the C-40B is designed as an "office in the sky" and is equipped with a crew rest area, distinguished visitor compartment with sleep accommodations and business-class seating with worktables.

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But in a statement on Wednesday, the Defense Department said that while it would provide Pelosi with a plane, it could not guarantee nonstop flights to California. Thus, it is unclear what kind of plane Pelosi ultimately will fly on, or even whether she will be able to consistently use the same plane in her trips home.

The Pelosi Non-story (LAT)

The Los Angeles Times, February 9, 2007

IN CASE YOU WERE worried that the 110th Congress was producing debate of too much substance, this week House Speaker Nancy Pelosi (D-San Francisco) stands accused of everything from hypocrisy on global warming to wrongheadedness about Iraq — all based on a request she never exactly made for a jumbo-sized military jet that she has never actually flown aboard as speaker.

The fuss started last week, but conservatives waited until Wednesday to really let loose the dogs of warp. At issue is the appropriate mode of transport between Washington and Pelosi's home in the Bay Area. In the old days, the speaker of the House would have just taken a commercial flight, but after 9/11 it was decided that the No. 2 in line for the presidency should travel with more security, so the military began providing jets and Air Force crews.

Inconveniently for Pelosi, the small jets that were used to shuttle former Speaker J. Dennis Hastert between the Beltway and Illinois can't make it to the West Coast in bad weather without stopping to refuel. So her office asked if the rules allowed her to take a larger jet capable of flying nonstop, such as a C-40, which contains beds and business-class seating. Then a firestorm erupted.

The right-leaning Washington Times wrote a blistering editorial accusing Pelosi of being an elitist and wasting taxpayer money. Prominent Republicans in Congress followed suit, and CNN's Lou Dobbs groused that "Nancy Pelosi … can now fly in style at your expense."

At least 21 government officials can request transport via C-40, including those as far down on the presidential succession list as the secretary of education; to do so is hardly an abuse of power. Even the Bush administration, rarely shy about slinging partisan mud, seems disgusted by the attacks on Pelosi. "This is a silly story, and I think it's been unfair to the speaker," White House spokesman Tony Snow said Thursday.

By then, the crazy train had long left the station. The New York Post, under an editorial headlined "Nancy Pelosi, Carbon Criminal," accused the speaker of being insincere about fighting global climate change. The Republican Study Committee, a coalition of conservative members of Congress, issued a statement equating Pelosi's inquiry with Democratic opposition to President Bush's plan to send more troops to Iraq; it seems the jet proves that Democrats have skewed judgment about what's in the national interest.

Hopefully, the federal government can figure out how senior political officials can fly coast to coast both in safety and nonstop. Until then, buckle up — the hot air ahead is likely to be turbulent.

Senate Weighs Spending Bill (WSJ)

By David Rogers

Wall Street Journal, February 9, 2007

WASHINGTON -- Stalled on Iraq, the Senate turned to domestic business, hoping to send a giant spending bill to President Bush next week to fill the gap left by the collapse of the budget process under Republican rule last year.

The $463.5 billion measure keeps to the limits set by the White House, but imposes a strong Democratic imprint on funding for the rest of the fiscal year ending Sept. 30.

Veterans medical services, education, transit and health care will see spending increases. There are more subtle changes as well: $460 million in low-income housing assistance will be redistributed nationally, with cities such as New York and Los Angeles among the losers. And despite a self-imposed moratorium on spending earmarks for lawmakers' districts, oil and research programs at the National Energy Technology Laboratory, or NETL, in West Virginia could benefit, thanks to Senate Appropriations Committee Chairman Robert Byrd (D., W.Va.).

Most of the government has operated under a stopgap funding resolution that has become untenable and is due to expire Feb. 15. The budget package calls for keeping agencies at the same spending levels as in fiscal 2006, but with exceptions granted to meet targeted needs over the last eight months of this fiscal year.

In the case of NETL, Congress in 2006 provided more than $62 million, but had expected to cut back this year because a second source of funds came into play as a result of the 2005 energy act. That measure designated $50 million from royalty receipts go to this research, of which NETL would get $12.5 million.

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But under the bill, both the 2006 appropriations and the extra money authorized by the energy bill look available. Sen. Byrd isn't alone among NETL's champions; it also has a big campus in Pennsylvania and smaller offices in three other states. But Sen. Byrd resisted House suggestions that offsetting cuts be made, in light of the new money.

Mr. Byrd's office said the energy secretary has complete discretion over how to distribute the funds within the total of $581 million provided for fossil-energy research in the bill.

This poses a test for the Bush administration, which has proposed to eliminate the oil and gas research programs and repeal the $50 million mandated by the energy act. "We're going to obey the law," a Department of Energy official said yesterday. He conceded that the administration has been slow in releasing the $50 million this year, and said it is an open question if the oil and gas research programs constituted an earmark.

In the case of allocating rental vouchers under the Section 8 low-income housing program, the updated distribution formula has been championed by public-housing groups, but also creates its own set of winners and losers at the local level.

The Los Angeles city housing authority could lose as much as $22 million, even as Oakland gains $15.4 million, for example. "We are concerned about the significant loss of the Section 8 funds," said Lourdes Castro-Ramirez, who oversees the program in Los Angeles.

On the House floor, another issue loomed larger: the cost of flying Speaker Nancy Pelosi to her home in California. Since the September 2001 terrorist attacks, a military plane has been available for the security of the speaker. But since Ms. Pelosi must travel across the country to return home, a dispute has flared about how big a plane should be provided to cover the distance without refueling.

Ms. Pelosi said she was happy to fly commercial, but Republicans took to the floor, saying the plane could cost as much as $22,000 an hour and was excessive.

Rep. Ralph Hall (R., Texas), upset he missed his own flight home amid the uproar, gently chastised his colleagues for "throwing things at one another when there's better work to do."

"It might be a little cheaper on my government for me to ride the bus from here to Dallas every week," Mr. Hall said. "Maybe we could talk about that some afternoon. Why doesn't Ralph Hall ride the bus to Texas and back every week."

Wartime Budgeting (WP)

The Washington Post, February 9, 2007

IN AN OTHERWISE lean budget, President Bush's defense spending request has produced some sticker shock. The $481 billion proposal for fiscal 2008 reflects an 11 percent increase over this year; including funding for the wars in Iraq and Afghanistan, the $623 billion total is 60 percent larger than the defense budget that Mr. Bush inherited in 2001. Some analysts argue that the spending is historically outsized, pointing out that the total spent or requested for the two ongoing wars is greater than the cost incurred in Vietnam.

In fact there is some excess in the Pentagon's spending plan -- but many of the comparisons being drawn are deceiving. As a share of the U.S. economy, defense spending was at a near-historic low before Sept. 11, 2001, and even if Mr. Bush's new budget is fully funded, it will still be well below the average over the past century. Defense spending is now just under 4 percent of gross domestic product, compared with 9.5 percent during Vietnam; the Reagan-era buildup took a 50 percent larger piece of national output.

A big part of the new spending meets demands that Democrats in Congress have been making for some time. There is $12 billion for a first installment in the long-overdue increase in the size of the regular Army and Marine Corps; more than $50 billion has been aimed at restocking equipment, including $21 billion for the National Guard. For the first time the administration has included a realistic cost figure for war expenses -- $142 billion -- in the regular budget.

The reality that the budget reflects is that U.S. defense spending will have to return in the years ahead to its historic level of 5 percent of GDP -- at least -- and remain there for some time. That's because the American role in heading off threats in an increasingly disorderly world will not change soon, and because the military faces the need to replace aging tanks, planes and ships with 21st-century systems. If anything, the new budget low-balls the numbers. Nothing has been budgeted to pay for the current "surge" of Iraq forces beyond the end of September, and only $50 billion is in the budget projections for war spending in 2009.

Acknowledging that defense spending must rise doesn't mean there is nothing to trim in the new budget. Tucked in the $170 billion of procurement spending is money for Cold War weapons systems that the Pentagon has tenaciously clung to: Among them are another nuclear-powered aircraft carrier and 20 more F-22 tactical fighter planes. There is another $10 billion for missile defense, even though the intercontinental defense system still needs considerably more testing.

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Sen. Joseph I. Lieberman (I-Conn.) had a point this week in saying that, in view of the squeeze defense spending is placing on the rest of the budget, Congress ought to consider an exceptional means of funding it, such as a "war on terrorism tax." It remains the case that Mr. Bush has not asked citizens to make any wartime sacrifice to accompany those of military personnel and their families. If the United States is involved in a "long war" that will be the defining conflict of the 21st century, as Mr. Bush believes, then higher defense spending is certainly appropriate -- but so is some means to pay for it.

Budget Games That Hurt Children (WP)

By E. J. Dionne Jr.

The Washington Post, February 9, 2007

It was one of those moments when a public official gives away a larger truth by offering what seems to be a throwaway line.

Testifying this week on President Bush's budget, Treasury Secretary Henry M. Paulson Jr. suggested he would not mind a bit if the Democratic Congress added money to prevent cutbacks in coverage under the federal government's children's health insurance program.

"It just may be," Paulson said mildly, "that the Congress believes that that's something that should be funded at a higher level."

In other words, Bush's budget is a collection of artificial numbers -- including cuts in domestic programs that Congress will inevitably reverse -- that allow the president to claim fiscal responsibility while demanding that his tax cuts for the wealthy be made permanent.

The cutbacks in health coverage for lower-income working families are among the most egregious of the president's fiscal choices. And it's not just Democrats who are saying so.

"These cuts interfere with the fundamental responsibility of government: to safeguard the lives of its citizens," said Connecticut Gov. M. Jodi Rell, a member of that small, hardy group of Northeastern Republicans to survive November's Democratic tide.

"Whether we are helping struggling families stay warm through the harsh winter months or protecting homes and residents against terrorism and natural disasters, we expect our federal partners to carry their fair share," she said. "The cuts to these programs place extraordinary burdens on the states."

Or consider the response of the Rev. Larry Snyder, president of Catholic Charities USA. "The president's new budget," he said, "hurts those living in poverty at a time when we should be doing even more to help the most vulnerable among us."

You'd think Bush would understand this since he regularly praises faith-based groups and long ago touted himself as a compassionate conservative. After all, the president made big news last week when he finally acknowledged what has been close to unmentionable in his administration. "The fact is," he said, "that income inequality is real." Facts, as Ronald Reagan observed, are stubborn things.

But this is a budget destined to make income inequality much worse. The liberal Center on Budget and Policy Priorities has created a chart that should be a centerpiece of discussions concerning Bush's accounting.

The center examined what the White House's proposals would mean in 2012, the magical year in which Bush -- with much flimflammery -- claims his plan will produce a surplus. It found that, if enacted, the president's budget would lead that year to $73 billion in tax cuts for households with annual incomes of over $1 million and $34 billion in cuts to domestic discretionary programs, many of them benefiting Americans of low and middle incomes.

So here is a president who believes passionately in redistributing income -- upward.

As Rell suggested, there are plenty of problems with Bush's budget, and with Republican governors complaining (Rell is not alone), even members of Congress from the president's own party will quietly turn their backs on parts of his plan.

But the most shameful move may be the poorly disguised reduction in SCHIP, the program for working families with kids whose households earn too much to qualify for Medicaid but too little to afford private coverage -- exactly the sorts of hardworking citizens welfare reformers claim to love.

At a time when so many Americans are losing private medical insurance, the SCHIP program -- passed in 1997 with strong bipartisan support -- is one of the few government efforts working against that dangerous trend.

The program now covers about 6 million children over the course of a year. A president who cared about inequality would presumably be proposing to expand the program to cover the remaining 6 million lower-income children who still lack health coverage. At modest cost and in a rather simple way, Bush could get credit for taking a measured but significant step toward universal coverage.

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Instead, Bush proposes what's called an increase in SCHIP funding of $4.2 billion over five years that has the practical effect of cutting into the number of children who are covered. Sen. Max Baucus (D-Mont.), the Finance Committee chairman and no flaming liberal, has estimated it would take $15 billion over that period just to maintain current coverage levels.

The president is far more committed to cutting taxes for Paulson's old Wall Street pals than to getting health coverage to kids with low-wage working parents. It's to Paulson's credit that, judging by his words at least, he appeared to be embarrassed. Clearly Bush isn't.

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Potomac Watch It's A Trough Life (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, February 9, 2007

This budget week, there was one thing on which Democrats and Republicans agreed: It's time to do something about earmarks. And in a nod to voter disapproval with these special-interest projects, this year Congress will do its pork spending in secret.

Welcome to Congress's new and dirtier earmark game, in which the big spenders are setting all the rules. In front of the cameras, both parties claim to have found earmark religion, and are talking up a bill that would reform the way Congress asks for billions in goodies for lawmakers' home districts. Behind the scenes, they're working feverishly to keep the earmarks rolling, this time using a technique outside of the legislative process and hidden from public view.

The gears on this new underground earmarking machine started whirring late last year, when Republicans failed in a lame-duck session to pass the 2007 spending bills. The GOP pork crowd wanted to use its last weeks in power to push through 12,000 more bridges to nowhere. Saner heads noted that the party had just lost an election in part due to these corrupting payoffs and urged restraint. The standoff resulted in Republicans punting the 2007 spending responsibility to the Democrats.

That put the new House appropriations chief, Wisconsin's David Obey -- a spender for our time -- in the distasteful position of having to live up to his party's election promises to fix the earmark boondoggle. He begrudgingly promised a "moratorium." And last week, when Mr. Obey celebrated the passage of his $464 billion 2007 spending bill, he bragged that Democrats had fulfilled their promise and "stripped all earmarks from the measure."

"This decision doesn't come without pain," intoned Mr. Obey. "Many worthwhile earmarks are not funded in this measure, but we had to take this step to clear the decks, clean up the process and start over."

The key language here is "not funded in this measure," and it explains why Mr. Obey is still smiling through his pain. Congressional members, led by appropriators and an army of staff, have already figured out a new way to keep their favors in the money, and it might as well be called 1-800-EARMARKS (which unfortunately is already taken). All across Washington, members are at this moment phoning budget officers at federal agencies -- Interior, Defense, HUD, you name it -- privately demanding that earmarks in previous legislation be fully renewed again this year. There might not be a single official earmark in the 2007 spending bill, but thousands are in the works all the same.

And getting far less scrutiny than before -- if that's even possible. Under this new regime, members don't even have to go to the trouble of slipping an earmark into a committee report, where it might later (once the voting is over) come in for criticism. All the profligates need now to keep the money flowing is a quiet office and a cellphone.

Despite a congressional desire to keep this quiet, the evidence of marathon dialing is mounting. Lobbyists, thrilled their clients are still getting earmark handouts, are now publicly crowing about this underground program. Sens. John McCain and Tom Coburn -- anti-earmark warriors -- sent a letter to the Department of Energy last week wanting to know how that agency was handling the demands. On the same day, DOE chief of staff Jeffrey Kupfer delivered an internal memo to agency officers acknowledging that "offices have begun to receive requests from some Congressional offices, asking that the Department continue to fund programs or activities that received earmarked funds in prior years," and laying out a procedure for handling such orders.

The big question now is how aggressively the Bush administration intends to respond to this latest earmark insult. The president has made earmarks a priority, calling in his State of the Union for Congress to cut these special projects in half, and also for a more transparent process in which all earmarks are analyzed and debated. In a Manassas, Va., speech this week, President Bush complained again about how shady earmarks are, and referred to a stack of congressional committee reports (a favorite place for legislators to hide their pork) to make his point.

But by today's secret telephone standards, even conference reports look fulsome. This new practice also brings the added complication that the administration's own agencies could be complicit in this underground funding. Agency staffs understand they are dependent on Congress for funding, and that the 2008 budget process is now underway. Thumbing their noses at

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appropriators is an invitation for retribution. Which is why one appropriations lobbyist was gleefully quoted this week as noting that congressional calls were so far being answered by agencies wholly in "the affirmative."

The administration has taken some steps to follow up on its earmark demands. In January, Office of Management and Budget Director Rob Portman sent a memo to every department and agency announcing new earmark requirements. From now on, the government will be required to identify and catalog earmarks in most spending bills, including earmarks hidden in committee reports. The memo also provided agencies with a tight definition of just what counts as an earmark, to make it harder for Congress to disguise its pork under another name.

That's useful for upcoming spending debates, but it doesn't shut down the current dial-a-thon. In last week's Energy Department memo, Mr. Kupfer noted that Mr. Obey's 2007 spending bill does not include earmarks, and that the agency is also not legally bound to honor prior projects. He directs the staff to carefully review any requests to renew earmarks and then decrees that "only those with meritorious proposals or programs that effectively support and advance the Department's missions and objectives . . . should receive FY 2007 funding." This is probably easier said than done, but it's a start. No word yet if other agencies are following suit.

If President Bush is serious about earmark reform, it would seem clear he's going to have to shame legislators into better behavior. This latest escapade shows how determined some in Congress are to keep their pork in place, regardless of what they tell the public. It's time to blow the whistle on those who would preach an earmark "moratorium" on the one hand, while reaching for the speed-dial with the other.

Proposed Lobbying Limits Apply To Only One Senator (WT/AP)

The Washington Times, February 9, 2007

ASSOCIATED PRESS

Ethics legislation designed to prevent senators' spouses from lobbying the Senate seems to have a limited reach, allowing some husbands and wives to go about their business.

In fact, the legislation appears to affect the spouse of only one lawmaker: Sen. Kent Conrad, North Dakota Democrat.

Mr. Conrad's wife, Lucy Calautti, is a top lobbyist for Major League Baseball and is affiliated with the firm Baker Hostetler. She became a lobbyist after her 1987 marriage to Mr. Conrad, disqualifying her from an exception in the bill that would allow some Senate spouses to continue lobbying.

The provision, added by amendment into a larger ethics overhaul bill passed by the Senate last month, aims to prevent Senate spouses from lobbying the Senate. But it has an exception allowing those who became lobbyists at least one year before their marriage or their spouse's election to still lobby the chamber.

That exception applied to several Senate spouses, including the wife of Sen. Byron L. Dorgan, North Dakota Democrat. Kimberly Dorgan is executive vice president of federal relations at the American Council of Life Insurers and has in the past registered to lobby the Senate along with others at her organization.

Mrs. Dorgan first became a lobbyist in the early 1980s, a few years before she and Mr. Dorgan were married.

Also exempt is Bob Dole, former Senate majority leader and husband of Sen. Elizabeth Dole, North Carolina Republican. He became a lobbyist before his wife was elected in 2002.

Two groups that follow lobbying as a family business said they think that Mrs. Calautti is the only spouse who will be affected by the Senate legislation.

"Kent Conrad is the only person, according to my records, who is going to be affected," said Craig Holman, campaign-finance lobbyist at Public Citizen.

"From what we can tell right now, it looks like this would apply to just one lawmaker, and that's Senator Kent Conrad," said Bill Allison of the Sunlight Foundation. "It's a little bit strange."

Mrs. Calautti declined to comment on the bill, which will force her to scale back her activities if it becomes law.

Mr. Conrad also declined to comment until the bill moves through Congress.

The amendment's sponsor, Sen. David Vitter, Louisiana Republican, has maintained that he did not keep track of who would be affected by the legislation. During debate on the bill, he said on the Senate floor that he could see an argument for getting rid of all exceptions, but he "tried to bend over backward for what I considered any legitimate argument."

Mr. Holman said the amendment is a good one because it would prevent future spouses from becoming lobbyists after their husbands or wives are elected. It would be unfair to ask spouses who already are lobbying to close up shop, he said.

Rep. Miller Helped Pursuit (HILL)

By Susan Crabtree

DOJ_NMG_0129871

The Hill, February 9, 2007

For over two years, Rep. Gary Miller (R-Calif.) helped members of a southern California city council in their pursuit of federal and state funds for a wilderness preserve project that included the purchase of 165 acres that he owned.

The FBI is looking into whether Miller violated tax laws. He failed to pay capital gains taxes on the sale of his land to the City of Monrovia, claiming that the city imposed eminent domain, which allows a government agency to force a sale if it is deemed to be in the public interest. City of Monrovia officials deny that they invoked eminent domain.

Miller has said he has done nothing wrong. He describes himself as a victim of a media smear campaign and has since threatened to sue local officials for their public statements on the matter. Several calls to his office were not returned.

But relations with members of the Monrovia City Council were much friendlier some five to six years ago, when the city was trying to preserve 700 acres of foothills from development and was looking for money to buy land from Miller and others who owned property in the area.

According to minutes of Monrovia City Council meetings and interviews with several southern California city officials and former Miller staffers, Miller and his office were actively involved in trying to help the city locate federal and state money for the massive open-space project.

Miller had planned to build 60 multi-million-dollar homes on the land, and he repeatedly told the city of Monrovia that he didn't believe the city could come up with enough money to purchase that acreage — given that his ambitious development plans elevated its worth.

The city then passed an initiative to increase local taxes to raise money for the wilderness preserve project, which was designed to produce $10 million over its 30-year lifespan. The city wanted to drum up another $10 million in grants.

Miller stepped in to help, and early talks floated the possibility of inserting an earmark into an undetermined bill to provide the funds to the city, several sources said. But those talks were quickly abandoned when Rep. David Dreier (R-Calif.) resisted, according to city council minutes.

"Members of the City Council concurred, that after talking to Congressman Dreier individually recently, there was not money readily available to purchase the properties," read the minutes of a February 29, 2000, Monrovia City Council meeting.

Then-Monrovia City Council member Lara Larramendi Blakely recalled in an interview last year that Dreier had refused to help secure an earmark to purchase land that included Miller's because he thought it raised obvious conflict-of-interest issues.

"

Congressman Dreier said that he really could not support going after federal funds because Gary Miller's property was involved," said Larramendi Blakely, a Democratic politician who later became mayor and now works for Rep. Hilda Solis (D-Calif.) "He didn't think it was right to try to get federal money that would benefit a sitting congressman."

In the same interview, Larramendi Blakely said she was not involved in detailed discussions with Miller other than their face-to-face meetings because other Republican members of the council were closer to him.

When she would visit Washington during lobbying trips, she said, Miller would ask her about the city's progress in obtaining the funds for the wilderness preserve.

"He would always ask, 'How's it going?'" she said.

After abandoning the earmark route, Miller continued trying to help the city locate public funds, the sources said, and in early 2001 he identified California Wildlife Conservation Board (WCB) grants for land acquisition as the best source. The WCB is underwritten in part by federal funds. The city of Monrovia applied for the grant and eventually received $8.6 million.

"Early on, the Wildlife Conservation Board (WCB) was pinpointed as the best location to seek matching grants," read the minutes of a May 28, 2002 Monrovia City Council meeting. "By June 2001, the City had entered an agreement with the WCB for as much as $9 million in matching grants, pending certification of property appraisals by the state Department of General Services (DGS)."

One of the city's initial assessments of the value of Miller's land was $6.6 million, but Miller balked at that amount. City officials then commissioned another appraisal, which came in at $12.2 million. Recognizing the sensitive nature of the deal, they commissioned a review of that appraisal, which backed up the $12.2 million figure, according to the May 28, 2002 council minutes.

Ultimately, however, the DGS certified a lower appraisal of $11.77 million, the final price of the land.

"Recognizing that a great deal of scrutiny would be placed on the purchase, City officials requested that DGS staff come to Monrovia to tour the property for themselves," the minutes state. "DGS ultimately certified a value of $11.77 million on the Miller property."

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Miller, who had held the land since the 1980s, netted $10 million on the deal, but the purchase consumed a large portion of the funds the city had amassed for the wilderness project from both the tax and the WCB grant, leaving little for the 150 acres the city still wanted to attain.

Again, Miller agreed to help and was more open about doing so because the city had already purchased his land, according to Sept. 24, 2002 council minutes. That month, city officials traveled to Washington to meet with Miller and the office of Sen. Barbara Boxer (D-Calif.) to discuss efforts to secure federal money for the project.

After the trip, Rob Hammond, who was serving as Monrovia's mayor pro tem at the time, reported that the trip had been worthwhile.

"[Hammond] also met with Senator Boxer's office and presented acquisition needs for open space in Monrovia," the minutes state. "Councilmember [Joe] Garcia and [Tom] Adams met with Congressman Gary Miller who does want to assist Monrovia now that he no longer owns property in Monrovia."

Then-Assistant City Manager Scott Ochoa reported that Boxer and Miller provided the city with an "account number" for the Environmental Protection Agency that would help them apply for grants for the wilderness project.

"Assistant City Manager Scott Ochoa reported that an EPA account number to apply for funds had been received from both Senator Boxer's and Congressman Miller's offices in response to the Council members [sic] trip," the Sept. 24 minutes continue. "Mayor Pro Tem Hammond stated that it was a worthwhile trip [sic] thanked the City's lobbyists and announced that he would go again in January."

At the same meeting, councilmember Adams concurred that the trip to Washington was "fruitful," adding that Hammond and fellow councilman Garcia had met with Miller, "who called yesterday to say that he had identified some federal funding and was hopeful there would be good news next month."

The city of Monrovia is not located in Miller's district, and it is rare for a member of Congress to help a local municipality outside his district obtain funding, especially when the lawmaker stands to benefit financially from it.

The House ethics manual warns members to avoid conflicts of interest, referring to the definition under federal law and regulation: "it denotes a situation in which an official's conduct of his office conflicts with his private economic affairs" with the ultimate concern being "risk of impairment of impartial judgment, a risk which arises whenever there is temptation to serve personal interests."

As an example of a conflict of interest, the manual refers to a case in which a member sponsored legislation to remove restrictions on the development of property in which he had a personal financial interest. "Thus, the Member was found to have wrongly used his official position for personal benefit," the manual states.

In an interview last year, Miller denied having anything to do with trying to secure federal money to help purchase his land.

"I had nothing to do with anything [involved in the effort]," he said, refusing to acknowledge that there was an effort to secure federal funds to help purchase his property.

If there was an effort to attain an earmark or any kind of federal money for the project, he said, "it was on the part of the City of Monrovia."

Pelosi Names Ethics Panel Members (RC)

By Ben Pershing

Roll Call, February 9, 2007

More than a month after the start of the 110th Congress, Speaker Nancy Pelosi (D-Calif.) on Thursday filled out the Democratic roster on the House Committee on Standards of Official Conduct.

Pelosi named Reps. Gene Green (Texas), Lucille Roybal-Allard (Calif.), Mike Doyle (Pa.) and Bill Delahunt (Mass.) to serve under ethics Chairwoman Stephanie Tubbs Jones (Ohio.).

Pelosi's choices were approved by the full Democratic Caucus Thursday morning. House Minority Leader John Boehner (R-Ohio) named the panel's GOP Members earlier this week.

Delahunt Named To Ethics Panel (HILL)

By Klaus Marre

The Hill, February 9, 2007

Rep. Bill Delahunt (D-Mass.) will join the House ethics committee, House Speaker Nancy Pelosi (D-Calif.) announced yesterday.

Delahunt will fill the spot left open by the departure of Rep. Howard Berman (D-Calif.) from the panel.

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The other members selected for the committee are the Democrats who had already been on the panel in the 109th Congress. They are Chairwoman Stephanie Tubbs Jones (Ohio), Rep. Gene Green (Texas), Rep. Lucille Roybal-Allard (Calif.) and Rep. Mike Doyle (Pa.).

Delahunt, even though he was not a member of the ethics panel, served on an investigative subcommittee in 2004 that looked into allegations related to the 2003 vote on the bill that added a prescription drug benefit to Medicare.

"With their commitment to the highest ethical standard, this group of members will serve with integrity, building on our bipartisan efforts to restore accountability, honesty, and openness to the House of Representatives," Pelosi said.

Senators Try To Recoup $3.1 Billion For BRAC (HILL)

By Elana Schor

The Hill, February 9, 2007

Senate Majority Leader Harry Reid (D-Nev.) yesterday moved to shorten debate on the continuing resolution (CR) that must pass next week or risk a government shutdown, but he signaled willingness to negotiate with Republicans on opening the spending measure to amendments.

Republicans are amplifying their calls for votes on several changes to the $463 billion CR, reiterating their concerns about minority rights that also have stalled a bipartisan nonbinding resolution on Iraq. Restoring $3.1 billion that was sliced from funding for the military's base realignment and closure (BRAC) program tops the GOP's agenda, which also includes more funding for infant AIDS treatment and payments to victims of crime.

Reid told reporters yesterday that he is discussing with Senate Minority Leader Mitch McConnell (R-Ky.) whether to allow votes on a limited number of amendments, including some from Democrats. Yet Reid warned Republicans not to resort to obstruction.

"I would hope Republicans don't march to the well, as they did on this Iraq thing, because this well has no bottom," Reid said.

In the battle to restore BRAC funds, Republicans have snagged at least one Democratic ally in Sen. Max Baucus (D-Mont.), chairman of the Finance Committee. Baucus joined 25 Republicans on a letter to Senate leaders sent late Wednesday that noted the BRAC cut would obstruct troop movements and hurt local economies in military communities.

"Democrats have once again robbed from military funds and spread it to other areas," Sen. Kay Bailey Hutchison (Texas), GOP Policy Committee chairwoman, said yesterday.

Hutchison added that environmental cleanup of former military base sites also is jeopardized by the BRAC cuts in the CR, which would keep the government funded at 2006 levels from Feb. 16 to the start of the next appropriations cycle. Reid began debate on the CR yesterday by "filling the tree," blocking Republican amendments for the time being.

The lost BRAC funds would have benefited a transition program for the Montana National Guard, but Hutchison said Baucus is not the only Democrat whose home state would be hit; bases in Virginia and Florida are also at risk. Hutchison's plan would offset the restored funds by imposing a 0.73 percent across-the-board cut on domestic accounts, excepting veterans' affairs.

Reid asserted that Republicans would not shy away from filibustering the CR, which several GOP senators already have threatened. But Sen. Tom Coburn (R-Okla.), who is proposing a new 15-day CR to allow time for full debate, tamped down such talk.

"Nobody's going to shut down the government," said Coburn, part of a conservative cadre that urged last year's departing GOP leadership to halt the appropriations process and extend earlier funding levels until Democrats took control.

Democratic appropriators have said they will attach the trimmed BRAC funds to the war supplemental, a prospect that Sen. Jim DeMint (R-S.C.), another leading fiscal conservative, decried on the floor as budgetary trickery.

"This is not the time to cut defense and national security spending and add them to social programs," DeMint said late Wednesday.

Leahy, Bond Fight Bush's Control Over National Guard (HILL)

By Roxana Tiron

The Hill, February 9, 2007

Leaders of the Senate National Guard Caucus are fighting to repeal legislation slipped into the latest defense authorization bill that would make it easier for the president to declare martial law and assume control of the National Guard.

The law, which President Bush signed last fall, revised the 200-year-old Insurrection Act, which empowered the president to use the military as a police force during a rebellion.

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The new provision crafted by Sens. Carl Levin (D-Mich.), chairman of the Senate Armed Services Committee, and John Warner (R-Va.), former chairman and now ranking member, says the president can call up troops to deal with natural disasters, epidemics and terrorist attacks, among other events.

Governors across the country were angered by last year's legislation, and have mounted an intense campaign to keep the National Guard under their control during natural disasters and emergencies.

Backed by the National Governors Association (NGA) and the National Guard community, Sens. Patrick Leahy (D-Vt.) and Kit Bond (R-Mo.), co-chairmen of the National Guard Caucus, introduced a bill this week to revive the previous authority on the domestic use of the military.

The legislation has been referred to the Armed Services Committee, where it will probably face some opposition from Warner and Levin, who said that the provision clarifies existing law and does not give the president powers at the expense of the governors.

Leahy disagrees. "Expanding the president's powers under the Insurrection Act was a sweeping, ill-considered and little-noticed grant of authority to the executive branch, at the expense of the National Guard and the governors," he said. "That change in longstanding law treads heavily across basic constitutional issues relating to the rights of the people, the separation of powers, and state and local sovereignty."

Even though the bill has been referred to the Armed Services panel, the issue is of interest to the Judiciary Committee, which Leahy chairs, according to his spokesman.

The change to the Insurrection Act went unnoticed among lawmakers, but governors were alarmed and united.

"NGA does very few letters where … all governors sign on because it is very difficult, but it did twice last year," said a source close to the matter. "Governors do not need to look over their shoulders to see when Washington, D.C., is going to drop in."

Bond, a former governor, said he was very concerned with "this imprudent change in law," which would give the president "unnecessary and unprecedented power to invoke martial law."

The change was prompted by a conflict between Bush and Louisiana Gov. Kathleen Babineaux Blanco (D) over who should control Guard units in the days after Hurricane Katrina in 2005. Bush sought to federalize the Guard, but Blanco refused to give up command, leading to a feud, which hampered the response to the disaster.

The National Guard Bureau is leaving the fight to the governors, according to a Pentagon source, who added that the bureau did not know about the changes and was surprised to see the language in the defense authorization bill. Some in the Guard are concerned that the new law is a slippery slope; others view the issue as political rather than legal.

"It makes it much easier, more politically palatable for the president to declare an insurrection," said the source.

Because the change in law was instituted without consulting the governors, they are calling for an open debate. In a letter to the Senate National Guard Caucus, North Carolina Gov. Mike Easley and South Carolina Gov. Mark Sanford, the NGA's lead governors on the National Guard, insisted that the citizen soldiers should remain under the control of the governors.

The changes are likely to "confuse the issue of who commands the Guard during a domestic emergency," they wrote.

Waxman Sees Potential Coverup In Ship Contract (WP)

By Spencer S. Hsu

The Washington Post, February 9, 2007

Faulting Program Managers, He Says Warnings About Design Deficiencies Were Hidden

Managers of the U.S. Coast Guard's $24 billion fleet-overhaul program appeared to cover up a Navy engineering report that highlighted design flaws in a new flagship cutter under scrutiny by government investigators, a senior House Democrat said yesterday.

Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, said the December 2005 report included "bottom-line" warnings in red ink on a pair of briefing slides that concluded the national security cutter, as it is known, would not last the required 30 years.

But the warnings were deleted in a copy of the report given by Coast Guard officials to Department of Homeland Security auditors and altered in an edited version included in a wider briefing on the $1 billion-a-year fleet-replacement program, known as Deepwater, to the Coast Guard's commanding officer at the time, Waxman said.

"Sugarcoating of the situation may have made life easier for the program management, but it certainly is a disservice to you, to the Coast Guard community and to the taxpayers of this country," Waxman told DHS Inspector General Richard L. Skinner in a hearing.

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The accusations, under investigation but partly disputed by the Coast Guard commandant, Adm. Thad Allen, came as Waxman's oversight panel focused on two giant DHS contracts that give unusual leeway to private firms. The companies have been given the authority to plan, design and deliver an overhaul of the Coast Guard's ships, aircraft and systems, and, separately, to build a "virtual fence" at U.S. borders using a blend of surveillance technology and physical barriers.

Waxman challenged the deals, saying they gave contractors too much power and taxpayers too little oversight. As of December, he said, 65 of 98 people hired by DHS to oversee the border project, known as SBInet, were themselves contract employees. So were 76 of the 135 tracking Deepwater, reflecting a dearth of government specialists, he said.

"There seems to be no task too important to be outsourced to private contractors," Waxman said. Federal agencies "outsource thinking through what they even want, then they outsource doing it, then they outsource oversight."

Gregory L. Giddens, director of SBInet, acknowledged difficulty hiring federal contract managers but said contract staff members are support personnel who only gather and relay data. "Support contractors do not provide oversight for prime contracts. That is a government responsibility," he said.

On the Deepwater project, Skinner's office reported last month that the Coast Guard's failure to properly oversee contract team Northrop Grumman and Lockheed Martin led to problems with the new cutter. The flaws may reduce the cutter's operating days by as much as 20 percent and could help to potentially double the cost of completing the first two of eight planned vessels, Skinner said.

Skinner called Coast Guard officials' handling of the Navy report "highly troubling" and a sign that they wanted to conceal flaws because they had committed to construction.

Allen vowed to investigate, but he noted that information about a hull-fatigue problem came from an interim Navy report, and its data were included elsewhere in the later briefing to his predecessor.

He said the Coast Guard this week changed the contract to lower the cutter's required operating days by 20 percent, blaming the gap cited by Skinner on confusing terms in the original contract.

Allen said lead ships in new vessel programs typically experience problems. He said the Coast Guard needs to quickly replace aging vessels.

OTHER NEWS:

Housing Worries Trim Dow (WSJ)

By Worth Civils

The Wall Street Journal, February 9, 2007

Warning signs from the housing sector, courtesy of HSBC Holdings and Toll Brothers, weighed on the market Thursday, pushing aside more-positive news from retailers on January same-store sales.

A day after setting a new intraday high just above 12700 points, the Dow Jones Industrial Average fell all the way back below the 12600 mark. But the Dow industrials rebounded to finish the day down 29.24 points at 12637.63.

Financial components weighed on the blue-chip average, with Citigroup down 0.9% and J.P. Morgan Chase off 0.6% on the HSBC news. Also, Boeing lost 0.9% after Northrop Grumman said it would compete against1 the aerospace giant for a bid on a $40 billion Air Force refueling-plane contract.

Higher oil prices also weighed on stocks, with the exception of energy companies such as Exxon Mobil, up nearly 1%. Crude futures made a late surge Thursday, finishing up $2, or 3.5%, to $59.71, their highest closing price of the year. The gains came amid more cold weather in the U.S., a big draw in U.S. natural gas storage and after Occidental Petroleum shut in 95% of production at its Elk Hills crude field in California.

The broader Standard & Poor's 500-stock index lost 1.71 to 1448.31. The technology-heavy Nasdaq Composite Index fell 1.83 to 2488.67, coming off strong gains in the previous session led by Cisco Systems and TiVo. Shares of Cisco continued to rise, but TiVo gave up some gains, falling 1.2%.

In recent days, stocks have vacillated in tight ranges, making today's pullback more notable. Many analysts have been saying the market is overextended and that a correction is overdue. "It's just normal to have this type of pullback," said Chris Murray, president of Murray Financial Group. "It would be healthy for the market to pull back, get smacked down, regroup and plod along higher as the year goes on."

The key housing and financial sectors were in focus after HSBC warned14 that bad debt provisions would be 20% higher than analysts had forecast for 2006, blaming a weak U.S. sub-prime lending market, which the bank had aggressively entered.

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The American-traded shares of HSBC declined 2.7%. Other mortgage lenders also slumped, with Countrywide Financial down 2.6% and Washington Mutual off 2.6%.

Subprime lending is "one of those issues that had been lingering in the shadows for some time during the housing slowdown, where a lot of questions were asked of companies like HSBC and Countrywide that overexposed themselves to this more-unattractive type of mortgage program," Mr. Murray said.

"On balance, what you're starting to see, as housing values come down, is that banks realize they are on the hook for some of these mortgages," explained Michael Strauss, chief economist at Commonfund, who expects more such announcements to follow. "It's a hint that there will be more stringent lending standards -- and not just for banks, but for mortgage companies as well."

Adding to the woes in the housing sector, Toll Brothers said quarterly home-building revenue dropped15 19%, though it added that the pace of cancellations is starting to abate. But the news was still troubling, as it shows even luxury home builders such as Toll are not insulated from the slowdown in housing. Shares of Toll sank 3%, and other home builders fell in sympathy, with D.R. Horton off 3.3%, Lennar down 2.8%, and KB Home sliding 2.4%.

The housing sector has seen a significant slowdown in the past year, but for the most part has failed to drag down the larger economy, which has continued to show steady growth. However, today's news could cause some to reassess housing's impact on the economy.

"In general, housing is having an impact on lowering or keeping GDP in a low-growth mode as opposed to a modest-growth mode," said Mr. Strauss. "In the first quarter, we'll still get a pretty good drag from housing in GDP." One firm, Macroeconomic Advisors, came out today with a forecast of a 2.5% growth rate for gross domestic product in the first quarter, down a full percentage point from 3.5% in the fourth quarter of 2006.

In other economic news Thursday, wholesale inventories dropped unexpectedly16 in December, the Commerce Department said. Inventories fell 0.5%, the biggest decline since May 2003. Sales at wholesalers increased 1.8% in the month, the largest increase since May. Earlier, the Labor Department said claims for unemployment insurance rose 3,000 to 311,000 last week.

Retail stocks were mixed after companies posted17 mostly stronger post-holiday sales results, as shoppers took advantage of their gift cards. Gap, a long-time underperformer, reported flat same-store sales for January, much better than the 7.7% decline analysts expected. The company also boosted its earnings estimate. Shares of Gap jumped 2.6%.

Wal-Mart Stores affirmed Saturday's announcement that it had a higher-than-expected 2.2% rise in sales at stores open at least a year for the five-week period ended Friday, a five-month high. Costco Wholesale fell short of analysts' estimates, posting a 2% increase in same-store sales. Wal-Mart's shares slipped 0.6%%, while Costco was off 0.9%.

In major market action:

Stocks fell.18 On the New York Stock Exchange, 1,585 stocks advanced and 1,725 declined on volume of 1.6 billion shares.

Bonds edged up.19 The 10-year Treasury note rose 1/32, or 31 cents per $1,000 invested, to yield 4.73%. The 30-year bond added 5/32, yielding 4.84%.

The dollar was mixed.20 The euro was at $1.3039 from $1.3011 at Wednesday's close. The dollar was at 121.08 yen from 120.61 yen late Wednesday.

Retailers Ring Up A Solid Start To Year (WSJ)

By James Covert

The Wall Street Journal, February 9, 2007

Shoppers armed with gift cards went on a belated holiday shopping spree last month, but many in the industry fear retail sales will soften in the coming months.

Overall, the nation's retailers reported solid sales for January, putting a rosier glow on the Christmas selling season. Luxury stores like Saks Inc. rang up big increases from a year earlier as the stock market's advance helped to fuel stepped-up spending by their clientele.

Midprice department stores and specialty chains also shared in the postholiday bonanza, selling inventories of winter clothing that had languished through an unusually balmy December. A notable bright spot was Gap Inc., which held successful clearance events and raised its full-year profit forecast.

Still, a late cold snap has disrupted the start of the spring selling season at many stores, contributing to the uncertainty about whether strong sales will last. Michael Niemira, chief economist at the International Council of Shopping Centers, said wage growth and low unemployment will support solid consumer spending this year. But rising consumer debt and a cooling

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housing market could begin to damp momentum this spring, said Bill Hampel, chief economist at the Credit Union National Association.

"The consumer began 2007 on a fairly strong note," Mr. Hampel said. "But that doesn't change the fact that the consumer is facing some issues for the rest of the year."

Of particular concern to analysts is the effect of gift cards on sales figures. Industrywide, consumer purchases of gift cards over the holidays soared 50% to $27.8 billion, according to the National Retail Federation. Retailers don't record gift cards as sales until they are redeemed. Because 40% of holiday gift cards are redeemed in January, they inflate sales figures for January at the expense of December sales. The effect is especially pronounced for retailers like Gap that cater to teens, said Dan Horne, a marketing professor at Providence College in Rhode Island.

A tally of 55 major chains by Thomson Financial showed retailers' same-store sales -- or sales at stores open at least a year -- rose 3.9% last month, exceeding analysts' expectations of a 3.1% increase. However, it fell short of the 4.9% gain posted a year earlier, when a brisk Christmas was followed by a warm January that spurred early, full-priced sales of spring fashions.

Same-store sales are considered indicators of the industry's health and trends in consumer spending, one of the main drivers of the economy. But the monthly figures don't provide a complete picture. They don't include many online purchases, and some large retailers, such as Home Depot Inc. and Sears Holdings Corp., don't report monthly sales.

Last month's same-store sales at Gap were flat with a year earlier. It was only the fourth month since June 2004 that Gap has managed to avoid a decline. The San Francisco company expects full-year earnings per share of 89 cents to 91 cents, up from a previous forecast of 83 cents to 87 cents.

Gap said "initial reaction to spring deliveries has been mixed." The company, which ousted former Chief Executive Paul Pressler last month amid a strategic review, said Charlotte Neuville, head designer for its North American Gap stores, has stepped down, and the company will search for a successor.

"I worry what they would have done without the gift cards," Providence College's Mr. Horne said of Gap, noting that gift cards also boost profits since they tend to coax shoppers into buying more goods at full price.

Likewise, a 17% same-store sales increase at American Eagle Outfitters Inc. may not herald continued strength this spring. Abercrombie & Fitch Co. had a 6% same-store sales decline.

Federated Department Stores Inc., parent of Macy's and Bloomingdale's, said same-store sales jumped 8.6%, beating its forecast for 1.5% to 3% growth. The Cincinnati retailer boosted its fiscal fourth-quarter earnings forecast to $1.55 to $1.60 a share from $1.40 to $1.50.

In addition to benefiting from gift cards, department stores are improving their holiday results with better inventory management. "Retailers are absolutely getting better at getting the right quantity in the store for the holiday and getting out at the right price point for the time," said Janet Hoffman, managing partner of Accenture Ltd.'s North American retail practice.

Wal-Mart Stores Inc., Bentonville, Ark., confirmed an estimate given on Saturday for a 2.2% same-store sales gain, outstripping an earlier forecast for a 1% to 2% increase. The world's biggest retailer still is experiencing problems at its Wal-Mart stores in the U.S., where sales growth is running well below historical levels.

Target Corp., Wal-Mart's smaller, trendier discount rival, posted a 5.1% increase, in line with its expectation for a 3.5% to 5.5% gain. But Costco Wholesale Corp. posted a 2% increase -- its lowest monthly gain since November 2002, according to Thomson Financial. The Issaquah, Wash., warehouse-club chain blamed the weakness on a calendar shift.

Spending by wealthy shoppers isn't significantly boosted by the gift-card phenomenon, but luxury sales were brisk nonetheless. Saks reported an 11% increase, and Nordstrom Inc.'s same-store sales rose 11%.

Modestly, Stores Beat January Sales Outlook (NYT/AP)

The New York Times, February 9, 2007

The nation's retailers rebounded in January from their disappointing holiday season as shoppers redeemed gift cards to buy winter and spring merchandise. The arrival of frigid temperatures in much of the country helped sales of cold-weather items.

Winners included Limited Brands, Nordstrom and Federated Department Stores. Wal-Mart Stores beat Wall Street estimates, though its monthly gain was modest. Even the long-struggling Gap beat analysts' expectations, though sales languished at its namesake chain.

Among the losers were the Abercrombie & Fitch Company, the Ann Taylor Stores Corporation and Chico's FAS.

"Across the board, the numbers are decent," said Ken Perkins, president of RetailMetrics, a research company in Swampscott, Mass. The one area of weakness was women's apparel stores, which he said were hurt by the late arrival of winter weather.

Separately, Goldman Sachs said its index, which tracks about 30 retailers, rose 3.2 percent for January sales.

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The solid performance in January follows a largely disappointing November-December period, which averaged a gain of 2.9 percent in same-store sales, according to Thomson Financial.

While January is the least important month of the retail calendar, its significance has grown over the last five years because of gift cards. Retailers do not include gift card sales in their monthly tallies until the cards are redeemed, and the bulk of cards given for the holidays are used in January.

The delayed arrival of winter weather helped stores that sell snow blowers and shovels or that still had plenty of heavy boots and coats to clear out, but hurt those that were heavily stocked with spring merchandise.

Merchants also benefited from a steady job market, which helped send consumer confidence slightly higher last month.

Wal-Mart, the world's largest retailer, reported a 2.2 percent rise in same-store sales, beating the 1.8 percent estimate from Wall Street analysts surveyed by Thomson Financial. The Costco Wholesale Corporation reported a same-store sales gain of 2 percent, below the 3 percent forecast.

Federated had an 8.6 percent gain in same-store sales, well above the 4.6 percent analysts predicted. The same-store results include only the Macy's and Bloomingdale's stores that existed before September, when the company transformed most of the former May Department Stores branches to Macy's units.

Gap, whose chief executive resigned last month after a string of disappointing quarters, said same-store sales were unchanged from the year ago, better than the Wall Street estimate for a 7.7 percent decline. The business was helped by strong sales at its Banana Republic stores, and the retailer raised its earnings outlook.

Dad Wasn't Dad After All, But Still Owes Child Support (CSM)

By Warren Richey

The Christian Science Monitor, February 9, 2007

FORT LAUDERDALE, FLA.

Sixteen months after his divorce, Richard Parker made a devastating discovery. A DNA test revealed that his 3-year-old son had been fathered by someone else.

Mr. Parker immediately filed a lawsuit claiming fraud by his apparently unfaithful ex-wife. He took his case all the way to the Florida Supreme Court.

Last week, the Florida justices ruled 7-0 against him. They said that Parker must continue to pay $1,200 a month in child support because he had missed the one-year postdivorce deadline for filing his lawsuit. His court-ordered payments would total more than $200,000 over 15 years to support another man's child.

"We find that the balance of policy considerations favors protecting the best interests of the child over protecting the interests of one parent defrauded by the other parent in the midst of a divorce proceeding," writes Justice Kenneth Bell for the court.

"We recognize that the former husband in this case may feel victimized," he writes. He then quotes a scholar to explain the ruling: "While some individuals are innocent victims of deceptive partners, adults are aware of the high incidence of infidelity and only they, not the children, are able to act to ensure that the biological ties they may deem essential are present."

In effect, the high court is saying it's partly Parker's fault for trusting his wife.

The Parker case illustrates an increasingly contentious debate over the rights and responsibilities of divorced fathers who have been duped and don't challenge paternity at or near the time of divorce. But it also raises fundamental questions about the nature of fatherhood and the legal responsibilities that can attach to a father-child relationship – even when that relationship is the result of fraud and deception by a wife and mother.

Most states have laws that permit courts to order men who have been deceived to continue to make child- support payments even when they have no biological connection to the child. The idea is to minimize any disruption in the life of the child. In recent years, some states have begun passing laws that give deceived dads some ways to fight back.

There are no reliable estimates of how often "paternity fraud" takes place. Some findings suggest 4 to 10 percent of fathers, but no definitive study has been completed.

Unlike most duped ex-husbands in the US, Parker may still prevail in court. Last summer the Florida legislature passed a law that allows men to use newly discovered paternity evidence (like Parker's DNA test results) to overturn a court order to pay child support for someone else's child.

The June 2006 law is aimed at preventing the kind of outcome ordered by the Florida Supreme Court. The policy approach taken by the Florida Legislature stands in sharp contrast to the "policy considerations" cited by the state supreme court justices.

Supporters of the Florida law see it as a major step toward justice for deceived ex-husbands. Critics see it as a potential danger to the well-being of mothers and their vulnerable children.

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In addition to Florida, Ohio, Georgia, Maryland, Alabama, Indiana, Virginia, Arizona, and Wyoming have laws allowing ex-husbands to overturn a child-support order when deception or fraud by an ex-wife is discovered, according to the National Conference of State Legislatures. By contrast, most other states set a one- to four-year deadline for fathers to file lawsuits challenging paternity determinations.

The idea behind the deadline is that any action taken in a marriage breakup should be completed while the child is as young as possible to avoid a major disruption during the most formative years.

"We don't want a system where a child is 10 years old and you have people who come in and undo what has been put in place many years before," says Susan Paikin of the Center for the Support of Families in Silver Spring, Md.

Ms. Paikin says that it is up to the adults in the relationship to thoroughly investigate any paternity issues at the time of the divorce.

But fathers' rights advocates say that few husbands are aware of a paternity deadline and its legal implications. And many have no idea that their wives have been unfaithful.

In generations past such infidelity might have gone undetected. But the advent of DNA testing is changing that. It is giving new momentum to a debate over how best to provide for broken families.

"There is no perfect answer," says Paikin. "There are a lot of people who will argue that it is always in the child's best interest to have a relationship with the biological parent and that should override everything else. There are others who believe just as fervently that being a parent has more to do with being caring and nurturing, and that is what makes you a father."

Part of the difficulty in paternity disestablishment cases is that once the financial contribution of the nonbiological father is terminated, the courts do not recognize a legal right to continued contact between the child and the man.

"It is the ultimate Catch-22 for my client," says Parker's lawyer, Scott Lazar of Miami. "On the one hand he has a relationship with this child and cares about this child and would probably be willing to provide money for this child, but he doesn't want to provide it to the mother to use as she wishes."

Family court judges aren't interested in fostering a continuing relationship between men and the children of their ex-wives, says Carnell Smith, who runs a DNA-testing company and is founder of Atlanta-based US Citizens Against Paternity Fraud. "The court is only concerned about financial payments."

Judges generally view the man in a divorce proceeding as nothing more than a "walking checkbook," he says.

Smith says that instead of targeting deceived ex-husbands, the legal system should investigate the conduct of the wife and hold the mother and biological father responsible for the child they produced.

"In no other area of the law do we punish the victim for the conduct of two other people," Smith says. "For me it is disingenuous for the Florida justices to turn around and say [to Parker] 'Well, it is your fault that you didn't find out sooner.' "

The Florida legislature tried to balance the law to avoid forcing children onto welfare rolls, says Tom Sasser, chairman of the family-law section of the Florida Bar. It rejected a proposal to allow ex-husbands to recover prior child-support payments. It also rejected a proposal to allow triple damages against deceptive mothers. Instead, the law allows ex-husbands to be released from future payments.

And that, advocates say, opens the door for some ex-husbands to attempt to build a trusting relationship with someone new and perhaps start a family without the burden of a court-imposed financial debt hanging over his new wife and children.

White House On Sidelines In 2008 Contest (WP)

By Peter Baker

The Washington Post, February 9, 2007

No one in the West Wing is booking tickets to Iowa. No one is scouring matchup poll numbers or hiring campaign managers or dialing for dollars. As candidate after candidate jumps into the race for president, the White House sits unaccustomedly on the sidelines.

This is the first White House in 80 years without someone running for president, a twist of history that will shape not just the campaign but also the remainder of the Bush administration. With neither a president seeking reelection nor a vice president positioned as the heir presumptive, the Bush team will increasingly turn into a spectator in the nation's political debate.

Its absence in the contest will spare the White House the trials of a campaign, easing the tensions between governing priorities and election imperatives that traditionally tear at the institution. Yet, at the same time, it means that no one will be making the case for the Bush legacy as 2008 nears. To one degree or another, all of the candidates, including the Republicans, will distance themselves from the president, particularly if he remains as unpopular as he is today.

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"It creates a fundamentally different situation than we've known in the past," said Craig Fuller, chief of staff to then-Vice President George H.W. Bush as he prepared for his 1988 presidential run. "What's so starkly different about this situation is that not only is the president, by virtue of the calendar, a lame duck, but there's no champion out there on the field for him."

The early and especially intense start of the 2008 race, marked by a rush of announcements in recent weeks, has foreshadowed the changing dynamics. Sen. John McCain (Ariz.), the Republican most closely identified with Bush's Iraq policy, made a point of assailing the administration's performance as a "train wreck." And the focus is turning to the future. Voters dislodged Bush's Republican majorities in Congress in November, and a Newsweek poll last month found that 58 percent would like the Bush presidency to be over; 21 percent of Republicans agreed.

For Bush, the challenge will be to assert his leadership anyway. As a wartime commander in chief sending more troops to Iraq, he is more relevant than most lame-duck presidents. But he seems eager not to let the election debate pass him by. When Sen. Hillary Rodham Clinton (D-N.Y.) in Iowa criticized Bush's actions as "the height of irresponsibility," the White House called reporters to denounce her "partisan attack that sends the wrong message to our troops."

Still, Bush's advisers see advantages in not having a candidate in the race. Bush can push energy, immigration and Iraq plans without gauging electoral consequences. When he proposed a dramatic increase in ethanol production, no one linked that to Iowa caucus politics. "I actually think it is liberating in some ways, and it keeps them from being distracted," said former Republican National Committee chairman Ken Mehlman. "The fact that you have a White House that isn't thinking at all about politics . . . is good for the nation and good for the president."

Other advisers said the White House will still think about politics but will be free to focus on broader goals, such as party building. And they take solace that top Republican candidates -- McCain, former New York mayor Rudolph W. Giuliani and former Massachusetts governor Mitt Romney -- have backed Bush's troop increase. But they recognize that the support will not last if the situation in Iraq does not improve in six months.

The situation for Bush defies modern tradition. The last time neither president nor vice president actively ran was in 1928, when Calvin Coolidge did not seek reelection and hated Vice President Charles G. Dawes so much that he made it clear that fellow Republicans should not consider him. Even so, Coolidge had a stake in the election, with his commerce secretary, Herbert Hoover, carrying the banner. The only election since then without a president or vice president on a major-party ballot was in 1952, when Vice President Alben W. Barkley, at 74 and with no support from Harry S. Truman, lost the Democratic nomination to Adlai Stevenson.

Friction typifies relations when vice presidents step forward to seek the Oval Office. Even George H.W. Bush, who vowed not to disrespect Ronald Reagan during his own presidential bid, began to distinguish himself in the summer of 1988, first by publicly disagreeing with administration talks with drug-running Panamanian leader Manuel Noriega and later by promising a "kinder, gentler" presidency.

This can fracture a White House, with the president's staff focused on polishing his legacy and the vice president's on winning votes. The schism between Bill Clinton and Al Gore after the Monica Lewinsky scandal grew so pronounced that, at one point in 2000, Tipper Gore refused to go into a reception with the president. Gore chose a Clinton critic as his running mate and kept the president off the campaign trail.

"There are always tensions," said Roy Neel, a longtime Gore adviser who also served as Clinton's deputy chief of staff. "In the Clinton-Gore years, the tensions were minimal until Gore's campaign had to begin. And then what happened was all of the expected tensions . . . [were] exacerbated substantially by the problems that Clinton was having and the backlash onto Gore."

George W. Bush avoided that in 2000 by tapping Dick Cheney, who swore off interest in the Oval Office from the start. "My advice to him is untainted by any concern I might have about how the folks in Iowa will look at me with connection with the 2008 Iowa caucuses," Cheney told CBS News last year. "And when I speak out on an issue, it's because somebody needs to speak out on the issue, and I can do it without fear, in a sense that I'm not here trying to burnish my image."

With no campaign at stake, Cheney's influence within the White House, though still potent, has clearly diminished. The rise of Secretary of State Condoleezza Rice and the fall of ousted defense secretary Donald H. Rumsfeld signaled a shift. Cheney's handling of a hunting accident last year, in which he shot a friend in the face and kept quiet about it for a day, drove a wedge between him and Bush aides who blamed him for needlessly exacerbating the president's political problems.

Since then, according to some in the administration, the Cheney mystique within the White House has faded. Presidential aides are no longer as intimidated by Cheney's staff as they once were, and some who have seen the vice president in private lately said he seems personally down. His combative tone in a CNN interview last month, even as Bush was trying to reach out to Democrats, surprised presidential aides and hinted at his frustration over the turn of events.

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Advisers played down reports of tension and noted that Cheney's decision not to run makes him the most loyal vice president in modern times. "Contrary to popular belief, he doesn't freelance," said Mary Matalin, a former aide. "You don't have to work parallel agendas -- the president's and your own."

Bush plans to remain neutral in the GOP primaries -- "helpful to all, partial to none," in the words of one aide. His political guru, Karl Rove, is likewise staying out of the race and refuses to handicap it even among friends for fear of showing favoritism. Some Bush advisers, such as media strategist Mark McKinnon, have signed on with McCain, while the candidates compete for the president's fundraisers.

Within the White House, there is no sentimental favorite, no candidate in the Bush mold who excites his loyalists. McCain's long rivalry with Bush makes him anathema to many, but some top aides appreciate that he has always supported the president on the issue that matters most, the Iraq war. On domestic matters, many in the White House are attracted to Romney, seeing him as the most electable conservative. Giuliani has admirers for his performance on Sept. 11, 2001, but many consider him too liberal on social issues.

As the campaign begins to heat up without him, Bush may find it irritating not to have a role. As Timothy Walch, a historian and director of the Herbert Hoover Presidential Library, put it: "It's very hard, I think, psychologically and politically, for somebody who has been the most powerful person in the world to begin gradually to detach themselves from power."

'08 Slate Without Standout For GOP (WT)

By Ralph Z. Hallow

The Washington Times, February 9, 2007

Many conservatives say they pick "none of the above" when faced with a choice of Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudolph W. Giuliani as the 2008 Republican presidential nominee.

"When I look at these top three guys, I think of Shania Twain singing 'That don't impress me much,' " said former House Majority Leader Dick Armey, referring to the popular country singer.

Such dissatisfaction with the leading Republican presidential candidates is widespread among the party's conservative stalwarts, including many of the 150 alumni of the Reagan administration who attended an annual reunion at the Heritage Foundation on Tuesday night.

"We are without a viable candidate for 2008 at this point," said Mary Ann Meloy, who was an official in the Reagan White House.

Eagle Forum President Phyllis Schlafly counts herself in the "none of the above" category because, she said, the top three candidates are wrong, ambiguous or suspect on "limiting court jurisdiction, the loss of U.S. jobs from globalism and the immigration-amnesty-guest-worker, pro-life and same-sex marriage issues."

Similar discontent has been expressed by conservatives as prominent as radio host Rush Limbaugh -- who said last month that "there's nobody out there that revs me up" in the 2008 Republican presidential field -- and from many other longtime activists who are influential, if not quite household names.

"No one of the three top-tier individuals is a conservative," said Tom Carney, a Florida lawyer and Republican fundraiser. "But even more importantly, none of them have original thoughts. They are all ultimate pragmatists. They want to be president without the necessary vision in this time of international crisis."

Faith Whittlesey, who headed the Reagan White House liaison office and was ambassador to Switzerland, said she is trying to find hope in the situation. "I hear the three choices are all we got, so I would like to see their positions evolve on the core issues that face the nation -- and I am, let's say, hoping for the best," she said.

Christian Josi, senior vice president of Dezenhall Resources, a Washington-based public relations firm, said, "I am a conservative. I have had all I can stomach of Republicans."

"To put it very simply, it is very clear that McCain and Giuliani both have demonstrated that they have significant problems with key elements of the Bill of Rights," Mr. Josi said. "And that is frightening. Don't get me started on Romney. Suffice to say, I find his ideological commitment to the core conservative principles to be highly suspect."

At the Reagan reunion, there were some warm words here and there for former House Speaker Newt Gingrich for his breadth of public-policy knowledge, for former Arkansas Gov. Mike Huckabee for his sticking to his conservative social views, for former Virginia Gov. James S. Gilmore III for his nuanced foreign policy and homeland security views, and for Nebraska Sen. Chuck Hagel, whose criticism of the Iraq war resonates with many conservatives disaffected with the Bush administration.

But these men are part of a long list of Republican contenders who are trailing far behind the three leading candidates in opinion polls.

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"I say 'none of the above' because none of them fits the model of what I think we need as president," said conservative campaign adviser Eddie Mahe. "Some have philosophical flaws. From 2009 to 2017, international affairs is where we will have to focus -- China, Africa, India Russia, the Middle East. I don't see McCain, Romney or Giuliani or any of the others understanding this changing world, how some of those societies function and how we can best relate to them."

Mr. Armey said none of the top three Republican contenders "dwells very much on the big issues of our time," including the direction of foreign policy since September 11, 2001, especially in Iraq.

"I'm not sure what their views are on America exporting democracy by force," the Texas Republican said. "The only thing that could endear one of these candidates to voters is saying, 'I know how to get us out of there.' I'm not sure voters want to hear any more argument about how or why we got in there in the first place."

Despite such discontent, the Republican Party's habits may prove hard to break, said one campaign strategist.

"Some conservatives are saying 'none of the above,' but history says it will be one of the Big Three -- McCain, Romney or Giuliani," said Republican operative Charlie Gerow, chief executive officer of Harrisburg, Pa.-based Quantum Communications. "It's part of Republican culture that we nominate front-runners."

The 2008 Ad Blitz Begins (HILL)

By Jessica Holzer

The Hill, February 9, 2007

Presidential campaign advertising will start hitting the airwaves in the coming months, far earlier in the election cycle than during the 2004 race, and the ads will barrage the American public for much longer, delivering a windfall to television and radio stations, industry experts say.

In the age of television, there never has been a presidential race so wide-open.

“In the history of modern broadcasting, we haven’t had an election where we haven’t had a White House incumbent,” said George Reed-Dellinger, who tracks the industry for Washington Analysis, a political intelligence consultancy. “The broadcasters are licking their chops.”

For the first time since 1972, both Republican and Democratic presidential nominees are expected to forego public financing entirely, allowing them to raise and spend unlimited sums on the largest item of any campaign budget: television spots.

Moreover, the nominees may be decided by February if four large states — Florida, California, New Jersey and Illinois — succeed in moving up their presidential primaries. Such a shift would push candidates to market themselves earlier in these states that are not traditional battlegrounds, but are home to some of the most expensive media markets in the country.

“The 2008 election will begin in earnest in terms of ad buys in late spring,” predicted Evan Tracey, the head of the Campaign Media Analysis Group, which tracks political ad spending for TNS Media Intelligence.

The scramble has already begun. White House hopeful Rep. Duncan Hunter (R-Calif.) hit the airwaves on Dec. 19 with a television ad in Iowa, New Hampshire and South Carolina. Funded by his PAC, Peace Through Strength, it touted his tough stance on border control.

By contrast, Howard Dean went on the air first on June 17, 2003. “It’s a full seven months earlier than 2004,” Tracey said.

Moveon.org has run ads on local stations in Des Moines, Iowa and in Manchester, N.H., as well as nationally on CNN, that attack Sen. John McCain (R-Ariz.), the frontrunner for the Republican nomination. The spot criticizes President Bush’s plan to raise troop levels in Iraq and asserts the idea came from the senator.

The rush to run ads will no doubt serve as fodder for groups that push for campaign finance reform.

“Do you realize how much pain these ads are going to cause the American public?” the president of the group Democracy 21, Fred Wertheimer, asked. “They just got done bombarding them and here we go again.”

Tracey predicted that the 2008 cycle will be roughly in line with the record-breaking $2 billion spent on all political advertising in the 2006 midterm elections, and should easily top the $1.7 billion spent in 2004. More has been spent in midterm years than in presidential years because of the higher number of gubernatorial races.

“We’ve never seen the money that we’re going to see spent on this campaign,” said Pat Roberts, the head of the Florida Association of Broadcasters, which represents both television and radio stations in the state.

If Florida shifts its primary date, political ads will start hitting the airwaves in November, he predicted.

The national sales manager for KCRG-TV in Cedar Rapids, Iowa, Steve Lake, said he already has received calls about running issue ads from some outside groups. In recent presidential races, such ads weren’t aired until late summer.

But earlier primaries in some big states, especially in the battleground of Florida, may siphon money from Iowa and New Hampshire.

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"It may split the candidates' attention, time and money and negate a tidal wave of money in New Hampshire," the general manager of WMUR in Manchester, Jeff Bartlett, said.

Tracey estimates it will cost $3-5 million a week to reach the bulk of voters in California. That could be prohibitively expensive for some candidates, and it could prompt those with bigger war chests to buy ads on the national cable networks. Within 60 days of the election, federal candidates are guaranteed airtime and cut rates for their ads.

"If you're talking about having all these states frontloaded, it might be more efficient to buy the whole country," he said.

The cable industry is predicting that it will get a bigger slice of campaign dollars.

"I think they're going to ramp up their cable advertising as a whole, on a national and local basis," said Chuck Thompson of the Cabletelevision Advertising Bureau.

Celebrity Candidates Look To Adjust To Retail Politics In N.H. (HILL)

By Sam Youngman

The Hill, February 9, 2007

Former New Hampshire Gov. Jeanne Shaheen (D) remembers former Vice President Al Gore's early trips to the site of the first-in-the-nation primary as he tried to transition from vice president to presidential candidate.

The sitting vice president, accompanied by a traveling circus of media, supporters, and Secret Service, suddenly had to grapple with the tiny diners, the house parties and the town halls. These venues were often bursting at the seams with voters used to interviewing candidates as if they were applying to work in the local factory or restaurant.

"The campaign figured they needed to lose a lot of the entourage and really engage the people," Shaheen said. "And when he started doing that, he started doing well."

And now that Sen. Hillary Rodham Clinton (D-N.Y.) is making her first trip to the Granite State in more than 10 years this weekend, the campaign and the state are bracing for crowd turnouts and a media reception that would make the Pope blush.

But in a state considered to be the Super Bowl of retail politics, a number of strategists who have worked in New Hampshire say the campaigns of both Clinton and Sen. Barack Obama (D-Ill.) would do well to focus on the voters, not the cameras. According to reports, Obama had more than 150 reporters in tow when he visited in mid-December.

Peter Greenberger, who served as the New Hampshire political director for Sen. Joe Lieberman (D-Conn.) in 2004, said the celebrity candidates will have to come out of "their bubbles" if they want to do well on primary day.

"I think the star power of Hillary and Obama will have to bend to people-power," Greenberger said.

Greenberger cited then-Texas Gov. George W. Bush's initial strategy in 2000, when he "tried to run a star-power campaign of inevitability … and he was thumped in New Hampshire."

"I think the strategists working for the tier-one candidates are wise to learn that lesson early," he said.

Former Ambassador George Bruno, Gen. Wesley Clark's top political adviser in the state in 2004, agreed along those lines, adding that the unique flavor of the early contest always withstands the early hype surrounding famous candidates' first trips to the state.

"Retail politics in New Hampshire is still alive and well," Bruno said. "Once some of the celebrity candidates … take their first official dips into the New Hampshire snow, it will still go back to retail politics. There's always that phenomenon of here today, gone tomorrow."

Bruno said Granite State voters also have their own filters to get beyond the media coverage, and he cited as one example the reports painting Sen. Joseph Biden's (D-Del.) recent trip to the state as a nonstarter with voters.

Bruno, who has spoken with many of the candidates but not yet declared his support for any of them, said that Biden is in fact "a man of tremendous substance … and I think that will come out in the retail process."

This weekend, Clinton is scheduled for three town halls, which are open to press, and two house parties, which are open to local press but allow only pool coverage for national media.

Clinton campaign staffers said they are mindful of the traditional demands that voters there have of their candidates.

"We're going to do everything we can to protect that interaction," said Clinton campaign spokesman Mo Elleithee, who worked in New Hampshire for Clark in 2004.

Elleithee said the Clinton campaign feels it is striking the right balance between media needs and voter demands, citing its efforts in Iowa last month. It plans to continue that strategy in the Granite State this weekend despite the crushing amount of media requests it has received.

"We're going to make sure the media circus doesn't interfere with her ability to connect to the voters," Elleithee said.

He added that despite the expectation of a tremendous entourage around Clinton, the candidate will still make the rounds at traditional stops like the Merrimack Diner and the Puritan Backroom, both in Manchester.

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The Puritan Backroom's owner and manager, Chris Pappas, said that despite the larger crowds, both he and voters in the diner still expect the contenders to "go booth to booth."

"I think that essential conversation still happens," Pappas said.

Pappas said he has already had visits from White House hopefuls like New Mexico Gov. Bill Richardson (D), former Iowa Gov. Tom Vilsack (D), former Massachusetts Gov. Mitt Romney (R) and Biden. He added that given the size of the fields in both parties, the crowds will eventually divide themselves up among the different candidates.

Shaheen, who now works as director of Harvard's Institute of Politics at the John F. Kennedy School of Government, said the Granite State voters she knows are not easily star-struck and generally keep an open mind until they see each of the candidates in action.

"They're keeping their powder dry," Shaheen said.

For her part, the former gubernatorial and Senate candidate said she will probably not endorse anyone, at least publicly, because her current position at Harvard implies neutrality.

Obama Touts Non-political Résumé (USAT)

By Judy Keen

USA Today, February 9, 2007

CHICAGO — Illinois Sen. Barack Obama, who will announce Saturday that he's running for the Democratic presidential nomination, says the brevity of his political résumé is his "greatest strength."

His work as a community organizer, civil rights attorney, constitutional law professor and state legislator "provides me with insights into solving problems at the federal level and at the local level and at the neighborhood level," Obama said in an interview with USA TODAY. That experience "is what's needed right now," he said.

Obama, 45, has been in the U.S. Senate for two years and served seven years in the Illinois Senate.

Only New York Sen. Hillary Rodham Clinton had more support for the nomination in a USA TODAY/Gallup Poll taken last month. Among respondents, 18% of Democrats and independents who lean Democrat supported Obama; 29% backed Clinton.

A year ago, Obama said, he didn't plan to run for president. But as he traveled across the USA campaigning for Democrats and signing his best-selling book The Audacity of Hope, he discovered "an enormous hunger for a new kind of politics — an enormous desire to end business as usual and to focus on a politics that brings us together."

That won't preclude "vigorous debates and serious differences" with rivals, Obama said. The Iraq war, which he opposed when other Democrats voted to authorize it, will be a "dominant issue," he said. "I'm proud that … I stood clearly and forthrightly in opposition." He supports a phased withdrawal of U.S. troops by March 31, 2008.

Obama also said:

•He and his wife, Michelle, worry about losing privacy. "We tend to be pretty private people, we don't like a lot of fuss," he said. "What I dread most is being away from my kids" — daughters Malia, 8, and Sasha, 5.

He'll make that sacrifice, he said, because he believes he can bring "people together to find common-sense, practical solutions" to economic, health care, education, energy and security problems.

•Although he would be the first African-American president, race is not "the main focus" of his campaign. If there are "symbolic benefits from it, that's great," he said.

•He hopes to generate "the kind of enthusiasm and interest" that motivates many people to make $5 or $10 donations online.

•He doesn't wake up every day certain he'll win. "I am absolutely convinced that …we've got a message that I think will appeal to the American people."

Dem Cites "Unique" Skills As Key To His Campaign (USAT)

By Judy Keen

USA Today, February 9, 2007

Illinois Sen. Barack Obama talked with USA TODAY's Judy Keen as he prepared to announce Saturday in Springfield, Ill., that he's running for the Democratic presidential nomination. Excerpts:

Q: What will you say about why you want to be president?

A: We face enormous challenges, challenges that are going to set the course of this country for the next generation. … The only way we're going to make progress is if we can build a strong consensus in this country to bring people across divisions of race or religion or region or ideological predisposition.

Q: How did you decide you're the best person to lead the nation toward the solutions?

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A: (I asked) myself, is there something unique about my potential candidacy that might allow us to advance as a country in a way that wouldn't happen if I didn't run. And I decided that I might have the kind of skills and life experience that were unique and it would be worthwhile for me to take the plunge.

Q: How can you sustain that new approach in a campaign?

A: We try to get past some of the simplistic, ideological arguments that have characterized Washington over the last several years and that we focus on bringing new people into the process that, frankly, over the last several years have felt completely left out.

Q: Will Iraq be the dominant issue in the campaign, and does it work to your advantage if it is because of your long-standing opposition to the war?

A: I think the voters are going to be looking for someone who has a good grasp of the issues facing us in the Middle East, recognizes that we've got very real national security interests there and we can't act foolishly or based on politics at this point, but that we have to change course in a fundamental way.

Q: You talk often about restoring hope to America. Will you be more specific about domestic policy proposals that will accomplish that goal?

A: Absolutely. Look, I think that the press and folks in Washington have created an accelerated timeline. I read a column the other day talking about the various midcourse corrections the campaigns have to make, and I haven't even announced yet. The truth of the matter is I probably have a more detailed and specific record of what I think and where I stand than any candidate in this race. I mean, I've written two very detailed books that give people a pretty good window into my heart and soul. I've given major policy speeches on just about every important issue.

Q: You have said that you worry about forfeiting your privacy. How big a factor was that in your decision, and is your wife 100% in favor of this idea?

A: My wife is 100% behind the race. She was a partner in making the decision, but obviously there are sacrifices. … I'm not somebody who enjoys a big entourage. The difficulty in just going out and taking a walk or taking my kids to the zoo — the inability to do that is a major sacrifice, but we think the sacrifice is worth it.

Q: Are you making your announcement in Springfield, Ill., because of the connection you feel to Abraham Lincoln?

A: Not only is Lincoln one of my political heroes, but like Lincoln, I served for seven years in Springfield in the state Senate, and it's there that I learned how to legislate. It's there that I developed many of my political ideas. … I've got a lot of friends from all throughout Illinois coming down, and I can't think of a better place from which to embark on this journey.

Q: What are you most looking forward to in the campaign?

A: I'm most looking forward to retail politics: sitting in folks' living rooms and talking to them in small groups or one-on-one and hearing their stories and what their hopes and dreams and aspirations are and figuring out ways that we can create a government that helps them achieve it.

Q: Who will your toughest opponent be?

A: Cynicism.

Race In Background Of Run (USAT)

By Fredreka Schouten, Judy Keen

USA Today, February 9, 2007

WASHINGTON — Illinois Sen. Barack Obama said his campaign for the presidency "will send a wonderful message to young people of color and to immigrants around the country" if successful.

He makes clear, though, that he hopes to make race irrelevant in his bid to become the first black to occupy the White House.

"If I'm talking about the issues that matter to people, if we do a good job in letting people know who I am and what I stand for … they'll make their judgment not based on my race but based on how well they think I can lead this country," Obama told USA TODAY.

As he begins campaigning in earnest for the 2008 Democratic presidential nomination, Obama cannot assume that he will be the favorite of black voters, who are crucial to the success of Democratic candidates in states such as South Carolina, which holds one of the earliest primaries. Blacks accounted for nearly half of the state's Democratic primary voters in 2004.

Obama's background doesn't fit the mold of previous black presidential candidates or that of traditional civil rights leaders. He is the son of a black Kenyan father and a white American mother. He grew up in Hawaii and spent some of his childhood in Indonesia. He was the first black president of the prestigious Harvard Law Review and spent some time as a community organizer on Chicago's South Side.

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Obama "has demonstrated a great deal of popularity with white people," said David Bositis, an expert on black voter opinion at the Joint Center for Political and Economic Studies in Washington. "There is almost always, on the part of some African-Americans, a thing in their back of their minds that says, 'What's the catch?' "

Wilbur Rich, a political scientist at Wellesley College, said: "This is the kind of thing people talk about in black barbershops: Is he really a brother?" With his résumé, Rich said, Obama "has earned the right to call himself whatever he wants."

The debate is playing out not just in barbershops, but in blogs, magazines and newspapers. In the New York Daily News recently, columnist Stanley Crouch, a prominent black social critic, said that when "black Americans refer to Obama as 'one of us,' I do not know what they are talking about."

Other blacks dismiss such criticism. The real test will be whether "he is the best qualified person for the job," said Bruce Gordon, president and chief executive officer of the NAACP. "Black folks will not vote for Barack simply because he's black. Not all women will vote for Hillary," he said, referring to New York Sen. Hillary Rodham Clinton, another Democratic contender.

Clinton leads Obama in polls of black voters. Recent ABC News/Washington Post polling, for instance, found that 60% of black, Democratic-leaning voters supported Clinton, and 20% backed Obama.

Cornell Belcher, a Democratic activist and pollster for Obama, said the story behind those numbers is simple: "African-Americans know the Clintons. They don't know Barack Obama. Those are numbers that are going to move."

Evan Brunson is among the black voters Obama will have to win over.

Brunson, president of the College Democrats chapter at Howard University in Washington, said he felt a surge of excitement as he watched Obama speak at a recent event.

Still, the 22-year-old senior from Dallas said he's more interested right now in a fellow Southerner, former North Carolina senator John Edwards. "I like that someone is picking up the mantle of social justice," he said about Edwards.

Obama's race will be a factor in his choice, Brunson said, but not the only one. "You don't give your vote away; they have to earn it."

Obama Forged Political Mettle In Illinois Capitol (WP)

By Peter Slevin

The Washington Post, February 9, 2007

CHICAGO, Feb. 8 -- When Sen. Barack Obama heads downstate to Springfield on Saturday to announce his candidacy for president, he will speak in lofty tones of America and Abraham Lincoln, but also of a more prosaic topic: his own eight years in the Illinois Senate.

The heart of Obama's political rÃ©sumÃ© lies in Springfield, where he arrived in January 1997. He was a newcomer to elective politics after time as a community organizer and University of Chicago law professor operating largely outside the city's Democratic machine.

From a district on the South Side of Chicago, he reached Republican-dominated Springfield as a committed liberal, later writing that he understood politics in the capital "as a full-contact sport, and minded neither the sharp elbows nor the occasional blind-side hit."

Yet he emerged as a leader while still in his 30s by developing a style former colleagues describe as methodical, inclusive and pragmatic. He cobbled together legislation with Republicans and conservative Democrats, making overtures other progressive politicians might consider distasteful.

Along the way, he played an important role in drafting bipartisan ethics legislation and health-care reform. He overcame law enforcement objections to codify changes designed to curb racial profiling and to make capital punishment, which he favors, more equitable.

"When you come in, especially as a freshman, and work on something like ethics reform, it's not necessarily a way to endear yourself to some of the veteran members of the Illinois General Assembly," said state Sen. Kirk W. Dillard, a Republican who became a friend. "And working on issues like racial profiling was contentious, but Barack had a way both intellectually and in demeanor that defused skeptics."

"He wasn't a maverick," said Cynthia Canary, director of the Illinois Campaign for Political Reform. "There were other legislators I would turn to if I just wanted to make a lot of noise. That wasn't his style."

Obama was a persistent foe of social conservatives on issues of reproductive rights. He was also a reliable vote for gun control and backed a ban on assault weapons, although he took a political hit from Democrats for missing an important gun vote while in Hawaii for the Christmas holidays.

In 1997, Obama was not instantly embraced, Dillard said: "The fact that he was a law professor -- and a constitutional-law professor -- and he was a Harvard graduate made many members of the General Assembly roll their eyes."

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Obama went to work. Afterward, he played golf and pickup basketball. He made the social rounds at Springfield cocktail parties. He joined a weekly poker game with legislators and lobbyists in which the ante was a dollar or two.

One regular, former Democratic state senator Larry Walsh, said Obama was competitive yet careful -- and always hard to read.

"One night, we were playing and things weren't going very well for me," Walsh said. "I had a real good hand and Barack beat me out with another one. I slammed down my cards and said, 'Doggone it, Barack, if you were a little more liberal in your card playing and a little more conservative in your politics, you and I would get along a lot better.' "

The campaign finance effort came at the initiative of former U.S. senator Paul Simon (D-Ill.). A Republican and a Democrat in each legislative body were tapped to tighten a system that, among other things, allowed politicians to use campaign accounts for personal expenses.

Obama was given the job of representing Senate Democrats by state Sen. Emil Jones Jr., who chose him on the recommendation of Abner J. Mikva, a former judge and Democratic congressman.

"He was very aggressive when he first came to the Senate," said Jones, now president of the state Senate. "We were in the minority, but he said, 'I'd like to work hard. Any tough assignments or things you'd like me to be involved in, don't hesitate to give it to me.' "

Obama favored more ambitious changes in campaign law, including limits on contributions, but nipped and tucked in search of consensus.

"What impressed me about him was his ability in working with people of the opposite party," said Mike Lawrence, director of the Public Policy Institute at Southern Illinois University. "He had definite ideas about what ought to be contained in a campaign finance reform measure, but he also was willing to recognize that he was probably not going to get everything he wanted."

The result, according to good-government groups, was the most ambitious campaign reform in nearly 25 years, making Illinois one of the best in the nation on campaign finance disclosure.

Five years later, Obama waded into a complex capital-punishment debate after a number of exonerations persuaded then-Gov. George Ryan (R) to empty death row.

Obama wrote in his recent memoir that he thinks the death penalty "does little to deter crime." But he supports capital punishment in cases "so heinous, so beyond the pale, that the community is justified in expressing the full measure of its outrage by meting out the ultimate punishment."

In proposing changes, Obama met repeatedly with officials and advocates on all sides. He nudged and cajoled colleagues fearful of being branded soft on crime, as well as death-penalty opponents worried that any reform would weaken efforts to abolish capital punishment.

Obama's signature effort was a push for mandatory taping of interrogations and confessions. It was opposed by prosecutors, police organizations and Ryan's successor, Democrat Rod Blagojevich, who said it would impede investigators.

Working under the belief that no innocent defendant should end up on death row and no guilty one should go free, Obama helped get the bill approved by the Senate on a 58 to 0 vote. When Blagojevich reversed his position and signed it, Illinois became the first state to require taping by statute.

"Obviously, we didn't agree all the time, but he would always take suggestions when they were logical, and he was willing to listen to our point of view. And he offered his opinions in a lawyerly way," said Carl Hawkinson, the retired Republican chairman of the Judiciary Committee. "When he spoke on the floor of the Senate, he spoke out of conviction. You knew that, whether you agreed with him or disagreed with him."

Obama paid a political price for missing an important vote on a crime package. That was during the 1999 Christmas holidays, as Obama -- who describes himself as suffering from "chronic restlessness" -- embarked on an ill-fated attempt to unseat Rep. Bobby Rush, a popular Chicago Democrat.

When the legislature was called into special session to vote on gun control, Obama and his family were visiting his grandmother in Hawaii. His 18-month-old daughter, Malia, was sick and unable to fly. The measure was narrowly defeated, and Rush criticized him. Obama lost by 31 points, his only electoral defeat.

"I take my legislative responsibilities extremely seriously," Obama said after the measure fell five votes short. "In the midst of a congressional race, I'm well aware of the potential risk of missing a vote, even if that vote doesn't wind up making the difference on a particular piece of legislation. But at some point, family has to come first."

Obama was a steady supporter of abortion rights, said Pam Sutherland, Planned Parenthood's chief lobbyist in Springfield, although he caught flak from the political left in 2004 as he ran for the U.S. Senate.

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The reason was a series of votes on such issues as late-term abortion and parental notification when Obama voted "present" instead of yea or nay. He said he was not tacking toward the center, but an opponent in the Democratic primary sent mailers portraying a rubber duck and proclaiming, "He ducked!"

Obama said his votes helped provide cover for other legislators. Sutherland said the votes were part of a strategy designed with Obama's help to deny Republicans easy campaign sound bites.

"The Republicans loved to put out legislation all the time that would put their opponents in a trick box during the elections," Sutherland said. "It was a strong statement to those who promoted bad legislation that we're not going to take this; you can't use this against us."

Obama To Skip Nevada Presidential Forum (AP)

By Kathleen Hennessey

AP, February 9, 2007

Democratic Presidential hopeful Sen. Barack Obama, D-Ill., talks to reporters on Capitol Hill in Washington, Tuesday, Feb. 6, 2007, at the conclusion of a news conference on Iraq.

Wyoming Republican Party

Sen. Barack Obama is skipping a forum for Democratic presidential candidates in Nevada this month - his first opportunity to share a platform with his rivals for the 2008 nomination.

Seven other announced or expected Democratic candidates, including front-runner Sen. Hillary Rodham Clinton, have told organizers they will participate in the Feb. 21 forum in Carson City, Nev. It's the first such candidates forum of the 2008 presidential campaign.

Obama, who is scheduled to be in southern Nevada the same week, couldn't work the Nevada forum into his itinerary, campaign spokesman Dan Pfeiffer said.

"It was a difficult decision. He very much wants to spend time getting to know the people of Nevada, talking about how we move the country forward, but there are only so many days in the calendar," Pfeiffer said. "He has a vigorous Senate schedule, it makes it very difficult to do all things he wants to do."

Pfeiffer said Obama will campaign in the Las Vegas area on Feb. 18, but did not release details on the senator's schedule. Obama is scheduled to formally announce his candidacy Saturday in Springfield, Ill.

The Senate is not in session the week of the Carson City forum, which is sponsored by the American Federation of State, County and Municipal Employees and the Nevada Democratic Party.

"We're disappointed that Senator Obama chose not to attend the AFSCME forum, it will be a great opportunity for candidates to begin a dialogue with Nevada voters," said party spokeswoman Kirsten Searer.

Besides Clinton, a senator from New York, other Democrats who have confirmed their participation are: Former vice presidential candidate John Edwards, Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, former Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel.

WASHINGTON (AP) - The federal government will test and certify voting systems for the first time after the U.S. Election Assistance Commission approves the labs to conduct the tests.

The commission expects to approve two labs - Ibeta Quality Assurance and SysTest Labs - by the end of February. The federal testing and certification program would start by early March, elections officials said Thursday.

Up to four more labs could be considered later to help with the equipment testing.

The commission voted Thursday to end an interim program that was used for testing modifications to some voting systems.

"We will put our own stamp of approval on any voting equipment," commission chair Donetta Davidson said Thursday. "We're not grandfathering in equipment."

Voting machine companies and the counties that buy their hardware and software aren't required to participate, but many states require national certification.

A 2002 law, the Help America Vote Act, created the commission and said it should establish a testing and certification program for voting systems. Voting problems in the disputed 2000 election prompted the law.

Security of the voting equipment - both hardware and software - and access for the disabled will be top goals of the certification program, Davidson said.

Edwards Learns Campaign Blogs Can Cut 2 Ways (NYT)

By John M. Broder

DOJ_NMG_0129889

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — John Edwards learned the hard way this week of the perils of grafting the raucous culture of the Internet to the decidedly staider world of a presidential campaign.

Mr. Edwards announced on Thursday, after 36 hours of deliberation, that he would keep on his campaign staff two liberal feminist bloggers with long cybertrails of incendiary comments on sex, religion and politics.

Deliberations over the fate of the two bloggers, Amanda Marcotte and Melissa McEwan, created a crisis in Mr. Edwards's nascent campaign for the Democratic presidential nomination in 2008 and illuminated the treacherous road ahead as candidates of both parties try to harness the growing power of the online world. The case of the two women had left Mr. Edwards, a former North Carolina senator, with difficult choices.

Mr. Edwards could keep the women on his staff and have to answer for the sometimes vulgar and intemperate writings posted on their personal blogs before he hired them late last month. He could dismiss them and face a revolt in the liberal blogosphere, which is playing an increasingly influential role in Democratic politics and could be especially important to his populist campaign. Some bloggers saw the controversy as manufactured by conservative groups.

Or, as Mr. Edwards did Thursday, he could keep the two bloggers on staff, but distance himself from their views.

In deciding to retain Ms. Marcotte and Ms. McEwan, he extracted public apologies from them for some of their work and a promise from them to maintain a civil tone while in his employ. Mr. Edwards stumbled into this minefield ahead of his rivals for the presidency, but many of the other candidates could face similar problems as they try to integrate the passionate, provocative and freewheeling political discourse that flourishes on the Internet into more tightly controlled means of traditional campaigning.

"This is all being made up as we go along," said Simon Rosenberg of the New Democrat Network, a political action organization that tries to serve as a bridge between traditional politics and the Wild West world of the Internet. "It is difficult to apply the old ways campaigns were run in the late 20th century to this new wide-open, citizen-led politics."

All the major presidential candidates in both parties have hired people with Internet experience to try to mine money and political support from the online community.

In a statement Thursday, Mr. Edwards distanced himself from the two bloggers' most inflammatory statements, which, he said, "personally offended me." He said that no one on his campaign would be allowed to use such intolerant language, even if intended as satire.

"But I also believe in giving everyone a fair shake," Mr. Edwards said in a statement. "I've talked to Amanda and Melissa; they have both assured me that it was never their intention to malign anyone's faith, and I take them at their word."

He also said he would not allow his campaign to be "hijacked" by religious conservatives who had pointed out the bloggers' most provocative comments and demanded their dismissal.

In some of their online writings, Ms. Marcotte and Ms. McEwan used vulgar language to characterize religious conservatives and Roman Catholic teachings on birth control, homosexuality and the virgin birth.

On her personal blog, Shakespeare's Sister, Ms. McEwan had referred to conservative Christians as "Christofascists." On the Pandagon blog site, Ms. Marcotte had said that the Catholic Church's prohibition on the use of birth control forced women to bear "more tithing Catholics."

This week, William A. Donohue, the president of the Catholic League for Religious and Civil Rights, had called for Mr. Edwards to dismiss the women. Stunned to learn that he did not, Mr. Donohue said in an interview Thursday, "The bloggers are no longer the issue. Edwards is the issue."

The Edwards campaign released statements from the two women Thursday afternoon.

"My intention is never to offend anyone for his or her personal beliefs," Ms. Marcotte wrote, "and I am sorry if anyone was personally offended by writings meant only as criticisms of public politics."

Ms. McEwan said she did not expect Mr. Edwards to agree with everything she had ever written.

"It has never been my intention to disparage people's individual faith," Ms. McEwan said, "and I'm sorry if my words were taken in that way."

In a brief note on her personal blog on Wednesday, Ms. McEwan said that in the 2004 presidential election she had voted for Senator John Kerry, the Massachusetts Democrat who is a Roman Catholic, which she said was evidence that she was not anti-Catholic.

Ms. McEwan will serve as the Edwards campaign's so-called Netroots coordinator, in charge of outreach to the online community.

Neither woman responded to e-mail messages requesting further comment.

Jennifer Palmieri, a spokeswoman for Mr. Edwards, said he had not wanted to decide the women's fate without first speaking to them personally.

Asked whether the campaign had sufficiently screened the two women before they were hired, Ms. Palmieri said it was difficult to find and read every word a prolific blogger had written over a period of years.

Problems with bloggers have already bedeviled other campaigns. In last year's Democratic senatorial primary in Connecticut, some bloggers who supported Ned Lamont attacked his opponent, Senator Joseph I. Lieberman, and one posted a picture of Mr. Lieberman in blackface.

Last summer, Senator John McCain, Republican of Arizona, hired Patrick J. Hynes, a conservative blogger and political consultant, to be his campaign's blog liaison. Mr. Hynes quickly ran afoul of fellow bloggers by initially concealing his relationship to the McCain campaign while he was writing critically about other Republicans.

He then came under fire for declaring that the United States was a "Christian nation" in a book and television appearances that predated his work for Mr. McCain. Last November, while employed by Mr. McCain's campaign, Mr. Hynes posted on his personal blog a picture of Representative Henry A. Waxman, Democrat of California, and invited readers to submit nicknames, some of which were anti-Semitic.

In an interview, Mr. Hynes said the Internet was a place where overheated language and vicious personal attacks were often tolerated, even encouraged. But, he said, "I would caution against holding candidates responsible for what their bloggers and blog consultants have said in the past."

"The blogosphere is a conversation; it's not reportage," Mr. Hynes said. "We're all trying to figure out, what does this mean for the convergence of all these media? It's a Pandora's box and no one knows where it's going to end up."

Mr. Hynes remained on the McCain campaign staff and maintained his personal blog.

Edwards To Retain Embattled Bloggers (WP/AP)

By Nedra Pickler

The Washington Post, February 9, 2007

WASHINGTON -- Democratic presidential candidate John Edwards said Thursday he was personally offended by the provocative messages two of his campaign bloggers wrote criticizing the Catholic Church, but he's not going to fire them.

Edwards issued a statement and answered questions about the fate of Amanda Marcotte and Melissa McEwan, two days after the head of the conservative Catholic League for Religious and Civil Rights demanded they be fired for messages they wrote before working on the campaign.

"I talked personally to the two women who were involved. They gave me their word they, under no circumstances, intended to denigrate any church or anybody's religion and offered their apologies for anything that indicated otherwise. I took them at their word," Edwards told reporters during a campaign stop in Charleston, S.C.

An angry Bill Donohue, president of the Catholic League, which counts 350,000 members, criticized Edwards for not firing the two bloggers. Donohue also promised a nationwide public relations campaign in newspapers, magazines and Catholic publications to tell voters what the candidate had done.

"When Mel Gibson got drunk and made anti-Semitic remarks, he paid a price for doing so. When Michael Richards got angry and made racist remarks, he paid a price for doing so. ... But John Edwards thinks the same rules don't apply to him, which is why he has chosen to embrace foul-mouthed, anti-Catholic bigots on his payroll," Donohue said.

Edwards has never met the two bloggers and his first conversation with them came when he called to discuss the uproar. The 2004 vice presidential nominee told reporters in South Carolina: "It will not happen again. That you can be sure of."

The campaign distributed written regrets from the two women, who stressed they were writing on personal blogs. Edwards said in the statement he believes in giving everyone a "fair shake."

On Tuesday, Donohue called for Edwards to fire the bloggers, citing posts that the women made in the past several months in which they criticized the church's opposition to homosexuality, abortion and contraception, sometimes using profanity.

"The tone and the sentiment of some of Amanda Marcotte's and Melissa McEwan's posts personally offended me," Edwards said in the statement. "Everyone is entitled to their opinion, but that kind of intolerant language will not be permitted from anyone on my campaign, whether it's intended as satire, humor or anything else."

The two were hired last week as part of Edwards' outreach to liberal voters and online activists.

Edwards spokeswoman Jennifer Palmieri said the campaign was aware that Marcotte and McEwan, like many bloggers, had written provocative postings on their personal sites. But the campaign had not read them all and had not seen the postings criticizing the church until Donohue put out a statement Tuesday, Palmieri said.

For instance, Marcotte had written that the church wants "to force women to bear more tithing Catholics" and McEwan had written that the pope is among those who "regularly speak out against gay tolerance." Other postings used more graphic language.

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Edwards remained silent for two days as the controversy grew on the Internet. Most of those posting on liberal Web sites were calling for Edwards to keep the bloggers on staff and stand up to Donohue, and many were vowing to work against him if he didn't.

Donohue is a frequent critic of those who speak out against the church and what he calls "political correctness run amok," such as the separation of Christmas and the holiday season.

Donohue also doesn't shy from blunt language sometimes in his criticism of gays, Hollywood's control by "secular Jews who hate Christianity" and even the Edwards bloggers, whom he referred to as "brats" in an interview Wednesday on MSNBC.

Palmieri said Edwards had been traveling through Michigan, Missouri and Oklahoma and wanted time to discuss the bloggers' statements with them and weigh their future.

"We're dealing with people's careers and reputations and livelihoods," Palmieri said.

In her statement, McEwan said she doesn't expect Edwards to agree with everything she's posted, but they share "an unwavering support of religious freedom and a deep respect for diverse beliefs.

Marcotte's statement said her writings on religion on her blog, Pandagon, are generally satirical criticisms of public policies and politics.

Catholics in Alliance for the Common Good, a nonprofit formed to highlight Catholic social justice teachings, also issued a statement condemning the bloggers' remarks but accepting Edwards' assurances that he was also offended.

"Catholics comprise more than one quarter of the U.S. public, and neither John Edwards nor any other candidate can afford to take this constituency for granted," said executive director Alexia Kelley, who served briefly as a religious adviser to 2004 Democratic presidential nominee John Kerry.

Edwards Blogger Flap Discomforts Religious Left (POL)

By Ben Smith

The Politico, February 9, 2007

As the flap over alleged anti-Catholic writings by two John Edwards campaign bloggers devolves into a shouting match between conservative religious voices and liberal bloggers, some members of the "religious left" say they feel – again – shoved to the margins of the Democratic Party.

"We're completely invisible to this debate," said Eduardo Penalver, a Cornell University law professor who writes for the liberal Catholic journal Commonweal. He said he was dissatisfied with the Edwards campaign's response. "As a constituency, the Christian left isn't taken all that seriously," Penalver said.

Democrats -- and Edwards in particular -- have embraced the language of faith and the imperative of competing with Republicans for the support of religious voters. His wife, Elizabeth Edwards, even sits on the board of the leading organization of the religious left, Call to Renewal. But in private conversations and careful public statements today, religious Democrats said they felt sidelined by Edwards' decision to stand by his aides.

"We have gone so far to rebuild that coalition [between Democrats and religious Christians] and something like this sets it back," said Brian O'Dwyer, a New York lawyer and Irish-American leader who chairs the National Democratic Ethnic Leadership Council, a Democratic Party group. O'Dwyer said Edwards should have fired the bloggers. "It's not only wrong morally – it's stupid politically."

O'Dwyer e-mailed a statement to reporters saying: "Senator Edwards is condoning bigotry by keeping the two bloggers on his staff. Playing to the cheap seats with anti-Catholic bigotry has no place in the Democratic Party."

In a comment that several Catholic Democrats told The Politico they found particularly offensive, Edwards aide Amanda Marcotte asked, in a posting to her personal blog, "What if Mary had taken Plan B after the Lord filled her with his hot, white, sticky Holy Spirit?"

The other Edwards blogger, Melissa McEwan, has come under fire for referring to Christian conservatives as “Christofascists” in her personal blog.

Thursday, the campaign issued a statement from Edwards saying that he had been personally offended by the remarks and that the bloggers "have both assured me that it was never their intention to malign anyone's faith, and I take them at their word."

The campaign also sent out semi-apologetic statements from each blogger saying she was sorry if anyone was offended.

And so religious liberals find themselves in a quandary. They have no interest in associating with the likes of William Donohue, the Catholic League president who is closely aligned with the GOP and led the charge against Edwards' aides. Donohue said Thursday he would take out newspaper advertisements attacking Edwards as anti-Catholic. But religious liberals also think Edwards' aides merit more than a slap on the wrist.

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"I thought his explanation was not satisfying," said Cornell's Penalver. "It's obvious that they did mean to give offense."

"You imagine a similar kind of comment directed at the Jewish community or at the gay community – something at this level of intentional offensiveness -- and I have a hard time believing it gets resolved in the same way," he said.

The Catholic Alliance, which stresses that fighting poverty and social injustice are Catholic values, sent out a careful public statement Thursday afternoon,

"We accept Senator Edwards' assurances that he too was offended by comments made by recently-hired staffers and that religious intolerance has no place in his campaign," the group's executive director, Alexia Kelley, said in the statement.

But in a mark of how religious Democrats are fighting a war on two fronts, Kelley also took a passing shot at Donohue in an interview.

She said she hoped that Donohue would hew to the Catholic value of forgiveness in forgiving the bloggers – as Donohue had notoriously forgiven Mel Gibson.

Edwards Gets It Right (NYT)

By Paul Krugman

The New York Times, February 9, 2007

What a difference two years makes! At this point in 2005, the only question seemed to be how much of America's social insurance system — the triumvirate of Social Security, Medicare and Medicaid — the Bush administration would manage to dismantle. Now almost all prominent Democrats and quite a few Republicans pay at least lip service to calls for a major expansion of social insurance, in the form of universal health care.

But fine words, by themselves, mean nothing. Remember "compassionate conservatism?" I won't trust presidential candidates on health care unless they provide enough specifics to show both that they understand the issues, and that they're willing to face up to hard choices when necessary.

And former Senator John Edwards has just set a fine example.

At first glance, the Edwards health care plan looks similar to several other proposals out there, including one recently unveiled by Arnold Schwarzenegger in California. But a closer look reveals extra features in the Edwards plan that take it a lot closer to what the country really needs.

Like Mr. Schwarzenegger, Mr. Edwards sets out to cover the uninsured with a combination of regulation and financial aid. Right now, many people are uninsured because, as the Edwards press release puts it, insurance companies "game the system to cover only healthy people." So the Edwards plan, like Schwarzenegger's, imposes "community rating" on insurers, basically requiring them to sell insurance to everyone at the same price.

Many other people are uninsured because they simply can't afford the cost. So the Edwards plan, again like other proposals, offers financial aid to help lower-income families buy insurance. To pay for this aid, he proposes rolling back tax cuts for households with incomes over $200,000 a year.

Finally, some people try to save money by going without coverage, so if they get sick they end up in emergency rooms at public expense. Like other plans, the Edwards plan would "require all American residents to get insurance," and would require that all employers either provide insurance to their workers or pay a percentage of their payrolls into a government fund used to buy insurance.

But Mr. Edwards goes two steps further.

People who don't get insurance from their employers wouldn't have to deal individually with insurance companies: they'd purchase insurance through "Health Markets": government-run bodies negotiating with insurance companies on the public's behalf. People would, in effect, be buying insurance from the government, with only the business of paying medical bills — not the function of granting insurance in the first place — outsourced to private insurers.

Why is this such a good idea? As the Edwards press release points out, marketing and underwriting — the process of screening out high-risk clients — are responsible for two-thirds of insurance companies' overhead. With insurers selling to government-run Health Markets, not directly to individuals, most of these expenses should go away, making insurance considerably cheaper.

Better still, "Health Markets," the press release says, "will offer a choice between private insurers and a public insurance plan modeled after Medicare." This would offer a crucial degree of competition. The public insurance plan would almost certainly be cheaper than anything the private sector offers right now — after all, Medicare has very low overhead. Private insurers would either have to match the public plan's low premiums, or lose the competition.

And Mr. Edwards is O.K. with that. "Over time," the press release says, "the system may evolve toward a single-payer approach if individuals and businesses prefer the public plan."

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So this is a smart, serious proposal. It addresses both the problem of the uninsured and the waste and inefficiency of our fragmented insurance system. And every candidate should be pressed to come up with something comparable.

Yes, that includes Barack Obama and Hillary Clinton. So far, all we have from Mr. Obama is inspiring rhetoric about universal care — that's great, but how do we get there? And how do we know whether Mrs. Clinton, who says that she's "not ready to be specific," and that she wants to "build the consensus first," will really be willing to take on this issue again?

To be fair, these are still early days. But America's crumbling health care system is our most important domestic issue, and I think we have a right to know what those who would be president propose to do about it.

Clemons To Head Clinton's New Hampshire Campaign (NHUL)

New Hampshire Union Leader, February 9, 2007

MANCHESTER – As Democratic Presidential front-runner Hillary Clinton prepares for her first visit to the first-in-the-nation primary state tomorrow, her state campaign has its top staffer on board.

Clinton's campaign has hired New Hampshire Democratic Party executive director Nick Clemons as its state campaign director.

The hiring was first reported on UnionLeader.com yesterday afternoon.

Clemons, 33, of Portsmouth, has been party executive director since November 2004. He directed John Kerry's campaign in the state during the 2004 general election and was Kerry's field director during the New Hampshire primary campaign.

Clinton campaign national field director Karen Hicks called Clemons' hiring "a really good catch for us and I'm pleased that he is going to do it. He has the experience that allows us to hit the ground running." She called Clemons "one of the best political organizers in the state. He will bring a wealth of experience, a savvy and great set of contacts to the Clinton campaign."

Clemons said he was "excited at the opportunity to work for Senator Clinton. She's got a fantastic campaign team in place at the national level and here in New Hampshire."

State Democratic Chair Kathy Sullivan called Clemons "the best executive director in the country. He ran the most successful Democratic campaign in the country in 2006. He is very smart, and this is the best hire that Senator Clinton's campaign could have made. In addition to being a smart strategist, he also has an in-depth knowledge of New Hampshire. And he made me look really good!"

Sullivan said she intends to appoint an interim executive director pending approval of the party executive committee.

She is leaving her post in late March and said it will be up to the next party chairman to hire a new top party staffer.

Former President Clinton's Focus: Cooperation (DMN)

By Gromer Jeffers

The Dallas Morning News, February 9, 2007

GRAND PRAIRIE – Former President Bill Clinton on Thursday called on Americans to move from interdependence to an integrated society that focuses on security, diplomacy and improvements on such issues as health care and energy.

Mr. Clinton's speech, given at Nokia Theatre, was a sprawling lecture nearly devoid of politics.

He even refrained from discussing the presidential aspirations of his wife, New York Sen. Hillary Rodham Clinton.

When the crowd of about 4,000 cheered when he referred to her, he told them, "The cause of your applause means I won't get to see her much in the next few months."

Mr. Clinton's speech focused on the United States' role in a modern global society.

His call for diplomacy and coalition building could have been a direct rebuttal to the war in Iraq. Although he said military force should always be an option for protecting a nation's interest, he added that war was a costly, sometimes incorrect action.

President Bush has been criticized for not developing a strong world alliance before going to war in Iraq.

"You've got to have more partners and fewer enemies," Mr. Clinton said during a speech that lasted just over an hour. "Then when you fight your enemies, you have a better chance to win."

Mr. Clinton said humanitarian aid to tsunami victims improved America's approval rating in Indonesia from 30 percent to well over 50 percent.

He said American aid helped change the minds of residents in the storm-ravaged country.

"They realized it was better to build than to tear down," Mr. Clinton said.

The former president called for the U.S. to develop a more efficient and affordable health-care system.

And, he said, businesses should find a way to develop and profit from cleaner energy.

"If I were young and going into business, I would get into clean energy and make a fortune," he said.

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Mr. Clinton said many people in the U.S. – and the world – have benefited over the last century. But, he said, hundreds of millions remain poor, uneducated and unnecessarily ill.

"The modern world has been real good to me," he said. "But it is unequal, unstable and unsustainable."

Former President Clinton Urges Positive View (HC)

By Alexis Grant

Houston Chronicle, February 9, 2007

Telling Rice students "there's plenty of doing that needs done," former President Clinton on Thursday encouraged them to help steer the country in a positive direction while taking a global view of today's challenges.

"Private citizens have more power to do good in public areas than ever before," he said. "People with no money at all who can just give a little bit have the chance to change the world if they all agree on the same thing at the same time."

The Autry Court speech, sponsored by Rice University's Baker Institute for Public Policy, was attended by about 4,000 students and faculty.

"It was a very good message to Rice students because we really consider ourselves active in trying to change the world," said Matthew Broussard, 18, a mechanical engineering student.

Clinton also emphasized the importance of what he calls global interdependence.

In just over an hour that included a brief Q&A period, he talked about the need for new energy sources and better health care around the world, explained his philosophy on holding developing countries to certain standards while providing financial aid, and backed the two-term limit for presidents.

"You do have to have a security policy, but building a world with more partners and fewer terrorists is always cheaper than going to war," he said.

Clinton, who sometimes pulls in more than $100,000 for an appearance, according to published reports, spoke at Rice for free. He owed a favor to James A. Baker III, former secretary of state and founder of the institute, said Rice University spokesman Franz Brotzen.

But Clinton, whose wife is expected to seek the Democratic presidential nomination, joked that he had other reasons for visiting the university. He alluded to Baker's prominent role in the 2000 presidential recount in Florida that gave Republican George W. Bush the presidency over Al Gore.

"I got the biggest speaker's fee I've ever received," Clinton said. "Not one red cent. But I got Jim Baker's solemn promise that in the event of an election challenge in 2008, he will not represent the Republican nominee for president."

Williams Can't Duck Campaign Pushes (WT)

By Robert Stacy McCain

The Washington Times, February 9, 2007

Conservative economist Walter E. Williams says he's flattered at being urged to seek the 2008 Republican presidential nomination -- even if the draft committee is headed by a cartoon duck.

The "Mallard Fillmore" comic strip has spent the past two weeks promoting the George Mason University economics professor as a 2008 candidate -- with some success, judging from Mr. Williams' e-mail in-box.

"I've been inundated," the 70-year-old Mr. Williams said of responses to cartoonist Bruce Tinsley's strip, which has prominently featured Mr. Williams' e-mail address (wwilliam@gmu.edu). "I've only gotten one or two ugly [e-mails], and I've gotten hundreds" of positive messages.

A popular syndicated columnist who often fills in for Rush Limbaugh when the top talk-radio host is on vacation, Mr. Williams said in a telephone interview that he was surprised when Mr. Tinsley began a series of "Draft Walter Williams" cartoons Jan. 29.

"I found it very funny, and I found it quite flattering as well," said Mr. Williams, whose column appears in The Washington Times, as does the "Mallard Fillmore" strip.

The idea for the series was simple, Mr. Tinsley said: Mr. Williams is "an actual conservative, and who better to run for elective office than somebody who's been writing his ideas down for us to read for years? He can't waffle. Also, Adam Smith and Bill Buckley weren't available."

Like many other conservatives, the Indiana-based cartoonist said he's less than enthusiastic about the current crop of Republican presidential contenders.

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"Philosophical conservatives are tired of 'moderates,' who try to be all things to all people and end up pandering to those who wouldn't vote for them in a million years," Mr. Tinsley said in an e-mail. "Reagan was genuinely conservative, take it or leave it. And it worked."

While Mr. Tinsley said "maybe" he (and his cartoon alter-ego, Mallard) could support former House Speaker Newt Gingrich, he said he was disappointed that Sen. Tom Coburn, Oklahoma Republican, "has said unequivocally that he's not interested" in a 2008 White House bid.

"But I believe him, since he's one of the few legislators who seems to consistently mean what he says," Mr. Tinsley said.

Right now, however, Mr. Tinsley says he's "not giving up" on his campaign to promote the candidacy of Mr. Williams.

The George Mason professor says he shares Mr. Tinsley's disdain for career politicians.

"I personally think that if we chose the president of the United States at random, we'd get a better president than any president since Ronald Reagan," said Mr. Williams.

Mr. Williams' own '08 favorite is Rep. Ron Paul, Texas Republican and a 1988 Libertarian Party presidential nominee, who last month announced the formation of an exploratory committee.

"If the framers of the Constitution were somehow to come back, Ron Paul is one of possibly only three people in Congress that they'd even talk to," said Mr. Williams, adding that most politicians have a "generalized contempt" for the values of the Constitution.

The biggest obstacle to his own candidacy, Mr. Williams said, is his wife of 47 years, Conchetta.

"She said that if I ever thought about it seriously, she'd assassinate me," he said.

While his age (he'll turn 71 next month) might seem a problem to a presidential run, Mr. Williams says he is in excellent health, thanks to a regimen that includes a personal trainer, bicycling, two glasses of wine each day -- and smoking half a pack of cigarettes daily. "My grandfather smoked a pack of Camels a day, drank almost a half-pint of Old Grandad every day and died when he was 94," he said.

Though he has no plans for trips to Iowa and New Hampshire, Mr. Williams would not completely rule out a 2008 run for the White House.

"I've learned that one should always keep his options open," he said. "You should never say never, but I haven't gone to the trouble of forming an exploratory committee."

Lawmakers Closer To Moving Up Florida's Presidential Primary (AP)

By Stephen Majors

AP, February 9, 2007

TALLAHASSEE, Fla. - Defying national Republican and Democratic party threats, Florida lawmakers in a House committee Thursday unanimously approved a proposal to hold the state's presidential primary as early as January.

If the bill (HB 537) becomes law, Florida's primary - currently in March, when it's virtually irrelevant - would take place either seven days after New Hampshire's, or on Feb. 5, whichever comes first. That would mean Florida's 2008 contest could be in late January or earlier. New Hampshire's secretary of state is waiting to schedule the primary until other states set theirs, to preserve its first-in-the-nation status. National Democrats have recommended that New Hampshire hold its primary Jan. 22.

An identical bill has been filed in the Senate.

With states around the country, including California, jockeying for position to challenge the traditional dominance of the Iowa Caucus and the New Hampshire primary, Florida legislators on both sides of the aisle don't want to be left behind. They believe a state as large and diverse as Florida should play a fundamental role in the nomination process.

And they believe candidates would then have to pay more attention to Florida's needs - such as the idea of a national hurricane catastrophe fund, which Florida supports but has so far failed to gain traction nationally.

The national parties want to prevent a nationwide arms race for the earliest primary. Both parties could punish states like Florida that move their primary earlier than Feb. 5 by taking away delegates to the nominating convention. The Democratic Party could even punish candidates who campaign or advertise in states that move their primaries earlier than Feb. 5 by essentially keeping them from getting the state's vote.

Those threats pale in comparison to the influence Florida could gain, the bill's sponsor, Rep. David Rivera, R-Miami, told the House Ethics and Elections Committee.

"I think that having 67 less individuals attend five days in Minneapolis is a very, very small price to pay to increase Florida's relevance on the national stage," said Rivera, referring to the number of Florida Republican delegates that could be lost at the site of the 2008 Republican National Convention.

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Rep. Dan Gelber, D-Miami Beach, the House Democratic leader, said Democratic National Committee Chairman Howard Dean called him to say the move could have consequences. But Gelber said it wouldn't make sense to punish Democrats for the actions of a Republican-controlled Legislature. Florida Democratic Party Chair Karen Thurman also wrote the House committee members in a letter, warning them not to push the primary any earlier than Feb. 5 to avoid potential backlash.

"I don't have any constituents in the DNC," Gelber said. "I only have constituents in my district. They would like to be more relevant."

According to a recent Quinnipiac University poll of 1,003 Florida voters, 46 percent of those surveyed said they wanted to move up the primary, compared to 36 percent opposed to it, and 19 percent unsure.

Lawmakers and some experts think the national parties are bluffing, and would never take away a candidate's delegates if it meant hurting a party's chances overall in a national election.

Some committee members expressed concern that giving a state the size of Florida a greater say earlier in the nominating process could shut out presidential hopefuls with less money.

"I think we should all recognize that money does have too much (influence), and that's problematic," said Rep. Keith Fitzgerald, D-Sarasota. "I don't think the balance of that argument ... weighs against this."

Good For NH, Bad For Everybody Else (NHUL)

New Hampshire Union Leader, February 9, 2007

MANCHESTER – Actions by officials in various states to move up their presidential nominating primaries or caucuses to early dates to compete with the first-in-the-nation New Hampshire primary will backfire, the state's Democratic and Republican chairmen say.

"Everything like this that happens is just making New Hampshire more important," Democratic Chairman Kathy Sullivan said yesterday. "The more states that move up, the more important we become and, ironically, the less important they become because there will be so many of them."

"I agree completely," said state Republican Chairman Fergus Cullen. "These other states will just cannibalize themselves."

Sullivan said New Hampshire "will have the best primary ever, but we will have the worst process nationally" because the post-New Hampshire "front-loading" will likely have the nominees chosen by the first week of February 2008 and leave no time for debates across the nation among candidates of either party.

"As a New Hampshire person, this doesn't upset me," she said. "But as an American, having all these states move up is appalling."

Cullen added, "This front-loading makes New Hampshire yet more important but it's bad for the process and bad for democracy."

In 2004, seven states held primaries or caucuses a week after New Hampshire's primary. Other states spread out their primaries and caucuses through late winter and spring.

It's unclear today how the 2008 calendar will end up, but it appears that if the New Hampshire primary is held on Jan. 22 - and that has not been determined - there could be as many as 16 states holding primaries or caucuses either the following week or two weeks after New Hampshire.

In the latest developments, Florida lawmakers are quickly moving bipartisan legislation that would jump that's state's primary - currently in March - to either seven days after New Hampshire's, or on Feb. 5, whichever comes first. Wyoming Republicans voted to hold county conventions on the same day as the New Hampshire primary, regardless of when it is held. Wyoming Democrats are skeptical of breaking their national party's rule by jumping up the date of their conventions.

Large states such as California, New Jersey and Michigan are on the list of states that have either moved, or are on the verge of moving, caucuses or primaries to within two weeks of New Hampshire, while officials in Illinois are talking seriously about it as well.

Will candidates be forced to spend less time in New Hampshire and, as a result, diminish its importance to the nominating process? Sullivan doesn't think so.

"As more and more chaos is created in the calendar," she said, "the two known stable states that everyone knows are going to be early are Iowa and New Hampshire."

The Democratic National Committee wants Nevada to hold a caucus between Iowa and New Hampshire, and candidates are going to Nevada to campaign.

But neither national party holds any influence over when the New Hampshire primary date is set. Only Secretary of State William M. Gardner can do that under the authority given to him by a state law mandating the primary be held at least seven days before any "similar election." He has strongly indicated he will set the date of the primary ahead of Nevada, and possibly even

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Iowa's leadoff caucus, under what he considers a broad authority granted to him in the law to protect the primary's traditional status and influence on the nominating process.

Bill ensures primary power

Gardner could not be reached yesterday, but Deputy Secretary of State David Scanlan said: "This is the same story that just gets repeated every time a state tries something. There is really nothing new in the latest moves."

Scanlan said that Gardner "will set the date when he thinks the time is appropriate and he will set the date in accordance with state law."

Sullivan noted that as long as other states stay at least a week behind New Hampshire, "that would not violate the letter of our law. We could have Iowa and New Hampshire and 48 other states."

Nevada is the only state at the moment that could trigger the law. It is unclear what Gardner would do about Wyoming. The question there will be whether elections of county convention delegates would constitute a "similar election."

Cullen agrees with Gardner's strategy. He also said New Hampshire's primary is a nationally recognized event not only because it is first.

"It's also that we're a small state where candidates can meet voters one-on-one," he said. "Florida can hold a primary in December and it wouldn't be a place where candidates can do that."

The rush to the front by a dozen or more states shows the national parties "have lost all control," Sullivan said. "Instead of focusing on a process that would have given all 50 states an important say in who the nominees are," she said, "they created chaos. There is clearly a lack of respect for the national party rules."

A Republican Florida lawmaker scoffed at the notion that his state would lose delegates at the national convention if Florida holds a primary outside of the party rules.

"I think that having 67 less individuals attend five days in Minneapolis is a very, very small price to pay to increase Florida's relevance on the national stage," said Rep. David Rivera, R-Miami, referring to the number of Florida Republican delegates that could be lost at the site of the 2008 Republican National Convention.

Sullivan found the Florida GOP situation especially interesting because U.S. Sen. Mel Martinez of Florida is the new national Republican chairman, "and he apparently can't control his own party in his own state."

But she did not give Democratic National Chairman Howard Dean a pass, saying that "both national parties are at fault here."

She suggested that the candidates themselves now "step up and use their influence over their supporters, who are officials in these states, and say, 'Stop!'"

In Florida, a House committee yesterday unanimously approved a proposal to push the state's presidential primary to late January.

If the bill becomes law, Florida's primary would take place either seven days after New Hampshire's, or on Feb. 5, whichever comes first. New Hampshire has not set its date. An identical bill has been filed in the Senate.

Florida legislators on both sides of the aisle don't want to be left behind. They believe a state as large and diverse as Florida should play a fundamental role in the nomination process.

And they believe candidates would then have to pay more attention to Florida's needs - such as the idea of a national hurricane catastrophe fund.

Rep. Dan Gelber, D-Miami Beach, the House Democratic leader, said Dean called him to say the move could have consequences. But Gelber said it wouldn't make sense to punish Democrats for the actions of a Republican-controlled Legislature. Florida Democratic Party Chairman Karen Thurman also wrote the House committee members a letter warning them not to push the primary any earlier than Feb. 5 to avoid potential backlash.

"I don't have any constituents in the DNC," Gelber said. "I only have constituents in my district. They would like to be more relevant."

Primary Madness (WP)

The Washington Post, February 9, 2007

BY THIS TIME next year, the races for the Democratic and Republican presidential nominations are likely to be over. Bemoaning the front-loaded primary calendar has become a quadrennial event, but this campaign could be more speeded up than ever and even less healthful for the democratic process. Under the plan, the Democrats' 2008 sprint starts with caucuses in Iowa (Jan. 14) and Nevada (Jan. 19), followed by primaries in New Hampshire (Jan. 22) and South Carolina (Jan. 29). New Hampshire, angry that its first-in-the-nation status is being threatened, could jump the starting gun and move its contest even earlier, to 2007.

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But the worst news is that a number of larger states, including California, Michigan, Pennsylvania and Illinois, are considering moving their primaries to Feb. 5, the first permissible date for other states to hold contests. On the part of each individual state, this is a rational act: Why should voters from smaller states determine the outcome while big-state voters are shut out? But the overall result will be a worsening of all the ill effects of front-loading, and for both parties: In most states, the Republican primary is held the same day.

Front-loading benefits better-known candidates with big bank accounts more than it does dark horses who might be able to do well and gain momentum in a more rationally paced system. It deprives most voters in most states of having a say in who their party's nominee will be. It short-circuits a process that could test candidates' capacities for connecting with voters and conveying their views.

The Democratic National Committee has tried to bribe states into waiting by offering them bonus delegates for going later, but this doesn't seem likely to work. As a result, for 2008, there's not much to do about this state of affairs other than lament it. Regarding 2012, now is the time for both parties to get together on a reform. Because Republicans will set their rules for 2012 at the 2008 convention, the parties' consultation needs to happen soon.

The National Association of Secretaries of State has proposed a calendar that would allow Iowa and New Hampshire to go first, followed by four regional primaries held every month from March through June. The regions would rotate their positions on the primary calendar each cycle. We supported the plan in 2000, when it seemed the process couldn't become much crazier. Now, when that campaign looks measured and sedate by the light-speed standards of 2008, we agree more than ever.

Three Vulnerables Buck Parties; Loyal Sununu, Smith Under Fire (HILL)

By Aaron Blake

The Hill, February 9, 2007

Vulnerable Sens. Norm Coleman (R-Minn.), Susan Collins (R-Maine) and Mary Landrieu (D-La.) spent much of the 110th Congress's first month burnishing their centrist credentials, while other 2008 targets largely have stuck by their parties thus far, according to a review of Senate roll call votes by The Hill.

Coleman and Collins capped off a month of bucking their party by voting to move forward with debate on legislation critical of President Bush's proposed troop increase in Iraq. Sens. Gordon Smith (R-Ore.) and John Sununu (R-N.H.), meanwhile, are drawing heat for standing with their party on the vote.

Coleman and Collins were the only two Republicans to vote for cloture, and they also teamed up on three other close roll call votes. The two voted with Democrats on amendments to consider Indian tribes as corporations for political-giving purposes and to ban family from campaign and political action committees, as well as on cloture to increase the federal minimum wage.

On the other side of the aisle, Landrieu, widely considered the most vulnerable Democratic senator, voted with Republicans on those amendments and two others, to the ethics bill. One of the amendments allowed for pre-approved travel paid for by 501(c) 3 groups; the other struck a provision related to grassroots lobbying.

The only Democrat to vote with Republicans more frequently was Sen. Ben Nelson (D-Neb.), regarded as the most centrist Democrat in the Senate. For Republicans, only Collins's Maine colleague, Sen. Olympia Snowe (R), approached Coleman's and Collins's independent streaks.

Jennifer Duffy of the Cook Political Report said the departure of Sen. Lincoln Chafee (R-R.I.) from the chamber has left a void waiting to be filled at the left reaches of the Republican Party, and Collins and Snowe are the most likely candidates to fill it. Coleman and Landrieu, she said, have gradually built on their centrist credentials in recent months.

"They're up for reelection; they're not going to take one for the team right now," Duffy said.

Other vulnerable Republicans largely have voted the party line in 2007. Smith and Sununu joined with Democrats a few times during the ethics bill debate, but both are weathering criticism for not voting for cloture on the Iraq debate.

Liberal activist group MoveOn.org has spent $140,000 on ad buys nationwide and locally in Oregon and New Hampshire criticizing Smith, Sununu and others for their votes, and Democrats smell blood.

Smith has been a focal point in the Iraq war discourse since his impassioned post-election speech against how the war is being waged, and he opposes the troop increase.

Priding himself as an independent Republican, he broke away from his party at several points on the ethics debate. But Iraq remains at the forefront, and Democrats see potential fodder in his vote against cloture.

At the same time, explaining the vote to voters poses a challenge for Democrats, and if the resolutions do get to a vote, Smith likely will weigh in more clearly. On Wednesday, he was one of seven senators, including Coleman and Collins, to sign a letter pledging to bring Sen. John Warner's (R-Va.) anti-increase resolution to a vote — a move the Democratic Senatorial Campaign Committee (DSCC) labeled "hypocrisy."

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"Voters will do addition and subtraction; they won't do algebra. And cloture votes are algebra," a West Coast Democratic consultant, Jim Ross, said. "You have to say, 'This guy opposed the bill,' and make him defend his action."

Smith spokesman R.C. Hammond said the MoveOn ads deceive voters because Smith wanted to vote on all of the Iraq resolutions.

"Sen. Smith opposes the troop surge, and he's helped draft the consensus Warner resolution," Hammond said. "Oregonians know who's against the troop surge, and they know that the advertising is misleading."

Sununu, who along with Snowe and Collins is of a waning breed as a Northeastern Republican, voted with Democrats even less frequently than Smith. Formerly red New Hampshire experienced perhaps the largest Democratic swing in November, seeing about a quarter of its state legislature flip and its two Republican House members fall.

Sununu has not gone as far as others to separate himself from Iraq and did not sign the letter on Warner's resolution.

A political science professor at Manchester, N.H.'s Saint Anselm College, Dante Scala, said Sununu needs to work on billing himself as New Hampshire's senator rather than the Republicans' senator — "what [Sen.] Judd Gregg (R-N.H.) does so well" — by finding non-GOP issues with which to identify himself.

"He's not going to become [Sen.] Chuck Hagel (R-Neb.) or something," Scala said, referring to the most ardently anti-Iraq GOP senator. "I don't think anybody would buy that."

The DSCC also attacked Sununu Wednesday, charging him with evasiveness on Iraq: "Sununu may try to run from his blind support for the war in Iraq, but he won't be able to flee voters next election," DSCC spokeswoman Deirdre Murphy said.

Sununu has avoided speaking on the issue of late and his office did not return requests for comment.

Red-state Democrats who could face strong challenges in 2008, such as Sens. Max Baucus (D-Mont.) and Mark Pryor (D-Ark.), largely stuck with their party. Sen. Tom Harkin (D-Iowa) voted with Republicans on some amendments to the ethics bill.

Warner, who is up in 2008, voted with the Democrats on cloture for the minimum-wage bill.

Less Is More, But In Idaho, Not For Long (NYT)

By William Yardley

The New York Times, February 9, 2007

BOISE, Idaho, Feb. 2 — When Gov. C. L. Otter took office last month and immediately halted construction work on the state Capitol his objections went beyond the $130 million price tag for the renovation and addition.

"My concern is also about the expansion of government," said Mr. Otter, a Republican. "When you have more space, bureaucracy doesn't like an empty office. It creates a vacuum. It sucks people into it, and all of a sudden you've got to have more people."

The governor has since reached a deal with the Republican-controlled Legislature to cut the project in half, allowing construction to go forward, although not until the new individual offices for legislators are removed from the blueprints.

Yet if Mr. Otter won this round, he might well savor the moment because Idaho's government is growing whether or not government buildings grow with it.

In a conservative state that has long viewed government with suspicion, that still means conflict. But even the governor's fellow Republicans concede that the momentum here shifted years ago from bait-and-bullet to New West boutique. As with so many other decreasingly rugged places in the inland West, there is more of everybody in Idaho now: techies, Democrats, immigrants, environmentalists. Ten thousand people showed up at Boise State University last month to hear Al Gore talk about global warming. Ten thousand people. To hear Al Gore. In Idaho.

The state's population, almost 1.5 million, is up nearly 50 percent since 1990 and some projections show it gaining another 50 percent or more by 2020.

While the growth has brought a sophisticated new economy, it has also brought demands for more spending on education and transportation and concerns about high taxes, too much development and a trampled environment.

And a ton more government.

In 1991, the state budget was $900 million. This year it is $2.6 billion. In 1985, there were 11,876 state employees. In 2005, there were 17,528.

In 1985, the number of pages of legislation passed was 759. Last year it was 1,581.

The public spaces where many of the issues are aired, however, are the same small hearing rooms, some with a single row of chairs for the public, where part-time lawmakers and a few interested stakeholders once wrangled largely over matters of mining, farming and logging.

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Now, although the Legislature is still part-time, people squeeze into the back of hearing rooms, huddle in doorways or crowd around speakers that broadcast committee discussions out into the rotunda. (The volume dial on the speaker outside one hearing room was turned all the way up to 10 this week.)

"It was designed to not have very much public participation in the process," Speaker of the House Lawerence E. Denney said of the Capitol.

While there now are more citizens who follow the Legislature, more people are paid to participate as well. About 75 lobbyists were members of the Idaho Legislative Advisors when Jan Eyth first started serving coffee and snacks in the group's tiny lounge on the Capitol's fourth floor in 1985. Now, Ms. Eyth said, there are more than 150 members, and there are more than 300 registered lobbyists in the state.

Still, some say, interpret this change carefully.

"You know what lobbyists are?" said Russell Westerberg, a lobbyist from Soda Springs who came to Boise as a state representative in 1975. "They're the people that the people have to pay to protect them from the people that they elected." He added, "It's still Idaho; the government that governs least, governs best."

The Capitol, in which a light-filled rotunda is lined with bright marble, once housed the Legislature, the governor's office, the Supreme Court and even a mineral laboratory. Now, some key offices, including parts of the secretary of state's office, are hidden in windowless corners of the basement or they have moved out.

The state spends $13 million a year renting about 900,000 square feet of private office space.

All of that eventually prevailed upon Mr. Otter, to a degree. Under the compromise with the Legislature, which had approved the expansion a year ago, new underground wings will be reduced in size and many new offices will be cut. Larger hearing rooms will be built, however, and renovations at the Capitol will go forward.

Still, neither side claims to be happy with the deal, and no one is certain whether much money will be saved. The commission overseeing the project has asked to see a revised budget before moving forward. That could take weeks.

In the meantime, as the Legislature debates lowering grocery taxes, restricting elk ranching and building a new prison, it also is preparing to move out of the Capitol.

The Legislature, which had planned to hold its 2008 and 2009 sessions in temporary quarters in two aging buildings, including the former Ada County Courthouse, now probably will be there through the 2010 session because of the delays in construction.

The governor, whose office on the second floor of the Capitol has one of the few fireplaces in the building, says the state should renovate the older buildings and use them permanently for offices. Under the compromise, he agreed to move some of his staff out of the Capitol.

Mr. Otter, a former three-term congressman, took few specific stands in his campaign for governor last fall, but he did run commercials saying the expansion project was wasteful. He said he would "run government the old-fashioned way, lean and smart." Back then, he said he would rather spend the expansion money, more than $40 million of the overall amount, on education and other needs.

In an interview in his office on Friday, he popped up from his chair to retrieve photographs of a schoolyard cluttered with temporary classrooms. Then he showed a picture of the state Capitol in Texas, whose underground expansion wings were a model for the Idaho plan.

"This is where they want kids to spend nine months," Mr. Otter said. "This is where they want to spend three months."

Senator Robert L. Geddes, who is the president pro tem and one of the leaders of the expansion project, conceded that legislators could only put up so much of a fight, even in a changing state.

"The vision of a grandiose Taj Mahal being built for the comfort of me," Mr. Geddes said, "that doesn't sit real well in my conservative district."

The A.B.A.'s Judicial Ethics Mess (NYT)

The New York Times, February 9, 2007

At a moment when judicial independence is under heightened political attack, the nation's legal establishment should be doing everything it can to shore up public trust. Instead, the special commission charged with recommending revisions to the Model Code of Judicial Conduct of the American Bar Association has been flip-flopping around on some of the most important aspects of the code, which the states use to set standards for their courts.

For decades, the code's overarching charge to judges has been to avoid not only actual impropriety, but also the appearance of impropriety. Recently, however, quietly adopted changes to the commission's "final" report demoted this gold standard of judicial conduct from an enforceable rule to a mere aspirational guideline.

When the misguided switch came to light, the panel reversed field again yesterday and went back to the previous formulation. But that does not excuse the fact that the panel was following internal politics, not sound legal principle. The change might have eluded pubic attention if Robert Tembeckjian, the administrator of the New York State Commission on Judicial Conduct, had not protested and Adam Liptak had not reported on the matter in The Times this week.

Mark Harrison, chairman of the flailing ethics panel, claimed just days ago that the "appearance of impropriety" standard was vague and unfair. But judges interpret rules like that all the time, and the Conference of Chief Justices, made up of top state judges, unanimously endorsed the appearance of impropriety as a basis for disciplinary enforcement.

Despite yesterday's news, the proposed code revisions have serious deficiencies. They fall well short of ending the festering scandal of expense-paid judicial seminars that are held at desirable resorts and underwritten by private interests . If the House of Delegates lacks the resolve to ban these junkets, it should at least limit reimbursements for accompanying spouses. There should be no free rides or free lunches (or breakfasts or dinners).

The rules on when a judge must bow out of hearing cases also need work. At the federal level, judges must recuse themselves when they have any financial interest raising a potential conflict. That is far preferable to the model code's approach of letting state judges decide for themselves whether their financial conflict is minimal enough to stay on a case.

There is a real danger in relying on this commission's judgment. Members of the A.B.A.'s House of Delegates are supposed to vote on the new code next week in Miami. Their wisest course would be to defer the issue, at least until the group's next meeting in August. In the meantime, the president of the bar should appoint an independent committee of experts to review all of the provisions and make their own assessment of what is really needed.

Iran To Hit U.S. Interests If Attacked (WP)

By William Branigin

Washington Post, February 9, 2007

Iran's supreme leader warned today that any U.S. attack on his country would trigger Iranian retaliation against U.S. interests "around the world."

Ayatollah Ali Khamenei issued the threat as Iran's Revolutionary Guards carried out military exercises in the Persian Gulf that included the test-firing of anti-ship missiles with a range of more than 200 miles.

The missiles "can hit different kinds of big warships in all of the Persian Gulf, all of the Sea of Oman and the north of the Indian Ocean," senior Revolutionary Guards naval commander Ali Fadavi told Iran's state-run television. The missile tests were staged on the second day of exercises by Iranian naval and air force units in the Gulf as a second U.S. aircraft carrier headed toward the waterway.

Fadavi said the missiles can carry warheads of about 1,100 pounds and have a maximum range of 220 miles. He did not identify the missiles or elaborate on the results of the tests.

President Bush last month ordered an aircraft carrier strike group headed by the USS John C. Stennis to sail for the Gulf to join the USS Dwight D. Eisenhower, a carrier that deployed in the Gulf in December. The dispatch of the second carrier group has been portrayed in part as a show of force to Iran, which the United States accuses of meddling in Iraq and of pursuing nuclear weapons.

Addressing a gathering of Iranian air force officers, Khamenei, who holds the title of "supreme leader" in Iran's Shiite Muslim theocracy, said, "The enemies know well that any aggression will lead to a reaction from all sides in the Iranian nation on the aggressors and their interests around the world." In remarks broadcast on Iranian state television, he said of the prospect of an attack, "We believe that no one will make such an unwise and wrong move that would endanger their country and interests."

Khamenei continued, "Some say that the U.S. president is not the type who acts based on calculations or thinks about the consequences of his action. But even these people can be brought to their senses." He said U.S. policymakers know that Iran "would not let an invasion go without a response."

Another top Iranian cleric, former president Ali Akbar Hashemi Rafsanjani, made similar remarks today in the Shiite holy city of Qom, warning that any military attack on Iran "would be very costly for the United States," the state-run Islamic Republic News Agency reported. He said it was unlikely that Washington would "take such a stupid action," IRNA reported. Rafsanjani, who currently chairs a powerful consultative group called the Expediency Council, charged that the United States "wishes to see a dependent Iran and avoids considering Iran as a regional or global power," IRNA reported.

In Washington, the White House dismissed the threats, saying that the United States has no intention of launching a war against Iran.

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"Khamenei from time to time makes these unprovoked statements, and we would certainly hope they are not directed at the United States because President Bush has made it clear we have no intention of going to war with Iran," National Security Council spokesman Gordon Johndroe said, [a wire service] news agency reported.

He also played down the missile tests, saying that the Iranians "run various exercises from time to time in the Persian Gulf" and that "we monitor those exercises."

White House spokesman Tony Snow told reporters that the administration does not see the tests "as a direct assault on our ships."

In response to Khamenei's warning, Snow said, "I've said it, the secretary of defense has said it, the president has said it: We're not invading Iran." He said Khamenei is "spinning a hypothetical about something that is not contemplated."

President Bush said last week that he has no intention of sending U.S. forces into Iran, but he vowed to "respond firmly" if Iran steps up a campaign that the United States charges is aimed at killing U.S. troops and derailing democracy in Iraq. Bush said he would do "whatever it takes" to protect U.S. troops in Iraq from what the White House says have been attacks with weapons supplied by Iran.

Washington is also locked in a dispute with Iran over the country's nuclear program, notably its efforts to enrich uranium in defiance of a U.N. Security Council resolution. The United States regards the program as a cover for developing nuclear weapons. Iran denies any such aim, insisting that it is building nuclear power plants only to generate electricity and that it wants to control its own nuclear fuel cycle.

Iran's top nuclear negotiator, Ali Larijani, said yesterday that he plans to discuss the nuclear issue with Western counterparts on the sidelines of a Feb. 9-11 security conference being held in Munich. The talks would be the first since the U.N. Security Council imposed sanctions on Iran in December, prohibiting the transfer of nuclear material and know-how to Iran. The council also gave Iran until Feb. 21 to suspend its enrichment program, but Tehran has shown no sign of acceding to that demand.

The State Department said U.S. officials have no plans to meet with Larijani in Munich and that Iran must stop its uranium enrichment program as a prerequisite for any direct talks.

Larijani and other Iranian officials have accused the United States of involvement in the kidnapping Sunday of an Iranian diplomat in Baghdad. The diplomat, identified as Jalal Sharafi, a second secretary at the Iranian Embassy in Baghdad, was seized by a group of about 30 armed men, IRNA reported.

U.S. officials deny any role in the abduction, which may have been part of Iraq's growing sectarian violence pitting minority Sunni Muslim Arabs against Iraq's majority Shiites. Sunnis have charged that Iraqi Shiite leaders are beholden to Iran. In the 1980s, Iraq, then ruled by Saddam Hussein, fought a brutal eight-year war with Iran. The war ended in stalemate after Iranian forces managed to repel an Iraqi invasion aimed at gaining control of Iran's southwestern oil fields.

Iran's Leader Warns The U.S. About Carrying Out Any Attack (NYT)

By Nazila Fathi

The New York Times, February 9, 2007

TEHRAN, Feb. 8 — Iran's supreme leader, Ayatollah Ali Khamenei, warned the United States on Thursday that Iran would retaliate against American interests worldwide if it was attacked. It was the latest volley in an escalating war of rhetoric between the countries.

Speaking to a group of air force commanders about rumors of an imminent American military strike, Ayatollah Khamenei said, "Iranian people should not get scared of such issues," the Iranian Student News Agency reported. "Our enemies know very well that any aggression will have a response from all sides by Iranian people on their interests all over the world."

He added, "No one would commit such a blunder and jeopardize the interests of his country and people."

Iran's Revolutionary Guards also said Thursday that as part of a war games exercise, they had successfully test-fired a land-to-sea missile capable of sinking large warships.

"These missiles, with a maximum range of 220 miles, can hit different kinds of big warships throughout the Persian Gulf, the Sea of Oman and the northern Indian Ocean," Ali Fadavi, a senior Revolutionary Guards naval commander, said on state television.

The speech by Ayatollah Khamenei was his first major public appearance since the United Nations Security Council approved limited sanctions on Dec. 23 because of Iran's refusal to halt efforts to enrich uranium. The United States and some European countries accuse Iran of having a secret weapons program, but Iran contends that its nuclear development is for peaceful purposes only.

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Ayatollah Khamenei did not mention Iran's nuclear program, but he brushed off the sanctions as insignificant. "The United States and some other countries have imposed sanctions on Iran for many years now," he said. "But we achieved great scientific and technological progress under such circumstances. So they cannot scare this great nation with sanctions."

Ayatollah Khamenei also dismissed rumors that he was suffering from a serious illness, saying they were aimed at weakening the resolve of the Iranian people.

The war games by Iran, the second it has staged this year, seemed to be a response to the naval buildup by the United States in the Persian Gulf. President Bush has dispatched two aircraft carriers to the region and provided antimissile batteries to some Persian Gulf states.

In Seville, Spain, where Robert M. Gates, the American defense secretary, met Thursday with NATO defense ministers, he seemed to play down the significance of the strong language from Iran.

"My impression is that they make threats like this from time to time," Mr. Gates said. "We have no intention of attacking Iran."

He noted that, "obviously, when it comes to things like these tests, we watch them closely." But he concluded, "Other than that, I think, it's just another day in the Persian Gulf."

A special envoy for the ayatollah met in Moscow on Thursday with President Valdimir V. Putin and his national security adviser, Igor S. Ivanov. The envoy, Ali Akbar Velayati, a former foreign minister, was expected to deliver a formal response to a message from Mr. Putin that Mr. Ivanov brought to Tehran in January. The substance of the letters was not divulged.

Wide Response If U.S. Attacks, Iran Says (WT/AP)

By Nasser Karimi, Associated Press

The Washington Times, February 9, 2007

Iran's supreme leader said today that if the United States were to attack Iran, the country would respond by striking U.S. interests all over the world -- the latest sharp exchange in an escalating standoff between the two countries.

The comments by Iranian Supreme Leader Ayatollah Ali Khamenei came on the same day that another top official, Tehran's ambassador to the United Nations, Javad Zarif, warned in a column in the New York Times that efforts to isolate Iran would backfire on the United States, increasing sectarian tensions in the volatile Middle East, including Iraq.

The United States is reaping "the expected bitter fruits of its ill-conceived adventurism," he said.

"But rather than face these unpleasant facts, the United States administration is trying to sell an escalated version of the same failed policy. It does this by trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq," he said.

The United States and Iran have been in an increasingly tense standoff over Tehran's nuclear program. The tensions have worsened recently because of U.S. accusations of Iranian influence in Iraq.

The United States has denied it has any plans to strike Iran militarily but has sent an additional aircraft carrier to the Persian Gulf in what U.S. officials call an effort to show strength in face of rising Iranian regional influence.

Speaking to a gathering of air force commanders, Ayatollah Khamenei said: "The enemy knows well that any invasion would be followed by a comprehensive reaction to the invaders and their interests all over the world."

In another sign of the tensions, Iran's intelligence minister also said the government had detected a network of U.S. and Israeli spies and had detained a second group of people who planned to go abroad for espionage training, state television reported. It gave few details.

The claim comes just a few days after an Iranian diplomat was detained in Baghdad in an incident that Iran blamed on U.S. forces. The Americans have denied involvement in the diplomat's detention.

Iranian leaders often speak of a crushing response to any U.S. attack. While the remarks are seen as an attempt to drum up national support, Iran's position on Iraq and its nuclear program has provoked harsher international and especially U.S. pressure in recent months.

President Bush has ordered American troops to act against Iranians suspected of being involved in the Iraqi insurgency in addition to deploying the second carrier. The U.N. Security Council has imposed sanctions because of Iran's refusal to cease uranium enrichment and is due to consider strengthening the sanctions later this month.

"Some people say that the U.S. president is not prone to calculating the consequences of his actions," Ayatollah Khamenei said in remarks broadcast on state television, "but it is possible to bring this kind of person to wisdom.

"U.S. policy-makers and analysts know that the Iranian nation would not let an invasion go without a response," he added.

Last week, a publication called Sobh-e Sadegh, the official publication of Iran's elite and hard-line Revolutionary Guards, also warned against American attacks, pointing out that because the United States has large numbers of troops in Iraq, Afghanistan, central Asia and Europe, it would be easy to kidnap Americans in retaliation.

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Dems United On Iraq Bill, But Divided On Iran (HILL)

By David Mikhail

The Hill, February 9, 2007

As the House is set to proceed on a resolution addressing the war in Iraq, a potential divide is surfacing over Democratic bills regarding Iran.

Democrats may not stand united behind a series of bills that speak out against a military attack on Iran, concerned that such bills would make the party prone to attacks regarding foreign policy, according to a senior House staffer. In spite of the party's overwhelming unity behind similar resolutions regarding Iraq, it seems clear that the party's next challenge will be to craft a position on Iran that is distinct from the White House's and also insulates it from criticism of being weak in the global arena.

The potential divide also indicates that not all Democrats are convinced that the party has seized control of the national security issue, in spite of their electoral triumphs in November, which were largely due to the unpopularity of the Iraq war.

Within the first month of the new legislative session, Reps. Peter DeFazio (D-Ore.), Walter Jones (R-N.C.), and Barbara Lee (D-Calif.) have introduced bills in the House condemning the prospect of a preemptive strike against Iran and calling for congressional authorization before military action can be taken. The measures also affirmatively reject the notion that the authorization to use force against Afghanistan after the attacks of Sept. 11, 2001, would also authorize an attack on Iran.

The senior House staffer, who is involved in foreign policy matters, stated that Republicans may try to use any legislation by Democrats concerning the potential use of force against Iran to portray the party as weak on terrorism and foreign policy, and that this could have a profound effect on denying Democrats the White House in 2008. The source went on to say that Democrats still cannot afford to take steps that open the party to criticisms of being weak on these matters.

DeFazio contended that a future attack on Iran would only solidify political support for the Iranian government and intensify its desire for nuclear-weapons capability, stating, "If Republicans want to defend going into Iran … have at it." He added that the prospect of a military attack on Iran is also a fear for the military community, citing a recent presentation by a retired major general that was delivered during the Democratic National Committee's winter meeting last week. According to DeFazio, the former officer said that there is "a substantial fear within the military community that the Bush administration" was seriously considering an attack on Iran. DeFazio noted that many lawmakers signed on to his resolution after the presentation.

Another House source added that congressional backing for the use of force against Afghanistan after Sept. 11 resulted in an overly broad instrument that has since been used by the White House for a variety of actions, including the detention of suspects without any formal process and incidences of extraordinary rendition.

The DeFazio resolution states, "That Congress … strongly and unequivocally believes that seeking congressional authority prior to taking military action against Iran is not discretionary, but is a legal requirement." The Lee legislation, while intended to prohibit the use of funds for covert military action against Iran, offers a statement of policy that, "It is the policy of the United States not to enter into a preemptive war against Iran in the absence of an imminent threat, and then only in accordance with international law and constitutional and statutory requirements for congressional authorization."

The resolution offered by Jones states that the president shall consult and receive authorization from Congress in the absence of an attack or demonstrable imminent strike by Iran. Even though it's a Republican bill, the vast majority of cosponsors are Democrats, including DeFazio, Rep. Dennis Kucinich (Ohio) and Rep. John Murtha (Pa.).

Stacey Bernard, a spokeswoman for House Majority Leader Steny Hoyer (D-Md.), said that his office has not addressed the Iran resolutions yet and has focused entirely on Iraq as the House is set to address a non-binding resolution next week.

The Washington Post reported earlier this week that House Speaker Nancy Pelosi (D-Calif.) has told her Democratic colleagues that if it appears likely that Bush wants to take the country to war against Iran, the House would take up a bill to deny him the authority to do so.

In spite of the potential divide regarding the Iran bills, Democrats seemingly share common ground on their view of the administration and the call for diplomacy. Lynne Weil, spokeswoman for House Foreign Affairs Committee Chairman Tom Lantos (D-Calif.), noted that during two committee hearings held within the past week, including a budgetary hearing with Secretary of State Condoleezza Rice, Democrats had repeatedly expressed criticism about the administration's policy toward Iran while emphasizing that every diplomatic option needed to be explored.

Democrats have diverged on Iran in the past, though to a lesser extent, when Congress was looking to pass sanctions legislation last session. Several Democrats voted against an earlier version of the Iran Freedom and Support Act, a bill that was introduced by now-ranking member of the House Foreign Affairs Committee Ileana Ros-Lehtinen (R-Fla.), though it had acquired a large amount of Democratic support, stating that the sanctions legislation would lead to an escalation with the country.

Recent events have served to increase the tension between the two nations. The International Atomic Energy Agency stated that Iran has set up two cascades, consisting of over 300 nuclear centrifuges, in order to enrich uranium for a program the

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Iranian government has consistently stated is for peaceful, civilian purposes, while the U.S. has contended that Iran intends on creating a nuclear-weapons program. Additionally, the White House recently authorized American troops to take all necessary steps, including fatal force, to stop Iranian agents aiding Shiite militants in Iraq.

Asked about why he introduced his Iran resolution, Jones said that the matter presented a constitutional issue: "I want the Congress to meet its responsibility," he said, adding that the neoconservatives who pushed for the Iraq war still wield influence. In discussing potential future criticism from his fellow GOP colleagues, Jones stated, "If they don't believe in the Constitution … then I feel sorry for them."

Dissent In Tehran Buoys West (WSJ)

By Neil King Jr.

The Wall Street Journal, February 9, 2007

Iran is likely to showcase the expansion of its main nuclear plant as another advance toward large-scale production of enriched uranium, just in time for Sunday's 28th anniversary of its Islamic Revolution. But don't expect the Bush administration or its European allies to get agitated about the news.

Officials in Washington, London and Paris say that for the first time in several years, Tehran is showing signs of both political and economic unease in the wake of international moves to sanction Iran's nuclear program. Added pressure, these officials say, could nudge opinion in Iran closer toward favoring a deal to suspend its uranium work.

No one is predicting victory anytime soon in the high-stakes feud with Iran over its alleged ambitions to develop nuclear weapons. Still, Western officials have been cheered by reports of rising political dissent in Tehran, as well as debate within government circles there over the wisdom of stirring more international opposition to the nuclear program.

Even Sunday's festivities, which are expected to focus on Iran's nuclear developments, are being seen in Washington as a sign of weakness. Iran has been scrambling for months to assemble thousands of centrifuges at its main nuclear facility in Natanz, so it can claim to have made a technological leap toward enriching large amounts of the uranium needed to fuel nuclear power plants -- or, in the eyes of the West, to produce nuclear weapons. U.S. and European officials say the Natanz work remains shoddy and is largely being done for domestic effect.

"There is a large element of theater in all this," said one senior Bush administration official. For now, "there is little reason to believe that Iran is actually leaping to a new technological level."

Iranian officials have denied they are pursuing nuclear weapons and argue they have the right to enrich uranium under international rules. Amid rising tensions with the U.S., Iran's supreme leader, Ayatollah Ali Khamenei, said on state television yesterday that Iran would go after American "interests around the world" if attacked by the U.S.

After months of haggling, the United Nations Security Council agreed just before Christmas to impose limited economic restrictions on Iran. It gave the country until Feb. 21 to suspend its uranium-enrichment program or face another round of sanctions. The U.S. has used the resolution to push Europe -- Iran's largest trading partner by far -- to take independent actions, such as cutting off bank lending and curtailing hefty government-backed export guarantees to Iran.

Some European countries have been quietly warning their banks about the risk of doing business in Iran. Last week, France said it was imposing some limited restrictions on its export guarantees to Iran, with possibly more to come.

"For the first time, really, Iran is paying a price for its nuclear work, and also showing some strain," said one senior European diplomat. "And also for the first time, there is a sense of real unity among the key players who are working this issue."

U.S. and European officials say there is ample evidence the U.N. resolution and other moves have hit home in Iran.

President Mahmoud Ahmadinejad, who has been Iran's loudest voice of defiance against the international community since his election 18 months ago, has become a target of criticism over his handling of domestic and foreign policy. Former President Hashemi Rafsanjani in the past two weeks has criticized Mr. Ahmadinejad's confrontational approach toward the West. More than half of the country's Parliament members slammed the president last month for his domestic stewardship.

And Jomhuri Islami, a conservative newspaper loyal to Mr. Khamenei, warned last month that Iran should stop provoking the U.S. and take the U.N. resolution seriously. Mr. Ahmadinejad just days before had dismissed the resolution as "a piece of torn paper."

Mr. Ahmadinejad, who previously denied the Holocaust took place and threatened to wipe Israel off the map, is also coming under increasing fire on the economic front. Inflation and unemployment are picking up, European officials said, while investment in Iran's critical oil and gas fields is plunging.

European and U.S. officials note Iran has begun to reach out to Saudi Arabia and other countries, in what they describe as a bid by Tehran to deflect mounting pressures on the country. Recent U.S. actions against Iranian officials in Iraq, including the arrest by U.S. forces of five suspected security officials there last month, has heightened friction between the U.S. and Iran.

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Leading the recent talks with the country's neighbors has been Iranian nuclear negotiator Ali Larijani, who Mr. Ahmadinejad sidelined in September at a critical moment in negotiations with Europe over avoiding U.N. sanctions. Mr. Larijani is now planning to meet with European officials on the periphery of a security conference in Germany this weekend, potentially the first such talks since the summer. European officials said that while they don't expect meetings with Mr. Larijani to amount to much, his overture is significant, as it may portend a softening in Iran's stance.

In the meantime, the Bush administration said it is prepared to push ahead on a second sanctions resolution against Iran within the U.N.

Accord Is Signed By Palestinians To Stop Feuding (NYT)

By Hassan M. Fattah

The New York Times, February 9, 2007

MECCA, Saudi Arabia, Feb. 8 — The main rival Palestinian factions agreed late Thursday to form a government of national unity aimed at ending a wave of violence between them and an international boycott.

The agreement, signed here in Islam's holiest city under Saudi auspices, appeared likely to end, at least for now, weeks of fighting that had ravaged the West Bank and Gaza Strip. Still, it seemed to stop short of meeting the demands of the international community for resuming relations and support for the Palestinian Authority.

The accord, signed by Khaled Meshal of Hamas and Mahmoud Abbas, the Palestinian Authority president and leader of Fatah, its main rival, is the first time that the two parties have agreed to share authority. It sets out principles for a coalition government, like the distribution of ministerial portfolios, but leaves many of the details for later.

Israel and international powers have said that they would lift their boycott of the Palestinian government imposed after the victory by the militant group Hamas a year ago only if it agreed to three conditions: recognize Israel, renounce violence against Israel and abide by previous agreements between Israel and the Palestinians.

The Mecca accord addresses only the last of those and does so rather imprecisely, promising "respect" for previous agreements between the Palestinians and Israel.

In Washington, a State Department spokesman, Tom Casey, said, "The international community has made it clear that in order to be able to have a broader relationship with the Palestinian Authority government, that those principles are going to have to be met." He added that officials were still studying the accord.

Secretary of State Condoleezza Rice will meet with Mr. Abbas and Israel's prime minister, Ehud Olmert, on Feb. 19 in Jerusalem to work on a broader peace initiative.

In Mecca, Mr. Abbas read out a statement during the signing ceremony where he re-appointed Ismail Haniya as prime minister and called on the new government to abide by "international law" and agreements signed by the Palestine Liberation Organization. This appeared aimed at appeasing concerns of the international community.

The British foreign secretary, Margaret Beckett, called the agreement "interesting" but said it would require further study.

In the streets of Gaza, Palestinians broke out in celebration as the agreement was being announced, with members of Hamas and Fatah firing into the air.

Hamas officials in Mecca bristled at the insistence of accepting Israel, insisting that any concessions they offered would not be enough.

"I wonder why the issue of recognizing Israel is the key to everything?" Ghazi Hamad, spokesman for the Hamas government, said earlier Thursday. "We are interested to end the siege but not at any cost."

He added: "We try to balance between our Palestinian national constraints and our opening up to the international community. Israel is not ready to deal with any Palestinian side unless the Palestinians deal with the Israeli conditions."

Miri Eisin, a spokeswoman for Mr. Olmert, said, "Israel expects the new Palestinian government to respect all three of the international community's principles," but she declined to say whether the new Palestinian government had met any or all of those benchmarks. Israeli officials say that would require further evaluation.

Mostly, the Mecca accord promises to end the fighting that has claimed the lives of more than 90 Palestinians, with each side pledging to ease the tensions and turn a new page in their history. The two sides have signed several truces, but each one has broken down.

"These dark days will be completely gone," Mr. Meshal announced in signing the agreement. "Our Arabic, Islamic unity has brought us together, shining again." He added that having signed the accord in the holy city lent it greater significance.

Under the terms of the deal Mr. Haniya, the current prime minister, will form a new government with Hamas controlling a majority of the seats while Fatah will control several and have a number of "independent" Palestinians sitting in the remainder. The new government is supposed to be formed within five weeks.

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The exact breakdown was not immediately clear late Thursday night. The critical role of interior minister is expected to go to an independent official, a Hamas spokesman said, while Mr. Abbas will keep control of some security agencies, including the Presidential Guard.

That division of authority has been an important factor in the recent Palestinian infighting, which has often pitted Fatah security force members against Hamas security force members in gun battles on the streets of Gaza.

Hamas rejects Israel's very existence and calls for its destruction. Fatah, which began with that same philosophy in the late 1950s, favors a two-state solution with Israel returning to its borders from before the 1967 war and a Palestinian state built in Gaza, the West Bank and East Jerusalem.

But there has been talk by some Hamas officials of the possibility of agreeing to the two-state solution implicitly without specifically recognizing Israel. Whether that would end the international boycott is unclear.

Thursday's agreement concluded an emergency two-day summit meeting steeped in religious significance and invested with the prestige of King Abdullah of Saudi Arabia. The Palestinians sat in a room high above Mecca's Grand Mosque, while Saudi officials remained outside, providing assistance when requested. Many worshipers below were aware of the ongoing deliberations, and could look up and see the figures of the Palestinians moving around.

Perhaps the biggest winner from the deal is Saudi Arabia, which has sought to build on its earlier success in 1989, when, in a similar summit meeting in the mountain town of Taif, it brokered an end to the 15-year Lebanese civil war. In scenes broadcast on Saudi Television, King Abdullah sat flanked by Mr. Abbas and Mr. Meshal, each of whom signed the document, then read a brief speech.

"They have proved they are worthy of trust and have proven they can stop the fighting," the king said.

Saudi Arabia's effort to mediate between the Palestinian factions reflects a general agreement among leaders in the Arab world that the first step to stabilizing the burgeoning conflicts in the region and parrying the growing influence of Iran is resolving the Palestinian conflict.

The Saudis, who have traditionally preferred to work quietly behind the scenes, have grown increasingly alarmed at the chaos engulfing the region and have stepped forward to try to use their religious credibility, and vast oil wealth, to try to preserve the status quo and serve as a counterpoint to Iran.

The Saudis may hold a similar meeting for Lebanon's warring factions, Hezbollah and the so-called March 14 movement, which have come to blows in recent weeks.

For the Palestinian leaders, too, the talks offered an opportunity to improve a public image increasingly marred by contempt and criticism in the Arab world for allowing the bloodshed to reach such levels.

Many saw the meeting as a last chance to prevent an all-out civil war between the feuding Palestinian factions, which have broken numerous cease-fire agreements since clashes began last summer.

"Hamas and Fatah have not let their people down," Mr. Meshal declared. "To the heroes in Palestine, I say these are the leaders of the Palestinian people."

Hamas, Fatah Reach Tentative Accord (LAT)

By Ken Ellingwood

The Los Angeles Times, February 9, 2007

JERUSALEM -- The rival Palestinian groups Hamas and Fatah announced Thursday that they have agreed in principle to share power in hopes of easing months of deadly factional fighting and breaking a damaging international aid embargo.

The tentative accord was announced in Mecca, Saudi Arabia, where leaders of the two groups met for two days under the auspices of King Abdullah.

Palestinian Authority President Mahmoud Abbas said he was hopeful the agreement would quell the factional clashes that have left scores of Palestinians dead in the Gaza Strip. Previous agreements between the two factions have collapsed.

"I hope that all the shameful acts that make us feel ashamed will stop, and that we move seriously toward liberating our country," Abbas said during a signing ceremony in a palace near the Kabaa, Islam's holiest site. He was joined by the exiled political leader of Hamas, Khaled Meshaal, as Saudi King Abdullah looked on from between the two men.

Celebratory gunfire erupted in the Gaza Strip as news of the agreement reached the impoverished coastal enclave.

But the pact was vague on several issues that could determine whether it can rein in Gaza's gunmen or lift the Western aid boycott, imposed after Hamas won parliamentary elections in January 2006.

Israel and much of the West considers the radical Islamist group a terrorist organization, and it refuses to recognize the state of Israel or honor past agreements between the Jewish state and Palestinians.

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Israel offered a terse immediate response. "Israel expects the new Palestinian government to respect all three of the international community's principles: recognition of Israel, acceptance of all former treaties and renunciation of terror," said Miri Eisin, an Israeli government spokeswoman.

Officials from the two Palestinian factions said they have worked out a formula for distributing Cabinet positions, including leaving Ismail Haniyeh of Hamas as prime minister, but they did not name an interior minister, a crucial post with formal authority over security forces. The minister would be nominated by Hamas, but approved by Abbas, of Fatah.

The parties also have not worked out who will control the various agencies of the security services, a potentially explosive issue. The two factions planned further talks on those details and several other unresolved matters.

The agreement also does not include language that explicitly recognizes Israel, nor does it include a renunciation of violence, two of the three conditions set by the West for resuming direct aid to the Palestinian Authority.

Instead, the language was more oblique: the new government would "respect" international resolutions and past agreements between Israel and the Palestinians. That wording can be interpreted as providing tacit recognition of Israel, but falls well short of international demands.

The Middle East mediators known as the Quartet -- the United States, European Union, Russia and United Nations -- had demanded as their third condition that the new government abide by past Palestinian-Israeli agreements.

It remains unclear whether the language agreed upon by Fatah and Hamas will satisfy the Quartet's conditions enough to restart the flow of hundreds of millions of dollars annually in foreign aid.

If the accord quiets the internal strife, Abbas could have freer rein to pursue a peace agreement with Israel at a time when the Bush administration is pushing new talks.

Secretary of State Condoleezza Rice is scheduled to join Abbas and Israeli Prime Minister Ehud Olmert on Feb. 19 for a three-way meeting in Jerusalem aimed at exploring the possible outlines of a final peace agreement.

In September, the two groups announced a similar agreement on a unity government but the deal fizzled almost as soon as it was declared. Subsequent talks went nowhere.

"For those who are afraid that this agreement will be similar to the previous one, I say, 'No,' " Meshaal said. "We swear to God in this blessed place that this agreement has our complete commitment."

Tit-for-tat clashes had worsened in recent months, claiming more than 90 lives since mid-December. The talks in Mecca were seen as perhaps the last chance to reach a power-sharing deal in order to stave off wider civil strife.

Palestinians Reach Deal On A Government (WP)

By Scott Wilson

The Washington Post, February 9, 2007

JERUSALEM, Feb. 8 -- Rival Palestinian factions Fatah and Hamas agreed Thursday to form a power-sharing government and end the armed feuding that has killed scores of Palestinians over the past year.

It remained unclear whether the new government will meet conditions laid down by Israel and international donors to fully restore funding to the Palestinian Authority that they cut off after Hamas's victory in January 2006 parliamentary elections.

The agreement does not explicitly recognize Israel's right to exist, a key international demand. Hamas officials said their movement would not do so.

The new cabinet will set aside seats for Fatah -- it currently has none -- and some smaller parties, but it will continue to be led by Prime Minister Ismail Haniyeh of Hamas.

In assigning Haniyeh the task of forming a new government, Palestinian Authority President Mahmoud Abbas, a Fatah leader, stated that its platform must conform with "international resolutions" and "respect" previous agreements signed with Israel.

The wording amounted to a compromise acceptable to Hamas, formally known as the Islamic Resistance Movement, which refuses to openly endorse the 1993 Oslo accords and other agreements that the Fatah-dominated Palestine Liberation Organization negotiated with the Jewish state.

The deal "brings us to the shores of peace," Abbas said in the holy city of Mecca, Saudi Arabia, where the factions have been meeting. "This initiative has been crowned with success."

Dubbed the Mecca Accord, the agreement emerged after two days of negotiations under the auspices of King Abdullah, a Sunni Muslim who is concerned by Shiite-dominated Iran's growing influence within the Palestinian territories through the money it has provided Hamas during the aid embargo. Leaders of the Saudi royal family lined the ornate palace meeting room with a view of the Grand Mosque for the announcement.

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Palestinian officials used the deal to appeal for an end to the partisan violence in the West Bank and Gaza Strip that has killed about 70 Palestinians since December, when Abbas threatened to call early general elections unless Hamas agreed to share power.

The disunity has undermined the Palestinian national movement as Abbas is preparing to meet Feb. 19 with Israeli Prime Minister Ehud Olmert and U.S. Secretary of State Condoleezza Rice to discuss ways of reviving the Palestinian-Israeli peace process. Palestinian leaders said the agreement, which gives Haniyeh five weeks to form a government, would begin closing those rifts.

"We will rebuild our Palestinian house on strong foundations," said Khaled Meshal, exiled leader of Hamas's political wing, who took part in the talks. "This agreement will be fully committed to before God."

After Hamas ended Fatah's long monopoly on political power last year, it invited Fatah to join its cabinet, but the secular nationalist party declined. Since then, party leaders have twice announced the formation of a national unity government, only to see the agreements collapse soon after.

The United States, the European Union, Russia and the United Nations -- the group of Middle East peace mediators known as the Quartet -- have demanded that Hamas recognize Israel, renounce violence and abide by previous agreements in return for resumption of aid that accounts for nearly half the Palestinian Authority's operating budget.

Miri Eisin, an Israeli government spokeswoman, said after the agreement was announced that "Israel expects the new Palestinian government to respect all three of the international community's principles." She declined to say whether Israeli officials view the agreement as meeting those conditions.

After the deal was announced, celebratory gunfire erupted in the Gaza Strip, the scene of much of the factional violence.

The agreement calls for Hamas to control nine government ministries, the most of any party, followed by Fatah with six.

Hamas agreed to cede control of such important portfolios as the foreign affairs and interior ministries. The latter controls some of the security services involved in the recent fighting. Hamas is to name an independent politician to be interior minister, and Fatah will choose an independent as foreign minister.

Palestinians To Form Unity Government (FT)

By Harvey Morris

Financial Times, February 9, 2007

Fatah and Hamas leaders meeting in Mecca signed a pact last night to form a power-sharing government, bowing to pressure from the Arab world to bury their differences for the sake of Palestinian unity and head off a looming civil war.

It was uncertain, however, whether Hamas had moved far enough towards meeting international demands that it recognise Israel to lift a boycott of the Palestinian Authority in force since the Islamists came to power in an election one year ago.

A statement read out in the Saudi holy city at the end of two days of talks between the rival factions said a new national unity government would respect past agreements made by the Palestinians.

Mahmoud Abbas, the PA's Fatah president, was earlier reported to have sought a stronger statement of Hamas's "commitment" to such agreements, signed when Fatah was in power and which recognise Israel.

Members of the international Middle East Quartet – the US, European Union, United Nations and Russia – had hoped for a more unequivocal indication that Hamas was abandoning its refusal to recognise Israel's right to exist.

Mr Abbas said the new government should "respect the resolutions of international law and the agreements signed by the Palestine Liberation Organisation" that he heads.

The PLO, dominated by Fatah but to which Hamas does not belong, recognised Israel as part of the Oslo peace accords that led to the establishment of the Palestinian Authority in 1994.

Miri Eisen, Israeli government spokeswoman, said shortly after the factions signed their accord in the presence of Saudi Arabia's King Abdullah: "Israel expects a new Palestinian government to respect and accept all three of the international community principles: recognition of Israel, acceptance of all former agreements and renunciation of all terror and violence."

In a statement to Associated Press, she did not say whether Israel believed the guidelines of the new government issued in Mecca fulfilled those demands.

Quartet reaction to the Mecca accord will set the tone for trilateral talks in Jerusalem next week at which Condoleezza Rice, US secretary of state, hopes to coax Mr Abbas and Ehud Olmert, Israeli prime minister, towards a revival of the defunct peace process.

Ismail Haniyeh, the PA's Gaza-based Hamas prime minister, predicted the international boycott would end. "This is the first step on the way to breaking the embargo on the Palestinian people under occupation," he said in Mecca.

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Even if last night's deal did not lead to an early lifting of the boycott, there were hopes in Gaza and the West Bank that it would at least defuse a factional conflict that has claimed dozens of lives in recent weeks.

Mr Abbas, who headed Fatah's delegation to the Mecca talks, threatened in December to decree fresh elections if no agreement on a national unity agreement were forthcoming. His ultimatum to Hamas sparked an increasingly violent series of confrontations between the two factions that raised fears of an all-out civil war.

The two delegations – Hamas was represented by Mr Haniyeh and Khaled Mashaal, its exiled leader – agreed to a distribution of cabinet posts. Salam Fayad, an independent former finance minister, is expected to return to a post in which he gained widespread respect among international aid donors.

Mr Haniyeh will remain as prime minister under the terms of the agreement. Hamas will receive nine portfolios and Fatah six. Mr Haniyeh will propose an independent as interior minister to replace the Hamas incumbent who has been in charge of a 5,000-strong militia involved in recent clashes with Fatah.

Ziad Abu Amr, an independent elected with Hamas support but subsequently estranged from the Islamists, was expected to serve as foreign minister.

Palestinian Factions Reach Deal (USAT/AP)

USA Today, February 9, 2007

MECCA, Saudi Arabia (AP) — Rival Palestinian factions signed a power-sharing accord aimed at ending months of bloodshed Thursday, agreeing that the Islamic militant group Hamas would head a new coalition government that would "respect" past peace agreements with Israel.

However, the United States and Israel have demanded the new government explicitly renounce violence, recognize Israel and agree to uphold past peace accords. The vague promise to respect past deals — a compromise reached after Hamas rejected pressure for more binding language — was not seen as going far enough.

U.S. and Israeli acceptance is crucial to the deal's success. Unless they are convinced Hamas has sufficiently moderated, the West is unlikely to lift a crippling financial blockade of the Palestinian government, and it will be difficult to advance the peace process.

"Israel expects a new Palestinian government to respect and accept all three of the international community principles — recognition of Israel, acceptance of all former agreements and renunciation of all terror and violence," Israeli government spokeswoman Miri Eisin told the Associated Press after the accord was announced.

She would not say whether Israel believes the guidelines of the new government fulfill those demands.

In Washington, State Department deputy spokesman Tom Casey said "we'll see what any final agreement actually looks like and we'll have to make an evaluation from there" whether it meets international demands.

Also riding on the agreement's success are Palestinian hopes to avert an outright civil war. Hamas and Fatah gunmen have clashed repeatedly in recent months, killing dozens — including 30 who died in four days of fighting that ended with a fragile truce Sunday. The deal could also fall apart as the two sides work out who will fill sensitive posts in the new government — particularly the interior ministry, which controls security forces.

Saudi Arabia — which put its credibility on the line by hosting the high-profile summit in the holy city of Mecca — will likely now face the task of selling the agreement to its ally, the United States.

Palestinian President Mahmoud Abbas, of Fatah, and Hamas leader Khaled Mashaal headed two days of intense negotiations in a Mecca palace overlooking the Kaaba, Islam's holiest shrine — a venue Saudi Arabia chose to step up the pressure on the two sides to compromise.

Much of the negotiations centered on a single word. Abbas pressed Hamas to accept the stronger stance of "committing to" past peace accords. But in the end, he was forced to settle with the promise to "respect" them.

The final agreement was announced at a ceremony aired live on Arab television Thursday night, in which Saudi King Abdullah sat with Abbas on his right and Hamas leader Khaled Mashaal on his left.

Abbas aide Nabil Amr read a letter from Abbas proclaiming the accord and asking Prime Minister Ismail Haniyeh of Hamas to form the new coalition government within five weeks, divvying up Cabinet posts between the factions according to a formula agreed on in the Mecca talks.

The letter said the new government would "respect" past peace deals signed with Israel by the Palestine Liberation Organization, dominated by Fatah.

Still, Abbas and Mashaal insisted the agreement would bring peace between their factions and lavished praised on the Saudi monarch for his help — even comparing him to the Prophet Muhammad in his ability to bring reconciliation.

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Abbas said the deal would "satisfy our people ... and bring us to the shores of peace ... This initiative has been crowned with success."

Mashaal vowed the accord would put an end to violence after a series of truces between Fatah and Hamas gunmen that collapsed. "I tell those who fear that the fate of this agreement will be the same fate of the old ones, ...we have pledged our allegiance to God from this sacred place .. and we will go back to our country fully committed to it."

"I say to our young people that this is an agreement of the leadership of the biggest groups and none of you should accept any order from others to fire," he said.

In Gaza City, celebratory gunfire was heard for more than an hour after the accord was announced. Residents expressed hope it would mean an end to the violence and the financial boycott, imposed by the West after Hamas came to power following January 2006 elections.

"We've been holding our breath. God willing, this is a permanent agreement, not a temporary truce. We hope this will lead to lifting the siege," said Mahmoud Qassam, a fish seller watching the ceremony at his home in Gaza City's Shaati refugee camp, meters (yards) from Haniyeh's home.

A first test of international acceptance of the deal could come on Feb. 19, when Israeli Prime Minister Ehud Olmert, Abbas and Secretary of State Condoleezza Rice are due to meet in Jerusalem for talks intended to revive peace negotiations.

If the West does not back the new government and refuses to lift the boycott, it could put a strain on the fragile peace between Hamas and Fatah.

The deal could also fall apart over the formation of the government — particularly over the issue of who will fill the vital post of interior minister, which would control the security forces. Under the agreement, the post will go to an independent, since Hamas and Fatah were each reluctant to see the other faction hold the ministry.

Hamas must propose the candidate for approval by Abbas, and it did not appear that the two sides have settled on a name.

Under the agreement, Hamas will get nine Cabinet posts, including the prime minister position. Fatah gets six, and other factions get four. Besides the interior ministry, independents will get the foreign ministry and planning ministry.

"There are many details that still need to be worked out after this agreement, including the interior minister and marketing the agreement to the international community," said Abdel-Rahman Zaydan, a member of the Hamas delegation. "The Saudis will be part of this effort."

Abbas had asked Saudi Foreign Minister Saud al-Faisal to sound out the Americans on whether "respect the accords" is acceptable, a Fatah delegate said, speaking on condition of anonymity because of the sensitivity of the diplomacy.

To boost the new government, the kingdom promised $1 billion in aid to the Palestinians, Ahmed Youssef, a political adviser to Hanyieh, said in Gaza.

Hamas, Fatah Make Peace (WT/AP)

By Mohammed Daraghmeh

The Washington Times, February 9, 2007

MECCA, Saudi Arabia -- Rival Palestinian factions signed a power-sharing accord aimed at ending months of bloodshed yesterday, agreeing that the Islamist militant group Hamas would head a new coalition government that would "respect" past peace agreements with Israel.

However, the United States and Israel have demanded the new government explicitly renounce violence, recognize Israel and agree to uphold past peace accords. The vague promise to respect past deals -- a compromise reached after Hamas rejected pressure for more binding language -- did not appear to go far enough.

U.S. and Israeli acceptance is crucial to the deal's success. Unless they are convinced Hamas has sufficiently moderated, the West is unlikely to lift a crippling financial blockade of the Palestinian government, and it will be difficult to advance the peace process.

"Israel expects a new Palestinian government to respect and accept all three of the international community principles -- recognition of Israel, acceptance of all former agreements and renunciation of all terror and violence," Israeli government spokeswoman Miri Eisin said after the accord was announced.

She would not say whether Israel thinks the guidelines of the new government fulfill those demands.

In Washington, State Department deputy spokesman Tom Casey said "we'll see what any final agreement actually looks like and we'll have to make an evaluation from there" as to whether it meets international demands.

Palestinians hope the agreement will avert an outright civil war. Hamas and Fatah gunmen have clashed repeatedly in recent months, killing dozens -- including 30 who died in four days of fighting that ended with a fragile truce Sunday. The deal

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could fall apart as the two sides work out who will fill sensitive posts in the new government -- particularly the interior ministry, which controls security forces.

Saudi Arabia -- which put its credibility on the line by hosting the high-profile summit in the holy city of Mecca -- will likely now face the task of selling the agreement to its ally, the United States.

To boost the new government, the kingdom promised $1 billion in aid to the Palestinians, Ahmed Youssef, a political adviser to Prime Minister Ismail Haniyeh of Hamas, said in Gaza.

Palestinian Authority President Mahmoud Abbas of Fatah and Hamas leader Khaled Mashaal headed two days of intense negotiations in a Mecca palace overlooking the Kaaba, Islam's holiest shrine.

Much of the negotiations centered on a single word. Mr. Abbas pressed Hamas to accept the stronger stance of "committing to" past peace accords with Israel signed by the Fatah-dominated Palestine Liberation Organization. But in the end, he was forced to settle for the promise to "respect" them.

A Hamas official appeared to suggest the movement was betting on a U.S. rejection but European and Arab support.

"I believe this agreement could be accepted by the European Union. We have had talks with European parties who say such an agreement could be accepted," Nasser Shaer, deputy prime minister in the outgoing government, said in Ramallah.

Asked if the deal met U.S. and Israeli demands, Mr. Shaer said: "With Israel? No. America has its own scenario ... we are betting on assistance from Arab countries. Saudi Arabia as well as other Arab states could help sell this agreement."

The final agreement was announced at a ceremony aired live on Arab television last night, in which Saudi King Abdullah sat with Mr. Abbas on his right and Mr. Mashaal on his left.

Abbas aide Nabil Amr read a letter from Mr. Abbas proclaiming the accord and asking Mr. Haniyeh of Hamas to form the new coalition government within five weeks, divvying up Cabinet posts between the factions according to a formula agreed on in the Mecca talks.

Mr. Abbas and Mr. Mashaal insisted the agreement would bring peace between their factions and lavished praise on the Saudi monarch for his help.

Mr. Abbas said the deal would "satisfy our people ... and bring us to the shores of peace. ... This initiative has been crowned with success."

Mr. Mashaal vowed the accord would put an end to violence after a series of truces between Fatah and Hamas gunmen that collapsed.

"I tell those who fear that the fate of this agreement will be the same fate of the old ones, ... we have pledged our allegiance to God from this sacred place ... and we will go back to our country fully committed to it."

In Gaza City, celebratory gunfire was heard for more than an hour after the accord was announced. Residents expressed hope it would mean an end to the violence and the financial boycott, imposed by the West after Hamas came to power following January 2006 elections.

Israeli Hospital Treats Palestinian Fighters (WT)

By Joshua Mitnick

The Washington Times, February 9, 2007

ASHKELON, Israel -- The wounded in the bitter Palestinian struggle between Hamas and Fatah fall in the dusty streets of Gaza, but it is to an Israeli hospital in this nearby coastal city that many are brought for treatment.

Officials at Ashkelon's Barzilai Medical Center say there is no political calculation behind the decision to take in the Palestinian wounded, who were arriving at a rate of several a day before the factions struck a deal in Saudi Arabia yesterday.

But when the father of a wounded security officer from Palestinian Authority President Mahmoud Abbas' Fatah faction tells a reporter that he wants "to say thank you to all of the people of Israel," it seems that the center's work is changing at least some hearts and minds.

The expression of warmth toward Israel came from Abdel Hamin Odeh, father of Adel Odeh, a Fatah fighter who was brought to Barzilai suffering a critical leg wound. By this week, he was shuffling gingerly though the halls with the help of a walker.

Mr. Odeh had first been taken to the Palestinian Al Quds Hospital in Gaza City, said the gunman's father, Abdel Hamin Odeh. "They took care of him, but not very well."

Barzilai's chief medical director, Ron Lobel, says the Israeli hospital has treated 124 patients from the Gaza Strip in the past year.

"We don't know if it's Hamas or Fatah, we don't know if they are civilian or armed forces, we just know they are injured," said Dr. Lobel. "It's something normal, between hospitals."

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Sitting alongside the neighboring bed, Rafat Shelieh gestured toward his younger brother, Abdallah, who was waiting to schedule his third operation since arriving at Barzilai on Feb. 1.

"He would have lost a leg," Rafat Shelieh said. "The treatment is a thousand times better here than in Gaza."

Abdallah Shelieh, a 25-year-old policeman from a Fatah family, lifted his hospital gown and pointed to the bullet wounds caused by Hamas gunmen who assaulted his home in the Jabaliya refugee camp two weeks ago.

There was one wound on the right side of his rib cage, another in the right shoulder, and two in the right leg, one high and one low.

"I was defending my house," said Abdallah Shelieh, describing a daylong battle that left him wounded and bleeding inside the house for nearly seven hours. "I fired on them for about 15 minutes."

Although the hospital insists it does not discriminate between factions, most of the wounded Palestinians it receives have come from Fatah, in part because border background checks by the Israeli secret service seem to have shut out Hamas members.

Fatah officers such as Abdallah Shelieh, meanwhile, have been avoiding Gaza City's main facility, Shifah Hospital, for fear of Hamas security forces who have set up military positions on the roof and in their own wing of the hospital.

Medical services in Gaza are further hobbled by a lack of supplies -- including blood -- and surgical knowledge to handle the wounded, said a Shifah hospital official.

Despite hopes that yesterday's agreement in Mecca, Saudi Arabia, will put an end to the flow of wounded Palestinians, Adel Odeh held out little hope that the deal would last.

"There won't be peace between Hamas and Fatah," he said. "I know both of them, and neither of them likes the other."

The recent bloodshed will only intensify those grudges, said Rafat Shelieh, who denigrated Hamas leader Khaled Mashaal and disparaged the Islamic militants as not sophisticated enough to run the government.

With his home destroyed and a brother laid up in the hospital, he said he also was not optimistic about the chances for reconciliation.

"My heart is gone. They should be afraid of me. Not the other way around," he said. "Everything in the house is gone. I only have the jacket and clothes on my back. Will I forget that?"

Will Palestinians Take The Second Step? (LAT)

The Los Angeles Times, February 9, 2007

THE AGREEMENT between Palestinian factions reached in Mecca, Saudi Arabia, on Thursday is welcome even if it accomplishes nothing more than an end, for now, to fratricidal violence in the Gaza Strip. It remains to be seen whether the agreement between Fatah and Hamas will bring something more — an improvement in their material condition.

That additional blessing depends on whether Hamas is willing to join Fatah and its leader, President Mahmoud Abbas, in recognizing the state of Israel. While the rivalry between Hamas and Fatah manifests itself in multiple ways, the difference between the two movements that matters to the outside world — including European and American donors — involves the Jewish state.

Simply put, Abbas is willing to accept the reality of Israel even as he complains about the hardships Israelis have visited on his people. Hamas, the terrorist group/political party of Palestinian Prime Minister Ismail Haniyeh, so far has been willing only to dangle the possibility of a hudna, or 10-year truce. That's not good enough.

When the United States suspended aid to the Palestinian Authority after Hamas prevailed in parliamentary elections, Washington conditioned a resumption of aid on three commitments: accept Israel's right to exist, renounce violence and agree to abide by past agreements with Tel Aviv.

Thursday's agreement, brokered by a newly assertive Saudi Arabia, does direct the Hamas-led government to "respect international resolutions and the agreements signed by the Palestine Liberation Organization" — with Israel, that is. That's a good sign. But before Europe and the U.S. provide further assistance, the government must acknowledge Israel's right to exist.

That right is enshrined in U.N. Security Council Resolution 242, passed after the 1967 Arab-Israeli war and repeatedly reaffirmed, calling for a "just and lasting peace in which every state in the area can live in security." Palestinians and other Arabs like to cite other language in 242 calling for the "withdrawal of Israeli armed forces from territories occupied in the recent conflict," but the two concepts — Israeli withdrawal and Israeli security — are intertwined.

After years of equivocation, the late Yasser Arafat finally acknowledged that reality, setting in motion a process that produced the Palestinian Authority and the endorsement by the U.S., Russia, the U.N. and the European Union of a "two-state solution" in which Israel and a Palestinian state would exist side by side. Abbas recognizes Israel's right to exist (and with more credibility than Arafat enjoyed), but Hamas has held out.

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That must change. It isn't enough for Hamas to "respect" past agreements or to hint that it now embraces a document drawn up by Palestinian prisoners last summer that seemed to endorse a two-state solution. A Palestinian "unity" government that can't unite on this question will remain suspect in the eyes of some of the countries that can most help the Palestinian people.

Israeli Official Faults Egypt Over Arms Flow Into Gaza (WP)

By Glenn Kessler

The Washington Post, February 9, 2007

A senior Israeli official yesterday accused Egypt of failing to halt arms smuggling into Gaza, thus bolstering the militant group Hamas at the expense of the Palestinian leadership supported by the United States.

The comments, by Israeli Public Security Minister Avi Dichter, reflect the increasing frustration of Israeli officials that Hamas has been able to increase its grip on the Gaza Strip since Israel withdrew its troops in 2005. Egypt at the time agreed to monitor the six-mile border between Gaza and the Sinai Peninsula, but hundreds of rockets have fallen on Israeli population centers from Gaza.

"There is no doubt that Egypt is not doing enough," Dichter told a group of reporters, asserting that "tens of tons" of explosives are being smuggled. "I am sure that if Egypt decides to block this flow of smuggling, they can do it, 100 percent."

Some Israeli officials said they suspect that Egypt is playing a double game -- officially supporting Palestinian Authority President Mahmoud Abbas in his struggle with Hamas while hedging its bets because Hamas is an offshoot of the Muslim Brotherhood, an Islamic group with growing political strength in Egypt.

Egypt has publicly supported U.S. efforts to strengthen the security forces loyal to Abbas. It has also discreetly shipped arms to Abbas's forces.

Dichter, noting that he does not believe the Egyptian government itself is engaging in smuggling, declined to speculate on the reasons why Egypt has not halted the flow of arms into Gaza. "It is very easy to be done. It is a matter of determination," he said. "There is no doubt it strengthens the terrorist organization."

Dichter said that he had raised the problem in talks with Bush administration officials this week.

Egyptian Ambassador Nabil Fahmy rejected Dichter's comments as inaccurate and untrue. He said most of the weapons that enter Gaza are either smuggled through Israel's black market or over the sea along Gaza's coast.

"They should control their own market, frankly," Fahmy said. He added that when Israel occupied the Gaza Strip, "they were not able to prevent smuggling 100 percent."

Fahmy said that Egyptian forces in the Sinai are limited in size under the Camp David accords, though the level was increased to 750 troops in an agreement with Israel after the Gaza withdrawal. The problem has been exacerbated, he said, by a lack of policing on the Gaza side of the border. "There is a good-faith effort to try to control the smuggling," Fahmy said.

Bush To Meet With Former Lebanese President Gemayel (AFP)

AFP, February 9, 2007

US President George W. Bush is to meet with former Lebanese president Amin Gemayel and affirm US support for a "sovereign and democratic" Lebanon as the country is locked in political crisis, the White House said.

"We'll be demonstrating US commitment to a sovereign and democratic Lebanon, and express sympathy, again, on behalf of the president and the American people, for the assassination of Mr. Gemayel's son, Pierre Gemayel," said Bush's spokesman, Tony Snow.

Pierre Gemayel, the industry minister in Prime Minister Fuad Siniora's pro-Western government, was killed on November 21 in Beirut by unknown assailants.

His father, who served as president of Lebanon from 1982 to 1988, after the assassination of his newly elected brother Bashir, views neighboring Syria as the prime suspect in his son's death.

Bush has voiced unwavering support for Siniora's beleaguered government, which since mid-November has faced stiff opposition led by the radical Islamic militia Hezbollah.

The US president accuses Syria and Iran, branded foes by his administration, of backing Hezbollah in an attempt to topple the elected government.

Bush's meeting with Gemayel comes two days after the Lebanese government and the United Nations signed an agreement to set up an international court to try the suspected killers of another Lebanese leader, former premier Rafiq Hariri.

The creation of the tribunal requires approval by Lebanon's divided parliament, amid a political crisis teetering toward what many see as civil war.

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Lebanese PM Protests Over Israeli 'incursion' (FT)

By Harvey Morris

Financial Times, February 9, 2007

Fouad Siniora, the Lebanese prime minister, on Thursday protested that Israel had violated his country's sovereignty in an incident that led to the first cross-border exchange of fire since last year's war.

The Israeli military said it returned fire after the Lebanese army fired warning shots towards an Israeli army bulldozer searching for explosive devices on the border. There were no casualties in the brief exchange.

Israel acknowledged that its bulldozer had crossed the border fence but insisted it was operating inside Israeli territory. The search had been mounted after four devices were discovered this week. The Israeli military said it believed they were planted by Hizbollah, the Lebanese Islamist movement that fought a month-long war with Israel last summer. Hizbollah says the explosives were placed there before last year's war and are not new.

The exchange of fire was the most serious incident since then and the first involving the Lebanese army since it took over Hizbollah positions in the wake of Israel's withdrawal.

Mr Siniora, whose pro-western government is being challenged by Hizbollah, ordered the army to continue confronting Israeli incursions into Lebanese territory, according to a statement by the country's news agency. The Lebanese army's apparent willingness to challenge Israel may boost its credibility domestically, one pro-government MP said.

A 12,000-strong force of the UN Interim Force in Lebanon (Unifil) is based in southern Lebanon alongside some 15,000 Lebanese soldiers as part of last year's ceasefire.

Despite the large neutral presence on the Lebanese side of the border, Israel is concerned at any indication that Hizbollah may be trying to re-establish itself militarily in the south.

Amir Peretz, the Israeli defence minister, said after a meeting with his security chiefs that Israel did not seek an escalation along the border with Lebanon but its forces would return fire when fired on.

"Unifil forces and the Lebanese army are fulfilling their roles, and we intend to continue to operate within the political and regulatory framework established in recent months," Mr Peretz said. He added, however: "There is no intention of returning to the policy of looking the other way on Lebanon."

The Israeli daily Yedioth Ahronoth said Unifil handed the Israeli army parts of explosive charges found near the border so that experts could determine whether they were placed at the time of the war or more recently.

¦ The Lebanese army on Thursday night seized a major arms shipment for Hizbollah in a truck near Beirut, writes Ferry Biedermann in Beirut. Hizbollah in a statement acknowledged that the weapons and munitions were meant for its fighters in the south of Lebanon and demanded the return of the intercepted shipment.

According to the army, the weapons included Grad rockets of the type that Hizbollah fired at Israel during the war last summer.

Hizbollah said that the truck was on its way from Lebanon's eastern Bekaa Valley, which borders Syria, and that it was seized by Lebanese customs officials. But Defence Minister Elias Murr said on Lebanon's LBC television station that the shipment originated from within Lebanon.

Israel and the US have accused Syria repeatedly of being a conduit for rearming Hizbollah, in breach of UN Security Council resolution 1701 that ended last summer's war.

Lebanese Premier Pins Stability On Secure Border, Regional Talks (WSJ)

By Jay Solomon

The Wall Street Journal, February 9, 2007

BEIRUT, Lebanon -- The day after a military skirmish between Lebanese and Israeli troops, embattled Lebanese Prime Minister Fuad Siniora vowed in an interview to buttress defense of his nation's 49-mile border with Israel as part of a broader initiative to restore stability to Lebanon.

Mr. Siniora said Beirut welcomes recent efforts by Saudi Arabia and Iran to facilitate a regional dialogue toward resolving Lebanon's political crisis, which pits his government against the Shiite Muslim militia and political party Hezbollah. The Lebanese leader also said a consensus must be built in the Middle East to press ahead with an international tribunal to identify and try the assassins of former Lebanese Prime Minister Rafik Hariri, who was killed by a bomb in downtown Beirut nearly two years ago.

"What we are after...is to know" who committed the crime "to prevent attacks in the future," Mr. Siniora said in his office, which Hezbollah supporters have placed under a virtual siege for nearly three months. "We are very much committed to protecting the democracy and the liberties and freedom of the Lebanese."

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Mr. Siniora spoke less than a day after Lebanese soldiers exchanged fire with Israeli troops stationed across from the Lebanese town of Maroun el-Rass. In the interview, the prime minister accused the Israeli military of violating Lebanon's border by dispatching a bulldozer on an explosives-clearing mission across the United Nations-designated "blue line" that divides the countries. The Lebanese Army fired at the bulldozer after it ignored warnings to pull back, Mr. Siniora said. He said the Israelis should have worked through the U.N. peacekeeping force that has been granted an expanded mandate to police the border since a cease-fire ended last summer's war between Hezbollah and Israel.

"We gave clear instructions to the army to stop [the Israelis] passing the blue line," Mr. Siniora said, adding, "It's a matter of principal" that Israel defer to the U.N.

The Israeli Defense Forces denied yesterday that its troops crossed the blue line. The IDF said it engaged in a justified operation to clear mines laid by Hezbollah on Israel's side of the line. The IDF also said it had asked the U.N. to alert the Lebanese military that the operation posed no threat to its troops. "The IDF will continue to act whenever necessary in order to protect the full sovereignty of the State of Israel while strengthening its security arrangements in the north," it said in a statement.

Officials from the U.N. Interim Force in Lebanon have said in recent months that Israel regularly violates terms of the summer cease-fire by flying jets and drones in Lebanese airspace. Liam McDowell, a Unifil spokesman, told the Associated Press yesterday that his organization is investigating whether Israeli troops had crossed the blue line.

The incident came as Mr. Siniora's government seeks an agreement with Hezbollah and its political allies. Hezbollah pulled its ministers from Mr. Siniora's government in November to protest what it claims was his effort to push on with establishing an international court to try the Hariri case without Hezbollah's consent. Since then, Hezbollah has threatened to topple the government.

The crisis has sparked sectarian tensions, including riots last month that pitted Hezbollah's Shiite supporters against Mr. Siniora's largely Sunni Muslim base. Many in Lebanon fear the situation could spark a return to civil war.

Mr. Siniora's government is supported by the U.S., France and Saudi Arabia, while Hezbollah gets arms and funding from Iran and Syria. In recent weeks, Saudi Arabia and Iran have engaged in a regional dialogue to try to broker a political settlement in Lebanon and in the Palestinian territories, an effort Mr. Siniora said could help stabilize the region.

Saudi Arabia's national-security adviser, Prince Bandar, traveled to Tehran to meet with Iranian officials last month. Saudi Arabia's King Abdullah is hosting leaders of Hamas and Fatah -- the Palestinian parties wrestling for control -- in the holy city of Mecca this week to try to forge a settlement.

"There are real contacts being made," Mr. Siniora said. Still, he said he doesn't see Lebanon's political standoff being resolved until there is an agreement on the Hariri court. Hezbollah and its allies say they support the government's efforts to capture and prosecute the killers. They also say they object to some of the legal statutes created by the U.N. and Beirut to govern the court.

This week, the U.N. Security Council formally endorsed language governing the establishment of the tribunal and is waiting for Beirut to do the same. Mr. Siniora said the failure of Hezbollah and its allies to provide clear recommendations for changing the language has made his government lack the confidence "that they really want it."

N. Korea Talks Resume With 'Fresh' Hope (WP)

By Edward Cody

The Washington Post, February 9, 2007

BEIJING, Feb. 8 -- Six-nation talks on dismantling North Korea's nuclear weapons program resumed Thursday, buoyed by signs that North Korea is ready to return to serious negotiations.

The Chinese chief negotiator and host, Vice Foreign Minister Wu Dawei, suggested there were hopes of breaking a long stalemate that has led to questions about the future of the talks, which have been grinding away, off and on, since August 2003. At a formal opening session, he qualified the new round as a "fresh start" made possible by agreements reached last month in separate discussions in Berlin between U.S. and North Korean diplomats.

"These results provide a more solid basis for this session," Wu said.

The last round of the Chinese-sponsored talks broke up in failure Dec. 22 after North Korea's top nuclear negotiator, Kim Gye Gwan, refused to engage in formal discussions about his country's nuclear weapons. He said nothing could be done on the nuclear front until resolution of a U.S.-North Korean financial dispute centering on a Macau bank accused of laundering illicit money from North Korea.

U.S. and North Korean banking officials have held two sessions of separate negotiations on the banking standoff. Although there has been no announcement indicating that the issue has been resolved, North Korean leaders apparently have decided that the exchanges show enough promise that they can resume discussing the nuclear problem.

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The chief U.S. delegate, Assistant Secretary of State Christopher R. Hill, said Thursday evening that the North Korean attitude appeared different from the balk in December. During Thursday's talks, Hill said, Kim displayed a willingness to negotiate that augured well for chances of making progress at least on some preliminary steps.

Kim said on his arrival that he came prepared to discuss the first steps in what the Bush administration hopes will be a gradual but irreversible program to eliminate North Korea's nuclear weapons and dismantle the facilities that produce fuel for the bombs. But he also made clear that agreement remains a distant goal.

In remarks to reporters, Kim said his willingness to negotiate depends on what the United States is willing to concede in return. Without citing specifics, he said the Bush administration must abandon its "hostile policy" and embrace "peaceful coexistence." The United States knows North Korea's requirements for reaching a first-step agreement, he added.

According to two U.S. nuclear experts who spoke with Kim last week in Pyongyang, North Korea's capital, the requirements include supplies of heavy fuel oil, resolution of the banking dispute, help in building civilian nuclear reactors and normalization of relations with the United States. In exchange, the experts said they were told, North Korea would be ready to freeze its Yongbyon reactor and allow the return of international nuclear inspectors to some North Korean facilities.

In an agreement in principle reached in September 2005, North Korea pledged to dismantle its entire nuclear program in return for economic aid and normalization of relations with the United States. That accord was hailed as a major step forward. The negotiations have stalled since then, however, on what steps should be carried out, and in what sequence, to put that pledge into practice.

In a measure of the difficulty, when the talks began more than three years ago they were designed to prevent North Korea from developing nuclear weapons, and that was the context in which the September 2005 accord was reached. Since North Korea set off a nuclear test explosion last October and declared itself a nuclear power, the emphasis has shifted to persuading the Pyongyang government to get rid of nuclear weapons it says it already has and to stop producing material to make more.

U.S. officials have said their intelligence indicates that North Korea has accumulated enough plutonium to fuel as many as 10 nuclear weapons and that its main facility, at Yongbyon, is producing more. In addition, U.S. officials have said North Korea has a separate uranium enrichment program to produce more weapons material, which Pyongyang denies.

In addition to North Korea, China and the United States, the talks involve South Korea, Russia and Japan.

N. Korea Talks Resume On Positive Note (AP)

By Burt Herman

AP, February 9, 2007

South Korea's nuclear envoy said Friday that a Chinese draft agreement — with North Korea accepting in principle the initial steps for its disarmament — offered a good start for discussion. But the main U.S. envoy said there was still much work to do.

Envoys from six nations are trying to agree on steps to implement a September 2005 deal in which North Korea pledged to disarm in exchange for aid and security guarantees. The 2005 deal — the only one to emerge since negotiations began in 2003 — was a broad statement of principles that did not outline any concrete steps for dismantling North Korea's nuclear program.

"It's good as a basis for negotiations, but I don't want to predict whether there will be smooth negotiations," South Korea's Chun Yung-woo told reporters Friday ahead of the second day of talks in Beijing. He declined to give any details of what the draft contained.

U.S. Assistant Secretary of State Christopher Hill gave no details on the draft, but said Friday he was anxious for progress in the slow-moving negotiations.

"We haven't discussed it yet but that is what we will be doing first thing this morning ... In these processes you often start discussing things and you move to the written form and that is always a challenge," he told reporters.

The Chinese presented the draft after the first day of meetings Thursday, during which the North agreed in principle to take initial steps toward its eventual nuclear disarmament.

A South Korean official, speaking on condition of anonymity because of the ongoing diplomacy, said China circulated a draft proposal. The official gave no details, but other delegates said earlier that the agreement would outline initial steps for implementing the 2005 accord.

Such an agreement would set the stage for the first tangible steps in more than three years of negotiations.

In his comments Thursday, Hill said that the new proposal would be "a set of actions that would have to be taken in a finite amount of time." He declined to give specifics, but said moves would occur in a matter of weeks.

"The delegations are coalescing around some of the themes that we believe should be the basis for a first step in implementing" the 2005 agreement, he added.

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Secretary of State Condoleezza Rice said in Washington she was "cautiously optimistic" that the implementation of the agreement could begin.

At the last round of talks in December, in the wake of North Korea's Oct. 9 underground nuclear test, the communist nation refused even to talk about its nuclear programs. Instead, Pyongyang demanded the U.S. lift financial restrictions targeting alleged North Korean counterfeiting and money laundering.

Since then, the U.S. and North Korean nuclear envoys held an unusual one-on-one meeting in Germany last month where differences between the sides were apparently discussed, although no details of any concessions have been made public. Pyongyang and Washington held separate talks in Beijing late January on the financial issue, although it has yet to be resolved.

Unlike in the December talks, negotiators Thursday "were able to make progress in discussing denuclearization," Hill said.

The North's chief negotiator had said before the talks began that his country was "prepared to discuss first-stage measures" toward nuclear disarmament.

"We are going to make a judgment based on whether the United States will give up its hostile policy and come out toward peaceful coexistence," Kim Kye Gwan said on arriving in Beijing for the meeting at a Chinese state guesthouse.

American experts who visited Kim in Pyongyang last week said North Korea would propose a freeze of its main nuclear reactor and a resumption of international inspections in exchange for energy aid and a normalization of relations with Washington.

The North, which suffers from chronic power shortages, is also seeking electricity supply or an annual import of at least half a million tons of heavy fuel oil — the amount it had been promised under a Clinton-era denuclearization deal with the U.S.

North Korea and the U.S. agreed in 1994 for Pyongyang to freeze its plutonium-based nuclear reactor in exchange for energy aid. The North promised to eventually dismantle the facility following construction there of two light-water nuclear reactors for electricity — a type more difficult to divert for weapons use.

However, that deal fell apart in late 2002 after Washington accused North Korea of a secret uranium enrichment program. The North expelled international inspectors and restarted its reactor, and is believed to have amassed enough radioactive material for at least a half-dozen bombs.

The six-nation talks — involving China, Japan, Russia, the U.S. and the two Koreas — began in August 2003, but the North has twice boycotted them for more than a year. The latest was over a U.S. decision to blacklist a Macau bank where the North held accounts, saying it was complicit in the regime's alleged counterfeiting and money laundering.

Rice 'Optimistic' Over Nuke Talks (WT)

By Nicholas Kralev

The Washington Times, February 9, 2007

Secretary of State Condoleezza Rice said yesterday that she is "cautiously optimistic" that initial progress can be made at six-nation negotiations aimed at ending North Korea's nuclear-weapons programs, as talks resumed hours earlier in Beijing.

The Chinese hosts circulated a joint statement draft outlining the first steps Pyongyang must take, as well as reciprocal gestures by the United States and the other participants, diplomats said.

"The six-party talks have reconvened in Beijing just as we speak, and I think we are cautiously optimistic that there may be some movement forward," Miss Rice said during testimony on the 2008 budget request before the Senate Foreign Relations Committee.

At the same time, she said she does not count her "chickens until they are hatched."

Kim Kye-gwan, the chief North Korean negotiator, said in the Chinese capital that his delegation was "prepared to discuss first-stage measures" toward disarmament. But he also repeated a refrain the North has been using since President Bush took office in 2001.

"We are going to make a judgment based on whether the United States will give up its hostile policy and come out toward peaceful coexistence," he said, adding that Washington was "well aware" what it had to do.

Still, U.S. and other officials said the first day of the talks went well, unlike the last round in December, when U.S. financial sanctions on the North reportedly were cited by Mr. Kim as an obstacle to progress on the nuclear issue.

"We had a good first day today," Christopher Hill, the top American negotiator, told reporters in Beijing. "We hope we can achieve some kind of joint statement here."

Mr. Hill, assistant secretary of state for East Asian and Pacific affairs, met with Mr. Kim over three days in Berlin last month, after which the North said they had agreed on some of the outstanding issues.

Last week, Treasury officials held talks with a North Korean delegation in Beijing on the financial penalties, which involved freezing the North's assets in a Macau bank, apparently to the partial satisfaction of Pyongyang.

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Washington imposed the restrictions in fall 2005, saying the funds were associated with illicit activities, such as money laundering and counterfeiting U.S. dollars.

The draft proposed by China yesterday builds on a joint statement all six countries -- the United States, China, Japan, Russia, South and North Korea -- signed in September 2005, which described the denuclearization of the Korean Peninsula as their goal, diplomats said.

In exchange for scrapping its nuclear-weapons programs, the North is expected to receive economic and political incentives, such as energy and possibly diplomatic relations with the United States.

Last week, U.S. specialists met in Pyongyang with Mr. Kim, who said North Korea wanted heavy fuel oil and light-water reactors, which it had received for freezing its program in 1994. Both projects were abandoned in 2002 after Washington said Pyongyang was secretly enriching uranium in violation of the deal, known as the Agreed Framework.

Draft Agreement Offered In North Korea Talks (LAT)

The Los Angeles Times, February 9, 2007

BEIJING — Talks on North Korea's nuclear weapons program resumed here Thursday, with China distributing a draft agreement that U.S. and South Korean envoys described today as offering a good start for discussions.

South Korean negotiator Chun Yung-woo and U.S. Assistant Secretary of State Christopher Hill declined to give any details of the draft.

Japan's Kyodo News agency reported today that the draft called for communist North Korea to suspend operations at its nuclear facilities at Yongbyon within two months in exchange for energy aid.

The agreement was drawn up after the first day of six-nation talks among the two Koreas, Japan, the United States, Russia and China.

South Korea's Yonhap news agency said China had proposed five working groups on North Korea's denuclearization, including one on normalizing ties between Pyongyang and Washington.

Yonhap said the one-page draft included timelines for the North's freezing of its key nuclear facilities, including its only operational 5-megawatt reactor, and for the other parties to supply aid and security guarantees.

Any agreement on an initial set of reciprocal moves to implement a September 2005 accord — in which North Korea pledged to disarm in exchange for aid and security guarantees — would set the stage for the first tangible steps in the often-delayed process.

The 2005 deal, a broad statement of principles that did not outline any concrete steps for dismantling North Korea's nuclear program, was the only agreement since the negotiations began in 2003.

Hill cautioned that much work remained.

"We have to sit down and make sure we agree on every word, every comma. It will be a long day," he said.

At the last session, in the wake of its Oct. 9 underground nuclear test, North Korea refused to even talk about its nuclear programs. Instead, it demanded that the U.S. lift financial restrictions targeting alleged North Korean counterfeiting and money laundering.

But the U.S. and North Korean nuclear envoys held an unusual one-on-one meeting in Germany last month where differences between the sides were apparently discussed. Pyongyang and Washington held separate talks in Beijing in late January on the financial issue, although it has yet to be resolved.

N. Korea Agrees To Initial Steps To Disarm (USAT)

USA Today, February 9, 2007

Talks on North Korea's nuclear programs resumed Thursday in Beijing, where China distributed a draft agreement and the North agreed in principle to initial steps to disarm. Envoys from six nations are working out details of a September 2005 deal in which North Korea pledged to disarm in exchange for aid and security guarantees. That deal was a broad statement of principles. The main U.S. envoy, Assistant Secretary of State Christopher Hill, said the new proposal would be "a set of actions that would have to be taken in a finite amount of time." He declined to give specifics.

Secretary of State Condoleezza Rice said in Washington that she was "cautiously optimistic" that implementation of the agreement could begin.

Iran warns U.S. of retaliation if attacked

Iran's supreme leader, Ayatollah Ali Khamenei, warned that his nation will strike U.S. interests around the world if Iran is attacked. The Bush administration has said it has no plans to strike Iran but has sent a second aircraft carrier to the Persian Gulf.

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Speaking to a gathering of Iranian air force commanders, Khamenei said: "The enemy knows well that any invasion would be followed by a comprehensive reaction to the invaders and their interests all over the world."

In Washington, State Department spokesman Tom Casey said dealings with Iran, and concerns about its nuclear program, are "focused on diplomacy."

British airports reopen after snowfall

Five British airports reopened after workers cleared runways of snow that had fallen up to 6 inches deep in some places. Stansted, Bristol, Birmingham, Luton and Cardiff airports all had reopened by midday. Heathrow, one of Europe's largest airports, remained open but reported 90 cancellations. Hundreds of other flights were canceled throughout the country.

National Rail experienced disruptions across its network, and the Highways Agency warned against all but essential travel. Subway service in London was canceled or delayed after the capital got an inch of snow. The cold interrupted a warm winter. January was Britain's mildest month in more than 90 years, said Wayne Elliott of the Met Office, the U.K.'s weather service.

Congress Urged To Increase Focus On Asia (WT)

By Richard Halloran

The Washington Times, February 9, 2007

The Congressional Research Service has waved a red flag in front of the new Congress, warning that America risks costly conflicts if it does not pay closer attention to the rise of China and other troubles in Asia.

A preoccupation with Iraq and the Middle East means the United States "is not sufficiently focused on the Asia-Pacific at a critical point in the evolution of what may prove to be a new era," says the report from the CRS, an arm of the Library of Congress.

The report says a failure to attend to a less than peaceful rise of China, tensions over Taiwan, and conflict on the Korean Peninsula "has the potential to embroil the United States in a large-scale war that could be very costly in terms of lives, wealth, power, and prestige."

Moreover, terrorist groups in Southeast and South Asia are "a key source of instability, a threat to U.S. forces and interests, and could serve as a catalyst for inter-state conflict," the document says.

The CRS, which describes itself as "the public policy research arm of the United States Congress," provides nonpartisan research and analysis on critical issues and works primarily for members of Congress and their staffs.

Its report echoes comments made last summer in a seminar at the East-West Center, a research and educational institute in Honolulu, where Asians and Americans alike criticized the Bush administration for neglecting Asia.

James Kelly, the assistant secretary who headed the East Asia division of the State Department during President Bush's first term, said: "There is an insufficient realization that Asia has become the center of gravity," meaning the focal point of political, economic and military power. "Policy and strategy toward East Asia," he said, "are not easy to discern."

Similarly, Stephen Bosworth, a former U.S. ambassador to the Philippines and South Korea, said that by 2009 when the next president takes office, power in Asia "will have shifted while we were not paying attention."

Other voices have cautioned that potentially damaging trends in Asia, especially in China, are being overlooked in the United States. Fred Bergsten, an economist and former senior Treasury official, said China's undervalued currency "could have a devastating impact on the global trading system."

"It is obvious that China is extremely reluctant to make the needed changes in its currency policy," he told a House committee two weeks ago. "It is equally obviously that U.S. efforts on the issue over the past three years ... have borne little fruit to date. A new U.S. policy is clearly needed."

The CRS study, written by analyst Bruce Vaughn, says: "The relative lack of attention to Asia comes at a time when the correlates of power are shifting not only with regard to China but elsewhere in Asia."

Therefore, it says, some Asian nations "are beginning to hedge against what they perceive as an increasingly distracted and insufficiently engaged American power."

"This perceived American vulnerability and uncertainty about America's future role in Asia is leading some Asian analysts to predict that the United States will enter into a 'new phase of inner absorption, if not increasing isolationism,' " the report says, quoting Singaporean scholar Eric Teo Chow Cheow.

The congressional researcher said Japan and Australia are seen as solid U.S. allies while the United States has "key strategic relationships" with Singapore, India, Taiwan and Indonesia.

Elsewhere, however, the United States and South Korea "are drifting apart" and Thailand prefers "equidistance" between the United States and China, it says. New Zealand has dropped out of its alliance with the United States and relations are tenuous with the Philippines, which is struggling with an Islamist insurgency in its south.

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US Congress Takes Aim At Tokyo Over Yen (FT)

By Eoin Callan, David Pilling, And Peter Garnham

Financial Times, February 9, 2007

Powerful House Democrats are pressing the Bush administration to persuade Tokyo to strengthen the yen, claiming the currency's weakness is bolstering Japanese imports at the expense of US manufacturers.

In a letter to Hank Paulson, US Treasury secretary, the House members alleged that Tokyo was pursuing a cheap currency to subsidise exporters and urged Mr Paulson "to press the Japanese government to reverse their weak yen policy".

The pressure from Democrats sets up a confrontation with the US Treasury secretary, who argues the yen's weakness reflects Japan's economic fundamentals rather than a deliberate policy of manipulation.

The former head of Goldman Sachs has moved to stiffen the Treasury's resistance to Congress over currency policy and is set to replace the key official responsible for working with Congress on international imbalances.

The Democrats want Mr Paulson to distance himself from Tokyo at the Group of Seven finance ministers meeting starting in Germany today. But he is likely to resist pressure from Congress and European leaders to single out Japan.

The accusation of currency manipulation confirms the fears of executives of Toyota that the company is facing a political backlash on Capitol Hill as it overtakes General Motors as the world's biggest carmaker.

Michigan Representative Sander Levin, chairman of the House trade subcommittee, told the Financial Times: "Japan is clearly following policies to maintain a weak yen."

The yen's fall continued on Thursday, down 0.4 per cent to Y121.20 against the dollar and 0.6 per cent to Y157.90 against the euro.

Japanese exports as a percentage of gross domestic product have – at 16 per cent – surpassed the levels of 1985 when Japan was forced to revalue under pressure from the US.

Takatoshi Ito, a member of the Japanese cabinet's council on fiscal and economic policy, said: "Japan has not intervened since March 2004 – not even oral intervention – so the ministry of finance is clean as market fundamentals push the yen weaker."

Tensions over the yen are set to be reflected in legislation drafted in the Senate on currency manipulation, analysts said.

Representative Barney Frank, chairman of the House Financial Services Committee, said: "This is directly tied to the administration's efforts to get trade promotion authority renewed. It cannot be the case that we will let the status quo go on."

Bush Plans Latin America Tour (AP)

AP, February 9, 2007

President Bush will leave next month on a five-nation tour of Latin America, the White House said Thursday.

Bush and first lady Laura Bush will visit Brazil, Uruguay, Colombia, Guatemala and Mexico from March 8 to 14.

"The trip will underscore the commitment of the United States to the Western Hemisphere and will highlight our common agenda to advance freedom, prosperity and social justice and deliver the benefits of democracy in the areas of health, education and economic opportunity," White House press secretary Tony Snow said.

Snow said immigration would be only one topic of the trip. In Brazil, for instance, Bush will be talking about energy independence and trade. In Bogota, Bush will be discussing Colombian President Alvaro Uribe's work to battle narcoterrorism .

"In Mexico, we're going to be supporting the president's efforts to address poverty, income equality, restoring law and order, fighting the common threats of drug trafficking and strengthening the economic relationship," Snow said.

Republican Candidates Weigh Agendas In Post-Bush Era (WSJ)

By John Harwood

The Wall Street Journal, February 9, 2007

FISCAL REALITY PINCHES 2008 candidate platforms.

In Detroit economic speech this week, Romney proposes only to extend Bush tax cuts rather than offer new ones. The ex-Massachusetts governor had contemplated lower top individual and corporate tax rates, but was deterred by lost revenue as more upper-middle-class taxpayers seek relief from alternative minimum tax.

On California fund-raising swing, Giuliani will huddle with Schwarzenegger, whose success as a Republican maverick offers a model for the former New York City mayor. Schwarzenegger has highlighted health and environmental issues.

At pep rally for potential donors, Clinton campaign presses backers to sign up as $25,000 "Hill-raisers" by end of next week.

SENATE REPUBLICANS AIM to split Democrats from liberal bloggers on Iraq.

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McConnell's insistence on Gregg's war-funding resolution aims to divide antiwar blogosphere from Democrats wary of cutting money for troops. Though squeeze is toughest on 2008 contenders, other Democrats may be forced to wrestle with it for months in votes on war appropriations.

Strain of the fight shows on Republicans' 2008 front-runner McCain, who has become testy amid quickening presidential maneuvers. House Democrats, moving to jump-start debate next week with simpler resolution opposing Iraq troop surge, expect 30 Republicans to defect from Bush.

BUSH HEADS to Chávez's backyard.

In March trip, the president will hopscotch Latin America promoting trade expansion and countering the populist Venezuelan leader's criticism of his intentions. He's expected to praise leaders in Brazil and Uruguay, leftists who are friendly to free-market policies.

In Brazil, Bush faces pressure to lift U.S. import tariffs on ethanol, now receiving emphasis in administration energy policies. Those tariffs hurt Brazilian manufacturers while protecting politically influential American farm states. Treasury chief Paulson also plans Latin American trip next month.

Panamanian President Torrijos meets Bush in Washington next Friday as U.S.-Panama trade talks near completion.

PORT-SECURITY FEARS could shape congressional debate on U.S.-Peru trade pact. House Democrats Murtha of Pennsylvania and Taylor of Mississippi warn Dubai Ports World has operations in Peru and could gain "new rights" to operate in U.S. under the deal. A spokesman for U.S. Trade Representative Schwab calls that concern "a red herring," noting exceptions in the agreement for national security.

PRIORITIES: Bush's 2008 budget proposal aims to spend $25 million for assessing vulnerabilities of thousands of hazardous facilities to terrorist attack. It calls for $53.6 million to protect 2008 presidential candidates.

HOME COOKING? Treasury Secretary Paulson, a Goldman Sachs veteran, may look to corporate banking circles to fill department's top international post. Departing incumbent Tim Adams has worked mostly in government, serving both Bush presidencies.

STRANGE BEDFELLOWS? Though Bush team has strained relations with press, Health and Human Services department has begun meeting with reporters in major U.S. cities to discuss getting word out if flu pandemic hits. Goal is to " learn from the media the kind of things they want to know," says spokeswoman Suzy DeFrancis.

INTELLECTUALS HUSTLE to keep pace with accelerating political debate.

Democratic national-security strategists Kurt Campbell and Michelle Flournoy leave the Center for Strategic and International Studies to create a "centrist" brain trust: the Center for a New American Security. One board member is former White House chief of staff John Podesta, who runs Hillary-friendly Center for American Progress.

But "we will be strictly nonpartisan," says Flournoy, noting the center is courting moderate Republicans as well.

Backed by Google CEO, Carnegie Endowment sets global plans with offices in Moscow, Beijing, Beirut and Brussels.

MINOR MEMOS: Former Democratic Rep. Stenholm laments that bipartisan deficit-reduction plan he helped craft rejected his favorite idea: Abolish the Senate. ... The odds that the federal budget will actually balance in 2012 as Bush proposes? Thirty-two percent, according to the average of a WSJ.com survey of economic forecasters.

Venezuela To Nationalize Power Company (AP)

AP, February 9, 2007

CARACAS, Venezuela (AP) — President Hugo Chavez's government moved to nationalize Venezuela's largest private electric company on Thursday, signing an agreement to buy a controlling stake in Electricidad de Caracas from its U.S.-based owner, AES Corp.

The sale agreement was signed by Paul Hanrahan, president and chief executive of Arlington, Va.-based AES, during a ceremony at the presidential palace in Caracas, agreeing to pass the company's 82-percent stake in the utility to the Venezuelan government within 30 days.

Venezuela will pay some $739.3 million for AES' share in Electricidad de Caracas, said Rafael Ramirez, president of state oil company Petroleos de Venezuela SA. He said the company is valued at $900 million as a whole.

Ramirez said minority shareholders, including employees and retirees of the company, would have "the option to stay with us in the new state company or of course to sell us their shares."

"We are preserving the interest of the minority shareholders," said Ramirez, who signed along with Vice President Jorge Rodriguez on behalf of the government.

Ramirez and Rodriguez shook hands with Hanrahan after the ceremony.

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The deal marks the first of multiple nationalization moves planned by Chavez since he was re-elected in December. The Venezuelan president also plans to nationalize other smaller companies in the electrical sector, as well as the country's largest telephone company, CA Nacional Telefonos de Venezuela, CANTV.

Electricidad de Caracas has been privately owned since its founding in 1885. U.S.-based AES, a global power company that today has businesses in 26 countries, bought a majority stake of Electricidad de Caracas in a hostile takeover in 2000.

Two More In Britain Exposed To Isotope (AP)

AP, February 9, 2007

Two more people have shown signs of low-level exposure to polonium-210, the radioactive isotope that killed former KGB agent Alexander Litvinenko, British health authorities said Thursday.

The Health Protection Agency said one was a staff member at the Sheraton Hotel in London's Park Lane and the second visited a bar at London's Millennium Hotel on Nov. 1, the same day as Litvinenko.

Russian businessman Andrei Lugovoi, a former KGB agent, and business associate Dimitri Kovtun met with Litvinenko at the Millennium Hotel bar on the morning he fell ill. The hotel is among a number of sites investigators found traces of the radioactive isotope responsible for killing Litvinenko.

Health officials said the two who tested as having been exposed to the radioactive isotope were likely to face only a small risk of long-term health effects.

Of the 13 people who previously tested positive for contamination since Litvinenko was poisoned, eight worked at the Millennium Hotel.

Litvinenko was a vocal Kremlin critic who accused Russian authorities of being behind deadly 1999 apartment building bombings that stoked support for a renewed offensive against separatists in Chechnya.

He died from polonium-210 poisoning in a London hospital Nov. 23, and in a deathbed statement accused President Vladimir Putin of being behind his killing.

British Deny 'Witch Hunt' In Arrest Of Muslim (NYT)

By Alan Cowell

The New York Times, February 9, 2007

LONDON, Feb. 8 — The British police on Thursday arrested an outspoken advocate of fiery Islamic views, a week after seizing nine people accused of a separate conspiracy to kidnap and kill a Muslim British soldier.

The arrests brought accusations on Thursday of a witch hunt against Muslims, but high government officials rejected the idea.

The man arrested on Thursday is Abu Izzadeen, a 31-year-old former spokesman for the militant and now outlawed the group Al Ghurabaa.

Mr. Izzadeen initially achieved prominence after the subway and bus bombings in London in July 2005, when four Muslim suicide bombers killed 52 people on London's transit system. At that time, he called the attacks "praiseworthy." Earlier this week, a British television report said Internet images showed Mr. Izzadeen saying in 2004 that Muslims who joined the British Army should be beheaded under Islamic law.

His arrest on Thursday, however, was related to a speech in Birmingham last summer, the police said, and was carried out under counterterrorism laws forbidding the encouragement of terrorism.

Mr. Izzadeen, who was born in a Christian family from Jamaica and named Trevor Brooks, seized headlines in September when he confronted the home secretary, John Reid, at a meeting in east London, after Mr. Reid had suggested that British Muslim parents should watch their children for signs of radicalism. Mr. Izzadeen accused him loudly of being "an enemy of Islam and Muslims."

Referring to Thursday's arrest, one of his allies, Anjem Choudhury, said, "The Muslim community are subject to a witch hunt, and I see this as a continuation of that witch hunt by the Blair regime."

A similar charge was leveled on Thursday by Abu Bakr, a graduate student of political Islam from Birmingham. Mr. Bakr was one of nine people seized last week when the police rounded up suspects in what the authorities called a conspiracy to capture an off-duty British Muslim soldier and broadcast images of his beheading on the Internet. Mr. Bakr and another suspect were released without charges on Wednesday and a judge gave the government 72 hours to present evidence against the others.

[Early Friday, the police issued a statement saying that five of the men had been charged, one more had been released and one was still being held, (a news agency) reported.]

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"It's not a police state for everybody else because these terror laws are designed specifically for Muslims, and that's quite an open fact," Mr. Bakr told the BBC in an interview on Thursday.

Mr. Bakr's accusations stirred a familiar unease among those who maintained that Britain's Islamic minority of fewer than two million had been unfairly singled out and stigmatized since before the bombings of July 2005.

Muslims who project themselves as moderate distanced themselves on Thursday from Mr. Izzadeen. Inayat Bunglawala, a spokesman for the Muslim Council of Britain, an umbrella organization for Muslim groups, called him "a character who has made some incendiary remarks in the past."

But Mr. Bunglawala went on to say that there would be "some cynicism" among Muslims about the fact that the arrest came so soon after the release without charge of the two men in Birmingham.

Government officials seemed to line up to protest any suggestion that Britain's counterterrorism laws might constitute an infringement of democratic principles.

"It is a gross caricature of the political process in this country," said Prime Minister Tony Blair's spokesman, who customarily speaks without being identified by name.

Jack Straw, the leader of the House of Commons, declared, "We should not give excuse or quarter to those who claim this country is a police state — that is absolute, utter nonsense."

Gordon Brown, chancellor of the Exchequer and Mr. Blair's expected successor, told Sky News television, "I think people know Britain around the world as a country that stands up for liberty, where we do not act arbitrarily, where the police act within the law."

Chirac Discusses Life After Politics In TV Interview (NYT)

By Ariane Bernard

The New York Times, February 9, 2007

PARIS, Feb. 8 — President Jacques Chirac, in remarks that his office confirmed Thursday, has given his first hint that he may not run for a third term in the French elections in April.

"I have always tried to act for the French and for the idea that I had of France," he said, according to a transcript of remarks released by his office that are a portion of a television interview to be broadcast Sunday. "And the day I will no longer have responsibilities of this nature, well, I will try to serve France, the French, in another way."

The interviewer responded, "So there is a life after politics?" to which Mr. Chirac replied, "There is without a doubt a life after politics."

Mr. Chirac's office played down the significance of his comments, saying they were of a general nature. "To a completely timeless question, the president responded in a completely timeless way, and the president's answer therefore brings no information about the decision that he has said he will announce in due time," a spokeswoman said.

The 20-minute interview was taped three weeks ago and is to be broadcast Sunday, as part of a show about his wife, Bernadette Chirac. The rest of that show was taped in front of an audience on Wednesday, and some French news media picked up the remarks and reported them.

Mr. Chirac has promised to make his decision known during the first quarter of the year. According to election rules in France, candidacies must be declared by March 15. Upon watching the taped interview on Wednesday, Ms. Chirac said of Élysée Palace, where she and her husband live, "I will miss this house very much, but I'll adapt," according to the French daily Le Monde.

Of late, commentators have noted the reassignments of some of Mr. Chirac's closest aides to coveted posts away from the president's chambers. But a number of legislative issues coming up in late February mean that Mr. Chirac may not be in a rush to make his decision known.

The issue is of importance to Nicolas Sarkozy, the interior minister and Mr. Chirac's former protégé, who is running on the ticket of Mr. Chirac's UMP party. His primary opponent is Ségolène Royal of the Socialists.

Civic Groups Seek To Amend Law On Insults To Turkish State (NYT)

By Sebnem Arsu

The New York Times, February 9, 2007

ISTANBUL, Feb. 8 — A group of civic organizations on Thursday submitted suggestions for rewording a section of the Turkish penal code under which noted intellectuals and writers had been charged with the crime of insulting the Turkish identity and the state.

But some critics of the law say it should be revoked, not amended.

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After the killing last month of an Armenian-Turkish journalist, Hrant Dink, some critics said the law, known as Article 301, was partly responsible. According to this argument, Mr. Dink's conviction under the article for comments he made about the genocide in which more than a million Armenians were killed by the Ottoman Turk government from 1915 to 1918 made him a traitor in the eyes of many Turks and put his life in jeopardy.

For Turkey, the Armenian issue is among the thorniest issues of free speech. The courts have interpreted the use of the word genocide in reference to the killings as an "insult against the Turkish state" under Article 301.

Last year, after harsh criticism by the European Union, the government said it was receptive to changing the law but not abolishing it.

The proposal submitted on Thursday, signed by 10 civic organizations, tried to make a distinction between illegal language and legal criticism. Instead of outlawing "insulting Turkishness" it proposed new wording that would outlaw "openly abasing and deriding" the Turkish identity.

That was not enough for one civic group, the Turkish Chamber of Doctors, which broke with the umbrella group and accused the government of trying to evade responsibility for the law for fear of losing voters in November's general elections. "Changes are only a facade and can never prevent bitter consequences, as we've witnessed with Mr. Dink's murder," said Gencay Gurun, the group's general secretary.

Perihan Magden, a journalist who is one of a number of people given security protection by the government after Mr. Dink's death, said the suggested changes were too mild to make a difference.

"The fact that I have to live in my own country under police protection is a government acknowledgment that something is wrong," she said.

Another Bad Idea From The Kremlin (NYT)

The New York Times, February 9, 2007

The Russian energy minister, Viktor Khristenko, piously declared on Tuesday that Russia's meetings with other gas producers were intended only to improve energy security, and that any talk of a cartel was the product of a "sick imagination." A curious insistence since the idea of a cartel has been raised by President Vladimir Putin, who recently called OPEC-like cooperation with Iran for gas "an interesting idea" — though, of course, its goal would be to better serve customers, not fix prices.

The Kremlin is full of disturbing and counterproductive ideas these days on how it can wield its energy resources, not to mention shield its economic client Iran from international pressure. And if it looks as if a cartel might serve Mr. Putin's ambitions, the world should pay close attention.

There are reasons why a gas cartel could not work like an oil cartel. Gas is generally delivered over pipelines and is expensive to store, leaving sellers as well as buyers dependant on long-term contracts. Moscow has also stayed out of OPEC.

What arouses anxiety over the new cartel talk — especially in Europe, which relies on Russia for more than a quarter of its natural gas — is the fact that Mr. Putin has already managed to get most of Russia's energy production and distribution under the Kremlin's control.

Even as Mr. Putin and the state gas monopoly, Gazprom, insist that they are reliable suppliers, their record is far different. They destroyed a defiant domestic oil company, Yukos, tried to muscle Ukraine and Belarus into turning over their portions of the old Soviet pipeline network, and leaned on Shell to gain control over the Sakhalin gas project.

Mr. Putin needs to understand that Russia's long-term economic and strategic interests depend on its playing by the international rules, rather than breaking them. Russia is still not capable of developing its oil and gas by itself, and the expertise it needs lies almost entirely in the West. So yes, Mr. Khristenko, number us among those who mistrust the Kremlin — and prove us wrong.

Not Their Parents' Russia (NYT)

By Thomas L. Friedman

The New York Times, February 9, 2007

MOSCOW

Russia today is a country that takes three hands to describe.

On the one hand, it is impossible any more to call Vladimir Putin's government "democratic," given the way it has neutered the Russian Parliament, intimidated or taken over much of the Russian press, subordinated the judiciary and coercively extended its control over the country's key energy companies.

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On the other hand, it is obvious talking to Russians how much the humiliating and dispiriting turmoil that accompanied Boris Yeltsin's first stab at democracy — after the collapse of Communism — left many people here starved for a strong leader, a stable economy and stores with Western consumer goods. Mr. Putin is popular for a reason.

And on the third hand, while today's Russia may be a crazy quilt of capitalist czars, mobsters, nationalists and aspiring democrats, it is not the totalitarian Soviet Union. It has more than a touch of the authoritarianism of postwar Gaullist France and a large spoonful of the corruption and messiness of postwar Italy — when those countries emerged from World War II as less than perfect democracies.

But 60 years later, after huge growth in their per capita incomes, France and Italy now help to anchor Western Europe. For all of their shortcomings, their postwar governments provided the context for the true democratic agent of change to come of age — something that takes 9 months and 21 years to produce — a generation raised on basically free markets and free politics. I still think Russia will follow a similar path — in time.

"In historical terms, the transition will be very fast," Boris Makarenko, deputy chief of Russia's Center for Political Technologies, said to me. "But I am 47. I am in a hurry. I am very optimistic [though] for my daughter, who is 15. ... I can see the normal middle class rising here. It's all about shape and pace. When will we get there, I don't know — we will get there, but probably not fast enough for me to see."

The Yeltsin democratic experiment is over, to be sure, added Rose Gottemoeller, director of the Carnegie Endowment's Moscow office, "because it was delegitimized by the 1998 ruble crash and because it was a time of supreme corruption and dominance by oligarchs — but the Russian democratic experiment is not over because Russia is such a changed place."

Ms. Gottemoeller, an American, told me she recently visited Ulyanovsk, Lenin's birthplace, in the heart of Russia's aging industrial rust belt, and went out to dinner with three Russian couples, all new entrepreneurs.

"After they plied me with drinks," she recalled, "they said: 'O.K., we have a question. We want to know how you define middle class' — and did I think they were middle class? And that just flummoxed me. ... They wanted to know what middle class was in America. It meant a lot to them to think they were linked up to a broader community of middle class. ... [They] are not out in the streets with a banner, but their aspirations are huge and in the right direction."

People who identify themselves as middle class often end up fighting for legal and civil rights to protect their gains, without even knowing they are fighting for them. That said, the pace of democratization here will most likely depend on three things.

One is whether this emerging middle class gets so preoccupied with material gains — thanks to the trickle-down of high oil and gas prices — that "it just disconnects from politics," Ms. Gottemoeller noted. (Russia today has more cellphones than people!) Another is the genie of Russian nationalism, which can always pop up and derail democratization. Just down the street from my hotel, the Movement Against Illegal Immigration held a march denouncing Jews and immigrants.

Third is the price of oil and gas. Anyone who observes Russia can see that the price of oil and the pace of freedom here operate with an inverse correlation. As oil prices go down the pace of freedom goes up, because Russia has to open itself more to the world and empower its people to get ahead. As oil prices go up the pace of freedom goes down, because the government can get by drilling oil wells, rather than unleashing its people.

"When oil prices became higher, the reforms became slower," said Vladimir Ryzhkov, a liberal Russian Duma member from Altay. "Russia became a more closed country with a more state-oriented economy. Last year we saw record oil prices and not one reform. [That is the] reason Freedom House last year proclaimed Russia a 'non-free country. ' ... The question for you Americans is: When will prices go down? It is the only hope for us Russian democrats."

Mikhail Khodorkovsky (WSJ)

By Robert R. Amsterdam

The Wall Street Journal, February 9, 2007

The Kremlin this week showed that democracy, human rights and the rule of law are dead in Vladimir Putin's Russia. With extraordinarily cynical timing, new charges -- this time, money-laundering -- were brought against Mikhail Khodorkovsky, who once ran Russia's largest oil company, Yukos. These charges have nothing to do with upholding Russia's laws. They have everything to do with the fact that Mr. Khodorkovsky would have been eligible for parole later this year, having served half his eight-year sentence on a politically motivated tax evasion conviction handed down in 2005. Another show trial will surely propel the machinery of so-called justice toward another preordained guilty verdict.

The fresh case means that Mr. Khodorkovsky will be unable to support democratic opposition parties in December's Duma elections or the 2008 "presidential coronation." And it means that the Kremlin will continue to wield pervasive control over the energy sector in which he had done so much to promote market-based competition and growth.

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Before his arrest in 2003, Mr. Khodorkovsky set out his vision for Russia. He encouraged the development of civil society and the growth of alternative political parties. He worked to provide schools across with access to the Internet and supported charitable and cultural programs. He publicly confronted the president about the need to stamp out corruption in Russia.

When it became clear that the state did not share his vision and was not going to tolerate dissent, Mr. Khodorkovsky did not flee. He cooperated with the justice system -- convinced of his innocence, and convinced, also, that he could challenge what seemed to be an attempt by corrupt officials to intimidate him. He did not foresee how ruthlessly the law would be disregarded in the Kremlin's drive to crush him. Nor did anyone quite foresee the blatant theft of Yukos assets.

By jailing Mr. Khodorkovsky and stealing Yukos, the Putin regime cleared the energy sector of any competitors. It enabled the Kremlin to use energy as a political weapon against Russia's immediate neighbors and the whole of Europe. Mr. Khodorkovsky and his company, in other words, had to be destroyed for Mr. Putin's non-market, state corporatism and energy imperialism to thrive. So now, no one will build competing pipelines; no one will advocate the breakup of state monopolies; no one will promote the corporate governance and transparency that are anathemas to the state-owned enterprises. The new charges against Mr. Khodorkovsky are, in fact, intended to provide a smokescreen for the Russian government's illegal sale, later this year, of the remaining assets of Yukos, valued at $33 billion, to those very companies.

The Russian regime has lost the moral authority to dispense justice. Its exploitation of prosecutorial and regulatory powers, though shielded by state immunity, has become criminal. Selective enforcement of tax and environmental laws is the favored means of stealing assets from both domestic and foreign owners. Extortion is entrenched as a method of acquisition by the state.

The Yukos saga was followed late last year by the shakedown of Royal Dutch Shell at its Sakhalin-2 project. With each such case, the Kremlin is less concerned about even keeping up pretenses. Moscow calculates it has space to maneuver around legal and moral obligations, whether with respect to existing treaties, or negotiations over developing the giant Shtokman gas field, or its commitments to supply gas and oil dependably without political interference.

When Mr. Khodorkovsky was interrogated about the new charges, he declared that he had no faith in Russian justice, and that he will refuse to cooperate with the prosecutors in another politically driven farce of a trial. This week he appealed to the world not for himself but for all Russians: "Their only chance is the timely voluntary transfer of power in Russia by the means of honest, fair and transparent elections. . . . [The new president] should have nothing in common with the giant corruption machine that has paralyzed Russia."

Even in a Siberian gulag, Mr. Khodorkovsky has the courage to say: Enough! His fate is far more important than most people in the West realize. Some Western leaders such as Angela Merkel of Germany and José Manuel Barroso of the European Commission have raised his case with the Russian president. The dictatorial feathers were not ruffled and both were summarily brushed off. And so, another Khodorkovsky trial will soon be upon us. Let's be sure that this time we all recognize that Mikhail Khodorkovsky's fight is for the future of Russia and its relationship with the rest of the world.

Mr. Amsterdam is international defense counsel for Mikhail Khodorkovsky, and is based in London after being deported from Russia.

Turkmenistan Awaits First 'Free' Elections (CSM)

By Fred Weir

The Christian Science Monitor, February 9, 2007

MOSCOW

The political ice may finally be cracking in the gas-rich, desert nation of Turkmenistan. Its 6 million people will get their first ever chance to vote in multicandidate elections this Sunday in polls to replace longtime strongman Saparmurat Niyazov, who died in December without naming an heir.

But the appearance of choice may be illusory, analysts say, making the Central Asian nation's first election more the stuff of hype than history.

Six contenders are vying openly for the post left vacant by the self-titled "Azim Turkmenbashi" (Great Father of the Turkmen), who ruled with an iron fist – and increasingly erratic style – for 21 years. Experts say that five of the candidates, mostly second-tier regional officials, are merely window dressing and victory has been pre-ordained for acting president Gurbanguly Berdymukhammedov, a former deputy premier who won the brief power struggle following Niyazov's death.

However, Mr. Berdymukhammedov has pledged to institute cautious liberal reforms, and there are signs that Turkmenistan's hitherto ironclad dependence on Russia's Gazprom to handle its gas exports might also change.

"The Turkmenbashi's death has shaken the regime, and at least opened up the possibility of positive changes," says Irina Zvigelskaya, an analyst with the official Institute of Oriental Studies in Moscow. "But, at this point, no one really knows what we're

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dealing with. The new leader could hardly be just like Niyazov, but there are no guarantees that he won't choose the same despotic model of rule."

But the potential for a departure from the old politics of Turkmenistan, which holds the world's fifth-largest gas reserves, has excited great interest in the global energy community.

In 2003 Niyazov signed a 25-year contract with Gazprom, affording the Russian gas giant near total control over Turkmenistan's gas exports. But last year, Niyazov signed a tentative deal with Beijing, under which large quantities of Turkmen gas would be sold to China beginning in 2009.

The US would like to see Turkmenistan ship its gas and oil across the Caspian Sea, where it could be loaded into the new Baku- Ceyhan pipeline and transported to Western markets. In the 1990s there was talk – which has never completely died down – of building a pipeline south, through Afghanistan, to deliver Turkmen gas to the hungry markets of the Indian subcontinent.

"Niyazov used to say that Turkmenistan has enough gas to feed Russia, China, and India, too, but geologists are not so sure," says Mikhail Krutikhin, editor of Russian Energy Weekly, a Moscow-based trade journal. "The new leaders of Turkmenistan will basically have to decide whether the gas should flow north to Russia, or east to China. I fear that Gazprom has not been paying enough attention to Turkmenistan lately, so the Chinese might win this race."

Some experts speculate that real power is in the hands of the chief of Niyazov's palace guard, Akmurad Rejepov, a shadowy former Soviet KGB official. Under the Constitution, the speaker of parliament, Ovezgeldy Atayev, should have become acting leader after Niyazov's demise. Instead, Mr. Atayev found himself in prison facing an unspecified "criminal investigation."

The Halk Maslahaty (Peoples' Council), a megaparliament of 3,000 members that met once a year under Niyazev, was hastily summoned to appoint Berdymukhammedov as acting president. It also approved the six candidates for the presidency – all of whom were required to swear allegiance to Niyazov's political policies.

Exiled opposition politicians who have tried to enter Turkmenistan have been turned away at the border. Few foreign journalists have been granted visas to cover the polls, and the Organization for Security and Cooperation in Europe, which normally fields election observers, has decided to sit this one out due to "time constraints" on forming a delegation.

In an interview with Radio Free Europe, the chair of the European Union's interparliamentary mission to Turkmenistan, Albert Jan Maat, said that "these elections [are] only with candidates from the former government – you can't call them real elections – and that is not a start for a more open society."

Nevertheless, experts say it's reasonable to hope that the harsh repression and wild extravagance that marked the Turkmenbashi's rule may ease. Niyazov jailed thousands of opponents, expelled ethnic Russians, and jammed news broadcasts from Moscow. He slashed social services, abolished old age pensions, and ordered the number of school years for children reduced. He banned ballet and opera as "alien," and forbade men to wear beards or teenagers to play video games.

At the same time, he squandered the country's export earnings from gas and cotton on lavish monuments to himself and his deceased mother, and renamed the months of the year after himself, his mother, and various relatives. A year ago, fearful of palace plots, Niyazov ordered all doctors to swear a personal oath to himself instead of the Hippocratic Oath.

"Everything is known in advance. Berdymukhammedov will win," exiled Turkmen journalist Bytyr Mukhammedov told the Russian daily Moskovsky Komsomolets. The front-runner has been quoted by the official Turkmen press as pledging to boost social services, restore pensions, privatize some industries, permit people to build their own homes, restore transport links with Russia, and even allow citizens to access the Internet. "Changes are already being implemented, and I think the new regime will evolve slowly toward civilization," said Mr. Mukhammedov.

New Advocacy Group Aims To Point Up Atrocities In Africa (WP)

By Nora Boustany

The Washington Post, February 9, 2007

Veteran Africa activists, frustrated by the slow response from Sudan's government to international demands to ease the plight of refugees in Darfur, are regrouping to take their fight to the next level.

A new group, calling itself Enough, has joined the growing list of nongovernmental peacemaking organizations. Its aim, the founders said, is to tap into the grass-roots awareness and sense of rage generated by the Darfur crisis and create a social and political network that can identify potential wide-scale atrocities, particularly in Africa, and stop them before they occur.

The three co-founders are Gayle E. Smith, a senior fellow at the Center for American Progress, who was previously an officer with the State Department and the National Security Council; Africa expert John Prendergast, a senior adviser at the International Crisis Group who also served at State and the NSC in the Clinton administration; and Colin Thomas-Jensen, Africa research and advocacy manager for the International Crisis Group and a former official with the U.S. Agency for International Development.

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"We've got people's attention on Darfur. While we have it, there are other raging fires such as Uganda and the Congo, and it is more cost-effective to act in concert," Smith said. "I am both excited and moved by the activism on Africa and what has happened in the last 30 years. . . . It is breathtaking."

In a survey by the Pew Research Center conducted in December, 51 percent of American respondents said they thought the United States had a responsibility to do something about ethnic violence in Darfur, and 53 percent were in favor of U.S. troops in Darfur as part of a multinational force to help end ethnic genocide there.

"It's a neat idea. When you build up such a large grass-roots base, it would be a shame to let it die away once a crisis is finished. It would be great to have a system to take care of future conflicts," said Amjad Atallah, president of Strategic Assessments Initiative and an adviser to the Save Darfur Coalition, an alliance of organizations committed to protecting civilians in Darfur.

"So much of the campaigning has been effective in raising awareness, which is crucial, but ineffective in affecting policy. We won't just focus on one crisis. We want to show the linkages and common roots between the crises in Congo, Northern Uganda and Sudan," Prendergast said Monday by e-mail from Uganda, where he is touring with actor Ryan Gosling.

Prendergast said the object was to feed the growing movement against genocide and make it more comprehensive. "Ultimately, our goal is to help reorganize our government's ability to prevent and respond to the commission of crimes against humanity as a fundamental objective of U.S. foreign policy, just as promoting trade and countering terrorism is today," he said.

The founders' experience in government and in relief work in Africa will add another dimension to the grass-roots activism that began on campuses nationwide. Stark images from Darfur of emaciated, gangly refugees on the edge between life and death have entered the American consciousness through a variety of documentaries and other television shows.

"We are going to develop a committed core of people, which is not so much a lobbying group as one that can drive up the political temperature," Prendergast said, spelling out the new group's agenda. "How do we restructure diplomatically? What we want to do is make existing movements smarter and build a better infrastructure within the government. How to restructure intelligence networks to set alarm bells in motion? How do we provide assistance to existing peacekeeping operations and, more importantly, protect civilians?"

Some ideas the group discussed include monthly analysis briefings, workshops on shaping the congressional budget process, and regional training for advocacy.

At the request of the Save Darfur Coalition, New Mexico Gov. Bill Richardson (D) led a delegation last month to Sudan's capital, Khartoum, to meet with President Omar Hassan al-Bashir. The group hoped to tease out written commitments on the deployment of peacekeeping troops, the establishment of humanitarian delivery corridors, and the clear marking of government planes to avoid confusion between attack aircraft and relief drops.

S. Daniel Abrahams, a Slimfast magnate and philanthropist, offered his private jet, and the State Department gave its consent for the trip. A couple of days after the trip, a 60-day cease-fire collapsed.

Richardson said in an interview this week that some advances were made "in the right direction," such as a pledge to reduce the red tape delaying permits for Sudanese relief workers hoping to work in Darfur. Most previous diplomatic efforts with Bashir have failed.

"I'm going to make Darfur an issue," said Richardson, who announced his bid for the presidency one week after returning from Sudan in January. "We need to start thinking about Africa and about repairing our relations with the Muslim world. Our obsession with Iraq has caused us to neglect poverty issues. "

"I think candidates of both parties at some point are going to be asked about Darfur," Smith said. "In 2004 there were questions about Darfur in the debate. We expect everyone running for president will get a question on Darfur."

More than 185 organizations are members of the Save Darfur Coalition, which has a highly efficient system for collecting online donations, obtaining grants and foundation money, and gathering sizable contributions from individuals and celebrities. Enough is likely to tap into the same pool of funding.

Richardson met with U.N. Secretary General Ban Ki Moon to push the Sudan agenda, and he welcomed the intensified efforts of the civic groups. "It is very healthy to have such groups," he said. "There are a number of ethnic wars in Africa . . . unfolding tragedies. We cannot as a nation have any more Rwandas."

Frist Joins Evangelist Graham On Trip To South Sudan (WP)

By Stephanie McCrummen

The Washington Post, February 9, 2007

JUBA, Sudan -- The jet took off Wednesday morning headed for Juba, the fledgling regional capital of southern Sudan and a place at the moment resembling a hot and sandy construction site.

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In the pilot seat was Franklin Graham, son of evangelist Billy Graham. And in the entourage were several members of his Christian charity group, Samaritan's Purse, along with former Senate majority leader, onetime rumored presidential contender and, for now, surgeon and civilian Bill Frist (R-Tenn.).

He had traveled to the group's far-flung health clinics before to operate on patients who, he granted, often had no idea who he was. The mission this time was a meeting with leaders of the semiautonomous region that only recently emerged from one of the bloodiest and longest-running civil wars on the continent.

But a U.S.-backed peace agreement between the southern Sudanese and the government in Khartoum is faltering badly as world attention has shifted to Darfur, the western region of the country where the government is accused of waging a campaign of violence that the United States and others have labeled genocide.

In the south, the conflict revolved mainly around oil-rich areas along a disputed border with the north. Like Darfur, it is layered with an ethnic dimension. But unlike Darfur, the conflict had a religious dimension and was cast at times as a war of persecution by the mostly Arab and Muslim government against the darker-skinned southerners, who mainly practice Christianity and indigenous religions.

It is that religious facet that has continued to draw in U.S. evangelical groups such as Samaritan's Purse, which has provided humanitarian relief in the region for a decade. Graham, who recounted with some relish diving into foxholes during wartime trips to the region, said his group has counted at least 500 destroyed churches amid a wider landscape of ruin. He was heading to Juba to tell leaders of his intention to rebuild all of them, he said.

The jet landed before noon in a cloud of sandy dust.

By then, about 90 flights had already buzzed into the small but busy airport, most carrying contractors who are building roads and government ministries from scratch, and living in encampments of tents that are so in demand that they rent at times for more than $150 a night.

A group of two dozen southern Sudanese leaders greeted Graham, Frist and the rest on the runway, and soon a convoy of trucks, SUVs and sirens was rumbling down the reddish dirt roads.

The first stop was the headquarters of the Sudan People's Liberation Movement (SPLM), the former rebel group that runs the region.

"We call it the wild west," Barnaba Marial Benjamin, the minister of regional cooperation, said to the visiting Americans. "You put down your tent under the tree, and you begin something."

Benjamin told Frist and Graham about all the roads that have been built -- "A miracle," he said -- but as the meeting continued, the news about the peace process was decidedly mixed.

Pagan Amum, secretary general of the SPLM, accused the ruling party in Khartoum of orchestrating an attempt to undermine the hard-won Comprehensive Peace Agreement in advance of a vote on secession scheduled for 2011.

Specifically, he said, the government is cheating the south out of oil revenue, building up its forces in the crucial, oil-rich Abyei province and dragging its feet on resolving the border demarcation, all in violation of the agreement reached two years ago. Amum also accused the government of funding militias to harass and drive away contractors.

"These are calculations for something bigger," he said. "It is part of a major plan."

Among other things, Frist asked about the availability of clean water. Benjamin explained that water was a problem: bullet holes in water tanks, toxic asbestos pipes. But soon it was time to go, and after firm handshakes and thank-yous, the convoy took off again.

The line of white trucks and vans rolled through town, kicking up dust as people stopped a moment to stare, then went back to hauling wood planks, selling cinder blocks and digging trenches.

More than 100,000 refugees have returned to the south in the past year or so, including Miyong Kuon, who lived in Omaha during the war and was among the crowd following Graham's group. Though there is little in Juba to love besides sand and sky and heat, Kuon said it still felt like home. "Even if it's a tent, home is home," he said.

Kuon waited while Frist and Graham met with the southern Sudanese president, Salva Kiir Mayardit, a tall, bearded man who wore a black bowler-style hat.

After the meeting, Kiir told reporters that in his view, the central government "lacks the political will" to implement the peace agreement, but he also blamed "extremists in both camps" -- including his own -- for blocking progress.

"We are all convinced that going back to war will not be the solution," Kiir said.

Frist told the crowd that he would report back to whoever would listen that southern Sudanese were committed to peace but that more outside oversight was necessary to make it work. Then, the convoy took off again.

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In the late afternoon, the group met with an SPLM general and finally with the energetic speaker of parliament, who urged the U.S. government to consider Darfur and southern Sudan as different manifestations of the same, problematic Khartoum government.

Graham told the speaker that God had not abandoned the people of southern Sudan.

Afterward, the group posed for photos amid half-constructed buildings and low, twisted trees. And about 5 p.m., the convoy headed back to the airport.

Chinese Leader's Almost Triumphal Trip To Africa (CSM)

By Scott Baldauf

The Christian Science Monitor, February 9, 2007

JOHANNESBURG, SOUTH AFRICA AND LUSAKA, ZAMBIA

Chinese President Hu Jintao's visit to Africa started out last week with the usual manly handshakes, red-carpet strolls, factory visits, and displays of African dance and music.

This tour – which includes Cameroon, Liberia, Sudan, Zambia, Namibia, South Africa, Mozambique, and the Seychelles, – serves to fulfill promises China made at a glitzy Beijing summit in November, where 48 African heads of state heard Mr. Hu pledge to double aid to Africa by 2009 and create an investment fund of $5 billion in the next three years.

By the end of 2006, China had already invested nearly $8 billion in Africa, mainly for extracting minerals and oil to fuel its booming economy, and during this trip, Hu has brought with him more loans and a veritable army of Chinese investors.

But the farther south Hu traveled this week, the more skepticism he met. Hu canceled a visit to Zambia's copper belt, fearing protests over low pay and poor working conditions at Chinese- run mines. In the lead-up to Zambia's Sept. 28 elections, runner-up presidential candidate Michael Sata promised to kick out the Chinese if he had won. In South Africa, President Thabo Mbeki recently warned his fellow African leaders not to allow Chinese investment to become a "colonial relationship."

At least one message of this trip: President Hu, the African honeymoon is over.

"Mbeki's speech reflects a deeper concern that is more addressed to Africans than to the Chinese," says Francis Kornegay, a senior researcher at the Center for Policy Studies in Johannesburg. "The Africans have to set the parameters of the relationship and know what they are getting out of the relationship."

Such caution on the part of a few African countries – concentrated in the south of the continent – doesn't mean that African leaders are ready to give China the boot. To the contrary, Hu's visit has been a rather triumphant follow-through on promises made during the Beijing summit.

At his first stop in Cameroon, Hu pledged $100 million in grants and soft loans. Last week, Hu and Zambian President Levy Mwanawasa launched a new copper-mining partnership, which, they say, will produce thousands of jobs, $800 million in investment – and plenty of copper for China's growing economy.

"It is in China's national interest and in Africa's interest to have a trading partnership," says Pieter Snyman, director of The Beijing Axis, a consultancy that helps South African companies do business with China. "African leaders find China to be more sympathetic to African needs than the West. Africa does not need just money or somebody to get infrastructure projects. It has to be a sustained relationship, and that's up to the Africans to get what they want out of it."

What Africans want, of course, differs from country to country. In Sudan, where Hu visited last week, leaders sought more investment in the oil industry and in refining. In South Africa, business and political leaders seemed eager to push China to accept more African imports into their markets. And in resource-rich but impoverished countries like Zambia, political leaders and workers alike were pushing for better wages, and a bigger cut in the profits from mining.

Anger in Zambia

"They are just using us – we are like tools. They come here to invest, but at the end of the month they just pay us peanuts," says Likezo Mukumbi, a security guard at a shopping complex in Zambia's capital, Lusaka. Mr. Mukumbi says the Zambian government should do more to ensure that the Chinese are treating Zambians fairly.

Sentiments like that fueled the presidential bid of Mr. Sata, a shrewd and charismatic former government minister, during September's national elections. Sata threatened to run "exploiter" Chinese investors out of town, drawing cheers from many of Zambia's urban poor. Sata said he would recognize Taiwan as an independent nation if elected, and drew a rebuke from China's ambassador in Zambia, who suggested that China would cut ties with Zambia if Sata was elected – calling into question China's avowed policy of noninterference in local politics.

Low wages and safety concerns at Chinese-run mines have drawn the ire of Zambian labor unions and mining communities. Concern built to outrage when an explosion at a Chinese-run Chambishi mine killed 51 Zambian miners in 2005. Hu's delegation canceled plans to visit Chambishi during his visit amid rumors of potential protests.

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Mining accidents are not the only aspect of the Chinese presence that irks many Zambians. In recent years, an influx of Chinese traders and other small-businesspeople have begun operating in local markets, selling inexpensive Chinese clothes and other imports, and putting pressure on local entrepreneurs.

It is this same issue of competition that has begun to irk South African manufacturers and retailers, says Raymond Louw, editor of the Southern African Report, in Johannesburg. But unlike Zambia, the pressure has not built to the point where it spills out into street protests.

China's ability to launch business partnerships, and also to offer massive loans for infrastructure clearly gives it the advantage over multinational corporations, who come just to do business. It also comes without all the colonial baggage that British, French, and even US companies carry.

Avoiding colonialism

"Africa has a long history with colonial powers, and the colonial powers ripped off Africa, period," says a former South African diplomat, speaking on condition of anonymity. "Then along comes China, this emerging giant, and they play a very clever game. They want certain things from certain parts of the world, and they say, 'We will not interfere in local issues.' That is attractive to Africa; when you look at Zimbabwe and at Darfur, those are controversial places to do business, but the Chinese are there, and they don't interfere."

Like other African leaders, Zambian officials maintain that the Chinese government treats them with respect – and understands the social and political environment they deal with, as opposed to many Western donors.

"They know what it means to go to bed without a meal.... There is more understanding between the Chinese and ourselves," says Vernon Mwaanga, Zambia's minister of information and broadcasting.

Yet increased trade is bringing increased public discontent in places, and that's something African and Chinese leaders will have to address. Responding to South African fears about imports undercutting the local market, Hu last year cut textile imports to South Africa by one-third. Trade between the two countries still roared ahead another 36 percent this year.

Hu Jintao's trade safari

China's President Hu Jintao and a 130-strong delegation is concluding an eight-nation tour of the African continent with trips to Mozambique and the Seychelles on Friday and Saturday. As part of China's bid for Africa's mineral resources, Mr. Hu inked trade and economic assistance deals in each nation.

Here's what Hu did during his 12-day swing:

Cameroon: Canceled Cameroon's debt (amount unspecified), pledged $100 million in grants and soft loans, and signed agreements to build two schools and a hospital in the capital of Douala.

Liberia: Signed a memo canceling all of the $15 million of debt Liberia owed to China and announced a tax exemption on all Liberian exports to China.

Sudan: Signed seven documents on economic and technological cooperation and canceled debts amounting to $19 million.

Zambia: Inaugurated the Zambia-China Economic and Trade Cooperation Zone, including a massive mining partnership in the country's copper belt, to spur development in the smelting, construction, home-appliance, and food-processing industries.

Namibia: Signed a $139 million soft loan (of which $59 million was interest free), a grant, and dozens of scholarships. Made a four-point proposal to boost political and cultural ties between the two nations.

South Africa: In his first state visit and his ninth meeting with President Thabo Mbeki, Hu pledged a "new strategic partnership" including opening the Chinese market to local fruit exports and assistance to South African development programs.

Mozambique: Expected to announce the cancellation of $15 million in debt Mozambique owes China.

Seychelles: This 110-island archipelago is of strategic importance to oil routes and military bases in the Indian Ocean – two areas China has a significant interest in developing.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Judge Blocks Contempt Hearing For Verizon In Phone Records Case (AP)

AP, February 9, 2007

BANGOR, Maine — A federal judge Thursday blocked state regulators from going ahead with a contempt hearing for Verizon, ruling that national security considerations outweighed the state´s interest in speedy resolution of a complaint by customers.

The preliminary injunction forced cancellation of the Public Utilities Commission hearing that had been set for Friday in Augusta to force the telecommunications giant to say whether it provided customer call records to the government without a warrant.

In his 24-page order, U.S. District Judge John Woodcock said the hearing was not the appropriate place to air the dispute.

"The federal court, not the PUC hearing room, is the proper forum to resolve the opposing positions of the federal and state governments," he wrote. "Moreover, in this controversy, Verizon is a surrogate for the position of the federal government and it would be profoundly unfair to punish Verizon for asserting a legal position mandated by the federal government."

Woodcock said the only hardship that the PUC would suffer from the injunction would be to face some delay in resolving the multi-citizen complaint that triggered the federal lawsuit.

By contrast, he wrote, "the revelation of sensitive information pertaining to national security is a manifest hardship to the United States if the injunction were denied."

The dispute before the judge was an outgrowth of a complaint filed by Verizon customers last May. Last week, the PUC said it would begin contempt proceedings against Verizon for failure to comply with an order last August that requires an official of the company to swear under oath that its previous statements regarding the National Security Agency´s alleged surveillance were true.

PUC spokeswoman Nicole Clegg said the commission was "obviously disappointed" at the ruling. "We´re still reviewing it, and tomorrow we´re going to discuss our options with the Attorney General´s Office."

Shenna Bellows of the Maine Civil Liberties Union, which had backed the agency´s stance, described the judge´s ruling as a "temporary setback."

"The Maine Civil Liberties Union is committed to carrying this as far as we need to go to defend Mainers´ privacy," she said.

A spokesman for Verizon, which had backed the U.S. Justice Department suit to stop the contempt hearing, could not be reached immediately for comment. The company had argued that it had been unfairly placed in the middle of a dispute between the state and federal governments.

House Dems Push New Security Regulations On Foreign Investment (HILL)

By Ian Swanson

The Hill, February 9, 2007

House Democrats are moving quickly to approve legislation in response to last year's controversy surrounding a United Arab Emirates-based company's attempted takeover of several U.S. shipping ports, but may be headed for a clash with a Republican presidential candidate and Senate Democrats.

Leaders of key House and Senate committees are expected to forge ahead with rival bills similar to those approved last year when both chambers were under Republican control.

Congress was unable then to reconcile differences over how to update rules governing the Committee on Foreign Investment in the U.S. (CFIUS), an interagency panel led by the Treasury Department that reviews foreign investment deals for national-security threats. CFIUS approved Dubai Ports World's acquisition of a British company that operated several U.S. ports, sparking vibrant debate one year ago this month.

Privately, House Financial Services Committee Chairman Barney Frank (D-Mass.) has told supporters of the House bill that his goal would be to move legislation to the House floor immediately following the President's Day recess, according to business sources. This would allow House Democrats to say they had moved legislation responding to the Dubai Ports deal early in their majority tenure.

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Frank currently is working on a manager's amendment to bipartisan legislation approved unanimously by the House in 2006 and reintroduced in January by Reps. Carolyn Maloney (D-N.Y.), Joseph Crowley (D-N.Y.), Republican Whip Roy Blunt (R-Mo.) and Rep. Deborah Pryce (R-Ohio), two business sources said.

On the floor, the bill is expected to be considered under an open rule that would allow amendments, and Frank has indicated some misgivings regarding amendments from the Republican side. For example, Rep. Duncan Hunter (R-Calif.), a presidential candidate and vocal critic of the Dubai deal, voted for last year's House bill under some pressure from leadership. He might be more inclined to offer amendments while pursuing a presidential bid, particularly with Democrats running the House, one lobbyist said.

A spokesman for Hunter on the Armed Services Committee, Josh Holly, said Hunter would not make a decision on whether to seek amendments until he saw a committee-approved bill. Holly indicated Hunter would be watching to see if the House bill is updated to reflect Hunter's concerns about the recent merger between France's Alcatel and U.S.-based Lucent Technologies, which includes a subsidiary that has done defense work.

CFIUS approved the Alcatel-Lucent merger last year, but imposed certain conditions on it that business groups said set a bad precedent, since they would allow the government to unravel the deal in the future.

Business groups want Congress to approve CFIUS legislation because they hope it will counter actions taken by the administration in the wake of the Dubai Ports controversy. CFIUS investigations have increased in the last year, and the administration is imposing more conditions on deals it approves, according to the president of the Organization for International Investment, Todd Malan. In testimony at a Financial Services hearing this week, he said the CFIUS bureaucracy went into a "hyper-cautious" mode in the wake of the ports scandal that could decrease foreign investment in the U.S.

In the Senate, Democratic presidential candidate and Banking Committee Chairman Chris Dodd (D-Conn.) told The Hill he intends to move a bill quickly. He also suggested it would look similar to the legislation approved by the Senate in 2006 that was opposed by the U.S. Chamber of Commerce, Business Roundtable, Organization for International Investment and other groups representing U.S. multinationals.

Dodd, whose presidential campaign is seen by business as a potentially complicating factor in the debate, said his committee would consider modifying last year's bill, but said it may make more sense to consider changes during a conference with the House.

"I don't know if any changes have occurred since last fall that would warrant any changes to the bill," he said. "My intent would be to get it up and out of the committee pretty quickly."

In a statement, Dodd spokesman Marvin Fast described Dubai-based management of ports as "another case of the outsourcing of our critical infrastructure and security." He said Dodd had worked closely with Banking leaders on last year's bill, which he described as greatly improving the government's process for reviewing and authorizing foreign investment in the U.S.

Similarly, Sen. Charles Schumer (D-N.Y.), who helped lead Democratic criticism of the CFIUS approval of the Dubai Ports World deal, expressed support for the Senate bill opposed by business.

"I thought the bill last year was pretty good," Schumer told The Hill. He said there might be some small changes, but predicted the business community would "calm down" once it realized the legislation is not leading to a slowdown of foreign investment. Schumer added that he has heard few complaints about the Senate bill.

In an interview, Crowley said his sense from business is that it would be better to do nothing than to pass the Senate bill. Maloney agreed that business groups prefer the House bill, which she described as carefully balancing national security with economic security. She said Dodd and other senators might change their views if they hold hearings on CFIUS, and indicated differences could also be addressed in conference.

If Dodd wants to move the 2006 Senate bill to expedite the process and address differences in a conference, Crowley suggested it would be possible to get a final bill. If it indicates the Senate view on policy, however, he said it would be difficult to get a final bill approved.

Dodd acknowledged some business criticism of the 2006 Senate bill, which, unlike the House bill, allowed initial reviews to be stretched to 60 days and required that certain congressional committees be notified of a CFIUS review once one is launched.

Business groups argue this could politicize reviews, and the executive director of the Emergency Committee on American Trade, Cal Cohen, said it could also serve as a roadmap showing other countries how to block U.S. investments in their countries. The House bill only allows 30-day reviews, and does not notify congressional committees until after the conclusion of a second-stage investigation, held only for deals that trigger serious national-security concerns.

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HOMELAND RESPONSE:

Government Sued Over Citizenship Delays (NSDY/AP)

By Juliana Barbassa, Associated Press Writer

Long Island Newsday, February 9, 2007

SAN FRANCISCO -- Eight immigrants who have waited years for their citizenship applications to clear tougher post-9/11 background checks claim in a lawsuit filed Thursday that the delays violate their constitutional rights of due process.

The lawsuit was filed in U.S. District Court in San Francisco and names the FBI and the Department of Homeland Security among the defendants. It seeks to enforce regulations in which the federal government must act on a citizenship application within 120 days of the applicant's interview.

The eight immigrants cleared traditional criminal background checks and other requirements only to see their applications bogged down by federal immigration officials' process of checking names against an FBI database, the plaintiffs' attorneys said.

"The system is broken, and it's time to fix it," said Maya Harris, executive director of American Civil Liberties Union of Northern California, which filed the lawsuit on behalf of the eight immigrants. Also named as plaintiffs are the Asian Law Caucus and the Council on American-Islamic Relations, San Francisco Bay Area Chapter.

The name checks were adopted before the Sept. 11, 2001, terrorist attacks, but only after the attacks did every application go through the process, said Christopher Bentley, spokesman for the U.S. Bureau of Citizenship and Immigration Services.

The majority of the 35 million background checks the agency runs every year are cleared within nine months, Bentley said. The others require more research and can take years, he said.

Calls to the FBI were not immediately returned.

Bentley defended the rigorous background checks as vital to national security.

"The American public expects that as an agency we won't grant a benefit such as citizenship to someone who is not qualified," he said. "We will not and do not grant any benefits until all background security clearances have been resolved."

One plaintiff, Sana Jalili of Pakistan, applied for citizenship in December 2003. She gave her fingerprints, passed a criminal background check and completed the final interview in September 2004.

Jalili, 26, said she was told she would be naturalized in three months, at most. She's waited almost three years with no conclusion.

"We are continuously told the same message, that my name has gone for a background check," she said. "But how long does it take to complete a simple background check?"

Cecillia D. Wang, senior attorney with the ACLU Immigrants' Rights Project, said a faster approval process would improve national security.

"If there are lawful permanent residents who pose a security risk, the government should discover that quickly and get to the bottom of any possible problems," Wang said.

Three other lawsuits are pending around the country asking the government to act on citizenship applications within 120 days of the last interview.

Immigration officials now conduct name checks before interviews, following the letter of the law but violating applicants' due process rights, said Sin Yen Ling, staff attorney with the Asian Law Caucus.

The suit asks for a time limit for name checks and a speedy review of the plaintiffs' own applications.

Green-card Holders File Suit Over "name Check" Delay (SFC)

By Matthai Chakko Kuruvila

San Francisco Chronicle, February 9, 2007

(02-08) 13:43 PST SAN FRANCISCO -- Green-card holders who've waited years for a mysterious "F.B.I. name check" to clear them for citizenship filed a lawsuit today in San Francisco, hoping to speed the process for themselves and others.

The eight plaintiffs, including residents of San Francisco and Fremont, had successfully completed the interview process and cleared criminal background checks before being told their names would have to clear a post-Sept. 11 procedure referred to as the "name check."

U.S. Citizenship and Immigration Services regulations entitle citizenship applicants to hear back about their applications within 120 days of their interviews, but all of the plaintiffs had waited more than two years.

"Our clients deserve to get out of the limbo that the government agencies have created," said Cecillia Wang, senior staff attorney for the American Civil Liberties Union's Immigrant's Rights Project, which is handling the case with the Asian Law Caucus and the Council on American-Islamic Relations. '

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The lawsuit, which the ACLU hopes will be certified as a class action, is the fourth of its kind around the country to address similar issues.

A case filed in Los Angeles last year was voluntarily dismissed after eleven of the 12 plaintiffs were given citizenship.

Another filed last summer in Brooklyn on behalf of mostly elderly and disabled green card holders, who were denied social security benefits because of their lack of U.S. citizenship, and a fourth case in Chicago are still pending, according to Wang.

"I know that many other people, like me, have this problem," said San Francisco resident Yinan Zhang, 32, who has waited five years for his name to clear the name check. "I hope this lawsuit can help them to become United States citizens."

Suit Seeks To End Citizenship Delays (ALTS)

By Michele R. Marcucci, STAFF WRITER

Alameda Times-Star, February 9, 2007

When Sana Jalili of Fremont first applied for United States citizenship in December 2003, everything seemed to be going well.

Jalili, who came to the U.S. from Pakistan on her parents' work visas at age 15 and became a legal permanent resident in 2001, aced her citizenship test and interview, and made it through criminal background checks without a problem. In September 2004, an officer with U.S. Citizenship and Immigration Services told her she would receive notice of her oath ceremony within three months.

But more than two years later, the 26-year-old mother of two and information technology specialist is still waiting, held up by a "name check" requirement that has left perhaps thousands of would-be citizens in limbo.

So Jalili and seven other Bay Area residents are suing the government in federal court, seeking answers and their citizenship.

"America is the only home I know. There's no other place I would want to live other than here. It is extremely important to me that I become a full participating citizen of this country," she told a room full of reporters on Thursday.

Jalili and the other plaintiffs, who live in Fremont, Richmond and San Francisco, have each waited more than two years for that right, because name checks conducted by the Federal Bureau of Investigation on them are not yet complete. The suit argues that Citizenship and Immigration Services has just 120 days to do the work, and that they should adhere to that timeline.

The delay has left Jalili waiting for the right to vote and has made it difficult for her family to travel together, she said. Her husband and children are U.S. citizens, she said. She would also like to be able to apply for government interpreter positions, the suit says.

Other plaintiffs said in the suit that they have missed out on time with family living overseas due to travel restrictions they face as non-citizens, as well as work opportunities and government aid for the aged and disabled because of the waits. Several contacted their local members of Congress, to no avail.

One of those contacted, Rep. Pete Stark, D-Fremont, said he wants the problem fixed.

"People should not have to wait for years to learn the outcome of their citizenship or security clearance applications," Stark said. "Congress should allocate additional resources to enable the FBI to eliminate its backlog and expeditiously conduct all background checks."

The suit, filed by local chapters of the American Civil Liberties Union and Council on American-Islamic Relations and also the Asian Law Caucus, is one of several such suits filed across the country. Attorneys said Thursday that they know of more than 100 people in the Bay Area facing similar problems. They are seeking class action status.

Spokespersons for Citizenship and Immigration Services said they couldn't comment directly on the suit. But they said only a small fraction of applicants for permanent residence and citizenship -- less than 1 percent -- are delayed more than six months.

And they said Americans expect them to take security seriously.

"We feel the American public expects that we will not approve applications for important benefits like citizenship and permanent residence until the background checks are complete," San Francisco-based spokeswoman Sharon Rummery said.

But such thoroughness wasn't always the case, another spokesman admitted.

In the past, the agency's predecessor, the Immigration and Naturalization Service, would wait 60 days for the name checks to come back from the FBI, and would proceed with naturalization and permanent resident, or "green card," applications even if they didn't come back, CIS spokesman Chris Bentley said. Now, the agency waits until the checks are completed, no matter how long they take, he said.

Bentley said several other things have changed since the Sept. 11 attacks, including a new focus on national security and also additional databases for federal agents to consider before completing a check.

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And he said the checks have been extended to even visitors to the U.S., greatly expanding the number of people being checked. Last year, some 35 million people were checked; fewer than 1.3 million of them had applied for a green card or naturalization.

Although most searches yield no hits, a fraction of those that do must be meticulously analyzed, FBI special agent Joseph Schadler said. A team of about 100 people comb through files scattered in offices and warehouses throughout the country, trying to determine if, say, a John Smith mentioned in one case is the same John Smith submitting an application today.

Depending on the complexity, each case can take years to resolve.

"It's better to take a little longer and be as accurate as possible," he said, noting a mistake could get someone wrongly deported or forever barred from citizenship.

In April 2006, the citizenship agency set a new policy requiring the checks to take place before someone is interviewed for citizenship. Attorneys said the agency did this to dodge the 120-day requirement; the agency denied that charge.

Some attorneys representing those caught in this system said they're concerned it could be targeting Muslims and people from the Middle East and Southeast Asian.

Heena Musabji, a staff attorney with the Council on American-Islamic Relations in Chicago, which has also sued the government over the delays, said her agency has heard about 203 delay cases in the Chicago area so far; the majority of those waiting are Muslim, and the majority are male. Her group asked the government for more information on those facing delays.

But Bentley said the agency doesn't discriminate.

"There's no credence to that allegation," he said.

The suit names Bentley's agency and its parent, the Department of Homeland Security, as well as San Francisco CIS District Director David Still, agency head Emilio Gonzalez, Homeland Security Secretary Michael Chertoff, FBI Director Robert Mueller III and Attorney General Alberto Gonzales.

MediaNews staff writer Kim Vo contributed to this report. Contact Michele R. Marcucci at mmarcucci@angnewspapers.com or (510) 208-6434.

Chertoff Defends Bush's 2008 Budget Proposal (WP)

By Daniela Deane

The Washington Post, February 9, 2007

President Bush's proposed $35 billion budget for the Department of Homeland Security next year is "simply inadequate," a top House Democrat told Secretary Michael Chertoff today, even though he acknowledged that solving the agency's many problems wasn't just about throwing more money at it.

Chertoff, in his first appearance before the Democratic-controlled Congress, responded that the administration's proposed Homeland Security budget for 2008 is "sound, sensible and ample" and reflects the president's "strong commitment" to protecting the United States.

Rep. David Price (D-N.C.), chairman of the House homeland security appropriations subcommittee , began his comments by reciting a laundry list of what was wrong with the department, including what he said were some of the most demoralized employees in the federal government and "devastation that still looks fresh" in areas ravaged by Hurricane Katrina a year and a half ago.

"I'm not saying the department's troubles can be solved simply by throwing more money at them," Price said, but he added that "some areas of your proposed budget are simply inadequate."

Price said that the additional $447 million asked for next year represented an increase of only one percent over this year.

Chertoff responded that the budget represented an eight percent increase over this year and that this was a time for "prudence from a fiscal standpoint."

In his opening statement to the committee, Chertoff defended the recently-created department, saying the Department of Defense took 40 years to "get configured properly and the first secretary of defense committed suicide."

Answering questions about whether federal aid for the department should be spread evenly throughout the country, Chertoff responded that the department should be "risk-based in funding."

Democratic and Republican congressmen pointed out to Chertoff that in recent days their committee had heard "troublesome" testimony from the Government Accountability Office and the Homeland Security department's own inspector general criticizing the department's responsiveness and openness.

Chertoff responded that committee members could count on him to communicate their expectations to his senior managers.

New York City To Test Ways To Prevent Nuclear Terror (NYT)

DOJ_NMG_0129941

By Eric Lipton

New York Times, February 9, 2007

WASHINGTON, Feb. 8 — New York City is about to become a laboratory to test ways of strengthening the nation's defenses against a terror attack by a nuclear device or a radioactive "dirty bomb."

Starting this spring, the Bush administration will assess new detection machines at a Staten Island port terminal that are designed to screen cargo and automatically distinguish between naturally occurring radiation and critical bomb-building ingredients.

And later this year, the federal government plans to begin setting up an elaborate network of radiation alarms at some bridges, tunnels, roadways and waterways into New York, creating a 50-mile circle around the city.

The effort, which could be expanded to other cities if proven successful, is a major shift of focus for the Department of Homeland Security. As it finishes installing the first generation of radiation scanners at the nation's ports and land border crossings, the department is trying to find ways to stop a plot that would use a weapon built within the United States.

"How do you create deterrence against terrorism?" said Vayl S. Oxford, director of the Domestic Nuclear Detection Office, the Homeland Security agency coordinating the work. "You complicate the ability for the terrorist to do what they want."

But even as the new campaign begins, some members of Congress and antiterrorism experts are raising concerns that the initiative, like previous Homeland Security programs, could prove extraordinarily costly and provide few security gains.

"This is just total baloney," said Tara O'Toole, a former assistant secretary at the Department of Energy during the Clinton administration, where she oversaw nuclear weapons safety efforts. "They are forgetting that no matter what type of engineering solution they try in good faith to come up with, this is a thinking enemy and they will look for a way around it."

While Homeland Security officials repeatedly declined to estimate the costs of a nationwide detection system, agency documents show they might spend more than a billion dollars on the cargo-screening equipment alone.

Local officials in New York are sparring with Homeland Security over a plan to immediately transfer to local and state authorities the burden of maintaining and operating the network of detection machines when it is completed within several years.

"We are concerned they will put money forward for a piece of hardware and then move to another project," said Raymond W. Kelly, New York City's police commissioner. He added that while the city supports the plan, he is not convinced that the proposed detection network makes sense. "Whether or not it works, whether or not it causes too many false alarms, which causes a whole other set of problems, all of these things are still to be determined," he said.

Mr. Oxford said he is aware of the concerns about costs, which is still the subject of negotiations, and the performance of the new detection machines. But with a threat like a nuclear attack, the country cannot afford to wait until all the details are worked out, he said.

"Our philosophy is not to wait for perfection, because perfection never comes," he said.

The Domestic Nuclear Detection Office, among the newest agencies at Homeland Security, was established in April 2005, in response to criticism that efforts to combat nuclear terrorism were too disorganized.

The office focuses on blocking two types of plots: a nuclear weapon or a dirty bomb. A nuclear attack by terrorists is considered unlikely, because of the difficulty of obtaining the required radioactive materials, such as highly enriched uranium.

The detonation of a dirty bomb is considered much more feasible. It only requires dynamite or another conventional explosive to detonate a widely available radioactive source — like the cesium or cobalt in certain medical devices. The blast might cause injuries or deaths, but the radioactive residue would cover a two- to three-block area and not pose an immediate health threat. Possible panic and economic disruption could be among the most serious consequences, experts say.

The Securing the Cities detection network, as the New York experiment is called, is intended to stop a nuclear or radiological threat as far away from a city as possible. "Detecting it in the core of Manhattan is too late," Mr. Oxford said.

The network would most likely include truck inspection stations along highways approaching New York, which would be equipped with radiation detection devices, agency budget documents say. Devices might also be installed at highway tollbooths and at spots where rail, boat and subway traffic could be monitored.

The detection equipment, some of which would be mobile, would be electronically connected and monitored so if a suspicious vehicle passed one spot without being stopped, it might be intercepted after passing another detector.

Some New York agencies already have a limited supply of radiation detection equipment, but the new system would be much more extensive and go much further outside the city.

Mr. Kelly said that the city would, at least initially, use any new detection equipment to screen vehicles heading into Lower Manhattan. The project would complement a city program to install cameras, license plate readers and devices that can block vehicle traffic, creating a "ring of steel" around the financial district.

The actual design of the Homeland Security system and the protocols for how responses to alarms will be handled, are still being negotiated by federal officials and authorities in New York City, New Jersey, Connecticut and New York state.

Benn H. Tannenbaum, a physicist and nuclear terrorism expert at the American Association for the Advancement of Science in Washington, said the system would never create anything close to an impenetrable barrier, particularly for a nuclear bomb, since the required ingredients have low levels of radioactivity and can easily be shielded. But the project still might be worthwhile, he said. “If nothing else, it makes the terrorist think twice before they do something like this,” he said.

Ms. O’Toole, the former Department of Energy official, pointed to Homeland Security’s BioWatch program, set up in about 30 cities in 2003 to monitor the air for a possible biological attack.

The equipment was installed quickly, but there was no detailed plan in place for how to respond to positive alarms, which meant three weeks of confusion among Houston authorities in October 2003, after tularemia, a naturally occurring pathogen, was discovered. “There is this disconnect between these grand schemes for technology and reality,” Ms. O’Toole said.

Laura S. H. Holgate, vice president at the Nuclear Threat Initiative, a Washington-based research group, said the government should put far more energy into a global effort to prevent nuclear materials from getting into the hands of terrorists.

The testing planned on Staten Island at the New York Container Terminal is intended to police concerns about false alarms.

Three sets of new types of detection machines have been installed there. For the first time, such machines sound an alarm when something radioactive passes through, and simultaneously identify the radioactive isotope. That allows officials to distinguish between innocuous items that can emit low levels of radiation, such as granite or kitty litter, and real threats.

Officials at the Government Accountability Office and some members of Congress are concerned that Homeland Security is moving too quickly to buy the new machines. Initial tests have shown them to be not much more effective than existing machines that are a fraction of the cost.

“We know this system is going to be expensive,” said Senator Joseph I. Lieberman, an independent from Connecticut and chairman of the Senate Homeland Security Committee. “We need to be sure it will perform as promised.”

Ramsey Hired To Provide Anti-Terrorism Advice (WP)

By Sari Horwitz

The Washington Post, February 9, 2007

Former D.C. police chief Charles H. Ramsey has been hired to study ways to make the U.S. Capitol more secure against a potential terrorist attack.

Ramsey, who stepped down in December after nearly nine years as chief, got the Capitol job through a longtime colleague, Terrance W. Gainer, the U.S. Senate's sergeant-at-arms. Gainer is a former Capitol Police chief and once was Ramsey's second-in-command at the police department. Their ties stretch back to their days with the Chicago police force.

Gainer said Ramsey will work part time with him to put an improved security plan in place. He is scheduled to begin work in a week to 10 days, Gainer said.

"The chief has agreed to come up and assist myself and the police board to further develop our anti-terrorism measures on the Hill," Gainer said in an interview. "We are crying out for a guy with Chuck Ramsey's skills and knowledge of the terrorism situation."

Ramsey already has a security clearance, "knows the city inside and out, knows the extent of the terrorism threat and understands how to counter it," Gainer said.

Gainer and other Senate officials are working through final details on the contract, including his pay, he said. The contract is one of several part-time projects Ramsey could soon be undertaking.

Ramsey said he also might be hired to provide security expertise to the D.C. Convention Center.

"I'm looking forward to it," Ramsey said of his work with the Capitol. "I want to continue to make a contribution. It's an opportunity to help Terry, and there are few things that are more visible in terms of a symbol of our country than the nation's Capitol."

Ramsey said he has received calls from several companies that want to hire him.

"I've certainly had a few offers," Ramsey said. "I want to listen and see what's out there. I'm taking it a step at a time. I want to stay local, stay involved and continue to make a contribution. The city has been good to me. And I enjoyed it here, that's for sure."

Ramsey, 56, the District's longest-serving chief in more than three decades of home rule, has said for months that he wanted to remain in law enforcement. In November, soon after being elected mayor, Adrian M. Fenty (D) announced plans to replace Ramsey with Cathy L. Lanier, 39, a 16-year veteran and Ramsey protege. Lanier took over in late December.

Last night, Ramsey was feted at a retirement party at the Mandarin Oriental Hotel attended by Fenty, Lanier, former Mayor Anthony A. Williams and other city leaders, as well as scores of local and federal law enforcement officials from throughout the Washington area.

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"To me, chief Ramsey will always be the super chief," Williams said. "There are business leaders here, political leaders . . . people from all corners of the city. I rest my case."

More than 500 tickets were sold for the event at $75 each. Nine speakers toasted the former chief, including David Friedman, director of law enforcement initiatives for the Anti-Defamation League.

Friedman said Ramsey did much for the city during his tenure. Often on television and radio, Ramsey became a celebrity of sorts, recognized throughout the city. Only this week, Friedman said, he and Ramsey were finishing lunch when they were greeted by two city residents who wanted to express their gratitude to Ramsey.

"The chief was surprised by that," Friedman said in his speech. "But there are thousands and thousands of people in this community who would like the opportunity to thank you."

U.S. Air Marshal Service Navigates Turbulent Times (WSJ)

By Laura Meckler, Susan Carey

The Wall Street Journal, February 9, 2007

On Sept. 11, 2001, the Federal Air Marshal Service -- an undercover squad trained to stop or kill hijackers on U.S. carriers -- consisted of just 33 agents scattered on more than 26,000 daily flights around the globe.

None were aboard any of the hijacked planes on 9/11. Six days later, Congress passed legislation calling for a massive expansion of the law-enforcement service as part of the nation's mobilization against terrorism. More than 200,000 people applied to become agents. Soon, thousands of recruits were quietly training in hand-to-hand combat, advanced marksmanship and techniques for discreetly defusing onboard disturbances without ever identifying themselves as marshals.

The service swelled to a current force somewhere between an estimated 2,500 and 4,000. (The exact number of marshals is classified.) Their presence, combined with new provisions allowing U.S. pilots to carry guns in the cockpit, has changed the equation of onboard security. Would-be terrorists now must enter into their calculations a fair chance that a fellow passenger is a well-trained policeman concealing a semiautomatic weapon.

But building and maintaining the force in recent years has been an uneasy ride. Marshals have griped that it's unhealthy flying four or more flights a day and say the job is a monotonous rut that doesn't lead to advancement. Another big complaint: Their cover can be easily blown, particularly when they go through special boarding procedures.

RELATED READING

"The check in and boarding procedures currently employed by FAMS are unacceptable to ensuring the anonymity of federal air marshals." · In a report this spring, the House Judiciary Committee1 was highly critical of the marshal program.

* * *

"The shooting death … is legally justified in light of the surrounding circumstances presented to the air marshals. It should be noted that both air marshals demonstrated remarkable restraint." · In a May 2006 report2, the Miami State Attorney's office determined that the December 2005 shooting of an American Airlines passenger by federal air marshals was legally justified.

* * *

"People are terrestrial creatures … suited for surface living. When they venture above the surface of the earth, they encounter certain difficulties. Those are most directly related to flying and the change in barometric pressure." · A marshal in the program's Charlotte, N.C., field office filed a report3 critical of the program's handling of health issues in July 2005.

* * *

"The manner of dress should allow you to blend in and not direct attention to yourself, as well as be sufficiently functional to enable you to conduct your law enforcement responsibilities, and effectively conceal your duty equipment." · In two emails sent to marshals in the summer of 2006, Dana Brown, the director of the program, discusses low morale4 among the marshals and announces a change in the program's hotel policy and dress code5.

* * *

"I'm very appreciative of the time that so many of you have dedicated to helping me through the last nine months." · At the end of 2006, Mr. Brown sent a letter6 to air marshals explaining what he had done in his first nine months on the job to improve their working conditions.

Budget issues led to a hiring freeze, and in some cases resulted in heavier schedules and fewer flights covered. Government oversight bodies, including the House Judiciary Committee and Homeland Security's Inspector General, raised concerns as to whether the marshals were able to do their jobs effectively.

Some marshals say many of their colleagues have quit, although agency officials say defections have been minimal. But Dana Brown, the current director, concedes that the program's $700 million budget wasn't enough to sustain any new hires between July 2002 and fall 2006.

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In an interview, Mr. Brown said the agency challenges are largely due to growing pains. "It's the equivalent of having a mom-and-pop or good small business that worked very well and overnight it turned into a large Fortune 500-type corporation with many more issues than it had previously," he said. Mr. Brown is now taking steps to address the marshals' complaints.

The job is a stressful mixture of tedium and high pressure. Marshals have made 59 arrests since 2001 and drawn their weapons only twice -- once shooting a man dead. In the end, none of the incidents were found to be related to terrorism.

Last summer, their secretive operations came into rare public view after Northwest Airlines Flight 42 lifted off from Amsterdam's Schiphol Airport on Aug. 23 for a nearly nine-hour flight to Mumbai, India. Less than two weeks earlier, British authorities had foiled an alleged trans-Atlantic airliner bombing plot, and officials were on high alert.

A group of 11 Indian passengers on Flight 42 attracted the attention of flight attendants and one undercover marshal when they allegedly didn't follow crew member instructions while boarding. Shortly after the DC-10 left the runway, one of the Indian men allegedly handed several cellphones to another, while a third member of the group appeared to be deliberately obstructing the view of what was happening.

Within minutes, as the plane continued to climb, three air marshals on board broke cover and took control of the cabin, moving into the aisles, revealing badges and assuming defensive positions -- according to an internal Federal Air Marshal Service report on the incident and accounts from passengers and crew. A pair of Dutch F-16 fighter jets scrambled to escort the plane back to Amsterdam. Half an hour after takeoff, Flight 42 touched back down, and the Indian men were detained by Netherlands law enforcement.

The incident was a classic demonstration of the marshals' daunting, and often imprecise, task. A potentially dangerous situation was defused with no injuries. But in the end, there had been no security risk at all. The cellphones were just cellphones. All of the suspects were quickly released. Some passengers, particularly Indian nationals, believed the marshals overreacted to plainly innocent conduct.

"We were not passing cellphones," said Shakil Chhotani, a 33-year-old Mumbai exporter of women's garments who was among the arrested men. "Just because one of us was wearing kurta pajamas and four or five of us had a beard, they thought we were terrorists."

Mr. Brown backed up his officers' actions. "I'm comfortable that the federal air marshals did exactly what they thought they should do under the circumstances," he said, noting that the decision was made in consultation with the crew.

President Kennedy launched the air-marshal program in 1961, in response to a wave of hijackings of U.S. flights to Cuba. In the years prior to 9/11, its ranks rose and fell, amid various threat levels and bureaucratic shuffling. Today, after obtaining top-secret security clearance, marshals undergo 15 weeks of preparation for the job, divided between facilities in Artesia, N.M., and Atlantic City, N.J. Each is issued a Sig Sauer sidearm, a small but powerful, Swiss-designed weapon popular in law enforcement.

They are trained to shoot in small areas that replicate airline cabins, practicing with low-powered paint balls. They drill repeatedly through scenarios they might encounter.

The flying force is more than 95% male, and includes recruits from the Secret Service, the Border Patrol, the Bureau of Prisons and the military. The full-time positions pay salaries starting at about $36,000 and average just under $62,000 a year, with a premium for working in certain cities. Marshals travel in teams of at least two, often sitting in first class to be near the cockpit door. Routes considered to be high-risk are given priority.

At the Mission Operations Center outside Washington, stars dot a digital map of the U.S. looming large over the control room, each one representing a plane with a marshal on board. Officials here relay intelligence to marshals in the field and are poised to redeploy marshals if need be.

While marshals train for the most dangerous criminal scenarios, the job is usually uneventful. Many spend their hours in the sky reading. At the same time, they must stay constantly alert.

Marshals say that after flying four or more flights in a single day, they experience fatigue, headaches, and other maladies. Compounding their frustrations, marshals -- mostly in their 20s and 30s -- have little opportunity to advance in or diversify their careers. "Federal air marshals cannot sustain a career in an airborne position, based on such factors as the frequency of flying, their irregular schedules, and the monotony of flying repetitive assignments," the Government Accountability Office concluded in November 2005 report.

Since the post-9/11 expansion, marshals have protested that their anonymity hasn't been adequately protected. Agents are required to check in at airport ticket counters, and in most cases display oversized credentials. Until recently, a jacket-and-tie dress code was mandated on all flights, even those filled with tourists headed for Disney World. They also were instructed to stay in designated hotels, where they had to display their marshal credentials to secure a discounted rate.

To bypass security checkpoints, where notice would obviously be taken of their guns, marshals typically enter concourses through the exit lanes. But they often wait for several minutes while a security guard checks their IDs -- a process that sometimes

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draws attention from passengers. In some cases, they must enter via alarmed exit doors. "The lights and sirens go off. Everyone turns and looks," one marshal said in an interview.

At the gate, at least one marshal must board the plane 10 or 15 minutes before passengers to check for hidden weapons and meet briefly with the crew. Marshals report being thanked and given the "thumbs up" from passengers who had obviously figured out who they were.

"Without anonymity, an air marshal is reduced to a target that need only be ambushed and eliminated or an obstacle that can be easily avoided," wrote former air marshal William Meares in a letter resigning from the service in 2004. "There is no question that terrorists, using known tactics and methods, can easily determine whether or not a particular flight is covered by air marshals."

Don Strange, the agent formerly in charge of the Atlanta field office, says he repeatedly complained about the stuffy dress code -- internally and to the House Judiciary Committee. "My views were not well received," he said in an interview. Mr. Strange was subsequently dismissed, in October 2005. The Federal Air Marshal Service wouldn't comment on Mr. Strange's termination.

Federal law prohibits marshals from unionizing. But in 2003, mounting discontent prompted them to organize and seek affiliation with the Federal Law Enforcement Officers Association. That gave them a unified voice to deal with management. In October 2003, Frank Terreri, the group's newly elected president, wrote to the agency's then-director, Thomas Quinn, complaining about issues including boarding procedures, dress code, transfer policy and scheduling. In the spring of 2004, the House Judiciary Committee launched its investigation into the service.

Mr. Quinn, a retired Secret Service agent who took over the service a few months after 9/11, told the committee that the problems were exaggerated and that complainers were "disgruntled amateurs" who were bringing the whole organization down.

In February 2006, Mr. Quinn retired from the federal government. Three months later, the Judiciary Committee issued its findings, saying that Mr. Quinn included "factual inaccuracies" in his responses to the committee. The committee also concluded that the check-in and boarding procedures were "unacceptable to ensuring the anonymity of Federal Air Marshals" and criticized the formal dress code and hotel policy.

Now a private security consultant, Mr. Quinn dismissed the report. In an interview, he called those who voiced complaints "insurgents" and "organizational terrorists."

So far, few marshals or security experts believe that the tensions inside the agency have affected the performance of the agents' flights or their judgment in the most critical question they face: when to blow cover and intervene in a situation on board. The decision is more art than science. One air marshal says that officers get drawn into onboard conflicts so often they seem more like in-flight security guards. Says another: "You have to wait until it seems bad before you do anything. You're not a bouncer."

False alarms are sometimes inevitable. Marshals must quickly judge if suspicious behavior is criminal or just odd. They also have to weigh the need to remain undercover as long as possible against the needs of passengers who might be under distress.

"We don't want to ... be drawn out only to find out there was a situation designed specifically for that purpose and now our presence, our positions have been compromised," says Mr. Brown. But even if a situation is not necessarily life-threatening, "We're not going to let anyone get hurt on that aircraft."

In the first of the two incidents when marshals drew their weapons, in August 2002, an agent held the entire coach section of a Delta flight to Philadelphia at gunpoint while his partner restrained an unruly passenger. Once the plane landed, the disruptive passenger and a second flier were detained by authorities but later released and not charged.

The second came in December 2005, when Rigoberto Alpizar, a 44-year-old paint salesman from Maitland, Fla., frantically ran off an American Airlines flight about to leave Miami, with his backpack strapped to his chest. "I'm going to blow up this bomb," he said as he reached into the pack, according to two air marshals who were on board.

When the man, later determined to have been mentally ill, advanced toward the marshals, they shot him nine times, killing him. State prosecutors later concluded that the shooting was legally justified. Calls to Mr. Alpizar's widow, Anne Buechner, weren't returned.

After Flight 42 from Amsterdam, the air marshal service's investigative and training divisions reviewed the incident, according to standard policy, and determined that it had been properly handled, according to a federal official familiar with the process. "It was textbook, that was really the bottom line," the official said.

Mr. Brown, a 25-year veteran of the U.S. Secret Service, took over after Mr. Quinn's retirement. He initially saw the complaints from marshals much as his former boss had. But soon after taking office, he began inviting marshals to small dinners in Washington, and soon came to a different understanding. In July, he sent an email to all air marshals. "Candidly, the morale was much worse than I thought," he wrote.

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Mr. Brown has begun taking steps to deal with some of the discord. In August, he loosened the dress code, instructing marshals to "dress at your discretion." A new pilot program allows them to check in for flights at airports using kiosks, rather than ticket counters. The marshals are also free to choose their own hotels. Mr. Brown has set up 29 working groups to address such matters as scheduling and promotions. He's also opened up a dialogue with the officers' association, meeting with its leaders to hear their complaints.

Still, he said he hasn't found a way to change the boarding procedures. In a December memo, he noted that the agency was able to reach its hiring goal for the year, but didn't specify how many new marshals were recruited.

Meanwhile, some marshals who had been highly critical of management "are more optimistic that things are going to get better," says Mr. Terreri.

Resistance Rises To US Law That Requires Stricter ID Standards (CSM)

By Ben Arnoldy

The Christian Science Monitor, February 9, 2007

States from Maine to Montana are rebelling against a federal law meant to make driver's licenses a definitive form of identification, an issue that cuts across flash points of homeland security, civil liberties, and illegal immigration.

Legislators in 15 states are pushing bills and resolutions that urge noncompliance with the 2005 Real ID Act. The law, based on recommendations by the 9/11 commission, sets minimum standards for verifying the identity of license applicants, and stipulates what information must be stored on machine-readable cards.

The law is intended to make it harder for terrorists to operate on American soil and for illegal immigrants to get legitimate employment in the US.

But as the 2008 deadline for implementation nears, the Real ID law is raising a host of concerns: cost, hassle for millions of drivers, and fear that government or private industry will misuse the data network. Opponents as divergent as states' rights politicians, civil libertarians, and immigration advocates are rallying to undo it.

"When we call around the country, we get Democrats to join [against it], we get Republicans. In one state, they were fighting to see which party was going to file the [anti-Real ID] legislation," says James Guest (R), a state representative in Missouri. He is at the center of a loose coalition of lawmakers in 34 states who are filing measures opposing Real ID.

Maine's legislature fired the opening salvo last month in adopting a resolution of noncompliance – a position that, if carried out, could eventually impair Mainers' ability to easily board airplanes, open bank accounts, or enter federal buildings. The Montana House went further by actually prohibiting implementation.

Frustration over "a large unfunded mandate" is the first complaint of Massachusetts state Sen. Richard Moore (D), who has filed a noncompliance resolution similar to one in New Mexico.

Such lawmaker concerns stem from a September study by state government associations that put the price tag for implementing the Real ID law at $11 billion – much more than the $100 million Congress had estimated. So far, Congress has allocated $40 million to the project.

To arrive at that figure, the study assumed that everyone with a driver's license – all 245 million of them – must be recredentialed within five years of May 2008, the federal deadline for compliance. That would require each individual to visit a division of motor vehicles (DMV), paperwork in hand, and mandates the DMV to verify each identification document with the agency that issued it. There are about 16,000 issuers of birth certificates alone.

"States will feel the wrath of the driving public," says Senator Moore. "Our hope is [that], with the change in the majority in Congress, ... folks [will] take another look at it ... or come up with the money."

Opponents in the US Senate say they will press for changes to the law.

One congressional backer of Real ID, Rep. James Sensenbrenner Jr. (R) of Wisconsin, says delays at the Department of Homeland Security in drafting the regulations have led people to jump to wrong conclusions about cost and intent.

"They're seeing this as a national ID card. It's a case of the far left and the far right joining in the middle. It's not a national ID card," he says. "Those that are talking about $11 billion are Chicken Little types saying that the sky is falling.... Until the regulations are finalized, they don't know exactly what they need to do."

Homeland Security plans to release the regulations in coming weeks. All eyes are on a few specifics, such as how identification documents will be verified by DMVs and whether the cards will be required to include fingerprints or other biometrics.

Mr. Sensenbrenner and other Real ID supporters say the law tightens a system that allowed some of the 9/11 hijackers to get driver's licenses, and thereby board planes, despite being in the US illegally. It also is expected to curb the hiring of illegal immigrants who rely on fake driver's licenses to feign legal residency.

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"Congress needs to stand its ground. Driver's licenses are our de facto national ID system, but ... it's decentralized," says Mark Krikorian of the Center for Immigration Studies, a Washington think tank that advocates low immigration levels. "States have to meet certain minimum standards."

The ID system will not create new federal or private databases, says a Homeland Security spokesman. It will require only that states' driver's license databases can talk to one another so that drivers can't obtain multiple IDs in many states.

But civil libertarians argue that 50 interconnected state databases are not tangibly different from one national database. Their concern is that the US government would use the standardized licenses to cross-reference against other databases – and that people would be tracked by Uncle Sam at every turn.

There are concerns, too, that private companies could use them to build databases.

The information to be contained on the cards is valuable, says Barry Steinhardt of the American Civil Liberties Union. "Everybody and their uncle is going to want to 'swipe' that information off the card," he says. Existing shields on releasing motor vehicle information will be undermined, he says, if the machine- readable cards are not encrypted. Sensenbrenner says he supports encrypting the cards; Homeland Security won't comment.

Under Real ID, licenses must have valid names, home addresses, birth dates, signatures, and high-quality photographs.

Privacy experts worry that businesses other than bars and airports will ask people to electronically swipe their ID cards. Privacy laws must be expanded first, some say, because this ID system would increase the damage from identity theft.

WAR NEWS:

Bush And Congress Set To Clash Over Iraq (FT)

By Caroline Daniel

Financial Times, February 9, 2007

The White House is likely to face its most significant confrontation with Congress so far over its handling of the Iraq war after House Democrats agreed on Thursday on plans to debate a simple resolution next week that would oppose the escalation of the war but express support for funding the troops already on the ground.

Agreement on the non-binding resolution could attract the support of disaffected Republicans and enable a symbolic bipartisan expression of no confidence in the Iraq policy. The shift of focus to the House comes after the Senate Republican leadership this week stymied debate on a non-binding Iraq war resolution by exploiting procedural motions.

Steny Hoyer, House majority leader, said Democrats had stepped up oversight of Iraq policy holding 22 oversight hearings over Iraq and Afghanistan in the past four weeks, and would next week hold three days of debate on Iraq. “Frankly, for four years the Congress has been complacent and complicit, therefore, in the policies that have been pursued. We have not conducted vigorous oversight, and we have not taken Congress’s proper role in the articulation of and setting of policy.”

Rahm Emanuel, chairman of the House Democratic caucus, said: “At one time they [the administration] said ‘No, this is merely a symbolic vote that has no meaning’, and yet they have fought it tooth-and-nail to ever come to the floor in the Senate. They can’t do that in the House. Clearly, it has an impact because it’s an expression of the House of Representatives, the elected members closest to the American people.”

However, John Boehner, House minority leader, attacked the coming debate as “nothing more than political theatre that means nothing. And I believe that it demoralises our troops in the field.” If Democrats were serious about ending the war they should vote to cut off funding.

Although the Senate Republicans scored a temporary legislative victory in preventing an embarrassing vote against the president, the tactics have split the party. On Wednesday night seven Republican senators wrote to Senate leaders threatening to attach a resolution opposing the surge in troops to any bill sent to the floor in the coming weeks. The group, which includes John Warner, Chuck Hagel, Norm Coleman and Susan Collins, vowed to “explore all of our options under the Senate procedures and practices to ensure a full and open debate”.

While the appearance of obstructionism has damaged the party, Vin Weber, a Republican strategist, said: “There has been no winner, but in the longer run the Democrats incurred a greater loss this week as they demonstrated to the anti-war movement that they were incapable of passing even a non-binding resolution against the war. That will stoke the anti-war movement who will demand they cut off war funding.”

Some Democrats have backed calls for that more aggressive action, but most are reluctant to withdraw funding.

All 435 House Members Can See Iraq Intelligence -- And Talk On Iraq Next Week (POL)

By Mike Allen

DOJ_NMG_0129948

The Politico, February 9, 2007

To the surprise of the Bush administration, the House Intelligence Committee voted unanimously Wednesday night to allow all 435 House members to see the classified version of the National Intelligence Estimate on Iraq sent to the White House last week. The report is classified in part because it contains information about sources and methods used in intelligence-gathering.

The document will provide fuel for a House debate, scheduled to begin Tuesday, on a resolution of disapproval of President Bush's plan to boost U.S. troop strength in Iraq. Remarkably, each House member will be given five minutes to speak. The decision to provide such broad access to the microphones is based on the fact that each member got the chance to speak before the Iraq war began, according to House leadership aides.

In announcing the vote to allow all members access to the classified portion of the NIE, the committee said those examining it "will be required to review the document in the Committee's secure offices in the Capitol and sign a secrecy oath." The members will not be allowed to leave with notes, congressional sources said.

The White House was not informed or consulted about the decision. Such access for members is rare but not unprecedented. The document had been made available to members of several committees with jurisdiction over the intelligence community, but other lawmakers would have needed to request permission to read it. The committee had received written requests from one Republican and one Democrat, plus some other informal inquires, and decided it would be better to allow blanket access instead of voting on each request, congressional sources said.

The report runs about 90 pages, and the Office of the National Intelligence Director released 3 1/2 pages of "Key Judgments" last week. The report, called "Prospects for Iraq's Stability: A Challenging Road Ahead," was approved Jan. 29 by the heads of the government's 16 intelligence agencies. It paints a generally bleak picture of conditions in Iraq and warns that without successful efforts to rein in insurgent violence and political extremism, the overall security situation "will continue to deteriorate" at current rates for the next 12 to 18 months, the period covered by the report.

The decision raised fears among some Republicans that members not used to dealing with classified information might play fast and loose with what they saw. But Rep. Silvestre Reyes, D-Texas, chairman of the Intelligence Committee, said in a statement: "It is critical that all Members of Congress understand the consensus view of the Intelligence Community on the gravity of the situation in Iraq and the consequences for U.S. troops and our long-term national security interests."

Democrats Set House Debate To Rebuke Bush Over Iraq Policy (NYT)

By Jeff Zeleny

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — House Democratic leaders persuaded members of their party on Thursday to limit the scope of an Iraq war resolution next week to a simple repudiation of President Bush's troop buildup plan, hoping to temporarily set aside divisive decisions over war financing and troop redeployments.

Speaker Nancy Pelosi, Democrat of California, and other party leaders met privately for more than an hour with other Democratic lawmakers. They sought to reassure Democrats that the symbolic, nonbinding resolution devised to rebuke Mr. Bush was a first step — but not a final one — toward asserting Congressional powers on Iraq.

After winning control of Congress, in part because of discontent over the Iraq war, Democrats are eager to send a strong signal of disapproval to the White House. To make the proposal palatable to at least some Republicans, the Democrats said their resolution would express support for the troops, but reject the plan to send 21,500 more of them to Iraq.

The people "called for a new direction," Ms. Pelosi said, "and no place do they want that direction to be more clear than in the war in Iraq."

The three-day House debate, set to begin next Tuesday, comes after consideration of an Iraq war resolution faltered in the Senate. Republicans and Democrats quarreled over a series of competing resolutions but failed to reach a compromise, prompting House leaders to schedule their first major Iraq debate since assuming the majority last month.

A growing number of House Democrats, though, say they believe that time has expired for a symbolic resolution that will have little effect on the White House.

Representative Joe Sestak, Democrat of Pennsylvania, a former three-star admiral who was elected in November, introduced legislation on Thursday calling for American troops to be withdrawn from Iraq by the year's end. Under his plan, financing for the American forces in Iraq would expire on Dec. 31.

"The nonbinding resolution is a necessary step, but it's insufficient," Mr. Sestak said in an interview on Thursday. "But even if it's a half-measure, I will take any measure that moves us further down that line."

The discussion in the House, scheduled to last 36 hours, will allow each member to speak for five minutes about Iraq. While Democrats said they would allow Republicans an opportunity to propose an alternative plan, it remained uncertain what kind of latitude Republicans would actually have during the debate.

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But Republicans said that, through the course of the debate, they would seek to highlight deep differences among their rivals, whose views range from pulling out troops immediately to cutting financing for new deployments. At the same time, Republicans will ask Democrats why they are taking up a nonbinding resolution instead of actual legislation.

"They are now in the majority," said Representative Adam H. Putnam of Florida, the chairman of the Republican Conference. "They finally have the opportunity to change policy and they are putting up a sense of the Congress resolution, which is worth about as much as the parchment it's printed on."

Still, Mr. Putnam and other party leaders conceded that many Republicans were likely to support the bipartisan resolution, given the growing public dissatisfaction with the war and the administration's decision to expand the military operation in Iraq.

Yet even Republicans who are troubled by the troop buildup plan may not necessarily join the bipartisan resolution, a point underscored this week in the Senate as Republican leaders and the White House campaigned to encourage members of the president's party to keep their objections at bay. The White House is employing similar lobbying efforts in the House. At the closed-door Democratic caucus meeting on Thursday, Representative Jerrold Nadler of New York voiced his support for taking stronger steps to bring an end to American involvement in Iraq. The unanimity inside the caucus, he said, could expire after next week if the party does not exercise its authority to begin drawing down the war.

"The president is not going to listen to anything we have to say," Mr. Nadler said later in an interview. "There's nothing we can do to stop him unless it's the real consequence — the power of the purse."

Representative Carol Shea-Porter, Democrat of New Hampshire, said the stalemate in the Senate had only added to the public's frustration. But she said she was still likely to support the Democratic approach next week, while hoping for more significant legislation in coming weeks.

"It's training wheels for the real thing," Ms. Shea-Porter said of the symbolic resolution. "But it will show us which direction things are going."

Leaders Outline House Iraq Resolution (RC)

By Jennifer Yachnin

Roll Call, February 9, 2007

House Democratic leaders announced Thursday that the chamber will take up a comparatively austere resolution next week disapproving of President Bush's Iraq War strategy, and will not rely on legislation now stalled in the Senate.

The resolution, which House leaders said will be released Monday, is expected to consist of two provisions: one expressing general support for the military personnel and a second condemning Bush's proposed increase of 21,500 troops.

"This is an up-or-down vote on the policy enunciated by the president," House Democratic Caucus Chairman Rahm Emanuel (Ill.) said at a Thursday morning press briefing.

While the House initially had planned to take up the resolution after the Senate had completed work on its version of the bill, progress in that chamber stalled Monday when parliamentary tactics prevented an up-or-down vote on the resolution as Democrats failed to get the 60 votes necessary to end debate and move to the underlying bill.

"This is a case ... where less is more," Emanuel said.

Debate on the bill is scheduled to take begin Tuesday and go through Thursday, with each Member receiving five minutes on the House floor. Republicans will be allowed a vote on one substitute measure but otherwise the bill will be closed to amendments.

"They are going to offer their alternative and we'll have a vote on that," Emanuel said.

House Democrats characterized a Thursday morning Caucus meeting on the resolution as agreeable, with Members largely unified on the simplified resolution.

House Majority Leader Steny Hoyer (D-Md.) reiterated Thursday that the House will consider other measures on the Iraq War in coming months, including funding issues.

"This is just the first step. a first step of many steps available to Congress," Hoyer said, citing the supplemental spending bill the House is set to take up following the Presidents Day recess in late-February, as well as fiscal 2008 spending bills.

In addition, House Foreign Affairs Chairman Tom Lantos (D-Calif.) said he has scheduled a hearing, expected to take about 6 hours, in early March to review each of the measures addressing Iraq that has been introduced in the House in the first weeks of the 110th Congress.

House Measure On Iraq To Measure Its Language (LAT)

By Noam N. Levey

The Los Angeles Times, February 9, 2007

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WASHINGTON -- The House of Representatives next week will confront President Bush with a short, straightforward resolution expressing opposition to his plan to boost troop levels in Iraq.

Forgoing the complex language that tied up the Senate's debate of the war this week, House Democrats said Thursday they will offer a concise measure that expresses support for the troops and opposition to the Bush strategy.

But Democratic leaders billed the nonbinding measure as the beginning of a more expansive campaign to begin forcing an end to the nearly 4-year-old war. "This is the first step, a first step, of many steps available to the Congress as we proceed," said Majority Leader Steny Hoyer, D-Md., echoing words used by the most staunchly anti-war members of the House.

Democratic lawmakers -- including Rep. John P. Murtha, D-Pa., who heads the defense appropriations subcommittee -- have talked of restricting funding for the war.

Reps. Lynn C. Woolsey, D-Calif., Barbara Lee, D-Calif., and Maxine Waters, D-Calif., are pushing legislation to begin a phased withdrawal over the next six months.

And Thursday, Pennsylvania Rep. Joe Sestak, a former three-star admiral who knocked off a Republican incumbent in November, introduced legislation setting a timetable for withdrawing U.S. forces from Iraq by the end of the year.

There are now more than 30 pieces of legislation in the House dealing with the war, according to Rep. Tom Lantos, D-Calif., who plans a hearing on them in his Foreign Affairs Committee next month.

Congressional Democrats have promised a vigorous challenge to Bush's leadership of the war since they captured majorities in the House and Senate in November.

But plans for a Senate resolution opposing the addition of 21,500 troops, in part to control sectarian violence in Iraq, foundered this week amid fierce partisan squabbling in the upper chamber.

And Wednesday, Senate Majority Leader Harry Reid, D-Nev., ceded leadership of the campaign against the Bush plan to the House, where Democrats hold a more commanding majority.

House Democratic leaders had considered debating the same resolution that stalled in the Senate. That measure -- sponsored by Sen. John Warner, R-Va., and backed by other Republican and Democratic lawmakers -- expounded at length on presidential powers and critiques of the war before urging the president to explore alternative policies.

Rep. Rahm Emmanuel, D-Ill., the No. 4 leader in the House who also quarterbacked the party's 2006 election effort, said Thursday that House Democrats decided to explicitly reject such a nuanced approach.

"This is an up-or-down vote on the policy enunciated by the president," he said. "To make it anything else was to get off the debate that we are having in this country."

Emmanuel said Democrats also will offer Republicans the opportunity to offer one alternative measure.

The gesture appears unlikely to quell partisan tensions in the House. Minority Leader John Boehner, R-Ohio, quickly condemned any resolution as "nothing more than political theater that means nothing."

Republicans -- who have consistently cast the Democratic effort as defeatist -- are pushing measures that oppose any cut-off of funds for the troops and lay out a series of benchmarks for the Iraqi government to show that it is cooperating with the American effort.

Twelve years ago, 221 Republicans, including Boehner, backed a nonbinding resolution opposing President Clinton's plans to send 20,000 U.S. forces to Bosnia to enforce the peace there, according to the Congressional Record.

But Republican leaders -- whose caucus is outnumbered 233-202 -- acknowledge they stand little chance of stopping the Democratic resolution.

"We're going to have to face whatever they cram down our throats," Rep. Adam H. Putnam, R-Fla., said outside the House chamber.

Democrats plan a vote Thursday after three days of debate.

House Democrats Reach Accord On Debate Over War Resolution (WP)

By Shailagh Murray

The Washington Post, February 9, 2007

House Democrats agreed yesterday to debate a straightforward, nonbinding resolution that rejects President Bush's plan to send more troops to Iraq, but they will also allow Republicans to bring their own war-related measure to the floor.

The House debate is set to begin Tuesday and will continue for at least three days, with all lawmakers offered five-minute speaking slots. Unlike the more complicated Senate version, which has run into a Republican-erected procedural roadblock, the House Democratic resolution will make two basic points.

"It will express our strong support of our troops -- not only those who are at the point of the spear and at risk in Afghanistan and in Iraq, but our strong support of the troops who are here, ready to be deployed, to be trained, to be equipped properly," said House Majority Leader Steny H. Hoyer (D-Md.).

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"It will also then express our disagreement with the president's proposal to increase the numbers of troops," Hoyer said.

Democrats will allow Republicans to offer alternative language, and House GOP leaders said they are considering two possible approaches. One is a resolution declaring that Congress will not cut off funding for U.S. troops. The other would establish a bipartisan panel to monitor Bush's new strategy in Iraq, including the troop increase. It would also offer benchmarks for Iraqis to meet, to show they are fulfilling their commitments to assuming greater responsibility for the war.

House Minority Leader John A. Boehner (R-Ohio) said Republicans will make a final decision after the Democratic resolution is officially unveiled, which may not happen until Monday. "I want to see what the Democrats are going to put on the floor," he told Republicans yesterday.

Rep. John P. Murtha (D-Pa.), a sharp critic of the war and chairman of a subcommittee that oversees defense funding, is separately preparing language to block money for the additional troops in Iraq unless the military meets certain readiness standards. He said he will introduce his proposal on March 15 as an attachment to Bush's request for Iraq war funding.

"The hope is we will affect the surge," Murtha said of Bush's plan to deploy more troops in Iraq. He stressed that increasing troops in Iraq means diverting resources from Afghanistan. "Afghanistan is a forgotten war," he said. "It started there, and it should have stayed there."

In the Senate, the resolution debate remained stalled, despite a bid by some Republican senators to revive it before a week-long recess that begins Feb. 17. Democrats and some Republicans had rallied behind a nonbinding resolution authored by Sen. John W. Warner (R-Va.) that would expresses disapproval of Bush's troop plan. But all but two Republicans voted to block the resolution from advancing, to protest what GOP leaders considered to be unfair procedural terms.

Seven Republicans, including Warner and other GOP co-sponsors, released a letter Wednesday night announcing they would "explore all of our options" under Senate rules to reignite the debate.

Republican Leader Mitch McConnell (Ky.) and Minority Whip Trent Lott (Miss.) wrote to Senate Majority Leader Harry M. Reid (D-Nev.) yesterday affirming their desire to begin debating the resolution, but they reiterated their demand for consideration of a GOP alternative that opposes withholding funds for the troop increase.

Although that resolution would also be nonbinding, many Democrats don't want to touch the funding issue, regardless of their position on the war.

Senate Democrats scoffed at Warner's letter vowing to force the Senate to consider his resolution. Sen. Charles E. Schumer (N.Y.) called it "a giant mea culpa." Reid said: "We know Republicans have their misgivings about what they did." Referring to the House, he added, "They're going to send us something late next week, and we'll be back on Iraq before you know it."

House Leaders Plan For Vote On Iraq Resolution Next Week (USAT)

By Kathy Kiely

USA Today, February 9, 2007

WASHINGTON — House Democratic leaders prepared for a war policy debate next week that is likely to end in a resolution opposing President Bush's plan to increase troop numbers in Iraq.

There will be three days of debate on the resolution, beginning Tuesday. House Majority Leader Steny Hoyer, D-Md., said the measure will be "simple and concise," expressing support for U.S. troops but opposition to the president's plan to send 21,500 more of them to Iraq.

Democrats are trying to generate the broadest possible support for the resolution. House Minority Leader John Boehner, R-Ohio, acknowledged "there are Republicans in the House and Senate who are skeptical of the president's plan, that's no secret."

Bush hasn't made a public effort to fight next week's vote. White House spokesman Tony Snow said some members of Congress might find presidential intervention "unwelcome."

Supporters of Bush's war plan have urged the White House to respond more forcefully.

"I've encouraged them to put the full-court press on," Rep. Ray LaHood, R-Ill., said. "This is a big issue, and they have a big stake in the outcome."

In the Senate, seven Republicans threatened to tack their own resolution opposing the planned troop increase to a must-pass bill.

Jen Burita, spokeswoman for Sen. Olympia Snowe, R-Maine, said the "overwhelming majority" of calls and e-mails from constituents oppose the troop increase.

House Democrats expressed support for the non-binding resolution being drafted by their leaders, even though some would like to go further. "It's brilliant," said Rep. Gary Ackerman, D-N.Y. "It's something we can all support."

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Rep. Barbara Lee, D-Calif., called the resolution "a good first step." She and Reps. Jerrold Nadler, D-N.Y., and Dennis Kucinich, D-Ohio, said they plan to push for spending restrictions to effectively force a troop withdrawal when a funding bill comes before the House of Representatives this spring.

Boehner argued that the Iraq war is "part of a global fight against Islamic terrorism."

"Fleeing Iraq doesn't mean that war will end," he said.

Reid Puts Off Iraq Debate Until After Recess (RC)

By John Stanton And Erin P. Billings

Roll Call, February 9, 2007

Senate Majority Leader Harry Reid (D-Nev.) will put off another attempt to pass a resolution opposing President Bush's plan to increase troop levels in Iraq until after the Presidents Day recess, turning the issue over to Speaker Nancy Pelosi (D-Calif.) to address during next week's lead up to the break.

Reid's decision to let the House vote first on the measure came on the heels of an announcement by seven Republican critics of the war that they would look to break the Senate's impasse on the resolution by attaching it to other bills. Five of the seven — including Sen. John Warner (R-Va.), the sponsor of the resolution — had backed a GOP filibuster of the language Monday that brought the debate on Iraq to a standstill.

Democratic and Republican leaders were quick to claim the announcement was a vindication of their positions. Minority Leader Mitch McConnell (R-Ky.) and Minority Whip Trent Lott (R-Miss.) sent Reid a letter Thursday claiming the announcement by Warner should be read as an endorsement of their demands that the Senate also vote on a resolution drafted by Sen. Judd Gregg (R-N.H.) aimed at undermining support for the Warner resolution by shifting the focus to whether lawmakers support the soldiers in the field.

But Reid, Minority Whip Dick Durbin (D-Ill.) and Democratic Caucus Vice Chairman Charles Schumer (N.Y.) saw the announcement as vindication of their decision to limit debate on Iraq to the Warner resolution. "I think the letter they sent was a giant mea culpa ... I'm glad they came to their senses," Schumer, who also is the Democratic Senatorial Campaign Committee chairman, told reporters.

As the political stakes continue to increase on Capitol Hill, the White House on Thursday waged a PR offensive of its own. Bush administration officials invited a bipartisan, bicameral group of House and Senate leadership communications officials to join in on "an unclassified briefing" from Baghdad on Monday morning.

The video teleconference is being billed as the first of what the administration says will be regular sessions with leadership aides, and comes at a time when the Democrats have voiced near uniform opposition to the president's proposed troop surge. Ambassador Daniel Speckhard, deputy chief of mission, and Maj. Gen. William Caldwell, the spokesman for multinational forces in Iraq, will spearhead the briefing with the press aides.

The War And The Words (WP)

By Charles Krauthammer

The Washington Post, February 9, 2007

National Intelligence Estimates are not supposed to be amusing. And the latest NIE on the situation in Iraq was uniformly grim. But the document's determined effort to split the difference on the use of the phrase "civil war" did verge on the comical. One can only imagine the interagency wrangling that produced the classic bureaucratic compromise: "The Intelligence Community judges that the term 'civil war' does not adequately capture the complexity of the conflict," but "nonetheless, the term 'civil war' accurately describes key elements of the Iraqi conflict."

In other words: yes, no, maybe. Multiple civil strife, but way too messy to rank with the classics such as America in the 1860s or Spain in the 1930s.

I don't deny that this is a fair application of "civil war" to the current situation. What I note with dismay, however, is how important -- and absurdly irrelevant -- the application of certain loaded words to the situation has become.

What is striking is how much of the debate in Washington about Iraq has to do not with the war but with the words. Who owns them, who deploys them, who uses them as a bludgeon. NBC's announcement in November that it would henceforth use the term civil war -- a statement far more political than analytical, invoking the same fake authority with which the networks regally "declare" election winners (e.g., Florida to Al Gore, Nov. 7, 2000) -- set the tone of definitional self-importance.

Words. We had weeks of debates in the Senate about Iraq. They eventually went nowhere, being shut down (temporarily) by partisan procedural disputes. But they were going nowhere anyway. The debates were not about real fighting in a real place. They were about how the various senators would position themselves in relation to that real fighting in that real place. At issue? With what tone and nuance and addenda to express disapproval of a troop surge that the president was going to order anyway.

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When it came to doing something serious about the surge, the Senate ducked. It unanimously (81-0) approved sending Gen. David H. Petraeus to Baghdad to do the surge -- precisely what a majority of the senators said they did not want done.

If you really oppose the surge, how can you not oppose the appointment of the man whose very mission is to carry it out? Yet not one senator did so. Instead, they spent days fine-tuning the wording of a nonbinding -- i.e., entirely toothless -- expression of disapproval.

A serious legislative body would not be arguing over degrees of disapproval anyway, but about the elements of three or four alternative plans that might actually change our course in Iraq, something they all say they desire. But instead of making a contribution to thinking through how the war should be either prosecuted or liquidated, they negotiate language that provides precisely the amount of distancing a senator might need as political insulation should the surge either succeed or fail.

Words. The Democrats are all in favor of "redeployment" and pretend that this is an alternative plan. But the word redeployment is meaningless. It simply means changing the position of our soldiers and, implicitly, changing their mission. Unless you're saying where you're redeploying to, and with what mission, you've said nothing. It's a statement of opposition, yet another expression of disapproval of the current strategy -- much like an empty, nonbinding congressional resolution -- until you say whether you want to redeploy to Kansas or Kurdistan.

Words. Consider "surge." It carries an air of energy, aggression and even hope. That, in fact, is a fairly good reflection of Petraeus's view of it -- not just more troops but a change in the rules of engagement, with more latitude to fight, less political interference by the Iraqi government and a much tougher attitude toward foreign, especially Iranian, agents in Iraq.

The opposition prefers "escalation," as featured, for example, in the anti-surge commercial that aired in certain markets during the Super Bowl. The main reason for using escalation, of course, is that it is a Vietnam word. And the more Vietnam words you can use in discussing Iraq, the more you've won the debate without having to make an argument.

The problem with this battle over words is that it is entirely irrelevant to what is happening in Iraq. There will be real troops on real missions regardless of what label they are given. The country is engaged in a serious debate about exactly what strategy to pursue to either prosecute the war or withdraw in an orderly fashion. The Senate might consider putting such a debate on its agenda.

War Resolution Seen Hurting Morale (WT)

By S.A. Miller

The Washington Times, February 9, 2007

Senate Republicans yesterday contradicted top Pentagon officials who say Congress would not injure troop morale by passing a nonbinding resolution critical of President Bush's Iraq war plan.

Sen. Lindsey Graham said he was outraged that Joint Chiefs of Staff Chairman Gen. Peter Pace and Defense Secretary Robert M. Gates would say U.S. combat forces "understand" politics back home and won't be disheartened by a symbolic no-confidence vote against the commander in chief.

"It shows a lack of sophistication about how this would play in newspaper headlines throughout the world," said Mr. Graham, South Carolina Republican.

"The war on terror is about headlines," he told The Washington Times. "The last thing we need to do is give [terrorists] a headline by our political action that would embolden them, and by contrast would be hurtful to our men and women in the theater trying to execute the new strategy."

Mr. Graham continued, "The only way we will ever lose in Iraq is if our will to succeed is broken."

Mr. Gates and Gen. Pace did say that a resolution against the president's plan to reinforce forces in Iraq with 21,500 more troops would send the wrong signal to al Qaeda and other U.S. enemies. Still, their remarks about morale undercut one of the chief arguments against the resolutions that would criticize Mr. Bush's troop-surge plan.

Sen. Jon Kyl, Arizona Republican, said Gen. Pace and Mr. Gates were cornered into dismissing the impact on morale during their testimony Wednesday before the House Armed Services Committee.

"I would hardly have expected either of them to have answered the question any differently," he said, adding that he still thinks a resolution "will send the wrong message to our allies, to our enemies, and to our troops and their families."

Mr. Kyl noted his speech last week in which he quoted three U.S. troops in Iraq who told NBC's "Nightly News" that they take criticism of the war effort personally.

For instance, Mr. Kyl quoted Army Spc. Peter Manna, who said, "If they don't think what we're doing is a good job, everything that we've done here is all in vain -- is all in vain."

"They said what they said," Mr. Kyl said. "So you can judge for yourself whether their morale was being affected."

Senate Minority Leader Mitch McConnell, Kentucky Republican, ducked questions about troop morale yesterday when calling for a vote on the resolution against reinforcements, along with a Republican resolution promising not to cut war funding.

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"There will be one or more Republican alternatives that we will insist on being debated, and I'm going to engage in the substantive debate on that at that time," Mr. McConnell said.

Senate Republicans cut off the war debate Monday by blocking a vote on a resolution that said the chamber "disagrees" with the reinforcement plan but supports Mr. Bush's view that victory in Iraq is a critical objective.

House Minority Leader John A. Boehner also said resolutions against the war plan threaten morale, even if they are "nothing more than political theater that means nothing."

"I believe that it demoralizes our troops in the field," the Ohio Republican said. If Democrats "are really serious about their intent to bring troops home, why not bring a real resolution to the floor and have a debate about whether, in fact, they should cut funding or not?"

The House will begin debating a resolution next week, with Democratic leaders hoping to succeed where the Senate failed.

Mr. Bush last month said he would send about 17,500 more soldiers to Baghdad to try to counter Sunni-Shi'ite sectarian violence that threatens Iraq's fledgling government, and deploy an additional 4,000 Marines to Anbar province to combat al Qaeda fighters making a stand there.

The president has claimed the authority as commander in chief to proceed.

Democrats who oppose the troop increase were left with few alternatives: rescind the authorization to go to war, cut off funding for troops, or pass a nonbinding resolution that has no effect but lets members vent their feelings on the way the war is going.

Whatever happens in Congress, the White House said yesterday it will not get involved in the debate over nonbinding resolutions.

"This is an expression of opinion on the part of members of Congress, and therefore, it is appropriate to let them go ahead and express it," said White House press secretary Tony Snow.

Mr. Snow said the debate is "healthy" but repeated his challenge that lawmakers must be careful of "what kind of message they're sending."

Official's Key Report On Iraq Is Faulted (WP)

By Walter Pincus And R. Jeffrey Smith

The Washington Post, February 9, 2007

Intelligence provided by former undersecretary of defense Douglas J. Feith to buttress the White House case for invading Iraq included "reporting of dubious quality or reliability" that supported the political views of senior administration officials rather than the conclusions of the intelligence community, according to a report by the Pentagon's inspector general.

Feith's office "was predisposed to finding a significant relationship between Iraq and al Qaeda," according to portions of the report, released yesterday by Sen. Carl M. Levin (D-Mich.). The inspector general described Feith's activities as "an alternative intelligence assessment process."

An unclassified summary of the full document is scheduled for release today in a hearing of the Senate Armed Services Committee, which Levin chairs. In that summary, a copy of which was obtained from another source by The Washington Post, the inspector general concluded that Feith's assessment in 2002 that Iraq and al-Qaeda had a "mature symbiotic relationship" was not fully supported by available intelligence but was nonetheless used by policymakers.

At the time of Feith's reporting, the CIA had concluded only that there was an "evolving" association, "based on sources of varying reliability."

In a telephone interview yesterday, Feith emphasized the inspector general's conclusion that his actions, described in the report as "inappropriate," were not unlawful. "This was not 'alternative intelligence assessment,' " he said. "It was from the start a criticism of the consensus of the intelligence community, and in presenting it I was not endorsing its substance."

Feith, who was defense policy chief before leaving the government in 2005, was one of the key contributors to the administration's rationale for war. His intelligence activities, authorized by then-Defense Secretary Donald H. Rumsfeld and his deputy, Paul D. Wolfowitz, and coordinated with Vice President Cheney's office, stemmed from an administration belief that the CIA was underplaying evidence of then-Iraqi leader Saddam Hussein's ties with al-Qaeda.

In interviews with Pentagon investigators, the summary document said, Feith insisted that his activities did not constitute intelligence and that "even if they were, [they] would be appropriate given that they were responding to direction from the Deputy Secretary of Defense."

The report was requested in fall 2005 by Sen. Pat Roberts (R-Kan.), then chairman of the Senate Select Committee on Intelligence. Although the committee and a number of official inquiries had criticized the administration's prewar intelligence, Democratic senators, led by Levin, demanded further investigation of Feith's operation.

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"The bottom line is that intelligence relating to the Iraq-al-Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," Levin said yesterday. "The inspector general's report is a devastating condemnation of inappropriate activities in the DOD policy office that helped take this nation to war."

The summary document confirmed a range of accusations that Levin had leveled against Feith's office, alleging inaccurate work.

Feith's office, it said, drew on "both reliable and unreliable" intelligence reports in 2002 to produce a link between al-Qaeda and Iraq "that was much stronger than that assessed by the IC [Intelligence Community] and more in accord with the policy views of senior officials in the Administration."

It stated that the office produced intelligence assessments "inconsistent" with the U.S. intelligence community consensus, calling those actions "inappropriate" because the assessments purported to be "intelligence products" but were far more conclusive than the consensus view.

In particular, the summary cited the defense policy office's preparation of slides describing as a "known contact" an alleged 2001 meeting in Prague between Mohamed Atta, the leader of the terrorist attack on the World Trade Center, and an Iraqi intelligence officer.

That claim figured heavily in statements by Cheney and other senior administration officials alleging a link between al-Qaeda and the Iraqi regime, but it has since been discredited.

Three versions of the briefing prepared by Feith's office were presented in August and September 2002 -- months before the U.S. invasion of Iraq -- to I. Lewis "Scooter" Libby, then Cheney's chief of staff; Rumsfeld; and then-deputy national security adviser Stephen J. Hadley, the summary states.

But only "some of the information" in those briefings was "supported by available intelligence," the summary said. The version of the briefing presented to senior Bush officials, it said, contained different information than a presentation to the CIA. Left out of the version for the CIA, the inspector general said, was "a slide that said there were 'fundamental problems' " with the way the intelligence community was presenting the evidence.

While Pentagon officials said in responses cited in the summary that no senior policymakers mistook these briefings as "intelligence assessments," the inspector general said that administration officials had indeed cited classified intelligence that allegedly documented a close al-Qaeda-Iraq relationship.

The policy office, the summary stated, "was inappropriately performing Intelligence Activities . . . that should be performed by the Intelligence Community."

The summary recommended no action within the Defense Department because, it said, the current collaboration under new leadership at the Pentagon and the intelligence community "will significantly reduce the opportunity for the inappropriate conduct of intelligence activities outside intelligence channels."

Pentagon Criticized For Prewar Data Analysis (NYT)

By David S. Cloud And Mark Mazzetti

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — A Pentagon investigation into the handling of prewar intelligence has criticized civilian Pentagon officials for conducting their own intelligence analysis to find links between Saddam Hussein and Al Qaeda, but said the officials did not violate any laws or mislead Congress, according to Congressional officials who have read the report.

The long-awaited report by the Pentagon's acting inspector general, Thomas F. Gimble, was sent to Congress on Thursday. It is the first major review to rebuke senior officials working for Defense Secretary Donald H. Rumsfeld for the way intelligence was used before the invasion of Iraq early in 2003.

Working under Douglas J. Feith, who at the time was under secretary of defense for policy, the group "developed, produced and then disseminated alternative intelligence assessments on the Iraq and Al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the Intelligence Community, to senior decision-makers," the report concluded. Excerpts were quoted by Senator Carl Levin, a Michigan Democrat who has long been critical of Mr. Feith and other Pentagon officials.

The report, and the dueling over its conclusions, shows that bitter divisions over the handling of prewar intelligence remain even after many of the substantive questions have been laid to rest and the principal actors have left the government.

In a rebuttal to an earlier draft of Mr. Gimble's report, Eric S. Edelman, the under secretary of defense, said the group's activities were authorized by Mr. Rumsfeld and his deputy, Paul D. Wolfowitz. They did not produce formal intelligence assessments, and they were properly shared, the rebuttal said.

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In a statement issued Thursday, Mr. Feith, who left the Pentagon in 2005, made similar points. Mr. Rumsfeld did not respond to telephone messages seeking comment.

According to Congressional officials, Mr. Feith's statement and the policy office's rebuttal, the report concluded that none of the Pentagon's activities were illegal and that they did not violate Defense Department directives.

But the chairman of the Senate Intelligence Committee, John D. Rockefeller IV of West Virginia, said in a statement that because the inspector general considered the work of Mr. Feith's group to be "intelligence activities," the committee would investigate whether the Pentagon violated the National Security Act of 1947 by failing to notify Congress about the group's work.

Senator Levin, who is chairman of the Senate Armed Services Committee, called the report a "very strong condemnation" of the Pentagon's activities.

"I think they sought this kind of intelligence. They made it clear they wanted any kind of possible connections, no matter how skimpy, and they got it," he said.

Mr. Feith and other officials in his Pentagon office have been accused by critics of the administration of distorting intelligence data to justify the invasion of Iraq. When Democrats were in the minority in Congress, Mr. Levin conducted an inquiry and issued a report excoriating Mr. Feith and others at the Pentagon for their conduct.

The conclusions the Pentagon team reached in the year or so before the invasion of Iraq have been generally known for some time and were largely discredited by the Sept. 11 commission, which found "no evidence" that contacts between the Iraqi government and Al Qaeda "ever developed into a collaborative operational relationship."

According to Mr. Levin, the inspector general's report did not make any specific recommendations, and he said that interagency coordination "will significantly reduce the opportunity for the inappropriate conduct of intelligence activities outside of intelligence channels."

The Senate Intelligence Committee, meanwhile, is completing work on its own investigation into the use of intelligence by policy makers in the months before the Iraq war. Under Republican leadership, it had delayed an examination of Mr. Feith's activities pending the outcome of the inspector general's report.

The Pentagon's rebuttal vehemently rejected the report's contention that there was "inappropriate" use of intelligence by Pentagon civilians and said the effort to identify links between Saddam Hussein's government and Al Qaeda was done at the direction of Mr. Wolfowitz, who was deputy defense secretary at the time.

Describing the work as a "fresh, critical look" at intelligence agency conclusions about Al Qaeda and Iraq, the Pentagon rebuttal said, "It is somewhat difficult to understand how activities that admittedly were lawful and authorized (in this case by either the secretary of defense or the deputy secretary of defense) could nevertheless be characterized as 'inappropriate.' "

The Feith operation dates to shortly after the Sept. 11 terrorist attacks, when the Pentagon established a small team of civilians to sift through existing intelligence with the aim of finding possible links between terror networks and governments. Bush administration officials contended that intelligence agencies were ignoring reports of collaboration between Iraq and Al Qaeda.

By the summer of 2002, the group, whose membership evolved over time, was aimed at identifying links between Al Qaeda and Saddam Hussein's government in Iraq.

The inspector general's report criticizes a July 25, 2002, memo, written by an intelligence analyst detailed to Mr. Feith's office, titled, "Iraq and al-Qaida: Making the Case."

The memo said that, while "some analysts have argued" that Osama bin Laden would not cooperate with secular Arab entities like Iraq, "reporting indicates otherwise."

The inspector general concluded that the memo constituted an "alternative intelligence assessment" from that given by the Central Intelligence Agency and other intelligence agencies and that it led to a briefing on links between Al Qaeda and Iraq that was given to senior Bush administration officials in August 2002, according to excerpts of the draft inspector general report quoted by Mr. Edelman.

It is not clear whether the inspector general revised his report after receiving the rebuttal.

The draft inspector general report said Mr. Feith's office should have followed intelligence agency guidelines for registering differing views, "in those rare instances where consensus could not be reached."

In his statement Thursday, Mr. Feith said he was pleased that the inspector general had cleared him of violating laws or Defense Department policies, but he called it "wrong" and "bizarre" for the report to criticize civilian officials for scrutinizing intelligence agency conclusions and passing along their findings to senior officials.

Mr. Feith also said that the inspector general's findings reflected "confusion about the way policy and intelligence officials relate to one another in the real world."

Pentagon Probe Deems Intelligence Inappropriate (WSJ/AP)

Associated Press

DOJ_NMG_0129957

The Wall Street Journal, February 9, 2007

A Defense Department investigation to be presented to Congress on Friday concludes that some of the Pentagon's pre-Iraq War intelligence work was inappropriate but not illegal.

Two people familiar with the findings discussed the main points and some details Thursday on condition they not be identified.

In the report, the department's inspector general said former Pentagon policy chief Douglas J. Feith had not engaged in illegal activities through the creation of special offices to review intelligence. Some Democrats also have contended that Mr. Feith misled Congress about the basis of the administration's assertions on the threat posed by Iraq, but the Pentagon investigation did not support that.

The Senate Armed Services Committee has scheduled a hearing Friday to receive the findings by Thomas F. Gimble, the Pentagon's acting inspector general. The committee's chairman, Carl Levin (D., Mich.), has been a leading critic of Mr. Feith's role in prewar intelligence activities and has accused him of deceiving Congress.

Mr. Levin has asserted that President Bush took the country to war in Iraq based in part on intelligence assessments -- some shaped by Mr. Feith's office -- that were off base and didn't fully reflect the views of the intelligence community.

In a telephone interview Thursday, Mr. Levin said the inspector-general report is "very damning" and shows a Pentagon policy shop trying to shape intelligence to prove a link between al Qaeda and Saddam. Mr. Levin also said it was a "red herring" to say that he or others in Congress claimed that any of Mr. Feith's activities had been illegal. Mr. Feith has said the accusation that he misled Congress was, by definition, a claim that he had acted illegally.

The 2004 report from the Sept. 11 Commission found no evidence of a collaborative relationship between Saddam and Osama bin Laden's al Qaeda terror organization before the U.S. invasion.

Asked to comment on the inspector general's findings, Mr. Feith said in a telephone interview that he had not seen the report but was pleased to hear that it concluded his office's activities were neither illegal nor unauthorized. He took strong issue, however, with the inspector general's finding that some activities had been "inappropriate."

Mr. Feith called "bizarre" the inspector general's conclusion that some intelligence activities by the Office of Special Plans, which was created while Mr. Feith served as the undersecretary of defense for policy -- the top policy position under Defense Secretary Donald H. Rumsfeld -- were inappropriate but not unauthorized.

Mr. Feith left his Pentagon post in August 2005 and now teaches at Georgetown University's School of Foreign Service.

Defense Report OKs Policy Chief's Intelligence Move (WT)

By Rowan Scarborough

The Washington Times, February 9, 2007

A report to be released today clears the Pentagon's former policy chief of Democrats' charges he acted illegally and without authorization when he set up a small team to compile intelligence reports.

The report from the Defense Department inspector general focuses on a two-man team that after the September 11, 2001, attacks was assigned the task of studying intelligence reports on terrorist networks. It especially looked at reports of contacts between al Qaeda and Saddam Hussein's regime in Iraq.

Sen. John D. Rockefeller IV, West Virginia Democrat, in 2004 accused then-Undersecretary of Defense for Policy Douglas Feith, who created the unit, of "running a private intelligence failure, which is not lawful."

But the IG report specifically rejects that charge, the sources said, adding there was nothing illegal or unauthorized about Pentagon policy-makers looking at intelligence and writing a report. Democrats contend that such work, by law, is done only by intelligence analysts.

Mr. Feith said yesterday he feels vindicated after hearing repeated charges from Mr. Rockefeller and Sen. Carl Levin, Michigan Democrat. Both serve on the Senate intelligence committee, which failed to find any illegality when it reviewed the Feith unit in 2003-2004.

"It is good but not surprising that the inspector general found that the Pentagon policy office's activities were all legal and authorized and that policy officials did not mislead Congress," said Mr. Feith, who was questioned by senators.

"The policy office has been smeared for years by allegations that its pre-Iraq War work was somehow 'unlawful' or 'unauthorized' and that some information it gave to congressional committees was deceptive or misleading. The office's accusers always couched the charges in vague language, making them difficult to refute with precision. The charges have been repeated persistently despite the lack of any substantiation. The inspector general's report has now thoroughly repudiated the smears."

Mr. Levin, who requested the IG report and has repeatedly referred to the "Feith group" in derogatory terms, has suggested the Democratic-controlled Senate will conduct more probes into the unit.

The Senate Armed Services chairman plans a hearing today on the IG report.

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The IG found one problem in Mr. Feith's shop, questioning the criticism some policy people leveled at CIA analysts. The Defense Department rejected that part of the IG report, saying it was healthy for policy-makers and intelligence analysts to debate findings.

In a statement yesterday, Mr. Rockefeller stuck by his charges:

"Individuals in that office produced and disseminated intelligence products outside of the regular intelligence channels. These intelligence products were inconsistent with the consensus judgments of the Intelligence Community. This office did this without coordinating with the Intelligence Community and as a result policy-makers received distorted intelligence."

Senate Confirms Casey As Army Chief Of Staff (WP)

By Josh White

The Washington Post, February 9, 2007

The Senate voted 83 to 14 yesterday to confirm Gen. George W. Casey Jr. as the Army's new chief of staff, a tally that included 10 Republicans voting against the general who has commanded the Iraq war for the past 2 1/2 years. Though a vast majority of the senators supported Casey's ascension to the Army's top post, several powerful Republicans decried what they regard as Casey's leadership failures amid a deteriorating situation in Iraq.

The vote allowed some Republicans wary of taking a public stand against President Bush's current strategy in Iraq to speak out against the conduct of the war. Though the senators almost unanimously praised Casey's service to the nation, some lashed out at his 30-month tenure as the top commander in Baghdad.

Sen. John E. Sununu (R-N.H.), who has at times evaded questions about the president's plan to secure Iraq, said that Casey's tour saw a steady deterioration in the country's security. "There are many factors that contributed to the failure to improve the situation, but ultimately our military leadership has to bear some responsibility for its choices," Sununu said. "Simply put, we shouldn't reward a lack of success on the field of command with such an important promotion."

More than a fifth of the Republicans in the Senate voted against Casey, including influential members of the Armed Services Committee, which grilled the general during a contentious confirmation hearing last week. Sen. John McCain (Ariz.), the panel's ranking GOP member, joined three other Republicans on the committee in opposing Casey's confirmation: Sens. John Ensign (Nev.), Saxby Chambliss (Ga.) and Lindsey O. Graham (S.C.).

Chambliss said yesterday that he has been unimpressed with Casey's leadership, criticizing him for maintaining his position that the United States did not need additional forces in Iraq even as the war worsened.

"I've been a big supporter of the president on the war itself. My only questions have come . . . with deployment of additional troops, but my concerns have been addressed and answered," Chambliss said, citing his concerns about Casey's strategies. "I think it's a bad decision to put old ideas in place."

Graham said that he voted against Casey because he thinks it is time to stop being overly optimistic about the war. "We have slowly but surely gone backwards, and that strategy General Casey was implementing was not working," Graham said. He added that the administration is now betting everything on the buildup of troops in Iraq. "If this is all in, which I think it is, I'm not so sure I want him to play the hand."

Sen. Carl M. Levin (D-Mich.), chairman of the Armed Services Committee, voted in favor of Casey's confirmation.

"It is not fair that General Casey be tagged with failures, massive failures which were caused by the false policies, the wrong policies, the deceptions, the ignorance, the arrogance, the cockiness of civilian leaders in this administration," Levin said.

Army officials close to Casey said yesterday that he is extremely honored by the confirmation. He could not be reached in Iraq because of the late hour there.

Confirmations of Army chiefs of staff have almost always lacked controversy, but Casey's comes as the U.S. public is growing weary of the Iraq war and as Congress is split over the way forward. According to Senate records dating to 1930, there has been only one other contested confirmation vote for an Army chief, when Gen. Creighton W. Abrams Jr. was confirmed in late 1972. The Senate approved Abrams in an 84 to 2 vote during the Vietnam War.

Senate Confirms Shift Of Gen. Casey From Iraq To Army Chief Of Staff (USAT/AP)

USA Today, February 9, 2007

WASHINGTON (AP) — The Senate on Thursday confirmed Gen. George Casey as the next Army chief of staff, despite reservations by several lawmakers over his direction of the Iraq war.

Casey was confirmed by a 83-14 vote. He had been top U.S. commander in Iraq since July 2004, but President Bush replaced him with Army Gen. David Petraeus as part of an overhaul of his Iraq policies and his team of top U.S. officials in the Middle East.

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The Senate a day earlier confirmed Navy Adm. William Fallon to replace Army Gen. John Abizaid as head of U.S. Central Command, which oversees operations throughout the Middle East.

Their approval comes as Democrats launch a full-court press against Bush's decision to send 21,500 more troops to Iraq. House Democratic leaders are planning a vote next week on a resolution stating opposition to the buildup, while some senators are considering bogging down upcoming budget bills with anti-war measures.

Despite their opposition to Bush's war strategies, Democrats defended Casey while Republicans who support Bush's policies assailed the general, accusing him of mismanaging the conflict.

"Gen. Casey knows Iraq and the challenges the Army faces there," Sen. Carl Levin, D-Mich., and chairman of the Senate Armed Services Committee, said this week, adding, "The principal failures that led to the chaos in Iraq were due to the civilian leaders."

Sen. John McCain, R-Ariz., said Casey should be held accountable for giving Congress rosy assessments of the war as the violence got worse.

"I have questioned in the past and question today a number of decisions and judgments that Gen. Casey has made in the past two and a half years," said McCain. "During that time, conditions in Iraq have gotten remarkably and progressively worse."

Testifying this month before the Senate Armed Services Committee, Casey said he had asked for three fewer ground combat units than Bush is sending to Iraq. Bush announced Jan. 10 he would send five brigades to Iraq, whereas Casey had requested only two.

Casey said he does not oppose the deployment of the additional brigades because it would give U.S. commanders in Iraq flexibility.

Casey will replace Gen. Peter Schoomaker, who is retiring.

Retired Vice Adm. Mike McConnell also was confirmed Wednesday on a voice vote to become the nation's second national intelligence director.

McCain Vote On General (HILL)

By Alexander Bolton

The Hill, February 9, 2007

Sen. John McCain's (R-Ariz.) vote against the nomination of Gen. George Casey to become Army chief of staff is a departure from a policy he outlined two years ago on the president's prerogative to appoint advisers.

But a McCain spokeswoman said that his earlier statement should not be taken out of context. She said it referred to filibusters of presidential appointments, not final confirmation votes.

McCain was one of 14 senators to vote against Casey yesterday, but his vote drew a lot of attention because he is the top-ranking Republican on the Senate Armed Services Committee. Nine other Republicans and four Democrats also voted against Casey, including fellow White House hopeful, Sen. Hillary Rodham Clinton (D-N.Y.).

Critics view McCain's vote as an effort to distance himself from President Bush's Iraq war policy while he lays the groundwork for his own presidential campaign. Sixty five percent of Americans disapprove of Bush's job performance, according to a Gallup poll completed over the weekend, a dismal rating that has been widely attributed to lack of support for the war.

(Casey's wife, Sheila Casey, is the chief financial officer of The Hill newspaper.)

Two years ago, shortly after Bush won reelection, McCain declared that the president has a right to appoint his team of advisers, even though they may be controversial or unappealing to senators who have the responsibility of confirming them.

"Mr. President, elections have consequences, and one consequence of President Bush's reelection is that he has the right to appoint officials of his choice," McCain said in a statement on the Senate floor as his colleagues were considering whether to confirm John Bolton as U.S. ambassador to the United Nations.

"I stress this, because the president nominates not the Democrats' selection, nor mine or that of any other senator, but his own choice," said McCain. "When President Clinton was elected, I did not share the policy views of some of the officials he nominated, but I voted to confirm them, knowing that the president has a right to put into place the team that he believes will serve him best."

Bolton at the time was a far more controversial nominee. He never received a confirmation vote from the full Senate because Democrats filibustered his nomination with the support of Sen. George Voinovich (R-Ohio). Bolton attracted widespread criticism after the Foreign Relations Committee received testimony from the nominee's former colleagues, who accused him of being abusive.

Democrats criticized Bolton's nomination because of his outspoken critical views of the U.N., which he described as irrelevant and corrupt.

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Melissa Shuffield, McCain's spokeswoman, said his statement during the Bolton debate conveyed his belief that presidential appointees should receive up-or-down confirmation votes, and did not mean to say they are entitled to unanimous approval.

She noted that in the same floor statement that McCain urged his colleagues to allow a vote to proceed.

"For my colleagues who disagree and do not want Mr. Bolton there, I respect their views," he said. "But let's go ahead and give him an up-or-down vote before we go into recess for a week. Let him go."

Senate approval for the position of Army chief of staff is usually routine — either by voice vote or unanimous consent.

There is only one recorded instance of the Senate voting on an Army chief of staff, which happened in 1972 after public support for the Vietnam war had cratered when Sens. Frank Church (D-Idaho) and William Proxmire (D-Wis.) cast the only two votes against Gen. Creighton Abrams. Neither lawmaker sat on the Armed Services Committee at that time, according to Senate records.

"This is not a typical step," said Norman Ornstein, a congressional scholar at the American Enterprise Institute, of McCain's vote. "It's a reflection of a deep frustration that McCain has felt for three years about the way this war has been conducted; a frustration with [former Defense Secretary Donald] Rumsfeld, with the president and vice president, and with the military."

McCain did not have a chance to formally register his position on the war earlier this week when he missed the vote on proceeding to consideration of two Iraqi war resolutions, including one he sponsored along with Sens. Lindsey Graham (R-S.C.) and Joe Lieberman (D-Conn.). McCain was in Texas meeting with political supporters.

Sen. Edward Kennedy (D-Mass.) and other Democrats claimed the vote on whether to end a filibuster of the resolutions would be considered tantamount to a vote on the war itself if Republicans successfully blocked consideration of the resolutions.

Luis Miranda, a spokesman for the Democratic National Committee, said that McCain was trying to distance himself from the president's war policy, but that it would not succeed.

But Ornstein disputed allegations of McCain's political motive.

"This is not an area where McCain is posturing for politics," said Ornstein, who explained that his judgment was based on knowing McCain personally. "That line is drawn. When it comes to war and peace John McCain is going to do what he thinks is right no matter what."

Sen. Sam Brownback (R-Kan.), one of McCain's rivals for the Republican presidential nomination, declined to offer judgment on his colleague.

"I don't know what his rationale was," he said.

But others said they respected McCain's stance.

"I respect John McCain and his extraordinary knowledge of the U.S. military," said Sen. John Warner (R-Va.), who preceded McCain as the senior Republican on Armed Services. "His vote should be respected."

New Commander, New Plan In Iraq (CSM)

By Dan Murphy

The Christian Science Monitor, February 9, 2007

CAIRO

Lt. Gen. David Petraeus – armed with a Princeton PhD, legions of admirers, and a coterie of advisers who have frequently criticized the approach to America's last long war (Vietnam) – arrived in Baghdadthis week to lead a war that even many of its supporters say is approaching zero hour.

The "warrior scholar" brings a new approach, officially taking over command Saturday of operations in Iraq from Gen. George Casey.

The path forward, as General Petraeus has told Congress, means essentially decentralizing operations in Iraq. It's a plan that aims to place bands of US soldiers with Iraqi forces in Baghdad, a high-risk strategy that will put more Americans in daily contact with Iraqis, providing both opportunities to win hearts and minds and more occasions for casualties.

Petraeus says he's optimistic, but he'll have fewer troops to do the job than recommended by the US military's new counterinsurgency manual, which he spent most of the past year helping to rewrite, calls for in these situations.

If he succeeds, the genial Petraeus, skilled at both befriending journalists and the men under his command, could achieve the hero status last bestowed on a US general, Norman Schwarzkopf, after leading the 1991 Gulf War.

But counterinsurgency experts, and some inside the military, say that the deck is heavily stacked against him.

"The strategy is a good one, Petraeus's approach is by far has the best chance of anyone to win. The problem is it doesn't matter how good a campaign you run if you're not given the resources you need," says Thomas Hammes, a retired Marine Corps colonel who is a counterinsurgency expert who served in Iraq. His counterinsurgency book, "The Sling and the Stone: On War in the 21st Century," is considered required reading for commanders in Iraq.

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Mr. Hammes, in concert with the counterinsurgency manual that Petraeus helped to write, says the general doesn't have enough manpower for the job that he has been sent to do. In the time frame provided, Hammes is skeptical about success, particularly with Washington looking to substantially reduce US troop levels again in six months time.

Experts say that a standard rule of thumb for counterinsurgency operations, particularly ones aimed at building the security and trust of the host populations, is to have about 20 troops on the ground for every 1,000 inhabitants.

The manual says that this ratio "is often considered the minimum troop density required for effective [counter-insurgency] operations." In his Congressional confirmation hearing, Petraeus said that would indicate a minimum of about 120,000 security forces to control the 6 million resident of Baghdad alone. He estimated that US troops – plus Iraqi soldiers and police – will add up to just 85,000 total during the current escalation in force in Baghdad.

While Petraeus said he was concerned that he wouldn't have more troops, he added that he would be relying on contractors and guards employed by Iraq's ministries to provide some security, "which does give me reason to believe that we can accomplish the mission."

"Why he won't say he needs more troops is, I think, because he knows he's not going to get them. And he knows if you go up on [Capitol] Hill and ask for that you just undercut yourself," says Hammes.

Looking to the past to win Iraq

Petraeus is a New York state native who starred on West Point's soccer team and is now, at 55, a serious marathoner. He sailed through Senate confirmation hearings earlier this month, but will now have to come to grips with the reality of Iraq, a country he hasn't visited since October 2005.

While he emits an aura of quiet confidence, he admits the mission is far from assured of success.

"We face a determined, adaptable, barbaric enemy," Petraeus said at his confirmation hearing. "He will try to wait us out. In fact, any such endeavor is a test of wills. There are no guarantees."

Petraeus has become a proponent of spreading more troops out in the capital, working with Iraqi soldiers, both to keep them honest and improve their capabilities, and focusing on systematically securing the capital, neighborhood by neighborhood.

US combat strength in the country is currently being increased by 21,500, all but 4,000 of them bound for Baghdad. US soldiers will be distributed to police stations the city's nine districts, working side by side with Iraqi soldiers and police, rather than being billeted in the large Forward Operating Bases (FOBs).

Petraeus is looking at past counterinsurgency efforts in places as diverse as Algeria, Vietnam, and Malaysia in making the bet that abandoning the Army's heavy emphasis on "force protection," keeping soldiers out of harm's way as much as possible when on their bases, will actually lead to more safety and success.

The manual he co-authored, calls it one of the "paradoxes of counterinsurgency" and sums it up under a heading declaring: "The more you protect your force, the less secure you may be."

It argues: "If military forces remain in their compounds, they lose touch with the people, appear to be running scared and cede initiative to the insurgents."

David Kilcullen, a former Australian lieutenant colonel who served in Iraq and has a PhD for his work on Indonesia's successful destruction of the separatist Islamist Darul Islam movement in the 1950s, is now Petraeus's principal counterinsurgency adviser. He summed up the new approach in Iraq in a January article in the online Small Wars Journal entitled, "Don't confuse the surge with the strategy."

"The key element of the plan ... is to concentrate security forces within Baghdad to secure the local people where they live," he wrote. "Troops will operate in small, local groups closely partnered with the Iraqi military and police ... this is less like conventional warfare, and more like a cop patrolling a beat."

But Hammes points to the past success of key Petraeus aide Col. H.R. McMaster, who led a highly lauded operation to root out Sunni Arab extremists from the northern Iraqi city of Tal Afar in 2005, as actually emphasizing the need for more troops.

Colonel McMaster built a huge sand berm around the city to control its citizens' movements, aggressively targeted local insurgents, then quickly shifted focus to providing a security presence on the streets and rapidly repairing damaged infrastructure in what was called a "clear, hold and build" strategy. This largely pacified the city, allowing families that had fled to return.

But, Hammes says, "McMaster had a troop ratio of 20 per 1,000, and that was the only place in Iraq that has had that, and he did a masterful job. A lesser commander would have failed even with that, but without that, I don't care how competent a commander you are, you can't get the job done."

Hammes argues that the job might be achievable with more time, given the limited number of boots on the ground, but warns that US politicians appear too fixated on quick results. "If we were saying we hoped to pacify Baghdad in two and a half years' time and then move out and do the same in the rest of the country, OK, that's possible."

Unconventional successes

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In his career, Petraeus has proven an exceptional student of both military history and international affairs. He was first in his class at the US Army's Command and General Staff College, and earned his PhD for a dissertation on the lessons of the Vietnam War.

Much of his recent reputation was built on success in the northern Iraqi city of Mosul in 2004. The diverse city – with Kurdish, Shiite, and Sunni populations – would have seemed a likely candidate for the sectarian violence that was already starting to sweep Iraq further south, but was largely peaceful while he commanded the 101st Airborne division there.

In Mosul, he emphasized cultural sensitivity and outreach to locals, both in the conventional settings where his junior officers sat down to hear the grievances of sheikhs, as well as more off-beat approaches, like a talent competition for would-be Iraqi crooners paid for by the US military.

But the relative success in Mosul didn't hold after the 101st's departure, whose 20,000 soldiers were replaced by a force of just 6,000, a Stryker Brigade that relied on high-tech armored vehicles, rather than the intensive foot patrols of its predecessor.

Iraq Security Plan Starts – With Glitches (CSM)

By Peter Grier

The Christian Science Monitor, February 9, 2007

WASHINGTON

US and Iraqi forces have begun to implement President Bush's new security plan for Iraq – but the start-up is not without its difficulties.

Iraqi units have met deployment deadlines, but they're not at full strength. The first additional US brigade has arrived in Baghdad, but military officials are steamed that civilian US agencies aren't moving as fast as they are.

Iraqi Prime Minister Nouri al-Maliki has complained that things should speed up, lest insurgents take advantage of the delay to inflict as many casualties as possible.

No one ever said the plan's first stages would be easy ones, noted US officials in congressional testimony this week. The US is taking it one step at a time.

"So far, so good," said Secretary of Defense Robert Gates at a House Armed Services Committee hearing on Wednesday.

According to Secretary Gates, the first official day of the plan was Monday, Feb. 5. For both US and Iraqi forces the new effort will involve a "rolling implementation,"said the Pentagon chief, not an "all at once" surge.

The first extra US forces to be involved in the plan, the Second Brigade of the 82nd Airborne Division, have already arrived in Baghdad. The lead elements of a second brigade have also arrived and are in the process of planning the arrival of the rest of their unit, said Maj. Gen. William Caldwell in a Wednesday briefing.

Iraqi forces have already established 10 joint security stations in Baghdad, said General Caldwell. These are the mini-forts within urban neighborhoods from which US and Iraqi units will operate.

"It's going to be at least double, if not triple that number that are going to eventually be out there," Caldwell told reporters.

Meanwhile, the Iraqi government of Mr. Maliki has complied with a key benchmark for the deployment of his own forces – but only just.

New Iraqi brigades that were told to show up in Baghdad by February have indeed done so, according to Gates. But at least one of the brigades arrived with only 55 to 60 percent of its assigned soldiers.

About 25 percent of the brigade was home on leave, delivering their pay – a common practice in a country with a shattered financial system. Still, deploying brigades at half strength "isn't good enough," Gates admitted before Congress.

"We need to evaluate it as we go along to see if they're fulfilling their commitments," he told the House Armed Services Committee.

At his confirmation hearings earlier this year, Gates suggested that the US would know as early as February whether the Iraqi government would be an adequate partner for the US in the implementation of the new plan.

Asked this week when the US would know whether it was beginning to accomplish its security mission or not, the nation's top uniformed military officer pushed the date for key benchmarks somewhat back.

"We should start seeing results in the March/April time frame," Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told the House Armed Services panel.

But military operations are only one part of the plan, noted General Pace. They won't succeed unless political and economic efforts surge as well, he noted.

And the Pentagon is not happy about what it perceives to be a slow response on the part of some other parts of the US government. In particular, Gates complained that the State Department is not stepping up to fill all of the 350 extra diplomatic jobs in Iraq created under the new plan.

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Foggy Bottom has in fact asked the Pentagon to fill up to one-third of those slots with military personnel – perhaps reservists.

"It is illustrative of the difficulty of getting other agencies to provide people on a timely basis," Gates told a Senate panel Tuesday.

But Secretary of State Condoleezza Rice defended her department's performance on Wednesday – pointing out that getting unarmed civilian diplomats deployed to a dangerous combat zone is a different matter than sending trained soldiers, particularly when the size of the entire US diplomatic corps equals about one US military brigade.

Many Foreign Service officers have volunteered for the duty, and the presurge requirement for personnel for the key Provincial Reconstruction Teams has been met, noted Secretary Rice.

But getting the extra people required now may take time.

"The president's plan requires ... 350 people whose skill set is far different than the one we actually have in the Department of State," Rice told the House Foreign Affairs Committee on Wednesday. "These are engineers, these are legal experts, these are soil specialists/scientists who can help on the agricultural side."

Iraq's No. 2 Health Official Is Held And Accused Of Financing Shiite Militants (NYT)

By Damien Cave

The New York Times, February 9, 2007

BAGHDAD, Feb. 8 — Iraqi and American troops arrested the second highest official in the Iraqi Health Ministry on Thursday, charging that he funneled millions of dollars to rogue Shiite militants who kidnapped and killed Iraqi civilians.

The United States military said in a statement that the official was suspected of using his position to run a rogue unit of the Mahdi Army, the Shiite militia that claims loyalty to the cleric Moktada al-Sadr. The statement accused the official of flooding the Health Ministry's payroll with militants, embezzling American money meant to pay for Iraq's overworked medical system and using Health Ministry "facilities and services for sectarian kidnapping and murder."

The military's statement did not identify the official, but several Iraqi government officials said he was Deputy Health Minister Hakim al-Zamili, a Shiite with longstanding ties to the Sadr organization. An Interior Ministry official said the authorities in recent weeks had come to believe that Mr. Zamili was using government ambulances to ferry weapons and militants across Sadr City, hiding them from American raids.

Mr. Zamili's detainment was the latest of several high-profile arrests or killings of commanders from the Mahdi Army in recent weeks. He was the fifth Iraqi deputy or cabinet level official to be arrested and charged with corruption since 2003, according to Iraq's Commission on Public Integrity, and the first known example of a senior Iraqi official charged with directly contributing to the country's convulsive sectarian violence.

He was arrested as new Iraqi Army and police checkpoints appeared all over Baghdad as part of the new security plan for the city. Though it was unclear whether Mr. Zamili's arrest was part of the new plan, it underscored the challenge that American troops faced as they tried to secure the capital while relying on an Iraqi government with questionable loyalties.

The Health Ministry is one of six ministries controlled by officials affiliated with Mr. Sadr. And even as Iraqi hospital officials complain of medicine and equipment shortages, the ministry has often been the site of dramatic kidnappings and killings.

In November, Mr. Zamili's predecessor, Ammar al-Saffar, a Shiite, was kidnapped by at least 24 gunmen wearing the uniforms of Interior Ministry policemen. Though he was abducted in a Sunni neighborhood, there were questions at the time about whether he had been removed by Shiite rivals.

Neither American nor Iraqi officials connected Mr. Zamili to Mr. Saffar's kidnapping, but the American statement said the arrested official was implicated in the deaths of several Health Ministry officials, including a director general in Diyala Province.

Though the statement from the American military said Iraqi forces had made the arrest, witnesses said American Humvees flooded the ministry building about 9 a.m., firing warning shots into the air and breaking windows before seizing Mr. Zamili, several guards and important paperwork in his office.

Shiite officials said Mr. Zamili's arrest was an affront to Iraqi sovereignty. The health minister, Ali al-Shammari, called the arrest an abduction and demanded proof to support the charges against his deputy.

Bahar al-Araji, one of 30 members of the Sadr bloc in Parliament, said American troops should have sought permission to search the ministry from the prime minister or an Iraqi court.

"This is not an attack on the Sadr organization," he said. "It's an attack on the Iraqi government."

His comments suggested that the Sadr organization planned to stand by its stated policy of refusing to outwardly fight American and Iraqi troops as the security plan moves through Baghdad. In recent weeks, Sadr officials have repeatedly sought to show that the Mahdi Army is only a defensive organization that aims to protect Shiite residents from Sunni attacks.

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The American military also said in a statement that an airstrike in Anbar Province on two suspected safe houses for foreign fighters killed 13 insurgents. But witnesses said the airstrike flattened four houses, killing at least 35 people, including women and children. There was no immediate way to confirm either claim.

Witnesses said the site of the airstrike, a mostly Sunni Arab area northeast of Amiriya, near Falluja, had been the site of vicious battles between fighters with Al Qaeda in Mesopotamia and local tribes. One tribal leader said the clashes started because Al Qaeda wanted tribal leaders to join its fight, and they refused.

Violence also continued to rage near the capital, with news agencies reporting that gunmen killed 14 men from the same Sunni family just north of Baghdad.

The United States military announced that four marines were killed Wednesday in separate episodes in Anbar Province. Seven other people were killed the same day when a Marine transport helicopter crashed in an insurgent-heavy region northwest of Baghdad.

And in what appeared to be a rare case of cross-sectarian solidarity, the police in Diyala Province said a family of 25 Shiites — moving from a Sunni area after receiving death threats — was saved from death on Thursday when their Sunni neighbors repelled an insurgent ambush. Iraqi security forces were called in to help, and continued the battle, killing six gunmen.

Iraqi Health Minister Arrested In Raid (LAT)

By Louise Roug

The Los Angeles Times, February 9, 2007

BAGHDAD — Iraqi and U.S. forces on Thursday launched a crackdown on the web of patronage that sustains radical anti-American cleric Muqtada Sadr, detaining a high-level Iraqi official in connection with the killings of Health Ministry officials and the diversion of millions of dollars to a Shiite Muslim militia.

Iraqi special forces, backed by U.S. troops, stormed the Health Ministry complex in downtown Baghdad, detaining Deputy Minister Hakim Zamili, a Sadr loyalist.

It was the second raid at the ministry in six months, but the first high-profile arrest.

"This is the first visible big fish," said a U.S. advisor to the Iraqi military after Zamili was arrested. "It's one to watch. It has to be the beginning of the housecleaning."

U.S. military officials say Sadr's Al Mahdi army is one of the deadliest groups in Iraq, killing thousands of civilians and troops.

Sadr, who has emerged as an important political power broker, has built his stature by controlling seats in parliament and gunmen on the street.

His hold on key service branches with large budgets, such as the health and transportation ministries, provides patronage for his followers, Iraqi and U.S. officials say.

The arrest of Zamili immediately sparked protest among Shiite lawmakers affiliated with Sadr, who described it as an unlawful kidnapping and an attack on the "dignity of the Iraqis."

Reaction from Sadr's camp and the streets was unusually muted, lending credence to theories that the Shiite cleric is remaining neutral in the early days of the Baghdad security crackdown.

The Health Ministry is controlled by Sadr, Iraqi and U.S. authorities say. It's a house of horrors where health officials have disappeared on their way to meetings, never to be heard from again.

Controlling the ministry means controlling the hundreds of gunmen who guard the gates, plus a billion-dollar budget and thousands of jobs.

U.S. officials no longer visit the run-down ministry. Even for Americans, who typically travel in cocoons of security, the threat level is too high, the U.S. advisor said.

At the nearby morgue, Sunni Arabs have been abducted and killed while trying to retrieve the bodies of slain relatives, forcing many families to leave their loved ones behind and violate Islamic rules on burial.

Sunni doctors from the provinces have stopped coming to the Health Ministry. They cite the danger and a sense that medicine and equipment are withheld from Sunnis, resulting in countless deaths.

Sunni and Shiite patients complain of bribery and corruption throughout the system.

Threats and kickbacks?

In a statement on the raid, the U.S. military did not name Zamili. It identified the detainee as a "senior Ministry of Health official" and said he was linked to the killing of Ali Mahdawi, a health director from a Sunni-dominated province who was kidnapped from the ministry, along with his bodyguards, in June.

"He is reported to openly intimidate and threaten officials who disagree with and question his actions," said the statement, which also alleged that the minister was taking kickbacks on contracts and siphoning off millions of dollars to the Al Mahdi army.

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A third of the Health Ministry's budget goes to salaries, making it a rich source of patronage.

The Al Mahdi army also is suspected of using the ministry's ambulances to transport fighters.

Additionally, U.S. agencies have spent at least $493 million of Iraqi reconstruction funds on healthcare. Most new clinics built in Baghdad are in Shiite neighborhoods.

An aide to Prime Minister Nouri Maliki who spoke on condition of anonymity called Zamili's detention a "major arrest." The aide said Zamili was suspected in the kidnapping of another deputy health minister, Ammar Safar, who was abducted from his home in November. Safar has not been heard from since.

'No one is immune'

Although there was no official comment from Maliki's office, the aide said the prime minister had been informed of the raid, which showed that "no one is immune," the aide said.

Health Minister Ali Shammari, a Shiite, called the raid a "violation of the sovereignty of Iraq."

"They humiliated the officials, smashed the glass and broke the doors," Shammari said. Images of dusty boot prints suggesting that troops had kicked down doors played on national television.

Shammari and a group of lawmakers affiliated with Sadr said the charges against Zamili were trumped up. They demanded his release.

"This kidnapping has proved that they are not only targeting the ruling government of Iraq but also the dignity of Iraqis," Nassar Rubaie, a Shiite lawmaker loyal to Sadr, said in a statement.

A delegation of Shiite politicians complained to Maliki, also a Shiite who relies on Sadr for political support. In the past, Maliki has released high-level Shiite suspects detained by U.S. and Iraqi troops.

But U.S. officials hope the raid and arrest represent a departure from the government's unwillingness to go after Shiite militias.

In August, U.S. and Iraqi soldiers raided the Health Ministry, looking for kidnapping victims. They arrested seven of Shammari's bodyguards and confiscated large sums of money and documents.

Increasingly, Maliki is speaking out more forcefully against militias, saying his government will go after both Sunnis and Shiites.

The raid came less than 48 hours after a meeting called by Maliki to tell Iraqi army commanders in Baghdad to go after anyone breaking the law, regardless of their sectarian or political affiliations.

"Maybe, just maybe, this is an indication that the political circles will not intervene," the U.S. advisor said.

Across the country, the violence continued.

A car bomb killed 15 in Aziziyah, southeast of Baghdad, and mortar shells killed seven in Babil province, south of the capital. Shootings, bombings and mortar shells killed at least 52 others around the country, authorities said.

Of those, 20 were found dead across the capital.

The U.S. military announced the death of four Marines in Al Anbar province. They died in separate attacks Wednesday, the military said.

The deaths brought to at least 30 the number of U.S. troops killed in the first week of February, according to icasualties.org, a website that tracks coalition casualties.

At least 3,115 U.S. troops have been killed in Iraq since the U.S.-led invasion in 2003, the website said.

The U.S. military also said a U.S. airstrike killed 13 suspected insurgents Thursday northeast of the Amiriya neighborhood in Baghdad.

Iraqis Arrest Deputy Health Minister, Allege Links To Shiite Death Squads (USAT/AP)

AP

USA Today, February 9, 2007

U.S.-backed Iraqi forces stormed the Health Ministry and arrested the No. 2 official Thursday, accusing him of diverting millions of dollars to the biggest Shiite militia and allowing death squads use of ambulances and government hospitals to carry out kidnappings and killings.

Shiite politicians allied with anti-American cleric Muqtada al-Sadr denounced the arrest of Deputy Health Minister Hakim al-Zamili as a violation of Iraqi sovereignty and demanded that the prime minister intervene to win his release.

But Prime Minister Nouri al-Maliki and his senior advisers remained silent. Al-Maliki, a Shiite, is under strong U.S. pressure to crack down on Shiite militias and has pledged not to interfere in the security operation to rid Baghdad's streets of gunmen from both Islamic sects.

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The arrest took place at 9 a.m., an hour after Iraqi government offices generally open. Iraqi troops pushed through the iron gates of the Health Ministry building in northern Baghdad, ordered people to drop to the ground and rushed to al-Zamili's ground-floor office, witnesses said.

One of al-Zamili's bodyguards said American soldiers accompanying the force asked everyone to step aside and approached the deputy minister, who introduced himself. A U.S. soldier handcuffed al-Zamili and led him away, the guard said on condition of anonymity because he feared reprisal.

AP Television News footage of al-Zamili's office showed overturned chairs and smashed computers along with scattered files and telephones on the floor. Dusty, white boot prints marked the door, apparently because the troops had kicked it in.

A U.S. military statement did not mention al-Zamili by name but said Iraqi special troops captured a "senior official" suspected of alleged corruption and links to al-Sadr's Mahdi Army militia. The Health Ministry is among six Cabinet posts controlled by al-Sadr, an ally of the prime minister.

The statement also alleged the senior official played a role in the deaths of several ministry officials, including the Sunni director of health in Diyala province. The director, Ali al-Mahdawi, vanished last June after coming to Baghdad for a meeting at the ministry.

According to the statement, the official was believed to have siphoned millions of dollars from the ministry to the Mahdi Army "to support sectarian attacks and violence targeting Iraqi citizens."

U.S. military spokesman Lt. Col. Christopher Garver said militiamen were also allowed to use government hospitals and clinics to gather information on Iraqis seeking treatment and "those Iraqis that were discovered to be Sunnis would later be targeted for attacks."

American officials had long complained that al-Sadr's followers were transforming hospitals into bases for the Mahdi militia and were diverting medicine from state clinics to health care facilities run by the cleric's movement.

The clinics helped al-Sadr build a powerful nationwide political movement modeled in part on the Shiite Hezbollah militia in Lebanon.

The arrest is likely to add new strains to al-Maliki's fragile coalition as it embarks on a high-risk campaign to curb violence in Baghdad. Shiite politicians persuaded al-Sadr to pull his militiamen back from the streets in the run-up to the security campaign.

But a series of bombings and suicide attacks on Shiite civilians in Baghdad and the southern city of Hillah has led many Shiites to complain that U.S. and Iraqi forces have not launched the security campaign fast enough to protect them against Sunni extremists.

Nasr al-Rubaie, leader of the Sadrist bloc in parliament, called al-Zamili's arrest a "kidnapping."

Health Minister Ali al-Shemari also denounced the raid.

"This is a violation of Iraq's sovereignty," he said. "They should have a court order to carry out a raid like this."

U.S. officials have insisted that al-Maliki rein in al-Sadr's forces, and the prime minister told the cleric last month that he could no longer provide him with political protection in the face of U.S. pressure, according to al-Maliki's aides.

Curbing the militias is considered key to halting the wave of Sunni-Shiite reprisal killings that surged after last year's bombing of a Shiite shrine in the mostly Sunni city of Samarra.

Despite recent efforts, the violence showed little signs of receding.

At least 104 people were killed or found dead Thursday in Iraq, including at least 10 Sunni men gunned down in the village of Rufayaat, just east of Balad. Balad is a majority Shiite town 50 miles northeast of the Iraqi capital, but it is surrounded by territory that is mainly populated by Sunnis.

In the day's deadliest attack, a parked car bomb exploded at a food market in the predominantly Shiite town of Aziziyah, 35 miles southeast of Baghdad, killing 20 people and wounding 45, police said.

Another parked car bomb tore through a minibus in the mainly Shiite Amin neighborhood of southeastern Baghdad, killing seven passengers and wounding 10, police said.

Senior Health Official Detained By U.S.-Iraqi Forces (WT/AP)

By Sameer N. Yacoub, Associated Press

The Washington Times, February 9, 2007

Iraqi forces today detained a senior Health Ministry official accused of corruption and helping to funnel millions of dollars to Shi'ite militiamen blamed for much of the recent sectarian violence in the capital, the U.S. military said.

The raid was the latest in a crackdown on radical Shi'ite cleric Muqtada al-Sadr's militia, coming a day after the chief U.S. military spokesman Maj. Gen. William Caldwell said a security sweep to stop the rampant attacks in the capital was under way.

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Violence was unrelenting today, with car bombs striking Shi'ite targets in Baghdad and south of the capital. At least 43 persons were killed or found dead in Iraq.

The military also announced that four U.S. Marines were killed yesterday in fighting in Anbar province, an insurgent stronghold west of Baghdad.

The military statement did not identify the detained official, but a ministry spokesman said earlier that U.S. and Iraqi forces had seized Deputy Health Minister Hakim al-Zamili, an al-Sadr supporter, from his first-floor office in northern Baghdad.

A large white boot print was left on the bullet-pocked office door, which apparently had been kicked in by the troops, and shattered glass as well as overturned computers and phones were scattered on the floor.

The Shi'ite Health Minister Ali al-Shemari, who also has been linked to Sheik al-Sadr, and several other members of the movement denounced the raid.

"This is a violation of Iraq's sovereignty," he said. "They should have a court order to carry out a raid like this."

The detainee was implicated in the deaths of several ministry officials, including the director-general in Diyala province, northeast of Baghdad, the military said.

He reportedly orchestrated several kickback schemes related to inflated contracts for equipment and services, with millions of dollars allegedly funneled to the Mahdi Army militia that is loyal to Sheik al-Sadr, according to the statement.

The official also was suspected of providing large-scale employment of militia members who used Health Ministry facilities and services for "sectarian kidnapping and murder," the military said.

Joint U.S.-Iraqi forces stormed the Health Ministry compound early today, causing all the employees to flee, spokesman Qassim Yahya said.

One of Mr. al-Zamili's bodyguards said he heard gunshots, then the Americans asked him to step aside and approached the deputy health minister, who introduced himself by name and title. A U.S. soldier told Mr. al-Zamili he was on a list of wanted names and handcuffed him before leading him away, the bodyguard said, speaking on the condition of anonymity because of security concerns.

The U.S. Embassy, meanwhile, said U.S. officials were investigating a Jan. 31 incident involving a civilian helicopter after the New York times reported that insurgents had brought the chopper down with ground fire during a flight between Hillah and Baghdad.

If confirmed, it would be the sixth helicopter to crash in Iraq since Jan. 20, prompting the U.S. military to review flight operations. The most recent crash occurred yesterday when a CH-46 Sea Knight went down northwest of Baghdad, killing seven persons.

Iraq, U.S. Advised To Avoid Offensive Against Militiamen (WP)

By Joshua Partlow

The Washington Post, February 9, 2007

BAGHDAD, Feb. 8 -- Iraqi and U.S. forces should not launch a military offensive against the militias -- most of them Shiite -- that are a major source of turmoil in Iraq, but should instead rely on nonviolent steps to bring militiamen into the political fold, according to an Iraqi report that draws largely on the views of prominent Shiite politicians.

"In the short-term at least, there can be no military offensive against the militias. Military confrontation, in the current climate, will only strengthen their appeal and swell their ranks," the Baghdad Institute for Public Policy Research concludes.

The institute said the 18-page report, "Dismantling Iraq's Militias," was based on a round-table discussion by six Shiite politicians, two Kurds and a Sunni Arab. Government officials said Thursday it would be considered in setting policy, but some here saw it as reflecting the private thinking of Prime Minister Nouri al-Maliki as more U.S. troops arrive to try to end the violence.

Maliki has publicly declared that the joint effort will target all lawbreakers equally, regardless of sectarian affiliation. But late last year, his advisers said the prime minister was urging the Americans to combat Sunni groups while Iraqi forces focused on Shiite militias.

"The tense situation between the Mahdi Army militia and the U.S. military means that it would be unwise for multinational forces to go into Shia strongholds at this stage," the report says. The Mahdi Army is led by anti-American cleric Moqtada al-Sadr, a key Maliki supporter.

Many Iraqi officials say previous Baghdad security plans failed because Maliki did not take a tough stance against that militia.

"I don't want to see the prime minister again violating his commitment," said Tariq al-Hashemi, an Iraqi vice president who leads the most powerful Sunni Arab party. The report's goals would be a "complete deviation of what has been agreed upon from the beginning by the political entities," he said in an interview. "I don't support the theme that the militias could be accommodated or be resolved by the political process," he added.

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The report reflects "the government's point of view," said Mahmoud Othman, a Sunni Kurd and a legislator who was a member of the round table. "This prime minister won't go against Sadr or the Mahdi Army. Those people are his supporters." Like other participants, Othman had not been given the finished report and commented based on a reporter's description.

Ahmed Shames, a member of Maliki's media office who was a co-author of the report, said in an interview that it will be widely read in the government, but "it does not mean the government will follow these recommendations."

Sadiq al-Rikabi, a political adviser to Maliki and one of the politicians involved in the discussions, said the report emerged from frank discussion and did not necessarily represent the prime minister's views. Rikabi reiterated that Maliki will use force against anyone regardless of sect if political solutions are not possible.

The only Sunni Arab in the round table, Mithal al-Alusi, said he was unaware of the report's publication and angered that his name was attached to a document that did not represent his views. "The Dawa party, they organized this meeting in the name of the Baghdad Institute," Alusi said, referring to Maliki's political party. "More than one [participant], not just me, said there is no place for a political solution for killers, militias and terrorists."

The report outlines a three-phase approach to solving Iraq's militia problem. The short-term goal, over a period of about two years, is to use government forces for "defensive military campaigns" to break the cycle of violence in Baghdad. This will deprive militias of their role of protecting embattled neighborhoods, the report says. The second phase would be provision of such services as clearing sewers and cleaning and paving streets. The final step would be integration of some militiamen into the security forces or civil service in a way that holds their political patrons accountable for any crimes they commit.

U.S. Says Airstrike Kills 13 Insurgents (WP)

By Ernesto Londoño

The Washington Post, February 9, 2007

BAGHDAD, Feb. 8 -- U.S. forces used precision-guided munitions to kill 13 Sunni insurgents west of Baghdad on Thursday and aided Iraqi officials in the detention of a deputy cabinet minister accused of funneling money to a Shiite militia, the U.S. military said.

A doctor and a resident of the area said women and children were killed in the airstrike, but a military spokesman denied there were any civilian casualties.

The strike in Amiriyah targeted two suspected safe houses used by insurgents, a military statement said. U.S. forces said they later detained five suspected insurgents and found weapons including armor-piercing ammunition.

Ahmad Mansoor al-Zubaie, who lives near the scene of the airstrike, said it was aimed at two houses, but destroyed two additional homes.

Another resident, Muhammad Khalaf al-Zubaie, said women and children were killed in the attack.

Muhammad Ismail, a physician who works at Fallujah General Hospital, said more than 30 people wounded or killed in the attack were brought to the hospital. He said in a telephone interview that women and children were among the dead.

A U.S. military spokesman, Lt. Col. Christopher C. Garver, said no civilians were killed. "After an airstrike we put what we call boots on the objective," he said. "We send in an exploration team to see what effect we had. They would see 40 civilians killed in an airstrike and we would report that if it had happened."

Muhammad al-Zubaie also said the target of the attack was Abu Sihail al-Zubaie, a leader of the Sunni insurgent group al-Qaeda in Iraq.

Also Thursday, U.S. and Iraqi officials detained a deputy minister of health accused of funneling millions of dollars to the Mahdi Army, a Shiite militia, according to the U.S. military and Health Minister Ali Hussein al-Shamari.

Shamari called the detention a "kidnapping" and criticized the way the officials took Hakim al-Zamili, one of his deputies. "They broke a door, they broke a window. And they humiliated my employees badly," Shamari said in an interview.

The U.S. military said in a statement that a senior Health Ministry official "is suspected of being a central figure in alleged corruption and rogue infiltration" of the ministry by the Mahdi Army. The statement did not name Zamili.

The detained official allegedly orchestrated several kickback schemes that directed millions of dollars to the militia "to support sectarian attacks and violence targeting Iraqi civilians," the U.S. military statement said. The military also said the senior health official had been implicated in the deaths of several ministry officials.

Shamari said he was not in a position to dispute the allegations, but said the military should have gone through proper channels before making the arrest.

Two deadly incidents involving American private security companies were disclosed Thursday.

Snipers working for one company fatally shot three guards working at the state-run al-Iraqiya television station in Baghdad on Wednesday morning, the director of the station's parent company said in an interview.

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The security contractors were accompanying foreign dignitaries who were visiting the Justice Ministry, which is across the street from the station's headquarters, said Habib al-Sadr of the Iraqi Media Network.

Sadr said the three slain guards, Azhar Abdullah Ali, Nibras Muhammad Dawood and Sabah Salman Hassoon, were all in their early 20s. "Not a single bullet was shot toward the ministry building," he said.

The Iraqi guards "had full control of themselves not to attack back. I gave orders, personally gave orders, not to shoot back so that things didn't get worse and we didn't lose more men."

Lou Fintor, a spokesman for the U.S. Embassy in Iraq, said the incident was under investigation.

It was unclear what company the contractors worked for and whether they were escorting U.S. diplomats.

Also Thursday, defense contractor KBR, a Halliburton subsidiary formerly known as Kellogg Brown and Root, said U.S. military personnel fatally shot a KBR truck driver and wounded another employee near a checkpoint outside a military facility in Balad, north of Baghdad.

"Our thoughts and prayers are with the family of the truck driver who was killed," Halliburton spokeswoman Melissa Norcross said in an e-mail. "The wounded truck driver was transported to the Air Force Theater Hospital and has since been treated and released."

Another KBR employee, Hector PatiÃ±o, 58, was killed Jan. 13 in the Green Zone in Baghdad in another apparent friendly-fire incident.

Norcross said she could not release the names of the employees shot Wednesday. The U.S. military in Baghdad did not respond to an e-mail inquiry about the incident.

Fintor, the embassy spokesman, said the death was under investigation.

KBR has lost 98 employees to "hostile action" in Iraq, Afghanistan and Kuwait, Norcross said.

Also Thursday, the military disclosed the deaths of four Marines killed in two incidents in Anbar province in western Iraq.

In Balad, a police official said armed men dressed in Iraqi military uniforms attacked a farmhouse northeast of the city early Thursday, killing 16 members of a Sunni family and wounding two. The home belonged to Amar Fadhil Rufaie, said Capt. Hassan al-Rufaie.

A neighbor, Amad Rufaie, said 12 cars entered the farm area and heavy gunfire ensued. When he went to see what had happened, he found 18 people on the ground, all but two of them dead. Many people in the area belong to the Rufaie tribe.

Shiite District, Flash Point In Baghdad, Rebuilds (NYT)

By Damien Cave

The New York Times, February 9, 2007

BAGHDAD, Feb. 8 — Just past the main checkpoint into Sadr City, children kick soccer balls at goals with new green nets, on fields where mounds of trash covered the ground last summer. A few blocks away, city workers plant palm trees by the road, while men gather at a cafe nearby to chatter and laugh.

Sadr City, once infamous as a fetid slum and symbol of Shiite subjugation, is recovering, with the help of $41 million in reconstruction funds from the Shiite-led government, all of it spent since May, according to Iraqi officials, and millions more in American assistance.

But as Shiite areas like Sadr City begin to thrive as self-enclosed fiefs, middle-class Sunni enclaves are withering into abandoned ghettos, starved of government services.

Many residents credit a Shiite militia, the Mahdi Army, and its powerful political leader, the radical cleric Moktada al-Sadr, for keeping the area safe enough to allow rebuilding. Yet the Mahdi Army has also killed American troops and has been linked to death squads preying on Sunnis, making the district a potential target as American troops pour into Baghdad to enforce the new security plan.

The neighborhood, which is Baghdad's largest Shiite area and was named in honor of Mr. Sadr's father, is a web of contradictions, at once a test of whether its progress can be sustained, a flash point for sectarian tensions and the heart of the government's political and military base.

"Sadr City is different because it has been left without services for 35 years," said Hassan al-Shimmari, a Shiite member of Parliament with the Fadila Party. "And with the presence of the Mahdi Army, and its agenda against the Americans — that is what makes it disturbing."

Over three days of interviews in homes, businesses and political offices, residents described their community as tight-knit, often abused and increasingly isolated.

Abdul Karim Kassem, the prime minister in the late 1950s and early 1960s, built the neighborhood as a public housing project for the poor. The rectangle of roughly 125,000 homes northeast of central Baghdad covered an area about half the size of Manhattan, with streets in a grid and simple brick homes of about 1,550 square feet.

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These days, after decades of neglect under Saddam Hussein (though the area was once called Saddam City), many of the houses have been divided into apartments and many more are crumbling.

Sadr City officials, including Rahim al-Daraji, the elected mayor, claim that more than two million people live there, almost all Shiites but with a smattering still of Sunnis and Kurds.

If that number is correct, the district has a higher population density than Calcutta or Hong Kong, which demographers say is unlikely, given the low-rise architecture.

Undeniably, Sadr City has grown in recent months as families moved in from what Iraqis call hot zones, typically Sunni areas where violence has brought daily routines to a standstill. Schools are packed with children, rents have increased and the economy has come alive.

More surprising than the pyramids of fruit at the bustling market, near a park with new red fences, are the signs of leisure, like the new children's bicycles with tassels on the handlebars and the silvery computer shops.

"Our neighborhood is much better than other areas," said Hussail Allawi, 41, in a crowd of men smoking flavored tobacco, a pastime now rare in much of the city. "The people are cooperative. There are many volunteers, including the Mahdi Army, and we are doing our best."

City officials said 16 sewer mains had been cleaned to eliminate the putrid waste that once collected in large puddles, while 22 roads are to be repaved.

Louis J. Fintor, a spokesman for the United States Embassy, said American agencies were also working on more than 35 projects, mostly in health and education. He did not identify their locations or say how much money had been spent. "Getting credit," he said, "is not the motivating force."

Abu Firas al-Amtari, a spokesman for the Sadr political party in Sadr City, said the American and Iraqi governments spent reconstruction money haphazardly. But he acknowledged that the neighborhood was gaining momentum.

"The situation inside is very good," he said in an interview. "We are always afraid of what comes from other neighborhoods."

Bombings here have become less common than in other parts of Baghdad, though a coordinated series of explosions last fall killed 144 people. Residents and Sadr party officials said they felt more secure because the Mahdi Army kept watch. As members of the community, militiamen have an advantage.

"The Mahdi are more loyal because they feel they are protecting their own families," said Ahmed Hashem, 30.

Sadr officials have seized on a simpler refrain: The Mahdi Army makes peace, not war.

Mr. Amtari described the militants as humanitarians, community volunteers and part of "a moral army" that checked vehicles and enforced the law. Naeem al-Kabbi, a deputy mayor affiliated with the Sadr party, said the battles between American troops and the militia in Najaf and Sadr City in 2004 amounted to a misunderstanding — though American troops said they had come under attack while doing little more than running patrols.

Seemingly determined to clean the tarnished Mahdi image, Sadr officials said the militia's members would disarm temporarily during the Baghdad security plan, even if Sunnis or Americans attacked. "Whatever the provocation, with the surge against us or anything else, we will not kidnap anyone or take revenge by ourselves," said Mr. Daraji, the mayor, who has been negotiating with American and Iraqi officials over the role of the militia. "We will leave everything to the government."

Sunni officials said Sadr officials had calculated that if they stayed quiet for the security plan, American troops would eventually withdraw, giving Shiites even more freedom to exercise power.

Salim Abdullah, a senior Sunni member of Parliament, added that the security plan's impact would be blunted in Sadr City because Shiite militias had infiltrated the Iraqi security forces, and could tip off Mahdi militants before raids began.

An open question is whether all the Mahdi fighters will obey orders not to fight. Some residents, who declined to give their names, described the Mahdi Army as a loose collection of often rival and rogue groups, and said arrests — on, say, an especially volatile anti-American street — could set off firefights with the arrestees' families and neighbors, even if senior Mahdi commanders remained uninvolved.

But like the streets themselves, the community's relationship with the militia seemed to be changing. The Sadr organization, whose members once whipped people on the streets for selling alcohol, now works out of a centrally located office that has expanded from a squat one-story building into a small campus with fresh white paint and a covered courtyard. It has the feel of an American post office.

Residents said the building reflected the move from insurgent group to established player. After winning control of six ministries and 30 seats in Parliament, residents said, the Sadrists have become a more traditionally political, less religious force, with leaders primarily interested in safety and power.

There is still a saying in Sadr City that if you anger the Mahdi, "They'll throw you in the trunk," a reference to their notorious gangsterism. And the American military has clearly taken a harder line. Citing evidence that militia members killed Americans

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and innocent civilians, American troops have arrested or killed several Mahdi commanders in recent weeks as part of their efforts to pacify the capital.

In the latest move, on Thursday, American forces raided the Health Ministry and detained a deputy minister whom they accused of ferrying weapons and militants across Sadr City in ambulances to thwart American raids.

Some residents and officials acknowledge that their sprawling neighborhood includes men who contribute to Baghdad's cycle of violence. One resident said few people had protested the recent increase in American raids because it was clear that some members of the Mahdi Army cared less for the neighborhood than they did for killing and cash.

But in interviews, even critics of the Mahdi Army said that security and economics mattered most, and that as long as the militia kept the neighborhood safe enough to function, it could count on tacit support.

Mr. Allawi, the man smoking at the cafe, said "the people are satisfied" with the spoils of Sadr control.

Muhammad Issa Sachit, 38, a mechanic for the city government who has lived and worked in Sadr City for more than 20 years, said families received a stable fuel supply at competitive prices from the Mahdi Army, more than what most Baghdad communities could depend on.

He also said that when a Sunni neighbor died in a bombing a few months ago, the Mahdi Army rushed in to help the family. "They paid for everything — the funeral, the burial, the food," he said.

The man's wife and children left soon afterward. The house was still empty last week.

Mr. Sachit denied that the family's move had anything to do with a fear of Shiites. Sitting on a green rug in his simple home, he seemed to feel that his neighbor's death was mainly a story of Mahdi Army generosity.

Thousands Displaced As Unrest Grows (USAT)

By Oren Dorell

USA Today, February 9, 2007

Neighborhoods where Sunnis

and Shiites live side by side are vanishing as residents flee, seeking safety among their own sects

A few weeks ago, young men carrying AK-47 rifles left a note on the door of Ayad al-Hiti's house. The note used a slur on al-Hiti's Sunni religion, called him a collaborator with Sunni extremists, and gave him 48 hours to leave.

Having seen several neighbors turn up dead, al-Hiti, his wife and three children moved the next day. They left their religiously mixed neighborhood and moved into his in-laws' house in a safer area north of Baghdad. The family now shares three bedrooms and one bath among 17 people.

More than 540,000 Iraqis have left their homes over the past year because of sectarian violence, according to a recent estimate by the International Medical Corps (IMC), a relief organization operating in Iraq.

About 90% of displaced Iraqis move elsewhere within the country, the IMC says, usually joining members of their own sect. The resulting separation of Baghdad into more distinct Shiite and Sunni areas has made it easier for militias to attack each other, posing a major challenge to Iraqi and U.S. forces as they implement a security plan in coming months.

The militias "might use heavy artillery because there wouldn't be a danger of harming their own people," says Rabih Torbay, vice president for international operations at the IMC. "The situation (in Baghdad) is looking more and more similar to what happened in Yugoslavia."

"Our only hope now is the new security plan, and the new U.S. strategy in Iraq," says al-Hiti, a taxi driver. "We don't trust this sectarian government at all. They promised a lot but did nothing."

In areas of Baghdad such as Ghazaliya, a neighborhood of about 7,000, clear battle lines have appeared on city streets.

The Mahdi Army, a Shiite militia run by anti-U.S. cleric Muqtada al-Sadr, is methodically pushing the majority Sunnis out of their homes and working its way south, U.S. Army Capt. Erik Peterson says.

About half a mile south of the current sectarian dividing line, the U.S. military has set up a combat outpost manned by about 200 Iraqi and U.S. soldiers, says Peterson, who leads the outpost. The sectarian fighting in Ghazaliya is some of the most intense in Baghdad, he says.

Such divisions recall the infamous "Green Line" that divided Beirut into Christian and Muslim areas during Lebanon's 1975-91 civil war. When sectarian lines become more stark, fighters on both sides feel freer to use bigger bombs and more powerful weapons, Torbay says.

The Iraqi government says its new security plan, which includes an additional 21,500 troops sent by President Bush, will attempt to halt the trend.

"Part of the plan is to bring the families back to their homes by directing force against the people that made them leave. (We will) escort them and declare that it will be safe for them to go back," said Ali al-Dabagh, a spokesman for Iraqi Prime Minister Nouri al-Maliki.

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Al-Dabagh would not provide details on when or how that would happen. But he said there would be "no difference between the Sunni or the Shia. The security plan covers all of Baghdad."

About 2 million Iraqis have fled the country since the U.S. invasion in 2003, according to the United Nations High Commissioner for Refugees. The IMC says migration within Iraq accelerated dramatically in February 2006, when al-Qaeda agents bombed two Shiite shrines in Samarra, unleashing a wave of sectarian violence.

Sattar Jabbar, 41, a father of four and a Shiite imam at the al-Jalaika mosque in al-Hahama district north of Baghdad, says about a third of the residents in his once-mixed district have left.

"We used to live as neighbors for centuries, and there were no problems between us at all," Jabbar says. "We have married their women, and they have married our women. We attended their parties and wakes, and they did the same. But after the bombings of Samarra, things collapsed between us."

First, a stranger called Jabbar and threatened to kill him unless he changed his prayer call from Shiite to Sunni. In August, a caller ordered him to leave the mosque. Then, Sunnis put up a roadblock and "began to kill every single Shiite passing that way," Jabbar says.

In mid-January, Jabbar took his wife and four children to live with his wife's parents and her brother. Since then, his old neighborhood has been under mortar attack.

"Our last hope is the new government security plan," Jabbar says. "If it works, all things will succeed. But if it fails, there will be no other solution, and civil war will really break out."

Baghdad Traffic Police Expect The Unexpected (USAT)

USA Today, February 9, 2007

On a typical day, Baghdad's traffic police deal with gunfire, militias and speeding convoys with armed men.

And, oh yeah, there's also the traffic.

With stoplights often dead because of blackouts, security checkpoints blocking many roads and more cars than ever circulating in the city, Baghdad's 1,700 traffic cops have their hands full.

"We keep working because life does not stop despite the hard circumstances Iraq is witnessing now," says Col. Mohammed al-Azzawi, a traffic policeman.

It's dangerous duty. A new Traffic Police Directorate website devotes a section to "traffic martyrs" and displays the photographs of 45 traffic officers who have died in the line of duty.

The number of registered cars on Baghdad's streets has almost tripled since the fall of Saddam Hussein and the end of sanctions imposed by the United Nations. There are now more than 1 million registered vehicles in the city, according to Brig. Gen. Najim Abed, spokesman for the traffic police.

The capital is a traffic nightmare. A number of key roads and at least two bridges over the Tigris River remain blocked to traffic because of security concerns. Thirteen bridges cross the Tigris, which divides the city.

Small vendors, with more goods to sell now, are spilling out into the city's narrow streets, Abed says.

In the middle of it are the traffic police, armed with pistols and wearing blue uniforms. They wave their arms, blow whistles and try to cope with the daily stress.

Militias have set up illegal checkpoints, and U.S. and Iraqi military forces frequently barrel through the streets. Traffic police Lt. Thu al-Fiqar Saif al-Deen, who directs traffic in the Mansour neighborhood in western Baghdad, says the most disruptive convoys are Iraq's national police commandos.

"We got insults from them daily," he says. "They consider themselves above the law. They fire into the sky to terrify people. We face the same problem with the Mahdi Army," a militia loyal to anti-American cleric Muqtada al-Sadr.

However, al-Deen says the majority of drivers respect traffic police and follow their directions.

Police can now impose fines of up to about $20 on motorists who drive on the sidewalk or go the wrong way on one-way streets.

There is even a new law banning motorists from speaking on cellphones.

If fines are not paid within 60 days, the fine is doubled.

"I know a driver who now owes 2.5 million Iraqi dinars (almost $2,000) because of that," al-Deen says. Under Saddam, fines were about $5, but police could also confiscate a motorist's car for several days as punishment.

The Traffic Police Directorate would not say what percentage of the fines they generally collect, but motorists can be prevented from selling their car if the fines are not paid.

Issuing fines is only part of what traffic police do.

On one occasion, traffic police saw a minibus driving on the wrong side of the road. "We stopped him and asked for his car documents," al-Deen says.

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"He refused to give us the documents, so we removed his car plates," which would have prevented the man from driving legally.

"He became angry and threatened us," al-Deen says. "He said, 'I'm working with Americans, and I will teach you a lesson.' We raised our pistols and shot his car with 17 bullets. Then we beat him and broke his arm. He left, and we did not see him again."

Troops Shared Firm Belief In Iraq Service (WP)

By Mary Otto And Fredrick Kunkle

The Washington Post, February 9, 2007

Navy Medic, Marine Pleaded to Return; Other Marine Followed Brother's Path

One was a Navy medic, the other a Marine sergeant. Both begged to go back to Iraq for another tour of duty. A third followed her brother into the Marine Corps and, eventually, into the war.

All three died this week as stepped-up security operations intensified fighting.

Seaman Manuel Ruiz, 21, from Maryland's Eastern Shore was among seven people killed when a Marine transport helicopter crashed in Anbar province Wednesday, his family said.

Marine Sgt. Joshua J. Frazier, 24, from Virginia's Spotsylvania County was killed by a sniper Monday as he stood on a rooftop in Ramadi, the Pentagon and his family said yesterday.

And Marine Cpl. Jennifer M. Parcell, 20, of Bel Air, Md., died Wednesday in Anbar province in what the Defense Department described as "supporting combat operations."

In Ruiz's hometown of Federalsburg, a farm community of 2,600, friends and neighbors tied red, white and blue ribbons to lampposts yesterday, and officials made plans to lower flags in his honor. But the gestures seemed inadequate.

"Our hearts are broken," said Connie Blanchard, who works in the town hall accounting office. "He was a very brave and courageous guy."

Ruiz, whose mother, Lisa, also served in the Navy, was 14 days into his second tour in Iraq when he died, said Adam Lusk, a family friend who fought back tears as he described Ruiz's dedication to his job, helping to save lives. "He pretty much demanded to go back."

In a small town where young people often seek the military life as a way to broaden their horizons, Ruiz also stood out as a talented and sensitive artist, said Marjorie Scott, who was Ruiz's art teacher during his four years at Colonel Richardson High School. When he was back from his first tour, Ruiz visited the school in his Navy uniform.

"Any time he talked about the military, his eyes glistened," she said. She said she had worried about him, but he assured her that he was fulfilling his calling. He was assigned to Camp Lejeune, N.C.

"He was well-trained, and he loved what he was doing," Scott said.

Likewise, Frazier believed so deeply in his mission in Iraq that he ignored pleas from his family and begged, pleaded and knocked on doors to get the Marines to send him back to Iraq. It was his third time in combat after previous tours in Afghanistan and Iraq.

He enlisted in the military because of the 2001 terrorist attacks and had recently been promoted to sergeant, his family said.

His elder stepbrother, Aaron Mallin, said Frazier's devotion to the cause was matched by a lifelong interest in stepping in to look after others.

When he was 18, he came home with a black eye. When his brother asked where the shiner had come from, Frazier said he had stepped into a quarrel when he'd seen a man hit a woman.

At home, he looked after his maternal grandmother, Elaine Tate, whom everyone knew as Meemaw. If she needed wood chopped, he did it. If her gutters were clogged, he cleaned them. When the nation was attacked, he felt he had to go.

"He is my little brother, and I idolized him," Mallin said. "It's supposed to be the other way around."

Frazier wanted to be a police officer after graduating from high school, but after Sept. 11, he decided he was going to join the Marines, Mallin said. His mother, Shelia Cutshall, tried to talk him out of it. So did Mallin. They told him not to make a rash decision in anger. They told him to wait a year.

Ten months later, Frazier told them he was still determined to become a Marine. His elder brother, who works for a defense contractor, also tried to persuade his brother to pursue jobs with the Marines that might reduce the risks of combat. But that was not for him.

"He wanted to be an infantryman. He wanted to be a grunt," Mallin said. In telephone calls and notes from Iraq, he expressed concern about the men in his unit with wives and children. "You got the sense that if he could, he would send them home," Mallin said. "He really was quite honorable and passionate about what he did."

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Mallin said his younger brother was "fed up" by the mounting doubts expressed back home. After returning from a seven-month tour in April, he began lobbying to go back.

"He begged. He pleaded. He asked for transfers," Mallin said. "Everybody in the family wanted to talk him out of it. But they knew they couldn't."

His family said Frazier asked to be buried near family. A private funeral is to be held at the Montague Baptist Church in Dogue.

Mourners at Parcell's home yesterday declined to be quoted but remembered her as a loving and motivated woman who joined the Marines in 2005, following the path of her older brother Joseph.

The two served together in Iraq briefly before their assignments separated them. Joseph is returning from his tour to be with the family, people at the home said.

Parcell served with the Marine Expeditionary Force based in Okinawa, Japan.

Staff researcher Eddy Palanzo contributed to this report.

Marine Accused Of Murder, Kidnapping Withdraws Guilty Plea (USAT/AP)

USA Today, February 9, 2007

A military judge granted a Marine corporal's request Thursday to withdraw his guilty plea to charges of murdering an unarmed Iraqi civilian who was dragged from his home and shot.

Cpl. Trent Thomas asked to change the plea, saying he no longer believes he is guilty. Thomas now says he believes he was following a lawful order.

"Sir, when my country gives me an order, I follow it," Thomas told the judge, Lt. Col. Tracy Daley.

Thomas, 25, pleaded guilty Jan. 18 to eight felonies including kidnapping, murder and assault. He was one of a squad of seven Marines and a sailor accused last year of hatching a plot to kill an Iraqi in the town of Hamdania. Four others pleaded guilty to lesser charges. Thomas, the squad's second in command, could face life in prison.

The request to withdraw those pleas came at the beginning of the second day of Thomas' sentencing hearing.

On Wednesday, the Navy medic, who said he was one of Thomas' closest friends, testified that the Marine corporal played an instrumental role in carrying out the kidnapping and murder.

Seaman Recruit Melson J. Bacos testified that Thomas, along with Cpl. Marshall Magincalda, entered the home of Hashim Ibrahim Awad's on April 26 while Bacos and Lance Cpl. Robert Pennington waited outside. Thomas and Magincalda returned with a confused-looking Awad, Bacos said, then the troops started walking him away from the house.

For much of that march, Thomas held onto Awad, Bacos said.

"He was grabbing him, pushing him forward," Bacos said. "If he was talking, he told him to shut up, be quiet."

Bacos said the squad forced Awad into a hole and shot him, then tried to cover it up by placing an AK-47 and shovel by his body to make it look like he was an insurgent planting a bomb.

Prosecutors — as well as other squad members who made plea deals — have said the troops wanted to kill an Iraqi insurgent they suspected of planting bombs. They couldn't find the man, and instead kidnapped Awad, according to court testimony.

Bacos, testifying about 12 feet from where Thomas sat, did not make eye contact with his friend, whom he met in 2004 and served with on an earlier Iraq combat tour. When a prosecutor asked Bacos whether it was difficult to testify about Thomas, he said, "It's not easy at all, sir."

Thomas' wife, Erica Thomas, said outside court that her husband is a Christian and a good father to their 2-year-old daughter, and that he bears no anger toward his colleagues or the Marine Corps for prosecuting him.

"He's got no animosity toward anyone," Erica Thomas said. "He would re-enlist in the Marines if he could."

Judge Clears Contractor Of Fraud In Iraq (WP)

By Dana Hedgpeth

The Washington Post, February 9, 2007

Custer Battles Handled Baghdad Airport Security

A federal judge has dismissed a civil case against a military contractor accused of improperly billing Iraq reconstruction authorities for tens of millions of dollars worth of security services that it did not provide.

U.S. District Judge T.S. Ellis III in Alexandria said there was no evidence that Custer Battles, a firm started by Army veterans Scott Custer and Michael Battles, committed fraud under a $16.8 million contract to provide security at the Baghdad International Airport in 2003.

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"It gives them the vindication they deserve," said Robert T. Rhoad, an attorney for Custer and Battles. "They've been fighting these legal battles for the last three years to try to clear their names from these irresponsible claims that have been made by their competitors."

The case is one of two brought against Custer Battles over its work in Iraq for the Coalition Provisional Authority, which ran Iraq after the U.S.-led invasion until a government was elected. A jury found the company, which had offices in Northern Virginia, liable for fraud in an earlier case, but Ellis dismissed that verdict. He ruled that it was improper to bring the charges up in U.S. court because the authority was not a U.S. entity.

Yesterday's ruling involved a second case brought under a federal whistle-blower statute by Robert Isakson, who worked for a Custer Battles subcontractor, and William D. Baldwin, who worked for Custer Battles. They alleged that the company failed to make good on a commitment to provide 138 people as part of its airport security contract. Instead, Alan Grayson, an attorney for Isakson and Baldwin, said Custer Battles moved airport personnel to other contracts and illegally double-billed for their work.

Ellis, however, ruled that the contract didn't call for a specific number of security personnel, and he found that Custer Battles did not knowingly commit fraud.

Grayson said his clients planned to appeal both cases to the U.S. Court of Appeals for the 4th Circuit in Richmond. He pointed to the testimony of Col. Richard Ballard, a former Army inspector general in Iraq, saying that Custer Battles should not have charged the CPA for security services because they were not needed; the airport terminal had already been secured by about 21,000 allied troops.

"The judge disregarded evidence of fraud that was in the record, including evidence that was found by a top U.S. official in charge of fettering out fraud in Iraq," Grayson said. "We believe that all these issues have to be decided by a jury."

Charles Tiefer, a government-contracting professor at the University of Baltimore School of Law, said the judge's ruling "means that taxpayers are going to have great trouble recovering any of the money lost by contractor abuses in Iraq."

"He's requiring a high level of proof that a contractor that obtained a juicy award on dubious grounds was 100 percent fully aware that it was planning to cheat the government," Tiefer said.

Rice Authorizes Talks With Syria On Iraqi Refugee Crisis (AFP)

AFP, February 9, 2007

US Secretary of State Condoleezza Rice revealed that she had authorized diplomatic talks with Syria about the Iraqi refugee crisis, despite a continuing freeze on high-level contacts with Damascus.

Rice told a congressional panel that she had instructed the US charge d'affaires in Damascus, Michael Corbin, to meet with the Syrians as part of a new US initiative to tackle a growing Iraqi refugee crisis.

"We have a charge there who does have discussions with the Syrians about a variety of things," she said.

"But I have authorized him explicitly to talk to the Syrians about the issue of refugees."

Officials made clear this did not represent a break with standing US policy not to have high-level diplomatic dealings with the government of Syrian President Bashar al-Assad, which Washington accuses of backing anti-US extremists in Iraq, Lebanon and the Palestinian areas.

"This is consistent and in keeping with our existing relationship with Syria and not something that represents any kind of change in that approach," a senior State Department official said.

"Syria plays into it only to the extent that Syria is a prime location for Iraqi refugees," the official said. Between 600,000 and one million Iraqis are believed to be living in Syria.

The administration of President George W. Bush has been under pressure from domestic critics and overseas allies alike to enter into a dialogue with Syria and Iran as part of a broad diplomatic push to stabilize Iraq and further peace efforts in Lebanon and between Israelis and Palestinians.

But he and Rice have refused, arguing that the allied states would seek unacceptable concessions in exchange for their help.

In a sign of the continuing tensions, Syrian Vice President Faruq al-Shara Thursday blamed Washington for the "humanitarian catastrophe" involving Iraqi refugees.

The influx of refugees has "imposed heavy economic, social and security burdens" on Syria, he said.

According to the United Nations, about two million Iraqis out of a population of 26 million have fled the country to escape the war and mounting sectarian violence, many going to Syria and neighboring Jordan.

Another 1.8 million have been forced to flee their homes to safer areas inside Iraq.

Washington has been accused of not doing enough to help the millions of people displaced by the war it unleashed nearly four years ago, having taken in fewer than 500 Iraqi refugees since 2003.

In response, Rice announced on Monday the creation of a high-level task force to look into the issue.

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The group force will examine what additional help the United Nations needs to deal with the immediate humanitarian needs of Iraqi refugees both inside Iraq and in neighboring countries, State Department spokesman Tom Casey said.

It will also examine how to speed up processing refugees for resettlement, including in the United States, he said.

Rice is scheduled to meet here next week with the UN High Commissioner for Refugees, Antonio Guterres, to discuss the issue, Casey added.

The United States withdrew its ambassador from Syria after accusing Damascus of involvement in the February 2005 assassination in Beirut of former Lebanese prime minister Rafiq Hariri, an outspoken critic of Syria's occupation of his country.

But Washington maintains its embassy in Damascus and Corbin and other diplomats are in regular contact with their Syrian counterparts, Casey said.

Syria: Won't Force Iraqis To Return (AP)

By Bassem Mroue

AP, February 9, 2007

Syria will not force any Iraqi refugees to return to their homeland despite the exchange of harsh words between the two countries, the U.N. refugee chief said Thursday.

The United Nations High Commissioner for Refugees Antonio Guterres thanked Syria for absorbing a large number of Iraqis who fled the violence in their war-torn country.

Guterres spoke during a visit to a public clinic in Damascus' al-Sayda Zeinab suburb, where many Iraqi refugees live. Earlier in the day, he discussed the status of refugees with Syria's vice president, interior minister and deputy foreign minister.

Iraqis in Syria say they now get a 15-day permit to stay, after which they have to apply for a three-month permit that can be renewed once. After six months, if an Iraqi is not a student or does not have a business or a job, he or she has to leave the country for at least 30 days before being allowed back in again.

In the past, Iraqis needed only an exit stamp in their passports, and many drove to the border and re-entered the same day. No Syrian official has confirmed the measure pertaining to the 30-day stay outside Syria.

But Interior Minister Bassam Abdul-Majid said Iraqis would henceforth have to apply for an official resident permit after 15 days of entering Syria, the Syrian Arab News Agency reported Thursday.

The measure is meant to bring order to issuing residential permits for Iraqis, and help create an accurate count of refugees, Abdul-Majid said.

No Iraqis have been deported so far, he said.

Guterres described talks with Syrian leaders as "very open and frank."

They "were clearly saying that they consider these Iraqis as sisters and brothers and they will not be pushed or forced to go to Iraq. I think that is a very important statement," Guterres said.

Last week, Iraqi government spokesman Ali al-Dabbagh accused Syria of putting thousands of Iraqis in difficult conditions. He also said half the foreign insurgents in Iraq enter the country from Syria.

Guterres has also visited Saudi Arabia, Kuwait and Jordan on a tour to push for assistance for the refugees.

Syria, with a population of 18 million, has some 800,000 Iraqi refugees and 500,000 Palestinians. The country also received about 1 million Lebanese refugees in the summer war between Israel and the Islamic militant Hezbollah last year.

Turkish Official Warns Against Vote On Kirkuk (WP)

By Glenn Kessler

The Washington Post, February 9, 2007

Turkish Foreign Minister Abdullah Gul warned yesterday that a referendum planned this year on the status of the Iraqi city of Kirkuk should be canceled or else the outcome might widen the sectarian violence that has largely left the northern part of Iraq untouched.

Under Iraq's constitution, the oil-rich city will be able to decide whether to join the Kurdish-dominated Kurdistan region. Turkey, plagued by terrorist attacks by Kurdish separatist rebels, is concerned that control of the city by the semiautonomous Kurdistan would give the region the economic clout to break free from Iraq.

Gul, in a lunch with Washington Post editors and reporters, argued that Kirkuk is an ethnically mixed city, "a small Iraq," and thus should receive a negotiated separate status that keeps it apart from the Kurdish region. Historically there were large percentages of Kurds, Arabs and Turkmens in the city, but former Iraqi leader Saddam Hussein attempted to "Arabize" the city. Now, in advance of the vote, Arabs and Turkmens have been driven out, and as many as 350,000 Kurds have flooded the city of 1 million people.

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"If Kirkuk is included in one region, that will be a big mistake," Gul said. "Some people want to escape from this bad situation, but they should not fall into a worse situation." Partition of Iraq, he said, "will be the worst situation."

Analysts believe the Kurds will prevail in a vote, but Gul said ethnic groups such as the Turkmens will probably boycott it, depriving the result of legitimacy. He exclaimed: "You think the problem will be solved. No, the problem will get big!"

Turkish officials have warned that they may intervene if the vote goes against their interests. Gul declined to say what would happen, but he pointedly noted that Turkey currently provides Kurdistan with its electricity and 90 percent of its gasoline. He said Turkey is eager for Kurdistan to thrive as part of a stable Iraq.

"You want to think we are against the Kurds," he said. "That is wrong."

Gul said he raised Turkey's concerns about the referendum with U.S. officials, including Secretary of State Condoleezza Rice, in meetings this week. "I saw an awareness about this problem," he said. "Last year it was not like that."

Gul further warned that Washington must take action against militants from the Kurdistan Workers' Party, holed up in Kurdistan. He noted that Turkey is an active contributor of troops to Afghanistan but said, "We don't accept a double standard here," indicating that Turkish patience is ending.

Gul reiterated concerns that strong U.S.-Turkish relations would be shattered if Congress passes a resolution to condemn as genocide the early-20th-century killings of up to 1.5 million Armenians. Turkey's predecessor state, the Ottoman Empire, has been blamed by most scholars for the deaths, but the Turkish government says the toll is exaggerated and the deaths were largely the result of civil unrest, not genocide.

"If it passed, there will be a real shock in Turkey" and the Turkish government would not be able to prevent popular demands to stop cooperating with the United States, Gul said.

Italy Asks U.S. For Judicial Cooperation (AP)

AP, February 9, 2007

The Foreign Ministry on Thursday urged the United States to cooperate on judicial matters after a court indicted a U.S. soldier for the fatal shooting of an Italian intelligence agent at a checkpoint in Baghdad.

Spc. Mario Lozano, a member of the New York-based 69th Infantry Regiment, was indicted Wednesday for murder and attempted murder in the death of Nicola Calipari, who was shot in 2005 on his way by car to Baghdad's airport shortly after securing the release of an Italian journalist who had been kidnapped.

Another agent, who was driving the car, and the journalist, Giuliana Sgrena, were wounded.

Italy has not sought Lozano's extradition so far but prosecutors have lamented that U.S. authorities have not responded to requests for more details about the soldier and haven't passed on to him documents concerning the investigation.

Foreign Ministry spokesman Pasquale Ferrara stressed that the Italian judiciary had taken an "independent and autonomous initiative," but said the two countries should cooperate under a treaty of mutual assistance.

"All the opportunities for bilateral cooperation offered by the treaty of mutual judicial assistance that is in effect between Italy and the United States must be fully taken," Ferrara said during a briefing at the ministry.

The comments were made ahead of scheduled talks later Thursday between Foreign Minister Massimo D'Alema and U.S. Ambassador Ronald P. Spogli — a meeting that comes amid recent friction in relations between Washington and Rome.

The Pentagon indicated Wednesday that Lozano would not be extradited, saying it considered the incident a "closed matter." The soldier, who is set to be tried in absentia in April, has said through friends in the military that he had no idea the car was carrying the Italians.

Nerves in Rome were frayed last week by a published appeal by Washington's ambassador and envoys from Britain and four other allies for Italy to keep up its military mission in Afghanistan. While insisting that Italy would continue its commitment in Afghanistan, D'Alema criticized the appeal as interference in Italian affairs.

On Thursday evening, D'Alema, who is also deputy premier, reiterated that commitment in talks with Spogli, the Foreign Ministry said.

The meeting allowed both sides to confirm "that traditional constructive collaboration ... which characterizes the relationship between the two countries and between the two governments, and that is based on consolidated understanding and friendship and on a broad sharing of values and aims," the ministry said.

D'Alema and Spogli discussed the published appeal on Afghanistan by the allies and "agreed that the case should be considered definitively closed for good," according to the ministry.

Premier Romano Prodi has pledged to keep Italy's 1,800-member contingent in Afghanistan but far-left allies in his coalition are uneasy with the decision and are threatening to vote against refinancing the mission in an upcoming vote in parliament.

NATO Asked To Meet Promises Already Made To Afghanistan (NYT)

DOJ_NMG_0129978

By Thom Shanker

The New York Times, February 9, 2007

SEVILLE, Spain, Feb. 8 — Defense Secretary Robert M. Gates, attending his first conference of NATO defense ministers, told these American allies that they must fulfill their commitments to provide troops for Afghanistan in time for a spring offensive against the Taliban.

Mr. Gates and other NATO officials said progress had already been made on one issue, getting NATO members to lift some of their individual restrictions on the types of operations their forces would be allowed to carry out in Afghanistan.

The goal of the two-day defense ministers' conference here, NATO leaders stressed, was not to obtain new promises of troops and equipment, but rather to compel the member nations to keep the promises they had already made for the organization-led force that provides security operations in Afghanistan.

However, the defense ministers also discussed a new assessment of the situation in Afghanistan prepared by Gen. John Craddock of the United States Army, who recently took over as the supreme allied commander in Europe.

General Craddock's classified review, called a Combined Joint Statement of Requirements, proposes new force levels, and NATO officials say privately that it seeks commitments of about 2,000 additional troops as well as more helicopters and transport aircraft.

Gen. David J. Richards of Britain, the previous NATO commander in Afghanistan, had said last month that unmet pledges of troops and equipment from NATO countries left him 10 to 15 percent short of the forces he needed.

NATO has about 35,000 troops in Afghanistan, about 13,000 of them American. The United States has an additional 9,000 troops in Afghanistan operating outside the NATO mission, handling tasks like specialized counterterrorism work and helping to train Afghan forces. An American, Gen. Dan K. McNeill of the Army, took command of the NATO mission this month, reporting to General Craddock.

"There are no formal decisions taken," Jaap de Hoop Scheffer, the alliance's secretary general, said when asked whether the defense ministers had moved toward new troop commitments. "It also is not a force-generation meeting."

Even so, senior officials of NATO nations said more troops were needed because past pledges remained unfulfilled. But they declined to reveal the number of troops or the nations, citing diplomatic sensitivities.

"There is still a request out there for additional forces," said one senior American official traveling with Mr. Gates.

In the years since they were removed from power by the American-led invasion of Afghanistan in 2001, Taliban fighters there have tended to lie low during the mountainous country's harsh winter and return to action when the weather warms.

Mr. Gates said the goal this year is to have alliance forces ready to beat them to the punch.

"The spring offensive in Afghanistan should be our offensive," Mr. Gates said. "I am optimistic we are going to be successful."

Mr. Gates said he had reaffirmed to the NATO allies that he would extend for 120 days the tour of a brigade of Army troops. He also cited the United States' promise of $8.6 billion for Afghanistan's security forces and $2 billion more for economic development.

NATO officials say Germany has announced that it will add six combat aircraft to the Afghanistan effort to conduct reconnaissance missions. Other nations have said they will send more security trainers.

But Germany's offer seemed somewhat tempered by comments from Franz-Josef Jung, the defense minister. "I do not think it is right to talk about more and more military means," he said according to German press accounts. "When the Russians were in Afghanistan they had 100,000 troops and didn't win."

Asked about those comments, Mr. Gates said the NATO defense ministers had agreed it was important to adopt a comprehensive approach in Afghanistan that would include military action but also bolster programs to improve the economy and government — and to counter the narcotics trade.

American commanders have said that the NATO mission in Afghanistan has been hampered by restrictions, known as national caveats, that some governments placed on their units.

War On Taliban Nears Pivotal Mark (WT/AP)

By Lolita C. Baldor, Associated Press

The Washington Times, February 9, 2007

The United States and its allies must launch their own offensive this spring against the Taliban in Afghanistan, a senior defense official said yesterday, calling this a pivotal time in the nearly five-year-old war there.

Previewing the message Defense Secretary Robert M. Gates was to deliver to NATO allies at a meeting here yesterday and today, the official said now is the time to finally defeat the Taliban, who harbored planners of the September 11, 2001, attacks that prompted the U.S. global war on terror.

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In addition, NATO's new top commander, U.S. Army Gen. John Craddock, was presenting ministers with a plan to "rebalance" the force of 35,000, using the more mobile combat units in the southern and eastern regions along the border with Pakistan where combat is expected to be most intense.

Allied officials said Gen. Craddock was seeking 1,500 to 2,000 extra combat troops in addition to the extra brigade provided by the United States and about 800 more from the British. They said he is asking for a couple of combat battalions and some support forces.

The end of winter traditionally has brought an upsurge in attacks by Taliban militants in Afghanistan, and U.S. commanders already have predicted that this spring will be even more violent than last year, when a record number of attacks included nearly 140 suicide bombings.

"We think the upcoming spring in Afghanistan is a pivotal moment in the conflict, and we're encouraging the allies to do as much as they can as soon as they can," said the official, who spoke on the condition of anonymity because the planned discussions had not been presented to allies. "The offensive should be our offensive. That's the offensive we've been communicating to the allies."

The defense official said there are no plans to further increase the U.S. troop commitment to Afghanistan.

About 27,000 U.S. troops are in Afghanistan, the highest number since the start of the war in 2001. About 15,000 of those troops are serving in the NATO-led force, which now totals about 35,000, while the other 12,000 are special operations forces or are training Afghan troops.

Mr. Gates, who was making his first appearance at a NATO defense ministers meeting, began a series of private meetings with his colleagues yesterday.

Mr. Gates has said he thinks there is a need for more military trainers to work with the Afghan army.

The call for a spring offensive comes just three weeks after Mr. Gates made his first trip to Afghanistan, which was followed quickly by his decision to increase U.S. troop levels there by several thousand. He ordered a brigade -- or about 3,200 soldiers -- from the New York-based 10th Mountain Division to extend their tour in Afghanistan by four months.

Mr. Gates, who took over the job in late December after the resignation of Donald H. Rumsfeld, will spend about two days at the NATO meeting, then go on to Munich for the annual security conference.

Bombing Campaign Intensifies In Afghanistan (USAT)

By Tom Vanden Brook

USA Today, February 9, 2007

Air Force uses precision systems against Taliban

The Pentagon is ramping up its bombing campaign in Afghanistan as it plans a major offensive against the resurgent Taliban in the spring.

Close-air-support missions flown by U.S. Air Force pilots increased nearly 80% in the first five weeks of 2007 compared with the same period last year, records show. In such missions, aircraft attack enemy ground forces in close proximity to friendly forces.

The Air Force plans to send in dozens more precision bomb-targeting systems that allow troops on the ground to call in close-air-support missions within a few hundred yards of their own position.

That technology, called ROVER (Remotely Operated Video Enhanced Receiver), allows troops on the ground to share video with pilots in attack aircraft so they both see the target simultaneously, said Lt. Col. Greg Harbin, one of the lead officers on the Air Force ROVER program. He plans to deliver 50 systems to coalition forces in Afghanistan in March.

Along with increasing the effectiveness of airstrikes, the systems will reduce the number of "friendly fire" incidents that have strained relations between U.S. and allied militaries, Harbin said.

Defense Secretary Robert Gates said NATO allies agreed Thursday on a strategy that includes fighting the Taliban, developing the government and economy and training and equipping the Afghan army.

The Taliban has gotten more aggressive each spring, Gates said. The fundamentalist Islamic theocracy ran Afghanistan until ousted by U.S. and allied forces in 2001.

"It's important we knock that back," Gates said of the Taliban's expected offensive. His remarks came after a meeting with defense ministers from NATO countries.

Last month, President Bush asked Congress to spend $10 billion in Afghanistan over the next two years — $8 billion to train and equip Afghan security forces and $2 billion to fund reconstruction projects. The Pentagon also announced Jan. 25 that 3,200 U.S. soldiers with the 10th Mountain Division will stay in Afghanistan four more months to bolster the force there.

There are about 21,000 U.S. troops in Afghanistan: 13,000 of them work with NATO troops in the International Security Assistance Force; 8,000 train Afghan troops and mount counterterrorist operations.

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Two NATO nations, Denmark and Lithuania, agreed Thursday to bolster their contingents in Afghanistan. Franz-Josef Jung, Germany's defense minister, questioned the need to for more troops.

"I do not think it is right to talk about more and more military means," Jung said. "When the Russians were in Afghanistan, they had 100,000 troops and didn't win."

Gates said some NATO nations lifted restrictions on how and where their troops are used. He did not provide specifics on the restrictions, also called caveats.

The caveats placed on allied troops have stymied U.S. efforts to counter the Taliban insurgency. Some restrictions involve a refusal to fight in bad weather or in certain parts of the country, said a November report by the Congressional Research Service (CRS).

Gen. James Jones, who heads the U.S. European Command, asked Germany last fall to send troops to southern Afghanistan to fight the Taliban, but Germany declined, according to the report.

NATO asked France, Turkey, Italy and Spain to send troops to the south, but they, too, declined. The countries said that they had committed troops to peacekeeping forces in Lebanon or that their own areas of responsibility in Afghanistan remained "restive," according to the CRS report.

Though the report noted that problems with caveats remain in Afghanistan, it said the Netherlands had increased its fighting role despite the move's unpopularity with Dutch voters.

Coalition nations have been involved in friendly-fire incidents in which their troops have been killed by U.S. or other forces.

Harbin, the Air Force officer, said the ROVER system can prevent incidents such as one in which a U.S. pilot mistakenly fired on a British convoy in Afghanistan, killing one British soldier. Other friendly-fire incidents include four Canadians being killed in 2002 and one Canadian killed last September.

The Air Force has loaned 12 ROVER systems to British troops.

Virtual War, Real Healing (LAT)

By Larry Gordon

The Los Angeles Times, February 9, 2007

San Diego — NONE of this is really happening, but the experience is almost overwhelming in "virtual Iraq."

The Humvee plows along a desert road. The engine rumbles underfoot and Blackhawk choppers whirl overhead. A sandstorm blows in, and insurgents pop up and start to shoot with sickening blasts that shatter the windshield. Is that the smell of burning rubber?

Those sensations of war are being fed into a special helmet, goggles and earphones. They are conjured by a computerized virtual reality developed in part by gaming engineers and psychologists at USC and being tested, among other places, at the Naval Medical Center in San Diego. The goal is to treat post-traumatic stress disorder.

Universities, private firms and the federal government are pouring millions of dollars into creating and testing such virtual Iraqs to help ease the psychological disorder that, according to a 2004 study by the Walter Reed Army Institute of Research, affects more than 15% of combat personnel returning from Iraq.

Sufferers may have anxiety, nightmares, flashbacks, emotional numbness, extreme jumpiness and physical pain. Unable to return to combat or civilian jobs, some receive disability payments for years or for life.

With a therapist's supervision, the virtual Iraqs are designed to vividly, yet safely, allow those veterans to confront war experiences in ways that go beyond traditional counseling and drug therapy. The computer programs, even with the somewhat cartoonish digital depictions of combat, seek to relieve trauma by repeatedly revisiting its origins and not letting fear fester. Lt. Cmdr. Robert McLay, a Navy psychiatrist who is a research leader on virtual-reality treatment of PTSD in San Diego, explained that more customary forms of exposure therapy for trauma may require visits to actual locations, such as returning a rape victim to the scene of the assault. "You don't want to send someone who is traumatized back to Iraq," he said. "This allows us to bring someone back, but within the situation here."

And, he said, some PTSD sufferers are unable or unwilling to recall things in counseling sessions without stimuli, such as the digital images of a combat hospital, a recorded Islamic prayer melody or the smell of cordite explosives misted into a psychologist's office.

In 2005, the Office of Naval Research awarded $4 million to support tests of such virtual-reality treatments in San Diego and at Tripler Army Medical Center in Hawaii. The funds also bolster related work by USC's Institute for Creative Technologies in Marina del Rey, the University of Washington and allied high-tech firms.

Cmdr. Russell Shilling, the Office of Naval Research's program officer for medical science and technology, said virtual Iraqs might be especially useful to remove the stigma of psychological therapy for a younger generation who grew up playing video games.

Though it is too early to make judgments about the trial runs, early results "look very promising," Shilling said.

The National Institute of Mental Health is funding a $2-million study at Emory University School of Medicine that uses a virtual Iraq along with a drug, D-cycloserine, that has been shown to reduce the fear of heights.

"The potential impact for men and women with stress adjustment problems is really substantial" and the possible impact on medical research "is extraordinarily important," said Farris Tuma, chief of the national institute's traumatic stress disorders program.

But Tuma cautioned that no treatment is a panacea. "We want to be careful not to oversell it as a simple fix for very complex conditions," he said.

AT the sprawling Navy hospital near San Diego's Balboa Park, researchers are testing two somewhat different systems: one for combat fighters who saw no relief from other therapies, the other for medics and support staff traumatized by war.

So far, McLay said, nine people have completed the cycle of 10 sessions. The goal by next year is have 150 treated at San Diego and Camp Pendleton, including some also suffering from concussions and crushed limbs.

Marines put on a helmet and goggles that allow them to be visually and aurally engulfed, often for 45 minutes. They stand or sit over a small platform that can vibrate. They work a joystick that allows them to walk or ride at various speeds. They can change directions on computerized streets and alleys by twisting their heads and bodies. In one biofeedback version, their respiration, heart rate and palm sweat are monitored.

Psychologists such as Karen Perlman sit at computers and help tailor the experience to the patients, conversing with them throughout.

The treatment usually starts with a digital scene and no violence. But in subsequent sessions, the therapists — after giving warning — heighten the intensity and specifics of the re-created event. They can make the platform shake more violently. They can set off simulated explosions and gunfire and add fog, smoke and night-vision effects, along with the smells of body odor and Iraqi spices.

"Habituation occurs when they repeat their story over and over again," Perlman said. "They start to learn they can tolerate their distress, they can work through it."

If all of that proves to be too much, the session can be interrupted for a discussion or be made less vivid.

Researchers say they want to ensure the experience feels real enough to trigger emotions without being overly bloody. Though some patients have temporarily removed the goggles or asked for a break, no one has completely freaked out, according to McLay. "We are prepared for that experience," he said. "The great thing about virtual reality is that you can turn it off."

Citing privacy issues, authorities did not allow interviews with patients. But a reporter was permitted to talk to a Navy medic who recently served in Iraq and who, though not a PTSD patient, tried one system.

"It's pretty real. The vibration and the sights and sounds and everything were pretty darn close. I was waiting for shrapnel overhead," said Eugene Gochicoa, a Navy corpsman 1st class. "It did kind of take me back to when I was back there … except I knew I was safe here."

FOR a reporter, a test run at USC's lab had a disorienting double effect: the fun of being inside an astonishingly lively video game but also the dread of being trapped in a dangerous situation that other people controlled. The scenarios were changed to give me a sampling: I drove a Humvee through a smoky field until insurgents' bullets cracked the windshield. I had a growing sense of paranoia. I heard my own footsteps as I walked quickly down a street past suspicious characters.

Hearing prayer calls, I entered a beautifully decorated mosque, where I suddenly encountered a gunman. Again, the story line switched and I heard and felt helicopters nearby. I ran past burning cars and a wounded man holding his head. Am I the next to be shot?

Engineers want to make systems more portable. And redesigns may make the simulated urban streets messier and add smells — such as roasting lamb.

One of the systems grew out of the computerized war training program known as Full Spectrum Command, which was designed, with Army funding, at USC's Institute for Creative Technologies. The institute also produces Hollywood special effects and multimedia systems for healthcare and education.

The Army software later was adapted for the popular Full Spectrum Warrior video game and then morphed again, in collaboration with Virtually Better Inc. in Georgia, for the therapy. "From training to toy to treatment" is the way the sequence was described by USC professor Albert "Skip" Rizzo, one of its adapters, along with computer engineer Jarrell Pair.

Rizzo, a psychologist who works in gerontology and directs the institute's virtual-reality psychology lab, previously used other VR programs to aid Alzheimer's and brain-injury patients and youngsters with attention deficits. VR, as it is often called, is being tried around the country for addictions and phobias, such as fear of flying. Weill Cornell Medical College in New York is testing a version for people who witnessed or responded to the terrorist attacks on the World Trade Center in 2001.

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Because there are no clear battle lines and it is difficult to identify enemies, the Iraq war is a petri dish for the constant stress that can produce PTSD, Rizzo said.

"We are sending teenagers 19 years old to fight wars, and we owe them whatever can be done, using the latest technology, to look after those people after the fact," he said.

The federal government has a financial, as well as humanitarian, interest in trying to speed treatment and reduce long-term disability payments. But even if some otherwise healthy malingerers use the technology to bolster phony trauma claims, Rizzo said, he can live with that "as long as I know that the people who really need the treatment are getting it."

A more primitive virtual-reality therapy — depicting a jungle and Vietnam-era helicopters — produced some significant improvement for Vietnam War veterans, researchers at the VA Medical Center in Atlanta reported in 2001. According to study leader Barbara Rothbaum, director of Emory University's trauma and anxiety recovery program, the experience was so effective that some of those veterans said they saw tanks and Viet Cong, even though none were presented on-screen.

Patients, she said, "will fill in with their own memories."

A Better Way (WSJ)

By Morton Abramowitz And Leslie H. Gelb

The Wall Street Journal, February 9, 2007

Not many in Washington think President Bush's military surge will solve Iraq, but there is plenty of enthusiasm for a diplomatic surge. The Iraq Study Group, much of Congress, think-tankers and media pundits urge diplomacy as the way out. "Give diplomacy a chance," they say. "Talk to everybody, especially the bad guys, and we'll find common ground." The general enthusiasm is not surprising, given the decline of diplomacy during the Bush administration.

We should be wary of quick fixes. Military or diplomatic surges reflecting desperation rarely turn out as hoped. Diplomacy cannot resolve Iraq's internal conflicts, though it may help lubricate a deal reached by Iraqis, or an American exit from Iraq. Region-wide diplomacy can help over the long term, if based on a sound policy to re-establish American power in the Mideast, Gulf and world-wide.

But diplomacy by itself rarely changes the facts on the ground, and right now, the facts appear to be a nonfunctioning central government, half the country sunk in civil/sectarian war, and Sunnis leaving Iraq in droves. Despite optimistic rhetoric about diplomacy, it is virtually certain that the neighbors won't step into this maelstrom, rescue the U.S. and compel their various Iraqi allies to buy a deal. At this point, no diplomatic enthusiast has explained convincingly what incentives Syria and Iran have to help the U.S.

Nor do the neighbors have the power to compel a settlement. Advocates of a diplomatic solution say the U.S. can do in Iraq what it did in Bosnia with the Dayton Accords. But Iraq is not Bosnia. At Dayton, the U.S. and eventually Serb leader Slobodan Milosevic himself wanted the war to end, and, most importantly, had the muscle to compel the parties to accept the territorial and political divisions produced by war. In Iraq, the U.S. is not able to enforce its will, and no neighbor, or group within Iraq, has the power that Milosevic had in Bosnia.

Regional diplomacy might prove useful if the Iraqis gain momentum toward a power-sharing deal, but can't make tough calls without outside aid and pressure. At that point, the neighbors could help. But as for Arab-Israeli talks helping to settle Iraq -- that's an illusion.

Iraqi leaders don't care much about the Palestinians. They see them as past supporters of Saddam Hussein. Where serious American efforts to broker an Israeli-Palestinian deal could help is not in Iraq, but in tamping down further inroads by Iran among Arab terrorist groups.

In fact, this is where the real value of U.S. diplomacy comes in. Iranians and terrorists can stoke hatred and wars; only the U.S. can lead the parties toward peace agreements and economic development. But to do this, Washington needs a coherent policy before it can have an effective diplomacy. The Bush team first has to figure out realistically how to change the balance of incentives and pain for Iran and Syria, and then translate this into diplomacy.

Right now, the U.S. is isolated, widely seen as without a coherent policy, and therefore without much power. Yet the ultimate paradox is that the U.S., not Iran, remains the major power in the area.

Diplomacy with Iran will take patience and the non-hysterical application of American power. Iran is a politically divided and economically poor country; it is not a regional superpower. Most Iranians don't like their present political leaders and are open to the U.S. connection. Without giving up, or giving in on key security concerns, Washington can let the great majority of Iranians in and out of government see the benefits of better relations with the U.S., and allow that thought to settle in. As for Syria, it causes a lot of trouble in the region, but its leaders, with their own internal problems, also have demonstrated they can act on national self-interest when Washington gives them that choice.

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If the U.S. puts the policy pieces in place -- working toward a realistic outcome in Iraq, toning down bellicose rhetoric, pursuing Arab-Israeli talks, and letting America's economic and political power do the talking -- most nations will rally to us. That's what happened in Asia during the darkest days of Vietnam. President Nixon and Secretary of State Kissinger put together triangular diplomacy with China and the Soviet Union, giving the U.S. new global diplomatic leverage, and they reaffirmed American military presence and security commitments to Asian friends. East Asian countries knew they needed America for their peace and prosperity, and quickly moved behind Washington. Though different from Asia, Arab leaders also know they need America.

Probably, the U.S. would have done better to try to establish and maintain diplomatic contacts with friends and enemies in the region all along. But too much water and blood have now passed under the bridge for such wishful thinking.

Jumping into diplomacy without a careful weighing of underlying policy and power could strengthen the bargaining hands of the tyrannical regimes, confuse and unsettle friends, and put all the pressure for making concessions on the U.S. Better for the moment to let the Saudis continue sounding out the parties, and spend the next months figuring out exactly what to do in Iraq, how to use diplomacy to support that, and how to re-establish U.S. diplomatic power in that nasty part of the world.

Mr. Abramowitz is a senior fellow of the Century Foundation. Mr. Gelb is president emeritus of the Council on Foreign Relations.

An Iraq Interrogator's Nightmare (WP)

By Eric Fair

The Washington Post, February 9, 2007

Aman with no face stares at me from the corner of a room. He pleads for help, but I'm afraid to move. He begins to cry. It is a pitiful sound, and it sickens me. He screams, but as I awaken, I realize the screams are mine.

That dream, along with a host of other nightmares, has plagued me since my return from Iraq in the summer of 2004. Though the man in this particular nightmare has no face, I know who he is. I assisted in his interrogation at a detention facility in Fallujah. I was one of two civilian interrogators assigned to the division interrogation facility (DIF) of the 82nd Airborne Division. The man, whose name I've long since forgotten, was a suspected associate of Khamis Sirhan al-Muhammad, the Baath Party leader in Anbar province who had been captured two months earlier.

The lead interrogator at the DIF had given me specific instructions: I was to deprive the detainee of sleep during my 12-hour shift by opening his cell every hour, forcing him to stand in a corner and stripping him of his clothes. Three years later the tables have turned. It is rare that I sleep through the night without a visit from this man. His memory harasses me as I once harassed him.

Despite my best efforts, I cannot ignore the mistakes I made at the interrogation facility in Fallujah. I failed to disobey a meritless order, I failed to protect a prisoner in my custody, and I failed to uphold the standards of human decency. Instead, I intimidated, degraded and humiliated a man who could not defend himself. I compromised my values. I will never forgive myself.

American authorities continue to insist that the abuse of Iraqi prisoners at Abu Ghraib was an isolated incident in an otherwise well-run detention system. That insistence, however, stands in sharp contrast to my own experiences as an interrogator in Iraq. I watched as detainees were forced to stand naked all night, shivering in their cold cells and pleading with their captors for help. Others were subjected to long periods of isolation in pitch-black rooms. Food and sleep deprivation were common, along with a variety of physical abuse, including punching and kicking. Aggressive, and in many ways abusive, techniques were used daily in Iraq, all in the name of acquiring the intelligence necessary to bring an end to the insurgency. The violence raging there today is evidence that those tactics never worked. My memories are evidence that those tactics were terribly wrong.

While I was appalled by the conduct of my friends and colleagues, I lacked the courage to challenge the status quo. That was a failure of character and in many ways made me complicit in what went on. I'm ashamed of that failure, but as time passes, and as the memories of what I saw in Iraq continue to infect my every thought, I'm becoming more ashamed of my silence.

Some may suggest there is no reason to revive the story of abuse in Iraq. Rehashing such mistakes will only harm our country, they will say. But history suggests we should examine such missteps carefully. Oppressive prison environments have created some of the most determined opponents. The British learned that lesson from Napoleon, the French from Ho Chi Minh, Europe from Hitler. The world is learning that lesson again from Ayman al-Zawahiri. What will be the legacy of abusive prisons in Iraq?

We have failed to properly address the abuse of Iraqi detainees. Men like me have refused to tell our stories, and our leaders have refused to own up to the myriad mistakes that have been made. But if we fail to address this problem, there can be no hope of success in Iraq. Regardless of how many young Americans we send to war, or how many militia members we kill, or

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how many Iraqis we train, or how much money we spend on reconstruction, we will not escape the damage we have done to the people of Iraq in our prisons.

I am desperate to get on with my life and erase my memories of my experiences in Iraq. But those memories and experiences do not belong to me. They belong to history. If we're doomed to repeat the history we forget, what will be the consequences of the history we never knew? The citizens and the leadership of this country have an obligation to revisit what took place in the interrogation booths of Iraq, unpleasant as it may be. The story of Abu Ghraib isn't over. In many ways, we have yet to open the book.

The writer served in the Army from 1995 to 2000 as an Arabic linguist and worked in Iraq as a contract interrogator in early 2004. His e-mail address isierictfair@comcast.net.

Britney Vs. The Terrorists (WP)

By Robert R. Reilly

The Washington Post, February 9, 2007

In the spring of 2003, across a field of rubble in Baghdad, a young Iraqi journalist accosted me and demanded: "Why did you stop broadcasting substance and substitute music?" The year before the Broadcasting Board of Governors, the government entity in charge of radio broadcasting, had shut down the Voice of America's Arabic service, and it ended most of its Farsi service in 2003. Voice of America had been broadcasting features, discussions of issues and editorials reflecting U.S. policies. But now it filled 50 minutes of each hour on Arabic-language Radio Sawa and most of the time on Persian-language Radio Farda with Eminem, J. Lo and Britney Spears.

This change in format provoked other angry questions: Are Americans playing music because they are afraid to tell the truth? Do they not have a truth to tell? Or do they not consider us worth telling the truth to?

We did not fight communism with pop music. In fact, during the Cold War, America used its government media institutions to broadcast its ideas and beliefs. So why are we not refashioning those successful broadcast strategies and trying to spread our ideas in the Muslim world, the breeding ground of much of the world's terrorist threats?

Members of the Broadcasting Board of Governors (BBG) have shared their answer: Radio Sawa's progenitor, media mogul Norman Pattiz, was still serving his Clinton-appointed term in 2002 when he told the New Yorker that "it was MTV that brought down the Berlin Wall." (Not Ronald Reagan, Lech Walesa or Vaclav Havel, of course.) President Bush's appointees did not improve the board's outlook. In October 2002, Ken Tomlinson, then the board's new chairman, approvingly quoted his son as saying Spears's music "represents the sounds of freedom." It seems that the board transformed the "war of ideas" into the battle of the bands.

So, is MTV winning the "war of ideas"? After years of the United States broadcasting Britney Spears to the Levant, the average radical mullah has not exactly succumbed to apoplexy or come to love democracy. A State Department inspector general's draft report on Radio Sawa (the final report was never issued) found that"it is difficult to ascertain Radio Sawa's impact in countering anti-American views and the biased state-run media of the Arab world." Or, as one expert panel assembled to assess its value concluded, "Radio Sawa failed to present America to its audience."

The BBG has achieved part of its objective in gaining large youth audiences in some areas of the Middle East, such as in Amman, Jordan, where it has an FM transmitter. But as the Jordanian journalist Jamil Nimri told me: "Radio Sawa is fun, but it's irrelevant." We do not teach civics to American teenagers by asking them to listen to pop music, so why should we expect Arabs and Persians to learn about America or democracy this way? The condescension implicit in this nearly all-music format is not lost on the audience that we should wish to influence the most -- those who think.

Some, of course, suspect that the United States is consciously attempting to subvert the morals of Arab youth. Undersecretary of State Karen Hughes told columnist Cal Thomas in December that our "view of freedom is sometimes seen as licentiousness. . . . And that is only exacerbated by the movies and the television and some of the music and the lyrics that they see exported from America." Especially, Hughes might have added, since the BBG, on which she sits as an ex officio member, promotes this very image.

Becoming a caricature of ourselves is bad policy and bad public diplomacy. The job of U.S. international broadcasting is to present, before we are attacked, what much of the world saw only after Sept. 11 -- the sacrifice, bravery and piety of the American people -- as part of a complete picture. By presenting this aspect of our culture, we might even prevent the miscalculations of those who believe they should attack the United States or can do so with impunity because we are a weak, irreligious, morally corrupt country.

We need radio broadcasting in the "war of ideas," but it has to deal in ideas to be effective. The "MTV message" is something that commercial broadcasting can do and would do better than government-funded radio. Government broadcasting is needed when the United States must communicate a message to a key audience that that audience otherwise would not hear.

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Music may have a role in this kind of broadcast mission, but only if it is part of a larger, idea-based strategy. Where are the ideas that will help us win this war, and why are they not being deployed by all available means to the places that most need to hear them? Isn't it time to change our tune?

The writer was the 25th director of the Voice of America and was senior adviser to the Iraqi Ministry of Information during Operation Iraqi Freedom.

Your Money At War (NYT)

By Kristin Henderson

The New York Times, February 9, 2007

Washington

EVERY morning that my husband was in a war zone, whether it was Afghanistan or Iraq, I woke up knowing that today could be the day my world might end. He's a Navy chaplain, but when he's convoying with the Marines, hunkering down with them under fire, he is as exposed as they are. Even those tucked away on bases over there face mortar attacks.

This takes a toll on the families left behind. "Everyone up here is on Prozac," a wife from Fort Drum, N.Y., told me. We field phone calls from our loved ones on the frontlines. We deal with money shortfalls and anxious children. And then our combat veterans come home. In the last few years, divorces among enlisted soldiers shot up 28 percent and the suicide rate among Iraq veterans doubled.

Though some claim that all Americans are making sacrifices for the war on terrorism, it's just not true. The few who are sent to fight and those left behind who are an intimate part of their daily lives are the ones whose mental health, finances and relationships are taking the hit.

A universal draft would certainly help spread the sacrifice. But we all know that the privileged will find a way to avoid serving, as they did by paying $300 during the Civil War or claiming college deferments during Vietnam.

What we need is a war tax, dedicated to financing the support services needed by military families and combat veterans. Perhaps it would be more accurate to call it a long-term costs-of-war tax. Because the tax I'm proposing, like the needs it's intended to meet, will not end when the war does.

Historically, war taxes are how America finances its military conflicts — taxes on income, beverages, tobacco, utilities and more. The federal government first imposed what became a 3 percent tax on long-distance telephone calls in 1898 to help pay for the Spanish-American War. Since then, it's been repealed, most recently last summer, and reinstated several times.

Some argue that sharing the sacrifice by raising taxes hurts the economy. But clearly the phone tax didn't damage the growth of the telecommunications industry. And during its last three years in existence, it brought $15 billion into the government's general fund.

If a phone tax were reinstated, or a tax on oil or clothing — something we use in proportion to our income — then all Americans would wind up shouldering at least a small portion of the burden of our nation's wars. Military families would be exempt.

Unlike the old phone tax, however, this new tax must be dedicated to financing programs that support and heal combat veterans and their families during deployment and afterward — combat trauma counseling, respite child care, part-time jobs for spouses trying to make ends meet, marriage counseling. These programs have always suffered from meager budgets, and while the public's interest will inevitably move on, the needs won't go away as long as America has a military.

For those who oppose the war and spending any additional money on it, all I can say is that this isn't about financing a war. It's about reducing human suffering. And for everyone who claims to "support the troops" — peace activists and war supporters alike — put your money where your bumper stickers are.

Kristin Henderson is the author of "While They're at War: The True Story of American Families on the Home Front."

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Senate Democrats Condemn Policy Of Placing Unconfirmed U.S. Attorneys (HILL)

By Elana Schor

The Hill, February 9, 2007

Senate Democrats plan to bring legislation to the floor next week that would rein in the Bush administration's power to appoint U.S. attorneys without Senate confirmation, an increasingly bipartisan concern as the number of abruptly dismissed prosecutors grew to eight.

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Senate leaders announced their plans hours after the Judiciary Committee approved a bill reversing a little-noticed provision of last year's Patriot Act reauthorization that allows the Justice Department to sidestep Senate approval in naming interim U.S. attorneys. Three Judiciary Republicans backed the bill, signaling heightened concerns on both sides of the aisle at the pattern of attorney axe-ings.

"We have a new topic: It's called 'crony-gate,'" Senate Majority Leader Harry Reid (D-Nev.) told reporters yesterday, vowing to "do everything I can to get this to the floor."

Nevada's U.S. attorney, Daniel Bogden, a Bush appointee whose actions have been questioned in a civil suit against a key supporter of Gov.-elect Jim Gibbons (R-Nev.), was asked to step down just before Christmas. The home-state U.S. attorney of Sen. Patty Murray (Wash.), Democratic Caucus secretary, late Wednesday revealed that the Justice Department also had asked for his resignation.

"This has come home for me in a very personal way," Murray said, adding that her state's departed attorney is also a Republican.

Justice has strongly defended the dismissals, with Deputy Attorney General Paul McNulty telling Judiciary this week that the administration will seek formal Senate confirmation for each of the new prosecutors. But two removals in particular, those of San Diego-based U.S. Attorney Carol Lam and Arkansas U.S. Attorney Bud Cummins, have sparked Democrats' ire.

Senate Majority Whip Dick Durbin (D-Ill.) noted colleague Mark Pryor's (D-Ark.) uncharacteristic alarm at the naming of Timothy Griffin, a former staffer in White House adviser Karl Rove's office and onetime national GOP opposition research director, to replace Cummins.

"Mark Pryor is a mild-mannered, soft-spoken senator, unlike some of us, but he's righteously upset," Durbin said.

The revision in the Patriot Act rewrite was intended for use in national-security emergencies, when U.S. attorneys might need quick appointment to pursue terrorism suspects. Yet GOP lawmakers have backed administration suggestions that Lam was removed amid complaints about her record of prosecuting immigration-related cases.

An October 2005 letter to Attorney General Alberto Gonzales from 19 California House Republicans blasted Lam's office for a "lax prosecutorial standard" in only prosecuting apprehended illegal immigrants who have two felony convictions on their records. Rep. Darrell Issa (R-Calif.), a signatory of that letter, earlier chastised Lam for amassing "an appalling record of refusal to prosecute even the worst criminal alien offenders."

Sen. Dianne Feinstein (D-Calif.), who first raised concerns that Lam will leave her post next week unable to complete her corruption probe of imprisoned former Rep. Randy "Duke" Cunningham (R-Calif.), inquired in June about the low number of immigration prosecutions in Lam's district.

One House GOP aide contended that the bipartisan concern over Lam clouds Democratic attempts to link her dismissal to the Cunningham probe.

"Democrats don't want to talk about the fact that they actually had substantive concerns with this particular U.S. attorney," the aide said.

House Democrats aim to move the Senate's bill quickly through the process, holding a hearing in the Judiciary panel's subcommittee of jurisdiction during the first week of March and a markup soon after, Rep. Howard Berman (D-Calif.) said in a statement yesterday.

Meanwhile, Sen. John Ensign (R-Nev.) has been asked to recommend candidates to fill the open Nevada attorney's post, but Reid said he had no knowledge of talks on Bogden's replacement.

"Maybe it's somebody from Scooter Libby's office," he quipped.

Senate Panel Reacts To Attorney Firings (AP)

By Laurie Kellman, Associated Press Writer

AP, February 9, 2007

A Senate panel advanced a bill Thursday to curb the Justice Department's power to replace federal prosecutors after seven forced resignations sparked accusations of political favoritism.

The Judiciary Committee voted 13-6 to send the measure to the Senate floor, where it is certain to face opposition from Republicans who oppose giving more appointment power to federal judges.

"I'm going to do everything I can to get it to the floor next week," said Senate Majority leader Harry Reid, D-Nev.

"It'll be over my objection," shot back Republican Conference Chairman Jon Kyl of Arizona.

The House is expected to begin hearings on a similar bill next month.

Three Republicans, Sens. Arlen Specter of Pennsylvania, Charles Grassley of Iowa and Orrin Hatch of Utah, joined all the panel's Democrats in backing the bill.

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U.S. attorneys serve at the pleasure of the president and may be dismissed for any reason, or no reason at all. It's the process of replacement that, the bill's proponents argue, should prevent political cronyism.

Sponsored by Sen. Dianne Feinstein, D-Calif., the measure would eliminate a provision in the antiterror Patriot Act that gave the attorney general new power to replace fired U.S. attorneys indefinitely, avoiding the Senate confirmation process.

Feinstein's bill would allow the attorney general to appoint an interim U.S. attorney for 120 days. If after that time someone had not been nominated and confirmed by the Senate, authority to appoint an interim U.S. attorney would fall to the district court.

The bill would apply to any interim U.S. attorneys who have not been confirmed, including those appointed to replace the seven prosecutors who have been fired since the Patriot Act reauthorization went into effect, according to a spokeswoman for Judiciary Committee Chairman Patrick Leahy, D-Vt.

The Justice Department opposes the bill, saying the attorney general's authority to choose prosecutors should not be handed to courts because district court judges, they contend, are often unqualified to make such decisions. Kyl said he would remove his objection if Reid agreed to remove the provision giving district court judges the 120-day backup power to appoint interim prosecutors.

"We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected," said Justice spokeswoman Tasia Scolinos.

Senate Democratic leaders sent Attorney General Alberto Gonzales a letter Thursday asking him to publicly answer several questions about the matter, including any role that presidential adviser Karl Rove might have had in replacing Arkansas U.S. Attorney Bud Cummins with former Rove adviser Tim Griffin.

Senate Democrats accuse the administration of slipping the provision into the Patriot Act reauthorization that took effect last March with the intent of circumventing the Senate confirmation process and rewarding political allies. Specter, who wrote the reauthorization as chairman of the committee, says he was unaware of the provision and opposes it.

The Democrats cite the firings since March of seven U.S. attorneys from Arkansas to California, some without cause, as evidence that the administration is punishing prosecutors whose work targeted Republican allies and rewarding those faithful to the GOP.

Gonzales has denied that charge and promised to submit every replacement for Senate confirmation.

Earlier this week, his deputy, Paul McNulty, told the panel that some of the ousted prosecutors were fired for performance-related causes he would not describe, while others were asked to leave without cause.

Democrats demanded the performance reports of all seven dismissed prosecutors and threatened to subpoena the material. McNulty cautioned that the reports might not detail any reasons for dismissal.

The panel's action came a day after one of those fired, former U.S. Attorney John McKay of Washington state, said his resignation was ordered by the administration without explanation seven months after he received a favorable job evaluation.

"I was ordered to resign as U.S. attorney on Dec. 7 by the Justice Department," McKay, who led the Justice Department's Western Washington office, said Wednesday in a telephone interview. "I was given no explanation. I certainly was told of no performance issues."

The Seattle Times reported Thursday that in his last performance review, McKay received a highly favorable report from a 27-member team from the Justice Department's Evaluation and Review Staff.

Fired Prosecutor Disputes Justice Dept. Allegation (WP)

By Dan Eggen

The Washington Post, February 9, 2007

A recently fired U.S. attorney based in Seattle said yesterday that he was told of no performance problems when he was asked to resign, and he called critical remarks by a top Justice Department official "unfair" and inaccurate.

The comments by former U.S. attorney John McKay add to a growing tide of criticism of the Justice Department's decision to fire seven top prosecutors without explanation, and came on the same day the Senate Judiciary Committee voted 13 to 6 to limit the attorney general's power to appoint replacements.

McKay said in an interview that his Seattle office received glowing reviews as recently as last fall, when an intensive Justice Department audit heaped praise on McKay and his staff.

McKay challenged testimony this week by Deputy Attorney General Paul J. McNulty, who told the Senate panel that McKay and five other Republican-appointed U.S. attorneys were forced to resign for "performance-related" reasons.

"That is unfair," McKay said. "That reflects on my former colleagues in the office and the good work that we did, and I know that's not true."

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McKay is the third U.S. attorney to speak publicly about his dismissal. Daniel G. Bogden of Nevada told the Las Vegas Review-Journal that he was given no explanation for being forced out and that he had not been told of any problems with his performance.

McNulty's testimony Tuesday also included an admission that the chief prosecutor in Little Rock, Ark., was fired to make way for GOP stalwart J. Timothy Griffin, a protege of presidential adviser Karl Rove and former researcher for the Republican National Committee.

The firings have angered lawmakers in both parties and have rapidly evolved into a serious political problem for the Justice Department. Yesterday's vote by the Judiciary Committee included approval from three Republicans: Sens. Arlen Specter (Pa.), Charles E. Grassley (Iowa) and Orrin G. Hatch (Utah).

The measure would repeal a provision in last year's USA Patriot Act reauthorization law that gave Attorney Gen. Alberto R. Gonzales the authority to appoint interim prosecutors for indefinite terms. The new legislation would return to the previous system, under which the attorney general appoints a replacement for 120 days and district courts appoint an interim U.S. attorney if a permanent one is not named in that time.

Chairman Patrick J. Leahy (D-Vt.) said the legislation is necessary to ensure Senate oversight and limit the "politicization of U.S. attorneys offices."

Justice Department spokeswoman Tasia Scolinos said that allowing Gonzales to appoint interim prosecutors is "good government and constitutionally sound."

"We are disappointed by congressional efforts to restrict our ability to appoint our own employees for temporary periods of time while a permanent nominee is selected," Scolinos said.

The House Judiciary Committee plans to hold hearings on similar legislation next month. They may include testimony from some of the fired prosecutors.

The leader of the House Democratic caucus, Rep. Rahm Emanuel (Ill.), has called on Gonzales to appoint one of the fired prosecutors, Carol S. Lam of San Diego, as an outside counsel to continue the corruption investigation related to former representative Randy "Duke" Cunningham (R-Calif.), who pleaded guilty to accepting $2.4 million in bribes in 2005 and is serving a sentence of as much as eight years. Scolinos said career prosecutors will be able to continue handling the case while a replacement is chosen.

In addition to Lam, McKay and Bogden, three other U.S. attorneys were told on Dec. 7 to resign: Paul K. Charlton in Arizona; David C. Iglesias in New Mexico; and Kevin Ryan in San Francisco. A seventh U.S. attorney, Bud Cummins in Little Rock, was notified he was being removed last summer.

McKay said he was called Dec. 7 by Michael A. Battle, head of the Executive Office of U.S. Attorneys, who only months before had sent him a congratulatory letter for the laudatory report issued by the Justice Department audit team. He said Battle told him to resign by the end of January.

"When I was composed enough to ask him why, he told me he couldn't answer any of my questions," said McKay, who has accepted a teaching position at Seattle University Law School. "I was immediately so surprised. He said nothing about performance issues or management or anything else."

McKay said that four days after Battle's call, the White House counsel's office also informed him that he was not among a group of three finalists for a federal judgeship in Washington state. He declined to say whether he believed political considerations went into his dismissal.

McKay angered other Republicans when he declined to intervene in a ballot dispute in the 2004 Washington governor's race. His brother, Mike McKay, served as U.S. attorney in Seattle under President George H.W. Bush.

In a highly unusual move, the chief judge of the federal court in Seattle publicly came to John McKay's defense.

"We were dismayed to see that the Justice Department was suggesting there was something wrong with his performance as a United States attorney," said Judge Robert Lasnik, a Clinton-era appointee who said he was speaking for all the judges on the Seattle court. "We unanimously agreed that he was absolutely superb."

Scolinos declined to comment on McKay's remarks.

Senators Weigh PATRIOT Act Attorney Provision (CONGD)

By Michael Posner, CongressDaily

CongressDaily, February 9, 2007

Senate judiciary panel revises rule for U.S. attorneys

Reacting to Democratic allegations the Bush administration fired several U.S. attorneys possibly for politically connected replacements, the Senate Judiciary Committee on Thursday revised rules for filling U.S. attorney vacancies.

On a 13-6 vote, the committee adopted a compromise measure from Senate Judiciary Chairman Patrick Leahy, ranking member Arlen Specter, R-Pa., and Sen. Dianne Feinstein, D-Calif. Their plan restricts the authority of the U.S. attorney general from filling prosecutor vacancies for an unlimited time without Senate confirmation.

The committee held a hearing Tuesday on the firings of at least seven U.S. attorneys. Deputy Attorney General Paul McNulty said six of the U.S. attorneys were dismissed for "performance related" matters. A seventh, former U.S. Attorney Ed Cummins of Little Rock, Ark., was let go last year to be replaced by J. Timothy Griffin, a former aide to presidential adviser Karl Rove, McNulty acknowledged.

But McNulty denied Democratic charges that the dismissals were politicized to reward Republicans and avoid the Senate confirmation process.

One of those fired was former U.S. Attorney Carol Lam of San Diego, who prosecuted former Rep. Randy (Duke) Cunningham, R-Calif. Cunningham pleaded guilty to accepting about $2.4 million in bribes. The Justice Department has denied Lam was fired because of the Cunningham case, which was praised by McNulty as "a very good thing for the American people." However, he did not give a reason for Lam's dismissal.

Under the USA PATRIOT Act reauthorization last year, a provision was inserted that eliminated a century-long rule that limited the attorney general to making interim appointments to fill vacancies for no more than 120 days. Under the old rule, if a U.S. attorney vacancy was not filled within 120 days, the U.S. District Court could fill the vacancy.

Reid Calls Dismissal 'cronygate' (RGJ)

By Diana Marrero, GANNETT NEWS SERVICE

Reno (NV) Gazette-Journal, February 9, 2007

WASHINGTON - Senate Majority Leader Harry Reid accused the Bush Administration Thursday of forcing the U.S. Attorney for the district of Nevada to step down as part of an attempt to name more political allies as federal prosecutors.

Daniel Bogden, 50, resigned last month after consulting with officials at the Department of Justice. He is among at least seven U.S. Attorneys who have been forced to resign or have been fired in the past few months - sparking accusations of political favoritism by the Bush administration.

Reid, a Nevada Democrat, vowed he would act to correct the situation.

"What has happened in my town in Nevada is ... distasteful to say the very least," Reid said. "We want to know what's going on."

Reid's comments came on the same day the Senate Judiciary Committee approved a bill to curb the ability of the Justice Department to replace federal prosecutors without Senate confirmation. Reid wants to act on the legislation next week.

Alberto Gonzalez's Coup D'etat (SALON)

By Joe Conason

Salon.com, February 9, 2007

The Constitution be damned, the attorney general has seized control of U.S. attorney appointments for partisan purposes.

Under any circumstances, the Bush administration's sudden, explicitly political dismissal and replacement of United States attorneys in judicial districts across the country would be very troubling -- both as a violation of American law enforcement traditions and as a triumph of patronage over competence.

But as the story behind these strange decisions unfolds, a familiar theme is emerging. Again, the White House and the Justice Department have been exposed in a secretive attempt to expand executive power for partisan purposes. And again, their scheming is tainted with a nasty whiff of authoritarianism.

There is much more at stake here than a handful of federal jobs.

Leading senators of both parties are disturbed by these incidents because U.S. attorneys -- the powerful officials appointed by the president to prosecute federal crimes and defend federal interests in each of the nation's judicial districts -- are supposed to be as nonpartisan as possible. Democrats mostly appoint Democrats and Republicans mostly appoint Republicans, but the U.S. attorneys are usually chosen with the advice and consent of the senators from their home states, and then confirmed by the full Senate, with a decent respect for skill and experience as well as political connections.

The reason for this appointment process was simple: These prosecutors must police the politicians. They are expected to guard the nation's judicial system against the varieties of political abuse that are typical of authoritarian systems. They are granted a substantial degree of independence from the government in Washington, including the attorney general who functions as their boss.

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To ensure that no U.S. attorney could be fired on a whim and replaced with a malleable hack, the relevant statute required that whenever a vacancy occurred in midterm, the replacement would be appointed by federal circuit judges rather than by the president. Getting rid of irksomely honest and nonpartisan prosecutors was difficult if not impossible.

But that wholesome safeguard was breached in December 2005, when the Senate renewed the Patriot Act. At the behest of the Justice Department, an aide to Sen. Arlen Specter slipped a provision into the bill that permitted the White House to place its own appointees in vacant U.S. attorney positions permanently and without Senate confirmation. So silently was this sleight of hand performed that Specter himself now claims, many months later, to have been completely unaware of the amendment's passage. (Of course, it would be nice if the senators actually read the legislation before they voted, particularly when they claim to be the authors.)

The staffer who reportedly performed this bit of dirty work is Michael O'Neill, a law professor at George Mason University and former clerk for Supreme Court Justice Clarence Thomas. As the Washington Times explained when O'Neill was appointed as the Senate Judiciary Committee's chief counsel, many observers believed that Specter had hired him to reassure conservatives of his loyalty to the Bush White House. Right-wing distrust had almost ousted the Pennsylvania moderate from the Judiciary chairmanship, and appointing O'Neill was apparently the price for keeping that post.

Evidently O'Neill rewarded Specter by sneaking through legislation to deprive him and his fellow senators of one of their most important powers, at the behest of an attorney general intent on aggrandizing executive power. The results of this backstage betrayal -- now playing out in a wave of politicized dismissals and hirings -- were perfectly predictable and utterly poisonous.

Carol Lam, the U.S. attorney in San Diego who successfully prosecuted the sensationally crooked Republican Rep. Randy "Duke" Cunningham, was fired for no known reason while she is still pursuing important leads in that historic case. Cunningham is supposed to be cooperating, but if Bush replaces her with a partisan stooge, he may be able to keep his secrets. Bud Cummings, the respected U.S. attorney in Little Rock, Ark., was canned to make room for a Republican opposition research operative and Karl Rove acolyte named Timothy Griffin. Could that conceivably have anything to do with Sen. Hillary Rodham Clinton's presidential candidacy? Paul Charlton, the U.S. attorney in Arizona, was thrown out while investigating allegations of corruption against Republican Rep. Rick Renzi.

And John McKay, the U.S. attorney in Seattle whose diligence has been praised by judges and lawyers of both parties, was simply ordered to quit last December, for no obvious reason. Although McKay's last evaluation by the Justice Department was excellent, the attorney general insists that all of these curious firings were due to "performance" issues.

Any such self-serving statements emanating from Alberto Gonzales should always be greeted with appropriate skepticism. So should the claim that he sought to seize control of interim U.S. attorney appointments because of his concern over the "separation of powers" issues supposedly inherent in judges' appointing prosecutors. As the McClatchy Newspapers reported on Jan. 26, Gonzales has named at least nine "conservative loyalists from the Bush administration's inner circle" to positions vacated by professional prosecutors.

On Thursday, the Senate Judiciary Committee voted to restore the old nonpartisan system for replacing U.S. attorneys and to require Senate confirmation of all new appointees. The full Senate and the House of Representatives should do likewise, despite Republican opposition, but that is not enough. The Senate Democrats should continue to probe the attorney general's little coup d'état and all of the resulting appointments. That is the best way to discourage future usurpations -- and to frustrate whatever skulduggery was afoot this time.

Editorial: U.S. Attorney: Ideology Vs. Justice (SEAPI)

By SEATTLE POST-INTELLIGENCER EDITORIAL BOARD

Seattle Post-Intelligencer, February 9, 2007

The Bush administration again has been caught undermining American justice in Seattle and across the nation. The best hope is that the exposure will, over the long term, serve to hinder extreme right-wing hopes of turning the entire legal system into a reflection of arch-conservative ideology.

As reports this week have shown, the administration removed John McKay, the highly able former U.S. attorney heading the Justice Department's Seattle office. It was part of at least seven such removals that became a focus of a U.S. Senate Judiciary Committee hearing Tuesday.

A deputy attorney general defended the actions in six firings as "performance-related," a ludicrous and offensive characterization in McKay's case. The committee has promised to check previous job performance records and the like for the fired attorneys. The deputy acknowledged that in another case, a prosecutor was removed to make way for a former aide to White House adviser Karl Rove. It's likely something similar was at play in the whole scheme, which one former U.S. attorney

told the committee was unprecedented. A source told the Seattle P-I's Paul Shukovsky the firings were part of an effort to make room for up-and-coming young Republicans.

As the Iraq reconstruction fiasco best illustrates, this is an administration with an appalling record of putting considerations of ideology ahead of competence. Appointing young conservatives as U.S. attorneys might pave the way for their selection as U.S. judges later. We hope Congress will have a long memory about anyone receiving such a dubious appointment to a U.S. prosecutor position. This administration won't reform, but lessons can be learned for the future.

L.A.'s Lawyer To The Stars -- And The Majority Leader (WP)

By Al Kamen

The Washington Post, February 9, 2007

What do Gov. Arnold Schwarzenegger, Britney Spears, Bruce Willis, Paris Hilton's ex-boyfriend/videographer Rick Salomon and Senate Majority Leader Harry Reid (D-Nev.) have in common?

They've all hired Los Angeles celebrity lawyer Martin Singer, known for his take-no-prisoners style and investigative prowess, to be their attorney.

Seems Reid paid Singer $25,000 on Dec. 14 from his senatorial campaign account for unspecified "legal fees," according to his most recent Federal Election Commission report.

So what prompted Reid to join this prestigious group of clients?

His spokesman, Jon Summers, told our colleague Howard Kurtz that Reid "sought outside counsel regarding his response to the AP story written by John Solomon," now at The Washington Post. The story was about how Reid reported the 2004 sale of land he once owned -- he made a profit of $700,000 on the property, which he had not owned for three years.

Summers said the story was "misleading" and had "inaccuracies." The AP stood by the story, and Reid amended his financial disclosure forms after the report. Reid's amendments are being reviewed by the ethics panel, Summers said.

He said Reid "obtained approval from the ethics committee for this expenditure."Someone's Getting Bumped

It's always a pain to take your vehicle into the shop for repairs, be told it will take weeks to fix and then get some cheesy loaner in the meantime.

It's even worse when your vehicle is Air Force One. Seems President Bush's 747 is in the shop for an extensive overhaul, a job that could take many months.

The president is always required to have a plane and a standby, in case of emergencies. There's a second 747 ready to go as Air Force One, but his backup now is one of the 757s out of the government fleet of only four such planes. These are used by, among others, Vice President Cheney and Secretary of State Condoleezza Rice.

Problem is that two of those four 757s also are undergoing long-term maintenance overhauls. So that leaves only one of the big planes available. Cheney has dibs over Rice, unless he's flying domestic and she's going overseas.

But next week they're both going overseas, Cheney to Asia and Rice on her latest major trip to the Mideast. She is to meet with Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert and then go on to Berlin for a session with the "Quartet" of would-be peacemakers: the United States, the European Union, the United Nations and Russia.

So Rice gets bumped to a smaller plane. It's still quite nice, but it has room for only three reporters, instead of her usual complement of 13 or 14.

Unclear how many press are going with the loquacious vice president.Gonzales Travels to Balmier Climes

Speaking of trips, while folks in this area are freezing, Attorney General Alberto Gonzales is off this week to Central and South America for a series of chats with various officials about drugs, copyright laws and other exciting topics. On Monday, he talked about gangs with El Salvador's president.

Tuesday he flew to Buenos Aires and on Wednesday (sunny and 84 degrees) toured the Buenos Aires Jewish community center, where a terrorist bomb killed 85 people in 1994. Yesterday it was off to Brasilia (temps in the 80s but partly cloudy) for meetings with various folks there. He had "a fruitful discussion on a number of topics of mutual importance to Brazil and the United States" with his Brazilian counterpart, he announced.

Today, it's to be Rio -- no carnival action, we're told -- to speak at an exciting conference about copyright laws.

The department says the curiously unimportant trip was planned long before anyone predicted the current cold snap -- or that increasingly nasty spat over the firings of those U.S. attorneys.Punching Not Among Obama's Strengths

Conservative news organizations got it half right when they reported recently that Sen. Barack Obama (D-Ill.) was once schooled in a foreign-sounding place that may have promoted violent techniques. But it turns out it wasn't a madrassah he attended but rather a "dojang," where he learned taekwondo.

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Obama, who studied the Korean martial art in the early 2000s, was "not the best kicker, not the best puncher," his former teacher, Chicago financial capital planner David Posner, told our colleague Mary Ann Akers--http://www.washingtonpost.com/thesleuth.

On the other hand, Obama was "very disciplined, very diligent" and had "phenomenal balance, very good footwork" -- critical in a presidential campaign -- and "really good, solid stances" -- less important these days.

DOJ Official's Romance Raises Conflict Questions (LAW)

By Jason McLure, Legal Times

Legal Times, February 8, 2007

When Sue Ellen Wooldridge stepped down last month from her job as the Justice Department's top environmental prosecutor, it wasn't her desire to return to the private sector that was notable, it was her timing.

Days earlier, Wooldridge's boyfriend —oil and energy lobbyist J. Steven Griles —had been put on notice that he was a target of the federal public-corruption investigation involving convicted lobbyist Jack Abramoff.

The romance between Wooldridge, 46, and Griles, 60, is significant and has had an impact beyond the Justice Department's Abramoff probe. Both previously held high-ranking jobs at the Interior Department — Griles was deputy secretary there, while Wooldridge was deputy chief of staff to then-Secretary Gale Norton and later the agency's top lawyer.

At Interior, they concealed their relationship from multiple department investigators looking into Griles' contacts with former lobbying clients —even as Wooldridge responded to the investigators on Griles' behalf and, later, as solicitor, oversaw Interior's ethics office, according to two current government officials with knowledge of the investigation and one former Interior official. These sources say the romance between Wooldridge and Griles was going on as early as February 2004.

Details of their relationship raise questions about the vetting process for presidential nominees at both the Justice and Interior departments, in addition to Wooldridge's candor with those who examined her credentials.

According to a transcript of her March 11, 2004, Senate confirmation hearing for the Interior solicitor job, as well as her written answers to Senate questions, Wooldridge did not disclose her relationship with Griles, despite being asked about Interior's investigation of Griles in a written question from Sen. Ron Wyden (D-Ore.) and despite the fact that, as solicitor, Wooldridge would oversee the department's ethics office, which had been monitoring Griles.

Nor was the relationship disclosed to Interior Department Inspector General Earl Devaney, who conducted an 18-month investigation into numerous ethical allegations against Griles. Upon learning of the relationship after Griles left Interior in December 2004, Devaney, according to two sources, was furious.

Wooldridge left Interior in the fall of 2005, when she was confirmed to become the DOJ's assistant attorney general for environment and natural resources. According to a senior DOJ official, Attorney General Alberto Gonzales and other top Justice officials were unaware of her relationship with Griles until months after Wooldridge had been confirmed. That disclosure came long after FBI agents and prosecutors in the Justice Department's Criminal Division had begun investigating Griles as part of the Abramoff probe, according to a source with knowledge of the investigation.

Efforts to contact Wooldridge and Griles in person at a townhouse in Falls Church, Va., owned by Griles and listed by both individuals as a home address in a public-records database, were unsuccessful. (Wooldridge also owns two houses in Arlington.) Phone messages left at Griles' home number were not returned. Barry Hartman, a lawyer for Griles in the Abramoff probe, also did not respond to repeated phone messages or to a detailed list of questions provided for this article.

The law firm representing Wooldridge, D.C.'s James Sharp & Associates, responded to a lengthy set of questions with a statement saying, "Ms. Wooldridge has testified before the grand jury, but is not now nor was she ever" a target in the Abramoff probe. The statement also said that after Griles left Interior to return to lobbying in December 2004, "Ms. Wooldridge recused herself from any matters involving Mr. Griles' clients, whether at the Department of Interior or Department of Justice." The law firm refused to answer any other questions regarding Wooldridge and Griles, and did not dispute or confirm the time frame of the relationship laid out by the current and former officials.

In response to a series of written questions regarding Wooldridge, an Interior spokesman said in a statement last week that "at some point following her move to the Solicitor's Office, Ms. Wooldridge did verbally inform the Designated Agency Ethics Official that she and Mr. Griles had begun dating." Wooldridge received a recess appointment on May 28, 2004.

This spokesman said he had "no knowledge of the timeline of the dating relationship."

The spokesman's statement in part backs up the claim of Wooldridge's lawyers that after Griles left Interior, Wooldridge verbally recused herself from matters involving his clients.

After 14 months on the job at the Justice Department, Wooldridge offered little explanation for her decision to step down in her Jan. 8 resignation letter, stating simply that after six years in government service she had "decided to return to the private sector."

But even those close to Wooldridge suggest that her relationship with Griles may have cost Wooldridge her government career.

"She has a personal relationship with Mr. Griles, and Mr. Griles is the subject of an investigation," says Rep. Dan Lungren (R-Calif.), Wooldridge's friend. "I assume that would make anyone uncomfortable." Wooldridge worked for Lungren while he was California attorney general. Lungren also testified on Wooldridge's behalf at both her Senate confirmation hearings.

Finding mr. Right

Griles resigned his lobbying position with the firm of Lundquist, Nethercutt & Griles on Jan. 10. The Washington Post reported that day that he'd been informed the previous week he was a target in the Abramoff probe for allegedly making false statements to the Senate Indian Affairs Committee.

In e-mails released as part of a report on the investigation by that committee, Abramoff referred to Griles as "our guy" at Interior. The June 2006 report noted that Griles had met with Abramoff and an associate about coming to work for Abramoff's firm, Greenberg Traurig. The report also scrutinized tens of thousands of dollars in donations by Abramoff's tribal clients to the Council of Republicans for Environmental Advocacy, a group with close ties to Griles and then-Interior Secretary Norton. The report said it could not "definitively" conclude that Griles had assisted Abramoff's clients at Interior, but it also noted that the committee could not reach "any definitive conclusions as to the veracity of Griles' testimony on his relationship, and interaction, with Abramoff."

Griles and Wooldridge came to Interior from different backgrounds. Griles is a career Washington insider. Before becoming Interior deputy secretary in 2001, he spent eight years in the Reagan administration's Interior Department, including five years as the assistant secretary for land and minerals management. He'd then spent years lobbying for coal, oil, and other corporate interests.

Wooldridge came to Washington in 2001 as a rising star with an earthy sense of humor. Soon after arriving, she made news for joking at a conference in Scottsdale, Ariz., about her experiences castrating sheep with her teeth while growing up on a small California farm. The captain of the women's basketball team at the University of California, Davis, Wooldridge went on to Harvard Law School and returned to California in 1987 to work for the Sacramento firm of Diepenbrock, Wulff, Plant & Hannegan.

There she met Lungren, who was impressed with her intelligence and drive. Lungren was elected California attorney general in 1990. After winning re-election in 1994, he brought Wooldridge to the state legal office. There, Lungren made her California's lead negotiator in the multibillion-dollar settlement, known as the Master Settlement Agreement, between tobacco companies and 46 state governments.

It was during those negotiations that Wooldridge met Norton, who was then Colorado's attorney general, and cemented a bond that would carry her to Washington, friends of Wooldridge say.

Saying no

After George W. Bush became president, Norton became secretary of the interior. Wooldridge was brought on as her deputy chief of staff in 2001, and she quickly became involved in attempting to resolve disputes over access to water in the West. The No. 2 position at Interior went to Griles, who overcame opposition to his nomination by a number of environmental and watchdog groups for his background as an energy lobbyist.

By late 2002, Griles was the focus of what would become a wide-ranging ethics investigation by the inspector general's office at Interior. Among the activities being scrutinized: the possibility that Advanced Power Technologies Inc., a former client of Griles, was given preferred treatment for Interior contracts; a dinner party Griles planned for senior Interior officials at the house of Marc Himmelstein, his former lobbying partner, whose firm was then paying Griles severance of more than a quarter-million dollars annually; and contacts by Griles with the Environmental Protection Agency regarding an assessment of a massive coal-bed methane project planned by some of his former clients in Wyoming and Montana.

It was also in 2002, according to a report produced by the inspector general, that Wooldridge was given a new duty. After an incident in which Advanced Power Technologies was given access to Griles' government conference room to pitch a new technology to a group of top Interior officials (Griles himself did not attend the presentation), Wooldridge was assigned to screen Griles' contacts on all matters in which he was recused.

By February 2004, as the inspector general's office was nearing completion of its investigation of Griles' contacts with former lobbying clients, the romantic relationship between Griles and Wooldridge had quietly blossomed, current and former officials say.

The next month, the Office of Government Ethics issued a letter analyzing the facts contained in the inspector general's draft report about Griles, clearing him of misconduct in a number of matters but concluding that Griles may have committed an ethical violation regarding his involvement in the coal-bed methane project approval sought by several of his former clients.

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Wooldridge leapt to his defense. According to the inspector general's report, Wooldridge contacted the office with a memorandum for the record disputing the Office of Government Ethics analysis. Ultimately, when the inspector general's report was released in March 2004, it did not accuse Griles of breaking any law but stated that Griles had landed himself in an "ethical quagmire."

The final report concluded that Griles' many former clients with business before Interior, combined with the department's weak ethics oversight, was "a train wreck waiting to happen."

The report recommended reorganizing and strengthening Interior's ethics office. Among the recommendations: "Ethics advisers must be willing to say the word 'NO!' — even to high-level political appointees."

Guarding the henhouse

It's not clear when Norton became aware of the relationship between her two subordinates. Norton resigned from the government in March 2006 and is now a corporate lawyer for Royal Dutch Shell Inc. A lawyer for the former interior secretary said she was traveling overseas and could not be reached for comment.

But in 2003, part of her response to criticism of Interior's weak ethics practices was to consolidate responsibility for ethics advice within the Office of the Solicitor. In January 2004, Bush nominated Wooldridge to be the department's new solicitor, a position, according to one former Interior official, for which Griles had recommended her.

As part of her confirmation process, in March 2004, Sen. Wyden submitted a written question to Wooldridge noting her involvement in advising Griles on his ethics agreements. Given that her office would now oversee all of Interior's ethics matters, how would she ensure that all ethics agreements would be enforced? In a 720-word response, Wooldridge discussed a number of changes in Interior's ethics bureaucracy. But she offered just a single reference to Griles, an acknowledgement that she was "aware" of the inspector general's recently issued report. In closing, she wrote, "I will take the steps necessary to ensure that ethics agreements and recusals are enforced."

At Wooldridge's March 11 confirmation hearing, Sen. Craig Thomas (R-Wyo.) asked, "Are you aware of any personal holdings, investments, or interests that could constitute a conflict or create the appearance of such a conflict?"

Wooldridge responded: "No, Senator. I have reviewed those with counselors for the department and ethics counselors, and with regard to my investments and interests, I do not believe there are any conflicts of interest."

Although Wooldridge ascended to the solicitor's job via a recess appointment, the Senate later confirmed her to the post. As solicitor, Wooldridge took over the supervision of not only Interior's ethics office but also the department's roughly 400-lawyer legal team and the mammoth, long-running Indian trust fund case now known as Cobell v. Kempthorne. She also worked frequently with the DOJ's Environment and Natural Resources Division, which represents Interior in a number of matters.

When Thomas Sansonetti stepped down from heading that DOJ office in April 2005, Wooldridge was selected by Bush for the slot.

In October 2005, as Wooldridge was again up for Senate confirmation for that job — which would make her the country's top environmental prosecutor — she was asked in a Judiciary Committee questionnaire to identify the categories of litigation and financial arrangements that were likely to present potential conflicts of interest.

The question came at a time when, according to Wooldridge's lawyers, she had recused herself from involvement in any cases involving Griles. In a standard response to the question — explaining that she would seek the advice of appropriate officials and recuse where necessary — Wooldridge did not mention Griles, nor did she mention that Griles' lobbying clients that year included the American Petroleum Institute, Consol Energy Inc., and Newmont Mining Corp.

Ann Klee, who as EPA general counsel worked closely with Wooldridge during Wooldridge's tenure at Justice, says she wasn't aware that Wooldridge had recused herself from any matters at the DOJ. But Klee, now a partner at Crowell & Moring, says she believes Wooldridge is someone who would do the right thing.

"She is one of the smartest, most effective lawyers that I've ever worked with and has more integrity than anyone I've ever worked with," says Klee, who also worked with both Griles and Wooldridge at Interior. Asked about Wooldridge's relationship with Griles, Klee pauses before saying, "I can't talk about her personal life."

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CORPORATE SCANDALS:

Bush's Uncle Benefited From Illegal Stock Sale, Records Show (LAT)

From Times Staff And Wires

The Los Angeles Times, February 9, 2007

President Bush's uncle William H.T. Bush was among a group of directors of a defense contractor who reaped $6 million from what federal regulators say was an illegal five-year scheme by two company executives to manipulate the timing of stock option grants, documents show.

Bush, known as "Bucky," becomes the second member of the president's family to become enmeshed in the stock options scandal this month. The two cases are unrelated.

Bucky Bush is the youngest brother of former President George H.W. Bush. He was an outside, non-executive director of Engineered Support Systems Inc., a defense contractor whose profits were bolstered because of the Iraq war.

The St. Louis-based company, a supplier of equipment and electronics to the military that was acquired last year by another defense contractor, has been under investigation by federal prosecutors and the Securities and Exchange Commission concerning the alleged options backdating scheme.

Last week in U.S. District Court in Houston, President Bush's youngest brother, Marvin, was named as a defendant in a suit charging that officers and directors of HCC Insurance Holdings benefited from backdated options.

Marvin Bush, who is now an advisory director, was a director of the firm at the time some of the backdated options were issued. According to the complaint, Marvin Bush made $2.2 million by cashing in the questioned options. The class action suit was filed in behalf of HCC stockholders.

Bucky Bush and the others who sat on the board of Engineered Support Systems, known as ESSI, were not accused of any wrongdoing in the SEC's civil lawsuit. The action, filed Tuesday against the company's former chief financial officer and former controller, accuses them of enriching themselves and others with the backdating scheme.

More than 100 public companies are under investigation by the SEC and the Justice Department for alleged improper options backdating.

Bucky Bush was not immediately available to comment Thursday, an aide at the former president's office in Houston said.

He made about $450,000 in January 2005 by exercising his company stock options and selling shares, his filing with the SEC shows. When questioned by a Times reporter about the sale at the time, he said he had not pulled any strings in Washington to win Iraq war contracts for ESSI.

Pixar Pay Package To Lasseter Included Well-Timed Options (WSJ)

By Steve Stecklow

The Wall Street Journal, February 9, 2007

Pact Jobs Helped Arrange Had Grant Date 3 Months Before Deal Was Signed

Steve Jobs helped negotiate an employment contract with a top film director that included a large stock-options grant with an especially well-timed date, according to a person familiar with the matter.

The options grant, part of a 2001 employment contract reached between Pixar Inc. and noted animated-film director John Lasseter, carried the lowest share price of the previous year -- on a date more than three months before the employment contract was actually signed. Mr. Jobs, then Pixar's chairman and chief executive, signed the agreement on behalf of Pixar.

It remains unclear what role, if any, Mr. Jobs played in selecting the prior grant date of the agreement's stock options. The grant is one of several the Emeryville, Calif., movie company awarded at yearly lows, a pattern that has raised questions about whether the Pixar grants were improperly backdated.

Pixar was bought last year by Walt Disney Co., which is conducting an internal investigation into Pixar's options-granting practices. Federal prosecutors in San Francisco also are looking into Pixar options and are awaiting the conclusion of the Disney probe, according to people familiar with the matter. Mr. Jobs sits on Disney's board and is its largest individual shareholder. Mr. Lasseter is Disney's chief creative officer of its animation studios.

Disney declined to comment beyond its previous statements. Disney referred all questions for Mr. Jobs to Apple Inc., where a spokeswoman said he wasn't available.

In November, Disney Chief Executive Bob Iger said that "we aren't aware of any basis under which stock options that were issued by Pixar would have a material impact on our financial statements." The company declined to make Mr. Lasseter available for comment. Mr. Lasseter appeared yesterday at a Disney analysts meeting in Orlando, Fla., where he unveiled plans for a third "Toy Story" movie.

· The News: While at Pixar, Apple's Steve Jobs helped negotiate an employment contract with a film director that included a large stock-options grant that carried the lowest share price of the previous year on a date more than three months before the contract actually was signed.

· Background: Disney, which bought Pixar, is conducting an internal investigation into Pixar's options-granting practices. Federal prosecutors also are looking into Pixar options and, along with the U.S. Securities and Exchange Commission, are examining Mr. Jobs's role in stock-options backdating at Apple.

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· What's Next: Prosecutors are awaiting the conclusion of the Disney probe.

The prosecutors and the Securities and Exchange Commission already are examining Mr. Jobs's role in stock-options backdating at Apple, where he is chief executive. An internal probe by Apple recently cleared him of any wrongdoing but said Mr. Jobs "was aware or recommended the selection of some favorable grant dates."

Pixar and Apple are two of nearly 140 companies under federal investigation for possible stock-options manipulation. Options let recipients buy company shares some time in the future, usually at the price on the day they are granted -- meaning recipients profit when shares rise above their grant-date price. Backdating involves pretending that the grant was made earlier than it actually was, at a lower price, thus enhancing potential profit.

SEC filings show that on March 21, 2001, Mr. Jobs signed a new, 10-year employment agreement with Mr. Lasseter, a two-time Oscar winner whose directing credits include "Toy Story" and "A Bug's Life." The contract superseded a seven-year contract that Pixar had signed with the director in 1997.

By late 2000, after two "Toy Story" hit movies, Mr. Lasseter had become the animation world's biggest superstar, and was seen as Pixar's most-valuable asset. Mr. Jobs was therefore anxious to lock him into a long-term contract, according to a person familiar with the matter. He may have been concerned that a competitor might try to poach Mr. Lasseter. Indeed, Disney appeared interested in the animator. Then-CEO Michael Eisner had wooed Mr. Lasseter, and another person familiar with the matter says that within Disney there was discussion of whether he could be hired.

The new Pixar contract included a $5 million signing bonus, a $2.5 million annual salary and one million stock options. But the options weren't priced on the date of the contract. "In connection with the Employment Agreement, Mr. Lasseter was previously granted an option to purchase 1,000,000 shares of our common stock at the fair market value on the date of such grant," according to Pixar documents filed with the SEC.

The options were dated Dec. 6, 2000, carrying a strike price of the stock's close the day before. That price marked the yearly low and was at the bottom of a months-long slide. By the close of trading on March 20, the day before the contract was signed, Pixar's shares had climbed 24%, increasing Mr. Lasseter's potential profit by $6.4 million. Between 2003 and last year, Mr. Lasseter exercised and sold about 880,000 of the options, adjusted for a two-for-one split, at various prices before converting the remaining shares to Disney shares when the acquisition took place, SEC records show.

Mr. Lasseter's Dec. 2000 grant featured several peculiarities that raise questions about when he actually received them, according to a review of SEC filings.

Under SEC rules at the time, Mr. Lasseter was required to report the options grant to the SEC no later than 45 days after the end of Pixar's fiscal year -- which meant a deadline of mid-February 2001. But the grant wasn't reported until May 9, 2001 -- 84 days past the deadline for disclosing the options to the SEC and 49 days after the new contract was signed. Moreover, on April 30, 2001, Pixar told the SEC that Mr. Lasseter's filing "will be filed late," without any explanation.

According to a person familiar with the situation, Pixar prepared and filed SEC filings on behalf of its executives.

In his 1997 contract, Mr. Lasseter also received stock options. He reported those to the SEC within two weeks of the grant date, nearly a year before the agency's deadline. He included them on a form reporting the exercise of some earlier options he had received. At the time, the SEC gave corporate insiders a choice of reporting option grants either on so-called Form 4s in which they reported other stock transactions or on separate annual Form 5s which could be filed later.

Mr. Lasseter had a similar opportunity to report his options grant with the December 2000 date. On March 12, 2001 -- nine days before he signed his new employment contract -- Mr. Lasseter filed a Form 4 with the SEC reporting the sale of some Pixar shares. But he didn't include any mention of the options dated in December. Mr. Lasseter wasn't the only Pixar employee to be awarded options with the timely Dec. 6, 2000, grant date and a strike price the day before. So was Edwin Catmull, who co-founded Pixar with Mr. Jobs. Mr. Catmull received 500,000 options.

As it happened, Mr. Catmull reported exercising on Dec. 5 some other options he had, and reported that exercise to the SEC in a Form 4 filing on Jan. 9, 2001. But the filing made no mention of the 500,000-option grant of Dec. 6, 2000. He reported that grant to the SEC in a Form 5 filing on Feb. 13, 2001.

Mr. Catmull had recently been promoted. On Jan. 24, 2001, Pixar announced that he had been named president. Disney declined to make Mr. Catmull, who is now president of the combined Disney and Pixar animation studios, available for comment.

Another peculiarity that raises questions of when Mr. Lasseter actually received the grant is contained in the wording of the employment agreement. According to his new contract, his December 2000 options vested, or became exercisable, "on an equal monthly basis over the ten years of the [employment] agreement." Since the agreement wasn't signed until March 21, 2001, that would mean that the options began vesting in April 2001.

Yet Mr. Lasseter's Form 5 filing seems to contradict this, stating that the options carried an expiration date of Dec. 6, 2010, or 10 years after the grant date, and that they will "vest each month over a 10-year period." That suggests they began vesting in January 2001.

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--Merissa Marr contributed to this article.

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Aon To Review Options Practices (CHIT)

By Becky Yerak, Tribune Staff Reporter

Chicago Tribune, February 9, 2007

A stock buyback helped boost Aon Corp.'s per-share earnings in the fourth quarter, but it also disclosed Thursday that it has launched a "comprehensive review of option grant date practices and related accounting issues."

The Chicago-based insurance brokerage and consulting firm said it recently determined that incorrect dates for "certain" stock options granted in 2000 and in certain previous years appear to have been used for accounting purposes.

"Based upon our preliminary review, the company has not found evidence of intentional misconduct or financial self-dealing, including backdating or other manipulation of stock option pricing," Aon said in its earnings release, issued after the market closed.

But Aon said that its audit committee has begun a thorough review of option grant date practices. Aon wouldn't say which of the certain options are in question, though a spokesman did say that they don't involve the options of Patrick Ryan, Aon's executive chairman who was chief executive in 2000.

It said it hasn't yet been able to determine the amount of additional compensation expense or related impact on taxes, but said it doesn't expect it to be material in 2005 or 2006. It said it will try to quantify the impact on finances for previous periods by the time it files its annual report on or before March 1.

Stock option scandals have caused the downfall of several prominent chief executives who received option grants that had been backdated, or artificially rigged to make them more valuable. Nearly 200 companies have disclosed that the Securities and Exchange Commission, Justice Department or internal investigations are looking into potential problems with backdating.

Meanwhile, Aon had fourth-quarter net income of $224 million, or 68 cents a share, compared to $224 million, or 65 cents a share, in the same period a year ago.

It repurchased about 11 million common shares in the fourth quarter for $390 million. Diluted average shares outstanding were 333.6 million in the latest quarter, compared with 347.5 million in the year-ago quarter.

Aon said income from continuing operations, excluding certain items, was 67 cents a share, compared with 47 cents a share a year ago. On that basis, analysts were expecting 63 cents a share, according to Thomson Financial. Revenue rose 7 percent, to $2.4 billion.

Restructuring expense in the most recent quarter was $86 million, compared with $123 million for the fourth quarter of 2005. A previously announced three-year restructuring plan is now expected to result in pretax charges of $365 million. That's up from estimates of $260 million in early 2006 and $300 million in the third quarter of last year.

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IRS Proposes Penalty Relief For Options (AP)

AP, February 9, 2007

IRS Proposes Tax Penalty Relief for Backdated Options, Simplifying Employee Paperwork

WASHINGTON (AP) -- Companies can voluntarily pay the additional taxes rank-and-file workers face because they were issued backdated stock options, the IRS said Thursday.

The Internal Revenue Service initiative affects the additional 20 percent tax and any interest tax employees would owe after exercising backdated stock options. The proposal's main benefit would simplify taxes for individuals whose companies agree to pay the additional taxes. It wouldn't apply to top executives and company insiders.

The IRS said its "Compliance Resolution Program" would help employees who may be unaware that they held backdated stock options.

Options give holders the right to buy stock at a particular point in the future at a predetermined price. Federal authorities have been probing whether companies have backdated the exercise price of the options to a date when the price was lower.

Federal authorities are scrutinizing the options practices of nearly 140 companies. There are many other companies conducting internal reviews of their stock option plans.

"This shameful practice was widespread," IRS Commissioner Mark Everson said. "We are allowing employers to satisfy the tax obligations of employees who did not knowingly participate in these schemes."

He added the IRS plan doesn't extend to "the executives and insiders who were the principal beneficiaries of the backdating schemes." The offer applies to employees, except for executives, insiders, and shareholders owning at least 10 percent of a company who are required to disclose their holdings under federal securities laws, IRS said.

"The opportunity will not be available for backdated options exercised by most corporate executives or other insiders," IRS said in a press release.

IRS is still pursuing enforcement investigations into the options backdating cases.

"We continue to pursue these cases and work closely with the Securities and Exchange Commission and the Justice Department as appropriate," Everson said. The IRS said this new plan doesn't involve or affect any other federal agency's investigations or regulatory action.

Exercising backdated stock options can result in serious tax consequences. Employees that did so in 2006 may owe an additional 20 percent tax, plus an interest tax, under deferred compensation regulations. With stock options that aren't backdated, the employee would owe income tax on the difference between the value at the date of grant and exercise.

The new IRS initiative allows companies to step forward and pay the additional 20 percent tax and any interest tax that employees owe.

IRS Urges Companies To Pay Taxes Owed By Workers Unaware Of Backdated Options (WSJ)

By Kara Scannell

The Wall Street Journal, February 9, 2007

WASHINGTON -- The Internal Revenue Service has come up with a plan to help rank-and-file employees who owe taxes because they unwittingly received backdated stock options: Have their employers pick up the tab.

The IRS initiative, which is voluntary, proposes that companies with backdating problems pay the steep additional taxes due from lower-level employees who exercised backdated stock options in 2006.

The theory: Employees who had nothing to do with receiving backdated options shouldn't be penalized. Top corporate officials of companies with backdating problems will remain on the hook for taxes on exercised stock options that were backdated.

"We're sending the message here that a proper penalty has to be paid but allowing it to be resolved by the companies so [lower-ranking] individuals aren't swallowing the penalty," IRS Commissioner Mark W. Everson said in an interview. "We think it's appropriate to pursue more directly individuals who were manipulating and benefiting from the untoward conduct."

The IRS program comes as more than 140 companies are facing potential problems about how their stock options were dated. More than 130 companies are under investigation by the Securities and Exchange Commission, and the Justice Department has charged five executives with criminal wrongdoing in connection with stock-options backdating.

Robert Salwen, a compensation attorney and consultant in Scarsdale, N.Y., said the IRS announcement isn't a major concession by the government, but is really "a way for companies to minimize the embarrassment of having failed to comply" with tax rules on stock options.

Under IRS regulations, each affected employee is required to go through the task of calculating the penalties and interest due on improperly dated options, then report that on their individual 1040s. What the IRS is doing, Mr. Salwen says, "is allowing companies to take on the burden of having to report and calculate the penalty taxes." Some lawyers say it is hard to imagine many companies taking advantage of the new IRS program, since paying employees' taxes doesn't resolve any corporate-tax issues and there is no penalty to corporations for not participating in the program.

The initiative comes in response to a request by a group of lawyers and accountants who sought to develop a settlement program where companies would pay something less than the full tax that employees would be charged.

"We proposed the IRS develop a program where companies can say we're not sure we have a problem [but] we'd be willing to pay something to make it go away," said Mary B. Hevener, a partner in Baker & McKenzie LLP's Washington office. "I'm a little surprised it's this tough. For them to announce settlement terms that are the maximum conceivable amount that anyone will pay, people aren't going to take them up on the settlement."

Another obstacle: A number of companies haven't completed internal investigations looking into whether options were backdated, so they may not know if they have a problem, or the potential cost to fix it.

The IRS has given companies until Feb. 28 to notify the agency of their intention to participate in the program and until March 15 to contact employees about their participation. The program applies only to options that vested in 2005 and 2006 and were exercised last year.

Mr. Salwen said he expects some companies will take up the IRS on its offer. And he figures the IRS would benefit, too. Instead of having to audit hundreds of individual filings from employees at a particular company to ensure compliance, it only has to look at information filed by the company itself.

Under IRS rules, employees have to pay regular income tax on income they have received from exercising stock options, based on the difference between the option's strike price and the market value of the stock when the option is exercised

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For employees who received backdated options, they may have to pay an additional 20% tax, plus an interest tax, under 2004 deferred-compensation regulations. The rules don't apply to options that vested before 2005.

While companies can't resolve their top executives' taxes through this program, some have taken steps to spare them from the tax on any options they haven't yet exercised, by repricing the options to fix the backdating. In some of these cases, the companies have paid the executives a special bonus to compensate them for the repricing.

---- Mark Maremont and Charles Forelle contributed to this article.

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Prosecutors Deny Dragging Feet In Nacchio Trial (AP)

By Sandy Shore, AP Business Writer

AP, February 9, 2007

DENVER (AP) - A federal judge sharply rebuked prosecutors and Joe Nacchio's attorney's Thursday, calling them "petulant children" as he issued several orders in the insider trading case against the former Qwest chief executive.

"This just seems to be petulant children in a sandbox kicking sand at each other," U.S. District Judge Edward Nottingham said, referring to a series of motions exchanged between the two sides this week as the March 19 trial approaches.

"I think what you need to do is stop whining and get on with the business of preparing for this trial," he told the attorneys.

Nottingham had stern words for both sides as he worked his way through the motions with attorneys sitting quietly in the courtroom or listening via telephone. He set a series of deadlines ahead of the next status conference on Feb. 23.

Prosecutors and defense lawyers have been arguing over the evidence exchange process, which includes witness interviews, documents and classified government information.

Nacchio's attorneys complained this week that prosecutors have been dragging their feet in turning over evidence and that they needed a 60-day delay to review material they received as late as Monday.

Prosecutors denied the accusations and said the process had been slow because of the procedures in federal law that must be followed for classified documents.

Nottingham said he was dismayed by how long it has been taking to turn over evidence but stopped short of penalizing prosecutors, instead ordering them to produce transcripts of witness interviews within 48 hours.

He rejected what he called the defense's "backhanded, lame request for a continuance," saying there was no showing of prejudice that would require a delay. "This case is going to be tried March 19th on schedule," he said.

Nottingham also ruled that one government motion and some documents filed with the court would not be shared with Nacchio's attorneys, saying the information was highly classified and needed to be guarded for national security concerns.

He noted that the information - with some details such as names and locations of buildings omitted - had been given to the defense.

By telephone, defense attorney Herbert Stern began to object saying that his team was "as trustworthy" as the prosecutors when Nottingham interrupted.

The judge said he never questioned whether the defense team could be trusted but that the more people who knew about the documents' contents the greater chance that the information would be released inadvertently.

"My reason (for withholding the full documents) has nothing to do with whether you can be trusted," he told Stern. "I don't appreciate you're trying to make a record of something I didn't say."

Nacchio, who is free on bail, is accused of selling $101 million worth of stock in 2001 based on inside knowledge that Qwest Communications International Inc. would be unable to meet revenue targets.

He has pleaded not guilty to 42 counts, each carrying a penalty of up to 10 years in prison and a $1 million fine.

Defense lawyers have said Nacchio believed Qwest would get hundreds of millions of dollars worth of classified government contracts which made him more optimistic about the Denver-based telephone company's financial future.

The documents are protected by the Classified Information Procedures Act, which sets strict guidelines for viewing secret government material such as business contracts.

Attorneys for both sides have been working on substitute explanations for the documents that can be made public at trial without violating the law.

It requires attorneys and the judge to receive Justice Department security clearances before they are able to review the contracts in secure facilities.

Separately, Nacchio also is one of several former Qwest executives accused by the Securities and Exchange Commission in a civil case alleging they orchestrated a financial fraud that forced the company to restate billions of dollars in revenue. That case is pending.

4 Admit Conspiracy In Stock-Tip Case (WP)

By Carrie Johnson

The Washington Post, February 9, 2007

A former pharmaceutical executive and two of his sons pleaded guilty yesterday to conspiracy charges for engaging in what authorities called a "brazen" scheme to profit more than $2 million from illegal stock tips passed among the family members and their friends.

Zvi Rosenthal, 62, a former vice president at Taro Pharmaceutical Industries of Hawthorne, N.Y., shared confidential information about the generic-drug maker's products and financial condition with his sons Amir, 29, and Ayal, 26, more than a dozen times from 2001 to 2005, according to securities regulators.

The three men and Amir Rosenthal's friend David Heyman, 29, pleaded guilty to a single count of conspiracy to commit securities fraud yesterday in U.S. District Court in Brooklyn, N.Y. Each defendant faces a maximum prison term of five years and a $250,000 fine when he is sentenced in May, U.S. Attorney Roslynn R. Mauskopf said.

Securities and Exchange Commission officials yesterday filed related civil insider-trading charges against the men and several of their alleged confederates, including Oren Rosenthal, 30, Rosenthal's eldest son, and Bahram Delshad, 55, Amir Rosenthal's father-in-law.

Mark K. Schonfeld, director of the SEC's Northeast Regional Office, said the case is particularly disturbing because it appeared to be a "family business based on insider trading."

Members of the Rosenthal family and many of their friends worked as lawyers and accountants at respected businesses, including the accounting firm PricewaterhouseCoopers. They were people "who had every reason to know better," said Bruce Karpati, an assistant regional director at the SEC.

The Rosenthals created a hedge fund, Aragon Partners, to hide the source of their stock trades from authorities, according to court papers. Hedge funds are investment pools designed for wealthy individuals and are subject to less oversight than other investment vehicles. The men also traded using sophisticated options contracts, rather than run-of-the-mill shares of Taro and other stocks, to avoid detection, regulators said.

Zvi Rosenthal engaged in some of the improper trades when he was on probation for making false claims to the Defense Department while employed at a contractor that made military uniforms, according to the 51-page SEC complaint. He resolved that case by pleading guilty to a single felony false-claims charge in 2000. At the time, Zvi Rosenthal also agreed to a $20,000 fine and three years of probation, including six months of home confinement and electronic monitoring.

Amir Rosenthal, a former corporate lawyer at a large New York law firm that prosecutors did not identify, received kickbacks from two of the people with whom he shared confidential information. A friend gave him more than $6,300 in cash to buy a plasma television, and Delshad gave him $66,000 in installments routed through Delshad's children, SEC lawyers said.

In all, the family members and their friends collected more than $1.5 million in profit and avoided millions of dollars more in potential losses by trading on confidential tips, for a total of nearly $4 million, according to regulators.

Paul Shechtman, a lawyer for Amir Rosenthal, said, "I've never seen so much hard-earned human capital lost in one day."

Former Thacher Proffitt Associate Admits Role In Insider Trading Scheme (LAW)

By Tom Perrotta, New York Law Journal

New York Law Journal, February 9, 2007

A former associate at Thacher Proffitt & Wood faces up to five years in prison after he pleaded guilty Thursday in Eastern District of New York federal court to an insider trading scheme involving his father, brother and a childhood friend who worked at Ernst & Young.

The 29-year-old attorney, Amir Rosenthal, his co-defendants and several others named in a civil securities complaint earned as much as $3.7 million by trading on inside information provided by Rosenthal's 62-year-old father, Zvi, a former executive at Taro Pharmaceutical Industries, Ltd., according to prosecutors and the Securities and Exchange Commission.

Another Thacher Proffitt associate Thursday settled related civil insider trading charges and may face termination by the firm.

Thacher Proffitt did not do business with any of the companies whose shares were traded, and Rosenthal, a graduate of New York University School of Law, was not alleged to have relied on firm information. He executed several trades before joining the firm in September 2004. The firm suspended him in April 2006 after the SEC and federal prosecutors began an investigation. He was terminated in June 2006.

But Rosenthal did provide information to his supervisor at Thacher Proffitt, associate Young Kim, according to the SEC.

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Kim's future employment was in question Thursday after Thacher Proffitt learned that he had settled a civil complaint with the SEC for $4,288 and agreed to pay $42,000 in penalties. He consented to a judgment without admitting or denying the SEC's insider trading allegations.

Thacher Proffitt knew Kim was a potential witness against Rosenthal and was being questioned about insider trading, but it did not know until Thursday that the SEC would take action against him or that he would agree to pay civil penalties, according to a spokesman.

"It's a complete surprise to us," the spokesman, Paul Tvetenstrand, said. "We were not aware that Young Kim had done anything wrong and was anything other than a witness."

Kim, who joined the firm in 2000 after graduating from Cornell Law School in 1998, was on vacation and could not be reach for comment; his attorney, Susan Walsh of Moskowitz & Book, was also unavailable.

Tvetenstrand said the firm would speak with Kim upon his return and decide his future.

"We are a securities law firm," Tvetenstrand said. "We cannot afford to even have the slightest shadow of a doubt about our credibility."

In a 90-minute hearing Thursday, Eastern District Judge John Gleeson accepted guilty pleas from Rosenthal; his father, a resident of Tenafly, N.J., who has a prior conviction for defrauding the government; his 26-year-old brother Ayal, an accountant at PricewaterhouseCoopers; and his friend David Heyman, 29, an accountant at Ernst & Young. Amir Rosenthal and Heyman attended high school and Rutgers University together.

Zvi Rosenthal, wiping away tears, admitted that since 2001 he had provided Amir with inside information about Taro Pharmaceutical, including details about pending Food and Drug Administration approval for the company's drugs. He also told his son when Taro's profits would not meet expectations so his son could trade on the subsequent decline in the value of the company's shares.

Amir Rosenthal admitted that he passed similar information to his brother and to Heyman.

The Eastern District U.S. Attorney's Office said the men made more than $2 million through insider trading. The SEC put the figure at $3.7 million, including gains by three others who were not charged criminally: Kim; Bahram Delshad, Amir's father-in-law; and Amir's 30-year-old brother Oren, a former attorney at the New York office of O'Melveny & Myers.

Rosenthal also attempted to trade on information provided by Heyman in 2005 about an upcoming merger between two large, publicly held companies -- information Heyman had learned as an employee of Ernst & Young (the U.S. Attorney's Office did not identify the companies). The merger did not happen and Rosenthal realized no gain. He also received kickbacks from Heyman ($6,300 for a plasma television for Zvi) and Delshad ($66,000 delivered in $11,000 installments through Delshad's children).

Under federal sentencing guidelines agreed upon by prosecutors and defense attorneys for the men, Amir Rosenthal will likely receive 33 to 41 months in prison, with a maximum of 5 years. His father will likely receive 51 to 71 months. Heyman faces 21 to 27 months, while Ayal Rosenthal faces up to 6 months.

Tvetenstrand described Rosenthal's guilty plea as "very sad."

Amir Rosenthal's attorney, Paul Shechtman of Stillman, Friedman & Shechtman, said, "This is a very sad chapter for a good family."

A Matter Of Fair Play (NYT)

The New York Times, February 9, 2007

Financial markets run on information. Knowledge turns into money for whoever reacts to changes the fastest and makes the right bets. Most part-time investors working with their nest eggs know they're a step slower than the top professionals at Wall Street banks and hedge funds. But that doesn't mean they deserve an unfair playing field.

That's why we applaud the Securities and Exchange Commission's decision to begin a broad examination into whether employees at major Wall Street banks have been leaking information to their favorite customers, like funds. As Jenny Anderson reported recently in The Times, the S.E.C. is requesting reams of information from large banks to determine whether bankers are tipping off hedge funds — whose active trading tends to make them lucrative customers — about other client's orders as a way to curry favor with them.

When most people hear about insider trading, they think of buying shares before a piece of good news drives up the stock price. But trading on nonpublic information can get much more complicated than that. Front-running is the technical term for buying ahead of a big sale or purchase. When, for instance, a mutual fund company buys a large stake in a stock, the stock will go up. Anyone who is aware of what is about to happen during the lag time between when the order is placed and when the purchase is made could get in first and make a killing, although it is illegal to do so. It would also mean the mutual fund would pay more for the same stock than it would have absent the front-running.

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It is good to see the commission playing an active role. We hope that it is not just reacting to recent Congressional scrutiny. The former chairmen of the Senate Judiciary and Finance Committees, Arlen Specter and Charles Grassley, released an interim report last week taking the commission to task for mishandling an inquiry into possible insider trading involving the hedge fund Pequot Capital Management. Last fall, Mr. Grassley asked the Government Accountability Office, Congress's investigative arm, to take a closer look at the commission's enforcement and compliance divisions. Its report is expected by June.

Whatever happens, it is clear that the growing power of hedge funds in an ever more complex market requires increased scrutiny. While the S.E.C. looks for signs of insider trading, Congress should pass legislation to regulate hedge funds.

CRIMINAL LAW:

Libby Lawyers Grill NBC's Russert (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 9, 2007

WASHINGTON -- NBC's Tim Russert deflected criticism of his ethics and credibility as he completed a heated second day of cross-examination Thursday in the trial of former White House aide I. Lewis "Scooter Libby.

Russert, who testified that he never discussed outed CIA operative Valerie Plame with Libby, was the final prosecution witness before Special Prosecutor Patrick Fitzgerald rested his three-week perjury and obstruction case. Libby's attorneys will begin calling witnesses Monday.

The journalist was subjected to the kind of interrogation he usually gives guests on his Sunday television show "Meet the Press," as attorneys flashed excerpts of his previous statements on a video monitor and asked him to explain inconsistencies.

A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential.

"Did you disclose in the affidavit to the court that you had already disclosed the contents of your conversation with Mr. Libby," asked Theodore Wells, one of Libby's attorneys.

"As I've said, sir ... "Russert began.

"It's a yes or no question," Wells interrupted.

"I'd like to answer it to the best of my ability," Russert said.

"This is a very simple question. Either it's in the affidavit or it's not?" Wells asked. "Did you disclose to the court that you had already communicated to the FBI the fact that you had communicated with Mr. Libby?"

"No," Russert said.

Wells wants to cast Russert as someone who cannot be believed, who publicly championed the sanctity of off-the-record conversations but privately revealed that information to investigators. Russert said he viewed the FBI conversation and testimony to prosecutors differently.

Russert's credibility is under fire because he and Libby tell very different stories about a July 2003 phone call that is at the heart of the case. The question of which to believe could be a critical jury room issue.

Both men agree that Libby called Russert to complain about a colleague's news coverage. Libby says at the end of the call, Russert told him "all the reporters know" that Plame, the wife of a prominent war critic, worked for the CIA. Russert testified that part of the conversation never occurred.

"That would be impossible," Russert testified Wednesday. "I didn't know who that person was until several days later."

Libby subsequently repeated the information about Plame to other journalists, always with the caveat that he had heard it from reporters, he has said. Prosecutors say Libby concocted the Russert conversation to shield him from prosecution for revealing classified information from government sources.

Libby's attorneys say Russert knew about Plame from colleagues David Gregory and Andrea Mitchell. Mitchell said in an interview that she and other reporters knew Plame worked for the CIA but she later recanted that statement. Wells had hoped to play clips of Mitchell discussing her statements on the Don Imus morning show on MSNBC.

Fitzgerald successfully argued that the tapes not be played.

"We might as well take 'Wigmore on Evidence' and replace it with 'Imus on Evidence,'" Fitzgerald said, referencing the classic treatise on evidentiary law. "There's no Imus exception to the hearsay rule. This has no business in a federal court."

Wells has questioned Russert about other phone conversations he couldn't remember, inconsistencies between his current account and FBI notes of an agent's original interview with him, and the likelihood that he would've let such a high-ranking official off the phone without fishing for some news.

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Suggesting that Russert was eager to see Libby face charges, Wells played a video of Russert discussing the impending indictment with Imus. Russert sounded giddy at times in the discussion, laughing and describing the anticipation as "like Christmas Eve."

Russert said he was eager for the story to unfold like any big event.

"Did you take joy in Mr. Libby's indictment?" Fitzgerald asked during follow-up questioning.

"No, not at all," Russert said. "And I don't take joy in being here."

Libby's attorneys also will try to undercut the credibility of former New York Times reporter Judith Miller, who testified that Libby revealed Plame's identity to her. Defense attorney William Jeffress said he intends to call Miller's former boss, Times managing editor Jill Abramson, to try to refute Miller and question her credibility.

Prosecution Rests Case In Libby's Perjury Trial (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 9, 2007

Prosecutors rested their case yesterday in the perjury trial of I. Lewis "Scooter" Libby, completing a methodical portrait of a top-tier presidential aide who they say diligently scrambled to defend the White House against an early critic of the Iraq war and then lied to investigators about what he had done.

Special Counsel Patrick J. Fitzgerald concluded the prosecution's portion of the trial after 11 days in which he laid out for jurors a chronological narrative -- of a volatile period inside in the White House in 2003 -- that was sometimes dry but provided tantalizing glimpses into the worlds of President Bush's closest advisers and an elite tier of Washington journalists.

The prosecution first demonstrated the steps Libby allegedly took to find out the identity of Valerie Plame, an undercover CIA officer married to a former ambassador, Joseph C. Wilson IV. Wilson accused the White House of twisting intelligence he had gathered as it justified the invasion of Iraq.

Fitzgerald then led jurors through the sequence of journalists and a White House press secretary Libby allegedly told about Plame in an effort, the prosecutor alleges, to discredit her husband by suggesting Wilson was sent on the CIA-sponsored mission as a result of nepotism.

Finally, the prosecutor -- relying on an FBI agent, eight hours of audiotapes of Libby testifying before a federal grand jury, and NBC News Washington bureau chief Tim Russert -- laid out the fabrications the government contends Libby told about his role in the leak.

On Monday, defense attorneys are scheduled to begin presenting their case, which will try to cast a more flattering light on Libby's statements and behavior. The defense has said it plans to begin by calling as witnesses several journalists, including some from The Washington Post, in part to show that Libby did not mention Plame to every reporter with whom he spoke early in the summer of 2003, around the time of the CIA leak.

The prosecution rested after one of Libby's attorneys spent hours yesterday hammering the ethics, memory and motives of Russert, potentially the government's most damaging witness. As the grand finale in the prosecution's effort to prove that the vice president's former chief of staff lied to investigators about his role in the leak, Russert told jurors it was "impossible" that he had disclosed Plame's identity to Libby, as Libby told FBI agents and a federal grand jury.

To try to undermine his testimony, defense attorney Theodore Wells Jr. suggested that Russert harbored personal animosity for Libby and was "elated" when he was indicted in 2005.

On the witness stand for more than five hours of pointed cross-examination over two days, Russert said that he took no joy in Libby's fate and that, on the morning of Oct. 28, 2005, he had been keyed up only because a major news story on the indictments was to unfold within hours. But Wells implied to the jury that Russert had darker motives.

The defense played in court snippets of radio personality Don Imus's interview of Russert that morning. Russert, the moderator of NBC's "Meet the Press," spoke in giddy tones that contrasted markedly with his sober, careful style in court.

"It was like Christmas Eve here last night," Russert told Imus about his newsroom's anticipation of the results of the federal investigation that Fitzgerald was about to announce. "Santa Claus is coming tomorrow. Surprises! What's going to be under the tree?"

Wells also read parts of a transcript from that same day's broadcast of the "Today" show, in which Russert explained to host Katie Couric the significance of possible indictments against Libby or President Bush's top political adviser, Karl Rove, which newspapers were reporting that morning.

"It's huge, Katie," Russert said on the program. "This is the first time in 130 years that a sitting White House official would come under indictment."

Russert's buoyant tone, Wells contended, reflected "bad blood" between Russert and Libby. Wells also pressed Russert to try to illustrate that he had a flawed memory, that he could have learned of Plame from two NBC colleagues, and that he acted

inconsistently by answering an FBI agent's questions early in the investigation but seeking unsuccessfully months later to fight a grand jury subpoena for his testimony.

Fitzgerald tried unsuccessfully yesterday to persuade U.S. District Judge Reggie B. Walton to prevent the defense from reading the jury excerpts of Russert's "Today" comments. "To turn it into a grudge match -- with some sort of bad blood -- I think that is a stretch," Fitzgerald argued.

Wells also suggested that Russert's 22-minute deposition with the special counsel had been incomplete because Russert was not asked whether he was told about Wilson's wife by NBC colleagues Andrea Mitchell or David Gregory, who were working on aspects of the unfolding Wilson story. Russert acknowledged that he was not asked about either one during his deposition but told the jury "they never came forward" to share with him anything they were learning about Wilson from administration officials.

Libby, 56, faces five felony counts of lying to investigators and a grand jury. He is not charged with actual disclosure of Plame's identity. He has repeatedly testified that he shared information about Plame with other reporters only after learning it from Russert during a telephone call.

Libby has acknowledged that Cheney first told him about Plame's CIA job in June 2003 but said that he forgot he knew about her by the time that, according to his account, Russert mentioned her nearly a month later.

Russert testified Wednesday that he could not have told Libby about Plame because he had not heard of her until she was publicly revealed in a syndicated column by Robert D. Novak on July 14, 2003 -- four days after Russert spoke with the vice president's right-hand man.

Fitzgerald has argued that Libby fabricated the story about learning the information from Russert to protect himself from criminal charges. Passing along gossip from a reporter would not be a crime, but disclosing a CIA officer's classified status to reporters after learning it from the vice president could be.

NBC's Russert Wraps Up Prosecution Case In Libby Trial (NYT)

By Neil A. Lewis

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — The prosecution finished presenting its case in the perjury trial of I. Lewis Libby Jr. on Thursday, leaving his defense lawyers to try to undo the government's contention that Mr. Libby lied under oath during an investigation into the leak of a C.I.A. officer's identity.

Mr. Libby's legal team will begin with a parade of Washington journalists as witnesses for the defense when the proceedings resume Monday. But lawyers for Mr. Libby, the former chief of staff to Vice President Dick Cheney, left it a mystery as to whether they would call the two star attractions on their witness list: Mr. Cheney and Mr. Libby himself.

The last day of the prosecution's case was largely consumed with an intense battle of wills between Mr. Libby's chief defense lawyer, Theodore V. Wells Jr., and the final prosecution witness, Tim Russert of NBC News. Before the jurors left for a long weekend, they were bombarded as they have been each day with a fast-moving and complex torrent of information.

They seemed to pay close attention as Mr. Wells, known for his cross-examination skills, and Mr. Russert, a successful public communicator, went at each other for a second consecutive day.

Mr. Wells focused on Mr. Russert's behavior when he was first called by an F.B.I. agent and asked about a telephone conversation he had had with Mr. Libby on July 10 or 11, 2003.

In that call, the agent told Mr. Russert that Mr. Libby had said in an interview that he first learned of the identity of the C.I.A. operative, Valerie Wilson, from Mr. Russert in the July 2003 conversation.

Mr. Russert told the agent that Mr. Libby's assertion was untrue, that the issue of Ms. Wilson never came up in that conversation.

Mr. Wells, using the technique that Mr. Russert is known for as moderator of "Meet the Press," then put up on video screens throughout the courtroom Mr. Russert's words in an affidavit he filed later. In an effort to avoid complying with a subpoena to testify about the same subject before a grand jury, Mr. Russert swore that he could not discuss the conversation because to do so would violate his deeply held journalistic principles.

"Did you disclose in the affidavit to the court that you had already disclosed the contents of your conversation with Mr. Libby" to the Federal Bureau of Investigation, Mr. Wells asked.

"As I've said, sir ... ," Mr. Russert began.

"It's a yes or no question," Mr. Wells interrupted.

"I'd like to answer it to the best of my ability," Mr. Russert replied.

"This is a very simple question. Either it's in the affidavit or it's not," Mr. Wells said. "Did you disclose to the court that you had already communicated to the F.B.I. the fact that you had communicated with Mr. Libby?"

"No," Mr. Russert said.

The July phone conversation between Mr. Libby and Mr. Russert is at the heart of the five-count felony indictment. Mr. Libby swore that he did not learn the identity of Ms. Wilson from fellow administration officials but learned it then from Mr. Russert.

Prosecutors have asserted that Mr. Libby concocted that testimony to avoid acknowledging that he learned about her from fellow officials.

Ms. Wilson's identity was first disclosed publicly on July 14, 2003, in a column by Robert Novak, only days after The New York Times published an Op-Ed article by her husband criticizing the Bush White House.

Mr. Russert was notably more subdued during his two days of cross-examination than the ebullient personality he presents on television. He seemed initially taken aback by the pace and ferocity of Mr. Wells's questions. But by Thursday he had regained much of his confidence.

The Libby defense won a victory of sorts when Judge Reggie B. Walton agreed to exclude part of one of the five felony counts against Mr. Libby. But it remained unclear whether the change, which was not contested by the prosecutors, would matter in jury deliberations.

Mr. Libby's team won another victory when Judge Walton ruled that the defense could call as a witness Jill Abramson, the managing editor of The New York Times.

Mr. Libby's lawyers want to question Ms. Abramson in an effort to discredit one of the prosecution witnesses, Judith Miller, a former reporter for The Times. Ms. Miller, who went to jail for 85 days before agreeing to testify before the grand jury, has provided pivotal testimony against Mr. Libby, saying he informed her in detail about Ms. Wilson in several conversations.

Ms. Miller also testified that after a July 8, 2003, breakfast meeting during which Mr. Libby spoke at length about Ms. Wilson, she recommended to Ms. Abramson, then the Washington bureau chief, that the newspaper assign a reporter to look into Mr. and Mrs. Wilson.

Ms. Abramson had been quoted in The Times denying such a conversation, and Mr. Libby's lawyers want Ms. Abramson to cast doubt on Ms. Miller's credibility.

Ms. Abramson will probably testify on Tuesday, and other journalists, like Bob Woodward and Walter Pincus of The Washington Post, will take the stand on Monday.

Prosecution Rests Case Against Libby (LAT)

By Greg Miller And Richard B. Schmitt

The Los Angeles Times, February 9, 2007

WASHINGTON — After 11 days of testimony from some high-profile witnesses, prosecutors on Thursday wrapped up their case against former White House official I. Lewis "Scooter" Libby — and the task now facing the defense appears daunting: convincing jurors that one Washington insider is to be believed when his version of events is at odds with that of so many others.

Libby's attorneys have succeeded in showing that prosecution witnesses at times suffered memory lapses. But those testifying against Vice President Dick Cheney's former chief of staff in his perjury and obstruction trial were consistent on two key points: what they did not tell Libby, and what he told them.

Tim Russert, NBC News' Washington bureau chief and moderator of "Meet the Press," was the latest to testify that Libby's description of events is wrong.

Libby told a grand jury in 2004 that he learned of CIA officer Valerie Plame from Russert.

Previous witnesses have testified they learned of Plame from Libby, which defense lawyers deny.

Special Prosecutor Patrick J. Fitzgerald wrapped up his argument in typically matter-of-fact fashion Thursday, telling U.S. District Judge Reggie B. Walton: "At this time the government rests its case." The defense is set to begin Monday.

Libby's trial, the first high-profile prosecution of a senior administration official in Washington in more than a decade, has been a legal and political spectacle, providing details of how the Bush administration launched a campaign against Plame's husband, a critic of the Iraq war.

The case grew out of Libby's statements to federal investigators about his conversations with three journalists around the time Plame was named in a July 14, 2003, newspaper column by Robert D. Novak. Libby, prosecutors charged, obstructed a federal probe into how Plame's identity became public. Disclosing the identity of an undercover officer can be a felony.

Russert completed his second day of testimony Thursday with a series of testy exchanges with Libby's lawyers, who sought to portray him as an unreliable witness with a grudge against the defendant.

At one point, Libby's lawyers played a tape of an interview with Russert by radio host Don Imus on Oct. 28, 2005, the day Libby's indictment was announced. Russert sounded giddy as he told how the pending release of legal documents targeting White House officials had the feel of "Christmas Eve" for reporters in Washington.

Theodore Wells Jr., Libby's lead attorney, suggested Russert was relishing the idea that Cheney's chief of staff was in serious legal trouble. "Who was Santa Claus?" Wells asked, wondering aloud if Russert saw prosecutor Fitzgerald in that role.

Russert insisted that he was merely describing the atmosphere of anticipation surrounding a case that had been two years in the making. When Fitzgerald asked whether Russert took any joy in Libby's legal trouble, the newsman turned solemn.

"No, not at all, and I don't take joy in being here," Russert said.

Later in the session, the case drew comparisons to the O.J. Simpson murder trial, which was criticized for how long it took to complete.

With jurors out of the room, Wells argued for permission to present more tapes of the "Imus in the Morning" show in which Russert and NBC News reporter Andrea Mitchell discussed the case. Fitzgerald protested that doing so would be tantamount to replacing traditional rules on evidence "with Imus on evidence."

"Or O.J. on evidence," Walton said, adding that the Simpson trial had dragged on for nine months largely because attorneys were given extraordinary latitude to pursue tangential arguments and evidence.

Libby has said, through his lawyers and in court papers, that he first heard about Plame in a conversation with Russert a few days after the New York Times published a July 6, 2003, column by her husband, former envoy Joseph C. Wilson IV, criticizing the administration's use of prewar intelligence.

Russert testified he did not learn her identity until reading Novak's July 14 column. Two other journalists have testified that Libby told them about Wilson's wife.

The defense contends that Libby did not knowingly lie, but may not have recollected the conversations accurately because he was swamped with pressing national security matters. A memo from his files introduced into evidence shows that he learned about Plame from Cheney before he talked with the reporters. Libby has said he forgot that too.

Fitzgerald has alleged that Libby concocted the story about Russert after realizing that, by talking with reporters about Plame, he may have committed a felony by disclosing classified information.

In court, Fitzgerald has shown how Cheney's office mobilized to attack Wilson; the vice president even prepared the talking points. An issue of such importance to Cheney, Fitzgerald has argued, would be hard to forget.

Fitzgerald has "methodically constructed a wall of witnesses who all testified to what a significant issue Plame and her husband were," said Henry E. Hockeimer Jr., a Philadelphia lawyer and former federal prosecutor. "It's going to be hard for the jury to believe Libby simply was too busy at the time of his grand jury testimony to remember his conversations."

The prosecutor also has elicited testimony from former senior government officials that they remember telling Libby about Wilson's wife well before Libby says he learned about her from Russert.

The defense is expected to attack some of those witnesses in the days ahead. Walton ruled Thursday that Libby's lawyers could call New York Times Managing Editor Jill Abramson to discredit former Times reporter Judith Miller, who testified against Libby.

Other journalists, including Bob Woodward of the Washington Post, are expected to testify that Libby did not leak them information about Plame.

The defense has indicated that it also plans to call Cheney, presumably to buttress the point about his former aide's workload, but the timing of his appearance is unclear.

Whether Libby will take the stand in his own defense is unclear. His lawyers previously indicated he was going to testify, but they appear to be rethinking their plans.

"The defendant testifying in any case is your moment of truth for winning or losing," said Guy Singer, a Washington lawyer and former federal prosecutor. But, he said, Libby may have more to lose than to gain by taking the stand and allowing Fitzgerald — once described by a colleague as "Eliot Ness with a Harvard law degree" — to cross-examine him.

"I think that is very, very risky," Singer said. "He would have to explain his motives."

Fitzgerald would probably ask Libby, for example, whether it was true that he was engaged in a pitched battle to fight off what Wilson was saying publicly. The question would put Libby in a bind.

"If he admits it, he helps make the government case," Singer said. "If he denies it, he may appear to be lying."

Prosecution Rests After Russert Completes Testimony In Libby Trial (FINDLAW/AP)

By Matt Apuzzo, Associated Press Writer

AP, February 9, 2007

(AP) - WASHINGTON-A television journalist deflected criticism of his ethics and credibility as he completed a heated second day of cross-examination Thursday in the trial of former White House aide I. Lewis "Scooter Libby.

NBC newsman Tim Russert, who testified that he never discussed outed CIA operative Valerie Plame with Libby, was the final prosecution witness before Special Prosecutor Patrick Fitzgerald rested his three-week perjury and obstruction of justice case.

Attorney's for Libby, former chief of staff to Vice President Dick Cheney, will begin calling witnesses Monday.

Plame's husband, former ambassador Joe Wilson, criticized the Bush administration's Iraq policy in a leading newspaper and on television in 2003.

The trial has provided the jury - and the public- a rare glimpse into how the highly disciplined Bush administration dealt with the media and how reporters extract or are provided information from high-level sources

Russert was subjected to the kind of interrogation he usually gives guests on his Sunday television show "Meet the Press," as attorneys flashed excerpts of his previous statements on a video monitor and asked him to explain inconsistencies.

A law school graduate, Russert avoided several traps defense attorneys laid before him. He seemed uncomfortable at times, however, as they asked him to explain why he willingly told an FBI agent about a July 2003 conversation with Libby, then gave a sworn statement saying he would not testify about that conversation because it was confidential.

"Did you disclose in the affidavit to the court that you had already disclosed the contents of your conversation with Mr. Libby," Wells asked.

"As I've said, sir ... "Russert began.

"It's a yes or no question," Wells interrupted.

"I'd like to answer it to the best of my ability," Russert said.

"This is a very simple question. Either it's in the affidavit or it's not?" Wells asked. "Did you disclose to the court that you had already communicated to the FBI the fact that you had communicated with Mr. Libby?"

"No," Russert said.

Wells wants to cast Russert as someone who cannot be believed, who publicly championed the sanctity of off-the-record conversations but privately revealed that information to investigators. Russert said he viewed the FBI conversation and testimony to prosecutors differently.

Russert's credibility is under fire because he and Libby tell very different stories about a July 2003 phone call that is at the heart of the case. The question of which to believe could be a critical jury room issue.

Both men agree that Libby called Russert to complain about a colleague's news coverage. Libby says at the end of the call, Russert told him "all the reporters know" that Plame worked for the CIA. Russert testified that part of the conversation never occurred.

"That would be impossible," Russert testified Wednesday. "I didn't know who that person was until several days later."

Libby subsequently repeated the information about Plame to other journalists, always with the caveat that he had heard it from reporters, he has said. Prosecutors say Libby concocted the Russert conversation to shield him from prosecution for revealing classified information from government sources.

Libby's attorneys say Russert knew about Plame from colleagues David Gregory and Andrea Mitchell. Mitchell said in an interview that she and other reporters knew Plame worked for the CIA but she later recanted that statement. Wells had hoped to play clips of Mitchell discussing her statements on a television program.

Fitzgerald successfully argued that the tapes not be played.

Wells has questioned Russert about other phone conversations he could not remember, inconsistencies between his current account and FBI notes of an agent's original interview with him, and the likelihood that he would have let such a high-ranking official off the phone without fishing for some news.

Libby's attorneys also will try to undercut the credibility of former New York Times reporter Judith Miller, who testified that Libby revealed Plame's identity to her. Defense attorney William Jeffress said he intends to call Miller's former boss, Times managing editor Jill Abramson, to try to refute Miller and question her credibility.

Associated Press writer Michael J. Sniffen contributed to this report.

'Law And Order' Star Stands By Libby (NSDY/AP)

By Michael J. Sniffen

Long Island Newsday, February 9, 2007

WASHINGTON -- One of the nation's most familiar "prosecutors" showed in Scooter Libby's camp in court Thursday.

But it was a "prosecutor" who only plays one on TV.

Joining Libby's public relations person, Barbara Comstock, in the public gallery was former Tennessee Republican Sen. Fred Thompson, who plays a New York City prosecutor on the NBC series "Law and Order." He came to listen while another NBC star, Washington bureau chief Tim Russert was cross examined by defense attorney Theodore Wells.

At one point, Libby's wife, Harriet Grant, went back and sat beside Thompson. They hugged, laughed and chatted for a few minutes before she returned to her seat in the front row.

Asked why he came Thompson said, "I'm a friend of Scooter Libby and his family."

During a late-morning break, Libby and Thompson shook hands in the hallway and went into a private conference room to chat. Thompson did not return for the conclusion of the morning session.

The former senator is on the steering committee of the Scooter Libby Legal Defense Fund Trust, an organization that set out to raise more than $5 million to help finance Libby's defense.

Thompson, who declined to answer more questions Thursday, hosted a fundraiser at his northern Virginia home last May to raise money for Libby's defense fund.

In Defense Of The Desperate (and The Notorious) (NYT)

By Robin Finn

The New York Times, February 9, 2007

REGRETTABLY, Ephraim Savitt is a little late for this friendly cross-examination, but not because he shrewdly anticipates that its subtext will be something scathing along the lines of "Don't you worry that everyone despises you for your emphatic defense of a cold-blooded murderer like Ronell Wilson? Where are your scruples?"

As a federal prosecutor for nearly eight years in the 1980s, Mr. Savitt takes such predictable ranting from a nonstudent of jurisprudence in stride. His laurels include the Justice Department's first conviction of ranking members of the Gambino crime family, Gene Gotti among them.

Sonorous of voice (part Motown-ish croon, part rabbinical oratory that is a genetic gift from his father, who died when he was 19), and impeccable of tailoring (his fluffy alpaca overcoat suggests topnotch llama), Mr. Savitt, 55, sweeps off the elevator into the vestibule of his Madison Avenue office.

He smiles, apologizes and insists that most people accuse his coat of "being designed by Smokey the Bear." Glib, yes, but too much of a mensch to be slick.

Then he wields his excuse for tardiness, a verbal bludgeon aimed straight at the conscience: It would be beyond impolite, would it not, for a criminal defense lawyer to duck out early from a meeting convened to formulate defense strategies for a desperate client. Which his tend to be, regardless of whether they are "white-collar criminal" types who can afford his regular $500 hourly fee or the cash-poor committers of capital crimes he defends, at the court's request, for a mere $163 an hour. That means taxpayers foot the bill. All the way to the Supreme Court, perhaps, in the Wilson case.

"There is no way that I will compromise in my defense of a client no matter how bad my client may be, or is perceived to be," is Mr. Savitt's mantra, mellifluously delivered, as he leads the way to an overheated office overstuffed with "ersatz mechanical piggy-banks and antique Judaica. It's a vice," he says of his collecting habits.

He keeps an assortment of antique silver, much of it acquired in Israel, at home on the Upper West Side, where his wife, Leah, four children, and the Lincoln Square Synagogue absorb his spare time. That is in short supply since the list of federal crimes that can result in the death penalty was expanded in 1994.

"There are a lot of Ronell Wilsons around, and I try not to make this my exclusive business," he says of defending murderers. "People hated me even before I took this case." (He received an anonymous death threat for being on Mr. Wilson's defense team.)

"I'm not at all excusing what he did. But to me, the only question now is when exactly is he going to die in prison, not if he's going to die in prison. I have nightmares about going to Terre Haute if he goes to the death chamber. I don't want to see it happen, but if it does, I suppose it is my moral obligation to be there for him."

More than a decade ago, Mr. Savitt was one of four lawyers appointed to represent defendants in the first capital prosecution in New York under the current federal death penalty act, and he has since defended other criminals in this predicament. Only Mr. Wilson received a death sentence.

In 1996, he obtained a life sentence for Peng You Zhong, a member of a Chinese gang accused of kidnapping, torture and murder. In 2003, he won a life sentence for Emile Dixon, a convicted murderer and crack dealer. On March 26, the trial of Richard James, accused of murder in what Mr. Savitt terms "a hybrid insurance fraud/death penalty case" begins.

He also represents Vincent Basciano, a k a Vinny Gorgeous, a reputed mobster accused of making death threats against Greg Andres, a federal prosecutor, and Judge Nicholas G. Garaufis, of Federal District Court, coincidentally the presiding judge in the Wilson case.

Formal sentencing, scheduled for March 29, is the next step in the legal odyssey of Mr. Wilson, convicted of murdering two undercover detectives in a botched gun sale and already the recipient of a jury sentence of death by lethal injection. (Mr. Savitt is not sold on lethal injection as a painless ending and believes the death penalty should apply only to child murderers and terrorists, people he would refuse to defend.)

"I don't believe Ronell Wilson is the worst of the worst," he says.

The petulant Mr. Wilson, whose post-verdict misbehavior includes sticking out his tongue after the jury delivered its sentence last week and smashing a chair through a window at the Metropolitan Detention Center in Brooklyn over the weekend, is the first defendant in New York in more than 50 years to receive a death penalty in a federal trial.

IT is the kind of history I don't want to make," says Mr. Savitt. "If I had my druthers, I would rather it had not been me on the defense team; there's no such thing as a 'good' death penalty case. But it doesn't make any sense not to appeal. I don't think justice has been vindicated by this sentence."

"Whatever happens at the appellate level, I think this case has a decent chance to go all the way to the Supreme Court," he adds, "because this whole area of the law is evolving and there's not a lot of appellate guidance, there were mistakes made." Among other concerns, Mr. Savitt feels that his client's statement of remorse was "sanitized" by the judge, dampening its effect.

Born in Paris to Holocaust survivors, Mr. Savitt moved with his family to Washington Heights as an infant. It was, he recalls, a tough neighborhood; at age 14, he was accosted by a knife-wielding man and harassed for wearing a yarmulke. "I guess I grew up learning," says Mr. Savitt, who went to law school at Fordham and opened his own firm in 1989, "how not to be a chicken." Murderers don't scare him. Prosecutors, either.

Stalker Usually Not A Stranger; Trigger Is Often Jealousy (USAT)

By Wendy Koch, Usa Today

USA Today, February 9, 2007

Nicole Kidman, Sharon Stone, Meg Ryan, Brad Pitt, Catherine Zeta-Jones, Steven Spielberg, Gwyneth Paltrow, Richard Gere and Katie Holmes share an experience beyond being on the Hollywood A-list. They've all reported being stalked, often by delusional fans.

Their widely publicized cases are unusual, though, because they involved strangers. Most stalkers and victims know each other, and many have a current or former romantic tie, says Mary Lou Leary, executive director of the National Center for Victims of Crime.

She cites government figures showing that 77% of female victims and 64% of male victims knew their stalkers. The most common trigger: a broken, lonely or jealous heart.

Astronaut Lisa Nowak, charged this week with attempted murder, knew Colleen Shipman, the woman she is accused of attacking at Orlando International Airport early Monday. Police said Nowak viewed her as a romantic rival over fellow astronaut William Oefelein.

After the alleged attack, Shipman filed a petition for a protective order in which she said Nowak had stalked her for about two months.

The case is unusual in that it alleges one woman stalked another, says Mindy Mechanic, assistant professor of psychology at California State University, Fullerton. She says most stalkers are men.

Noting Nowak's accomplished career, Mechanic says she has seen cases of stalkers who are highly educated, successful people but emotionally immature.

In celebrity cases, she says, stalkers often have psychiatric disorders. The more typical stalker, however, is someone who has trouble letting go of a real or imagined relationship but whose emotional condition may be less severe than a mental illness.

"The problem with stalking-related behavior is it's a slippery slope," she says. "It's normal not to want to let someone go," but it can become a problem when a rejected person persists, she says.

"It's often about power and control," Leary says. She says it can become dangerous, leading to sexual assault and murder, especially when a stalker takes the attitude that "if I can't have you, no one will."

The most recent comprehensive research on stalking, a 1998 Justice Department study, found that more than 1 million women and about 370,000 men are stalked annually in the USA. Women account for 78% of the victims and men for 87% of the perpetrators. The study said one in every 12 women will be stalked during her lifetime, and 81% of women stalked by a current or former intimate partner were physically attacked.

A survey of nearly 10,000 adults published in 2006 found 4.5% reported having been stalked. It was done by Kathleen Basile, a scientist at the National Center for Injury Prevention and Control.

Leary says no figures exist on whether stalking has increased, but she says awareness of it as a crime has grown.

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Victims need to report abuse but often find it difficult to accept that they're being stalked, says Lois Manns of the West Virginia Foundation for Rape Information and Services.

All 50 states have adopted anti-stalking laws, and 15 consider a first offense a felony, says Leary, a former prosecutor. She says, however, that it's often difficult to prove stalking, and that convicted stalkers tend to get light sentences.

Leary says stalkers have become better at evading detection and increasingly use Global Positioning System devices, spycams and computer software. She says many are no longer "lurking in the shadows in a trench coat."

N.J. Man Sentenced For Trying To Have Sex With Teen (WNBC)

WNBC-TV, February 9, 2007

NEW YORK -- A Hillsdale, N.J., man was sentenced on Thursday to 46 months in federal prison and fined $10,000 for traveling to Waltham, Mass., to have sex with a 15-year-old girl.

The defendant had actually been chatting on the Internet with an undercover police officer instead of a teenager.

After numerous Internet messages, the U.S. Justice Department said 49-year-old Martin Rob Van Vliet traveled to Waltham to meet the girl. Investigators presented evidence during the six-day federal trial that Vliet wanted to "commit a sexual act" with the girl.

Investigators said the exchanges took place in a Yahoo Inc., chatroom.

"Dateline NBC" continues to report on the national problem of child sex predators. "Dateline" has set up numerous sting operations catching grown men arriving to have sex with children, only to be confronted on camera and then arrested by law enforcement.

Fumo's Lawyer: Charges Political (PHI)

By John Shiffman

The Philadelphia Inquirer, February 9, 2007

State Sen. Vincent J. Fumo's lawyer attacked the U.S. attorney's motives yesterday and called the 139 charges against his client nothing more than a malicious effort by the Bush administration to drive powerful Democrats from office.

"This is an indictment born of political ambition," lawyer Richard A. Sprague told reporters. "It reeks of malice."

Sprague described U.S. Attorney Patrick L. Meehan, who was appointed by President Bush, as a political operative who loaded Fumo's indictment with "twists and distortions, venal and salacious entries, deliberate statements out of context."

Meehan's spokesman called Sprague's comments "inaccurate and regrettable."

Sprague's harsh words came on the same day that Fumo resigned from an influential post: a seat on the Delaware River Port Authority, which runs the PATCO line and regional bridges.

Fumo is charged with fraud, conspiracy, and obstruction of justice on a grand scale - using state Senate staff and funds from a neighborhood charity to support an opulent lifestyle and then orchestrating a cover-up after the FBI started asking questions.

In all, prosecutors say Fumo (D., Phila.) misused more than $2 million in public money and funds from the charity he helped create, Citizens' Alliance for Better Neighborhoods. Fumo's influence gained the charity $30 million from Peco Energy, the DRPA, and state grants.

Fumo, whose personal worth exceeds $20 million, is accused of using the charity's money to pay for political polls, cars, power tools, farm equipment, personal errands and shopping sprees.

Among the most sensational allegations is that Fumo used people on the Senate payroll to clean his house and spy on ex-girlfriends and political opponents.

If convicted, Fumo likely faces two to four years in prison, and perhaps as many as 10 years.

Sprague, one of the city's most prominent lawyers, convened yesterday's news conference at his Rittenhouse Square law office a day after his client, one of the most powerful politicians in Pennsylvania, pleaded not guilty.

Sprague offered a glimpse into Fumo's defense against the obstruction-of-justice charges - that the senator directed a cover-up by ordering aides to destroy e-mails after he learned of the FBI investigation.

Fumo did nothing wrong, Sprague said. The senator's office simply followed a longstanding "document retention" policy that called for the office to routinely clear computers of old e-mails.

"Mr. Meehan knows that when Citizens' Alliance was under investigation, Sen. Fumo went and sought advice from a lawyer - not me - on whether he had to change his policy... . That lawyer told Sen. Fumo, 'No, you don't have to change your policy because you haven't been subpoenaed... .' "

The 81-year-old lawyer, a former prosecutor who rarely holds news conferences, spoke for 75 minutes yesterday but refused to answer specific questions about Fumo's spending and use of staff.

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Instead, he mostly mocked Meehan and his case:

On using Senate workers for personal tasks:

"... Ask yourself: What is to prevent someone who is devoted, dedicated to their boss, Vince Fumo, to knock themselves out and, beyond their Senate time, do activities that make his time more efficient and make him more effective as a state senator?"

On using Senate workers for political tasks:

"How is it that Vince was able, as everybody concedes, to be the most effective senator Philadelphia has ever had? By just sitting in his office, or by doing political activity, anywhere, everywhere?"

On Meehan's post-indictment news conference:

"Mr. Meehan said that Sen. Fumo crossed the line. He did this, he did that... . Mr. Meehan talks as though Sen. Fumo has been convicted. That kind of presentation is an outrage."

On the size of the 267-page indictment:

"How do you make headlines as a prosecutor? I know all the tricks of the trade... . When you have a weak case, throw in the kitchen sink. Throw everything you possibly can in the indictment. Maybe something will stick."

On whether the Bush administration specifically targeted Fumo:

"Hopefully, they are... using the FBI to get Osama bin Laden and not Vince Fumo, but what I am saying is that they, from on high, do have a policy of using local U.S. attorneys to try to get effective Democrats."

Because of the scope of the case, Sprague said, he expects the trial won't begin for a year. He said the government has interviewed more than 1,000 people and plans to call 100 to 200 witnesses at trial.

"I am going to stick with this case and try this case," Sprague said. "I am 81 years young."

Meanwhile, Fumo yesterday continued to shed some of his clout in the state and the region - at least temporarily.

He stepped down from the DRPA, where he was long a power who exerted control over the agency's money and jobs. Fumo helped direct about $10 million from DRPA to Citizens' Alliance.

"I regret, due to the lack of time and energy, to be able to serve on the DRPA board," Fumo wrote in a letter to Auditor General Jack Wagner, who appointed Fumo.

Fumo yesterday also pulled his name from consideration as vice chairman of the Pennsylvania Higher Education Assistance Agency, the state's wealthy college-loan agency. But he'll remain on the board.

The indictment has already hit Fumo in his pocketbook: When he stepped down as the ranking Democrat on the Appropriations Committee on Monday, Fumo also lost his $98,691 salary as a Senate leader.

Fumo, who has served for 29 years, now makes as much as a freshman senator - $73,614.

For the latest news, text of the indictment, and more coverage, go to philly.com

Fumo's Lawyer Says Staff Worked Hard Out Of Love For Boss (AP)

By Maryclaire Dale

AP, February 9, 2007

PHILADELPHIA - Indicted state Sen. Vincent J. Fumo's legal camp fired back at federal prosecutors Thursday, accusing them of malice, and defended Fumo's use of state workers for personal and political chores.

Veteran lawyer Richard A. Sprague - previewing the apparent defense strategy - said that state Senate aides loved Fumo and happily worked day and night for him.

"I have seen people who just had a joy of being there and working as a team for a guy they adore," Sprague said at a news conference. "I really see love expressed by them, for him."

Sprague argued that devoted staffers were lawfully entitled to "knock themselves out" for Fumo beyond their Senate workday. Their help enabled Fumo to concentrate on more important legislative duties, he said.

The 139-count indictment filed Tuesday accused Fumo, a Democratic power broker, of using staff and a local nonprofit group to clean his mansion, work his 100-acre farm, drive spare vehicles to his vacation homes, help out political allies, assist his campaigns and even spy on former lovers.

Much of the work was done during business hours, prosecutors said. They say Fumo defrauded the state out of more than $1 million and a South Philadelphia charity he allegedly controlled, Citizens' Alliance for Better Neighborhoods, out of a similar amount.

The trial could hinge on whether Fumo, a multimillionaire, ordered the employees to perform the tasks in question.

According to the indictment, state senators cannot use Senate employees on state time to perform personal or campaign tasks. "Senators were further prohibited from requiring, as a condition of their employment, that Senate employees perform such tasks on behalf of a senator after working hours," it states.

Prosecutors say Fumo controlled 90 Senate employees, and many more through Citizens' Alliance and the various boards on which he served, including the Delaware River Port Authority, the Pennsylvania Higher Education Assistance Agency and the Independence Seaport Museum.

They say he rewarded loyalty with undeservedly high salaries or no-work state contracts.

"What business is it of the federal government to determine whether a state senator's staff is too big?" Sprague asked.

Sprague, a fiery former city prosecutor, called the investigation partisan and suggested the Republican Justice Department has its eyes on effective Democratic lawmakers like Fumo.

"This is not a case of greed. This is an indictment that was born of political ambition," Sprague said.

He charged that U.S. Attorney Patrick Meehan had allowed "malicious leaks" during the four-year Fumo probe.

Meehan denied the charges.

"These comments are inaccurate and regrettable and we will present our case in court," he said through a spokesman.

Fumo pleaded not guilty to the charges at an arraignment Wednesday.

He has resigned from his leadership post on the Senate Appropriations Committee, and on Thursday was replaced as vice chairman of the PHEAA's board of directors. However, Fumo remains on the agency's board and in his Senate seat.

More Records Subpoenaed In U.S. Inquiry Into Bruno (NYT)

By Mike Mcintire

The New York Times, February 9, 2007

A federal grand jury investigating the business dealings of Joseph L. Bruno, the State Senate majority leader, has issued subpoenas to two more companies that had been affiliated with an Albany businessman who is his friend and business associate, according to documents filed with securities regulators.

The subpoenas were received on Monday by Motient Corporation in Illinois and its subsidiary, TerreStar Networks, a Virginia provider of mobile satellite communications services, Motient disclosed in papers submitted to the Securities and Exchange Commission yesterday. The Albany businessman, Jared E. Abbruzzese, resigned as chairman of TerreStar last month and had previously been a consultant to Motient.

The scope of the subpoenas, which sought documents related to Mr. Bruno, Mr. Abbruzzese and unidentified people and companies, suggested that the federal investigation of Mr. Bruno's business activities is widening. Although the nearly yearlong inquiry is believed to have focused on a consulting business the senator ran out of his home — whose clients included Mr. Abbruzzese — an array of Mr. Bruno's financial activities have also come under scrutiny in recent months.

The grand jury has issued subpoenas for information on Mr. Bruno's financial records and real estate investments; a consulting arrangement he had with an Albany-based investment firm; his dealings with a veterinarian with whom he owned racehorses; a $500,000 state grant he directed to an upstate company, Evident Technologies, in which Mr. Abbruzzese was an investor; and records of a state lobbying commission's inquiry into Mr. Bruno's use of airplanes provided by Mr. Abbruzzese.

Mr. Bruno has denied any wrongdoing. His spokesman had no comment on the subpoenas yesterday.

A message left for Stephen R. Coffey, a lawyer for Mr. Abbruzzese, was not answered. Attempts to reach Mr. Abbruzzese were unsuccessful.

It was unclear yesterday what connection, if any, Mr. Bruno had to Motient or TerreStar. He has not reported owning stock in either company on the annual financial disclosure statements he filed with the Legislative Ethics Committee.

Two years ago, Mr. Bruno disclosed owning stock in another firm connected to both of those companies: Tejas Inc., a small Texas-based securities brokerage of which Mr. Abbruzzese was once vice chairman and a major shareholder.

Mr. Bruno consulted with Mr. Abbruzzese before investing $31,500 in a public offering of Tejas stock in February 2005, a few months before Mr. Abbruzzese's consulting firm, Capital and Technology Advisors, merged with Tejas. Although the value of Mr. Bruno's shares increased for a time, he ultimately sold them at a loss.

About a year before Mr. Bruno bought his Tejas stock, Tejas was retained by Motient to provide investment banking services, at the suggestion of Mr. Abbruzzese, whom Motient had hired to help restructure the company following a bankruptcy, according to court papers that are part of a lawsuit filed in Delaware by Motient stockholders who accused Mr. Abbruzzese and his consulting firm of enriching themselves at Motient's expense.

The suit claimed that Mr. Abbruzzese pressured Motient's board to hire Tejas, while failing to disclose that he had options to purchase 100,000 shares of Tejas stock, whose price surged on the strength of the business being sent its way by Motient. Tejas announced a two-for-one dividend for its shareholders in November 2004, as the share price was approaching record highs.

"After Tejas began work for Motient," the stockholders' lawsuit said, "Tejas's investment banking revenue increased over 25,000 percent, annual profit increased over 2,600 percent and Tejas's stock price appreciated 900 percent in one year."

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A judge dismissed the suit last March, saying the claims did not constitute malfeasance under Delaware law. Tejas — which divested itself of Mr. Abbruzzese's consulting firm last year — has declined to comment on its dealings with Mr. Abbruzzese or on Mr. Bruno's investment.

Cocke Deputies Take Part In 'Rose Thorn' Arrests (KNOXNS)

By J.j. Stambaugh

Knoxville News Sentinel (TN), February 9, 2007

Another round of arrests Thursday in the ongoing "Rose Thorn" corruption probe in Cocke County marked the first time local deputies have played a public role in the FBI-led initiative.

Four men were charged as part of an alleged illegal gambling operation based on cockfighting and were taken into custody by FBI agents assisted by state troopers and the Cocke County Sheriff's Department, said Assistant U.S. Attorney Neil Smith.

The Rose Thorn investigation began in 2001 as an effort to root out corruption in the Cocke County agency. Longtime Sheriff D.C. Ramsey, who hasn't been charged, resigned early last year after it was revealed he had been targeted by the FBI because of allegations of protecting gambling operations.

A new sheriff, former state Trooper Claude Strange, has since taken the department's helm, and the FBI has made a point of trying to build bridges between the agencies. Strange couldn't be reached for comment.

Like Smith, FBI spokesman Gary Kidder said Thursday's arrests were a joint effort and "we want to emphasize we had excellent cooperation and assistance from" the Cocke County agency.

Kenneth R. Frazier, 64; his brother, Allen Eugene Frazier, 60; George Ray Hicks, 69; and Ernest Arrowood Jr., 67, were charged in a criminal complaint with conducting an illegal gambling business and sponsoring or exhibiting gamecocks in an animal-fighting venture.

The first offense is a felony that carries up to five years in prison, while the second charge is a misdemeanor.

Kenneth Frazier is the owner of the 440 Cockfight Pit on Camber Drive near Newport. His brother and the other men were allegedly involved in the pit's operations, according to the complaint filed by FBI Agent Thomas Farrow.

The cockfighting arena was allegedly an illegal gambling facility similar to the Del Rio Cockfighting Pit that was raided by a small army of state and federal agents in mid-2005.

The Rose Thorn investigation has uncovered large-scale drug trafficking, automobile chop shops, prostitution, public corruption, extortion and illegal gambling operations built around both cockfighting and video poker machines, authorities say.

Seven Cocke County lawmen have either been convicted or have pleaded guilty to crimes such as cocaine trafficking, attempted money laundering, perjury, and shaking down drug suspects and illegal immigrants.

Last year, Gov. Phil Bredesen's campaign returned more than $22,000 in contributions given since 2001 by individuals caught up in the Rose Thorn probe.

The money had either been donated by or raised through the efforts of Harold Grooms, a convicted chop shop operator who has been identified as a Rose Thorn target because of allegations of cocaine and marijuana trafficking.

Bredesen's campaign also returned $10,000 given by a man named Kenneth Frazier. It's unclear from public records whether the Kenneth Frazier who donated the money to Bredesen is the 440 pit's owner or a close relative who shares his name.

George Hicks gained notoriety more than 20 years ago when he was arrested by the FBI as part of another crackdown on vice in Cocke County. In 1983, Hicks was arrested for taking part in a cocaine-smuggling scheme along with then-Sheriff Bobby Stinson and ultimately served time in federal prison.

The four defendants were released on their own recognizance after their arrests and are scheduled to appear in federal court in Greeneville on Thursday, Smith said.

J.J. Stambaugh may be reached at 865-342-6307.

Tucson Man Gets 30 Months In Theft Case (AZREP)

By Celeste Sepessy, The Arizona Republic

Arizona Republic, February 9, 2007

A Tucson man received 30 months in prison on Wednesday in connection to theft of government property.

Christopher Howard, 34, pleaded guilty to the theft of a Naval Aircraft Inertial Navigation System on Sept. 28 of last year, according to the U.S Attorney's Office.

Howard stole the system from Aerospace Maintenance and Regeneration Center in Tucson. The navigation system, worth $92,000, provides an electronic map to Navy pilots.

advertisement

The United States Air Force Office of Special Investigations and the FBI conducted the investigation after receiving a tip that the equipment was stolen, the U.S. Attorney's office said.

The agencies found Howard shortly after and obtained the navigation system before Howard was able to sell it.

Assistant U.S. Attorney David Petermann said Howard had been regularly surveying the center before stealing the system.

During this time, local authorities noticed a car parked near the maintenance center after-hours and saw Howard trespassing. The police cited Howard, taking down his name and information. They then notified maintenance center authorities of the incident.

This record helped lead the investigation toward Howard, Petermann said.

"The system actually had a sticker on it that said, 'Be careful with this device. It is worth its weight in gold," Petermann said. "Howard's eyes must have popped."

After his conviction, officials took Howard to the Corrections Corporation of America, a private federal facility in Florence.

Man Admits Sending Host Of Spam E-Mails (WP/AP)

The Associated Press

The Washington Post, February 9, 2007

SAN DIEGO -- A man who flooded e-mail systems with millions of messages advertising software that could steal passwords pleaded guilty to violating a federal anti-spam law.

Joshua Eveloff, 27, of Carter Lake, Iowa, admitted Wednesday that he faked information on the e-mails to conceal that they came from him.

The messages, which promised to "steal anyone's password" and "read your FBI file," were sent to millions of people over three months in 2004. The FBI began investigating after a Florida company reported that its computers had been used to transmit at least 1.5 million e-mails in six hours.

Prosecutors said the case was only the nation's third to be brought under federal legislation banning unsolicited e-mails.

Eveloff could face up to three years in prison and a maximum fine of $250,000 when he is sentenced in April.

Michael Twombly, of Cardiff, pleaded guilty in January to related charges and also will be sentenced in April. Prosecutors say he helped Eveloff lease computer access throughout the country.

Carjacking Charges Dropped (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 9, 2007

Focus is on expected capital murder case in slayings of Knox couple

In a move that was not entirely unexpected, prosecutors on Thursday announced their intent to drop federal carjacking charges in connection with the slayings of a Knox County couple.

"There are jurisdictional lines that just cannot be crossed," Assistant U.S. Attorney David Jennings said at a hearing Thursday before U.S. District Magistrate Judge Bruce Guyton.

"It is the opinion of U.S. Attorney Russ Dedrick that the most serious crimes should be prosecuted by Knox County," Jennings said.

The decision to drop the federal case against all but one suspect comes after state prosecutors filed a 46-count indictment alleging a slew of crimes, including first-degree murder, kidnapping, rape and theft.

It is consistent with the notion espoused by some that the U.S. Attorney's Office marshaled its vast resources to beef up an investigation into the slayings last month of Channon Christian, 21, and her boyfriend, Christopher Newsom, 23, and make quick work of a roundup of suspects.

The federal indictment allowed authorities to keep suspects Lemaricus "Slim" Davidson, brother Letalvis "Rome" Cobbins and George "Detroit" Thomas behind bars while Knox County District Attorney General Randy Nichols' office took its time preparing what is one of the most detailed indictments to be issued by a grand jury here in years.

That state indictment adds suspect Vanessa Lynn Coleman to the list of accused killers but left off Eric Dewayne "E" Boyd, who has been named as an accessory to carjacking in the federal case.

Jennings said Dedrick is not seeking to drop the federal case against Boyd.

"The state presentment does not charge Mr. Boyd," he said.

Dropping the federal case against the remaining suspects will allow the massive team of investigators from agencies including the Knoxville Police Department, Knox County Sheriff's Office, U.S. Bureau of Alcohol, Tobacco, Firearms & Explosives and the U.S. Marshals Service to focus efforts on building what many expect to be a capital murder case in Knox County Criminal Court.

But federal prosecutors aren't willing to abandon the case entirely should the state prosecution somehow go awry, Jennings indicated at Thursday's hearing.

"We will resist any move by the defense to dismiss with prejudice," Jennings said.

That statement came after Davidson's attorney, David Eldridge, said he needed time to mull the dismissal request to see if he might find legal grounds to ask U.S. District Judge Tom Varlan to specifically bar federal prosecutors from resurrecting the carjacking case.

Varlan still must rule on the motion to dismiss. Meanwhile, Guyton set a July 9 trial date for Boyd, who is represented by attorney Richard Gaines. Boyd is accused of helping Davidson hide out after the slayings.

Jamie Satterfield may be reached at 865-342-6308.

Parolee Executed In Texas For Strangling Of Stepdaughters (FINDLAW/AP)

By Michael Graczyk, Associated Press Writer

AP, February 9, 2007

(AP) - HUNTSVILLE, Texas-A parolee condemned for killing his two stepdaughters during a strangling spree almost 10 years ago has been executed.

James Jackson thanked his family and expressed love for them Wednesday. "This is not the end but the beginning of a new chapter for you and I together forever," he said.

Jackson told the warden standing over him, "Warden, murder me." He then referred to Harris County, where he was convicted, as Sodom and Gomorrah, the biblical cities destroyed by God for their sins.

"I'm ready to roll. Time to get this party started."

Seven minutes later he was pronounced dead at 6:18 p.m. (0018 GMT)

Jackson, 47, was the fourth convicted killer executed this year in Texas, the nation's busiest capital punishment state.

Jackson, known to fellow death row inmates as "Big Jack" for his height, insisted he was not responsible for the slayings of Sonceria "Sonnie" Mayes, 19, and her sister Ericka, 18, at the apartment they shared with Jackson and his wife, Sharon, 39. Sharon Jackson, the girls' mother, also was murdered.

The U.S. Supreme Court last month turned down Jackson's request to review his case. Jackson's lawyer, Kenneth Williams, said legal efforts to block the execution had been exhausted.

A friend of Sharon Jackson became concerned April 9, 1997, when the normally conscientious woman failed to pick her up for a drive to church. She called the woman's sister, who went to the apartment and found the three bodies.

Jackson was on parole after serving about half of a 10-year sentence for using a shotgun to wound the elderly father of a former girlfriend in Dallas. He was arrested the next morning when he returned to the apartment.

Police found a handwritten note, signed by Jackson, in which he lamented how he had no job and could not care for his wife and stepdaughters.

"I gave them back to God," the note said. "He and they will understand."

Jackson, however, insisted it was a prayer left weeks earlier in a Bible study folder.

"Everybody I talk to that's a Christian, they understand," Jackson said from death row. "You're giving back to God. They just took it out of context."

Prosecutors said the note confirmed a confession Jackson gave to police in which he acknowledged strangling the three.

Jackson was the first of three Texas inmates set to die this month. Newton Anderson, 30, is scheduled to follow Jackson to the death chamber Feb. 22 for the 1999 slayings of a Tyler couple during a burglary of their home.

On the Net:

James Jackson, http://www.deathrow-usa.us/james-jackson.htm

Texas Department of Criminal Justice execution schedule, http://www.tdcj.state.tx.us/stat/scheduledexecutions.htm

CIVIL LAW:

U.S. Government Faces Massive Suit Over New Orleans Canal Breach (FINDLAW/AP)

By Cain Burdeau, Associated Press Writer

AP, February 9, 2007

DOJ_NMG_0130016

(AP) - NEW ORLEANS-The federal government and Army Corps of Engineers are targeted in a new lawsuit that alleges flooding during Hurricane Katrina was the fault of a decision to allow dredging of a main canal, weakening the soil base that supported its levees.

The suit, which seeks class-action status and unspecified damages, was filed Thursday in U.S. District Court representing seven residents of the Lakeview neighborhood, which was hard hit by flooding when a levee on the east side of the 17th Street Canal broke.

If class-action status is granted, tens of thousands of New Orleans residents and claims in the tens of billions of dollars could be affected.

The suit's basic argument was bolstered by a decision last week. In that ruling, U.S. District Judge Stanwood Duval allowed a suit to go forward charging the corps with liability for the flooding of eastern New Orleans and St. Bernard Parish from the Mississippi River-Gulf Outlet. The ship channel, maintained by the corps, connects New Orleans' inner harbor with the Gulf of Mexico.

The corps declined to comment on the suit.

The issue in Thursday's suit is whether the 17th Street Canal should be considered a navigable waterway or a flood control project. The canal is one of three arteries that drain water out of the below sea-level city during heavy rainfall. Levees on two of the canals broke during Katrina and caused massive flooding.

If the court determines the 17th Street Canal was a flood control project, then the 1928 Flood Control Act would shield the corps from liability. However if a judge decides it is a navigable waterway, then the corps, and by extension the federal government, may have to defend their actions at trial.

Though primarily a drainage waterway, fishing boats and other small vessels tied up along the canal near its mouth for years before Katrina.

The plaintiffs argue the corps knew about weak soil under that area, and that maps dating as far back as the mid-1800s and subsequent academic studies showed the ground under the canal walls was made up of sand and other unstable soil.

Oliver Houck, an environmental law scholar at Tulane University, said the case may force Congress to consider broad compensation for Katrina victims.

"Congress may be compelled to find a more generic solution than trying to settle thousands and thousands of individual claims," Houck said.

U.S. Court Cuts Tobacco Verdict By More Than Half, Lawyer For Smokers Still Happy (FINDLAW/AP)

AP, February 9, 2007

(AP) - NEW ORLEANS-A Louisiana appeals court cut a $591 million (â,¬455 million) verdict against tobacco companies by more than half and limited the kinds of smoking-cessation programs the money can be used for.

Even so, a plaintiffs' attorney called Wednesday's ruling a victory that reaffirmed the original verdict, while a tobacco company said it would appeal to have the entire verdict thrown out.

In another tobacco case, also ruled on Wednesday, a judge in Boston refused to dismiss a lawsuit that claims a tobacco company targeted black children.

The Louisiana ruling by the 4th Circuit Court of Appeal in New Orleans was the first major development since jurors found in 2004 that tobacco firms had conspired for more than 50 years to distort public knowledge about the effects of smoking.

"Even though the court has reduced the award, we are gratified that the court again - for the seventh time - has said this is a legitimate class action and that the jury and judge were correct in finding the tobacco companies were guilty of intentional fault and fraud," attorney Russ Herman said.

In addition to cutting the damages, the court ruled that the plaintiffs cannot collect pretrial interest, which totaled about $400 million (â,¬308 million), said David Howard, a spokesman for R.J. Reynolds Tobacco Co. "The effect basically reduced the award from approximately $1 billion (â,¬770 million) to less than $300 million (â,¬231 million)," he said.

Howard said tobacco companies will ask the Louisiana Supreme Court to overturn the entire verdict against them.

The ruling cut the amount of money for stop-smoking programs to $279 million (â,¬215 million). It also limited the kinds of programs it can pay for to traditional stop-smoking aids and limited the class to people who smoked before Louisiana's products liability law was passed in 1988. The class originally was defined as anyone who started smoking before the lawsuit was filed in 1996.

Howard did not know how many of the original 500,000 plaintiffs that will rule out.

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In the Boston lawsuit, Lorillard Tobacco Co. was sued by Will Evans, the son of Marie Evans, who died in 2002 at age 54 after smoking for about 40 years.

The lawsuit says Marie Evans started receiving free Newport cigarettes in her neighborhood at age 9. At first she traded the cigarettes for candy, then started smoking at 13.

Lawyers for Will Evans allege that the woman was too young to recognize the hazards of smoking and was pulled in by advertising aimed at blacks.

"I would not call it racism, but Lorillard handed out free samples of its cigarettes to a poor minority community in Boston," said Rebecca McIntyre, a lawyer for Will Evans. The cigarette giveaway was a form of "battery" because it tricked Marie Evans into consuming a toxic substance, McIntyre said.

Lawyers for Greensboro, North Carolina-based Lorillard said in court filings the company should not be held liable for any harm to Evans that occurred after 1969, when Congress required cigarettes to carry a warning label. Evans's health problems from cigarettes did not begin until she suffered a heart attack in 1984, according to court documents.

But Superior Court Judge Paul Troy rejected that argument, ruling that the company could still be found negligent for injury to customers despite the warning labels.

No trial date has been scheduled.

CIVIL RIGHTS:

'Till Bill' Expected To Be Filed Today (JCL)

By Jerry Mitchell

Jackson (MS) Clarion-Ledger, February 9, 2007

U. S. Rep. John Lewis of Georgia and Sen. Chris Dodd of Connecticut are expected to introduce today in their respective chambers legislation that would create a cold cases unit within the Justice Department to track down unpunished killers from the civil rights era, said Alvin Sykes, a Kansas City activist pushing for the bill.

The Democrats are picking up where ousted GOP Sen. Jim Talent of Missouri left off. Talent last year introduced the legislation dubbed the “Till Billl” after the 1955 killing of 14-year-old Emmett Till. The African-American Chicago youth visiting relatives in Money was killed after allegedly wolf-whistling at a white woman.

Mississippi’s Republican Sens. Thad Cochran and Trent Lott had signed on as co-sponsors of that bill.

The FBI already is examining 51 killings from those days, and a Montgomery museum lists 127 racial killings between 1954 and 1968, conceding the number could be much higher.

The bill would enable federal authorities to pursue killings from before 1970.

Sykes' determination helped lead to state and federal authorities reopening Till's Aug. 28, 1955, slaying.

In 1955, an all-white jury acquitted Roy Bryant and his half brother, J.W. Milam, of killing Till. They later confessed their involvement to Look magazine.

Both men since have died of cancer.

Editorial: Delayed Four Decades, Justice Is Finally Served (SAEN)

San Antonio Express-News, February 9, 2007

James Chaney, Andrew Goodman and Michael Schwerner are known to history. Henry Dee and Charles Moore are not.

Chaney, Goodman and Schwerner were murdered during the summer of 1964 while working for civil rights in Mississippi. Their disappearance, the eventual discovery of their bodies and the effort to bring their killers to justice charged the nation.

Dee and Moore were black teenagers, hitchhikers in Mississippi who vanished weeks before the three civil rights workers. During the search for Chaney, Goodman and Schwerner, authorities discovered the bodies of Dee and Moore weighted down in the Mississippi River.

The FBI, overwhelmed with the national significance of the "Freedom Summer" murders, turned the case of the hitchhikers over to local authorities. Two reputed KKK members were arrested, but no charges were ever brought. And, as with many crimes from the civil rights era, justice was never done.

Last month, the Justice Department finally brought kidnapping charges against one of the two original suspects. James Ford Seale is now 71.

In recent years, state and federal prosecutors have obtained convictions in long-dormant cases from the civil rights era. However, some people don't see the point of devoting law enforcement resources to 4-decade-old crimes or of putting old men on trial and behind bars.

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Henry Dee and Charles Moore were Americans. The crimes committed against them, though less well-known than others, were also crimes against the nation.

In life, the law of the land in 1964 Mississippi could not guarantee them equal protection. It's a small measure of justice to grant them that protection 43 years after their deaths.

Man Is Convicted Of Forcing Girl, 17, Into Prostitution (FLSUNSEN)

South Florida Sun-Sentinel, February 9, 2007

A Miami man faces possible life in prison after a federal jury convicted him Wednesday of human trafficking for forcing a 17-year-old girl into prostitution, federal prosecutors said.

Demond Levail Osley, 30, who used the street name D-Lo, met the girl in Detroit and brought her to South Florida, authorities said. He held her in a Miami Beach hotel and ordered her to earn for him at least $500 per day before selling her to a second man.

Undercover officers arrested the girl Nov. 8, 2006 in Miami Beach. The police department called federal authorities when they discovered she was a minor. The girl, who testified at Osley's trial, was not charged.

A Miami grand jury charged Osley under a 2000 law that sets stiff penalties for sexual trafficking of minors. He is to be sentenced April 18.

Family Of Police Shooting Victim Protests Prosecutor's Actions (NYT)

By Brenda Goodman

The New York Times, February 9, 2007

ATLANTA, Feb. 8 — A plan by the district attorney to seek murder charges against three narcotics officers involved in the shooting death of an elderly woman during a bungled drug raid may jeopardize a broad, federal investigation into civil rights violations by the Atlanta Police Department, a spokesman for the victim's family said Thursday.

Paul Howard, the district attorney for Fulton County, sent a proposed indictment against the officers, Gregg Junnier, Jason R. Smith and Arthur Tesler to their lawyers on Wednesday. A spokeswoman for Mr. Howard's office said he had informed federal authorities of his intentions.

Mr. Howard's action "stunned and disappointed" family members of the victim, Kathryn Johnston, said the Rev. Markel Hutchins, a spokesman for the family.

Ms. Johnston, whose age has been given as 88 or 92, was shot after she fired a handgun at the narcotics officers, who pried open burglary bars on her home and broke down her door on Nov. 21. The officers have been accused of lying to obtain the search warrant for the home.

Before copies of the proposed indictment were released, Sarah C. Dozier, Ms. Johnston's niece, sent a letter to Mr. Howard asking him to recuse himself from the case. She cited concerns that a federal civil rights investigation into her aunt's death would extend to his office and create a conflict of interest.

Mr. Hutchins said Mr. Howard had not informed the Johnston family or their lawyers, federal investigators or federal prosecutors about his intention to seek murder charges.

"He is acting outside the spirit of cooperation that has made this investigation as successful as it has been today," Mr. Hutchins said.

"These officers did not commit felony murder," he said. "They committed a violation of civil rights that led to her death."

Mr. Hutchins said both he and Ms. Dozier believed strongly that the civil rights division of the federal Department of Justice should be the prosecuting agency. That way, the legal consequences might apply to the entire Atlanta Police Department, not simply to the three officers.

"From that perspective, it is a very, very bitter hour," Mr. Hutchins said.

Lyn Vaughn, a spokeswoman for Mr. Howard's office, challenged the suggestion that Mr. Howard had failed to notify federal agencies about his plan to pursue murder charges.

Ms. Vaughn said Mr. Howard had sent letters at least four times to David Nahmias, the United States attorney for the Northern District of Georgia, and Gregory Jones, the special agent in charge of the Federal Bureau of Investigation in Atlanta. The letters, dated Jan. 22, Jan. 26, Jan. 29 and Feb. 6, included copies of the proposed indictment and suggestions that the case be tried jointly by county and federal prosecutors, Ms. Vaughn said.

She said Mr. Howard told the federal authorities he "strongly disagreed" with the direction of the federal investigation.

Patrick Crosby, a spokesman for Mr. Nahmias, said Wednesday that Mr. Howard had not informed his office about his plans. On Thursday, Mr. Crosby said the Justice Department had no comment.

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Stephen Emmett, a spokesman for the F.B.I., has also said that his office had not been informed of Mr. Howard's plans and that they considered the investigation into Ms. Johnston's death to be ongoing, The Atlanta Journal-Constitution reported.

William J. McKenney, a lawyer defending Mr. Tesler, said his client was "disheartened and his family was devastated" to learn of the proposed charges.

"The indictment is overreaching," Mr. McKenney said. "The actual facts do not support these charges."

He said: "Paul Howard is a good man. I read into this that he apparently feels very strongly that his crime happened on his watch and he feels morally obligated to pursue the prosecution."

Mr. McKenney agreed with arguments that Mr. Howard's action would hinder the federal civil rights investigation.

"The dialogue between the justice department and my office is effectively severed," Mr. McKenney said. "I cannot, in good conscience, help investigators bring federal civil rights charges against my client."

In addition to felony murder, the proposed indictment accuses the three men of aggravated assault, false imprisonment, burglary, making false statements and violation of oath.

A grand jury is scheduled to weigh evidence against the officers on Feb. 26.

Making Democracy Credible (NYT)

The New York Times, February 9, 2007

Time is growing short to head off more embarrassing voting machine scandals. The presidential election looms, yet nearly half of the states offer no reassuring paper trail so voters who use electronic voting machines can check that their ballot choices are accurately recorded.

With a proper sense of urgency, Dianne Feinstein, Democrat of California, who leads the Senate committee in charge of elections, is asking all of the right questions about voting technology. This week, she ordered an investigation of the case of as many as 18,000 electronic votes that turned up missing in a tight Congressional race in Florida last November.

Senator Feinstein called on the Government Accountability Office and the National Institute of Standards and Technology to conduct "top to bottom" federal investigations of the machines used in Sarasota County, where the 18,000 votes may have disappeared. Florida is now moving to toss out electronic voting machines that do not produce a paper trail. But this is no comfort to Christine Jennings, the Democrat in the 13th Congressional District race, which includes Sarasota County. She lost by 369 votes and is now in court trying to find out what went wrong in the election.

Ms. Jennings is right to be skeptical about the election results. In Sarasota County, her strongest county, there were "undervotes" — ballots that did not record a vote in her race — on 14.9 percent of the ballots, five times the undervoting rate on absentee ballots in the same election. With no paper backup, the true touch-screen history is lost in the ether. So far, Florida courts have denied Ms. Jennings's request to have experts examine the "black box" heart of the matter: the computer software code embedded in the suspect machines.

It is good news that Ms. Feinstein has called for the federal investigations — and that she is pushing a bill to require paper trails nationally. As long as there are no paper records, and voting machine manufacturers continue to insist that the software that runs the machines is a "trade secret," voters cannot be expected to trust that votes are being counted correctly. The leadership in Congress needs to focus on making sure that Ms. Feinstein's paper-trail bill becomes law, along with a companion House measure from Rush Holt, Democrat of New Jersey.

ANTITRUST:

Home Shoppers Do Their Hunting Online (USAT)

By Noelle Knox, Usa Today

USA Today, February 9, 2007

If there's any lingering doubt about how the Internet is transforming the way people buy and sell homes, here's eye-widening proof: Marnie Azadian and her husband just moved from Scottsdale, Ariz., into a $410,000 home in Tulsa that they bought 100% over the Internet.

They never visited Tulsa, where Marnie had accepted a job. They never opened the front door, or a kitchen drawer. Never drove around the neighborhood.

"I did have some moments of 'Oh my gosh, what did we just do?' " says Azadian, 57, but no regrets about the house they'd fallen in love with from a virtual tour. (Though her commute is a bit more of "a pain" than it looked like on mapquest.com.)

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Risky? Maybe so. But this is just a glimpse of how rapidly and radically the Internet and other techno-gadgets are reshaping real estate sales. Already, 80% of buyers used the Internet to help find a home, according to the National Association of Realtors. Day by day, new real estate tools are surfacing on the Web.

Technology is shifting knowledge and power to buyers and sellers. In doing so, it's loosening Realtors' long-standing control of vital information and cutting into their sales commissions. For more than 100 years, Realtors have guarded the details of homes for sale via their multiple listing services. At least 900 regional MLS systems exist nationwide. Unless the MLS systems become more open, unified and technologically sophisticated, they risk being replaced by a Web search engine.

"The Internet is a significant threat to Realtors, who in previous decades have had iron-grip control over all necessary information for those seeking to buy or sell a home," says Stuart G,abriel of the University of Southern California's Lusk Center for Real Estate.

Compared with the patchwork of MLS systems, each with its own board of directors, "The Internet search engines may be very competitive and very efficient."

Signs of upheaval in the industry were evident by late 2005, when the Justice Department filed an antitrust lawsuit against the National Association of Realtors. Justice wants the Realtors to stop letting brokers withhold for-sale listings from low-cost Internet rivals.

The Realtors' policy is on hold. But Brian McDonald, a deputy assistant attorney general for the antitrust division, says the policy's restrictions still exert "a chilling effect in the market" because some companies won't risk introducing new Internet business strategies if they could be undercut in the future.

But even as the two sides file motions, delaying the trial, the Internet is leveling the playing field and prodding the industry to adapt faster than you can say, "Your honor, we'd like a recess to consider new developments."

In just the past few months:

·Zillow.com, which created a stir last year by posting its estimated values of millions of homes across the country, has started showing homes for sale. In the past two months, nearly 32,000 people have listed their homes for sale.

An additional 16,000 have put "Make Me Move" prices on their homes. That feature lets homeowners who aren't really looking to sell put a kind of dream price tag on their home, just in case someone wants to make a sweet offer. Zillow says the Make Me Move prices tend to be about 17% higher than its "zestimates," which means owners are taking the option seriously.

·Trulia.com is asking real estate agents to post homes for sale and has introduced "heat maps," showing the price and popularity of sales by state, county and neighborhood.

·Google.com is trolling for real estate agent listings for its classified-ads system, known as Google Base. The Houston Association of Realtors, for example, announced in December it would put all of its listings on Google.

·By the end of the month, apartment hunters will be able to use some cellphones with GPS technology to find places to rent. From the national database of apartments.com, customers can see a list of the 70 closest apartments from where they are standing. On cellphone screens, they'll be able to see apartment details, floor plans, area maps and call the manager to see the property. (Gannett, which owns USA TODAY, also owns a stake in the parent company of apartments.com.)

This summer, the inventor of the technology, SmarterAgent.com, says it'll launch a similar service for houses on the market.

·Forget grainy aerial photos of homes. Microsoft's Live Local lets people use their Xbox 360 or other video-game controller to take 3D street tours of 15 cities. The company is busy adding more locations.

"It used to be, five or seven years ago, that our job was about helping clients find the right home," says Pat Lashinsky of ZipRealty, a discount brokerage. Now, "The clients are very involved in finding their own homes; there are so many tools and ways they can do it."

The role of the agent, which for years was mainly to bring together buyers and sellers, increasingly is "to help clients with all of the paperwork," Lashinsky says. Nearly one out of four buyers last year found the home they wanted on the Internet, up from 2% a decade ago, according to the NAR.

There's no hard data on how many people are quite as bold as the Azadians, willing to buy a home with only a high-tech tour from afar. But there's anecdotal evidence that more buyers are willing to make a leap of faith in cyberspace.

Virtual tours

J.R. Crawford, an agent on Vashon Island, Wash., said she had three buyers last year who made offers after taking virtual tours. Though each bid was contingent on a walk-through of the home, Crawford recalls that one buyer from Texas opened the door and said, "I know where I'm going; you don't have to walk me through the house."

That said, buyers should beware: The quality of the information and the tools on websites can vary dramatically. A USA TODAY test of 10 popular sites found very different results for available homes, prices and lenders. (Chart, above.)

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For now, the vast majority of home buyers still use real estate agents, in some way, during the sales process. The Azadians said the good telephone rapport they developed with the seller's agents in Tulsa gave them the confidence they needed to put their trust in technology. They sent all their documents via express mail.

But fewer buyers think they need agents to supply vital information. Last year, 69% of buyers said their agent was a "very useful" source of information, down from 72% the year before, according to the Realtors association.

Sellers, likewise, are doing more work themselves, from scheduling appraisals to holding open houses. As homeowners bear more of the labor, and agents less, many sellers don't want to pay as much for an agent's services. Rather than pay a traditional 6% commission, more sellers are saving money by using agents who provide a la carte services — such as advertising homes on the Realtors' multiple listing service and filling out contracts.

These limited-service brokers are especially popular in high-cost areas, like the Washington, D.C., Northern Virginia and Maryland region, where the typical 6% commission on the average-priced home of about $400,000 could cost the seller $24,000.

Which is why four of the top-10-producing real estate agent teams in that area offer a la carte services, says David Charron, president of the MRIS, the multiple listing service for the Washington area, the largest in the country.

"That shows the business is evolving," Charron says.

Federal regulators, however, say the industry hasn't changed enough. The Federal Trade Commission has made the Realtors' multiple listing services in seven metro areas drop policies that hampered limited-service brokers. The FTC is suing one MLS operator in Michigan for rebuffing listings from limited-service brokers.

"There are more (actions) in the pipeline," says Maureen Ohlhausen, director of the FTC's office for policy planning.

The Justice Department, meantime, is moving forward with its antitrust case against the NAR. The Realtors are fighting back. They argue that the broker should control the information about the seller's home and decide how to share that information and with whom.

Competitive pressures, though, are shrinking the number of brokers who can afford to guard their listings from Internet rivals or a la carte agents. Just ask Re/Max International. It was among the firms singled out in the Justice Department's lawsuit as sounding anti-competitive by expressing fear of the threat from Internet-based brokers. Now, Re/Max displays all available homes for sale on its website — even homes from low-cost Internet companies.

"The consumer is the one we really need to think of, and the exposure for their listing," says Kristi Graning, senior vice president of technology for Re/Max. "We encourage listings to be exposed on as many websites as possible. … The data is already out there. Give consumers the data, and in exchange the consumer will give us trust and believe in our services."

Kerry Joins Fans Upset By The Plan For Extra Innings (NYT)

By Richard Sandomir

The New York Times, February 9, 2007

The pending deal to shift Major League Baseball's Extra Innings package exclusively to DirecTV starting in April is still not ready to be announced, but Senator John Kerry, Democrat of Massachusetts, would like to undo it.

In that desire, he is no different from the many fans enraged that Extra Innings — a 10-channel service that transmits out-of-market games for $179 a year — will disappear from cable TV homes altogether, and will be available only to DirecTV subscribers or, under baseball's banner, on mlb.com.

"Here's what bothers me," Kerry said yesterday in a telephone interview. "You get M.L.B. and DirecTV marshaling their forces to go out and make money while cutting out fans. In my judgment, more fans watching games strengthens baseball."

He added, "There's a whole movement toward fans being screwed by consolidation which raises prices and reduces options."

DirecTV has agreed to pay $700 million over seven years to carry Extra Innings and a new baseball channel (which will begin in 2009).

Kerry isn't sure the deal can be scotched, but last week he wrote to Kevin Martin, the chairman of the Federal Communications Commission, asking him to investigate it.

"The F.C.C. doesn't have the right to say, 'You can't do this,' but they have levers that affect this business," said Kerry, who sits on the Senate Commerce Committee, which oversees communications.

Kerry's demand to alter the deal aligns with the desire of Dan Asnis, a Mets fan from South Brunswick, N.J., who started an online petition to keep Extra Innings on cable.

"I felt frustrated that this was happening, and that fans like me had no say in it," he said in a telephone interview. Asnis bought Extra Innings last season to watch teams whose games affected the Mets. He said he would not switch to DirecTV, but would buy mlb.tv, which streams games on mlb.com.

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Asnis's plea on the Internet — petitiononline.com/MLBCABLE/petition.html — had gathered 848 signatures by late yesterday afternoon.

"We just feel helpless," he said.

If Asnis feels helpless, Senator Arlen Specter does not. Last year, when he was still the chairman of the Senate Judiciary Committee, Specter, a Pennsylvania Republican, fulminated about the antitrust implications of some of the National Football League's TV practices, such as its exclusive deals since 1994 to sell its Sunday Ticket package of out-of-market games to DirecTV.

Now, Specter said by telephone: "Since I found out about the baseball deal, I've asked my antitrust people to do research to confirm my preliminary judgment that it's an antitrust violation. But I don't think I'll be able to stop it."

Baseball has a longstanding, Supreme Court-blessed exemption from antitrust laws, except for its labor dealings, which were removed in 1998.

"You can't charge baseball with an antitrust violation," Specter said, but Congress could continue the exemption on the condition that baseball avoids exclusive deals like the one it will soon announce with DirecTV.

Still, even that exemption, which some say is not fully defined in its scope, may not protect baseball from a serious antitrust challenge to the DirecTV deal. Gabe Feldman, an associate professor at Tulane Law School, said, "A few courts have said the exemption does not apply when baseball makes agreements with third parties."

Unlike baseball, the N.F.L. lacks a broad, if ambiguous, exemption. But it has had a narrow one (as other leagues do) to collectively sell its teams' broadcast rights as permitted by the Sports Broadcasting Act of 1961, an exemption that Specter would like to get rid of. He joked that he was selling rights to his regular squash games to DirecTV.

In 1997, a group of DirecTV subscribers filed a class-action suit against the N.F.L. in Federal District Court in Philadelphia saying that the Sunday Ticket package violated antitrust laws partly because it was sold exclusively. The plaintiffs settled for an undisclosed sum before a definitive judgment. But the United States Court of Appeals for the Third Circuit upheld the lower court's ruling that the 1961 law applied to broadcast deals, not those made with a satellite service.

Disgruntled former cable (or Dish Network) subscribers of Extra Innings may take a similar route to court. But their success is far from guaranteed.

In its defense, baseball may argue that it has not restricted the output of games by selling Extra Innings to DirecTV because the games will also be on mlb.tv (and, besides, there is so much local and national baseball on TV).

"Baseball might say there is a process under way that is merging Internet streaming with TV, and anyone who wants the package can go to mlb.com," said Andrew Zimbalist, an economics professor at Smith College.

But baseball may open itself to a counterargument that because it controls mlb.com, it is offering an option to its DirecTV deal — a type of eyebrow-arching vertical integration — that is not purely competitive, with a price that it sets on its own.

Meanwhile, we wait for baseball to speak.

Regulators In China At Odds Over Carlyle (FT)

By Sundeep Tucker In Hong Kong And Geoff Dyer In Shanghai

Financial Times, February 9, 2007

The attempt by Carlyle to take a big stake in a Chinese construction equipment maker was the subject of "fighting" among regulators in Beijing over whether to approve the deal, according to people familiar with the situation.

The US private equity group agreed in October 2005 to pay $375m for an 85 per cent stake in Xugong Construction Machinery, a listed company whose parent is controlled by the local government of Xuzhou city, after a public auction.

However, the deal got caught up in the backlash over foreign investment, and although Carlyle cut its planned investment to a 50 per cent stake, the deal still awaits regulatory approval.

To break the impasse over Carlyle's investment in Xugong, several government departments held an unprecedented three-day meeting last summer in Beijing to try to agree on a policy for foreign investment in the construction machinery sector.

Last November, the influential State-owned Assets Supervision and Administration Commission decided Carlyle could take a 50 per cent stake. Many analysts expected the revised deal to be rubber-stamped quickly by the Ministry of Commerce and State Council.

However, people close to the situation said some officials at the ministry were lobbying for Carlyle to be forced to take a minority stake, deeming the sector to be of "strategic" importance.

"There is a big fight going on at the Ministry of Commerce about this," said one. "One camp is keen to endorse the 50-50 structure. Others want further revisions. The debate could go on for weeks." Carlyle declined to comment.

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However, in a sign the government does not consider the sector off-limits, Volvo said last month it had completed the purchase of 70 per cent of Lingong Construction Machinery after getting the go-ahead from all the regulators, including the Shandong province branch of the ministry.

Lawyers say the National Development and Reform Commission, the main planning body, is drawing up a document to clarify which business and technology segments it considers to be core industries in which foreign companies cannot invest.

The initiative will be an attempt to co-ordinate attitudes to foreign investment.

Jobs's Music Proposal Rebuffed (WP)

By Mike Musgrove

The Washington Post, February 9, 2007

The recording industry is beginning to respond to a proposal made this week by Apple chief executive Steve Jobs calling for an open music system that would allow songs to be played on any device.

The answer, so far, is no.

Edgar Bronfman Jr., chief executive of the Warner Music Group, said in a conference call with analysts yesterday that Jobs's stance is "completely without logic or merit."

"We advocate the continued . . . protection of our and our artists' intellectual property," Bronfman said.

Jobs's letter, which was posted on Apple's Web site Tuesday, has sparked a broad conversation about the business of digital music and renewed interest in the measures that have so far limited consumers' options. Today, music purchased on Apple's iTunes store, for example, can be played only on iPod players, while music purchased elsewhere on the Internet is not playable on the iPod, the dominant digital music player on the market.

Jobs argues that without digital rights management, or DRM, software that employs these controls, consumers would be able to buy tracks from any online music store and play them on any digital music device, just as DVDs purchased or rented from any store can be read by any DVD player, regardless of the manufacturer.

"This is clearly the best alternative for consumers," he wrote.

Bronfman attacked the assertion that anti-piracy technology was the reason that iTunes music will not play on anything but an iPod. "The issue is obscured by asserting that DRM and interoperability is the same thing. They are not. To suggest that they cannot co-exist is simply incorrect."

Jobs also suggested that Apple might consider licensing its technology to competitors to help loosen the ties between online music stores and digital players, an idea that the Recording Industry Association of America prefers over the elimination of the protection software.

"We don't think that a wholesale abandonment of DRM is necessary," said Mitch Bainwol, chairman and chief executive of the RIAA. "I think you'll see some experimentation, but that's a lot different from a policy saying 'forget it.' "

Phil Leigh, senior analyst and president of Inside Digital Media, said he believed the two sides needed to come together to compromise on the use of software intended to curb music piracy. Jobs asserted in his letter that the software had not been effective at stopping piracy, which continues on Internet file-sharing sites.

Leigh suggested that music publishers test the waters by stripping tracks that appeal to older audiences, as they are less likely to use file-sharing sites to trade music illegally.

"There's a number of ways to negotiate this transition," he said. "You don't have to flip the switch all at once."

Apple did not return calls seeking comment.

Digital Music Rights Furore Deepens (FT)

By Joshua Chaffin In New York

Financial Times, February 9, 2007

Edgar Bronfman, Warner Music's chief executive, on Thursday slapped down Steve Jobs's suggestion that record companies do away with copyright protections for digital music in order to spur the market's growth.

Mr Bronfman, speaking to investors as Warner announced its earnings, called Mr Jobs's argument "completely without logic or merit" and said his company was committed to the continued use of copyright protections, known as digital rights management, in the same way that software makers and film studios safeguard their intellectual property.

Mr Bronfman is the first head of one of the major record companies to publicly reject the Apple chief executive's suggestion, which was published as an open letter on Tuesday. Several, however, have privately fumed about the idea, calling it disingenuous.

The goal of making it easier to play music on different devices, they said, could be easily achieved if Apple would licence its own DRM software, known as FairPlay, to competitors – something that European regulators are pressing it to do.

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As the dispute dragged on, Warner's earnings reflected the shaky state of a music industry struggling to offset a continued erosion in the CD business with new digital sales. For the quarter, Warner's revenue fell 11 per cent from $1.04bn to $928m while its net income slid 74 per cent to $18. At midday, its shares had dropped more than 5 per cent to $20.31.

While digital revenues increased 45 per cent to $100m from the same quarter a year ago, they dipped $4m from the previous quarter, underscoring some analysts' concerns that the furious growth in digital music sales was beginning to moderate.

Mr Bronfman acknowledged that it had been "a difficult quarter." Yet he laid most of the blame on the company's release schedule, which included big acts such as Madonna and Greenday during the same period last year.

Michael Fleisher, Warner's chief financial officer, said the changes in the digital business reflected its maturation. "As digital becomes a more meaningful part of our total revenue, it's going to fluctuate," he said.

Warner's performance could play into its bargaining position with Apple as it and other record companies prepare to renegotiate contracts with iTunes that expire in a few months.

The record companies are frustrated that Apple reaps most of the benefits of online music through sales of its iPod while the music they supply is often pirated or discounted. Yet they have been forced so far to accept Mr Jobs' conditions because Apple dominates the online market at a time when they are desperate to demonstrate progress in their digital businesses.

Mr Bronfman expressed hope that the two sides could cooperate, but added: "Frankly, manifestos in advance of those discussions are counter-productive."

EU Says Scheidner Can Buy APC (AP)

AP, February 9, 2007

EU Says France's Schneider Electric Can Buy U.S. Rival APC, Must Divest Unit

BRUSSELS, Belgium (AP) -- EU regulators said Thursday that French electric equipment maker Schneider Electric SA could buy American Power Conversion Corp. if it sells off its uninterruptible power supply unit.

Schneider offered to sell off its MGE UPS Systems SA subsidiary after the European Commission found that the Schneider-APC deal would "significantly reduce competition" in the market for small power supply devices used to protect personal computers and other electronic equipment against power surges.

The French company had originally planned to combine the two units, saying this would generate annual cost savings of $220 million (173 million euros).

But the EU executive said APC and MGE are the No. 1 and No. 2 suppliers in Europe and their nearest rival has a very limited market share.

"The Commission considered that the proposed transaction as initially notified was likely to weaken competition," it said. "The Commission's clearance is conditional upon the divestiture of Schneider Electric's business related to small UPS devices."

The sell-off would clear up any antitrust problem with the deal, it said.

Schneider will pay $6.1 billion (4.8 billion euros) in cash for APC and said it was confident it could help the U.S. maker of backup power equipment recover from falling profit that led to job cuts.

Schneider said APC's profitability had "dramatically deteriorated" on a series of bad investments in larger power systems. The French company, which is already outsourcing some of its own production to lower-wage countries, said it was "confident" it could turn APC around.

With 7,600 employees, APC generated $1.98 billion revenues (1.56 billion euros) in sales in 2005. Small power systems, such as uninterruptible power supplies and surge protectors, account for about three-quarters of its business.

ENVIRONMENT:

Is It Time For A New Tax On Energy? (WSJ)

By Phil Izzo

Wall Street Journal, February 9, 2007

Economists Say Government Should Foster Alternatives – But Not How Bush Proposes

The government should encourage development of alternatives to fossil fuels, economists said in a WSJ.com survey. But most say the best way to do that isn't in President Bush's energy proposals: a new tax on fossil fuels.

Forty of 47 economists who answered the question said the government should help champion alternative fuels. Economists generally are in favor of free-market solutions, but there are times when you need to intervene," said David Wyss at Standard & Poor's Corp. "We're already in the danger zone" because of the outlook for oil supplies and concerns about climate change, he said.

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A majority of the economists said a tax on fossil fuels would be the most economically sound way to encourage alternatives. A tax would raise the price of fossil fuels and make alternatives, which today often are more costly to produce, more competitive in the consumer market. "A tax puts pressure on the market, rather than forcing an artificial solution on it," said Mr. Wyss.

President Bush has made a strong push on energy initiatives over the past month but he has steered clear of proposals that would raise taxes. In his State of the Union address, Mr. Bush set targets that call for a 20% reduction in gasoline use over the next 10 years. He proposed regulations6 to tighten gas-mileage standards and force fuel suppliers to use more alternative fuels. In addition, his budget proposal7 presented to Congress this week provides substantial funding for biofuel, clean coal and renewable energy programs.

In the survey, which was conducted Feb. 2-7, just two economists recommended regulations that require energy companies use more alternatives, one of the keys of the Bush plan, while six advised subsidies for producers of alternative fuels. "With subsidies, the government chooses the market solution," said Diane Swonk at Mesirow Financial. "I'd favor taxes in this area."

Other economists in the survey, though, said the smartest course for the government is to let market forces determine the future of alternative energies. "The more we mess with things the more problems we create," said Brian S. Wesbury of First Trust Advisors. "Government interference in the marketplace can do damage to long-term development of alternate energies."

Biggest Economic Risks

Although crude-oil prices have eased from levels hit last year, the economists said dependence on fossil fuels remains a threat. When asked to pick the greater geopolitical threat to the economy, by almost an 3-to-1 margin the economists chose a disruption in crude oil supplies caused by tensions in the Mideast over the impact on spending and confidence that could follow a major terrorist attack. "The economy has already proven it can survive terror attacks. It had a harder time with almost $80 per barrel oil," said Ms. Swonk.

The economists generally expect oil to remain below $60 a barrel for the remainder of this year. The average forecast puts crude oil futures at $57.98 a barrel in June and $58.72 in December. That roughly matches the price at which crude futures have traded in New York this week, but is well below the nominal highs set last year at around $77 a barrel.

"Demand for energy is going to grow, and energy likely to come from existing sources isn't going to grow fast enough," said Daniel Laufenberg at Amerprise Financial. "It's not a crisis today, but higher prices are telling us now is the time the start preparing."

Sarbanes-Oxley Fallout

The survey also gauged economists' sentiment on concerns expressed by business leaders that Sarbanes-Oxley rules, other regulatory enforcement and litigation are hurting the competitiveness9 of U.S. financial markets. Twelve of 51 economists who responded to the question said they feel these forces are hurting market competitiveness "a lot and are a serious threat to the economy." Thirty-six of the economists said markets are being hurt some but not enough to be a major economic worry.

Regarding Sarbanes Oxley specifically, a majority – 26 of 50 economists – said they believe the rules have had a "more negative than positive" impact on the economy. Four others said the impact has been entirely negative. In contrast, 19 economists deemed the impact "more positive than negative" and one said it has been an entirely positive influence on the economy.

Among other findings in the survey:

· Economists, on average, increased their forecast for first-quarter gross domestic product growth by three-tenths of a percentage point to 2.5% following the release10 of the government's first estimate of fourth-quarter growth last week. That report put growth for the period at a 3.5% rate. GDP is the broadest measure of economic output. Expectations of modest improvement in growth for the rest of the year were changed little. For the fourth quarter of 2007, the economists forecast growth at a 3% rate.

· The economists are skeptical that the federal budget will be balanced by 2012, a goal that is shared11 by President Bush and Democratic leaders. The economists put the probability of attaining that goal at 32%.

· There is a split on where the Federal Reserve's federal-funds rate is headed this year. Some 69% of respondents expect the next move to be a decrease, while 31% see a rate increase on the horizon. However, most don't see any move until some time in the summer.

· Sentiment improved a bit on the outlook for home prices. On average, economists expect a closely watched index calculated by the Office of Federal Housing Enterprise Oversight will show that prices rose 3.52% last year, up from an earlier forecast of 2.76%. Ofheo's report on 2006 prices is expected to be released early next month. For 2007, the economists see a price decline of 0.18% compared to an earlier forecast of a 0.49% decline. However, when one outlier, who forecast a 20% drop, is removed, the economists expect a modest gain in home prices this year.

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As California Goes . . . (WP)

The Washington Post, February 9, 2007

TWO YEARS AGO, Maryland lawmakers narrowly rejected a bill intended to make automobile emissions safer to breathe and to mitigate their contribution to global warming. They acceded to auto industry lobbyists who argued that the legislation would hurt their business while doing little for public health or the environment. Those arguments were wrong then, and they're wrong now, as Gov. Martin O'Malley (D) has recognized in throwing his support behind a fresh attempt in Annapolis to enact a "clean car" bill.

The measure would add Maryland to the growing list of states that have embraced a clean-car program modeled on the one implemented by California more than 15 years ago. Together, the populations of "clean car states" now account for about 30 percent of the nation's market for new vehicles. California's clean-car requirements, which Maryland would adopt, are somewhat tougher than federal rules on smog- and cancer-causing pollutants. But the shift would not be huge because nearly all new vehicles sold in Maryland are already in compliance. More significant is that the program would also require that some 40 percent of the new cars and trucks sold annually be hybrids, cleaner-burning conventional cars or other vehicles using advanced technology to cut harmful emissions.

The most important provision of the rules would limit emissions of carbon dioxide, a principal culprit in global climate change. Under the legislation, which would be phased in over five years starting with the 2011 model year, average CO2emissions would have to decline for the entire fleet of new vehicles sold annually in Maryland. Each manufacturer would be required to achieve the average reduction or face a fine.

Automakers and dealers say the effect of that provision would be to limit the ability of Maryland consumers to buy whatever (higher-polluting) vehicle they please, especially larger pickup trucks and sport-utility vehicles; those models would probably become scarce. The auto industry also complains that the new standards, particularly on CO2, would raise the sticker price of most cars, prompting some buyers to make their purchases out of state. But the fact that a relatively small number of buyers would have their options limited is outweighed by the urgency of tackling climate change.

Automakers and dealers, seeing the political mood shift against them, are asking for more study before Maryland moves ahead with the legislation. In fact, there have been plenty of studies, and the results, and benefits, are well known. The potential consequences of global warming for a coastal state such as Maryland are clear; so, too, are the arguments for the clean-car measure.

New York Moves Toward Suit Over A 50-Year-Old Oil Spill (NYT)

By Nicholas Confessore

New York Times, February 9, 2007

ALBANY, Feb. 8 — New York State moved to sue Exxon Mobil and four other companies on Thursday to force them to clean up a half-century-old spill of millions of gallons of oil lying under the Greenpoint neighborhood in Brooklyn and to repair environmental damage inflicted on nearby Newtown Creek.

The spill, originally several times the size of the Exxon Valdez oil leak, resulted from an accident in the 1950s and lay undiscovered until 1978. In notices of intent to sue that were sent to the five companies, Andrew M. Cuomo, the state attorney general, said that so much oil had leaked into the creek that some samples of its sediment, when dried and weighed, were nearly one-tenth oil.

The notices also disclosed that an internal study by one of the companies found nearly 100 different pollutants in the creek water or sediment, including benzene, arsenic and lead.

The other companies receiving the notices were BP, Chevron, KeySpan and Phelps Dodge.

The state's action is a sharp turning point in its handling of the spill, which in recent years has occasioned lawsuits by Greenpoint residents, local elected officials and environmental groups. A 1990 agreement between Exxon Mobil and state environmental officials had required the company to recover the spilled oil, but it specified no deadline and required no remediation of either the creek or the polluted soil under Greenpoint.

About eight million gallons of oil and petroleum byproducts are believed to remain underground, and past soil tests have revealed that the spill releases toxic vapors into the neighborhood above. Mr. Cuomo's action will seek a far faster pace for recovering the oil, extensive scientific testing to determine damage to the soil and groundwater, and millions of dollars in fines. Cleanup costs could increase the companies' expense by tens of millions of dollars, Mr. Cuomo's aides said.

"This is one of the worst environmental disasters in the nation, larger than the Exxon Valdez and slower in the cleanup," Mr. Cuomo said in a statement. "Exxon Mobil must and will be held accountable. The toxic footprint of Exxon Mobil is found all

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over this area. It is Exxon Mobil's oil that remains under the homes and businesses. And it is Exxon Mobil that has dragged its feet and done as little as possible to address the dangers that it created."

According to the notices, Exxon Mobil's current mechanisms for recovering the spilled oil have, as a side effect, discharged yet more pollutants into the creek, a process that the company has been aware of for years, the notices say. A spokesman for Mr. Cuomo said on Thursday that Exxon Mobil had also been reselling some of the recovered oil, even as it allowed the creek to become more polluted.

Barry Wood, a spokesman for Exxon Mobil, said the company had not received the notices. In a statement, he said the company had already helped recover more than 9.3 million gallons of the petroleum products.

"While the cost of remediation at the site is confidential, Exxon Mobil is committed to remediation of the site, and we have been aggressive in our efforts and have made significant progress," Mr. Wood said.

He added that the company remained committed to its 1990 agreement with the state's Department of Environmental Conservation.

"We take our environmental responsibilities very seriously and have committed substantial resources toward cleaning up the site," he said. "Complex remediation projects such as this, where the product to be recovered is under ground and not easily accessible, takes time to complete."

Phelps Dodge operated a copper smelting plant on the creek's north bank, in Queens, where studies have found heavy metals and other pollutants. Companies later acquired by KeySpan owned gas processing facilities along the waterway that contaminated the creek's sediments with some of the same pollutants and other toxic chemicals, according to the notices.

Companies later acquired by Chevron and BP operated storage or refinery facilities along the creek that leaked oil into the ground, according to the notices.

Together, the notices significantly widen the scope of state legal action concerning the creek, a dirty, 3.5-mile-long estuary that marks Brooklyn's northern border and flows into the East River. Local politicians said yesterday that they believed Mr. Cuomo's actions would pave the way for a long-overdue cleanup of the creek and its transformation into a recreational waterway.

"The Brooklyn-Queens waterfront has the potential to be New York's Gold Coast, with sparkling towers, schools, parks and libraries," said Eric Gioia, a City Council member whose Queens district abuts the creek. "Cleaning Newtown Creek is critical to that vision."

Gov. Eliot Spitzer, who took over investigation of the spill from the state's Department of Environmental Conservation last year when he was attorney general, praised Mr. Cuomo's decision.

"This is an important day for the people of Greenpoint, Brooklyn," Mr. Spitzer said. "It is imperative that Exxon Mobil and the other companies responsible for this pollution be held fully accountable."

When first discovered, the spill was estimated at 17 million gallons of oil and oil products spread over 100 acres. Currently, the spill covers about 55 acres.

For years, Greenpoint residents have watched as environmentalists battled state officials and the companies responsible for the oil. In 2004, Riverkeeper, an environmental group, decided to file its own lawsuit against Exxon Mobil. The following summer, soil tests performed by the group showed toxic fumes coming from the ground over the spill. That caused a second lawsuit by about two dozen Greenpoint residents.

Both suits are active, but local officials and environmental groups said Mr. Cuomo's move would put significant new pressure on Exxon Mobil.

"They have managed to manipulate and work with previous administrations and enlist their help in avoiding a serious remediation," said Alex Matthiessen, the president of Riverkeeper. "Attorney General Cuomo's notice letter brings that to a screeching halt."

Federal laws require Mr. Cuomo to give the companies advance notice of his intent to sue them, and to allow the companies to avoid the suits by acting quickly.

BP, Chevron, KeySpan and Phelps Dodge have been cooperating with state officials to clean up their own properties, according to Robert E. Hernan, an assistant attorney general who heads Mr. Cuomo's environmental enforcement unit.

But Exxon Mobil may prove more resistant. According to the notices, the attorney general's office recently approached the company and asked it to take responsibility for stopping continuing leaks at one of two sites it owns. The company declined, the documents state, and Mr. Hernan predicted that it would fight the new action in court.

"Our expectations are not high," he said.

Global Warming Smear (WSJ)

The Wall Street Journal, February 9, 2007

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Mark Twain once complained that a lie can make it half way around the world before the truth gets its boots on. That's been the case of late in the climate change debate, as political and media activists attempt to stigmatize anyone who doesn't pay homage to their "scientific consensus."

Last week the London Guardian published a story headlined, "Scientists Offer Cash to Dispute Climate Study." The story alleges that the American Enterprise Institute (AEI), a conservative-leaning think tank in Washington, collected contributions from ExxonMobil and then offered climate scholars $10,000 so they could lobby against global warming legislation.

Another newspaper, the British Independent, picked up on the story and claimed: "It has come to light that one of the world's largest oil companies, ExxonMobil, is attempting to bribe scientists to pick holes in the IPCC's assessment." (The IPCC is the United Nations climate-change panel.)

It would be easy to dismiss all this as propaganda from British tabloids, except that a few days ago the "news" crossed the Atlantic where more respectable media outlets, including the Washington Post, are reporting the story in what has become all too typical pack fashion. A CNNMoney.com report offered that, "A think tank partly funded by ExxonMobil sent letters to scientists offering them up to $10,000 to critique findings in a major global warming study released Friday which found that global warming was real and likely caused by burning fossil fuels."

Here are the facts as we've been able to collect them. AEI doesn't lobby, didn't offer money to scientists to question global warming, and the money it did pay for climate research didn't come from Exxon.

What AEI did was send a letter to several leading climate scientists asking them to participate in a symposium that would present a "range of policy prescriptions that should be considered for climate change of uncertain dimension." Some of the scholars asked to participate, including Steve Schroeder of Texas A& M, are climatologists who believe that global warming is a major problem.

AEI President Chris DeMuth says, "What the Guardian essentially characterizes as a bribe is the conventional practice of AEI -- and Brookings, Harvard and the University of Manchester -- to pay individuals" for commissioned work. He says that Exxon has contributed less than 1% of AEI's budget over the last decade.

As for Exxon, Lauren Kerr, director of its Washington office, says that "none of us here had ever heard of this AEI climate change project until we read about it in the London newspapers." By the way, commissioning such research is also standard practice at NASA and other government agencies and at liberal groups such as the Pew Charitable Trusts, which have among them spent billions of dollars attempting to link fossil fuels to global warming.

We don't know where the Brits first got this "news," but the leading suspects are the reliable sources at Greenpeace. They have been peddling these allegations for months, and the London newspaper sleuths seem to have swallowed them like pints on a Fleet Street lunch hour.

So, apparently, have several members of the U.S. Senate. Yesterday Senators Bernard Sanders, Patrick Leahy, Dianne Feinstein and John Kerry sent a letter to Mr. DeMuth complaining that "should these reports be accurate," then "it would highlight the extent to which moneyed interests distort honest scientific and public policy discussions. . . . Does your donors' self-interest trump an honest discussion over the well-being of the planet?"

Every member of AEI's board of directors was graciously copied on the missive. We're told the Senators never bothered to contact AEI about the veracity of the reports, and by repeating the distortions, these four Democratic senators, wittingly or not, gave credence to falsehood.

For its part, Exxon appears unwilling to take this smear campaign lying down. Bribery can be a crime, and falsely accusing someone of a crime may well be defamation. A company spokesman says Exxon has written a letter to the Independent demanding a retraction.

One can only conclude from this episode that the environmental left and their political and media supporters now believe it is legitimate to quash debate on climate change and its consequences. This is known as orthodoxy, and, until now, science accepted the legitimacy of challenging it.

Who Pays To Stop A Pandemic? (NYT)

By Ruth R. Faden, Patrick S. Duggan And Ruth Karron

The New York Times, February 9, 2007

Baltimore

BIRD flu has not yet turned into a pandemic, but it is already killing the meager hopes of some of the world's poorest people for a marginally better life.

When poultry become infected with the deadly strain of avian influenza (H5N1), it is essential that all birds nearby be culled to prevent further spread. We all stand to benefit from this important pandemic prevention strategy, recommended by the World

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Health Organization and the United Nations Food and Agriculture Organization. Unfortunately, however, the world's poor are unfairly shouldering the burden of the intervention.

Last month officials in Jakarta, Indonesia, announced a ban on household farming of poultry there. The domestic bird population of Jakarta is estimated at 1.3 million. Thousands of families were given until Feb. 1 to consume, sell or kill their birds. Now inspectors are going door to door to destroy any remaining birds.

The Indonesian government pledged to pay about $1.50 for each bird infected with the H5N1 virus, a sum that may approximate the bird's fair market value. But most birds that have been killed under this policy are healthy, so their owners, most reports suggest, will receive nothing.

Moreover, it is not clear how Jakarta's poor will replace the income they once received from chickens and other birds. When officials impose widespread culling, industrial-scale poultry producers — like the company that owns the large British turkey farm where bird flu was found this month — usually have the resources to absorb the losses. But when the birds of small-scale poultry farmers are culled, entrepreneurs who were just beginning to move up the development ladder can be plunged right back into poverty. The most dependent and vulnerable members of the community become even more dependent and vulnerable. "Backyard birds" are the only source of income for many women and children.

Families whose birds are found to be infected with the virus may suffer even more. People in Cambodia, China and India whose poultry have been blamed for avian influenza outbreaks have often been subject to extreme stigma and isolation, and there have even been reports of suicides by desperate farmers.

It is inevitable that the world's poor will suffer most from a pandemic. A recent article in The Lancet predicted that if the next pandemic were to mimic the huge 1918 flu outbreak, 96 percent of an estimated 62 million deaths would occur in developing countries. But specific steps can and should be taken now to prevent or mitigate the injustices that are already occurring.

We are part of a group of 24 government officials, public health experts and scientists from 11 countries who recently met in Bellagio, Italy, with the support of the Rockefeller Foundation to call attention to how pandemic planning affects the world's disadvantaged. We created a checklist for avian influenza control that explicitly calls on the authorities to compensate people who suffer losses from bird-culling programs, regardless of whether the destroyed birds are infected with the avian influenza virus.

Such a program in Jakarta alone would be expensive. Just to compensate families for their culled birds would require nearly $2 million, not including the cost of administering the program. Indonesia's domestic bird population countrywide is estimated at 300 million, so if the culling program were to be expanded beyond Jakarta, the total compensation cost could run as high as $450 million.

Indonesia's avian influenza budget for the coming year is reported to be less than $50 million. Clearly, without donor assistance, the government cannot afford to compensate families and farmers fairly. So the burden of pandemic prevention must also fall on the world's wealthy nations.

Last year, the United States, the European Union and other nations pledged more than $2 billion to the global war chest for avian influenza response. Developing a program to compensate poor families in countries with limited resources is an enormous challenge. But it is time that the money pledged by the donor countries reach the people who are already the first victims of the next pandemic.

Ruth R. Faden is the executive director and Patrick S. Duggan is the research coordinator of the Johns Hopkins Berman Institute of Bioethics. Ruth Karron is the director of the Center for Immunization Research at the Johns Hopkins Bloomberg School of Public Health.

FBI/DEA/ATF/USMS:

LA To Name Thugs In Anti-gang Effort (AP)

By Andrew Glazer, Associated Press Writer

AP, February 9, 2007

LOS ANGELES — Abandoning the long-held belief that naming the worst gangs boosts their street image, the mayor and police chief identified 11 of the most violent groups Thursday and promised to confront them with more law enforcement.

Authorities are reversing strategy in response to a surge in gang bloodshed that has defied the city's continuing drop in overall crime. The Police Department says the city has 400 gangs with about 39,000 members, though other agencies estimate there are more than 700 groups.

Mayor Antonio Villaraigosa and police Chief William Bratton were to announce the plans Thursday at a police station in a San Fernando Valley neighborhood where gang crime more than doubled last year.

Gangs selected for the "Most Wanted"-style list have histories of assaulting police officers or targeting victims based on race, said Lt. Paul Vernon, a police spokesman.

Other parts of the initiative involve seeking more gang injunctions that ban members from congregating in certain neighborhoods, training residents on how to recognize gang members and creating a list of the 10 most wanted gang members, Vernon said.

Reaction from neighborhood activists and gang interventionists ranged from skeptical to negative. Posting a list simply will make gangs want to be on it, they said.

"To the gang members it is a badge of honor," said Najee Ali, an activist and former gang member.

Mike Cummings, a former gang member and pastor of the We Care Ministries in Watts, said the city should focus more on programs designed to keep children from joining gangs.

"If you're going to take away gangbangers, you need to replace them with something," said Cummings, who helps broker peace accords between rival gangs. "Job training. Recreation. We're talking about long-term stuff."

In a city-funded study, civil rights attorney Connie Rice last month said efforts to combat gang crime in the city should include $1 billion in a plan that would create economic and social opportunities in gang-infested areas. Rice also recommended focusing law enforcement efforts on the most violent gangs.

Villaraigosa has appealed to U.S. Attorney General Alberto Gonzales for millions of dollars in anti-gang funds and for more federal prosecutors to pursue racketeering and other charges mostly used in the past against organized crime. Gonzales has identified gangs as one of the country's greatest security threats.

The mayor is also working with FBI Director Robert Mueller, who has assigned agents to an anti-gang task force in the San Fernando Valley to work alongside police officers deputized as federal officers.

Another study released Thursday in Washington found that anti-immigrant backlash can marginalize young people from Central America and increase the risk that they will turn to gangs. The yearlong study of Latino gangs in the Washington area and five Central American countries also found no sign of transnational coordination among gang members, undercutting the idea that gangs are engaged in an organized effort to spread their influence.

The report was from the Autonomous Technological Institute of Mexico and the nonprofit advocacy group Washington Office on Latin America.

Heavy Crackdown On Youth Gangs Counter-productive: Study (AFP)

By Mauricio Rabuffetti

AFP, February 9, 2007

Tough police crackdowns on gang violence are counterproductive and lead to better-organized gangs, a new study showed amid talks between US and Latin American police chiefs to hammer out a global strategy to tackle the scourge.

The year-long study, conducted in El Salvador, Honduras, Guatemala, Mexico and the US capital, said repressive police actions against youth gangs have actually made the problem worse.

"The research shows that gangs have grown more organized rather than less in response to hard-line police approaches. Public security has not improved as a result of these strategies," said the researchers led by the Instituto Tecnologico Autonomo de Mexico, a private institute of higher education in Mexico City.

The report, released by the Washington Office on Latin America (WOLA), comes a day after a three-day international summit opened in Los Angeles with the aim of forging a strategy to curb the menace of violent criminal gangs.

Latino gangs that originated in Los Angeles have been blamed for smuggling drugs and weapons as well as murders, rapes and robberies.

The report recommends following "best practices" seen elsewhere in Central America and the United States.

Recommended practices cited by the report included police efforts in Washington to treat the problem comprehensively, "police involvement in prevention programs" in Nicaragua and local efforts in Central America to develop community-based responses.

The report called for such successful methods to be considered in Mexico, "where there is a need of preventive and coordinated responses."

In the case of Mexico, the investigators said they had reached "a surprising conclusion": gangs made up of Central American immigrants -- or linked to Central American youth gangs such as the Mara Salvatrucha or the 18th Street Gang (Mara 18) -- are not widespread.

"Mexican youth gangs exist, and drug-trafficking criminal gangs are a serious security problem. But, despite alarmist rhetoric, research shows that Central American gangs are not a major problem in Mexico," the report said.

The investigators emphasized the nature of gangs varies from country to country.

"Youth gangs are a serious threat to public security in El Salvador, Honduras and Guatemala" and represent "a much smaller problem" in Nicaragua, they said.

In the Washington area, gangs made up of Central American immigrants or the children of immigrants are active in certain areas, "but are not at this time a major public security issue," they said.

In San Salvador on Monday, US Attorney General Alberto Gonzales and his Central American counterparts weighed proposed cooperation projects to fight youth gangs which have become a criminal transnational problem.

The international summit underway in Los Angeles has drawn police chiefs from Mexico, Belize, El Salvador, Guatemala, Honduras and the United States as well as officials from the FBI and the US Justice Department.

In Central America, according to local police estimates, more than 200,000 marginalized youths, many of them deported from US cities, are members of gangs, including the notorious Mara Salvatruch and Mara 18.

Cuba Sends Key Drug Suspect To Colombia (AP)

AP, February 9, 2007

BOGOTA, Colombia (AP) -- Cuba deported reputed drug kingpin Luis Hernando Gomez Bustamante to Colombia, which plans to extradite him to the United States to face trafficking and money laundering charges, officials said Thursday.

Gomez, an alleged boss of the Norte del Valle cartel known by his alias "Rasguno," had been held in Cuba since his 2004 arrest at Havana's main airport. He fled Colombia after Washington offered a $5 million reward for the capture of that country's top drug traffickers.

Cuba's government said Gomez was turned over to Colombian authorities Thursday at Havana's international airport. Oscar Galvis, a spokesman for the Colombia's DAS intelligence agency, confirmed to The Associated Press that Gomez arrived in Colombia on an air force flight from Cuba.

The Cuban statement did not mention Colombia's plans for Gomez. Cuba has no extradition treaty with the United States and harbors some suspects wanted in the United States who are considered political refugees here.

But a Colombian official said Wednesday that an order had already been signed to send Gomez to the United States. He spoke on condition of anonymity because he was not authorized to divulge the information.

Gomez is wanted on a U.S. indictment in New York on drug trafficking, racketeering and money-laundering charges.

His extradition appears to be more a result of his desire to get out of Cuban jail than a desire by Havana to improve relations with Washington. Last year, Gomez expressed to Colombian media his desire to leave the Cuban jail even if it meant extradition to the United States.

He would be the most senior reputed drug boss extradited to the United States since Cali cartel chief Miguel Rodriguez Orejuela was handed over in March 2005.

Gomez's Miami-based attorney, Oscar Rodriguez, told the AP on Wednesday he had no information on the deportation and would not answer questions about Gomez's intentions until he has had a chance to speak with his client.

The Norte del Valle cartel, the most powerful traditional drug organization in Colombia, is believed to account for as much as 60 percent of the cocaine consumed in the United States, according to the U.S. Drug Enforcement Administration.

However, many of its top bosses have been captured in recent years and a campaign by the U.S. Treasury Department had succeeded in freezing many of their assets, including front companies.

In March of 2004, Colombian authorities seized $100 million worth of Gomez's assets including 68 farms, 24 offices and 17 parking lots.

According to prosecutors, Rasguno went from pumping gas at a petrol station in 1991 to declaring property worth more than half a million dollars a year later.

Cuba Deports Suspected Drug Baron (BBC)

BBC, February 9, 2007

The Cuban government has deported to Colombia a suspected narcotics baron wanted in the US on charges of drug trafficking and money laundering.

Colombian officials escorted Luis Hernando Gomez Bustamante, 49, from Havana to Bogota on a government plane.

Mr Gomez Bustamante, who is also known as "Rasguno", or "Scratch", is an alleged head of Colombia's biggest drug cartel, Norte del Valle.

He was arrested in Cuba in July 2004 after entering on a false passport.

Officials in both Cuba and Colombia confirmed that the deportation had been completed.

The US is seeking his extradition and had offered a $5m (£2.55m) reward for information leading to his arrest.

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An unidentified Colombian official told the Associated Press news agency that an order had already been signed to send Mr Gomez Bustamante to the US.

Norte del Valle became Colombia's most powerful drugs organisation after the dismantling of the Medellin and Cali cartels in the 1980s and early 1990s.

According to the US Drug Enforcement Administration, it is believed to be behind as much as 60% of all the cocaine consumed in the US.

Landis Agrees Not To Race In Tour This Year (NYT)

By Graham Bowley

The New York Times, February 8, 2007

The American cyclist Floyd Landis agreed today not to defend his controversial 2006 victory in the Tour de France.

In return, France's anti-doping agency said it would postpone a decision on whether to suspend him from racing for two years after he was accused of using an illegal steroid to help him win the tour.

The agency's president, Pierre Bordry, said the French authority would resume its deliberations on the case no later than June, after the United States Anti-Doping Agency considers its own doping case against Landis.

The cyclist, who also agreed not to participate in any other races in France this year, is facing a two-year ban from cycling and the loss of his Tour title after he tested positive for a performance-enhancing drug the day after he won the Tour last July.

"He understood perfectly that if he didn't act today, we would start the procedure immediately," Bordry said in a statement, according to wire service reports. "We will let Landis defend himself as he wishes before the U.S.A.D.A."

During last year's Tour, Landis tested positive for an unusually high level of testosterone. Landis, 31, has denied any wrongdoing and is appealing against the charges.

Four and a half months ago, Landis underwent hip replacement surgery and has said that he would be unlikely to compete in the Tour de France this July. (He has agreed, however, to ride in the grueling Leadville 100 mountain bike race in Leadville, Colo., in August.)

If he loses his appeal, he would be the first cyclist in the history of the race to be stripped of his title.

In the U.S., Landis and his lawyers are expected to present their case before a three- person arbitration panel on May 14. Landis or the agency could appeal the result to the Court of Arbitration for Sport, and that decision would be final.

Should Landis lose his case, he would be banned from competing in countries that adhere to the World Anti-Doping Agency's code, according to the U.S. anti-doping authority.

Landis was in Brooklyn on Wednesday evening, taking part in a question and answer session where he defended himself against the charges. Landis did not attend the French agency's hearing today before a nine-member panel in Paris but was represented by his lawyer, who read his request for a delay, according to reports.

In his letter to the agency, according to The Associated Press, Landis said the dual cases in France and the United States were complicating matters, and asked the French agency to delay its decision until after the U.S. agency rules.

"In this case, and in order to avoid any misunderstanding, I agree to voluntarily not participate in any professional or amateur cycling event in France until December 31, 2007, and in particular the Tour de France 2007," Landis said in the letter, according to The A.P.

Under French law, the French anti-doping agency, the Agence Française de Lutte contre le Dopage, known as the AFLD, can suspend Landis from racing on French soil. Landis and his advisors believe there were inaccuracies and instances of sloppiness by the French laboratory that tested Landis' urine last summer.

The French agency, however, has no authority to suspend Landis from competitions in other countries.

The power to ban a rider in France was last used by the French agency in 2003 against the Spanish rider Igor González de Galdeano.

French Authorities Will Postpone Their Decision On Suspension Of Floyd Landis (LAT)

By Michael A. Hiltzik, Times Staff Writer

The Los Angeles Times, February 9, 2007

Cyclist won't compete in Tour or other races there this year, and doping inquiry will be postponed. His appeal of charges is pending.

French authorities agreed Thursday to suspend their investigation of doping charges against Tour de France champion Floyd Landis after Landis agreed not to race in France for the rest of this year.

The decision will allow the California cyclist to focus on his appeal of charges brought under the international sports doping system and prosecuted by the United States Anti-Doping Agency (USADA).

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That appeal hearing is scheduled to open May 14 before a panel of three arbitrators. They are Christopher Campbell, a San Francisco lawyer and former Olympic wrestler, who was selected by Landis; Richard McLaren, a London, Ontario, lawyer selected by USADA, and Patrice Brunet, a Montreal lawyer chosen as the panel's chairman by the other two arbitrators.

If the panel rules against him and he loses a further appeal to the International Court of Arbitration for Sport, Landis would face a two-year suspension from racing and the loss of his 2006 Tour de France title.

The French national anti-doping agency, which is known by its initials AFLD, is empowered only to bar Landis from racing in France. AFLD had been scheduled to open its hearing Thursday in Paris, but Landis and international anti-doping officials had requested that the case be postponed until after the USADA hearing was finished.

Both investigations stem from the same accusation — that Landis illicitly doped with testosterone during one stage of the 2006 Tour de France. Landis denies the contention, alleging that errors and sloppy procedures by the Paris anti-doping lab that tested his samples produced a false positive result.

AFLD said it would defer its investigation until no later than the end of June, as long as Landis complies with his agreement not to race in France.

The agreement will keep him out of the 2007 Tour de France, which is scheduled to begin July 7.

A spokesman for Landis said the cyclist had planned to skip the Tour this year anyway to attend to his doping defense.

Meanwhile, sources confirmed Thursday that Landis had rejected a request by USADA to retest eight of his urine samples, including six from the 2006 Tour, that had previously been ruled negative for doping. A report of the request appeared in L'Equipe, a French sports journal.

The sources say USADA proposed that eight backup samples be subjected to a carbon isotope ratio test at the Paris anti-doping lab that conducted the original tests on Landis' Tour de France samples. Landis' defense, however, has questioned the lab's conduct of the isotope test on those samples and challenged its interpretation of the results.

USADA did not respond to questions Thursday about its rationale for the request.

Landis Won't Defend Tour De France Title (HC)

By Dale Robertson, Houston Chronicle

Houston Chronicle, February 9, 2007

Hearing on win in last year's race postponed until USADA rules

It's official that Floyd Landis will not make an effort to defend his tainted Tour de France yellow jersey this summer. Whether he will be allowed to keep the prized maillot jaune, however, is still undetermined.

A hearing scheduled Thursday in Paris before French anti-doping authorities (AFLD) that was expected to result in Landis' being stripped of his 2006 title and suspended from racing in France for two years was postponed until after the 30-year-old American gets his day in court with the U.S. Anti-Doping Agency on May 14.

In return for the stay, Landis promised not to enter any French races in 2007, first and foremost the Tour. His concession was somewhat moot because he had recently conceded delays in getting a hearing before USADA made it improbable he would be able to salvage the current season. He's also coming off major hip surgery.

"Mr. Landis requested that the AFLD allow him to first defend himself in front of the American agency," a statement from AFLD said. "He has agreed not to take part in any cycling competition in France before the end of 2007 and that includes this year's Tour de France.

"On the basis of that commitment, the agency has decided to adjourn the hearing to a later date that will be decided on how the American procedure proceeds — but no later than the end of June."

In addition to Landis' attorneys, France's minister of sport, Jean-François Lamour, speaking in his capacity as World Anti-Doping Agency vice president, had sought the postponement, saying Landis should have his hearing in the U.S. first.

Landis' near-term future in cycling rests in the hands of the USADA because USA Cycling, which controls his professional license, transferred jurisdiction. French authorities only have the right to keep him from competing in France. Ultimately, the decision as to whether he keeps his Tour title rests in the hands of the race organization itself.

Tour director Christian Prudhomme is on the record as saying he no longer considers Landis the champion.

France ratified the World Anti-Doping Code, which gives the final say in these cases to each athlete's national governing body, only following the conclusion of the Tour, so there was some sentiment inside AFLD that it still controlled Landis' fate.

Landis tested positive for an elevated testosterone/epitestosterone ratio after his heroic stage-17 ride through the Alps enabled him to regain control of the Tour one day after he had broken down on a similar rugged mountain stage. News of the failed test broke three days after his triumphant ride into Paris.

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Whatever results from Landis' meeting with USADA or AFLD's final say on the matter, the case will wind up before the Court of Arbitration for Sport in Lausanne, Switzerland. The appeals process could drag things out until the end of the year, if not longer.

Landis To Skip Tour As Agency Delays Drug Decision (Update1) (BLOOM)

By Gregory Viscusi

Bloomberg, February 8, 2007

(Bloomberg) -- Floyd Landis will skip the 2007 Tour de France as part of an agreement to delay a disciplinary hearing by France's anti-doping agency over the test he failed while winning last year's race.

The Paris-based agency, known as the AFLD, said in a statement it accepted a written request by Landis to delay any judgment until after U.S. anti-doping authorities have made their decision. In exchange, the U.S. cyclist committed himself not to enter any French races this year.

``In response to this undertaking, the board of the agency decided to delay the examination of the dossier to a date that will be fixed in relation to the outcome of the procedure in front of the American anti-doping agency," the AFLD said.

Landis, who faces being the first Tour de France champion to be stripped of his title, is summoned in front of the USADA on May 14 to face the same doping charges. The AFLD said it expects to hold its own hearing by the end of June.

Landis, who denies taking banned drugs, has said he was unlikely to race this year anyway because he had hip surgery in September. The 31-year-old aims to return for the 2008 Tour de France. This year's edition of cycling's most prestigious competition begins July 7 in London and ends three weeks later in Paris.

Landis beat Spain's Oscar Pereiro by 57 seconds last year to succeed fellow U.S. rider Lance Armstrong, who won the event a record seven times.

Testosterone

Two urine samples taken after the 17th stage found inappropriate levels of testosterone in Landis's body. He won the stage by more than five minutes, riding solo for 130 kilometers (80.8 miles) to get back in contention after falling more than eight minutes behind the leaders the previous day.

The USADA, based in Colorado Springs, Colorado, generally is responsible for deciding whether to impose sanctions on U.S. riders, usually a two-year ban for a first offense. The ultimate decision on whether to strip him of the title would be taken by the sport's ruling body, the International Cycling Union.

Landis and his lawyers contend that his urine sample was mishandled and mislabeled by the French laboratory, that the test is unreliable and that the findings don't meet minimum standards for a drug offense.

Landis Will Bypass France (AP)

By Jerome Pugmire, Associated Press

AP, February 9, 2007

French postpone doping decision

PARIS -- Floyd Landis will skip the Tour de France -- and all races in France this year -- as part of an agreement with French doping authorities in a case that could strip him of cycling's most prestigious title.

Last year's Tour champion had hip-replacement surgery 4 1/2 months ago and was unlikely to have competed in this year's Tour. He agreed yesterday not to race again in France until 2008, and in return the French anti-doping agency postponed its decision on whether to suspend him from competing in France for a maximum of two years because of a positive doping test.

"Floyd is pleased that the AFLD has agreed with his counsel's request that they suspend this proceeding," spokesman Michael Henson said.

Earlier, AFLD president Pierre Bordry said Landis "understood perfectly that if he didn't act today, we would start the procedure immediately."

Landis will go before the US Anti-Doping Agency May 14 and, following that, the AFLD will deliver its verdict in June.

"We will let Landis defend himself as he wishes," Bordry said.

The American, who has denied wrongdoing, didn't appear at yesterday's meeting of the AFLD's nine-member panel, but sent a lawyer who read his request.

In the letter, a copy of which was obtained by the Associated Press, Landis said the parallel cases in France and the United States were complicating matters. He asked the French agency to hold off until after the US agency rules.

"In this case, and in order to avoid any misunderstanding, I agree to voluntarily not participate in any professional or amateur cycling event in France until December 31, 2007, and in particular the Tour de France 2007," Landis said in the letter.

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Bordry said Landis deserves to be heard by the USADA. But Bordry echoed Tour de France president Christian Prudhomme's sentiment that the American agency was dragging out its process.

Landis's urine sample after a 17th-stage win in last year's Tour de France was found to contain elevated testosterone to epitestosterone levels. He risks being the first rider in the 104-year history of the race to be stripped of his title. Prudhomme has said the Tour no longer considers him the winner.

Landis argues the Chatenay-Malabry laboratory that carried out the tests is unreliable.

Landis To Sit Out This Year's Tour (CNN)

CNN, February 8, 2007

PARIS, France -- Tour de France winner Floyd Landis will not take part in this year's race in order to concentrate on fighting doping charges on one front rather than two.

The American was facing disciplinary hearings in France and the U.S. after testing positive for the banned male sex hormone testosterone during the 2006 Tour.

On Thursday, however, the French Anti-Doping Agency (AFLD) agreed to postpone its investigation, due to be held that day, in exchange for a pledge by the Californian not to race in the country in 2007.

"Simultaneous proceedings in the U.S. and France risk the possibility of an inconsistent application of rules, contradictory judgements, and come at a great cost -- both personal and financial -- to Floyd," said Landis' representative Michael Henson.

In a letter read by his lawyer to the AFLD hearing, Landis asked for the chance to first defend himself in front of the U.S. Anti-Doping Agency (USADA).

"He says in this very letter that he promises not to take part in any race in France until the end of 2007, in particular in the 2007 Tour," the AFLD said in a statement.

"The AFLD subsequently decided to postpone the examination of his case to a date that will be set according to the course of the procedure before the U.S. Anti-Doping Agency," added the statement.

In the letter, Landis wrote: "Let me assure you that I fully share the goal of preventing illegal doping."

He added, though, that two disciplinary hearings dealing with the same facts could lead to confusion and asked for the a postponement of the French one.

"In this case, and in order to avoid any misunderstanding, I agree voluntarily not to participate in any professional or amateur cycling event in France until December 31, 2007, and in particular the Tour de France 2007," the letter read.

Landis, 31, is due to have a separate USADA hearing on May 14.

Speaking about the AFLD's postponement of their inquiry, said World Anti-Doping Agency vice-president Jean-Francois Lamour. "It is a common sense decision, which allows USADA to prepare their hearing in a proper manner.

"AFLD has the obligation to respect the WADA code and in delaying the decision they do so," he added.

The International Cycling Union (UCI) said they did not have any specific comment to make on the AFLD's decision because they only take into account the U.S. federation's actions, which will be based on the USADA recommendations.

If found guilty of doping, Landis, who denies any wrongdoing, faces a two-year suspension from the sport and the possibility of becoming the first Tour winner to be stripped of his title. However, the American could take the matter to the Court of Arbitration for Sport (CAS).

His lawyers say the samples were mislabelled by the French laboratory which conducted the tests, the testing process was unreliable and the rider never in fact tested positive.

Testosterone can speed up recovery after exercise and generally improves stamina and strength.

Corrupt Cop's Taped Conversation Heard (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, February 9, 2007

Jurors considering a lawsuit filed by a former federal agent against the city of Chicago listened Thursday as the ex-agent's lawyers played a secretly taped conversation between notorious former Officer Joseph Miedzianowski and a police official who had been assigned to investigate him.

It was 1998. And while the internal look at Miedzianowski's activity had been over for years, a federal net was closing in on the corrupt cop and his home phone had been tapped.

On the tape, Raymond Risley, head of the Police Department's internal affairs division when Miedzianowski was being investigated, could be heard discussing the allegations that had been made by Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms.

The suit filed by Klipfel and her husband, who is still an agent, was progressing.

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"It's so [expletive] muddied up," said Risley, a deputy chief at the time of the call. "I don't think she's going to get anywhere. It's [expletive] crazy."

Risley told Miedzianowski he had kept "all kinds of stuff" related to the internal investigation, which began in early 1993, about a year after Klipfel first contends she tried to report Miedzianowski for stealing from drug dealers.

In her federal civil suit seeking damages, Klipfel contends that Miedzianowski flipped internal investigations onto her as the city failed to root out a corrupt cop. She also says she left the ATF about a year before Miedzianowski was charged with leading a drug conspiracy. He was labeled the most corrupt cop in the history of Chicago by federal prosecutors and was convicted in 2001.

Risley could be heard on the recorded conversation telling Miedzianowski, "I got the prison tapes." The tapes were recordings of a call between Klipfel and the drug dealer at the center of her allegations, made while the dealer was in prison.

The plaintiffs' lawyers argue the tapes would have corroborated Klipfel's account, but they were missing in the case until just this week.

Risley and Miedzianowski could be heard trading opinions of Klipfel.

"If you scratch the surface on her you realize she's a [expletive] wacko," Risley could be heard saying.

"This lady is maniacal," Miedzianowski said. "She's not stupid by any means."

Risley questioned how Klipfel had come across some of her information used to make the allegations in her suit that Miedzianowski was at the center of a plot to destroy her with the help of friends throughout law enforcement.

Miedzianowski joked about it.

"If you're gonna lie, lie big," Miedzianowski said on the recorded call. "That's what it comes down to."

In his questioning of Risley, the plaintiffs' lawyer, Steven Fine, asked about how the internal investigation had been conducted. Risley testified that the investigation did not include interviews of the officers or Klipfel.

On cross-examination, a lawyer for the city, Sara Ellis, asked Risley to explain some of his decisions. Risley said the result of the probe was that investigators under him were simply unable to determine whether Miedzianowski and other officers were innocent or guilty of the accusations.

He said he did not interview Klipfel because the ATF did not allow it. The investigation showed the officers had a search warrant for a safe-deposit box Miedzianowski had allegedly stolen from and learned that the officers actually had inventoried more cash than the drug dealer had said was being stored there.

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Bill To Eliminate 'gun Show Loophole' Draws Heated Debate (AP)

AP, February 9, 2007

OLYMPIA, Wash. (AP) - Supporters and opponents showed up by the hundreds Thursday to hear testimony on a measure designed to prevent the unregulated sale of handguns at gun shows in Washington.

Backers said the bill would help prevent criminals from getting firearms; those against said it would only put further restrictions on gun ownership.

The crowd filled at least two hearing rooms and formed lines that nearly reached out of the John A. Cherberg Building near the Capitol.

"It's great to see this kind of crowd," said Sen. Rodney Tom D-Medina, the bill's primary sponsor. "I wish we could get this kind of attention at our Education Committee."

The bill has failed in past sessions, and doesn't appear to have much of a shot at passing this year. Leaders in both the House and Senate have said they don't see enough support for it.

But that didn't prevent partisans from turning out en masse. Members of the crowd had buttons identifying themselves as for or against the bill, but other than some heated debate and clapping and jeering during testimony, things stayed civil at the hearing in front of the Senate Labor, Commerce, Research and Development Committee.

Federally licensed firearms dealers - including those who operate at gun shows - must perform background checks on anyone who purchases a firearm and keep records of buyers' names and addresses. For handgun buyers, state law also requires a five-day waiting period.

But people who only make occasional sales at gun shows - such as collectors - aren't considered dealers, and can sell handguns without a background check or waiting period.

The measure would require all dealers at gun shows to be licensed and perform background checks.

Opponents say criminals do not obtain their guns at gun shows and that the bill would further restrict gun ownership rights. Supporters say the exemption is a dangerous opportunity for criminals to evade the background checks.

California and Oregon have passed similar measures.

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Oregon state Sen. Ginny Burdick, D-Portland, who spearheaded the initiative movement to pass the measure in her state, told the hearing that many gun owners came around to supporting the idea once they understood it.

"This is all about crime prevention to me," Burdick said. "It's a no brainer; it's common sense."

Seattle Police Chief Gil Kerlikowske also testified in favor of the bill. He said background checks required by licensed firearms dealers have prevented many criminals from obtaining guns. It's only fair to extend that requirement to unlicensed dealers at gun shows, he said.

"It just makes sense to level the playing field," Kerlikowske said.

Sen. Pam Roach, R-Auburn - who is not a member of the committee but was allowed to ask questions - said the only big gun shows held in the Seattle area are sponsored by the Washington Arms Collectors organization. To buy a gun at one of those shows, she said, you have to undergo a background check.

"There is no problem here," Roach said. "I really object with using words like loophole, because there isn't one."

National Rifle Association lobbyist Brian Judy said he was concerned the bill was just a starting point and soon all private firearms transactions would be regulated.

"The NRA is vehemently opposed to this bill," Judy said.

IMMIGRATION:

Immigration Raid Leaves Texas Town A Skeleton (WP)

By Sylvia Moreno

The Washington Post, February 9, 2007

CACTUS, Tex. -- The streets of this small, isolated city in the Texas Panhandle are virtually empty nowadays, and "For Rent" signs decorate dilapidated trailers and shabby 1940s-era military barracks that just weeks ago were full of tenants.

Sales of tortillas and other staples are down. Money wire transactions to Central America have mostly dried up. The "Guatemalas," as local residents call them, are almost all gone, and so are a significant number of Mexican nationals. An estimated 12 to 18 children are now living with only one parent since the other was arrested in a massive immigration raid at the biggest employer in town.

On Dec. 12, hundreds of Immigration and Customs Enforcement agents clad in riot gear and armed with assault rifles descended on the Swift & Co. meatpacking plant in a coordinated raid of six of the company's facilities nationwide. The operation was the government's largest single work-site enforcement operation ever. The plant in little Cactus -- a town better known in the state of Chihuahua, Mexico, and in the department of QuichÃ©, Guatemala, where workers came from, than in Texas -- was the largest one raided. Almost a quarter of the 1,282 suspected illegal immigrants arrested in the raids were removed from the Cactus plant.

That an obscure town 600 miles north of the border and in the middle of High Plains country once owned by Anglo ranchers and farmers was a haven for illegal Mexican and Central American immigrants was no surprise to anyone here. The draw to Cactus has existed since American Beef Packers opened the meat-processing plant in 1974. Swift's predecessor company bought the plant in 1975, and it became known as Swift & Co.'s Cactus Beef Plant in 2002.

Although opened with local hires, Vietnamese and Laotian refugees became the dominant workforce by the late-1970s. By the mid-'80s the workforce was overwhelmingly Mexican immigrants, and by 2000 the Guatemalans, speaking the Mayan language of QuichÃ©, had started to arrive. Before the Dec. 12 raid, Swift employed 3,050 workers in Cactus at a starting wage of $11.50 an hour to slaughter, process and package several thousand head of cattle daily.

Work inside the plant is hard, dirty, stinky and dangerous, and it is where Cactus's biggest business owner and mayor, Luis Aguilar, and Cactus's largest landlord, Thanh Nguyen, got their starts in the United States. Aguilar, a native of Chihuahua, began working at the plant in 1976 using false identity papers, he admits. In 1986, he was able to legalize his status in the United States, along with 2.7 million illegal workers, under the amnesty program authorized by the federal Immigration Reform and Control Act.

Previously criticized by some local officials who thought he aided and even encouraged illegal immigrants to settle in Cactus, Aguilar took the raids almost personally. He canceled the annual city Christmas party because so many residents, including City Council members, had spouses or other relatives who had been arrested by immigration authorities. Aguilar subsequently lent one of his buildings to be used as a food and used-clothing pantry for residents whose relatives were caught in the raid.

"These are my people," said Aguilar, 50, who today owns the largest house in Cactus, a nearby 575-acre ranch, a laundromat and the town's only full-fledged grocery store. About half of his 26 rental units are empty now.

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Nguyen and his family, part of the mass exodus of "boat people" who left Vietnam after the fall of Saigon, arrived as legal refugees in nearby Dumas, Tex., in 1979 under the sponsorship of a restaurant owner who wanted cheap labor. Within six months, Nguyen and his wife left for the better-paying meatpacking plant in Cactus, said Nguyen's son Phuong, 37, who is also known as Ben.

Except for the Nguyens, Asian immigrants moved out of Cactus, which is now 99.5 percent Hispanic. Some local officials recently said that 75 percent of the city's estimated 5,000 residents before the raid were illegal immigrants. Aguilar disputes that, saying it was only 15 percent.

To Ben Nguyen, that number is not important. His father usually offered a few weeks of free rent to immigrants until they got a job at the meat plant and their first paycheck and provided thrift store mattresses and clothes, if necessary, Nguyen said. Now only eight of his father's 60 rental units are occupied. Some were vacated the day of the raid, but the majority were abandoned within weeks, when frightened immigrants moved away. Since then, vandals have been kicking in the doors of the empty apartments, looking for any items of value that might have been left behind.

"I do believe in punishment for the crime, but this is too much," Ben Nguyen said. "You scare kids; you push people so far away that you destroy the economy of the town. . . . This town is built by immigrants. They were just like me when they come over here. They didn't have anything. They came over here just to work and start their lives."

But authorities charge that these immigrants had false identity documents, enabling them to get driver's licenses and jobs illegally, victimizing U.S. citizens and fueling the fraudulent document industry. Traffic stops or crime reports became confusing events in Cactus in recent years. Immigrants would offer two names, said former Cactus Police Chief Tim Turley. The had "el verdadero," as they called it -- the true name -- and their work name.

Mario Lux, 26, from the town of Canilla in QuichÃ©, said the piece of paper that gave him his work name cost him $1,400 and was obtained for him by a friend in Cactus. With that document, Lux said he got an identification card in nearby New Mexico and then a job at the Swift plant in March 2006, cutting fat and gristle off meat for $11.90 an hour. He was not working the day of the raid but now will not return for fear of being discovered and arrested. He says that he still owes $3,200 to the smuggling network that got him to Cactus and that he has been unable to send money to his wife and three children back home. He is also three weeks behind in his rent. He and his three roommates pay $120 a week for their small apartment.

"I have no idea how I will pay that now," Lux said as he stood in the food and clothes pantry established in the Cactus town center.

Illegal Immigrants Slain In An Attack In Arizona (NYT)

By Randal C. Archibold

The New York Times, February 9, 2007

LOS ANGELES, Feb. 8 — Three illegal immigrants were shot to death, three were wounded and others were missing Thursday near Tucson after gunmen accosted them as they traveled north from the Mexican border, the authorities said.

The shootings came a day after gunmen in ski masks and carrying assault-style rifles robbed 18 people who had illegally crossed the border 70 miles to the south, near Sasabe. On Jan. 28 a man driving illegal immigrants from the border several miles from the scene of Thursday's killings was ambushed and shot to death as the immigrants fled.

The federal and local authorities were investigating whether the spate of shootings was related.

Illegal immigrants crossing the Mexican border often encounter bandits, armed civilian patrols and rival smugglers bent on robbing or stopping them.

The violence has been particularly acute in Arizona, which in recent years has become the busiest crossing area for illegal immigrants.

The latest shooting appeared to be the work of bandits, law enforcement officials said, though they said they had not ruled anything out.

Investigators were still piecing together what had happened, but they said they believed that the gunmen had opened fire on the travelers, apparently all from Guatemala, about 7 a.m. along a known smuggling route in a remote area near a mine 20 miles northwest of Tucson.

Their pickup truck crashed, and two of the immigrants, a young man and a teen-age girl, were found inside, dead from gunshot wounds, said Alonzo Peña, the agent in charge of Immigration and Customs Enforcement in Arizona.

The gunmen forced the other immigrants into another vehicle and left, dropping off the wounded, including one person found dead later, along their way, Mr. Peña said. The others who were left were a woman with a gunshot wound in the neck, a 15-year-old girl and a man shot in the fingers.

The man with the hand wound hiked to a nearby mine, and workers there helped him call the police.

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Mr. Peña said the authorities were trying to determine how many had been in the group of immigrants and how many were still missing. He said it appeared the smuggler driving the illegal immigrants and a guide had either escaped or were among the group taken captive.

The Associated Press, quoting officials of the Pima County Sheriff's Department, said six or seven immigrants had left with the gunmen.

"There have been similar cases where undocumented migrants have been taken to a location and relatives in Mexico contacted and extortion took place," Rick Kastigar, the criminal investigations chief for the sheriff's department, told The A.P.

Mr. Peña said the increase in border security in the past year, including scores of additional Border Patrol agents assisted by National Guard troops, had prompted more immigrants to employ smugglers commanding ever higher prices.

The going rate is about $3,000, or higher for trips from Central America, for a guide to lead immigrants by foot across the Mexican border or in a vehicle, usually through treacherous terrain.

Some smuggling rings, rather than risk capture at the border, have chosen to rob rivals, leading to violence.

"Smugglers look at them as a commodity, a product, and in some cases they would rather rip off a load and try to extort money instead of taking the risk to smuggle," Mr. Peña said.

The Border Patrol's Tucson sector has reported that arrests of illegal aliens dropped 11 percent last year and is down 9 percent since October compared with the previous year. Officials at the agency have attributed the decline to additional manpower and newly installed fencing, cameras and sensors deterring crossers, though advocates for immigrants suggest that traffic may have shifted elsewhere.

3 Illegal Immigrants Killed By Gunmen In Southern Arizona, Follows Similar Attack (USAT/AP)

USA Today, February 9, 2007

TUCSON (AP) — Gunmen stopped a pickup full of illegal immigrants, shot some and took the rest captive Thursday in an attack that left at least three people dead and two wounded, authorities said.

Officials have not determined who the gunmen were but believe at least two of the immigrants were Guatemalan. They believe that the driver, who was probably a smuggler, escaped along with a guide.

The men are believed to have shot five people, three fatally, along a known smuggling corridor near Tucson, and forced several others in the group of nine or 10 immigrants to leave with them, Pima County sheriff's officials said. The victims are believed to be two men and a 15-year-old girl.

The bodies of one man and the teenager were found in the rear seat of the pickup that had been carrying the group.

Another 15-year-old girl was later found with slight injuries, and another apparently uninjured person was found in the afternoon, officials said.

Two men who were not injured were in custody and telling authorities what happened. It was not clear whether anyone remained missing.

Investigators did not immediately know a motive for Thursday's attack, but gangs of bandits are known to roam border areas preying on illegal immigrants as they cross into the country. Feuding among smuggling organizations also is not uncommon, sometimes involving demands for ransoms from the immigrants relatives to gain their freedom.

The attack occurred on a dirt road near the Silverbell Mine, about 20 miles northwest of Tucson, said Rick Kastigar, the Pima County sheriff's criminal investigations chief.

The immigrants were heading north when four men armed with assault rifles in another vehicle forced the truck to stop, Kastigar said. During the confrontation, one man suffered a fatal wound, another was shot in the hand — losing several fingers — and a woman was shot in the chest and suffered a neck injury.

The two wounded immigrants were taken to a hospital with "very, very serious injuries," said sheriff's Sgt. James Ogden.

Authorities were trying to determine any link to a Jan. 27 confrontation about 40 miles to the north, possibly between human smugglers, that left one man dead and another wounded. In that incident, four men wearing camouflage uniforms and berets stopped a vehicle carrying illegal immigrants.

Three Illegal Immigrants Shot Dead Crossing US Border: Police (AFP)

AFP, February 9, 2007

Three illegal immigrants were shot dead and two more were wounded after falling prey to suspected bandits as they crossed into the United States from Mexico, police said.

Sergeant James Ogden of Pima County Sheriff's Department said the bodies of three men were discovered early Thursday after ranchers found a group of immigrants stumbling through the desert in southwest Arizona.

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One body was found by a roadside and two more bodies were found in a pick-up truck after police conducted aerial searches of the area outside Tucson, around 60 miles north of the border with Mexico.

Two of the immigrants were taken to hospital for treatment to injuries while two more were being questioned by police trying to piece together events leading to the killings.

Ogden told AFP police were working on the theory that the group had been ambushed by bandits lying in wait for them as they crossed the border.

"We're looking at the possibility of bandits," Ogden said. "They are normally armed, and stop vehicles that are being used for human trafficking. "Sometimes they take the vehicle -- and a lot times immigrants can be taken to another area and (bandits) will call family members in Mexico, and hold them for ransom."

Ogden said it was not known if there were other immigrants travelling in the group who had yet to be accounted for. "We just don't know that yet. We're trying to piece together the puzzle," he said.

The southern US-Mexico border is often used by people-smugglers and drug traffickers seeking to slip into the country unseen across stretches of isolated desert.

Latinos Lob A Few Words At Governor (LAT)

By Anna Gorman

The Los Angeles Times, February 9, 2007

Gov. Arnold Schwarzenegger's off-the-cuff comments in recently released audio recordings about illegal immigration and the unwillingness of Mexicans to assimilate into American society have drawn angry responses this week from Latino community and political leaders.

"I made an effort," the Austrian-born Schwarzenegger told aides last April in conversations that touched on assimilation. "But the Mexicans don't make that effort."

The governor also used an expletive to disparage the 1986 federal law that granted asylum to more than 2 million illegal immigrants.

"His comments were highly offensive and outrageous," said Assembly Assistant Majority Leader Kevin de Leon (D-Los Angeles). "It's just mind-blowing that he continues to put his foot in his mouth."

If Spanish-language newspapers and radio are any guide, others were angered as well. The headline on one La Opinion piece this week: "Governor attacks Mexicans."

Even a former campaign aide weighed in. "Those comments are disturbing to many of us," said Arnoldo Torres, who worked for the governor during last year's reelection campaign and is a former political advisor to the League of United Latin American Citizens.

The controversy is the latest flap for the governor involving casual conversations that were not intended to become public.

The recordings were made by a speechwriter and temporarily stored on the governor's website.

A six-minute excerpt was first made public by The Times in September. The remaining 3 1/2 hours of recordings were recently obtained by The Times.

In the recordings released last fall, Schwarzenegger referred to a Latina lawmaker as "hot," casually saying that her fiery personality was the result of mixing "black blood" with "Latino blood."

The more recently released recordings provide the governor's most candid statements yet on illegal immigration.

The conversations were brainstorming sessions designed to help the governor talk out ideas, his communications director, Adam Mendelsohn, said Thursday.

"I think everyone in this state struggles with how to manage an issue as large as the immigration issue," Mendelsohn said. "The governor is working through that issue as anyone else, and he is trying to come up with a responsible position."

Mendelsohn said the recordings, however, fail "to reflect his deep respect for the Mexican culture…. He has a strong belief and understanding of what immigrants have contributed to this state in terms of economic growth."

Some immigration control advocates were pleased by his more hard-line positions.

Ira Mehlman, spokesman for the Federation for American Immigration Reform, said the governor "hit the truth" in his comments about the 1986 amnesty and the government's failure to enforce the law against employers who hired illegal immigrants.

"He was absolutely right," Mehlman said. "People who broke the law got rewarded, and the American people got a bunch of broken promises."

But the discussions suggest that the governor's views on immigration are mixed and sometimes difficult to categorize.

He denigrated, for instance, the idea of sending hundreds of thousands of immigrant workers back to Mexico and called the 700-mile border fence recently approved by Congress "ridiculous."

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"We all know a 12-foot fence has never stopped anybody, because you can build tunnels," he said.

He compared the fence with the Berlin Wall, saying that the United States should not be looking at Mexico as an enemy.

"These are our trading partners," he said. "All of a sudden you're building a wall for a specific group of people, which are the people that are wanting to come over here. Are those necessarily criminals? No."

Schwarzenegger also critiqued guest-worker proposals and said he supported a path to earned legalization for undocumented immigrants.

"The governor seemed to be trying to work out a position for himself" in his taped conversation, said Harry Pachon, president of USC's Tomas Rivera Policy Institute.

Pachon said the governor's opinions are shared by many Californians.

"He reflects a segment of the California electorate that is really frustrated and puzzled with the immigration issue," Pachon said. "The answers aren't easy."

The governor's frankness is what worries immigrant rights groups, which say they now have a much clearer view of his true beliefs.

At one point, to illustrate immigrants' lack of assimilation, he described a shopping mall in Lynwood called Plaza Mexico.

"Literally I felt I was in Mexico City," he said. "Everyone only spoke Spanish, every shop was in Spanish, every sign was in Spanish. They create a Mexico within California."

And he compared the United States with a home where some guests help out and others don't.

"Look, you want to come in here as a guest … then behave as if you are a guest," he said. "But what do we see in return? We see protesters carrying the Mexican flag…. And stepping on the American flag and speaking in Spanish and talking about, 'We are here, and we're going to stay.' "

Immigrant rights groups said the governor was simply wrong about the lack of integration.

"Integration is in the eye of the beholder," said Angelica Salas, executive director of the Coalition for Humane Immigrant Rights of Los Angeles. "Somebody might say that because of his accent, the governor hasn't integrated fully."

Salas added that the governor should be "more careful about what he says about the very people who are sustaining the economy."

"He needs to be much more appreciative of all the opportunities he himself has had as an immigrant," Salas said, adding that not everyone becomes a movie star or marries a Kennedy.

Eddie "El Piolin" Sotelo, a popular Spanish-language radio personality, said the governor's remarks made him want to work harder to prove that immigrants play a key role in U.S. society.

"We love this country, and we want to be a part of it," said Sotelo, who helped mobilize immigrants to march for their rights last year. "We are working every day to integrate."

State Sen. Gloria Romero (D-Los Angeles) called Schwarzenegger's remarks "abhorrent" and said he should visit her district in East Los Angeles.

"He would find Mexican Americans proud of their Mexican roots, but who call themselves American, speak English and aspire to the American dream, just like him and his family," she said.

Romero, however, praised Schwarzenegger for having compassion for undocumented immigrants with U.S.-born children. The governor said in the conversations that it would be "almost impossible" to send millions of illegal immigrants back home.

"Some have families," he said. "The children that were born here are American citizens. So how do you split that family up? So it doesn't make sense."

Torres, the former advisor, said the governor needed to learn more about the Latino community.

"We take solace in this one thing — that those comments were made in April and that they will not be made again, in public or in private," he said.

Immigration Becomes KKK Rallying Point (USAT)

By Theodore Kim And Emily Bazar

USA Today, February 9, 2007

The Ku Klux Klan is stepping up its activities in some parts of the country, a trend that its leaders and opponents tie to anti-immigrant sentiment.

In the past year, the Klan has rallied or distributed fliers in Bloomington, Ind.; Amarillo, Texas; Denison, Iowa; and elsewhere. In each case, the white-supremacist group denounced illegal immigration or targeted communities with growing immigrant populations.

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"It surprised me they came," says police Sgt. Randy TenBrink in Amarillo, site of a rally in August by the Texas chapter of the Empire Knights of the KKK. It is the only local KKK rally he knows of in 30 years. "The content of their message surprised me. It was so disjointed."

The Anti-Defamation League, a group that fights anti-Semitism and racism, released a report this week citing "a surprising and troubling resurgence" of KKK activity by long-standing and new groups. "They use this immigration issue to bring in others who feel like America is under siege," says Deborah Lauter, the ADL's national civil rights director. "It's easy for hate to spread."

The Southern Poverty Law Center, which tracks hate groups, also has charted an overall increase in KKK activity and says anti-immigrant sentiment is a primary driver, says Mark Potok, director of the center's tracking operation. The number of KKK groups rose from 110 in 2000 to 179 in 2005 but fell to about 150 last year, Potok says.

The behavior parallels the periods after Sept. 11, 2001, and the launch of the Iraq war in 2003. Extremist groups recruited new members by targeting Muslims, says William Aponte, the FBI's supervisory special agent for civil rights.

Phil Lawson, who says his title is "imperial wizard" of the United Northern and Southern Knights of the KKK, would not give membership numbers but says his group is growing.

He says last year it distributed 6,000 anti-immigrant newsletters in Bloomington and other Indiana communities calling for a rally and blaming illegal workers for taking jobs.

"Everyday that our government allows this Illegal Mexican Invasion to continue, our membership numbers continue to grow in the KKK," he says in an e-mail responding to questions.

In Denison, KKK members put recruitment fliers on parked cars in August, Police Chief Rod Bradley says. Storm Lake, Iowa, also was targeted.

Bradley says, "The two communities they targeted in western Iowa are both communities that have seen an influx of immigrants in the last 10 years."

Anti-immigrant Sentiments Fuel Ku Klux Klan Resurgence (CSM)

By Brad Knickerbocker

The Christian Science Monitor, February 9, 2007

The Ku Klux Klan appears to be on the rise again after years of irrelevance and splintered obscurity.

"Due to the successful exploitation of hot-button issues," the Klan has seen "a surprising and troubling resurgence," states a new report by the Anti-Defamation League (ADL).

Gay marriage and urban crime are part of the picture. But, in particular, it is the debate over what to do about the nation's nearly 35 million immigrants, of whom about 11 million are in the US illegally, that has become the Klan's main recruiting tool.

"If any one single issue or trend can be credited with reenergizing the Klan, it is the debate over immigration in America," says Deborah Lauter, the ADL's civil rights director. "New groups [are] sprouting in parts of the country that have not seen much activity."

In addition to the South, where the Ku Klux Klan was founded by Confederate Civil War veterans in 1866, this now includes active or growing Klan chapters in Indiana, Michigan, Ohio, Iowa, Nebraska, Maryland, New Jersey, and Pennsylvania.

There is no centralized organization, and membership numbers are estimates at best – 5,000 to 8,000 in as many as 179 Klan groups, according to the ADL, a group that fights bigotry, especially anti-Semitism, and the Southern Poverty Law Center, a civil rights law firm and education center.

But it is the increase in activity, including rallies, recruitment drives, and distribution of racist literature, and the partnering with skinheads, neo-Nazis, and other kinds of hate groups, that civil rights groups find troubling.

As it did from its founding, the KKK views itself has having a religious dimension. Members see "lighting" a cross as a symbol of faith. Today, Christian Evangelicals are much more likely than mainstream Protestants or Roman Catholics to believe that "newcomers threaten traditional American customs and values," according to the Pew Research Center.

It is this trend in attitudes that the Klan hopes to use in recruiting new supporters among those opposed to US immigration policies and practices, according to Klan leaders and expert observers.

In a way, it's a reversion to the Klan's nativist origins.

"While we generally think of it as a white supremacist organization, the Klan at its peak was virulently anti-immigrant, particularly with regard to Catholic immigrants, Irish, and southern European," says Brian Levin, director of the Center for the Study of Hate and Extremism at California State University, San Bernardino.

That was in the 1920s, when the Klan numbered about 4.5 million. The KKK had dropped to an estimated 60,000 members during the civil rights era (1954-65) and had bottomed out at fewer than 2,000 members by the mid-1970s, says Mr. Levin, a civil rights attorney who teaches criminal justice.

Levin notes that any rise in KKK activity and membership today comes off a near-historic low, and "some of the chapters are rather slim pickings."

"I'm more worried about the exploitation of the immigration issue generally than I am about the Klan exploiting it," says Levin. "I think the Klan is going to hit a ceiling because of the negative symbolism, the negative baggage."

But, he adds, "The whole nature of hate group membership has changed with the advent of the Internet. You can take bits and pieces from whatever group you like without necessarily becoming a card- carrying member."

Although some KKK adherents still don robes and pointed hoods to hold rallies and burn crosses, younger followers are more likely to look like skinheads or neo-Nazis, decorated with racist tattoos and listening to white power rock bands such as Skrewdriver and Brutal Attack.

During the first half of this decade the number of hate groups in the US increased 33 percent to 803, according to the Southern Poverty Law Center. The Ku Klux Klan was an important part of that increase.

CONGRESS-ADMINISTRATION:

Pelosi Defends Request For Jet (WT)

By Rowan Scarborough, Charles Hurt

The Washington Times, February 9, 2007

House Speaker Nancy Pelosi yesterday defended her bid for a large U.S. Air Force jet to take her home and back to Washington nonstop -- and the White House backed her up.

Mrs. Pelosi suggested that former Defense Secretary Donald H. Rumsfeld may be involved in leaking information about her request.

"It still raises the question, why would the Department of Defense not be denying this information that has been conveyed?" the California Democrat told reporters. "Why are they feeding the flames? Of course I have been a constant critic -- for nearly three years, I've called for the resignation of Donald Rumsfeld, who still has a desk at the Department of Defense, and I guess any chance they have ..."

Larry Di Rita, Mr. Rumsfeld's spokesman while defense secretary, responded, "Secretary Rumsfeld's priorities while in office did not allow for time to get too involved in member travel issues, and I doubt that has changed since he left."

The Washington Times first reported last week on Mrs. Pelosi's request, saying she wanted a larger plane and more passengers than afforded her predecessor, Rep. J. Dennis Hastert, Illinois Republican. The Air Force allotted Mr. Hastert a small, 12-seat commuter jet to ferry him to his Illinois district.

As her office pressed the Pentagon for a large plane, and a staunch ally, Rep. John P. Murtha, Pennsylvania Democrat, called defense officials on her behalf, Mrs. Pelosi said she does not particularly want a military jet and would be happy to fly commercially.

"I don't even like having the security," Mrs. Pelosi said. "I would rather travel on the plane with my friends to get some work done. I like my freedom, but there are certain sacrifices you have to make when you are speaker of the House."

The Pentagon told Mrs. Pelosi in a letter on Wednesday that it cannot guarantee her a plane capable of flying to California nonstop -- as she requested.

White House press secretary Tony Snow defended Mrs. Pelosi against Republican criticism and labeled as "silly" press coverage of her request for a plane and the flexibility of transporting aides, lawmakers and family members. President Bush has reached out to Mrs. Pelosi in a bid to reach agreement on major legislation, such as immigration reform.

"This is a silly story, and I think it's been unfair to the speaker," Mr. Snow said.

Mr. Snow's defense put him at odds with the Republican Party, and also Republicans on Capitol Hill who have blasted Mrs. Pelosi for demanding a perk reserved for the president and vice president and a few Cabinet members.

Mrs. Pelosi also asked the Air Force to fly her and her colleagues to a Democratic Party retreat in Williamsburg, where Mr. Bush appeared. The Air Force declined the request, saying it was not allowed under Defense Department directives.

Mrs. Pelosi said, "I'm not saying that I am being discriminated against because I am a woman, I'm just saying as the first woman speaker, I have no intention of having less respect for the office I hold than all of the other speakers that have come before me."

Mrs. Pelosi stayed quiet after The Times first reported the story. But as criticism grew and the story was picked up by media outlets such as Fox News and CNN, she began making TV appearances to defend her request.

Asked later in the day if the White House differed with its own party, Mr. Snow said:

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"And I'll just repeat our position, which is as speaker of the House, she is entitled to military transport and that the ... the proper arrangements are being made between the sergeant of arms office in the House of Representatives and the U.S. Department of Defense. We think it's appropriate, and so I -- again, I think this is much ado about not a whole lot. It is important for the speaker to have this kind of protection and travel. It was certainly appropriate for Speaker Hastert. And so we trust that all sides will get this worked out."

Republicans did not see it that way.

Members quickly drafted an amendment to an environmental bill on the House floor, forcing Democrats to debate Mrs. Pelosi and military planes for two hours.

"The Congress also finds that in order to lessen United States dependence on foreign sources of petroleum, and decrease demand for petroleum in aircraft, such as passenger planes with 42 business-class seats capable of transcontinental flights, the nation must diversify its fuel supply for aircraft to include domestically produced alternative fuels," says the amendment, a clear reference to the large jet requested by Mrs. Pelosi's office.

The Washington Times reported yesterday that the Defense Department sent a letter to Mrs. Pelosi that limits her choice of aircraft to commuter-sized planes that would have to be refueled. The letter said the Pentagon could not guarantee access to larger jets, and it stated rules for carrying family members and lawmakers.

The 89th Airlift Wing at Andrews Air Force base operates three jets that can make the nonstop flight year-round: the C-32 (Boeing 757); a C-40 (Boeing 737) and the C-20, a Gulfstream jet.

Mr. Murtha is playing hardball.

"I don't need to pressure them," he told reporters, when asked about his calls to the Pentagon. "I just tell them what they need to do."

Mr. Murtha warned the Pentagon against leaking information that makes Mrs. Pelosi look bad.

"They're making a mistake when they leak it because she decides on allocations for them," he said, referring to the Pentagon budget.

Rep. Tom Cole, Oklahoma Republican and chairman of the National Republican Congressional Committee, responded:

"It is irresponsible and reckless for Congressman Murtha to use funding needed for the protection of our country and for our men and women in uniform as leverage in order for Nancy Pelosi to travel from coast to coast like a movie star. We are a country at war, and I think it is time for the Democrat majority to get their priorities straight."

In a statement yesterday, House Sergeant at Arms Wilson Livingood assumed responsibility for the decision to request a larger plane for Mrs. Pelosi.

"The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security reasons, unless such an aircraft is unavailable," he said. "Such an aircraft will ensure communications capabilities and also enhance security."

He also said he regrets "that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

Speaker's Plane Becomes A Point Of Criticism (NYT)

By Carl Hulse

The New York Times, February 9, 2007

WASHINGTON, Feb. 8 — It is quite a way from Washington to San Francisco, but evidently nothing like the distance separating House Democrats and Republicans when it comes to the air travel arrangements of Speaker Nancy Pelosi.

Republicans, accusing Ms. Pelosi of putting on royal airs, on Thursday stepped up their campaign to portray her as a luxury-loving San Franciscan because her cross-country travel could require a larger military jet than the one used since the Sept. 11, 2001, attacks to ferry Speaker J. Dennis Hastert home to Illinois.

Ms. Pelosi and fellow Democrats said that House security officials insisted that she travel in a government plane and that if she had her way she would fly on commercial craft. They suggested that Republicans were hypocritical, scheming sexists trying to deny the speaker the same protection afforded her male predecessor.

The House debate poked fun at the speaker's love of chocolate, lamented the torment of missed connections and middle seats and speculated about whether Senator John McCain of Arizona or Senator Barack Obama of Illinois would draw bigger crowds in an airport than Ms. Pelosi.

The White House weighed in, as well. "This is a silly story," its spokesman, Tony Snow, said.

Mr. Snow said that the Republican criticism was unfair and that the Bush administration essentially sided with Ms. Pelosi.

The attention to the dispute illustrates that politicians are acutely aware that a jet-setting image can be dangerous, particularly given the travails of modern travel for average Americans.

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President Bill Clinton spent a long time living down the tale of his haircut on Air Force One as flights were delayed at Los Angeles International Airport, even though there is dispute over whether other planes were affected.

The image of Newt Gingrich complaining about his forced rear-exit departure from Air Force One earned him a reputation as a petulant pol. And John H. Sununu, a former White House chief of staff, was ridiculed for using government jets to visit the dentist and the ski slopes.

When Republicans learned that Ms. Pelosi was trying to upgrade at taxpayer expense, they caricatured her as an imperial speaker even though no one uttered a peep about Mr. Hastert's reliance on military jets. Cornered by reporters on Thursday, Ms. Pelosi suggested that what she called a misinformation effort emanated from the Pentagon.

"Look, when I became speaker, the sergeant at arms said the speaker has transportation because of security," said Ms. Pelosi. "As a woman speaker of the House, I don't want any less opportunity than male speakers have had."

In a statement released on Thursday, the House sergeant-at-arms, Wilson Livingood, said he had been behind the call for the long-distance airplane. "The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security reasons," Mr. Livingood said, adding he regretted that the security concerns had become a political issue.

In a letter from the Pentagon that she received on Wednesday, Ms. Pelosi was assured that she would receive courtesy military shuttle service between Washington and San Francisco but that it might not always be nonstop. The letter said that she could not be given a plane to take her to political events and that family members would have to make some reimbursement.

House Republicans lined up on the floor to attack Ms. Pelosi and submitted a pointed amendment to a renewable energy bill that said the nation should decrease demand for jet fuel for aircraft "such as passenger planes with 42 business class seats capable of transcontinental fights."

Republicans said one plane that might be available for the speaker had a game room, stateroom, entertainment center and bedroom and seated 42 to 50 people.

"I hardly think these amenities help with security, and I personally would describe them as inappropriate and unnecessary extravagances," said Representative Eric Cantor of Virginia, chief deputy Republican whip and sponsor of the amendment.

Some Republicans were put off by the flight fight. "This is a bunch of baloney," said Representative Ray LaHood, Republican of Illinois, who said he had flown on Mr. Hastert's military plane.

"Next week," Representative Jeff Flake, Republican of Arizona, said, "we are going to steal their mascot and short-sheet their beds."

White House Defends Pelosi's Access To Air Force Transport Plane (USAT/AP)

USA Today, February 9, 2007

WASHINGTON (AP) — Democrat Nancy Pelosi received some rare help Thursday from the White House against a barrage of Republican criticism over how the new House speaker intends to get back home.

For security reasons, Pelosi is entitled to fly to her San Francisco district on military planes.

The House sergeant-at-arms, who helps oversee security for the House, suggested that flying non-stop would be the safest way home for Pelosi, next after the vice president in the line of presidential succession.

Republicans, led by aggressive junior lawmakers, seized on the most extreme possibility: Pelosi's flying on the military equivalent of a Boeing 757 with the latest in travel comforts.

Too expensive, some critics said. Too polluting, others said. Too much ado about nothing, the White House weighed in.

"I have never asked for any larger plane," Pelosi said. "I have said that I am happy to ride commercial if the plane they have doesn't go coast to coast."

To presidential spokesman Tony Snow, "This is a silly story and I think it's been unfair to the speaker."

During debate on a bill that encouraged research on advanced fuels, Republicans proposed an amendment urging planes diversify their fuel load to include "domestically produced alternative fuels."

The amendment singled out "passenger planes with 42 business class seats capable of transcontinental flights" — exactly the specifications of an Air Force C-32 jet.

"The jet that Pelosi has produces 10,000 pounds of carbon dioxide an hour, far more than the previous speaker used," said Rep. Patrick McHenry, R-N.C. Pelosi's predecessor was Rep. Dennis Hastert, R-Ill.

Flying in a large Air Force plane, Rep. Mark Kirk, R-Ill., said, "appears to remove any spending controls from our operations and dramatically increases our impact on the environment especially climate change."

Snow, too, came under criticism.

"He does not have a duty, as I do, to come to this floor and to discuss the consequences for our taxpayers," said Rep. John Shadegg, R-Ariz.

After the attacks of Sept. 11, 2001, the Bush administration agreed to provide Hastert with a military plane for added security during trips back home. Hastert flew in a commuter-sized Air Force jet.

House Sergeant-at-Arms Bill Livingood said in a statement he recommended the Pentagon continue the practice, begun with Hastert, of flying the speaker back home.

"The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making non-stop flights for security purposes, unless such an aircraft is unavailable," he said.

The Pentagon this week told Pelosi's staff she would be provided with a plane but the size would be based on availability and non-stop service could not be guaranteed.

The Defense Department's guidelines say Pelosi could be accompanied by family members, provided they pay the government coach fare. The plane could not be used for travel to political events. Members of Congress could join her if the House ethics committee clears the travel.

Pelosi speculated that Pentagon officials were distorting the story as retribution for her stance against the war and former Defense Secretary Donald Rumsfeld.

"Why would the Department of Defense be not denying this information that has been conveyed?" she asked. "Why are they feeding the flames?"

Snow called Pelosi's office to make sure she knew the White House supported her use of a military plane.

He also distanced the White House from the GOP's take on the matter. The Republican National Committee said Pelosi was on a "power trip." Snow, asked whether the RNC is free to go after Pelosi on its own, said, "Well, apparently they did this time."

Sensenbrenner Stuns Pelosi, White House Defends Her (HILL)

By Jonathan E. Kaplan

The Hill, February 9, 2007

A new split has emerged between House Republicans and President Bush in dealing with House Speaker Nancy Pelosi (D-Calif.): House GOPers have chosen to keep her close; Bush has chosen to keep her closer.

Pelosi experienced the effect of the new strategy yesterday when Rep. James Sensenbrenner Jr. (R-Wis.) stunned her by using a procedural tactic to force her to answer questions from members of the Science Committee and White House spokesman Tony Snow defended her right to travel nonstop across the country aboard a military jet.

After Pelosi finished making an opening statement on global warming before the Science panel, Sensenbrenner employed House Rule XI, which allows lawmakers to question witnesses for five minutes.

The move flustered Science Committee Chairman Bart Gordon (D-Tenn.) and committee aides. Gordon asked for unanimous consent to waive the rules, but Sensenbrenner did not agree.

It is rare that the House Speaker, who does not vote on or sponsor legislation, would testify before a committee; it is rarer still that lawmakers would force one of their own to submit to questioning. Lawmakers testify in committees all the time, but their colleagues routinely dispense with all but the friendliest questions.

Pelosi delivered an opening statement at a hearing where scientists from the Intergovernmental Panel on Climate Change (IPCC) testified about a report issued last week that said humans “very likely” have caused global warming.

“It’s tough being in the minority, but the American people are looking for cooperation on this very serious issue and the Speaker showed today she’s willing to talk about the issue with anyone anywhere,” said a spokesman for Pelosi.

Sensenbrenner responded in a statement to Pelosi’s allegation that “for 12 years, the [GOP] leadership stifled all discussion and debate of global warming. The long rejection of reality is over, to the relief of members on both sides of the aisle.”

Sensenbrenner, chairman of the Science Committee from 1997 to 2001, said he held hearings on global warming. He then asked Pelosi to explain the economic impact of policies that would slow global warming.

“He’s a rules kind of guy and he felt he had a right to question her,” said Sensenbrenner’s spokesman, Raj Bharwani. Whether Sensenbrenner’s plan was premeditated or extemporaneous is unclear. Sensenbrenner rarely talks to reporters without an appointment.

Rep. Todd Akin (R-Mo.) asked Pelosi whether her views on the use of nuclear energy had changed since she arrived in Congress 20 years ago. Pelosi said she believed that all options to reduce global warming should be open for discussion.

Gordon then jumped in and asked Pelosi to talk about the proposed global-warming select committee.

“The hearing may have gotten off to a rocky start, but it ended up being one of Congress’s most productive hearings on climate change to date,” Gordon said.

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Rep. Jerry Costello (D-Ill.) rescued Pelosi from further questioning. He noted that most lawmakers are extended the courtesy of not being subjected to questions and suggested that, in the interest of time and busy schedules, the panel should move forward.

Rep. Dana Rohrabacher (R-Calif.) agreed and the questioning ceased.

It was an inauspicious start to a day when Sensenbrenner's younger GOP colleagues subjected Pelosi to withering criticism over whether she should be allowed to use a military jet to fly to and from her San Francisco congressional district and Washington, D.C.

On the House floor, Republicans sought to attach an amendment to legislation promoting alternative-fuels research — the first debate under an open rule in three years — barring Pelosi from using the plane.

But their move backfired when White House spokesman Tony Snow defended the Speaker.

"I think this is much ado about not a whole lot. It is important for the speaker to have this kind of protection and travel," he told reporters yesterday. "It was certainly appropriate for Speaker Hastert. And so we trust that all sides will get this worked out."

Rep. John Murtha (D-Pa.), a Pelosi ally, said, "It's a silly issue. These guys [Republicans] tend to forget they lost."

After the Sept. 11, 2001 terrorist attacks, Rep. Dennis Hastert (R-Ill.), who was then the Speaker, began using a 12-seat Air Force jet to fly between D.C. and his district, close to Chicago.

The House sergeant at arms defended Pelosi, stating that it is his responsibility to ensure members' safety and that he made the recommendation to use military aircraft with the ability to travel cross-country nonstop.

"The Speaker requires additional precautions due to her responsibilities as the leader of the House and her Constitutional position as second in the line of succession to the presidency," he said in a statement. "I regret that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

Pelosi Strikes Back At Plane Critics (RC)

By Rachel Van Dongen

Roll Call, February 9, 2007

Speaker Nancy Pelosi (D-Calif.) struck back at her Republican foes who continued to blast her Thursday on the use of military transport to travel regularly back to her California district.

Pelosi released a rare statement from House Sergeant-at-Arms Bill Livingood on Thursday afternoon in which he took responsibility for requesting an aircraft that would enable the Speaker to fly coast-to-coast without stopping and expressed "regret" that the issue was being used for political purposes.

"In a post-9/11 threat environment, it is reasonable and prudent to provide military aircraft to the Speaker for official travel between Washington and her district," Livingood said. "The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security purposes, unless such an aircraft is unavailable."

"I made the recommendation to use military aircraft based upon the need to provide necessary levels of security for ranking national leaders, such as the Speaker," Livingood added. "I regret that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

At the same time, Appropriations subcommittee on Defense Chairman John Murtha (D-Pa.), who lobbied the Pentagon for a larger plane, announced that he planned to hold hearings on the use of military aircraft for executive branch and Congressional travel over the past two fiscal years. Murtha predicted that despite the flap, Pelosi would end up with a plane capable of making the coast-to-coast trip.

"I would predict she would" get a larger plane, he said Thursday. "I'm seldom wrong on these kinds of things."

Meanwhile, Republicans continued to have a political field day with the Speaker's travel arrangements, expounding on the issue for much of Thursday afternoon on the House floor. In a direct jab at Pelosi, an amendment authored by House Chief Deputy Minority Whip Eric Cantor (R-Va.) passed overwhelmingly, 385-23. The amendment called on the nation to "diversify its fuel supply" for passenger planes, especially those with "42 business class seats capable of transcontinental flights."

Pelosi spokesman Drew Hammill called the move a "ridiculous distraction from the real issues."

"It just shows just how desperate and devoid of ideas the minority party has become," he said.

After remaining relatively mum on the burgeoning public relations disaster, Pelosi addressed the issue publicly on Thursday. The new Speaker told reporters that she would be "happy" to fly commercially, but that the Sergeant-at-Arms had requested that she not do so for security reasons.

"I have never asked for any larger plane. I have said that I am happy to ride commercial if the plane they have doesn't go coast-to-coast," Pelosi said. "This is a myth that [the Republicans] are talking about on the floor. They have nothing to say to the American people about the war, the economy, global warming and the rest. So they have this game they're playing."

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But Pelosi questioned the motives behind the “misinformation” flowing from the Pentagon on the issue, while pointedly noting that President Bush was “insistent” that she be provided a certain level of security.

And White House spokesman Tony Snow bolstered that view Thursday, saying of the plane controversy, “This is a silly story and I think it’s been unfair to the Speaker.”

Unnamed administration sources and Congressional Republicans have pounced on the issue of how Pelosi will travel between Washington, D.C., and her home district. They say the new Speaker has demanded a luxury aircraft used only by the vice president and first lady, top Cabinet officials and generals. But Pelosi insists she has not requested a specific plane, but has been told by the Sergeant-at-Arms and Air Force that it would be safer and more efficient for her to travel nonstop to California from Washington.

After the Sept. 11, 2001, terrorist attacks, the policy was changed so that then-Speaker Dennis Hastert (R-Ill.) would be granted military transport to his Illinois district for official business.

While Republicans claim Pelosi is asking for more than what Hastert was given, the problem actually lies in aircraft availability. The fleet used is from the 89th Airlift Wing located at Andrews Air Force Base and includes the small, Lear-type jet used by Hastert to fly to Illinois, as well as two Gulfstream jets, a C-20 and C-37, which could potentially make it nonstop to California under the right weather and weight conditions.

But if the weather does not cooperate, the only other options may be larger, more deluxe planes typically used by top government officials. For example, the 89th Airlift Wing contains a C-32A, the military equivalent of a Boeing 757 that often flies the vice president as “Air Force Two.” That plane seats 45 and has 16 crew members. The Wing also counts in its fleet a C-40B, a refurbished Boeing 737 that can hold up to 32 passengers and 10 crew. The wing’s Web site states that the C-40B is designed as an “office in the sky” and is equipped with a crew rest area, distinguished visitor compartment with sleep accommodations and business-class seating with worktables.

But in a statement on Wednesday, the Defense Department said that while it would provide Pelosi with a plane, it could not guarantee nonstop flights to California. Thus, it is unclear what kind of plane Pelosi ultimately will fly on, or even whether she will be able to consistently use the same plane in her trips home.

The Pelosi Non-story (LAT)

The Los Angeles Times, February 9, 2007

IN CASE YOU WERE worried that the 110th Congress was producing debate of too much substance, this week House Speaker Nancy Pelosi (D-San Francisco) stands accused of everything from hypocrisy on global warming to wrongheadedness about Iraq — all based on a request she never exactly made for a jumbo-sized military jet that she has never actually flown aboard as speaker.

The fuss started last week, but conservatives waited until Wednesday to really let loose the dogs of warp. At issue is the appropriate mode of transport between Washington and Pelosi's home in the Bay Area. In the old days, the speaker of the House would have just taken a commercial flight, but after 9/11 it was decided that the No. 2 in line for the presidency should travel with more security, so the military began providing jets and Air Force crews.

Inconveniently for Pelosi, the small jets that were used to shuttle former Speaker J. Dennis Hastert between the Beltway and Illinois can't make it to the West Coast in bad weather without stopping to refuel. So her office asked if the rules allowed her to take a larger jet capable of flying nonstop, such as a C-40, which contains beds and business-class seating. Then a firestorm erupted.

The right-leaning Washington Times wrote a blistering editorial accusing Pelosi of being an elitist and wasting taxpayer money. Prominent Republicans in Congress followed suit, and CNN's Lou Dobbs groused that "Nancy Pelosi … can now fly in style at your expense."

At least 21 government officials can request transport via C-40, including those as far down on the presidential succession list as the secretary of education; to do so is hardly an abuse of power. Even the Bush administration, rarely shy about slinging partisan mud, seems disgusted by the attacks on Pelosi. "This is a silly story, and I think it's been unfair to the speaker," White House spokesman Tony Snow said Thursday.

By then, the crazy train had long left the station. The New York Post, under an editorial headlined "Nancy Pelosi, Carbon Criminal," accused the speaker of being insincere about fighting global climate change. The Republican Study Committee, a coalition of conservative members of Congress, issued a statement equating Pelosi's inquiry with Democratic opposition to President Bush's plan to send more troops to Iraq; it seems the jet proves that Democrats have skewed judgment about what's in the national interest.

Hopefully, the federal government can figure out how senior political officials can fly coast to coast both in safety and nonstop. Until then, buckle up — the hot air ahead is likely to be turbulent.

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Senate Weighs Spending Bill (WSJ)

By David Rogers

Wall Street Journal, February 9, 2007

WASHINGTON -- Stalled on Iraq, the Senate turned to domestic business, hoping to send a giant spending bill to President Bush next week to fill the gap left by the collapse of the budget process under Republican rule last year.

The $463.5 billion measure keeps to the limits set by the White House, but imposes a strong Democratic imprint on funding for the rest of the fiscal year ending Sept. 30.

Veterans medical services, education, transit and health care will see spending increases. There are more subtle changes as well: $460 million in low-income housing assistance will be redistributed nationally, with cities such as New York and Los Angeles among the losers. And despite a self-imposed moratorium on spending earmarks for lawmakers' districts, oil and research programs at the National Energy Technology Laboratory, or NETL, in West Virginia could benefit, thanks to Senate Appropriations Committee Chairman Robert Byrd (D., W.Va.).

Most of the government has operated under a stopgap funding resolution that has become untenable and is due to expire Feb. 15. The budget package calls for keeping agencies at the same spending levels as in fiscal 2006, but with exceptions granted to meet targeted needs over the last eight months of this fiscal year.

In the case of NETL, Congress in 2006 provided more than $62 million, but had expected to cut back this year because a second source of funds came into play as a result of the 2005 energy act. That measure designated $50 million from royalty receipts go to this research, of which NETL would get $12.5 million.

But under the bill, both the 2006 appropriations and the extra money authorized by the energy bill look available. Sen. Byrd isn't alone among NETL's champions; it also has a big campus in Pennsylvania and smaller offices in three other states. But Sen. Byrd resisted House suggestions that offsetting cuts be made, in light of the new money.

Mr. Byrd's office said the energy secretary has complete discretion over how to distribute the funds within the total of $581 million provided for fossil-energy research in the bill.

This poses a test for the Bush administration, which has proposed to eliminate the oil and gas research programs and repeal the $50 million mandated by the energy act. "We're going to obey the law," a Department of Energy official said yesterday. He conceded that the administration has been slow in releasing the $50 million this year, and said it is an open question if the oil and gas research programs constituted an earmark.

In the case of allocating rental vouchers under the Section 8 low-income housing program, the updated distribution formula has been championed by public-housing groups, but also creates its own set of winners and losers at the local level.

The Los Angeles city housing authority could lose as much as $22 million, even as Oakland gains $15.4 million, for example. "We are concerned about the significant loss of the Section 8 funds," said Lourdes Castro-Ramirez, who oversees the program in Los Angeles.

On the House floor, another issue loomed larger: the cost of flying Speaker Nancy Pelosi to her home in California. Since the September 2001 terrorist attacks, a military plane has been available for the security of the speaker. But since Ms. Pelosi must travel across the country to return home, a dispute has flared about how big a plane should be provided to cover the distance without refueling.

Ms. Pelosi said she was happy to fly commercial, but Republicans took to the floor, saying the plane could cost as much as $22,000 an hour and was excessive.

Rep. Ralph Hall (R., Texas), upset he missed his own flight home amid the uproar, gently chastised his colleagues for "throwing things at one another when there's better work to do."

"It might be a little cheaper on my government for me to ride the bus from here to Dallas every week," Mr. Hall said. "Maybe we could talk about that some afternoon. Why doesn't Ralph Hall ride the bus to Texas and back every week."

Wartime Budgeting (WP)

The Washington Post, February 9, 2007

IN AN OTHERWISE lean budget, President Bush's defense spending request has produced some sticker shock. The $481 billion proposal for fiscal 2008 reflects an 11 percent increase over this year; including funding for the wars in Iraq and Afghanistan, the $623 billion total is 60 percent larger than the defense budget that Mr. Bush inherited in 2001. Some analysts argue that the spending is historically outsized, pointing out that the total spent or requested for the two ongoing wars is greater than the cost incurred in Vietnam.

In fact there is some excess in the Pentagon's spending plan -- but many of the comparisons being drawn are deceiving. As a share of the U.S. economy, defense spending was at a near-historic low before Sept. 11, 2001, and even if Mr. Bush's new

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budget is fully funded, it will still be well below the average over the past century. Defense spending is now just under 4 percent of gross domestic product, compared with 9.5 percent during Vietnam; the Reagan-era buildup took a 50 percent larger piece of national output.

A big part of the new spending meets demands that Democrats in Congress have been making for some time. There is $12 billion for a first installment in the long-overdue increase in the size of the regular Army and Marine Corps; more than $50 billion has been aimed at restocking equipment, including $21 billion for the National Guard. For the first time the administration has included a realistic cost figure for war expenses -- $142 billion -- in the regular budget.

The reality that the budget reflects is that U.S. defense spending will have to return in the years ahead to its historic level of 5 percent of GDP -- at least -- and remain there for some time. That's because the American role in heading off threats in an increasingly disorderly world will not change soon, and because the military faces the need to replace aging tanks, planes and ships with 21st-century systems. If anything, the new budget low-balls the numbers. Nothing has been budgeted to pay for the current "surge" of Iraq forces beyond the end of September, and only $50 billion is in the budget projections for war spending in 2009.

Acknowledging that defense spending must rise doesn't mean there is nothing to trim in the new budget. Tucked in the $170 billion of procurement spending is money for Cold War weapons systems that the Pentagon has tenaciously clung to: Among them are another nuclear-powered aircraft carrier and 20 more F-22 tactical fighter planes. There is another $10 billion for missile defense, even though the intercontinental defense system still needs considerably more testing.

Sen. Joseph I. Lieberman (I-Conn.) had a point this week in saying that, in view of the squeeze defense spending is placing on the rest of the budget, Congress ought to consider an exceptional means of funding it, such as a "war on terrorism tax." It remains the case that Mr. Bush has not asked citizens to make any wartime sacrifice to accompany those of military personnel and their families. If the United States is involved in a "long war" that will be the defining conflict of the 21st century, as Mr. Bush believes, then higher defense spending is certainly appropriate -- but so is some means to pay for it.

Budget Games That Hurt Children (WP)

By E. J. Dionne Jr.

The Washington Post, February 9, 2007

It was one of those moments when a public official gives away a larger truth by offering what seems to be a throwaway line.

Testifying this week on President Bush's budget, Treasury Secretary Henry M. Paulson Jr. suggested he would not mind a bit if the Democratic Congress added money to prevent cutbacks in coverage under the federal government's children's health insurance program.

"It just may be," Paulson said mildly, "that the Congress believes that that's something that should be funded at a higher level."

In other words, Bush's budget is a collection of artificial numbers -- including cuts in domestic programs that Congress will inevitably reverse -- that allow the president to claim fiscal responsibility while demanding that his tax cuts for the wealthy be made permanent.

The cutbacks in health coverage for lower-income working families are among the most egregious of the president's fiscal choices. And it's not just Democrats who are saying so.

"These cuts interfere with the fundamental responsibility of government: to safeguard the lives of its citizens," said Connecticut Gov. M. Jodi Rell, a member of that small, hardy group of Northeastern Republicans to survive November's Democratic tide.

"Whether we are helping struggling families stay warm through the harsh winter months or protecting homes and residents against terrorism and natural disasters, we expect our federal partners to carry their fair share," she said. "The cuts to these programs place extraordinary burdens on the states."

Or consider the response of the Rev. Larry Snyder, president of Catholic Charities USA. "The president's new budget," he said, "hurts those living in poverty at a time when we should be doing even more to help the most vulnerable among us."

You'd think Bush would understand this since he regularly praises faith-based groups and long ago touted himself as a compassionate conservative. After all, the president made big news last week when he finally acknowledged what has been close to unmentionable in his administration. "The fact is," he said, "that income inequality is real." Facts, as Ronald Reagan observed, are stubborn things.

But this is a budget destined to make income inequality much worse. The liberal Center on Budget and Policy Priorities has created a chart that should be a centerpiece of discussions concerning Bush's accounting.

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The center examined what the White House's proposals would mean in 2012, the magical year in which Bush -- with much flimflammery -- claims his plan will produce a surplus. It found that, if enacted, the president's budget would lead that year to $73 billion in tax cuts for households with annual incomes of over $1 million and $34 billion in cuts to domestic discretionary programs, many of them benefiting Americans of low and middle incomes.

So here is a president who believes passionately in redistributing income -- upward.

As Rell suggested, there are plenty of problems with Bush's budget, and with Republican governors complaining (Rell is not alone), even members of Congress from the president's own party will quietly turn their backs on parts of his plan.

But the most shameful move may be the poorly disguised reduction in SCHIP, the program for working families with kids whose households earn too much to qualify for Medicaid but too little to afford private coverage -- exactly the sorts of hardworking citizens welfare reformers claim to love.

At a time when so many Americans are losing private medical insurance, the SCHIP program -- passed in 1997 with strong bipartisan support -- is one of the few government efforts working against that dangerous trend.

The program now covers about 6 million children over the course of a year. A president who cared about inequality would presumably be proposing to expand the program to cover the remaining 6 million lower-income children who still lack health coverage. At modest cost and in a rather simple way, Bush could get credit for taking a measured but significant step toward universal coverage.

Instead, Bush proposes what's called an increase in SCHIP funding of $4.2 billion over five years that has the practical effect of cutting into the number of children who are covered. Sen. Max Baucus (D-Mont.), the Finance Committee chairman and no flaming liberal, has estimated it would take $15 billion over that period just to maintain current coverage levels.

The president is far more committed to cutting taxes for Paulson's old Wall Street pals than to getting health coverage to kids with low-wage working parents. It's to Paulson's credit that, judging by his words at least, he appeared to be embarrassed. Clearly Bush isn't.

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Potomac Watch It's A Trough Life (WSJ)

By Kimberley A. Strassel

The Wall Street Journal, February 9, 2007

This budget week, there was one thing on which Democrats and Republicans agreed: It's time to do something about earmarks. And in a nod to voter disapproval with these special-interest projects, this year Congress will do its pork spending in secret.

Welcome to Congress's new and dirtier earmark game, in which the big spenders are setting all the rules. In front of the cameras, both parties claim to have found earmark religion, and are talking up a bill that would reform the way Congress asks for billions in goodies for lawmakers' home districts. Behind the scenes, they're working feverishly to keep the earmarks rolling, this time using a technique outside of the legislative process and hidden from public view.

The gears on this new underground earmarking machine started whirring late last year, when Republicans failed in a lame-duck session to pass the 2007 spending bills. The GOP pork crowd wanted to use its last weeks in power to push through 12,000 more bridges to nowhere. Saner heads noted that the party had just lost an election in part due to these corrupting payoffs and urged restraint. The standoff resulted in Republicans punting the 2007 spending responsibility to the Democrats.

That put the new House appropriations chief, Wisconsin's David Obey -- a spender for our time -- in the distasteful position of having to live up to his party's election promises to fix the earmark boondoggle. He begrudgingly promised a "moratorium." And last week, when Mr. Obey celebrated the passage of his $464 billion 2007 spending bill, he bragged that Democrats had fulfilled their promise and "stripped all earmarks from the measure."

"This decision doesn't come without pain," intoned Mr. Obey. "Many worthwhile earmarks are not funded in this measure, but we had to take this step to clear the decks, clean up the process and start over."

The key language here is "not funded in this measure," and it explains why Mr. Obey is still smiling through his pain. Congressional members, led by appropriators and an army of staff, have already figured out a new way to keep their favors in the money, and it might as well be called 1-800-EARMARKS (which unfortunately is already taken). All across Washington, members are at this moment phoning budget officers at federal agencies -- Interior, Defense, HUD, you name it -- privately demanding that earmarks in previous legislation be fully renewed again this year. There might not be a single official earmark in the 2007 spending bill, but thousands are in the works all the same.

And getting far less scrutiny than before -- if that's even possible. Under this new regime, members don't even have to go to the trouble of slipping an earmark into a committee report, where it might later (once the voting is over) come in for criticism. All the profligates need now to keep the money flowing is a quiet office and a cellphone.

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Despite a congressional desire to keep this quiet, the evidence of marathon dialing is mounting. Lobbyists, thrilled their clients are still getting earmark handouts, are now publicly crowing about this underground program. Sens. John McCain and Tom Coburn -- anti-earmark warriors -- sent a letter to the Department of Energy last week wanting to know how that agency was handling the demands. On the same day, DOE chief of staff Jeffrey Kupfer delivered an internal memo to agency officers acknowledging that "offices have begun to receive requests from some Congressional offices, asking that the Department continue to fund programs or activities that received earmarked funds in prior years," and laying out a procedure for handling such orders.

The big question now is how aggressively the Bush administration intends to respond to this latest earmark insult. The president has made earmarks a priority, calling in his State of the Union for Congress to cut these special projects in half, and also for a more transparent process in which all earmarks are analyzed and debated. In a Manassas, Va., speech this week, President Bush complained again about how shady earmarks are, and referred to a stack of congressional committee reports (a favorite place for legislators to hide their pork) to make his point.

But by today's secret telephone standards, even conference reports look fulsome. This new practice also brings the added complication that the administration's own agencies could be complicit in this underground funding. Agency staffs understand they are dependent on Congress for funding, and that the 2008 budget process is now underway. Thumbing their noses at appropriators is an invitation for retribution. Which is why one appropriations lobbyist was gleefully quoted this week as noting that congressional calls were so far being answered by agencies wholly in "the affirmative."

The administration has taken some steps to follow up on its earmark demands. In January, Office of Management and Budget Director Rob Portman sent a memo to every department and agency announcing new earmark requirements. From now on, the government will be required to identify and catalog earmarks in most spending bills, including earmarks hidden in committee reports. The memo also provided agencies with a tight definition of just what counts as an earmark, to make it harder for Congress to disguise its pork under another name.

That's useful for upcoming spending debates, but it doesn't shut down the current dial-a-thon. In last week's Energy Department memo, Mr. Kupfer noted that Mr. Obey's 2007 spending bill does not include earmarks, and that the agency is also not legally bound to honor prior projects. He directs the staff to carefully review any requests to renew earmarks and then decrees that "only those with meritorious proposals or programs that effectively support and advance the Department's missions and objectives . . . should receive FY 2007 funding." This is probably easier said than done, but it's a start. No word yet if other agencies are following suit.

If President Bush is serious about earmark reform, it would seem clear he's going to have to shame legislators into better behavior. This latest escapade shows how determined some in Congress are to keep their pork in place, regardless of what they tell the public. It's time to blow the whistle on those who would preach an earmark "moratorium" on the one hand, while reaching for the speed-dial with the other.

Proposed Lobbying Limits Apply To Only One Senator (WT/AP)

The Washington Times, February 9, 2007

ASSOCIATED PRESS

Ethics legislation designed to prevent senators' spouses from lobbying the Senate seems to have a limited reach, allowing some husbands and wives to go about their business.

In fact, the legislation appears to affect the spouse of only one lawmaker: Sen. Kent Conrad, North Dakota Democrat.

Mr. Conrad's wife, Lucy Calautti, is a top lobbyist for Major League Baseball and is affiliated with the firm Baker Hostetler. She became a lobbyist after her 1987 marriage to Mr. Conrad, disqualifying her from an exception in the bill that would allow some Senate spouses to continue lobbying.

The provision, added by amendment into a larger ethics overhaul bill passed by the Senate last month, aims to prevent Senate spouses from lobbying the Senate. But it has an exception allowing those who became lobbyists at least one year before their marriage or their spouse's election to still lobby the chamber.

That exception applied to several Senate spouses, including the wife of Sen. Byron L. Dorgan, North Dakota Democrat. Kimberly Dorgan is executive vice president of federal relations at the American Council of Life Insurers and has in the past registered to lobby the Senate along with others at her organization.

Mrs. Dorgan first became a lobbyist in the early 1980s, a few years before she and Mr. Dorgan were married.

Also exempt is Bob Dole, former Senate majority leader and husband of Sen. Elizabeth Dole, North Carolina Republican. He became a lobbyist before his wife was elected in 2002.

Two groups that follow lobbying as a family business said they think that Mrs. Calautti is the only spouse who will be affected by the Senate legislation.

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"Kent Conrad is the only person, according to my records, who is going to be affected," said Craig Holman, campaign-finance lobbyist at Public Citizen.

"From what we can tell right now, it looks like this would apply to just one lawmaker, and that's Senator Kent Conrad," said Bill Allison of the Sunlight Foundation. "It's a little bit strange."

Mrs. Calautti declined to comment on the bill, which will force her to scale back her activities if it becomes law.

Mr. Conrad also declined to comment until the bill moves through Congress.

The amendment's sponsor, Sen. David Vitter, Louisiana Republican, has maintained that he did not keep track of who would be affected by the legislation. During debate on the bill, he said on the Senate floor that he could see an argument for getting rid of all exceptions, but he "tried to bend over backward for what I considered any legitimate argument."

Mr. Holman said the amendment is a good one because it would prevent future spouses from becoming lobbyists after their husbands or wives are elected. It would be unfair to ask spouses who already are lobbying to close up shop, he said.

Rep. Miller Helped Pursuit (HILL)

By Susan Crabtree

The Hill, February 9, 2007

For over two years, Rep. Gary Miller (R-Calif.) helped members of a southern California city council in their pursuit of federal and state funds for a wilderness preserve project that included the purchase of 165 acres that he owned.

The FBI is looking into whether Miller violated tax laws. He failed to pay capital gains taxes on the sale of his land to the City of Monrovia, claiming that the city imposed eminent domain, which allows a government agency to force a sale if it is deemed to be in the public interest. City of Monrovia officials deny that they invoked eminent domain.

Miller has said he has done nothing wrong. He describes himself as a victim of a media smear campaign and has since threatened to sue local officials for their public statements on the matter. Several calls to his office were not returned.

But relations with members of the Monrovia City Council were much friendlier some five to six years ago, when the city was trying to preserve 700 acres of foothills from development and was looking for money to buy land from Miller and others who owned property in the area.

According to minutes of Monrovia City Council meetings and interviews with several southern California city officials and former Miller staffers, Miller and his office were actively involved in trying to help the city locate federal and state money for the massive open-space project.

Miller had planned to build 60 multi-million-dollar homes on the land, and he repeatedly told the city of Monrovia that he didn't believe the city could come up with enough money to purchase that acreage — given that his ambitious development plans elevated its worth.

The city then passed an initiative to increase local taxes to raise money for the wilderness preserve project, which was designed to produce $10 million over its 30-year lifespan. The city wanted to drum up another $10 million in grants.

Miller stepped in to help, and early talks floated the possibility of inserting an earmark into an undetermined bill to provide the funds to the city, several sources said. But those talks were quickly abandoned when Rep. David Dreier (R-Calif.) resisted, according to city council minutes.

"Members of the City Council concurred, that after talking to Congressman Dreier individually recently, there was not money readily available to purchase the properties," read the minutes of a February 29, 2000, Monrovia City Council meeting.

Then-Monrovia City Council member Lara Larramendi Blakely recalled in an interview last year that Dreier had refused to help secure an earmark to purchase land that included Miller's because he thought it raised obvious conflict-of-interest issues.

"

Congressman Dreier said that he really could not support going after federal funds because Gary Miller's property was involved," said Larramendi Blakely, a Democratic politician who later became mayor and now works for Rep. Hilda Solis (D-Calif.) "He didn't think it was right to try to get federal money that would benefit a sitting congressman."

In the same interview, Larramendi Blakely said she was not involved in detailed discussions with Miller other than their face-to-face meetings because other Republican members of the council were closer to him.

When she would visit Washington during lobbying trips, she said, Miller would ask her about the city's progress in obtaining the funds for the wilderness preserve.

"He would always ask, 'How's it going?'" she said.

After abandoning the earmark route, Miller continued trying to help the city locate public funds, the sources said, and in early 2001 he identified California Wildlife Conservation Board (WCB) grants for land acquisition as the best source. The WCB is underwritten in part by federal funds. The city of Monrovia applied for the grant and eventually received $8.6 million.

"Early on, the Wildlife Conservation Board (WCB) was pinpointed as the best location to seek matching grants," read the minutes of a May 28, 2002 Monrovia City Council meeting. "By June 2001, the City had entered an agreement with the WCB for as much as $9 million in matching grants, pending certification of property appraisals by the state Department of General Services (DGS)."

One of the city's initial assessments of the value of Miller's land was $6.6 million, but Miller balked at that amount. City officials then commissioned another appraisal, which came in at $12.2 million. Recognizing the sensitive nature of the deal, they commissioned a review of that appraisal, which backed up the $12.2 million figure, according to the May 28, 2002 council minutes.

Ultimately, however, the DGS certified a lower appraisal of $11.77 million, the final price of the land.

"Recognizing that a great deal of scrutiny would be placed on the purchase, City officials requested that DGS staff come to Monrovia to tour the property for themselves," the minutes state. "DGS ultimately certified a value of $11.77 million on the Miller property."

Miller, who had held the land since the 1980s, netted $10 million on the deal, but the purchase consumed a large portion of the funds the city had amassed for the wilderness project from both the tax and the WCB grant, leaving little for the 150 acres the city still wanted to attain.

Again, Miller agreed to help and was more open about doing so because the city had already purchased his land, according to Sept. 24, 2002 council minutes. That month, city officials traveled to Washington to meet with Miller and the office of Sen. Barbara Boxer (D-Calif.) to discuss efforts to secure federal money for the project.

After the trip, Rob Hammond, who was serving as Monrovia's mayor pro tem at the time, reported that the trip had been worthwhile.

"[Hammond] also met with Senator Boxer's office and presented acquisition needs for open space in Monrovia," the minutes state. "Councilmember [Joe] Garcia and [Tom] Adams met with Congressman Gary Miller who does want to assist Monrovia now that he no longer owns property in Monrovia."

Then-Assistant City Manager Scott Ochoa reported that Boxer and Miller provided the city with an "account number" for the Environmental Protection Agency that would help them apply for grants for the wilderness project.

"Assistant City Manager Scott Ochoa reported that an EPA account number to apply for funds had been received from both Senator Boxer's and Congressman Miller's offices in response to the Council members [sic] trip," the Sept. 24 minutes continue. "Mayor Pro Tem Hammond stated that it was a worthwhile trip [sic] thanked the City's lobbyists and announced that he would go again in January."

At the same meeting, councilmember Adams concurred that the trip to Washington was "fruitful," adding that Hammond and fellow councilman Garcia had met with Miller, "who called yesterday to say that he had identified some federal funding and was hopeful there would be good news next month."

The city of Monrovia is not located in Miller's district, and it is rare for a member of Congress to help a local municipality outside his district obtain funding, especially when the lawmaker stands to benefit financially from it.

The House ethics manual warns members to avoid conflicts of interest, referring to the definition under federal law and regulation: "it denotes a situation in which an official's conduct of his office conflicts with his private economic affairs" with the ultimate concern being "risk of impairment of impartial judgment, a risk which arises whenever there is temptation to serve personal interests."

As an example of a conflict of interest, the manual refers to a case in which a member sponsored legislation to remove restrictions on the development of property in which he had a personal financial interest. "Thus, the Member was found to have wrongly used his official position for personal benefit," the manual states.

In an interview last year, Miller denied having anything to do with trying to secure federal money to help purchase his land.

"I had nothing to do with anything [involved in the effort]," he said, refusing to acknowledge that there was an effort to secure federal funds to help purchase his property.

If there was an effort to attain an earmark or any kind of federal money for the project, he said, "it was on the part of the City of Monrovia."

Pelosi Names Ethics Panel Members (RC)

By Ben Pershing

Roll Call, February 9, 2007

More than a month after the start of the 110th Congress, Speaker Nancy Pelosi (D-Calif.) on Thursday filled out the Democratic roster on the House Committee on Standards of Official Conduct.

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Pelosi named Reps. Gene Green (Texas), Lucille Roybal-Allard (Calif.), Mike Doyle (Pa.) and Bill Delahunt (Mass.) to serve under ethics Chairwoman Stephanie Tubbs Jones (Ohio.).

Pelosi's choices were approved by the full Democratic Caucus Thursday morning. House Minority Leader John Boehner (R-Ohio) named the panel's GOP Members earlier this week.

Delahunt Named To Ethics Panel (HILL)

By Klaus Marre

The Hill, February 9, 2007

Rep. Bill Delahunt (D-Mass.) will join the House ethics committee, House Speaker Nancy Pelosi (D-Calif.) announced yesterday.

Delahunt will fill the spot left open by the departure of Rep. Howard Berman (D-Calif.) from the panel.

The other members selected for the committee are the Democrats who had already been on the panel in the 109th Congress. They are Chairwoman Stephanie Tubbs Jones (Ohio), Rep. Gene Green (Texas), Rep. Lucille Roybal-Allard (Calif.) and Rep. Mike Doyle (Pa.).

Delahunt, even though he was not a member of the ethics panel, served on an investigative subcommittee in 2004 that looked into allegations related to the 2003 vote on the bill that added a prescription drug benefit to Medicare.

"With their commitment to the highest ethical standard, this group of members will serve with integrity, building on our bipartisan efforts to restore accountability, honesty, and openness to the House of Representatives," Pelosi said.

Senators Try To Recoup $3.1 Billion For BRAC (HILL)

By Elana Schor

The Hill, February 9, 2007

Senate Majority Leader Harry Reid (D-Nev.) yesterday moved to shorten debate on the continuing resolution (CR) that must pass next week or risk a government shutdown, but he signaled willingness to negotiate with Republicans on opening the spending measure to amendments.

Republicans are amplifying their calls for votes on several changes to the $463 billion CR, reiterating their concerns about minority rights that also have stalled a bipartisan nonbinding resolution on Iraq. Restoring $3.1 billion that was sliced from funding for the military's base realignment and closure (BRAC) program tops the GOP's agenda, which also includes more funding for infant AIDS treatment and payments to victims of crime.

Reid told reporters yesterday that he is discussing with Senate Minority Leader Mitch McConnell (R-Ky.) whether to allow votes on a limited number of amendments, including some from Democrats. Yet Reid warned Republicans not to resort to obstruction.

"I would hope Republicans don't march to the well, as they did on this Iraq thing, because this well has no bottom," Reid said.

In the battle to restore BRAC funds, Republicans have snagged at least one Democratic ally in Sen. Max Baucus (D-Mont.), chairman of the Finance Committee. Baucus joined 25 Republicans on a letter to Senate leaders sent late Wednesday that noted the BRAC cut would obstruct troop movements and hurt local economies in military communities.

"Democrats have once again robbed from military funds and spread it to other areas," Sen. Kay Bailey Hutchison (Texas), GOP Policy Committee chairwoman, said yesterday.

Hutchison added that environmental cleanup of former military base sites also is jeopardized by the BRAC cuts in the CR, which would keep the government funded at 2006 levels from Feb. 16 to the start of the next appropriations cycle. Reid began debate on the CR yesterday by "filling the tree," blocking Republican amendments for the time being.

The lost BRAC funds would have benefited a transition program for the Montana National Guard, but Hutchison said Baucus is not the only Democrat whose home state would be hit; bases in Virginia and Florida are also at risk. Hutchison's plan would offset the restored funds by imposing a 0.73 percent across-the-board cut on domestic accounts, excepting veterans' affairs.

Reid asserted that Republicans would not shy away from filibustering the CR, which several GOP senators already have threatened. But Sen. Tom Coburn (R-Okla.), who is proposing a new 15-day CR to allow time for full debate, tamped down such talk.

"Nobody's going to shut down the government," said Coburn, part of a conservative cadre that urged last year's departing GOP leadership to halt the appropriations process and extend earlier funding levels until Democrats took control.

Democratic appropriators have said they will attach the trimmed BRAC funds to the war supplemental, a prospect that Sen. Jim DeMint (R-S.C.), another leading fiscal conservative, decried on the floor as budgetary trickery.

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"This is not the time to cut defense and national security spending and add them to social programs," DeMint said late Wednesday.

Leahy, Bond Fight Bush's Control Over National Guard (HILL)

By Roxana Tiron

The Hill, February 9, 2007

Leaders of the Senate National Guard Caucus are fighting to repeal legislation slipped into the latest defense authorization bill that would make it easier for the president to declare martial law and assume control of the National Guard.

The law, which President Bush signed last fall, revised the 200-year-old Insurrection Act, which empowered the president to use the military as a police force during a rebellion.

The new provision crafted by Sens. Carl Levin (D-Mich.), chairman of the Senate Armed Services Committee, and John Warner (R-Va.), former chairman and now ranking member, says the president can call up troops to deal with natural disasters, epidemics and terrorist attacks, among other events.

Governors across the country were angered by last year's legislation, and have mounted an intense campaign to keep the National Guard under their control during natural disasters and emergencies.

Backed by the National Governors Association (NGA) and the National Guard community, Sens. Patrick Leahy (D-Vt.) and Kit Bond (R-Mo.), co-chairmen of the National Guard Caucus, introduced a bill this week to revive the previous authority on the domestic use of the military.

The legislation has been referred to the Armed Services Committee, where it will probably face some opposition from Warner and Levin, who said that the provision clarifies existing law and does not give the president powers at the expense of the governors.

Leahy disagrees. "Expanding the president's powers under the Insurrection Act was a sweeping, ill-considered and little-noticed grant of authority to the executive branch, at the expense of the National Guard and the governors," he said. "That change in longstanding law treads heavily across basic constitutional issues relating to the rights of the people, the separation of powers, and state and local sovereignty."

Even though the bill has been referred to the Armed Services panel, the issue is of interest to the Judiciary Committee, which Leahy chairs, according to his spokesman.

The change to the Insurrection Act went unnoticed among lawmakers, but governors were alarmed and united.

"NGA does very few letters where … all governors sign on because it is very difficult, but it did twice last year," said a source close to the matter. "Governors do not need to look over their shoulders to see when Washington, D.C., is going to drop in."

Bond, a former governor, said he was very concerned with "this imprudent change in law," which would give the president "unnecessary and unprecedented power to invoke martial law."

The change was prompted by a conflict between Bush and Louisiana Gov. Kathleen Babineaux Blanco (D) over who should control Guard units in the days after Hurricane Katrina in 2005. Bush sought to federalize the Guard, but Blanco refused to give up command, leading to a feud, which hampered the response to the disaster.

The National Guard Bureau is leaving the fight to the governors, according to a Pentagon source, who added that the bureau did not know about the changes and was surprised to see the language in the defense authorization bill. Some in the Guard are concerned that the new law is a slippery slope; others view the issue as political rather than legal.

"It makes it much easier, more politically palatable for the president to declare an insurrection," said the source.

Because the change in law was instituted without consulting the governors, they are calling for an open debate. In a letter to the Senate National Guard Caucus, North Carolina Gov. Mike Easley and South Carolina Gov. Mark Sanford, the NGA's lead governors on the National Guard, insisted that the citizen soldiers should remain under the control of the governors.

The changes are likely to "confuse the issue of who commands the Guard during a domestic emergency," they wrote.

Waxman Sees Potential Coverup In Ship Contract (WP)

By Spencer S. Hsu

The Washington Post, February 9, 2007

Faulting Program Managers, He Says Warnings About Design Deficiencies Were Hidden

Managers of the U.S. Coast Guard's $24 billion fleet-overhaul program appeared to cover up a Navy engineering report that highlighted design flaws in a new flagship cutter under scrutiny by government investigators, a senior House Democrat said yesterday.

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Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee, said the December 2005 report included "bottom-line" warnings in red ink on a pair of briefing slides that concluded the national security cutter, as it is known, would not last the required 30 years.

But the warnings were deleted in a copy of the report given by Coast Guard officials to Department of Homeland Security auditors and altered in an edited version included in a wider briefing on the $1 billion-a-year fleet-replacement program, known as Deepwater, to the Coast Guard's commanding officer at the time, Waxman said.

"Sugarcoating of the situation may have made life easier for the program management, but it certainly is a disservice to you, to the Coast Guard community and to the taxpayers of this country," Waxman told DHS Inspector General Richard L. Skinner in a hearing.

The accusations, under investigation but partly disputed by the Coast Guard commandant, Adm. Thad Allen, came as Waxman's oversight panel focused on two giant DHS contracts that give unusual leeway to private firms. The companies have been given the authority to plan, design and deliver an overhaul of the Coast Guard's ships, aircraft and systems, and, separately, to build a "virtual fence" at U.S. borders using a blend of surveillance technology and physical barriers.

Waxman challenged the deals, saying they gave contractors too much power and taxpayers too little oversight. As of December, he said, 65 of 98 people hired by DHS to oversee the border project, known as SBInet, were themselves contract employees. So were 76 of the 135 tracking Deepwater, reflecting a dearth of government specialists, he said.

"There seems to be no task too important to be outsourced to private contractors," Waxman said. Federal agencies "outsource thinking through what they even want, then they outsource doing it, then they outsource oversight."

Gregory L. Giddens, director of SBInet, acknowledged difficulty hiring federal contract managers but said contract staff members are support personnel who only gather and relay data. "Support contractors do not provide oversight for prime contracts. That is a government responsibility," he said.

On the Deepwater project, Skinner's office reported last month that the Coast Guard's failure to properly oversee contract team Northrop Grumman and Lockheed Martin led to problems with the new cutter. The flaws may reduce the cutter's operating days by as much as 20 percent and could help to potentially double the cost of completing the first two of eight planned vessels, Skinner said.

Skinner called Coast Guard officials' handling of the Navy report "highly troubling" and a sign that they wanted to conceal flaws because they had committed to construction.

Allen vowed to investigate, but he noted that information about a hull-fatigue problem came from an interim Navy report, and its data were included elsewhere in the later briefing to his predecessor.

He said the Coast Guard this week changed the contract to lower the cutter's required operating days by 20 percent, blaming the gap cited by Skinner on confusing terms in the original contract.

Allen said lead ships in new vessel programs typically experience problems. He said the Coast Guard needs to quickly replace aging vessels.

OTHER NEWS:

Housing Worries Trim Dow (WSJ)

By Worth Civils

The Wall Street Journal, February 9, 2007

Warning signs from the housing sector, courtesy of HSBC Holdings and Toll Brothers, weighed on the market Thursday, pushing aside more-positive news from retailers on January same-store sales.

A day after setting a new intraday high just above 12700 points, the Dow Jones Industrial Average fell all the way back below the 12600 mark. But the Dow industrials rebounded to finish the day down 29.24 points at 12637.63.

Financial components weighed on the blue-chip average, with Citigroup down 0.9% and J.P. Morgan Chase off 0.6% on the HSBC news. Also, Boeing lost 0.9% after Northrop Grumman said it would compete against1 the aerospace giant for a bid on a $40 billion Air Force refueling-plane contract.

Higher oil prices also weighed on stocks, with the exception of energy companies such as Exxon Mobil, up nearly 1%. Crude futures made a late surge Thursday, finishing up $2, or 3.5%, to $59.71, their highest closing price of the year. The gains came amid more cold weather in the U.S., a big draw in U.S. natural gas storage and after Occidental Petroleum shut in 95% of production at its Elk Hills crude field in California.

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The broader Standard & Poor's 500-stock index lost 1.71 to 1448.31. The technology-heavy Nasdaq Composite Index fell 1.83 to 2488.67, coming off strong gains in the previous session led by Cisco Systems and TiVo. Shares of Cisco continued to rise, but TiVo gave up some gains, falling 1.2%.

In recent days, stocks have vacillated in tight ranges, making today's pullback more notable. Many analysts have been saying the market is overextended and that a correction is overdue. "It's just normal to have this type of pullback," said Chris Murray, president of Murray Financial Group. "It would be healthy for the market to pull back, get smacked down, regroup and plod along higher as the year goes on."

The key housing and financial sectors were in focus after HSBC warned14 that bad debt provisions would be 20% higher than analysts had forecast for 2006, blaming a weak U.S. sub-prime lending market, which the bank had aggressively entered. The American-traded shares of HSBC declined 2.7%. Other mortgage lenders also slumped, with Countrywide Financial down 2.6% and Washington Mutual off 2.6%.

Subprime lending is "one of those issues that had been lingering in the shadows for some time during the housing slowdown, where a lot of questions were asked of companies like HSBC and Countrywide that overexposed themselves to this more-unattractive type of mortgage program," Mr. Murray said.

"On balance, what you're starting to see, as housing values come down, is that banks realize they are on the hook for some of these mortgages," explained Michael Strauss, chief economist at Commonfund, who expects more such announcements to follow. "It's a hint that there will be more stringent lending standards -- and not just for banks, but for mortgage companies as well."

Adding to the woes in the housing sector, Toll Brothers said quarterly home-building revenue dropped15 19%, though it added that the pace of cancellations is starting to abate. But the news was still troubling, as it shows even luxury home builders such as Toll are not insulated from the slowdown in housing. Shares of Toll sank 3%, and other home builders fell in sympathy, with D.R. Horton off 3.3%, Lennar down 2.8%, and KB Home sliding 2.4%.

The housing sector has seen a significant slowdown in the past year, but for the most part has failed to drag down the larger economy, which has continued to show steady growth. However, today's news could cause some to reassess housing's impact on the economy.

"In general, housing is having an impact on lowering or keeping GDP in a low-growth mode as opposed to a modest-growth mode," said Mr. Strauss. "In the first quarter, we'll still get a pretty good drag from housing in GDP." One firm, Macroeconomic Advisors, came out today with a forecast of a 2.5% growth rate for gross domestic product in the first quarter, down a full percentage point from 3.5% in the fourth quarter of 2006.

In other economic news Thursday, wholesale inventories dropped unexpectedly16 in December, the Commerce Department said. Inventories fell 0.5%, the biggest decline since May 2003. Sales at wholesalers increased 1.8% in the month, the largest increase since May. Earlier, the Labor Department said claims for unemployment insurance rose 3,000 to 311,000 last week.

Retail stocks were mixed after companies posted17 mostly stronger post-holiday sales results, as shoppers took advantage of their gift cards. Gap, a long-time underperformer, reported flat same-store sales for January, much better than the 7.7% decline analysts expected. The company also boosted its earnings estimate. Shares of Gap jumped 2.6%.

Wal-Mart Stores affirmed Saturday's announcement that it had a higher-than-expected 2.2% rise in sales at stores open at least a year for the five-week period ended Friday, a five-month high. Costco Wholesale fell short of analysts' estimates, posting a 2% increase in same-store sales. Wal-Mart's shares slipped 0.6%%, while Costco was off 0.9%.

In major market action:

Stocks fell.18 On the New York Stock Exchange, 1,585 stocks advanced and 1,725 declined on volume of 1.6 billion shares.

Bonds edged up.19 The 10-year Treasury note rose 1/32, or 31 cents per $1,000 invested, to yield 4.73%. The 30-year bond added 5/32, yielding 4.84%.

The dollar was mixed.20 The euro was at $1.3039 from $1.3011 at Wednesday's close. The dollar was at 121.08 yen from 120.61 yen late Wednesday.

Retailers Ring Up A Solid Start To Year (WSJ)

By James Covert

The Wall Street Journal, February 9, 2007

Shoppers armed with gift cards went on a belated holiday shopping spree last month, but many in the industry fear retail sales will soften in the coming months.

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Overall, the nation's retailers reported solid sales for January, putting a rosier glow on the Christmas selling season. Luxury stores like Saks Inc. rang up big increases from a year earlier as the stock market's advance helped to fuel stepped-up spending by their clientele.

Midprice department stores and specialty chains also shared in the postholiday bonanza, selling inventories of winter clothing that had languished through an unusually balmy December. A notable bright spot was Gap Inc., which held successful clearance events and raised its full-year profit forecast.

Still, a late cold snap has disrupted the start of the spring selling season at many stores, contributing to the uncertainty about whether strong sales will last. Michael Niemira, chief economist at the International Council of Shopping Centers, said wage growth and low unemployment will support solid consumer spending this year. But rising consumer debt and a cooling housing market could begin to damp momentum this spring, said Bill Hampel, chief economist at the Credit Union National Association.

"The consumer began 2007 on a fairly strong note," Mr. Hampel said. "But that doesn't change the fact that the consumer is facing some issues for the rest of the year."

Of particular concern to analysts is the effect of gift cards on sales figures. Industrywide, consumer purchases of gift cards over the holidays soared 50% to $27.8 billion, according to the National Retail Federation. Retailers don't record gift cards as sales until they are redeemed. Because 40% of holiday gift cards are redeemed in January, they inflate sales figures for January at the expense of December sales. The effect is especially pronounced for retailers like Gap that cater to teens, said Dan Horne, a marketing professor at Providence College in Rhode Island.

A tally of 55 major chains by Thomson Financial showed retailers' same-store sales -- or sales at stores open at least a year -- rose 3.9% last month, exceeding analysts' expectations of a 3.1% increase. However, it fell short of the 4.9% gain posted a year earlier, when a brisk Christmas was followed by a warm January that spurred early, full-priced sales of spring fashions.

Same-store sales are considered indicators of the industry's health and trends in consumer spending, one of the main drivers of the economy. But the monthly figures don't provide a complete picture. They don't include many online purchases, and some large retailers, such as Home Depot Inc. and Sears Holdings Corp., don't report monthly sales.

Last month's same-store sales at Gap were flat with a year earlier. It was only the fourth month since June 2004 that Gap has managed to avoid a decline. The San Francisco company expects full-year earnings per share of 89 cents to 91 cents, up from a previous forecast of 83 cents to 87 cents.

Gap said "initial reaction to spring deliveries has been mixed." The company, which ousted former Chief Executive Paul Pressler last month amid a strategic review, said Charlotte Neuville, head designer for its North American Gap stores, has stepped down, and the company will search for a successor.

"I worry what they would have done without the gift cards," Providence College's Mr. Horne said of Gap, noting that gift cards also boost profits since they tend to coax shoppers into buying more goods at full price.

Likewise, a 17% same-store sales increase at American Eagle Outfitters Inc. may not herald continued strength this spring. Abercrombie & Fitch Co. had a 6% same-store sales decline.

Federated Department Stores Inc., parent of Macy's and Bloomingdale's, said same-store sales jumped 8.6%, beating its forecast for 1.5% to 3% growth. The Cincinnati retailer boosted its fiscal fourth-quarter earnings forecast to $1.55 to $1.60 a share from $1.40 to $1.50.

In addition to benefiting from gift cards, department stores are improving their holiday results with better inventory management. "Retailers are absolutely getting better at getting the right quantity in the store for the holiday and getting out at the right price point for the time," said Janet Hoffman, managing partner of Accenture Ltd.'s North American retail practice.

Wal-Mart Stores Inc., Bentonville, Ark., confirmed an estimate given on Saturday for a 2.2% same-store sales gain, outstripping an earlier forecast for a 1% to 2% increase. The world's biggest retailer still is experiencing problems at its Wal-Mart stores in the U.S., where sales growth is running well below historical levels.

Target Corp., Wal-Mart's smaller, trendier discount rival, posted a 5.1% increase, in line with its expectation for a 3.5% to 5.5% gain. But Costco Wholesale Corp. posted a 2% increase -- its lowest monthly gain since November 2002, according to Thomson Financial. The Issaquah, Wash., warehouse-club chain blamed the weakness on a calendar shift.

Spending by wealthy shoppers isn't significantly boosted by the gift-card phenomenon, but luxury sales were brisk nonetheless. Saks reported an 11% increase, and Nordstrom Inc.'s same-store sales rose 11%.

Modestly, Stores Beat January Sales Outlook (NYT/AP)

The New York Times, February 9, 2007

The nation's retailers rebounded in January from their disappointing holiday season as shoppers redeemed gift cards to buy winter and spring merchandise. The arrival of frigid temperatures in much of the country helped sales of cold-weather items.

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Winners included Limited Brands, Nordstrom and Federated Department Stores. Wal-Mart Stores beat Wall Street estimates, though its monthly gain was modest. Even the long-struggling Gap beat analysts' expectations, though sales languished at its namesake chain.

Among the losers were the Abercrombie & Fitch Company, the Ann Taylor Stores Corporation and Chico's FAS.

"Across the board, the numbers are decent," said Ken Perkins, president of RetailMetrics, a research company in Swampscott, Mass. The one area of weakness was women's apparel stores, which he said were hurt by the late arrival of winter weather.

Separately, Goldman Sachs said its index, which tracks about 30 retailers, rose 3.2 percent for January sales.

The solid performance in January follows a largely disappointing November-December period, which averaged a gain of 2.9 percent in same-store sales, according to Thomson Financial.

While January is the least important month of the retail calendar, its significance has grown over the last five years because of gift cards. Retailers do not include gift card sales in their monthly tallies until the cards are redeemed, and the bulk of cards given for the holidays are used in January.

The delayed arrival of winter weather helped stores that sell snow blowers and shovels or that still had plenty of heavy boots and coats to clear out, but hurt those that were heavily stocked with spring merchandise.

Merchants also benefited from a steady job market, which helped send consumer confidence slightly higher last month.

Wal-Mart, the world's largest retailer, reported a 2.2 percent rise in same-store sales, beating the 1.8 percent estimate from Wall Street analysts surveyed by Thomson Financial. The Costco Wholesale Corporation reported a same-store sales gain of 2 percent, below the 3 percent forecast.

Federated had an 8.6 percent gain in same-store sales, well above the 4.6 percent analysts predicted. The same-store results include only the Macy's and Bloomingdale's stores that existed before September, when the company transformed most of the former May Department Stores branches to Macy's units.

Gap, whose chief executive resigned last month after a string of disappointing quarters, said same-store sales were unchanged from the year ago, better than the Wall Street estimate for a 7.7 percent decline. The business was helped by strong sales at its Banana Republic stores, and the retailer raised its earnings outlook.

Dad Wasn't Dad After All, But Still Owes Child Support (CSM)

By Warren Richey

The Christian Science Monitor, February 9, 2007

FORT LAUDERDALE, FLA.

Sixteen months after his divorce, Richard Parker made a devastating discovery. A DNA test revealed that his 3-year-old son had been fathered by someone else.

Mr. Parker immediately filed a lawsuit claiming fraud by his apparently unfaithful ex-wife. He took his case all the way to the Florida Supreme Court.

Last week, the Florida justices ruled 7-0 against him. They said that Parker must continue to pay $1,200 a month in child support because he had missed the one-year postdivorce deadline for filing his lawsuit. His court-ordered payments would total more than $200,000 over 15 years to support another man's child.

"We find that the balance of policy considerations favors protecting the best interests of the child over protecting the interests of one parent defrauded by the other parent in the midst of a divorce proceeding," writes Justice Kenneth Bell for the court.

"We recognize that the former husband in this case may feel victimized," he writes. He then quotes a scholar to explain the ruling: "While some individuals are innocent victims of deceptive partners, adults are aware of the high incidence of infidelity and only they, not the children, are able to act to ensure that the biological ties they may deem essential are present."

In effect, the high court is saying it's partly Parker's fault for trusting his wife.

The Parker case illustrates an increasingly contentious debate over the rights and responsibilities of divorced fathers who have been duped and don't challenge paternity at or near the time of divorce. But it also raises fundamental questions about the nature of fatherhood and the legal responsibilities that can attach to a father-child relationship – even when that relationship is the result of fraud and deception by a wife and mother.

Most states have laws that permit courts to order men who have been deceived to continue to make child- support payments even when they have no biological connection to the child. The idea is to minimize any disruption in the life of the child. In recent years, some states have begun passing laws that give deceived dads some ways to fight back.

There are no reliable estimates of how often "paternity fraud" takes place. Some findings suggest 4 to 10 percent of fathers, but no definitive study has been completed.

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Unlike most duped ex-husbands in the US, Parker may still prevail in court. Last summer the Florida legislature passed a law that allows men to use newly discovered paternity evidence (like Parker's DNA test results) to overturn a court order to pay child support for someone else's child.

The June 2006 law is aimed at preventing the kind of outcome ordered by the Florida Supreme Court. The policy approach taken by the Florida Legislature stands in sharp contrast to the "policy considerations" cited by the state supreme court justices.

Supporters of the Florida law see it as a major step toward justice for deceived ex-husbands. Critics see it as a potential danger to the well-being of mothers and their vulnerable children.

In addition to Florida, Ohio, Georgia, Maryland, Alabama, Indiana, Virginia, Arizona, and Wyoming have laws allowing ex-husbands to overturn a child-support order when deception or fraud by an ex-wife is discovered, according to the National Conference of State Legislatures. By contrast, most other states set a one- to four-year deadline for fathers to file lawsuits challenging paternity determinations.

The idea behind the deadline is that any action taken in a marriage breakup should be completed while the child is as young as possible to avoid a major disruption during the most formative years.

"We don't want a system where a child is 10 years old and you have people who come in and undo what has been put in place many years before," says Susan Paikin of the Center for the Support of Families in Silver Spring, Md.

Ms. Paikin says that it is up to the adults in the relationship to thoroughly investigate any paternity issues at the time of the divorce.

But fathers' rights advocates say that few husbands are aware of a paternity deadline and its legal implications. And many have no idea that their wives have been unfaithful.

In generations past such infidelity might have gone undetected. But the advent of DNA testing is changing that. It is giving new momentum to a debate over how best to provide for broken families.

"There is no perfect answer," says Paikin. "There are a lot of people who will argue that it is always in the child's best interest to have a relationship with the biological parent and that should override everything else. There are others who believe just as fervently that being a parent has more to do with being caring and nurturing, and that is what makes you a father."

Part of the difficulty in paternity disestablishment cases is that once the financial contribution of the nonbiological father is terminated, the courts do not recognize a legal right to continued contact between the child and the man.

"It is the ultimate Catch-22 for my client," says Parker's lawyer, Scott Lazar of Miami. "On the one hand he has a relationship with this child and cares about this child and would probably be willing to provide money for this child, but he doesn't want to provide it to the mother to use as she wishes."

Family court judges aren't interested in fostering a continuing relationship between men and the children of their ex-wives, says Carnell Smith, who runs a DNA-testing company and is founder of Atlanta-based US Citizens Against Paternity Fraud. "The court is only concerned about financial payments."

Judges generally view the man in a divorce proceeding as nothing more than a "walking checkbook," he says.

Smith says that instead of targeting deceived ex-husbands, the legal system should investigate the conduct of the wife and hold the mother and biological father responsible for the child they produced.

"In no other area of the law do we punish the victim for the conduct of two other people," Smith says. "For me it is disingenuous for the Florida justices to turn around and say [to Parker] 'Well, it is your fault that you didn't find out sooner.' "

The Florida legislature tried to balance the law to avoid forcing children onto welfare rolls, says Tom Sasser, chairman of the family-law section of the Florida Bar. It rejected a proposal to allow ex-husbands to recover prior child-support payments. It also rejected a proposal to allow triple damages against deceptive mothers. Instead, the law allows ex-husbands to be released from future payments.

And that, advocates say, opens the door for some ex-husbands to attempt to build a trusting relationship with someone new and perhaps start a family without the burden of a court-imposed financial debt hanging over his new wife and children.

White House On Sidelines In 2008 Contest (WP)

By Peter Baker

The Washington Post, February 9, 2007

No one in the West Wing is booking tickets to Iowa. No one is scouring matchup poll numbers or hiring campaign managers or dialing for dollars. As candidate after candidate jumps into the race for president, the White House sits unaccustomedly on the sidelines.

This is the first White House in 80 years without someone running for president, a twist of history that will shape not just the campaign but also the remainder of the Bush administration. With neither a president seeking reelection nor a vice president positioned as the heir presumptive, the Bush team will increasingly turn into a spectator in the nation's political debate.

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Its absence in the contest will spare the White House the trials of a campaign, easing the tensions between governing priorities and election imperatives that traditionally tear at the institution. Yet, at the same time, it means that no one will be making the case for the Bush legacy as 2008 nears. To one degree or another, all of the candidates, including the Republicans, will distance themselves from the president, particularly if he remains as unpopular as he is today.

"It creates a fundamentally different situation than we've known in the past," said Craig Fuller, chief of staff to then-Vice President George H.W. Bush as he prepared for his 1988 presidential run. "What's so starkly different about this situation is that not only is the president, by virtue of the calendar, a lame duck, but there's no champion out there on the field for him."

The early and especially intense start of the 2008 race, marked by a rush of announcements in recent weeks, has foreshadowed the changing dynamics. Sen. John McCain (Ariz.), the Republican most closely identified with Bush's Iraq policy, made a point of assailing the administration's performance as a "train wreck." And the focus is turning to the future. Voters dislodged Bush's Republican majorities in Congress in November, and a Newsweek poll last month found that 58 percent would like the Bush presidency to be over; 21 percent of Republicans agreed.

For Bush, the challenge will be to assert his leadership anyway. As a wartime commander in chief sending more troops to Iraq, he is more relevant than most lame-duck presidents. But he seems eager not to let the election debate pass him by. When Sen. Hillary Rodham Clinton (D-N.Y.) in Iowa criticized Bush's actions as "the height of irresponsibility," the White House called reporters to denounce her "partisan attack that sends the wrong message to our troops."

Still, Bush's advisers see advantages in not having a candidate in the race. Bush can push energy, immigration and Iraq plans without gauging electoral consequences. When he proposed a dramatic increase in ethanol production, no one linked that to Iowa caucus politics. "I actually think it is liberating in some ways, and it keeps them from being distracted," said former Republican National Committee chairman Ken Mehlman. "The fact that you have a White House that isn't thinking at all about politics . . . is good for the nation and good for the president."

Other advisers said the White House will still think about politics but will be free to focus on broader goals, such as party building. And they take solace that top Republican candidates -- McCain, former New York mayor Rudolph W. Giuliani and former Massachusetts governor Mitt Romney -- have backed Bush's troop increase. But they recognize that the support will not last if the situation in Iraq does not improve in six months.

The situation for Bush defies modern tradition. The last time neither president nor vice president actively ran was in 1928, when Calvin Coolidge did not seek reelection and hated Vice President Charles G. Dawes so much that he made it clear that fellow Republicans should not consider him. Even so, Coolidge had a stake in the election, with his commerce secretary, Herbert Hoover, carrying the banner. The only election since then without a president or vice president on a major-party ballot was in 1952, when Vice President Alben W. Barkley, at 74 and with no support from Harry S. Truman, lost the Democratic nomination to Adlai Stevenson.

Friction typifies relations when vice presidents step forward to seek the Oval Office. Even George H.W. Bush, who vowed not to disrespect Ronald Reagan during his own presidential bid, began to distinguish himself in the summer of 1988, first by publicly disagreeing with administration talks with drug-running Panamanian leader Manuel Noriega and later by promising a "kinder, gentler" presidency.

This can fracture a White House, with the president's staff focused on polishing his legacy and the vice president's on winning votes. The schism between Bill Clinton and Al Gore after the Monica Lewinsky scandal grew so pronounced that, at one point in 2000, Tipper Gore refused to go into a reception with the president. Gore chose a Clinton critic as his running mate and kept the president off the campaign trail.

"There are always tensions," said Roy Neel, a longtime Gore adviser who also served as Clinton's deputy chief of staff. "In the Clinton-Gore years, the tensions were minimal until Gore's campaign had to begin. And then what happened was all of the expected tensions . . . [were] exacerbated substantially by the problems that Clinton was having and the backlash onto Gore."

George W. Bush avoided that in 2000 by tapping Dick Cheney, who swore off interest in the Oval Office from the start. "My advice to him is untainted by any concern I might have about how the folks in Iowa will look at me with connection with the 2008 Iowa caucuses," Cheney told CBS News last year. "And when I speak out on an issue, it's because somebody needs to speak out on the issue, and I can do it without fear, in a sense that I'm not here trying to burnish my image."

With no campaign at stake, Cheney's influence within the White House, though still potent, has clearly diminished. The rise of Secretary of State Condoleezza Rice and the fall of ousted defense secretary Donald H. Rumsfeld signaled a shift. Cheney's handling of a hunting accident last year, in which he shot a friend in the face and kept quiet about it for a day, drove a wedge between him and Bush aides who blamed him for needlessly exacerbating the president's political problems.

Since then, according to some in the administration, the Cheney mystique within the White House has faded. Presidential aides are no longer as intimidated by Cheney's staff as they once were, and some who have seen the vice president in private

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lately said he seems personally down. His combative tone in a CNN interview last month, even as Bush was trying to reach out to Democrats, surprised presidential aides and hinted at his frustration over the turn of events.

Advisers played down reports of tension and noted that Cheney's decision not to run makes him the most loyal vice president in modern times. "Contrary to popular belief, he doesn't freelance," said Mary Matalin, a former aide. "You don't have to work parallel agendas -- the president's and your own."

Bush plans to remain neutral in the GOP primaries -- "helpful to all, partial to none," in the words of one aide. His political guru, Karl Rove, is likewise staying out of the race and refuses to handicap it even among friends for fear of showing favoritism. Some Bush advisers, such as media strategist Mark McKinnon, have signed on with McCain, while the candidates compete for the president's fundraisers.

Within the White House, there is no sentimental favorite, no candidate in the Bush mold who excites his loyalists. McCain's long rivalry with Bush makes him anathema to many, but some top aides appreciate that he has always supported the president on the issue that matters most, the Iraq war. On domestic matters, many in the White House are attracted to Romney, seeing him as the most electable conservative. Giuliani has admirers for his performance on Sept. 11, 2001, but many consider him too liberal on social issues.

As the campaign begins to heat up without him, Bush may find it irritating not to have a role. As Timothy Walch, a historian and director of the Herbert Hoover Presidential Library, put it: "It's very hard, I think, psychologically and politically, for somebody who has been the most powerful person in the world to begin gradually to detach themselves from power."

'08 Slate Without Standout For GOP (WT)

By Ralph Z. Hallow

The Washington Times, February 9, 2007

Many conservatives say they pick "none of the above" when faced with a choice of Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudolph W. Giuliani as the 2008 Republican presidential nominee.

"When I look at these top three guys, I think of Shania Twain singing 'That don't impress me much,' " said former House Majority Leader Dick Armey, referring to the popular country singer.

Such dissatisfaction with the leading Republican presidential candidates is widespread among the party's conservative stalwarts, including many of the 150 alumni of the Reagan administration who attended an annual reunion at the Heritage Foundation on Tuesday night.

"We are without a viable candidate for 2008 at this point," said Mary Ann Meloy, who was an official in the Reagan White House.

Eagle Forum President Phyllis Schlafly counts herself in the "none of the above" category because, she said, the top three candidates are wrong, ambiguous or suspect on "limiting court jurisdiction, the loss of U.S. jobs from globalism and the immigration-amnesty-guest-worker, pro-life and same-sex marriage issues."

Similar discontent has been expressed by conservatives as prominent as radio host Rush Limbaugh -- who said last month that "there's nobody out there that revs me up" in the 2008 Republican presidential field -- and from many other longtime activists who are influential, if not quite household names.

"No one of the three top-tier individuals is a conservative," said Tom Carney, a Florida lawyer and Republican fundraiser. "But even more importantly, none of them have original thoughts. They are all ultimate pragmatists. They want to be president without the necessary vision in this time of international crisis."

Faith Whittlesey, who headed the Reagan White House liaison office and was ambassador to Switzerland, said she is trying to find hope in the situation. "I hear the three choices are all we got, so I would like to see their positions evolve on the core issues that face the nation -- and I am, let's say, hoping for the best," she said.

Christian Josi, senior vice president of Dezenhall Resources, a Washington-based public relations firm, said, "I am a conservative. I have had all I can stomach of Republicans."

"To put it very simply, it is very clear that McCain and Giuliani both have demonstrated that they have significant problems with key elements of the Bill of Rights," Mr. Josi said. "And that is frightening. Don't get me started on Romney. Suffice to say, I find his ideological commitment to the core conservative principles to be highly suspect."

At the Reagan reunion, there were some warm words here and there for former House Speaker Newt Gingrich for his breadth of public-policy knowledge, for former Arkansas Gov. Mike Huckabee for his sticking to his conservative social views, for former Virginia Gov. James S. Gilmore III for his nuanced foreign policy and homeland security views, and for Nebraska Sen. Chuck Hagel, whose criticism of the Iraq war resonates with many conservatives disaffected with the Bush administration.

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But these men are part of a long list of Republican contenders who are trailing far behind the three leading candidates in opinion polls.

"I say 'none of the above' because none of them fits the model of what I think we need as president," said conservative campaign adviser Eddie Mahe. "Some have philosophical flaws. From 2009 to 2017, international affairs is where we will have to focus -- China, Africa, India Russia, the Middle East. I don't see McCain, Romney or Giuliani or any of the others understanding this changing world, how some of those societies function and how we can best relate to them."

Mr. Armey said none of the top three Republican contenders "dwells very much on the big issues of our time," including the direction of foreign policy since September 11, 2001, especially in Iraq.

"I'm not sure what their views are on America exporting democracy by force," the Texas Republican said. "The only thing that could endear one of these candidates to voters is saying, 'I know how to get us out of there.' I'm not sure voters want to hear any more argument about how or why we got in there in the first place."

Despite such discontent, the Republican Party's habits may prove hard to break, said one campaign strategist.

"Some conservatives are saying 'none of the above,' but history says it will be one of the Big Three -- McCain, Romney or Giuliani," said Republican operative Charlie Gerow, chief executive officer of Harrisburg, Pa.-based Quantum Communications. "It's part of Republican culture that we nominate front-runners."

The 2008 Ad Blitz Begins (HILL)

By Jessica Holzer

The Hill, February 9, 2007

Presidential campaign advertising will start hitting the airwaves in the coming months, far earlier in the election cycle than during the 2004 race, and the ads will barrage the American public for much longer, delivering a windfall to television and radio stations, industry experts say.

In the age of television, there never has been a presidential race so wide-open.

“In the history of modern broadcasting, we haven’t had an election where we haven’t had a White House incumbent,” said George Reed-Dellinger, who tracks the industry for Washington Analysis, a political intelligence consultancy. “The broadcasters are licking their chops.”

For the first time since 1972, both Republican and Democratic presidential nominees are expected to forego public financing entirely, allowing them to raise and spend unlimited sums on the largest item of any campaign budget: television spots.

Moreover, the nominees may be decided by February if four large states — Florida, California, New Jersey and Illinois — succeed in moving up their presidential primaries. Such a shift would push candidates to market themselves earlier in these states that are not traditional battlegrounds, but are home to some of the most expensive media markets in the country.

“The 2008 election will begin in earnest in terms of ad buys in late spring,” predicted Evan Tracey, the head of the Campaign Media Analysis Group, which tracks political ad spending for TNS Media Intelligence.

The scramble has already begun. White House hopeful Rep. Duncan Hunter (R-Calif.) hit the airwaves on Dec. 19 with a television ad in Iowa, New Hampshire and South Carolina. Funded by his PAC, Peace Through Strength, it touted his tough stance on border control.

By contrast, Howard Dean went on the air first on June 17, 2003. “It’s a full seven months earlier than 2004,” Tracey said.

Moveon.org has run ads on local stations in Des Moines, Iowa and in Manchester, N.H., as well as nationally on CNN, that attack Sen. John McCain (R-Ariz.), the frontrunner for the Republican nomination. The spot criticizes President Bush’s plan to raise troop levels in Iraq and asserts the idea came from the senator.

The rush to run ads will no doubt serve as fodder for groups that push for campaign finance reform.

“Do you realize how much pain these ads are going to cause the American public?” the president of the group Democracy 21, Fred Wertheimer, asked. “They just got done bombarding them and here we go again.”

Tracey predicted that the 2008 cycle will be roughly in line with the record-breaking $2 billion spent on all political advertising in the 2006 midterm elections, and should easily top the $1.7 billion spent in 2004. More has been spent in midterm years than in presidential years because of the higher number of gubernatorial races.

“We’ve never seen the money that we’re going to see spent on this campaign,” said Pat Roberts, the head of the Florida Association of Broadcasters, which represents both television and radio stations in the state.

If Florida shifts its primary date, political ads will start hitting the airwaves in November, he predicted.

The national sales manager for KCRG-TV in Cedar Rapids, Iowa, Steve Lake, said he already has received calls about running issue ads from some outside groups. In recent presidential races, such ads weren’t aired until late summer.

But earlier primaries in some big states, especially in the battleground of Florida, may siphon money from Iowa and New Hampshire.

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"It may split the candidates' attention, time and money and negate a tidal wave of money in New Hampshire," the general manager of WMUR in Manchester, Jeff Bartlett, said.

Tracey estimates it will cost $3-5 million a week to reach the bulk of voters in California. That could be prohibitively expensive for some candidates, and it could prompt those with bigger war chests to buy ads on the national cable networks. Within 60 days of the election, federal candidates are guaranteed airtime and cut rates for their ads.

"If you're talking about having all these states frontloaded, it might be more efficient to buy the whole country," he said.

The cable industry is predicting that it will get a bigger slice of campaign dollars.

"I think they're going to ramp up their cable advertising as a whole, on a national and local basis," said Chuck Thompson of the Cabletelevision Advertising Bureau.

Celebrity Candidates Look To Adjust To Retail Politics In N.H. (HILL)

By Sam Youngman

The Hill, February 9, 2007

Former New Hampshire Gov. Jeanne Shaheen (D) remembers former Vice President Al Gore's early trips to the site of the first-in-the-nation primary as he tried to transition from vice president to presidential candidate.

The sitting vice president, accompanied by a traveling circus of media, supporters, and Secret Service, suddenly had to grapple with the tiny diners, the house parties and the town halls. These venues were often bursting at the seams with voters used to interviewing candidates as if they were applying to work in the local factory or restaurant.

"The campaign figured they needed to lose a lot of the entourage and really engage the people," Shaheen said. "And when he started doing that, he started doing well."

And now that Sen. Hillary Rodham Clinton (D-N.Y.) is making her first trip to the Granite State in more than 10 years this weekend, the campaign and the state are bracing for crowd turnouts and a media reception that would make the Pope blush.

But in a state considered to be the Super Bowl of retail politics, a number of strategists who have worked in New Hampshire say the campaigns of both Clinton and Sen. Barack Obama (D-Ill.) would do well to focus on the voters, not the cameras. According to reports, Obama had more than 150 reporters in tow when he visited in mid-December.

Peter Greenberger, who served as the New Hampshire political director for Sen. Joe Lieberman (D-Conn.) in 2004, said the celebrity candidates will have to come out of "their bubbles" if they want to do well on primary day.

"I think the star power of Hillary and Obama will have to bend to people-power," Greenberger said.

Greenberger cited then-Texas Gov. George W. Bush's initial strategy in 2000, when he "tried to run a star-power campaign of inevitability … and he was thumped in New Hampshire."

"I think the strategists working for the tier-one candidates are wise to learn that lesson early," he said.

Former Ambassador George Bruno, Gen. Wesley Clark's top political adviser in the state in 2004, agreed along those lines, adding that the unique flavor of the early contest always withstands the early hype surrounding famous candidates' first trips to the state.

"Retail politics in New Hampshire is still alive and well," Bruno said. "Once some of the celebrity candidates … take their first official dips into the New Hampshire snow, it will still go back to retail politics. There's always that phenomenon of here today, gone tomorrow."

Bruno said Granite State voters also have their own filters to get beyond the media coverage, and he cited as one example the reports painting Sen. Joseph Biden's (D-Del.) recent trip to the state as a nonstarter with voters.

Bruno, who has spoken with many of the candidates but not yet declared his support for any of them, said that Biden is in fact "a man of tremendous substance … and I think that will come out in the retail process."

This weekend, Clinton is scheduled for three town halls, which are open to press, and two house parties, which are open to local press but allow only pool coverage for national media.

Clinton campaign staffers said they are mindful of the traditional demands that voters there have of their candidates.

"We're going to do everything we can to protect that interaction," said Clinton campaign spokesman Mo Elleithee, who worked in New Hampshire for Clark in 2004.

Elleithee said the Clinton campaign feels it is striking the right balance between media needs and voter demands, citing its efforts in Iowa last month. It plans to continue that strategy in the Granite State this weekend despite the crushing amount of media requests it has received.

"We're going to make sure the media circus doesn't interfere with her ability to connect to the voters," Elleithee said.

He added that despite the expectation of a tremendous entourage around Clinton, the candidate will still make the rounds at traditional stops like the Merrimack Diner and the Puritan Backroom, both in Manchester.

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The Puritan Backroom's owner and manager, Chris Pappas, said that despite the larger crowds, both he and voters in the diner still expect the contenders to "go booth to booth."

"I think that essential conversation still happens," Pappas said.

Pappas said he has already had visits from White House hopefuls like New Mexico Gov. Bill Richardson (D), former Iowa Gov. Tom Vilsack (D), former Massachusetts Gov. Mitt Romney (R) and Biden. He added that given the size of the fields in both parties, the crowds will eventually divide themselves up among the different candidates.

Shaheen, who now works as director of Harvard's Institute of Politics at the John F. Kennedy School of Government, said the Granite State voters she knows are not easily star-struck and generally keep an open mind until they see each of the candidates in action.

"They're keeping their powder dry," Shaheen said.

For her part, the former gubernatorial and Senate candidate said she will probably not endorse anyone, at least publicly, because her current position at Harvard implies neutrality.

Obama Touts Non-political Résumé (USAT)

By Judy Keen

USA Today, February 9, 2007

CHICAGO — Illinois Sen. Barack Obama, who will announce Saturday that he's running for the Democratic presidential nomination, says the brevity of his political résumé is his "greatest strength."

His work as a community organizer, civil rights attorney, constitutional law professor and state legislator "provides me with insights into solving problems at the federal level and at the local level and at the neighborhood level," Obama said in an interview with USA TODAY. That experience "is what's needed right now," he said.

Obama, 45, has been in the U.S. Senate for two years and served seven years in the Illinois Senate.

Only New York Sen. Hillary Rodham Clinton had more support for the nomination in a USA TODAY/Gallup Poll taken last month. Among respondents, 18% of Democrats and independents who lean Democrat supported Obama; 29% backed Clinton.

A year ago, Obama said, he didn't plan to run for president. But as he traveled across the USA campaigning for Democrats and signing his best-selling book The Audacity of Hope, he discovered "an enormous hunger for a new kind of politics — an enormous desire to end business as usual and to focus on a politics that brings us together."

That won't preclude "vigorous debates and serious differences" with rivals, Obama said. The Iraq war, which he opposed when other Democrats voted to authorize it, will be a "dominant issue," he said. "I'm proud that … I stood clearly and forthrightly in opposition." He supports a phased withdrawal of U.S. troops by March 31, 2008.

Obama also said:

·He and his wife, Michelle, worry about losing privacy. "We tend to be pretty private people, we don't like a lot of fuss," he said. "What I dread most is being away from my kids" — daughters Malia, 8, and Sasha, 5.

He'll make that sacrifice, he said, because he believes he can bring "people together to find common-sense, practical solutions" to economic, health care, education, energy and security problems.

·Although he would be the first African-American president, race is not "the main focus" of his campaign. If there are "symbolic benefits from it, that's great," he said.

·He hopes to generate "the kind of enthusiasm and interest" that motivates many people to make $5 or $10 donations online.

·He doesn't wake up every day certain he'll win. "I am absolutely convinced that …we've got a message that I think will appeal to the American people."

Dem Cites "Unique" Skills As Key To His Campaign (USAT)

By Judy Keen

USA Today, February 9, 2007

Illinois Sen. Barack Obama talked with USA TODAY's Judy Keen as he prepared to announce Saturday in Springfield, Ill., that he's running for the Democratic presidential nomination. Excerpts:

Q: What will you say about why you want to be president?

A: We face enormous challenges, challenges that are going to set the course of this country for the next generation. … The only way we're going to make progress is if we can build a strong consensus in this country to bring people across divisions of race or religion or region or ideological predisposition.

Q: How did you decide you're the best person to lead the nation toward the solutions?

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A: (I asked) myself, is there something unique about my potential candidacy that might allow us to advance as a country in a way that wouldn't happen if I didn't run. And I decided that I might have the kind of skills and life experience that were unique and it would be worthwhile for me to take the plunge.

Q: How can you sustain that new approach in a campaign?

A: We try to get past some of the simplistic, ideological arguments that have characterized Washington over the last several years and that we focus on bringing new people into the process that, frankly, over the last several years have felt completely left out.

Q: Will Iraq be the dominant issue in the campaign, and does it work to your advantage if it is because of your long-standing opposition to the war?

A: I think the voters are going to be looking for someone who has a good grasp of the issues facing us in the Middle East, recognizes that we've got very real national security interests there and we can't act foolishly or based on politics at this point, but that we have to change course in a fundamental way.

Q: You talk often about restoring hope to America. Will you be more specific about domestic policy proposals that will accomplish that goal?

A: Absolutely. Look, I think that the press and folks in Washington have created an accelerated timeline. I read a column the other day talking about the various midcourse corrections the campaigns have to make, and I haven't even announced yet. The truth of the matter is I probably have a more detailed and specific record of what I think and where I stand than any candidate in this race. I mean, I've written two very detailed books that give people a pretty good window into my heart and soul. I've given major policy speeches on just about every important issue.

Q: You have said that you worry about forfeiting your privacy. How big a factor was that in your decision, and is your wife 100% in favor of this idea?

A: My wife is 100% behind the race. She was a partner in making the decision, but obviously there are sacrifices. … I'm not somebody who enjoys a big entourage. The difficulty in just going out and taking a walk or taking my kids to the zoo — the inability to do that is a major sacrifice, but we think the sacrifice is worth it.

Q: Are you making your announcement in Springfield, Ill., because of the connection you feel to Abraham Lincoln?

A: Not only is Lincoln one of my political heroes, but like Lincoln, I served for seven years in Springfield in the state Senate, and it's there that I learned how to legislate. It's there that I developed many of my political ideas. … I've got a lot of friends from all throughout Illinois coming down, and I can't think of a better place from which to embark on this journey.

Q: What are you most looking forward to in the campaign?

A: I'm most looking forward to retail politics: sitting in folks' living rooms and talking to them in small groups or one-on-one and hearing their stories and what their hopes and dreams and aspirations are and figuring out ways that we can create a government that helps them achieve it.

Q: Who will your toughest opponent be?

A: Cynicism.

Race In Background Of Run (USAT)

By Fredreka Schouten, Judy Keen

USA Today, February 9, 2007

WASHINGTON — Illinois Sen. Barack Obama said his campaign for the presidency "will send a wonderful message to young people of color and to immigrants around the country" if successful.

He makes clear, though, that he hopes to make race irrelevant in his bid to become the first black to occupy the White House.

"If I'm talking about the issues that matter to people, if we do a good job in letting people know who I am and what I stand for … they'll make their judgment not based on my race but based on how well they think I can lead this country," Obama told USA TODAY.

As he begins campaigning in earnest for the 2008 Democratic presidential nomination, Obama cannot assume that he will be the favorite of black voters, who are crucial to the success of Democratic candidates in states such as South Carolina, which holds one of the earliest primaries. Blacks accounted for nearly half of the state's Democratic primary voters in 2004.

Obama's background doesn't fit the mold of previous black presidential candidates or that of traditional civil rights leaders. He is the son of a black Kenyan father and a white American mother. He grew up in Hawaii and spent some of his childhood in Indonesia. He was the first black president of the prestigious Harvard Law Review and spent some time as a community organizer on Chicago's South Side.

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Obama "has demonstrated a great deal of popularity with white people," said David Bositis, an expert on black voter opinion at the Joint Center for Political and Economic Studies in Washington. "There is almost always, on the part of some African-Americans, a thing in their back of their minds that says, 'What's the catch?' "

Wilbur Rich, a political scientist at Wellesley College, said: "This is the kind of thing people talk about in black barbershops: Is he really a brother?" With his résumé, Rich said, Obama "has earned the right to call himself whatever he wants."

The debate is playing out not just in barbershops, but in blogs, magazines and newspapers. In the New York Daily News recently, columnist Stanley Crouch, a prominent black social critic, said that when "black Americans refer to Obama as 'one of us,' I do not know what they are talking about."

Other blacks dismiss such criticism. The real test will be whether "he is the best qualified person for the job," said Bruce Gordon, president and chief executive officer of the NAACP. "Black folks will not vote for Barack simply because he's black. Not all women will vote for Hillary," he said, referring to New York Sen. Hillary Rodham Clinton, another Democratic contender.

Clinton leads Obama in polls of black voters. Recent ABC News/Washington Post polling, for instance, found that 60% of black, Democratic-leaning voters supported Clinton, and 20% backed Obama.

Cornell Belcher, a Democratic activist and pollster for Obama, said the story behind those numbers is simple: "African-Americans know the Clintons. They don't know Barack Obama. Those are numbers that are going to move."

Evan Brunson is among the black voters Obama will have to win over.

Brunson, president of the College Democrats chapter at Howard University in Washington, said he felt a surge of excitement as he watched Obama speak at a recent event.

Still, the 22-year-old senior from Dallas said he's more interested right now in a fellow Southerner, former North Carolina senator John Edwards. "I like that someone is picking up the mantle of social justice," he said about Edwards.

Obama's race will be a factor in his choice, Brunson said, but not the only one. "You don't give your vote away; they have to earn it."

Obama Forged Political Mettle In Illinois Capitol (WP)

By Peter Slevin

The Washington Post, February 9, 2007

CHICAGO, Feb. 8 -- When Sen. Barack Obama heads downstate to Springfield on Saturday to announce his candidacy for president, he will speak in lofty tones of America and Abraham Lincoln, but also of a more prosaic topic: his own eight years in the Illinois Senate.

The heart of Obama's political rÃ©sumÃ© lies in Springfield, where he arrived in January 1997. He was a newcomer to elective politics after time as a community organizer and University of Chicago law professor operating largely outside the city's Democratic machine.

From a district on the South Side of Chicago, he reached Republican-dominated Springfield as a committed liberal, later writing that he understood politics in the capital "as a full-contact sport, and minded neither the sharp elbows nor the occasional blind-side hit."

Yet he emerged as a leader while still in his 30s by developing a style former colleagues describe as methodical, inclusive and pragmatic. He cobbled together legislation with Republicans and conservative Democrats, making overtures other progressive politicians might consider distasteful.

Along the way, he played an important role in drafting bipartisan ethics legislation and health-care reform. He overcame law enforcement objections to codify changes designed to curb racial profiling and to make capital punishment, which he favors, more equitable.

"When you come in, especially as a freshman, and work on something like ethics reform, it's not necessarily a way to endear yourself to some of the veteran members of the Illinois General Assembly," said state Sen. Kirk W. Dillard, a Republican who became a friend. "And working on issues like racial profiling was contentious, but Barack had a way both intellectually and in demeanor that defused skeptics."

"He wasn't a maverick," said Cynthia Canary, director of the Illinois Campaign for Political Reform. "There were other legislators I would turn to if I just wanted to make a lot of noise. That wasn't his style."

Obama was a persistent foe of social conservatives on issues of reproductive rights. He was also a reliable vote for gun control and backed a ban on assault weapons, although he took a political hit from Democrats for missing an important gun vote while in Hawaii for the Christmas holidays.

In 1997, Obama was not instantly embraced, Dillard said: "The fact that he was a law professor -- and a constitutional-law professor -- and he was a Harvard graduate made many members of the General Assembly roll their eyes."

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Obama went to work. Afterward, he played golf and pickup basketball. He made the social rounds at Springfield cocktail parties. He joined a weekly poker game with legislators and lobbyists in which the ante was a dollar or two.

One regular, former Democratic state senator Larry Walsh, said Obama was competitive yet careful -- and always hard to read.

"One night, we were playing and things weren't going very well for me," Walsh said. "I had a real good hand and Barack beat me out with another one. I slammed down my cards and said, 'Doggone it, Barack, if you were a little more liberal in your card playing and a little more conservative in your politics, you and I would get along a lot better.' "

The campaign finance effort came at the initiative of former U.S. senator Paul Simon (D-Ill.). A Republican and a Democrat in each legislative body were tapped to tighten a system that, among other things, allowed politicians to use campaign accounts for personal expenses.

Obama was given the job of representing Senate Democrats by state Sen. Emil Jones Jr., who chose him on the recommendation of Abner J. Mikva, a former judge and Democratic congressman.

"He was very aggressive when he first came to the Senate," said Jones, now president of the state Senate. "We were in the minority, but he said, 'I'd like to work hard. Any tough assignments or things you'd like me to be involved in, don't hesitate to give it to me.' "

Obama favored more ambitious changes in campaign law, including limits on contributions, but nipped and tucked in search of consensus.

"What impressed me about him was his ability in working with people of the opposite party," said Mike Lawrence, director of the Public Policy Institute at Southern Illinois University. "He had definite ideas about what ought to be contained in a campaign finance reform measure, but he also was willing to recognize that he was probably not going to get everything he wanted."

The result, according to good-government groups, was the most ambitious campaign reform in nearly 25 years, making Illinois one of the best in the nation on campaign finance disclosure.

Five years later, Obama waded into a complex capital-punishment debate after a number of exonerations persuaded then-Gov. George Ryan (R) to empty death row.

Obama wrote in his recent memoir that he thinks the death penalty "does little to deter crime." But he supports capital punishment in cases "so heinous, so beyond the pale, that the community is justified in expressing the full measure of its outrage by meting out the ultimate punishment."

In proposing changes, Obama met repeatedly with officials and advocates on all sides. He nudged and cajoled colleagues fearful of being branded soft on crime, as well as death-penalty opponents worried that any reform would weaken efforts to abolish capital punishment.

Obama's signature effort was a push for mandatory taping of interrogations and confessions. It was opposed by prosecutors, police organizations and Ryan's successor, Democrat Rod Blagojevich, who said it would impede investigators.

Working under the belief that no innocent defendant should end up on death row and no guilty one should go free, Obama helped get the bill approved by the Senate on a 58 to 0 vote. When Blagojevich reversed his position and signed it, Illinois became the first state to require taping by statute.

"Obviously, we didn't agree all the time, but he would always take suggestions when they were logical, and he was willing to listen to our point of view. And he offered his opinions in a lawyerly way," said Carl Hawkinson, the retired Republican chairman of the Judiciary Committee. "When he spoke on the floor of the Senate, he spoke out of conviction. You knew that, whether you agreed with him or disagreed with him."

Obama paid a political price for missing an important vote on a crime package. That was during the 1999 Christmas holidays, as Obama -- who describes himself as suffering from "chronic restlessness" -- embarked on an ill-fated attempt to unseat Rep. Bobby Rush, a popular Chicago Democrat.

When the legislature was called into special session to vote on gun control, Obama and his family were visiting his grandmother in Hawaii. His 18-month-old daughter, Malia, was sick and unable to fly. The measure was narrowly defeated, and Rush criticized him. Obama lost by 31 points, his only electoral defeat.

"I take my legislative responsibilities extremely seriously," Obama said after the measure fell five votes short. "In the midst of a congressional race, I'm well aware of the potential risk of missing a vote, even if that vote doesn't wind up making the difference on a particular piece of legislation. But at some point, family has to come first."

Obama was a steady supporter of abortion rights, said Pam Sutherland, Planned Parenthood's chief lobbyist in Springfield, although he caught flak from the political left in 2004 as he ran for the U.S. Senate.

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The reason was a series of votes on such issues as late-term abortion and parental notification when Obama voted "present" instead of yea or nay. He said he was not tacking toward the center, but an opponent in the Democratic primary sent mailers portraying a rubber duck and proclaiming, "He ducked!"

Obama said his votes helped provide cover for other legislators. Sutherland said the votes were part of a strategy designed with Obama's help to deny Republicans easy campaign sound bites.

"The Republicans loved to put out legislation all the time that would put their opponents in a trick box during the elections," Sutherland said. "It was a strong statement to those who promoted bad legislation that we're not going to take this; you can't use this against us."

Obama To Skip Nevada Presidential Forum (AP)

By Kathleen Hennessey

AP, February 9, 2007

Democratic Presidential hopeful Sen. Barack Obama, D-Ill., talks to reporters on Capitol Hill in Washington, Tuesday, Feb. 6, 2007, at the conclusion of a news conference on Iraq.

Wyoming Republican Party

Sen. Barack Obama is skipping a forum for Democratic presidential candidates in Nevada this month - his first opportunity to share a platform with his rivals for the 2008 nomination.

Seven other announced or expected Democratic candidates, including front-runner Sen. Hillary Rodham Clinton, have told organizers they will participate in the Feb. 21 forum in Carson City, Nev. It's the first such candidates forum of the 2008 presidential campaign.

Obama, who is scheduled to be in southern Nevada the same week, couldn't work the Nevada forum into his itinerary, campaign spokesman Dan Pfeiffer said.

"It was a difficult decision. He very much wants to spend time getting to know the people of Nevada, talking about how we move the country forward, but there are only so many days in the calendar," Pfeiffer said. "He has a vigorous Senate schedule, it makes it very difficult to do all things he wants to do."

Pfeiffer said Obama will campaign in the Las Vegas area on Feb. 18, but did not release details on the senator's schedule. Obama is scheduled to formally announce his candidacy Saturday in Springfield, Ill.

The Senate is not in session the week of the Carson City forum, which is sponsored by the American Federation of State, County and Municipal Employees and the Nevada Democratic Party.

"We're disappointed that Senator Obama chose not to attend the AFSCME forum, it will be a great opportunity for candidates to begin a dialogue with Nevada voters," said party spokeswoman Kirsten Searer.

Besides Clinton, a senator from New York, other Democrats who have confirmed their participation are: Former vice presidential candidate John Edwards, Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, former Iowa Gov. Tom Vilsack, New Mexico Gov. Bill Richardson and former Alaska Sen. Mike Gravel.

WASHINGTON (AP) - The federal government will test and certify voting systems for the first time after the U.S. Election Assistance Commission approves the labs to conduct the tests.

The commission expects to approve two labs - Ibeta Quality Assurance and SysTest Labs - by the end of February. The federal testing and certification program would start by early March, elections officials said Thursday.

Up to four more labs could be considered later to help with the equipment testing.

The commission voted Thursday to end an interim program that was used for testing modifications to some voting systems.

"We will put our own stamp of approval on any voting equipment," commission chair Donetta Davidson said Thursday. "We're not grandfathering in equipment."

Voting machine companies and the counties that buy their hardware and software aren't required to participate, but many states require national certification.

A 2002 law, the Help America Vote Act, created the commission and said it should establish a testing and certification program for voting systems. Voting problems in the disputed 2000 election prompted the law.

Security of the voting equipment - both hardware and software - and access for the disabled will be top goals of the certification program, Davidson said.

Edwards Learns Campaign Blogs Can Cut 2 Ways (NYT)

By John M. Broder

The New York Times, February 9, 2007

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WASHINGTON, Feb. 8 — John Edwards learned the hard way this week of the perils of grafting the raucous culture of the Internet to the decidedly staider world of a presidential campaign.

Mr. Edwards announced on Thursday, after 36 hours of deliberation, that he would keep on his campaign staff two liberal feminist bloggers with long cybertrails of incendiary comments on sex, religion and politics.

Deliberations over the fate of the two bloggers, Amanda Marcotte and Melissa McEwan, created a crisis in Mr. Edwards's nascent campaign for the Democratic presidential nomination in 2008 and illuminated the treacherous road ahead as candidates of both parties try to harness the growing power of the online world. The case of the two women had left Mr. Edwards, a former North Carolina senator, with difficult choices.

Mr. Edwards could keep the women on his staff and have to answer for the sometimes vulgar and intemperate writings posted on their personal blogs before he hired them late last month. He could dismiss them and face a revolt in the liberal blogosphere, which is playing an increasingly influential role in Democratic politics and could be especially important to his populist campaign. Some bloggers saw the controversy as manufactured by conservative groups.

Or, as Mr. Edwards did Thursday, he could keep the two bloggers on staff, but distance himself from their views.

In deciding to retain Ms. Marcotte and Ms. McEwan, he extracted public apologies from them for some of their work and a promise from them to maintain a civil tone while in his employ. Mr. Edwards stumbled into this minefield ahead of his rivals for the presidency, but many of the other candidates could face similar problems as they try to integrate the passionate, provocative and freewheeling political discourse that flourishes on the Internet into more tightly controlled means of traditional campaigning.

"This is all being made up as we go along," said Simon Rosenberg of the New Democrat Network, a political action organization that tries to serve as a bridge between traditional politics and the Wild West world of the Internet. "It is difficult to apply the old ways campaigns were run in the late 20th century to this new wide-open, citizen-led politics."

All the major presidential candidates in both parties have hired people with Internet experience to try to mine money and political support from the online community.

In a statement Thursday, Mr. Edwards distanced himself from the two bloggers' most inflammatory statements, which, he said, "personally offended me." He said that no one on his campaign would be allowed to use such intolerant language, even if intended as satire.

"But I also believe in giving everyone a fair shake," Mr. Edwards said in a statement. "I've talked to Amanda and Melissa; they have both assured me that it was never their intention to malign anyone's faith, and I take them at their word."

He also said he would not allow his campaign to be "hijacked" by religious conservatives who had pointed out the bloggers' most provocative comments and demanded their dismissal.

In some of their online writings, Ms. Marcotte and Ms. McEwan used vulgar language to characterize religious conservatives and Roman Catholic teachings on birth control, homosexuality and the virgin birth.

On her personal blog, Shakespeare's Sister, Ms. McEwan had referred to conservative Christians as "Christofascists." On the Pandagon blog site, Ms. Marcotte had said that the Catholic Church's prohibition on the use of birth control forced women to bear "more tithing Catholics."

This week, William A. Donohue, the president of the Catholic League for Religious and Civil Rights, had called for Mr. Edwards to dismiss the women. Stunned to learn that he did not, Mr. Donohue said in an interview Thursday, "The bloggers are no longer the issue. Edwards is the issue."

The Edwards campaign released statements from the two women Thursday afternoon.

"My intention is never to offend anyone for his or her personal beliefs," Ms. Marcotte wrote, "and I am sorry if anyone was personally offended by writings meant only as criticisms of public politics."

Ms. McEwan said she did not expect Mr. Edwards to agree with everything she had ever written.

"It has never been my intention to disparage people's individual faith," Ms. McEwan said, "and I'm sorry if my words were taken in that way."

In a brief note on her personal blog on Wednesday, Ms. McEwan said that in the 2004 presidential election she had voted for Senator John Kerry, the Massachusetts Democrat who is a Roman Catholic, which she said was evidence that she was not anti-Catholic.

Ms. McEwan will serve as the Edwards campaign's so-called Netroots coordinator, in charge of outreach to the online community.

Neither woman responded to e-mail messages requesting further comment.

Jennifer Palmieri, a spokeswoman for Mr. Edwards, said he had not wanted to decide the women's fate without first speaking to them personally.

Asked whether the campaign had sufficiently screened the two women before they were hired, Ms. Palmieri said it was difficult to find and read every word a prolific blogger had written over a period of years.

Problems with bloggers have already bedeviled other campaigns. In last year's Democratic senatorial primary in Connecticut, some bloggers who supported Ned Lamont attacked his opponent, Senator Joseph I. Lieberman, and one posted a picture of Mr. Lieberman in blackface.

Last summer, Senator John McCain, Republican of Arizona, hired Patrick J. Hynes, a conservative blogger and political consultant, to be his campaign's blog liaison. Mr. Hynes quickly ran afoul of fellow bloggers by initially concealing his relationship to the McCain campaign while he was writing critically about other Republicans.

He then came under fire for declaring that the United States was a "Christian nation" in a book and television appearances that predated his work for Mr. McCain. Last November, while employed by Mr. McCain's campaign, Mr. Hynes posted on his personal blog a picture of Representative Henry A. Waxman, Democrat of California, and invited readers to submit nicknames, some of which were anti-Semitic.

In an interview, Mr. Hynes said the Internet was a place where overheated language and vicious personal attacks were often tolerated, even encouraged. But, he said, "I would caution against holding candidates responsible for what their bloggers and blog consultants have said in the past."

"The blogosphere is a conversation; it's not reportage," Mr. Hynes said. "We're all trying to figure out, what does this mean for the convergence of all these media? It's a Pandora's box and no one knows where it's going to end up."

Mr. Hynes remained on the McCain campaign staff and maintained his personal blog.

Edwards To Retain Embattled Bloggers (WP/AP)

By Nedra Pickler

The Washington Post, February 9, 2007

WASHINGTON -- Democratic presidential candidate John Edwards said Thursday he was personally offended by the provocative messages two of his campaign bloggers wrote criticizing the Catholic Church, but he's not going to fire them.

Edwards issued a statement and answered questions about the fate of Amanda Marcotte and Melissa McEwan, two days after the head of the conservative Catholic League for Religious and Civil Rights demanded they be fired for messages they wrote before working on the campaign.

"I talked personally to the two women who were involved. They gave me their word they, under no circumstances, intended to denigrate any church or anybody's religion and offered their apologies for anything that indicated otherwise. I took them at their word," Edwards told reporters during a campaign stop in Charleston, S.C.

An angry Bill Donohue, president of the Catholic League, which counts 350,000 members, criticized Edwards for not firing the two bloggers. Donohue also promised a nationwide public relations campaign in newspapers, magazines and Catholic publications to tell voters what the candidate had done.

"When Mel Gibson got drunk and made anti-Semitic remarks, he paid a price for doing so. When Michael Richards got angry and made racist remarks, he paid a price for doing so. ... But John Edwards thinks the same rules don't apply to him, which is why he has chosen to embrace foul-mouthed, anti-Catholic bigots on his payroll," Donohue said.

Edwards has never met the two bloggers and his first conversation with them came when he called to discuss the uproar. The 2004 vice presidential nominee told reporters in South Carolina: "It will not happen again. That you can be sure of."

The campaign distributed written regrets from the two women, who stressed they were writing on personal blogs. Edwards said in the statement he believes in giving everyone a "fair shake."

On Tuesday, Donohue called for Edwards to fire the bloggers, citing posts that the women made in the past several months in which they criticized the church's opposition to homosexuality, abortion and contraception, sometimes using profanity.

"The tone and the sentiment of some of Amanda Marcotte's and Melissa McEwan's posts personally offended me," Edwards said in the statement. "Everyone is entitled to their opinion, but that kind of intolerant language will not be permitted from anyone on my campaign, whether it's intended as satire, humor or anything else."

The two were hired last week as part of Edwards' outreach to liberal voters and online activists.

Edwards spokeswoman Jennifer Palmieri said the campaign was aware that Marcotte and McEwan, like many bloggers, had written provocative postings on their personal sites. But the campaign had not read them all and had not seen the postings criticizing the church until Donohue put out a statement Tuesday, Palmieri said.

For instance, Marcotte had written that the church wants "to force women to bear more tithing Catholics" and McEwan had written that the pope is among those who "regularly speak out against gay tolerance." Other postings used more graphic language.

Edwards remained silent for two days as the controversy grew on the Internet. Most of those posting on liberal Web sites were calling for Edwards to keep the bloggers on staff and stand up to Donohue, and many were vowing to work against him if he didn't.

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Donohue is a frequent critic of those who speak out against the church and what he calls "political correctness run amok," such as the separation of Christmas and the holiday season.

Donohue also doesn't shy from blunt language sometimes in his criticism of gays, Hollywood's control by "secular Jews who hate Christianity" and even the Edwards bloggers, whom he referred to as "brats" in an interview Wednesday on MSNBC.

Palmieri said Edwards had been traveling through Michigan, Missouri and Oklahoma and wanted time to discuss the bloggers' statements with them and weigh their future.

"We're dealing with people's careers and reputations and livelihoods," Palmieri said.

In her statement, McEwan said she doesn't expect Edwards to agree with everything she's posted, but they share "an unwavering support of religious freedom and a deep respect for diverse beliefs.

Marcotte's statement said her writings on religion on her blog, Pandagon, are generally satirical criticisms of public policies and politics.

Catholics in Alliance for the Common Good, a nonprofit formed to highlight Catholic social justice teachings, also issued a statement condemning the bloggers' remarks but accepting Edwards' assurances that he was also offended.

"Catholics comprise more than one quarter of the U.S. public, and neither John Edwards nor any other candidate can afford to take this constituency for granted," said executive director Alexia Kelley, who served briefly as a religious adviser to 2004 Democratic presidential nominee John Kerry.

Edwards Blogger Flap Discomforts Religious Left (POL)

By Ben Smith

The Politico, February 9, 2007

As the flap over alleged anti-Catholic writings by two John Edwards campaign bloggers devolves into a shouting match between conservative religious voices and liberal bloggers, some members of the "religious left" say they feel – again – shoved to the margins of the Democratic Party.

"We're completely invisible to this debate," said Eduardo Penalver, a Cornell University law professor who writes for the liberal Catholic journal Commonweal. He said he was dissatisfied with the Edwards campaign's response. "As a constituency, the Christian left isn't taken all that seriously," Penalver said.

Democrats -- and Edwards in particular -- have embraced the language of faith and the imperative of competing with Republicans for the support of religious voters. His wife, Elizabeth Edwards, even sits on the board of the leading organization of the religious left, Call to Renewal. But in private conversations and careful public statements today, religious Democrats said they felt sidelined by Edwards' decision to stand by his aides.

"We have gone so far to rebuild that coalition [between Democrats and religious Christians] and something like this sets it back," said Brian O'Dwyer, a New York lawyer and Irish-American leader who chairs the National Democratic Ethnic Leadership Council, a Democratic Party group. O'Dwyer said Edwards should have fired the bloggers. "It's not only wrong morally – it's stupid politically."

O'Dwyer e-mailed a statement to reporters saying: "Senator Edwards is condoning bigotry by keeping the two bloggers on his staff. Playing to the cheap seats with anti-Catholic bigotry has no place in the Democratic Party."

In a comment that several Catholic Democrats told The Politico they found particularly offensive, Edwards aide Amanda Marcotte asked, in a posting to her personal blog, "What if Mary had taken Plan B after the Lord filled her with his hot, white, sticky Holy Spirit?"

The other Edwards blogger, Melissa McEwan, has come under fire for referring to Christian conservatives as “Christofascists” in her personal blog.

Thursday, the campaign issued a statement from Edwards saying that he had been personally offended by the remarks and that the bloggers "have both assured me that it was never their intention to malign anyone's faith, and I take them at their word."

The campaign also sent out semi-apologetic statements from each blogger saying she was sorry if anyone was offended.

And so religious liberals find themselves in a quandary. They have no interest in associating with the likes of William Donohue, the Catholic League president who is closely aligned with the GOP and led the charge against Edwards' aides. Donohue said Thursday he would take out newspaper advertisements attacking Edwards as anti-Catholic. But religious liberals also think Edwards' aides merit more than a slap on the wrist.

“I thought his explanation was not satisfying," said Cornell's Penalver. "It's obvious that they did mean to give offense."

"You imagine a similar kind of comment directed at the Jewish community or at the gay community – something at this level of intentional offensiveness -- and I have a hard time believing it gets resolved in the same way," he said.

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The Catholic Alliance, which stresses that fighting poverty and social injustice are Catholic values, sent out a careful public statement Thursday afternoon,

"We accept Senator Edwards' assurances that he too was offended by comments made by recently-hired staffers and that religious intolerance has no place in his campaign," the group's executive director, Alexia Kelley, said in the statement.

But in a mark of how religious Democrats are fighting a war on two fronts, Kelley also took a passing shot at Donohue in an interview.

She said she hoped that Donohue would hew to the Catholic value of forgiveness in forgiving the bloggers – as Donohue had notoriously forgiven Mel Gibson.

Edwards Gets It Right (NYT)

By Paul Krugman

The New York Times, February 9, 2007

What a difference two years makes! At this point in 2005, the only question seemed to be how much of America's social insurance system — the triumvirate of Social Security, Medicare and Medicaid — the Bush administration would manage to dismantle. Now almost all prominent Democrats and quite a few Republicans pay at least lip service to calls for a major expansion of social insurance, in the form of universal health care.

But fine words, by themselves, mean nothing. Remember "compassionate conservatism?" I won't trust presidential candidates on health care unless they provide enough specifics to show both that they understand the issues, and that they're willing to face up to hard choices when necessary.

And former Senator John Edwards has just set a fine example.

At first glance, the Edwards health care plan looks similar to several other proposals out there, including one recently unveiled by Arnold Schwarzenegger in California. But a closer look reveals extra features in the Edwards plan that take it a lot closer to what the country really needs.

Like Mr. Schwarzenegger, Mr. Edwards sets out to cover the uninsured with a combination of regulation and financial aid. Right now, many people are uninsured because, as the Edwards press release puts it, insurance companies "game the system to cover only healthy people." So the Edwards plan, like Schwarzenegger's, imposes "community rating" on insurers, basically requiring them to sell insurance to everyone at the same price.

Many other people are uninsured because they simply can't afford the cost. So the Edwards plan, again like other proposals, offers financial aid to help lower-income families buy insurance. To pay for this aid, he proposes rolling back tax cuts for households with incomes over $200,000 a year.

Finally, some people try to save money by going without coverage, so if they get sick they end up in emergency rooms at public expense. Like other plans, the Edwards plan would "require all American residents to get insurance," and would require that all employers either provide insurance to their workers or pay a percentage of their payrolls into a government fund used to buy insurance.

But Mr. Edwards goes two steps further.

People who don't get insurance from their employers wouldn't have to deal individually with insurance companies: they'd purchase insurance through "Health Markets": government-run bodies negotiating with insurance companies on the public's behalf. People would, in effect, be buying insurance from the government, with only the business of paying medical bills — not the function of granting insurance in the first place — outsourced to private insurers.

Why is this such a good idea? As the Edwards press release points out, marketing and underwriting — the process of screening out high-risk clients — are responsible for two-thirds of insurance companies' overhead. With insurers selling to government-run Health Markets, not directly to individuals, most of these expenses should go away, making insurance considerably cheaper.

Better still, "Health Markets," the press release says, "will offer a choice between private insurers and a public insurance plan modeled after Medicare." This would offer a crucial degree of competition. The public insurance plan would almost certainly be cheaper than anything the private sector offers right now — after all, Medicare has very low overhead. Private insurers would either have to match the public plan's low premiums, or lose the competition.

And Mr. Edwards is O.K. with that. "Over time," the press release says, "the system may evolve toward a single-payer approach if individuals and businesses prefer the public plan."

So this is a smart, serious proposal. It addresses both the problem of the uninsured and the waste and inefficiency of our fragmented insurance system. And every candidate should be pressed to come up with something comparable.

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Yes, that includes Barack Obama and Hillary Clinton. So far, all we have from Mr. Obama is inspiring rhetoric about universal care — that's great, but how do we get there? And how do we know whether Mrs. Clinton, who says that she's "not ready to be specific," and that she wants to "build the consensus first," will really be willing to take on this issue again?

To be fair, these are still early days. But America's crumbling health care system is our most important domestic issue, and I think we have a right to know what those who would be president propose to do about it.

Clemons To Head Clinton's New Hampshire Campaign (NHUL)

New Hampshire Union Leader, February 9, 2007

MANCHESTER – As Democratic Presidential front-runner Hillary Clinton prepares for her first visit to the first-in-the-nation primary state tomorrow, her state campaign has its top staffer on board.

Clinton's campaign has hired New Hampshire Democratic Party executive director Nick Clemons as its state campaign director.

The hiring was first reported on UnionLeader.com yesterday afternoon.

Clemons, 33, of Portsmouth, has been party executive director since November 2004. He directed John Kerry's campaign in the state during the 2004 general election and was Kerry's field director during the New Hampshire primary campaign.

Clinton campaign national field director Karen Hicks called Clemons' hiring "a really good catch for us and I'm pleased that he is going to do it. He has the experience that allows us to hit the ground running." She called Clemons "one of the best political organizers in the state. He will bring a wealth of experience, a savvy and great set of contacts to the Clinton campaign."

Clemons said he was "excited at the opportunity to work for Senator Clinton. She's got a fantastic campaign team in place at the national level and here in New Hampshire."

State Democratic Chair Kathy Sullivan called Clemons "the best executive director in the country. He ran the most successful Democratic campaign in the country in 2006. He is very smart, and this is the best hire that Senator Clinton's campaign could have made. In addition to being a smart strategist, he also has an in-depth knowledge of New Hampshire. And he made me look really good!"

Sullivan said she intends to appoint an interim executive director pending approval of the party executive committee.

She is leaving her post in late March and said it will be up to the next party chairman to hire a new top party staffer.

Former President Clinton's Focus: Cooperation (DMN)

By Gromer Jeffers

The Dallas Morning News, February 9, 2007

GRAND PRAIRIE – Former President Bill Clinton on Thursday called on Americans to move from interdependence to an integrated society that focuses on security, diplomacy and improvements on such issues as health care and energy.

Mr. Clinton's speech, given at Nokia Theatre, was a sprawling lecture nearly devoid of politics.

He even refrained from discussing the presidential aspirations of his wife, New York Sen. Hillary Rodham Clinton.

When the crowd of about 4,000 cheered when he referred to her, he told them, "The cause of your applause means I won't get to see her much in the next few months."

Mr. Clinton's speech focused on the United States' role in a modern global society.

His call for diplomacy and coalition building could have been a direct rebuttal to the war in Iraq. Although he said military force should always be an option for protecting a nation's interest, he added that war was a costly, sometimes incorrect action.

President Bush has been criticized for not developing a strong world alliance before going to war in Iraq.

"You've got to have more partners and fewer enemies," Mr. Clinton said during a speech that lasted just over an hour. "Then when you fight your enemies, you have a better chance to win."

Mr. Clinton said humanitarian aid to tsunami victims improved America's approval rating in Indonesia from 30 percent to well over 50 percent.

He said American aid helped change the minds of residents in the storm-ravaged country.

"They realized it was better to build than to tear down," Mr. Clinton said.

The former president called for the U.S. to develop a more efficient and affordable health-care system.

And, he said, businesses should find a way to develop and profit from cleaner energy.

"If I were young and going into business, I would get into clean energy and make a fortune," he said.

Mr. Clinton said many people in the U.S. – and the world – have benefited over the last century. But, he said, hundreds of millions remain poor, uneducated and unnecessarily ill.

"The modern world has been real good to me," he said. "But it is unequal, unstable and unsustainable."

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Former President Clinton Urges Positive View (HC)

By Alexis Grant

Houston Chronicle, February 9, 2007

Telling Rice students "there's plenty of doing that needs done," former President Clinton on Thursday encouraged them to help steer the country in a positive direction while taking a global view of today's challenges.

"Private citizens have more power to do good in public areas than ever before," he said. "People with no money at all who can just give a little bit have the chance to change the world if they all agree on the same thing at the same time."

The Autry Court speech, sponsored by Rice University's Baker Institute for Public Policy, was attended by about 4,000 students and faculty.

"It was a very good message to Rice students because we really consider ourselves active in trying to change the world," said Matthew Broussard, 18, a mechanical engineering student.

Clinton also emphasized the importance of what he calls global interdependence.

In just over an hour that included a brief Q&A period, he talked about the need for new energy sources and better health care around the world, explained his philosophy on holding developing countries to certain standards while providing financial aid, and backed the two-term limit for presidents.

"You do have to have a security policy, but building a world with more partners and fewer terrorists is always cheaper than going to war," he said.

Clinton, who sometimes pulls in more than $100,000 for an appearance, according to published reports, spoke at Rice for free. He owed a favor to James A. Baker III, former secretary of state and founder of the institute, said Rice University spokesman Franz Brotzen.

But Clinton, whose wife is expected to seek the Democratic presidential nomination, joked that he had other reasons for visiting the university. He alluded to Baker's prominent role in the 2000 presidential recount in Florida that gave Republican George W. Bush the presidency over Al Gore.

"I got the biggest speaker's fee I've ever received," Clinton said. "Not one red cent. But I got Jim Baker's solemn promise that in the event of an election challenge in 2008, he will not represent the Republican nominee for president."

Williams Can't Duck Campaign Pushes (WT)

By Robert Stacy McCain

The Washington Times, February 9, 2007

Conservative economist Walter E. Williams says he's flattered at being urged to seek the 2008 Republican presidential nomination -- even if the draft committee is headed by a cartoon duck.

The "Mallard Fillmore" comic strip has spent the past two weeks promoting the George Mason University economics professor as a 2008 candidate -- with some success, judging from Mr. Williams' e-mail in-box.

"I've been inundated," the 70-year-old Mr. Williams said of responses to cartoonist Bruce Tinsley's strip, which has prominently featured Mr. Williams' e-mail address (wwilliam@gmu.edu). "I've only gotten one or two ugly [e-mails], and I've gotten hundreds" of positive messages.

A popular syndicated columnist who often fills in for Rush Limbaugh when the top talk-radio host is on vacation, Mr. Williams said in a telephone interview that he was surprised when Mr. Tinsley began a series of "Draft Walter Williams" cartoons Jan. 29.

"I found it very funny, and I found it quite flattering as well," said Mr. Williams, whose column appears in The Washington Times, as does the "Mallard Fillmore" strip.

The idea for the series was simple, Mr. Tinsley said: Mr. Williams is "an actual conservative, and who better to run for elective office than somebody who's been writing his ideas down for us to read for years? He can't waffle. Also, Adam Smith and Bill Buckley weren't available."

Like many other conservatives, the Indiana-based cartoonist said he's less than enthusiastic about the current crop of Republican presidential contenders.

"Philosophical conservatives are tired of 'moderates,' who try to be all things to all people and end up pandering to those who wouldn't vote for them in a million years," Mr. Tinsley said in an e-mail. "Reagan was genuinely conservative, take it or leave it. And it worked."

While Mr. Tinsley said "maybe" he (and his cartoon alter-ego, Mallard) could support former House Speaker Newt Gingrich, he said he was disappointed that Sen. Tom Coburn, Oklahoma Republican, "has said unequivocally that he's not interested" in a 2008 White House bid.

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"But I believe him, since he's one of the few legislators who seems to consistently mean what he says," Mr. Tinsley said.

Right now, however, Mr. Tinsley says he's "not giving up" on his campaign to promote the candidacy of Mr. Williams.

The George Mason professor says he shares Mr. Tinsley's disdain for career politicians.

"I personally think that if we chose the president of the United States at random, we'd get a better president than any president since Ronald Reagan," said Mr. Williams.

Mr. Williams' own '08 favorite is Rep. Ron Paul, Texas Republican and a 1988 Libertarian Party presidential nominee, who last month announced the formation of an exploratory committee.

"If the framers of the Constitution were somehow to come back, Ron Paul is one of possibly only three people in Congress that they'd even talk to," said Mr. Williams, adding that most politicians have a "generalized contempt" for the values of the Constitution.

The biggest obstacle to his own candidacy, Mr. Williams said, is his wife of 47 years, Conchetta.

"She said that if I ever thought about it seriously, she'd assassinate me," he said.

While his age (he'll turn 71 next month) might seem a problem to a presidential run, Mr. Williams says he is in excellent health, thanks to a regimen that includes a personal trainer, bicycling, two glasses of wine each day -- and smoking half a pack of cigarettes daily. "My grandfather smoked a pack of Camels a day, drank almost a half-pint of Old Grandad every day and died when he was 94," he said.

Though he has no plans for trips to Iowa and New Hampshire, Mr. Williams would not completely rule out a 2008 run for the White House.

"I've learned that one should always keep his options open," he said. "You should never say never, but I haven't gone to the trouble of forming an exploratory committee."

Lawmakers Closer To Moving Up Florida's Presidential Primary (AP)

By Stephen Majors

AP, February 9, 2007

TALLAHASSEE, Fla. - Defying national Republican and Democratic party threats, Florida lawmakers in a House committee Thursday unanimously approved a proposal to hold the state's presidential primary as early as January.

If the bill (HB 537) becomes law, Florida's primary - currently in March, when it's virtually irrelevant - would take place either seven days after New Hampshire's, or on Feb. 5, whichever comes first. That would mean Florida's 2008 contest could be in late January or earlier. New Hampshire's secretary of state is waiting to schedule the primary until other states set theirs, to preserve its first-in-the-nation status. National Democrats have recommended that New Hampshire hold its primary Jan. 22.

An identical bill has been filed in the Senate.

With states around the country, including California, jockeying for position to challenge the traditional dominance of the Iowa Caucus and the New Hampshire primary, Florida legislators on both sides of the aisle don't want to be left behind. They believe a state as large and diverse as Florida should play a fundamental role in the nomination process.

And they believe candidates would then have to pay more attention to Florida's needs - such as the idea of a national hurricane catastrophe fund, which Florida supports but has so far failed to gain traction nationally.

The national parties want to prevent a nationwide arms race for the earliest primary. Both parties could punish states like Florida that move their primary earlier than Feb. 5 by taking away delegates to the nominating convention. The Democratic Party could even punish candidates who campaign or advertise in states that move their primaries earlier than Feb. 5 by essentially keeping them from getting the state's vote.

Those threats pale in comparison to the influence Florida could gain, the bill's sponsor, Rep. David Rivera, R-Miami, told the House Ethics and Elections Committee.

"I think that having 67 less individuals attend five days in Minneapolis is a very, very small price to pay to increase Florida's relevance on the national stage," said Rivera, referring to the number of Florida Republican delegates that could be lost at the site of the 2008 Republican National Convention.

Rep. Dan Gelber, D-Miami Beach, the House Democratic leader, said Democratic National Committee Chairman Howard Dean called him to say the move could have consequences. But Gelber said it wouldn't make sense to punish Democrats for the actions of a Republican-controlled Legislature. Florida Democratic Party Chair Karen Thurman also wrote the House committee members in a letter, warning them not to push the primary any earlier than Feb. 5 to avoid potential backlash.

"I don't have any constituents in the DNC," Gelber said. "I only have constituents in my district. They would like to be more relevant."

According to a recent Quinnipiac University poll of 1,003 Florida voters, 46 percent of those surveyed said they wanted to move up the primary, compared to 36 percent opposed to it, and 19 percent unsure.

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Lawmakers and some experts think the national parties are bluffing, and would never take away a candidate's delegates if it meant hurting a party's chances overall in a national election.

Some committee members expressed concern that giving a state the size of Florida a greater say earlier in the nominating process could shut out presidential hopefuls with less money.

"I think we should all recognize that money does have too much (influence), and that's problematic," said Rep. Keith Fitzgerald, D-Sarasota. "I don't think the balance of that argument ... weighs against this."

Good For NH, Bad For Everybody Else (NHUL)

New Hampshire Union Leader, February 9, 2007

MANCHESTER – Actions by officials in various states to move up their presidential nominating primaries or caucuses to early dates to compete with the first-in-the-nation New Hampshire primary will backfire, the state's Democratic and Republican chairmen say.

"Everything like this that happens is just making New Hampshire more important," Democratic Chairman Kathy Sullivan said yesterday. "The more states that move up, the more important we become and, ironically, the less important they become because there will be so many of them."

"I agree completely," said state Republican Chairman Fergus Cullen. "These other states will just cannibalize themselves."

Sullivan said New Hampshire "will have the best primary ever, but we will have the worst process nationally" because the post-New Hampshire "front-loading" will likely have the nominees chosen by the first week of February 2008 and leave no time for debates across the nation among candidates of either party.

"As a New Hampshire person, this doesn't upset me," she said. "But as an American, having all these states move up is appalling."

Cullen added, "This front-loading makes New Hampshire yet more important but it's bad for the process and bad for democracy."

In 2004, seven states held primaries or caucuses a week after New Hampshire's primary. Other states spread out their primaries and caucuses through late winter and spring.

It's unclear today how the 2008 calendar will end up, but it appears that if the New Hampshire primary is held on Jan. 22 - and that has not been determined - there could be as many as 16 states holding primaries or caucuses either the following week or two weeks after New Hampshire.

In the latest developments, Florida lawmakers are quickly moving bipartisan legislation that would jump that's state's primary - currently in March - to either seven days after New Hampshire's, or on Feb. 5, whichever comes first. Wyoming Republicans voted to hold county conventions on the same day as the New Hampshire primary, regardless of when it is held. Wyoming Democrats are skeptical of breaking their national party's rule by jumping up the date of their conventions.

Large states such as California, New Jersey and Michigan are on the list of states that have either moved, or are on the verge of moving, caucuses or primaries to within two weeks of New Hampshire, while officials in Illinois are talking seriously about it as well.

Will candidates be forced to spend less time in New Hampshire and, as a result, diminish its importance to the nominating process? Sullivan doesn't think so.

"As more and more chaos is created in the calendar," she said, "the two known stable states that everyone knows are going to be early are Iowa and New Hampshire."

The Democratic National Committee wants Nevada to hold a caucus between Iowa and New Hampshire, and candidates are going to Nevada to campaign.

But neither national party holds any influence over when the New Hampshire primary date is set. Only Secretary of State William M. Gardner can do that under the authority given to him by a state law mandating the primary be held at least seven days before any "similar election." He has strongly indicated he will set the date of the primary ahead of Nevada, and possibly even Iowa's leadoff caucus, under what he considers a broad authority granted to him in the law to protect the primary's traditional status and influence on the nominating process.

Bill ensures primary power

Gardner could not be reached yesterday, but Deputy Secretary of State David Scanlan said: "This is the same story that just gets repeated every time a state tries something. There is really nothing new in the latest moves."

Scanlan said that Gardner "will set the date when he thinks the time is appropriate and he will set the date in accordance with state law."

Sullivan noted that as long as other states stay at least a week behind New Hampshire, "that would not violate the letter of our law. We could have Iowa and New Hampshire and 48 other states."

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Nevada is the only state at the moment that could trigger the law. It is unclear what Gardner would do about Wyoming. The question there will be whether elections of county convention delegates would constitute a "similar election."

Cullen agrees with Gardner's strategy. He also said New Hampshire's primary is a nationally recognized event not only because it is first.

"It's also that we're a small state where candidates can meet voters one-on-one," he said. "Florida can hold a primary in December and it wouldn't be a place where candidates can do that."

The rush to the front by a dozen or more states shows the national parties "have lost all control," Sullivan said. "Instead of focusing on a process that would have given all 50 states an important say in who the nominees are," she said, "they created chaos. There is clearly a lack of respect for the national party rules."

A Republican Florida lawmaker scoffed at the notion that his state would lose delegates at the national convention if Florida holds a primary outside of the party rules.

"I think that having 67 less individuals attend five days in Minneapolis is a very, very small price to pay to increase Florida's relevance on the national stage," said Rep. David Rivera, R-Miami, referring to the number of Florida Republican delegates that could be lost at the site of the 2008 Republican National Convention.

Sullivan found the Florida GOP situation especially interesting because U.S. Sen. Mel Martinez of Florida is the new national Republican chairman, "and he apparently can't control his own party in his own state."

But she did not give Democratic National Chairman Howard Dean a pass, saying that "both national parties are at fault here."

She suggested that the candidates themselves now "step up and use their influence over their supporters, who are officials in these states, and say, 'Stop!'"

In Florida, a House committee yesterday unanimously approved a proposal to push the state's presidential primary to late January.

If the bill becomes law, Florida's primary would take place either seven days after New Hampshire's, or on Feb. 5, whichever comes first. New Hampshire has not set its date. An identical bill has been filed in the Senate.

Florida legislators on both sides of the aisle don't want to be left behind. They believe a state as large and diverse as Florida should play a fundamental role in the nomination process.

And they believe candidates would then have to pay more attention to Florida's needs - such as the idea of a national hurricane catastrophe fund.

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"I don't have any constituents in the DNC," Gelber said. "I only have constituents in my district. They would like to be more relevant."

Primary Madness (WP)

The Washington Post, February 9, 2007

BY THIS TIME next year, the races for the Democratic and Republican presidential nominations are likely to be over. Bemoaning the front-loaded primary calendar has become a quadrennial event, but this campaign could be more speeded up than ever and even less healthful for the democratic process. Under the plan, the Democrats' 2008 sprint starts with caucuses in Iowa (Jan. 14) and Nevada (Jan. 19), followed by primaries in New Hampshire (Jan. 22) and South Carolina (Jan. 29). New Hampshire, angry that its first-in-the-nation status is being threatened, could jump the starting gun and move its contest even earlier, to 2007.

But the worst news is that a number of larger states, including California, Michigan, Pennsylvania and Illinois, are considering moving their primaries to Feb. 5, the first permissible date for other states to hold contests. On the part of each individual state, this is a rational act: Why should voters from smaller states determine the outcome while big-state voters are shut out? But the overall result will be a worsening of all the ill effects of front-loading, and for both parties: In most states, the Republican primary is held the same day.

Front-loading benefits better-known candidates with big bank accounts more than it does dark horses who might be able to do well and gain momentum in a more rationally paced system. It deprives most voters in most states of having a say in who their party's nominee will be. It short-circuits a process that could test candidates' capacities for connecting with voters and conveying their views.

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The Democratic National Committee has tried to bribe states into waiting by offering them bonus delegates for going later, but this doesn't seem likely to work. As a result, for 2008, there's not much to do about this state of affairs other than lament it. Regarding 2012, now is the time for both parties to get together on a reform. Because Republicans will set their rules for 2012 at the 2008 convention, the parties' consultation needs to happen soon.

The National Association of Secretaries of State has proposed a calendar that would allow Iowa and New Hampshire to go first, followed by four regional primaries held every month from March through June. The regions would rotate their positions on the primary calendar each cycle. We supported the plan in 2000, when it seemed the process couldn't become much crazier. Now, when that campaign looks measured and sedate by the light-speed standards of 2008, we agree more than ever.

Three Vulnerables Buck Parties; Loyal Sununu, Smith Under Fire (HILL)

By Aaron Blake

The Hill, February 9, 2007

Vulnerable Sens. Norm Coleman (R-Minn.), Susan Collins (R-Maine) and Mary Landrieu (D-La.) spent much of the 110th Congress's first month burnishing their centrist credentials, while other 2008 targets largely have stuck by their parties thus far, according to a review of Senate roll call votes by The Hill.

Coleman and Collins capped off a month of bucking their party by voting to move forward with debate on legislation critical of President Bush's proposed troop increase in Iraq. Sens. Gordon Smith (R-Ore.) and John Sununu (R-N.H.), meanwhile, are drawing heat for standing with their party on the vote.

Coleman and Collins were the only two Republicans to vote for cloture, and they also teamed up on three other close roll call votes. The two voted with Democrats on amendments to consider Indian tribes as corporations for political-giving purposes and to ban family from campaign and political action committees, as well as on cloture to increase the federal minimum wage.

On the other side of the aisle, Landrieu, widely considered the most vulnerable Democratic senator, voted with Republicans on those amendments and two others, to the ethics bill. One of the amendments allowed for pre-approved travel paid for by 501(c) 3 groups; the other struck a provision related to grassroots lobbying.

The only Democrat to vote with Republicans more frequently was Sen. Ben Nelson (D-Neb.), regarded as the most centrist Democrat in the Senate. For Republicans, only Collins's Maine colleague, Sen. Olympia Snowe (R), approached Coleman's and Collins's independent streaks.

Jennifer Duffy of the Cook Political Report said the departure of Sen. Lincoln Chafee (R-R.I.) from the chamber has left a void waiting to be filled at the left reaches of the Republican Party, and Collins and Snowe are the most likely candidates to fill it. Coleman and Landrieu, she said, have gradually built on their centrist credentials in recent months.

"They're up for reelection; they're not going to take one for the team right now," Duffy said.

Other vulnerable Republicans largely have voted the party line in 2007. Smith and Sununu joined with Democrats a few times during the ethics bill debate, but both are weathering criticism for not voting for cloture on the Iraq debate.

Liberal activist group MoveOn.org has spent $140,000 on ad buys nationwide and locally in Oregon and New Hampshire criticizing Smith, Sununu and others for their votes, and Democrats smell blood.

Smith has been a focal point in the Iraq war discourse since his impassioned post-election speech against how the war is being waged, and he opposes the troop increase.

Priding himself as an independent Republican, he broke away from his party at several points on the ethics debate. But Iraq remains at the forefront, and Democrats see potential fodder in his vote against cloture.

At the same time, explaining the vote to voters poses a challenge for Democrats, and if the resolutions do get to a vote, Smith likely will weigh in more clearly. On Wednesday, he was one of seven senators, including Coleman and Collins, to sign a letter pledging to bring Sen. John Warner's (R-Va.) anti-increase resolution to a vote — a move the Democratic Senatorial Campaign Committee (DSCC) labeled "hypocrisy."

"Voters will do addition and subtraction; they won't do algebra. And cloture votes are algebra," a West Coast Democratic consultant, Jim Ross, said. "You have to say, 'This guy opposed the bill,' and make him defend his action."

Smith spokesman R.C. Hammond said the MoveOn ads deceive voters because Smith wanted to vote on all of the Iraq resolutions.

"Sen. Smith opposes the troop surge, and he's helped draft the consensus Warner resolution," Hammond said. "Oregonians know who's against the troop surge, and they know that the advertising is misleading."

Sununu, who along with Snowe and Collins is of a waning breed as a Northeastern Republican, voted with Democrats even less frequently than Smith. Formerly red New Hampshire experienced perhaps the largest Democratic swing in November, seeing about a quarter of its state legislature flip and its two Republican House members fall.

Sununu has not gone as far as others to separate himself from Iraq and did not sign the letter on Warner's resolution.

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A political science professor at Manchester, N.H.'s Saint Anselm College, Dante Scala, said Sununu needs to work on billing himself as New Hampshire's senator rather than the Republicans' senator — "what [Sen.] Judd Gregg (R-N.H.) does so well" — by finding non-GOP issues with which to identify himself.

"He's not going to become [Sen.] Chuck Hagel (R-Neb.) or something," Scala said, referring to the most ardently anti-Iraq GOP senator. "I don't think anybody would buy that."

The DSCC also attacked Sununu Wednesday, charging him with evasiveness on Iraq: "Sununu may try to run from his blind support for the war in Iraq, but he won't be able to flee voters next election," DSCC spokeswoman Deirdre Murphy said.

Sununu has avoided speaking on the issue of late and his office did not return requests for comment.

Red-state Democrats who could face strong challenges in 2008, such as Sens. Max Baucus (D-Mont.) and Mark Pryor (D-Ark.), largely stuck with their party. Sen. Tom Harkin (D-Iowa) voted with Republicans on some amendments to the ethics bill.

Warner, who is up in 2008, voted with the Democrats on cloture for the minimum-wage bill.

Less Is More, But In Idaho, Not For Long (NYT)

By William Yardley

The New York Times, February 9, 2007

BOISE, Idaho, Feb. 2 — When Gov. C. L. Otter took office last month and immediately halted construction work on the state Capitol his objections went beyond the $130 million price tag for the renovation and addition.

"My concern is also about the expansion of government," said Mr. Otter, a Republican. "When you have more space, bureaucracy doesn't like an empty office. It creates a vacuum. It sucks people into it, and all of a sudden you've got to have more people."

The governor has since reached a deal with the Republican-controlled Legislature to cut the project in half, allowing construction to go forward, although not until the new individual offices for legislators are removed from the blueprints.

Yet if Mr. Otter won this round, he might well savor the moment because Idaho's government is growing whether or not government buildings grow with it.

In a conservative state that has long viewed government with suspicion, that still means conflict. But even the governor's fellow Republicans concede that the momentum here shifted years ago from bait-and-bullet to New West boutique. As with so many other decreasingly rugged places in the inland West, there is more of everybody in Idaho now: techies, Democrats, immigrants, environmentalists. Ten thousand people showed up at Boise State University last month to hear Al Gore talk about global warming. Ten thousand people. To hear Al Gore. In Idaho.

The state's population, almost 1.5 million, is up nearly 50 percent since 1990 and some projections show it gaining another 50 percent or more by 2020.

While the growth has brought a sophisticated new economy, it has also brought demands for more spending on education and transportation and concerns about high taxes, too much development and a trampled environment.

And a ton more government.

In 1991, the state budget was $900 million. This year it is $2.6 billion. In 1985, there were 11,876 state employees. In 2005, there were 17,528.

In 1985, the number of pages of legislation passed was 759. Last year it was 1,581.

The public spaces where many of the issues are aired, however, are the same small hearing rooms, some with a single row of chairs for the public, where part-time lawmakers and a few interested stakeholders once wrangled largely over matters of mining, farming and logging.

Now, although the Legislature is still part-time, people squeeze into the back of hearing rooms, huddle in doorways or crowd around speakers that broadcast committee discussions out into the rotunda. (The volume dial on the speaker outside one hearing room was turned all the way up to 10 this week.)

"It was designed to not have very much public participation in the process," Speaker of the House Lawerence E. Denney said of the Capitol.

While there now are more citizens who follow the Legislature, more people are paid to participate as well. About 75 lobbyists were members of the Idaho Legislative Advisors when Jan Eyth first started serving coffee and snacks in the group's tiny lounge on the Capitol's fourth floor in 1985. Now, Ms. Eyth said, there are more than 150 members, and there are more than 300 registered lobbyists in the state.

Still, some say, interpret this change carefully.

"You know what lobbyists are?" said Russell Westerberg, a lobbyist from Soda Springs who came to Boise as a state representative in 1975. "They're the people that the people have to pay to protect them from the people that they elected." He added, "It's still Idaho; the government that governs least, governs best."

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The Capitol, in which a light-filled rotunda is lined with bright marble, once housed the Legislature, the governor's office, the Supreme Court and even a mineral laboratory. Now, some key offices, including parts of the secretary of state's office, are hidden in windowless corners of the basement or they have moved out.

The state spends $13 million a year renting about 900,000 square feet of private office space.

All of that eventually prevailed upon Mr. Otter, to a degree. Under the compromise with the Legislature, which had approved the expansion a year ago, new underground wings will be reduced in size and many new offices will be cut. Larger hearing rooms will be built, however, and renovations at the Capitol will go forward.

Still, neither side claims to be happy with the deal, and no one is certain whether much money will be saved. The commission overseeing the project has asked to see a revised budget before moving forward. That could take weeks.

In the meantime, as the Legislature debates lowering grocery taxes, restricting elk ranching and building a new prison, it also is preparing to move out of the Capitol.

The Legislature, which had planned to hold its 2008 and 2009 sessions in temporary quarters in two aging buildings, including the former Ada County Courthouse, now probably will be there through the 2010 session because of the delays in construction.

The governor, whose office on the second floor of the Capitol has one of the few fireplaces in the building, says the state should renovate the older buildings and use them permanently for offices. Under the compromise, he agreed to move some of his staff out of the Capitol.

Mr. Otter, a former three-term congressman, took few specific stands in his campaign for governor last fall, but he did run commercials saying the expansion project was wasteful. He said he would "run government the old-fashioned way, lean and smart." Back then, he said he would rather spend the expansion money, more than $40 million of the overall amount, on education and other needs.

In an interview in his office on Friday, he popped up from his chair to retrieve photographs of a schoolyard cluttered with temporary classrooms. Then he showed a picture of the state Capitol in Texas, whose underground expansion wings were a model for the Idaho plan.

"This is where they want kids to spend nine months," Mr. Otter said. "This is where they want to spend three months."

Senator Robert L. Geddes, who is the president pro tem and one of the leaders of the expansion project, conceded that legislators could only put up so much of a fight, even in a changing state.

"The vision of a grandiose Taj Mahal being built for the comfort of me," Mr. Geddes said, "that doesn't sit real well in my conservative district."

The A.B.A.'s Judicial Ethics Mess (NYT)

The New York Times, February 9, 2007

At a moment when judicial independence is under heightened political attack, the nation's legal establishment should be doing everything it can to shore up public trust. Instead, the special commission charged with recommending revisions to the Model Code of Judicial Conduct of the American Bar Association has been flip-flopping around on some of the most important aspects of the code, which the states use to set standards for their courts.

For decades, the code's overarching charge to judges has been to avoid not only actual impropriety, but also the appearance of impropriety. Recently, however, quietly adopted changes to the commission's "final" report demoted this gold standard of judicial conduct from an enforceable rule to a mere aspirational guideline.

When the misguided switch came to light, the panel reversed field again yesterday and went back to the previous formulation. But that does not excuse the fact that the panel was following internal politics, not sound legal principle. The change might have eluded pubic attention if Robert Tembeckjian, the administrator of the New York State Commission on Judicial Conduct, had not protested and Adam Liptak had not reported on the matter in The Times this week.

Mark Harrison, chairman of the flailing ethics panel, claimed just days ago that the "appearance of impropriety" standard was vague and unfair. But judges interpret rules like that all the time, and the Conference of Chief Justices, made up of top state judges, unanimously endorsed the appearance of impropriety as a basis for disciplinary enforcement.

Despite yesterday's news, the proposed code revisions have serious deficiencies. They fall well short of ending the festering scandal of expense-paid judicial seminars that are held at desirable resorts and underwritten by private interests . If the House of Delegates lacks the resolve to ban these junkets, it should at least limit reimbursements for accompanying spouses. There should be no free rides or free lunches (or breakfasts or dinners).

The rules on when a judge must bow out of hearing cases also need work. At the federal level, judges must recuse themselves when they have any financial interest raising a potential conflict. That is far preferable to the model code's approach of letting state judges decide for themselves whether their financial conflict is minimal enough to stay on a case.

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There is a real danger in relying on this commission's judgment. Members of the A.B.A.'s House of Delegates are supposed to vote on the new code next week in Miami. Their wisest course would be to defer the issue, at least until the group's next meeting in August. In the meantime, the president of the bar should appoint an independent committee of experts to review all of the provisions and make their own assessment of what is really needed.

Iran To Hit U.S. Interests If Attacked (WP)

By William Branigin

Washington Post, February 9, 2007

Iran's supreme leader warned today that any U.S. attack on his country would trigger Iranian retaliation against U.S. interests "around the world."

Ayatollah Ali Khamenei issued the threat as Iran's Revolutionary Guards carried out military exercises in the Persian Gulf that included the test-firing of anti-ship missiles with a range of more than 200 miles.

The missiles "can hit different kinds of big warships in all of the Persian Gulf, all of the Sea of Oman and the north of the Indian Ocean," senior Revolutionary Guards naval commander Ali Fadavi told Iran's state-run television. The missile tests were staged on the second day of exercises by Iranian naval and air force units in the Gulf as a second U.S. aircraft carrier headed toward the waterway.

Fadavi said the missiles can carry warheads of about 1,100 pounds and have a maximum range of 220 miles. He did not identify the missiles or elaborate on the results of the tests.

President Bush last month ordered an aircraft carrier strike group headed by the USS John C. Stennis to sail for the Gulf to join the USS Dwight D. Eisenhower, a carrier that deployed in the Gulf in December. The dispatch of the second carrier group has been portrayed in part as a show of force to Iran, which the United States accuses of meddling in Iraq and of pursuing nuclear weapons.

Addressing a gathering of Iranian air force officers, Khamenei, who holds the title of "supreme leader" in Iran's Shiite Muslim theocracy, said, "The enemies know well that any aggression will lead to a reaction from all sides in the Iranian nation on the aggressors and their interests around the world." In remarks broadcast on Iranian state television, he said of the prospect of an attack, "We believe that no one will make such an unwise and wrong move that would endanger their country and interests."

Khamenei continued, "Some say that the U.S. president is not the type who acts based on calculations or thinks about the consequences of his action. But even these people can be brought to their senses." He said U.S. policymakers know that Iran "would not let an invasion go without a response."

Another top Iranian cleric, former president Ali Akbar Hashemi Rafsanjani, made similar remarks today in the Shiite holy city of Qom, warning that any military attack on Iran "would be very costly for the United States," the state-run Islamic Republic News Agency reported. He said it was unlikely that Washington would "take such a stupid action," IRNA reported. Rafsanjani, who currently chairs a powerful consultative group called the Expediency Council, charged that the United States "wishes to see a dependent Iran and avoids considering Iran as a regional or global power," IRNA reported.

In Washington, the White House dismissed the threats, saying that the United States has no intention of launching a war against Iran.

"Khamenei from time to time makes these unprovoked statements, and we would certainly hope they are not directed at the United States because President Bush has made it clear we have no intention of going to war with Iran," National Security Council spokesman Gordon Johndroe said, [a wire service] news agency reported.

He also played down the missile tests, saying that the Iranians "run various exercises from time to time in the Persian Gulf" and that "we monitor those exercises."

White House spokesman Tony Snow told reporters that the administration does not see the tests "as a direct assault on our ships."

In response to Khamenei's warning, Snow said, "I've said it, the secretary of defense has said it, the president has said it: We're not invading Iran." He said Khamenei is "spinning a hypothetical about something that is not contemplated."

President Bush said last week that he has no intention of sending U.S. forces into Iran, but he vowed to "respond firmly" if Iran steps up a campaign that the United States charges is aimed at killing U.S. troops and derailing democracy in Iraq. Bush said he would do "whatever it takes" to protect U.S. troops in Iraq from what the White House says have been attacks with weapons supplied by Iran.

Washington is also locked in a dispute with Iran over the country's nuclear program, notably its efforts to enrich uranium in defiance of a U.N. Security Council resolution. The United States regards the program as a cover for developing nuclear weapons. Iran denies any such aim, insisting that it is building nuclear power plants only to generate electricity and that it wants to control its own nuclear fuel cycle.

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Iran's top nuclear negotiator, Ali Larijani, said yesterday that he plans to discuss the nuclear issue with Western counterparts on the sidelines of a Feb. 9-11 security conference being held in Munich. The talks would be the first since the U.N. Security Council imposed sanctions on Iran in December, prohibiting the transfer of nuclear material and know-how to Iran. The council also gave Iran until Feb. 21 to suspend its enrichment program, but Tehran has shown no sign of acceding to that demand.

The State Department said U.S. officials have no plans to meet with Larijani in Munich and that Iran must stop its uranium enrichment program as a prerequisite for any direct talks.

Larijani and other Iranian officials have accused the United States of involvement in the kidnapping Sunday of an Iranian diplomat in Baghdad. The diplomat, identified as Jalal Sharafi, a second secretary at the Iranian Embassy in Baghdad, was seized by a group of about 30 armed men, IRNA reported.

U.S. officials deny any role in the abduction, which may have been part of Iraq's growing sectarian violence pitting minority Sunni Muslim Arabs against Iraq's majority Shiites. Sunnis have charged that Iraqi Shiite leaders are beholden to Iran. In the 1980s, Iraq, then ruled by Saddam Hussein, fought a brutal eight-year war with Iran. The war ended in stalemate after Iranian forces managed to repel an Iraqi invasion aimed at gaining control of Iran's southwestern oil fields.

Iran's Leader Warns The U.S. About Carrying Out Any Attack (NYT)

By Nazila Fathi

The New York Times, February 9, 2007

TEHRAN, Feb. 8 — Iran's supreme leader, Ayatollah Ali Khamenei, warned the United States on Thursday that Iran would retaliate against American interests worldwide if it was attacked. It was the latest volley in an escalating war of rhetoric between the countries.

Speaking to a group of air force commanders about rumors of an imminent American military strike, Ayatollah Khamenei said, "Iranian people should not get scared of such issues," the Iranian Student News Agency reported. "Our enemies know very well that any aggression will have a response from all sides by Iranian people on their interests all over the world."

He added, "No one would commit such a blunder and jeopardize the interests of his country and people."

Iran's Revolutionary Guards also said Thursday that as part of a war games exercise, they had successfully test-fired a land-to-sea missile capable of sinking large warships.

"These missiles, with a maximum range of 220 miles, can hit different kinds of big warships throughout the Persian Gulf, the Sea of Oman and the northern Indian Ocean," Ali Fadavi, a senior Revolutionary Guards naval commander, said on state television.

The speech by Ayatollah Khamenei was his first major public appearance since the United Nations Security Council approved limited sanctions on Dec. 23 because of Iran's refusal to halt efforts to enrich uranium. The United States and some European countries accuse Iran of having a secret weapons program, but Iran contends that its nuclear development is for peaceful purposes only.

Ayatollah Khamenei did not mention Iran's nuclear program, but he brushed off the sanctions as insignificant. "The United States and some other countries have imposed sanctions on Iran for many years now," he said. "But we achieved great scientific and technological progress under such circumstances. So they cannot scare this great nation with sanctions."

Ayatollah Khamenei also dismissed rumors that he was suffering from a serious illness, saying they were aimed at weakening the resolve of the Iranian people.

The war games by Iran, the second it has staged this year, seemed to be a response to the naval buildup by the United States in the Persian Gulf. President Bush has dispatched two aircraft carriers to the region and provided antimissile batteries to some Persian Gulf states.

In Seville, Spain, where Robert M. Gates, the American defense secretary, met Thursday with NATO defense ministers, he seemed to play down the significance of the strong language from Iran.

"My impression is that they make threats like this from time to time," Mr. Gates said. "We have no intention of attacking Iran."

He noted that, "obviously, when it comes to things like these tests, we watch them closely." But he concluded, "Other than that, I think, it's just another day in the Persian Gulf."

A special envoy for the ayatollah met in Moscow on Thursday with President Valdimir V. Putin and his national security adviser, Igor S. Ivanov. The envoy, Ali Akbar Velayati, a former foreign minister, was expected to deliver a formal response to a message from Mr. Putin that Mr. Ivanov brought to Tehran in January. The substance of the letters was not divulged.

Wide Response If U.S. Attacks, Iran Says (WT/AP)

DOJ_NMG_0130085

By Nasser Karimi, Associated Press

The Washington Times, February 9, 2007

Iran's supreme leader said today that if the United States were to attack Iran, the country would respond by striking U.S. interests all over the world -- the latest sharp exchange in an escalating standoff between the two countries.

The comments by Iranian Supreme Leader Ayatollah Ali Khamenei came on the same day that another top official, Tehran's ambassador to the United Nations, Javad Zarif, warned in a column in the New York Times that efforts to isolate Iran would backfire on the United States, increasing sectarian tensions in the volatile Middle East, including Iraq.

The United States is reaping "the expected bitter fruits of its ill-conceived adventurism," he said.

"But rather than face these unpleasant facts, the United States administration is trying to sell an escalated version of the same failed policy. It does this by trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq," he said.

The United States and Iran have been in an increasingly tense standoff over Tehran's nuclear program. The tensions have worsened recently because of U.S. accusations of Iranian influence in Iraq.

The United States has denied it has any plans to strike Iran militarily but has sent an additional aircraft carrier to the Persian Gulf in what U.S. officials call an effort to show strength in face of rising Iranian regional influence.

Speaking to a gathering of air force commanders, Ayatollah Khamenei said: "The enemy knows well that any invasion would be followed by a comprehensive reaction to the invaders and their interests all over the world."

In another sign of the tensions, Iran's intelligence minister also said the government had detected a network of U.S. and Israeli spies and had detained a second group of people who planned to go abroad for espionage training, state television reported. It gave few details.

The claim comes just a few days after an Iranian diplomat was detained in Baghdad in an incident that Iran blamed on U.S. forces. The Americans have denied involvement in the diplomat's detention.

Iranian leaders often speak of a crushing response to any U.S. attack. While the remarks are seen as an attempt to drum up national support, Iran's position on Iraq and its nuclear program has provoked harsher international and especially U.S. pressure in recent months.

President Bush has ordered American troops to act against Iranians suspected of being involved in the Iraqi insurgency in addition to deploying the second carrier. The U.N. Security Council has imposed sanctions because of Iran's refusal to cease uranium enrichment and is due to consider strengthening the sanctions later this month.

"Some people say that the U.S. president is not prone to calculating the consequences of his actions," Ayatollah Khamenei said in remarks broadcast on state television, "but it is possible to bring this kind of person to wisdom.

"U.S. policy-makers and analysts know that the Iranian nation would not let an invasion go without a response," he added.

Last week, a publication called Sobh-e Sadegh, the official publication of Iran's elite and hard-line Revolutionary Guards, also warned against American attacks, pointing out that because the United States has large numbers of troops in Iraq, Afghanistan, central Asia and Europe, it would be easy to kidnap Americans in retaliation.

Dems United On Iraq Bill, But Divided On Iran (HILL)

By David Mikhail

The Hill, February 9, 2007

As the House is set to proceed on a resolution addressing the war in Iraq, a potential divide is surfacing over Democratic bills regarding Iran.

Democrats may not stand united behind a series of bills that speak out against a military attack on Iran, concerned that such bills would make the party prone to attacks regarding foreign policy, according to a senior House staffer. In spite of the party's overwhelming unity behind similar resolutions regarding Iraq, it seems clear that the party's next challenge will be to craft a position on Iran that is distinct from the White House's and also insulates it from criticism of being weak in the global arena.

The potential divide also indicates that not all Democrats are convinced that the party has seized control of the national security issue, in spite of their electoral triumphs in November, which were largely due to the unpopularity of the Iraq war.

Within the first month of the new legislative session, Reps. Peter DeFazio (D-Ore.), Walter Jones (R-N.C.), and Barbara Lee (D-Calif.) have introduced bills in the House condemning the prospect of a preemptive strike against Iran and calling for congressional authorization before military action can be taken. The measures also affirmatively reject the notion that the authorization to use force against Afghanistan after the attacks of Sept. 11, 2001, would also authorize an attack on Iran.

The senior House staffer, who is involved in foreign policy matters, stated that Republicans may try to use any legislation by Democrats concerning the potential use of force against Iran to portray the party as weak on terrorism and foreign policy, and that this could have a profound effect on denying Democrats the White House in 2008. The source went on to say that Democrats still cannot afford to take steps that open the party to criticisms of being weak on these matters.

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DeFazio contended that a future attack on Iran would only solidify political support for the Iranian government and intensify its desire for nuclear-weapons capability, stating, "If Republicans want to defend going into Iran … have at it." He added that the prospect of a military attack on Iran is also a fear for the military community, citing a recent presentation by a retired major general that was delivered during the Democratic National Committee's winter meeting last week. According to DeFazio, the former officer said that there is "a substantial fear within the military community that the Bush administration" was seriously considering an attack on Iran. DeFazio noted that many lawmakers signed on to his resolution after the presentation.

Another House source added that congressional backing for the use of force against Afghanistan after Sept. 11 resulted in an overly broad instrument that has since been used by the White House for a variety of actions, including the detention of suspects without any formal process and incidences of extraordinary rendition.

The DeFazio resolution states, "That Congress … strongly and unequivocally believes that seeking congressional authority prior to taking military action against Iran is not discretionary, but is a legal requirement." The Lee legislation, while intended to prohibit the use of funds for covert military action against Iran, offers a statement of policy that, "It is the policy of the United States not to enter into a preemptive war against Iran in the absence of an imminent threat, and then only in accordance with international law and constitutional and statutory requirements for congressional authorization."

The resolution offered by Jones states that the president shall consult and receive authorization from Congress in the absence of an attack or demonstrable imminent strike by Iran. Even though it's a Republican bill, the vast majority of cosponsors are Democrats, including DeFazio, Rep. Dennis Kucinich (Ohio) and Rep. John Murtha (Pa.).

Stacey Bernard, a spokeswoman for House Majority Leader Steny Hoyer (D-Md.), said that his office has not addressed the Iran resolutions yet and has focused entirely on Iraq as the House is set to address a non-binding resolution next week.

The Washington Post reported earlier this week that House Speaker Nancy Pelosi (D-Calif.) has told her Democratic colleagues that if it appears likely that Bush wants to take the country to war against Iran, the House would take up a bill to deny him the authority to do so.

In spite of the potential divide regarding the Iran bills, Democrats seemingly share common ground on their view of the administration and the call for diplomacy. Lynne Weil, spokeswoman for House Foreign Affairs Committee Chairman Tom Lantos (D-Calif.), noted that during two committee hearings held within the past week, including a budgetary hearing with Secretary of State Condoleezza Rice, Democrats had repeatedly expressed criticism about the administration's policy toward Iran while emphasizing that every diplomatic option needed to be explored.

Democrats have diverged on Iran in the past, though to a lesser extent, when Congress was looking to pass sanctions legislation last session. Several Democrats voted against an earlier version of the Iran Freedom and Support Act, a bill that was introduced by now-ranking member of the House Foreign Affairs Committee Ileana Ros-Lehtinen (R-Fla.), though it had acquired a large amount of Democratic support, stating that the sanctions legislation would lead to an escalation with the country.

Recent events have served to increase the tension between the two nations. The International Atomic Energy Agency stated that Iran has set up two cascades, consisting of over 300 nuclear centrifuges, in order to enrich uranium for a program the Iranian government has consistently stated is for peaceful, civilian purposes, while the U.S. has contended that Iran intends on creating a nuclear-weapons program. Additionally, the White House recently authorized American troops to take all necessary steps, including fatal force, to stop Iranian agents aiding Shiite militants in Iraq.

Asked about why he introduced his Iran resolution, Jones said that the matter presented a constitutional issue: "I want the Congress to meet its responsibility," he said, adding that the neoconservatives who pushed for the Iraq war still wield influence. In discussing potential future criticism from his fellow GOP colleagues, Jones stated, "If they don't believe in the Constitution … then I feel sorry for them."

Dissent In Tehran Buoys West (WSJ)

By Neil King Jr.

The Wall Street Journal, February 9, 2007

Iran is likely to showcase the expansion of its main nuclear plant as another advance toward large-scale production of enriched uranium, just in time for Sunday's 28th anniversary of its Islamic Revolution. But don't expect the Bush administration or its European allies to get agitated about the news.

Officials in Washington, London and Paris say that for the first time in several years, Tehran is showing signs of both political and economic unease in the wake of international moves to sanction Iran's nuclear program. Added pressure, these officials say, could nudge opinion in Iran closer toward favoring a deal to suspend its uranium work.

No one is predicting victory anytime soon in the high-stakes feud with Iran over its alleged ambitions to develop nuclear weapons. Still, Western officials have been cheered by reports of rising political dissent in Tehran, as well as debate within government circles there over the wisdom of stirring more international opposition to the nuclear program.

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Even Sunday's festivities, which are expected to focus on Iran's nuclear developments, are being seen in Washington as a sign of weakness. Iran has been scrambling for months to assemble thousands of centrifuges at its main nuclear facility in Natanz, so it can claim to have made a technological leap toward enriching large amounts of the uranium needed to fuel nuclear power plants -- or, in the eyes of the West, to produce nuclear weapons. U.S. and European officials say the Natanz work remains shoddy and is largely being done for domestic effect.

"There is a large element of theater in all this," said one senior Bush administration official. For now, "there is little reason to believe that Iran is actually leaping to a new technological level."

Iranian officials have denied they are pursuing nuclear weapons and argue they have the right to enrich uranium under international rules. Amid rising tensions with the U.S., Iran's supreme leader, Ayatollah Ali Khamenei, said on state television yesterday that Iran would go after American "interests around the world" if attacked by the U.S.

After months of haggling, the United Nations Security Council agreed just before Christmas to impose limited economic restrictions on Iran. It gave the country until Feb. 21 to suspend its uranium-enrichment program or face another round of sanctions. The U.S. has used the resolution to push Europe -- Iran's largest trading partner by far -- to take independent actions, such as cutting off bank lending and curtailing hefty government-backed export guarantees to Iran.

Some European countries have been quietly warning their banks about the risk of doing business in Iran. Last week, France said it was imposing some limited restrictions on its export guarantees to Iran, with possibly more to come.

"For the first time, really, Iran is paying a price for its nuclear work, and also showing some strain," said one senior European diplomat. "And also for the first time, there is a sense of real unity among the key players who are working this issue."

U.S. and European officials say there is ample evidence the U.N. resolution and other moves have hit home in Iran.

President Mahmoud Ahmadinejad, who has been Iran's loudest voice of defiance against the international community since his election 18 months ago, has become a target of criticism over his handling of domestic and foreign policy. Former President Hashemi Rafsanjani in the past two weeks has criticized Mr. Ahmadinejad's confrontational approach toward the West. More than half of the country's Parliament members slammed the president last month for his domestic stewardship.

And Jomhuri Islami, a conservative newspaper loyal to Mr. Khamenei, warned last month that Iran should stop provoking the U.S. and take the U.N. resolution seriously. Mr. Ahmadinejad just days before had dismissed the resolution as "a piece of torn paper."

Mr. Ahmadinejad, who previously denied the Holocaust took place and threatened to wipe Israel off the map, is also coming under increasing fire on the economic front. Inflation and unemployment are picking up, European officials said, while investment in Iran's critical oil and gas fields is plunging.

European and U.S. officials note Iran has begun to reach out to Saudi Arabia and other countries, in what they describe as a bid by Tehran to deflect mounting pressures on the country. Recent U.S. actions against Iranian officials in Iraq, including the arrest by U.S. forces of five suspected security officials there last month, has heightened friction between the U.S. and Iran.

Leading the recent talks with the country's neighbors has been Iranian nuclear negotiator Ali Larijani, who Mr. Ahmadinejad sidelined in September at a critical moment in negotiations with Europe over avoiding U.N. sanctions. Mr. Larijani is now planning to meet with European officials on the periphery of a security conference in Germany this weekend, potentially the first such talks since the summer. European officials said that while they don't expect meetings with Mr. Larijani to amount to much, his overture is significant, as it may portend a softening in Iran's stance.

In the meantime, the Bush administration said it is prepared to push ahead on a second sanctions resolution against Iran within the U.N.

Accord Is Signed By Palestinians To Stop Feuding (NYT)

By Hassan M. Fattah

The New York Times, February 9, 2007

MECCA, Saudi Arabia, Feb. 8 — The main rival Palestinian factions agreed late Thursday to form a government of national unity aimed at ending a wave of violence between them and an international boycott.

The agreement, signed here in Islam's holiest city under Saudi auspices, appeared likely to end, at least for now, weeks of fighting that had ravaged the West Bank and Gaza Strip. Still, it seemed to stop short of meeting the demands of the international community for resuming relations and support for the Palestinian Authority.

The accord, signed by Khaled Meshal of Hamas and Mahmoud Abbas, the Palestinian Authority president and leader of Fatah, its main rival, is the first time that the two parties have agreed to share authority. It sets out principles for a coalition government, like the distribution of ministerial portfolios, but leaves many of the details for later.

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Israel and international powers have said that they would lift their boycott of the Palestinian government imposed after the victory by the militant group Hamas a year ago only if it agreed to three conditions: recognize Israel, renounce violence against Israel and abide by previous agreements between Israel and the Palestinians.

The Mecca accord addresses only the last of those and does so rather imprecisely, promising "respect" for previous agreements between the Palestinians and Israel.

In Washington, a State Department spokesman, Tom Casey, said, "The international community has made it clear that in order to be able to have a broader relationship with the Palestinian Authority government, that those principles are going to have to be met." He added that officials were still studying the accord.

Secretary of State Condoleezza Rice will meet with Mr. Abbas and Israel's prime minister, Ehud Olmert, on Feb. 19 in Jerusalem to work on a broader peace initiative.

In Mecca, Mr. Abbas read out a statement during the signing ceremony where he re-appointed Ismail Haniya as prime minister and called on the new government to abide by "international law" and agreements signed by the Palestine Liberation Organization. This appeared aimed at appeasing concerns of the international community.

The British foreign secretary, Margaret Beckett, called the agreement "interesting" but said it would require further study.

In the streets of Gaza, Palestinians broke out in celebration as the agreement was being announced, with members of Hamas and Fatah firing into the air.

Hamas officials in Mecca bristled at the insistence of accepting Israel, insisting that any concessions they offered would not be enough.

"I wonder why the issue of recognizing Israel is the key to everything?" Ghazi Hamad, spokesman for the Hamas government, said earlier Thursday. "We are interested to end the siege but not at any cost."

He added: "We try to balance between our Palestinian national constraints and our opening up to the international community. Israel is not ready to deal with any Palestinian side unless the Palestinians deal with the Israeli conditions."

Miri Eisin, a spokeswoman for Mr. Olmert, said, "Israel expects the new Palestinian government to respect all three of the international community's principles," but she declined to say whether the new Palestinian government had met any or all of those benchmarks. Israeli officials say that would require further evaluation.

Mostly, the Mecca accord promises to end the fighting that has claimed the lives of more than 90 Palestinians, with each side pledging to ease the tensions and turn a new page in their history. The two sides have signed several truces, but each one has broken down.

"These dark days will be completely gone," Mr. Meshal announced in signing the agreement. "Our Arabic, Islamic unity has brought us together, shining again." He added that having signed the accord in the holy city lent it greater significance.

Under the terms of the deal Mr. Haniya, the current prime minister, will form a new government with Hamas controlling a majority of the seats while Fatah will control several and have a number of "independent" Palestinians sitting in the remainder. The new government is supposed to be formed within five weeks.

The exact breakdown was not immediately clear late Thursday night. The critical role of interior minister is expected to go to an independent official, a Hamas spokesman said, while Mr. Abbas will keep control of some security agencies, including the Presidential Guard.

That division of authority has been an important factor in the recent Palestinian infighting, which has often pitted Fatah security force members against Hamas security force members in gun battles on the streets of Gaza.

Hamas rejects Israel's very existence and calls for its destruction. Fatah, which began with that same philosophy in the late 1950s, favors a two-state solution with Israel returning to its borders from before the 1967 war and a Palestinian state built in Gaza, the West Bank and East Jerusalem.

But there has been talk by some Hamas officials of the possibility of agreeing to the two-state solution implicitly without specifically recognizing Israel. Whether that would end the international boycott is unclear.

Thursday's agreement concluded an emergency two-day summit meeting steeped in religious significance and invested with the prestige of King Abdullah of Saudi Arabia. The Palestinians sat in a room high above Mecca's Grand Mosque, while Saudi officials remained outside, providing assistance when requested. Many worshipers below were aware of the ongoing deliberations, and could look up and see the figures of the Palestinians moving around.

Perhaps the biggest winner from the deal is Saudi Arabia, which has sought to build on its earlier success in 1989, when, in a similar summit meeting in the mountain town of Taif, it brokered an end to the 15-year Lebanese civil war. In scenes broadcast on Saudi Television, King Abdullah sat flanked by Mr. Abbas and Mr. Meshal, each of whom signed the document, then read a brief speech.

"They have proved they are worthy of trust and have proven they can stop the fighting," the king said.

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Saudi Arabia's effort to mediate between the Palestinian factions reflects a general agreement among leaders in the Arab world that the first step to stabilizing the burgeoning conflicts in the region and parrying the growing influence of Iran is resolving the Palestinian conflict.

The Saudis, who have traditionally preferred to work quietly behind the scenes, have grown increasingly alarmed at the chaos engulfing the region and have stepped forward to try to use their religious credibility, and vast oil wealth, to try to preserve the status quo and serve as a counterpoint to Iran.

The Saudis may hold a similar meeting for Lebanon's warring factions, Hezbollah and the so-called March 14 movement, which have come to blows in recent weeks.

For the Palestinian leaders, too, the talks offered an opportunity to improve a public image increasingly marred by contempt and criticism in the Arab world for allowing the bloodshed to reach such levels.

Many saw the meeting as a last chance to prevent an all-out civil war between the feuding Palestinian factions, which have broken numerous cease-fire agreements since clashes began last summer.

"Hamas and Fatah have not let their people down," Mr. Meshal declared. "To the heroes in Palestine, I say these are the leaders of the Palestinian people."

Hamas, Fatah Reach Tentative Accord (LAT)

By Ken Ellingwood

The Los Angeles Times, February 9, 2007

JERUSALEM -- The rival Palestinian groups Hamas and Fatah announced Thursday that they have agreed in principle to share power in hopes of easing months of deadly factional fighting and breaking a damaging international aid embargo.

The tentative accord was announced in Mecca, Saudi Arabia, where leaders of the two groups met for two days under the auspices of King Abdullah.

Palestinian Authority President Mahmoud Abbas said he was hopeful the agreement would quell the factional clashes that have left scores of Palestinians dead in the Gaza Strip. Previous agreements between the two factions have collapsed.

"I hope that all the shameful acts that make us feel ashamed will stop, and that we move seriously toward liberating our country," Abbas said during a signing ceremony in a palace near the Kabaa, Islam's holiest site. He was joined by the exiled political leader of Hamas, Khaled Meshaal, as Saudi King Abdullah looked on from between the two men.

Celebratory gunfire erupted in the Gaza Strip as news of the agreement reached the impoverished coastal enclave.

But the pact was vague on several issues that could determine whether it can rein in Gaza's gunmen or lift the Western aid boycott, imposed after Hamas won parliamentary elections in January 2006.

Israel and much of the West considers the radical Islamist group a terrorist organization, and it refuses to recognize the state of Israel or honor past agreements between the Jewish state and Palestinians.

Israel offered a terse immediate response. "Israel expects the new Palestinian government to respect all three of the international community's principles: recognition of Israel, acceptance of all former treaties and renunciation of terror," said Miri Eisin, an Israeli government spokeswoman.

Officials from the two Palestinian factions said they have worked out a formula for distributing Cabinet positions, including leaving Ismail Haniyeh of Hamas as prime minister, but they did not name an interior minister, a crucial post with formal authority over security forces. The minister would be nominated by Hamas, but approved by Abbas, of Fatah.

The parties also have not worked out who will control the various agencies of the security services, a potentially explosive issue. The two factions planned further talks on those details and several other unresolved matters.

The agreement also does not include language that explicitly recognizes Israel, nor does it include a renunciation of violence, two of the three conditions set by the West for resuming direct aid to the Palestinian Authority.

Instead, the language was more oblique: the new government would "respect" international resolutions and past agreements between Israel and the Palestinians. That wording can be interpreted as providing tacit recognition of Israel, but falls well short of international demands.

The Middle East mediators known as the Quartet -- the United States, European Union, Russia and United Nations -- had demanded as their third condition that the new government abide by past Palestinian-Israeli agreements.

It remains unclear whether the language agreed upon by Fatah and Hamas will satisfy the Quartet's conditions enough to restart the flow of hundreds of millions of dollars annually in foreign aid.

If the accord quiets the internal strife, Abbas could have freer rein to pursue a peace agreement with Israel at a time when the Bush administration is pushing new talks.

Secretary of State Condoleezza Rice is scheduled to join Abbas and Israeli Prime Minister Ehud Olmert on Feb. 19 for a three-way meeting in Jerusalem aimed at exploring the possible outlines of a final peace agreement.

In September, the two groups announced a similar agreement on a unity government but the deal fizzled almost as soon as it was declared. Subsequent talks went nowhere.

"For those who are afraid that this agreement will be similar to the previous one, I say, 'No,' " Meshaal said. "We swear to God in this blessed place that this agreement has our complete commitment."

Tit-for-tat clashes had worsened in recent months, claiming more than 90 lives since mid-December. The talks in Mecca were seen as perhaps the last chance to reach a power-sharing deal in order to stave off wider civil strife.

Palestinians Reach Deal On A Government (WP)

By Scott Wilson

The Washington Post, February 9, 2007

JERUSALEM, Feb. 8 -- Rival Palestinian factions Fatah and Hamas agreed Thursday to form a power-sharing government and end the armed feuding that has killed scores of Palestinians over the past year.

It remained unclear whether the new government will meet conditions laid down by Israel and international donors to fully restore funding to the Palestinian Authority that they cut off after Hamas's victory in January 2006 parliamentary elections.

The agreement does not explicitly recognize Israel's right to exist, a key international demand. Hamas officials said their movement would not do so.

The new cabinet will set aside seats for Fatah -- it currently has none -- and some smaller parties, but it will continue to be led by Prime Minister Ismail Haniyeh of Hamas.

In assigning Haniyeh the task of forming a new government, Palestinian Authority President Mahmoud Abbas, a Fatah leader, stated that its platform must conform with "international resolutions" and "respect" previous agreements signed with Israel.

The wording amounted to a compromise acceptable to Hamas, formally known as the Islamic Resistance Movement, which refuses to openly endorse the 1993 Oslo accords and other agreements that the Fatah-dominated Palestine Liberation Organization negotiated with the Jewish state.

The deal "brings us to the shores of peace," Abbas said in the holy city of Mecca, Saudi Arabia, where the factions have been meeting. "This initiative has been crowned with success."

Dubbed the Mecca Accord, the agreement emerged after two days of negotiations under the auspices of King Abdullah, a Sunni Muslim who is concerned by Shiite-dominated Iran's growing influence within the Palestinian territories through the money it has provided Hamas during the aid embargo. Leaders of the Saudi royal family lined the ornate palace meeting room with a view of the Grand Mosque for the announcement.

Palestinian officials used the deal to appeal for an end to the partisan violence in the West Bank and Gaza Strip that has killed about 70 Palestinians since December, when Abbas threatened to call early general elections unless Hamas agreed to share power.

The disunity has undermined the Palestinian national movement as Abbas is preparing to meet Feb. 19 with Israeli Prime Minister Ehud Olmert and U.S. Secretary of State Condoleezza Rice to discuss ways of reviving the Palestinian-Israeli peace process. Palestinian leaders said the agreement, which gives Haniyeh five weeks to form a government, would begin closing those rifts.

"We will rebuild our Palestinian house on strong foundations," said Khaled Meshal, exiled leader of Hamas's political wing, who took part in the talks. "This agreement will be fully committed to before God."

After Hamas ended Fatah's long monopoly on political power last year, it invited Fatah to join its cabinet, but the secular nationalist party declined. Since then, party leaders have twice announced the formation of a national unity government, only to see the agreements collapse soon after.

The United States, the European Union, Russia and the United Nations -- the group of Middle East peace mediators known as the Quartet -- have demanded that Hamas recognize Israel, renounce violence and abide by previous agreements in return for resumption of aid that accounts for nearly half the Palestinian Authority's operating budget.

Miri Eisin, an Israeli government spokeswoman, said after the agreement was announced that "Israel expects the new Palestinian government to respect all three of the international community's principles." She declined to say whether Israeli officials view the agreement as meeting those conditions.

After the deal was announced, celebratory gunfire erupted in the Gaza Strip, the scene of much of the factional violence.

The agreement calls for Hamas to control nine government ministries, the most of any party, followed by Fatah with six.

Hamas agreed to cede control of such important portfolios as the foreign affairs and interior ministries. The latter controls some of the security services involved in the recent fighting. Hamas is to name an independent politician to be interior minister, and Fatah will choose an independent as foreign minister.

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Palestinians To Form Unity Government (FT)

By Harvey Morris

Financial Times, February 9, 2007

Fatah and Hamas leaders meeting in Mecca signed a pact last night to form a power-sharing government, bowing to pressure from the Arab world to bury their differences for the sake of Palestinian unity and head off a looming civil war.

It was uncertain, however, whether Hamas had moved far enough towards meeting international demands that it recognise Israel to lift a boycott of the Palestinian Authority in force since the Islamists came to power in an election one year ago.

A statement read out in the Saudi holy city at the end of two days of talks between the rival factions said a new national unity government would respect past agreements made by the Palestinians.

Mahmoud Abbas, the PA's Fatah president, was earlier reported to have sought a stronger statement of Hamas's "commitment" to such agreements, signed when Fatah was in power and which recognise Israel.

Members of the international Middle East Quartet – the US, European Union, United Nations and Russia – had hoped for a more unequivocal indication that Hamas was abandoning its refusal to recognise Israel's right to exist.

Mr Abbas said the new government should "respect the resolutions of international law and the agreements signed by the Palestine Liberation Organisation" that he heads.

The PLO, dominated by Fatah but to which Hamas does not belong, recognised Israel as part of the Oslo peace accords that led to the establishment of the Palestinian Authority in 1994.

Miri Eisen, Israeli government spokeswoman, said shortly after the factions signed their accord in the presence of Saudi Arabia's King Abdullah: "Israel expects a new Palestinian government to respect and accept all three of the international community principles: recognition of Israel, acceptance of all former agreements and renunciation of all terror and violence."

In a statement to Associated Press, she did not say whether Israel believed the guidelines of the new government issued in Mecca fulfilled those demands.

Quartet reaction to the Mecca accord will set the tone for trilateral talks in Jerusalem next week at which Condoleezza Rice, US secretary of state, hopes to coax Mr Abbas and Ehud Olmert, Israeli prime minister, towards a revival of the defunct peace process.

Ismail Haniyeh, the PA's Gaza-based Hamas prime minister, predicted the international boycott would end. "This is the first step on the way to breaking the embargo on the Palestinian people under occupation," he said in Mecca.

Even if last night's deal did not lead to an early lifting of the boycott, there were hopes in Gaza and the West Bank that it would at least defuse a factional conflict that has claimed dozens of lives in recent weeks.

Mr Abbas, who headed Fatah's delegation to the Mecca talks, threatened in December to decree fresh elections if no agreement on a national unity agreement were forthcoming. His ultimatum to Hamas sparked an increasingly violent series of confrontations between the two factions that raised fears of an all-out civil war.

The two delegations – Hamas was represented by Mr Haniyeh and Khaled Mashaal, its exiled leader – agreed to a distribution of cabinet posts. Salam Fayad, an independent former finance minister, is expected to return to a post in which he gained widespread respect among international aid donors.

Mr Haniyeh will remain as prime minister under the terms of the agreement. Hamas will receive nine portfolios and Fatah six. Mr Haniyeh will propose an independent as interior minister to replace the Hamas incumbent who has been in charge of a 5,000-strong militia involved in recent clashes with Fatah.

Ziad Abu Amr, an independent elected with Hamas support but subsequently estranged from the Islamists, was expected to serve as foreign minister.

Palestinian Factions Reach Deal (USAT/AP)

USA Today, February 9, 2007

MECCA, Saudi Arabia (AP) — Rival Palestinian factions signed a power-sharing accord aimed at ending months of bloodshed Thursday, agreeing that the Islamic militant group Hamas would head a new coalition government that would "respect" past peace agreements with Israel.

However, the United States and Israel have demanded the new government explicitly renounce violence, recognize Israel and agree to uphold past peace accords. The vague promise to respect past deals — a compromise reached after Hamas rejected pressure for more binding language — was not seen as going far enough.

U.S. and Israeli acceptance is crucial to the deal's success. Unless they are convinced Hamas has sufficiently moderated, the West is unlikely to lift a crippling financial blockade of the Palestinian government, and it will be difficult to advance the peace process.

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"Israel expects a new Palestinian government to respect and accept all three of the international community principles — recognition of Israel, acceptance of all former agreements and renunciation of all terror and violence," Israeli government spokeswoman Miri Eisin told the Associated Press after the accord was announced.

She would not say whether Israel believes the guidelines of the new government fulfill those demands.

In Washington, State Department deputy spokesman Tom Casey said "we'll see what any final agreement actually looks like and we'll have to make an evaluation from there" whether it meets international demands.

Also riding on the agreement's success are Palestinian hopes to avert an outright civil war. Hamas and Fatah gunmen have clashed repeatedly in recent months, killing dozens — including 30 who died in four days of fighting that ended with a fragile truce Sunday. The deal could also fall apart as the two sides work out who will fill sensitive posts in the new government — particularly the interior ministry, which controls security forces.

Saudi Arabia — which put its credibility on the line by hosting the high-profile summit in the holy city of Mecca — will likely now face the task of selling the agreement to its ally, the United States.

Palestinian President Mahmoud Abbas, of Fatah, and Hamas leader Khaled Mashaal headed two days of intense negotiations in a Mecca palace overlooking the Kaaba, Islam's holiest shrine — a venue Saudi Arabia chose to step up the pressure on the two sides to compromise.

Much of the negotiations centered on a single word. Abbas pressed Hamas to accept the stronger stance of "committing to" past peace accords. But in the end, he was forced to settle with the promise to "respect" them.

The final agreement was announced at a ceremony aired live on Arab television Thursday night, in which Saudi King Abdullah sat with Abbas on his right and Hamas leader Khaled Mashaal on his left.

Abbas aide Nabil Amr read a letter from Abbas proclaiming the accord and asking Prime Minister Ismail Haniyeh of Hamas to form the new coalition government within five weeks, divvying up Cabinet posts between the factions according to a formula agreed on in the Mecca talks.

The letter said the new government would "respect" past peace deals signed with Israel by the Palestine Liberation Organization, dominated by Fatah.

Still, Abbas and Mashaal insisted the agreement would bring peace between their factions and lavished praised on the Saudi monarch for his help — even comparing him to the Prophet Muhammad in his ability to bring reconciliation.

Abbas said the deal would "satisfy our people ... and bring us to the shores of peace ... This initiative has been crowned with success."

Mashaal vowed the accord would put an end to violence after a series of truces between Fatah and Hamas gunmen that collapsed. "I tell those who fear that the fate of this agreement will be the same fate of the old ones, ...we have pledged our allegiance to God from this sacred place .. and we will go back to our country fully committed to it."

"I say to our young people that this is an agreement of the leadership of the biggest groups and none of you should accept any order from others to fire," he said.

In Gaza City, celebratory gunfire was heard for more than an hour after the accord was announced. Residents expressed hope it would mean an end to the violence and the financial boycott, imposed by the West after Hamas came to power following January 2006 elections.

"We've been holding our breath. God willing, this is a permanent agreement, not a temporary truce. We hope this will lead to lifting the siege," said Mahmoud Qassam, a fish seller watching the ceremony at his home in Gaza City's Shaati refugee camp, meters (yards) from Haniyeh's home.

A first test of international acceptance of the deal could come on Feb. 19, when Israeli Prime Minister Ehud Olmert, Abbas and Secretary of State Condoleezza Rice are due to meet in Jerusalem for talks intended to revive peace negotiations.

If the West does not back the new government and refuses to lift the boycott, it could put a strain on the fragile peace between Hamas and Fatah.

The deal could also fall apart over the formation of the government — particularly over the issue of who will fill the vital post of interior minister, which would control the security forces. Under the agreement, the post will go to an independent, since Hamas and Fatah were each reluctant to see the other faction hold the ministry.

Hamas must propose the candidate for approval by Abbas, and it did not appear that the two sides have settled on a name.

Under the agreement, Hamas will get nine Cabinet posts, including the prime minister position. Fatah gets six, and other factions get four. Besides the interior ministry, independents will get the foreign ministry and planning ministry.

"There are many details that still need to be worked out after this agreement, including the interior minister and marketing the agreement to the international community," said Abdel-Rahman Zaydan, a member of the Hamas delegation. "The Saudis will be part of this effort."

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Abbas had asked Saudi Foreign Minister Saud al-Faisal to sound out the Americans on whether "respect the accords" is acceptable, a Fatah delegate said, speaking on condition of anonymity because of the sensitivity of the diplomacy.

To boost the new government, the kingdom promised $1 billion in aid to the Palestinians, Ahmed Youssef, a political adviser to Hanyieh, said in Gaza.

Hamas, Fatah Make Peace (WT/AP)

By Mohammed Daraghmeh

The Washington Times, February 9, 2007

MECCA, Saudi Arabia -- Rival Palestinian factions signed a power-sharing accord aimed at ending months of bloodshed yesterday, agreeing that the Islamist militant group Hamas would head a new coalition government that would "respect" past peace agreements with Israel.

However, the United States and Israel have demanded the new government explicitly renounce violence, recognize Israel and agree to uphold past peace accords. The vague promise to respect past deals -- a compromise reached after Hamas rejected pressure for more binding language -- did not appear to go far enough.

U.S. and Israeli acceptance is crucial to the deal's success. Unless they are convinced Hamas has sufficiently moderated, the West is unlikely to lift a crippling financial blockade of the Palestinian government, and it will be difficult to advance the peace process.

"Israel expects a new Palestinian government to respect and accept all three of the international community principles -- recognition of Israel, acceptance of all former agreements and renunciation of all terror and violence," Israeli government spokeswoman Miri Eisin said after the accord was announced.

She would not say whether Israel thinks the guidelines of the new government fulfill those demands.

In Washington, State Department deputy spokesman Tom Casey said "we'll see what any final agreement actually looks like and we'll have to make an evaluation from there" as to whether it meets international demands.

Palestinians hope the agreement will avert an outright civil war. Hamas and Fatah gunmen have clashed repeatedly in recent months, killing dozens -- including 30 who died in four days of fighting that ended with a fragile truce Sunday. The deal could fall apart as the two sides work out who will fill sensitive posts in the new government -- particularly the interior ministry, which controls security forces.

Saudi Arabia -- which put its credibility on the line by hosting the high-profile summit in the holy city of Mecca -- will likely now face the task of selling the agreement to its ally, the United States.

To boost the new government, the kingdom promised $1 billion in aid to the Palestinians, Ahmed Youssef, a political adviser to Prime Minister Ismail Haniyeh of Hamas, said in Gaza.

Palestinian Authority President Mahmoud Abbas of Fatah and Hamas leader Khaled Mashaal headed two days of intense negotiations in a Mecca palace overlooking the Kaaba, Islam's holiest shrine.

Much of the negotiations centered on a single word. Mr. Abbas pressed Hamas to accept the stronger stance of "committing to" past peace accords with Israel signed by the Fatah-dominated Palestine Liberation Organization. But in the end, he was forced to settle for the promise to "respect" them.

A Hamas official appeared to suggest the movement was betting on a U.S. rejection but European and Arab support.

"I believe this agreement could be accepted by the European Union. We have had talks with European parties who say such an agreement could be accepted," Nasser Shaer, deputy prime minister in the outgoing government, said in Ramallah.

Asked if the deal met U.S. and Israeli demands, Mr. Shaer said: "With Israel? No. America has its own scenario ... we are betting on assistance from Arab countries. Saudi Arabia as well as other Arab states could help sell this agreement."

The final agreement was announced at a ceremony aired live on Arab television last night, in which Saudi King Abdullah sat with Mr. Abbas on his right and Mr. Mashaal on his left.

Abbas aide Nabil Amr read a letter from Mr. Abbas proclaiming the accord and asking Mr. Haniyeh of Hamas to form the new coalition government within five weeks, divvying up Cabinet posts between the factions according to a formula agreed on in the Mecca talks.

Mr. Abbas and Mr. Mashaal insisted the agreement would bring peace between their factions and lavished praise on the Saudi monarch for his help.

Mr. Abbas said the deal would "satisfy our people ... and bring us to the shores of peace. ... This initiative has been crowned with success."

Mr. Mashaal vowed the accord would put an end to violence after a series of truces between Fatah and Hamas gunmen that collapsed.

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"I tell those who fear that the fate of this agreement will be the same fate of the old ones, ... we have pledged our allegiance to God from this sacred place ... and we will go back to our country fully committed to it."

In Gaza City, celebratory gunfire was heard for more than an hour after the accord was announced. Residents expressed hope it would mean an end to the violence and the financial boycott, imposed by the West after Hamas came to power following January 2006 elections.

Israeli Hospital Treats Palestinian Fighters (WT)

By Joshua Mitnick

The Washington Times, February 9, 2007

ASHKELON, Israel -- The wounded in the bitter Palestinian struggle between Hamas and Fatah fall in the dusty streets of Gaza, but it is to an Israeli hospital in this nearby coastal city that many are brought for treatment.

Officials at Ashkelon's Barzilai Medical Center say there is no political calculation behind the decision to take in the Palestinian wounded, who were arriving at a rate of several a day before the factions struck a deal in Saudi Arabia yesterday.

But when the father of a wounded security officer from Palestinian Authority President Mahmoud Abbas' Fatah faction tells a reporter that he wants "to say thank you to all of the people of Israel," it seems that the center's work is changing at least some hearts and minds.

The expression of warmth toward Israel came from Abdel Hamin Odeh, father of Adel Odeh, a Fatah fighter who was brought to Barzilai suffering a critical leg wound. By this week, he was shuffling gingerly though the halls with the help of a walker.

Mr. Odeh had first been taken to the Palestinian Al Quds Hospital in Gaza City, said the gunman's father, Abdel Hamin Odeh. "They took care of him, but not very well."

Barzilai's chief medical director, Ron Lobel, says the Israeli hospital has treated 124 patients from the Gaza Strip in the past year.

"We don't know if it's Hamas or Fatah, we don't know if they are civilian or armed forces, we just know they are injured," said Dr. Lobel. "It's something normal, between hospitals."

Sitting alongside the neighboring bed, Rafat Shelieh gestured toward his younger brother, Abdallah, who was waiting to schedule his third operation since arriving at Barzilai on Feb. 1.

"He would have lost a leg," Rafat Shelieh said. "The treatment is a thousand times better here than in Gaza."

Abdallah Shelieh, a 25-year-old policeman from a Fatah family, lifted his hospital gown and pointed to the bullet wounds caused by Hamas gunmen who assaulted his home in the Jabaliya refugee camp two weeks ago.

There was one wound on the right side of his rib cage, another in the right shoulder, and two in the right leg, one high and one low.

"I was defending my house," said Abdallah Shelieh, describing a daylong battle that left him wounded and bleeding inside the house for nearly seven hours. "I fired on them for about 15 minutes."

Although the hospital insists it does not discriminate between factions, most of the wounded Palestinians it receives have come from Fatah, in part because border background checks by the Israeli secret service seem to have shut out Hamas members.

Fatah officers such as Abdallah Shelieh, meanwhile, have been avoiding Gaza City's main facility, Shifah Hospital, for fear of Hamas security forces who have set up military positions on the roof and in their own wing of the hospital.

Medical services in Gaza are further hobbled by a lack of supplies -- including blood -- and surgical knowledge to handle the wounded, said a Shifah hospital official.

Despite hopes that yesterday's agreement in Mecca, Saudi Arabia, will put an end to the flow of wounded Palestinians, Adel Odeh held out little hope that the deal would last.

"There won't be peace between Hamas and Fatah," he said. "I know both of them, and neither of them likes the other."

The recent bloodshed will only intensify those grudges, said Rafat Shelieh, who denigrated Hamas leader Khaled Mashaal and disparaged the Islamic militants as not sophisticated enough to run the government.

With his home destroyed and a brother laid up in the hospital, he said he also was not optimistic about the chances for reconciliation.

"My heart is gone. They should be afraid of me. Not the other way around," he said. "Everything in the house is gone. I only have the jacket and clothes on my back. Will I forget that?"

Will Palestinians Take The Second Step? (LAT)

The Los Angeles Times, February 9, 2007

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THE AGREEMENT between Palestinian factions reached in Mecca, Saudi Arabia, on Thursday is welcome even if it accomplishes nothing more than an end, for now, to fratricidal violence in the Gaza Strip. It remains to be seen whether the agreement between Fatah and Hamas will bring something more — an improvement in their material condition.

That additional blessing depends on whether Hamas is willing to join Fatah and its leader, President Mahmoud Abbas, in recognizing the state of Israel. While the rivalry between Hamas and Fatah manifests itself in multiple ways, the difference between the two movements that matters to the outside world — including European and American donors — involves the Jewish state.

Simply put, Abbas is willing to accept the reality of Israel even as he complains about the hardships Israelis have visited on his people. Hamas, the terrorist group/political party of Palestinian Prime Minister Ismail Haniyeh, so far has been willing only to dangle the possibility of a hudna, or 10-year truce. That's not good enough.

When the United States suspended aid to the Palestinian Authority after Hamas prevailed in parliamentary elections, Washington conditioned a resumption of aid on three commitments: accept Israel's right to exist, renounce violence and agree to abide by past agreements with Tel Aviv.

Thursday's agreement, brokered by a newly assertive Saudi Arabia, does direct the Hamas-led government to "respect international resolutions and the agreements signed by the Palestine Liberation Organization" — with Israel, that is. That's a good sign. But before Europe and the U.S. provide further assistance, the government must acknowledge Israel's right to exist.

That right is enshrined in U.N. Security Council Resolution 242, passed after the 1967 Arab-Israeli war and repeatedly reaffirmed, calling for a "just and lasting peace in which every state in the area can live in security." Palestinians and other Arabs like to cite other language in 242 calling for the "withdrawal of Israeli armed forces from territories occupied in the recent conflict," but the two concepts — Israeli withdrawal and Israeli security — are intertwined.

After years of equivocation, the late Yasser Arafat finally acknowledged that reality, setting in motion a process that produced the Palestinian Authority and the endorsement by the U.S., Russia, the U.N. and the European Union of a "two-state solution" in which Israel and a Palestinian state would exist side by side. Abbas recognizes Israel's right to exist (and with more credibility than Arafat enjoyed), but Hamas has held out.

That must change. It isn't enough for Hamas to "respect" past agreements or to hint that it now embraces a document drawn up by Palestinian prisoners last summer that seemed to endorse a two-state solution. A Palestinian "unity" government that can't unite on this question will remain suspect in the eyes of some of the countries that can most help the Palestinian people.

Israeli Official Faults Egypt Over Arms Flow Into Gaza (WP)

By Glenn Kessler

The Washington Post, February 9, 2007

A senior Israeli official yesterday accused Egypt of failing to halt arms smuggling into Gaza, thus bolstering the militant group Hamas at the expense of the Palestinian leadership supported by the United States.

The comments, by Israeli Public Security Minister Avi Dichter, reflect the increasing frustration of Israeli officials that Hamas has been able to increase its grip on the Gaza Strip since Israel withdrew its troops in 2005. Egypt at the time agreed to monitor the six-mile border between Gaza and the Sinai Peninsula, but hundreds of rockets have fallen on Israeli population centers from Gaza.

"There is no doubt that Egypt is not doing enough," Dichter told a group of reporters, asserting that "tens of tons" of explosives are being smuggled. "I am sure that if Egypt decides to block this flow of smuggling, they can do it, 100 percent."

Some Israeli officials said they suspect that Egypt is playing a double game -- officially supporting Palestinian Authority President Mahmoud Abbas in his struggle with Hamas while hedging its bets because Hamas is an offshoot of the Muslim Brotherhood, an Islamic group with growing political strength in Egypt.

Egypt has publicly supported U.S. efforts to strengthen the security forces loyal to Abbas. It has also discreetly shipped arms to Abbas's forces.

Dichter, noting that he does not believe the Egyptian government itself is engaging in smuggling, declined to speculate on the reasons why Egypt has not halted the flow of arms into Gaza. "It is very easy to be done. It is a matter of determination," he said. "There is no doubt it strengthens the terrorist organization."

Dichter said that he had raised the problem in talks with Bush administration officials this week.

Egyptian Ambassador Nabil Fahmy rejected Dichter's comments as inaccurate and untrue. He said most of the weapons that enter Gaza are either smuggled through Israel's black market or over the sea along Gaza's coast.

"They should control their own market, frankly," Fahmy said. He added that when Israel occupied the Gaza Strip, "they were not able to prevent smuggling 100 percent."

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Fahmy said that Egyptian forces in the Sinai are limited in size under the Camp David accords, though the level was increased to 750 troops in an agreement with Israel after the Gaza withdrawal. The problem has been exacerbated, he said, by a lack of policing on the Gaza side of the border. "There is a good-faith effort to try to control the smuggling," Fahmy said.

Bush To Meet With Former Lebanese President Gemayel (AFP)

AFP, February 9, 2007

US President George W. Bush is to meet with former Lebanese president Amin Gemayel and affirm US support for a "sovereign and democratic" Lebanon as the country is locked in political crisis, the White House said.

"We'll be demonstrating US commitment to a sovereign and democratic Lebanon, and express sympathy, again, on behalf of the president and the American people, for the assassination of Mr. Gemayel's son, Pierre Gemayel," said Bush's spokesman, Tony Snow.

Pierre Gemayel, the industry minister in Prime Minister Fuad Siniora's pro-Western government, was killed on November 21 in Beirut by unknown assailants.

His father, who served as president of Lebanon from 1982 to 1988, after the assassination of his newly elected brother Bashir, views neighboring Syria as the prime suspect in his son's death.

Bush has voiced unwavering support for Siniora's beleaguered government, which since mid-November has faced stiff opposition led by the radical Islamic militia Hezbollah.

The US president accuses Syria and Iran, branded foes by his administration, of backing Hezbollah in an attempt to topple the elected government.

Bush's meeting with Gemayel comes two days after the Lebanese government and the United Nations signed an agreement to set up an international court to try the suspected killers of another Lebanese leader, former premier Rafiq Hariri.

The creation of the tribunal requires approval by Lebanon's divided parliament, amid a political crisis teetering toward what many see as civil war.

Lebanese PM Protests Over Israeli 'incursion' (FT)

By Harvey Morris

Financial Times, February 9, 2007

Fouad Siniora, the Lebanese prime minister, on Thursday protested that Israel had violated his country's sovereignty in an incident that led to the first cross-border exchange of fire since last year's war.

The Israeli military said it returned fire after the Lebanese army fired warning shots towards an Israeli army bulldozer searching for explosive devices on the border. There were no casualties in the brief exchange.

Israel acknowledged that its bulldozer had crossed the border fence but insisted it was operating inside Israeli territory. The search had been mounted after four devices were discovered this week. The Israeli military said it believed they were planted by Hizbollah, the Lebanese Islamist movement that fought a month-long war with Israel last summer. Hizbollah says the explosives were placed there before last year's war and are not new.

The exchange of fire was the most serious incident since then and the first involving the Lebanese army since it took over Hizbollah positions in the wake of Israel's withdrawal.

Mr Siniora, whose pro-western government is being challenged by Hizbollah, ordered the army to continue confronting Israeli incursions into Lebanese territory, according to a statement by the country's news agency. The Lebanese army's apparent willingness to challenge Israel may boost its credibility domestically, one pro-government MP said.

A 12,000-strong force of the UN Interim Force in Lebanon (Unifil) is based in southern Lebanon alongside some 15,000 Lebanese soldiers as part of last year's ceasefire.

Despite the large neutral presence on the Lebanese side of the border, Israel is concerned at any indication that Hizbollah may be trying to re-establish itself militarily in the south.

Amir Peretz, the Israeli defence minister, said after a meeting with his security chiefs that Israel did not seek an escalation along the border with Lebanon but its forces would return fire when fired on.

"Unifil forces and the Lebanese army are fulfilling their roles, and we intend to continue to operate within the political and regulatory framework established in recent months," Mr Peretz said. He added, however: "There is no intention of returning to the policy of looking the other way on Lebanon."

The Israeli daily Yedioth Ahronoth said Unifil handed the Israeli army parts of explosive charges found near the border so that experts could determine whether they were placed at the time of the war or more recently.

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¦ The Lebanese army on Thursday night seized a major arms shipment for Hizbollah in a truck near Beirut, writes Ferry Biedermann in Beirut. Hizbollah in a statement acknowledged that the weapons and munitions were meant for its fighters in the south of Lebanon and demanded the return of the intercepted shipment.

According to the army, the weapons included Grad rockets of the type that Hizbollah fired at Israel during the war last summer.

Hizbollah said that the truck was on its way from Lebanon's eastern Bekaa Valley, which borders Syria, and that it was seized by Lebanese customs officials. But Defence Minister Elias Murr said on Lebanon's LBC television station that the shipment originated from within Lebanon.

Israel and the US have accused Syria repeatedly of being a conduit for rearming Hizbollah, in breach of UN Security Council resolution 1701 that ended last summer's war.

Lebanese Premier Pins Stability On Secure Border, Regional Talks (WSJ)

By Jay Solomon

The Wall Street Journal, February 9, 2007

BEIRUT, Lebanon -- The day after a military skirmish between Lebanese and Israeli troops, embattled Lebanese Prime Minister Fuad Siniora vowed in an interview to buttress defense of his nation's 49-mile border with Israel as part of a broader initiative to restore stability to Lebanon.

Mr. Siniora said Beirut welcomes recent efforts by Saudi Arabia and Iran to facilitate a regional dialogue toward resolving Lebanon's political crisis, which pits his government against the Shiite Muslim militia and political party Hezbollah. The Lebanese leader also said a consensus must be built in the Middle East to press ahead with an international tribunal to identify and try the assassins of former Lebanese Prime Minister Rafik Hariri, who was killed by a bomb in downtown Beirut nearly two years ago.

"What we are after...is to know" who committed the crime "to prevent attacks in the future," Mr. Siniora said in his office, which Hezbollah supporters have placed under a virtual siege for nearly three months. "We are very much committed to protecting the democracy and the liberties and freedom of the Lebanese."

Mr. Siniora spoke less than a day after Lebanese soldiers exchanged fire with Israeli troops stationed across from the Lebanese town of Maroun el-Rass. In the interview, the prime minister accused the Israeli military of violating Lebanon's border by dispatching a bulldozer on an explosives-clearing mission across the United Nations-designated "blue line" that divides the countries. The Lebanese Army fired at the bulldozer after it ignored warnings to pull back, Mr. Siniora said. He said the Israelis should have worked through the U.N. peacekeeping force that has been granted an expanded mandate to police the border since a cease-fire ended last summer's war between Hezbollah and Israel.

"We gave clear instructions to the army to stop [the Israelis] passing the blue line," Mr. Siniora said, adding, "It's a matter of principal" that Israel defer to the U.N.

The Israeli Defense Forces denied yesterday that its troops crossed the blue line. The IDF said it engaged in a justified operation to clear mines laid by Hezbollah on Israel's side of the line. The IDF also said it had asked the U.N. to alert the Lebanese military that the operation posed no threat to its troops. "The IDF will continue to act whenever necessary in order to protect the full sovereignty of the State of Israel while strengthening its security arrangements in the north," it said in a statement.

Officials from the U.N. Interim Force in Lebanon have said in recent months that Israel regularly violates terms of the summer cease-fire by flying jets and drones in Lebanese airspace. Liam McDowell, a Unifil spokesman, told the Associated Press yesterday that his organization is investigating whether Israeli troops had crossed the blue line.

The incident came as Mr. Siniora's government seeks an agreement with Hezbollah and its political allies. Hezbollah pulled its ministers from Mr. Siniora's government in November to protest what it claims was his effort to push on with establishing an international court to try the Hariri case without Hezbollah's consent. Since then, Hezbollah has threatened to topple the government.

The crisis has sparked sectarian tensions, including riots last month that pitted Hezbollah's Shiite supporters against Mr. Siniora's largely Sunni Muslim base. Many in Lebanon fear the situation could spark a return to civil war.

Mr. Siniora's government is supported by the U.S., France and Saudi Arabia, while Hezbollah gets arms and funding from Iran and Syria. In recent weeks, Saudi Arabia and Iran have engaged in a regional dialogue to try to broker a political settlement in Lebanon and in the Palestinian territories, an effort Mr. Siniora said could help stabilize the region.

Saudi Arabia's national-security adviser, Prince Bandar, traveled to Tehran to meet with Iranian officials last month. Saudi Arabia's King Abdullah is hosting leaders of Hamas and Fatah -- the Palestinian parties wrestling for control -- in the holy city of Mecca this week to try to forge a settlement.

"There are real contacts being made," Mr. Siniora said. Still, he said he doesn't see Lebanon's political standoff being resolved until there is an agreement on the Hariri court. Hezbollah and its allies say they support the government's efforts to

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capture and prosecute the killers. They also say they object to some of the legal statutes created by the U.N. and Beirut to govern the court.

This week, the U.N. Security Council formally endorsed language governing the establishment of the tribunal and is waiting for Beirut to do the same. Mr. Siniora said the failure of Hezbollah and its allies to provide clear recommendations for changing the language has made his government lack the confidence "that they really want it."

N. Korea Talks Resume With 'Fresh' Hope (WP)

By Edward Cody

The Washington Post, February 9, 2007

BEIJING, Feb. 8 -- Six-nation talks on dismantling North Korea's nuclear weapons program resumed Thursday, buoyed by signs that North Korea is ready to return to serious negotiations.

The Chinese chief negotiator and host, Vice Foreign Minister Wu Dawei, suggested there were hopes of breaking a long stalemate that has led to questions about the future of the talks, which have been grinding away, off and on, since August 2003. At a formal opening session, he qualified the new round as a "fresh start" made possible by agreements reached last month in separate discussions in Berlin between U.S. and North Korean diplomats.

"These results provide a more solid basis for this session," Wu said.

The last round of the Chinese-sponsored talks broke up in failure Dec. 22 after North Korea's top nuclear negotiator, Kim Gye Gwan, refused to engage in formal discussions about his country's nuclear weapons. He said nothing could be done on the nuclear front until resolution of a U.S.-North Korean financial dispute centering on a Macau bank accused of laundering illicit money from North Korea.

U.S. and North Korean banking officials have held two sessions of separate negotiations on the banking standoff. Although there has been no announcement indicating that the issue has been resolved, North Korean leaders apparently have decided that the exchanges show enough promise that they can resume discussing the nuclear problem.

The chief U.S. delegate, Assistant Secretary of State Christopher R. Hill, said Thursday evening that the North Korean attitude appeared different from the balk in December. During Thursday's talks, Hill said, Kim displayed a willingness to negotiate that augured well for chances of making progress at least on some preliminary steps.

Kim said on his arrival that he came prepared to discuss the first steps in what the Bush administration hopes will be a gradual but irreversible program to eliminate North Korea's nuclear weapons and dismantle the facilities that produce fuel for the bombs. But he also made clear that agreement remains a distant goal.

In remarks to reporters, Kim said his willingness to negotiate depends on what the United States is willing to concede in return. Without citing specifics, he said the Bush administration must abandon its "hostile policy" and embrace "peaceful coexistence." The United States knows North Korea's requirements for reaching a first-step agreement, he added.

According to two U.S. nuclear experts who spoke with Kim last week in Pyongyang, North Korea's capital, the requirements include supplies of heavy fuel oil, resolution of the banking dispute, help in building civilian nuclear reactors and normalization of relations with the United States. In exchange, the experts said they were told, North Korea would be ready to freeze its Yongbyon reactor and allow the return of international nuclear inspectors to some North Korean facilities.

In an agreement in principle reached in September 2005, North Korea pledged to dismantle its entire nuclear program in return for economic aid and normalization of relations with the United States. That accord was hailed as a major step forward. The negotiations have stalled since then, however, on what steps should be carried out, and in what sequence, to put that pledge into practice.

In a measure of the difficulty, when the talks began more than three years ago they were designed to prevent North Korea from developing nuclear weapons, and that was the context in which the September 2005 accord was reached. Since North Korea set off a nuclear test explosion last October and declared itself a nuclear power, the emphasis has shifted to persuading the Pyongyang government to get rid of nuclear weapons it says it already has and to stop producing material to make more.

U.S. officials have said their intelligence indicates that North Korea has accumulated enough plutonium to fuel as many as 10 nuclear weapons and that its main facility, at Yongbyon, is producing more. In addition, U.S. officials have said North Korea has a separate uranium enrichment program to produce more weapons material, which Pyongyang denies.

In addition to North Korea, China and the United States, the talks involve South Korea, Russia and Japan.

N. Korea Talks Resume On Positive Note (AP)

By Burt Herman

AP, February 9, 2007

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South Korea's nuclear envoy said Friday that a Chinese draft agreement — with North Korea accepting in principle the initial steps for its disarmament — offered a good start for discussion. But the main U.S. envoy said there was still much work to do.

Envoys from six nations are trying to agree on steps to implement a September 2005 deal in which North Korea pledged to disarm in exchange for aid and security guarantees. The 2005 deal — the only one to emerge since negotiations began in 2003 — was a broad statement of principles that did not outline any concrete steps for dismantling North Korea's nuclear program.

"It's good as a basis for negotiations, but I don't want to predict whether there will be smooth negotiations," South Korea's Chun Yung-woo told reporters Friday ahead of the second day of talks in Beijing. He declined to give any details of what the draft contained.

U.S. Assistant Secretary of State Christopher Hill gave no details on the draft, but said Friday he was anxious for progress in the slow-moving negotiations.

"We haven't discussed it yet but that is what we will be doing first thing this morning ... In these processes you often start discussing things and you move to the written form and that is always a challenge," he told reporters.

The Chinese presented the draft after the first day of meetings Thursday, during which the North agreed in principle to take initial steps toward its eventual nuclear disarmament.

A South Korean official, speaking on condition of anonymity because of the ongoing diplomacy, said China circulated a draft proposal. The official gave no details, but other delegates said earlier that the agreement would outline initial steps for implementing the 2005 accord.

Such an agreement would set the stage for the first tangible steps in more than three years of negotiations.

In his comments Thursday, Hill said that the new proposal would be "a set of actions that would have to be taken in a finite amount of time." He declined to give specifics, but said moves would occur in a matter of weeks.

"The delegations are coalescing around some of the themes that we believe should be the basis for a first step in implementing" the 2005 agreement, he added.

Secretary of State Condoleezza Rice said in Washington she was "cautiously optimistic" that the implementation of the agreement could begin.

At the last round of talks in December, in the wake of North Korea's Oct. 9 underground nuclear test, the communist nation refused even to talk about its nuclear programs. Instead, Pyongyang demanded the U.S. lift financial restrictions targeting alleged North Korean counterfeiting and money laundering.

Since then, the U.S. and North Korean nuclear envoys held an unusual one-on-one meeting in Germany last month where differences between the sides were apparently discussed, although no details of any concessions have been made public. Pyongyang and Washington held separate talks in Beijing late January on the financial issue, although it has yet to be resolved.

Unlike in the December talks, negotiators Thursday "were able to make progress in discussing denuclearization," Hill said.

The North's chief negotiator had said before the talks began that his country was "prepared to discuss first-stage measures" toward nuclear disarmament.

"We are going to make a judgment based on whether the United States will give up its hostile policy and come out toward peaceful coexistence," Kim Kye Gwan said on arriving in Beijing for the meeting at a Chinese state guesthouse.

American experts who visited Kim in Pyongyang last week said North Korea would propose a freeze of its main nuclear reactor and a resumption of international inspections in exchange for energy aid and a normalization of relations with Washington.

The North, which suffers from chronic power shortages, is also seeking electricity supply or an annual import of at least half a million tons of heavy fuel oil — the amount it had been promised under a Clinton-era denuclearization deal with the U.S.

North Korea and the U.S. agreed in 1994 for Pyongyang to freeze its plutonium-based nuclear reactor in exchange for energy aid. The North promised to eventually dismantle the facility following construction there of two light-water nuclear reactors for electricity — a type more difficult to divert for weapons use.

However, that deal fell apart in late 2002 after Washington accused North Korea of a secret uranium enrichment program. The North expelled international inspectors and restarted its reactor, and is believed to have amassed enough radioactive material for at least a half-dozen bombs.

The six-nation talks — involving China, Japan, Russia, the U.S. and the two Koreas — began in August 2003, but the North has twice boycotted them for more than a year. The latest was over a U.S. decision to blacklist a Macau bank where the North held accounts, saying it was complicit in the regime's alleged counterfeiting and money laundering.

Rice 'Optimistic' Over Nuke Talks (WT)

By Nicholas Kralev

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The Washington Times, February 9, 2007

Secretary of State Condoleezza Rice said yesterday that she is "cautiously optimistic" that initial progress can be made at six-nation negotiations aimed at ending North Korea's nuclear-weapons programs, as talks resumed hours earlier in Beijing.

The Chinese hosts circulated a joint statement draft outlining the first steps Pyongyang must take, as well as reciprocal gestures by the United States and the other participants, diplomats said.

"The six-party talks have reconvened in Beijing just as we speak, and I think we are cautiously optimistic that there may be some movement forward," Miss Rice said during testimony on the 2008 budget request before the Senate Foreign Relations Committee.

At the same time, she said she does not count her "chickens until they are hatched."

Kim Kye-gwan, the chief North Korean negotiator, said in the Chinese capital that his delegation was "prepared to discuss first-stage measures" toward disarmament. But he also repeated a refrain the North has been using since President Bush took office in 2001.

"We are going to make a judgment based on whether the United States will give up its hostile policy and come out toward peaceful coexistence," he said, adding that Washington was "well aware" what it had to do.

Still, U.S. and other officials said the first day of the talks went well, unlike the last round in December, when U.S. financial sanctions on the North reportedly were cited by Mr. Kim as an obstacle to progress on the nuclear issue.

"We had a good first day today," Christopher Hill, the top American negotiator, told reporters in Beijing. "We hope we can achieve some kind of joint statement here."

Mr. Hill, assistant secretary of state for East Asian and Pacific affairs, met with Mr. Kim over three days in Berlin last month, after which the North said they had agreed on some of the outstanding issues.

Last week, Treasury officials held talks with a North Korean delegation in Beijing on the financial penalties, which involved freezing the North's assets in a Macau bank, apparently to the partial satisfaction of Pyongyang.

Washington imposed the restrictions in fall 2005, saying the funds were associated with illicit activities, such as money laundering and counterfeiting U.S. dollars.

The draft proposed by China yesterday builds on a joint statement all six countries -- the United States, China, Japan, Russia, South and North Korea -- signed in September 2005, which described the denuclearization of the Korean Peninsula as their goal, diplomats said.

In exchange for scrapping its nuclear-weapons programs, the North is expected to receive economic and political incentives, such as energy and possibly diplomatic relations with the United States.

Last week, U.S. specialists met in Pyongyang with Mr. Kim, who said North Korea wanted heavy fuel oil and light-water reactors, which it had received for freezing its program in 1994. Both projects were abandoned in 2002 after Washington said Pyongyang was secretly enriching uranium in violation of the deal, known as the Agreed Framework.

Draft Agreement Offered In North Korea Talks (LAT)

The Los Angeles Times, February 9, 2007

BEIJING — Talks on North Korea's nuclear weapons program resumed here Thursday, with China distributing a draft agreement that U.S. and South Korean envoys described today as offering a good start for discussions.

South Korean negotiator Chun Yung-woo and U.S. Assistant Secretary of State Christopher Hill declined to give any details of the draft.

Japan's Kyodo News agency reported today that the draft called for communist North Korea to suspend operations at its nuclear facilities at Yongbyon within two months in exchange for energy aid.

The agreement was drawn up after the first day of six-nation talks among the two Koreas, Japan, the United States, Russia and China.

South Korea's Yonhap news agency said China had proposed five working groups on North Korea's denuclearization, including one on normalizing ties between Pyongyang and Washington.

Yonhap said the one-page draft included timelines for the North's freezing of its key nuclear facilities, including its only operational 5-megawatt reactor, and for the other parties to supply aid and security guarantees.

Any agreement on an initial set of reciprocal moves to implement a September 2005 accord — in which North Korea pledged to disarm in exchange for aid and security guarantees — would set the stage for the first tangible steps in the often-delayed process.

The 2005 deal, a broad statement of principles that did not outline any concrete steps for dismantling North Korea's nuclear program, was the only agreement since the negotiations began in 2003.

Hill cautioned that much work remained.

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"We have to sit down and make sure we agree on every word, every comma. It will be a long day," he said.

At the last session, in the wake of its Oct. 9 underground nuclear test, North Korea refused to even talk about its nuclear programs. Instead, it demanded that the U.S. lift financial restrictions targeting alleged North Korean counterfeiting and money laundering.

But the U.S. and North Korean nuclear envoys held an unusual one-on-one meeting in Germany last month where differences between the sides were apparently discussed. Pyongyang and Washington held separate talks in Beijing in late January on the financial issue, although it has yet to be resolved.

N. Korea Agrees To Initial Steps To Disarm (USAT)

USA Today, February 9, 2007

Talks on North Korea's nuclear programs resumed Thursday in Beijing, where China distributed a draft agreement and the North agreed in principle to initial steps to disarm. Envoys from six nations are working out details of a September 2005 deal in which North Korea pledged to disarm in exchange for aid and security guarantees. That deal was a broad statement of principles. The main U.S. envoy, Assistant Secretary of State Christopher Hill, said the new proposal would be "a set of actions that would have to be taken in a finite amount of time." He declined to give specifics.

Secretary of State Condoleezza Rice said in Washington that she was "cautiously optimistic" that implementation of the agreement could begin.

Iran warns U.S. of retaliation if attacked

Iran's supreme leader, Ayatollah Ali Khamenei, warned that his nation will strike U.S. interests around the world if Iran is attacked. The Bush administration has said it has no plans to strike Iran but has sent a second aircraft carrier to the Persian Gulf. Speaking to a gathering of Iranian air force commanders, Khamenei said: "The enemy knows well that any invasion would be followed by a comprehensive reaction to the invaders and their interests all over the world."

In Washington, State Department spokesman Tom Casey said dealings with Iran, and concerns about its nuclear program, are "focused on diplomacy."

British airports reopen after snowfall

Five British airports reopened after workers cleared runways of snow that had fallen up to 6 inches deep in some places. Stansted, Bristol, Birmingham, Luton and Cardiff airports all had reopened by midday. Heathrow, one of Europe's largest airports, remained open but reported 90 cancellations. Hundreds of other flights were canceled throughout the country.

National Rail experienced disruptions across its network, and the Highways Agency warned against all but essential travel. Subway service in London was canceled or delayed after the capital got an inch of snow. The cold interrupted a warm winter. January was Britain's mildest month in more than 90 years, said Wayne Elliott of the Met Office, the U.K.'s weather service.

Congress Urged To Increase Focus On Asia (WT)

By Richard Halloran

The Washington Times, February 9, 2007

The Congressional Research Service has waved a red flag in front of the new Congress, warning that America risks costly conflicts if it does not pay closer attention to the rise of China and other troubles in Asia.

A preoccupation with Iraq and the Middle East means the United States "is not sufficiently focused on the Asia-Pacific at a critical point in the evolution of what may prove to be a new era," says the report from the CRS, an arm of the Library of Congress.

The report says a failure to attend to a less than peaceful rise of China, tensions over Taiwan, and conflict on the Korean Peninsula "has the potential to embroil the United States in a large-scale war that could be very costly in terms of lives, wealth, power, and prestige."

Moreover, terrorist groups in Southeast and South Asia are "a key source of instability, a threat to U.S. forces and interests, and could serve as a catalyst for inter-state conflict," the document says.

The CRS, which describes itself as "the public policy research arm of the United States Congress," provides nonpartisan research and analysis on critical issues and works primarily for members of Congress and their staffs.

Its report echoes comments made last summer in a seminar at the East-West Center, a research and educational institute in Honolulu, where Asians and Americans alike criticized the Bush administration for neglecting Asia.

James Kelly, the assistant secretary who headed the East Asia division of the State Department during President Bush's first term, said: "There is an insufficient realization that Asia has become the center of gravity," meaning the focal point of political, economic and military power. "Policy and strategy toward East Asia," he said, "are not easy to discern."

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Similarly, Stephen Bosworth, a former U.S. ambassador to the Philippines and South Korea, said that by 2009 when the next president takes office, power in Asia "will have shifted while we were not paying attention."

Other voices have cautioned that potentially damaging trends in Asia, especially in China, are being overlooked in the United States. Fred Bergsten, an economist and former senior Treasury official, said China's undervalued currency "could have a devastating impact on the global trading system."

"It is obvious that China is extremely reluctant to make the needed changes in its currency policy," he told a House committee two weeks ago. "It is equally obviously that U.S. efforts on the issue over the past three years ... have borne little fruit to date. A new U.S. policy is clearly needed."

The CRS study, written by analyst Bruce Vaughn, says: "The relative lack of attention to Asia comes at a time when the correlates of power are shifting not only with regard to China but elsewhere in Asia."

Therefore, it says, some Asian nations "are beginning to hedge against what they perceive as an increasingly distracted and insufficiently engaged American power."

"This perceived American vulnerability and uncertainty about America's future role in Asia is leading some Asian analysts to predict that the United States will enter into a 'new phase of inner absorption, if not increasing isolationism,' " the report says, quoting Singaporean scholar Eric Teo Chow Cheow.

The congressional researcher said Japan and Australia are seen as solid U.S. allies while the United States has "key strategic relationships" with Singapore, India, Taiwan and Indonesia.

Elsewhere, however, the United States and South Korea "are drifting apart" and Thailand prefers "equidistance" between the United States and China, it says. New Zealand has dropped out of its alliance with the United States and relations are tenuous with the Philippines, which is struggling with an Islamist insurgency in its south.

US Congress Takes Aim At Tokyo Over Yen (FT)

By Eoin Callan, David Pilling, And Peter Garnham

Financial Times, February 9, 2007

Powerful House Democrats are pressing the Bush administration to persuade Tokyo to strengthen the yen, claiming the currency's weakness is bolstering Japanese imports at the expense of US manufacturers.

In a letter to Hank Paulson, US Treasury secretary, the House members alleged that Tokyo was pursuing a cheap currency to subsidise exporters and urged Mr Paulson "to press the Japanese government to reverse their weak yen policy".

The pressure from Democrats sets up a confrontation with the US Treasury secretary, who argues the yen's weakness reflects Japan's economic fundamentals rather than a deliberate policy of manipulation.

The former head of Goldman Sachs has moved to stiffen the Treasury's resistance to Congress over currency policy and is set to replace the key official responsible for working with Congress on international imbalances.

The Democrats want Mr Paulson to distance himself from Tokyo at the Group of Seven finance ministers meeting starting in Germany today. But he is likely to resist pressure from Congress and European leaders to single out Japan.

The accusation of currency manipulation confirms the fears of executives of Toyota that the company is facing a political backlash on Capitol Hill as it overtakes General Motors as the world's biggest carmaker.

Michigan Representative Sander Levin, chairman of the House trade subcommittee, told the Financial Times: "Japan is clearly following policies to maintain a weak yen."

The yen's fall continued on Thursday, down 0.4 per cent to Y121.20 against the dollar and 0.6 per cent to Y157.90 against the euro.

Japanese exports as a percentage of gross domestic product have – at 16 per cent – surpassed the levels of 1985 when Japan was forced to revalue under pressure from the US.

Takatoshi Ito, a member of the Japanese cabinet's council on fiscal and economic policy, said: "Japan has not intervened since March 2004 – not even oral intervention – so the ministry of finance is clean as market fundamentals push the yen weaker."

Tensions over the yen are set to be reflected in legislation drafted in the Senate on currency manipulation, analysts said.

Representative Barney Frank, chairman of the House Financial Services Committee, said: "This is directly tied to the administration's efforts to get trade promotion authority renewed. It cannot be the case that we will let the status quo go on."

Bush Plans Latin America Tour (AP)

AP, February 9, 2007

President Bush will leave next month on a five-nation tour of Latin America, the White House said Thursday.

Bush and first lady Laura Bush will visit Brazil, Uruguay, Colombia, Guatemala and Mexico from March 8 to 14.

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"The trip will underscore the commitment of the United States to the Western Hemisphere and will highlight our common agenda to advance freedom, prosperity and social justice and deliver the benefits of democracy in the areas of health, education and economic opportunity," White House press secretary Tony Snow said.

Snow said immigration would be only one topic of the trip. In Brazil, for instance, Bush will be talking about energy independence and trade. In Bogota, Bush will be discussing Colombian President Alvaro Uribe's work to battle narcoterrorism .

"In Mexico, we're going to be supporting the president's efforts to address poverty, income equality, restoring law and order, fighting the common threats of drug trafficking and strengthening the economic relationship," Snow said.

Republican Candidates Weigh Agendas In Post-Bush Era (WSJ)

By John Harwood

The Wall Street Journal, February 9, 2007

FISCAL REALITY PINCHES 2008 candidate platforms.

In Detroit economic speech this week, Romney proposes only to extend Bush tax cuts rather than offer new ones. The ex-Massachusetts governor had contemplated lower top individual and corporate tax rates, but was deterred by lost revenue as more upper-middle-class taxpayers seek relief from alternative minimum tax.

On California fund-raising swing, Giuliani will huddle with Schwarzenegger, whose success as a Republican maverick offers a model for the former New York City mayor. Schwarzenegger has highlighted health and environmental issues.

At pep rally for potential donors, Clinton campaign presses backers to sign up as $25,000 "Hill-raisers" by end of next week.

SENATE REPUBLICANS AIM to split Democrats from liberal bloggers on Iraq.

McConnell's insistence on Gregg's war-funding resolution aims to divide antiwar blogosphere from Democrats wary of cutting money for troops. Though squeeze is toughest on 2008 contenders, other Democrats may be forced to wrestle with it for months in votes on war appropriations.

Strain of the fight shows on Republicans' 2008 front-runner McCain, who has become testy amid quickening presidential maneuvers. House Democrats, moving to jump-start debate next week with simpler resolution opposing Iraq troop surge, expect 30 Republicans to defect from Bush.

BUSH HEADS to Chávez's backyard.

In March trip, the president will hopscotch Latin America promoting trade expansion and countering the populist Venezuelan leader's criticism of his intentions. He's expected to praise leaders in Brazil and Uruguay, leftists who are friendly to free-market policies.

In Brazil, Bush faces pressure to lift U.S. import tariffs on ethanol, now receiving emphasis in administration energy policies. Those tariffs hurt Brazilian manufacturers while protecting politically influential American farm states. Treasury chief Paulson also plans Latin American trip next month.

Panamanian President Torrijos meets Bush in Washington next Friday as U.S.-Panama trade talks near completion.

PORT-SECURITY FEARS could shape congressional debate on U.S.-Peru trade pact. House Democrats Murtha of Pennsylvania and Taylor of Mississippi warn Dubai Ports World has operations in Peru and could gain "new rights" to operate in U.S. under the deal. A spokesman for U.S. Trade Representative Schwab calls that concern "a red herring," noting exceptions in the agreement for national security.

PRIORITIES: Bush's 2008 budget proposal aims to spend $25 million for assessing vulnerabilities of thousands of hazardous facilities to terrorist attack. It calls for $53.6 million to protect 2008 presidential candidates.

HOME COOKING? Treasury Secretary Paulson, a Goldman Sachs veteran, may look to corporate banking circles to fill department's top international post. Departing incumbent Tim Adams has worked mostly in government, serving both Bush presidencies.

STRANGE BEDFELLOWS? Though Bush team has strained relations with press, Health and Human Services department has begun meeting with reporters in major U.S. cities to discuss getting word out if flu pandemic hits. Goal is to " learn from the media the kind of things they want to know," says spokeswoman Suzy DeFrancis.

INTELLECTUALS HUSTLE to keep pace with accelerating political debate.

Democratic national-security strategists Kurt Campbell and Michelle Flournoy leave the Center for Strategic and International Studies to create a "centrist" brain trust: the Center for a New American Security. One board member is former White House chief of staff John Podesta, who runs Hillary-friendly Center for American Progress.

But "we will be strictly nonpartisan," says Flournoy, noting the center is courting moderate Republicans as well.

Backed by Google CEO, Carnegie Endowment sets global plans with offices in Moscow, Beijing, Beirut and Brussels.

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MINOR MEMOS: Former Democratic Rep. Stenholm laments that bipartisan deficit-reduction plan he helped craft rejected his favorite idea: Abolish the Senate. ... The odds that the federal budget will actually balance in 2012 as Bush proposes? Thirty-two percent, according to the average of a WSJ.com survey of economic forecasters.

Venezuela To Nationalize Power Company (AP)

AP, February 9, 2007

CARACAS, Venezuela (AP) — President Hugo Chavez's government moved to nationalize Venezuela's largest private electric company on Thursday, signing an agreement to buy a controlling stake in Electricidad de Caracas from its U.S.-based owner, AES Corp.

The sale agreement was signed by Paul Hanrahan, president and chief executive of Arlington, Va.-based AES, during a ceremony at the presidential palace in Caracas, agreeing to pass the company's 82-percent stake in the utility to the Venezuelan government within 30 days.

Venezuela will pay some $739.3 million for AES' share in Electricidad de Caracas, said Rafael Ramirez, president of state oil company Petroleos de Venezuela SA. He said the company is valued at $900 million as a whole.

Ramirez said minority shareholders, including employees and retirees of the company, would have "the option to stay with us in the new state company or of course to sell us their shares."

"We are preserving the interest of the minority shareholders," said Ramirez, who signed along with Vice President Jorge Rodriguez on behalf of the government.

Ramirez and Rodriguez shook hands with Hanrahan after the ceremony.

The deal marks the first of multiple nationalization moves planned by Chavez since he was re-elected in December. The Venezuelan president also plans to nationalize other smaller companies in the electrical sector, as well as the country's largest telephone company, CA Nacional Telefonos de Venezuela, CANTV.

Electricidad de Caracas has been privately owned since its founding in 1885. U.S.-based AES, a global power company that today has businesses in 26 countries, bought a majority stake of Electricidad de Caracas in a hostile takeover in 2000.

Two More In Britain Exposed To Isotope (AP)

AP, February 9, 2007

Two more people have shown signs of low-level exposure to polonium-210, the radioactive isotope that killed former KGB agent Alexander Litvinenko, British health authorities said Thursday.

The Health Protection Agency said one was a staff member at the Sheraton Hotel in London's Park Lane and the second visited a bar at London's Millennium Hotel on Nov. 1, the same day as Litvinenko.

Russian businessman Andrei Lugovoi, a former KGB agent, and business associate Dimitri Kovtun met with Litvinenko at the Millennium Hotel bar on the morning he fell ill. The hotel is among a number of sites investigators found traces of the radioactive isotope responsible for killing Litvinenko.

Health officials said the two who tested as having been exposed to the radioactive isotope were likely to face only a small risk of long-term health effects.

Of the 13 people who previously tested positive for contamination since Litvinenko was poisoned, eight worked at the Millennium Hotel.

Litvinenko was a vocal Kremlin critic who accused Russian authorities of being behind deadly 1999 apartment building bombings that stoked support for a renewed offensive against separatists in Chechnya.

He died from polonium-210 poisoning in a London hospital Nov. 23, and in a deathbed statement accused President Vladimir Putin of being behind his killing.

British Deny 'Witch Hunt' In Arrest Of Muslim (NYT)

By Alan Cowell

The New York Times, February 9, 2007

LONDON, Feb. 8 — The British police on Thursday arrested an outspoken advocate of fiery Islamic views, a week after seizing nine people accused of a separate conspiracy to kidnap and kill a Muslim British soldier.

The arrests brought accusations on Thursday of a witch hunt against Muslims, but high government officials rejected the idea.

The man arrested on Thursday is Abu Izzadeen, a 31-year-old former spokesman for the militant and now outlawed the group Al Ghurabaa.

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Mr. Izzadeen initially achieved prominence after the subway and bus bombings in London in July 2005, when four Muslim suicide bombers killed 52 people on London's transit system. At that time, he called the attacks "praiseworthy." Earlier this week, a British television report said Internet images showed Mr. Izzadeen saying in 2004 that Muslims who joined the British Army should be beheaded under Islamic law.

His arrest on Thursday, however, was related to a speech in Birmingham last summer, the police said, and was carried out under counterterrorism laws forbidding the encouragement of terrorism.

Mr. Izzadeen, who was born in a Christian family from Jamaica and named Trevor Brooks, seized headlines in September when he confronted the home secretary, John Reid, at a meeting in east London, after Mr. Reid had suggested that British Muslim parents should watch their children for signs of radicalism. Mr. Izzadeen accused him loudly of being "an enemy of Islam and Muslims."

Referring to Thursday's arrest, one of his allies, Anjem Choudhury, said, "The Muslim community are subject to a witch hunt, and I see this as a continuation of that witch hunt by the Blair regime."

A similar charge was leveled on Thursday by Abu Bakr, a graduate student of political Islam from Birmingham. Mr. Bakr was one of nine people seized last week when the police rounded up suspects in what the authorities called a conspiracy to capture an off-duty British Muslim soldier and broadcast images of his beheading on the Internet. Mr. Bakr and another suspect were released without charges on Wednesday and a judge gave the government 72 hours to present evidence against the others.

[Early Friday, the police issued a statement saying that five of the men had been charged, one more had been released and one was still being held, (a news agency) reported.]

"It's not a police state for everybody else because these terror laws are designed specifically for Muslims, and that's quite an open fact," Mr. Bakr told the BBC in an interview on Thursday.

Mr. Bakr's accusations stirred a familiar unease among those who maintained that Britain's Islamic minority of fewer than two million had been unfairly singled out and stigmatized since before the bombings of July 2005.

Muslims who project themselves as moderate distanced themselves on Thursday from Mr. Izzadeen. Inayat Bunglawala, a spokesman for the Muslim Council of Britain, an umbrella organization for Muslim groups, called him "a character who has made some incendiary remarks in the past."

But Mr. Bunglawala went on to say that there would be "some cynicism" among Muslims about the fact that the arrest came so soon after the release without charge of the two men in Birmingham.

Government officials seemed to line up to protest any suggestion that Britain's counterterrorism laws might constitute an infringement of democratic principles.

"It is a gross caricature of the political process in this country," said Prime Minister Tony Blair's spokesman, who customarily speaks without being identified by name.

Jack Straw, the leader of the House of Commons, declared, "We should not give excuse or quarter to those who claim this country is a police state — that is absolute, utter nonsense."

Gordon Brown, chancellor of the Exchequer and Mr. Blair's expected successor, told Sky News television, "I think people know Britain around the world as a country that stands up for liberty, where we do not act arbitrarily, where the police act within the law."

Chirac Discusses Life After Politics In TV Interview (NYT)

By Ariane Bernard

The New York Times, February 9, 2007

PARIS, Feb. 8 — President Jacques Chirac, in remarks that his office confirmed Thursday, has given his first hint that he may not run for a third term in the French elections in April.

"I have always tried to act for the French and for the idea that I had of France," he said, according to a transcript of remarks released by his office that are a portion of a television interview to be broadcast Sunday. "And the day I will no longer have responsibilities of this nature, well, I will try to serve France, the French, in another way."

The interviewer responded, "So there is a life after politics?" to which Mr. Chirac replied, "There is without a doubt a life after politics."

Mr. Chirac's office played down the significance of his comments, saying they were of a general nature. "To a completely timeless question, the president responded in a completely timeless way, and the president's answer therefore brings no information about the decision that he has said he will announce in due time," a spokeswoman said.

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The 20-minute interview was taped three weeks ago and is to be broadcast Sunday, as part of a show about his wife, Bernadette Chirac. The rest of that show was taped in front of an audience on Wednesday, and some French news media picked up the remarks and reported them.

Mr. Chirac has promised to make his decision known during the first quarter of the year. According to election rules in France, candidacies must be declared by March 15. Upon watching the taped interview on Wednesday, Ms. Chirac said of Élysée Palace, where she and her husband live, "I will miss this house very much, but I'll adapt," according to the French daily Le Monde.

Of late, commentators have noted the reassignments of some of Mr. Chirac's closest aides to coveted posts away from the president's chambers. But a number of legislative issues coming up in late February mean that Mr. Chirac may not be in a rush to make his decision known.

The issue is of importance to Nicolas Sarkozy, the interior minister and Mr. Chirac's former protégé, who is running on the ticket of Mr. Chirac's UMP party. His primary opponent is Ségolène Royal of the Socialists.

Civic Groups Seek To Amend Law On Insults To Turkish State (NYT)

By Sebnem Arsu

The New York Times, February 9, 2007

ISTANBUL, Feb. 8 — A group of civic organizations on Thursday submitted suggestions for rewording a section of the Turkish penal code under which noted intellectuals and writers had been charged with the crime of insulting the Turkish identity and the state.

But some critics of the law say it should be revoked, not amended.

After the killing last month of an Armenian-Turkish journalist, Hrant Dink, some critics said the law, known as Article 301, was partly responsible. According to this argument, Mr. Dink's conviction under the article for comments he made about the genocide in which more than a million Armenians were killed by the Ottoman Turk government from 1915 to 1918 made him a traitor in the eyes of many Turks and put his life in jeopardy.

For Turkey, the Armenian issue is among the thorniest issues of free speech. The courts have interpreted the use of the word genocide in reference to the killings as an "insult against the Turkish state" under Article 301.

Last year, after harsh criticism by the European Union, the government said it was receptive to changing the law but not abolishing it.

The proposal submitted on Thursday, signed by 10 civic organizations, tried to make a distinction between illegal language and legal criticism. Instead of outlawing "insulting Turkishness" it proposed new wording that would outlaw "openly abasing and deriding" the Turkish identity.

That was not enough for one civic group, the Turkish Chamber of Doctors, which broke with the umbrella group and accused the government of trying to evade responsibility for the law for fear of losing voters in November's general elections. "Changes are only a facade and can never prevent bitter consequences, as we've witnessed with Mr. Dink's murder," said Gencay Gurun, the group's general secretary.

Perihan Magden, a journalist who is one of a number of people given security protection by the government after Mr. Dink's death, said the suggested changes were too mild to make a difference.

"The fact that I have to live in my own country under police protection is a government acknowledgment that something is wrong," she said.

Another Bad Idea From The Kremlin (NYT)

The New York Times, February 9, 2007

The Russian energy minister, Viktor Khristenko, piously declared on Tuesday that Russia's meetings with other gas producers were intended only to improve energy security, and that any talk of a cartel was the product of a "sick imagination." A curious insistence since the idea of a cartel has been raised by President Vladimir Putin, who recently called OPEC-like cooperation with Iran for gas "an interesting idea" — though, of course, its goal would be to better serve customers, not fix prices.

The Kremlin is full of disturbing and counterproductive ideas these days on how it can wield its energy resources, not to mention shield its economic client Iran from international pressure. And if it looks as if a cartel might serve Mr. Putin's ambitions, the world should pay close attention.

There are reasons why a gas cartel could not work like an oil cartel. Gas is generally delivered over pipelines and is expensive to store, leaving sellers as well as buyers dependant on long-term contracts. Moscow has also stayed out of OPEC.

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What arouses anxiety over the new cartel talk — especially in Europe, which relies on Russia for more than a quarter of its natural gas — is the fact that Mr. Putin has already managed to get most of Russia's energy production and distribution under the Kremlin's control.

Even as Mr. Putin and the state gas monopoly, Gazprom, insist that they are reliable suppliers, their record is far different. They destroyed a defiant domestic oil company, Yukos, tried to muscle Ukraine and Belarus into turning over their portions of the old Soviet pipeline network, and leaned on Shell to gain control over the Sakhalin gas project.

Mr. Putin needs to understand that Russia's long-term economic and strategic interests depend on its playing by the international rules, rather than breaking them. Russia is still not capable of developing its oil and gas by itself, and the expertise it needs lies almost entirely in the West. So yes, Mr. Khristenko, number us among those who mistrust the Kremlin — and prove us wrong.

Not Their Parents' Russia (NYT)

By Thomas L. Friedman

The New York Times, February 9, 2007

MOSCOW

Russia today is a country that takes three hands to describe.

On the one hand, it is impossible any more to call Vladimir Putin's government "democratic," given the way it has neutered the Russian Parliament, intimidated or taken over much of the Russian press, subordinated the judiciary and coercively extended its control over the country's key energy companies.

On the other hand, it is obvious talking to Russians how much the humiliating and dispiriting turmoil that accompanied Boris Yeltsin's first stab at democracy — after the collapse of Communism — left many people here starved for a strong leader, a stable economy and stores with Western consumer goods. Mr. Putin is popular for a reason.

And on the third hand, while today's Russia may be a crazy quilt of capitalist czars, mobsters, nationalists and aspiring democrats, it is not the totalitarian Soviet Union. It has more than a touch of the authoritarianism of postwar Gaullist France and a large spoonful of the corruption and messiness of postwar Italy — when those countries emerged from World War II as less than perfect democracies.

But 60 years later, after huge growth in their per capita incomes, France and Italy now help to anchor Western Europe. For all of their shortcomings, their postwar governments provided the context for the true democratic agent of change to come of age — something that takes 9 months and 21 years to produce — a generation raised on basically free markets and free politics. I still think Russia will follow a similar path — in time.

"In historical terms, the transition will be very fast," Boris Makarenko, deputy chief of Russia's Center for Political Technologies, said to me. "But I am 47. I am in a hurry. I am very optimistic [though] for my daughter, who is 15. ... I can see the normal middle class rising here. It's all about shape and pace. When will we get there, I don't know — we will get there, but probably not fast enough for me to see."

The Yeltsin democratic experiment is over, to be sure, added Rose Gottemoeller, director of the Carnegie Endowment's Moscow office, "because it was delegitimized by the 1998 ruble crash and because it was a time of supreme corruption and dominance by oligarchs — but the Russian democratic experiment is not over because Russia is such a changed place."

Ms. Gottemoeller, an American, told me she recently visited Ulyanovsk, Lenin's birthplace, in the heart of Russia's aging industrial rust belt, and went out to dinner with three Russian couples, all new entrepreneurs.

"After they plied me with drinks," she recalled, "they said: 'O.K., we have a question. We want to know how you define middle class' — and did I think they were middle class? And that just flummoxed me. ... They wanted to know what middle class was in America. It meant a lot to them to think they were linked up to a broader community of middle class. ... [They] are not out in the streets with a banner, but their aspirations are huge and in the right direction."

People who identify themselves as middle class often end up fighting for legal and civil rights to protect their gains, without even knowing they are fighting for them. That said, the pace of democratization here will most likely depend on three things.

One is whether this emerging middle class gets so preoccupied with material gains — thanks to the trickle-down of high oil and gas prices — that "it just disconnects from politics," Ms. Gottemoeller noted. (Russia today has more cellphones than people!) Another is the genie of Russian nationalism, which can always pop up and derail democratization. Just down the street from my hotel, the Movement Against Illegal Immigration held a march denouncing Jews and immigrants.

Third is the price of oil and gas. Anyone who observes Russia can see that the price of oil and the pace of freedom here operate with an inverse correlation. As oil prices go down the pace of freedom goes up, because Russia has to open itself more to the world and empower its people to get ahead. As oil prices go up the pace of freedom goes down, because the government can get by drilling oil wells, rather than unleashing its people.

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"When oil prices became higher, the reforms became slower," said Vladimir Ryzhkov, a liberal Russian Duma member from Altay. "Russia became a more closed country with a more state-oriented economy. Last year we saw record oil prices and not one reform. [That is the] reason Freedom House last year proclaimed Russia a 'non-free country. ' ... The question for you Americans is: When will prices go down? It is the only hope for us Russian democrats."

Mikhail Khodorkovsky (WSJ)

By Robert R. Amsterdam

The Wall Street Journal, February 9, 2007

The Kremlin this week showed that democracy, human rights and the rule of law are dead in Vladimir Putin's Russia. With extraordinarily cynical timing, new charges -- this time, money-laundering -- were brought against Mikhail Khodorkovsky, who once ran Russia's largest oil company, Yukos. These charges have nothing to do with upholding Russia's laws. They have everything to do with the fact that Mr. Khodorkovsky would have been eligible for parole later this year, having served half his eight-year sentence on a politically motivated tax evasion conviction handed down in 2005. Another show trial will surely propel the machinery of so-called justice toward another preordained guilty verdict.

The fresh case means that Mr. Khodorkovsky will be unable to support democratic opposition parties in December's Duma elections or the 2008 "presidential coronation." And it means that the Kremlin will continue to wield pervasive control over the energy sector in which he had done so much to promote market-based competition and growth.

Before his arrest in 2003, Mr. Khodorkovsky set out his vision for Russia. He encouraged the development of civil society and the growth of alternative political parties. He worked to provide schools across with access to the Internet and supported charitable and cultural programs. He publicly confronted the president about the need to stamp out corruption in Russia.

When it became clear that the state did not share his vision and was not going to tolerate dissent, Mr. Khodorkovsky did not flee. He cooperated with the justice system -- convinced of his innocence, and convinced, also, that he could challenge what seemed to be an attempt by corrupt officials to intimidate him. He did not foresee how ruthlessly the law would be disregarded in the Kremlin's drive to crush him. Nor did anyone quite foresee the blatant theft of Yukos assets.

By jailing Mr. Khodorkovsky and stealing Yukos, the Putin regime cleared the energy sector of any competitors. It enabled the Kremlin to use energy as a political weapon against Russia's immediate neighbors and the whole of Europe. Mr. Khodorkovsky and his company, in other words, had to be destroyed for Mr. Putin's non-market, state corporatism and energy imperialism to thrive. So now, no one will build competing pipelines; no one will advocate the breakup of state monopolies; no one will promote the corporate governance and transparency that are anathemas to the state-owned enterprises. The new charges against Mr. Khodorkovsky are, in fact, intended to provide a smokescreen for the Russian government's illegal sale, later this year, of the remaining assets of Yukos, valued at $33 billion, to those very companies.

The Russian regime has lost the moral authority to dispense justice. Its exploitation of prosecutorial and regulatory powers, though shielded by state immunity, has become criminal. Selective enforcement of tax and environmental laws is the favored means of stealing assets from both domestic and foreign owners. Extortion is entrenched as a method of acquisition by the state.

The Yukos saga was followed late last year by the shakedown of Royal Dutch Shell at its Sakhalin-2 project. With each such case, the Kremlin is less concerned about even keeping up pretenses. Moscow calculates it has space to maneuver around legal and moral obligations, whether with respect to existing treaties, or negotiations over developing the giant Shtokman gas field, or its commitments to supply gas and oil dependably without political interference.

When Mr. Khodorkovsky was interrogated about the new charges, he declared that he had no faith in Russian justice, and that he will refuse to cooperate with the prosecutors in another politically driven farce of a trial. This week he appealed to the world not for himself but for all Russians: "Their only chance is the timely voluntary transfer of power in Russia by the means of honest, fair and transparent elections. . . . [The new president] should have nothing in common with the giant corruption machine that has paralyzed Russia."

Even in a Siberian gulag, Mr. Khodorkovsky has the courage to say: Enough! His fate is far more important than most people in the West realize. Some Western leaders such as Angela Merkel of Germany and José Manuel Barroso of the European Commission have raised his case with the Russian president. The dictatorial feathers were not ruffled and both were summarily brushed off. And so, another Khodorkovsky trial will soon be upon us. Let's be sure that this time we all recognize that Mikhail Khodorkovsky's fight is for the future of Russia and its relationship with the rest of the world.

Mr. Amsterdam is international defense counsel for Mikhail Khodorkovsky, and is based in London after being deported from Russia.

Turkmenistan Awaits First 'Free' Elections (CSM)

By Fred Weir

DOJ_NMG_0130109

The Christian Science Monitor, February 9, 2007

MOSCOW

The political ice may finally be cracking in the gas-rich, desert nation of Turkmenistan. Its 6 million people will get their first ever chance to vote in multicandidate elections this Sunday in polls to replace longtime strongman Saparmurat Niyazov, who died in December without naming an heir.

But the appearance of choice may be illusory, analysts say, making the Central Asian nation's first election more the stuff of hype than history.

Six contenders are vying openly for the post left vacant by the self-titled "Azim Turkmenbashi" (Great Father of the Turkmen), who ruled with an iron fist – and increasingly erratic style – for 21 years. Experts say that five of the candidates, mostly second-tier regional officials, are merely window dressing and victory has been pre-ordained for acting president Gurbanguly Berdymukhammedov, a former deputy premier who won the brief power struggle following Niyazov's death.

However, Mr. Berdymukhammedov has pledged to institute cautious liberal reforms, and there are signs that Turkmenistan's hitherto ironclad dependence on Russia's Gazprom to handle its gas exports might also change.

"The Turkmenbashi's death has shaken the regime, and at least opened up the possibility of positive changes," says Irina Zvigelskaya, an analyst with the official Institute of Oriental Studies in Moscow. "But, at this point, no one really knows what we're dealing with. The new leader could hardly be just like Niyazov, but there are no guarantees that he won't choose the same despotic model of rule."

But the potential for a departure from the old politics of Turkmenistan, which holds the world's fifth-largest gas reserves, has excited great interest in the global energy community.

In 2003 Niyazov signed a 25-year contract with Gazprom, affording the Russian gas giant near total control over Turkmenistan's gas exports. But last year, Niyazov signed a tentative deal with Beijing, under which large quantities of Turkmen gas would be sold to China beginning in 2009.

The US would like to see Turkmenistan ship its gas and oil across the Caspian Sea, where it could be loaded into the new Baku- Ceyhan pipeline and transported to Western markets. In the 1990s there was talk – which has never completely died down – of building a pipeline south, through Afghanistan, to deliver Turkmen gas to the hungry markets of the Indian subcontinent.

"Niyazov used to say that Turkmenistan has enough gas to feed Russia, China, and India, too, but geologists are not so sure," says Mikhail Krutikhin, editor of Russian Energy Weekly, a Moscow-based trade journal. "The new leaders of Turkmenistan will basically have to decide whether the gas should flow north to Russia, or east to China. I fear that Gazprom has not been paying enough attention to Turkmenistan lately, so the Chinese might win this race."

Some experts speculate that real power is in the hands of the chief of Niyazov's palace guard, Akmurad Rejepov, a shadowy former Soviet KGB official. Under the Constitution, the speaker of parliament, Ovezgeldy Atayev, should have become acting leader after Niyazov's demise. Instead, Mr. Atayev found himself in prison facing an unspecified "criminal investigation."

The Halk Maslahaty (Peoples' Council), a megaparliament of 3,000 members that met once a year under Niyazev, was hastily summoned to appoint Berdymukhammedov as acting president. It also approved the six candidates for the presidency – all of whom were required to swear allegiance to Niyazov's political policies.

Exiled opposition politicians who have tried to enter Turkmenistan have been turned away at the border. Few foreign journalists have been granted visas to cover the polls, and the Organization for Security and Cooperation in Europe, which normally fields election observers, has decided to sit this one out due to "time constraints" on forming a delegation.

In an interview with Radio Free Europe, the chair of the European Union's interparliamentary mission to Turkmenistan, Albert Jan Maat, said that "these elections [are] only with candidates from the former government – you can't call them real elections – and that is not a start for a more open society."

Nevertheless, experts say it's reasonable to hope that the harsh repression and wild extravagance that marked the Turkmenbashi's rule may ease. Niyazov jailed thousands of opponents, expelled ethnic Russians, and jammed news broadcasts from Moscow. He slashed social services, abolished old age pensions, and ordered the number of school years for children reduced. He banned ballet and opera as "alien," and forbade men to wear beards or teenagers to play video games.

At the same time, he squandered the country's export earnings from gas and cotton on lavish monuments to himself and his deceased mother, and renamed the months of the year after himself, his mother, and various relatives. A year ago, fearful of palace plots, Niyazov ordered all doctors to swear a personal oath to himself instead of the Hippocratic Oath.

"Everything is known in advance. Berdymukhammedov will win," exiled Turkmen journalist Bytyr Mukhammedov told the Russian daily Moskovsky Komsomolets. The front-runner has been quoted by the official Turkmen press as pledging to boost social services, restore pensions, privatize some industries, permit people to build their own homes, restore transport links with

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Russia, and even allow citizens to access the Internet. "Changes are already being implemented, and I think the new regime will evolve slowly toward civilization," said Mr. Mukhammedov.

New Advocacy Group Aims To Point Up Atrocities In Africa (WP)

By Nora Boustany

The Washington Post, February 9, 2007

Veteran Africa activists, frustrated by the slow response from Sudan's government to international demands to ease the plight of refugees in Darfur, are regrouping to take their fight to the next level.

A new group, calling itself Enough, has joined the growing list of nongovernmental peacemaking organizations. Its aim, the founders said, is to tap into the grass-roots awareness and sense of rage generated by the Darfur crisis and create a social and political network that can identify potential wide-scale atrocities, particularly in Africa, and stop them before they occur.

The three co-founders are Gayle E. Smith, a senior fellow at the Center for American Progress, who was previously an officer with the State Department and the National Security Council; Africa expert John Prendergast, a senior adviser at the International Crisis Group who also served at State and the NSC in the Clinton administration; and Colin Thomas-Jensen, Africa research and advocacy manager for the International Crisis Group and a former official with the U.S. Agency for International Development.

"We've got people's attention on Darfur. While we have it, there are other raging fires such as Uganda and the Congo, and it is more cost-effective to act in concert," Smith said. "I am both excited and moved by the activism on Africa and what has happened in the last 30 years. . . . It is breathtaking."

In a survey by the Pew Research Center conducted in December, 51 percent of American respondents said they thought the United States had a responsibility to do something about ethnic violence in Darfur, and 53 percent were in favor of U.S. troops in Darfur as part of a multinational force to help end ethnic genocide there.

"It's a neat idea. When you build up such a large grass-roots base, it would be a shame to let it die away once a crisis is finished. It would be great to have a system to take care of future conflicts," said Amjad Atallah, president of Strategic Assessments Initiative and an adviser to the Save Darfur Coalition, an alliance of organizations committed to protecting civilians in Darfur.

"So much of the campaigning has been effective in raising awareness, which is crucial, but ineffective in affecting policy. We won't just focus on one crisis. We want to show the linkages and common roots between the crises in Congo, Northern Uganda and Sudan," Prendergast said Monday by e-mail from Uganda, where he is touring with actor Ryan Gosling.

Prendergast said the object was to feed the growing movement against genocide and make it more comprehensive. "Ultimately, our goal is to help reorganize our government's ability to prevent and respond to the commission of crimes against humanity as a fundamental objective of U.S. foreign policy, just as promoting trade and countering terrorism is today," he said.

The founders' experience in government and in relief work in Africa will add another dimension to the grass-roots activism that began on campuses nationwide. Stark images from Darfur of emaciated, gangly refugees on the edge between life and death have entered the American consciousness through a variety of documentaries and other television shows.

"We are going to develop a committed core of people, which is not so much a lobbying group as one that can drive up the political temperature," Prendergast said, spelling out the new group's agenda. "How do we restructure diplomatically? What we want to do is make existing movements smarter and build a better infrastructure within the government. How to restructure intelligence networks to set alarm bells in motion? How do we provide assistance to existing peacekeeping operations and, more importantly, protect civilians?"

Some ideas the group discussed include monthly analysis briefings, workshops on shaping the congressional budget process, and regional training for advocacy.

At the request of the Save Darfur Coalition, New Mexico Gov. Bill Richardson (D) led a delegation last month to Sudan's capital, Khartoum, to meet with President Omar Hassan al-Bashir. The group hoped to tease out written commitments on the deployment of peacekeeping troops, the establishment of humanitarian delivery corridors, and the clear marking of government planes to avoid confusion between attack aircraft and relief drops.

S. Daniel Abrahams, a Slimfast magnate and philanthropist, offered his private jet, and the State Department gave its consent for the trip. A couple of days after the trip, a 60-day cease-fire collapsed.

Richardson said in an interview this week that some advances were made "in the right direction," such as a pledge to reduce the red tape delaying permits for Sudanese relief workers hoping to work in Darfur. Most previous diplomatic efforts with Bashir have failed.

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"I'm going to make Darfur an issue," said Richardson, who announced his bid for the presidency one week after returning from Sudan in January. "We need to start thinking about Africa and about repairing our relations with the Muslim world. Our obsession with Iraq has caused us to neglect poverty issues. "

"I think candidates of both parties at some point are going to be asked about Darfur," Smith said. "In 2004 there were questions about Darfur in the debate. We expect everyone running for president will get a question on Darfur."

More than 185 organizations are members of the Save Darfur Coalition, which has a highly efficient system for collecting online donations, obtaining grants and foundation money, and gathering sizable contributions from individuals and celebrities. Enough is likely to tap into the same pool of funding.

Richardson met with U.N. Secretary General Ban Ki Moon to push the Sudan agenda, and he welcomed the intensified efforts of the civic groups. "It is very healthy to have such groups," he said. "There are a number of ethnic wars in Africa . . . unfolding tragedies. We cannot as a nation have any more Rwandas."

Frist Joins Evangelist Graham On Trip To South Sudan (WP)

By Stephanie McCrummen

The Washington Post, February 9, 2007

JUBA, Sudan -- The jet took off Wednesday morning headed for Juba, the fledgling regional capital of southern Sudan and a place at the moment resembling a hot and sandy construction site.

In the pilot seat was Franklin Graham, son of evangelist Billy Graham. And in the entourage were several members of his Christian charity group, Samaritan's Purse, along with former Senate majority leader, onetime rumored presidential contender and, for now, surgeon and civilian Bill Frist (R-Tenn.).

He had traveled to the group's far-flung health clinics before to operate on patients who, he granted, often had no idea who he was. The mission this time was a meeting with leaders of the semiautonomous region that only recently emerged from one of the bloodiest and longest-running civil wars on the continent.

But a U.S.-backed peace agreement between the southern Sudanese and the government in Khartoum is faltering badly as world attention has shifted to Darfur, the western region of the country where the government is accused of waging a campaign of violence that the United States and others have labeled genocide.

In the south, the conflict revolved mainly around oil-rich areas along a disputed border with the north. Like Darfur, it is layered with an ethnic dimension. But unlike Darfur, the conflict had a religious dimension and was cast at times as a war of persecution by the mostly Arab and Muslim government against the darker-skinned southerners, who mainly practice Christianity and indigenous religions.

It is that religious facet that has continued to draw in U.S. evangelical groups such as Samaritan's Purse, which has provided humanitarian relief in the region for a decade. Graham, who recounted with some relish diving into foxholes during wartime trips to the region, said his group has counted at least 500 destroyed churches amid a wider landscape of ruin. He was heading to Juba to tell leaders of his intention to rebuild all of them, he said.

The jet landed before noon in a cloud of sandy dust.

By then, about 90 flights had already buzzed into the small but busy airport, most carrying contractors who are building roads and government ministries from scratch, and living in encampments of tents that are so in demand that they rent at times for more than $150 a night.

A group of two dozen southern Sudanese leaders greeted Graham, Frist and the rest on the runway, and soon a convoy of trucks, SUVs and sirens was rumbling down the reddish dirt roads.

The first stop was the headquarters of the Sudan People's Liberation Movement (SPLM), the former rebel group that runs the region.

"We call it the wild west," Barnaba Marial Benjamin, the minister of regional cooperation, said to the visiting Americans. "You put down your tent under the tree, and you begin something."

Benjamin told Frist and Graham about all the roads that have been built -- "A miracle," he said -- but as the meeting continued, the news about the peace process was decidedly mixed.

Pagan Amum, secretary general of the SPLM, accused the ruling party in Khartoum of orchestrating an attempt to undermine the hard-won Comprehensive Peace Agreement in advance of a vote on secession scheduled for 2011.

Specifically, he said, the government is cheating the south out of oil revenue, building up its forces in the crucial, oil-rich Abyei province and dragging its feet on resolving the border demarcation, all in violation of the agreement reached two years ago. Amum also accused the government of funding militias to harass and drive away contractors.

"These are calculations for something bigger," he said. "It is part of a major plan."

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Among other things, Frist asked about the availability of clean water. Benjamin explained that water was a problem: bullet holes in water tanks, toxic asbestos pipes. But soon it was time to go, and after firm handshakes and thank-yous, the convoy took off again.

The line of white trucks and vans rolled through town, kicking up dust as people stopped a moment to stare, then went back to hauling wood planks, selling cinder blocks and digging trenches.

More than 100,000 refugees have returned to the south in the past year or so, including Miyong Kuon, who lived in Omaha during the war and was among the crowd following Graham's group. Though there is little in Juba to love besides sand and sky and heat, Kuon said it still felt like home. "Even if it's a tent, home is home," he said.

Kuon waited while Frist and Graham met with the southern Sudanese president, Salva Kiir Mayardit, a tall, bearded man who wore a black bowler-style hat.

After the meeting, Kiir told reporters that in his view, the central government "lacks the political will" to implement the peace agreement, but he also blamed "extremists in both camps" -- including his own -- for blocking progress.

"We are all convinced that going back to war will not be the solution," Kiir said.

Frist told the crowd that he would report back to whoever would listen that southern Sudanese were committed to peace but that more outside oversight was necessary to make it work. Then, the convoy took off again.

In the late afternoon, the group met with an SPLM general and finally with the energetic speaker of parliament, who urged the U.S. government to consider Darfur and southern Sudan as different manifestations of the same, problematic Khartoum government.

Graham told the speaker that God had not abandoned the people of southern Sudan.

Afterward, the group posed for photos amid half-constructed buildings and low, twisted trees. And about 5 p.m., the convoy headed back to the airport.

Chinese Leader's Almost Triumphal Trip To Africa (CSM)

By Scott Baldauf

The Christian Science Monitor, February 9, 2007

JOHANNESBURG, SOUTH AFRICA AND LUSAKA, ZAMBIA

Chinese President Hu Jintao's visit to Africa started out last week with the usual manly handshakes, red-carpet strolls, factory visits, and displays of African dance and music.

This tour – which includes Cameroon, Liberia, Sudan, Zambia, Namibia, South Africa, Mozambique, and the Seychelles, – serves to fulfill promises China made at a glitzy Beijing summit in November, where 48 African heads of state heard Mr. Hu pledge to double aid to Africa by 2009 and create an investment fund of $5 billion in the next three years.

By the end of 2006, China had already invested nearly $8 billion in Africa, mainly for extracting minerals and oil to fuel its booming economy, and during this trip, Hu has brought with him more loans and a veritable army of Chinese investors.

But the farther south Hu traveled this week, the more skepticism he met. Hu canceled a visit to Zambia's copper belt, fearing protests over low pay and poor working conditions at Chinese- run mines. In the lead-up to Zambia's Sept. 28 elections, runner-up presidential candidate Michael Sata promised to kick out the Chinese if he had won. In South Africa, President Thabo Mbeki recently warned his fellow African leaders not to allow Chinese investment to become a "colonial relationship."

At least one message of this trip: President Hu, the African honeymoon is over.

"Mbeki's speech reflects a deeper concern that is more addressed to Africans than to the Chinese," says Francis Kornegay, a senior researcher at the Center for Policy Studies in Johannesburg. "The Africans have to set the parameters of the relationship and know what they are getting out of the relationship."

Such caution on the part of a few African countries – concentrated in the south of the continent – doesn't mean that African leaders are ready to give China the boot. To the contrary, Hu's visit has been a rather triumphant follow-through on promises made during the Beijing summit.

At his first stop in Cameroon, Hu pledged $100 million in grants and soft loans. Last week, Hu and Zambian President Levy Mwanawasa launched a new copper-mining partnership, which, they say, will produce thousands of jobs, $800 million in investment – and plenty of copper for China's growing economy.

"It is in China's national interest and in Africa's interest to have a trading partnership," says Pieter Snyman, director of The Beijing Axis, a consultancy that helps South African companies do business with China. "African leaders find China to be more sympathetic to African needs than the West. Africa does not need just money or somebody to get infrastructure projects. It has to be a sustained relationship, and that's up to the Africans to get what they want out of it."

What Africans want, of course, differs from country to country. In Sudan, where Hu visited last week, leaders sought more investment in the oil industry and in refining. In South Africa, business and political leaders seemed eager to push China to

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accept more African imports into their markets. And in resource-rich but impoverished countries like Zambia, political leaders and workers alike were pushing for better wages, and a bigger cut in the profits from mining.

Anger in Zambia

"They are just using us – we are like tools. They come here to invest, but at the end of the month they just pay us peanuts," says Likezo Mukumbi, a security guard at a shopping complex in Zambia's capital, Lusaka. Mr. Mukumbi says the Zambian government should do more to ensure that the Chinese are treating Zambians fairly.

Sentiments like that fueled the presidential bid of Mr. Sata, a shrewd and charismatic former government minister, during September's national elections. Sata threatened to run "exploiter" Chinese investors out of town, drawing cheers from many of Zambia's urban poor. Sata said he would recognize Taiwan as an independent nation if elected, and drew a rebuke from China's ambassador in Zambia, who suggested that China would cut ties with Zambia if Sata was elected – calling into question China's avowed policy of noninterference in local politics.

Low wages and safety concerns at Chinese-run mines have drawn the ire of Zambian labor unions and mining communities. Concern built to outrage when an explosion at a Chinese-run Chambishi mine killed 51 Zambian miners in 2005. Hu's delegation canceled plans to visit Chambishi during his visit amid rumors of potential protests.

Mining accidents are not the only aspect of the Chinese presence that irks many Zambians. In recent years, an influx of Chinese traders and other small-businesspeople have begun operating in local markets, selling inexpensive Chinese clothes and other imports, and putting pressure on local entrepreneurs.

It is this same issue of competition that has begun to irk South African manufacturers and retailers, says Raymond Louw, editor of the Southern African Report, in Johannesburg. But unlike Zambia, the pressure has not built to the point where it spills out into street protests.

China's ability to launch business partnerships, and also to offer massive loans for infrastructure clearly gives it the advantage over multinational corporations, who come just to do business. It also comes without all the colonial baggage that British, French, and even US companies carry.

Avoiding colonialism

"Africa has a long history with colonial powers, and the colonial powers ripped off Africa, period," says a former South African diplomat, speaking on condition of anonymity. "Then along comes China, this emerging giant, and they play a very clever game. They want certain things from certain parts of the world, and they say, 'We will not interfere in local issues.' That is attractive to Africa; when you look at Zimbabwe and at Darfur, those are controversial places to do business, but the Chinese are there, and they don't interfere."

Like other African leaders, Zambian officials maintain that the Chinese government treats them with respect – and understands the social and political environment they deal with, as opposed to many Western donors.

"They know what it means to go to bed without a meal.... There is more understanding between the Chinese and ourselves," says Vernon Mwaanga, Zambia's minister of information and broadcasting.

Yet increased trade is bringing increased public discontent in places, and that's something African and Chinese leaders will have to address. Responding to South African fears about imports undercutting the local market, Hu last year cut textile imports to South Africa by one-third. Trade between the two countries still roared ahead another 36 percent this year.

Hu Jintao's trade safari

China's President Hu Jintao and a 130-strong delegation is concluding an eight-nation tour of the African continent with trips to Mozambique and the Seychelles on Friday and Saturday. As part of China's bid for Africa's mineral resources, Mr. Hu inked trade and economic assistance deals in each nation.

Here's what Hu did during his 12-day swing:

Cameroon: Canceled Cameroon's debt (amount unspecified), pledged $100 million in grants and soft loans, and signed agreements to build two schools and a hospital in the capital of Douala.

Liberia: Signed a memo canceling all of the $15 million of debt Liberia owed to China and announced a tax exemption on all Liberian exports to China.

Sudan: Signed seven documents on economic and technological cooperation and canceled debts amounting to $19 million.

Zambia: Inaugurated the Zambia-China Economic and Trade Cooperation Zone, including a massive mining partnership in the country's copper belt, to spur development in the smelting, construction, home-appliance, and food-processing industries.

Namibia: Signed a $139 million soft loan (of which $59 million was interest free), a grant, and dozens of scholarships. Made a four-point proposal to boost political and cultural ties between the two nations.

South Africa: In his first state visit and his ninth meeting with President Thabo Mbeki, Hu pledged a "new strategic partnership" including opening the Chinese market to local fruit exports and assistance to South African development programs.

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Mozambique: Expected to announce the cancellation of $15 million in debt Mozambique owes China.

Seychelles: This 110-island archipelago is of strategic importance to oil routes and military bases in the Indian Ocean – two areas China has a significant interest in developing.

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TERRORISM NEWS:

Coast Guard Should Revisit Military Contract, Report Says (NYT)

By Eric Lipton

The New York Times, February 12, 2007

WASHINGTON, Feb. 11 — The Coast Guard's $24 billion ship- and plane-building deal with two of the nation's biggest military contractors is fundamentally flawed, an independent Department of Defense assessment commissioned by the Coast Guard has concluded.

The report, by the Defense Acquisition University, does not explicitly recommend terminating the five-year-old deal with the contractors, Lockheed Martin and Northrop Grumman. But it says that if the arrangement is extended — negotiations are already under way — it should be redrafted so that it is no longer presumed that Lockheed and Northrop will play dual roles as program manager and primary builder.

The prime contractor "should be directed to consider the products and services of companies other than" those made by Lockheed and Northrop, said the report, a copy of which was given to The New York Times.

The project, known as Deepwater, is running way over budget. At the same time, all four major classes of ships that are planned or are in production have had significant problems, the report notes.

Under the current deal, the Coast Guard buys ships and planes from Lockheed and Northrop from a preset menu, with prices already negotiated. That approach should be discontinued, the report recommends, and instead, the Coast Guard should rely on a "government run, full and open competition" for purchases of at least some ships.

Even with the existing menu, Lockheed and Northrop can request higher prices for the ships, planes or electronics based on price escalation clauses "that are far broader than those allowed in major systems acquisition contracts" in the Defense Department, the report said.

Brendan McPherson, a Coast Guard spokesman, said the agency was still reviewing the report.

"Unfortunately we can't change history," Mr. McPherson said. "But we can look at where we are going with Deepwater, and figure out ways to make it better."

The report will probably only intensify calls from Congress to radically change the terms of the deal.

"We're looking for some real answers from the Coast Guard," said Katharine Lister, a spokeswoman for Senator Maria Cantwell, Democrat of Washington and chairwoman of a Coast Guard oversight panel, which is holding a hearing on the program on Wednesday. "Shuffling management structures alone is not going to cut it."

A spokeswoman for the partnership formed by Lockheed and Northrop did not respond to telephone and e-mail messages left on Sunday.

Airspace Limits Sought For Patrol Of Canada Border (WT)

By Shaun Waterman

The Washington Times, February 12, 2007

Homeland Security Department officials say they will work with the Federal Aviation Administration to impose flight restrictions around the North Dakota air base from which they plan to fly a remotely piloted plane this year to patrol regions of the U.S.-Canada border.

"We are working with the FAA to get restrictions on the airspace [above Grand Forks Air Force Base in North Dakota] during certain time windows when we fly, typically at night," said Gen. Michael Kostelnik, head of air and marine operations for U.S. Customs and Border Protection, the agency inside the Homeland Security Department that flies the pilotless aircraft, known by their military acronym UAV, for unmanned aerial vehicles.

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The UAV, a version of the military Predator B equipped with special cameras and other sensors, and with the ability to stay in the air for up to 30 hours, will be able to monitor remote and inaccessible regions of the border, officials say.

The flight restrictions, which will apply to small planes operating below 18,000 feet, are necessary because of the danger of collisions, but they will draw protests from those who own or fly private planes.

The agency already is flying one Predator B, built by General Atomics Aeronautical Systems, over the U.S.-Mexico border, where it uses the already-restricted airspace around Libby Army Air Field at Fort Huachuca, Ariz.

"But there are no restricted or prohibited areas near Grand Forks," points out Heidi Williams, the head of regulatory affairs for the Aircraft Owners and Pilots Association, and the group "would oppose any new restricted airspace created solely for UAV border patrols."

Gen. Kostelnik last week said that within three years, Grand Forks also would become the home of a National Guard UAV air wing, flying the less-sophisticated Predator A.

"We are working with the FAA to help them understand what the implications are of the growing use of UAVs," he said.

The Homeland Security UAV at Grand Forks also will require special FAA certification to fly above 18,000 feet in "positive control airspace," through which U.S. air traffic controllers guide commercial flights.

Customs and Border Protection will obtain "certificates of authorization to operate [the Predator B] in certain corridors in the national airspace" for the purpose of border patrols, Gen. Kostelnik said.

He added that the Predator B was "one of the most sophisticated aircraft on the face of the planet," and that it would fly "mainly in the evenings and at night" in places with little existing air traffic.

"I'm not interested in flying this thing ... in metropolitan areas," he said.

Customs and Border Protection will have four UAVs by the end of the year, he added. The second will join the one already flying in the Southwest in April, the third will be delivered to Grand Forks by Oct. 1, and the last, delivered by the end of the year, likely will be deployed in a maritime role.

He said a prototype drone with sea-viewing radar would be tested in Florida to assess "its look-down capabilities, [and] its performance against targets we go after down there, and explore interface issues with other [air and marine] assets we have deployed."

WHATEVER IT TAKES (NewYorker)

By Jane Mayer

The New Yorker, February 19, 2007

The politics of the man behind "24."

The office desk of Joel Surnow—the co-creator and executive producer of "24," the popular counterterrorism drama on Fox—faces a wall dominated by an American flag in a glass case. A small label reveals that the flag once flew over Baghdad, after the American invasion of Iraq, in 2003. A few years ago, Surnow received it as a gift from an Army regiment stationed in Iraq; the soldiers had shared a collection of "24" DVDs, he told me, until it was destroyed by an enemy bomb. "The military loves our show," he said recently. Surnow is fifty-two, and has the gangly, coiled energy of an athlete; his hair is close-cropped, and he has a "soul patch"—a smidgen of beard beneath his lower lip. When he was young, he worked as a carpet salesman with his father. The trick to selling anything, he learned, is to carry yourself with confidence and get the customer to like you within the first five minutes. He's got it down. "People in the Administration love the series, too," he said. "It's a patriotic show. They should love it."

Surnow's production company, Real Time Entertainment, is in the San Fernando Valley, and occupies a former pencil factory: a bland, two-story industrial building on an abject strip of parking lots and fast-food restaurants. Surnow, a cigar enthusiast, has converted a room down the hall from his office into a salon with burled-wood humidors and a full bar; his friend Rush Limbaugh, the conservative talk-radio host, sometimes joins him there for a smoke. (Not long ago, Surnow threw Limbaugh a party and presented him with a custom-made "24" smoking jacket.) The ground floor of the factory has a large soundstage on which many of "24" 's interior scenes are shot, including those set at the perpetually tense Los Angeles bureau of the Counter Terrorist Unit, or C.T.U.—a fictional federal agency that pursues America's enemies with steely resourcefulness.

Each season of "24," which has been airing on Fox since 2001, depicts a single, panic-laced day in which Jack Bauer—a heroic C.T.U. agent, played by Kiefer Sutherland—must unravel and undermine a conspiracy that imperils the nation. Terrorists are poised to set off nuclear bombs or bioweapons, or in some other way annihilate entire cities. The twisting story line forces Bauer and his colleagues to make a series of grim choices that pit liberty against security. Frequently, the dilemma is stark: a resistant suspect can either be accorded due process—allowing a terrorist plot to proceed—or be tortured in pursuit of a lead.

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Bauer invariably chooses coercion. With unnerving efficiency, suspects are beaten, suffocated, electrocuted, drugged, assaulted with knives, or more exotically abused; almost without fail, these suspects divulge critical secrets.

The show's appeal, however, lies less in its violence than in its giddily literal rendering of a classic thriller trope: the "ticking time bomb" plot. Each hour-long episode represents an hour in the life of the characters, and every minute that passes onscreen brings the United States a minute closer to doomsday. (Surnow came up with this concept, which he calls the show's "trick.") As many as half a dozen interlocking stories unfold simultaneously—frequently on a split screen—and a digital clock appears before and after every commercial break, marking each second with an ominous clang. The result is a riveting sensation of narrative velocity.

Bob Cochran, who created the show with Surnow, admitted, "Most terrorism experts will tell you that the 'ticking time bomb' situation never occurs in real life, or very rarely. But on our show it happens every week." According to Darius Rejali, a professor of political science at Reed College and the author of the forthcoming book "Torture and Democracy," the conceit of the ticking time bomb first appeared in Jean Lartéguy's 1960 novel "Les Centurions," written during the brutal French occupation of Algeria. The book's hero, after beating a female Arab dissident into submission, uncovers an imminent plot to explode bombs all over Algeria and must race against the clock to stop it. Rejali, who has examined the available records of the conflict, told me that the story has no basis in fact. In his view, the story line of "Les Centurions" provided French liberals a more palatable rationale for torture than the racist explanations supplied by others (such as the notion that the Algerians, inherently simpleminded, understood only brute force). Lartéguy's scenario exploited an insecurity shared by many liberal societies—that their enlightened legal systems had made them vulnerable to security threats.

"24," which last year won an Emmy Award for Outstanding Drama Series, packs an improbable amount of intrigue into twenty-four hours, and its outlandishness marks it clearly as a fantasy, an heir to the baroque potboilers of Tom Clancy and Vince Flynn. Nevertheless, the show obviously plays off the anxieties that have beset the country since September 11th, and it sends a political message. The series, Surnow told me, is "ripped out of the Zeitgeist of what people's fears are—their paranoia that we're going to be attacked," and it "makes people look at what we're dealing with" in terms of threats to national security. "There are not a lot of measures short of extreme measures that will get it done," he said, adding, "America wants the war on terror fought by Jack Bauer. He's a patriot."

For all its fictional liberties, "24" depicts the fight against Islamist extremism much as the Bush Administration has defined it: as an all-consuming struggle for America's survival that demands the toughest of tactics. Not long after September 11th, Vice-President Dick Cheney alluded vaguely to the fact that America must begin working through the "dark side" in countering terrorism. On "24," the dark side is on full view. Surnow, who has jokingly called himself a "right-wing nut job," shares his show's hard-line perspective. Speaking of torture, he said, "Isn't it obvious that if there was a nuke in New York City that was about to blow—or any other city in this country—that, even if you were going to go to jail, it would be the right thing to do?"

Since September 11th, depictions of torture have become much more common on American television. Before the attacks, fewer than four acts of torture appeared on prime-time television each year, according to Human Rights First, a nonprofit organization. Now there are more than a hundred, and, as David Danzig, a project director at Human Rights First, noted, "the torturers have changed. It used to be almost exclusively the villains who tortured. Today, torture is often perpetrated by the heroes." The Parents' Television Council, a nonpartisan watchdog group, has counted what it says are sixty-seven torture scenes during the first five seasons of "24"—more than one every other show. Melissa Caldwell, the council's senior director of programs, said, " '24' is the worst offender on television: the most frequent, most graphic, and the leader in the trend of showing the protagonists using torture."

The show's villains usually inflict the more gruesome tortures: their victims are hung on hooks, like carcasses in a butcher shop; poked with smoking-hot scalpels; or abraded with sanding machines. In many episodes, however, heroic American officials act as tormentors, even though torture is illegal under U.S. law. (The United Nations Convention Against Torture, which took on the force of federal law when it was ratified by the Senate in 1994, specifies that "no exceptional circumstances, whatsoever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture.") In one episode, a fictional President commands a member of his Secret Service to torture a suspected traitor: his national-security adviser. The victim is jolted with defibrillator paddles while his feet are submerged in a tub filled with water. As the voltage is turned up, the President, who is depicted as a scrupulous leader, watches the suspect suffer on a video feed. The viewer, who knows that the adviser is guilty and harbors secrets, becomes complicit in hoping that the torture works. A few minutes before the suspect gives in, the President utters the show's credo, "Everyone breaks eventually." (Virtually the sole exception to this rule is Jack Bauer. The current season begins with Bauer being released from a Chinese prison, after two years of ceaseless torture; his back is scarred and his hands are burnt, but a Communist official who transfers Bauer to U.S. custody says that he "never broke his silence.")

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C.T.U. agents have used some of the same controversial interrogation methods that the U.S. has employed on some Al Qaeda suspects. In one instance, Bauer denies painkillers to a female terrorist who is suffering from a bullet wound, just as American officials have acknowledged doing in the case of Abu Zubaydah—one of the highest-ranking Al Qaeda operatives in U.S. custody. "I need to use every advantage I've got," Bauer explains to the victim's distressed sister.

The show sometimes toys with the audience's discomfort about abusive interrogations. In Season Two, Bauer threatens to murder a terrorist's wife and children, one by one, before the prisoner's eyes. The suspect watches, on closed-circuit television, what appears to be an execution-style slaying of his son. Threatened with the murder of additional family members, the father gives up vital information—but Bauer appears to have gone too far. It turns out, though, that the killing of the child was staged. Bauer, the show implies, hasn't crossed the line after all. Yet, under U.S. and international law, a mock execution is considered psychological torture, and is illegal.

On one occasion, Bauer loses his nerve about inflicting torture, but the show implicitly rebukes his qualms. In the episode, Bauer attempts to break a suspected terrorist by plunging a knife in his shoulder; the victim's screams clearly disquiet him. Bauer says to an associate, unconvincingly, that he has looked into the victim's eyes and knows that "he's not going to tell us anything." The other man takes over, fiercely gouging the suspect's knee—at which point the suspect yells out details of a plot to explode a suitcase nuke in Los Angeles.

Throughout the series, secondary characters raise moral objections to abusive interrogation tactics. Yet the show never engages in a serious dialogue on the subject. Nobody argues that torture doesn't work, or that it undermines America's foreign-policy strategy. Instead, the doubters tend to be softhearted dupes. A tremulous liberal, who defends a Middle Eastern neighbor from vigilantism, is killed when the neighbor turns out to be a terrorist. When a civil-liberties-minded lawyer makes a high-toned argument to a Presidential aide against unwarranted detentions—"You continue to arrest innocent people, you're giving the terrorists exactly what they want," she says—the aide sarcastically responds, "Well! You've got the makings of a splendid law-review article here. I'll pass it on to the President."

In another episode, a human-rights lawyer from a fictional organization called Amnesty Global tells Bauer, who wants to rough up an uncharged terror suspect, that he will violate the Constitution. Bauer responds, "I don't wanna bypass the Constitution, but these are extraordinary circumstances." He appeals to the President, arguing that any interrogation permitted by the law won't be sufficiently harsh. "If we want to procure any information from this suspect, we're going to have to do it behind closed doors," he says.

"You're talking about torturing this man?" the President says.

"I'm talking about doing what's necessary to stop this warhead from being used against us," Bauer answers.

When the President wavers, Bauer temporarily quits his job so that he can avoid defying the chain of command, and breaks the suspect's fingers. The suspect still won't talk, so Bauer puts a knife to his throat; this elicits the desired information. He then knocks the suspect out with a punch, telling him, "This will help you with the pain."

Howard Gordon, who is the series' "show runner," or lead writer, told me that he concocts many of the torture scenes himself. "Honest to God, I'd call them improvisations in sadism," he said. Several copies of the C.I.A.'s 1963 KUBARK interrogation manual can be found at the "24" offices, but Gordon said that, "for the most part, our imaginations are the source. Sometimes these ideas are inspired by a scene's location or come from props—what's on the set." He explained that much of the horror is conjured by the viewer. "To see a scalpel and see it move below the frame of the screen is a lot scarier than watching the whole thing. When you get a camera moving fast, and someone screaming, it really works." In recent years, he said, "we've resorted a lot to a pharmacological sort of thing." A character named Burke—a federal employee of the C.T.U. who carries a briefcase filled with elephantine hypodermic needles—has proved indispensable. "He'll inject chemicals that cause horrible pain that can knock down your defenses—a sort of sodium pentothal plus," Gordon said. "When we're stuck, we say, 'Call Burke!' " He added, "The truth is, there's a certain amount of fatigue. It's getting hard not to repeat the same torture techniques over and over."

Gordon, who is a "moderate Democrat," said that it worries him when "critics say that we've enabled and reflected the public's appetite for torture. Nobody wants to be the handmaid to a relaxed policy that accepts torture as a legitimate means of interrogation." He went on, "But the premise of '24' is the ticking time bomb. It takes an unusual situation and turns it into the meat and potatoes of the show." He paused. "I think people can differentiate between a television show and reality."

This past November, U.S. Army Brigadier General Patrick Finnegan, the dean of the United States Military Academy at West Point, flew to Southern California to meet with the creative team behind "24." Finnegan, who was accompanied by three of the most experienced military and F.B.I. interrogators in the country, arrived on the set as the crew was filming. At first, Finnegan—wearing an immaculate Army uniform, his chest covered in ribbons and medals—aroused confusion: he was taken for an actor and was asked by someone what time his "call" was.

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In fact, Finnegan and the others had come to voice their concern that the show's central political premise—that the letter of American law must be sacrificed for the country's security—was having a toxic effect. In their view, the show promoted unethical and illegal behavior and had adversely affected the training and performance of real American soldiers. "I'd like them to stop," Finnegan said of the show's producers. "They should do a show where torture backfires."

The meeting, which lasted a couple of hours, had been arranged by David Danzig, the Human Rights First official. Several top producers of "24" were present, but Surnow was conspicuously absent. Surnow explained to me, "I just can't sit in a room that long. I'm too A.D.D.—I can't sit still." He told the group that the meeting conflicted with a planned conference call with Roger Ailes, the chairman of the Fox News Channel. (Another participant in the conference call attended the meeting.) Ailes wanted to discuss a project that Surnow has been planning for months: the début, on February 18th, of "The Half Hour News Hour," a conservative satirical treatment of the week's news; Surnow sees the show as offering a counterpoint to the liberal slant of "The Daily Show with Jon Stewart."

Before the meeting, Stuart Herrington, one of the three veteran interrogators, had prepared a list of seventeen effective techniques, none of which were abusive. He and the others described various tactics, such as giving suspects a postcard to send home, thereby learning the name and address of their next of kin. After Howard Gordon, the lead writer, listened to some of Herrington's suggestions, he slammed his fist on the table and joked, "You're hired!" He also excitedly asked the West Point delegation if they knew of any effective truth serums.

At other moments, the discussion was more strained. Finnegan told the producers that "24," by suggesting that the U.S. government perpetrates myriad forms of torture, hurts the country's image internationally. Finnegan, who is a lawyer, has for a number of years taught a course on the laws of war to West Point seniors—cadets who would soon be commanders in the battlefields of Iraq and Afghanistan. He always tries, he said, to get his students to sort out not just what is legal but what is right. However, it had become increasingly hard to convince some cadets that America had to respect the rule of law and human rights, even when terrorists did not. One reason for the growing resistance, he suggested, was misperceptions spread by "24," which was exceptionally popular with his students. As he told me, "The kids see it, and say, 'If torture is wrong, what about "24"?' " He continued, "The disturbing thing is that although torture may cause Jack Bauer some angst, it is always the patriotic thing to do."

Gary Solis, a retired law professor who designed and taught the Law of War for Commanders curriculum at West Point, told me that he had similar arguments with his students. He said that, under both U.S. and international law, "Jack Bauer is a criminal. In real life, he would be prosecuted." Yet the motto of many of his students was identical to Jack Bauer's: "Whatever it takes." His students were particularly impressed by a scene in which Bauer barges into a room where a stubborn suspect is being held, shoots him in one leg, and threatens to shoot the other if he doesn't talk. In less than ten seconds, the suspect reveals that his associates plan to assassinate the Secretary of Defense. Solis told me, "I tried to impress on them that this technique would open the wrong doors, but it was like trying to stomp out an anthill."

The "24" producers told the military and law-enforcement experts that they were careful not to glamorize torture; they noted that Bauer never enjoys inflicting pain, and that it had clearly exacted a psychological toll on the character. (As Gordon put it to me, "Jack is basically damned.") Finnegan and the others disagreed, pointing out that Bauer remains coolly rational after committing barbarous acts, including the decapitation of a state's witness with a hacksaw. Joe Navarro, one of the F.B.I.'s top experts in questioning techniques, attended the meeting; he told me, "Only a psychopath can torture and be unaffected. You don't want people like that in your organization. They are untrustworthy, and tend to have grotesque other problems."

Cochran, who has a law degree, listened politely to the delegation's complaints. He told me that he supports the use of torture "in narrow circumstances" and believes that it can be justified under the Constitution. "The Doctrine of Necessity says you can occasionally break the law to prevent greater harm," he said. "I think that could supersede the Convention Against Torture." (Few legal scholars agree with this argument.) At the meeting, Cochran demanded to know what the interrogators would do if they faced the imminent threat of a nuclear blast in New York City, and had custody of a suspect who knew how to stop it. One interrogator said that he would apply physical coercion only if he received a personal directive from the President. But Navarro, who estimates that he has conducted some twelve thousand interrogations, replied that torture was not an effective response. "These are very determined people, and they won't turn just because you pull a fingernail out," he told me. And Finnegan argued that torturing fanatical Islamist terrorists is particularly pointless. "They almost welcome torture," he said. "They expect it. They want to be martyred." A ticking time bomb, he pointed out, would make a suspect only more unwilling to talk. "They know if they can simply hold out several hours, all the more glory—the ticking time bomb will go off!"

The notion that physical coercion in interrogations is unreliable, although widespread among military intelligence officers and F.B.I. agents, has been firmly rejected by the Bush Administration. Last September, President Bush defended the C.I.A.'s use of "an alternative set of procedures." In order to "save innocent lives," he said, the agency needed to be able to use

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"enhanced" measures to extract "vital information" from "dangerous" detainees who were aware of "terrorist plans we could not get anywhere else."

Although reports of abuses by U.S. troops in Iraq and Afghanistan and at Guantánamo Bay, Cuba, have angered much of the world, the response of Americans has been more tepid. Finnegan attributes the fact that "we are generally more comfortable and more accepting of this," in part, to the popularity of "24," which has a weekly audience of fifteen million viewers, and has reached millions more through DVD sales. The third expert at the meeting was Tony Lagouranis, a former Army interrogator in the war in Iraq. He told the show's staff that DVDs of shows such as "24" circulate widely among soldiers stationed in Iraq. Lagouranis said to me, "People watch the shows, and then walk into the interrogation booths and do the same things they've just seen." He recalled that some men he had worked with in Iraq watched a television program in which a suspect was forced to hear tortured screams from a neighboring cell; the men later tried to persuade their Iraqi translator to act the part of a torture "victim," in a similar intimidation ploy. Lagouranis intervened: such scenarios constitute psychological torture.

"In Iraq, I never saw pain produce intelligence," Lagouranis told me. "I worked with someone who used waterboarding"—an interrogation method involving the repeated near-drowning of a suspect. "I used severe hypothermia, dogs, and sleep deprivation. I saw suspects after soldiers had gone into their homes and broken their bones, or made them sit on a Humvee's hot exhaust pipes until they got third-degree burns. Nothing happened." Some people, he said, "gave confessions. But they just told us what we already knew. It never opened up a stream of new information." If anything, he said, "physical pain can strengthen the resolve to clam up."

Last December, the Intelligence Science Board, an advisory panel to the U.S. intelligence community, released a report declaring that "most observers, even those within professional circles, have unfortunately been influenced by the media's colorful (and artificial) view of interrogation as almost always involving hostility." In a clear reference to "24," the report noted:

Prime-time television increasingly offers up plot lines involving the incineration of metropolitan Los Angeles by an atomic weapon or its depopulation by an aerosol nerve toxin. The characters do not have the time to reflect upon, much less to utilize, what real professionals know to be the "science and art" of "educing information." They want results. Now. The public thinks the same way. They want, and rightly expect, precisely the kind of "protection" that only a skilled intelligence professional can provide. Unfortunately, they have no idea how such a person is supposed to act "in real life."

Lagouranis told the "24" team what the U.S. military and the F.B.I. teach real intelligence professionals: "rapport-building," the slow process of winning over informants, is the method that generally works best. There are also nonviolent ruses, he explained, and ways to take suspects by surprise. The "24" staff seemed interested in the narrative possibilities of such techniques; Lagouranis recalled, "They told us that they'd love to incorporate ruses and rapport-building." At the same time, he said, Cochran and the others from "24" worried that such approaches would "take too much time" on an hour-long television show.

The delegation of interrogators left the meeting with the feeling that the story lines on "24" would be changed little, if at all. "It shows they have a social conscience that they'd even meet with us at all," Navarro said. "They were receptive. But they have a format that works. They have won a lot of awards. Why would they want to play with a No. 1 show?" Lagouranis said of the "24" team, "They were a bit prickly. They have this money-making machine, and we were telling them it's immoral."

Afterward, Danzig and Finnegan had an on-set exchange with Kiefer Sutherland, who is reportedly paid ten million dollars a year to play Jack Bauer. Sutherland, the grandson of Tommy Douglas, a former socialist leader in Canada, has described his own political views as anti-torture, and "leaning toward the left." According to Danzig, Sutherland was "really upset, really intense" and stressed that he tries to tell people that the show "is just entertainment." But Sutherland, who claimed to be bored with playing torture scenes, admitted that he worried about the "unintended consequences of the show." Danzig proposed that Sutherland participate in a panel at West Point or appear in a training film in which he made clear that the show's torture scenes are not to be emulated. (Surnow, when asked whether he would participate in the video, responded, "No way." Gordon, however, agreed to be filmed.) Sutherland declined to answer questions for this article, but, in a recent television interview with Charlie Rose, his ambivalence about his character's methods was palpable. He condemned the abuse of U.S.-held detainees at Abu Ghraib prison, in Iraq, as "absolutely criminal," particularly for a country that tells others that "democracy and freedom" are the "way to go." He also said, "You can torture someone and they'll basically tell you exactly what you want to hear. . . . Torture is not a way of procuring information." But things operate differently, he said, on television: "24," he said, is "a fantastical show. . . . Torture is a dramatic device."

The creators of "24" deny that the show presents only a conservative viewpoint. They mention its many prominent Democratic fans—including Barbra Streisand and Bill Clinton—and the diversity of political views among its writers and producers. Indeed, the story lines sometimes have a liberal tilt. The conspiracy plot of Season Five, for example, turns on oligarchic businessmen who go to despicable lengths to protect their oil interests; the same theme anchors liberal-paranoia

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thrillers such as "Syriana." This season, a White House directive that flags all federal employees of Middle Eastern descent as potential traitors has been presented as a gross overreaction, and a White House official who favors police-state tactics has come off as scheming and ignoble. Yet David Nevins, the former Fox Television network official who, in 2000, bought the pilot on the spot after hearing a pitch from Surnow and Cochran, and who maintains an executive role in "24," is candid about the show's core message. "There's definitely a political attitude of the show, which is that extreme measures are sometimes necessary for the greater good," he says. "The show doesn't have much patience for the niceties of civil liberties or due process. It's clearly coming from somewhere. Joel's politics suffuse the whole show."

Surnow, for his part, revels in his minority status inside the left-leaning entertainment industry. "Conservatives are the new oppressed class," he joked in his office. "Isn't it bizarre that in Hollywood it's easier to come out as gay than as conservative?" His success with "24," he said, has protected him from the more righteous elements of the Hollywood establishment. "Right now, they have to be nice to me," he said. "But if the show tanks I'm sure they'll kill me." He spoke of his new conservative comedy show as an even bigger risk than "24." "I'll be front and center on the new show," he said, then joked, "I'm ruining my chances of ever working again in Hollywood."

Although he was raised in Beverly Hills—he graduated in 1972 from Beverly Hills High—Surnow said that he has always felt like an outsider. His classmates were mostly wealthy, but his father was an itinerant carpet salesman who came to California from Detroit. He cold-called potential customers, most of whom lived in Compton and Watts. Surnow was much younger than his two brothers, and he grew up virtually as an only child, living in a one-bedroom apartment in an unfashionable area south of Olympic Boulevard, where he slept on a foldout cot. If his father made a sale, he'd come home and give him the thumbs-up. But Surnow said that nine out of ten nights ended in failure. "If he made three sales a month, we could stay where we lived," he recalled. His mother, who worked as a saleswoman in a clothing store, "fought depression her whole life." Surnow, who describes his parents as "wonderful people," said, "I was a latchkey kid. . . . I raised myself." He played tennis on his high-school team but gave it up after repeatedly losing to players who could afford private lessons.

Roger Director, a television producer and longtime friend, said that he "loves" Surnow. But, he went on, "He feels looked down upon by the world, and that kind of emotional dynamic underpins a lot of things. It's kind of 'Joel against the world.' It's as if he feels, I had to fight and claw for everything I got. It's a tough world, and no one's looking out for you." As a result, Director said, "Joel's not sentimental. He has a hard-hearted thing."

Surnow's parents were F.D.R. Democrats. He recalled, "It was just assumed, especially in the Jewish community"—to which his family belonged. "But when you grow up you start to challenge your parents' assumptions. 'Am I Jewish? Am I a Democrat?' " Many of his peers at the University of California at Berkeley, where he attended college, were liberals or radicals. "They were all socialists and Marxists, but living off their family money," he recalled. "It seemed to me there was some obvious hypocrisy here. It was absurd." Although he wasn't consciously political, he said, "I felt like I wasn't like these people." In 1985, he divorced his wife, a medical student, who was Jewish, and with whom he has two daughters. (His relationships with them are strained.) Four years later, he remarried. His wife, who used to work in film development, is Catholic; they have three daughters, whom they send to Catholic schools. He likes to bring his girls to the set and rushes home for his wife's pork-chop dinners. "I got to know who I was and who I wasn't," he said. "I wasn't the perfect Jewish kid who is married, with a Jewish family." Instead, he said, "I decided I like Catholics. They're so grounded. I sort of reoriented myself."

While studying at Berkeley, Surnow worked as an usher at the Pacific Film Archive, where he saw at least five hundred movies. A fan of crime dramas such as "Mean Streets" and "The Godfather," he discovered foreign films as well. "That was my awakening," he said. In 1975, Surnow enrolled at the U.C.L.A. film school. Soon after graduation, he began writing for film; he then switched to television. He was only modestly successful, and had many "lost years," when he considered giving up and taking over his father's carpet business. His breakthrough came when he began writing for "Miami Vice," in 1984. "It just clicked—I just got it!" he recalled. "It was just like when you don't know how to speak a language and suddenly you do. I knew how to tell a story." By the end of the year, Universal, which owned the show, put Surnow in charge of his own series, "The Equalizer," about a C.I.A. agent turned vigilante. The series was a success, but, Surnow told me, "I was way too arrogant. I sort of pissed off the network." Battles for creative control have followed Surnow to "24," where, Nevins said admiringly, he continues to push for "unconventional and dangerous choices."

Surnow's tough stretches in Hollywood, he said, taught him that there were "two kinds of people" in entertainment: "those who want to be geniuses, and those who want to work." At first, he said, "I wanted to be a genius. But at a certain point I realized I just desperately wanted to work." Brian Grazer, an executive producer of "24," who has primarily produced films, said that "TV guys either get broken by the system, or they get so tough that they have no warmth at all." Surnow, he said, is "a devoted family man" and "a really close friend." But when Grazer first met Surnow, he recalled, "I nearly walked out. He was really glib and

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insulting. I was shocked. He's a tough guy. He's a meat-eating alpha male. He's a monster!" He observed, "Maybe Jack Bauer has some parts of him."

During three decades as a journeyman screenwriter, Surnow grew increasingly conservative. He "hated welfare," which he saw as government handouts. Liberal courts also angered him. He loved Ronald Reagan's "strength" and disdained Jimmy Carter's "belief that people would be nice to us just because we were humane. That never works." He said of Reagan, "I can hardly think of him without breaking into tears. I just felt Ronald Reagan was the father that this country needed. . . . He made me feel good that I was in his family."

Surnow said that he found the Clinton years obnoxious. "Hollywood under Clinton—it was like he was their guy," he said. "He was the yuppie, baby-boomer narcissist that all of Hollywood related to." During those years, Surnow recalled, he had countless arguments with liberal colleagues, some of whom stopped speaking to him. "My feeling is that the liberals' ideas are wrong," he said. "But they think I'm evil." Last year, he contributed two thousand dollars to the losing campaign of Pennsylvania's hard-line Republican senator Rick Santorum, because he "liked his position on immigration." His favorite bumper sticker, he said, is "Except for Ending Slavery, Fascism, Nazism & Communism, War Has Never Solved Anything."

Although he is a supporter of President Bush—he told me that "America is in its glory days"—Surnow is critical of the way the war in Iraq has been conducted. An "isolationist" with "no faith in nation-building," he thinks that "we could have been out of this thing three years ago." After deposing Saddam Hussein, he argued, America should have "just handed it to the Baathists and . . . put in some other monster who's going to keep these people in line but who's not going to be aggressive to us." In his view, America "is sort of the parent of the world, so we have to be stern but fair to people who are rebellious to us. We don't spoil them. That's not to say you abuse them, either. But you have to know who the adult in the room is."

Surnow's rightward turn was encouraged by one of his best friends, Cyrus Nowrasteh, a hard-core conservative who, in 2006, wrote and produced "The Path to 9/11," a controversial ABC miniseries that presented President Clinton as having largely ignored the threat posed by Al Qaeda. (The show was denounced as defamatory by Democrats and by members of the 9/11 Commission; their complaints led ABC to call the program a "dramatization," not a "documentary.") Surnow and Nowrasteh met in 1985, when they worked together on "The Equalizer." Nowrasteh, the son of a deposed adviser to the Shah of Iran, grew up in Madison, Wisconsin, where, like Surnow, he was alienated by the radicalism around him. He told me that he and Surnow, in addition to sharing an admiration for Reagan, found "L.A. a stultifying, stifling place because everyone thinks alike." Nowrasteh said that he and Surnow regard "24" as a kind of wish fulfillment for America. "Every American wishes we had someone out there quietly taking care of business," he said. "It's a deep, dark ugly world out there. Maybe this is what Ollie North was trying to do. It would be nice to have a secret government that can get the answers and take care of business—even kill people. Jack Bauer fulfills that fantasy."

In recent years, Surnow and Nowrasteh have participated in the Liberty Film Festival, a group dedicated to promoting conservatism through mass entertainment. Surnow told me that he would like to counter the prevailing image of Senator Joseph McCarthy as a demagogue and a liar. Surnow and his friend Ann Coulter—the conservative pundit, and author of the pro-McCarthy book "Treason"—talked about creating a conservative response to George Clooney's recent film "Good Night, and Good Luck." Surnow said, "I thought it would really provoke people to do a movie that depicted Joe McCarthy as an American hero or, maybe, someone with a good cause who maybe went too far." He likened the Communist sympathizers of the nineteen-fifties to terrorists: "The State Department in the fifties was infiltrated by people who were like Al Qaeda." But, he said, he shelved the project. "The blacklist is Hollywood's orthodoxy," he said. "It's not a movie I could get done now."

A year and a half ago, Surnow and Manny Coto, a "24" writer with similar political views, talked about starting a conservative television network. "There's a gay network, a black network—there should be a conservative network," Surnow told me. But as he and Coto explored the idea they realized that "we weren't distribution guys—we were content guys." Instead, the men developed "The Half Hour News Hour," the conservative satire show. " 'The Daily Show' tips left," Surnow said. "So we thought, Let's do one that tips right." Jon Stewart's program appears on Comedy Central, an entertainment channel. But, after Surnow got Rush Limbaugh to introduce him to Roger Ailes, Fox News agreed to air two episodes. The program, which will follow the fake-news format popularized by "Saturday Night Live," will be written by conservative humorists, including Sandy Frank and Ned Rice. Surnow said of the show, "There are so many targets, from global warming to banning tag on the playground. There's a lot of low-hanging fruit."

Last March, Supreme Court Justice Clarence Thomas and his wife, Virginia, joined Surnow and Howard Gordon for a private dinner at Rush Limbaugh's Florida home. The gathering inspired Virginia Thomas—who works at the Heritage Foundation, a conservative think tank—to organize a panel discussion on "24." The symposium, sponsored by the foundation and held in June, was entitled " '24' and America's Image in Fighting Terrorism: Fact, Fiction, or Does It Matter?" Homeland Security Secretary Michael Chertoff, who participated in the discussion, praised the show's depiction of the war on terrorism as

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"trying to make the best choice with a series of bad options." He went on, "Frankly, it reflects real life." Chertoff, who is a devoted viewer of "24," subsequently began an e-mail correspondence with Gordon, and the two have since socialized in Los Angeles. "It's been very heady," Gordon said of Washington's enthusiasm for the show. Roger Director, Surnow's friend, joked that the conservative writers at "24" have become "like a Hollywood television annex to the White House. It's like an auxiliary wing."

The same day as the Heritage Foundation event, a private luncheon was held in the Wardrobe Room of the White House for Surnow and several others from the show. (The event was not publicized.) Among the attendees were Karl Rove, the deputy chief of staff; Tony Snow, the White House spokesman; Mary Cheney, the Vice-President's daughter; and Lynn Cheney, the Vice-President's wife, who, Surnow said, is "an extreme '24' fan." After the meal, Surnow recalled, he and his colleagues spent more than an hour visiting with Rove in his office. "People have this image of him as this snake-oil-dirty, secretive guy, but in his soul he's a history professor," Surnow said. He was less impressed with the Situation Room, which, unlike the sleek high-tech version at C.T.U., "looked like some old tearoom in a Victorian house."

The Heritage Foundation panel was moderated by Limbaugh. At one point, he praised the show's creators, dropped his voice to a stage whisper, and added, to the audience's applause, "And most of them are conservative." When I spoke with Limbaugh, though, he reinforced the show's public posture of neutrality. "People think that they've got a bunch of right-wing writers and producers at '24,' and they're subtly sending out a message," he said. "I don't think that's happening. They're businessmen, and they don't have an agenda." Asked about the show's treatment of torture, he responded, "Torture? It's just a television show! Get a grip."

In fact, many prominent conservatives speak of "24" as if it were real. John Yoo, the former Justice Department lawyer who helped frame the Bush Administration's "torture memo"—which, in 2002, authorized the abusive treatment of detainees—invokes the show in his book "War by Other Means." He asks, "What if, as the popular Fox television program '24' recently portrayed, a high-level terrorist leader is caught who knows the location of a nuclear weapon?" Laura Ingraham, the talk-radio host, has cited the show's popularity as proof that Americans favor brutality. "They love Jack Bauer," she noted on Fox News. "In my mind, that's as close to a national referendum that it's O.K. to use tough tactics against high-level Al Qaeda operatives as we're going to get." Surnow once appeared as a guest on Ingraham's show; she told him that, while she was undergoing chemotherapy for breast cancer, "it was soothing to see Jack Bauer torture these terrorists, and I felt better." Surnow joked, "We love to torture terrorists—it's good for you!"

As a foe of political correctness, Surnow seems to be unburdened by the controversy his show has stirred. "24," he acknowledged, has been criticized as racially insensitive, because it frequently depicts Arab-Americans as terrorists. He said in response, "Our only politics are that terrorists are bad. In some circles, that's political." As he led me through the Situation Room set on the Real Time soundstage, I asked him if "24" has plans to use the waterboarding interrogation method, which has been defended by Vice-President Cheney but is considered torture by the U.S. military. Surnow laughed and said, "Yes! But only with bottled water—it's Hollywood!"

In a more sober tone, he said, "We've had all of these torture experts come by recently, and they say, 'You don't realize how many people are affected by this. Be careful.' They say torture doesn't work. But I don't believe that. I don't think it's honest to say that if someone you love was being held, and you had five minutes to save them, you wouldn't do it. Tell me, what would you do? If someone had one of my children, or my wife, I would hope I'd do it. There is nothing—nothing—I wouldn't do." He went on, "Young interrogators don't need our show. What the human mind can imagine is so much greater than what we show on TV. No one needs us to tell them what to do. It's not like somebody goes, 'Oh, look what they're doing, I'll do that.' Is it?"

HOMELAND RESPONSE:

Escaping The Watch List (USNEWS)

By Angie C. Marek

U.S. News and World Report, February 12, 2007

David Taylor, a 58-year-old grandfather of five from the Boston area, never could have imagined such a nightmare. About three years ago, airport officials told him he appeared to be on a special terrorism watch list used by the Transportation Security Administration to flag some passengers for extra security screening. After that, he began to spend "what felt like a lot of my life" trying to fix the trouble, calling everyone from Ed Markey, his representative; to Washington megacontractors; to the Library of Congress. He even sent the TSA the original version of his birth certificate. For security reasons, TSA doesn't tell people who appeal their case whether their identity is ultimately cleared. "All I know is I haven't had problems for the last year or so," Taylor says now.

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Taylor has no idea why-or even if-he was ever on the watch list or whether there's some other David Taylor out there who's a threat. But there may be fewer of those Kafka-esque stories if the Department of Homeland Security has its way. DHS is engaged in an aggressive effort to clean out extraneous names from the watch lists. It's also launching a website to help people appeal identity mix-ups. But Congress has its own ideas about fixing the screening system, and critics say the process has an awfully long way to go.

The problem, of course, is relatively new. Before 9/11, just 16 names were on the no-fly list, meaning people with those names couldn't board U.S. airplanes. Today, the TSA maintains a presumably larger no-fly list, as well as a selectee list, which designates people who get special security screening. The numbers of names on the lists are classified, although CBS News's 60 Minutes found 119,000 names on the two lists last March. But those are just a subset of the master list of potential terrorists that President George W. Bush asked intelligence agencies to cobble together in 2003. That list has been held in National Counterterrorism Center and has been reported to total some 325,000 names. Parts of it are passed along to the FBI's Terrorist Screening Center, which uses some of the names to make up the TSA's lists.

"Scrub." The TSA lists are supposed to include only people deemed threats to aviation, but problems are legendary. Massachusetts Sen. Edward Kennedy and Catherine Stevens, wife of Alaska Sen. Ted Stevens, are among those who have been snagged. Kip Hawley, the head of the TSA, revealed last month that his agency has been giving its lists "a thorough scrub." About six months ago, his agency for the first time sent full-time TSA investigators to the FBI to check each name. Hawley says when the process is finished in a couple of months, "we'll have cut the [no-fly] list in half."

The redress process has also improved. At one point, people petitioning to get off the list had to submit notarized copies of documents like birth certificates to the TSA; today, a copy of a passport and some forms on a website will do. A once months-long process now takes on average less than 10 days. But more than 20,000 people sent in personal information to try to clear their identities in 2006 alone. People who have proved they have a similar name to someone on the watch list-but are not the actual target-are put on a special "cleared" list that goes to airports.

Terror's Next Target? (USNEWS)

By Stephen Flynn

U.S. News and World Report, February 12, 2007

Retired U.S. Coast Guard officer Stephen Flynn is a prominent homeland-security expert and a senior fellow at the Council on Foreign Relations. He frequently testifies before Congress on port- and border-security issues and authored the bestselling book, America the Vulnerable, in 2004. He also served as an adviser to the U.S. Commission on National Security/21st Century, a task force led by former Sens. Gary Hart and Warren Rudman that issued seminal reports on terrorism, including one just before 9/11. In a new book, The Edge of Disaster: Rebuilding a Resilient Nation, Flynn argues that ailing infrastructure like weakened dams, levees, and power grids-as well as America's underinvestment in homeland security-makes the country susceptible to a catastrophe that could kill thousands.

CONSIDER THIS. It's a warm Friday evening in June, and nearly 40,000 baseball fans are gathered at Philadelphia's Citizens Bank Park to watch the home team play the New York Mets. Most of the stadium's 21,000 parking spaces are filled, and, just a few hundred yards away, Interstate 95 is crowded with travelers heading for Atlantic City and the Jersey Shore. Just 2 miles due west, workers on the night shift are arriving at the 1,000-acre Sunoco oil refinery on the banks of the Schuylkill River. A light breeze is blowing toward the east-ideal conditions for a terrorist operation.

Three young men gather in a vacant lot in Camden, N.J., just across the Delaware River. The leader is a British national who spent much of 2004 in Iraq. Angered by the U.S. invasion, he traveled across Europe to Turkey and slipped into the country to join other insurgents. A second-generation Pakistani with a mechanical engineering degree, he received training in bomb-making from an Iranian tutor in Iraq and participated in two attacks on Iraqi oil refineries.

In the spring of 2005, a few months after returning home, the same man traveled to the United States. Having never run afoul of the law in England, his name was not on any terrorist watch list. Upon arrival, he answered the standard entry questions and was fingerprinted. With a letter of introduction from a radical British sheik, he found his way to a Jersey City mosque, where he met two Americans: an Egyptian college student recruited at a campus speaking event and the student's older cousin.

Working with a local imam, the Americans had hatched a plan to use a commercial tanker truck to target the Sunoco refinery. It's hardly a novel technique: Terrorists used a tanker truck in the bombing of the Khobar Towers in Saudi Arabia on June 25, 1996, which killed 19 servicemen and wounded 372 people. In Iraq, trucks have been used in many suicide attacks, including the 2003 bombing of the United Nations headquarters.

Thousands of tanker trucks operate in the tri-state area of New York, New Jersey, and Connecticut. The older cousin holds a commercial trucker's license and an authorization from the Department of Homeland Security to carry hazardous materials, a

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certification available to almost anyone with no criminal record or history of being committed to a mental institution. He works as a driver for an independent gasoline distributor. His cousin, the student, is also an apprentice painter with one of the thousand contractors working on the Sunoco facility each day.

WAR NEWS:

Iraq War Debate Shifts To The House (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, February 12, 2007

WASHINGTON — As the House this week launches its first major debate over the Iraq war since the November elections, Democrats are counting on many Republicans to join them in passing a resolution opposing President Bush's troop buildup.

Rep. Wayne T. Gilchrest, a Maryland Republican, predicts that 30 to 60 of his colleagues will back the nonbinding resolution, which would be the strongest repudiation of Bush's Iraq policy from Republicans since the war began nearly four years ago.

Opponents of the troop increase include Republicans who, until now, have stood with the president. Amid continuing turmoil in Baghdad and rising casualty figures, anxiety about the White House strategy in Iraq has been building among GOP lawmakers, and many of them blame it for their party's loss of control of Congress.

"Many of us have just watched this thing unfold and see nothing changing," said Gilchrest, whose largely rural district has lost 23 service members in Iraq and Afghanistan. "You face the families and you have to have something to tell them."

The debate, likely to be highly emotional, begins Tuesday and is expected to last three or four days. Each of the House's 435 members will be given five minutes to speak.

The resolution will express support for the U.S. military personnel in harm's way, while opposing adding 21,500 troops to the 135,000-plus already in Iraq. A Senate vote on a similar resolution has been held up in a partisan dispute over debate rules. Eight GOP senators have expressed support for a resolution critical of the White House plan.

The House debate is expected to be followed by more aggressive efforts by Congress' new Democratic majority to challenge the administration, including attempts to restrict funding for the war and set dates for troop withdrawals — though some of these actions may divide the party's rank and file.

"It's time for a new policy," House Majority Leader Steny H. Hoyer (D-Md.) said Sunday on NBC's "Meet the Press." "This is now four years that we've been at this effort, and 3 1/2 years after the president said the mission — whatever the mission was — was accomplished."

In a preview of the debate, Hoyer's GOP counterpart, House Minority Leader John A. Boehner of Ohio, appearing on the same program, acknowledged that the resolution would draw some GOP support but challenged Democrats to offer an alternative strategy.

"If you don't like the president's plan, Steny, what is your plan for success?" Boehner asked, predicting dire consequences if the U.S. failed to shore up Iraq. "Who doesn't believe that if we withdraw and leave that chaos in the Middle East, that the terrorists won't follow us here to the United States?"

In an interview, Rep. Christopher Shays (R-Conn.) said, "I call it the status quo resolution. It basically says 'Don't do something' without saying what we should do."

Others say it is an important symbolic vote — one that, if it is backed by a substantial number of the president's usually loyal GOP supporters, would increase pressure on the administration to reconsider its Iraq strategy.

Julian Zelizer, a congressional historian at Boston University, said the vote is "the opening act of a debate that will unfold over the next two years, right into the 2008 election."

Republican leaders want a vote on alternative resolutions that would oppose cutting funds for the war effort and would set up a bipartisan panel to oversee whether Bush's strategy was working and whether Iraqis were moving to assume greater responsibility for security of their country.

But Hoyer said he wanted to avoid the kind of procedural fight that had tied up the Senate. "We want a very straightforward, clear answer to the question: 'Do you support the president's escalation?' " he said.

The resolution will have at least one GOP co-sponsor, North Carolina Rep. Walter B. Jones, a conservative who publicly broke with his party over the war in 2005.

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For many other Republicans, deciding how to vote on the resolution will be tough: Do they stick with an unpopular president over a war that is losing public support? Or do they break from their party leaders and risk angering some of their GOP supporters?

Among the Republicans who have come out against the buildup are Reps. James T. Walsh of New York, who narrowly won reelection, and Phil English of Pennsylvania, whose district has been the site of antiwar protests, as well as Roscoe G. Bartlett of Maryland, John J. Duncan Jr. of Tennessee and Steven C. LaTourette of Ohio. It was not known how many of them would vote for the resolution.

English, who won reelection with 53.6% of the vote (his lowest winning percentage since 1996), acknowledged that he had received calls from Republicans in his district angry over his break with the president. But, he said, "if they're looking for someone to be a more predictable supporter of the Republican line, they're probably not looking for someone they can get elected."

A number of House Republicans are pushing for a resolution that would urge the president to more closely follow the recommendations of the bipartisan, independent Iraq Study Group, but one of those recommendations — opening talks with Iran and Syria — has already been rejected by the White House.

Democrats, meanwhile, appear increasingly unified behind the resolution being prepared by their leaders. Rep. Barbara Lee (D-Oakland), a leader of the strongest antiwar wing of the party, last week urged support for the nonbinding resolution, even though she and others are pushing for more aggressive steps to end the war.

Rep. Hoyer: Vote On Iraq Will Be Limited (AP)

AP, February 12, 2007

A House vote on Iraq this week will be limited to the question of supporting President Bush's troop escalation, House Majority Leader Steny Hoyer said Sunday.

Hoyer's comment drew a vehement objection from House Minority Leader John Boehner, R-Ohio, who said House Democrats had promised to allow a vote this week on a Republican alternative opposing a cutoff of money for the war.

Hoyer, D-Md., said such a vote would occur later.

"Live up to your word," Boehner told Hoyer. Democrats, Boehner said, "won't even let us have a substitute. ... Give us a vote this week."

The lawmakers appeared on "Meet the Press" on NBC.

Hoyer Puts Republicans In A Bind Over War (POL)

By Patrick O'Connor And Jim VandeHei

The Politico, February 12, 2007

House Majority Leader Steny Hoyer said Sunday the upcoming debate over the Iraq war will be confined to four straight days of arguing over President Bush's escalation of the military campaign.

Hoyer used an appearance on NBC's "Meet the Press" to break a promise he made publicly late last week to allow Republicans a vote of their choice pertaining to the war effort. In doing so, Hoyer dramatically increased tensions in the war over war and thrust Republicans into a defensive crouch heading into this week's showdown over troop levels.

"We believe the American public wants a straightforward answer to the question, 'Do you agree with the president's proposal?'" Hoyer said.

Hoyer, a Democrat from Maryland, said Republicans will be prohibited from forcing a vote on an alternative resolution opposing cutting off funding for U.S. troops in Iraq.

On the same show, House Minority Leader John Boehner, an Ohio Republican, accused Hoyer of stifling dissent and backtracking on the pledge by Democratic leaders to build a more democratic process in the House. "Live up to your word," Boehner said.

But Democrats want to limit a four-day debate, which begins Tuesday, to Bush's plan to send more than 20,000 additional troops to Iraq to quell violence.

Boehner looked irritated for part of the show -- and with good reason. Hoyer's decision, which will be criticized as another example of Democrats breaking their election-year promise to hold open and fair debates in the House, undercuts the GOP strategy.

Last week, Hoyer initially said Republicans would be allowed to offer an alternative measure on the floor before a House vote on the Democrats nonbinding resolution. "The Republicans will be given either a substitute or a motion to recommit so that they can propose whatever substantive alternative that they choose," Hoyer told reporters Thursday. "That will also be debated."

He backtracked later that day in floor statements to Minority Whip Roy Blunt, R-Mo.

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"Frankly, because we feel this is such a critically important question and that the clarity of the question and the clarity of the response is so important that we are trying to carefully consider how we can assure that there is no confusion as to the answer that this House gives," Hoyer told Blunt in their weekly colloquy.

Republicans pointed out that inconsistency in a press release last week that was largely unnoticed because Hoyer's exact language was muddled.

Republicans had hoped to make this debate about the troops -- not the surge -- and force Democrats to go on record as refusing to ever cut off funds for soldiers in harm's way. But by shifting strategies, Hoyer has put the GOP in a tough spot.

The debate will be a symbolic one. It will center on a nonbinding resolution, which is essentially a press release with a recorded vote, that will not force the White House or Congress to do anything.

It will, however, shine the congressional spotlight on the Iraq war. Unlike the Senate, which has yet to create even a binding agreement on how to debate a nonbinding resolution, the House is firmly set for

what promises to be the most explosive debate over the war since its authorization in 2002.

What remains unclear is whether this is part of a broader effort by anti-war Democrats to force an end to the military campaign. Many Democrats want to use the upcoming debate over the budget, which actually carries the weight of law, to bring the war to a halt by cutting off funding.

"What we're going to do this week is the first step in your effort to cut off funds for our troops in harm's way," Boehner said.

Either way, it will be a tough week for the White House. Many Republicans are planning speeches that are harshly critical of President Bush's handling of the Iraq war -- but stop short of outright opposition to the escalation. Virtually every Democrat plans to attack Bush, Republicans and the war.

Other Sunday Show News

Senate Minority Leader Mitch McConnell, R-Ky., appearing on Fox News Sunday earlier in the day, bristled at the suggestion that Republicans had stalled the debate over Bush's troop surge.

"The portrayal has been totally inaccurate," McConnell said. "The majority was trying to dictate the terms of the debate. We were not trying to obstruct the terms of the debate."

McConnell's No. 2, Senate Minority Whip Trent Lott, R-Miss., agreed with the leader during an interview on CBS's "Face the Nation."

"We want a debate, not a mandate," he said.

On the same show, Sen. Chris Dodd, D-Conn., a presidential hopeful, criticized the Congress as whole for falling back on procedural arguments when confronted with such a major issue.

"Last week we debated about debating," Dodd said. "We in Congress looked like we were wringing our hands on the issue … I thought we made a mistake by not having a real vote with real teeth in it."

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by kevinizon on 02.11.2007 at 11:51 PM

I was under the impression that we if airdrop thousands of pairs of blue jeans and hostess? twinkies onto the people, everyone would be happy.

I don't know what the debate's going to do in the meantime. But... lets just see...

by Ardie on 02.11.2007 at 10:43 PM

House Majority Leader Steny Hoyer has done the right thing. You don't honor your promises with scoundrels. The Democrats should take some advice from Lady Macbeth:

To beguile the time, look like the time; bear welcome in your eye, your hand, your tongue: look like the innocent flower, but be the serpent under ?t. -- Macbeth?Act I, v, 30-71

Good work Steny! I didn't vote for Democrats so we could all be one happy family. I voted for Democrats so they could crush the Republicans and bring our troops home?and impeach Bush and Cheney.

by Stall Shifter on 02.11.2007 at 10:01 PM

This is going to be an interesting week on the House floor. The arguments will all be very partisan and a non binding resolution will be passed. That's like kissing your sister after coming in coming in second.

The discussion should be formative in that it leads to another course of action such as a surge toward diplomatic efforts with Iran and Syria and/or redeployment and a plan for an orderly withdrawal. (Suggested by the Iraq Study Group) That probably won't happen. It's more likely that Bush will send another Carrier battle group to the Persian Gulf and bomb the hell out

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of Iran based on incorrect intelligence. It's deja vu all over again. I have seen this movie before, Condi will go the UN and show satellite photos of nuclear sites and a link will be made with Al Qaeda yatta yatta yatta. World War three here we go.

Our mission in Iraq was accomplished long ago, I heard the speech on the carrier deck. Now it's up to the powers in the mid east to assist in stabilization of a new Iraq government.

I think we can do a better job of supporting the troops by getting them the hell out of the middle of a civil war they have zero chance of ever controlling. The Shia and Sunni can battle it out and decide what kind of a government we will be dealing with. When the dust clears we will have a new government too. Hopefully one that has more foresight than the old one. (That is unless Bush declares Martial Law and suspends elections)

by bootaan on 02.11.2007 at 09:03 PM

I think Republicans are scared of that loosing the congress last year, might proceed to a bigger defeat in 2008.

by bleacherdave on 02.11.2007 at 08:39 PM

It is not clear that Congress can legally de-fund only the Iraq war. The budgetary scalpel may not be that sharp.

by Scarlet on 02.11.2007 at 05:11 PM

drbillybob: I understand your position, but think you misunderstand the situation at hand.

It is true, Congress could put an end to the funding of the war, but where does that leave us? Where does it leave our troops? Where does that leave our country? Our future?

To stop funding for the war would be to stop funding for our troops - that is not an option for neither the Republicans nor the Democrats. The democrats admire our troops, respect them, and would never abandon them because of poor and thoughtless decisions that were made by our "President." Unfortunately they have to stand up for their opinions - and America is hoping that the Democrats will be able to stop the horrible decision that Bush has made in it's tracks.

Did you not pay attention to the November '06 election, billybob? America spoke. You must not have been listening.

by drbillybob on 02.11.2007 at 03:59 PM

Scarlet, although I'm sure many sympathize with your sentiments, your logic is lacking. You say that:

<< Sadly, the truth remains that what Bush says goes - he has manipulated and rewritten law to make it so. >>

<< And now if the Dems try to fight it they'll just get the "you don't support our troops!" argument, whilst trying to get America out of this mess. >>

This is nonsense. Congress does have a role here. They are choosing to grandstand rather than act. Bush cannot continue without funding - get it? They are complicit. So don't blame Bush for what your elected representatives now control. and

by Scarlet on 02.11.2007 at 03:41 PM

Yes, unfortunately this is just the beginning; the beginning of a 'great escalation' not only in US troop volume, but in the Iraqi insurgency. Bush even said it himself in his SOTU speech: "So we're deploying reinforcements of more than 20,000 additional soldiers and Marines to Iraq. . . . Tonight I ask the Congress to authorize an increase in the size of our active Army and Marine Corps by 92,000 in the next five years." (Washington Post)

So this? This is just the beginning. And as Americans, what are we stuck with? Should we just suck it up and expect to be at war for at least the next decade? Should we fight and demand our troops be sent home risking the reality that our congress will not listen? Should we trust our ignorant President and allow him to get away with making more horrendous decisions? Sadly, the truth remains that what Bush says goes - he has manipulated and rewritten law to make it so. And now if the Dems try to fight it they'll just get the "you don't support our troops!" argument, whilst trying to get America out of this mess.

The reality is we're stuck on the brink of WWIII and we can't do a God damn thing about it.

by drbillybob on 02.11.2007 at 03:30 PM

If Senators truly believe that the Iraq War is lost or that the costs will be too high, then please vote to cut funding and bring 'em home now! If Senators believe that there is still a chance to salvage a strategic democratic foothold in the heart of the muslim world that could greatly benefit the western world, then support the President with fervor.

Unfortunately, there is no middle ground here. Non-binding resolutions such as this simply encourage our enemy and demoralize our military. And all for a cheap political CYA stunt - disgusting!

Is this the "new leadership" the Democrats promised? No thanks!

by recordguy on 02.11.2007 at 02:34 PM

The issue for the debate is simple; is the President's plan, whether one chooses to call it an escalation, a surge, or the best security solution for Iraq, the best course of action to take in Iraq at this time. The President's proposal is the only one on the table. It's already begun and even if the Congress votes to stop funding there is enough money in the budget to funnel towards this plan, so it's going to happen no matter what. But Congress needs to go on the record as either opposing or defending the plan.

The issue is not whether or not Congress supports the troops. No one in Congress, much less the entire U.S., doesn't want what's best for the troops. But, is using the troops in this plan the best thing for them, or are there alternatives. In my opinion, this plan is at best Vietnam all over again, and at worst, the beginning of a much greater escalation.

The President and his supporters know that to do anything less than continue on in Iraq is an admission of failure. And, unfortunately, his detractors know that to reduce our forces will be seen as acceptance of failure, hence no real attempt to cut war funding will occur for some time; welcome to American politics in the 21st century.

So, the troops will soldier on, useless talk in D.C. and on the airwaves will drone on continuously and it will be business as usual for the rest of us. Hopefully, and I mean hopefully, by primary time, things will either get much better in Iraq or much worse; an extreme one way or the other. It is only then that real action will be allowed to occur.

Personally, I feel Iraq is lost. And, to bleed to death by a million small cuts is no better than to bleed to death by one massive cut. Dead is dead.

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House Readies For Iraq Debate (RC)

By Jennifer Yachnin

Roll Call, February 12, 2007

As House Democratic leaders are slated to unveil today a succinct resolution condemning President Bush's proposed escalation of U.S. troops in Iraq, Republican lawmakers are readying an aggressive response from the chamber's floor throughout the three-day debate over the measure.

Democratic sources said language in what is expected to be an austere resolution — consisting of only two provisions: one expressing general support for the military personnel and a second condemning Bush's proposed increase of 21,500 troops — would be the primary subject of weekend discussions, as lawmakers seek to garner bipartisan support while still clearly reproaching the Bush administration.

"We want to make it as direct and concise as possible," said a Democratic leadership aide, who asked not to be named. Democrats have indicated the measure will not specifically reference "escalation," in an effort to sway GOP lawmakers to support the measure.

"We want to make it a clear vote on the president's plan," the aide added.

Under the Democrats' proposed schedule, each Member will receive five minutes of floor time during the debate, scheduled to begin Tuesday, although aides said a specific lineup for Democratic lawmakers remained largely undecided prior to the weekend.

While the Democratic leadership is expected to spotlight several freshman lawmakers who also are military veterans, other internal factions are seeking blocks of time as well, including the fiscally conservative Blue Dogs and the Progressive Caucus, which has endorsed funding a six-month redeployment plan.

The Democrats' debate time will be jointly controlled by Foreign Affairs Chairman Tom Lantos (D-Calif.) and Armed Services Chairman Ike Skelton (D-Mo.).

The party expected to be largely unified on the resolution, even as portions of the Caucus seek additional measures targeting funding for the Iraq War as well as fiscal accountability, asserting that the measure is the first of several large discussions on the war.

"There's always tomorrow. We don't have to put it all in the first crack we get," said Rep. Dennis Cardoza (D-Calif.).

Although Democratic leaders indicated late last week that the Republican minority would be allowed to offer a substitute measure — the resolution is expected to be a closed rule with no possibility for amendments — no decision had been finalized as of press time Friday.

Majority Leader Steny Hoyer (D-Md.) said Thursday that Democrats had yet to determine whether to allow an alternate proposal, citing the sensitive nature of the resolution.

"We feel this is such a critically important question and that the clarity of the question and the clarity of the response is so important that we are trying to carefully consider how we can assure that there is no confusion as to the answer that this House gives," Hoyer said.

One Democratic aide, speaking on the condition of anonymity, said Democrats were concerned that a Republican substitute, such as legislation sponsored by Rep. Frank Wolf (R-Va.), could shift the focus of the debate away from the increase in troops.

"We want this to be a clean message opposing escalation," the aide said.

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A Democratic lawmaker, who asked not to be named, asserted that many rank-and-file Members were lobbying against allowing Republicans to offer a substitute resolution, asserting it could “fracture” the majority.

Republicans, who had yet to determine Friday whether to bring new legislation or an existing bill should a substitute be allowed, sharply criticized the Democrats.

“It looks like Democrats are going for a very carefully choreographed debate with strictly defined parameters for a predetermined outcome. I don’t think you can even call that a debate,” said Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio).

Nevertheless, House Republicans have prepared a response plan for next week’s debate, including plans to blanket television and radio with interviews, as well as rapid-response messaging that will track the floor debate and a “resource center” for Members to provide research and debate material.

In addition, the GOP plan will focus on several themes, including Iraq’s context in the larger war on terror and the consequences of losing the Iraq War, with lawmakers expected to assert that withdrawal could destabilize the entire region as well as invite terrorist attacks in the United States.

According to an outline of the plan, Republicans also will focus on arguments that the resolution will weaken troop morale and assert that Democrats have a responsibility to halt funding if they disagree with the president’s proposed strategy.

Boehner will open debate for the Republicans, although the remaining lineup is not yet determined. Ranking GOP lawmakers on the Intelligence, Armed Services, Homeland Security and Foreign Affairs committees will share control of the party’s debate time.

GOP Expects Defections As House Debates Iraq Resolution (WP)

By Lyndsey Layton And Jonathan Weisman

The Washington Post, February 12, 2007

Three days of intense debate over the Iraq war begins in the House today, with Democrats planning to propose a narrowly worded rebuke of President Bush's troop buildup and Republicans girding for broad defections on their side.

Both parties will jockey for prime time before the C-SPAN cameras, with leaders claiming the best time slots and rank-and-file members trying to make the most of the five minutes each will be allotted. If all 435 House members use their five minutes, debate will last 36 hours. It is likely to begin by late morning and run until midnight tomorrow, Wednesday and Thursday. A vote is expected Friday.

After watching their counterparts in the Senate stall and sputter last week, unable to agree on ground rules for a debate on Iraq, House leaders are forging ahead, determined to send a statement to the White House to condemn a troop buildup.

Democrats will file a nonbinding resolution against the Bush plan while Republicans will try to broaden the dispute and seed doubt in the Democratic approach. Although Senate Republicans were able to block debate on a resolution condemning Bush's war policies last week, it will be much easier for Democrats in the House to bring a measure to the floor.

The GOP, whose members have conceded they are likely to lose, is treating the debate like a mini-political campaign, deploying a rapid-response team to counter Democrats' statements, aggressively trying to get its leaders on television and radio, and creating a "resource center" off the House floor where members can fill their arms with maps, research material, videos or other visual aids to use during their floor time.

"We may lose the vote, but we'll win the debate," said Kevin Smith, a spokesman for House Minority Leader John A. Boehner (R-Ohio).

Other Republicans are not so sure they will win even that much. If Democrats stick to their plan of narrowly focusing debate on the president's deployment of 21,500 additional troops to Iraq, the more contentious issues that Republican leaders want to highlight could fail to resonate.

"What we have now is a dispute in tactics," said Rep. Phil English (R-Pa.), who once supported the administration but is opposed to the troop increase. "This is a situation where we've been dealt a bad hand, where we've made a lot of mistakes, where we should have addressed the problems in Baghdad a long time ago, and now a surge on the scale the president has proposed is unlikely to move us forward."

One House Republican close to the GOP leadership spoke on the condition of anonymity in order to be blunt. "This next week is going to be a very tough one for us to get through," he said. "The Democrats know that. We can sit back and hope they overplay their hand, but I don't think they will."

Although the order of speakers has not yet been set, Democrats and Republicans are vying for the most desired slots at a time when attention in Washington will focus on the House. Lawmakers from the West Coast do not want to speak early in the

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morning, when their constituents are asleep; those from the East do not want to appear at 11:25 p.m. And nearly everyone wants to talk in time to make the evening news and beat the daily newspapers' deadlines.

The last time an Iraq resolution came before the House was in June, when the Republicans controlled Congress. After two days of largely partisan debate, the House easily approved a measure declaring that the United States must complete "the mission to create a sovereign, free, secure and united Iraq," without setting "an arbitrary date for the withdrawal" of troops. Forty-two Democrats bucked their leadership to join a virtually united GOP.

But this debate will be different, lawmakers from both parties agree.

Democrats get to draft the resolution, and the war -- already unpopular in June -- is now clearly opposed by most voters. The party is united, even the left wing, which ultimately wants troop withdrawal from Iraq but is content to see the resolution as a first step.

House Republicans say as few as 20 or as many as 60 Republicans could vote with the Democrats, regardless of the wishes of the Republican leadership and the White House.

"Every time I go to another funeral, every time I go to Walter Reed, people are really gracious, but what do you say? What are we doing over there now?" asked Rep. Wayne T. Gilchrest (R-Md.), whose Eastern Shore district has lost 23 service members in the war.

GOP leaders and conservatives may apply some pressure to stay off the Democratic resolution, but, Gilchrest added: "My internal soul goes a lot beyond my minuscule political career."

By its nature, the House is quicker to bend to public opinion than the Senate; House members are never more than two years away from an election. Gilchrest voted with the Republican leadership in June, but last month he was one of eight House Republicans who signed a letter stating that the deployment of additional U.S. troops to the sectarian fighting in Iraq would only make matters worse.

A senior Republican aide said the GOP leadership knows that Republicans from districts where the war is unpopular will have to vote with the Democrats to protect themselves. "And that's okay," he said, adding that Republican leaders will not tell their members to stick with the party line.

Gilchrest collected 29 Republican signatures on his own letter pleading with Bush to open diplomatic dialogue with Syria and Iran to find a way out of Iraq, then personally handed the letter to Bush at a bill-signing ceremony in the Oval Office. He is now working with Democratic Reps. Gregory W. Meeks (N.Y.), James P. McGovern (Mass.) and Solomon P. Ortiz (Tex.) to further that diplomatic push.

For some Republicans, the Democratic takeover of Congress has been liberating. A barrage of recent hearings into malfeasance under the U.S. occupation authority in Iraq, the stretched state of the military and the cost of the war have brought to light new information while underscoring congressional acquiescence under GOP control, said Rep. Walter B. Jones (R-N.C.), a longtime war critic.

"My party did not want to do anything to embarrass the administration," he said.

House Democrats To Push Resolution Opposing Increase In Troop Levels (WSJ)

By David Rogers

The Wall Street Journal, February 12, 2007

WASHINGTON -- House Democrats, taking a lesson from the stalemate in the Senate, are pressing ahead with an Iraq debate this week, narrowly confined to a resolution opposing President Bush's decision to increase troop levels.

As now drafted, the measure expresses support for American forces without delving into the more sensitive issue of whether Congress may restrict war funds in the future. At the same time, hoping to attract Republican votes, the resolution is expected to avoid the use of the word "escalation" to describe the increased U.S. commitment of at least 21,500 troops.

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Instead, the draft language speaks simply of rejecting "the decision of President George W. Bush announced on January 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

The final language is expected to be completed Monday in anticipation of floor debate beginning Tuesday and running up to a vote likely on Friday. Democrats said this will give both parties adequate time to express themselves. But Republicans have no assurance yet of having an opportunity to offer an alternative of their own.

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"As we discussed this, we saw the problems that the Senate was confronted with," House Majority Leader Steny Hoyer (D., Md.) said on NBC News "Meet the Press." "We believe the American people want a straightforward answer to the question: Do you agree with the president's proposal? Republican president has made a proposal, we're going to respond to that. We want to respond to it with great clarity."

Senate debate stalled last week when Minority Leader Mitch McConnell (R., Ky.) demanded a vote against cutting war funding before permitting action on a bipartisan resolution challenging the increased troop levels. House Republicans would almost certainly offer similar language as their alternative resolution, but the Democratic leadership would prefer to postpone the funding issue until Congress addresses a $93.4 billion emergency spending request for the war next month.

Pressed by Minority Leader John Boehner (R. Ohio) who also appeared on the broadcast, Mr. Hoyer said there would be such an opportunity "within the next 30, 45 days." But he wouldn't commit yet to giving Republicans the right to offer such an alternative this week.

The maneuvering in both houses of Congress underscores the rolling, often incremental nature of the war debate. All of the resolutions now are non-binding policy statements, but the stakes rise when lawmakers turn to the war funding package next month, and then in June to a much larger $623.1 billion request to fund the Pentagon's core budget and overseas military operations for fiscal 2008.

Opponents of the troop increase have essentially won the first round. House Republicans concede that the Democratic resolution will pass this week with possibly 30 Republican votes. While there has been no Senate vote, Republican leaders agree that a majority of senators support a bipartisan resolution -- crafted by former Armed Services Committee Chairman John Warner (R., Va.) -- opposing the troop increase.

It is precisely because of this loss that Republicans and the White House want to skip ahead quickly to the second and higher stake round: the $93.4 billion spending bill. That is why there is so much Republican emphasis on resolutions opposing any reduction in funds, and why Democrats are still struggling to come up with restrictions that are do-able.

The House Appropriations Committee will meet Mar. 7 on the request, and in testimony Friday, Gen. Peter Schoomaker, the departing Army chief of staff, conceded that the Pentagon was struggling to meet the schedule set for the troop increase.

"We're sending in piecemeal troops because…we don't have them," said Rep. John Murtha (D., Pa.), the chairman of the defense subcommittee. "I'm sure you'd like to send 21,000 tomorrow. But wouldn't you agree we can't send 21,000 tomorrow, General?"

"We're doing it on the schedule that was asked for," Gen. Schoomaker said. "It is a challenge to do it. No question about it."

As a result, the full complement of soldiers for the so-called "surge" isn't expected to be in Iraq until May. Moreover, maintaining the higher overall troop levels will likely require that the military extend the tours of some of the brigades in Iraq now.

The Pentagon has begun to concede that instead of 21,500, the more likely number of troops needed -- when support personnel are counted -- will be closer to 25,000. That would bring the total U.S. troop levels in Iraq to about 160,000; if that were maintained just through the end of this calendar year, it could strain even the revised fiscal 2008 budget numbers.

A $3.82 billion request for Iraqi security forces -- in the spring supplemental -- will almost certainly be a target for some cuts or conditions attached by Congress.

Among the other options affecting U.S. troops more directly would be a provision barring the use of new funds to extend the deployment of Army and Marine troops beyond 365 and 210 days, respectively. If that were combined with a second provision that prevented sending troops back to Iraq until they had had promised time at home, it could make it harder to carry out the increase now and over time make it harder for the military to maintain the "post-surge" 160,000 troop level.

Iraq Debate Shifts To The House (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 12, 2007

WASHINGTON

The Senate deadlocked just 90 minutes into a debate last week over President Bush's "new way forward" in Iraq. Now the action shifts to the House, where Democrats aim for an up-or-down vote on his policy.

As in the Senate, that resolution would be nonbinding on Mr. Bush, but no one would know it, judging from the intense disputes – within and between political parties – over the terms of disagreement. Democrats say Senate Republicans blocked the vote primarily to protect the president. Republicans say Democrats rigged the rules to suppress minority rights.

At issue is more than a test of wills. It's how to frame the terms of opposition to a war that has lost public support and strained US relations with the rest of the world.

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The vote – or nonvote – on the resolution is also politically toxic. Opposition to the war helped sweep Republicans out of control in the House and Senate in 2006. But if the issue is mishandled, it could do the same to Democrats – or topple even more GOP careers – in 2008.

The Senate's version of a resolution against a proposed surge of 21,500 US troops in Iraq evolved into five pages of "whereas" clauses, many added to bring another vote or two on board.

By contrast, House Democrats say they intend to keep it simple. Their resolution, to be announced Monday, is expected to have two parts: One affirms that Congress will continue to support US troops who have been committed to the war in Iraq; the other affirms that members do not agree with the proposed escalation.

"This is an up-or-down vote on the policy enunciated by the president. We owe it to our constituents to have that," said Rep. Rahm Emanuel of Illinois, the Democratic caucus chair, after a caucus meeting on Iraq last week. The House is planning three days of debate, with each member allowed five minutes to speak.

Meanwhile, House GOP leaders call the coming vote "a meaningless political stunt ... that demoralizes US troops." Like Senate Republicans, they are pushing Democrats to allow a separate up-or-down vote on a resolution not to cut off war funding.

"If Democrats are serious about ending the war, they should bring a real resolution to the floor about whether to cut funding," House Republican leader John Boehner said last week.

Senate Republicans also insist that senators have an opportunity to vote on a resolution not to cut off funding to the troops. Democratic majority leader Harry Reid refused to allow that vote. In return, all but two Republicans voted to block the resolution against the troop surge (proposed by Sens. John Warner (R) of Virginia and Carl Levin (D) of Michigan), which Democrats wanted to proceed.

"Democrats and antiwar Republicans are sending political signals with this vote," says Randall Woods, a historian at the University of Arkansas, who writes on congressional antiwar politics. "They need to show the American people that they are voicing opposition to the war, yet not appear soft on national security," he says. "They're fighting for their [political] lives."

As in previous war votes, the language of the resolutions has been crafted to maximize political peril for the opposition. But for the first time since US forces went into Iraq in 2003, Democrats are setting the timing and terms of war votes, and they are determined to not rush into a vote they are likely to lose.

It's a tactic Republicans have used in the past to embarrass Democrats who oppose Bush's war strategy – and one that some GOP leaders now say they regret.

When Rep. John Murtha (D) of Pennsylvania, a longtime friend of the military, broke with the White House in November 2005 and proposed an immediate, phased withdrawal of US forces from Iraq, House GOP leaders rushed a recorded vote to express the sense of the House that the deployment of US forces in Iraq "be terminated immediately." The language was crafted to embarrass Representative Murtha and to squelch any antiwar momentum from his high-profile reversal on the war. As expected, the vote failed, 3-403.

Some Republican leaders now say that strategy of forced, preemptive votes was a mistake. "It was clearly a ploy. Everybody in American knew it was a ploy, and we paid a price in November," said Rep. Adam Putnam (R) of Florida, the new House Republican conference chairman, last week.

Meanwhile, Murtha, who now chairs the defense subcommittee of the House Appropriations Committee, is laying groundwork for a vote on funding as early as mid-March, when the House is expected to take up Bush's $99.6 billion war funding request for fiscal 2007. He says he aims to build a robust case for redirecting spending to adequately equip and train US forces, rather than to fund a troop surge.

"Our concern is the proper supply and backup to the troops already in theater, as we transform this mission to one where we can be successful," says Rep. Marcy Kaptur (D) of Ohio, a member of the defense subcommittee.

Congress wants to vote on the war? It already has.

The US Senate and House of Representatives have voted dozens of times on resolutions, funding measures, and amendments pertaining to the Iraq and Afghanistan conflicts. Below is an abbreviated record of their votes.

107th Congress: Republicans control the House (221-214*); Democrats control the Senate (51-49*)

2002

October: A joint resolution is approved to authorize use of armed forces against Iraq (House 296-133, Senate 77-23).

• House rejects Barbara Lee amendment urging peaceful means to resolve the issue (72-355).

• House rejects amendment to require the president to seek congressional authority before using military force against Iraq without a UN resolution (155-270).

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108th Congress: Republicans control House (229-204*) and Senate (51-48*)

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2003

April: Congress approves $78.5 billion in emergency war funding (House by voice vote, Senate by unanimous consent).

• Senate rejects amendment calling on the president to raise revenues to offset Iraq war costs (18-79).

October: Senate rejects amendment to offset Iraqi reconstruction costs by eliminating income-tax cuts enacted in 2001 for top 1 percent of earners (42-57).

• Senate adopts Lindsey Graham amendment to express the sense of Congress that Saddam Hussein's removal has enhanced the security of Israel and other US allies (95-2).

• Senate rejects amendment to release $10.2 billion in reconstruction funding only if the UN authorizes a multinational military force under US leadership in Iraq (42-57).

• Senate agrees to amendment to reimburse service members who paid for meals while hospitalized as a result of injuries or illness while in combat or training since 9/11 (99-0).

• Senate rejects amendment prohibiting use of defense funding for the involuntary deployment to Iraq of members of the National Guard and Reserves who have been involuntarily deployed for six months or more during the past six years (15-82).

October/November: Congress approves $87.5 billion in emergency war funding (House 298-121, Senate by voice vote).

2004

May: House expresses deep appreciation to the members of military who served in Operation Iraqi Freedom (365-50).

June: Senate rejects amendment to suspend a portion of the reduction in the highest income-tax rate for individual taxpayers to pay for Iraq war (44-53).

• House expresses gratitude to US armed forces for valiant service and offers continued support (352-57).

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109th Congress: Republicans control House (232-202*) and Senate (55-45*)

2005

April: Senate adopts Robert Byrd amendment that war funding be part of the president's annual budget after fiscal year 2006 (61-31).

May: Congress passes $82 billion in emergency war funding (House 368-58, Senate 100-0).

• House rejects Woolsey amendment that the president should submit to Congress a plan for the withdrawal of US military forces from Iraq (128-300).

July: Senate adopts Warner amendment that calendar year 2006 should be a period of "significant transition" to full Iraqi sovereignty, thus creating conditions for phased redeployment of US forces from Iraq (79-19).

• House rejects resolution to terminate immediately deployment of US forces in Iraq (3-403).

December: House expresses commitment to achieving victory in Iraq (279-109).

2006

June: Congress passes $94.5 billion in emergency war funding (House 351-67, Senate 98-1).

• House agrees to resolution declaring that it is not in US national security interests to set arbitrary date for withdrawal or redeployment of US troops in Iraq (256-153).

• Senate rejects Levin amendment to begin phased redeployment of US forces from Iraq in 2006 (39-60).

• Senate rejects amendment to require the redeployment of US armed forces from Iraq by July 1, 2007 (13-86).

• • •

110th Congress: Democrats control House (233-202) and Senate (51*-49)

2007

January: House votes that it shall be US policy to "vigorously support the government of Afghanistan" and to deploy troops there "as long as the Afghan government supports such US involvement" (299-128).

Why Are The Pacifists So Passive? (NYT)

By Lynn Chu And John Yoo

The New York Times, February 12, 2007

BEFORE the November elections, many Democratic candidates and legal academics insisted that the Iraq war was illegal and that only Congress, not the president, had the power to manage it under the Constitution. Interestingly, now that Democrats control Capitol Hill, they are fretting that if Congress tried to cut back on funds or troop levels, it might be, well, unconstitutional. Democrats are suddenly acknowledging that the commander in chief and executive branch may be better off without their micromanagement, after all.

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Of course, they haven't been silent about the war: both the House and Senate last week were political circuses, juggling various bills that proposed to "rein in" the president. But behind all the bluster, the one thing all the major Democratic proposals have in common is that they are purely symbolic resolutions, with all the force of a postcard. (Two other Democratic Senate proposals that have actual teeth — one by Russell Feingold to cut off money for the war, another by Barack Obama to mandate troop reductions — were ignored by the leadership.)

The fact is, Congress has every power to end the war — if it really wanted to. It has the power of the purse. Its British forebears in Parliament micromanaged the monarchy quite a bit, for instance by making money (the "sinews of war") contingent on attacking one country and making peace with another. And there is more direct precedent: In 1973, Congress affirmatively acted to cut off funds for Vietnam. It also cut off money for the Nicaraguan contras with the Boland Amendment in 1982.

Not only could Congress cut off money, it could require scheduled troop withdrawals, shrink or eliminate units, or freeze weapons supplies. It could even repeal or amend the authorization to use force it passed in 2002.

A pullout, however, would have no chance of success, because its supporters are likely to lack the two-thirds majority necessary to override a presidential veto. But to stop President Bush's proposed troop surge, Congress doesn't have to do anything. It can just sit back and fail to enact the periodic supplemental spending measures required to keep the war going. Congress has wielded considerable power by just threatening such measures, as with President James K. Polk in the Mexican-American War and President Ronald Reagan in Lebanon after the 1983 barracks bombing.

The Constitution doesn't pick winners. It leaves it to the three branches to use their unique powers to struggle for supremacy. James Madison, the leading intellectual force behind the Constitution, rebutted Patrick Henry's firebrand attack on executive war powers during the Virginia ratifying convention by reminding him that Congress could control any renegade president by stopping the flow of money.

But with power comes responsibility. The truth is that this Congress is not sure what to do in Iraq. Its hesitation reflects America's uncertainty and divisions. Antiwar bluster is high at the moment, echoing popular frustration and grim news from Baghdad.

Our elected representatives know, however, that policy can't be made by poll. Most also understand that that leaving Iraq to a sectarian power struggle would break our word and lead to slaughter. A failed state in Iraq would breed more terrorism, not less, by becoming a haven for more radical training camps.

Most in Congress, in fact, are not eager to replay Vietnam. The United States has had far fewer casualties in this conflict. Our national security interests here are high. If we falter now, it would be read as a "defeat" and embolden more terrorist attacks on us. Once again the world would begin to doubt American strength. This would undermine our ability to conduct credible diplomacy, while electrifying Islamists to further jihad.

The truth is that the Democrats in Congress would rather sit back and let the president take the heat in war than do anything risky. That way they get to prepare for the next election while pointing fingers of blame and spinning conspiracy theories. It is odd to see the Democratic Party turning toward isolationism, bonding with paleoconservatives, and so bitterly averse to the ideals of democratic nation building.

War is not about instant gratification in a hail of klieg lights, our truncated Gulf war notwithstanding. In an interdependent, globalized world, we can't shrug our shoulders and shirk in the war on terrorism. America made a fundamental change in foreign policy after the 9/11 attacks: to support and spread democracy. The House speaker, Nancy Pelosi, should understand this well. She made her national reputation as a junior representative in the 1980s criticizing the Chinese dictatorship after the Tiananmen Square massacre.

Perhaps it was inevitable that the public would soon tire of war and engage in overheated accusations of bad faith. It is quite right that Congress review, and consider, from its unique perspective, what changes, if any, it now wants to make. If Congress really believes the Bush administration has set us on the wrong course, it can act tomorrow to cut the sinews of war in Iraq. But its failure to do so seems an acknowledgment that the consequences would be far worse than what we face now.

Ex-Pentagon Official Defends Iraq Stance (AP)

By Ben Feller

AP, February 12, 2007

A former Pentagon official on Sunday defended his prewar assessment of a relationship between Iraq and al-Qaida, calling it a much-needed critique of the CIA's intelligence on the subject.

"It's healthy to criticize the CIA's intelligence," said former Pentagon policy chief Douglas Feith. "What the people in the Pentagon were doing was right. It was good government."

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Feith was responding to a report by the Defense Department inspector general that Feith's office "did not provide the most accurate analysis of intelligence to senior decision makers."

The IG's report found that there was no support for the Pentagon's claim of a "mature symbiotic relationship" in all areas between Iraq and al-Qaida.

"No one in my office ever claimed there was an operational relationship," Feith said on "Fox News Sunday." "There was a relationship."

The review found that the actions of Feith's office were not illegal or unauthorized — but they were an inappropriate "alternative" analysis that did not reflect the consensus of the intelligence community or include caveats about the information's reliability.

Feith said this amounted to circular logic from the Pentagon's internal watchdog.

"The people in my office were doing a criticism of the intelligence community consensus," Feith said. "By definition, that criticism varied. If it didn't vary, they wouldn't have done the criticism."

The 2004 report from the Sept. 11 commission found no evidence of a collaborative relationship between Saddam and Osama bin Laden's terrorist organization.

When asked if his office ever made the case against going to war with Saddam, Feith said, "The answer is emphatically yes."

Feith left his Pentagon post in August 2005.

Sen. Jack Reed, a member of the Senate Armed Services Committee, said the Pentagon, through Feith's office, intentionally made the case for war in 2002 based on faulty analysis.

"They did it very deliberately," said Reed, D-R.I. "They used that analysis. It was leaked to the media. It was reported in newspapers. It took on a credibility beyond the facts that the intelligence community had." Reed also appeared on "Fox News Sunday."

Feith Calls Faulty Prewar Claims 'Good Government' (LAT)

By Josh Meyer

The Los Angeles Times, February 12, 2007

WASHINGTON -- A former top Pentagon official on Sunday defended as "good government" his office's prewar findings of a significant relationship between Iraq and al-Qaida, while a congressional Democrat suggested that his actions were not only inappropriate but possibly illegal.

Douglas J. Feith, the former undersecretary of Defense for policy, appeared on "Fox News Sunday" to explain his actions and that of his Office of Special Plans, following the release Friday of a highly critical report by the Pentagon's inspector general.

The report concluded that Feith, a leading architect of the policies that led to the Iraq war, briefed senior Bush administration officials on the purportedly strong links between al-Qaida and Iraq that did not accurately reflect the views of the CIA and other U.S. intelligence agencies. It also said Feith and his aides sought to discredit and bypass those intelligence officials because they were strongly discounting alleged ties between the terrorist network and Saddam Hussein's regime.

The inspector general's review found that the actions of Feith's office were not illegal or unauthorized, describing them as an inappropriate "alternative" analysis.

Critics have used the inspector general's report to bolster their claims that Feith and other Pentagon aides loyal to then-Defense Secretary Donald H. Rumsfeld and Vice President Dick Cheney "cherry-picked" intelligence suggesting an al-Qaida/Iraq link as part of a politically motivated effort to sell the Iraq war to the American public, U.S. allies and the United Nations.

Sunday, however, Feith sought to portray his actions and those of his staffers as part of the normal give-and-take of government in the months leading up to the U.S.-led invasion of Iraq in March 2003. He indicated that, at the time, he thought the CIA in particular was missing important ties between al-Qaida and Saddam's regime.

"It's healthy to criticize the CIA's intelligence," Feith told "Fox News Sunday." "What the people in the Pentagon were doing was right. It was good government."

The inspector general's report concluded that there was virtually no support for the Pentagon policy office's assessment that "intelligence indicates cooperation in all categories" and a "mature symbiotic relationship" between al-Qaida and Iraq at the time Feith's office was presenting those findings to top White House officials.

Feith's office also claimed that an alleged April 2001 meeting in Prague, Czech Repbublic, between Sept. 11 lead hijacker Mohamed Atta and an Iraqi agent was a known contact; it has since been widely discredited by the 9/11 Commission and the Senate intelligence committee.

"All of that was wrong, wasn't it?" "Fox News Sunday" host Chris Wallace asked Feith, referring to his office's conclusions.

"No, not at all," Feith responded. "There was substantial intelligence.... There was a lot of information out there."

Feith also said that "no one in my office ever claimed there was an operational relationship" between Iraq and al-Qaida. That claim was immediately questioned by some administration critics.

"It's an abject lie, and it completely ignores what is in the documented public record," Larry C. Johnson, a former State Department and CIA counterterrorism official, said in an interview Sunday. "I think the problem is across the board that we have convenient memory loss. No one wants to go back and hold people accountable to what they were doing."

On his blog, noquarter.typepad.com, Johnson wrote Sunday that Feith repeatedly had claimed such a relationship, particularly in a still-classified memo dated Oct. 27, 2003, that was sent to the leadership of the Senate Permanent Select Committee on Intelligence. The 16-page memo was later leaked to a conservative magazine, which reported on it extensively. The resulting article was later cited by Cheney as "the best source of information" on al-Qaida/Iraq ties.

Sen. Ron Wyden, D-Ore., a member of the intelligence panel, told CNN's "Late Edition" that not only were Feith's actions "inappropriate," but that "there are serious questions about whether Mr. Feith broke the 1947 statute that requires that our committee be informed" of his office's activities.

On NBC's "Meet the Press," House Majority Leader Steny Hoyer, D-Md., said he and other top House Democrats had sent a letter earlier in the day asking Defense Secretary Robert M. Gates and Director of National Intelligence John Negroponte for proof that they had taken steps to prevent "a similar occurrence in the future."

Hoyer said Feith's activities were a calculated effort to subvert the intelligence advice given to President Bush before the war, but that he didn't know whether it had led to "miscalculations."

"But the fact of the matter is, what was done was wrong," Hoyer said. "We want to get to the bottom of it."

Feith left the Pentagon in August 2005 and is now a visiting professor of national-security policy at Georgetown University.

Senator Ahab (WSJ)

The Wall Street Journal, February 12, 2007

In a reasonable world, Douglas Feith would have received an apology late last week from Senator Carl Levin. But the obsessive Democrat won't let go of his story that the Bush Administration "politicized" pre-war Iraq intelligence no matter how many times the facts disprove it. Senator Ahab is now going even further and suggesting behavior standards that would make the U.S. intelligence bureaucracy less accountable to elected officials; this could get Americans killed.

The familiar accusation against Mr. Feith is that the former Undersecretary of Defense was responsible for all the government's intelligence failures on Iraq because his office had the temerity to review and critique intelligence on the relationship between Iraq and al Qaeda. His alleged pressure to find a strong link is said to have so influenced apparently weak-kneed CIA analysts that they made a false case for war. Senate Intelligence Chairman Jay Rockefeller went so far as to accuse Mr. Feith of "running a private intelligence failure [sic], which is not lawful."

This preposterous narrative has already been debunked many times -- notably in a bipartisan report from the Senate Intelligence Committee itself. That 2004 report found that not only had CIA analysts not been pressured to change their views but that Mr. Feith's review had sometimes "actually improved the Central Intelligence Agency's products." A year later the Robb-Silberman commission also found no evidence that prewar intelligence had been politicized. And last week the Defense Department's Inspector General delivered to Congress a report that likewise exonerates Mr. Feith of doing anything unlawful and acknowledges that his actions were authorized by the Secretary or Deputy Secretary of Defense.

But instead of moving on to more important things, Mr. Levin is still chasing his great white whale. He's grabbed on to an odd bit of editorializing by the Inspector General that Mr. Feith "was inappropriately performing Intelligence Activities . . . that should be performed by the Intelligence Community."

"Inappropriately"? What on Earth does that mean? The charge is so vague that it has the air of a political sop that Acting Inspector General Thomas Gimble tossed to Mr. Levin to avoid being hauled in front of the Senate and accused of a cover-up. The myth persists that Inspectors General are King Solomons who are above politics, but in this case Mr. Gimble split the baby, and in a way that could harm U.S. security.

He and Mr. Levin are essentially saying that officials appointed by an elected President aren't allowed to question the "consensus" of the "intelligence community." Yet the work of Mr. Feith's office on al Qaeda had nothing to do with what everyone now concedes was the main intelligence failure on Iraq, which was the lack of WMD stockpiles. Former CIA Director George Tenet said it was a "slam dunk" that Saddam Hussein had such stockpiles, and it was this intelligence "consensus" that the Bush Administration relied on in making its main case for war. Any links between al Qaeda and Iraq is a separate issue that was barely mentioned in the run-up to war.

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Make no mistake, the people "politicizing" intelligence here are Senators Levin and Rockefeller, whose smears against Mr. Feith will have a chilling effect on anyone who wants to question "consensus" judgments in the future. This is dangerous, because if recent experience has taught us anything it is that we need far more such questioning.

It was the intelligence community that underestimated Saddam's nuclear capabilities before the first Gulf War, only to overestimate them later. It was the CIA "consensus" that also vastly overestimated the strength of the Soviet economy even as Moscow was about to sue for peace. Before 9/11 it was also the intelligence consensus -- led by former CIA Near East chief analyst Paul Pillar -- that terrorism was a minor and manageable problem. Too bad Mr. Feith and his team weren't around to scrub those judgments.

We learned much of what we know about intelligence from the late, great Cold War strategists, Albert and Roberta Wohlstetter. And what they taught was that in the intelligence business almost nothing is certain. Albert Wohlstetter especially disliked "national intelligence estimates," which were always the product of lowest-common-denominator judgments -- or group-think. These judgments, in turn, often lead to public pronouncements that claim a degree of certainty that simply doesn't exist -- and then to charges of "politicizing" intelligence when those judgments turn out not to be true.

Messrs. Levin and Rockefeller may enjoy scoring partisan points. But their nasty obsession with Mr. Feith will have the effect of endorsing more group-think as the last, best word in intelligence -- and will lead to more Iraqs and more 9/11s.

U.S. Says Arms Link Iranians To Iraqi Shiites (NYT)

By James Glanz

The New York Times, February 12, 2007

BAGHDAD, Feb. 11 — After weeks of internal debate, senior United States military officials on Sunday literally put on the table their first public evidence of the contentious assertion that Iran supplies Shiite extremist groups in Iraq with some of the most lethal weapons in the war. They said those weapons had been used to kill more than 170 Americans in the past three years.

Never before displayed in public, the weapons included squat canisters designed to explode and spit out molten balls of copper that cut through armor. The canisters, called explosively formed penetrators or E.F.P.s, are perhaps the most feared weapon faced by American and Iraqi troops here.

In a news briefing held under strict security, the officials spread out on two small tables an E.F.P. and an array of mortar shells and rocket-propelled grenades with visible serial numbers that the officials said link the weapons directly to Iranian arms factories. The officials also asserted, without providing direct evidence, that Iranian leaders had authorized smuggling those weapons into Iraq for use against the Americans. The officials said such an assertion was an inference based on general intelligence assessments.

That inference, and the anonymity of the officials who made it, seemed likely to generate skepticism among those suspicious that the Bush administration is trying to find a scapegoat for its problems in Iraq, and perhaps even trying to lay the groundwork for war with Iran.

Officials at the Iranian Embassy in Baghdad said they had no comment on the American accusations, the latest in a back-and-forth between the countries as tension has escalated over Tehran's rising influence in Iraq and elsewhere in the Middle East and suspicions about its nuclear energy program. And while the Americans displayed what they said was the physical evidence of their claims about Iran's role in Iraq, they also left many questions unanswered, including proof that the Iranian government was directing the delivery of weapons.

The officials were repeatedly pressed on why they insisted on anonymity in such an important matter affecting the security of American and Iraqi troops. A senior United States military official gave a partial answer, saying that without anonymity, a senior Defense Department analyst who participated in the briefing could not have contributed.

The officials also were defensive about the timing of disclosing such incriminating evidence, since they had known about it as early as 2004. They said E.F.P. attacks had nearly doubled in 2006 compared with the previous year and a half.

"The reason we're talking about this right now is the vast increase in the number of E.F.P.s being found," one official said. American-led forces in Iraq, the official said, "are not trying to hype this up to be more than it is."

Whatever doubts were created about the timing and circumstances of the weapons disclosures, the direct physical evidence presented on Sunday was extraordinary.

The officials said the E.F.P. weapons arrived in Iraq in the form of what they described as a "kit" containing high-grade metals and highly machined parts — like a shaped, concave lid that folds into a molten ball while hurtling toward its target.

For the first time, American officials provided a specific casualty total from these weapons, saying they had killed more than 170 Americans and wounded 620 since June 2004, when one of the devices first killed a service member.

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But then the officials went much further, asserting without specific evidence that the Iranian security apparatus, called the Islamic Revolutionary Guard Corps - Quds Force controlled delivery of the materials to Iraq. And in a further inference, the officials asserted that the Quds Force, sometimes called the I.R.G.C. - Quds, could be involved only with Iranian government complicity

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"We have been able to determine that this material, especially on the E.F.P. level, is coming from the I.R.G.C. - Quds Force," said the senior defense analyst. That, the analyst said, meant direction for the operation was "coming from the highest levels of the Iranian government."

At least one shipment of E.F.P.s was captured as it was smuggled from Iran into southern Iraq in 2005, the officials said. Caches and arrays of E.F.P.s, as well as mortars and other weapons traceable to Iran, have been repeatedly found inside Iraq in areas dominated by militias known to have ties to Iran, the officials said. One cache of antitank rocket-propelled grenades and other items was seized as recently as Jan. 23, the officials said.

The precise machining of E.F.P. components, the officials said, also links the weapons to Iran. "We have no evidence that this has ever been done in Iraq," the senior military official said.

The officials also gave fresh details on recent American raids in Baghdad and the northern city of Erbil in which Quds Force members were picked up and accused of working with extremist groups to plan attacks on American and Iraqi forces.

Some of the five Iranians still being detained after they were picked up in Erbil on Jan. 11 had been flushing documents down a toilet when they were found, the defense analyst said, and they had recently been engaged in "changing their appearance" — apparently shaving their heads, though for what reason the analyst did not know.

An earlier raid in Baghdad was carried out, the officials said, after American forces received word that the No. 2 Quds Force official, whom they identified as Mohsin Chizari, was unexpectedly in Iraq. When Mr. Chizari was picked up in a raid in December, he was carrying false identification, the officials said.

He was later released to the Iraqi government with another Iranian official who was picked up at the same time. The Iraqis asked both Iranians to leave the country.

The senior defense analyst said there was no direct link between the detained Iranians and the physical evidence presented on Sunday. But the analyst said, "the overall tenor" of the evidence was that Mr. Chizari was implicated in bringing E.F.P.s into Iraq.

The briefing also presented new information on what the Americans call the smuggling routes. There are three main routes, officials said: the Mandelli border crossing, east of Baghdad; the Mehran crossing, in the marshes to the south; and in the southern city of Basra.

Paid Iraqis, rather than Iranians themselves, carry the materials across the border, the officials said.

The senior military official blamed recent press reports for, he said, overstating the importance of the weapons presentation, which had been delayed. Part of the delay reflected a view among officials in Washington that the original presentation was insufficiently strong. Officials here did not address that element of the internal debate.

The senior American military official did make it clear that declassifying the material took place only after weeks of analysis on what information could be useful to hostile forces — information that has mostly been kept out of the public eye since the E.F.P.s began turning up in Iraq. "We publicly have not acknowledged E.F.P.s for the past two years," the senior military official said.

Laid out on the tables themselves were the tailfins of dozens of apparently used mortar shells, as well as intact mortar shells, rocket-propelled grenades, cases for some of the weaponry, the E.F.P., and two identification cards the officials said were taken in the Erbil raid.

The shells had serial numbers in English in order to comply with international standards for arms, the officials said. One grenade, for instance, was marked with the serial number P.G.7-AT-1 followed by LOT:5-31-2006. The officials said that the serial numbers clearly identified the grenade as being of Iranian manufacture and the date showed that it had been made in 2006.

Commanders in Baghdad are acutely aware of the deadly E.F.P.s. Col. Steve Townsend, commander of the Third Stryker Brigade Combat Team in Baghdad, said his unit has encountered about a dozen E.F.P.s in the past two months.

Iran's role in Iraq has been discussed in recent months in public and private testimony by senior intelligence officials. In testimony last month, Gen. Michael V. Hayden, director of the Central Intelligence Agency, said "there's a clear line of evidence that points out the Iranians want to punish the United States, hurt the United States in Iraq, tie down the United States in Iraq, so that our other options in the region, against other activities the Iranians might have, would be limited."

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Senator John D. Rockefeller IV, the West Virginia Democrat who chairs the Senate Intelligence Committee, said last month that he believed that Iranian operatives inside Iraq were supporting Shiite militias and working against American troops.

But he also asserted that the White House had a poor understanding of Iranian calculations and added that he was concerned that the Bush administration was building a case for a more confrontational policy toward Tehran.

Military Ties Iran To Arms In Iraq (WP)

By Joshua Partlow

The Washington Post, February 12, 2007

BAGHDAD, Feb. 11 -- Senior U.S. military officials in Iraq sought Sunday to link Iran to deadly armor-piercing explosives and other weapons that they said are being used to kill U.S. and Iraqi troops with increasing regularity.

During a long-awaited presentation, held in Baghdad's fortified Green Zone, the officials displayed mortar shells, rocket-propelled grenades and a powerful cylindrical bomb, capable of blasting through an armored Humvee, that they said were manufactured in Iran and supplied to Shiite militias in Iraq for attacks on U.S. and Iraqi troops.

"Iran is a significant contributor to attacks on coalition forces, and also supports violence against the Iraqi security forces and the Iraqi people," said a senior defense official, who was joined by a defense analyst and an explosives expert, both also from the military.

The officials said they would speak only on the condition of anonymity, so the explosives expert and the analyst, who would normally not speak to the news media, could provide information directly. The analyst's exact title and full name were not revealed to reporters. The officials released a PowerPoint presentation including photographs of the weaponry, but did not allow media representatives to record, photograph or videotape the briefing or the materials on display.

An official at the Iranian Embassy in Baghdad called the U.S. accusations "fabricated" and "baseless."

"We deny such charges. We ask those who are claiming such evidence: Show the documents in public," said the official, who also spoke on condition of anonymity. "We cannot compensate for the American failure and fiasco in Iraq. . . . It is not our policy to be involved in any hostile operations against coalition forces here."

The U.S. officials said weapons were smuggled into the country by the Quds Force, an elite unit of the Iranian Revolutionary Guard that U.S. officials believe is under the control of Iran's supreme religious leader, Ayatollah Ali Khamenei. The officials in Baghdad said that Iranians recently detained in Iraq by U.S. forces belong to the Quds Force.

With so much official U.S. buildup about the purported evidence of Iranian influence in Iraq, the briefing was also notable for what was not said or shown. The officials offered no evidence to substantiate allegations that the "highest levels" of the Iranian government had sanctioned support for attacks against U.S. troops. Also, the military briefers were not joined by U.S. diplomats or representatives of the CIA or the office of the Director of National Intelligence.

Although the administration has made many assertions about Iran's nuclear program, its role in Iraq and its ties to groups on the State Department's terrorism list, the U.S. government has never publicly offered evidence proving the allegations. The briefing was the first time during the Bush administration that officials had sought to make a public intelligence case against Iran.

Iraq's deputy foreign minister, Labeed M. Abbawi, said in an interview Sunday that the Iraqi government remains in the dark about the full U.S. investigation into Iranian activities in Iraq. "It is difficult for us here in the diplomatic circles just to accept whatever the American forces say is evidence," he said.

"If they have anything really conclusive, then they should come out and say it openly, then we will pick it up from there and use diplomatic channels" to discuss it with Iran, he said. "The method or the way it's being done should be changed, to have more cooperation with us."

U.S. military officials in Iraq had previously described the use of "explosively shaped charges" to target vehicles, but Sunday's briefing was the first time they displayed pieces of what they called an "explosively formed penetrator" or EFP.

The one such device shown at the briefing was a cylinder of PVC pipe about eight inches long and about six inches in diameter. The officials said the devices are deadly because the explosion sends a slug of malleable metal, often copper, at velocities high enough to penetrate the armor of tanks and Humvees. Their components require precision machining that Iraq has shown no evidence of being able to perform, the officials said.

The first known attack using such weapons in Iraq occurred in May 2004, and the rate of attacks using them has nearly doubled in 2006, the officials said. They have also been used in southern Lebanon, the explosives expert said. The Lebanese Shiite organization Hezbollah receives military support from Iran.

The defense analyst said Iranians used Iraqi smugglers to bring the weapons into Iraq. "The smoking gun of an Iranian standing over an American with a gun, it's never going to happen," he said.

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The officials said the weapons are often supplied to what the officials called "rogue" elements of the Mahdi Army, the powerful Shiite militia led by anti-American cleric Moqtada al-Sadr. One official said there was no "widespread involvement" of the Iraqi government in supplying the weaponry.

A group of Iraqis coming into southern Iraq from Iran were detained by Iraqi border forces in 2005, the defense analyst said, and "they had the materials, EFPs and whatnot, on them."

The officials provided further details on the case of two Iranians captured during a December raid on the compound of a leading Shiite politician, Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq, and five Iranians seized in the raid of a liaison office in the northern city of Irbil in January.

The raid at Hakim's compound netted Mohsen Chirazi, whom U.S. officials described as a high-ranking Quds Force operations chief, as well as documents with information about sniper rifles and mortars, the officials said. The senior defense official said that when U.S. officials discussed the allegations with Hakim's representatives, their explanation was that "it is normal for different groups to acquire armaments for protection purposes."

Following protests from Iraqi officials, the U.S. released Chirazi and the other Iranian captured with him. Hakim visited President Bush at the White House in December.

In the January raid of the Iranian liaison office, which provides consular services in Irbil, U.S. forces captured five Iranians. U.S. officials said they were Quds Force operatives who carried no passports and had fake identification cards. At the time of the raid they were trying to alter their appearance by shaving their heads -- U.S. forces found a bag of hair -- and they were flushing documents down a toilet, the officials said. Explosive residue was found on the hands of at least one of the Iranians, they said.

The Iraqi government has called for their release as well. Iraq's foreign minister, Hoshyar Zebari, has said that the liaison office was operating under the approval of the Kurdish regional government and that Iraq was in the process of formalizing it as a diplomatic consulate.

The weapons displayed for reporters on two tables on Sunday -- rocket-propelled grenades, football-shaped mortar shells, the shaped explosive charge and about 40 tail fins of exploded mortar shells -- showed specific signs of Iranian manufacture, the officials said. The mortar tail fins, for example, were made from a single fused piece of metal, while other countries make mortar shells that have removable parts, the explosives expert said.

Two rocket-propelled grenades, with the markings "P.G. 7-AT-1," were said to be made exclusively in Iran.

The process of the briefing, delayed by more than two weeks, was unusual. President Bush's national security adviser, Stephen J. Hadley, said in a recent meeting with reporters that the original media presentation had overstated the evidence against Iran and needed to be toned down.

At the Green Zone briefing Sunday, the senior defense official said charts and graphs outlining the scope of attacks with shaped charges had been removed from the presentation by the intelligence community. "The reason we're talking about this right now is the vast increase in the number of EFPs being found," he said. The U.S. forces in Iraq "are not trying to hype this up to be more than it is."

Staff writer Dafna Linzer in New York and special correspondent Naseer Mehdawi in Baghdad contributed to this report.

Military: Iran Ships Weapons To Shiite Extremists (USAT)

By Jim Michaels

USA Today, February 12, 2007

BAGHDAD — The U.S. military said Sunday that armor-piercing roadside bombs sent by Iran to Shiite extremists have killed 170 American and coalition troops in Iraq.

U.S. military officials, who declined requests to be identified, said shipments of weapons and ammunition to Iraq's Shiite militias were being directed at the highest levels of the Iranian government.

FROM THE U.S. MILITARY: Pictures, descriptions of Iranian support to insurgents (PDF)

In a briefing, U.S. officials showed reporters part of a device they described as a sophisticated roadside bomb, along with mortar shells and rocket-propelled grenades they said were made in Iran. Later, one of the officials, an intelligence analyst, said it would be impossible to find a "smoking gun" conclusively proving Iranian government involvement.

Sunday's briefing by the three military officials was the most detailed attempt to show that Iran supports militants in Iraq. It followed similar remarks Friday by U.S. Defense Secretary Robert Gates.

Gates said serial numbers and markings found on explosives provide "pretty good" evidence that Iran is supplying either weapons or expertise to extremists in Iraq.

U.S. and coalition forces have not captured any Iranian agents in possession of the armor-piercing roadside bombs. The U.S. officials at the briefing said Iraqis are usually used to transport the explosives from Iran.

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The Mahdi Army militia is among the Shiite extremist groups that have obtained the powerful bombs. The Mahdi Army is aligned with anti-American cleric Muqtada al-Sadr, whose political organization is part of Prime Minister Nouri al-Maliki's government.

Al-Maliki has moved to distance himself from al-Sadr in recent weeks and has said he does not want Iraq to become a proxy battlefield for the United States and Iran.

U.S. commanders have been increasingly vocal about allegations of Iranian support for Shiite militias and extremists in Iraq. Lt. Gen. Raymond Odierno, the No. 2 ranking U.S. commander in Iraq, said recently that Iran was providing training, weapons, ammunition and money to militants in Iraq.

The military said sophisticated weapons from Iran give militants an edge in their fight against American and Iraqi forces.

The Iranian Embassy in Baghdad could not be reached for comment, but Tehran has denied the allegations in recent statements.

Sunday's military briefing had been delayed several times, as higher-ups in Washington vetted the evidence, the U.S. officials said. The Bush administration was widely criticized after the U.S.-led invasion of Iraq for flawed intelligence alleging Saddam Hussein had weapons of mass destruction.

The officials said that among several Iranians picked up in recent raids was an operations officer from Iran's al-Quds Brigade, a unit in the Iranian Revolutionary Guards responsible for training insurgents and terrorists. The U.S. military identified him as Mohsin Chizari.

The Revolutionary Guards and al-Quds force report to Iran's supreme leader, Ayatollah Ali Khamenei.

U.S. forces raided a compound in the northern Iraqi city of Irbil last month, detaining five Iranians, all of whom were al-Quds members, the U.S. military said. Those captured tried to flush documents down the toilet and alter their appearance by shaving their heads, the U.S. officials said.

American officers are particularly worried about the armor-piercing bombs that can shoot a large slug of molten metal through the thick armor of a Humvee or Abrams tank.

Unlike many roadside bombs in Iraq that are cobbled together from artillery shells, so-called explosively formed penetrators are machined in factories.

"It is not just technology you can crank off the street," Lt. Col. Steven Miska, deputy commander of a U.S. brigade in Baghdad, said in an interview last week.

The military officials said the number of explosively formed penetrators, or EFPs, used in Iraq increased dramatically last year after first being detected there in 2004. The number of EFP attacks nearly doubled last year. EFPs also have been used against Israeli forces in Lebanon by Iranian-backed Hezbollah militants, who fought a 34-day war with Israel last summer.

The U.S. military says it has also discovered conventional weapons and ammunition in Iraq tied to Iran. In an interview last week, Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq, said U.S. forces have discovered mortar rounds that were Iranian-made. They're distinctive because most tail-fins on 81mm mortars screw off, but Iranian-made shells do not, he said.

The U.S. officials said Sunday that much of the Iranian weaponry found in Iraq was manufactured last year, indicating the munitions were recently shipped into Iraq and were not Saddam-era weapons.

Odierno said in a recent interview that the Iraqi government has been confronted with U.S. allegations of Iranian support for militants in Iraq.

Iran's Leaders Arming Iraqis, U.S. Says (AP)

By Steven R. Hurst

AP, February 12, 2007

U.S. military officials on Sunday accused the highest levels of the Iranian leadership of arming Shiite militants in Iraq with sophisticated armor-piercing roadside bombs that have killed more than 170 troops from the American-led coalition.

The military command in Baghdad denied, however, that any newly smuggled Iranian weapons were behind the five U.S. military helicopter crashes since Jan. 20 — four that were shot out of the sky by insurgent gunfire.

A fifth crash has tentatively been blamed on mechanical failure. In the same period, two private security company helicopters also have crashed but the cause was unclear.

The deadly and highly sophisticated weapons the U.S. military said it traced to Iran are known as "explosively formed penetrators," or EFPs.

The presentation was the result of weeks of preparation and revisions as U.S. officials put together a package of material to support the Bush administration's claims of Iranian intercession on behalf of militant Iraqis fighting American forces.

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Senior U.S. military officials in Baghdad said the display was prompted by the military's concern for "force protection," which, they said, was guaranteed under the United Nations resolution that authorizes American soldiers to be in Iraq.

Three senior military officials who explained the display said the "machining process" used in the construction of the deadly bombs had been traced to Iran.

The experts, who spoke to a large gathering of reporters on condition that they not be further identified, said the supply trail began with Iran's Revolutionary Guards Quds Force, which also is accused of arming the Hezbollah guerrilla army in Lebanon. The officials said the EFP weapon was first tested there.

The officials said the Revolutionary Guard and its Quds force report directly to Iran's supreme leader, Ayatollah Ali Khamenei.

The briefing on Iran was revised heavily after officials decided it was not ready for release as planned last month.

Senior U.S. officials in Washington — cautious after the drubbing the administration took for the faulty intelligence leading to the 2003 Iraq invasion — had held back because they were unhappy with the original presentation.

The display appeared to be part of the White House drive that has empowered U.S. forces in Iraq to use all means to curb Iranian influence in the country, including killing Iranian agents.

It included a power-point slide program and a handful of mortar shells and rocket-propelled grenades which the military officials said were made in Iran.

The centerpiece of the display, however, was a gray metal pipe about 10 inches long and 6 inches in diameter, the exterior casing of what the military said was an EFP, the roadside bomb that shoots out fist-sized wads of nearly molten copper that can penetrate the armor on an Abrams tank.

"A normal roadside bomb is like a shotgun blast. But these are like a rifle. They're focused and they're aimed. ... It's going to take anything out in its way, go in one side and out the other," said 1st Lt. Zane Galvach, 25, of Dayton, Ohio, a soldier with the Army's 2nd Division, based in Baghdad.

Skeptical congressional Democrats said the Bush administration should move cautiously before accusing Iran of fomenting a campaign of violence against U.S. troops in Iraq.

Senate Intelligence Committee member Ron Wyden, D-Ore., said "the administration is engaged in a drumbeat with Iran that is much like the drumbeat that they did with Iraq. We're going to insist on accountability."

On the Republican side, Sen. Trent Lott of Mississippi said he did not think the United States was trying to make a case for attacking Iran. Lott said the U.S. should try to stop the flow of munitions through Iran to Iraq but that "you do that by interdiction ... you don't do it by invasion."

The EFPs, as well as Iranian-made mortar shells and rocket-propelled grenades, have been supplied to what the military officials termed "rogue elements" of the Mahdi Army militia of anti-American Shiite cleric Muqtada al-Sadr. He is a key backer of Shiite Prime Minister Nouri al-Maliki.

The U.S. officials glossed over armaments having reached the other major Shiite militia organization, the Badr Brigade. It is the military wing of Iraq's most powerful Shiite political organization, the Supreme Council for the Islamic Revolution in Iraq, whose leaders also have close ties to the U.S.

Many key government figures and members of the Shiite political establishment have deep ties to Iran, having spent decades there in exile during Saddam Hussein's rule. The Badr Brigade was formed and trained by Iran's Revolutionary Guard.

An intelligence analyst in the group said Iran was working through "multiple surrogates" — mainly in the Mahdi Army — to smuggle the EFPs into Iraq. He said most of the components are entering the country at crossing points near Amarah, the Iranian border city of Meran and the Basra area of southern Iraq.

The analyst said Iraq's Shiite-led government had been briefed on Iran's involvement and Iraqi officials had asked the Iranians to stop. Al-Maliki has said he told both the U.S. and Iran that he does not want his country turned into a proxy battlefield.

"We know more than we can show," said one of the senior officials, when pressed for tangible evidence that the EFPs were made in Iran.

U.S. officials have alleged for years that weapons were entering the country from Iran but had until Sunday stopped short of alleging involvement by top Iranian leaders.

During the briefing, a senior defense official said that one of the six Iranians detained in January in the northern city of Irbil was the operational commander of the Quds Force.

He was identified as Mohsin Chizari, who was apprehended after slipping back into Iraq after a 10-month absence, the officer said.

The Iranians were caught trying to flush documents down the toilet, he said. They had also tried to change their appearance by shaving their heads. Bags of their hair were found during the raid, he said.

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The dates of manufacture on weapons found so far indicate they were made after fall of Saddam Hussein — mostly in 2006, the officials said.

In a separate briefing, Maj. Gen. Jim Simmons, deputy commander of Multinational Corps-Iraq, said that since December 2004, U.S. helicopter pilots have been shot at on average about 100 times a month and been hit on an average of 17 times in the same period.

He disclosed for the first time that a Black Hawk helicopter had been hit by small arms fire near the western city of Hit. The craft crash-landed but there were no casualties. Simmons was on board.

The major general said Iraqi militants are known to have SA-7, SA-14 and SA-16 shoulder-fired anti-aircraft missiles but none of the most recent five military crashes were caused by those weapons. He said some previous crashes had been a result of such missiles but would not elaborate.

North of Baghdad, a suicide truck bomber crashed into a police station near Tikrit, killing at least 30 policemen. A total of 76 people were killed or found dead across Iraq. The U.S. Central Command said a soldier was shot and killed Sunday in volatile Diyala province northeast of the capital. A second soldier was reported killed Sunday in western Baghdad.

Iran Arms Iraqi Insurgents (WT)

By Bill Gertz

The Washington Times, February 12, 2007

Iran is supplying deadly shoulder-fired missiles and armor-piercing bombs to Iraqi insurgents, along with TNT, triggering devices, rockets and other weapons that are killing and injuring hundreds of U.S. and allied troops, a U.S. military intelligence report made public yesterday says.

The detailed briefing report, titled "Iranian Support for Lethal Activity in Iraq," stated that Iranian Misagh-1 portable anti-aircraft missiles were found after a failed attempt to shoot down a plane at Baghdad's airport in 2004.

Disclosure of the Iranian provision of anti-aircraft missiles comes as six U.S. helicopters have been shot down by insurgents in the past three weeks. It is not known whether Iranian missiles were used in the attacks.

The armor-piercing bombs have killed at least 170 American and allied troops in Iraq, defense officials told reporters in Baghdad, where the report was released.

"More than 170 U.S. and coalition troops have been killed by these things, and 620 wounded. There was a significant increase in their use over the past six months," one defense official said.

"The weapons had characteristics unique to being manufactured in Iran. ... Iran is the only country in the region that produces these weapons," said a defense official who briefed reporters in Baghdad, adding that Tehran was using Shi'ite cleric Sheik Muqtada al-Sadr's Mahdi Army as a surrogate in Iraq.

The report stated that the Iranians involved in supporting Iraqi extremists are members of the Qods Force of the Iranian Revolutionary Guards Corps, Tehran's Islamist paramilitary shock troops. The Qods Force is known to back terrorists throughout the Middle East, according to the 16-page report.

A senior defense official said the Iranian terrorist support is "coming from the highest levels of the Iranian government."

Much of the intelligence in the report was obtained in the past several months, including an identity card of a Qods Force member who was captured along with four other Iranian agents in a raid on the group's office in the northern Iraqi city of Irbil last month. The identity card bore the logo of the Qods Force.

"Over the last 60 days, Iranian and Iraqi detainees have told us that the Qods Force provides support to extremist groups in the form of money and weapons," the report said. "Their information included references to Iranian provision of weapons to Iraqi militants engaged in anti-coalition violence, as well as weapons and training to these same militants."

The briefing is the first Bush administration effort to expose details of Iranian support for extremists that has been a growing problem, especially with the introduction in 2004 of what the military is calling "explosively formed penetrators," or EFPs, that were shown in the report to have blown through the armor plating on the side of a U.S. Humvee.

"There is a growing body of evidence pointing to Iranian supply of EFPs to Iraqi extremist groups. Additional evidence suggests that Iran is also providing training and other forms of weaponry to extremist groups," the report said.

But congressional Democrats on yesterday's political talk shows were immediately skeptical on many points.

"Explosives seem to be flowing into Iraq from Iran, but does it stem from a deliberate government policy or rogue elements within the Iranian government?" asked Sen. Jack Reed, Rhode Island Democrat and Armed Services Committee member, on Fox News.

Both Democratic Sens. Christopher J. Dodd of Connecticut and Ron Wyden of Oregon said they feared the Bush administration had doctored the intelligence to support a belligerent policy against Iran.

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"I'm worried about that. That's how we got into the mess in Iraq," Mr. Dodd said on CBS, with Mr. Wyden telling CNN that "the administration is engaged in a drumbeat with Iran that is much like the drumbeat that they did with Iraq. We're going to insist on accountability."

But Senate Minority Whip Trent Lott, Mississippi Republican, dismissed such suggestions, saying that the United States is using military interdiction to block Iranian interference in Iraq, while continuing diplomatic dialogue with Tehran.

"We are talking to them in a variety of ways. Just because you don't have a grand meeting doesn't mean you're not communicating," Mr. Lott said. "Diplomacy is an arcane world that I guess you have to be in to really understand. But I don't think the American people ought to be concerned that some precipitous action is fixing to occur."

The report contains a map showing the route used by Iranian agents to funnel cash and weapons into Iraq.

"Money and weapons are escorted across the border using different vehicles that only travel at night," the report said, noting the shipments happen "regularly."

"The money is transported through Mehran, Iran," the report said. "Named individuals provided two of the IEDs from Iran that can go through armor."

The shaped charges were described in the report as can-shaped high-explosives that send out a melted-metal projectile that can penetrate armor plating. It is a new type of improvised explosive devices, the deadly roadside bombs that have caused most of the deaths among U.S. and allied forces in Iraq since 2003.

In addition to shaped charges, the report shows that the Iranians have supplied cash and triggering devices for bombs, including a relatively sophisticated "passive infrared trigger" that was recovered by U.S. forces near the southern city of Basra and traced to Iran.

Large amounts of TNT were also recovered and found to have Farsi writing, an indication they were manufactured in Iran. Additionally, 88 mm mortar rounds found in Iraq were traced to Iran by serial numbers and shown to have been manufactured as late as September.

"Comparison of the seized mortar container markings to known Iranian samples indicates they are of Iranian production," the report said.

Iranian armor-piercing rocket-propelled grenades also are being sent to Iraq, according to the report. New PG-7AT-1 grenades were found in Baqouba in November and in Baghdad in January.

Senior administration officials in the past have complained of the Iranian weapons support, but until now they have been reluctant to make the details public.

The report was held up for more than a week as the result of an internal dispute between intelligence and policy officials. Senior U.S. intelligence officials within the office of the director of national intelligence sought to play down the intelligence of Iranian involvement, fearing the report will be used as a basis to launch an attack on Iran.

Policy and military leaders pressed to have the report made public to expose Iranian duplicity. Tehran officials have said publicly that they want to see a stable Iraq while they are covertly supporting insurgents through the Qods Force activities.

U.S. Officials Offer Evidence Of Iran's Hand In Iraqi Unrest (LAT)

By Tina Susman, Times Staff Writer

The Los Angeles Times, February 12, 2007

U.S. defense and intelligence officials today rolled out what they said was solid evidence that Iran was providing bombs to target U.S. and Iraqi troops and accused Iran's supreme leader of orchestrating the smuggling of such devices over the Iran-Iraq bo

Baghdad — U.S. defense and intelligence officials today rolled out what they said was solid evidence that Iran was providing bombs to target U.S. and Iraqi troops and accused Iran's supreme leader of orchestrating the smuggling of such devices over the Iran-Iraq border.

At a briefing held under unusually secretive conditions here, the U.S. officials, who refused to be identified by name and did not allow cameras or recording devices inside a conference room, offered up tables laden with hardware and a slide show of documentation that they said bolstered the U.S. contentions of Iranian involvement in Iraqi unrest.

One of the officials, a military explosives expert, sat cradling the remnants of what he said was an Iranian-made explosively-formed penetrator, or EFP, on the table in front of him. The officer said that the device, which looked like a large coffee can stuffed with a gray, sandy substance, has been responsible for the deaths of at least 170 U.S. and other forces since first surfacing in Iraq in June 2004.

Also on display at the press conference were about three dozen tailfins of 60-milimeter and 81-milimeter mortars; two anti-tank rockets; shipping containers for mortars; a chunk of metal said to have been rocketed out of an Iranian-made explosive; and

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the identification cards, tucked into clear, plastic baggies, of two men arrested by U.S. agents in the northern Iraqi city of Irbil last month.

The intelligence analyst said the men were Iranian agents who were trying to change their appearance and flush documents down the toilet when U.S. officials burst in on them. The hardware, they said, was identifiable as Iranian because of the method in which it was manufactured, or because of unique markings.

The unveiling came amid discomfort from Iraqi government officials, who have made clear they don't want to be in a diplomatic cross-fire between the United States and Iran, leading supporters of the Iraqi government who are mutual antagonists. Since December, U.S. officials have arrested several Iranian officials in Iraq. Last week, Iran accused the United States of being behind the abduction of an Iranian diplomat on the streets of Baghdad.

The latest U.S. accusations against Iran, targeting Iran's supreme leader, Ayatollah Ali Khamenei, was certain to heighten tensions between Washington and Tehran. According to the U.S. official here, agents of Iran's Quds Force, a unit of the Iranian Revolutionary Guards, were involved in the smuggling of explosives into Iraq.

"They report directly to the supreme leader," said the U.S. intelligence official of the Quds agents. Another official said the material provided at the briefing was only a sample of evidence that existed but that because of intelligence concerns, nothing more could be provided.

Violence persisted in the capital and other parts of Iraq today (Sunday). At least 15 people died when a suicide bomber rammed a pickup truck into a police station in Dour, a Sunni town north of Baghdad. Witnesses said the explosives were hidden beneath hay in the truck and that the force of the blast damaged a hospital, post office, two schools and other buildings near the station.

The attack occurred shortly at about 9 a.m., just as Iraqi police were gathering for work, and destroyed the police station, said one witness, adding that the street was littered afterward with shrapnel and body parts.

In other attacks Sunday, gunmen raked a police station in the southern town of Muthena with gunfire, killing one civilian, and a car bomb went off in Baghdad's Mansour neighborhood, killing one person.

The violence came despite U.S. and Iraqi promises of a new security plan to stabilize Iraq, a plan that Nouri said Sunday would escalate this week with sweeps throughout Baghdad.

Dems Skeptical Of Starting Row With Iran (AP)

AP, February 12, 2007

Skeptical congressional Democrats said Sunday the Bush administration should move cautiously before accusing Iran of fomenting a campaign of violence against U.S. troops in Iraq.

The members of Congress spoke on the morning talk shows as the U.S. military said it believes orders came from the highest levels of the Iranian government to send components for sophisticated roadside bombs in Iraq.

The military told reporters in Baghdad that between June 2004 and last week, more than 170 Americans had been killed by the bombs, which the military calls "explosively formed projectiles." Those weapons are capable of destroying an Abrams tank.

Explosives seem to be flowing into Iraq from Iran, but does it stem from a deliberate government policy or rogue elements within the Iranian government? asked Sen. Jack Reed, D-R.I., who serves on the Senate Armed Services Committee.

Sen. John Kerry, D-Mass., said that ultimately Iran wants a stable Iraq and that the United States needs to engage in diplomacy.

Sen. Christopher Dodd, D-Conn., said the administration could be laying the groundwork for an attack on Iran and that "I'm worried about that. That's how we got into the mess in Iraq," by relying on what Dodd called "doctored information."

Senate Intelligence Committee member Ron Wyden, D-Ore., said "the administration is engaged in a drumbeat with Iran that is much like the drumbeat that they did with Iraq. We're going to insist on accountability."

On the Republican side, Sen. Trent Lott of Mississippi said he does not think the United States is trying to make a case for attacking Iran. Lott said the U.S. should try to stop the flow of munitions through Iran to Iraq but that "you do that by interdiction ... you don't do it by invasion."

Sen. John Cornyn, R-Texas, spoke in more aggressive tones, saying that "we have to do everything within our power to stop" any cross-border flow.

Reed spoke on "Fox News Sunday," Kerry on ABC's "This Week," and Dodd and Lott on CBS's "Face the Nation" and Cornyn and Wyden on CNN's "Late Edition."

No News From Iran's Leader On Nuclear Program (NYT)

By Nazila Fathi

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The New York Times, February 12, 2007

TEHRAN, Feb. 11 — President Mahmoud Ahmadinejad vowed in a speech marking the 28th anniversary of the Islamic revolution here on Sunday that Iran would not stop its nuclear program despite a United Nations deadline next week.

But he stopped short of making a promised announcement about "good news" in the country's nuclear progress, raising speculation that domestic political pressure and technological glitches may have put off a milestone in the government's efforts to begin mass enrichment of uranium.

In his speech, to a crowd estimated at more than 100,000 people who had gathered in Azadi Square in Tehran, he fell back on a formula that has become familiar as international sanctions and pressure have increased: vowing that Iran would never give up its right to enrich uranium, but promising that its program was for peaceful purposes only.

"We are ready for talks but will not suspend our program," he said.

In addition, he accused Western governments of making false promises of aid to lure Iran into giving up its program at a moment when it holds great promise.

"There is deception behind their demand for us to suspend our nuclear enrichment program; they want to force us to suspend the program and not let us resume it under an excuse," he said, adding that the last time the country halted its nuclear activities it took more than two years to restart the process.

The looming nuclear issue, and the events of a year in which Iran has worked to assert its importance on the world stage in other areas, added a note of historic importance to an anniversary celebration that in years past had often taken on the air of forced celebration.

This year, demonstrators converged to hear Mr. Ahmadinejad speak. Many held banners proclaiming Iran's nuclear aims, including the slogan: "Suspension, never, not even for one second!"

Mr. Ahmadinejad presented Iran's program as a fait accompli that the West would have to deal with, saying, "Our nuclear program is not a legal or a technical issue anymore, it has become a political one."

But the news of major success that he repeatedly promised last week did not appear in his presentation, nor in a parallel speech given by Iran's chief nuclear negotiator, Ali Larijani, at an international security conference in Munich. Instead, the president said the news would be announced sometime in the next two months, and he referred to the rally on Sunday as a "great nuclear celebration."

It was unclear whether Mr. Ahmadinejad's conspicuous silence reflected technical problems or political caution or some combination of the two.

Technically, Iran is on the edge of crossing a nuclear line it has envisioned for decades: moving beyond the experimental phase of its enrichment program, begun in secret in 1985 and continued in fits and starts since then, and progressing to industrial-scale production. It was widely believed that Mr. Ahmadinejad was planning to announce that step, claiming opening success in an effort to install 3,000 enrichment centrifuges in two cavernous halls at its desert nuclear plant near Natanz.

The plant is eventually meant to hold 54,000 centrifuges, allowing the enrichment of uranium by the ton for reactor fuel rods — or, if the Bush administration's fears are true, nuclear weapons.

But one outstanding question is whether the frenetic activity at the desert plant is real, a bluff or a little of both — whether Tehran has really mastered the centrifuge basics or is involved in a political show to strengthen its bargaining position in the global standoff over its nuclear program. The known technical facts suggest that it may be too soon for any immediate leap to an industrial capacity, some international nuclear experts say.

There has also been growing domestic political pressure on Mr. Ahmadinejad to tone down his defiant rhetoric, especially after the recent imposition of sanctions by the United Nations.

Last week, reformist members of Parliament said they were ready to hold talks with their American counterparts in an effort to reduce tensions.

"It is time for the Parliaments of the two countries to use their legal power and authority to help bring understanding and cooperation between the two governments," said Akbar Alami, a reformist member of Parliament, the daily newspaper Aftab-e-Yazd reported Saturday.

Mr. Alami pointed to the rhetoric of Mr. Ahmadinejad and President Bush and said that both had been provoking animosity between the countries.

In between Mr. Ahmadinejad's alternately defiant and jubilant notes on Sunday, he also tried a reassuring one, taking pains to say that Iran would comply with International Atomic Energy Agency regulations and would not leave the Nuclear Nonproliferation Treaty. "All our activities are watched by I.A.E.A. cameras," he said.

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In Munich, Mr. Larijani, Iran's nuclear negotiator, echoed those assurances, telling an audience of military and disarmament experts that "we believe in a solution through negotiations and dialogue" and asserting that Iran was ready to restart talks over its nuclear program.

"If the other side is determined in doing so," he said, "I am sure within a few months all issues will be finalized and the way will be paved for long-term cooperation both in regional aspects and in energy."

But Iran still faces a Security Council deadline that looms much sooner than a few months down the road. The Council has set Feb. 24 as the deadline for the government to suspend its uranium enrichment program or face tougher sanctions.

In his speech, Mr. Larijani said sanctions were counterproductive.

Afterward, he met for more than an hour with Javier Solana, the European Union's foreign policy chief, who had been involved in the negotiations with Iran. Mr. Larijani later met with Frank-Walter Steinmeier, the German foreign minister.

Iranians Voice Support For Tehran's Bid For Nuclear Energy (LAT)

By Kim Murphy

The Los Angeles Times, February 12, 2007

Tens of thousands of flag-waving Iranians converged on Azadi Square on Sunday to voice support for Iran's bid for nuclear energy, as President Mahmoud Ahmadinejad vowed to press forward with the nation's uranium enrichment program.

"When we suspend our activities, they will never let us resume them," the president told a crowd of cheering, chanting supporters who alternately sang patriotic anthems and burned Uncle Sam-hatted effigies of President Bush.

In his hourlong speech on the 28th anniversary of the Islamic Revolution, when crowds each year assemble to commemorate the overthrow of Shah Mohammed Reza Pahlavi, it was expected that Ahmadinejad would announce progress on Iran's uranium enrichment program.

Iran is said to be in the beginning stages of installing industrial-scale uranium enrichment centrifuges at an underground site at Natanz, but Ahmadinejad disclosed no advancements Sunday. Western nonproliferation specialists say the start-up has been hindered by technical problems, including difficulties operating the above-ground test centrifuges.

Iran has also hinted that it may try to set up P-2 centrifuges, which are more advanced than those being installed at Natanz, but there was no announcement of that, either. Ahmadinejad hinted that reports of new technological gains of an unspecified nature would be forthcoming between now and April 9.

Iranian officials have asserted a right to develop a civilian nuclear power program, but the U.S. and other leading Western nations believe that Iran is aiming to construct a nuclear weapon.

For all the flag-waving, fist-clenching and chants of "Death to America," the crowd seemed somewhat subdued, as did the president. Hundreds wandered off in the middle of Ahmadinejad's speech, and the subtext to the president's address was that Iran intended to cooperate and was prepared for talks if the U.S. did not unilaterally set the terms.

"Why are your nuclear sites operating 24 hours a day, and we have to stop ours? We are ready to negotiate, but in a fair atmosphere," the president said. "Why do we have to suspend [enrichment] before negotiations?"

He said Iran was committed to continuing full cooperation with the International Atomic Energy Agency, including access by IAEA inspectors to Iran's nuclear sites.

In Germany, meanwhile, chief Iranian nuclear negotiator Ali Larijani struck a similarly conciliatory tone, asserting that Iran was prepared to settle all outstanding issues with the IAEA over the next three weeks.

"Today we announce to you that the political will of Iran is aimed at the negotiated settlement of the case, and we don't want to aggravate the situation in our region," Larijani told a gathering of the world's top security officials in Munich.

He added that Iran was seeking harmonious relations with its neighbors in the Middle East.

"That Iran is willing to threaten Israel is wrong," Larijani said. "We pose no threat and if we are conducting nuclear research and development we are no threat to Israel. We have no intention of aggression against any country."

Ahmadinejad's speech was the highlight of a day here that also included schoolchildren singing patriotic songs (including a recently penned anthem, "Nuclear power for peaceful goal, today it's the song of Iranians," and "The threat of the United States is not useful anymore.")

One woman waved a caricature of Secretary of State Condoleezza Rice with huge lips pursed into an angry snarl. Bush was depicted with big ears and a cowboy hat stamped with the Star of David.

Streets on several sides of Azadi Square throughout Sunday morning were turned into rivers of people making their way toward the anniversary rally, most of them bused in by the government from government offices, factories and schools. But some came on their own, a few stopping to buy Spiderman and Barbie balloons along the way.

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"Please tell Mr. Bush, stay in your place, because you cannot do anything against this nation. If he tries to harm us, he will regret it," said Fatimeh Youssefi, who came with her granddaughter, both clutching chadors tightly around their chins. "We will defend our country to the day we are dead as martyrs."

"It's our duty to come here for our country and our revolution, and to say that nuclear energy is our right," said Mehdi Besharati, a 49-year-old government employee. "Why is it that the other countries can have nuclear energy, but we can't?"

Ahmadinejad also used the occasion to warn the U.S. about its continued presence in Iraq, although he did not address U.S. claims that Shiite-run Iran is aiding Shiite militias in the neighboring state.

"There's no more dictator, so why are you staying there? Iraq has a national parliament now. Why are you staying? Why are you making a new war between Sunni and Shia?" he said.

"The Iranian nation is brothers of the Iraqi nation. Millions of Iranians each year travel to Iraq. The security of Iraq is our security. If there is no safety in Iraq, it means there is no safety in the entire neighborhood," he said.

"You tried to ask us to make a solution in Iraq. We accepted, but you didn't accept our suggestions, and now you've made more and more problems."

Iran Softens Tone, Declares Readiness To Resume Talks (WP)

By Craig Whitlock And Thomas E. Ricks

The Washington Post, February 12, 2007

MUNICH, Feb. 11 -- Facing the prospect of broader international sanctions, Iran's president and national security chief on Sunday offered to resume negotiations over their country's nuclear program and eased up on some of the contentious rhetoric of the past, including threats to destroy Israel.

In Munich, Ali Larijani, Iran's top nuclear negotiator, briefly met with European diplomats for the first time since talks collapsed in September and said Iran was willing to return to formal discussions.

He also said his country had "no intention of aggression against any country," adding that Iran "posed no threat to Israel" in particular, despite past vows from Iranian President Mahmoud Ahmadinejad to wipe Israel "off the map."

Meanwhile in Tehran, Ahmadinejad also said that Iran was willing to resume negotiations, although both he and Larijani rejected a condition for talks set by the U.N. Security Council that Iran first freeze its uranium enrichment program. "We are prepared for dialogue but won't suspend our activities," Ahmadinejad said.

In an address commemorating the 28th anniversary of the Islamic revolution that overthrew the shah of Iran, Ahmadinejad said his government had made recent progress in its nuclear development but did not give specifics. Some diplomats and analysts had expected him to announce that Iran had made a breakthrough in its efforts to enrich uranium.

U.S. and European officials expressed doubt about the sincerity of Iran's stated willingness to talk. "Offering to negotiate but saying suspension's off the table raises a real question about the sincerity of what he said," U.S. Deputy Treasury Secretary Robert M. Kimmitt told reporters in Germany after Larijani's appearance at the Munich Conference on Security Policy, an annual gathering of top defense officials and diplomats from around the world.

In Paris, French Foreign Minister Philippe Douste-Blazy said it would be "unacceptable" to hold negotiations unless Iran first agrees to freeze its nuclear activities. "We have to be exceedingly clear and very rigorous on this proposition," he said.

Larijani met briefly in Munich with German Foreign Minister Frank-Walter Steinmeier and Javier Solana, the European Union's foreign policy chief. Although no breakthroughs were reported, it was the first time the two sides had met since talks between Iran and European diplomats broke off last fall over Iran's refusal to end its uranium enrichment program.

Iran insists its nuclear program is for peaceful energy purposes, but U.S. and European officials say Tehran is pushing to develop atomic weapons in violation of international treaties.

On Friday, the International Atomic Energy Agency suspended some technical aid to Iran, which is under a Feb. 21 deadline from the Security Council to stop enriching uranium or face more international sanctions.

With the deadline looming, Iranian officials have sounded less strident of late. Although Ahmadinejad has garnered worldwide headlines for threatening to destroy Israel and for calling the Holocaust a "myth," diplomats and analysts said he has lost domestic political support in recent months and is under pressure to moderate his tone and positions.

In Munich, where Hitler and the Nazis first tasted power, Larijani tried to sidestep questions about his government's views on the Holocaust, during which the Third Reich orchestrated the killing of an estimated 6 million Jews and about 5 million other Europeans. It is a crime in Germany to deny that the Holocaust happened.

"There is an overreaction to the matter of the Holocaust," Larijani said. "It's a historical matter. I can't see why such sensitivities are being given to such a simple case."

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Larijani also said Iran was a force for regional stability in the Middle East and had no designs on any of its neighbors, including Iraq and Israel. "We pose no threat, and if we are conducting nuclear research and development, we are no threat to Israel," he said.

Instead, Larijani blamed the United States for bringing chaos to the Middle East and South Asia, noting that it had invaded two of Iran's neighbors, Iraq and Afghanistan. He echoed some of the criticism leveled a day earlier in Munich by Russian President Vladimir Putin, who harshly accused the United States of making the world more dangerous than at any point during the Cold War.

In his own speech at the Munich conference Sunday, U.S. Defense Secretary Robert M. Gates used both humor and pointed remarks to parry Putin's speech. "One Cold War was quite enough," Gates told the audience of about 200 defense and foreign ministers and other officials from about two dozen countries.

Alluding to the fact that both he and Putin are former intelligence officials, Gates said, "I guess old spies have a habit of blunt speaking."

But he added, "I've been to reeducation camp" -- a reference to the four years he spent as president of Texas A&M University before becoming the Pentagon chief.

Gates, who has been defense secretary for just two months, noted that he has accepted an invitation from Putin to visit Russia.

Gates devoted most of his speech to urging NATO members to contribute to the force fighting Taliban insurgents in Afghanistan.

"It is vitally important that the success Afghanistan has achieved not be allowed to slip away through neglect or lack of political will or resolve," Gates said.

Iran Raises Hopes Of Nuclear Settlement (FT)

By Gareth Smyth, Stephen Fidler And Demetri Sevastopulo

Financial Times, February 12, 2007

Iran's top security official on Sunday held out hope for a "negotiated settlement" on Tehran's nuclear programme and said the programme would pose no threat to Israel or any other country.

Ali Larijani, Iran's chief nuclear negotiator, also told an international security conference in Munich that his government was willing to discuss technical limitations on uranium enrichment, to ensure it could not make the highly enriched uranium needed for a nuclear weapon.

In remarks that deviated from a prepared text, he also said Iran was open to talks on a multinational arrangement for uranium enrichment. But he suggested Tehran still considered it had the right to conduct its own uranium enrichment.

Despite international fears that Iranian rhetoric would be ratcheted up Sunday as hundreds of thousands rallied in Tehran to mark the 28th anniversary of the Islamic Revolution, the country's leaders said they were open to compromise over the programme although they would not abandon it.

After discussions with Javier Solana, the European Union foreign policy supremo, Mr Larijani struck an optimistic note. "An important point is that I felt that Europe has the necessary will for a settlement of this case and there is the political will on our side to have a negotiated settlement." Earlier, he told the conference: "There are solutions to address your concern: we don't want you to be concerned."

European officials said the meeting was too brief to ascertain whether Mr Larijani's comments represented a potential breakthrough.

Meanwhile, on Sunday a US defence official in Baghdad said 170 coalition troops had been killed by Iranian-made roadside bombs, as US anger rises at Tehran's alleged involvement in the war. The official said there was "a growing body" of evidence of Iranian weapons being smuggled into Iraq and used to kill their soldiers.

Last week in Seville, Robert Gates, US defence secretary, said Washington had "pretty good" evidence that Iran was providing militias in Iraq with sophisticated explosive devices called " explosively formed projectiles". He said the evidence included serial numbers and markings on fragments of exploded devices. Tehran denies the charge and blames US soldiers for the violence and for inflaming tensions between Shia and once-dominant Sunni.

But Mr Gates dismissed suggestions that the recent increase in anti-Iranian rhetoric from US officials was a prelude to war. After the Iranian supreme leader threatened on Thursday to respond to any US attack on Iran, Mr Gates that day responded that it was "just another day in the Persian Gulf".

Asked later whether his response was aimed at ratcheting down the American rhetoric, he replied: "In the last few weeks there's been an effort in Washington actually to tone down everybody else. I don't know how many times the president,

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[Secretary of State Condoleezza] Rice and I have had to repeat that we have no intention of attacking Iran, that the second carrier group [recently dispatched to the Gulf] is there to reassure our allies, as well as to send a signal that we've been in the Persian Gulf for decades and we intend to stay there. And I think these are fairly modest statements, frankly."

At a rally in Tehran, President Mahmoud Ahmadi-Nejad also adopted a less combative tone, saying Iran was ready for "dialogue" and would remain within the nuclear non-proliferation treaty, which prohibits the development of atomic weapons. But he also stressed that Iran "would never accept . . . humiliation" by suspending nuclear activities, which the UN Security Council has demanded by this month. "A huge power like Iran cannot be threatened with sanctions," he told cheering crowds.

Iran's reformists and pragmatic conservatives have in recent weeks been trying to pressurise Ayatollah Khamenei to make Mr Ahmadi-Nejad adopt a more measured approach.

But one analyst told the FT he detected in Sunday's speech little evidence of a significant shift in Mr Ahmadi-Nejad's views. "He was as tough as ever," said Nasser Hadian, professor of politics at Tehran University.

Mr Ahmadi-Nejad said Iran had already achieved "its inalienable right", an apparent reference to proficiency in fuel-cycle technology, and promised further news of "great" progress.

The president did not, as had been expected by some western diplomats, announce an expansion of the number of centrifuges – the device used to enrich uranium – at its Natanz plant. Neither did he announce that gas had been introduced to the centrifuges, as some had predicted.

A report from Mohammad ElBaradei, director-general of the International Atomic Energy Agency, is due to be presented to the UN watchdog's board on February 21. Mr ElBaradei has tried to get negotiations under way by calling for a "time out", in which Iran would suspend enrichment simultaneously with the start of talks.

Iran Hits Softer Note Over Nukes (CSM)

By Scott Peterson

The Christian Science Monitor, February 12, 2007

ISTANBUL, TURKEY

Iran's President Mahmoud Ahmadinejad marked the 28th anniversary of the Islamic revolution in Tehran Sunday by telling a mass rally that anyone who gave up "one iota" of the controversial nuclear program would be the "most hated man in Iran."

But a far more conciliatory – and unexpected – message was offered to Western security chiefs meeting in Munich by Ali Larijani, Iran's top nuclear negotiator, who said that Iran is ready to resolve within three weeks all issues with the UN nuclear watchdog agency. "The political will of Iran is aimed at the negotiated settlement of the case and we don't want to aggravate the situation in our region," Mr. Larijani said.

Iran's nuclear messages come just days before a Feb. 21 deadline set by the UN Security Council for Iran to stop uranium enrichment or face broader sanctions than the limited restrictions imposed by a resolution in late December.

Larijani's words indicate that despite Mr. Ahmadinejad's tough rhetoric – or perhaps because of it – Tehran has grasped how sensitive Iran's position has become, analysts say. But diplomats reacted with skepticism, even as they tried to find a compromise on the issue of enrichment.

Larijani's offer came as senior US officials in Baghdad presented what they called a "growing body" of evidence of high-level Iranian interference in Iraq, with lethal weapons and agents. Showing bomb fragments and mortar fins to journalists, the intelligence analysts charged that sophisticated roadside bombs known as "explosively formed penetrators" (EFPs) had been made in Iran and smuggled into Iraq, where they have killed 170 coalition troops since 2004.

The US analysts further charged that special units of Iran's Revolutionary Guard, known as the Al Qods forces, had been actively plying Shiite militias in Iraq with training, cash, and high-tech explosives to use against US forces. Of five Iranian "diplomats" detained by US forces last month in Arbil, the officials allege, one is head of Al Qods operations in Iraq.

In Germany, Mr. Larijani said the nuclear issue could be solved with "constructive dialogue," adding that Iran's program – which Tehran claims is limited to creating nuclear power, not weapons – is "no threat to Israel. We have no intention of aggression against any country."

The Iranian nuclear messages come just days before a Feb. 21 deadline set by the UN Security Council for Iran to stop uranium enrichment, or face broader sanctions than the limited restriction imposed by a unanimous resolution in late December. Ahmadinejad has in the past rejected the sanctions resolution as a "torn paper," and Sunday ruled out any suspension. Rallygoers echoed the president, chanting that nuclear power is Iran's "right."

Iran has vowed to complete building a cascade of 3,000 centrifuges by the end of this year, and to begin "industrial scale" enrichment of uranium to fuel power plants, which could also – at least in theory – produce enough material for a one weapon within a year.

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But problems have beset the work of two 164-centrifuge pilot cascades already operating; 50 centrifuges "blew up" last spring, Iranian officials say. Rumors circulated this week in Tehran that the president would announce that Iran was installing the first 1,000 centrifuges at the underground site of Natanz, to defy UN demands.

"Image is outpacing reality when it comes to [Iranian] technology. The schedule is politically driven," says Michael Levi, a nuclear physicist and nonproliferation expert at the Council on Foreign Relations in New York.

"If Iran's near-term goal is to establish political facts on the ground, then the success of the technology is only of marginal importance," says Mr. Levi, who visited Iran last spring, a week after Ahmadinejad declared Iran a member of the nuclear club, after it produced a few grams of low-enriched uranium.

"People are too quick to infer that, because Iran is scaling up [enrichment] operations, that it has mastered lower-level operations," says Levi. "If this were a science fair project, that might make sense. But this is, number one, about shaping the international political environment."

Defiant tone, compliant actions

Senior Iranian officials had said to expect a major announcement of progress Sunday. But while Ahmadinejad made typically defiant tones, he also made it clear that Iran intended to follow safeguard rules as a signatory of the nuclear Non-Proliferation Treaty.

Inspectors of the UN International Atomic Energy Agency (IAEA) in the past week set up monitoring cameras in the Natanz enrichment facility, and canceled 18 cooperation programs with Iran on Friday that could have had dual civilian- military use, in accordance with the Security Council resolution.

"The problems [Iranians] are having don't seem to be showstoppers. Their centrifuges crash more than they did when the Dutch built similar machines ... [but] they are further along," says David Albright, a physicist and former IAEA inspector in Iraq, who has long followed the Iran case as president of the Institute for Science and International Security.

"Our 'worst case' assessment that they could have a bomb in 2009 hasn't changed," says Mr. Albright, noting that Iran would first have to make a definitive decision to go for a weapon – a step that Albright and other analysts believe that Iran has not yet made – and that "things would have to go well for them," which so far they have not.

"At some point, Iran has got to play its hand on how much it knows, if it is going to install these 3,000 machines this year," says Albright. "It's got to start hooking them together in cascades, and then turn them on and see if they work. I think we are going to learn a lot more in the next month or two about their capabilities."

When Iran first announced last spring that it had enriched uranium to 4.8 percent – high enough for nuclear fuel, but far short of the more than 80 or 90 percent necessary to make weapons-grade material – it declared plans to build its 3,000-centrifuge cascade by the end of 2006.

But technical difficulties and a fluid political dynamic inside Iran that has been partly influenced by surprise at the unanimous Security Council resolution against the Islamic Republic, are affecting Iran's nuclear timeline.

"The biggest impact on [Iran] is fear of what could happen in the future, and more pressure on countries not to invest in Iran. It's embarrassing; they are a very proud nation, and don't like being called a pariah by the Security Council," says Albright. "But is that going to slow down their nuclear program? I don't think so."

Rising tension with the West has been defined by Ahmadinejad's uncompromising language on the nuclear issue, and by denying the Holocaust and calling for the destruction of Israel.

The White House has also ratcheted up its rhetoric in recent weeks, accusing Iran of supplying anti-US militias and insurgents in Iraq with weapons. It has also taken concrete military steps – such as sending a second aircraft carrier battle group to the Persian Gulf, mine sweepers to key oil export routes, and Patriot anti-missile batteries to regional allies.

US officials are preparing a new Security Council resolution that would broaden economic sanctions if Iran fails to meet the Feb. 21 deadline. One addition could be holding Iran in violation of prohibitions of harboring terrorists, The Washington Post reports, because of several key Al Qaeda members officially held under "house arrest" in Iran since late 2001.

But there are growing signals in Iran, too, that pragmatic conservatives – and even Iran's supreme religious leader Ayatollah Ali Khamenei, who refused a meeting requested by Ahmadinejad two weeks ago – have been trying to rein in the president on foreign policy issues.

Ahmedinejad may be more isolated

Ahmadinejad has been further weakened by the failure of his allies in December municipal and Experts Assembly elections. Conservative newspapers have criticized him for bringing Iran closer to war, and more than 100 parliament deputies last week took him to task for foreign policy adventures.

"A lot of [Iranians] think the new sanctions on Iran and the new rising tension between Iran and the US is mainly because of Mr. Ahmadinejad's statements about the Holocaust and so on," says Saeed Laylaz, a political analyst in Tehran. "Everyone

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thinks the situation is more sensitive than before, and that they should be careful about their statements.... You can see that [Ahmadinejad] these days is more silent."

But a modest muting of such rhetoric does not mean that Iran's nuclear program has lost its popularity, or its utility to Iran's theocratic regime. A placard bearing Ayatollah Khamenei's image at the rally Sunday read: "Achieving indigenous nuclear science is an epochmaking and civilization-building move."

"If the US does not want to give the [Islamic] system security guarantees [that it won't attack Iran], they have no other choice in Tehran but to be as strong as possible," says Mr. Laylaz. "They are going to protect themselves by providing this [nuclear] shield."

Scary Movie 2 (NYT)

By Paul Krugman

The New York Times, February 12, 2007

Attacking Iran would be a catastrophic mistake, even if all the allegations now being made about Iranian actions in Iraq are true.

But it wouldn't be the first catastrophic mistake this administration has made, and there are indications that, at the very least, a powerful faction in the administration is spoiling for a fight.

Before we get to the apparent war-mongering, let's talk about the basics. Are there people in Iran providing aid to factions in Iraq, factions that sometimes kill Americans as well as other Iraqis? Yes, probably. But you can say the same about Saudi Arabia, which is believed to be a major source of financial support for Sunni insurgents — and Sunnis, not Iranian-backed Shiites, are still responsible for most American combat deaths.

The Bush administration, however, with its close personal and financial ties to the Saudis, has always downplayed Saudi connections to America's enemies. Iran, on the other hand, which had no connection to 9/11, and was actually quite helpful to the United States in the months after the terrorist attack, somehow found itself linked with its bitter enemy Saddam Hussein as part of the "axis of evil."

So the administration has always had it in for the Iranian regime. Now, let's do an O. J. Simpson: if you were determined to start a war with Iran, how would you do it?

First, you'd set up a special intelligence unit to cook up rationales for war. A good model would be the Pentagon's now-infamous Office of Special Plans, led by Abram Shulsky, that helped sell the Iraq war with false claims about links to Al Qaeda.

Sure enough, last year Donald Rumsfeld set up a new "Iranian directorate" inside the Pentagon's policy shop. And last September Warren Strobel and John Walcott of McClatchy Newspapers — who were among the few journalists to warn that the administration was hyping evidence on Iraqi W.M.D. — reported that "current and former officials said the Pentagon's Iranian directorate has been headed by Abram Shulsky."

Next, you'd go for a repeat of the highly successful strategy by which scare stories about the Iraqi threat were disseminated to the public.

This time, however, the assertions wouldn't be about W.M.D.; they'd be that Iranian actions are endangering U.S. forces in Iraq. Why? Because there's no way Congress will approve another war resolution. But if you can claim that Iran is doing evil in Iraq, you can assert that you don't need authorization to attack — that Congress has already empowered the administration to do whatever is necessary to stabilize Iraq. And by the time the lawyers are finished arguing — well, the war would be in full swing.

Finally, you'd build up forces in the area, both to prepare for the strike and, if necessary, to provoke a casus belli. There's precedent for the idea of provocation: in a January 2003 meeting with Prime Minster Tony Blair, The New York Times reported last year, President Bush "talked about several ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire."

In the end, Mr. Bush decided that he didn't need a confrontation to start that particular war. But war with Iran is a harder sell, so sending several aircraft carrier groups into the narrow waters of the Persian Gulf, where a Gulf of Tonkin-type incident could all too easily happen, might be just the thing.

O.K., I hope I'm worrying too much. Those carrier groups could be going to the Persian Gulf just as a warning.

But you have to wonder about the other stuff. Why would the Pentagon put someone who got everything wrong on Iraq in charge of intelligence on Iran? Why wasn't any official willing to take personal responsibility for the reliability of alleged evidence of Iranian mischief, as opposed to being an anonymous source? If the evidence is solid enough to bear close scrutiny, why were all cameras and recording devices, including cellphones, banned from yesterday's Baghdad briefing?

It's still hard to believe that they're really planning to attack Iran, when it's so obvious that another war would be a recipe for even bigger disaster. But remember who's calling the shots: Dick Cheney thinks we've had "enormous successes" in Iraq.

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U.S. Troops Enter Eastern Baghdad As New Push Begins (NYT)

By Richard A. Oppel Jr. And Damien Cave

The New York Times, February 12, 2007

BAGHDAD, Feb. 11 — American troops locked down a large industrial area of eastern Baghdad on Sunday while Prime Minister Nuri Kamal al-Maliki, without indicating how he would do it, vowed to speed the deployment of Iraqi forces throughout the war-ravaged capital.

American commanders described the operation in the area, the Rusafa district, as an early taste of the large-scale sweeps expected in eastern Baghdad to take back some measure of control from militias. Soldiers from the Third Stryker Brigade Combat Team, from Ft. Lewis, Wash., were fired on by insurgents with automatic rifles. The soldiers detained 10 Iraqis while searching for a car-bomb manufacturing site in the area, a violent sectarian fault line between a Shiite enclave and the insurgent-ridden Sunni neighborhood of Fadhil.

The operations in eastern Baghdad are to be a centerpiece of the so-called surge of 21,000 troops that many here view as a last-ditch effort to save the country from all-out civil war. Eastern Baghdad "is a focal point for us right now," said Brig. Gen. John Campbell, deputy commander of coalition troops in Baghdad. American-led forces say they have conducted 3,400 patrols and detained 140 suspects in the past week.

Mr. Maliki, who is under immense pressure from his Shiite backers who say their neighborhoods are becoming increasingly vulnerable to attacks by Sunni insurgents, said Sunday that he had ordered an accelerated deployment of Iraqi soldiers and policemen to areas considered sanctuaries for insurgents and militias. "It will not start in just one area, but in all areas at the same time," he said.

But it remains unclear just how fast that deployment will take place, because only a portion of the Iraqi forces called for under the new Baghdad security plan are in position. And if the Iraqis who accompanied American soldiers during the 14-hour mission on Sunday were an accurate barometer, most are skeptical that the latest plan will make much difference. Similar operations in the past have largely failed.

"With all these security plans before this one, nothing has happened," said an Iraqi lawyer who spoke to a few soldiers near the Bab al-Sheik police station after he finished dealing with one of his cases.

The American brigade commander, Col. Steve Townsend, whose unit is part of the Second Infantry Division, said later that he believed most Iraqis would welcome more American troops. "I don't think the security plan is a hard sell," he said. "I just think that at this point they are a bit jaded."

After his soldiers stopped in a Shiite neighborhood close to Fadhil, one middle-aged Iraqi man told them, "The government is tired, and we are tired too." He explained that people were reluctant to identify insurgents because "then they go and kill them after that."

As he spoke, the crackle of automatic gunfire erupted to the southwest, and Americans and nearby Iraqis dove behind vehicles. Taking cover behind his 19-ton Stryker armored vehicle, Colonel Townsend looked through the sight of his rifle and drew a bead on several suspicious men.

"See the radio antenna?" he asked one of his soldiers, as they both looked through sights. "Two fingers from that. A cluster of heads." But they did not return fire, because it was not clear who fired the shots.

Nearby, the Iraqis seemed unruffled. "They always fire from over there," one of the onlookers said. "Over there" was in the direction of Fadhil. Residents in the largely Shiite districts around Fadhil described that densely packed Sunni neighborhood as a place most would never go to.

"They drive their cars out from there, kidnap their victims, and return back to Fadhil," said Brig. Gen. Latif Muhammed, a police commander who oversees areas near Fadhil.

Residents in and around Fadhil said they hoped the presence of American soldiers would quiet the fighting that has trapped some in their homes for weeks. They said their streets and alleys have become a frontline battleground for Shiite fighters from neighborhoods to the northeast, near Sadr City, and Sunni gunmen who have sought to protect their turf from the Mahdi Army, the militia based in Sadr city that is loyal to Moktada al-Sadr.

Shiites in Sadriya, one neighborhood bordering Fadhil, have said Sunnis from Fadhil have been after Shiites for months — as shown, they said, by the truck bomb that killed at least 135 people last week.

In Fadhil, however, three Sunni residents said the fighting started about five months ago, when the Sadr organization sought to open a mosque and office in the area and local leaders refused. "It's like we have marks on our foreheads," said a widow in her 40s who would only give her name as Um Haider. "They know we're from Fadhil and they shoot at us."

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She also said Shiite officials had refused to let her collect her husband's pension, and that the man who once provided food ration cards had been killed. Residents, she said, shoot at the Iraqi Army and the police because they believe they are allies of the Mahdi Army. "If the Americans are here, the Mahdi Army will be afraid to attack," she said.

But Uday Ahmed, 31, a Sunni whose family lost three restaurants in the bombing at the Sadriya marketplace, was less sanguine. "This is maybe the 10th time that the Americans have raided in Fadhil and nothing has changed," he said. "I don't think that it will work this time either."

Violence continued elsewhere on Sunday. In Adwar, southeast of Tikrit, a suicide truck bomber slammed into a police station in the morning, killing at least nine policemen and prisoners, and wounding at least 10 others.

The United States military also announced the deaths of two soldiers. One died after being shot Saturday during combat operations in Diyala Province; another was killed in an attack on Sunday when he was on patrol in western Baghdad.

In Ramadi, a fuel tanker exploded at a police checkpoint, killing at least three people and wounding at least eight. Minutes later a suicide bomber tried to enter the area but was stopped by the police. He detonated the bomb and killed himself and one policeman.

Baghdad was relatively quiet on Sunday. A car bomb in Mansour killed one person and wounded three, an Interior Ministry official said. The authorities also found 27 bodies throughout the city, many showing signs of torture.

Bombing At Tikrit Police Station Kills 9 (WP)

By Ernesto Londoã±o And Saad Al-izzi

The Washington Post, February 12, 2007

BAGHDAD, Feb. 11 -- Nine police officers were killed Sunday near Tikrit when a suicide bomber drove up to a police station and detonated explosives hidden under hay on the bed of a truck, the U.S. military and Iraqi officials said.

The blast, which took place at 9:15 a.m. in front of the Dawr police station, wounded several children at a school across the street and damaged several houses, Iraqi officials said.

"I was inside the police station and . . . there was a loud explosion that I could not describe, for I have not heard anything like that before in my life," said an officer, Ahmed Subhi, 23. "I was holding a tray with teacups, and the last thing I remember was that I was being pushed along with the tray toward one of the walls in the room and parts of the ceiling falling on me."

Dawr, in a heavily Sunni Muslim area in north-central Iraq, is near the site where U.S. officials found deposed Iraqi president Saddam Hussein hiding in December 2003.

Meanwhile, Iraqi Prime Minister Nouri al-Maliki said Sunday that the Baghdad security plan, which officials have described as a gradual, concentrated effort to step up patrols in the capital, will speed up this week.

"It will not start in one area in particular but in all areas at the same time, and those who will participate in conducting it are from all the spectrums of Iraq, from which the police and army troops are made up," he said.

The country's police and army are predominantly Shiite.

Maliki said troops will simultaneously seal off 10 areas of the capital to crack down on insurgent and militia groups and protect homes abandoned by Iraqis who have fled the violence.

Also Sunday, the U.S. military announced that a Multi-National Division soldier was killed Sunday in western Baghdad. The soldier was shot when his unit was "conducting a cordon and search operation," the military said in a statement. A second soldier was wounded by small-arms fire.

Maj. Gen. James E. Simmons, deputy U.S. commander in Iraq, told reporters in Baghdad that U.S. helicopters in Iraq have come under attack 100 times per month on average since 2004.

Simmons said helicopter travel in Iraq has increased considerably in recent years as roads have become more dangerous. He said U.S. Army helicopters were expected to log 400,000 hours of flight time this year; in 2005 they logged 240,000 hours.

Simmons said that most U.S. helicopters shot down recently in Iraq crashed in predominantly Sunni areas but that there was no evidence insurgents were using sophisticated weapons to bring them down.

"There is no indication that we have seen that the enemy is employing any form of advanced ground-to-air missile," he said.

A U.S. military spokesman said Sunday night that a report from Iraqi police in Tikrit indicating that an AH-64 Apache helicopter had been shot down earlier in the day was unfounded.

Insurgents Stepping Up Efforts To Down U.S. Helicopters In Iraq (NYT)

By James Glanz

The New York Times, February 12, 2007

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BAGHDAD, Feb. 11 — A deputy commanding general in Iraq whose duties include aviation said Sunday that insurgents had adopted new tactics and stepped up their efforts to shoot down American helicopters, and he acknowledged that the rash of recent incidents included a previously unreported downing of a Black Hawk late last month.

The unreported incident took place on Jan. 25 near the Euphrates River town of Hit when a Black Hawk was struck by automatic weapons fire from the ground, said Maj. Gen. Jim Simmons, a deputy commanding general for the American-led Multi-National Force in Iraq. All aboard were evacuated and there were no casualties, General Simmons said.

Depending on the outcome of an investigation into the crash last Wednesday of a Marine CH-46 Sea Knight helicopter, the latest report brings the number of American military and civilian helicopters shot down in Iraq in the past 21 days to either six or seven. General Simmons said preliminary findings suggested that the Sea Knight went down because of mechanical problems, but some witness reports indicated that the helicopter was shot down. All seven people aboard died.

"I will tell you that someone who is involved in a fight, who is adaptive and thinking, will develop the tactics to be able to engage people," General Simmons said, speaking of the insurgents. "I believe that is what we have seen here."

General Simmons said he also believed that the insurgents might be especially motivated to shoot down helicopters as a way of discrediting the new American and Iraqi security plan.

The United States military effort in Iraq depends heavily on moving cargo, weaponry and troops by helicopter, and any disruption of the flights would undoubtedly have a major impact.

The general acknowledged for the first time that the American military had altered its flight patterns and schedules as a result of the downings, but he added: "We have not canceled one mission, and there has been absolutely no reduction in rotary wing aircraft flight. Nor will there be."

He said that helicopter transport had become ever more critical over the past few years as ground convoys have become increasingly dangerous. In 2005, Army helicopters logged 240,000 hours, and in 2006 the figure was 334,000 hours, General Simmons said. The projected number in 2007 is 400,000 hours, he said.

"In many cases it's more efficient, it's more effective to move people and supplies by air than it is by ground," the general said. He added that it had also generally been safer.

Battles between insurgents on the ground and American helicopters in the air have by no means been rare at any time during the conflict. General Simmons said that since December 2004 the helicopters have been engaged by hostile forces about 100 times a month, mostly by small arms and automatic weapons, but occasionally by shoulder-fired missiles. On average, 17 helicopters have been hit each month.

As a result of those engagements, 29 Army helicopters have been shot down in the entire conflict, he said. He did not immediately have the total including Marine and other helicopters, but an unofficial tally by the Brookings Institution indicates that since the beginning of the conflict, 57 American military helicopters have either crashed or been shot down.

Among the most troublesome recent tactics by insurgents is firing on helicopters with heavy machine guns from more than one direction at once, General Simmons said. He said that had been the case in the Jan. 20 downing of a Black Hawk in which 12 service members died.

The general, an Army aviator who has been commander of an Apache attack helicopter brigade, used nicknames to refer to many of the military aircraft that had been shot down. Beginning with the Black Hawk shot down on Jan. 20, they were EZ 40, Tarantula 26, Big Gun 72 and Crazy Horse 08. He did not use a nickname for the Marine helicopter that went down last week.

What Is Plan C? (USNEWS)

By Kevin Whitelaw And Anna Mulrine

U.S. News and World Report, February 12, 2007

Amid the congressional grandstanding last week over U.S. policy in Iraq, House Minority Leader John Boehner tried to channel President Bush and cast the choice as a simple one. "If you're not for victory in Iraq," the Ohio Republican said, "you're for failure."

If only it were that simple.

What kind of "victory," realistically, is achievable at this point? Certainly not a model democracy. Probably not even a particularly stable government, but perhaps one that would present some semblance of central authority and deny al Qaeda a new home for its training camps. What would failure be? These days, most Americans would probably settle for anything less than an all-out civil or regional war-as long as it brings the troops home. More voices are arguing that maybe the goal should simply be getting U.S. troops out of Iraq, whatever the consequences.

For now, Democrats and Republicans in Congress are tying themselves in knots trying to respond to the new strategy President Bush laid out last month for Iraq-his Plan B. The president's critics have focused on his call for a so-called surge of

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21,500 U.S. troops, but Plan B is a broader shift that makes American soldiers responsible (for the first time) for keeping the Iraqi people safe. The new security plan is still taking shape, with additional U.S. troops moving into Baghdad. But the past two weeks have been demoralizing, with a handful of U.S. helicopters shot down and Baghdad convulsed by its own surge of suicide bombings and sectarian killings.

Even U.S. officials admit privately that Plan B is a long shot, alarmingly dependent on the performance of an Iraqi government that has yet to demonstrate much by way of resolve. Anthony Cordesman, a military expert at the Center for Strategic and International Studies, puts the odds of success at "probably less than 1 in 4." U.S. intelligence agencies are downright skeptical. The newly issued National Intelligence Estimate says that both Iraqi leaders and security forces will be "hard pressed" to move forward in the next 18 months.

Defense Secretary Robert Gates told a Senate panel last week that he is "planning for success" but conceded that he has ordered Pentagon officials to look at fallbacks. "I would be irresponsible," he said, "if I weren't thinking about what the alternatives might be." In public, U.S. officials are loath to discuss a possible "Plan C," but any significant shift would require months of preparation.

Unfortunately, the options for Plan C range from ugly to abhorrent-underscoring exactly how much is riding on Bush's Plan B. A look at five of the most-discussed options for Plan C, and their shortcomings:

1. WITHDRAWAL

Announce a date for the withdrawal of U.S. troops; accelerate training of Iraqi security forces; intensify diplomatic efforts to keep Iraq's neighbors from intervening

With violence spiraling and the Iraqi government so far unable to reverse the trend, a new report by the Council on Foreign Relations suggests that the situation may simply be irretrievable and U.S. forces will have to pull out from an unstable Iraq sooner or later. "It is now just a matter of time," the report concludes. "Better to withdraw as a coherent ... act than withdraw later in a hectic response to public opposition ... or a series of unexpectedly sharp reverses on the ground in Iraq."

Target: U.S. Choppers (NSWK)

By Mark Hosenball And Dan Ephron

Newsweek, February 12, 2007

Six U.S. choppers (including two belonging to a private security company) have crashed in Iraq since Jan. 20, killing a total of 27. Investigators have concluded four were shot down and are still sifting through the debris of the fifth crash site. (The sixth crash had no fatalities.) The Pentagon says publicly it's too early to determine whether the surge points to new tactics by insurgents. But a U.S. counterterrorism official said it looks as if some Iraqi fighters have been getting special training lately on how to down helicopters. The official, who asked for anonymity because of the sensitive subject matter, indicated that intel analysts were divided over the question of Iranian involvement in the training and that evidence so far was not conclusive. He said low-flying helicopters are being brought down by what amounts to small-arms fire—insurgents aiming machine guns or even rifles at the chopper's vulnerable spots. Some intel analysts believe insurgents have acquired armor-piercing ammunition that can be especially effective against helicopters, according to the official.

Part of the problem is that helicopters are vulnerable at almost any altitude. "Any time you're low, you are exposing yourself to some small arms. Any time you're high, you are exposing yourself to the SAMs [surface-to-air missiles]," said Col. Robert Quackenbush, a veteran Army officer who has flown both Apaches and Black Hawks. Quackenbush said pilots chart different flight patterns every day depending upon intel about insurgents on the ground. He said U.S. investigators in Iraq were sending back debris from the crash sites to U.S. labs, where it will be analyzed to determine what weapons were used and where they originated.

Army aviation official Lee Tutin said the Pentagon is developing lightweight armor panels that would protect a helicopter's exterior from machine-gun fire. But, he said, the extra weight would mean choppers could carry fewer passengers or less ammunition. The fear of crashes aside, many soldiers still prefer flying to travel by roads, where IEDs (improvised explosive devices) account for nearly 40 percent of American fatalities. Cutting back on chopper use would be a serious blow to U.S. mobility in Iraq. But if insurgents continue to improve their aim, the counterterrorism official said, the military would need to find safer ways to move soldiers.

The Incredible Shrinking Deficit (USNEWS)

By James Pethokoukis

U.S. News and World Report, February 12, 2007

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It might be a bit cynical, not to mention premature, to call President Bush's new $2.9 trillion budget "dead on arrival." But the myriad proposals on everything from the Pentagon to the National Park Service are certainly going to be massaged a bit-mutilated in some cases, probably-by the new Democratic-controlled Congress. One thing you can bank on, though, is that when all is said and done, nixed and negotiated, Uncle Sam will still be in the red.

As the White House figures it, the federal government will be spending $244 billion more than it collects in 2007 (or about 1.8 percent of gross domestic product) and $239 billion in 2008 (or 1.6 percent of GDP). Still, those are hardly scary numbers for a $13.5 trillion economy. "The magnitude of the current deficit is nothing to be concerned about," says Jared Bernstein, an economist at the liberal Economic Policy Institute.

What would the numbers be if the country were not fighting wars in both Afghanistan and Iraq? Bush's budget includes a request for $93 billion in supplemental war funding for 2007 as well as a $142 billion request for 2008, the first time the White House has explicitly budgeted for the two wars. And what's the running tally on America's 21st-century military expeditions? So far $427 billion has been appropriated for "operations in the Global War on Terror." Tack on the funds requested in the new budget, and the total is $662 billion. War doves and budget hawks will recall that when former White House economic adviser Lawrence Lindsey estimated the cost of the war in Iraq to be between $100 billion and $200 billion, then Deputy Secretary of Defense Paul Wolfowitz scoffed, "We are dealing with a country that can really finance its own reconstruction, and relatively soon."

Doubters. Like many forecasts coming out of Washington, that one didn't pan out. And many budget experts doubt the White House's new economic forecast will either. Speaking at chipmaker Micron Technology's Manassas, Va., manufacturing plant last week, Bush said he appreciated "very much the fact that companies like Micron actually have a budget. It's a concept that the government needs to get used to, too. ...I submitted a budget yesterday that says we can balance the budget by 2012 without raising your taxes."

Indeed, the Bush budget does promise such things. According to the proposal, the U.S. government would run a $61 billion surplus in 2012, though the projected deficits in 2010 ($94.4 billion) and 2011 ($53.8 billion) would be so small relative to the size of a projected $18 trillion economy-0.6 percent and 0.3 percent of gross domestic product-as to be financially insignificant. (And yes, bean counters of America, these numbers do assume that Social Security surpluses are commingled with the rest of tax revenues.)

The nonpartisan Congressional Budget Office also shows the budget moving into balance by 2012, but there is a key difference from the Bush budget: The CBO assumes the 2001 and 2003 Bush tax cuts will expire, thereby bringing in a load of new tax revenue. Bush assumes the tax cuts stay in place.

Wanted: A Few Good Iraqis. Or Jordanians. Or . . . Anybody? (WP)

By Al Kamen

The Washington Post, February 12, 2007

The Pentagon and the State Department have been squabbling quite publicly over State's request to have the already-stretched military fill about 40 percent of the 300 new State jobs in Iraq created by the administration's latest rebuilding plan.

Seems the military isn't the only one balking at working there. The U.S. Embassy in Baghdad is finding it increasingly difficult to get local Iraqis to work there because of what one senior official at the embassy called the "precarious security situation" in the country.

Last year, 35 local employees resigned, "nearly all due to security issues," the official said. The State Department is authorized to hire 136 local people for jobs in the embassy, but right now only 47 are filled by Iraqis. Thirteen more are filled by Jordanians brought over in a program specifically set up to fill the chronic gap.

Even with the Jordanians, the "ever-growing" shortage of local Iraqis "seriously impacts on our ability to carry out the normal, day-to-day operations of the embassy," the official said. They can't find Iraqis to fill the solid-paying jobs even in a country where the unemployment rate is estimated to be 25 to 40 percent.

Two years ago, the department sent out pleas for volunteers to go to Iraq, but the responses were mostly from folks who could fill only low-level jobs. There are now a number of important mid-level jobs the embassy needs to fill with people from the region.

So the plan now is to provide additional benefits -- housing and meals, more vacation, more health benefits and other inducements -- to entice local people hired at embassies in the region and even elsewhere in the world who might be willing to work in Iraq on six-month rotations. There is talk of figuring out ways to hire retired embassy employees from the region to come back in and work in Baghdad as contractors.

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The long-term hope is to hire Iraqis for these jobs, but given the chaos and insecurity in Baghdad these days, nobody's counting on that option.Love in the Time of Bioterrorism

All set to mail that beautiful Valentine's Day bouquet to your favorite lawmakers to thank them for favoring your clients? Sending truffles to your main squeeze on the Hill?

You've waited too long! Even if you run out right now to mail your gifts, even if you overnight them, Senate and House officials warn, your little something sweet is not likely to get there by Wednesday.

That's because the security screening process adds two, maybe even three, days to the usual delivery times. "In anticipation of Valentine's Day," House Chief Administrative Officer Jay Eagen and Sergeant at Arms Wilson Livingood caution in a Feb. 1 letter to members and staff, "be advised that overnight deliveries via a nationwide system (FedEx, UPS, DHL, etc.) will be processed by the off-site Postal Operations screening facility."

And that adds a good extra couple of days, they say, because packages "must be held in quarantine until the test results deem the packages safe." That means your flowers, candy and such -- as well as cards and other gifts -- will sit around, wilting and melting, at the postal facility -- though the "staff will make every attempt to secure the perishable items" in refrigerated quarantine, the letter says.

Senate Sergeant at Arms Terrance W. Gainer suggests that staff "advise family and friends to refrain from directing" flowers and gifts to the Hill, warning of a 72-hour wait.

Both the Senate and the House bar couriers and vendors from making deliveries directly to the Capitol or its office buildings. If a flower-delivery person calls, "please instruct the delivery person to meet you in an outside public area," the House advisory says. "You must meet the delivery person, inspect the flowers and bring the flowers" into the buildings yourself. (Don't forget to give a nice tip.) "Only cut flowers set in water or arranged in an unsealed box or carton may be brought" in, we're advised, and only by staff members "bearing valid identification badges."

So does this mean you might end up forced to dine alone on Wednesday?

Well, you can always try this excuse for the post-anthrax age: "Forget? Moi? No way. Those danged safety screening devices nuked the two dozen long-stemmed." Of course, they better show up on Thursday.Clinton's Defender to Serve Bush

Williams & Connolly partner Emmet T. Flood, last seen in the news pages helping fellow partner David Kendall help President Bill Clinton fend off impeachment, is said to be moving over to the newly expanding White House counsel's office as senior counsel to President Bush.

Despite that minor Democratic lapse back in 1998, Flood, who has a doctorate in philosophy, boasts stellar conservative legal credentials. He clerked for the legendary federal appeals judge Ralph K. Winter and then for Supreme Court Justice Antonin Scalia.

Thousands Of Army Humvees Lack Armor Upgrade (WP)

By Ann Scott Tyson

The Washington Post, February 12, 2007

The Army is working to fill a shortfall in Iraq of thousands of advanced Humvee armor kits designed to reduce U.S. troop deaths from roadside bombs -- including a rising threat from particularly lethal weapons linked to Iran and known as "explosively formed penetrators" (EFP) -- that are now inflicting 70 percent of the American casualties in the country, according to U.S. military and civilian officials.

The additional protection is needed for thousands of U.S. reinforcement troops flowing into Baghdad, where these devastating weapons -- used primarily by Shiite fighters -- are particularly prevalent, the officials said.

U.S. Army units in Iraq and Afghanistan lack more than 4,000 of the latest Humvee armor kit, known as FRAG Kit 5, according to U.S. officials. The Army has ramped up production of the armor, giving priority to troops in Baghdad, but the upgrade is not scheduled to be completed until this summer, Army officials said. That is well into the timeline for major operations launched last week to quell violence by Sunni insurgents and Shiite militias, which the U.S. military now views as the top security threat in Iraq.

"Those who need FRAG Kit 5 are receiving FRAG Kit 5 based upon theater requirements and priorities," said Army Brig. Gen. Charles Anderson, director of force development for the Army deputy chief of staff. The Army is supplying the life-saving kits "as quickly as we can," he said in an interview and in written responses. "Kits are being flown to theater."

The Army declined to disclose details on the number of kits installed and where the shortages exist.

The Army began the Iraq war with an estimated $56 billion equipment shortage and has struggled to keep up with demands for new armor to protect against increasingly deadly bombs. In the case of FRAG Kit 5, the Army quickly produced a bolt-on version in limited quantities, while the permanent version has taken longer than expected to develop, test, produce and

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install. Meanwhile, the unexpected deployment of five additional Army brigades into Baghdad has created an urgent need for 2,000 Humvees with the new armor.

Shiite forces in recent months have stepped up their targeting of U.S. soldiers in Baghdad with sophisticated EFPs, described by one official as like "a spear that rips right through the vehicle."

The penetrator, a heavy, metal projectile, is propelled by an explosive and strikes with enough speed and power to shatter the relatively brittle, "high hard" steel of up-armored Humvees, creating what experts call "behind armor debris (BAD)" -- essentially, turning pieces of the vehicle into shrapnel. The new armor kit is designed with more flexible materials that slow down the projectile and contain the debris, limiting the damage to that caused directly by the EFP.

However, there is no guarantee that even the latest armor -- which reinforces the doors -- can prevent deaths from EFPs, defense officials have emphasized, and U.S. troops in Humvees outfitted with the new kit have been killed by EFPs.

The Pentagon does not release overall data on EFP strikes or their effectiveness, to prevent such information from being exploited by attackers. But reports from the military and family members on specific attacks indicate that since November, at least 11 U.S. soldiers and an interpreter have died in EFP strikes, all but one of them in Baghdad.

"In November, there was all of a sudden a ridiculous surge in EFP activity. People were getting killed left and right," said one military officer who served recently in Iraq. While other roadside bombs often cause no casualties, EFPs "make everyone nervous," he said. "It's a catastrophic weapon."

Senior U.S military officials in Baghdad held a briefing yesterday in which they presented evidence of apparent Iranian involvement in supplying EFP technology and components to fighters in Iraq.

The total number of roadside bombs laid in Iraq doubled in the past year, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified before Congress last week.

"You add that, then, to the new explosively formed projectiles, which are a much more deadly form that are coming into Iraq from Iran, and the combination has maintained the level of casualties," Pace said, despite advances in U.S. protective gear, tactics and targeting of bomb networks. Pace recently said two Iranians had been detained in raids on the networks.

EFP attacks are a small percentage of the roughly 1,200 attacks against U.S. forces each month involving roadside bombs, according to the Pentagon's Joint IED Defeat Organization. About half the roadside bombs in Iraq are found and disabled, and only 20 percent cause U.S. casualties. But EFPs "are far more lethal," Defense Secretary Robert M. Gates said recently, adding, "They can take out an Abrams tank."

U.S. commanders have voiced frustration recently at the ability of enemy fighters in Iraq to change tactics to defeat U.S. protective gear. "Equipment that was, we thought, pretty effective in protecting our troops just a matter of months ago is now being in fact challenged by some of the techniques and devices over there," Adm. William J. Fallon, the new U.S. commander for the Middle East, said last month.

Fewer than half the Army's roughly 14,500 up-armored Humvees in Iraq and Afghanistan have been outfitted with the bolt-on version of FRAG Kit 5. Thousands of the permanent kits have been flown to Iraq and are being installed at 11 locations around the country, officials said. Over the next six months, the Army plans to produce 5,000 more Humvees with the permanent kits already installed, Anderson said.

Overall, Army equipment backlogs had grown so severe, Anderson said, such a troop increase would not have been possible last year. He said the Army is in a far better position now, thanks to an infusion of $17 billion last year to replace and repair equipment.

Still, Pace said last week that U.S. troops will face a gap of up-armored Humvees and other armored vehicles that will not be closed until July, and according to the Pentagon, commanders will be required to share 500 up-armored vehicles. But the Army said it is not short of up-armored Humvees in Iraq.

DOJ:

Politics Shouldn't Matter (TOLB)

Toledo Blade (OH), February 12, 2007

BY MOST accounts, the Bush Administration has gone further in infusing the federal government with partisanship than any administration in modern history. That is why Congress should enact legislation to ensure that the White House doesn't undertake unnecessary political mischief in the appointment of federal prosecutors.

Assistant U.S. attorneys, the 5,200 men and women who prosecute federal crimes, traditionally have been commissioned by the president and confirmed by the Senate. Typically, a new president replaces the entire crew with supporters.

But last year, Sen. Arlen Specter, Republican of Pennsylvania, quietly inserted into reauthorization of the Patriot Act a provision to allow appointment of such prosecutors on an interim but indefinite basis - without Senate consent.

The action came to light at Christmas time as seven assistant U.S. attorneys were summarily fired by the Justice Department. One, who had been in the post in Little Rock, Ark., for five years, was replaced by a former aide to Karl Rove, President Bush's political hatchet man.

Any government maneuver involving Mr. Rove is immediately suspect, to be sure, and the episode raised suspicions that skulduggery was afoot. Favoritism and political influence are this administration's basic tools. Remember "Brownie" at FEMA?

Attorney General Alberto Gonzales, empowered to make the interim appointments, is vague about the need for the new law. He told the Washington Post that political appointees are subject to removal for any - or no - cause, and he added obliquely that the administration might be inclined to replace personnel to get "better results."

Maybe so, but more likely the new law is a thin disguise for some sort of shenanigan. According to the Post, the prosecutor sacked in Little Rock was told his removal was no reflection on his work, that officials in Washington just wanted to give his job to the other guy.

Indeed, it's been suggested that one of the attorneys let go, Carol S. Lam, of San Diego, was removed because she did too good a job with the bribery investigation of U.S. Rep. Randy "Duke" Cunningham, a California Republican who was forced from office and is now in prison.

The injection of partisanship in public employment is never healthy, but the job of an assistant U.S. attorney should be, at least nominally, above politics. Subjecting criminal prosecutors to claims of outside or undue influence only weakens trust in the criminal justice system, and shifting personnel could cause harmful and unnecessary delays in cases.

In that vein, we hate to think what might have become of the Coingate case if the Republican federal prosecutor involved, Greg White, of Cleveland, had been sidetracked by politics two years ago. Instead, Mr. White ably prosecuted GOP insider Tom Noe for making illegal campaign contributions to President Bush, and his office aided in the successful state theft case that sent Noe to prison.

Who is prosecuted and for what crimes should not be a matter of partisan whim, or even appear to be. Congress should act now to take back its oversight role on assistant U.S. attorneys from a power-hungry president.

CORPORATE SCANDALS:

McAfee Ex-Counsel Likely To Face Options Charges (WSJ)

By James Bandler And Mark Maremont

The Wall Street Journal, February 12, 2007

Federal prosecutors are readying criminal charges related to alleged backdating of stock options against a former general counsel of McAfee Inc., Kent Roberts, according to people familiar with the matter.

The charges are likely to be filed in the next few days, a person familiar with the situation said, but the person added that the actions could be delayed for at least a week. If charged, Mr. Roberts would become the sixth person charged with criminal offenses in the widening federal probe into stock-options backdating, which is examining conduct at about 140 companies. The pace of investigations appears to be quickening, and more criminal and civil charges are expected in coming weeks.

Mr. Roberts was fired by McAfee in May 2006. At the time, the company said it took the action after it "became aware of one episode involving the General Counsel in 2000 that was improper." The company hasn't explained further. Mr. Roberts received options dated April 14, 2000, to buy 20,000 shares at $19.75, a deep low in the company's stock price, according to a Securities and Exchange Commission filing. Shares rose to more than $25 that month.

Mr. Roberts described to company lawyers his role in the backdating when the issue surfaced in the spring, according to people familiar with the matter. He couldn't be reached to comment and his lawyer declined to comment. Mr. Roberts joined McAfee in May 1998 from private practice in Dallas. He became general counsel in early 2001.

McAfee, a Santa Clara, Calif., maker of virus-protection software for computers, has been wracked by turmoil surrounding its past options-granting practices. In October, the company announced the retirement of Chairman and Chief Executive George Samenuk, and the firing of Kevin Weiss, its president, as a result of an internal probe into past options-granting practices. The company has said some of its option grants were misdated, and has said it will need to take charges to account for understated compensation costs related to improperly-granted options.

Conduct at McAfee is being investigated by prosecutors at the office of the U.S. attorney for the Northern District of California, in San Francisco, who are handling several high-profile criminal probes into backdating. It isn't clear if Mr. Roberts will

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cooperate with prosecutors, who often seek the help of lower-level officials in their continuing investigation of high-ranking executives. The SEC also is probing stock-option practices at McAfee.

A stock option provides the right to buy shares of a stock in the future at a set "strike" price, generally the price at the time the option is issued. Backdating involves pretending an option was issued at an earlier time when the stock price was lower, increasing its potential value.

Restatements Still Bedevil Firms (WSJ)

By David Reilly

The Wall Street Journal, February 12, 2007

Publicly traded companies filed 1,876 restatements of financial results in 2006, setting a record for corrections of financial statements while showing that many still are struggling to get the accounting right for both simple and complex transactions.

In a sign that some of the corporate-governance changes enacted this decade may be taking root, the number of restatements filed by large companies fell in 2006, the first such decline since 2001, according to a study by audit research firm AuditAnalytics. Large companies -- those having more than $700 million in stock that the public is able to buy -- filed 196 restatements in 2006, a nearly 20% drop from the previous year.

By contrast, companies with a public float of less than $75 million, which don't yet have to follow rules related to checks on their internal controls, continued to have restatements climb. In 2006, U.S. companies in this category filed 1,108 restatements, a 42% jump from the previous year. This group accounted for more than two-thirds of the 1,608 restatements filed by U.S. companies. "Presumably the difference is because internal controls are working better," said Mark Cheffers, chief executive of AuditAnalytics.

Restatements of financial results are akin to a product recall and mean that investors no longer can rely on figures companies previously provided and which may have formed the basis for their decision to buy or sell stocks or bonds. Restatements, a black mark both for financial executives within a company and its outside auditors, once were fairly rare and occurred only when major problems were found.

That changed in the wake of corporate scandals such as Enron and WorldCom. Auditors who generally missed the frauds that rocked markets began doing a more-thorough job than they did during the technology boom. The Sarbanes-Oxley Act, passed in 2002, also created a regulator for accounting firms, causing them to further improve audits. Finally, Sarbanes-Oxley mandated that corporate executives attest to having internal systems designed to prevent accounting mistakes and fraud, and that auditors check these mechanisms, known as internal controls.

Combined, the changes caused restatements to soar to 1,876 in 2006 for both U.S. and foreign companies filing with the Securities and Exchange Commission, according AuditAnalytics. Restatements last year rose 17% from 2005 and compare with just 452 restatements in 2001.

Where did companies mess up the most in their accounting? Looking at all restatements filed in 2006, the measurement and recognition of debt and stock or equity instruments caused the most errors, accounting for about 27% of total restatements, according to AuditAnalytics. This seemed to be mainly a small-company problem. Among bigger companies, this area accounted for just 6% of restatements in 2006.

Big and small companies alike were tripped up by problems related to the backdating of stock options, Mr. Cheffers said. Restatements related to compensation issues accounted for the second-highest category of restatements among all companies. Among larger companies, this issue was the biggest problem, accounting for 38% of their 2006 restatements, according to AuditAnalytics.

Two other problem areas for the big guys: accounting related to cash-flow statements and tax issues. Each area accounted for 21% of 2006 restatements for big companies.

Questions Grow About A Top CNBC Anchor (NYT)

By Landon Thomas Jr.

The New York Times, February 12, 2007

In November 2005, Citigroup gathered top clients at a lush spa resort in Napa Valley for two days of wine tasting and a chance to road test some of the hottest luxury cars on the market.

The test drivers included Todd S. Thomson, then the chief executive of Citigroup's wealth management arm, car collectors, clients of the bank and Maria Bartiromo, the CNBC anchor and celebrity guest.

Their charge: To pick the 2006 car of the year for Robb Report, the luxury magazine. Like many of the judges, Ms. Bartiromo chose the bright red Ferrari Spider, according to one attendee. So did Mr. Thomson, a car enthusiast.

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"It's the ultimate package of sex and performance," he told a reporter for the magazine.

With its blend of high living, glitz and privileged access, the event provides a glimpse of the rarefied world inhabited by Ms. Bartiromo, who, in her years as CNBC's most recognizable face, has lent to the reporting of once gray business news a veneer of gloss and celebrity.

Socializing with sources is a long journalistic tradition, especially for television personalities whose renown often allows them to travel in the same elite circles as their subjects.

But for Ms. Bartiromo, who accompanied Mr. Thomson last fall on Citigroup's corporate jet to a series of client and other bank-sponsored functions in China, her ability to gain entree into the exclusive and mostly male world of chief executives and financial titans has made her a valuable commodity to CNBC.

After Mr. Thomson's abrupt departure from Citigroup, however, such ties have raised questions about her closeness to her sources, all of whom she also covers as the cable network's top anchor. CNBC has said that it paid commercial fare to Citigroup for Ms. Bartiromo's trip to China. And last week, Jeffrey R. Immelt, the chief executive of General Electric, CNBC's parent, voiced his support for Ms. Bartiromo and the cable network.

"Substantially, I don't think she did anything wrong," he said.

A CNBC spokesman said that Ms. Bartiromo flew commercial to the California event and that the network paid for her flight as it was network business.

Ms. Bartiromo declined to comment for this article. CNBC declined to comment on whether executives had any discussions with her concerning her relationship with Mr. Thomson. However, people inside of CNBC did say that she will continue to cover the company as part of her regular duties.

Whether it is providing a personalized video tribute — shot from inside the CNBC newsroom — to Stephen A. Schwarzman, the chairman of the buyout giant Blackstone Group to celebrate his 60th birthday or mingling with a source at a benefit for the New York City Ballet, Ms. Bartiromo's proximity to the people she covers has created a model of journalism that jibes perfectly with CNBC's mandate to ramp up its ratings by adding pizzazz and drama to its coverage.

Still, Mr. Thomson's departure and Ms. Bartiromo's connection to him have raised questions within the network over the possible tension between CNBC's duty to pursue big financial news stories and its loyalty to Ms. Bartiromo.

On Dec. 11, after the appointment of Robert Druskin as chief operating officer of Citigroup, Ms. Bartiromo and Charles Gasparino, a CNBC on-air editor, had a brief on-air clash when Ms. Bartiromo remarked that an earlier report by Mr. Gasparino that Sallie L. Krawcheck would leave her job as chief financial officer did not pan out.

"That is not what I said," Mr. Gasparino shot back. "I didn't say that," as he argued that Ms. Krawcheck and Mr. Thomson were no longer heirs to succeed Charles O. Prince as chief executive.

Subsequently, according to people with an understanding of how the story unfolded, Mr. Gasparino learned that, in fact, Mr. Thomson's job was in jeopardy.

He explained this to Jonathan Wald, head of news programming, that he had been told by people within Citigroup that top management had examined Mr. Thomson's conduct, specifically the occasions that Ms. Bartiromo joined him on the company jet. Mr. Wald told Mr. Gasparino to pursue the story, these people say.

When Ms. Bartiromo got wind of Mr. Gasparino's reporting, she told Mr. Wald, complaining that her name was being dragged into the matter, these people say. Mr. Wald said that reporting the story was Mr. Gasparino's job.

Nevertheless, Mr. Gasparino never reported on Mr. Thomson's threatened job status. He was urged to proceed cautiously with the story, but some within the network say Ms. Bartiromo's role in the story prevented it from being fully reported.

Mr. Wald adamantly disagrees with that interpretation. "We were clear from the beginning about reporting the story to the fullest. We did not air it because it was not adequately sourced. It didn't meet our criteria from a journalist's standpoint, and it clearly wouldn't have met our lawyers' criteria."

On Jan 22, when Citigroup announced Mr. Thomson's resignation, Mr. Gasparino could barely contain his frustration.

"Two weeks ago I caught wind that essentially Todd Thomson was out," he said on air that morning when the news broke. Compounding this tension is the fact that no CNBC reporter or anchor has mentioned Ms. Bartiromo's link to Mr. Thomson's departure.

Typically, Ms Bartiromo's interviewing style can be probing, aggressive and, her special access notwithstanding, she can make even some of her best sources sweat a bit on camera.

In an interview with Robert L. Nardelli, the recently ousted chief executive of Home Depot, she peppered him with sharp questions relating to his conduct and governance at the company. And a question posed to President Bush about his use of Google elicited a revealing response from the president as he referred to the search engine as "the Google."

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"She is not a marshmallow," said Gerard R. Roche, the chairman of the executive search firm Heidrick & Struggles, who has been interviewed by Ms. Bartiromo.

John J. Mack, the chief executive of Morgan Stanley, agreed, recalling an interview he had with her. "She put me on the spot big time," he said, adding that he did not socialize with Ms. Bartiromo.

"She is a professional," Mr. Mack said. "You can't assume that you will go on air and that it will be a cakewalk."

At the same time, the occasional gushing aside can betray an admiration for her subjects — many of whom she knows socially, either from events at the New York City Ballet, where she is a trustee, or her regular lunches at San Pietro, the favored restaurant of Wall Street titans.

"When we come back, the allure of John Mack," she once said during an interview.

In many instances, the sentiment on Wall Street seems to be mutual.

It is an appreciation that dates back to Ms. Bartiromo's early days in the mid-1990s, when she made a name for herself as the first journalist to report live from the floor of the New York Stock Exchange.

"At the height of CNBC mania, we had these C.E.O.'s and celebrities beating down our door to ring the stock exchange bell," said Robert T. Zito, a former executive vice president at the stock exchange. "The one thing they wanted to do was meet Maria."

For the daughter of a restaurant owner in Bay Ridge in Brooklyn, her rise to celebrity status — there are Web sites devoted to her, Joey Ramone wrote a song in her honor and she has recently trademarked her "Money Honey" nickname — has been meteoric.

And while much has been made of her Sophia Loren-like looks, her early career ascent was propelled by pluck, ambition and like another famous, albeit fictional, product of Bay Ridge, Tony Manero in "Saturday Night Fever," a hunger to make it big across the river in Manhattan.

She switched from C. W. Post College to New York University, and in her first media job at WMCA Radio, she impressed the radio personality Barry Farber with her willingness to do more than her share of dirty work.

On one occasion, Mr. Farber recalled, he was sent "100 pounds of frozen North Carolina pork barbecue" and before it could melt, Ms. Bartiromo not only found a charity to take it, but delivered the meat herself in her own car. "She had the stuff and she knew how to deploy it," he said.

In 1990, just out of college, she met Jonathan Steinberg, the son of Saul Steinberg, the corporate raider. As the two began dating, it was Mr. Steinberg, who presided over a personal finance magazine and a hedge fund, who attracted the media attention. The couple married in 1999.

But Ms. Bartiromo's public profile would eclipse his. After a stint working for Lou Dobbs at CNN, she moved to CNBC in 1993. She became a star once she started broadcasting from the stock exchange floor.

As her recognition grew, so did the fortunes of CNBC, and it is estimated that her compensation exceeds $1 million.

And when she disclosed last year that the new chairman of the Federal Reserve, Ben S. Bernanke, had told her in a conversation at the White House Correspondents dinner that the markets had misinterpreted his remarks on interest rates, her reputation as an insider became even more entrenched.

Despite the controversy, Ms. Bartiromo remains a staple of CNBC. And she has kept up her public appearances, and her sense of humor.

Earlier this month, she was scheduled to present a lifetime leadership award to former Federal Reserve chairman Alan Greenspan at the CNBC executive achievement award ceremony, at the Mandarin Oriental Hotel in New York.

"Sorry I'm late," she said with a slight giggle as she stepped up to the dais. "But I had to fly commercial."

CRIMINAL LAW:

Cheney Testimony In Libby Trial Would Carry High Risk (NYT)

By Scott Shane And Jim Rutenberg

The New York Times, February 12, 2007

WASHINGTON, Feb. 11 — One figure has dominated the trial of I. Lewis Libby Jr. without even showing up in the courtroom. Day after day, the jury has heard accounts of the actions of Vice President Dick Cheney, watched as his handwritten notes were displayed on a giant screen, heard how he directed leaks to the news media and ordered the White House to publicly defend Mr. Libby, his top aide and close confidante.

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Now, as the defense phase of the perjury trial begins, Mr. Cheney is expected to make a historic appearance on the witness stand. It is an act of loyalty that carries considerable risk for Mr. Cheney, a powerful figure in the administration who has in recent months suffered a series of major political and policy setbacks.

If he testifies, Mr. Cheney will bring to the jurors the awesome authority of his office and could attest to Mr. Libby's character as policy adviser and family man, and to his crushing workload and dedication to keeping the country safe. That could give extra heft to Mr. Libby's defense against the charge that he lied to the Federal Bureau of Investigation and the grand jury: that he was so occupied with important matters of state, he did not accurately remember conversations from July 2003.

But the first 10 days of testimony have already exposed some of the long-hidden workings of Mr. Cheney's extraordinary vice presidency, revealing how deeply Mr. Cheney himself was engaged during 2003 in managing public relations as the administration's case for war came under attack.

Under cross-examination by Patrick J. Fitzgerald, a veteran prosecutor who is likely to be deferential but dogged with questions, the vice president may be forced to describe in uncomfortable detail how he directed the counteroffensive on Joseph C. Wilson IV, the former ambassador who accused the administration of twisting prewar intelligence.

"This could be great theater," said Peter M. Shane, a law professor at Ohio State University. Anything Mr. Cheney says for the defense, Mr. Shane said, becomes "fair game" to be picked apart by the prosecution.

If Mr. Cheney makes a statement that conflicts with the public record — and nearly every witness so far has done so at least once — it could prove embarrassing for him and for the administration.

"If Cheney said anything that's contradicted in the record, though I think that's unlikely, Pat will slam him," said a former federal prosecutor who knows Mr. Fitzgerald. "He'll do it respectfully, but I have no doubt he'll do it," said the lawyer, who spoke on condition of anonymity.

No testimony so far has supported the idea, proposed by some critics, that Mr. Cheney deliberately sought to punish Mr. Wilson by ordering the exposure of the covert employment of his wife, Valerie Wilson, by the Central Intelligence Agency. It was the disclosure of Ms. Wilson's C.I.A. job that prompted the criminal investigation that ultimately led to perjury and obstruction of justice charges against Mr. Libby.

But the trial has chipped away at the public image of Mr. Cheney as a sober-minded policy architect and tough political combatant, never rattled by the sniping of critics or the fickle commentary of the press.

When Mr. Wilson published an Op-Ed article in The New York Times on July 6, 2003, lambasting the administration, Mr. Cheney was "upset," Mr. Libby said in 2004 grand jury testimony, replayed at the trial. Contrary to Mr. Wilson's claims, the vice president had known nothing about the former ambassador's trip to Niger on behalf of the C.I.A. or his conclusion that Iraq was not seeking uranium there, Mr. Libby said.

"He often cuts out an article and keeps it on his desk somewhere and thinks about it," Mr. Libby told the grand jury of the vice president. The jury has seen Mr. Cheney's clipping of Mr. Wilson's article, on which he wrote notes and questions.

The jury has also heard how the vice president responded by dictating talking points for the news media to subordinates and hastily summoning conservative columnists to a lunch. Most strikingly, Mr. Cheney cleared with President Bush the secret declassification of an intelligence document on Iraqi weapons so that it could be leaked to a reporter he and Mr. Libby saw as friendly, Judith Miller, then of The Times.

"The vice president instructed me to go and talk to Judith Miller and lay this out for her," Mr. Libby said in the grand jury tapes.

The leak to Ms. Miller, on July 8, 2003, failed — she wrote nothing. But four days later Mr. Cheney was trying again, listing for Mr. Libby the main points he wanted made to Matthew Cooper, then of Time magazine, and other reporters.

Mr. Cheney, Mr. Libby said, "dictated to me what he wanted me to say to the press," including a "word-for-word" quote to give Time magazine and "background material that he wanted me to use."

A few months later, when Mr. Libby was being publicly discussed as a possible target of the criminal investigation, Mr. Cheney weighed in again. He directed Scott McClellan, then the White House spokesman, to publicly clear Mr. Libby just as he had cleared Karl Rove, Mr. Bush's political adviser.

"Not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," Mr. Cheney wrote in a note after Mr. Libby complained to him. The "meat grinder" apparently referred to Mr. Libby's assignment in leaking to the news media; the "incompetence" is thought by many to be the vice president's characterization of the C.I.A.'s decision to send Mr. Wilson to Niger.

The trial is just the latest challenge for the vice president, who would enter the witness stand as one of the least popular leaders in recent history. Only 16 percent of respondents in the latest CBS News poll, released last month, said they had a

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favorable opinion of Mr. Cheney, his lowest level ever in any CBS or CBS/New York Times poll. Some 48 percent had an unfavorable opinion.

For six years, Mr. Cheney has worked to protect the Bush White House from what he views as Congressional meddling, media snooping and legal nitpicking. But his assertion of broad executive authority, based on a legal theory he has pursued since the 1970s, has met with a string of defeats.

The administration has backed away from tough policies on terrorist detention and domestic surveillance that Mr. Cheney championed. He has watched control of Congress shift to Democrats who are now working to penetrate his trademark secrecy. Last fall, he endured the dismissal by Mr. Bush of his friend and ally of three decades, Defense Secretary Donald H. Rumsfeld.

Since then, as the most bullish and optimistic proponent of the president's war strategy, Mr. Cheney has come under increasing fire for comments proclaiming success in Iraq when even Mr. Bush is expressing dissatisfaction.

Senator John McCain, a leading Republican presidential contender for 2008, went on record in an interview last month with The Politico, a new Washington political publication, saying Mr. Bush had been "very badly served" by Mr. Cheney, as well as Mr. Rumsfeld.

In a recent interview on CNN, the host, Wolf Blitzer, told Mr. Cheney, "Some of your good Republican friends in the Senate and the House are now seriously questioning your credibility because of the blunders, of the failures."

Mr. Cheney, in a striking display of pique, responded: "Wolf, Wolf, I simply don't accept the premise of your question. I just think it's hogwash."

Veteran trial lawyers following the case say there is a significant chance Mr. Libby will not take the stand in his own defense, choosing to rely instead upon the seven hours of his taped testimony the jury has already heard. In that event, veteran trial lawyers say, Mr. Cheney could serve as his surrogate, presenting a positive, personal account of Mr. Libby's work without exposing the defendant to the hazards of cross-examination.

But such a strategy would, of course, open Mr. Cheney to unpredictable questioning. Theodore B. Olson, the former solicitor general for Mr. Bush, called Mr. Fitzgerald "a remarkably thorough, meticulous and careful guy with a tremendous memory of the facts" who was likely to mount a formidable cross-examination.

By taking the stand before a rapt national audience, Mr. Cheney would essentially be leaping without a net, because neither the defense nor the prosecution would be duty-bound to protect his interests, said Mr. Olson, who represented Ronald Reagan during the Iran-contra affair.

"You never know what's going to happen on a witness stand with cross-examinations," Mr. Olson said. "Surprises happen all the time."

A Historic Moment If Cheney Testifies Live, As Expected (NYT)

By David Johnston

The New York Times, February 12, 2007

WASHINGTON, Feb. 11 — If he testifies as expected, Dick Cheney would be the first sitting vice president, at least in modern times, to appear as a witness in a criminal trial. And if he testifies in court, he may also be the first to give live testimony in defense of a subordinate's actions on his behalf, legal historians said.

Mr. Cheney's testimony as a courtroom witness for his former chief of staff, I. Lewis Libby Jr., would break with one of the closest historical parallels, when former President Ronald Reagan testified in 1990 via videotape as a defense witness in the trial of his former national security adviser, John M. Poindexter.

The Reagan videotape offered an insight into the unpredictability of criminal trials. His appearance seemed to have little direct impact on the trial, but it created a permanent historical record of his failing memory, which would have been preserved through a printed transcript had he appeared as a live witness but would not have caused the same impact as the widely broadcast videotape.

Courts have traditionally shown great deference to high-ranking executive branch officials, requiring them to testify only when they are thought likely to provide crucial testimony that cannot be obtained elsewhere through documents or other witnesses.

"One of the considerations is, you can't start dragging the vice president or president away from their jobs," said Theodore B. Olson, a lawyer in Washington who represented Mr. Reagan when he was asked to testify in Mr. Poindexter's trial.

Even so, presidents and vice presidents have found themselves caught up in politically volatile inquiries. A few vice presidents were themselves the subjects of criminal proceedings, like Aaron Burr, who was tried for treason and acquitted in 1807 after he left office, and Spiro Agnew, who resigned in 1973 and pleaded no contest to tax and money laundering charges.

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In more recent times, presidents and vice presidents have more frequently been questioned as witnesses, usually in private. But even an interview behind closed doors can prove embarrassing, as when a Congressional committee released President Bill Clinton's videotaped deposition in 1998 to an independent prosecutor in the investigation of his involvement with Monica Lewinsky, a White House intern.

Vice President Al Gore was questioned in 2000 by Justice Department prosecutors in a campaign finance investigation, and when he was vice president in 1988, George H. W. Bush was interviewed by an independent prosecutor in the Iran-contra investigation. Those interviews were not made public and never forced either Mr. Gore or Mr. Bush to appear in court.

But no sitting vice president has testified in a criminal trial in recent times, said Joel K. Goldstein, a professor at the St. Louis University law school who has studied the vice presidency. Mr. Reagan was the last president to appear as a witness.

Unlike Mr. Cheney, who would appear as a voluntary witness, Mr. Reagan resisted testifying, primarily because his lawyers said he could shed little light on the obstruction issues in the trial, Mr. Olson said. "There are no hard and fast rules about a president's testimony," he said. "It really is a balancing process. Is this really necessary, or is there a less intrusive way to get the evidence?"

Richard W. Beckler, a lawyer for Mr. Poindexter, said he had wanted Mr. Reagan to appear as a trial witness in court, but accepted an appearance that would have far less impact. "We wanted him to testify live, but that motion got turned down," Mr. Beckler said. As a result, Judge Harold H. Greene of Federal District Court settled on an arrangement in which Mr. Reagan testified, but via a videotaped deposition, which was later publicly released.

The deposition was taken in February 1990 in a closed courtroom in Los Angeles, a year after Mr. Reagan left office. The former president sat in a witness box. Judge Greene was on the bench. Prosecution and defense lawyers were in the court, along with Mr. Reagan's lawyers, Justice Department lawyers representing the administration of George H. W. Bush and an interagency group monitoring the proceedings for inadvertent leaks of classified information.

The defense was permitted to ask Mr. Reagan 154 questions approved by the judge in advance. The procedure was taped to allow for the editing of any state secrets or other statements ruled inadmissible. But in the end, the eight-hour tape was played in its entirety at the trial.

On the tape, Mr. Reagan seemed cooperative, but he had trouble recalling many of the events surrounding the Iran-contra affair. After the trial, jurors said his testimony had a minimal impact on their decision to convict Mr. Poindexter on all five counts against him. A federal appeals court later threw out the conviction on all counts.

The showing of the tape had unforeseen consequences for Mr. Reagan and his legacy. It created a record of Mr. Reagan as a former head of state unable to grasp the facts about the most serious crisis of his presidency, in the unforgiving setting of a criminal trial. That imagery seemed to foreshadow his disclosure in 1994 that he had Alzheimer's disease.

"You just could not have seen all that coming," Mr. Olson said. "But in a live situation it might have been worse." Had Mr. Reagan appeared in court, Mr. Olson said, it might have been more difficult for him to interject on his client's behalf and might not have permitted Mr. Reagan to take the rest breaks he was granted during the deposition.

Cheney Backers Grow Restive (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 12, 2007

WASHINGTON -- Dick Cheney's diminished popularity outside the White House hasn't affected his power within the Bush administration, where he continues to hold considerable clout. From the surge of troops in Iraq to the tough line on Iran to opposition to tax increases, the vice president has helped to shape an array of recent administration policies.

But as his standing erodes among the administration's most conservative supporters, Mr. Cheney finds himself being criticized by former allies and emerging as a focal point for Republican anger about the war in Iraq. That is making it easier for Republicans to split with the administration on a number of issues, notably Iraq.

"Cheney's popularity with the Republican base is reflective of the Iraq war's popularity with the Republican base, and that support is waning," said Vin Weber, a Republican strategist and lobbyist. "That's taking a toll on the vice president, who is more closely identified with Iraq than on any other issue."

It is a shift for Mr. Cheney, who remained popular with conservatives as his support among the general public declined. In a September Wall Street Journal/NBC News poll, 43% of those calling themselves conservative Republicans said they felt "very positive" about Mr. Cheney, compared with 13% of all adults surveyed.

That rating fell over the next few months, as Republicans lost control of Congress, support for the Iraq war eroded, and the perjury trial of former Cheney chief of staff I. Lewis "Scooter" Libby put the vice president and his office in the spotlight. By mid-

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January, the same poll found that 26% of conservative Republicans said they felt "very positive" about Mr. Cheney, compared with 9% for all respondents.

Mr. Cheney could be called to take the stand in the Libby trial as soon as this week, making him the first sitting vice president to testify in a criminal court.

Mr. Cheney's declining support among conservatives leaves him open to criticism from fellow Republicans.

When Mr. Cheney traveled to Capitol Hill recently for a lunch meeting with Republican senators, the lawmakers opened the floor to discuss the administration's "surge" proposal. It was Mr. Cheney's birthday, and participants said the senators began by singing "Happy Birthday."

The warm feelings evaporated as soon as the conversation turned to Iraq, however. Several senators said they remained committed to the war on terror, but questioned the administration's overall management of the war, participants said. Sen. Gordon Smith of Oregon told Mr. Cheney he couldn't find words strong enough to express how bad he thought the administration had overseen the war in Iraq, according to participants.

Other lawmakers told the vice president they feared the additional troops would be unable to stabilize the country, and expressed skepticism about the capabilities and intentions of Iraqi Prime Minister Nouri al-Maliki, according to participants.

Mr. Cheney listened closely, but didn't say anything in response to the criticism, participants said.

To date, there are few signs that talk outside the White House has changed Mr. Cheney. One reason, administration officials say, is because Mr. Cheney doesn't aim to become president, he can stay loyal to the Bush agenda without having to distance himself from the president.

Mr. Cheney's top foreign policy aide, John Hannah, shaped the administration's "surge" proposal for Iraq. David Wurmser, Mr. Cheney's top Middle East aide, helped to craft the administration's tougher stance toward Iran. On the domestic front, senators from both parties said last week that Mr. Cheney's antitax positions had contributed to derailing talks between congressional Democrats and the administration on a budget plan that might include changes to the Social Security and Medicare entitlement programs.

"He's been a longtime and steady supporter of conservative causes, and conservatives have known that he is consistent in his views and that he's making those conservative views known to the president," said Cesar Conda, a lobbyist and former policy aide to Mr. Cheney. "But they also know that Cheney doesn't win the debates all the time."

A number of conservative figures outside the administration offered three reasons for their displeasure with Mr. Cheney. They point first to Iraq, expressing concerns Mr. Cheney was in denial about how bad the situation was in the country and about the war's political cost for Republicans. Second, they say Mr. Cheney was finally caught up in conservative anger at Mr. Bush for not limiting government spending or balancing the budget.

Lastly, some conservatives say they are uncomfortable with Mr. Cheney's support for his daughter Mary's decision to have a child and raise it with her partner, another woman.

White House officials defended Mr. Cheney, saying the vice president's statements about Iraq were meant to emphasize that political progress had been made in Iraq despite the difficulties there.

"The vice president's insistence on pointing out what has gone well in Iraq -- three elections and substantial progress in many Iraqi provinces -- should not be taken for granted or ignored," said Dan Bartlett, counselor to the president.

The Libby Trial: Who Said What To Whom, And Who Remembers? (CSM)

By Linda Feldmann

The Christian Science Monitor, February 12, 2007

WASHINGTON

The trial of former White House aide I. Lewis "Scooter" Libby, now at a pause point as the defense prepares to mount its case, is about many things.

Literally, the trial is about whether Vice President Cheney's ex-chief of staff committed perjury and obstruction of justice during a federal investigation into the exposure of a CIA agent's identity. After 11 days of prosecution testimony, some of which appeared damaging to Mr. Libby, the task of the defense team is to sow reasonable doubt in the minds of jurors.

But what has captured the fascination of the press and observers of the Bush administration is how this case has pulled back the curtain on the inner workings of a White House known for being secretive and on the ways of elite Washington – much of it less than flattering. And even if the perjury trial of a former aide may seem to be a sideshow to the weightier issues of the day, the context of the Libby trial remains central: the runup to the Iraq war and its aftermath when the rationale for the war came under question.

"This trial stands for something much bigger than what it is," says Paul Rothstein, a law professor at Georgetown University. "In the public mind, it stands for, 'Was Bush lying about the war, and was he willing to destroy a woman's career to cover up a lie about the war?' Viewed that way, it's a big case. The case doesn't actually go that far, but that's how it will be read if Libby is convicted."

No one, including Libby, is on trial for revealing the identity of Valerie Plame, the woman in question, as a CIA operative. Her status became a point of interest inside the Bush administration when her husband, former US Ambassador Joseph Wilson, came out as a critic of the administration's use of intelligence in building its case for war. At issue in Libby's case is whether he lied in sworn testimony over how he learned Ms. Plame's identity.

The prosecution's final witness, Tim Russert, anchor of NBC's "Meet the Press," provided perhaps the most damaging testimony. Libby had asserted that he learned Plame's identity from Mr. Russert, but Russert denies that the topic ever came up in a phone conversation they had in July 2003. In cross-examination, Libby's chief defense lawyer tried to challenge Russert's memory and impugn his impartiality.

When the defense begins its case Monday, the first witnesses will be other journalists, who will be questioned with an eye toward casting doubt on the ability of prosecution witnesses to remember years-old conversations accurately.

At the heart of Libby's defense is the argument that, as a top White House aide with a full plate, he could not be expected to remember who told him what, when. After Libby stated under oath that he had learned Plame's identity from Russert, it has subsequently come out that he learned the information a month earlier from fellow officials.

The prosecution's argument is that Libby had fingered Russert to avoid implicating administration colleagues. Why Russert would then have not contradicted him is the next question. Perhaps, the reasoning goes, Libby assumed Russert would refuse to testify, in the tradition of journalists refusing to divulge in public the identity of sources and content of conversations with them.

During the days of testimony so far, the public has been treated to a rare behind-the-scenes look at life in the White House. Ari Fleischer, who was White House press secretary during the period in question and who received legal immunity for his testimony, described his dismay when it became clear that the president had made an unsupported statement in his State of the Union address: that Iraq was seeking to acquire uranium from Africa.

Cathie Martin, a former press aide to Mr. Cheney, also expressed frustration over her office's inability to correct a falsehood in the press – that it was Cheney's office that had sent Ambassador Wilson on a mission to Africa to check on the uranium allegation. And in an ironic moment, she laid out the options her office considered in trying to refute that allegation – including the possibility of leaking the information to select journalists.

Perhaps the most startling sign of backroom intrigue at the White House came in the opening arguments of the defense: that Libby was being hung out to dry to protect a more-prominent (read: valuable) White House figure, Bush's top political adviser, Karl Rove.

How all this looks to the American people, a majority of whom already hold the Bush White House in low esteem, is an open question. But to some longtime observers of the ways of Washington, there's a danger that the public will come away with new disgust over how the press interacts with the White House, especially in the realm of "leaks."

"It must look sleazy and underhanded," says Stephen Hess, a Brookings Institution scholar. "It's hard but necessary to also tell them [the public] that an awful lot of important information gets conveyed this way."

Libby Lawyers To Call On High-profile Journalists (USAT)

By Richard Willing

USA Today, February 12, 2007

WASHINGTON — Lawyers for Lewis "Scooter" Libby are scheduled to begin their case today by calling a brace of high-profile journalists to give testimony they hope will clear Libby of perjury and obstruction charges.

Among those likely to be called, according to court transcripts: NBC's Andrea Mitchell, Bob Woodward of The Washington Post, Evan Thomas of Newsweek and Jill Abramson, managing editor of The New York Times.

Libby, Vice President Cheney's former chief of staff and national security adviser, is charged with lying about identifying an undercover CIA officer to reporters in June and July 2003 to undermine her husband, an administration critic.

Federal prosecutor Patrick Fitzgerald spent the first three weeks of the trial building his case against Libby. He called 10 witnesses and played eight hours of Libby's grand jury testimony to show that Libby told reporters Valerie Plame worked at the CIA, then lied to investigators because he feared prosecution for leaking classified information.

Plame's husband, former ambassador Joseph Wilson, had accused Cheney's office of ignoring a report Wilson made contradicting the claim that Iraq had sought nuclear material in Africa.

No one was charged for the leak.

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Theodore Wells, Libby's lead counsel, has said in court filings and statements to the court that he'll call these journalists to show there was no "plot" to unmask Plame's identity and that talk of her CIA job was widespread.

Mitchell said during an October 2003 interview on CNBC that Plame's identity was "widely known." In a 2005 interview with Don Imus, Mitchell said she "may have misspoken."

The defense may also pit journalists from the same newspapers or networks against each other. Former New York Times reporter Judith Miller testified for the prosecution that her editor wasn't interested in a story about Plame's CIA role. The defense has subpoenaed that editor, Abramson, to rebut the claim. Abramson was the Times' Washington bureau chief until August 2003.

While the journalists seem certain to testify, it's less clear that Cheney will also take the stand.

Before the trial, Libby's defense team said they would call Cheney as a witness. If they do, that will make him the first sitting vice president to be a witness in a criminal trial, said vice presidential historian Timothy Walch, director of the Herbert Hoover Presidential Library.

Cheney, if called, could bolster two elements of Libby's defense. One is that Cheney's office was so busy that top aide Libby just forgot but didn't lie about key details of conversations about Plame. The second is that White House adviser Karl Rove, portrayed by the defense as a Libby rival, conspired to trick reporters into thinking Libby was the main source of the leak to cover Rove's role in exposing Plame.

Calling Cheney as a witness presents several problems for the defense, says Joshua Berman, a former federal prosecutor and now a white-collar defense specialist.

"What (Libby's lawyers) hope to get from him they have to weigh very sensitively against any possible backfire effect," Berman says.

That effect could include focusing on Cheney as the No. 2 official in an administration that has become increasingly unpopular because of the Iraq war. Cheney also likely would be asked questions about the flawed intelligence about Iraq's weapons of mass destruction, which helped lead the United States into war in Iraq.

Cheney could also face questioning about who told him that Plame worked for the CIA. Libby told FBI investigators that Cheney told him Plame worked at the CIA in early June 2003, just before a top CIA official told Libby the same thing.

Berman, who has worked with both Fitzgerald and Wells, says that Wells sometimes waits until the last minute before deciding to call a witness. "I've heard him say, 'I often make the decision (to call a key witness) that morning,' " Berman said about Wells' trial tactics.

Berman, however, noted that Wells has been "thinking about it every single morning and night since the trial began."

Media Figures May Be Reluctant Defense Witnesses In Libby Case (WP)

By Carol D. Leonnig

The Washington Post, February 12, 2007

Defense Exhibit 1972, a tape-recorded interview from the "Imus in the Morning" radio show, is another of those revealing moments in the perjury trial of I. Lewis "Scooter" Libby.

"So . . . what happened?" radio host Don Imus asks NBC News correspondent Andrea Mitchell about her confusing reporting on an undercover CIA officer. "Were you drunk?"

"I obviously screwed up," Mitchell responds in the exchange, which Libby's defense hopes to play for the jury in coming days. "I guess I was drunk," she jokes.

Just when you thought it was impossible for more harm to come to the national news media's reputation, the defense in the trial of Vice President Cheney's former chief of staff is about to present its case.

Starting today, when Libby's attorneys try to show that he did not intentionally lie about his role in leaking the identity of CIA officer Valerie Plame, they will rely heavily on a string of journalists as witnesses. In several ways, those witnesses will be asked to raise doubts about the testimony and accuracy of other reporters, and some may end up tarnishing themselves or their sources.

Libby, 56, is charged with lying to investigators about his conversations with reporters about Plame in the summer of 2003, during what prosecutors allege was a White House campaign to discredit her husband, outspoken war critic Joseph C. Wilson IV. Days after Wilson accused the administration of twisting intelligence he gathered on a CIA-sponsored mission as it defended the invasion of Iraq, Plame's classified CIA role was revealed in a syndicated column by Robert D. Novak. Libby, who has pleaded not guilty, is not charged with the leak itself.

Now the reporters Libby spoke to -- and some he did not -- are unhappily embroiled in the trial as witnesses for both sides.

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This past week, a pillar of broadcast news -- Tim Russert, Washington bureau chief for NBC News -- was heard chortling on the air on Oct. 28, 2005, about the possibility that Bush administration officials would be indicted that day. That interview, also with Imus, helped the defense suggest that Russert, a star witness for the prosecution, may have held a grudge against Libby.

The Wall Street Journal editorial page was depicted as carrying water for the White House, insisting in print that it had crucial intelligence supporting the war that did not come from the White House. But Libby has testified that he urged then-Deputy Defense Secretary Paul D. Wolfowitz to leak self-serving parts of an intelligence report to the Journal because Wolfowitz had better connections there. That admission helped the prosecution suggest Libby was part of a White House campaign to discredit Wilson.

In the next several days, three reporters at The Washington Post, a senior New York Times editor, a Times Washington bureau reporter and a Newsweek magazine reporter are expected to take the stand.

Defense attorneys are keen to ask New York Times Managing Editor Jill Abramson about the accuracy of former Times reporter Judith Miller, a prosecution witness who said Libby told her about Plame in June 2003. They want Abramson to rebut Miller's testimony that she urged Abramson, then the Times's Washington bureau chief, to have the paper pursue the story about Wilson's wife working at the CIA. Abramson has been quoted as saying that Miller never made such a suggestion.

But the questioning could get into the gritty business of whether Abramson considered Miller to be accurate and impartial in her work. In the summer of 2003, the time of the events critical to the case, editors told Miller that, because of flaws in previous stories about whether Saddam Hussein's government possessed weapons of mass destruction, she could not write stories alone on intelligence regarding Iraq.

Defense attorneys also are eager to question Mitchell about the memory and credibility of Russert, her NBC colleague. Mitchell professed on CNBC's "Capital Report" in October 2003 that it was "widely known" among intelligence reporters such as herself that Wilson's wife worked at the CIA. Her network issued a statement saying that was inaccurate, and she said in an interview with Imus that she didn't know "what the heck I was talking about."

Libby's defense argued that Mitchell may have told Russert -- who testified for two days last week -- about the CIA operative but later wanted to back away from her assertion of knowledge. If she did know the information, they said, it would bolster Libby's contention that he learned about Plame's identity in a July 10, 2003, telephone call with Russert.

Russert said that was not possible because he did not hear of Plame until several days later.

"Now it turns out his right-hand person, Andrea Mitchell, in October 2003 has said something that totally blows up his core statement that he didn't know about the wife," defense attorney Theodore Wells Jr. told U.S. District Judge Reggie B. Walton in arguing to play the Mitchell tape for the jury. "He has admitted that if she knew, he knew, and the whole team would have known."

Walton said he will rule today on whether Mitchell's testimony is relevant.

The defense also has said it may call Post Assistant Managing Editor Bob Woodward. He learned about Plame from then-Deputy Secretary of State Richard L. Armitage in June 2003 but said he did not disclose that information because he wanted to avoid being subpoenaed. Woodward told prosecutors what he knew after Libby was indicted in 2005, and he apologized to Post Executive Editor Leonard Downie Jr. for not sharing information on a major story.

Woodward's testimony could help bolster Libby's contention that there was no White House campaign to discredit Wilson and that other reporters knew about Plame before the time that prosecutors say Libby began to discuss her.

Also on the defense witness list are Post reporters Walter Pincus and Glenn Kessler, Newsweek's Evan Thomas, and the Times' David E. Sanger. All are expected to testify that they talked with Libby during that time but that he never mentioned Plame to them.

The defense is expected to use their testimony to raise doubts about the credibility of other key prosecution witnesses.

CHANNEL ISLAND: Russert's Fault? A Lack Of Outrage (LAT)

By Scott Collins

The Los Angeles Times, February 12, 2007

Those of us who get a kick out of watching Tim Russert every Sunday on NBC's "Meet the Press" are feeling a little hangdog these days. We always thought Big Russ Jr. was tough on the powerful. Now we learn that to some Washington media types on both the right and the left, he's just a tool for the powerful.

What's occasioned this perceptual turnabout is, of course, the perjury and obstruction trial of I. Lewis "Scooter" Libby, a former top aide to Vice President Dick Cheney, where Russert wrapped up two days of testimony last week. Libby says the NBC newsman fed him the name of CIA operative Valerie Plame Wilson, who is at the center of the trial. Russert says he didn't.

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To ordinary viewers, though, whatever transpired during Libby's phone call to Russert back in 2003 couldn't be as jarring as what the trial has unearthed about Washington's deeply cynical attitude toward "Meet the Press," a venerable, 60-year-old staple of network TV and the No. 1-rated Sunday news talk show.

A former Cheney press aide testified last month that she pushed to get the vice president on Russert's show to bat down negative news because it was "our best format," a program where political handlers can "control the message."

Wow. Really? With his Buick-like physique, piercing stare and rumbling baritone — plus his interrogatory style of brandishing incriminating documents and video in front of his guests — Russert sure doesn't look like any flack's patsy.

But to Russert's longtime critics, this was an a-ha! moment. Arianna Huffington, who once penned the critical "RussertWatch" feature for her liberal Huffington Post website, said she attended the Libby trial last week. There she found fresh confirmation for her view of Russert as one of the media handmaidens who carried water for the Bush administration in the run-up to the Iraq war.

"When we started RussertWatch, we didn't know he was on Dick Cheney and [ex-aide] Mary Matalin's list of ways to get their message out," Huffington told me Friday. She also heaped scorn on Russert's testimony that he always assumed his off-camera conversations with government officials were automatically off-the-record, so as "not to blindside anyone."

"That's the exact opposite of how journalists operate," Huffington said. "Russert's responsibility is to the public, unless there's some specific granting of anonymity."

So which is it? Is Russert the lantern-jawed tough guy many of us thought he was, the hard-boiled lawyer-turned-journo who hoists wayward pols on their own rhetorical petards? Or is he really just a Beltway Cowardly Lion who blows hard but allows his prey to wink and nudge their way out of tight spots with the nation's future at stake? (An NBC spokeswoman, citing the sensitive nature of the court testimony, said neither Russert nor network officials would comment.)

Evidence for Russert as a big softie has long existed. In 2004, when it came time to leverage his celebrity into a book-length treatise, he gave us not the standard "how I became an intrepid reporter" odyssey, the broadcast journalists' default choice, but rather "Big Russ and Me," a sentimental memoir of his categorically decent but emotionally withholding Irish-Catholic father.

"Big Russ" may not stack up as great literature, but it became a surprise bestseller and humanized Russert to millions who'd known him simply as a guy who liked to play "gotcha" with elected officials.

But writing a heartwarming book that merchants might file alongside "Tuesdays With Morrie" doesn't help demonstrate journalistic toughness. And watching "Meet the Press" over the last few weeks, I think I can understand why both Cheney's office and critics such as Huffington believe Russert can be readily controlled.

As an interviewer, Russert relies on documentary evidence to ask the pointed questions you want asked and answered. He hardly permits our leaders to slip away freely. Russert aggressively pursued, for example, the U.S. failure to find weapons of mass destruction in Iraq during President Bush's February 2004 appearance on "Meet the Press."

But Russert can seem overly dispassionate, particularly during a time when opinion has increasingly bled into the news. And it's the lack of emotion that can make his approach look, after a while, less like real toughness than a facsimile of it.

Outrage is the reporter's ultimate stock in trade, from Oriana Fallaci jabbing Ayatollah Khomeini over Islamic veils to the on-camera meltdowns of Anderson Cooper and Shepard Smith during Hurricane Katrina. But Russert doesn't do outrage. He doesn't pound his desk and tell guests to shut up, like Bill O'Reilly. He doesn't try to pry open subjects by telling them, as Mike Wallace is known to have done, that their story is "pabulum." He's not on the receiving end of angry lectures, like the kind that Bill Clinton gave Chris Wallace, or the kind Dan Rather seemed to get from everyone.

Is there something vaudevillian about all these histrionics? Sure, but that's part of journalism. Maybe not the most handsome part, but a part nonetheless. It's revealing that when Libby rang Russert in 2003, it was to lodge a complaint, not about Russert, but about his high-volume MSNBC colleague Chris Matthews. The "Hardball" host is exactly the kind of outburst-prone broadcaster who can drive handlers up the wall.

On the Feb. 4 show, Russert drilled former North Carolina Sen. John Edwards over his stance on the Iraq war, tracing how the Democratic presidential candidate shifted from support to opposition. Russert asked all the right questions, presented all the right evidence, but there was an emotional element missing. Isn't it at least a little disappointing that a leading voice from the supposed opposition party went along for so long with a war plan that he now tells us, with the benefit of several years' hindsight and when the information is of little use, was grievously flawed?

But because that sense of outrage was missing from the "Meet the Press" host — he asked the questions in the same lawyerly tone of polite urgency and slight incredulousness he always uses — Edwards was basically allowed to shrug: Oh, well. Can't win 'em all.

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Russert fans say the host is getting a raw deal. Marvin Kalb, "Meet the Press" host during the 1980s, praises his successor for building the program to its No. 1 status, and said whatever trade-offs Russert lives by were inevitable. "The politician wants exposure, the journalist wants a story," Kalb said. "On 'Meet the Press,' the two attempt to come together with dignity. Most of the time, it works."

It's also probably not a good idea to put too much faith in the proclamations of the pro-Libby folk. "It may be tactically in the interests of the administration to say Russert is easy," noted Tom Rosenstiel, director of the Project for Excellence in Journalism. "Any time a politician plays press critic and tells you who's good, you need to carry a large container of salt."

Even Huffington admits that Russert attracts a lot of attention simply because his Sunday program is No. 1 in the ratings.

Still, it's clear that the ground has shifted beneath Russert's feet. Sixteen years hosting "Meet the Press," and he's suddenly becoming the story. Surely that's not a welcome switch, but Russert's plenty smart enough to know something is going on.

When a Libby attorney, during his cross examination, went over the specifics of a newspaper column critical of Russert and then asked whether it was "one of the more personal attacks you've experienced," Russert replied, "Probably not anymore."

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Relying On The Notepad In The Electronic Age (NYT)

By Adam Liptak

The New York Times, February 12, 2007

I. Lewis Libby Jr. is charged with lying to federal agents, but no one knows precisely what he said. The jury hearing his case must rely on an F.B.I. agent's recollection, based on notes taken at the time.

Mr. Libby is also charged with lying to a grand jury. That testimony was tape-recorded, and jurors spent eight hours last week assessing every word, inflection, pause and sigh.

Why is the Federal Bureau of Investigation still using Sherlock Holmes methods in the YouTube era?

More than 500 police departments in all 50 states now make electronic recordings of at least some interrogations, often videotaping them. At the F.B.I., by contrast, an agent cannot turn on a tape recorder without first getting a supervisor's permission.

The default method of preserving the statements of witnesses and suspects at our nation's most important law enforcement agency is known as "scribble then type."

Deborah S. Bond, the F.B.I. agent who testified about two interviews with Mr. Libby, said her notes were pretty good but not perfect.

"I can't take a verbatim statement," Ms. Bond testified. "You take notes as quickly as you can and as accurately as you can."

Here are some other reasons to favor recordings:

They eliminate disputes about whether Miranda warnings were given and whether confessions were authentic.

They allow juries to assess people's demeanor and credibility. They preserve clues. They encourage honorable police work.

They allow the investigators to engage people in conversation rather than worry about stenography. They are an excellent training device.

Thomas P. Sullivan, a former United States attorney in Chicago and a bit of a crusader on this point, says local law enforcement agencies that have adopted electronic recording cannot imagine life without it.

"I can say without exaggeration — it's unanimous — that they all love it," Mr. Sullivan said. "They hate it until they do it, and then they love it."

Judges seem to feel the same way. "I find it ironic," Judge Stephen P. Friot of Federal District Court in Oklahoma wrote in a letter to Mr. Sullivan, "that if the cost of repairing a car is at stake in a civil case, the defendant's account of the matter is meticulously recorded" by a court reporter in a deposition. "But agencies with ample opportunity and resources to do so fail to record statements where liberty and perhaps even life are at stake."

A decision in December by the Iowa Supreme Court illustrates the point. The court was considering a relatively difficult question: Did a 17-year-old immigrant from Bosnia understand what he was saying when he waived his Miranda rights and confessed to burglary and robbery?

But there was a videotape. It showed that the defendant, Arif Hajtic, spoke English well. "He showed no reluctance to ask questions if he did not understand," Justice Jerry L. Larson wrote for the unanimous court. "When the officer asked a question confusing to Hajtic, he asked the officer to clarify it, and the officer did so."

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The court ruled that Mr. Hajtic's confession was authentic, and it affirmed his conviction. The case, the court concluded, "illustrates the value of electronic recording, particularly videotaping, of custodial interrogations."

The F.B.I. reviewed its policy about a year ago, and decided to keep it. Valerie E. Caproni, the bureau's general counsel, defended the decision, saying that its specialized work required sensitive case-by-case judgments about when recording was appropriate. The requirement that field agents get approval, Ms. Caproni added, should not be interpreted to mean that recordings are disfavored.

"There are lots of different factors that play into this," she said.

First, she said, the policy has not caused many problems for prosecutors. Then there is money. Making transcripts of recordings can be expensive and burdensome, Ms. Caproni said, especially when translators are involved. "There's a huge fiscal impact to it," Ms. Caproni said. On the other hand, the F.B.I.'s $6 billion budget dwarfs those of the hundreds of police departments that have embraced routine taping.

Most important, Ms. Caproni said, suspects may clam up if they know they are being recorded. "What you really want to do," she said, "is have them spend time talking to you. It's an art, not a science."

But those objections seemed to crumble at the Libby trial. Mr. Libby was interviewed with his lawyer, and it is hard to imagine that the presence of a tape recorder would have changed what he said. And it seems only fair to make the most accurate record possible of statements that could send a man to prison.

Ms. Bond, the F.B.I. agent, was repeatedly questioned about gaps in her notes.

"There might be some mistakes," she said, "because we're all human."

A tape recorder is not human. A really good one, according to a 2005 report of a committee appointed by the New Jersey Supreme Court, costs $300.

Wilkes Warned By FEC (RC)

By Matthew Murray

Roll Call, February 12, 2007

Brent Wilkes has had better years.

The fast-spending defense contractor, for whom jailed ex-Rep. Duke Cunningham (R-Calif.) allegedly helped obtain millions of dollars in military contracts, in recent months has seen his fortune dwindle, business fail and personal life go to shambles.

Meanwhile, media reports suggest that the Justice Department likely will indict Wilkes any day for his alleged involvement in Cunningham's pay-to-play contract scandal.

And now the Federal Election Commission could add to Wilkes' legal woes by prying into details involving his firm's political action committee.

Just before Christmas, the agency sent a warning letter to Wilkes promising to fine, audit or worse — "legal or enforcement action" — for failing to file campaign finance disclosure documents going back months on behalf of his company's PAC, ADCS Inc.

"It has come to the attention of the Federal Election Commission that you may have failed to file the [post-general 10/1/2006 to 11/27/2006 report] of receipts and expenditures as required by Federal Election Campaign Act," stated the Dec. 21 letter addressed to Wilkes, the PAC's treasurer. "The civil money penalty calculation for late reports does not include a grace period and begins on the day following the due date for the report."

As of late Friday, Wilkes still had not filed the PAC's disclosure report nor the committee's year-end report, according to the FEC Web site. Mark Geragos, Wilkes' lawyer, did not respond to a request for comment by press time Friday.

The FEC does not discuss ongoing enforcement cases, but according to Brett Kappel, an election law lawyer at Vorys, Sater, Seymour and Pease, there is little chance the agency will seek monetary penalties from Wilkes. With just $1.38 in the PAC's bank account — and banks threatening to foreclose on his property — it would appear difficult for the agency to squeeze blood from a turnip.

"The PAC appears to have been inactive since spending almost $5,000 on legal fees in June 2006," Kappel said. Under the agency's administrative fine program, the FEC "calculates the fine based upon the level of financial activity during the period covered by the reports that were not filed."

"Since there apparently have been [no transactions]," Kappel said, "[the PAC] probably will not get fined."

And any fine likely would be minimal. With barely enough for bus fare in the committee's coffers, Wilkes could be penalized roughly $900 for failing to file, according to an FEC penalty schedule.

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But that could be the least of it. Although Wilkes may dodge a fine, an audit — which the FEC stressed in the letter may be initiated — could open up the PAC's books to further law enforcement scrutiny, perhaps compounding a recent decision by a state campaign finance regulator.

Last month, California's Fair Political Practices Commission fined Wilkes $4,000 for illegally reimbursing an employee and her husband for $500 worth of contributions made to a San Diego mayoral candidate in mid-2000. Although the two counts violated state campaign laws, Kappel speculated that the decision may give further cause to federal investigators looking to scrutinize the transactions of Wilkes' PAC.

"I have to think that the FBI investigation includes a campaign finance angle," Kappel said. "I would be extremely surprised if the FBI is not investigating the PAC and the campaign contributions by Wilkes and others."

Although Wilkes wrote no checks to candidates in 2005-06, according to CQ PoliticalMoneyLine.com, the PAC handed out more than $40,000 to a dozen candidates the previous cycle, including Cunningham, former House Appropriations Chairman Jerry Lewis (R-Calif.), Minority Whip Roy Blunt (R-Mo.) and former House Armed Services Chairman and current presidential candidate Duncan Hunter (R-Calif.).

During the 2001-02 cycle, the PAC handed out $89,000 to 19 Republicans. In addition to Cunningham and Hunter, Reps. John Doolittle (R-Calif.) and Darrell Issa (R-Calif.), and Sens. Lindsey Graham (R-S.C.) and Pete Domenici (R-N.M.) also received contributions.

Even though Wilkes may have bigger fish to fry, Kappel said the potential domino effect set off by failing to file should be reason enough.

"I'm surprised that his lawyers didn't advise him to just file the report. They don't need any more investigations by any more federal agencies," Kappel said.

'95 WORDS MAY SAVE 'MOB' FED (NYPOST)

By Alex Ginsberg

The New York Post, February 12, 2007

Dogged by accusations of corruption, mob-busting FBI supervisor Lindley DeVecchio sat down with Justice Department investigators in May 1995 to defend his relationship with the Colombo capo who'd been his source for 13 years.

What he said helped save his job and his freedom - and it could do so again.

The confidential sworn statement was finally made public last week as part of a massive defense motion to get the Brooklyn district attorney's quadruple-murder case against the former G-man tossed.

In it, DeVecchio concedes that handling Colombo capo Gregory "The Killing Machine" Scarpa Sr. was tricky.

"I established an excellent rapport with Scarpa Sr., but I always remembered that he was a 'wiseguy' and I was an FBI agent," DeVecchio wrote, under oath and with a grant of immunity.

Scarpa dealt only with DeVecchio, a departure from FBI protocol. DeVecchio said FBI brass green-lighted the one-on-one relationship after the gangster himself penned a note asking that an exception be made in his case.

Under Justice Department rules, nothing DeVecchio said in the statement can ever be used against him.

Although the current allegations are different from the ones 12 years ago, DeVecchio's lawyers contend some of the off-limits statements were the indirect basis for the current case.

DeVecchio is charged with helping the mob plot murders.

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Promises, Promises (USNEWS)

By Michelle Andrews

U.S. News and World Report, February 12, 2007

When two insurance agents showed up at Dorothy and Charles Holt's Visalia, Calif., home last spring, they offered a deal that seemed too good to pass up. For no monthly premium whatsoever, the couple could get a health insurance policy that would reduce their Medicare costs to just $5 for regular doctor visits and $15 if they saw a specialist, instead of the 20 percent coinsurance they paid with their regular Medicare plan. The agents said the new policy would not replace their coverage under the regular Medicare plan; it would just make it better. The Holts signed up that day.

But it wasn't long before they started running into trouble. The Holts found out that the SecureHorizons plan had indeed replaced their original Medicare plan, which allowed them to see most any doctor. Although the agents had assured them that all doctors would take SecureHorizons, the Holts' doctors told them they wouldn't accept it. The agents had also promised them

they'd pay less under the new plan. Dorothy, 75, who suffers from congestive heart failure, requires an injection every two weeks that costs $1,600. Their old Medicare plan had covered the shots, but SecureHorizons would not.

Locked in. When the Holts tried to get out of the plan, they were told they were locked in until 2007. Finally, after filing a complaint with the federal Centers for Medicare and Medicaid Services, writing their legislators, and enlisting the assistance of the local Health Insurance Counseling and Advocacy Program, they were allowed to go back to regular Medicare. But they're worried that other seniors could be hoodwinked. "It's just not right the way they did this," says Charles Holt.

UnitedHealthcare, which operates Medicare plans under the SecureHorizons name, declined to comment on the specifics of the case. But spokesperson Peter Ashkenaz says the company takes these complaints seriously and investigates them thoroughly. "Based on our findings, we'll take action up to and including termination of the broker's contract," he says.

The plan the Holts signed up for was a Medicare "private fee-for-service" plan (PFFS), a relatively new option that resembles traditional Medicare in that it generally doesn't limit beneficiaries to a defined network of providers. In addition to enticing seniors with low premiums, the plans may offer disease-management services and vision, hearing, dental, and other coverage not available under the regular Medicare plan.

Congress authorized the plans in 1997, but it wasn't until the past two years that enrollment really picked up speed, increasing from 51,000 in 2004 to 864,000 at the end of 2006, according to Mathematica Policy Research. Experts attribute the growth to the Medicare Modernization Act of 2003, which boosted reimbursements to insurers that offer private plans. The law also created Part D, the Medicare drug benefit, which opened the door for private insurers to step up their marketing to seniors, not only of drug plans but of all private Medicare insurance products, from HMOs to PPOs (preferred-provider organizations) to PFFS plans, which are collectively called Medicare Advantage plans.

The Club Scene (WP)

The Washington Post, February 12, 2007

THE SHOOTING of a 17-year-old girl in a Northwest nightclub opened a window into the District's world of nightspots that attract young people. It's one involving music, dance, alcohol and, too often, violence. City officials are right to look for ways to improve the safety of people of all ages who go to these establishments. Yet some issues central to the death of this young woman are being given short shrift in a rush to a solution.

Much of the debate spurred by the Jan. 20 death of Taleshia Ford has centered on whether people under age 21 should be allowed to attend clubs that serve alcohol. D.C. Council member Jim Graham (D-Ward 1) is sponsoring legislation that would require any District club, bar or restaurant with entertainment to obtain a special permit in order to admit anyone younger than 21 after 11 p.m. Mr. Graham had floated the idea of banning minors from the clubs until there was an outcry that it would destroy the city's rich musical life. Mr. Graham is rightly outraged by the murder of yet another young person, but his proposal may be more salve than solution.

Those underage shouldn't drink; businesses that serve alcohol to minors should be prosecuted, and we don't think there is an inherent birthright for teenagers to go to nightclubs. But alcohol had little to do with the shooting in the Smarta/Broadway club. She was a bystander when the club's bouncer scuffled with a patron carrying a gun and it went off. Police say she was killed by accident.

Rather than questioning what the teenager was doing at the club, we are curious why this establishment, which had a history of violent incidents, was allowed to stay in business. Only after Taleshia's death was Acting Police Chief Cathy L. Lanier able to use her powers to shut down the club, citing a series of serious criminal activities that predated the teenager's shooting. Answers are needed as to why police and the Alcoholic Beverage Control Board didn't act sooner. Was it a question of not having the authority? Or resources? Or information? Or political will?

Equally urgent is a point made by D.C. Acting Attorney General Linda Singer as she challenged the city to take a more aggressive approach in keeping guns out of such places. Ms. Singer, in testimony to the D.C. Council, has suggested exploring whether certain establishments should be required under specific conditions to have armed D.C. police officers in place to screen for weapons through a reimbursable arrangement. Ms. Singer's emphasis on guns being the true scourge is indeed welcome and we hope will be a priority of her office.

Mr. Graham asks good questions about children as young as 14 being in clubs at 2 in the morning. And he is eloquent in his grief over

the murder of children. Yet there are shortcomings to the bill that, to his credit, he acknowledges, and he has promised further study and discussion with those who have a stake in the

issue.

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CIVIL LAW:

Firm Seeks Settlement Of Medicaid Claims Probe (WT)

By Jim Mcelhatton

The Washington Times, February 12, 2007

U.S. Department of Justice criminal division lawyers say a Reston-based government consulting company either "willfully or recklessly" submitted inaccurate Medicaid claims on behalf of the D.C. government, the company recently disclosed.

Officials with Maximus Inc. said in a recent Securities and Exchange Commission (SEC) filing that they disagree with the criminal division lawyers' assessment. The company also said it is engaged in ongoing talks with the Justice Department concerning a potential civil settlement, the SEC filing states.

Federal authorities began investigating Maximus' work for the District more than two years ago.

Though not outlined in the SEC filings, unsealed court records show that investigators have reviewed accusations in a False Claims Act lawsuit in which a former employee says the company overcharged the government tens of millions of dollars while Maximus was working for the District's foster care agency.

No charges have been filed against the company. Last week, Maximus first disclosed in SEC filings that Justice Department criminal division lawyers "have expressed their view that the company either willfully or recklessly submitted inaccurate claims to the federal government on behalf of the District of Columbia."

"Maximus disputes that view," company officials said. "Nevertheless, the criminal division attorneys have referred the company to attorneys for the civil division to determine if a civil resolution of the matter is possible. Those discussions are ongoing."

A spokesman for Jeffrey A. Taylor, U.S. attorney for the District, on Friday declined to comment, saying the matter is pending. There is no indication from Maximus' latest SEC filing that the criminal probe has concluded.

Maximus officials could not be reached for comment Friday. Previously, a company spokeswoman said the company has been cooperating with federal authorities and would not want to jeopardize its efforts by making individuals available for interviews.

In previous SEC filings in 2004 and 2005, Maximus officials said they don't believe the company broke any federal health care laws in connection with the federal investigation.

The SEC filing last week does not specify the scope of the investigation into Maximus' work for the District, beyond stating it is related to "issues pertaining to compliance with federal laws governing Medicaid claims."

The Washington Times reported last year that federal authorities started investigating Maximus after a former employee accused the company of submitting questionable Medicaid claims totaling approximately $33 million while working for the D.C. Child and Family Services Agency.

Under the consulting arrangement, Maximus was paid 10 cents of every Medicaid dollar it helped the city recoup, eventually netting the company more than $3 million for at least $30 million in Medicaid claims, according to the lawsuit.

However, the 2003 False Claims Act lawsuit filed against Maximus by former employee Benjamin Turner says the Medicaid-billing project was "grounded in fraud."

A billing review found more than half of the foster children for whom Maximus prepared Medicaid claims had no record of actually having received services, according to the suit.

In addition, the lawsuit said the D.C. government, unaware of the purported mischarging, lost more than $3 million.

Previously, Maximus has declined to comment on Mr. Turner's lawsuit, saying it has not been served with the complaint and that public records show the suit was ultimately dismissed from Alexandria federal court in June 2005.

Within days of the lawsuit's dismissal in Alexandria, unsealed filings in Mr. Turner's case show that his complaint was filed in D.C. federal court on June 21, 2005.

No records of the case appear on the public docket in federal court in the District. False Claims Act complaints usually are kept under seal until dismissal or until the Justice Department decides whether to take over prosecution of the case.

In the latest filing last week, Maximus said it cannot predict how much the investigation could cost the company beyond $500,000 already set aside for an internal review.

"We are unable to quantify the probability of criminal or civil prosecution or the probability or magnitude of any other expenditure, fine, penalty or settlement," Maximus officials wrote.

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ANTITRUST:

EMI In Talks To Dump Copy Protection (USAT)

By Jefferson Graham

USA Today, February 12, 2007

LOS ANGELES — The music industry is looking ahead to life without copy protection.

Major label EMI — home of Coldplay and Norah Jones — is in discussions with online music stores about selling its music without copy protection, or digital rights management (DRM), according to two sources with direct knowledge of the talks who would not speak for attribution because discussions are ongoing.

Last week, Apple CEO Steve Jobs created a huge stir when he called on the music industry to dump DRM, saying it hinders sales. Yahoo Music general manager Dave Goldberg predicts that by Christmas, most of Yahoo's catalog will be DRM-free.

"The labels understand that DRM has to go," he says. "It's nothing but a tax on digital consumers. There's good momentum behind DRM going away."

He says sales would increase by 15% to 20% without DRM. Consumers have bitterly complained about DRM, which puts rules on how a song can be used. For instance, songs bought at Apple's iTunes Store can be easily played only on an iPod, and not on digital devices from Microsoft and SanDisk.

EMI spokesman Adam Grossberg wouldn't comment on the DRM-free proposal.

Big four music labels EMI, Warner, Sony BMG and Universal long have said they must have their work protected against piracy. Last week Warner reiterated its support for DRM.

Meanwhile, online piracy has continued to grow. Some 15 billion songs were downloaded for free via unauthorized file-sharing services in 2006, says measurement firm BigChampagne. Album sales continue to tumble — down 15% so far in 2007 according to Nielsen SoundScan — and labels are exploring options.

EMI, in fact, offered a non-copy-protected song from Jones on Yahoo Music and eMusic in late 2006.

Without restrictions on entire catalogs, "Sales would explode," says David Pakman, CEO of eMusic, the No. 2 online music retailer behind Apple's iTunes. "DRM has been holding the market back." His company is the only legitimate digital music service selling unrestricted songs, in the MP3 format. Its songs work with any music player, including the iPod.

By taking the DRM-free plunge, EMI "would slow the loss of its sales, and get a lot of attention for its artists," says James McQuivey, an analyst at Forrester Research. "EMI wouldn't have to worry about pirates, because anyone who wants to pirate music is already doing it. The paying customer is a different breed."

Russ Crupnick, an analyst with researcher NPD Group, says ending DRM would put all the music services on an equal footing. "If I'm a label, I'm thinking this is a good thing. I don't want Apple to totally control the market," he says.

Hindalco Pact To Buy Novelis Underlines India's Push Overseas (WSJ)

By Peter Wonacott In New Delhi And Paul Glader

The Wall Street Journal, February 12, 2007

Corporate India's emergence as a force in global deal making accelerated with Hindalco Industries Ltd.'s agreement to pay $3.43 billion for Novelis Inc., a maker of rolled aluminum used in products such as beer cans and cars.

The deal, announced yesterday, comes about two weeks after India's Tata Group won the bidding for British steelmaker Corus Group PLC, an $11.3 billion deal that was the biggest foreign acquisition by an Indian company. Hindalco's purchase of Novelis, which is incorporated in Canada and has its headquarters in Atlanta, would be the second-largest and underscores the drive of Indian companies to expand overseas by targeting struggling manufacturers and niche players in Western markets.

Hindalco's all-cash purchase would also include $2.4 billion of Novelis debt. If approved by Novelis shareholders and regulators, Novelis shareholders will receive $44.93 for each common share outstanding, according to a statement from the companies. The company's shares closed on the New York Stock Exchange Friday at $38.54, down 56 cents, and had reached a 52-week high of $41.50 on Feb. 6. Hindalco's shares Friday closed at 173.25 rupees ($3.94), down 1%.

The combined entity would be one of Asia's largest aluminum producers and the world's biggest maker of rolled aluminum by production, the companies said. Novelis's aluminum is also used in automobile manufacturing and in construction.

India's Aditya Birla Group, which owns Hindalco, has been growing rapidly across a broad spectrum of industries, from cement and chemicals to telecommunications and financial services. Kumar Mangalam Birla, chairman of the Birla Group, said: "The acquisition is in line with our long-term strategies of expanding our global presence across our various businesses."

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In 2005, Novelis was spun off from Montreal's Alcan Inc., the world's second-largest aluminum producer behind Pittsburgh-based Alcoa Inc. Novelis faces price caps on its long-term contracts, some of which are expected to last at least another two years. Those caps keep Novelis selling canned stock, which is used to make aluminum beverage cans, far below current market prices, according to some industry experts. Novelis reported a net loss of $102 million in the third quarter of 2006 on revenue of $2.5 billion.

"In my opinion, they are overpaying," said Stewart Spector, an aluminum-industry consultant with offices in New York and Florida. "It seems to me that $6 billion is an awful big premium to pay for a messy operation."

James King, a metals consultant in Britain, said he thought other possible bidders could still step up for Novelis, including Russian aluminum maker Rusal and U.S.-based aluminum processor Aleris.

Robert Unger, a New Jersey-based aluminum consultant with Planned Technology Associates Inc., said Hindalco may want to buy Novelis now to benefit from better price contracts in the future.

The Novelis acquisition mirrors other recent Indian bids to buy North American and European companies that may be struggling in their home markets. Earlier this month, Tata beat out a rival bid from Brazil's Cia. Siderurgica Nacional to win Corus. The rising price of iron ore and relatively high labor costs had squeezed margins for the British steelmaker.

Indian companies are striking big deals in pharmaceuticals -- adding to the global reach of the country's drug makers -- and buying overseas energy assets to feed an economy at home that is growing about 9% a year. Meanwhile, the country's technology giants, such as Infosys Technologies Ltd., have aimed for smaller acquisitions in niche markets for software services.

With readily available capital supporting overseas ambitions, the Indian buying binge is expected to pick up speed in the coming months. Indian banks have shown a willingness to lend at low rates while a strong stock market has provided another option to raise cash. In 2006, Indian companies completed a record $7.17 billion in overseas mergers and acquisitions, up from $4.4 billion the year before, according to Dealogic Holding PLC, a market-research firm based in London. Already, the value of completed and announced deals in 2007 far exceeds last year's total.

Still, Indian companies are relative newcomers to overseas deal making. Even established global conglomerates such as the Tata Group have shown a reluctance to substantially revamp their new operations to cut costs, preferring instead to offer newly acquired units plenty of autonomy in an effort to pick up lessons in home markets.

At a news conference to announce the deal, Mr. Birla, the group's chairman, said that Novelis executives will continue to stay with the company and there will be no job cuts. "Novelis is adequately staffed," he said.

While the transaction has been approved by both companies' boards, Novelis shareholders must still agree to the deal by a two-thirds majority. The transaction is also subject to regulatory approvals. The companies said they expect the deal to be completed by the second quarter of 2007.

Nasdaq Concedes On LSE As Offer Lapses (FT)

By Richard Beales In New York

Financial Times, February 12, 2007

Nasdaq has conceded defeat in its most recent bid for the London Stock Exchange, saying on Saturday that the £2.7bn bid had lapsed without the US exchange receiving enough acceptances to control the LSE.

It indicated, however, that it would remain a long-term holder of LSE shares, saying it "will monitor with interest how the business performs going forward."

Nasdaq cannot make another bid for the LSE for at least 12 months, but the stake it has accumulated is

large enough to discourage other likely bidders.

Nasdaq holds a 28.75 per cent stake - or as much as 29.16 per cent after acceptances of just 0.41 per cent, which are not binding now the offer has lapsed - accumulated during its second and latest campaign to buy its London rival. Clara Furse, chief executive of the LSE, has consistently rejected Nasdaq's overtures and has refused even to discuss the offer with Bob Greifeld, her opposite number at Nasdaq.

"As can be seen from the transaction documentation, Nasdaq and LSE clearly have a significant difference of view on the prospective future performance of the LSE business," Nasdaq said in a statement on Saturday after the 1pm London deadline for acceptances had passed.

It maintained that its £12.43 a share cash offer represented a "full and fair price."

"This view has been arrived at following careful consideration of the challenges facing the LSE business model going forward."

The outcome was as expected after LSE shares consistently traded above the value of Nasdaq's offer. They closed on Friday at £12.82, about 3 per cent above the £12.43 bid price, albeit short of recent highs above £13 each.

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LSE shareholders, including corporate raider Samuel Heyman, Paulson & Co., an activist hedge fund, are among those to have increased their holdings at prices higher than Nasdaq's offer.

Mr Greifeld said yesterday that he was "naturally disappointed" but this "disappointment is tempered by the knowledge that we remained true to our value case."

"We have a highly disciplined approach to acquisitions and will only consummate transactions to the extent that they deliver clear and visible benefits for Nasdaq shareholders, and enable us to allocate benefits to market participants."

The LSE has now fended off four prospective bidders and left itself with no obvious suitor for the first time in more than two years.

It responded yesterday with a short dismissive statement. It said it would continue to fulfill its vision to be the world's capital market "without the distraction of ill-considered approaches which fail to understand the value of the business."

Mr Greifeld said last week that if the bid failed, Nasdaq could hold onto its stake in the LSE for 18 months, keeping its options open. He said the London group and its supporters had not grasped the rapid intensification of competition that would follow the introduction of new European regulations known as Mifid.

Nasdaq repeated that view yesterday, saying that it believed the London equity trading market was facing unprecedented change with the introduction of Mifid.

Nasdaq already faces competition from new share trading platforms in the US, as well as from its New York rival, the NYSE Group. Mr Greifeld suggested the same would begin to happen to the LSE, potentially undermining its profitablity.

"Nasdaq's experience of growing volume in a competitive environment suggests that yield pressure could be intense. This in turn will impact upon LSE's future financial performance and hence its value case. The accuracy or inaccuracy of LSE's projections can only be proven through the passage of time and Nasdaq, as LSE's largest shareholder, will monitor with interest how the business performs going forward."

It also said that Nasdaq would "continue to pursue other opportunities to build on its existing position as the world's largest electronic equities exchange."

Nasdaq Fails In Hostile Takeover Bid For London Stock Exchange (WSJ)

By Alistair Macdonald

The Wall Street Journal, February 12, 2007

Nasdaq Stock Market Inc. has failed in its bid to buy the London Stock Exchange Group PLC, its second attempt on the LSE.

Nasdaq said that less than 1% of the LSE's shareholders had tendered their shares by today's deadline.

Its chief executive Bob Greifeld said he was "disappointed" with the result but the exchange had shown itself disciplined in its bid by sticking to its valuation of the LSE.

The LSE welcomed the news, saying it can now get on with its business without the "distraction of ill-considered approaches which fail to understand the value of the business."

Chris Gibson-Smith, the LSE's chairman, said the exchange will progress "various competitive, collaborative and strategic opportunities."

Many of its investors partly rejected Nasdaq's bid because they think there are other merger opportunities for the LSE.

The Nasdaq revealed Saturday that it had received acceptances worth just 0.41% of the British bourse's ordinary shares. Even added to the 28.75% share holding the New York-based exchange built up by buying in the market in recent months, that remained well short of the 50% it needed to begin taking control.

Revealing the results after a formal deadline for shareholders to accept the $24.35 per share bid had passed, Nasdaq stuck by its claim that the LSE was overvalued.

Nasdaq was just one of many suitors for the LSE in recent years -- Deutsche Boerse AG and Australia's Macquarie Bank Ltd. made formal approaches while Euronext NV cited interest without naming a price -- amid increasing pressure on stock exchanges to find merger partners so they can compete globally.

The New York Stock Exchange is due to close its $14.3 billion acquisition of Euronext, the operator of the Paris, Amsterdam, Brussels and Lisbon exchanges, within the next couple of months. The NYSE also recently took a major stake in India's largest bourse and signed a broad agreement with the Tokyo Stock Exchange, the world's second-biggest financial market.

A combination of the Nasdaq and LSE would have created the world's second trans-Atlantic exchange with about 6,400 listed companies carrying a total market value of $11.8 trillion.

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Nasdaq is now barred under British takeover law from renewing its bid for a year and declined to say Saturday what it planned to do with the 29.16% stake in the London bourse it retains.

Failed Bid Is Setback For Growth At Nasdaq (NYT)

By Diana B. Henriques

The New York Times, February 12, 2007

The Nasdaq Stock Market faces the task of rebuilding its foreign expansion strategy after the emphatic rejection this weekend of its second unwelcome bid to acquire the London Stock Exchange.

Less than one half of 1 percent of the London exchange's stockholders responded to Nasdaq's offer to acquire their shares for $24.35, leaving the American exchange well short of the majority it needed to take control. The bid, for a total of $5.3 billion, had brought about much public bickering between the two companies, with the London exchange calling the price too low.

The failed takeover leaves both the Nasdaq and the London Stock Exchange without a strong international presence at a time when stock trading has become an increasingly global business. NYSE Group, parent of the New York Stock Exchange, for instance, has made deals with three foreign exchanges within the last year.

One of those deals was a limited alliance last month with the Tokyo Stock Exchange, which is now in talks with the London Stock Exchange over what might become a similar relationship, according to one Tokyo exchange official. If the London and Tokyo exchanges paired up, it could put even more pressure on Nasdaq to find a foreign partner.

The new arrangement between the New York Stock Exchange and the Tokyo exchange includes plans for joint listings of securities and exchange-traded funds, the exchange of trading technology and — at some later time — the possibility of future investments in each other's shares. The Tokyo exchange is the largest and wealthiest trading center in Asia and the second-largest in the world, after the New York Stock Exchange.

That alliance was announced Jan. 31 during a visit to the New York exchange by the Tokyo exchange's president, Taizo Nishimuro. A report by the Kyodo news agency in Japan that Mr. Nishimuro may visit London soon, perhaps in late February, has led to speculation that a similar deal may be imminent.

The London exchange has rejected a string of suitors over the past year, despite pressure from hedge funds and other private investors. After the deadline for the Nasdaq bid passed, the London exchange issued a statement saying that it "looks forward to fulfilling its vision to be the world's capital market, without the distraction of ill-considered approaches which fail to understand the value of the business."

Robert Greifeld, Nasdaq's chief executive, responded to the setback by saying that his exchange "will continue to pursue other opportunities to build on its existing position as the world's largest electronic equities exchange."

Under British takeover rules, Nasdaq cannot make another bid for the London exchange for a year unless someone else does so. Nasdaq still holds about 28 percent of the London exchange's outstanding shares, a stake so large that it would make it hard for anyone else to buy the London exchange without its approval.

Even so, the New York Stock Exchange is seen as a potential bidder. At the World Economic Forum in Davos, Switzerland, last month, John A. Thain, the Big Board's chief executive, praised the London Stock Exchange as having the second strongest brand in world stock markets, behind his own.

Mr. Thain said that he was not interested in any new mergers until the New York exchange completed integrating its operations with those of Euronext, the Paris-based European marketplace. That process will take about a year, he said.

People informed about Nasdaq's strategy would say only that the exchange intended to keep its options open. Holding on to its London Stock Exchange stake, which was largely financed with borrowed funds, would be inconsistent with Nasdaq's argument over the past year that the London exchange's shares were overvalued.

Keeping the shares "doesn't make sense," said William C. Freund, a former chief economist at the New York Stock Exchange and now the director of the Center for the Study of Securities Markets at Pace University. "It was a long shot to begin with. I would expect them to sell."

If there is a winner in the weekend's drama, Professor Freund said, it is perhaps the New York Stock Exchange. "There has been an intense competition among markets globally, but particularly between the New York Stock Exchange and the Nasdaq," he said. "It seems to me this puts Nasdaq significantly behind in the race."

Besides its alliance with Tokyo and merger with Euronext, the New York Stock Exchange has also bought a 5 percent stake in the National Stock Exchange, India's largest market. Its Tokyo alliance could lead to a more substantial tie-up after 2009, when the Japanese exchange is scheduled to make its own initial public offering. It had originally planned to do this last year, but delayed the listing after embarrassing and costly computer problems that repeatedly paralyzed trading.

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U.K.'s Vodafone Secures A Passage Into India (WSJ)

By Eric Bellman In Mumbai And Jason Singer And Cassell Bryan-low In London

The Wall Street Journal, February 12, 2007

Vodafone Group PLC's deal to acquire a majority stake in Indian cellphone operator Hutchison Essar Ltd. for $11.1 billion is expected to give the British company a perch from which to tackle one of the fastest-growing and most promising cellphone markets.

But the hefty price the world's largest cellphone-service company by sales is paying may test the patience of Vodafone shareholders just as Chief Executive Arun Sarin has been working to rebuild investor confidence. To win the auction for the Hutchison Essar stake, Vodafone ended up with a bid that valued the whole company more than $2 billion higher than its initial nonbinding offer of $16.5 billion. But Mr. Sarin defended the price tag by pointing to the Indian market's fast growth. "This is an excellent investment for our shareholders," he said in a conference call.

The stake was put up for sale several months ago by a unit of Hutchison Whampoa Ltd. of Hong Kong, which owned 67% of the company. India's Essar Group, which owns the rest, said yesterday that Vodafone had offered to be a partner with Essar in running the company. Vodafone said it would also offer to buy Essar's stake at the same per-share price it is paying Hutchison.

"We have been offered by Vodafone to be their partner," said Ravi Ruia, Essar Group vice chairman. "We are at the moment evaluating all our options in the best interest of the group." Essar is expected to decide in the next few weeks.

Mr. Sarin said that while Essar would be Vodafone's preferred partner, if the Indian company does decide to sell its stake, then "we have other partners we can invite in." He didn't say who those partners might be.

The winning bid also provides a valuable exit for Hutchison. Vodafone, which said it is assuming $2 billion in debt, said the deal values all of Hutchison Essar, India's fourth-largest cellular provider by number of subscribers, at $18.8 billion including debt. That sets its worth at a high premium to other telecommunications companies in India and around the world.

Vodafone's willingness to pay what analysts view as a hefty price for the stake, even though Indian laws require Vodafone to have a local partner to operate the company and serve as minority shareholder, reflects the attractiveness of India as a market. Not only is the Indian economy growing about 9% a year, but its cellphone industry is in relative infancy, making it a sharp contrast to many saturated Western markets.

More than six million new subscribers in India are added every month, yet fewer than 15% of Indians use a cellphone now, and cellular networks cover only about half the country. The overall market is expected to expand more than 30% this year, says Gartner India Research & Advisory Services.

ON THE LINE

• What's New: Vodafone will buy a majority stake in Indian cellphone operator Hutchison Essar for $11.1 billion.

• What's at Stake: India is seen as a big growth market for cellphones, and Vodafone had to beat out other bidders to strike a deal.

• What's Next: Vodafone could face investor scrutiny for paying what some consider a hefty price.

Vodafone also had to bid high to beat out others interested in the stake, underscoring another trend in the global cellphone industry. For years, Western operators had the cash and heft to snap up assets in emerging markets. But recently they have been joined by wealthy local players looking to expand their own operations, often with high stock prices to aid acquisitions paid in shares. This has intensified bidding for promising assets in fast-growing markets and driven up prices.

For Vodafone, winning the bidding for Hutchison's stake represents its own bold new bet on emerging markets. It also marks a test for Mr. Sarin, an Indian-born U.S. citizen, and could come to be viewed as the defining moment of his tenure at the company.

Vodafone was one of four bidders for the stake. The others were Reliance Communications Ltd. of India, Hinduja Group of India and Essar Group itself. Hutchison Telecommunications International Ltd., which is controlled by Hutchison Whampoa, decided to sell its 67% stake in Hutchison Essar as the value of mobile-phone operators in the few remaining large and expanding markets surged in recent months.

Reliance, which runs India's second-largest cellular network, and Hinduja weren't available for comment.

Separately, Vodafone said European customers will be able to access Google Inc.'s popular video portal YouTube by mobile phone, building on a series of recent mobile Internet deals.

Initially, Vodafone will have an exclusive deal with YouTube in the U.K., making it the only operator able to offer mobile-phone users a version of the video-clip site. The world's largest mobile-phone operator by revenue plans to extend the service across Europe.

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ENVIRONMENT/INDIAN AFFAIRS:

In Congress, Climate Talks Loom (WSJ)

By Greg Hitt

Wall Street Journal, February 12, 2007

WASHINGTON -- As he begins a series of hearings on climate change, the chairman of the House Energy and Commerce Committee said he is open to considering caps on harmful carbon emissions and higher fuel-economy standards for autos.

Many environmentalists worry that Rep. John Dingell (D., Mich.), a pivotal player in the looming climate fight in Congress and an ally of U.S. auto makers, could become a roadblock to meaningful legislation. He has long fought big increases in fuel-economy standards, and as Energy and Commerce chair, he has the power to block strict environmental regulations. His flexibility on such measures would boost the chances of them clearing Congress this year.

"We've got to consider every single option we have," Mr. Dingell said in an interview, making clear that he isn't ruling anything out at this point. "There's no way I can."

Starting tomorrow, Mr. Dingell's panel will convene twice-a-week hearings on climate change, with sessions expected to run through at least mid-April. The hearings will focus on the causes and consequences of climate change, as well as potential remedies. Former Vice President Al Gore, who has an Oscar-nominated movie, "An Inconvenient Truth," on global warming, will testify March 21.

A half-dozen different House committees have a claim on legislation addressing climate change, and Speaker Nancy Pelosi is moving to create a select panel that will cut across jurisdictions to focus public attention on the issue.

The heart of the legislative fight will be in the Energy and Commerce Committee, which has sweeping jurisdiction over environmental and business issues, and Mr. Dingell is moving to frame the debate. In a memo to committee members, Mr. Dingell likened it to the 1990 struggle to enact landmark clean-air legislation. He noted that effort -- which he helped shepherd -- was "of similar complexity and extremely hard-fought."

Five of the 57 Energy and Commerce Committee members were on the panel in 1990, and Mr. Dingell's aggressive hearing schedule is designed both to educate members and begin sorting out what is politically possible among rank-and-file lawmakers. Beyond the public sessions, Mr. Dingell is convening closed-door briefings for committee aides every Friday. In a session last week, members of the U.N. panel on climate change spoke to the group. Aides said Mr. Dingell also is meeting with other key lawmakers, including Senate Environment and Public Works Committee Chairman Barbara Boxer (D., Calif.), who has made addressing climate change a priority of her panel.

The goal is to produce legislation ready for House floor action by the end of June, a deadline imposed by Ms. Pelosi. "It's going to be very hard," Mr. Dingell said.

Details remain to be worked out. The House appears to be staking out the clearest course for action on the issue. The Senate has yet to stir to action, but Sens. Boxer and Jeff Bingaman (D., N.M.) are pressing the issue.

Mr. Dingell said conservation measures will be considered, as will proposals to encourage use of biofuels. He also vowed to consider measures raising fuel economy standards for autos, along with proposals to cap carbon emissions from plants and factories.

Sen. Stevens Pushes For Tougher Fuel-economy Standards (LAT)

By Richard Simon

Los Angeles Times, February 12, 2007

Lawmakers who have opposed stricter emissions standards find themselves pressured to combat climate change.

For decades, Sen. Ted Stevens has battled environmentalists, but the Alaska Republican now finds himself in an unusual spot: pushing tougher fuel-economy standards for cars.

Amid heightened concerns over global warming and U.S. dependence on foreign oil, Stevens is one of a number of lawmakers shifting gears in the debate over whether Congress should mandate stricter miles-per-gallon rules.

"I'm trying to protect my state," said Stevens, who recently called climate change "more apparent in Alaska than anywhere else."

The 83-year-old senator's change of heart illustrates how the landscape has shifted in Congress, and could signal a turning point in the long campaign by environmentalists — successfully fended off by Detroit — to toughen fuel-economy standards.

"There is clear bipartisan agreement, for the first time in 30 years, that Congress is going to have to act to increase fuel economy standards," said Philip E. Clapp, president of the National Environmental Trust.

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Cars and light trucks — including SUVs, pickups and vans — account for about one-fifth of U.S. carbon dioxide production. The better the fuel economy, the lower the emissions of carbon dioxide, blamed for contributing to global warming.

For years, Congress has debated whether to mandate higher standards as the fleet-average fuel economy has declined from its peak in the mid-1980s. Under a 1975 law passed after the Arab oil embargo, each automaker's car fleet must average 27.5 miles per gallon and its light trucks 22.2 miles per gallon. The car standard has been untouched for 18 years; the truck standard will increase to 24 miles per gallon by 2011.

Stevens is sponsoring a bill to raise the standards for cars to 40 miles per gallon within a decade. Just two years ago, he voted against a similar measure. Stevens said he is convinced Detroit can build more fuel-efficient cars.

"Unless we put some urgency behind it and tell them we mean business," he said in a recent interview, "nothing's going to happen."

Legislation to require an increase faces strong opposition from the U.S. auto industry and its congressional allies, who contend it would lead to lighter, less safe vehicles; threaten auto industry jobs; and limit consumer choice.

Citing Detroit's economic woes, Rep. Joe L. Barton of Texas, the top Republican on the House Energy and Commerce Committee, said: "The last time I looked at the business pages, Ford and GM were ... hemorrhaging jobs, they're losing market share. Yeah, let's pile on and pass a 40-mile-per-gallon mandate."

President Bush, although he called for an increase in fuel-efficiency standards in his State of the Union address, opposes any effort by Congress to mandate stricter rules.

Still, fuel-economy standards are likely to emerge as an issue in the presidential campaign, which could spark action in Congress.

Announced and prospective candidates Sen. Barack Obama (D-Ill.), Sen. John McCain (R-Ariz.), Sen. Christopher J. Dodd (D-Conn.) and former Sen. John Edwards (D-N.C.) have supported stricter miles-per-gallon rules. That has prompted a Detroit ally, Rep. Joe Knollenberg (R-Mich.), to remind them that the Big Three automakers have plants in 17 states "that account for 225 electoral votes."

The last time the Senate voted on the issue, during consideration of the 2005 energy bill, a proposal to increase the standard to 40 miles per gallon by 2016 drew just 28 votes. In the House, a more modest proposal to raise the standard was rejected 254-177.

But some of those who voted against tougher standards in the past now support an increase, and Detroit's allies are worried. "The threat is at its highest level that it's ever been," said Knollenberg.

Those hoping Congress will act are encouraged.

"We now have Congress members on both sides of the aisle, plus the president, calling for a serious increase in fuel-economy standards," said David Friedman, research director for the clean vehicles program for the Union of Concerned Scientists. "I really do think this is the best chance we've had in quite a long time to actually get something serious passed."

House Speaker Nancy Pelosi (D-San Francisco) has made passage of energy and global-warming legislation a priority and has moved to establish a special committee to recommend legislation, bypassing House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), an auto industry ally who has fought tougher fuel-economy standards. The special committee is expected to be headed by Rep. Edward J. Markey (D-Mass.), the House's No. 1 champion of stricter miles-per-gallon rules.

Markey, who plans to introduce his fuel-economy bill this week, said, "I've had both Democrats and Republicans coming up to me on the floor saying they agree with me."

Some hope Dingell, who has invited former Vice President Al Gore to testify before his panel about global warming, may be swayed by his Democratic colleagues to consider at least a modest increase in fuel-economy standards. "He recognizes the demand from the broader caucus to get real action on global warming and oil security," said Daniel Lashof, science director of the climate center for the Natural Resources Defense Council.

On the other side of the Capitol, Sen. Daniel K. Inouye (D-Hawaii), chairman of the Senate Commerce Committee, hopes to begin writing a fuel-economy bill by spring. With both him and Stevens, the committee's top Republican, supporting an increase in the standards, a bill is virtually certain to reach the Senate floor this year.

Inouye is a cosponsor of a bill that would raise average fuel economy standards for all vehicles to 35 miles per gallon by 2019. California's Democratic senators, Dianne Feinstein and Barbara Boxer, are cosponsors.

Bush has set as a goal an increase of 4% per year, which would take average fuel economy to about 34 miles per gallon in 2017. Dan Becker, director of the Sierra Club's global warming program, said Bush's call has given cover to Republicans to support tougher standards.

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And David Doniger, climate policy director for the Natural Resources Defense Council, said Stevens' unexpected support suggests that "maybe the time has come" for congressional action.

Stevens isn't ready to abandon his fight to open the Arctic National Wildlife Refuge to oil drilling. Nor is he ready to support mandatory limits on emissions from power plants. And some environmentalists remain suspicious of his motives, noting that his bill includes loopholes they don't like: for example, it applies only to cars, not SUVs.

But Becker said, "We welcome all epiphanies."

Congress Tackles Global Warming (WT)

By Christina Bellantoni

The Washington Times, February 12, 2007

More than a dozen competing measures have been introduced in Congress on the issue of global warming -- some minor, such as creating incentives for biofuel research, and others more drastic, such as taxing automakers for selling gas-guzzling sport utility vehicles.

The Democrats controlling Congress -- and a growing number of Republicans -- say this year the government will take significant action against climate change. They say President Bush helped the cause by mentioning it in his State of the Union address last month, as have the presidential candidates pushing the issue.

House Speaker Nancy Pelosi, California Democrat, has promised to introduce a package of bills by June 1 aimed at cutting greenhouse gases, with a vote slated for July 4.

"As the most adaptable creatures on the planet, it is time for us to continue to adapt," she said Thursday, testifying on global warming before the House Science and Technology Committee. Mrs. Pelosi assured anxious colleagues that global-warming legislation "can create the next generation of good-paying new jobs."

Sen. Joe Lieberman, Connecticut independent and a chief author of a leading global-warming bill, said there is a "very diverse cavalry" calling for action. His Climate Stewardship and Innovation Act is co-sponsored by Sen. John McCain, Arizona Republican.

"Doing something about global warming now will cost us a lot less than waiting to pay the cost of the effects of global warming," Mr. Lieberman said of his bill, which imposes mandatory caps on greenhouse gas emissions so that in 2050 the levels would be one-third lower than 2000 levels.

It also would create emission credits to control the costs for businesses and encourage industries to comply, as well as protect poor people from high energy costs, he said.

Mr. McCain is running for president, as are Democratic Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, who have also signed onto the bill as co-sponsors.

Mr. Obama talked about the issue in his announcement speech Saturday, saying: "We can turn this crisis of global warming into a moment of opportunity for innovation, and job creation, and an incentive for businesses that will serve as a model for the world."

The bill, which the Republican-led Senate defeated two years ago, this year faces a much friendlier group of lawmakers. The debate now stems over whether to impose mandatory emissions caps, and how much the government should aim to reduce heat-trapping gases in the next few decades.

Bills suggesting a gas-guzzler tax or one that authorizes more than $20 million in taxpayer funds to establish four "green" universities have a slim chance of passing Congress.

Others, such as the Republican bill to increase the fuel efficiency standard to 40 miles per gallon for all new cars by 2017, are sure to meet opposition from lawmakers from Michigan, home to the already struggling U.S. auto industry.

Rep. Thaddeus McCotter, Michigan Republican, warned that the swath of global-warming bills is causing "grave concern" for an already struggling economy.

"We're not looking to the federal government to make it harder for them," he said.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican, also says he fears that legislation may be pushed "in a way that wrecks the American economy."

The Bush administration has proposed allowing the transportation secretary to raise the fuel standard 18 months before an automaker's model year and creating a credit system for companies with a head start.

Measures offering tax incentives for energy-efficient buildings and hybrid cars have support, and may be included in whatever sweeping measure is approved this year.

House leaders have not announced specific legislation they favor dealing with global warming, but several members have said there is bipartisan agreement on funding research for biofuel production.

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Senate Energy and Natural Resources Committee Chairman Jeff Bingaman of New Mexico is crafting a compromise bill to slow the increase in greenhouse gas emissions. Supporters describe his plan as moderate and one more likely to meet Mr. Bush's approval.

Mrs. Pelosi last month announced the creation of a special global-warming panel, a move that irked Energy and Commerce Committee Chairman John D. Dingell because it was widely viewed as an attempt to skirt him and tack regulations on automakers.

Last week the speaker and Mr. Dingell, a Michigan Democrat who has fought changes in fuel standards, came to a compromise. They agreed that the new committee, which would expire at the end of the 110th Congress, will hold hearings and recommend legislation but would not have the authority to approve legislation.

Next month, Congress will have extensive global-warming hearings, with former Vice President Al Gore slated to testify March 21. Mrs. Pelosi said the U.S. must be innovative to meet the challenge, adding: "Green can be gold for our country."

Letters (WSJ)

Wall Street Journal, February 12, 2007

LETTERS

If the Big Six Want to Talk About CO2 Emissions, California Will Listen

In response to your Feb. 6 editorial "Legal Hot Air":

The world's six largest automakers are crying foul about a recent case filed by California seeking redress for CO2-induced damage. They argue that courts are not the proper place for this kind of "global" issue. This sudden aversion to litigation is perplexing, given that these same companies have sued states repeatedly, in numerous jurisdictions, insisting that the courts must overturn all state laws dealing with greenhouse gas emissions. The companies hew to this path of complete resistance despite the fact that the vast majority of climate scientists believe that the world is facing a potential catastrophe.

Let me be clear: I also would prefer to reach solutions outside of the courthouse. Litigation can be expensive and time consuming. That is why I asked for a meeting with each of the CEOs of the car companies to find practical solutions to global warming. If they want to sideline the lawyers and talk about solutions, I am all for it. Meantime, they shouldn't call California's lawsuit "frivolous" while maintaining so many lawsuits of their own.

California's public nuisance case is well grounded in precedent. For more than 100 years the Supreme Court has allowed states to take legal action to prevent the destruction of their air and natural resources. In a case called Georgia v. Tennessee Copper, Justice Oliver Wendell Holmes -- not a man known for indulging frivolous claims -- wrote, "It is a fair and reasonable demand on the part of a sovereign that the air over its territory should not be polluted on a great scale . . . or threatened by the act of persons beyond its control. . . ." More recently, the Supreme Court declared, "Air pollution is, of course, one of the most notorious types of public nuisance in modern experience."

The Big Six automakers generate 20% of all of the human-made carbon dioxide emissions in the U.S., and at least 30% of such emissions in California. Yet they oppose any federal action to curtail greenhouse gases. To date, their intense lobbying has been very successful: Congress has not improved fuel efficiency standards in 15 years, President Bush steadfastly refuses to consider caps on greenhouse gases, and the Environmental Protection Agency says that the Clean Air Act does not apply to CO2.

Meanwhile, California, with more than one thousand miles of coastline and a Sierra snow pack containing one third of the state's annual water supply, faces rising sea levels and rapidly melting snow. This threatens levees, flood control systems and California's irrigated agriculture. Already, spring snow melt occurs a week earlier, with greater flooding, than it did 30 years ago. The U.N. Intergovernmental Panel on Climate Change just warned us again that the threats from global warming are mounting. It is time to act.

Under our tripartite system of government, courts have an essential role to play, even in issues as complex as global warming. Justice Holmes could be speaking directly to the automakers, when he wrote: "This is a suit by a state for an injury to it in its capacity of quasi-sovereign. In that capacity the state has an interest independent of . . . its citizens, in all the earth and air within its domain. It has the last word as to whether its mountains shall be stripped of their forests and its inhabitants shall breathe pure air." And, we can add, whether emissions of greenhouse gases can harm its economy and environment.

Global warming is a serious, unavoidable challenge and we need to face it. The path of litigation, first taken up by the auto companies, is not my preference. But a legal cease fire requires that both sides lay down their arms. We should use our considerable joint resources to help fashion a common sense and practical approach. I stand ready to do so.

Edmund G. Brown Jr.

Attorney General of California

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Sacramento

Required Health Plans Ethically Impossible

We read of health-care plan after plan that in some manner "require" all people to purchase health insurance ("The Budget and Your Wallet -- How Plans to Expand Health Coverage Could Affect Insured," Personal Journal, Feb. 6). Exactly what are we to do with the person who doesn't purchase health insurance (thus, breaking the law), and then who shows up at the door of the ER with chest pains?

Until we are willing to let people die on the steps of the hospital, an approach that I don't support, any law "requiring" the purchase of coverage, without active enforcement and without penalties for non-compliance, will quickly be written off by the uncovered masses as a law without teeth. "Requiring" coverage is just a feel-good phrase.

Mark McAllister

Johnston, Iowa

Gutter Snipes or Savvy Businessmen?

Friday's piece on strippers and Super Bowl Sunday ("Wardrobe Malfunctions, Inc.," Weekend Journal, Feb. 2) was certainly funny, but the sound of my own chuckles had the fortunate effect of bringing me to my senses. I remembered how our popular culture continues to slide into the gutter without much of a splash or any apparent resistance from those who know better.

Who but a sanctimonious prude would question another man's decision to amuse his friends at half time by paying a stranger to remove her clothing right there in the den among the nachos, chicken wings and Little League trophies? To call it sleazy or dishonorable seems too harsh and uncomfortably judgmental.

And that's my point. Hiring a stripper is sleazy and dishonorable, but I get the sense that, by an unspoken rule among us men, we're all supposed to keep our mouths shut about it and just have a few laughs. The tone of this story, even its publication, suggests that the Journal has, on some level, adopted that unspoken rule. We should all know better. Why not some dissent for a change?

John Mulcahy

Philadelphia

Sam Walker wrote a really terrific article. I administer a class at the University of Arizona designed to encourage science students to become entrepreneurs, and only days ago did we discuss supply-chain management and distribution. When I read this piece, I was delighted how he exposed the business side of this industry and articulated the need for superb supply-chain management and customer-needs analysis to sustain and grow these businesses. The article reinforced a guiding principle I emphasize in my class: The fundamentals of operation, sustainability, growth and expansion of any business are universal across industry lines. The distribution techniques that bring triumph to the "exotic dancing" industry can also bring success in biotechnology and optics. The article serves as a great case study. You can learn a lot from any victorious business, and I hope my students got this message from the piece as much as I did.

Director of Special Projects

College of Science

The University of Arizona

Tucson, Ariz.

What Mean Means

Dr. Robert Myers, in his Feb. 1 Letter to the Editor responding to Charles Murray's three-part editorial-page series "On Education," compounds Mr. Murray's original error regarding definitions of mathematical mean vs. mathematical median. Mr. Murray stated that half of all children in the U.S. are below average intelligence; Dr. Myers stated that Mr. Murray should have written below the mean, not the average.

The mean and the average are the same thing. What both authors should have said is median. The median, by definition, is the value below which exactly half of the sample points fall. Though for many common statistical distributions the mean, a.k.a. average, and the median are close, sometimes equal, they are not necessarily so.

Arthur H.M. Ross, Ph.D.

Laguna Niguel, Calif.

Senator Seeks to Focus The War on al Qaeda

Kimberley A. Strassel's Feb. 2 Potomac Watch column "Senator Feingold's Sin" was right to single out the senator's "honesty" and "backbone" for his effort to require that U.S. troops be redeployed from Iraq. But to say that "the Wisconsin pacifist might not understand the importance of winning in Iraq" misunderstands Sen. Feingold and his effort, which is based on strengthening U.S. national security above all else.

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The senator called for redeploying our troops from Iraq because our massive, indefinite presence there is weakening our ability to fight the terrorist networks that threaten this country around the world. He voted to go to war in Afghanistan precisely because he wanted U.S. forces to eliminate the Taliban and destroy a safe haven for terrorist networks that threaten our country.

As your editorial noted, Congress has the power to end a war. Sen. Feingold wants Congress to use that power to end U.S. involvement in this disastrous war in Iraq, so that we can fight al Qaeda and other global threats more aggressively and effectively. That doesn't sound like a pacifist, does it?

Virgin Thinking (WSJ)

The Wall Street Journal, February 12, 2007

Richard Branson's $25 million contest to solicit ways to remove carbon dioxide from the atmosphere has many things to recommend it. Not least that it is anything but climate-change politics as usual.

True, the judges for Mr. Branson's challenge hail from the Apocalypse Now crowd; Al Gore joined Sir Richard for Friday's announcement. But the billionaire Briton is plunking down his own money for the prize, rather than asking middle-class taxpayers to pony up, à la the Kyoto Protocol and other top-down schemes favored by environmentalists and European politicians.

Who knows whether it will prove possible to reduce existing stocks of CO2 from the atmosphere. We're pretty sure, though, that technology and innovation are far more likely to make it happen than Kyoto-style restrictions on emissions. Yes, that means that Mr. Branson and other entrepreneurs may make a profit along the way. Yet if the climate-change activists are truly concerned with saving the Earth -- rather than with punishing "bad" industries like aviation, one source of Mr. Branson's fortune -- then surely they won't object.

As for claims that "we cannot afford to wait for futuristic solutions which may never materialize," as Friends of the Earth director Tony Juniper told Britain's Press Association, there's the obvious irony that the alleged ravages of climate change are themselves decades off. Finding new ways of dealing with these dangers, if they ever do materialize, seems far more sensible than crippling the world economy now. As environmentalists like to say, it's the "sustainable approach."

Producers The New Math Of Alternative Energy (WSJ)

By Rebecca Smith

Wall Street Journal, February 12, 2007

The numbers are starting to look promising.

For years, the big criticism of alternative energy was cost: It was too expensive compared with energy based on traditional fuels like coal and natural gas.

Even though the fuel was often free -- such as wind or the sun's rays -- alternative-energy producers had to plow lots of money into finding the best way to capture that energy and convert it into electricity. Fossil-fuel producers, on the other hand, could draw on billions of dollars in infrastructure investments and decades of know-how.

Now the equation is showing significant signs of change. Costs are falling for some alternative-energy sources, driven by new technology and renewed development interest.

Alternative energy still can't compete with fossil fuels on price. But the margins are narrowing, particularly since oil and gas prices have been rising. The math looks even more favorable if you consider the environmental cost of fossil fuels -- which most purely economic calculations don't.

Alternative energy still faces obstacles to mainstream success. Many projects need government or utility subsidies and incentives to be viable. Generating costs have risen recently for some types of renewable resources, pushed by higher materials prices, labor costs and demand. Supply chains are prone to hiccups, and wind and solar-energy resources need backup sources of power to compensate on windless or cloudy days.

For all its promise, relatively little electricity currently comes from renewable sources, other than hydropower. According to the Energy Information Administration, renewable resources produced 2.3% of the U.S. electricity supply in 2005. Bio-mass was responsible for 1.5%, wind for 0.44%, geothermal for 0.36% and solar power for a scant 0.01%.

In contrast, coal-fired generation produced 49.7% of U.S. electricity supplies in 2005, followed by nuclear power at 19.3%, natural gas at 19.1%, hydropower at 6.5% and oil-fired generation at 3%.

But alternative energy stands to gain a larger share in years to come. Driven by concerns about global warming and energy security -- as well as the rising cost of electricity generated by fossil fuels -- regulators are forcing electric utilities to broaden their resource mix to include more "green" power.

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At the same time, the federal government is requiring oil companies to blend more plant-based biofuels like ethanol with gasoline. Equipment makers are expanding their production lines, which should ease recent shortages of some materials -- like the polysilicon used in solar panels -- and take pressure off prices.

Here's a look at the economics of the various alternative-energy sources -- how much they cost now and what developments could make them more competitive.

WIND

Wind power stands out as one of the splashiest success stories in renewable energy. Over the past 10 years, as wind farms sprouted around the world, the cost of generating electricity from wind has fallen dramatically.

In 1980, wind-power electricity cost 80 cents per kilowatt hour; by 1991 it cost 10 cents, according to the International Energy Agency.

Today, production costs at the best on-shore sites have dropped as low as 3 cents to 4 cents per kilowatt hour, but are more typically 6 cents to 9 cents, not counting subsidies -- getting closer to the cost of generating electricity from burning coal. In fact, costs are approaching the point where wind power may be able to prosper without subsidies -- currently 1.9 cents a kilowatt hour in the U.S. -- particularly if natural-gas prices stay high.

The Department of Energy's Energy Information Administration has concluded that there isn't much difference between the cost of new power plants using wind and other traditional fuels, such as nuclear, coal and natural gas, if you take into account a broad array of expenses. A plant entering service in 2015, the administration said in a 2006 report, could make electricity from wind for 5.58 cents a kilowatt hour -- versus 5.25 cents for natural gas, 5.31 cents for coal and 5.93 cents for nuclear. The report didn't quantify the differing environmental impacts.

A host of factors have brought down the cost of wind power. The materials used in wind turbines have improved, and the turbines are now much larger and more efficient: 125 meters in rotor diameter, compared with 10 meters in the 1970s. The cost of financing wind farms also has dropped as financial markets become more comfortable with the risks involved.

Governments have also given wind power a boost. In Germany, the largest wind-power producer, the government has been giving grants to builders of wind farms since the late 1980s, and requires utilities to buy electricity generated from renewable sources at premium rates. The extra cost is passed on to consumers.

In the U.S., the extension of the federal Production Tax Credit -- which gives tax credits to alternative-energy companies -- has spurred record development over the past two years, as have state renewable-procurement targets. The nation's wind-power generating capacity increased by 27% in 2006 to 11,603 megawatts, according to the American Wind Energy Association. Only gas-fired generators added more megawatts of capacity in the U.S. The association expects wind-power capacity to increase by an additional 26% this year.

By the end of 2005, there were about 59,000 megawatts of total installed capacity of wind power world-wide, enough for the needs of roughly 20 million homes. Two-thirds of that capacity is in Europe; Germany, Spain, the U.S., India and Denmark are the top five producers of wind power.

Wind power faces hurdles. Factors like location, wind speeds and capital costs have a big impact on the cost of generating wind power. The price of 3 cents to 4 cents per kilowatt hour only holds at sites with the best wind conditions. In some places with less wind, costs can still be as high as 20 cents per kilowatt hour. Meanwhile, a shortage of turbines the past couple of years has pushed up construction costs in the U.S., as has a weak dollar.

The turbine shortage, at least, could be easing soon. ABB Ltd., a big equipment vendor based in Zurich, says it has boosted production of transformers used by the wind industry at its plants in Virginia and Missouri. And in January, American Superconductor, of Westborough, Mass., completed its purchase of Windtec, a wind-turbine designer that recently inked deals with South Korean and Chinese manufacturers to build the machinery.

"As more companies manufacture wind turbines, we think prices will come down," says Jason Fredette, spokesman for American Superconductor, a maker of advanced electrical devices.

SOLAR

For decades, solar power has endured cycles of booms and busts as investors made big bets only to watch the technology fail to achieve its promise. Solar power still accounts for less than 1% of the world's power generation, with 5,400 megawatts of capacity on line, enough for the daytime needs of 2 million to 3 million homes. (Solar power doesn't generate electricity at night, meaning backup energy sources are needed.)

One reason there's relatively little solar electricity is that traditional solar panels aren't very efficient at converting sunlight to electricity. So most solar electricity is made and consumed at a single site -- and in many cases isn't even enough to meet the needs of a single house. A recent study by the New Jersey Board of Public Utilities found that it cost about $77,500 to install a 10

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kilowatt-capacity system on a house. Without subsidies, it would take 50 years to pay for itself. With subsidies, it dropped to 9.6 years.

In all, the cost of generating electricity with solar panels is 35 cents to 45 cents per kilowatt hour, according to the International Energy Agency. In the U.S., costs are typically less -- 26 cents to 35 cents -- because there's better sun, says the U.S. Solar Energy Industry Association.

Now, however, a new generation of solar plants is on the cusp of being able to produce electricity on an industrial scale at competitive rates. The new plants use a technology called concentrating solar power, or CSP, which is much more powerful than the classic photovoltaic panels, which use semiconductor chips to convert sunlight into electricity. CSP plants use huge arrays of mirrors or solar dishes to track the sun and collect its heat to make electricity. The plants can generate hundreds of megawatts of power, closer to what fossil-fueled plants make.

The major hurdle remains bringing generating costs in line with those of conventional power plants. It costs 9 cents to 12 cents to generate one kilowatt hour of electricity by CSP -- not counting any subsidies -- compared with about 3 cents to 5 cents to generate the same amount of electricity by burning coal.

Tom Mancini, CSP program manager at the Energy Department's Sandia National Laboratories, says three factors make CSP plants more expensive than a traditional coal plant even though the raw material -- the sun's rays -- is free. Because the technology is so new, the equipment is pricey in itself and costs more to operate and maintain. And financing such projects is costly because of the perceived risk. CSP is a young technology: Only 6% of solar energy is generated by CSP technology, with the lion's share still coming from traditional solar panels that typically are heavily subsidized by homeowners.

For now, CSP still needs government support to be viable, either in the form of tax breaks to builders of plants or subsidies to buyers of electricity. The industry scored a major coup in 2006 with the creation of a U.S. tax credit that equals 30% of a solar project's cost. A growing system of state-sponsored renewable-energy credits also gives developers a valuable revenue stream. The credits are bought and sold by businesses and utilities trying to meet greenhouse-gas reduction goals.

But the new technology has inspired a burst of development. Major power companies in Europe such as Abengoa SA of Spain and Enel SpA of Italy are spending billions on new plants that will be coming on line in the next few years. In California, utility companies Edison International and Sempra Energy have inked contracts to buy large sums of solar power from proposed projects. In Nevada, Solargenix Energy LLC plans to bring a 64 megawatt solar plant into service this year.

Energy experts argue that as more CSP plants go into operation, the technology will improve and costs will come down. But with current costs high, few companies are willing to take the risk of building without significant government incentives. "It's a chicken-and-egg situation," says Mr. Mancini.

BIOMASS

Although it doesn't get much public attention, biomass is the biggest source of renewable electricity in the U.S. today -- producing more electricity than wind, solar and geothermal sources combined.

Biomass refers to the conversion of plant matter into a transportation fuel (biofuel) or electricity (biopower), usually by incinerating waste material or creating combustible gas through chemical processes. A significant amount of electricity also is made by gathering and burning landfill gas.

It's a growing area of interest because methane, created by decaying organic material, is a more potent greenhouse gas than carbon dioxide -- so people are anxious to put it to use and keep it out of the atmosphere. Many cities also burn solid waste to cut down the volume destined for landfill sites, and they're eager to convert the garbage to something useful.

The biggest biomass power generators in the U.S. aren't utilities. They're forest-products companies with big sawmill and pulp operations, like International Paper Co., Weyerhaeuser Co. and Koch Industries' Georgia-Pacific Corp. Weyerhaeuser, for example, makes electricity by reusing waste heat and by burning hog fuel, or wood waste, and black liquor, a pulp-mill byproduct. It sells the power it produces -- equivalent to the annual energy needs of 140,000 homes -- to local utilities.

Because biomass plants typically are small -- usually less than 50 megwatts in capacity, or one-tenth the size of a conventional fossil-fuel power plant -- equipment costs are high relative to the amount of power produced. That, in turn, makes generating costs somewhat high -- currently, about 5 cents to 10 cents a kilowatt hour without subsidies.

Power costs are also related to the cost of fuel and the amount of heat embedded in it. As many homeowners know, there's more energy locked in an oak log than a pine log. The same holds true for biomass power generation -- some fuels make more heat and, thus, electricity. Better numbers can also be achieved by mixing plant matter with fossil fuels, like coal, and burning them together at large plants to capture the greater efficiencies.

Costs are expected to come down as technology improves and as more waste material gets redirected to electricity production, providing a cheap fuel stream. Many experts believe biomass will expand dramatically in coming years as more industries look for ways to make electricity out of their waste, diverting more material away from landfill sites.

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A recent study by the California Biomass Collaborative, a government and industry group, concluded there are 80 million tons of plant material produced in California each year that could be diverted to biomass use. About 30 million tons are practically available. The study said those 30 million tons could be converted into 2,500 megawatts of electricity, equivalent to five large gas-fired plants, and 1.3 billion gallons of transportation fuel at competitive prices.

Biomass has gotten a jolt from renewable-portfolio standards embraced by nearly half the states, which require utilities to get electricity from renewable resources. In California, for instance, the state's energy agencies have set a rough goal of having biomass sources generate 4% of the state's power by 2010.

GEOTHERMAL

Geothermal energy -- tapping heat deep in the Earth to generate power -- may have more potential, at less impact to society, than any of the other alternative resources. A new study on geothermal energy, produced by an interdisciplinary team at the Massachusetts Institute of Technology, found that geothermal energy could produce 10% of the nation's electricity by 2050 at prices that would be competitive with fossil fuels.

Geothermal heat is turned into electricity through a number of methods. In general, producers drill into the ground to release steam and water that have been naturally heated and, until then, trapped. These are used to power a turbine and generator, making electricity. Liquids are reinjected into the ground to keep the process running.

Currently, geothermal energy costs about 6 cents to 10 cents a kilowatt hour, without subsidies. The main expense is actually drilling the holes and building power plants on top of them. And expertise is needed to properly manage a site to make sure the right amount of liquid is cycled through the geothermal source to extract the heat.

The amount of electricity produced depends on many things, including the size of the geothermal field, water pressure and temperature and how quickly the field can heat and release water.

Geothermal energy is especially valuable because it makes electricity around the clock, unlike solar or wind power that require backup sources of generation. Also, unlike wind and solar installations, geothermal plants have a small footprint -- smaller, even, than many fossil-fuel power plants. Advancements in equipment are making it possible to generate electricity with lower-temperature geothermal resources, and new drilling techniques let producers plumb greater depths.

Today, there's about 8,000 megawatts of installed geothermal capacity globally, with 3,000 megawatts in the U.S., the top producer. Mostly, it has been developed where heat is easily accessed and is accompanied by water and porous rock. The biggest developed field in the U.S. lies 72 miles north of San Francisco at The Geysers. Nineteen of the 21 plants at the site are owned by Calpine Corp., which makes 725 megawatts of electricity there, equivalent to one and a half large conventional power plants.

The MIT study found that far more geothermal electricity could be generated if companies -- especially oil companies -- leveraged their knowledge of drilling techniques, geology and hydrology to tackle the problem. An investment of $800 million to $1 billion in research and development would be required, equivalent to the expense of a single coal-fired plant.

The initial units would make electricity for 10 cents or so a kilowatt hour but later plants would see costs fall to 5 cents a kilowatt hour, probably within a decade, as processes became more refined. That would make geothermal operations competitive with modern gas-fired plants. But backers say that for geothermal energy to thrive, supportive policies are needed, including loan guarantees, depletion allowances, tax credits and accelerated depreciation -- things oil, gas and minerals-extraction companies get.

Still, geothermal energy does come with a caveat: Heat sources can be depleted if not carefully managed. At The Geysers, for instance, operators have had to retire at least half a dozen generating units, even though the field was developed largely only in the 1970s and 1980s.

BIOFUELS

Interest in alternative transportation fuels -- mostly ethanol -- soared following President Bush's declaration a year ago that the U.S. is "addicted to oil." Many potential fuels are being discussed, from biodiesel to hydrogen. Most of the buzz is around what's already by far the biggest alternative transportation fuel in the U.S.: ethanol made from corn.

There's lots of talk about the possibility of using ethanol as a standalone fuel to power cars. But virtually all the ethanol consumed in the U.S. today is used in a less-sexy way: It's blended into normal gasoline.

That's done mostly in parts of the country with bad air-pollution problems, because adding ethanol to gasoline reduces smog-causing emissions from the cars that burn the fuel. Ethanol also is used as a gasoline "extender."

The cost of producing ethanol depends largely on the cost of corn, ethanol's main feedstock. It also depends on the cost of the energy -- typically natural gas -- used to power the process that turns the corn into ethanol. Keith Collins, chief economist at the U.S. Department of Agriculture, estimates that today it costs about $1.60 to produce a gallon of ethanol.

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Ethanol producers sell their brew on a wholesale market -- sometimes to gasoline refiners and sometimes to middlemen who sell to those refiners. The price of ethanol typically rises and falls with that of gasoline, which itself is a function of the global oil price. Ethanol typically has sold for up to 51 cents per gallon more than gasoline, because the federal government gives ethanol blenders a 51-cent-per-gallon tax break to encourage production of the supplemental fuel.

Over the past year, the industry that produces ethanol has had a wild ride. Last summer, ethanol prices soared, due to increases in both gasoline prices and ethanol demand. Gasoline blenders who had been using another emission-reducing additive -- methyl tertiary butyl ether, or MTBE -- were switching over to ethanol because of concerns that MTBE was contaminating ground water.

Ethanol's per-gallon price premium over gasoline widened to more than $1. Margins for ethanol producers ballooned. Yet by late last year, the ethanol boom was cooling. The sudden profitability of the ethanol business, combined with increasing federal requirements for the production of alternative fuels, sparked a rush of investment in new ethanol plants.

Meanwhile, gasoline prices, and thus ethanol prices, were falling from their mid-2006 highs. The production costs for ethanol were also rising, largely because the rush to produce more ethanol had driven up the price of the fuel's main feedstock, corn.

On Friday, the price of ethanol for March delivery closed at $2.06 a gallon on the Chicago Board of Trade, and the price of gasoline for March delivery closed at $1.61 a gallon on the New York Mercantile Exchange.

Where ethanol prices will go from here is a matter of debate. President Bush, in his State of the Union speech last month, laid out an ambitious target for the U.S. to consume about 35 billion gallons of ethanol and other alternative transportation fuels by 2017. (The U.S. currently consumes about 5.2 billion gallons of ethanol per year.)

Reaching the numbers outlined by President Bush won't be easy. It probably would require significantly increasing the concentration of ethanol that's blended into gasoline. That, paradoxically, is a move that scientists say raises potential air-pollution problems of its own. Studies show that while ethanol added to gasoline in low concentrations helps reduce certain emissions, such as carbon monoxide, it tends to increase some other emissions.

Another option to meet the government mandate would be to increase the use of ethanol as a standalone fuel. That would require the installation of ethanol pumps at gas stations -- a move that could cost the oil industry billions of dollars.

Zakaria: Unfortunately, We Can't Stop Global Warming (NSWK)

By Fareed Zakaria

Newsweek, February 12, 2007

The most inconvenient truth about global warming is that we cannot stop it. Please don't mistake me for a skeptic. I'm fully persuaded by the evidence that climate change is real and serious. Of the 12 hottest years on record, 11 have occurred since 1995. Temperatures have risen by 0.74 degrees Celsius over the past century. (If that seems small, keep in mind that the difference in temperature between the ice age and now is about 5 degrees C.) And human activity appears to be one important cause. The concentration of greenhouse gases in the atmosphere has risen dramatically since the industrial revolution. Methane has doubled and carbon-dioxide levels are up 30 percent since 1750. The projections going forward are highly plausible scientific estimations. The recent report from the Intergovernmental Panel on Climate Change predicts that by 2100, temperatures will have risen by somewhere between 1.1 and 6.4 degrees, and as a result, sea levels will rise by 18 to 59 centimeters. The trouble is, if you accept all these facts and theories about global warming, it is difficult to see how any human response launched today can avert it.

The gases that are warming the Earth have built up over hundreds of years. They do not disappear or dissipate easily. Even if the world adopted the most far-reaching plans to combat climate change, most scientists agree that the concentration of greenhouse gases will continue to rise for the next few decades. In other words, global warming is already baked into Earth's future.

Scientists estimate that simply to keep greenhouse gases at their current levels, we would need to slash carbon-dioxide emissions by 60 percent. Given current and foreseeable technology, that would require cutting back on industrial activity across the globe on a scale that would make the Great Depression look very small. In fact, the future will almost certainly involve substantially greater emissions of CO2. Most studies predict that the world will double its consumption of energy by 2050. Since much of that growth in consumption will take place in China and India, it will involve the burning of fossil fuels.

Between them, these two countries are currently building 650 coal-fired power plants. The combined CO2 emissions of these new plants is five times the total savings of the Kyoto accords—that is, if the Kyoto targets were being adhered to by Western countries, which they are not. Even under the most optimistic scenarios the industrialized world will continue to burn substantial amounts of coal and oil.

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I state these facts plainly not to induce fatalism or complacency. It's scandalous that we're not weaning ourselves off dirty fuels. Perfecting just two new (and almost workable) technologies—clean coal and hybrid cars—would be a giant leap forward. We could be experimenting with hundreds more technologies and techniques. But even so, the Earth would still warm substantially over the next few decades. So in addition to our efforts to prevent and mitigate climate change, we need to employ another strategy—adaptation.

No one likes to talk about adapting to global warming because it seems defeatist. But the result is that, as we debate the meta-theories about global warming, we're increasingly unprepared to deal with its consequences. Whether or not CO2 emissions are triggering certain reactions in the atmosphere, we can see that sea levels are rising. What are we going to do about it?

In an intelligent, practical speech last September, the president of the British Association for the Advancement of Science, Frances Cairncross, urged that we begin such a discussion. "We need to think about policies that prepare for a hotter, drier world, especially in poor countries," she said. "That may involve, for instance, developing new crops, constructing flood defenses, setting different building regulations or banning building close to sea level." She points out that adaptation programs could move forward fast. Unlike plans to slow down global warming, which require massive and simultaneous international efforts, adaptation strategies can be pursued by individual countries, states, cities and localities.

Three years ago the Pew Foundation sponsored an excellent study, "Coping With Global Climate Change," which focused on the role of adaptation. The report found that moving in this direction would be costly and fraught with uncertainty and error. Yet, the authors point out, humankind's long history has shown it's possible; we have adapted as the environment around us has changed. The costs of relocating seaside communities are extremely high, but they will be even higher if we wait 20 years. The most important conclusion of the Pew study was that early planning is far more effective than managing the consequences of a breakdown. In other words, strengthening the levees in New Orleans costs much, much less than rebuilding the city.

Many environmental advocates fear that talking about coping with global warming will hamper efforts to slow it down. In fact, we have no alternative but to do both. Mitigation and adaptation complement each other. In both cases, the crucial need is to stop talking and start acting.

U.S. Labor Laws Apply To Tribes, Court Says (SDUT)

By James P. Sweeney, Copley News Service

The San Diego Union-Tribune, February 12, 2007

Broad implications seen for their casino workers

Indian tribes must comply with federal labor laws, an appeals court ruled yesterday in a California case that could affect thousands of casino workers across the country.

The decision against one of the state's wealthiest tribes, the San Manuel band of San Bernardino County, also took another bite out of the immunity that tribes have long enjoyed as sovereign governments.

It was unclear how the ruling might affect an impasse between labor and five big Southern California tribes, including Sycuan of El Cajon and Pechanga of Temecula. The stalemate has blocked legislative ratification of expansive new gambling agreements that would authorize 22,500 more slot machines for the tribes.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit concluded that San Manuel operated its thriving casino as a commercial enterprise, rather than a government operation.

“The principle of tribal sovereignty in American law exists as a matter of respect for Indian communities. It recognizes the independence of these communities,” Janice Rogers Brown, a former California Supreme Court justice, wrote for the court.

“But tribal sovereignty is not absolute autonomy, permitting a tribe to operate in a commercial capacity without legal restraint,” Brown concluded.

Indian gaming has become a $23 billion industry nationally, with more than 400 casinos in 28 states. California alone has 58 casinos that employ 58,000 workers and gross more than $7 billion a year. Only a handful of California's casinos have labor agreements.

The appeals court ruling allows the National Labor Relations Board to hear allegations that San Manuel “interfered with, coerced and restrained employees” trying to exercise collective bargaining rights at the tribe's casino, which grosses more than $450 million a year.

A 1999 complaint filed by the Hotel Employees & Restaurant Employees International Union alleged that San Manuel denied its organizers equal access to casino workers while the tribe cooperated with a rival union, the Communication Workers of America. The tribe and the CWA ultimately agreed to a contract.

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When the NLRB later concluded that federal labor law applied to the tribe, San Manuel appealed to the circuit court. The tribe invoked its sovereign immunity, contending that federal labor law did not apply to actions of tribal governments on their reservations.

The court said the case was "particularly difficult" because of "conflicting Supreme Court canons" relevant to the dispute.

In addition, Brown wrote, the National Labor Relations Act "was enacted by a Congress that in all likelihood never contemplated the statute's potential application to tribal employers."

Moreover, she added, "probably no member of that Congress imagined a small Indian tribe might operate like a closely held corporation, employing hundreds, or even thousands, of non-Indians to produce a product . . . marketed to non-Indians."

Howard Dickstein, one of the state's leading tribal attorneys, said the decision, if it stands, could have broad implications and would reverse "many years of judicial precedent."

"Traditionally, the courts said if Congress didn't expressly refer to tribes as included under a federal statute, then they were excluded," he said. "Now they are saying the opposite."

Dickstein believed the case was an ill-advised legal challenge, much like a powerful Palm Springs tribe's test of the state's ability to enforce California campaign and political disclosure laws against tribes. In December, a divided state Supreme Court ruled against the Agua Caliente band.

San Manuel was weighing its options yesterday. The tribe could ask the full court to reconsider the ruling or it could appeal to the U.S. Supreme Court.

"We are disappointed by the ruling," San Manuel Chairman Henry Duro said in a statement. "We believe that these gaming projects help tribes to fulfill essential government functions by providing education, health care, housing, senior care and other key programs.

"Those are basic governmental obligations that could be impacted by this decision."

Jack Gribbon, the hotel and restaurant employee union's state political director, took a measured view of the legal victory. Any final decision is probably more than a year away, he cautioned.

"This is just a single moment in time that is not a final decision," Gribbon said. "But I think it's a very good heads-up to those tribes in California . . . who have been unwilling to deal with workers' rights in a comprehensive way."

Gribbon's union, now known as UNITE HERE, led the fight last summer that blocked new compacts for Sycuan, Pechanga, San Manuel, Agua Caliente and the Morongo tribe of Riverside County.

Those compacts, which are still pending before the Legislature, contain labor terms negotiated by former Gov. Gray Davis' administration in 1999. But UNITE HERE, backed by the California Labor Federation and other powerful unions, wants what is known as "card-check neutrality," the ability to establish a union by collecting signatures from employees without interference from management.

Adam Day, a spokesman for Sycuan, said no one had ever tried to organize the tribe's casino workers.

"Organized labor has unprecedented rights under our tribal labor relations ordinance that they've never taken advantage of at Sycuan," Day said. "So, in that respect, the decision doesn't change what labor has had the right to do for more than eight years at Sycuan, and yet they've never lifted a finger to take advantage of the ordinance."

Gribbon has argued that the 1999 labor language does not adequately protect casino workers from harassment and intimidation by tribal employers. Yesterday's decision seemingly would bring federal protections to bear.

FBI/DEA/ATF/USMS:

ATF Officials Who Challenged Director Moved To Lower Posts (WP)

By Dan Eggen

The Washington Post, February 12, 2007

Two senior officials at the Bureau of Alcohol, Tobacco, Firearms and Explosives who opposed many questionable management and spending decisions by the agency's former director are being moved to lower-ranking positions effective Thursday, officials said.

Deputy Director Edgar A. Domenech, who also served as acting director last year, is being moved out of ATF headquarters to lead the agency's Washington field office. The assistant director for field operations, Michael Bouchard, will become an assistant to Michael J. Sullivan, a U.S. attorney who is temporarily running ATF.

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The transfers are widely seen within ATF as demotions. They come seven months after the sudden departure of Carl J. Truscott, the former director, who clashed with Domenech and other senior executives over spending and management practices.

An inspector general's report issued after his departure showed that Truscott -- who previously served as head of President Bush's security detail at the Secret Service -- engaged in a wide-ranging pattern of questionable expenditures on a new ATF headquarters, personal security and other items. The report also said that he violated ethics rules by forcing employees to help his nephew prepare a high school video project.

Domenech took over for Truscott after he resigned and reversed a decision to include a costly engraved quotation from Bush's speech to Congress after the Sept. 11, 2001, terrorist attacks at the new headquarters entrance.

ATF spokeswoman Sheree Mixell characterized the moves as routine and said "both are important positions."

Domenech and Bouchard could not be reached to comment last week.

The new deputy director will be Ronnie A. Carter, a 27-year ATF veteran, who has headed the agency's Dallas office since 2002. Bouchard's replacement is William J. Hoover, a 20-year veteran. Hoover headed the Boston office for about three years before taking over the Washington office in January 2006.

Dizzying Rise, Fall Of A Local Drug Lord (PHI)

By George Anastasia

The Philadelphia Inquirer, February 11, 2007

When he came to the attention of federal drug agents three years ago, Benjamin Ton, then 30, was an unemployed copy-machine repairman inexplicably living the American dream.

A Vietnamese emigre, he and his wife, Lena Le, had just moved from a modest rowhouse in Folcroft, Delaware County, to the upscale Cobblestone Farms section of Sicklerville. Parked in the driveway of their new home were a Corvette, a BMW and a Lexus.

"It was obvious there was a lot of money coming from somewhere," said Christopher A. Jakim, the Drug Enforcement Administration agent who supervised the squad working the case.

Eight months later, Ton was arrested on charges of heading a $50 million drug operation that in just two years had brought nearly 10 tons of high-quality marijuana and more than 300,000 ecstasy pills to the Philadelphia area from Canada, a quietly growing source for those illegal drugs in the United States.

At the time of his arrest, Ton was a major player in the Philadelphia region's thriving drug market, an industry with at least $1 billion in illegal street sales annually, authorities say.

The rise and fall of Benjamin Ton, who has pleaded guilty and is awaiting sentencing, offers a glimpse into that highly lucrative drug underworld and a look at a new breed of American gangster.

Operating in close-knit ethnic groups and using language and culture as shields, these Asian, Latino and African American mobsters pose a more difficult challenge to law enforcement than the overexposed and largely disorganized American Mafia.

Wiretapped conversations during the Ton investigation, for example, were recorded in four languages.

"In two years, this guy was making more money than Nicky Scarfo ever dreamed of," said Assistant U.S. Attorney David Fritchey, who helped bring down Philadelphia Mafia bosses Scarfo, Ralph Natale and Joseph "Skinny Joey" Merlino and is prosecuting the Ton case.

Ton's story also is a look at the top of a drug empire. Authorities seized about $500,000 when he and 25 associates were arrested.

Seduced by money

Ton's organization sprang from a chance encounter, say Jakim and other DEA agents who have debriefed Ton since he began cooperating.

In 2002, Ton said, a Vietnamese friend from Canada told him that he was having trouble moving 100 pounds of marijuana he had shipped to Philadelphia.

Would Ton be interested in finding buyers?

Ton agreed, and a drug operation was born.

With connections to the Vietnamese communities in Philadelphia and Toronto, Ton was the right person in the right place at the right time.

"He was an ambitious, aggressive young guy who saw an opportunity and seized it," Jakim said. "We don't think he was involved in drugs before that."

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"He's remorseful for what he has done," said Ton's lawyer, Elliott M. Cohen, who said his client could not be interviewed. "He started out living an honest life and got seduced by the money."

Ton faces a life sentence, but his cooperation could result in less jail time.

Ton took his first deliveries on consignment. Eventually, he had a network of Canadian suppliers who competed for his business through a broker he hired in Toronto.

Weekly, he received shipments of 100 to 300 pounds of marijuana, hidden in trucks transporting legitimate goods across the border. One major shipment, for example, came in a tractor-trailer loaded with futons heading for Kmarts in North Carolina, according to the DEA.

The ecstasy, usually in shipments of 40,000 pills, was typically hidden in the door panels of cars, sometimes driven by Ton or his associates. Cash was brought up; ecstasy pills were brought back.

Fritchey estimates that Ton sent $25 million to $50 million to Canada over two years.

Ton paid between $1,700 and $2,700 a pound for marijuana and $2.25 to $3 per pill for ecstasy. His wholesale network would then sell the drugs for about double that.

According to the indictment, that network included about two dozen Asian American associates in Camden, in Eddystone, and in Masschusetts, Georgia and North Carolina.

The most potent and expensive marijuana was cultivated by the "Vietnamese Mafia" in "grow houses" - indoor hydroponic operations that have proliferated in Canada in the last decade, according to a Royal Canadian Mounted Police report.

Labeled "AAA" or "purple haze," this premium marijuana had a level of THC (the psychoactive ingredient) that was sometimes 25 to 30 percent, investigators said, instead of the usual 3 to 5 percent.

The even more potent ecstasy pills were stamped "puppy" or "strawberry," and sold for $25 to $30 apiece at "rave parties" popular with teenagers and young adults.

Phony receipts

By late 2003, Ton and his wife were buying fine clothes and jewelry and enjoying vacations abroad and visits to Atlantic City casinos.

In his debriefing sessions, Ton said he had always kept about $100,000 in cash in a home safe and hundreds of thousands more in bank accounts and safe-deposit boxes.

He traveled to Canada and Vietnam for business and pleasure, meeting in both countries with a Vietnamese movie star and singer with whom he had begun an affair, authorities said.

Ton would eventually spend $300,000 to build his girlfriend a home in Vietnam, a bit more than he and Lena Le had paid for their South Jersey house.

But just as a chance encounter brought Ton into the drug trade, another sparked his downfall.

In March 2004, DEA agents in New York City, working a different case, overheard a target on a wiretap discuss a shipment of marijuana and ecstasy to Philadelphia.

Within days, DEA agents here had won court authorization to set up their own wiretaps, which quickly pointed to Ton.

"He was the guy in charge," Jakim said.

In all, Jakim and agents Philip Bernal, Carl Rideout and William Schohn would record more than 1,000 conversations in English, Vietnamese, Chinese and Spanish as they worked the case.

They still shake their heads at the business acumen and ingenuity of the young, charismatic former Canon copier repairman.

At one point, Ton was able to write off a debt of $200,000 after police in the United States stopped one of his couriers en route to Canada and seized the cash he was carrying.

As is standard procedure, police gave the courier a receipt. Ton showed that receipt to his Canadian supplier, who accepted Ton's explanation and wrote off the loss.

Later Ton and one of his top associates, Sergio Caldera, faked a similar incident to save $600,000 earmarked for another Canadian supplier.

"They went on the Internet and copied the logo of a police department. Then they dummied up another seizure receipt," Jakim said.

"One of the interesting things was the phony cash-seizure receipt wasn't for $600,000 but for something like $580,000," Jakim said.

This made the seizure seem even more realistic, the agent said, because many drug dealers assume police pocket some of the cash they seize.

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"Ton and Caldera split the $600,000," said Jakim, whose investigators found a copy of the phony receipt during searches after Ton, Caldera, and 24 other members of the organization were arrested.

Hidden cash, hidden pills

Early on Nov. 6, 2004, a Saturday, Jakim was scrunched down in the backseat of his car, conducting what he hoped would be the last night of surveillance on Ton's home.

Parked a half-block away, the agent focused on the garage, where, he knew, Ton and Caldera were running $525,000 in bills collected that week through a machine that counted and bundled them.

Shortly after sunrise, Caldera pulled a silver Acura out of the garage. Based on wiretaps, Jakim knew that the cash was hidden behind the car's door panels and fenders and was destined for Canada to cover a previous drug buy and to "front" a shipment of ecstasy coming back down.

Caldera drove to his girlfriend's apartment in Northeast Philadelphia. She then set off alone on the journey north.

Diana Rivera, who owned the Acura, had made several trips for the drug ring, usually for a 2 percent fee. This trip was worth about $10,500 to her.

All day, the DEA listened as Caldera and Rivera - who have pleaded guilty to drug charges and are cooperating with authorities - talked on their cell phones. Investigators learned when she crossed the border, dropped the car off in Toronto, and picked it up later for her journey south.

As Rivera crossed the Rainbrow Bridge at Niagara Falls, DEA agents began tailing her. At the Fort Washington exit of the Pennsylvania Turnpike, they pulled her over and quickly found the stash of pills behind the car's door panels.

At $30 each, the shipment of 55,000 tablets had a street value of $1.65 million.

"It was time to shut them down," Jakim said.

13 Cases Collapse After Disclosure Of Informant Offenses (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, February 11, 2007

An undercover narcotics investigation touted by the government as a significant blow to a notorious haven for drug dealing has been left in tatters after damning revelations about an informant, among them that he was using the same sort of drugs he was buying for the police.

The U.S. attorney's office in the District said it has dropped or is preparing to drop charges against 13 of 23 people charged in a five-month investigation in and around the Woodland Terrace public housing complex in Southeast Washington. The cases collapsed less than five months after the arrests were announced.

During the investigation, while working for another police unit conducting a separate operation, the informant crashed an unmarked police car into a moving car and several parked cars, according to court documents. But he was not charged, despite the considerable damage and the fact that he didn't have a driver's license.

Little of the information about the informant's conduct during the investigation or his checkered history working for the police was initially turned over to attorneys for those charged in the Woodland Terrace investigation.

By the time it was provided, some defendants had already pleaded guilty. Other defendants were about to go on trial when the U.S. attorney's office made the disclosures.

On Friday in D.C. Superior Court, three defendants who had entered guilty pleas were allowed to withdraw them, and the charges were dismissed by prosecutors.

Channing Phillips, a spokesman for the U.S. attorney's office, said that prosecutors were not aware of the problems with the informant when the first defendants pleaded guilty but that the office acted promptly once it learned of the issues.

The unraveling of the cases has renewed questions about how police use paid informants and how prosecutors determine which evidence they must turn over to the defense in the early stages.

The problems were first reported in the Legal Times.

Prosecutors are required to turn over information favorable to a defendant, such as a statement from a witness implicating another person in the crime or details of a plea agreement of a person cooperating with the government.

Defense attorneys in the District have complained that the U.S. attorney's office is delinquent in turning over such information.

The disclosure of such information, or the failure to promptly provide it, is a near-constant source of contention in D.C. Superior Court between the defense bar and prosecutors. It can be important in cases in which police and prosecutors are relying on information from people who are being paid by the government or who have pending criminal cases, or both.

Superior Court judges periodically have rebuked the U.S. attorney's office for not turning over such material. In this case, the U.S. attorney's office said it did not receive the information from police until it was too late.

For the Woodland Terrace investigation, the consequences were colossal.

Despite its location -- about a block from the D.C. police department's 7th District station -- Woodland Terrace was a hot spot for people selling cocaine, PCP and marijuana.

Last spring, the 7th District's Focused Mission Unit embarked on an ambitious effort to rout out drug dealers there. Woodland, a 234-unit low-rise complex, is bounded by Ainger, Bruce, Raynolds and Langston places. Neighborhood residents had said last fall that the police attention made a difference in ridding the area of the drug trafficking.

Working with the D.C. Housing Authority Police, the U.S. attorney's office and other agencies, D.C. police set up dozens of drug buys during the investigation. Many were made by undercover officers, but many others were made by the informant, according to prosecutors.

It was not until the first cases were about to go before a jury that some of the most damaging new information was handed over to defense attorneys.

Donna Beasley, an attorney for one defendant, said she learned not long before the Jan. 10 trial date that years earlier the informant was thrown out of the witness protection program. Then, on the day of trial, the prosecutor, Assistant U.S. Attorney George P. Varghese, told her that the informant had not been licensed to drive when he crashed the police car.

The revelation prompted Judge Craig S. Iscoe to postpone the trial. But it wasn't the only notable disclosure that day, Beasley said. While the judge was deciding what to do, Beasley said she was told that the informant had identified someone other than her client in a photo identification of the suspects -- evidence she says was as potentially exculpatory as anything the government could have given her.

On Tuesday, the charges against her client -- and three others planning to go to trial -- were dismissed.

"Yes, they did the right thing by dismissing it," Beasley said, "but what's going on?"

Drug Czar Reports Drop In Drug Use (AP)

AP, February 9, 2007

PORTLAND, Ore. (AP) — Illegal drug use in the United States has dropped sharply since 2001 but abuse of prescription drugs remains a problem, the director of the White House Office of National Drug Control Policy said Friday.

John Walters said that President Bush's anti-drug plan for 2007-08 is to reduce prescription drug abuse by 15% over three years. The administration ranks the problem second only to marijuana.

The plan singled out the pain reliever OxyContin as one of the prescription drugs most abused. It calls for more states to adopt prescription drug monitoring programs to prevent "doctor-shopping" to get prescriptions for more drugs.

Walters said overall use of illegal drugs among young people is down 23% from 2001, with 840,000 fewer teenagers using drugs now. He credited drug testing for much of the decline and urged its expansion in schools. He also said abuse among older people declined.

About 1,000 school districts carry out drug tests, which can trigger an intervention that keeps a young drug abuser from carrying the habit into adulthood, Walters said. Despite some concerns for invasion of privacy, he said, the United States will "look stupid in five or ten years if we don't do this."

Walters said the data came from a survey done at the University of Michigan for the National Institute For Substance Abuse. The report says about 19.7 million Americans reported using at least one illegal substance in the previous month.

In Washington, D.C, Bill Piper, director of affairs for the Drug Policy Alliance, called the strategy a "spin on the failure of the war on drugs."

He said in a statement that despite incarcerating millions of Americans, drugs are as available as ever and the related harms of addiction, overdose, and the spread of disease continue to mount.

Piper said drug use rates are less important than whether the death, disease, crime and other suffering associated with abuse go up or down.

Drug Control Plan Heavy On Prevention (OREG)

By Bryan Denson, The Oregonian

The Oregonian, February 10, 2007

White House - The strategy to reduce abuse by teens includes $7.5 million for nonpunitive testing in schools

President Bush's chief drug adviser released the White House's latest drug control strategy Friday in downtown Portland, a plan that calls for a broad public health approach to prevent teenage drug abuse.

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John Walters, director of the Office of National Drug Control Policy, offered high points of the new strategy -- along with some good and bad news -- at the Union Gospel Mission, which offers recovery services to adults addicted to methamphetamine and other drugs.

The good news: Meth use among teens declined 41 percent between 2001 and 2006. The bad news: Teen usage of illegal prescription drugs is up.

In an interview with The Oregonian Friday morning, Walters said public officials must approach today's teen drug abuse in much the way it approached the epidemic of gun violence that swept America's big cities in the early 1990s. Like gunfire, he said, teen drug use is a preventable public health problem that can't be treated solely by the criminal justice system.

Preventing the onset of drug abuse is key to the National Drug Control Strategy released Friday, Walters explained. The White House strategy seeks an extra $7.5 million for nonpunitive drug testing in school districts across the nation and an additional $30 million to blitz the airwaves and the Internet with anti-drug messages aimed at teens.

Walters acknowledged that randomly testing teens for drugs is controversial. But he said the tests are an important public health tool.

"Random testing may not be used to punish," he said, adding that results cannot be turned over to law enforcement or school officials for disciplinary reasons. "If you want to find the troubled young people . . . random drug testing is a powerful tool, along with screening in the health care system."

Science is changing the easy-going attitudes parents once held about drugs, Walters said. And their children recognize the trauma that drugs such as methamphetamine inflict on the human brain.

Charting global distribution of pseudoephedrine, which is used to manufacture meth, takes up much of Walters' time these days. Last December, for instance, authorities in Mexico seized nearly 20 tons of what was reported to be pseudoephedrine shipped from China. Walters met earlier this week with his counterpart from China and is following up on the bust in Mexico. U.S. authorities are working with officials in Mexico to identify how the shipment got there from China.

As the United States finds ways to cut off the supply of meth and its precursor drugs from other nations, smugglers find new ways to come in the back door, Walters said. "The question becomes, can our defense out-do their offense?" he said.

The President's Drug Control Budget calls for $12.9 billion to support reduction of drug supplies, prevention of drug abuse and treatment of addicts. But when Walters publicly released the drug control strategy Friday, he focused his remarks on teens.

Drug abuse spreads like tuberculosis from one child to the next, he told reporters.

"I recognize there are critics of random drug tests," Walters said. "But trust me, they're gonna look stupid" in coming years.

Sometimes, he said, you have to take unpopular measures to fight against drugs -- such as putting cold remedies behind the counter, as Oregon officials did, to prevent people from turning them into meth.

"Meth was too bad," he said. "This was a reasonable change."

Fugitive Honduran Street Gang Leader May Be In Houston (HC)

By Susan Carroll, Houston Chronicle

Houston Chronicle, February 12, 2007

TEGUCIGALPA, HONDURAS — A reputed killer and leader of one of the world's most notorious street gangs escaped during a botched custody transfer in Honduras and has been a fugitive for more than a year, the Houston Chronicle has learned.

Ever Anibal Rivera Paz, the alleged chief of the Honduran arm of the Mara Salvatrucha gang, was being extradited on charges of plotting a massacre that left 28 people, including six children, dead on Dec. 23, 2004.

Also known as "El Culiche," The Tapeworm, Rivera Paz was last seen boarding a deportation flight from Houston to Honduras on Nov. 17, 2005, according to U.S. Immigration and Customs Enforcement records.

The FBI fears Rivera Paz may have returned to the United States or may be headed that way, according to a confidential May 2006 FBI bulletin obtained by the Chronicle.

"Officers should be aware that he has threatened to assassinate any officer that attempts to apprehend him," the bulletin states.

Honduran officials confirmed Rivera Paz's disappearance but said they were never notified that he was scheduled for deportation.

U.S. immigration officials insisted that the Honduran government was notified in writing through multiple channels that "Culiche" was headed back after a stint in a U.S. prison for re-entering the country illegally.

"I don't want to blame anybody," said Oscar Alvarez, former security minister for Honduras, "but somebody didn't do his job."

Nine months before Rivera Paz disappeared, top FBI officials and then-President of Honduras Ricardo Marduro called news conferences to announce his capture. He was arrested by a Texas state trooper near Falfurrias on Feb. 10, 2005, after a traffic stop about 110 miles from the border.

Twelve days after the arrest, U.S. officials matched Rivera Paz to a Department of Homeland Security alert, based on Honduran intelligence, that warned he could be heading north to avoid prosecution in the massacre. His arrest was called a major blow to Mara Salvatrucha, or MS-13, and a model of international cooperation.

Now, two years after his arrest, the Rivera Paz case has raised serious questions about security procedures in both countries and about the integrity of the deportation process.

U.S. and Honduran officials could not, or would not, explain exactly how he escaped.

When the alleged MS-13 leader was deported, "nobody advised anybody" that he was coming home, said Alvarez, now the vice consul in Houston. The problem wasn't just on the U.S. side, he added, conceding that Hondurans also failed to catch his arrival.

Luisa Deason, an ICE spokeswoman in Houston, said U.S. authorities notified the Honduran government that Rivera Paz would be deported that day. She said ICE listed his name on a roster of deportees arriving in Honduras who had criminal records in the United States. The Honduran government also issued travel papers for Rivera Paz, she said, clearing the way for his deportation.

"We executed that removal order and turned everyone on that flight over to the government," Deason said. "If there's a question after that, perhaps what you need to do (is) ask that government."

The international law enforcement organization Interpol has reissued a lookout for Rivera Paz, who is described as "extremely dangerous."

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On the night of the 2004 massacre, Alvarez arrived at the crime scene to coordinate the manhunt for the assailants, who had ambushed a crowded bus.

There were bodies in the road, blood on the bus steps. The killers left a note on the front windshield decrying a government proposal to legalize the death penalty as part of a crackdown on gangs.

"I don't want to remember," he said. "It was a terrorist attack."

At 7:15 p.m., an old, yellow Ford bus headed along a dirt road that runs through Chamelecon, a poor suburb of San Pedro Sula in northern Honduras. The bus was packed with 56 people, factory workers and last-minute Christmas shoppers, some standing in the aisle.

Witnesses said a truck and a car pulled out of the darkness, forcing the bus to the shoulder next to a grassy soccer field. The gunmen started shooting from outside the bus, the witnesses said, and then moved up the steps.

"People were screaming, and the more they screamed in the bus, the more they shot," said a teenage factory worker who was shot 16 times.

Alvarez said witnesses on the bus identified one of the gunmen as Rivera Paz. They said he was carrying an M-16 rifle.

Oldin Alexander Rodriguez, a young father, was in the 13th row with his wife and their baby, Isaac.

It was dark on the bus, he said. So dark he never saw a thing. But he heard people screaming and dropping to the floor.

He wrapped his hulking body around his wife, Glenda Yaqueline Ramos, who pulled Isaac into her lap. She shielded him with her knees, her arms and her head. She tried not to scream.

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When international travelers — tourists, missionaries and business travelers — arrive at the newly remodeled airport in Tegucigalpa, they are required to pass through a Honduran customs inspection. They are asked to show their passports. They put their right, then left, index fingers on a digital scanner. They look up at the camera to have their retinas scanned.

It's different for Hondurans deported from the U.S.

They are corralled into a low-slung, beige building off the runway. There is no fingerprint scanner. The recent arrivals fill out forms with their names, ages and dates of birth. The paperwork is filed away in three-ring binders by date of arrival.

Honduran immigration officials said they are poorly equipped to deal with a record influx of deportees from the U.S., more than 24,000 in 2006. They don't have money to provide new arrivals with diapers for their babies, much less to hire more staff, said Rosario Murillo, with the Center for Attention to the Returned Migrant.

The system is chaotic. Sometimes the office gets a list of deported criminals, Murillo said, but sometimes it does not. A roster of deported criminals that ICE passed along to Honduran officials early this month contained the names of 59 people accused of offenses including illegal re-entry and sex crimes.

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Jorge Bustillo Rivera, who is in charge of fugitive captures for Interpol in Tegucigalpa, reviews the names on the U.S. flight rosters, checks for outstanding warrants in Honduras and tries to detect deportees using aliases.

But Bustillo said he also has to juggle a workload that grows by eight to 10 fugitive cases daily. The nearest FBI office is in El Salvador.

"We don't have the necessary resources to do the job right," Bustillo said.

Rivera Paz must have known the drill when the plane landed on Nov. 17, 2005.

It was his fifth deportation flight.

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No one's sure how long the bus attack lasted that night. Some passengers said two minutes. Others said five.

Alexander, the young father, was shot in the leg and side. The bullets ricocheted around inside his torso.

His 23-year-old wife felt his body go limp. She panicked and raised herself up, screaming. A bullet hit her right shoulder first. She was hit again, and stopped moving.

Alexander regained consciousness but still saw nothing, he said. He heard a stranger's voice, one of the attackers, moving methodically through the bus. The gunman paused over people who were still breathing, Alexander recalls. He'd ask, "Are you still alive?" Then he would shoot.

Alexander checked on his family. His wife still wasn't moving. The baby in her lap was covered in blood.

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U.S. investigators described Rivera Paz as intelligent, articulate and highly mobile. They said he uses different birth dates but is thought to be about 31.

He carries fake IDs, uses multiple cell phones and has 38 known aliases, according to Honduran authorities and the FBI. He has a number of nicknames in addition to "The Tapeworm," including "The Little Baby."

An early member of the Normandie Locos, a particularly violent Los Angeles-based clique, Rivera Paz's criminal history dates to the early 1990s. He's been arrested at least eight times in California, accused of drug trafficking, aggravated assault, burglary, using fake IDs, writing bad checks and driving without a license, according to federal law enforcement sources.

But most of the serious charges were dropped or sealed in his juvenile record. His convictions in the U.S. were relatively minor: misdemeanor burglary in San Francisco, false representation to a police officer in Los Angeles and giving law enforcement a fake ID in San Luis Obispo. He served 13 days in jail in California in 2001, according to his federal court complaint.

Rivera Paz was deported twice in 1996, once in 1997 and again in 2001.

In 2003, he was arrested in Comayagua, Honduras, allegedly with 19 marijuana joints, 29 baggies of cocaine and an AK-47 in his possession, according to Honduran court records. The documents also referred to an outstanding warrant in two murders in 2003 in Comayagua, allegedly of a woman and teenager who wanted out of the gang. The disposition of those cases was unclear.

The intelligence report in the Interpol file accuses Rivera Paz and his associates of hiring out their services as kidnappers, drug traffickers and hitmen.

"These gangs in Honduras aren't just gangs anymore," Bustillo said. "They're linked to organized crime."

According to Honduran court records, Rivera Paz claimed to have retired from the gang life after his mother died, telling the judge, "I declare myself innocent of everything."

On Aug. 17, 2004, he and two other inmates allegedly broke out of a prison in Comayagua, beating and severely injuring a guard in the process, according to Interpol.

It was in that picturesque, colonial town that the MS-13 leaders reportedly plotted the massacre.

Honduran investigators said they've identified seven suspects directly involved and 24 with possible knowledge of it. They still call Rivera Paz the mastermind behind the attack.

A handful of Rivera Paz's alleged accomplices are on trial in San Pedro Sula.

After Rivera Paz's arrest in South Texas, he went before a judge in federal court in Houston to face a charge of unlawfully re-entering the country. He pleaded guilty.

On July 8, 2005, U.S. District Court Judge David Hittner sentenced him to seven months in prison — in line with federal sentencing guidelines. Much of his federal court file remains sealed.

When he appeared before the judge, Rivera Paz said: "Please, send me back to my own country to pay for the crimes I caused there."

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On Christmas Day 2004, the families of Chamelecon buried their dead, including 16 women and six children. One of the women was three months pregnant.

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There are still questions about the motives behind the massacre. Some are convinced it was a gesture of defiance against Honduran authorities. Others say it was revenge against a rival gang.

In their tin-roofed house on the outskirts of San Pedro Sula, Alexander gently tucks a stray hair behind Yaqueline's ear, on the side of her head that she can't reach because of her injuries. Their son, Isaac, now 3, wears SpongeBob SquarePants T-shirts and chases around the puppy, "Bear."

Yaqueline pushes her wheelchair with her good arm, the strong one.

She is not expected to walk again.

A while ago, the prosecutor in the trial of the other MS-13 members came by their house. He was looking for witnesses.

"I told him, we didn't see a thing," Alexander said.

Yaqueline nodded.

"It was so dark. I didn't see a thing."

Boldness, Violence Kept Drug Kingpin Atop Mexican Cartel (AP)

AP, February 12, 2007

HOUSTON — Osiel Cardenas-Guillen could easily be mistaken for a bureaucrat. But the short man with a receding hairline and a forgettable face had a penchant for grotesque violence and ruby-encrusted handguns as leader of the Gulf drug cartel, federal agents say.

Court documents filed when Cardenas-Guillen was extradited to the United States last month reveal some of the brutal tactics and corruption that investigators say went into his business moving drugs along the billion-dollar smuggling route from Mexico to Texas.

Federal agents say Cardenas-Guillen, who seized the leadership of the cartel from Juan Garcia Abrego when Garcia Abrego was imprisoned in the United States, employed former Mexican special forces soldiers who called themselves the Zetas and tortured, beat and beheaded rivals and police.

Cardenas-Guillen faces trial in Houston, accused in a Brownsville indictment of drug smuggling, threatening U.S. federal agents and being responsible for much of the violence that has plagued the Texas-Mexico border.

His new defense attorney, Mike Ramsey, said Friday that Cardenas-Guillen was "in good spirits" but declined further comment.

Cardenas-Guillen had been sent to a prison near Mexico City but continued to run the Gulf cartel from a relatively luxurious cell with impunity.

Frustrated, Mexican officials extradited Cardenas-Guillen, three other kingpins and about a dozen lesser cartel soldiers to the United States.

"He authorized the murder of countless rivals. He killed his way up the ladder to lead the Gulf cartel," Karen Tandy, chief of the U.S. Drug Enforcement Administration, said after Cardenas-Guillen's extradition last month.

He earned the nickname "the friend-killer" for his willingness to murder people within his own cartel, court documents said. And he favored a gold-plated .45-caliber pistol whose grips were decorated with ruby-encrusted panthers and skulls.

Investigators believe that at its height, Cardenas-Guillen's cartel had cells in Houston, Chicago, Atlanta and other cities and moved four to six tons of cocaine per month into the United States.

"He's one of the biggest of the big fish," said George W. Grayson, a professor of Latin American politics at the College of William & Mary in Williamsburg, Va.

Cardenas-Guillen's Zetas were the first paramilitary group to join a drug cartel. They helped him gain control of Nuevo Laredo, considered to be a prime smuggling route for drugs from Mexico into the U.S..

Cardenas-Guillen reigned over the city until his arrest in March 2003, according to court documents. Like many crime lords, he used his money to insinuate himself into the communities he controlled. From his cell in Mexico, he financed a Children's Day party in Piedras Negras, across the Rio Grande from Eagle Pass.

Mexican federal prisons allowed traffickers to hold long cartel business meetings with Cardenas-Guillen, according to a report by the Washington Office on Latin America, a policy and research group.

Cardenas-Guillen "retained control of the Gulf cartel thanks to these conditions and to the loyalty of the Zetas," the report said.

But imprisonment did loosen his grip on the Gulf cartel.

Sensing weakness in the Gulf cartel after his arrest, the rival Sinaloa cartel tried to take over Nuevo Laredo, sparking a bloody and ongoing turf battle.

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In that battle, the Zetas beat, beheaded, tortured and kidnapped rival drug traffickers and Mexican police officers, including some U.S. citizens. They were blamed for the June 2005 murder of Nuevo Laredo Police Chief Alejandro Dominguez, who was gunned down six hours after being sworn into office.

"The violence was unprecedented. I was born and raised here. I've never seen it escalate to such a degree," said Sheriff Rick Flores of Webb County, which includes Laredo.

Venezuela A Hot Spot For Drug Trafficking (MH)

By Gerardo Reyes And Steven Dudley

The Miami Herald, February 12, 2007

CARACAS - A Boeing DC-9 can carry as many as 90 passengers or, as one recent drug case showed, about 128 suitcases of cocaine.

Last April, Mexican authorities seized 5.1 tons of cocaine aboard a DC-9 coming from Venezuela. The traffickers had removed the seats in the airplane and packed the drugs in identical suitcases that somehow got past security at Caracas' principal airport, Maiquetía.

The case was a watershed, illustrating the brazen attitude with which drug traffickers seemed to be operating in Venezuela and apparent cover they could expect from high-level Venezuelan government officials.

Following the bust, officials from three governments who were tracking the shipment, said the traffickers loaded the suitcases at Maiquetía. But Venezuela's then-drug czar Luis Correa claimed the cocaine had been loaded in the northern Colombian city of Barranquilla. When confronted directly with more evidence -- flight path, fuel used by the aircraft, time of the flight -- by other officials, Correa held his ground.

The Venezuelan government announced last week that Correa had been removed as head of the National Antidrug Office, but gave no reason, and there is no official investigation into his strange declarations. The DC-9 case nevertheless remains part of a growing dossier on high-level Venezuelan officials possibly involved in an increasing amount of drug trafficking in this country.

MYSTERIOUS ESCAPES

The dossier includes mysterious escapes of wanted drug traffickers who were in Venezuelan custody, documents seized from right-wing Colombian paramilitaries and testimony of accused drug traffickers in jail.

Authorities from Colombia and the United States also say that top traffickers from Colombia and Haiti have made Venezuela their home in order to avoid detection from Colombian and U.S. authorities.

The rise in drug trafficking in Venezuela has coincided with crackdowns in neighboring Colombia, part of a $7 billion effort to fight the illegal drug industry in that country, and the rule of Venezuelan President Hugo Chávez.

A former army lieutenant colonel who became president in 1999, Chávez has banned U.S. surveillance aircraft in Venezuelan airspace and effectively ended cooperation on drug matters with Washington.

Prior to Chávez, Venezuela was a transit point; now it appears to be a sieve: Since 1999, seizures are up four-fold, just one of many signs investigators use to measure the permissiveness of the environment for traffickers.

Another measure is the size of the loads decommissioned.

One trafficker, who allegedly took part in the five-ton DC-9 deal and is now jailed in Colombia, told Colombian authorities that the huge load was split between three organizations, including one that he called "the generals," a reference to the high-level Venezuelan officers involved in the trafficking.

The trafficker, Feris Farid Domínguez, told authorities he worked as a ``coordinator of aerial routes."

He told El Nuevo Herald in a jailhouse interview that he had regular contacts with top-level officials in the Venezuelan government's investigative police, National Guard, the national registry and anti-drug office, including Correa. He added that officials issued him a Venezuelan diplomatic passport, which he showed to El Nuevo Herald, designating him as a Finance Ministry advisor, and they provided him with government bodyguards.

`CARTEL OF THE SUNS'

Domínguez also had said, according to records of his declarations to Colombian investigators obtained by El Nuevo Herald, that he had met personally with Correa and that Correa had helped coordinate drug shipments for the so-called "Cartel of the Suns," allegedly run by top Venezuelan National Guard officers. The suns are insignia of rank worn by Venezuelan generals, as U.S. generals wear stars.

It's not clear whether Domínguez's declarations, some of which were published last month in El Nuevo Herald, led to Correa's departure last week.

Correa has denied Domínguez's allegations, but did not grant repeated Miami Herald requests for an interview.

The Venezuelan government has made strides in recent months to crack down on drug trafficking. Authorities captured two high-level traffickers this year and five last year, including Domínguez, which President Chávez himself trumpeted as a triumph of anti-drug authorities.

OPENING UP

The Venezuelans also have begun to work more openly with foreign governments, most notably the British and the Dutch, which are working closely on intelligence matters with a vetted 15-man Venezuelan police unit.

"We have the impression that they are serious about [combating drug trafficking] at all levels," Holland's ambassador to Venezuela, Hinkinus Nijenhuis, told The Miami Herald in an interview.

But U.S. authorities have a decidely different impression. The Venezuelan government cut relations with the Drug Enforcement Administration last year and has yet to sign an addendum to a bilateral cooperation agreement that establishes the guidelines for how U.S. counter-drug officials can operate in Venezuela.

Colombian authorities are also troubled.

Many large-scale drug traffickers have simply moved their operations to Venezuela, a top official at the country's investigative police told The Miami Herald on the condition of anonymity given the sensitive nature of relations between the nations.

OUTGOING SHIPS

The official said that police had detected an increasing amount of drugs on outgoing Venezuelan ships in a manner that he described as "blatant" and ``wanton."

In October last year, the head of a Venezuelan counter-drug unit captured, then released, Hermagoras González Polanco, a Colombian man with a $5 million reward and an Interpol red alert attached to his name. The Interpol report said that González, who is wanted in the United States and Colombia, told the Venezuelans that ``he had dedicated his whole life to farming."

Other evidence of Venezuelan officials' complicity in drug trafficking is piling up at the Colombian attorney general's office as its investigators sift through computer files confiscated during an arrest of a member of a right-wing paramilitary group.

Both paramilitary units and their leftist guerrilla foes have financed their fight by delving into the profitable drug trade.

In one of the files obtained by The Miami Herald, investigators say the paramilitaries worked through a "commander general of the National Guard." The file does not identify the general, but goes on to say that the "general" facilitated drug trafficking through Venezuela.

Giuliani: Gun Control Helped Lower Crime (AP)

AP, February 12, 2007

Rudy Giuliani addressed a potentially troublesome issue with conservative voters, saying his policies as mayor to get handguns off the street helped reduce crime in New York.

"I used gun control as mayor," he said at a news conference Saturday during a swing through California. But "I understand the Second Amendment. I understand the right to bear arms."

He said what he did as mayor would have no effect on hunting.

Addressing another potential trouble spot with conservatives, Giuliani spoke in favor of a border fence, saying, "You have to have secure borders, you have to have a fence, and the fence I think has to be a highly technological one."

The nation needs to know, he said, who is coming into the country and why. But he provided scant details on how he would deal with illegal immigrants already in the country. Citizens, he added, should be able to read and write English.

Giuliani was to make an address Monday in Silicon Valley and he was to appear Tuesday at an agricultural fair in the Central Valley.

Asked when he would make a formal announcement that he is a candidate for the Republican nomination, Giuliani said: "Well, formally announce? I don't know."

He then alluded to making an announcement in multiple locations "so we get more attention" but provided no details.

IMMIGRATION:

The Attrition Solution (WT)

By Steve King

The Washington Times, February 12, 2007

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I emphatically disagree with statements Sen. Mel Martinez made recently to the Washington Times ("New RNC chief backs bill with guest-worker plan" Page 1, Feb. 2). Mr. Martinez wants to grant illegal aliens a "path to citizenship." This represents nothing less than endorsement of a mass amnesty for many millions of illegal aliens. Americans reject mass amnesty by large margins. Amnesty is an affront to native-born Americans, to legal immigrants, and to the very concept of the rule of law.

Amnesty can be dressed up as "earned legalization," "going to the back of the line" or a "path to citizenship," but it is still amnesty. Do we give bank robbers "earned plunder" or make them "go to the end of the line" to get their pillage or a "path towards keeping their prize"? Consider two brothers living in Mexico City. One came to the United States illegally. The other stayed in Mexico and supports his family there. Mr. Martinez would grant the brother who broke our laws permanent residence and then citizenship in our country. He would grant no such prizes to the brother who stayed in Mexico. This is the worst kind of amnesty -- it grants huge benefits that are reserved only for those who have broken our laws.

Amnesty will not, as advertised, increase national security; it will imperil us all. Some argue that if we grant amnesty we will at least know "who is in our country." They are fundamentally mistaken. We will not learn who the illegal immigrants are, but who they want us to believe they are. Aliens who want to create false identities will provide counterfeit or fraudulent documents from their "home country" and we will catch only those unlucky few whose can't afford quality fakes or who have fingerprints in the FBI system. There was a massive number of fraudulent applications filed for the 1986 amnesty. An estimated two-thirds of the applications for amnesty for agricultural workers were fraudulent and most of those fraudulent applications were approved.

As retired INS investigator Mike Cutler has testified before the Immigration, Border Security and Claims Subcommittee, "it will be a simple matter for illegal aliens, including terrorists or criminals, to walk into an immigration office, along with millions of other illegal aliens, and produce a false name and then get an official identity document from our government bureaucrats. These documents would then enable them to circumvent the various no-fly and terror watch lists. They would be able to use these documents as breeder documents -- all the while staying under the radar and obscuring and concealing their true identity."

Mahmud Abouhalima, a leader of the 1993 World Trade Center bombing, was legalized under the 1986 amnesty. It was only after he got his amnesty that he was able to travel outside of the country, including severaltripstothe Afghanistan/Pakistan border, where he received the terrorist training he used in the bombing. Three-quarters of Americans have little or no confidence in the government's ability to weed out terrorists and criminals from the millions who would apply for amnesty.

Mr. Martinez presents the false choice of mass amnesty or mass deportations. The sensible middle ground -- supported by Americans over amnesty by more than two to one -- is a policy of attrition. Vigorous enforcement of our current immigration laws will substantially decrease the illegal-immigrant population over time. Experience has proven that illegal immigrants who could no longer easily obtain jobs would simply return to their home countries. The Center for Immigration Studies has concluded that a policy of vigorous enforcement would cut the illegal immigrant population in half in just five years.

Mr. Martinez claims that House Republican opposition to amnesty has alienated Hispanic voters. There is no evidence to support Mr. Martinez's position. According to the William C. Velasquez Institute's exit polls, only eight percent of Latino voters picked immigration as the issue that mattered most to them in deciding how to vote for Congress last election. Would support for amnesty have helped Republicans? In the 1986 election, after a Republican president signed into law the largest amnesty for illegal immigrants in American history, only 23 percent of Hispanics voted for Republican candidates, far less than the 30 percent support rate in 2006.

The one segment of voters who Mr. Martinez and Sen. John McCain threaten to alienate is not Hispanics, but the Republicans' law-and-order base. If they manage to do that, Democratic control of Congress won't be just a two-year aberration, but something we will have to live with for many years. The most important principle for the survival of the United States of America would be destroyed -- the rule of law.

Rep. Steve King, Iowa Republican, is ranking member of the immigration subcommittee.

CONGRESS-ADMINISTRATION:

Inspector Waxman's Inquest (USNEWS)

By Silla Brush

U.S. News and World Report, February 12, 2007

Rep. Henry Waxman and the Democratic detectives are back on the case. That was the message last week from the diminutive, soft-spoken California congressman and his powerful House Oversight and Government Reform Committee, which grilled 29 different witnesses on everything from Iraq reconstruction and military and homeland security contracts to prescription drug pricing. Waxman says he's focusing on waste, fraud, and abuse, and his committee holds unique subpoena power, so

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these days, Waxman is one of the most feared representatives in Washington. "I suppose some people have had a free ride for the last six years," he allowed after three hours of questioning, "when Congress wasn't asking some of the questions."

A tough assessment perhaps, but Democrats want to make this much clear: The Bush administration is going to be answering a lot of questions. Elected with a mandate to clean up Washington, congressional Democrats on oversight committees across Capitol Hill are still just revving up; many are hiring staff and deciding what exactly to investigate. Those investigations can take months, and the showdown hearings could be a long way off. But investigations are coming. Lots of them. And potential targets from the White House to private corporations are keeping a close eye on Congress and hiring new attorneys just in case they come under the spotlight.

Waxman, a 32-year veteran of Congress with a lengthy record of hearings and legislation, is one of those leading the charge. He wrote the Clean Air Act in 1990, and four years later, he presided over a hearing during which the nation's top cigarette makers said smoking wasn't addictive, testimony that led to a flurry of lawsuits. While he was in the minority, his staff of 40-now 80-produced roughly 2,000 reports. "He is very systematic," says Rep. Elijah Cummings, a Maryland Democrat.

Already at one Waxman hearing, the Army announced it would withhold $19.6 million from the Halliburton Co. The Army had told congressional investigators until last week that it couldn't find evidence Halliburton had hired Blackwater USA, a firm Waxman is investigating that provides private guards-a potential breach of Halliburton's Iraq reconstruction contract with the Army. Last week, the Army said it did find evidence that Halliburton hired Blackwater; Halliburton denies wrongdoing. "There doesn't have to be one 'gotcha' moment," says Rep. Chris Van Hollen, a Maryland Democrat, for the public "to understand that Congress is doing its job." Republicans, so far, are bristling at some of the hearings. "It's old news," carped the top Republican, Rep. Tom Davis. Added Rep. Darrell Issa of California: "I hope [Waxman] would do more of recognizing what we did in the past."

Targets. But the way the Democrats see it, the Bush administration had a free pass from a Republican Congress for six years. So they're gearing up. Democratic Rep. Ike Skelton, chairman of the House Armed Services Committee, has a revamped oversight panel. Rep. John Dingell, atop the Energy and Commerce Committee, has suggested many areas to investigate, including drug and food safety regulations. "There is an abundance of riches," says Rep. Bill Delahunt of Massachusetts, who leads an international relations oversight panel. "There are so many beats. There is still an insufficient number of cops."

A real flash point could come if the Bush administration claims executive privilege and withholds information from Democratic investigative committees. "The rubber hasn't hit the road yet," says Stan Brand, a longtime lawyer with House Democrats. But an inkling of that struggle emerged last week when Ambassador Timothy Carney, the new overseer of Iraq reconstruction projects, did not appear before Waxman. The State Department said Carney was working in Iraq, but Waxman left an empty seat for him at the table and declared, "The chair won't be empty for too long." Presidential advisers say they'll be relying on new White House counsel Fred Fielding, a Ronald Reagan and Richard Nixon hand; he has a reputation for defending executive branch powers, working with Congress, and taking the public relations side of the job seriously. "Fred's advice is to be as cooperative as we can," says a longtime associate. One concern of Bush advisers is that the administration not appear to be obsessed with secrecy; another is dealing with Vice President Dick Cheney and his acolytes, fierce defenders of executive prerogatives.

Meanwhile, though, Waxman and his colleagues have a packed schedule. This week's topics: Iraq reconstruction, whistle-blower protection, and the Freedom of Information Act. And plenty more to come.

White House Sees Strong Productivity (WSJ)

By John D. Mckinnon

The Wall Street Journal, February 12, 2007

WASHINGTON -- President Bush's economic team predicts rapid gains in U.S. productivity can continue for the foreseeable future, as long as rising protectionist sentiment and higher taxes don't get in the way.

In the annual Economic Report of the President, to be released today, Mr. Bush's advisers said productivity increases in the past five years have produced a range of economic benefits including strong overall growth, a solid job market and low inflation. From 2000 to 2005, productivity -- a measure of the goods and services produced per hour of work -- has increased at about 3% a year, higher even than the 2.5% growth during the late 1990s, when productivity growth was credited with creating a rare environment of both low unemployment and low inflation.

This helped the economy weather shocks such as the 2001 terrorist attacks, the collapse of the stock-market bubble, a recession and Hurricane Katrina. In recent months, White House economists said productivity gains finally have begun delivering another benefit: higher real earnings for ordinary workers.

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Administration officials are optimistic they will see more productivity-driven earnings growth in the years ahead. That could help them score some political points with lower-wage workers, who have been falling further behind the well-to-do for years. It could help blunt attacks by Democrats that Bush policies have exacerbated differences between the haves and have-nots.

"If you care about the standard of living of the average worker, productivity is the story," Edward Lazear, chairman of Mr. Bush's Council of Economic Advisers, said in an interview. He added "productivity can continue to increase...as long as the fundamental conditions remain," particularly on trade and taxes.

The report focuses on gains in workers' overall compensation growth, rather than on wages alone. Administration officials have acknowledged real wage growth has lagged behind compensation growth, which includes the rising cost of health-insurance benefits.

Most economic forecasters, however, doubt the U.S. economy can maintain a 3% productivity pace in the next decade, and there are signs that productivity growth is tapering off. The new White House budget relies on an economic forecast -- largely comparable with private-sector predictions -- that implicitly sees productivity growth of about 2% a year for the next five years.

Productivity growth will become more vital to the economy in the future, as Baby Boomers start to retire and growth in hours worked begins to slow. Maintaining rapid productivity growth will require advances on several fronts, unlike the gains of the recent past.

The strong productivity gains of the late 1990s were due in large measure to a rapid increase in deployment of new capital, especially computers and software, Mr. Bush's advisers said. The recent wave of productivity gains has come in large part because companies have become more efficient in using the new technology, the report said.

Going forward, productivity gains will depend on continued strong investment and increased efficiency but also on increasing workers' skills, the report said. It will urge keeping taxes low on capital gains and dividends, strengthening education and keeping the U.S. open to foreign investment. In the long run, overhauling Medicare, Social Security and other entitlement programs also is important.

Future breakthroughs in alternative energy sources and improving efficiency in the health-care sector could provide big sources of productivity gains, comparable to the high-tech revolution of the 1980s and 1990s, Mr. Lazear said.

Bernanke's Congressional Testimony Could Set Tone For Treasurys (WSJ)

By Danielle Reed

The Wall Street Journal, February 12, 2007

Federal Reserve Chairman Ben Bernanke's semiannual monetary-policy report to Congress could well set the bond market's direction this week, with scope for added volatility if he wavers from the tone of his recent comments.

Barring any surprises from Mr. Bernanke's two-day testimony or on the data front, the 10-year yield is expected to stay in a range of 4.7% to 4.95% this week.

Late Friday, the price of the benchmark 10-year note fell 14/32 point, or $4.375 for each $1,000 invested, to 98 24/32. The yield, which moves inversely to the price, rose to 4.784% from 4.730%.

Mr. Bernanke's report to Congress "certainly has the potential" to set the tone for the market, said Michael Pond, Treasury and inflation-linked strategist for Barclays Capital in New York.

Given how far the market has scaled back its interest-rate-cut expectations -- it now sees just one cut by year's end -- it is equally possible, unless the chairman strikes a much more upbeat tone on the economy or a far harsher tone on inflation, that "the market doesn't react a whole lot," Mr. Pond said.

In recent comments, Federal Reserve officials have been careful to stress that inflation remains a risk and rates may well have further to rise, particularly if economic growth remains strong.

That, in turn, has echoed the tone of the Federal Open Market Committee's postmeeting statement at the end of last month, in which the FOMC left rates unchanged at 5.25% for a fifth straight gathering.

Mr. Bernanke, who testifies Wednesday and Thursday, is widely expected to "reinforce the notion that the economy is regaining some traction after a midyear soft patch," while policy makers will remain "on guard against the possibility of an unwanted cyclical rise in inflation," Deutsche Bank economist Joseph LaVorgna wrote in a research note.

The market's reaction to Mr. Bernanke's testimony, though, could play either way, Mr. LaVorgna said.

Data that could move yields this week include retail-sales figures Wednesday and housing data Thursday.

New York Fed Forms Market Practices Group

The Federal Reserve Bank of New York on Friday announced the formation of the Treasury Market Practices Group, a private-sector group whose role is to strengthen trading and compliance practices in the Treasury cash and repurchase and related markets.

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The group comprises representatives from dealer banks, large investors and custodians in the Treasury market.

"The role of this private-sector group is to strengthen market integrity by promotion of best practices in the Treasury market," the New York Fed said in a statement.

The formation of the group comes in response to concerns about price manipulation and questionable trading activities in the government bond market and follows a meeting at the New York Fed Nov. 6 with industry participants. The group Friday put forward a preliminary best-practices guide, which includes recommendations to promote market making and liquidity. It is soliciting comments from industry and the broader public by March 1, after which it will publish final recommendations.

Fed Turnover Presents Challenge For Bernanke (USAT)

By Sue Kirchhoff

USA Today, February 12, 2007

WASHINGTON — Even as Federal Reserve Chairman Ben Bernanke prepares to update Congress this week on the outlook for the economy, he faces new challenges within the central bank.

Fed Governor Susan Bies, 59, a former Tennessee banking executive and economics professor, said Friday she would leave the Fed at the end of March. Bies' decision means Fed Vice Chair Donald Kohn will be the sole member of the seven-person Board of Governors who has been there longer than Bernanke.

Bies' departure deprives Bernanke, who became chairman a year ago, of his chief expert on commercial banking, even as the Democratic Congress threatens to clamp down on mortgage and credit card lending.

Because there was already one vacancy on the board, President Bush must get two nominees confirmed by the Senate.

"For effective bank regulation and to understand the economy, we think it's important that you have some banker experience as part of that team," said Ed Yingling, president of the American Bankers Association.

Bies, who has been commuting between Washington and South Carolina, where her husband lives, is the sole woman on the board. There has not been a minority Fed governor since former vice chair Roger Ferguson, an African-American, left in 2006.

In addition, Bernanke faces higher-than-usual turnover at the 12 regional Fed banks. In January, Chicago Fed President Michael Moskow and Boston Fed President Cathy Minehan announced their retirements. Dennis Lockhart, a Georgetown University professor, will take over as president of the Atlanta Bank in March.

The seven Fed governors and five of the 12 Fed bank presidents make up the Federal Open Market Committee, which sets interest rate policy.

Despite the churning, a former Fed official says the central bank has a stable core of appointees and staff. "I would not expect any significant change in the direction of monetary policy," says Alfred Broaddus, former president of the Richmond Fed. "You're going to still have 18 or 19 people around that table, many of whom have been there for a while. There should be plenty of continuity."

Broaddus says the White House should search beyond white men to fill Bies' seat. While the average consumer may not spend much time thinking about the FOMC, "It affects everybody's life. It's important for it to be representative of the society at large," he says.

Fed Bank presidents are selected by boards of directors.

Bernanke will appear before Congress on Wednesday and Thursday to present his semiannual outlook on the economy.

Bank Executive Is Expected To Receive Treasury Post (WSJ)

The Wall Street Journal, February 12, 2007

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T. Timothy Ryan, a former bank regulator with international experience in the private sector, has emerged as the front-runner to become the Treasury Department's top international-policy adviser, a person familiar with the situation said. Mr. Ryan is managing director of the Global Government Institutions Group at J.P. Morgan Chase. He would succeed Timothy Adams as the Treasury's undersecretary for international affairs. Mr. Ryan declined to comment through a J.P. Morgan spokesman. The Treasury and White House declined to comment.

Gazprom, Nabucco Discuss Russia's Role in Pipeline

Fresh talks are under way that could result in Russia supplying natural gas to a giant pipeline intended to cut Europe's reliance on Russia as a source. The Nabucco pipeline consortium and Russian state gas company OAO Gazprom began formal

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talks in the past month on Russia providing some of the gas for the proposed pipeline, according to a top official from one of the consortium's five members.

Iran Won't Stop Enriching Uranium, President Says

President Mahmoud Ahmadinejad vowed during yesterday's celebration of the 28th anniversary of the Islamic Revolution that Iran wouldn't give up uranium enrichment. He said he was prepared to negotiate with the international community; his speech fell short of an expected announcement that Iran had started installing 3,000 centrifuges to enrich uranium.

A Renewed Call To Televise High Court (WP)

By Robert Barnes

The Washington Post, February 12, 2007

With Supreme Court justices becoming increasingly comfortable in the spotlight, Sen. Arlen Specter says it might finally be time for their close-ups.

Spector (Pa.), joined by two other Republican and three Democratic senators, has refiled his legislation to require the court to televise its proceedings. Although getting the rest of Congress to agree still seems very much a long shot, Specter said there is a big difference between now and last year, when the bill did not reach the Senate floor.

"I think the frequency with which the justices are appearing on television can be a very significant factor" in changing minds in Congress, Specter said in an interview.

There is no doubt that the once-cloistered justices are making themselves more available to the media, giving on-the-record interviews with newspapers and magazines and popping up on television. Chief Justice John G. Roberts Jr. starred in PBS's recent look at the history of the court.

Specter, former chairman of the Judiciary Committee and sometimes a sharp critic of the court, said the individual justices have been "extensively televised."

"Chief Justice Roberts and Justice [John Paul] Stevens were on . . . on ABC TV," Specter said in introducing the bill on the Senate floor. "Justice Ruth Bader Ginsburg was on CBS with Mike Wallace. Justice [Stephen G.] Breyer was on 'Fox News Sunday.' Justice [Antonin] Scalia and Justice Breyer had an extensive debate last December, which is available for viewing on the Web -- and in television archives.

"So there has been very extensive participation by court members, which totally undercuts one of the arguments [against the bill]: that the notoriety would imperil the security of Supreme Court justices."

More substantive arguments -- that cameras would alter the deliberative nature of the court or that lawyers would play to television rather than answer the justices' questions -- are overruled by the importance of increasing the public's knowledge of the court, Specter said.

The court makes monumental decisions -- who lives and dies, in some cases, and in 2000, who should occupy the Oval Office -- but is a mystery to most Americans, Specter said.

"It is, I think, fundamental that the court's work, the court's operation, ought to be more broadly understood," Specter said in his floor speech. "That can be achieved by television."

While the Supreme Court is the most insular of the nation's public institutions, justices like to say they are already the most open. Every piece of paper that comes to the court -- petitions, briefs, decisions -- is a public document, justices say, and they contend that they are the only public officials who must explain the decisions they make.

"We're judged ultimately by what we write," Justice Anthony M. Kennedy told a congressional committee last year -- not on the oral arguments or the private conferences at which justices vote on decisions.

The court has made some concessions to modernity: Starting with Gore v. Bush in 2000, it has released same-day audiotapes in 16 high-profile oral arguments, and beginning this term, it has quickly posted transcripts of the arguments on the court's Web site.

But several of the justices seem unwilling to go further. Justice David H. Souter, perhaps the most publicity-averse of the nine, is famous for his statement that cameras will enter the chamber "over my dead body."

Justice Clarence Thomas is opposed, and while Scalia and Ginsburg have said they could support gavel-to-gavel coverage of oral arguments, Scalia acknowledges that is unrealistic. A frequent critic of Supreme Court journalism that he says reduces the court's complex decisions to whether "the good guys lost and the bad guys won," he said in 2005 that showing clips of the proceedings would "misinform rather than inform" the public.

The two newest justices, Roberts and Samuel A. Alito Jr., sounded open to the possibility during their confirmation hearings, and Alito favored allowing cameras in his previous job as an appellate court judge. But neither seems inclined to push the issue with justices who are opposed.

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The issue of who decides seems as important to some justices as the decision itself.

"We feel strongly that we have intimate knowledge of the dynamics and the needs of the court," Kennedy told Congress last year, "and we think that proposals mandating and directing television in our court are inconsistent with the deference and etiquette that should apply between the branches."

That just sets Specter off.

He runs off a long list of cases in which the court found fault with federal legislation, and he seems particularly peeved about a 5 to 4 decision striking down a domestic violence act, in which former Chief Justice William H. Rehnquist questioned Congress's "method of reasoning."

"When I read United States v. Morrison. . . I wondered what kind of a transformation there was when you leave the Senate chamber, where our columns are aligned exactly with the Supreme Court columns across the green, what kind of a transformation there was with method of reasoning that there is such superior status when going to the court," Specter said.

Such comments -- Specter also questioned the dwindling number of cases the court accepts and its process for reviewing petitions -- open the senator to criticism that his proposal for cameras seems born of pique more than concern.

"No, I respect their authority to make the final decision," Specter said. "But I think it ought to be known to the public."

Bush's Farm Bill Outlines Bold Move (CSM)

By Amanda Paulson

The Christian Science Monitor, February 12, 2007

CHICAGO

The Bush administration's recent proposals for the next farm bill – due for reauthorization this fall – have been winning accolades and criticisms from some surprising quarters.

Environmentalists have lauded it as an important step in the right direction, even as the largely Republican agricultural community has met many of its proposals – such as a plan to scrap subsidies for any farmer with an adjusted gross income of more than $200,000 a year – with skepticism.

Conservation and energy programs get a boost in the administration's plan, while several billion dollars are cut from payments to some of the nation's largest farmers. In comparison with the 2002 farm bill, the overall bill would spend $10 billion less over the next five years, according to the Department of Agriculture.

"We have some major concerns," says Mary Kay Thatcher, director of public policy for the American Farm Bureau Federation, which bills itself as "the voice of agriculture." "We're supportive of [conservation, energy, and rural development] getting additional funding, but we don't think you ought to reduce farmers' safety net to do that."

One of the most significant elements of the proposed bill would change the countercyclical program – the means by which the federal government helps farmers in an off year. It would go from one that's price-based to one that's revenue-based. That responds to complaints some farmers have had for years that they can face, say, a disastrous drought – which lowers supply of a crop enough that prices go up – and receive no payments.

This way, says Ken McCauley, president of the National Corn Growers Association, "you're actually getting the money to the farmer who needs the support." Moreover, he notes that corn growers – who have seen prices roughly double in the past year – may be heading into an era of higher prices because of ethanol, but they will still shoulder significant risk. "We'll still need a safety net, and a revenue-based one is a good way to go into it," he says.

The American Farm Bureau Federation is skeptical of that shift, noting that what helps a corn farmer in Iowa might not be so good for a corn farmer in a place like Texas. Ultimately, says Ms. Thatcher, she worries this new method would reduce the overall safety net for farmers.

But her major concerns have to do with the new income limits and payment caps, which would limit payments to a single farmer to $360,000. They would also eliminate some of the ways the farmer could get around such limits before, by setting up different "entities" through which he or she was paid.

The new income limit – lowered from the previous limit of a $2.5 million adjusted gross income per farmer per year – would affect about 80,000 farmers, says Chuck Conner, deputy secretary of Agriculture. He says the decision was not a difficult one.

"These are income subsidies, pure and simple," Mr. Conner says. "We maintain that it's an important principle that we not be using these income subsidies for people who are some of the most well-to-do people out there."

Much of the pushback on the new limits is coming from the South, where it's not uncommon for large cotton and rice farmers to earn more than $200,000 in a year.

But some of them say that what may seem an obvious principle – that they make enough already – doesn't take into account the huge amount of risk and debt they need to shoulder, or how much operations can vary from year to year.

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"I've been in farming all my life, but we've been in the expanding mode," says Stanley Reed, president of the Arkansas Farm Bureau Federation and a cotton farmer who works 4,000 acres in Marianna, Ark., with his son and daughter. "In the 1980s, we had an opportunity to load up on debt, and had to make land payments. If we'd had limits during that time on what our income could have been [in order to get subsidies], we wouldn't have gotten loans, and we wouldn't have been able to apply the earnings back to the land debt."

But others have applauded the fact that the limits will get subsidies into the hands of those who need it most, and free up some money for other programs: conservation, rural development, incentives and help for new and young farmers, and alternative energy development.

"There's really a groundswell of support on Capitol Hill for a farm safety net that helps more farmers, that is less costly, and that does much more to reward stewardship," says Scott Faber, farm policy director for Environmental Defense in Washington. "The secretary has hit all the right notes." Mr. Faber is particularly pleased about the increased emphasis on helping farmers who are producing for ethanol to develop best practices that minimize erosion and use less fertilizer. He also cites the loans and incentives for farmers to grow feedstock like switch grass for cellulosic ethanol. In addition, farmers who are tempted by the high corn prices to break into new, marginal land wouldn't get subsidies.

Conner says he's been happy with the reception the bill has received so far in Congress and among the key stakeholders. But some expect a battle over several key provisions.

"This is going to be interesting as we watch the debate unfold," says Michael Duffy, an agricultural economist at Iowa State University. "We may start seeing more of a regional push and pull, and regional conflicts, given who's affected."

Senators Enter Spin Cycle (RC)

By Erin P. Billings And John Stanton

Roll Call, February 12, 2007

Following a week of virtual gridlock over the Iraq War debate that left little for either side to gloat about, Senate Democrats and Republicans today will begin competing public relations campaigns designed to secure some stronger political ground heading into the first recess of the 110th Congress.

Democrats will spend the coming days trying to increase party momentum under the broad message that the voters put them in charge because they wanted change, and the majority has started to deliver. Republicans, meanwhile, will use the week to poke holes in the Democrats' initial stewardship of the chamber, while outlining the specifics of a Congressional agenda they hope to sell to the public in the coming months.

Senate Democrats started to set the tone last week, arguing that they have made a strong case over the past two months that they are delivering change and insisting on accountability from the Bush administration. The Democrats will use this week and the recess to tout passage of an ethics package and a minimum-wage increase, while reiterating their resolve to oppose the president's call to increase U.S. troops in Iraq.

Senate Majority Leader Harry Reid (D-Nev.) said late last week that despite the logjam over how to debate the troop surge, he believes "the American public is satisfied with what is happening." And, he added, "The American public is watching what we're doing and is pretty happy with it."

But Senate Minority Whip Trent Lott (R-Miss.) suggested that the Democrats shouldn't be patting themselves on the back so fast: "We've been here two months and not one bill we've passed has been signed into law and we've only done two" bills.

The Senate has moved at a slower clip than the House, where Democrats with a 15-seat advantage have passed numerous bills and are set to do this week what the Senate could not — debate a resolution opposing Bush's troop increase. Senate Democrats have a much bigger challenge given they have a narrow two-seat majority and the chamber's rules afford the minority significant power.

Democrats and Republicans alike acknowledge that pace is likely to slow even more in the coming weeks as the Senate considers more controversial legislation and the 2008 elections muddy motivations. "It's going to get harder," Reid spokesman Jim Manley conceded. "Last week was probably only a taste of what's to come. As everyone understands, a determined minority can be effective at thwarting the will of the majority."

As such, GOP Senators have focused much of their energy over the first seven-week legislative stretch on trying to amend Democratic proposals, beginning with the ethics package and including the wage hike and the Iraq resolution debate. But Republicans also will try to move beyond the Democrats' agenda this week when they lay out a detailed blueprint of their priorities for the 110th Congress.

"It was Republicans that made earmark reform part of the lobby reform bill to protect against waste; it was Republicans that ensured that tax relief was added to the minimum-wage bill to protect jobs; and it was Republicans that kept the funding bill within

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the administration's budget to protect taxpayers," argued Don Stewart, spokesman for Senate Minority Leader Mitch McConnell (R-Ky.). "We promised reform and bipartisan accomplishments. We've delivered both."

Sources familiar with the Republicans' plans say GOP leaders, led by Republican Conference Chairman Jon Kyl (Ariz.), will arm Senators with their new agenda heading into the break. Still in the works, the Republicans' agenda will center on fiscal discipline, tax relief, health care and energy reform, fair treatment of judicial nominations, immigration reform and the war on terrorism, sources said.

"We're going to have a very positive message we can carry to our constituents," Kyl said.

At the same time, Reid's office late Friday circulated recess packages to Democratic Caucus members focusing on "a message of accomplishments," a senior aide to Reid said. According to this source, Caucus members are being asked to spend much of the recess focusing on legislation passed thus far in the 110th — including ethics reform, the fiscal 2007 continuing resolution and minimum-wage legislation.

Reid also has asked Caucus members to use those themes to contrast themselves with the "do-nothing Congress" of the 109th to boost Democrats' image as being more ethical and fiscally responsible than the GOP.

Reid's communications "war room" has included a series of talking points and background documents as part of the recess package, as well as examples of the types of events they should hold. For instance, Reid suggests Caucus members arrange to tour the facilities of a local company that will be increasing workers' wages to meet the minimum wage. Likewise, members are being encouraged to hold a press event with a group of women who currently make the minimum wage to highlight the impact on women.

Additionally, Democrats have been asked to highlight the Republican filibuster of Sen. John Warner's (R-Va.) resolution opposing President Bush's Iraq War "surge" proposal while in their home states.

The Senate was set to consider the troop surge early last week, but the GOP mounted a procedural block to moving forward on the matter — unhappy with the conditions of the debate laid out by the Democrats. In the end, the Democrats backed out of the negotiations and opted to punt the issue until after the House debates it this week and after Senators return to Capitol Hill following a week off.

Democratic sources explained that although Reid wanted to complete work on the resolution before the recess, his Caucus members now can paint Republicans as out of step with a public increasingly unhappy with the war — and also put pressure on vulnerable Republicans to break with their party and support the resolution.

Arguably, both parties have some ground to make up. While Republicans got much of the blame for the impasse over the Iraq resolution, leaders maintain that they simply are digging in for minority Senate rights. Late last week, McConnell still refused to concede a loss for his party, saying: "It's not about keeping score. This is an extraordinarily important issue."

But Democrats seem to be taking a tally and giving themselves points for pushing back against the Republicans and for their overall handling of their seven weeks of leading Congress for the first time in practically 12 years.

"Congress is beginning to play its role again," said Sen. Charles Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee and Caucus vice chairman. "We're feeling pretty good."

FEDERAL DIARY: Pay Unrelated To Performance, Workers Say (WP)

By Stephen Barr

Washington Post, February 12, 2007

The results are in, but what they mean is by no means settled.

In a government-wide survey, federal employees were presented with this statement: "Pay raises depend on how well employees perform their jobs."

The responses: 45 percent disagreed with the statement, 22 percent agreed, and 25 percent were neutral.

The query had not appeared on previous government-wide surveys and was added to the most recent one by the Office of Personnel Management in hopes of better understanding employee attitudes on pay. The Bush administration has called for more closely linking pay raises to job performance, and two large departments, Homeland Security and Defense, are moving to set up performance-based pay systems, which would give managers greater discretion in setting salaries.

It is not surprising to some civil service experts that a high percentage of employees do not see their pay as linked to job performance.

The majority of federal employees in the survey are covered by the General Schedule system, where pay, by and large, is dependent on time in the job and not how the employee performs, said John M. Palguta, a vice president at the nonprofit Partnership for Public Service.

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"The responses are an accurate reflection for the government as a whole," he said. "Pay raises are not heavily dependent on job performance."

Howard Risher, a consultant who has studied federal compensation practices, said the General Schedule, which was designed more than 50 years ago, has failed to recognize and reward the best employees in the civil service.

"I have heard the phrase 'living and breathing increases' more than a couple of times," he said. "I've also been told promotions are virtually automatic in the early years of their careers."

The employee survey was conducted during the summer of 2006. More than 221,400 employees completed it, for a response rate of 57 percent. The pay-and-performance question received the highest negative rating in the survey, OPM said.

But it was not the only troublesome response in the survey. About 35 percent of the federal employees said promotions are not based on merit, 36 percent did not see differences in performance "recognized in a meaningful way," and 33 percent said bonuses do not depend on how well employees perform their jobs.

The survey results have raised questions about whether the government is ready to transition to more rigorous systems that reward performance.

John Gage, president of the American Federation of Government Employees, said the survey results say less about the current pay system and more about why a performance-based system would not work in federal agencies.

"I think the survey response indicates most federal workers don't trust a system by which they would be compensated or receive raises based on how they are judged on their performance by their managers," Gage said. "Federal workers don't believe that they are compensated based on their performance but on other more subjective factors."

Mark A. Abramson, executive director of the IBM Center for the Business of Government, thinks one solution is to begin the process with the managers. "What government really needs to do now is better train and equip their managers for implementing pay for performance," he said. "The managers are behind, and the government has not spent enough time preparing them for the implementation, because it is going to make their job different and harder."

In performance-based systems, managers should expect to spend more time setting out expectations and talking with each employee about their job goals, Abramson and Risher said.

"Too often managers do not see this as a central part of their jobs," Risher said. "It would be highly advantageous to see their pay at least in part dependent on how well they manage the performance of their people."

Clay Johnson III, deputy director for management at the Office of Management and Budget, said federal agencies have started pilot projects to test new personnel practices. By the end of this year, he said at a recent briefing, more rigorous job rating systems will cover about 20 percent of the federal workforce.

One of the obstacles to improving government performance, Johnson said, "is that every employee, from unsatisfactory to outstanding, gets the same annual raise. I think that is an insult to the outstanding employee, and I think that is a miscommunication or an unfair communication to the unsatisfactory employee."

Did Help Get Left Behind? (USNEWS)

By Elizabeth Weiss Green

U.S. News and World Report, February 12, 2007

The throw-up reports started not long after the law was passed: children getting sick before the test, during the test, even right onto the test. It was just one exceptional response to the passage of the federal No Child Left Behind Act. Behind the scenes, teachers, administrators, and state officials often fared worse, working late nights and weekends to create and grade the multiple tests the landmark law required.

Five years later, educators and lawmakers are asking whether the stomachaches caused by the legislation have been worth it. Over the next several weeks, congressional committees will hold hearings on the law as they try to decide before it expires whether to reauthorize the act as is, change it, or throw it out.

In some ways, the decision looks easy. Both leading Democrats and President George Bush say they are committed to keeping the law-one of only a few big domestic initiatives produced in the past five years. Further, the two sides appear unanimous on what aspects of the law need to be changed-a consensus that will inform a blueprint for reform scheduled for release this week by the bipartisan No Child Left Behind Commission.

But talk to the nine school districts that have filed a lawsuit challenging the act as an unfunded mandate or to the many newly elected U.S. representatives who campaigned against the law, and you will hear a different story. Every child may have been tested, the critics say, but the real question is: Has every child been helped?

The law was based on the idea that one thing would lead to the other. That's why it requires two tests a year in grades three through eight and one test in high school. And because the results are disaggregated by groups, the government learns not

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only how well a whole third grade scores; it also learns how the black, white, low-income, and disabled third graders score. If enough students in each group reach a certain level, the school is labeled "adequate." If they don't, the school is required to take remedial measures-consequences that get more serious with every year it fails to meet its goal.

Success stories. The result of all this testing is supposed to be improved performance. Ivan Small, the superintendent of schools in Poplar, Mont., tells one success story for that model. The law's requirement to break down test scores by poverty level, Small says, caused him to figure out why his low-income students were underperforming the higher-income ones. His findings, in turn, led him to replace old readers with a whole new literacy curriculum. It also changed the way he thought about homework. "There are multiple families living in a household of two or three bedrooms . ... Is there time or a place for homework?" The answer was often "No," so Small and his staff created an after-school study program.

Centennial Place Elementary School in Atlanta has also benefited from NCLB.The school had been collecting data even before the law was passed, but it had never separated out special education students. When it did, it found dramatic results. "We had a big gap," says Cynthia Kuhlman, the school's former principal. "Seeing that right there ... was a critical picture for us." The staff started giving these students extra help, reviewing their progress, and holding more parent conferences. As a result, proficiency levels rose from 41 to more than 80 percent.

Yet the success stories may omit a crucial point: Although both of these schools owe their gains to NCLB, the law got them only so far. It requires a diagnosis, but it does not prescribe a cure. Or at least it doesn't pay much for one.

No Child does call for consistently failing schools to address their problems, by allowing students to transfer to another public school, for instance, or providing free help to low-income students. But these requirements have hardly guaranteed improvement. In Poplar, all tutoring services are offered online, but few families have Internet access. As for the transfer option, there is no other place to go. Nationwide, only 17 percent of students eligible for tutoring took advantage of it in the 2003-04 school year, and less than 1 percent chose to transfer. In some cases, as with Poplar, there were no alternatives; in others, the districts failed to adequately inform families about their options.

Required reforms become stronger and more specific when a school fails four years in a row. But as substantial as hiring new staff and changing curricula may seem, the White House would go even further. Its proposal for reauthorization calls for more sweeping changes, like overriding state bans to establish charter schools or enabling all-out takeovers by elected officials.

Many more obstacles block the path from testing students to helping them, and at the top of the list is money. Like other turnaround schools, Centennial Place owes much of its success to outside resources: Even before No Child, members of the local community volunteered as tutors and built a YMCA whose gym the school shares. Coca-Cola donated $50,000 in new books for the school's media center. Elsewhere in the country, failing schools often have to fend for themselves.

There is confusion, too, over what constitutes a failing school in the first place. A Maryland superintendent just informed the staff at Annapolis High School that they will all have to reapply for their jobs next year because they failed to meet No Child standards for four years in a row. Yet the same school exceeded the world average for scores on International Baccalaureate exams. Why the failing grade? It hinged on the poor performance of a single subgroup.

Dozens more issues will fuel the debate over No Child in the months ahead, including how to improve teaching, how to make state standards more uniform, and how to test children with limited English abilities or special needs. A bigger question is whether Congress can avoid partisan bickering and actually fix the flaws in the law before the act expires. If the law remains as it is, it could mean no relief for schools at a time they need it most.

As of last year, less than 1 percent of schools-about 600-had entered the "restructuring" phase that comes after five years of failure. "But that will increase every year," says Jack Jennings, president of the Center on Education Policy. Not only are more schools testing; but as a 2014 deadline for 100 percent proficiency nears, they will face higher standards. "You can't just establish a goal and say, 'Y'all go at it,'" Jennings says. "We need to figure out ways to help schools and teachers do better, not just tell them that they've got problems."

A Fair Health Fix (USNEWS)

By Michael Barone

U.S. News and World Report, February 12, 2007

Not many expected George W. Bush to advance a serious healthcare proposal in his State of the Union address, and few expect anyone in Congress to act in response to it. But Bush did, and at least one member of Congress seems interested. More ought to be paying attention.

Bush's proposal in a nutshell is to end the preferential tax treatment for employer-provided health insurance. In 1943, in the midst of World War II, when wage and price controls were in effect, the government decided that employers could deduct the cost of health insurance for their employees and that employees would not be taxed on the value of the policies. This decision

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has saddled us with a system in which health insurance has been tied to employment, with many perverse results. Healthcare is perceived as a free good, and consumers have no incentive to take costs into account.

Bush proposes to change this by giving every couple paying taxes a standard $15,000 deduction ($7,500 for individuals) for the cost of health insurance. Those with employer-provided insurance worth more than $15,000 (about 20 percent of the total) would be taxed on the additional amount; this would very likely discourage expensive policies.

Penalizing the poor. As a Washington Post editorial on the speech pointed out, this would be a progressive change. The biggest beneficiaries of the current system are high earners with employer-provided insurance. The biggest losers in the current system are low earners without employer-provided insurance. Health insurance experts on the left, right, and center have long called for ending the tax code's preference for employer-provided health insurance. But employers haven't wanted to lose the deduction, and politicians have flinched at the prospect of taxing voters on something they have been getting tax free. Bush has found a way out, by equalizing the tax treatment of health insurance wherever it comes from.

Bush's point was not lost on Oregon's Democratic Sen. Ron Wyden, who over a long congressional career has specialized in assembling bipartisan coalitions for various reforms. He notes that government single-payer health insurance-the goal of some senior liberal Democrats in Congress-was rejected by the voters of his liberal state by a 4-to-1 margin. He notes that we don't have employer-provided auto insurance; we buy that out of after-tax earnings. He argues that people should be able to buy health insurance as members of Congress and federal employees do, from an array of choices offered by private insurers. He's looking to make something of a political deal. Republicans would get Bush's standard deduction and a private insurance market in which consumers would have incentives to hold down costs. In return, Democrats would get universal coverage, with subsidies for low earners to pay for coverage. As John Goodman of the free market National Center for Policy Analysis points out, additional revenues from those with policies worth more than $15,000 could be used to subsidize low earners.

Wyden has been talking with Republican senators, especially fellow members of the Finance Committee, and says he has been getting positive reactions. As for Democrats, those who seek more government provision of healthcare will probably be uninterested. But some may be affected by the apparent success of the Medicare Part D prescription drug benefit. Many Democrats believed that seniors would have a hard time choosing policies from an array of choices and that they would end up being gouged by private insurers. But polls indicate that the vast majority of seniors are pleased with the results, and the cost of premiums-and costs to the government-have come in lower than experts predicted. One of the prime lessons of the last third of the 20th century has been proved once again: Markets work.

And more quickly than government mandates: It took 38 years to get a prescription drug benefit in Medicare. In contrast, in the parts of the healthcare sector where market forces are free to work, technology improvements can result in lower costs, as with Lasik eye surgery or cosmetic surgery. Bush's proposal, or Wyden's version, would give markets more room. This kind of major reform is a long shot in this Congress. But it does show a way forward.

Passing The Buck On Health Care (NYT)

The New York Times, February 12, 2007

President Bush's new budget would extend the administration's warped priorities deep into the realm of federally supported health care programs. The administration long ago sacrificed any meaningful domestic agenda to finance tax cuts for the wealthy and its reckless war in Iraq. The White House's reckless determination to make the tax cuts permanent is now driving it to slash domestic spending in health and other vital programs.

Instead of trying to address the underlying problems of escalating health care costs, Mr. Bush's strategy is to cut services or shift more of the bill to states, health care providers and individuals.

In the Medicare program, which covers health care for Americans aged 65 and over, the administration would find most of its savings by slowing the annual increase in reimbursements for services, forcing hospitals and other providers to absorb the burden. Given Medicare's precarious financial straits, the package appears broadly acceptable.

The real outrage is that the administration has not proposed comparable reductions in the large overpayments — roughly 12 percent more per patient — made to private managed care plans that enroll Medicare beneficiaries. The budget would also phase out Medicare bad-debt payments, forcing hospitals to swallow beneficiaries' unpaid bills.

The budget also looks to save money by eliminating inflation indexing so that as incomes rise, so would the number of people required to pay higher premiums. Although this is a sneaky way to raise premiums, it is hard to argue with the notion that better-off beneficiaries should pay more to help rescue a financially strained program.

What seems counterproductive is Mr. Bush's plan to lower federal matching funds for Medicaid administration — forcing the states to find more of their own funds or sacrifice good management and oversight. More worrisome is his plan to cut back on state programs that insure the young.

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The most shortsighted restrictions would come in the highly acclaimed State Children's Health Insurance Program, which uses federal matching funds to provide coverage for low- and moderate-income children who are not quite poor enough to qualify for Medicaid. The program has been enormously successful in reducing the number of uninsured children. Yet now the administration wants to reduce its matching rate and limit enrollment to children in households earning no more than twice the federal poverty level. That would undercut programs in 16 states that have expanded coverage to children above that level.

Although the administration's budget would grant the children's program a small $5 billion increase spread over five years, that's less than half, and possibly only a third, of the amount needed just to maintain current enrollments and participation rates. This is too high a price to pay for more tax cuts and Mr. Bush's ill-managed presidency.

Appalachia Redux (NYT)

The New York Times, February 12, 2007

Forty-three years ago, President Lyndon Johnson stood on a ramshackle porch in a Kentucky coal hollow to take up the cause of Appalachia. An unusual quasigovernmental commission was created, embracing 410 impoverished counties in 13 states — a trench line in Johnson's war on poverty that swept from northern Mississippi to southern New York.

The Appalachian Regional Commission is still going strong. Over the decades the area's poverty rate has fallen by half and infant mortality by two-thirds. We cite this overlooked bit of hard-knocks progress not just to puncture the canard that government is always the problem, not the solution. (President Ronald Reagan tried and failed to abolish the commission.) But also to urge renewal of the commission's authority for its unfinished business.

As an innovative joint effort of local, state and federal government plus private business, the commission has leveraged aid and loans to develop 2,300 miles of new highways, bring water and sewer pipes to hundreds of thousands of households, and build hundreds of rural health care outposts and vocational education centers. Not all of the investments have been bull's-eyes. And there are areas where severe poverty reigns. But a five-year renewal is in order, particularly considering the returns reaped for a $90 million annual federal investment.

A renewal bill foundered last year when appropriators tried to weight its budget with pork. This year, a bill with a truer agenda is heading for the House floor, shepherded by Representative James Oberstar. He is a Democrat from Minnesota whose ties to Appalachia date back to his days as a young Congressional staff member who helped write the commission's founding legislation. "The structure's sound, the investments need to continue," the congressman properly insists, emboldened to claim government's role has not been half bad.

OTHER NEWS:

Time To Face The Music (USNEWS)

By Mortimer B. Zuckerman

U.S. News and World Report, February 12, 2007

Ever worry where the next billion is coming from? Not if you're this spendthrift federal government, with a national debt of $8.7 trillion. Yes, President Bush is fond of pointing to the decline in the federal deficit over the past two years, but that's virtually irrelevant to the long term. How many of us realize, for instance, that Uncle Sam is spending almost four times as much on paying interest on borrowed money as on education, transportation, and NASA combined?

One person who knows-and it gives him plenty of sleepless nights-is Federal Reserve Chairman Ben Bernanke. He tells us we are in "the calm before the storm" because Social Security, Medicare, and Medicaid costs now amount to almost half of federal noninterest spending. President Bush has not increased taxes to pay for this expansion of Medicare; in fact, taxes have been cut-repeatedly. Hence, by 2030 the ratio of publicly held federal deficits to overall economic output is likely to triple, from roughly 37 percent today to a mind-boggling 100 percent. This will produce a terrible torque on our economy, since financing deficits means paying out still more in interest, adding still further to the deficit. Bernanke has a not-so-quaint term for this phenomenon. He calls it a "death spiral."

This looming financial crisis can be avoided if we start raising taxes, cutting spending, or both right now. But President Bush is a graduate of the have-your-cake-and-eat-it school and says the deficit can be eliminated in five years without a tax increase. He describes his tax cuts as the cause of the surging economy and the lower-than-predicted federal deficit. Is he right?

There is no doubt that the economy has been strong over the past five years. Our gross domestic product has been growing for a record 20 consecutive quarters. The blue-chip companies in the Standard & Poor's index racked up 18 straight quarters of 10 percent or greater increases in profits; consumers are spending more; unemployment is low, as is inflation; energy

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prices are plunging just in time to provide consumers with an additional jolt of discretionary income for a post-Christmas binge; hiring has been strong in the past few months, suggesting that wage gains will continue; and the softening of the housing market has had a surprisingly limited effect on the national economy.

Companies have responded to the boom by plowing billions of dollars into new factories, offices, equipment, and software, in an effort to expand operations and take advantage of growth opportunities at home and abroad. Given the continued strength in corporate profits and low-cost financing by the capital markets, financing for a whole range of new ventures is readily available, and companies are in an excellent position to borrow at a time when interest rates are still low and the rising trend in stock prices is a boost for equity financing. As a result, we are continuing to create jobs.

Bad math. The real concern in 2006 and maybe 2007 was whether the housing slump would drag down consumer spending and the economy. The concern was that if home prices fell, that would shrink the equity available for extraction through refinancing and put many properties into a negative equity position, forcing many households to cut spending. But the strength of the economy has greatly diminished this concern.

Samuelson: The Stubborn Welfare State (NSWK)

By Robert J. Samuelson

Newsweek, February 12, 2007

Spend a moment studying the small charts that appear on page 39 of this week's magazine that compares federal budget expenditures in 1956 and 2006. They illuminate why another of our annual budget battles—begun last week, when President Bush submitted his 2008 proposal—seems so fruitless and (yes) repetitious. Every year we hear complaints about accounting gimmicks and unrealistic assumptions. There's a ferocious cross-fire of charges and countercharges. Hardly anything ever gets resolved. Budgets almost always remain in deficit (41 out of 47 years since 1960).

The charts show the rise of the American welfare state. In 1956, defense dominated the budget; the cold-war buildup was in full swing. The welfare state, which is what "payments to individuals" signifies, was modest. Now everything's reversed. Despite the war in Iraq, defense spending is only a fifth of the budget; so-called entitlement payments to individuals are 60 percent—and rising. In fiscal 2006, the federal government spent almost $2.7 trillion. Social Security ($544 billion), Medicare ($374 billion) and Medicaid ($181 billion) dominated. There was $199 billion more for payments to the poor, including the earned income-tax credit and food stamps, among others.

Almost no one wants to slash these programs. They have huge constituencies; they're popular. Paradoxically, their invulnerability and size also protect much of the rest of the budget. Look again at the charts. After payments to individuals, defense spending and interest on the debt (which must be paid), only about a ninth of the budget remains. Many of these remaining programs are widely supported. Does anyone really want to end the National Institutes of Health at $28 billion? Or how about the $41 billion we spend to support federal courts, prosecutors and police (the FBI, DEA, border patrol)?

Of course, some programs are wasteful, ineffective or outmoded. My perennial favorite is Amtrak, which serves a tiny number of passengers, is concentrated in the Northeast and costs $1.3 billion annually. But politically, ending programs like this is hardly worth the trouble. The bad publicity of antagonizing aggrieved advocates—here, railroad buffs and maybe environmentalists—is too high for the small budget savings. In a nearly $3 trillion budget, even 10 Amtraks are a footnote.

The welfare state has made budgeting an exercise in futility. Both liberals and conservatives, in their own ways, peddle phony solutions. Cut waste, say conservatives. Well, network-TV reports of $20 million federal programs that don't work may seem—and be—scandalous, but like Amtrak, they're usually mere blips on the total budget. For its 2008 budget, the Bush administration brags it would end or sharply reduce 141 programs. But most are microscopic; total savings would be $12 billion, or 0.4 percent of spending. Worse, Congress has previously rejected some of these cuts.

Liberals have their own cures. Cut defense, some say. OK. In 2006, military spending (including the war in Iraq) totaled $520 billion, slightly less than Social Security. If it had been halved, the savings would have just covered the deficit ($248 billion). Little would be left for new programs. Raise taxes on the richest 1 percent, say some. OK. The richest 1 percent pay about a quarter of all federal taxes. In 2006, that was about $600 billion. To cover the deficit would require about a 40 percent tax increase. Needless to say, neither proposal is politically plausible.

Annual budget debates are sterile—long on rhetoric, short on action—because each side blames the other for a situation that neither chooses to change. To cut spending significantly, conservatives would have to go after popular welfare programs, including Social Security and Medicare. To raise taxes significantly, liberals would have to go after the upper-middle class, a constituency they covet (two thirds of all federal taxes come from the richest fifth). Deficits persist, because neither side risks its popularity, and indeed, both sides nurture it with new spending programs and tax breaks.

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It might help if Americans called welfare programs—current benefits for select populations, paid for by current taxes—by their proper name, rather than by the soothing (and misleading) labels of "entitlements" and "social insurance." That way, we might ask ourselves who deserves welfare and why. We could consider all of federal spending and not just small bits of it. But most Americans don't want to admit that they're current or prospective welfare recipients. They prefer to think that they automatically deserve whatever they've been promised simply because they've been promised. They do not want to pose the basic questions, and their political leaders mirror that reluctance. This makes the welfare state immovable and the budget situation intractable.

Saudi Oil Minister Says Market Is Balanced, Requires No Changes (WSJ)

By Karen Elliott House

Wall Street Journal, February 12, 2007

RIYADH, Saudi Arabia -- The world oil market is in "much, much better health and balance" now and, if trends hold, there will be no need for further production cuts or increases in supply when members of the Organization of Petroleum Exporting Countries meet next month, Saudi Arabian Oil Minister Ali Naimi said yesterday.

In an interview, Mr. Naimi said the kingdom's production is now 8.5 million to 8.6 million barrels a day, confirming its reduction by one million barrels a day from its output about six months ago.

The reduction is part of a push by OPEC to shrink stockpiles of oil that climbed sharply last year as demand growth stumbled. The U.S. benchmark crude price fell through the turn of the year to a 20-month low in mid-January of $49.90 a barrel. It has since rebounded to settle Friday at $59.89 a barrel.

Mostly mild winter weather, heavy selling by financial funds and falling oil use among developed nations have contributed to prices dropping from the record $77.03 a barrel settlement price last summer.

OPEC, whose members supply about 40% of the world's oil, is to meet March 15 in Vienna to assess its production policy.

"If you are asking me are we going to take additional cuts or increase supply, I do not know," said Mr. Naimi, the oil cartel's de facto leader. "But, most probably if the trend is like what it is like today, with the market getting in much, much better health and balance, there may not be any reason to change." He added that the situation can still change: "I would not be surprised to see different figures and a different situation on the 15th of March. That is the benefit of getting together with 12 other oil ministers to review the data."

Saudi Arabia's one-million-barrel-a-day reduction, reported in The Wall Street Journal last month, is nearly double what it agreed to under two OPEC output cuts hammered out by the cartel at meetings in Doha, Qatar, in October and in Abuja, Nigeria, in December.

Asked about his plans and rumors he may want to retire, Mr. Naimi hinted that he would like to stay on in his role when King Abdullah undertakes his first major cabinet shuffle soon. The king is said to be planning the shuffle to inject new blood into his 20-member cabinet.

"Ministers normally do not retire," the 71-year-old Mr. Naimi said. "Ministers are appointed by the king and relieved by the king, unless there is serious medical reason, and as you can see, I am fairly fit and in good shape.

"There are still many challenges ahead of us," he added. He serves at the disposal of the king and "anything else has no basis."

Mr. Naimi said that beginning in May 2004, the kingdom "went almost all out" to produce 9.5 million barrels a day to satisfy rising demand. "We kept that level until August/September last year," he said. When the kingdom saw demand slacken in the summer of 2006, it voluntarily cut production by 450,000 to 500,000 barrels a day and then by another 400,000 to 500,000 barrels a day in concert with OPEC. "So you can say one million barrels was taken off the market," he said, "but gradually."

The drop in oil prices from last summer's highs and a surge in interest in rival forms of energy haven't forced the kingdom, the world's largest crude exporter, to rethink its investment plans.

"From what we see, the world will need what Saudi Arabia produces," Mr. Naimi said. Therefore, the kingdom will proceed with its plan to increase capacity by the end of 2009 to 12.5 million barrels a day from 11.3 million barrels.

"There is no question demand will be there in 2009," he said. "There is no reason to think otherwise."

President Bush declared in January a more-than-fivefold increase in target levels for renewable-fuel production, to 35 billion gallons annually by 2017.

"Alternatives will be needed over the next 30 years," Mr. Naimi acknowledged. The world, he added, will need every unit of energy "it can generate, whether from alternatives, conservation or greater efficiency." Still, he said, "it is a global market, so what one country does isn't really relevant."

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Among the reasons world leaders cite to diversify their energy sources is mounting concern over the future reliability of the world's oil and natural-gas suppliers -- those in the Middle East, Russia and Venezuela, to name but three.

Mr. Naimi responded that the major threat to oil stability is "all these outside influences, strikes, tension, geopolitical events." But one has to keep it all in perspective. "We have had a lot of tension, many wars and the flow of oil has not been interrupted. There is a determination to keep the flow of oil uninterrupted," he said.

He conceded that terrorist threats pose a serious challenge. "Security in the kingdom against terrorism is very, very high," he said. "But you can never have enough security, enough protection, because you are dealing with a threat that is very, very well organized and erratic. It can happen anytime." Mr. Naimi, who has served as minister of petroleum and minerals in the world's most important oil-exporting nation for nearly a dozen years, met yesterday with Russian oil-company heads in advance of the visit by Russian President Vladimir Putin, who was to arrive later in the day."When the two biggest producers and exporters of oil meet, energy will be a subject -- but not the subject," Mr. Naimi said.

Mr. Putin's visit is the first by a Russian leader to the kingdom since its founding. Even though the Soviet Union was the first nation to recognize parts of what eventually became the kingdom, its leaders were never welcome here during the communist rule because the leadership of Saudi Arabia, a religious nation, didn't approve of Moscow's policies or principles as a country that was antireligion.

The distaste for the Soviet Union was particularly high after the Soviets invaded Afghanistan in l979, prompting many deeply religious young Saudis to join the Afghan resistance and creating some of the radical Saudi jihadists that threaten the kingdom today.

A Deadline May Be Extended For Claims In Holocaust Case (NYT)

By Joseph B. Treaster

The New York Times, February 12, 2007

Survivors of the Holocaust and their relatives, who have been fighting to compel European insurance companies to pay death benefits for victims of the Nazis, are getting a break from a big Italian insurance company, lawyers for the insurer and policyholders said yesterday.

As part of a proposed class-action settlement, the company, Assicurazoni Generali, has agreed to give heirs of Holocaust victims another 18 months to uncover documentation on unpaid life insurance policies at long-sealed Nazi archives in Bad Arolsen, Germany.

Representatives of several countries, including the United States, have been pushing to open the archives since May.

“This adds another motivation and a very concrete one to get the archives opened right now,” Paul Shapiro, an executive of the United States Holocaust Memorial Museum, said of the deadline extension.

Staff technicians at the archives are meeting today to discuss progress on scanning more than 50 million pages of Nazi and Allied records of the period. The documents include reports on the arrest and transfer of millions of people to concentration camps as well as on hundreds of thousands of deaths.

A meeting of representatives of the United States and 10 other countries that control the archives has been called for March. Those countries have kept the archives sealed for 62 years, mainly for privacy reasons.

The deadline extension came at the behest of a United States judge in Manhattan who is conducting hearings on the fairness of a settlement reached by Generali and class-action lawyers last fall.

The concession by Generali suggested a desire to close a long, painful chapter in which the company has been persistently accused of abusing the trust of Jewish policyholders. Generali has insisted that it was never a company policy to reject any valid claim or require survivors of Holocaust victims to produce death certificates and copies of policies in order to collect benefits.

At the same time, it has refused to give survivors access to its Holocaust-era records or to publish full lists of policyholders from that period that might help relatives in filing claims.

Yet for Generali, the accommodation on the German archives may not have been a major concession. Lawyers for Generali said there was little chance that useful insurance data would be found among the documents. Holocaust specialists say they do not know what is in the documents, but Mr. Shapiro said the heirs of victims “should have the right to explore every possibility.”

The issue of the archives, among the most extensive and varied ever compiled, was raised at a hearing in Federal District Court in Manhattan on Jan. 31 by Samuel Dubbin, a Miami lawyer who opposes the settlement on several grounds, including that potential payments to policyholders are inadequate and that the settlement has not been sufficiently publicized to ensure full participation. Mr. Dubbin represents a separate group of heirs not taking part in the class action.

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Judge George B. Daniels, who gave preliminary approval of the agreement in October, had called the hearing to listen to objections and determine, finally, whether the deal was fair and reasonable.

After listening to Mr. Dubbin argue for delaying the settlement and interrupting frequently with questions, Judge Daniels halted the hearing and called the lawyers who drafted the agreement into his chambers.

After a discussion, he returned to the bench and, without explanation, abruptly adjourned the hearing.

Court papers filed on Friday in Federal District Court in Manhattan suggested that the judge had urged that the agreement be modified so that material from the archive could be considered.

In the filing, the insurance company said that "out of respect to Generali's former insureds or beneficiaries who may have been Holocaust victims, and their heirs, Generali wishes to provide reasonable additional time" for considering material from the archives.

The agreement opens a window of 18 months. If the archives open by January 2008, survivors will have six months to file new claims. After that, the period for filing claims shrinks each month until Aug. 31, 2008, when no more claims will be considered. Before the change, the deadline for claims had been March 31, 2007.

On Thursday, lawyers on both sides outlined the changes to Judge Daniels, who issued an order to resume the hearing on Feb. 27.

Robert A. Swift, one of the class-action lawyers, referred to the extension of time as "a good-faith effort to try to bridge a concern."

Mr. Dubbin said he thought the change improved the agreement, but that it left "many problems unresolved." He said he would continue to oppose the settlement and, separately planned to continue appealing an earlier decision by a federal judge to dismiss the Holocaust insurance claims on several grounds.

"We want a full opportunity to review Generali's records," he said, "and a jury trial if necessary. If we win, we certainly think we'll get more money than my clients are being offered now."

The Right Man (NYM)

By John Heilemann

New York Magazine, February 12, 2007

Wllard Mitt Romney enters the press room at the Baltimore Marriott Waterfront, where a conclave of conservative GOP congressmen has gathered to plot its resurrection. Assuming his place before the cameras, the former Massachusetts governor checks the floor to find his mark: two strips of white tape forming a small X on the low-pile carpet beneath his feet. Romney plants his shoes squarely on the X and starts offering answers so tightly scripted and robotic that he brings to mind Max Headroom—then, all of a sudden, he's distracted and off-kilter. "This white spot on the floor here, this marker, is stuck to my heel here," he mutters, staring downward and doing a little jig, ignoring the question just put to him (on Iran) until the damn thing finally falls from his loafer.

The metaphor suggested by Romney's performance is too perfect to resist. By all accounts, including his own, Romney has been for most of his life a middle-of-the-road Republican of moderate views on issues from abortion to gun control to taxes. But ever since he decided to run for president—a decision he will make official on February 13—he has labored to present himself as a rock-ribbed man of the right. He has hired a team of White Tape People to tell him where he needs to stand to win his party's nomination. He has gamely hit his marks. And yet now, just as Romney seemed to be establishing a foothold, he finds himself increasingly tangled up in his own inconvenient record.

The conspicuous and occasionally ruinous flip-floppery of presidential candidates is nothing new, of course. (See Kerry, John, 2004.) Nor is avid pandering to the GOP's extremist constituencies by previously non-wing-nut Republicans. (See McCain, John, 2008.) Romney's offenses in both these categories are, no doubt, egregious. But the fact that, in spite of his current struggles, Romney is still taken seriously illustrates a number of the central dynamics driving the campaign on the Republican side. At a moment when the Democrats, miraculously, have at hand a troika of top-tier candidates—Clinton, Obama, Edwards—who are capable of drawing thousands-strong crowds (in early 2007, for heaven's sake) and look like eminently credible winners, the GOP is saddled with a crop of hopefuls at once uninspiring and implausible. Also with a president who seems determined to dig the already-cavernous hole in which the party is mired all the way to China. As Republican despond edges toward despair, the desperate search for a savior is beginning to kick into high gear. Hence the rise of Romney.

At first glance, he has the appearance of an attractive standard-bearer. A successful businessman (he made a fortune as the CEO of Bain & Company and founder of Bain Capital) and organizer of the 2002 Salt Lake City Olympics before becoming the Bay State's governor, in office he pushed for the passage of a health-care reform plan applauded on both the right and the

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left. He's well spoken and great-looking, with blindingly white teeth and a head of hair that rivals Ronald Reagan's in the annals of Republican follicular achievement.

But Romney's drawbacks are as glaring as his assets—starting with his Mormonism. "Look, let's be honest, Mormons are weird," says a former Democratic gubernatorial candidate from Massachusetts, voicing a view widely shared by secularists and Evangelicals alike. (According to a recent poll, only 38 percent of voters say they'd definitely consider backing a Mormon for president.) Romney, a church "elder" who served as a missionary and whose great-grandfather had five wives, will surely attempt to deal with the issue by pulling a JFK: declaring that his faith would never impinge on his political obligations. Equally likely is that he'll abandon lame-ass humor as a tactic, given that his japes in the past—"I believe that marriage should be between a man and a woman … and a woman … and a woman," he cracked to Don Imus last year—seem, unsurprisingly, to have put no one's mind at ease.

At the moment, however, Romney's religion is causing him fewer headaches than his policy gymnasticism. As a challenger to Ted Kennedy in 1994 and in his 2002 statehouse bid, Romney was unequivocally pro-choice ("I believe that abortion should be safe and legal"). Today, he is just as unequivocally pro-life. On gun control, Romney in 1994 supported the Brady bill and a ban on assault weapons, adding, "I don't line up with the NRA." Today, he declares, "I'm a member of the NRA." On gay rights, in 1994 and 2002, Romney argued that he'd be a more aggressive advocate of domestic partnerships than his Democratic foes—and then did little, in the view of the right, to resist the legalization of gay marriage in his state. Today, Romney thunders against the latter concept and against civil unions too. Same story on stem-cell research.

The Right Man

Bad as all this reads on paper, it's even worse on video. And here Romney has run smack up against one of the defining realities of the 2008 campaign: YouTube, where clips of the old Romney stating his liberalish social views with apparently firm conviction have been on display for weeks. "Words on a page have an intellectual impact," says Californian Republican media strategist Dan Schnur, "but words captured on video have much more emotional impact." A print gotcha, in other words, makes a candidate look inconsistent or craven. A YouTube gotcha makes him look as if his pants are a towering inferno.

Romney doesn't need to be loved by the right. "He just needs to be the tallest jockey at the track," says a consultant.

Thus is Romney scrambling around the country, meeting with the hard-right brigades, offering deeply—deeply!—felt reassurances that he is really—really!—one of them. These reassurances take the form of a narrative, in which Romney, while grappling with the stem-cell question, meets with researchers and experiences a road-to-Damascus conversion. "I concluded that we should be wary of people who experiment with life, who experiment with our kids, and who toy with the building blocks of family and society," he said in Baltimore. "On the issue of life, this fiscal conservative became a social conservative."

How convincing is he about all this? To my mind, not very. God knows any half-sane columnist will defend to the death the right to change one's mind. Yet the timing of Romney's policy U-turns—at precisely the moment when he first got that I'm-a-gonna-run-for-president gleam in his eye—inevitably raises suspicions. What can you say about a guy who used to maintain that his role model was his father, former moderate Michigan governor George Romney, but now leaves his dad conspicuously off the list of his political heroes, instead citing Reagan, Teddy Roosevelt, and Dwight D. Eisenhower?

Needless to say, what matters isn't what people like me might say but whether Republicans find Romney's account of his switcheroos persuasive. And here the news is no less grim for Mitt. According to the latest Fox News poll, Romney's support among Republicans nationally fell from 8 percent in December to just 3 percent at the end of January. To a large extent, Romney's desultory numbers reflect low name recognition. But that they're trending down instead of up should be, must be, freaking him out, even at this early stage.

In truth, the emergence of Romney as a top-tier candidate in the eyes of political insiders has had less to do with his strengths than with the staggering weakness of the Republican field. Until last fall, the putative front-runners for the support of the GOP's Establishment conservative faction were senators George Allen and Bill Frist. But Frist was laid low by his joined-at-the-hipness to George W. Bush, while Allen consigned himself to the ash can of history by losing to Jim Webb in Virginia. Giuliani and McCain, despite their dogged efforts to assuage the right, continue to be viewed warily there—the former for his own social liberalism, the latter for his manifold betrayals to the cause eight years ago. And though Christianist wannabes such as Kansas senator Sam Brownback appeal to the GOP fringes, their obvious unelectability dooms them from the get-go.

The case for Romney's viability, therefore, boils down to this: He's the minimally acceptable man to the right who has a chance of winning. "Social conservatives rarely get their first choice, but they have veto power," says Schnur, McCain's communications director in 2000. "Romney doesn't need to be their best friend; he just needs to be better than McCain or Giuliani. He needs to be the tallest jockey at the track."

Can Romney be the Willie Shoemaker of presidential politics? Maybe so—but the more likely outcome, it seems to me, is that he'll be the Pete Wilson of 2008. Back in 1995, recall, Wilson was the au courant Republican governor (of California) who

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was going to sweep into the presidential race and vanquish all before him. Like Romney, Wilson hailed from a state with a history of spawning presidential nominees. Like Romney, he had access to big money and a record of policy innovation. And, like Romney, he was a moderate whose drift to the right (on immigration) seemed utterly inauthentic. Wilson exited the race before the first primary vote was cast.

A fair observer would point out that that parallel is by no means perfect. Romney has assembled an A-list campaign team with tons of national experience; Wilson didn't. And, unlike Romney, Wilson refused to yield to, er, modify his pro-choice stance. Even so, the central similarity is undeniable—and so are its implications. The real problem for Romney, as it was for Wilson, is not that he's a cultist or a contortionist but that he's a hollow man. And there's nothing that the White Tape People will be able to do about that.

Obama Blasts War In Iraq In Ames Speech (MCGG)

By Charlotte Eby

Mason City Globe Gazette, February 12, 2007

AMES — A day after jumping into the presidential race, Democrat Barack Obama began the courting of Iowa party activists Sunday with a blistering critique of the war in Iraq.

More than 6,000 people who came to hear him at the Iowa State University campus saved their biggest cheers for his criticism of the war.

"We ended up launching a war that should have never been authorized and should have never been waged and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted," Obama said.

The first-term U.S. senator from Illinois has pushed for a goal of removing all combat brigades from Iraq by March 2008, with a limited number of troops remaining in the country for basic protection and counter-terrorism efforts.

Both his main rivals for the Democratic nomination, Sen. Hillary Clinton and former Sen. John Edwards, voted in favor of authorizing President Bush to use force in Iraq.

In an interview with Lee Enterprises, Obama predicted the war in Iraq will dominate American politics for some time to come and wants the discussion to include creating a broader foreign policy framework.

"We've still got young men and women dying over there, and that means it's still going to be a pressing issue," Obama said.

On Sunday, two state officials, Attorney General Tom Miller and Treasurer Michael Fitzgerald, threw their support behind the senator's campaign and joined him on stage at the Ames rally.

At the podium, Fitzgerald called Obama a "good and decent man" and praised his judgment for being against the war in Iraq.

"He's the only candidate out there that was against this crazy war from the get-go," Fitzgerald said to cheers.

Obama's best-selling memoir, "The Audacity of Hope," served as a call for civility in politics and a rejection of cynicism.

But Obama recounted a meeting this weekend with Iowa college student leaders who told him their friends don't want to be involved in politics because the image they have is "these hacks who are saying mean things about people, bickering all the time."

Obama said the challenge will be making politics "fun and interesting again."

He pointed to the civil rights movement and the Vietnam War as issues where young people had a voice.

"I think lifting up those examples of where participation has led to positive change is absolutely critical," he said.

Obama said he's trying to translate anger from voters into hope for a positive future. He said last's year's election was a rejection of the Republican agenda. But he said Democrats still have not won over a consensus of the country that would allow them to lead forcefully.

"That's, I think, the job of the next presidential candidate, and our next president," Obama said.

Although Obama draws crowds of thousands for his appearances, he said he doesn't expect it will affect his ability to do the sort of retail politicking in coffee shops and living rooms that is central to an Iowa caucus campaign.

"At some point, folks will get tired of me because I will have been here so much," Obama said, chuckling. "And so you won't end up having as big crowds. They'll say, 'Oh, it's Obama again, he was just here last week.' "

He expects over time he will be able to meet with Iowans one on one where he can find out what their concerns are and "look 'em in the eye and ask them to caucus for us."

When asked what his strategy will be if he loses the Iowa caucuses, Obama predicted he would emerge victorious.

"I don't intend plan to lose Iowa so I don't even have to consider what's next. We are confident that if we do what we need to do and work hard here that we'll do just fine," Obama said.

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Patti Boone, an ISU employee from Madrid, approved of Obama's message that the country needs to extract itself from the war in Iraq.

"It's too long. We need to get out," she said.

She is convinced she will support Obama in the Iowa caucuses next January.

"I chose him a year and a half ago," she said.

Tens Of Thousands Turn Out To See Obama (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 12, 2007

AMES, Iowa -- Soon enough the novelty will end, says Barack Obama. But not now. Not this weekend.

Over two days, tens of thousands of people turned out across Illinois and Iowa to see the freshly declared White House hopeful, spilling over city blocks and filling gymnasiums rafter-high with their red, white and blue posters, lusty cheers and wide-eyed fervor.

They came to see history, many said, to launch the journey of the most formidable black presidential candidate the nation has witnessed. They shouted their affection and cheered the Democrat's call for a new style of politics -- bigger, bolder and more audacious, to borrow from the title of his best-selling autobiography, than Americans have seen in a long while.

But, truth be told, there was little that was really new or different about the issues Obama raised in his maiden swing as a formal presidential candidate.

Washington gridlock. Poison politics. Overweening special interests. Poverty, poor schools and an exorbitantly expensive health-care system. Candidates cluck over them every presidential election.

Obama offered little in the way of concrete solutions. And most of the proposals he did throw out, such as harnessing technology to bring greater efficiencies to the health-care system, were hardly novel.

"Every campaign evolves," said David Axelrod, chief strategist of the Obama campaign. "Of course we'll address specific issues in detail along the way."

But, he went on, "This thing is not going to turn on whether his 10-point plan is better than someone else's 10-point plan." Rather, the presidential contest will be about leadership and the ability to inspire and motivate -- demonstrated, Axelrod said, by the ability "to get 7,000 people to come out to an arena in Ames, Iowa" nearly a year before the first vote of the 2008 campaign.

That may be so. But that did not prevent Obama from repeatedly emphasizing his stance on the war in Iraq, which promises to dominate the early discussion in the Democratic primary just as it did four years ago.

At each stop, Obama noted that he was against the war from the start, a distinction he drew with his chief rivals, Sen. Hillary Rodham Clinton of New York and former Sen. John Edwards of North Carolina, who initially backed the war before turning against it. Both claim they were misled. Obama told reporters Sunday his early opposition "indicates that even at the time it was possible to make judgments that this would not work out."

(Obama was forced to issue a clarification later Sunday after referring during an Iowa State rally to the "wasted" lives of more 3,000 U.S. troops killed in Iraq. "I was upset with myself," Obama said. "The sacrifices they are making are unbelievable. I meant to say that those sacrifices have not been honored by the same attention to strategy and diplomacy needed to be successful in Iraq.")

On Saturday night, in Waterloo, Iowa, Obama urged voters to demand of each candidate: "What is your plan? It's not enough to simply say, 'I'm going to end the war.' You've got to suggest how you're going to end the war."

Obama has called for a withdrawal of U.S. combat troops by the end of March 2008. Asked at a Sunday news conference where he differs with Clinton, Obama acknowledged her opposition to the war but added, "I am not clear on how she would proceed at this point to wind down the war in a specific way."

A Clinton spokesman, Howard Wolfson, responded by calling the senator "a forceful critic of the Iraq war" who supports a phased redeployment of troops and opposes President Bush's plan to send additional forces. "Had she been president in October of 2002, she would not have started this war and if Congress doesn't end this war by January of 2009, as president, she will," Wolfson said.

As a candidate making his first run for national office, Obama is clearly a work in progress.

During his 20-minute news conference he effectively took a clean-campaign pledge.

He also showed some peevishness over the mostly friendly news coverage he has enjoyed, suggesting that portrayals of him as more dazzle than substance ignore a large body of speeches and other illuminating works that spell out his stance on issues and personal history in exhaustive detail. "You've been reporting on how I look in a swimsuit," he chided.

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A day earlier, in Cedar Rapids, Iowa, the audience groaned when it was time for the candidate to go. That's when Obama told them the novelty soon would wear off and he would be back again and again until the crowds thinned and people tired of seeing him.

But not yet.

Obama Questions Rivals On Iraq (WP)

By Anne E. Kornblut And Dan Balz

The Washington Post, February 12, 2007

CHICAGO, Feb. 11 -- Sen. Barack Obama, circling through Iowa on Sunday before returning here on Day 2 of his presidential launch, challenged his Democratic rivals to lay out specifics for withdrawing U.S. troops from Iraq and declared that the thousands of lives lost so far in the war had been "wasted."

The senator from Illinois later said he regretted his choice of words, telling an interviewer that he meant the troops' sacrifices "have not been honored" by an adequate policy.

But Obama indicated in his earliest steps on the campaign trail that he considers Iraq a central distinction between himself and the rest of the Democratic field.

Obama opposed invading Iraq from the outset and has proposed a deadline of March 31, 2008, for removing troops from the country. He called Sunday for other candidates to explain their exit strategies. In particular, he said, he did not see an explicit blueprint for redeployment from Sen. Hillary Rodham Clinton (N.Y.), the early Democratic front-runner.

"I am not clear on how she would proceed at this point to wind down the war in a specific way," he told reporters before a boisterous rally at Iowa State University. "I know that she has stated that she thinks that the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on."

In his speech at the university, Obama issued an indictment of how Washington dealt with Iraq:

"We ended up launching a war that should have never been authorized and should have never been waged -- and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted."

He backtracked in an interview with the Des Moines Register, saying: "I was actually upset with myself. Their sacrifices are never wasted; that was sort of a slip of the tongue as I was speaking.

"The sacrifices they have made are unbelievable. What I meant to say was those sacrifices have not been honored by the same attention to strategy, diplomacy and honesty on the part of civilian leadership," he added.

Two days in, Obama's campaign already had the feel of a candidacy in full swing. Thousands of Iowans filled an auditorium in Ames on Sunday morning to catch a glimpse of the now-official candidate.

On Saturday, after announcing his candidacy in the Illinois capital of Springfield, Obama drew sizable and enthusiastic crowds at town-hall meetings in Cedar Rapids and Waterloo. Thousands more greeted him upon his arrival back in Chicago, his adopted home town, for a rally on Sunday night.

He took on a relatively serious tone for much of his first days on the campaign trail. He gave lengthy and substantive answers to policy questions from audience members, at times bringing crowds to a hush as he laid out his political philosophy.

His more subdued approach came as a surprise to some in the audiences along the way. "I think a lot of people realize there's been a lot of rock star-ness about him up to now," said Grant Sovern, an immigration lawyer from Madison, Wis., who came to see Obama speak in Cedar Rapids on Saturday. "I think you can see he's trying to bring things down and talk about issues more."

But, Sovern said, it was the rousing part of Obama's speech, toward the end that afternoon, that he expected would carry the candidate forward.

"I hope that the excitement he showed at the end -- that's what a lot of people are looking for," Sovern said.

That spirit came out in force when Obama returned to Chicago. He brought a crowd to its feet at the University of Illinois at Chicago with calls for higher salaries for teachers, help with college tuition, a movement to eradicate special interests' influence over government, and a universal health-care system.

He talked over Iraq war protesters who interrupted his speech with chants for immediate withdrawal of the troops. "We're on the same side," he chided. "Come on, guys."

"I'm proud of the fact that I was against the war from the start," he said minutes later, drawing a rousing response from the audience as he called the war a "tragic mistake."

Clinton has refused to characterize her vote authorizing the war as a mistake, an opening that Obama appears intent on using to his advantage. Howard Wolfson, a spokesman for Clinton, did not directly respond Sunday to Obama's comments about her plans on Iraq but described her as a "forceful critic" of the administration's execution of the war.

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"She has supported a phased redeployment of our troops to start bringing them home and has strongly opposed President Bush's escalation of the war by proposing a cap on troops," Wolfson said.

When he was first available to the media, on Sunday, Obama faced a crush of reporters and cameras. He calmly answered questions about the war in Iraq ("We are not more safe as a consequence of it," he began); his hiring of opposition researchers (to answer potential attacks and draw distinctions on the candidates' records, he said); and whether he is still smoking ("No -- I've been chewing Nicorette all day long," he said).

Perhaps the most memorable moment came when he needled the press corps about an emerging story line on his candidacy.

"I know that one of the running threads, one of the narratives that has established itself among the mainstream media, is this notion, 'Well, you know, Obama has pretty good style, he can deliver a pretty good speech, but he seems to prioritize rhetoric over substance,' " Obama said. "Now factually, that's incorrect."

He said his two best-selling books, each of which has sold nearly a million copies, "probably give people more insight into how I think and how I feel about issues facing America than any candidate in the field and probably any candidate who's run for office in recent memory."

He continued: "The problem is not that the information's not out there. The problem is that that's not what you guys have been reporting on. You've been reporting on how I look in a swimsuit." He was referring to a People magazine photograph of him while vacationing in Hawaii several weeks ago.

Obama Homecoming Turns Into Anti-war Rally (CHIT)

By Christi Parsons And John Mccormick

Chicago Tribune, February 12, 2007

AMES, Iowa -- A homecoming for Sen. Barack Obama (D-Ill.) turned into an anti-war rally Sunday evening, as he returned to his home city following the weekend launch of his candidacy for president to find a crowd of 7,300 troubled over the Iraq war.

Obama had already spent much of the day talking tough about Iraq, critiquing the war positions of other Democratic candidates for president and serving up a sharp retort to a foreign leader who had publicly mocked Obama's own plan for withdrawing troops.

Then a vocal crowd of anti-war protesters quickly made the issue the central focus of Obama's evening rally at the University of Illinois at Chicago Pavilion, holding up a sign that read "Cut the Funding" during his address and chanting loudly as he tried to speak.

"I'm glad they were there," Obama said later. "They feel a sense of urgency about a war that should have never been authorized and a war that should have never been fought."

But he said he doesn't want to cut funding for the military personnel who are already serving in Iraq, saying that could mean they don't get the equipment they need.

"We need to bring this war to an end," he said, "but we need to do it in a way that makes our troops safe."

The rally was the last public event on Obama's weekend tour, which began with his official announcement that he would seek the presidency and continued with a tour of Iowa through Sunday afternoon.

But the day-long discussion of the war ultimately was overtaken by political reality, as Obama--now under the gun to catch up with the political fundraising of other leading candidates--left the rally to attend a downtown fundraiser hosted for him by Chicago billionaire Penny Pritzker.

"I need your money. I need your time. I need your energy," Obama told more than 700 donors gathered at the Hyatt Regency Chicago on East Wacker Drive, where they sampled sandwich meat and fruit, in exchange for checks or credit card payments of up to $2,300.

Throughout the weekend, Obama talked to every crowd he addressed about the need to end the war, a roundly popular assertion at every venue where he spoke.

But in talking with reporters over the noon hour on Sunday, Obama talked pointedly for the first time about Sen. Hillary Clinton's position on the war, by many assessments the New York senator's weakest spot in the primary race.

Obama said that he was "not clear" on how Clinton would end the war, which she says she wishes to do.

He also pointed out that he was against the war from the beginning, and said he thought it was possible at the time to tell that the military action "would not work out well." Both Clinton and Democratic candidate John Edwards voted in 2002 to authorize the war, a position that each is now working to finesse with Democratic voters.

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In the same question-and-answer session with reporters, Obama had harsh words for Australian Prime Minister John Howard, who said that Obama's proposal to withdraw combat troops by March of 2008 would "just encourage those who want to completely destabilize and destroy Iraq."

Obama said that Australia had sent only 1,400 troops to join the effort in Iraq, a fraction of the 140,000 American troops now serving there.

"I would suggest that he call up another 20,000 Australians and send them to Iraq," Obama said. "Otherwise, it's just a bunch of empty rhetoric."

At the rally that night, Obama greeted thousands of supporters with his wife, Michelle, at his side, addressing them from a theater-in-the-round-style stage and reiterating the ideas of his announcement speech.

He hadn't yet gotten to his points about the Iraq war when the protesters began to chant "Troops out now!" prompting Obama to stop his talk and try to engage them.

"I hear you," he said. "We'll talk about that in a second. ... You've made your point, so why don't you relax?"

But the protesters continued to chant, and the rest of the crowd began to drown them out with deafening chants of "O-ba-ma!" Someone grabbed the sign from the protesters' hands--the protesters said later that security officers did so--and they left.

"They kicked us out," said Ryan Donnelly, a UIC student who participated in the protest with about 20 other students.

Obama's message was popular with the crowd. Heather Lewis, 20, a DePaul psychology student, had used black, red and blue markers to create an Obama logo on her white tank top.

Sharon Olsen, a postal carrier from Warrenville, declared, "I believe he is the future of politics for the United States. He has the ability to work with both sides of the aisle, and we need a change."

Rep. Luis Gutierrez (D-Ill.) compared Obama to Harold Washington, who was elected Chicago's first black mayor in 1983. "He brought excitement to the air, just like Obama," he said.

Others said they liked Obama even if they aren't yet completely won over.

"I think he handled the war piece very well," said Dwight McKee, a trade association director from Chicago. "I'm sold on the need for Obama right now more than I'm sold on Obama."

The evening fundraiser attracted top Illinois Democrats, including state Comptroller Dan Hynes and Atty. Gen. Lisa Madigan. Actor Dennis Hopper also attended.

David Keyt, a health and benefits consultant from Chicago, attended the fundraiser and wrote a check for $1,000 to cover attendance for himself and his wife. He said he was originally backing Clinton but is warming to Obama.

"He represents something new, fresh and not tied to the history of Washington," he said as he arrived for the evening event at the Hyatt. "But we are still learning about him and reading his books."

Obama Comes Out Swinging In Iowa (USAT)

By Judy Keen

USA Today, February 12, 2007

AMES, Iowa — At the final stop of his first campaign trip to Iowa, Illinois Sen. Barack Obama invited a cheering crowd Sunday to help him "take this country back."

"Ultimately I am an imperfect vessel for your hopes and dreams," Obama told several thousand people at Iowa State University's basketball arena. "I can't do this alone. I'm going to need all of you, and I hope that you guys decide it's something that's worth doing."

PHOTO GALLERY: Obama announces '08 run

Obama, 45, a Democrat who has been in the U.S. Senate for two years, would be the first African-American president if elected. He announced his candidacy Saturday at the Old State Capitol in Springfield, Ill., and made four stops this weekend in Iowa, which holds the nation's first presidential caucuses. He campaigns today in New Hampshire, host of the first presidential primary.

During a news conference here, Obama criticized New York Sen. Hillary Rodham Clinton's record on Iraq and health care, underscoring the intensity of the campaign with the first votes almost a year away. Clinton leads the Democratic field in most polls.

Obama opposed the war with Iraq in 2002, when Clinton and 28 other Democrats in the Senate voted to authorize it. She has since said that President Bush misused Congress' support but has not said her vote was a mistake.

"Even at the time, it was possible to make judgments that this would not work out well," Obama said, referring to Clinton and others.

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Without naming Clinton, he also referred to her leading role in failed efforts to reform health care during her husband's administration. Since then, he said, Congress has been willing only to "tinker around the edges" of the issue.

Obama also was the target of some critics. His frequent invocations of Abraham Lincoln, his political hero, prompted likely Republican presidential candidate Rudy Giuliani to note Saturday, "We're the party of Abraham Lincoln."

Australian Prime Minister John Howard said Sunday that Obama's plan to withdraw U.S. troops from Iraq by March 2008 would "create chaos and a victory for the terrorists." Obama replied, "It's flattering that one of George Bush's allies on the other side of the world started to attack me the day after I announced." Unless Howard sends 20,000 troops to join the 1,400 Australians now serving in Iraq, Obama said, "It's just a bunch of empty rhetoric."

Obama also chided reporters for stories that he said suggest he "can deliver a pretty good speech, but he seems to prioritize rhetoric over substance."

Noting his speeches, two best-selling books and Iraq proposal, Obama said, "The problem is not that the information is not out there. The problem is that that's not what you guys have been reporting on. You've been reporting on how I look in a swimsuit."

Last month, People magazine published a photo of Obama in swimming trunks during a Hawaiian vacation.

Obama's audience here was filled with supporters such as Jeff Edmonson, 20, an Iowa State student who says he's been a fan since Obama was elected to the Senate in 2004.

"He's someone that will bring change: less corruption, more excitement," Edmonson said.

Seven blocks away at a Hy-Vee grocery store, though, 11 of 12 people asked about Obama said they need to know more before deciding whether to vote for him.

"I have a favorable impression of him, but we're being forced to focus on the race way too soon," said Bruce Workman, 50, a Burlington firefighter. "I don't know what he stands for," said student Coda Skeffington-Vos, 20.

"All I know is that he's a two-year senator from Illinois, he's young, and I like what he has to say about things," said Bill Morrison, 44, a carpenter from Ames. "There's a lot of things that need to get figured out, and it's early yet."

Obama Turns To Lincoln And Heats Up Illinois (FT)

By Andrew Ward In Springfield, Illinois

Financial Times, February 12, 2007

On a rainy day in February 1861, hundreds of people gathered at the Great Western Railway depot in Springfield, Illinois, to bid farewell to Abraham Lincoln, the city's most famous son, when he boarded a train to Washington to take office as US president.

Almost 146 years to the day later, Springfield witnessed the start of another political journey when Barack Obama, the junior Democratic senator for Illinois, launched his bid for the presidency outside the city's Old State Capitol building.

While Lincoln was heading directly to the White House, Mr Obama's journey promises to be long and winding, with the risk that it could hit a wall in the Democratic primaries next year.

But the scale of Saturday's rally – the crowd was in the thousands despite freezing temperatures – and the frenzied excitement surrounding it showed that Mr Obama is already in possession of that most precious of political commodities: momentum.

"I know it's a little chilly, but I'm fired up," he told the crowd.

For the next 20 minutes he dazzled his audience with the sparkling oratory that has become his trademark, calling for a new generation to reject the "smallness" and cynicism of contemporary US politics and build "a more hopeful America".

There were some concrete proposals amid the rhetoric, including a plan to return combat troops from Iraq by March 2008 and a vow to introduce universal healthcare coverage by the end of his first term. But it was clear that Mr Obama's campaign will rest as much on his promise of a new style of leadership as it will on policy.

"I know I haven't spent a lot of time learning the ways of Washington," said the 45-year-old first-term senator. "But I've been there long enough to know that the ways must change."

It was in a speech at the Old State Capitol that Lincoln famously called for the abolition of slavery by warning that a "house divided" cannot stand.

By inviting parallels with the man widely regarded as America's greatest president, Mr Obama was also answering critics who believe he lacks experience. Lincoln served four terms in the Illinois state legislature and two years in Congress before seeking the presidency – exactly the same career path so far trodden by Mr Obama.

For many, Mr Obama's youth and freshness are his greatest appeals.

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"It's time for change and we're more likely to get that from Obama than Clinton," said David Hudson, a young Democrat, referring to Hillary Clinton, the frontrunner for the party nomination.

Andrew Smith, a political scientist at the University of New Hampshire, said Democrats were falling in love with Mr Obama in a way they never had with Ms Clinton.

"Hillary brings experience and the sense of someone who can get the job done. Obama brings the Kennedyesque or Reaganesque vision that Hillary seems to lack."

Del Ali, of Research 2000, a non-partisan polling firm, said Mr Obama's consistent stance against the war in Iraq gave him an important advantage over Ms Clinton and other candidates whose positions had changed. But the odds were stacked against him because of her greater fundraising power, Mr Ali added.

Another uncertainty is whether America is ready to elect a black president.

"It is the issue that no one wants to discuss," said Mr Ali. "Democrats see the 2008 election as theirs to lose. Are they prepared to take a risk on Obama if he can't pick up any states in the south?"

Back in Springfield, Mr Obama urged America to look beyond old divisions and prejudices.

"The life of a tall, gangly Springfield lawyer tells us that a different future is possible," he said, referring to Lincoln. "He tells us that ... beneath all the differences of race and region, faith and station, we are one people. He tells us that there is power in hope."

Australian Leader: Al-Qaida Wants Obama (AP)

AP, February 11, 2007

Australia's conservative prime minister slammed Barack Obama on Sunday over his opposition to the Iraq war, a day after the first-term U.S. senator announced his intention to run for the White House in 2008.

Obama said Saturday at his campaign kickoff in Springfield, Ill., that one of the country's first priorities should be ending the war in Iraq. He has also introduced a bill in the Senate to prevent President Bush from increasing American troop levels in Iraq and to remove U.S. combat forces from the country by March 31, 2008.

Australian Prime Minister John Howard, a staunch Bush ally who has sent troops to Iraq and faces his own re-election bid later this year, said Obama's proposals would spell disaster for the Middle East.

"I think that will just encourage those who want to completely destabilize and destroy Iraq, and create chaos and a victory for the terrorists to hang on and hope for an Obama victory," Howard said on Nine Network television.

"If I were running al-Qaida in Iraq, I would put a circle around March 2008 and be praying as many times as possible for a victory, not only for Obama but also for the Democrats."

Howard has defied widespread domestic opposition to the war, keeping about 1,400 Australian troops in and around Iraq, mostly in non-combat roles. He is seeking a fifth term later this year, and recent polls suggest voters are increasingly unhappy about his refusal to set a deadline for withdrawing Australian troops from the Middle East.

"You either rat on the ally or you stay with the ally," he said. "If it's all right for us to go, it's all right for the Americans and the British to go, and if everybody goes, Iraq will descend into total civil war and there'll be a lot of bloodshed."

Obama Plan Has A Critic In Australia (NYT)

By The New York Times

The New York Times, February 12, 2007

AMES, Iowa, Feb. 11 — On his first trip to Iowa as a presidential candidate, Senator Barack Obama, Democrat of Illinois, found himself responding to an unexpected critic: John Howard, Australia's prime minister.

Mr. Howard, a conservative leader who is a close ally of the White House, denounced Mr. Obama's proposal to withdraw American combat troops from Iraq by March 31, 2008. In a television interview in Australia, Mr. Howard said the senator's redeployment plan would simply inspire insurgent violence in Iraq.

"If I were running Al Qaeda in Iraq," Mr. Howard said, "I would put a circle around March 2008 and be praying as many times as possible for a victory not only for Obama but also for the Democrats."

In a news conference here, Mr. Obama dismissed the remarks, saying it was "flattering that one of George Bush's allies on the other side of the world started attacking me the day after I announced."

Mr. Obama said Australia had sent 1,400 troops to Iraq, a fraction of the American force.

"If he's ginned up to fight the good fight in Iraq, I would suggest that he calls up another 20,000 Australians and send them to Iraq," Mr. Obama said. "Otherwise, it's just a bunch of empty rhetoric."

Obama Stresses Appreciation For Faith (AP)

By Henry C. Jackson
AP, February 12, 2007

Democratic presidential candidate Barack Obama said Sunday he does not think voters have a litmus test on religion, whether evangelical Christianity or his childhood years in a largely Muslim country.

"If your name is Barack Hussein Obama, you can expect it, some of that. I think the majority of voters know that I'm a member of the United Church of Christ, and that I take my faith seriously," Obama said in an interview with The Associated Press.

"Ultimately what I think voters will be looking for is not so much a litmus test on faith as an assurance that a candidate has a value system and that is appreciative of the role that religious faith can play in helping shape people's lives," he said.

In the interview, Obama also said his race might be a "novelty" this early in the presidential contest, sparred with the prime minister of Australia over Iraq, and said he has a higher burden of proof with voters because of his relative inexperience. Obama formally announced his candidacy in Illinois on Saturday and made a beeline for Iowa, site of the first nominating contest next Jan. 14.

Obama, who was born in Hawaii, lived in mostly Muslim Indonesia with his mother and stepfather from 1967 to 1971. He subsequently returned to Hawaii to live with his maternal grandparents.

He attends a Chicago church with his wife and two young daughters. The 2008 presidential field also includes Republican Mitt Romney, a Mormon, and Sen. Sam Brownback, R-Kan., an evangelical Christian who converted to Catholicism in recent years.

Obama's leading rivals for the Democratic nomination are far better known to voters, the U.S. senator from Illinois said. He was elected in 2004.

"At least two of my fellow candidates have been campaigning nationally for years," Obama said, referring to New York Sen. Hillary Rodham Clinton and former North Carolina Sen. John Edwards. "They have an infrastructure and name recognition that are higher than mine so there will probably be a higher burden of proof for me."

Few minorities reside in early voting Iowa and New Hampshire but Obama said his race — his mother is white, his father is black — will not play a determining role.

"I think that early on it may spark some curiosity or a sense of novelty, but I think very quickly people will be judging me on the merits. Do I have a message that resonates with people's concerns about health care and education, jobs and terrorism?" he said. "And if they do, then I think race won't be a major factor."

At a press conference later in Ames, Obama said he was proud to have opposed the Iraq war from the start while Clinton and others authorized the U.S.-led invasion.

"I don't think there is a more significant set of decisions than the decision to go to war," Obama said. "I think the war was a tragic mistake and it never should have been authorized."

Obama made a habit of stressing his position at every stop, to loud applause. Clinton, meanwhile, ran into some tough questioning while campaigning over the weekend in New Hampshire. One man demanded that she repudiate her 2002 Senate vote to send U.S. troops into battle.

Obama told reporters he thinks his early opposition to the war shows "it was possible to make judgments that this would not work out well" and that it speaks "to the kind of judgment that I will be bringing to the office of president."

The senator has called for capping the number of U.S. troops in Iraq and then beginning to withdraw them on May 1. He wants a complete pullout of combat brigades by March 31, 2008.

Clinton says she is working to pass legislation capping troop levels and bring to a vote a resolution disapproving of Bush's planned troop increase.

"I am not clear on how she would proceed at this point to wind down the war in a specific way," Obama said. "I know that's she's stated that she thinks the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on."

In his speech before thousands at Iowa State University, Obama did not mention Clinton, but he did draw a clear comparison. "We ended up launching a war that should have never been authorized and should have never been waged," Obama said to cheers.

In the AP interview, Obama laughed off criticism Saturday from Australian Prime Minister John Howard, who said Obama's plans for Iraq "encourage those who wanted to completely destabilize and destroy Iraq."

"It's flattering that one of George W. Bush's allies feels obliged to attack me," Obama said.

Obama said that if Howard did not think enough was being done in Iraq, he should consider sending more Australian troops to the region. Australia has about 1,400 troops in Iraq, mostly in noncombat roles.

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The senator dismissed concerns about his own security, but would not answer directly when asked if he had received death threats. The Rev. Jesse Jackson drew early Secret Service protection because of violent threats during his campaigns for president in the 1980s.

"I face the same security issues as anybody," he told the AP. "We're comfortable with the steps we have taken."

Obama campaigned in Cedar Rapids and Waterloo on Saturday after his kickoff announcement in Springfield, Ill. On Sunday, Obama met with party activists at a private home in Iowa Falls and attended the Ames rally.

He won the endorsement of two top state officials — Attorney General Tom Miller and Treasurer Michael Fitzgerald. Miller called Obama "a once in a generation talent."

On Sunday night, Obama returned home to Chicago, where he was greeted by a roaring crowd of more than 7,000 people.

"I am an imperfect vessel for your hopes and dreams," Obama told the crowd during a raucous rally at the arena of the University of Illinois at Chicago.

From Washington, Obama came under criticism from a presidential rival, 26-year veteran Sen. Christopher Dodd of Connecticut, for his lack of experience.

"I think experience matters to people. The stakes are very, very high right now," Dodd said on "Face the Nation" on CBS. "This is not a time for on-the-job training."

At the house party in Iowa Falls, Obama said, "I'm going to have to be run through the paces, people are going to have to lift up the hood, kick the tires and be clear that I have a grasp of the issues that are of utmost importance in people's lives."

In that vein, Obama said he has quit his cigarette habit and now chews nonprescription Nicorette gum all day.

Trying To Manage Obama's Message (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, February 12, 2007

The 2008 election could well make history in a new and special way. Americans could elect the first female president in Hillary Rodham Clinton. They could choose the first Mormon president in Mitt Romney, or the oldest president in John McCain. Or they could elect the first African-American president in Barack Obama. Given America's bitter heritage of slavery, segregation, and discrimination, Obama's election could represent the most groundbreaking possibility of all.

Certainly he has generated more excitement than any other candidate. And as he accelerates his campaign this week, the buzz will get louder. "Is he just a streak across the sky or something more?' asks a strategist for one Republican presidential hopeful. "He is developing a cult of personality, but what is his real constituency?" Good question-and one that a growing number of political professionals and everyday voters are asking as well.

Obama already has demonstrated strong appeal to white voters. He comes in second to Senator Clinton in national polls of preferences for the Democratic nomination. And he impresses many as a talented newcomer who, because of his multicultural background, could conceivably redefine America's debate on race-away from a focus on the consequences of slavery toward an emphasis on the benefits of diversity. "It's a measure of our progress that a woman and a Mormon and an African-American can compete for this office that has always been the province of men and white people," asserts David Axelrod, one of Obama's advisers. But being an African-American, says Axelrod, is only part of Obama's story. "His hallmark in his years in politics," notes Axelrod, "has been bringing people together." In a recent interview with U.S. News, Obama said Americans are looking for a "change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology."

Cornell Belcher, Obama's pollster-and an African-American himself-says the Illinois senator represents a fulfillment of the civil rights movement: a black man who overcame prejudice, worked hard, and excelled. "It's not a wonderful black story; it's a great American story," Belcher told U.S. News.

But questions remain about how Obama will fare in the African-American community, where some, such as columnist Stanley Crouch and author Debra Dickerson, don't think Obama has shared enough of the black experience to truly bond with the community. Those who disagree cite the controversial remarks of Delaware Sen. Joe Biden, another presidential candidate, who called Obama "the first mainstream African-American [candidate] who is articulate and bright and clean and a nice-looking guy" and then apologized for being insensitive. Obama supporters contend that Biden's remarks show Obama can never escape his black heritage, and they say that fact should create sympathy and support for him among skeptical African-American leaders.

Color war. "He's not 'black enough'?" asks Democratic pollster Geoff Garin. "It's ridiculous. Obama is going to do very well with African-American voters. ... This will be the first real opportunity to elect a person of color," and that prospect will be compelling, says Garin. "People are looking for the things that unite us, not separate us. ... He is able to put his finger on things we have in common."

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Until The War Ends ... (NYT)

By Bob Herbert

The New York Times, February 12, 2007

Almost all the talk about the 2008 presidential election is about the horse race: Who's up? Who's down? Can Hillary hold her lead? Can a pro-choice, pro-gay-rights candidate like Rudy Giuliani outrun a hawkish maverick like John McCain?

It's a sport. It's fun. Why spoil it by being too serious?

Senator Barack Obama, in his speech in Illinois Saturday formally launching his presidential bid, gave us an excellent reason for being serious:

Ladies and gentlemen, there's a war on.

After going through a litany of lofty goals for a new generation to strive for, including health care for all Americans, a rejuvenated public education system, an end to poverty and real progress in dealing with global warming, the senator offered a hard and simple truth:

"All of this cannot come to pass until we bring an end to this war in Iraq."

The war — which, in addition to its human toll, will ultimately cost $2 trillion or more — has put America in a straitjacket, precluding progress on a range of important issues that will only worsen with continued neglect.

The public seems to understand this. It was voters fed up with the war who snatched control of both houses of Congress from the Republicans in last November's elections. And they were the ones giving Senator Hillary Clinton a hard time in New Hampshire over the weekend.

While Senator Obama is pushing a plan to bring American combat troops home by March 2008 (and former Senator John Edwards is calling for an immediate withdrawal), Senator Clinton continues to dance on the war issue. "I know that there is a great deal of frustration and anger and outrage," she said on Saturday, "but we can't just wave a magic wand and make things change."

We've moved beyond the absurd when it comes to the war. President Bush responded to the antiwar sentiment in last November's election by escalating U.S. involvement in Iraq. Vice President Dick Cheney, lost in a zone of unreality, is blithely spreading the fantasy of "enormous progress." He may not have noticed that the last three months have been among the worst of the war.

The Democrats who benefited from the antiwar vote reacted to the president's thumb in the eye of the voters with their usual timidity. They've put their hearts and souls into a marathon effort to pass a nonbinding resolution opposing the troop surge. Be still my heart.

The bottom line is that nothing has changed. The horror stories continue to spew out of Iraq: the helicopters being shot down, the mass killings in marketplaces, the steady stream of U.S. soldiers returning in body bags.

We need to stop pretending that there is something sane about continued U.S. involvement in this ruinous war. We keep sending troops into the combat zone and they keep sinking ever deeper into the ancient Middle East sand. To keep sending young people off to die in a war that everybody knows is pointless is criminal.

On NBC's "Nightly News" last Friday the correspondent Richard Engel, traveling with a convoy of soldiers from the First Infantry Division, had a close call when a roadside bomb detonated several feet away. No one was hurt, and Staff Sgt. Chris Copley said into the camera, with a laugh and a hint of bravado, "It gets the adrenaline going a little bit, doesn't it?"

But Mr. Engel noted that when the convoy returned to its patrol base, Sergeant Copley and other soldiers were openly wondering, "What are they doing out here?"

It's a question that deserves a clear, straight answer, especially from their commander in chief and the politicians running for president. As the casualties mount and success seems more and more unlikely, a sense of resignation is spreading among U.S. troops.

Sergeant Copley told Mr. Engel: "It's pretty much almost a lost cause. Nothing it seems that we do is doing any good."

Mr. Engel said all of the soldiers he talked with believed it was "time to end this war." He closed his piece by telling Brian Williams, "Earlier in the week some of the soldiers I was embedded with were hit by a larger I.E.D. That I.E.D. tore the door off the Humvee and the soldier inside had to have both of his legs amputated."

Senator Obama's capacity for leadership will be tested in large part by whether he can get the country to rally around his crucial point — that all further progress on important issues here at home depends on whether we can find the will to extricate ourselves from Iraq.

Obama's 'Improbable Quest' (WSJ)

By Jackie Calmes

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The Wall Street Journal, February 12, 2007

AMES, Iowa -- Illinois Sen. Barack Obama formally opened what he calls his "improbable quest" for the presidency, styling his campaign as a crusade in which Americans' biggest enemy is cynicism -- "the belief that we can't change things anymore."

His own challenge is battling cynicism that he has the experience and ideas to make such change.

After two years in the U.S. Senate, and eight in the Illinois senate, the 45-year-old Mr. Obama remains relatively untested as he seeks to make history as the first African-American president. His sudden fame owes to his charismatic style and eloquence in two best-selling books and a memorable address at the 2004 Democratic Convention. So now, perhaps more than any other candidate in the crowded 2008 race, he is under pressure to show some policy substance as well.

Mr. Obama knows that. In a weekend tour of Iowa, site of the first presidential contest, after announcing his candidacy Saturday in Abraham Lincoln's Springfield, Ill., the senator offered a few specifics. To Iowans' questions, he said he opposed defense-spending cuts, for example, and called for direct U.S. talks with North Korea on nuclear weapons.

Mostly he kept up an audience-stirring diagnosis of the nation's ills and offered promises -- chiefly to provide universal health care by the end of a first term -- but no specific remedies. By yesterday, sensitive to critics calling for details, he took the offensive during a news conference at the University of Iowa.

"One of the narratives that's established itself in the mainstream media is this notion that, 'Well, you know, Obama has a pretty good style. He can deliver a pretty good speech, but he seems to prioritize rhetoric over substance.' Now, factually that's incorrect," Mr. Obama said.

He said he has "the most specific plan" on leaving Iraq, gave major speeches on health, education and energy in the two years before he decided to run for president, and has two books giving more "insights into how I think and how I feel about the issues facing America than any candidate in the field." As for the press, he teased, "you've been reporting how I look in a bathing suit" -- referring to a photo taken while he visited Hawaii over the holidays.

He and top campaign aides promised specifics will come, noting that the campaign has only begun. Meanwhile, as Mr. Obama's announcement confirmed, he will seek to turn his inexperience to advantage, positioning himself as a Washington outsider.

"I recognize that there is a certain presumptuousness -- a certain audacity -- to this announcement," he told the thousands braving frigid temperatures for his announcement in the square before Illinois' Old State Capitol in Springfield. "I know that I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

By that message, he separates himself from New York Sen. Hillary Clinton, though he remains significantly behind her in polls, organization and money. But among the rest of the Democratic field, he is a top competitor for what amounts to a spot as the Clinton alternative, against former North Carolina Sen. John Edwards.

While Mr. Edwards is ahead in Iowa polls, Mr. Obama poses a fresh-faced challenge. After Mr. Obama's packed townhall meeting Saturday in Cedar Rapids, 80-year-old Bonnie Young of Marion, Iowa, and her 60-year-old daughter Claudia Young, both of whom worked for Mr. Edwards' 2004 presidential bid, said they have been torn between the two men. The mother left favoring Mr. Obama.

Mr. Edwards added to the pressure on Mr. Obama to be more specific with his recent unveiling of a health plan. But Democrats say Mr. Obama provoked the style-versus-substance talk himself, by his recent address to local Democratic Party leaders meeting in Washington, in which he seemed dismissive of "white papers" of policy specifics: "We've had a lot of plans, Democrats. What we've had is a shortage of hope."

As a committee chairman in the Illinois Senate, Mr. Obama tried to get consensus for universal health care, but could only pass a measure calling for a study of coverage options. Now, at each campaign stop, he calls not only for universal health care, but more resources for education and an effort akin to the Apollo Project to develop alternative fuels to end U.S. reliance on Mideast oil and help arrest global warming.

But no such progress is possible, he adds, "until we bring this ill-conceived war in Iraq to a close."

The applause for that line from the mostly Democratic crowds made plain that the war is the issue most on voters' minds. Mr. Obama reminds them, to more applause, "I was against this war from the start" -- which distinguishes him, as many Iowa Democrats know, from Mrs. Clinton and Mr. Edwards. And he outlines his Iraq plan: a phased withdrawal of all U.S. combat troops starting in May and ending by the end of March next year, allowing for enough U.S. forces to keep training Iraqi forces.

Mr. Obama didn't always give the answers his inquisitors may have liked. In Cedar Rapids, to a question from a man associated with a group that espouses reduced military spending, the senator said that because the Iraq war "has depleted our military...there's probably going to be a bump under an Obama presidency in initial spending just to get back to where we were."

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To a public school teacher, he reiterated his call for teachers to be paid significantly more. "I have to say, though, there's got to be a bargain," he added, in which teachers in turn accept greater accountability for performance.

Voters Seek Clarity On Clinton Iraq Vote (AP)

By Beth Fouhy

AP, February 12, 2007

After nearly four years of war and more than 3,000 U.S. dead, New Hampshire voters are demanding more than nuance on Iraq from Democratic front-runner Sen. Hillary Rodham Clinton.

From crowded town hall meetings to smaller gathering at private homes, Clinton was enthusiastically received by voters throughout the key early voting state on Saturday and Sunday. She deftly fielded questions on a range of subjects, from education to health care to the genocide in Darfur.

But invariably, the questions returned to Iraq. What would she do to end the conflict if elected president? Would she support cutting funds to stop President Bush's planned increase in troop levels? And, perhaps most importantly, why won't she recant her 2002 vote authorizing the military invasion?

"She has a very nuanced explanation, and it's a pretty good explanation. But many people want to hear her clearly say that her vote was a mistake," said Paul LeBlanc, a Clinton supporter and president of Southern New Hampshire University.

It's a vexing matter for Clinton, who is hoping to become the nation's first female commander in chief. If she repudiates her vote — buckling to pressure from anti-war activists and two top Democratic rivals, Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards — Clinton opens herself to accusations of flip-flopping. But defending her vote means she'll continue to be dogged by skeptical questions about it as she campaigns in not only the early voting states but around the country.

On Sunday, Obama told reporters in Iowa that the war was a "tragic mistake" that never should have been authorized — a swipe at his Senate rivals who backed the 2002 resolution. Responding specifically to Clinton's stand, he said he was uncertain how she would proceed to reduce U.S. forces.

"I know that's she's stated that she thinks the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on," he said.

Throughout her weekend campaign visit here, Clinton stuck to her guns: She said she voted to give Bush authority to send weapons inspectors to Iraq, and that her vote was not an endorsement of pre-emptive war. She also said she would never have sought to invade Iraq if she had been president in 2002.

But that wasn't enough for Claire Helfman, a retired nurse who attended a Nashua house party to meet Clinton.

"I've heard your explanation for your vote: 'I didn't think I was voting for the war, I was voting for inspections.' It doesn't fly. It just doesn't fly," Helfman told Clinton.

The New York senator repeated her long-standing mantra — "If we knew then what we know now, I would never have voted to give this president the authority." And she again batted down calls for her to describe her vote as a mistake.

"I'm sorry, what I say is what I believe," she said. "I understand that some people disagree or think it's not adequate, but it's what I believe."

At a house party in Manchester on Sunday, Clinton offered an outline of what she would do as president to scale back the conflict. She vowed she would engage diplomatically with other countries in the region, relaunch the Middle East peace process and force Iraqis to take charge of their own security.

"I would tell the Iraqis, 'We are going to stop funding you unless you start doing what you've promised all these years,'" Clinton said. "I would say: 'I'm sorry, it's over. We've done all we can do for you. We liberated you, we got rid of Saddam Hussein for you, we are not going to baby-sit a civil war.'"

But she also said she would not redeploy all troops out of the region, insisting that some are still needed to quell terrorist activity in Anbar province and to protect the Kurds in northern Iraq.

"There will still be missions," she said.

She also said she was not in favor of cutting funding for Bush's proposed troop increase, despite some activists' calls to do so.

At a town hall meeting in Keene, N.H., Clinton discussed Democratic efforts to pass a nonbinding resolution expressing disapproval of Bush's plan to increase troops in Iraq.

"To those who say, 'It's a nonbinding resolution, what does it mean?' — all I can say is, the White House is working very hard to defeat it," Clinton said.

But voters should remember that Democrats still need some Republican support to get anything done, she said.

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"I know that is hard medicine for some people because people say, 'Just do something!'" she said. "In order to do something, we've got to have Republicans to help us, at least until the election of 2008 when we'll have 60 Democrats, I hope."

In Nashua, Clinton thrilled many attendees by insisting that she has the mettle to take on Republicans in a general election, saying, "I'm the one person they're most afraid of because Bill and I know how to beat them and we have consistently."

But the Republican National Committee appeared eager to point out potential problems with Clinton's arguments on Iraq. In an e-mail titled "Hillary's Kerry-oake on Iraq," the committee likened her statements to Massachusetts Sen. John Kerry, the 2004 Democratic presidential nominee who was badly weakened by accusations he had flip-flopped on the war.

For Clinton And Obama, Different Tests On Iraq (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, February 12, 2007

KEENE, N.H., Feb. 11 — Senator Hillary Rodham Clinton was challenged on Iraq from corner to corner of New Hampshire this weekend, while Senator Barack Obama drew cheers in Iowa for his opposition to the war.

Besides giving voters a chance to probe the views of two major rivals for the 2008 Democratic presidential nomination, the weekend appearances gave the two campaigns a chance to road test their strategies for dealing with the central issue of Iraq in the primaries and beyond.

At nearly every stop in New Hampshire, Mrs. Clinton, the junior senator from New York, has been greeted warmly but has been met by skeptical voters asking pointedly about her 2002 vote authorizing the use of force in Iraq. On Sunday in Nashua, one person told her that her explanation “doesn’t fly,” while another asked why she did not simply say that the vote was a mistake.

In these instances and similar moments in New Hampshire, Mrs. Clinton stuck to a set of talking points that she and her advisers hope will ultimately overcome the antiwar anger that is particularly strong among Democrats likely to vote in primaries. She took full responsibility for the vote, said she would not vote for military action in Iraq again, and then pivoted quickly to frame Iraq as President Bush’s war. This answer was usually met with applause.

Yet Mrs. Clinton’s refusal to use clear, categorical phrases — “I’m sorry” or “I made a mistake” — has created an opening for Mr. Obama and another rival, former Senator John Edwards of North Carolina, who has openly apologized for his identical 2002 vote.

On Sunday, at a news conference in Ames, Iowa, Mr. Obama declined to say whether Mrs. Clinton should explicitly express regret for the vote, but he phrased his answer to keep the onus on her.

“I will let her speak to her plan, and I will let her address both past decisions and how she wants to move forward,” Mr. Obama said. “I am not clear on how she would proceed at this point to wind down the war in a specific way.”

In two days of public appearances in New Hampshire, Mrs. Clinton did not mention Mr. Obama’s name or explicitly contrast her positions on the war with his, though she did say at one point that it was “very easy to go around saying, ‘End the war now.’ ”

She was never asked directly about Mr. Obama; she held no news conferences with the two dozen reporters following her, nor did voters publicly press her on Mr. Obama’s views.

In Iowa on Sunday, on his first trip there as a presidential candidate, Mr. Obama reminded voters that he had been against the war from the start and said he had offered a plan for winding down American involvement. His strong statements against the war in Iraq drew applause at each of four stops, from Waterloo to Ames.

He said it was the obligation of his Democratic rivals to offer their own ideas on how to get out of Iraq, telling an audience at John F. Kennedy High School in Cedar Rapids: “We cannot have our troops trying to maintain order in the midst of a civil war. Anyone running for president has an obligation to say what you would do now.”

Though Mr. Obama, the junior senator from Illinois, was a vocal critic of the Iraq war during his time as a state legislator and as a Senate candidate in 2004, the level of his criticism lowered when he arrived in Washington. In his first year in the Senate, he delivered one speech on Iraq, calling for a phased withdrawal by the end of 2006. But last November, Mr. Obama revised that time frame, saying the drawdown should begin in four to six months. Legislation he introduced late last month calls for redeployment to begin no later than May 1, with a goal of removing all combat brigades in Iraq by March 31, 2008.

Mr. Obama’s aides said they viewed Mrs. Clinton’s vote on the war in 2002 and her refusal to explicitly disavow that vote as her single biggest vulnerability, and that Mr. Obama would point it out at every opportunity. From that perspective, the juxtaposition of Mr. Obama’s announcement tour in Iowa and Mrs. Clinton’s appearances in New Hampshire was propitious.

On Sunday, Mrs. Clinton for the first time on the campaign trail used the phrase “civil war” to describe the violence in Iraq. Speaking about building coalitions with Middle Eastern nations, she said she would take a new approach: “I would say ‘I’m sorry, it’s over. We are not going to baby-sit a civil war.’ ”

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In introducing the phrase on the campaign trail, where it resonates with the antiwar voters whose opinions matter in early primaries and caucuses, Mrs. Clinton is using language that Mr. Obama and other rivals have already embraced.

Her advisers deny, however, that she felt pressure as a candidate to use those words — which she has used sparingly, and somewhat obliquely, in the Senate.

Analysts say that Mr. Obama and Mr. Edwards are more in sync with the most energized likely Democratic primary voters on Iraq. But advisers to Mrs. Clinton say her position reflects the political mainstream of the nation, and they are banking that Democrats who want to regain the White House will take a broad view of the race.

These advisers say Mrs. Clinton's other advantages — experience, debate skills, fund-raising muscle, a well-organized political operation, her popularity in the party (as well as her husband's) and her agenda — will carry her past any second-guessing about her Iraq war vote.

Mrs. Clinton herself made a nod to her broader strengths during a house party in Nashua on Sunday, when she was asked how she would combat the hard-edged campaign tactics of Karl Rove, Mr. Bush's political adviser and a chief strategist of his two winning campaigns.

"I know what Gingrich tells people privately, I know what DeLay tells people privately, I know what Karl Rove tells people privately," Senator Clinton said in reference to Newt Gingrich, the former Republican speaker, and Tom DeLay, the former Republican congressman. "I'm the one person they are most afraid of. Bill and I have beaten them before and we will again."

Mrs. Clinton, at another house party, in Manchester on Sunday, emphasized her opposition to the war in some of her most searing language yet.

"It is a gnawing, painful sore," she said of Iraq. "People are beside themselves with frustration, and I understand that completely. We are trying in the Senate to set forth a strategy that has the best hope of getting the president's attention."

Clearly, however, Mrs. Clinton's advisers do not relish the idea of someone bringing up her 2002 Senate vote at every campaign stop.

Some advisers believe the issue of her vote will fade with time; even so, they emphasize that she is taking a principled position of responsibility for it.

Mark Penn, Mrs. Clinton's chief strategist, said in an interview: "It's important for all Democrats to keep the word 'mistake' firmly on the Republicans and on President Bush. Senator Clinton has been very clear that we, as a party, should keep the focus on Bush — these were his mistakes. Ultimately that's very important, not just for her, but for the entire Democratic party."

At Mr. Obama's rally in Waterloo, Barbara Gifford, a 69-year-old retiree, illustrated the challenge to the Clinton campaign, saying that she would not rule out supporting her candidacy but that the senator's stance on Iraq troubled her. It was reminiscent, Ms. Gifford said, of how Senator John Kerry of Massachusetts fumbled in his 2004 presidential campaign as he sought to answer questions about war financing.

"I think Hillary is kind of doing the Kerry flip-flop," she said in an interview. "People like somebody to admit when they were wrong."

Mr. Obama gained the endorsement of two top state Democratic officials in Iowa on Sunday. The attorney general, Tom Miller, and the treasurer, Michael L. Fitzgerald, signed onto his campaign, they said, at least in part because of his steady opposition to the war.

"He has the right judgment," Mr. Miller said of Mr. Obama. "He made the right call on Iraq."

Clinton Addresses 2002 Iraq Vote During N.H. Visit (USAT)

By Fredreka Schouten

USA Today, February 12, 2007

New York Sen. Hillary Rodham Clinton wrapped up her first visit to New Hampshire as a presidential candidate Sunday, facing pointed questions from Democratic activists about her early support for the war in Iraq.

Clinton refused to characterize her 2002 vote authorizing the invasion as a mistake.

"If we knew then what we know now, I would never have voted to give this president the authority," she said at a private house party in Nashua, near the end of a two-day swing through the early-primary state.

"I'm sorry, what I say is what I believe," she said. "I understand that some people disagree or think it's not adequate, but it's what I believe."

Earlier in the day, Clinton reiterated her opposition to cutting funds for U.S. troops as a means to force an end to the nearly four-year war. "We don't yet have all the gear and equipment our troops are supposed to have," she said.

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Clinton, campaigning to become the nation's first female president, said her strategy to scale back U.S. involvement in the war would include new diplomatic efforts in region, including a push to restart the Middle East peace process. "We cannot be telling people what to do," she said. "We have to be moving them with carrots and sticks and a lot of coalition-building."

In news Sunday from other presidential candidates:

•Sen. Chris Dodd, a Connecticut Democrat, said he would back efforts in Congress to attach measures to spending bills to cut off some of the funding for the Iraq war. "We've got to stand up and offer real legislation with real teeth and real accountability or the American public are going to be very, very disappointed, to put it mildly," Dodd said on CBS' Face the Nation.

•In an interview televised Sunday, former Arkansas governor Mike Huckabee said he believes the country is in "the middle or at least the beginnings" of a worldwide religious war in which "Islamic fascists … really would like to annihilate us."

Huckabee, a Republican presidential candidate, said the next president will have combat those forces by urging moderate Muslims "to take a more visible and, frankly, vocal role in bringing a sense of balance and sanity within the Islamic community." He spoke on ABC News' This Week.

•Likely GOP contender Rudy Giuliani, in California over the weekend, defended his actions on gun measures as New York City mayor. Giuliani said he was trying to reduce crime by supporting bans on certain rifles and initiating a lawsuit against gunmakers over handgun deaths in New York. Giuliani is scheduled to deliver a speech today in Santa Clara, Calif.

Clinton's Search For Common Ground Gets Mixed Reviews In N.H. (WP)

By Chris Cillizza

The Washington Post, February 12, 2007

KEENE, N.H., Feb. 11 -- Sen. Hillary Rodham Clinton (D-N.Y.) touted the politics of the possible Sunday during her inaugural visit to New Hampshire as a presidential candidate, a message that found an energetic but not ecstatic reception in town-hall meetings and house parties across the state.

Clinton veered away from drawing simple conclusions on issues such as the war in Iraq and health care, insisting that each is a complex problem that does not lend itself to a simple solution.

On Iraq, an area where Clinton has drawn considerable criticism for her unwillingness to apologize for her 2002 vote authorizing the war, she defended the Senate's effort to pass a nonbinding resolution condemning President Bush's plan to send 21,500 more combat troops to Iraq, calling it a first step in changing U.S. policy on the war. She also said she opposes any proposal to defund U.S. troops now or in the future.

"I know that is hard medicine for people," Clinton said at a town-hall meeting Sunday night in Keene, a western New Hampshire town.

Earlier in the day in Manchester, Clinton described Iraq as a "gnawing, painful sore" and added that she understands "the anguish and the outrage of people" about the conflict. Even so, she repeatedly rejected the opportunity to call her 2002 vote a mistake.

"What I say is what I believe," Clinton said. "The problem with this president is he should not have been trusted with this authority." She added that she would love to "wave a magic wand" and change the circumstances in Iraq but that is simply not possible. She did use the phrase "civil war" to describe the conflict in Iraq -- a description she has used before but not since becoming a candidate for president.

Clinton's unwillingness to offer a rhetorical olive branch to the antiwar left contrasts sharply with the positions taken by her two main rivals for the Democratic nomination -- Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.). Obama, who formally entered the race Saturday, has called for all U.S. troops to be out of Iraq by March 2008 and on Sunday called on Clinton to better explain her plan to extricate troops from Iraq. Edwards has advocated an immediate withdrawal of U.S. military forces.

Clinton is sending a message to primary voters as well as to her opponents that governing -- unlike campaigning -- is about finding common ground and forging compromise, not making difficult promises. It's a message she believes is striking fear in Republicans. "I'm the one person they are most afraid of," she said during a stop in Nashua. "Bill and I have beaten them before, and we will again."

Her approach is evident on health care, which Clinton unsuccessfully tried to revamp in the early 1990s while she was first lady. She pointedly refused to offer a comprehensive proposal over the weekend, instead theorizing on how the current system is failing and criticizing those who she said believe that throwing more money at the problem will solve it.

This month, Edwards unveiled a health-care proposal that would cost $90 billion to $120 billion annually and be funded mainly by raising taxes on the wealthiest Americans.

"I am looking for answers that will not have us spend more money," Clinton said. "I am convinced we can do that."

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The response to Clinton's approach was mixed. A woman who attended a house party in Manchester on Sunday told the senator that the explanation that her 2002 vote was not an authorization for war "doesn't fly." But she seemed satisfied when Clinton said -- as she did multiple times during her two-day trip -- that if she knew then what she knows now, she never would have voted for the war.

Others were less easily pleased. One man hoisting a sign that read "No More Pro War Candidates" said that even if Clinton apologized for her vote, he could not support her. "We want people with better judgment than that," he said.

Through it all, Clinton stuck to the script, summing up her political philosophy in Nashua: "You have to find common ground, but you also have to stand your ground."

Clinton On The Trail In N.H. (NSDY)

By J. Jioni Palmer

Long Island Newsday, February 12, 2007

BERLIN, N.H. - With the snowcapped, windswept peaks of the White Mountains nearby, Sen. Hillary Clinton talked to residents of this city in the northernmost reaches of the Granite State in her first New Hampshire appearance as a candidate for the White House.

She was generally well-received by the overflow crowds, although she had to face tough questions about her position on Iraq.

In this paper-mill town straddling the Androscoggin River, and later in Concord, the state capital, Clinton began what she called a "conversation" that sought to cast her as a political centrist with mainstream values who cares about Main Street.

"I grew up in a middle-class family, in the middle of the country, in the middle of the last century," she said, describing her childhood in Illinois to the residents of the state where the first primary will take place.

Her upbringing, she said, instilled a conviction that any parent could provide a better future for their children through their own hard work and that the government would provide an infrastructure to make that happen.

"There was a basic bargain in America: If you did your part, if you worked hard and played by the rules, then you would be given the chance to go as far as your dreams and your ambition and your hard work would take you," Clinton said. "The other part of the bargain was that your government would be on your side ... I look now and it seems to me we are in danger of breaking that bargain because of the decisions being made by the leaders in our country."

The sounds of Aerosmith and Bob Marley filled the auditorium at Berlin City Hall, and the crowd - some of whom had driven more than four hours - rustled with excitement as the time of Clinton's appearance drew near. Some clutched copies of her autobiography, others gripped former President Bill Clinton's. A few carried both.

A button vendor did a brisk business. At three for $10 or one for $5, buyers could choose from among a half-dozen, including one with a picture of Bill Clinton that said "First Gentleman."

Wearing a wireless microphone, Clinton walked around the two venues talking about the need to provide universal health care, pitching energy independence as national security issue and emphasizing her opposition to President George W. Bush's planned troop surge in Iraq.

Clinton fielded questions from the audience - most dealing with topics she touched on during her opening remarks - that were largely friendly. But she did take occasional heat for her stance on the war.

Perhaps to head off such queries, Clinton said that if she had been president in 2003 the United States never would have gone to war, and that should she be elected, if the troops are still there, she'd take them out.

That wasn't enough for some.

"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," said Roger Tilton, 46, of Nashua. "I, and I think a lot of other primary voters - until we hear you say it, we're not going to hear all the other great things you are saying."

Clinton responded that if she knew then what she knows now, "I never would have voted for the war."

But Tilton, a financial adviser, said he still wasn't satisfied.

"I can't listen to her until I hear her say it was a mistake," he said afterward. "You know what, there were a lot of the people in the Senate [23 members] at the time who didn't vote for it. There were a lot of people in the Senate at the time who voted for it and now say it was a mistake."

Smart Money Is On Clinton As She Homes In On Primary (FT)

By Stephanie Kirchgaessner In New Hampshire

Financial Times, February 12, 2007

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It is hockey night at Mr Pizza's in Gorham, New Hampshire, but a handful of couples and a few lone diners sitting around the bar in the popular local spot are talking about the imminent arrival in the Granite State of Hillary Clinton, her first visit in more than a decade.

Ed Miars recalls how he spent an hour with Bill Clinton "just shooting the bull" during the campaign of the governor of Arkansas, whose second-place New Hampshire finish in the 1992 primary saved his candidacy. Mr Miars, a state representative, does not expect the New York senator and Democratic presidential frontrunner to spend as much time courting New Hampshire voters as her then-obscure husband did, but says he thinks she is a "great candidate" and that others "don't have a chance".

A burly veteran of both Gulf wars, named Oscar, says he does not respect Ms Clinton. "How is she going to control the country if she cannot control her husband?" he quips, before being berated by Lorraine Leclerc, a beautician who is ecstatic about Ms Clinton's run.

"I think she's going to go the whole way, and I'm not voting for her because she's a woman. I'm voting for her because she's smart," she says as a handful of other women nod in agreement.

To be relevant to the critical and largely independent voters of New Hampshire, traditionally home to the first primary, Mr Miars says Ms Clinton will have to deliver a message that speaks to the economic hardships of the state's north, which last year saw its pulp mill shut down and whose citizens are grappling with healthcare costs.

The next morning, in a packed city hall in Berlin, Ms Clinton tries to do just that, comparing the difficult economic environment to that of areas in her adopted home state of New York. "I'm not going to tell you that we have magically turned things around, but we have made progress."

In this, her first New Hampshire campaign stop, she promises to fix the healthcare crisis, implement a foreign policy that would improve the nation's standing in the world and enact a new energy strategy.

But even those who appear to adore Ms Clinton take her to task on the biggest issue for many voters: her 2002 vote to authorise President George W. Bush to invade Iraq. In a second stop in Concord that day, Monique Cesna asks Ms Clinton to explain the "seeming contradiction" between the vote and her call to end the war.

Dave Tiffany, who claims a Clinton staff member took away a sign that said "Quit stalling. Bring our troops home", criticised the senator for not urging Congress to cut off war funding. Unlike her rival, former senator John Edwards, Ms Clinton has refused to admit her 2002 vote was a mistake and insists it was not meant to give Mr Bush the authority to wage pre-emptive war.

Charlie Cook, editor of the Cook Political Report, says ultimately, Ms Clinton will be able to take the issue of Iraq "off the table". The more important question now, he says, is how voters respond to Ms Clinton, who holds a lead in New Hampshire and national polls.

Candace Landroche, an administrator at a private school who attended Ms Clinton's Concord meeting, says the senator has been portrayed as being "tough and hard", but she found her "warm and sensitive".

Dick Bennett, who heads a non-partisan polling firm in New Hampshire, says that, barring any big mis-steps, Ms Clinton's candidacy is like a "freight train".

"I look at this and think, does Barack Obama know what is going to happen to him?"

Mr Bennett says his research shows Ms Clinton's advantage over rivals such as Mr Obama, who on Saturday announced his candidacy, is that voters give the senator a "pass" when it comes to having to prove she is competent and understands America's problems. "They already believe she knows. She's married to the guy who has already solved and worked on those problems," he says.

Clinton Is Pressed By Obama (NYS)

By Jill Gardiner

New York Sun, February 12, 2007

KEENE, N.H. — Senators Obama and Clinton banged heads over the Iraq war yesterday, marking their first dustup since the start of the presidential campaign.

Just a day after officially announcing his candidacy in Illinois, Mr. Obama took aim at Mrs. Clinton's vote to authorize the war, saying, "I think the war was a tragic mistake and it never should have been authorized."

Mrs. Clinton's vote is the one issue that has been dogging her thus far in the campaign. Otherwise, enthusiastic crowds have been giving her standing ovations on her proposals covering everything from health care to energy dependency. Mr. Obama told reporters that his early opposition to the war is proof positive that "it was possible to make judgments that this would not work out well" and that it speaks "to the kind of judgment that I will be bringing to the office of president."

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"I am not clear on how she would proceed at this point to wind down the war in a specific way," Mr. Obama told the Associated Press in an interview. "I know that she's stated that she thinks the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on."

A spokesman for Mrs. Clinton, Howard Wolfson, issued a statement last night in response to Mr. Obama's comment, saying the former first lady has been a "forceful critic" of the war and has "strongly opposed President Bush's escalation."

"Had she been president in October of 2002, she would not have started this war and if Congress doesn't end this war by January of 2009, as president, she will," Mr. Wolfson said.

Yesterday's clash came as the two Democrats were campaigning in the two most crucial early nominating states. Mrs. Clinton was here in New Hampshire wrapping up a two-day campaign swing, while Mr. Obama was stumping in Iowa and Illinois and preparing for his own trip to New Hampshire today.

At an event at Keene High School, in the southwest corner of this state, a questioner at a town hall meeting, as if on cue, asked Mrs. Clinton to pledge that she would "not put down my fellow Democrats."

Mrs. Clinton answered with an emphatic "yes" and said a positive tone in the campaign would lead the country in a better direction. "I want to run a campaign about the future and about the issues and what I would do as president, and I would leave it to the voters to sort out the differences among us," she told roughly 2,500 people in the gym and an overflowing auditorium. "I want to be positive and optimistic about what we can do together." Earlier in the day, Mrs. Clinton bluntly told a group of about 50 New Hampshire residents that high-ranking Republicans are more afraid of her than of any of her opponents.

"I know what Gingrich tells people privately. I know what DeLay tells people privately. I know what Karl Rove tells people privately," Mrs. Clinton said at a private party in Nashua in response to a question about how she would deal with Mr. Rove's notoriously shrewd political tactics.

"I'm the one person they are most afraid of. Bill and I have beaten them before and we will again," she declared.

She also ramped up her rhetoric on the infighting in Iraq, saying several times that America would not be left to "babysit a civil war." A New Hampshire resident, Eric Schumacher, who attended yesterday's event in Keene, said it would be "disingenuous for the candidates to not talk about Iraq" and draw comparisons.

"We do not have the luxury of not focusing on that," he said as Mrs. Clinton signed copies of her book for supporters in the school's gymnasium. "I think that at the end of the day is going to emerge as the issue."

A business owner, Philip Huber — who was at Keene High School to see Mrs. Clinton, but was carrying a copy of Mr. Obama's book — called it "absurd" to ask politicians to take pledges.

Mrs. Clinton stuck largely to her stump speech in Keene, talking about CEO pay, health care costs, No Child Left Behind, global climate change, and the squeeze on the middle class.

The crowd was mostly wowed, but the decision to insist that President Bush made a mistake on Iraq rather than taking that responsibility is trailing her like a bad odor. She has introduced legislation to cap troop levels at their January 1 strength and to cut off funding for Iraqi, but not American, forces. Mr. Obama has proposed starting a troop withdrawal in May. Senator Edwards, another of her Democratic rivals, has proposed pulling out 40,000 to 50,000 troops.

At a party in Manchester, a woman told Mrs. Clinton that her explanation for voting to authorize the Iraq war "doesn't fly."

Meanwhile, Mrs. Clinton received praise yesterday from an unexpected source. A former Arkansas governor, Mike Huckabee, told George Stephanopoulos on ABC that she is a "brilliant human being" and said Republicans "underestimate Hillary Clinton at their own peril."

"I think people underestimate her. And I think, when they do, they're going to be sorry," he said. A waitress at Pappy's Pizza in Manchester, Kelly Riley, had a similar take. After Mrs. Clinton dropped in yesterday morning, Ms. Riley predicted that New York's junior senator would win the presidency.

"You usually know who is going to be the winner. She's gonna win. She's going to be the president."

Not Sold On Clinton (WP)

By Robert D. Novak

The Washington Post, February 12, 2007

The buzz in Democratic circles for the past two weeks has been over the decision to raise money for Sen. Barack Obama by two or three multimillionaire liberals from Hollywood who were thought to be supporting Sen. Hillary Rodham Clinton for president. An explanation that this is the movie industry's delayed reaction to some of President Bill Clinton's policies is not credible. The real reason for the defection is more troubling for Clinton's campaign.

In fact, the Hollywood defections have the same root as resistance to Clinton's candidacy among less glittering Democratic activists throughout the country. A substantial number of them do not want to participate in a coronation of the former first lady

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because they still doubt her viability as a presidential candidate. They question both her positions on the issues and her skills on the campaign trail.

What's wrong with Clinton was demonstrated by the Feb. 4 performance on NBC's "Meet the Press" of a competitor, former senator John Edwards, who displayed the qualities she lacks. He took firm positions and admitted error, in contrast to Clinton's careful parsing. It followed his virtuoso performance at the Democratic National Committee meeting two days earlier that overshadowed Clinton's speech there. Comparing Clinton and Edwards, one longtime observer of the Democratic scene called it "caution versus courage."

For many months, long before Clinton confirmed that she was a candidate, her agents have been pinning down commitments from a staggering array of Democrats who were connected in large or small degree to her husband to create an aura of inevitability about her nomination. That effort hit a bump two weeks ago with the announcement that David Geffen, Jeffrey Katzenberg and Steven Spielberg, the founders of the DreamWorks film studios who all were thought to be staunch Clintonites, were sponsoring a fundraiser for Obama.

According to Democratic sources, former President Clinton got Spielberg to step away from a tacit endorsement of Obama. Spielberg has let it be known that he will host a future fundraiser for Clinton as part of a policy of helping all Democratic presidential candidates. But Katzenberg and Geffen seem to be clearly in Obama's camp.

Two theories for these defections have been put out by Democrats favorable to Clinton. First, the gay community in Hollywood is seeking revenge against Bill Clinton's "don't ask, don't tell" policy restricting open homosexuality in the military. Second, the entertainment industry still harbors resentment about Clinton-Gore administration criticism of the material that is presented to children.

But these explanations defy reality, in the opinion of Democrats not yet committed to any candidate. Hollywood, including the DreamWorks founders, was solidly behind Bill Clinton in 1996 and Al Gore in 2000.

The real reason for not desiring a Hillary coronation, as described to me by California Democrats, is resentment of her cautious sidestep rightward over the past six years. They still cannot get over her sponsorship in 2005 of legislation against flag burning. The whispered worry is that Clinton as the presidential nominee would be a loser in a year when the stars seem aligned for a Republican defeat.

What's wrong with Clinton was pointed out by Edwards in his "Meet the Press" performance. He not only said he was "wrong" about Iraq when he first supported the intervention, but he advocated universal health care and asserted: "Yes, we'll have to raise taxes." Clinton has hedged on each of these issues (as Edwards pointed out in the case of her stance on Iraq).

Edwards is not popular with the Democratic elite, who view him as a glib and shallow trial lawyer. They remember that he began his 2004 campaign for president as a centrist Southern Democrat in the Jimmy Carter-Bill Clinton mold, but after not getting anywhere he switched to left-wing populism. The viable alternative to Clinton may be Obama.

Nevertheless, Edwards's "courage" energized DNC members as Clinton's "caution" did not. The point is that many Democrats are voting no on a Hillary coronation.

Campaign '08: Who Is The 'Real' John Edwards? (NSWK)

By Jonathan Darman

Newsweek, February 12, 2007

In the fall of 2005, John Edwards sat down with a pad and pen and scrawled out three simple words: "I was wrong." It was nearly three years after he'd joined a Senate majority in voting to authorize war in Iraq. After an unsuccessful run as John Kerry's vice presidential candidate in the 2004 election, Edwards had returned home to North Carolina and watched as the war descended into chaos. Increasingly filled with regret, he concluded that the three-word confession would be the right way to start a Washington Post op-ed admitting his vote was a mistake.

But when a draft came back from his aides in Washington, Edwards's admission was gone. Determined, the senator reinserted the sentence. Again a draft came back from Washington; again the sentence had been taken out. "We went back and forth, back and forth," Edwards tells NEWSWEEK. "They didn't want me to say it. They were saying I should stress that I'd been misled." The opening sentence remained. "That was the single most important thing for me to say," Edwards recalls. "I had to show how I really feel."

The "real" John Edwards is not someone America knows well. When he first crossed the national stage, he called himself the "son of a mill worker," but he seemed more like a creature spawned in a focus group—attractive, well spoken and safe. Since then, he has weathered enormous hardship—his wife, Elizabeth, has battled breast cancer—but hardly a wrinkle has crossed his perpetually tanned face. He has spent the better part of five years in one of the most contrived careers known to man: candidate for president of the United States.

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In recent weeks, however, Edwards has been trying to draw attention to his less- scripted side. First there was his "silence is betrayal" attack on his main rivals for the 2008 Democratic nomination, Hillary Clinton and Barack Obama, for not speaking out against the escalation of the Iraq war. On Feb. 4, in an appearance on "Meet the Press," he broke the cardinal rule of presidential politics and admitted that his proposal for universal health care would require raising taxes. Then, last week, he refused to fire two campaign employees who'd criticized Roman Catholics and religious conservatives on their personal blogs, despite pressure from conservative leaders.

It's perhaps no accident that Genuine John Edwards has chosen this particular moment to emerge. The senator is campaigning as an alternative to Clinton, the front runner whose chief weakness with primary voters is the impression she is driven more by polling than principle. He has lost supporters, and even some staff, to Obama—a candidate who's connected with Democrats by seeming to always speak from his heart. And the success of blunt-spoken Democratic Senate candidates like Montana's Jon Tester and Virginia's Jim Webb has left Washington consultants advising their clients to act like, well, they don't listen to consultants.

Still, Edwards's new commitment to authenticity may have real roots: in 2004, the candidate learned the hard way that too much caution can be fatal. When the Kerry campaign faltered, Edwards and his wife were convinced that a broad swath of competing consultants, offering conflicting advice, were largely to blame. "Consultants can make it hard to tell the truth," Edwards says. "They want you to be so cautious it makes it hard to say anything." Aides, who didn't want to be named discussing their boss's internal thinking, say he walked away from 2004 convinced that only strong, centralized decision making works in presidential campaigns.

He was already thinking of the next election—but Edwards had a more pressing task. When Elizabeth was diagnosed with breast cancer, Edwards became her chief caretaker, sitting beside her as she underwent debilitating treatment. (Elizabeth is now in remission.) By her bedside, he pondered his own future and contemplated Iraq. How could he go on rationalizing his vote to authorize support for the war? "I knew I couldn't keep explaining a vote ... I had serious doubts about," he says.

Aides saw a new confidence in Edwards after he publicly repudiated his war vote in November 2005. He had developed his own world view and could converse easily about foreign policy. He'd also taken on fighting poverty as his central cause. It seemed an odd choice for the old John Edwards—"electable" centrist candidates don't waste time on the poor while vying for middle-class voters. "Yeah, I heard all that," Edwards told NEWSWEEK in 2006. "It's what I want to do." (Critics claim Edwards's new 28,000-square-foot home in Orange County, N.C., shows his commitment to the poor may not be as all-consuming as he suggests.)

All his talk about the working class has helped Edwards get cozy with labor. In 2004, he peppered his speeches with sympathy for unions but largely sat out of the major jockeying for endorsements from Big Labor. Now he has led an aggressive courtship, naming union-friendly former congressman David Bonior as his campaign chairman and pitching labor leaders. Andy Stern, president of the influential Service Employees International Union (SEIU), has seemed especially drawn to Edwards's message. But associates, who would only speak about his intentions anonymously, say he is wary of alienating the Clintons. (An SEIU spokesman said the union would not make an endorsement until September at the earliest.)

Edwards has also recast himself as the Internet candidate. In 2004, his campaign largely ceded the Web money chase to Howard Dean. But Elizabeth, who was an early habitué of online communities, has long urged her husband to take more-aggressive steps on the Internet. He has wooed bloggers during private dinners and invested in a Web site that many consider to be the most sophisticated of any candidate in either party. Last week he declined calls to dismiss campaign bloggers Amanda Marcotte and Melissa McEwan, amid allegations they were antireligion. "The first response normally would have been to listen to these Beltway actors who were saying, 'Clearly, you have to fire these people'," says Jonathan Singer, a blogger for the liberal site MyDD. "He has some spine."

But to win the Democratic nomination, Edwards needs cash as much as he needs resolve. To stay in the same sentence as Clinton and Obama, Edwards must have an impressive fund-raising total at the end of the first filing period on March 31. He will spend the next two months crisscrossing the country, picking up checks. "The travel bothers me more than it used to," he admits. "Maybe it's just that I'm older." The new John Edwards is still running for president—but now admits when he feels a little pain.

A 'Straight Shooter' Or A Temperament Problem? (NSWK)

By Jonathan Alter

Newsweek, February 12, 2007

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Until recently, discussion about which GOP candidate might be temperamentally unsuited for the presidency has revolved around Sen. John McCain, who has a short fuse. But with former New York mayor Rudy Giuliani now poised to run, questions about the Big T are also hovering over Hizzoner.

Giuliani gets mostly high marks as mayor—for cutting crime and welfare and for heroic leadership after 9/11. But New Yorkers also remember his thirst for power and bouts of unwarranted nastiness. After 9/11, the mayor briefly weighed challenging the city constitution that barred a third term. "He was hellbent on doing it," says one former aide from this period, who wouldn't be named for fear of retaliation. McCain was among those who talked Giuliani out of it, arguing that he'd be better off going out on top.

Other examples of temperamentally questionable behavior go back more than a decade. After Police Commissioner William Bratton's innovative crime-fighting landed him on the cover of Time magazine in 1994, Giuliani sacked him, apparently for getting too much publicity. When New York Magazine placed ads on buses in 1997 referring to the publication as "Possibly the only good thing in New York Rudy hasn't taken credit for," Giuliani leaned on the transit authority to take the ads down. A judge upheld the magazine's free-speech rights.

A critical new documentary, "Giuliani Time," chronicles the mayor's tone-deaf response to local police shootings. For instance, after police killed Patrick Dorismond, an unarmed Haitian-American, in 2000, the mayor improperly released Dorismond's juvenile arrest record, bizarrely said that an earlier argument between Dorismond and his girlfriend might have been a factor in his death and refused to express sympathy to his family. Giuliani later apologized. The same year, he used a press conference to inform his second wife, Donna Hanover, that he wanted a divorce. (She responded with her own announcement that her husband had been having an affair with an aide for "several years.")

A Giuliani campaign spokesperson, Katie Levinson, says his temperament is a plus: "Rudy is a straight shooter." But will a less flattering version of the personality issue be used against him in debates? Says an aide to one rival, insisting on anonymity for himself and his candidate: "You just have to wait and watch."

Democrats Accelerate Effort To Aid Johnson (RC)

By Erin P. Billings And Tory Newmyer

Roll Call, February 12, 2007

In what may be the strongest signal yet that Sen. Tim Johnson (D-S.D.) will run for re-election in 2008, at least seven of his Democratic Senate colleagues are organizing big-ticket fundraisers in the coming weeks to help him fill his campaign coffers as he continues to recover from emergency brain surgery.

Majority Leader Harry Reid (Nev.), Democratic Senatorial Campaign Committee Chairman and Democratic Caucus Vice Chairman Charles Schumer (N.Y.) and five other prominent Democratic Senators are hosting the D.C. events that begin Wednesday and run through March. Sen. Kent Conrad (N.D.) is organizing the Wednesday fundraiser in a private office at 101 Constitution Ave. NW, with Reid holding an event on Thursday at a private home on Capitol Hill.

“A number of Senators are holding fundraisers for Tim,” said Drey Samuelson, Johnson’s chief of staff. “We’ve been really touched by the outpouring of support from different Senators.”

Johnson continues to recover at The George Washington University Hospital, where he has been undergoing rehabilitation since suffering a brain hemorrhage on Dec. 13. The South Dakota Democrat is making major strides, and sources say he possibly could return to work part-time in the coming months.

In a statement from Johnson’s office Friday afternoon, Philip Marion, medical director for the Department of Rehabilitative Medicine at George Washington University Hospital, said Johnson “is actively making decisions about his health care and expressing his opinions about his daily activities. He continues to initiate more conversations and questions. His therapy now includes computer exercises and problem-solving activities.”

Samuelson said those close to the Senator are “encouraged by his recovery” and by the level of support shown by his fellow Senate Democrats for a possible 2008 campaign. Samuelson said Johnson’s staff has done little to solicit the financial help from Senators; rather, “most of them have offered on their own.”

“We are excited about the prospect of him running again, and we are doing everything we can so if he chooses to do that, he will be in an excellent position to do so,” Samuelson said. “We’ve gotten calls from different folks who said, ‘Anything we can to do to help, we’re happy to host a fundraiser for you.’”

A Democratic operative with ties to South Dakota politics said the upcoming rash of Johnson fundraisers is a clear indicator that he is preparing to run for re-election and that he understands he cannot afford to waste any time filling his campaign accounts. “This is essentially what Tim would be doing himself if he were able to,” the source said. “It is absolutely right to view this as a pretty strong signal to everyone that he is operating under the assumption he’s running for re-election.”

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Sen. Max Baucus (Mont.) kicked off the Johnson fundraising efforts earlier this month when he created a joint fundraising committee to allow him to raise money for his own re-election campaign while simultaneously collecting funds for his Midwestern Democratic colleague.

Baucus also is one of the seven Senators who will host an event on Johnson's behalf in the coming weeks. The Montana Democrat is planning a luncheon on March 12 at The Monocle Restaurant to raise money for the two Senators' joint fundraising committee, asking $5,000 per host, $2,500 per political action committee and $1,000 per person.

"Everyone who has ever met Tim Johnson knows what a great person and a national leader he is," said Baucus' top aide, Jim Messina. "True friends help when their friends need it, and Tim needs it."

Indeed, Johnson could use the financial boost from his allies. As of Dec. 31, Johnson had just $629,000 in the bank — a relatively small sum in a state that easily could tilt to a Republican next cycle.

So far, no one has stepped in to challenge Johnson, but some well-known candidates could emerge, including Republican Gov. Mike Rounds. Rounds is almost a sure bet to run if Johnson opts out of a re-election bid, but the GOP governor's candidacy is less clear if Johnson enters the race. On the Democratic side, Rep. Stephanie Herseth is a likely and formidable candidate if Johnson decides to sit it out.

Regardless, Democratic Senators clearly don't want to take any chances, especially as they look to increase their narrow 51-49 seat hold on the Senate in 2008. In addition to the upcoming events hosted by Conrad, Reid, Schumer and Baucus, Sens. Jeff Bingaman (N.M.), Evan Bayh (Ind.) and Edward Kennedy (Mass.) also are putting together Johnson fundraisers.

"We are putting our full support behind Senator Tim Johnson and are urging senators and others to support his reelection bid," Schumer said in a statement.

Jim Manley, spokesman for Reid, said his boss has made it clear he will do whatever is necessary to help Johnson as he recovers. "Everyone is extremely pleased with the fact that Sen. Johnson is progressing so well, and while he's still away they are happy to do everything possible to make sure he can run a vigorous campaign when he returns."

K Street Democrats said they will rally to the cause. "I think there is a strong level of support for Sen. Johnson, and people respect and appreciate his colleagues' efforts to be helpful," said Bruce Andrews, a Democratic lobbyist with Quinn Gillespie & Associates.

Paul Equale, a Democratic consultant, said he will attend the Conrad event that will kick off the series of fundraisers. "There is a vast wellspring of affection for Tim Johnson in the Washington community," he said.

For Democrats, Time To Pad Senate Majority And Think 60 Seats (RC)

By Stuart Rothenberg

Roll Call, February 12, 2007

Democrats probably don't have to worry about losing their Senate majority in 2008, but that doesn't mean next year's elections aren't crucial for them.

A strong '08 could put the party in sight of a 60-seat majority in 2010, and that filibuster-proof majority would change the rules of the game on Capitol Hill.

Last year, Democrats won a stunning 24 of 33 races, which means over the next two Senate cycles they will need to win another 36 seats, out of the 67 that will be up, to give them the magic number of 60. Given the small Democratic classes next year (12) and in 2010 (15), and the fact that Republicans will be defending a total of 40 seats over the two cycles, it's certainly possible that Democrats can net nine seats to get to 60.

Sixty-seat majorities are possible only when a party has a mega-year that produces a huge class. The Republicans did that in 2002 and put themselves in reach of 60 seats with a good 2004. But last year was a disaster, and now it is the Democrats who have a mathematical chance to hit the all-important 60-seat mark. But first, they must build on their numbers next year.

Five or six of the GOP's 21 Senate seats up next year already look to be at some risk, and that number could grow if there are key retirements and if President Bush's problems continue to drag down Republican Party numbers.

Colorado topped the list of vulnerable '08 Senate seats even before Sen. Wayne Allard (R) announced that he would not seek re-election. Democratic Rep. Mark Udall already had signaled he would run for the Senate, and it is far from clear whether Republican chances of holding the Colorado seat have been hurt or improved by Allard's decision.

Udall's appeal, combined with Colorado's recent Democratic drift and the GOP's current national dilemma, certainly improves Democrats' chances of picking up the Senate seat.

Another Democratic Representative, Maine's Tom Allen, also is heading for a Senate race, and his challenge of incumbent Republican Sen. Susan Collins immediately makes the race a top-tier contest. Collins is always underestimated, and she begins

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her reelection bid well-liked, but the state's Democratic bent, Allen's assets and the Republican Party's current standing mean that Collins will have a tough race.

At least three GOP Senators in competitive or Democratic-leaning states also could have tough races, depending on Democratic recruitment efforts.

Minnesota Sen. Norm Coleman seems certain to draw a serious challenger, while Oregon Sen. Gordon Smith can't take his re-election for granted. Both Republicans have started to criticize Bush's Iraq policy, but they represent states that went for Democratic Sen. John Kerry (Mass.) in the 2004 presidential race and that could well go Democratic again in 2008.

New Hampshire Sen. John Sununu (R) also could have a very tough fight for a second term. He won narrowly in 2002, and his party took an absolute bath in the state in 2006, losing two House seats and getting swept out of both chambers of the state Legislature.

Other Republicans look to be in relatively good shape for re-election — if they seek it. And that could be the National Republican Senatorial Committee's problem.

At least a few Republican Senators up next year will remain on everyone's retirement watch list, and while all of them eventually may seek (and win) re-election, for now NRSC Chairman John Ensign (Nev.) has to be worrying at least a bit about their decisions.

The names on this list include Sens. John Warner (Va.), Chuck Hagel (Neb.), Pete Domenici (N.M.), Thad Cochran (Miss.) and Elizabeth Dole (N.C.).

Savvy Republican observers agree that this cycle is a "very challenging" one for the GOP, given the numbers of Republican and Democratic seats up and the current national political environment, which would slow GOP candidate recruitment and hurt committee fundraising.

But they also know that election cycles have a way of changing dramatically over two years, and it's possible that the picture could be brighter for the GOP 18 months from now when it comes to the 2008 elections.

Right now, Louisiana Sen. Mary Landrieu is the most vulnerable Democratic Senator up next year, but other Democratic Senate seats could become competitive depending on retirements and Republican recruiting.

Still, given the recent electoral performance of states with Democratic-held seats up in 2008 — including Illinois, Massachusetts, New Jersey, Michigan and Rhode Island — it is hard to see Republicans seriously contesting more than a few of those seats. So the most likely Republican scenario for winning back the Senate is to retain all of the GOP seats, knock off Landrieu and win the White House again, giving them a tie in the Senate and control with the vice president breaking the tie.

Talking about a Democratic super-majority in the Senate in 2010 may seem odd and premature, and it is. The 2008 presidential results and unknowable events over the next few years could change the political equation completely, denying Democrats an opportunity to keep their majority, let alone grow it to 60. But given the makeup of the three Senate classes, party strategists would be foolish not to be thinking about the arithmetic even now.

Lawmakers Hold 'Tele-town Hall Meetings' (USAT/AP)

By Sam Hananel

USA Today, February 12, 2007

WASHINGTON — On a recent weeknight, Kansas Rep. Jerry Moran spoke to nearly 10,000 of his constituents at once — from the comfort of his Capitol Hill office.

Technology that can connect thousands of people on a single phone call is letting Moran and other members of Congress connect with voters like never before.

"I'm not trying to replace the time I spend in Kansas," said Moran, a Republican. "But this kind of technology allows me to tie my district together in a way that 69 individual town hall meetings does not."

A "tele-town hall meeting" lets lawmakers call up to 35,000 households in their district at random by using a special automated dialing system. A recorded voice tells those who answer to stay on the line if they want to participate in the meeting.

More than 50 members of Congress, including a few senators, have tried the technology over the past year, said Rodney Smith, founder of Washington, D.C.-based Tele-Town Hall LLC.

"It's like listening to a party line," Smith said. "People very much enjoy the interaction, the fact that a congressman would call them, the fact that they get a chance to ask a question."

Between 200 and 1,000 constituents stay on for an extended portion of a typical call. Thousands more drift on and off the line as the system dials 6,000 numbers per minute. As many as 12,000 people can be on the line at one time.

Listeners can participate too. Press the pound key and you can get in line to ask a question. A lawmaker can also poll the audience on a topic and listeners can press numbers to vote.

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"The technology is terrific because it allows me to have conversations with constituents in a way that, prior to this, was simply impossible," said Rep. John Kline, R-Minn. He has held eight tele-town hall meetings since hearing about the concept from Rep. Dan Lungren, R-Calif., who was the first lawmaker to try the service.

The lawmaker conducting the call can track the names and addresses of everyone lining up to ask questions on a computer screen through a special website.

About a half hour into Moran's most recent tele-town hall meeting, the screen shows 946 households on the call and 230 waiting to ask a question. He sounds like a radio talk show host as he scrolls through the list of those who want to talk, looking for a sampling of residents from different parts of his district.

"Let's go to Hutchinson, is this a caller from Hutchinson?" Moran asks.

He has asked his listeners to let him know what they think about President Bush's plan to send more troops to Iraq. The computer screen keeps a running total of those who have pressed the number one for yes and two for no. By the end of the call, the tally is 479 in favor and 298 against.

Tele-Town Hall founder Smith, a former political fundraiser, said he first tried the concept 10 years ago, but at that time the phone system could not handle the call volume. Today, he has 22 computers located at strategic sites in New York City and Las Vegas that can handle more than one meeting at a time.

The service has a patent pending and Smith just finished a business plan to see if he can get outside financing to help boost his customer base.

The service costs $2,500 for the first 25,000 answered calls, those either picked up by a live person, or go to an answering machine or voice mail. Lawmakers pay for the service with the same funds used to set up local town hall meetings.

At one of those usual get-togethers in his suburban Minneapolis district, Kline said he can expect between 25 and 100 people to show up. The chance to draw thousands of constituents without having to advertise lets lawmakers broaden their reach beyond political activists and interest groups that can dominate local meetings, he said.

"You get to hear things from people who probably wouldn't pack up and head down on a winter night in Minnesota to come to a town hall meeting, but they will sit in their kitchen and happily participate," Kline said.

Moran, whose district covers 69 counties over more than 55,000 square miles, said he likes how the tele-town hall can bring people together from all over the state.

Residents in Liberal, Kan., in the southeast corner of the state, can hear what people from Sabetha, in the far northeast corner have to say.

At the end of the meeting, anyone who stays on the line can leave a voice mail with comments that will later be e-mailed to Moran's office as audio files. His staff will listen to every message and respond with an e-mail or follow-up phone call.

Not everyone is impressed by the new technology.

Curtis Gans, director of the Committee for the Study of the American Electorate, guessed that most of the callers who stay on the line are more politically active than those who drop off.

"It's not a revolution," Gans said. "As it takes hold and people talk about it, it may bring in people beyond the activist community, but that hasn't been proved yet."

Taming The Deficit, Together (NYT)

By Bill Frenzel, Charles Stenholm, William Hoagland And Isabel Sawhill

The New York Times, February 12, 2007

WITH the new Democratic majority in Congress, President Bush finally talking about fiscal responsibility and the 2008 primary season about to begin, finding common ground between Democrats and Republicans on budget issues could not be more important. We are borrowing large sums from foreigners, leaving a legacy of debt, paying more than $1,600 per family in taxes just to cover the interest on the debt, and setting aside nothing to deal with future contingencies or investments.

True, last year's deficit of $248 billion, at 1.9 percent of gross domestic product, was not large by historical standards, and next year's may be even smaller. But a failure to deal with deficits and overall debt sends the message that we have no plan for the sea of red ink that will engulf the nation when the baby boomers begin to retire next year.

With this in mind, the four of us propose a balanced package of spending cuts and revenue increases that could eliminate the deficit in five years and set the nation on a sustainable course for the long term. None of us agrees with every part of this proposal, but we think as a whole it works as a model for compromise. More important, it demonstrates how people of good will from both parties can come together to produce a package that not only curtails deficits but also greatly improves the long-term fiscal outlook.

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On spending, we would put a hard cap on all appropriations that freezes spending at fiscal 2008 levels. This would allow one federal program's financing to increase only if another program's budget were cut. We also propose accelerating the increase in the retirement age to 67 from 66, improving the way Social Security benefits are indexed for inflation and making other modest adjustments in the major entitlement programs.

These cuts to spending, however, would save only about half of the money needed to balance the budget in 2013. Further spending reductions are unlikely to garner much Congressional support and could even compromise national security. To make up the balance we propose to increase revenues — not by raising income tax rates but by dealing with some of the flaws in the current tax system.

The major reform would be to broaden and simplify the tax base by turning almost all itemized deductions into 15 percent credits against taxes. We would also place a cap on how much of employer-paid health insurance premiums could be excluded from taxes.

To increase energy security and reduce global warming, we would impose a carbon fee or tax on energy producers of $15 per metric ton of carbon emissions, phased in over a three-year interval, which could raise about $35 billion a year. This fee could be collected by auctioning off permits to private companies under a cap-and-trade system, or levied as a direct tax on the businesses (which in turn, of course, would pass costs along to consumers).

We must also collect more of the taxes already owed. The Internal Revenue Service recently did an audit analysis of the tax year 2001, and found a gap between what was owed and what was remitted of at least $290 billion.

Finally, we suggest reforming the alternative minimum tax, probably through adjusting the way it is pegged to inflation; as it is, too many middle- and upper-middle-class families will find their taxes rising in the next few years because of the tax. The resulting shortfall in revenues would be made up for by continuing to tax the very small number of estates worth more than $7 million per couple.

In all, our plan would give the nation a fiscal-responsibility dividend of $57 billion per year over five years, the interest saved on the debt. Some of this money would be put toward deficit reduction, but the remainder could be invested in high-priority programs like early childhood education, combating terrorism around the globe and state-based children's health insurance programs.

Of course, reining in the deficit is only part of the challenge. To chip away at the national debt and sustain a healthy fiscal outlook into the deep future, fundamental reform of Social Security and Medicare will be needed, and everything will have to be on the table. On Social Security, for example, lifting or removing the cap on payroll taxes, indexing benefits for our increased longevity, and slowing the growth of payments to wealthier retirees would go a long way toward improving its solvency.

Festering deficits, a poorly designed tax system, an addiction to oil and uncontrolled entitlement spending are all symptoms of what is wrong with our current politics. Those jockeying for position in the 2008 presidential race should emphasize that deficits matter, that bipartisan solutions are needed and that it is possible to make fiscal progress while improving the tax system, health care and energy security. More specifically, they should promise to eliminate the deficit within five years and to set the budget on a sustainable trajectory for the longer term. Our package shows that it can be done.

800,000 Uninsured (WP)

The Washington Post, February 12, 2007

Helping them is a worthy goal -- but worthy compared to what?

IN A RICH STATE such as Maryland, the presence of 800,000 people without medical insurance is an embarrassment and a burden on state finances. But a $600 million proposal in the House of Delegates, which would double the cigarette tax to $2 a pack and extend coverage to nearly a third of the uninsured, raises an ever-larger question: How is Maryland to tackle projected annual deficits of well over $1 billion starting next year? And when it comes to health insurance, what can the state afford?

Backers of the health plan in the House, including Speaker Michael E. Busch (D-Anne Arundel), argue their case in moral terms, not without justification. They point out that cigarette-related diseases account for a sixth of the deaths in the state; that those covered by insurance pay an extra $1,000 on their premiums a year to compensate for the uninsured; that middle-class and well-to-do individuals and families should be required to buy coverage.

The bill they have proposed would expand Medicaid eligibility, extend subsidies to small businesses to help them provide insurance to their workers, and force families in the middle class and above to buy insurance if they don't have it. Doubling the cigarette tax and expanding Medicaid would not only leverage matching funds from the federal government but also cut the rate of smoking. All worthy goals.

But worthy compared with what? Like it or not, that's the debate that lawmakers need to have now, before it is forced on them by next year's projected budget shortfalls. Senate President Thomas V. Mike Miller Jr. (D-Calvert) contends that any new

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revenue, including a cigarette tax, should be used to help eliminate the deficit, as the law requires. Mr. Miller has a not-so-hidden agenda -- he is prepared to hold any initiative hostage to his perennial goal of expanding slot machine gambling -- but that does not negate the logic of his argument.

Thanks to a robust economy and a runaway housing market, Maryland has had the luxury for several years of ignoring the gathering budgetary storm. But it can no longer consider spending and revenue proposals piecemeal without looking at the deficits and to competing priorities. Expanding health coverage is important; so are improvements to the transportation network, and to public schools, and to higher education, and to juvenile detention facilities, and to the Chesapeake Bay. It's time for a comprehensive debate that addresses health care and much more.

Now She Tells Us (WSJ)

The Wall Street Journal, February 12, 2007

After hiding her intentions during last year's campaign, Connecticut Governor M. Jodi Rell wants to thank constituents for electing her with 63% of the vote by socking them with a 10% hike in the personal income tax rate. Fellow Republicans in the state legislature are understandably scratching their heads. But the proposal has no doubt also left many taxpayers wondering why they even bother to pull the lever for Republicans.

Ms. Rell dropped this bombshell last week when she presented her biennial budget. In addition to the income tax increase, which would push the top marginal rate to 5.5% from the current 5% over two years, the Governor also proposes increasing cigarette taxes, hiking bus fares and phasing out a $500 property tax credit.

Democrats, who control both houses of the legislature, welcome the plan. So does much of the state's liberal media, who are hailing Ms. Rell as "brave" and "courageous." But as Susan Kniep of the Federation of Connecticut Taxpayer Organizations put it to the Associated Press, "Gee, why didn't we kind of hear about this before we went into the polls?"

Governor Rell says a tax increase is necessary to fund more education spending. But Connecticut already spends more money per student on public schools than all but three states. According to the latest Census data, which is from the 2004 school year, Connecticut's per-pupil spending is $10,788, or more than 30% above the national average of $8,287. In such urban districts as New Haven and Hartford, the state is spending well over $13,000 per student, and the state's teachers are among the highest paid in the nation.

All of which suggests that Connecticut's problem isn't too little education spending so much as how current expenditures are being used. For instance, public charter schools in the state, such as New Haven's Amistad Academy and Bridgeport's Bridge Academy, spend thousands of dollars less per-pupil than surrounding traditional public schools. Yet student test scores in math and reading far surpass those of neighboring schools and often match the scores of students in wealthier towns such as Greenwich. Perhaps money isn't what really matters in education achievement.

The larger danger of a tax increase is its impact on the state's overall economy. Connecticut adopted its income tax in 1991, and it has since ranked last nationally in employment growth while losing tens of thousands of people to other states. Increasing the income tax rate seems an odd way to reverse these trends.

"When looking at states that have growing economies and are thriving," said Republican state senator David Cappiello in an interview, "they're the states that either have no income tax or are looking to phase down their income tax. Connecticut is moving in the opposite direction." An income tax hike could also affect whether a small business -- such as a limited liability or Subchapter S corporation -- decides to expand or move to a more business-friendly environment.

By the way, it's not as if Connecticut taxpayers haven't been doing their part; the state will end the current fiscal year with a $600 million revenue surplus. The problem is that the politicians want to spend the money faster than it comes in. Governor Rell's budget would grow government by nearly 13% over two years and bust constitutional spending caps approved by 81% of voters back in 1992. No wonder she kept her plans secret until after the election.

America's Long Dance With The Mideast (NSWK)

By Christopher Dickey

Newsweek, February 12, 2007

The Statue of Liberty, in her curious way, helps tell the tale of America's long, complicated experiences and profoundly contradictory ambitions in the Middle East. The French sculptor Frédéric Bartholdi wanted to build a colossus bestriding the entrance to the newly opened Suez Canal in the 1870s. She would be veiled, like a peasant woman of the Nile, and would hold aloft her torch as "Egypt (or Progress) Bringing Light to Asia." But the pasha whose largesse was supposed to fund the project went bankrupt, the British occupied his country to collect their debts and Egypt's light failed. Bartholdi rethought his plan, redrew the design, and the Orient's loss was America's gain: "Liberty Enlightening the World."

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This anecdote about the statue stands near the middle of Michael Oren's vast new best seller, "Power, Faith and Fantasy: America in the Middle East, 1776 to the Present." It served as a metaphor for the mingled, often mirrored fates of two regions strangely bound by grandiose dreams and hardheaded commerce, conflicting beliefs in one God, mutual fears, great hopes and grim bloodshed. Because there is no other book with such a sweeping view of the subject, the vast cast of characters Oren presents and the exhaustively researched tales of the way they played on each other will shape our thinking about America and the Middle East for years. And because much of this largely unremembered past reads as prologue to the present day, the admonition of Ecclesiastes that "there is no new thing under the sun" seems to emerge constantly from between the lines.

Thus one of the first great tests for the newly formed United States of America was a decades-long confrontation with the Arab corsairs of North Africa. In the aftermath of independence, the American central government was weak, the Navy almost nonexistent, and debate raged at the highest levels—between Thomas Jefferson and John Adams, among others. Should the United States pay ransoms to the pirates (which was cheaper) or build a military strong enough to prevent them from preying on merchantmen that flew the Stars and Stripes? The young American nation would learn "that in the Middle East power alone was respected and that, in order to gain peace, the United States had no alternative but to wield it," Oren writes—a theme he underscores at several opportunities. But his narrative is also honest enough to show us that the feckless leaders of North Africa became convenient scapegoats once the United States finally had its Navy. Thus after the British returned to American shores in 1812 and burned Washington, D.C., the American public turned its anger against ... the Arabs. In 1815, scant months after a stalemated peace was signed with Britain, Washington shifted its attention to the Barbary pirates, declared war, and defeated them with great fanfare.

But of course problems in the Middle East seem to endure like the Pyramids. Almost 90 years later, President Teddy Roosevelt would once again send gunboats to the North African coast, this time to win the freedom of an American businessman named Ion Pedicaris, who was held by a local Berber chieftain known as Raisuli. Roosevelt sent the bluntest possible warning to the sultan in Tangiers: we want Pedicaris alive or Raisuli dead. The hostage was freed. American pride and power were preserved once again.

It wasn't just the projection of military might that characterized America's interaction with the Middle East, it was also the projection of missionary zeal—the faith that Oren talks about in the title of his book. From the time of the Puritans, American Christians had seen the New World as a New Zion or Promised Land, "a light unto the nations." But by the early 19th century, there was growing enthusiasm for expeditions to the original Zion. Indeed, Palestine in the 1840s was viewed by some Americans as part of their self-proclaimed "manifest destiny." And a large part of their zeal sprang from the notion that restoring the Jews to the Holy Land, and converting them to Christianity, would bring on the Second Coming. This "restorationism," or Christian Zionism, was a powerful force in 19th-century America—just as it is in the 21st-century United States.

As if the sense of déjà vu were not strong enough already, Oren informs us that in 1844 a Biblical scholar and professor of Hebrew at New York University by the name of George Bush wrote an influential tract called "The Valley of Vision; or, The Dry Bones of Israel Revived," which advocated "elevating" the Jews "to a rank of honorable repute among the nations of the earth" by re-creating the state of Palestine for them. (According to Oren, who spent two days in the genealogical room of the Library of Congress researching family trees, George Bush was a direct forebear of the two presidents with the same name, both of whom made a major impact on the Middle East.) For Oren, questions of Zionism, first as dreamed of by American Christians and then as conceived and implemented by 20th-century Jews, are absolutely central to the story of U.S. involvement in the Middle East.

Oren's account of President Truman's role in the creation of Israel is one of the most complex and compelling chapters of the book. Here was an American leader who fiercely resisted the lobbying of American Zionists. "The Jews, I find are very, very selfish," Truman ranted in his diary, "neither Hitler nor Stalin has anything on them for cruelty or mistreatment to the under dog." Yet when the final decision had to be made, Truman's government was the first in the world to recognize the Jewish state. His reasons were political (he noted that he had few Arab constituents) and moral (the Holocaust weighed more heavily on his mind than the fear of Arab retaliation in the oil market). And the president's Baptist background gave him an intimate sense of Biblical history. By the 1950s, Oren writes, Americans had "transformed themselves from largely passive observers of Middle Eastern affairs into the region's primary architects and arbiters."

Oren, who has four degrees in Arab history and the best-selling "Six Days of War" to his credit, is himself an ardent Zionist. Born in New Jersey 51 years ago, he immigrated to Israel as a young man and has served as a reserve officer in the Israeli military ever since, now with the rank of major. In 1982, he was on the front with Lebanon and took part in the invasion. Also in the 1980s, he worked underground in the Soviet Union making contact with dissident Jews. More recently, he served in last summer's war against Hizbullah. Oren often contributes passionate op-ed pieces to The Wall Street Journal and other publications defending Israel and its policies. He says writing "Power, Faith and Fantasy" was partly meant to bring together the two halves of his identity, American and Israeli, and he admits that balanced historical reporting doesn't come easy. "If you want

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to understand how we got from point A to point Z and point A is 1776 and Z is Iraq, indulging your prejudices is not very helpful," Oren told NEWSWEEK. "It's something I struggle with. I weigh every word." Indeed, for all his emphasis on showing strength in the Middle East, Oren publicly opposed the American invasion of Iraq, arguing the United States could never be, and probably should never be, ruthless enough to suppress rebellion there. And for all his emphasis on the spiritual virtues of the United States, he sees calls for U.S.-style democracy in the Arab world as naive. Its culture is not, he says, a tarnished mirror image of America waiting to be polished into a replica of America.

What is it, then? What did the Arabs themselves think through this long chronicle of disillusionments and disasters? Oren says "that book is yet to be written." For now "Power, Faith and Fantasy" is the best history we have of the history we've had, and an indispensable guide from point A to point Z.

Gates Brushes Aside Putin's Anti-US Tirade (FT)

By Demetri Sevastopulo And Stephen Fidle

Financial Times, February 12, 2007

Robert Gates, the US defence secretary, on Sunday brushed aside a blistering attack on US foreign policy by Vladimir Putin, the Russian president, saying that "one cold war was quite enough".

Mr Putin lambasted US foreign policy in a theatrical display at a high-profile Munich security conference on Saturday, saying "illegal" unilateral military action had plunged the world into an "abyss of permanent conflicts".

In his first major international speech since succeeding Donald Rumsfeld in December, Mr Gates avoided upping the ante with the former KGB officer by laughing off his polemic.

"As an old cold warrior, one of yesterday's speeches almost filled me with nostalgia for a less complex time," said Mr Gates. "Almost."

The former head of the Central Intelligence Agency continued: "I guess, old spies have a habit of blunt speaking. However, I have been to re-education camp, spending four and-[a]-half years as a university president and dealing with faculty. And, as more than a few university presidents have learned in recent years, when it comes to faculty it is either 'be nice' or 'be gone'."

Mr Gates, who said he had accepted an offer from Mr Putin to visit Russia, dismissed suggestions of a new cold war. But he did register US displeasure with Russian foreign policy, including its use of energy resources for "political coercion".

Mr Putin had also accused Washington of sparking a new arms race with its missile defence system, and criticised the expansion of Nato to include former members of the Soviet Union.

Mr Putin's speech at the normally august conference drew surprise and criticism. Jaap de Hoop Scheffer, Nato's secretary-general, expressed disappointment that the Russian president had made such a "remarkable" speech at such a venue.

US senator Lindsey Graham half-joked that Mr Putin had done "more in a single speech to unite Europe and America than anything we could have done in a decade", while Senator John McCain said the speech included the "most aggressive remarks by a Russian leader since the end of the cold war".

But Karel Schwarzenberg, the Czech Republic foreign minister, drew loud applause – and a smile on the face of Russian defence minister Sergei Ivanov – by thanking Mr Putin for bringing attention to the normally sleepier conference. In a more serious vein, however, he said the Russian president had "clearly and convincingly" shown why Nato should be enlarged.

Mr Ivanov agreed on Sunday that a new cold war was not imminent. He said Russia was spending just 2.6 per cent of GDP on defence. "We are not spending on defence what the Soviet Union did – which was 30 per cent. Three per cent: feel the difference," he said.

Speaking to an audience that included defence ministers from many Nato countries, Mr Gates also stressed the importance of resolve in Afghanistan, saying the alliance needed to ensure the "offensive in Afghanistan this spring will be our offensive".

In comments intended to up the pressure on European allies, Mr Gates said it would be a "mark of shame" if Nato let its successes in Afghanistan "slip away through neglect of lack of political will or resolve".

Responding to Kenneth Roth, the director of Human Rights Watch, Mr Gates conceded that the US detention facility at Guantanamo Bay and prisoner abuses in Iraq had damaged the reputation of the US. He added that the military tribunals to try the prisoners would be "transparent", with full media access.

Gates Counters Putin's Words On U.S. Power (NYT)

By Thom Shanker

New York Times, February 12, 2007

MUNICH, Feb. 11 — Defense Secretary Robert M. Gates, disputing a lengthy critique of American power by President Vladimir V. Putin of Russia on Saturday, said Sunday at a European security conference here, "One cold war was quite enough."

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Government leaders, legislators and military officials here continued speculating on Mr. Putin's motivation for delivering his long list of complaints about American domination of global affairs, but Mr. Gates chose words of velvet, not steel, in offering Washington's fullest response. As Mr. Putin had, he invoked the cold war more than once.

"As an old cold warrior, one of yesterday's speeches almost filled me with nostalgia for a less complex time," he said. "Almost."

Mr. Gates, a former director of the Central Intelligence Agency called back to government service from academia to become defense secretary, told attendees of the 43rd Munich Conference on Security Policy that both he and Mr. Putin had spent most of their careers in their governments' spy agencies.

"And, I guess, old spies have a habit of blunt speaking," Mr. Gates said. "However, I have been to re-education camp — spending four and half years as a university president and dealing with faculty." His remark drew laughs and applause.

His sharpest response to Mr. Putin was gently couched. "Russia is a partner in endeavors," Mr. Gates said. "But we wonder, too, about some Russian policies that seem to work against international stability, such as its arms transfers and its temptation to use energy resources for political coercion."

Throughout the rebuttal, and in a longer discourse on how America's European allies must help rebuild Afghanistan and remain engaged in the fight against terrorism, Mr. Gates mentioned Mr. Putin only once by name. That came when he said he had accepted an invitation from Mr. Putin to visit Moscow.

On Saturday, Russia's defense minister, Sergei B. Ivanov, a Putin confidant, denied that Mr. Putin's speech had been confrontational. "We are not interested in imposing our opinion on anybody," Mr. Ivanov said. But he cautioned that his government would not support international actions taken without consultation with Russia, nor those taken without its consent, and certainly none that are "imposed on Russia."

The speech by Mr. Gates was delivered under the long shadow of his predecessor, Donald H. Rumsfeld, who both charmed and offended European audiences during his tenure as defense secretary, which included several speeches to this conference.

Mr. Gates cast himself as a geopolitical realist and drew a knowing laugh when he focused on Mr. Putin's assertion that the United States and its allies were dividing Europe.

"All of these characterizations belong in the past," Mr. Gates said. "The free world versus those behind the Iron Curtain. North versus South. East versus West, and I am told that some have even spoken in terms of 'Old Europe' versus 'new.' "

The last was a reference to a characterization Mr. Rumsfeld made in January 2003 to contrast Germany and France, which objected to the United States plan to invade Iraq, with neighboring supporters, not all of which are NATO members.

Reviewing NATO's success in standing up to the Soviet threat, "it seems clear that totalitarianism was defeated as much by ideas the West championed then and now as by ICBMs, tanks and warships that the West deployed," Mr. Gates said. The alliance's most effective weapon, he said, was a "shared belief in political and economic freedom, religious toleration, human rights, representative government and the rule of law."

"These values kept our side united, and inspired those on the other side," he added.

Shifting to current threats and challenges, he called on NATO members to support a comprehensive strategy to stabilize Afghanistan, "combining a muscular military effort with effective support for governance, economic development and counternarcotics."

He also urged NATO allies to increase their military spending to meet the benchmark of 2 percent of gross domestic product set by the alliance; only 6 of NATO's 26 members fulfill that standard.

Mr. Gates briefly turned to the war in Iraq, to echo President Bush's insistence that the United States and its partners there must prevail. If chaos tears Iraq apart, Mr. Gates warned, "every member of this alliance will feel the consequences" of regional turmoil and terrorism.

He acknowledged the damage done to America's global standing by its conduct in the campaign against terrorism, particularly in holding detainees without due process at the United States naval base in Cuba.

"There is no question in my mind that Guantánamo and some of the abuses that have taken place in Iraq have negatively impacted the reputation of the United States," Mr. Gates said. "It is also true, though, that there are real terrorists at Guantánamo."

Repeating comments from a number of American officials, Mr. Gates said most members of the Bush administration would like to close the detention center, and he pledged that tribunals for detainees would be conducted in a legitimate and transparent manner.

Gates To Putin: 'One Cold War Is Enough' (AP)

By Lolita C. Baldor
AP, February 12, 2007

Pentagon chief Robert Gates responded Sunday to Vladimir Putin's assault on U.S. foreign policy by saying "one Cold War is enough" and that he would go to Moscow to try to reduce tensions. Gates also sought more allied help in Afghanistan.

He delivered his first speech as Pentagon chief at a security conference in Germany and then flew to Pakistan to discuss fears of a renewed spring offensive by Taliban fighters in neighboring Afghanistan.

Pakistan, a close U.S. ally in the fight against terrorism, has faced charges that the Taliban militia stage attacks from Pakistan against Afghan government troops and NATO- and U.S.-led coalition troops.

Gates' rebuke of the Russian president relied on humor and some pointed jabs.

"As an old Cold Warrior, one of yesterday's speeches almost filled me with nostalgia for a less complex time. Almost," Gates said. Then, as the audience chuckled, the defense secretary said he has accepted Putin's invitation to visit Russia.

"We all face many common problems and challenges that must be addressed in partnership with other countries, including Russia," said Gates. "One Cold War was quite enough."

In his speech Saturday, Putin blamed U.S. foreign policy for inciting other countries to seek nuclear weapons to defend themselves from an "almost uncontained use of military force."

The Russian leader said "unilateral, illegitimate actions have not solved a single problem, they have become a hotbed of further conflicts" and that "one state, the United States, has overstepped its national borders in every way."

Gates also made an urgent call for NATO allies to live up to their promises to supply military and economic aid for Afghanistan.

"It is vitally important that the success Afghanistan has achieved not be allowed to slip away through neglect or lack of political will or resolve," Gates said. Failure to muster a strong military effort combined with economic development and a counternarcotics plan "would be a mark of shame," he said.

Gates also said that prisoner abuse scandals in Iraq and Guantanamo Bay, Cuba, and other mistakes have damaged America's reputation. It will take work, he said, to prove that the U.S. still is a force for good in the world.

While he did not mention the war in Iraq, Gates told officials at the security conference that Washington must do a better job of explaining its policies and actions.

For the past century, he said, most people believed that "while we might from time to time do something stupid, that we were a force for good in the world."

Many continue to believe that, Gates said. But, he added, "I think we also have made some mistakes and have not presented our case as well as we might in many instances. I think we have to work on that."

The bulk of his speech was devoted to the future of the NATO alliance and the need to work together to defend against threats.

Gates also sketched out the challenges ahead, from Iran's nuclear ambitions and the situation in the Middle East to China's recent anti-satellite tests and Russia's arms sales.

Just eight weeks on the job, Gates used the conference and a NATO gathering this past week to debut on the international stage and meet privately with some of his counterparts.

In other comments, he said the Bush administration would like to close the Guantanamo Bay detention facility, but there are some terrorists there who should never be let free. Gates also said detainee trials there will be conducted in the open and with adequate defense for the prisoners.

The first public test of Gates' diplomatic skills came at a venue that at times was dominated by his more bombastic Pentagon predecessor, Donald H. Rumsfeld.

So as Gates neared the end of his remarks, he made a deliberate move to separate himself from Rumsfeld.

In the run-up to the Iraq war, Rumsfeld sharply criticized nations opposed to the conflict — specifically France and Germany — and referred to them as part of "Old Europe."

Without mentioning Rumsfeld's name, Gates said some people have tried to divide the allies along lines such as East and West, North and South.

"I'm even told that some have even spoken in terms of 'old' Europe versus 'new,'" Gates said. "All of these characterizations belong in the past."

In Pakistan, Gates planned talks with the president, Gen. Pervez Musharraf and other top officials on cooperation in counterterrorism and efforts by Pakistan to stop militants from moving across the border with Afghanistan, a senior Pakistani government official said Sunday. The official spoke on condition of anonymity because he did not have the authority to speak formally about Gates' visit.

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Pakistan denies the charges that the Taliban are staging attacks from inside Pakistan and says it has deployed some 80,000 troops along its rugged border with Afghanistan to track down militants.

Pakistan's border regions along Afghanistan long have been suspected to be the hiding places for al-Qaida leader Osama bin Laden and his deputy, Ayman al-Zawahri.

American forces in eastern Afghanistan have launched artillery rounds into Pakistan to strike Taliban fighters who attack remote U.S. outposts, the commander of U.S. forces in the region told The Associated Press on Sunday.

Musharraf acknowledged recently that his outgunned Pakistani frontier guards have allowed insurgents to cross the border and said the army soon would fence parts of the border to stem the problem.

The Pentagon has plans to extend its recent buildup of several thousand combat troops in Afghanistan, initially announced as lasting until late spring, well into next year, a senior U.S. military official said last week.

That move would keep U.S. troop levels at between 26,000 and 27,000 until at least the spring of 2008.

Russia Intensifies Efforts To Rebuild Its Military Machine (CSM)

By Fred Weir

The Christian Science Monitor, February 12, 2007

MOSCOW

At a major security conference this past weekend, Russian President Vladimir Putin blasted the US for its militaristic approach to foreign policy, saying its actions were "nourishing an arms race."

But little noticed amid the sharp US and European response to Mr. Putin's comments is Russia's burgeoning military-industrial complex, generally thought to have collapsed with the Soviet Union.

The cold war days when the USSR matched the US missile-for-missile may be gone. But experts say that Russia is increasingly capable of turning out cutting-edge weaponry and selling it to countries that are shunned by Western suppliers.

"The fact that our country is playing a leading role in the world in the sphere of export of military production is a sign that the Russian defense industry has not only survived but has a powerful potential for further development," Sergei Chemezov, the head of the state arms-export monopoly Rosoboronexport, told a political meeting late last year.

Russian defense budgets have been soaring since Putin came to power, buoyed by a rising tide of petroleum income, and are set to jump by 23 percent in 2007 to a post-Soviet high of $32.4 billion. Moscow does arms business with over 70 countries, including China, Iran, and Venezuela, and in 2006 exported $6 billion worth of arms.

"Under Putin there has been a wish and an attempt to go beyond the Soviet inheritance," in developing high-tech military capabilities, says Ivan Saffranchuk, Moscow director of the independent World Security Institute. "Now there's cash, and a good political situation, to intensify that effort."

Missiles for Iran

• Last week Defense Minister Sergei Ivanov unveiled a $189 billion rearmament program that will replace about half of Russia's current military equipment by 2015. Among the armed forces' acquisitions will be a completely revamped early-warning radar network, new intercontinental missiles, a fleet of supersonic Tu-160 strategic bombers, and 31 new warships, including aircraft carriers.

• Last month Mr. Putin offered to partner with India to build a futuristic "fifth generation" fighter plane, which Russian designers is already under development and could be flying as early as 2009. Only the US has so far managed to field one of these new era combat jets – which have breakthrough capabilities of stealthiness, supersonic cruising, ultramaneuverability and over-the-horizon electronic visibility. And at $260 million per model, the new F/A-22 Raptor is by far the world's most expensive warplane.

• Russia is already supplying India with the Sukhoi-30MKI, an advanced "fourth generation" warplane that consistently defeats its Western counterparts, such as the frontline US fighters, the F-15C and F-16. Versions of the Su-30 are also being sold to China, Venezuela, and Malaysia.

• At a recent press conference, Putin said that Russia has nothing to fear from US missile defense systems because the new Topol-M intercontinental ballistic missile has stealth characteristics that enable it to penetrate the American shield. "But this is not all," he added, mentioning a "new generation ... of strategic weapons systems," against which missile defense systems would be "powerless."

• In January, Moscow announced it had completed deliveries of 29 sophisticated Tor-M1 mobile antiaircraft batteries to Iran, and Mr. Ivanov hinted that Russia might also supply S-300 long-range air defense weapons. Experts believe that the Tor-M1, which can track 48 targets simultaneously, could seriously complicate any potential air strike on Iran's nuclear facilities.

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"The Tor, in combination with the S-300, would provide a large envelope of protection to the Iranian nuclear complex," says Ariel Cohen, an analyst with the conservative Heritage Foundation in Washington.

• According to Russian media reports, last year Israel complained to Moscow over Hizbullah's use of Russian-made antitank missiles, which inflicted serious casualties and inhibited Israel's armored mobility, during last summer's war in Lebanon. The Israeli media pointed to the Kornet-E, a new laser-guided rocket that can punch through meter-thick armor at a range of five kilometers, which Russia has officially provided to Syria. Russia denied that the weapons might have been diverted to Hizbullah, however.

Key supplier for 'rogue regimes'

The former USSR maintained a sprawling military-industrial complex that absorbed as much as a third of the country's GDP. With the demise of the Soviet Union, defense budgets imploded, the Russian armed forces virtually halted procurement of new weapons, thousands of factories went bankrupt, and skilled workers migrated en masse to other jobs.

Though capital is now flowing back into the defense sector, experts doubt that the Putin-era increases are enough to restore the vast web of specialized industries that kept the Soviet military machine supplied with everything from bullets to antisatellite missiles.

"There have been dramatic increases in procurement funds, but this is not being used efficiently," says Alexander Golts, a military expert with the online newspaper Yezhednevny Zhurnal. "I am dubious about Russia's ability to produce weapons of a truly new generation."

Most Russian arms exports during the 1990s involved sell-offs of Soviet-era stockpiles, including small arms, armored vehicles, and older aircraft. Those fueled vicious wars in Africa and the former Yugoslavia, but did not worry the West much. But Putin-era sales have shifted increasingly to sophisticated weapons, including warplanes, precision-guided munitions, and advanced air-defense systems.

"The US still has a solid lead in the top end of weaponry," says Mr. Cohen. "But at the next level Russia is advancing fast. Geopolitically, it is cornering the market for rogue regimes, such as Iran and Venezuela, and this is most worrisome."

Overhaul needed

Experts say that about 1,550 Russian firms are now involved in arms production, and they have proven adept at modernizing Soviet designs. For example, the Su-30, which accounted for almost half of all Russia's arms-export earnings in 2005, is a development of the USSR's Su-27 frontline combat jet.

But fresh products, such as Sukhoi's new T-50 "fifth-generation" fighter, could give the industry a needed boost.

"The situation in our military-industrial complex is improving, and this [fifth- generation] project will change our position radically," says Konstantin Makiyenko, deputy director of the independent Center of Analysis of Strategies and Technologies in Moscow. "If India agrees to participate, the [financing] will be better. It could give a big boost to many branches of our military industry."

Still, some experts say that sweeping reforms and more state funding are needed before Russia's arms industry can resupply a flagging military machine with cutting-edge weapons, much less compete globally with Western arms merchants.

"We need a completely new military industry, not just remnants of the old one," says Vitaly Shlykov, a former Soviet war planning official and member of the Russian Defense Ministry's public advisory council. "And these new defense industries will need a lot of attention, and an influx of resources on the level that today is only going into the oil and gas industry."

Putin Seeks Expanded Ties With Saudis On Arab Tour (NYT)

By Hassan M. Fattah

The New York Times, February 12, 2007

DUBAI, United Arab Emirates, Feb. 11 — President Vladimir V. Putin of Russia arrived Sunday night in Riyadh, the Saudi capital, for a visit intended to expand trade and military links between the nations, among the world's largest oil producers.

The overnight visit was part of a three-day tour of the Middle East intended to bolster bilateral ties with major Arab countries.

Mr. Putin and King Abdullah, the Saudi leader, were expected to discuss Iran's nuclear program, the war in Iraq and the Arab-Israeli conflict, in addition to the simmering Lebanese political crisis, officials said. In an interview with the Russian news agency ITAR-Tass, King Abdullah emphasized that he also hoped the two nations could expand cooperation on investment, air transportation and customs conventions as well as scientific and educational exchanges.

Mr. Putin was greeted at the airport by King Abdullah; Crown Prince Sultan; Prince Saud al-Faisal, the foreign minister; and other Saudi officials, the official Saudi press agency reported. The Russian president, who was accompanied by a trade

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delegation and various officials, attended a state dinner later in the evening and was to sign trade agreements with Abdullah and other Saudi officials, ITAR-Tass reported.

He was expected to meet Monday with Saudi businessmen and to visit the Saudi National Museum in Riyadh before traveling to Qatar and Jordan.

Russia has sought to bolster its military and trade relations with countries in the Middle East and is hoping to win a major order from Saudi Arabia for Russian weapons. Russia and Saudi Arabia had no diplomatic relations for more than 50 years until they were restored after Iraq's invasion of Kuwait in August 1990. In September 2003, Abdullah, then the crown prince, traveled to Moscow, warming relations further between the countries.

In a speech on Saturday at a NATO security conference in Munich, Mr. Putin accused the United States of provoking a new nuclear arms race by developing ballistic missile defenses, undermining international institutions and making the Middle East more unstable through its clumsy handling of the war in Iraq.

Mr. Putin recited a list of complaints about American domination of global affairs, including many of the themes that have strained relations between the Kremlin and the United States during his seven-year administration.

The comments were the sternest yet from Mr. Putin, who has long bristled over criticism from the United States and its European allies as he and other former Soviet intelligence officials have consolidated their hold on Russia's government, energy reserves and arms-manufacturing and trading complexes.

Russian Official Says Insurgency In Chechnya Has Been Tamed (NYT)

By C. J. Chivers

The New York Times, February 12, 2007

MOSCOW, Feb. 11 — Russia's defense minister said Sunday that Russia had succeeded in its latest war in Chechnya, defeating separatists and what he called their "emissaries from 50 states."

"We have scored a success in Chechnya," said the defense minister, Sergei B. Ivanov. "The problem has been solved."

Mr. Ivanov, speaking before an international audience of defense officials and diplomats at the Munich Conference on Security Policy, underscored the Kremlin's confidence that the second war in Chechnya since the dissolution of the Soviet Union had largely ended, and that the separatists' ranks had been shrunk by military operations and offers of amnesty.

The second Chechnya war began late in 1999. There has been a sharp turn in Russia's favor since late 2004, and the insurgents have not conducted a large-scale guerrilla operation since 2005 or a major terrorist attack since the seizure of a public school in the autumn of 2004.

The military situation in Chechnya contrasts sharply with that of the United States in Afghanistan and Iraq, where American forces are struggling against growing insurgencies.

Attacks still occur in and near Chechnya, and an insurgency persists, mixing militant Islam, separatism and local vengeance codes.

But the pace of fighting is much slower than it was two years ago, and many of the insurgency's principal leaders — including Shamil Basayev, the terrorist leader — have been killed since 2005.

The turnaround has defied predictions from many analysts and critics of Russia, who believed that its army was hopelessly bogged down and that its rough and often indiscriminate tactics were creating more insurgents than were killed.

Russia has also found strong indigenous forces to serve as local proxies to do much of the continued fighting. These military allies, criticized by human rights organizations as corrupt and ruthlessly brutal, are now largely in control of the region's government.

Mr. Ivanov drew a distinction between Chechnya and the wars that the United States is fighting. He noted, for example, that Chechnya "is a small territory compared to Afghanistan or Iraq."

Mr. Ivanov is viewed as a possible successor to President Vladimir V. Putin, whose second term ends next year.

Kasparov's Gambit (WP)

By Fred Hiatt

The Washington Post, February 12, 2007

If any ordinary person predicted trouble ahead for the cocky and seemingly untouchable KGB-regime of Russian President Vladimir Putin, you might say he ought to have his head examined.

But if the head happened to contain one of the most formidable brains of our era, you might at least listen to the argument. Garry Kasparov, legendary world chess champion and now a leader of Russia's political dissidents, possesses such a brain. And

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having peered two or three or 10 moves into the future, Kasparov says that Putin's petro-Kremlin autocracy may be more brittle than it seems as it approaches a promised presidential succession next year.

Putin, who traveled to Munich this weekend to alternately bash and condescend to the West, certainly doesn't seem to worry, and why should he? German prime ministers jump onto his payroll as they leave office. Foreign oil executives thank him obsequiously as he pockets their fields. Political opponents abroad turn up poisoned, neighboring countries are bullied, and Putin pays no price. He sells weapons to Iran, and U.S. officials are grateful that he's not doing worse.

At home, meanwhile, he has systematically neutered anyone and anything that might challenge him: the press, big business, parliament, political parties, governors, mayors, civic organizations. Kasparov, who has helped gather the remnants of opposition from across the ideological spectrum into an umbrella group called Other Russia, admits it's an uneven match.

The regime raided Other Russia's office in December and confiscated all the books and documents it could find. When the group tried to stage a rally, 600 people were detained on their way to Moscow, and the few thousand demonstrators who made it were surrounded by police in far greater numbers. Noting how stolen elections became the focus for popular uprisings in Ukraine and elsewhere, Putin changed election law to make it almost impossible for an opposition candidate to qualify for a spot on the ballot.

"If we have to evaluate our chances today -- slim to none," Kasparov says, noting how the absence of political space constricts any strategizing. "If you're at risk of being mated in one or two, you can't think about pawn structure for the long term."

And yet Kasparov -- fast-talking, exuberant, indignant one moment and laughing sardonically the next -- clearly relishes the fight. He was, after all, the youngest world champion ever, who famously took on the darling of the Soviet chess establishment and prevailed, and then took on the world chess establishment, and then IBM's Deep Blue -- and remained, through ups and downs, the world's No. 1-ranked player for longer than anyone else in history.

"He may not be a politician," says a senior U.S. official who knows him, "but he's proved to be a masterful dissident opposition organizer, and unfortunately that's what Russia needs right now." Kasparov, 43, has "passion, toughness, fearlessness and a good organizational head, both operational and conceptual."

And Kasparov believes that not all the challenges are on the opposition's side. As Putin contemplates retirement, he needs a successor strong enough to preserve the regime but not so strong as to challenge whatever wealth or power Putin intends to take with him, Kasparov says.

Beneath Putin a half-dozen would-be heirs battle each other in a "lawless jungle," and "they know that the winner in the battle will eat the others alive." Many Russians feel left out of the oil boom that has brought skyscrapers and Ferraris to Moscow. And the regime's repression of Other Russia reflects an anxiety unsurprising in rulers who have stifled most channels of free expression and complaint.

"If we succeed in uniting behind a candidate and that candidate is not registered, it could lead people to rally," Kasparov says. "And 50,000 might be enough for the regime to collapse because of its paranoia."

Ultimately the regime's vulnerability lies in its basic nature, Kasparov suggests. In the system Putin has created, Kasparov sees elements of feudalism ("local bosses loyal to the top man in exchange for rights to loot the region"), Mussolini-style corporate fascism and old-style KGB brutality. But in the end, "this is not the geopolitical monster of Soviet times. This is all about money. The government is business. It's about Gazprom, it's about Rosneft."

Coincidentally, when I asked Turkey's visiting foreign minister last week about energy politics and relations with Russia, he said, "Putin himself is an expert in this. He studied very well. He is like the CEO of an energy company."

"Putin leads a ruling elite that has very different dreams than in Soviet times," Kasparov says. "They're all thinking about their great life in the Cote d'Azur."

How they may behave if they see their faction losing out, and their wealth in danger, is not easy to predict. Which is, in the end, as far out on a limb as the chess master will climb: "You can probably count on an interesting year ahead of us," he says. Then he prepares to fly home and make it more so.

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Olmert Withholds Judgment On Pact (WT)

By Joshua Mitnick

The Washington Times, February 12, 2007

JERUSALEM -- Israel wouldn't automatically reject the Palestinian unity government accord between Hamas and Fatah, even though it doesn't contain recognition of the Jewish state, Prime Minister Ehud Olmert said yesterday.

"Israel neither rejects nor accepts the agreements at this stage," Mr. Olmert said at a weekly Cabinet meeting. "Like the international community, we're studying what was achieved and what was said."

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By withholding judgment on the agreement reached last week in Mecca, Saudi Arabia, analysts said, Israel is being careful not to rupture ties with Palestinian moderates such as President Mahmoud Abbas just a week before Secretary of State Condoleezza Rice arrives in the region for a three-way summit with Mr. Olmert and Mr. Abbas.

The Mecca accord has already breached a previously united front among the Quartet of peace-process sponsors -- the United States, United Nations, European Union and Russia -- to boycott a Palestinian government that refuses to recognize Israel, previous peace agreements or renounce violence.

Worried that sponsors of the peace process might follow the lead of Russia and endorse the agreement, Israel also doesn't want to risk staking out a position that will be blatantly at odds with the international community.

"Some of the leaders around the world are saying, 'Hold on, and wait and see what government is formed,' " said Gershon Baskin, the head of the Israel/Palestine Center for Research and Information.

"Secretary of State Rice is very serious about making progress in the trilateral talks, and closing the door on it would look bad," he said.

Although the Palestinians have not said who will fill the top Cabinet posts, there is wide speculation that the new finance minister will be Salam Fayyad and that the deputy prime minister could be Mohammed Dahlan -- two figures with strong ties to the United States and its allies.

Israeli newspapers, meanwhile, have quoted anonymous sources in the Israeli defense establishment suggesting the Mecca accord will boost chances for a prisoner exchange that would free Cpl. Gilad Shalit after more than a half year in captivity in the Gaza Strip.

An agreement that puts to an end the escalating violence in Gaza between the military wings of Hamas and Fatah is in Israel's interest, wrote veteran military commentator Ron Ben Yishai.

"Armed chaos allows Iran, Hezbollah and al Qaeda to penetrate the territories and boost their influence," he wrote on the Ynet Web site.

Also yesterday, Israel's Cabinet gave a green light for renovation work on a bridge leading to the Temple Mount in Jerusalem's Old City. The construction and an archeological dig sparked a week of Palestinian demonstrations that culminated Friday in the worst riots on the Temple Mount -- known to Muslims as the Noble Sanctuary -- in years.

Islamic authorities have claimed that Israeli archeological excavations near the base of the Western Wall threaten the foundations under the Al Aqsa Mosque and have sounded the alarm abroad. Israel's Islamic Movement has appealed to the United Nations to intervene and stop the work.

Defiant at the Cabinet meeting, Mr. Olmert insisted that Israel would not allow the Palestinians to dictate what type of renovation work was permissible in the Old City.

Arabs Try Outreach To Israel, U.S. Jews (USAT)

By Barbara Slavin

USA Today, February 12, 2007

WASHINGTON — Arab states, led by Saudi Arabia, are making some of their most public overtures ever to Israel and American Jews in an effort to undercut Iran's growing influence, contain violence in Iraq and Lebanon and push for a Palestinian solution.

The high-profile gestures coincide with Saudi Arabia's lead role last week in brokering a deal for a coalition Palestinian government.

Last month, Prince Turki al-Faisal, Saudi Arabia's departing ambassador to the United States, attended a Washington reception sponsored by American Jewish organizations. The event honored a State Department diplomat appointed to combat anti-Semitism.

The appearance of a Saudi diplomat is "unprecedented," said William Daroff, Washington office director for the United Jewish Communities, which organized the reception.

Saudi Arabia, Qatar and the United Arab Emirates have stepped up contacts with Israel and pro-Israel Jewish groups in the USA. The outreach has the Bush administration's blessing: Secretary of State Condoleezza Rice has said six Gulf states and Egypt, Jordan and Israel are a new alignment of moderates to oppose extremists backed by Iran and Syria. She has said an Israeli-Palestinian peace deal would weaken militants such as Hamas and Hezbollah.

Contacts have intensified as part of a strategy meant to undercut extremists and build momentum for a peace deal between Israelis and Palestinians, said Jamal Kashoggi, an aide to Saudi Prince Turki.

Judith Kipper, a Middle East expert at the Council on Foreign Relations, said, "What really concerns pro-U.S. Arab states is that Iran is setting the political agenda in the region."

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Saudi and Gulf Arab contacts with Israelis and American Jews go back more than a decade but have never been so public. Arab countries have treated Israel as a pariah since it gained independence in 1948. Most Arab countries ban travel to Israel, investment there and other commercial ties with the Jewish state and routinely refer to it as the "Zionist entity."

Only three of 21 Arab nations recognize Israel: Egypt, Jordan and Mauritania. A 2002 peace plan put forward by Saudi Arabia offers diplomatic relations with the other 18 Arab states if Israel withdraws to the borders it had in 1967 — meaning giving up the West Bank and the Golan Heights — and cedes land for a new Palestinian state.

Among the other recent Arab-Jewish contacts:

•Saudi national security adviser Bandar bin Sultan met privately with Israeli Prime Minister Ehud Olmert in Jordan in September, said Daniel Ayalon, Israel's former ambassador to Washington. He said it was the highest-level Saudi-Israeli meeting he'd ever heard of.

•The United Arab Emirates has invited a delegation from the Conference of Presidents of Major American Jewish Organizations. The conference, a 51-member umbrella group, is a strong supporter of Israel.

•Israeli Deputy Prime Minister Shimon Peres met the emir of Qatar in late January after taking part in a debate with Arab students there. It was the highest-level Israeli meeting with the Gulf nation since 1996, when Peres visited as prime minister.

Fallon To Recruit Arab Nations For Help (WT)

By Richard Halloran

The Washington Times, February 12, 2007

HONOLULU -- The new commander of U.S. military forces in the Middle East, Adm. William Fallon, says he will set a high priority on enlisting the help of friendly Arab and Asian nations in the wars in Iraq and Afghanistan, and against the al Qaeda terrorist network led by Osama bin Laden.

"There are a lot of people out there just standing around not doing anything to help us," Adm. Fallon said late Saturday in his first newspaper interview since he was named last month to succeed Army Gen. John Abizaid as commander of the world's most sensitive region. "We need to turn that around. The neighboring nations there have to play a role."

The admiral, who will have authority over all U.S. forces in the region, including those led by the new commander of U.S. ground forces in Iraq, Gen. David Petraeus, did not name specific Arab nations to which he would look for support.

But Egypt -- a leader in the Arab world that gets $2.5 billion a year in military assistance from the United States -- and Saudi Arabia, which has long been a target for al Qaeda terrorists, seemed likely candidates.

Adm. Fallon spoke by telephone from his airplane as he returned to his Pacific Command headquarters here from Washington, where he was unanimously confirmed to his new post in a Senate vote on Thursday.

Drawing on his experience over the past two years as head of the Pacific Command, Adm. Fallon said he would also seek support from Indonesia, the world's most populous Muslim nation, and Malaysia, in which Islam is the dominant religion. He visited both countries a year ago to meet their senior political and military leaders.

Adm. Fallon also said he might look for help from India, which has a large Muslim minority. Adm. Fallon noted that the United States had been helped in Iraq and Afghanistan by Japan, Australia, South Korea and New Zealand. "I'm interested in seeing how we can leverage this into more support," he said.

The admiral has spent much of his watch at Pacific Command on political military matters, traveling to about 25 nations to talk with everyone from the heads of government to horse breeders on the Mongolian steppes and sailors in the remote Indonesian port of Manado.

In his new assignment, Adm. Fallon said, "I expect to be doing the same thing and even more because of the urgency of the situation. I expect to be meeting a lot of leaders who could be playing a role in the Middle East."

As Pacific commander, Adm. Fallon nurtured a gradual expansion of military exchanges with China that were intended to assure the Chinese that the United States is not planning to attack them while warning them not to underestimate U.S. military power.

He is the first naval officer to head Central Command, which has its headquarters at MacDill Air Force Base in Tampa, Fla., taking up the post while the command is engaged in major ground combat operations in Iraq and Afghanistan.

Adm. Fallon replaces Gen. Abizaid, who in turn took over from Gen. Tommy Franks in July 2003, both career Army officers. The admiral indicated in the interview that he would leave most of the ground warfare task in Iraq to Gen. Petraeus.

Adm. Fallon said Gen. Petraeus, with whom he has not served before, "has a great reputation as a skilled combat commander."

"I'm going to do whatever I can to support him," Adm. Fallon said. "I'll be working the region where there's plenty of work to do."

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Outside of the ground war, he pointed to similarities in some of the issues facing the Pacific and Central commands. Iran threatens to acquire nuclear weapons much as North Korea has already done. Vital shipping, especially of crude oil, passes through the Straits of Hormuz at the mouth of the Persian Gulf, just as it passes through the Straits of Malacca and the South China Sea in Southeast Asia.

Piracy off the coast of Somalia resembles that near Indonesia, although Indonesian, Singaporean and Malaysian anti-piracy operations have reduced that threat in the South China Sea. Insurgencies in Iraq and Afghanistan have their counterparts in the Philippines and southern Thailand.

Adm. Fallon said some of the lessons learned in the Pacific Command would be pertinent to his duties in the Central Command.

"These nations have a slew of problems," he said. "There are not so many nations as in Pacific Command but they have more problems and problems that are more difficult to deal with."

He pointed to Lebanon, which was in what he called "complete chaos" only a short time ago. He also mentioned massive unrest and death in Sudan, the lack of security in the Horn of Africa, failed or dysfunctional states and unnamed nations "that have lost confidence in us."

To prepare for his new command, Adm. Fallon has been, to use a favorite phase, "sponging up information." He said he was "deep into immersion" with an extensive reading list, mostly historical texts, to acquire a background on the Middle East, where he has limited experience.

The admiral said that in recent weeks he has spoken with everyone from President Bush on down, including current and former leaders of the State Department, the Agency for International Development and the Defense Department. He has met as many ambassadors and military attaches as possible from the embassies of Middle East nations in Washington, plus retired American diplomats who have served in the region.

He has been deluged with briefing papers, scholarly essays and news articles. Adm. Fallon, who has a reputation as a quick study, said, "I have been trying to get as many different opinions as I can so that nothing falls out of sight." He has particularly studied counterinsurgency, which is the main thrust of the new U.S. strategy in Iraq.

"With all these papers flying around," Adm. Fallon said, "it's been like a blizzard driving in from Lake Ontario."

Sunni Arab States Fortify Against Iran (WT)

By Gethin Chamberlain

The Washington Times, February 12, 2007

Leaders of Sunni Arab states are embarking on a military spending spree in an attempt to contain the growing threat from Iran.

Alarmed by the progress of Iran's nuclear program and the prospect of a military clash between its Shi'ite regime and the United States, Persian Gulf leaders intend to use billions of dollars of oil revenue to purchase a huge array of military hardware.

Many of the deals will be finalized at a massive arms fair scheduled to open in the United Arab Emirates on Sunday.

Saudi Arabia alone has a shopping list that runs to nearly $50 billion, including fighter aircraft, cruise missiles, attack helicopters and more than 300 new tanks.

The UAE has earmarked $2 billion for a rapid-reaction brigade -- possibly to take a lead role in a regional protection force. An additional $6 billion will go for missile-defense batteries, airborne early-warning systems and aircraft.

Both countries are members of the Gulf Cooperation Council, established in 1981 to provide security against the threat posed by Iran. Other members, including Kuwait, Bahrain and Qatar, are expected to spend heavily in the coming months.

Gulf leaders have watched with growing alarm as Iran's Shi'ite theocracy has flexed its military muscles -- filling the postwar power vacuum in Iraq, exerting influence in the Palestinian territories and Lebanon, and refusing to back down over its nuclear program.

Many are now convinced that the only way to avoid being sucked into a war between the United States and Iran, or being caught up in the turbulence that would follow, is to beef up their own defenses.

Last week, Iran carried out exercises in the Gulf, including test-firing its new Russian defense-missile system, and warned that any attempts to halt its nuclear program would result in attacks on U.S. interests around the world.

In a speech yesterday marking the 28th anniversary of the country's Islamic revolution, President Mahmoud Ahmadinejad again insisted that Iran would not give up its uranium-enrichment program, which is regarded by the U.S. and its allies as the precursor to a nuclear weapon.

U.S. plans for a possible attack on Iran's nuclear sites are reported to be well-advanced, despite public denials, and many in the Gulf states fear that they could be caught in the backlash.

One highly placed Saudi diplomatic source told the Sunday Telegraph that there were concerns about U.S. intentions and doubts about the real threat from Iran.

"There are some people who are wary about Iran, but the Americans are running a very successful public relations campaign against Tehran. A lot of Saudis fear that the U.S. will come and make mischief then go away, but we have to live here afterwards."

Some analysts argue that many Gulf states would prefer to be able to adopt a position of well-armed neutrality.

"They are genuinely concerned about Iran because not only are the Iranians not Arabs, they are Shias. For the Saudis in particular, they are sworn enemies. But they share a common enemy with Iran -- the West and its way of life. They don't really want to depend on the Americans," said military analyst Paul Beaver.

With oil pushing $60 a barrel, the spending power of the Sunni states has been boosted, with the UAE government alone looking at a windfall of more than $100 billion if prices stay at present levels for the next two to three years. Up to 20 percent of that extra revenue may be devoted to defense modernization.

Tim Ripley, the Middle East analyst with Jane's Defense Weekly, said: "The Gulf states have a shopping list of arms worth more than $60 billion if all the deals under discussion eventually go through."

The largest deal is Saudi Arabia's purchase of 72 Eurofighter Typhoon jets from BAE Systems.

After the Gulf War in 1991, Saudi Arabia and a number of other states spent $10 billion. Now countries are again flocking to the arms bazaars and more than 900 exhibitors will be competing for their business at the Idex 2007 exhibition in Abu Dhabi.

Although much of the equipment being purchased is designed to counter an external military threat, many are also spending heavily on homeland security.

"People are concerned that if there is a complete breakdown in Iraq it may wash over to them," said Marc Lee, the organizer of a conference on defense in the region that will be held the day before the arms fair. "They are acutely conscious of the instability threats on the other side of the Gulf and the threat from Iran."

At the last Idex exhibition, in 2005, $2 billion of deals were done in five days, but this year is expected to break all records. Up to 45,000 delegates are expected, and the UAE tourism ministry has hired two cruise liners to cope with demand for accommodations.

Across Arab World, A Widening Rift (WP)

By Anthony Shadid

The Washington Post, February 12, 2007

CAIRO Egypt is the Arab world's largest Sunni Muslim country, but as a writer once quipped, it has a Shiite heart and a Sunni mind. In its eclectic popular culture, Sunnis enjoy a sweet dish with raisins and nuts to mark Ashura, the most sacred Shiite Muslim holiday. Raucous festivals bring Cairenes into the street to celebrate the birthdays of Shiite saints, a practice disparaged by austere Sunnis. The city's Islamic quarter tangles like a vine around a shrine to Imam Hussein, Shiite Islam's most revered figure.

The syncretic blend makes the words of Mahmoud Ahmed, a book vendor sitting on the shrine's marble and granite promenade, even more striking.

"The Shiites are rising," he said, arching his eyebrows in an expression suggesting both revelation and fear.

The growing Sunni-Shiite divide is roiling an Arab world as unsettled as at any time in a generation. Fought in speeches, newspaper columns, rumors swirling through cafes and the Internet, and occasional bursts of strife, the conflict is predominantly shaped by politics: a disintegrating Iraq, an ascendant Iran, a sense of Arab powerlessness and a persistent suspicion of American intentions. But the division has begun to seep into the region's social fabric, too. The sectarian fault line has long existed and sometimes ruptured, but never, perhaps, has it been revealed in such a stark, disruptive fashion.

Newspapers are replete with assertions, some little more than incendiary rumors, of Shiite aggressiveness. The Jordanian newspaper Ad-Dustour, aligned with the government, wrote of a conspiracy last month to spread Shiism from India to Egypt. On the conspirators' agenda, it said: assassinating "prominent Sunni figures." The same day, an Algerian newspaper reported that parents were calling on the government to stop Shiite proselytizing in schools. An Egyptian columnist accused Iran of trying to convert Sunnis to Shiism in an attempt to revive the Persian Safavid dynasty, which came to power in the 16th century.

At Madbuli's, a storied bookstore in downtown Cairo, five new titles lined the display window: "The Shiites," "The Shiites in History," "Twelve Shiites," and so on. A newspaper on sale nearby featured a warning by its editor that the conflict could lead to a "sectarian holocaust."

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"To us Egyptians," said writer and analyst Mohammed al-Sayid Said, the sectarian division is "entirely artificial. It resonates with nothing in our culture, nothing in our daily life. It's not part of our social experience, cultural experience or religious experience." But he added: "I think this can devastate the region."

The violence remains confined to Iraq and, on a far smaller scale, Lebanon, but to some, the four-year-long entropy of Iraq offers a metaphor for the forces emerging across the region: People there watched the rise of sectarian identity, railed against it, blamed the United States and others for inflaming it, then were often helpless to stop the descent into bloodshed.

"This tension is the most dangerous problem now in the region," said Ghassan Charbel, editor of the Arabic-language daily al-Hayat.

The schism between Sunnis and Shiites dates to the 7th century, Islam's earliest days, when a dispute broke out over who would succeed the prophet Muhammad. Shiites believe the descendants of Muhammad's daughter, Fatima, and son-in-law, Ali, were deprived of divinely ordained leadership in a narrative of martyrdom and injustice that still influences devout Shiite readings of the faith.

Over centuries, differences in ritual, jurisprudence and theology evolved, some of them slight. But the Shiite community -- as a majority in Iraq and Bahrain and a sizable minority in Lebanon, Saudi Arabia and Kuwait -- is shaped far more today by the underprivileged status it has often endured in an Arab world that is predominantly Sunni. For decades, the Saudi government banned Shiite rituals; a Sunni minority rules a restive Shiite majority in Bahrain; Lebanese Shiites, long poor and disenfranchised, often faced chauvinism that still lingers.

Episodes of sectarian conflict litter the region's history: Shiites revolted in medieval Baghdad, and rival gangs ransacked one another's tombs and shrines. The conflict between the Sunni Ottoman Empire and the Shiite Safavid Empire in Persia was often cast as a sectarian struggle. The 1979 Islamic revolution in Iran was portrayed in parts of the Arab world as a Shiite resurgence.

But rarely has the region witnessed so many events, in so brief a time, that have been so widely interpreted through a sectarian lens: the empowering of Iraq's Shiite-led government and the bloodletting that has devastated the country; the lack of support by America's Sunni Arab allies -- Egypt, Jordan and Saudi Arabia -- for the Shiite movement Hezbollah in its fight with Israel last summer; and, most decisively, the perception among many Sunni Arabs that Saddam Hussein was lynched by Shiites bent on revenge. In the background is the growing assertiveness of Shiite Iran as the influence of other traditional regional powers such as Egypt and Saudi Arabia diminishes.

In Lebanon, where the Hezbollah-led opposition has mobilized in an effort to force the government's resignation, the sectarian divide colors even a contest over urban space. Some Sunnis are angered most by the fact that the Beirut sit-in -- in their eyes, an occupation -- by Shiites from the hardscrabble southern suburbs is taking place in the sleek downtown rebuilt by a former Sunni prime minister, Rafiq al-Hariri, who was assassinated in 2005.

"Politics is perception," said Jamil Mroue, a Lebanese publisher whose father was Shiite and mother Sunni.

Sentiments today remind him of the tribal-like fanaticism that marked another sectarian conflict, Lebanon's 15-year civil war -- which, among other divisions, loosely pitted Christians against Muslims before it ended in 1990.

"It certainly conjures up the feelings of the civil war, when Lebanon started disintegrating, except on a mega-scale," Mroue said. He called it "very scary, because I know that there is a possibility of being moved by this tide."

"At the end of it," he added, "people are going to look back and say, 'What the hell was this all about?' "

In overwhelmingly Sunni countries such as Egypt, where politics were long defined by Arab nationalism or political Islam, visceral notions of sectarian identity remain somewhat alien. It is not unusual to hear people say they realized only as adults that they were Sunnis. Before that, they identified themselves simply as Muslim. Even in Lebanon, despite its communal divisions, intermarriage is not uncommon, and there is a long tradition of Sunnis becoming Shiites so their daughters can receive a more equitable share of inheritance, as allowed under Shiite law.

Across the region, Hezbollah and its leader, Hasan Nasrallah, in particular, still win accolades for their performance in last summer's war in Lebanon.

"You have to give him credit for fighting the Israelis," Abdel-Hamid Ibrahim said of Nasrallah as he stood at a rickety curbside stand in Cairo, boiling water for tea. Overhead were pictures of two Egyptian icons, the singers Um Kalthoum and Abdel-Halim Hafez. "Closest to my heart," he said. Next to them was a portrait of Nasrallah. "A symbol of resistance, the man who defeated Israel," it read.

"Hasan Nasrallah, he's the man who stood in front of the Israelis himself," said Muhsin Mohammed, a customer.

"Who was standing with him?" Ibrahim asked, nodding his head. He pointed to the sky. "Our Lord."

Both scoffed at the sectarian tensions.

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"There's a proverb that says, 'Divide and conquer,' " Mohammed said. "Sunnis and Shiites -- they're not both Muslims? What divides them? Who wants to divide them? In whose interest is it to divide them?" he asked.

"It's in the West's interest," he answered. "And at the head of it is America and Israel." He paused. "And Britain."

That sense of Western manipulation is often voiced by Shiite clerics and activists, who say the United States incites sectarianism as a way of blunting Iran's influence. In recent years, some of the most provocative comments have come from America's allies in the region: Egypt's president questioned Shiites' loyalty to their countries, Jordan's king warned of a coming Shiite crescent from Iran to Lebanon, and last month King Abdullah of Saudi Arabia denounced what he called Shiite proselytizing.

The charge drew a lengthy retort from Nasrallah. "Frankly speaking, the aim of saying such things is fomenting strife," he said in a speech. He dismissed charges of Iranian proselytizing or the emergence of a Shiite crescent.

"People in the region always complain about a Shiite crescent. You always hear, 'Shiite crescent, Shiite crescent.' That's just a crescent. What about the full Sunni moon?" said Nimr al-Nimr, a Shiite cleric in the eastern Saudi town of Awamiya, who spent five days in police detention for urging that a Shiite curriculum be taught in his predominantly Shiite region.

Shiites make up less than 15 percent of Saudi Arabia's population, many of them in the oil-rich Eastern Province. The austere Sunni religious establishment considers them heretics. One cleric, Abdul Rahman al-Barak, considered close to the royal family, has called Shiites "infidels, apostates and hypocrites."

"There are conflicts in Palestine between Sunni sects -- Hamas and Fatah -- in Somalia, in Darfur. None of that is sectarian," said Hassan al-Saffar, the most prominent Shiite cleric in Saudi Arabia. "There's a campaign against Shiites. Why is all this anti-Shiite sentiment being inflamed at a time the United States is trying to pressure Iran because of its nuclear ambitions?"

In Cairo recently, Hassan Kamel sipped sweet tea in a cafe beside the shrine to Imam Hussein, the prophet's grandson, who was killed in battle in 680 in what is now Iraq. The shrine is believed to hold his severed head. Across the street was al-Azhar, one of the foremost academic institutions of Sunni Islam, founded, ironically, by the Shiite Fatimid dynasty that ruled Egypt for 200 years until 1169. On the shrine's wall was a saying attributed to the prophet and often intoned during Shiite commemorations: "Hussein is from me, and I am from Hussein." Kamel pointed to the doors, topped with a Koranic inscription; Shiites and Sunnis like him worshiped at the shrine together, he said.

As cats scurried across the cafe's grimy floor, he wondered aloud about past conflicts that have splintered the Middle East.

"Egyptians, all their lives, without exception, have endured so many crises, catastrophes and problems," he said. He listed wars in 1948, 1956, 1967, 1973. "But they have a gift. It's a gift from God. They have the ability to forget."

Then he talked about the rest of the region, and whether this bout of strife and tension would pass, too.

"They might forget, they might not," he said. "Right now, no one knows what's coming."

Blowup? America's Hidden War With Iran (NSWK)

By Michael Hirsh And Maziar Bahari

Newsweek, February 12, 2007

Jalal Sharafi was carrying a videogame, a gift for his daughter, when he found himself surrounded. On that chilly Sunday morning, the second secretary at the Iranian Embassy in Baghdad had driven himself to the commercial district of Arasat Hindi to checkout the site for a new Iranian bank. He had ducked into a nearby electronics store with his bodyguards, and as they emerged four armored cars roared up and disgorged at least 20 gunmen wearing bulletproof vests and Iraqi National Guard uniforms. They flashed official IDs, and manhandled Sharafi into one car. Iraqi police gave chase, guns blazing. They shot up one of the other vehicles, capturing four assailants who by late last week had yet to be publicly identified. Sharafi and the others disappeared.

At the embassy, the diplomat's colleagues were furious. "This was a group directly under American supervision," said one distraught Iranian official, who was not authorized to speak on the record. Abdul Karim Inizi, a former Iraqi Security minister close to the Iranians, pointed the finger at an Iraqi black-ops unit based out at the Baghdad airport, who answer to American Special Forces officers. "It's plausible," says a senior Coalition adviser who is also not authorized to speak on the record. The unit does exist—and does specialize in snatch operations.

The Iranians have reason to feel paranoid. In recent weeks senior American officers have condemned Tehran for providing training and deadly explosives to insurgents. In a predawn raid on Dec. 21, U.S. troops barged into the compound of the most powerful political party in the country, the Supreme Council for the Islamic Revolution in Iraq, and grabbed two men they claimed were officers in Iran's Revolutionary Guards. Three weeks later U.S. troops stormed an Iranian diplomatic office in Irbil, arresting five more Iranians. The Americans have hinted that as part of an escalating tit-for-tat, Iranians may have had a hand in a

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spectacular raid in Karbala on Jan. 20, in which four American soldiers were kidnapped and later found shot, execution style, in the head. U.S. forces promised to defend themselves.

Some view the spiraling attacks as a strand in a worrisome pattern. At least one former White House official contends that some Bush advisers secretly want an excuse to attack Iran. "They intend to be as provocative as possible and make the Iranians do something [America] would be forced to retaliate for," says Hillary Mann, the administration's former National Security Council director for Iran and Persian Gulf Affairs. U.S. officials insist they have no intention of provoking or otherwise starting a war with Iran, and they were also quick to deny any link to Sharafi's kidnapping. But the fact remains that the longstanding war of words between Washington and Tehran is edging toward something more dangerous. A second Navy carrier group is steaming toward the Persian Gulf, and NEWSWEEK has learned that a third carrier will likely follow. Iran shot off a few missiles in those same tense waters last week, in a highly publicized test. With Americans and Iranians jousting on the chaotic battleground of Iraq, the chances of a small incident's spiraling into a crisis are higher than they've been in years.

Sometimes it seems as if a state of conflict is natural to the U.S.-Iranian relationship—troubled since the CIA-backed coup that restored the shah to power in 1953, tortured since Ayatollah Khomeini's triumph in 1979. With the election of George W. Bush on the one hand, and Iranian President Mahmoud Ahmadinejad on the other, the two countries are now led by men who deeply mistrust the intentions and indeed doubt the sanity of the other. Tehran insists that U.S. policy is aimed at toppling the regime and subjugating Iran. The White House charges that Iran is violently sabotaging U.S. efforts to stabilize the Middle East while not so secretly developing nuclear weapons. As the raids and skirmishes in Iraq underscore, a hidden war is already unfolding.

Yet a NEWSWEEK investigation has also found periods of marked cooperation and even tentative steps toward possible reconciliation in recent years—far more than is commonly realized. After September 11 in particular, relations grew warmer than at any time since the fall of the shah. America wanted Iran's help in Afghanistan, and Iran gave it, partly out of fear of an angry superpower and partly in order to be rid of its troublesome Taliban neighbors. In time, hard-liners on both sides were able to undo the efforts of diplomats to build on that foundation. The damage only worsened as those hawks became intoxicated with their own success. The secret history of the Bush administration's dealings with Iran is one of arrogance, mistrust and failure. But it is also a history that offers some hope.

For Iran's reformists, 9/11 was a blessing in disguise. Previous attempts to reach out to America had been stymied by conservative mullahs. But the fear that an enraged superpower would blindly lash out focused minds in Tehran. Mohammad Hossein Adeli was one of only two deputies on duty at the Foreign Ministry when the attacks took place, late on a sweltering summer afternoon. He immediately began contacting top officials, insisting that Iran respond quickly. "We wanted to truly condemn the attacks but we also wished to offer an olive branch to the United States, showing we were interested in peace," says Adeli. To his relief, Iran's top official, Ayatollah Ali Khameini, quickly agreed. "The Supreme Leader was deeply suspicious of the American government," says a Khameini aide whose position does not allow him to be named. "But [he] was repulsed by these terrorist acts and was truly sad about the loss of the civilian lives in America." For two weeks worshipers at Friday prayers even stopped chanting "Death to America."

The fear dissipated after Sept. 20, when the FBI announced that Al Qaeda was behind the attacks. But there was new reason for cooperation: for years Tehran had been backing the Afghan guerrillas fighting the Taliban, Osama bin Laden's hosts. Suddenly, having U.S. troops next door in Afghanistan didn't seem like a bad idea. American and Iranian officials met repeatedly in Geneva in the days before the Oct. 7 U.S. invasion. The Iranians were more than supportive. "In fact, they were impatient," says a U.S. official involved in the talks, who asked not to be named speaking about topics that remain sensitive. "They'd ask, 'When's the military action going to start? Let's get going!' "

Opinions differ wildly over how much help the Iranians actually were on the ground. But what is beyond doubt is how critical they were to stabilizing the country after the fall of Kabul. In late November 2001, the leaders of Afghanistan's triumphant anti-Taliban factions flew to Bonn, Germany, to map out an interim Afghan government with the help of representatives from 18 Coalition countries. It was rainy and unseasonably cold, and the penitential month of Ramadan was in full sway, but a carnival mood prevailed. The setting was a splendid hotel on the Rhine, and after sunset the German hosts laid on generous buffet meals under a big sign promising that everything was pork-free.

The Iranian team's leader, Javad Zarif, was a good-humored University of Denver alumnus with a deep, measured voice, who would later become U.N. ambassador. Jim Dobbins, Bush's first envoy to the Afghans, recalls sharing coffee with Zarif in one of the sitting rooms, poring over a draft of the agreement laying out the new Afghan government. "Zarif asked me, 'Have you looked at it?' I said, 'Yes, I read it over once'," Dobbins recalls. "Then he said, with a certain twinkle in his eye: 'I don't think there's anything in it that mentions democracy. Don't you think there could be some commitment to democratization?' This was before the Bush administration had discovered democracy as a panacea for the Middle East. I said that's a good idea."

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Toward the end of the Bonn talks, Dobbins says, "we reached a pivotal moment." The various parties had decided that the suave, American-backed Hamid Karzai would lead the new Afghan government. But he was a Pashtun tribal leader from the south, and rivals from the north had actually won the capital. In the brutal world of Afghan power politics, that was a recipe for conflict. At 2 a.m. on the night before the deal was meant to be signed, the Northern Alliance delegate Yunus Qanooni was stubbornly demanding 18 out of 24 new ministries. Frantic negotiators gathered in the suite of United Nations envoy Lakhdar Brahimi. A sleepy Zarif translated for Qanooni. Finally, at close to 4 a.m., he leaned over to whisper in the Afghan's ear: " 'This is the best deal you're going to get'." Qanooni said, " 'OK'."

That moment, Dobbins says now, was critical. "The Russians and the Indians had been making similar points," he says. "But it wasn't until Zarif took him aside that it was settled ... We might have had a situation like we had in Iraq, where we were never able to settle on a single leader and government." A month later Tehran backed up the political support with financial muscle: at a donor's conference in Tokyo, Iran pledged $500 million (at the time, more than double the Americans') to help rebuild Afghanistan.

In a pattern that would become familiar, however, a chill quickly followed the warming in relations. Barely a week after the Tokyo meeting, Iran was included with Iraq and North Korea in the "Axis of Evil." Michael Gerson, now a NEWSWEEK contributor, headed the White House speechwriting shop at the time. He says Iran and North Korea were inserted into Bush's controversial State of the Union address in order to avoid focusing solely on Iraq. At the time, Bush was already making plans to topple Saddam Hussein, but he wasn't ready to say so. Gerson says it was Condoleezza Rice, then national-security adviser, who told him which two countries to include along with Iraq. But the phrase also appealed to a president who felt himself thrust into a grand struggle. Senior aides say it reminded him of Ronald Reagan's ringing denunciations of the "evil empire."

Once again, Iran's reformists were knocked back on their heels. "Those who were in favor of a rapprochement with the United States were marginalized," says Adeli. "The speech somehow exonerated those who had always doubted America's intentions." The Khameini aide concurs: "The Axis of Evil speech did not surprise the Supreme Leader. He never trusted the Americans."

It would be another war that nudged the two countries together again. At the beginning of 2003, as the Pentagon readied for battle against Iraq, the Americans wanted Tehran's help in case a flood of refugees headed for the border, or if U.S. pilots were downed inside Iran. After U.S. tanks thundered into Baghdad, those worries eased. "We had the strong hand at that point," recalls Colin Powell, who was secretary of State at the time. If anything, though, America's lightning campaign made the Iranians even more eager to deal. Low-level meetings between the two sides had continued even after the Axis of Evil speech. At one of them that spring, Zarif raised the question of the Mujahedin-e Khalq (MEK), a rabidly anti-Iranian militant group based in Iraq. Iran had detained a number of senior Qaeda operatives after 9/11. Zarif floated the possibility of "reciprocity"—your terrorists for ours.

The idea was brought up at a mid-May meeting between Bush and his chief advisers in the wood-paneled Situation Room in the White House basement. Riding high, Bush seemed to like the idea of a swap, says a participant who asked to remain anonymous because the meeting was classified. Some in the room argued that designating the militants as terrorists had been a mistake, others that they might prove useful against Iran someday. Powell opposed the handover for a different reason: he worried that the captives might be tortured. The vice president, silent through most of the meeting as was his wont, muttered something about "preserving all our options." (Cheney declined to comment.) The MEK's status remains unresolved.

Around this time what struck some in the U.S. government as an even more dramatic offer arrived in Washington—a faxed two-page proposal for comprehensive bilateral talks. To the NSC's Mann, among others, the Iranians seemed willing to discuss, at least, cracking down on Hizbullah and Hamas (or turning them into peaceful political organizations) and "full transparency" on Iran's nuclear program. In return, the Iranian "aims" in the document called for a "halt in U.S. hostile behavior and rectification of the status of Iran in the U.S. and abolishing sanctions," as well as pursuit of the MEK.

An Iranian diplomat admits to NEWSWEEK that he had a hand in preparing the proposal, but denies that he was its original author. Asking not to be named because the topic is politically sensitive, he says he got the rough draft from an intermediary with connections at the White House and the State Department. He suggested some relatively minor revisions in ballpoint pen and dispatched the working draft to Tehran, where it was shown to only the top ranks of the regime. "We didn't want to have an 'Irangate 2'," the diplomat says, referring to the secret negotiations to trade weapons for hostages that ended in scandal during Reagan's administration. After Iran's National Security Council approved the document (under orders from Khameini), a final copy was produced and sent to Washington, according to the diplomat.

The letter received a mixed reception. Powell and his deputy Richard Armitage were suspicious. Armitage says he thinks the letter represented creative diplomacy by the Swiss ambassador, Tim Guldimann, who was serving as a go-between. "We couldn't determine what [in the proposal] was the Iranians' and what was the Swiss ambassador's," he says. He added that his impression at the time was that the Iranians "were trying to put too much on the table." Quizzed about the letter in front of

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Congress last week, Rice denied ever seeing it. "I don't care if it originally came from Mars," Mann says now. "If the Iranians said it was fully vetted and cleared, then it could have been as important as the two-page document" that Richard Nixon and Henry Kissinger received from Beijing in 1971, indicating Mao Zedong's interest in opening China.

A few days later bombs tore through three housing complexes in Saudi Arabia and killed 29 people, including seven Americans. Furious administration hard-liners blamed Tehran. Citing telephone intercepts, they claimed the bombings had been ordered by Saif al-Adel, a senior Qaeda leader supposedly imprisoned in Iran. "There's no question but that there have been and are today senior Al Qaeda leaders in Iran, and they are busy," Defense Secretary Donald Rumsfeld growled. Although there was no evidence the Iranian government knew of Adel's activities, his presence in the country was enough to undermine those who wanted to reach out.

Powell, for one, thinks Bush simply wasn't prepared to deal with a regime he thought should not be in power. As secretary of State he met fierce resistance to any diplomatic overtures to Iran and its ally Syria. "My position in the remaining year and a half was that we ought to find ways to restart talks with Iran," he says of the end of his term. "But there was a reluctance on the part of the president to do that." The former secretary of State angrily rejects the administration's characterization of efforts by him and his top aides to deal with Tehran and Damascus as failures. "I don't like the administration saying, 'Powell went, Armitage went ... and [they] got nothing.' We got plenty," he says. "You can't negotiate when you tell the other side, 'Give us what a negotiation would produce before the negotiations start'."

Terrorism wasn't the only concern when it came to Iran. For decades, Washington's abiding fear has been that Iran might pick up where the shah's nuclear program (initially U.S.-backed) left off, and make the Great Satan the target of its atomic weapons. The Iranians, who were signatories to the Nuclear Non-Proliferation Treaty, insisted they had nothing to hide. They lied. In August 2002, a group affiliated with the MEK revealed the extent of nuclear activities at a facility in Isfahan, where the Iranians had been converting yellowcake to uranium gas, and in Natanz, where the infrastructure needed to enrich that material to weapons-grade uranium was being built. A year later Pakistani scientist AQ Khan's covert nuclear-technology network unraveled, bringing further embarrassments and investigations.

For months, European negotiators worked to get Tehran to formalize a temporary and tenuous deal to freeze its nuclear fuel-development program. In May 2005, they met with Iran's chief nuclear negotiator, Hassan Rowhani, at the Iranian ambassador's opulent Geneva residence. There was some reason to be optimistic: in Washington, Rice had announced that the United States would not block Iran's bid to join the World Trade Organization. Yet a sense of enormous tension filled the room, according to a diplomat who was there but asked not to be identified revealing official discussions. The Europeans told Rowhani they hadn't nailed down exactly what they could offer in return for a freeze, and the Americans still weren't fully onboard. Iran would have to wait for the details for a few more months. But in the meantime, the program had to remain suspended.

Rowhani, in full clerical robes and turban, obviously was not authorized to make any such deal. "The man was in front of us sweating," says the European diplomat. "He was trapped: he couldn't go further ... I realized very clearly that he couldn't deliver, that he was not allowed to deliver. Psychologically he was broken. Physically he was almost broken."

Part of the problem was that elections in Iran were only a few days away. They brought to power a man who satisfied the darkest stereotypes of Iran's fervid leaders. Mahmoud Ahmadinejad publicly renounced the freeze on Iran's nuclear fuel-development program, broke the seals the International Atomic Energy Agency had placed on Iran's conversion facilities at Isfahan and pushed ahead with work at Natanz. In the span of no more than a month or two, nuclear enrichment had become a symbol of national pride for a much wider spectrum of Iranian society than the voters who elected Ahmadinejad. In a warped parallel to Bush, who found his voice after 9/11 rallying Americans to the struggle against a vast and unforgiving enemy, the Iranian president rose in stature throughout the Middle East as he railed against America. The one problem U.S. negotiators had always had with Iran was determining who in the byzantine regime to talk to, and whether they could deliver anything. Now they faced another: the Iranians had almost no incentive to talk. With the United States bogged down in Iraq, Iran now had the leverage—roles had reversed.

In its second term the Bush administration, despite Powell's sour memories, has supported European efforts to resolve the nuclear impasse diplomatically. Rice has offered to meet her Iranian counterpart "any time, anywhere." "What has blocked such contact is the refusal of Iran to meet the demands of the entire international community," says a White House official, who could not be named discussing Iran. The official expressed deep frustration with critics. He argued they were naive about Tehran's intentions, and "parroting Iranian propaganda."

By last summer Iran seemed ascendant. Hizbullah's performance in the Lebanon war had rallied support for Ahmadinejad, one of the group's loudest proponents, across the Arab world. In a series of meetings in New York in September the Iranian president was defiant, almost giddy. (A senior British official who would only speak anonymously about deliberations with the

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Americans describes Tehran's mood around this time as "cock-a-hoop.") He would not back down when grilled about his dismissals of the Holocaust, and scoffed at the threat of U.N. sanctions over Iran's nuclear defiance.

The West's patience was running out. In Baghdad, American troops seemed powerless to stop a wave of gruesome sectarian killings that they claimed were fueled by Iran. In Amman and Riyadh, Arab leaders warned darkly of a rising "Shia crescent." After Bush's defeat in the midterm elections, Israeli officials began wondering aloud if they would have to deal with the Iranian threat on their own. Partly in consultation with the British, U.S. officials began to map out a broader strategy to fight back. "We felt we needed to have a much more knitted-together policy, with a number of different strands working, to hit different parts of the Iranian system," says the senior British official.

Critics have questioned how much of that plan is military—whether the administration is secretly setting a course for war as it did back in 2002. Last week officials were at great pains to deny that scenario. "We are not planning offensive military operations against Iran," said Under Secretary of State Nicholas Burns. The Pentagon does have contingency plans for all-out war with Iran, on which Bush was briefed last summer. The targets would include Iran's air-defense systems, its nuclear- and chemical-weapons facilities, ballistic missile sites, naval and Revolutionary Guard bases in the gulf, and intelligence headquarters. But generals are convinced that no amount of firepower could do more than delay Tehran's nuclear program. U.S. military analysts have concluded that nothing short of regime change would completely eliminate the threat—and America simply doesn't have the troops needed.

Iraq is another story. American military officials and politicians accuse the Iranian government of providing Iraqis with an new arsenal of advanced rocket-propelled-grenade launchers, heavy-duty mortars and the newest armor-piercing technology for roadside bombs—explosively formed projectiles (EFPs), said to have been developed by Hizbullah. Military security experts are especially worried by "passive infrared sensors," readily available devices that are often used for burglar alarms or automatic light switches but increasingly seen as triggers for improvised explosive devices (IEDs). Unlike cell phones, remote-control systems and garage-door openers, the sensors emit no signal, making them that much tougher to spot before they detonate.

What's scant is hard evidence that the weapons are provided by the Iranian government, rather than arms dealers or rogue Revolutionary Guard elements. "Iranian lethal support for select groups of Iraqi Shia militants clearly intensifies the conflict in Iraq," says the latest National Intelligence Estimate on Iraq. But the most that can be said with certainty is that Tehran is failing to stop the traffic. The Iranians themselves admit they're not trying as hard as they could. "I can give you my word that we don't give IEDs to the Mahdi Army," says an Iranian intelligence official who asked not to be named because secrecy is his business. "But if you asked me if we could control our borders better if we wanted to, I would say: 'Yes, if we knew that the Americans would not use Iraq as a base to attack Iran'."

The real thrust of Washington's multipronged attack is political. Banking restrictions levied by the U.S. Treasury have begun to pinch the Iranian economy. Voters angry about rising prices dealt Ahmadinejad an embarrassing blow in municipal elections in December, when his supporters were trounced. That wouldn't much matter if he still retained Khameini's support. But that may no longer be the case. The Khameini aide says the Supreme Leader blames Ahmadinejad's overheated rhetoric about Israel and the Holocaust for the unanimous Security Council resolution that passed in late December, demanding that Tehran suspend its nuclear program.

Every time America or Iran has gained an advantage over the other in the last five years, however, they've overplayed their hand. More pressure on Ahmadinejad could well make him popular again—the chief martyr in a martyr culture. Sunni insurgents in Iraq need only kill some Americans and plant Iranian IDs nearby to start a full-scale war. Like so many times in this complicated relationship, this is a moment of opportunity. And one of equally great danger.

With reporting by Babak Dehghanpisheh in Baghdad and John Barry, Mark Hosenball, Richard Wolffe in Washington, Christopher Dickey in Paris, Stryker McGuire in London, and Christian Caryl, Owen Matthews, Scott Johnson, Kevin Peraino, Ron Moreau and Dan Ephron

Report: Cheney Snubbing Japan Official (AP)

AP, February 12, 2007

Vice President Dick Cheney will not meet with Japan's defense minister during his trip to the country next week, a decision Japanese media characterized as a snub over the official calling the U.S.-led invasion of Iraq a "mistake."

Kyodo news agency said Cheney has asked Japan not to schedule any talks with Defense Minister Jumio Kyuma, who criticized the decision to go to war last month because he said it was based on the erroneous assumption that Saddam Hussein's government had weapons of mass destruction.

Kyuma later backtracked, saying he meant that the decision to attack Iraq should have been thought through more cautiously.

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Foreign Ministry officials were not immediately available to comment on the report.

In Washington, Cheney spokeswoman Lea Anne McBride said the vice president's schedule had been filled before he received an invitation from Kyuma to meet.

"He is looking forward to a full day of meetings in Japan, including meetings with the emperor, the prime minister, the chief Cabinet secretary and the foreign minister," McBride said.

"This schedule was set in advance of receiving a request from the defense minister."

Japan sent ground troops to southern Iraq on a humanitarian mission after the March 2003 invasion, but the contingent was pulled out last year. Japan still operates airlifts in the region in support of the U.S.-led forces, a mission set to end in July.

Nuclear Talks On North Korea Hit Roadblock (NYT)

By Jim Yardley And David E. Sanger

The New York Times, February 12, 2007

BEIJING, Feb. 11 — Negotiations on a step-by-step deal that the Bush administration hopes will lead North Korea to give up its nuclear weapons program appeared near collapse on Sunday over North Korea's demands for huge shipments of fuel oil and electricity before agreeing to a schedule for turning over its nuclear weapons and fuel.

The chief American envoy, Christopher R. Hill, said he and North Korea's envoy, Kim Kye-gwan, held a "lengthy and very frank" meeting on Sunday. But Mr. Hill seemed much less optimistic that a deal could be struck. Negotiators are planning to end the talks on Monday, and other envoys were pessimistic that any breakthrough would emerge on the final day.

Meanwhile, a summary of the proposed agreement being circulated among senior policy makers in Washington makes it clear that even if the North agreed to take the listed first steps — sealing its main nuclear reactor and inviting international inspectors back into the country — it would not be required to turn over any nuclear weapons or weapons fuel that it has produced in recent years for an unspecified period of time, and then only after reaching another agreement.

In essence, the agreement Mr. Hill, an assistant secretary of state, is negotiating could prevent the North from producing more weapons, but defers discussions over the weapons and fuel it has stockpiled. Mr. Hill had earlier suggested that if there was agreement, follow-up talks could be set up in March and April.

The summary calls for all six nations in the talks — the others are South Korea, Japan, China and Russia — to "create working groups for full and rapid implementation" of a September 2005 agreement in which the North agreed in principle to abandon its nuclear weapons. But in the past, the North Korean envoys to similar working groups have proven to have no real negotiating authority. Furthermore, the proposed agreement sets no dates on nuclear action beyond shutting down the nuclear plant at Yongbyon and allowing inspectors in within 60 days; it leaves unresolved what the North would get in return. The summary was given to The New York Times by a source trying to explain the timing and vagueness of the deal's elements.

After months of preparation that created unusual optimism within the Bush administration, failure to reach even a preliminary agreement could cast doubt on the prospects of disarming North Korea in the administration's last two years. Several Asian diplomats said they feared that North Korea had sensed the American distraction in Iraq and could be trying to run out the clock until the election of a new president.

At the same time, the North is under pressure because of the effectiveness of financial sanctions, particularly those aimed at Kim Jong-il and other North Korean leaders, and it may feel this is a good time to extract concessions from the South Korean government, which is clinging to economic ties to the North.

Mr. Hill, a seasoned negotiator who played a critical role in the Dayton accords that ended conflict in the Balkans in 1995, made it clear that the United States would not sign a deal that provided North Korea with energy but failed to ensure that it gave up its nuclear material.

"We're not looking to provide energy assistance so that they could avoid taking the further steps on denuclearization," he said at a news conference late Sunday in Beijing. "We understand that you can't just get there in one jump, you have to take several steps, so we're prepared to take several steps."

He added, "But we're not interested in providing that kind of assistance so that they don't have to take the next step."

In the past, the North has always insisted that it get rewards before giving away the nuclear ability that Mr. Kim regards as his sole international bargaining chip.

Kyodo, the Japanese news agency, has reported that North Korea wants an annual energy package of two million tons of fuel oil and two million kilowatts of electricity for taking the first steps in the agreement. It quoted unidentifed diplomatic sources who said the North also wanted a short-term infusion of hundreds of thousands of tons of fuel oil almost immediately. That presumably would be a reward for shutting down Yongbyon, even though Yongbyon does not provide electric energy to the country.

Any deal would inevitably be compared with the 1994 agreement between the Clinton administration and North Korea. President Bush and Secretary of State Condoleezza Rice have criticized that accord because it involved a "freeze" on activity that the North could quickly reverse, and because it left the shipment of weapons and fuel out of the country to the very end. The agreement fell apart in 2002, and the North is believed to have then converted its spent nuclear fuel into weapons.

The North tested its first nuclear device in October, though with only partial success.

Outside experts familiar with the outlines of the proposed deal say that the Bush administration would give up relatively little at the beginning — but it would also receive little.

"Freezing and disabling Yongbyon is an important but modest step," said Michael Green, who negotiated with North Korea as the top Asia expert at the National Security Council until he left a year ago. "It does not yet capture harvested plutonium and the existing weapons."

If a deal holds together, he said, "the key will be retaining leverage" on the North by preventing China, Russia and South Korea from increasing their economic cooperation so much that that their actions negate the United Nations Security Council sanctions on the North.

According to the outline, the proposed agreement would establish "tight timelines for actions that are measured in months, not years," and would include a flurry of activity in the first 60 days. That would include shutting down the Yongbyon facilities.

Inspectors would return to the country for the first time in more than four years, and the North would have to declare "all of its existing nuclear programs." That is a reference to the American accusation that the North has a hidden program to enrich uranium, purchased from the rogue Pakistani scientist Abdul Qadeer Khan. The North once admitted to the existence of the program, American officials say, but has since denied it.

The working groups outlined by the proposed agreement would discuss denuclearization, economic and energy cooperation, normalization of diplomatic relations, and a peace treaty formally ending the Korean War. The North's commitments, the document says, "are to all five other parties, including China," and it says that "conventional energy assistance will be determined by the working group and will be commensurate with the steps" North Korea takes to fulfill its commitments.

The huge annual energy package North Korea is demanding would eclipse the aid provided under the 1994 deal, when the North was promised light-water nuclear reactors with a generating capacity of two million kilowatts of electricity, as well as a temporary fix of 500,000 tons of heavy fuel oil.

The chief Japanese envoy, Kenichiro Sasae, told Kyodo, "The problem is that North Korea has excessive expectations about this, and unless it reconsiders this issue, an agreement will be difficult."

North Korea's insistence on the package deflated the optimism that had infused the early days of this round of talks and spread to senior officials in the White House, who said they expected a deal this weekend. By Sunday afternoon, diplomats had decided that Monday would be the final day of talks, agreement or no. According to [a news agency], South Korea's representative, Chun Yung-woo, blamed the size of the energy package "and the scope, pace and range of the North's actions to denuclearize" for the stalemate.

The Russian envoy, Aleksandr Losyukov, suggested that the best outcome might be a "chairman's statement" by China that summarized the negotiations.

"It seems the chances to reach a joint statement are slim," Mr. Losyukov said, according to Xinhua, China's official news agency.

North Korea Snarls Efforts To End Nuclear Standoff (WSJ)

By Evan Ramstad

The Wall Street Journal, February 12, 2007

BEIJING -- The latest effort by the U.S., China and three other countries to talk North Korea into giving up its pursuit of nuclear weapons is at risk of failure because of disagreement over one major point: the energy incentives they will provide Pyongyang.

The snag spoiled what was expected to be quick approval of a sweeping deal that was largely arranged by the U.S. in a two-way discussion with North Korea last month. Negotiators last night said they will continue working on the problem for just one more day, then will end the current round of talks with or without an agreement.

"There is a point in which you set a deadline and lay out your position and hope the other side is interested in trying to cut a deal," said Christopher Hill, the U.S. envoy to the talks.

The problem emerged on the first day of the talks on Thursday, as North Korea insisted the energy assistance it is being offered in stages occur all at once, Mr. Hill said, rather than in phases. Delegates from other countries in the talks said over the

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weekend that North Korea's request was excessive. North Korea envoy Kim Kye Gwan doesn't usually talk to reporters until the end of a round of talks.

The U.S. and other participants in the talks want to phase in energy assistance, increasing it each time North Korea takes another step toward getting rid of nuclear weapons. "We're not interested in just stopping at initial steps," Mr. Hill said. "We're interested in completing the journey to denuclearization."

The stakes are high for the U.S., which, since the North's test of a nuclear device in October, has stepped up its diplomatic efforts to reverse Pyongyang's desire for such weapons. Success with North Korea might help the U.S. persuade another budding nuclear power, Iran, to give up its work, too.

A failure to reach a deal would again raise questions about North Korea's willingness to compromise, which has appeared low from the first round of talks in August 2003.

The viability of the six-party negotiating process also is in jeopardy. Japan, South Korea and Russia are other members of the six-party talks.

The six countries failed to reach a deal the last time they met, in mid-December. Diplomats entered that round with high hopes also, but North Korea's delegates said they weren't able to negotiate.

Mr. Hill subsequently held three days of meetings with the North's Mr. Kim in Berlin last month, resolved several disputes and formed the framework of a deal.

Under it, North Korea would shut down its sole nuclear plant, which provides spent fuel that can be reprocessed into weapons material, and begin to take other disarmament steps.

It also would take steps toward friendlier relations with the U.S., Japan and South Korea.

In return, the five countries would provide North Korea with economic assistance, chiefly in the form of free fuel oil and electricity. The U.S. would resolve a portion of a banking dispute with North Korea.

The countries planned to set up five working groups to implement the various parts of the deal and schedule regular meetings, as often as every month.

Late last night, Mr. Hill said, "I think we have a real problem if we can't reach an agreement on this."

North Korea Talks Teeter On Brink Of Collapse (FT)

By Anna Fifield

Financial Times, February 12, 2007

Diplomatic efforts to halt North Korea's nuclear weapons programme are teetering on the brink of collapse because of a disagreement over the energy aid Pyongyang should receive in return for its first steps.

Pyongyang was making "excessive" demands for electricity and oil that, unless dropped, would see the talks end in deadlock on Monday, Japan's envoy said.

After two tortuous days discussing a single paragraph in a draft agreement that would pave the way for denuclearisation, diplomats agreed to conclude the latest round of six-party talks on the North Korean nuclear problem on Monday, regardless of whether they strike a deal.

Failure would come as a heavy blow for all parties, which have been meeting in the most optimistic atmosphere in 18 months.

"We have a real problem if we can't reach an agreement," Christopher Hill, the US negotiator, said on Sunday night. "The diplomatic process would certainly be dealt a significant setback but that does not mean that we are going to give up on this issue. We do not have the option of walking away."

The talks opened on Thursday amid hopes a deal could be struck that would pave the way for implementation of the September 2005 agreement under which North Korea pledged to abandon its nuclear weapons programme in return for economic and energy assistance.

Although all parties – China, Japan, Russia, the US and the two Koreas – agreed in principle on the first two days to work towards this goal, the talks came unstuck over the weekend over the rewards North Korea could expect for certain steps.

According to reports coming out from the delegations, North Korea has been insisting the other five countries provide it with 2m kilowatts of electricity, the amount that could have been generated by two light-water reactors that were supposed to be built under the 1994 nuclear agreement with the Clinton administration.

It was also demanding 2m tonnes of heavy fuel oil.

Kenichiro Sasae, the Japanese negotiator, said the "excessive" demands led to an "atmosphere of heightened tension" on Sunday. "This is the problem, and unless they change their thinking, an agreement will be difficult," Mr Sasae said.

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Pyongyang has a record of trying to extract greater concessions by starting from an unrealistic bargaining position, so analysts said a deal was still possible.

Mr Hill said he had had a “very, very frank and honest” discussion with his North Korean counterpart on Sunday. “We were prepared to look at some energy assistance because the DPRK really needs energy assistance. But we are not looking at energy assistance that would somehow allow the DPRK to avoid denuclearisation,” he said, referring to North Korea by its official name.

But a pro-Pyongyang newspaper said the talks had hit a snag because of a US “betrayal”. The Chosun Shinbo said the US last month offered to lift financial sanctions in return for North Korea taking steps towards dismantling its nuclear weapons programme. “The obstacle is ... the US and some other countries never think of their [own] duties.”

North Korean Nuclear Talks Proceed As Outlook Dims (WP)

The Washington Post, February 12, 2007

North Korean Nuclear Talks Proceed as Outlook Dims

BEIJING -- Deadlocked on Sunday over energy aid to North Korea, envoys to six-nation talks on the Pyongyang government's nuclear weapons program gave themselves one more day to reach agreement on first steps toward eliminating the program.

The stalemate resulted from North Korea's demand for heavy fuel oil in exchange for closing its main nuclear facility, a reactor at Yongbyon, and readmitting international inspectors in a plan the Bush administration had hoped would lead to denuclearization.

The chief U.S. envoy, Assistant Secretary of State Christopher R. Hill, suggested that if North Korea obtained such a large amount of fuel upfront, it might no longer feel obligated to continue denuclearization. Some reports quoting diplomats at the talks suggested that the initial commitment demanded by North Korea amounted to 2 million tons.

"We're prepared to help . . . especially on economic and energy issues," Hill said. "But we're not prepared to help them in a way that would allow them to avoid the next steps in denuclearization."

The chief Russian negotiator, Deputy Foreign Minister Alexander Losyukov, predicted that the six envoys -- from North and South Korea, China, Russia, Japan and the United States -- would not be able to reach agreement at this round of talks despite what appeared to be favorable conditions when they began Thursday, according to the official New China News Agency.

-- Edward Cody

EUROPE

Â· LISBON -- Voters failed to overturn Portugal's strict abortion law because of low turnout at the polls, but the prime minister vowed to relax restrictions in the conservative Catholic country through legislation.

Â· PRISTINA, Serbia -- Kosovo Albanian leaders appealed for calm after two people died following clashes between police and ethnic Albanians protesting a U.N. plan they say falls short of full independence from Serbia.

Â· ASHKHABAD, Turkmenistan -- Turkmens voted in their country's first presidential election with more than one candidate.

All the candidates were from the only legal party, and there were no foreign monitors. Officials said turnout was nearly 99 percent.THE MIDDLE EAST

Â· RIYADH, Saudi Arabia -- Russian President Vladimir Putin held talks with Saudi King Abdullah on Iraq and the Palestinian-Israeli conflict in the first visit to the kingdom by a Russian leader.

Â· JERUSALEM -- Israeli Prime Minister Ehud Olmert said the emerging Palestinian cabinet must recognize Israel, renounce violence and accept past peace agreements.

Separately, Israel conducted its first nighttime test of its Arrow antimissile system, the country's main's bulwark against a possible attack by Iran's long-range weapons, Defense Minister Amir Peretz said.AFRICA

Â· MOGADISHU, Somalia -- Five mortar bombs exploded Monday in the capital, killing at least three people, witnesses said. A bomb exploded Sunday at a march in Kismaayo that drew thousands in support of peacekeepers. Troops fired into the crowd in response. At least five people were killed.

Let's Try To Make A Deal (LAT)

The Los Angeles Times, February 12, 2007

THE LATEST INTERNATIONAL effort to get North Korea to end its nuclear programs enters its final day today on a discouraging note. After an 18-month stalemate and a North Korean nuclear weapon test, U.S. officials are once again struggling to reach a deal with Pyongyang. Yet even if they did, the erratic regime's history would require that any deal be treated with skepticism. And whatever its details, one thing that a deal most assuredly will not be is a solution.

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That's because any solution to the North Korean nuclear problem must include an agreement by Pyongyang to place its plutonium — whether two or 12 bombs' worth — under international safeguards. Once cameras are focused on the material, and inspectors are checking for hidden stockpiles of plutonium or uranium, real engagement with the North Koreans can begin.

The question, of course and as always, is how to get there from here. For all its bluster, the Bush administration got nowhere with Pyongyang until it froze some accounts in a previously obscure bank in Macao — accounts believed to be North Korean leader Kim Jong Il's private slush fund. It was the financial sleuths at the Treasury Department and in the intelligence community, not the hard-liners at the State Department and the Pentagon, who finally brought Kim back to the table.

Once there, the North Koreans appear to have reverted to their usual preposterous demands. Giving up the plutonium stockpiles they already have, or the enriched uranium program they once acknowledged but now deny, is not now up for negotiation. Instead, in exchange for freezing the Yongbyon nuclear reactor, they reportedly want 2 million tons of heavy fuel oil — four times the amount that the U.S. supplied under a deal during the Clinton administration.

This is an offer the U.S. must refuse — even at the cost of walking away from the talks empty-handed. On the other hand, it would be self-defeating for the U.S. to continue to insist that no concessions whatsoever can be made to Pyongyang until it unilaterally dismantles its nuclear program. Kim has every reason to doubt the Bush administration's declaration that it has "no hostile intent." And it's not just the president. There is bipartisan hostility in Washington to Kim's heinous regime. But it's hard to envision a scenario for overthrowing him that doesn't also involve the incineration of Seoul.

The United States, and the world, have lived with a dangerous North Korea for half a century and a dangerously unstable North Korea for more than a decade. What the world cannot live with is a dangerously unstable nuclear North Korea. So a true disarmament deal must be eventually struck. And if a taste of fuel oil, like a swig of Kim's favorite cognac, can begin the cycle of mutual concessions that will be required, then the wisest course may be to pour just enough — and not a drop more — to keep the North Koreans at the table.

Latin America Wary Of New U.S. Attention (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, February 12, 2007

BUENOS AIRES — The Bush administration's self-proclaimed "year of engagement" with Latin America kicked off last week with broadsides against Venezuela and Iran, a diplomatic tiff with Argentina and analysts wondering whether it all wasn't a little late in the game.

"A veritable diplomatic offensive by a government that has only concentrated on Iraq," wrote veteran correspondent Gustavo Sierra in the Argentine newspaper Clarin after a visit here by R. Nicholas Burns, U.S. undersecretary of State for political affairs, and Thomas A. Shannon, the administration's top diplomat for Latin America.

The pair also visited Brazil, and U.S. Atty. Gen. Alberto R. Gonzales made a separate visit last week to Argentina and Brazil. The White House confirmed that President Bush would venture to Latin America in March, with stops scheduled in Brazil, Uruguay, Colombia, Guatemala and Mexico.

The moves are widely seen in South America as an effort to counter the influence of Venezuelan President Hugo Chavez, who has wooed his fellow leaders with oil subsidies, foreign aid and a steady diet of invective targeting "the devil" Bush.

It has become conventional wisdom here, even among U.S. allies, that the Bush administration's fixation on Iraq and the Middle East has left Latin America, once the focus of Cold War conflicts, largely ignored, except for U.S. insistence on aggressive drug-interdiction and free-trade policies.

Chavez has gleefully exploited that void, which many think will widen as a politically debilitated Bush assumes lame-duck status.

The White House effort "is catch up and see what we can salvage," said David Fleischer, a political scientist at the University of Brasilia.

U.S. officials embraced the "year of engagement" theme after recent elections put leftists in charge in much of the region, including pro-Chavez presidents in Ecuador and Bolivia. Conservative and pro-U.S. administrations were elected in key allies Colombia and Mexico.

The Bush administration says it has an ability to work across the ideological spectrum.

"Coming out of 2006, we thought it was very important to start 2007 very quickly with as many trips into the region at as high a level as possible," Burns said in Washington before leaving for South America.

Although U.S. diplomats insisted that the initiative was not intended to counter Chavez's spreading influence, the subject has inevitably flared.

"Frankly, you have to wonder if Chavez's plan is to become president for life," Burns told reporters here.

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Most analysts are skeptical that the anti-Chavez strategy will bear fruit in places such as Brazil and Argentina, where leftist presidents Luiz Inacio Lula da Silva and Nestor Kirchner, respectively, have eschewed Chavez's anti-Washington rhetoric but have welcomed Venezuela into the South American trade bloc known as Mercosur.

Chavez has used the platform to criticize U.S. policies, as he did at a hemispheric trade enclave in Argentina in 2005, when a flustered Bush was unable to craft a new free-trade zone, to Chavez's delight.

"In private, some leaders may express concern about Chavez, but publicly there is a sense of unity among South American countries in defending sovereignty and resisting efforts to divide the hemisphere," said Riordan Roett, director of the Latin American studies program at Johns Hopkins University.

The U.S. diplomats' trip to Argentina also provided an opportunity to lash out at another U.S. antagonist — Iranian President Mahmoud Ahmadinejad, a Chavez ally whose Latin American tour last month clearly upset the White House. Ahmadinejad was pictured kissing babies while in Nicaragua for the inauguration of President Daniel Ortega, a Cold War adversary of the Reagan administration.

"There is a concern that if Iran, through Chavez, is making a presence in the U.S. backyard, then that needs to be dealt with," said Michael Shifter, an analyst at the Inter-American Dialogue, a Washington study group.

The U.S. diplomats visited the site of a Buenos Aires Jewish cultural center targeted in a 1994 bombing that Argentina and Israel say was linked to Iran. Tehran denies any involvement, but U.S. officials have voiced strong support for Argentina's efforts to extradite former Iranian officials, including ex-President Hashemi Rafsanjani, in connection with the blast, which killed 85 people and wounded 200.

Jewish leaders in Argentina, home to the region's largest Jewish population, applauded the U.S. effort. Luis Grynwald, who heads the rebuilt Jewish center here, called it "a symbol of the action we all have to take against international terrorism."

Critics were quick to assail Washington's human rights record, citing abuses at the Abu Ghraib prison in Iraq and at the U.S. detention center in Guantanamo Bay, Cuba, and the U.S.-led invasion of Iraq. All have fanned anti-U.S. sentiment in a region where Washington's previous interventions and alliances with military dictatorships remain fresh in the collective memory.

The left-leaning Argentine newspaper Pagina 12 mocked Burns' assertion that the Bush administration was "a champion of human rights" and that it supported the Argentine government's efforts to try abusers from past military regimes.

"If Burns' lack of memory of the proved responsibility of the United States in the successive military coups that devastated Latin America in the decade of the 1970s was notorious, worse was his omission of the situation in Guantanamo," the newspaper said, referring to the detention of terrorism suspects on the base.

Also marring the diplomats' visits were hard feelings about pressure from the U.S. ambassador on behalf of an investment fund's push for a share of a major power transmission company. Argentina rejected the U.S. firm's bid, and Burns termed the whole issue a misunderstanding.

Kirchner, Argentina's president, posed for photos with the U.S. envoys but generally distanced himself. It was not lost on the political class here that Bush will skip Argentina next month, but visit tiny Uruguay, just across the Rio de la Plata. Kirchner is weighing a reelection bid this year, and analysts say that being seen as too cozy with Washington is not smart politics.

Opportunity For Turks And Kurds? (WP)

By Richard Holbrooke

The Washington Post, February 12, 2007

IRBIL, Iraqi Kurdistan -- Whatever happens in Iraq, we must try to limit the terrible fallout from the war. The place to start should be with our indispensable NATO ally Turkey, the front-line state of the post-Cold War era, whose relations with the United States have deteriorated dramatically in the past six years.

The immediate issue is raids by Kurdish terrorists across Turkey's border with Iraq, which divides an area inhabited on both sides by Kurds who have long felt that they deserve their own country. Despite centuries of enmity, rapprochement is in the long-term interests of both Turkey and the Kurds of northern Iraq. But such an effort would be controversial and could be undertaken only with strong American encouragement.

First, some essential background from Irbil, the capital of Iraqi Kurdistan, which I am visiting after talks with Turkish leaders in Ankara. This peaceful city is disorienting: Am I in war-torn Iraq or booming Kurdistan? Will Irbil eventually become the capital (or part) of an independent Kurdistan? Or will this region become a battleground for another war, this one between Kurds and Turks?

You can call this place Kurdistan, as its citizens do, or northern Iraq, as the Turks do. But either way, the overwhelming majority (98 percent in a 2005 referendum) of its 4 million people do not want to remain part of Iraq. Who can blame them? Nothing here feels like the Middle East. The Iraqi national flag is banned; only the Kurdistan flag flies. And although the Kurds are

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sending some of their famously fierce warriors to Baghdad to support the Americans, they fear that Gen. David Petraeus's plan to turn the tide in Baghdad will not succeed.

Ever since a nation called Iraq was carved out of the debris of the Ottoman Empire by Winston Churchill and Gertrude Bell at the Cairo Conference of 1921, Turkey and Iran have opposed independence for the Kurds of northern Iraq because both fear that an independent Kurdistan on their borders would encourage existing separatist movements among their large Kurdish populations.

This symmetry of fears has led to semi-secret discussions and even some cooperation between our NATO ally and that charter member of the "axis of evil" on dealing with the PKK, a terrorist group that has conducted raids against both Turkey and Iran from bases just inside northern Iraq for many years. I would not rule out limited Turkish military action against some of those bases -- especially since Prime Minister Recep Tayyip Erdogan is under enormous political pressure to show strong nationalist credentials against hawkish rivals in an election year.

After years of mishandling relations with Turkey, last year the administration appointed retired Gen. Joe Ralston, the universally respected former NATO commander, as special envoy for the PKK problem. Ralston's intervention helped avoid a Turkish attack in Iraq last summer, and he is accelerating his efforts to get Irbil to rein in the PKK.

But there is a larger issue: the final status of Kirkuk, the multiethnic city that sits in the middle of a huge oil field and lies just outside the official boundaries of Iraqi Kurdistan. The new Iraqi constitution calls for a referendum this year on whether Kirkuk is to be incorporated into the Kurdistan region. The Turks -- who refer repeatedly to the dangers to the Turkmen, their ethnic cousins who live in Kirkuk -- have said that they will not accept such an event. Avoiding a full-blown crisis will require intense mediation by the United States; unfortunately, Ralston's current mandate does not include Kirkuk.

Despite their history, Turkey and Iraqi Kurdistan need each other. Kurdistan could become a buffer between Turkey and the chaos to the south, while Turkey could become the protector of a Kurdistan that, though still technically part of Iraq, is effectively cut loose from a Baghdad government that may no longer function. In addition, Turkey has a major economic opportunity in northern Iraq; already, more than 300 Turkish companies and substantial investment are a primary engine of Kurdish growth.

Rapprochement would require major undertakings by both sides. The legendary Kurdish leader who is now president of the Kurdish regional government, Massoud Barzani, needs to rein in the PKK and pledge not to interfere in Turkey's internal affairs. A compromise that took into account legitimate Turkish concerns would be necessary on Kirkuk; while this would be difficult, especially for the Turkish military, I believe it needs to be attempted, with strong American encouragement.

History and myth make a Turkish-Kurdish deal extremely difficult. It takes visionary leaders to alter the stream of history. Charles de Gaulle and Konrad Adenauer did it for France and Germany. Nelson Mandela did it in South Africa. But such people are very, very rare. Still, the crisis in Iraq requires Turks and Kurds to think of their common interest. Having just talked to the impressive leaders of both sides, I believe they understand that they face not just a crisis but an opportunity.

G-7 Seeks To Shed Overlapping Regulations (WSJ)

By Deborah Solomon

The Wall Street Journal, February 12, 2007

ESSEN, Germany -- Treasury Secretary Henry Paulson said he and other finance ministers in the Group of Seven leading industrial nations are exploring ways to reduce "duplicative" financial regulations and standards that burden companies doing business globally.

Mr. Paulson said the aim is to "break down artificial barriers" and harmonize regulations and standards so costs and other constraints on multinational companies are reduced.

"One of the biggest costs to business globally is duplicative regulation," Mr. Paulson said in a briefing with reporters during the G-7 meeting here during the weekend.

Mr. Paulson, the former head of Goldman Sachs Group Inc., said when he ran the investment bank, "I can't tell you how many hundreds of millions of dollars we paid dealing with regulations that were similar but different inside the U.S. and outside the U.S." He said many countries have strong regulatory regimes and it should be possible for nations to recognize one another's rules and standards.

In their official statement, the finance ministers said they "agreed to explore within the G-7 free trade in securities based on mutual recognition of regulatory regimes."

Mr. Paulson noted, though, that it is "something that will take a long time" given that many countries, including the U.S., have multiple regulators and overseers. He has planned a conference next month to discuss that overlap, along with other rules he believes may be handicapping U.S. companies.

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The G-7, in its communiqué, agreed vigilance was needed on the potential risks that hedge funds and credit derivatives pose to financial stability. The group acknowledged hedge funds and derivatives "have contributed significantly to the efficiency of the financial system." The statement added that the growth of hedge funds and the instruments they invest in have made the assessment of risks to financial stability "more complex and challenging."

Mr. Paulson dismissed questions about the weakness of the yen, saying it is "market determined" and not being manipulated. While Germany and other European countries have complained that the yen is being manipulated, the G-7's final communiqué made no reference to the currency.

Mr. Paulson's comments could put him at odds with several top Democrats on Capitol Hill, who wrote Mr. Paulson last week saying they "believe a weak yen is a reflection of Japanese government policy." The Democrats, including Michigan Reps. John Dingell and Sander Levin, said the weak yen is assisting Japanese car imports and hurting U.S. auto makers. Mr. Paulson is scheduled to travel to Japan next month.

While the communiqué didn't single out the yen, it said Japan's recovery is "on track and is expected to continue" and that G-7 members "are confident that the implications of these developments will be recognized by market participants and will be incorporated in their assessment of risks." According to G-7 officials, those statements were intended to draw attention to the possibility the yen and Japanese interest rates will rise as the recovery continues.

Notoriety Of President Morales Roils Area's Bolivian Community (WP)

By Pamela Constable And Karin Brulliard

The Washington Post, February 12, 2007

On weekend nights, the dance floor at Cecilia's Club in Arlington County pulsates with strobe lights and salsa dancers. But one recent Saturday afternoon, this social hub of the region's large Bolivian population became a sober forum for debate on the political storm that has convulsed the immigrants' native country and sent shock waves through their quiet, prosperous community.

The storm has a name: Evo Morales. He is the charismatic indigenous leader whose election as Bolivia's president just over a year ago brought new pride to the impoverished South American nation. Now, his radical rhetoric and friendships with foreign leftist leaders such as Venezuela's Hugo Chavez are causing consternation in both Bolivia and the United States.

"People are always asking me about Morales. No one ever asked me about any Bolivian president before," said Miriam Rodriguez of Fairfax, who helped organize the forum. "But now we see him making mistakes, following in the steps of Chavez, being pushed to hate America. We want to make sure he does the right thing, because everyone is watching us now."

Greater Washington is home to the largest population of Bolivian immigrants in the United States, with 37 percent of the total. Census figures show that more than 20,000 Bolivian-born immigrants live in the area, but activists and diplomats say the community is more than three times that size. Although smaller and less visible than the area's Central American populace, Bolivians and Peruvians constitute its largest South American immigrant groups.

Bolivians are also one of the oldest and most successful Hispanic communities in the area. Most came here for economic reasons rather than fleeing conflict, and on average they have higher income and education levels than U.S.-born Americans. Although some Bolivians toil at menial jobs, many are professionals or own small businesses.

Bolivians here have clung tightly to their roots, establishing dozens of folklore groups, three soccer leagues in Northern Virginia and a weekend school in Arlington where children study Bolivian traditions. Many fly to Bolivia often to visit relatives or have invested in binational ventures.

Yet surprisingly, they have never formed an ethnic enclave or become politically active as a group. Although many are eligible to vote, almost none has run for local office, and most have avoided becoming involved in the public debate about immigrant rights.

"Bolivians here have been unperceived for many reasons," said Ruddy Orellana, editor of Los Tiempos, a Bolivian-owned newspaper in Falls Church. "They have been peaceful and their kids have not gotten involved in gangs. They have been ambitious in business but have not reached for political influence. . . . They have been scattered and dispersed."

In the past year, however, Morales's election has plunged this quiet community into a political maelstrom. Morales, 47, rose to prominence as a leader of coca-leaf growers, whose crop produces cocaine but also has traditional uses such as tea. He led peasants in highway blockades and opposed U.S. drug eradication policies, saying they unfairly punished poor farmers.

Most Bolivians here say they initially welcomed Morales's presidency as a change from elitist and military governments, but many say they became indignant and alarmed as he has antagonized domestic opponents and befriended Chavez and Cuba's Fidel Castro.

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"We were all tired of corrupt governments, and we were all excited when Morales won," said Monica Williams, president of the Washington-based Bolivian-American Chamber of Commerce. "But he is making mistakes and putting too much emphasis on native issues. We are beginning to see a clash of races and regions. It is polarizing the country."

In recent months, violent demonstrations have broken out in Bolivia, spurred by Morales's promises of an agrarian revolution, with large landowners pitted against landless peasants. Critics say his government has become increasingly confrontational, and opposition leaders have accused him of seeking to impose a totalitarian regime.

Wherever Bolivians gather here, the mention of Morales provokes animated debate. Last Sunday at the Iglesia Santa Maria in Falls Church, whose Episcopal congregation is 90 percent Bolivian, some worshipers expressed fears that his government would seize their family land. But one man counseled patience, adding, "The important thing is that people are participating."

At an indoor gym nearby, men watched two teams of sweaty indoor soccer players chase a blue soccer ball. Gustavo Chalco, a house painter who lives in Burke, said everyone had hoped Morales was going to change things. "But now we are at the edge of a civil war," he said.

Jose Martinez, a gray-haired construction worker, said he dreams of returning home but is no longer sure what awaits him. "Bad image for my country, Evo. Bad image," he said.

In a glassy, modern office in Rosslyn, Oscar Bazoberry, a high-tech developer and venture capitalist, said he admires Morales's concern for the poor but worries that his administration will alienate rather than attract the foreign investment Bolivia needs to develop. So far, his economic policies have stressed nationalizing resources such as natural gas and mining.

"For the first time, Bolivia has a government that cares about the needs of the indigenous poor, but they have no understanding of capital markets and how to make a real dent in development," Bazoberry said. "Morales has put Bolivia on the map, but now that it is a player, let's play."

Some indigenous Bolivians in the area remain enthusiastic about Morales, who has promoted indigenous activists to senior positions and elevated their status in a society long stratified among white, mixed-race and indigenous inhabitants.

Julia Garcia, 58, principal of Escuela Boliva, the weekend school in Arlington, said she still remembers childhood taunts from classmates back home about her Indian-style braids and Quechuan accent.

"I think the high elites never thought we would educate ourselves . . . and be at a level to speak with them," Garcia said. She acknowledged that Morales had made mistakes but said he should not abandon his agenda. "There is a new dawn" in Bolivia, she said.

But others express conflicted feelings about the man who is championing their cause. Elmer Herrera, a stonemason from Annandale and founder of an indigenous organization called Jach'a Uru, said Morales had proved that a Bolivian without pale skin and a foreign degree could rise to power. Yet Morales's refusal to compromise has led to increasingly sharp divisions, Herrera said.

"Evo is ruining the country," Herrera said. "We would like that in Bolivia, the rich and poor, the indigenous and non-indigenous, would sit at a table together."

Morales's emphasis on indigenous rights has hit a sensitive nerve in the area. Although many Bolivian immigrants speak Quechua and join folkloric groups, they are also anxious to blend into American life and not be singled out as an ethnic or racial minority.

"There is a lot of racism," said Alicia Ruiz, who organizes day laborers in Falls Church. Many Bolivians here don't want to acknowledge that they are part Indian, she said. "They ask how a peasant can govern us."

Immigrant leaders are especially concerned about U.S.-Bolivian relations, which have been tested by Morales's role as a champion of coca growers and by his high-profile friendships with Chavez and Castro. Proud of their pro-American values, some Bolivians fear being tarred with the Morales brush.

The Bolivian Embassy in Washington has done little to win them over. For much of last year there was no ambassador, and the new one arrived just as his government proposed that Bolivian residents in the United States obtain costly visas to travel to their homeland.

"We want to have an open door," Ambassador Gustavo Guzman asserted. "People here want us to maintain very good relations with the USA. They worry how close we are becoming to Cuba and Venezuela. They tell us, 'Please be careful. If relations are hurt, we will be the ones who suffer.' "

Yet even immigrants strongly opposed to Morales's views say they want to avert a political crisis in their homeland, which has a long history of instability and military coups.

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"We are all Bolivians, and none of us wants to see a divided Bolivia," Williams said. "I am not crazy about Morales, but we have to give him the benefit of the doubt. All we ask is that he bring the country together, that he speak for all Bolivians, not just some of us."

French Contender Makes Her Presidential Case (NYT)

By Craig S. Smith

The New York Times, February 12, 2007

PARIS, Feb. 11 — France's Socialist presidential candidate, Ségolène Royal, presented her long-awaited presidential program in a two-hour speech on Sunday, hoping to dispel criticism that she is a pretty face without fundamental policies and to reverse a slide in opinion polls.

Dressed in a bright red blazer and speaking to a hall of 15,000 cheering, flag-waving party loyalists, Ms. Royal promised a new kind of French politics based on closer attention to the will of the people through American-style town hall meetings, Internet-based dialogue and national referendums.

Her program was studded with promises and proposals meant to address desires filtered from the more than 700,000 people who attended what her campaign organization puts at 6,500 public meetings since November, together with tens of thousands of ideas left by visitors to her Web site.

"Today I offer you the presidential pact," Ms. Royal told the rally, held northeast of the capital in the industrial suburb of Villepinte. "One hundred proposals for France to rediscover a shared ambition, pride and fraternity."

It remains to be seen whether the speech will give her the momentum to recover her lead over her center-right opponent, Interior Minister Nicolas Sarkozy. But it failed to impress her harshest critics.

"In the end, she gave a nice speech for a minister of social affairs," said Alain Duhamel, a leading political analyst and the author of "The 2007 Pretenders," a book published in 2006 about France's presidential candidates whose first edition failed to include Ms. Royal at all because Mr. Duhamel did not take her seriously.

Ms. Royal, 53, the daughter of an Army colonel, graduated from the elite École Nationale d'Administration and was appointed as an adviser to François Mitterrand after working on his successful 1981 presidential campaign. She served as minister of the environment and later as deputy minister of school education and as deputy minister of family and childhood. She has also served in Parliament for the Deux-Sèvres department in western France; she was elected president of its regional council in 2004.

But her most visible position has been as photogenic partner to François Hollande, the head of the Socialist Party, with whom she has four children. She appeared early last year as a potential presidential candidate for the party, which was riven by rivalries among its aging bosses.

By the time she won the nomination last fall, Ms. Royal was polling far ahead of other potential candidates. But a series of blunders, particularly in foreign affairs, have added to criticism that she would be out of her depth as France's senior stateswoman.

During a Middle East trip last year, she met a Lebanese Parliament member from Hezbollah who compared Israel to Nazi Germany and criticized American "insanity." She responded, "I agree with a lot of the things you have said, notably your analysis of the U.S."

During a visit to China, where the time between arrest and execution can be a matter of weeks, she appeared to compliment her hosts in saying, "Sometimes the justice is swifter than in France."

Following a meeting in Paris with André Boisclair, head of Canada's pro-independence Parti Québécois, she spoke to Canadian journalists of "common values, namely the freedom and sovereignty of Quebec," infuriating Canada's prime minister.

She has also run into problems at home. When asked on a radio talk show last month about the hotly debated merger of two French utility giants, Suez and Gaz de France, she turned to an aide and asked, "Where do we stand on that?"

When the interviewer asked her how many nuclear-armed submarines France had, she said one. The interviewer shot back, "No, seven," and Ms. Royal corrected herself, only to be told that it was four.

She has even appeared out of step with her partner, Mr. Hollande, who harbored presidential ambitions himself before she swept him aside. She was reportedly furious after he suggested, without consulting her, that a Socialist government would raise taxes on people earning more than about $5,200 a month. He was forced to retract the statement.

Hounded by bad press, she has slipped by as much as nine percentage points in polls since last month, when the Union for a Popular Movement party endorsed Mr. Sarkozy as its candidate. He has since edged ahead. Sunday's speech was meant to help Ms. Royal regain the field.

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Before she appeared on stage, the lights dimmed and techno music filled the hall, including a rendition of the rap hit "Don't Phunk With My Heart." But what followed was a fairly typical, though very long, Socialist Party stump speech, embellished with Ms. Royal's pet proposals.

The proposals are often seen as innovative (giving people who have rented state-subsidized housing for 15 years or more a chance to buy their apartments), impractical (allowing citizens who collect a million or more signatures to propose legislation) or simplistic (paying retirement pensions monthly instead of quarterly and offering free birth control to women under 25).

As with most politicians making promises on the campaign trail, she did not say how she would finance her plans.

She accused the current government of doing "nearly nothing" to address the problems of disenfranchised second-generation immigrant youth, who were responsible for a wave of urban violence in 2005. She warned that without action, there would be even more "extreme violence" that would not be limited to poor neighborhoods.

She avoided delving too deeply into foreign policy.

Of the United States, with which President Jacques Chirac has been at odds over the Iraq war, she said: "We will live with them, as a solid partner, trustworthy, but without complexes either. Size has nothing to do with principles. An imbalance of power is not a reason to stay silent, and we have seen it, indeed, with Iraq. The voice of France, as it was, unfortunately wasn't heard. But it didn't ring any less true.

"And I would like, in the future, for it to continue to ring true and I would like that, by speaking louder and stronger, our voice will carry further."

France's Royal Introduces Platform Ahead Of Election (WSJ)

By Alessandra Galloni And David Gauthier-villars

The Wall Street Journal, February 12, 2007

PARIS -- French presidential hopeful Ségolène Royal sought to recover from her recent decline in election polls by unveiling a long-awaited platform focused on social programs, including higher minimum wage, pensions and unemployment payouts.

But a lack of specifics on key economic policies, such as how to finance new social spending and concrete proposals on how to tackle the country's high unemployment rate, are likely to leave France's business community cold.

"She avoided talking in depth about sticky issues," says Marc Touati, chairman of ACDE, an association promoting the study of France's economy. Over the past 18 months, Ms. Royal's simple proposition of listening to the people has transformed her from a minor politician in France's Socialist Party to one of the two front-runners in the race to succeed current President Jacques Chirac. Over the past few weeks, however, her popularity has waned vis-à-vis her main rival, conservative candidate Nicolas Sarkozy, in part because of a series of foreign-policy gaffes, but also because she waited until 10 weeks before the election to unveil her official platform. Mr. Sarkozy unveiled his in mid-January.

Ms. Royal has justified her schedule by saying she needed enough time to gather the ideas of French people around the country by holding 6,100 town-hall meetings and sifting through suggestions of 2.8 million visitors to her Web site.

In her two-hour speech before 20,000 supporters in an auditorium near Paris yesterday, Ms. Royal stuck to her trademark crowd-pleasing tactics, including distancing herself from the official Socialist Party platform and promising to give people a greater role in government. For example, in presenting her 100-point "presidential pact," she stuck to her idea of introducing so-called citizen juries, or ordinary people chosen randomly to oversee elected officials, a proposal that has rankled many in her own party.

"You have suggested many things that are simple and true," she said, referring to the town-hall meetings that she says formed the basis of her platform. During the speech, she pledged that, if elected, workers who lose their jobs would receive 90% of their salaries during their first year without a job and promised to increase pensions by 5%. She also promised to build 120,000 units of state-subsidized housing and offer young people a €10,000 ($13,000) loan to finance business projects and get started in life.

"The speech is likely to stop her decline in the polls and is in line with her approach so far," says Zaki Laïdi, a professor at the Institute d'Études Politiques in Paris. What remains unclear, however, is how she plans to finance the measures. "The most astounding thing is that she didn't say anything about tax policy," adds Mr. Laïdi.

Business leaders have been concerned with Ms. Royal's economic rhetoric so far, including promises to give more power to unions -- a pledge she confirmed yesterday, adding that unions should receive state aid to "promote a mass unionization."

Yesterday, Ms. Royal said she wanted to "reconcile people and their companies," promising to give tax breaks to companies that invest in research and development and raising the overall state budget in research initiatives. But in her speech, she also pledged that, if elected, she would raise the minimum wage to €1,500 per month from €1,254 per month -- something

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unlikely to please the business community, which was instead hoping to have more details on Ms. Royal's view regarding France's 35-hour workweek and overall job-creation measures.

Ms. Royal also said she wanted to placate public "wrath" over France's 22% unemployment rate among young people, but she gave few details on how to overhaul the job market to make it easier for employers to hire young people.

Early in the speech, Ms. Royal said she wanted to tackle France's public debt, which has soared to 66% of gross domestic product, compared with about 20% 25 years ago, because of high public spending and a chronic budget deficit.

"It's a good thing that she started her speech with the issue of debt, it shows she's aware of the problem," says Mr. Touati, adding, "But it's a pity she didn't say more."

Falling In Polls, French Socialist Offers Platform (WP)

By Molly Moore

The Washington Post, February 12, 2007

PARIS, Feb. 11 -- French Socialist Party candidate SÃ©golÃ¨ne Royal, attempting to rejuvenate a faltering bid to become the country's first female president, announced a 100-point platform Sunday that includes sending juvenile delinquents to military-style boot camps and providing free contraceptives to women younger than 25.

Royal billed the two-hour speech, delivered before an estimated 15,000 party members but aimed at a national television audience, as a response to critics who say she has articulated few substantive proposals and has leaned too heavily on her femininity and personality.

"The time of imagination and daring has arrived," Royal, clad in a red dress suit and frequently flashing her trademark photogenic smile, told a cheering, placard-waving crowd. "I will forget no one, because France, in order to recover, needs every man and woman."

Royal, who was leading opinion polls in the presidential race just a few weeks ago, has slipped eight points behind her main rival, Interior Minister Nicolas Sarkozy of the ruling Union for a Popular Movement party, or UMP. Her campaign has been plagued by blunders, gaffes and internal party disputes that included a public spat over taxes between Royal and the party's head -- who is also her longtime partner and the father of her four children.

In the past week, French newspapers and magazines have switched from publishing pictures of a smiling Royal to showing a frowning or scowling Royal.

She was criticized by party members and political commentators for waiting until Sunday, just 10 weeks before election day, to announce her party platform. Royal justified the delay by saying she was unwilling to draft the platform until she and the party had conducted hundreds of public meetings and interviews across France and on the Internet to allow the French people to have input in shaping the platform.

Her proposals, many of which reflect mainstays of the Socialist Party, include increases in retirement benefits for the lowest wage earners, raising the minimum wage, a guarantee of affordable and safe housing for life for the country's poorest citizens, and loans of up to $13,000 to every young person to help give them a start in life.

"As a mother, I want all the children who are born and grow up in France to have the same as my own children," said Royal, 53, who sprinkled the speech with references to motherhood.

In a statement, the opposing UMP party said Royal had proposed "large public expenditures, an omnipresent state, but the candidate abstained from details of how to finance her program."

Royal's platform also contains several controversial ideas she floated earlier in the campaign, including the use of military-style training for juvenile delinquents and the creation of "citizen juries" to critique the performance of elected officials.

She suggested reforming the government bureaucracy by eliminating some ministerial posts.

Royal accused the United States of making mistakes in Iraq "because of its power," adding that France should be a solid partner with the United States but should not be intimidated by it.

Low Turnout Undercuts Portugal Vote On Abortion (NYT)

By Elaine Sciolino

The New York Times, February 12, 2007

LISBON, Feb. 11 — Portugal voted decisively in a referendum on Sunday to liberalize its restrictive abortion law, but the result was not considered valid because of low voter turnout.

Still, Prime Minister José Sócrates, a Socialist who supported the liberalization, declared victory and said he would ask Parliament, where his party enjoys a comfortable majority, to change the law.

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"The people spoke with a clear voice," Mr. Sócrates said in televised remarks after the polls closed. He added: "The law now will be discussed and approved in Parliament. Our interest is to fight clandestine abortion and we have to produce a law that respects the result of the referendum."

The vote was 59.25 percent in favor and 40.75 percent opposed, with a turnout of slightly less than 44 percent of the 8.8 million eligible voters.

At least 50 percent of eligible voters needed to cast ballots for the results to be legally binding.

In many urban centers, the margin in favor of changing the law was much higher than at the national level. In Lisbon, for example, 71.5 percent voted in favor, 28.5 percent opposed; in Faro, in the Algarve region of southern Portugal, 73.6 percent were in favor, 26.4 percent opposed.

Supporters and opponents of abortion, political commentators and pollsters attributed the lack of voter participation to the episodically rainy weather, voter apathy and even ignorance.

"Referendums, unlike regular elections, often deal with complicated issues, and people who are not politically motivated or informed have a problem making the decision to vote," Pedro Magalhães, a pollster at Catholic University of Lisbon, said on state-run RTP1 television.

Other commentators explained that the political elite misread popular opinion in assuming that a broad range of people would declare their position at the polls.

"There are two Portugals, the Portugal of the elite — politicians, newspapers and television — and the Portugal of the people," said João Marcelino, director of the mass-circulation daily tabloid Correio da Manhã. "The people are more concerned about unemployment, their salaries, the health system. The real country doesn't consider the issue of abortion important."

Despite the low turnout, supporters of abortion rights were jubilant.

"Finally after thirty years of democracy in Portugal we now can pass a law that will not treat women as criminals," said Maria Antónia Santos, a Socialist deputy. "This is the first step toward eliminating the reality of backstreet abortions. Now it's our responsibility to pass a good law."

Opponents of a change in the law said that the referendum's failure to attract at least half the electorate meant that Mr. Sócrates was wrong to call for a change in the law.

"Sócrates will be responsible for this sad chapter in Portugal's history for insisting on a political move that has split Portuguese society," José Ribeiro e Castro, head of the center-right Partido Popular, said in televised remarks. He added that the low voter turnout confirmed that for the Portuguese, abortion "was not a critical issue."

A similar referendum in 1998 took place on a sunny Sunday in June, when many Portuguese were at the beach. Only 32 percent of the electorate turned up at the polls, voting by a razor-thin margin to retain the existing law. That result was declared invalid and the restrictive 1984 law remained unchanged.

In the latest referendum, both supporters and opponents of abortion, including the Catholic Church, had urged voters to cast ballots. The referendum asked voters whether they approved legalizing abortion in the first 10 weeks of pregnancy and would have allowed women to openly seek medical support from the state-run health system.

During the day, clerics used their sermons at Sunday Mass in many parishes throughout this overwhelmingly Catholic country to remind parishioners of their duty to vote — and to vote no.

"Before baptism a life already exists that must be appreciated divinely as a gift from the creator," said Rev. Lourenço Sebastião Dias during his sermon in a Lisbon church that was broadcast on state-run RDP radio.

Mr. Sócrates had campaigned in favor of a change in the law, one of the most restrictive in the 25-nation European Union.

He had said the country's identity was at stake in the referendum. "The choice placed before Portugal is whether it resigns itself to staying in the group of the most conservative countries or if it embraces modernity," he said Thursday.

Portugal is also the only European Union member that has put on trial women who undergo illegal abortions, the health care providers who perform them and even "accomplices" like husbands or family members who might accompany them to backstreet abortionists.

The current law in Portugal allows abortion until the 12th week of pregnancy in case of "mental and physical risk," until 16 weeks in case of rape, until 24 weeks in case of a malformed fetus and at any time if the woman's life is in danger. It imposes prison sentences of up to three years for a woman who undergoes an illegal abortion and up to eight years for the person who illegally performs it.

No More Pneumonia (WP)

The Washington Post, February 12, 2007

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IN ROME LAST week, a group of leading industrialized nations backed one of those rare ideas that is popular, cost-effective and highly consequential for the world's poor. The United States was not among them -- a mistake we hope U.S. policymakers will correct as the initiative proceeds.

Currently, drug companies do not have a strong incentive to develop new medications or to increase production capacity to serve low-income countries. There's demand in developing nations for everything from better anti-retrovirals to new malaria medication, but the money isn't there, especially given the fickleness of foreign aid. So manufacturers face the unappealing prospect of investing hundreds of millions into drug development and production plants only to see the money available to buy their product disappear.

The solution Italy, Britain, Russia and a few other countries endorsed is in essence a promise to buy medication from any company willing to develop it according to World Health Organization standards and sell it at a certain price. Purchases would continue for at least 10 years, a commitment that would make the market more predictable, and the product would be delivered to poor countries.

Ultimately, donor nations hope to spur development of new drugs against malaria, HIV-AIDS and tuberculosis. But they selected pneumococcus, which causes pneumonia, meningitis and other deadly illnesses, as a test case for the scheme, and committed to buy about $1.5

billion worth of new vaccine for use in poorer countries.

Backers of the plan say that pneumococcus is a natural place to start. It is an unheralded killer, responsible for the deaths of 2 million children a year -- much larger than the annual AIDS toll. Yet the amount of money devoted to developing and producing new drugs to treat pneumococcus infections is tiny compared with that for other high-profile diseases. And, because there are drugs on the market in rich countries that effectively protect humans from the bacterium, the $1.5 billion carrot could have an effect quickly. Drug companies will rapidly decide whether or not to invest in new production capacity.

Notably absent from the agreement so far is America's contribution, even though the plan is a relatively cheap, market-based approach that could eliminate a major killer in the developing world. If the pneumococcus test case produces results, the United States should join similar ventures.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Coast Guard Should Revisit Military Contract, Report Says (NYT)

By Eric Lipton
The New York Times, February 12, 2007

WASHINGTON, Feb. 11 — The Coast Guard's $24 billion ship- and plane-building deal with two of the nation's biggest military contractors is fundamentally flawed, an independent Department of Defense assessment commissioned by the Coast Guard has concluded.

The report, by the Defense Acquisition University, does not explicitly recommend terminating the five-year-old deal with the contractors, Lockheed Martin and Northrop Grumman. But it says that if the arrangement is extended — negotiations are already under way — it should be redrafted so that it is no longer presumed that Lockheed and Northrop will play dual roles as program manager and primary builder.

The prime contractor "should be directed to consider the products and services of companies other than" those made by Lockheed and Northrop, said the report, a copy of which was given to The New York Times.

The project, known as Deepwater, is running way over budget. At the same time, all four major classes of ships that are planned or are in production have had significant problems, the report notes.

Under the current deal, the Coast Guard buys ships and planes from Lockheed and Northrop from a preset menu, with prices already negotiated. That approach should be discontinued, the report recommends, and instead, the Coast Guard should rely on a "government run, full and open competition" for purchases of at least some ships.

Even with the existing menu, Lockheed and Northrop can request higher prices for the ships, planes or electronics based on price escalation clauses "that are far broader than those allowed in major systems acquisition contracts" in the Defense Department, the report said.

Brendan McPherson, a Coast Guard spokesman, said the agency was still reviewing the report.

"Unfortunately we can't change history," Mr. McPherson said. "But we can look at where we are going with Deepwater, and figure out ways to make it better."

The report will probably only intensify calls from Congress to radically change the terms of the deal.

"We're looking for some real answers from the Coast Guard," said Katharine Lister, a spokeswoman for Senator Maria Cantwell, Democrat of Washington and chairwoman of a Coast Guard oversight panel, which is holding a hearing on the program on Wednesday. "Shuffling management structures alone is not going to cut it."

A spokeswoman for the partnership formed by Lockheed and Northrop did not respond to telephone and e-mail messages left on Sunday.

Airspace Limits Sought For Patrol Of Canada Border (WT)

By Shaun Waterman
The Washington Times, February 12, 2007

Homeland Security Department officials say they will work with the Federal Aviation Administration to impose flight restrictions around the North Dakota air base from which they plan to fly a remotely piloted plane this year to patrol regions of the U.S.-Canada border.

"We are working with the FAA to get restrictions on the airspace [above Grand Forks Air Force Base in North Dakota] during certain time windows when we fly, typically at night," said Gen. Michael Kostelnik, head of air and marine operations for U.S. Customs and Border Protection, the agency inside the Homeland Security Department that flies the pilotless aircraft, known by their military acronym UAV, for unmanned aerial vehicles.

The UAV, a version of the military Predator B equipped with special cameras and other sensors, and with the ability to stay in the air for up to 30 hours, will be able to monitor remote and inaccessible regions of the border, officials say.

The flight restrictions, which will apply to small planes operating below 18,000 feet, are necessary because of the danger of collisions, but they will draw protests from those who own or fly private planes.

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The agency already is flying one Predator B, built by General Atomics Aeronautical Systems, over the U.S.-Mexico border, where it uses the already-restricted airspace around Libby Army Air Field at Fort Huachuca, Ariz.

"But there are no restricted or prohibited areas near Grand Forks," points out Heidi Williams, the head of regulatory affairs for the Aircraft Owners and Pilots Association, and the group "would oppose any new restricted airspace created solely for UAV border patrols."

Gen. Kostelnik last week said that within three years, Grand Forks also would become the home of a National Guard UAV air wing, flying the less-sophisticated Predator A.

"We are working with the FAA to help them understand what the implications are of the growing use of UAVs," he said.

The Homeland Security UAV at Grand Forks also will require special FAA certification to fly above 18,000 feet in "positive control airspace," through which U.S. air traffic controllers guide commercial flights.

Customs and Border Protection will obtain "certificates of authorization to operate [the Predator B] in certain corridors in the national airspace" for the purpose of border patrols, Gen. Kostelnik said.

He added that the Predator B was "one of the most sophisticated aircraft on the face of the planet," and that it would fly "mainly in the evenings and at night" in places with little existing air traffic.

"I'm not interested in flying this thing ... in metropolitan areas," he said.

Customs and Border Protection will have four UAVs by the end of the year, he added. The second will join the one already flying in the Southwest in April, the third will be delivered to Grand Forks by Oct. 1, and the last, delivered by the end of the year, likely will be deployed in a maritime role.

He said a prototype drone with sea-viewing radar would be tested in Florida to assess "its look-down capabilities, [and] its performance against targets we go after down there, and explore interface issues with other [air and marine] assets we have deployed."

WHATEVER IT TAKES (NewYorker)

By Jane Mayer

The New Yorker, February 19, 2007

The politics of the man behind "24."

The office desk of Joel Surnow—the co-creator and executive producer of "24," the popular counterterrorism drama on Fox—faces a wall dominated by an American flag in a glass case. A small label reveals that the flag once flew over Baghdad, after the American invasion of Iraq, in 2003. A few years ago, Surnow received it as a gift from an Army regiment stationed in Iraq; the soldiers had shared a collection of "24" DVDs, he told me, until it was destroyed by an enemy bomb. "The military loves our show," he said recently. Surnow is fifty-two, and has the gangly, coiled energy of an athlete; his hair is close-cropped, and he has a "soul patch"—a smidgen of beard beneath his lower lip. When he was young, he worked as a carpet salesman with his father. The trick to selling anything, he learned, is to carry yourself with confidence and get the customer to like you within the first five minutes. He's got it down. "People in the Administration love the series, too," he said. "It's a patriotic show. They should love it."

Surnow's production company, Real Time Entertainment, is in the San Fernando Valley, and occupies a former pencil factory: a bland, two-story industrial building on an abject strip of parking lots and fast-food restaurants. Surnow, a cigar enthusiast, has converted a room down the hall from his office into a salon with burled-wood humidors and a full bar; his friend Rush Limbaugh, the conservative talk-radio host, sometimes joins him there for a smoke. (Not long ago, Surnow threw Limbaugh a party and presented him with a custom-made "24" smoking jacket.) The ground floor of the factory has a large soundstage on which many of "24" 's interior scenes are shot, including those set at the perpetually tense Los Angeles bureau of the Counter Terrorist Unit, or C.T.U.—a fictional federal agency that pursues America's enemies with steely resourcefulness.

Each season of "24," which has been airing on Fox since 2001, depicts a single, panic-laced day in which Jack Bauer—a heroic C.T.U. agent, played by Kiefer Sutherland—must unravel and undermine a conspiracy that imperils the nation. Terrorists are poised to set off nuclear bombs or bioweapons, or in some other way annihilate entire cities. The twisting story line forces Bauer and his colleagues to make a series of grim choices that pit liberty against security. Frequently, the dilemma is stark: a resistant suspect can either be accorded due process—allowing a terrorist plot to proceed—or be tortured in pursuit of a lead. Bauer invariably chooses coercion. With unnerving efficiency, suspects are beaten, suffocated, electrocuted, drugged, assaulted with knives, or more exotically abused; almost without fail, these suspects divulge critical secrets.

The show's appeal, however, lies less in its violence than in its giddily literal rendering of a classic thriller trope: the "ticking time bomb" plot. Each hour-long episode represents an hour in the life of the characters, and every minute that passes onscreen brings the United States a minute closer to doomsday. (Surnow came up with this concept, which he calls the show's "trick.") As many as half a dozen interlocking stories unfold simultaneously—frequently on a split screen—and a digital clock appears before

and after every commercial break, marking each second with an ominous clang. The result is a riveting sensation of narrative velocity.

Bob Cochran, who created the show with Surnow, admitted, "Most terrorism experts will tell you that the 'ticking time bomb' situation never occurs in real life, or very rarely. But on our show it happens every week." According to Darius Rejali, a professor of political science at Reed College and the author of the forthcoming book "Torture and Democracy," the conceit of the ticking time bomb first appeared in Jean Lartéguy's 1960 novel "Les Centurions," written during the brutal French occupation of Algeria. The book's hero, after beating a female Arab dissident into submission, uncovers an imminent plot to explode bombs all over Algeria and must race against the clock to stop it. Rejali, who has examined the available records of the conflict, told me that the story has no basis in fact. In his view, the story line of "Les Centurions" provided French liberals a more palatable rationale for torture than the racist explanations supplied by others (such as the notion that the Algerians, inherently simpleminded, understood only brute force). Lartéguy's scenario exploited an insecurity shared by many liberal societies—that their enlightened legal systems had made them vulnerable to security threats.

"24," which last year won an Emmy Award for Outstanding Drama Series, packs an improbable amount of intrigue into twenty-four hours, and its outlandishness marks it clearly as a fantasy, an heir to the baroque potboilers of Tom Clancy and Vince Flynn. Nevertheless, the show obviously plays off the anxieties that have beset the country since September 11th, and it sends a political message. The series, Surnow told me, is "ripped out of the Zeitgeist of what people's fears are—their paranoia that we're going to be attacked," and it "makes people look at what we're dealing with" in terms of threats to national security. "There are not a lot of measures short of extreme measures that will get it done," he said, adding, "America wants the war on terror fought by Jack Bauer. He's a patriot."

For all its fictional liberties, "24" depicts the fight against Islamist extremism much as the Bush Administration has defined it: as an all-consuming struggle for America's survival that demands the toughest of tactics. Not long after September 11th, Vice-President Dick Cheney alluded vaguely to the fact that America must begin working through the "dark side" in countering terrorism. On "24," the dark side is on full view. Surnow, who has jokingly called himself a "right-wing nut job," shares his show's hard-line perspective. Speaking of torture, he said, "Isn't it obvious that if there was a nuke in New York City that was about to blow—or any other city in this country—that, even if you were going to go to jail, it would be the right thing to do?"

Since September 11th, depictions of torture have become much more common on American television. Before the attacks, fewer than four acts of torture appeared on prime-time television each year, according to Human Rights First, a nonprofit organization. Now there are more than a hundred, and, as David Danzig, a project director at Human Rights First, noted, "the torturers have changed. It used to be almost exclusively the villains who tortured. Today, torture is often perpetrated by the heroes." The Parents' Television Council, a nonpartisan watchdog group, has counted what it says are sixty-seven torture scenes during the first five seasons of "24"—more than one every other show. Melissa Caldwell, the council's senior director of programs, said, " '24' is the worst offender on television: the most frequent, most graphic, and the leader in the trend of showing the protagonists using torture."

The show's villains usually inflict the more gruesome tortures: their victims are hung on hooks, like carcasses in a butcher shop; poked with smoking-hot scalpels; or abraded with sanding machines. In many episodes, however, heroic American officials act as tormentors, even though torture is illegal under U.S. law. (The United Nations Convention Against Torture, which took on the force of federal law when it was ratified by the Senate in 1994, specifies that "no exceptional circumstances, whatsoever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture.") In one episode, a fictional President commands a member of his Secret Service to torture a suspected traitor: his national-security adviser. The victim is jolted with defibrillator paddles while his feet are submerged in a tub filled with water. As the voltage is turned up, the President, who is depicted as a scrupulous leader, watches the suspect suffer on a video feed. The viewer, who knows that the adviser is guilty and harbors secrets, becomes complicit in hoping that the torture works. A few minutes before the suspect gives in, the President utters the show's credo, "Everyone breaks eventually." (Virtually the sole exception to this rule is Jack Bauer. The current season begins with Bauer being released from a Chinese prison, after two years of ceaseless torture; his back is scarred and his hands are burnt, but a Communist official who transfers Bauer to U.S. custody says that he "never broke his silence.")

C.T.U. agents have used some of the same controversial interrogation methods that the U.S. has employed on some Al Qaeda suspects. In one instance, Bauer denies painkillers to a female terrorist who is suffering from a bullet wound, just as American officials have acknowledged doing in the case of Abu Zubaydah—one of the highest-ranking Al Qaeda operatives in U.S. custody. "I need to use every advantage I've got," Bauer explains to the victim's distressed sister.

The show sometimes toys with the audience's discomfort about abusive interrogations. In Season Two, Bauer threatens to murder a terrorist's wife and children, one by one, before the prisoner's eyes. The suspect watches, on closed-circuit television, what appears to be an execution-style slaying of his son. Threatened with the murder of additional family members, the father

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gives up vital information—but Bauer appears to have gone too far. It turns out, though, that the killing of the child was staged. Bauer, the show implies, hasn't crossed the line after all. Yet, under U.S. and international law, a mock execution is considered psychological torture, and is illegal.

On one occasion, Bauer loses his nerve about inflicting torture, but the show implicitly rebukes his qualms. In the episode, Bauer attempts to break a suspected terrorist by plunging a knife in his shoulder; the victim's screams clearly disquiet him. Bauer says to an associate, unconvincingly, that he has looked into the victim's eyes and knows that "he's not going to tell us anything." The other man takes over, fiercely gouging the suspect's knee—at which point the suspect yells out details of a plot to explode a suitcase nuke in Los Angeles.

Throughout the series, secondary characters raise moral objections to abusive interrogation tactics. Yet the show never engages in a serious dialogue on the subject. Nobody argues that torture doesn't work, or that it undermines America's foreign-policy strategy. Instead, the doubters tend to be softhearted dupes. A tremulous liberal, who defends a Middle Eastern neighbor from vigilantism, is killed when the neighbor turns out to be a terrorist. When a civil-liberties-minded lawyer makes a high-toned argument to a Presidential aide against unwarranted detentions—"You continue to arrest innocent people, you're giving the terrorists exactly what they want," she says—the aide sarcastically responds, "Well! You've got the makings of a splendid law-review article here. I'll pass it on to the President."

In another episode, a human-rights lawyer from a fictional organization called Amnesty Global tells Bauer, who wants to rough up an uncharged terror suspect, that he will violate the Constitution. Bauer responds, "I don't wanna bypass the Constitution, but these are extraordinary circumstances." He appeals to the President, arguing that any interrogation permitted by the law won't be sufficiently harsh. "If we want to procure any information from this suspect, we're going to have to do it behind closed doors," he says.

"You're talking about torturing this man?" the President says.

"I'm talking about doing what's necessary to stop this warhead from being used against us," Bauer answers.

When the President wavers, Bauer temporarily quits his job so that he can avoid defying the chain of command, and breaks the suspect's fingers. The suspect still won't talk, so Bauer puts a knife to his throat; this elicits the desired information. He then knocks the suspect out with a punch, telling him, "This will help you with the pain."

Howard Gordon, who is the series' "show runner," or lead writer, told me that he concocts many of the torture scenes himself. "Honest to God, I'd call them improvisations in sadism," he said. Several copies of the C.I.A.'s 1963 KUBARK interrogation manual can be found at the "24" offices, but Gordon said that, "for the most part, our imaginations are the source. Sometimes these ideas are inspired by a scene's location or come from props—what's on the set." He explained that much of the horror is conjured by the viewer. "To see a scalpel and see it move below the frame of the screen is a lot scarier than watching the whole thing. When you get a camera moving fast, and someone screaming, it really works." In recent years, he said, "we've resorted a lot to a pharmacological sort of thing." A character named Burke—a federal employee of the C.T.U. who carries a briefcase filled with elephantine hypodermic needles—has proved indispensable. "He'll inject chemicals that cause horrible pain that can knock down your defenses—a sort of sodium pentothal plus," Gordon said. "When we're stuck, we say, 'Call Burke!' " He added, "The truth is, there's a certain amount of fatigue. It's getting hard not to repeat the same torture techniques over and over."

Gordon, who is a "moderate Democrat," said that it worries him when "critics say that we've enabled and reflected the public's appetite for torture. Nobody wants to be the handmaid to a relaxed policy that accepts torture as a legitimate means of interrogation." He went on, "But the premise of '24' is the ticking time bomb. It takes an unusual situation and turns it into the meat and potatoes of the show." He paused. "I think people can differentiate between a television show and reality."

This past November, U.S. Army Brigadier General Patrick Finnegan, the dean of the United States Military Academy at West Point, flew to Southern California to meet with the creative team behind "24." Finnegan, who was accompanied by three of the most experienced military and F.B.I. interrogators in the country, arrived on the set as the crew was filming. At first, Finnegan—wearing an immaculate Army uniform, his chest covered in ribbons and medals—aroused confusion: he was taken for an actor and was asked by someone what time his "call" was.

In fact, Finnegan and the others had come to voice their concern that the show's central political premise—that the letter of American law must be sacrificed for the country's security—was having a toxic effect. In their view, the show promoted unethical and illegal behavior and had adversely affected the training and performance of real American soldiers. "I'd like them to stop," Finnegan said of the show's producers. "They should do a show where torture backfires."

The meeting, which lasted a couple of hours, had been arranged by David Danzig, the Human Rights First official. Several top producers of "24" were present, but Surnow was conspicuously absent. Surnow explained to me, "I just can't sit in a room that long. I'm too A.D.D.—I can't sit still." He told the group that the meeting conflicted with a planned conference call with Roger Ailes, the chairman of the Fox News Channel. (Another participant in the conference call attended the meeting.) Ailes wanted to

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discuss a project that Surnow has been planning for months: the début, on February 18th, of "The Half Hour News Hour," a conservative satirical treatment of the week's news; Surnow sees the show as offering a counterpoint to the liberal slant of "The Daily Show with Jon Stewart."

Before the meeting, Stuart Herrington, one of the three veteran interrogators, had prepared a list of seventeen effective techniques, none of which were abusive. He and the others described various tactics, such as giving suspects a postcard to send home, thereby learning the name and address of their next of kin. After Howard Gordon, the lead writer, listened to some of Herrington's suggestions, he slammed his fist on the table and joked, "You're hired!" He also excitedly asked the West Point delegation if they knew of any effective truth serums.

At other moments, the discussion was more strained. Finnegan told the producers that "24," by suggesting that the U.S. government perpetrates myriad forms of torture, hurts the country's image internationally. Finnegan, who is a lawyer, has for a number of years taught a course on the laws of war to West Point seniors—cadets who would soon be commanders in the battlefields of Iraq and Afghanistan. He always tries, he said, to get his students to sort out not just what is legal but what is right. However, it had become increasingly hard to convince some cadets that America had to respect the rule of law and human rights, even when terrorists did not. One reason for the growing resistance, he suggested, was misperceptions spread by "24," which was exceptionally popular with his students. As he told me, "The kids see it, and say, 'If torture is wrong, what about "24"?' " He continued, "The disturbing thing is that although torture may cause Jack Bauer some angst, it is always the patriotic thing to do."

Gary Solis, a retired law professor who designed and taught the Law of War for Commanders curriculum at West Point, told me that he had similar arguments with his students. He said that, under both U.S. and international law, "Jack Bauer is a criminal. In real life, he would be prosecuted." Yet the motto of many of his students was identical to Jack Bauer's: "Whatever it takes." His students were particularly impressed by a scene in which Bauer barges into a room where a stubborn suspect is being held, shoots him in one leg, and threatens to shoot the other if he doesn't talk. In less than ten seconds, the suspect reveals that his associates plan to assassinate the Secretary of Defense. Solis told me, "I tried to impress on them that this technique would open the wrong doors, but it was like trying to stomp out an anthill."

The "24" producers told the military and law-enforcement experts that they were careful not to glamorize torture; they noted that Bauer never enjoys inflicting pain, and that it had clearly exacted a psychological toll on the character. (As Gordon put it to me, "Jack is basically damned.") Finnegan and the others disagreed, pointing out that Bauer remains coolly rational after committing barbarous acts, including the decapitation of a state's witness with a hacksaw. Joe Navarro, one of the F.B.I.'s top experts in questioning techniques, attended the meeting; he told me, "Only a psychopath can torture and be unaffected. You don't want people like that in your organization. They are untrustworthy, and tend to have grotesque other problems."

Cochran, who has a law degree, listened politely to the delegation's complaints. He told me that he supports the use of torture "in narrow circumstances" and believes that it can be justified under the Constitution. "The Doctrine of Necessity says you can occasionally break the law to prevent greater harm," he said. "I think that could supersede the Convention Against Torture." (Few legal scholars agree with this argument.) At the meeting, Cochran demanded to know what the interrogators would do if they faced the imminent threat of a nuclear blast in New York City, and had custody of a suspect who knew how to stop it. One interrogator said that he would apply physical coercion only if he received a personal directive from the President. But Navarro, who estimates that he has conducted some twelve thousand interrogations, replied that torture was not an effective response. "These are very determined people, and they won't turn just because you pull a fingernail out," he told me. And Finnegan argued that torturing fanatical Islamist terrorists is particularly pointless. "They almost welcome torture," he said. "They expect it. They want to be martyred." A ticking time bomb, he pointed out, would make a suspect only more unwilling to talk. "They know if they can simply hold out several hours, all the more glory—the ticking time bomb will go off!"

The notion that physical coercion in interrogations is unreliable, although widespread among military intelligence officers and F.B.I. agents, has been firmly rejected by the Bush Administration. Last September, President Bush defended the C.I.A.'s use of "an alternative set of procedures." In order to "save innocent lives," he said, the agency needed to be able to use "enhanced" measures to extract "vital information" from "dangerous" detainees who were aware of "terrorist plans we could not get anywhere else."

Although reports of abuses by U.S. troops in Iraq and Afghanistan and at Guantánamo Bay, Cuba, have angered much of the world, the response of Americans has been more tepid. Finnegan attributes the fact that "we are generally more comfortable and more accepting of this," in part, to the popularity of "24," which has a weekly audience of fifteen million viewers, and has reached millions more through DVD sales. The third expert at the meeting was Tony Lagouranis, a former Army interrogator in the war in Iraq. He told the show's staff that DVDs of shows such as "24" circulate widely among soldiers stationed in Iraq. Lagouranis said to me, "People watch the shows, and then walk into the interrogation booths and do the same things they've just seen." He recalled that some men he had worked with in Iraq watched a television program in which a suspect was forced to

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hear tortured screams from a neighboring cell; the men later tried to persuade their Iraqi translator to act the part of a torture "victim," in a similar intimidation ploy. Lagouranis intervened: such scenarios constitute psychological torture.

"In Iraq, I never saw pain produce intelligence," Lagouranis told me. "I worked with someone who used waterboarding"—an interrogation method involving the repeated near-drowning of a suspect. "I used severe hypothermia, dogs, and sleep deprivation. I saw suspects after soldiers had gone into their homes and broken their bones, or made them sit on a Humvee's hot exhaust pipes until they got third-degree burns. Nothing happened." Some people, he said, "gave confessions. But they just told us what we already knew. It never opened up a stream of new information." If anything, he said, "physical pain can strengthen the resolve to clam up."

Last December, the Intelligence Science Board, an advisory panel to the U.S. intelligence community, released a report declaring that "most observers, even those within professional circles, have unfortunately been influenced by the media's colorful (and artificial) view of interrogation as almost always involving hostility." In a clear reference to "24," the report noted:

Prime-time television increasingly offers up plot lines involving the incineration of metropolitan Los Angeles by an atomic weapon or its depopulation by an aerosol nerve toxin. The characters do not have the time to reflect upon, much less to utilize, what real professionals know to be the "science and art" of "educing information." They want results. Now. The public thinks the same way. They want, and rightly expect, precisely the kind of "protection" that only a skilled intelligence professional can provide. Unfortunately, they have no idea how such a person is supposed to act "in real life."

Lagouranis told the "24" team what the U.S. military and the F.B.I. teach real intelligence professionals: "rapport-building," the slow process of winning over informants, is the method that generally works best. There are also nonviolent ruses, he explained, and ways to take suspects by surprise. The "24" staff seemed interested in the narrative possibilities of such techniques; Lagouranis recalled, "They told us that they'd love to incorporate ruses and rapport-building." At the same time, he said, Cochran and the others from "24" worried that such approaches would "take too much time" on an hour-long television show.

The delegation of interrogators left the meeting with the feeling that the story lines on "24" would be changed little, if at all. "It shows they have a social conscience that they'd even meet with us at all," Navarro said. "They were receptive. But they have a format that works. They have won a lot of awards. Why would they want to play with a No. 1 show?" Lagouranis said of the "24" team, "They were a bit prickly. They have this money-making machine, and we were telling them it's immoral."

Afterward, Danzig and Finnegan had an on-set exchange with Kiefer Sutherland, who is reportedly paid ten million dollars a year to play Jack Bauer. Sutherland, the grandson of Tommy Douglas, a former socialist leader in Canada, has described his own political views as anti-torture, and "leaning toward the left." According to Danzig, Sutherland was "really upset, really intense" and stressed that he tries to tell people that the show "is just entertainment." But Sutherland, who claimed to be bored with playing torture scenes, admitted that he worried about the "unintended consequences of the show." Danzig proposed that Sutherland participate in a panel at West Point or appear in a training film in which he made clear that the show's torture scenes are not to be emulated. (Surnow, when asked whether he would participate in the video, responded, "No way." Gordon, however, agreed to be filmed.) Sutherland declined to answer questions for this article, but, in a recent television interview with Charlie Rose, his ambivalence about his character's methods was palpable. He condemned the abuse of U.S.-held detainees at Abu Ghraib prison, in Iraq, as "absolutely criminal," particularly for a country that tells others that "democracy and freedom" are the "way to go." He also said, "You can torture someone and they'll basically tell you exactly what you want to hear. . . . Torture is not a way of procuring information." But things operate differently, he said, on television: "24," he said, is "a fantastical show. . . . Torture is a dramatic device."

The creators of "24" deny that the show presents only a conservative viewpoint. They mention its many prominent Democratic fans—including Barbra Streisand and Bill Clinton—and the diversity of political views among its writers and producers. Indeed, the story lines sometimes have a liberal tilt. The conspiracy plot of Season Five, for example, turns on oligarchic businessmen who go to despicable lengths to protect their oil interests; the same theme anchors liberal-paranoia thrillers such as "Syriana." This season, a White House directive that flags all federal employees of Middle Eastern descent as potential traitors has been presented as a gross overreaction, and a White House official who favors police-state tactics has come off as scheming and ignoble. Yet David Nevins, the former Fox Television network official who, in 2000, bought the pilot on the spot after hearing a pitch from Surnow and Cochran, and who maintains an executive role in "24," is candid about the show's core message. "There's definitely a political attitude of the show, which is that extreme measures are sometimes necessary for the greater good," he says. "The show doesn't have much patience for the niceties of civil liberties or due process. It's clearly coming from somewhere. Joel's politics suffuse the whole show."

Surnow, for his part, revels in his minority status inside the left-leaning entertainment industry. "Conservatives are the new oppressed class," he joked in his office. "Isn't it bizarre that in Hollywood it's easier to come out as gay than as conservative?" His success with "24," he said, has protected him from the more righteous elements of the Hollywood establishment. "Right now,

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they have to be nice to me," he said. "But if the show tanks I'm sure they'll kill me." He spoke of his new conservative comedy show as an even bigger risk than "24." "I'll be front and center on the new show," he said, then joked, "I'm ruining my chances of ever working again in Hollywood."

Although he was raised in Beverly Hills—he graduated in 1972 from Beverly Hills High—Surnow said that he has always felt like an outsider. His classmates were mostly wealthy, but his father was an itinerant carpet salesman who came to California from Detroit. He cold-called potential customers, most of whom lived in Compton and Watts. Surnow was much younger than his two brothers, and he grew up virtually as an only child, living in a one-bedroom apartment in an unfashionable area south of Olympic Boulevard, where he slept on a foldout cot. If his father made a sale, he'd come home and give him the thumbs-up. But Surnow said that nine out of ten nights ended in failure. "If he made three sales a month, we could stay where we lived," he recalled. His mother, who worked as a saleswoman in a clothing store, "fought depression her whole life." Surnow, who describes his parents as "wonderful people," said, "I was a latchkey kid. . . . I raised myself." He played tennis on his high-school team but gave it up after repeatedly losing to players who could afford private lessons.

Roger Director, a television producer and longtime friend, said that he "loves" Surnow. But, he went on, "He feels looked down upon by the world, and that kind of emotional dynamic underpins a lot of things. It's kind of 'Joel against the world.' It's as if he feels, I had to fight and claw for everything I got. It's a tough world, and no one's looking out for you." As a result, Director said, "Joel's not sentimental. He has a hard-hearted thing."

Surnow's parents were F.D.R. Democrats. He recalled, "It was just assumed, especially in the Jewish community"—to which his family belonged. "But when you grow up you start to challenge your parents' assumptions. 'Am I Jewish? Am I a Democrat?' " Many of his peers at the University of California at Berkeley, where he attended college, were liberals or radicals. "They were all socialists and Marxists, but living off their family money," he recalled. "It seemed to me there was some obvious hypocrisy here. It was absurd." Although he wasn't consciously political, he said, "I felt like I wasn't like these people." In 1985, he divorced his wife, a medical student, who was Jewish, and with whom he has two daughters. (His relationships with them are strained.) Four years later, he remarried. His wife, who used to work in film development, is Catholic; they have three daughters, whom they send to Catholic schools. He likes to bring his girls to the set and rushes home for his wife's pork-chop dinners. "I got to know who I was and who I wasn't," he said. "I wasn't the perfect Jewish kid who is married, with a Jewish family." Instead, he said, "I decided I like Catholics. They're so grounded. I sort of reoriented myself."

While studying at Berkeley, Surnow worked as an usher at the Pacific Film Archive, where he saw at least five hundred movies. A fan of crime dramas such as "Mean Streets" and "The Godfather," he discovered foreign films as well. "That was my awakening," he said. In 1975, Surnow enrolled at the U.C.L.A. film school. Soon after graduation, he began writing for film; he then switched to television. He was only modestly successful, and had many "lost years," when he considered giving up and taking over his father's carpet business. His breakthrough came when he began writing for "Miami Vice," in 1984. "It just clicked—I just got it!" he recalled. "It was just like when you don't know how to speak a language and suddenly you do. I knew how to tell a story." By the end of the year, Universal, which owned the show, put Surnow in charge of his own series, "The Equalizer," about a C.I.A. agent turned vigilante. The series was a success, but, Surnow told me, "I was way too arrogant. I sort of pissed off the network." Battles for creative control have followed Surnow to "24," where, Nevins said admiringly, he continues to push for "unconventional and dangerous choices."

Surnow's tough stretches in Hollywood, he said, taught him that there were "two kinds of people" in entertainment: "those who want to be geniuses, and those who want to work." At first, he said, "I wanted to be a genius. But at a certain point I realized I just desperately wanted to work." Brian Grazer, an executive producer of "24," who has primarily produced films, said that "TV guys either get broken by the system, or they get so tough that they have no warmth at all." Surnow, he said, is "a devoted family man" and "a really close friend." But when Grazer first met Surnow, he recalled, "I nearly walked out. He was really glib and insulting. I was shocked. He's a tough guy. He's a meat-eating alpha male. He's a monster!" He observed, "Maybe Jack Bauer has some parts of him."

During three decades as a journeyman screenwriter, Surnow grew increasingly conservative. He "hated welfare," which he saw as government handouts. Liberal courts also angered him. He loved Ronald Reagan's "strength" and disdained Jimmy Carter's "belief that people would be nice to us just because we were humane. That never works." He said of Reagan, "I can hardly think of him without breaking into tears. I just felt Ronald Reagan was the father that this country needed. . . . He made me feel good that I was in his family."

Surnow said that he found the Clinton years obnoxious. "Hollywood under Clinton—it was like he was their guy," he said. "He was the yuppie, baby-boomer narcissist that all of Hollywood related to." During those years, Surnow recalled, he had countless arguments with liberal colleagues, some of whom stopped speaking to him. "My feeling is that the liberals' ideas are wrong," he said. "But they think I'm evil." Last year, he contributed two thousand dollars to the losing campaign of Pennsylvania's

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hard-line Republican senator Rick Santorum, because he "liked his position on immigration." His favorite bumper sticker, he said, is "Except for Ending Slavery, Fascism, Nazism & Communism, War Has Never Solved Anything."

Although he is a supporter of President Bush—he told me that "America is in its glory days"—Surnow is critical of the way the war in Iraq has been conducted. An "isolationist" with "no faith in nation-building," he thinks that "we could have been out of this thing three years ago." After deposing Saddam Hussein, he argued, America should have "just handed it to the Baathists and . . . put in some other monster who's going to keep these people in line but who's not going to be aggressive to us." In his view, America "is sort of the parent of the world, so we have to be stern but fair to people who are rebellious to us. We don't spoil them. That's not to say you abuse them, either. But you have to know who the adult in the room is."

Surnow's rightward turn was encouraged by one of his best friends, Cyrus Nowrasteh, a hard-core conservative who, in 2006, wrote and produced "The Path to 9/11," a controversial ABC miniseries that presented President Clinton as having largely ignored the threat posed by Al Qaeda. (The show was denounced as defamatory by Democrats and by members of the 9/11 Commission; their complaints led ABC to call the program a "dramatization," not a "documentary.") Surnow and Nowrasteh met in 1985, when they worked together on "The Equalizer." Nowrasteh, the son of a deposed adviser to the Shah of Iran, grew up in Madison, Wisconsin, where, like Surnow, he was alienated by the radicalism around him. He told me that he and Surnow, in addition to sharing an admiration for Reagan, found "L.A. a stultifying, stifling place because everyone thinks alike." Nowrasteh said that he and Surnow regard "24" as a kind of wish fulfillment for America. "Every American wishes we had someone out there quietly taking care of business," he said. "It's a deep, dark ugly world out there. Maybe this is what Ollie North was trying to do. It would be nice to have a secret government that can get the answers and take care of business—even kill people. Jack Bauer fulfills that fantasy."

In recent years, Surnow and Nowrasteh have participated in the Liberty Film Festival, a group dedicated to promoting conservatism through mass entertainment. Surnow told me that he would like to counter the prevailing image of Senator Joseph McCarthy as a demagogue and a liar. Surnow and his friend Ann Coulter—the conservative pundit, and author of the pro-McCarthy book "Treason"—talked about creating a conservative response to George Clooney's recent film "Good Night, and Good Luck." Surnow said, "I thought it would really provoke people to do a movie that depicted Joe McCarthy as an American hero or, maybe, someone with a good cause who maybe went too far." He likened the Communist sympathizers of the nineteen-fifties to terrorists: "The State Department in the fifties was infiltrated by people who were like Al Qaeda." But, he said, he shelved the project. "The blacklist is Hollywood's orthodoxy," he said. "It's not a movie I could get done now."

A year and a half ago, Surnow and Manny Coto, a "24" writer with similar political views, talked about starting a conservative television network. "There's a gay network, a black network—there should be a conservative network," Surnow told me. But as he and Coto explored the idea they realized that "we weren't distribution guys—we were content guys." Instead, the men developed "The Half Hour News Hour," the conservative satire show. " 'The Daily Show' tips left," Surnow said. "So we thought, Let's do one that tips right." Jon Stewart's program appears on Comedy Central, an entertainment channel. But, after Surnow got Rush Limbaugh to introduce him to Roger Ailes, Fox News agreed to air two episodes. The program, which will follow the fake-news format popularized by "Saturday Night Live," will be written by conservative humorists, including Sandy Frank and Ned Rice. Surnow said of the show, "There are so many targets, from global warming to banning tag on the playground. There's a lot of low-hanging fruit."

Last March, Supreme Court Justice Clarence Thomas and his wife, Virginia, joined Surnow and Howard Gordon for a private dinner at Rush Limbaugh's Florida home. The gathering inspired Virginia Thomas—who works at the Heritage Foundation, a conservative think tank—to organize a panel discussion on "24." The symposium, sponsored by the foundation and held in June, was entitled " '24' and America's Image in Fighting Terrorism: Fact, Fiction, or Does It Matter?" Homeland Security Secretary Michael Chertoff, who participated in the discussion, praised the show's depiction of the war on terrorism as "trying to make the best choice with a series of bad options." He went on, "Frankly, it reflects real life." Chertoff, who is a devoted viewer of "24," subsequently began an e-mail correspondence with Gordon, and the two have since socialized in Los Angeles. "It's been very heady," Gordon said of Washington's enthusiasm for the show. Roger Director, Surnow's friend, joked that the conservative writers at "24" have become "like a Hollywood television annex to the White House. It's like an auxiliary wing."

The same day as the Heritage Foundation event, a private luncheon was held in the Wardrobe Room of the White House for Surnow and several others from the show. (The event was not publicized.) Among the attendees were Karl Rove, the deputy chief of staff; Tony Snow, the White House spokesman; Mary Cheney, the Vice-President's daughter; and Lynn Cheney, the Vice-President's wife, who, Surnow said, is "an extreme '24' fan." After the meal, Surnow recalled, he and his colleagues spent more than an hour visiting with Rove in his office. "People have this image of him as this snake-oil-dirty, secretive guy, but in his soul he's a history professor," Surnow said. He was less impressed with the Situation Room, which, unlike the sleek high-tech version at C.T.U., "looked like some old tearoom in a Victorian house."

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The Heritage Foundation panel was moderated by Limbaugh. At one point, he praised the show's creators, dropped his voice to a stage whisper, and added, to the audience's applause, "And most of them are conservative." When I spoke with Limbaugh, though, he reinforced the show's public posture of neutrality. "People think that they've got a bunch of right-wing writers and producers at '24,' and they're subtly sending out a message," he said. "I don't think that's happening. They're businessmen, and they don't have an agenda." Asked about the show's treatment of torture, he responded, "Torture? It's just a television show! Get a grip."

In fact, many prominent conservatives speak of "24" as if it were real. John Yoo, the former Justice Department lawyer who helped frame the Bush Administration's "torture memo"—which, in 2002, authorized the abusive treatment of detainees—invokes the show in his book "War by Other Means." He asks, "What if, as the popular Fox television program '24' recently portrayed, a high-level terrorist leader is caught who knows the location of a nuclear weapon?" Laura Ingraham, the talk-radio host, has cited the show's popularity as proof that Americans favor brutality. "They love Jack Bauer," she noted on Fox News. "In my mind, that's as close to a national referendum that it's O.K. to use tough tactics against high-level Al Qaeda operatives as we're going to get." Surnow once appeared as a guest on Ingraham's show; she told him that, while she was undergoing chemotherapy for breast cancer, "it was soothing to see Jack Bauer torture these terrorists, and I felt better." Surnow joked, "We love to torture terrorists—it's good for you!"

As a foe of political correctness, Surnow seems to be unburdened by the controversy his show has stirred. "24," he acknowledged, has been criticized as racially insensitive, because it frequently depicts Arab-Americans as terrorists. He said in response, "Our only politics are that terrorists are bad. In some circles, that's political." As he led me through the Situation Room set on the Real Time soundstage, I asked him if "24" has plans to use the waterboarding interrogation method, which has been defended by Vice-President Cheney but is considered torture by the U.S. military. Surnow laughed and said, "Yes! But only with bottled water—it's Hollywood!"

In a more sober tone, he said, "We've had all of these torture experts come by recently, and they say, 'You don't realize how many people are affected by this. Be careful.' They say torture doesn't work. But I don't believe that. I don't think it's honest to say that if someone you love was being held, and you had five minutes to save them, you wouldn't do it. Tell me, what would you do? If someone had one of my children, or my wife, I would hope I'd do it. There is nothing—nothing—I wouldn't do." He went on, "Young interrogators don't need our show. What the human mind can imagine is so much greater than what we show on TV. No one needs us to tell them what to do. It's not like somebody goes, 'Oh, look what they're doing, I'll do that.' Is it?"

HOMELAND RESPONSE:

Escaping The Watch List (USNEWS)

By Angie C. Marek

U.S. News and World Report, February 12, 2007

David Taylor, a 58-year-old grandfather of five from the Boston area, never could have imagined such a nightmare. About three years ago, airport officials told him he appeared to be on a special terrorism watch list used by the Transportation Security Administration to flag some passengers for extra security screening. After that, he began to spend "what felt like a lot of my life" trying to fix the trouble, calling everyone from Ed Markey, his representative; to Washington megacontractors; to the Library of Congress. He even sent the TSA the original version of his birth certificate. For security reasons, TSA doesn't tell people who appeal their case whether their identity is ultimately cleared. "All I know is I haven't had problems for the last year or so," Taylor says now.

Taylor has no idea why-or even if-he was ever on the watch list or whether there's some other David Taylor out there who's a threat. But there may be fewer of those Kafka-esque stories if the Department of Homeland Security has its way. DHS is engaged in an aggressive effort to clean out extraneous names from the watch lists. It's also launching a website to help people appeal identity mix-ups. But Congress has its own ideas about fixing the screening system, and critics say the process has an awfully long way to go.

The problem, of course, is relatively new. Before 9/11, just 16 names were on the no-fly list, meaning people with those names couldn't board U.S. airplanes. Today, the TSA maintains a presumably larger no-fly list, as well as a selectee list, which designates people who get special security screening. The numbers of names on the lists are classified, although CBS News's 60 Minutes found 119,000 names on the two lists last March. But those are just a subset of the master list of potential terrorists that President George W. Bush asked intelligence agencies to cobble together in 2003. That list has been held in National Counterterrorism Center and has been reported to total some 325,000 names. Parts of it are passed along to the FBI's Terrorist Screening Center, which uses some of the names to make up the TSA's lists.

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"Scrub." The TSA lists are supposed to include only people deemed threats to aviation, but problems are legendary. Massachusetts Sen. Edward Kennedy and Catherine Stevens, wife of Alaska Sen. Ted Stevens, are among those who have been snagged. Kip Hawley, the head of the TSA, revealed last month that his agency has been giving its lists "a thorough scrub." About six months ago, his agency for the first time sent full-time TSA investigators to the FBI to check each name. Hawley says when the process is finished in a couple of months, "we'll have cut the [no-fly] list in half."

The redress process has also improved. At one point, people petitioning to get off the list had to submit notarized copies of documents like birth certificates to the TSA; today, a copy of a passport and some forms on a website will do. A once months-long process now takes on average less than 10 days. But more than 20,000 people sent in personal information to try to clear their identities in 2006 alone. People who have proved they have a similar name to someone on the watch list-but are not the actual target-are put on a special "cleared" list that goes to airports.

Terror's Next Target? (USNEWS)

By Stephen Flynn

U.S. News and World Report, February 12, 2007

Retired U.S. Coast Guard officer Stephen Flynn is a prominent homeland-security expert and a senior fellow at the Council on Foreign Relations. He frequently testifies before Congress on port- and border-security issues and authored the bestselling book, America the Vulnerable, in 2004. He also served as an adviser to the U.S. Commission on National Security/21st Century, a task force led by former Sens. Gary Hart and Warren Rudman that issued seminal reports on terrorism, including one just before 9/11. In a new book, The Edge of Disaster: Rebuilding a Resilient Nation, Flynn argues that ailing infrastructure like weakened dams, levees, and power grids-as well as America's underinvestment in homeland security-makes the country susceptible to a catastrophe that could kill thousands.

CONSIDER THIS. It's a warm Friday evening in June, and nearly 40,000 baseball fans are gathered at Philadelphia's Citizens Bank Park to watch the home team play the New York Mets. Most of the stadium's 21,000 parking spaces are filled, and, just a few hundred yards away, Interstate 95 is crowded with travelers heading for Atlantic City and the Jersey Shore. Just 2 miles due west, workers on the night shift are arriving at the 1,000-acre Sunoco oil refinery on the banks of the Schuylkill River. A light breeze is blowing toward the east-ideal conditions for a terrorist operation.

Three young men gather in a vacant lot in Camden, N.J., just across the Delaware River. The leader is a British national who spent much of 2004 in Iraq. Angered by the U.S. invasion, he traveled across Europe to Turkey and slipped into the country to join other insurgents. A second-generation Pakistani with a mechanical engineering degree, he received training in bomb-making from an Iranian tutor in Iraq and participated in two attacks on Iraqi oil refineries.

In the spring of 2005, a few months after returning home, the same man traveled to the United States. Having never run afoul of the law in England, his name was not on any terrorist watch list. Upon arrival, he answered the standard entry questions and was fingerprinted. With a letter of introduction from a radical British sheik, he found his way to a Jersey City mosque, where he met two Americans: an Egyptian college student recruited at a campus speaking event and the student's older cousin.

Working with a local imam, the Americans had hatched a plan to use a commercial tanker truck to target the Sunoco refinery. It's hardly a novel technique: Terrorists used a tanker truck in the bombing of the Khobar Towers in Saudi Arabia on June 25, 1996, which killed 19 servicemen and wounded 372 people. In Iraq, trucks have been used in many suicide attacks, including the 2003 bombing of the United Nations headquarters.

Thousands of tanker trucks operate in the tri-state area of New York, New Jersey, and Connecticut. The older cousin holds a commercial trucker's license and an authorization from the Department of Homeland Security to carry hazardous materials, a certification available to almost anyone with no criminal record or history of being committed to a mental institution. He works as a driver for an independent gasoline distributor. His cousin, the student, is also an apprentice painter with one of the thousand contractors working on the Sunoco facility each day.

WAR NEWS:

Iraq War Debate Shifts To The House (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, February 12, 2007

WASHINGTON — As the House this week launches its first major debate over the Iraq war since the November elections, Democrats are counting on many Republicans to join them in passing a resolution opposing President Bush's troop buildup.

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Rep. Wayne T. Gilchrest, a Maryland Republican, predicts that 30 to 60 of his colleagues will back the nonbinding resolution, which would be the strongest repudiation of Bush's Iraq policy from Republicans since the war began nearly four years ago.

Opponents of the troop increase include Republicans who, until now, have stood with the president. Amid continuing turmoil in Baghdad and rising casualty figures, anxiety about the White House strategy in Iraq has been building among GOP lawmakers, and many of them blame it for their party's loss of control of Congress.

"Many of us have just watched this thing unfold and see nothing changing," said Gilchrest, whose largely rural district has lost 23 service members in Iraq and Afghanistan. "You face the families and you have to have something to tell them."

The debate, likely to be highly emotional, begins Tuesday and is expected to last three or four days. Each of the House's 435 members will be given five minutes to speak.

The resolution will express support for the U.S. military personnel in harm's way, while opposing adding 21,500 troops to the 135,000-plus already in Iraq. A Senate vote on a similar resolution has been held up in a partisan dispute over debate rules. Eight GOP senators have expressed support for a resolution critical of the White House plan.

The House debate is expected to be followed by more aggressive efforts by Congress' new Democratic majority to challenge the administration, including attempts to restrict funding for the war and set dates for troop withdrawals — though some of these actions may divide the party's rank and file.

"It's time for a new policy," House Majority Leader Steny H. Hoyer (D-Md.) said Sunday on NBC's "Meet the Press." "This is now four years that we've been at this effort, and 3 1/2 years after the president said the mission — whatever the mission was — was accomplished."

In a preview of the debate, Hoyer's GOP counterpart, House Minority Leader John A. Boehner of Ohio, appearing on the same program, acknowledged that the resolution would draw some GOP support but challenged Democrats to offer an alternative strategy.

"If you don't like the president's plan, Steny, what is your plan for success?" Boehner asked, predicting dire consequences if the U.S. failed to shore up Iraq. "Who doesn't believe that if we withdraw and leave that chaos in the Middle East, that the terrorists won't follow us here to the United States?"

In an interview, Rep. Christopher Shays (R-Conn.) said, "I call it the status quo resolution. It basically says 'Don't do something' without saying what we should do."

Others say it is an important symbolic vote — one that, if it is backed by a substantial number of the president's usually loyal GOP supporters, would increase pressure on the administration to reconsider its Iraq strategy.

Julian Zelizer, a congressional historian at Boston University, said the vote is "the opening act of a debate that will unfold over the next two years, right into the 2008 election."

Republican leaders want a vote on alternative resolutions that would oppose cutting funds for the war effort and would set up a bipartisan panel to oversee whether Bush's strategy was working and whether Iraqis were moving to assume greater responsibility for security of their country.

But Hoyer said he wanted to avoid the kind of procedural fight that had tied up the Senate. "We want a very straightforward, clear answer to the question: 'Do you support the president's escalation?' " he said.

The resolution will have at least one GOP co-sponsor, North Carolina Rep. Walter B. Jones, a conservative who publicly broke with his party over the war in 2005.

For many other Republicans, deciding how to vote on the resolution will be tough: Do they stick with an unpopular president over a war that is losing public support? Or do they break from their party leaders and risk angering some of their GOP supporters?

Among the Republicans who have come out against the buildup are Reps. James T. Walsh of New York, who narrowly won reelection, and Phil English of Pennsylvania, whose district has been the site of antiwar protests, as well as Roscoe G. Bartlett of Maryland, John J. Duncan Jr. of Tennessee and Steven C. LaTourette of Ohio. It was not known how many of them would vote for the resolution.

English, who won reelection with 53.6% of the vote (his lowest winning percentage since 1996), acknowledged that he had received calls from Republicans in his district angry over his break with the president. But, he said, "if they're looking for someone to be a more predictable supporter of the Republican line, they're probably not looking for someone they can get elected."

A number of House Republicans are pushing for a resolution that would urge the president to more closely follow the recommendations of the bipartisan, independent Iraq Study Group, but one of those recommendations — opening talks with Iran and Syria — has already been rejected by the White House.

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Democrats, meanwhile, appear increasingly unified behind the resolution being prepared by their leaders. Rep. Barbara Lee (D-Oakland), a leader of the strongest antiwar wing of the party, last week urged support for the nonbinding resolution, even though she and others are pushing for more aggressive steps to end the war.

Rep. Hoyer: Vote On Iraq Will Be Limited (AP)

AP, February 12, 2007

A House vote on Iraq this week will be limited to the question of supporting President Bush's troop escalation, House Majority Leader Steny Hoyer said Sunday.

Hoyer's comment drew a vehement objection from House Minority Leader John Boehner, R-Ohio, who said House Democrats had promised to allow a vote this week on a Republican alternative opposing a cutoff of money for the war.

Hoyer, D-Md., said such a vote would occur later.

"Live up to your word," Boehner told Hoyer. Democrats, Boehner said, "won't even let us have a substitute. ... Give us a vote this week."

The lawmakers appeared on "Meet the Press" on NBC.

Hoyer Puts Republicans In A Bind Over War (POL)

By Patrick O'Connor And Jim VandeHei

The Politico, February 12, 2007

House Majority Leader Steny Hoyer said Sunday the upcoming debate over the Iraq war will be confined to four straight days of arguing over President Bush's escalation of the military campaign.

Hoyer used an appearance on NBC's "Meet the Press" to break a promise he made publicly late last week to allow Republicans a vote of their choice pertaining to the war effort. In doing so, Hoyer dramatically increased tensions in the war over war and thrust Republicans into a defensive crouch heading into this week's showdown over troop levels.

"We believe the American public wants a straightforward answer to the question, 'Do you agree with the president's proposal?'" Hoyer said.

Hoyer, a Democrat from Maryland, said Republicans will be prohibited from forcing a vote on an alternative resolution opposing cutting off funding for U.S. troops in Iraq.

On the same show, House Minority Leader John Boehner, an Ohio Republican, accused Hoyer of stifling dissent and backtracking on the pledge by Democratic leaders to build a more democratic process in the House. "Live up to your word," Boehner said.

But Democrats want to limit a four-day debate, which begins Tuesday, to Bush's plan to send more than 20,000 additional troops to Iraq to quell violence.

Boehner looked irritated for part of the show -- and with good reason. Hoyer's decision, which will be criticized as another example of Democrats breaking their election-year promise to hold open and fair debates in the House, undercuts the GOP strategy.

Last week, Hoyer initially said Republicans would be allowed to offer an alternative measure on the floor before a House vote on the Democrats nonbinding resolution. "The Republicans will be given either a substitute or a motion to recommit so that they can propose whatever substantive alternative that they choose," Hoyer told reporters Thursday. "That will also be debated."

He backtracked later that day in floor statements to Minority Whip Roy Blunt, R-Mo.

"Frankly, because we feel this is such a critically important question and that the clarity of the question and the clarity of the response is so important that we are trying to carefully consider how we can assure that there is no confusion as to the answer that this House gives," Hoyer told Blunt in their weekly colloquy.

Republicans pointed out that inconsistency in a press release last week that was largely unnoticed because Hoyer's exact language was muddled.

Republicans had hoped to make this debate about the troops -- not the surge -- and force Democrats to go on record as refusing to ever cut off funds for soldiers in harm's way. But by shifting strategies, Hoyer has put the GOP in a tough spot.

The debate will be a symbolic one. It will center on a nonbinding resolution, which is essentially a press release with a recorded vote, that will not force the White House or Congress to do anything.

It will, however, shine the congressional spotlight on the Iraq war. Unlike the Senate, which has yet to create even a binding agreement on how to debate a nonbinding resolution, the House is firmly set for

what promises to be the most explosive debate over the war since its authorization in 2002.

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What remains unclear is whether this is part of a broader effort by anti-war Democrats to force an end to the military campaign. Many Democrats want to use the upcoming debate over the budget, which actually carries the weight of law, to bring the war to a halt by cutting off funding.

"What we're going to do this week is the first step in your effort to cut off funds for our troops in harm's way," Boehner said.

Either way, it will be a tough week for the White House. Many Republicans are planning speeches that are harshly critical of President Bush's handling of the Iraq war -- but stop short of outright opposition to the escalation. Virtually every Democrat plans to attack Bush, Republicans and the war.

Other Sunday Show News

Senate Minority Leader Mitch McConnell, R-Ky., appearing on Fox News Sunday earlier in the day, bristled at the suggestion that Republicans had stalled the debate over Bush's troop surge.

"The portrayal has been totally inaccurate," McConnell said. "The majority was trying to dictate the terms of the debate. We were not trying to obstruct the terms of the debate."

McConnell's No. 2, Senate Minority Whip Trent Lott, R-Miss., agreed with the leader during an interview on CBS's "Face the Nation."

"We want a debate, not a mandate," he said.

On the same show, Sen. Chris Dodd, D-Conn., a presidential hopeful, criticized the Congress as whole for falling back on procedural arguments when confronted with such a major issue.

"Last week we debated about debating," Dodd said. "We in Congress looked like we were wringing our hands on the issue … I thought we made a mistake by not having a real vote with real teeth in it."

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by kevinizon on 02.11.2007 at 11:51 PM

I was under the impression that we if airdrop thousands of pairs of blue jeans and hostess? twinkies onto the people, everyone would be happy.

I don't know what the debate's going to do in the meantime. But... lets just see...

by Ardie on 02.11.2007 at 10:43 PM

House Majority Leader Steny Hoyer has done the right thing. You don't honor your promises with scoundrels. The Democrats should take some advice from Lady Macbeth:

To beguile the time, look like the time; bear welcome in your eye, your hand, your tongue: look like the innocent flower, but be the serpent under ?t. -- Macbeth?Act I, v, 30-71

Good work Steny! I didn't vote for Democrats so we could all be one happy family. I voted for Democrats so they could crush the Republicans and bring our troops home?and impeach Bush and Cheney.

by Stall Shifter on 02.11.2007 at 10:01 PM

This is going to be an interesting week on the House floor. The arguments will all be very partisan and a non binding resolution will be passed. That's like kissing your sister after coming in coming in second.

The discussion should be formative in that it leads to another course of action such as a surge toward diplomatic efforts with Iran and Syria and/or redeployment and a plan for an orderly withdrawal. (Suggested by the Iraq Study Group) That probably won't happen. It's more likely that Bush will send another Carrier battle group to the Persian Gulf and bomb the hell out of Iran based on incorrect intelligence. It's deja vu all over again. I have seen this movie before, Condi will go the UN and show satellite photos of nuclear sites and a link will be made with Al Qaeda yatta yatta yatta. World War three here we go.

Our mission in Iraq was accomplished long ago, I heard the speech on the carrier deck. Now it's up to the powers in the mid east to assist in stabilization of a new Iraq government.

I think we can do a better job of supporting the troops by getting them the hell out of the middle of a civil war they have zero chance of ever controlling. The Shia and Sunni can battle it out and decide what kind of a government we will be dealing with. When the dust clears we will have a new government too. Hopefully one that has more foresight than the old one. (That is unless Bush declares Martial Law and suspends elections)

by bootaan on 02.11.2007 at 09:03 PM

I think Republicans are scared of that loosing the congress last year, might proceed to a bigger defeat in 2008.

by bleacherdave on 02.11.2007 at 08:39 PM

It is not clear that Congress can legally de-fund only the Iraq war. The budgetary scalpel may not be that sharp.

by Scarlet on 02.11.2007 at 05:11 PM

drbillybob: I understand your position, but think you misunderstand the situation at hand.

It is true, Congress could put an end to the funding of the war, but where does that leave us? Where does it leave our troops? Where does that leave our country? Our future?

To stop funding for the war would be to stop funding for our troops - that is not an option for neither the Republicans nor the Democrats. The democrats admire our troops, respect them, and would never abandon them because of poor and thoughtless decisions that were made by our "President." Unfortunately they have to stand up for their opinions - and America is hoping that the Democrats will be able to stop the horrible decision that Bush has made in it's tracks.

Did you not pay attention to the November '06 election, billybob? America spoke. You must not have been listening.

by drbillybob on 02.11.2007 at 03:59 PM

Scarlet, although I'm sure many sympathize with your sentiments, your logic is lacking. You say that:

<< Sadly, the truth remains that what Bush says goes - he has manipulated and rewritten law to make it so. >>

<< And now if the Dems try to fight it they'll just get the "you don't support our troops!" argument, whilst trying to get America out of this mess. >>

This is nonsense. Congress does have a role here. They are choosing to grandstand rather than act. Bush cannot continue without funding - get it? They are complicit. So don't blame Bush for what your elected representatives now control. and

by Scarlet on 02.11.2007 at 03:41 PM

Yes, unfortunately this is just the beginning; the beginning of a 'great escalation' not only in US troop volume, but in the Iraqi insurgency. Bush even said it himself in his SOTU speech: "So we're deploying reinforcements of more than 20,000 additional soldiers and Marines to Iraq. . . . Tonight I ask the Congress to authorize an increase in the size of our active Army and Marine Corps by 92,000 in the next five years." (Washington Post)

So this? This is just the beginning. And as Americans, what are we stuck with? Should we just suck it up and expect to be at war for at least the next decade? Should we fight and demand our troops be sent home risking the reality that our congress will not listen? Should we trust our ignorant President and allow him to get away with making more horrendous decisions? Sadly, the truth remains that what Bush says goes - he has manipulated and rewritten law to make it so. And now if the Dems try to fight it they'll just get the "you don't support our troops!" argument, whilst trying to get America out of this mess.

The reality is we're stuck on the brink of WWIII and we can't do a God damn thing about it.

by drbillybob on 02.11.2007 at 03:30 PM

If Senators truly believe that the Iraq War is lost or that the costs will be too high, then please vote to cut funding and bring 'em home now! If Senators believe that there is still a chance to salvage a strategic democratic foothold in the heart of the muslim world that could greatly benefit the western world, then support the President with fervor.

Unfortunately, there is no middle ground here. Non-binding resolutions such as this simply encourage our enemy and demoralize our military. And all for a cheap political CYA stunt - disgusting!

Is this the "new leadership" the Democrats promised? No thanks!

by recordguy on 02.11.2007 at 02:34 PM

The issue for the debate is simple; is the President's plan, whether one chooses to call it an escalation, a surge, or the best security solution for Iraq, the best course of action to take in Iraq at this time. The President's proposal is the only one on the table. It's already begun and even if the Congress votes to stop funding there is enough money in the budget to funnel towards this plan, so it's going to happen no matter what. But Congress needs to go on the record as either opposing or defending the plan.

The issue is not whether or not Congress supports the troops. No one in Congress, much less the entire U.S., doesn't want what's best for the troops. But, is using the troops in this plan the best thing for them, or are there alternatives. In my opinion, this plan is at best Vietnam all over again, and at worst, the beginning of a much greater escalation.

The President and his supporters know that to do anything less than continue on in Iraq is an admission of failure. And, unfortunately, his detractors know that to reduce our forces will be seen as acceptance of failure, hence no real attempt to cut war funding will occur for some time; welcome to American politics in the 21st century.

So, the troops will soldier on, useless talk in D.C. and on the airwaves will drone on continuously and it will be business as usual for the rest of us. Hopefully, and I mean hopefully, by primary time, things will either get much better in Iraq or much worse; an extreme one way or the other. It is only then that real action will be allowed to occur.

Personally, I feel Iraq is lost. And, to bleed to death by a million small cuts is no better than to bleed to death by one massive cut. Dead is dead.

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House Readies For Iraq Debate (RC)

By Jennifer Yachnin

Roll Call, February 12, 2007

As House Democratic leaders are slated to unveil today a succinct resolution condemning President Bush's proposed escalation of U.S. troops in Iraq, Republican lawmakers are readying an aggressive response from the chamber's floor throughout the three-day debate over the measure.

Democratic sources said language in what is expected to be an austere resolution — consisting of only two provisions: one expressing general support for the military personnel and a second condemning Bush's proposed increase of 21,500 troops — would be the primary subject of weekend discussions, as lawmakers seek to garner bipartisan support while still clearly reproaching the Bush administration.

"We want to make it as direct and concise as possible," said a Democratic leadership aide, who asked not to be named. Democrats have indicated the measure will not specifically reference "escalation," in an effort to sway GOP lawmakers to support the measure.

"We want to make it a clear vote on the president's plan," the aide added.

Under the Democrats' proposed schedule, each Member will receive five minutes of floor time during the debate, scheduled to begin Tuesday, although aides said a specific lineup for Democratic lawmakers remained largely undecided prior to the weekend.

While the Democratic leadership is expected to spotlight several freshman lawmakers who also are military veterans, other internal factions are seeking blocks of time as well, including the fiscally conservative Blue Dogs and the Progressive Caucus, which has endorsed funding a six-month redeployment plan.

The Democrats' debate time will be jointly controlled by Foreign Affairs Chairman Tom Lantos (D-Calif.) and Armed Services Chairman Ike Skelton (D-Mo.).

The party expected to be largely unified on the resolution, even as portions of the Caucus seek additional measures targeting funding for the Iraq War as well as fiscal accountability, asserting that the measure is the first of several large discussions on the war.

"There's always tomorrow. We don't have to put it all in the first crack we get," said Rep. Dennis Cardoza (D-Calif.).

Although Democratic leaders indicated late last week that the Republican minority would be allowed to offer a substitute measure — the resolution is expected to be a closed rule with no possibility for amendments — no decision had been finalized as of press time Friday.

Majority Leader Steny Hoyer (D-Md.) said Thursday that Democrats had yet to determine whether to allow an alternate proposal, citing the sensitive nature of the resolution.

"We feel this is such a critically important question and that the clarity of the question and the clarity of the response is so important that we are trying to carefully consider how we can assure that there is no confusion as to the answer that this House gives," Hoyer said.

One Democratic aide, speaking on the condition of anonymity, said Democrats were concerned that a Republican substitute, such as legislation sponsored by Rep. Frank Wolf (R-Va.), could shift the focus of the debate away from the increase in troops.

"We want this to be a clean message opposing escalation," the aide said.

A Democratic lawmaker, who asked not to be named, asserted that many rank-and-file Members were lobbying against allowing Republicans to offer a substitute resolution, asserting it could "fracture" the majority.

Republicans, who had yet to determine Friday whether to bring new legislation or an existing bill should a substitute be allowed, sharply criticized the Democrats.

"It looks like Democrats are going for a very carefully choreographed debate with strictly defined parameters for a predetermined outcome. I don't think you can even call that a debate," said Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio).

Nevertheless, House Republicans have prepared a response plan for next week's debate, including plans to blanket television and radio with interviews, as well as rapid-response messaging that will track the floor debate and a "resource center" for Members to provide research and debate material.

In addition, the GOP plan will focus on several themes, including Iraq's context in the larger war on terror and the consequences of losing the Iraq War, with lawmakers expected to assert that withdrawal could destabilize the entire region as well as invite terrorist attacks in the United States.

According to an outline of the plan, Republicans also will focus on arguments that the resolution will weaken troop morale and assert that Democrats have a responsibility to halt funding if they disagree with the president's proposed strategy.

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Boehner will open debate for the Republicans, although the remaining lineup is not yet determined. Ranking GOP lawmakers on the Intelligence, Armed Services, Homeland Security and Foreign Affairs committees will share control of the party's debate time.

GOP Expects Defections As House Debates Iraq Resolution (WP)

By Lyndsey Layton And Jonathan Weisman

The Washington Post, February 12, 2007

Three days of intense debate over the Iraq war begins in the House today, with Democrats planning to propose a narrowly worded rebuke of President Bush's troop buildup and Republicans girding for broad defections on their side.

Both parties will jockey for prime time before the C-SPAN cameras, with leaders claiming the best time slots and rank-and-file members trying to make the most of the five minutes each will be allotted. If all 435 House members use their five minutes, debate will last 36 hours. It is likely to begin by late morning and run until midnight tomorrow, Wednesday and Thursday. A vote is expected Friday.

After watching their counterparts in the Senate stall and sputter last week, unable to agree on ground rules for a debate on Iraq, House leaders are forging ahead, determined to send a statement to the White House to condemn a troop buildup.

Democrats will file a nonbinding resolution against the Bush plan while Republicans will try to broaden the dispute and seed doubt in the Democratic approach. Although Senate Republicans were able to block debate on a resolution condemning Bush's war policies last week, it will be much easier for Democrats in the House to bring a measure to the floor.

The GOP, whose members have conceded they are likely to lose, is treating the debate like a mini-political campaign, deploying a rapid-response team to counter Democrats' statements, aggressively trying to get its leaders on television and radio, and creating a "resource center" off the House floor where members can fill their arms with maps, research material, videos or other visual aids to use during their floor time.

"We may lose the vote, but we'll win the debate," said Kevin Smith, a spokesman for House Minority Leader John A. Boehner (R-Ohio).

Other Republicans are not so sure they will win even that much. If Democrats stick to their plan of narrowly focusing debate on the president's deployment of 21,500 additional troops to Iraq, the more contentious issues that Republican leaders want to highlight could fail to resonate.

"What we have now is a dispute in tactics," said Rep. Phil English (R-Pa.), who once supported the administration but is opposed to the troop increase. "This is a situation where we've been dealt a bad hand, where we've made a lot of mistakes, where we should have addressed the problems in Baghdad a long time ago, and now a surge on the scale the president has proposed is unlikely to move us forward."

One House Republican close to the GOP leadership spoke on the condition of anonymity in order to be blunt. "This next week is going to be a very tough one for us to get through," he said. "The Democrats know that. We can sit back and hope they overplay their hand, but I don't think they will."

Although the order of speakers has not yet been set, Democrats and Republicans are vying for the most desired slots at a time when attention in Washington will focus on the House. Lawmakers from the West Coast do not want to speak early in the morning, when their constituents are asleep; those from the East do not want to appear at 11:25 p.m. And nearly everyone wants to talk in time to make the evening news and beat the daily newspapers' deadlines.

The last time an Iraq resolution came before the House was in June, when the Republicans controlled Congress. After two days of largely partisan debate, the House easily approved a measure declaring that the United States must complete "the mission to create a sovereign, free, secure and united Iraq," without setting "an arbitrary date for the withdrawal" of troops. Forty-two Democrats bucked their leadership to join a virtually united GOP.

But this debate will be different, lawmakers from both parties agree.

Democrats get to draft the resolution, and the war -- already unpopular in June -- is now clearly opposed by most voters. The party is united, even the left wing, which ultimately wants troop withdrawal from Iraq but is content to see the resolution as a first step.

House Republicans say as few as 20 or as many as 60 Republicans could vote with the Democrats, regardless of the wishes of the Republican leadership and the White House.

"Every time I go to another funeral, every time I go to Walter Reed, people are really gracious, but what do you say? What are we doing over there now?" asked Rep. Wayne T. Gilchrest (R-Md.), whose Eastern Shore district has lost 23 service members in the war.

GOP leaders and conservatives may apply some pressure to stay off the Democratic resolution, but, Gilchrest added: "My internal soul goes a lot beyond my minuscule political career."

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By its nature, the House is quicker to bend to public opinion than the Senate; House members are never more than two years away from an election. Gilchrest voted with the Republican leadership in June, but last month he was one of eight House Republicans who signed a letter stating that the deployment of additional U.S. troops to the sectarian fighting in Iraq would only make matters worse.

A senior Republican aide said the GOP leadership knows that Republicans from districts where the war is unpopular will have to vote with the Democrats to protect themselves. "And that's okay," he said, adding that Republican leaders will not tell their members to stick with the party line.

Gilchrest collected 29 Republican signatures on his own letter pleading with Bush to open diplomatic dialogue with Syria and Iran to find a way out of Iraq, then personally handed the letter to Bush at a bill-signing ceremony in the Oval Office. He is now working with Democratic Reps. Gregory W. Meeks (N.Y.), James P. McGovern (Mass.) and Solomon P. Ortiz (Tex.) to further that diplomatic push.

For some Republicans, the Democratic takeover of Congress has been liberating. A barrage of recent hearings into malfeasance under the U.S. occupation authority in Iraq, the stretched state of the military and the cost of the war have brought to light new information while underscoring congressional acquiescence under GOP control, said Rep. Walter B. Jones (R-N.C.), a longtime war critic.

"My party did not want to do anything to embarrass the administration," he said.

House Democrats To Push Resolution Opposing Increase In Troop Levels (WSJ)

By David Rogers

The Wall Street Journal, February 12, 2007

WASHINGTON -- House Democrats, taking a lesson from the stalemate in the Senate, are pressing ahead with an Iraq debate this week, narrowly confined to a resolution opposing President Bush's decision to increase troop levels.

As now drafted, the measure expresses support for American forces without delving into the more sensitive issue of whether Congress may restrict war funds in the future. At the same time, hoping to attract Republican votes, the resolution is expected to avoid the use of the word "escalation" to describe the increased U.S. commitment of at least 21,500 troops.

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Instead, the draft language speaks simply of rejecting "the decision of President George W. Bush announced on January 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

The final language is expected to be completed Monday in anticipation of floor debate beginning Tuesday and running up to a vote likely on Friday. Democrats said this will give both parties adequate time to express themselves. But Republicans have no assurance yet of having an opportunity to offer an alternative of their own.

"As we discussed this, we saw the problems that the Senate was confronted with," House Majority Leader Steny Hoyer (D., Md.) said on NBC News "Meet the Press." "We believe the American people want a straightforward answer to the question: Do you agree with the president's proposal? Republican president has made a proposal, we're going to respond to that. We want to respond to it with great clarity."

Senate debate stalled last week when Minority Leader Mitch McConnell (R., Ky.) demanded a vote against cutting war funding before permitting action on a bipartisan resolution challenging the increased troop levels. House Republicans would almost certainly offer similar language as their alternative resolution, but the Democratic leadership would prefer to postpone the funding issue until Congress addresses a $93.4 billion emergency spending request for the war next month.

Pressed by Minority Leader John Boehner (R. Ohio) who also appeared on the broadcast, Mr. Hoyer said there would be such an opportunity "within the next 30, 45 days." But he wouldn't commit yet to giving Republicans the right to offer such an alternative this week.

The maneuvering in both houses of Congress underscores the rolling, often incremental nature of the war debate. All of the resolutions now are non-binding policy statements, but the stakes rise when lawmakers turn to the war funding package next month, and then in June to a much larger $623.1 billion request to fund the Pentagon's core budget and overseas military operations for fiscal 2008.

Opponents of the troop increase have essentially won the first round. House Republicans concede that the Democratic resolution will pass this week with possibly 30 Republican votes. While there has been no Senate vote, Republican leaders agree that a majority of senators support a bipartisan resolution -- crafted by former Armed Services Committee Chairman John Warner (R., Va.) -- opposing the troop increase.

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It is precisely because of this loss that Republicans and the White House want to skip ahead quickly to the second and higher stake round: the $93.4 billion spending bill. That is why there is so much Republican emphasis on resolutions opposing any reduction in funds, and why Democrats are still struggling to come up with restrictions that are do-able.

The House Appropriations Committee will meet Mar. 7 on the request, and in testimony Friday, Gen. Peter Schoomaker, the departing Army chief of staff, conceded that the Pentagon was struggling to meet the schedule set for the troop increase.

"We're sending in piecemeal troops because…we don't have them," said Rep. John Murtha (D., Pa.), the chairman of the defense subcommittee. "I'm sure you'd like to send 21,000 tomorrow. But wouldn't you agree we can't send 21,000 tomorrow, General?"

"We're doing it on the schedule that was asked for," Gen. Schoomaker said. "It is a challenge to do it. No question about it."

As a result, the full complement of soldiers for the so-called "surge" isn't expected to be in Iraq until May. Moreover, maintaining the higher overall troop levels will likely require that the military extend the tours of some of the brigades in Iraq now.

The Pentagon has begun to concede that instead of 21,500, the more likely number of troops needed -- when support personnel are counted -- will be closer to 25,000. That would bring the total U.S. troop levels in Iraq to about 160,000; if that were maintained just through the end of this calendar year, it could strain even the revised fiscal 2008 budget numbers.

A $3.82 billion request for Iraqi security forces -- in the spring supplemental -- will almost certainly be a target for some cuts or conditions attached by Congress.

Among the other options affecting U.S. troops more directly would be a provision barring the use of new funds to extend the deployment of Army and Marine troops beyond 365 and 210 days, respectively. If that were combined with a second provision that prevented sending troops back to Iraq until they had had promised time at home, it could make it harder to carry out the increase now and over time make it harder for the military to maintain the "post-surge" 160,000 troop level.

Iraq Debate Shifts To The House (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 12, 2007

WASHINGTON

The Senate deadlocked just 90 minutes into a debate last week over President Bush's "new way forward" in Iraq. Now the action shifts to the House, where Democrats aim for an up-or-down vote on his policy.

As in the Senate, that resolution would be nonbinding on Mr. Bush, but no one would know it, judging from the intense disputes – within and between political parties – over the terms of disagreement. Democrats say Senate Republicans blocked the vote primarily to protect the president. Republicans say Democrats rigged the rules to suppress minority rights.

At issue is more than a test of wills. It's how to frame the terms of opposition to a war that has lost public support and strained US relations with the rest of the world.

The vote – or nonvote – on the resolution is also politically toxic. Opposition to the war helped sweep Republicans out of control in the House and Senate in 2006. But if the issue is mishandled, it could do the same to Democrats – or topple even more GOP careers – in 2008.

The Senate's version of a resolution against a proposed surge of 21,500 US troops in Iraq evolved into five pages of "whereas" clauses, many added to bring another vote or two on board.

By contrast, House Democrats say they intend to keep it simple. Their resolution, to be announced Monday, is expected to have two parts: One affirms that Congress will continue to support US troops who have been committed to the war in Iraq; the other affirms that members do not agree with the proposed escalation.

"This is an up-or-down vote on the policy enunciated by the president. We owe it to our constituents to have that," said Rep. Rahm Emanuel of Illinois, the Democratic caucus chair, after a caucus meeting on Iraq last week. The House is planning three days of debate, with each member allowed five minutes to speak.

Meanwhile, House GOP leaders call the coming vote "a meaningless political stunt ... that demoralizes US troops." Like Senate Republicans, they are pushing Democrats to allow a separate up-or-down vote on a resolution not to cut off war funding.

"If Democrats are serious about ending the war, they should bring a real resolution to the floor about whether to cut funding," House Republican leader John Boehner said last week.

Senate Republicans also insist that senators have an opportunity to vote on a resolution not to cut off funding to the troops. Democratic majority leader Harry Reid refused to allow that vote. In return, all but two Republicans voted to block the resolution against the troop surge (proposed by Sens. John Warner (R) of Virginia and Carl Levin (D) of Michigan), which Democrats wanted to proceed.

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"Democrats and antiwar Republicans are sending political signals with this vote," says Randall Woods, a historian at the University of Arkansas, who writes on congressional antiwar politics. "They need to show the American people that they are voicing opposition to the war, yet not appear soft on national security," he says. "They're fighting for their [political] lives."

As in previous war votes, the language of the resolutions has been crafted to maximize political peril for the opposition. But for the first time since US forces went into Iraq in 2003, Democrats are setting the timing and terms of war votes, and they are determined to not rush into a vote they are likely to lose.

It's a tactic Republicans have used in the past to embarrass Democrats who oppose Bush's war strategy – and one that some GOP leaders now say they regret.

When Rep. John Murtha (D) of Pennsylvania, a longtime friend of the military, broke with the White House in November 2005 and proposed an immediate, phased withdrawal of US forces from Iraq, House GOP leaders rushed a recorded vote to express the sense of the House that the deployment of US forces in Iraq "be terminated immediately." The language was crafted to embarrass Representative Murtha and to squelch any antiwar momentum from his high-profile reversal on the war. As expected, the vote failed, 3-403.

Some Republican leaders now say that strategy of forced, preemptive votes was a mistake. "It was clearly a ploy. Everybody in American knew it was a ploy, and we paid a price in November," said Rep. Adam Putnam (R) of Florida, the new House Republican conference chairman, last week.

Meanwhile, Murtha, who now chairs the defense subcommittee of the House Appropriations Committee, is laying groundwork for a vote on funding as early as mid-March, when the House is expected to take up Bush's $99.6 billion war funding request for fiscal 2007. He says he aims to build a robust case for redirecting spending to adequately equip and train US forces, rather than to fund a troop surge.

"Our concern is the proper supply and backup to the troops already in theater, as we transform this mission to one where we can be successful," says Rep. Marcy Kaptur (D) of Ohio, a member of the defense subcommittee.

Congress wants to vote on the war? It already has.

The US Senate and House of Representatives have voted dozens of times on resolutions, funding measures, and amendments pertaining to the Iraq and Afghanistan conflicts. Below is an abbreviated record of their votes.

107th Congress: Republicans control the House (221-214*); Democrats control the Senate (51-49*)

2002

October: A joint resolution is approved to authorize use of armed forces against Iraq (House 296-133, Senate 77-23).

· House rejects Barbara Lee amendment urging peaceful means to resolve the issue (72-355).

· House rejects amendment to require the president to seek congressional authority before using military force against Iraq without a UN resolution (155-270).

. . .

108th Congress: Republicans control House (229-204*) and Senate (51-48*)

2003

April: Congress approves $78.5 billion in emergency war funding (House by voice vote, Senate by unanimous consent).

· Senate rejects amendment calling on the president to raise revenues to offset Iraq war costs (18-79).

October: Senate rejects amendment to offset Iraqi reconstruction costs by eliminating income-tax cuts enacted in 2001 for top 1 percent of earners (42-57).

· Senate adopts Lindsey Graham amendment to express the sense of Congress that Saddam Hussein's removal has enhanced the security of Israel and other US allies (95-2).

· Senate rejects amendment to release $10.2 billion in reconstruction funding only if the UN authorizes a multinational military force under US leadership in Iraq (42-57).

· Senate agrees to amendment to reimburse service members who paid for meals while hospitalized as a result of injuries or illness while in combat or training since 9/11 (99-0).

· Senate rejects amendment prohibiting use of defense funding for the involuntary deployment to Iraq of members of the National Guard and Reserves who have been involuntarily deployed for six months or more during the past six years (15-82).

October/November: Congress approves $87.5 billion in emergency war funding (House 298-121, Senate by voice vote).

2004

May: House expresses deep appreciation to the members of military who served in Operation Iraqi Freedom (365-50).

June: Senate rejects amendment to suspend a portion of the reduction in the highest income-tax rate for individual taxpayers to pay for Iraq war (44-53).

· House expresses gratitude to US armed forces for valiant service and offers continued support (352-57).

. . .

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109th Congress: Republicans control House (232-202*) and Senate (55-45*)

2005

April: Senate adopts Robert Byrd amendment that war funding be part of the president's annual budget after fiscal year 2006 (61-31).

May: Congress passes $82 billion in emergency war funding (House 368-58, Senate 100-0).

· House rejects Woolsey amendment that the president should submit to Congress a plan for the withdrawal of US military forces from Iraq (128-300).

July: Senate adopts Warner amendment that calendar year 2006 should be a period of "significant transition" to full Iraqi sovereignty, thus creating conditions for phased redeployment of US forces from Iraq (79-19).

· House rejects resolution to terminate immediately deployment of US forces in Iraq (3-403).

December: House expresses commitment to achieving victory in Iraq (279-109).

2006

June: Congress passes $94.5 billion in emergency war funding (House 351-67, Senate 98-1).

· House agrees to resolution declaring that it is not in US national security interests to set arbitrary date for withdrawal or redeployment of US troops in Iraq (256-153).

· Senate rejects Levin amendment to begin phased redeployment of US forces from Iraq in 2006 (39-60).

· Senate rejects amendment to require the redeployment of US armed forces from Iraq by July 1, 2007 (13-86).

. . .

110th Congress: Democrats control House (233-202) and Senate (51*-49)

2007

January: House votes that it shall be US policy to "vigorously support the government of Afghanistan" and to deploy troops there "as long as the Afghan government supports such US involvement" (299-128).

Why Are The Pacifists So Passive? (NYT)

By Lynn Chu And John Yoo

The New York Times, February 12, 2007

BEFORE the November elections, many Democratic candidates and legal academics insisted that the Iraq war was illegal and that only Congress, not the president, had the power to manage it under the Constitution. Interestingly, now that Democrats control Capitol Hill, they are fretting that if Congress tried to cut back on funds or troop levels, it might be, well, unconstitutional. Democrats are suddenly acknowledging that the commander in chief and executive branch may be better off without their micromanagement, after all.

Of course, they haven't been silent about the war: both the House and Senate last week were political circuses, juggling various bills that proposed to "rein in" the president. But behind all the bluster, the one thing all the major Democratic proposals have in common is that they are purely symbolic resolutions, with all the force of a postcard. (Two other Democratic Senate proposals that have actual teeth — one by Russell Feingold to cut off money for the war, another by Barack Obama to mandate troop reductions — were ignored by the leadership.)

The fact is, Congress has every power to end the war — if it really wanted to. It has the power of the purse. Its British forebears in Parliament micromanaged the monarchy quite a bit, for instance by making money (the "sinews of war") contingent on attacking one country and making peace with another. And there is more direct precedent: In 1973, Congress affirmatively acted to cut off funds for Vietnam. It also cut off money for the Nicaraguan contras with the Boland Amendment in 1982.

Not only could Congress cut off money, it could require scheduled troop withdrawals, shrink or eliminate units, or freeze weapons supplies. It could even repeal or amend the authorization to use force it passed in 2002.

A pullout, however, would have no chance of success, because its supporters are likely to lack the two-thirds majority necessary to override a presidential veto. But to stop President Bush's proposed troop surge, Congress doesn't have to do anything. It can just sit back and fail to enact the periodic supplemental spending measures required to keep the war going. Congress has wielded considerable power by just threatening such measures, as with President James K. Polk in the Mexican-American War and President Ronald Reagan in Lebanon after the 1983 barracks bombing.

The Constitution doesn't pick winners. It leaves it to the three branches to use their unique powers to struggle for supremacy. James Madison, the leading intellectual force behind the Constitution, rebutted Patrick Henry's firebrand attack on executive war powers during the Virginia ratifying convention by reminding him that Congress could control any renegade president by stopping the flow of money.

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But with power comes responsibility. The truth is that this Congress is not sure what to do in Iraq. Its hesitation reflects America's uncertainty and divisions. Antiwar bluster is high at the moment, echoing popular frustration and grim news from Baghdad.

Our elected representatives know, however, that policy can't be made by poll. Most also understand that that leaving Iraq to a sectarian power struggle would break our word and lead to slaughter. A failed state in Iraq would breed more terrorism, not less, by becoming a haven for more radical training camps.

Most in Congress, in fact, are not eager to replay Vietnam. The United States has had far fewer casualties in this conflict. Our national security interests here are high. If we falter now, it would be read as a "defeat" and embolden more terrorist attacks on us. Once again the world would begin to doubt American strength. This would undermine our ability to conduct credible diplomacy, while electrifying Islamists to further jihad.

The truth is that the Democrats in Congress would rather sit back and let the president take the heat in war than do anything risky. That way they get to prepare for the next election while pointing fingers of blame and spinning conspiracy theories. It is odd to see the Democratic Party turning toward isolationism, bonding with paleoconservatives, and so bitterly averse to the ideals of democratic nation building.

War is not about instant gratification in a hail of klieg lights, our truncated Gulf war notwithstanding. In an interdependent, globalized world, we can't shrug our shoulders and shirk in the war on terrorism. America made a fundamental change in foreign policy after the 9/11 attacks: to support and spread democracy. The House speaker, Nancy Pelosi, should understand this well. She made her national reputation as a junior representative in the 1980s criticizing the Chinese dictatorship after the Tiananmen Square massacre.

Perhaps it was inevitable that the public would soon tire of war and engage in overheated accusations of bad faith. It is quite right that Congress review, and consider, from its unique perspective, what changes, if any, it now wants to make. If Congress really believes the Bush administration has set us on the wrong course, it can act tomorrow to cut the sinews of war in Iraq. But its failure to do so seems an acknowledgment that the consequences would be far worse than what we face now.

Ex-Pentagon Official Defends Iraq Stance (AP)

By Ben Feller

AP, February 12, 2007

A former Pentagon official on Sunday defended his prewar assessment of a relationship between Iraq and al-Qaida, calling it a much-needed critique of the CIA's intelligence on the subject.

"It's healthy to criticize the CIA's intelligence," said former Pentagon policy chief Douglas Feith. "What the people in the Pentagon were doing was right. It was good government."

Feith was responding to a report by the Defense Department inspector general that Feith's office "did not provide the most accurate analysis of intelligence to senior decision makers."

The IG's report found that there was no support for the Pentagon's claim of a "mature symbiotic relationship" in all areas between Iraq and al-Qaida.

"No one in my office ever claimed there was an operational relationship," Feith said on "Fox News Sunday." "There was a relationship."

The review found that the actions of Feith's office were not illegal or unauthorized — but they were an inappropriate "alternative" analysis that did not reflect the consensus of the intelligence community or include caveats about the information's reliability.

Feith said this amounted to circular logic from the Pentagon's internal watchdog.

"The people in my office were doing a criticism of the intelligence community consensus," Feith said. "By definition, that criticism varied. If it didn't vary, they wouldn't have done the criticism."

The 2004 report from the Sept. 11 commission found no evidence of a collaborative relationship between Saddam and Osama bin Laden's terrorist organization.

When asked if his office ever made the case against going to war with Saddam, Feith said, "The answer is emphatically yes."

Feith left his Pentagon post in August 2005.

Sen. Jack Reed, a member of the Senate Armed Services Committee, said the Pentagon, through Feith's office, intentionally made the case for war in 2002 based on faulty analysis.

"They did it very deliberately," said Reed, D-R.I. "They used that analysis. It was leaked to the media. It was reported in newspapers. It took on a credibility beyond the facts that the intelligence community had." Reed also appeared on "Fox News Sunday."

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Feith Calls Faulty Prewar Claims 'Good Government' (LAT)

By Josh Meyer

The Los Angeles Times, February 12, 2007

WASHINGTON -- A former top Pentagon official on Sunday defended as "good government" his office's prewar findings of a significant relationship between Iraq and al-Qaida, while a congressional Democrat suggested that his actions were not only inappropriate but possibly illegal.

Douglas J. Feith, the former undersecretary of Defense for policy, appeared on "Fox News Sunday" to explain his actions and that of his Office of Special Plans, following the release Friday of a highly critical report by the Pentagon's inspector general.

The report concluded that Feith, a leading architect of the policies that led to the Iraq war, briefed senior Bush administration officials on the purportedly strong links between al-Qaida and Iraq that did not accurately reflect the views of the CIA and other U.S. intelligence agencies. It also said Feith and his aides sought to discredit and bypass those intelligence officials because they were strongly discounting alleged ties between the terrorist network and Saddam Hussein's regime.

The inspector general's review found that the actions of Feith's office were not illegal or unauthorized, describing them as an inappropriate "alternative" analysis.

Critics have used the inspector general's report to bolster their claims that Feith and other Pentagon aides loyal to then-Defense Secretary Donald H. Rumsfeld and Vice President Dick Cheney "cherry-picked" intelligence suggesting an al-Qaida/Iraq link as part of a politically motivated effort to sell the Iraq war to the American public, U.S. allies and the United Nations.

Sunday, however, Feith sought to portray his actions and those of his staffers as part of the normal give-and-take of government in the months leading up to the U.S.-led invasion of Iraq in March 2003. He indicated that, at the time, he thought the CIA in particular was missing important ties between al-Qaida and Saddam's regime.

"It's healthy to criticize the CIA's intelligence," Feith told "Fox News Sunday." "What the people in the Pentagon were doing was right. It was good government."

The inspector general's report concluded that there was virtually no support for the Pentagon policy office's assessment that "intelligence indicates cooperation in all categories" and a "mature symbiotic relationship" between al-Qaida and Iraq at the time Feith's office was presenting those findings to top White House officials.

Feith's office also claimed that an alleged April 2001 meeting in Prague, Czech Repbublic, between Sept. 11 lead hijacker Mohamed Atta and an Iraqi agent was a known contact; it has since been widely discredited by the 9/11 Commission and the Senate intelligence committee.

"All of that was wrong, wasn't it?" "Fox News Sunday" host Chris Wallace asked Feith, referring to his office's conclusions.

"No, not at all," Feith responded. "There was substantial intelligence.... There was a lot of information out there."

Feith also said that "no one in my office ever claimed there was an operational relationship" between Iraq and al-Qaida. That claim was immediately questioned by some administration critics.

"It's an abject lie, and it completely ignores what is in the documented public record," Larry C. Johnson, a former State Department and CIA counterterrorism official, said in an interview Sunday. "I think the problem is across the board that we have convenient memory loss. No one wants to go back and hold people accountable to what they were doing."

On his blog, noquarter.typepad.com, Johnson wrote Sunday that Feith repeatedly had claimed such a relationship, particularly in a still-classified memo dated Oct. 27, 2003, that was sent to the leadership of the Senate Permanent Select Committee on Intelligence. The 16-page memo was later leaked to a conservative magazine, which reported on it extensively. The resulting article was later cited by Cheney as "the best source of information" on al-Qaida/Iraq ties.

Sen. Ron Wyden, D-Ore., a member of the intelligence panel, told CNN's "Late Edition" that not only were Feith's actions "inappropriate," but that "there are serious questions about whether Mr. Feith broke the 1947 statute that requires that our committee be informed" of his office's activities.

On NBC's "Meet the Press," House Majority Leader Steny Hoyer, D-Md., said he and other top House Democrats had sent a letter earlier in the day asking Defense Secretary Robert M. Gates and Director of National Intelligence John Negroponte for proof that they had taken steps to prevent "a similar occurrence in the future."

Hoyer said Feith's activities were a calculated effort to subvert the intelligence advice given to President Bush before the war, but that he didn't know whether it had led to "miscalculations."

"But the fact of the matter is, what was done was wrong," Hoyer said. "We want to get to the bottom of it."

Feith left the Pentagon in August 2005 and is now a visiting professor of national-security policy at Georgetown University.

Senator Ahab (WSJ)

The Wall Street Journal, February 12, 2007

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In a reasonable world, Douglas Feith would have received an apology late last week from Senator Carl Levin. But the obsessive Democrat won't let go of his story that the Bush Administration "politicized" pre-war Iraq intelligence no matter how many times the facts disprove it. Senator Ahab is now going even further and suggesting behavior standards that would make the U.S. intelligence bureaucracy less accountable to elected officials; this could get Americans killed.

The familiar accusation against Mr. Feith is that the former Undersecretary of Defense was responsible for all the government's intelligence failures on Iraq because his office had the temerity to review and critique intelligence on the relationship between Iraq and al Qaeda. His alleged pressure to find a strong link is said to have so influenced apparently weak-kneed CIA analysts that they made a false case for war. Senate Intelligence Chairman Jay Rockefeller went so far as to accuse Mr. Feith of "running a private intelligence failure [sic], which is not lawful."

This preposterous narrative has already been debunked many times -- notably in a bipartisan report from the Senate Intelligence Committee itself. That 2004 report found that not only had CIA analysts not been pressured to change their views but that Mr. Feith's review had sometimes "actually improved the Central Intelligence Agency's products." A year later the Robb-Silberman commission also found no evidence that prewar intelligence had been politicized. And last week the Defense Department's Inspector General delivered to Congress a report that likewise exonerates Mr. Feith of doing anything unlawful and acknowledges that his actions were authorized by the Secretary or Deputy Secretary of Defense.

But instead of moving on to more important things, Mr. Levin is still chasing his great white whale. He's grabbed on to an odd bit of editorializing by the Inspector General that Mr. Feith "was inappropriately performing Intelligence Activities . . . that should be performed by the Intelligence Community."

"Inappropriately"? What on Earth does that mean? The charge is so vague that it has the air of a political sop that Acting Inspector General Thomas Gimble tossed to Mr. Levin to avoid being hauled in front of the Senate and accused of a cover-up. The myth persists that Inspectors General are King Solomons who are above politics, but in this case Mr. Gimble split the baby, and in a way that could harm U.S. security.

He and Mr. Levin are essentially saying that officials appointed by an elected President aren't allowed to question the "consensus" of the "intelligence community." Yet the work of Mr. Feith's office on al Qaeda had nothing to do with what everyone now concedes was the main intelligence failure on Iraq, which was the lack of WMD stockpiles. Former CIA Director George Tenet said it was a "slam dunk" that Saddam Hussein had such stockpiles, and it was this intelligence "consensus" that the Bush Administration relied on in making its main case for war. Any links between al Qaeda and Iraq is a separate issue that was barely mentioned in the run-up to war.

Make no mistake, the people "politicizing" intelligence here are Senators Levin and Rockefeller, whose smears against Mr. Feith will have a chilling effect on anyone who wants to question "consensus" judgments in the future. This is dangerous, because if recent experience has taught us anything it is that we need far more such questioning.

It was the intelligence community that underestimated Saddam's nuclear capabilities before the first Gulf War, only to overestimate them later. It was the CIA "consensus" that also vastly overestimated the strength of the Soviet economy even as Moscow was about to sue for peace. Before 9/11 it was also the intelligence consensus -- led by former CIA Near East chief analyst Paul Pillar -- that terrorism was a minor and manageable problem. Too bad Mr. Feith and his team weren't around to scrub those judgments.

We learned much of what we know about intelligence from the late, great Cold War strategists, Albert and Roberta Wohlstetter. And what they taught was that in the intelligence business almost nothing is certain. Albert Wohlstetter especially disliked "national intelligence estimates," which were always the product of lowest-common-denominator judgments -- or group-think. These judgments, in turn, often lead to public pronouncements that claim a degree of certainty that simply doesn't exist -- and then to charges of "politicizing" intelligence when those judgments turn out not to be true.

Messrs. Levin and Rockefeller may enjoy scoring partisan points. But their nasty obsession with Mr. Feith will have the effect of endorsing more group-think as the last, best word in intelligence -- and will lead to more Iraqs and more 9/11s.

U.S. Says Arms Link Iranians To Iraqi Shiites (NYT)

By James Glanz

The New York Times, February 12, 2007

BAGHDAD, Feb. 11 — After weeks of internal debate, senior United States military officials on Sunday literally put on the table their first public evidence of the contentious assertion that Iran supplies Shiite extremist groups in Iraq with some of the most lethal weapons in the war. They said those weapons had been used to kill more than 170 Americans in the past three years.

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Never before displayed in public, the weapons included squat canisters designed to explode and spit out molten balls of copper that cut through armor. The canisters, called explosively formed penetrators or E.F.P.s, are perhaps the most feared weapon faced by American and Iraqi troops here.

In a news briefing held under strict security, the officials spread out on two small tables an E.F.P. and an array of mortar shells and rocket-propelled grenades with visible serial numbers that the officials said link the weapons directly to Iranian arms factories. The officials also asserted, without providing direct evidence, that Iranian leaders had authorized smuggling those weapons into Iraq for use against the Americans. The officials said such an assertion was an inference based on general intelligence assessments.

That inference, and the anonymity of the officials who made it, seemed likely to generate skepticism among those suspicious that the Bush administration is trying to find a scapegoat for its problems in Iraq, and perhaps even trying to lay the groundwork for war with Iran.

Officials at the Iranian Embassy in Baghdad said they had no comment on the American accusations, the latest in a back-and-forth between the countries as tension has escalated over Tehran's rising influence in Iraq and elsewhere in the Middle East and suspicions about its nuclear energy program. And while the Americans displayed what they said was the physical evidence of their claims about Iran's role in Iraq, they also left many questions unanswered, including proof that the Iranian government was directing the delivery of weapons.

The officials were repeatedly pressed on why they insisted on anonymity in such an important matter affecting the security of American and Iraqi troops. A senior United States military official gave a partial answer, saying that without anonymity, a senior Defense Department analyst who participated in the briefing could not have contributed.

The officials also were defensive about the timing of disclosing such incriminating evidence, since they had known about it as early as 2004. They said E.F.P. attacks had nearly doubled in 2006 compared with the previous year and a half.

"The reason we're talking about this right now is the vast increase in the number of E.F.P.s being found," one official said. American-led forces in Iraq, the official said, "are not trying to hype this up to be more than it is."

Whatever doubts were created about the timing and circumstances of the weapons disclosures, the direct physical evidence presented on Sunday was extraordinary.

The officials said the E.F.P. weapons arrived in Iraq in the form of what they described as a "kit" containing high-grade metals and highly machined parts — like a shaped, concave lid that folds into a molten ball while hurtling toward its target.

For the first time, American officials provided a specific casualty total from these weapons, saying they had killed more than 170 Americans and wounded 620 since June 2004, when one of the devices first killed a service member.

But then the officials went much further, asserting without specific evidence that the Iranian security apparatus, called the Islamic Revolutionary Guard Corps - Quds Force controlled delivery of the materials to Iraq. And in a further inference, the officials asserted that the Quds Force, sometimes called the I.R.G.C. - Quds, could be involved only with Iranian government complicity

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"We have been able to determine that this material, especially on the E.F.P. level, is coming from the I.R.G.C. - Quds Force," said the senior defense analyst. That, the analyst said, meant direction for the operation was "coming from the highest levels of the Iranian government."

At least one shipment of E.F.P.s was captured as it was smuggled from Iran into southern Iraq in 2005, the officials said. Caches and arrays of E.F.P.s, as well as mortars and other weapons traceable to Iran, have been repeatedly found inside Iraq in areas dominated by militias known to have ties to Iran, the officials said. One cache of antitank rocket-propelled grenades and other items was seized as recently as Jan. 23, the officials said.

The precise machining of E.F.P. components, the officials said, also links the weapons to Iran. "We have no evidence that this has ever been done in Iraq," the senior military official said.

The officials also gave fresh details on recent American raids in Baghdad and the northern city of Erbil in which Quds Force members were picked up and accused of working with extremist groups to plan attacks on American and Iraqi forces.

Some of the five Iranians still being detained after they were picked up in Erbil on Jan. 11 had been flushing documents down a toilet when they were found, the defense analyst said, and they had recently been engaged in "changing their appearance" — apparently shaving their heads, though for what reason the analyst did not know.

An earlier raid in Baghdad was carried out, the officials said, after American forces received word that the No. 2 Quds Force official, whom they identified as Mohsin Chizari, was unexpectedly in Iraq. When Mr. Chizari was picked up in a raid in December, he was carrying false identification, the officials said.

He was later released to the Iraqi government with another Iranian official who was picked up at the same time. The Iraqis asked both Iranians to leave the country.

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The senior defense analyst said there was no direct link between the detained Iranians and the physical evidence presented on Sunday. But the analyst said, “the overall tenor” of the evidence was that Mr. Chizari was implicated in bringing E.F.P.s into Iraq.

The briefing also presented new information on what the Americans call the smuggling routes. There are three main routes, officials said: the Mandelli border crossing, east of Baghdad; the Mehran crossing, in the marshes to the south; and in the southern city of Basra.

Paid Iraqis, rather than Iranians themselves, carry the materials across the border, the officials said.

The senior military official blamed recent press reports for, he said, overstating the importance of the weapons presentation, which had been delayed. Part of the delay reflected a view among officials in Washington that the original presentation was insufficiently strong. Officials here did not address that element of the internal debate.

The senior American military official did make it clear that declassifying the material took place only after weeks of analysis on what information could be useful to hostile forces — information that has mostly been kept out of the public eye since the E.F.P.s began turning up in Iraq. “We publicly have not acknowledged E.F.P.s for the past two years,” the senior military official said.

Laid out on the tables themselves were the tailfins of dozens of apparently used mortar shells, as well as intact mortar shells, rocket-propelled grenades, cases for some of the weaponry, the E.F.P., and two identification cards the officials said were taken in the Erbil raid.

The shells had serial numbers in English in order to comply with international standards for arms, the officials said. One grenade, for instance, was marked with the serial number P.G.7-AT-1 followed by LOT:5-31-2006. The officials said that the serial numbers clearly identified the grenade as being of Iranian manufacture and the date showed that it had been made in 2006.

Commanders in Baghdad are acutely aware of the deadly E.F.P.s. Col. Steve Townsend, commander of the Third Stryker Brigade Combat Team in Baghdad, said his unit has encountered about a dozen E.F.P.s in the past two months.

Iran’s role in Iraq has been discussed in recent months in public and private testimony by senior intelligence officials. In testimony last month, Gen. Michael V. Hayden, director of the Central Intelligence Agency, said “there’s a clear line of evidence that points out the Iranians want to punish the United States, hurt the United States in Iraq, tie down the United States in Iraq, so that our other options in the region, against other activities the Iranians might have, would be limited.”

Senator John D. Rockefeller IV, the West Virginia Democrat who chairs the Senate Intelligence Committee, said last month that he believed that Iranian operatives inside Iraq were supporting Shiite militias and working against American troops.

But he also asserted that the White House had a poor understanding of Iranian calculations and added that he was concerned that the Bush administration was building a case for a more confrontational policy toward Tehran.

Military Ties Iran To Arms In Iraq (WP)

By Joshua Partlow

The Washington Post, February 12, 2007

BAGHDAD, Feb. 11 -- Senior U.S. military officials in Iraq sought Sunday to link Iran to deadly armor-piercing explosives and other weapons that they said are being used to kill U.S. and Iraqi troops with increasing regularity.

During a long-awaited presentation, held in Baghdad's fortified Green Zone, the officials displayed mortar shells, rocket-propelled grenades and a powerful cylindrical bomb, capable of blasting through an armored Humvee, that they said were manufactured in Iran and supplied to Shiite militias in Iraq for attacks on U.S. and Iraqi troops.

"Iran is a significant contributor to attacks on coalition forces, and also supports violence against the Iraqi security forces and the Iraqi people," said a senior defense official, who was joined by a defense analyst and an explosives expert, both also from the military.

The officials said they would speak only on the condition of anonymity, so the explosives expert and the analyst, who would normally not speak to the news media, could provide information directly. The analyst's exact title and full name were not revealed to reporters. The officials released a PowerPoint presentation including photographs of the weaponry, but did not allow media representatives to record, photograph or videotape the briefing or the materials on display.

An official at the Iranian Embassy in Baghdad called the U.S. accusations "fabricated" and "baseless."

"We deny such charges. We ask those who are claiming such evidence: Show the documents in public," said the official, who also spoke on condition of anonymity. "We cannot compensate for the American failure and fiasco in Iraq. . . . It is not our policy to be involved in any hostile operations against coalition forces here."

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The U.S. officials said weapons were smuggled into the country by the Quds Force, an elite unit of the Iranian Revolutionary Guard that U.S. officials believe is under the control of Iran's supreme religious leader, Ayatollah Ali Khamenei. The officials in Baghdad said that Iranians recently detained in Iraq by U.S. forces belong to the Quds Force.

With so much official U.S. buildup about the purported evidence of Iranian influence in Iraq, the briefing was also notable for what was not said or shown. The officials offered no evidence to substantiate allegations that the "highest levels" of the Iranian government had sanctioned support for attacks against U.S. troops. Also, the military briefers were not joined by U.S. diplomats or representatives of the CIA or the office of the Director of National Intelligence.

Although the administration has made many assertions about Iran's nuclear program, its role in Iraq and its ties to groups on the State Department's terrorism list, the U.S. government has never publicly offered evidence proving the allegations. The briefing was the first time during the Bush administration that officials had sought to make a public intelligence case against Iran.

Iraq's deputy foreign minister, Labeed M. Abbawi, said in an interview Sunday that the Iraqi government remains in the dark about the full U.S. investigation into Iranian activities in Iraq. "It is difficult for us here in the diplomatic circles just to accept whatever the American forces say is evidence," he said.

"If they have anything really conclusive, then they should come out and say it openly, then we will pick it up from there and use diplomatic channels" to discuss it with Iran, he said. "The method or the way it's being done should be changed, to have more cooperation with us."

U.S. military officials in Iraq had previously described the use of "explosively shaped charges" to target vehicles, but Sunday's briefing was the first time they displayed pieces of what they called an "explosively formed penetrator" or EFP.

The one such device shown at the briefing was a cylinder of PVC pipe about eight inches long and about six inches in diameter. The officials said the devices are deadly because the explosion sends a slug of malleable metal, often copper, at velocities high enough to penetrate the armor of tanks and Humvees. Their components require precision machining that Iraq has shown no evidence of being able to perform, the officials said.

The first known attack using such weapons in Iraq occurred in May 2004, and the rate of attacks using them has nearly doubled in 2006, the officials said. They have also been used in southern Lebanon, the explosives expert said. The Lebanese Shiite organization Hezbollah receives military support from Iran.

The defense analyst said Iranians used Iraqi smugglers to bring the weapons into Iraq. "The smoking gun of an Iranian standing over an American with a gun, it's never going to happen," he said.

The officials said the weapons are often supplied to what the officials called "rogue" elements of the Mahdi Army, the powerful Shiite militia led by anti-American cleric Moqtada al-Sadr. One official said there was no "widespread involvement" of the Iraqi government in supplying the weaponry.

A group of Iraqis coming into southern Iraq from Iran were detained by Iraqi border forces in 2005, the defense analyst said, and "they had the materials, EFPs and whatnot, on them."

The officials provided further details on the case of two Iranians captured during a December raid on the compound of a leading Shiite politician, Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq, and five Iranians seized in the raid of a liaison office in the northern city of Irbil in January.

The raid at Hakim's compound netted Mohsen Chirazi, whom U.S. officials described as a high-ranking Quds Force operations chief, as well as documents with information about sniper rifles and mortars, the officials said. The senior defense official said that when U.S. officials discussed the allegations with Hakim's representatives, their explanation was that "it is normal for different groups to acquire armaments for protection purposes."

Following protests from Iraqi officials, the U.S. released Chirazi and the other Iranian captured with him. Hakim visited President Bush at the White House in December.

In the January raid of the Iranian liaison office, which provides consular services in Irbil, U.S. forces captured five Iranians. U.S. officials said they were Quds Force operatives who carried no passports and had fake identification cards. At the time of the raid they were trying to alter their appearance by shaving their heads -- U.S. forces found a bag of hair -- and they were flushing documents down a toilet, the officials said. Explosive residue was found on the hands of at least one of the Iranians, they said.

The Iraqi government has called for their release as well. Iraq's foreign minister, Hoshyar Zebari, has said that the liaison office was operating under the approval of the Kurdish regional government and that Iraq was in the process of formalizing it as a diplomatic consulate.

The weapons displayed for reporters on two tables on Sunday -- rocket-propelled grenades, football-shaped mortar shells, the shaped explosive charge and about 40 tail fins of exploded mortar shells -- showed specific signs of Iranian manufacture, the officials said. The mortar tail fins, for example, were made from a single fused piece of metal, while other countries make mortar shells that have removable parts, the explosives expert said.

Two rocket-propelled grenades, with the markings "P.G. 7-AT-1," were said to be made exclusively in Iran.

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The process of the briefing, delayed by more than two weeks, was unusual. President Bush's national security adviser, Stephen J. Hadley, said in a recent meeting with reporters that the original media presentation had overstated the evidence against Iran and needed to be toned down.

At the Green Zone briefing Sunday, the senior defense official said charts and graphs outlining the scope of attacks with shaped charges had been removed from the presentation by the intelligence community. "The reason we're talking about this right now is the vast increase in the number of EFPs being found," he said. The U.S. forces in Iraq "are not trying to hype this up to be more than it is."

Staff writer Dafna Linzer in New York and special correspondent Naseer Mehdawi in Baghdad contributed to this report.

Military: Iran Ships Weapons To Shiite Extremists (USAT)

By Jim Michaels

USA Today, February 12, 2007

BAGHDAD — The U.S. military said Sunday that armor-piercing roadside bombs sent by Iran to Shiite extremists have killed 170 American and coalition troops in Iraq.

U.S. military officials, who declined requests to be identified, said shipments of weapons and ammunition to Iraq's Shiite militias were being directed at the highest levels of the Iranian government.

FROM THE U.S. MILITARY: Pictures, descriptions of Iranian support to insurgents (PDF)

In a briefing, U.S. officials showed reporters part of a device they described as a sophisticated roadside bomb, along with mortar shells and rocket-propelled grenades they said were made in Iran. Later, one of the officials, an intelligence analyst, said it would be impossible to find a "smoking gun" conclusively proving Iranian government involvement.

Sunday's briefing by the three military officials was the most detailed attempt to show that Iran supports militants in Iraq. It followed similar remarks Friday by U.S. Defense Secretary Robert Gates.

Gates said serial numbers and markings found on explosives provide "pretty good" evidence that Iran is supplying either weapons or expertise to extremists in Iraq.

U.S. and coalition forces have not captured any Iranian agents in possession of the armor-piercing roadside bombs. The U.S. officials at the briefing said Iraqis are usually used to transport the explosives from Iran.

The Mahdi Army militia is among the Shiite extremist groups that have obtained the powerful bombs. The Mahdi Army is aligned with anti-American cleric Muqtada al-Sadr, whose political organization is part of Prime Minister Nouri al-Maliki's government.

Al-Maliki has moved to distance himself from al-Sadr in recent weeks and has said he does not want Iraq to become a proxy battlefield for the United States and Iran.

U.S. commanders have been increasingly vocal about allegations of Iranian support for Shiite militias and extremists in Iraq. Lt. Gen. Raymond Odierno, the No. 2 ranking U.S. commander in Iraq, said recently that Iran was providing training, weapons, ammunition and money to militants in Iraq.

The military said sophisticated weapons from Iran give militants an edge in their fight against American and Iraqi forces.

The Iranian Embassy in Baghdad could not be reached for comment, but Tehran has denied the allegations in recent statements.

Sunday's military briefing had been delayed several times, as higher-ups in Washington vetted the evidence, the U.S. officials said. The Bush administration was widely criticized after the U.S.-led invasion of Iraq for flawed intelligence alleging Saddam Hussein had weapons of mass destruction.

The officials said that among several Iranians picked up in recent raids was an operations officer from Iran's al-Quds Brigade, a unit in the Iranian Revolutionary Guards responsible for training insurgents and terrorists. The U.S. military identified him as Mohsin Chizari.

The Revolutionary Guards and al-Quds force report to Iran's supreme leader, Ayatollah Ali Khamenei.

U.S. forces raided a compound in the northern Iraqi city of Irbil last month, detaining five Iranians, all of whom were al-Quds members, the U.S. military said. Those captured tried to flush documents down the toilet and alter their appearance by shaving their heads, the U.S. officials said.

American officers are particularly worried about the armor-piercing bombs that can shoot a large slug of molten metal through the thick armor of a Humvee or Abrams tank.

Unlike many roadside bombs in Iraq that are cobbled together from artillery shells, so-called explosively formed penetrators are machined in factories.

"It is not just technology you can crank off the street," Lt. Col. Steven Miska, deputy commander of a U.S. brigade in Baghdad, said in an interview last week.

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The military officials said the number of explosively formed penetrators, or EFPs, used in Iraq increased dramatically last year after first being detected there in 2004. The number of EFP attacks nearly doubled last year. EFPs also have been used against Israeli forces in Lebanon by Iranian-backed Hezbollah militants, who fought a 34-day war with Israel last summer.

The U.S. military says it has also discovered conventional weapons and ammunition in Iraq tied to Iran. In an interview last week, Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq, said U.S. forces have discovered mortar rounds that were Iranian-made. They're distinctive because most tail-fins on 81mm mortars screw off, but Iranian-made shells do not, he said.

The U.S. officials said Sunday that much of the Iranian weaponry found in Iraq was manufactured last year, indicating the munitions were recently shipped into Iraq and were not Saddam-era weapons.

Odierno said in a recent interview that the Iraqi government has been confronted with U.S. allegations of Iranian support for militants in Iraq.

Iran's Leaders Arming Iraqis, U.S. Says (AP)

By Steven R. Hurst

AP, February 12, 2007

U.S. military officials on Sunday accused the highest levels of the Iranian leadership of arming Shiite militants in Iraq with sophisticated armor-piercing roadside bombs that have killed more than 170 troops from the American-led coalition.

The military command in Baghdad denied, however, that any newly smuggled Iranian weapons were behind the five U.S. military helicopter crashes since Jan. 20 — four that were shot out of the sky by insurgent gunfire.

A fifth crash has tentatively been blamed on mechanical failure. In the same period, two private security company helicopters also have crashed but the cause was unclear.

The deadly and highly sophisticated weapons the U.S. military said it traced to Iran are known as "explosively formed penetrators," or EFPs.

The presentation was the result of weeks of preparation and revisions as U.S. officials put together a package of material to support the Bush administration's claims of Iranian intercession on behalf of militant Iraqis fighting American forces.

Senior U.S. military officials in Baghdad said the display was prompted by the military's concern for "force protection," which, they said, was guaranteed under the United Nations resolution that authorizes American soldiers to be in Iraq.

Three senior military officials who explained the display said the "machining process" used in the construction of the deadly bombs had been traced to Iran.

The experts, who spoke to a large gathering of reporters on condition that they not be further identified, said the supply trail began with Iran's Revolutionary Guards Quds Force, which also is accused of arming the Hezbollah guerrilla army in Lebanon. The officials said the EFP weapon was first tested there.

The officials said the Revolutionary Guard and its Quds force report directly to Iran's supreme leader, Ayatollah Ali Khamenei.

The briefing on Iran was revised heavily after officials decided it was not ready for release as planned last month.

Senior U.S. officials in Washington — cautious after the drubbing the administration took for the faulty intelligence leading to the 2003 Iraq invasion — had held back because they were unhappy with the original presentation.

The display appeared to be part of the White House drive that has empowered U.S. forces in Iraq to use all means to curb Iranian influence in the country, including killing Iranian agents.

It included a power-point slide program and a handful of mortar shells and rocket-propelled grenades which the military officials said were made in Iran.

The centerpiece of the display, however, was a gray metal pipe about 10 inches long and 6 inches in diameter, the exterior casing of what the military said was an EFP, the roadside bomb that shoots out fist-sized wads of nearly molten copper that can penetrate the armor on an Abrams tank.

"A normal roadside bomb is like a shotgun blast. But these are like a rifle. They're focused and they're aimed. ... It's going to take anything out in its way, go in one side and out the other," said 1st Lt. Zane Galvach, 25, of Dayton, Ohio, a soldier with the Army's 2nd Division, based in Baghdad.

Skeptical congressional Democrats said the Bush administration should move cautiously before accusing Iran of fomenting a campaign of violence against U.S. troops in Iraq.

Senate Intelligence Committee member Ron Wyden, D-Ore., said "the administration is engaged in a drumbeat with Iran that is much like the drumbeat that they did with Iraq. We're going to insist on accountability."

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On the Republican side, Sen. Trent Lott of Mississippi said he did not think the United States was trying to make a case for attacking Iran. Lott said the U.S. should try to stop the flow of munitions through Iran to Iraq but that "you do that by interdiction ... you don't do it by invasion."

The EFPs, as well as Iranian-made mortar shells and rocket-propelled grenades, have been supplied to what the military officials termed "rogue elements" of the Mahdi Army militia of anti-American Shiite cleric Muqtada al-Sadr. He is a key backer of Shiite Prime Minister Nouri al-Maliki.

The U.S. officials glossed over armaments having reached the other major Shiite militia organization, the Badr Brigade. It is the military wing of Iraq's most powerful Shiite political organization, the Supreme Council for the Islamic Revolution in Iraq, whose leaders also have close ties to the U.S.

Many key government figures and members of the Shiite political establishment have deep ties to Iran, having spent decades there in exile during Saddam Hussein's rule. The Badr Brigade was formed and trained by Iran's Revolutionary Guard.

An intelligence analyst in the group said Iran was working through "multiple surrogates" — mainly in the Mahdi Army — to smuggle the EFPs into Iraq. He said most of the components are entering the country at crossing points near Amarah, the Iranian border city of Meran and the Basra area of southern Iraq.

The analyst said Iraq's Shiite-led government had been briefed on Iran's involvement and Iraqi officials had asked the Iranians to stop. Al-Maliki has said he told both the U.S. and Iran that he does not want his country turned into a proxy battlefield.

"We know more than we can show," said one of the senior officials, when pressed for tangible evidence that the EFPs were made in Iran.

U.S. officials have alleged for years that weapons were entering the country from Iran but had until Sunday stopped short of alleging involvement by top Iranian leaders.

During the briefing, a senior defense official said that one of the six Iranians detained in January in the northern city of Irbil was the operational commander of the Quds Force.

He was identified as Mohsin Chizari, who was apprehended after slipping back into Iraq after a 10-month absence, the officer said.

The Iranians were caught trying to flush documents down the toilet, he said. They had also tried to change their appearance by shaving their heads. Bags of their hair were found during the raid, he said.

The dates of manufacture on weapons found so far indicate they were made after fall of Saddam Hussein — mostly in 2006, the officials said.

In a separate briefing, Maj. Gen. Jim Simmons, deputy commander of Multinational Corps-Iraq, said that since December 2004, U.S. helicopter pilots have been shot at on average about 100 times a month and been hit on an average of 17 times in the same period.

He disclosed for the first time that a Black Hawk helicopter had been hit by small arms fire near the western city of Hit. The craft crash-landed but there were no casualties. Simmons was on board.

The major general said Iraqi militants are known to have SA-7, SA-14 and SA-16 shoulder-fired anti-aircraft missiles but none of the most recent five military crashes were caused by those weapons. He said some previous crashes had been a result of such missiles but would not elaborate.

North of Baghdad, a suicide truck bomber crashed into a police station near Tikrit, killing at least 30 policemen. A total of 76 people were killed or found dead across Iraq. The U.S. Central Command said a soldier was shot and killed Sunday in volatile Diyala province northeast of the capital. A second soldier was reported killed Sunday in western Baghdad.

Iran Arms Iraqi Insurgents (WT)

By Bill Gertz

The Washington Times, February 12, 2007

Iran is supplying deadly shoulder-fired missiles and armor-piercing bombs to Iraqi insurgents, along with TNT, triggering devices, rockets and other weapons that are killing and injuring hundreds of U.S. and allied troops, a U.S. military intelligence report made public yesterday says.

The detailed briefing report, titled "Iranian Support for Lethal Activity in Iraq," stated that Iranian Misagh-1 portable anti-aircraft missiles were found after a failed attempt to shoot down a plane at Baghdad's airport in 2004.

Disclosure of the Iranian provision of anti-aircraft missiles comes as six U.S. helicopters have been shot down by insurgents in the past three weeks. It is not known whether Iranian missiles were used in the attacks.

The armor-piercing bombs have killed at least 170 American and allied troops in Iraq, defense officials told reporters in Baghdad, where the report was released.

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"More than 170 U.S. and coalition troops have been killed by these things, and 620 wounded. There was a significant increase in their use over the past six months," one defense official said.

"The weapons had characteristics unique to being manufactured in Iran. ... Iran is the only country in the region that produces these weapons," said a defense official who briefed reporters in Baghdad, adding that Tehran was using Shi'ite cleric Sheik Muqtada al-Sadr's Mahdi Army as a surrogate in Iraq.

The report stated that the Iranians involved in supporting Iraqi extremists are members of the Qods Force of the Iranian Revolutionary Guards Corps, Tehran's Islamist paramilitary shock troops. The Qods Force is known to back terrorists throughout the Middle East, according to the 16-page report.

A senior defense official said the Iranian terrorist support is "coming from the highest levels of the Iranian government."

Much of the intelligence in the report was obtained in the past several months, including an identity card of a Qods Force member who was captured along with four other Iranian agents in a raid on the group's office in the northern Iraqi city of Irbil last month. The identity card bore the logo of the Qods Force.

"Over the last 60 days, Iranian and Iraqi detainees have told us that the Qods Force provides support to extremist groups in the form of money and weapons," the report said. "Their information included references to Iranian provision of weapons to Iraqi militants engaged in anti-coalition violence, as well as weapons and training to these same militants."

The briefing is the first Bush administration effort to expose details of Iranian support for extremists that has been a growing problem, especially with the introduction in 2004 of what the military is calling "explosively formed penetrators," or EFPs, that were shown in the report to have blown through the armor plating on the side of a U.S. Humvee.

"There is a growing body of evidence pointing to Iranian supply of EFPs to Iraqi extremist groups. Additional evidence suggests that Iran is also providing training and other forms of weaponry to extremist groups," the report said.

But congressional Democrats on yesterday's political talk shows were immediately skeptical on many points.

"Explosives seem to be flowing into Iraq from Iran, but does it stem from a deliberate government policy or rogue elements within the Iranian government?" asked Sen. Jack Reed, Rhode Island Democrat and Armed Services Committee member, on Fox News.

Both Democratic Sens. Christopher J. Dodd of Connecticut and Ron Wyden of Oregon said they feared the Bush administration had doctored the intelligence to support a belligerent policy against Iran.

"I'm worried about that. That's how we got into the mess in Iraq," Mr. Dodd said on CBS, with Mr. Wyden telling CNN that "the administration is engaged in a drumbeat with Iran that is much like the drumbeat that they did with Iraq. We're going to insist on accountability."

But Senate Minority Whip Trent Lott, Mississippi Republican, dismissed such suggestions, saying that the United States is using military interdiction to block Iranian interference in Iraq, while continuing diplomatic dialogue with Tehran.

"We are talking to them in a variety of ways. Just because you don't have a grand meeting doesn't mean you're not communicating," Mr. Lott said. "Diplomacy is an arcane world that I guess you have to be in to really understand. But I don't think the American people ought to be concerned that some precipitous action is fixing to occur."

The report contains a map showing the route used by Iranian agents to funnel cash and weapons into Iraq.

"Money and weapons are escorted across the border using different vehicles that only travel at night," the report said, noting the shipments happen "regularly."

"The money is transported through Mehran, Iran," the report said. "Named individuals provided two of the IEDs from Iran that can go through armor."

The shaped charges were described in the report as can-shaped high-explosives that send out a melted-metal projectile that can penetrate armor plating. It is a new type of improvised explosive devices, the deadly roadside bombs that have caused most of the deaths among U.S. and allied forces in Iraq since 2003.

In addition to shaped charges, the report shows that the Iranians have supplied cash and triggering devices for bombs, including a relatively sophisticated "passive infrared trigger" that was recovered by U.S. forces near the southern city of Basra and traced to Iran.

Large amounts of TNT were also recovered and found to have Farsi writing, an indication they were manufactured in Iran. Additionally, 88 mm mortar rounds found in Iraq were traced to Iran by serial numbers and shown to have been manufactured as late as September.

"Comparison of the seized mortar container markings to known Iranian samples indicates they are of Iranian production," the report said.

Iranian armor-piercing rocket-propelled grenades also are being sent to Iraq, according to the report. New PG-7AT-1 grenades were found in Baqouba in November and in Baghdad in January.

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Senior administration officials in the past have complained of the Iranian weapons support, but until now they have been reluctant to make the details public.

The report was held up for more than a week as the result of an internal dispute between intelligence and policy officials. Senior U.S. intelligence officials within the office of the director of national intelligence sought to play down the intelligence of Iranian involvement, fearing the report will be used as a basis to launch an attack on Iran.

Policy and military leaders pressed to have the report made public to expose Iranian duplicity. Tehran officials have said publicly that they want to see a stable Iraq while they are covertly supporting insurgents through the Qods Force activities.

U.S. Officials Offer Evidence Of Iran's Hand In Iraqi Unrest (LAT)

By Tina Susman, Times Staff Writer

The Los Angeles Times, February 12, 2007

U.S. defense and intelligence officials today rolled out what they said was solid evidence that Iran was providing bombs to target U.S. and Iraqi troops and accused Iran's supreme leader of orchestrating the smuggling of such devices over the Iran-Iraq bo

Baghdad — U.S. defense and intelligence officials today rolled out what they said was solid evidence that Iran was providing bombs to target U.S. and Iraqi troops and accused Iran's supreme leader of orchestrating the smuggling of such devices over the Iran-Iraq border.

At a briefing held under unusually secretive conditions here, the U.S. officials, who refused to be identified by name and did not allow cameras or recording devices inside a conference room, offered up tables laden with hardware and a slide show of documentation that they said bolstered the U.S. contentions of Iranian involvement in Iraqi unrest.

One of the officials, a military explosives expert, sat cradling the remnants of what he said was an Iranian-made explosively-formed penetrator, or EFP, on the table in front of him. The officer said that the device, which looked like a large coffee can stuffed with a gray, sandy substance, has been responsible for the deaths of at least 170 U.S. and other forces since first surfacing in Iraq in June 2004.

Also on display at the press conference were about three dozen tailfins of 60-milimeter and 81-milimeter mortars; two anti-tank rockets; shipping containers for mortars; a chunk of metal said to have been rocketed out of an Iranian-made explosive; and the identification cards, tucked into clear, plastic baggies, of two men arrested by U.S. agents in the northern Iraqi city of Irbil last month.

The intelligence analyst said the men were Iranian agents who were trying to change their appearance and flush documents down the toilet when U.S. officials burst in on them. The hardware, they said, was identifiable as Iranian because of the method in which it was manufactured, or because of unique markings.

The unveiling came amid discomfort from Iraqi government officials, who have made clear they don't want to be in a diplomatic cross-fire between the United States and Iran, leading supporters of the Iraqi government who are mutual antagonists. Since December, U.S. officials have arrested several Iranian officials in Iraq. Last week, Iran accused the United States of being behind the abduction of an Iranian diplomat on the streets of Baghdad.

The latest U.S. accusations against Iran, targeting Iran's supreme leader, Ayatollah Ali Khamenei, was certain to heighten tensions between Washington and Tehran. According to the U.S. official here, agents of Iran's Quds Force, a unit of the Iranian Revolutionary Guards, were involved in the smuggling of explosives into Iraq.

"They report directly to the supreme leader," said the U.S. intelligence official of the Quds agents. Another official said the material provided at the briefing was only a sample of evidence that existed but that because of intelligence concerns, nothing more could be provided.

Violence persisted in the capital and other parts of Iraq today (Sunday). At least 15 people died when a suicide bomber rammed a pickup truck into a police station in Dour, a Sunni town north of Baghdad. Witnesses said the explosives were hidden beneath hay in the truck and that the force of the blast damaged a hospital, post office, two schools and other buildings near the station.

The attack occurred shortly at about 9 a.m., just as Iraqi police were gathering for work, and destroyed the police station, said one witness, adding that the street was littered afterward with shrapnel and body parts.

In other attacks Sunday, gunmen raked a police station in the southern town of Muthena with gunfire, killing one civilian, and a car bomb went off in Baghdad's Mansour neighborhood, killing one person.

The violence came despite U.S. and Iraqi promises of a new security plan to stabilize Iraq, a plan that Nouri said Sunday would escalate this week with sweeps throughout Baghdad.

Dems Skeptical Of Starting Row With Iran (AP)

DOJ_NMG_0130316

AP, February 12, 2007

Skeptical congressional Democrats said Sunday the Bush administration should move cautiously before accusing Iran of fomenting a campaign of violence against U.S. troops in Iraq.

The members of Congress spoke on the morning talk shows as the U.S. military said it believes orders came from the highest levels of the Iranian government to send components for sophisticated roadside bombs in Iraq.

The military told reporters in Baghdad that between June 2004 and last week, more than 170 Americans had been killed by the bombs, which the military calls "explosively formed projectiles." Those weapons are capable of destroying an Abrams tank.

Explosives seem to be flowing into Iraq from Iran, but does it stem from a deliberate government policy or rogue elements within the Iranian government? asked Sen. Jack Reed, D-R.I., who serves on the Senate Armed Services Committee.

Sen. John Kerry, D-Mass., said that ultimately Iran wants a stable Iraq and that the United States needs to engage in diplomacy.

Sen. Christopher Dodd, D-Conn., said the administration could be laying the groundwork for an attack on Iran and that "I'm worried about that. That's how we got into the mess in Iraq," by relying on what Dodd called "doctored information."

Senate Intelligence Committee member Ron Wyden, D-Ore., said "the administration is engaged in a drumbeat with Iran that is much like the drumbeat that they did with Iraq. We're going to insist on accountability."

On the Republican side, Sen. Trent Lott of Mississippi said he does not think the United States is trying to make a case for attacking Iran. Lott said the U.S. should try to stop the flow of munitions through Iran to Iraq but that "you do that by interdiction ... you don't do it by invasion."

Sen. John Cornyn, R-Texas, spoke in more aggressive tones, saying that "we have to do everything within our power to stop" any cross-border flow.

Reed spoke on "Fox News Sunday," Kerry on ABC's "This Week," and Dodd and Lott on CBS's "Face the Nation" and Cornyn and Wyden on CNN's "Late Edition."

No News From Iran's Leader On Nuclear Program (NYT)

By Nazila Fathi

The New York Times, February 12, 2007

TEHRAN, Feb. 11 — President Mahmoud Ahmadinejad vowed in a speech marking the 28th anniversary of the Islamic revolution here on Sunday that Iran would not stop its nuclear program despite a United Nations deadline next week.

But he stopped short of making a promised announcement about "good news" in the country's nuclear progress, raising speculation that domestic political pressure and technological glitches may have put off a milestone in the government's efforts to begin mass enrichment of uranium.

In his speech, to a crowd estimated at more than 100,000 people who had gathered in Azadi Square in Tehran, he fell back on a formula that has become familiar as international sanctions and pressure have increased: vowing that Iran would never give up its right to enrich uranium, but promising that its program was for peaceful purposes only.

"We are ready for talks but will not suspend our program," he said.

In addition, he accused Western governments of making false promises of aid to lure Iran into giving up its program at a moment when it holds great promise.

"There is deception behind their demand for us to suspend our nuclear enrichment program; they want to force us to suspend the program and not let us resume it under an excuse," he said, adding that the last time the country halted its nuclear activities it took more than two years to restart the process.

The looming nuclear issue, and the events of a year in which Iran has worked to assert its importance on the world stage in other areas, added a note of historic importance to an anniversary celebration that in years past had often taken on the air of forced celebration.

This year, demonstrators converged to hear Mr. Ahmadinejad speak. Many held banners proclaiming Iran's nuclear aims, including the slogan: "Suspension, never, not even for one second!"

Mr. Ahmadinejad presented Iran's program as a fait accompli that the West would have to deal with, saying, "Our nuclear program is not a legal or a technical issue anymore, it has become a political one."

But the news of major success that he repeatedly promised last week did not appear in his presentation, nor in a parallel speech given by Iran's chief nuclear negotiator, Ali Larijani, at an international security conference in Munich. Instead, the president said the news would be announced sometime in the next two months, and he referred to the rally on Sunday as a "great nuclear celebration."

It was unclear whether Mr. Ahmadinejad's conspicuous silence reflected technical problems or political caution or some combination of the two.

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Technically, Iran is on the edge of crossing a nuclear line it has envisioned for decades: moving beyond the experimental phase of its enrichment program, begun in secret in 1985 and continued in fits and starts since then, and progressing to industrial-scale production. It was widely believed that Mr. Ahmadinejad was planning to announce that step, claiming opening success in an effort to install 3,000 enrichment centrifuges in two cavernous halls at its desert nuclear plant near Natanz.

The plant is eventually meant to hold 54,000 centrifuges, allowing the enrichment of uranium by the ton for reactor fuel rods — or, if the Bush administration's fears are true, nuclear weapons.

But one outstanding question is whether the frenetic activity at the desert plant is real, a bluff or a little of both — whether Tehran has really mastered the centrifuge basics or is involved in a political show to strengthen its bargaining position in the global standoff over its nuclear program. The known technical facts suggest that it may be too soon for any immediate leap to an industrial capacity, some international nuclear experts say.

There has also been growing domestic political pressure on Mr. Ahmadinejad to tone down his defiant rhetoric, especially after the recent imposition of sanctions by the United Nations.

Last week, reformist members of Parliament said they were ready to hold talks with their American counterparts in an effort to reduce tensions.

"It is time for the Parliaments of the two countries to use their legal power and authority to help bring understanding and cooperation between the two governments," said Akbar Alami, a reformist member of Parliament, the daily newspaper Aftab-e-Yazd reported Saturday.

Mr. Alami pointed to the rhetoric of Mr. Ahmadinejad and President Bush and said that both had been provoking animosity between the countries.

In between Mr. Ahmadinejad's alternately defiant and jubilant notes on Sunday, he also tried a reassuring one, taking pains to say that Iran would comply with International Atomic Energy Agency regulations and would not leave the Nuclear Nonproliferation Treaty. "All our activities are watched by I.A.E.A. cameras," he said.

In Munich, Mr. Larijani, Iran's nuclear negotiator, echoed those assurances, telling an audience of military and disarmament experts that "we believe in a solution through negotiations and dialogue" and asserting that Iran was ready to restart talks over its nuclear program.

"If the other side is determined in doing so," he said, "I am sure within a few months all issues will be finalized and the way will be paved for long-term cooperation both in regional aspects and in energy."

But Iran still faces a Security Council deadline that looms much sooner than a few months down the road. The Council has set Feb. 24 as the deadline for the government to suspend its uranium enrichment program or face tougher sanctions.

In his speech, Mr. Larijani said sanctions were counterproductive.

Afterward, he met for more than an hour with Javier Solana, the European Union's foreign policy chief, who had been involved in the negotiations with Iran. Mr. Larijani later met with Frank-Walter Steinmeier, the German foreign minister.

Iranians Voice Support For Tehran's Bid For Nuclear Energy (LAT)

By Kim Murphy

The Los Angeles Times, February 12, 2007

Tens of thousands of flag-waving Iranians converged on Azadi Square on Sunday to voice support for Iran's bid for nuclear energy, as President Mahmoud Ahmadinejad vowed to press forward with the nation's uranium enrichment program.

"When we suspend our activities, they will never let us resume them," the president told a crowd of cheering, chanting supporters who alternately sang patriotic anthems and burned Uncle Sam-hatted effigies of President Bush.

In his hourlong speech on the 28th anniversary of the Islamic Revolution, when crowds each year assemble to commemorate the overthrow of Shah Mohammed Reza Pahlavi, it was expected that Ahmadinejad would announce progress on Iran's uranium enrichment program.

Iran is said to be in the beginning stages of installing industrial-scale uranium enrichment centrifuges at an underground site at Natanz, but Ahmadinejad disclosed no advancements Sunday. Western nonproliferation specialists say the start-up has been hindered by technical problems, including difficulties operating the above-ground test centrifuges.

Iran has also hinted that it may try to set up P-2 centrifuges, which are more advanced than those being installed at Natanz, but there was no announcement of that, either. Ahmadinejad hinted that reports of new technological gains of an unspecified nature would be forthcoming between now and April 9.

Iranian officials have asserted a right to develop a civilian nuclear power program, but the U.S. and other leading Western nations believe that Iran is aiming to construct a nuclear weapon.

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For all the flag-waving, fist-clenching and chants of "Death to America," the crowd seemed somewhat subdued, as did the president. Hundreds wandered off in the middle of Ahmadinejad's speech, and the subtext to the president's address was that Iran intended to cooperate and was prepared for talks if the U.S. did not unilaterally set the terms.

"Why are your nuclear sites operating 24 hours a day, and we have to stop ours? We are ready to negotiate, but in a fair atmosphere," the president said. "Why do we have to suspend [enrichment] before negotiations?"

He said Iran was committed to continuing full cooperation with the International Atomic Energy Agency, including access by IAEA inspectors to Iran's nuclear sites.

In Germany, meanwhile, chief Iranian nuclear negotiator Ali Larijani struck a similarly conciliatory tone, asserting that Iran was prepared to settle all outstanding issues with the IAEA over the next three weeks.

"Today we announce to you that the political will of Iran is aimed at the negotiated settlement of the case, and we don't want to aggravate the situation in our region," Larijani told a gathering of the world's top security officials in Munich.

He added that Iran was seeking harmonious relations with its neighbors in the Middle East.

"That Iran is willing to threaten Israel is wrong," Larijani said. "We pose no threat and if we are conducting nuclear research and development we are no threat to Israel. We have no intention of aggression against any country."

Ahmadinejad's speech was the highlight of a day here that also included schoolchildren singing patriotic songs (including a recently penned anthem, "Nuclear power for peaceful goal, today it's the song of Iranians," and "The threat of the United States is not useful anymore.")

One woman waved a caricature of Secretary of State Condoleezza Rice with huge lips pursed into an angry snarl. Bush was depicted with big ears and a cowboy hat stamped with the Star of David.

Streets on several sides of Azadi Square throughout Sunday morning were turned into rivers of people making their way toward the anniversary rally, most of them bused in by the government from government offices, factories and schools. But some came on their own, a few stopping to buy Spiderman and Barbie balloons along the way.

"Please tell Mr. Bush, stay in your place, because you cannot do anything against this nation. If he tries to harm us, he will regret it," said Fatimeh Youssefi, who came with her granddaughter, both clutching chadors tightly around their chins. "We will defend our country to the day we are dead as martyrs."

"It's our duty to come here for our country and our revolution, and to say that nuclear energy is our right," said Mehdi Besharati, a 49-year-old government employee. "Why is it that the other countries can have nuclear energy, but we can't?"

Ahmadinejad also used the occasion to warn the U.S. about its continued presence in Iraq, although he did not address U.S. claims that Shiite-run Iran is aiding Shiite militias in the neighboring state.

"There's no more dictator, so why are you staying there? Iraq has a national parliament now. Why are you staying? Why are you making a new war between Sunni and Shia?" he said.

"The Iranian nation is brothers of the Iraqi nation. Millions of Iranians each year travel to Iraq. The security of Iraq is our security. If there is no safety in Iraq, it means there is no safety in the entire neighborhood," he said.

"You tried to ask us to make a solution in Iraq. We accepted, but you didn't accept our suggestions, and now you've made more and more problems."

Iran Softens Tone, Declares Readiness To Resume Talks (WP)

By Craig Whitlock And Thomas E. Ricks

The Washington Post, February 12, 2007

MUNICH, Feb. 11 -- Facing the prospect of broader international sanctions, Iran's president and national security chief on Sunday offered to resume negotiations over their country's nuclear program and eased up on some of the contentious rhetoric of the past, including threats to destroy Israel.

In Munich, Ali Larijani, Iran's top nuclear negotiator, briefly met with European diplomats for the first time since talks collapsed in September and said Iran was willing to return to formal discussions.

He also said his country had "no intention of aggression against any country," adding that Iran "posed no threat to Israel" in particular, despite past vows from Iranian President Mahmoud Ahmadinejad to wipe Israel "off the map."

Meanwhile in Tehran, Ahmadinejad also said that Iran was willing to resume negotiations, although both he and Larijani rejected a condition for talks set by the U.N. Security Council that Iran first freeze its uranium enrichment program. "We are prepared for dialogue but won't suspend our activities," Ahmadinejad said.

In an address commemorating the 28th anniversary of the Islamic revolution that overthrew the shah of Iran, Ahmadinejad said his government had made recent progress in its nuclear development but did not give specifics. Some diplomats and analysts had expected him to announce that Iran had made a breakthrough in its efforts to enrich uranium.

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U.S. and European officials expressed doubt about the sincerity of Iran's stated willingness to talk. "Offering to negotiate but saying suspension's off the table raises a real question about the sincerity of what he said," U.S. Deputy Treasury Secretary Robert M. Kimmitt told reporters in Germany after Larijani's appearance at the Munich Conference on Security Policy, an annual gathering of top defense officials and diplomats from around the world.

In Paris, French Foreign Minister Philippe Douste-Blazy said it would be "unacceptable" to hold negotiations unless Iran first agrees to freeze its nuclear activities. "We have to be exceedingly clear and very rigorous on this proposition," he said.

Larijani met briefly in Munich with German Foreign Minister Frank-Walter Steinmeier and Javier Solana, the European Union's foreign policy chief. Although no breakthroughs were reported, it was the first time the two sides had met since talks between Iran and European diplomats broke off last fall over Iran's refusal to end its uranium enrichment program.

Iran insists its nuclear program is for peaceful energy purposes, but U.S. and European officials say Tehran is pushing to develop atomic weapons in violation of international treaties.

On Friday, the International Atomic Energy Agency suspended some technical aid to Iran, which is under a Feb. 21 deadline from the Security Council to stop enriching uranium or face more international sanctions.

With the deadline looming, Iranian officials have sounded less strident of late. Although Ahmadinejad has garnered worldwide headlines for threatening to destroy Israel and for calling the Holocaust a "myth," diplomats and analysts said he has lost domestic political support in recent months and is under pressure to moderate his tone and positions.

In Munich, where Hitler and the Nazis first tasted power, Larijani tried to sidestep questions about his government's views on the Holocaust, during which the Third Reich orchestrated the killing of an estimated 6 million Jews and about 5 million other Europeans. It is a crime in Germany to deny that the Holocaust happened.

"There is an overreaction to the matter of the Holocaust," Larijani said. "It's a historical matter. I can't see why such sensitivities are being given to such a simple case."

Larijani also said Iran was a force for regional stability in the Middle East and had no designs on any of its neighbors, including Iraq and Israel. "We pose no threat, and if we are conducting nuclear research and development, we are no threat to Israel," he said.

Instead, Larijani blamed the United States for bringing chaos to the Middle East and South Asia, noting that it had invaded two of Iran's neighbors, Iraq and Afghanistan. He echoed some of the criticism leveled a day earlier in Munich by Russian President Vladimir Putin, who harshly accused the United States of making the world more dangerous than at any point during the Cold War.

In his own speech at the Munich conference Sunday, U.S. Defense Secretary Robert M. Gates used both humor and pointed remarks to parry Putin's speech. "One Cold War was quite enough," Gates told the audience of about 200 defense and foreign ministers and other officials from about two dozen countries.

Alluding to the fact that both he and Putin are former intelligence officials, Gates said, "I guess old spies have a habit of blunt speaking."

But he added, "I've been to reeducation camp" -- a reference to the four years he spent as president of Texas A&M University before becoming the Pentagon chief.

Gates, who has been defense secretary for just two months, noted that he has accepted an invitation from Putin to visit Russia.

Gates devoted most of his speech to urging NATO members to contribute to the force fighting Taliban insurgents in Afghanistan.

"It is vitally important that the success Afghanistan has achieved not be allowed to slip away through neglect or lack of political will or resolve," Gates said.

Iran Raises Hopes Of Nuclear Settlement (FT)

By Gareth Smyth, Stephen Fidler And Demetri Sevastopulo

Financial Times, February 12, 2007

Iran's top security official on Sunday held out hope for a "negotiated settlement" on Tehran's nuclear programme and said the programme would pose no threat to Israel or any other country.

Ali Larijani, Iran's chief nuclear negotiator, also told an international security conference in Munich that his government was willing to discuss technical limitations on uranium enrichment, to ensure it could not make the highly enriched uranium needed for a nuclear weapon.

In remarks that deviated from a prepared text, he also said Iran was open to talks on a multinational arrangement for uranium enrichment. But he suggested Tehran still considered it had the right to conduct its own uranium enrichment.

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Despite international fears that Iranian rhetoric would be ratcheted up Sunday as hundreds of thousands rallied in Tehran to mark the 28th anniversary of the Islamic Revolution, the country's leaders said they were open to compromise over the programme although they would not abandon it.

After discussions with Javier Solana, the European Union foreign policy supremo, Mr Larijani struck an optimistic note. "An important point is that I felt that Europe has the necessary will for a settlement of this case and there is the political will on our side to have a negotiated settlement." Earlier, he told the conference: "There are solutions to address your concern: we don't want you to be concerned."

European officials said the meeting was too brief to ascertain whether Mr Larijani's comments represented a potential breakthrough.

Meanwhile, on Sunday a US defence official in Baghdad said 170 coalition troops had been killed by Iranian-made roadside bombs, as US anger rises at Tehran's alleged involvement in the war. The official said there was "a growing body" of evidence of Iranian weapons being smuggled into Iraq and used to kill their soldiers.

Last week in Seville, Robert Gates, US defence secretary, said Washington had "pretty good" evidence that Iran was providing militias in Iraq with sophisticated explosive devices called " explosively formed projectiles". He said the evidence included serial numbers and markings on fragments of exploded devices. Tehran denies the charge and blames US soldiers for the violence and for inflaming tensions between Shia and once-dominant Sunni.

But Mr Gates dismissed suggestions that the recent increase in anti-Iranian rhetoric from US officials was a prelude to war. After the Iranian supreme leader threatened on Thursday to respond to any US attack on Iran, Mr Gates that day responded that it was "just another day in the Persian Gulf".

Asked later whether his response was aimed at ratcheting down the American rhetoric, he replied: "In the last few weeks there's been an effort in Washington actually to tone down everybody else. I don't know how many times the president, [Secretary of State Condoleezza] Rice and I have had to repeat that we have no intention of attacking Iran, that the second carrier group [recently dispatched to the Gulf] is there to reassure our allies, as well as to send a signal that we've been in the Persian Gulf for decades and we intend to stay there. And I think these are fairly modest statements, frankly."

At a rally in Tehran, President Mahmoud Ahmadi-Nejad also adopted a less combative tone, saying Iran was ready for "dialogue" and would remain within the nuclear non-proliferation treaty, which prohibits the development of atomic weapons. But he also stressed that Iran "would never accept . . . humiliation" by suspending nuclear activities, which the UN Security Council has demanded by this month. "A huge power like Iran cannot be threatened with sanctions," he told cheering crowds.

Iran's reformists and pragmatic conservatives have in recent weeks been trying to pressurise Ayatollah Khamenei to make Mr Ahmadi-Nejad adopt a more measured approach.

But one analyst told the FT he detected in Sunday's speech little evidence of a significant shift in Mr Ahmadi-Nejad's views. "He was as tough as ever," said Nasser Hadian, professor of politics at Tehran University.

Mr Ahmadi-Nejad said Iran had already achieved "its inalienable right", an apparent reference to proficiency in fuel-cycle technology, and promised further news of "great" progress.

The president did not, as had been expected by some western diplomats, announce an expansion of the number of centrifuges – the device used to enrich uranium – at its Natanz plant. Neither did he announce that gas had been introduced to the centrifuges, as some had predicted.

A report from Mohammad ElBaradei, director-general of the International Atomic Energy Agency, is due to be presented to the UN watchdog's board on February 21. Mr ElBaradei has tried to get negotiations under way by calling for a "time out", in which Iran would suspend enrichment simultaneously with the start of talks.

Iran Hits Softer Note Over Nukes (CSM)

By Scott Peterson

The Christian Science Monitor, February 12, 2007

ISTANBUL, TURKEY

Iran's President Mahmoud Ahmadinejad marked the 28th anniversary of the Islamic revolution in Tehran Sunday by telling a mass rally that anyone who gave up "one iota" of the controversial nuclear program would be the "most hated man in Iran."

But a far more conciliatory – and unexpected – message was offered to Western security chiefs meeting in Munich by Ali Larijani, Iran's top nuclear negotiator, who said that Iran is ready to resolve within three weeks all issues with the UN nuclear watchdog agency. "The political will of Iran is aimed at the negotiated settlement of the case and we don't want to aggravate the situation in our region," Mr. Larijani said.

Iran's nuclear messages come just days before a Feb. 21 deadline set by the UN Security Council for Iran to stop uranium enrichment or face broader sanctions than the limited restrictions imposed by a resolution in late December.

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Larijani's words indicate that despite Mr. Ahmadinejad's tough rhetoric – or perhaps because of it – Tehran has grasped how sensitive Iran's position has become, analysts say. But diplomats reacted with skepticism, even as they tried to find a compromise on the issue of enrichment.

Larijani's offer came as senior US officials in Baghdad presented what they called a "growing body" of evidence of high-level Iranian interference in Iraq, with lethal weapons and agents. Showing bomb fragments and mortar fins to journalists, the intelligence analysts charged that sophisticated roadside bombs known as "explosively formed penetrators" (EFPs) had been made in Iran and smuggled into Iraq, where they have killed 170 coalition troops since 2004.

The US analysts further charged that special units of Iran's Revolutionary Guard, known as the Al Qods forces, had been actively plying Shiite militias in Iraq with training, cash, and high-tech explosives to use against US forces. Of five Iranian "diplomats" detained by US forces last month in Arbil, the officials allege, one is head of Al Qods operations in Iraq.

In Germany, Mr. Larijani said the nuclear issue could be solved with "constructive dialogue," adding that Iran's program – which Tehran claims is limited to creating nuclear power, not weapons – is "no threat to Israel. We have no intention of aggression against any country."

The Iranian nuclear messages come just days before a Feb. 21 deadline set by the UN Security Council for Iran to stop uranium enrichment, or face broader sanctions than the limited restriction imposed by a unanimous resolution in late December. Ahmadinejad has in the past rejected the sanctions resolution as a "torn paper," and Sunday ruled out any suspension. Rallygoers echoed the president, chanting that nuclear power is Iran's "right."

Iran has vowed to complete building a cascade of 3,000 centrifuges by the end of this year, and to begin "industrial scale" enrichment of uranium to fuel power plants, which could also – at least in theory – produce enough material for a one weapon within a year.

But problems have beset the work of two 164-centrifuge pilot cascades already operating; 50 centrifuges "blew up" last spring, Iranian officials say. Rumors circulated this week in Tehran that the president would announce that Iran was installing the first 1,000 centrifuges at the underground site of Natanz, to defy UN demands.

"Image is outpacing reality when it comes to [Iranian] technology. The schedule is politically driven," says Michael Levi, a nuclear physicist and nonproliferation expert at the Council on Foreign Relations in New York.

"If Iran's near-term goal is to establish political facts on the ground, then the success of the technology is only of marginal importance," says Mr. Levi, who visited Iran last spring, a week after Ahmadinejad declared Iran a member of the nuclear club, after it produced a few grams of low-enriched uranium.

"People are too quick to infer that, because Iran is scaling up [enrichment] operations, that it has mastered lower-level operations," says Levi. "If this were a science fair project, that might make sense. But this is, number one, about shaping the international political environment."

Defiant tone, compliant actions

Senior Iranian officials had said to expect a major announcement of progress Sunday. But while Ahmadinejad made typically defiant tones, he also made it clear that Iran intended to follow safeguard rules as a signatory of the nuclear Non-Proliferation Treaty.

Inspectors of the UN International Atomic Energy Agency (IAEA) in the past week set up monitoring cameras in the Natanz enrichment facility, and canceled 18 cooperation programs with Iran on Friday that could have had dual civilian- military use, in accordance with the Security Council resolution.

"The problems [Iranians] are having don't seem to be showstoppers. Their centrifuges crash more than they did when the Dutch built similar machines ... [but] they are further along," says David Albright, a physicist and former IAEA inspector in Iraq, who has long followed the Iran case as president of the Institute for Science and International Security.

"Our 'worst case' assessment that they could have a bomb in 2009 hasn't changed," says Mr. Albright, noting that Iran would first have to make a definitive decision to go for a weapon – a step that Albright and other analysts believe that Iran has not yet made – and that "things would have to go well for them," which so far they have not.

"At some point, Iran has got to play its hand on how much it knows, if it is going to install these 3,000 machines this year," says Albright. "It's got to start hooking them together in cascades, and then turn them on and see if they work. I think we are going to learn a lot more in the next month or two about their capabilities."

When Iran first announced last spring that it had enriched uranium to 4.8 percent – high enough for nuclear fuel, but far short of the more than 80 or 90 percent necessary to make weapons-grade material – it declared plans to build its 3,000-centrifuge cascade by the end of 2006.

But technical difficulties and a fluid political dynamic inside Iran that has been partly influenced by surprise at the unanimous Security Council resolution against the Islamic Republic, are affecting Iran's nuclear timeline.

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"The biggest impact on [Iran] is fear of what could happen in the future, and more pressure on countries not to invest in Iran. It's embarrassing; they are a very proud nation, and don't like being called a pariah by the Security Council," says Albright. "But is that going to slow down their nuclear program? I don't think so."

Rising tension with the West has been defined by Ahmadinejad's uncompromising language on the nuclear issue, and by denying the Holocaust and calling for the destruction of Israel.

The White House has also ratcheted up its rhetoric in recent weeks, accusing Iran of supplying anti-US militias and insurgents in Iraq with weapons. It has also taken concrete military steps – such as sending a second aircraft carrier battle group to the Persian Gulf, mine sweepers to key oil export routes, and Patriot anti-missile batteries to regional allies.

US officials are preparing a new Security Council resolution that would broaden economic sanctions if Iran fails to meet the Feb. 21 deadline. One addition could be holding Iran in violation of prohibitions of harboring terrorists, The Washington Post reports, because of several key Al Qaeda members officially held under "house arrest" in Iran since late 2001.

But there are growing signals in Iran, too, that pragmatic conservatives – and even Iran's supreme religious leader Ayatollah Ali Khamenei, who refused a meeting requested by Ahmadinejad two weeks ago – have been trying to rein in the president on foreign policy issues.

Ahmedinejad may be more isolated

Ahmadinejad has been further weakened by the failure of his allies in December municipal and Experts Assembly elections. Conservative newspapers have criticized him for bringing Iran closer to war, and more than 100 parliament deputies last week took him to task for foreign policy adventures.

"A lot of [Iranians] think the new sanctions on Iran and the new rising tension between Iran and the US is mainly because of Mr. Ahmadinejad's statements about the Holocaust and so on," says Saeed Laylaz, a political analyst in Tehran. "Everyone thinks the situation is more sensitive than before, and that they should be careful about their statements.... You can see that [Ahmadinejad] these days is more silent."

But a modest muting of such rhetoric does not mean that Iran's nuclear program has lost its popularity, or its utility to Iran's theocratic regime. A placard bearing Ayatollah Khamenei's image at the rally Sunday read: "Achieving indigenous nuclear science is an epochmaking and civilization-building move."

"If the US does not want to give the [Islamic] system security guarantees [that it won't attack Iran], they have no other choice in Tehran but to be as strong as possible," says Mr. Laylaz. "They are going to protect themselves by providing this [nuclear] shield."

Scary Movie 2 (NYT)

By Paul Krugman

The New York Times, February 12, 2007

Attacking Iran would be a catastrophic mistake, even if all the allegations now being made about Iranian actions in Iraq are true.

But it wouldn't be the first catastrophic mistake this administration has made, and there are indications that, at the very least, a powerful faction in the administration is spoiling for a fight.

Before we get to the apparent war-mongering, let's talk about the basics. Are there people in Iran providing aid to factions in Iraq, factions that sometimes kill Americans as well as other Iraqis? Yes, probably. But you can say the same about Saudi Arabia, which is believed to be a major source of financial support for Sunni insurgents — and Sunnis, not Iranian-backed Shiites, are still responsible for most American combat deaths.

The Bush administration, however, with its close personal and financial ties to the Saudis, has always downplayed Saudi connections to America's enemies. Iran, on the other hand, which had no connection to 9/11, and was actually quite helpful to the United States in the months after the terrorist attack, somehow found itself linked with its bitter enemy Saddam Hussein as part of the "axis of evil."

So the administration has always had it in for the Iranian regime. Now, let's do an O. J. Simpson: if you were determined to start a war with Iran, how would you do it?

First, you'd set up a special intelligence unit to cook up rationales for war. A good model would be the Pentagon's now-infamous Office of Special Plans, led by Abram Shulsky, that helped sell the Iraq war with false claims about links to Al Qaeda.

Sure enough, last year Donald Rumsfeld set up a new "Iranian directorate" inside the Pentagon's policy shop. And last September Warren Strobel and John Walcott of McClatchy Newspapers — who were among the few journalists to warn that the administration was hyping evidence on Iraqi W.M.D. — reported that "current and former officials said the Pentagon's Iranian directorate has been headed by Abram Shulsky."

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Next, you'd go for a repeat of the highly successful strategy by which scare stories about the Iraqi threat were disseminated to the public.

This time, however, the assertions wouldn't be about W.M.D.; they'd be that Iranian actions are endangering U.S. forces in Iraq. Why? Because there's no way Congress will approve another war resolution. But if you can claim that Iran is doing evil in Iraq, you can assert that you don't need authorization to attack — that Congress has already empowered the administration to do whatever is necessary to stabilize Iraq. And by the time the lawyers are finished arguing — well, the war would be in full swing.

Finally, you'd build up forces in the area, both to prepare for the strike and, if necessary, to provoke a casus belli. There's precedent for the idea of provocation: in a January 2003 meeting with Prime Minster Tony Blair, The New York Times reported last year, President Bush "talked about several ways to provoke a confrontation, including a proposal to paint a United States surveillance plane in the colors of the United Nations in hopes of drawing fire."

In the end, Mr. Bush decided that he didn't need a confrontation to start that particular war. But war with Iran is a harder sell, so sending several aircraft carrier groups into the narrow waters of the Persian Gulf, where a Gulf of Tonkin-type incident could all too easily happen, might be just the thing.

O.K., I hope I'm worrying too much. Those carrier groups could be going to the Persian Gulf just as a warning.

But you have to wonder about the other stuff. Why would the Pentagon put someone who got everything wrong on Iraq in charge of intelligence on Iran? Why wasn't any official willing to take personal responsibility for the reliability of alleged evidence of Iranian mischief, as opposed to being an anonymous source? If the evidence is solid enough to bear close scrutiny, why were all cameras and recording devices, including cellphones, banned from yesterday's Baghdad briefing?

It's still hard to believe that they're really planning to attack Iran, when it's so obvious that another war would be a recipe for even bigger disaster. But remember who's calling the shots: Dick Cheney thinks we've had "enormous successes" in Iraq.

U.S. Troops Enter Eastern Baghdad As New Push Begins (NYT)

By Richard A. Oppel Jr. And Damien Cave

The New York Times, February 12, 2007

BAGHDAD, Feb. 11 — American troops locked down a large industrial area of eastern Baghdad on Sunday while Prime Minister Nuri Kamal al-Maliki, without indicating how he would do it, vowed to speed the deployment of Iraqi forces throughout the war-ravaged capital.

American commanders described the operation in the area, the Rusafa district, as an early taste of the large-scale sweeps expected in eastern Baghdad to take back some measure of control from militias. Soldiers from the Third Stryker Brigade Combat Team, from Ft. Lewis, Wash., were fired on by insurgents with automatic rifles. The soldiers detained 10 Iraqis while searching for a car-bomb manufacturing site in the area, a violent sectarian fault line between a Shiite enclave and the insurgent-ridden Sunni neighborhood of Fadhil.

The operations in eastern Baghdad are to be a centerpiece of the so-called surge of 21,000 troops that many here view as a last-ditch effort to save the country from all-out civil war. Eastern Baghdad "is a focal point for us right now," said Brig. Gen. John Campbell, deputy commander of coalition troops in Baghdad. American-led forces say they have conducted 3,400 patrols and detained 140 suspects in the past week.

Mr. Maliki, who is under immense pressure from his Shiite backers who say their neighborhoods are becoming increasingly vulnerable to attacks by Sunni insurgents, said Sunday that he had ordered an accelerated deployment of Iraqi soldiers and policemen to areas considered sanctuaries for insurgents and militias. "It will not start in just one area, but in all areas at the same time," he said.

But it remains unclear just how fast that deployment will take place, because only a portion of the Iraqi forces called for under the new Baghdad security plan are in position. And if the Iraqis who accompanied American soldiers during the 14-hour mission on Sunday were an accurate barometer, most are skeptical that the latest plan will make much difference. Similar operations in the past have largely failed.

"With all these security plans before this one, nothing has happened," said an Iraqi lawyer who spoke to a few soldiers near the Bab al-Sheik police station after he finished dealing with one of his cases.

The American brigade commander, Col. Steve Townsend, whose unit is part of the Second Infantry Division, said later that he believed most Iraqis would welcome more American troops. "I don't think the security plan is a hard sell," he said. "I just think that at this point they are a bit jaded."

After his soldiers stopped in a Shiite neighborhood close to Fadhil, one middle-aged Iraqi man told them, "The government is tired, and we are tired too." He explained that people were reluctant to identify insurgents because "then they go and kill them after that."

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As he spoke, the crackle of automatic gunfire erupted to the southwest, and Americans and nearby Iraqis dove behind vehicles. Taking cover behind his 19-ton Stryker armored vehicle, Colonel Townsend looked through the sight of his rifle and drew a bead on several suspicious men.

"See the radio antenna?" he asked one of his soldiers, as they both looked through sights. "Two fingers from that. A cluster of heads." But they did not return fire, because it was not clear who fired the shots.

Nearby, the Iraqis seemed unruffled. "They always fire from over there," one of the onlookers said. "Over there" was in the direction of Fadhil. Residents in the largely Shiite districts around Fadhil described that densely packed Sunni neighborhood as a place most would never go to.

"They drive their cars out from there, kidnap their victims, and return back to Fadhil," said Brig. Gen. Latif Muhammed, a police commander who oversees areas near Fadhil.

Residents in and around Fadhil said they hoped the presence of American soldiers would quiet the fighting that has trapped some in their homes for weeks. They said their streets and alleys have become a frontline battleground for Shiite fighters from neighborhoods to the northeast, near Sadr City, and Sunni gunmen who have sought to protect their turf from the Mahdi Army, the militia based in Sadr city that is loyal to Moktada al-Sadr.

Shiites in Sadriya, one neighborhood bordering Fadhil, have said Sunnis from Fadhil have been after Shiites for months — as shown, they said, by the truck bomb that killed at least 135 people last week.

In Fadhil, however, three Sunni residents said the fighting started about five months ago, when the Sadr organization sought to open a mosque and office in the area and local leaders refused. "It's like we have marks on our foreheads," said a widow in her 40s who would only give her name as Um Haider. "They know we're from Fadhil and they shoot at us."

She also said Shiite officials had refused to let her collect her husband's pension, and that the man who once provided food ration cards had been killed. Residents, she said, shoot at the Iraqi Army and the police because they believe they are allies of the Mahdi Army. "If the Americans are here, the Mahdi Army will be afraid to attack," she said.

But Uday Ahmed, 31, a Sunni whose family lost three restaurants in the bombing at the Sadriya marketplace, was less sanguine. "This is maybe the 10th time that the Americans have raided in Fadhil and nothing has changed," he said. "I don't think that it will work this time either."

Violence continued elsewhere on Sunday. In Adwar, southeast of Tikrit, a suicide truck bomber slammed into a police station in the morning, killing at least nine policemen and prisoners, and wounding at least 10 others.

The United States military also announced the deaths of two soldiers. One died after being shot Saturday during combat operations in Diyala Province; another was killed in an attack on Sunday when he was on patrol in western Baghdad.

In Ramadi, a fuel tanker exploded at a police checkpoint, killing at least three people and wounding at least eight. Minutes later a suicide bomber tried to enter the area but was stopped by the police. He detonated the bomb and killed himself and one policeman.

Baghdad was relatively quiet on Sunday. A car bomb in Mansour killed one person and wounded three, an Interior Ministry official said. The authorities also found 27 bodies throughout the city, many showing signs of torture.

Bombing At Tikrit Police Station Kills 9 (WP)

By Ernesto Londoã±o And Saad Al-izzi

The Washington Post, February 12, 2007

BAGHDAD, Feb. 11 -- Nine police officers were killed Sunday near Tikrit when a suicide bomber drove up to a police station and detonated explosives hidden under hay on the bed of a truck, the U.S. military and Iraqi officials said.

The blast, which took place at 9:15 a.m. in front of the Dawr police station, wounded several children at a school across the street and damaged several houses, Iraqi officials said.

"I was inside the police station and . . . there was a loud explosion that I could not describe, for I have not heard anything like that before in my life," said an officer, Ahmed Subhi, 23. "I was holding a tray with teacups, and the last thing I remember was that I was being pushed along with the tray toward one of the walls in the room and parts of the ceiling falling on me."

Dawr, in a heavily Sunni Muslim area in north-central Iraq, is near the site where U.S. officials found deposed Iraqi president Saddam Hussein hiding in December 2003.

Meanwhile, Iraqi Prime Minister Nouri al-Maliki said Sunday that the Baghdad security plan, which officials have described as a gradual, concentrated effort to step up patrols in the capital, will speed up this week.

"It will not start in one area in particular but in all areas at the same time, and those who will participate in conducting it are from all the spectrums of Iraq, from which the police and army troops are made up," he said.

The country's police and army are predominantly Shiite.

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Maliki said troops will simultaneously seal off 10 areas of the capital to crack down on insurgent and militia groups and protect homes abandoned by Iraqis who have fled the violence.

Also Sunday, the U.S. military announced that a Multi-National Division soldier was killed Sunday in western Baghdad. The soldier was shot when his unit was "conducting a cordon and search operation," the military said in a statement. A second soldier was wounded by small-arms fire.

Maj. Gen. James E. Simmons, deputy U.S. commander in Iraq, told reporters in Baghdad that U.S. helicopters in Iraq have come under attack 100 times per month on average since 2004.

Simmons said helicopter travel in Iraq has increased considerably in recent years as roads have become more dangerous. He said U.S. Army helicopters were expected to log 400,000 hours of flight time this year; in 2005 they logged 240,000 hours.

Simmons said that most U.S. helicopters shot down recently in Iraq crashed in predominantly Sunni areas but that there was no evidence insurgents were using sophisticated weapons to bring them down.

"There is no indication that we have seen that the enemy is employing any form of advanced ground-to-air missile," he said.

A U.S. military spokesman said Sunday night that a report from Iraqi police in Tikrit indicating that an AH-64 Apache helicopter had been shot down earlier in the day was unfounded.

Insurgents Stepping Up Efforts To Down U.S. Helicopters In Iraq (NYT)

By James Glanz

The New York Times, February 12, 2007

BAGHDAD, Feb. 11 — A deputy commanding general in Iraq whose duties include aviation said Sunday that insurgents had adopted new tactics and stepped up their efforts to shoot down American helicopters, and he acknowledged that the rash of recent incidents included a previously unreported downing of a Black Hawk late last month.

The unreported incident took place on Jan. 25 near the Euphrates River town of Hit when a Black Hawk was struck by automatic weapons fire from the ground, said Maj. Gen. Jim Simmons, a deputy commanding general for the American-led Multi-National Force in Iraq. All aboard were evacuated and there were no casualties, General Simmons said.

Depending on the outcome of an investigation into the crash last Wednesday of a Marine CH-46 Sea Knight helicopter, the latest report brings the number of American military and civilian helicopters shot down in Iraq in the past 21 days to either six or seven. General Simmons said preliminary findings suggested that the Sea Knight went down because of mechanical problems, but some witness reports indicated that the helicopter was shot down. All seven people aboard died.

“I will tell you that someone who is involved in a fight, who is adaptive and thinking, will develop the tactics to be able to engage people,” General Simmons said, speaking of the insurgents. “I believe that is what we have seen here.”

General Simmons said he also believed that the insurgents might be especially motivated to shoot down helicopters as a way of discrediting the new American and Iraqi security plan.

The United States military effort in Iraq depends heavily on moving cargo, weaponry and troops by helicopter, and any disruption of the flights would undoubtedly have a major impact.

The general acknowledged for the first time that the American military had altered its flight patterns and schedules as a result of the downings, but he added: “We have not canceled one mission, and there has been absolutely no reduction in rotary wing aircraft flight. Nor will there be.”

He said that helicopter transport had become ever more critical over the past few years as ground convoys have become increasingly dangerous. In 2005, Army helicopters logged 240,000 hours, and in 2006 the figure was 334,000 hours, General Simmons said. The projected number in 2007 is 400,000 hours, he said.

“In many cases it’s more efficient, it’s more effective to move people and supplies by air than it is by ground,” the general said. He added that it had also generally been safer.

Battles between insurgents on the ground and American helicopters in the air have by no means been rare at any time during the conflict. General Simmons said that since December 2004 the helicopters have been engaged by hostile forces about 100 times a month, mostly by small arms and automatic weapons, but occasionally by shoulder-fired missiles. On average, 17 helicopters have been hit each month.

As a result of those engagements, 29 Army helicopters have been shot down in the entire conflict, he said. He did not immediately have the total including Marine and other helicopters, but an unofficial tally by the Brookings Institution indicates that since the beginning of the conflict, 57 American military helicopters have either crashed or been shot down.

Among the most troublesome recent tactics by insurgents is firing on helicopters with heavy machine guns from more than one direction at once, General Simmons said. He said that had been the case in the Jan. 20 downing of a Black Hawk in which 12 service members died.

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The general, an Army aviator who has been commander of an Apache attack helicopter brigade, used nicknames to refer to many of the military aircraft that had been shot down. Beginning with the Black Hawk shot down on Jan. 20, they were EZ 40, Tarantula 26, Big Gun 72 and Crazy Horse 08. He did not use a nickname for the Marine helicopter that went down last week.

What Is Plan C? (USNEWS)

By Kevin Whitelaw And Anna Mulrine

U.S. News and World Report, February 12, 2007

Amid the congressional grandstanding last week over U.S. policy in Iraq, House Minority Leader John Boehner tried to channel President Bush and cast the choice as a simple one. "If you're not for victory in Iraq," the Ohio Republican said, "you're for failure."

If only it were that simple.

What kind of "victory," realistically, is achievable at this point? Certainly not a model democracy. Probably not even a particularly stable government, but perhaps one that would present some semblance of central authority and deny al Qaeda a new home for its training camps. What would failure be? These days, most Americans would probably settle for anything less than an all-out civil or regional war-as long as it brings the troops home. More voices are arguing that maybe the goal should simply be getting U.S. troops out of Iraq, whatever the consequences.

For now, Democrats and Republicans in Congress are tying themselves in knots trying to respond to the new strategy President Bush laid out last month for Iraq-his Plan B. The president's critics have focused on his call for a so-called surge of 21,500 U.S. troops, but Plan B is a broader shift that makes American soldiers responsible (for the first time) for keeping the Iraqi people safe. The new security plan is still taking shape, with additional U.S. troops moving into Baghdad. But the past two weeks have been demoralizing, with a handful of U.S. helicopters shot down and Baghdad convulsed by its own surge of suicide bombings and sectarian killings.

Even U.S. officials admit privately that Plan B is a long shot, alarmingly dependent on the performance of an Iraqi government that has yet to demonstrate much by way of resolve. Anthony Cordesman, a military expert at the Center for Strategic and International Studies, puts the odds of success at "probably less than 1 in 4." U.S. intelligence agencies are downright skeptical. The newly issued National Intelligence Estimate says that both Iraqi leaders and security forces will be "hard pressed" to move forward in the next 18 months.

Defense Secretary Robert Gates told a Senate panel last week that he is "planning for success" but conceded that he has ordered Pentagon officials to look at fallbacks. "I would be irresponsible," he said, "if I weren't thinking about what the alternatives might be." In public, U.S. officials are loath to discuss a possible "Plan C," but any significant shift would require months of preparation.

Unfortunately, the options for Plan C range from ugly to abhorrent-underscoring exactly how much is riding on Bush's Plan B. A look at five of the most-discussed options for Plan C, and their shortcomings:

1. WITHDRAWAL

Announce a date for the withdrawal of U.S. troops; accelerate training of Iraqi security forces; intensify diplomatic efforts to keep Iraq's neighbors from intervening

With violence spiraling and the Iraqi government so far unable to reverse the trend, a new report by the Council on Foreign Relations suggests that the situation may simply be irretrievable and U.S. forces will have to pull out from an unstable Iraq sooner or later. "It is now just a matter of time," the report concludes. "Better to withdraw as a coherent ... act than withdraw later in a hectic response to public opposition ... or a series of unexpectedly sharp reverses on the ground in Iraq."

Target: U.S. Choppers (NSWK)

By Mark Hosenball And Dan Ephron

Newsweek, February 12, 2007

Six U.S. choppers (including two belonging to a private security company) have crashed in Iraq since Jan. 20, killing a total of 27. Investigators have concluded four were shot down and are still sifting through the debris of the fifth crash site. (The sixth crash had no fatalities.) The Pentagon says publicly it's too early to determine whether the surge points to new tactics by insurgents. But a U.S. counterterrorism official said it looks as if some Iraqi fighters have been getting special training lately on how to down helicopters. The official, who asked for anonymity because of the sensitive subject matter, indicated that intel analysts were divided over the question of Iranian involvement in the training and that evidence so far was not conclusive. He said low-flying helicopters are being brought down by what amounts to small-arms fire—insurgents aiming machine guns or even rifles at the chopper's vulnerable spots. Some intel analysts believe insurgents have acquired armor-piercing ammunition that can be especially effective against helicopters, according to the official.

Part of the problem is that helicopters are vulnerable at almost any altitude. "Any time you're low, you are exposing yourself to some small arms. Any time you're high, you are exposing yourself to the SAMs [surface-to-air missiles]," said Col. Robert Quackenbush, a veteran Army officer who has flown both Apaches and Black Hawks. Quackenbush said pilots chart different flight patterns every day depending upon intel about insurgents on the ground. He said U.S. investigators in Iraq were sending back debris from the crash sites to U.S. labs, where it will be analyzed to determine what weapons were used and where they originated.

Army aviation official Lee Tutin said the Pentagon is developing lightweight armor panels that would protect a helicopter's exterior from machine-gun fire. But, he said, the extra weight would mean choppers could carry fewer passengers or less ammunition. The fear of crashes aside, many soldiers still prefer flying to travel by roads, where IEDs (improvised explosive devices) account for nearly 40 percent of American fatalities. Cutting back on chopper use would be a serious blow to U.S. mobility in Iraq. But if insurgents continue to improve their aim, the counterterrorism official said, the military would need to find safer ways to move soldiers.

The Incredible Shrinking Deficit (USNEWS)

By James Pethokoukis

U.S. News and World Report, February 12, 2007

It might be a bit cynical, not to mention premature, to call President Bush's new $2.9 trillion budget "dead on arrival." But the myriad proposals on everything from the Pentagon to the National Park Service are certainly going to be massaged a bit-mutilated in some cases, probably-by the new Democratic-controlled Congress. One thing you can bank on, though, is that when all is said and done, nixed and negotiated, Uncle Sam will still be in the red.

As the White House figures it, the federal government will be spending $244 billion more than it collects in 2007 (or about 1.8 percent of gross domestic product) and $239 billion in 2008 (or 1.6 percent of GDP). Still, those are hardly scary numbers for a $13.5 trillion economy. "The magnitude of the current deficit is nothing to be concerned about," says Jared Bernstein, an economist at the liberal Economic Policy Institute.

What would the numbers be if the country were not fighting wars in both Afghanistan and Iraq? Bush's budget includes a request for $93 billion in supplemental war funding for 2007 as well as a $142 billion request for 2008, the first time the White House has explicitly budgeted for the two wars. And what's the running tally on America's 21st-century military expeditions? So far $427 billion has been appropriated for "operations in the Global War on Terror." Tack on the funds requested in the new budget, and the total is $662 billion. War doves and budget hawks will recall that when former White House economic adviser Lawrence Lindsey estimated the cost of the war in Iraq to be between $100 billion and $200 billion, then Deputy Secretary of Defense Paul Wolfowitz scoffed, "We are dealing with a country that can really finance its own reconstruction, and relatively soon."

Doubters. Like many forecasts coming out of Washington, that one didn't pan out. And many budget experts doubt the White House's new economic forecast will either. Speaking at chipmaker Micron Technology's Manassas, Va., manufacturing plant last week, Bush said he appreciated "very much the fact that companies like Micron actually have a budget. It's a concept that the government needs to get used to, too. ...I submitted a budget yesterday that says we can balance the budget by 2012 without raising your taxes."

Indeed, the Bush budget does promise such things. According to the proposal, the U.S. government would run a $61 billion surplus in 2012, though the projected deficits in 2010 ($94.4 billion) and 2011 ($53.8 billion) would be so small relative to the size of a projected $18 trillion economy-0.6 percent and 0.3 percent of gross domestic product-as to be financially insignificant. (And yes, bean counters of America, these numbers do assume that Social Security surpluses are commingled with the rest of tax revenues.)

The nonpartisan Congressional Budget Office also shows the budget moving into balance by 2012, but there is a key difference from the Bush budget: The CBO assumes the 2001 and 2003 Bush tax cuts will expire, thereby bringing in a load of new tax revenue. Bush assumes the tax cuts stay in place.

Wanted: A Few Good Iraqis. Or Jordanians. Or . . . Anybody? (WP)

By Al Kamen

The Washington Post, February 12, 2007

The Pentagon and the State Department have been squabbling quite publicly over State's request to have the already-stretched military fill about 40 percent of the 300 new State jobs in Iraq created by the administration's latest rebuilding plan.

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Seems the military isn't the only one balking at working there. The U.S. Embassy in Baghdad is finding it increasingly difficult to get local Iraqis to work there because of what one senior official at the embassy called the "precarious security situation" in the country.

Last year, 35 local employees resigned, "nearly all due to security issues," the official said. The State Department is authorized to hire 136 local people for jobs in the embassy, but right now only 47 are filled by Iraqis. Thirteen more are filled by Jordanians brought over in a program specifically set up to fill the chronic gap.

Even with the Jordanians, the "ever-growing" shortage of local Iraqis "seriously impacts on our ability to carry out the normal, day-to-day operations of the embassy," the official said. They can't find Iraqis to fill the solid-paying jobs even in a country where the unemployment rate is estimated to be 25 to 40 percent.

Two years ago, the department sent out pleas for volunteers to go to Iraq, but the responses were mostly from folks who could fill only low-level jobs. There are now a number of important mid-level jobs the embassy needs to fill with people from the region.

So the plan now is to provide additional benefits -- housing and meals, more vacation, more health benefits and other inducements -- to entice local people hired at embassies in the region and even elsewhere in the world who might be willing to work in Iraq on six-month rotations. There is talk of figuring out ways to hire retired embassy employees from the region to come back in and work in Baghdad as contractors.

The long-term hope is to hire Iraqis for these jobs, but given the chaos and insecurity in Baghdad these days, nobody's counting on that option.Love in the Time of Bioterrorism

All set to mail that beautiful Valentine's Day bouquet to your favorite lawmakers to thank them for favoring your clients? Sending truffles to your main squeeze on the Hill?

You've waited too long! Even if you run out right now to mail your gifts, even if you overnight them, Senate and House officials warn, your little something sweet is not likely to get there by Wednesday.

That's because the security screening process adds two, maybe even three, days to the usual delivery times. "In anticipation of Valentine's Day," House Chief Administrative Officer Jay Eagen and Sergeant at Arms Wilson Livingood caution in a Feb. 1 letter to members and staff, "be advised that overnight deliveries via a nationwide system (FedEx, UPS, DHL, etc.) will be processed by the off-site Postal Operations screening facility."

And that adds a good extra couple of days, they say, because packages "must be held in quarantine until the test results deem the packages safe." That means your flowers, candy and such -- as well as cards and other gifts -- will sit around, wilting and melting, at the postal facility -- though the "staff will make every attempt to secure the perishable items" in refrigerated quarantine, the letter says.

Senate Sergeant at Arms Terrance W. Gainer suggests that staff "advise family and friends to refrain from directing" flowers and gifts to the Hill, warning of a 72-hour wait.

Both the Senate and the House bar couriers and vendors from making deliveries directly to the Capitol or its office buildings. If a flower-delivery person calls, "please instruct the delivery person to meet you in an outside public area," the House advisory says. "You must meet the delivery person, inspect the flowers and bring the flowers" into the buildings yourself. (Don't forget to give a nice tip.) "Only cut flowers set in water or arranged in an unsealed box or carton may be brought" in, we're advised, and only by staff members "bearing valid identification badges."

So does this mean you might end up forced to dine alone on Wednesday?

Well, you can always try this excuse for the post-anthrax age: "Forget? Moi? No way. Those danged safety screening devices nuked the two dozen long-stemmed." Of course, they better show up on Thursday.Clinton's Defender to Serve Bush

Williams & Connolly partner Emmet T. Flood, last seen in the news pages helping fellow partner David Kendall help President Bill Clinton fend off impeachment, is said to be moving over to the newly expanding White House counsel's office as senior counsel to President Bush.

Despite that minor Democratic lapse back in 1998, Flood, who has a doctorate in philosophy, boasts stellar conservative legal credentials. He clerked for the legendary federal appeals judge Ralph K. Winter and then for Supreme Court Justice Antonin Scalia.

Thousands Of Army Humvees Lack Armor Upgrade (WP)

By Ann Scott Tyson

The Washington Post, February 12, 2007

The Army is working to fill a shortfall in Iraq of thousands of advanced Humvee armor kits designed to reduce U.S. troop deaths from roadside bombs -- including a rising threat from particularly lethal weapons linked to Iran and known as "explosively

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formed penetrators" (EFP) -- that are now inflicting 70 percent of the American casualties in the country, according to U.S. military and civilian officials.

The additional protection is needed for thousands of U.S. reinforcement troops flowing into Baghdad, where these devastating weapons -- used primarily by Shiite fighters -- are particularly prevalent, the officials said.

U.S. Army units in Iraq and Afghanistan lack more than 4,000 of the latest Humvee armor kit, known as FRAG Kit 5, according to U.S. officials. The Army has ramped up production of the armor, giving priority to troops in Baghdad, but the upgrade is not scheduled to be completed until this summer, Army officials said. That is well into the timeline for major operations launched last week to quell violence by Sunni insurgents and Shiite militias, which the U.S. military now views as the top security threat in Iraq.

"Those who need FRAG Kit 5 are receiving FRAG Kit 5 based upon theater requirements and priorities," said Army Brig. Gen. Charles Anderson, director of force development for the Army deputy chief of staff. The Army is supplying the life-saving kits "as quickly as we can," he said in an interview and in written responses. "Kits are being flown to theater."

The Army declined to disclose details on the number of kits installed and where the shortages exist.

The Army began the Iraq war with an estimated $56 billion equipment shortage and has struggled to keep up with demands for new armor to protect against increasingly deadly bombs. In the case of FRAG Kit 5, the Army quickly produced a bolt-on version in limited quantities, while the permanent version has taken longer than expected to develop, test, produce and install. Meanwhile, the unexpected deployment of five additional Army brigades into Baghdad has created an urgent need for 2,000 Humvees with the new armor.

Shiite forces in recent months have stepped up their targeting of U.S. soldiers in Baghdad with sophisticated EFPs, described by one official as like "a spear that rips right through the vehicle."

The penetrator, a heavy, metal projectile, is propelled by an explosive and strikes with enough speed and power to shatter the relatively brittle, "high hard" steel of up-armored Humvees, creating what experts call "behind armor debris (BAD)" -- essentially, turning pieces of the vehicle into shrapnel. The new armor kit is designed with more flexible materials that slow down the projectile and contain the debris, limiting the damage to that caused directly by the EFP.

However, there is no guarantee that even the latest armor -- which reinforces the doors -- can prevent deaths from EFPs, defense officials have emphasized, and U.S. troops in Humvees outfitted with the new kit have been killed by EFPs.

The Pentagon does not release overall data on EFP strikes or their effectiveness, to prevent such information from being exploited by attackers. But reports from the military and family members on specific attacks indicate that since November, at least 11 U.S. soldiers and an interpreter have died in EFP strikes, all but one of them in Baghdad.

"In November, there was all of a sudden a ridiculous surge in EFP activity. People were getting killed left and right," said one military officer who served recently in Iraq. While other roadside bombs often cause no casualties, EFPs "make everyone nervous," he said. "It's a catastrophic weapon."

Senior U.S military officials in Baghdad held a briefing yesterday in which they presented evidence of apparent Iranian involvement in supplying EFP technology and components to fighters in Iraq.

The total number of roadside bombs laid in Iraq doubled in the past year, Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, testified before Congress last week.

"You add that, then, to the new explosively formed projectiles, which are a much more deadly form that are coming into Iraq from Iran, and the combination has maintained the level of casualties," Pace said, despite advances in U.S. protective gear, tactics and targeting of bomb networks. Pace recently said two Iranians had been detained in raids on the networks.

EFP attacks are a small percentage of the roughly 1,200 attacks against U.S. forces each month involving roadside bombs, according to the Pentagon's Joint IED Defeat Organization. About half the roadside bombs in Iraq are found and disabled, and only 20 percent cause U.S. casualties. But EFPs "are far more lethal," Defense Secretary Robert M. Gates said recently, adding, "They can take out an Abrams tank."

U.S. commanders have voiced frustration recently at the ability of enemy fighters in Iraq to change tactics to defeat U.S. protective gear. "Equipment that was, we thought, pretty effective in protecting our troops just a matter of months ago is now being in fact challenged by some of the techniques and devices over there," Adm. William J. Fallon, the new U.S. commander for the Middle East, said last month.

Fewer than half the Army's roughly 14,500 up-armored Humvees in Iraq and Afghanistan have been outfitted with the bolt-on version of FRAG Kit 5. Thousands of the permanent kits have been flown to Iraq and are being installed at 11 locations around the country, officials said. Over the next six months, the Army plans to produce 5,000 more Humvees with the permanent kits already installed, Anderson said.

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Overall, Army equipment backlogs had grown so severe, Anderson said, such a troop increase would not have been possible last year. He said the Army is in a far better position now, thanks to an infusion of $17 billion last year to replace and repair equipment.

Still, Pace said last week that U.S. troops will face a gap of up-armored Humvees and other armored vehicles that will not be closed until July, and according to the Pentagon, commanders will be required to share 500 up-armored vehicles. But the Army said it is not short of up-armored Humvees in Iraq.

DOJ:

Politics Shouldn't Matter (TOLB)

Toledo Blade (OH), February 12, 2007

BY MOST accounts, the Bush Administration has gone further in infusing the federal government with partisanship than any administration in modern history. That is why Congress should enact legislation to ensure that the White House doesn't undertake unnecessary political mischief in the appointment of federal prosecutors.

Assistant U.S. attorneys, the 5,200 men and women who prosecute federal crimes, traditionally have been commissioned by the president and confirmed by the Senate. Typically, a new president replaces the entire crew with supporters.

But last year, Sen. Arlen Specter, Republican of Pennsylvania, quietly inserted into reauthorization of the Patriot Act a provision to allow appointment of such prosecutors on an interim but indefinite basis - without Senate consent.

The action came to light at Christmas time as seven assistant U.S. attorneys were summarily fired by the Justice Department. One, who had been in the post in Little Rock, Ark., for five years, was replaced by a former aide to Karl Rove, President Bush's political hatchet man.

Any government maneuver involving Mr. Rove is immediately suspect, to be sure, and the episode raised suspicions that skulduggery was afoot. Favoritism and political influence are this administration's basic tools. Remember "Brownie" at FEMA?

Attorney General Alberto Gonzales, empowered to make the interim appointments, is vague about the need for the new law. He told the Washington Post that political appointees are subject to removal for any - or no - cause, and he added obliquely that the administration might be inclined to replace personnel to get "better results."

Maybe so, but more likely the new law is a thin disguise for some sort of shenanigan. According to the Post, the prosecutor sacked in Little Rock was told his removal was no reflection on his work, that officials in Washington just wanted to give his job to the other guy.

Indeed, it's been suggested that one of the attorneys let go, Carol S. Lam, of San Diego, was removed because she did too good a job with the bribery investigation of U.S. Rep. Randy "Duke" Cunningham, a California Republican who was forced from office and is now in prison.

The injection of partisanship in public employment is never healthy, but the job of an assistant U.S. attorney should be, at least nominally, above politics. Subjecting criminal prosecutors to claims of outside or undue influence only weakens trust in the criminal justice system, and shifting personnel could cause harmful and unnecessary delays in cases.

In that vein, we hate to think what might have become of the Coingate case if the Republican federal prosecutor involved, Greg White, of Cleveland, had been sidetracked by politics two years ago. Instead, Mr. White ably prosecuted GOP insider Tom Noe for making illegal campaign contributions to President Bush, and his office aided in the successful state theft case that sent Noe to prison.

Who is prosecuted and for what crimes should not be a matter of partisan whim, or even appear to be. Congress should act now to take back its oversight role on assistant U.S. attorneys from a power-hungry president.

CORPORATE SCANDALS:

McAfee Ex-Counsel Likely To Face Options Charges (WSJ)

By James Bandler And Mark Maremont

The Wall Street Journal, February 12, 2007

Federal prosecutors are readying criminal charges related to alleged backdating of stock options against a former general counsel of McAfee Inc., Kent Roberts, according to people familiar with the matter.

The charges are likely to be filed in the next few days, a person familiar with the situation said, but the person added that the actions could be delayed for at least a week. If charged, Mr. Roberts would become the sixth person charged with criminal

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offenses in the widening federal probe into stock-options backdating, which is examining conduct at about 140 companies. The pace of investigations appears to be quickening, and more criminal and civil charges are expected in coming weeks.

Mr. Roberts was fired by McAfee in May 2006. At the time, the company said it took the action after it "became aware of one episode involving the General Counsel in 2000 that was improper." The company hasn't explained further. Mr. Roberts received options dated April 14, 2000, to buy 20,000 shares at $19.75, a deep low in the company's stock price, according to a Securities and Exchange Commission filing. Shares rose to more than $25 that month.

Mr. Roberts described to company lawyers his role in the backdating when the issue surfaced in the spring, according to people familiar with the matter. He couldn't be reached to comment and his lawyer declined to comment. Mr. Roberts joined McAfee in May 1998 from private practice in Dallas. He became general counsel in early 2001.

McAfee, a Santa Clara, Calif., maker of virus-protection software for computers, has been wracked by turmoil surrounding its past options-granting practices. In October, the company announced the retirement of Chairman and Chief Executive George Samenuk, and the firing of Kevin Weiss, its president, as a result of an internal probe into past options-granting practices. The company has said some of its option grants were misdated, and has said it will need to take charges to account for understated compensation costs related to improperly-granted options.

Conduct at McAfee is being investigated by prosecutors at the office of the U.S. attorney for the Northern District of California, in San Francisco, who are handling several high-profile criminal probes into backdating. It isn't clear if Mr. Roberts will cooperate with prosecutors, who often seek the help of lower-level officials in their continuing investigation of high-ranking executives. The SEC also is probing stock-option practices at McAfee.

A stock option provides the right to buy shares of a stock in the future at a set "strike" price, generally the price at the time the option is issued. Backdating involves pretending an option was issued at an earlier time when the stock price was lower, increasing its potential value.

Restatements Still Bedevil Firms (WSJ)

By David Reilly

The Wall Street Journal, February 12, 2007

Publicly traded companies filed 1,876 restatements of financial results in 2006, setting a record for corrections of financial statements while showing that many still are struggling to get the accounting right for both simple and complex transactions.

In a sign that some of the corporate-governance changes enacted this decade may be taking root, the number of restatements filed by large companies fell in 2006, the first such decline since 2001, according to a study by audit research firm AuditAnalytics. Large companies -- those having more than $700 million in stock that the public is able to buy -- filed 196 restatements in 2006, a nearly 20% drop from the previous year.

By contrast, companies with a public float of less than $75 million, which don't yet have to follow rules related to checks on their internal controls, continued to have restatements climb. In 2006, U.S. companies in this category filed 1,108 restatements, a 42% jump from the previous year. This group accounted for more than two-thirds of the 1,608 restatements filed by U.S. companies. "Presumably the difference is because internal controls are working better," said Mark Cheffers, chief executive of AuditAnalytics.

Restatements of financial results are akin to a product recall and mean that investors no longer can rely on figures companies previously provided and which may have formed the basis for their decision to buy or sell stocks or bonds. Restatements, a black mark both for financial executives within a company and its outside auditors, once were fairly rare and occurred only when major problems were found.

That changed in the wake of corporate scandals such as Enron and WorldCom. Auditors who generally missed the frauds that rocked markets began doing a more-thorough job than they did during the technology boom. The Sarbanes-Oxley Act, passed in 2002, also created a regulator for accounting firms, causing them to further improve audits. Finally, Sarbanes-Oxley mandated that corporate executives attest to having internal systems designed to prevent accounting mistakes and fraud, and that auditors check these mechanisms, known as internal controls.

Combined, the changes caused restatements to soar to 1,876 in 2006 for both U.S. and foreign companies filing with the Securities and Exchange Commission, according AuditAnalytics. Restatements last year rose 17% from 2005 and compare with just 452 restatements in 2001.

Where did companies mess up the most in their accounting? Looking at all restatements filed in 2006, the measurement and recognition of debt and stock or equity instruments caused the most errors, accounting for about 27% of total restatements, according to AuditAnalytics. This seemed to be mainly a small-company problem. Among bigger companies, this area accounted for just 6% of restatements in 2006.

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Big and small companies alike were tripped up by problems related to the backdating of stock options, Mr. Cheffers said. Restatements related to compensation issues accounted for the second-highest category of restatements among all companies. Among larger companies, this issue was the biggest problem, accounting for 38% of their 2006 restatements, according to AuditAnalytics.

Two other problem areas for the big guys: accounting related to cash-flow statements and tax issues. Each area accounted for 21% of 2006 restatements for big companies.

Questions Grow About A Top CNBC Anchor (NYT)

By Landon Thomas Jr.

The New York Times, February 12, 2007

In November 2005, Citigroup gathered top clients at a lush spa resort in Napa Valley for two days of wine tasting and a chance to road test some of the hottest luxury cars on the market.

The test drivers included Todd S. Thomson, then the chief executive of Citigroup's wealth management arm, car collectors, clients of the bank and Maria Bartiromo, the CNBC anchor and celebrity guest.

Their charge: To pick the 2006 car of the year for Robb Report, the luxury magazine. Like many of the judges, Ms. Bartiromo chose the bright red Ferrari Spider, according to one attendee. So did Mr. Thomson, a car enthusiast.

"It's the ultimate package of sex and performance," he told a reporter for the magazine.

With its blend of high living, glitz and privileged access, the event provides a glimpse of the rarefied world inhabited by Ms. Bartiromo, who, in her years as CNBC's most recognizable face, has lent to the reporting of once gray business news a veneer of gloss and celebrity.

Socializing with sources is a long journalistic tradition, especially for television personalities whose renown often allows them to travel in the same elite circles as their subjects.

But for Ms. Bartiromo, who accompanied Mr. Thomson last fall on Citigroup's corporate jet to a series of client and other bank-sponsored functions in China, her ability to gain entree into the exclusive and mostly male world of chief executives and financial titans has made her a valuable commodity to CNBC.

After Mr. Thomson's abrupt departure from Citigroup, however, such ties have raised questions about her closeness to her sources, all of whom she also covers as the cable network's top anchor. CNBC has said that it paid commercial fare to Citigroup for Ms. Bartiromo's trip to China. And last week, Jeffrey R. Immelt, the chief executive of General Electric, CNBC's parent, voiced his support for Ms. Bartiromo and the cable network.

"Substantially, I don't think she did anything wrong," he said.

A CNBC spokesman said that Ms. Bartiromo flew commercial to the California event and that the network paid for her flight as it was network business.

Ms. Bartiromo declined to comment for this article. CNBC declined to comment on whether executives had any discussions with her concerning her relationship with Mr. Thomson. However, people inside of CNBC did say that she will continue to cover the company as part of her regular duties.

Whether it is providing a personalized video tribute — shot from inside the CNBC newsroom — to Stephen A. Schwarzman, the chairman of the buyout giant Blackstone Group to celebrate his 60th birthday or mingling with a source at a benefit for the New York City Ballet, Ms. Bartiromo's proximity to the people she covers has created a model of journalism that jibes perfectly with CNBC's mandate to ramp up its ratings by adding pizzazz and drama to its coverage.

Still, Mr. Thomson's departure and Ms. Bartiromo's connection to him have raised questions within the network over the possible tension between CNBC's duty to pursue big financial news stories and its loyalty to Ms. Bartiromo.

On Dec. 11, after the appointment of Robert Druskin as chief operating officer of Citigroup, Ms. Bartiromo and Charles Gasparino, a CNBC on-air editor, had a brief on-air clash when Ms. Bartiromo remarked that an earlier report by Mr. Gasparino that Sallie L. Krawcheck would leave her job as chief financial officer did not pan out.

"That is not what I said," Mr. Gasparino shot back. "I didn't say that," as he argued that Ms. Krawcheck and Mr. Thomson were no longer heirs to succeed Charles O. Prince as chief executive.

Subsequently, according to people with an understanding of how the story unfolded, Mr. Gasparino learned that, in fact, Mr. Thomson's job was in jeopardy.

He explained this to Jonathan Wald, head of news programming, that he had been told by people within Citigroup that top management had examined Mr. Thomson's conduct, specifically the occasions that Ms. Bartiromo joined him on the company jet. Mr. Wald told Mr. Gasparino to pursue the story, these people say.

When Ms. Bartiromo got wind of Mr. Gasparino's reporting, she told Mr. Wald, complaining that her name was being dragged into the matter, these people say. Mr. Wald said that reporting the story was Mr. Gasparino's job.

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Nevertheless, Mr. Gasparino never reported on Mr. Thomson's threatened job status. He was urged to proceed cautiously with the story, but some within the network say Ms. Bartiromo's role in the story prevented it from being fully reported.

Mr. Wald adamantly disagrees with that interpretation. "We were clear from the beginning about reporting the story to the fullest. We did not air it because it was not adequately sourced. It didn't meet our criteria from a journalist's standpoint, and it clearly wouldn't have met our lawyers' criteria."

On Jan 22, when Citigroup announced Mr. Thomson's resignation, Mr. Gasparino could barely contain his frustration.

"Two weeks ago I caught wind that essentially Todd Thomson was out," he said on air that morning when the news broke. Compounding this tension is the fact that no CNBC reporter or anchor has mentioned Ms. Bartiromo's link to Mr. Thomson's departure.

Typically, Ms Bartiromo's interviewing style can be probing, aggressive and, her special access notwithstanding, she can make even some of her best sources sweat a bit on camera.

In an interview with Robert L. Nardelli, the recently ousted chief executive of Home Depot, she peppered him with sharp questions relating to his conduct and governance at the company. And a question posed to President Bush about his use of Google elicited a revealing response from the president as he referred to the search engine as "the Google."

"She is not a marshmallow," said Gerard R. Roche, the chairman of the executive search firm Heidrick & Struggles, who has been interviewed by Ms. Bartiromo.

John J. Mack, the chief executive of Morgan Stanley, agreed, recalling an interview he had with her. "She put me on the spot big time," he said, adding that he did not socialize with Ms. Bartiromo.

"She is a professional," Mr. Mack said. "You can't assume that you will go on air and that it will be a cakewalk."

At the same time, the occasional gushing aside can betray an admiration for her subjects — many of whom she knows socially, either from events at the New York City Ballet, where she is a trustee, or her regular lunches at San Pietro, the favored restaurant of Wall Street titans.

"When we come back, the allure of John Mack," she once said during an interview.

In many instances, the sentiment on Wall Street seems to be mutual.

It is an appreciation that dates back to Ms. Bartiromo's early days in the mid-1990s, when she made a name for herself as the first journalist to report live from the floor of the New York Stock Exchange.

"At the height of CNBC mania, we had these C.E.O.'s and celebrities beating down our door to ring the stock exchange bell," said Robert T. Zito, a former executive vice president at the stock exchange. "The one thing they wanted to do was meet Maria."

For the daughter of a restaurant owner in Bay Ridge in Brooklyn, her rise to celebrity status — there are Web sites devoted to her, Joey Ramone wrote a song in her honor and she has recently trademarked her "Money Honey" nickname — has been meteoric.

And while much has been made of her Sophia Loren-like looks, her early career ascent was propelled by pluck, ambition and like another famous, albeit fictional, product of Bay Ridge, Tony Manero in "Saturday Night Fever," a hunger to make it big across the river in Manhattan.

She switched from C. W. Post College to New York University, and in her first media job at WMCA Radio, she impressed the radio personality Barry Farber with her willingness to do more than her share of dirty work.

On one occasion, Mr. Farber recalled, he was sent "100 pounds of frozen North Carolina pork barbecue" and before it could melt, Ms. Bartiromo not only found a charity to take it, but delivered the meat herself in her own car. "She had the stuff and she knew how to deploy it," he said.

In 1990, just out of college, she met Jonathan Steinberg, the son of Saul Steinberg, the corporate raider. As the two began dating, it was Mr. Steinberg, who presided over a personal finance magazine and a hedge fund, who attracted the media attention. The couple married in 1999.

But Ms. Bartiromo's public profile would eclipse his. After a stint working for Lou Dobbs at CNN, she moved to CNBC in 1993. She became a star once she started broadcasting from the stock exchange floor.

As her recognition grew, so did the fortunes of CNBC, and it is estimated that her compensation exceeds $1 million.

And when she disclosed last year that the new chairman of the Federal Reserve, Ben S. Bernanke, had told her in a conversation at the White House Correspondents dinner that the markets had misinterpreted his remarks on interest rates, her reputation as an insider became even more entrenched.

Despite the controversy, Ms. Bartiromo remains a staple of CNBC. And she has kept up her public appearances, and her sense of humor.

Earlier this month, she was scheduled to present a lifetime leadership award to former Federal Reserve chairman Alan Greenspan at the CNBC executive achievement award ceremony, at the Mandarin Oriental Hotel in New York.

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"Sorry I'm late," she said with a slight giggle as she stepped up to the dais. "But I had to fly commercial."

CRIMINAL LAW:

Cheney Testimony In Libby Trial Would Carry High Risk (NYT)

By Scott Shane And Jim Rutenberg

The New York Times, February 12, 2007

WASHINGTON, Feb. 11 — One figure has dominated the trial of I. Lewis Libby Jr. without even showing up in the courtroom. Day after day, the jury has heard accounts of the actions of Vice President Dick Cheney, watched as his handwritten notes were displayed on a giant screen, heard how he directed leaks to the news media and ordered the White House to publicly defend Mr. Libby, his top aide and close confidante.

Now, as the defense phase of the perjury trial begins, Mr. Cheney is expected to make a historic appearance on the witness stand. It is an act of loyalty that carries considerable risk for Mr. Cheney, a powerful figure in the administration who has in recent months suffered a series of major political and policy setbacks.

If he testifies, Mr. Cheney will bring to the jurors the awesome authority of his office and could attest to Mr. Libby's character as policy adviser and family man, and to his crushing workload and dedication to keeping the country safe. That could give extra heft to Mr. Libby's defense against the charge that he lied to the Federal Bureau of Investigation and the grand jury: that he was so occupied with important matters of state, he did not accurately remember conversations from July 2003.

But the first 10 days of testimony have already exposed some of the long-hidden workings of Mr. Cheney's extraordinary vice presidency, revealing how deeply Mr. Cheney himself was engaged during 2003 in managing public relations as the administration's case for war came under attack.

Under cross-examination by Patrick J. Fitzgerald, a veteran prosecutor who is likely to be deferential but dogged with questions, the vice president may be forced to describe in uncomfortable detail how he directed the counteroffensive on Joseph C. Wilson IV, the former ambassador who accused the administration of twisting prewar intelligence.

"This could be great theater," said Peter M. Shane, a law professor at Ohio State University. Anything Mr. Cheney says for the defense, Mr. Shane said, becomes "fair game" to be picked apart by the prosecution.

If Mr. Cheney makes a statement that conflicts with the public record — and nearly every witness so far has done so at least once — it could prove embarrassing for him and for the administration.

"If Cheney said anything that's contradicted in the record, though I think that's unlikely, Pat will slam him," said a former federal prosecutor who knows Mr. Fitzgerald. "He'll do it respectfully, but I have no doubt he'll do it," said the lawyer, who spoke on condition of anonymity.

No testimony so far has supported the idea, proposed by some critics, that Mr. Cheney deliberately sought to punish Mr. Wilson by ordering the exposure of the covert employment of his wife, Valerie Wilson, by the Central Intelligence Agency. It was the disclosure of Ms. Wilson's C.I.A. job that prompted the criminal investigation that ultimately led to perjury and obstruction of justice charges against Mr. Libby.

But the trial has chipped away at the public image of Mr. Cheney as a sober-minded policy architect and tough political combatant, never rattled by the sniping of critics or the fickle commentary of the press.

When Mr. Wilson published an Op-Ed article in The New York Times on July 6, 2003, lambasting the administration, Mr. Cheney was "upset," Mr. Libby said in 2004 grand jury testimony, replayed at the trial. Contrary to Mr. Wilson's claims, the vice president had known nothing about the former ambassador's trip to Niger on behalf of the C.I.A. or his conclusion that Iraq was not seeking uranium there, Mr. Libby said.

"He often cuts out an article and keeps it on his desk somewhere and thinks about it," Mr. Libby told the grand jury of the vice president. The jury has seen Mr. Cheney's clipping of Mr. Wilson's article, on which he wrote notes and questions.

The jury has also heard how the vice president responded by dictating talking points for the news media to subordinates and hastily summoning conservative columnists to a lunch. Most strikingly, Mr. Cheney cleared with President Bush the secret declassification of an intelligence document on Iraqi weapons so that it could be leaked to a reporter he and Mr. Libby saw as friendly, Judith Miller, then of The Times.

"The vice president instructed me to go and talk to Judith Miller and lay this out for her," Mr. Libby said in the grand jury tapes.

The leak to Ms. Miller, on July 8, 2003, failed — she wrote nothing. But four days later Mr. Cheney was trying again, listing for Mr. Libby the main points he wanted made to Matthew Cooper, then of Time magazine, and other reporters.

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Mr. Cheney, Mr. Libby said, "dictated to me what he wanted me to say to the press," including a "word-for-word" quote to give Time magazine and "background material that he wanted me to use."

A few months later, when Mr. Libby was being publicly discussed as a possible target of the criminal investigation, Mr. Cheney weighed in again. He directed Scott McClellan, then the White House spokesman, to publicly clear Mr. Libby just as he had cleared Karl Rove, Mr. Bush's political adviser.

"Not going to protect one staffer + sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," Mr. Cheney wrote in a note after Mr. Libby complained to him. The "meat grinder" apparently referred to Mr. Libby's assignment in leaking to the news media; the "incompetence" is thought by many to be the vice president's characterization of the C.I.A.'s decision to send Mr. Wilson to Niger.

The trial is just the latest challenge for the vice president, who would enter the witness stand as one of the least popular leaders in recent history. Only 16 percent of respondents in the latest CBS News poll, released last month, said they had a favorable opinion of Mr. Cheney, his lowest level ever in any CBS or CBS/New York Times poll. Some 48 percent had an unfavorable opinion.

For six years, Mr. Cheney has worked to protect the Bush White House from what he views as Congressional meddling, media snooping and legal nitpicking. But his assertion of broad executive authority, based on a legal theory he has pursued since the 1970s, has met with a string of defeats.

The administration has backed away from tough policies on terrorist detention and domestic surveillance that Mr. Cheney championed. He has watched control of Congress shift to Democrats who are now working to penetrate his trademark secrecy. Last fall, he endured the dismissal by Mr. Bush of his friend and ally of three decades, Defense Secretary Donald H. Rumsfeld.

Since then, as the most bullish and optimistic proponent of the president's war strategy, Mr. Cheney has come under increasing fire for comments proclaiming success in Iraq when even Mr. Bush is expressing dissatisfaction.

Senator John McCain, a leading Republican presidential contender for 2008, went on record in an interview last month with The Politico, a new Washington political publication, saying Mr. Bush had been "very badly served" by Mr. Cheney, as well as Mr. Rumsfeld.

In a recent interview on CNN, the host, Wolf Blitzer, told Mr. Cheney, "Some of your good Republican friends in the Senate and the House are now seriously questioning your credibility because of the blunders, of the failures."

Mr. Cheney, in a striking display of pique, responded: "Wolf, Wolf, I simply don't accept the premise of your question. I just think it's hogwash."

Veteran trial lawyers following the case say there is a significant chance Mr. Libby will not take the stand in his own defense, choosing to rely instead upon the seven hours of his taped testimony the jury has already heard. In that event, veteran trial lawyers say, Mr. Cheney could serve as his surrogate, presenting a positive, personal account of Mr. Libby's work without exposing the defendant to the hazards of cross-examination.

But such a strategy would, of course, open Mr. Cheney to unpredictable questioning. Theodore B. Olson, the former solicitor general for Mr. Bush, called Mr. Fitzgerald "a remarkably thorough, meticulous and careful guy with a tremendous memory of the facts" who was likely to mount a formidable cross-examination.

By taking the stand before a rapt national audience, Mr. Cheney would essentially be leaping without a net, because neither the defense nor the prosecution would be duty-bound to protect his interests, said Mr. Olson, who represented Ronald Reagan during the Iran-contra affair.

"You never know what's going to happen on a witness stand with cross-examinations," Mr. Olson said. "Surprises happen all the time."

A Historic Moment If Cheney Testifies Live, As Expected (NYT)

By David Johnston

The New York Times, February 12, 2007

WASHINGTON, Feb. 11 — If he testifies as expected, Dick Cheney would be the first sitting vice president, at least in modern times, to appear as a witness in a criminal trial. And if he testifies in court, he may also be the first to give live testimony in defense of a subordinate's actions on his behalf, legal historians said.

Mr. Cheney's testimony as a courtroom witness for his former chief of staff, I. Lewis Libby Jr., would break with one of the closest historical parallels, when former President Ronald Reagan testified in 1990 via videotape as a defense witness in the trial of his former national security adviser, John M. Poindexter.

The Reagan videotape offered an insight into the unpredictability of criminal trials. His appearance seemed to have little direct impact on the trial, but it created a permanent historical record of his failing memory, which would have been preserved

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through a printed transcript had he appeared as a live witness but would not have caused the same impact as the widely broadcast videotape.

Courts have traditionally shown great deference to high-ranking executive branch officials, requiring them to testify only when they are thought likely to provide crucial testimony that cannot be obtained elsewhere through documents or other witnesses.

"One of the considerations is, you can't start dragging the vice president or president away from their jobs," said Theodore B. Olson, a lawyer in Washington who represented Mr. Reagan when he was asked to testify in Mr. Poindexter's trial.

Even so, presidents and vice presidents have found themselves caught up in politically volatile inquiries. A few vice presidents were themselves the subjects of criminal proceedings, like Aaron Burr, who was tried for treason and acquitted in 1807 after he left office, and Spiro Agnew, who resigned in 1973 and pleaded no contest to tax and money laundering charges.

In more recent times, presidents and vice presidents have more frequently been questioned as witnesses, usually in private. But even an interview behind closed doors can prove embarrassing, as when a Congressional committee released President Bill Clinton's videotaped deposition in 1998 to an independent prosecutor in the investigation of his involvement with Monica Lewinsky, a White House intern.

Vice President Al Gore was questioned in 2000 by Justice Department prosecutors in a campaign finance investigation, and when he was vice president in 1988, George H. W. Bush was interviewed by an independent prosecutor in the Iran-contra investigation. Those interviews were not made public and never forced either Mr. Gore or Mr. Bush to appear in court.

But no sitting vice president has testified in a criminal trial in recent times, said Joel K. Goldstein, a professor at the St. Louis University law school who has studied the vice presidency. Mr. Reagan was the last president to appear as a witness.

Unlike Mr. Cheney, who would appear as a voluntary witness, Mr. Reagan resisted testifying, primarily because his lawyers said he could shed little light on the obstruction issues in the trial, Mr. Olson said. "There are no hard and fast rules about a president's testimony," he said. "It really is a balancing process. Is this really necessary, or is there a less intrusive way to get the evidence?"

Richard W. Beckler, a lawyer for Mr. Poindexter, said he had wanted Mr. Reagan to appear as a trial witness in court, but accepted an appearance that would have far less impact. "We wanted him to testify live, but that motion got turned down," Mr. Beckler said. As a result, Judge Harold H. Greene of Federal District Court settled on an arrangement in which Mr. Reagan testified, but via a videotaped deposition, which was later publicly released.

The deposition was taken in February 1990 in a closed courtroom in Los Angeles, a year after Mr. Reagan left office. The former president sat in a witness box. Judge Greene was on the bench. Prosecution and defense lawyers were in the court, along with Mr. Reagan's lawyers, Justice Department lawyers representing the administration of George H. W. Bush and an interagency group monitoring the proceedings for inadvertent leaks of classified information.

The defense was permitted to ask Mr. Reagan 154 questions approved by the judge in advance. The procedure was taped to allow for the editing of any state secrets or other statements ruled inadmissible. But in the end, the eight-hour tape was played in its entirety at the trial.

On the tape, Mr. Reagan seemed cooperative, but he had trouble recalling many of the events surrounding the Iran-contra affair. After the trial, jurors said his testimony had a minimal impact on their decision to convict Mr. Poindexter on all five counts against him. A federal appeals court later threw out the conviction on all counts.

The showing of the tape had unforeseen consequences for Mr. Reagan and his legacy. It created a record of Mr. Reagan as a former head of state unable to grasp the facts about the most serious crisis of his presidency, in the unforgiving setting of a criminal trial. That imagery seemed to foreshadow his disclosure in 1994 that he had Alzheimer's disease.

"You just could not have seen all that coming," Mr. Olson said. "But in a live situation it might have been worse." Had Mr. Reagan appeared in court, Mr. Olson said, it might have been more difficult for him to interject on his client's behalf and might not have permitted Mr. Reagan to take the rest breaks he was granted during the deposition.

Cheney Backers Grow Restive (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 12, 2007

WASHINGTON -- Dick Cheney's diminished popularity outside the White House hasn't affected his power within the Bush administration, where he continues to hold considerable clout. From the surge of troops in Iraq to the tough line on Iran to opposition to tax increases, the vice president has helped to shape an array of recent administration policies.

But as his standing erodes among the administration's most conservative supporters, Mr. Cheney finds himself being criticized by former allies and emerging as a focal point for Republican anger about the war in Iraq. That is making it easier for Republicans to split with the administration on a number of issues, notably Iraq.

"Cheney's popularity with the Republican base is reflective of the Iraq war's popularity with the Republican base, and that support is waning," said Vin Weber, a Republican strategist and lobbyist. "That's taking a toll on the vice president, who is more closely identified with Iraq than on any other issue."

It is a shift for Mr. Cheney, who remained popular with conservatives as his support among the general public declined. In a September Wall Street Journal/NBC News poll, 43% of those calling themselves conservative Republicans said they felt "very positive" about Mr. Cheney, compared with 13% of all adults surveyed.

That rating fell over the next few months, as Republicans lost control of Congress, support for the Iraq war eroded, and the perjury trial of former Cheney chief of staff I. Lewis "Scooter" Libby put the vice president and his office in the spotlight. By mid-January, the same poll found that 26% of conservative Republicans said they felt "very positive" about Mr. Cheney, compared with 9% for all respondents.

Mr. Cheney could be called to take the stand in the Libby trial as soon as this week, making him the first sitting vice president to testify in a criminal court.

Mr. Cheney's declining support among conservatives leaves him open to criticism from fellow Republicans.

When Mr. Cheney traveled to Capitol Hill recently for a lunch meeting with Republican senators, the lawmakers opened the floor to discuss the administration's "surge" proposal. It was Mr. Cheney's birthday, and participants said the senators began by singing "Happy Birthday."

The warm feelings evaporated as soon as the conversation turned to Iraq, however. Several senators said they remained committed to the war on terror, but questioned the administration's overall management of the war, participants said. Sen. Gordon Smith of Oregon told Mr. Cheney he couldn't find words strong enough to express how bad he thought the administration had overseen the war in Iraq, according to participants.

Other lawmakers told the vice president they feared the additional troops would be unable to stabilize the country, and expressed skepticism about the capabilities and intentions of Iraqi Prime Minister Nouri al-Maliki, according to participants.

Mr. Cheney listened closely, but didn't say anything in response to the criticism, participants said.

To date, there are few signs that talk outside the White House has changed Mr. Cheney. One reason, administration officials say, is because Mr. Cheney doesn't aim to become president, he can stay loyal to the Bush agenda without having to distance himself from the president.

Mr. Cheney's top foreign policy aide, John Hannah, shaped the administration's "surge" proposal for Iraq. David Wurmser, Mr. Cheney's top Middle East aide, helped to craft the administration's tougher stance toward Iran. On the domestic front, senators from both parties said last week that Mr. Cheney's antitax positions had contributed to derailing talks between congressional Democrats and the administration on a budget plan that might include changes to the Social Security and Medicare entitlement programs.

"He's been a longtime and steady supporter of conservative causes, and conservatives have known that he is consistent in his views and that he's making those conservative views known to the president," said Cesar Conda, a lobbyist and former policy aide to Mr. Cheney. "But they also know that Cheney doesn't win the debates all the time."

A number of conservative figures outside the administration offered three reasons for their displeasure with Mr. Cheney. They point first to Iraq, expressing concerns Mr. Cheney was in denial about how bad the situation was in the country and about the war's political cost for Republicans. Second, they say Mr. Cheney was finally caught up in conservative anger at Mr. Bush for not limiting government spending or balancing the budget.

Lastly, some conservatives say they are uncomfortable with Mr. Cheney's support for his daughter Mary's decision to have a child and raise it with her partner, another woman.

White House officials defended Mr. Cheney, saying the vice president's statements about Iraq were meant to emphasize that political progress had been made in Iraq despite the difficulties there.

"The vice president's insistence on pointing out what has gone well in Iraq -- three elections and substantial progress in many Iraqi provinces -- should not be taken for granted or ignored," said Dan Bartlett, counselor to the president.

The Libby Trial: Who Said What To Whom, And Who Remembers? (CSM)

By Linda Feldmann

The Christian Science Monitor, February 12, 2007

WASHINGTON

The trial of former White House aide I. Lewis "Scooter" Libby, now at a pause point as the defense prepares to mount its case, is about many things.

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Literally, the trial is about whether Vice President Cheney's ex-chief of staff committed perjury and obstruction of justice during a federal investigation into the exposure of a CIA agent's identity. After 11 days of prosecution testimony, some of which appeared damaging to Mr. Libby, the task of the defense team is to sow reasonable doubt in the minds of jurors.

But what has captured the fascination of the press and observers of the Bush administration is how this case has pulled back the curtain on the inner workings of a White House known for being secretive and on the ways of elite Washington – much of it less than flattering. And even if the perjury trial of a former aide may seem to be a sideshow to the weightier issues of the day, the context of the Libby trial remains central: the runup to the Iraq war and its aftermath when the rationale for the war came under question.

"This trial stands for something much bigger than what it is," says Paul Rothstein, a law professor at Georgetown University. "In the public mind, it stands for, 'Was Bush lying about the war, and was he willing to destroy a woman's career to cover up a lie about the war?' Viewed that way, it's a big case. The case doesn't actually go that far, but that's how it will be read if Libby is convicted."

No one, including Libby, is on trial for revealing the identity of Valerie Plame, the woman in question, as a CIA operative. Her status became a point of interest inside the Bush administration when her husband, former US Ambassador Joseph Wilson, came out as a critic of the administration's use of intelligence in building its case for war. At issue in Libby's case is whether he lied in sworn testimony over how he learned Ms. Plame's identity.

The prosecution's final witness, Tim Russert, anchor of NBC's "Meet the Press," provided perhaps the most damaging testimony. Libby had asserted that he learned Plame's identity from Mr. Russert, but Russert denies that the topic ever came up in a phone conversation they had in July 2003. In cross-examination, Libby's chief defense lawyer tried to challenge Russert's memory and impugn his impartiality.

When the defense begins its case Monday, the first witnesses will be other journalists, who will be questioned with an eye toward casting doubt on the ability of prosecution witnesses to remember years-old conversations accurately.

At the heart of Libby's defense is the argument that, as a top White House aide with a full plate, he could not be expected to remember who told him what, when. After Libby stated under oath that he had learned Plame's identity from Russert, it has subsequently come out that he learned the information a month earlier from fellow officials.

The prosecution's argument is that Libby had fingered Russert to avoid implicating administration colleagues. Why Russert would then have not contradicted him is the next question. Perhaps, the reasoning goes, Libby assumed Russert would refuse to testify, in the tradition of journalists refusing to divulge in public the identity of sources and content of conversations with them.

During the days of testimony so far, the public has been treated to a rare behind-the-scenes look at life in the White House. Ari Fleischer, who was White House press secretary during the period in question and who received legal immunity for his testimony, described his dismay when it became clear that the president had made an unsupported statement in his State of the Union address: that Iraq was seeking to acquire uranium from Africa.

Cathie Martin, a former press aide to Mr. Cheney, also expressed frustration over her office's inability to correct a falsehood in the press – that it was Cheney's office that had sent Ambassador Wilson on a mission to Africa to check on the uranium allegation. And in an ironic moment, she laid out the options her office considered in trying to refute that allegation – including the possibility of leaking the information to select journalists.

Perhaps the most startling sign of backroom intrigue at the White House came in the opening arguments of the defense: that Libby was being hung out to dry to protect a more-prominent (read: valuable) White House figure, Bush's top political adviser, Karl Rove.

How all this looks to the American people, a majority of whom already hold the Bush White House in low esteem, is an open question. But to some longtime observers of the ways of Washington, there's a danger that the public will come away with new disgust over how the press interacts with the White House, especially in the realm of "leaks."

"It must look sleazy and underhanded," says Stephen Hess, a Brookings Institution scholar. "It's hard but necessary to also tell them [the public] that an awful lot of important information gets conveyed this way."

Libby Lawyers To Call On High-profile Journalists (USAT)

By Richard Willing

USA Today, February 12, 2007

WASHINGTON — Lawyers for Lewis "Scooter" Libby are scheduled to begin their case today by calling a brace of high-profile journalists to give testimony they hope will clear Libby of perjury and obstruction charges.

Among those likely to be called, according to court transcripts: NBC's Andrea Mitchell, Bob Woodward of The Washington Post, Evan Thomas of Newsweek and Jill Abramson, managing editor of The New York Times.

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Libby, Vice President Cheney's former chief of staff and national security adviser, is charged with lying about identifying an undercover CIA officer to reporters in June and July 2003 to undermine her husband, an administration critic.

Federal prosecutor Patrick Fitzgerald spent the first three weeks of the trial building his case against Libby. He called 10 witnesses and played eight hours of Libby's grand jury testimony to show that Libby told reporters Valerie Plame worked at the CIA, then lied to investigators because he feared prosecution for leaking classified information.

Plame's husband, former ambassador Joseph Wilson, had accused Cheney's office of ignoring a report Wilson made contradicting the claim that Iraq had sought nuclear material in Africa.

No one was charged for the leak.

Theodore Wells, Libby's lead counsel, has said in court filings and statements to the court that he'll call these journalists to show there was no "plot" to unmask Plame's identity and that talk of her CIA job was widespread.

Mitchell said during an October 2003 interview on CNBC that Plame's identity was "widely known." In a 2005 interview with Don Imus, Mitchell said she "may have misspoken."

The defense may also pit journalists from the same newspapers or networks against each other. Former New York Times reporter Judith Miller testified for the prosecution that her editor wasn't interested in a story about Plame's CIA role. The defense has subpoenaed that editor, Abramson, to rebut the claim. Abramson was the Times' Washington bureau chief until August 2003.

While the journalists seem certain to testify, it's less clear that Cheney will also take the stand.

Before the trial, Libby's defense team said they would call Cheney as a witness. If they do, that will make him the first sitting vice president to be a witness in a criminal trial, said vice presidential historian Timothy Walch, director of the Herbert Hoover Presidential Library.

Cheney, if called, could bolster two elements of Libby's defense. One is that Cheney's office was so busy that top aide Libby just forgot but didn't lie about key details of conversations about Plame. The second is that White House adviser Karl Rove, portrayed by the defense as a Libby rival, conspired to trick reporters into thinking Libby was the main source of the leak to cover Rove's role in exposing Plame.

Calling Cheney as a witness presents several problems for the defense, says Joshua Berman, a former federal prosecutor and now a white-collar defense specialist.

"What (Libby's lawyers) hope to get from him they have to weigh very sensitively against any possible backfire effect," Berman says.

That effect could include focusing on Cheney as the No. 2 official in an administration that has become increasingly unpopular because of the Iraq war. Cheney also likely would be asked questions about the flawed intelligence about Iraq's weapons of mass destruction, which helped lead the United States into war in Iraq.

Cheney could also face questioning about who told him that Plame worked for the CIA. Libby told FBI investigators that Cheney told him Plame worked at the CIA in early June 2003, just before a top CIA official told Libby the same thing.

Berman, who has worked with both Fitzgerald and Wells, says that Wells sometimes waits until the last minute before deciding to call a witness. "I've heard him say, 'I often make the decision (to call a key witness) that morning,' " Berman said about Wells' trial tactics.

Berman, however, noted that Wells has been "thinking about it every single morning and night since the trial began."

Media Figures May Be Reluctant Defense Witnesses In Libby Case (WP)

By Carol D. Leonnig

The Washington Post, February 12, 2007

Defense Exhibit 1972, a tape-recorded interview from the "Imus in the Morning" radio show, is another of those revealing moments in the perjury trial of I. Lewis "Scooter" Libby.

"So . . . what happened?" radio host Don Imus asks NBC News correspondent Andrea Mitchell about her confusing reporting on an undercover CIA officer. "Were you drunk?"

"I obviously screwed up," Mitchell responds in the exchange, which Libby's defense hopes to play for the jury in coming days. "I guess I was drunk," she jokes.

Just when you thought it was impossible for more harm to come to the national news media's reputation, the defense in the trial of Vice President Cheney's former chief of staff is about to present its case.

Starting today, when Libby's attorneys try to show that he did not intentionally lie about his role in leaking the identity of CIA officer Valerie Plame, they will rely heavily on a string of journalists as witnesses. In several ways, those witnesses will be asked to raise doubts about the testimony and accuracy of other reporters, and some may end up tarnishing themselves or their sources.

Libby, 56, is charged with lying to investigators about his conversations with reporters about Plame in the summer of 2003, during what prosecutors allege was a White House campaign to discredit her husband, outspoken war critic Joseph C. Wilson IV. Days after Wilson accused the administration of twisting intelligence he gathered on a CIA-sponsored mission as it defended the invasion of Iraq, Plame's classified CIA role was revealed in a syndicated column by Robert D. Novak. Libby, who has pleaded not guilty, is not charged with the leak itself.

Now the reporters Libby spoke to -- and some he did not -- are unhappily embroiled in the trial as witnesses for both sides.

This past week, a pillar of broadcast news -- Tim Russert, Washington bureau chief for NBC News -- was heard chortling on the air on Oct. 28, 2005, about the possibility that Bush administration officials would be indicted that day. That interview, also with Imus, helped the defense suggest that Russert, a star witness for the prosecution, may have held a grudge against Libby.

The Wall Street Journal editorial page was depicted as carrying water for the White House, insisting in print that it had crucial intelligence supporting the war that did not come from the White House. But Libby has testified that he urged then-Deputy Defense Secretary Paul D. Wolfowitz to leak self-serving parts of an intelligence report to the Journal because Wolfowitz had better connections there. That admission helped the prosecution suggest Libby was part of a White House campaign to discredit Wilson.

In the next several days, three reporters at The Washington Post, a senior New York Times editor, a Times Washington bureau reporter and a Newsweek magazine reporter are expected to take the stand.

Defense attorneys are keen to ask New York Times Managing Editor Jill Abramson about the accuracy of former Times reporter Judith Miller, a prosecution witness who said Libby told her about Plame in June 2003. They want Abramson to rebut Miller's testimony that she urged Abramson, then the Times's Washington bureau chief, to have the paper pursue the story about Wilson's wife working at the CIA. Abramson has been quoted as saying that Miller never made such a suggestion.

But the questioning could get into the gritty business of whether Abramson considered Miller to be accurate and impartial in her work. In the summer of 2003, the time of the events critical to the case, editors told Miller that, because of flaws in previous stories about whether Saddam Hussein's government possessed weapons of mass destruction, she could not write stories alone on intelligence regarding Iraq.

Defense attorneys also are eager to question Mitchell about the memory and credibility of Russert, her NBC colleague. Mitchell professed on CNBC's "Capital Report" in October 2003 that it was "widely known" among intelligence reporters such as herself that Wilson's wife worked at the CIA. Her network issued a statement saying that was inaccurate, and she said in an interview with Imus that she didn't know "what the heck I was talking about."

Libby's defense argued that Mitchell may have told Russert -- who testified for two days last week -- about the CIA operative but later wanted to back away from her assertion of knowledge. If she did know the information, they said, it would bolster Libby's contention that he learned about Plame's identity in a July 10, 2003, telephone call with Russert.

Russert said that was not possible because he did not hear of Plame until several days later.

"Now it turns out his right-hand person, Andrea Mitchell, in October 2003 has said something that totally blows up his core statement that he didn't know about the wife," defense attorney Theodore Wells Jr. told U.S. District Judge Reggie B. Walton in arguing to play the Mitchell tape for the jury. "He has admitted that if she knew, he knew, and the whole team would have known."

Walton said he will rule today on whether Mitchell's testimony is relevant.

The defense also has said it may call Post Assistant Managing Editor Bob Woodward. He learned about Plame from then-Deputy Secretary of State Richard L. Armitage in June 2003 but said he did not disclose that information because he wanted to avoid being subpoenaed. Woodward told prosecutors what he knew after Libby was indicted in 2005, and he apologized to Post Executive Editor Leonard Downie Jr. for not sharing information on a major story.

Woodward's testimony could help bolster Libby's contention that there was no White House campaign to discredit Wilson and that other reporters knew about Plame before the time that prosecutors say Libby began to discuss her.

Also on the defense witness list are Post reporters Walter Pincus and Glenn Kessler, Newsweek's Evan Thomas, and the Times' David E. Sanger. All are expected to testify that they talked with Libby during that time but that he never mentioned Plame to them.

The defense is expected to use their testimony to raise doubts about the credibility of other key prosecution witnesses.

CHANNEL ISLAND: Russert's Fault? A Lack Of Outrage (LAT)

By Scott Collins

The Los Angeles Times, February 12, 2007

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Those of us who get a kick out of watching Tim Russert every Sunday on NBC's "Meet the Press" are feeling a little hangdog these days. We always thought Big Russ Jr. was tough on the powerful. Now we learn that to some Washington media types on both the right and the left, he's just a tool for the powerful.

What's occasioned this perceptual turnabout is, of course, the perjury and obstruction trial of I. Lewis "Scooter" Libby, a former top aide to Vice President Dick Cheney, where Russert wrapped up two days of testimony last week. Libby says the NBC newsman fed him the name of CIA operative Valerie Plame Wilson, who is at the center of the trial. Russert says he didn't.

To ordinary viewers, though, whatever transpired during Libby's phone call to Russert back in 2003 couldn't be as jarring as what the trial has unearthed about Washington's deeply cynical attitude toward "Meet the Press," a venerable, 60-year-old staple of network TV and the No. 1-rated Sunday news talk show.

A former Cheney press aide testified last month that she pushed to get the vice president on Russert's show to bat down negative news because it was "our best format," a program where political handlers can "control the message."

Wow. Really? With his Buick-like physique, piercing stare and rumbling baritone — plus his interrogatory style of brandishing incriminating documents and video in front of his guests — Russert sure doesn't look like any flack's patsy.

But to Russert's longtime critics, this was an a-ha! moment. Arianna Huffington, who once penned the critical "RussertWatch" feature for her liberal Huffington Post website, said she attended the Libby trial last week. There she found fresh confirmation for her view of Russert as one of the media handmaidens who carried water for the Bush administration in the run-up to the Iraq war.

"When we started RussertWatch, we didn't know he was on Dick Cheney and [ex-aide] Mary Matalin's list of ways to get their message out," Huffington told me Friday. She also heaped scorn on Russert's testimony that he always assumed his off-camera conversations with government officials were automatically off-the-record, so as "not to blindside anyone."

"That's the exact opposite of how journalists operate," Huffington said. "Russert's responsibility is to the public, unless there's some specific granting of anonymity."

So which is it? Is Russert the lantern-jawed tough guy many of us thought he was, the hard-boiled lawyer-turned-journo who hoists wayward pols on their own rhetorical petards? Or is he really just a Beltway Cowardly Lion who blows hard but allows his prey to wink and nudge their way out of tight spots with the nation's future at stake? (An NBC spokeswoman, citing the sensitive nature of the court testimony, said neither Russert nor network officials would comment.)

Evidence for Russert as a big softie has long existed. In 2004, when it came time to leverage his celebrity into a book-length treatise, he gave us not the standard "how I became an intrepid reporter" odyssey, the broadcast journalists' default choice, but rather "Big Russ and Me," a sentimental memoir of his categorically decent but emotionally withholding Irish-Catholic father.

"Big Russ" may not stack up as great literature, but it became a surprise bestseller and humanized Russert to millions who'd known him simply as a guy who liked to play "gotcha" with elected officials.

But writing a heartwarming book that merchants might file alongside "Tuesdays With Morrie" doesn't help demonstrate journalistic toughness. And watching "Meet the Press" over the last few weeks, I think I can understand why both Cheney's office and critics such as Huffington believe Russert can be readily controlled.

As an interviewer, Russert relies on documentary evidence to ask the pointed questions you want asked and answered. He hardly permits our leaders to slip away freely. Russert aggressively pursued, for example, the U.S. failure to find weapons of mass destruction in Iraq during President Bush's February 2004 appearance on "Meet the Press."

But Russert can seem overly dispassionate, particularly during a time when opinion has increasingly bled into the news. And it's the lack of emotion that can make his approach look, after a while, less like real toughness than a facsimile of it.

Outrage is the reporter's ultimate stock in trade, from Oriana Fallaci jabbing Ayatollah Khomeini over Islamic veils to the on-camera meltdowns of Anderson Cooper and Shepard Smith during Hurricane Katrina. But Russert doesn't do outrage. He doesn't pound his desk and tell guests to shut up, like Bill O'Reilly. He doesn't try to pry open subjects by telling them, as Mike Wallace is known to have done, that their story is "pabulum." He's not on the receiving end of angry lectures, like the kind that Bill Clinton gave Chris Wallace, or the kind Dan Rather seemed to get from everyone.

Is there something vaudevillian about all these histrionics? Sure, but that's part of journalism. Maybe not the most handsome part, but a part nonetheless. It's revealing that when Libby rang Russert in 2003, it was to lodge a complaint, not about Russert, but about his high-volume MSNBC colleague Chris Matthews. The "Hardball" host is exactly the kind of outburst-prone broadcaster who can drive handlers up the wall.

On the Feb. 4 show, Russert drilled former North Carolina Sen. John Edwards over his stance on the Iraq war, tracing how the Democratic presidential candidate shifted from support to opposition. Russert asked all the right questions, presented all the right evidence, but there was an emotional element missing. Isn't it at least a little disappointing that a leading voice from the

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supposed opposition party went along for so long with a war plan that he now tells us, with the benefit of several years' hindsight and when the information is of little use, was grievously flawed?

But because that sense of outrage was missing from the "Meet the Press" host — he asked the questions in the same lawyerly tone of polite urgency and slight incredulousness he always uses — Edwards was basically allowed to shrug: Oh, well. Can't win 'em all.

Russert fans say the host is getting a raw deal. Marvin Kalb, "Meet the Press" host during the 1980s, praises his successor for building the program to its No. 1 status, and said whatever trade-offs Russert lives by were inevitable. "The politician wants exposure, the journalist wants a story," Kalb said. "On 'Meet the Press,' the two attempt to come together with dignity. Most of the time, it works."

It's also probably not a good idea to put too much faith in the proclamations of the pro-Libby folk. "It may be tactically in the interests of the administration to say Russert is easy," noted Tom Rosenstiel, director of the Project for Excellence in Journalism. "Any time a politician plays press critic and tells you who's good, you need to carry a large container of salt."

Even Huffington admits that Russert attracts a lot of attention simply because his Sunday program is No. 1 in the ratings.

Still, it's clear that the ground has shifted beneath Russert's feet. Sixteen years hosting "Meet the Press," and he's suddenly becoming the story. Surely that's not a welcome switch, but Russert's plenty smart enough to know something is going on.

When a Libby attorney, during his cross examination, went over the specifics of a newspaper column critical of Russert and then asked whether it was "one of the more personal attacks you've experienced," Russert replied, "Probably not anymore."

Contact Scott Collins at channelisland@latimes.com.

Relying On The Notepad In The Electronic Age (NYT)

By Adam Liptak

The New York Times, February 12, 2007

I. Lewis Libby Jr. is charged with lying to federal agents, but no one knows precisely what he said. The jury hearing his case must rely on an F.B.I. agent's recollection, based on notes taken at the time.

Mr. Libby is also charged with lying to a grand jury. That testimony was tape-recorded, and jurors spent eight hours last week assessing every word, inflection, pause and sigh.

Why is the Federal Bureau of Investigation still using Sherlock Holmes methods in the YouTube era?

More than 500 police departments in all 50 states now make electronic recordings of at least some interrogations, often videotaping them. At the F.B.I., by contrast, an agent cannot turn on a tape recorder without first getting a supervisor's permission.

The default method of preserving the statements of witnesses and suspects at our nation's most important law enforcement agency is known as "scribble then type."

Deborah S. Bond, the F.B.I. agent who testified about two interviews with Mr. Libby, said her notes were pretty good but not perfect.

"I can't take a verbatim statement," Ms. Bond testified. "You take notes as quickly as you can and as accurately as you can."

Here are some other reasons to favor recordings:

They eliminate disputes about whether Miranda warnings were given and whether confessions were authentic.

They allow juries to assess people's demeanor and credibility. They preserve clues. They encourage honorable police work.

They allow the investigators to engage people in conversation rather than worry about stenography. They are an excellent training device.

Thomas P. Sullivan, a former United States attorney in Chicago and a bit of a crusader on this point, says local law enforcement agencies that have adopted electronic recording cannot imagine life without it.

"I can say without exaggeration — it's unanimous — that they all love it," Mr. Sullivan said. "They hate it until they do it, and then they love it."

Judges seem to feel the same way. "I find it ironic," Judge Stephen P. Friot of Federal District Court in Oklahoma wrote in a letter to Mr. Sullivan, "that if the cost of repairing a car is at stake in a civil case, the defendant's account of the matter is meticulously recorded" by a court reporter in a deposition. "But agencies with ample opportunity and resources to do so fail to record statements where liberty and perhaps even life are at stake."

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A decision in December by the Iowa Supreme Court illustrates the point. The court was considering a relatively difficult question: Did a 17-year-old immigrant from Bosnia understand what he was saying when he waived his Miranda rights and confessed to burglary and robbery?

But there was a videotape. It showed that the defendant, Arif Hajtic, spoke English well. "He showed no reluctance to ask questions if he did not understand," Justice Jerry L. Larson wrote for the unanimous court. "When the officer asked a question confusing to Hajtic, he asked the officer to clarify it, and the officer did so."

The court ruled that Mr. Hajtic's confession was authentic, and it affirmed his conviction. The case, the court concluded, "illustrates the value of electronic recording, particularly videotaping, of custodial interrogations."

The F.B.I. reviewed its policy about a year ago, and decided to keep it. Valerie E. Caproni, the bureau's general counsel, defended the decision, saying that its specialized work required sensitive case-by-case judgments about when recording was appropriate. The requirement that field agents get approval, Ms. Caproni added, should not be interpreted to mean that recordings are disfavored.

"There are lots of different factors that play into this," she said.

First, she said, the policy has not caused many problems for prosecutors. Then there is money. Making transcripts of recordings can be expensive and burdensome, Ms. Caproni said, especially when translators are involved. "There's a huge fiscal impact to it," Ms. Caproni said. On the other hand, the F.B.I.'s $6 billion budget dwarfs those of the hundreds of police departments that have embraced routine taping.

Most important, Ms. Caproni said, suspects may clam up if they know they are being recorded. "What you really want to do," she said, "is have them spend time talking to you. It's an art, not a science."

But those objections seemed to crumble at the Libby trial. Mr. Libby was interviewed with his lawyer, and it is hard to imagine that the presence of a tape recorder would have changed what he said. And it seems only fair to make the most accurate record possible of statements that could send a man to prison.

Ms. Bond, the F.B.I. agent, was repeatedly questioned about gaps in her notes.

"There might be some mistakes," she said, "because we're all human."

A tape recorder is not human. A really good one, according to a 2005 report of a committee appointed by the New Jersey Supreme Court, costs $300.

Wilkes Warned By FEC (RC)

By Matthew Murray

Roll Call, February 12, 2007

Brent Wilkes has had better years.

The fast-spending defense contractor, for whom jailed ex-Rep. Duke Cunningham (R-Calif.) allegedly helped obtain millions of dollars in military contracts, in recent months has seen his fortune dwindle, business fail and personal life go to shambles.

Meanwhile, media reports suggest that the Justice Department likely will indict Wilkes any day for his alleged involvement in Cunningham's pay-to-play contract scandal.

And now the Federal Election Commission could add to Wilkes' legal woes by prying into details involving his firm's political action committee.

Just before Christmas, the agency sent a warning letter to Wilkes promising to fine, audit or worse — "legal or enforcement action" — for failing to file campaign finance disclosure documents going back months on behalf of his company's PAC, ADCS Inc.

"It has come to the attention of the Federal Election Commission that you may have failed to file the [post-general 10/1/2006 to 11/27/2006 report] of receipts and expenditures as required by Federal Election Campaign Act," stated the Dec. 21 letter addressed to Wilkes, the PAC's treasurer. "The civil money penalty calculation for late reports does not include a grace period and begins on the day following the due date for the report."

As of late Friday, Wilkes still had not filed the PAC's disclosure report nor the committee's year-end report, according to the FEC Web site. Mark Geragos, Wilkes' lawyer, did not respond to a request for comment by press time Friday.

The FEC does not discuss ongoing enforcement cases, but according to Brett Kappel, an election law lawyer at Vorys, Sater, Seymour and Pease, there is little chance the agency will seek monetary penalties from Wilkes. With just $1.38 in the PAC's bank account — and banks threatening to foreclose on his property — it would appear difficult for the agency to squeeze blood from a turnip.

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"The PAC appears to have been inactive since spending almost $5,000 on legal fees in June 2006," Kappel said. Under the agency's administrative fine program, the FEC "calculates the fine based upon the level of financial activity during the period covered by the reports that were not filed."

"Since there apparently have been [no transactions]," Kappel said, "[the PAC] probably will not get fined."

And any fine likely would be minimal. With barely enough for bus fare in the committee's coffers, Wilkes could be penalized roughly $900 for failing to file, according to an FEC penalty schedule.

But that could be the least of it. Although Wilkes may dodge a fine, an audit — which the FEC stressed in the letter may be initiated — could open up the PAC's books to further law enforcement scrutiny, perhaps compounding a recent decision by a state campaign finance regulator.

Last month, California's Fair Political Practices Commission fined Wilkes $4,000 for illegally reimbursing an employee and her husband for $500 worth of contributions made to a San Diego mayoral candidate in mid-2000. Although the two counts violated state campaign laws, Kappel speculated that the decision may give further cause to federal investigators looking to scrutinize the transactions of Wilkes' PAC.

"I have to think that the FBI investigation includes a campaign finance angle," Kappel said. "I would be extremely surprised if the FBI is not investigating the PAC and the campaign contributions by Wilkes and others."

Although Wilkes wrote no checks to candidates in 2005-06, according to CQ PoliticalMoneyLine.com, the PAC handed out more than $40,000 to a dozen candidates the previous cycle, including Cunningham, former House Appropriations Chairman Jerry Lewis (R-Calif.), Minority Whip Roy Blunt (R-Mo.) and former House Armed Services Chairman and current presidential candidate Duncan Hunter (R-Calif.).

During the 2001-02 cycle, the PAC handed out $89,000 to 19 Republicans. In addition to Cunningham and Hunter, Reps. John Doolittle (R-Calif.) and Darrell Issa (R-Calif.), and Sens. Lindsey Graham (R-S.C.) and Pete Domenici (R-N.M.) also received contributions.

Even though Wilkes may have bigger fish to fry, Kappel said the potential domino effect set off by failing to file should be reason enough.

"I'm surprised that his lawyers didn't advise him to just file the report. They don't need any more investigations by any more federal agencies," Kappel said.

'95 WORDS MAY SAVE 'MOB' FED (NYPOST)

By Alex Ginsberg

The New York Post, February 12, 2007

Dogged by accusations of corruption, mob-busting FBI supervisor Lindley DeVecchio sat down with Justice Department investigators in May 1995 to defend his relationship with the Colombo capo who'd been his source for 13 years.

What he said helped save his job and his freedom - and it could do so again.

The confidential sworn statement was finally made public last week as part of a massive defense motion to get the Brooklyn district attorney's quadruple-murder case against the former G-man tossed.

In it, DeVecchio concedes that handling Colombo capo Gregory "The Killing Machine" Scarpa Sr. was tricky.

"I established an excellent rapport with Scarpa Sr., but I always remembered that he was a 'wiseguy' and I was an FBI agent," DeVecchio wrote, under oath and with a grant of immunity.

Scarpa dealt only with DeVecchio, a departure from FBI protocol. DeVecchio said FBI brass green-lighted the one-on-one relationship after the gangster himself penned a note asking that an exception be made in his case.

Under Justice Department rules, nothing DeVecchio said in the statement can ever be used against him.

Although the current allegations are different from the ones 12 years ago, DeVecchio's lawyers contend some of the off-limits statements were the indirect basis for the current case.

DeVecchio is charged with helping the mob plot murders.

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Promises, Promises (USNEWS)

By Michelle Andrews

U.S. News and World Report, February 12, 2007

When two insurance agents showed up at Dorothy and Charles Holt's Visalia, Calif., home last spring, they offered a deal that seemed too good to pass up. For no monthly premium whatsoever, the couple could get a health insurance policy that would reduce their Medicare costs to just $5 for regular doctor visits and $15 if they saw a specialist, instead of the 20 percent

coinsurance they paid with their regular Medicare plan. The agents said the new policy would not replace their coverage under the regular Medicare plan; it would just make it better. The Holts signed up that day.

But it wasn't long before they started running into trouble. The Holts found out that the SecureHorizons plan had indeed replaced their original Medicare plan, which allowed them to see most any doctor. Although the agents had assured them that all doctors would take SecureHorizons, the Holts' doctors told them they wouldn't accept it. The agents had also promised them they'd pay less under the new plan. Dorothy, 75, who suffers from congestive heart failure, requires an injection every two weeks that costs $1,600. Their old Medicare plan had covered the shots, but SecureHorizons would not.

Locked in. When the Holts tried to get out of the plan, they were told they were locked in until 2007. Finally, after filing a complaint with the federal Centers for Medicare and Medicaid Services, writing their legislators, and enlisting the assistance of the local Health Insurance Counseling and Advocacy Program, they were allowed to go back to regular Medicare. But they're worried that other seniors could be hoodwinked. "It's just not right the way they did this," says Charles Holt.

UnitedHealthcare, which operates Medicare plans under the SecureHorizons name, declined to comment on the specifics of the case. But spokesperson Peter Ashkenaz says the company takes these complaints seriously and investigates them thoroughly. "Based on our findings, we'll take action up to and including termination of the broker's contract," he says.

The plan the Holts signed up for was a Medicare "private fee-for-service" plan (PFFS), a relatively new option that resembles traditional Medicare in that it generally doesn't limit beneficiaries to a defined network of providers. In addition to enticing seniors with low premiums, the plans may offer disease-management services and vision, hearing, dental, and other coverage not available under the regular Medicare plan.

Congress authorized the plans in 1997, but it wasn't until the past two years that enrollment really picked up speed, increasing from 51,000 in 2004 to 864,000 at the end of 2006, according to Mathematica Policy Research. Experts attribute the growth to the Medicare Modernization Act of 2003, which boosted reimbursements to insurers that offer private plans. The law also created Part D, the Medicare drug benefit, which opened the door for private insurers to step up their marketing to seniors, not only of drug plans but of all private Medicare insurance products, from HMOs to PPOs (preferred-provider organizations) to PFFS plans, which are collectively called Medicare Advantage plans.

The Club Scene (WP)

The Washington Post, February 12, 2007

THE SHOOTING of a 17-year-old girl in a Northwest nightclub opened a window into the District's world of nightspots that attract young people. It's one involving music, dance, alcohol and, too often, violence. City officials are right to look for ways to improve the safety of people of all ages who go to these establishments. Yet some issues central to the death of this young woman are being given short shrift in a rush to a solution.

Much of the debate spurred by the Jan. 20 death of Taleshia Ford has centered on whether people under age 21 should be allowed to attend clubs that serve alcohol. D.C. Council member Jim Graham (D-Ward 1) is sponsoring legislation that would require any District club, bar or restaurant with entertainment to obtain a special permit in order to admit anyone younger than 21 after 11 p.m. Mr. Graham had floated the idea of banning minors from the clubs until there was an outcry that it would destroy the city's rich musical life. Mr. Graham is rightly outraged by the murder of yet another young person, but his proposal may be more salve than solution.

Those underage shouldn't drink; businesses that serve alcohol to minors should be prosecuted, and we don't think there is an inherent birthright for teenagers to go to nightclubs. But alcohol had little to do with the shooting in the Smarta/Broadway club. She was a bystander when the club's bouncer scuffled with a patron carrying a gun and it went off. Police say she was killed by accident.

Rather than questioning what the teenager was doing at the club, we are curious why this establishment, which had a history of violent incidents, was allowed to stay in business. Only after Taleshia's death was Acting Police Chief Cathy L. Lanier able to use her powers to shut down the club, citing a series of serious criminal activities that predated the teenager's shooting. Answers are needed as to why police and the Alcoholic Beverage Control Board didn't act sooner. Was it a question of not having the authority? Or resources? Or information? Or political will?

Equally urgent is a point made by D.C. Acting Attorney General Linda Singer as she challenged the city to take a more aggressive approach in keeping guns out of such places. Ms. Singer, in testimony to the D.C. Council, has suggested exploring whether certain establishments should be required under specific conditions to have armed D.C. police officers in place to screen for weapons through a reimbursable arrangement. Ms. Singer's emphasis on guns being the true scourge is indeed welcome and we hope will be a priority of her office.

Mr. Graham asks good questions about children as young as 14 being in clubs at 2 in the morning. And he is eloquent in his grief over

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the murder of children. Yet there are shortcomings to the bill that, to his credit, he acknowledges, and he has promised further study and discussion with those who have a stake in the
issue.

CIVIL LAW:

Firm Seeks Settlement Of Medicaid Claims Probe (WT)

By Jim Mcelhatton

The Washington Times, February 12, 2007

U.S. Department of Justice criminal division lawyers say a Reston-based government consulting company either "willfully or recklessly" submitted inaccurate Medicaid claims on behalf of the D.C. government, the company recently disclosed.

Officials with Maximus Inc. said in a recent Securities and Exchange Commission (SEC) filing that they disagree with the criminal division lawyers' assessment. The company also said it is engaged in ongoing talks with the Justice Department concerning a potential civil settlement, the SEC filing states.

Federal authorities began investigating Maximus' work for the District more than two years ago.

Though not outlined in the SEC filings, unsealed court records show that investigators have reviewed accusations in a False Claims Act lawsuit in which a former employee says the company overcharged the government tens of millions of dollars while Maximus was working for the District's foster care agency.

No charges have been filed against the company. Last week, Maximus first disclosed in SEC filings that Justice Department criminal division lawyers "have expressed their view that the company either willfully or recklessly submitted inaccurate claims to the federal government on behalf of the District of Columbia."

"Maximus disputes that view," company officials said. "Nevertheless, the criminal division attorneys have referred the company to attorneys for the civil division to determine if a civil resolution of the matter is possible. Those discussions are ongoing."

A spokesman for Jeffrey A. Taylor, U.S. attorney for the District, on Friday declined to comment, saying the matter is pending. There is no indication from Maximus' latest SEC filing that the criminal probe has concluded.

Maximus officials could not be reached for comment Friday. Previously, a company spokeswoman said the company has been cooperating with federal authorities and would not want to jeopardize its efforts by making individuals available for interviews.

In previous SEC filings in 2004 and 2005, Maximus officials said they don't believe the company broke any federal health care laws in connection with the federal investigation.

The SEC filing last week does not specify the scope of the investigation into Maximus' work for the District, beyond stating it is related to "issues pertaining to compliance with federal laws governing Medicaid claims."

The Washington Times reported last year that federal authorities started investigating Maximus after a former employee accused the company of submitting questionable Medicaid claims totaling approximately $33 million while working for the D.C. Child and Family Services Agency.

Under the consulting arrangement, Maximus was paid 10 cents of every Medicaid dollar it helped the city recoup, eventually netting the company more than $3 million for at least $30 million in Medicaid claims, according to the lawsuit.

However, the 2003 False Claims Act lawsuit filed against Maximus by former employee Benjamin Turner says the Medicaid-billing project was "grounded in fraud."

A billing review found more than half of the foster children for whom Maximus prepared Medicaid claims had no record of actually having received services, according to the suit.

In addition, the lawsuit said the D.C. government, unaware of the purported mischarging, lost more than $3 million.

Previously, Maximus has declined to comment on Mr. Turner's lawsuit, saying it has not been served with the complaint and that public records show the suit was ultimately dismissed from Alexandria federal court in June 2005.

Within days of the lawsuit's dismissal in Alexandria, unsealed filings in Mr. Turner's case show that his complaint was filed in D.C. federal court on June 21, 2005.

No records of the case appear on the public docket in federal court in the District. False Claims Act complaints usually are kept under seal until dismissal or until the Justice Department decides whether to take over prosecution of the case.

In the latest filing last week, Maximus said it cannot predict how much the investigation could cost the company beyond $500,000 already set aside for an internal review.

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"We are unable to quantify the probability of criminal or civil prosecution or the probability or magnitude of any other expenditure, fine, penalty or settlement," Maximus officials wrote.

ANTITRUST:

EMI In Talks To Dump Copy Protection (USAT)

By Jefferson Graham

USA Today, February 12, 2007

LOS ANGELES — The music industry is looking ahead to life without copy protection.

Major label EMI — home of Coldplay and Norah Jones — is in discussions with online music stores about selling its music without copy protection, or digital rights management (DRM), according to two sources with direct knowledge of the talks who would not speak for attribution because discussions are ongoing.

Last week, Apple CEO Steve Jobs created a huge stir when he called on the music industry to dump DRM, saying it hinders sales. Yahoo Music general manager Dave Goldberg predicts that by Christmas, most of Yahoo's catalog will be DRM-free.

"The labels understand that DRM has to go," he says. "It's nothing but a tax on digital consumers. There's good momentum behind DRM going away."

He says sales would increase by 15% to 20% without DRM. Consumers have bitterly complained about DRM, which puts rules on how a song can be used. For instance, songs bought at Apple's iTunes Store can be easily played only on an iPod, and not on digital devices from Microsoft and SanDisk.

EMI spokesman Adam Grossberg wouldn't comment on the DRM-free proposal.

Big four music labels EMI, Warner, Sony BMG and Universal long have said they must have their work protected against piracy. Last week Warner reiterated its support for DRM.

Meanwhile, online piracy has continued to grow. Some 15 billion songs were downloaded for free via unauthorized file-sharing services in 2006, says measurement firm BigChampagne. Album sales continue to tumble — down 15% so far in 2007 according to Nielsen SoundScan — and labels are exploring options.

EMI, in fact, offered a non-copy-protected song from Jones on Yahoo Music and eMusic in late 2006.

Without restrictions on entire catalogs, "Sales would explode," says David Pakman, CEO of eMusic, the No. 2 online music retailer behind Apple's iTunes. "DRM has been holding the market back." His company is the only legitimate digital music service selling unrestricted songs, in the MP3 format. Its songs work with any music player, including the iPod.

By taking the DRM-free plunge, EMI "would slow the loss of its sales, and get a lot of attention for its artists," says James McQuivey, an analyst at Forrester Research. "EMI wouldn't have to worry about pirates, because anyone who wants to pirate music is already doing it. The paying customer is a different breed."

Russ Crupnick, an analyst with researcher NPD Group, says ending DRM would put all the music services on an equal footing. "If I'm a label, I'm thinking this is a good thing. I don't want Apple to totally control the market," he says.

Hindalco Pact To Buy Novelis Underlines India's Push Overseas (WSJ)

By Peter Wonacott In New Delhi And Paul Glader

The Wall Street Journal, February 12, 2007

Corporate India's emergence as a force in global deal making accelerated with Hindalco Industries Ltd.'s agreement to pay $3.43 billion for Novelis Inc., a maker of rolled aluminum used in products such as beer cans and cars.

The deal, announced yesterday, comes about two weeks after India's Tata Group won the bidding for British steelmaker Corus Group PLC, an $11.3 billion deal that was the biggest foreign acquisition by an Indian company. Hindalco's purchase of Novelis, which is incorporated in Canada and has its headquarters in Atlanta, would be the second-largest and underscores the drive of Indian companies to expand overseas by targeting struggling manufacturers and niche players in Western markets.

Hindalco's all-cash purchase would also include $2.4 billion of Novelis debt. If approved by Novelis shareholders and regulators, Novelis shareholders will receive $44.93 for each common share outstanding, according to a statement from the companies. The company's shares closed on the New York Stock Exchange Friday at $38.54, down 56 cents, and had reached a 52-week high of $41.50 on Feb. 6. Hindalco's shares Friday closed at 173.25 rupees ($3.94), down 1%.

The combined entity would be one of Asia's largest aluminum producers and the world's biggest maker of rolled aluminum by production, the companies said. Novelis's aluminum is also used in automobile manufacturing and in construction.

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India's Aditya Birla Group, which owns Hindalco, has been growing rapidly across a broad spectrum of industries, from cement and chemicals to telecommunications and financial services. Kumar Mangalam Birla, chairman of the Birla Group, said: "The acquisition is in line with our long-term strategies of expanding our global presence across our various businesses."

In 2005, Novelis was spun off from Montreal's Alcan Inc., the world's second-largest aluminum producer behind Pittsburgh-based Alcoa Inc. Novelis faces price caps on its long-term contracts, some of which are expected to last at least another two years. Those caps keep Novelis selling canned stock, which is used to make aluminum beverage cans, far below current market prices, according to some industry experts. Novelis reported a net loss of $102 million in the third quarter of 2006 on revenue of $2.5 billion.

"In my opinion, they are overpaying," said Stewart Spector, an aluminum-industry consultant with offices in New York and Florida. "It seems to me that $6 billion is an awful big premium to pay for a messy operation."

James King, a metals consultant in Britain, said he thought other possible bidders could still step up for Novelis, including Russian aluminum maker Rusal and U.S.-based aluminum processor Aleris.

Robert Unger, a New Jersey-based aluminum consultant with Planned Technology Associates Inc., said Hindalco may want to buy Novelis now to benefit from better price contracts in the future.

The Novelis acquisition mirrors other recent Indian bids to buy North American and European companies that may be struggling in their home markets. Earlier this month, Tata beat out a rival bid from Brazil's Cia. Siderurgica Nacional to win Corus. The rising price of iron ore and relatively high labor costs had squeezed margins for the British steelmaker.

Indian companies are striking big deals in pharmaceuticals -- adding to the global reach of the country's drug makers -- and buying overseas energy assets to feed an economy at home that is growing about 9% a year. Meanwhile, the country's technology giants, such as Infosys Technologies Ltd., have aimed for smaller acquisitions in niche markets for software services.

With readily available capital supporting overseas ambitions, the Indian buying binge is expected to pick up speed in the coming months. Indian banks have shown a willingness to lend at low rates while a strong stock market has provided another option to raise cash. In 2006, Indian companies completed a record $7.17 billion in overseas mergers and acquisitions, up from $4.4 billion the year before, according to Dealogic Holding PLC, a market-research firm based in London. Already, the value of completed and announced deals in 2007 far exceeds last year's total.

Still, Indian companies are relative newcomers to overseas deal making. Even established global conglomerates such as the Tata Group have shown a reluctance to substantially revamp their new operations to cut costs, preferring instead to offer newly acquired units plenty of autonomy in an effort to pick up lessons in home markets.

At a news conference to announce the deal, Mr. Birla, the group's chairman, said that Novelis executives will continue to stay with the company and there will be no job cuts. "Novelis is adequately staffed," he said.

While the transaction has been approved by both companies' boards, Novelis shareholders must still agree to the deal by a two-thirds majority. The transaction is also subject to regulatory approvals. The companies said they expect the deal to be completed by the second quarter of 2007.

Nasdaq Concedes On LSE As Offer Lapses (FT)

By Richard Beales In New York

Financial Times, February 12, 2007

Nasdaq has conceded defeat in its most recent bid for the London Stock Exchange, saying on Saturday that the £2.7bn bid had lapsed without the US exchange receiving enough acceptances to control the LSE.

It indicated, however, that it would remain a long-term holder of LSE shares, saying it “will monitor with interest how the business performs going forward.”

Nasdaq cannot make another bid for the LSE for at least 12 months, but the stake it has accumulated is

large enough to discourage other likely bidders.

Nasdaq holds a 28.75 per cent stake - or as much as 29.16 per cent after acceptances of just 0.41 per cent, which are not binding now the offer has lapsed - accumulated during its second and latest campaign to buy its London rival. Clara Furse, chief executive of the LSE, has consistently rejected Nasdaq’s overtures and has refused even to discuss the offer with Bob Greifeld, her opposite number at Nasdaq.

“As can be seen from the transaction documentation, Nasdaq and LSE clearly have a significant difference of view on the prospective future performance of the LSE business,” Nasdaq said in a statement on Saturday after the 1pm London deadline for acceptances had passed.

It maintained that its £12.43 a share cash offer represented a “full and fair price.”

“This view has been arrived at following careful consideration of the challenges facing the LSE business model going forward.”

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The outcome was as expected after LSE shares consistently traded above the value of Nasdaq's offer. They closed on Friday at £12.82, about 3 per cent above the £12.43 bid price, albeit short of recent highs above £13 each.

LSE shareholders, including corporate raider Samuel Heyman, Paulson & Co., an activist hedge fund, are among those to have increased their holdings at prices higher than Nasdaq's offer.

Mr Greifeld said yesterday that he was "naturally disappointed" but this "disappointment is tempered by the knowledge that we remained true to our value case."

"We have a highly disciplined approach to acquisitions and will only consummate transactions to the extent that they deliver clear and visible benefits for Nasdaq shareholders, and enable us to allocate benefits to market participants."

The LSE has now fended off four prospective bidders and left itself with no obvious suitor for the first time in more than two years.

It responded yesterday with a short dismissive statement. It said it would continue to fulfill its vision to be the world's capital market "without the distraction of ill-considered approaches which fail to understand the value of the business."

Mr Greifeld said last week that if the bid failed, Nasdaq could hold onto its stake in the LSE for 18 months, keeping its options open. He said the London group and its supporters had not grasped the rapid intensification of competition that would follow the introduction of new European regulations known as Mifid.

Nasdaq repeated that view yesterday, saying that it believed the London equity trading market was facing unprecedented change with the introduction of Mifid.

Nasdaq already faces competition from new share trading platforms in the US, as well as from its New York rival, the NYSE Group. Mr Greifeld suggested the same would begin to happen to the LSE, potentially undermining its profitablity.

"Nasdaq's experience of growing volume in a competitive environment suggests that yield pressure could be intense. This in turn will impact upon LSE's future financial performance and hence its value case. The accuracy or inaccuracy of LSE's projections can only be proven through the passage of time and Nasdaq, as LSE's largest shareholder, will monitor with interest how the business performs going forward."

It also said that Nasdaq would "continue to pursue other opportunities to build on its existing position as the world's largest electronic equities exchange."

Nasdaq Fails In Hostile Takeover Bid For London Stock Exchange (WSJ)

By Alistair Macdonald

The Wall Street Journal, February 12, 2007

Nasdaq Stock Market Inc. has failed in its bid to buy the London Stock Exchange Group PLC, its second attempt on the LSE.

Nasdaq said that less than 1% of the LSE's shareholders had tendered their shares by today's deadline.

Its chief executive Bob Greifeld said he was "disappointed" with the result but the exchange had shown itself disciplined in its bid by sticking to its valuation of the LSE.

The LSE welcomed the news, saying it can now get on with its business without the "distraction of ill-considered approaches which fail to understand the value of the business."

Chris Gibson-Smith, the LSE's chairman, said the exchange will progress "various competitive, collaborative and strategic opportunities."

Many of its investors partly rejected Nasdaq's bid because they think there are other merger opportunities for the LSE.

The Nasdaq revealed Saturday that it had received acceptances worth just 0.41% of the British bourse's ordinary shares. Even added to the 28.75% share holding the New York-based exchange built up by buying in the market in recent months, that remained well short of the 50% it needed to begin taking control.

Revealing the results after a formal deadline for shareholders to accept the $24.35 per share bid had passed, Nasdaq stuck by its claim that the LSE was overvalued.

Nasdaq was just one of many suitors for the LSE in recent years -- Deutsche Boerse AG and Australia's Macquarie Bank Ltd. made formal approaches while Euronext NV cited interest without naming a price -- amid increasing pressure on stock exchanges to find merger partners so they can compete globally.

The New York Stock Exchange is due to close its $14.3 billion acquisition of Euronext, the operator of the Paris, Amsterdam, Brussels and Lisbon exchanges, within the next couple of months. The NYSE also recently took a major stake in India's largest bourse and signed a broad agreement with the Tokyo Stock Exchange, the world's second-biggest financial market.

A combination of the Nasdaq and LSE would have created the world's second trans-Atlantic exchange with about 6,400 listed companies carrying a total market value of $11.8 trillion.

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Nasdaq is now barred under British takeover law from renewing its bid for a year and declined to say Saturday what it planned to do with the 29.16% stake in the London bourse it retains.

Failed Bid Is Setback For Growth At Nasdaq (NYT)

By Diana B. Henriques

The New York Times, February 12, 2007

The Nasdaq Stock Market faces the task of rebuilding its foreign expansion strategy after the emphatic rejection this weekend of its second unwelcome bid to acquire the London Stock Exchange.

Less than one half of 1 percent of the London exchange's stockholders responded to Nasdaq's offer to acquire their shares for $24.35, leaving the American exchange well short of the majority it needed to take control. The bid, for a total of $5.3 billion, had brought about much public bickering between the two companies, with the London exchange calling the price too low.

The failed takeover leaves both the Nasdaq and the London Stock Exchange without a strong international presence at a time when stock trading has become an increasingly global business. NYSE Group, parent of the New York Stock Exchange, for instance, has made deals with three foreign exchanges within the last year.

One of those deals was a limited alliance last month with the Tokyo Stock Exchange, which is now in talks with the London Stock Exchange over what might become a similar relationship, according to one Tokyo exchange official. If the London and Tokyo exchanges paired up, it could put even more pressure on Nasdaq to find a foreign partner.

The new arrangement between the New York Stock Exchange and the Tokyo exchange includes plans for joint listings of securities and exchange-traded funds, the exchange of trading technology and — at some later time — the possibility of future investments in each other's shares. The Tokyo exchange is the largest and wealthiest trading center in Asia and the second-largest in the world, after the New York Stock Exchange.

That alliance was announced Jan. 31 during a visit to the New York exchange by the Tokyo exchange's president, Taizo Nishimuro. A report by the Kyodo news agency in Japan that Mr. Nishimuro may visit London soon, perhaps in late February, has led to speculation that a similar deal may be imminent.

The London exchange has rejected a string of suitors over the past year, despite pressure from hedge funds and other private investors. After the deadline for the Nasdaq bid passed, the London exchange issued a statement saying that it "looks forward to fulfilling its vision to be the world's capital market, without the distraction of ill-considered approaches which fail to understand the value of the business."

Robert Greifeld, Nasdaq's chief executive, responded to the setback by saying that his exchange "will continue to pursue other opportunities to build on its existing position as the world's largest electronic equities exchange."

Under British takeover rules, Nasdaq cannot make another bid for the London exchange for a year unless someone else does so. Nasdaq still holds about 28 percent of the London exchange's outstanding shares, a stake so large that it would make it hard for anyone else to buy the London exchange without its approval.

Even so, the New York Stock Exchange is seen as a potential bidder. At the World Economic Forum in Davos, Switzerland, last month, John A. Thain, the Big Board's chief executive, praised the London Stock Exchange as having the second strongest brand in world stock markets, behind his own.

Mr. Thain said that he was not interested in any new mergers until the New York exchange completed integrating its operations with those of Euronext, the Paris-based European marketplace. That process will take about a year, he said.

People informed about Nasdaq's strategy would say only that the exchange intended to keep its options open. Holding on to its London Stock Exchange stake, which was largely financed with borrowed funds, would be inconsistent with Nasdaq's argument over the past year that the London exchange's shares were overvalued.

Keeping the shares "doesn't make sense," said William C. Freund, a former chief economist at the New York Stock Exchange and now the director of the Center for the Study of Securities Markets at Pace University. "It was a long shot to begin with. I would expect them to sell."

If there is a winner in the weekend's drama, Professor Freund said, it is perhaps the New York Stock Exchange. "There has been an intense competition among markets globally, but particularly between the New York Stock Exchange and the Nasdaq," he said. "It seems to me this puts Nasdaq significantly behind in the race."

Besides its alliance with Tokyo and merger with Euronext, the New York Stock Exchange has also bought a 5 percent stake in the National Stock Exchange, India's largest market. Its Tokyo alliance could lead to a more substantial tie-up after 2009, when the Japanese exchange is scheduled to make its own initial public offering. It had originally planned to do this last year, but delayed the listing after embarrassing and costly computer problems that repeatedly paralyzed trading.

U.K.'s Vodafone Secures A Passage Into India (WSJ)

DOJ_NMG_0130351

By Eric Bellman In Mumbai And Jason Singer And Cassell Bryan-low In London

The Wall Street Journal, February 12, 2007

Vodafone Group PLC's deal to acquire a majority stake in Indian cellphone operator Hutchison Essar Ltd. for $11.1 billion is expected to give the British company a perch from which to tackle one of the fastest-growing and most promising cellphone markets.

But the hefty price the world's largest cellphone-service company by sales is paying may test the patience of Vodafone shareholders just as Chief Executive Arun Sarin has been working to rebuild investor confidence. To win the auction for the Hutchison Essar stake, Vodafone ended up with a bid that valued the whole company more than $2 billion higher than its initial nonbinding offer of $16.5 billion. But Mr. Sarin defended the price tag by pointing to the Indian market's fast growth. "This is an excellent investment for our shareholders," he said in a conference call.

The stake was put up for sale several months ago by a unit of Hutchison Whampoa Ltd. of Hong Kong, which owned 67% of the company. India's Essar Group, which owns the rest, said yesterday that Vodafone had offered to be a partner with Essar in running the company. Vodafone said it would also offer to buy Essar's stake at the same per-share price it is paying Hutchison.

"We have been offered by Vodafone to be their partner," said Ravi Ruia, Essar Group vice chairman. "We are at the moment evaluating all our options in the best interest of the group." Essar is expected to decide in the next few weeks.

Mr. Sarin said that while Essar would be Vodafone's preferred partner, if the Indian company does decide to sell its stake, then "we have other partners we can invite in." He didn't say who those partners might be.

The winning bid also provides a valuable exit for Hutchison. Vodafone, which said it is assuming $2 billion in debt, said the deal values all of Hutchison Essar, India's fourth-largest cellular provider by number of subscribers, at $18.8 billion including debt. That sets its worth at a high premium to other telecommunications companies in India and around the world.

Vodafone's willingness to pay what analysts view as a hefty price for the stake, even though Indian laws require Vodafone to have a local partner to operate the company and serve as minority shareholder, reflects the attractiveness of India as a market. Not only is the Indian economy growing about 9% a year, but its cellphone industry is in relative infancy, making it a sharp contrast to many saturated Western markets.

More than six million new subscribers in India are added every month, yet fewer than 15% of Indians use a cellphone now, and cellular networks cover only about half the country. The overall market is expected to expand more than 30% this year, says Gartner India Research & Advisory Services.

ON THE LINE

· What's New: Vodafone will buy a majority stake in Indian cellphone operator Hutchison Essar for $11.1 billion.

· What's at Stake: India is seen as a big growth market for cellphones, and Vodafone had to beat out other bidders to strike a deal.

· What's Next: Vodafone could face investor scrutiny for paying what some consider a hefty price.

Vodafone also had to bid high to beat out others interested in the stake, underscoring another trend in the global cellphone industry. For years, Western operators had the cash and heft to snap up assets in emerging markets. But recently they have been joined by wealthy local players looking to expand their own operations, often with high stock prices to aid acquisitions paid in shares. This has intensified bidding for promising assets in fast-growing markets and driven up prices.

For Vodafone, winning the bidding for Hutchison's stake represents its own bold new bet on emerging markets. It also marks a test for Mr. Sarin, an Indian-born U.S. citizen, and could come to be viewed as the defining moment of his tenure at the company.

Vodafone was one of four bidders for the stake. The others were Reliance Communications Ltd. of India, Hinduja Group of India and Essar Group itself. Hutchison Telecommunications International Ltd., which is controlled by Hutchison Whampoa, decided to sell its 67% stake in Hutchison Essar as the value of mobile-phone operators in the few remaining large and expanding markets surged in recent months.

Reliance, which runs India's second-largest cellular network, and Hinduja weren't available for comment.

Separately, Vodafone said European customers will be able to access Google Inc.'s popular video portal YouTube by mobile phone, building on a series of recent mobile Internet deals.

Initially, Vodafone will have an exclusive deal with YouTube in the U.K., making it the only operator able to offer mobile-phone users a version of the video-clip site. The world's largest mobile-phone operator by revenue plans to extend the service across Europe.

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ENVIRONMENT/INDIAN AFFAIRS:

In Congress, Climate Talks Loom (WSJ)

By Greg Hitt

Wall Street Journal, February 12, 2007

WASHINGTON -- As he begins a series of hearings on climate change, the chairman of the House Energy and Commerce Committee said he is open to considering caps on harmful carbon emissions and higher fuel-economy standards for autos.

Many environmentalists worry that Rep. John Dingell (D., Mich.), a pivotal player in the looming climate fight in Congress and an ally of U.S. auto makers, could become a roadblock to meaningful legislation. He has long fought big increases in fuel-economy standards, and as Energy and Commerce chair, he has the power to block strict environmental regulations. His flexibility on such measures would boost the chances of them clearing Congress this year.

"We've got to consider every single option we have," Mr. Dingell said in an interview, making clear that he isn't ruling anything out at this point. "There's no way I can."

Starting tomorrow, Mr. Dingell's panel will convene twice-a-week hearings on climate change, with sessions expected to run through at least mid-April. The hearings will focus on the causes and consequences of climate change, as well as potential remedies. Former Vice President Al Gore, who has an Oscar-nominated movie, "An Inconvenient Truth," on global warming, will testify March 21.

A half-dozen different House committees have a claim on legislation addressing climate change, and Speaker Nancy Pelosi is moving to create a select panel that will cut across jurisdictions to focus public attention on the issue.

The heart of the legislative fight will be in the Energy and Commerce Committee, which has sweeping jurisdiction over environmental and business issues, and Mr. Dingell is moving to frame the debate. In a memo to committee members, Mr. Dingell likened it to the 1990 struggle to enact landmark clean-air legislation. He noted that effort -- which he helped shepherd -- was "of similar complexity and extremely hard-fought."

Five of the 57 Energy and Commerce Committee members were on the panel in 1990, and Mr. Dingell's aggressive hearing schedule is designed both to educate members and begin sorting out what is politically possible among rank-and-file lawmakers. Beyond the public sessions, Mr. Dingell is convening closed-door briefings for committee aides every Friday. In a session last week, members of the U.N. panel on climate change spoke to the group. Aides said Mr. Dingell also is meeting with other key lawmakers, including Senate Environment and Public Works Committee Chairman Barbara Boxer (D., Calif.), who has made addressing climate change a priority of her panel.

The goal is to produce legislation ready for House floor action by the end of June, a deadline imposed by Ms. Pelosi. "It's going to be very hard," Mr. Dingell said.

Details remain to be worked out. The House appears to be staking out the clearest course for action on the issue. The Senate has yet to stir to action, but Sens. Boxer and Jeff Bingaman (D., N.M.) are pressing the issue.

Mr. Dingell said conservation measures will be considered, as will proposals to encourage use of biofuels. He also vowed to consider measures raising fuel economy standards for autos, along with proposals to cap carbon emissions from plants and factories.

Sen. Stevens Pushes For Tougher Fuel-economy Standards (LAT)

By Richard Simon

Los Angeles Times, February 12, 2007

Lawmakers who have opposed stricter emissions standards find themselves pressured to combat climate change.

For decades, Sen. Ted Stevens has battled environmentalists, but the Alaska Republican now finds himself in an unusual spot: pushing tougher fuel-economy standards for cars.

Amid heightened concerns over global warming and U.S. dependence on foreign oil, Stevens is one of a number of lawmakers shifting gears in the debate over whether Congress should mandate stricter miles-per-gallon rules.

"I'm trying to protect my state," said Stevens, who recently called climate change "more apparent in Alaska than anywhere else."

The 83-year-old senator's change of heart illustrates how the landscape has shifted in Congress, and could signal a turning point in the long campaign by environmentalists — successfully fended off by Detroit — to toughen fuel-economy standards.

"There is clear bipartisan agreement, for the first time in 30 years, that Congress is going to have to act to increase fuel economy standards," said Philip E. Clapp, president of the National Environmental Trust.

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Cars and light trucks — including SUVs, pickups and vans — account for about one-fifth of U.S. carbon dioxide production. The better the fuel economy, the lower the emissions of carbon dioxide, blamed for contributing to global warming.

For years, Congress has debated whether to mandate higher standards as the fleet-average fuel economy has declined from its peak in the mid-1980s. Under a 1975 law passed after the Arab oil embargo, each automaker's car fleet must average 27.5 miles per gallon and its light trucks 22.2 miles per gallon. The car standard has been untouched for 18 years; the truck standard will increase to 24 miles per gallon by 2011.

Stevens is sponsoring a bill to raise the standards for cars to 40 miles per gallon within a decade. Just two years ago, he voted against a similar measure. Stevens said he is convinced Detroit can build more fuel-efficient cars.

"Unless we put some urgency behind it and tell them we mean business," he said in a recent interview, "nothing's going to happen."

Legislation to require an increase faces strong opposition from the U.S. auto industry and its congressional allies, who contend it would lead to lighter, less safe vehicles; threaten auto industry jobs; and limit consumer choice.

Citing Detroit's economic woes, Rep. Joe L. Barton of Texas, the top Republican on the House Energy and Commerce Committee, said: "The last time I looked at the business pages, Ford and GM were ... hemorrhaging jobs, they're losing market share. Yeah, let's pile on and pass a 40-mile-per-gallon mandate."

President Bush, although he called for an increase in fuel-efficiency standards in his State of the Union address, opposes any effort by Congress to mandate stricter rules.

Still, fuel-economy standards are likely to emerge as an issue in the presidential campaign, which could spark action in Congress.

Announced and prospective candidates Sen. Barack Obama (D-Ill.), Sen. John McCain (R-Ariz.), Sen. Christopher J. Dodd (D-Conn.) and former Sen. John Edwards (D-N.C.) have supported stricter miles-per-gallon rules. That has prompted a Detroit ally, Rep. Joe Knollenberg (R-Mich.), to remind them that the Big Three automakers have plants in 17 states "that account for 225 electoral votes."

The last time the Senate voted on the issue, during consideration of the 2005 energy bill, a proposal to increase the standard to 40 miles per gallon by 2016 drew just 28 votes. In the House, a more modest proposal to raise the standard was rejected 254-177.

But some of those who voted against tougher standards in the past now support an increase, and Detroit's allies are worried. "The threat is at its highest level that it's ever been," said Knollenberg.

Those hoping Congress will act are encouraged.

"We now have Congress members on both sides of the aisle, plus the president, calling for a serious increase in fuel-economy standards," said David Friedman, research director for the clean vehicles program for the Union of Concerned Scientists. "I really do think this is the best chance we've had in quite a long time to actually get something serious passed."

House Speaker Nancy Pelosi (D-San Francisco) has made passage of energy and global-warming legislation a priority and has moved to establish a special committee to recommend legislation, bypassing House Energy and Commerce Committee Chairman John D. Dingell (D-Mich.), an auto industry ally who has fought tougher fuel-economy standards. The special committee is expected to be headed by Rep. Edward J. Markey (D-Mass.), the House's No. 1 champion of stricter miles-per-gallon rules.

Markey, who plans to introduce his fuel-economy bill this week, said, "I've had both Democrats and Republicans coming up to me on the floor saying they agree with me."

Some hope Dingell, who has invited former Vice President Al Gore to testify before his panel about global warming, may be swayed by his Democratic colleagues to consider at least a modest increase in fuel-economy standards. "He recognizes the demand from the broader caucus to get real action on global warming and oil security," said Daniel Lashof, science director of the climate center for the Natural Resources Defense Council.

On the other side of the Capitol, Sen. Daniel K. Inouye (D-Hawaii), chairman of the Senate Commerce Committee, hopes to begin writing a fuel-economy bill by spring. With both him and Stevens, the committee's top Republican, supporting an increase in the standards, a bill is virtually certain to reach the Senate floor this year.

Inouye is a cosponsor of a bill that would raise average fuel economy standards for all vehicles to 35 miles per gallon by 2019. California's Democratic senators, Dianne Feinstein and Barbara Boxer, are cosponsors.

Bush has set as a goal an increase of 4% per year, which would take average fuel economy to about 34 miles per gallon in 2017. Dan Becker, director of the Sierra Club's global warming program, said Bush's call has given cover to Republicans to support tougher standards.

And David Doniger, climate policy director for the Natural Resources Defense Council, said Stevens' unexpected support suggests that "maybe the time has come" for congressional action.

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Stevens isn't ready to abandon his fight to open the Arctic National Wildlife Refuge to oil drilling. Nor is he ready to support mandatory limits on emissions from power plants. And some environmentalists remain suspicious of his motives, noting that his bill includes loopholes they don't like: for example, it applies only to cars, not SUVs.

But Becker said, "We welcome all epiphanies."

Congress Tackles Global Warming (WT)

By Christina Bellantoni

The Washington Times, February 12, 2007

More than a dozen competing measures have been introduced in Congress on the issue of global warming -- some minor, such as creating incentives for biofuel research, and others more drastic, such as taxing automakers for selling gas-guzzling sport utility vehicles.

The Democrats controlling Congress -- and a growing number of Republicans -- say this year the government will take significant action against climate change. They say President Bush helped the cause by mentioning it in his State of the Union address last month, as have the presidential candidates pushing the issue.

House Speaker Nancy Pelosi, California Democrat, has promised to introduce a package of bills by June 1 aimed at cutting greenhouse gases, with a vote slated for July 4.

"As the most adaptable creatures on the planet, it is time for us to continue to adapt," she said Thursday, testifying on global warming before the House Science and Technology Committee. Mrs. Pelosi assured anxious colleagues that global-warming legislation "can create the next generation of good-paying new jobs."

Sen. Joe Lieberman, Connecticut independent and a chief author of a leading global-warming bill, said there is a "very diverse cavalry" calling for action. His Climate Stewardship and Innovation Act is co-sponsored by Sen. John McCain, Arizona Republican.

"Doing something about global warming now will cost us a lot less than waiting to pay the cost of the effects of global warming," Mr. Lieberman said of his bill, which imposes mandatory caps on greenhouse gas emissions so that in 2050 the levels would be one-third lower than 2000 levels.

It also would create emission credits to control the costs for businesses and encourage industries to comply, as well as protect poor people from high energy costs, he said.

Mr. McCain is running for president, as are Democratic Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois, who have also signed onto the bill as co-sponsors.

Mr. Obama talked about the issue in his announcement speech Saturday, saying: "We can turn this crisis of global warming into a moment of opportunity for innovation, and job creation, and an incentive for businesses that will serve as a model for the world."

The bill, which the Republican-led Senate defeated two years ago, this year faces a much friendlier group of lawmakers. The debate now stems over whether to impose mandatory emissions caps, and how much the government should aim to reduce heat-trapping gases in the next few decades.

Bills suggesting a gas-guzzler tax or one that authorizes more than $20 million in taxpayer funds to establish four "green" universities have a slim chance of passing Congress.

Others, such as the Republican bill to increase the fuel efficiency standard to 40 miles per gallon for all new cars by 2017, are sure to meet opposition from lawmakers from Michigan, home to the already struggling U.S. auto industry.

Rep. Thaddeus McCotter, Michigan Republican, warned that the swath of global-warming bills is causing "grave concern" for an already struggling economy.

"We're not looking to the federal government to make it harder for them," he said.

Rep. F. James Sensenbrenner Jr., Wisconsin Republican, also says he fears that legislation may be pushed "in a way that wrecks the American economy."

The Bush administration has proposed allowing the transportation secretary to raise the fuel standard 18 months before an automaker's model year and creating a credit system for companies with a head start.

Measures offering tax incentives for energy-efficient buildings and hybrid cars have support, and may be included in whatever sweeping measure is approved this year.

House leaders have not announced specific legislation they favor dealing with global warming, but several members have said there is bipartisan agreement on funding research for biofuel production.

Senate Energy and Natural Resources Committee Chairman Jeff Bingaman of New Mexico is crafting a compromise bill to slow the increase in greenhouse gas emissions. Supporters describe his plan as moderate and one more likely to meet Mr. Bush's approval.

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Mrs. Pelosi last month announced the creation of a special global-warming panel, a move that irked Energy and Commerce Committee Chairman John D. Dingell because it was widely viewed as an attempt to skirt him and tack regulations on automakers.

Last week the speaker and Mr. Dingell, a Michigan Democrat who has fought changes in fuel standards, came to a compromise. They agreed that the new committee, which would expire at the end of the 110th Congress, will hold hearings and recommend legislation but would not have the authority to approve legislation.

Next month, Congress will have extensive global-warming hearings, with former Vice President Al Gore slated to testify March 21. Mrs. Pelosi said the U.S. must be innovative to meet the challenge, adding: "Green can be gold for our country."

Letters (WSJ)

Wall Street Journal, February 12, 2007

LETTERS

If the Big Six Want to Talk About CO2 Emissions, California Will Listen

In response to your Feb. 6 editorial "Legal Hot Air":

The world's six largest automakers are crying foul about a recent case filed by California seeking redress for CO2-induced damage. They argue that courts are not the proper place for this kind of "global" issue. This sudden aversion to litigation is perplexing, given that these same companies have sued states repeatedly, in numerous jurisdictions, insisting that the courts must overturn all state laws dealing with greenhouse gas emissions. The companies hew to this path of complete resistance despite the fact that the vast majority of climate scientists believe that the world is facing a potential catastrophe.

Let me be clear: I also would prefer to reach solutions outside of the courthouse. Litigation can be expensive and time consuming. That is why I asked for a meeting with each of the CEOs of the car companies to find practical solutions to global warming. If they want to sideline the lawyers and talk about solutions, I am all for it. Meantime, they shouldn't call California's lawsuit "frivolous" while maintaining so many lawsuits of their own.

California's public nuisance case is well grounded in precedent. For more than 100 years the Supreme Court has allowed states to take legal action to prevent the destruction of their air and natural resources. In a case called Georgia v. Tennessee Copper, Justice Oliver Wendell Holmes -- not a man known for indulging frivolous claims -- wrote, "It is a fair and reasonable demand on the part of a sovereign that the air over its territory should not be polluted on a great scale . . . or threatened by the act of persons beyond its control. . . ." More recently, the Supreme Court declared, "Air pollution is, of course, one of the most notorious types of public nuisance in modern experience."

The Big Six automakers generate 20% of all of the human-made carbon dioxide emissions in the U.S., and at least 30% of such emissions in California. Yet they oppose any federal action to curtail greenhouse gases. To date, their intense lobbying has been very successful: Congress has not improved fuel efficiency standards in 15 years, President Bush steadfastly refuses to consider caps on greenhouse gases, and the Environmental Protection Agency says that the Clean Air Act does not apply to CO2.

Meanwhile, California, with more than one thousand miles of coastline and a Sierra snow pack containing one third of the state's annual water supply, faces rising sea levels and rapidly melting snow. This threatens levees, flood control systems and California's irrigated agriculture. Already, spring snow melt occurs a week earlier, with greater flooding, than it did 30 years ago. The U.N. Intergovernmental Panel on Climate Change just warned us again that the threats from global warming are mounting. It is time to act.

Under our tripartite system of government, courts have an essential role to play, even in issues as complex as global warming. Justice Holmes could be speaking directly to the automakers, when he wrote: "This is a suit by a state for an injury to it in its capacity of quasi-sovereign. In that capacity the state has an interest independent of . . . its citizens, in all the earth and air within its domain. It has the last word as to whether its mountains shall be stripped of their forests and its inhabitants shall breathe pure air." And, we can add, whether emissions of greenhouse gases can harm its economy and environment.

Global warming is a serious, unavoidable challenge and we need to face it. The path of litigation, first taken up by the auto companies, is not my preference. But a legal cease fire requires that both sides lay down their arms. We should use our considerable joint resources to help fashion a common sense and practical approach. I stand ready to do so.

Edmund G. Brown Jr.

Attorney General of California

Sacramento

Required Health Plans Ethically Impossible

We read of health-care plan after plan that in some manner "require" all people to purchase health insurance ("The Budget and Your Wallet -- How Plans to Expand Health Coverage Could Affect Insured," Personal Journal, Feb. 6). Exactly what are we

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to do with the person who doesn't purchase health insurance (thus, breaking the law), and then who shows up at the door of the ER with chest pains?

Until we are willing to let people die on the steps of the hospital, an approach that I don't support, any law "requiring" the purchase of coverage, without active enforcement and without penalties for non-compliance, will quickly be written off by the uncovered masses as a law without teeth. "Requiring" coverage is just a feel-good phrase.

Mark McAllister

Johnston, Iowa

Gutter Snipes or Savvy Businessmen?

Friday's piece on strippers and Super Bowl Sunday ("Wardrobe Malfunctions, Inc.," Weekend Journal, Feb. 2) was certainly funny, but the sound of my own chuckles had the fortunate effect of bringing me to my senses. I remembered how our popular culture continues to slide into the gutter without much of a splash or any apparent resistance from those who know better.

Who but a sanctimonious prude would question another man's decision to amuse his friends at half time by paying a stranger to remove her clothing right there in the den among the nachos, chicken wings and Little League trophies? To call it sleazy or dishonorable seems too harsh and uncomfortably judgmental.

And that's my point. Hiring a stripper is sleazy and dishonorable, but I get the sense that, by an unspoken rule among us men, we're all supposed to keep our mouths shut about it and just have a few laughs. The tone of this story, even its publication, suggests that the Journal has, on some level, adopted that unspoken rule. We should all know better. Why not some dissent for a change?

John Mulcahy

Philadelphia

Sam Walker wrote a really terrific article. I administer a class at the University of Arizona designed to encourage science students to become entrepreneurs, and only days ago did we discuss supply-chain management and distribution. When I read this piece, I was delighted how he exposed the business side of this industry and articulated the need for superb supply-chain management and customer-needs analysis to sustain and grow these businesses. The article reinforced a guiding principle I emphasize in my class: The fundamentals of operation, sustainability, growth and expansion of any business are universal across industry lines. The distribution techniques that bring triumph to the "exotic dancing" industry can also bring success in biotechnology and optics. The article serves as a great case study. You can learn a lot from any victorious business, and I hope my students got this message from the piece as much as I did.

Director of Special Projects

College of Science

The University of Arizona

Tucson, Ariz.

What Mean Means

Dr. Robert Myers, in his Feb. 1 Letter to the Editor responding to Charles Murray's three-part editorial-page series "On Education," compounds Mr. Murray's original error regarding definitions of mathematical mean vs. mathematical median. Mr. Murray stated that half of all children in the U.S. are below average intelligence; Dr. Myers stated that Mr. Murray should have written below the mean, not the average.

The mean and the average are the same thing. What both authors should have said is median. The median, by definition, is the value below which exactly half of the sample points fall. Though for many common statistical distributions the mean, a.k.a. average, and the median are close, sometimes equal, they are not necessarily so.

Arthur H.M. Ross, Ph.D.

Laguna Niguel, Calif.

Senator Seeks to Focus The War on al Qaeda

Kimberley A. Strassel's Feb. 2 Potomac Watch column "Senator Feingold's Sin" was right to single out the senator's "honesty" and "backbone" for his effort to require that U.S. troops be redeployed from Iraq. But to say that "the Wisconsin pacifist might not understand the importance of winning in Iraq" misunderstands Sen. Feingold and his effort, which is based on strengthening U.S. national security above all else.

The senator called for redeploying our troops from Iraq because our massive, indefinite presence there is weakening our ability to fight the terrorist networks that threaten this country around the world. He voted to go to war in Afghanistan precisely because he wanted U.S. forces to eliminate the Taliban and destroy a safe haven for terrorist networks that threaten our country.

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As your editorial noted, Congress has the power to end a war. Sen. Feingold wants Congress to use that power to end U.S. involvement in this disastrous war in Iraq, so that we can fight al Qaeda and other global threats more aggressively and effectively. That doesn't sound like a pacifist, does it?

Virgin Thinking (WSJ)

The Wall Street Journal, February 12, 2007

Richard Branson's $25 million contest to solicit ways to remove carbon dioxide from the atmosphere has many things to recommend it. Not least that it is anything but climate-change politics as usual.

True, the judges for Mr. Branson's challenge hail from the Apocalypse Now crowd; Al Gore joined Sir Richard for Friday's announcement. But the billionaire Briton is plunking down his own money for the prize, rather than asking middle-class taxpayers to pony up, à la the Kyoto Protocol and other top-down schemes favored by environmentalists and European politicians.

Who knows whether it will prove possible to reduce existing stocks of CO2 from the atmosphere. We're pretty sure, though, that technology and innovation are far more likely to make it happen than Kyoto-style restrictions on emissions. Yes, that means that Mr. Branson and other entrepreneurs may make a profit along the way. Yet if the climate-change activists are truly concerned with saving the Earth -- rather than with punishing "bad" industries like aviation, one source of Mr. Branson's fortune -- then surely they won't object.

As for claims that "we cannot afford to wait for futuristic solutions which may never materialize," as Friends of the Earth director Tony Juniper told Britain's Press Association, there's the obvious irony that the alleged ravages of climate change are themselves decades off. Finding new ways of dealing with these dangers, if they ever do materialize, seems far more sensible than crippling the world economy now. As environmentalists like to say, it's the "sustainable approach."

Producers The New Math Of Alternative Energy (WSJ)

By Rebecca Smith

Wall Street Journal, February 12, 2007

The numbers are starting to look promising.

For years, the big criticism of alternative energy was cost: It was too expensive compared with energy based on traditional fuels like coal and natural gas.

Even though the fuel was often free -- such as wind or the sun's rays -- alternative-energy producers had to plow lots of money into finding the best way to capture that energy and convert it into electricity. Fossil-fuel producers, on the other hand, could draw on billions of dollars in infrastructure investments and decades of know-how.

Now the equation is showing significant signs of change. Costs are falling for some alternative-energy sources, driven by new technology and renewed development interest.

Alternative energy still can't compete with fossil fuels on price. But the margins are narrowing, particularly since oil and gas prices have been rising. The math looks even more favorable if you consider the environmental cost of fossil fuels -- which most purely economic calculations don't.

Alternative energy still faces obstacles to mainstream success. Many projects need government or utility subsidies and incentives to be viable. Generating costs have risen recently for some types of renewable resources, pushed by higher materials prices, labor costs and demand. Supply chains are prone to hiccups, and wind and solar-energy resources need backup sources of power to compensate on windless or cloudy days.

For all its promise, relatively little electricity currently comes from renewable sources, other than hydropower. According to the Energy Information Administration, renewable resources produced 2.3% of the U.S. electricity supply in 2005. Bio-mass was responsible for 1.5%, wind for 0.44%, geothermal for 0.36% and solar power for a scant 0.01%.

In contrast, coal-fired generation produced 49.7% of U.S. electricity supplies in 2005, followed by nuclear power at 19.3%, natural gas at 19.1%, hydropower at 6.5% and oil-fired generation at 3%.

But alternative energy stands to gain a larger share in years to come. Driven by concerns about global warming and energy security -- as well as the rising cost of electricity generated by fossil fuels -- regulators are forcing electric utilities to broaden their resource mix to include more "green" power.

At the same time, the federal government is requiring oil companies to blend more plant-based biofuels like ethanol with gasoline. Equipment makers are expanding their production lines, which should ease recent shortages of some materials -- like the polysilicon used in solar panels -- and take pressure off prices.

Here's a look at the economics of the various alternative-energy sources -- how much they cost now and what developments could make them more competitive.

WIND

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Wind power stands out as one of the splashiest success stories in renewable energy. Over the past 10 years, as wind farms sprouted around the world, the cost of generating electricity from wind has fallen dramatically.

In 1980, wind-power electricity cost 80 cents per kilowatt hour; by 1991 it cost 10 cents, according to the International Energy Agency.

Today, production costs at the best on-shore sites have dropped as low as 3 cents to 4 cents per kilowatt hour, but are more typically 6 cents to 9 cents, not counting subsidies -- getting closer to the cost of generating electricity from burning coal. In fact, costs are approaching the point where wind power may be able to prosper without subsidies -- currently 1.9 cents a kilowatt hour in the U.S. -- particularly if natural-gas prices stay high.

The Department of Energy's Energy Information Administration has concluded that there isn't much difference between the cost of new power plants using wind and other traditional fuels, such as nuclear, coal and natural gas, if you take into account a broad array of expenses. A plant entering service in 2015, the administration said in a 2006 report, could make electricity from wind for 5.58 cents a kilowatt hour -- versus 5.25 cents for natural gas, 5.31 cents for coal and 5.93 cents for nuclear. The report didn't quantify the differing environmental impacts.

A host of factors have brought down the cost of wind power. The materials used in wind turbines have improved, and the turbines are now much larger and more efficient: 125 meters in rotor diameter, compared with 10 meters in the 1970s. The cost of financing wind farms also has dropped as financial markets become more comfortable with the risks involved.

Governments have also given wind power a boost. In Germany, the largest wind-power producer, the government has been giving grants to builders of wind farms since the late 1980s, and requires utilities to buy electricity generated from renewable sources at premium rates. The extra cost is passed on to consumers.

In the U.S., the extension of the federal Production Tax Credit -- which gives tax credits to alternative-energy companies -- has spurred record development over the past two years, as have state renewable-procurement targets. The nation's wind-power generating capacity increased by 27% in 2006 to 11,603 megawatts, according to the American Wind Energy Association. Only gas-fired generators added more megawatts of capacity in the U.S. The association expects wind-power capacity to increase by an additional 26% this year.

By the end of 2005, there were about 59,000 megawatts of total installed capacity of wind power world-wide, enough for the needs of roughly 20 million homes. Two-thirds of that capacity is in Europe; Germany, Spain, the U.S., India and Denmark are the top five producers of wind power.

Wind power faces hurdles. Factors like location, wind speeds and capital costs have a big impact on the cost of generating wind power. The price of 3 cents to 4 cents per kilowatt hour only holds at sites with the best wind conditions. In some places with less wind, costs can still be as high as 20 cents per kilowatt hour. Meanwhile, a shortage of turbines the past couple of years has pushed up construction costs in the U.S., as has a weak dollar.

The turbine shortage, at least, could be easing soon. ABB Ltd., a big equipment vendor based in Zurich, says it has boosted production of transformers used by the wind industry at its plants in Virginia and Missouri. And in January, American Superconductor, of Westborough, Mass., completed its purchase of Windtec, a wind-turbine designer that recently inked deals with South Korean and Chinese manufacturers to build the machinery.

"As more companies manufacture wind turbines, we think prices will come down," says Jason Fredette, spokesman for American Superconductor, a maker of advanced electrical devices.

SOLAR

For decades, solar power has endured cycles of booms and busts as investors made big bets only to watch the technology fail to achieve its promise. Solar power still accounts for less than 1% of the world's power generation, with 5,400 megawatts of capacity on line, enough for the daytime needs of 2 million to 3 million homes. (Solar power doesn't generate electricity at night, meaning backup energy sources are needed.)

One reason there's relatively little solar electricity is that traditional solar panels aren't very efficient at converting sunlight to electricity. So most solar electricity is made and consumed at a single site -- and in many cases isn't even enough to meet the needs of a single house. A recent study by the New Jersey Board of Public Utilities found that it cost about $77,500 to install a 10 kilowatt-capacity system on a house. Without subsidies, it would take 50 years to pay for itself. With subsidies, it dropped to 9.6 years.

In all, the cost of generating electricity with solar panels is 35 cents to 45 cents per kilowatt hour, according to the International Energy Agency. In the U.S., costs are typically less -- 26 cents to 35 cents -- because there's better sun, says the U.S. Solar Energy Industry Association.

Now, however, a new generation of solar plants is on the cusp of being able to produce electricity on an industrial scale at competitive rates. The new plants use a technology called concentrating solar power, or CSP, which is much more powerful than the classic photovoltaic panels, which use semiconductor chips to convert sunlight into electricity. CSP plants use huge arrays of

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mirrors or solar dishes to track the sun and collect its heat to make electricity. The plants can generate hundreds of megawatts of power, closer to what fossil-fueled plants make.

The major hurdle remains bringing generating costs in line with those of conventional power plants. It costs 9 cents to 12 cents to generate one kilowatt hour of electricity by CSP -- not counting any subsidies -- compared with about 3 cents to 5 cents to generate the same amount of electricity by burning coal.

Tom Mancini, CSP program manager at the Energy Department's Sandia National Laboratories, says three factors make CSP plants more expensive than a traditional coal plant even though the raw material -- the sun's rays -- is free. Because the technology is so new, the equipment is pricey in itself and costs more to operate and maintain. And financing such projects is costly because of the perceived risk. CSP is a young technology: Only 6% of solar energy is generated by CSP technology, with the lion's share still coming from traditional solar panels that typically are heavily subsidized by homeowners.

For now, CSP still needs government support to be viable, either in the form of tax breaks to builders of plants or subsidies to buyers of electricity. The industry scored a major coup in 2006 with the creation of a U.S. tax credit that equals 30% of a solar project's cost. A growing system of state-sponsored renewable-energy credits also gives developers a valuable revenue stream. The credits are bought and sold by businesses and utilities trying to meet greenhouse-gas reduction goals.

But the new technology has inspired a burst of development. Major power companies in Europe such as Abengoa SA of Spain and Enel SpA of Italy are spending billions on new plants that will be coming on line in the next few years. In California, utility companies Edison International and Sempra Energy have inked contracts to buy large sums of solar power from proposed projects. In Nevada, Solargenix Energy LLC plans to bring a 64 megawatt solar plant into service this year.

Energy experts argue that as more CSP plants go into operation, the technology will improve and costs will come down. But with current costs high, few companies are willing to take the risk of building without significant government incentives. "It's a chicken-and-egg situation," says Mr. Mancini.

BIOMASS

Although it doesn't get much public attention, biomass is the biggest source of renewable electricity in the U.S. today -- producing more electricity than wind, solar and geothermal sources combined.

Biomass refers to the conversion of plant matter into a transportation fuel (biofuel) or electricity (biopower), usually by incinerating waste material or creating combustible gas through chemical processes. A significant amount of electricity also is made by gathering and burning landfill gas.

It's a growing area of interest because methane, created by decaying organic material, is a more potent greenhouse gas than carbon dioxide -- so people are anxious to put it to use and keep it out of the atmosphere. Many cities also burn solid waste to cut down the volume destined for landfill sites, and they're eager to convert the garbage to something useful.

The biggest biomass power generators in the U.S. aren't utilities. They're forest-products companies with big sawmill and pulp operations, like International Paper Co., Weyerhaeuser Co. and Koch Industries' Georgia-Pacific Corp. Weyerhaeuser, for example, makes electricity by reusing waste heat and by burning hog fuel, or wood waste, and black liquor, a pulp-mill byproduct. It sells the power it produces -- equivalent to the annual energy needs of 140,000 homes -- to local utilities.

Because biomass plants typically are small -- usually less than 50 megwatts in capacity, or one-tenth the size of a conventional fossil-fuel power plant -- equipment costs are high relative to the amount of power produced. That, in turn, makes generating costs somewhat high -- currently, about 5 cents to 10 cents a kilowatt hour without subsidies.

Power costs are also related to the cost of fuel and the amount of heat embedded in it. As many homeowners know, there's more energy locked in an oak log than a pine log. The same holds true for biomass power generation -- some fuels make more heat and, thus, electricity. Better numbers can also be achieved by mixing plant matter with fossil fuels, like coal, and burning them together at large plants to capture the greater efficiencies.

Costs are expected to come down as technology improves and as more waste material gets redirected to electricity production, providing a cheap fuel stream. Many experts believe biomass will expand dramatically in coming years as more industries look for ways to make electricity out of their waste, diverting more material away from landfill sites.

A recent study by the California Biomass Collaborative, a government and industry group, concluded there are 80 million tons of plant material produced in California each year that could be diverted to biomass use. About 30 million tons are practically available. The study said those 30 million tons could be converted into 2,500 megawatts of electricity, equivalent to five large gas-fired plants, and 1.3 billion gallons of transportation fuel at competitive prices.

Biomass has gotten a jolt from renewable-portfolio standards embraced by nearly half the states, which require utilities to get electricity from renewable resources. In California, for instance, the state's energy agencies have set a rough goal of having biomass sources generate 4% of the state's power by 2010.

GEOTHERMAL

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Geothermal energy -- tapping heat deep in the Earth to generate power -- may have more potential, at less impact to society, than any of the other alternative resources. A new study on geothermal energy, produced by an interdisciplinary team at the Massachusetts Institute of Technology, found that geothermal energy could produce 10% of the nation's electricity by 2050 at prices that would be competitive with fossil fuels.

Geothermal heat is turned into electricity through a number of methods. In general, producers drill into the ground to release steam and water that have been naturally heated and, until then, trapped. These are used to power a turbine and generator, making electricity. Liquids are reinjected into the ground to keep the process running.

Currently, geothermal energy costs about 6 cents to 10 cents a kilowatt hour, without subsidies. The main expense is actually drilling the holes and building power plants on top of them. And expertise is needed to properly manage a site to make sure the right amount of liquid is cycled through the geothermal source to extract the heat.

The amount of electricity produced depends on many things, including the size of the geothermal field, water pressure and temperature and how quickly the field can heat and release water.

Geothermal energy is especially valuable because it makes electricity around the clock, unlike solar or wind power that require backup sources of generation. Also, unlike wind and solar installations, geothermal plants have a small footprint -- smaller, even, than many fossil-fuel power plants. Advancements in equipment are making it possible to generate electricity with lower-temperature geothermal resources, and new drilling techniques let producers plumb greater depths.

Today, there's about 8,000 megawatts of installed geothermal capacity globally, with 3,000 megawatts in the U.S., the top producer. Mostly, it has been developed where heat is easily accessed and is accompanied by water and porous rock. The biggest developed field in the U.S. lies 72 miles north of San Francisco at The Geysers. Nineteen of the 21 plants at the site are owned by Calpine Corp., which makes 725 megawatts of electricity there, equivalent to one and a half large conventional power plants.

The MIT study found that far more geothermal electricity could be generated if companies -- especially oil companies -- leveraged their knowledge of drilling techniques, geology and hydrology to tackle the problem. An investment of $800 million to $1 billion in research and development would be required, equivalent to the expense of a single coal-fired plant.

The initial units would make electricity for 10 cents or so a kilowatt hour but later plants would see costs fall to 5 cents a kilowatt hour, probably within a decade, as processes became more refined. That would make geothermal operations competitive with modern gas-fired plants. But backers say that for geothermal energy to thrive, supportive policies are needed, including loan guarantees, depletion allowances, tax credits and accelerated depreciation -- things oil, gas and minerals-extraction companies get.

Still, geothermal energy does come with a caveat: Heat sources can be depleted if not carefully managed. At The Geysers, for instance, operators have had to retire at least half a dozen generating units, even though the field was developed largely only in the 1970s and 1980s.

BIOFUELS

Interest in alternative transportation fuels -- mostly ethanol -- soared following President Bush's declaration a year ago that the U.S. is "addicted to oil." Many potential fuels are being discussed, from biodiesel to hydrogen. Most of the buzz is around what's already by far the biggest alternative transportation fuel in the U.S.: ethanol made from corn.

There's lots of talk about the possibility of using ethanol as a standalone fuel to power cars. But virtually all the ethanol consumed in the U.S. today is used in a less-sexy way: It's blended into normal gasoline.

That's done mostly in parts of the country with bad air-pollution problems, because adding ethanol to gasoline reduces smog-causing emissions from the cars that burn the fuel. Ethanol also is used as a gasoline "extender."

The cost of producing ethanol depends largely on the cost of corn, ethanol's main feedstock. It also depends on the cost of the energy -- typically natural gas -- used to power the process that turns the corn into ethanol. Keith Collins, chief economist at the U.S. Department of Agriculture, estimates that today it costs about $1.60 to produce a gallon of ethanol.

Ethanol producers sell their brew on a wholesale market -- sometimes to gasoline refiners and sometimes to middlemen who sell to those refiners. The price of ethanol typically rises and falls with that of gasoline, which itself is a function of the global oil price. Ethanol typically has sold for up to 51 cents per gallon more than gasoline, because the federal government gives ethanol blenders a 51-cent-per-gallon tax break to encourage production of the supplemental fuel.

Over the past year, the industry that produces ethanol has had a wild ride. Last summer, ethanol prices soared, due to increases in both gasoline prices and ethanol demand. Gasoline blenders who had been using another emission-reducing additive -- methyl tertiary butyl ether, or MTBE -- were switching over to ethanol because of concerns that MTBE was contaminating ground water.

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Ethanol's per-gallon price premium over gasoline widened to more than $1. Margins for ethanol producers ballooned. Yet by late last year, the ethanol boom was cooling. The sudden profitability of the ethanol business, combined with increasing federal requirements for the production of alternative fuels, sparked a rush of investment in new ethanol plants.

Meanwhile, gasoline prices, and thus ethanol prices, were falling from their mid-2006 highs. The production costs for ethanol were also rising, largely because the rush to produce more ethanol had driven up the price of the fuel's main feedstock, corn.

On Friday, the price of ethanol for March delivery closed at $2.06 a gallon on the Chicago Board of Trade, and the price of gasoline for March delivery closed at $1.61 a gallon on the New York Mercantile Exchange.

Where ethanol prices will go from here is a matter of debate. President Bush, in his State of the Union speech last month, laid out an ambitious target for the U.S. to consume about 35 billion gallons of ethanol and other alternative transportation fuels by 2017. (The U.S. currently consumes about 5.2 billion gallons of ethanol per year.)

Reaching the numbers outlined by President Bush won't be easy. It probably would require significantly increasing the concentration of ethanol that's blended into gasoline. That, paradoxically, is a move that scientists say raises potential air-pollution problems of its own. Studies show that while ethanol added to gasoline in low concentrations helps reduce certain emissions, such as carbon monoxide, it tends to increase some other emissions.

Another option to meet the government mandate would be to increase the use of ethanol as a standalone fuel. That would require the installation of ethanol pumps at gas stations -- a move that could cost the oil industry billions of dollars.

Zakaria: Unfortunately, We Can't Stop Global Warming (NSWK)

By Fareed Zakaria

Newsweek, February 12, 2007

The most inconvenient truth about global warming is that we cannot stop it. Please don't mistake me for a skeptic. I'm fully persuaded by the evidence that climate change is real and serious. Of the 12 hottest years on record, 11 have occurred since 1995. Temperatures have risen by 0.74 degrees Celsius over the past century. (If that seems small, keep in mind that the difference in temperature between the ice age and now is about 5 degrees C.) And human activity appears to be one important cause. The concentration of greenhouse gases in the atmosphere has risen dramatically since the industrial revolution. Methane has doubled and carbon-dioxide levels are up 30 percent since 1750. The projections going forward are highly plausible scientific estimations. The recent report from the Intergovernmental Panel on Climate Change predicts that by 2100, temperatures will have risen by somewhere between 1.1 and 6.4 degrees, and as a result, sea levels will rise by 18 to 59 centimeters. The trouble is, if you accept all these facts and theories about global warming, it is difficult to see how any human response launched today can avert it.

The gases that are warming the Earth have built up over hundreds of years. They do not disappear or dissipate easily. Even if the world adopted the most far-reaching plans to combat climate change, most scientists agree that the concentration of greenhouse gases will continue to rise for the next few decades. In other words, global warming is already baked into Earth's future.

Scientists estimate that simply to keep greenhouse gases at their current levels, we would need to slash carbon-dioxide emissions by 60 percent. Given current and foreseeable technology, that would require cutting back on industrial activity across the globe on a scale that would make the Great Depression look very small. In fact, the future will almost certainly involve substantially greater emissions of CO2. Most studies predict that the world will double its consumption of energy by 2050. Since much of that growth in consumption will take place in China and India, it will involve the burning of fossil fuels.

Between them, these two countries are currently building 650 coal-fired power plants. The combined CO2 emissions of these new plants is five times the total savings of the Kyoto accords—that is, if the Kyoto targets were being adhered to by Western countries, which they are not. Even under the most optimistic scenarios the industrialized world will continue to burn substantial amounts of coal and oil.

I state these facts plainly not to induce fatalism or complacency. It's scandalous that we're not weaning ourselves off dirty fuels. Perfecting just two new (and almost workable) technologies—clean coal and hybrid cars—would be a giant leap forward. We could be experimenting with hundreds more technologies and techniques. But even so, the Earth would still warm substantially over the next few decades. So in addition to our efforts to prevent and mitigate climate change, we need to employ another strategy—adaptation.

No one likes to talk about adapting to global warming because it seems defeatist. But the result is that, as we debate the meta-theories about global warming, we're increasingly unprepared to deal with its consequences. Whether or not CO2 emissions are triggering certain reactions in the atmosphere, we can see that sea levels are rising. What are we going to do about it?

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In an intelligent, practical speech last September, the president of the British Association for the Advancement of Science, Frances Cairncross, urged that we begin such a discussion. "We need to think about policies that prepare for a hotter, drier world, especially in poor countries," she said. "That may involve, for instance, developing new crops, constructing flood defenses, setting different building regulations or banning building close to sea level." She points out that adaptation programs could move forward fast. Unlike plans to slow down global warming, which require massive and simultaneous international efforts, adaptation strategies can be pursued by individual countries, states, cities and localities.

Three years ago the Pew Foundation sponsored an excellent study, "Coping With Global Climate Change," which focused on the role of adaptation. The report found that moving in this direction would be costly and fraught with uncertainty and error. Yet, the authors point out, humankind's long history has shown it's possible; we have adapted as the environment around us has changed. The costs of relocating seaside communities are extremely high, but they will be even higher if we wait 20 years. The most important conclusion of the Pew study was that early planning is far more effective than managing the consequences of a breakdown. In other words, strengthening the levees in New Orleans costs much, much less than rebuilding the city.

Many environmental advocates fear that talking about coping with global warming will hamper efforts to slow it down. In fact, we have no alternative but to do both. Mitigation and adaptation complement each other. In both cases, the crucial need is to stop talking and start acting.

U.S. Labor Laws Apply To Tribes, Court Says (SDUT)

By James P. Sweeney, Copley News Service

The San Diego Union-Tribune, February 12, 2007

Broad implications seen for their casino workers

Indian tribes must comply with federal labor laws, an appeals court ruled yesterday in a California case that could affect thousands of casino workers across the country.

The decision against one of the state's wealthiest tribes, the San Manuel band of San Bernardino County, also took another bite out of the immunity that tribes have long enjoyed as sovereign governments.

It was unclear how the ruling might affect an impasse between labor and five big Southern California tribes, including Sycuan of El Cajon and Pechanga of Temecula. The stalemate has blocked legislative ratification of expansive new gambling agreements that would authorize 22,500 more slot machines for the tribes.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit concluded that San Manuel operated its thriving casino as a commercial enterprise, rather than a government operation.

“The principle of tribal sovereignty in American law exists as a matter of respect for Indian communities. It recognizes the independence of these communities,” Janice Rogers Brown, a former California Supreme Court justice, wrote for the court.

“But tribal sovereignty is not absolute autonomy, permitting a tribe to operate in a commercial capacity without legal restraint,” Brown concluded.

Indian gaming has become a $23 billion industry nationally, with more than 400 casinos in 28 states. California alone has 58 casinos that employ 58,000 workers and gross more than $7 billion a year. Only a handful of California's casinos have labor agreements.

The appeals court ruling allows the National Labor Relations Board to hear allegations that San Manuel “interfered with, coerced and restrained employees” trying to exercise collective bargaining rights at the tribe's casino, which grosses more than $450 million a year.

A 1999 complaint filed by the Hotel Employees & Restaurant Employees International Union alleged that San Manuel denied its organizers equal access to casino workers while the tribe cooperated with a rival union, the Communication Workers of America. The tribe and the CWA ultimately agreed to a contract.

When the NLRB later concluded that federal labor law applied to the tribe, San Manuel appealed to the circuit court. The tribe invoked its sovereign immunity, contending that federal labor law did not apply to actions of tribal governments on their reservations.

The court said the case was “particularly difficult” because of “conflicting Supreme Court canons” relevant to the dispute.

In addition, Brown wrote, the National Labor Relations Act “was enacted by a Congress that in all likelihood never contemplated the statute's potential application to tribal employers.”

Moreover, she added, “probably no member of that Congress imagined a small Indian tribe might operate like a closely held corporation, employing hundreds, or even thousands, of non-Indians to produce a product . . . marketed to non-Indians.”

Howard Dickstein, one of the state's leading tribal attorneys, said the decision, if it stands, could have broad implications and would reverse “many years of judicial precedent.”

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"Traditionally, the courts said if Congress didn't expressly refer to tribes as included under a federal statute, then they were excluded," he said. "Now they are saying the opposite."

Dickstein believed the case was an ill-advised legal challenge, much like a powerful Palm Springs tribe's test of the state's ability to enforce California campaign and political disclosure laws against tribes. In December, a divided state Supreme Court ruled against the Agua Caliente band.

San Manuel was weighing its options yesterday. The tribe could ask the full court to reconsider the ruling or it could appeal to the U.S. Supreme Court.

"We are disappointed by the ruling," San Manuel Chairman Henry Duro said in a statement. "We believe that these gaming projects help tribes to fulfill essential government functions by providing education, health care, housing, senior care and other key programs.

"Those are basic governmental obligations that could be impacted by this decision."

Jack Gribbon, the hotel and restaurant employee union's state political director, took a measured view of the legal victory. Any final decision is probably more than a year away, he cautioned.

"This is just a single moment in time that is not a final decision," Gribbon said. "But I think it's a very good heads-up to those tribes in California . . . who have been unwilling to deal with workers' rights in a comprehensive way."

Gribbon's union, now known as UNITE HERE, led the fight last summer that blocked new compacts for Sycuan, Pechanga, San Manuel, Agua Caliente and the Morongo tribe of Riverside County.

Those compacts, which are still pending before the Legislature, contain labor terms negotiated by former Gov. Gray Davis' administration in 1999. But UNITE HERE, backed by the California Labor Federation and other powerful unions, wants what is known as "card-check neutrality," the ability to establish a union by collecting signatures from employees without interference from management.

Adam Day, a spokesman for Sycuan, said no one had ever tried to organize the tribe's casino workers.

"Organized labor has unprecedented rights under our tribal labor relations ordinance that they've never taken advantage of at Sycuan," Day said. "So, in that respect, the decision doesn't change what labor has had the right to do for more than eight years at Sycuan, and yet they've never lifted a finger to take advantage of the ordinance."

Gribbon has argued that the 1999 labor language does not adequately protect casino workers from harassment and intimidation by tribal employers. Yesterday's decision seemingly would bring federal protections to bear.

FBI/DEA/ATF/USMS:

ATF Officials Who Challenged Director Moved To Lower Posts (WP)

By Dan Eggen

The Washington Post, February 12, 2007

Two senior officials at the Bureau of Alcohol, Tobacco, Firearms and Explosives who opposed many questionable management and spending decisions by the agency's former director are being moved to lower-ranking positions effective Thursday, officials said.

Deputy Director Edgar A. Domenech, who also served as acting director last year, is being moved out of ATF headquarters to lead the agency's Washington field office. The assistant director for field operations, Michael Bouchard, will become an assistant to Michael J. Sullivan, a U.S. attorney who is temporarily running ATF.

The transfers are widely seen within ATF as demotions. They come seven months after the sudden departure of Carl J. Truscott, the former director, who clashed with Domenech and other senior executives over spending and management practices.

An inspector general's report issued after his departure showed that Truscott -- who previously served as head of President Bush's security detail at the Secret Service -- engaged in a wide-ranging pattern of questionable expenditures on a new ATF headquarters, personal security and other items. The report also said that he violated ethics rules by forcing employees to help his nephew prepare a high school video project.

Domenech took over for Truscott after he resigned and reversed a decision to include a costly engraved quotation from Bush's speech to Congress after the Sept. 11, 2001, terrorist attacks at the new headquarters entrance.

ATF spokeswoman Sheree Mixell characterized the moves as routine and said "both are important positions."

Domenech and Bouchard could not be reached to comment last week.

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The new deputy director will be Ronnie A. Carter, a 27-year ATF veteran, who has headed the agency's Dallas office since 2002. Bouchard's replacement is William J. Hoover, a 20-year veteran. Hoover headed the Boston office for about three years before taking over the Washington office in January 2006.

Dizzying Rise, Fall Of A Local Drug Lord (PHI)

By George Anastasia

The Philadelphia Inquirer, February 11, 2007

When he came to the attention of federal drug agents three years ago, Benjamin Ton, then 30, was an unemployed copy-machine repairman inexplicably living the American dream.

A Vietnamese emigre, he and his wife, Lena Le, had just moved from a modest rowhouse in Folcroft, Delaware County, to the upscale Cobblestone Farms section of Sicklerville. Parked in the driveway of their new home were a Corvette, a BMW and a Lexus.

"It was obvious there was a lot of money coming from somewhere," said Christopher A. Jakim, the Drug Enforcement Administration agent who supervised the squad working the case.

Eight months later, Ton was arrested on charges of heading a $50 million drug operation that in just two years had brought nearly 10 tons of high-quality marijuana and more than 300,000 ecstasy pills to the Philadelphia area from Canada, a quietly growing source for those illegal drugs in the United States.

At the time of his arrest, Ton was a major player in the Philadelphia region's thriving drug market, an industry with at least $1 billion in illegal street sales annually, authorities say.

The rise and fall of Benjamin Ton, who has pleaded guilty and is awaiting sentencing, offers a glimpse into that highly lucrative drug underworld and a look at a new breed of American gangster.

Operating in close-knit ethnic groups and using language and culture as shields, these Asian, Latino and African American mobsters pose a more difficult challenge to law enforcement than the overexposed and largely disorganized American Mafia.

Wiretapped conversations during the Ton investigation, for example, were recorded in four languages.

"In two years, this guy was making more money than Nicky Scarfo ever dreamed of," said Assistant U.S. Attorney David Fritchey, who helped bring down Philadelphia Mafia bosses Scarfo, Ralph Natale and Joseph "Skinny Joey" Merlino and is prosecuting the Ton case.

Ton's story also is a look at the top of a drug empire. Authorities seized about $500,000 when he and 25 associates were arrested.

Seduced by money

Ton's organization sprang from a chance encounter, say Jakim and other DEA agents who have debriefed Ton since he began cooperating.

In 2002, Ton said, a Vietnamese friend from Canada told him that he was having trouble moving 100 pounds of marijuana he had shipped to Philadelphia.

Would Ton be interested in finding buyers?

Ton agreed, and a drug operation was born.

With connections to the Vietnamese communities in Philadelphia and Toronto, Ton was the right person in the right place at the right time.

"He was an ambitious, aggressive young guy who saw an opportunity and seized it," Jakim said. "We don't think he was involved in drugs before that."

"He's remorseful for what he has done," said Ton's lawyer, Elliott M. Cohen, who said his client could not be interviewed. "He started out living an honest life and got seduced by the money."

Ton faces a life sentence, but his cooperation could result in less jail time.

Ton took his first deliveries on consignment. Eventually, he had a network of Canadian suppliers who competed for his business through a broker he hired in Toronto.

Weekly, he received shipments of 100 to 300 pounds of marijuana, hidden in trucks transporting legitimate goods across the border. One major shipment, for example, came in a tractor-trailer loaded with futons heading for Kmarts in North Carolina, according to the DEA.

The ecstasy, usually in shipments of 40,000 pills, was typically hidden in the door panels of cars, sometimes driven by Ton or his associates. Cash was brought up; ecstasy pills were brought back.

Fritchey estimates that Ton sent $25 million to $50 million to Canada over two years.

Ton paid between $1,700 and $2,700 a pound for marijuana and $2.25 to $3 per pill for ecstasy. His wholesale network would then sell the drugs for about double that.

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According to the indictment, that network included about two dozen Asian American associates in Camden, in Eddystone, and in Masschusetts, Georgia and North Carolina.

The most potent and expensive marijuana was cultivated by the "Vietnamese Mafia" in "grow houses" - indoor hydroponic operations that have proliferated in Canada in the last decade, according to a Royal Canadian Mounted Police report.

Labeled "AAA" or "purple haze," this premium marijuana had a level of THC (the psychoactive ingredient) that was sometimes 25 to 30 percent, investigators said, instead of the usual 3 to 5 percent.

The even more potent ecstasy pills were stamped "puppy" or "strawberry," and sold for $25 to $30 apiece at "rave parties" popular with teenagers and young adults.

Phony receipts

By late 2003, Ton and his wife were buying fine clothes and jewelry and enjoying vacations abroad and visits to Atlantic City casinos.

In his debriefing sessions, Ton said he had always kept about $100,000 in cash in a home safe and hundreds of thousands more in bank accounts and safe-deposit boxes.

He traveled to Canada and Vietnam for business and pleasure, meeting in both countries with a Vietnamese movie star and singer with whom he had begun an affair, authorities said.

Ton would eventually spend $300,000 to build his girlfriend a home in Vietnam, a bit more than he and Lena Le had paid for their South Jersey house.

But just as a chance encounter brought Ton into the drug trade, another sparked his downfall.

In March 2004, DEA agents in New York City, working a different case, overheard a target on a wiretap discuss a shipment of marijuana and ecstasy to Philadelphia.

Within days, DEA agents here had won court authorization to set up their own wiretaps, which quickly pointed to Ton.

"He was the guy in charge," Jakim said.

In all, Jakim and agents Philip Bernal, Carl Rideout and William Schohn would record more than 1,000 conversations in English, Vietnamese, Chinese and Spanish as they worked the case.

They still shake their heads at the business acumen and ingenuity of the young, charismatic former Canon copier repairman.

At one point, Ton was able to write off a debt of $200,000 after police in the United States stopped one of his couriers en route to Canada and seized the cash he was carrying.

As is standard procedure, police gave the courier a receipt. Ton showed that receipt to his Canadian supplier, who accepted Ton's explanation and wrote off the loss.

Later Ton and one of his top associates, Sergio Caldera, faked a similar incident to save $600,000 earmarked for another Canadian supplier.

"They went on the Internet and copied the logo of a police department. Then they dummied up another seizure receipt," Jakim said.

"One of the interesting things was the phony cash-seizure receipt wasn't for $600,000 but for something like $580,000," Jakim said.

This made the seizure seem even more realistic, the agent said, because many drug dealers assume police pocket some of the cash they seize.

"Ton and Caldera split the $600,000," said Jakim, whose investigators found a copy of the phony receipt during searches after Ton, Caldera, and 24 other members of the organization were arrested.

Hidden cash, hidden pills

Early on Nov. 6, 2004, a Saturday, Jakim was scrunched down in the backseat of his car, conducting what he hoped would be the last night of surveillance on Ton's home.

Parked a half-block away, the agent focused on the garage, where, he knew, Ton and Caldera were running $525,000 in bills collected that week through a machine that counted and bundled them.

Shortly after sunrise, Caldera pulled a silver Acura out of the garage. Based on wiretaps, Jakim knew that the cash was hidden behind the car's door panels and fenders and was destined for Canada to cover a previous drug buy and to "front" a shipment of ecstasy coming back down.

Caldera drove to his girlfriend's apartment in Northeast Philadelphia. She then set off alone on the journey north.

Diana Rivera, who owned the Acura, had made several trips for the drug ring, usually for a 2 percent fee. This trip was worth about $10,500 to her.

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All day, the DEA listened as Caldera and Rivera - who have pleaded guilty to drug charges and are cooperating with authorities - talked on their cell phones. Investigators learned when she crossed the border, dropped the car off in Toronto, and picked it up later for her journey south.

As Rivera crossed the Rainbrow Bridge at Niagara Falls, DEA agents began tailing her. At the Fort Washington exit of the Pennsylvania Turnpike, they pulled her over and quickly found the stash of pills behind the car's door panels.

At $30 each, the shipment of 55,000 tablets had a street value of $1.65 million.

"It was time to shut them down," Jakim said.

13 Cases Collapse After Disclosure Of Informant Offenses (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, February 11, 2007

An undercover narcotics investigation touted by the government as a significant blow to a notorious haven for drug dealing has been left in tatters after damning revelations about an informant, among them that he was using the same sort of drugs he was buying for the police.

The U.S. attorney's office in the District said it has dropped or is preparing to drop charges against 13 of 23 people charged in a five-month investigation in and around the Woodland Terrace public housing complex in Southeast Washington. The cases collapsed less than five months after the arrests were announced.

During the investigation, while working for another police unit conducting a separate operation, the informant crashed an unmarked police car into a moving car and several parked cars, according to court documents. But he was not charged, despite the considerable damage and the fact that he didn't have a driver's license.

Little of the information about the informant's conduct during the investigation or his checkered history working for the police was initially turned over to attorneys for those charged in the Woodland Terrace investigation.

By the time it was provided, some defendants had already pleaded guilty. Other defendants were about to go on trial when the U.S. attorney's office made the disclosures.

On Friday in D.C. Superior Court, three defendants who had entered guilty pleas were allowed to withdraw them, and the charges were dismissed by prosecutors.

Channing Phillips, a spokesman for the U.S. attorney's office, said that prosecutors were not aware of the problems with the informant when the first defendants pleaded guilty but that the office acted promptly once it learned of the issues.

The unraveling of the cases has renewed questions about how police use paid informants and how prosecutors determine which evidence they must turn over to the defense in the early stages.

The problems were first reported in the Legal Times.

Prosecutors are required to turn over information favorable to a defendant, such as a statement from a witness implicating another person in the crime or details of a plea agreement of a person cooperating with the government.

Defense attorneys in the District have complained that the U.S. attorney's office is delinquent in turning over such information.

The disclosure of such information, or the failure to promptly provide it, is a near-constant source of contention in D.C. Superior Court between the defense bar and prosecutors. It can be important in cases in which police and prosecutors are relying on information from people who are being paid by the government or who have pending criminal cases, or both.

Superior Court judges periodically have rebuked the U.S. attorney's office for not turning over such material. In this case, the U.S. attorney's office said it did not receive the information from police until it was too late.

For the Woodland Terrace investigation, the consequences were colossal.

Despite its location -- about a block from the D.C. police department's 7th District station -- Woodland Terrace was a hot spot for people selling cocaine, PCP and marijuana.

Last spring, the 7th District's Focused Mission Unit embarked on an ambitious effort to rout out drug dealers there. Woodland, a 234-unit low-rise complex, is bounded by Ainger, Bruce, Raynolds and Langston places. Neighborhood residents had said last fall that the police attention made a difference in ridding the area of the drug trafficking.

Working with the D.C. Housing Authority Police, the U.S. attorney's office and other agencies, D.C. police set up dozens of drug buys during the investigation. Many were made by undercover officers, but many others were made by the informant, according to prosecutors.

It was not until the first cases were about to go before a jury that some of the most damaging new information was handed over to defense attorneys.

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Donna Beasley, an attorney for one defendant, said she learned not long before the Jan. 10 trial date that years earlier the informant was thrown out of the witness protection program. Then, on the day of trial, the prosecutor, Assistant U.S. Attorney George P. Varghese, told her that the informant had not been licensed to drive when he crashed the police car.

The revelation prompted Judge Craig S. Iscoe to postpone the trial. But it wasn't the only notable disclosure that day, Beasley said. While the judge was deciding what to do, Beasley said she was told that the informant had identified someone other than her client in a photo identification of the suspects -- evidence she says was as potentially exculpatory as anything the government could have given her.

On Tuesday, the charges against her client -- and three others planning to go to trial -- were dismissed.

"Yes, they did the right thing by dismissing it," Beasley said, "but what's going on?"

Drug Czar Reports Drop In Drug Use (AP)

AP, February 9, 2007

PORTLAND, Ore. (AP) — Illegal drug use in the United States has dropped sharply since 2001 but abuse of prescription drugs remains a problem, the director of the White House Office of National Drug Control Policy said Friday.

John Walters said that President Bush's anti-drug plan for 2007-08 is to reduce prescription drug abuse by 15% over three years. The administration ranks the problem second only to marijuana.

The plan singled out the pain reliever OxyContin as one of the prescription drugs most abused. It calls for more states to adopt prescription drug monitoring programs to prevent "doctor-shopping" to get prescriptions for more drugs.

Walters said overall use of illegal drugs among young people is down 23% from 2001, with 840,000 fewer teenagers using drugs now. He credited drug testing for much of the decline and urged its expansion in schools. He also said abuse among older people declined.

About 1,000 school districts carry out drug tests, which can trigger an intervention that keeps a young drug abuser from carrying the habit into adulthood, Walters said. Despite some concerns for invasion of privacy, he said, the United States will "look stupid in five or ten years if we don't do this."

Walters said the data came from a survey done at the University of Michigan for the National Institute For Substance Abuse. The report says about 19.7 million Americans reported using at least one illegal substance in the previous month.

In Washington, D.C, Bill Piper, director of affairs for the Drug Policy Alliance, called the strategy a "spin on the failure of the war on drugs."

He said in a statement that despite incarcerating millions of Americans, drugs are as available as ever and the related harms of addiction, overdose, and the spread of disease continue to mount.

Piper said drug use rates are less important than whether the death, disease, crime and other suffering associated with abuse go up or down.

Drug Control Plan Heavy On Prevention (OREG)

By Bryan Denson, The Oregonian

The Oregonian, February 10, 2007

White House - The strategy to reduce abuse by teens includes $7.5 million for nonpunitive testing in schools

President Bush's chief drug adviser released the White House's latest drug control strategy Friday in downtown Portland, a plan that calls for a broad public health approach to prevent teenage drug abuse.

John Walters, director of the Office of National Drug Control Policy, offered high points of the new strategy -- along with some good and bad news -- at the Union Gospel Mission, which offers recovery services to adults addicted to methamphetamine and other drugs.

The good news: Meth use among teens declined 41 percent between 2001 and 2006. The bad news: Teen usage of illegal prescription drugs is up.

In an interview with The Oregonian Friday morning, Walters said public officials must approach today's teen drug abuse in much the way it approached the epidemic of gun violence that swept America's big cities in the early 1990s. Like gunfire, he said, teen drug use is a preventable public health problem that can't be treated solely by the criminal justice system.

Preventing the onset of drug abuse is key to the National Drug Control Strategy released Friday, Walters explained. The White House strategy seeks an extra $7.5 million for nonpunitive drug testing in school districts across the nation and an additional $30 million to blitz the airwaves and the Internet with anti-drug messages aimed at teens.

Walters acknowledged that randomly testing teens for drugs is controversial. But he said the tests are an important public health tool.

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"Random testing may not be used to punish," he said, adding that results cannot be turned over to law enforcement or school officials for disciplinary reasons. "If you want to find the troubled young people . . . random drug testing is a powerful tool, along with screening in the health care system."

Science is changing the easy-going attitudes parents once held about drugs, Walters said. And their children recognize the trauma that drugs such as methamphetamine inflict on the human brain.

Charting global distribution of pseudoephedrine, which is used to manufacture meth, takes up much of Walters' time these days. Last December, for instance, authorities in Mexico seized nearly 20 tons of what was reported to be pseudoephedrine shipped from China. Walters met earlier this week with his counterpart from China and is following up on the bust in Mexico. U.S. authorities are working with officials in Mexico to identify how the shipment got there from China.

As the United States finds ways to cut off the supply of meth and its precursor drugs from other nations, smugglers find new ways to come in the back door, Walters said. "The question becomes, can our defense out-do their offense?" he said.

The President's Drug Control Budget calls for $12.9 billion to support reduction of drug supplies, prevention of drug abuse and treatment of addicts. But when Walters publicly released the drug control strategy Friday, he focused his remarks on teens.

Drug abuse spreads like tuberculosis from one child to the next, he told reporters.

"I recognize there are critics of random drug tests," Walters said. "But trust me, they're gonna look stupid" in coming years.

Sometimes, he said, you have to take unpopular measures to fight against drugs -- such as putting cold remedies behind the counter, as Oregon officials did, to prevent people from turning them into meth.

"Meth was too bad," he said. "This was a reasonable change."

Fugitive Honduran Street Gang Leader May Be In Houston (HC)

By Susan Carroll, Houston Chronicle

Houston Chronicle, February 12, 2007

TEGUCIGALPA, HONDURAS — A reputed killer and leader of one of the world's most notorious street gangs escaped during a botched custody transfer in Honduras and has been a fugitive for more than a year, the Houston Chronicle has learned.

Ever Anibal Rivera Paz, the alleged chief of the Honduran arm of the Mara Salvatrucha gang, was being extradited on charges of plotting a massacre that left 28 people, including six children, dead on Dec. 23, 2004.

Also known as "El Culiche," The Tapeworm, Rivera Paz was last seen boarding a deportation flight from Houston to Honduras on Nov. 17, 2005, according to U.S. Immigration and Customs Enforcement records.

The FBI fears Rivera Paz may have returned to the United States or may be headed that way, according to a confidential May 2006 FBI bulletin obtained by the Chronicle.

"Officers should be aware that he has threatened to assassinate any officer that attempts to apprehend him," the bulletin states.

Honduran officials confirmed Rivera Paz's disappearance but said they were never notified that he was scheduled for deportation.

U.S. immigration officials insisted that the Honduran government was notified in writing through multiple channels that "Culiche" was headed back after a stint in a U.S. prison for re-entering the country illegally.

"I don't want to blame anybody," said Oscar Alvarez, former security minister for Honduras, "but somebody didn't do his job."

Nine months before Rivera Paz disappeared, top FBI officials and then-President of Honduras Ricardo Marduro called news conferences to announce his capture. He was arrested by a Texas state trooper near Falfurrias on Feb. 10, 2005, after a traffic stop about 110 miles from the border.

Twelve days after the arrest, U.S. officials matched Rivera Paz to a Department of Homeland Security alert, based on Honduran intelligence, that warned he could be heading north to avoid prosecution in the massacre. His arrest was called a major blow to Mara Salvatrucha, or MS-13, and a model of international cooperation.

Now, two years after his arrest, the Rivera Paz case has raised serious questions about security procedures in both countries and about the integrity of the deportation process.

U.S. and Honduran officials could not, or would not, explain exactly how he escaped.

When the alleged MS-13 leader was deported, "nobody advised anybody" that he was coming home, said Alvarez, now the vice consul in Houston. The problem wasn't just on the U.S. side, he added, conceding that Hondurans also failed to catch his arrival.

Luisa Deason, an ICE spokeswoman in Houston, said U.S. authorities notified the Honduran government that Rivera Paz would be deported that day. She said ICE listed his name on a roster of deportees arriving in Honduras who had criminal records

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in the United States. The Honduran government also issued travel papers for Rivera Paz, she said, clearing the way for his deportation.

"We executed that removal order and turned everyone on that flight over to the government," Deason said. "If there's a question after that, perhaps what you need to do (is) ask that government."

The international law enforcement organization Interpol has reissued a lookout for Rivera Paz, who is described as "extremely dangerous."

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On the night of the 2004 massacre, Alvarez arrived at the crime scene to coordinate the manhunt for the assailants, who had ambushed a crowded bus.

There were bodies in the road, blood on the bus steps. The killers left a note on the front windshield decrying a government proposal to legalize the death penalty as part of a crackdown on gangs.

"I don't want to remember," he said. "It was a terrorist attack."

At 7:15 p.m., an old, yellow Ford bus headed along a dirt road that runs through Chamelecon, a poor suburb of San Pedro Sula in northern Honduras. The bus was packed with 56 people, factory workers and last-minute Christmas shoppers, some standing in the aisle.

Witnesses said a truck and a car pulled out of the darkness, forcing the bus to the shoulder next to a grassy soccer field. The gunmen started shooting from outside the bus, the witnesses said, and then moved up the steps.

"People were screaming, and the more they screamed in the bus, the more they shot," said a teenage factory worker who was shot 16 times.

Alvarez said witnesses on the bus identified one of the gunmen as Rivera Paz. They said he was carrying an M-16 rifle.

Oldin Alexander Rodriguez, a young father, was in the 13th row with his wife and their baby, Isaac.

It was dark on the bus, he said. So dark he never saw a thing. But he heard people screaming and dropping to the floor.

He wrapped his hulking body around his wife, Glenda Yaqueline Ramos, who pulled Isaac into her lap. She shielded him with her knees, her arms and her head. She tried not to scream.

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When international travelers — tourists, missionaries and business travelers — arrive at the newly remodeled airport in Tegucigalpa, they are required to pass through a Honduran customs inspection. They are asked to show their passports. They put their right, then left, index fingers on a digital scanner. They look up at the camera to have their retinas scanned.

It's different for Hondurans deported from the U.S.

They are corralled into a low-slung, beige building off the runway. There is no fingerprint scanner. The recent arrivals fill out forms with their names, ages and dates of birth. The paperwork is filed away in three-ring binders by date of arrival.

Honduran immigration officials said they are poorly equipped to deal with a record influx of deportees from the U.S., more than 24,000 in 2006. They don't have money to provide new arrivals with diapers for their babies, much less to hire more staff, said Rosario Murillo, with the Center for Attention to the Returned Migrant.

The system is chaotic. Sometimes the office gets a list of deported criminals, Murillo said, but sometimes it does not. A roster of deported criminals that ICE passed along to Honduran officials early this month contained the names of 59 people accused of offenses including illegal re-entry and sex crimes.

Jorge Bustillo Rivera, who is in charge of fugitive captures for Interpol in Tegucigalpa, reviews the names on the U.S. flight rosters, checks for outstanding warrants in Honduras and tries to detect deportees using aliases.

But Bustillo said he also has to juggle a workload that grows by eight to 10 fugitive cases daily. The nearest FBI office is in El Salvador.

"We don't have the necessary resources to do the job right," Bustillo said.

Rivera Paz must have known the drill when the plane landed on Nov. 17, 2005.

It was his fifth deportation flight.

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No one's sure how long the bus attack lasted that night. Some passengers said two minutes. Others said five.

Alexander, the young father, was shot in the leg and side. The bullets ricocheted around inside his torso.

His 23-year-old wife felt his body go limp. She panicked and raised herself up, screaming. A bullet hit her right shoulder first. She was hit again, and stopped moving.

Alexander regained consciousness but still saw nothing, he said. He heard a stranger's voice, one of the attackers, moving methodically through the bus. The gunman paused over people who were still breathing, Alexander recalls. He'd ask, "Are you still alive?" Then he would shoot.

Alexander checked on his family. His wife still wasn't moving. The baby in her lap was covered in blood.

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U.S. investigators described Rivera Paz as intelligent, articulate and highly mobile. They said he uses different birth dates but is thought to be about 31.

He carries fake IDs, uses multiple cell phones and has 38 known aliases, according to Honduran authorities and the FBI. He has a number of nicknames in addition to "The Tapeworm," including "The Little Baby."

An early member of the Normandie Locos, a particularly violent Los Angeles-based clique, Rivera Paz's criminal history dates to the early 1990s. He's been arrested at least eight times in California, accused of drug trafficking, aggravated assault, burglary, using fake IDs, writing bad checks and driving without a license, according to federal law enforcement sources.

But most of the serious charges were dropped or sealed in his juvenile record. His convictions in the U.S. were relatively minor: misdemeanor burglary in San Francisco, false representation to a police officer in Los Angeles and giving law enforcement a fake ID in San Luis Obispo. He served 13 days in jail in California in 2001, according to his federal court complaint.

Rivera Paz was deported twice in 1996, once in 1997 and again in 2001.

In 2003, he was arrested in Comayagua, Honduras, allegedly with 19 marijuana joints, 29 baggies of cocaine and an AK-47 in his possession, according to Honduran court records. The documents also referred to an outstanding warrant in two murders in 2003 in Comayagua, allegedly of a woman and teenager who wanted out of the gang. The disposition of those cases was unclear.

The intelligence report in the Interpol file accuses Rivera Paz and his associates of hiring out their services as kidnappers, drug traffickers and hitmen.

"These gangs in Honduras aren't just gangs anymore," Bustillo said. "They're linked to organized crime."

According to Honduran court records, Rivera Paz claimed to have retired from the gang life after his mother died, telling the judge, "I declare myself innocent of everything."

On Aug. 17, 2004, he and two other inmates allegedly broke out of a prison in Comayagua, beating and severely injuring a guard in the process, according to Interpol.

It was in that picturesque, colonial town that the MS-13 leaders reportedly plotted the massacre.

Honduran investigators said they've identified seven suspects directly involved and 24 with possible knowledge of it. They still call Rivera Paz the mastermind behind the attack.

A handful of Rivera Paz's alleged accomplices are on trial in San Pedro Sula.

After Rivera Paz's arrest in South Texas, he went before a judge in federal court in Houston to face a charge of unlawfully re-entering the country. He pleaded guilty.

On July 8, 2005, U.S. District Court Judge David Hittner sentenced him to seven months in prison — in line with federal sentencing guidelines. Much of his federal court file remains sealed.

When he appeared before the judge, Rivera Paz said: "Please, send me back to my own country to pay for the crimes I caused there."

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On Christmas Day 2004, the families of Chamelecon buried their dead, including 16 women and six children. One of the women was three months pregnant.

There are still questions about the motives behind the massacre. Some are convinced it was a gesture of defiance against Honduran authorities. Others say it was revenge against a rival gang.

In their tin-roofed house on the outskirts of San Pedro Sula, Alexander gently tucks a stray hair behind Yaqueline's ear, on the side of her head that she can't reach because of her injuries. Their son, Isaac, now 3, wears SpongeBob SquarePants T-shirts and chases around the puppy, "Bear."

Yaqueline pushes her wheelchair with her good arm, the strong one.

She is not expected to walk again.

A while ago, the prosecutor in the trial of the other MS-13 members came by their house. He was looking for witnesses.

"I told him, we didn't see a thing," Alexander said.

Yaqueline nodded.

"It was so dark. I didn't see a thing."

Boldness, Violence Kept Drug Kingpin Atop Mexican Cartel (AP)

AP, February 12, 2007

DOJ_NMG_0130371

HOUSTON — Osiel Cardenas-Guillen could easily be mistaken for a bureaucrat. But the short man with a receding hairline and a forgettable face had a penchant for grotesque violence and ruby-encrusted handguns as leader of the Gulf drug cartel, federal agents say.

Court documents filed when Cardenas-Guillen was extradited to the United States last month reveal some of the brutal tactics and corruption that investigators say went into his business moving drugs along the billion-dollar smuggling route from Mexico to Texas.

Federal agents say Cardenas-Guillen, who seized the leadership of the cartel from Juan Garcia Abrego when Garcia Abrego was imprisoned in the United States, employed former Mexican special forces soldiers who called themselves the Zetas and tortured, beat and beheaded rivals and police.

Cardenas-Guillen faces trial in Houston, accused in a Brownsville indictment of drug smuggling, threatening U.S. federal agents and being responsible for much of the violence that has plagued the Texas-Mexico border.

His new defense attorney, Mike Ramsey, said Friday that Cardenas-Guillen was "in good spirits" but declined further comment.

Cardenas-Guillen had been sent to a prison near Mexico City but continued to run the Gulf cartel from a relatively luxurious cell with impunity.

Frustrated, Mexican officials extradited Cardenas-Guillen, three other kingpins and about a dozen lesser cartel soldiers to the United States.

"He authorized the murder of countless rivals. He killed his way up the ladder to lead the Gulf cartel," Karen Tandy, chief of the U.S. Drug Enforcement Administration, said after Cardenas-Guillen's extradition last month.

He earned the nickname "the friend-killer" for his willingness to murder people within his own cartel, court documents said. And he favored a gold-plated .45-caliber pistol whose grips were decorated with ruby-encrusted panthers and skulls.

Investigators believe that at its height, Cardenas-Guillen's cartel had cells in Houston, Chicago, Atlanta and other cities and moved four to six tons of cocaine per month into the United States.

"He's one of the biggest of the big fish," said George W. Grayson, a professor of Latin American politics at the College of William & Mary in Williamsburg, Va.

Cardenas-Guillen's Zetas were the first paramilitary group to join a drug cartel. They helped him gain control of Nuevo Laredo, considered to be a prime smuggling route for drugs from Mexico into the U.S..

Cardenas-Guillen reigned over the city until his arrest in March 2003, according to court documents. Like many crime lords, he used his money to insinuate himself into the communities he controlled. From his cell in Mexico, he financed a Children's Day party in Piedras Negras, across the Rio Grande from Eagle Pass.

Mexican federal prisons allowed traffickers to hold long cartel business meetings with Cardenas-Guillen, according to a report by the Washington Office on Latin America, a policy and research group.

Cardenas-Guillen "retained control of the Gulf cartel thanks to these conditions and to the loyalty of the Zetas," the report said.

But imprisonment did loosen his grip on the Gulf cartel.

Sensing weakness in the Gulf cartel after his arrest, the rival Sinaloa cartel tried to take over Nuevo Laredo, sparking a bloody and ongoing turf battle.

In that battle, the Zetas beat, beheaded, tortured and kidnapped rival drug traffickers and Mexican police officers, including some U.S. citizens. They were blamed for the June 2005 murder of Nuevo Laredo Police Chief Alejandro Dominguez, who was gunned down six hours after being sworn into office.

"The violence was unprecedented. I was born and raised here. I've never seen it escalate to such a degree," said Sheriff Rick Flores of Webb County, which includes Laredo.

Venezuela A Hot Spot For Drug Trafficking (MH)

By Gerardo Reyes And Steven Dudley

The Miami Herald, February 12, 2007

CARACAS - A Boeing DC-9 can carry as many as 90 passengers or, as one recent drug case showed, about 128 suitcases of cocaine.

Last April, Mexican authorities seized 5.1 tons of cocaine aboard a DC-9 coming from Venezuela. The traffickers had removed the seats in the airplane and packed the drugs in identical suitcases that somehow got past security at Caracas' principal airport, Maiquetía.

The case was a watershed, illustrating the brazen attitude with which drug traffickers seemed to be operating in Venezuela and apparent cover they could expect from high-level Venezuelan government officials.

Following the bust, officials from three governments who were tracking the shipment, said the traffickers loaded the suitcases at Maiquetía. But Venezuela's then-drug czar Luis Correa claimed the cocaine had been loaded in the northern Colombian city of Barranquilla. When confronted directly with more evidence -- flight path, fuel used by the aircraft, time of the flight -- by other officials, Correa held his ground.

The Venezuelan government announced last week that Correa had been removed as head of the National Antidrug Office, but gave no reason, and there is no official investigation into his strange declarations. The DC-9 case nevertheless remains part of a growing dossier on high-level Venezuelan officials possibly involved in an increasing amount of drug trafficking in this country.

MYSTERIOUS ESCAPES

The dossier includes mysterious escapes of wanted drug traffickers who were in Venezuelan custody, documents seized from right-wing Colombian paramilitaries and testimony of accused drug traffickers in jail.

Authorities from Colombia and the United States also say that top traffickers from Colombia and Haiti have made Venezuela their home in order to avoid detection from Colombian and U.S. authorities.

The rise in drug trafficking in Venezuela has coincided with crackdowns in neighboring Colombia, part of a $7 billion effort to fight the illegal drug industry in that country, and the rule of Venezuelan President Hugo Chávez.

A former army lieutenant colonel who became president in 1999, Chávez has banned U.S. surveillance aircraft in Venezuelan airspace and effectively ended cooperation on drug matters with Washington.

Prior to Chávez, Venezuela was a transit point; now it appears to be a sieve: Since 1999, seizures are up four-fold, just one of many signs investigators use to measure the permissiveness of the environment for traffickers.

Another measure is the size of the loads decommissioned.

One trafficker, who allegedly took part in the five-ton DC-9 deal and is now jailed in Colombia, told Colombian authorities that the huge load was split between three organizations, including one that he called "the generals," a reference to the high-level Venezuelan officers involved in the trafficking.

The trafficker, Feris Farid Domínguez, told authorities he worked as a ``coordinator of aerial routes."

He told El Nuevo Herald in a jailhouse interview that he had regular contacts with top-level officials in the Venezuelan government's investigative police, National Guard, the national registry and anti-drug office, including Correa. He added that officials issued him a Venezuelan diplomatic passport, which he showed to El Nuevo Herald, designating him as a Finance Ministry advisor, and they provided him with government bodyguards.

`CARTEL OF THE SUNS'

Domínguez also had said, according to records of his declarations to Colombian investigators obtained by El Nuevo Herald, that he had met personally with Correa and that Correa had helped coordinate drug shipments for the so-called "Cartel of the Suns," allegedly run by top Venezuelan National Guard officers. The suns are insignia of rank worn by Venezuelan generals, as U.S. generals wear stars.

It's not clear whether Domínguez's declarations, some of which were published last month in El Nuevo Herald, led to Correa's departure last week.

Correa has denied Domínguez's allegations, but did not grant repeated Miami Herald requests for an interview.

The Venezuelan government has made strides in recent months to crack down on drug trafficking. Authorities captured two high-level traffickers this year and five last year, including Domínguez, which President Chávez himself trumpeted as a triumph of anti-drug authorities.

OPENING UP

The Venezuelans also have begun to work more openly with foreign governments, most notably the British and the Dutch, which are working closely on intelligence matters with a vetted 15-man Venezuelan police unit.

"We have the impression that they are serious about [combating drug trafficking] at all levels," Holland's ambassador to Venezuela, Hinkinus Nijenhuis, told The Miami Herald in an interview.

But U.S. authorities have a decidely different impression. The Venezuelan government cut relations with the Drug Enforcement Administration last year and has yet to sign an addendum to a bilateral cooperation agreement that establishes the guidelines for how U.S. counter-drug officials can operate in Venezuela.

Colombian authorities are also troubled.

Many large-scale drug traffickers have simply moved their operations to Venezuela, a top official at the country's investigative police told The Miami Herald on the condition of anonymity given the sensitive nature of relations between the nations.

OUTGOING SHIPS

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The official said that police had detected an increasing amount of drugs on outgoing Venezuelan ships in a manner that he described as "blatant" and ``wanton."

In October last year, the head of a Venezuelan counter-drug unit captured, then released, Hermagoras González Polanco, a Colombian man with a $5 million reward and an Interpol red alert attached to his name. The Interpol report said that González, who is wanted in the United States and Colombia, told the Venezuelans that ``he had dedicated his whole life to farming."

Other evidence of Venezuelan officials' complicity in drug trafficking is piling up at the Colombian attorney general's office as its investigators sift through computer files confiscated during an arrest of a member of a right-wing paramilitary group.

Both paramilitary units and their leftist guerrilla foes have financed their fight by delving into the profitable drug trade.

In one of the files obtained by The Miami Herald, investigators say the paramilitaries worked through a "commander general of the National Guard." The file does not identify the general, but goes on to say that the "general" facilitated drug trafficking through Venezuela.

Giuliani: Gun Control Helped Lower Crime (AP)

AP, February 12, 2007

Rudy Giuliani addressed a potentially troublesome issue with conservative voters, saying his policies as mayor to get handguns off the street helped reduce crime in New York.

"I used gun control as mayor," he said at a news conference Saturday during a swing through California. But "I understand the Second Amendment. I understand the right to bear arms."

He said what he did as mayor would have no effect on hunting.

Addressing another potential trouble spot with conservatives, Giuliani spoke in favor of a border fence, saying, "You have to have secure borders, you have to have a fence, and the fence I think has to be a highly technological one."

The nation needs to know, he said, who is coming into the country and why. But he provided scant details on how he would deal with illegal immigrants already in the country. Citizens, he added, should be able to read and write English.

Giuliani was to make an address Monday in Silicon Valley and he was to appear Tuesday at an agricultural fair in the Central Valley.

Asked when he would make a formal announcement that he is a candidate for the Republican nomination, Giuliani said: "Well, formally announce? I don't know."

He then alluded to making an announcement in multiple locations "so we get more attention" but provided no details.

IMMIGRATION:

The Attrition Solution (WT)

By Steve King

The Washington Times, February 12, 2007

I emphatically disagree with statements Sen. Mel Martinez made recently to the Washington Times ("New RNC chief backs bill with guest-worker plan" Page 1, Feb. 2). Mr. Martinez wants to grant illegal aliens a "path to citizenship." This represents nothing less than endorsement of a mass amnesty for many millions of illegal aliens. Americans reject mass amnesty by large margins. Amnesty is an affront to native-born Americans, to legal immigrants, and to the very concept of the rule of law.

Amnesty can be dressed up as "earned legalization," "going to the back of the line" or a "path to citizenship," but it is still amnesty. Do we give bank robbers "earned plunder" or make them "go to the end of the line" to get their pillage or a "path towards keeping their prize"? Consider two brothers living in Mexico City. One came to the United States illegally. The other stayed in Mexico and supports his family there. Mr. Martinez would grant the brother who broke our laws permanent residence and then citizenship in our country. He would grant no such prizes to the brother who stayed in Mexico. This is the worst kind of amnesty -- it grants huge benefits that are reserved only for those who have broken our laws.

Amnesty will not, as advertised, increase national security; it will imperil us all. Some argue that if we grant amnesty we will at least know "who is in our country." They are fundamentally mistaken. We will not learn who the illegal immigrants are, but who they want us to believe they are. Aliens who want to create false identities will provide counterfeit or fraudulent documents from their "home country" and we will catch only those unlucky few whose can't afford quality fakes or who have fingerprints in the FBI system. There was a massive number of fraudulent applications filed for the 1986 amnesty. An estimated two-thirds of the applications for amnesty for agricultural workers were fraudulent and most of those fraudulent applications were approved.

As retired INS investigator Mike Cutler has testified before the Immigration, Border Security and Claims Subcommittee, "it will be a simple matter for illegal aliens, including terrorists or criminals, to walk into an immigration office, along with millions of

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other illegal aliens, and produce a false name and then get an official identity document from our government bureaucrats. These documents would then enable them to circumvent the various no-fly and terror watch lists. They would be able to use these documents as breeder documents -- all the while staying under the radar and obscuring and concealing their true identity."

Mahmud Abouhalima, a leader of the 1993 World Trade Center bombing, was legalized under the 1986 amnesty. It was only after he got his amnesty that he was able to travel outside of the country, including severaltripstothe Afghanistan/Pakistan border, where he received the terrorist training he used in the bombing. Three-quarters of Americans have little or no confidence in the government's ability to weed out terrorists and criminals from the millions who would apply for amnesty.

Mr. Martinez presents the false choice of mass amnesty or mass deportations. The sensible middle ground -- supported by Americans over amnesty by more than two to one -- is a policy of attrition. Vigorous enforcement of our current immigration laws will substantially decrease the illegal-immigrant population over time. Experience has proven that illegal immigrants who could no longer easily obtain jobs would simply return to their home countries. The Center for Immigration Studies has concluded that a policy of vigorous enforcement would cut the illegal immigrant population in half in just five years.

Mr. Martinez claims that House Republican opposition to amnesty has alienated Hispanic voters. There is no evidence to support Mr. Martinez's position. According to the William C. Velasquez Institute's exit polls, only eight percent of Latino voters picked immigration as the issue that mattered most to them in deciding how to vote for Congress last election. Would support for amnesty have helped Republicans? In the 1986 election, after a Republican president signed into law the largest amnesty for illegal immigrants in American history, only 23 percent of Hispanics voted for Republican candidates, far less than the 30 percent support rate in 2006.

The one segment of voters who Mr. Martinez and Sen. John McCain threaten to alienate is not Hispanics, but the Republicans' law-and-order base. If they manage to do that, Democratic control of Congress won't be just a two-year aberration, but something we will have to live with for many years. The most important principle for the survival of the United States of America would be destroyed -- the rule of law.

Rep. Steve King, Iowa Republican, is ranking member of the immigration subcommittee.

CONGRESS-ADMINISTRATION:

Inspector Waxman's Inquest (USNEWS)

By Silla Brush

U.S. News and World Report, February 12, 2007

Rep. Henry Waxman and the Democratic detectives are back on the case. That was the message last week from the diminutive, soft-spoken California congressman and his powerful House Oversight and Government Reform Committee, which grilled 29 different witnesses on everything from Iraq reconstruction and military and homeland security contracts to prescription drug pricing. Waxman says he's focusing on waste, fraud, and abuse, and his committee holds unique subpoena power, so these days, Waxman is one of the most feared representatives in Washington. "I suppose some people have had a free ride for the last six years," he allowed after three hours of questioning, "when Congress wasn't asking some of the questions."

A tough assessment perhaps, but Democrats want to make this much clear: The Bush administration is going to be answering a lot of questions. Elected with a mandate to clean up Washington, congressional Democrats on oversight committees across Capitol Hill are still just revving up; many are hiring staff and deciding what exactly to investigate. Those investigations can take months, and the showdown hearings could be a long way off. But investigations are coming. Lots of them. And potential targets from the White House to private corporations are keeping a close eye on Congress and hiring new attorneys just in case they come under the spotlight.

Waxman, a 32-year veteran of Congress with a lengthy record of hearings and legislation, is one of those leading the charge. He wrote the Clean Air Act in 1990, and four years later, he presided over a hearing during which the nation's top cigarette makers said smoking wasn't addictive, testimony that led to a flurry of lawsuits. While he was in the minority, his staff of 40-now 80-produced roughly 2,000 reports. "He is very systematic," says Rep. Elijah Cummings, a Maryland Democrat.

Already at one Waxman hearing, the Army announced it would withhold $19.6 million from the Halliburton Co. The Army had told congressional investigators until last week that it couldn't find evidence Halliburton had hired Blackwater USA, a firm Waxman is investigating that provides private guards-a potential breach of Halliburton's Iraq reconstruction contract with the Army. Last week, the Army said it did find evidence that Halliburton hired Blackwater; Halliburton denies wrongdoing. "There doesn't have to be one 'gotcha' moment," says Rep. Chris Van Hollen, a Maryland Democrat, for the public "to understand that Congress is doing its job." Republicans, so far, are bristling at some of the hearings. "It's old news," carped the top Republican, Rep. Tom Davis. Added Rep. Darrell Issa of California: "I hope [Waxman] would do more of recognizing what we did in the past."

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Targets. But the way the Democrats see it, the Bush administration had a free pass from a Republican Congress for six years. So they're gearing up. Democratic Rep. Ike Skelton, chairman of the House Armed Services Committee, has a revamped oversight panel. Rep. John Dingell, atop the Energy and Commerce Committee, has suggested many areas to investigate, including drug and food safety regulations. "There is an abundance of riches," says Rep. Bill Delahunt of Massachusetts, who leads an international relations oversight panel. "There are so many beats. There is still an insufficient number of cops."

A real flash point could come if the Bush administration claims executive privilege and withholds information from Democratic investigative committees. "The rubber hasn't hit the road yet," says Stan Brand, a longtime lawyer with House Democrats. But an inkling of that struggle emerged last week when Ambassador Timothy Carney, the new overseer of Iraq reconstruction projects, did not appear before Waxman. The State Department said Carney was working in Iraq, but Waxman left an empty seat for him at the table and declared, "The chair won't be empty for too long." Presidential advisers say they'll be relying on new White House counsel Fred Fielding, a Ronald Reagan and Richard Nixon hand; he has a reputation for defending executive branch powers, working with Congress, and taking the public relations side of the job seriously. "Fred's advice is to be as cooperative as we can," says a longtime associate. One concern of Bush advisers is that the administration not appear to be obsessed with secrecy; another is dealing with Vice President Dick Cheney and his acolytes, fierce defenders of executive prerogatives.

Meanwhile, though, Waxman and his colleagues have a packed schedule. This week's topics: Iraq reconstruction, whistle-blower protection, and the Freedom of Information Act. And plenty more to come.

White House Sees Strong Productivity (WSJ)

By John D. Mckinnon

The Wall Street Journal, February 12, 2007

WASHINGTON -- President Bush's economic team predicts rapid gains in U.S. productivity can continue for the foreseeable future, as long as rising protectionist sentiment and higher taxes don't get in the way.

In the annual Economic Report of the President, to be released today, Mr. Bush's advisers said productivity increases in the past five years have produced a range of economic benefits including strong overall growth, a solid job market and low inflation. From 2000 to 2005, productivity -- a measure of the goods and services produced per hour of work -- has increased at about 3% a year, higher even than the 2.5% growth during the late 1990s, when productivity growth was credited with creating a rare environment of both low unemployment and low inflation.

This helped the economy weather shocks such as the 2001 terrorist attacks, the collapse of the stock-market bubble, a recession and Hurricane Katrina. In recent months, White House economists said productivity gains finally have begun delivering another benefit: higher real earnings for ordinary workers.

Administration officials are optimistic they will see more productivity-driven earnings growth in the years ahead. That could help them score some political points with lower-wage workers, who have been falling further behind the well-to-do for years. It could help blunt attacks by Democrats that Bush policies have exacerbated differences between the haves and have-nots.

"If you care about the standard of living of the average worker, productivity is the story," Edward Lazear, chairman of Mr. Bush's Council of Economic Advisers, said in an interview. He added "productivity can continue to increase...as long as the fundamental conditions remain," particularly on trade and taxes.

The report focuses on gains in workers' overall compensation growth, rather than on wages alone. Administration officials have acknowledged real wage growth has lagged behind compensation growth, which includes the rising cost of health-insurance benefits.

Most economic forecasters, however, doubt the U.S. economy can maintain a 3% productivity pace in the next decade, and there are signs that productivity growth is tapering off. The new White House budget relies on an economic forecast -- largely comparable with private-sector predictions -- that implicitly sees productivity growth of about 2% a year for the next five years.

Productivity growth will become more vital to the economy in the future, as Baby Boomers start to retire and growth in hours worked begins to slow. Maintaining rapid productivity growth will require advances on several fronts, unlike the gains of the recent past.

The strong productivity gains of the late 1990s were due in large measure to a rapid increase in deployment of new capital, especially computers and software, Mr. Bush's advisers said. The recent wave of productivity gains has come in large part because companies have become more efficient in using the new technology, the report said.

Going forward, productivity gains will depend on continued strong investment and increased efficiency but also on increasing workers' skills, the report said. It will urge keeping taxes low on capital gains and dividends, strengthening education

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and keeping the U.S. open to foreign investment. In the long run, overhauling Medicare, Social Security and other entitlement programs also is important.

Future breakthroughs in alternative energy sources and improving efficiency in the health-care sector could provide big sources of productivity gains, comparable to the high-tech revolution of the 1980s and 1990s, Mr. Lazear said.

Bernanke's Congressional Testimony Could Set Tone For Treasurys (WSJ)

By Danielle Reed

The Wall Street Journal, February 12, 2007

Federal Reserve Chairman Ben Bernanke's semiannual monetary-policy report to Congress could well set the bond market's direction this week, with scope for added volatility if he wavers from the tone of his recent comments.

Barring any surprises from Mr. Bernanke's two-day testimony or on the data front, the 10-year yield is expected to stay in a range of 4.7% to 4.95% this week.

Late Friday, the price of the benchmark 10-year note fell 14/32 point, or $4.375 for each $1,000 invested, to 98 24/32. The yield, which moves inversely to the price, rose to 4.784% from 4.730%.

Mr. Bernanke's report to Congress "certainly has the potential" to set the tone for the market, said Michael Pond, Treasury and inflation-linked strategist for Barclays Capital in New York.

Given how far the market has scaled back its interest-rate-cut expectations -- it now sees just one cut by year's end -- it is equally possible, unless the chairman strikes a much more upbeat tone on the economy or a far harsher tone on inflation, that "the market doesn't react a whole lot," Mr. Pond said.

In recent comments, Federal Reserve officials have been careful to stress that inflation remains a risk and rates may well have further to rise, particularly if economic growth remains strong.

That, in turn, has echoed the tone of the Federal Open Market Committee's postmeeting statement at the end of last month, in which the FOMC left rates unchanged at 5.25% for a fifth straight gathering.

Mr. Bernanke, who testifies Wednesday and Thursday, is widely expected to "reinforce the notion that the economy is regaining some traction after a midyear soft patch," while policy makers will remain "on guard against the possibility of an unwanted cyclical rise in inflation," Deutsche Bank economist Joseph LaVorgna wrote in a research note.

The market's reaction to Mr. Bernanke's testimony, though, could play either way, Mr. LaVorgna said.

Data that could move yields this week include retail-sales figures Wednesday and housing data Thursday.

New York Fed Forms Market Practices Group

The Federal Reserve Bank of New York on Friday announced the formation of the Treasury Market Practices Group, a private-sector group whose role is to strengthen trading and compliance practices in the Treasury cash and repurchase and related markets.

The group comprises representatives from dealer banks, large investors and custodians in the Treasury market.

"The role of this private-sector group is to strengthen market integrity by promotion of best practices in the Treasury market," the New York Fed said in a statement.

The formation of the group comes in response to concerns about price manipulation and questionable trading activities in the government bond market and follows a meeting at the New York Fed Nov. 6 with industry participants. The group Friday put forward a preliminary best-practices guide, which includes recommendations to promote market making and liquidity. It is soliciting comments from industry and the broader public by March 1, after which it will publish final recommendations.

Fed Turnover Presents Challenge For Bernanke (USAT)

By Sue Kirchhoff

USA Today, February 12, 2007

WASHINGTON — Even as Federal Reserve Chairman Ben Bernanke prepares to update Congress this week on the outlook for the economy, he faces new challenges within the central bank.

Fed Governor Susan Bies, 59, a former Tennessee banking executive and economics professor, said Friday she would leave the Fed at the end of March. Bies' decision means Fed Vice Chair Donald Kohn will be the sole member of the seven-person Board of Governors who has been there longer than Bernanke.

Bies' departure deprives Bernanke, who became chairman a year ago, of his chief expert on commercial banking, even as the Democratic Congress threatens to clamp down on mortgage and credit card lending.

Because there was already one vacancy on the board, President Bush must get two nominees confirmed by the Senate.

"For effective bank regulation and to understand the economy, we think it's important that you have some banker experience as part of that team," said Ed Yingling, president of the American Bankers Association.

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Bies, who has been commuting between Washington and South Carolina, where her husband lives, is the sole woman on the board. There has not been a minority Fed governor since former vice chair Roger Ferguson, an African-American, left in 2006.

In addition, Bernanke faces higher-than-usual turnover at the 12 regional Fed banks. In January, Chicago Fed President Michael Moskow and Boston Fed President Cathy Minehan announced their retirements. Dennis Lockhart, a Georgetown University professor, will take over as president of the Atlanta Bank in March.

The seven Fed governors and five of the 12 Fed bank presidents make up the Federal Open Market Committee, which sets interest rate policy.

Despite the churning, a former Fed official says the central bank has a stable core of appointees and staff. "I would not expect any significant change in the direction of monetary policy," says Alfred Broaddus, former president of the Richmond Fed. "You're going to still have 18 or 19 people around that table, many of whom have been there for a while. There should be plenty of continuity."

Broaddus says the White House should search beyond white men to fill Bies' seat. While the average consumer may not spend much time thinking about the FOMC, "It affects everybody's life. It's important for it to be representative of the society at large," he says.

Fed Bank presidents are selected by boards of directors.

Bernanke will appear before Congress on Wednesday and Thursday to present his semiannual outlook on the economy.

Bank Executive Is Expected To Receive Treasury Post (WSJ)

The Wall Street Journal, February 12, 2007

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T. Timothy Ryan, a former bank regulator with international experience in the private sector, has emerged as the front-runner to become the Treasury Department's top international-policy adviser, a person familiar with the situation said. Mr. Ryan is managing director of the Global Government Institutions Group at J.P. Morgan Chase. He would succeed Timothy Adams as the Treasury's undersecretary for international affairs. Mr. Ryan declined to comment through a J.P. Morgan spokesman. The Treasury and White House declined to comment.

Gazprom, Nabucco Discuss Russia's Role in Pipeline

Fresh talks are under way that could result in Russia supplying natural gas to a giant pipeline intended to cut Europe's reliance on Russia as a source. The Nabucco pipeline consortium and Russian state gas company OAO Gazprom began formal talks in the past month on Russia providing some of the gas for the proposed pipeline, according to a top official from one of the consortium's five members.

Iran Won't Stop Enriching Uranium, President Says

President Mahmoud Ahmadinejad vowed during yesterday's celebration of the 28th anniversary of the Islamic Revolution that Iran wouldn't give up uranium enrichment. He said he was prepared to negotiate with the international community; his speech fell short of an expected announcement that Iran had started installing 3,000 centrifuges to enrich uranium.

A Renewed Call To Televise High Court (WP)

By Robert Barnes

The Washington Post, February 12, 2007

With Supreme Court justices becoming increasingly comfortable in the spotlight, Sen. Arlen Specter says it might finally be time for their close-ups.

Spector (Pa.), joined by two other Republican and three Democratic senators, has refiled his legislation to require the court to televise its proceedings. Although getting the rest of Congress to agree still seems very much a long shot, Specter said there is a big difference between now and last year, when the bill did not reach the Senate floor.

"I think the frequency with which the justices are appearing on television can be a very significant factor" in changing minds in Congress, Specter said in an interview.

There is no doubt that the once-cloistered justices are making themselves more available to the media, giving on-the-record interviews with newspapers and magazines and popping up on television. Chief Justice John G. Roberts Jr. starred in PBS's recent look at the history of the court.

Specter, former chairman of the Judiciary Committee and sometimes a sharp critic of the court, said the individual justices have been "extensively televised."

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"Chief Justice Roberts and Justice [John Paul] Stevens were on . . . on ABC TV," Specter said in introducing the bill on the Senate floor. "Justice Ruth Bader Ginsburg was on CBS with Mike Wallace. Justice [Stephen G.] Breyer was on 'Fox News Sunday.' Justice [Antonin] Scalia and Justice Breyer had an extensive debate last December, which is available for viewing on the Web -- and in television archives.

"So there has been very extensive participation by court members, which totally undercuts one of the arguments [against the bill]: that the notoriety would imperil the security of Supreme Court justices."

More substantive arguments -- that cameras would alter the deliberative nature of the court or that lawyers would play to television rather than answer the justices' questions -- are overruled by the importance of increasing the public's knowledge of the court, Specter said.

The court makes monumental decisions -- who lives and dies, in some cases, and in 2000, who should occupy the Oval Office -- but is a mystery to most Americans, Specter said.

"It is, I think, fundamental that the court's work, the court's operation, ought to be more broadly understood," Specter said in his floor speech. "That can be achieved by television."

While the Supreme Court is the most insular of the nation's public institutions, justices like to say they are already the most open. Every piece of paper that comes to the court -- petitions, briefs, decisions -- is a public document, justices say, and they contend that they are the only public officials who must explain the decisions they make.

"We're judged ultimately by what we write," Justice Anthony M. Kennedy told a congressional committee last year -- not on the oral arguments or the private conferences at which justices vote on decisions.

The court has made some concessions to modernity: Starting with Gore v. Bush in 2000, it has released same-day audiotapes in 16 high-profile oral arguments, and beginning this term, it has quickly posted transcripts of the arguments on the court's Web site.

But several of the justices seem unwilling to go further. Justice David H. Souter, perhaps the most publicity-averse of the nine, is famous for his statement that cameras will enter the chamber "over my dead body."

Justice Clarence Thomas is opposed, and while Scalia and Ginsburg have said they could support gavel-to-gavel coverage of oral arguments, Scalia acknowledges that is unrealistic. A frequent critic of Supreme Court journalism that he says reduces the court's complex decisions to whether "the good guys lost and the bad guys won," he said in 2005 that showing clips of the proceedings would "misinform rather than inform" the public.

The two newest justices, Roberts and Samuel A. Alito Jr., sounded open to the possibility during their confirmation hearings, and Alito favored allowing cameras in his previous job as an appellate court judge. But neither seems inclined to push the issue with justices who are opposed.

The issue of who decides seems as important to some justices as the decision itself.

"We feel strongly that we have intimate knowledge of the dynamics and the needs of the court," Kennedy told Congress last year, "and we think that proposals mandating and directing television in our court are inconsistent with the deference and etiquette that should apply between the branches."

That just sets Specter off.

He runs off a long list of cases in which the court found fault with federal legislation, and he seems particularly peeved about a 5 to 4 decision striking down a domestic violence act, in which former Chief Justice William H. Rehnquist questioned Congress's "method of reasoning."

"When I read United States v. Morrison. . . I wondered what kind of a transformation there was when you leave the Senate chamber, where our columns are aligned exactly with the Supreme Court columns across the green, what kind of a transformation there was with method of reasoning that there is such superior status when going to the court," Specter said.

Such comments -- Specter also questioned the dwindling number of cases the court accepts and its process for reviewing petitions -- open the senator to criticism that his proposal for cameras seems born of pique more than concern.

"No, I respect their authority to make the final decision," Specter said. "But I think it ought to be known to the public."

Bush's Farm Bill Outlines Bold Move (CSM)

By Amanda Paulson

The Christian Science Monitor, February 12, 2007

CHICAGO

The Bush administration's recent proposals for the next farm bill – due for reauthorization this fall – have been winning accolades and criticisms from some surprising quarters.

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Environmentalists have lauded it as an important step in the right direction, even as the largely Republican agricultural community has met many of its proposals – such as a plan to scrap subsidies for any farmer with an adjusted gross income of more than $200,000 a year – with skepticism.

Conservation and energy programs get a boost in the administration's plan, while several billion dollars are cut from payments to some of the nation's largest farmers. In comparison with the 2002 farm bill, the overall bill would spend $10 billion less over the next five years, according to the Department of Agriculture.

"We have some major concerns," says Mary Kay Thatcher, director of public policy for the American Farm Bureau Federation, which bills itself as "the voice of agriculture." "We're supportive of [conservation, energy, and rural development] getting additional funding, but we don't think you ought to reduce farmers' safety net to do that."

One of the most significant elements of the proposed bill would change the countercyclical program – the means by which the federal government helps farmers in an off year. It would go from one that's price-based to one that's revenue-based. That responds to complaints some farmers have had for years that they can face, say, a disastrous drought – which lowers supply of a crop enough that prices go up – and receive no payments.

This way, says Ken McCauley, president of the National Corn Growers Association, "you're actually getting the money to the farmer who needs the support." Moreover, he notes that corn growers – who have seen prices roughly double in the past year – may be heading into an era of higher prices because of ethanol, but they will still shoulder significant risk. "We'll still need a safety net, and a revenue-based one is a good way to go into it," he says.

The American Farm Bureau Federation is skeptical of that shift, noting that what helps a corn farmer in Iowa might not be so good for a corn farmer in a place like Texas. Ultimately, says Ms. Thatcher, she worries this new method would reduce the overall safety net for farmers.

But her major concerns have to do with the new income limits and payment caps, which would limit payments to a single farmer to $360,000. They would also eliminate some of the ways the farmer could get around such limits before, by setting up different "entities" through which he or she was paid.

The new income limit – lowered from the previous limit of a $2.5 million adjusted gross income per farmer per year – would affect about 80,000 farmers, says Chuck Conner, deputy secretary of Agriculture. He says the decision was not a difficult one.

"These are income subsidies, pure and simple," Mr. Conner says. "We maintain that it's an important principle that we not be using these income subsidies for people who are some of the most well-to-do people out there."

Much of the pushback on the new limits is coming from the South, where it's not uncommon for large cotton and rice farmers to earn more than $200,000 in a year.

But some of them say that what may seem an obvious principle – that they make enough already – doesn't take into account the huge amount of risk and debt they need to shoulder, or how much operations can vary from year to year.

"I've been in farming all my life, but we've been in the expanding mode," says Stanley Reed, president of the Arkansas Farm Bureau Federation and a cotton farmer who works 4,000 acres in Marianna, Ark., with his son and daughter. "In the 1980s, we had an opportunity to load up on debt, and had to make land payments. If we'd had limits during that time on what our income could have been [in order to get subsidies], we wouldn't have gotten loans, and we wouldn't have been able to apply the earnings back to the land debt."

But others have applauded the fact that the limits will get subsidies into the hands of those who need it most, and free up some money for other programs: conservation, rural development, incentives and help for new and young farmers, and alternative energy development.

"There's really a groundswell of support on Capitol Hill for a farm safety net that helps more farmers, that is less costly, and that does much more to reward stewardship," says Scott Faber, farm policy director for Environmental Defense in Washington. "The secretary has hit all the right notes." Mr. Faber is particularly pleased about the increased emphasis on helping farmers who are producing for ethanol to develop best practices that minimize erosion and use less fertilizer. He also cites the loans and incentives for farmers to grow feedstock like switch grass for cellulosic ethanol. In addition, farmers who are tempted by the high corn prices to break into new, marginal land wouldn't get subsidies.

Conner says he's been happy with the reception the bill has received so far in Congress and among the key stakeholders. But some expect a battle over several key provisions.

"This is going to be interesting as we watch the debate unfold," says Michael Duffy, an agricultural economist at Iowa State University. "We may start seeing more of a regional push and pull, and regional conflicts, given who's affected."

Senators Enter Spin Cycle (RC)

By Erin P. Billings And John Stanton

Roll Call, February 12, 2007

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Following a week of virtual gridlock over the Iraq War debate that left little for either side to gloat about, Senate Democrats and Republicans today will begin competing public relations campaigns designed to secure some stronger political ground heading into the first recess of the 110th Congress.

Democrats will spend the coming days trying to increase party momentum under the broad message that the voters put them in charge because they wanted change, and the majority has started to deliver. Republicans, meanwhile, will use the week to poke holes in the Democrats' initial stewardship of the chamber, while outlining the specifics of a Congressional agenda they hope to sell to the public in the coming months.

Senate Democrats started to set the tone last week, arguing that they have made a strong case over the past two months that they are delivering change and insisting on accountability from the Bush administration. The Democrats will use this week and the recess to tout passage of an ethics package and a minimum-wage increase, while reiterating their resolve to oppose the president's call to increase U.S. troops in Iraq.

Senate Majority Leader Harry Reid (D-Nev.) said late last week that despite the logjam over how to debate the troop surge, he believes "the American public is satisfied with what is happening." And, he added, "The American public is watching what we're doing and is pretty happy with it."

But Senate Minority Whip Trent Lott (R-Miss.) suggested that the Democrats shouldn't be patting themselves on the back so fast: "We've been here two months and not one bill we've passed has been signed into law and we've only done two" bills.

The Senate has moved at a slower clip than the House, where Democrats with a 15-seat advantage have passed numerous bills and are set to do this week what the Senate could not — debate a resolution opposing Bush's troop increase. Senate Democrats have a much bigger challenge given they have a narrow two-seat majority and the chamber's rules afford the minority significant power.

Democrats and Republicans alike acknowledge that pace is likely to slow even more in the coming weeks as the Senate considers more controversial legislation and the 2008 elections muddy motivations. "It's going to get harder," Reid spokesman Jim Manley conceded. "Last week was probably only a taste of what's to come. As everyone understands, a determined minority can be effective at thwarting the will of the majority."

As such, GOP Senators have focused much of their energy over the first seven-week legislative stretch on trying to amend Democratic proposals, beginning with the ethics package and including the wage hike and the Iraq resolution debate. But Republicans also will try to move beyond the Democrats' agenda this week when they lay out a detailed blueprint of their priorities for the 110th Congress.

"It was Republicans that made earmark reform part of the lobby reform bill to protect against waste; it was Republicans that ensured that tax relief was added to the minimum-wage bill to protect jobs; and it was Republicans that kept the funding bill within the administration's budget to protect taxpayers," argued Don Stewart, spokesman for Senate Minority Leader Mitch McConnell (R-Ky.). "We promised reform and bipartisan accomplishments. We've delivered both."

Sources familiar with the Republicans' plans say GOP leaders, led by Republican Conference Chairman Jon Kyl (Ariz.), will arm Senators with their new agenda heading into the break. Still in the works, the Republicans' agenda will center on fiscal discipline, tax relief, health care and energy reform, fair treatment of judicial nominations, immigration reform and the war on terrorism, sources said.

"We're going to have a very positive message we can carry to our constituents," Kyl said.

At the same time, Reid's office late Friday circulated recess packages to Democratic Caucus members focusing on "a message of accomplishments," a senior aide to Reid said. According to this source, Caucus members are being asked to spend much of the recess focusing on legislation passed thus far in the 110th — including ethics reform, the fiscal 2007 continuing resolution and minimum-wage legislation.

Reid also has asked Caucus members to use those themes to contrast themselves with the "do-nothing Congress" of the 109th to boost Democrats' image as being more ethical and fiscally responsible than the GOP.

Reid's communications "war room" has included a series of talking points and background documents as part of the recess package, as well as examples of the types of events they should hold. For instance, Reid suggests Caucus members arrange to tour the facilities of a local company that will be increasing workers' wages to meet the minimum wage. Likewise, members are being encouraged to hold a press event with a group of women who currently make the minimum wage to highlight the impact on women.

Additionally, Democrats have been asked to highlight the Republican filibuster of Sen. John Warner's (R-Va.) resolution opposing President Bush's Iraq War "surge" proposal while in their home states.

The Senate was set to consider the troop surge early last week, but the GOP mounted a procedural block to moving forward on the matter — unhappy with the conditions of the debate laid out by the Democrats. In the end, the Democrats backed

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out of the negotiations and opted to punt the issue until after the House debates it this week and after Senators return to Capitol Hill following a week off.

Democratic sources explained that although Reid wanted to complete work on the resolution before the recess, his Caucus members now can paint Republicans as out of step with a public increasingly unhappy with the war — and also put pressure on vulnerable Republicans to break with their party and support the resolution.

Arguably, both parties have some ground to make up. While Republicans got much of the blame for the impasse over the Iraq resolution, leaders maintain that they simply are digging in for minority Senate rights. Late last week, McConnell still refused to concede a loss for his party, saying: "It's not about keeping score. This is an extraordinarily important issue."

But Democrats seem to be taking a tally and giving themselves points for pushing back against the Republicans and for their overall handling of their seven weeks of leading Congress for the first time in practically 12 years.

"Congress is beginning to play its role again," said Sen. Charles Schumer (N.Y.), chairman of the Democratic Senatorial Campaign Committee and Caucus vice chairman. "We're feeling pretty good."

FEDERAL DIARY: Pay Unrelated To Performance, Workers Say (WP)

By Stephen Barr

Washington Post, February 12, 2007

The results are in, but what they mean is by no means settled.

In a government-wide survey, federal employees were presented with this statement: "Pay raises depend on how well employees perform their jobs."

The responses: 45 percent disagreed with the statement, 22 percent agreed, and 25 percent were neutral.

The query had not appeared on previous government-wide surveys and was added to the most recent one by the Office of Personnel Management in hopes of better understanding employee attitudes on pay. The Bush administration has called for more closely linking pay raises to job performance, and two large departments, Homeland Security and Defense, are moving to set up performance-based pay systems, which would give managers greater discretion in setting salaries.

It is not surprising to some civil service experts that a high percentage of employees do not see their pay as linked to job performance.

The majority of federal employees in the survey are covered by the General Schedule system, where pay, by and large, is dependent on time in the job and not how the employee performs, said John M. Palguta, a vice president at the nonprofit Partnership for Public Service.

"The responses are an accurate reflection for the government as a whole," he said. "Pay raises are not heavily dependent on job performance."

Howard Risher, a consultant who has studied federal compensation practices, said the General Schedule, which was designed more than 50 years ago, has failed to recognize and reward the best employees in the civil service.

"I have heard the phrase 'living and breathing increases' more than a couple of times," he said. "I've also been told promotions are virtually automatic in the early years of their careers."

The employee survey was conducted during the summer of 2006. More than 221,400 employees completed it, for a response rate of 57 percent. The pay-and-performance question received the highest negative rating in the survey, OPM said.

But it was not the only troublesome response in the survey. About 35 percent of the federal employees said promotions are not based on merit, 36 percent did not see differences in performance "recognized in a meaningful way," and 33 percent said bonuses do not depend on how well employees perform their jobs.

The survey results have raised questions about whether the government is ready to transition to more rigorous systems that reward performance.

John Gage, president of the American Federation of Government Employees, said the survey results say less about the current pay system and more about why a performance-based system would not work in federal agencies.

"I think the survey response indicates most federal workers don't trust a system by which they would be compensated or receive raises based on how they are judged on their performance by their managers," Gage said. "Federal workers don't believe that they are compensated based on their performance but on other more subjective factors."

Mark A. Abramson, executive director of the IBM Center for the Business of Government, thinks one solution is to begin the process with the managers. "What government really needs to do now is better train and equip their managers for implementing pay for performance," he said. "The managers are behind, and the government has not spent enough time preparing them for the implementation, because it is going to make their job different and harder."

In performance-based systems, managers should expect to spend more time setting out expectations and talking with each employee about their job goals, Abramson and Risher said.

"Too often managers do not see this as a central part of their jobs," Risher said. "It would be highly advantageous to see their pay at least in part dependent on how well they manage the performance of their people."

Clay Johnson III, deputy director for management at the Office of Management and Budget, said federal agencies have started pilot projects to test new personnel practices. By the end of this year, he said at a recent briefing, more rigorous job rating systems will cover about 20 percent of the federal workforce.

One of the obstacles to improving government performance, Johnson said, "is that every employee, from unsatisfactory to outstanding, gets the same annual raise. I think that is an insult to the outstanding employee, and I think that is a miscommunication or an unfair communication to the unsatisfactory employee."

Did Help Get Left Behind? (USNEWS)

By Elizabeth Weiss Green

U.S. News and World Report, February 12, 2007

The throw-up reports started not long after the law was passed: children getting sick before the test, during the test, even right onto the test. It was just one exceptional response to the passage of the federal No Child Left Behind Act. Behind the scenes, teachers, administrators, and state officials often fared worse, working late nights and weekends to create and grade the multiple tests the landmark law required.

Five years later, educators and lawmakers are asking whether the stomachaches caused by the legislation have been worth it. Over the next several weeks, congressional committees will hold hearings on the law as they try to decide before it expires whether to reauthorize the act as is, change it, or throw it out.

In some ways, the decision looks easy. Both leading Democrats and President George Bush say they are committed to keeping the law-one of only a few big domestic initiatives produced in the past five years. Further, the two sides appear unanimous on what aspects of the law need to be changed-a consensus that will inform a blueprint for reform scheduled for release this week by the bipartisan No Child Left Behind Commission.

But talk to the nine school districts that have filed a lawsuit challenging the act as an unfunded mandate or to the many newly elected U.S. representatives who campaigned against the law, and you will hear a different story. Every child may have been tested, the critics say, but the real question is: Has every child been helped?

The law was based on the idea that one thing would lead to the other. That's why it requires two tests a year in grades three through eight and one test in high school. And because the results are disaggregated by groups, the government learns not only how well a whole third grade scores; it also learns how the black, white, low-income, and disabled third graders score. If enough students in each group reach a certain level, the school is labeled "adequate." If they don't, the school is required to take remedial measures-consequences that get more serious with every year it fails to meet its goal.

Success stories. The result of all this testing is supposed to be improved performance. Ivan Small, the superintendent of schools in Poplar, Mont., tells one success story for that model. The law's requirement to break down test scores by poverty level, Small says, caused him to figure out why his low-income students were underperforming the higher-income ones. His findings, in turn, led him to replace old readers with a whole new literacy curriculum. It also changed the way he thought about homework. "There are multiple families living in a household of two or three bedrooms . ... Is there time or a place for homework?" The answer was often "No," so Small and his staff created an after-school study program.

Centennial Place Elementary School in Atlanta has also benefited from NCLB.The school had been collecting data even before the law was passed, but it had never separated out special education students. When it did, it found dramatic results. "We had a big gap," says Cynthia Kuhlman, the school's former principal. "Seeing that right there ... was a critical picture for us." The staff started giving these students extra help, reviewing their progress, and holding more parent conferences. As a result, proficiency levels rose from 41 to more than 80 percent.

Yet the success stories may omit a crucial point: Although both of these schools owe their gains to NCLB, the law got them only so far. It requires a diagnosis, but it does not prescribe a cure. Or at least it doesn't pay much for one.

No Child does call for consistently failing schools to address their problems, by allowing students to transfer to another public school, for instance, or providing free help to low-income students. But these requirements have hardly guaranteed improvement. In Poplar, all tutoring services are offered online, but few families have Internet access. As for the transfer option, there is no other place to go. Nationwide, only 17 percent of students eligible for tutoring took advantage of it in the 2003-04 school year, and less than 1 percent chose to transfer. In some cases, as with Poplar, there were no alternatives; in others, the districts failed to adequately inform families about their options.

Required reforms become stronger and more specific when a school fails four years in a row. But as substantial as hiring new staff and changing curricula may seem, the White House would go even further. Its proposal for reauthorization calls for more sweeping changes, like overriding state bans to establish charter schools or enabling all-out takeovers by elected officials.

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Many more obstacles block the path from testing students to helping them, and at the top of the list is money. Like other turnaround schools, Centennial Place owes much of its success to outside resources: Even before No Child, members of the local community volunteered as tutors and built a YMCA whose gym the school shares. Coca-Cola donated $50,000 in new books for the school's media center. Elsewhere in the country, failing schools often have to fend for themselves.

There is confusion, too, over what constitutes a failing school in the first place. A Maryland superintendent just informed the staff at Annapolis High School that they will all have to reapply for their jobs next year because they failed to meet No Child standards for four years in a row. Yet the same school exceeded the world average for scores on International Baccalaureate exams. Why the failing grade? It hinged on the poor performance of a single subgroup.

Dozens more issues will fuel the debate over No Child in the months ahead, including how to improve teaching, how to make state standards more uniform, and how to test children with limited English abilities or special needs. A bigger question is whether Congress can avoid partisan bickering and actually fix the flaws in the law before the act expires. If the law remains as it is, it could mean no relief for schools at a time they need it most.

As of last year, less than 1 percent of schools-about 600-had entered the "restructuring" phase that comes after five years of failure. "But that will increase every year," says Jack Jennings, president of the Center on Education Policy. Not only are more schools testing; but as a 2014 deadline for 100 percent proficiency nears, they will face higher standards. "You can't just establish a goal and say, 'Y'all go at it,'" Jennings says. "We need to figure out ways to help schools and teachers do better, not just tell them that they've got problems."

A Fair Health Fix (USNEWS)

By Michael Barone

U.S. News and World Report, February 12, 2007

Not many expected George W. Bush to advance a serious healthcare proposal in his State of the Union address, and few expect anyone in Congress to act in response to it. But Bush did, and at least one member of Congress seems interested. More ought to be paying attention.

Bush's proposal in a nutshell is to end the preferential tax treatment for employer-provided health insurance. In 1943, in the midst of World War II, when wage and price controls were in effect, the government decided that employers could deduct the cost of health insurance for their employees and that employees would not be taxed on the value of the policies. This decision has saddled us with a system in which health insurance has been tied to employment, with many perverse results. Healthcare is perceived as a free good, and consumers have no incentive to take costs into account.

Bush proposes to change this by giving every couple paying taxes a standard $15,000 deduction ($7,500 for individuals) for the cost of health insurance. Those with employer-provided insurance worth more than $15,000 (about 20 percent of the total) would be taxed on the additional amount; this would very likely discourage expensive policies.

Penalizing the poor. As a Washington Post editorial on the speech pointed out, this would be a progressive change. The biggest beneficiaries of the current system are high earners with employer-provided insurance. The biggest losers in the current system are low earners without employer-provided insurance. Health insurance experts on the left, right, and center have long called for ending the tax code's preference for employer-provided health insurance. But employers haven't wanted to lose the deduction, and politicians have flinched at the prospect of taxing voters on something they have been getting tax free. Bush has found a way out, by equalizing the tax treatment of health insurance wherever it comes from.

Bush's point was not lost on Oregon's Democratic Sen. Ron Wyden, who over a long congressional career has specialized in assembling bipartisan coalitions for various reforms. He notes that government single-payer health insurance-the goal of some senior liberal Democrats in Congress-was rejected by the voters of his liberal state by a 4-to-1 margin. He notes that we don't have employer-provided auto insurance; we buy that out of after-tax earnings. He argues that people should be able to buy health insurance as members of Congress and federal employees do, from an array of choices offered by private insurers. He's looking to make something of a political deal. Republicans would get Bush's standard deduction and a private insurance market in which consumers would have incentives to hold down costs. In return, Democrats would get universal coverage, with subsidies for low earners to pay for coverage. As John Goodman of the free market National Center for Policy Analysis points out, additional revenues from those with policies worth more than $15,000 could be used to subsidize low earners.

Wyden has been talking with Republican senators, especially fellow members of the Finance Committee, and says he has been getting positive reactions. As for Democrats, those who seek more government provision of healthcare will probably be uninterested. But some may be affected by the apparent success of the Medicare Part D prescription drug benefit. Many Democrats believed that seniors would have a hard time choosing policies from an array of choices and that they would end up being gouged by private insurers. But polls indicate that the vast majority of seniors are pleased with the results, and the cost of

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premiums-and costs to the government-have come in lower than experts predicted. One of the prime lessons of the last third of the 20th century has been proved once again: Markets work.

And more quickly than government mandates: It took 38 years to get a prescription drug benefit in Medicare. In contrast, in the parts of the healthcare sector where market forces are free to work, technology improvements can result in lower costs, as with Lasik eye surgery or cosmetic surgery. Bush's proposal, or Wyden's version, would give markets more room. This kind of major reform is a long shot in this Congress. But it does show a way forward.

Passing The Buck On Health Care (NYT)

The New York Times, February 12, 2007

President Bush's new budget would extend the administration's warped priorities deep into the realm of federally supported health care programs. The administration long ago sacrificed any meaningful domestic agenda to finance tax cuts for the wealthy and its reckless war in Iraq. The White House's reckless determination to make the tax cuts permanent is now driving it to slash domestic spending in health and other vital programs.

Instead of trying to address the underlying problems of escalating health care costs, Mr. Bush's strategy is to cut services or shift more of the bill to states, health care providers and individuals.

In the Medicare program, which covers health care for Americans aged 65 and over, the administration would find most of its savings by slowing the annual increase in reimbursements for services, forcing hospitals and other providers to absorb the burden. Given Medicare's precarious financial straits, the package appears broadly acceptable.

The real outrage is that the administration has not proposed comparable reductions in the large overpayments — roughly 12 percent more per patient — made to private managed care plans that enroll Medicare beneficiaries. The budget would also phase out Medicare bad-debt payments, forcing hospitals to swallow beneficiaries' unpaid bills.

The budget also looks to save money by eliminating inflation indexing so that as incomes rise, so would the number of people required to pay higher premiums. Although this is a sneaky way to raise premiums, it is hard to argue with the notion that better-off beneficiaries should pay more to help rescue a financially strained program.

What seems counterproductive is Mr. Bush's plan to lower federal matching funds for Medicaid administration — forcing the states to find more of their own funds or sacrifice good management and oversight. More worrisome is his plan to cut back on state programs that insure the young.

The most shortsighted restrictions would come in the highly acclaimed State Children's Health Insurance Program, which uses federal matching funds to provide coverage for low- and moderate-income children who are not quite poor enough to qualify for Medicaid. The program has been enormously successful in reducing the number of uninsured children. Yet now the administration wants to reduce its matching rate and limit enrollment to children in households earning no more than twice the federal poverty level. That would undercut programs in 16 states that have expanded coverage to children above that level.

Although the administration's budget would grant the children's program a small $5 billion increase spread over five years, that's less than half, and possibly only a third, of the amount needed just to maintain current enrollments and participation rates. This is too high a price to pay for more tax cuts and Mr. Bush's ill-managed presidency.

Appalachia Redux (NYT)

The New York Times, February 12, 2007

Forty-three years ago, President Lyndon Johnson stood on a ramshackle porch in a Kentucky coal hollow to take up the cause of Appalachia. An unusual quasigovernmental commission was created, embracing 410 impoverished counties in 13 states — a trench line in Johnson's war on poverty that swept from northern Mississippi to southern New York.

The Appalachian Regional Commission is still going strong. Over the decades the area's poverty rate has fallen by half and infant mortality by two-thirds. We cite this overlooked bit of hard-knocks progress not just to puncture the canard that government is always the problem, not the solution. (President Ronald Reagan tried and failed to abolish the commission.) But also to urge renewal of the commission's authority for its unfinished business.

As an innovative joint effort of local, state and federal government plus private business, the commission has leveraged aid and loans to develop 2,300 miles of new highways, bring water and sewer pipes to hundreds of thousands of households, and build hundreds of rural health care outposts and vocational education centers. Not all of the investments have been bull's-eyes. And there are areas where severe poverty reigns. But a five-year renewal is in order, particularly considering the returns reaped for a $90 million annual federal investment.

A renewal bill foundered last year when appropriators tried to weight its budget with pork. This year, a bill with a truer agenda is heading for the House floor, shepherded by Representative James Oberstar. He is a Democrat from Minnesota whose ties to Appalachia date back to his days as a young Congressional staff member who helped write the commission's founding

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legislation. “The structure’s sound, the investments need to continue,” the congressman properly insists, emboldened to claim government’s role has not been half bad.

OTHER NEWS:

Time To Face The Music (USNEWS)

By Mortimer B. Zuckerman

U.S. News and World Report, February 12, 2007

Ever worry where the next billion is coming from? Not if you're this spendthrift federal government, with a national debt of $8.7 trillion. Yes, President Bush is fond of pointing to the decline in the federal deficit over the past two years, but that's virtually irrelevant to the long term. How many of us realize, for instance, that Uncle Sam is spending almost four times as much on paying interest on borrowed money as on education, transportation, and NASA combined?

One person who knows-and it gives him plenty of sleepless nights-is Federal Reserve Chairman Ben Bernanke. He tells us we are in "the calm before the storm" because Social Security, Medicare, and Medicaid costs now amount to almost half of federal noninterest spending. President Bush has not increased taxes to pay for this expansion of Medicare; in fact, taxes have been cut-repeatedly. Hence, by 2030 the ratio of publicly held federal deficits to overall economic output is likely to triple, from roughly 37 percent today to a mind-boggling 100 percent. This will produce a terrible torque on our economy, since financing deficits means paying out still more in interest, adding still further to the deficit. Bernanke has a not-so-quaint term for this phenomenon. He calls it a "death spiral."

This looming financial crisis can be avoided if we start raising taxes, cutting spending, or both right now. But President Bush is a graduate of the have-your-cake-and-eat-it school and says the deficit can be eliminated in five years without a tax increase. He describes his tax cuts as the cause of the surging economy and the lower-than-predicted federal deficit. Is he right?

There is no doubt that the economy has been strong over the past five years. Our gross domestic product has been growing for a record 20 consecutive quarters. The blue-chip companies in the Standard & Poor's index racked up 18 straight quarters of 10 percent or greater increases in profits; consumers are spending more; unemployment is low, as is inflation; energy prices are plunging just in time to provide consumers with an additional jolt of discretionary income for a post-Christmas binge; hiring has been strong in the past few months, suggesting that wage gains will continue; and the softening of the housing market has had a surprisingly limited effect on the national economy.

Companies have responded to the boom by plowing billions of dollars into new factories, offices, equipment, and software, in an effort to expand operations and take advantage of growth opportunities at home and abroad. Given the continued strength in corporate profits and low-cost financing by the capital markets, financing for a whole range of new ventures is readily available, and companies are in an excellent position to borrow at a time when interest rates are still low and the rising trend in stock prices is a boost for equity financing. As a result, we are continuing to create jobs.

Bad math. The real concern in 2006 and maybe 2007 was whether the housing slump would drag down consumer spending and the economy. The concern was that if home prices fell, that would shrink the equity available for extraction through refinancing and put many properties into a negative equity position, forcing many households to cut spending. But the strength of the economy has greatly diminished this concern.

Samuelson: The Stubborn Welfare State (NSWK)

By Robert J. Samuelson

Newsweek, February 12, 2007

Spend a moment studying the small charts that appear on page 39 of this week's magazine that compares federal budget expenditures in 1956 and 2006. They illuminate why another of our annual budget battles—begun last week, when President Bush submitted his 2008 proposal—seems so fruitless and (yes) repetitious. Every year we hear complaints about accounting gimmicks and unrealistic assumptions. There's a ferocious cross-fire of charges and countercharges. Hardly anything ever gets resolved. Budgets almost always remain in deficit (41 out of 47 years since 1960).

The charts show the rise of the American welfare state. In 1956, defense dominated the budget; the cold-war buildup was in full swing. The welfare state, which is what "payments to individuals" signifies, was modest. Now everything's reversed. Despite the war in Iraq, defense spending is only a fifth of the budget; so-called entitlement payments to individuals are 60 percent—and rising. In fiscal 2006, the federal government spent almost $2.7 trillion. Social Security ($544 billion), Medicare ($374 billion) and Medicaid ($181 billion) dominated. There was $199 billion more for payments to the poor, including the earned income-tax credit and food stamps, among others.

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Almost no one wants to slash these programs. They have huge constituencies; they're popular. Paradoxically, their invulnerability and size also protect much of the rest of the budget. Look again at the charts. After payments to individuals, defense spending and interest on the debt (which must be paid), only about a ninth of the budget remains. Many of these remaining programs are widely supported. Does anyone really want to end the National Institutes of Health at $28 billion? Or how about the $41 billion we spend to support federal courts, prosecutors and police (the FBI, DEA, border patrol)?

Of course, some programs are wasteful, ineffective or outmoded. My perennial favorite is Amtrak, which serves a tiny number of passengers, is concentrated in the Northeast and costs $1.3 billion annually. But politically, ending programs like this is hardly worth the trouble. The bad publicity of antagonizing aggrieved advocates—here, railroad buffs and maybe environmentalists—is too high for the small budget savings. In a nearly $3 trillion budget, even 10 Amtraks are a footnote.

The welfare state has made budgeting an exercise in futility. Both liberals and conservatives, in their own ways, peddle phony solutions. Cut waste, say conservatives. Well, network-TV reports of $20 million federal programs that don't work may seem—and be—scandalous, but like Amtrak, they're usually mere blips on the total budget. For its 2008 budget, the Bush administration brags it would end or sharply reduce 141 programs. But most are microscopic; total savings would be $12 billion, or 0.4 percent of spending. Worse, Congress has previously rejected some of these cuts.

Liberals have their own cures. Cut defense, some say. OK. In 2006, military spending (including the war in Iraq) totaled $520 billion, slightly less than Social Security. If it had been halved, the savings would have just covered the deficit ($248 billion). Little would be left for new programs. Raise taxes on the richest 1 percent, say some. OK. The richest 1 percent pay about a quarter of all federal taxes. In 2006, that was about $600 billion. To cover the deficit would require about a 40 percent tax increase. Needless to say, neither proposal is politically plausible.

Annual budget debates are sterile—long on rhetoric, short on action—because each side blames the other for a situation that neither chooses to change. To cut spending significantly, conservatives would have to go after popular welfare programs, including Social Security and Medicare. To raise taxes significantly, liberals would have to go after the upper-middle class, a constituency they covet (two thirds of all federal taxes come from the richest fifth). Deficits persist, because neither side risks its popularity, and indeed, both sides nurture it with new spending programs and tax breaks.

It might help if Americans called welfare programs—current benefits for select populations, paid for by current taxes—by their proper name, rather than by the soothing (and misleading) labels of "entitlements" and "social insurance." That way, we might ask ourselves who deserves welfare and why. We could consider all of federal spending and not just small bits of it. But most Americans don't want to admit that they're current or prospective welfare recipients. They prefer to think that they automatically deserve whatever they've been promised simply because they've been promised. They do not want to pose the basic questions, and their political leaders mirror that reluctance. This makes the welfare state immovable and the budget situation intractable.

Saudi Oil Minister Says Market Is Balanced, Requires No Changes (WSJ)

By Karen Elliott House

Wall Street Journal, February 12, 2007

RIYADH, Saudi Arabia -- The world oil market is in "much, much better health and balance" now and, if trends hold, there will be no need for further production cuts or increases in supply when members of the Organization of Petroleum Exporting Countries meet next month, Saudi Arabian Oil Minister Ali Naimi said yesterday.

In an interview, Mr. Naimi said the kingdom's production is now 8.5 million to 8.6 million barrels a day, confirming its reduction by one million barrels a day from its output about six months ago.

The reduction is part of a push by OPEC to shrink stockpiles of oil that climbed sharply last year as demand growth stumbled. The U.S. benchmark crude price fell through the turn of the year to a 20-month low in mid-January of $49.90 a barrel. It has since rebounded to settle Friday at $59.89 a barrel.

Mostly mild winter weather, heavy selling by financial funds and falling oil use among developed nations have contributed to prices dropping from the record $77.03 a barrel settlement price last summer.

OPEC, whose members supply about 40% of the world's oil, is to meet March 15 in Vienna to assess its production policy.

"If you are asking me are we going to take additional cuts or increase supply, I do not know," said Mr. Naimi, the oil cartel's de facto leader. "But, most probably if the trend is like what it is like today, with the market getting in much, much better health and balance, there may not be any reason to change." He added that the situation can still change: "I would not be surprised to see different figures and a different situation on the 15th of March. That is the benefit of getting together with 12 other oil ministers to review the data."

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Saudi Arabia's one-million-barrel-a-day reduction, reported in The Wall Street Journal last month, is nearly double what it agreed to under two OPEC output cuts hammered out by the cartel at meetings in Doha, Qatar, in October and in Abuja, Nigeria, in December.

Asked about his plans and rumors he may want to retire, Mr. Naimi hinted that he would like to stay on in his role when King Abdullah undertakes his first major cabinet shuffle soon. The king is said to be planning the shuffle to inject new blood into his 20-member cabinet.

"Ministers normally do not retire," the 71-year-old Mr. Naimi said. "Ministers are appointed by the king and relieved by the king, unless there is serious medical reason, and as you can see, I am fairly fit and in good shape.

"There are still many challenges ahead of us," he added. He serves at the disposal of the king and "anything else has no basis."

Mr. Naimi said that beginning in May 2004, the kingdom "went almost all out" to produce 9.5 million barrels a day to satisfy rising demand. "We kept that level until August/September last year," he said. When the kingdom saw demand slacken in the summer of 2006, it voluntarily cut production by 450,000 to 500,000 barrels a day and then by another 400,000 to 500,000 barrels a day in concert with OPEC. "So you can say one million barrels was taken off the market," he said, "but gradually."

The drop in oil prices from last summer's highs and a surge in interest in rival forms of energy haven't forced the kingdom, the world's largest crude exporter, to rethink its investment plans.

"From what we see, the world will need what Saudi Arabia produces," Mr. Naimi said. Therefore, the kingdom will proceed with its plan to increase capacity by the end of 2009 to 12.5 million barrels a day from 11.3 million barrels.

"There is no question demand will be there in 2009," he said. "There is no reason to think otherwise."

President Bush declared in January a more-than-fivefold increase in target levels for renewable-fuel production, to 35 billion gallons annually by 2017.

"Alternatives will be needed over the next 30 years," Mr. Naimi acknowledged. The world, he added, will need every unit of energy "it can generate, whether from alternatives, conservation or greater efficiency." Still, he said, "it is a global market, so what one country does isn't really relevant."

Among the reasons world leaders cite to diversify their energy sources is mounting concern over the future reliability of the world's oil and natural-gas suppliers -- those in the Middle East, Russia and Venezuela, to name but three.

Mr. Naimi responded that the major threat to oil stability is "all these outside influences, strikes, tension, geopolitical events." But one has to keep it all in perspective. "We have had a lot of tension, many wars and the flow of oil has not been interrupted. There is a determination to keep the flow of oil uninterrupted," he said.

He conceded that terrorist threats pose a serious challenge. "Security in the kingdom against terrorism is very, very high," he said. "But you can never have enough security, enough protection, because you are dealing with a threat that is very, very well organized and erratic. It can happen anytime." Mr. Naimi, who has served as minister of petroleum and minerals in the world's most important oil-exporting nation for nearly a dozen years, met yesterday with Russian oil-company heads in advance of the visit by Russian President Vladimir Putin, who was to arrive later in the day."When the two biggest producers and exporters of oil meet, energy will be a subject -- but not the subject," Mr. Naimi said.

Mr. Putin's visit is the first by a Russian leader to the kingdom since its founding. Even though the Soviet Union was the first nation to recognize parts of what eventually became the kingdom, its leaders were never welcome here during the communist rule because the leadership of Saudi Arabia, a religious nation, didn't approve of Moscow's policies or principles as a country that was antireligion.

The distaste for the Soviet Union was particularly high after the Soviets invaded Afghanistan in l979, prompting many deeply religious young Saudis to join the Afghan resistance and creating some of the radical Saudi jihadists that threaten the kingdom today.

A Deadline May Be Extended For Claims In Holocaust Case (NYT)

By Joseph B. Treaster

The New York Times, February 12, 2007

Survivors of the Holocaust and their relatives, who have been fighting to compel European insurance companies to pay death benefits for victims of the Nazis, are getting a break from a big Italian insurance company, lawyers for the insurer and policyholders said yesterday.

As part of a proposed class-action settlement, the company, Assicurazoni Generali, has agreed to give heirs of Holocaust victims another 18 months to uncover documentation on unpaid life insurance policies at long-sealed Nazi archives in Bad Arolsen, Germany.

Representatives of several countries, including the United States, have been pushing to open the archives since May.

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"This adds another motivation and a very concrete one to get the archives opened right now," Paul Shapiro, an executive of the United States Holocaust Memorial Museum, said of the deadline extension.

Staff technicians at the archives are meeting today to discuss progress on scanning more than 50 million pages of Nazi and Allied records of the period. The documents include reports on the arrest and transfer of millions of people to concentration camps as well as on hundreds of thousands of deaths.

A meeting of representatives of the United States and 10 other countries that control the archives has been called for March. Those countries have kept the archives sealed for 62 years, mainly for privacy reasons.

The deadline extension came at the behest of a United States judge in Manhattan who is conducting hearings on the fairness of a settlement reached by Generali and class-action lawyers last fall.

The concession by Generali suggested a desire to close a long, painful chapter in which the company has been persistently accused of abusing the trust of Jewish policyholders. Generali has insisted that it was never a company policy to reject any valid claim or require survivors of Holocaust victims to produce death certificates and copies of policies in order to collect benefits.

At the same time, it has refused to give survivors access to its Holocaust-era records or to publish full lists of policyholders from that period that might help relatives in filing claims.

Yet for Generali, the accommodation on the German archives may not have been a major concession. Lawyers for Generali said there was little chance that useful insurance data would be found among the documents. Holocaust specialists say they do not know what is in the documents, but Mr. Shapiro said the heirs of victims "should have the right to explore every possibility."

The issue of the archives, among the most extensive and varied ever compiled, was raised at a hearing in Federal District Court in Manhattan on Jan. 31 by Samuel Dubbin, a Miami lawyer who opposes the settlement on several grounds, including that potential payments to policyholders are inadequate and that the settlement has not been sufficiently publicized to ensure full participation. Mr. Dubbin represents a separate group of heirs not taking part in the class action.

Judge George B. Daniels, who gave preliminary approval of the agreement in October, had called the hearing to listen to objections and determine, finally, whether the deal was fair and reasonable.

After listening to Mr. Dubbin argue for delaying the settlement and interrupting frequently with questions, Judge Daniels halted the hearing and called the lawyers who drafted the agreement into his chambers.

After a discussion, he returned to the bench and, without explanation, abruptly adjourned the hearing.

Court papers filed on Friday in Federal District Court in Manhattan suggested that the judge had urged that the agreement be modified so that material from the archive could be considered.

In the filing, the insurance company said that "out of respect to Generali's former insureds or beneficiaries who may have been Holocaust victims, and their heirs, Generali wishes to provide reasonable additional time" for considering material from the archives.

The agreement opens a window of 18 months. If the archives open by January 2008, survivors will have six months to file new claims. After that, the period for filing claims shrinks each month until Aug. 31, 2008, when no more claims will be considered. Before the change, the deadline for claims had been March 31, 2007.

On Thursday, lawyers on both sides outlined the changes to Judge Daniels, who issued an order to resume the hearing on Feb. 27.

Robert A. Swift, one of the class-action lawyers, referred to the extension of time as "a good-faith effort to try to bridge a concern."

Mr. Dubbin said he thought the change improved the agreement, but that it left "many problems unresolved." He said he would continue to oppose the settlement and, separately planned to continue appealing an earlier decision by a federal judge to dismiss the Holocaust insurance claims on several grounds.

"We want a full opportunity to review Generali's records," he said, "and a jury trial if necessary. If we win, we certainly think we'll get more money than my clients are being offered now."

The Right Man (NYM)

By John Heilemann

New York Magazine, February 12, 2007

Wllard Mitt Romney enters the press room at the Baltimore Marriott Waterfront, where a conclave of conservative GOP congressmen has gathered to plot its resurrection. Assuming his place before the cameras, the former Massachusetts governor checks the floor to find his mark: two strips of white tape forming a small X on the low-pile carpet beneath his feet. Romney plants his shoes squarely on the X and starts offering answers so tightly scripted and robotic that he brings to mind Max

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Headroom—then, all of a sudden, he's distracted and off-kilter. "This white spot on the floor here, this marker, is stuck to my heel here," he mutters, staring downward and doing a little jig, ignoring the question just put to him (on Iran) until the damn thing finally falls from his loafer.

The metaphor suggested by Romney's performance is too perfect to resist. By all accounts, including his own, Romney has been for most of his life a middle-of-the-road Republican of moderate views on issues from abortion to gun control to taxes. But ever since he decided to run for president—a decision he will make official on February 13—he has labored to present himself as a rock-ribbed man of the right. He has hired a team of White Tape People to tell him where he needs to stand to win his party's nomination. He has gamely hit his marks. And yet now, just as Romney seemed to be establishing a foothold, he finds himself increasingly tangled up in his own inconvenient record.

The conspicuous and occasionally ruinous flip-floppery of presidential candidates is nothing new, of course. (See Kerry, John, 2004.) Nor is avid pandering to the GOP's extremist constituencies by previously non-wing-nut Republicans. (See McCain, John, 2008.) Romney's offenses in both these categories are, no doubt, egregious. But the fact that, in spite of his current struggles, Romney is still taken seriously illustrates a number of the central dynamics driving the campaign on the Republican side. At a moment when the Democrats, miraculously, have at hand a troika of top-tier candidates—Clinton, Obama, Edwards—who are capable of drawing thousands-strong crowds (in early 2007, for heaven's sake) and look like eminently credible winners, the GOP is saddled with a crop of hopefuls at once uninspiring and implausible. Also with a president who seems determined to dig the already-cavernous hole in which the party is mired all the way to China. As Republican despond edges toward despair, the desperate search for a savior is beginning to kick into high gear. Hence the rise of Romney.

At first glance, he has the appearance of an attractive standard-bearer. A successful businessman (he made a fortune as the CEO of Bain & Company and founder of Bain Capital) and organizer of the 2002 Salt Lake City Olympics before becoming the Bay State's governor, in office he pushed for the passage of a health-care reform plan applauded on both the right and the left. He's well spoken and great-looking, with blindingly white teeth and a head of hair that rivals Ronald Reagan's in the annals of Republican follicular achievement.

But Romney's drawbacks are as glaring as his assets—starting with his Mormonism. "Look, let's be honest, Mormons are weird," says a former Democratic gubernatorial candidate from Massachusetts, voicing a view widely shared by secularists and Evangelicals alike. (According to a recent poll, only 38 percent of voters say they'd definitely consider backing a Mormon for president.) Romney, a church "elder" who served as a missionary and whose great-grandfather had five wives, will surely attempt to deal with the issue by pulling a JFK: declaring that his faith would never impinge on his political obligations. Equally likely is that he'll abandon lame-ass humor as a tactic, given that his japes in the past—"I believe that marriage should be between a man and a woman … and a woman … and a woman," he cracked to Don Imus last year—seem, unsurprisingly, to have put no one's mind at ease.

At the moment, however, Romney's religion is causing him fewer headaches than his policy gymnasticism. As a challenger to Ted Kennedy in 1994 and in his 2002 statehouse bid, Romney was unequivocally pro-choice ("I believe that abortion should be safe and legal"). Today, he is just as unequivocally pro-life. On gun control, Romney in 1994 supported the Brady bill and a ban on assault weapons, adding, "I don't line up with the NRA." Today, he declares, "I'm a member of the NRA." On gay rights, in 1994 and 2002, Romney argued that he'd be a more aggressive advocate of domestic partnerships than his Democratic foes—and then did little, in the view of the right, to resist the legalization of gay marriage in his state. Today, Romney thunders against the latter concept and against civil unions too. Same story on stem-cell research.

The Right Man

Bad as all this reads on paper, it's even worse on video. And here Romney has run smack up against one of the defining realities of the 2008 campaign: YouTube, where clips of the old Romney stating his liberalish social views with apparently firm conviction have been on display for weeks. "Words on a page have an intellectual impact," says Californian Republican media strategist Dan Schnur, "but words captured on video have much more emotional impact." A print gotcha, in other words, makes a candidate look inconsistent or craven. A YouTube gotcha makes him look as if his pants are a towering inferno.

Romney doesn't need to be loved by the right. "He just needs to be the tallest jockey at the track," says a consultant.

Thus is Romney scrambling around the country, meeting with the hard-right brigades, offering deeply—deeply!—felt reassurances that he is really—really!—one of them. These reassurances take the form of a narrative, in which Romney, while grappling with the stem-cell question, meets with researchers and experiences a road-to-Damascus conversion. "I concluded that we should be wary of people who experiment with life, who experiment with our kids, and who toy with the building blocks of family and society," he said in Baltimore. "On the issue of life, this fiscal conservative became a social conservative."

How convincing is he about all this? To my mind, not very. God knows any half-sane columnist will defend to the death the right to change one's mind. Yet the timing of Romney's policy U-turns—at precisely the moment when he first got that I'm-a-gonna-run-for-president gleam in his eye—inevitably raises suspicions. What can you say about a guy who used to maintain that

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his role model was his father, former moderate Michigan governor George Romney, but now leaves his dad conspicuously off the list of his political heroes, instead citing Reagan, Teddy Roosevelt, and Dwight D. Eisenhower?

Needless to say, what matters isn't what people like me might say but whether Republicans find Romney's account of his switcheroos persuasive. And here the news is no less grim for Mitt. According to the latest Fox News poll, Romney's support among Republicans nationally fell from 8 percent in December to just 3 percent at the end of January. To a large extent, Romney's desultory numbers reflect low name recognition. But that they're trending down instead of up should be, must be, freaking him out, even at this early stage.

In truth, the emergence of Romney as a top-tier candidate in the eyes of political insiders has had less to do with his strengths than with the staggering weakness of the Republican field. Until last fall, the putative front-runners for the support of the GOP's Establishment conservative faction were senators George Allen and Bill Frist. But Frist was laid low by his joined-at-the-hipness to George W. Bush, while Allen consigned himself to the ash can of history by losing to Jim Webb in Virginia. Giuliani and McCain, despite their dogged efforts to assuage the right, continue to be viewed warily there—the former for his own social liberalism, the latter for his manifold betrayals to the cause eight years ago. And though Christianist wannabes such as Kansas senator Sam Brownback appeal to the GOP fringes, their obvious unelectability dooms them from the get-go.

The case for Romney's viability, therefore, boils down to this: He's the minimally acceptable man to the right who has a chance of winning. "Social conservatives rarely get their first choice, but they have veto power," says Schnur, McCain's communications director in 2000. "Romney doesn't need to be their best friend; he just needs to be better than McCain or Giuliani. He needs to be the tallest jockey at the track."

Can Romney be the Willie Shoemaker of presidential politics? Maybe so—but the more likely outcome, it seems to me, is that he'll be the Pete Wilson of 2008. Back in 1995, recall, Wilson was the au courant Republican governor (of California) who was going to sweep into the presidential race and vanquish all before him. Like Romney, Wilson hailed from a state with a history of spawning presidential nominees. Like Romney, he had access to big money and a record of policy innovation. And, like Romney, he was a moderate whose drift to the right (on immigration) seemed utterly inauthentic. Wilson exited the race before the first primary vote was cast.

A fair observer would point out that that parallel is by no means perfect. Romney has assembled an A-list campaign team with tons of national experience; Wilson didn't. And, unlike Romney, Wilson refused to yield to, er, modify his pro-choice stance. Even so, the central similarity is undeniable—and so are its implications. The real problem for Romney, as it was for Wilson, is not that he's a cultist or a contortionist but that he's a hollow man. And there's nothing that the White Tape People will be able to do about that.

Obama Blasts War In Iraq In Ames Speech (MCGG)

By Charlotte Eby

Mason City Globe Gazette, February 12, 2007

AMES — A day after jumping into the presidential race, Democrat Barack Obama began the courting of Iowa party activists Sunday with a blistering critique of the war in Iraq.

More than 6,000 people who came to hear him at the Iowa State University campus saved their biggest cheers for his criticism of the war.

"We ended up launching a war that should have never been authorized and should have never been waged and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted," Obama said.

The first-term U.S. senator from Illinois has pushed for a goal of removing all combat brigades from Iraq by March 2008, with a limited number of troops remaining in the country for basic protection and counter-terrorism efforts.

Both his main rivals for the Democratic nomination, Sen. Hillary Clinton and former Sen. John Edwards, voted in favor of authorizing President Bush to use force in Iraq.

In an interview with Lee Enterprises, Obama predicted the war in Iraq will dominate American politics for some time to come and wants the discussion to include creating a broader foreign policy framework.

"We've still got young men and women dying over there, and that means it's still going to be a pressing issue," Obama said.

On Sunday, two state officials, Attorney General Tom Miller and Treasurer Michael Fitzgerald, threw their support behind the senator's campaign and joined him on stage at the Ames rally.

At the podium, Fitzgerald called Obama a "good and decent man" and praised his judgment for being against the war in Iraq.

"He's the only candidate out there that was against this crazy war from the get-go," Fitzgerald said to cheers.

Obama's best-selling memoir, "The Audacity of Hope," served as a call for civility in politics and a rejection of cynicism.

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But Obama recounted a meeting this weekend with Iowa college student leaders who told him their friends don't want to be involved in politics because the image they have is "these hacks who are saying mean things about people, bickering all the time."

Obama said the challenge will be making politics "fun and interesting again."

He pointed to the civil rights movement and the Vietnam War as issues where young people had a voice.

"I think lifting up those examples of where participation has led to positive change is absolutely critical," he said.

Obama said he's trying to translate anger from voters into hope for a positive future. He said last's year's election was a rejection of the Republican agenda. But he said Democrats still have not won over a consensus of the country that would allow them to lead forcefully.

"That's, I think, the job of the next presidential candidate, and our next president," Obama said.

Although Obama draws crowds of thousands for his appearances, he said he doesn't expect it will affect his ability to do the sort of retail politicking in coffee shops and living rooms that is central to an Iowa caucus campaign.

"At some point, folks will get tired of me because I will have been here so much," Obama said, chuckling. "And so you won't end up having as big crowds. They'll say, 'Oh, it's Obama again, he was just here last week.' "

He expects over time he will be able to meet with Iowans one on one where he can find out what their concerns are and "look 'em in the eye and ask them to caucus for us."

When asked what his strategy will be if he loses the Iowa caucuses, Obama predicted he would emerge victorious.

"I don't intend plan to lose Iowa so I don't even have to consider what's next. We are confident that if we do what we need to do and work hard here that we'll do just fine," Obama said.

Patti Boone, an ISU employee from Madrid, approved of Obama's message that the country needs to extract itself from the war in Iraq.

"It's too long. We need to get out," she said.

She is convinced she will support Obama in the Iowa caucuses next January.

"I chose him a year and a half ago," she said.

Tens Of Thousands Turn Out To See Obama (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 12, 2007

AMES, Iowa -- Soon enough the novelty will end, says Barack Obama. But not now. Not this weekend.

Over two days, tens of thousands of people turned out across Illinois and Iowa to see the freshly declared White House hopeful, spilling over city blocks and filling gymnasiums rafter-high with their red, white and blue posters, lusty cheers and wide-eyed fervor.

They came to see history, many said, to launch the journey of the most formidable black presidential candidate the nation has witnessed. They shouted their affection and cheered the Democrat's call for a new style of politics -- bigger, bolder and more audacious, to borrow from the title of his best-selling autobiography, than Americans have seen in a long while.

But, truth be told, there was little that was really new or different about the issues Obama raised in his maiden swing as a formal presidential candidate.

Washington gridlock. Poison politics. Overweening special interests. Poverty, poor schools and an exorbitantly expensive health-care system. Candidates cluck over them every presidential election.

Obama offered little in the way of concrete solutions. And most of the proposals he did throw out, such as harnessing technology to bring greater efficiencies to the health-care system, were hardly novel.

"Every campaign evolves," said David Axelrod, chief strategist of the Obama campaign. "Of course we'll address specific issues in detail along the way."

But, he went on, "This thing is not going to turn on whether his 10-point plan is better than someone else's 10-point plan." Rather, the presidential contest will be about leadership and the ability to inspire and motivate -- demonstrated, Axelrod said, by the ability "to get 7,000 people to come out to an arena in Ames, Iowa" nearly a year before the first vote of the 2008 campaign.

That may be so. But that did not prevent Obama from repeatedly emphasizing his stance on the war in Iraq, which promises to dominate the early discussion in the Democratic primary just as it did four years ago.

At each stop, Obama noted that he was against the war from the start, a distinction he drew with his chief rivals, Sen. Hillary Rodham Clinton of New York and former Sen. John Edwards of North Carolina, who initially backed the war before turning against it. Both claim they were misled. Obama told reporters Sunday his early opposition "indicates that even at the time it was possible to make judgments that this would not work out."

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(Obama was forced to issue a clarification later Sunday after referring during an Iowa State rally to the "wasted" lives of more 3,000 U.S. troops killed in Iraq. "I was upset with myself," Obama said. "The sacrifices they are making are unbelievable. I meant to say that those sacrifices have not been honored by the same attention to strategy and diplomacy needed to be successful in Iraq.")

On Saturday night, in Waterloo, Iowa, Obama urged voters to demand of each candidate: "What is your plan? It's not enough to simply say, 'I'm going to end the war.' You've got to suggest how you're going to end the war."

Obama has called for a withdrawal of U.S. combat troops by the end of March 2008. Asked at a Sunday news conference where he differs with Clinton, Obama acknowledged her opposition to the war but added, "I am not clear on how she would proceed at this point to wind down the war in a specific way."

A Clinton spokesman, Howard Wolfson, responded by calling the senator "a forceful critic of the Iraq war" who supports a phased redeployment of troops and opposes President Bush's plan to send additional forces. "Had she been president in October of 2002, she would not have started this war and if Congress doesn't end this war by January of 2009, as president, she will," Wolfson said.

As a candidate making his first run for national office, Obama is clearly a work in progress.

During his 20-minute news conference he effectively took a clean-campaign pledge.

He also showed some peevishness over the mostly friendly news coverage he has enjoyed, suggesting that portrayals of him as more dazzle than substance ignore a large body of speeches and other illuminating works that spell out his stance on issues and personal history in exhaustive detail. "You've been reporting on how I look in a swimsuit," he chided.

A day earlier, in Cedar Rapids, Iowa, the audience groaned when it was time for the candidate to go. That's when Obama told them the novelty soon would wear off and he would be back again and again until the crowds thinned and people tired of seeing him.

But not yet.

Obama Questions Rivals On Iraq (WP)

By Anne E. Kornblut And Dan Balz

The Washington Post, February 12, 2007

CHICAGO, Feb. 11 -- Sen. Barack Obama, circling through Iowa on Sunday before returning here on Day 2 of his presidential launch, challenged his Democratic rivals to lay out specifics for withdrawing U.S. troops from Iraq and declared that the thousands of lives lost so far in the war had been "wasted."

The senator from Illinois later said he regretted his choice of words, telling an interviewer that he meant the troops' sacrifices "have not been honored" by an adequate policy.

But Obama indicated in his earliest steps on the campaign trail that he considers Iraq a central distinction between himself and the rest of the Democratic field.

Obama opposed invading Iraq from the outset and has proposed a deadline of March 31, 2008, for removing troops from the country. He called Sunday for other candidates to explain their exit strategies. In particular, he said, he did not see an explicit blueprint for redeployment from Sen. Hillary Rodham Clinton (N.Y.), the early Democratic front-runner.

"I am not clear on how she would proceed at this point to wind down the war in a specific way," he told reporters before a boisterous rally at Iowa State University. "I know that she has stated that she thinks that the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on."

In his speech at the university, Obama issued an indictment of how Washington dealt with Iraq:

"We ended up launching a war that should have never been authorized and should have never been waged -- and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted."

He backtracked in an interview with the Des Moines Register, saying: "I was actually upset with myself. Their sacrifices are never wasted; that was sort of a slip of the tongue as I was speaking.

"The sacrifices they have made are unbelievable. What I meant to say was those sacrifices have not been honored by the same attention to strategy, diplomacy and honesty on the part of civilian leadership," he added.

Two days in, Obama's campaign already had the feel of a candidacy in full swing. Thousands of Iowans filled an auditorium in Ames on Sunday morning to catch a glimpse of the now-official candidate.

On Saturday, after announcing his candidacy in the Illinois capital of Springfield, Obama drew sizable and enthusiastic crowds at town-hall meetings in Cedar Rapids and Waterloo. Thousands more greeted him upon his arrival back in Chicago, his adopted home town, for a rally on Sunday night.

He took on a relatively serious tone for much of his first days on the campaign trail. He gave lengthy and substantive answers to policy questions from audience members, at times bringing crowds to a hush as he laid out his political philosophy.

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His more subdued approach came as a surprise to some in the audiences along the way. "I think a lot of people realize there's been a lot of rock star-ness about him up to now," said Grant Sovern, an immigration lawyer from Madison, Wis., who came to see Obama speak in Cedar Rapids on Saturday. "I think you can see he's trying to bring things down and talk about issues more."

But, Sovern said, it was the rousing part of Obama's speech, toward the end that afternoon, that he expected would carry the candidate forward.

"I hope that the excitement he showed at the end -- that's what a lot of people are looking for," Sovern said.

That spirit came out in force when Obama returned to Chicago. He brought a crowd to its feet at the University of Illinois at Chicago with calls for higher salaries for teachers, help with college tuition, a movement to eradicate special interests' influence over government, and a universal health-care system.

He talked over Iraq war protesters who interrupted his speech with chants for immediate withdrawal of the troops. "We're on the same side," he chided. "Come on, guys."

"I'm proud of the fact that I was against the war from the start," he said minutes later, drawing a rousing response from the audience as he called the war a "tragic mistake."

Clinton has refused to characterize her vote authorizing the war as a mistake, an opening that Obama appears intent on using to his advantage. Howard Wolfson, a spokesman for Clinton, did not directly respond Sunday to Obama's comments about her plans on Iraq but described her as a "forceful critic" of the administration's execution of the war.

"She has supported a phased redeployment of our troops to start bringing them home and has strongly opposed President Bush's escalation of the war by proposing a cap on troops," Wolfson said.

When he was first available to the media, on Sunday, Obama faced a crush of reporters and cameras. He calmly answered questions about the war in Iraq ("We are not more safe as a consequence of it," he began); his hiring of opposition researchers (to answer potential attacks and draw distinctions on the candidates' records, he said); and whether he is still smoking ("No -- I've been chewing Nicorette all day long," he said).

Perhaps the most memorable moment came when he needled the press corps about an emerging story line on his candidacy.

"I know that one of the running threads, one of the narratives that has established itself among the mainstream media, is this notion, 'Well, you know, Obama has pretty good style, he can deliver a pretty good speech, but he seems to prioritize rhetoric over substance,' " Obama said. "Now factually, that's incorrect."

He said his two best-selling books, each of which has sold nearly a million copies, "probably give people more insight into how I think and how I feel about issues facing America than any candidate in the field and probably any candidate who's run for office in recent memory."

He continued: "The problem is not that the information's not out there. The problem is that that's not what you guys have been reporting on. You've been reporting on how I look in a swimsuit." He was referring to a People magazine photograph of him while vacationing in Hawaii several weeks ago.

Obama Homecoming Turns Into Anti-war Rally (CHIT)

By Christi Parsons And John Mccormick

Chicago Tribune, February 12, 2007

AMES, Iowa -- A homecoming for Sen. Barack Obama (D-Ill.) turned into an anti-war rally Sunday evening, as he returned to his home city following the weekend launch of his candidacy for president to find a crowd of 7,300 troubled over the Iraq war.

Obama had already spent much of the day talking tough about Iraq, critiquing the war positions of other Democratic candidates for president and serving up a sharp retort to a foreign leader who had publicly mocked Obama's own plan for withdrawing troops.

Then a vocal crowd of anti-war protesters quickly made the issue the central focus of Obama's evening rally at the University of Illinois at Chicago Pavilion, holding up a sign that read "Cut the Funding" during his address and chanting loudly as he tried to speak.

"I'm glad they were there," Obama said later. "They feel a sense of urgency about a war that should have never been authorized and a war that should have never been fought."

But he said he doesn't want to cut funding for the military personnel who are already serving in Iraq, saying that could mean they don't get the equipment they need.

"We need to bring this war to an end," he said, "but we need to do it in a way that makes our troops safe."

The rally was the last public event on Obama's weekend tour, which began with his official announcement that he would seek the presidency and continued with a tour of Iowa through Sunday afternoon.

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But the day-long discussion of the war ultimately was overtaken by political reality, as Obama--now under the gun to catch up with the political fundraising of other leading candidates--left the rally to attend a downtown fundraiser hosted for him by Chicago billionaire Penny Pritzker.

"I need your money. I need your time. I need your energy," Obama told more than 700 donors gathered at the Hyatt Regency Chicago on East Wacker Drive, where they sampled sandwich meat and fruit, in exchange for checks or credit card payments of up to $2,300.

Throughout the weekend, Obama talked to every crowd he addressed about the need to end the war, a roundly popular assertion at every venue where he spoke.

But in talking with reporters over the noon hour on Sunday, Obama talked pointedly for the first time about Sen. Hillary Clinton's position on the war, by many assessments the New York senator's weakest spot in the primary race.

Obama said that he was "not clear" on how Clinton would end the war, which she says she wishes to do.

He also pointed out that he was against the war from the beginning, and said he thought it was possible at the time to tell that the military action "would not work out well." Both Clinton and Democratic candidate John Edwards voted in 2002 to authorize the war, a position that each is now working to finesse with Democratic voters.

In the same question-and-answer session with reporters, Obama had harsh words for Australian Prime Minister John Howard, who said that Obama's proposal to withdraw combat troops by March of 2008 would "just encourage those who want to completely destabilize and destroy Iraq."

Obama said that Australia had sent only 1,400 troops to join the effort in Iraq, a fraction of the 140,000 American troops now serving there.

"I would suggest that he call up another 20,000 Australians and send them to Iraq," Obama said. "Otherwise, it's just a bunch of empty rhetoric."

At the rally that night, Obama greeted thousands of supporters with his wife, Michelle, at his side, addressing them from a theater-in-the-round-style stage and reiterating the ideas of his announcement speech.

He hadn't yet gotten to his points about the Iraq war when the protesters began to chant "Troops out now!" prompting Obama to stop his talk and try to engage them.

"I hear you," he said. "We'll talk about that in a second. ... You've made your point, so why don't you relax?"

But the protesters continued to chant, and the rest of the crowd began to drown them out with deafening chants of "O-ba-ma!" Someone grabbed the sign from the protesters' hands--the protesters said later that security officers did so--and they left.

"They kicked us out," said Ryan Donnelly, a UIC student who participated in the protest with about 20 other students.

Obama's message was popular with the crowd. Heather Lewis, 20, a DePaul psychology student, had used black, red and blue markers to create an Obama logo on her white tank top.

Sharon Olsen, a postal carrier from Warrenville, declared, "I believe he is the future of politics for the United States. He has the ability to work with both sides of the aisle, and we need a change."

Rep. Luis Gutierrez (D-Ill.) compared Obama to Harold Washington, who was elected Chicago's first black mayor in 1983. "He brought excitement to the air, just like Obama," he said.

Others said they liked Obama even if they aren't yet completely won over.

"I think he handled the war piece very well," said Dwight McKee, a trade association director from Chicago. "I'm sold on the need for Obama right now more than I'm sold on Obama."

The evening fundraiser attracted top Illinois Democrats, including state Comptroller Dan Hynes and Atty. Gen. Lisa Madigan. Actor Dennis Hopper also attended.

David Keyt, a health and benefits consultant from Chicago, attended the fundraiser and wrote a check for $1,000 to cover attendance for himself and his wife. He said he was originally backing Clinton but is warming to Obama.

"He represents something new, fresh and not tied to the history of Washington," he said as he arrived for the evening event at the Hyatt. "But we are still learning about him and reading his books."

Obama Comes Out Swinging In Iowa (USAT)

By Judy Keen

USA Today, February 12, 2007

AMES, Iowa — At the final stop of his first campaign trip to Iowa, Illinois Sen. Barack Obama invited a cheering crowd Sunday to help him "take this country back."

"Ultimately I am an imperfect vessel for your hopes and dreams," Obama told several thousand people at Iowa State University's basketball arena. "I can't do this alone. I'm going to need all of you, and I hope that you guys decide it's something that's worth doing."

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PHOTO GALLERY: Obama announces '08 run

Obama, 45, a Democrat who has been in the U.S. Senate for two years, would be the first African-American president if elected. He announced his candidacy Saturday at the Old State Capitol in Springfield, Ill., and made four stops this weekend in Iowa, which holds the nation's first presidential caucuses. He campaigns today in New Hampshire, host of the first presidential primary.

During a news conference here, Obama criticized New York Sen. Hillary Rodham Clinton's record on Iraq and health care, underscoring the intensity of the campaign with the first votes almost a year away. Clinton leads the Democratic field in most polls.

Obama opposed the war with Iraq in 2002, when Clinton and 28 other Democrats in the Senate voted to authorize it. She has since said that President Bush misused Congress' support but has not said her vote was a mistake.

"Even at the time, it was possible to make judgments that this would not work out well," Obama said, referring to Clinton and others.

Without naming Clinton, he also referred to her leading role in failed efforts to reform health care during her husband's administration. Since then, he said, Congress has been willing only to "tinker around the edges" of the issue.

Obama also was the target of some critics. His frequent invocations of Abraham Lincoln, his political hero, prompted likely Republican presidential candidate Rudy Giuliani to note Saturday, "We're the party of Abraham Lincoln."

Australian Prime Minister John Howard said Sunday that Obama's plan to withdraw U.S. troops from Iraq by March 2008 would "create chaos and a victory for the terrorists." Obama replied, "It's flattering that one of George Bush's allies on the other side of the world started to attack me the day after I announced." Unless Howard sends 20,000 troops to join the 1,400 Australians now serving in Iraq, Obama said, "It's just a bunch of empty rhetoric."

Obama also chided reporters for stories that he said suggest he "can deliver a pretty good speech, but he seems to prioritize rhetoric over substance."

Noting his speeches, two best-selling books and Iraq proposal, Obama said, "The problem is not that the information is not out there. The problem is that that's not what you guys have been reporting on. You've been reporting on how I look in a swimsuit."

Last month, People magazine published a photo of Obama in swimming trunks during a Hawaiian vacation.

Obama's audience here was filled with supporters such as Jeff Edmonson, 20, an Iowa State student who says he's been a fan since Obama was elected to the Senate in 2004.

"He's someone that will bring change: less corruption, more excitement," Edmonson said.

Seven blocks away at a Hy-Vee grocery store, though, 11 of 12 people asked about Obama said they need to know more before deciding whether to vote for him.

"I have a favorable impression of him, but we're being forced to focus on the race way too soon," said Bruce Workman, 50, a Burlington firefighter. "I don't know what he stands for," said student Coda Skeffington-Vos, 20.

"All I know is that he's a two-year senator from Illinois, he's young, and I like what he has to say about things," said Bill Morrison, 44, a carpenter from Ames. "There's a lot of things that need to get figured out, and it's early yet."

Obama Turns To Lincoln And Heats Up Illinois (FT)

By Andrew Ward In Springfield, Illinois

Financial Times, February 12, 2007

On a rainy day in February 1861, hundreds of people gathered at the Great Western Railway depot in Springfield, Illinois, to bid farewell to Abraham Lincoln, the city's most famous son, when he boarded a train to Washington to take office as US president.

Almost 146 years to the day later, Springfield witnessed the start of another political journey when Barack Obama, the junior Democratic senator for Illinois, launched his bid for the presidency outside the city's Old State Capitol building.

While Lincoln was heading directly to the White House, Mr Obama's journey promises to be long and winding, with the risk that it could hit a wall in the Democratic primaries next year.

But the scale of Saturday's rally – the crowd was in the thousands despite freezing temperatures – and the frenzied excitement surrounding it showed that Mr Obama is already in possession of that most precious of political commodities: momentum.

"I know it's a little chilly, but I'm fired up," he told the crowd.

For the next 20 minutes he dazzled his audience with the sparkling oratory that has become his trademark, calling for a new generation to reject the "smallness" and cynicism of contemporary US politics and build "a more hopeful America".

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There were some concrete proposals amid the rhetoric, including a plan to return combat troops from Iraq by March 2008 and a vow to introduce universal healthcare coverage by the end of his first term. But it was clear that Mr Obama's campaign will rest as much on his promise of a new style of leadership as it will on policy.

"I know I haven't spent a lot of time learning the ways of Washington," said the 45-year-old first-term senator. "But I've been there long enough to know that the ways must change."

It was in a speech at the Old State Capitol that Lincoln famously called for the abolition of slavery by warning that a "house divided" cannot stand.

By inviting parallels with the man widely regarded as America's greatest president, Mr Obama was also answering critics who believe he lacks experience. Lincoln served four terms in the Illinois state legislature and two years in Congress before seeking the presidency – exactly the same career path so far trodden by Mr Obama.

For many, Mr Obama's youth and freshness are his greatest appeals.

"It's time for change and we're more likely to get that from Obama than Clinton," said David Hudson, a young Democrat, referring to Hillary Clinton, the frontrunner for the party nomination.

Andrew Smith, a political scientist at the University of New Hampshire, said Democrats were falling in love with Mr Obama in a way they never had with Ms Clinton.

"Hillary brings experience and the sense of someone who can get the job done. Obama brings the Kennedyesque or Reaganesque vision that Hillary seems to lack."

Del Ali, of Research 2000, a non-partisan polling firm, said Mr Obama's consistent stance against the war in Iraq gave him an important advantage over Ms Clinton and other candidates whose positions had changed. But the odds were stacked against him because of her greater fundraising power, Mr Ali added.

Another uncertainty is whether America is ready to elect a black president.

"It is the issue that no one wants to discuss," said Mr Ali. "Democrats see the 2008 election as theirs to lose. Are they prepared to take a risk on Obama if he can't pick up any states in the south?"

Back in Springfield, Mr Obama urged America to look beyond old divisions and prejudices.

"The life of a tall, gangly Springfield lawyer tells us that a different future is possible," he said, referring to Lincoln. "He tells us that ... beneath all the differences of race and region, faith and station, we are one people. He tells us that there is power in hope."

Australian Leader: Al-Qaida Wants Obama (AP)

AP, February 11, 2007

Australia's conservative prime minister slammed Barack Obama on Sunday over his opposition to the Iraq war, a day after the first-term U.S. senator announced his intention to run for the White House in 2008.

Obama said Saturday at his campaign kickoff in Springfield, Ill., that one of the country's first priorities should be ending the war in Iraq. He has also introduced a bill in the Senate to prevent President Bush from increasing American troop levels in Iraq and to remove U.S. combat forces from the country by March 31, 2008.

Australian Prime Minister John Howard, a staunch Bush ally who has sent troops to Iraq and faces his own re-election bid later this year, said Obama's proposals would spell disaster for the Middle East.

"I think that will just encourage those who want to completely destabilize and destroy Iraq, and create chaos and a victory for the terrorists to hang on and hope for an Obama victory," Howard said on Nine Network television.

"If I were running al-Qaida in Iraq, I would put a circle around March 2008 and be praying as many times as possible for a victory, not only for Obama but also for the Democrats."

Howard has defied widespread domestic opposition to the war, keeping about 1,400 Australian troops in and around Iraq, mostly in non-combat roles. He is seeking a fifth term later this year, and recent polls suggest voters are increasingly unhappy about his refusal to set a deadline for withdrawing Australian troops from the Middle East.

"You either rat on the ally or you stay with the ally," he said. "If it's all right for us to go, it's all right for the Americans and the British to go, and if everybody goes, Iraq will descend into total civil war and there'll be a lot of bloodshed."

Obama Plan Has A Critic In Australia (NYT)

By The New York Times

The New York Times, February 12, 2007

AMES, Iowa, Feb. 11 — On his first trip to Iowa as a presidential candidate, Senator Barack Obama, Democrat of Illinois, found himself responding to an unexpected critic: John Howard, Australia's prime minister.

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Mr. Howard, a conservative leader who is a close ally of the White House, denounced Mr. Obama's proposal to withdraw American combat troops from Iraq by March 31, 2008. In a television interview in Australia, Mr. Howard said the senator's redeployment plan would simply inspire insurgent violence in Iraq.

"If I were running Al Qaeda in Iraq," Mr. Howard said, "I would put a circle around March 2008 and be praying as many times as possible for a victory not only for Obama but also for the Democrats."

In a news conference here, Mr. Obama dismissed the remarks, saying it was "flattering that one of George Bush's allies on the other side of the world started attacking me the day after I announced."

Mr. Obama said Australia had sent 1,400 troops to Iraq, a fraction of the American force.

"If he's ginned up to fight the good fight in Iraq, I would suggest that he calls up another 20,000 Australians and send them to Iraq," Mr. Obama said. "Otherwise, it's just a bunch of empty rhetoric."

Obama Stresses Appreciation For Faith (AP)

By Henry C. Jackson

AP, February 12, 2007

Democratic presidential candidate Barack Obama said Sunday he does not think voters have a litmus test on religion, whether evangelical Christianity or his childhood years in a largely Muslim country.

"If your name is Barack Hussein Obama, you can expect it, some of that. I think the majority of voters know that I'm a member of the United Church of Christ, and that I take my faith seriously," Obama said in an interview with The Associated Press.

"Ultimately what I think voters will be looking for is not so much a litmus test on faith as an assurance that a candidate has a value system and that is appreciative of the role that religious faith can play in helping shape people's lives," he said.

In the interview, Obama also said his race might be a "novelty" this early in the presidential contest, sparred with the prime minister of Australia over Iraq, and said he has a higher burden of proof with voters because of his relative inexperience. Obama formally announced his candidacy in Illinois on Saturday and made a beeline for Iowa, site of the first nominating contest next Jan. 14.

Obama, who was born in Hawaii, lived in mostly Muslim Indonesia with his mother and stepfather from 1967 to 1971. He subsequently returned to Hawaii to live with his maternal grandparents.

He attends a Chicago church with his wife and two young daughters. The 2008 presidential field also includes Republican Mitt Romney, a Mormon, and Sen. Sam Brownback, R-Kan., an evangelical Christian who converted to Catholicism in recent years.

Obama's leading rivals for the Democratic nomination are far better known to voters, the U.S. senator from Illinois said. He was elected in 2004.

"At least two of my fellow candidates have been campaigning nationally for years," Obama said, referring to New York Sen. Hillary Rodham Clinton and former North Carolina Sen. John Edwards. "They have an infrastructure and name recognition that are higher than mine so there will probably be a higher burden of proof for me."

Few minorities reside in early voting Iowa and New Hampshire but Obama said his race — his mother is white, his father is black — will not play a determining role.

"I think that early on it may spark some curiosity or a sense of novelty, but I think very quickly people will be judging me on the merits. Do I have a message that resonates with people's concerns about health care and education, jobs and terrorism?" he said. "And if they do, then I think race won't be a major factor."

At a press conference later in Ames, Obama said he was proud to have opposed the Iraq war from the start while Clinton and others authorized the U.S.-led invasion.

"I don't think there is a more significant set of decisions than the decision to go to war," Obama said. "I think the war was a tragic mistake and it never should have been authorized."

Obama made a habit of stressing his position at every stop, to loud applause. Clinton, meanwhile, ran into some tough questioning while campaigning over the weekend in New Hampshire. One man demanded that she repudiate her 2002 Senate vote to send U.S. troops into battle.

Obama told reporters he thinks his early opposition to the war shows "it was possible to make judgments that this would not work out well" and that it speaks "to the kind of judgment that I will be bringing to the office of president."

The senator has called for capping the number of U.S. troops in Iraq and then beginning to withdraw them on May 1. He wants a complete pullout of combat brigades by March 31, 2008.

Clinton says she is working to pass legislation capping troop levels and bring to a vote a resolution disapproving of Bush's planned troop increase.

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"I am not clear on how she would proceed at this point to wind down the war in a specific way," Obama said. "I know that's she's stated that she thinks the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on."

In his speech before thousands at Iowa State University, Obama did not mention Clinton, but he did draw a clear comparison. "We ended up launching a war that should have never been authorized and should have never been waged," Obama said to cheers.

In the AP interview, Obama laughed off criticism Saturday from Australian Prime Minister John Howard, who said Obama's plans for Iraq "encourage those who wanted to completely destabilize and destroy Iraq."

"It's flattering that one of George W. Bush's allies feels obliged to attack me," Obama said.

Obama said that if Howard did not think enough was being done in Iraq, he should consider sending more Australian troops to the region. Australia has about 1,400 troops in Iraq, mostly in noncombat roles.

The senator dismissed concerns about his own security, but would not answer directly when asked if he had received death threats. The Rev. Jesse Jackson drew early Secret Service protection because of violent threats during his campaigns for president in the 1980s.

"I face the same security issues as anybody," he told the AP. "We're comfortable with the steps we have taken."

Obama campaigned in Cedar Rapids and Waterloo on Saturday after his kickoff announcement in Springfield, Ill. On Sunday, Obama met with party activists at a private home in Iowa Falls and attended the Ames rally.

He won the endorsement of two top state officials — Attorney General Tom Miller and Treasurer Michael Fitzgerald. Miller called Obama "a once in a generation talent."

On Sunday night, Obama returned home to Chicago, where he was greeted by a roaring crowd of more than 7,000 people.

"I am an imperfect vessel for your hopes and dreams," Obama told the crowd during a raucous rally at the arena of the University of Illinois at Chicago.

From Washington, Obama came under criticism from a presidential rival, 26-year veteran Sen. Christopher Dodd of Connecticut, for his lack of experience.

"I think experience matters to people. The stakes are very, very high right now," Dodd said on "Face the Nation" on CBS. "This is not a time for on-the-job training."

At the house party in Iowa Falls, Obama said, "I'm going to have to be run through the paces, people are going to have to lift up the hood, kick the tires and be clear that I have a grasp of the issues that are of utmost importance in people's lives."

In that vein, Obama said he has quit his cigarette habit and now chews nonprescription Nicorette gum all day.

Trying To Manage Obama's Message (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, February 12, 2007

The 2008 election could well make history in a new and special way. Americans could elect the first female president in Hillary Rodham Clinton. They could choose the first Mormon president in Mitt Romney, or the oldest president in John McCain. Or they could elect the first African-American president in Barack Obama. Given America's bitter heritage of slavery, segregation, and discrimination, Obama's election could represent the most groundbreaking possibility of all.

Certainly he has generated more excitement than any other candidate. And as he accelerates his campaign this week, the buzz will get louder. "Is he just a streak across the sky or something more?' asks a strategist for one Republican presidential hopeful. "He is developing a cult of personality, but what is his real constituency?" Good question-and one that a growing number of political professionals and everyday voters are asking as well.

Obama already has demonstrated strong appeal to white voters. He comes in second to Senator Clinton in national polls of preferences for the Democratic nomination. And he impresses many as a talented newcomer who, because of his multicultural background, could conceivably redefine America's debate on race-away from a focus on the consequences of slavery toward an emphasis on the benefits of diversity. "It's a measure of our progress that a woman and a Mormon and an African-American can compete for this office that has always been the province of men and white people," asserts David Axelrod, one of Obama's advisers. But being an African-American, says Axelrod, is only part of Obama's story. "His hallmark in his years in politics," notes Axelrod, "has been bringing people together." In a recent interview with U.S. News, Obama said Americans are looking for a "change in tone and a return to some notion of the common good and some sense of cooperation, of pragmatism over ideology."

Cornell Belcher, Obama's pollster-and an African-American himself-says the Illinois senator represents a fulfillment of the civil rights movement: a black man who overcame prejudice, worked hard, and excelled. "It's not a wonderful black story; it's a great American story," Belcher told U.S. News.

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But questions remain about how Obama will fare in the African-American community, where some, such as columnist Stanley Crouch and author Debra Dickerson, don't think Obama has shared enough of the black experience to truly bond with the community. Those who disagree cite the controversial remarks of Delaware Sen. Joe Biden, another presidential candidate, who called Obama "the first mainstream African-American [candidate] who is articulate and bright and clean and a nice-looking guy" and then apologized for being insensitive. Obama supporters contend that Biden's remarks show Obama can never escape his black heritage, and they say that fact should create sympathy and support for him among skeptical African-American leaders.

Color war. "He's not 'black enough'?" asks Democratic pollster Geoff Garin. "It's ridiculous. Obama is going to do very well with African-American voters. ... This will be the first real opportunity to elect a person of color," and that prospect will be compelling, says Garin. "People are looking for the things that unite us, not separate us. ... He is able to put his finger on things we have in common."

Until The War Ends ... (NYT)

By Bob Herbert

The New York Times, February 12, 2007

Almost all the talk about the 2008 presidential election is about the horse race: Who's up? Who's down? Can Hillary hold her lead? Can a pro-choice, pro-gay-rights candidate like Rudy Giuliani outrun a hawkish maverick like John McCain?

It's a sport. It's fun. Why spoil it by being too serious?

Senator Barack Obama, in his speech in Illinois Saturday formally launching his presidential bid, gave us an excellent reason for being serious:

Ladies and gentlemen, there's a war on.

After going through a litany of lofty goals for a new generation to strive for, including health care for all Americans, a rejuvenated public education system, an end to poverty and real progress in dealing with global warming, the senator offered a hard and simple truth:

"All of this cannot come to pass until we bring an end to this war in Iraq."

The war — which, in addition to its human toll, will ultimately cost $2 trillion or more — has put America in a straitjacket, precluding progress on a range of important issues that will only worsen with continued neglect.

The public seems to understand this. It was voters fed up with the war who snatched control of both houses of Congress from the Republicans in last November's elections. And they were the ones giving Senator Hillary Clinton a hard time in New Hampshire over the weekend.

While Senator Obama is pushing a plan to bring American combat troops home by March 2008 (and former Senator John Edwards is calling for an immediate withdrawal), Senator Clinton continues to dance on the war issue. "I know that there is a great deal of frustration and anger and outrage," she said on Saturday, "but we can't just wave a magic wand and make things change."

We've moved beyond the absurd when it comes to the war. President Bush responded to the antiwar sentiment in last November's election by escalating U.S. involvement in Iraq. Vice President Dick Cheney, lost in a zone of unreality, is blithely spreading the fantasy of "enormous progress." He may not have noticed that the last three months have been among the worst of the war.

The Democrats who benefited from the antiwar vote reacted to the president's thumb in the eye of the voters with their usual timidity. They've put their hearts and souls into a marathon effort to pass a nonbinding resolution opposing the troop surge. Be still my heart.

The bottom line is that nothing has changed. The horror stories continue to spew out of Iraq: the helicopters being shot down, the mass killings in marketplaces, the steady stream of U.S. soldiers returning in body bags.

We need to stop pretending that there is something sane about continued U.S. involvement in this ruinous war. We keep sending troops into the combat zone and they keep sinking ever deeper into the ancient Middle East sand. To keep sending young people off to die in a war that everybody knows is pointless is criminal.

On NBC's "Nightly News" last Friday the correspondent Richard Engel, traveling with a convoy of soldiers from the First Infantry Division, had a close call when a roadside bomb detonated several feet away. No one was hurt, and Staff Sgt. Chris Copley said into the camera, with a laugh and a hint of bravado, "It gets the adrenaline going a little bit, doesn't it?"

But Mr. Engel noted that when the convoy returned to its patrol base, Sergeant Copley and other soldiers were openly wondering, "What are they doing out here?"

It's a question that deserves a clear, straight answer, especially from their commander in chief and the politicians running for president. As the casualties mount and success seems more and more unlikely, a sense of resignation is spreading among U.S. troops.

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Sergeant Copley told Mr. Engel: “It’s pretty much almost a lost cause. Nothing it seems that we do is doing any good.”

Mr. Engel said all of the soldiers he talked with believed it was “time to end this war.” He closed his piece by telling Brian Williams, “Earlier in the week some of the soldiers I was embedded with were hit by a larger I.E.D. That I.E.D. tore the door off the Humvee and the soldier inside had to have both of his legs amputated.”

Senator Obama’s capacity for leadership will be tested in large part by whether he can get the country to rally around his crucial point — that all further progress on important issues here at home depends on whether we can find the will to extricate ourselves from Iraq.

Obama's 'Improbable Quest' (WSJ)

By Jackie Calmes

The Wall Street Journal, February 12, 2007

AMES, Iowa -- Illinois Sen. Barack Obama formally opened what he calls his "improbable quest" for the presidency, styling his campaign as a crusade in which Americans' biggest enemy is cynicism -- "the belief that we can't change things anymore."

His own challenge is battling cynicism that he has the experience and ideas to make such change.

After two years in the U.S. Senate, and eight in the Illinois senate, the 45-year-old Mr. Obama remains relatively untested as he seeks to make history as the first African-American president. His sudden fame owes to his charismatic style and eloquence in two best-selling books and a memorable address at the 2004 Democratic Convention. So now, perhaps more than any other candidate in the crowded 2008 race, he is under pressure to show some policy substance as well.

Mr. Obama knows that. In a weekend tour of Iowa, site of the first presidential contest, after announcing his candidacy Saturday in Abraham Lincoln's Springfield, Ill., the senator offered a few specifics. To Iowans' questions, he said he opposed defense-spending cuts, for example, and called for direct U.S. talks with North Korea on nuclear weapons.

Mostly he kept up an audience-stirring diagnosis of the nation's ills and offered promises -- chiefly to provide universal health care by the end of a first term -- but no specific remedies. By yesterday, sensitive to critics calling for details, he took the offensive during a news conference at the University of Iowa.

"One of the narratives that's established itself in the mainstream media is this notion that, 'Well, you know, Obama has a pretty good style. He can deliver a pretty good speech, but he seems to prioritize rhetoric over substance.' Now, factually that's incorrect," Mr. Obama said.

He said he has "the most specific plan" on leaving Iraq, gave major speeches on health, education and energy in the two years before he decided to run for president, and has two books giving more "insights into how I think and how I feel about the issues facing America than any candidate in the field." As for the press, he teased, "you've been reporting how I look in a bathing suit" -- referring to a photo taken while he visited Hawaii over the holidays.

He and top campaign aides promised specifics will come, noting that the campaign has only begun. Meanwhile, as Mr. Obama's announcement confirmed, he will seek to turn his inexperience to advantage, positioning himself as a Washington outsider.

"I recognize that there is a certain presumptuousness -- a certain audacity -- to this announcement," he told the thousands braving frigid temperatures for his announcement in the square before Illinois' Old State Capitol in Springfield. "I know that I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

By that message, he separates himself from New York Sen. Hillary Clinton, though he remains significantly behind her in polls, organization and money. But among the rest of the Democratic field, he is a top competitor for what amounts to a spot as the Clinton alternative, against former North Carolina Sen. John Edwards.

While Mr. Edwards is ahead in Iowa polls, Mr. Obama poses a fresh-faced challenge. After Mr. Obama's packed townhall meeting Saturday in Cedar Rapids, 80-year-old Bonnie Young of Marion, Iowa, and her 60-year-old daughter Claudia Young, both of whom worked for Mr. Edwards' 2004 presidential bid, said they have been torn between the two men. The mother left favoring Mr. Obama.

Mr. Edwards added to the pressure on Mr. Obama to be more specific with his recent unveiling of a health plan. But Democrats say Mr. Obama provoked the style-versus-substance talk himself, by his recent address to local Democratic Party leaders meeting in Washington, in which he seemed dismissive of "white papers" of policy specifics: "We've had a lot of plans, Democrats. What we've had is a shortage of hope."

As a committee chairman in the Illinois Senate, Mr. Obama tried to get consensus for universal health care, but could only pass a measure calling for a study of coverage options. Now, at each campaign stop, he calls not only for universal health care, but more resources for education and an effort akin to the Apollo Project to develop alternative fuels to end U.S. reliance on Mideast oil and help arrest global warming.

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But no such progress is possible, he adds, "until we bring this ill-conceived war in Iraq to a close."

The applause for that line from the mostly Democratic crowds made plain that the war is the issue most on voters' minds. Mr. Obama reminds them, to more applause, "I was against this war from the start" -- which distinguishes him, as many Iowa Democrats know, from Mrs. Clinton and Mr. Edwards. And he outlines his Iraq plan: a phased withdrawal of all U.S. combat troops starting in May and ending by the end of March next year, allowing for enough U.S. forces to keep training Iraqi forces.

Mr. Obama didn't always give the answers his inquisitors may have liked. In Cedar Rapids, to a question from a man associated with a group that espouses reduced military spending, the senator said that because the Iraq war "has depleted our military...there's probably going to be a bump under an Obama presidency in initial spending just to get back to where we were."

To a public school teacher, he reiterated his call for teachers to be paid significantly more. "I have to say, though, there's got to be a bargain," he added, in which teachers in turn accept greater accountability for performance.

Voters Seek Clarity On Clinton Iraq Vote (AP)

By Beth Fouhy

AP, February 12, 2007

After nearly four years of war and more than 3,000 U.S. dead, New Hampshire voters are demanding more than nuance on Iraq from Democratic front-runner Sen. Hillary Rodham Clinton.

From crowded town hall meetings to smaller gathering at private homes, Clinton was enthusiastically received by voters throughout the key early voting state on Saturday and Sunday. She deftly fielded questions on a range of subjects, from education to health care to the genocide in Darfur.

But invariably, the questions returned to Iraq. What would she do to end the conflict if elected president? Would she support cutting funds to stop President Bush's planned increase in troop levels? And, perhaps most importantly, why won't she recant her 2002 vote authorizing the military invasion?

"She has a very nuanced explanation, and it's a pretty good explanation. But many people want to hear her clearly say that her vote was a mistake," said Paul LeBlanc, a Clinton supporter and president of Southern New Hampshire University.

It's a vexing matter for Clinton, who is hoping to become the nation's first female commander in chief. If she repudiates her vote — buckling to pressure from anti-war activists and two top Democratic rivals, Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards — Clinton opens herself to accusations of flip-flopping. But defending her vote means she'll continue to be dogged by skeptical questions about it as she campaigns in not only the early voting states but around the country.

On Sunday, Obama told reporters in Iowa that the war was a "tragic mistake" that never should have been authorized — a swipe at his Senate rivals who backed the 2002 resolution. Responding specifically to Clinton's stand, he said he was uncertain how she would proceed to reduce U.S. forces.

"I know that's she's stated that she thinks the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on," he said.

Throughout her weekend campaign visit here, Clinton stuck to her guns: She said she voted to give Bush authority to send weapons inspectors to Iraq, and that her vote was not an endorsement of pre-emptive war. She also said she would never have sought to invade Iraq if she had been president in 2002.

But that wasn't enough for Claire Helfman, a retired nurse who attended a Nashua house party to meet Clinton.

"I've heard your explanation for your vote: 'I didn't think I was voting for the war, I was voting for inspections.' It doesn't fly. It just doesn't fly," Helfman told Clinton.

The New York senator repeated her long-standing mantra — "If we knew then what we know now, I would never have voted to give this president the authority." And she again batted down calls for her to describe her vote as a mistake.

"I'm sorry, what I say is what I believe," she said. "I understand that some people disagree or think it's not adequate, but it's what I believe."

At a house party in Manchester on Sunday, Clinton offered an outline of what she would do as president to scale back the conflict. She vowed she would engage diplomatically with other countries in the region, relaunch the Middle East peace process and force Iraqis to take charge of their own security.

"I would tell the Iraqis, 'We are going to stop funding you unless you start doing what you've promised all these years,'" Clinton said. "I would say: 'I'm sorry, it's over. We've done all we can do for you. We liberated you, we got rid of Saddam Hussein for you, we are not going to baby-sit a civil war.'"

But she also said she would not redeploy all troops out of the region, insisting that some are still needed to quell terrorist activity in Anbar province and to protect the Kurds in northern Iraq.

"There will still be missions," she said.

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She also said she was not in favor of cutting funding for Bush's proposed troop increase, despite some activists' calls to do so.

At a town hall meeting in Keene, N.H., Clinton discussed Democratic efforts to pass a nonbinding resolution expressing disapproval of Bush's plan to increase troops in Iraq.

"To those who say, 'It's a nonbinding resolution, what does it mean?' — all I can say is, the White House is working very hard to defeat it," Clinton said.

But voters should remember that Democrats still need some Republican support to get anything done, she said.

"I know that is hard medicine for some people because people say, 'Just do something!'" she said. "In order to do something, we've got to have Republicans to help us, at least until the election of 2008 when we'll have 60 Democrats, I hope."

In Nashua, Clinton thrilled many attendees by insisting that she has the mettle to take on Republicans in a general election, saying, "I'm the one person they're most afraid of because Bill and I know how to beat them and we have consistently."

But the Republican National Committee appeared eager to point out potential problems with Clinton's arguments on Iraq. In an e-mail titled "Hillary's Kerry-oake on Iraq," the committee likened her statements to Massachusetts Sen. John Kerry, the 2004 Democratic presidential nominee who was badly weakened by accusations he had flip-flopped on the war.

For Clinton And Obama, Different Tests On Iraq (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, February 12, 2007

KEENE, N.H., Feb. 11 — Senator Hillary Rodham Clinton was challenged on Iraq from corner to corner of New Hampshire this weekend, while Senator Barack Obama drew cheers in Iowa for his opposition to the war.

Besides giving voters a chance to probe the views of two major rivals for the 2008 Democratic presidential nomination, the weekend appearances gave the two campaigns a chance to road test their strategies for dealing with the central issue of Iraq in the primaries and beyond.

At nearly every stop in New Hampshire, Mrs. Clinton, the junior senator from New York, has been greeted warmly but has been met by skeptical voters asking pointedly about her 2002 vote authorizing the use of force in Iraq. On Sunday in Nashua, one person told her that her explanation “doesn’t fly,” while another asked why she did not simply say that the vote was a mistake.

In these instances and similar moments in New Hampshire, Mrs. Clinton stuck to a set of talking points that she and her advisers hope will ultimately overcome the antiwar anger that is particularly strong among Democrats likely to vote in primaries. She took full responsibility for the vote, said she would not vote for military action in Iraq again, and then pivoted quickly to frame Iraq as President Bush’s war. This answer was usually met with applause.

Yet Mrs. Clinton’s refusal to use clear, categorical phrases — “I’m sorry” or “I made a mistake” — has created an opening for Mr. Obama and another rival, former Senator John Edwards of North Carolina, who has openly apologized for his identical 2002 vote.

On Sunday, at a news conference in Ames, Iowa, Mr. Obama declined to say whether Mrs. Clinton should explicitly express regret for the vote, but he phrased his answer to keep the onus on her.

“I will let her speak to her plan, and I will let her address both past decisions and how she wants to move forward,” Mr. Obama said. “I am not clear on how she would proceed at this point to wind down the war in a specific way.”

In two days of public appearances in New Hampshire, Mrs. Clinton did not mention Mr. Obama’s name or explicitly contrast her positions on the war with his, though she did say at one point that it was “very easy to go around saying, ‘End the war now.’ ”

She was never asked directly about Mr. Obama; she held no news conferences with the two dozen reporters following her, nor did voters publicly press her on Mr. Obama’s views.

In Iowa on Sunday, on his first trip there as a presidential candidate, Mr. Obama reminded voters that he had been against the war from the start and said he had offered a plan for winding down American involvement. His strong statements against the war in Iraq drew applause at each of four stops, from Waterloo to Ames.

He said it was the obligation of his Democratic rivals to offer their own ideas on how to get out of Iraq, telling an audience at John F. Kennedy High School in Cedar Rapids: “We cannot have our troops trying to maintain order in the midst of a civil war. Anyone running for president has an obligation to say what you would do now.”

Though Mr. Obama, the junior senator from Illinois, was a vocal critic of the Iraq war during his time as a state legislator and as a Senate candidate in 2004, the level of his criticism lowered when he arrived in Washington. In his first year in the Senate, he delivered one speech on Iraq, calling for a phased withdrawal by the end of 2006. But last November, Mr. Obama revised that time frame, saying the drawdown should begin in four to six months. Legislation he introduced late last month calls for redeployment to begin no later than May 1, with a goal of removing all combat brigades in Iraq by March 31, 2008.

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Mr. Obama's aides said they viewed Mrs. Clinton's vote on the war in 2002 and her refusal to explicitly disavow that vote as her single biggest vulnerability, and that Mr. Obama would point it out at every opportunity. From that perspective, the juxtaposition of Mr. Obama's announcement tour in Iowa and Mrs. Clinton's appearances in New Hampshire was propitious.

On Sunday, Mrs. Clinton for the first time on the campaign trail used the phrase "civil war" to describe the violence in Iraq. Speaking about building coalitions with Middle Eastern nations, she said she would take a new approach: "I would say 'I'm sorry, it's over. We are not going to baby-sit a civil war.' "

In introducing the phrase on the campaign trail, where it resonates with the antiwar voters whose opinions matter in early primaries and caucuses, Mrs. Clinton is using language that Mr. Obama and other rivals have already embraced.

Her advisers deny, however, that she felt pressure as a candidate to use those words — which she has used sparingly, and somewhat obliquely, in the Senate.

Analysts say that Mr. Obama and Mr. Edwards are more in sync with the most energized likely Democratic primary voters on Iraq. But advisers to Mrs. Clinton say her position reflects the political mainstream of the nation, and they are banking that Democrats who want to regain the White House will take a broad view of the race.

These advisers say Mrs. Clinton's other advantages — experience, debate skills, fund-raising muscle, a well-organized political operation, her popularity in the party (as well as her husband's) and her agenda — will carry her past any second-guessing about her Iraq war vote.

Mrs. Clinton herself made a nod to her broader strengths during a house party in Nashua on Sunday, when she was asked how she would combat the hard-edged campaign tactics of Karl Rove, Mr. Bush's political adviser and a chief strategist of his two winning campaigns.

"I know what Gingrich tells people privately, I know what DeLay tells people privately, I know what Karl Rove tells people privately," Senator Clinton said in reference to Newt Gingrich, the former Republican speaker, and Tom DeLay, the former Republican congressman. "I'm the one person they are most afraid of. Bill and I have beaten them before and we will again."

Mrs. Clinton, at another house party, in Manchester on Sunday, emphasized her opposition to the war in some of her most searing language yet.

"It is a gnawing, painful sore," she said of Iraq. "People are beside themselves with frustration, and I understand that completely. We are trying in the Senate to set forth a strategy that has the best hope of getting the president's attention."

Clearly, however, Mrs. Clinton's advisers do not relish the idea of someone bringing up her 2002 Senate vote at every campaign stop.

Some advisers believe the issue of her vote will fade with time; even so, they emphasize that she is taking a principled position of responsibility for it.

Mark Penn, Mrs. Clinton's chief strategist, said in an interview: "It's important for all Democrats to keep the word 'mistake' firmly on the Republicans and on President Bush. Senator Clinton has been very clear that we, as a party, should keep the focus on Bush — these were his mistakes. Ultimately that's very important, not just for her, but for the entire Democratic party."

At Mr. Obama's rally in Waterloo, Barbara Gifford, a 69-year-old retiree, illustrated the challenge to the Clinton campaign, saying that she would not rule out supporting her candidacy but that the senator's stance on Iraq troubled her. It was reminiscent, Ms. Gifford said, of how Senator John Kerry of Massachusetts fumbled in his 2004 presidential campaign as he sought to answer questions about war financing.

"I think Hillary is kind of doing the Kerry flip-flop," she said in an interview. "People like somebody to admit when they were wrong."

Mr. Obama gained the endorsement of two top state Democratic officials in Iowa on Sunday. The attorney general, Tom Miller, and the treasurer, Michael L. Fitzgerald, signed onto his campaign, they said, at least in part because of his steady opposition to the war.

"He has the right judgment," Mr. Miller said of Mr. Obama. "He made the right call on Iraq."

Clinton Addresses 2002 Iraq Vote During N.H. Visit (USAT)

By Fredreka Schouten

USA Today, February 12, 2007

New York Sen. Hillary Rodham Clinton wrapped up her first visit to New Hampshire as a presidential candidate Sunday, facing pointed questions from Democratic activists about her early support for the war in Iraq.

Clinton refused to characterize her 2002 vote authorizing the invasion as a mistake.

"If we knew then what we know now, I would never have voted to give this president the authority," she said at a private house party in Nashua, near the end of a two-day swing through the early-primary state.

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"I'm sorry, what I say is what I believe," she said. "I understand that some people disagree or think it's not adequate, but it's what I believe."

Earlier in the day, Clinton reiterated her opposition to cutting funds for U.S. troops as a means to force an end to the nearly four-year war. "We don't yet have all the gear and equipment our troops are supposed to have," she said.

Clinton, campaigning to become the nation's first female president, said her strategy to scale back U.S. involvement in the war would include new diplomatic efforts in region, including a push to restart the Middle East peace process. "We cannot be telling people what to do," she said. "We have to be moving them with carrots and sticks and a lot of coalition-building."

In news Sunday from other presidential candidates:

·Sen. Chris Dodd, a Connecticut Democrat, said he would back efforts in Congress to attach measures to spending bills to cut off some of the funding for the Iraq war. "We've got to stand up and offer real legislation with real teeth and real accountability or the American public are going to be very, very disappointed, to put it mildly," Dodd said on CBS' Face the Nation.

·In an interview televised Sunday, former Arkansas governor Mike Huckabee said he believes the country is in "the middle or at least the beginnings" of a worldwide religious war in which "Islamic fascists … really would like to annihilate us."

Huckabee, a Republican presidential candidate, said the next president will have combat those forces by urging moderate Muslims "to take a more visible and, frankly, vocal role in bringing a sense of balance and sanity within the Islamic community." He spoke on ABC News' This Week.

·Likely GOP contender Rudy Giuliani, in California over the weekend, defended his actions on gun measures as New York City mayor. Giuliani said he was trying to reduce crime by supporting bans on certain rifles and initiating a lawsuit against gunmakers over handgun deaths in New York. Giuliani is scheduled to deliver a speech today in Santa Clara, Calif.

Clinton's Search For Common Ground Gets Mixed Reviews In N.H. (WP)

By Chris Cillizza

The Washington Post, February 12, 2007

KEENE, N.H., Feb. 11 -- Sen. Hillary Rodham Clinton (D-N.Y.) touted the politics of the possible Sunday during her inaugural visit to New Hampshire as a presidential candidate, a message that found an energetic but not ecstatic reception in town-hall meetings and house parties across the state.

Clinton veered away from drawing simple conclusions on issues such as the war in Iraq and health care, insisting that each is a complex problem that does not lend itself to a simple solution.

On Iraq, an area where Clinton has drawn considerable criticism for her unwillingness to apologize for her 2002 vote authorizing the war, she defended the Senate's effort to pass a nonbinding resolution condemning President Bush's plan to send 21,500 more combat troops to Iraq, calling it a first step in changing U.S. policy on the war. She also said she opposes any proposal to defund U.S. troops now or in the future.

"I know that is hard medicine for people," Clinton said at a town-hall meeting Sunday night in Keene, a western New Hampshire town.

Earlier in the day in Manchester, Clinton described Iraq as a "gnawing, painful sore" and added that she understands "the anguish and the outrage of people" about the conflict. Even so, she repeatedly rejected the opportunity to call her 2002 vote a mistake.

"What I say is what I believe," Clinton said. "The problem with this president is he should not have been trusted with this authority." She added that she would love to "wave a magic wand" and change the circumstances in Iraq but that is simply not possible. She did use the phrase "civil war" to describe the conflict in Iraq -- a description she has used before but not since becoming a candidate for president.

Clinton's unwillingness to offer a rhetorical olive branch to the antiwar left contrasts sharply with the positions taken by her two main rivals for the Democratic nomination -- Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.). Obama, who formally entered the race Saturday, has called for all U.S. troops to be out of Iraq by March 2008 and on Sunday called on Clinton to better explain her plan to extricate troops from Iraq. Edwards has advocated an immediate withdrawal of U.S. military forces.

Clinton is sending a message to primary voters as well as to her opponents that governing -- unlike campaigning -- is about finding common ground and forging compromise, not making difficult promises. It's a message she believes is striking fear in Republicans. "I'm the one person they are most afraid of," she said during a stop in Nashua. "Bill and I have beaten them before, and we will again."

Her approach is evident on health care, which Clinton unsuccessfully tried to revamp in the early 1990s while she was first lady. She pointedly refused to offer a comprehensive proposal over the weekend, instead theorizing on how the current system is failing and criticizing those who she said believe that throwing more money at the problem will solve it.

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This month, Edwards unveiled a health-care proposal that would cost $90 billion to $120 billion annually and be funded mainly by raising taxes on the wealthiest Americans.

"I am looking for answers that will not have us spend more money," Clinton said. "I am convinced we can do that."

The response to Clinton's approach was mixed. A woman who attended a house party in Manchester on Sunday told the senator that the explanation that her 2002 vote was not an authorization for war "doesn't fly." But she seemed satisfied when Clinton said -- as she did multiple times during her two-day trip -- that if she knew then what she knows now, she never would have voted for the war.

Others were less easily pleased. One man hoisting a sign that read "No More Pro War Candidates" said that even if Clinton apologized for her vote, he could not support her. "We want people with better judgment than that," he said.

Through it all, Clinton stuck to the script, summing up her political philosophy in Nashua: "You have to find common ground, but you also have to stand your ground."

Clinton On The Trail In N.H. (NSDY)

By J. Jioni Palmer

Long Island Newsday, February 12, 2007

BERLIN, N.H. - With the snowcapped, windswept peaks of the White Mountains nearby, Sen. Hillary Clinton talked to residents of this city in the northernmost reaches of the Granite State in her first New Hampshire appearance as a candidate for the White House.

She was generally well-received by the overflow crowds, although she had to face tough questions about her position on Iraq.

In this paper-mill town straddling the Androscoggin River, and later in Concord, the state capital, Clinton began what she called a "conversation" that sought to cast her as a political centrist with mainstream values who cares about Main Street.

"I grew up in a middle-class family, in the middle of the country, in the middle of the last century," she said, describing her childhood in Illinois to the residents of the state where the first primary will take place.

Her upbringing, she said, instilled a conviction that any parent could provide a better future for their children through their own hard work and that the government would provide an infrastructure to make that happen.

"There was a basic bargain in America: If you did your part, if you worked hard and played by the rules, then you would be given the chance to go as far as your dreams and your ambition and your hard work would take you," Clinton said. "The other part of the bargain was that your government would be on your side ... I look now and it seems to me we are in danger of breaking that bargain because of the decisions being made by the leaders in our country."

The sounds of Aerosmith and Bob Marley filled the auditorium at Berlin City Hall, and the crowd - some of whom had driven more than four hours - rustled with excitement as the time of Clinton's appearance drew near. Some clutched copies of her autobiography, others gripped former President Bill Clinton's. A few carried both.

A button vendor did a brisk business. At three for $10 or one for $5, buyers could choose from among a half-dozen, including one with a picture of Bill Clinton that said "First Gentleman."

Wearing a wireless microphone, Clinton walked around the two venues talking about the need to provide universal health care, pitching energy independence as national security issue and emphasizing her opposition to President George W. Bush's planned troop surge in Iraq.

Clinton fielded questions from the audience - most dealing with topics she touched on during her opening remarks - that were largely friendly. But she did take occasional heat for her stance on the war.

Perhaps to head off such queries, Clinton said that if she had been president in 2003 the United States never would have gone to war, and that should she be elected, if the troops are still there, she'd take them out.

That wasn't enough for some.

"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," said Roger Tilton, 46, of Nashua. "I, and I think a lot of other primary voters - until we hear you say it, we're not going to hear all the other great things you are saying."

Clinton responded that if she knew then what she knows now, "I never would have voted for the war."

But Tilton, a financial adviser, said he still wasn't satisfied.

"I can't listen to her until I hear her say it was a mistake," he said afterward. "You know what, there were a lot of the people in the Senate [23 members] at the time who didn't vote for it. There were a lot of people in the Senate at the time who voted for it and now say it was a mistake."

Smart Money Is On Clinton As She Homes In On Primary (FT)

DOJ_NMG_0130406

By Stephanie Kirchgaessner In New Hampshire

Financial Times, February 12, 2007

It is hockey night at Mr Pizza's in Gorham, New Hampshire, but a handful of couples and a few lone diners sitting around the bar in the popular local spot are talking about the imminent arrival in the Granite State of Hillary Clinton, her first visit in more than a decade.

Ed Miars recalls how he spent an hour with Bill Clinton "just shooting the bull" during the campaign of the governor of Arkansas, whose second-place New Hampshire finish in the 1992 primary saved his candidacy. Mr Miars, a state representative, does not expect the New York senator and Democratic presidential frontrunner to spend as much time courting New Hampshire voters as her then-obscure husband did, but says he thinks she is a "great candidate" and that others "don't have a chance".

A burly veteran of both Gulf wars, named Oscar, says he does not respect Ms Clinton. "How is she going to control the country if she cannot control her husband?" he quips, before being berated by Lorraine Leclerc, a beautician who is ecstatic about Ms Clinton's run.

"I think she's going to go the whole way, and I'm not voting for her because she's a woman. I'm voting for her because she's smart," she says as a handful of other women nod in agreement.

To be relevant to the critical and largely independent voters of New Hampshire, traditionally home to the first primary, Mr Miars says Ms Clinton will have to deliver a message that speaks to the economic hardships of the state's north, which last year saw its pulp mill shut down and whose citizens are grappling with healthcare costs.

The next morning, in a packed city hall in Berlin, Ms Clinton tries to do just that, comparing the difficult economic environment to that of areas in her adopted home state of New York. "I'm not going to tell you that we have magically turned things around, but we have made progress."

In this, her first New Hampshire campaign stop, she promises to fix the healthcare crisis, implement a foreign policy that would improve the nation's standing in the world and enact a new energy strategy.

But even those who appear to adore Ms Clinton take her to task on the biggest issue for many voters: her 2002 vote to authorise President George W. Bush to invade Iraq. In a second stop in Concord that day, Monique Cesna asks Ms Clinton to explain the "seeming contradiction" between the vote and her call to end the war.

Dave Tiffany, who claims a Clinton staff member took away a sign that said "Quit stalling. Bring our troops home", criticised the senator for not urging Congress to cut off war funding. Unlike her rival, former senator John Edwards, Ms Clinton has refused to admit her 2002 vote was a mistake and insists it was not meant to give Mr Bush the authority to wage pre-emptive war.

Charlie Cook, editor of the Cook Political Report, says ultimately, Ms Clinton will be able to take the issue of Iraq "off the table". The more important question now, he says, is how voters respond to Ms Clinton, who holds a lead in New Hampshire and national polls.

Candace Landroche, an administrator at a private school who attended Ms Clinton's Concord meeting, says the senator has been portrayed as being "tough and hard", but she found her "warm and sensitive".

Dick Bennett, who heads a non-partisan polling firm in New Hampshire, says that, barring any big mis-steps, Ms Clinton's candidacy is like a "freight train".

"I look at this and think, does Barack Obama know what is going to happen to him?"

Mr Bennett says his research shows Ms Clinton's advantage over rivals such as Mr Obama, who on Saturday announced his candidacy, is that voters give the senator a "pass" when it comes to having to prove she is competent and understands America's problems. "They already believe she knows. She's married to the guy who has already solved and worked on those problems," he says.

Clinton Is Pressed By Obama (NYS)

By Jill Gardiner

New York Sun, February 12, 2007

KEENE, N.H. — Senators Obama and Clinton banged heads over the Iraq war yesterday, marking their first dustup since the start of the presidential campaign.

Just a day after officially announcing his candidacy in Illinois, Mr. Obama took aim at Mrs. Clinton's vote to authorize the war, saying, "I think the war was a tragic mistake and it never should have been authorized."

Mrs. Clinton's vote is the one issue that has been dogging her thus far in the campaign. Otherwise, enthusiastic crowds have been giving her standing ovations on her proposals covering everything from health care to energy dependency. Mr. Obama told reporters that his early opposition to the war is proof positive that "it was possible to make judgments that this would not work out well" and that it speaks "to the kind of judgment that I will be bringing to the office of president."

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"I am not clear on how she would proceed at this point to wind down the war in a specific way," Mr. Obama told the Associated Press in an interview. "I know that she's stated that she thinks the war should end by the start of the next president's first term. Beyond that, though, how she wants to accomplish that, I'm not clear on."

A spokesman for Mrs. Clinton, Howard Wolfson, issued a statement last night in response to Mr. Obama's comment, saying the former first lady has been a "forceful critic" of the war and has "strongly opposed President Bush's escalation."

"Had she been president in October of 2002, she would not have started this war and if Congress doesn't end this war by January of 2009, as president, she will," Mr. Wolfson said.

Yesterday's clash came as the two Democrats were campaigning in the two most crucial early nominating states. Mrs. Clinton was here in New Hampshire wrapping up a two-day campaign swing, while Mr. Obama was stumping in Iowa and Illinois and preparing for his own trip to New Hampshire today.

At an event at Keene High School, in the southwest corner of this state, a questioner at a town hall meeting, as if on cue, asked Mrs. Clinton to pledge that she would "not put down my fellow Democrats."

Mrs. Clinton answered with an emphatic "yes" and said a positive tone in the campaign would lead the country in a better direction. "I want to run a campaign about the future and about the issues and what I would do as president, and I would leave it to the voters to sort out the differences among us," she told roughly 2,500 people in the gym and an overflowing auditorium. "I want to be positive and optimistic about what we can do together." Earlier in the day, Mrs. Clinton bluntly told a group of about 50 New Hampshire residents that high-ranking Republicans are more afraid of her than of any of her opponents.

"I know what Gingrich tells people privately. I know what DeLay tells people privately. I know what Karl Rove tells people privately," Mrs. Clinton said at a private party in Nashua in response to a question about how she would deal with Mr. Rove's notoriously shrewd political tactics.

"I'm the one person they are most afraid of. Bill and I have beaten them before and we will again," she declared.

She also ramped up her rhetoric on the infighting in Iraq, saying several times that America would not be left to "babysit a civil war." A New Hampshire resident, Eric Schumacher, who attended yesterday's event in Keene, said it would be "disingenuous for the candidates to not talk about Iraq" and draw comparisons.

"We do not have the luxury of not focusing on that," he said as Mrs. Clinton signed copies of her book for supporters in the school's gymnasium. "I think that at the end of the day is going to emerge as the issue."

A business owner, Philip Huber — who was at Keene High School to see Mrs. Clinton, but was carrying a copy of Mr. Obama's book — called it "absurd" to ask politicians to take pledges.

Mrs. Clinton stuck largely to her stump speech in Keene, talking about CEO pay, health care costs, No Child Left Behind, global climate change, and the squeeze on the middle class.

The crowd was mostly wowed, but the decision to insist that President Bush made a mistake on Iraq rather than taking that responsibility is trailing her like a bad odor. She has introduced legislation to cap troop levels at their January 1 strength and to cut off funding for Iraqi, but not American, forces. Mr. Obama has proposed starting a troop withdrawal in May. Senator Edwards, another of her Democratic rivals, has proposed pulling out 40,000 to 50,000 troops.

At a party in Manchester, a woman told Mrs. Clinton that her explanation for voting to authorize the Iraq war "doesn't fly."

Meanwhile, Mrs. Clinton received praise yesterday from an unexpected source. A former Arkansas governor, Mike Huckabee, told George Stephanopoulos on ABC that she is a "brilliant human being" and said Republicans "underestimate Hillary Clinton at their own peril."

"I think people underestimate her. And I think, when they do, they're going to be sorry," he said. A waitress at Pappy's Pizza in Manchester, Kelly Riley, had a similar take. After Mrs. Clinton dropped in yesterday morning, Ms. Riley predicted that New York's junior senator would win the presidency.

"You usually know who is going to be the winner. She's gonna win. She's going to be the president."

Not Sold On Clinton (WP)

By Robert D. Novak

The Washington Post, February 12, 2007

The buzz in Democratic circles for the past two weeks has been over the decision to raise money for Sen. Barack Obama by two or three multimillionaire liberals from Hollywood who were thought to be supporting Sen. Hillary Rodham Clinton for president. An explanation that this is the movie industry's delayed reaction to some of President Bill Clinton's policies is not credible. The real reason for the defection is more troubling for Clinton's campaign.

In fact, the Hollywood defections have the same root as resistance to Clinton's candidacy among less glittering Democratic activists throughout the country. A substantial number of them do not want to participate in a coronation of the former first lady

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because they still doubt her viability as a presidential candidate. They question both her positions on the issues and her skills on the campaign trail.

What's wrong with Clinton was demonstrated by the Feb. 4 performance on NBC's "Meet the Press" of a competitor, former senator John Edwards, who displayed the qualities she lacks. He took firm positions and admitted error, in contrast to Clinton's careful parsing. It followed his virtuoso performance at the Democratic National Committee meeting two days earlier that overshadowed Clinton's speech there. Comparing Clinton and Edwards, one longtime observer of the Democratic scene called it "caution versus courage."

For many months, long before Clinton confirmed that she was a candidate, her agents have been pinning down commitments from a staggering array of Democrats who were connected in large or small degree to her husband to create an aura of inevitability about her nomination. That effort hit a bump two weeks ago with the announcement that David Geffen, Jeffrey Katzenberg and Steven Spielberg, the founders of the DreamWorks film studios who all were thought to be staunch Clintonites, were sponsoring a fundraiser for Obama.

According to Democratic sources, former President Clinton got Spielberg to step away from a tacit endorsement of Obama. Spielberg has let it be known that he will host a future fundraiser for Clinton as part of a policy of helping all Democratic presidential candidates. But Katzenberg and Geffen seem to be clearly in Obama's camp.

Two theories for these defections have been put out by Democrats favorable to Clinton. First, the gay community in Hollywood is seeking revenge against Bill Clinton's "don't ask, don't tell" policy restricting open homosexuality in the military. Second, the entertainment industry still harbors resentment about Clinton-Gore administration criticism of the material that is presented to children.

But these explanations defy reality, in the opinion of Democrats not yet committed to any candidate. Hollywood, including the DreamWorks founders, was solidly behind Bill Clinton in 1996 and Al Gore in 2000.

The real reason for not desiring a Hillary coronation, as described to me by California Democrats, is resentment of her cautious sidestep rightward over the past six years. They still cannot get over her sponsorship in 2005 of legislation against flag burning. The whispered worry is that Clinton as the presidential nominee would be a loser in a year when the stars seem aligned for a Republican defeat.

What's wrong with Clinton was pointed out by Edwards in his "Meet the Press" performance. He not only said he was "wrong" about Iraq when he first supported the intervention, but he advocated universal health care and asserted: "Yes, we'll have to raise taxes." Clinton has hedged on each of these issues (as Edwards pointed out in the case of her stance on Iraq).

Edwards is not popular with the Democratic elite, who view him as a glib and shallow trial lawyer. They remember that he began his 2004 campaign for president as a centrist Southern Democrat in the Jimmy Carter-Bill Clinton mold, but after not getting anywhere he switched to left-wing populism. The viable alternative to Clinton may be Obama.

Nevertheless, Edwards's "courage" energized DNC members as Clinton's "caution" did not. The point is that many Democrats are voting no on a Hillary coronation.

Campaign '08: Who Is The 'Real' John Edwards? (NSWK)

By Jonathan Darman

Newsweek, February 12, 2007

In the fall of 2005, John Edwards sat down with a pad and pen and scrawled out three simple words: "I was wrong." It was nearly three years after he'd joined a Senate majority in voting to authorize war in Iraq. After an unsuccessful run as John Kerry's vice presidential candidate in the 2004 election, Edwards had returned home to North Carolina and watched as the war descended into chaos. Increasingly filled with regret, he concluded that the three-word confession would be the right way to start a Washington Post op-ed admitting his vote was a mistake.

But when a draft came back from his aides in Washington, Edwards's admission was gone. Determined, the senator reinserted the sentence. Again a draft came back from Washington; again the sentence had been taken out. "We went back and forth, back and forth," Edwards tells NEWSWEEK. "They didn't want me to say it. They were saying I should stress that I'd been misled." The opening sentence remained. "That was the single most important thing for me to say," Edwards recalls. "I had to show how I really feel."

The "real" John Edwards is not someone America knows well. When he first crossed the national stage, he called himself the "son of a mill worker," but he seemed more like a creature spawned in a focus group—attractive, well spoken and safe. Since then, he has weathered enormous hardship—his wife, Elizabeth, has battled breast cancer—but hardly a wrinkle has crossed his perpetually tanned face. He has spent the better part of five years in one of the most contrived careers known to man: candidate for president of the United States.

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In recent weeks, however, Edwards has been trying to draw attention to his less- scripted side. First there was his "silence is betrayal" attack on his main rivals for the 2008 Democratic nomination, Hillary Clinton and Barack Obama, for not speaking out against the escalation of the Iraq war. On Feb. 4, in an appearance on "Meet the Press," he broke the cardinal rule of presidential politics and admitted that his proposal for universal health care would require raising taxes. Then, last week, he refused to fire two campaign employees who'd criticized Roman Catholics and religious conservatives on their personal blogs, despite pressure from conservative leaders.

It's perhaps no accident that Genuine John Edwards has chosen this particular moment to emerge. The senator is campaigning as an alternative to Clinton, the front runner whose chief weakness with primary voters is the impression she is driven more by polling than principle. He has lost supporters, and even some staff, to Obama—a candidate who's connected with Democrats by seeming to always speak from his heart. And the success of blunt-spoken Democratic Senate candidates like Montana's Jon Tester and Virginia's Jim Webb has left Washington consultants advising their clients to act like, well, they don't listen to consultants.

Still, Edwards's new commitment to authenticity may have real roots: in 2004, the candidate learned the hard way that too much caution can be fatal. When the Kerry campaign faltered, Edwards and his wife were convinced that a broad swath of competing consultants, offering conflicting advice, were largely to blame. "Consultants can make it hard to tell the truth," Edwards says. "They want you to be so cautious it makes it hard to say anything." Aides, who didn't want to be named discussing their boss's internal thinking, say he walked away from 2004 convinced that only strong, centralized decision making works in presidential campaigns.

He was already thinking of the next election—but Edwards had a more pressing task. When Elizabeth was diagnosed with breast cancer, Edwards became her chief caretaker, sitting beside her as she underwent debilitating treatment. (Elizabeth is now in remission.) By her bedside, he pondered his own future and contemplated Iraq. How could he go on rationalizing his vote to authorize support for the war? "I knew I couldn't keep explaining a vote ... I had serious doubts about," he says.

Aides saw a new confidence in Edwards after he publicly repudiated his war vote in November 2005. He had developed his own world view and could converse easily about foreign policy. He'd also taken on fighting poverty as his central cause. It seemed an odd choice for the old John Edwards—"electable" centrist candidates don't waste time on the poor while vying for middle-class voters. "Yeah, I heard all that," Edwards told NEWSWEEK in 2006. "It's what I want to do." (Critics claim Edwards's new 28,000-square-foot home in Orange County, N.C., shows his commitment to the poor may not be as all-consuming as he suggests.)

All his talk about the working class has helped Edwards get cozy with labor. In 2004, he peppered his speeches with sympathy for unions but largely sat out of the major jockeying for endorsements from Big Labor. Now he has led an aggressive courtship, naming union-friendly former congressman David Bonior as his campaign chairman and pitching labor leaders. Andy Stern, president of the influential Service Employees International Union (SEIU), has seemed especially drawn to Edwards's message. But associates, who would only speak about his intentions anonymously, say he is wary of alienating the Clintons. (An SEIU spokesman said the union would not make an endorsement until September at the earliest.)

Edwards has also recast himself as the Internet candidate. In 2004, his campaign largely ceded the Web money chase to Howard Dean. But Elizabeth, who was an early habitué of online communities, has long urged her husband to take more-aggressive steps on the Internet. He has wooed bloggers during private dinners and invested in a Web site that many consider to be the most sophisticated of any candidate in either party. Last week he declined calls to dismiss campaign bloggers Amanda Marcotte and Melissa McEwan, amid allegations they were antireligion. "The first response normally would have been to listen to these Beltway actors who were saying, 'Clearly, you have to fire these people'," says Jonathan Singer, a blogger for the liberal site MyDD. "He has some spine."

But to win the Democratic nomination, Edwards needs cash as much as he needs resolve. To stay in the same sentence as Clinton and Obama, Edwards must have an impressive fund-raising total at the end of the first filing period on March 31. He will spend the next two months crisscrossing the country, picking up checks. "The travel bothers me more than it used to," he admits. "Maybe it's just that I'm older." The new John Edwards is still running for president—but now admits when he feels a little pain.

A 'Straight Shooter' Or A Temperament Problem? (NSWK)

By Jonathan Alter

Newsweek, February 12, 2007

Until recently, discussion about which GOP candidate might be temperamentally unsuited for the presidency has revolved around Sen. John McCain, who has a short fuse. But with former New York mayor Rudy Giuliani now poised to run, questions about the Big T are also hovering over Hizzoner.

Giuliani gets mostly high marks as mayor—for cutting crime and welfare and for heroic leadership after 9/11. But New Yorkers also remember his thirst for power and bouts of unwarranted nastiness. After 9/11, the mayor briefly weighed challenging the city constitution that barred a third term. "He was hellbent on doing it," says one former aide from this period, who wouldn't be named for fear of retaliation. McCain was among those who talked Giuliani out of it, arguing that he'd be better off going out on top.

Other examples of temperamentally questionable behavior go back more than a decade. After Police Commissioner William Bratton's innovative crime-fighting landed him on the cover of Time magazine in 1994, Giuliani sacked him, apparently for getting too much publicity. When New York Magazine placed ads on buses in 1997 referring to the publication as "Possibly the only good thing in New York Rudy hasn't taken credit for," Giuliani leaned on the transit authority to take the ads down. A judge upheld the magazine's free-speech rights.

A critical new documentary, "Giuliani Time," chronicles the mayor's tone-deaf response to local police shootings. For instance, after police killed Patrick Dorismond, an unarmed Haitian-American, in 2000, the mayor improperly released Dorismond's juvenile arrest record, bizarrely said that an earlier argument between Dorismond and his girlfriend might have been a factor in his death and refused to express sympathy to his family. Giuliani later apologized. The same year, he used a press conference to inform his second wife, Donna Hanover, that he wanted a divorce. (She responded with her own announcement that her husband had been having an affair with an aide for "several years.")

A Giuliani campaign spokesperson, Katie Levinson, says his temperament is a plus: "Rudy is a straight shooter." But will a less flattering version of the personality issue be used against him in debates? Says an aide to one rival, insisting on anonymity for himself and his candidate: "You just have to wait and watch."

Democrats Accelerate Effort To Aid Johnson (RC)

By Erin P. Billings And Tory Newmyer

Roll Call, February 12, 2007

In what may be the strongest signal yet that Sen. Tim Johnson (D-S.D.) will run for re-election in 2008, at least seven of his Democratic Senate colleagues are organizing big-ticket fundraisers in the coming weeks to help him fill his campaign coffers as he continues to recover from emergency brain surgery.

Majority Leader Harry Reid (Nev.), Democratic Senatorial Campaign Committee Chairman and Democratic Caucus Vice Chairman Charles Schumer (N.Y.) and five other prominent Democratic Senators are hosting the D.C. events that begin Wednesday and run through March. Sen. Kent Conrad (N.D.) is organizing the Wednesday fundraiser in a private office at 101 Constitution Ave. NW, with Reid holding an event on Thursday at a private home on Capitol Hill.

“A number of Senators are holding fundraisers for Tim,” said Drey Samuelson, Johnson’s chief of staff. “We’ve been really touched by the outpouring of support from different Senators.”

Johnson continues to recover at The George Washington University Hospital, where he has been undergoing rehabilitation since suffering a brain hemorrhage on Dec. 13. The South Dakota Democrat is making major strides, and sources say he possibly could return to work part-time in the coming months.

In a statement from Johnson’s office Friday afternoon, Philip Marion, medical director for the Department of Rehabilitative Medicine at George Washington University Hospital, said Johnson “is actively making decisions about his health care and expressing his opinions about his daily activities. He continues to initiate more conversations and questions. His therapy now includes computer exercises and problem-solving activities.”

Samuelson said those close to the Senator are “encouraged by his recovery” and by the level of support shown by his fellow Senate Democrats for a possible 2008 campaign. Samuelson said Johnson’s staff has done little to solicit the financial help from Senators; rather, “most of them have offered on their own.”

“We are excited about the prospect of him running again, and we are doing everything we can so if he chooses to do that, he will be in an excellent position to do so,” Samuelson said. “We’ve gotten calls from different folks who said, ‘Anything we can to do to help, we’re happy to host a fundraiser for you.’”

A Democratic operative with ties to South Dakota politics said the upcoming rash of Johnson fundraisers is a clear indicator that he is preparing to run for re-election and that he understands he cannot afford to waste any time filling his campaign accounts. “This is essentially what Tim would be doing himself if he were able to,” the source said. “It is absolutely right to view this as a pretty strong signal to everyone that he is operating under the assumption he’s running for re-election.”

Sen. Max Baucus (Mont.) kicked off the Johnson fundraising efforts earlier this month when he created a joint fundraising committee to allow him to raise money for his own re-election campaign while simultaneously collecting funds for his Midwestern Democratic colleague.

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Baucus also is one of the seven Senators who will host an event on Johnson's behalf in the coming weeks. The Montana Democrat is planning a luncheon on March 12 at The Monocle Restaurant to raise money for the two Senators' joint fundraising committee, asking $5,000 per host, $2,500 per political action committee and $1,000 per person.

"Everyone who has ever met Tim Johnson knows what a great person and a national leader he is," said Baucus' top aide, Jim Messina. "True friends help when their friends need it, and Tim needs it."

Indeed, Johnson could use the financial boost from his allies. As of Dec. 31, Johnson had just $629,000 in the bank — a relatively small sum in a state that easily could tilt to a Republican next cycle.

So far, no one has stepped in to challenge Johnson, but some well-known candidates could emerge, including Republican Gov. Mike Rounds. Rounds is almost a sure bet to run if Johnson opts out of a re-election bid, but the GOP governor's candidacy is less clear if Johnson enters the race. On the Democratic side, Rep. Stephanie Herseth is a likely and formidable candidate if Johnson decides to sit it out.

Regardless, Democratic Senators clearly don't want to take any chances, especially as they look to increase their narrow 51-49 seat hold on the Senate in 2008. In addition to the upcoming events hosted by Conrad, Reid, Schumer and Baucus, Sens. Jeff Bingaman (N.M.), Evan Bayh (Ind.) and Edward Kennedy (Mass.) also are putting together Johnson fundraisers.

"We are putting our full support behind Senator Tim Johnson and are urging senators and others to support his reelection bid," Schumer said in a statement.

Jim Manley, spokesman for Reid, said his boss has made it clear he will do whatever is necessary to help Johnson as he recovers. "Everyone is extremely pleased with the fact that Sen. Johnson is progressing so well, and while he's still away they are happy to do everything possible to make sure he can run a vigorous campaign when he returns."

K Street Democrats said they will rally to the cause. "I think there is a strong level of support for Sen. Johnson, and people respect and appreciate his colleagues' efforts to be helpful," said Bruce Andrews, a Democratic lobbyist with Quinn Gillespie & Associates.

Paul Equale, a Democratic consultant, said he will attend the Conrad event that will kick off the series of fundraisers. "There is a vast wellspring of affection for Tim Johnson in the Washington community," he said.

For Democrats, Time To Pad Senate Majority And Think 60 Seats (RC)

By Stuart Rothenberg

Roll Call, February 12, 2007

Democrats probably don't have to worry about losing their Senate majority in 2008, but that doesn't mean next year's elections aren't crucial for them.

A strong '08 could put the party in sight of a 60-seat majority in 2010, and that filibuster-proof majority would change the rules of the game on Capitol Hill.

Last year, Democrats won a stunning 24 of 33 races, which means over the next two Senate cycles they will need to win another 36 seats, out of the 67 that will be up, to give them the magic number of 60. Given the small Democratic classes next year (12) and in 2010 (15), and the fact that Republicans will be defending a total of 40 seats over the two cycles, it's certainly possible that Democrats can net nine seats to get to 60.

Sixty-seat majorities are possible only when a party has a mega-year that produces a huge class. The Republicans did that in 2002 and put themselves in reach of 60 seats with a good 2004. But last year was a disaster, and now it is the Democrats who have a mathematical chance to hit the all-important 60-seat mark. But first, they must build on their numbers next year.

Five or six of the GOP's 21 Senate seats up next year already look to be at some risk, and that number could grow if there are key retirements and if President Bush's problems continue to drag down Republican Party numbers.

Colorado topped the list of vulnerable '08 Senate seats even before Sen. Wayne Allard (R) announced that he would not seek re-election. Democratic Rep. Mark Udall already had signaled he would run for the Senate, and it is far from clear whether Republican chances of holding the Colorado seat have been hurt or improved by Allard's decision.

Udall's appeal, combined with Colorado's recent Democratic drift and the GOP's current national dilemma, certainly improves Democrats' chances of picking up the Senate seat.

Another Democratic Representative, Maine's Tom Allen, also is heading for a Senate race, and his challenge of incumbent Republican Sen. Susan Collins immediately makes the race a top-tier contest. Collins is always underestimated, and she begins her reelection bid well-liked, but the state's Democratic bent, Allen's assets and the Republican Party's current standing mean that Collins will have a tough race.

At least three GOP Senators in competitive or Democratic-leaning states also could have tough races, depending on Democratic recruitment efforts.

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Minnesota Sen. Norm Coleman seems certain to draw a serious challenger, while Oregon Sen. Gordon Smith can't take his re-election for granted. Both Republicans have started to criticize Bush's Iraq policy, but they represent states that went for Democratic Sen. John Kerry (Mass.) in the 2004 presidential race and that could well go Democratic again in 2008.

New Hampshire Sen. John Sununu (R) also could have a very tough fight for a second term. He won narrowly in 2002, and his party took an absolute bath in the state in 2006, losing two House seats and getting swept out of both chambers of the state Legislature.

Other Republicans look to be in relatively good shape for re-election — if they seek it. And that could be the National Republican Senatorial Committee's problem.

At least a few Republican Senators up next year will remain on everyone's retirement watch list, and while all of them eventually may seek (and win) re-election, for now NRSC Chairman John Ensign (Nev.) has to be worrying at least a bit about their decisions.

The names on this list include Sens. John Warner (Va.), Chuck Hagel (Neb.), Pete Domenici (N.M.), Thad Cochran (Miss.) and Elizabeth Dole (N.C.).

Savvy Republican observers agree that this cycle is a "very challenging" one for the GOP, given the numbers of Republican and Democratic seats up and the current national political environment, which would slow GOP candidate recruitment and hurt committee fundraising.

But they also know that election cycles have a way of changing dramatically over two years, and it's possible that the picture could be brighter for the GOP 18 months from now when it comes to the 2008 elections.

Right now, Louisiana Sen. Mary Landrieu is the most vulnerable Democratic Senator up next year, but other Democratic Senate seats could become competitive depending on retirements and Republican recruiting.

Still, given the recent electoral performance of states with Democratic-held seats up in 2008 — including Illinois, Massachusetts, New Jersey, Michigan and Rhode Island — it is hard to see Republicans seriously contesting more than a few of those seats. So the most likely Republican scenario for winning back the Senate is to retain all of the GOP seats, knock off Landrieu and win the White House again, giving them a tie in the Senate and control with the vice president breaking the tie.

Talking about a Democratic super-majority in the Senate in 2010 may seem odd and premature, and it is. The 2008 presidential results and unknowable events over the next few years could change the political equation completely, denying Democrats an opportunity to keep their majority, let alone grow it to 60. But given the makeup of the three Senate classes, party strategists would be foolish not to be thinking about the arithmetic even now.

Lawmakers Hold 'Tele-town Hall Meetings' (USAT/AP)

By Sam Hananel

USA Today, February 12, 2007

WASHINGTON — On a recent weeknight, Kansas Rep. Jerry Moran spoke to nearly 10,000 of his constituents at once — from the comfort of his Capitol Hill office.

Technology that can connect thousands of people on a single phone call is letting Moran and other members of Congress connect with voters like never before.

"I'm not trying to replace the time I spend in Kansas," said Moran, a Republican. "But this kind of technology allows me to tie my district together in a way that 69 individual town hall meetings does not."

A "tele-town hall meeting" lets lawmakers call up to 35,000 households in their district at random by using a special automated dialing system. A recorded voice tells those who answer to stay on the line if they want to participate in the meeting.

More than 50 members of Congress, including a few senators, have tried the technology over the past year, said Rodney Smith, founder of Washington, D.C.-based Tele-Town Hall LLC.

"It's like listening to a party line," Smith said. "People very much enjoy the interaction, the fact that a congressman would call them, the fact that they get a chance to ask a question."

Between 200 and 1,000 constituents stay on for an extended portion of a typical call. Thousands more drift on and off the line as the system dials 6,000 numbers per minute. As many as 12,000 people can be on the line at one time.

Listeners can participate too. Press the pound key and you can get in line to ask a question. A lawmaker can also poll the audience on a topic and listeners can press numbers to vote.

"The technology is terrific because it allows me to have conversations with constituents in a way that, prior to this, was simply impossible," said Rep. John Kline, R-Minn. He has held eight tele-town hall meetings since hearing about the concept from Rep. Dan Lungren, R-Calif., who was the first lawmaker to try the service.

The lawmaker conducting the call can track the names and addresses of everyone lining up to ask questions on a computer screen through a special website.

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About a half hour into Moran's most recent tele-town hall meeting, the screen shows 946 households on the call and 230 waiting to ask a question. He sounds like a radio talk show host as he scrolls through the list of those who want to talk, looking for a sampling of residents from different parts of his district.

"Let's go to Hutchinson, is this a caller from Hutchinson?" Moran asks.

He has asked his listeners to let him know what they think about President Bush's plan to send more troops to Iraq. The computer screen keeps a running total of those who have pressed the number one for yes and two for no. By the end of the call, the tally is 479 in favor and 298 against.

Tele-Town Hall founder Smith, a former political fundraiser, said he first tried the concept 10 years ago, but at that time the phone system could not handle the call volume. Today, he has 22 computers located at strategic sites in New York City and Las Vegas that can handle more than one meeting at a time.

The service has a patent pending and Smith just finished a business plan to see if he can get outside financing to help boost his customer base.

The service costs $2,500 for the first 25,000 answered calls, those either picked up by a live person, or go to an answering machine or voice mail. Lawmakers pay for the service with the same funds used to set up local town hall meetings.

At one of those usual get-togethers in his suburban Minneapolis district, Kline said he can expect between 25 and 100 people to show up. The chance to draw thousands of constituents without having to advertise lets lawmakers broaden their reach beyond political activists and interest groups that can dominate local meetings, he said.

"You get to hear things from people who probably wouldn't pack up and head down on a winter night in Minnesota to come to a town hall meeting, but they will sit in their kitchen and happily participate," Kline said.

Moran, whose district covers 69 counties over more than 55,000 square miles, said he likes how the tele-town hall can bring people together from all over the state.

Residents in Liberal, Kan., in the southeast corner of the state, can hear what people from Sabetha, in the far northeast corner have to say.

At the end of the meeting, anyone who stays on the line can leave a voice mail with comments that will later be e-mailed to Moran's office as audio files. His staff will listen to every message and respond with an e-mail or follow-up phone call.

Not everyone is impressed by the new technology.

Curtis Gans, director of the Committee for the Study of the American Electorate, guessed that most of the callers who stay on the line are more politically active than those who drop off.

"It's not a revolution," Gans said. "As it takes hold and people talk about it, it may bring in people beyond the activist community, but that hasn't been proved yet."

Taming The Deficit, Together (NYT)

By Bill Frenzel, Charles Stenholm, William Hoagland And Isabel Sawhill

The New York Times, February 12, 2007

WITH the new Democratic majority in Congress, President Bush finally talking about fiscal responsibility and the 2008 primary season about to begin, finding common ground between Democrats and Republicans on budget issues could not be more important. We are borrowing large sums from foreigners, leaving a legacy of debt, paying more than $1,600 per family in taxes just to cover the interest on the debt, and setting aside nothing to deal with future contingencies or investments.

True, last year's deficit of $248 billion, at 1.9 percent of gross domestic product, was not large by historical standards, and next year's may be even smaller. But a failure to deal with deficits and overall debt sends the message that we have no plan for the sea of red ink that will engulf the nation when the baby boomers begin to retire next year.

With this in mind, the four of us propose a balanced package of spending cuts and revenue increases that could eliminate the deficit in five years and set the nation on a sustainable course for the long term. None of us agrees with every part of this proposal, but we think as a whole it works as a model for compromise. More important, it demonstrates how people of good will from both parties can come together to produce a package that not only curtails deficits but also greatly improves the long-term fiscal outlook.

On spending, we would put a hard cap on all appropriations that freezes spending at fiscal 2008 levels. This would allow one federal program's financing to increase only if another program's budget were cut. We also propose accelerating the increase in the retirement age to 67 from 66, improving the way Social Security benefits are indexed for inflation and making other modest adjustments in the major entitlement programs.

These cuts to spending, however, would save only about half of the money needed to balance the budget in 2013. Further spending reductions are unlikely to garner much Congressional support and could even compromise national security. To make

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up the balance we propose to increase revenues — not by raising income tax rates but by dealing with some of the flaws in the current tax system.

The major reform would be to broaden and simplify the tax base by turning almost all itemized deductions into 15 percent credits against taxes. We would also place a cap on how much of employer-paid health insurance premiums could be excluded from taxes.

To increase energy security and reduce global warming, we would impose a carbon fee or tax on energy producers of $15 per metric ton of carbon emissions, phased in over a three-year interval, which could raise about $35 billion a year. This fee could be collected by auctioning off permits to private companies under a cap-and-trade system, or levied as a direct tax on the businesses (which in turn, of course, would pass costs along to consumers).

We must also collect more of the taxes already owed. The Internal Revenue Service recently did an audit analysis of the tax year 2001, and found a gap between what was owed and what was remitted of at least $290 billion.

Finally, we suggest reforming the alternative minimum tax, probably through adjusting the way it is pegged to inflation; as it is, too many middle- and upper-middle-class families will find their taxes rising in the next few years because of the tax. The resulting shortfall in revenues would be made up for by continuing to tax the very small number of estates worth more than $7 million per couple.

In all, our plan would give the nation a fiscal-responsibility dividend of $57 billion per year over five years, the interest saved on the debt. Some of this money would be put toward deficit reduction, but the remainder could be invested in high-priority programs like early childhood education, combating terrorism around the globe and state-based children's health insurance programs.

Of course, reining in the deficit is only part of the challenge. To chip away at the national debt and sustain a healthy fiscal outlook into the deep future, fundamental reform of Social Security and Medicare will be needed, and everything will have to be on the table. On Social Security, for example, lifting or removing the cap on payroll taxes, indexing benefits for our increased longevity, and slowing the growth of payments to wealthier retirees would go a long way toward improving its solvency.

Festering deficits, a poorly designed tax system, an addiction to oil and uncontrolled entitlement spending are all symptoms of what is wrong with our current politics. Those jockeying for position in the 2008 presidential race should emphasize that deficits matter, that bipartisan solutions are needed and that it is possible to make fiscal progress while improving the tax system, health care and energy security. More specifically, they should promise to eliminate the deficit within five years and to set the budget on a sustainable trajectory for the longer term. Our package shows that it can be done.

800,000 Uninsured (WP)

The Washington Post, February 12, 2007

Helping them is a worthy goal -- but worthy compared to what?

IN A RICH STATE such as Maryland, the presence of 800,000 people without medical insurance is an embarrassment and a burden on state finances. But a $600 million proposal in the House of Delegates, which would double the cigarette tax to $2 a pack and extend coverage to nearly a third of the uninsured, raises an ever-larger question: How is Maryland to tackle projected annual deficits of well over $1 billion starting next year? And when it comes to health insurance, what can the state afford?

Backers of the health plan in the House, including Speaker Michael E. Busch (D-Anne Arundel), argue their case in moral terms, not without justification. They point out that cigarette-related diseases account for a sixth of the deaths in the state; that those covered by insurance pay an extra $1,000 on their premiums a year to compensate for the uninsured; that middle-class and well-to-do individuals and families should be required to buy coverage.

The bill they have proposed would expand Medicaid eligibility, extend subsidies to small businesses to help them provide insurance to their workers, and force families in the middle class and above to buy insurance if they don't have it. Doubling the cigarette tax and expanding Medicaid would not only leverage matching funds from the federal government but also cut the rate of smoking. All worthy goals.

But worthy compared with what? Like it or not, that's the debate that lawmakers need to have now, before it is forced on them by next year's projected budget shortfalls. Senate President Thomas V. Mike Miller Jr. (D-Calvert) contends that any new revenue, including a cigarette tax, should be used to help eliminate the deficit, as the law requires. Mr. Miller has a not-so-hidden agenda -- he is prepared to hold any initiative hostage to his perennial goal of expanding slot machine gambling -- but that does not negate the logic of his argument.

Thanks to a robust economy and a runaway housing market, Maryland has had the luxury for several years of ignoring the gathering budgetary storm. But it can no longer consider spending and revenue proposals piecemeal without looking at the deficits and to competing priorities. Expanding health coverage is important; so are improvements to the transportation network,

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and to public schools, and to higher education, and to juvenile detention facilities, and to the Chesapeake Bay. It's time for a comprehensive debate that addresses health care and much more.

Now She Tells Us (WSJ)

The Wall Street Journal, February 12, 2007

After hiding her intentions during last year's campaign, Connecticut Governor M. Jodi Rell wants to thank constituents for electing her with 63% of the vote by socking them with a 10% hike in the personal income tax rate. Fellow Republicans in the state legislature are understandably scratching their heads. But the proposal has no doubt also left many taxpayers wondering why they even bother to pull the lever for Republicans.

Ms. Rell dropped this bombshell last week when she presented her biennial budget. In addition to the income tax increase, which would push the top marginal rate to 5.5% from the current 5% over two years, the Governor also proposes increasing cigarette taxes, hiking bus fares and phasing out a $500 property tax credit.

Democrats, who control both houses of the legislature, welcome the plan. So does much of the state's liberal media, who are hailing Ms. Rell as "brave" and "courageous." But as Susan Kniep of the Federation of Connecticut Taxpayer Organizations put it to the Associated Press, "Gee, why didn't we kind of hear about this before we went into the polls?"

Governor Rell says a tax increase is necessary to fund more education spending. But Connecticut already spends more money per student on public schools than all but three states. According to the latest Census data, which is from the 2004 school year, Connecticut's per-pupil spending is $10,788, or more than 30% above the national average of $8,287. In such urban districts as New Haven and Hartford, the state is spending well over $13,000 per student, and the state's teachers are among the highest paid in the nation.

All of which suggests that Connecticut's problem isn't too little education spending so much as how current expenditures are being used. For instance, public charter schools in the state, such as New Haven's Amistad Academy and Bridgeport's Bridge Academy, spend thousands of dollars less per-pupil than surrounding traditional public schools. Yet student test scores in math and reading far surpass those of neighboring schools and often match the scores of students in wealthier towns such as Greenwich. Perhaps money isn't what really matters in education achievement.

The larger danger of a tax increase is its impact on the state's overall economy. Connecticut adopted its income tax in 1991, and it has since ranked last nationally in employment growth while losing tens of thousands of people to other states. Increasing the income tax rate seems an odd way to reverse these trends.

"When looking at states that have growing economies and are thriving," said Republican state senator David Cappiello in an interview, "they're the states that either have no income tax or are looking to phase down their income tax. Connecticut is moving in the opposite direction." An income tax hike could also affect whether a small business -- such as a limited liability or Subchapter S corporation -- decides to expand or move to a more business-friendly environment.

By the way, it's not as if Connecticut taxpayers haven't been doing their part; the state will end the current fiscal year with a $600 million revenue surplus. The problem is that the politicians want to spend the money faster than it comes in. Governor Rell's budget would grow government by nearly 13% over two years and bust constitutional spending caps approved by 81% of voters back in 1992. No wonder she kept her plans secret until after the election.

America's Long Dance With The Mideast (NSWK)

By Christopher Dickey

Newsweek, February 12, 2007

The Statue of Liberty, in her curious way, helps tell the tale of America's long, complicated experiences and profoundly contradictory ambitions in the Middle East. The French sculptor Frédéric Bartholdi wanted to build a colossus bestriding the entrance to the newly opened Suez Canal in the 1870s. She would be veiled, like a peasant woman of the Nile, and would hold aloft her torch as "Egypt (or Progress) Bringing Light to Asia." But the pasha whose largesse was supposed to fund the project went bankrupt, the British occupied his country to collect their debts and Egypt's light failed. Bartholdi rethought his plan, redrew the design, and the Orient's loss was America's gain: "Liberty Enlightening the World."

This anecdote about the statue stands near the middle of Michael Oren's vast new best seller, "Power, Faith and Fantasy: America in the Middle East, 1776 to the Present." It served as a metaphor for the mingled, often mirrored fates of two regions strangely bound by grandiose dreams and hardheaded commerce, conflicting beliefs in one God, mutual fears, great hopes and grim bloodshed. Because there is no other book with such a sweeping view of the subject, the vast cast of characters Oren presents and the exhaustively researched tales of the way they played on each other will shape our thinking about America and the Middle East for years. And because much of this largely unremembered past reads as prologue to the present day, the admonition of Ecclesiastes that "there is no new thing under the sun" seems to emerge constantly from between the lines.

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Thus one of the first great tests for the newly formed United States of America was a decades-long confrontation with the Arab corsairs of North Africa. In the aftermath of independence, the American central government was weak, the Navy almost nonexistent, and debate raged at the highest levels—between Thomas Jefferson and John Adams, among others. Should the United States pay ransoms to the pirates (which was cheaper) or build a military strong enough to prevent them from preying on merchantmen that flew the Stars and Stripes? The young American nation would learn "that in the Middle East power alone was respected and that, in order to gain peace, the United States had no alternative but to wield it," Oren writes—a theme he underscores at several opportunities. But his narrative is also honest enough to show us that the feckless leaders of North Africa became convenient scapegoats once the United States finally had its Navy. Thus after the British returned to American shores in 1812 and burned Washington, D.C., the American public turned its anger against ... the Arabs. In 1815, scant months after a stalemated peace was signed with Britain, Washington shifted its attention to the Barbary pirates, declared war, and defeated them with great fanfare.

But of course problems in the Middle East seem to endure like the Pyramids. Almost 90 years later, President Teddy Roosevelt would once again send gunboats to the North African coast, this time to win the freedom of an American businessman named Ion Pedicaris, who was held by a local Berber chieftain known as Raisuli. Roosevelt sent the bluntest possible warning to the sultan in Tangiers: we want Pedicaris alive or Raisuli dead. The hostage was freed. American pride and power were preserved once again.

It wasn't just the projection of military might that characterized America's interaction with the Middle East, it was also the projection of missionary zeal—the faith that Oren talks about in the title of his book. From the time of the Puritans, American Christians had seen the New World as a New Zion or Promised Land, "a light unto the nations." But by the early 19th century, there was growing enthusiasm for expeditions to the original Zion. Indeed, Palestine in the 1840s was viewed by some Americans as part of their self-proclaimed "manifest destiny." And a large part of their zeal sprang from the notion that restoring the Jews to the Holy Land, and converting them to Christianity, would bring on the Second Coming. This "restorationism," or Christian Zionism, was a powerful force in 19th-century America—just as it is in the 21st-century United States.

As if the sense of déjà vu were not strong enough already, Oren informs us that in 1844 a Biblical scholar and professor of Hebrew at New York University by the name of George Bush wrote an influential tract called "The Valley of Vision; or, The Dry Bones of Israel Revived," which advocated "elevating" the Jews "to a rank of honorable repute among the nations of the earth" by re-creating the state of Palestine for them. (According to Oren, who spent two days in the genealogical room of the Library of Congress researching family trees, George Bush was a direct forebear of the two presidents with the same name, both of whom made a major impact on the Middle East.) For Oren, questions of Zionism, first as dreamed of by American Christians and then as conceived and implemented by 20th-century Jews, are absolutely central to the story of U.S. involvement in the Middle East.

Oren's account of President Truman's role in the creation of Israel is one of the most complex and compelling chapters of the book. Here was an American leader who fiercely resisted the lobbying of American Zionists. "The Jews, I find are very, very selfish," Truman ranted in his diary, "neither Hitler nor Stalin has anything on them for cruelty or mistreatment to the under dog." Yet when the final decision had to be made, Truman's government was the first in the world to recognize the Jewish state. His reasons were political (he noted that he had few Arab constituents) and moral (the Holocaust weighed more heavily on his mind than the fear of Arab retaliation in the oil market). And the president's Baptist background gave him an intimate sense of Biblical history. By the 1950s, Oren writes, Americans had "transformed themselves from largely passive observers of Middle Eastern affairs into the region's primary architects and arbiters."

Oren, who has four degrees in Arab history and the best-selling "Six Days of War" to his credit, is himself an ardent Zionist. Born in New Jersey 51 years ago, he immigrated to Israel as a young man and has served as a reserve officer in the Israeli military ever since, now with the rank of major. In 1982, he was on the front with Lebanon and took part in the invasion. Also in the 1980s, he worked underground in the Soviet Union making contact with dissident Jews. More recently, he served in last summer's war against Hizbullah. Oren often contributes passionate op-ed pieces to The Wall Street Journal and other publications defending Israel and its policies. He says writing "Power, Faith and Fantasy" was partly meant to bring together the two halves of his identity, American and Israeli, and he admits that balanced historical reporting doesn't come easy. "If you want to understand how we got from point A to point Z and point A is 1776 and Z is Iraq, indulging your prejudices is not very helpful," Oren told NEWSWEEK. "It's something I struggle with. I weigh every word." Indeed, for all his emphasis on showing strength in the Middle East, Oren publicly opposed the American invasion of Iraq, arguing the United States could never be, and probably should never be, ruthless enough to suppress rebellion there. And for all his emphasis on the spiritual virtues of the United States, he sees calls for U.S.-style democracy in the Arab world as naive. Its culture is not, he says, a tarnished mirror image of America waiting to be polished into a replica of America.

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What is it, then? What did the Arabs themselves think through this long chronicle of disillusionments and disasters? Oren says "that book is yet to be written." For now "Power, Faith and Fantasy" is the best history we have of the history we've had, and an indispensable guide from point A to point Z.

Gates Brushes Aside Putin's Anti-US Tirade (FT)

By Demetri Sevastopulo And Stephen Fidle

Financial Times, February 12, 2007

Robert Gates, the US defence secretary, on Sunday brushed aside a blistering attack on US foreign policy by Vladimir Putin, the Russian president, saying that "one cold war was quite enough".

Mr Putin lambasted US foreign policy in a theatrical display at a high-profile Munich security conference on Saturday, saying "illegal" unilateral military action had plunged the world into an "abyss of permanent conflicts".

In his first major international speech since succeeding Donald Rumsfeld in December, Mr Gates avoided upping the ante with the former KGB officer by laughing off his polemic.

"As an old cold warrior, one of yesterday's speeches almost filled me with nostalgia for a less complex time," said Mr Gates. "Almost."

The former head of the Central Intelligence Agency continued: "I guess, old spies have a habit of blunt speaking. However, I have been to re-education camp, spending four and-[a]-half years as a university president and dealing with faculty. And, as more than a few university presidents have learned in recent years, when it comes to faculty it is either 'be nice' or 'be gone'."

Mr Gates, who said he had accepted an offer from Mr Putin to visit Russia, dismissed suggestions of a new cold war. But he did register US displeasure with Russian foreign policy, including its use of energy resources for "political coercion".

Mr Putin had also accused Washington of sparking a new arms race with its missile defence system, and criticised the expansion of Nato to include former members of the Soviet Union.

Mr Putin's speech at the normally august conference drew surprise and criticism. Jaap de Hoop Scheffer, Nato's secretary-general, expressed disappointment that the Russian president had made such a "remarkable" speech at such a venue.

US senator Lindsey Graham half-joked that Mr Putin had done "more in a single speech to unite Europe and America than anything we could have done in a decade", while Senator John McCain said the speech included the "most aggressive remarks by a Russian leader since the end of the cold war".

But Karel Schwarzenberg, the Czech Republic foreign minister, drew loud applause – and a smile on the face of Russian defence minister Sergei Ivanov – by thanking Mr Putin for bringing attention to the normally sleepier conference. In a more serious vein, however, he said the Russian president had "clearly and convincingly" shown why Nato should be enlarged.

Mr Ivanov agreed on Sunday that a new cold war was not imminent. He said Russia was spending just 2.6 per cent of GDP on defence. "We are not spending on defence what the Soviet Union did – which was 30 per cent. Three per cent: feel the difference," he said.

Speaking to an audience that included defence ministers from many Nato countries, Mr Gates also stressed the importance of resolve in Afghanistan, saying the alliance needed to ensure the "offensive in Afghanistan this spring will be our offensive".

In comments intended to up the pressure on European allies, Mr Gates said it would be a "mark of shame" if Nato let its successes in Afghanistan "slip away through neglect of lack of political will or resolve".

Responding to Kenneth Roth, the director of Human Rights Watch, Mr Gates conceded that the US detention facility at Guantanamo Bay and prisoner abuses in Iraq had damaged the reputation of the US. He added that the military tribunals to try the prisoners would be "transparent", with full media access.

Gates Counters Putin's Words On U.S. Power (NYT)

By Thom Shanker

New York Times, February 12, 2007

MUNICH, Feb. 11 — Defense Secretary Robert M. Gates, disputing a lengthy critique of American power by President Vladimir V. Putin of Russia on Saturday, said Sunday at a European security conference here, "One cold war was quite enough."

Government leaders, legislators and military officials here continued speculating on Mr. Putin's motivation for delivering his long list of complaints about American domination of global affairs, but Mr. Gates chose words of velvet, not steel, in offering Washington's fullest response. As Mr. Putin had, he invoked the cold war more than once.

"As an old cold warrior, one of yesterday's speeches almost filled me with nostalgia for a less complex time," he said. "Almost."

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Mr. Gates, a former director of the Central Intelligence Agency called back to government service from academia to become defense secretary, told attendees of the 43rd Munich Conference on Security Policy that both he and Mr. Putin had spent most of their careers in their governments' spy agencies.

"And, I guess, old spies have a habit of blunt speaking," Mr. Gates said. "However, I have been to re-education camp — spending four and half years as a university president and dealing with faculty." His remark drew laughs and applause.

His sharpest response to Mr. Putin was gently couched. "Russia is a partner in endeavors," Mr. Gates said. "But we wonder, too, about some Russian policies that seem to work against international stability, such as its arms transfers and its temptation to use energy resources for political coercion."

Throughout the rebuttal, and in a longer discourse on how America's European allies must help rebuild Afghanistan and remain engaged in the fight against terrorism, Mr. Gates mentioned Mr. Putin only once by name. That came when he said he had accepted an invitation from Mr. Putin to visit Moscow.

On Saturday, Russia's defense minister, Sergei B. Ivanov, a Putin confidant, denied that Mr. Putin's speech had been confrontational. "We are not interested in imposing our opinion on anybody," Mr. Ivanov said. But he cautioned that his government would not support international actions taken without consultation with Russia, nor those taken without its consent, and certainly none that are "imposed on Russia."

The speech by Mr. Gates was delivered under the long shadow of his predecessor, Donald H. Rumsfeld, who both charmed and offended European audiences during his tenure as defense secretary, which included several speeches to this conference.

Mr. Gates cast himself as a geopolitical realist and drew a knowing laugh when he focused on Mr. Putin's assertion that the United States and its allies were dividing Europe.

"All of these characterizations belong in the past," Mr. Gates said. "The free world versus those behind the Iron Curtain. North versus South. East versus West, and I am told that some have even spoken in terms of 'Old Europe' versus 'new.' "

The last was a reference to a characterization Mr. Rumsfeld made in January 2003 to contrast Germany and France, which objected to the United States plan to invade Iraq, with neighboring supporters, not all of which are NATO members.

Reviewing NATO's success in standing up to the Soviet threat, "it seems clear that totalitarianism was defeated as much by ideas the West championed then and now as by ICBMs, tanks and warships that the West deployed," Mr. Gates said. The alliance's most effective weapon, he said, was a "shared belief in political and economic freedom, religious toleration, human rights, representative government and the rule of law."

"These values kept our side united, and inspired those on the other side," he added.

Shifting to current threats and challenges, he called on NATO members to support a comprehensive strategy to stabilize Afghanistan, "combining a muscular military effort with effective support for governance, economic development and counternarcotics."

He also urged NATO allies to increase their military spending to meet the benchmark of 2 percent of gross domestic product set by the alliance; only 6 of NATO's 26 members fulfill that standard.

Mr. Gates briefly turned to the war in Iraq, to echo President Bush's insistence that the United States and its partners there must prevail. If chaos tears Iraq apart, Mr. Gates warned, "every member of this alliance will feel the consequences" of regional turmoil and terrorism.

He acknowledged the damage done to America's global standing by its conduct in the campaign against terrorism, particularly in holding detainees without due process at the United States naval base in Cuba.

"There is no question in my mind that Guantánamo and some of the abuses that have taken place in Iraq have negatively impacted the reputation of the United States," Mr. Gates said. "It is also true, though, that there are real terrorists at Guantánamo."

Repeating comments from a number of American officials, Mr. Gates said most members of the Bush administration would like to close the detention center, and he pledged that tribunals for detainees would be conducted in a legitimate and transparent manner.

Gates To Putin: 'One Cold War Is Enough' (AP)

By Lolita C. Baldor

AP, February 12, 2007

Pentagon chief Robert Gates responded Sunday to Vladimir Putin's assault on U.S. foreign policy by saying "one Cold War is enough" and that he would go to Moscow to try to reduce tensions. Gates also sought more allied help in Afghanistan.

He delivered his first speech as Pentagon chief at a security conference in Germany and then flew to Pakistan to discuss fears of a renewed spring offensive by Taliban fighters in neighboring Afghanistan.

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Pakistan, a close U.S. ally in the fight against terrorism, has faced charges that the Taliban militia stage attacks from Pakistan against Afghan government troops and NATO- and U.S.-led coalition troops.

Gates' rebuke of the Russian president relied on humor and some pointed jabs.

"As an old Cold Warrior, one of yesterday's speeches almost filled me with nostalgia for a less complex time. Almost," Gates said. Then, as the audience chuckled, the defense secretary said he has accepted Putin's invitation to visit Russia.

"We all face many common problems and challenges that must be addressed in partnership with other countries, including Russia," said Gates. "One Cold War was quite enough."

In his speech Saturday, Putin blamed U.S. foreign policy for inciting other countries to seek nuclear weapons to defend themselves from an "almost uncontained use of military force."

The Russian leader said "unilateral, illegitimate actions have not solved a single problem, they have become a hotbed of further conflicts" and that "one state, the United States, has overstepped its national borders in every way."

Gates also made an urgent call for NATO allies to live up to their promises to supply military and economic aid for Afghanistan.

"It is vitally important that the success Afghanistan has achieved not be allowed to slip away through neglect or lack of political will or resolve," Gates said. Failure to muster a strong military effort combined with economic development and a counternarcotics plan "would be a mark of shame," he said.

Gates also said that prisoner abuse scandals in Iraq and Guantanamo Bay, Cuba, and other mistakes have damaged America's reputation. It will take work, he said, to prove that the U.S. still is a force for good in the world.

While he did not mention the war in Iraq, Gates told officials at the security conference that Washington must do a better job of explaining its policies and actions.

For the past century, he said, most people believed that "while we might from time to time do something stupid, that we were a force for good in the world."

Many continue to believe that, Gates said. But, he added, "I think we also have made some mistakes and have not presented our case as well as we might in many instances. I think we have to work on that."

The bulk of his speech was devoted to the future of the NATO alliance and the need to work together to defend against threats.

Gates also sketched out the challenges ahead, from Iran's nuclear ambitions and the situation in the Middle East to China's recent anti-satellite tests and Russia's arms sales.

Just eight weeks on the job, Gates used the conference and a NATO gathering this past week to debut on the international stage and meet privately with some of his counterparts.

In other comments, he said the Bush administration would like to close the Guantanamo Bay detention facility, but there are some terrorists there who should never be let free. Gates also said detainee trials there will be conducted in the open and with adequate defense for the prisoners.

The first public test of Gates' diplomatic skills came at a venue that at times was dominated by his more bombastic Pentagon predecessor, Donald H. Rumsfeld.

So as Gates neared the end of his remarks, he made a deliberate move to separate himself from Rumsfeld.

In the run-up to the Iraq war, Rumsfeld sharply criticized nations opposed to the conflict — specifically France and Germany — and referred to them as part of "Old Europe."

Without mentioning Rumsfeld's name, Gates said some people have tried to divide the allies along lines such as East and West, North and South.

"I'm even told that some have even spoken in terms of 'old' Europe versus 'new,'" Gates said. "All of these characterizations belong in the past."

In Pakistan, Gates planned talks with the president, Gen. Pervez Musharraf and other top officials on cooperation in counterterrorism and efforts by Pakistan to stop militants from moving across the border with Afghanistan, a senior Pakistani government official said Sunday. The official spoke on condition of anonymity because he did not have the authority to speak formally about Gates' visit.

Pakistan denies the charges that the Taliban are staging attacks from inside Pakistan and says it has deployed some 80,000 troops along its rugged border with Afghanistan to track down militants.

Pakistan's border regions along Afghanistan long have been suspected to be the hiding places for al-Qaida leader Osama bin Laden and his deputy, Ayman al-Zawahri.

American forces in eastern Afghanistan have launched artillery rounds into Pakistan to strike Taliban fighters who attack remote U.S. outposts, the commander of U.S. forces in the region told The Associated Press on Sunday.

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Musharraf acknowledged recently that his outgunned Pakistani frontier guards have allowed insurgents to cross the border and said the army soon would fence parts of the border to stem the problem.

The Pentagon has plans to extend its recent buildup of several thousand combat troops in Afghanistan, initially announced as lasting until late spring, well into next year, a senior U.S. military official said last week.

That move would keep U.S. troop levels at between 26,000 and 27,000 until at least the spring of 2008.

Russia Intensifies Efforts To Rebuild Its Military Machine (CSM)

By Fred Weir

The Christian Science Monitor, February 12, 2007

MOSCOW

At a major security conference this past weekend, Russian President Vladimir Putin blasted the US for its militaristic approach to foreign policy, saying its actions were "nourishing an arms race."

But little noticed amid the sharp US and European response to Mr. Putin's comments is Russia's burgeoning military-industrial complex, generally thought to have collapsed with the Soviet Union.

The cold war days when the USSR matched the US missile-for-missile may be gone. But experts say that Russia is increasingly capable of turning out cutting-edge weaponry and selling it to countries that are shunned by Western suppliers.

"The fact that our country is playing a leading role in the world in the sphere of export of military production is a sign that the Russian defense industry has not only survived but has a powerful potential for further development," Sergei Chemezov, the head of the state arms-export monopoly Rosoboronexport, told a political meeting late last year.

Russian defense budgets have been soaring since Putin came to power, buoyed by a rising tide of petroleum income, and are set to jump by 23 percent in 2007 to a post-Soviet high of $32.4 billion. Moscow does arms business with over 70 countries, including China, Iran, and Venezuela, and in 2006 exported $6 billion worth of arms.

"Under Putin there has been a wish and an attempt to go beyond the Soviet inheritance," in developing high-tech military capabilities, says Ivan Saffranchuk, Moscow director of the independent World Security Institute. "Now there's cash, and a good political situation, to intensify that effort."

Missiles for Iran

· Last week Defense Minister Sergei Ivanov unveiled a $189 billion rearmament program that will replace about half of Russia's current military equipment by 2015. Among the armed forces' acquisitions will be a completely revamped early-warning radar network, new intercontinental missiles, a fleet of supersonic Tu-160 strategic bombers, and 31 new warships, including aircraft carriers.

· Last month Mr. Putin offered to partner with India to build a futuristic "fifth generation" fighter plane, which Russian designers is already under development and could be flying as early as 2009. Only the US has so far managed to field one of these new era combat jets – which have breakthrough capabilities of stealthiness, supersonic cruising, ultramaneuverability and over-the-horizon electronic visibility. And at $260 million per model, the new F/A-22 Raptor is by far the world's most expensive warplane.

· Russia is already supplying India with the Sukhoi-30MKI, an advanced "fourth generation" warplane that consistently defeats its Western counterparts, such as the frontline US fighters, the F-15C and F-16. Versions of the Su-30 are also being sold to China, Venezuela, and Malaysia.

· At a recent press conference, Putin said that Russia has nothing to fear from US missile defense systems because the new Topol-M intercontinental ballistic missile has stealth characteristics that enable it to penetrate the American shield. "But this is not all," he added, mentioning a "new generation ... of strategic weapons systems," against which missile defense systems would be "powerless."

· In January, Moscow announced it had completed deliveries of 29 sophisticated Tor-M1 mobile antiaircraft batteries to Iran, and Mr. Ivanov hinted that Russia might also supply S-300 long-range air defense weapons. Experts believe that the Tor-M1, which can track 48 targets simultaneously, could seriously complicate any potential air strike on Iran's nuclear facilities.

"The Tor, in combination with the S-300, would provide a large envelope of protection to the Iranian nuclear complex," says Ariel Cohen, an analyst with the conservative Heritage Foundation in Washington.

· According to Russian media reports, last year Israel complained to Moscow over Hizbullah's use of Russian-made antitank missiles, which inflicted serious casualties and inhibited Israel's armored mobility, during last summer's war in Lebanon. The Israeli media pointed to the Kornet-E, a new laser-guided rocket that can punch through meter-thick armor at a range of five kilometers, which Russia has officially provided to Syria. Russia denied that the weapons might have been diverted to Hizbullah, however.

Key supplier for 'rogue regimes'

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The former USSR maintained a sprawling military-industrial complex that absorbed as much as a third of the country's GDP. With the demise of the Soviet Union, defense budgets imploded, the Russian armed forces virtually halted procurement of new weapons, thousands of factories went bankrupt, and skilled workers migrated en masse to other jobs.

Though capital is now flowing back into the defense sector, experts doubt that the Putin-era increases are enough to restore the vast web of specialized industries that kept the Soviet military machine supplied with everything from bullets to antisatellite missiles.

"There have been dramatic increases in procurement funds, but this is not being used efficiently," says Alexander Golts, a military expert with the online newspaper Yezhednevny Zhurnal. "I am dubious about Russia's ability to produce weapons of a truly new generation."

Most Russian arms exports during the 1990s involved sell-offs of Soviet-era stockpiles, including small arms, armored vehicles, and older aircraft. Those fueled vicious wars in Africa and the former Yugoslavia, but did not worry the West much. But Putin-era sales have shifted increasingly to sophisticated weapons, including warplanes, precision-guided munitions, and advanced air-defense systems.

"The US still has a solid lead in the top end of weaponry," says Mr. Cohen. "But at the next level Russia is advancing fast. Geopolitically, it is cornering the market for rogue regimes, such as Iran and Venezuela, and this is most worrisome."

Overhaul needed

Experts say that about 1,550 Russian firms are now involved in arms production, and they have proven adept at modernizing Soviet designs. For example, the Su-30, which accounted for almost half of all Russia's arms-export earnings in 2005, is a development of the USSR's Su-27 frontline combat jet.

But fresh products, such as Sukhoi's new T-50 "fifth-generation" fighter, could give the industry a needed boost.

"The situation in our military-industrial complex is improving, and this [fifth- generation] project will change our position radically," says Konstantin Makiyenko, deputy director of the independent Center of Analysis of Strategies and Technologies in Moscow. "If India agrees to participate, the [financing] will be better. It could give a big boost to many branches of our military industry."

Still, some experts say that sweeping reforms and more state funding are needed before Russia's arms industry can resupply a flagging military machine with cutting-edge weapons, much less compete globally with Western arms merchants.

"We need a completely new military industry, not just remnants of the old one," says Vitaly Shlykov, a former Soviet war planning official and member of the Russian Defense Ministry's public advisory council. "And these new defense industries will need a lot of attention, and an influx of resources on the level that today is only going into the oil and gas industry."

Putin Seeks Expanded Ties With Saudis On Arab Tour (NYT)

By Hassan M. Fattah

The New York Times, February 12, 2007

DUBAI, United Arab Emirates, Feb. 11 — President Vladimir V. Putin of Russia arrived Sunday night in Riyadh, the Saudi capital, for a visit intended to expand trade and military links between the nations, among the world's largest oil producers.

The overnight visit was part of a three-day tour of the Middle East intended to bolster bilateral ties with major Arab countries.

Mr. Putin and King Abdullah, the Saudi leader, were expected to discuss Iran's nuclear program, the war in Iraq and the Arab-Israeli conflict, in addition to the simmering Lebanese political crisis, officials said. In an interview with the Russian news agency ITAR-Tass, King Abdullah emphasized that he also hoped the two nations could expand cooperation on investment, air transportation and customs conventions as well as scientific and educational exchanges.

Mr. Putin was greeted at the airport by King Abdullah; Crown Prince Sultan; Prince Saud al-Faisal, the foreign minister; and other Saudi officials, the official Saudi press agency reported. The Russian president, who was accompanied by a trade delegation and various officials, attended a state dinner later in the evening and was to sign trade agreements with Abdullah and other Saudi officials, ITAR-Tass reported.

He was expected to meet Monday with Saudi businessmen and to visit the Saudi National Museum in Riyadh before traveling to Qatar and Jordan.

Russia has sought to bolster its military and trade relations with countries in the Middle East and is hoping to win a major order from Saudi Arabia for Russian weapons. Russia and Saudi Arabia had no diplomatic relations for more than 50 years until they were restored after Iraq's invasion of Kuwait in August 1990. In September 2003, Abdullah, then the crown prince, traveled to Moscow, warming relations further between the countries.

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In a speech on Saturday at a NATO security conference in Munich, Mr. Putin accused the United States of provoking a new nuclear arms race by developing ballistic missile defenses, undermining international institutions and making the Middle East more unstable through its clumsy handling of the war in Iraq.

Mr. Putin recited a list of complaints about American domination of global affairs, including many of the themes that have strained relations between the Kremlin and the United States during his seven-year administration.

The comments were the sternest yet from Mr. Putin, who has long bristled over criticism from the United States and its European allies as he and other former Soviet intelligence officials have consolidated their hold on Russia's government, energy reserves and arms-manufacturing and trading complexes.

Russian Official Says Insurgency In Chechnya Has Been Tamed (NYT)

By C. J. Chivers

The New York Times, February 12, 2007

MOSCOW, Feb. 11 — Russia's defense minister said Sunday that Russia had succeeded in its latest war in Chechnya, defeating separatists and what he called their "emissaries from 50 states."

"We have scored a success in Chechnya," said the defense minister, Sergei B. Ivanov. "The problem has been solved."

Mr. Ivanov, speaking before an international audience of defense officials and diplomats at the Munich Conference on Security Policy, underscored the Kremlin's confidence that the second war in Chechnya since the dissolution of the Soviet Union had largely ended, and that the separatists' ranks had been shrunk by military operations and offers of amnesty.

The second Chechnya war began late in 1999. There has been a sharp turn in Russia's favor since late 2004, and the insurgents have not conducted a large-scale guerrilla operation since 2005 or a major terrorist attack since the seizure of a public school in the autumn of 2004.

The military situation in Chechnya contrasts sharply with that of the United States in Afghanistan and Iraq, where American forces are struggling against growing insurgencies.

Attacks still occur in and near Chechnya, and an insurgency persists, mixing militant Islam, separatism and local vengeance codes.

But the pace of fighting is much slower than it was two years ago, and many of the insurgency's principal leaders — including Shamil Basayev, the terrorist leader — have been killed since 2005.

The turnaround has defied predictions from many analysts and critics of Russia, who believed that its army was hopelessly bogged down and that its rough and often indiscriminate tactics were creating more insurgents than were killed.

Russia has also found strong indigenous forces to serve as local proxies to do much of the continued fighting. These military allies, criticized by human rights organizations as corrupt and ruthlessly brutal, are now largely in control of the region's government.

Mr. Ivanov drew a distinction between Chechnya and the wars that the United States is fighting. He noted, for example, that Chechnya "is a small territory compared to Afghanistan or Iraq."

Mr. Ivanov is viewed as a possible successor to President Vladimir V. Putin, whose second term ends next year.

Kasparov's Gambit (WP)

By Fred Hiatt

The Washington Post, February 12, 2007

If any ordinary person predicted trouble ahead for the cocky and seemingly untouchable KGB-regime of Russian President Vladimir Putin, you might say he ought to have his head examined.

But if the head happened to contain one of the most formidable brains of our era, you might at least listen to the argument. Garry Kasparov, legendary world chess champion and now a leader of Russia's political dissidents, possesses such a brain. And having peered two or three or 10 moves into the future, Kasparov says that Putin's petro-Kremlin autocracy may be more brittle than it seems as it approaches a promised presidential succession next year.

Putin, who traveled to Munich this weekend to alternately bash and condescend to the West, certainly doesn't seem to worry, and why should he? German prime ministers jump onto his payroll as they leave office. Foreign oil executives thank him obsequiously as he pockets their fields. Political opponents abroad turn up poisoned, neighboring countries are bullied, and Putin pays no price. He sells weapons to Iran, and U.S. officials are grateful that he's not doing worse.

At home, meanwhile, he has systematically neutered anyone and anything that might challenge him: the press, big business, parliament, political parties, governors, mayors, civic organizations. Kasparov, who has helped gather the remnants of opposition from across the ideological spectrum into an umbrella group called Other Russia, admits it's an uneven match.

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The regime raided Other Russia's office in December and confiscated all the books and documents it could find. When the group tried to stage a rally, 600 people were detained on their way to Moscow, and the few thousand demonstrators who made it were surrounded by police in far greater numbers. Noting how stolen elections became the focus for popular uprisings in Ukraine and elsewhere, Putin changed election law to make it almost impossible for an opposition candidate to qualify for a spot on the ballot.

"If we have to evaluate our chances today -- slim to none," Kasparov says, noting how the absence of political space constricts any strategizing. "If you're at risk of being mated in one or two, you can't think about pawn structure for the long term."

And yet Kasparov -- fast-talking, exuberant, indignant one moment and laughing sardonically the next -- clearly relishes the fight. He was, after all, the youngest world champion ever, who famously took on the darling of the Soviet chess establishment and prevailed, and then took on the world chess establishment, and then IBM's Deep Blue -- and remained, through ups and downs, the world's No. 1-ranked player for longer than anyone else in history.

"He may not be a politician," says a senior U.S. official who knows him, "but he's proved to be a masterful dissident opposition organizer, and unfortunately that's what Russia needs right now." Kasparov, 43, has "passion, toughness, fearlessness and a good organizational head, both operational and conceptual."

And Kasparov believes that not all the challenges are on the opposition's side. As Putin contemplates retirement, he needs a successor strong enough to preserve the regime but not so strong as to challenge whatever wealth or power Putin intends to take with him, Kasparov says.

Beneath Putin a half-dozen would-be heirs battle each other in a "lawless jungle," and "they know that the winner in the battle will eat the others alive." Many Russians feel left out of the oil boom that has brought skyscrapers and Ferraris to Moscow. And the regime's repression of Other Russia reflects an anxiety unsurprising in rulers who have stifled most channels of free expression and complaint.

"If we succeed in uniting behind a candidate and that candidate is not registered, it could lead people to rally," Kasparov says. "And 50,000 might be enough for the regime to collapse because of its paranoia."

Ultimately the regime's vulnerability lies in its basic nature, Kasparov suggests. In the system Putin has created, Kasparov sees elements of feudalism ("local bosses loyal to the top man in exchange for rights to loot the region"), Mussolini-style corporate fascism and old-style KGB brutality. But in the end, "this is not the geopolitical monster of Soviet times. This is all about money. The government is business. It's about Gazprom, it's about Rosneft."

Coincidentally, when I asked Turkey's visiting foreign minister last week about energy politics and relations with Russia, he said, "Putin himself is an expert in this. He studied very well. He is like the CEO of an energy company."

"Putin leads a ruling elite that has very different dreams than in Soviet times," Kasparov says. "They're all thinking about their great life in the Cote d'Azur."

How they may behave if they see their faction losing out, and their wealth in danger, is not easy to predict. Which is, in the end, as far out on a limb as the chess master will climb: "You can probably count on an interesting year ahead of us," he says. Then he prepares to fly home and make it more so.

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Olmert Withholds Judgment On Pact (WT)

By Joshua Mitnick

The Washington Times, February 12, 2007

JERUSALEM -- Israel wouldn't automatically reject the Palestinian unity government accord between Hamas and Fatah, even though it doesn't contain recognition of the Jewish state, Prime Minister Ehud Olmert said yesterday.

"Israel neither rejects nor accepts the agreements at this stage," Mr. Olmert said at a weekly Cabinet meeting. "Like the international community, we're studying what was achieved and what was said."

By withholding judgment on the agreement reached last week in Mecca, Saudi Arabia, analysts said, Israel is being careful not to rupture ties with Palestinian moderates such as President Mahmoud Abbas just a week before Secretary of State Condoleezza Rice arrives in the region for a three-way summit with Mr. Olmert and Mr. Abbas.

The Mecca accord has already breached a previously united front among the Quartet of peace-process sponsors -- the United States, United Nations, European Union and Russia -- to boycott a Palestinian government that refuses to recognize Israel, previous peace agreements or renounce violence.

Worried that sponsors of the peace process might follow the lead of Russia and endorse the agreement, Israel also doesn't want to risk staking out a position that will be blatantly at odds with the international community.

"Some of the leaders around the world are saying, 'Hold on, and wait and see what government is formed,' " said Gershon Baskin, the head of the Israel/Palestine Center for Research and Information.

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"Secretary of State Rice is very serious about making progress in the trilateral talks, and closing the door on it would look bad," he said.

Although the Palestinians have not said who will fill the top Cabinet posts, there is wide speculation that the new finance minister will be Salam Fayyad and that the deputy prime minister could be Mohammed Dahlan -- two figures with strong ties to the United States and its allies.

Israeli newspapers, meanwhile, have quoted anonymous sources in the Israeli defense establishment suggesting the Mecca accord will boost chances for a prisoner exchange that would free Cpl. Gilad Shalit after more than a half year in captivity in the Gaza Strip.

An agreement that puts to an end the escalating violence in Gaza between the military wings of Hamas and Fatah is in Israel's interest, wrote veteran military commentator Ron Ben Yishai.

"Armed chaos allows Iran, Hezbollah and al Qaeda to penetrate the territories and boost their influence," he wrote on the Ynet Web site.

Also yesterday, Israel's Cabinet gave a green light for renovation work on a bridge leading to the Temple Mount in Jerusalem's Old City. The construction and an archeological dig sparked a week of Palestinian demonstrations that culminated Friday in the worst riots on the Temple Mount -- known to Muslims as the Noble Sanctuary -- in years.

Islamic authorities have claimed that Israeli archeological excavations near the base of the Western Wall threaten the foundations under the Al Aqsa Mosque and have sounded the alarm abroad. Israel's Islamic Movement has appealed to the United Nations to intervene and stop the work.

Defiant at the Cabinet meeting, Mr. Olmert insisted that Israel would not allow the Palestinians to dictate what type of renovation work was permissible in the Old City.

Arabs Try Outreach To Israel, U.S. Jews (USAT)

By Barbara Slavin

USA Today, February 12, 2007

WASHINGTON — Arab states, led by Saudi Arabia, are making some of their most public overtures ever to Israel and American Jews in an effort to undercut Iran's growing influence, contain violence in Iraq and Lebanon and push for a Palestinian solution.

The high-profile gestures coincide with Saudi Arabia's lead role last week in brokering a deal for a coalition Palestinian government.

Last month, Prince Turki al-Faisal, Saudi Arabia's departing ambassador to the United States, attended a Washington reception sponsored by American Jewish organizations. The event honored a State Department diplomat appointed to combat anti-Semitism.

The appearance of a Saudi diplomat is "unprecedented," said William Daroff, Washington office director for the United Jewish Communities, which organized the reception.

Saudi Arabia, Qatar and the United Arab Emirates have stepped up contacts with Israel and pro-Israel Jewish groups in the USA. The outreach has the Bush administration's blessing: Secretary of State Condoleezza Rice has said six Gulf states and Egypt, Jordan and Israel are a new alignment of moderates to oppose extremists backed by Iran and Syria. She has said an Israeli-Palestinian peace deal would weaken militants such as Hamas and Hezbollah.

Contacts have intensified as part of a strategy meant to undercut extremists and build momentum for a peace deal between Israelis and Palestinians, said Jamal Kashoggi, an aide to Saudi Prince Turki.

Judith Kipper, a Middle East expert at the Council on Foreign Relations, said, "What really concerns pro-U.S. Arab states is that Iran is setting the political agenda in the region."

Saudi and Gulf Arab contacts with Israelis and American Jews go back more than a decade but have never been so public. Arab countries have treated Israel as a pariah since it gained independence in 1948. Most Arab countries ban travel to Israel, investment there and other commercial ties with the Jewish state and routinely refer to it as the "Zionist entity."

Only three of 21 Arab nations recognize Israel: Egypt, Jordan and Mauritania. A 2002 peace plan put forward by Saudi Arabia offers diplomatic relations with the other 18 Arab states if Israel withdraws to the borders it had in 1967 — meaning giving up the West Bank and the Golan Heights — and cedes land for a new Palestinian state.

Among the other recent Arab-Jewish contacts:

·Saudi national security adviser Bandar bin Sultan met privately with Israeli Prime Minister Ehud Olmert in Jordan in September, said Daniel Ayalon, Israel's former ambassador to Washington. He said it was the highest-level Saudi-Israeli meeting he'd ever heard of.

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·The United Arab Emirates has invited a delegation from the Conference of Presidents of Major American Jewish Organizations. The conference, a 51-member umbrella group, is a strong supporter of Israel.

·Israeli Deputy Prime Minister Shimon Peres met the emir of Qatar in late January after taking part in a debate with Arab students there. It was the highest-level Israeli meeting with the Gulf nation since 1996, when Peres visited as prime minister.

Fallon To Recruit Arab Nations For Help (WT)

By Richard Halloran

The Washington Times, February 12, 2007

HONOLULU -- The new commander of U.S. military forces in the Middle East, Adm. William Fallon, says he will set a high priority on enlisting the help of friendly Arab and Asian nations in the wars in Iraq and Afghanistan, and against the al Qaeda terrorist network led by Osama bin Laden.

"There are a lot of people out there just standing around not doing anything to help us," Adm. Fallon said late Saturday in his first newspaper interview since he was named last month to succeed Army Gen. John Abizaid as commander of the world's most sensitive region. "We need to turn that around. The neighboring nations there have to play a role."

The admiral, who will have authority over all U.S. forces in the region, including those led by the new commander of U.S. ground forces in Iraq, Gen. David Petraeus, did not name specific Arab nations to which he would look for support.

But Egypt -- a leader in the Arab world that gets $2.5 billion a year in military assistance from the United States -- and Saudi Arabia, which has long been a target for al Qaeda terrorists, seemed likely candidates.

Adm. Fallon spoke by telephone from his airplane as he returned to his Pacific Command headquarters here from Washington, where he was unanimously confirmed to his new post in a Senate vote on Thursday.

Drawing on his experience over the past two years as head of the Pacific Command, Adm. Fallon said he would also seek support from Indonesia, the world's most populous Muslim nation, and Malaysia, in which Islam is the dominant religion. He visited both countries a year ago to meet their senior political and military leaders.

Adm. Fallon also said he might look for help from India, which has a large Muslim minority. Adm. Fallon noted that the United States had been helped in Iraq and Afghanistan by Japan, Australia, South Korea and New Zealand. "I'm interested in seeing how we can leverage this into more support," he said.

The admiral has spent much of his watch at Pacific Command on political military matters, traveling to about 25 nations to talk with everyone from the heads of government to horse breeders on the Mongolian steppes and sailors in the remote Indonesian port of Manado.

In his new assignment, Adm. Fallon said, "I expect to be doing the same thing and even more because of the urgency of the situation. I expect to be meeting a lot of leaders who could be playing a role in the Middle East."

As Pacific commander, Adm. Fallon nurtured a gradual expansion of military exchanges with China that were intended to assure the Chinese that the United States is not planning to attack them while warning them not to underestimate U.S. military power.

He is the first naval officer to head Central Command, which has its headquarters at MacDill Air Force Base in Tampa, Fla., taking up the post while the command is engaged in major ground combat operations in Iraq and Afghanistan.

Adm. Fallon replaces Gen. Abizaid, who in turn took over from Gen. Tommy Franks in July 2003, both career Army officers. The admiral indicated in the interview that he would leave most of the ground warfare task in Iraq to Gen. Petraeus.

Adm. Fallon said Gen. Petraeus, with whom he has not served before, "has a great reputation as a skilled combat commander."

"I'm going to do whatever I can to support him," Adm. Fallon said. "I'll be working the region where there's plenty of work to do."

Outside of the ground war, he pointed to similarities in some of the issues facing the Pacific and Central commands. Iran threatens to acquire nuclear weapons much as North Korea has already done. Vital shipping, especially of crude oil, passes through the Straits of Hormuz at the mouth of the Persian Gulf, just as it passes through the Straits of Malacca and the South China Sea in Southeast Asia.

Piracy off the coast of Somalia resembles that near Indonesia, although Indonesian, Singaporean and Malaysian anti-piracy operations have reduced that threat in the South China Sea. Insurgencies in Iraq and Afghanistan have their counterparts in the Philippines and southern Thailand.

Adm. Fallon said some of the lessons learned in the Pacific Command would be pertinent to his duties in the Central Command.

"These nations have a slew of problems," he said. "There are not so many nations as in Pacific Command but they have more problems and problems that are more difficult to deal with."

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He pointed to Lebanon, which was in what he called "complete chaos" only a short time ago. He also mentioned massive unrest and death in Sudan, the lack of security in the Horn of Africa, failed or dysfunctional states and unnamed nations "that have lost confidence in us."

To prepare for his new command, Adm. Fallon has been, to use a favorite phase, "sponging up information." He said he was "deep into immersion" with an extensive reading list, mostly historical texts, to acquire a background on the Middle East, where he has limited experience.

The admiral said that in recent weeks he has spoken with everyone from President Bush on down, including current and former leaders of the State Department, the Agency for International Development and the Defense Department. He has met as many ambassadors and military attaches as possible from the embassies of Middle East nations in Washington, plus retired American diplomats who have served in the region.

He has been deluged with briefing papers, scholarly essays and news articles. Adm. Fallon, who has a reputation as a quick study, said, "I have been trying to get as many different opinions as I can so that nothing falls out of sight." He has particularly studied counterinsurgency, which is the main thrust of the new U.S. strategy in Iraq.

"With all these papers flying around," Adm. Fallon said, "it's been like a blizzard driving in from Lake Ontario."

Sunni Arab States Fortify Against Iran (WT)

By Gethin Chamberlain

The Washington Times, February 12, 2007

Leaders of Sunni Arab states are embarking on a military spending spree in an attempt to contain the growing threat from Iran.

Alarmed by the progress of Iran's nuclear program and the prospect of a military clash between its Shi'ite regime and the United States, Persian Gulf leaders intend to use billions of dollars of oil revenue to purchase a huge array of military hardware.

Many of the deals will be finalized at a massive arms fair scheduled to open in the United Arab Emirates on Sunday.

Saudi Arabia alone has a shopping list that runs to nearly $50 billion, including fighter aircraft, cruise missiles, attack helicopters and more than 300 new tanks.

The UAE has earmarked $2 billion for a rapid-reaction brigade -- possibly to take a lead role in a regional protection force. An additional $6 billion will go for missile-defense batteries, airborne early-warning systems and aircraft.

Both countries are members of the Gulf Cooperation Council, established in 1981 to provide security against the threat posed by Iran. Other members, including Kuwait, Bahrain and Qatar, are expected to spend heavily in the coming months.

Gulf leaders have watched with growing alarm as Iran's Shi'ite theocracy has flexed its military muscles -- filling the postwar power vacuum in Iraq, exerting influence in the Palestinian territories and Lebanon, and refusing to back down over its nuclear program.

Many are now convinced that the only way to avoid being sucked into a war between the United States and Iran, or being caught up in the turbulence that would follow, is to beef up their own defenses.

Last week, Iran carried out exercises in the Gulf, including test-firing its new Russian defense-missile system, and warned that any attempts to halt its nuclear program would result in attacks on U.S. interests around the world.

In a speech yesterday marking the 28th anniversary of the country's Islamic revolution, President Mahmoud Ahmadinejad again insisted that Iran would not give up its uranium-enrichment program, which is regarded by the U.S. and its allies as the precursor to a nuclear weapon.

U.S. plans for a possible attack on Iran's nuclear sites are reported to be well-advanced, despite public denials, and many in the Gulf states fear that they could be caught in the backlash.

One highly placed Saudi diplomatic source told the Sunday Telegraph that there were concerns about U.S. intentions and doubts about the real threat from Iran.

"There are some people who are wary about Iran, but the Americans are running a very successful public relations campaign against Tehran. A lot of Saudis fear that the U.S. will come and make mischief then go away, but we have to live here afterwards."

Some analysts argue that many Gulf states would prefer to be able to adopt a position of well-armed neutrality.

"They are genuinely concerned about Iran because not only are the Iranians not Arabs, they are Shias. For the Saudis in particular, they are sworn enemies. But they share a common enemy with Iran -- the West and its way of life. They don't really want to depend on the Americans," said military analyst Paul Beaver.

With oil pushing $60 a barrel, the spending power of the Sunni states has been boosted, with the UAE government alone looking at a windfall of more than $100 billion if prices stay at present levels for the next two to three years. Up to 20 percent of that extra revenue may be devoted to defense modernization.

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Tim Ripley, the Middle East analyst with Jane's Defense Weekly, said: "The Gulf states have a shopping list of arms worth more than $60 billion if all the deals under discussion eventually go through."

The largest deal is Saudi Arabia's purchase of 72 Eurofighter Typhoon jets from BAE Systems.

After the Gulf War in 1991, Saudi Arabia and a number of other states spent $10 billion. Now countries are again flocking to the arms bazaars and more than 900 exhibitors will be competing for their business at the Idex 2007 exhibition in Abu Dhabi.

Although much of the equipment being purchased is designed to counter an external military threat, many are also spending heavily on homeland security.

"People are concerned that if there is a complete breakdown in Iraq it may wash over to them," said Marc Lee, the organizer of a conference on defense in the region that will be held the day before the arms fair. "They are acutely conscious of the instability threats on the other side of the Gulf and the threat from Iran."

At the last Idex exhibition, in 2005, $2 billion of deals were done in five days, but this year is expected to break all records. Up to 45,000 delegates are expected, and the UAE tourism ministry has hired two cruise liners to cope with demand for accommodations.

Across Arab World, A Widening Rift (WP)

By Anthony Shadid

The Washington Post, February 12, 2007

CAIRO Egypt is the Arab world's largest Sunni Muslim country, but as a writer once quipped, it has a Shiite heart and a Sunni mind. In its eclectic popular culture, Sunnis enjoy a sweet dish with raisins and nuts to mark Ashura, the most sacred Shiite Muslim holiday. Raucous festivals bring Cairenes into the street to celebrate the birthdays of Shiite saints, a practice disparaged by austere Sunnis. The city's Islamic quarter tangles like a vine around a shrine to Imam Hussein, Shiite Islam's most revered figure.

The syncretic blend makes the words of Mahmoud Ahmed, a book vendor sitting on the shrine's marble and granite promenade, even more striking.

"The Shiites are rising," he said, arching his eyebrows in an expression suggesting both revelation and fear.

The growing Sunni-Shiite divide is roiling an Arab world as unsettled as at any time in a generation. Fought in speeches, newspaper columns, rumors swirling through cafes and the Internet, and occasional bursts of strife, the conflict is predominantly shaped by politics: a disintegrating Iraq, an ascendant Iran, a sense of Arab powerlessness and a persistent suspicion of American intentions. But the division has begun to seep into the region's social fabric, too. The sectarian fault line has long existed and sometimes ruptured, but never, perhaps, has it been revealed in such a stark, disruptive fashion.

Newspapers are replete with assertions, some little more than incendiary rumors, of Shiite aggressiveness. The Jordanian newspaper Ad-Dustour, aligned with the government, wrote of a conspiracy last month to spread Shiism from India to Egypt. On the conspirators' agenda, it said: assassinating "prominent Sunni figures." The same day, an Algerian newspaper reported that parents were calling on the government to stop Shiite proselytizing in schools. An Egyptian columnist accused Iran of trying to convert Sunnis to Shiism in an attempt to revive the Persian Safavid dynasty, which came to power in the 16th century.

At Madbuli's, a storied bookstore in downtown Cairo, five new titles lined the display window: "The Shiites," "The Shiites in History," "Twelve Shiites," and so on. A newspaper on sale nearby featured a warning by its editor that the conflict could lead to a "sectarian holocaust."

"To us Egyptians," said writer and analyst Mohammed al-Sayid Said, the sectarian division is "entirely artificial. It resonates with nothing in our culture, nothing in our daily life. It's not part of our social experience, cultural experience or religious experience." But he added: "I think this can devastate the region."

The violence remains confined to Iraq and, on a far smaller scale, Lebanon, but to some, the four-year-long entropy of Iraq offers a metaphor for the forces emerging across the region: People there watched the rise of sectarian identity, railed against it, blamed the United States and others for inflaming it, then were often helpless to stop the descent into bloodshed.

"This tension is the most dangerous problem now in the region," said Ghassan Charbel, editor of the Arabic-language daily al-Hayat.

The schism between Sunnis and Shiites dates to the 7th century, Islam's earliest days, when a dispute broke out over who would succeed the prophet Muhammad. Shiites believe the descendants of Muhammad's daughter, Fatima, and son-in-law, Ali, were deprived of divinely ordained leadership in a narrative of martyrdom and injustice that still influences devout Shiite readings of the faith.

Over centuries, differences in ritual, jurisprudence and theology evolved, some of them slight. But the Shiite community -- as a majority in Iraq and Bahrain and a sizable minority in Lebanon, Saudi Arabia and Kuwait -- is shaped far more today by the underprivileged status it has often endured in an Arab world that is predominantly Sunni. For decades, the Saudi government

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banned Shiite rituals; a Sunni minority rules a restive Shiite majority in Bahrain; Lebanese Shiites, long poor and disenfranchised, often faced chauvinism that still lingers.

Episodes of sectarian conflict litter the region's history: Shiites revolted in medieval Baghdad, and rival gangs ransacked one another's tombs and shrines. The conflict between the Sunni Ottoman Empire and the Shiite Safavid Empire in Persia was often cast as a sectarian struggle. The 1979 Islamic revolution in Iran was portrayed in parts of the Arab world as a Shiite resurgence.

But rarely has the region witnessed so many events, in so brief a time, that have been so widely interpreted through a sectarian lens: the empowering of Iraq's Shiite-led government and the bloodletting that has devastated the country; the lack of support by America's Sunni Arab allies -- Egypt, Jordan and Saudi Arabia -- for the Shiite movement Hezbollah in its fight with Israel last summer; and, most decisively, the perception among many Sunni Arabs that Saddam Hussein was lynched by Shiites bent on revenge. In the background is the growing assertiveness of Shiite Iran as the influence of other traditional regional powers such as Egypt and Saudi Arabia diminishes.

In Lebanon, where the Hezbollah-led opposition has mobilized in an effort to force the government's resignation, the sectarian divide colors even a contest over urban space. Some Sunnis are angered most by the fact that the Beirut sit-in -- in their eyes, an occupation -- by Shiites from the hardscrabble southern suburbs is taking place in the sleek downtown rebuilt by a former Sunni prime minister, Rafiq al-Hariri, who was assassinated in 2005.

"Politics is perception," said Jamil Mroue, a Lebanese publisher whose father was Shiite and mother Sunni.

Sentiments today remind him of the tribal-like fanaticism that marked another sectarian conflict, Lebanon's 15-year civil war -- which, among other divisions, loosely pitted Christians against Muslims before it ended in 1990.

"It certainly conjures up the feelings of the civil war, when Lebanon started disintegrating, except on a mega-scale," Mroue said. He called it "very scary, because I know that there is a possibility of being moved by this tide."

"At the end of it," he added, "people are going to look back and say, 'What the hell was this all about?' "

In overwhelmingly Sunni countries such as Egypt, where politics were long defined by Arab nationalism or political Islam, visceral notions of sectarian identity remain somewhat alien. It is not unusual to hear people say they realized only as adults that they were Sunnis. Before that, they identified themselves simply as Muslim. Even in Lebanon, despite its communal divisions, intermarriage is not uncommon, and there is a long tradition of Sunnis becoming Shiites so their daughters can receive a more equitable share of inheritance, as allowed under Shiite law.

Across the region, Hezbollah and its leader, Hasan Nasrallah, in particular, still win accolades for their performance in last summer's war in Lebanon.

"You have to give him credit for fighting the Israelis," Abdel-Hamid Ibrahim said of Nasrallah as he stood at a rickety curbside stand in Cairo, boiling water for tea. Overhead were pictures of two Egyptian icons, the singers Um Kalthoum and Abdel-Halim Hafez. "Closest to my heart," he said. Next to them was a portrait of Nasrallah. "A symbol of resistance, the man who defeated Israel," it read.

"Hasan Nasrallah, he's the man who stood in front of the Israelis himself," said Muhsin Mohammed, a customer.

"Who was standing with him?" Ibrahim asked, nodding his head. He pointed to the sky. "Our Lord."

Both scoffed at the sectarian tensions.

"There's a proverb that says, 'Divide and conquer,' " Mohammed said. "Sunnis and Shiites -- they're not both Muslims? What divides them? Who wants to divide them? In whose interest is it to divide them?" he asked.

"It's in the West's interest," he answered. "And at the head of it is America and Israel." He paused. "And Britain."

That sense of Western manipulation is often voiced by Shiite clerics and activists, who say the United States incites sectarianism as a way of blunting Iran's influence. In recent years, some of the most provocative comments have come from America's allies in the region: Egypt's president questioned Shiites' loyalty to their countries, Jordan's king warned of a coming Shiite crescent from Iran to Lebanon, and last month King Abdullah of Saudi Arabia denounced what he called Shiite proselytizing.

The charge drew a lengthy retort from Nasrallah. "Frankly speaking, the aim of saying such things is fomenting strife," he said in a speech. He dismissed charges of Iranian proselytizing or the emergence of a Shiite crescent.

"People in the region always complain about a Shiite crescent. You always hear, 'Shiite crescent, Shiite crescent.' That's just a crescent. What about the full Sunni moon?" said Nimr al-Nimr, a Shiite cleric in the eastern Saudi town of Awamiya, who spent five days in police detention for urging that a Shiite curriculum be taught in his predominantly Shiite region.

Shiites make up less than 15 percent of Saudi Arabia's population, many of them in the oil-rich Eastern Province. The austere Sunni religious establishment considers them heretics. One cleric, Abdul Rahman al-Barak, considered close to the royal family, has called Shiites "infidels, apostates and hypocrites."

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"There are conflicts in Palestine between Sunni sects -- Hamas and Fatah -- in Somalia, in Darfur. None of that is sectarian," said Hassan al-Saffar, the most prominent Shiite cleric in Saudi Arabia. "There's a campaign against Shiites. Why is all this anti-Shiite sentiment being inflamed at a time the United States is trying to pressure Iran because of its nuclear ambitions?"

In Cairo recently, Hassan Kamel sipped sweet tea in a cafe beside the shrine to Imam Hussein, the prophet's grandson, who was killed in battle in 680 in what is now Iraq. The shrine is believed to hold his severed head. Across the street was al-Azhar, one of the foremost academic institutions of Sunni Islam, founded, ironically, by the Shiite Fatimid dynasty that ruled Egypt for 200 years until 1169. On the shrine's wall was a saying attributed to the prophet and often intoned during Shiite commemorations: "Hussein is from me, and I am from Hussein." Kamel pointed to the doors, topped with a Koranic inscription; Shiites and Sunnis like him worshiped at the shrine together, he said.

As cats scurried across the cafe's grimy floor, he wondered aloud about past conflicts that have splintered the Middle East.

"Egyptians, all their lives, without exception, have endured so many crises, catastrophes and problems," he said. He listed wars in 1948, 1956, 1967, 1973. "But they have a gift. It's a gift from God. They have the ability to forget."

Then he talked about the rest of the region, and whether this bout of strife and tension would pass, too.

"They might forget, they might not," he said. "Right now, no one knows what's coming."

Blowup? America's Hidden War With Iran (NSWK)

By Michael Hirsh And Maziar Bahari

Newsweek, February 12, 2007

Jalal Sharafi was carrying a videogame, a gift for his daughter, when he found himself surrounded. On that chilly Sunday morning, the second secretary at the Iranian Embassy in Baghdad had driven himself to the commercial district of Arasat Hindi to checkout the site for a new Iranian bank. He had ducked into a nearby electronics store with his bodyguards, and as they emerged four armored cars roared up and disgorged at least 20 gunmen wearing bulletproof vests and Iraqi National Guard uniforms. They flashed official IDs, and manhandled Sharafi into one car. Iraqi police gave chase, guns blazing. They shot up one of the other vehicles, capturing four assailants who by late last week had yet to be publicly identified. Sharafi and the others disappeared.

At the embassy, the diplomat's colleagues were furious. "This was a group directly under American supervision," said one distraught Iranian official, who was not authorized to speak on the record. Abdul Karim Inizi, a former Iraqi Security minister close to the Iranians, pointed the finger at an Iraqi black-ops unit based out at the Baghdad airport, who answer to American Special Forces officers. "It's plausible," says a senior Coalition adviser who is also not authorized to speak on the record. The unit does exist—and does specialize in snatch operations.

The Iranians have reason to feel paranoid. In recent weeks senior American officers have condemned Tehran for providing training and deadly explosives to insurgents. In a predawn raid on Dec. 21, U.S. troops barged into the compound of the most powerful political party in the country, the Supreme Council for the Islamic Revolution in Iraq, and grabbed two men they claimed were officers in Iran's Revolutionary Guards. Three weeks later U.S. troops stormed an Iranian diplomatic office in Irbil, arresting five more Iranians. The Americans have hinted that as part of an escalating tit-for-tat, Iranians may have had a hand in a spectacular raid in Karbala on Jan. 20, in which four American soldiers were kidnapped and later found shot, execution style, in the head. U.S. forces promised to defend themselves.

Some view the spiraling attacks as a strand in a worrisome pattern. At least one former White House official contends that some Bush advisers secretly want an excuse to attack Iran. "They intend to be as provocative as possible and make the Iranians do something [America] would be forced to retaliate for," says Hillary Mann, the administration's former National Security Council director for Iran and Persian Gulf Affairs. U.S. officials insist they have no intention of provoking or otherwise starting a war with Iran, and they were also quick to deny any link to Sharafi's kidnapping. But the fact remains that the longstanding war of words between Washington and Tehran is edging toward something more dangerous. A second Navy carrier group is steaming toward the Persian Gulf, and NEWSWEEK has learned that a third carrier will likely follow. Iran shot off a few missiles in those same tense waters last week, in a highly publicized test. With Americans and Iranians jousting on the chaotic battleground of Iraq, the chances of a small incident's spiraling into a crisis are higher than they've been in years.

Sometimes it seems as if a state of conflict is natural to the U.S.-Iranian relationship—troubled since the CIA-backed coup that restored the shah to power in 1953, tortured since Ayatollah Khomeini's triumph in 1979. With the election of George W. Bush on the one hand, and Iranian President Mahmoud Ahmadinejad on the other, the two countries are now led by men who deeply mistrust the intentions and indeed doubt the sanity of the other. Tehran insists that U.S. policy is aimed at toppling the regime and subjugating Iran. The White House charges that Iran is violently sabotaging U.S. efforts to stabilize the Middle East

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while not so secretly developing nuclear weapons. As the raids and skirmishes in Iraq underscore, a hidden war is already unfolding.

Yet a NEWSWEEK investigation has also found periods of marked cooperation and even tentative steps toward possible reconciliation in recent years—far more than is commonly realized. After September 11 in particular, relations grew warmer than at any time since the fall of the shah. America wanted Iran's help in Afghanistan, and Iran gave it, partly out of fear of an angry superpower and partly in order to be rid of its troublesome Taliban neighbors. In time, hard-liners on both sides were able to undo the efforts of diplomats to build on that foundation. The damage only worsened as those hawks became intoxicated with their own success. The secret history of the Bush administration's dealings with Iran is one of arrogance, mistrust and failure. But it is also a history that offers some hope.

For Iran's reformists, 9/11 was a blessing in disguise. Previous attempts to reach out to America had been stymied by conservative mullahs. But the fear that an enraged superpower would blindly lash out focused minds in Tehran. Mohammad Hossein Adeli was one of only two deputies on duty at the Foreign Ministry when the attacks took place, late on a sweltering summer afternoon. He immediately began contacting top officials, insisting that Iran respond quickly. "We wanted to truly condemn the attacks but we also wished to offer an olive branch to the United States, showing we were interested in peace," says Adeli. To his relief, Iran's top official, Ayatollah Ali Khameini, quickly agreed. "The Supreme Leader was deeply suspicious of the American government," says a Khameini aide whose position does not allow him to be named. "But [he] was repulsed by these terrorist acts and was truly sad about the loss of the civilian lives in America." For two weeks worshipers at Friday prayers even stopped chanting "Death to America."

The fear dissipated after Sept. 20, when the FBI announced that Al Qaeda was behind the attacks. But there was new reason for cooperation: for years Tehran had been backing the Afghan guerrillas fighting the Taliban, Osama bin Laden's hosts. Suddenly, having U.S. troops next door in Afghanistan didn't seem like a bad idea. American and Iranian officials met repeatedly in Geneva in the days before the Oct. 7 U.S. invasion. The Iranians were more than supportive. "In fact, they were impatient," says a U.S. official involved in the talks, who asked not to be named speaking about topics that remain sensitive. "They'd ask, 'When's the military action going to start? Let's get going!' "

Opinions differ wildly over how much help the Iranians actually were on the ground. But what is beyond doubt is how critical they were to stabilizing the country after the fall of Kabul. In late November 2001, the leaders of Afghanistan's triumphant anti-Taliban factions flew to Bonn, Germany, to map out an interim Afghan government with the help of representatives from 18 Coalition countries. It was rainy and unseasonably cold, and the penitential month of Ramadan was in full sway, but a carnival mood prevailed. The setting was a splendid hotel on the Rhine, and after sunset the German hosts laid on generous buffet meals under a big sign promising that everything was pork-free.

The Iranian team's leader, Javad Zarif, was a good-humored University of Denver alumnus with a deep, measured voice, who would later become U.N. ambassador. Jim Dobbins, Bush's first envoy to the Afghans, recalls sharing coffee with Zarif in one of the sitting rooms, poring over a draft of the agreement laying out the new Afghan government. "Zarif asked me, 'Have you looked at it?' I said, 'Yes, I read it over once'," Dobbins recalls. "Then he said, with a certain twinkle in his eye: 'I don't think there's anything in it that mentions democracy. Don't you think there could be some commitment to democratization?' This was before the Bush administration had discovered democracy as a panacea for the Middle East. I said that's a good idea."

Toward the end of the Bonn talks, Dobbins says, "we reached a pivotal moment." The various parties had decided that the suave, American-backed Hamid Karzai would lead the new Afghan government. But he was a Pashtun tribal leader from the south, and rivals from the north had actually won the capital. In the brutal world of Afghan power politics, that was a recipe for conflict. At 2 a.m. on the night before the deal was meant to be signed, the Northern Alliance delegate Yunus Qanooni was stubbornly demanding 18 out of 24 new ministries. Frantic negotiators gathered in the suite of United Nations envoy Lakhdar Brahimi. A sleepy Zarif translated for Qanooni. Finally, at close to 4 a.m., he leaned over to whisper in the Afghan's ear: " 'This is the best deal you're going to get'." Qanooni said, " 'OK'."

That moment, Dobbins says now, was critical. "The Russians and the Indians had been making similar points," he says. "But it wasn't until Zarif took him aside that it was settled ... We might have had a situation like we had in Iraq, where we were never able to settle on a single leader and government." A month later Tehran backed up the political support with financial muscle: at a donor's conference in Tokyo, Iran pledged $500 million (at the time, more than double the Americans') to help rebuild Afghanistan.

In a pattern that would become familiar, however, a chill quickly followed the warming in relations. Barely a week after the Tokyo meeting, Iran was included with Iraq and North Korea in the "Axis of Evil." Michael Gerson, now a NEWSWEEK contributor, headed the White House speechwriting shop at the time. He says Iran and North Korea were inserted into Bush's controversial State of the Union address in order to avoid focusing solely on Iraq. At the time, Bush was already making plans to topple Saddam Hussein, but he wasn't ready to say so. Gerson says it was Condoleezza Rice, then national-security adviser,

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who told him which two countries to include along with Iraq. But the phrase also appealed to a president who felt himself thrust into a grand struggle. Senior aides say it reminded him of Ronald Reagan's ringing denunciations of the "evil empire."

Once again, Iran's reformists were knocked back on their heels. "Those who were in favor of a rapprochement with the United States were marginalized," says Adeli. "The speech somehow exonerated those who had always doubted America's intentions." The Khameini aide concurs: "The Axis of Evil speech did not surprise the Supreme Leader. He never trusted the Americans."

It would be another war that nudged the two countries together again. At the beginning of 2003, as the Pentagon readied for battle against Iraq, the Americans wanted Tehran's help in case a flood of refugees headed for the border, or if U.S. pilots were downed inside Iran. After U.S. tanks thundered into Baghdad, those worries eased. "We had the strong hand at that point," recalls Colin Powell, who was secretary of State at the time. If anything, though, America's lightning campaign made the Iranians even more eager to deal. Low-level meetings between the two sides had continued even after the Axis of Evil speech. At one of them that spring, Zarif raised the question of the Mujahedin-e Khalq (MEK), a rabidly anti-Iranian militant group based in Iraq. Iran had detained a number of senior Qaeda operatives after 9/11. Zarif floated the possibility of "reciprocity"—your terrorists for ours.

The idea was brought up at a mid-May meeting between Bush and his chief advisers in the wood-paneled Situation Room in the White House basement. Riding high, Bush seemed to like the idea of a swap, says a participant who asked to remain anonymous because the meeting was classified. Some in the room argued that designating the militants as terrorists had been a mistake, others that they might prove useful against Iran someday. Powell opposed the handover for a different reason: he worried that the captives might be tortured. The vice president, silent through most of the meeting as was his wont, muttered something about "preserving all our options." (Cheney declined to comment.) The MEK's status remains unresolved.

Around this time what struck some in the U.S. government as an even more dramatic offer arrived in Washington—a faxed two-page proposal for comprehensive bilateral talks. To the NSC's Mann, among others, the Iranians seemed willing to discuss, at least, cracking down on Hizbullah and Hamas (or turning them into peaceful political organizations) and "full transparency" on Iran's nuclear program. In return, the Iranian "aims" in the document called for a "halt in U.S. hostile behavior and rectification of the status of Iran in the U.S. and abolishing sanctions," as well as pursuit of the MEK.

An Iranian diplomat admits to NEWSWEEK that he had a hand in preparing the proposal, but denies that he was its original author. Asking not to be named because the topic is politically sensitive, he says he got the rough draft from an intermediary with connections at the White House and the State Department. He suggested some relatively minor revisions in ballpoint pen and dispatched the working draft to Tehran, where it was shown to only the top ranks of the regime. "We didn't want to have an 'Irangate 2'," the diplomat says, referring to the secret negotiations to trade weapons for hostages that ended in scandal during Reagan's administration. After Iran's National Security Council approved the document (under orders from Khameini), a final copy was produced and sent to Washington, according to the diplomat.

The letter received a mixed reception. Powell and his deputy Richard Armitage were suspicious. Armitage says he thinks the letter represented creative diplomacy by the Swiss ambassador, Tim Guldimann, who was serving as a go-between. "We couldn't determine what [in the proposal] was the Iranians' and what was the Swiss ambassador's," he says. He added that his impression at the time was that the Iranians "were trying to put too much on the table." Quizzed about the letter in front of Congress last week, Rice denied ever seeing it. "I don't care if it originally came from Mars," Mann says now. "If the Iranians said it was fully vetted and cleared, then it could have been as important as the two-page document" that Richard Nixon and Henry Kissinger received from Beijing in 1971, indicating Mao Zedong's interest in opening China.

A few days later bombs tore through three housing complexes in Saudi Arabia and killed 29 people, including seven Americans. Furious administration hard-liners blamed Tehran. Citing telephone intercepts, they claimed the bombings had been ordered by Saif al-Adel, a senior Qaeda leader supposedly imprisoned in Iran. "There's no question but that there have been and are today senior Al Qaeda leaders in Iran, and they are busy," Defense Secretary Donald Rumsfeld growled. Although there was no evidence the Iranian government knew of Adel's activities, his presence in the country was enough to undermine those who wanted to reach out.

Powell, for one, thinks Bush simply wasn't prepared to deal with a regime he thought should not be in power. As secretary of State he met fierce resistance to any diplomatic overtures to Iran and its ally Syria. "My position in the remaining year and a half was that we ought to find ways to restart talks with Iran," he says of the end of his term. "But there was a reluctance on the part of the president to do that." The former secretary of State angrily rejects the administration's characterization of efforts by him and his top aides to deal with Tehran and Damascus as failures. "I don't like the administration saying, 'Powell went, Armitage went ... and [they] got nothing.' We got plenty," he says. "You can't negotiate when you tell the other side, 'Give us what a negotiation would produce before the negotiations start'."

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Terrorism wasn't the only concern when it came to Iran. For decades, Washington's abiding fear has been that Iran might pick up where the shah's nuclear program (initially U.S.-backed) left off, and make the Great Satan the target of its atomic weapons. The Iranians, who were signatories to the Nuclear Non-Proliferation Treaty, insisted they had nothing to hide. They lied. In August 2002, a group affiliated with the MEK revealed the extent of nuclear activities at a facility in Isfahan, where the Iranians had been converting yellowcake to uranium gas, and in Natanz, where the infrastructure needed to enrich that material to weapons-grade uranium was being built. A year later Pakistani scientist AQ Khan's covert nuclear-technology network unraveled, bringing further embarrassments and investigations.

For months, European negotiators worked to get Tehran to formalize a temporary and tenuous deal to freeze its nuclear fuel-development program. In May 2005, they met with Iran's chief nuclear negotiator, Hassan Rowhani, at the Iranian ambassador's opulent Geneva residence. There was some reason to be optimistic: in Washington, Rice had announced that the United States would not block Iran's bid to join the World Trade Organization. Yet a sense of enormous tension filled the room, according to a diplomat who was there but asked not to be identified revealing official discussions. The Europeans told Rowhani they hadn't nailed down exactly what they could offer in return for a freeze, and the Americans still weren't fully onboard. Iran would have to wait for the details for a few more months. But in the meantime, the program had to remain suspended.

Rowhani, in full clerical robes and turban, obviously was not authorized to make any such deal. "The man was in front of us sweating," says the European diplomat. "He was trapped: he couldn't go further ... I realized very clearly that he couldn't deliver, that he was not allowed to deliver. Psychologically he was broken. Physically he was almost broken."

Part of the problem was that elections in Iran were only a few days away. They brought to power a man who satisfied the darkest stereotypes of Iran's fervid leaders. Mahmoud Ahmadinejad publicly renounced the freeze on Iran's nuclear fuel-development program, broke the seals the International Atomic Energy Agency had placed on Iran's conversion facilities at Isfahan and pushed ahead with work at Natanz. In the span of no more than a month or two, nuclear enrichment had become a symbol of national pride for a much wider spectrum of Iranian society than the voters who elected Ahmadinejad. In a warped parallel to Bush, who found his voice after 9/11 rallying Americans to the struggle against a vast and unforgiving enemy, the Iranian president rose in stature throughout the Middle East as he railed against America. The one problem U.S. negotiators had always had with Iran was determining who in the byzantine regime to talk to, and whether they could deliver anything. Now they faced another: the Iranians had almost no incentive to talk. With the United States bogged down in Iraq, Iran now had the leverage—roles had reversed.

In its second term the Bush administration, despite Powell's sour memories, has supported European efforts to resolve the nuclear impasse diplomatically. Rice has offered to meet her Iranian counterpart "any time, anywhere." "What has blocked such contact is the refusal of Iran to meet the demands of the entire international community," says a White House official, who could not be named discussing Iran. The official expressed deep frustration with critics. He argued they were naive about Tehran's intentions, and "parroting Iranian propaganda."

By last summer Iran seemed ascendant. Hizbullah's performance in the Lebanon war had rallied support for Ahmadinejad, one of the group's loudest proponents, across the Arab world. In a series of meetings in New York in September the Iranian president was defiant, almost giddy. (A senior British official who would only speak anonymously about deliberations with the Americans describes Tehran's mood around this time as "cock-a-hoop.") He would not back down when grilled about his dismissals of the Holocaust, and scoffed at the threat of U.N. sanctions over Iran's nuclear defiance.

The West's patience was running out. In Baghdad, American troops seemed powerless to stop a wave of gruesome sectarian killings that they claimed were fueled by Iran. In Amman and Riyadh, Arab leaders warned darkly of a rising "Shia crescent." After Bush's defeat in the midterm elections, Israeli officials began wondering aloud if they would have to deal with the Iranian threat on their own. Partly in consultation with the British, U.S. officials began to map out a broader strategy to fight back. "We felt we needed to have a much more knitted-together policy, with a number of different strands working, to hit different parts of the Iranian system," says the senior British official.

Critics have questioned how much of that plan is military—whether the administration is secretly setting a course for war as it did back in 2002. Last week officials were at great pains to deny that scenario. "We are not planning offensive military operations against Iran," said Under Secretary of State Nicholas Burns. The Pentagon does have contingency plans for all-out war with Iran, on which Bush was briefed last summer. The targets would include Iran's air-defense systems, its nuclear- and chemical-weapons facilities, ballistic missile sites, naval and Revolutionary Guard bases in the gulf, and intelligence headquarters. But generals are convinced that no amount of firepower could do more than delay Tehran's nuclear program. U.S. military analysts have concluded that nothing short of regime change would completely eliminate the threat—and America simply doesn't have the troops needed.

Iraq is another story. American military officials and politicians accuse the Iranian government of providing Iraqis with an new arsenal of advanced rocket-propelled-grenade launchers, heavy-duty mortars and the newest armor-piercing technology for

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roadside bombs—explosively formed projectiles (EFPs), said to have been developed by Hizbullah. Military security experts are especially worried by "passive infrared sensors," readily available devices that are often used for burglar alarms or automatic light switches but increasingly seen as triggers for improvised explosive devices (IEDs). Unlike cell phones, remote-control systems and garage-door openers, the sensors emit no signal, making them that much tougher to spot before they detonate.

What's scant is hard evidence that the weapons are provided by the Iranian government, rather than arms dealers or rogue Revolutionary Guard elements. "Iranian lethal support for select groups of Iraqi Shia militants clearly intensifies the conflict in Iraq," says the latest National Intelligence Estimate on Iraq. But the most that can be said with certainty is that Tehran is failing to stop the traffic. The Iranians themselves admit they're not trying as hard as they could. "I can give you my word that we don't give IEDs to the Mahdi Army," says an Iranian intelligence official who asked not to be named because secrecy is his business. "But if you asked me if we could control our borders better if we wanted to, I would say: 'Yes, if we knew that the Americans would not use Iraq as a base to attack Iran'."

The real thrust of Washington's multipronged attack is political. Banking restrictions levied by the U.S. Treasury have begun to pinch the Iranian economy. Voters angry about rising prices dealt Ahmadinejad an embarrassing blow in municipal elections in December, when his supporters were trounced. That wouldn't much matter if he still retained Khameini's support. But that may no longer be the case. The Khameini aide says the Supreme Leader blames Ahmadinejad's overheated rhetoric about Israel and the Holocaust for the unanimous Security Council resolution that passed in late December, demanding that Tehran suspend its nuclear program.

Every time America or Iran has gained an advantage over the other in the last five years, however, they've overplayed their hand. More pressure on Ahmadinejad could well make him popular again—the chief martyr in a martyr culture. Sunni insurgents in Iraq need only kill some Americans and plant Iranian IDs nearby to start a full-scale war. Like so many times in this complicated relationship, this is a moment of opportunity. And one of equally great danger.

With reporting by Babak Dehghanpisheh in Baghdad and John Barry, Mark Hosenball, Richard Wolffe in Washington, Christopher Dickey in Paris, Stryker McGuire in London, and Christian Caryl, Owen Matthews, Scott Johnson, Kevin Peraino, Ron Moreau and Dan Ephron

Report: Cheney Snubbing Japan Official (AP)

AP, February 12, 2007

Vice President Dick Cheney will not meet with Japan's defense minister during his trip to the country next week, a decision Japanese media characterized as a snub over the official calling the U.S.-led invasion of Iraq a "mistake."

Kyodo news agency said Cheney has asked Japan not to schedule any talks with Defense Minister Jumio Kyuma, who criticized the decision to go to war last month because he said it was based on the erroneous assumption that Saddam Hussein's government had weapons of mass destruction.

Kyuma later backtracked, saying he meant that the decision to attack Iraq should have been thought through more cautiously.

Foreign Ministry officials were not immediately available to comment on the report.

In Washington, Cheney spokeswoman Lea Anne McBride said the vice president's schedule had been filled before he received an invitation from Kyuma to meet.

"He is looking forward to a full day of meetings in Japan, including meetings with the emperor, the prime minister, the chief Cabinet secretary and the foreign minister," McBride said.

"This schedule was set in advance of receiving a request from the defense minister."

Japan sent ground troops to southern Iraq on a humanitarian mission after the March 2003 invasion, but the contingent was pulled out last year. Japan still operates airlifts in the region in support of the U.S.-led forces, a mission set to end in July.

Nuclear Talks On North Korea Hit Roadblock (NYT)

By Jim Yardley And David E. Sanger

The New York Times, February 12, 2007

BEIJING, Feb. 11 — Negotiations on a step-by-step deal that the Bush administration hopes will lead North Korea to give up its nuclear weapons program appeared near collapse on Sunday over North Korea's demands for huge shipments of fuel oil and electricity before agreeing to a schedule for turning over its nuclear weapons and fuel.

The chief American envoy, Christopher R. Hill, said he and North Korea's envoy, Kim Kye-gwan, held a "lengthy and very frank" meeting on Sunday. But Mr. Hill seemed much less optimistic that a deal could be struck. Negotiators are planning to end the talks on Monday, and other envoys were pessimistic that any breakthrough would emerge on the final day.

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Meanwhile, a summary of the proposed agreement being circulated among senior policy makers in Washington makes it clear that even if the North agreed to take the listed first steps — sealing its main nuclear reactor and inviting international inspectors back into the country — it would not be required to turn over any nuclear weapons or weapons fuel that it has produced in recent years for an unspecified period of time, and then only after reaching another agreement.

In essence, the agreement Mr. Hill, an assistant secretary of state, is negotiating could prevent the North from producing more weapons, but defers discussions over the weapons and fuel it has stockpiled. Mr. Hill had earlier suggested that if there was agreement, follow-up talks could be set up in March and April.

The summary calls for all six nations in the talks — the others are South Korea, Japan, China and Russia — to "create working groups for full and rapid implementation" of a September 2005 agreement in which the North agreed in principle to abandon its nuclear weapons. But in the past, the North Korean envoys to similar working groups have proven to have no real negotiating authority. Furthermore, the proposed agreement sets no dates on nuclear action beyond shutting down the nuclear plant at Yongbyon and allowing inspectors in within 60 days; it leaves unresolved what the North would get in return. The summary was given to The New York Times by a source trying to explain the timing and vagueness of the deal's elements.

After months of preparation that created unusual optimism within the Bush administration, failure to reach even a preliminary agreement could cast doubt on the prospects of disarming North Korea in the administration's last two years. Several Asian diplomats said they feared that North Korea had sensed the American distraction in Iraq and could be trying to run out the clock until the election of a new president.

At the same time, the North is under pressure because of the effectiveness of financial sanctions, particularly those aimed at Kim Jong-il and other North Korean leaders, and it may feel this is a good time to extract concessions from the South Korean government, which is clinging to economic ties to the North.

Mr. Hill, a seasoned negotiator who played a critical role in the Dayton accords that ended conflict in the Balkans in 1995, made it clear that the United States would not sign a deal that provided North Korea with energy but failed to ensure that it gave up its nuclear material.

"We're not looking to provide energy assistance so that they could avoid taking the further steps on denuclearization," he said at a news conference late Sunday in Beijing. "We understand that you can't just get there in one jump, you have to take several steps, so we're prepared to take several steps."

He added, "But we're not interested in providing that kind of assistance so that they don't have to take the next step."

In the past, the North has always insisted that it get rewards before giving away the nuclear ability that Mr. Kim regards as his sole international bargaining chip.

Kyodo, the Japanese news agency, has reported that North Korea wants an annual energy package of two million tons of fuel oil and two million kilowatts of electricity for taking the first steps in the agreement. It quoted unidentifed diplomatic sources who said the North also wanted a short-term infusion of hundreds of thousands of tons of fuel oil almost immediately. That presumably would be a reward for shutting down Yongbyon, even though Yongbyon does not provide electric energy to the country.

Any deal would inevitably be compared with the 1994 agreement between the Clinton administration and North Korea. President Bush and Secretary of State Condoleezza Rice have criticized that accord because it involved a "freeze" on activity that the North could quickly reverse, and because it left the shipment of weapons and fuel out of the country to the very end. The agreement fell apart in 2002, and the North is believed to have then converted its spent nuclear fuel into weapons.

The North tested its first nuclear device in October, though with only partial success.

Outside experts familiar with the outlines of the proposed deal say that the Bush administration would give up relatively little at the beginning — but it would also receive little.

"Freezing and disabling Yongbyon is an important but modest step," said Michael Green, who negotiated with North Korea as the top Asia expert at the National Security Council until he left a year ago. "It does not yet capture harvested plutonium and the existing weapons."

If a deal holds together, he said, "the key will be retaining leverage" on the North by preventing China, Russia and South Korea from increasing their economic cooperation so much that that their actions negate the United Nations Security Council sanctions on the North.

According to the outline, the proposed agreement would establish "tight timelines for actions that are measured in months, not years," and would include a flurry of activity in the first 60 days. That would include shutting down the Yongbyon facilities.

Inspectors would return to the country for the first time in more than four years, and the North would have to declare "all of its existing nuclear programs." That is a reference to the American accusation that the North has a hidden program to enrich uranium, purchased from the rogue Pakistani scientist Abdul Qadeer Khan. The North once admitted to the existence of the program, American officials say, but has since denied it.

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The working groups outlined by the proposed agreement would discuss denuclearization, economic and energy cooperation, normalization of diplomatic relations, and a peace treaty formally ending the Korean War. The North's commitments, the document says, "are to all five other parties, including China," and it says that "conventional energy assistance will be determined by the working group and will be commensurate with the steps" North Korea takes to fulfill its commitments.

The huge annual energy package North Korea is demanding would eclipse the aid provided under the 1994 deal, when the North was promised light-water nuclear reactors with a generating capacity of two million kilowatts of electricity, as well as a temporary fix of 500,000 tons of heavy fuel oil.

The chief Japanese envoy, Kenichiro Sasae, told Kyodo, "The problem is that North Korea has excessive expectations about this, and unless it reconsiders this issue, an agreement will be difficult."

North Korea's insistence on the package deflated the optimism that had infused the early days of this round of talks and spread to senior officials in the White House, who said they expected a deal this weekend. By Sunday afternoon, diplomats had decided that Monday would be the final day of talks, agreement or no. According to [a news agency], South Korea's representative, Chun Yung-woo, blamed the size of the energy package "and the scope, pace and range of the North's actions to denuclearize" for the stalemate.

The Russian envoy, Aleksandr Losyukov, suggested that the best outcome might be a "chairman's statement" by China that summarized the negotiations.

"It seems the chances to reach a joint statement are slim," Mr. Losyukov said, according to Xinhua, China's official news agency.

North Korea Snarls Efforts To End Nuclear Standoff (WSJ)

By Evan Ramstad

The Wall Street Journal, February 12, 2007

BEIJING -- The latest effort by the U.S., China and three other countries to talk North Korea into giving up its pursuit of nuclear weapons is at risk of failure because of disagreement over one major point: the energy incentives they will provide Pyongyang.

The snag spoiled what was expected to be quick approval of a sweeping deal that was largely arranged by the U.S. in a two-way discussion with North Korea last month. Negotiators last night said they will continue working on the problem for just one more day, then will end the current round of talks with or without an agreement.

"There is a point in which you set a deadline and lay out your position and hope the other side is interested in trying to cut a deal," said Christopher Hill, the U.S. envoy to the talks.

The problem emerged on the first day of the talks on Thursday, as North Korea insisted the energy assistance it is being offered in stages occur all at once, Mr. Hill said, rather than in phases. Delegates from other countries in the talks said over the weekend that North Korea's request was excessive. North Korea envoy Kim Kye Gwan doesn't usually talk to reporters until the end of a round of talks.

The U.S. and other participants in the talks want to phase in energy assistance, increasing it each time North Korea takes another step toward getting rid of nuclear weapons. "We're not interested in just stopping at initial steps," Mr. Hill said. "We're interested in completing the journey to denuclearization."

The stakes are high for the U.S., which, since the North's test of a nuclear device in October, has stepped up its diplomatic efforts to reverse Pyongyang's desire for such weapons. Success with North Korea might help the U.S. persuade another budding nuclear power, Iran, to give up its work, too.

A failure to reach a deal would again raise questions about North Korea's willingness to compromise, which has appeared low from the first round of talks in August 2003.

The viability of the six-party negotiating process also is in jeopardy. Japan, South Korea and Russia are other members of the six-party talks.

The six countries failed to reach a deal the last time they met, in mid-December. Diplomats entered that round with high hopes also, but North Korea's delegates said they weren't able to negotiate.

Mr. Hill subsequently held three days of meetings with the North's Mr. Kim in Berlin last month, resolved several disputes and formed the framework of a deal.

Under it, North Korea would shut down its sole nuclear plant, which provides spent fuel that can be reprocessed into weapons material, and begin to take other disarmament steps.

It also would take steps toward friendlier relations with the U.S., Japan and South Korea.

In return, the five countries would provide North Korea with economic assistance, chiefly in the form of free fuel oil and electricity. The U.S. would resolve a portion of a banking dispute with North Korea.

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The countries planned to set up five working groups to implement the various parts of the deal and schedule regular meetings, as often as every month.

Late last night, Mr. Hill said, "I think we have a real problem if we can't reach an agreement on this."

North Korea Talks Teeter On Brink Of Collapse (FT)

By Anna Fifield

Financial Times, February 12, 2007

Diplomatic efforts to halt North Korea's nuclear weapons programme are teetering on the brink of collapse because of a disagreement over the energy aid Pyongyang should receive in return for its first steps.

Pyongyang was making "excessive" demands for electricity and oil that, unless dropped, would see the talks end in deadlock on Monday, Japan's envoy said.

After two tortuous days discussing a single paragraph in a draft agreement that would pave the way for denuclearisation, diplomats agreed to conclude the latest round of six-party talks on the North Korean nuclear problem on Monday, regardless of whether they strike a deal.

Failure would come as a heavy blow for all parties, which have been meeting in the most optimistic atmosphere in 18 months.

"We have a real problem if we can't reach an agreement," Christopher Hill, the US negotiator, said on Sunday night. "The diplomatic process would certainly be dealt a significant setback but that does not mean that we are going to give up on this issue. We do not have the option of walking away."

The talks opened on Thursday amid hopes a deal could be struck that would pave the way for implementation of the September 2005 agreement under which North Korea pledged to abandon its nuclear weapons programme in return for economic and energy assistance.

Although all parties – China, Japan, Russia, the US and the two Koreas – agreed in principle on the first two days to work towards this goal, the talks came unstuck over the weekend over the rewards North Korea could expect for certain steps.

According to reports coming out from the delegations, North Korea has been insisting the other five countries provide it with 2m kilowatts of electricity, the amount that could have been generated by two light-water reactors that were supposed to be built under the 1994 nuclear agreement with the Clinton administration.

It was also demanding 2m tonnes of heavy fuel oil.

Kenichiro Sasae, the Japanese negotiator, said the "excessive" demands led to an "atmosphere of heightened tension" on Sunday. "This is the problem, and unless they change their thinking, an agreement will be difficult," Mr Sasae said.

Pyongyang has a record of trying to extract greater concessions by starting from an unrealistic bargaining position, so analysts said a deal was still possible.

Mr Hill said he had had a "very, very frank and honest" discussion with his North Korean counterpart on Sunday. "We were prepared to look at some energy assistance because the DPRK really needs energy assistance. But we are not looking at energy assistance that would somehow allow the DPRK to avoid denuclearisation," he said, referring to North Korea by its official name.

But a pro-Pyongyang newspaper said the talks had hit a snag because of a US "betrayal". The Chosun Shinbo said the US last month offered to lift financial sanctions in return for North Korea taking steps towards dismantling its nuclear weapons programme. "The obstacle is ... the US and some other countries never think of their [own] duties."

North Korean Nuclear Talks Proceed As Outlook Dims (WP)

The Washington Post, February 12, 2007

North Korean Nuclear Talks Proceed as Outlook Dims

BEIJING -- Deadlocked on Sunday over energy aid to North Korea, envoys to six-nation talks on the Pyongyang government's nuclear weapons program gave themselves one more day to reach agreement on first steps toward eliminating the program.

The stalemate resulted from North Korea's demand for heavy fuel oil in exchange for closing its main nuclear facility, a reactor at Yongbyon, and readmitting international inspectors in a plan the Bush administration had hoped would lead to denuclearization.

The chief U.S. envoy, Assistant Secretary of State Christopher R. Hill, suggested that if North Korea obtained such a large amount of fuel upfront, it might no longer feel obligated to continue denuclearization. Some reports quoting diplomats at the talks suggested that the initial commitment demanded by North Korea amounted to 2 million tons.

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"We're prepared to help . . . especially on economic and energy issues," Hill said. "But we're not prepared to help them in a way that would allow them to avoid the next steps in denuclearization."

The chief Russian negotiator, Deputy Foreign Minister Alexander Losyukov, predicted that the six envoys -- from North and South Korea, China, Russia, Japan and the United States -- would not be able to reach agreement at this round of talks despite what appeared to be favorable conditions when they began Thursday, according to the official New China News Agency.

-- Edward Cody

EUROPE

Â· LISBON -- Voters failed to overturn Portugal's strict abortion law because of low turnout at the polls, but the prime minister vowed to relax restrictions in the conservative Catholic country through legislation.

Â· PRISTINA, Serbia -- Kosovo Albanian leaders appealed for calm after two people died following clashes between police and ethnic Albanians protesting a U.N. plan they say falls short of full independence from Serbia.

Â· ASHKHABAD, Turkmenistan -- Turkmens voted in their country's first presidential election with more than one candidate.

All the candidates were from the only legal party, and there were no foreign monitors. Officials said turnout was nearly 99 percent.THE MIDDLE EAST

Â· RIYADH, Saudi Arabia -- Russian President Vladimir Putin held talks with Saudi King Abdullah on Iraq and the Palestinian-Israeli conflict in the first visit to the kingdom by a Russian leader.

Â· JERUSALEM -- Israeli Prime Minister Ehud Olmert said the emerging Palestinian cabinet must recognize Israel, renounce violence and accept past peace agreements.

Separately, Israel conducted its first nighttime test of its Arrow antimissile system, the country's main's bulwark against a possible attack by Iran's long-range weapons, Defense Minister Amir Peretz said.AFRICA

Â· MOGADISHU, Somalia -- Five mortar bombs exploded Monday in the capital, killing at least three people, witnesses said. A bomb exploded Sunday at a march in Kismaayo that drew thousands in support of peacekeepers. Troops fired into the crowd in response. At least five people were killed.

Let's Try To Make A Deal (LAT)

The Los Angeles Times, February 12, 2007

THE LATEST INTERNATIONAL effort to get North Korea to end its nuclear programs enters its final day today on a discouraging note. After an 18-month stalemate and a North Korean nuclear weapon test, U.S. officials are once again struggling to reach a deal with Pyongyang. Yet even if they did, the erratic regime's history would require that any deal be treated with skepticism. And whatever its details, one thing that a deal most assuredly will not be is a solution.

That's because any solution to the North Korean nuclear problem must include an agreement by Pyongyang to place its plutonium — whether two or 12 bombs' worth — under international safeguards. Once cameras are focused on the material, and inspectors are checking for hidden stockpiles of plutonium or uranium, real engagement with the North Koreans can begin.

The question, of course and as always, is how to get there from here. For all its bluster, the Bush administration got nowhere with Pyongyang until it froze some accounts in a previously obscure bank in Macao — accounts believed to be North Korean leader Kim Jong Il's private slush fund. It was the financial sleuths at the Treasury Department and in the intelligence community, not the hard-liners at the State Department and the Pentagon, who finally brought Kim back to the table.

Once there, the North Koreans appear to have reverted to their usual preposterous demands. Giving up the plutonium stockpiles they already have, or the enriched uranium program they once acknowledged but now deny, is not now up for negotiation. Instead, in exchange for freezing the Yongbyon nuclear reactor, they reportedly want 2 million tons of heavy fuel oil — four times the amount that the U.S. supplied under a deal during the Clinton administration.

This is an offer the U.S. must refuse — even at the cost of walking away from the talks empty-handed. On the other hand, it would be self-defeating for the U.S. to continue to insist that no concessions whatsoever can be made to Pyongyang until it unilaterally dismantles its nuclear program. Kim has every reason to doubt the Bush administration's declaration that it has "no hostile intent." And it's not just the president. There is bipartisan hostility in Washington to Kim's heinous regime. But it's hard to envision a scenario for overthrowing him that doesn't also involve the incineration of Seoul.

The United States, and the world, have lived with a dangerous North Korea for half a century and a dangerously unstable North Korea for more than a decade. What the world cannot live with is a dangerously unstable nuclear North Korea. So a true disarmament deal must be eventually struck. And if a taste of fuel oil, like a swig of Kim's favorite cognac, can begin the cycle of mutual concessions that will be required, then the wisest course may be to pour just enough — and not a drop more — to keep the North Koreans at the table.

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Latin America Wary Of New U.S. Attention (LAT)

By Patrick J. Mcdonnell

The Los Angeles Times, February 12, 2007

BUENOS AIRES — The Bush administration's self-proclaimed "year of engagement" with Latin America kicked off last week with broadsides against Venezuela and Iran, a diplomatic tiff with Argentina and analysts wondering whether it all wasn't a little late in the game.

"A veritable diplomatic offensive by a government that has only concentrated on Iraq," wrote veteran correspondent Gustavo Sierra in the Argentine newspaper Clarin after a visit here by R. Nicholas Burns, U.S. undersecretary of State for political affairs, and Thomas A. Shannon, the administration's top diplomat for Latin America.

The pair also visited Brazil, and U.S. Atty. Gen. Alberto R. Gonzales made a separate visit last week to Argentina and Brazil. The White House confirmed that President Bush would venture to Latin America in March, with stops scheduled in Brazil, Uruguay, Colombia, Guatemala and Mexico.

The moves are widely seen in South America as an effort to counter the influence of Venezuelan President Hugo Chavez, who has wooed his fellow leaders with oil subsidies, foreign aid and a steady diet of invective targeting "the devil" Bush.

It has become conventional wisdom here, even among U.S. allies, that the Bush administration's fixation on Iraq and the Middle East has left Latin America, once the focus of Cold War conflicts, largely ignored, except for U.S. insistence on aggressive drug-interdiction and free-trade policies.

Chavez has gleefully exploited that void, which many think will widen as a politically debilitated Bush assumes lame-duck status.

The White House effort "is catch up and see what we can salvage," said David Fleischer, a political scientist at the University of Brasilia.

U.S. officials embraced the "year of engagement" theme after recent elections put leftists in charge in much of the region, including pro-Chavez presidents in Ecuador and Bolivia. Conservative and pro-U.S. administrations were elected in key allies Colombia and Mexico.

The Bush administration says it has an ability to work across the ideological spectrum.

"Coming out of 2006, we thought it was very important to start 2007 very quickly with as many trips into the region at as high a level as possible," Burns said in Washington before leaving for South America.

Although U.S. diplomats insisted that the initiative was not intended to counter Chavez's spreading influence, the subject has inevitably flared.

"Frankly, you have to wonder if Chavez's plan is to become president for life," Burns told reporters here.

Most analysts are skeptical that the anti-Chavez strategy will bear fruit in places such as Brazil and Argentina, where leftist presidents Luiz Inacio Lula da Silva and Nestor Kirchner, respectively, have eschewed Chavez's anti-Washington rhetoric but have welcomed Venezuela into the South American trade bloc known as Mercosur.

Chavez has used the platform to criticize U.S. policies, as he did at a hemispheric trade enclave in Argentina in 2005, when a flustered Bush was unable to craft a new free-trade zone, to Chavez's delight.

"In private, some leaders may express concern about Chavez, but publicly there is a sense of unity among South American countries in defending sovereignty and resisting efforts to divide the hemisphere," said Riordan Roett, director of the Latin American studies program at Johns Hopkins University.

The U.S. diplomats' trip to Argentina also provided an opportunity to lash out at another U.S. antagonist — Iranian President Mahmoud Ahmadinejad, a Chavez ally whose Latin American tour last month clearly upset the White House. Ahmadinejad was pictured kissing babies while in Nicaragua for the inauguration of President Daniel Ortega, a Cold War adversary of the Reagan administration.

"There is a concern that if Iran, through Chavez, is making a presence in the U.S. backyard, then that needs to be dealt with," said Michael Shifter, an analyst at the Inter-American Dialogue, a Washington study group.

The U.S. diplomats visited the site of a Buenos Aires Jewish cultural center targeted in a 1994 bombing that Argentina and Israel say was linked to Iran. Tehran denies any involvement, but U.S. officials have voiced strong support for Argentina's efforts to extradite former Iranian officials, including ex-President Hashemi Rafsanjani, in connection with the blast, which killed 85 people and wounded 200.

Jewish leaders in Argentina, home to the region's largest Jewish population, applauded the U.S. effort. Luis Grynwald, who heads the rebuilt Jewish center here, called it "a symbol of the action we all have to take against international terrorism."

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Critics were quick to assail Washington's human rights record, citing abuses at the Abu Ghraib prison in Iraq and at the U.S. detention center in Guantanamo Bay, Cuba, and the U.S.-led invasion of Iraq. All have fanned anti-U.S. sentiment in a region where Washington's previous interventions and alliances with military dictatorships remain fresh in the collective memory.

The left-leaning Argentine newspaper Pagina 12 mocked Burns' assertion that the Bush administration was "a champion of human rights" and that it supported the Argentine government's efforts to try abusers from past military regimes.

"If Burns' lack of memory of the proved responsibility of the United States in the successive military coups that devastated Latin America in the decade of the 1970s was notorious, worse was his omission of the situation in Guantanamo," the newspaper said, referring to the detention of terrorism suspects on the base.

Also marring the diplomats' visits were hard feelings about pressure from the U.S. ambassador on behalf of an investment fund's push for a share of a major power transmission company. Argentina rejected the U.S. firm's bid, and Burns termed the whole issue a misunderstanding.

Kirchner, Argentina's president, posed for photos with the U.S. envoys but generally distanced himself. It was not lost on the political class here that Bush will skip Argentina next month, but visit tiny Uruguay, just across the Rio de la Plata. Kirchner is weighing a reelection bid this year, and analysts say that being seen as too cozy with Washington is not smart politics.

Opportunity For Turks And Kurds? (WP)

By Richard Holbrooke

The Washington Post, February 12, 2007

IRBIL, Iraqi Kurdistan -- Whatever happens in Iraq, we must try to limit the terrible fallout from the war. The place to start should be with our indispensable NATO ally Turkey, the front-line state of the post-Cold War era, whose relations with the United States have deteriorated dramatically in the past six years.

The immediate issue is raids by Kurdish terrorists across Turkey's border with Iraq, which divides an area inhabited on both sides by Kurds who have long felt that they deserve their own country. Despite centuries of enmity, rapprochement is in the long-term interests of both Turkey and the Kurds of northern Iraq. But such an effort would be controversial and could be undertaken only with strong American encouragement.

First, some essential background from Irbil, the capital of Iraqi Kurdistan, which I am visiting after talks with Turkish leaders in Ankara. This peaceful city is disorienting: Am I in war-torn Iraq or booming Kurdistan? Will Irbil eventually become the capital (or part) of an independent Kurdistan? Or will this region become a battleground for another war, this one between Kurds and Turks?

You can call this place Kurdistan, as its citizens do, or northern Iraq, as the Turks do. But either way, the overwhelming majority (98 percent in a 2005 referendum) of its 4 million people do not want to remain part of Iraq. Who can blame them? Nothing here feels like the Middle East. The Iraqi national flag is banned; only the Kurdistan flag flies. And although the Kurds are sending some of their famously fierce warriors to Baghdad to support the Americans, they fear that Gen. David Petraeus's plan to turn the tide in Baghdad will not succeed.

Ever since a nation called Iraq was carved out of the debris of the Ottoman Empire by Winston Churchill and Gertrude Bell at the Cairo Conference of 1921, Turkey and Iran have opposed independence for the Kurds of northern Iraq because both fear that an independent Kurdistan on their borders would encourage existing separatist movements among their large Kurdish populations.

This symmetry of fears has led to semi-secret discussions and even some cooperation between our NATO ally and that charter member of the "axis of evil" on dealing with the PKK, a terrorist group that has conducted raids against both Turkey and Iran from bases just inside northern Iraq for many years. I would not rule out limited Turkish military action against some of those bases -- especially since Prime Minister Recep Tayyip Erdogan is under enormous political pressure to show strong nationalist credentials against hawkish rivals in an election year.

After years of mishandling relations with Turkey, last year the administration appointed retired Gen. Joe Ralston, the universally respected former NATO commander, as special envoy for the PKK problem. Ralston's intervention helped avoid a Turkish attack in Iraq last summer, and he is accelerating his efforts to get Irbil to rein in the PKK.

But there is a larger issue: the final status of Kirkuk, the multiethnic city that sits in the middle of a huge oil field and lies just outside the official boundaries of Iraqi Kurdistan. The new Iraqi constitution calls for a referendum this year on whether Kirkuk is to be incorporated into the Kurdistan region. The Turks -- who refer repeatedly to the dangers to the Turkmen, their ethnic cousins who live in Kirkuk -- have said that they will not accept such an event. Avoiding a full-blown crisis will require intense mediation by the United States; unfortunately, Ralston's current mandate does not include Kirkuk.

Despite their history, Turkey and Iraqi Kurdistan need each other. Kurdistan could become a buffer between Turkey and the chaos to the south, while Turkey could become the protector of a Kurdistan that, though still technically part of Iraq, is

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effectively cut loose from a Baghdad government that may no longer function. In addition, Turkey has a major economic opportunity in northern Iraq; already, more than 300 Turkish companies and substantial investment are a primary engine of Kurdish growth.

Rapprochement would require major undertakings by both sides. The legendary Kurdish leader who is now president of the Kurdish regional government, Massoud Barzani, needs to rein in the PKK and pledge not to interfere in Turkey's internal affairs. A compromise that took into account legitimate Turkish concerns would be necessary on Kirkuk; while this would be difficult, especially for the Turkish military, I believe it needs to be attempted, with strong American encouragement.

History and myth make a Turkish-Kurdish deal extremely difficult. It takes visionary leaders to alter the stream of history. Charles de Gaulle and Konrad Adenauer did it for France and Germany. Nelson Mandela did it in South Africa. But such people are very, very rare. Still, the crisis in Iraq requires Turks and Kurds to think of their common interest. Having just talked to the impressive leaders of both sides, I believe they understand that they face not just a crisis but an opportunity.

G-7 Seeks To Shed Overlapping Regulations (WSJ)

By Deborah Solomon

The Wall Street Journal, February 12, 2007

ESSEN, Germany -- Treasury Secretary Henry Paulson said he and other finance ministers in the Group of Seven leading industrial nations are exploring ways to reduce "duplicative" financial regulations and standards that burden companies doing business globally.

Mr. Paulson said the aim is to "break down artificial barriers" and harmonize regulations and standards so costs and other constraints on multinational companies are reduced.

"One of the biggest costs to business globally is duplicative regulation," Mr. Paulson said in a briefing with reporters during the G-7 meeting here during the weekend.

Mr. Paulson, the former head of Goldman Sachs Group Inc., said when he ran the investment bank, "I can't tell you how many hundreds of millions of dollars we paid dealing with regulations that were similar but different inside the U.S. and outside the U.S." He said many countries have strong regulatory regimes and it should be possible for nations to recognize one another's rules and standards.

In their official statement, the finance ministers said they "agreed to explore within the G-7 free trade in securities based on mutual recognition of regulatory regimes."

Mr. Paulson noted, though, that it is "something that will take a long time" given that many countries, including the U.S., have multiple regulators and overseers. He has planned a conference next month to discuss that overlap, along with other rules he believes may be handicapping U.S. companies.

The G-7, in its communiqué, agreed vigilance was needed on the potential risks that hedge funds and credit derivatives pose to financial stability. The group acknowledged hedge funds and derivatives "have contributed significantly to the efficiency of the financial system." The statement added that the growth of hedge funds and the instruments they invest in have made the assessment of risks to financial stability "more complex and challenging."

Mr. Paulson dismissed questions about the weakness of the yen, saying it is "market determined" and not being manipulated. While Germany and other European countries have complained that the yen is being manipulated, the G-7's final communiqué made no reference to the currency.

Mr. Paulson's comments could put him at odds with several top Democrats on Capitol Hill, who wrote Mr. Paulson last week saying they "believe a weak yen is a reflection of Japanese government policy." The Democrats, including Michigan Reps. John Dingell and Sander Levin, said the weak yen is assisting Japanese car imports and hurting U.S. auto makers. Mr. Paulson is scheduled to travel to Japan next month.

While the communiqué didn't single out the yen, it said Japan's recovery is "on track and is expected to continue" and that G-7 members "are confident that the implications of these developments will be recognized by market participants and will be incorporated in their assessment of risks." According to G-7 officials, those statements were intended to draw attention to the possibility the yen and Japanese interest rates will rise as the recovery continues.

Notoriety Of President Morales Roils Area's Bolivian Community (WP)

By Pamela Constable And Karin Brulliard

The Washington Post, February 12, 2007

On weekend nights, the dance floor at Cecilia's Club in Arlington County pulsates with strobe lights and salsa dancers. But one recent Saturday afternoon, this social hub of the region's large Bolivian population became a sober forum for debate on the

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political storm that has convulsed the immigrants' native country and sent shock waves through their quiet, prosperous community.

The storm has a name: Evo Morales. He is the charismatic indigenous leader whose election as Bolivia's president just over a year ago brought new pride to the impoverished South American nation. Now, his radical rhetoric and friendships with foreign leftist leaders such as Venezuela's Hugo Chavez are causing consternation in both Bolivia and the United States.

"People are always asking me about Morales. No one ever asked me about any Bolivian president before," said Miriam Rodriguez of Fairfax, who helped organize the forum. "But now we see him making mistakes, following in the steps of Chavez, being pushed to hate America. We want to make sure he does the right thing, because everyone is watching us now."

Greater Washington is home to the largest population of Bolivian immigrants in the United States, with 37 percent of the total. Census figures show that more than 20,000 Bolivian-born immigrants live in the area, but activists and diplomats say the community is more than three times that size. Although smaller and less visible than the area's Central American populace, Bolivians and Peruvians constitute its largest South American immigrant groups.

Bolivians are also one of the oldest and most successful Hispanic communities in the area. Most came here for economic reasons rather than fleeing conflict, and on average they have higher income and education levels than U.S.-born Americans. Although some Bolivians toil at menial jobs, many are professionals or own small businesses.

Bolivians here have clung tightly to their roots, establishing dozens of folklore groups, three soccer leagues in Northern Virginia and a weekend school in Arlington where children study Bolivian traditions. Many fly to Bolivia often to visit relatives or have invested in binational ventures.

Yet surprisingly, they have never formed an ethnic enclave or become politically active as a group. Although many are eligible to vote, almost none has run for local office, and most have avoided becoming involved in the public debate about immigrant rights.

"Bolivians here have been unperceived for many reasons," said Ruddy Orellana, editor of Los Tiempos, a Bolivian-owned newspaper in Falls Church. "They have been peaceful and their kids have not gotten involved in gangs. They have been ambitious in business but have not reached for political influence. . . . They have been scattered and dispersed."

In the past year, however, Morales's election has plunged this quiet community into a political maelstrom. Morales, 47, rose to prominence as a leader of coca-leaf growers, whose crop produces cocaine but also has traditional uses such as tea. He led peasants in highway blockades and opposed U.S. drug eradication policies, saying they unfairly punished poor farmers.

Most Bolivians here say they initially welcomed Morales's presidency as a change from elitist and military governments, but many say they became indignant and alarmed as he has antagonized domestic opponents and befriended Chavez and Cuba's Fidel Castro.

"We were all tired of corrupt governments, and we were all excited when Morales won," said Monica Williams, president of the Washington-based Bolivian-American Chamber of Commerce. "But he is making mistakes and putting too much emphasis on native issues. We are beginning to see a clash of races and regions. It is polarizing the country."

In recent months, violent demonstrations have broken out in Bolivia, spurred by Morales's promises of an agrarian revolution, with large landowners pitted against landless peasants. Critics say his government has become increasingly confrontational, and opposition leaders have accused him of seeking to impose a totalitarian regime.

Wherever Bolivians gather here, the mention of Morales provokes animated debate. Last Sunday at the Iglesia Santa Maria in Falls Church, whose Episcopal congregation is 90 percent Bolivian, some worshipers expressed fears that his government would seize their family land. But one man counseled patience, adding, "The important thing is that people are participating."

At an indoor gym nearby, men watched two teams of sweaty indoor soccer players chase a blue soccer ball. Gustavo Chalco, a house painter who lives in Burke, said everyone had hoped Morales was going to change things. "But now we are at the edge of a civil war," he said.

Jose Martinez, a gray-haired construction worker, said he dreams of returning home but is no longer sure what awaits him. "Bad image for my country, Evo. Bad image," he said.

In a glassy, modern office in Rosslyn, Oscar Bazoberry, a high-tech developer and venture capitalist, said he admires Morales's concern for the poor but worries that his administration will alienate rather than attract the foreign investment Bolivia needs to develop. So far, his economic policies have stressed nationalizing resources such as natural gas and mining.

"For the first time, Bolivia has a government that cares about the needs of the indigenous poor, but they have no understanding of capital markets and how to make a real dent in development," Bazoberry said. "Morales has put Bolivia on the map, but now that it is a player, let's play."

Some indigenous Bolivians in the area remain enthusiastic about Morales, who has promoted indigenous activists to senior positions and elevated their status in a society long stratified among white, mixed-race and indigenous inhabitants.

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Julia Garcia, 58, principal of Escuela Boliva, the weekend school in Arlington, said she still remembers childhood taunts from classmates back home about her Indian-style braids and Quechuan accent.

"I think the high elites never thought we would educate ourselves . . . and be at a level to speak with them," Garcia said. She acknowledged that Morales had made mistakes but said he should not abandon his agenda. "There is a new dawn" in Bolivia, she said.

But others express conflicted feelings about the man who is championing their cause. Elmer Herrera, a stonemason from Annandale and founder of an indigenous organization called Jach'a Uru, said Morales had proved that a Bolivian without pale skin and a foreign degree could rise to power. Yet Morales's refusal to compromise has led to increasingly sharp divisions, Herrera said.

"Evo is ruining the country," Herrera said. "We would like that in Bolivia, the rich and poor, the indigenous and non-indigenous, would sit at a table together."

Morales's emphasis on indigenous rights has hit a sensitive nerve in the area. Although many Bolivian immigrants speak Quechua and join folkloric groups, they are also anxious to blend into American life and not be singled out as an ethnic or racial minority.

"There is a lot of racism," said Alicia Ruiz, who organizes day laborers in Falls Church. Many Bolivians here don't want to acknowledge that they are part Indian, she said. "They ask how a peasant can govern us."

Immigrant leaders are especially concerned about U.S.-Bolivian relations, which have been tested by Morales's role as a champion of coca growers and by his high-profile friendships with Chavez and Castro. Proud of their pro-American values, some Bolivians fear being tarred with the Morales brush.

The Bolivian Embassy in Washington has done little to win them over. For much of last year there was no ambassador, and the new one arrived just as his government proposed that Bolivian residents in the United States obtain costly visas to travel to their homeland.

"We want to have an open door," Ambassador Gustavo Guzman asserted. "People here want us to maintain very good relations with the USA. They worry how close we are becoming to Cuba and Venezuela. They tell us, 'Please be careful. If relations are hurt, we will be the ones who suffer.' "

Yet even immigrants strongly opposed to Morales's views say they want to avert a political crisis in their homeland, which has a long history of instability and military coups.

"We are all Bolivians, and none of us wants to see a divided Bolivia," Williams said. "I am not crazy about Morales, but we have to give him the benefit of the doubt. All we ask is that he bring the country together, that he speak for all Bolivians, not just some of us."

French Contender Makes Her Presidential Case (NYT)

By Craig S. Smith

The New York Times, February 12, 2007

PARIS, Feb. 11 — France's Socialist presidential candidate, Ségolène Royal, presented her long-awaited presidential program in a two-hour speech on Sunday, hoping to dispel criticism that she is a pretty face without fundamental policies and to reverse a slide in opinion polls.

Dressed in a bright red blazer and speaking to a hall of 15,000 cheering, flag-waving party loyalists, Ms. Royal promised a new kind of French politics based on closer attention to the will of the people through American-style town hall meetings, Internet-based dialogue and national referendums.

Her program was studded with promises and proposals meant to address desires filtered from the more than 700,000 people who attended what her campaign organization puts at 6,500 public meetings since November, together with tens of thousands of ideas left by visitors to her Web site.

"Today I offer you the presidential pact," Ms. Royal told the rally, held northeast of the capital in the industrial suburb of Villepinte. "One hundred proposals for France to rediscover a shared ambition, pride and fraternity."

It remains to be seen whether the speech will give her the momentum to recover her lead over her center-right opponent, Interior Minister Nicolas Sarkozy. But it failed to impress her harshest critics.

"In the end, she gave a nice speech for a minister of social affairs," said Alain Duhamel, a leading political analyst and the author of "The 2007 Pretenders," a book published in 2006 about France's presidential candidates whose first edition failed to include Ms. Royal at all because Mr. Duhamel did not take her seriously.

Ms. Royal, 53, the daughter of an Army colonel, graduated from the elite École Nationale d'Administration and was appointed as an adviser to François Mitterrand after working on his successful 1981 presidential campaign. She served as minister of the environment and later as deputy minister of school education and as deputy minister of family and childhood. She

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has also served in Parliament for the Deux-Sèvres department in western France; she was elected president of its regional council in 2004.

But her most visible position has been as photogenic partner to François Hollande, the head of the Socialist Party, with whom she has four children. She appeared early last year as a potential presidential candidate for the party, which was riven by rivalries among its aging bosses.

By the time she won the nomination last fall, Ms. Royal was polling far ahead of other potential candidates. But a series of blunders, particularly in foreign affairs, have added to criticism that she would be out of her depth as France's senior stateswoman.

During a Middle East trip last year, she met a Lebanese Parliament member from Hezbollah who compared Israel to Nazi Germany and criticized American "insanity." She responded, "I agree with a lot of the things you have said, notably your analysis of the U.S."

During a visit to China, where the time between arrest and execution can be a matter of weeks, she appeared to compliment her hosts in saying, "Sometimes the justice is swifter than in France."

Following a meeting in Paris with André Boisclair, head of Canada's pro-independence Parti Québécois, she spoke to Canadian journalists of "common values, namely the freedom and sovereignty of Quebec," infuriating Canada's prime minister.

She has also run into problems at home. When asked on a radio talk show last month about the hotly debated merger of two French utility giants, Suez and Gaz de France, she turned to an aide and asked, "Where do we stand on that?"

When the interviewer asked her how many nuclear-armed submarines France had, she said one. The interviewer shot back, "No, seven," and Ms. Royal corrected herself, only to be told that it was four.

She has even appeared out of step with her partner, Mr. Hollande, who harbored presidential ambitions himself before she swept him aside. She was reportedly furious after he suggested, without consulting her, that a Socialist government would raise taxes on people earning more than about $5,200 a month. He was forced to retract the statement.

Hounded by bad press, she has slipped by as much as nine percentage points in polls since last month, when the Union for a Popular Movement party endorsed Mr. Sarkozy as its candidate. He has since edged ahead. Sunday's speech was meant to help Ms. Royal regain the field.

Before she appeared on stage, the lights dimmed and techno music filled the hall, including a rendition of the rap hit "Don't Phunk With My Heart." But what followed was a fairly typical, though very long, Socialist Party stump speech, embellished with Ms. Royal's pet proposals.

The proposals are often seen as innovative (giving people who have rented state-subsidized housing for 15 years or more a chance to buy their apartments), impractical (allowing citizens who collect a million or more signatures to propose legislation) or simplistic (paying retirement pensions monthly instead of quarterly and offering free birth control to women under 25).

As with most politicians making promises on the campaign trail, she did not say how she would finance her plans.

She accused the current government of doing "nearly nothing" to address the problems of disenfranchised second-generation immigrant youth, who were responsible for a wave of urban violence in 2005. She warned that without action, there would be even more "extreme violence" that would not be limited to poor neighborhoods.

She avoided delving too deeply into foreign policy.

Of the United States, with which President Jacques Chirac has been at odds over the Iraq war, she said: "We will live with them, as a solid partner, trustworthy, but without complexes either. Size has nothing to do with principles. An imbalance of power is not a reason to stay silent, and we have seen it, indeed, with Iraq. The voice of France, as it was, unfortunately wasn't heard. But it didn't ring any less true.

"And I would like, in the future, for it to continue to ring true and I would like that, by speaking louder and stronger, our voice will carry further."

France's Royal Introduces Platform Ahead Of Election (WSJ)

By Alessandra Galloni And David Gauthier-villars

The Wall Street Journal, February 12, 2007

PARIS -- French presidential hopeful Ségolène Royal sought to recover from her recent decline in election polls by unveiling a long-awaited platform focused on social programs, including higher minimum wage, pensions and unemployment payouts.

But a lack of specifics on key economic policies, such as how to finance new social spending and concrete proposals on how to tackle the country's high unemployment rate, are likely to leave France's business community cold.

"She avoided talking in depth about sticky issues," says Marc Touati, chairman of ACDE, an association promoting the study of France's economy. Over the past 18 months, Ms. Royal's simple proposition of listening to the people has transformed

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her from a minor politician in France's Socialist Party to one of the two front-runners in the race to succeed current President Jacques Chirac. Over the past few weeks, however, her popularity has waned vis-à-vis her main rival, conservative candidate Nicolas Sarkozy, in part because of a series of foreign-policy gaffes, but also because she waited until 10 weeks before the election to unveil her official platform. Mr. Sarkozy unveiled his in mid-January.

Ms. Royal has justified her schedule by saying she needed enough time to gather the ideas of French people around the country by holding 6,100 town-hall meetings and sifting through suggestions of 2.8 million visitors to her Web site.

In her two-hour speech before 20,000 supporters in an auditorium near Paris yesterday, Ms. Royal stuck to her trademark crowd-pleasing tactics, including distancing herself from the official Socialist Party platform and promising to give people a greater role in government. For example, in presenting her 100-point "presidential pact," she stuck to her idea of introducing so-called citizen juries, or ordinary people chosen randomly to oversee elected officials, a proposal that has rankled many in her own party.

"You have suggested many things that are simple and true," she said, referring to the town-hall meetings that she says formed the basis of her platform. During the speech, she pledged that, if elected, workers who lose their jobs would receive 90% of their salaries during their first year without a job and promised to increase pensions by 5%. She also promised to build 120,000 units of state-subsidized housing and offer young people a €10,000 ($13,000) loan to finance business projects and get started in life.

"The speech is likely to stop her decline in the polls and is in line with her approach so far," says Zaki Laïdi, a professor at the Institute d'Études Politiques in Paris. What remains unclear, however, is how she plans to finance the measures. "The most astounding thing is that she didn't say anything about tax policy," adds Mr. Laïdi.

Business leaders have been concerned with Ms. Royal's economic rhetoric so far, including promises to give more power to unions -- a pledge she confirmed yesterday, adding that unions should receive state aid to "promote a mass unionization."

Yesterday, Ms. Royal said she wanted to "reconcile people and their companies," promising to give tax breaks to companies that invest in research and development and raising the overall state budget in research initiatives. But in her speech, she also pledged that, if elected, she would raise the minimum wage to €1,500 per month from €1,254 per month -- something unlikely to please the business community, which was instead hoping to have more details on Ms. Royal's view regarding France's 35-hour workweek and overall job-creation measures.

Ms. Royal also said she wanted to placate public "wrath" over France's 22% unemployment rate among young people, but she gave few details on how to overhaul the job market to make it easier for employers to hire young people.

Early in the speech, Ms. Royal said she wanted to tackle France's public debt, which has soared to 66% of gross domestic product, compared with about 20% 25 years ago, because of high public spending and a chronic budget deficit.

"It's a good thing that she started her speech with the issue of debt, it shows she's aware of the problem," says Mr. Touati, adding, "But it's a pity she didn't say more."

Falling In Polls, French Socialist Offers Platform (WP)

By Molly Moore

The Washington Post, February 12, 2007

PARIS, Feb. 11 -- French Socialist Party candidate SÃ©golÃ¨ne Royal, attempting to rejuvenate a faltering bid to become the country's first female president, announced a 100-point platform Sunday that includes sending juvenile delinquents to military-style boot camps and providing free contraceptives to women younger than 25.

Royal billed the two-hour speech, delivered before an estimated 15,000 party members but aimed at a national television audience, as a response to critics who say she has articulated few substantive proposals and has leaned too heavily on her femininity and personality.

"The time of imagination and daring has arrived," Royal, clad in a red dress suit and frequently flashing her trademark photogenic smile, told a cheering, placard-waving crowd. "I will forget no one, because France, in order to recover, needs every man and woman."

Royal, who was leading opinion polls in the presidential race just a few weeks ago, has slipped eight points behind her main rival, Interior Minister Nicolas Sarkozy of the ruling Union for a Popular Movement party, or UMP. Her campaign has been plagued by blunders, gaffes and internal party disputes that included a public spat over taxes between Royal and the party's head -- who is also her longtime partner and the father of her four children.

In the past week, French newspapers and magazines have switched from publishing pictures of a smiling Royal to showing a frowning or scowling Royal.

She was criticized by party members and political commentators for waiting until Sunday, just 10 weeks before election day, to announce her party platform. Royal justified the delay by saying she was unwilling to draft the platform until she and the

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party had conducted hundreds of public meetings and interviews across France and on the Internet to allow the French people to have input in shaping the platform.

Her proposals, many of which reflect mainstays of the Socialist Party, include increases in retirement benefits for the lowest wage earners, raising the minimum wage, a guarantee of affordable and safe housing for life for the country's poorest citizens, and loans of up to $13,000 to every young person to help give them a start in life.

"As a mother, I want all the children who are born and grow up in France to have the same as my own children," said Royal, 53, who sprinkled the speech with references to motherhood.

In a statement, the opposing UMP party said Royal had proposed "large public expenditures, an omnipresent state, but the candidate abstained from details of how to finance her program."

Royal's platform also contains several controversial ideas she floated earlier in the campaign, including the use of military-style training for juvenile delinquents and the creation of "citizen juries" to critique the performance of elected officials.

She suggested reforming the government bureaucracy by eliminating some ministerial posts.

Royal accused the United States of making mistakes in Iraq "because of its power," adding that France should be a solid partner with the United States but should not be intimidated by it.

Low Turnout Undercuts Portugal Vote On Abortion (NYT)

By Elaine Sciolino

The New York Times, February 12, 2007

LISBON, Feb. 11 — Portugal voted decisively in a referendum on Sunday to liberalize its restrictive abortion law, but the result was not considered valid because of low voter turnout.

Still, Prime Minister José Sócrates, a Socialist who supported the liberalization, declared victory and said he would ask Parliament, where his party enjoys a comfortable majority, to change the law.

“The people spoke with a clear voice,” Mr. Sócrates said in televised remarks after the polls closed. He added: “The law now will be discussed and approved in Parliament. Our interest is to fight clandestine abortion and we have to produce a law that respects the result of the referendum.”

The vote was 59.25 percent in favor and 40.75 percent opposed, with a turnout of slightly less than 44 percent of the 8.8 million eligible voters.

At least 50 percent of eligible voters needed to cast ballots for the results to be legally binding.

In many urban centers, the margin in favor of changing the law was much higher than at the national level. In Lisbon, for example, 71.5 percent voted in favor, 28.5 percent opposed; in Faro, in the Algarve region of southern Portugal, 73.6 percent were in favor, 26.4 percent opposed.

Supporters and opponents of abortion, political commentators and pollsters attributed the lack of voter participation to the episodically rainy weather, voter apathy and even ignorance.

“Referendums, unlike regular elections, often deal with complicated issues, and people who are not politically motivated or informed have a problem making the decision to vote,” Pedro Magalhães, a pollster at Catholic University of Lisbon, said on state-run RTP1 television.

Other commentators explained that the political elite misread popular opinion in assuming that a broad range of people would declare their position at the polls.

“There are two Portugals, the Portugal of the elite — politicians, newspapers and television — and the Portugal of the people,” said João Marcelino, director of the mass-circulation daily tabloid Correio da Manhã. “The people are more concerned about unemployment, their salaries, the health system. The real country doesn’t consider the issue of abortion important.”

Despite the low turnout, supporters of abortion rights were jubilant.

“Finally after thirty years of democracy in Portugal we now can pass a law that will not treat women as criminals,” said Maria Antónia Santos, a Socialist deputy. “This is the first step toward eliminating the reality of backstreet abortions. Now it’s our responsibility to pass a good law.”

Opponents of a change in the law said that the referendum’s failure to attract at least half the electorate meant that Mr. Sócrates was wrong to call for a change in the law.

“Sócrates will be responsible for this sad chapter in Portugal’s history for insisting on a political move that has split Portuguese society,” José Ribeiro e Castro, head of the center-right Partido Popular, said in televised remarks. He added that the low voter turnout confirmed that for the Portuguese, abortion “was not a critical issue.”

A similar referendum in 1998 took place on a sunny Sunday in June, when many Portuguese were at the beach. Only 32 percent of the electorate turned up at the polls, voting by a razor-thin margin to retain the existing law. That result was declared invalid and the restrictive 1984 law remained unchanged.

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In the latest referendum, both supporters and opponents of abortion, including the Catholic Church, had urged voters to cast ballots. The referendum asked voters whether they approved legalizing abortion in the first 10 weeks of pregnancy and would have allowed women to openly seek medical support from the state-run health system.

During the day, clerics used their sermons at Sunday Mass in many parishes throughout this overwhelmingly Catholic country to remind parishioners of their duty to vote — and to vote no.

"Before baptism a life already exists that must be appreciated divinely as a gift from the creator," said Rev. Lourenço Sebastião Dias during his sermon in a Lisbon church that was broadcast on state-run RDP radio.

Mr. Sócrates had campaigned in favor of a change in the law, one of the most restrictive in the 25-nation European Union.

He had said the country's identity was at stake in the referendum. "The choice placed before Portugal is whether it resigns itself to staying in the group of the most conservative countries or if it embraces modernity," he said Thursday.

Portugal is also the only European Union member that has put on trial women who undergo illegal abortions, the health care providers who perform them and even "accomplices" like husbands or family members who might accompany them to backstreet abortionists.

The current law in Portugal allows abortion until the 12th week of pregnancy in case of "mental and physical risk," until 16 weeks in case of rape, until 24 weeks in case of a malformed fetus and at any time if the woman's life is in danger. It imposes prison sentences of up to three years for a woman who undergoes an illegal abortion and up to eight years for the person who illegally performs it.

No More Pneumonia (WP)

The Washington Post, February 12, 2007

IN ROME LAST week, a group of leading industrialized nations backed one of those rare ideas that is popular, cost-effective and highly consequential for the world's poor. The United States was not among them -- a mistake we hope U.S. policymakers will correct as the initiative proceeds.

Currently, drug companies do not have a strong incentive to develop new medications or to increase production capacity to serve low-income countries. There's demand in developing nations for everything from better anti-retrovirals to new malaria medication, but the money isn't there, especially given the fickleness of foreign aid. So manufacturers face the unappealing prospect of investing hundreds of millions into drug development and production plants only to see the money available to buy their product disappear.

The solution Italy, Britain, Russia and a few other countries endorsed is in essence a promise to buy medication from any company willing to develop it according to World Health Organization standards and sell it at a certain price. Purchases would continue for at least 10 years, a commitment that would make the market more predictable, and the product would be delivered to poor countries.

Ultimately, donor nations hope to spur development of new drugs against malaria, HIV-AIDS and tuberculosis. But they selected pneumococcus, which causes pneumonia, meningitis and other deadly illnesses, as a test case for the scheme, and committed to buy about $1.5

billion worth of new vaccine for use in poorer countries.

Backers of the plan say that pneumococcus is a natural place to start. It is an unheralded killer, responsible for the deaths of 2 million children a year -- much larger than the annual AIDS toll. Yet the amount of money devoted to developing and producing new drugs to treat pneumococcus infections is tiny compared with that for other high-profile diseases. And, because there are drugs on the market in rich countries that effectively protect humans from the bacterium, the $1.5 billion carrot could have an effect quickly. Drug companies will rapidly decide whether or not to invest in new production capacity.

Notably absent from the agreement so far is America's contribution, even though the plan is a relatively cheap, market-based approach that could eliminate a major killer in the developing world. If the pneumococcus test case produces results, the United States should join similar ventures.

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HOMELAND RESPONSE:

More Airline Pilots Toting Guns After 9/11 Attacks (LAT)

By Ken Kaye

The Los Angeles Times, February 11, 2007

FORT LAUDERDALE, FLA. — Five years after the Sept. 11 attacks, a growing number of U.S. airline pilots are armed, prepared to use lethal force to protect the cockpit. Soon, they will carry badges, bringing them even closer to being bona fide law enforcement officers.

"Every cop has that metal badge to flash," said John Mazor, spokesman for the Air Line Pilots Assn. "It is a valid recognition signal between law enforcement officers."

About 8,000 pilots carry government-issued guns on a voluntary basis, or about 8% of the nation's 100,000 pilots, according to the Airline Pilots Security Alliance, a volunteer organization that advocates increased cockpit security. Two years ago, about 3,000 pilots were armed.

These pilots, officially known as federal flight deck officers, keep sidearms handy to provide one more layer of security and a last line of defense against hijackers.

Although there have been no reports of pilots drawing their weapons since the Sept. 11 attacks, the federal government has granted pilots slightly more leeway in how they take guns on board planes.

Notably, pilots now can lock their guns into holsters, which are then placed in a discreet bag. After pilots are in the cockpit, the holsters are removed from the bag and latched onto their belts. Previously, the guns had to be transported onto planes in a heavy steel box.

To further fold pilots into the police community, the federal flight deck officer program has been placed under the Federal Air Marshal Service, an arm of the Transportation Security Administration. Last month, the marshal service approved issuing badges to pilots so they are more easily identifiable.

"We're a law enforcement agency, so we understand the culture they're trying to develop as federal flight deck officers," said Federal Air Marshal Service spokesman Conan Bruce.

To become flight deck officers, pilots undergo six days of intense training at a federal complex in Artesia, N.M., including weapons handling and close-combat techniques.

Most important, Bruce said, they learn "how to use the appropriate level of force."

About 50 pilots are trained each week. After graduation, the TSA issues the pilots a Heckler & Koch .40 caliber semiautomatic revolver.

WAR NEWS:

Path In Iraq Hard But Not Hopeless, U.S. General Says (WP)

By Joshua Partlow

The Washington Post, February 11, 2007

BAGHDAD, Feb. 10 -- Gen. David H. Petraeus, assuming his position as the new U.S. military commander in Iraq, said Saturday that the "rucksack of responsibility" was too heavy to carry alone there and that without cooperation between Iraqi and U.S. forces, "Iraq will be doomed to continued violence and civil strife."

During a handover ceremony below the crystal chandelier and marble columns in one of Saddam Hussein's former palaces, Petraeus characterized the challenges facing Iraq as daunting but said that "these tasks are achievable, this mission is

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doable." Promoted to the rank of four-star general, Petraeus will lead a growing U.S. force of more than 130,000 troops in Iraq in an attempt to contain the sectarian killing, especially in violence-racked Baghdad.

"The situation in Iraq is exceedingly challenging, the stakes are very high, the way ahead will be hard and undoubtedly there will be many tough days," Petraeus said in a 5 1/2 -minute address to a gathering of Iraqi and U.S. generals, ambassadors and other officers and dignitaries at Camp Victory on the western outskirts of Baghdad.

"However, hard is not hopeless," he said.

Petraeus, 54, a Princeton-educated military man who previously served as the commander of the 101st Airborne Division in the northern city of Mosul, and also led the U.S. military effort to train Iraqi soldiers, takes over from Gen. George W. Casey Jr., who will return to Washington as U.S. Army chief of staff after serving 2 1/2 years in the top position. Casey has been criticized for riding the inchoate Iraqi security forces too hard toward self-sufficiency. Petraeus, an expert in counterinsurgency tactics, is expected to rely on a more visible U.S. presence, sending his troops to live on smaller outposts within embattled Iraqi neighborhoods.

Casey said it was "too close in time" to judge the mistakes made on his watch.

"But I think the main point that people will debate for some time to come was whether I relied too much on Iraqi security forces to carry the security load and too little on coalition forces," he said. "But I'm certainly not ready to say that's a mistake, I'll let history judge that."

During the brief but formal handover ceremony, an Army band with the 1st Cavalry Division played the Iraqi and U.S. national anthems, and Army Gen. John P. Abizaid, the outgoing Central Command chief, passed a military flag to Petraeus. In the front row sat U.S. Ambassador Zalmay Khalilzad, along with the Iraqi general leading the Baghdad security plan, Lt. Gen. Abboud Gambar; Iraq's interior minister, Jawad al-Bolani; and the national security adviser, Mowaffak al-Rubaie.

Three more U.S. soldiers died on Friday, when explosives detonated inside a building in Diyala province north of Baghdad, the U.S. military said in a statement issued Saturday. The three soldiers, from Task Force Lightning, were hunting for a weapons cache in the building at the time of the blast, the military statement said. Four other soldiers were wounded in the explosion. A shop owner working nearby, Hussein al-Shimmari, 35, said the U.S. troops raided the house after coming under gunfire from the area. What appeared to be American helmets and parts of uniforms were strung up from a utility pole near the building after the explosion, Shimmari said.

At least two car bombs exploded Saturday in Baghdad, killing at least 14 people, Iraqi police said. The first bomb struck outside a bakery in the central Baghdad neighborhood of Karrada, killing seven people and wounding 13, said Brig. Abdulla Hassoun of the Interior Ministry. A second bomb in a parked car exploded outside a government communication center in Khamliyah, in eastern Baghdad, killing seven people and injuring nine, said Maj. Abdul Aziz Abdul Kareem of the Interior Ministry. Some believe members of the Mahdi Army, a powerful Shiite militia, operate there.

The Associated Press reported that the military confirmed that U.S. forces shot and killed a civilian contract truck driver Monday at Camp Anaconda, a huge air base north of Baghdad. The driver, who has not been identified, worked for KBR, a contracting subsidiary of Halliburton formerly known as Kellogg, Brown & Root.

In a letter to U.S. service members, Petraeus said: "The enemies of Iraq will shrink at no act, however barbaric. They will do all that they can to shake the confidence of the people and to convince the world that this effort is doomed. We must not underestimate them."

Before the ceremony, Casey stood outside overlooking a manmade lake and said his departure after 2 1/2 years left him feeling proud but "a little numb."

"Everything's not as I would have expected it to be or wanted it to be on my way out, but that's kind of the way things are," he said.

Casey said his greatest fear for the country is that "Iraqis can't put the past behind them."

"We liberated them from 35 years of tyranny; we can't liberate them from the fears and the prejudices that grew up in that 35 years. They have to do that themselves," he said. "I think they'll get past it, but if they don't, it'll be difficult."

New Boss Takes Reins Of U.S. Forces In Iraq (NYT)

By Damien Cave

The New York Times, February 11, 2007

BAGHDAD, Feb. 10 — Gen. David H. Petraeus formally took command of American troops in Iraq on Saturday, declaring that the mission here is hard but not hopeless.

General Petraeus, who wore the fourth star of a full general for the first time during the transfer ceremony, succeeds Gen. George W. Casey Jr., who is returning to Washington to become the Army's chief of staff. The new commander will oversee 132,000 American troops currently in Iraq and thousands more on their way as part of a so-called surge that is widely considered the last, best effort to bring peace to a country increasingly riven by sectarian violence, crime and corruption.

General Petraeus, 54, and General Casey, 58, spoke at a formal ceremony on a military base outside Baghdad, striking tones of optimism and caution, while hinting at their different approaches to Iraq.

For the past two and a half years, General Casey has pushed for a speedy transfer of control to Iraqi security forces so that American troops could withdraw; General Petraeus, an expert in counterinsurgency, has instead supported a more active American role, in line with new White House demands.

"The rucksack of responsibility is very heavy," General Petraeus said, after beginning his speech with the Muslim greeting "salaam aleikum," or "peace be upon you."

"In truth, it is too heavy for any one person to bear, and we will all have to share the burdens and move forward together," he said.

"If we can do that and if we can help the people of Iraq do likewise, then the prospects for success are good," he said. "Failing that, Iraq will be doomed to continuing violence and civil strife and surely that is a prospect all must strive to a void. The stakes are very high."

General Casey, whose tactics have come under blistering attack recently in Congress, emphasized that Iraq would need to take responsibility for its own troubles if it was to ever move forward. Before the ceremony, he told reporters: "Everything is not as I would have expected it to be or wanted it to be on my way out. But that's kind of the way things are."

Asked about whether he had made any mistakes in his tenure, he said, "The main point that people will debate for some time to come is whether I relied too much on Iraqi security forces to carry the security load and too little on coalition forces."

"But I'm certainly not ready to say that's a mistake," he said. "I'll let history judge that."

He later added: "My greatest fear is that Iraqis can't put the past behind them. We liberated them from 35 years of tyranny. We can't liberate them from the fears and prejudices that grew up in that 35 years. They have to do that themselves."

A few hours later, the United States military announced in a statement that three American soldiers were killed Friday and four others wounded in an explosion at a building in Diyala Province, northeast of Baghdad. The statement said the explosion took place as the soldiers searched the building for weapons.

Residents of the area, just west of Baquba, said a gun battle between American troops and unidentified men followed the explosion, with American helicopters hovering overhead. It was just the latest sign of trouble in the area, a stronghold of Sunni Arab insurgents who recently have stepped up attacks on Shiite families and American forces. On Jan. 20, insurgents in the area shot down a Black Hawk helicopter, killing all 13 Americans aboard.

In the central Baghdad neighborhood of Karrada, a suicide car bomber killed five people and wounded 10 outside a bakery on Saturday. It was the latest in a recent series of bombings in the mostly Shiite area, and residents said that violence had become a numbing reality for them.

Mayson Umran, a bookstore owner, said she had been on her way to pick up sandwiches from a Kurdish kebab seller and friend when the explosion hit, shattering glass, destroying shops and scorching cars. She returned to discover her friend was killed, cut into pieces.

"It's become something normal," she said. "Even children have lost the sense of fear now because everyone is expecting an explosion at any minute."

"All of those who died today were simple people looking for their daily living," she said. "The terrorists want nothing but to keep Iraq unstable."

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Iraqi officials, faced with such relentless violence, seemed unsure of whether a new American commander — and the new plan — could stop the bloodshed. Among American military officers, General Petraeus is considered an imaginative leader with a deep understanding of Iraq's problems, culled from two tours here. But for some in Baghdad, his assumption of control looked routine.

"The commanders change every now and then," said Naseer al-Ani, a Sunni member of Parliament. "I don't think that changing the commander will have a significant impact on the American policy."

Prime Minister Nuri Kamal al-Maliki did not attend the ceremony, though Iraq's security adviser and other officials were present. Sami al-Askari, an aide to the prime minister, said the Iraqi government supported General Petraeus and had high hopes for his tenure.

"The character of the commander affects the performance of the military command," he said. "General Casey had a certain perspective in fighting terrorism, but we hope that General Petraeus will be more cooperative with the Iraqi command based on his past experience in Iraq, and the relationship will be smoother and more positive."

New U.S. Commander In Iraq Says "Barbarians" Must Be Defeated (LAT)

By Tina Susman

The Los Angeles Times, February 11, 2007

BAGHDAD — Army Gen. David Petraeus took command of U.S. forces in Iraq today with a sober assessment of the job he faces and a warning that Iraq will be doomed if "barbarians" fueling violence across the country are not defeated.

As Petraeus took over the reigns from Gen. George Casey, who is leaving to become the new Army chief of staff, new reports of U.S. and Iraqi deaths illustrated the challenges cited by both men during the handover ceremony. U.S. military officials announced that at least three American troops had died in Diyala province, northeast of Baghdad, when a blast went off in a building they were scouring for weapons. In Baghdad, two car bombs went off, killing at least seven civilians.

The U.S. deaths brought to 36 the number of American troops killed in the first 10 days of February, representing one of the highest daily death rates since the war's start in March 2003. A brief military statement said in addition to the three killed, four soldiers from Task Force Lightning were killed in the Diyala incident, which occurred Friday.

U.S. and Iraqi forces mounted an offensive last month in Diyala, which hugs the Iranian border northeast of Baghdad. The military says it is a hotbed of Sunni Muslim extremists with ties to Al Qaeda. The leader of Al Qaeda in Iraq, Abu Musab Zarqawi, was killed in a U.S. air strike in June in Diyala, a region so notorious for insurgent attacks that Iraqi forces have refused to venture into much of it without U.S. backing.

At least 3,121 U.S. troops have died since the invasion of Iraq, according to the web site icasualties.org, which tracks civilian and military casualties in the war.

In comments made before he handed control to Petraeus, Casey said no obvious mistakes on his part sprang to mind.

"It might seem a little trite, but for me, it's too close in time to judge the mistakes, because if I thought I was making a mistake I would have changed it," said Casey, speaking to journalists before the ceremony.

Instead, Casey said he went away "with a great feeling of pride, because I really feel we've laid the foundation for Iraq's success."

Casey predicted that Iraqi forces would be ready to take control of the country's security by the end of summer or early fall, a seemingly optimistic view given what appears to be the sluggish start to a much-vaunted, U.S.-Iraqi security plan aimed at bringing violence under control. The plan was announced in January and is to put an additional 21,500 U.S. troops, as well as thousands more Iraqi soldiers and national police, in Baghdad and in Al Anbar province.

So far, only 3,000 more Americans and 2,000 Iraqis have been put in place, a schedule that U.S. military officials say is on target at least for the Americans. They have said all the new U.S. troops should be in place by May.

Petraeus appeared to take a more tempered note in his first comments as commander, calling the situation he had inherited "extremely challenging."

"However, hard is not hopeless," he said in speech to coalition forces and Iraqi and U.S. political leaders. "The prospects for success are good. Failing that, Iraq will be doomed to continuing violence and civil strife."

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There was no letup in that strife as the handover unfolded in the mosaic and marble rotunda of one of Saddam Hussein's former palaces.

In Baghdad's mainly Shiite Karrada neighborhood, a suicide bomber parked his car near a bakery and crowded market shortly after noon. The explosion killed at least four civilians and injured 10, Iraqi police said. In Kamaliya, another mainly Shiite district in eastern Baghdad, a car bomb tore through a street lined with auto parts and repair shops, killing at least three civilians and injuring six.

A 15-year-old girl died in a cross-fire between rival groups in a street battle typical of Baghdad's neighborhoods. Across Baghdad, at least six other people were found dead, apparent victims of sectarian violence.

Twenty-four additional bodies were reported in the area around Kut, south of Baghdad. In Mussayib, also to the south of Baghdad, mortars slammed into civilian homes overnight, killing two women and a man, and a man died when a roadside bomb exploded.

Third U.S. Commander Takes Over In Iraq, Vows Support (WT/AP)

By Lauren Frayer

The Washington Times, February 11, 2007

BAGHDAD - Gen. David Petraeus took charge of U.S. forces in Iraq yesterday, becoming the third commander in the war and declaring the American task now was to help Iraqis "gain the time they need to save their country."

Gen. Petraeus took command under a glistening crystal chandelier that decorated a one-time palace of ousted dictator Saddam Hussein at Camp Victory.

The media-savvy, Princeton-educated Gen. Petraeus, 54, spoke bluntly of the task before him that coincides with President Bush's decision to send an additional 21,500 troops to clamp off violence in Baghdad and nearby regions.

"We will have to share the burdens and move forward together. If we can do that and if we can help the people of Iraq, the prospects of success are good," he said. "Failing that, Iraq will be doomed to continued violence and civil strife."

The U.S. military reported the deaths of three more American soldiers, killed in an explosion Friday in Diyala province northeast of Baghdad. U.S. and Iraqi forces have battled Sunni insurgents and Shi'ite militias in Diyala for months.

The deaths raised to 36 the number of Americans killed in Iraq so far this month. At least 3,120 service members have died since the Iraq war started in March 2003, according to an Associated Press count.

At least 51 Iraqis were killed or found dead Saturday across the country.

In central Baghdad, a car bomb exploded in a shopping district, killing six civilians and wounding 14.

"The driver said, 'I have to buy some fruit and vegetables. I'll be right back.' About five minutes later, the car exploded and killed three of my best friends," said Ismail Mohammed, a fishmonger in the Karradah district.

Gen. Petraeus, whose appointment was announced in early January, takes command of the roughly 135,000-strong American force in Iraq after two previous tours: what was seen as a highly successful stint in the north at the head of the 101st Airborne Division in Mosul, and a second tour in charge of training Iraqi forces.

Gen. Petraeus, who was confirmed by the Senate on Jan. 26, assumed four-star general status in conjunction with taking over command.

"The stakes are very high. The way ahead will be hard, and there undoubtedly will be many tough days. But as I recently told members of the U.S. Senate, hard is not hopeless," said Gen. Petraeus, as he took command from 58-year-old Gen. George Casey.

Lt. Gen. Ricardo Sanchez was Gen. Casey's predecessor and his tenure was marred by the Abu Ghraib prisoner-abuse scandal. He has since retired.

The Sunni insurgency broke out during Gen. Sanchez's command, and the conflict in Iraq took on many of the aspects of a civil war during Gen. Casey's tenure.

In a letter to U.S. troops, Gen. Petraeus wrote: "The enemies of Iraq will shrink at no act, however barbaric. They will do all that they can to shake the confidence of the people and to convince the world that this effort is doomed. We must not underestimate them."

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While Gen. Petraeus spoke of "barbaric enemies who brag of inhuman acts in the name of religion," outgoing commander Gen. Casey, who will become Army chief of staff, spoke frankly about religious infighting that is tearing Iraq apart.

"It's no secret that sectarian violence has changed the dynamics of what Iraqis must face here on the ground," he said. A new U.S. National Intelligence Estimate issued in Washington last week cited sectarian violence as the biggest security problem in Iraq.

An adviser to Iraqi Prime Minister Nouri al-Maliki said the Iraqi government hoped Gen. Petraeus' command would help a new joint U.S.-Iraqi security plan.

"It reflects the change in U.S. policy in Iraq. We have so much hope that the security plan will succeed and that Gen. Petraeus will be part of that success," said the adviser, Bassam al-Husseini.

Neither Mr. al-Maliki nor Iraqi President Jalal Talabani attended yesterday's ceremony, though Mr. Talabani and his two deputies met Gen. Petraeus on Friday and discussed the security plan and "appropriate ways to reach security and stability and annihilate terrorism," a government statement said.

The new U.S. military commander in Iraq, Gen. David Petraeus (right), and outgoing Gen. George Casey prayed during the handover ceremony yesterday in Baghdad.

Iraq Resolution Typifies Rift In Senate (WP)

By Shailagh Murray, Jonathan Weisman

The Washington Post, February 11, 2007

Since the new Congress convened, Majority Leader Harry M. Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) have emerged as the Senate's odd couple, the even-tempered McConnell hurling parliamentary brickbats at the quirky Reid with an even smile and a "Who, me?" shrug.

But though McConnell may be winning procedural battles -- on ethics legislation and a minimum-wage increase and by stopping a high-profile Iraq debate -- Reid, at least this past week, may have played the stronger hand on the war issue, on which public opinion is clearly on his side.

The drama started Monday evening, when McConnell rallied GOP senators to block from the Senate floor a nonbinding resolution opposing President Bush's plan to increase troops in Iraq. But since then, the headlines have been withering, blaming Republicans for sidetracking the debate. Rank-and-file Republican senators are grumbling and threatening to break with McConnell, as the much ballyhooed war debate has morphed into a procedural spat with the GOP playing defense.

"I'm very surprised how they handled this," Reid said of McConnell and his Republican leadership team. "It was so obvious. I just think they miscalculated. And it keeps getting worse."

Julian E. Zelizer, a congressional expert at Boston University, said the Republicans may be "on top" in the short term, but they must be careful how their tactics play with the public in the long term. "They can't look like obstructionists, especially on this war resolution," he said. "This is wartime lawmaking, not peacetime lawmaking."

McConnell asserts that the conflict is less about political tactics than about ensuring "fair treatment" for the Senate GOP, which is barely in the minority.

"This is not about keeping score," the Republican leader told reporters on Thursday, his monotone voice bristling slightly. "This is about an extraordinarily important issue. The American people are not happy with the current status of the Iraq war. Republican senators are not happy about it."

Looking back, did he have any regrets?

"The only thing we could have done differently would have been to capitulate," McConnell shot back. "That didn't happen Monday and won't happen in the future."

Reid and McConnell began the year vowing to cooperate, but so far they have clashed over practically every important issue to come before the Senate. Democrats control the Senate by the slimmest majority, 51 to 49, presenting formidable challenges to both party leaders and suggesting that procedural one-upmanship could become a permanent part of the narrative. "That's just how you have to do things here," Reid said, expressing the relatively sanguine view that he and McConnell are forced by circumstances to take.

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As a tactician, McConnell, 64, a four-term veteran, has shown in recent weeks that he is one tough competitor. Both he and Reid, 67, are former party whips, jobs that require a deep knowledge of Senate rules and an instinctive feel for political and ideological idiosyncrasies. They both also sit on the Appropriations Committee, the chief spigot for federal spending, where Republicans and Democrats traditionally have supported each other's pet programs.

The pair share low-key temperaments, although Reid has the more colorful personality. The son of a Nevada miner, Reid became a successful Las Vegas trial lawyer before entering politics, and he views himself as an outsider among the Washington elite. McConnell, who is married to Labor Secretary Elaine L. Chao, is a staunch conservative who is regarded as one of President Bush's closest allies in Congress. He has vowed to do whatever he can to prevent Congress from passing a resolution criticizing Bush's war policies.

In an editorial titled "A Minority to be Reckoned With," the conservative magazine National Review strongly praised the GOP leader. "Under Sen. Mitch McConnell, Republicans have quickly gotten the hang of serving in a minority that can successfully frustrate Harry Reid's partisan maneuvering on the war in Iraq," the editorial declared.

The war debate now shifts to the House, where Democratic leaders will offer their own formal protest next week against Bush's plan to deploy an additional 21,500 combat troops in Iraq. In the meantime, the Senate battle is expected to remain suspended.

Reid and the Democrats had been prepared for a week-long debate on a nonbinding bipartisan resolution criticizing Bush's troop buildup and calling for a political solution to the war, but it ran into a procedural roadblock Monday evening after McConnell complained that the Democrats were denying Republicans a vote on alternative resolutions supportive of the war effort.

McConnell lined up all but two Republicans -- Sens. Susan Collins (Maine) and Norm Coleman (Minn.) -- to vote in favor of blocking the debate until Reid agrees to GOP terms. But that Republican alliance quickly frayed. On Wednesday night, five Republicans who had voted with McConnell joined Collins and Coleman in signing a letter to the Senate Democratic and Republican leaders, vowing to "explore all our options" to ensure that the bipartisan nonbinding resolution reaches the floor.

Sen. Olympia J. Snowe, a moderate Maine Republican, fumed that she had been assured by GOP leaders that the Monday setback would be temporary. Her support for the McConnell position, she said, "was always predicated on the expectation that we would move forward," adding: "No one ever entertained the possibility that it would be a dead end."

Snowe called McConnell and Reid's inability to come to terms "inexcusable," adding that "the House of Representatives is preparing to debate and our Senate is deadlocked. It sort of marginalizes the U.S. Senate as an institution. We can't even determine how to go forward procedurally with a nonbinding resolution."

McConnell and Reid have clashed on other big issues. Early in January, McConnell nearly brought down a major ethics and lobbying bill over GOP demands for a vote on granting the president virtual line-item veto authority. Later, he and other Republicans forced Democrats to accept tax breaks for small businesses as a condition for passing the minimum-wage bill.

But with polls showing that Americans overwhelmingly oppose the war in Iraq and believe that it was a mistake for Bush to commit U.S. troops, the president's decision to boost troop levels and seek billions of dollars more in spending clearly constitutes the most important issue facing Congress this year.

Every Monday, Reid and McConnell meet one on one, and last Monday at 3 p.m., the huddle took place in McConnell's office. The two leaders quickly established that neither side was budging on the procedural dispute surrounding the war resolutions, and a showdown vote was set for 5:30 p.m.

The next morning, newspaper headlines around the country blared that Republicans were to blame for the gridlock, and Democrats pummeled GOP lawmakers for allowing partisan considerations to get in the way of a vital debate.

By week's end, Republicans were breaking ranks.

On the floor of the Senate and before television cameras, McConnell maintained a reassuring and conciliatory air. Almost apologetically, he explained that the impasse over the Iraq war resolution was a minor bump in the road and would surely be worked out. He expressed faith in his relationship with Reid, and looked genuinely taken aback by Democratic charges of obstructionism and nefarious intent.

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Reid, for his part, also seemed on shaky ground in the immediate aftermath, appearing to protect Democrats from political controversy at the expense of a war debate. The letter from the seven Republicans vowing to do whatever it takes to get the debate back on track helped to reverse this impression by suggesting buyer's remorse on the Republican side.

"Everything Harry Reid has done this week, and I know some of you had some tough questions, has been vindicated by that letter," Sen. Charles E. Schumer (D-N.Y.) told reporters.

But it did not appear to faze McConnell. "I think 40 to 42 of our members are comfortable with where we are," he said. "They all understand that we'll get back to this debate and, at whatever point we get back to this debate, the [funding] amendment or other amendments will be in the mix."

Victory Is Not An Option (WP)

By William E. Odom

The Washington Post, February 11, 2007

The new National Intelligence Estimate on Iraq starkly delineates the gulf that separates President Bush's illusions from the realities of the war. Victory, as the president sees it, requires a stable liberal democracy in Iraq that is pro-American. The NIE describes a war that has no chance of producing that result. In this critical respect, the NIE, the consensus judgment of all the U.S. intelligence agencies, is a declaration of defeat.

Its gloomy implications -- hedged, as intelligence agencies prefer, in rubbery language that cannot soften its impact -- put the intelligence community and the American public on the same page. The public awakened to the reality of failure in Iraq last year and turned the Republicans out of control of Congress to wake it up. But a majority of its members are still asleep, or only half-awake to their new writ to end the war soon.

Perhaps this is not surprising. Americans do not warm to defeat or failure, and our politicians are famously reluctant to admit their own responsibility for anything resembling those un-American outcomes. So they beat around the bush, wringing hands and debating "nonbinding resolutions" that oppose the president's plan to increase the number of U.S. troops in Iraq.

For the moment, the collision of the public's clarity of mind, the president's relentless pursuit of defeat and Congress's anxiety has paralyzed us. We may be doomed to two more years of chasing the mirage of democracy in Iraq and possibly widening the war to Iran. But this is not inevitable. A Congress, or a president, prepared to quit the game of "who gets the blame" could begin to alter American strategy in ways that will vastly improve the prospects of a more stable Middle East.

No task is more important to the well-being of the United States. We face great peril in that troubled region, and improving our prospects will be difficult. First of all, it will require, from Congress at least, public acknowledgment that the president's policy is based on illusions, not realities. There never has been any right way to invade and transform Iraq. Most Americans need no further convincing, but two truths ought to put the matter beyond question:

First, the assumption that the United States could create a liberal, constitutional democracy in Iraq defies just about everything known by professional students of the topic. Of the more than 40 democracies created since World War II, fewer than 10 can be considered truly "constitutional" -- meaning that their domestic order is protected by a broadly accepted rule of law, and has survived for at least a generation. None is a country with Arabic and Muslim political cultures. None has deep sectarian and ethnic fissures like those in Iraq.

Strangely, American political scientists whose business it is to know these things have been irresponsibly quiet. In the lead-up to the March 2003 invasion, neoconservative agitators shouted insults at anyone who dared to mention the many findings of academic research on how democracies evolve. They also ignored our own struggles over two centuries to create the democracy Americans enjoy today. Somehow Iraqis are now expected to create a constitutional order in a country with no conditions favoring it.

This is not to say that Arabs cannot become liberal democrats. When they immigrate to the United States, many do so quickly. But it is to say that Arab countries, as well as a large majority of all countries, find creating a stable constitutional democracy beyond their capacities.

Second, to expect any Iraqi leader who can hold his country together to be pro-American, or to share American goals, is to abandon common sense. It took the United States more than a century to get over its hostility toward British occupation. (In 1914,

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a majority of the public favored supporting Germany against Britain.) Every month of the U.S. occupation, polls have recorded Iraqis' rising animosity toward the United States. Even supporters of an American military presence say that it is acceptable temporarily and only to prevent either of the warring sides in Iraq from winning. Today the Iraqi government survives only because its senior members and their families live within the heavily guarded Green Zone, which houses the U.S. Embassy and military command.

As Congress awakens to these realities -- and a few members have bravely pointed them out -- will it act on them? Not necessarily. Too many lawmakers have fallen for the myths that are invoked to try to sell the president's new war aims. Let us consider the most pernicious of them.

1) We must continue the war to prevent the terrible aftermath that will occur if our forces are withdrawn soon. Reflect on the double-think of this formulation. We are now fighting to prevent what our invasion made inevitable! Undoubtedly we will leave a mess -- the mess we created, which has become worse each year we have remained. Lawmakers gravely proclaim their opposition to the war, but in the next breath express fear that quitting it will leave a blood bath, a civil war, a terrorist haven, a "failed state," or some other horror. But this "aftermath" is already upon us; a prolonged U.S. occupation cannot prevent what already exists.

2) We must continue the war to prevent Iran's influence from growing in Iraq. This is another absurd notion. One of the president's initial war aims, the creation of a democracy in Iraq, ensured increased Iranian influence, both in Iraq and the region. Electoral democracy, predictably, would put Shiite groups in power -- groups supported by Iran since Saddam Hussein repressed them in 1991. Why are so many members of Congress swallowing the claim that prolonging the war is now supposed to prevent precisely what starting the war inexorably and predictably caused? Fear that Congress will confront this contradiction helps explain the administration and neocon drumbeat we now hear for expanding the war to Iran.

Here we see shades of the Nixon-Kissinger strategy in Vietnam: widen the war into Cambodia and Laos. Only this time, the adverse consequences would be far greater. Iran's ability to hurt U.S. forces in Iraq are not trivial. And the anti-American backlash in the region would be larger, and have more lasting consequences.

3) We must prevent the emergence of a new haven for al-Qaeda in Iraq. But it was the U.S. invasion that opened Iraq's doors to al-Qaeda. The longer U.S. forces have remained there, the stronger al-Qaeda has become. Yet its strength within the Kurdish and Shiite areas is trivial. After a U.S. withdrawal, it will probably play a continuing role in helping the Sunni groups against the Shiites and the Kurds. Whether such foreign elements could remain or thrive in Iraq after the resolution of civil war is open to question. Meanwhile, continuing the war will not push al-Qaeda outside Iraq. On the contrary, the American presence is the glue that holds al-Qaeda there now.

4) We must continue to fight in order to "support the troops." This argument effectively paralyzes almost all members of Congress. Lawmakers proclaim in grave tones a litany of problems in Iraq sufficient to justify a rapid pullout. Then they reject that logical conclusion, insisting we cannot do so because we must support the troops. Has anybody asked the troops?

During their first tours, most may well have favored "staying the course" -- whatever that meant to them -- but now in their second, third and fourth tours, many are changing their minds. We see evidence of that in the many news stories about unhappy troops being sent back to Iraq. Veterans groups are beginning to make public the case for bringing them home. Soldiers and officers in Iraq are speaking out critically to reporters on the ground.

But the strangest aspect of this rationale for continuing the war is the implication that the troops are somehow responsible for deciding to continue the president's course. That political and moral responsibility belongs to the president, not the troops. Did not President Harry S. Truman make it clear that "the buck stops" in the Oval Office? If the president keeps dodging it, where does it stop? With Congress?

Embracing the four myths gives Congress excuses not to exercise its power of the purse to end the war and open the way for a strategy that might actually bear fruit.

The first and most critical step is to recognize that fighting on now simply prolongs our losses and blocks the way to a new strategy. Getting out of Iraq is the pre-condition for creating new strategic options. Withdrawal will take away the conditions that allow our enemies in the region to enjoy our pain. It will awaken those European states reluctant to collaborate with us in Iraq and the region.

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Second, we must recognize that the United States alone cannot stabilize the Middle East.

Third, we must acknowledge that most of our policies are actually destabilizing the region. Spreading democracy, using sticks to try to prevent nuclear proliferation, threatening "regime change," using the hysterical rhetoric of the "global war on terrorism" -- all undermine the stability we so desperately need in the Middle East.

Fourth, we must redefine our purpose. It must be a stable region, not primarily a democratic Iraq. We must redirect our military operations so they enhance rather than undermine stability. We can write off the war as a "tactical draw" and make "regional stability" our measure of "victory." That single step would dramatically realign the opposing forces in the region, where most states want stability. Even many in the angry mobs of young Arabs shouting profanities against the United States want predictable order, albeit on better social and economic terms than they now have.

Realigning our diplomacy and military capabilities to achieve order will hugely reduce the numbers of our enemies and gain us new and important allies. This cannot happen, however, until our forces are moving out of Iraq. Why should Iran negotiate to relieve our pain as long as we are increasing its influence in Iraq and beyond? Withdrawal will awaken most leaders in the region to their own need for U.S.-led diplomacy to stabilize their neighborhood.

If Bush truly wanted to rescue something of his historical legacy, he would seize the initiative to implement this kind of strategy. He would eventually be held up as a leader capable of reversing direction by turning an imminent, tragic defeat into strategic recovery.

If he stays on his present course, he will leave Congress the opportunity to earn the credit for such a turnaround. It is already too late to wait for some presidential candidate for 2008 to retrieve the situation. If Congress cannot act, it, too, will live in infamy.

William E. Odom, a retired Army lieutenant general, was head of Army intelligence and director of the National Security Agency under Ronald Reagan. He served on the National Security Council staff under Jimmy Carter. A West Point graduate with a PhD from Columbia, Odom teaches at Yale and is a fellow of the Hudson Institute.

A Road Map Out Of Iraq (LAT)

By Zbigniew Brzezinski

The Los Angeles Times, February 11, 2007

THE WAR IN IRAQ is a historic strategic and moral calamity undertaken under false assumptions. It is undermining America's global legitimacy. Its collateral civilian casualties, as well as some abuses, are tarnishing America's moral credentials. Driven by Manichean impulses and imperial hubris, it is intensifying regional instability.

Yet major strategic decisions in the Bush administration continue to be made within a very narrow circle of individuals — perhaps not more than the fingers on one hand. With the exception of the new Defense secretary, Robert M. Gates, these are the same individuals who have been involved from the start of this misadventure, who made the original decision to go to war in Iraq and who used the original false justifications for going to war. It is human nature to be reluctant to undertake actions that would imply a significant reversal of policy.

From the standpoint of U.S. national interest, this is particularly ominous. If the United States continues to be bogged down in protracted, bloody involvement in Iraq, the final destination on this downhill track is likely to be a head-on conflict with Iran and much of the Islamic world.

Here, for instance, is a plausible scenario for a military collision with Iran: Iraq fails to meet the benchmarks for progress toward stability set by the Bush administration. This is followed by U.S. accusations of Iranian responsibility for the failure, then by some provocation in Iraq or a terrorist act in the United States blamed on Iran, culminating in a "defensive" U.S. military action against Iran. This plunges a lonely United States into a spreading and deepening quagmire lasting 20 years or more and eventually ranging across Iraq, Iran, Afghanistan and Pakistan.

Indeed, a mythical historical narrative to justify the case for such a protracted and potential expanding war is already being articulated. Initially justified by false claims about weapons of mass destruction in Iraq, the war is now being redefined as the decisive ideological struggle of our time, reminiscent of the earlier collisions with Nazism and Stalinism. In that context, Islamist extremism and Al Qaeda are presented as the equivalents of the threat posed by Nazi Germany and then Soviet Russia, and 9/11 as the equivalent of the Pearl Harbor attack that precipitated U.S. involvement in World War II.

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This simplistic and demagogic narrative, however, overlooks that the Nazi threat was based on the military power of the most industrially advanced European state and that Stalinism was not only able to mobilize the resources of the victorious and militarily powerful Soviet Union but had worldwide appeal through its Marxist doctrine.

In contrast, most Muslims are not embracing Islamic fundamentalism. Al Qaeda is an isolated, fundamentalist aberration. Most Iraqis are engaged in strife not on behalf of an Islamist ideology but because of the U.S. occupation, which destroyed the Iraqi state. Iran, meanwhile, though gaining in regional influence, is hardly a global threat; rather, it is politically divided, economically and militarily weak. To argue that the United States must respond militarily to a wide Islamic threat with Iran at its epicenter is to promote a self-fulfilling prophecy.

No other country shares the Manichean delusions that the Bush administration so passionately articulates. And the result, sad to say, is growing political isolation of and pervasive popular antagonism toward the United States.

Our international interest calls for a significant change in direction. We need a strategy to end the occupation of Iraq and to shape a regional security dialogue. Both goals will take time and require genuinely serious U.S. commitment. The quest to achieve these goals should involve four steps.

First, the United States should reaffirm explicitly and unambiguously its determination to leave Iraq in a reasonably short period of time. Right now, the U.S. occupation, even though resented by most Iraqis, is serving as an umbrella for internal intransigence. Nobody inside or outside the Iraqi government feels any real incentive to compromise while the U.S. is keeping the situation more or less afloat.

A public declaration that the U.S. intends to leave is needed to allay fears in the Middle East of a new and enduring American imperial hegemony. Right or wrong, many view the establishment of such a hegemony as the primary reason for the U.S. intervention in a region only recently free of colonial domination. That perception must be discredited. If the president is unwilling to do so, perhaps Congress could by passing a joint resolution.

Second, the United States should announce that it is undertaking talks with Iraqi leaders to jointly set a date by which U.S. military disengagement should be completed. Roughly a year might be a good goal — but the date must be agreed on with the Iraqis and announced as a joint decision. In the meantime, the U.S. should avoid military escalation, including the troop "surge," which can, at best, have only a passing tactical benefit.

Only by holding serious talks with Iraqi politicians about an exit date can we identify the authentic Iraqi leaders with the self-confidence and capacity to stand on their own legs, without U.S. military protection. The painful reality is that the current Iraqi regime, characterized by the Bush administration as representative of the Iraqi people, largely defines itself by its physical location: the 4-square-mile U.S. fortress within Baghdad — protected by a wall 15 feet thick in places and manned by heavily armed U.S. military — popularly known as the Green Zone. Only Iraqi leaders who can exercise real power beyond the Green Zone can eventually reach a genuine Iraqi accommodation.

Third, the United States should encourage Iraqi leaders to issue an invitation to all neighbors of Iraq and perhaps some other Muslim countries, such as Egypt, Morocco, Algeria and Pakistan, to discuss how best to enhance stability in Iraq in conjunction with U.S. military disengagement and to participate eventually in a conference regarding regional stability.

Such a serious discussion about regional security cannot be undertaken with Iraq or its neighbors while the U.S. is perceived as an occupier for an indefinite duration. Iraq's neighbors don't fear any real explosion in Iraq because we're there, and the volatile status quo comes at our expense and does not require them to make any real choices.

But an agreed-on departure date would have the effect of forcing all of the governments around Iraq to ask themselves: "How do we deal with the problem of stability in Iraq? Do we really want to have a regional war among ourselves?" Would a war that might, for example, pit the Saudis and the Jordanians against the Iranians, with the Syrians in between, be worth risking? Most of the regimes in the region know that that kind of a war could spread and destroy them.

That is why the effort to engage the neighbors is desirable; it could help prevent an escalating civil war in Iraq that also poses a mounting threat to their own stability. But it can only take place provided the United States is in the process of leaving. An announcement of our willingness to leave and to convene a conference to discuss the next steps would be a powerful trigger for change.

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Fourth, the U.S. should activate a credible and energetic effort to finally reach an Israeli-Palestinian peace. The record shows that the Israelis and the Palestinians will never do so on their own. Without such a settlement, nationalist and fundamentalist passions in the region will in the longer run doom any Arab regime that is perceived as supportive of U.S. regional hegemony.

After World War II, the U.S. prevailed in the defense of democracy in Europe because it successfully pursued a long-term political strategy of uniting its friends and dividing its enemies. It soberly deterred aggression without initiating hostilities, and all the while, it explored the possibility of negotiating arrangements.

Today, American global leadership is being tested in the Middle East. A similarly wise strategy of genuinely constructive political engagement is urgently needed.

Zbigniew Brzezinski was National Security Advisor to President Carter.

Legitimacy Was Step One (WP)

By Gian P. Gentile

The Washington Post, February 11, 2007

I learned as a tactical battalion commander in Baghdad's Amiriyah district last year that government legitimacy was exponentially more important than the number of coalition and Iraqi army forces patrolling the streets, the number of coalition advisers with Iraqi army and police units, or money spent improving services. Indeed, legitimacy of the government of Iraq as seen through the eyes of all Iraqis -- Sunnis, Shiites and Kurds -- is the necessary condition for peace based on reconciliation.

In Amiriyah we were neither winning nor losing; we were in stasis. Between August and November last year, I substantially increased the number of combined American and Iraqi army patrols there and the capacity of the American adviser team that worked with a local Iraqi army battalion. Still, the deadlock did not break.

Amiriyah is one of the few districts in Baghdad that is almost completely Sunni. It was built in the early 1970s as a residential area for lawyers, doctors, engineers and members of the Baathist elite. When Saddam Hussein's regime fell in 2003, Amiriyah's affluent residents had the most to lose, and partly because of its long-standing tribal ties to Anbar province, Amiriyah gradually became Baghdad's Sunni insurgent headquarters.

In the spring of 2003 Sunnis made up about 85 percent of Amiriyah's population. But sectarian killings have made Sunnis nearly the entire population, and the district has become lethal for the few remaining Shiites.

The enemy of peace in Amiriyah, much like in the rest of Baghdad, was and is a hybrid. The enemy is still an undefeated Sunni insurgency that attacks coalition and Iraqi forces. The enemy is also a vicious and brutal sectarian war carried out not only by Sunni and Shiite extremists but sometimes also by neighbors against neighbors.

As violence mounted significantly in Baghdad over the summer, we confronted this hybrid enemy head-on for a week in early August with an almost fourfold increase of American and Iraqi troops. We also shut down all vehicular traffic in the district, among other things.

The stated purpose for our efforts was to provide breathing room for the government, to allow a break in the violence so it could demonstrate that it was a government of unity. In this sense we "cleared" Amiriyah, and there were no violent acts during that week. Yet the increase in troops was not sustainable.

In the weeks and months after our weeklong operation, American forces did not leave or abandon Amiriyah. We held it with nearly double the number of American and Iraqi troops that had long operated there.

My basic and most fundamental mission was to protect the people. As models of how to proceed, I used Col. H.R. McMaster's brilliant operations in Tall Afar and the successful actions of my brigade commander, Col. Mike Beech, in the nearby Sunni district of Doura. I also used the Army's new counterinsurgency doctrine as my operational guide. We spent millions of dollars rebuilding schools and cleaning garbage from the streets. We continued to capture and kill Sunni insurgents and Shiite militia members who attempted to attack Amiriyah from outlying areas. We established trust between the Sunni population and our forces and improved their views of the local Iraqi army battalion. For its Sunni residents, Amiriyah became one of the most secure districts in Baghdad.

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But the violence continued. Sunnis killed and continue to kill Shiites and government forces because of sectarian hatred, to retaliate for what they view as unfair acts by the Shiite government and because they fear that any Shiites remaining in their district would provoke more oppressive government actions against them.

Could more American troops have eliminated the Sunni insurgency in Amiriyah? Probably not, because the people were not willing to separate themselves from the insurgents. Residents saw the Sunni insurgents as their final hope for protection from an illegitimate government out to crush them.

Could more American troops have stopped the sectarian violence? Possibly, if this war was still being carried out only by Shiite and Sunni extremist groups. But it is now a sectarian war of the people. When I spoke to shopkeepers, professionals, imams and others in Amiriyah, I was told that the solution to ending the violence -- both insurgent attacks and sectarian killings -- was an Iraqi government they saw as legitimate.

More American troops, more Iraqi troops and more American advisers cannot produce a legitimate government; only the Iraqis can do that. To be sure, a minimum amount of military power is needed in a place such as Amiriyah to maintain order. Those forces are in place and should remain there to provide a baseline of security for the Iraqi government and to demonstrate to all Iraqis that the government is a force for reconciliation and fairness, not division.

The writer, a lieutenant colonel in the 4th Infantry Division, operated in West Baghdad last year.

The Diplomats On Capitol Hill (WP)

By Jim Hoagland

The Washington Post, February 11, 2007

Foreign ministers usually try to avoid commenting on election results in other countries. But their appointment schedules are not so discreet. An increasingly well-beaten path to Capitol Hill by special envoys and other visiting officials attests to the new power that Congress holds in foreign policy.

That result -- like so many others it has produced -- is exactly the reverse of what the Bush administration hoped to achieve. As it empowered its critics on Iraq by focusing so relentlessly on them (see the trial of Scooter Libby) and made civil liberties a salient issue by adopting extreme positions (see the Bill of Rights), the dismissive attitude President Bush has displayed toward the legislative branch helped push Congress into taking on policymaking duties it is ill-equipped to handle.

The confusion and bickering over competing Senate resolutions to support, oppose or split the difference on Bush's proposed "surge" of five additional brigades into Iraq illustrate how Washington is rolling rapidly toward the worst of all policy worlds: one in which 535 would-be secretaries of state try to micromanage battlefield tactics on the basis of November's election returns.

In public and in private comments to foreign visitors, House Speaker Nancy Pelosi has suggested that Democratic victories in those elections have settled any lingering debate over Iraq for the American public. It is the job of the Democratic Party and Congress to bring the troops home as quickly as possible, Pelosi asserts, or Congress will not be complying with the public will.

The push for rapid U.S. withdrawal understandably alarms Turkey and Arab states in the region, which are already traumatized by the violence and chaotic conditions of neighboring Iraq. Among the diplomats headed to Capitol Hill last week to assess the new balance of power and to urge Washington to exercise strategic patience in Iraq were the foreign ministers of Turkey and Egypt.

While noting that their countries had opposed the 2003 invasion, both urged lawmakers to consider the disastrous consequences of hasty American withdrawal. "We support President Bush's new strategy and think it should be given a chance," Turkey's Abdullah Gul told me during a session with journalists here Monday night. A similar message was carried to Capitol Hill by Egypt's Ahmed Aboul Gheit, who devoted 90 percent of his official meetings on a two-day trip to talking with members of Congress, according to aides.

Predictably, bilateral concerns dominated the exchanges on Capitol Hill. Gul made a spirited case that U.S.-Turkish relations would be wrecked by congressional passage of a bill that would condemn as "genocide" the mass killing of Ottoman Armenians a century ago. Gheit showed concern that Democratic majorities in the House and Senate might exert new pressures on Egypt over human rights and democracy issues.

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But they also sought to inject foreign policy considerations into an American debate that is now above all about domestic U.S. political strategies and fortunes and only nominally about Iraq. "We now understand better the problem of taxation without representation," says a diplomat based in Washington. "You make decisions that profoundly and increasingly affect our survival and prosperity, while our ability to influence those decisions shrinks to next to nil."

This emerging foreign lobby is not a monolith. Most European governments "more or less secretly cheer the Democratic efforts to rein in Bush," says a European diplomat. "But they will be very careful about taking a public position for or against the surge."

The White House has contributed significantly to the debasing of the public debate by its secrecy and political manipulation of national security issues and by walling out the congressional leadership of both parties from serious consultation and coordination while undertaking a historic high-risk, high-reward gamble to conquer and then remake Iraq. That kind of close-minded, dogmatic approach is not one that Democrats in Congress should aspire to emulate by tuning out the genuine concerns of Iraq's neighbors and other nations.

Bush is reported to be preparing to shake up his unsuccessful congressional liaison office as chief of staff Josh Bolten completes his overhaul of the White House staff. But all of the evidence argues that it is Bush's own view of cooperation with Congress that most urgently needs to be shaken up.

The White House hunkered down behind procedural gimmicks to block Senate passage of a resolution opposing Bush's surge. That was shortsighted. But Democrats will fare no better if they use domestic election results as the main criterion for shaping what will increasingly be a congressionally influenced U.S. foreign policy.

At This Point, It's Kamikaze Strategy In Iraq (LAT)

By Jonathan Chait

The Los Angeles Times, February 11, 2007

THERE IS something genuinely bizarre about those remaining supporters of President Bush's strategy in Iraq. It is not just that they are wrong — being wrong happens to all of us from time to time. It's that they are completely detached from reality.

Their arguments have nothing to do with what is actually happening in Iraq. They aren't claiming that Bush's critics have a wrong impression of what's happening in Iraq. They just seem to have no interest in the subject themselves. Their arguments take place almost entirely at the level of abstraction.

If you follow the news in Iraq, the story has become depressingly familiar. Prime Minister Nouri Maliki is a creature of hard-line Shiite sectarians, and his government has been deeply infiltrated by Shiite militias. Everything he has done in his job has been toward the end of giving the Shiites an upper hand over the Sunnis.

Shiite militias have infiltrated the Iraqi army. We're equipping and training the bad guys. The Shiite militia members who haven't joined the army lay low when our troops patrol Baghdad, so that we fight the Sunnis and leave them standing. As Tom Lasseter of McClatchy Newspapers reported a week and a half ago, "The U.S. military drive to train and equip Iraq's security forces has unwittingly strengthened anti-American Shiite Muslim cleric Muqtada Sadr's Mahdi Army militia."

That's why Maliki supports the surge. To the extent it succeeds, the surge will do a faster and better job of driving Sunnis out of Baghdad. But why should we want to help him do that?

The critiques of Bush's strategy all flow from this interpretation of events. The administration's critics say that our current role has the unintended but unavoidable effect of furthering sectarian warfare. If we stop cooperating with one party to a civil war, we can't make things much worse. We might possibly make them better: If we're no longer doing the Shiites' fighting for them, perhaps they'll have to bargain with the Sunnis.

What do the administration's supporters say to this? Let's look at a brief survey. Sen. Joe Lieberman (I-Conn.), one of the most vocal supporters of Bush's strategy, has made two major statements on the war in 2007. In the first, a letter in January, he wrote that "withdrawing from the fight is not a sound, long-term policy for the national security of the United States. Withdrawing from the fight is a recipe for defeat." How did Lieberman envision us winning? What about the reports that our actions are simply fueling the civil war? His letter had nothing to say.

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Since then, Lieberman delivered a speech on the war, and that was even worse. The entire point of it was that a Senate vote of no confidence in Bush would demoralize our allies and embolden the enemy. Nothing at all about how the Bush strategy could work.

OK, you say, so maybe Lieberman has nothing of substance. But he's a politician, and they craft their words for sound bites. So surely the intellectuals who support Bush must have something deeper, right?

Sadly, no. The Weekly Standard — Bush's strongest bastion of remaining support — has editorialized about the war for three consecutive issues. The first editorial asserted that "abandoning American efforts to control the violence in Iraq would lead to an increase in violence" but offered no evidence to support this claim. It did not mention Maliki's clear lack of interest in making peace with the Sunnis nor the infiltration of the Iraqi armed forces.

The next editorial, by Executive Editor Fred Barnes, consisted of an extended analogy to Vietnam. The closest Barnes came to a substantive point was pointing out that war opponents had denigrated the Vietnamese government too. Did this mean we're wrong to denigrate the Iraqi government today? Barnes did not say.

And the next editorial consisted entirely of attacking proponents of the anti-surge resolution as cowards. It didn't even bother to make a claim that we're winning, or we could still win, or withdrawing would make things worse.

So, there you have it, the case for supporting Bush: Trust the commander in chief, don't undermine the troops, withdrawal equals defeat. These aren't arguments to support Bush's strategy, they're generic pro-war arguments. Change a few details and these lines could support Napoleon's invasion of Russia or the Crusader occupation of Jerusalem or almost any war. Generic pro-war arguments may be trite, but that's what you turn to when you've given up on reality.

Blame (Blank) For Iraq (NYT)

By Helene Cooper

The New York Times, February 11, 2007

WASHINGTON

THE blame game on Iraq seems to be reaching a peak. The surest sign is that people inside the Beltway have started to proclaim loudly that they're not looking to assign any blame.

"This is not at all a finger-pointing exercise," Gen. Peter Pace, chairman of the Joint Chiefs of Staff, helpfully told a Senate panel on Tuesday as he explained that other federal agencies weren't shouldering their responsibility for sending civilians to help out in Iraq.

"Self-righteous finger-wagging will not make Iraq any more secure," lectured Representative Tom Davis, a Virginia Republican, during a House hearing in which his colleagues tore apart L. Paul Bremer III, the former United States point man in Baghdad after the war.

No one can say with certainty that Iraq is lost; it is too early to say whether President Bush's new strategy to increase the number of American troops in Baghdad and Anbar by 21,500 won't work. But, a continent and an ocean away, Washington is already positioning to lay blame if the worst happens. After all, history books are being written right now.

So, in a decidedly gloomy Capitol, a steady succession of administration officials, military types and yesterday's dignitaries have trooped through various Senate and House hearing rooms to lash out — and be lashed.

Blame the Democrats.

Back when the Republicans were in control of the House and the Senate, they didn't venture far toward an examination of President Bush's Iraq strategy. Newly empowered, the Democrats have hauled in everyone but the kitchen sink: from Henry Kissinger to President Jimmy Carter's national security adviser, Zbigniew Brzezinski.

A whole lot of blame has been spread around. The Pentagon took a swing at the State Department, with Defense Secretary Robert M. Gates publicly griping to a Senate panel about a State memo asking the military to temporarily fill some Iraq jobs that State is supposed to be responsible for. "If you were troubled by the memo, that was mild compared to my reaction when I saw it," Mr. Gates said.

The next day, in a telephone interview, Adm. Edmund P. Giambastiani Jr., vice chairman of the Joint Chiefs of Staff, who was asked by State officials to defend them to a reporter, showed that when the chips are down and blame is being assigned, his

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first priority is not the diplomatic corps. "The military won't lose this war," he said, then added, pointedly, "but we won't win it by ourselves either."

The State Department shot back, but not with much gusto. David Satterfield, the senior adviser on Iraq, took the high road during a conference call with reporters, eschewing direct criticism of the Pentagon and saying only that "the skill sets needed for the additional staff are not skill sets in which any foreign service in the world, including our own," are proficient.

Beyond that, State left its blame-mongering to smaller guns, relying on unnamed career employees to point out that if the Pentagon had bothered to include State in the initial postwar planning, Iraq might not be the mess it is today.

Robert K. Brigham, a historian of American foreign relations at Vassar, argues that the finger-pointing is a natural outcome for bureaucrats who are secretly frustrated by American policy in Iraq but unable to change it.

"These different departments are all stuck with the same playbook," Mr. Brigham says. "In the absence of any kind of movement to change the geometry, this is what you get. You didn't have this dissension during the Nixon years, you had it in Johnson's."

Mr. Brigham said that Lyndon B. Johnson got more flak for Vietnam than Richard M. Nixon did because Mr. Johnson did not make significant changes to Vietnam policy, while Mr. Nixon did, by going to China, among other things. Unless President Bush makes an about-face in American foreign policy, Mr. Brigham argues, by, say, beginning a pullback of troops, the blame game will continue.

Or increase. "This game has got a lot more plays before it plays out," says Joseph Cirincione, senior vice president for national security and international policy at the Center for American Progress, a liberal research group. "Are we reaching a crescendo? Heck no."

Well, even if the blame game hasn't reached its zenith, now seems a good time to look at the latest culprits, scapegoats and whipping boys who have become fashionable in Washington. It's a disparate group.

Whipping Boy: Iran.

Whip: President Bush.

The president upped his rhetoric in January when he unveiled his new troop surge plan, announcing that "Iran is providing material support for attacks on American troops" in Iraq. Expect more in the coming weeks, as administration officials say they will disclose new intelligence that shows Iran meddling in Iraq.

Whipping Boy: L. Paul Bremer III.

Whip: Henry A. Waxman.

The last time Mr. Bremer, the American civilian administrator in Iraq in 2003-2004, testified before Congress, he was hailed by Republicans and Democrats alike. But that was in the past, before de-Baathification became the dirty word it is now, before the Michael Gordon book and the Tom Ricks book and the Bob Woodward book.

At a House hearing on Wednesday, Representative Mr. Waxman, the California Democrat, upbraided Mr. Bremer for a Bush administration decision to send billions of dollars in cash into Iraq quickly after the United States had occupied the country. "Who in their right mind would send 360 tons of cash into a war zone?" demanded Mr. Waxman. He suggested that some of that money may have ended up financing the insurgency.

Mr. Bremer acknowledged that he made mistakes, but said, "I think we made great progress under some of the most difficult conditions imaginable."

Whipping Boy: Gen. George W. Casey Jr.

Whip: John McCain.

General Casey, responsible for the Army's Iraq war strategy for the past two years, appeared before a Senate panel weighing whether to approve his promotion to be the Army's next chief of staff, and quickly came under attack.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Senator McCain informed him. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

Mr. McCain then went on to vote against General Casey's promotion. But the general got the last laugh; the full Senate confirmed him on Thursday by a vote of 83 to 14.

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Whipping Boy: Presidents Bill Clinton and Jimmy Carter.

Whip: Dinesh D'Souza.

The conservative author argues in his recent book, "The Enemy at Home," that President Carter's withdrawal of support for the shah of Iran helped Ayatollah Ruhollah Khomeini's regime gain power in Iran, thus giving radical Islamists control. Mr. D'Souza also says that President Clinton failed to respond to Islamic attacks and thus emboldened Osama bin Laden into thinking he could get away with the Sept. 11 attacks. Therefore, Mr. D'Souza says, American liberals are to blame for the rise of radical Islam and Muslim anger at America.

O.K., this isn't technically an Iraq finger-point, but it seemed to capture the moment.

U.S. Keeps Pressure On Iran But Decreases Saber Rattling (WP)

By Karen DeYoung

The Washington Post, February 11, 2007

Defense Secretary Robert M. Gates insisted again Friday that, despite persistent reports to the contrary circulating in Washington and around the world, the United States is not planning military action against Iran.

"I don't know how many times the president, Secretary Rice and I have had to repeat that we have no intention of attacking Iran," an exasperated Gates told reporters at a NATO meeting in Spain. In fact, he said, the administration has consciously tried to "tone down" its rhetoric on the subject.

Similar statements in recent weeks by President Bush, Secretary of State Condoleezza Rice and others follow a high-level policy assessment in January that U.S. and multilateral pressure on Tehran, to the surprise of many in the administration, might be showing signs of progress.

Officials highlighted growing internal public and political criticism of Iranian President Mahmoud Ahmadinejad, as well as the reemergence, after months of public silence, of Tehran's chief nuclear negotiator, Ali Larijani. Larijani arrived in Munich yesterday for talks with European Union officials.

As a result, new talking points distributed to senior policymakers in the administration directed them to actively play down any suggestion of war planning.

Such demurrals are not meant to suggest that the administration will stop pressing Iran on several fronts or that it expects Iranian behavior to change soon. Warnings of new sanctions if Tehran does not suspend its nuclear enrichment program, the dispatch of a second carrier battle group to the Persian Gulf, presidential authorization to treat Iranian intelligence and paramilitary operatives in Iraq as "enemy combatants," and encouragement of Sunni Arab states to take a united stand against Iranian aggression are all designed to convince Tehran that "we have options" and are prepared to use them, a senior administration official said.

"We're a power, too," is the message to Tehran, the official said. "Your power is not unlimited. You can't go anywhere and do anything you want."

The changed rhetoric also stems from a growing foreign policy "maturity" within the administration, according to foreign diplomats and senior officials who agreed to discuss the issue on the condition of anonymity. They described a new attitude, born of the administration's awareness that the Iraq war has left it with a wide credibility gap at home and abroad and the realization that military action against Iran would strain U.S. capabilities, undercut other goals and possibly explode into a regional conflagration. Internal discussion has also focused on the likelihood that an attack could destroy whatever political plurality exists in Iran by uniting even those opposed to Ahmadinejad in a wave of anti-U.S. nationalism.

"It's very important that we proceed carefully, patiently and with some skill," said Undersecretary of State R. Nicholas Burns, who by all accounts is playing a lead role in formulating Iran policy. "We believe that diplomacy can succeed. We're focused on that. We're not focused on a military conflict with Iran."

Some senior administration officials still relish the notion of a direct confrontation. One ambassador in Washington said he was taken aback when John Hannah, Vice President Cheney's national security adviser, said during a recent meeting that the administration considers 2007 "the year of Iran" and indicated that a U.S. attack was a real possibility. Hannah declined to be interviewed for this article.

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However, sources described agreement among the Bush administration and leading governments in Europe and the Middle East -- including those in Britain, France, Germany and Saudi Arabia -- over consistent but measured pressure on Tehran. They said close consultations, a stark contrast to deep divisions over the U.S. invasion of Iraq, have become self-reinforcing for Washington and its allies.

Upcoming events are likely to test U.S. patience. The Tehran government has promised a "significant" nuclear announcement today, following a 10-day celebration of the anniversary of the 1979 Islamic revolution. Among the possibilities, U.S. officials and experts believe, is a declaration that Iran has moved from experimental to industrial-scale enrichment. Iran has insisted that its nuclear program is purely for peaceful energy purposes, while the West has accused Tehran of secretly trying to build an atomic weapon.

Later this month, the U.N. Security Council will convene to judge Iranian compliance with a unanimous December resolution giving the nation until Feb. 21 to suspend all enrichment and reprocessing activities. Anticipating a negative finding, the administration is readying a new resolution to increase Iran's isolation. Among other measures, officials are considering charging Iran with violating U.N. resolutions that prohibit member countries from harboring or assisting known terrorists. Tehran has refused to hand over a number of senior al-Qaeda operatives it has claimed to be holding under "house arrest" for years.

This week, the administration plans to publicly present evidence of an Iranian role in supplying lethal weaponry to Shiite militias in Iraq. The weapons, including a sophisticated, armor-piercing explosive device, have been used almost exclusively against U.S. forces in Iraq and are considered responsible for numerous military deaths over the past two years. Gates said on Friday that Iran has been conclusively linked to the weapons through serial numbers and other markings on the bombs.

But initial plans to lay out a broad case of Iranian involvement in Iraq were shelved two weeks ago. Sources said policymakers acknowledged that they risked a repeat of the now-discredited weapons of mass destruction charges used to justify the Iraq invasion and wanted to avoid any embellishing. "We're not saying the Iranians pulled the trigger," one administration official said. "They provided the technology."

That expanded presentation would have appeared to contradict a new National Intelligence Estimate concluding that Iran, despite the attacks against U.S. forces, is not a significant factor in the sectarian violence in Baghdad.

Over the past two years, the administration has pursued different tracks to stymie increasingly bold Iranian activities. In March 2005, the United States signed on to an unsuccessful effort by Britain, France and Germany to begin negotiations with Iran over its nuclear enrichment activities. Although the administration offered early last year to open bilateral talks on Iraq between the United States and Iranian ambassadors in Baghdad, it subsequently "pulled the plug" on the initiative, one official said, after the Iraqi government objected and Iran tried to expand a planned session to include all outstanding issues between the two countries.

The administration warned Iran against efforts to block oil-shipment lanes in the Persian Gulf. It publicly accused Iran of helping to instigate last summer's war between Israel and Lebanese Hezbollah and of trying, through its support for Hezbollah, to overthrow the elected government in Beirut. It also escalated its allegations of Iranian interference in Iraq.

It was not until a series of high-level policy meetings last fall, which included the president, that the various tracks began to meld into a coordinated effort. "There was not a presidential directive," said a senior official who participated in the process, "but there was a very active interagency discussion. We talked about measures to take, and sequencing."

U.S. officials decided to push for a new U.N. Security Council resolution imposing a 60-day deadline for Iran to suspend nuclear activities or risk sanctions, and imposed unilateral restrictions on Iranian banks. They repeated the U.S. refusal to hold bilateral talks on the nuclear issue until Iran's program was ended.

Bush authorized U.S. military forces to capture and kill, if necessary, identified Iranian intelligence and paramilitary operatives in Iraq, and increased covert intelligence activities against Iranian-backed forces in Lebanon. A second carrier battle group was sent to the Persian Gulf region, while officials emphasized that it had no "offensive" mission against Iran. Cheney flew to Riyadh to consult with Saudi King Abdullah.

At the same time, the administration tried to increase its appeal to an Iranian public that it determined was increasingly disenchanted with Ahmadinejad. The State Department launched, for the first time since relations were severed in 1979, a series of educational and professional exchanges with Iran.

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In December, a group of Iranian physicians and medical academics came to the United States for a three-week public health program. Last month, 20 American athletes and coaches from USA Wrestling were greeted with a standing ovation when they competed in the Takhti Cup in Bandar Abbas, Iran. A reciprocal trip by Iranian wrestlers is planned for spring, along with a visit by Iranian disaster-relief professionals.

As different elements of the policy were pulled together, the administration found that its European and Arab partners thought it had adopted the right approach and appeared to strengthen their own resolve to pressure Iran. Last month's decision to dial back the war rhetoric came in response to concerns at home and abroad that the administration's saber rattling was drowning out its more finely calibrated strategy.

"We truly believe this combination can succeed," a senior official said. "We're not saying that it will."

Iran Reformists Want U.S. To Tone It Down (LAT)

By Kim Murphy

The Los Angeles Times, February 11, 2007

TEHRAN — It is a few weeks before the Iranian new year, and already the narrow market streets in south Tehran are boiling with extra shoppers. Houses must be cleaned, new curtains hung on the windows, the table laid with fresh linens. No child should leave home without new clothes and a few crisp bills in his pocket.

These neighborhoods of tight-clustered houses, dingy auto parts shops, cheap shoe stores and endless ribbons of honking, fuming cars were the bosom of President Mahmoud Ahmadinejad's sweep to the presidency in 2005.

"Most people voted for Ahmadinejad because he promised they would never have to feel sad again on New Year's Eve in front of their children," said Farshid Bakhtieri, a 21-year-old computer salesman. "Everyone right now, they feel nothing but regret.

"One person says he voted for Ahmadinejad because he would create jobs. And there are no jobs. Another person says it was because he would build houses. No one can afford these houses," Bakhtieri said. "He is like all the other politicians in the history of Iran, all of them coming with lots of promises, but no one follows these promises. He is exactly like the others."

Tens of thousands of Iranians will gather in the streets today for what is supposed to be a ringing public endorsement of Iran's 28-year-old Islamic Revolution and its embattled drive for nuclear power.

But many Iranians say the international dispute over Iran's nuclear program has become a rallying point for a president who otherwise would be facing substantial public dissatisfaction over soaring inflation, rising unemployment and widespread censorship.

This has been a source of frustration to Iran's reformists, who dealt the president's party a blow at the polls in local elections in December but complain that the Bush administration's threatening rhetoric has pulled the rug out from under them.

"You are harmful for us. We try to tell politicians in Washington, D.C., please don't do anything in favor of reform or to promote democracy in Iran. Because in 100% of the cases, it benefits the right wing," said Saeed Leylaz, a business consultant and advocate of economic reform and greater dialogue with the West.

"Mr. Ahmadinejad tries to make the international situation worse and worse. And now with the U.N. Security Council resolution, he can say, 'Look, we are in a dangerous position, and nobody can say anything against us, because the enemy is coming into the country.' Exactly like George W. Bush in Washington, D.C. They are helping each other. They need each other, I believe."

The government and clerical establishment have gone to great pains in recent weeks to stress to Iranians that the nation's independence is under threat. More than anything else, a strong sense of national pride has pushed Iran toward developing a nuclear power program, which the U.S. and other nations believe is aimed at building a nuclear weapon.

"Our revolution was a gift from God. If we don't say 'Thank God' every day, we will lose this gift and all we have," Ahmad Khatami, a hard-line cleric from Qom, reminded hundreds gathered for Friday prayers at Tehran University last week. "Attacking the government and the parliament and the judiciary is fanning the flames of the enemy."

Ahmadinejad's approach has been broadly popular in the provinces and among many in Tehran fed up with the wealth and corruption of those in power. The slight president, who typically wears a tan jacket, lives in a simple house and drives a normal car.

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He has tried to give the lower classes a bigger share of Iran's oil wealth and has been known to respond to constituents who write to him about problems with a handwritten note, directing them to take it to the nearest bank for a loan.

But the state's share of the economy has swollen, and the Tehran stock exchange has lost more than a quarter of its value over the last 18 months. Unemployment stands at an official 11.5%, and little new foreign investment is coming in.

Meanwhile, prices are increasing at a dizzying rate. Tomatoes have risen threefold in the last year, while housing prices in more prosperous north Tehran appear to have doubled.

Bakhtieri said his mother, a university librarian, was one of several public employees who got a raise shortly after Ahmadinejad was elected, only to see it taken back when the government couldn't afford it. Some employees even had to repay the extra money they received, he said.

Bakhtieri said many Iranians blame their troubles on Ahmadinejad's generous aid programs to Afghanistan, Central Asia, the Palestinian territories and Latin America.

"I don't know why, when our people need lots of things, they have to be spending all this money in other countries," he said.

Economists say the inflation can be traced to the amount of money in circulation doubling over the last 18 months.

The government ordered banks to grant millions of dollars in new loans to small and medium-sized businesses. Bad loans put the banks at risk.

New roads, wastewater treatment plants and sports centers were launched, paid for by the government, and when the government couldn't afford it, from yet more bank loans. Banks are facing a reported $8.8 billion in bad loans.

Meanwhile, imports have doubled, to $50 billion a year. And the oil stabilization fund, which had accumulated $9 billion in unanticipated oil revenue as a hedge for the future, is forecast by some to be tapped out by the end of next month.

Voter response has been swift: When Iranians went to the polls for December's municipal council elections, Ahmadinejad's party took a beating.

"That is a devastating defeat for the president. And this is unprecedented in Iran, that after a year and a half in office a president's party is defeated like this," said a former government official, who spoke on condition of anonymity. "This voice has to be heard now by the government."

The international conflict over the country's nuclear program has only compounded the economic problems.

U.N. sanctions targeting Iran's nuclear and missile programs will probably have little effect on the public. But a separate banking embargo being pushed by the Bush administration means Iranian businessmen must pay much more to import goods.

"The only solution we have now is to deal with Chinese companies, because the Chinese are more flexible," said Amir Saqaei, an engineer in the oil and gas industry who is developing an oil project in the western region of Cheshmakhosh. However, he said, the Chinese goods are of poor quality.

Not all of the government's troubles have been economic. Writers have complained of a near-halt to the publishing of novels. Foreign books such as William Faulkner's "As I Lay Dying" have been banned, and several newspapers have been closed.

In December, crackdowns on student associations and repression of activists prompted students at Tehran's Amir Kabir University to heckle the president during an appearance there. Chanting "Death to the dictator" and carrying a banner reading "Fascist Ahmadinejad," the crowd sent a shoe sailing toward the president as he stood at the podium.

A large number of parliamentary deputies signed letters this year demanding answers from the president on the nuclear issue and the economy. But new, strong language from Washington starting in January that hinted at the possibility of a military strike quickly took the wind out of their sails.

Independent legislator Akbar Alami, who had circulated a letter, said he stopped getting signatures almost immediately.

If Iranians perceive a foreign threat, he said, "they don't pay attention anymore to differences, and the problem they have between parties and governments doesn't matter anymore."

To the contrary, said former central bank governor Mohammad Hossain Adeli, it mobilizes the Iranians and ratchets up the conflict.

"The foreign pressure is counterproductive and radicalizes the domestic environment," he said. "And then this radicalization results in more confrontational positions on the part of Iran."

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U.S. To Reveal Tehran's Link To Iraq Insurgency (WT/AP)

By Katherine Shrader

The Washington Times, February 11, 2007

The Bush administration is haunted by the history of intelligence blunders about Saddam Hussein's supposed weapons of mass destruction as the United States tries to document that Iran is providing lethal help to Iraqi fighters.

After weeks of preparation and revisions, U.S. officials are preparing to detail evidence supporting administration claims of Iran's meddlesome and deadly activities. A briefing was scheduled today in Baghdad.

The Iran dossier, some 200 pages thick in its classified form, was revised heavily after officials decided it was not ready for release as planned last month. What is made public probably will be short, and shorter on details than the administration recently had suggested.

No one who has seen the files has suggested the evidence is thin. But senior officials -- gun-shy after the drubbing the administration took for the faulty intelligence leading to the 2003 Iraq invasion -- said they were underwhelmed by the packaging.

Officials from several intelligence agencies scrutinized the presentation to make sure it was clear and that "we don't in any way jeopardize our sources and methods in making the presentation," State Department spokesman Sean McCormack said Friday.

National Security Adviser Stephen J. Hadley recently said some Iran material was overstated. Privately, officials say they want to avoid the kind of gaffe akin to former Secretary of State Colin Powell's case for war before the United Nations in 2003.

"My colleagues, every statement I make today is backed up by sources, solid sources. These are not assertions," Mr. Powell said as he laid out unproven claims of Iraq's weapons of mass destruction. "What we're giving you are facts and conclusions based on solid intelligence." It later turned out that Iraq did not have such weapons.

The evidence on Iran is intended to give backbone to the administration's claim that an emboldened Iran is playing a dangerous game across the Middle East, meddling in conflicts and seeding terrorism beyond its borders while rushing to acquire nuclear know-how that could produce an atomic bomb.

Government officials familiar with the dossier's documents and slides, who spoke on the condition of anonymity because the materials still were classified, said they make a compelling case about Iranian actions in Iraq.

Among the evidence the administration planned to present are weapons that were seized over time in U.S.-led raids on caches around Iraq, said one military official.

Other evidence includes documents captured when U.S.-led forces raided an Iranian office Jan. 11 in Irbil, a city in Kurdish-controlled northern Iraq about 220 miles north of Baghdad, this official said.

In that raid, the U.S. captured five Iranians. They included the operations chief and other members of Iran's elite Quds Force, which is accused of arming and training Iraqi militants. Tehran said it was a government liaison office and called for the release of the five, along with compensation for damages.

The dossier also details Iran's role in providing Iraqi fighters with the "explosively formed penetrator" devices that can pierce the armor of Abrams tanks with nearly molten-hot charges. One intelligence official said the U.S. is "fairly comfortable" that it knows with some precision the origin of those Iranian-made explosives.

While traveling in Europe on Friday, Defense Secretary Robert M. Gates said that serial numbers and markings on explosives used in Iraq provide "pretty good" evidence that Iran is providing either weapons or technology for militants there. Mr. Gates did not say how the United States knows that.

A senior U.S. government official said yesterday that members of Congress were shown proof in December. "I'm convinced from what I've seen that the Iranians are supplying and are giving assistance to the people in Iraq who are killing American soldiers," said Sen. Joe Lieberman, Connecticut independent.

Merkel: Must Stop Iran Getting Nuclear Weapons (AP)

AP, February 10, 2007

MUNICH, Germany (AP) -- German Chancellor Angela Merkel said Saturday that the international community is determined to prevent Iran from developing a nuclear weapon.

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Speaking at a weekend gathering of the world's top security officials, expected to include Iranian nuclear negotiator Ali Larijani, Merkel said Tehran needed to accept demands made by the U.N. and the International Atomic Energy Agency.

"There is no way around this," she told the 250 officials, including more than 40 defense and foreign ministers. "What we are talking about here is a very, very sensitive technology, and for that reason we need a high degree of transparency, which Iran has failed to provide, and if Iran does not do so then the alternative for Iran is to slip further into isolation."

Merkel, whose country holds the rotating European Union presidency, emphasized the international community's support for Israel and said there was a unified resolve to prevent Iran from developing nuclear weapons.

"We are determined to prevent the threat posed by an Iranian military nuclear program," she said.

The annual Munich Conference on Security Policy, now in its 43rd year, is often used as an opportunity for officials to conduct diplomacy in an informal setting.

Key figures attending also include Russian President Vladimir Putin, new Defense Secretary Robert Gates and other top officials.

Some 3,500 police were on hand to provide tight security for the conference and kept the usual throng of demonstrators away. This year, several thousand protesters were expected, protest organizers said.

Heading in to the conference, Larijani, who is scheduled to speak on Sunday, said he planned to use the conference as an opportunity to talk about Iran's nuclear program. Those would be the first talks with Western officials since limited U.N. sanctions were imposed on the country in December, which fell short of harsher measures sought by the United States.

Larijani was expected to meet with German Foreign Minister Frank-Walter Steinmeier and Javier Solana, the EU's chief foreign policy envoy.International solidarity

At the opening dinner on Friday, Israeli Foreign Minister Tzipi Livni urged international solidarity in putting pressure on Iran to prevent it from producing a nuclear weapon.

"It is a regime that mocks the Holocaust while threatening the world with a new one, while trying to develop a weapon to do so," she said. "Iran is a threat not only to Israel ... but to the world. The international community cannot show any hesitation ... Any hesitation on our part is being perceived as weakness."

The conference this year focuses on "Global Crises -- Global Responsibilities," looking at NATO's changing role, the Middle East peace process, the West's relations with Russia and the fight against terrorism.

Merkel opened the conference telling the delegates that one of the major threats facing the world today is global warming, urging a combined effort to combat it.

"Global warming is one of the major medium- to long-term threats that could have a dramatic effect," Merkel said.

Gates, who planned to talk Sunday on trans-Atlantic relations, was expected to press allies for more troops and aid for a spring offensive in Afghanistan.

He delivered the message Friday to a NATO defense minister's meeting in Seville, Spain, but got a lukewarm response.

France and Germany are questioning the wisdom of sending more soldiers, while Spain, Italy and Turkey have also been wary of providing more troops.

Suicide Bomber Kills 30 Near Tikrit (AP)

AP, February 11, 2007

A suicide truck bomber slammed into a crowd of police lining up for duty Sunday near Tikrit, killing at least 30 people and wounding 50, police said.

Minutes later, a roadside bomb struck a car on a highway on the western outskirts of Tikrit, 80 miles north of Baghdad, killing two civilians and wounding two others, police said.

The first blast occurred about 8 a.m. as police were arriving for work at the Adwar police station, provincial police Capt. Abdel-Samad Mohammed said, giving the casualty toll. He said 21 of the 30 killed were policemen.

The bomber drove a small truck that was packed with explosives covered by hay and the force of the blast caused the building to collapse. Three houses close to the station, along with municipal offices and the post office, also were heavily damaged.

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Local residents who rushed to the scene tried to help with rescue efforts before civil defense squads arrived with shovels to remove the debris and pull out the dead and those injured. U.S. and Iraqi forces later surrounded the area while recovery efforts continued.

Adwar, about 12 miles southeast of Tikrit, is where former Iraqi leader Saddam Hussein was captured on Dec. 13, 2003.

Insurgents frequently target Iraqi security forces, accusing them of collaborating with the U.S.

KBR Driver Killed By U.S. Forces In Iraq (HC)

Houston Chronicle, February 11, 2007

Military, firm team to investigate the Monday death of contractor

The shooting Monday of a civilian contract truck driver for KBR, a subsidiary of Halliburton, is under investigation by the company and by the U.S. Army.

The U.S. military confirmed on Saturday that American forces shot and killed the truck driver at Camp Anaconda, an air base about 42 miles north of Baghdad.

A spokeswoman for KBR, a subsidiary of Halliburton formerly known as Kellogg, Brown & Root, said the shooting was under investigation.

Melissa Norcross, the KBR spokeswoman, said the company was not releasing the name of the dead driver or a second truck driver who was wounded "to protect the individuals' privacy."

"A KBR truck driver was fatally shot, and another wounded, by U.S. military personnel on the evening of February 5, 2007, at an entry control point just outside of Camp Anaconda in Balad, Iraq. Our thoughts and prayers are with the family of the truck driver who was killed," Norcross wrote in an e-mail.

"The wounded truck driver was transported to the Air Force Theater Hospital (AFTH) and has since been treated and released."

The Walker-Martin Funeral Home in Chesaning, Mich., posted an obituary on its Web site Saturday saying that a man named Donald Tolfree of nearby Owosso, Mich., had been killed Monday in Balad, Iraq, where he was employed as a civilian contractor.

Norcross did not respond to e-mail queries about why the news about the contract worker's death, and the second worker's injury, was not made public until Saturday.

"As this matter is presently under investigation, it would be inappropriate to comment further at this time," Norcross said.

The company and the Defense Department on Friday honored 28 contractors who were killed or wounded in the Middle East with the agency's civilian version of the Purple Heart, at a private ceremony at the Hilton Houston Post Oak hotel.

'An escalation of force'Ninety-eight KBR employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan since the two U.S.-led invasions began.

Another 450 have been wounded in hostile action, Norcross said.

The House Oversight and Government Reform Committee held a public hearing Wednesday on the Pentagon's reliance on military contractors for the war effort in Iraq.

George Seagle, director of security for KBR's government and infrastructure division, testified. He made no mention of the truck driver's death.

In Baghdad, Lt. Cmdr. Bill Speaks told the Associated Press that: "There was an escalation of force incident at Camp Anaconda on Feb. 5 (Monday) that resulted in the death of a civilian contractor. The incident is under investigation by the Army Criminal Investigation Division and KBR."

The Associated Press contributed to this report.

Iowa Guardsmen Are Proud But Disappointed (WP)

By Christian Davenport

The Washington Post, February 11, 2007

DOJ_NMG_0130473

AL ASAD, Iraq -- Army Spec. Jesse Espinosa figured he was down to just six more missions off this base west of Baghdad. Six more missions in the turret of his armored vehicle, fingertip at the trigger, performing duty so dangerous soldiers here liken it to Russian roulette: providing convoy security along supply routes in deadly Anbar province.

Six more missions, then home to his wife, three children and civilian job as a cook in Bricelyn, Minn.

But all that has to wait.

The deployment of his unit, the Iowa National Guard's 1st Battalion, 133rd Infantry Regiment, was recently extended for up to 125 days because of President Bush's decision to temporarily increase troop levels in Iraq. Like many of his fellow soldiers, Espinosa, 24, was upset because "almost every mission we see at least one" roadside bomb, he said. Although most times, the soldiers are able to spot them before they blow up, he said.

Now, instead of getting back by March, his homecoming will likely be July or August. And instead of six, Espinosa, has about 40 more missions to go.

The Iowa guardsmen have accepted the extended duty, while absorbing the anxieties of their families, said Lt. Col. Benjamin J. Corell, the battalion commander. "You won't find anyone ready to throw in the towel and walk away from what they're doing," he said. "They're proud of their sacrifice."

But that sacrifice is being acutely felt -- here and at home, he acknowledged. "There's a balance there that somehow we have to keep. Because we're crossing the line of what they're willing to sacrifice. And that's a concern. I'm not saying the sky is falling. But families have a big say in whether our soldiers continue their membership in the Guard."

The extension comes as military officials are adjusting the way Guard and reserve units are used. Since the Sept.11, 2001, attacks, some have been called up for multiple tours, and military officials have worried that they are being stretched too thin. Recently, the Pentagon announced that the reserve components would be called on more often to support their active-duty counterparts, but for shorter tours.

For the Iowa Guard soldiers, many of whom are on their second tour since the Iraq war began, the extension means another four months at this base west of Baghdad. It's a world away from home despite comforts that have earned it the nickname "Camp Cupcake": a recreation center with pool tables, all-you-can-eat chow halls and relatively few mortar attacks.

But it also means more trips escorting supplies along desert roads dotted with improvised explosive devices, the roadside bombs known as IEDs.

"Every time they go out, they're going to find an IED," Lt. Randy Hartley said.

Two of the battalion's soldiers were killed when their convoy came under attack in September. Their photos hang in the battalion headquarters, along with those of 11 others from the brigade who have been killed across Iraq. Five of the battalion's soldiers were wounded and flown home for treatment, said Lt. Matthew Parrino.

"We're not happy about" the extension, said Spec. Joel Pleggenkuhle. "But we weren't forced to sign the [enlistment] papers. Throughout the battalion it's, 'Okay, let's get it done.' "

As a member of the Army's Individual Ready Reserve, Sgt. Timothy Stamper, 27, was deployed last year. His contract with the Army is supposed to end in April, he said.

But he knows he won't be going home to his 2-year-old son until at least summer. And he worries that when he does finally get home, his child "won't know who I am."

Although there had been rumors of an extension for weeks, the news caught some by surprise: About 10 soldiers who were flying home because they had reached the end of their contracts with the Army were turned around and flown back to the unit, soldiers here said.

News of the extension hit many soldiers hard at first. For a few, it has even led to divorce, Hartley said. Many soldiers were furious about how they found out about the extended duty: The news came from families back home -- and not the chain of command -- which "kills morale," Hartley said.

When Hartley's fiancee, Jill Kiehl, learned of the extension from news reports, "I just started crying," she said in a telephone interview from her home in Des Moines. Her late husband, James M. Kiehl, was killed close to the beginning of the war when his convoy came under attack.

Now, Hartley too is out on convoys, where, he admits, "the odds aren't very good at all."

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Shortly after Hartley, 36, and Kiehl started dating a couple of years ago, he broke it off. He knew he was going to be coming back to Iraq for a second tour, and he didn't want to put her through the pain of the deployment.

"People look at me like I'm crazy," said Kiehl, 25. "They say, 'Why are you with someone in the military?' And I tell them you can't determine who you love. You just have to hope and pray that it's all going to work out."

To Protest War, Councilman Forgoes The Pledge (NYT/AP)

The New York Times, February 11, 2007

MESA, Ariz., Feb. 10 (AP) — A city councilman has been receiving threats since he started refusing to recite the Pledge of Allegiance or stand during it at council meetings to protest the war in Iraq.

The councilman, Tom Rawles, has angered fellow council members and constituents in this conservative Phoenix suburb of about 400,000. The police briefly provided him with protection before deciding the threats were no reason for alarm.

"You have disrespected our country and the symbol of it and the men and women who fought for it," Mike Thelan, a resident, told Mr. Rawles through tears at a council meeting last Monday. "You have acted like a spoiled little child that has not received what he wants from his parents."

Mr. Rawles, a 57-year-old lawyer who long ago decided not to run for re-election when his term is up in June 2008, said he would continue his protest "until the troops come home." He said he did not mind that his stand was angering people.

"That's what political speech is supposed to do," Mr. Rawles said. "It's supposed to infuriate and irritate and challenge and make people think. They apparently would prefer me just to walk lockstep and mouth ritualistic words to a mandatory ceremony."

Councilman Kyle Jones said it was not Mr. Rawles's opinion about the war that offended him, but his refusal to stand during the pledge.

"The privilege of reciting the pledge is just that — it's a privilege," Mr. Jones said.

Another resident, Joann Stewart, said she was not offended by Mr. Rawles's protest.

"I personally would never have picked that way to protest, because that's the flag of the United States of America and I honor that," Ms. Stewart said. "But the main concern is what's going on with the war."

Taliban Stepping Up Attacks In Afghanistan (NYT)

By Carlotta Gall

The New York Times, February 11, 2007

KABUL, Afghanistan, Feb. 10 — Taliban insurgents have stepped up attacks in southern Afghanistan in recent days, killing four Afghan policemen in an ambush on Friday night and aiming at NATO troops with the second suicide bombing in a week in what seems to be the opening of the fighting season, officials said Saturday.

The suicide bomber smashed his car into a NATO military convoy north of Kandahar on Saturday morning, killing himself but not hurting anyone else, said the province police chief, Asmatullah Alizay. Another bomber attacked a military convoy in the same place on Feb. 4.

Taliban insurgents have also appeared again in the troubled southern district of Panjwai, ambushing a police patrol on Friday night and killing four policemen and wounding two more. NATO troops mounted two heavy combat operations last year to clear insurgents from the area and have tried to establish security by boosting the local police forces.

NATO forces also fought Taliban forces for several hours in the next-door province of Helmand, where they have been trying to clear the area around the Kajaki dam to allow engineers in for a renovation project, one of the United States government's largest development efforts in the country.

Taliban forces who overran the town of Musa Qala last week were also preparing for a fight if government or NATO troops moved against them, a resident from the town said in a telephone interview. The resident, Amir Jan, 32, who has a clothes shop in the town but has fled along with other townspeople who feared renewed fighting, said that the Taliban were promising more heavy fighting this year against foreign forces in Afghanistan and were vowing to seize control of more towns.

The fighters said they were loyal to the fugitive Taliban leader, Mullah Muhammad Omar, and were under his orders to fight, Mr. Jan said. Although their local leader, Mullah Abdul Ghafoor, was killed in a NATO airstrike on Feb. 4, his deputy, whom Mr. Jan did not name, was in charge and vowing to take revenge for Mullah Ghafoor's death.

DOJ_NMG_0130475

NATO: Afghanistan On Road To Stability (AP)

By Slobodan Lekic, Associated Press Writer

AP, February 11, 2007

NATO Secretary General Jaap de Hoop Scheffer said Saturday he thinks the back of the insurgency in Afghanistan will be "broken" and that the country will be on the road to a long-term peace by 2009.

There have been warnings by commanders of the NATO-led International Security Assistance Force in Afghanistan that Taliban guerrillas may mount a spring offensive from their winter-safe havens in neighboring Pakistan.

But De Hoop Scheffer said the tide of the fight will turn.

"In 2009 I think we should see Afghanistan on the road to long-term peace and stability with the back of the resistance broken," he told a gathering the world's top security officials.

Afghanistan's neighbor Pakistan is of key importance to the fight, he said.

"Pakistan is vital to our success in Afghanistan," De Hoop Scheffer said. "A military dialogue with Pakistan should now be teamed up with a political dialogue."

Sen. John McCain, R-Ariz, noted that fighting in 2006 was bloodier than ever.

"If NATO does not prevail in Afghanistan, it is difficult to imagine the alliance undertaking another 'hard security' operation ... Its credibility would suffer a grievous blow," McCain said at the conference.

German Chancellor Angela Merkel urged NATO and the European Union to work together in Afghanistan, saying this was "crucial for success" of efforts to defeat Taliban guerrillas and bring stability to the nation.

"In Afghanistan our alliance is being particularly tested," Merkel said. "It is indisputable that the Taliban are testing our determination."

The NATO-led force has about 35,000 soldiers in Afghanistan, and commanders have expressed confidence they are able to defeat any Taliban military effort in the coming months. But they have complained that, in the past, battlefield successes were not followed up by reconstruction aid to help rebuild regions devastated by the fighting.

Earlier this month, the EU Commission proposed a new $780 million package for Afghanistan to focus on health, justice and rural development over the next four years.

Merkel said that military stabilizing measures have to be coordinated with civilian measures. But she acknowledged the mission "is more difficult than we originally thought" when NATO forces were first deployed to Afghanistan three years ago.

Attack In Pakistan On Red Cross Office (NYT)

By The New York Times

The New York Times, February 11, 2007

ISLAMABAD, Pakistan, Feb.10 — An explosion in the parking compound of the International Committee of the Red Cross headquarters in Peshawar, a northwestern city, damaged four vehicles but hurt no one early Saturday, officials said.

A spokeswoman for the Red Cross, Layla Berlemont, confirmed the attack and lack of casualties in a telephone interview. She said the office had not received any threats before the attack and would continue its activities in the North-Western Frontier Province, where Peshawar is.

Some news reports said that a gas cylinder had been thrown over the wall of the complex, but the police could not confirm that and were still investigating, said Iftikhar Khan, of the Peshawar police force.

Foreign aid agencies in the province have been attacked or threatened by Islamic militants at times. On Monday, a grenade was lobbed at a compound of the American aid group Save the Children in Battagram, wounding two Pakistani employees.

Defense, Not Pork (LAT)

The Los Angeles Times, February 11, 2007

VOLTAIRE WAS No accountant, but the 18th century philosopher's observation that "the best is the enemy of the good" applies when analyzing the Bush administration's $725-billion defense request for next year.

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Congress needs to be far more rigorous in scrutinizing the Pentagon's wish lists than it has been since 9/11. Because we cannot mount perfect defenses against terrorist attack — only good ones — and because taxes and deficits aren't limitless, choices must be made.

Wartime has proved too much of a temptation for wasteful military spending that goes unquestioned. Why, for instance, is the administration insisting that hundreds of millions of dollars be poured into the Marine Corps' glitch-plagued, tilt-wing V-22 Osprey program? It's also cheeky of the Pentagon to request funds for two F-35 Joint Strike Fighters under the "reconstituting the force" ledger that's meant to catalog the costs of replacing equipment lost in war, considering the planes won't be ready for combat until 2010.

The overarching question isn't whether the country is spending too much on defense but whether it is spending its resources on the right priorities. By modern historical standards, military leaders are quick to note, the 4% of gross domestic product currently devoted to defense spending is still on the low side. And Defense Secretary Robert M. Gates may have been right in his congressional testimony last week when he said that the nation ought to be devoting at least 5% of its GDP to defense, given U.S. commitments.

But no national wealth should be diverted to defense contractor fantasies with little value in today's world. Billions are being requested for Cold War relics of questionable use, such as Virginia-class submarines for about $2.5 billion a pop. On a more positive note, President Bush's budget request does include much-needed sums for the expansion of the Army and Marine Corps as well as the National Guard.

The U.S. remains the world's indispensable power, and until the rest of the democratic world takes more responsibility for collective security, it will be an unfortunate fact of life that defense spending soaks up about one-fifth of the federal budget. It makes no sense to deny this reality, nor to dispute the nation's need to be prepared to confront any number of potential threats ranging from Al Qaeda to a more conventional regional aggressor. The nation could hardly afford to spend less on defense; but when it comes to national security, it also can't afford to spend unwisely.

DOJ:

Lam Shows Her Personal Side During School Forum (SDUT)

By Kelly Thornton, Staff Writer

The San Diego Union-Tribune, February 11, 2007

NORTH PARK – San Diego U.S. Attorney Carol Lam joked yesterday about the travails of juggling family and a high-powered career, confiding the reaction of her four children when she told them she may "stay home and take care of you for a while" after she leaves her post this week.

"It was clear from their faces this was their version of hell," Lam said, getting a big laugh from an audience of mothers and their teenage daughters at a leadership forum at The Academy of Our Lady of Peace in North Park.

Lam, 47, is reluctantly leaving her job of 4½ years after being forced out by the Justice Department, which asked for her resignation because of what one official described as "performance-related" issues. The official said members of Congress complained that Lam didn't prosecute enough immigration cases.

But Lam, best known for going after corrupt politicians such as former Rep. Randy "Duke" Cunningham, R-Rancho Santa Fe, has become a national hero of sorts to critics of the Bush administration. They say her dismissal and those of six other top federal prosecutors in recent weeks are politically motivated.

The normally guarded Lam, known for a tough exterior in public, gave a rare glimpse of her personality and sense of humor at the leadership forum, where a key topic was managing demanding careers and motherhood.

Lam said her husband has been the primary caregiver for their four children and that the arrangement has worked well for their family. Still, she shared funny stories of her maternal missteps.

Like how her house is a mess. How her children have left home many times in mismatched clothes. And the time she brought out the birthday cake with the wrong number of candles.

"I had misjudged the age of my child!" Lam said. "It was clear to us my husband would be the better caretaker and not harm the children."

More laughs.

Her husband, Mark Burnett, is a geophysicist.

When she told the crowd the ages of her children – 17, 15, 11 and 9 – she paused to reconsider if those ages were correct. More laughs. She said she makes sure to appear in videos of family events to prove she was there.

Lam, a political independent, recalled for the audience some of the milestones in her career, such as becoming one of few women in a position of leadership in law enforcement and walking into rooms filled with male FBI and Internal Revenue Service agents.

She imagined that they wondered how she would "make a fool" of herself. "I thought this was kind of cool," she said. "I thought, 'I'll be fine.' And I really was."

Lam told the crowd she also was ambivalent over being labeled the first Asian-American and the first woman to become U.S. attorney in San Diego.

On one hand, she was proud to be a trailblazer. But she said she had lived a childhood of privilege and opportunity, and didn't feel she should benefit from affirmative action.

"I'm a Chinese-American woman, and when I first became U.S. attorney, there was a lot of talk about me being the first Asian-American and first female. A lot of reporters asked, 'Do you see yourself as a role model?'

"I was very conflicted. It probably helped me get the job in the first place," she said. But because Lam did not lack for opportunities the way some minorities do, she wondered, "Why should I benefit from affirmative action?"

Lam said she discussed the matter with a trusted colleague who had expertise in civil rights. He said there is another reason for affirmative action that does apply to her: to demonstrate that there is no glass ceiling for minorities.

That thought resonated with Lam.

She said that as she prepares to leave office Thursday, she has been gratified by comments from younger male attorneys who thanked her for being a role model. "That was a nice benchmark for me. We've sort of transcended the demarcations."

Lam said she is hard on herself and others.

"I set very high standards for myself and I constantly disappoint myself, and that's a tough way to live my life," she said. "And, I set high standards for people around me and I'm often disappointed. But I'm also forgiving. If you set low standards, you'll get there."

Her advice to high school girls as they pursue their careers? Define success as being happy and comfortable with yourself. Set high goals and "forgive yourself if you don't make it."

There will be missteps, dead ends, things that don't go as planned, Lam said, adding, "Just deal with it and move on."

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Prosecutor Roulette As More U.S. Attorneys Are Fired, The Specter Of A Political Spoils System Is Unmistakable (ALBANYTU)

Albany Times Union, February 11, 2007

By tradition, U.S. attorneys are confirmed by the Senate and serve throughout the term of the sitting president. But under a change in the law, they can now be appointed by the attorney general -- indefinitely -- without Senate approval, and without showing serious cause for removing the incumbent.

This shocking change in the appointment process has come to light thanks to hearings called by Sen. Charles Schumer, D-N.Y., who suspects the Bush administration has been firing U.S. attorneys either for patronage reasons or because they have pursued politically sensitive investigations.

So far, seven federal prosecutors have been removed or told to step aside. In the most recent firing, U.S. Attorney Ed Cummins of Little Rock, Ark., says he was asked to step aside to make room for an appointee who had once worked for presidential adviser Karl Rove.

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In testimony before the Senate Judiciary Committee on Tuesday, Deputy Attorney General Paul McNulty denied that politics played any role in Mr. Cummins' removal, claiming that his successor had more prosecutorial experience. Sen. Schumer wisely warned Mr. McNulty that the Judiciary Committee will subpoena job evaluations of the fired prosecutors if the Justice Department refuses to turn them over voluntarily.

In another case, U.S. Attorney Carol Lam was removed from her post in San Diego in what some critics believe was White House retaliation for her aggressive pursuit, and conviction, of former Republican Rep. Randy Cunningham of California. Mr. McNulty denied there was any payback involved, but without far more detail, including records of job performance appraisals, senators should remain skeptical.

Until now, the Justice Department had to prove real cause for removal, to ensure that the process was based on merit and not politics. Federal prosecutors, after all, have broad powers to investigate, or not, and those decisions should be based on the facts, regardless of political affiliations. But now it turns out that Attorney General Alberto Gonzales can replace federal prosecutors at will, under powers given to his office in a little noticed section of the USA Patriot Act. And from all appearances, Mr. Gonzales is taking full advantage of that provision.

Some Democrats in the Senate and the House are now proposing to change the law and replace it with a requirement that district courts, not the Justice Department, appoint interim prosecutors. That's the least Congress should do. Had it done its job in the first place, and carefully scrutinized the Patriot Act, there's a good chance this prosecutorial power grab would never have succeeded.

Editorial Tampering With Justice (SEATIMES)

The Seattle Times, February 11, 2007

The imbroglio surrounding the forced resignations of at least seven U.S. attorneys from across the country proves the U.S. Senate needs to reclaim its right to vet the president's appointments.

In a bipartisan vote Thursday, the Senate Judiciary Committee approved a measure to do just that, reversing an ill-advised provision inserted last year into the Patriot Act. John McKay, the former U.S. attorney based in Seattle, was among those kicked out. He was first-rate by all accounts, including a glowing Justice Department review seven months ago. That is, except for one: Last week, U.S. Deputy Attorney Paul McNulty testified to the Senate Judiciary Committee that McKay and five other U.S. attorneys were asked to resign for "performance-related" reasons.

In Seattle, disbelieving elected officials, law-enforcement leaders and judges denounced the insinuation as a load of blarney.

U.S. attorneys are appointed by the Bush administration and can be dismissed without cause. However, in the past, such appointments had to be confirmed by the U.S. Senate within 120 days. But the new Patriot Act provision permits appointees to serve indefinitely without the Senate's OK. Some speculate the administration, under siege and facing a newly empowered Democratic leadership with a chip on its shoulder, was taking advantage of the new latitude.

Then there's McNulty's admission that one U.S. attorney in Arkansas was removed solely to make room for a former aide to White House strategist Karl Rove.

Could the motives be that cynical? Disrupt crucial law-enforcement offices to give cronies a line for their résumés?

If political patronage rules this process, McKay might not have passed muster. Though he has impressive Republican and public-service credentials, McKay irked some in his party by deciding not to wade into the irregularities of the 2004 gubernatorial election that ultimately went to the Democrat. While basing such a decision on facts rather than politics might tick off partisans, the approach engenders trust in government for everybody else.

Whatever the White House's reasons for the firings, Justice Department officials need to get their stories straight and tell the truth about them.

More importantly, Congress must fix that unwise new Patriot Act provision. This episode proves the need for presidential accountability on U.S. attorney appointments.

Editorial: Wanted: A U.S. Attorney (BVND)

The Belleville News Democrat, February 11, 2007

When, oh when, will Southern Illinois get its new U.S. attorney?

When Belleville native Phillip J. Green was nominated for the job, we were told the confirmation process would take four to six weeks. That was in June, eight months ago.

The five other U.S. attorney candidates nominated by President Bush the same day won confirmation in the Senate months ago. Green's appointment has lingered so long now that a new session of Congress has begun, and the process has to start anew.

But Green has not yet been renominated by the Bush administration. Tasia Scolinos, a spokesman for the U.S. Department of Justice, said they are checking into a complaint against Green: "The review has not been completed and while we are working to address it as quickly as possible, there is no set timeline."

An anonymous writer tried to derail Green's appointment with allegations related to a sentencing in Michigan, where Green is an assistant U.S. attorney. But the review shouldn't take this long. The record is clear that Green is an ethical, principled attorney. The chief federal judge in West Michigan told The Grand Rapids Press that Green is "Mr. Integrity."

The Bush administration needs to quit dragging its feet.

Southern Illinois needs a permanent U.S. attorney who can aggressively take on crime and corruption. The Southern District has been without one since November 2005. Acting U.S. attorney Randy Massey is doing a fine job in the interim, but he's not likely to start controversial prosecutions. For instance, some people in the legal community think the office is waiting for a new leader to decide whether to prosecute powerful attorney Tom Lakin.

Once Green is renominated, Illinois Sen. Dick Durbin, a member of the Senate Judiciary Committee, needs to get his confirmation on the fast track.

U.S. Attorney Garcia On Public Corruption Cases: We're Not Done (NYJN)

New York Journal News, February 11, 2007

Strange as it might seem, U.S. Attorney Michael Garcia has other fish to fry besides Jeanine Pirro, whose affairs are still being looked into by federal investigators. He said next to nothing about the former Westchester district attorney during his Editorial Board visit last week - we didn't expect otherwise. He had plenty to say about other matters pertinent to his territory, which includes Westchester, Rockland and Putnam. Excepts from our sit down:

On pursuing public corruption cases:

We have some of our local partners working on corruption. We are getting a lot of tips and referrals. We're looking at everything that comes in. If we believe there is a risk, we do the research that goes into taking a harder look at it. What I want to get out of public corruption cases is a comfort level where we have taken a hard look at areas of risk. For example, how much is a green card worth? Those are very valuable commodities and there is a risk for fraud. You also have the higher levels of corruption. We had indictments (involving Albany lawmakers); it exposed a funding process that had risk (for corruption) and people were taking advantage of it and committing crimes. You got to take a hard look there. You go up to a different plane and you look at the United Nations. A unique role for the feds and my office is fraud - that whole Oil for Food program. Obviously that case has progressed. I think those cases are important. I think those will be signature cases that people will look back on. Regarding Albany matters, what I say about it is, we're not done.

On the federal Religious Land Use and Institutionalized Person Act; the Justice Department has been criticized for siding with religious groups on controversial building projects, usurping local land-use law:

I'm not an expert on RLUIPA, but I understand and I've read some of the comments in the paper about it. All I can say on that is that it's not a hard and fast rule (in terms of how his office looks at cases). We're going to go in and look at a case, if there is something to look at. We look at what's going on, what's the (proposed land) use, what do they really want to do, what's the zoning, and at the end of the day we may find that there is a violation. I don't think there is any more going on than that.

On quelling local gun violence:

I think it's a great thing to get people off the street who have guns. We're starting to do some of this in Yonkers. By nature, it has to be a partnership, you have to work with local authorities who are the first responders.

On pursuing sex trafficking cases:

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It's a horrible thing. There are a couple of problems with going after traffickers. One, a lot of times you have to rely on the people who are through the door first - local officials with some kind of domestic violence report. The first responders will be local officials because they have to have some kind of tip-off of what's going on. Once you get in the door and determine there is forced prostitution or sex trafficking, getting witnesses is very difficult because there is tremendous distrust from people who have suffered horrible abuse over sometimes very substantial periods of time. It's hard to say how widespread it is because it's hard to get a firm read on it. People are willing to pay such a high price to get into a country, and it's a terrible crime. The good side is that it gets a lot of attention now. More people are looking for it now than they were in the past.

On enforcement of the Voting Rights Act - an action is pending in Port Chester - and whether more cases can be expected in the Lower Hudson Valley:

There is no initiative here; where we think there is a problem, we will take a hard look at it. In Port Chester we did. By the end of last year we filed a complaint. We believed that the at-large voting structure they had for the trustees was depriving the Hispanic voters of the rights they had under the Voting Rights Act. It wasn't resolved without litigation. That is really ongoing litigation. (He wouldn't comment further.)

On accusations by Pirro, during the fall election, about leaks in his office:

We keep our heads down and do what we do.

Robins Lawyer Fighting Removal As Sexual Assault Prosecutor (MACT)

By Gene Rector

The Macon Telegraph, February 11, 2007

ROBINS AIR FORCE BASE - A Robins Air Force Base lawyer, called a "guardian angel" by at least one base sexual assault victim, was removed Jan. 10 as special assistant to the U.S. attorney for reasons that she claims have little to do with allegations lodged against her.

Dee Dial contends Air Force officials are trying to destroy her career because she has been too aggressive in prosecuting sexual offenders and declined to testify in a Robins effort to discredit the case of a victim seeking a huge cash settlement.

Dial, who has successfully worked seven sex offender cases in the past three years, has in turn filed a complaint with the Equal Employment Opportunity Commission against the Air Force, alleging reprisals and the creation of a hostile working environment.

The Georgia native said she is terrified of her employer and what could happen to her career. She remains a general attorney in the 78th Air Base Wing judge advocate's office, but is no longer assigned to prosecute Robins cases in U.S. District Court in Macon.

Dial said accusations raised by the base and U.S. Attorney Max Wood in Macon are being investigated by the Department of Justice - accusations of failing to correct an error in a court document and withholding DNA results from a defense attorney.

A representative from Air Force Materiel Command, the parent agency for Robins, is also investigating issues related to her EEO complaint, Dial said.

"I'm fighting a cultural battle," she emphasized, "and you can't win those. At least one person can't. I have almost 16 years of unblemished service and it doesn't seem to count for much."

The mother of two said she planned to fight the allegations and her removal as special assistant to the U.S. attorney.

"It's either fight or let them run over me, and I'm not going to let them run over me," Dial said. "They have the power and the people, but I'll be a lot meaner because my life is on the line. The ability to support my children and my reputation are on the line. I'm not perfect, but I don't work with perfect people. And I will make sure that everybody knows how not perfect they are."

Air Force officials will say very little about the Dial situation, claiming EEO complaints and personnel actions are privacy matters.

Col. Theresa Carter, the 78th Air Base Wing commander, declined to comment. So did Lt. Col. Nathan Berman, the 78th ABW staff judge advocate. Robert Ely, spokesman for AFMC, said the command could not discuss the "existence or status of investigations."

U.S. Attorney Wood declined to answer questions about the case.

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However, conversations with several sources and a review of documents filed in U.S. District Court reveal a series of events that led to the current dispute:

• October 2004: Sharon Peacock, a Robins procurement clerk, filed an equal employment opportunity complaint charging sexual harassment by her former supervisor, Mark Ferris. The Robins EEO office disallowed Peacock's complaint, saying it was not filed within 45 days of the alleged event and did not state a remedy. Peacock appealed the decision to the U.S. Equal Employment Opportunity Commission.

• January 2005: Ferris pleaded guilty in U.S. District Court to two counts of simple assault and was sentenced to six months in prison. Dial was the Air Force prosecutor in the case.

• April 2006: The EEOC upheld Peacock's appeal and ordered Robins to reopen her case.

• November 2006: Dial said she was asked by Robins officials to testify in the pending Peacock EEOC hearing. She refused, saying it was a conflict of interest.

• December 2006: Dial's co-workers reviewed a December 2004 pre-sentence report sent to Judge Claude Hicks Jr. in the Ferris case and accused Dial of missing a reference that erroneously specified testing of carpet samples taken from Ferris' office were positive for semen. In fact, two separate tests completed in December 2004 showed no DNA material. Dial said she did not compile the document and was not aware of the error until December 2006.

Ferris' attorney, Macon lawyer Hale Almand, subsequently accused Dial of having confirmed to him by telephone in December 2004 that DNA results were positive. Dial has denied that accusation. Almand said in a court filing last month that the presence or absence of Ferris' DNA "was a critical factor" and the absence of semen offers "a substantial defense to the defendant."

• Dec. 20, 2006: Dial's superiors told her that the Department of Justice would be investigating the accusations against her.

• Dec. 20, 2006: Sharon Ratley, criminal chief, assistant U.S. attorney, notified Almand by letter of the erroneous report and confirmed that DNA test results had not been turned over to the defense. Dial said Almand never requested the test results and the results were not a factor since they related to charges that were later dropped in the plea agreement.

• Jan. 4: Dial filed her EEO complaint.

• Jan. 9: Almand filed a motion in U.S. District Court for extraordinary relief in the Ferris case asking for a "full investigation" to determine "the course that (Ferris) will follow."

• Jan. 10: Lt. Col. Berman notified Dial that she would be relieved of her role as special assistant to the U.S. attorney.

• Jan. 18: U.S. Attorney Wood's letter informed the Justice Department that Dial's status as special assistant to the U.S. attorney would be terminated effective Feb. 10.

Dial declined to discuss the specifics of her case, authorizing her sister, Beth O'Connor, to provide additional details of the current battle and what Dial described as a "working environment that has grown increasingly hostile" over the past three years.

Asked about the legal distinction of O'Connor discussing her case, Dial said she was uncertain. "Maybe it's just more my comfort level," Dial responded in an e-mail.

O'Connor, an Alabama pharmacist, said her sister's objectives were simple. "She wants to work in an environment where her record counts for something when times get tough," O'Connor said by telephone. "She wants an environment where she doesn't have to defend herself and other women simply because women are presumed to be liars."

She said Dial has kept pages of notes over the past three years, documenting what O'Connor characterized as the Air Force's belief that men - particularly white men - are guilt-free and women who report sexual offenses are not telling the truth.

"They're doing everything they can to destroy her and possibly fire her," O'Connor said.

Dial insists that DNA results from carpet samples in Ferris' Robins office had no impact on the final plea agreement.

"If (the Air Force) can overturn Ferris' confession, that will destroy Sharon Peacock's case. The motive is to avoid a huge monetary settlement," O'Connor said.

Asked to respond specifically to questions raised about the telephone call with Ferris' attorney, Dial said in an e-mail last week:

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"He (Almand) now claims that I told him on the phone prior to the plea that the DNA lab results were positive. This is illogical and untrue. Every attorney I have ever dealt with except Mr. Almand has asked me for lab results and I always fax or mail them to the requesting attorney.

"I would assume that most defense attorneys take positive results - which these weren't - to analyze the results, see if the evidence was handled properly, discuss the results with their client, consider the reputation of the lab and possibly ask to have the evidence analyzed by their own lab. Without written results how can you do that?" she said.

Dial continued: "This would have been the stupidest lie in history since I could have been immediately called on it. In particular, I assume that if your client is denying the possibility that the evidence was from him, that you would want to scrutinize it very carefully.

"In addition, if I refused to provide written results, the plea could have been held up until the judge could order me to provide them," Dial said.

"I may have made a comment such as 'you may have the lab results to deal with,' but no attorney that I know would risk their reputation - and mine has been unblemished for 16 years - and their license on a lie which is so easily proven," Dial concluded in her e-mail to The Telegraph.

Almand, who did not return phone calls from The Telegraph to his Macon office, insisted in court documents that DNA results were a key factor in the outcome of the case. He wrote in documents filed with the federal court Jan. 9 that without Dial's alleged telephone message regarding the DNA test results, "defendant Ferris would not have pleaded guilty."

Bowers, Peacock's Atlanta attorney, called the Air Force's action against Dial the "most extraordinary development" he can recall in his 20-year practice of employment law.

He said he has never been involved in a situation where a prosecuting attorney "charges sexual harassment against a federal agency related to (a) client's case."

Bowers said an EEOC administrative judge would hear the Peacock evidence beginning April 2. "That will just be on the issue of liability," the attorney said. "There will be a second hearing to determine what compensation she's due. If she's not satisfied with the decision, she can then take the case to federal court."

His client is prepared to reach an out-of-court settlement, Bowers insists. He confirmed the submission of an offer to the Air Force last week but would not discuss the details. "I'm not prepared to do settlement discussions in the press," Bowers said.

The Dial case is causing ripples across the massive military installation where more than 4,000 women report to work each day.

Knowledge of The Telegraph's inquiries prompted two women victimized by individuals prosecuted by Dial to come forward, providing their identities were protected by the newspaper.

One sexual assault victim who asked not to be identified said a number of women on base are terrified at the prospect of losing Dial as their champion.

She described Dial as her "guardian angel" and a check against how the Air Force usually handles sexual offense cases.

"Most of the time they try to cover it up, try to mediate, try to get the girl to calm down and be quiet," she said. "If Dee found out about it, she would throw a fit. And when you don't have someone in the JAG office doing that, it's pretty scary. Those are the people we depend on."

She described what she called the continuing trauma she feels when a man does or says something offensive to her at work.

"You try to smile and brush it off," she said. "You're thinking inside: 'My God, I can't go through this again. Maybe if I smile, walk out of here, act like I'm dumb, maybe he'll go away. Maybe he'll think I didn't get it.' That's how you play the game."

The harassment has been more blatant in the past, she concedes. "One of my supervisors would sleep with his girlfriend, put a tape recorder under the bed, come to work and play it on the loud speaker," she said. "We would have to work to that every night."

The veteran employee said that would not happen today. She said conditions have improved following the Air Force's reaction to the sexual assault scandal at the Air Force Academy in 2003.

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Awareness training has become mandatory. Sexual assault response coordinators along with victim advocates have been established. The position of special assistant to the U.S. attorney - the job Dial no longer occupies - was created to focus on prosecution of sexual offenders.

But the Dial case could change that, the employee suggests. "If we don't have a watchdog, what's going to happen?" she asked. "Are they just going to shove it all under the carpet the way they used to?"

Cindy Graver, sexual assault response coordinator at Robins since June 2005, said she was unfamiliar with the Dial case, but stressed that the base's prevention program is doing its job.

"People are more aware of things they can and can't do," she said. "Education is the key. Some people have never heard that it's inappropriate to touch someone on their back or rub their shoulders. Now they're informed and aware of that."

Graver said 15 sexual assaults were reported to her in 2006. She was not sure how that compared to previous years.

"Not all the reports were valid," she said, "and we know there were assaults that were not reported."

But it's a brand new program, she emphasized. "People feel comfortable to come forward. I'm on call 24/7 and we treat each case individually," Graver said. "One of the most important things I've seen is that people are getting help. It's not that we've had hundreds of calls. But one sexual assault is too many."

A 2006 assault victim who asked that her name not be used took issue with Graver's assessment. She claims conditions in the workplace haven't changed very much.

"They say there's zero tolerance," she said, "but they don't follow through. They preach it, but it's not that way. The base looks like a laughingstock."

O'Connor said her sister also has lost faith in the system. "She would never report any sexual assault if it happened to her," the Alabama pharmacist said. "It would be like the Polish cavalry when Hitler launched his blitzkrieg during World War II."

The Air Force wants half-hearted prosecuting attorneys, O'Connor suggests. "And that's not how my sister saw her job. Her job was to defend these women to the best of her ability. And it's been a battle. Every case has been a battle."

CRIMINAL LAW:

Pay-to-play Ticket To Power In Lake County? (NWT)

By Joe Carlson

Northwest (IN) Times, February 11, 2007

LAKE COUNTY -- One fed likens purchase of fund-raising tickets to bribery

The long-standing political tradition of pay-to-play in Lake County is something federal authorities say remains a political force today and in some cases equates to bribery.

"Here's how it works," said one source, a contractor who has done business with governments in cities and towns around the county and knows the importance of buying political fund-raising tickets.

"If you do business with the city, and it's campaign time, certain department heads will tell you to purchase tickets," the source said. "If you don't, you won't be doing business."

The discussion about when buying political fund-raising tickets becomes a form of bribery comes at a timely junction, as municipal leaders around the county and state are holding their regular political fundraisers for the 2007 election cycle.

Agents from the FBI thought they would discover evidence of just such a scheme going on in Gary in December 2003, when they raided three business offices owned by politically connected businessman Jewell Harris Sr.

Secret affidavits by federal agents used to justify the warrants came into public scrutiny last week after Harris' defense attorney, Thomas Durkin, took issue with the sweeping generalizations contained in them.

One longtime FBI agent, Fred Graessele, stated that the "sale of tickets" by corrupt officials has become a term "synonymous with bribe, kickback, and payoff" in Lake County.

For his part, Harris denies participating in anything of the sort and argues that Graessele's characterization are so overboard that the search warrant should be thrown out of court.

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To a person, numerous political insiders and contractors interviewed by The Times last week bemoaned the unfortunate but necessary role money plays in region political races, particularly in modern times when it can cost $50,000 or $100,000 to run for mayor of a city or town.

Two local consultants, Tom Dabertin and James Bennet, said they often buy tickets from the governments that employ them but have never felt compelled to do anything illegal or unethical.

"I support people who basically I think are decent people, and if they're going to get elected, they're going to need money," Bennet said. "I've had people send me 10 tickets, and I've bought two. I try to keep it within what's reasonable."

Tom Collins Jr., vice president of Luke Oil Co., said he's never had qualms writing $20,000 checks to the campaign to support Hammond Mayor Thomas McDermott Jr.

Collins said he's heard the stories, and he was nervous about the possibility of putting money in the political game. But his apprehension was outweighed by his desire to see change in the leadership in Hammond, where former Mayor Duane Dedelow Jr. had tried to condemn land Collins' company owns near the lakefront casino.

"All we ever wanted from our support is to be treated fairly and not be harassed or pushed around," Collins said. "Do a good job and treat us fairly. We're not looking for anything in return."

But another government contractor recalled a municipal official handing over hefty stack of tickets, along with a reminder of how much business the company had gotten.

"It was just kind of part of the game," the contractor said. "But it was a two-way thing. We had to be fairly good, too, to keep the business."

WiFi Turns Internet Into Hideout For Criminals (WP)

By Jamie Stockwell, Washington Post Staff Writer

The Washington Post, February 11, 2007

Authorities Struggling With Anonymity Provided By Unsecured Networks

Detectives arrived last summer at a high-rise apartment building in Arlington County, warrant in hand, to nab a suspected pedophile who had traded child pornography online. It was to be a routine, mostly effortless arrest.

But when they pounded on the door, detectives found an elderly woman who, they quickly concluded, had nothing to do with the crime. The real problem was her computer's wireless router, a device sending a signal through her 10-story building and allowing savvy neighbors a free path to the Internet from the privacy of their homes.

Perhaps one of those neighbors, authorities said, was stealthily uploading photographs of nude children. Doing so essentially rendered him or her untraceable.

With nearly 46,000 public access points across the country -- many of them free -- hundreds of thousands of computer users are logging on every day to wireless networks at cafes, hotels, airports and even while sitting on park benches. And although the majority of those people are simply checking their e-mail and surfing the Web, authorities said an increasing number of criminals are taking advantage of the anonymity offered by the wireless signals to commit a raft of serious crimes -- from identity theft to the sexual solicitation of children.

"We're not sure yet how to combat that," said Kevin R. West, a federal agent who oversees the computer crimes unit in North Carolina's State Bureau of Investigation. "Free wireless spots are everywhere, and it makes it easy for people . . . to sit there and do their nefarious acts. The fear is that if we talk about it, people will learn about it and say, 'I can go to a parking lot, and no one will catch me.' But we need to talk about it so that we can figure out how to solve it."

The way it works is simple: Anyone who has a wireless card installed in his or her computer -- and most new computers are equipped with one -- can access the Internet from any of the public WiFi "hotspots," as they're known. In an age of portability and instant gratification, getting online has never been easier -- for law-abiding folks and those with bad intentions.

And in especially dense areas such as the Washington region, some neighborhoods might offer users a dozen or more open wireless signals from which to choose.

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"Unsecured networks are a treasure trove for neighbors," said John Sheehan, program manager of the CyberTipline at the National Center for Missing and Exploited Children. "Those looking to access illegal content obviously feel they have anonymity" and can get away with it.

They most often do, authorities said.

"It's frustrating for officers," said Todd Shipley, director of training services at the National Consortium for Justice Information and Statistics. "If a suspect is going from coffee shop to coffee shop and using free signals to commit crimes, the police probably aren't going to catch him. That's the reality."

Open wireless signals are akin to leaving your front door wide open all day -- and returning home to find that someone has stolen your belongings and left a mess that needs cleaning.

One way to combat it is for people to secure their wireless networks by making them password-protected. But, authorities said, businesses and cities that offer free connections need some way to track the users, such as filtering measures that could scan to see who is accessing the network.

Locally, Alexandria recently announced plans to expand its wireless network. The Internet service provider EarthLink will build a citywide network for a 16-square-mile area, with free wireless connections available in more than two dozen public locations. The provider also has worked on municipal WiFi in cities including Philadelphia and New Orleans. Alexandria officials said EarthLink will decide whether to implement security measures on the network, which will be accessible to anyone passing through the city.

In one recent case, West said, a truck driver used free wireless signals at motels across the country to post and view pornographic images of children at a Web site. By pure luck, the man was caught, West said. When the suspect got online from his home computer, authorities were able to trace his computer's Internet Protocol address, or the unique set of numbers assigned to every computer that uses the Internet. That number, which serves as a virtual street address, often leads authorities to the offender's physical residence.

"Otherwise he would've slipped through the cracks," West said. "We wouldn't have been able to identify him."

These days, the Internet is as indispensable to an officer's arsenal as his gun and handcuffs. Indeed, a growing number of officers are being assigned to patrol cyberspace.

Across the nation, 46 multi-jurisdictional Internet Crimes Against Children task forces have been created to carry out online sting operations aimed at ensnaring sex offenders because a man tapping away on a computer in Rockville might very well be soliciting a child in California. Every week, federal and local authorities cast their nets.

And although most sex crimes against underage boys and girls involve victims and suspects who know each other, an increasing number involve online interactions between strangers. Online solicitations -- in which pedophiles cultivate relationships with children and then arrange to meet them in public places -- are becoming more common, federal authorities said.

And even in those cases in which the suspect is brought to police attention by a neighbor or friend or relative, computers are often rich sources of evidence, West said.

"Technology just makes the park no longer the only place where the pervert goes," West said.

The Northern Virginia-D.C. task force has officers from 23 local, state and federal agencies. It was established in November 2004 through a grant from the Office of Juvenile Justice and Delinquency Prevention at the Justice Department. Since its creation, dozens of cases have been opened and more than three dozen arrests have been made.

Those assigned to the task forces patrol the virtual streets for pedophiles and others who want to commit crimes against children. Using software and other tracking devices, the officers trace a suspect's IP address. But as technology improves, so too do the tactics of criminals. Closing cases is more difficult if the IP address originated from a wireless signal because it often leads back to the owner of the network instead of the criminal.

The problem is going to get worse, authorities said. Every day, more homes, businesses and entire jurisdictions are outfitted with wireless networks, creating an almost seamless patchwork of available Internet connections to anyone with a laptop and the desire to get online.

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"This is part of the future . . . and we're working to catch up and educate the public," said Capt. Tommy Turner of the Virginia State Police.

The Dying Death Penalty? (WP)

By Dahlia Lithwick

The Washington Post, February 11, 2007

In a curious application of Newtonian physics, public and state support for capital punishment is steadily declining in America just as the resolve to maintain the death penalty seems to be hardening in the one arena where death-penalty policy once had seemed poised to change: the Supreme Court.

The trend is clear. According to the Death Penalty Information Center, which compiles statistics on capital punishment, two states have imposed formal moratoriums on the death penalty; executions in New York are on hold after the state's death penalty law was declared unconstitutional in 2004; 11 states (including, most recently, Florida and Tennessee) have effectively barred the practice because of concerns over lethal injection; and 11 more are considering moratoriums or repeals.

The raw numbers of executions and death sentences in the United States have plummeted: Information Center statistics show that in 1999 we executed 98 people, and in 2006 that number dropped to a 10-year low of 53. Whereas America steadily condemned about 300 prisoners a year to death through the 1990s, that number has declined by more than half and reached a low of 114 in 2006. Public support also seems to be faltering. A Gallup poll last year showed that two-thirds of the country still supports capital punishment for murderers, but when given the choice between the death penalty and a life sentence without parole, more people preferred the life prison term (48 percent) to capital punishment (47 percent) for the first time in 20 years.

The new uncertainty over capital punishment ranges from queasiness over the methods of execution to concern that we are executing innocents. Lethal injection, the preferred method of execution in 39 of the 40 states that permit capital punishment, is particularly fraught with problems.

In December, then-Gov. Jeb Bush of Florida ended executions following one in which it took the prisoner 34 minutes to die and he suffered chemical burns in the process. Recent scholarship, including a British medical journal report, indicates that the lethal-injection cocktail used may simply mask agonizing pain before death. And state courts are also increasingly bothered about the proper role of physicians -- often mandated by law to supervise the lethal-injection process over objections by medical associations and ethics boards.

There are numerous other reasons for our growing doubts about the death penalty. In a 2005 speech, Justice John Paul Stevens pointed to several, including DNA evidence that has shown that "a substantial number of death sentences have been imposed erroneously," the fact that elected judges face disproportionate pressure to impose capital punishment, and the problem of "death-qualified" jurors (those who oppose capital punishment are barred from sitting on capital cases). For these and other reasons, many Americans have begun to worry that the death penalty in this country is not reserved for the "worst of the worst," but for the poorest of the poor and those whose trial attorneys later prove to have been asleepest at the switch.

The Innocence Project, a nonprofit legal clinic associated with the Benjamin N. Cardozo School of Law at Yeshiva University in New York, says there have been 194 post-conviction DNA exonerations. A wrongful-executions study by Hugo Bedau and Michael Radelet of contends that from 1900 to 1991, 416 clearly innocent people were sentenced to die. And studies about the racism that taints the entire system are unequivocal.

In recent years the Supreme Court has also shown concern about the death penalty. In an article published last year, Duke University professor Erwin Chemerinsky observed that in the final years of the William H. Rehnquist Court, the justices showed a marked tendency to overturn death sentences. Chemerinsky speculated that "a majority of the Court was (and continues to be) deeply concerned about how the death penalty is administered in the United States" and that, as a result of the revelations by various investigators, "the reality of innocent people facing execution has had a profound effect on the Justices."

So in the early years of the new century, the court handed down surprising decisions outlawing executions of the mentally retarded and of those who were juveniles at the time of their crimes, and refining the tests for the ineffectiveness of counsel. Several justices also voiced concerns off the bench: Stevens, Ruth Bader Ginsburg and Sandra Day O'Connor each spoke publicly and passionately about flaws in the capital system.

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But, largely as a result of a change in the court's composition, that trend may now be ending. Just as a few states are defiantly expanding their use of the death penalty. And there is some reason to fear that some justices don't share the burgeoning sense that the machinery of death in this country is broken. One is the new chief justice, John G. Roberts Jr., who, when he worked in the Reagan White House, wrote a memo suggesting that the high court could cut its caseload by "abdicating the role of fourth or fifth guesser in death penalty cases."

One case last term involved a man convicted of a rape and murder, who later produced DNA evidence raising serious doubt that he was the culprit. The court ruled 5 to 3 that this new evidence warranted a new hearing. But Roberts led the dissenters, who felt it wasn't enough for the new evidence to cast doubt on the defendant's conviction; to grant relief, the evidence had to prove he "was actually innocent."

In another death-penalty case from 2005, then-Justice O'Connor agreed with the court's liberals that trial counsel was ineffective. That decision reversed an opinion by Samuel A. Alito Jr., then a judge on the U.S. Court of Appeals for the 3rd Circuit, that would have denied relief. The signals are still mixed. In a different case, the entire court allowed death-row inmates to pursue a civil claim against lethal injection.

But also last term, Justice Antonin Scalia wrote a separate opinion in a death-penalty case for the sole purpose of excoriating Justice David H. Souter, who had written in a dissent about exonerated innocents. Scalia's opinion was a full-bore attack on the notion of innocent exonerees "paraded by various professors" and claimed, in effect, that even if those exonerated were not guilty enough to warrant the death penalty, they were still far from "innocent." (How that made them candidates for the death penalty he did not explain.)

Oral argument this term has also revealed a subtle hardening on the part of some of the court's conservatives. In one case, Roberts questioned the need for a trial judge to specifically guide jurors regarding mitigating evidence.

Somehow, just as the American people are beginning to consider the grave injustices pervading the capital system, several justices seem to be staking out strong personal positions on this front in the culture wars.

In his article, Chemerinsky suggests that justices who change course on the death penalty often do so only after decades on the bench. That might suggest that the two new justices will only soften on capital punishment in the far distant future. These justices also would insist that if the death penalty in this country needs fixing, the state legislatures should do it, a process that's already beginning to happen. But if for most Americans the time for stubborn certainty about the death penalty, at least as it's currently practiced, seems to be over, a court that is more certain than ever of its fundamental fairness looks grievously out of step with an American public willing to recognize the dangers of injustice, error and doubt.

Dahlia Lithwick covers legal affairs for Slate, the online magazine at www.slate.com.

CIVIL LAW:

Editorial: Pay Up: Maybe We Could Help People If Feds Could Collect (LONGNJ)

LONGVIEW NEWS-JOURNAL

Longview (TX) News-Journal, February 11, 2007

Here's what is so frustrating when we hear excuses about why programs that help people — really help people — face cutbacks when times get tight:

A Cox News Service story reported Saturday that there is a backlog of cases in which pharmaceutical companies are suspected of defrauding federal and state health care programs of billions of dollars.

That's billions with a "B."

The U.S. Justice Department office in charge of pursuing these cases has already recovered $5.3 billion from major drug companies since 1999, but an associate deputy attorney general told a House Committee that there are billions more out there to be recovered. The problem is that his office lacks the manpower to do it in a timely manner.

With the math showing that it costs about $1 in Justice Department expenses to recover $15 in restitution and fines, one might expect higher ranking officials in the Justice Department and White House to figure out it would pay dividends to add to the staff.

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The first thing the feds might want to do, however, is send a few folks down to Austin to find out why Texas is so much more proficient at pursuing these cases.

Patrick J. O'Connell, chief of the Texas Attorney General's recently expanded Medicaid task force, pointed out that the state has collected more than $100 million in the same time frame, spending about $5 to $7 million to do so. That's a return even more impressive than the Justice Department's.

The scariest thing about this situation is that the federal Medicare program is only one year into its new "Part D" prescription drug benefit for seniors. With the estimated cost of that program running as high as $1 trillion over 10 years, its seems ripe for the plucking if the government can't stay on top of current fraud cases.

President Bush's proposed budget for the next fiscal year includes added funding for the feds pursuing fraud cases.

The bottom line is that for all of the concerns raised about individual patients or doctors who might be cheating federal health programs, the real money is in these big cases. Just ask O'Connell, who told congressmen that nearly two thirds of the $100 million collected by his team came from just four large drug companies.

Some people will find the feds' foot-dragging approach most frustrating because it's a waste of taxpayers' money. Although we find that frustrating as well, we are even more concerned about the fact that in the time the backlog has been building, we have frequently heard about needs to scale back public health programs because of budget difficulties.

Waste, fraud and misplaced priorities are all more serious problems than many of those that occupy our lawmakers' time.

People die when they don't get sufficient or timely health care. It's time to begin collecting the money that is due the government and using it to provide the services our neighbors need.

CIVIL RIGHTS:

In Search Of Justice (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, February 11, 2007

GREENWOOD — A Leflore County grand jury that will be impaneled in March is expected to take up the 1955 abduction and killing of Emmett Till.

The Emmett Till Justice Campaign is hoping to take out advertisements in a local newspaper before that happens, said president Alvin Sykes of Kansas City. "We want to encourage grand jurors to listen to the evidence and follow the law. If there is enough evidence, they should indict. If there is not enough evidence, they should not do it. We don't want them to do the same thing the jury did in 1955."

File photo/The Clarion-Ledger

Betty Pearson looks over the remnants of the old Wolf Grocery, formerly Bryant's Grocery and Meat Market in Money. The store is where Emmett Till reportedly wolf-whistled at Carolyn Bryant, leading to his murder.

That's when an all-white jury in Tallahatchie County acquitted Roy Bryant and J.W. Milam in the murder of Till, only to see the two men confess their involvement months later to Look magazine. They since have died of cancer.

This new grand jury could consider kidnapping charges against Bryant's ex-wife, Carolyn, who has told relatives and the FBI she is innocent.

Having the grand jury decide is "an idea whose time has come," said Till's cousin, Wheeler Parker of Chicago, who was with Till when he was abducted. "I'm not going to rejoice in somebody's downfall. I'm not aggressively trying to pursue someone, but you have to reap what you sow."

The pursuit of possible charges in the case comes at a time when there's been a renewed focus on crimes of the past. On Jan. 25, reputed Klansman James Seale of Roxie pleaded innocent to federal kidnapping and conspiracy charges in connection with the May 2, 1964, abduction and killings of Henry Hezekiah Dee and Charles Eddie Moore.

Seale's arrest is the 28th since 1989 in cases resurrected from the civil rights era. If convicted, he could face life in prison.

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A bill introduced in Congress last week would create a cold cases unit to track down unpunished killings from the civil rights era. The FBI already is examining 51 killings from that time period, and a Montgomery museum lists 127 racial killings between 1954 and 1968 - a number it concedes could be much higher.

In 2004, the Justice Department opened an investigation into Till's slaying. Less than two years later, the FBI turned over its findings to District Attorney Joyce Chiles of Greenville and recommended prosecutors take a closer look at Carolyn Bryant, the key suspect in the case.

On Aug. 28, 1955, Till, a 14-year-old African American from Chicago, was beaten and shot to death after he reportedly wolf-whistled at Bryant at a grocery store in Money.

During the wee hours of the morning, Bryant and Milam arrived with guns at the Leflore County home of Till's uncle, Mose Wright, and took Till away.

Wright testified that, as the pair left with Till, he heard someone in the pickup speak with "a lighter voice than men" identifying Till as "the one." Some have speculated that someone was Carolyn Bryant.

"He couldn't see who it was, but it may well have been her," said David Beito, a University of Alabama history professor who has researched the case exhaustively with his wife, Linda Royster Beito, a Stillman College professor.

The theory Carolyn Bryant was there appears to be supported, in part, by Bryant's and Milam's initial statement. They told Leflore County Sheriff George Smith they had abducted Till but released him unharmed after Carolyn Bryant, who was back at the store, told them Till wasn't the one.

Their claim they released Till unharmed was an obvious lie, but were they telling the truth when they said they showed Till to her?

Beito said it's difficult to say since no witness positively identified Carolyn Bryant outside Wright's house. She repeatedly has denied to the FBI she was there.

The biggest problem facing prosecutors is jurors might not hear some of these details.

Mississippi court rules permit testimony of dead or unavailable witnesses, but Mose Wright's 1955 testimony appears to be inadmissible since Carolyn Bryant wasn't on trial, said Aaron Condon, professor emeritus for the University of Mississippi School of Law.

It's unknown what additional evidence, if any, the FBI has uncovered in its investigation.

If the FBI found a witness who could put Carolyn Bryant at Wright's house that night, it might still be difficult to conclude she committed a crime because it remains unknown whether she objected to what was taking place or encouraged it, Condon said. "To get beyond reasonable doubt will be one hellacious trip."

One other possibility, legal experts say, would be if the FBI found someone whom Carolyn Bryant had confided in regarding her role, if any.

Some details in the case could assist her defense. The Look article says Roy Bryant learned of the wolf-whistle days later from a black customer, not his ex-wife.

Among defense lawyers, a common expression is a district attorney wields so much influence among grand jurors he could get them to indict a ham sandwich.

"My experience is grand juries are not as pliable as people think they are," said Condon, a former prosecutor in Attala County.

In one case, grand jurors indicted when he didn't want them to, he said. "The result was an immediate acquittal. They didn't take time to smoke a cigarette."

Chiles rejects talk that prosecutors exert that kind of influence on a grand jury.

That's not what she likes to use grand juries for anyway, she said. "If the evidence is there, we expect a grand jury to return an indictment. If it isn't, we wouldn't encourage a grand jury to indict."

She plans to share all the information gathered in the Till investigation with grand jurors, she said. "We wouldn't hold anything back."

Local Inmate Claims Guards Beat Him To Near Death (WILNJ)

DOJ_NMG_0130490

By Lee Williams, The News Journal

Wilmington (DE) News Journal, February 11, 2007

David Kalm, a 56-year-old disabled sailor, spent seven days in hospitals

David L. Kalm, a 56-year-old disabled Merchant Marine sailor, says he was nearly beaten to death by prison guards at the Sussex Correctional Institution near Georgetown last October.

Kalm, who was serving a 60-day sentence for DUI, said two guards wearing black gloves took turns pounding his head into a cinder-block wall until he passed out.

"They really seemed to enjoy smashing my head and my face into the wall," he said. "My ears looked like elephant ears when I came out of the hospital."

In written reports, the guards said Kalm's injuries were self-inflicted, and Kalm acknowledges an earlier physical confrontation with guards after he refused to be moved to a cellblock where he feared being harmed by other inmates. However, Christiana Hospital medical staff members who examined Kalm concluded that the injuries were suffered during an "assault."

"Anatomically, it could not have been possible" for the injuries to be self-inflicted, said Dr. Irwin Lifrak, a physician who has been an expert witness in several wrongful-death lawsuits. He was asked to review the medical records by an attorney working with Kalm.

The medical records, which Kalm provided to The News Journal, show that he suffered a concussion, a moderate coma, a broken nose, an eyeball that was oozing blood, two broken ribs, a punctured lung, bruising around an eye, extensive bruising to his face, head and ears, and two pharyngeal tears in his throat. Lifrak and another medical professional say the tears were caused by repeated blows to his neck or by an object such as a nightstick being shoved down his throat.

Last month, the FBI began collecting preliminary information on the incident, and the Department of Correction has begun an internal investigation.

After the last confrontation with guards, Kalm said, he was denied medical care for 13 hours by a prison system that was found by the U.S. Justice Department late last year to have committed numerous civil rights violations because of inadequate medical care going back years.

Kalm spent seven days recovering in hospitals.

"There are telephone numbers I've known my whole life that I can't remember anymore," he said.

Correction Commissioner Carl Danberg, who learned of the incident this month on his second day as commissioner, ordered his Internal Affairs unit to investigate Kalm's allegations and asked prison health director James Welch to review the inmate's medical records, along with assistance from "outside physicians."

Attorney General Beau Biden III declined to comment because of the internal investigation.

Kalm was released from Sussex Correctional Institution in November. In early January, he contacted Dover attorney Steve Hampton, who represented the family of Anthony Pierce, who became known as "the brother with two heads" as an inmate at Sussex Correctional Institution. Pierce died of a brain tumor while his condition was mishandled by the prison medical staff. In October 2005, the state settled the wrongful death lawsuit in a confidential agreement.

Kalm, who is legally disabled, has a heart condition, high blood pressure, stomach problems and arthritis in his spine that aggravates his sciatic nerve, causing intense, shooting pain down his leg, according to his medical records. Kalm's lungs were damaged while serving in the Merchant Marine, so he uses a "breathing machine" daily to treat a condition similar to asthma.

He also has struggled with alcohol. In 2006, he was charged on three separate counts of driving under the influence, in addition to an offensive touching charge from 2004. He pleaded guilty to DUI in May, but two more DUI cases are pending.

When he reported to prison late last year, because of his health problems, he went to the prison infirmary. One night, he claims, a nurse gave him the wrong medication, which made him ill. The next day, Kalm complained to a doctor.

The next night, the nurse was outraged, Kalm said.

"That's how this all got started," he said.

At around 9:30 p.m. on Oct. 6, guards tried to move him to a cellblock where he feared being victimized because guards had spread a rumor that he was gay.

Kalm protested the transfer in a supervisor's office.

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"I was freaking. I was scared for my life," he said.

According to Sgt. Daniel R. Kobus' Oct. 26 disciplinary report, Kalm at the time was "acting funny, saying that someone was gonna hurt him, acting all crazy."

Kalm told a reporter that he grabbed the supervisor's desk to avoid being sent to a cell.

"Then the door flies open and a whole pile of guards run in, spray me with Mace and start punching me," he said. "I grabbed onto a computer and the wires. When they're dragging me out of there, the computer comes off the desk and hits a guard."

Kalm said he was taken to a dark cell where two guards punched him and slammed his head into the walls.

"It was a real strange room," he said. "There wasn't no window there, and they'd come through and spray Mace into the room. They'd make me stick my arms out the food slot and twist them, which really hurt. I still have arm pain today."

"The next thing I remember was a doc waking me up in Christiana, asking me if I know what day it is," he said. Medical records show Kalm was suffering a concussion and a moderate coma.

None of the seven guards named in department reports on the incidents chose to comment to The News Journal, according to correction officials.

Guards' version

In another document, dated 20 days after the assault, several guards report finding Kalm "banging his head and fist off of the wall." He was "still being very combative," the document says. Kalm denies harming himself.

"I never banged my head on the cell wall," he said. "They banged my head on the cell wall."

At the hospital, the guards told the staff Kalm had stuck a pencil down his throat, causing the pharyngeal tears, but the pencil was not mentioned in the guards' report.

Dr. Lifrak, who practices internal medicine in Wilmington and also is a lawyer, questioned whether Kalm could have damaged his own throat.

"The esophagus is behind the trachea -- the food pipe behind the air pipe," he said. "If a person were to hurt or stab themselves in the throat, they would have to go through the trachea before getting to the esophagus. It's just not possible."

Lifrak maintains that the pharyngeal tears were caused by blows or an object inserted through Kalm's mouth.

"I don't remember anything getting stuck in my mouth before I passed out," Kalm said. "But afterwards, they could have done anything to me."

A Christiana psychiatrist noted that Kalm was in "fear for his life, believes prison officials and other inmates plan him further harm, states he is being denied access to a phone to call family or an attorney, and prison officials have forbidden me to make a call on his behalf."

Kalm said he still suffers from the alleged assault.

"I get two different types of headaches. They're crippling," he said. "And I still wake up in the middle of the night in extreme fear, soaking wet." Staff reporter Esteban Parra contributed to this article.

Contact investigative reporter Lee Williams at 324-2362 or lwilliams@delawareonline.com.

TIMELINE

9:30 p.m. Oct. 6 -- Kalm struggles with prison guards, who use pepper spray and fists to subdue him while he is being moved to a new tier in the Sussex Correctional Institution near Georgetown.

9:55 p.m. Oct. 6 -- Prison guards report Kalm was "banging on the walls." He is cuffed and taken to an isolation cell, and left overnight, despite substantial injuries which include a concussion, a moderate coma, two pharyngeal tears in his throat, a broken nose, two broken ribs, a punctured lung, bruising around the orbit of the eye, and extensive bruising to his face, head and ears.

10:46 a.m. Oct. 7 -- Nearly 13 hours after the second incident, Kalm is taken to the prison infirmary, where staff members clean his bloody eye and broken nose, and put a bandage on his bruised cheek.

1:20 p.m. Oct. 7 -- Kalm is moved from the infirmary to Beebe Medical Center in Lewes.

8:10 p.m. Oct. 7 -- Kalm is transferred from Beebe Medical Center to Christiana Care in Stanton. Christiana medical staffers find he has difficulty breathing on his own. They determine his injuries were suffered during an "assault."

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Oct. 13 -- Seven days after the first struggle with prison guards, Kalm is discharged from Christiana and taken back to prison.

Noxubee's Bill For Voting Right Trial Tops $25,000 So Far (MEMCD)

By Jewel Miller, Dispatch Correspondent

Columbus (MS) Commercial Dispatch, February 11, 2007

MACON - More than half of the funds earmarked by the Noxubee County Board of Supervisors for their 2007 budget to cover legal expenses for the county's election commission has been spent.

And though the federal trial in which the Noxubee County Election Commission and Democratic Party Chairman Ike Brown were accused of discriminating against white voters wrapped up in Jackson on Jan. 31, officials said more fees for the case are imminent.

“We've spent over $25,000 already and we're not at the end of it,” said Janet Abrams, the county's comptroller at Friday's Noxubee County supervisors meeting.

The supervisors allotted $50,000 for the election commission's legal fees in 2007 to cover legal expenses for the precedent-setting voting rights trial. The commission is represented by Clinton attorney, Ellis Turnage. The county isn't however footing the bill to defend Brown, whose attorney is Wil Colom of Columbus.

The board avoided an additional $8,500 bill when Turnage opted not to use the testimony of political scientist Richard Engstrom. Engstrom had been expected to counter the testimony of the Justice Department's expert witness, political science professor Theodore Arrington.

Arrington testified last month Brown and his associates don't maintain practices to prevent “bias and fraud.” Engstrom has countered that Noxubee County whites lose elections simply because they're in the minority.

Noxubee's supervisors authorized payment of the $8,500 to Turnage for Engstrom's expert testimony at their regular Monday meeting. But hours later, Turnage informed Noxubee Board Attorney Chris Hemphill Engstrom won't be called to testify.

The federal trial pitted the U.S. Justice Department against the Noxubee County Election Commission and Brown, who stands accused of discriminating against and intimidating white voters during the past several elections. This trial marks the first time The Voting Rights Act of 1965 has been used to protect the rights of white voters.

During the non-juried trial, the Justice Department presented evidence of their allegations, including the testimony of more than 40 witnesses before U.S. District Judge Tom Lee.

But Hemphill said this doesn't mean the end to Turnage's charges for his representation.

“(Turnage) indicated in our conversation that other charges were coming,” Hemphill said.

Although the trial has been recessed, Lee set a March 26 deadline for the attorneys to submit final written briefs. He will make a ruling at a later date.

In other business, the board heard a request from Crayton Coleman, Extension agent, asking for their support of a 4-H agent for Noxubee County. No decisions will be made on the matter until further information is brought to the board.

Human Trafficking Legislation Is Pushed (LCJ)

By Deborah Yetter

Louisville (KY) Courier-Journal, February 11, 2007

Previous effort for bill fell short

FRANKFORT, Ky. — Cases of human trafficking have begun to surface in Kentucky, and advocates argue that the state should join 27 others that have enacted laws against exploiting people for forced labor, domestic work or the sex trade.

"It is happening here," said Cori Hash, a legal aid lawyer in Lexington. "We've seen it. We know the victims are out there."

A bill filed by Sen. David Boswell, D-Owensboro, would make it a criminal offense to bring people into the state for exploitation.

The measure, Senate Bill 43, also would provide services and help for the victims of human trafficking, often women or children.

"I think this issue is very important -- it's a human rights issue," Boswell said.

A human-trafficking bill passed the Senate last year, but it died after the House attached an unrelated amendment dealing with identity theft.

Boswell said he's discussing the bill -- which has been assigned to the Judiciary Committee -- with Senate leadership and thinks its chances are better.

"This bill is getting some traction," he said.

Groups backing the bill include the Catholic Conference of Kentucky, the Kentucky Office of Legal Services and the Kentucky Domestic Violence Association.

The Rev. Patrick Delahanty, who is working on the bill for the Catholic Conference, said it's difficult to know how significant the problem is in Kentucky.

"These people are coerced, intimidated and forced to work," he said. "They are very fearful of coming forward."

Trafficking victims often come from other counties -- enticed by purported offers of jobs or marriage. Many are laborers or migrant workers, but some are U.S. citizens, often children, forced into prostitution, Hash said.

Congress passed a law banning human trafficking in 2000 to combat what the State Department has said is a growing problem in the United States. It says that as many as 800,000 people a year are trafficked worldwide, with up to 17,500 of those coming to the United States, according to its 2005 Trafficking in Persons Report.

The Justice Department, which enforces the federal law, also is urging states to adopt their own laws, said Andrea Bertone, director of HumanTrafficking.org, a Washington resource and information center.

State laws provide more law enforcement resources to fight trafficking, as well as services for victims, Bertone said.

Indiana adopted a trafficking law last year, and Bertone said Kentucky should consider one as well.

"Victims of trafficking have been found in some pretty remote areas," Bertone said. "No state is immune to people at some point being exploited."

In Kentucky a handful of women believed to be victims of human trafficking have arrived at domestic violence shelters over the last few years, said Sherry Currens, director of the domestic violence association.

Domestic violence often is involved if the victim is forced to live with a male she thought she was coming to marry, Currens said. Some victims are forced into prostitution and have their passports and other documentation taken and freedom restricted, she said.

The victims, who may not speak English and may not be in the country legally, often are afraid to go to authorities. If they do get away, they may have nowhere to go, Currens said.

"I think it's a growing issue," she said. "There are homeless shelters, but in rural areas the services just aren't there.

Hash, who works at the Maxwell Street Legal Clinic in Lexington, specializes in immigration cases. She said she and other immigration lawyers have seen several cases where they believe human trafficking was involved.

In one case, a Western Kentucky family brought a foreign woman to live with them to work as a nanny and housekeeper. But when she arrived, they took her passport, restricted her to the house and made her work long hours for wages that amounted to less than $1 an hour.

The woman was afraid to press charges, but legal aid lawyers were able to work with her to recover some of the wages she said she was owed, Hash said.

Hash said she also is working with a woman who said she was sold to a Southern Kentucky man as a wife. And her office is tracking child prostitution prosecutions in Tennessee and Ohio where evidence shows the prostitution rings operated in Kentucky.

"I expect the numbers are actually much higher than are coming through our doors," she said.

More information is available at www.HumanTrafficking.org.

Reporter Deborah Yetter can be reached at (502) 582-4228.

Justice Dept. Major Player In Every Step Schools Make (MEMCD)

By Garthia Elena Halbert

Columbus (MS) Commercial Dispatch, February 11, 2007

For decades, every move in the public education arena within Lowndes County has been under the scrutiny of the U.S. Department of Justice.

From construction to teacher recruitment, the Columbus Municipal School District and Lowndes County School District have had to make decisions with a willingness to change course since a federal court must give its approval.

Administrators say the process is cumbersome and restrictive.

"The biggest impediment is that all planning and future plans must be approved, and we really don't always know what will happen in terms of population growth or population shifts," said Dr. Lester Beason, CMSD superintendent of education.

"For example, if we want to plan for a long-term building program, we can guess where the community will be in 10 to 12 years and plan and build accordingly, but if the population shifts or drops or accelerates, the plan has to be re-written and re-approved by the federal court," Beason said.

"The public doesn't like it," said Jeff Smith, who's been board attorney for the LCSD Board of Education for 16 years. "The public doesn't like the Justice Department having to approve construction."

Since a 1970 court judgment declared the two districts discriminatory on the basis of race, the DOJ can step in when desegregation of extracurricular activities, transportation, administrative staff assignment, relative quality of education, faculty assignment, facilities and resources or student assignment may be compromised.

In 1989, the county school board decided to present all new construction projects to the Justice Department for approval to avoid potential litigation.

"July 1, 1989, there was a completely new school board," said Smith. "... They replaced a much older, much more conservative school board. And they had just elected a new superintendent, and they had just hired a new lawyer, which was me.

"They decided ... that all construction needed to be approved by the Justice Department."

That process caused the most friction for the county - until the more recent DOJ decision to keep Caledonia and New Hope students and teachers out of their new classrooms until West Lowndes improvements are complete - in the early '90's when planning began for a new high school in New Hope.

"The superintendent, board and architect planned it in 1990. It was built in '91-'92," said Smith.

But the submission of the proposed project was tedious. Drawings and detailed specifications had to be submitted along with revisions from a bi-racial committee. Two such committees were formed in 1970 - one in each the county and city school districts - as a part of the original desegregation decree, but the county's had lapsed until the new board members were elected.

In addition, the DOJ called members of the community who weren't on the school board and weren't bi-racial committee members to get their input.

"Construction is real controversial," commented Smith. "It's planned months in advance before it's ever submitted to the Justice Department."

Since the construction of New Hope High School, there have been two additional expansions, and the Justice Department has had its say-so in those projects as well.

"They always have suggestions," said Smith, who noted the project proposals are almost never accepted as presented.

CMSD faced similar issues during its efforts to build a new Stokes-Beard Elementary School after a tornado ripped through the old facility in 2001.

"Probably, the most stressful situation we've found ourselves in was completing the new Stokes-Beard school with the expectation that we would simply reassign those students to that school and finding out that we had to consider a new assignment plan because we had four racially isolated schools," said Beason.

The students previously assigned to Stokes-Beard temporarily met in classes at Hunt Intermediate. When the Stokes-Beard building was complete in 2005, the school board had a small window to come up with some sort of student assignment plan so as not to undermine the original 1970 court order. Students had been previously assigned by school zone; that was changed to the parental choice and lottery plan now in effect.

During Beason's three-year tenure with CMSD, he has envisioned the district with less elementary schools, - the district currently has seven elementary schools, some of which have very few students - separate pre-kindergarten programs and a new high school and middle school.

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Beason will retire in June, and with all projects at the mercy of the DOJ, the redesigned district may remain just a vision.

Not until the two districts are declared unitary will their leaders be able to make decisions without being under the constant scrutiny of the Justice Department.

Once construction efforts are complete at West Lowndes campuses, the county could be declared a unitary school district.

"When the district has complied (with the terms of the settlement) it shall file its motion for a declaration of unitariness and dismissal of this lawsuit with prejudice," court documents from a February 2006 settlement read.

Renovations at West Lowndes include baseball field developments at the high school and gymnasium improvements and sewage correction at the middle school.

Those improvements were slated for completion this month, but inclement weather has delayed them until spring break in mid-March (please see related story on page 1A.)

Leaders See A Black America Sailing Off Course (WP/AP)

By Dionne Walker

The Washington Post, February 11, 2007

HAMPTON, Feb. 10 -- Beneath an oak tree on the campus of what is now Hampton University, historians say, Virginia blacks heard a reading of the Emancipation Proclamation and began to dream of a better life.

On Saturday, more than 8,000 people returned to the historically black Virginia university to chart how far they have come. They gathered for the State of the Black Union, an annual traveling town hall that is considered a barometer for black America's ills.

This year's conference, the eighth, coincides with the 400th anniversary of the nation's first permanent English settlement, Jamestown. Africans arriving in Virginia in the years after that milestone in American history faced enslavement and entrenched racism.

Today's black Americans grapple with political apathy, limited business strength and a lack of motivation, a panel of black leaders said Saturday.

"We need a big idea that unifies us all," said Rep. Keith Ellison (D-Minn.), the nation's first Muslim congressman. Ellison was on a panel that included Al Sharpton and former Virginia governor L. Douglas Wilder (D), the nation's first elected black governor.

They spoke of a black America adrift. Black males are more common in prisons than on college campuses, they said. Black children, meanwhile, are increasingly born into single-parent homes.

"A lot of us have lost the dignity that our community has shown from Jamestown to now," Sharpton said.

Others pointed to a lack of personal responsibility among blacks who, they said, are waiting for leaders to make changes.

"I didn't have to wait for people to tell me it was my time to run for governor -- it was my time," Wilder said, encouraging other blacks to take similar personal initiative. "We can't stop here."

Hampton's Convocation Center was packed with people, many waving their arms and clapping as the speakers tackled tough topics.

Some, such as Renita Seabrook, a professor at the University of Maryland Eastern Shore, considered the forum an important planning session for addressing issues such as education.

"So many of our black boys have been expelled" from schools, Seabrook said. "We've got to get a handle on the reason."

Jamichael Heathington, 17, of Chattanooga, said he wants to create a youth program to dissuade teenagers from drugs and violence after he finishes college.

He came to the conference for some pointers, calling the event "a lifetime experience to gain perspective [and] to listen to some of the brightest leaders of America."

States Fund Anti-abortion Efforts (LAT)

By Stephanie Simon

The Los Angeles Times, February 11, 2007

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In an experiment that's opening a new front in the culture wars, a growing number of states are paying anti-abortion activists to counsel women with unplanned pregnancies.

At least eight states — including Florida, Missouri and Pennsylvania — use public funds to subsidize crisis pregnancy centers, Christian homes for unwed mothers and other programs explicitly designed to steer women away from abortion. As a condition of the grants, counselors are often barred from referring women to any clinic that provides abortions; in some cases, they may not discuss contraception either.

Most states still spend far more money subsidizing comprehensive family planning, but the flow of tax dollars to anti-abortion groups has surged in recent months, as programs took effect in Texas and Minnesota.

The trend alarms abortion-rights supporters, who assert that the funds would be better spent — and would prevent more abortions — if used to expand access to birth control. But to anti-abortion activists such as Nancy McDonald, the funding is both practical and symbolic, a way of putting the state's stamp of approval on their work.

"It's a subtle thing," said McDonald, who runs five crisis pregnancy centers in South Florida. "But people seem to think if you're affiliated with the state, you must be good."

Here in Texas, the state reduced grants to a Planned Parenthood clinic in downtown Austin — and began sending some of the money to the Catholic diocese a block away.

There, in a cozy office adorned with paintings of Jesus and Mary, counselors can collect $1.05 in public funds for every minute they spend encouraging women and teens not to abort. They show clients photos of a translucent fetus; they give away maternity clothes and baby blankets. Later this month, they will begin offering a state-subsidized one-hour class on infant care.

Tax dollars cannot be used for religious purposes, but federal law permits faith-based groups to participate in government programs and protects displays of religious symbols, such as the basket of plastic rosaries at the diocese's Gabriel Project Life Center.

Amy Chestnut coordinates Gabriel Project, but she was once a client, pregnant at 16. The lessons she got on abstinence — she was told to commit to a "secondary virginity" — didn't stick; she got pregnant again at 19.

But she said the emotional support she received from the counselors — simple acts such as rubbing her belly and talking about the baby with delight, not dismay — persuaded her to carry both pregnancies. Chestnut, 25, has since married the man who fathered both children; she keeps a family photo with her to show clients that even unwanted pregnancies can bring joy.

"People were always assuming that I'd have an abortion. To hear just one person say 'You can do this' made such a difference," Chestnut said.

Crisis pregnancy centers have received tens of millions of dollars from the federal government over the last six years, mostly for abstinence education.

On the state level, Florida, Minnesota, Nebraska, North Dakota and Texas approved funding in 2005. Louisiana, Missouri and Pennsylvania have longer-running programs. Arizona and Kansas have offered one-time grants to anti-abortion groups; several other states fund abortion alternatives from sales of "Choose Life" license plates.

All told, states will spend at least $13 million this year — much of it from welfare or family-planning budgets — to dissuade women from abortion.

In a related campaign, conservatives in several states are pushing to restrict or eliminate public funding for groups that support abortion rights, especially Planned Parenthood. They've had some success, notably in Missouri; six other legislatures will take up the issue this year.

But the vast majority of states still send grants to Planned Parenthood, in amounts that dwarf the anti-abortion funding. Last year, Planned Parenthood received $80 million from states and $200 million from the federal government.

Tax dollars going to Planned Parenthood do not pay for abortions; they cover birth control, gynecological exams, cancer screening and treatment for sexually transmitted diseases. When clients come in with unwanted pregnancies, they hear about all of their options, including keeping the baby and giving it up for adoption. But critics say there can be a presumption that abortion is the easier solution.

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"You have a choice ... do what's right for you," a brochure available in the Austin clinic advises pregnant teens. The bright-red flier urges them to consider how raising a child would hurt their social lives and crimp their freedom. The cartoon on the cover shows a howling infant.

Anti-abortion activists say it's only fair for states to also fund an alternative view. Their pamphlets feature photos of adorable babies and beaming teenage moms; their counselors promise to help pregnant women find apartments, get jobs and finish their degrees — anything to make it easier for them to carry to term.

"I have heard many pro-choice people say, 'There ought to be fewer abortions.' [Funding] this is one way we can do that," said Pennsylvania state Rep. Tom Tangretti, a Democrat who opposes abortion. "I just can't imagine why anyone would be afraid of it."

Critics offer several reasons.

U.S. Rep. Henry A. Waxman (D-Calif), an abortion rights supporter, last year asked undercover investigators to contact 23 crisis pregnancy centers; 20 gave misleading information, such as exaggerating the risk of abortion, he reported. In Austin, the diocese hands out a booklet — approved by the state — that suggests a link between abortion and breast cancer, though the National Cancer Institute has found no such connection.

"It's reprehensible that taxpayer dollars are going to organizations that regularly and deliberately deceive women," said Vicki Saporta, president of the National Abortion Federation, which represents abortion providers.

Critics also claim that the emphasis on abortion alternatives drains money from basic healthcare. As evidence, they point to Texas.

In 2005, Texas lawmakers redirected $25 million that was to have gone to Planned Parenthood over two years. Most went instead to primary-care health clinics (which provide contraception but not abortion). But $5 million of the money was set aside for anti-abortion centers that do not provide medical care and will not refer clients to clinics that prescribe birth control.

To deal with its 62% budget cut, the Planned Parenthood clinic in downtown Austin began charging for services long offered free to low-income women. Since the fees took effect, the clinic has distributed 40% fewer birth-control pills and done 50% fewer Pap smears to screen for cervical cancer. Several thousand patients have stopped coming.

Among them is Christina Moore, a 22-year-old mother of two who said she and her husband can't afford $23 a month for birth-control pills she used to get free. "But we can't afford to have more kids, either," she said. Last week, Moore tried to make an appointment with a county clinic; even though she said she had urgent health questions, the earliest they can see her is April.

"I'm already out of pills. I'm worried," Moore said. Her year-old son began howling in the background, and her voice rose: "I do not want to get pregnant now."

Through January, Texas anti-abortion groups had counseled 660 women and teens with the tax dollars made available by the shift in resources. Some lawmakers question the cost: Not counting more than $400,000 in start-up expenses, the counseling has run an average of $450 per client. (By comparison, a year of exams and contraception costs $180.)

But activists remain passionate about the trend. Last week, the Texas Catholic Conference sent volunteers in turquoise shirts to the Capitol to give lawmakers angel food cakes — and a long list of legislative priorities.

At the top of the list: Abolish abortion in Texas. Just a few notches below: Fund alternatives.

Slavery And Remorse (WP)

The Washington Post, February 11, 2007

THAT SLAVERY was a shameful episode in American history is beyond debate; not so the issue of whether or how states where it flourished for more than two centuries should apologize or express remorse for it. In recent weeks the legislatures of Virginia and Maryland, former slave states whose last slaves were freed more than 140 years ago, have grappled with that quandary and more broadly with the question of what symbolic or practical value attaches to an act of public contrition.

Virginia, whose state anthem with its references to "darkies" and "old massa" was retired (but not repudiated) just a decade ago, took up the question first. There, the House of Delegates approved a resolution stating its "profound regret" for the state's role in sanctioning slavery, as well as in "the historic wrongs visited upon native peoples." The resolution was approved without opposition, though not before an initial draft was rewritten and stripped of the word "atonement," which, some feared, might have

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opened the door to monetary reparations. Maryland may now follow suit with a similar if somewhat less elegantly worded resolution that also expresses the state's "profound regret."

Both documents seek to redress an enduring sense of grievance among some African Americans (and, in the case of Virginia's resolution, American Indians). Each rightly makes reference to slavery's lasting, poisonous legacy of discrimination, enforced segregation and racism. And each pays tribute to the high ideal of equal, inalienable rights that are the birthright of every citizen regardless of race, creed or color.

Some may ask what purpose is served in making such a gesture so many years after the fact and with so many generations separating today's Virginians, black and white, from forebears who may have owned or been slaves. After all, as the Virginia resolution states, "even the most abject apology for past wrongs cannot right them, nor can it justly impute fault or responsibility to succeeding generations or justify the imposition of new benefits or burdens."

True enough. But it is equally true that expressions of repentance and remorse in public life, as in interpersonal relations, can be helpful, healing emollients. It is not just that they do no harm; they may also, as the Virginia document states, serve to "recall and remind so that past wrongs may never be repeated and manifest injustice may not again be overlooked." In that, surely, there is value.

There is value, too, in the debate itself, no matter how toxic its manifestations in the blogosphere and beyond. Evidence for that may be found in the person of Frank D. Hargrove, a white member of Virginia's House. His first public reaction to the idea of expressing remorse for slavery was to suggest that black citizens "should get over it." That remark made Mr. Hargrove, an 80-year-old Republican, the lightning rod for a brief storm of invective. But when the resolution's wording was tweaked, the House ultimately approved it by a vote of 91 to 0. And Mr. Hargrove, to his credit, voted "yea."

ENVIRONMENT:

Updating Bush's Spin On Climate Change (LAT)

By Maura Reynolds, James Gerstenzang

The Los Angeles Times, February 11, 2007

WASHINGTON — President Bush is widely considered one of the world's most prominent skeptics of global warming. But to hear White House officials tell it, the world's view of him is wrong.

In recent days, White House officials have made a special effort to argue that Bush has always been concerned about climate change. Moreover, they say, he has long acknowledged that human activity may be a significant factor.

"Perhaps folks have not taken notice of the fact that this is an administration that's been keenly committed both to environmentalism and conservationism from the start," White House spokesman Tony Snow said last week.

Indeed, the climate around global warming in Washington is getting hotter. Members of both parties are scrambling to get ahead of each other — and ahead of public demands — to take measures against the threat.

Apparently concerned that Bush was not perceived as being on the global warming bandwagon, White House officials released an unusual open letter Wednesday contending that "climate change has been a top priority since the president's first year in office."

"Beginning in June 2001, President Bush has consistently acknowledged climate change is occurring and humans are contributing to the problem," said the letter, signed by John Marburger, director of the White House Office of Science and Technology Policy, and James Connaughton, chairman of the White House Council on Environmental Quality.

But the record isn't quite so clear.

The letter cites a June 2001 speech by Bush, quoting him as saying that "we know the surface temperature of the Earth is warming…. There is a natural greenhouse effect that contributes to warming…. And the National Academy of Sciences indicates that the increase is due in large part to human activity."

But the parts of the speech excised or ignored by the letter give a somewhat different impression. For instance, the citation deletes a sentence that asserts that "concentration of greenhouse gases, especially CO2, have increased substantially since the beginning of the Industrial Revolution" — a time frame suggesting that the contemporary world may have played only a small role.

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Moreover, Bush's mention of the National Academy of Sciences was quickly followed by a sentence that cast doubt on the notion of human contribution to climate change. "Yet the academy's report tells us that we do not know how much effect natural fluctuations in climate may have had on warming," Bush said at the time.

"We do not know how fast change will occur or even how some of our actions could impact it," he added.

Critics see such discrepancies as evidence that the White House is trying to take positions on both sides of the debate. "The president is all over the map," said Daniel Becker, a global warming expert with the Sierra Club, an environmental group.

The critics argue that Bush soft-pedaled the issue early in his presidency because of pressure from corporate interests, such as oil companies and operators of coal-fired power plants, that oppose regulation of greenhouse gas emissions. They note his frequent statements that technology is the answer to the problem.

"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on oil," Bush said last month in his State of the Union address. "And these technologies will help us be better stewards of the environment, and they will help us to confront the serious challenge of global climate change."

Last week's release of a United Nations commission report proclaiming that global warming is incontrovertible has put additional pressure on Bush to appear responsive.

However, despite his pledge to devote new funds to research and to support efforts to curb the use of gasoline, critics remain unconvinced that Bush truly intends to confront longtime business allies.

Bush's latest pronouncements suggest that he is no longer ignoring the problem, Becker said, but also that he is still not committed to acting.

Critics say that Bush has repeatedly pledged to take action on climate change, only to backtrack.

The pattern began, they say, in Saginaw, Mich., on Sept. 29, 2000, during Bush's first presidential campaign. While calling for greater production of oil and natural gas, and more coal mining to reduce the reliance on foreign oil, he also said that "with the help of Congress, environmental groups and industry, we will require all power plants to meet clean-air standards in order to reduce emissions of sulfur dioxide, nitrogen oxide, mercury and carbon dioxide within a reasonable period of time."

Six months later, as president, Bush stepped away from that pledge, saying he had decided not to regulate carbon dioxide emissions from power plants out of concern that doing so could increase already high energy prices.

But perhaps the defining moment came in June 2001, when he declared the Kyoto Protocol — the United Nations' consensus document on climate change — "fatally flawed in fundamental ways" and announced that the United States was withdrawing from the pact. That is the speech his aides are now citing as evidence of his commitment to tackling the problem of global warming.

Kyoto "would have been economically ruinous and would have thrown a lot of people out of work," Snow said last week. "The president instead has aggressively pursued ways of trying to clean the environment that don't have to make people lose their jobs, and … at the same time, proceed on all the major areas where pollution is concerned."

The Kyoto agreement, completed in 1997, proposed carbon dioxide emission caps for the 35 richest countries. President Clinton signed it but never submitted it to the Senate, where it would have faced certain defeat from lawmakers concerned about the protocol's impact on the U.S. economy and irked that it did little to curb emissions from such large developing nations as China and India.

Bush in effect erased Clinton's signature, removing the United States from any obligation to meet the pact's emissions-reduction goals even without Senate ratification.

At the same time, Bush sought to blame global warming on "a natural greenhouse effect," suggesting it wasn't primarily caused by human activity. And, though acknowledging that limiting emissions was one way to stabilize concentrations of greenhouse gases, he immediately raised issues with such an approach, saying, "A growing population requires more energy to heat and cool our homes, more gas to drive our cars."

Whether White House officials succeed in their campaign to paint the president as a leader in battling global warming may, at this point, make little difference. The energy on the issue has moved to Congress, where the Democrats — now the majority in both chambers — and prominent Republicans are pressing ahead with an agenda that may depend little on Bush.

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"For years we have been frustrated by the lack of recognition, much less cooperation, on the part of the administration in addressing this issue," said Sen. John McCain (R-Ariz.), a potential presidential candidate in 2008. "Hopefully, we have now turned the corner, in that there is finally recognition that the debate is over."

T.R.? He's No T.R. (NYT)

The New York Times, February 11, 2007

Whenever President Bush is being hammered for his environmental policies, as he has been recently for his timid approach to global warming, he heads for a national park to reveal a hidden kinship with nature and, in effect, to promise a new day.

He did so again last week, visiting Shenandoah National Park to announce a sizable increase in the National Park Service's budget. The photo op elicited suggestions from Interior Secretary Dirk Kempthorne that Mr. Bush was somehow channeling Teddy Roosevelt. From Tony Snow, the White House spokesman and resident fantasist, it prompted the incredible claim that Mr. Bush had in fact been "keenly committed both to environmentalism and conservationism from the start."

From the start? The choice Mr. Bush faced on the day he took office was between two competing Republican approaches to environmental matters — the callous disregard for the country's natural resources displayed during the Reagan years and the responsible stewardship of those same resources associated with Theodore Roosevelt. Mr. Bush unhesitatingly chose the former.

The result was an across-the-board antiregulatory crusade aimed not only at undoing Bill Clinton's environmental legacy but also at weakening bedrock economic law stretching back to Richard Nixon. It was orchestrated by the ideologues and industry lobbyists whom Mr. Bush and Vice President Dick Cheney installed in nearly every important position where environmental policy is made. The one exception was Christie Whitman, who finally tired of being told to do industry's bidding and retired to private life after two uncomfortable years as boss of the Environmental Protection Agency.

It is impossible to find Teddy Roosevelt's ghost in any of this. One suspects, for instance, that Roosevelt would have tried much harder to protect fragile landscapes than the Bush administration has in its frantic drive for more oil and gas resources in the Rocky Mountains. One suspects — knows, even — that Roosevelt, who started the national wildlife refuge system, would not have pushed for oil drilling in the Arctic National Wildlife Refuge.

Similarly, Roosevelt would not have declared — as Gale Norton, Mr. Kempthorne's immediate predecessor, did in 2003 — that America had already acquired enough protected wilderness; he would have demanded more. He would not have rolled back, as Ms. Norton did, environmental rules governing mining for gold, copper and lead. He would not have countenanced the demolition job that Mr. Bush's Forest Service has done on the web of forest protections it inherited from previous administrations. He would not have tried to scuttle one of the most important acts of environmental stewardship in many years, Mr. Clinton's roadless rule, which made 58.5 million acres of the national forests off limits to new road building and development.

And Roosevelt would certainly have kept his word. Mr. Bush made three big promises in this area in the 2000 campaign. One was to regulate emissions of carbon dioxide, the main global warming gas. He reneged on that one almost immediately. The second was to finance the federal government's core open space program, the Land and Water Conservation Fund, at its annual authorized level of $900 million. He has shortchanged it badly every year and this year he is asking for $85 million.

The third promise was to put more money into the national parks. Here history may give Mr. Bush higher marks, thanks largely to the entreaties of Mr. Kempthorne, who pressed for and received a commitment of $258 million in new spending this year and a guarantee of $1 billion over 10 years. The parks have been starved for years (and not just by this administration), and people who care about them have every reason to be pleased by the prospect of a substantial increase in the budget.

We can also hope, of course, that this represents a turnaround in Mr. Bush's thinking, and that in the next two years he will offer up an energy policy focused more on new technologies and conservation and less on the old extractive industries; a public lands policy that spares our last wild places; a meaningful strategy for global warming; and on and on into a Rooseveltian future. But neither gratitude for a few extra dollars for the parks nor our stubborn belief in the possibility of redemption should blind us to six years of bad policies.

Wash Your Hands! (WP)

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The Washington Post, February 11, 2007

THE RECENT discovery that turkeys on a British farm were infected with the H5N1 "bird flu" virus was, as bad news goes, auspiciously timed. Just before the turkeys once again focused attention on the fast-moving virus, the U.S. Centers for Disease Control and Prevention released interim guidelines detailing what states and localities could do to cope with a pandemic of a dangerous form of influenza -- the sort of outbreak that a mutated form of H5N1 could spark.

The CDC's guidelines instruct American communities on how they might slow the spread of a bad flu in the absence of viable drugs or vaccines. Such rules are desperately needed. Last September, a group of international experts on pandemic preparedness concluded that it was likely that vaccines would prove ineffective against mutated forms of the virus. Tamiflu can lessen the severity of flu symptoms but does not eliminate the virus. Meanwhile, efforts to shorten the time required to formulate new vaccines when a virus mutates still face years of research. So if a pandemic strain arrived in the United States tomorrow, the country's best tools might turn out to be old-fashioned technologies and techniques of the sort listed in the CDC report, such as quarantines and public information campaigns promoting proper hygiene.

Not everyone in the public health world welcomed some of the more extreme guidelines. The CDC's proposal to shut down schools for three months in the case of a severe outbreak is generating resistance from scientists who claim that the tactic is not as effective as the CDC says it is. Others point out that the guidelines, which advise people to avoid crowded spaces such as train cars or offices, do not address the needs of poorer Americans (among others) who must take public transportation or who can't telecommute. As the CDC gathers comment and updates its interim guidelines, it must consider how state and local governments might deal with the potentially massive social costs of school closures and work stoppages.

FBI/DEA/ATF/USMS:

Will L.A.'s Strategy To Battle Gangs Work? (LAT)

By Richard Winton And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, February 11, 2007

Experts suggest police crackdowns do only half the job. One plan calls for a mix of programs designed to 'hold and build' neighborhoods.

Every few years, an act of gang violence rises above the rest, sparking outrage across Los Angeles and vows to finally conquer the gang problem.

When Karen Toshima was killed by gang crossfire in Westwood Village in 1988, then-Police Chief Daryl F. Gates intensified Operation Hammer. The gang sweeps yielded thousands of arrests but also generated much criticism about mistreatment by officers.

The 1995 killing of 3-year-old Stephanie Kuhen when her family drove onto a dead-end street in Cypress Park resulted in another gang crackdown.

When William J. Bratton became chief in 2002, he was faced with a string of 20 gang shootings — including the death of 14-year-old Clive Jackson. He declared war on gangs, referring to them as domestic terrorists.

Last week, he and Mayor Antonio Villaraigosa declared war again — the inspiration this time the racially motivated killing of Cheryl Green, a 14-year-old African American, by members of a Latino gang in the Harbor Gateway neighborhood.

The new crackdown — targeting 11 gangs — might suggest that the Los Angeles Police Department is trying again where it has failed before.

But it's more complex than that. Though gang crimes jumped 14% in 2006, they are down significantly from the early 1990s and even more compared with the mid-1980s. According to LAPD statistics, there were 7,714 gang crimes last year, compared with 10,945 in 1995.

"What we are doing is no different than what we have been doing. As a Police Department we have always been assertive, very aggressive in going at gangs," Bratton said. "What we are doing with this effort — it's more comprehensive."

But what some critics of the crackdown find familiar is the race to respond to a killing that garners news media attention and public outrage — an approach they say is not always comprehensive or effective.

"It is the same prescription every time they have a major event," said Malcolm Klein, a veteran gang sociologist and USC professor emeritus. "Gangs are defined as a crime problem and not a community problem. This is old fashioned suppression in a new guise, and where is the proof that has worked?"

He noted that since 1980, when gang slayings topped 200 in Los Angeles, the city has focused most of its gang response on policing.

A month ago, Connie Rice, director of the Advancement Project in Los Angeles, produced a comprehensive plan for the city to overhaul gang intervention programs and try to use means other than law enforcement to address its 39,000 gang members.

Rice proposes what she calls a Marshall Plan of sorts that would mix law enforcement with gang intervention and job programs, community outreach and newly created community oversight groups.

It would focus initially on 12 so-called hot zones around the city. Gang prevention efforts now cost the city $82 million a year, but the report called for as much as $1 billion to be spent over the first 18 months.

Rice said past LAPD gang suppression efforts have worked in some neighborhoods, but only for a short time. The city, she said, has always failed to follow up with programs to keep the gangs out.

"The surges of police activity work, and they may even work for months or years," Rice said. "But eventually, three years later, another [gang] set comes in."

She likened the situation to the U.S.-led invasion of Iraq, where troops quickly routed the enemy, only to see a lack of proper planning lead to chaos.

"The LAPD knows how to surge and purge," Rice said. But "after the LAPD clears out a neighborhood, we don't know how to hold and build."

Rice and Klein said the city's response to the Stephanie Kuhen shooting in Cypress Park by the Avenues gang highlights the problem.

In the wake of the killing, the city created the L.A. Bridges after-school program, but it has not done what was required, Rice said. The program budgeted for $26 million last year reaches only 5% of gang members and 2% of children in neighborhoods with high gang activity, and is not keeping enough young people out of gangs, she said.

Cheryl Maxson, a UC Irvine criminologist and gang expert, said the problem is that the LAPD can move much faster than gang intervention groups.

"The program community, the interventionists, are not able to mobilize as quickly as LAPD, so law enforcement has taken the lead on gangs for decades," she said. "So the city goes with strategic suppression."

Bratton, however, is quick to point out that LAPD efforts over the last four years have yielded results.

"In 2002, 2003 we had a similar initiative. [Before then] we had had three straight years of growing crime in the city. Gang violence in particular," he said. "We put in new resources. That year, we had a 23% decline in homicides throughout the city. About 20% of that decline, over 100 fewer murders, were in the South Bureau."

The latest plan calls for 200 extra officers to target the 11 gangs, a new South L.A. gang homicide bureau and an LAPD gang coordinator.

Villaraigosa said the plan, which identifies gangs by name, represents a more direct approach to the problem, learning from past mistakes.

"Part of what dynamic leadership is all about … is you are constantly evaluating what works and what doesn't," he said, adding that he also wants to boost gang-intervention programs.

The police crackdown has met with general support from community activists in some gang-plagued neighborhoods, who say they have been begging the city for years to make their areas safer.

But aggressive gang crackdowns have generated criticism in the past over heavy-handed tactics.

Efforts in the 1980s were widely seen as excessive, symbolized by police use of a tank-like battering ram to smash into suspected gang houses. In 1988, police ripped apart apartments on Dalton Street looking for gangs and drugs — but later admitted they had the wrong places.

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A decade later, gang enforcement efforts were further tarnished by the Rampart scandal. Caught in a dope-stealing allegation, then-Officer Rafael Perez revealed that dozens of officers, many in the elite area gang unit, were making false arrests, giving perjured testimony and framing suspects.

Then-Chief Bernard C. Parks, now a city councilman, disbanded the anti-gang units. Subsequently, the U.S. Justice Department forced the LAPD and city into a consent decree with oversight of the department continuing today. Tough rules govern the gang units now in use, and there are audits and constant monitoring.

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(INFOBOX BELOW)

Anti-gang efforts

Here are some defining moments in the Los Angeles Police Department's long — and at times controversial — fight against street gangs.

• 1985: The LAPD started using a tank-like battering ram to enter suspected gang and drug houses. The Times reported: "Police Chief Daryl F. Gates was so proud of the event that he personally christened the new tank and then rode inside it, while cameras rolled, as it did its dirty work."

• 1988: Eighty-eight LAPD officers stormed two apartment houses at Dalton Avenue and 39th Street, near the Coliseum. The officers broke windows, smashed walls, ceilings and furniture with sledgehammers and battering rams and ripped out sinks and toilets. Apparently, they had the wrong apartments. The city paid more than $4 million in settlements.

• 1988: The LAPD launched Operation Hammer, anti-gang sweeps that resulted in tens of thousands of arrests. Many blacks and Latinos said the effort amounted to racial harassment. On one night, officers in Operation Hammer arrested 1,453 people — 1,350 of whom were released with no charges filed.

• 1994: In the wake of riots in 1992, several major gangs agreed to truces, which appeared to reduce killings in some neighborhoods, but in many cases the results were short-lived.

• 1995: The LAPD and other agencies launched what was described as the "largest street gang crackdown of its kind in Los Angeles history." In two weeks, only 69 people had been arrested by the 800-member task force.

• 1997: Law enforcement agencies won a sweeping, first-of-its-kind injunction aimed at the heart of the notorious 18th Street gang's domain, a crowded and crime-plagued square-mile area west of downtown where the group had emerged more than 30 years ago.

• 1998: Crime in Los Angeles dropped to the lowest level in more than two decades.

• 1999: The Rampart scandal erupted, with accusations of criminal behavior by members of the LAPD's anti-gang detail.

• 2002: Mayor James K. Hahn and Los Angeles Police Chief William J. Bratton announced an "all-out assault" on the city's street gangs, with plans to use the same tactics that crippled organized crime to pursue gang members.

IMMIGRATION:

A Town That Wants Illegal Immigrants (LAT)

By Gregory Rodriguez

The Los Angeles Times, February 11, 2007

Lindsay, Calif. — THE IMMIGRATION debate can get pretty sloppy and emotional in the abstract, but not here in this Central Valley town that can't afford to let simplistic rhetoric overshadow facts. Last month's devastating citrus freeze has put Lindsay, population 11,185, in dire economic straits; but its pragmatic response to the crisis sets an example for the rest of the nation.

The packing houses here in the heart of California's citrus belt are generally hopping the first week of February. In a normal year, the two LoBue Bros. plants would be open 50 to 60 hours a week, employing 230 workers and processing up to 7,000 bins

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of oranges. But after last month's freeze, the third since 1990, LoBue is operating at quarter speed. One plant is shut down, and the other is running just 20 hours a week. About 60% of the employees are off work.

After the first of March, there will be a brief spurt of activity, when agricultural officials determine which remaining oranges are frost-free and good enough to go to market. But by mid-April, when the good fruit runs out, all activity, from picking to trucking, will stop, and there will be no more work until late October. If workers leave town — and if those who stay are jobless — the city's economy will collapse.

Seeking to avert an economic meltdown, officials have come up with an innovative plan to not only address joblessness but to keep the workforce from abandoning the town. Invoking the memory of Franklin D. Roosevelt's Depression-era Works Projects Administration, the city's elected officials — all of whom are Republicans — are seeking federal aid to put the idle labor force to work on local improvement efforts.

The fact that a large-yet-undetermined percentage of farm laborers — particularly pickers — are illegal immigrants does not deter local officials from seeking aid for them. Unlike other parts of the U.S. where undocumented immigration is a divisive issue, in Lindsay it is a matter of economic survival.

In a city-owned youth club on Sweetbriar Avenue, officials and local nonprofits have set up the Lindsay Freeze Relief Center, where displaced workers can apply for food, clothing, rental and utility assistance, as well as for temporary employment. In its first week of operation, more than 1,200 workers applied. Last Tuesday afternoon, I watched a stream of Mexican immigrants stroll into the center, some with children in tow, looking for assistance.

Longtime Lindsay residents who have raised children here were likely to say that they would weather the hardship no matter what. But recent immigrants said they would leave if they didn't find work soon. "I'm thinking of leaving," said 27-year old Maria Cisneros from the Mexican state of Michoacan. Where to? "Wherever there's work," she replied.

Growers and labor contractors will tell you that the area can't afford to lose more workers. Some say that the current farm labor shortage — of as much as 50% — made the effects of last month's freeze worse than it otherwise would have been. The recent crackdown on the border is being felt in this corner of the Central Valley.

"If we had more workers, we could have picked up to 75% of the crop," said Lindsay-born labor contractor Alice Gutierrez. Growers had a week's notice that the freeze, which caused an estimated $418 million in damage in Tulare County alone, was imminent.

Lindsay Mayor Ed Murray says the worst-case scenario is that the town could lose up to 30% of its labor force. "Regardless of whether they're legal or illegal, it's imperative that we have workers here for next year's harvest," he said. Murray hopes that the federal government will find a way to not only aid his town's residents in the short term but to legalize the undocumented.

Given the divisiveness of the national debate, it is remarkable how many people here recognize the need for the workers who have come to this country illegally. Perhaps not surprisingly, business people, who already are feeling the pain of the freeze, are most likely to make the case.

"It helps all of us," said 71-year-old Bill Martin, who owns a tire shop in town. "I don't particularly care for illegal people in the U.S., but if they come in and want to buy a tire, I'll accommodate them. If you don't have people come, you won't get the fruit picked. And if the fruit doesn't get picked, nobody will have money to buy anything."

Of course, Lindsay is not the only town to try to soften the blow to farmworkers. But what makes its response extraordinary is that city officials are not just looking to solve residents' or employers' immediate needs. They have identified seven public works projects that could benefit from temporary labor — from building a new soccer field to clearing alleyways and constructing a library.

"We're trying to be farsighted about this and improve the community in the long term," said Kindon Meik, the city's personnel director. "When people invest their labor, they are more vested in the town."

I suspect that much of Lindsay's innovative spirit comes from the knowledge that it has survived much worse. In 1992 — two years after a catastrophic freeze — residents gathered in a local park to bury a coffin containing symbols of the town's financial troubles.

That decade, Lindsay saw its share of white flight and the complete ethnic transformation of the population, which is now 78% Latino. But today, it is clear that the town has thus far survived the transition, and three of five City Council members are

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Mexican American. Consequently, race doesn't appear to play a big role in the city's approach to issues, including immigration. And so, stripped of the racial and broader ideological implications of the problem before them, Lindsay officials are free to do what they think is right for their little town. Or as citrus grower and Tulare County Supervisor Allen Ishida put it, "We don't have the luxury of not being practical."

CONGRESS-ADMINISTRATION:

Bush Seeks Teacher Merit-pay Funds (WT)

By Amy Fagan

The Washington Times, February 11, 2007

President Bush wants more money in the 2008 budget for a fund that encourages performance-based pay systems for teachers -- a request that will no doubt feed into the larger debate on Capitol Hill about how best to attract, create and retain effective teachers.

The administration is asking for $199 million for its Teacher Incentive Fund, which was created in 2006. The fund provides financial incentives for teachers and principals who improve student achievement in high-poverty schools and helps to recruit top teachers to these schools. Rewards are left up to the states to decide and can include bonuses or raises.

The fund received $99 million in 2006. In November, the administration awarded the first 16 grants -- totaling a little more than $40 million -- to school districts across the country, including Washington, D.C.; Chicago; Memphis, Tenn.; and Philadelphia.

The administration requested an additional $99 million for the program for 2007, but in the interest of belt-tightening, the House essentially zeroed out funding for it in the recently passed fiscal 2007 funding package. That measure has yet to pass in the Senate, so the White House and some Republicans are working hard to get the money.

Education Secretary Margaret Spellings said last week that there is a consensus about using compensation "to make sure our best teachers are in our most challenging" schools nationwide.

"We think that is a sound principle," she said, adding, "I think we'll have a lot of discussion about how our teachers are rewarded for doing the best work."

The top teachers union has criticized the fund.

Reg Weaver, president of the National Education Association, recently said the setup "is nothing more than a merit-pay system, and merit pay hasn't worked wherever it has been tried, for the most part."

Far from spurring teachers on to greater effectiveness, extra bonuses for some and not others simply "creates tension" between teachers and kills any teamwork, he said.

"It doesn't work and it's not going to do anything to attract and retain quality teachers," Mr. Weaver said. What will work is getting teachers involved in the decision-making process, giving them a safe and orderly school and a decent salary, he said.

The issue will be front and center as lawmakers work this year to renew the No Child Left Behind Act and pass the Higher Education Act.

Sen. Edward M. Kennedy, Massachusetts Democrat, and Rep. George Miller, California Democrat, have crafted a comprehensive bill to improve teacher quality. Included in it is a grant initiative to encourage high-needs schools to implement teacher-incentive programs.

However, their plan would require the financial rewards to be based not just on student test scores, but on broad criteria, including whether the teacher takes on a leadership or mentorship role with other teachers. Each performance-based setup would have to be approved by the local teachers union as well.

Most public school teachers are paid based on years of experience. Merit-based pay systems for teachers are scattered throughout the country, and are more common in private and charter schools than in public schools.

Some recent studies have indicated positive results.

The University of Arkansas examined a Little Rock elementary school that gave bonuses to teachers based on their students' test scores. The study found that math scores rose more in that school than in similar schools in Little Rock that didn't

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implement such merit systems. Students in the school where teachers received bonuses made gains over the other students equivalent to a 6 percentile or 7 percentile jump for a student who started at the 50th percentile.

"It's a pretty substantial gain," said Marcus Winters, a senior research associate at the Manhattan Institute, which was involved with the study.

A broader study released recently by University of Florida economics professors examined about 500 public and private high schools and found that having any salary incentive was associated with a 1.3 point to 2.1 point rise in test scores. It also found merit-pay programs were more effective if they targeted just a few teachers for rewards.

But researchers say more studies must be done to fully determine the effectiveness of such programs.

"I know we're not done evaluating nationwide," Mr. Winters said.

Broad Voucher Plan Is Approved In Utah (NYT/AP)

The New York Times, February 11, 2007

SALT LAKE CITY, Feb. 10 (AP) — The Utah State Legislature approved one of the broadest school voucher programs in the nation on Friday, allotting up to $3,000 for any public school student to put toward private school tuition.

Voucher programs in the handful of other states that have them are generally intended for poor families or students attending schools that have poor academic records. There will be no such restrictions in Utah, which has the largest class sizes in the country and until now has spent less per student than any other state.

The Senate approved the bill 19 to 10 on Friday, a week after the House endorsed it by a single vote, 38 to 37. Both chambers are controlled by Republicans. Gov. Jon Huntsman Jr., a Republican whose children attend public schools, has said he will sign the bill into law.

The vouchers will be open to all of the state's 512,000 public school students. The amount will depend on family income, but even wealthy families would be eligible for at least $500 per child. Students already in private schools would not be eligible.

The plan, which will go into effect this fall, is expected to cost $9.3 million in its first year and $327 million over 12 years. Utah has a $1.6 billion budget surplus. Public schools that lose enrollment because of the program will still get a portion of state financing for five years after each student departs.

The bill's sponsor, Representative Stephen H. Urquhart, a Republican, said public schools would not be shortchanged. In Utah, income taxes must pay for public education. The money for vouchers would come from the state's general fund, which pays for all other state programs.

Nearly every education organization in the state, especially the teachers union, opposes the program, saying tax money should not be spent at private schools.

"This has nothing to do about educating children," said Senator Gene Davis, a Democrat. "It's about taking taxpayer dollars and giving them to private industry."

Critics Question Education Department's Screening (NYT)

By Jonathan D. Glater

The New York Times, February 11, 2007

As a condition of his work for the federal government, Andrew A. Zucker was willing to be fingerprinted and provide an employment history. But then he was asked to let federal investigators examine his financial and medical records, and interview his doctors.

Dr. Zucker was not tracking terrorists or even emptying the trash at the Pentagon. He was studying how to best teach science to middle school students. He was stunned at the breadth of the request for information.

"To me, personally, it's shocking," said Dr. Zucker, who worked for a contractor doing research for the Education Department. He withdrew from the job.

For about a year, contractors say, the department has been requiring employees of the thousands of contractors it hires — many of them academic researchers like Dr. Zucker — to go through a level of security screening usually reserved for those working with very sensitive information.

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Katherine McLane, a department spokeswoman, said the scrutiny was warranted because her agency had access to databases with financial data and other information, including names and social security numbers of students or of applicants to colleges or other programs. "We want to make sure that the people who handle and have access to this information are responsible, reliable and trustworthy," Ms. McLane said.

The policy is prompting critics to question when a prudent background investigation becomes an invasion of privacy. About 100 researchers, including Dr. Zucker, have signed an open letter of protest to Margaret Spellings, the secretary of education, calling the quest for information "far beyond bounds of reason, necessity, and decency."

Others echo the protests.

"These requirements have very little connection with the work that we do," said Michael Knapp, director of the Center for Study of Teaching and Policy at the University of Washington.

Mr. Knapp, a former Education Department contractor, called the policy "an example of going overboard."

Gerald Sroufe, director of government relations for the American Educational Research Association, which represents about 25,000 people, most at universities or research organizations and companies, said, "Our concern is really whether or not all the measures that have been introduced are necessary."

But Ed Elmendorf, senior vice president for government relations at the American Association of State Colleges and Universities, said criminal record checks, which are considerably less invasive than the screening required by the Education Department, are becoming "pretty much a standard operating procedure" at many public academic institutions.

Still, efforts to put criminal record checks in place have met with resistance. Some faculty members protested when the chancellor of the University of Georgia said recently that new hires would be required to undergo a criminal record check.

Although some federal agencies like the Departments of Defense and Homeland Security routinely seek detailed personal information from contractors considered for classified work, others generally do not, unless the contractors are expected to work in federal buildings or have access to federal databases.

At the Agriculture Department, Boyd Rutherford, the assistant secretary for administration, said that if contractors were not in a position of public trust, the department was not asking for a detailed screening. He said that positions of public trust would include those that allowed a contractor access to areas like government information technology.

At the Department of Health and Human Services, which includes the National Institutes of Health, the intensity of background screening also turns on access, said Bill Hall, a spokesman. The lowest-level screening requires running fingerprints through the Federal Bureau of Investigation, performing a criminal records check and determining whether someone had undergone a background check with another government agency.

Ms. McLane, the Education Department spokeswoman, acknowledged that her agency's policy may be stricter than others, but she defended it, saying the department "takes very seriously its responsibility to safeguard information and maintains strong systems that protect confidential data."

Dr. Zucker, a Harvard-trained educator, was a consultant for a subcontractor on a Pennsylvania State University contract with the Education Department. He was developing a procedure to study methods of teaching middle-school science. "I was just designing a study, so I had no access to data because there was no data," he said.

Kyle L. Peck, associate dean at the College of Education at Penn State, said Dr. Zucker would have been comparing test scores of students taught using one method with scores of those taught using another. The data would not necessarily have identified individual students.

Dr. Zucker said he would not have had access to any databases that would identify individual students. He also did not work in a federal building.

"On the one hand, it makes sense," Dr. Peck said of the screening. "On the other hand, we have institutional review processes that govern educational research that protect the confidentiality, and, I think, make this additional level of security clearance unnecessary."

Many employees asked for information by the Education Department were academics like Dr. Zucker. In some instances, the agency has backed down when its policy was challenged. When Dr. Zucker protested, he said the department excused him from providing access to his medical and financial records.

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But Dr. Zucker still had reservations about other information the agency required and stopped work on the project.

"I had worked on many Department of Education contracts before," he said, "and other federal contracts from other agencies, and I have 20 years of experience or more in the business, and I had never seen or heard of anything like this."

Bush's Proposed Health-Care Cuts Get Mixed Reviews (WP)

By Christopher Lee, Lori Montgomery

The Washington Post, February 11, 2007

Depending on whom you ask, the budget that President Bush proposed last week will save or sink Medicare and Medicaid, two popular programs that, along with Social Security, threaten to swamp the federal budget as the baby-boom generation retires.

Bush, citing the need for fiscal responsibility, proposed reducing by $101 billion over five years the spending growth of the two health programs, which serve 93 million people and will cost the government $564 billion this year. One of his most controversial ideas is to charge wealthier seniors higher Medicare premiums for the second time in the program's 41-year history.

Budget experts call the plan one of the most significant efforts in years to rein in federal spending on entitlement programs. But health-care providers and advocates for beneficiaries call the proposed cuts arbitrary and say they would exact an unaffordable toll on a big part of the nation's health-care system.

"It is very, very significant that they're willing to put on the table some specific proposals," said Comptroller General David M. Walker, who frequently warns of the government's troubled long-term fiscal outlook.

Stuart M. Butler, a budget expert at the conservative Heritage Foundation, said, "It's the only way forward in dealing with a huge unfunded obligation that right now is being left in the lap of our children and grandchildren."

Others see the proposals as likely to do more harm than good, and many congressional Democrats have accused Bush of trying to pay for the Iraq war and his signature tax cuts by reducing health care for elderly and poor Americans.

"There are problems in terms of future financing of Medicare, and those need to be dealt with in a comprehensive way," said Charles N. Kahn III, president of the Federation of American Hospitals. "To think we're going to solve all those problems by simply saying, 'We're not going to pay those who provide service what we need to pay them' is more than problematic. . . . This has more to do with the balanced budget and other things than it does with the preservation of Medicare."

Senate Finance Committee Chairman Max Baucus (D-Mont.) said the Bush plan does nothing to address the underlying causes of the financial woes of Medicare and Medicaid -- rising health-care costs.

"I know it's difficult, but the administration would be doing this country a much greater service by finding ways to lower the underlying costs of Medicare and Medicaid, rather than just lopping off the top," Baucus said. "These costs will just get transferred somewhere else -- emergency rooms or uncompensated care."

Some of the institutions affected most would be hospitals, nursing homes, home health agencies and other providers, whose Medicare payments would be more than $61 billion lower than anticipated over five years (although still higher overall). Bush also proposes automatic across-the-board cuts in provider payments if Medicare spending reaches certain levels for two consecutive years. His budget would not forestall a planned 10 percent cut in Medicare payments to doctors next year.

Bruce Yarwood, president of the American Health Care Association, said the 9,000 nursing homes he represents would receive about $10 billion less than anticipated over five years.

"We'll squeeze, cut and trim administrative costs," he said. "You take a look at your staffing patterns, and rather than four people on the night shift you have three. And rather than seven or eight on the day shift you have six. You take a look at your maintenance crew; you say, 'Rather than mow the lawn every week, I'll mow it every two weeks,' so you lay off a maintenance guy."

David L. Elliott, 74, a retired professor who relies on Medicare, said he worries that Bush's cuts eventually will drive more health-care providers out of the program.

"Medicare currently is underpaying doctors and hospitals, and it's not clear how long they can stand it," the College Park resident said. "Some doctors already are refusing Medicare patients. And this is going to continue."

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Since Medicare's inception, beneficiaries have generally paid the same amount for coverage regardless of income, but some experts say that is now unsustainable. The problem was made worse when the GOP-controlled Congress added a prescription drug benefit in 2003, which is expected to cost $38 billion this year.

A little-noticed section of that law, however, for the first time required the more affluent to pay higher premiums. Starting this year, about 1.5 million beneficiaries with incomes of more than $80,000 annually ($160,000 for couples) pay monthly premiums of $106 to $162.10 for Medicare Part B coverage for physician services, up from the standard premium of $93.50.

The Bush budget would no longer adjust the income thresholds annually by inflation. And it would tie drug benefit premiums to income starting next year, a move that would affect 1.1 million beneficiaries, the Centers for Medicare and Medicaid Services calculates. The changes would save more than $10 billion over five years.

Budget hawks say Democrats should swallow hard and sign on.

"I know Democrats are reluctant and resistant and don't like the concept, but they have to scale back the federal commitment in some way," said Robert L. Bixby, executive director of the nonprofit Concord Coalition, which advocates reducing the federal deficit. "This does so in a progressive way, which is a principle the Democrats should be able to support."

But many seniors and their advocates, including the AARP, say an income test is unfair and threatens to make Medicare a welfare program instead of a broadly supported social insurance effort. Some point out that higher-income seniors already paid more in the form of higher Medicare payroll taxes during their working lives.

"I look at it as a tax increase," said Melville, N.Y., resident Sam Gross, 79, a retired accounting firm partner who pays the higher premiums.

Democrats have said they are not willing to accept cuts to Medicare and other entitlement programs unless the administration shows a willingness to raise revenues as well. Ultimately, however, treating beneficiaries differently based on income "does have to be part of the solution," Senate Budget Committee Chairman Kent Conrad (D-N.D.) said in an interview taped for C-SPAN and scheduled to air this weekend.

In Medicaid, which serves the poor and disabled, Bush proposes to trim spending growth by nearly $26 billion over five years through measures such as altering how the program pays for drugs and eliminating funding for graduate medical education in teaching hospitals. That would be a big blow for the nation's 800 teaching hospitals, said Richard M. Knapp, executive vice president of the Association of American Medical Colleges.

"We already struggle with our payments from Medicaid," Knapp said. "Major teaching hospitals have the lowest operating margins of all the hospitals in the country, and this would just add to that problem."

The White House argues that the proposals are not draconian. Medicare and Medicaid would account for about $596 billion in federal spending next year, up 5.7 percent. Medicare's average annual spending growth rate over the next five years would slow from 6.5 to 5.6 percent, while Medicaid's would be above 7 percent.

Happy Talk In Bush's Budget (WP)

By David S. Broder

The Washington Post, February 11, 2007

Experience has taught us that the Bush administration's budget cannot be judged by its cover -- or by the cover letter the president puts at the start of each year's volume.

The message he released last week was headlined by the Page 1 declaration that "the Budget I am presenting achieves balance by 2012."

It would be wonderful were deficits to disappear -- if only it were true. But on the final page of the document, in Table S-10 on Page 172, one learns the disturbing truth. In fiscal 2012, the president's target year, the gross federal debt will -- by his own estimate -- grow by $372 billion.

How can this be? Well, the Page 1 claim is achieved by ignoring or minimizing a bunch of real-world challenges. For example, the president proposes just a one-year patch for the growing problem of the alternative minimum tax, which is whacking more and more middle-class families who thought they were beneficiaries of the Bush tax cuts. The one-year fix would cost the Treasury $47.9 billion, but no revenue is lost in the next four years -- because Bush just ignores the problem.

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Similarly, he assumes that the cost of the Iraq and Afghanistan wars will drop dramatically from $142 billion next year to $50 billion the following year.

And he takes advantage of all the arcane bookkeeping rules that exclude major costs and embrace more helpful numbers.

Rep. Jim Cooper of Tennessee, a Democratic crusader for honestly balanced budgets, pointed me to another back-of-the-book table that illustrates the point.

As he noted, Table S-7 shows that the $61 billion surplus Bush claims for 2012 -- using all the gimmicks he can find -- is achieved only by counting on the $248 billion in anticipated Social Security surpluses that year to wipe out the $187 billion deficit rolled up by all the other activities of the federal government.

In other words, Bush is borrowing from Social Security to achieve his budget surplus -- and that money will have to be repaid out of future taxes, or beneficiaries will suffer.

What's sad about this chicanery is that, in some other respects, this budget is an improvement over its predecessors from Bush. Responding to a congressional mandate, he has put the short-term costs of the wars in Iraq and Afghanistan into the regular budget, rather than withholding them until months later and then sending the big bill to Capitol Hill.

Bush also has described, in blunt terms, the dismal financial prospects for Medicare -- premiums will have to increase fivefold to sustain the program unless some way is found to curb health-care inflation. As a start on alleviating that crisis, Bush has proposed $66 billion in savings over the next five years, achieved mainly by trimming payments to providers and boosting premiums for the well-to-do.

Congressional Democrats are screaming even about these modest changes, but the problem is real. Bush would be in a stronger position to secure these savings if he were not pretending that he can balance the budget by 2012 while preserving all his tax cuts.

As Cooper says, "The happy talk from the White House will sap Congress's will to tackle the entitlement issues." The figures in Table S-10 are stark -- and they underline Cooper's warning.

In fiscal 2006, the past year, the total federal debt was $8.45 trillion. In 2012, by Bush's optimistic estimate, it will reach $11.49 trillion. That is $3 trillion of added debt in just six years.

More and more of that debt is held by foreign countries. Another table, buried back on Page 234 of a supplemental volume, shows that the foreign holdings of U.S. government securities have more than doubled in the past five years, going from just over $1 trillion to $2.1 trillion. Japan and China are our largest creditors, increasing their leverage over our economy. And Uncle Sam has become the world's biggest borrower.

That's another fact you won't find anywhere in this budget.

Stem-cell Researchers Look Beyond The Embryo (WT)

By Joyce Howard Price

The Washington Times, February 11, 2007

The medical, moral and political debate over the need for embryonic stem-cell research remains fierce, with multiple medical reports in the past 18 months describing ways to produce disease-treating stem cells without destroying human embryos.

Stem cells are the body's master cells, the basic building blocks from which a person's tissue and organs develop. Scientists say the cells hold promise for treating -- and perhaps curing -- diseases such as Parkinson's, diabetes and cancer.

Proponents of embryonic stem-cell research think these types of cells hold the greatest potential for medical breakthroughs because they have the ability to grow into any type of cell in the body if scientists learn how to direct their development.

But critics of embryonic stem-cell research, including President Bush, say destroying or tampering with a human embryo is immoral.

"We recoil at the idea of growing human beings for spare body parts or creating life for our own convenience," Mr. Bush has said.

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The president and others favor research that involves stem cells from adults and children, which can be obtained without harming the donor. Examples include stem cells taken from bone marrow and other organs and tissue, and from placentas left over from live births.

Some stem-cell researchers and others who closely observe the field think scientists will find viable alternatives to embryonic stem cells that are not morally objectionable.

"I believe we could get the equivalent of embryonic stem cells through technological solutions that do not require the creation and destruction of embryos," said Dr. William B. Hurlbut, a consulting professor at Stanford University's Neuroscience Institute.

"Had we acknowledged this possibility early and put our energies to the task, we would probably have found an answer by now," said Dr. Hurlbut, also a member of the President's Council on Bioethics.

"An alternative is going to happen," said Dr. Markus Grompe, head of the Stem Cell Research Center at Oregon Health and Science University in Portland. He says he uses "mouse embryo stem cells all the time" in his lab work but never human embryonic stem cells because of moral concerns.

B.D. Colen, spokesman for the Harvard Stem Cell Research Institute, is disturbed by the attention being given to those with moral concerns about embryonic stem cells.

"When did we start basing science policy in this country on what are fundamentally religious beliefs?" he asked.

Finding alternatives

A White House report on stem-cell research, released Jan. 9 by the Domestic Policy Council, stated that there should be a way "to create human pluripotent cells," meaning flexible cells such as embryonic stem cells, that "can transform into many or perhaps all of the different cell types in the body in cells derived without embryos."

The report, "Advancing Stem Cell Science Without Destroying Human Life," highlighted "tremendous scientific progress of late in exploring methods of deriving pluripotent stem cells without destroying embryos."

Research developments cited by the White House and other critics of embryonic stem-cell research include:

• On Jan. 7, scientists at Wake Forest University School of Medicine reported that a type of cell found in amniotic fluid has significant versatility in terms of the type of body tissue it can become and could be used to treat a variety of diseases.

The cells, discarded by the developing fetus and retrieved easily during prenatal testing, are easier to control in the laboratory than embryonic stem cells, according to authors of the report, published online in the journal Nature Biotechnology.

• In August 2006, researchers at Advanced Cell Technology (ACT), a California-based firm, reported that they had devised a method to create human embryonic stem cells without harming embryos, They said their technique involved taking a single cell, or blastomere, from a 2-day-old embryo after the fertilized egg divided into eight cells. The researchers said the rest of the embryo could be allowed to grow into a healthy human.

But the White House report charged that the technology ACT deployed "did in fact destroy every one of the human embryos used."

Dr. Robert Lanza, director of research and development at ACT, disagreed.

"The embryo was not harmed or destroyed and remains frozen just like the embryos at in-vitro clinics," he said.

• In March 2006, German researchers disclosed that they had isolated stem cells from the testicles of adult mice that appeared similar to embryonic stem cells. They were optimistic the same type of cells could be extracted from human testicles.

• In October 2005, Dr. Rudolf Jaenisch of the Massachusetts Institute of Technology reported he had produced stem cells with the same capabilities as traditional embryonic stem cells through a process that has come to be known as altered nuclear transfer without cloning.

The technique used in mice relies on deactivating a gene essential for formation of an embryo.

Dr. Jaenisch modified mouse DNA and inserted it into an egg whose own genetic material had been removed. After the altered DNA was inserted, cells began to divide and formed an unorganized clump of cells from which stem cells were then retrieved.

Dr. Hurlbut said the method has been recommended for further exploration in animal studies by the presidential advisory panel on bioethics on which he serves and has been endorsed by 35 religious leaders or groups

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• In August 2005, British scientists announced they had found a way to derive embryoniclike stem cells in umbilical-cord blood.

'An ongoing problem'

But some of the scientists whose work was cited in the White House report complained of misrepresentation by the council, saying they were unhappy that their findings were being used to support arguments that embryonic stem-cell research is unnecessary.

"Our work directly involves the use of human embryonic stem cells," the researchers said in a letter to members of Congress. The scientists urged passage of expanded federal funding for embryonic stem-cell research, which the Bush administration opposes.

"Science works best when scientists can pursue all avenues of research," Story Landis, acting chairwoman of the National Institutes of Health's stem-cell task force, told a Senate committee last month.

"If the cure for Parkinson's disease or juvenile diabetes lay behind one of four doors, wouldn't you want the option to open all four doors at once, instead of just one door?" Miss Landis asked.

"The rhetoric for embryonic stem-cell research is more shrill today than ever, but this research is not panning out," said David Prentice, a senior fellow for life sciences at the Family Research Council, which opposes embryonic stem-cell research.

The development of tumors has been "an ongoing problem" in animal research using embryonic stem cells, according to the White House report and other researchers.

Neurologists at the University of Rochester and Cornell reported in November that brain cells derived from embryonic stem cells dramatically improved the condition of rats with severe Parkinson's-like symptoms. But they said the treatment also caused a significant problem -- the appearance of brain tumors in the rodents.

"In fact, 100 percent of the rats got tumors," said Mr. Prentice, who is familiar with the research. He added that there have been "at least a dozen" cases of animal studies using embryonic stem cells in which 25 percent to 50 percent of the animals developed tumors.

The White House report does support clinical trials using adult stem cells, which it says "have produced encouraging improvements in patients with a range of disorders and diseases, including leukemia, lymphoma, diabetes, advanced kidney cancer and several genetic blood disorders."

Mr. Prentice agrees.

"More than 3,000 patients are better today as a result of heart treatments that relied on the patients' own bone-marrow stem cells," he said.

What's more, about 6,000 patients with conditions such as leukemia and sickle cell anemia have been successfully treated with stem cells from umbilical cord blood, Mr. Prentice said.

Funding the research

In 2001, Mr. Bush announced that federal funds could be awarded for embryonic stem-cell research but using only about 70 cell lines that were in existence at the time.

Since that time, $130 million in federal funding has been used for such research, including $40 million last year alone, Dr. Hurlbut said. Nearly $3 billion in federal funds have been used for all forms of stem-cell research, according to the White House report.

Nothing in the federal policy constrains either private or state funding of embryonic stem-cell research. To date, at least six states -- California, Connecticut, Illinois, Massachusetts, New Jersey and Wisconsin -- have encouraged embryonic stem-cell research or set aside money for it.

In November, voters in Missouri narrowly approved a constitutional amendment that prohibits state officials from banning embryonic stem-cell research. And New Mexico Gov. Bill Richardson, a 2008 Democratic presidential candidate, said he would ask the state legislature to approve a $10 million stem-cell research center at the University of New Mexico. The center would feature research using both embryonic and adult stem cells.

In 2004, California voters approved a ballot measure to allow that state to raise as much as $3 billion through bond sales to fund embryonic stem-cell research.

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"But that $3 billion has been locked up in lawsuits" brought by opponents of embryonic stem-cell research, Dr. Hurlbut said.

Even so, he said, "preliminary grants" for the research "are being distributed," as a result of $150 million Gov. Arnold Schwarzenegger has provided to start the research program and another $40 million in private donations.

The White House Domestic Policy Council report says that "funding [for embryonic stem-cell research] by individual states is expected to add up to several billion dollars in the next few years."

Meanwhile, some in Congress are seeking to end the restrictions on federal funding for embryonic stem-cell research.

The House voted last month to allow federal funding for new stem-cell lines derived from fertility clinic embryos that otherwise would be discarded. The Senate is likely to pass the measure next month. However, Mr. Bush vetoed an identical bill in July and says he will veto it again.

In another development, New York-based NeoStem, a leader in adult stem-cell technology, has opened the nation's first walk-in stem-cell center. It provides patients with adult stem-cell collection and banking services for their use in future medical crises.

Congress Finds Ways To Avoid Lobbyist Limits (NYT)

By David D. Kirkpatrick

The New York Times, February 11, 2007

WASHINGTON, Feb. 10 — The 110th Congress opened with the passage of new rules intended to curb the influence of lobbyists by prohibiting them from treating lawmakers to meals, trips, stadium box seats or the discounted use of private jets.

But it did not take long for lawmakers to find ways to keep having lobbyist-financed fun.

In just the last two months, lawmakers invited lobbyists to help pay for a catalog of outings: lavish birthday parties in a lawmaker's honor ($1,000 a lobbyist), martinis and margaritas at Washington restaurants (at least $1,000), a California wine-tasting tour (all donors welcome), hunting and fishing trips (typically $5,000), weekend golf tournaments ($2,500 and up), a Presidents' Day weekend at Disney World ($5,000), parties in South Beach in Miami ($5,000), concerts by the Who or Bob Seger ($2,500 for two seats), and even Broadway shows like "Mary Poppins" and "The Drowsy Chaperone" (also $2,500 for two).

The lobbyists and their employers typically end up paying for the events, but within the new rules.

Instead of picking up the lawmaker's tab, lobbyists pay a political fund-raising committee set up by the lawmaker. In turn, the committee pays the legislator's way.

Lobbyists and fund-raisers say such trips are becoming increasingly popular, partly as a quirky consequence of the new ethics rules.

By barring lobbyists from mingling with a lawmaker or his staff for the cost of a steak dinner, the restrictions have stirred new demand for pricier tickets to social fund-raising events.

Lobbyists say that the rules might even increase the volume of contributions flowing to Congress from K Street, where many lobbying firms have their offices.

Some lawmakers acknowledge that some fund-raising trips resemble the lobbyist-paid junkets that Congress voted to prohibit.

Jennifer Crider, a spokeswoman for the Democratic Congressional Campaign Committee, said its leaders had decided to stop holding fund-raising events for lobbyists with political action committees because of the seeming inconsistency.

So the committee canceled its annual Colorado ski weekend for lobbyists and lawmakers to raise money for the next campaign. Gone, too, is its Maryland hunting trip with Representative John D. Dingell of Michigan, the avid hunter who is chairman of the House Energy and Commerce Committee.

But other Congressional party campaign committees have not stopped their events, including the Democratic Senatorial Campaign Committee's annual Nantucket weekend for donors who contribute $25,000. And individual lawmakers are still playing host to plenty of events themselves.

Senator Lindsey Graham, a South Carolina Republican who sometimes invites lobbyists to join him for fund-raising hunting trips, called such events an innocuous fact of life.

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"If you are not going to have publicly financed elections and you are getting your support from private individuals — which I believe in — I don't see any problem with having events where private individuals who give you money can talk to you," said Mr. Graham, who like the other senators quoted in this article voted for the ethics reform. He added, "Hunting is a very popular attraction in South Carolina."

Representatives John R. Kuhl Jr. of New York and Greg Walden of Oregon, both Republicans, each recently invited lobbyists to a rock concert by Bob Seger and the Silver Bullet Band. And three Republican lawmakers, Mr. Walden and Representatives Darrell Issa and Mary Bono of California, have invited lobbyists to join them next month at a Who concert in Washington.

"They're her favorite rock 'n' roll band," said Frank Cullen, Ms. Bono's chief of staff.

Among Democrats, Senator Thomas R. Carper of Delaware recently returned from his annual ski trip to the Ritz-Carlton Bachelor Gulch in Beaver Creek, Colo. Senator Max Baucus, a Montana Democrat, just got back from a skiing and snowmobiling trip to his state and has planned two golfing and fly-fishing weekends as well. Expeditions of lobbyists attend each trip. The top prices for the events are meant for lobbyists with political action committees.

Meredith McGehee, policy director of the Campaign Legal Center, which advocates for tighter campaign finance rules, said that organizing a fund-raising trip was not the same as accepting a free vacation. But she added: "At the end of the day, it is the same thing."

Representative Eric Cantor, a Virginia Republican famous on K Street for his annual fund-raising weekends in Beverly Hills and South Beach, has recently invited lobbyists to join him for some expensive cups of coffee. A $2,500 contribution from a lobbyist's political action committee entitles the company's lobbyist to join Mr. Cantor at a Starbucks near his Capitol Hill office four times this spring.

"What's next? Come help me pick up my dry cleaning?" said Massie Ritsch, spokesman for the Center for Responsive Politics, a group that tracks political fund-raising.

The excursions would be illegal under the new ethics rules if lobbyists or their employers paid for them directly. (The rules, passed by both houses in early January, have already taken effect in the House and are expected to take effect in the Senate later this spring.) And some outings involving personal entertainment or recreation for lawmakers could also run afoul of legal restrictions on the personal use of campaign money if they were paid for by a lawmaker's re-election campaign.

But they are allowed, and increasingly common, because of a combination of loopholes. First, the ethics rules restrict personal gifts but not political contributions, so paying to attend a fund-raiser is still legitimate. Second, the "personal use" restrictions apply to lawmakers' re-election campaigns but not to their personal political action committees, which can spend money on almost anything. Lawmakers use their personal PACs to sponsor most of the events. (Lawyers disagree about whether Congressional ethics rules restrict personal use of members' PACs.)

The lawmakers' so-called leadership PACs began proliferating about two decades ago, initially as vehicles for senior members of Congress to build loyalty among their colleagues by funneling money to their campaigns.

These days, however, even the newest members of Congress usually start them. Two newly elected Democratic senators, Claire McCaskill of Missouri and Jim Webb of Virginia, already have. And many use them mainly to pay for travel or miscellaneous other costs.

Over the last two years, the roughly 300 PACs controlled by lawmakers raised a total of about $156 million and used only about a third of that on federal campaign contributions, according to the Center for Responsive Politics, a group that tracks political fund-raising.

Vacationlike fund-raising events with lobbyists are not new. Former Representative Tom DeLay's trips to Puerto Rico were legendary on K Street, for example. But the new ethics rules barring lobbyists from treating lawmakers to less-expensive amusements have given new importance to such getaways.

"I have to have some personal contacts to be a lobbyist," said James Dyer, a lobbyist at the firm of Clark & Weinstock. "If the only ticket in terms of contact is these fund-raising events, it is going to be costly," Mr. Dyer said. "The fund-raising part of our lives is a very expensive tool."

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Thomas Susman, a lawyer who was an editor of the American Bar Association lobbying manual, said that at a recent presentation about the new rules to the lobbyists trade group, "the biggest question was, Is this going to drive everything to the fund-raising side? Is that going to be the way to have social contact with members?"

Some members of Congress said it would not bother them if the upshot of the new rules turned out to be more contributions.

"I am not going to hide from the fact that we have to raise money," said Representative Devin Nunes, a California Republican who has invited donors to his political action committee on a wine-tasting tour in June, modeled after the movie "Sideways." "Only a moron would sell a vote for a $2,000 contribution," Mr. Nunes said.

Fund-raising consultants for both parties said they saw a golden opportunity. "We are definitely seeing an increase in the number of events across the board," said Dana Harris of Bellwether Consulting, a Republican firm that specializes in courting lobbyists' political action committees. "Fund-raising events will provide a safe haven for lobbyists to talk to members."

Among the coming events Ms. Harris's firm helped organize: a trip this month to the Yacht and Beach Club Resort at Disney World for Senator Mel Martinez of Florida, for a $5,000 PAC contribution, and a May trip to the Robert Trent Jones Golf Club in Virginia for Senator Richard M. Burr of North Carolina, for $2,500 a head.

Some private jet companies are trying to capitalize on the rules as well. Lawmakers can no longer fly on a company's corporate jet and then reimburse the owner at a discount. But lawmakers can still use their PACs to pay the actual cost for the use of jets, as Mr. Cantor and others have done.

Marco Larsen, vice president for publicity at Blue Star Jets, a broker that sells single flights on private planes, said his company planned to hold an event in Washington to promote its services to members of Congress. Because of concerns about appearances, Mr. Larsen said, "We wanted to stay away right after the rules were passed, but I think it is a better time now."

Lawmakers are usually reluctant to talk about their fund-raising events. Asked in an interview in the Capitol why he was taking lobbyists on a Montana hunting trip, Mr. Baucus said only, "To show off the beauty of our state," then retreated behind a guarded door.

Mr. Martinez, who will be spending next weekend with lobbyists at Disney World, said, "I've heard from many other members that they have had very successful weekend events." He added, "People can bring their families to it and bring their children, and it's going to be fun."

S.D. Senator Starts Working From Hospital (LAT/AP)

The Los Angeles Times, February 11, 2007

WASHINGTON — Sen. Tim Johnson (D-S.D.) is reading news clippings and starting to do some office work from the hospital, almost two months after suffering a life-threatening brain hemorrhage.

"He has requested more contact with office and is looking for updates from staff," his office said in a statement.

Spokeswoman Julianne Fisher said he was starting slowly. "We do not anticipate him back [in the Senate] for several weeks," Fisher said. "We are bringing work to him rather than him coming to us. His first priority still is rehabilitation."

Johnson has been undergoing physical, occupational and speech therapy since his transfer to rehabilitation from intensive care at George Washington University Hospital last month. He recently began to read and speak in full sentences, according to doctors' statements.

Part of Johnson's therapy has been to deal with weakness on his right side.

He was rushed to the hospital and had emergency surgery Dec. 13 after becoming disoriented during a phone call with reporters. He was diagnosed with arteriovenous malformation, which makes arteries and veins grow abnormally large, become tangled and sometimes burst.

Johnson was sedated and on a ventilator for several weeks because of fluid in his lungs. He was upgraded from critical to fair condition Jan. 9.

The senator is making decisions about his care and expressing opinions on his daily activities, the hospital's chief of rehabilitation, Dr. Philip Marion, said in a statement.

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"He continues to initiate more conversations and questions," Marion said. "His therapy now includes computer exercises and problem-solving activities."

Johnson's wife, Barbara, said the family was impressed with his progress: "Even though there is a long road ahead to complete recovery, we feel that we have gotten 'our Tim' back."

Questions For Dr. Andrew C. Von Eschenbach: Put To The Test (NYT)

By Deborah Solomon

The New York Times Magazine, February 11, 2007

Q: As the newly confirmed head of the F.D.A., you are presiding over an agency that is probably better known for its failures than for its achievements. For starters, the department lacked a Senate-confirmed commissioner for most of the Bush administration. I actually came here in the fall of 2005 as "acting" commissioner. I don't know what an acting surgeon is. You go into the operating room and you take charge of what needs to get done.

You've just announced a program that tries to ratchet up drug safety by studying the side effects of drugs 18 months after they hit the market, presumably to avoid another calamity like the Vioxx recall. It's not just postmarketing surveillance. It's a whole host of things. One of the important things in this initiative is this concept of the new science of safety. We can use the tools of genomics and proteomics and apply them in ways that can be much more predictive.

In the meantime, your predecessor, Lester Crawford, who resigned without explanation, is scheduled to be sentenced on Feb. 27 for failing to disclose that he and his wife owned stocks in several F.D.A.-regulated companies. Were you surprised by that news? I am just like everyone else. It's very sad that these circumstances have occurred and that he and his family are facing this.

Did you sell any stock before you took this job? I really didn't have much of anything. All I have are my retirement holdings, and they are fully disclosed. They are mutual funds, essentially, and a 529 for my grandchildren. It's been completely vetted by teams of lawyers.

You are a former director of the National Cancer Institute. Do you think nicotine should be regulated as a drug? As cancer doctors, we have looked at the consequences of tobacco, of which nicotine is one component, but in which there are many other components.

In addition to drug safety, you oversee food safety. Might you consider a national initiative similar to the trans-fat ban conceived by

Mayor Bloomberg in New York City? Fast-food chains, of course, are the biggest trans-fat users. What I've seen is a significant effort on their part to find alternatives to trans fats.

You seem pretty laissez-faire in your approach to regulation. I wouldn't call it laissez-faire. I would call it incremental.

You were appointed by President Bush, and I hear you are a friend of his parents, whom I assume you met during your many years at the M.D. Anderson Cancer Center in Houston. They had been supporters of M.D. Anderson long before he ever became president, and when they returned to Houston, he had an ongoing relationship with M.D. Anderson. That was part of our evolving friendship, because he was on my prostate-cancer research program advisory board.

How is your own health? I'm fine. I've been through a couple of cancers. Melanoma and prostate cancer were the two serious ones, and basal cell on my nose. My health is great, and fortunately, I exemplify what we hope will be the case for everyone — early detection and adequate and appropriate therapy, and we are cancer survivors.

You're famous in the medical community for your oft-stated plan to eliminate cancer by 2015. I didn't say that! What I said was we have it within our grasp to eliminate the outcome of that disease process — to eliminate the suffering and death due to cancer — and I believe we can bring that about as early as 2015.

How do you think you're doing with that promise? Superbly well.

Some oncologists say that your plan falsely elevates the hopes of patients. Then I would ask them why they got into medicine in the first place.

OTHER NEWS:

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Obama Joins Race With Goals Set High (WP)

By Dan Balz, Anne E. Kornblut

The Washington Post, February 11, 2007

SPRINGFIELD, Ill., Feb. 10 -- Illinois Sen. Barack Obama formally opened his campaign for president here Saturday, invoking memories of Abraham Lincoln and challenging a new generation to help him transform the nation.

Standing on the grounds of the Old State Capitol, where Lincoln delivered his famous "House Divided" speech against slavery in 1858, the Democratic first-term senator began a bid for the White House that barely seemed possible just a few months ago but could make him the first black president. "I recognize there is a certain presumptuousness -- a certain audacity -- to this announcement," he said. "I know I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

Thousands of supporters, some of whom had driven long distances to be here, braved freezing temperatures to join Obama at an event described by many as history in the making. Long before the candidate arrived with his wife, Michelle, and two young daughters shortly after 10 a.m. Central time, the Old Capitol grounds and surrounding areas were packed to capacity.

Against the morning cold, Obama wore an overcoat and a scarf, but no hat or gloves. In his speech, he presented an ambitious agenda that includes bringing an end to the Iraq war, eliminating poverty, ensuring universal health care and creating energy independence. But he seemed to be trying to transcend traditional political debate by arguing that what the country lacks is not good ideas.

"What's stopped us from meeting these challenges is not the absence of sound policies and sensible plans," he said. "What's stopped us is the failure of leadership, the smallness of our politics -- the ease with which we're distracted by the petty and trivial, our chronic avoidance of tough decisions, our preference for scoring cheap political points instead of rolling up our sleeves and building a working consensus to tackle big problems."

Recalling past periods of economic or political crisis, he said, "Each and every time, a new generation has risen up and done what's needed to be done. Today we are called once more -- and it is time for our generation to answer that call."

The story of Obama's rise has captivated political insiders and ordinary Americans alike. The months ahead will test whether he now can transform himself from political phenomenon into the kind of candidate who can withstand the rigors of the marathon ahead.

Obama will be asked to demonstrate that his dearth of experience is not the liability that some of his rivals suggest, and he will be challenged to fill in the blanks of a policy agenda that is longer on goals than details.

He begins as one of the principal challengers to Sen. Hillary Rodham Clinton (N.Y.), the early favorite for the Democratic nomination. But he must also contend with former North Carolina senator John Edwards, whose progressive agenda and grass-roots campaign threatens to occupy some of the same space Obama aims to seize for his own candidacy. Other more experienced candidates hope to profit if he falters.

For all the enthusiasm that surrounds his candidacy, Obama still faces the reality that Clinton begins with a political machine that is far deeper and broader than his. Obama advisers said their campaign for the nomination may be more unconventional than hers.

"I think that the path to get there has to do with our ability to inspire a lot of people to get involved in this process who have not been involved, or who may have been involved once but lost heart," said David Axelrod, the campaign's chief strategist. "We have to give people a real sense of investment so that the electorate will maybe look a little different."

Obama's sharpest difference with both Clinton and Edwards is his early opposition to the Iraq war; they voted for the 2002 resolution authorizing President Bush to invade Iraq. Edwards has since apologized for his vote, and Clinton has said she would not have voted that way had she known then what she knows now.

But Obama can point to remarks he made in the fall of 2002 in which he not only called the war "dumb" but also predicted the dangers of the long occupation that followed the successful invasion. In his announcement speech, he described the war as a "tragic mistake."

"It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war," he said Saturday. "That's why I have a plan that will bring our combat troops home by March of 2008. Letting the

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Iraqis know that we will not be there forever is our last, best hope to pressure the Sunni and Shia to come to the table and find peace."

Beyond the setting itself, Obama invoked Lincoln throughout the speech, even to the point where the tall, thin Obama recalled a "tall, gangly, self-made Springfield lawyer" who ended slavery and led the nation though one of its darkest moments.

"He had his doubts," Obama said of Lincoln. "He had his defeats. He had his setbacks. But through his will and his words, he moved a nation and helped free a people."

But in issuing a call for a new generation to take its place at the center of public life, Obama summoned up memories of President John F. Kennedy and his 1960 campaign.

Obama, 45 and the son of a black Kenyan man and a white Kansas woman, worked as a community organizer in Chicago before graduating from Harvard Law School and returning to the city to become a civil rights lawyer. He ran for the state Senate in 1996 and served four terms there before launching what seemed a long-shot campaign for the U.S. Senate. Even before he won the seat and became the only African American in the Senate, Obama was seen as a rising star in his party because of the keynote speech he gave at the 2004 Democratic National Convention. His two best-selling books -- and his appearances on "Oprah," on ESPN's "Monday Night Football" and in the pages of People magazine -- have spread his appeal widely over the past few months, even as his name recognition across the electorate remains relatively low.

In his announcement speech Saturday and in interviews leading up to it, Obama began the process of both laying out his professional experience and arguing that experience in Washington is not a requirement for becoming president.

Critical of Bush's presidency and what he said are the nation's unmet challenges, Obama decried the cynicism that he said pervades the political process and called on those disillusioned by a culture of special interests and gridlocked politics to join him in his campaign.

"The time for that politics is over. It is through. It is time to turn the page, right here, right now," he said, and the crowd responded with chants of "Obama, Obama, Obama."

Although his campaign infrastructure is still being built -- his advisers moved into their Chicago headquarters only last week -- Obama's launch had the trappings of a campaign that has been building for months. That included a new Web site launched in conjunction with the announcement and a new campaign logo, a blue "O" that evokes a rising sun and that appeared on buttons, placards and T-shirts.

The crowd was filled with committed Obama supporters who lifted signs -- "Barack the Vote" was among the more creative -- and cheered in waves as the candidate spoke.

From Illinois, Obama flew to Cedar Rapids, Iowa, and a town hall meeting with more than 2,000 people. Obama spent an hour fielding questions about Iraq, North Korea, the No Child Left Behind Act and the cost of college tuition.

He said he believes many Americans feel that something has been lost since the promise of the Kennedy era.

"What's been lost is that our politics feels very much like an insider's game," he said. "People feel like you've got the two parties splitting the pot, and ordinary voters are left out of the process."

Opening the session, Obama talked about the challenges facing the country and his own ambitions to be president.

"I want to win," he said, "but I don't just want to win. I want to transform this country."

Obama Invokes Lincoln For Run (WT)

By Brian Debose

The Washington Times, February 11, 2007

SPRINGFIELD, Ill. -- Sen. Barack Obama officially announced his presidential candidacy yesterday before thousands of supporters eager to become part of his "new leadership" movement.

"This campaign can't only be about me. It must be about us -- it must be about what we can do together," Mr. Obama said, standing in front of the building where Abraham Lincoln served in the state General Assembly before he became president.

"I know it's a little chilly, but I'm fired up," the Illinois Democrat said as he took the podium with his wife, Michelle, and daughters Malia, 8, and Sasha, 5.

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Like former Vermont Gov. Howard Dean, who sought the Democratic nomination in 2004, Mr. Obama envisions a campaign to be built from the ground up using the Internet -- a grass-roots coalition that will be controlled by voters.

"This campaign must be the occasion, the vehicle, of your hopes, and your dreams," Mr. Obama said. "It will take your time, your energy and your advice to push us forward when we're doing right, and to let us know when we're not."

In a speech that invoked the memories of both Lincoln and Martin Luther King, the junior senator from Illinois acknowledged a "certain audacity" in his selection of the historic backdrop for his announcement and said he recognizes that his campaign is as much about the voters as it is about himself.

"In my heart, I know you didn't come here just for me," Mr. Obama said, as some in the audience shouted: "Yes, we did!" Unfazed, the senator said, "You came here because you believe in what this country can be."

Mr. Obama played on the similarities between himself and Lincoln, whose work he said was the reason that Americans of every race can stand together to face the challenges of the 21st century.

Like Lincoln, Mr. Obama is viewed as a novice to national politics, having spent eight years in the Illinois state Senate and just two years in the U.S. Senate before running for president. Mr. Obama lost his first bid for Congress in 2000; Lincoln lost a Senate bid in 1858, two years before being elected president.

Mr. Obama laid out a broad vision for the country, in which he and voters will "together" tackle the tough issues of providing health care for all Americans, improving education and creating jobs that provide a living wage.

He also spoke of empowering unions, putting an end to the nation's addiction to foreign oil and maintaining a strong military to fight terrorism.

At 45, Mr. Obama is the youngest candidate among a Democratic field that is dominated by Sen. Hillary Rodham Clinton of New York, and he tried to use his youth to distance himself from the others in the race.

"Each and every time, a new generation has risen up and done what's needed to be done," Mr. Obama said. "Today, we are called once more -- and it is time for our generation to answer that call."

He also made clear his opposition to the Iraq war and highlighted his plan to begin bringing troops home by March 2008.

"Letting the Iraqis know that we will not be there forever is our last, best hope to pressure the Sunni and Shia to come to the table and find peace," Mr. Obama said.

David Axelrod, the campaign's media adviser, said there was no attempt to tear down or disparage other Democrats in the campaign.

"We don't have a strategy to tear people down," he said. "Our premise is, if you can give people something to aspire to, then you don't have to do that, and if it works, we will have changed politics in America."

With his announcement, Mr. Obama's campaign shifted into high gear. A once-barren exploratory committee Web site was teeming with content, including speeches dating back as far as 2002 and highlighting Mr. Obama's opposition to the war in Iraq.

Many in the audience yesterday had traveled from as far away as California and Arizona for Mr. Obama's announcement, while others drove from nearby Peoria and Decatur.

"This is really amazing. He's amazing," said Paul Jeffords, 37, a sales representative from Peoria. "He is the most dynamic, the most humble. I just feel like he's the one who can bring all of us together."

After his announcement yesterday, Mr. Obama traveled to Cedar Rapids, Iowa, where he addressed voters in a packed high school gym. The senator will travel to New Hampshire tomorrow before returning to Washington.

Obama Launches Campaign With Emphasis On Grassroots (HILL)

By Klaus Marre

The Hill, February 10, 2007

Sen. Barack Obama (D-Ill.) officially announced his candidacy for the White House Saturday, saying he wants to lead a new generation of Americans in tackling the country's challenges.

"Each and every time, a new generation has risen up and has done what needed to be done," when America has faced challenges in the past, Obama said in an appeal to younger voters.

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Speaking from outside of the Old State Capitol in Springfield, Ill., and joined by his family, Obama addressed hundreds of bundled up supporters, who cheered on the candidate despite having to stand outside in temperatures just above 10 degrees.

"You didn't just come here for me," Obama said. "You came here because you believed in what this country can be. In the face of war, you believe there can be peace. In the face of despair, you believe there can be hope."

This campaign "must be about us," he told a cheering crowd. "It will take your time, your energy and your advice..." The candidate cited the example of Abraham Lincoln, who Obama said showed the country that it is possible to make a change.

Obama hopes to launch a broad grassroots campaign that can propel him past Democratic frontrunner Sen. Hillary Clinton (N.Y.).

Across the street from the historic building, from which Lincoln had delivered one of his most famous speeches, the campaign had placed a gigantic U.S. flag.

Sen. Dick Durbin (D-Ill.) announced Obama, telling the crow that it had gathered in "a place filled with memories" and praising Obama as a man who had inspired America and reminded people that "anything is possible" in this country.

"Here, many years ago, another son of Illinois began his journey to Washington," he told the crowd. "Today another son of Illinois will take his first step on his journey to Washington."

Following the announcement, Obama planned to travel to Iowa later on Saturday. He intends to visit New Hampshire Monday to participate in a town hall meeting.

While Obama is seen as the rising star in the Democratic Party, he faces an uphill battle for the nomination, as Clinton has been leading in the polls and is viewed as the candidate with the greatest fundraising potential.

"I recognize that there is a certain presumptuousness in this [announcement], a certain audacity" because he had not spend a lot of time in Washington, Obama said in a reference to more experienced rivals. "I have been there long enough to know that the ways in Washington must change."

Aware that Clinton's network of large donors is extensive, Obama is asking supporters to contribute in small ways.

"[My] website is going to be set up so that you can build your own profile, form your own groups, plan your own events, take campaign fundraising into your own hands, so that we can collect small donations instead of having to rely on large campaign contributions," he said Friday, adding that his quest for the presidency is "a great journey."

"I know I can't do it by myself. Ultimately, this has to be a vehicle for your hopes and your dreams," Obama said in a message to his supporters.

It's Official: Obama Is Running For President (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 11, 2007

— Sen. Barack Obama formally launched his bid for president Saturday, his eyes on history and feet rooted in the frigid Midwest as he pledged a new generation of leadership to end the war in Iraq and banish "the smallness of our politics."

In a speech that recalled his soaring remarks to the 2004 Democratic National Convention — the speech that launched his political rocket flight — Obama sought to set himself apart from the large Democratic field of White House hopefuls, and from the Washington establishment he joined two years ago as a senator representing Illinois.

He cited a familiar litany of woes: poverty, underperforming schools, soaring healthcare costs, hard-pressed wage earners, reliance on foreign oil, and the Iraq war. But the larger problem, he suggested, was a rancid political system that perpetuated those ills instead of solving them.

"What's stopped us is the failure of leadership, the smallness of our politics, the ease with which we're distracted by the petty and trivial, our chronic avoidance of tough decisions, our preference for scoring cheap political points," Obama said.

"The time for that kind of politics is over," he added. "It's time to turn the page."

More than 15,000 people showed up for Obama's announcement, police said. The crowd formed a small sea of covered heads — temperatures were in the low teens — at the base of the old state Capitol, where Abraham Lincoln served, orated and, finally, lay in state.

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The 45-year-old senator's announcement — his breath visible in the cold — marked a fully committed candidacy that, if successful, would make him the nation's first black president.

Obama is generally regarded as one of the top three Democratic White House hopefuls — behind Sen. Hillary Rodham Clinton of New York, ahead of former Sen. John Edwards of North Carolina. But Obama is also among the least experienced of the more than a dozen candidates running on both sides, a political phenom whose success to date grows more out of style than accomplishment.

Conceding "a certain presumptuousness, a certain audacity" in his announcement, Obama suggested that the brevity of his stint in Washington should not be viewed as a demerit. "I've been there long enough to know that the ways of Washington must change," he said, offering his seven years as a state senator in Springfield as an exemplar of the politics he wished to practice.

"We learned to disagree without being disagreeable," he said, "that so long as we're willing to listen to each other, we can assume the best in people instead of the worst."

Addressing the war in Iraq, Obama offered one of the few policy specifics of his 20-minute speech, drawing an approving roar from the crowd. "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war," he said, calling for U.S. combat troops to leave by March 2008.

He also drew a contrast with Edwards and Clinton, who both voted in 2002 to authorize the invasion of Iraq. Edwards has apologized for his vote; Clinton, campaigning Saturday in New Hampshire, reiterated that she would not have voted the same way knowing what she does today, but refused to say she was wrong.

Obama was blunt: "I opposed this war from the start. I thought it was a tragic mistake."

The site he chose for his announcement was steeped in symbolism. Lincoln not only served as a state representative in the old Capitol, but in 1858 delivered his famous antislavery speech that quoted from the Bible, "A house divided against itself cannot stand."

Obama invoked that speech in declaring his candidacy and returned to Lincoln and his legacy throughout his own speech — referring at one point to the inspirational "life of a tall, gangly, self-made Springfield lawyer" who showed the power of words and conviction to overcome political division. The description, plainly made to invite comparison, drew appreciative laughs from the crowd.

At another point, Obama echoed the words of a more recent president, John F. Kennedy, who also sought the White House as a relatively young man with a short political resume. Citing a succession of generations that achieved great things — settling the West, ending slavery, overcoming the Great Depression, sending a man to the moon — Obama said, "Today we are called once more — and it is time for our generation to answer that call."

Obama, the son of a black father from Kenya and a white mother from Kansas, made no mention of his upbringing, which was mainly in Hawaii. He spoke only briefly of his time as a community activist in Chicago before launching his political career a decade ago. He also made little mention of President Bush or his policies, beyond a paragraph condemning the last six years and Bush's penchant, as Obama described it, to distract people from the administration's failures and "blame the other party, or gay people, or immigrants."

The largely uplifting tone contributed to a feeling that, whatever the outcome in 2008, Obama's announcement deserved a place in history.

Foster Ware III drove about an hour from Bloomington, Ill., to attend Obama's speech with his wife, their three small children and a family friend. He doubted any of the youngsters would remember the occasion, Ware said, but as an African American he wanted to tell them someday that they had been at the event and to urge them "to always dream and never let anyone kill that dream."

"I hate hearing, 'Is the country ready for a black president?' " said Ware, a 31-year-old pharmaceutical salesman. "If not now, when? If not him, who? I think it's a perfect opportunity for the country to rally behind Obama."

From Illinois, the freshly declared candidate traveled next door to Iowa, which opens the presidential nominating process with its precinct caucuses scheduled for January.

In a Cedar Rapids gymnasium, he faced another enthusiastic crowd (which applauded him at one point for removing his suit jacket). He offered a condensed version of his Illinois announcement speech and fielded a handful of questions.

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One of them — how does he deal with so much adulation? — brought a smile and a quip. "I hope all the questions are like that," he said.

Turning serious, Obama acknowledged he was new to practicing politics at the presidential level and conceded, "We don't know how I will deal, my family will deal with the rigors of this campaign. Part of the reason to do town hall meetings like this one is for people to lift the hood and kick the tires and see what this guy is actually about."

Obama Formally Enters Presidential Race (NYT)

By Adam Nagourney, Jeff Zeleny

The New York Times, February 11, 2007

SPRINGFIELD, Ill., Feb. 10 — Senator Barack Obama of Illinois, standing before the Old State Capitol where Abraham Lincoln began his political career, announced his candidacy for the White House on Saturday by presenting himself as an agent of generational change who could transform a government hobbled by cynicism, petty corruption and "a smallness of our politics."

"The time for that politics is over," Mr. Obama said. "It is through. It's time to turn the page."

Wearing an overcoat but gloveless on a frigid morning, Mr. Obama invoked a speech Lincoln gave here in 1858 condemning slavery — "a house divided against itself cannot stand" — as he started his campaign to become the nation's first black president.

Speaking smoothly and comfortably, Mr. Obama offered a generational call to arms, portraying his campaign less as a candidacy and more as a movement. "Each and every time, a new generation has risen up and done what's needed to be done," he said. "Today we are called once more, and it is time for our generation to answer that call."

It was the latest step in a journey rich with historic possibilities and symbolism. Thousands of people packed the town square to witness it, shivering in the single-digit frostiness until Mr. Obama appeared, trailed by his wife, Michelle, and two young daughters. ("I wasn't too cold," Mr. Obama said later, grinning as he acknowledged a heating device had been positioned at his feet, out of the audience's view.)

Still, for all the excitement on display, Mr. Obama's speech also marked the start of a tough new phase in what until now has been a charmed introduction to national politics. Democrats and Mr. Obama's aides said they were girding for questions about his experience in national politics, his command of policy, a past that has gone largely unexamined by rivals and the news media, and a public persona defined more by his biography and charisma than by how he would seek to use the powers of the presidency.

"He's done impressively so far, but at some point he's really going to have to move to the next stage," said Walter Mondale, the former Democratic vice president who made the phrase "where's the beef" famous in his 1984 challenge to the credentials of a rival, Gary Hart, the former senator from Colorado.

The formal entry to the race framed a challenge that would seem daunting to even the most talented politician: whether Mr. Obama, with all his strengths and limitations, can win in a field dominated by Senator Hillary Rodham Clinton, who brings years of experience in presidential politics, a command of policy and political history, and an extraordinarily battle-tested network of fund-raisers and advisers.

Mr. Obama has told friends that he views Mrs. Clinton as his biggest obstacle, though his aides said they remained very wary as well of former Senator John Edwards, another rival for the Democratic nomination.

Video More Video »

Mr. Obama hit the question of experience in the opening bars of his speech on Saturday, suggesting that he would seek to use his limited time in government as an asset by casting himself as an agent of change who was free from the pull of special interests and politics as usual.

"I recognize there is a certain presumptuousness in this — a certain audacity — to this announcement," he said. "I know that I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

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For Mr. Obama's campaign, struggling to put this unlikely organization together in just three months, the first focus is Mrs. Clinton. Mr. Obama's aides said they had spent weeks discussing how to derail what David Plouffe, Mr. Obama's campaign manager, described as "the dominant political organization in the Democratic Party."

Mr. Obama's decision to spend the first two days of his presidential campaign in Iowa, where he headed after his announcement, reflected one of the first important strategic decisions in that regard. His organization sees Iowa as a place where he could surprise Mrs. Clinton and Mr. Edwards with an early victory. The eastern part of the state, a critical region for Democrats to win and where Mr. Obama spent the rest of Saturday, shares a media market with neighboring Illinois. Mr. Obama has been a fixture in local news since winning his Senate primary nearly three years ago.

In trying to undercut Mrs. Clinton's claims of experience, Mr. Obama's campaign has decided to borrow techniques that Bill Clinton used to defeat the first President Bush in 1992. Mr. Obama, reprising the role of Mr. Clinton, on Saturday presented himself as a candidate of generational change running to oust entrenched symbols of Washington, an allusion to Mrs. Clinton, as he tried to turn her experience into a burden. Mr. Obama is 45; Mrs. Clinton is 59.

But more than anything, Mr. Obama's aides said, they believe the biggest advantage he has over Mrs. Clinton is his difference in position on the Iraq war. Mrs. Clinton supported the war authorization four years ago. Mr. Obama has opposed the war from the start, and has introduced a bill to begin withdrawing United States troops no later than May 1, with the goal of removing all combat brigades by March 31, 2008, taking a far more explicit stance than Mrs. Clinton on ending the conflict.

"America, it's time to start bringing our troops home," he said Saturday. "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war."

Yet even on a day that pointed to Mr. Obama's strengths — a big, excited crowd, a speech that in its composition and delivery demonstrated yet again why he is viewed as a singular talent in the Democratic Party — it seems evident that Mr. Obama's easier days as a candidate have passed. Unlike Mrs. Clinton, or to a lesser extent Mr. Edwards, Mr. Obama has not gone through a full-scale audit that will now come from Republicans, Democrats, journalists and advocacy groups, eager to define him before he defines himself.

Some Democrats, including Mr. Obama's opponents, seem increasingly game to challenge him, particularly when it comes to the substance of an Obama candidacy. Mr. Edwards offered a hint of what Mr. Obama faced in an interview the other day, as he discussed national health care, when he was asked his reaction to Mr. Obama's views on providing national coverage.

"I haven't seen a plan from him," Mr. Edwards said. "Have you all?"

Mr. Obama has glided to his position in his party with a demeanor and series of eloquent speeches that have won him comparisons to the Kennedy brothers and put him in a position where his status as a black man with a chance to win the White House is only part of the excitement generated by his candidacy.

But with perhaps one major exception, his plan to disengage forces in Iraq, he has avoided offering the kind of specific ideas that his own advisers acknowledge could open him up to attack by opponents or alienate supporters initially drawn by his more thematic appeals.

Mr. Obama went so far as to tell Democrats in Washington last week that voters were looking for a message of hope, and disparaged the notion that a presidential campaign should be built on a foundation of position papers or details.

"There are those who don't believe in talking about hope: they say, well, we want specifics, we want details, we want white papers, we want plans," he said then. "We've had a lot of plans, Democrats. What we've had is a shortage of hope."

But some Democrats were scornful. "That's nonsense," Mr. Hart said. "It posits that it's either-or. Who's saying you can't talk about hope? I'm not talking about white papers: I'm talking about one big speech about 'How I view the world.' "

In an interview before he left for Illinois, Mr. Obama said he realized his powerful appeal as a campaigner would take him only so far. Other campaigns that have relied extensively on the life story of the candidate have typically foundered.

"If a campaign is premised on personality, then no, I don't think you can stay fresh for a year," he said. "But if the campaign is built from the ground up and there is a sense of ownership among people who want to see significant change, then absolutely. It can build and grow."

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And in his speech here on Saturday, Mr. Obama, trying to offer himself as the grass-roots outsider in contrast to a member of a political family that has dominated Washington life for 15 years, presented his campaign as an effort "not just to hold an office, but to gather with you to transform a nation."

"That is why this campaign can't only be about me," Mr. Obama said. "It must be about us. It must be about what we can do together."

The Audacity Of Barack Obama (POL)

By Roger Simon

The Politico, February 10, 2007

SPRINGFIELD, Ill. - - The very audacity of it, the very unlikelihood of a black man becoming president of the United States is now the driving force of Barack Obama's campaign.

In an announcement speech Saturday of soaring rhetoric, on a bitterly cold day, to a large and shivering crowd, Barack Obama called what he was doing an "improbable quest."

"If you will join me in this improbable quest, if you feel destiny calling, and see as I see, a future of endless possibility stretching before us; if you sense, as I sense, that the time is now to shake off our slumber, and slough off our fear, and make good on the debt we owe past and future generations, then I'm ready to take up the cause, and march with you, and work with you," he said.

"Together, starting today, let us finish the work that needs to be done, and usher in a new birth of freedom on this Earth."

Which is pretty audacious talk. But it was also pretty audacious to announce in Springfield, home of Abraham Lincoln, and in the shadow of the Old State Capitol, where Lincoln gave his "House Divided" speech in opposition to slavery.

Obama addressed it directly, again stressing the difficulty of what he was attempting:

"For that is our unyielding faith -- that in the face of impossible odds, people who love their country can change it. That's what Abraham Lincoln understood," Obama said.

And what will it take for Obama actually to be elected?

Decency, he said. The decency that is America.

"It was here, in Springfield, where North, South, East and West come together that I was reminded of the essential decency of the American people, where I came to believe that through this decency, we can build a more hopeful America," he said. "And that is why, in the shadow of the Old State Capitol, where Lincoln once called on a divided house to stand together, where common hopes and common dreams still, I stand before you today to announce my candidacy for president of the United States."

Announcement speeches are designed not just to generate support, not just to allow the candidate to slap himself on the back with both hands but also to address critics.

Think Obama has not had enough national experience? Try this:

"I recognize there is a certain presumptuousness -- a certain audacity -- to this announcement," Obama said. "I know I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

Take that, Hillary Clinton! Take that, John Edwards! And Chris Dodd! And Joe Biden!

And to those who are spreading rumors that because his middle name is Hussein he is a Muslim, Obama carefully pointed out that when working in the poor neighborhoods of Chicago, "I learned the true meaning of my Christian faith."

The press came in for its comeuppance, too. Obama criticized "the smallness of our politics -- the ease with which we're distracted by the petty and trivial."

In his interview with me on Wednesday, Obama said the media's obsession with the trivial is one of his problems. People say he does not give specifics? he said. That is because the press does not concentrate on his specifics.

"We've given major speeches on just about every issue," he said. "So the key for us, I think, is just making sure that we are getting the press to focus attention on that agenda as opposed to, you know, obsessing on how I look in my swimming trunks."

There was no danger on anybody concentrating on swimming trunks Saturday. It was far too cold.

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Frigid Weather Tests Crowd's Fortitude (WP)

By Anne E. Kornblut

The Washington Post, February 11, 2007

SPRINGFIELD, Ill., Feb. 10 -- Raising questions about his judgment and risking the ire of the national press corps, Sen. Barack Obama (D-Ill.) held fast on his first major campaign decision: to conduct his announcement speech in the frigid outdoors here on Saturday.

And so, as much as it was a political story, the Obama event became a weather story.

"I guess the Arctic Circle wasn't available this morning," said Chris Matthews, quivering during his live interview on NBC's "Weekend Today" as he ruefully noted that anchor Campbell Brown was usually the one outside doing cold-weather reporting.

Even by the standards of the wintry spells in New Hampshire and Iowa that political reporters and candidates ritually confront, it was a brutal morning in the Illinois capital -- sunny but subfreezing, especially in the shady corners where hundreds of supporters had to stand. Medical teams were on hand in case anyone collapsed. A local television station ran a report on preventing hypothermia, aimed at people planning to attend the Obama event.

Why not, some asked, just move the speech indoors?

Campaign officials pointed out that the backdrop of the old Illinois statehouse, where Abraham Lincoln gave his famous "House Divided" speech, was too symbolic and picturesque to be skipped, even on a morning when the temperature was 7 degrees. There were also suggestions that a pampered press corps might be more fragile than the candidate, who emerged in a simple suit and an overcoat, without head covering of any kind.

By contrast, columnist Joe Klein of Time magazine wore a large, fuzzy hat made of rabbit fur, procured in Amsterdam. A member of one of the camera crews -- which began assembling at 5 a.m. -- wore a full-body ski suit.

Though a trifling matter, the insistence on staying outside raised questions about the Obama message. Was he trying to prove his mettle? Distancing himself from his upbringing in Hawaii -- where he was recently photographed in his bathing suit? Subtly appealing to flinty Northerners who pride themselves on enduring the cold?

Obama dropped few clues, though he did acknowledge the temperature.

"I know it's a little chilly," he said as he walked onstage with his wife and two daughters (both covered, unlike their father, in hats).

"No, it's cold!" someone shouted from the crowd.

The weather did not stop more than a dozen people in wheelchairs, some elderly, from taking up positions in the front row. Tara Davlin, 29, hobbled through the site on crutches after recent hip surgery (though, as the daughter of Springfield Mayor Timothy J. Davlin, she might have had more obligation to attend than most). "I wouldn't have missed it for the world," she said.

Nonchalance -- about the climate, not the candidate -- abounded. "If we can survive the cold to go sledding, we can survive the cold to see history," said Shanna Shipman, 27, who bundled up her daughters -- Hope, 4, and Kai, 18 months -- in layers to see the speech.

"We're hearty Midwesterners," beamed Dan Hankiewicz of Springfield. "A little weather never stopped us."

Obama: I'm Running For President (CHIT)

By Christi Parsons

Chicago Tribune, February 11, 2007

SPRINGFIELD—Sen. Barack Obama officially entered the race for president Saturday in the Illinois capital, urging Americans who hear "destiny calling" to join him in "the unfinished business of perfecting our union," then headed out to start campaigning in earnest in the battleground state of Iowa.

Against the backdrop of the Old State Capitol where Abraham Lincoln once served in the state legislature, the Illinois Democrat launched his campaign surrounded by thousands of supporters who traveled from around the state and country and braved freezing temperatures to witness an event many of them described in historic terms.

Sounding themes of hope and common purpose, Obama invoked the memory of Lincoln in calling for an end to the cynicism he says cleaves the nation, so that a united America can confront its problems at home and abroad.

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"People who love their country can change it," said Obama, entering the race as the first African American candidate considered a leading contender for a major party nomination. "That's what Abraham Lincoln understood. He had his doubts. He had his defeats . . . But through his will and his words, he moved a nation and helped free a people."

But as Obama departed immediately for Iowa, the raucous crowd and frenzied applause of the morning quickly gave way to to difficult questions. Voters at a town hall meeting quizzed Obama about everything from the Iraq war and North Korea to education funding and race relations.

A seasoned electorate known for its careful vetting of candidates in the early presidential caucuses, voters in Cedar Rapids responded warmly but with much more restraint.

"A small percentage of people here are supporting Barack Obama," said Steve Sovern, a former state senator and local Democrat who moderated the meeting at the Kennedy High School gymnasium. "Voters here take the caucus seriously and they measure candidates carefully. They'll be back to hear Obama and other candidates many times before they make up their minds."

It was a dose of reality Obama said he was expecting would come as soon as he announced his candidacy. The competition for the Democratic nomination is heating up more each day, with Sen. Hillary Clinton of New York raising the bar for campaign fundraising and a host of candidates crowding into the field.

Voters will want to "check under the hood and kick the tires" now, Obama said Saturday afternoon.

"The novelty's going to wear off," Obama said. "People are going to be (thinking), 'Aw, it's Obama, he's coming through town again' . . . People are going to be able to ask me some questions you couldn't ask me this time out."

The heavy presence of security around Obama was also a silent reminder of the change that took place with the announcement. Michelle Obama, the candidate's wife, acknowledged it in an interview to air on CBS's "60 Minutes," in which she was asked if she fears for her husband's life as a black candidate.

"I don't lose sleep over it because the realities are that … as a black man … Barack can get shot going to the gas station," observed Michelle Obama in the interview, set to air Sunday night. "You can't make decisions based on fear and the possibility of what might happen."

In Springfield, a crowd police estimated at 15,000 or more began to gather in the early morning around the stage erected on the lawn of the old Capitol. Supporters crowded inside the fence around the building and spilled out onto surrounding streets, clutching hand-made signs and cups of coffee to brave a single-digit wind chill factor.

Obama took the stage with his wife and two young daughters, as strains of the U2 song "City of Blinding Lights" blared over loud speakers. Sharpshooters watched from the tops of several buildings overhead while Obama sounded a theme now familiar in its condemnation of political cynicism and its gauzy description of a better America.

Though acknowledging what he called the "presumptuousness" of running for office after only two years in the Senate, Obama spun his lack of experience in national politics as a good thing.

"I've been there long enough to know that the ways of Washington must change," he said. He extolled the benefits of his history as a community organizer in Chicago, a state lawmaker and civil rights lawyer, and called for quick action to end the Iraq war and bring home American troops, as well as to provide quality health care for all and to end America's dependence on foreign oil.

Repeatedly, Obama invoked the memory of Lincoln, who delivered his famous "House Divided" speech in the building that served as his backdrop.

"It was here, in Springfield, where North, South, East and West come together, that I was reminded of the essential decency of the American people," Obama said, referring to his time in the state legislature that now meets a few blocks away in the new state Capitol. "That is why, in the shadow of the Old State Capitol, where Lincoln once called on a divided house to stand together, where common hopes and common dreams still live, I stand before you today to announce my candidacy for president of the United States."

Listeners in one corner of the crowd had a hard time hearing Obama because of the loud chants of protesters objecting to Obama's support for abortion rights. Obama spoke in an even tone and didn't appear deterred by them, though their presence was a not-so-subtle reminder that his future as a presidential candidate won't be as easy as the months leading up to it.

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Republicans also injected a bit of skepticism to counter the months of celebrity that Obama has enjoyed since his 2004 address at the Democratic National Convention.

"His speech could have been given by any candidate, Republican or Democrat," Illinois GOP party chairman Andy McKenna said of the morning announcement. "He's very popular, but will he embrace some ideas that distinguish him? It remains to be seen."

The vast majority of the crowd received Obama warmly, chanting his name and cheering wildly at applause lines throughout his speech.

"The support is amazing," said Janet Williams of East St. Louis, noting the marked racial diversity of the crowd. "People seem ready to come together around him."

Sen. Dick Durbin (D-Ill.), who traveled with Obama for the day, said he noticed the same thing about the crowd, assembled partially by invitation but also by word of mouth and caravans apparently organized by individuals not associated with the campaign.

"When you can turn out 15 or 20,000 people in 7 degrees, it's an indication of the excitement they feel about him," said Durbin. "They're from all over the United States, with a lot of young people. That's going to be Barack's strong suit. He really represents a generation of change."

Obama, who arrived in Springfield a decade ago as an obscure freshman lawmaker, left town Saturday afternoon with a police escort and an entourage of a dozen vehicles. As he made his way toward the airport, and the fight of his life, Springfield residents came out into their front yards and porches to wave goodbye.

"The country is ready for change, and I feel he is the one to bring it," said Juanita Johnson, also of East St. Louis. "I feel like this is a historic moment."

Obama Urges Iowans To Join Him Against Cynicism (DMR)

Des Moines Register, February 11, 2007

On a day that Iowans said felt historic, Barack Obama asked them to join him on his "improbable quest" for the presidency, stressing that when ordinary citizens join together, they can accomplish extraordinary things.

"I want to win," Obama, 45, told the crowd of about 2,500 people at John F. Kennedy High School in Cedar Rapids, the second stop on his announcement tour. "But I don't just want to win. I want to transform this country, and the only way I'm going to do it is if you make this a vehicle for your hopes and dreams."

If elected, Obama, a Democrat, would become the United States' first black president.

"This is so historic," said Harriette Cooper, a full-time volunteer who lives Cedar Rapids. "It's not just because he's black. The things he says are so believable."

With his wife, Michelle, and daughters Malia, 8, and Sasha, 5, and a substantial pack of reporters, Obama arrived in a chartered airplane from Illinois, a state he represents in the U.S. Senate. Earlier Saturday, he made his presidential bid official in a speech outside the Old Capitol in Springfield, evoking images of Abraham Lincoln, the president who abolished slavery and united "a house divided."

Most national polls show that among Democrats, Obama's popularity is second only to Hillary Clinton, the senator from New York.

Those at the rally in Cedar Rapids said they've heard that Obama is being called a fresh face, a rock star, a political rocket who has that mysterious political "X-factor" that makes him a charismatic candidate.

They acknowledged Obama is new and wildly popular, but said Iowans have sensitive antenna, and many aren't making up their minds yet. After all, they flirted with Howard Dean during the last caucus season but dumped him for battle-tested John Kerry.

"I don't want the screaming," said Rosemarie Conner, a factory worker from Oxford who said it wasn't Obama's star power that drew her to the rally, but his thoughtfulness. "He seems so soft-spoken."

Iowans want Obama's plan for Iraq

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"I don't want the screaming," said Rosemarie Conner, a factory worker from Oxford who said it wasn't Obama's star power that drew her to the rally, but his thoughtfulness. "He seems so soft-spoken."

Conner said she wanted to hear Obama's thoughts on basic issues such as health care and Iraq.

After shedding his suit jacket, Obama sat on a stool for a relaxed question-and-answer session, that touched on improving education, enlarging federal grants for college students, raising teacher pay, insuring those who have no health care, lowering health care costs for all Americans, ending poverty, dealing with global warming, and ending the country's dependence on foreign oil through the development of alternative fuels.

But, he said, those goals can't be achieved without an end to the "ill-conceived war in Iraq."

Obama has been unapologetically critical of the war from the start, a sharp contrast with Clinton, the Democratic forerunner, who voted in favor of the war resolution in 2002. Although Obama wasn't in U.S. Congress at that time, he spoke out about it while in the Illinois state legislature.

His plan is to bring combat troops home by March 2008, he said.

That impressed Adam Hoffman, 18, of Cedar Rapids, who said he trusts Obama to make good on that plan.

Obama urges voters to combat cynicism

Several Iowans at the event pointed out Obama is light on national political experience, with only two slim years in Washington. He spent seven years as a state senator in Illinois, representing a predominantly black community in southern Chicago. He led a failed bid for Congress in 2002, then won his U.S. Senate seat essentially unopposed.

None of the other top tier candidates, including New Mexico's governor Bill Richardson, who wants to become the first Hispanic president, Clinton, who is vying to become the first female president, and former Iowa governor Tom Vilsack, have lost a race, and most have beaten long odds.

Yet Obama said if someone asked who his most important rival is in this campaign, "I would say it's cynicism."

That was greeted with loud applause from the overflow crowd, some of whom clutched copies of Obama's "Dreams of My Father" and "The Audacity of Hope," both best-selling autobiographies.

"Making change in this country," Obama said, "is going to depend on your decision that the issues that we face now are so important, that the prospect of climate change is so urgent, that the need to free ourselves from foreign oil is so critical, that improving our school systems has to happen now and not later, that there's no reason we can't have health insurance for all Americans by the end of the next presidency. If you feel that same sense of urgency, then don't just wait for me to get it all done. I'm not going to be able to do this on my own."

He promises to meet Iowans in small groups

Some Iowans at the rally, including Jim McNeill, 46, owner of a Cedar Rapids floral supply company, said they'd never heard of Obama until the Illinois man's widely-heralded speech at the 2004 Democratic National Convention.

Figuring that was the case for other Iowans, Obama took time Saturday to tell some of his personal story. The product of a black father from Kenya and a white mother from Kansas, he grew up in Hawaii, where there's a strong Asian influence, he said. He is a Harvard Law School graduate, and is currently the sole African-American now holding office in the U.S. Senate.

When the crowd groaned when it was announced Obama's time was up, he promised many future visits — this was his fourth trip to Iowa as a senator — including some small group get-togethers.

"Let's face it, the novelty's going to wear off and you're going to be, 'Oh, it's Obama again. He's coming through town. Ballgame's on, I've got other things to do'."

Obama is scheduled to head to Iowa Falls this morning, then Ames, then Chicago.

The 2008 presidential election will be held on Nov. 4, 2008. The Iowa caucuses are tentatively scheduled for Monday, Jan. 14.

Obama Announces Presidential Bid In Illinois (AP)

AP, February 10, 2007

SPRINGFIELD, Ill. — U.S. Sen. Barack Obama embarked today on what he called "a great journey."

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His announcement here at the Old State Capitol that he is running for president is the start of a long weekend for the Chicago Democrat, who will travel to Iowa and Chicago before wrapping up Monday in New Hampshire.

"It was here, in Springfield, where north, south, east and west come together that I was reminded of the essential decency of the American people — where I came to believe that through this decency, we can build a more hopeful America," said Obama, who served eight years in the state Senate. "And that is why, in the shadow of the Old State Capitol, where Lincoln once called on a house divided to stand together, where common hopes and common dreams still live, I stand before you today to announce my candidacy for President of the United States of America."

The square in front of the Old State Capitol was crammed with screaming spectators, many holding blue and white Obama signs. They interrupted his speech throughout, chanting, "O-bam-a!"

"Look at all of you," Obama said as he began speaking. "Goodness."

While the building where Obama delivered his speech has deep ties to Abraham Lincoln, the scene around it bustled with the signs of a modern-day presidential campaign.

Satellite trucks lined the street, TV crews were there and cables snaked along a sidewalk where there is a statue of Lincoln.

It was excitement that Bethany and Tim Scates of Ridgway couldn't resist.

The married couple drove almost four hours from their home in southern Illinois to witness Obama's announcement.

"This is a once-in-a-lifetime opportunity for us," said Bethany Scates, who was bundled against the frigid weather along with thousands of others filing into the square on Saturday.

People sported homemade campaign buttons, including some from Dan Richards of Springfield, who made about 3,000 badges for the occasion. His asking price for the "Obama for President" buttons was $3 each or two for $5.

Tucker Copi, 17, is not old enough to vote yet, but went to the speech because he thinks Obama is "young and fresh."

"It's good that he doesn't have too much baggage in office. He's young, a great speaker and the right guy for the job," Copi said.

Obama's decision to make his presidential announcement in Illinois' capital city — instead of another location like Chicago, where he lives, or in Washington — earned him accolades.

It also continued to feed the comparisons between Obama and Lincoln, the nation's 16th president. Lincoln served eight years in the Illinois legislature and two years in Congress.

"It's going to be the greatest thing in Illinois since Abraham Lincoln ran for president," said state Senate President Emil Jones, a Chicago Democrat.

While Helen Bailie of Petersburg didn't plan to be at Obama's announcement, the self-described Republican with some Democrat views still is glad he's making the announcement in central Illinois, especially if Chicago was the other choice.

"Chicago is not Illinois," Bailie said.

The big city, she said, is just different from the rest of the state, which is made up of smaller locales. She sees Obama's choice to come to Springfield as a nod to that.

"He's being respectful about it," she said.

But Obama isn't forgetting about the country's third largest city and the money it can pump into a presidential campaign.

He has a rally planned for Sunday at the University of Illinois at Chicago and a fundraiser later that night at a downtown hotel.

Springfield resident Mack Alexander said he's glad about the attention Obama's announcement is bringing to his town.

"It'll put us on the map," Alexander said. "Some people say 'Springfield, where's Springfield?'"

Obama Declares He's Running For President (CNN)

CNN.com, February 10, 2007

SPRINGFIELD, Illinois (CNN) -- Sen. Barack Obama stood before a cheering crowd in his home state Saturday and announced he will seek the 2008 Democratic nomination for president.

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Invoking the memory of fellow Illinoisan and the 16th president of the United States, Abraham Lincoln, the first-term senator addressed thousands packed into the Springfield, Illinois, town square on a chilly day in America's heartland.

To chants of "Obama! Obama!," he told the crowd: "It was here, in Springfield, where North, South, East and West come together that I was reminded of the essential decency of the American people -- where I came to believe that through this decency, we can build a more hopeful America." (Watch as the crowd erupts when Obama officially declares his candidacy)

If the 45-year-old Obama were elected, he would become the nation's first African-American president.

"And that is why, in the shadow of the Old State Capitol, where Lincoln once called on a divided house to stand together, where common hopes and common dreams still live, I stand before you today to announce my candidacy for president of the United States of America."

Obama told the crowd he would tackle problems like poor schools, economic hardships and oil dependence, saying a "failure of leadership" is to blame for not meeting the nation's challenges. He also implored the crowd to demand that there be "universal health care in America by the end of the president's first term."

He called the Iraq war a "tragic mistake" and said, "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war. That's why I have a plan that will bring our combat troops home by March of 2008.

"Letting the Iraqis know that we will not be there forever is our last, best hope to pressure the Sunni and Shia to come to the table and find peace," he said. (Watch the senator lay out his plan for Iraq)

He also lauded what he called the founding fathers' "genius" in creating a system of government that can be changed. He cited examples throughout history -- from the American Revolution to the Civil War to the Great Depression -- in which Americans have demanded, and effected, change.

"We've done this before. Each and every time, a new generation has risen up and done what's needed to be done. Today we are called once more, and it is time for our generation to answer that call," he said.

The absence of sound policy is not what's holding the country back, he said.

Rather, Obama said, "what's stopped us is the failure of leadership, the smallness of our politics -- the ease with which we're distracted by the petty and trivial, our chronic avoidance of tough decisions, our preference for scoring cheap political points instead of rolling up our sleeves and building a working consensus to tackle the big problems of America.'"Long enough ' to know better

The senator acknowledged that he hasn't been in Washington long, but said he is familiar enough with the city's political machinations to understand that change is in order.

"I recognize there is a certain presumptuousness in this -- a certain audacity -- to this announcement," Obama said. "I know that I haven't spent a lot of time learning the ways of Washington, but I've been there long enough to know that the ways of Washington must change. (Watch how name recognition may be Obama's best weapon)

He added, "People who love their country can change it."

Admitting the tactic is typical of aspiring candidates, Obama promised to overhaul a political system he says is dominated by lobbyists and special interest groups "who've turned our government into a game only they can afford to play."

"They write the checks and you get stuck with the bills, they get the access while you get to write a letter, they think they own this government, but we're here today to take it back. The time for that kind of politics is over," he said. "It's time to turn the page right here and right now."

Obama, the son of a black Kenyan father and white American mother, then invoked Lincoln again.

"He had his doubts. He had his defeats. He had his setbacks, but through his will and his words, he moved a nation and helped free a people."

Despite his brief tenure in the Senate, Obama has quickly gained popularity as he pondered his bid to break the Oval Office's color barrier.

According to a University of New Hampshire Survey Research Center conducted this month, Obama placed second, behind Sen. Hillary Clinton, among New Hampshire Democratic primary voters. Obama snared 21 percent of the vote in that popularity poll, trailing Clinton by 14 points. (Full story)

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Other Democrats seeking the office include Sen. Joe Biden of Delaware; Sen. Chris Dodd of Connecticut; former Sen. John Edwards of North Carolina; Ohio Rep. Dennis Kucinich; New Mexico Gov. Bill Richardson; Iowa Gov. Tom Vilsack and Sen. Clinton of New York.

While speculation abounds over whether a black presidential candidate can be viable, Obama -- whose first name comes from the Swahili word for "one who is blessed" -- has not let the color of skin hinder his career.

He attended Harvard and Columbia universities and was the first black president of the Harvard Law Review. He entered politics in Illinois, where he practiced civil rights law and taught at the University of Chicago Law School.

His first foray into politics came in 1997, when he took his seat in the state Senate, where he served until 2005. He was sworn in as a U.S. senator in 2005.

Obama Formally Joins '08 Presidential Race (GAN)

By Judy Keen

Gannett, February 10, 2007

SPRINGFIELD, Ill. — With an appeal to his generation to "transform this nation," Illinois Sen. Barack Obama said Saturday that he's running for the Democratic presidential nomination.

Obama made his announcement outdoors in frigid temperatures to a cheering crowd at the Old State Capitol, where his hero Abraham Lincoln said in 1858 that "a house divided against itself cannot stand."

It was here during his tenure as a state senator, Obama said, "that I was reminded of the essential decency of the American people — where I came to believe that through this decency, we can build a more hopeful America."

Obama took the stage hatless to the U2 song City of Blinding Lights with his wife, Michelle, and daughters Malia, 8, and Sasha, 5. "I know it's a little chilly, but I'm fired up," he said.

Obama, 45, who has been a U.S. senator for two years and served seven years in the Illinois legislature, acknowledged his inexperience.

"I recognize there is a certain presumptuousness in this, a certain audacity to this announcement," he said. "I know I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

It is time, he said, to end "the failure of leadership, the smallness of our politics" and "take back" the government.

"The time for that politics is over. It is true. It's time to turn the page, right here and right now," he said.

Obama joins a growing roster of Democratic candidates that includes New York Sen. Hillary Rodham Clinton and John Edwards, the 2004 vice presidential nominee. Clinton made her first trip to New Hampshire in more than a decade Saturday. Obama will campaign in New Hampshire, host of the first primary election, on Monday.

From here, Obama heads to Iowa, where the nation's first caucuses will be held in less than a year. He is in third place there among Democratic voters, according to a Des Moines Register/American Research Group Poll taken last week (Jan. 29-Feb. 1). Clinton leads with 35%, followed by Edwards with 18%. Obama was the choice of 14%, up from 10% in December, the poll showed.

"Let us be the generation" to reshape the economy, end poverty, tackle the health care crisis and free America "from the tyranny of oil," Obama said. "Most of all, let's be the generation that never forgets what happened on that September day and confront the terrorists with everything we've got."

The campaign "can't only be about me," he said, but will succeed with "the power of millions of voices calling for change. By ourselves, this change will not happen. Divided, we are bound to fail."

The theme of Obama's speech reflected the title of his best-selling 2006 book, The Audacity of Hope. "It's humbling, but in my heart I know you didn't come here just for me," he said. "You came here because you believe in what this country can be.

"In the face of war, you believe there can be peace. In the face of despair, you believe there can be hope," he said. "In the face of a politics that's shut you out, that's told you to settle, that's divided us for too long, you believe we can be one people, reaching for what's possible, building that more perfect union."

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Obama, the Senate's only African-American, traced his personal history as a $13,000-a-year community organizer in Chicago's black neighborhoods, civil-rights lawyer and professor of constitutional law. It was among Chicago's poor, he said, "that I received the best education I ever had, and where I learned the meaning of my Christian faith."

Every time the nation has faced great challenges, Obama said, "A new generation has risen up and done what's needed to be done. Today we are called once more — and it is time for our generation to answer that call. For that is our unyielding faith — that in the face of impossible odds, people who love their country can change it."

That's what Lincoln understood, he said. "He had his doubts. He had his defeats. He had his skeptics, he had his setbacks. But through his will and his words, he moved a nation and helped free a people."

"All of us know what those challenges are today — a war with no end, a dependence on oil that threatens our future, schools where too many children aren't learning, and families struggling paycheck to paycheck despite working as hard as they can," he said.

The obstacles to solutions to those problems, he said, stem from "our chronic avoidance of tough decisions, our preference for scoring cheap political points instead of rolling up our sleeves and building a working consensus to tackle big problems."

Without naming President Bush, he said that for the last six years Americans have been told the nation's debts don't matter, rising health care costs and stagnant wages are an illusion, climate change is a hoax "and that tough talk and an ill-conceived war can replace diplomacy, and strategy, and foresight.

"And when all else fails, when Katrina happens, or the death toll in Iraq mounts, we've been told that our crises are somebody else's fault. We're distracted from our real failures, and told to blame the other party, or gay people, or immigrants," he said.

Obama has long opposed the war in Iraq and has proposed a phased withdrawal that would bring all U.S. troops home by March 31, 2008. "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war," he said.

The temperatures were in the low teens as Obama spoke. That didn't matter to Lori Hammell, 45, a real estate agent from Springfield. "I said to my family, 'We live 20 minutes from history and we're going,' " she said as she gripped a rapidly cooling cup of coffee.

Her husband Howard, 51, a consultant and their 14-year-old twins, Ben and Emily, stood across the street from the historic capital. "I'm wearing two pairs of socks, four shirts, everything," she said.

Jeremy Smith, 29, a land surveyor from Springfield, thought about staying home and watching the announcement on TV, but decided he couldn't. "I'm here to watch history," he said.

Recalling A Natural (WP)

The Washington Post, February 11, 2007

In law school, Barack drove an old mustard-yellow Toyota Tercel that was pockmarked with rust. It was the kind of car you would imagine a struggling community organizer driving. And while the car appeared to be on its last legs, it had a reliable engine that took him from Chicago to Cambridge without incident. Barack was attached to the car. Each time I saw the Tercel it reminded me of one of Barack's favorite songs growing up, William DeVaughn's "Be Thankful for What You Got," and I could hear him enthusiastically singing it:

Though you may not drive a great big Cadillac/ Gangsta whitewalls TV antennas in the back/ You may not have a car at all/ But remember , brothers and sisters/ You can still stand tall. . . .

One evening after dinner with a group of friends, those of us who rode with Barack came out of the restaurant to find his car missing. We immediately concluded that it had not been stolen, because who would want it other than Barack? After some scrutiny and the application of our finely honed analytical skills, we determined that the car had been towed. We used the handy phone number on the "No Parking" sign to find the impound lot. We arrived at the lot after midnight and found the car looking quite at home in a parking space bordering on the junkyard. A relieved Barack paid the fine -- $75, no joke for a poor law student -

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- and the car was recovered. We ribbed him that the fine was probably half the car's value, but he was content to have it back, flaws and all.

Barack's connection to the car symbolized in its own way his loyalty, his humility and, yes, his frugality. I've always believed that one of the appeals to him of joining the Harvard Law Review and becoming its first black president was that the position came with a parking space. I think the car finally gave out on him when he went back to Chicago after law school, but like any good community organizer, Barack had never given up on it.

-- Cassandra Butts, senior vice president for domestic policy at the Center for American Progress and Obama's Harvard Law School classmate

I was a basketball teammate of Barack's in high school. He was two grades ahead of me, the same class as my brother. I remember him as a charismatic guy who loved to play basketball. There were a number of courts on campus and if class schedules and time permitted, we would play pick-up ball when we could. He was a lefty with a great double pump shot in the lane. I remember him as a fierce competitor who could break intense situations (arguments over scores and fouls) with a flash of his smile and a voice of reason. Anyone who has ever played pick-up ball knows that such arguments are common. It's fair to say that Barack would never shy away from them but would somehow come out with his desired result. I did like to be on his team, even though he was not shy about shooting every time he touched the ball. I was a good rebounder. As a member of the varsity team, he was very encouraging to his fellow players and particularly to me. When we won the state tournament that year, all of us pick-up players felt justified, even though we were a little sweaty going to class.

-- Dan Hale was Obama's teammate on the championship 1979 basketball team at Punahou School in Hawaii. Hale is now the head coach of Punahou's Varsity I basketball team.

* * *

Barry (the name Barack used then) played a small forward, or "three man," in our system. I would define him as a "slasher," very good driving to the basket off the dribble. But with limited shooting range, although fairly accurate from 12 feet in. Very athletic, fast, good jumper. He had a long, lean body and was a very good defender. He was a starter who scored about 10 points and six or seven rebounds per game. We would put him on the best forward of the opposing team, regardless of their height. His athletic ability, jumping ability, etc., allowed him to guard bigger or smaller players. We pressed a lot and Barry was an integral part of the press with his quickness and speed.

Barry was the same in victory or defeat -- even-tempered. You could sense that the sport and competition were important, but once the season was over, it was time to focus again on academic issues.

-- Mike Zinn, a basketball coach at Occidental College in Los Angeles when Obama was a student there in 1980-81.

* * *

On St. Patrick's Day in Chicago there are two parades: the one downtown, for the tourists, and the one in the 19th Ward, in the southwest corner of the city. That's the home of the real St. Patrick's Day Parade. More than 200,000 people show up and in 2000, when he was running against Bobby Rush in the Democratic congressional primary, Barack Obama marched in that parade. I remember he passed out a surprising piece of literature touting the important civil rights litigation he handled. On St. Patrick's Day, you don't hand out campaign literature to solicit law business. Perhaps that wasn't his intention, but his brochures were littering the sidewalks of the entire parade route, from 103rd Street to 115th. He was either very brash or naive in the way he was introducing himself to paradegoers. Whether he meant it or not, it came off as an attempt to sell that litigation background to an Irish Catholic crowd on the South Side of Chicago.

-- Patrick O'Malley, a Republican who served as an Illinois state senator from 1993 to 2003

* * *

I'd like to say I knew in law school that Barack would be a presidential candidate. But I didn't. Like many of my colleagues, I knew he was different -- more mature, intellectually rigorous, politically adept and capable of demonstrating real leadership -- than your average law student.

And we all had our suspicions that he would do something interesting in politics, but few if any of us had the foresight to predict that he would become the sort of national figure he is today.

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Fast-forward to August 2004, sitting in one of the last rows, near the ceiling, of the Fleet Center in Boston, in the moments leading up to Barack's speech to the Democratic National Convention. The crowd was electric. We were surrounded by dozens of young volunteers, frantically waving Obama placards. He hadn't said a word yet, but the anticipation was palpable. By the time he was done, the crowd had exploded. My wife and I looked at each other, frankly amazed. This was the guy we ate doughnuts with at midnight?

And yet, in retrospect, one could see the seeds of his strengths today in his days at the Law Review: his ability to lead, to guide a group of politically diverse -- and divisive -- people toward a common goal, to wrestle intellectually with some of the most difficult and complex problems of the day, understand different perspectives and take a position based on principle but made all the more sound by his appreciation of alternative points of view.

-- Michael Froman, Obama's Harvard Law School classmate

* * *

I feel about Barack the way I do about my sons. He worked with us on Mayor Harold Washington's election, and on important issues such as job-training programs and getting asbestos out of the projects.

No matter what Barack did, he was thorough. When he brought plans to us, they were all laid out. He told us who we were supposed to see and who we were supposed to talk to. We had no expertise. We were just basically housewives and ministers. But when we had town hall meetings, Barack always stayed in the background. He would say: "It's not my community, you're the ones who have to be out there. The first thing people will say if they see me is, 'Who is he?' I have to empower you so that you will be able to express yourself well."

He kept us so energized. When we found a cause, he never said, "Well, you can't do that." He said, "I'll look into it, I'll bring you all the material you need." He has a way of making you want to follow him, and failing is not a part of anything you feel. Because if he said it was going to work, it was going to work.

It wasn't like he was bossing us around, though. If anything, we bossed him around. He was in Chicago without a family, so we made sure that he would eat right. He usually stuck to just sandwiches. We would go out to dinner with him sometimes and we would ask him, "Have you eaten today?" and he would laugh and say, "Yes, I did, I had breakfast."

He talked to everybody. He was right in the middle of us. The older people love a respectful young man, and he certainly was that. We hated to see him go. When he came to us and told us that he had decided to go to Harvard, it was very sad, but we knew he wanted to go.

Now when I look at him with his family, and I see him with those little girls, I think it's just fantastic. That's something I didn't know whether I'd live long enough to see, because when I first knew him he was just so into his work. We always had an idea that he was going into politics. One of the women in the organization said, "Well, when you make it to Washington. . . . " And he just started laughing and said, "Yes, of course you'll be at my inauguration."

-- Yvonne Lloyd, was on the board of the Developing Communities Project in Chicago when Obama became its director in 1985

* * *

The month after the 2004 Democratic convention, the Obamas visited my family in Martha's Vineyard for a much-needed vacation. Barack is an avid jogger, and one morning he went out for a run by himself in our secluded neighborhood. When he returned to the house an hour later, Michelle, our children and I were eating breakfast. As he entered the kitchen he had a look of complete disbelief on his face. "You aren't going to believe what happened to me," he said. "A guy took my picture as I jogged by!" He was completely mystified that somebody would be interested in a picture of him. Michelle just rolled her eyes and the girls ignored him completely. So now people take his picture all the time and he is still often surprised by the attention. As for the recent paparazzi shots of him on a beach, I called him the day I saw them and said teasingly, "I've seen you in a swimsuit and I don't remember you looking so buff." He was absolutely mortified.

-- Valerie Jarrett, former finance chair of Obama's Senate campaign

* * *

I was in my office in the church and he just walked up to the door. My church sits in the neighborhood, way off the main thoroughfare, so you had to be coming here to get here. And Barack just walked up and rang the bell. He said he was going

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through the neighborhood trying to talk to pastors about community organizing. My first impression was: Who is this skinny guy and what is he selling? But he wasn't selling anything. He just asked me what was important to me. I was really impressed with the fact that he spent more time listening to me and trying to hear what I thought was important in the neighborhood, rather than my experience of people coming in and telling me what I ought to do. He was more concerned about listening and hearing my ideas and asking: How can we get this done together?

The biggest lasting thing that Barack brought to this neighborhood is that he got a bunch of African American Protestant pastors to sit down at a table with white Catholic priests to say all of us are in the community, let's find a way to work together and get it done.

-- The Rev. Alvin Love of Lilydale First Baptist Church in Chicago, who worked with Obama on the Developing Communities Project

Australian Leader: Al-Qaeda Wants Obama (AP)

AP, February 10, 2007

SYDNEY, Australia (AP) — Australia's conservative prime minister slammed Barack Obama on Sunday over his opposition to the Iraq war, a day after the first-term U.S. senator announced his intention to run for the White House in 2008.

Obama said Saturday at his campaign kickoff in Springfield, Ill., that one of the country's first priorities should be ending the war in Iraq. He has also introduced a bill in the Senate to prevent President Bush from increasing American troop levels in Iraq and to remove U.S. combat forces from the country by March 31, 2008.

Australian Prime Minister John Howard, a staunch Bush ally who has sent troops to Iraq and faces his own re-election bid later this year, said Obama's proposals would spell disaster for the Middle East.

"I think that will just encourage those who want to completely destabilize and destroy Iraq, and create chaos and a victory for the terrorists to hang on and hope for an Obama victory," Howard said on Nine Network television.

"If I were running al-Qaeda in Iraq, I would put a circle around March 2008 and be praying as many times as possible for a victory, not only for Obama but also for the Democrats."

Howard has defied widespread domestic opposition to the war, keeping about 1,400 Australian troops in and around Iraq, mostly in non-combat roles. He is seeking a fifth term later this year, and recent polls suggest voters are increasingly unhappy about his refusal to set a deadline for withdrawing Australian troops from the Middle East.

"You either rat on the ally or you stay with the ally," he said. "If it's all right for us to go, it's all right for the Americans and the British to go, and if everybody goes, Iraq will descend into total civil war and there'll be a lot of bloodshed."

Decoding The Debate Over The Blackness Of Barack Obama (NYT)

By Brent Staples

The New York Times, February 11, 2007

Those of us who were born black in the years just after World War II had front-row seats for the collapse of American apartheid. We started out confined to all-black communities and schools at a time when skin color was still destiny. But as segregation gave way, many of us were vaulted out of this sequestered world and into colleges, jobs and walks of life that had been closed to us pretty much since the nation's founding.

The rush of upward mobility produced the inevitable identity crisis, which led in turn to endless discussions about the meaning of blackness in a world where skin color was beginning to matter less and less.

At their best, these discussions, held in college dorm rooms at night, were probing, serious and heartfelt. At their worst, they turned into lectures by the race police — '60s-era ideologues who characterized blackness not as a matter of individual interpretation or choice, but as a narrow set of attitudes and experiences that were said to make up the authentic black identity.

Back then, black Americans who came from successful, suburban and upwardly mobile families were regularly dismissed as white or inauthentic. The authentic black experience, it was said at the time, was limited to the hard-core, impoverished upbringing that black people often chose to brag about, even when they had actually grown up with private prep schools in the lap of luxury.

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The race police ran rampant in the black community itself, but were rarely heard in the white world. But they have been parading up and down Main Street since Senator Barack Obama of Illinois — the son of a black African father and a white American mother — made clear that he intended to seek the Democratic presidential nomination.

The arguments being raised about Mr. Obama's blackness — or his lack of blackness — seem positively antique at a time when Americans are moving away from the view of ancestry as a central demographic fact and toward a view that dispenses with those traditional boundaries. Even so, the complaints about Mr. Obama provide an interesting opportunity to examine the passing of the old and the rise of the new.

The claim that the candidate isn't really black because his mother is white carries little weight under either system. It makes no sense at all to the young Americans who checked more than one box when identifying themselves by race in the last census. They subscribe to a fluid notion of race and seem perfectly willing to let people describe themselves racially any way they choose.

Nor does the charge make sense in the black community itself. That community has historically and eagerly embraced as black anyone and everyone with any African ancestry to speak of. That embrace often included interracial families, who lived in black communities long before they were accepted elsewhere. It included even blue-eyed, sandy-haired people like the civil rights leader Walter White, whose black ancestry was imperceptible to the naked eye.

The carpetbagging black Republican Alan Keyes opened up this racialist can of worms when he opposed Mr. Obama in the Illinois Senate race back in 2004. Badly outmatched and reaching for any brick he could find, Mr. Keyes blurted out that Mr. Obama was not black because he was not descended from slaves. The Daily News columnist Stanley Crouch later seemed to second that view, saying that Mr. Obama had not "lived the life of a black American."

The heritage of slavery is of course central to African-American life. But that is a fairly recent recognition for many of us who grew up black in the second half of the 20th century. Black families like mine dealt with the stigma and humiliation of slavery by simply suppressing it. My older uncles, for example, grew up in regular contact with relatives who had been born into slavery, but never mentioned it to me. Silence about slavery at home was matched by neglect of the topic at school. As a result, I was nearly 40 years old and writing a book about my family when I stumbled upon the news of my enslaved relatives in a newsletter from a small historical society.

The claim that Mr. Obama has not lived the typical African-American life is closer to the nub of what bothers his black traditionalist critics. Their complaint goes right back to the race police of the 1960s who decreed that the only authentic black experience was one that featured hardship and crushing encounters with racism, preferably with an urban American backdrop.

Mr. Obama missed out on that part while growing up an introspective child, longing for his missing father, in Hawaii and Indonesia. He stumbled onto the mysteries of race in his own good time and pursued them in his own way. His quest took him to an impoverished community on the South Side of Chicago, where he worked as an organizer in an infamous public housing project before discovering his vocation as a politician.

His critics are at least right when they describe his journey as a departure from the customary stereotype. But they are fundamentally wrong when they try to argue that the journey described in his affecting 1995 memoir, "Dreams From My Father," is somehow incompatible with blackness.

At bottom, the hue and cry over Barack Obama's identity stems from a failure by black traditionalists to recognize multiracial versions of themselves. Soon enough, perhaps by year's end, however, the Obama story, which seems so exotic to so many people now, will have found its place among all the other stories of the sprawling black diaspora.

Stop Him Before He Gets More Experience (NYT)

By Frank Rich

The New York Times, February 11, 2007

AS the official Barack Obama rollout reaches its planned climax on "60 Minutes" tonight, we'll learn if he has the star power to upstage Anna Nicole Smith. But at least one rap against him can promptly be laid to rest: his lack of experience. If time in the United States Senate is what counts for presidential seasoning, maybe his two years' worth is already too much. Better he get out now, before there's another embarrassing nonvote on a nonbinding measure about what will soon be a four-year-old war.

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History is going to look back and laugh at last week's farce, with the Virginia Republican John Warner voting to kill a debate on his own anti-surge resolution and the West Virginia Democrat Robert Byrd seizing the occasion for an hourlong soliloquy on coal mining. As the Senate pleasured itself with parliamentary one-upmanship, the rate of American casualties in Iraq reached a new high.

The day after the resolution debacle, I spoke with Senator Obama about the war and about his candidacy. Since we talked by phone, I can't swear he was clean, but he was definitely articulate. He doesn't yet sound as completely scripted as his opponents — though some talking-point-itis is creeping in — and he isn't remotely defensive as he shrugs off the race contretemps du jour prompted by his White House run. Not that he's all sweetness and light. "If the criterion is how long you've been in Washington, then we should just go ahead and assign Joe Biden or Chris Dodd the nomination," he said. "What people are looking for is judgment."

What Mr. Obama did not have to say is that he had the judgment about Iraq that his rivals lacked. As an Illinois state senator with no access to intelligence reports, he recognized in October 2002 that administration claims of Saddam's "imminent and direct threat to the United States" were hype and foresaw that an American occupation of Iraq would be of "undetermined length, at undetermined cost, with undetermined consequences." Nor can he be pilloried as soft on terrorism by the Cheney-Lieberman axis of neo-McCarthyism. "I don't oppose all wars," he said in the same Chicago speech. "What I am opposed to is a dumb war."

Now that Mr. Obama has passed through Men's Vogue, among other stations of a best-selling author's cross of hype, he wants to move past the dumb phase of Obamamania. He has begun to realize "how difficult it is to break through the interest in me on the beach or that my wife's made me stop sneaking cigarettes." He doesn't expect to be elected the leader of the free world because he "can tell a good joke on Jay Leno." It is "an open question and a legitimate question," he says, whether he can channel his early boomlet into an electoral victory.

No one can answer that question at this absurdly early stage of an absurdly long presidential race. But Mr. Obama is well aware of the serious criticisms he engenders, including the charge that he is conciliatory to a fault. He argues that he is "not interested in just splitting the difference" when he habitually seeks a consensus on tough issues. "There are some times where we need to be less bipartisan," he says. "I'm not interested in cheap bipartisanship. We should have been less bipartisan in asking tough questions about entering into this Iraq war."

He has introduced his own end-the-war plan that goes beyond a split-the-difference condemnation of the current escalation. His bill sets a beginning (May) and an end (March 31, 2008) for the phased withdrawal of combat troops, along with certain caveats to allow American military flexibility as "a big, difficult, messy situation" plays out during the endgame. Unlike the more timid Senate war critics, including Hillary Clinton, Mr. Obama has no qualms about embracing a plan with what he unabashedly labels "a timeline."

But he has no messianic pretensions and is enough of a realist to own up to the fact that his proposal has no present chance of becoming law. Nor do any of the other end-the-war plans offered by Congressional Democrats — some overlapping his, some calling for a faster exit than his. If a nonbinding resolution expressing mild criticism of President Bush's policy can't even come to a vote in the Senate, legislation demanding actual action is a nonstarter. All the Democrats' parrying about troop caps, timelines, benchmarks, the cutting off of war funding, whatever, is academic except as an index to the postures being struck by the various presidential hopefuls as they compete for their party's base. There simply aren't 60 votes in the Senate to force the hand of a president who, in Mr. Obama's words, "is hellbent on doing what he's been doing for the last four years."

Unless, of course, Republicans join in. The real point of every Iraq proposal, Mr. Obama observes, is to crank up the political heat until "enough pressure builds within the Republican Party that they essentially revolt." He argues that last week's refusal to act on a nonbinding resolution revealed just how quickly that pressure is building. If the resolution didn't matter, he asks, "why were they going through so many hoops to avoid the vote?" He seconds Chuck Hagel's celebrated explosion before the Senate Foreign Relations Committee, when "he pointed at folks" and demanded that all 100 senators be held accountable for their votes on what Senator Hagel called "the most divisive issue in this country since Vietnam."

That's why Mr. Obama is right when he says that the individual 2008 contests for the Senate and the House are at least as important as the presidential race when it comes to winding down the war: "Ultimately what's going to make the biggest

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difference is the American people, particularly in swing districts and in Republican districts, sending a message to their representatives: This is intolerable to us."

That message was already sent by many American voters on Election Day in 2006. Rahm Emanuel, the Illinois congressman who, with his Senate counterpart, Chuck Schumer, oversaw that Democratic takeover, smells the blood of more Republicans in "marginal districts" in 2008. His party is now in the hunt for fresh candidates, including veterans of Iraq and Afghanistan. Such is the sense of impending doom among House Republicans that their leader, John Boehner, told CNN on Jan. 23 that he could render a verdict on whether the latest Bush Iraq strategy is "working" in a mere "60 to 90 days."

In the Senate, even the rumor of a tough opponent is proving enough to make some incumbents flip overnight from rubber-stamp support of the White House's war policy to criticism of the surge. Norm Coleman of Minnesota started running away from his own record the moment he saw the whites of Al Franken's eyes. Another endangered Republican up for re-election in 2008, John Sununu of New Hampshire, literally sprinted away from the press, The Washington Post reported, rather than field questions about his vote on the nonbinding resolution last week.

My own guess is that the Republican revolt will be hastened more by the harsh reality in Iraq than any pressure applied by Democratic maneuvers in Congress. Events are just moving too fast. While senators played their partisan games on Capitol Hill, they did so against the backdrop of chopper after chopper going down on the evening news. The juxtaposition made Washington's aura of unreality look obscene. Senator Warner looked like such a fool voting against his own principles ("No matter how strongly I feel about my resolution," he said, "I shall vote with my leader") that by week's end he abruptly released a letter asserting that he and six Republican colleagues did want a debate on an anti-surge resolution after all. (Of the seven signatories, five are up for re-election in 2008, Mr. Warner among them.)

What anyone in Congress with half a brain knows is that the surge was sabotaged before it began. The latest National Intelligence Estimate said as much when it posited that "even if violence is diminished," Iraq's "absence of unifying leaders" makes political reconciliation doubtful. Not enough capable Iraqi troops are showing up and, as Gen. Peter Pace told the Senate last week, not enough armored vehicles are available to protect the new American deployments. The State Department can't recruit enough civilian officials to manage the latest push to turn on Baghdad's electricity and is engaged in its own sectarian hostilities with the Pentagon. Revealingly enough, the surge's cheerleaders are already searching for post-Rumsfeld scapegoats. William Kristol attacked the new defense secretary, Robert Gates, for "letting the Joint Chiefs slow-walk the brigades in."

Washington's conventional wisdom has it that the worse things go in the war, the more voters will want to stick with the tried and true: Clinton, McCain, Giuliani. But as Mr. Obama reminds us, "Nobody had better Washington résumés than Dick Cheney or Donald Rumsfeld." In the wake of the catastrophe they and their enablers in both parties have made, the inexperienced should have a crack at inheriting the earth, especially if they're clean.

Clinton Cheered In N.H.; Some War Foes Skeptical (POL)

The Politico, February 11, 2007

BERLIN, N.H. – Democratic Sen. Hillary Rodham Clinton returned to New Hampshire on Saturday for the first time in a decade, making two campaign stops that drew more than 2,500 supporters – but also skeptics who questioned her 2002 vote to authorize the invasion of Iraq.

Many came to see what they said might be history in the making, if the New York senator becomes the first female candidate to win her party's nomination for president.

Mothers brought daughters. Fathers towed along sons, who were urged to absorb the moment. Adult women tucked copies of Clinton's memoir under their arm, and yelled "You go, girl" from their seats.

"Come on, I'm a '60s girl," said Joan Chamberlain, the director of a local Berlin arts group. "She inspires me to hope again."

Clinton chose Berlin City Hall, the heart of an old paper mill town more than three hours north of Manchester, to debut her presidential campaign in the nation's first primary state. The setting seemed downright cozy compared to the packed bleachers of Concord High School's gymnasium, where she spoke later in the day to more than 2,000 people.

"There are people who think or say to others that it might be difficult to elect a woman president," Clinton told about 500 people in Berlin. "My response to that is we will never know until we try.

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"I am obviously very proud to be a woman," she continued. "But I am not asking you to vote for me because I am a woman. I am asking you to vote for me because I believe I am the most qualified person to hit the ground running in 2009."

Clinton delivered a similar 25-minute stump speech at both stops, promising to establish universal health care coverage, lower the cost of college tuition and bring U.S. troops home from Iraq.

She also repeated a line she started using two weeks ago in Davenport, Iowa, in response to critics about her stance on the Iraq war: "If I was president in 2003, this war never would have begun. If I am president in 2009, I will end it."

The line brought the crowd to its feet in Berlin and Concord but did not appease everyone.

Her top rivals for the Democratic nomination have gone further than Clinton. Sen. Barack Obama of Illinois has opposed the war from the start, and former Sen. John Edwards of North Carolina has repeatedly called his war vote a mistake.

"Can you say the war authorization vote was a mistake?" Roger Tilton, a 46-year-old Nashua financial adviser, asked Clinton in Berlin. "I – and probably a lot of other Democratic primary voters – feel that until we hear you say that, we are not going to hear all these other great things you are saying."

Clinton responded with her usual talking points.

"Knowing what I know now, I would never have voted for it," she said. "I have taken responsibility for my vote. The mistakes were made by this president who misled this country and this Congress."

It was Clinton's shortest answer of the 90-minute town hall meeting – and it drew hearty applause – but it did not satisfy Tilton, who later said he wanted to hear her say that the vote was a mistake.

At both stops, Clinton paced slowly in front of the crowd, her hands clasped in front of her. Afterwards, she shook hands and signed autographs.

She fielded questions on the economy and the federal deficit, New Hampshire's status as the first primary state (she supports keeping it that way), and her position on egg donation for stem cell research ("I have to think about egg donation. I don't want to give a flip answer").

In Berlin, where a paper mill was shuttered in the last year, Clinton focused on job creation, highlighting her work assisting similar rural communities in upstate New York.

And Clinton occasionally dropped the name of the other Clinton – Bill, the former president who stayed home in Chappaqua, N.Y.

"It is great having a full-time political counselor," she said. "And he was pretty jealous this morning when I was leaving to come here."

She vowed to do one thing differently than her husband: "Not so many Dunkin' Donuts stops."

Clinton Campaigns In New Hampshire (WP)

By Chris Cillizza

The Washington Post, February 11, 2007

BERLIN, N.H., Feb. 10 -- Sen. Hillary Rodham Clinton (D-N.Y) faced tough questions over her 2002 vote to authorize the war in Iraq during a town hall gathering Saturday in this small mill city tucked away in the far northeastern reaches of the state.

The response to Clinton's visit to New Hampshire, her first since 1996, was typified by Roger Tilton.

Tilton, a financial consultant from Nashua who had risen at 4 a.m. to make the drive north, asked Clinton to apologize for her vote. She refused -- reiterating her stance that "I have taken responsibility for my vote."

Tilton was unmoved. "Until she says it was a mistake, she won't get my vote," he said.

The exchange highlighted the challenge Clinton faces in her still-new candidacy for president. She must convince Democratic primary voters, who tend to be strongly opposed to the war in Iraq, that her pragmatic approach to ending the conflict is the right one.

Complicating that task is that her two main rivals for the Democratic nomination -- Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.) -- have spoken out strongly against the war. In his formal announcement of his bid for president Saturday, Obama mentioned his proposal to withdraw U.S. combat troops from Iraq by March 2008.

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Despite the pointed questioning on Iraq, Clinton remained the poised front-runner that state and national polls make her out to be. She deftly answered questions on rising college tuition, immigration and the situation in Darfur. On health-care reform, which Clinton unsuccessfully tackled as first lady, she was unbowed about the need to expand coverage.

"I am going to be right back up on that horse of universal health-care coverage, and we are going to ride," she promised.

The crowds that gathered to hear Clinton were considerable. Hundreds packed the Berlin City Hall on a frigid morning for the chance to see and hear her; thousands more lined the wooden bleachers at Concord High School in the state capital later in the day.

For many it was their first in-person exposure to Clinton, and there was considerable curiosity about how she would handle the back-and-forth repartee on which New Hampshire voters pride themselves.

"I'd like to like her," said Nathaniel Gurien of North Conway. "Now that she is running, she has to show us what she's made of."

Much of Clinton's rhetoric was aimed doing just that -- she cast herself as an ordinary woman who has lived an extraordinary life. She described her upbringing in a "middle-class family in the middle of America in the middle of the last century" and asked the audience to help her avoid gaining weight while in the state and stopping too often at Dunkin' Donuts.

She invited two teenagers in the crowd to come to the stage to hand her a sticker supporting New Hampshire's bid to continue holding the first primary in the nation. She shook hands with both, drawing a roar from the crowd.

She headed off questions about whether a woman could be elected president in 2008 before they were even asked. "We'll never know until we try," Clinton said.

On issues, she was vague, choosing to focus on her accomplishments during her six years in the Senate rather than on specific proposals. Asked what she would do to reform the health-care system, Clinton was careful not to lay out a plan and instead turned the question back to the audience. On energy independence, Clinton advocated several modest measures but offered no broad proposal.

But it was Iraq and Clinton's position on the issue that served as the focal point of the day. Even those who were obvious supporters pressed for assurances that she believes the war was a mistake. One woman, who prefaced her remarks by telling Clinton, "You go, girl," asked her to better explain her 2002 vote.

Clinton said her vote did not give President Bush the authority to conduct a "preemptive war," and she cited comments she made to that effect at the time.

"He should not have been trusted with the authority we gave him," she said. Clinton also noted that she has advocated capping the number of troops in Iraq at the January 2007 level and supports proposals to cut off funding for Iraqi security forces if progress is not made in limiting the violence there.

Clinton refused to accept the view that the Senate's effort to pass a nonbinding resolution condemning the president's plan to send more U.S. troops to Iraq is a meaningless exercise.

"We are working to change the president's policy," she said. "Getting change in our system is difficult. I'm still in the arena. I'm still fighting."

Not everyone was convinced.

"She's very politically calculating and careful," said Chuck Henderson of North Conway. "I want someone who has courage and is fearless."

In New Hampshire, Clinton Owns Up To Her Vote On Iraq War (NYT)

By Patrick Healy

The New York Times, February 11, 2007

CONCORD, N.H., Feb. 10 — Campaigning in New Hampshire for the first time as a presidential candidate, Senator Hillary Rodham Clinton came under criticism at two appearances on Saturday for voting in 2002 for military action in Iraq, and even refused one man's request that she say that her vote was a mistake.

While warmly received overall on this, her first visit to New Hampshire since 1996, Mrs. Clinton also sought to inoculate herself from the occasional Democratic antiwar anger. At a forum with 2,000 people in the state capital here, she first blamed

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President Bush for misusing her vote to go to war preemptively, and then obliquely questioned the Iraq positions of her two leading rivals for the Democratic nomination, Senator Barack Obama of Illinois and John Edwards, former senator of North Carolina.

While she did not refer to either by name, she said she could not solve Iraq by delivering a strong antiwar speech (like Mr. Obama gave on Saturday) or by calling for an immediate withdrawal of troops to end the war (as Mr. Edwards has done).

"It's very easy to go around saying, 'end the war now,' " she told about 2,000 people in a high school gymnasium here. "If we had a Democratic president, we would end the war."

"I know that there is a great deal of frustration and anger and outrage, but we can't just wave a magic wand and make things change," she said about Iraq at another point. "I wish we could. I wish I could give a speech and it would all be different, but that's not how our country works."

And in a nod to Mr. Edwards's fierce criticism of the war since leaving the Senate, she said, "I'm still in the arena — I'm still fighting to get those 60 votes," a reference to the number of voters that Senate Democrats are trying to muster for a nonbinding resolution opposing Mr. Bush's war plan.

Mrs. Clinton's 2002 vote poses political peril for her candidacy; she has not repudiated her vote, as Mr. Edwards has done of his, and she lacks the record of consistent criticism against the war of Mr. Obama, who was not in the Senate in 2002. During one forum early Saturday in the economically struggling city of Berlin in northern New Hampshire, Mrs. Clinton used tough language to blame President Bush and his advisers for Iraq, asserting that they came into power in 2001 with an "obsession" to oust Saddam Hussein and resolve the "unfinished business" of the first Persian Gulf war.

"From almost the first day they got into office," Mrs. Clinton said, "they were trying to figure out how to get rid of Saddam Hussein. I'm not a psychiatrist; I don't know all of the reasons behind their concern, some might say their obsession."

While she tried to keep the audience of 300 people in Berlin focused on Mr. Bush, she was forced at one point to account for her own history on Iraq. One audience member, Roger Tilton of Nashua, asked her "right here, right now, once and for all, without nuance" to call her 2002 vote "a mistake."

"Until we hear you say that, we're not going to hear all these other great things you've said," Mr. Tilton said.

In response, Mrs. Clinton repeated her standard talking points that she would never have cast it if she had had the intelligence information that she had now.

She also tailored some of her remarks to the economic struggles of Berlin, a city of about 8,000 people that has been shedding jobs from its pulp and paper mills.

"I think there is a great opportunity for using wood for a fuel of the future, just like it was a fuel of the past," Mrs. Clinton said. "If we can provide the right incentives, and we can give people the extra help we need by tax incentives and other ways of creating new jobs, we can begin to do this."

In Concord, Senator Clinton also criticized President Bush for not asking Americans to make sacrifices or commitments. When an audience member reminded her, sympathetically, that Mr. Bush had suggested that Americans go shopping after the attacks of Sept. 11, 2001, Mrs. Clinton picked up on that line.

"That's right, the only thing after 9/11 — 'go shopping,' " she said. "I was just appalled by that."

Although Mrs. Clinton did not bring former President Bill Clinton with her, she tried to turn his popularity in New Hampshire to her advantage at several points, though she joked she would not be following his political playbook entirely.

"Probably the only thing that I'll try to do differently from my husband is not so many Dunkin' Donuts stops," Mrs. Clinton said, evoking the lore of Mr. Clinton's snacking habits during the 1992 presidential campaign. "I honestly think Bill gained about 20 pounds in the New Hampshire primary, and I cannot afford that."

Clinton Draws Crowds In First NH Stops (NHUL)

By John DiStaso

New Hampshire Union Leader, February 11, 2007

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Hillary Clinton talked about issues ranging from health care to education and the environment yesterday, but the Democratic presidential front-runner was sent a clear message that a burning issue in the first-primary state is how to end American bloodshed in Iraq.

In her first visit to New Hampshire in more than a decade and her first as a presidential candidate, the New York senator was welcomed enthusiastically to town hall-style meetings attended by 350 in Berlin and more than 1,500 at the Concord High School gymnasium, where huge banners saying, "Let the Conversation Begin," were hung from the rafters.

Clinton called it a "nostalgic" visit, recalling the support her husband, former President Bill Clinton, received from state primary voters in 1992, when his second-place finish revived his struggling candidacy.

"We are forever in your debt," she said.

Most questioners Clinton faced yesterday were friendly, if not adoring. Only a handful pressed her hard and those who did focused on Iraq.

Roger Tilton of Nashua was in the Berlin audience calling on Clinton to recant her 2002 vote in favor of a resolution authorizing President George W. Bush to invade Iraq.

In Concord, third-year law student Monique Cesna first told Clinton, "You go, girl," but then questioned her "seeming contradiction" between the 2002 vote and her current strong call for an end to the war. David Tiffany of Hollis asked why she had not taken a stronger leadership role to stop funding for the war.

Clinton said that most congressmen who voted to authorize the invasion did not know that Bush "would so misuse the authority we gave him." She noted that when she voted in 2002, she said on the Senate floor "that it was not a vote for a pre-emptive war.

"Knowing what we know now," she said, "we would never have voted to give this President the authority at all because he should not have been trusted with the authority we gave him."

Tiffany asked her why, if she is truly opposed to the war, she has not used "the power of the purse" and advocated cutting funding for the military action. "You seem to want to have it both ways," he said.

Clinton answered that she and other Capitol Hill Democrats "are working to try to change the President's policy. I know there is a great deal of frustration and anger and outrage that we can't just wave a magic wand and make things change. I wish we could. I wish I could give a speech and it would all be different, but that's not the way the system works."

She said that in the Senate "you've got to get 60 votes to do anything," and any strong anti-war legislation would likely require two-thirds House and Senate super-majority majorities to override a presidential veto.

"I'm still fighting to try to get those 60 votes," she said, "It's easy to go around saying, 'End the war now."

Tiffany, a registered independent who said he almost always votes Democratic, said later, "I don't see her as one of the leaders in looking for a quick fix in Iraq. She is against using the power of the purse to bring the troops home, and I think our military families have done more than anyone has a right to ask them."

He said that while he has not decided who he will support, "I'd have to say that at this point I'd prefer almost any Democrat over her."

In Berlin, Tilton told Clinton he was not in the mood to listen to her other policy ideas.

"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," Tilton said. "I, and I think a lot of other primary voters -- until we hear you say it, we're not going to hear all the other great things you are saying."

In response, Clinton repeated her assertion that "knowing what we know now," she would not have voted for the resolution.

Later, Tilton said was inclined to support either Democrat John Edwards or Sen. Barack Obama, D-Ill., who announced his candidacy Saturday.

In Concord, Clinton said that since Iran and Syria are apparently funding much of the insurgency in Iraq, the U.S. should have dialogues with those nations.

"I think one of the rules of warfare is to know your enemy and to know what makes them tick and how to influence them," she said. "It is not smart strategy to say that you will never talk to bad people."

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Clinton lost a battle as first lady to nationalize the U.S. health care system, but said yesterday, "I believe we can get to universal health care coverage. I know probably better than anyone that it's not going to be easy, but I believe that we're going to build a consensus in our country where it will be unstoppable."

Asked by Sarah Dustin, a long-time advocate for the underprivileged, what she would do to help single mothers give their children better lives, Clinton said that "everyone who works should get a level of income that lifts them out of poverty." She said that in addition to the earned income tax credit, "we need even new ways to help support particularly single parents."

Clinton criticized the Bush administration's "failed policies and misplaced priorities" on domestic spending, saying that one year of Bush tax cuts for those who earn $1 million or more cost $73 billion, or about $10 billion more than a low-income energy assistance program.

She voiced support for stem cell research and a woman's right to choose. She criticized Bush's "No Child Left Behind" law and called for more college aid and loan forgiveness programs for college students.

In Berlin, Clinton sought to focus on her plans to revive struggling small-town economies, universal health care and making college more affordable.

"I'm starting in the North Country for a simple reason -- I want to be a President who represents all of America," she said. "Our small towns, our rural areas, places that need some extra help and attention to be as prosperous in the 21st century as you were in 20th century.

Clinton entered the Concord gym to a loud, long ovation to the early 1990s song, "Right Here, Right Now," and was introduced by freshman U.S. Rep. Paul Hodes as a "great leader" with "fierce intelligence," "a passion for change" and an "enormous heart.

"I know New Hampshire will love her," said Hodes, who clarified later he was not endorsing any candidate for President.

Today, Clinton plans to attend house parties in Manchester and Nashua before a town hall meeting in Keene.

People Had Points To Make To Hillary (NHUL)

By Michael Cousineau

New Hampshire Union Leader, February 11, 2007

CONCORD – Dave Tiffany made it into the Concord High School gymnasium yesterday, wanting to make his point that now was the time to bring American troops home from Iraq.

He carried his feelings for all to see.

"Quit stalling. Bring our troops home," read his sign.

The Hollis man waved his message 45 minutes before New York Sen. Hillary Clinton was set to start a "conversation" with voters in the first presidential primary state.

Tiffany wanted to start the conversation early. The crowd cheered and applauded.

The senator's campaign staff, however, didn't like the message. A man wearing a "Hillary staff" badge took away his sign.

"They don't want it to be a real conversation," Tiffany said. "They want it to be a one-way conversation."

Tiffany was told he would be able to ask the Democratic presidential candidate a question during the town hall-style meeting and would get his sign back later that day.

The staffer who took away the sign said he couldn't talk to reporters. "I'm just the crowd guy."

Nearly two hours after losing his sign, Tiffany stood up in the bleachers and got the senator's attention.

"Welcome back to New Hampshire, where we believe in free and uncensored honest debate," he said.

"I do, too," she said.

He then pressed her on why she "won't use the power of the purse" to bring American troops home immediately.

Mrs. Clinton said she was working to change President Bush's policy.

"I know there is a great deal of frustration and anger and outrage that we can't just wave a magic wand and make things change," she said. "I wish we could. I wish I could give a speech and it would all be different, but that's not the way the system works."

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Signs and banners are commonplace in campaigns, but one receiving special attention at Concord High School had a non-partisan message.

English teacher Joanne McGlynn, an adviser to the Presidential Candidates Club, carried the 3-foot-long banner hoping to collect Clinton's signature to join those of two other potential White House hopefuls: Mark Warner of Virginia and Tom Vilsack of Iowa.

"A Required Stop on the Road to the White House?" the banner read. The question mark, she explained, was used because some candidates hadn't decided yet whether to run. Warner ultimately decided to take a pass for '08.

"We also didn't want to be too full of ourselves," she said.

Clinton staffers made the meeting happen, escorting the candidate to meet the students, pose for pictures and add her mark.

"Concord High -- Follow your dreams! Go Crimson Tide!" and signed it Hillary Rodham Clinton. She had to ask Sara Wilkinson, a Concord High junior, what the day's date was before adding that to the banner in black pen.

Meanwhile, Deb Crapo of Rye and Nancy Richards-Stower of Merrimack, early supporters of Bill Clinton's 1992 presidential run, held up their own homemade signs welcoming Sen. Clinton and gaining the attention of a gaggle of photographers.

Crapo said the pair had been hopeful Mrs. Clinton would run for President some day. "What Bill used to say to us is She's even smarter than me folks.'"

The only female presidential candidate experienced a microphone malfunction.

"Is there something I am supposed to switch?" she asked. "I'm not good at this technology stuff, guys."

When a staffer pulled up her jacket in the back to adjust her wireless microphone belt pack, she said, playfully: "Nobody look."

Then, she added, "I am wired, that's for sure."

After she reached full volume, Clinton called her first visit to New Hampshire since announcing for President "a really nostalgic trip for me in a lot of ways because in 1992, the people of New Hampshire were so kind to Bill and me."

Not quite four years later, Mrs. Clinton filed the required paperwork and $1,000 check at the State House in Concord for her husband's re-election bid. Now, she is the one that will have her name on the New Hampshire primary ballot.

"In fact, my husband is quite jealous that I'm here and he isn't," she said.

"I want to thank all the old friends who are here -- people who have been with us through good times and difficult ones," she said.

During the closing weeks of the 1992 primary campaign, Clinton faced allegations of having an extra-marital affair and draft dodging. He weathered the storm, finishing second here and declaring himself "The Comeback Kid."

She said she loved the personal campaigning required in New Hampshire, "but I'm going to make one change from my husband's campaign. And I want all of you to help me keep to this: not so many Dunkin Donuts stops."

For nearly an hour after her conversation, Clinton rewarded the crowd -- not with doughnuts but with plenty of autographs and photo opportunities.

Hillary Deflects Pressure To Repudiate Iraq Vote (WT/AP)

The Washington Times, February 11, 2007

BERLIN, N.H. (AP) -- Sen. Hillary Rodham Clinton faced tough questions yesterday from New Hampshire voters skeptical about her stand on the Iraq war, including one who demanded that she repudiate her 2002 Senate vote to send U.S. troops into battle.

In her first presidential campaign visit to the early-primary state, the New York Democrat sought to focus on her plans to revive struggling small-town economies, universal health care and making college more affordable. But at a crowded town-hall meeting of about 350 people, Mrs. Clinton was peppered with questions about Iraq.

Her toughest questioner was Roger Tilton, 46, a financial adviser from Nashua, N.H. Mr. Tilton told Mrs. Clinton that unless she recanted her vote, he was not in the mood to listen to her other policy ideas.

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"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," he said. "I, and I think a lot of other primary voters, until we hear you say it, we're not going to hear all the other great things you are saying."

In response, Mrs. Clinton repeated her assertion that "knowing what we know now, I would never have voted for it," and said voters would have to decide for themselves whether her position was acceptable.

"The mistakes were made by this president, who misled this country and this Congress," Mrs. Clinton said to loud applause.

Later, Mr. Tilton said he was not satisfied with her answer and was inclined to support either former Sen. John Edwards of North Carolina or Sen. Barack Obama of Illinois. The latter announced his candidacy yesterday.

"I love what she says about health care; I love what she says about capping troop levels; I love what she says about the war now," he said, adding he would remain undecided until she offered a clearer answer.

Mrs. Clinton's refusal to recant her vote has been a sore point for many liberal Democratic activists, who tend to vote heavily in the party's primaries.

Mr. Edwards has said his vote was wrong. Mr. Obama was not in the Senate in 2002, but has opposed the war from the outset.

Mrs. Clinton, the front-runner for the Democratic nomination in 2008, has strongly criticized the Bush administration's conduct of the war, most recently in strong terms at a Democratic National Committee meeting. She promised to end the war if elected president. She also has proposed capping troop levels in Iraq.

For the most part, Mrs. Clinton was received warmly by the audience. People applauded enthusiastically several times throughout her 90-minute appearance.

Mrs. Clinton told the crowd she chose to open her visit in Berlin, a struggling paper-mill town in northern New Hampshire, because the area resembled upstate New York and faced many of the same economic challenges.

"I'm starting in the north country for a simple reason -- I want to be a president who represents all of America," she said. "Our small towns, our rural areas, places that need some extra help and attention to be as prosperous in the 21st century as you were in 20th century."

Hillary Faces Tough Questions On Iraq (NSDY)

By J. Jioni Palmer

Newsday, February 11, 2007

BERLIN, N.H. -- With the snowcapped, windswept peaks of the White Mountains nearby, Sen. Hillary Clinton talked to residents of this city in the northernmost reaches of the Granite State in her first New Hampshire appearance as a candidate for the White House.

She was generally well-received by the overflow crowds, although she had to face tough questions about her position on Iraq.

In this paper-mill town straddling the Androscoggin River, and later in Concord, the state capital, Clinton began what she called a "conversation" that sought to cast her as a political centrist with mainstream values who cares about Main Street.

"I grew up in a middle-class family, in the middle of country, in the middle of the last century," she said, describing her childhood in Illionis to the residents of the state where the first primary will take place.

Her upbringing, she said, instilled a conviction that any parent could provide a better future for their children through their own hard work and that the government would provide an infrastructure to make that happen.

"There was a basic bargain in America: If you did your part, if you worked hard and played by the rules, then you would be given the chance to go as far as your dreams and your ambition and your hard work would take you," Clinton said. "The other part of the bargain was that your government would be on your side ... I look now and it seems to me we are in danger of breaking that bargain because of the decisions being made by the leaders in our country."

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The sounds of Aerosmith and Bob Marley filled the auditorium at Berlin City Hall, and the crowd -- some of whom had driven more than four hours -- rustled with excitement as the time of Clinton's appearance drew near. Some clutched copies of her autobiography, others gripped former President Bill Clinton's. A few carried both.

A button vendor did a brisk business. At three for $10 or one for $5, buyers could choose from among a half-dozen, including one with a picture of Bill Clinton that said "First Gentleman."

Wearing a wireless microphone, Clinton walked around the two venues talking about the need to provide universal health care, pitching energy independence as national security issue and emphasizing her opposition to President George W. Bush's planned troop surge in Iraq.

Clinton fielded questions from the audience -- most dealing with topics she touched on during her opening remarks -- that were largely friendly. But she did take occasional heat for her stance on the war.

Perhaps to head off such queries, Clinton said that if she had been president in 2003 the United States never would have gone to war, and that should she be elected, if the troops are still there, she'd take them out.

That wasn't enough for some.

"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," said Roger Tilton, 46, of Nashua. "I, and I think a lot of other primary voters -- until we hear you say it, we're not going to hear all the other great things you are saying."

Clinton responded that if she knew then what she knows now, "I never would have voted for the war."

But Tilton, a financial adviser, said he still wasn't satisfied.

"I can't listen to her until I hear her say it was a mistake," he said afterward. "You know what, there were a lot of the people in the Senate [23 members] at the time who didn't vote for it. There were a lot of people in the Senate at the time who voted for it and now say it was a mistake."

Spielberg For Hillary (NOVAK)

Robert Novak, February 10, 2007

Spielberg for Hillary

WASHINGTON – Democratic sources say Hollywood producer Steven Spielberg, previously listed as a probable supporter of Sen. Barack Obama for President, has agreed to host a major fund-raiser for Sen. Hillary Rodham Clinton.

David Geffen and Jeffrey Katzenberg, Spielberg's colleagues at the DreamWorks film studio, are backing Obama. It was thought that Spielberg was too, but sources say Bill Clinton prevailed on him to help his wife. All three men were generous backers of the former President.

Geffen and Katzenberg are hosting a $2,300-a-ticket reception at the Beverly Hilton Hotel in Los Angeles Feb. 20. A pledge to raise or donate $46,000 is necessary to attend a private dinner with Obama at Geffen's Malibu residence that night.

GOP ETHICS

House Minority Leader John Boehner, addressing Tuesday's closed-door conference of Republican House members, gave a clean bill of health to two California colleagues under federal investigation: Reps. Jerry Lewis and Gary Miller.

If he were not convinced of Lewis's integrity, Boehner told the conference, he would not have approved his continuation as top Republican on the Appropriations Committee. Lewis is being investigated for helping a lobbyist direct millions of dollars in earmarks for clients.

Lewis did not address the conference, but Miller pleaded innocent of wrongdoing in California land transactions. That won Miller a standing ovation, but a few colleagues noted the resemblance to a similar speech to the conference last year by then Rep. Bob Ney of Ohio. On Jan. 19, Ney was sentenced to 30 months in federal prison after pleading guilty to conspiracy in the Jack Abramoff influence-peddling scandal.

BUCKS FOR MCCAIN

Sen. John McCain on Wednesday personally appealed to an invitation-only meeting of some 50 possible supporters to sell $2,300 tickets for a March 21 reception at Washington's Mandarin Hotel that he considers vital to his campaign for the Republican Presidential nomination.

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McCain said the money raised for the dinner would be credited to the March 31 Federal Election Commission report on contributions, which he called "the invisible primary" to show fund-raising prowess.

Wednesday's meeting, held in a non-government office building near the Capitol, was attended by both longtime McCain backers and new allies who supported George W. Bush against McCain in 2000.

RETIRING REPUBLICANS

The National Republican Congressional Committee (NRCC) staff is contacting GOP House members to get an idea of how many intend to retire and give the Democrats soft targets in 2008.

The NRCC survey follows a report in the Roll Call newspaper that the Democratic Congressional Campaign Committee (DCCC) is monitoring more than two dozen House Republicans who are candidates for retirement.

No House Republican has yet announced retirement, and the only GOP senator so far to call it quits is Wayne Allard of Colorado. However, more retirements from both houses are expected as Republicans chafe under life in the minority. No Democratic resignations have been announced, and none are expected from the House. All Democratic senators up for re-election in 2008 have announced they are running again, with the exception of Sen. Tom Harkin of Iowa (who says he has not yet decided).

HELSINKI PURGE

Rep. Chris Smith of New Jersey and Sen. Sam Brownback of Kansas, Republican members of the Helsinki Commission monitoring human rights, have written protests to illegal firing of four Republican commission staffers after the Democrats won control of Congress.

The commission's new chairman, Democratic Rep. Alcee Hastings of Florida, began the firings under oversight of Spencer Oliver, a longtime Democratic operative famed as a victim of the Watergate burglary. Oliver, secretary general of an international body dealing with human rights, was assisting the U.S. commission as an observer. Under the commission's founding laws, three of the committee's four lawmakers must concur in any staff firing.

Hastings is expected to change the commission's focus away from religious freedom in Belarus and European sex trafficking and concentrate on alleged U.S. abuses at Guantanamo.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

Campaign Bloggers Caught In Web (LAT)

The Los Angeles Times, February 11, 2007

THE 2008 PRESIDENTIAL campaign has its first official political-religious-technological controversy. Last week, Bill Donohue, president of the Catholic League for Religious and Civil Rights, issued a broadside against Amanda Marcotte and Melissa McEwan, two relatively obscure bloggers recently hired by former North Carolina Sen. John Edwards, calling them "anti-Catholic, vulgar, trash-talking bigots." The candidate's response — and the blogosphere's — show how both entities are changing each other.

Donohue's first attack landed on Tuesday. He dug up about 10 instances from the last year in which Marcotte and McEwan bluntly (and occasionally in hyperbolically profane style) criticized the Catholic Church, rebuked conservative Christians or simply used some of the seven words that one isn't allowed to say on TV. For Edwards, Donohue's call for Marcotte and McEwan to be ousted was a double-edged sword. If he refused, he'd invite the wrath of conservative Christians; if he complied, he'd alienate the liberal activists who are key to his campaign. The latter responded by highlighting the words and deeds of some of the people hired by Republican candidates, such as Patrick Hynes, a sharp-tongued conservative blogger who has been a consultant with Arizona Sen. John McCain's campaign.

Edwards — possibly distracted by the universal healthcare proposal he unveiled Monday — let the issue percolate for a couple of days before letting the two women off with a warning: "That kind of intolerant language will not be permitted from anyone on my campaign." The move mollified left-leaning bloggers but not Donohue, who pledged to escalate his publicity blitz against Edwards. At week's end, the battle for control of Edwards' agenda continued, healthcare policy battling blogger controversy for media attention.

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The conflict over the bloggers is likely to be just the opening salvo in a wave of guilt-by-association attacks. By trying to gin up support from the blogosphere, candidates are bringing lots of folks into the campaign who've left long trails of (often intemperate) commentary online. So not only do candidates have to worry about having their own gaffes preserved and promoted on YouTube, they may have to distance themselves from what their employees said before coming onboard. Expect this kind of nuttiness to continue until voters show that they care more about a candidate's thoughts than those of the hired hands.

Searching For Mr. Right (NYT)

By Patrick Healy

The New York Times, February 11, 2007

HAVING lost Congress and faith, at times, in President Bush, social conservatives are now holding out for a hero in the 2008 Republican presidential campaign.

But who? And what kind of hero?

Is it the hero of 9/11, Rudolph W. Giuliani, whose support of abortion rights is anything but heroic to social conservatives? Is it the hero against gay marriage in Massachusetts, Mitt Romney, who nevertheless once championed gay rights? Or is it a hero of wartime, John McCain, who has also betrayed them on issues like federal judicial appointments?

Eleven months before the first presidential caucuses, social conservatives are in no mood to compromise; many don't want to settle for Senator McCain, nor can they abide Mr. Giuliani. They want a true believer, reliably opposed to abortion rights, gay rights and gun control, tough on immigration and a supporter of conservative judicial appointments.

But are any second-tier contenders strong enough to carry the mantle of their idol, Ronald Reagan — and also, strong enough to win?

Senator Sam Brownback of Kansas strongly opposes abortion rights and gay marriage; former Gov. Mike Huckabee of Arkansas is a Southern Baptist minister who talks about religion and civic life; and Representative Duncan Hunter appears to have solid conservative credentials. Yet all three are largely unknown beyond their states and Capitol Hill. The same goes for Representative Tom Tancredo of Colorado, who appears to be a one-issue candidate, focused on fighting illegal immigration.

Gone is the sense that social conservatives are a unified bloc. The movement that rose with the candidacy of Ronald Reagan in the 1970s is now fractured over both its messengers and its message. The issues that social conservatives care about most are often overshadowed by Iraq and terrorism, energy and taxes. And if their vote splinters in 2008, their political potency could be sapped.

If these voters split into factions for different Republican candidates, either Mr. Giuliani or Mr. McCain could slip through the middle (while wriggling around the so-called values issues), uniting enough fiscal conservatives and national security conservatives — and moderate and liberal Republicans — to win the party's nomination next year. And Mr. Giuliani, for one, is starting to shade his support for abortion rights in hopes of assuaging opponents.

"A fractured movement is Rudy Giuliani's dream," said Paul M. Weyrich, chairman of the Free Congress Foundation, a conservative research group. "What I hear constantly is, 'We've got to beat Hillary; we can't allow her to be president.'

"What I'm hearing is, 'We hate him, we don't agree with his positions, we feel that his personal life is a travesty — but on the other hand, he probably could beat Hillary.' I hear this over and over again. I keep telling people, don't fall for that."

Yet Mr. Weyrich, a savvy political strategist, knows that if social conservatives are torn on Election Day, many may stay home, and the consequence might be another Clinton presidency. So a moment of political reckoning for social conservatives seems inevitable. Will they give ground on their issues in order to elect a Republican?

"I don't see social conservatives making compromises to win in 2008," said the Rev. Donald Wildmon, founder of the American Family Association, a conservative Christian broadcaster and advocacy group. "Social conservatives don't blindly follow the Pied Piper anymore. We've been disappointed and taken for granted by Republicans at times. I don't think there's any appetite for compromising core values."

Nor should there be, according to Governor Huckabee. In recent interviews, he has artfully tied his religious devotion to broader social concerns. For instance, on NPR last week, he said that reclaiming a nation for Christ was not a matter of proselytizing.

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"It means that we would reflect what he reflected, and that is compassion and love," Mr. Huckabee said.

Yet he was also critical of some opponents of abortion rights, suggesting that they focus too much on embryos. "I want to be concerned about making sure every child has music and art education," he said. "There are a lot of things that, to me, are a part of my being pro-life."

Senator Brownback, meanwhile, has told some allies that he will not allow Iraq or economic issues to distract him from talking about social issues. Indeed, in a speech last month, he listed reviving faith among Americans and opposing same-sex marriage as examples of his priorities.

Mr. Romney, the former governor of Massachusetts, has tried to explain his conversion on abortion rights, from support to opposition, with a made-for-television story: As he listened to a Harvard researcher discussing stem-cell science, and the destruction of embryos, he saw the antiabortion cause in a new light.

At some recent conferences for social conservatives, Mr. Romney has used a line that some conservatives find credible: "On abortion I was not always a Ronald Reagan conservative. Neither was Ronald Reagan."

This sort of language also resonates with other conservative wings of the party, like some members of the antitax faction who do not want to get bogged down over whether Mr. Romney is now sufficiently sincere in his opposition to abortion.

"Romney has a one-way, one-time migration on abortion to explain," said Grover Norquist, the head of Americans for Tax Reform. "Senator McCain, meanwhile, was a Reaganite on taxes and then drifted for six years and now wants to come back. Same on guns. Same on judges. He was a two-way migration on several issues, and a lot of conservatives will have a hard time with that."

Yet on a fundamental matter like the life of a fetus, some social conservatives say, the turnabout by Mr. Romney is worthy of skepticism.

"I know people can change, but sometimes when people want to be president, they speak of a change that has not occurred," Mr. Wildmon said. "I like to go with a person whose words match their actions."

Mr. McCain's campaign is counting on a sharp split among social conservatives in the 2008 primary. Mr. Brownback and Mr. Huckabee, his strategists believe, lack the money and organizational strength to mount serious bids that would galvanize social conservatives. Meanwhile, Mr. McCain and Mr. Giuliani are portraying themselves as conservatives on taxes and national security.

"If someone can make a credible case to the social conservatives and have a position on Iraq that appeals to the broad majority of Republicans, you may see an election where the social issues, the moral values issues, are not as central as they were in the past," said Matthew Dallek, the author of "The Right Moment: Ronald Reagan's First Victory and the Decisive Turning Point in American Politics."

Mr. Dallek notes that Mr. Reagan, as governor of California in the 1960s, took steps to support abortion rights and raise taxes. Yet he became a unifying figure for social conservatives because of his staunch anti-Communist credentials, and because he came to embrace their positions opposing abortion rights as well as tax cuts.

"Social conservatives may come to see one of the leading candidates as solid enough on their values issues, while keeping the national focus on the major issue of the day — defeating Communism for Reagan, and fixing Iraq and winning the war on terror for a McCain or a Romney," Mr. Dallek said.

Yet this outcome seems an unlikely prospect to some political analysts.

In a survey of voters in the 2006 elections, the Pew Forum found that so-called values issues like opposition to same-sex marriage and abortion rights mattered the most to white evangelical Protestant voters. Forty-five percent of them ranked values issues highest; 17 percent chose the war in Iraq; and 12 percent cited illegal immigration.

"White evangelical Protestants are not only still a real component of the Republican Party, but they are also concentrated in key primary states like South Carolina, Florida and Virginia," said John Green, a senior fellow in religion and American politics at the Pew Forum. "They are not going away, and it's too soon to say how fractured they will be."

The Limits Of Sunniness (WP)

By George F. Will

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The Washington Post, February 11, 2007

In this winter of their discontents, nostalgia for Ronald Reagan has become for many conservatives a substitute for thinking. This mental paralysis -- gratitude decaying into idolatry -- is sterile: Neither the man nor his moment will recur. Conservatives should face the fact that Reaganism cannot define conservatism.

That is one lesson of John Patrick Diggins's new book, " Ronald Reagan: Fate, Freedom, and the Making of History." Diggins, a historian at the City University of New York, treats Reagan respectfully as an important subject in American intellectual history. The 1980s, he says, thoroughly joined politics to political theory. But he notes that Reagan's theory was radically unlike that of Edmund Burke, the founder of modern conservatism, and very like that of Burke's nemesis, Thomas Paine. Burke believed that the past is prescriptive because tradition is a repository of moral wisdom. Reagan frequently quoted Paine's preposterous cry that "we have it in our power to begin the world over again."

Diggins's thesis is that the 1980s were America's "Emersonian moment" because Reagan, a "political romantic" from the Midwest and West, echoed New England's Ralph Waldo Emerson. "Emerson was right," Reagan said several times of the man who wrote, "No law can be sacred to me but that of my nature." Hence Reagan's unique, and perhaps oxymoronic, doctrine -- conservatism without anxieties. Reagan's preternatural serenity derived from his conception of the supernatural.

Diggins says Reagan imbibed his mother's form of Christianity, a strand of 19th-century Unitarianism from which Reagan took a foundational belief that he expressed in a 1951 letter: "God couldn't create evil so the desires he planted in us are good." This logic -- God is good, therefore so are God-given desires -- leads to the Emersonian faith that we please God by pleasing ourselves. Therefore there is no need for the people to discipline their desires. So, no leader needs to suggest that the public has shortcomings and should engage in critical self-examination.

Diggins thinks that Reagan's religion "enables us to forget religion" because it banishes the idea of "a God of judgment and punishment." Reagan's popularity was largely the result of "his blaming government for problems that are inherent in democracy itself." To Reagan, the idea of problems inherent in democracy was unintelligible because it implied that there were inherent problems with the demos -- the people. There was nothing -- nothing-- in Reagan's thinking akin to Lincoln's melancholy fatalism, his belief (see his Second Inaugural) that the failings of the people on both sides of the Civil War were the reasons why "the war came."

As Diggins says, Reagan's "theory of government has little reference to the principles of the American founding." To the Founders, and especially to the wisest of them, James Madison, government's principal function is to resist, modulate and even frustrate the public's unruly passions, which arise from desires.

"The true conservatives, the founders," Diggins rightly says, constructed a government full of blocking mechanisms -- separations of powers, a bicameral legislature, and other checks and balances -- in order "to check the demands of the people." Madison's Constitution responds to the problem of human nature. "Reagan," says Diggins, "let human nature off the hook."

"An unmentionable irony," writes Diggins, is that big-government conservatism is an inevitable result of Reaganism. "Under Reagan, Americans could live off government and hate it at the same time. Americans blamed government for their dependence upon it." Unless people have a bad conscience about demanding big government -- a dispenser of unending entitlements -- they will get ever larger government. But how can people have a bad conscience after being told (in Reagan's First Inaugural) that they are all heroes? And after being assured that all their desires, which inevitably include desires for government-supplied entitlements, are good?

Similarly, Reagan said that the people never start wars, only governments do. But the Balkans reached a bloody boil because of the absence of effective government. Which describes Iraq today.

Because of Reagan's role in the dissolution of the Soviet Union, Diggins ranks him among the "three great liberators in American history" -- the others being Lincoln and Franklin Roosevelt -- and among America's three or four greatest presidents. But, says Diggins, an Emersonian president who tells us our desires are necessarily good leaves much to be desired.

If the defining doctrine of the Republican Party is limited government, the party must move up from nostalgia and leaven its reverence for Reagan with respect for Madison. As Diggins says, Reaganism tells people comforting and flattering things that they want to hear; the Madisonian persuasion tells them sobering truths that they need to know.

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McCain Taps Cash He Sought To Limit (WP)

By John Solomon

The Washington Post, February 11, 2007

Just about a year and a half ago, Sen. John McCain went to court to try to curtail the influence of a group to which A. Jerrold Perenchio gave $9 million, saying it was trying to "evade and violate" new campaign laws with voter ads ahead of the midterm elections.

As McCain launches his own presidential campaign, however, he is counting on Perenchio, the founder of the Univision Spanish-language media empire, to raise millions of dollars as co-chairman of the Arizona Republican's national finance committee.

In his early efforts to secure the support of the Republican establishment he has frequently bucked, McCain has embraced some of the same political-money figures, forces and tactics he pilloried during a 15-year crusade to reduce the influence of big donors, fundraisers and lobbyists in elections. That includes enlisting the support of Washington lobbyists as well as key players in the fundraising machine that helped President Bush defeat McCain in the 2000 Republican primaries.

After enduring his own brush with scandal in the early 1990s, when he and four Senate colleagues pressured regulators on behalf of Charles Keating, chairman of a failed savings and loan association, while collecting donations and favors from him, McCain became a leader in the effort to eliminate "soft money" in elections -- large donations from corporations, labor unions and wealthy individuals. In 2002, McCain joined forces with Sen. Russell Feingold (D-Wis.) to finally push through legislation ending soft money and placing strict limits on donations.

But now the contrast between McCain the presidential candidate and McCain the reformer can be jarring. McCain's campaign says that he is still studying whether to forgo the public financing and spending limits he has long supported, but that he will not be handicapped by restrictions his competitors will not face in 2008.

McCain the reformer worked unsuccessfully through Congress and the courts to try to stop nonprofit political groups known as 527s from using unlimited donations to run political ads and fund other activities aimed at influencing voters in the run-up to elections. He reintroduced legislation last week to end 527 donations, but there appears to be little appetite in Congress to pass it.

McCain the candidate now expects Republicans to use the same big-money 527 groups in the 2008 elections to beat Democrats, if the groups remain legal. "The senator believes that both parties should be subjected to an even playing field. If Democratic organizations are allowed to take advantage of 527s, Republican organizations will, too," said Mark Salter, a senior McCain adviser. The senator declined to be interviewed.

McCain the reformer relentlessly argued that six- and seven-figure "soft money" checks that corporations, wealthy individuals and unions were giving to political parties to influence elections were corrupting American politics. "The voices of average Americans have been drowned out by the deafening racket of campaign cash," he warned just a few years ago.

McCain the candidate has enlisted some of the same GOP fundraising giants who created and flourished in the soft-money system, including Bush's fundraising "Pioneers" and "Rangers," who earned their designations by raising at least $100,000 or $200,000 for his campaigns.

At least six of McCain's first eight national finance co-chairmen have given or raised large donations for political parties or 527 groups, campaign and IRS records show. In all, the finance co-chairs have given at least $13.5 million in soft money and 527 donations since the 1998 election.

They include former Bush moneymen such as lobbyist Thomas G. Loeffler and financier Donald Bren, whose personal and corporate donations total in the hundreds of thousands of dollars each in recent elections.

In key states, McCain has enlisted the likes of New York financier Henry Kravis, one of the GOP's largest donors over the past two decades, and Texas energy executive Robert A. Mosbacher, the architect of the Republicans' "Team 100" fundraising machine that helped make soft money a staple of politics by raising $20 million in large donations to help Bush's father win the presidency in 1988.

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The big moneymen gravitating to McCain are politically pragmatic. They may not always agree with him, but they say they admire the Arizona senator for his work on campaign finance reform, his Vietnam War record, his support of Bush on Iraq and his recent campaigning for GOP candidates.

"He did things for our country that very few people I know would have had the courage to do," said Brian Ballard, a Florida lobbyist and longtime fundraiser for former Florida governor Jeb Bush who signed on this month to raise money for McCain.

Ballard said most of the big-money players he knows are not fazed by McCain's attacks on the political-money and lobbying systems, calling it more of an issue for consultants who make their living off big donations.

"I myself don't mind him calling out lobbyists when they've done something bad," Ballard said.

Lobbyists have been a favorite target of McCain the reformer, who proposed legislation requiring so-called grass-roots groups that organize average citizens into lobbying forces to disclose their financial backers.

But McCain the candidate switched positions and last month voted against that disclosure requirement after influential GOP groups such as Focus on the Family and National Right to Life strongly opposed the idea. McCain also hired as his campaign manager one of the grass-roots-lobbying industry's key consultants, Bush strategist Terry Nelson.

"When the senator heard from legitimate public-interest organizations in January of last year that a provision in the legislation would unfairly penalize them for Jack Abramoff's behavior, he agreed and withdrew his support for the provision at that time," Salter explained, referring to the lobbyist in prison for fraud, tax evasion and conspiracy.

In December, Sen. Trent Lott (Miss.), a darling of GOP conservatives and lobbyists, acted as a surrogate for McCain at a fundraising meeting with a group of lobbyists at a Capitol Hill hotel. McCain's political action committee has collected donations -- capped at $5,000 -- from several big-name lobbyists, including Loeffler and fellow Bush fundraiser Wayne Berman, whose blue-chip clients frequently have issues pending before Congress and the White House.

"Both Wayne Berman and Tom Loeffler are longtime supporters of the Republican Party, President Bush and Senator McCain," Salter said. "Senator McCain is pleased to have their support."

Ed Rogers, one of Washington's most influential GOP lobbyists and strategists, said the embrace of McCain is not surprising. "Lobbyists are the ultimate pragmatists, and they deal with the world as is," said Rogers, who last year gave $5,000 to McCain's political action committee, though he says he has not yet endorsed a candidate.

Perenchio, now a member of McCain's finance committee, funneled more than $1.4 million in soft money to Republican causes in the 1998, 2000 and 2002 election campaigns, often in amounts McCain used to criticize. For one GOP fundraising dinner in the spring of 2001, for example, he donated $250,000. Perenchio has also been a major donor to the 527 groups formed to exploit a loophole in the legislation sponsored by McCain and Feingold.

Taking their name from a little-known provision of the IRS tax code, the groups began raising large donations -- some in the millions of dollars -- and running ads and funding other activities designed to influence the 2004 presidential election. Federal election regulators have refused to rein in the groups and their donations in the past two elections.

Perenchio gave $4 million to a pro-Republican 527 group called Progress for America, which helped Bush in the 2004 campaign. In the 2006 congressional races, Perenchio gave $5 million more to the same group.

In the summer of 2005, McCain's allies in the reform movement went to court seeking to force the Federal Election Commission to regulate the 527 groups and make them abide by the same donation limits as other political committees.

In a friend-of-the-court brief, McCain and Feingold specifically cited Progress for America as an example of what was wrong with 527 groups. The court filing cited one of the group's pro-Bush commercials -- which starred a 16-year-old whose mother was killed in the Sept. 11 attacks -- to illustrate the impact large donations had on the election. Perenchio was not mentioned.

"The deployment of section 527 groups as the new vehicle for using soft money to conduct political activities to influence federal elections is simply the latest chapter in a long history of efforts to evade and violate the federal campaign finance laws," the McCain court filing stated. "Sadly, it is another chapter in the FEC's failure to enforce the campaign finance laws."

Perenchio declined to be interviewed. Salter said Perenchio's support of McCain "pre-dates the existence of 527s. Perenchio served on Senator McCain's fundraising committee in 2000, and the senator is pleased to have his continued support."

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That support has come in a number of ways. Tax records show that Perenchio's Chartwell Foundation donated $100,000 on March 1, 2002, to the Reform Institute, a nonprofit foundation of which McCain was co-chairman and which was advocating the end of big political donations.

At the time, McCain was chairman of the Senate Commerce Committee, which oversees the broadcast industry, and Univision had numerous issues pending before the government. Cablevision, another broadcaster, also donated $200,000 to the McCain foundation around the same time the senator took action in Congress favorable to that company.

McCain's allies in the campaign finance reform movement seem resigned to the fact that he will not abide by many of the principles he advocated for a decade as a reformer, including public financing and its associated spending and fundraising limits.

"Certainly we are disappointed that he has decided not to take the lead in fixing the presidential-financing system he is competing in," said Mary Boyle of Common Cause, the ethics watchdog that cheered McCain's reform efforts for years. "But it is understandable he is opting out.

"It is apparent to us that to run a competitive presidential campaign inside a system that is still broken, that is what he has to do," she said.

A Conversation With Sen. John McCain (STPETE)

By Bill Adair

St. Petersburg Times, February 11, 2007

Q: You've said the Pentagon mismanaged the war from the start, didn't have enough boots on the ground. What makes you think they can get it right now?

A: We've got a new strategy and new leaders and finally a recognition that the previous strategy was failed.

Q: You've been especially critical of Secretary Rumsfeld and Vice President Cheney and how they have handled the war. Why?

A: Particularly Rumsfeld. That latest thing about Cheney was vastly overblown. I said all the administration (is to blame). I've said for months and years, this business of inflating expectations of the American people was wrong. It was "Mission Accomplished," "Last throes" . . . there is a litany of statements (by the Bush administration) that did not comport with reality on the ground. So, for the last three and a half years, I and others have used every possible tool we could to try to get a different strategy. It wasn't just not enough troops. It was the firing of everybody in the Army, it was allowing the looting from the beginning, it was "de-Baathification." There was a failure to make a quick transition to an Iraqi government. Look, these failures have been well-chronicled in Fiasco and Cobra II. It's not John McCain's assessment. It's everybody's assessment of the mishandling.

Q: I read Fiasco and at the end was waiting for Tom Ricks, the author, to say "here's our way out of Iraq." He doesn't sound very optimistic.

A: A lot of people think it's too late (for a solution in Iraq). I don't think so. I think we have a good chance of success with a new strategy and new leadership. But do I think there is a risk of failure? Absolutely. I can't guarantee success. But I can guarantee the results of failure. Fortunately, some Americans are beginning to think about that.It's one thing to be frustrated and say withdraw. But then you've got to think about the consequences of withdrawal – and it's chaos.

Q: How much is your support of the troop increase hurting your presidential campaign?

A: I have no idea and I don't worry about it.

Q: The polls in New Hampshire show a steady decline. Does that trouble you?

A: There is one poll that shows that. There are other polls that show it just steady. But I don't worry about it.

Q: Why don't you worry about it?

A: This is far more important than any political ambitions I might have. I go out to Walter Reed and Bethesda (military hospitals) and see kids who have given one heck of a lot more than I could ever contemplate.

Q: But why be so vocal about this? You've become the most vocal supporter of the plan.

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A: I was the greatest critic of the way it was conducted - and I end up being a supporter. It's got to do with my visibility on the Armed Services Committee, the view that people have of me in the country as one of the people who is listened to on national security.

You've got to do what you think is right.

Q: I know you don't like talking about your kids...

A: I won't. I won't talk about my kids.

Q: Why won't you talk about them?

A: I'm doing what I hope is right for every family in America.

Q: But I think anybody who is a parent is going to be struck by the fact that you are calling for a troop increase that could lead to Jimmy going over there.

A: I cannot allow that to be a consideration.

Q: Does duty come before family in this case?

A: I do not talk about my family.

Q: Why do you want to be president?

A: Because I think we're in very challenging times in America and I think my life and my credentials and my experience and my vision for the future of this nation qualifies me to be president.

Q: You're in a different position now, if not the front runner, one of them. There was always an appeal to McCain as the underdog, as the maverick. Is that going to change the dynamic this time around, that you've become the one to beat?

A: Already, when MoveOn.org is running hundreds of thousands of dollars worth of ads attacking you in January of the odd-numbered year, then you know that certainly the dynamic has changed in some represent. Every comment I make is under a microscope and the attacks from the far left have intensified.

Q: Does that alter your strategy at all?

A: No.

Q: You're a shrewd legislator, you've gone after Abramoff and many others. But being president takes different skills. Why would you make a good president?

A: All my life, I've been involved in national security issues in one way or another, I've been involved in leadership on many many issues, working both sides of the aisle. I have a clear record of legislative achievement. I have been in positions of leadership.

Q: Why are conservatives wary about you?

A: I think because there have been times when I've taken positions that they may not agree with on specific issues. I'll match my record of being a conservative on social, economic and national security issues with anyone.

Q: The Democrats are calling the troop increase the Bush-McCain escalation. . .

A: Actually they're calling it the McCain Doctrine. (laughs)

Q: You like that?

A: Not everybody has a doctrine named after them. I've got to say thanks. The MoveOn.org ad, there's a good shot – they are all shots of me with Bush – of me with sunglasses on. I thought it was a pretty good shot.

Q: You're 70 years old now. You would be the oldest president, even older than Reagan. Are you fit enough to be president?

A: I've got more scars than Frankenstein and I'm older than dirt. But I've learned a few things along the way. Last August, I hiked the Grand Canyon rim to rim with my son Jack. We had a great, great hike…it almost killed me. (laughs)

Q: Do you think you have the vigor . . .

A: I work 16-18 hours a day, seven days a week. Ask anybody who has been on one of these trips to Iraq with me. They say I almost kill them - they call it the Death March. I get 'em up early and come back late at night.

Q: How is your family? Are they ready for this?

A: I think so. They're older. They have certain reservations, of course, but we continue the discussion. I think they are favorably inclined, with a lot of concerns of course. Kids in their teens like to lead their own lives.

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Q: Romney has come out the gates fast, with lots of endorsements, particularly in Florida. Do you need to pick up the pace to get your campaign up more quickly?

A: We've got a lot of good support down there. We expect that it will increase over time. I'm very happy with where we are.

Giuliani Praises Bush's Iraq Policy, Foresight (LAT)

By Michael Finnegan

The Los Angeles Times, February 11, 2007

SACRAMENTO — Republican presidential hopeful Rudolph W. Giuliani praised President Bush's war leadership on Saturday and mocked supporters of a nonbinding congressional resolution condemning the U.S. troop buildup in Iraq.

The former New York City mayor came to Bush's defense as he promoted his White House candidacy at a California Republican convention. Drawing parallels between Iraq and America's Civil War, Giuliani compared Bush's political troubles to Abraham Lincoln's. When the Civil War was unpopular, Giuliani said, Lincoln "kept his eye ahead."

"He was able to say, 'I know my people are frustrated, and I know my people are angry at me.' " But after weighing public opinion, Lincoln had "that ability that a leader has — a leader like George Bush, a leader like Ronald Reagan — to look into the future," Giuliani said.

Giuliani's defense of the currently unpopular president comes as he is portraying himself as a decisive leader unafraid to buck public opinion.

Several potential Republican presidential candidates, including Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney as well as Giuliani, have supported Bush's plan to add more than 20,000 troops to U.S. forces in Iraq.

The major Democratic candidates have opposed the move. Several are senators who have advocated a nonbinding resolution condemning the buildup.

"In the business world, if two weeks were spent on a nonbinding resolution, it would be considered nonproductive," Giuliani told the lunch crowd, setting off a burst of laughter.

He called the concept "a comment without making a decision." America, he added, is "very fortunate to have President Bush."

"Presidents can't do nonbinding resolutions. Presidents have to make decisions and move the country forward, and that's the kind of president that I would like to be, a president who makes decisions."

Giuliani, who takes liberal stands on abortion, guns and gay rights, avoided those issues in his speech to party delegates, many of whom are staunch social conservatives. They warmly applauded him, giving him several standing ovations for a speech that emphasized tough rhetoric on terrorism and repeated invocations of Reagan and other Republican icons.

"The great moral issue of Ronald Reagan's time was defeating communism, and he understood that," said Giuliani, whose national popularity burgeoned after he led New York through the Sept. 11 terrorist attacks. "The great moral issue of our time is defeating terrorism."

Giuliani spent a good deal of time in Sacramento courting Republican lawmakers, part of his early effort to build the foundation of a political operation in California.

The state, long an afterthought in races for parties' presidential nominations, California is likely to play a much larger role in 2008 because lawmakers are on the verge of advancing the state's primary to Feb. 5.

That could benefit Giuliani, since California's Republicans are somewhat more accommodating to socially moderate candidates than those in other states. He plans to spend Monday and Tuesday in California as well, raising money and introducing himself to key voter groups.

Giuliani made the rounds of Republican constituency groups at the convention, attending small meetings of women, Jews, Asian Americans and lawyers.

But he canceled a plan to take questions from members of the conservative California Republican Assembly. The group's president, Mike Spence, called it "your basic snub."

"His problem is that his views on so many issues are out of the mainstream of the Republican Party," Spence said. "He has a lot of explaining to do."

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But Bruce L. Bialosky, a moderate Republican fundraiser in Los Angeles, called Giuliani "an excellent candidate" after hearing his speech.

"He can really connect with the American people," Bialosky said.

"America's Mayor" Praises Bush In State GOP Speech (SFC)

By Carla Marinucci, John Wildermuth

San Francisco Chronicle, February 11, 2007

Sacramento -- Former New York City Mayor Rudolph Giuliani, arguing that America is in desperate need of a Ronald Reagan-style optimistic vision, told California Republicans on Saturday that he wants to be a president who will "win the world for a set of ideas ... that I believe come from God."

"We're for freedom, we're for the future, and in order to do that, we need leadership that uplifts us and moves us toward the future," Giuliani told the lunchtime crowd at the state GOP convention, all but formally declaring his candidacy for his party's presidential nomination. "You get to decide who that leader is going to be -- and I wish you'd decide on me."

Asked by reporters afterward when he would make a formal announcement of his 2008 presidential campaign, Giuliani joked, "If you listened to my speech, I may have announced it."

Giuliani, who last Monday filed a declaration of candidacy, is considered one of the early favorites in the GOP 2008 presidential contest with Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney.

Giuliani's sold-out, $60-a-head lunch before 800 California Republicans -- with at least another 100 in overflow rooms -- was a hot ticket at the semi-annual GOP gathering at the Hyatt Hotel.

Giuliani's audience was primed for a lovefest: Excited Republicans in the hall jumped to their feet and cheered when scores of young volunteers waving "I (heart) Rudy" signs marched through the room, where the man introduced as "America's mayor" took the stage to the sound of the Clash tune "Rudie Can't Fail."

Giuliani regaled the crowd with self-deprecating stories of his days as a federal prosecutor, moved them with recollections of the horror of the Sept. 11 attacks and delivered an inspirational call to action regarding the nation's current problems. His speech was interrupted repeatedly by applause, cheers of "Rudy! Rudy!" and several standing ovations from the grassroots activists.

In his 45-minute address and in remarks to reporters afterward, Giuliani lavished praise on President Bush, insisting Bush will have "a very strong place in history," in part because of his "very brave and very wise" decision to go after al Qaeda in Afghanistan after the Sept. 11 terrorist attacks.

"We are very fortunate to have President Bush," Giuliani told the Republican delegates. "Presidents ... have to make decisions and move the country forward, and that's the kind of president I would like to be."

Democrats immediately seized on Giuliani's strong defense of the unpopular Republican president, saying it showed the former mayor is out of touch with voters in California and across the nation.

"Giuliani is part of Bush's three stooges," said state Democratic Party strategist Bob Mulholland, who noted that McCain, Romney and Giuliani "all support increasing the troop level in Iraq."

"When you look at (GOP) Senate candidates running away from Bush, you see the presidential candidates all running with Bush," Mulholland said. "It's almost as though they didn't read the (midterm) election results."

Giuliani, 62, a consultant and financier since leaving office, emphasized his qualifications, saying he had been challenged with "having had a job where I didn't have any choice but to decide, and to make decisions and to move things forward."

Giuliani's speech touched on a number of key issues but steered clear of policy details.

Talking about health care, for example, Giuliani seemed to distance himself from Gov. Arnold Schwarzenegger's new universal health care proposal by agreeing that while changes must be made, they should happen under the "free market system."

On school reform, he drew some of his biggest cheers when he called for parents to have more local control over where their children go to school.

In education, he said, "the Republican Party is for parents, the Democrats are for bureaucrats."

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On immigration, Giuliani stressed the need for border control and called it a matter of national security.

"We need a (border) fence, and a highly technological one."

Giuliani also said he favored a program that would allow illegal immigrants already in the country to earn legal status. He toughened that stance by saying those immigrants should "display the ability to read and write English," and must assimilate into the American culture.

Still, "Giuliani's endorsement of an amnesty program for people in the country here illegally will not be popular among conservative Republicans," said Jon Fleischman, a newly elected official of the state GOP and publisher of FlashReport.org, a popular Republican Web site.

In addition to the volatile immigration issue, the former New York mayor and his backers were quick to deal with the potential problems a pro-choice, pro-gay rights, pro-gun control candidate could have in a California GOP primary.

Giuliani insisted that his many trips to California over the years will put him in a good position should state legislators continue their fast-track effort to move the state's presidential primary up to early February 2008.

An early vote in California "changes the whole nature of the (GOP) primary," he said.

Giuliani has clearly set his sights on beefing up his support in the state.

He had appearances in Southern California just three weeks ago, and has extended his current statewide swing from a scheduled three days to six days.

Sherry Bebitch Jeffe, a political analyst at the University of Southern California, said Giuliani has electrified Republicans in part because "the McCain momentum has flattened."

She says the Arizona senator is increasingly seen as "the author of the (troop) surge, joined at the hip of an unpopular president and an unpopular war."

McCain, for several years, has been the most vocal advocate of increasing troop levels in Iraq as well as a steadfast supporter of the president. He also has been a vigorous backer of Bush's current plan to add 21,500 U.S. troops to the war.

Many delegates at the convention, even stalwart conservatives, said they are willing to overlook some of what they see as Giuliani's political faults because they think he can win the White House in 2008.

Sophie Wong, president of Asian American Republican Women Federated, was one of many who barely contained her happiness at the prospect of meeting Giuliani at a reception where Republicans paid $100 for a close-up look at the former New York mayor.

"He has the charisma and the vision for our party," she said. "He's upbeat and positive. ... We may have differences with him, but the bottom line is that we are all Republicans."

Giuliani Announces Candidacy, Or Then Again, Maybe Not (NYT)

By Richard Perez-Pena

The New York Times, February 11, 2007

SACRAMENTO, Feb. 10 — Rudolph W. Giuliani made it clear Saturday that he was running for president and half-joked that he had just announced. But in keeping with his recent comments, he chose his words coyly and seemed amused by the news media's obsession with his every nudge toward a formal statement.

Referring to the presidential race as he concluded a speech to a convention of the California Republican Party, Mr. Giuliani said: "You get to decide who that leader will be. I wish you'd decide on me." Then he walked away from the podium as surprised delegates asked themselves whether they had just heard a declaration.

Speaking to reporters a short time later, he said, "Yes, I am committed" to the race. Asked when he would formally announce his candidacy, he said: "I don't know. If you go back to my speech, I think I may have. I'm not sure. I think I did, I'm not sure. I don't know what formally means. We'll figure out how to do it in five places where it gets more attention."

Republican activists have complained in recent months that Mr. Giuliani is not following the script for a presidential campaign, and say he was late in assembling a campaign team and starting serious fund-raising. Most recently, they have said he risks alienating supporters if he does not announce his candidacy, as so many others have done.

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Mr. Giuliani seems amused by such concerns, and his advisers say his celebrity allows him to go at his own pace, with confidence that the support and the money he needs will follow.

Mr. Giuliani got a more enthusiastic reception here than he has from Republican party gatherings in most parts of the country. The lunch audience of 800 people — more than the banquet hall at the Grand Hyatt could accommodate, and several hundred more than turned out the night before for Gov. Arnold Schwarzenegger — repeatedly interrupted him with standing ovations.

"It's an overwhelming response," said Allan Hoffenblum, a onetime Republican consultant who publishes the California Target Book, a political newsletter. "He is clearly the biggest star for these people. But don't be fooled, most of them are holding their fire." They are probably leaning toward Senator John McCain or Mitt Romney, the former Massachusetts governor, Mr. Hoffenblum said.

That was borne out by interviews with dozens of delegates who said they were to Mr. Giuliani's right, especially on social issues. They spoke glowingly — even emotionally — about him, but most said they were not sure they could support him.

"There's no shortage of feeling for him, and he gets really high marks on competence and leadership," said Representative Doug Ose, Republican of California, who has not taken sides in the race. "But so have the other two."

State Assemblyman Ted Gaines endorsed Mr. Giuliani on Friday, although, he said, "I'm more conservative than he is." Mr. Gaines said he was swayed by the thought of who would lead the country through another terrorist attack.

Mr. Giuliani gave one of his most partisan speeches since the November election. He compared himself repeatedly to Ronald Reagan, as unassailable a figure as there is in this crowd, and effusively praised President Bush.

Mr. Giuliani also took a rare series of shots at Congress, describing it as a group of people who could not take sides on difficult issues.

"Presidents have to take decisions and move the country forward, and that's the kind of president I would like to be: a president who makes decisions," he said.

Giuliani Strikes A Note With California GOP (WP)

By John Pomfret

The Washington Post, February 11, 2007

SACRAMENTO, Feb. 10 -- Rudolph W. Giuliani came west to learn whether his brand of Republican politics has a chance among party members significantly more conservative than himself. By the time he had received a fourth standing ovation Saturday at the California Republican Party convention, the answer seemed clear.

Equating the U.S. fight against terrorism with the Civil War and the Cold War, Giuliani told about 750 of his party's faithful that failure in Iraq would turn that country into a "massive headquarters for terrorism."

"Having had a job where I didn't have any choice but to make a decision," the former mayor of New York said, "prepares you as best you can be prepared to be the president of the United States."

Asked in a subsequent news conference when he would formally announce his candidacy for president, Giuliani quipped: "If you go back to my speech, I think you'll find one. We'll figure out how to do it in five places so we'll get more attention."

As mayor during the Sept. 11, 2001, attacks, Giuliani gained worldwide recognition for his leadership in the face of a tragic disaster, propelling the former federal prosecutor onto the national political stage. Giuliani leads the polls in the race for the Republican nomination.

Nevertheless, the Brooklyn-born son of an ex-convict has significant obstacles in his quest to become president.

He has been in the private sector for six years; he still supports the war while the rest of the country is shifting against it; he would be only the second Roman Catholic to win the White House; and his social views -- he is pro-choice, pro-gun-control and pro-gay-rights -- are at odds with those of much of his party.

Still, Giuliani's sometimes meandering, 45-minute speech was received warmly by party enthusiasts, a marked contrast to the tepid response they gave Friday night to their own Republican governor, Arnold Schwarzenegger.

Giuliani called for a broadening of the war on terrorism into a war of ideology similar to the ideological battle of the Cold War between the West and the Soviet Union.

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"A much bigger part is about ideas," he said, and "the hearts and minds of people. We've got to get better at selling our life, our economy."

Giuliani, 62, did not shy away from the controversial positions that have put him at loggerheads with some party faithful. He praised President Bush numerous times, at one point seemingly comparing him to Abraham Lincoln. In the news conference, Giuliani said the United States is "very, very fortunate" to have Bush as president, crediting his decision to consider preemptive strikes against potential enemies as "very, very brave."

"I believe that President Bush has a very, very strong place in history," Giuliani said.

Giuliani also waded into the issue of illegal immigration. Many California Republicans consider it one of the nation's most important issues, and a significant portion do not support any program to grant citizenship to long-term illegal residents. Giuliani, however, said that he supports plans to "allow people to earn status" and that he wants to create a way for U.S. industries to find workers.

Many in the audience said they are aware of the gaps between their views and Giuliani's. Nonetheless, several who were interviewed seemed willing to give him a break.

"I'm a Christian, and his views on a lot of social issues are to the left of mine," said Larry Stirling, a retired state superior court judge from San Diego. "But if you have to make a trade-off, I'll make the trade-off for Giuliani. He's been through a trial by fire. He's got gravitas. The first thing a president has to do is protect us. The rest is a secondary consideration."

Giuliani's speech "hit the right tone and the right messages," said Kevin C. Eckery, a Sacramento-based Republican political consultant. "He managed to be true to himself and connect with an audience that is more conservative than he is. It shows he can do it."

California could play a critical role in Giuliani's strategy for winning the nomination. In the past, the GOP nomination was wrapped up before California. But the state legislature is considering a measure to change the primary to Feb. 5, shortly after contests in Iowa, New Hampshire, Nevada and South Carolina.

"California's Republicans are conservative, but not as conservative as Iowans or those in South Carolina," said Allan Hoffenblum, a Los Angeles-based Republican political strategist. Sen. John McCain (R-Ariz.), another GOP front-runner, might be a closer ideological fit for California Republicans than Giuliani, but, Hoffenblum said, "some of them just don't like him."

"Giuliani is by no means a shoo-in," Hoffenblum said, "but if a streak of pragmatism hits traditionally conservative voters, he's got a chance."

Romney, Brownback Makes Pitches To Michigan Republicans (AP)

AP, February 10, 2007

GRAND RAPIDS, Michigan (AP) — Republicans Mitt Romney, son of a Michigan governor, and Sam Brownback promoted their presidential campaigns Saturday before nearly 3,000 party activists at their state convention.

Romney reminded the crowd that he grew up sharing the Automotive News each morning with his father, George, who headed American Motors Corp. before becoming Michigan's governor from 1963-69.

The younger Romney, himself a former Massachusetts governor, said his father brought many of the lessons he learned from business to the governorship.

"He got Michigan moving again," Romney said, before running through his stands opposing abortion, favoring the restriction of marriage to a man and a woman and backing controls on illegal immigration. "It's time for Republican principles to come back to Michigan again."

Brownback, the Kansas senator who is running as the conservative heart of the party, earned a warm reception with his pledges to protect life and the traditional family.

He also called for wiping out cancer in 10 years and for putting more resources into alternative energy.

"Michigan is going to be a key state in getting that done," he said, noting its efforts to encourage the production of ethanol and biodiesel.

Romney Courts State GOP (SLPD)

By Jo Mannies

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St. Louis Post-Dispatch, February 11, 2007

FRONTENAC – Former Massachusetts Gov. Mitt Romney, now a presidential hopeful, sought to seal the deal Saturday with many of Missouri's top Republicans by emphasizing his values and vision.

His values include requiring that U.S. schools teach only in English, opposing gay marriage, and guarding the nation against the "Jihadists" who are "intent in causing our entire collapse."

His vision: "We are the hope of this world, and we always will be."

Romney laid out those points, and more, to an enthusiastic crowd of Republicans attending the state party's annual Lincoln Day festivities, held this weekend at the Frontenac Hilton.

Romney's aim: to portray himself as the best mix of conservative values and proven government experience. Earlier, Romney told reporters that any presidential candidate must appeal to Missouri voters because "Missouri is part of the heartland of America and the heartland ultimately decides who the nominee will be."

Romney's message — that the conservative changes he brought to Massachusetts can help the country— fit in with the "reform" message that Lincoln Day speakers emphasized as their party's best hope for wooing back Missouri voters in 2008. Republicans didn't fare so well last fall, when Democrats won both statewide contests, for U.S. senator and state auditor.

Speaker after speaker on Saturday promised to press for dramatic Republican initiatives in Missouri, such as:

•Lt. Gov. Peter Kinder's call for the Legislature "to redouble our efforts to pass a scholarship tax credit'' program so that parents could get a tax break to send their children to any public or private school." He said that was the best way the state could help the city of St. Louis' troubled school system.

•House Speaker Rod Jetton's promise to make English the official language in Missouri. The designation, he said, would offer schools the option to drop programs for children who don't speak English, end the publication of state documents in Spanish, and ease mandates that courts have interpreters for non-English speakers charged with crimes.

•U.S. Sen. Christopher "Kit" Bond's support of proposals to end the state's non-partisan court plan of assembling panels of nominees for governors to fill positions on the supreme and appellate courts and of trial courts in St. Louis, St. Louis County and three Kansas City area counties. Bond, a former governor, said he agrees with Gov. Matt Blunt that the panels too often only have Democratic-leaning choices. The Federalist Society, a group of conservative lawyers, is pushing for changes.

Romney's visit — three days before his official kickoff — was aimed largely at bolstering the substantial GOP ties he's already forged in Missouri. Gov. Matt Blunt is leading Romney's outreach to other governors, while former U.S. Sen. Jim Talent, R-Mo., is a Romney policy advisor.

State Democratic Party spokesman Jack Cardetti that the Blunt-Romney alliance "shows that politics makes for strange bedfellows. Mitt Romney is known for expanding health care in his state, while Matt Blunt is known for slashing it in Missouri."

Talent praised Romney and Blunt as strong leaders willing to confront tough problems. Talent was among several at Lincoln Days who compared Romney to former President Ronald Reagan. "He's created consensus behind big ideas," Talent said of Romney. "He's a person of hope, a person who wants to persuade rather than polarize."

But not everyone is ready to jump on board. Bond said he had no plans at the moment to endorse any Republican presidential contender. Lt. Gov. Peter Kinder said the same thing.

State Treasurer Sarah Steelman, who co-chaired U.S. Sen. John McCain's presidential bid in 2000, remains on the fence about helping the Arizona Republican or any presidential hopeful in 2008.

U.S. Rep. Todd Akin, R-Town and Country, said he was intrigued by Romney and wanted to hear more from him. Akin said he likes the social conservative views of U.S. Sen. Sam Brownback — who's headlining St. Louis County Republicans Lincoln Day dinner March 10 — but wasn't sure if he had a chance.

The congressman added that he was cool towards McCain. Akin said he also had concerns about former New York Mayor Rudolph Giuliani because he had been married three times.

However, several St. Louis area Republicans informally polled Saturday in the hotel's halls indicated, privately or publicly, that they leaned towards Giuliani. Said former state Sen. Betty Sims, R-Ladue: "He has more of a vision of the future, and understands the effects of terrorism."

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Jetton, the state House speaker, told Missouri Republicans that -- regardless of who get the party's nod for president -- they may face election trouble at home in 2008. At least 18 House Republican seats "are in jeopardy,'' Jetton said. A loss of eight would put Democrats back in control.

A Massachusetts Conservative (BOS)

By David Greenberg

The Boston Globe, February 11, 2007

Well before Senator John F. Kerry went windsurfing in 2004, the failed presidential bids of Michael Dukakis and Paul Tsongas had all but doomed Massachusetts Democrats seeking the White House. In former governor Mitt Romney, however, a new kind of Bay State presidential aspirant is now taking the national stage: A conservative Republican who tacked to the center to get elected statewide and now courts the Christian right to win his party's nomination. If the "Massachusetts liberal" has become a national punch line, what of the "Massachusetts conservative"?

In fact, though he's not well remembered today, there was a Massachusetts conservative who not only won the presidency but enjoyed phenomenal popularity throughout his tenure: former governor Calvin Coolidge. Mitt Romney could do worse than to study his example.

The 30th president may strike some as an unlikely source of inspiration. His reputation today is that of the ineffectual "Silent Cal" -- the taciturn, hands-off executive who chomped a cigar while America spent and gambled its way into the Depression. Or he's remembered as the business-friendly exponent of "trickle-down" economics who embodied a fading set of Victorian values such as thrift, industry, and self-reliance that even during his tenure in the 1920s seemed a throwback to bygone times.

Indeed, in recent years, Coolidge's admirers have included mainly diehard conservatives, such as the columnist Robert Novak (who ranks him as his second favorite president), the folks at the Heritage Foundation (who recently screened the first ever Coolidge documentary), and -- no surprise -- Ronald Reagan, who cribbed from Coolidge's speeches and hung his portrait in the Cabinet Room.

The popular image of Coolidge -- of personal reticence and political restraint -- isn't wrong. Five-foot-nine and slender, with wispy sandy hair and a pallid complexion, Coolidge had bony features and a downturned line of a mouth that gave him an air of sternness.

Coolidge's restrained demeanor and personality also expressed a restrained philosophy of governance. He believed in a minimal federal state and a relatively inactive presidency. Deeply attached to his native 19th-century Vermont, he espoused its Yankee mores of piety and parsimony long after they had come to strike many Americans as anachronistic.

Yet to dismiss Coolidge as a vestige of olden days is to overlook his contributions to American politics. Coolidge in fact straddled two ages. Leading the nation during what the sociologists Robert and Helen Lynd, authors of the pioneering sociological study "Middletown," called "one of the eras of greatest rapidity in change in the history of human institutions," Coolidge silently blessed the go-go consumption of the 1920s, even as he shared widespread fears about moral decay.

By epitomizing old-fashioned values -- showing that they could thrive amid the kinetic consumerism -- Coolidge sanctified the so-called "New Era." He offered the public, wrote Walter Lippmann, a "Puritanism de luxe, in which it is possible to praise all the classic virtues while continuing to enjoy all the modern conveniences."

Coolidge was wildly popular in his time and broke ground in self-consciously governing not just as the head of his party or the leader of a particular faction, but as president of all the people. His image -- as sensible and modest, upright and prudent, a uniter and not a divider -- allowed different political groups to see him as one of their own. In 2008, with voters newly wary of ideological zeal, such a Coolidgean strategy just might show the way to the GOP nomination -- and offer Republicans their best shot at holding the White House.

"The chief business of America is business," runs Coolidge's best known aphorism -- and to be sure, his appreciation of 20th-century novelties included, foremost, a respect for the fruits of capitalism. But Coolidge's embrace of modernity revealed itself in subtler ways, including a new style of politics and governance in which candidates were replacing parties as the focus of voters' loyalties.

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In the 19th century, politicians ascended through service to their party machinery, voters identified much more deeply as Democrats or Republicans than they do today, and there were few independents. Congress, seen as the people's representatives, set the agenda in Washington more than the president. But in the new century, as Lippmann noted, decisions were being "made by the interaction, not of Congress and the executive, but of public opinion and the executive." Theodore Roosevelt and Woodrow Wilson relied on their own outsized personalities as much as on partisan appeals. They ran for office -- and governed -- by appealing through the new mass media to the still-novel concept of public opinion (still then measured in primitive ways).

Coolidge, too, governed mainly through what Campbell Bascom Slemp, the conservative Virginia congressman whom the president hired as his chief aide, called "direct reliance upon the mass of the people." Holding the presidency when radio, newsreels, and photography were transforming political communication, the tremendously popular Coolidge -- despite his famous silence -- learned to speak directly to the public. According to his vice president, Charles Dawes, "The popularity of Coolidge is due to the fact that he, not [Congress], best understood the people and they him."

What Coolidge understood about the people in the 1920s was their aversion to ideological crusades. In politics as well as personality, he embodied a moderation that fit his age.

This moderation was in evidence from early on in his career, when he began ascending the ladder of Massachusetts state politics. As a legislator, lieutenant governor, and in his two years as governor, he leavened his trademark fiscal discipline with progressive elements that accommodated the popular desire for reform. He vetoed bills to raise legislators' salaries by 50 percent, to upgrade the Boston ferry, and to widen a South Boston thoroughfare. Yet he backed measures to improve working conditions, regulate landlords, fund reforestation projects, and control outdoor advertising. His greatest feat as governor -- restructuring the state government by consolidating more than 100 agencies into fewer than 20 -- married the efficiency of progressivism to small-government conservatism.

It was Coolidge's role in the 1919 Boston police strike that made him a national figure. When cops walked off the job one September night and rioting broke out -- causing much property damage and taking several lives -- Coolidge backed the police commissioner's decision to fire the strikers. "There is no right to strike against the public safety by anybody, anywhere, any time," he wrote to the labor leader Samuel Gompers. The message, cannily released to the press, was classic Coolidge, neatly articulating a common-sense wisdom with a tautness that made it ripe for repetition in newspapers, newsreels, and conversation.

Due to this stringent stand, many historians assumed Coolidge to be a troglodyte on labor issues. But earlier in his term he had helped placate Boston's aggrieved streetcar workers, and in 1912 as a state senator he had mediated a major textile strike in Lawrence. Even his stance on the police strike was widely deemed reasonable, shared by President Wilson, for one, who se said the officers' abdication of their "sacred and direct" duty amounted to "a crime against civilization."

After handily winning reelection in 1919 -- Massachusetts governors then served one-year terms -- Coolidge was hailed as a presidential candidate. Fueling the talk was journalist and public relations man Bruce Barton, a founder of the advertising firm BBD&O, who sculpted the governor's image as the quiet, common-sensical moderate. "The radicals and reactionaries fill the newspapers, but the great majority of Americans are neither radicals nor reactionaries," Barton wrote in Collier's, in the first of many paeans to Coolidge. "They are middle-of-the-road folks who own their own homes and work hard....Coolidge belongs with that crowd."

Barton promoted Coolidge at the 1920 Republican convention. Though his effort failed -- the handsome, undistinguished Ohio Senator Warren G. Harding got the nod on the tenth ballot -- a spontaneous outcry by floor delegates made Coolidge vice president virtually by acclamation. Whereas Harding was famously picked in the old manner, by power-brokers amid swirling cigar smoke, Coolidge acceded in the newer fashion -- by publicity and direct appeals.

When Harding died of a heart attack in August 1923, Coolidge was visiting his father's farmhouse in Plymouth Notch, Vt. -- a tiny hamlet nestled in the Green Mountains where he was raised. The news of the president's passing reached the farm after midnight, and Coolidge was sworn in as president -- by his father, a notary public -- in a small parlor by the glow of a kerosene lamp. Had Coolidge and Barton planned the scene, they couldn't have devised more propitious atmospherics: The spare, rural tableau exuded the New England virtues of simplicity, piety, and duty that Coolidge had long traded on in cultivating his image. The tone for his presidency was set.

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Soon after taking over from the late Harding, Coolidge moved to contain the executive-branch corruption scandals -- soon to be lumped under the umbrella term "Teapot Dome" -- that were just surfacing. After some missteps, he named a bipartisan pair of special prosecutors, unloaded tainted Cabinet members, and voiced a pitch-perfect note of condemnation to reassure the public that justice was being done. In contrast to the stench of the Harding pols, Coolidge seemed a breath of fresh Vermont air.

But while Coolidge distanced himself from the sleaze of the so-called "Ohio Gang," he maintained his bona fides with the business world in other ways -- showing his ability to unify most of the diverse elements within the fractious GOP. With Wall Street, Coolidge stayed right by imposing few constraints on business, presiding over a new laxness at regulatory agencies, and, when additional agencies were called for -- such as the Federal Radio Commission, needed to oversee the rapidly growing broadcasting industry -- he blessed an emerging regime that favored the leading commercial networks.

Though many liberals viewed Coolidge as a stooge of business, he retained support from several of the GOP's Progressives -- the former acolytes of Roosevelt who continued to prefer enlightened government activism to raw laissez-faire. Coolidge walked a similar tightrope on cultural issues. On the one hand, he made known his distaste for the decadence of the youth culture and flouters of Prohibition, earning jeers from the era's "smart set." But his public stands on the day's moral controversies convinced most Americans that he was no zealot.

Coolidge shared none of the bigotry of the revived Ku Klux Klan -- though he never mustered a rousing denunciation of the noxious fraternity, even when 40,000 robed members marched by the White House in 1925. He spoke nobly about toleration and religious diversity in America -- even while signing into law immigration restrictions that kept out Southern and Eastern Europeans. He quietly opposed the prosecution of John Scopes for teaching evolution in a Tennessee school, and he supported anti-lynching laws, although he did so with such tepidness that they never passed. Overall Coolidge kept himself out of debilitating controversies, exuding an air of morality but not alienating voters with moralism.

It was a strength, not a weakness, that within his own party Coolidge occupied no clear niche. "He is not easy to classify as either a conservative or a progressive -- the two major lines of political division," noted Bascom Slemp. His personality, not his party or even his platform, commended him to voters. "I have not met anybody who is going to vote for the Republican Party," Barton said in 1924. "They are going to vote 'for Coolidge' or against him."

Clearly, 2008 is not 1924. Too much has changed -- in the nature of the parties, in the values of Americans, in the issues facing the country -- for Coolidge's model to provide any neat formula for presidential candidates today. But it's clear the Republicans will be seeking a new direction. The ideological adventures of the current administration seem to have discredited, with a majority of the public, the brand of hard-line conservatism espoused by George W. Bush in the last two presidential elections, the Newt Gingrich Congress of the 1990s, and even Ronald Reagan in the 1980s (though his genial and folksy -- not to say Coolidgean -- talk of traditional values still bestirs his many admirers).

GOP voters may be looking for a Coolidge-like figure who can espouse the party's traditional pro-business creed without evoking fears of corruption, someone who can project old-fashioned values without prompting anxieties about the power of religious conservatives. Thus John McCain burnishes a trans-partisan, good-government aura. Rudolph Giuliani styles himself a football coach for the nation. Even Romney, when he's not wooing the Christian right, trades on his pre-Big Dig reputation of can-do competence. For one of these men, the forsaken mantle of Calvin Coolidge is waiting to be taken up.

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Profit And Public Health (WP)

The Washington Post, February 11, 2007

THE DEBATE over requiring girls to receive a shot against a sexually transmitted virus that sometimes causes cervical cancer should be about what's in the best interests of these young women. It should not be about the interests of the maker of the vaccine. Regrettably, the two are being confused thanks to a lobbying effort undertaken across the country by Merck & Co. on behalf of its new product.

Merck makes Gardasil, the vaccine approved by the Food and Drug Administration as effective against strains of the human papillomavirus (HPV) leading to most cases of cervical cancer. Merck also, according to reports by the Associated Press

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and Baltimore Sun, is helping to finance efforts across the nation to persuade states to make the vaccine mandatory for all girls. It has had success in Texas, where Gov. Rick Perry (R) issued an executive order requiring the vaccine, and in Virginia, where bills have passed both houses of the General Assembly. Merck's involvement in Texas has become particularly controversial because Mr. Perry's former chief of staff now lobbies for the company and because the governor has ties to a national women's advocacy group that is active in the campaign and also receives funding from Merck. Mr. Perry's unilateral action cut the legislature, and by extension the public, out of any discussion of the issues and is likely to make public compliance with his policy more difficult.

Merck officials say that they are simply promoting policies that benefit public health: What's more benign than a vaccine able to prevent cancer? We don't disagree either about the efficacy of the vaccine, which the FDA says has been demonstrated in extensive tests, or the argument for its widespread use. There is, though, something unseemly about a company that stands to make billions of dollars driving a debate that already is sensitive because it involves young girls, sex and parental rights. Merck's commercial interests unnecessarily muddy the waters and give critics ammunition with which to attack worthwhile legislation. Indeed, in Maryland the sponsor of such a bill recently pulled the measure after reports surfaced about Merck's lobbying.

The best move Merck can now make is to back off. Happily, that's not necessary in the District, where the only role Merck has played has appropriately been to provide information in response to questions from D.C. Council members. Virginia is a different matter. Sen. Janet D. Howell (D-Fairfax) and Del. Phillip A. Hamilton (R-Newport News), sponsors of bills that passed in the respective houses, are right to push for Virginia to take the lead in fighting cervical cancer. But Merck's help needlessly clouds the issue. While continuing to promote their initiative, the legislators might want to think about how they can bolster public confidence. Returning campaign contributions would be a good step.

Who's Afraid Of The New Economy? (NYT)

By David Brooks

The New York Times, February 11, 2007

Once, there was a bridge to the 21st century. But no major Democrat today speaks as confidently about globalization and technological change as Bill Clinton and Al Gore did a decade ago. No major Democrat today speaks as optimistically about free trade as Gordon Brown does in Britain.

In the Democratic Party today, neopopulists and economic nationalists are on the rise. The free-traders are on the defensive. The Democratic view of the global economy has grown unremittingly grim. When John Edwards talks about the economy, you think he's running for the Democratic nomination of 1932.

Which is why the report to be released tomorrow by the Democratic activist group Third Way is so remarkable. Here is a group of Democratic economists and strategists who are taking on the rising neopopulists.

The first thing their report, "The New Rules Economy," does is challenge the neopopulist depiction of economic reality. Neopopulists are good at describing the suffering in towns like Mansfield, Ohio, and Flint, Mich. But they act as if they've never been to Charlotte or Phoenix, where office parks are shooting up.

The authors of this report, Anne Kim, Adam Solomon, Jim Kessler and Stephen Rose, try to blend all the diverse pieces of American reality, and to expose what they call "the myths of neopopulism."

The first myth, they write, is the myth of the failing middle class. It's true there are more households headed by young and old people, who tend to have lower incomes. But if you take households headed by people in their prime working years, 25 to 59, you find those people are not failing. Their median income is $61,000. If they are married, their median income is $72,000. Those are decent incomes in most parts of the country.

Moreover, their living standards are not stagnant. Between 1979 and 2005, the percentage of prime-age households making over $100,000 in current dollars rose by 12.7 percentage points. As Ben Bernanke, the Fed chairman, said last week, incomes at all levels are rising; it's just that incomes at the upper end are rising much faster.

The Third Way authors also dispute recent warnings of wildly increasing income volatility. The main reason incomes have grown more volatile over the past decades is motherhood, they write. As women play a more significant role in the economy, their movements in and out of the labor force to care for children increase volatility.

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The report goes on to challenge the direst warnings about rising credit card debt (household assets have risen faster than debts), rising corporate profits (they are cyclical and pretty much normal for this stage in a recovery) and American decline.

The Third Way authors are not saying everything is hunky-dory — far from it — but they are saying Democrats tend to lose when they are relentlessly grim and when the reality they describe is detached from the reality most Americans experience.

Moreover, they are restating the truth neopopulists are loath to admit: that no nation on earth is better positioned to take advantage of an ever-more-open economy, and today's challenge is not to retard openness but enable more people to take part in it.

The second half of the report describes how government can help people adjust to the new economic rules. Frankly, I wish the authors had been a bit more creative here, asking, for example, why so many people don't heed the huge incentives to finish high school and college. There are deeper mental and cultural processes in play than can be dealt with by the usual mix of tax credits.

Still, the significance of the report is that at least some Democrats have the guts to take on the neopopulists, who are masters of vilification.

In fact, their political method is based on vilification over explanation. They vilify unpatriotic executives, but the vast majority of job losses are caused by technological change, not outsourcing. They vilify overpaid C.E.O.'s, even though their pay packages have nothing to do with the stagnant wages of the unskilled. They vilify foreign governments for not living up to the rules of "fair trade," even though developing countries could enforce every labor and environmental regulation under the sun and their workers would still be cheaper for low-skill tasks.

The neopopulist caucus in the Democratic Party is like the anti-immigrant caucus in the Republican Party. Both speak for loud and angry minorities who have been hurt by globalization. But the party that mistakes their experience for the central reality will doom itself for years to come.

Unmasking Our Pain In New Orleans (WP)

By Lolis Eric Elie

The Washington Post, February 11, 2007

The rush begins approximately right now. Even as I write this, thousands of Americans are packing away their inhibitions and preparing to come to my city and go native. They will arrive in the French Quarter uninhibited, as they imagine we are. They will remove their clothes. They will empty their beer-filled guts onto each other's shoes. They will clown for hungry cameras and for journalists eager to capture New Orleans as some distant editor has imagined it. Invariably, the networks will set up their shots in the French Quarter, though none of the major parades and few of the emblematic Carnival activities take place there. Neither the journalists nor the revelers seem to care that our lives, local lives, are elsewhere.

For us, Mardi Gras is family time. We gather on our favorite corners to watch parades with parents and cousins and picnic lunches prepared by grandmothers (then) or bought from fast-food dispensaries (now). We don masks. We drink. We dance. We drink. We yell loudly. We drink. This we do, ever aware that the people on our right and on our left are the same people we will see during more sober times at work, school and church.

America would recognize us in family mode, but we may never be seen that way. Hurricane Katrina confirmed for now, and perhaps forever, the sense that New Orleans is a foreign place attached to the United States by geography, but distant from it in every meaningful way. We are more European, more African, less serious. And we lack the good sense God gave a goose. Why else would we raise our kids among girls gone wild in a hurricane magnet of a city that lies largely below sea level?

When Hurricane Katrina hit, our nation offered us sympathy. Millions of Americans accepted us into their cities. They sent 18-wheelers heavy with goodwill and provisions. Others came here, donned hazard suits and helped us. But I fear this compassion is wearing thin. It has been nearly 18 months. By now, the thinking goes, real Americans, self-reliant Americans, would have picked themselves up by their stiff upper lips and gotten on with life. They wouldn't be waiting for a government check. They would rebuild their homes and their lives with money and fortitude held in reserve.

My mother is a real American. Her difficulties have been minor compared with the setbacks suffered by others in our city. She's 72 years old. A decade ago, she moved into a new house she chose specifically because she thought it was on high, safe

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ground. She put her all into renovating and decorating it. On Aug. 29, 2005, it was inundated by four feet of water. Her blood pressure began to rise. Her borderline diabetes crept across the border. A pain developed in her left leg. Like many ailments these days, hers seemed stress induced.

From her sister's home in Dallas, she rebuilt. The first contractor she hired disappeared with the down payment. The first doctor said the back pain would go away. The first call to an insurance office put her in touch with a Ms. Bear. From her office somewhere in America, Ms. Bear insisted that my mother could just knock the insulation and roofing materials to the side and sleep in the filth of her waterlogged bed. That's what a Bear would do.

The second contractor was moving quickly among his various jobs, but slowly on my mother's house. Then he developed cancer and stopped moving much at all. (Was it his men who stole the ladder and the toilet and broke that glass table we'd carefully salvaged?) The second doctor recommended back surgery. The insurance company asked for more photos. Several doctors, two chiropractors, one surgery, a dozen letters and scores of phone calls later, my mother is back in her house. About a quarter of her neighbors have returned.

It's lonely there. My mother speaks to her friends long-distance.

Somehow, when people look at us and our city, they don't see my mother. They see the desperate brown faces at the Superdome or hear the otherly accented voices from St. Bernard Parish. They don't see the old man in the Lower Ninth Ward, gutting his house by day and sleeping in it by night because he has nowhere else to stay. They don't see the families cramped in trailers because they have nowhere else to live. They don't see the fishermen in Plaquemines Parish begging to get back to work. Those men need government help to move their boats from the land, where the floodwaters left them, back to the bayous, where they can again ply their trade. That's not the kind of work the Federal Emergency Management Agency is allowed to do.

In the immediate aftermath of Hurricane Katrina, the federal government did a terrible job. No doubt about that. Americans stranded on roofs. Americans without food and water. People in war-ravaged, dysfunctional nations looking at us on television saw that our country could be just as dysfunctional as their own. Domestic politics demanded that our misery be seen as the result either of Democratic Great Society programs or Republican social Darwinism. In fact, neither was apt.

Make no mistake -- the devastation in New Orleans and southern Louisiana was a government-enabled disaster. The U.S. Army Corps of Engineers designed and built the levees and floodwalls that were supposed to protect us. The failure of these structures resulted in the devastation of our city. This is not the crank conspiracy theory of angry New Orleanians. This is the conclusion that the Corps reached in a 6,600-page report, released June 1.

Hurricane Katrina was no more than a Category 2 storm when it hit New Orleans. The levees and floodwalls were supposed to be able to withstand a Category 3 storm. The Corps acknowledged that the flood-control system was badly designed and badly built. "For the first time the corps has had to stand up and say we had a catastrophic failure with one of our projects," said Lt. Gen. Carl Strock, the commander of the Corps.

You may expect that an admission by a government agency that its poor work was responsible for the destruction of an American city would have been big news. But the story of the Corps' admission, released on a Thursday, didn't live long enough to make the Sunday talk shows. The confession was irrelevant. The nation had already concluded that the death of New Orleans was a suicide caused by our irrational desire to live in harm's way.

This blame-New-Orleans attitude has been devastating for us. Though Louisiana suffered far more damage per capita than did Mississippi, our neighbor to the east has received a disproportionate share of federal funding. But neither of us was treated fairly. Six weeks after the storm, Congress passed legislation allowing low-interest loans for Gulf Coast communities to use to pay public employees. But the White House and the Republican leadership in Congress specifically required that the money be paid back, even though such federal disaster loans have generally been forgiven for the past three decades. "Notwithstanding section 417 of the Stafford Act, such loans may not be canceled," the offending passage reads.

In its zeal to punish Louisiana for sins that are largely not of our own making, the federal government has twisted our national priorities so radically as to render them unrecognizable. In this era when homeland security is the nation's paramount concern, there is no enthusiasm for protecting American land along the coast of Louisiana. For the past several decades, we've lost an average of 24 square miles of territory every year. About 40 percent of U.S. wetlands are in Louisiana, but my state experiences 80 percent of the nation's coastal wetlands loss. This loss is crucial to us because hurricanes lose strength when

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traveling over this land and are thus less powerful when they reach populated areas. Fewer wetlands means more hurricane damage.

Two years ago, before Katrina, the Corps of Engineers and the state of Louisiana estimated that it would take $14 billion to stem the tide of coastal erosion. In December, the lame-duck Congress allocated 34 percent of the federal oil royalties collected off our shores to Louisiana to combat coastal erosion. But we won't get the full amount for 17 years. For the next decade, we will receive about $20 million a year to combat a $14 billion problem.

The latest forecast by coastal experts gives us about 10 years to restore the territory that has been lost south of New Orleans. If we fail to do that, those communities will have to be written off in a couple of decades.

If, say, Cuba or Venezuela had seized 24 square miles of American territory, the call to arms would have been immediate and decisive. But because coastal erosion is an enemy neither foreign nor domestic, we seem willing to surrender to it. We've retreated behind the excuse that New Orleans can't be saved. We've abandoned our can-do pride. In the Netherlands, the Dutch have managed to craft a flood-control system that protects the huge percentage of that nation's land that lies below sea level. These days Americans lack the money, the ingenuity, the patriotism, the humanity of the Dutch.

Much of the wealth of Louisiana lies in our culture. This is the state that gave the nation jazz and Louis Armstrong, Jerry Lee Lewis and Fats Domino. We created two of the nation's signature regional cuisines, Creole and Cajun. Our architecture is some of the oldest and most distinguished in the nation. But it seems that our country views our culture not as a national treasure worth saving, but as further evidence that we are not real Americans at all. But this view could change.

Earlier this month the Corps released the locations of 122 levees that are at risk of failing. They are located in 27 states and the District of Columbia. We New Orleanians have suffered much in the past 18 months. We wouldn't wish such devastation on anyone. But I would like to remind my nation that according to this list, the problems of my home town are not so foreign after all.

I may seem like a foreigner to you when I scream for an independent commission to study government failures in the aftermath of Hurricane Katrina, or when I decry the plodding incompetence of FEMA. I may seem like the stereotypical welfare cheat when I argue that the federal government has not invested nearly enough in protecting my state from an even greater future disaster. Indeed, mine may seem like a voice emanating from a distant Southern wilderness. But in truth, the problems of Louisiana are the problems of the United States.

Or, as Ralph Ellison wrote, "Who knows but that, on the lower frequencies, I speak for you?"

Lolis Eric Elie is a columnist for the New Orleans Times-Picayune.

Putin Hits U.S. Over Unilateral Practices (WP)

By Thomas E. Ricks, Craig Whitlock

The Washington Post, February 11, 2007

MUNICH, Feb. 10 -- Russian President Vladimir Putin, in some of his harshest criticism of the United States since he took office seven years ago, said Saturday that Washington's unilateral, militaristic approach had made the world a more dangerous place than at any time during the Cold War.

"The United States has overstepped its national borders in every way," he said in an address at an annual international security conference here. "Nobody feels secure anymore, because nobody can take safety behind the stone wall of international law."

Putin criticized the expansion of NATO, saying the alliance's placement of military forces on Russia's borders reduces "the level of mutual trust." He said the U.S. desire to place antimissile systems in Eastern Europe could further upset the international balance of power and embolden the United States in its foreign policy decisions.

The Russian president defended his country's arms sales to Iran as a way of reaching out to that Middle Eastern power, which is under pressure from the United States and Europe to curtail its nuclear program. Russia has supplied some air defense weapons to Iran because, he said, "we don't want Iran to feel cornered."

Dozens of foreign and defense ministers and other officials, including U.S. Defense Secretary Robert M. Gates and an American congressional delegation, attended the meeting. An Iranian nuclear negotiator, Ali Larijani, also was present and is scheduled to address the conference Sunday after Gates speaks.

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Several U.S. politicians in attendance sharply criticized Putin's remarks, which Russia specialists said were familiar in their assertiveness but unusual in their hostility toward the United States.

The White House also reacted strongly. "We are surprised and disappointed with President Putin's comments," spokesman Gordon Johndroe said in a statement. "His accusations are wrong. We expect to continue cooperation with Russia in areas important to the international community such as counterterrorism and reducing the spread and threat of weapons of mass destruction."

The back-and-forth underscored the recent stark changes in U.S.-Russian relations. The friendship that was struck when President Bush first met Putin and said he had looked into the former KGB colonel's soul in 2001 has soured as the Kremlin suppressed political opposition at home, used its energy resources to pressure its neighbors and split with the White House over Iraq, Iran and other issues.

Bush has grown increasingly disaffected with Putin and occasionally tried to prod him to recommit to democracy and better relations with his neighbors, only to be rebuffed. Bush has been reluctant to force a more direct confrontation out of worry that it would push Putin further from the West and because he needs Russia's help to pressure Iran to abandon its nuclear program.

In recent days, top Bush administration officials have met in Washington with Garry Kasparov, the former chess grandmaster who has emerged as a leading figure in Russia's marginalized political opposition. Kasparov has said that he advised the officials that lecturing Russia on democracy can be counterproductive but that they should not pretend Putin is one of them, either. "That's why I say, 'Don't interfere, just don't support Putin,' " Kasparov said.

Putin has said that U.S. criticism of his rollback of democracy stems from a Cold War mentality, and he has long opposed the U.S. operation in Iraq. But his remarks here seemingly were not prompted by any particular provocation.

In a tone that was more a considered lecture than a Khrushchevian dais-thumper, Putin said Russia would pursue an independent foreign policy. "We are not going to change this tradition today."

Putin called on the West to resist pushing Russia to be more democratic and more respectful of human rights. "Russia is constantly being taught democracy, and the people who try to teach it don't want to learn it themselves," he said.

Putin ended his critique of the post-Cold War world by attacking the West's view of international relations. Stability and economic justice, he said, should be "not only for the chosen ones, but for everybody."

During Putin's 32-minute address, several members of the U.S. delegation frowned or looked away. Gates, a professional Sovietologist, stared down at notes he was writing. Asked for comment afterward, Gates smiled and shook his head.

After speaking, Putin took questions from the audience, elaborating on several points but backing down from none of them. Explaining his view that the world is now more dangerous than it was during the Cold War, he said that back then, "it was a fragile peace, a scary peace, but it was fairly reliable, as it turns out. Today it is less reliable."

In his one peace offering, Putin called Bush "my friend." Bush is "criticized for everything he does, but he is a decent man," Putin said.

Putin also alluded to Russia's indirect cutoff of crucial energy supplies to Europe twice in the past two years, insisting that Russia's actions are simply intended to put its energy exports on a transparent, market-based system built around long-term contracts.

Some European diplomats, speaking on condition of anonymity, saw his attack on the United States as a preemptive measure to deflect criticism of Russia that has been building in European capitals. In addition to an ongoing crackdown on pro-democracy groups and political opponents, Russia has antagonized some in Europe with its use of energy as a tool of foreign policy.

NATO Secretary General Jaap de Hoop Scheffer, who also attended the meeting, said he was disappointed by Putin's remarks. He said NATO and the United States had been forthright in their communications with Moscow on the eastward expansion of NATO and had made clear that such moves should not be interpreted as a security threat.

Sen. Joseph I. Lieberman (I-Conn.) said that much of Putin's address was "Cold War rhetoric" and that his comments about Iran were "outrageous" and "provocative."

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Sen. Lindsey O. Graham (R-S.C.) added, "If you're waiting for Russia to be constructive on Iran, forget it." Putin "did more in a single speech to unite Europe and America than anything we could have done in a decade," Graham said, referring to tensions over the war in Iraq.

Putin Says U.S. Is Undermining Global Stability (NYT)

By Thom Shanker, Mark Landler

The New York Times, February 11, 2007

MUNICH, Feb. 10 — President Vladimir V. Putin of Russia accused the United States on Saturday of provoking a new nuclear arms race by developing ballistic missile defenses, undermining international institutions and making the Middle East more unstable through its clumsy handling of the Iraq war.

In an address to an international security conference, Mr. Putin dropped all diplomatic gloss to recite a long list of complaints about American domination of global affairs, including many of the themes that have strained relations between the Kremlin and the United States during his seven-year administration.

Among them were the expansion of NATO into the Baltics and the perception in Russia that the West has supported groups that have toppled other governments in Moscow's former sphere of influence.

"The process of NATO expansion has nothing to do with modernization of the alliance," Mr. Putin said. "We have the right to ask, 'Against whom is this expansion directed?' "

He said the United States had turned the Organization for Security and Cooperation in Europe, which sends monitors to elections in the former Soviet sphere, "into a vulgar instrument of ensuring the foreign policy interests of one country."

The comments were the sternest yet from Mr. Putin, who has long bristled over criticism from the United States and its European allies as he and his cadre of former Soviet intelligence officials have consolidated their hold on Russia's government, energy reserves and arms-manufacturing and trading complexes.

Rubble from the Berlin Wall was "hauled away as souvenirs" to countries that praise openness and personal freedom, he said, but "now there are attempts to impose new dividing lines and rules, maybe virtual, but still dividing our mutual continent."

The world, he said, is now unipolar: "One single center of power. One single center of force. One single center of decision making. This is the world of one master, one sovereign."

With the German chancellor, Angela Merkel, the American defense secretary, Robert M. Gates, and a Congressional delegation sitting stone-faced, Mr. Putin warned that the power amassed by any nation that assumes this ultimate global role "destroys it from within.

"It has nothing in common with democracy, of course," he added. "Today we are witnessing an almost uncontained hyper use of force in international relations — military force."

"Primarily the United States has overstepped its national borders, and in every area," said Mr. Putin, who increasingly has tried to re-establish Russia's once broad Soviet-era influence, using Russia's natural resources as leverage and defending nations at odds with the United States, including Iran.

American military actions, which he termed "unilateral" and "illegitimate," also "have not been able to resolve any matters at all," and, he said, have created only more instability and danger.

"They bring us to the abyss of one conflict after another," he said. "Political solutions are becoming impossible."

The comments irritated some European leaders and prompted sharp criticism from the Americans in attendance. Senator John McCain, the Arizona Republican widely expected to make a bid for the White House, made a rebuttal that began, "In today's multipolar world, there is no place for needless confrontation." He said that the United States won the cold war in partnership with powerful nations of Western Europe, and that "there are power centers on every continent today."

Mr. McCain then hit back at Mr. Putin more directly. "Will Russia's autocratic turn become more pronounced, its foreign policy more opposed to the principles of the Western democracies and its energy policy used as a tool of intimidation?" he asked. "Moscow must understand that it cannot enjoy a genuine partnership with the West so long as its actions, at home and abroad, conflict fundamentally with the core values of the Euro-Atlantic democracies."

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In Washington, Gordon D. Johndroe, a White House spokesman, said in a statement: "We are surprised and disappointed with President Putin's comments. His accusations are wrong. We expect to continue cooperation with Russia in areas important to the international community such as counterterrorism and reducing the spread and threat of weapons of mass destruction."

Russia has also faced criticism from the United States and other Western countries that believe it has used energy reserves and transport pipelines to reward friendly countries and to punish those seeking to distance themselves from Kremlin control. Some analysts saw the tone of the speech as evidence of how much oil and mineral revenues have strengthened Mr. Putin.

The occasion of the speech was the 43rd Munich Conference on Security Policy — an event begun deep in the cold war, when Germany was divided and hundreds of thousands of American troops were stationed in Western Europe as a bulwark against Warsaw Pact forces.

Mr. Putin began with an apology for the tough talk to come. But during a lively question and answer period full of challenges and rebukes, the Russian president indicated that he relished provoking the international audience of legislators, government leaders, political analysts and human rights advocates.

"I love it," Mr. Putin said as he reviewed a long list of questions. He has long enjoyed high and durable public approval ratings at home, in part for standing up to the West and for pursuing an assertive foreign policy with former Soviet states.

He did offer at least two significant and conciliatory statements to the United States.

President Bush "is a decent man, and one can do business with him," he said. From their meetings and discussions, Mr. Putin said, he has heard the American president say, "I assume Russia and the United States will never be enemies, and I agree."

And while Mr. Putin denied that Russia had assisted the Iranian military with significant arms transfers, he also criticized the government in Tehran for not cooperating more with the United Nations nuclear watchdog agency or responding to questions about its nuclear program.

Other American lawmakers offered measured criticism afterward. "He's done more to bring Europe and the U.S. together than any single event in the last several years," said Senator Lindsey Graham, Republican of South Carolina.

Senator Joseph I. Lieberman, an independent from Connecticut, described the speech as "confrontational," saying, "some of the rhetoric takes us back to the cold war."

Iran's top nuclear official, Ali Larijani, listened impassively from the back of the room. His attendance had become a sideshow in itself. After accepting an invitation to speak Sunday, he canceled, citing health reasons, after a tense meeting with the International Atomic Energy Agency in Vienna that concluded with a decision to freeze technical cooperation projects.

Mr. Putin joked that he worried the United States was "hiding extra warheads under the pillow" despite its treaties with Moscow to reduce strategic nuclear stockpiles. And he indicated obliquely that the new Russian ballistic missile, known as the Topol-M, was being developed at least in part in response to American efforts to field missile defenses.

He expressed alarm that an effective antimissile shield over the United States would upset a system of mutual fear that kept the nuclear peace throughout the cold war. "That means the balance will be upset, completely upset," he said.

Addressing tensions between Europe and Russia over energy exports, Mr. Putin said 26 percent of Russian oil was extracted by foreign companies. While Russia is open to outside investment, he said, it has found its businessmen blocked from deals abroad.

The Kremlin has been criticized for attempting to impose registration and taxation laws that could restrict the work of foreign nongovernmental organizations with offices in Russia to aid democratization.

But Mr. Putin said his concerns about the work grew from the fact that they "are used as channels for funding, and those funds are provided by governments of other countries." That flow of foreign money to assist opposition Russian political organizations, he said, is "hidden from our society.

"What is democratic about this?" he asked. "This is not about democracy. This is about one country influencing another."

Mrs. Merkel, in her opening speech, struck a far more diplomatic tone than Mr. Putin, though she alluded to the tensions between Europe and Russia over energy shipments and the independence of Kosovo.

Addressing herself to Mr. Putin, who was sitting in the front row, Mrs. Merkel said, "In my talks with you, I have sensed that Russia is going to be a reliable and predictable partner." But she added, "We need to speak frankly with each other."

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Mrs. Merkel had previously criticized in sharp terms Russia's recent shutdown of oil shipments to Belarus, which followed a dispute over natural gas prices. She is pressing Russia to sign a charter with the European Union on energy, which Moscow has resisted.

Mrs. Merkel alluded to another potential confrontation between Europe and Russia. The United Nations is weighing a proposal that would put Kosovo on the path to independence from Serbia, which Russia opposes because it fears that such a move could upset its own turbulent relations with ethnic groups in the Caucasus. Russia has crushed one separatist-minded people within its own borders, in Chechnya, but supports two breakaway regions in Georgia: Abkhazia and South Ossetia.

"We're going to come to the stage where we have to decide: does Serbia, does Kosovo want to move in the European direction?" Mrs. Merkel asked. "If that's the route they choose, both will have to make compromises."

Putin Says U.S. Militarism Fosters Global Instability (LAT)

By Peter Spiegel

The Los Angeles Times, February 11, 2007

Munich, Germany — Russian President Vladimir V. Putin berated the United States in a major speech Saturday before senior American and European officials, declaring that Washington's militarism had fostered global instability and forced vulnerable nations to seek nuclear weapons.

In harsh language sometimes reminiscent of the Cold War; at other times pleading or mocking, Putin accused the United States of attempting to create a world in which it was free to ignore international law and impose its economic, political and military will.

"We are witnessing an almost uncontained hyper-use of military force in international relations," Putin said. "One country, the United States, has overstepped its national borders in every way."

Putin's litany of accusations was not unfamiliar. The Russian leader has been able to leverage high demand and prices for Russia's oil and gas into an increasingly assertive role on the world stage. But the tenor of his remarks sent a quiver through the hall. Participants said that, coming after a conciliatory opening speech by German Chancellor Angela Merkel, they were widely resented by the hosts. One German questioner jokingly told Putin he hoped the president had not set off "another world war."

In Washington, Gordon Johndroe, spokesman for the National Security Council, said: "We are surprised and disappointed with President Putin's comments. His accusations are wrong."

He said the Bush administration expected to continue to cooperate with Moscow in areas such as counterterrorism and reducing the spread of weapons of mass destruction.

The speech was a first for a Russian president at the increasingly high-profile Munich Security Conference. It was delivered with U.S. Defense Secretary Robert M. Gates seated stoically in the front row flanked by a stone-faced congressional delegation led by Sen. John McCain, R-Ariz., considered a leading candidate to be the 2008 Republican presidential nomination.

The symbolism was all the more stark given that it came on the new Defense secretary's first formal trip to Europe and that it occurred at a conference once dominated by his predecessor, Donald H. Rumsfeld. Putin spoke in a prime first-day time slot once used as a platform for Rumsfeld; Gates is to address the gathering Sunday.

U.S. analysts said Putin's remarks appeared timed to take advantage of the Bush administration's weakness as it struggles with Iraq policy and dwindling support at home. Putin in the past has lashed out at U.S. criticism of Russia's human rights record, turning the tables last month to focus on the U.S. detention center at Guantanamo Bay, Cuba.

Putin did touch on some areas of common interest with the U.S. He criticized Iran for not responding positively to proposals by the U.N. to suspend Tehran's nuclear program. His comments were among Russia's most pro-Western remarks on the topic in several months.

But he also defended Moscow's sale of anti-aircraft weapons to Tehran, and most of the address focused on perceived American unilateralism and hegemony.

"Unilateral, illegitimate actions have not managed to resolve any problems, but made them worse," Putin said. "The wars, local and regional conflicts, have only grown in number."

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Arguing the U.S. was ignoring international law in its use of military power, a clear reference to the Iraqi invasion, Putin said the legal constraints that once protected smaller, weaker nations were no longer viable.

"This is very dangerous," he said. "Nobody feels secure any more."

"Of course, such a policy stimulates an arms race," Putin said. "The force's dominance inevitably encourages a number of countries to acquire weapons of mass destruction."

Putin did not make a specific reference to Iran or North Korea as being among those smaller nations that feel threatened, but his reference seemed clear.

The Russian president also said he believed American and Western economic interests were seeking unfettered access to Russian markets, even as they blocked Russian groups from achieving parity abroad.

Putin was most specific when discussing U.S. moves in Eastern Europe, saying efforts by the Bush administration to set up a missile defense system with radar and interceptor rockets in Poland and the Czech Republic threatened Russian's ballistic missiles. The U.S. has repeatedly said the system is not aimed at Russia, but at potential longer-range Iranian missiles.

He questioned why the U.S. believed it was necessary to base troops in two other former Soviet allies, Bulgaria and Romania. "NATO is bringing its adversarial forces to our state's borders," he said. "It is a serious factor provoking reduction of mutual trust."

The attack on NATO appeared to put off European dignitaries as much as U.S. officials, a rare show of unity from the trans-Atlantic partners since the start of the Iraq war.

Jaap de Hoop Scheffer, secretary-general of the North Atlantic Treaty Organization, told the conference later in the day that he was "disappointed" by Putin's statements, noting NATO has for a decade held regular security consultations with Moscow through a formalized, legally binding agreement.

"Who can be worried that democracy and the rule of law are coming closer to somebody's border?" Scheffer asked.

Stephen Sestanovich, ambassador-at-large to states of the former Soviet Union during the Clinton administration, said Putin most likely spoke out so sharply because he had grown tired of constant U.S. criticism.

"Most Americans are not aware of how heated and agitated the Russians' discussions are about their relationship with the West," he said. "It may come as a surprise to Americans, but for the Russians, the rhetoric on these questions tends to be pretty grim, among the experts and regular folks, about the deterioration of the relationship."

"The theme is, 'We're tired of American hegemony, we're tired of being treated like a former superpower doormat, and we're back, and we're mad," Sestanovich said.

During a question period following the address, Putin appeared to try to temper his prepared remarks, which several of those seated near him said included several hand-written inserts.

He said President Bush had told him that the U.S. assumes the two countries will "never be enemies again, and I agree with him."

"I really consider the president of the United States my friend," Putin said. "He's a decent man and one can do business with him." Putin also strode purposefully to Gates immediately after his address, shaking his hand with a smile and exchanging quick pleasantries.

But the remarks clearly perturbed the U.S. delegation. During his formal remarks to the conference later Saturday, McCain echoed the sentiments of several Americans in attendance, saying Russia appeared to be turning more autocratic and its foreign policy was standing increasingly in opposition to Western democracies.

"Today's world is not unipolar," McCain said, disputing Putin's main theme. "In today's multipolar world, there is no need for pointless confrontation."

Putin's criticism was not limited to the U.S. He noted that Germany had shortly after the end of the Cold War sought to reassure its historic rivals in Moscow that it would never send its military forces outside its borders. Berlin now has troops in the Balkans and Afghanistan.

"Where are those guarantees now?" Putin asked, arguing Europe was now attempting to set up new "virtual" walls between to replace the Berlin Wall.

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He also dismissed European complaints about Russian threats last year to cut off energy supplies to its neighbors, saying Moscow was only seeking market prices and stable, long-term contracts with countries like Ukraine and Georgia, who in the past have received subsidized supplies.

Putin Accuses U.S. Of Sparking Arms Race (AP)

By Slobodan Lekic, Associated Press Writer

AP, February 11, 2007

Russian President Vladimir Putin on Saturday blamed U.S. policy for inciting other countries to seek nuclear weapons to defend themselves from an "almost uncontained use of military force" — a stinging attack that underscored growing tensions between Washington and Moscow.

"Unilateral, illegitimate actions have not solved a single problem, they have become a hotbed of further conflicts," Putin said at a security forum attracting senior officials from around the world.

"One state, the United States, has overstepped its national borders in every way."

The Bush administration said it was "surprised and disappointed" by Putin's remarks. "His accusations are wrong," said Gordon Johndroe, Bush's national security spokesman.

In what the Russian leader's spokesman acknowledged was his harshest criticism of the United States, Putin attacked Bush's administration for stoking a new arms race by planning to deploy a missile defense system in eastern Europe and for backing a U.N. plan that would grant virtual independence to Serbia's breakaway province of Kosovo.

Sen. John McCain, R-Ariz., who was also attending the conference, described Putin's remarks as "the most aggressive speech from a Russian leader since the end of the Cold War."

The United States and an increasingly assertive Russia repeatedly have butted heads during the past year, with Vice President Dick Cheney accusing Moscow of using its energy resources as "tools of intimidation or blackmail." Washington also has been angered by Russia's reluctance to impose meaningful sanctions against Iran, which is accused of seeking to develop nuclear weapons under the cover of a civilian atomic energy program.

But Putin said it was "the almost uncontained hyper use of force in international relations" that was forcing countries opposed to Washington to seek to build up nuclear arsenals.

"It is a world of one master, one sovereign ... it has nothing to do with democracy," he said. "This is nourishing the wish of countries to get nuclear weapons."

"This is very dangerous, nobody feels secure anymore because nobody can hide behind international law," Putin told the gathering.

Putin did not mention the wars in Iraq or Afghanistan, but he voiced concern about NATO's expansion plans as possible challenges to Russia.

"The process of NATO expansion has nothing to do with modernization of the alliance or with ensuring security in Europe," Putin said. "On the contrary, it is a serious factor provoking reduction of mutual trust."

On the missile defense system, Putin said: "I don't want to accuse anyone of being aggressive" but suggested it would seriously change the balance of power and could provoke an unspecified "asymmetric" response.

On Kosovo, Moscow has said a solution imposed against Serbia's consent could serve as a model for other separatist provinces elsewhere in the world. Washington, which supports Kosovo's independence, maintains that the Kosovo situation is a "one-off" because the province has been under U.N. rule since 1999 when Serb forces were ejected following a brief aerial war with NATO.

U.S. Defense Secretary Robert Gates had little to say about the accusations, remarking only that Putin "was very candid."

NATO Secretary General Jaap de Hoop Scheffer said he was disappointed by Putin's criticism about NATO expansion. "Who can be worried that democracy and the rule of law is coming closer to somebody's border?" he asked.

Putin's spokesman Dmitry Peskov said the president's speech was not "confrontational" and attributed his blunt words to the sense that the number of conflicts fomented by Washington "was constantly growing" and that international law was being undermined by such actions.

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"It is in the interest of the United States, the European Union and other countries that international law is upheld, not further destroyed," Peskov said.

Minutes earlier, German Chancellor Angela Merkel — whose country holds the European Union's rotating presidency — had praised Russia, saying it would be a reliable energy supplier to Europe. She called for closer relations between the EU and Moscow to enhance stability on the continent.

"How relations between the EU and Russia evolve will have a crucial impact on how security in the region will develop," Merkel told the annual Munich Conference on Security Policy. The forum is often used as an opportunity for officials to conduct diplomacy in an informal setting.

Russia's reputation as a supplier of natural gas to the West was damaged in the recent past when it halted supplies to Europe through main pipelines crossing Belarus and Ukraine due to pricing disputes with those two countries.

Merkel also said that the international community is determined to prevent Iran from obtaining nuclear weapons. Tehran needed to accept demands made by the U.N. and the International Atomic Energy Agency, she said.

On the sidelines of the conference, Iranian nuclear negotiator Ali Larijani defended his country's nuclear program as peaceful, saying: "We are no threat to our region or other countries," while indicating a willingness to return to negotiations.

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Associated Press writers Lolita C. Baldor and David Rising contributed to this report.

Putin Hits U.S. Use Of Force (WT/AP)

By Slobodan Lekic

The Washington Times, February 11, 2007

MUNICH -- Russian President Vladimir Putin yesterday blamed U.S. policy for inciting other countries to seek nuclear weapons to defend themselves from an "almost uncontained use of military force" -- a stinging attack that underscored growing tensions between Washington and Moscow.

"Unilateral, illegitimate actions have not solved a single problem. They have become a hotbed of further conflicts," Mr. Putin said at a security forum attracting senior officials from around the world.

"One state, the United States, has overstepped its national borders in every way."

The Bush administration said it was "surprised and disappointed" by Mr. Putin's remarks. "His accusations are wrong," said Gordon Johndroe, President Bush's national security spokesman.

In what the Russian leader's spokesman acknowledged was his harshest criticism of the United States, Mr. Putin attacked Mr. Bush's administration for stoking a new arms race by planning to deploy a missile-defense system in Eastern Europe and for backing a U.N. plan that would grant virtual independence to Serbia's breakaway province of Kosovo.

Sen. John McCain, Arizona Republican, who was attending the conference, described Mr. Putin's remarks as "the most aggressive speech from a Russian leader since the end of the Cold War."

The United States and an increasingly assertive Russia repeatedly have butted heads during the past year, with Vice President Dick Cheney accusing Moscow of using its energy resources as "tools of intimidation or blackmail."

Washington also has been angered by Russia's reluctance to impose meaningful sanctions against Iran, which is accused of seeking to develop nuclear weapons under the cover of a civilian atomic-energy program.

But Mr. Putin said it was "the almost uncontained hyper-use of force in international relations" that was forcing countries opposed to Washington to seek to build up nuclear arsenals.

"It is a world of one master, one sovereign ... it has nothing to do with democracy," he said. "This is nourishing the wish of countries to get nuclear weapons."

Mr. Putin did not mention the wars in Iraq or Afghanistan, but he voiced concern about NATO's expansion plans as possible challenges to Russia.

"The process of NATO expansion has nothing to do with modernization of the alliance or with ensuring security in Europe," Mr. Putin said. "On the contrary, it is a serious factor provoking reduction of mutual trust."

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On the missile-defense system, Mr. Putin said: "I don't want to accuse anyone of being aggressive," but suggested it would seriously change the balance of power and could provoke an unspecified "asymmetric" response.

On Kosovo, Moscow has said a solution imposed against Serbia's consent could serve as a model for other separatist provinces elsewhere in the world.

Washington, which supports Kosovo's independence, maintains that the Kosovo situation is a "one-off" because the province has been under U.N. rule since 1999, when Serbian forces were ejected after a brief aerial war with NATO.

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NATO Secretary-General Jaap de Hoop Scheffer said he was disappointed by Mr. Putin's criticism about NATO expansion. "Who can be worried that democracy and the rule of law is coming closer to somebody's border?" he asked.

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"It is in the interest of the United States, the European Union and other countries that international law is upheld, not further destroyed," Mr. Peskov said.

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The forum is often used as an opportunity for officials to conduct diplomacy in an informal setting.

Russia's reputation as a dependable supplier of natural gas and oil to the West was damaged in the recent past when it halted supplies to Europe through main pipelines crossing Belarus and Ukraine as a result of pricing disputes with those two countries.

On the sidelines of the conference, Iranian nuclear negotiator Ali Larijani defended his country's nuclear program as peaceful, saying: "We are no threat to our region or other countries," while indicating a willingness to return to negotiations.

Putin Stuns With Attack On US (AFP)

AFP, February 11, 2007

Russian President Vladimir Putin attacked the United States as a reckless "unipolar" power that has made the world more dangerous by pursuing policies that have led to war, ruin and insecurity.

Putin stunned an audience that included US Defence Secretary Robert Gates and senior US and European officials with the speech at a high-level security conference in Munich.

The White House said it was "surprised and disappointed" by Putin's accusations and Gates was expected to respond on Sunday, in his first major speech since taking office.

In comments reminiscent of his campaign opposing the 2003 US-led invasion of Iraq, Putin said the United States had disastrously "overstepped" its borders.

"The United States has overstepped its borders in all spheres... and has imposed itself on other states," Putin told delegates at the annual Munich Conference on Security Policy.

Putin said a "unipolar" world "means in practice one thing: one centre of power, one centre of force, one centre of decision-making, a world of one master, one sovereign."

Such a situation "is extremely dangerous. No one feels secure because no one can hide behind international law," Putin said.

He added that US dominance was "ruinous."

"Local and regional wars didn't get fewer. The number of people who died didn't get less, but increased.... We see no kind of restraint."

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Putin also rejected criticism that under his watch, Russia has back-tracked on democracy, saying that the United States was "permanently teaching Russia about democracy. But those who teach us, for some reason don't really want to study it themselves."

The speech added to tensions between the Kremlin and the United States, which have grown after a period of relative rapprochement in the 1990s.

Boosted by his country's oil wealth, the Russian leader has tried to restore Moscow's international clout, making common cause with fellow critics of the United States, notably Venezuelan President Hugo Chavez, and maintaining a traditional friendship with Iran.

After what many Russians regard as the humiliation of the Soviet Union's collapse, the Kremlin plans to build up its defences and has vowed an effective response to US hopes of establishing a missile defence system close to Russia's borders in the Czech Republic and Poland.

That threat has fuelled fears of a new arms race reminiscent of the Cold War.

Putin drew immediate criticism from the White House.

National security spokesman Gordon Johndroe said: "We are surprised and disappointed with President Putin's comments.

"His accusations are wrong," he said.

"We expect to continue cooperation with Russia in areas important to the international community such as counter-terrorism and reducing the spread and threat of weapons of mass destruction."

Putin's speech also prompted dismay at the conference itself, which is traditionally pro-Western and devoted to the future of the North Atlantic Treaty Organisation (NATO).

"I can't hide my disappointment. I will not hide my disappointment," said the NATO Secretary General Jaap de Hoop Scheffer.

Prominent US Republican Senator and presidential hopeful John McCain said that "today's world is not unipolar.... Russian leaders' apparent belief to the contrary raises a number of very difficult questions."

There was also criticism from Estonian President Toomas Hendrik Ilves, whose Baltic Sea country was unwillingly ruled from Moscow for most of the second half of the 20th century.

The EU should think carefully about how it deals with "a country that considers democracy on its borders as a threat, or despotism on its borders as a source of stability," said Ilves.

Iran's top nuclear negotiator, Ali Larijani, was also likely to be in the spotlight when he addresses the conference Sunday.

The United States has been trying to increase pressure on Iran to give up its nuclear programme, which Tehran says is aimed only at generating electricity but Washington says is a cover for a weapons programme.

Putin's Speech: Back To Cold War? (BBC)

By Rob Watson

BBC.com, February 10, 2007

The Munich security conference was born in the 1960s - the height of the Cold War. Forty years on, there been talk of a new chill.

Given the tone and content of Russian President Vladimir Putin's address to the gathered defence ministers, parliamentarians and pundits, it is not, perhaps, hard to see why.

Warming quickly to his task after only the briefest of greetings, President Putin accused the US of establishing, or trying to establish, a "uni-polar" world.

"What is a uni-polar world? No matter how we beautify this term, it means one single centre of power, one single centre of force and one single master," he said.

'Formula for disaster'

President Putin continued in a similar vein for some time.

"The United States has overstepped its borders in all spheres - economic, political and humanitarian, and has imposed itself on other states," he said.

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It was a formula that, he said, had led to disaster: "Local and regional wars did not get fewer, the number of people who died did not get less but increased. We see no kind of restraint - a hyper-inflated use of force."

The US has gone "from one conflict to another without achieving a fully-fledged solution to any of them", Mr Putin said.

With the new US Defence Secretary Robert Gates and several US congressmen sitting in the audience, he called for the reconsideration of the whole existing architecture of global security.

'Disappointing' speech

But he did not win over his audience.

Several delegates did not like his rather brusque brushing off of questions about Russia's own commitment to democracy and his defence of Moscow's decision to sell an air-defence system to Iran.

Nato Secretary General Jaap de Hoop Scheffer described President Putin's speech as "disappointing and not helpful". And there was similar reaction from the president of Estonia and others.

But it was left to US Republican senator and presidential hopeful John McCain to lead the retort.

Today's world, he said sternly, was not uni-polar, adding that it was an autocratic Russia that needed to change its behaviour.

"Moscow must understand that it cannot enjoy a genuine partnership with the West so long as its actions at home and abroad conflict so fundamentally with the core values of Euro-Atlantic democracies," he said.

"In today's multi-polar world, there is no place for needless confrontation, and I would hope that Russian leaders understand this truth," Senator McCain said.

Spotlight on Moscow

Afterwards in the corridors there were dark mutterings by some about a new Cold War.

Others were less gloomy, dismissing President Putin's performance as one of Russia's periodic bouts of letting off steam at its diminished world status.

But it has made an impression.

For the last few years, as one observer suggested, it was the former US Defence Secretary, Donald Rumsfeld, who was the man everybody loved to hate at this conference.

President Putin's performance has single-handedly switched the spotlight from the US to Russia.

Putin In First Saudi State Visit (BBC)

By Stephen Eke

BBC.com, February 11, 2007

Russian President Vladimir Putin, sets off on a tour of the Middle East on Sunday, arriving in Saudi Arabia, then going on to Qatar and Jordan.

It is the first time a Russian head of state is to visit these countries, considered allies of the West.

Moscow sees them as key to building new economic, political and even military ties with the Arab world.

Mr Putin is setting off on what may be his last major visit to the Middle East as president.

Russian diplomats deny any notion of grandstanding, however, pointing to rapidly growing trade with the region, which in the case of Saudi Arabia, tripled last year.

Military ties?

King Abdullah II of Jordan has travelled to Russia six times over recent years; the Emir of Qatar has also visited.

While talks between Mr Putin, the accompanying Russian businessmen and diplomats, and their Arab hosts, are expected to focus on trade and business, Moscow has cautiously suggested introducing what it calls "military and technical ties" into the equation.

Some Russian commentators have suggested Mr Putin may be about to flex Russia's muscle by visiting countries traditionally considered to be pro-western.

But senior diplomats have played that idea down, stressing that the major factor is the potential market for conventional and hi-tech weaponry they represent.

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Russian arms - like these Sukhoi jets - could be part of talks

Russia had close links with the Middle East during the Communist era, but the end of the Soviet Union saw it marginalised and struggling to maintain influence.

In recent times, Moscow has built close links with Israel - an enemy in Soviet times - and with Iran, where Russian engineers have built the country's first, controversial, nuclear power station.

Russia's once-close political and ideological links with Syria, the Palestinians and Egypt have taken second place to a much more pragmatic factor - where can Russia make money by selling its machinery and weaponry.

Talks With N. Korea Extended To 4th Day (WP)

By Edward Cody

The Washington Post, February 11, 2007

BEIJING, Feb. 10 -- Despite three days of hard bargaining, North Korean nuclear disarmament talks remained stuck Saturday over the energy aid North Korea would receive in return for closing its main nuclear reactor, diplomats said.

Discord over the compensation cast a pall over what had been high hopes that the six-nation talks could produce swift agreement on the first steps toward eliminating North Korea's nuclear weapons and dismantling the nuclear facilities that produce its fissionable material.

As a result, diplomats from the six nations -- North and South Korea, Japan, Russia, China and the United States -- made plans to return to the negotiating table at the Chinese government's secluded Diaoyutai guest compound here for additional sessions of negotiations Sunday and perhaps into next week.

"It's definitely an issue that has prevented us from sealing the deal right now," said Assistant Secretary of State Christopher R. Hill, the chief U.S. negotiator, without revealing the terms of the dispute. "I think it may take another day or two to get through this."

The stakes are high, Hill suggested, because another failure would again raise questions about the utility of the Chinese-sponsored six-party process, which has been underway off and on since August 2003 without results on the ground. In October, while the talks languished, North Korea set off a nuclear test blast and declared itself a nuclear power.

Hill, briefing reporters, emphasized that the other main elements of an agreement on initial disarmament steps were ready to sign. But he warned that other disagreements could also arise as long as the talks continue, suggesting the accord that looked so close when this round of talks began Thursday may turn out to be more distant than thought.

The last round of talks ended Dec. 22 in stalemate after the senior North Korean negotiator, Kim Gye Gwan, said he could not formally discuss North Korea's nuclear program until resolution of a financial dispute over U.S. allegations that a Macau bank was being used to launder illicit North Korean funds. Hill said that dispute, although not resolved, has been smoothed over by separate negotiations among U.S. and North Korean banking officials and a meeting last month in Berlin.

As a result, he said, Kim has been negotiating seriously. But the talks nevertheless reached an impasse over what South Korean diplomats described as the amount and timing of aid North Korea would receive in exchange for shutting down the Yongbyon reactor and readmitting international nuclear inspectors.

The facility, North Korea's main nuclear installation, produces plutonium that can be used for nuclear fuel. U.S. officials estimated that North Korea has produced enough plutonium to fuel eight to 10 nuclear weapons.

Two U.S. nuclear experts who visited North Korea's capital, Pyongyang, early this month were told that North Korea wants heavy fuel oil to produce electricity in return for closing Yongbyon, in addition to a commitment from the five other negotiating nations to build civilian-use nuclear power reactors in the future.

New Setback In North Korean Nuclear Talks (NYT)

By Jim Yardley

The New York Times, February 11, 2007

BEIJING, Feb. 10 — Negotiations over North Korea’s nuclear weapons program stalled on Saturday as disagreements arose about the size and timing of the aid package that would be provided to North Korea in exchange for shutting down the country’s nuclear weapons facilities.

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“The differences on the issue still remain large,” said Qin Gang, spokesman for China’s Foreign Ministry.

The impasse occurred amid rising expectations for an agreement in Beijing, where the diplomatic talks were under way, and in Washington, where Bush administration officials had predicted a major announcement this weekend. Instead, negotiators from North Korea, China, the United States, South Korea and Japan will meet again on Sunday for a fourth day of talks.

Christopher R. Hill, the chief American envoy, would not discuss any specifics about the dispute but said negotiations had largely boiled down to one issue. “Frankly, I had hoped we could get it done on Saturday,” Mr. Hill said. “But I think it’s going to take another day or two.”

The diplomatic effort to resolve the North Korean nuclear issue has gone nowhere since the six participating nations signed a broad accord in September 2005 in which North Korea agreed to end its weapons program in exchange for economic and energy benefits, as well as security guarantees. Negotiations almost fell apart last October after North Korea tested a nuclear device.

This week’s focus has been on establishing a schedule for shutting down North Korea’s nuclear program, as well as the timing and amount of assistance the North gets in return. Bush administration officials say that the current draft calls for North Korea to shut down and seal its main nuclear facilities within two months in exchange for shipments of fuel oil from South Korea and the opening of talks with Washington over diplomatic recognition.

But the process now seems stuck on the fine print of exactly how much help North Korea is demanding. Aleksandr Losyukov, the top Russian negotiator, said the parties had not decided on final figures for assistance, and he declined to detail the amounts requested by North Korea.

“The biggest obstacle to reaching a joint statement remains on the issue of economic aid,” said Mr. Losyukov, according to Xinhua, China’s official news agency.

However, at least one diplomat suggested that the process faced more than one problem. “The situation continues to be severe,” Kenichiro Sasae, the Japanese envoy, told reporters. “We are boiling down our problems, but there is no conclusion in sight for several issues.”

Kyodo, the Japanese news agency, quoted an unidentified diplomatic source as saying that North Korea had demanded the equivalent of about two million tons of fuel oil annually, a figure that stunned other participants.

Mr. Hill, speaking to reporters late Saturday night, said North Korea wanted “a very precise measurement with how we are going to get through this.” He predicted that the problem could be solved. “We are kind of reaching a point where we have got to solve this,” he said.

US Envoy Says Time To 'Wrap Up' NKorea Talks (AFP)

AFP, February 11, 2007

The US envoy to talks on disarming North Korea has expressed impatience over Pyongyang's fixation on a detail in a draft deal that he said could be resolved later.

"I think it's time to wrap this up and get going," US negotiator Christopher Hill told reporters in Beijing Sunday morning before beginning a fourth day of negotiations.

"I hope the other participants will share that view that it's time to get it over with."

The six-nation talks on dismantling North Korea's nuclear arms programmes -- which also group South Korea, Japan, Russia and hosts China -- failed to strike a deal Saturday, with Hill saying only one sticking point remained.

The specific point has not been revealed, but discussions have centred on China's draft accord outlining steps the five parties would take in order for North Korea to disarm, including an aid package for Pyongyang.

Hill said the detail in dispute is one that should be worked out later by specialists.

"Frankly, an issue of this kind is more appropriate for experts," he said.

However, Hill said he planned to meet North Korean negotiator Kim Kye-Gwan again on Sunday and expressed hope that the talks could wrap up by the end of the day.

But that upbeat view was contradicted by South Korea's envoy, Chun Yung-Woo.

"It looks unreasonable to expect a breakthrough today," Chun told reporters as he left his hotel for the talks.

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Under the draft agreement, North Korea would close its main nuclear-related facilities, including a five-megawatt reactor at Yongbyon, within two months in return for alternative energy sources, press reports have said.

The potential breakthrough comes after North Korea conducted its first atomic test in October last year.

Analysis: N. Korea Debating Nuke Future (AP)

By Burt Herman, Associated Press Writer

AP, February 11, 2007

North Korea is a totalitarian state where simply mishandling a portrait of leader Kim Jong Il is considered a crime. That doesn't mean there is no internal debate as the regime weighs whether to dismantle its nuclear weapons program.

At the North Korean nuclear negotiations in Beijing, the U.S. envoy alluded to disputes in the communist nation over whether the regime can give up its most potent weapons without sacrificing its security.

Some in the North "understand that these weapons have done more to isolate and endanger and impoverish the DPRK than they will ever do to protect" it, Christopher Hill said Friday, referring to North Korea by the initials of its official name. "Alas, I don't think this is a universal view in the DPRK."

Hill said there was one group with a "very antiquated, and I would say isolated view that somehow nuclear weapons of this kind can create prestige."

He did not give names. But analysts widely believe there are divisions between North Korean military and diplomats, a tug-of-war that sends mixed signals to an outside world with little information about the country's internal policy struggles.

The United States, China, Japan, Russia and South Korea are trying to win a commitment from the North to make its first tangible steps toward abandoning its nuclear programs since the negotiations began in 2003. That goal has become more pressing since the North tested its first nuclear bomb in October, during one of the many deadlocks in the talks.

For Kim, going nuclear has been one way to solidify his authoritarian rule among the military. He has generally favored the armed forces under his proclaimed "Songun," or "military-first" policy, in which the military has the primary role in society.

The military has quashed past diplomatic initiatives, including efforts at detente between North and South Korea. Last year, they refused to allow a test run of trains across the peninsula's heavily fortified border because security arrangements had not been made.

At this round of nuclear negotiations, however, North Korea has committed in principle to taking the first steps toward disarmament. A Chinese draft agreement would grant the communist nation unspecified energy aid for shutting down its main nuclear facilities within two months, South Korea's Yonhap news agency reported.

Talks ended Saturday without consensus, and Hill said disagreements had come down to a single issue that may take another day or two to resolve. He declined to say what the issue was.

South Korean envoy Chun Yung-woo hinted that the dispute was related to North Korea's long-standing demand that Washington drop its "hostile" policy toward Pyongyang.

"There is something that North Korea has said every time since long ago as to what should be the basis (for the agreement)," Chun said.

Japanese envoy Kenichiro Sasae said the North was still "very much apart from that of the other" five countries involved. "We are boiling down our problems but there is no conclusion in sight for several issues," he said.

On Sunday, Sasae said one of the issues frustrating negotiations was the North's demands for large amounts of energy aid.

North Korea is demanding it be given energy aid equivalent to 2 million kilowatts of electricity during the initial disarmament period, Yonhap said. Japan's Kyodo news agency quoted unidentified diplomats as saying that North Korea was also seeking 2 million tons of fuel oil as part of the deal.

Russian envoy Alexander Losyukov said Saturday the size of the aid package was being discussed, the Interfax news agency reported. "The most important task today is to define the amount of planned aid," he was quoted as saying.

Two other key issues that have previously stalled the negotiations have not been problematic this time, Hill said. They include U.S. restrictions on a bank where the North held accounts for its complicity in alleged financial crimes, and demands that North Korea be given a nuclear reactor for generating electricity.

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Burt Herman is chief of bureau in Korea for The Associated Press.

Palestinian Tout Unity Deal To World (AP)

AP, February 11, 2007

The Palestinians have begun a diplomatic blitz aimed at persuading reticent leaders in the U.S. and Europe to accept their new power-sharing deal and lift painful economic sanctions, officials said Saturday.

Palestinian representatives already have spoken to Secretary of State Condoleezza Rice and the U.N. Secretary-General Ban Ki-moon. Next week, they turn their efforts to European leaders, beginning with Germany.

"We are trying to market the agreement and get international support for it," Nabil Amr, a top aide to President Mahmoud Abbas, told The Associated Press.

Western governments and Israel have only given muted reactions to Thursday's agreement between Abbas' Fatah faction and the Islamic militant group Hamas _ dashing Palestinian hopes that the deal would lead to a quick end to the sanctions.

International leaders said they want to study the deal further and see whether it changes the situation on the ground.

The Quartet of Mideast mediators _ the U.S., the U.N., Russia and the European Union _ had demanded that the militant Hamas group, which won Palestinian parliamentary elections last year, recognize Israel's right to exist, renounce violence and accept past peace deals.

The deal, negotiated in the Saudi holy city of Mecca, says only that the new government pledges to "respect" the previous deals. It makes no reference to recognizing Israel or renouncing violence and appears to fall short of the Quartet's demands.

Abbas, a moderate Fatah leader who pushed for a deal for months, is hoping that personal diplomacy with every member of the Quartet will help end the embargo imposed on the Palestinian Authority after Hamas' election last year.

The embargo has frozen roughly $1 billion in annual foreign aid and about $500 million in tax revenues Israel collects on behalf of the Palestinians, crippling the Palestinian government.

Amr said he would head this week to Germany, which holds the rotating presidency of the EU, and then travel to Belgium to meet with Javier Solana, the EU's chief foreign policy envoy. "We urge the officials in Europe to exert efforts to lift the siege imposed on the government," he said.

Abbas, meanwhile, plans meetings with the pro-Western leaders of Egypt and Jordan. He also plans to meet Russian President Vladimir Putin in Amman, Jordan on Tuesday.

"There will be contacts with other countries to clarify the program," said Nimr Hamad, another Abbas adviser. He said was optimistic that European leaders would accept the government program.

The new Palestinian government program could put Western leaders in a difficult position.

While apparently falling short of Quartet demands, it goes a long way toward ending months of Palestinian infighting that has killed more than 130 people, and the international community might be reluctant to take any steps that could renew tensions.

Hamas also appears to be giving Abbas approval to pursue peace talks with Israel. Abbas is scheduled to meet with Israeli Prime Minister Ehud Olmert and Rice on Feb. 19.

Abbas' aide Abed Rabbo said Rice told him she was skeptical that Hamas would abide by the deal, but she would reserve judgment until it was implemented.

America wants the new government to stop Gaza militants from launching rockets at Israel, prevent other attacks and respect previously signed agreements, he said. Accepting past peace deals has been perceived as implicit recognition of Israel's right to exist.

"The Americans are worried that Hamas will not succeed in this test," he said.

Ahmed Youssef, a top aide to Palestinian Prime Minister Ismail Haniyeh of Hamas, was noncommittal when asked whether the group would recognize Israel. "The declaration of Mecca did not mention anything about recognition of Israel," he said.

Israel planned to give an official response to the Palestinian program at its weekly Cabinet meeting on Sunday.

Vice Premier Shimon Peres said in an interview with the German weekly focus that "we will study the agreement and then judge it." But in the comments published Saturday, he said Hamas must recognize Israel if it wants negotiations.

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Hamas, listed as a terror group by Israel, the United States and the EU, is responsible for scores of deadly suicide bombings in Israel.

Previous efforts to form a national unity government have foundered, though none has ever come this far. Still, there were fears that the new deal could unravel in coming weeks as the two sides choose ministers.

A Very Partial Palestinian Peace (NYT)

The New York Times, February 11, 2007

Peace with Israel was not the subject of the summit meeting Palestinian leaders held in Mecca last week. The Saudi government summoned the leaders of Hamas and Fatah to negotiate a halt in their incipient civil war, which was alarming and embarrassing the Arab world.

Still, the vaguely worded agreement, and the creation of a coalition cabinet, might make peace with Israel more imaginable — if there is a lot more compromise from Hamas and a lot more diplomatic help from Washington.

Hamas and Fatah have reached understandings before, only to have them unravel. This deal could prove more durable because of the heavy investment of Saudi diplomatic capital and the dire financial condition of the Palestinian Authority.

Before Europe and the United States will release aid to the authority, Hamas must recognize Israel, renounce violence and abide by previous agreements between Israel and the Palestinians. What Mahmoud Abbas, the Palestinian president and a Fatah leader, managed to extract from Hamas last week was far less — an agreement merely to respect international agreements and resolutions previously agreed to when Fatah was in charge.

That grudging and highly equivocal concession is further than Hamas had gone. It will be parsed in various ways by various interested parties for weeks to come. But what really matters is how Hamas acts. The most important action would be a credible effort by the joint Hamas and Fatah government to detect and thwart terrorist attacks against Israel. Saudi Arabia is reportedly ready to offer the Palestinian government a large aid package. That might help show Hamas the advantages of improved behavior. But Riyadh should make clear that continued aid will require clear proof that the new government is reining in terrorism.

Whether Hamas is prepared to take that crucial step is doubtful. Israel and the United States should encourage it by making clear that an all-out effort against terrorism would radically improve the negotiating climate — and open the aid spigots.

Given the current political paralysis in Israel, Washington will have to take the lead in sending this message. That will take more courage than the Bush administration has yet managed to muster. Mr. Bush has wasted more than six years without coming up with a serious policy for reducing violence between Israel and the Palestinians and promoting diplomacy.

Secretary of State Condoleezza Rice is set to meet with Israel's prime minister, Ehud Olmert, and Mr. Abbas a week from tomorrow. Her past trips to the region have been empty exercises. By recognizing last week's minimal Palestinian pact as a potential starting point, the White House could give her a chance to improve on that dismal record.

Calm Prevails In Jerusalem On Day After Excavation Clashes (NYT)

By Steven Erlanger

The New York Times, February 11, 2007

JERUSALEM, Feb. 10 — A few stone-throwing incidents occurred Saturday, but Jerusalem streets were largely quiet a day after the police clashed with Palestinians protesting Israeli construction work near the religious compound known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount.

Some tires were burned and rocks thrown at police officers in east Jerusalem, an area largely populated by Arabs, and some rocks were thrown at a bus full of Canadian tourists near the Mount of Olives, said a Jerusalem police spokesman, Inspector Micky Rosenfeld. "No one was injured, and as far as we are concerned, things are relatively calm and quiet," Inspector Rosenfeld said. The police presence, he said, was down from 2,000 officers on Friday.

In Bethlehem, some 30 Palestinians were arrested Saturday after brief clashes with Israeli troops near Rachel's Tomb, the police said.

The renovations have preoccupied Palestinian and pan-Arab news coverage in the week since the work began. The site, a man-made plateau where Jewish temples stood before their destruction in ancient times, is now occupied by Al Aksa Mosque

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and the Dome of the Rock and is regarded by Muslims as the third-holiest site in Islam, controlled by a trust called the Islamic Waqf.

The coverage has been full of charges and anxieties that the Israeli work, which is to reconstruct a ramp to the mount for visitors, is a secret preparation to take over the area and rebuild a temple, or at the least is intended to damage the mosque and the Dome of the Rock by undermining their foundations.

Statements of concern and opposition have come from Palestinian, Egyptian and Jordanian leaders, as well as clerics throughout the Muslim world, including in Iran, Indonesia and Malaysia. On Saturday, the Arab League called on the world to press Israel to stop the excavations, which it termed "criminal."

Israeli officials have called such charges nonsense and have promised that the renovation will not disturb the mount or damage any structures there. They say the work, scheduled to last eight months, will take place alongside the mount but not on it and has been coordinated with all relevant organizations.

"Whoever needed to be informed was informed," Inspector Rosenfeld said. "Both security and Muslim leaders, the Waqf and Israeli Arabs leaders knew exactly what will take place and when."

The sensitivity of the area is without dispute. In 2000, the second intifada broke out after a controversial visit to the site by Ariel Sharon, then the opposition leader. Whether Mr. Sharon's visit was responsible for sparking the intifada, a charge disputed by many Israelis, his visit was used to incite Palestinian protests and anger, and the intifada is known as the "Aksa intifada."

There was no construction work on Friday and Saturday, but it is expected to resume Sunday morning with excavation work to anchor supports for a new permanent ramp.

On Friday, the United States supported Israel's right to perform the work, but urged the Israelis to be careful of the "sensitivities" of others when carrying out repair work.

The Palestinian Authority president, Mahmoud Abbas, has also criticized the project and described Friday's clashes, in which 17 Palestinians were lightly wounded, 17 were arrested and 19 Israeli police officers were hurt, as a "day of anger."

A former aide to Mr. Abbas, Walid M. Awad, issued a long statement on Friday in which he accused Israel of working gradually to "Judaize" the Arab areas of Jerusalem and to take over the Noble Sanctuary, also known as Haram al-Sharif. Mr. Awad is the foreign press spokesman for the Central Media Commission of Fatah, Mr. Abbas's faction in the Palestinian Authority.

The renovation work, Mr. Awad charged, "is part and parcel of extensive Israeli efforts that began in June 1967 designed to undermine Islamic holy sites and construct the 'Jewish Temple.'

"The Israeli claim that it is only renovating or maintaining the said road is completely false," he continued, "for if that was its objective, it could have brought in the Islamic Waqf Authority, and asked them to fix the problem."

Mr. Awad also said that while Mr. Abbas "is trying to contain the situation in our area, calming it down and bringing together a collective Palestinian effort in support of an expected resumption of genuine peace talks between the Palestinian people and Israel, it seems Israel is more interested in undermining these efforts."

Small groups of Jewish extremists have said they would like to destroy the mosque and build a temple.

The harsh Muslim criticisms and the Arabic coverage have been taken seriously by Israeli officials, some of whom suggest that the issue is intended to divert attention from Palestinian infighting, while others echo Khaled Abu Toameh, a journalist for The Jerusalem Post who compares the atmosphere to the days just before the 2000 intifada.

Prime Minister Ehud Olmert of Israel has said the work will continue, even after his rival and defense minister, Amir Peretz, simultaneously gave him and Israeli newspapers a letter warning him to stop the work to avoid security problems.

An Israeli Islamic leader, Sheik Raed Salah, said he has planned "a full program of protests for the coming weeks in order to stop the Israeli crimes against Al Aksa Mosque," adding, "Continuing the work will increase tension and anger among Palestinians and in the Arab-Islamic world."

A leader of the Islamic Movement in northern Israel, Sheik Salah spent two years in jail on charges of raising money for Hamas but was released in 2005. He has been barred from the construction area.

In Gaza, Palestinians expressed hope that Thursday's agreement between Mr. Abbas and Hamas leaders in Mecca, Saudi Arabia, would bring an end to factional fighting and result in a government that could again pay them their full salaries. Members of the so-called quartet — the United States, European Union, Russia and the United Nations — were cautious, saying that much

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about the deal remained unfinished or unclear, but Russia independently said restrictions should be lifted once the new government was formed.

The quartet announced that it would meet on Feb. 21 in Berlin.

Clashes By Jerusalem Holy Site Continue (AP)

By Laurie Copans, Associated Press Writer

AP, February 11, 2007

Sporadic Palestinian protests, including a rock-throwing attack on a busload of Canadian tourists, broke out in Jerusalem and the West Bank on Saturday over Israel's construction of a ramp leading to a flashpoint holy site.

The demonstrations came the day after Israeli police raided the mosque compound, firing tear gas and stun grenades at rioting Muslims. Protests have spread throughout the world as Muslim leaders accused Israel of trying to damage the Islamic shrines.

Israel denies the repair work will come anywhere near the holy site, known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount.

In Jerusalem, a few dozen Palestinian teenagers threw stones at Israeli security forces at the walled Old City, burning an Israeli flag at one point. At the Mount of Olives holy site, Palestinians pelted a Canadian tour bus, but no one was injured.

"We were just driving and all of a sudden a bunch of kids started picking up rocks and whatever they could get their hands on and started throwing it at the bus," said Dave Wood, one of the tourists. "This is our first day in the Holy City and it was quite disturbing to say the least."

Israeli police arrested a total of 17 protesters in the Jerusalem protests that were "relatively quiet," police spokesman Shmuel Ben-Ruby said. The Israeli crews did not work on the ramp Saturday, the Jewish Sabbath.

In the West Bank town of Bethlehem, dozens of Palestinian youths threw rocks at Israeli soldiers guarding a checkpoint into Jerusalem. The soldiers detained 30 protesters, the army said.

In a similar protest in the West Bank city of Hebron, police responded with tear gas and rubber-coated bullets. No injuries were reported in either demonstration.

In anticipation of further protests in Jerusalem on Sunday when the work will resume, police will maintain a beefed-up force and restrictions at the mosque compound, barring all Muslim men under the age of 45 from praying there, Ben-Ruby said.

On Friday, about 200 riot police streamed onto the compound shooting stun grenades and tear gas when some of the 3,000 Muslim worshippers there threw rocks at them. Clouds of tear gas rose into the sky and sharp booms pierced the air.

The compound — a catalyst for earlier rounds of Israel-Palestinian fighting — is home to the third holiest site in Islam and is believed to be the site where the Prophet Muhammad ascended to heaven.

Jews venerate the compound as the site of their biblical temples, and one of its outer walls — known as the Western Wall — is the holiest site in Judaism.

The Israelis say the purpose of the construction project is to build a new walkway leading to the mount to replace a ramp that was damaged in a 2004 snowstorm. But the Palestinians say the excavations are actually attempts to damage their shrines.

Israeli officials reject that accusation and say they are not digging under the compound since the work is about 200 feet away from the mount.

The Arab League chief said Saturday the dig reflects "Israeli attempts" to tighten control over Jerusalem and urged the international community to intercede.

"There are plans to change the features of the city," Amr Moussa said in a statement distributed to the Arab representatives at an emergency League meeting in Cairo. The statement said the construction "is threatening the security and stability in the region."

Jordan and Egypt — Israel's sole Arab peace partners and key U.S. allies in the region — have demanded the Jewish state stop the work, as did Indonesia, the world's most populous Muslim nation.

Malaysia, which chairs the 57-member Organization of Islamic Conference, urged the international community to intervene immediately to stop the "illegal activities."

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Associated Press writer Maggie Michael in Cairo contributed to this report.

Protest Targets Tourists, Police (WT/AP)

By Ravi Nessman

The Washington Times, February 11, 2007

JERUSALEM -- Palestinian teenagers threw rocks at Israeli police and attacked a Canadian tourist bus yesterday in a new wave of protests against Israeli construction work near a flash point holy site in Jerusalem.

The violence came a day after police stormed the disputed compound in the Old City, using tear gas and stun grenades to disperse Muslims, who rioted after Friday prayers.

Protests against the construction have spread throughout the Muslim world, where demonstrators accused Israel of plotting to harm Islamic shrines.

Israel denies the repair work and accompanying excavations will come anywhere near the compound, known as the Temple Mount to Jews and the Noble Sanctuary to Muslims.

Sporadic violence continued yesterday as Palestinian teenagers set large garbage containers on fire in the streets of East Jerusalem just outside the Old City and threw rocks at police nearby.

Some of the rocks smashed the windows of cars parked on the side of the road. They also set fire to an Israeli flag. Other small protests broke out inside the Old City, police said.

The police, some on horseback and others in riot gear, responded by firing tear gas to disperse the protesters and arrested 15.

Angry Palestinians also pelted a bus carrying vacationing Canadians on a tour of the Mount of Olives holy site in East Jerusalem.

"We were just driving and all of a sudden a bunch of kids started picking up rocks and whatever they could get their hands on and started throwing it at the bus," said Dave Wood, one of the tourists. "This is our first day in the Holy City and it was quite disturbing to say the least."

A police station in East Jerusalem also was stoned, police spokesman Shmuel Ben-Ruby said. No one was injured in the incidents yesterday, he said.

Police kept a beefed-up force in the city and maintained restrictions at the holy site, barring all Muslim men under the age of 45 from praying there yesterday.

In the West Bank town of Bethlehem, dozens of Palestinians threw stones at Israeli soldiers, and the soldiers arrested 30 Palestinians, the army said.

In the southern West Bank city of Hebron, Palestinian youths threw stones at Israeli soldiers, who fired tear gas and rubber-coated steel bullets, witnesses said. Six protesters were treated for gas inhalation, medical officials said.

On Friday, about 200 riot police streamed into the Temple Mount compound and scuffled with some of the 3,000 Muslim worshippers there. Clouds of tear gas rose into the sky and sharp booms pierced the air.

The compound -- a catalyst for earlier rounds of Israel-Palestinian fighting -- is home to the golden-capped Dome of the Rock shrine and Al Aqsa mosque, and Muslims believe it to be the site where the prophet Muhammad ascended to heaven. It is the third-holiest site in Islam.

Jews venerate the compound as the site of their biblical temples, and one of its outer walls -- known as the Western Wall -- is the holiest site in Judaism.

Jewish Inroads In Muslim Quarter (WP)

By Scott Wilson

The Washington Post, February 11, 2007

JERUSALEM, Feb. 10 -- From the roof of his home just inside the Old City walls, Palestinian landlord Nasser Karain has a view of the valleys and plateaus where scriptures say Solomon built the first Temple, Jesus was betrayed and Muhammad rose to heaven.

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A new landmark may soon rise next to his family compound.

The Israeli government is funding the first construction of a Jewish settlement in the Old City's Muslim Quarter since taking control of it nearly four decades ago. The Flowers Gate development plan calls for more than 20 apartments and a domed synagogue that would alter the skyline of the Old City.

Karain's property is at the center of an accelerating campaign by Jewish settler organizations to change the ethnic and physical character of this city's oldest Arab neighborhoods. The Israeli government is financing projects that dovetail with the settlers' goals, which they say are to secure the Old City and an adjacent valley for Israel in any final peace agreement with the Palestinians.

Resistance is growing. Last week, Palestinians protested throughout the West Bank over an Israeli renovation project in the Old City, leading to some of the worst clashes with Israeli police in years. Surrounded by crenelated walls, the Old City is divided into four quarters -- Armenian, Christian, Jewish and Muslim -- that contain some of the holiest sites in Christendom, Islam and Judaism.

The Flowers Gate development would expand a nearby enclave where two Jewish families now live in red-roofed bungalows just feet from Karain's home. The settler organization Ateret Cohanim has begun showing prospective residents the strip of land designated for the synagogue and apartments.

Karain is watching the project encircle his compound. He said Jerusalem city officials have denied his many applications to add a second story to his home as his family has grown to include 33 grandchildren. His new neighbors, whose children are escorted to school by armed guards, have offered several times to buy his property for millions of dollars. He refused the most recent bid just months ago.

"I wouldn't want anyone in this place except family now," said Karain, born 63 years ago in the house he inherited from his father. "I'd be afraid they'd sell to settlers."

The settlers' parcel-by-parcel campaign is unfolding within a single square mile bordered by ancient ramparts and sheer valley walls. Israel seized the Old City, the adjacent valley known as the Holy Basin and the rest of East Jerusalem from Jordan in the 1967 Middle East war, later annexing them. The move gave the 250,000 Palestinians of East Jerusalem residency status and the right to vote in local elections, but the annexation is not recognized internationally.

The Jewish population of the Old City makes up about 9 percent of its 35,400 residents, nearly all concentrated in the Jewish Quarter. Under a U.S.-brokered agreement reached in January 2001, Israel would have maintained control of the Jewish Quarter and part of the Armenian Quarter. The Muslim and Christian Quarters would have come under Palestinian authority in the deal, which collapsed soon after.

Only a few dozen Jewish families live among the approximately 20,000 Palestinian residents of the Holy Basin, a picturesque crescent that encompasses the Kidron Valley, parts of the Mount of Olives, and the hillside neighborhood that Jews call the City of David and Palestinians call Wadi Hilweh. Israel suggested international oversight of the Holy Basin at the 2001 talks, an informal proposal the Palestinians rejected.

The effort to expand the Jewish presence in the Old City and Holy Basin, a cause of violent protest over the past century, had been largely dormant since a 1992 state commission found that government agencies were illegally channeling public funds to private settler organizations and allowing them insider access to seized Palestinian property.

That partnership has been revived in pursuit of identical goals. The same settler groups are working now in tandem with the government as they purchase Palestinian property at a time of deep recession in the occupied territories, build new housing and promote the Jewish historical claim to the Old City and Holy Basin. The Israeli government plans to spend $106 million in the area on housing development, tourist centers and historic renovation near contested religious sites through 2013 -- money that began flowing last year.

"The conflict is being reduced to its volcanic core," said Daniel Seidemann, a Jerusalem lawyer and critic of Israel's land-use policy in the city.The Old City

A short walk along sloping alleys from the Flowers Gate compound, the Via Dolorosa joins al-Wad Street, forming the crossroads of three faiths.

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On any Friday afternoon, families of ultra-Orthodox Jews stroll among Muslim men, each heading toward the plateau that Jews know as the Temple Mount and Muslims as the Haram al-Sharif, or Noble Sanctuary. Christian pilgrims walk among them tracing Jesus's final steps, monitored by some of the 400 closed-circuit Israeli police cameras that continuously watch over the Old City.

Along the way, new signs depicting the sanctuary's 1,300-year-old al-Aqsa mosque hang above entrances to shawarma shops and boutiques. Funded by an Islamic organization in Israel as a response to new Jewish settlement activity, the signs emphasize the Islamic character of the quarter.

Ateret Cohanim, an organization named for the crown worn by members of the ancient Jewish priesthood, seeks to rebuild the Temple on the al-Aqsa site and is the primary settler group working within the Old City walls. To move Jews into the Muslim and Christian quarters, the group buys property in ways that have been challenged in court over the years. The 1992 Klugman Commission named it as a prime beneficiary of illegal government help.

"Our goal is to reestablish the Jewish presence in all of the Old City," said Ezra Waner, 26, a student at the Ateret Cohanim Yeshiva, which has existed periodically in the Muslim Quarter for 120 years. "Slowly, slowly, we want to bring the Jews back."

Jews control 75 to 80 buildings, homes and single stories of apartment complexes in the Muslim and Christian quarters, according to Israeli and Palestinian officials. Most of the properties, a small fraction of the total in those areas, are along routes to the Western Wall, where Jews pray at the base of the Temple Mount.

"Sometimes it takes 10 years of work just to buy one house," said Waner, who moved to Israel from South Africa 14 years ago. "And even then the Arabs will take everything out of it, even the electrical wiring, before turning it over."

The yeshiva entrance runs through a low, damp tunnel, just down al-Wad Street from the several-story building that Ariel Sharon, then Israel's infrastructure minister, bought in the 1980s. He purchased the place to create a symbolic Jewish presence in the Muslim Quarter, where Waner said 3,000 Jews lived during the British mandate that preceded Israel's founding in 1948.

Drifting out from behind locked gates, student prayers echo from crowded rooms where antique chandeliers provide young men the light to study the Torah and Talmud. During the 1936 Arab riots, the yeshiva's 100 or so students collected the Torah scrolls and fled. Waner said an Arab watchman held the keys, handing them to yeshiva officials after the 1967 war.

"Before the war there was no Muslim Quarter and no Jewish Quarter," Waner said in a book-lined room overflowing with young men. "We tell our stories. Soon all of them here will learn."

Adnan Husseini, the Jerusalem director of the Waqf, the Islamic land trust that has authority over the al-Aqsa mosque complex, traces his Palestinian family's Jerusalem roots back 800 years. His office overlooks the olive grove and cypress stands of the Haram al-Sharif, his centuries-old walls rising into vaulted ceilings above his cluttered desk.

"They have failed to control the city," he said. "And they will never succeed."

Husseini, a 59-year-old engineer wearing gold-rim half-glasses and a cardigan, said Jewish settlers with help from the Israeli government are "destroying the scale of the city" by pushing large symbolic projects in the Muslim Quarter and in contested religious areas.

He cited the Flowers Gate synagogue, which requires several more layers of approval, and the project to build a wider ramp from the Western Wall plaza to the Mugrabi Gate, the entrance to the mosque complex used by Israeli soldiers and tourists. Walls dating to the 7th-century Umayyad rule are threatened by the work, and Muslim concern prompted last week's protests.

"They want to create a new situation, a new conflict," Husseini said. "Jerusalem is in danger."

From the Old City ramparts above the Flowers Gate project, Jon Seligman, Jerusalem director of the Israel Antiquities Authority, looked toward a horizon spiked with spires and minarets. The only Jewish buildings that once appeared there were a pair of synagogues, destroyed by Jordan during its nearly two-decade reign.

"Whether a Jewish presence on the skyline is appropriate is something that can be legitimately raised," said Seligman, referring to the Flowers Gate synagogue. "It is something that is present for all other major religions here except Judaism."

More than half of Seligman's budget comes from construction projects that require preliminary excavations, which at the Flowers Gate site have revealed the thick stone walls of a 600-year-old Arab neighborhood. Plans call for the synagogue to be built above it.The Holy Basin

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Just outside the Old City walls, the beige limestone hillside dips sharply to the Kidron Valley floor. Homes with arched windows and iron balconies are packed tightly along narrow streets, where Jewish settler groups have been buying Palestinian property and moving in behind high fences and guard towers.

But the hillside expanses of Jewish and Muslim cemeteries, strips of parkland and the remnants of ancient stone walls have given Jewish settler groups in the Holy Basin more to work with than in the cramped confines of the Old City -- open land and an abundance of archaeological sites useful in promoting the historic Jewish claim to the area.

Stone steps 2,000 years old rise from the Siloam Pool, climbing into a tunnel toward the Western Wall hundreds of feet above. Among the few people who have seen the recently discovered steps is David Beeri, a spry 53-year-old whose organization is financing the excavation.

"Every step is important," said Beeri, founder of Elad, a private organization that moves Jewish settlers into the Holy Basin, oversees its main archaeological sites and finances new digs. "Every step is a story."

The story that brought Beeri to this place began before his birth. His father was saved from a firing-squad pit at Auschwitz by a German officer he had befriended -- giving his future son "a mission" to work on behalf of Jews.

Beeri first saw the City of David in the 1980s as a soldier disguised as an Arab in an army undercover unit. After the first Palestinian uprising ended with the 1993 Oslo accords, he moved his wife and six children into a hillside house he said he bought from a Palestinian family through a third party.

Beeri pointed to large holes at the edges of the steps that revealed a musty tunnel beneath. Israeli archaeologists have discovered food-storage jars and coins dating to the 1st-century Jewish rebellion against the Romans. According to Roman histories, soldiers pulled escaping Jewish rebels from a tunnel, slaying them with swords. Beeri believes this is the place it happened.

"The Romans are no longer here, but we have come back," he said.

Beeri's organization, Elad, works with the National Parks Protection Authority, the Jerusalem municipality and the Jewish National Fund, an agency that controls large tracts of land in the Holy Basin purchased in the 1920s by Baron Edmond James de Rothschild. The Klugman Commission said government agencies gave Elad privileged access to at least two dozen houses in the area, including some seized from Palestinians under the absentee-property law Israel imposed after the 1948 war.

Elad says it and its partners control more than 55 percent of the Holy Basin. The organization owns the City of David visitors center, the entrance to some of Jerusalem's most important archaeological sites. Elad officials say 250,000 visitors came to the center last year -- a tenfold increase from 2001.

Beeri's house is on a path paved with cut stones and lined with the same street signs seen in the city's western neighborhoods. Israeli critics say the intention is to make the neighborhood indistinguishable from West Jerusalem.

"This area poses enormous challenges for the Palestinian national movement," said Meir Margalit, a Jew and former Jerusalem councilman now with the nonprofit Israeli Committee Against House Demolitions. "The biggest problem here is temptation. The settlers come with suitcases full of cash and say, 'Take it.' "

Elad sometimes offers three times the market rate for homes near important archaeological sites, Beeri said. "We must do this in a legal way on the free market. And in doing so, we think we can change the future of this part of Jerusalem."

Over the years, several dozen Jewish families have moved into homes that Elad has purchased from Palestinians, some of whom faced demolition orders from the Jerusalem city government for building or expanding without proper permits.

"At times we are pushed to despair," said Fakhri Abu Diab, 44, a Palestinian who heads a homeowners group in the area along the Kidron Valley floor. His house, set in a courtyard of lemon and olive trees, sage and wild thyme, is among 88 in the area slated for demolition to make way for an Israeli national park.

The demolition orders were frozen two years ago, amid protest. But they have not been lifted, and Abu Diab and his neighbors continue to pay fines for building without permits. Margalit, the former Jerusalem councilman, said only about 120 permits were granted in East Jerusalem last year.

That is one-tenth the number needed to accommodate growth, Israeli critics say. They contend the dearth drives Palestinians to look elsewhere for room to raise families. Just up the hill, Beeri is putting in a new floor and adding rooms to his house.

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"A human being is at the end only a human being, and there is only so much he can take," said Abu Diab, the Palestinian, who grew up swimming in the Siloam Pool, where the Bible says Jesus cured a blind man, now behind locked gates controlled by Elad and the park service. "But the majority of us remain steadfast."

Most Palestinians have resisted offers to sell their homes, facing deadly reprisals if they accept. But settler leaders said two recent developments have made it easier for Jews to acquire Palestinian property.

The international aid boycott of the Palestinian Authority imposed after Hamas's election a year ago has ravaged the economy in the territories, prompting more Palestinians in East Jerusalem to sell their land out of financial necessity. In addition, they said, the 24-foot-high wall Israel is building around Jerusalem has nearly sealed the city off from the West Bank, home to armed Palestinian groups opposed to selling property to settlers, offering a sense of protection for those who do sell.

But the threat has not disappeared. In April, a Palestinian father of eight, Mohammed Abu al-Hawa, sold his apartment building in the A-Tur neighborhood of the Mount of Olives, which lies on Israel's side of the wall. Days later his body was found tortured and burned near Jericho. The purchase marked the first Jewish foothold in the neighborhood, which has a vivid view of the Temple Mount stretching across the ridgeline to the west.

Portugal To Vote On Putting End To Abortion Ban (NYT)

By Elaine Sciolino

The New York Times, February 11, 2007

LISBON, Feb. 9 — Last week, children from two Roman Catholic day-care centers in the port city of Setúbal were sent home with a most unusual note: a fictional letter from a fetus to the woman who conceived and aborted it.

“Mommy, how were you able to kill me?” the letter read. “How were you able to allow me to be cut up in pieces and thrown into a bucket?”

The Rev. Miguel Alves, the day-care center director who sent the letters, defended his action as perfectly normal, adding, “There’s no reason for indignation.”

The letter reflects one view in a passionate, often raw campaign to sway voters before a referendum this Sunday on whether Portugal should decriminalize abortion.

But it infuriated abortion-rights advocates and some of the children’s parents, and it even made some opponents of the referendum uneasy.

“It was completely incorrect, low class,” said Manuel de Lemos, a lawyer who runs a confederation of Catholic charitable organizations and opposes liberalization of the law. He added: “Yes, abortion is an issue for the Catholic Church. But it is also a moral issue. Preserving life is essential in a civilized world. And we should do all that we can to create the conditions for women to avoid the trauma, the violence of abortion.”

With one of the most restrictive abortion laws in the European Union, Portugal is also the only member state that has put on trial women who undergo illegal abortions, the health care providers who perform them and even so-called accomplices like husbands or family members.

The referendum, if approved, would be the first step toward both legalizing abortion in the first 10 weeks of pregnancy and allowing women to openly seek medical support from the state-run health system. In that case, Parliament is expected to pass it quickly into law.

But in this overwhelmingly Catholic country, the referendum has pitted the Socialist government against the Roman Catholic Church and exposed divisions within the church itself.

It has recalled the stories of botched backstreet abortions that ended in mutilation and even death, and the humiliation of women who have been charged and tried. And it has set off a debate on whether more than three decades after the end of its dictatorship, Portugal has become a “modern” European country.

“This is an important moment for Portugal because it’s a chance to shed the image that we are in the Middle Ages,” said Maria de Belém Roseira, a Socialist deputy and a former health minister. “We had the Inquisition here, and we still have people who want to publicly punish women. That a woman who ends an unwanted pregnancy can be sent to prison is unacceptable and hypocritical.”

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Women who have been prosecuted for having abortions have been punished not with prison but with suspended sentences and a fine. But health-care professionals have been punished more severely. In one highly publicized trial that ended in 2002, a hospital nurse spent four years in prison for conducting illegal abortions.

The criminal aspect of abortion here is widely seen as unfair to women, even by much of the church and supporters of the no vote.

"This practice is so stupid, so inhumane," said Marcelo Rebelo de Sousa, a political commentator and the former leader of the center-right Social Democratic Party who opposes approval of the referendum. "This is very Portuguese — you have the law and you have the social reality."

The validity of the referendum hinges on whether more than 50 percent of the country's 8.8 million voters cast their ballots. A similar referendum in 1998 took place on a sunny Sunday in June, when many Portuguese were at the beach. Only 32 percent of the electorate turned up at the polls, voting by a razor-thin margin to retain the existing law. The result was declared invalid.

Last fall, opinion polls showed that more than 70 percent of voters supported a change in the law, although recent surveys indicate a drop in support to slightly less than 60 percent. Several polls have shown that about 40 percent are either undecided or will not vote.

The referendum has touched off the memories of women who had illegal abortions many years ago.

"There is still a stigma," said one 46-year-old educator who said she was only now able to talk to her friends about the abortion she had 18 years ago.

She and her boyfriend split the cost of the abortion, which was done by a midwife in the city of Porto. When she went for a follow-up checkup the next day, the midwife told her to look at what was in her hand. "She held up the broken fetus and said, 'See how beautiful it is. And now, into the garbage,' " she recalled.

The campaign has played out on the streets, on the Web, in churches, in health clinics and in the corridors of power.

On Thursday, two dozen Socialist members of Parliament carried green and white flags with the word sim, or yes, through one of Lisbon's main squares, buttonholing potential voters on their lunch hours. At a headquarters for youth for the no vote a few blocks away, young people sold T-shirts and handed out brochures. Plastic fetuses made in China were kept hidden in a box under the table, but were available upon request for $1.30.

Prime Minister José Sócrates, a Socialist whose center-left government enjoys a comfortable majority in Parliament, has campaigned hard in favor of the referendum, calling the country's estimated tens of thousands of illegal abortions every year "Portugal's most shameful wound."

Arguing for the official church position, Cardinal José da Cruz Policarpo, the patriarch of Lisbon, has told Catholics to uphold the "sanctity of life" and oppose any change to Portuguese law, saying the balance of Europe's race and culture is at risk as a result of low birth rates.

The practice of abortion in Portugal is among the most restrictive in the 25-country European Union. Only a few countries, including Malta (where all abortion is illegal), Ireland and Poland, have tougher laws.

Despite a legal morning-after pill and contraception use by 80 percent of women of fertility age, Portugal has the second-highest pregnancy rate among teenagers in Europe, second only to Britain.

The current law in Portugal, passed in 1984, allows abortion until the 12th week of pregnancy in case of "mental and physical risk," until 16 weeks in case of rape, until 24 weeks in case of a malformed fetus and at any time if the woman's life is in danger. It calls for prison sentences of up to three years for a woman who has an illegal abortion and up to eight years for the person who illegally performs it.

But the availability of abortion is complicated by the medical profession's narrow interpretation of the existing law. Portugal's conservative psychiatric hierarchy has ruled that an unwanted pregnancy can be a mental health issue only in the most extreme cases; most medical doctors are unwilling to challenge the conventional wisdom.

By contrast, in Spain, which has a similar law, the legislation is liberally interpreted, and abortions are routinely performed. That has created a lucrative market for legal abortions in Spain for those Portuguese women who can afford to travel there.

The Portuguese newspapers carry advertisements every day of clinics over the border in Spain offering "voluntary treatment" of pregnancy.

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Even within the clergy, there are divisions. On Thursday, a 79-year-old priest, the Rev. Manuel Costa Pinto, from the small town of Lamego, stunned the church hierarchy in declaring that he planned to vote yes.

"I don't take it lightly," he said of his decision, according to the news agency Lusa. "I know my responsibility as a Catholic and as a priest."

Calling the current law the "real infanticide," he described the crisis of women who are too poor and too afraid to terminate their pregnancies illegally. "They put their babies into a bag and throw them into the garbage, into the gutters" or "abandon them in the middle of the fields," he said.

The referendum will ask the question: "Do you agree with the decriminalization of a woman's choice to voluntarily interrupt pregnancy in the first 10 weeks, in a legally authorized health establishment?"

Supporters of the referendum have radically changed their strategy from 1998. Then, the campaign was distinctly feminist. "My belly is mine and I'll do what I want with it" was the slogan.

This time, the yes side has emphasized the importance of the health and safety of women and the need to eliminate the thriving and sometimes unsafe black market.

"There has always been a double standard in Portugal toward abortion, and that's what we want to eliminate," said Duarte Vilar, executive director of Portugal's Family Planning Association. "Even if we are Catholic, we are a soft Catholic country."

Bosnia Defies U.N. Over Dismissals In Police (NYT)

By Nicholas Wood

The New York Times, February 11, 2007

LJUBLJANA, Slovenia, Feb. 9 — Acting against the wishes of the United Nations Security Council, the Bosnian government said Friday that it would review the status of almost 800 federal and local police officers that the United Nations barred from working in 2002.

In a challenge to the United Nations, Bosnian officials said a commission was examining whether police officers were unfairly barred from employment, either on the grounds that they might have committed crimes during the 1992-1995 civil war, or on the grounds that they were not properly qualified.

The officers were dismissed in 2002 as the United Nations mission in Bosnia and Herzegovina was ending. The United Nations had a mandate to overhaul the country's police forces after the war, but only five months to check the backgrounds of the officers. The government argues that the review performed by the United Nations was flawed and rushed, and that many officers could not appeal the dismissals.

The officers have gained widespread support among Bosnia's three main ethnic groups. But the issue also has taken on a broader significance because a number of international authorities have backed the government and said mistakes were made by the United Nations during the vetting process. The government's previous demands of the United Nations to re-examine the vetting process have been supported by the office of the High Representative, Christian Schwarz-Schilling of Germany, who is Bosnia's most-senior international official, as well as Europe's main human-rights authority, the Council of Europe.

The criticisms go to the heart of the United Nations mission here and the broad freedoms it had in exerting its powers.

The origins of the dispute date to the final months of the United Nations mission in Bosnia and Herzegovina, when it needed to vet 18,000 police officers serving in 16 forces across the country. The process involved checking qualifications from schools, checking backgrounds with investigators at the United Nations war crimes tribunal in the Netherlands, and ensuring that officers had completed human-rights courses.

Subsequently, 793 officers were denied certification and dismissed from their jobs. Many of the police officers said they had not been told sufficiently and clearly why they had failed the vetting process, or they had not been truly able to appeal. The United Nations mission in Bosnia concluded its work at the end of 2002, and handed it over to a European Union-led police monitoring mission. Many officers began to dispute the United Nations decisions in Bosnian courts. In some cases, the courts concluded that there had been unlawful dismissal.

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In June 2004, the secretariat of the United Nations helped draft a statement warning the Bosnian authorities not to challenge its decisions, and expressing concern that the government was not standing up to the police officers. For a time, the government stopped reviewing the cases but public pressure grew.

On Friday, a senior official in Bosnia's human rights ministry confirmed that the commission had been formed and that it would make its recommendations when the new government is in place next week.

A spokesman for the office of the Secretary General in New York declined to comment Friday on the United Nations' policy.

A report expected to be released this weekend by the European Stability Initiative, a research and policy group, takes aim at the United Nations secretariat, saying it failed to inform Security Council members about the extent of the problems with the vetting process.

After Castro Dies, Will There Be Chaos Or Calm? (LAT)

By Scott Gold

The Los Angeles Times, February 11, 2007

MIAMI — Ramon Saul Sanchez has put out the call: "Get ready. We're going to Cuba."

Sanchez, 52, the founder of a Miami group called the Democracy Movement, or Movimiento Democracia, has led flotillas toward Cuba's territorial water to protest the regime of Fidel Castro and what he believes is deeply flawed U.S. policy toward the island nation.

When Castro dies, he said, he plans to sail for the island with generators, medicine and other supplies — and bring word that "freedom is on its way."

Military leaders, law enforcement officials and aid organizations preparing for the Cuban leader's death are hoping for a calm and measured response on both sides of the Florida Straits.

They are well aware, however, that Castro's death could lead to a turbulent series of events — even an international incident, they fear, if Sanchez and other Cuban American leaders in South Florida sail for the island in large numbers.

Knowing the passion that Castro evokes — passion that could overwhelm even the best planning — officials are unsure whether they should be preparing for chaos or calm, or something in between.

"We've been waiting a long time for this. Realistically, anything can happen," said Andy S. Gomez, an assistant provost at the University of Miami and a senior fellow at the Institute for Cuban and Cuban-American Studies. Gomez has briefed federal officials on the spectrum of events that could unfold after Castro's death.

It has been six months since Castro, 80, underwent emergency intestinal surgery and provisionally ceded power to Raul Castro, 75, his brother and defense minister. Recent footage released by the Cuban government appeared to show that Fidel Castro had regained strength and weight. But reports that he is in "grave" condition, coupled with U.S. intelligence officials' grim appraisals of his health, have prompted authorities to put preparations in overdrive.

Officials in South Florida believe a composed response to Castro's death is most likely.

In that scenario, Raul Castro would seamlessly maintain control through a blend of modest economic reform and political tactics. On the island, he would be seen as the face of a brighter future, giving Cubans little reason to flee. In Florida, Cuban Americans would demonstrate and celebrate — the largest event would probably be held at the 80,000-person-capacity Orange Bowl — but would generally heed calls for restraint.

But upheaval is possible. In what officials perceive as the worst case, the Cuban government would collapse, prompting a dangerous mass migration out of and into Cuba. Cubans fleeing the island and Cuban Americans trying to get in from Florida could meet in the middle of the Straits, creating a crisis that could overwhelm rescuers and further erode the stability of Latin America.

"You want to plan. You don't want to have to put the plans in motion," said Sam Tidwell, chief executive of the American Red Cross of Greater Miami & the Keys and a leader in the effort to prepare for Castro's death.

Law enforcement officials are holding tabletop exercises of emergency plans and laying the groundwork to restrict the sale of gasoline in Florida or to close marinas so Cuban Americans can't make a run for the island. On Spanish-language radio stations, authorities are pleading with Cuban Americans to stay home.

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Military officials believe that if American activists try to get to Cuba, they will disrupt the official response to Castro's death and perhaps put more strain on relations between Cuba and the United States.

If even a single Cuban American group tried to make its way to the island, "it would be a very serious risk," said Marielena A. Villamil, a member of the American Red Cross board of directors and an owner of an economic consulting firm in Coral Gables, Fla.

"We don't know what the situation will be in Cuba," said Villamil, who is also involved in preparations for Castro's death. "Would they be welcomed with open arms? Or with arms — weapons?"

A network of aid groups, meanwhile, is preparing to help reunite families, coordinate donations and care for refugees in the event of an exodus from Cuba to the United States.

Delicate tasks could lie ahead in Florida.

For instance, some officials have debated whether Castro's death could force them to alter the "wet-foot, dry-foot" immigration policy, which typically repatriates Cubans interdicted at sea but generally allows those who reach U.S. soil to stay.

If the policy were altered, the federal government could find itself detaining refugees who made it to the United States, Tidwell said. At that point, the Red Cross, founded as a neutral caregiver, would be prohibited by its bylaws from providing any assistance, he said.

"We can be helpful in places where people are being processed but not where people are being detained," Tidwell said. "If there are political decisions being made — if people are no longer free to go — we pull out."

The bulk of preparations in the U.S. for Castro's death aims to ensure that is not an issue — by preventing any mass migration.

Authorities are planning extensive water patrols to stop boaters trying to reach the United States. Most refugees would be returned to Cuba, either to a port or to Guantanamo Bay, a U.S. naval base, where military officials would house them in large tents or other temporary structures until they could return home.

Communication, coordination between government agencies, and intelligence inside Cuba, among other factors, are much improved since officials were caught off-guard by the Mariel boatlift of 1980, which brought an estimated 125,000 Cubans to Florida.

"We've learned quite a bit," said Miami-Dade County Assistant Fire Chief Carlos J. Castillo. "I don't see anything approaching Mariel."

Authorities believe Raul Castro would probably view a large exodus after his brother's death as a discrediting sign of dissent within his regime, and would probably deploy the military to prohibit it. They also believe that the response to Castro's death could be muted because the transition between the brothers has brought little sign of unrest.

Through intelligence sources, U.S. officials are monitoring signs of boat building in Cuba and have found no evidence of an increase, said Coast Guard Lt. Cmdr. Chris O'Neil.

"The passing of Fidel Castro, in and of itself, is not going to create a mass migration," he said.

Others disagree. Some involved in the preparations worry that there won't be enough boats to police the Florida Straits. Others question whether Raul Castro has the clout or the charisma to hold Cuba together.

Gomez, of the University of Miami, predicts that 500,000 people will head for Florida within a year of Castro's death.

"We do not have the infrastructure to handle that kind of migration," he said. "You will see a large humanitarian crisis."

Over lunch in Miami's Little Havana, Ramon Saul Sanchez outlined his group's plans. A businessman has donated the use of 400 feet of dock space on the Miami River, he said, from which Sanchez plans to launch boats toward Cuba, including a ferry that can carry 50 passengers to the island, as well as 20 tons of cargo.

He has two cargo planes on call and is amassing supplies at a large storage space, he said.

Sanchez believes Cuba's government may collapse after Castro dies. With the communist government in control of so many functions, such as food distribution, that could mean a collapse of civic structure, Sanchez said.

Therefore, he said, the only way to avoid a migration from Cuba is to go to the island immediately after Castro's death, against the wishes of both nations' militaries and government leaders, with supplies and a message of hope.

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"What we intend to do helps the U.S. interest, because it diminishes the chance of a mass exodus to the United States," he said.

"We have moral leverage, and we intend to use it."

Inflation, Food Scarcity Roil Venezuela (LAT)

By Chris Kraul

The Los Angeles Times, February 11, 2007

CARACAS, VENEZUELA — Police swooped down last week on a grimy central market district, forced open a warehouse and seized 7 tons of a white substance. It wasn't cocaine. The contraband was sugar, and the seizure of at least 184 tons nationwide showed how President Hugo Chavez's efforts to remake the economy are fraying at the edges.

The bust near the Quinta Crespo market came as double-digit inflation and scarcity have hit Venezuela's markets. The seizures were efforts to strike at what one Chavez supporter, Carabobo Gov. Luis Felipe Acosta, said was hoarding by "terrorist capitalists who want to destroy the country."

But economists and industry officials describe the raids as the latest in a sequence of hamhanded, politically motivated attempts to rein in market forces beyond Chavez's control. Inflation and the development of a huge underground market in goods including sugar were simply symptoms of mismanagement, they say.

Venezuela is rolling in oil wealth with about $46 billion in energy sales last year, and there is little risk of a financial crisis in the near term. Chavez in recent years has tried to transfer much of the wealth to the poor via welfare programs including cheap or free housing, the donation of cash and government assets to worker cooperatives and free education.

Among the most ambitious and popular programs has been the establishment of the Mercal retail chain. Since early 2003, the network of about 14,000 retail outlets mainly in poor barrios, has sold basic foodstuffs and household goods at discounts of 35% off standard supermarket prices.

Chavez has imposed price controls on a variety of goods, such as 29 basic food items produced in Venezuela including beans, cooking oil, meat and chicken. He also has imported such goods as Uruguayan pasta and Brazilian pork that are resold to the poor at greatly reduced costs, thanks to government subsidies.

But mismanagement, rampant corruption and scarcities have cut into Mercal's operations. At the same time, low prices set by the government have caused manufacturers and other suppliers either to cut production or divert output to an enormous black market.

A recent government report found that Mercal sales in November fell in volume to half that of a year earlier and that customers were increasingly unhappy with how the stores were run and what they sold. In January, Chavez shuffled Mercal's management, expressing dismay that huge quantities of goods were unaccounted for.

"This can't be. We should be going forward, not backward," Chavez said in a Jan. 21 broadcast to the nation.

The suspicion is that much of the inventory is siphoned off before the products reach the shelves, sold either to the domestic underground market or exported as contraband to Brazil, Colombia or Caribbean countries.

At the same time, the flood of cash washing over Venezuela from oil sales has caused demand for all goods — watches and whiskey, detergent and SUVs — to climb, adding inflationary pressure. In the last week, Venezuela's central bank released figures showing that inflation rose in January to an annual rate of more than 25%, twice the national target.

A survey by researchers at the National Federation of Teachers found that basic food prices increased in the 12-month period that ended Jan. 31.

Food prices are rising faster than the increases in minimum wages that the government pushed through last year. The reigniting of inflation threatens the poor constituency Chavez is trying to help, economists say.

Scarcity of items such as sugar, beans and meat and empty supermarket shelves dominated the headlines here last week. Meat disappeared for several days after slaughterhouses shut down, saying they couldn't afford to process meat at the prices set by the government.

A sugar industry source said production had fallen because prices the industry received were lower than farmers' cost of production and because the government-sponsored takeover of sugar cane plantations had cut productivity.

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In Yaracuy, a prime sugar-producing state west of Caracas, the capital, 80% of plantations have been taken over by farmer cooperatives, the source said.

In the poor Caracas suburb of Catia on Saturday, sugar and chicken were being rationed at a Mercal shop for the first time in a week. "I came in the morning and waited two hours for milk. Now I'm back in line waiting for chicken, one to a family," said Marietta Abreu, as she stood with 100 other customers.

"It's the fault of the street vendors," she said, referring to the informal merchants who sell the black-market goods. "They're always ahead of the game."

The government is trying to retain its grip by taking measures that at times seem highly improvisational. Justifying the seizure of the sugar Thursday, officials declared it was illegal for sugar to remain in storage for more than three days.

The government said it would ease the meat shortage by importing beef from Bolivia before someone pointed out that imports from Bolivia were banned because of threat of foot-and-mouth disease.

Last week, the government announced it was forming a state-run company to buy and sell meat and fish. Previously, Caracas city officials began a crackdown on the tens of thousands of street vendors in a bid to clean up the city and inhibit the informal market.

In the Quinta Crespo market and in the informal stalls that surround it, sugar and tuna were being sold under the table for three times the government-mandated prices, eggs and meat for twice the prescribed prices.

"The government wants all the power, but they can't control how we think. This is a free country," said a street vendor who was selling black beans at twice the regulated price of 45 cents a half-kilo.

After So Many Deaths, Too Many Births (NYT)

By Stephen Kinzer

The New York Times, February 11, 2007

MAYANGE, Rwanda

CONVINCING women in the deeply impoverished Rwandan countryside that they should have fewer children is a daunting task. “They say we’re not Christian,” said Jeannette Mukabalisa, a local health advocate, of the predominantly Catholic population. “They say, ‘You’re town people, we’re traditional.’ Children bring these families prestige. For them, children come from God. So it’s difficult, very difficult.”

After the 1994 genocide, in which more than 800,000 Rwandans were slaughtered, it seemed difficult to believe that overpopulation would ever be a problem. Yet Rwanda has long had more people than its meager resources and small area can support.

In a recent interview, President Paul Kagame said he was preparing a sweeping population control program, to be unveiled in the coming months, that would aim to cut Rwanda’s birth rate by at least half.

“We recognize we are late on this,” Mr. Kagame said.

After the genocide, officials were reluctant to promote population control because they feared it would offend the survivors, who believed they had a right to replenish what they had lost.

“Because of the genocide, many people didn’t want to hear about birth control,” said Odette Nyiramilimo, a legislator who proposed a bill last year that would have given incentives and detailed disincentives for families to limit themselves to three children. Previous efforts had been opposed by officials who told Ms. Nyiramilimo that education, not population, was the problem.

But nearly half of Rwanda’s legislators are female, and Ms. Nyiramilimo is among several who have spent years pushing for a serious population control effort.

The country’s population has quadrupled over the last half-century. Today Rwanda has 8.8 million people; most are subsistence farmers. If current fertility rates are not curbed — Rwandan women bear an average of 6.1 children — the population will double by 2030. That would almost certainly doom Mr. Kagame’s ambitious plan to raise Rwanda from poverty over that same period.

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"The last government's philosophy was that the country was too small for all Rwandans," said Dr. Richard Sezibera, a close adviser to Mr. Kagame, referring to the rulers who oversaw the genocide. "We insisted that the country was big enough to accommodate everybody. But many people took that to apply to the unborn as well, and we're having to face that mind-set."

Dr. Sezibera and President Kagame, like many members of the minority Tutsi group that suffered the brunt of the genocide, were forced out of Rwanda decades ago and grew up as refugees.

Officials who are designing the new population control program said it would include a requirement that everyone who visits a hospital or health center for any reason be counseled on family planning. Women of child-bearing age will be offered free contraceptive devices including Norplant II, a small silicone pin that is inserted beneath the skin and is effective for up to five years. All schools will offer comprehensive sex education courses.

"The basis for this new campaign is already in place," said Laura Hoemeke, director of the Twubakane Decentralization and Health Project, a community initiative that includes family planning. Though the Bush administration has often discouraged birth control, the United States government is financing this program.

Political opposition to population control measures has melted away as it has become clear that President Kagame now strongly favors them.

In a sign of the changing climate, a government-sponsored newspaper, New Times, recently published a supplement with a front-page headline, "Rapid Population Growth: A Constraint on Resources." Below was a photo of an idyllic landscape with the caption, "This beautiful scenery will diminish if population is not controlled." An accompanying editorial said that Rwanda's population "is already big enough" and that "drastic measures" were needed to keep it from growing.

Officials designing the population control campaign say they hope to produce a plan that could become a model for other African countries, and perhaps persuade a foreign philanthropy to pay its entire cost. They have already begun consulting specialists from the United States and other countries.

Though Rwanda is predominantly Catholic, the church's leaders here are not expected to oppose a campaign for population control. A number of priests, nuns and lay workers participated in the 1994 genocide, which weakened the church's moral authority, and has led it to avoid politics.

President Kagame said he thought the church might present a problem, but noted that it had already showed a flexibility that might not have been expected on issues like AIDS education and condom distribution. "They do not come out and preach, as we do, but they do not actively oppose what we are doing," he said.

According to Josh Ruxin, an American public health administrator based in Rwanda, the rate of Rwandans living in extreme poverty declined from 60.4 percent to 56.6 percent from 2001 to 2006. Mr. Ruxin is helping to design the new population control project. "If Rwanda wants to be an Asian tiger," he said, "this is where it all starts."

Death By Dollars (NYT)

By Nicholas D. Kristof

The New York Times, February 11, 2007

So is your Fidelity account underwriting genocide in Sudan? Is your pension fund helping finance the janjaweed militias that throw babies into bonfires in Darfur and Chad?

The answer to both questions is complicated but may be yes, and that's one reason a divestment campaign is gaining strength around America and abroad. Six states (including California) have already begun divesting from companies active in Sudan, and legislation is pending in 23 more states, including New York.

More than 30 universities, beginning with Harvard in 2005, have sold certain Sudan-related investments. Five cities have divested, and New York is considering doing so. A bill before Congress would bar certain companies active in Sudan from receiving federal contracts.

Let's start by acknowledging that divestment and economic sanctions generally fail. The closest thing to a success was the way they helped topple white rule in South Africa in the 1980s, but even there one result was greater hardship for ordinary blacks.

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Elsewhere, divestment and economic sanctions have mostly been counterproductive. Our Cuban embargo has hurt Cubans but cemented Fidel Castro in power; our sanctions against Myanmar have inflicted tremendous pain on Burmese without dislodging the brutal government.

So I'm against economic sanctions in almost every case. But Sudan is an exception, a rare instance where narrowly focused divestment makes practical as well as moral sense.

Partly that's because Sudan's economy depends on foreign oil companies, giving the outside world leverage. And 70 percent of Sudan's oil revenue goes to weaponry, like bayonets used to gouge out people's eyes.

The oil companies in Sudan aren't American; the biggest players are Chinese companies. Pressure on them is also one way to get the attention of the Chinese government, which is Sudan's main protector in the U.N. Security Council.

So in this case pressure on a small number of foreign companies could help get Sudan's attention, and that of its protectors in China, without hurting ordinary people. And Sudan has shown that it can be nudged and embarrassed into behaving better: the best example is the way that pressure (including economic sanctions) led Sudan's leaders to end their brutal war in southern Sudan in 2005.

Fortunately, the Darfur divestment campaign has been remarkably restrained in choosing targets. Organizers are not seeking divestment from all of the more than 400 foreign companies that operate in Sudan, but only from a few dozen that are complicit in genocide without helping ordinary Sudanese. (See the guidelines at www.SudanDivestment.org, developed largely by a recent U.C.L.A. graduate, Adam Sterling.)

"People are surprised to find out that Royal Dutch Shell is not a targeted company by us, even though they are an oil firm and operate in Sudan," notes Mark Hanis, who runs the Genocide Intervention Network (which has a divestment hot line, 1-800-GENOCIDE). That's because Shell sells gas in Sudan at a retail level, rather than enriching the army through production, Mr. Hanis said, and less than 5 percent of those sales are believed to be to the government.

More than other money managers, Fidelity has resisted the pressure and clung firmly to Sudan-related investments. So Darfur campaigners are urging investors to avoid Fidelity mutual funds: more information is at www.FidelityOutofSudan.com.

The biggest U.S. investor in Class H shares of PetroChina, a Chinese oil concern whose parent company is active in Sudan, is Warren Buffett's Berkshire Hathaway. I have huge respect for Mr. Buffett, and he may be thinking: My obligation is to make money for shareholders, not to use their investments in a dubious attempt to save the world. But surely if Berkshire Hathaway and Fidelity mutual funds saw lucrative opportunities in selling bayonets to the janjaweed, they would balk at that. We do have limits; the question is where we draw them.

In this case, the cost of divestment to fund managers or investors is negligible, and there is a real prospect that the strategy will add enough attention, embarrassment and pressure that Sudan will stop slaughtering Darfuris — just as it has stopped massacring people in southern Sudan.

It's not a sure thing. But remember that in Darfur and Chad, aid workers — some of them Americans — are being killed, raped and beaten as they try to alleviate the slaughter. So shouldn't we make the minimal sacrifice of divestment, rather than blithely continue to invest in ways that provide grenades and guns to kill aid workers and Darfuris alike? <NYT_TAGLINE>

To comment on this column, go to Nicholas Kristof's blog, On the Ground. </NYT_TAGLINE>

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HOMELAND RESPONSE:

More Airline Pilots Toting Guns After 9/11 Attacks (LAT)

By Ken Kaye

The Los Angeles Times, February 11, 2007

FORT LAUDERDALE, FLA. — Five years after the Sept. 11 attacks, a growing number of U.S. airline pilots are armed, prepared to use lethal force to protect the cockpit. Soon, they will carry badges, bringing them even closer to being bona fide law enforcement officers.

"Every cop has that metal badge to flash," said John Mazor, spokesman for the Air Line Pilots Assn. "It is a valid recognition signal between law enforcement officers."

About 8,000 pilots carry government-issued guns on a voluntary basis, or about 8% of the nation's 100,000 pilots, according to the Airline Pilots Security Alliance, a volunteer organization that advocates increased cockpit security. Two years ago, about 3,000 pilots were armed.

These pilots, officially known as federal flight deck officers, keep sidearms handy to provide one more layer of security and a last line of defense against hijackers.

Although there have been no reports of pilots drawing their weapons since the Sept. 11 attacks, the federal government has granted pilots slightly more leeway in how they take guns on board planes.

Notably, pilots now can lock their guns into holsters, which are then placed in a discreet bag. After pilots are in the cockpit, the holsters are removed from the bag and latched onto their belts. Previously, the guns had to be transported onto planes in a heavy steel box.

To further fold pilots into the police community, the federal flight deck officer program has been placed under the Federal Air Marshal Service, an arm of the Transportation Security Administration. Last month, the marshal service approved issuing badges to pilots so they are more easily identifiable.

"We're a law enforcement agency, so we understand the culture they're trying to develop as federal flight deck officers," said Federal Air Marshal Service spokesman Conan Bruce.

To become flight deck officers, pilots undergo six days of intense training at a federal complex in Artesia, N.M., including weapons handling and close-combat techniques.

Most important, Bruce said, they learn "how to use the appropriate level of force."

About 50 pilots are trained each week. After graduation, the TSA issues the pilots a Heckler & Koch .40 caliber semiautomatic revolver.

WAR NEWS:

Path In Iraq Hard But Not Hopeless, U.S. General Says (WP)

By Joshua Partlow

The Washington Post, February 11, 2007

BAGHDAD, Feb. 10 -- Gen. David H. Petraeus, assuming his position as the new U.S. military commander in Iraq, said Saturday that the "rucksack of responsibility" was too heavy to carry alone there and that without cooperation between Iraqi and U.S. forces, "Iraq will be doomed to continued violence and civil strife."

During a handover ceremony below the crystal chandelier and marble columns in one of Saddam Hussein's former palaces, Petraeus characterized the challenges facing Iraq as daunting but said that "these tasks are achievable, this mission is doable." Promoted to the rank of four-star general, Petraeus will lead a growing U.S. force of more than 130,000 troops in Iraq in an attempt to contain the sectarian killing, especially in violence-racked Baghdad.

"The situation in Iraq is exceedingly challenging, the stakes are very high, the way ahead will be hard and undoubtedly there will be many tough days," Petraeus said in a 5 1/2 -minute address to a gathering of Iraqi and U.S. generals, ambassadors and other officers and dignitaries at Camp Victory on the western outskirts of Baghdad.

"However, hard is not hopeless," he said.

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Petraeus, 54, a Princeton-educated military man who previously served as the commander of the 101st Airborne Division in the northern city of Mosul, and also led the U.S. military effort to train Iraqi soldiers, takes over from Gen. George W. Casey Jr., who will return to Washington as U.S. Army chief of staff after serving 2 1/2 years in the top position. Casey has been criticized for riding the inchoate Iraqi security forces too hard toward self-sufficiency. Petraeus, an expert in counterinsurgency tactics, is expected to rely on a more visible U.S. presence, sending his troops to live on smaller outposts within embattled Iraqi neighborhoods.

Casey said it was "too close in time" to judge the mistakes made on his watch.

"But I think the main point that people will debate for some time to come was whether I relied too much on Iraqi security forces to carry the security load and too little on coalition forces," he said. "But I'm certainly not ready to say that's a mistake, I'll let history judge that."

During the brief but formal handover ceremony, an Army band with the 1st Cavalry Division played the Iraqi and U.S. national anthems, and Army Gen. John P. Abizaid, the outgoing Central Command chief, passed a military flag to Petraeus. In the front row sat U.S. Ambassador Zalmay Khalilzad, along with the Iraqi general leading the Baghdad security plan, Lt. Gen. Abboud Gambar; Iraq's interior minister, Jawad al-Bolani; and the national security adviser, Mowaffak al-Rubaie.

Three more U.S. soldiers died on Friday, when explosives detonated inside a building in Diyala province north of Baghdad, the U.S. military said in a statement issued Saturday. The three soldiers, from Task Force Lightning, were hunting for a weapons cache in the building at the time of the blast, the military statement said. Four other soldiers were wounded in the explosion. A shop owner working nearby, Hussein al-Shimmari, 35, said the U.S. troops raided the house after coming under gunfire from the area. What appeared to be American helmets and parts of uniforms were strung up from a utility pole near the building after the explosion, Shimmari said.

At least two car bombs exploded Saturday in Baghdad, killing at least 14 people, Iraqi police said. The first bomb struck outside a bakery in the central Baghdad neighborhood of Karrada, killing seven people and wounding 13, said Brig. Abdulla Hassoun of the Interior Ministry. A second bomb in a parked car exploded outside a government communication center in Khamliyah, in eastern Baghdad, killing seven people and injuring nine, said Maj. Abdul Aziz Abdul Kareem of the Interior Ministry. Some believe members of the Mahdi Army, a powerful Shiite militia, operate there.

The Associated Press reported that the military confirmed that U.S. forces shot and killed a civilian contract truck driver Monday at Camp Anaconda, a huge air base north of Baghdad. The driver, who has not been identified, worked for KBR, a contracting subsidiary of Halliburton formerly known as Kellogg, Brown & Root.

In a letter to U.S. service members, Petraeus said: "The enemies of Iraq will shrink at no act, however barbaric. They will do all that they can to shake the confidence of the people and to convince the world that this effort is doomed. We must not underestimate them."

Before the ceremony, Casey stood outside overlooking a manmade lake and said his departure after 2 1/2 years left him feeling proud but "a little numb."

"Everything's not as I would have expected it to be or wanted it to be on my way out, but that's kind of the way things are," he said.

Casey said his greatest fear for the country is that "Iraqis can't put the past behind them."

"We liberated them from 35 years of tyranny; we can't liberate them from the fears and the prejudices that grew up in that 35 years. They have to do that themselves," he said. "I think they'll get past it, but if they don't, it'll be difficult."

New Boss Takes Reins Of U.S. Forces In Iraq (NYT)

By Damien Cave

The New York Times, February 11, 2007

BAGHDAD, Feb. 10 — Gen. David H. Petraeus formally took command of American troops in Iraq on Saturday, declaring that the mission here is hard but not hopeless.

General Petraeus, who wore the fourth star of a full general for the first time during the transfer ceremony, succeeds Gen. George W. Casey Jr., who is returning to Washington to become the Army's chief of staff. The new commander will oversee 132,000 American troops currently in Iraq and thousands more on their way as part of a so-called surge that is widely considered the last, best effort to bring peace to a country increasingly riven by sectarian violence, crime and corruption.

General Petraeus, 54, and General Casey, 58, spoke at a formal ceremony on a military base outside Baghdad, striking tones of optimism and caution, while hinting at their different approaches to Iraq.

For the past two and a half years, General Casey has pushed for a speedy transfer of control to Iraqi security forces so that American troops could withdraw; General Petraeus, an expert in counterinsurgency, has instead supported a more active American role, in line with new White House demands.

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"The rucksack of responsibility is very heavy," General Petraeus said, after beginning his speech with the Muslim greeting "salaam aleikum," or "peace be upon you."

"In truth, it is too heavy for any one person to bear, and we will all have to share the burdens and move forward together," he said.

"If we can do that and if we can help the people of Iraq do likewise, then the prospects for success are good," he said. "Failing that, Iraq will be doomed to continuing violence and civil strife and surely that is a prospect all must strive to avoid. The stakes are very high."

General Casey, whose tactics have come under blistering attack recently in Congress, emphasized that Iraq would need to take responsibility for its own troubles if it was to ever move forward. Before the ceremony, he told reporters: "Everything is not as I would have expected it to be or wanted it to be on my way out. But that's kind of the way things are."

Asked about whether he had made any mistakes in his tenure, he said, "The main point that people will debate for some time to come is whether I relied too much on Iraqi security forces to carry the security load and too little on coalition forces."

"But I'm certainly not ready to say that's a mistake," he said. "I'll let history judge that."

He later added: "My greatest fear is that Iraqis can't put the past behind them. We liberated them from 35 years of tyranny. We can't liberate them from the fears and prejudices that grew up in that 35 years. They have to do that themselves."

A few hours later, the United States military announced in a statement that three American soldiers were killed Friday and four others wounded in an explosion at a building in Diyala Province, northeast of Baghdad. The statement said the explosion took place as the soldiers searched the building for weapons.

Residents of the area, just west of Baquba, said a gun battle between American troops and unidentified men followed the explosion, with American helicopters hovering overhead. It was just the latest sign of trouble in the area, a stronghold of Sunni Arab insurgents who recently have stepped up attacks on Shiite families and American forces. On Jan. 20, insurgents in the area shot down a Black Hawk helicopter, killing all 13 Americans aboard.

In the central Baghdad neighborhood of Karrada, a suicide car bomber killed five people and wounded 10 outside a bakery on Saturday. It was the latest in a recent series of bombings in the mostly Shiite area, and residents said that violence had become a numbing reality for them.

Mayson Umran, a bookstore owner, said she had been on her way to pick up sandwiches from a Kurdish kebab seller and friend when the explosion hit, shattering glass, destroying shops and scorching cars. She returned to discover her friend was killed, cut into pieces.

"It's become something normal," she said. "Even children have lost the sense of fear now because everyone is expecting an explosion at any minute."

"All of those who died today were simple people looking for their daily living," she said. "The terrorists want nothing but to keep Iraq unstable."

Iraqi officials, faced with such relentless violence, seemed unsure of whether a new American commander — and the new plan — could stop the bloodshed. Among American military officers, General Petraeus is considered an imaginative leader with a deep understanding of Iraq's problems, culled from two tours here. But for some in Baghdad, his assumption of control looked routine.

"The commanders change every now and then," said Naseer al-Ani, a Sunni member of Parliament. "I don't think that changing the commander will have a significant impact on the American policy."

Prime Minister Nuri Kamal al-Maliki did not attend the ceremony, though Iraq's security adviser and other officials were present. Sami al-Askari, an aide to the prime minister, said the Iraqi government supported General Petraeus and had high hopes for his tenure.

"The character of the commander affects the performance of the military command," he said. "General Casey had a certain perspective in fighting terrorism, but we hope that General Petraeus will be more cooperative with the Iraqi command based on his past experience in Iraq, and the relationship will be smoother and more positive."

New U.S. Commander In Iraq Says "Barbarians" Must Be Defeated (LAT)

By Tina Susman

The Los Angeles Times, February 11, 2007

BAGHDAD — Army Gen. David Petraeus took command of U.S. forces in Iraq today with a sober assessment of the job he faces and a warning that Iraq will be doomed if "barbarians" fueling violence across the country are not defeated.

As Petraeus took over the reigns from Gen. George Casey, who is leaving to become the new Army chief of staff, new reports of U.S. and Iraqi deaths illustrated the challenges cited by both men during the handover ceremony. U.S. military officials

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announced that at least three American troops had died in Diyala province, northeast of Baghdad, when a blast went off in a building they were scouring for weapons. In Baghdad, two car bombs went off, killing at least seven civilians.

The U.S. deaths brought to 36 the number of American troops killed in the first 10 days of February, representing one of the highest daily death rates since the war's start in March 2003. A brief military statement said in addition to the three killed, four soldiers from Task Force Lightning were killed in the Diyala incident, which occurred Friday.

U.S. and Iraqi forces mounted an offensive last month in Diyala, which hugs the Iranian border northeast of Baghdad. The military says it is a hotbed of Sunni Muslim extremists with ties to Al Qaeda. The leader of Al Qaeda in Iraq, Abu Musab Zarqawi, was killed in a U.S. air strike in June in Diyala, a region so notorious for insurgent attacks that Iraqi forces have refused to venture into much of it without U.S. backing.

At least 3,121 U.S. troops have died since the invasion of Iraq, according to the web site icasualties.org, which tracks civilian and military casualties in the war.

In comments made before he handed control to Petraeus, Casey said no obvious mistakes on his part sprang to mind.

"It might seem a little trite, but for me, it's too close in time to judge the mistakes, because if I thought I was making a mistake I would have changed it," said Casey, speaking to journalists before the ceremony.

Instead, Casey said he went away "with a great feeling of pride, because I really feel we've laid the foundation for Iraq's success."

Casey predicted that Iraqi forces would be ready to take control of the country's security by the end of summer or early fall, a seemingly optimistic view given what appears to be the sluggish start to a much-vaunted, U.S.-Iraqi security plan aimed at bringing violence under control. The plan was announced in January and is to put an additional 21,500 U.S. troops, as well as thousands more Iraqi soldiers and national police, in Baghdad and in Al Anbar province.

So far, only 3,000 more Americans and 2,000 Iraqis have been put in place, a schedule that U.S. military officials say is on target at least for the Americans. They have said all the new U.S. troops should be in place by May.

Petraeus appeared to take a more tempered note in his first comments as commander, calling the situation he had inherited "extremely challenging."

"However, hard is not hopeless," he said in speech to coalition forces and Iraqi and U.S. political leaders. "The prospects for success are good. Failing that, Iraq will be doomed to continuing violence and civil strife."

There was no letup in that strife as the handover unfolded in the mosaic and marble rotunda of one of Saddam Hussein's former palaces.

In Baghdad's mainly Shiite Karrada neighborhood, a suicide bomber parked his car near a bakery and crowded market shortly after noon. The explosion killed at least four civilians and injured 10, Iraqi police said. In Kamaliya, another mainly Shiite district in eastern Baghdad, a car bomb tore through a street lined with auto parts and repair shops, killing at least three civilians and injuring six.

A 15-year-old girl died in a cross-fire between rival groups in a street battle typical of Baghdad's neighborhoods. Across Baghdad, at least six other people were found dead, apparent victims of sectarian violence.

Twenty-four additional bodies were reported in the area around Kut, south of Baghdad. In Mussayib, also to the south of Baghdad, mortars slammed into civilian homes overnight, killing two women and a man, and a man died when a roadside bomb exploded.

Third U.S. Commander Takes Over In Iraq, Vows Support (WT/AP)

By Lauren Frayer

The Washington Times, February 11, 2007

BAGHDAD - Gen. David Petraeus took charge of U.S. forces in Iraq yesterday, becoming the third commander in the war and declaring the American task now was to help Iraqis "gain the time they need to save their country."

Gen. Petraeus took command under a glistening crystal chandelier that decorated a one-time palace of ousted dictator Saddam Hussein at Camp Victory.

The media-savvy, Princeton-educated Gen. Petraeus, 54, spoke bluntly of the task before him that coincides with President Bush's decision to send an additional 21,500 troops to clamp off violence in Baghdad and nearby regions.

"We will have to share the burdens and move forward together. If we can do that and if we can help the people of Iraq, the prospects of success are good," he said. "Failing that, Iraq will be doomed to continued violence and civil strife."

The U.S. military reported the deaths of three more American soldiers, killed in an explosion Friday in Diyala province northeast of Baghdad. U.S. and Iraqi forces have battled Sunni insurgents and Shi'ite militias in Diyala for months.

The deaths raised to 36 the number of Americans killed in Iraq so far this month. At least 3,120 service members have died since the Iraq war started in March 2003, according to an Associated Press count.

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At least 51 Iraqis were killed or found dead Saturday across the country.

In central Baghdad, a car bomb exploded in a shopping district, killing six civilians and wounding 14.

"The driver said, 'I have to buy some fruit and vegetables. I'll be right back.' About five minutes later, the car exploded and killed three of my best friends," said Ismail Mohammed, a fishmonger in the Karradah district.

Gen. Petraeus, whose appointment was announced in early January, takes command of the roughly 135,000-strong American force in Iraq after two previous tours: what was seen as a highly successful stint in the north at the head of the 101st Airborne Division in Mosul, and a second tour in charge of training Iraqi forces.

Gen. Petraeus, who was confirmed by the Senate on Jan. 26, assumed four-star general status in conjunction with taking over command.

"The stakes are very high. The way ahead will be hard, and there undoubtedly will be many tough days. But as I recently told members of the U.S. Senate, hard is not hopeless," said Gen. Petraeus, as he took command from 58-year-old Gen. George Casey.

Lt. Gen. Ricardo Sanchez was Gen. Casey's predecessor and his tenure was marred by the Abu Ghraib prisoner-abuse scandal. He has since retired.

The Sunni insurgency broke out during Gen. Sanchez's command, and the conflict in Iraq took on many of the aspects of a civil war during Gen. Casey's tenure.

In a letter to U.S. troops, Gen. Petraeus wrote: "The enemies of Iraq will shrink at no act, however barbaric. They will do all that they can to shake the confidence of the people and to convince the world that this effort is doomed. We must not underestimate them."

While Gen. Petraeus spoke of "barbaric enemies who brag of inhuman acts in the name of religion," outgoing commander Gen. Casey, who will become Army chief of staff, spoke frankly about religious infighting that is tearing Iraq apart.

"It's no secret that sectarian violence has changed the dynamics of what Iraqis must face here on the ground," he said. A new U.S. National Intelligence Estimate issued in Washington last week cited sectarian violence as the biggest security problem in Iraq.

An adviser to Iraqi Prime Minister Nouri al-Maliki said the Iraqi government hoped Gen. Petraeus' command would help a new joint U.S.-Iraqi security plan.

"It reflects the change in U.S. policy in Iraq. We have so much hope that the security plan will succeed and that Gen. Petraeus will be part of that success," said the adviser, Bassam al-Husseini.

Neither Mr. al-Maliki nor Iraqi President Jalal Talabani attended yesterday's ceremony, though Mr. Talabani and his two deputies met Gen. Petraeus on Friday and discussed the security plan and "appropriate ways to reach security and stability and annihilate terrorism," a government statement said.

The new U.S. military commander in Iraq, Gen. David Petraeus (right), and outgoing Gen. George Casey prayed during the handover ceremony yesterday in Baghdad.

Iraq Resolution Typifies Rift In Senate (WP)

By Shailagh Murray, Jonathan Weisman

The Washington Post, February 11, 2007

Since the new Congress convened, Majority Leader Harry M. Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) have emerged as the Senate's odd couple, the even-tempered McConnell hurling parliamentary brickbats at the quirky Reid with an even smile and a "Who, me?" shrug.

But though McConnell may be winning procedural battles -- on ethics legislation and a minimum-wage increase and by stopping a high-profile Iraq debate -- Reid, at least this past week, may have played the stronger hand on the war issue, on which public opinion is clearly on his side.

The drama started Monday evening, when McConnell rallied GOP senators to block from the Senate floor a nonbinding resolution opposing President Bush's plan to increase troops in Iraq. But since then, the headlines have been withering, blaming Republicans for sidetracking the debate. Rank-and-file Republican senators are grumbling and threatening to break with McConnell, as the much ballyhooed war debate has morphed into a procedural spat with the GOP playing defense.

"I'm very surprised how they handled this," Reid said of McConnell and his Republican leadership team. "It was so obvious. I just think they miscalculated. And it keeps getting worse."

Julian E. Zelizer, a congressional expert at Boston University, said the Republicans may be "on top" in the short term, but they must be careful how their tactics play with the public in the long term. "They can't look like obstructionists, especially on this war resolution," he said. "This is wartime lawmaking, not peacetime lawmaking."

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McConnell asserts that the conflict is less about political tactics than about ensuring "fair treatment" for the Senate GOP, which is barely in the minority.

"This is not about keeping score," the Republican leader told reporters on Thursday, his monotone voice bristling slightly. "This is about an extraordinarily important issue. The American people are not happy with the current status of the Iraq war. Republican senators are not happy about it."

Looking back, did he have any regrets?

"The only thing we could have done differently would have been to capitulate," McConnell shot back. "That didn't happen Monday and won't happen in the future."

Reid and McConnell began the year vowing to cooperate, but so far they have clashed over practically every important issue to come before the Senate. Democrats control the Senate by the slimmest majority, 51 to 49, presenting formidable challenges to both party leaders and suggesting that procedural one-upmanship could become a permanent part of the narrative. "That's just how you have to do things here," Reid said, expressing the relatively sanguine view that he and McConnell are forced by circumstances to take.

As a tactician, McConnell, 64, a four-term veteran, has shown in recent weeks that he is one tough competitor. Both he and Reid, 67, are former party whips, jobs that require a deep knowledge of Senate rules and an instinctive feel for political and ideological idiosyncrasies. They both also sit on the Appropriations Committee, the chief spigot for federal spending, where Republicans and Democrats traditionally have supported each other's pet programs.

The pair share low-key temperaments, although Reid has the more colorful personality. The son of a Nevada miner, Reid became a successful Las Vegas trial lawyer before entering politics, and he views himself as an outsider among the Washington elite. McConnell, who is married to Labor Secretary Elaine L. Chao, is a staunch conservative who is regarded as one of President Bush's closest allies in Congress. He has vowed to do whatever he can to prevent Congress from passing a resolution criticizing Bush's war policies.

In an editorial titled "A Minority to be Reckoned With," the conservative magazine National Review strongly praised the GOP leader. "Under Sen. Mitch McConnell, Republicans have quickly gotten the hang of serving in a minority that can successfully frustrate Harry Reid's partisan maneuvering on the war in Iraq," the editorial declared.

The war debate now shifts to the House, where Democratic leaders will offer their own formal protest next week against Bush's plan to deploy an additional 21,500 combat troops in Iraq. In the meantime, the Senate battle is expected to remain suspended.

Reid and the Democrats had been prepared for a week-long debate on a nonbinding bipartisan resolution criticizing Bush's troop buildup and calling for a political solution to the war, but it ran into a procedural roadblock Monday evening after McConnell complained that the Democrats were denying Republicans a vote on alternative resolutions supportive of the war effort.

McConnell lined up all but two Republicans -- Sens. Susan Collins (Maine) and Norm Coleman (Minn.) -- to vote in favor of blocking the debate until Reid agrees to GOP terms. But that Republican alliance quickly frayed. On Wednesday night, five Republicans who had voted with McConnell joined Collins and Coleman in signing a letter to the Senate Democratic and Republican leaders, vowing to "explore all our options" to ensure that the bipartisan nonbinding resolution reaches the floor.

Sen. Olympia J. Snowe, a moderate Maine Republican, fumed that she had been assured by GOP leaders that the Monday setback would be temporary. Her support for the McConnell position, she said, "was always predicated on the expectation that we would move forward," adding: "No one ever entertained the possibility that it would be a dead end."

Snowe called McConnell and Reid's inability to come to terms "inexcusable," adding that "the House of Representatives is preparing to debate and our Senate is deadlocked. It sort of marginalizes the U.S. Senate as an institution. We can't even determine how to go forward procedurally with a nonbinding resolution."

McConnell and Reid have clashed on other big issues. Early in January, McConnell nearly brought down a major ethics and lobbying bill over GOP demands for a vote on granting the president virtual line-item veto authority. Later, he and other Republicans forced Democrats to accept tax breaks for small businesses as a condition for passing the minimum-wage bill.

But with polls showing that Americans overwhelmingly oppose the war in Iraq and believe that it was a mistake for Bush to commit U.S. troops, the president's decision to boost troop levels and seek billions of dollars more in spending clearly constitutes the most important issue facing Congress this year.

Every Monday, Reid and McConnell meet one on one, and last Monday at 3 p.m., the huddle took place in McConnell's office. The two leaders quickly established that neither side was budging on the procedural dispute surrounding the war resolutions, and a showdown vote was set for 5:30 p.m.

The next morning, newspaper headlines around the country blared that Republicans were to blame for the gridlock, and Democrats pummeled GOP lawmakers for allowing partisan considerations to get in the way of a vital debate.

By week's end, Republicans were breaking ranks.

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On the floor of the Senate and before television cameras, McConnell maintained a reassuring and conciliatory air. Almost apologetically, he explained that the impasse over the Iraq war resolution was a minor bump in the road and would surely be worked out. He expressed faith in his relationship with Reid, and looked genuinely taken aback by Democratic charges of obstructionism and nefarious intent.

Reid, for his part, also seemed on shaky ground in the immediate aftermath, appearing to protect Democrats from political controversy at the expense of a war debate. The letter from the seven Republicans vowing to do whatever it takes to get the debate back on track helped to reverse this impression by suggesting buyer's remorse on the Republican side.

"Everything Harry Reid has done this week, and I know some of you had some tough questions, has been vindicated by that letter," Sen. Charles E. Schumer (D-N.Y.) told reporters.

But it did not appear to faze McConnell. "I think 40 to 42 of our members are comfortable with where we are," he said. "They all understand that we'll get back to this debate and, at whatever point we get back to this debate, the [funding] amendment or other amendments will be in the mix."

Victory Is Not An Option (WP)

By William E. Odom

The Washington Post, February 11, 2007

The new National Intelligence Estimate on Iraq starkly delineates the gulf that separates President Bush's illusions from the realities of the war. Victory, as the president sees it, requires a stable liberal democracy in Iraq that is pro-American. The NIE describes a war that has no chance of producing that result. In this critical respect, the NIE, the consensus judgment of all the U.S. intelligence agencies, is a declaration of defeat.

Its gloomy implications -- hedged, as intelligence agencies prefer, in rubbery language that cannot soften its impact -- put the intelligence community and the American public on the same page. The public awakened to the reality of failure in Iraq last year and turned the Republicans out of control of Congress to wake it up. But a majority of its members are still asleep, or only half-awake to their new writ to end the war soon.

Perhaps this is not surprising. Americans do not warm to defeat or failure, and our politicians are famously reluctant to admit their own responsibility for anything resembling those un-American outcomes. So they beat around the bush, wringing hands and debating "nonbinding resolutions" that oppose the president's plan to increase the number of U.S. troops in Iraq.

For the moment, the collision of the public's clarity of mind, the president's relentless pursuit of defeat and Congress's anxiety has paralyzed us. We may be doomed to two more years of chasing the mirage of democracy in Iraq and possibly widening the war to Iran. But this is not inevitable. A Congress, or a president, prepared to quit the game of "who gets the blame" could begin to alter American strategy in ways that will vastly improve the prospects of a more stable Middle East.

No task is more important to the well-being of the United States. We face great peril in that troubled region, and improving our prospects will be difficult. First of all, it will require, from Congress at least, public acknowledgment that the president's policy is based on illusions, not realities. There never has been any right way to invade and transform Iraq. Most Americans need no further convincing, but two truths ought to put the matter beyond question:

First, the assumption that the United States could create a liberal, constitutional democracy in Iraq defies just about everything known by professional students of the topic. Of the more than 40 democracies created since World War II, fewer than 10 can be considered truly "constitutional" -- meaning that their domestic order is protected by a broadly accepted rule of law, and has survived for at least a generation. None is a country with Arabic and Muslim political cultures. None has deep sectarian and ethnic fissures like those in Iraq.

Strangely, American political scientists whose business it is to know these things have been irresponsibly quiet. In the lead-up to the March 2003 invasion, neoconservative agitators shouted insults at anyone who dared to mention the many findings of academic research on how democracies evolve. They also ignored our own struggles over two centuries to create the democracy Americans enjoy today. Somehow Iraqis are now expected to create a constitutional order in a country with no conditions favoring it.

This is not to say that Arabs cannot become liberal democrats. When they immigrate to the United States, many do so quickly. But it is to say that Arab countries, as well as a large majority of all countries, find creating a stable constitutional democracy beyond their capacities.

Second, to expect any Iraqi leader who can hold his country together to be pro-American, or to share American goals, is to abandon common sense. It took the United States more than a century to get over its hostility toward British occupation. (In 1914, a majority of the public favored supporting Germany against Britain.) Every month of the U.S. occupation, polls have recorded Iraqis' rising animosity toward the United States. Even supporters of an American military presence say that it is acceptable temporarily and only to prevent either of the warring sides in Iraq from winning. Today the Iraqi government survives

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only because its senior members and their families live within the heavily guarded Green Zone, which houses the U.S. Embassy and military command.

As Congress awakens to these realities -- and a few members have bravely pointed them out -- will it act on them? Not necessarily. Too many lawmakers have fallen for the myths that are invoked to try to sell the president's new war aims. Let us consider the most pernicious of them.

1) We must continue the war to prevent the terrible aftermath that will occur if our forces are withdrawn soon. Reflect on the double-think of this formulation. We are now fighting to prevent what our invasion made inevitable! Undoubtedly we will leave a mess -- the mess we created, which has become worse each year we have remained. Lawmakers gravely proclaim their opposition to the war, but in the next breath express fear that quitting it will leave a blood bath, a civil war, a terrorist haven, a "failed state," or some other horror. But this "aftermath" is already upon us; a prolonged U.S. occupation cannot prevent what already exists.

2) We must continue the war to prevent Iran's influence from growing in Iraq. This is another absurd notion. One of the president's initial war aims, the creation of a democracy in Iraq, ensured increased Iranian influence, both in Iraq and the region. Electoral democracy, predictably, would put Shiite groups in power -- groups supported by Iran since Saddam Hussein repressed them in 1991. Why are so many members of Congress swallowing the claim that prolonging the war is now supposed to prevent precisely what starting the war inexorably and predictably caused? Fear that Congress will confront this contradiction helps explain the administration and neocon drumbeat we now hear for expanding the war to Iran.

Here we see shades of the Nixon-Kissinger strategy in Vietnam: widen the war into Cambodia and Laos. Only this time, the adverse consequences would be far greater. Iran's ability to hurt U.S. forces in Iraq are not trivial. And the anti-American backlash in the region would be larger, and have more lasting consequences.

3) We must prevent the emergence of a new haven for al-Qaeda in Iraq. But it was the U.S. invasion that opened Iraq's doors to al-Qaeda. The longer U.S. forces have remained there, the stronger al-Qaeda has become. Yet its strength within the Kurdish and Shiite areas is trivial. After a U.S. withdrawal, it will probably play a continuing role in helping the Sunni groups against the Shiites and the Kurds. Whether such foreign elements could remain or thrive in Iraq after the resolution of civil war is open to question. Meanwhile, continuing the war will not push al-Qaeda outside Iraq. On the contrary, the American presence is the glue that holds al-Qaeda there now.

4) We must continue to fight in order to "support the troops." This argument effectively paralyzes almost all members of Congress. Lawmakers proclaim in grave tones a litany of problems in Iraq sufficient to justify a rapid pullout. Then they reject that logical conclusion, insisting we cannot do so because we must support the troops. Has anybody asked the troops?

During their first tours, most may well have favored "staying the course" -- whatever that meant to them -- but now in their second, third and fourth tours, many are changing their minds. We see evidence of that in the many news stories about unhappy troops being sent back to Iraq. Veterans groups are beginning to make public the case for bringing them home. Soldiers and officers in Iraq are speaking out critically to reporters on the ground.

But the strangest aspect of this rationale for continuing the war is the implication that the troops are somehow responsible for deciding to continue the president's course. That political and moral responsibility belongs to the president, not the troops. Did not President Harry S. Truman make it clear that "the buck stops" in the Oval Office? If the president keeps dodging it, where does it stop? With Congress?

Embracing the four myths gives Congress excuses not to exercise its power of the purse to end the war and open the way for a strategy that might actually bear fruit.

The first and most critical step is to recognize that fighting on now simply prolongs our losses and blocks the way to a new strategy. Getting out of Iraq is the pre-condition for creating new strategic options. Withdrawal will take away the conditions that allow our enemies in the region to enjoy our pain. It will awaken those European states reluctant to collaborate with us in Iraq and the region.

Second, we must recognize that the United States alone cannot stabilize the Middle East.

Third, we must acknowledge that most of our policies are actually destabilizing the region. Spreading democracy, using sticks to try to prevent nuclear proliferation, threatening "regime change," using the hysterical rhetoric of the "global war on terrorism" -- all undermine the stability we so desperately need in the Middle East.

Fourth, we must redefine our purpose. It must be a stable region, not primarily a democratic Iraq. We must redirect our military operations so they enhance rather than undermine stability. We can write off the war as a "tactical draw" and make "regional stability" our measure of "victory." That single step would dramatically realign the opposing forces in the region, where most states want stability. Even many in the angry mobs of young Arabs shouting profanities against the United States want predictable order, albeit on better social and economic terms than they now have.

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Realigning our diplomacy and military capabilities to achieve order will hugely reduce the numbers of our enemies and gain us new and important allies. This cannot happen, however, until our forces are moving out of Iraq. Why should Iran negotiate to relieve our pain as long as we are increasing its influence in Iraq and beyond? Withdrawal will awaken most leaders in the region to their own need for U.S.-led diplomacy to stabilize their neighborhood.

If Bush truly wanted to rescue something of his historical legacy, he would seize the initiative to implement this kind of strategy. He would eventually be held up as a leader capable of reversing direction by turning an imminent, tragic defeat into strategic recovery.

If he stays on his present course, he will leave Congress the opportunity to earn the credit for such a turnaround. It is already too late to wait for some presidential candidate for 2008 to retrieve the situation. If Congress cannot act, it, too, will live in infamy.

William E. Odom, a retired Army lieutenant general, was head of Army intelligence and director of the National Security Agency under Ronald Reagan. He served on the National Security Council staff under Jimmy Carter. A West Point graduate with a PhD from Columbia, Odom teaches at Yale and is a fellow of the Hudson Institute.

A Road Map Out Of Iraq (LAT)

By Zbigniew Brzezinski

The Los Angeles Times, February 11, 2007

THE WAR IN IRAQ is a historic strategic and moral calamity undertaken under false assumptions. It is undermining America's global legitimacy. Its collateral civilian casualties, as well as some abuses, are tarnishing America's moral credentials. Driven by Manichean impulses and imperial hubris, it is intensifying regional instability.

Yet major strategic decisions in the Bush administration continue to be made within a very narrow circle of individuals — perhaps not more than the fingers on one hand. With the exception of the new Defense secretary, Robert M. Gates, these are the same individuals who have been involved from the start of this misadventure, who made the original decision to go to war in Iraq and who used the original false justifications for going to war. It is human nature to be reluctant to undertake actions that would imply a significant reversal of policy.

From the standpoint of U.S. national interest, this is particularly ominous. If the United States continues to be bogged down in protracted, bloody involvement in Iraq, the final destination on this downhill track is likely to be a head-on conflict with Iran and much of the Islamic world.

Here, for instance, is a plausible scenario for a military collision with Iran: Iraq fails to meet the benchmarks for progress toward stability set by the Bush administration. This is followed by U.S. accusations of Iranian responsibility for the failure, then by some provocation in Iraq or a terrorist act in the United States blamed on Iran, culminating in a "defensive" U.S. military action against Iran. This plunges a lonely United States into a spreading and deepening quagmire lasting 20 years or more and eventually ranging across Iraq, Iran, Afghanistan and Pakistan.

Indeed, a mythical historical narrative to justify the case for such a protracted and potential expanding war is already being articulated. Initially justified by false claims about weapons of mass destruction in Iraq, the war is now being redefined as the decisive ideological struggle of our time, reminiscent of the earlier collisions with Nazism and Stalinism. In that context, Islamist extremism and Al Qaeda are presented as the equivalents of the threat posed by Nazi Germany and then Soviet Russia, and 9/11 as the equivalent of the Pearl Harbor attack that precipitated U.S. involvement in World War II.

This simplistic and demagogic narrative, however, overlooks that the Nazi threat was based on the military power of the most industrially advanced European state and that Stalinism was not only able to mobilize the resources of the victorious and militarily powerful Soviet Union but had worldwide appeal through its Marxist doctrine.

In contrast, most Muslims are not embracing Islamic fundamentalism. Al Qaeda is an isolated, fundamentalist aberration. Most Iraqis are engaged in strife not on behalf of an Islamist ideology but because of the U.S. occupation, which destroyed the Iraqi state. Iran, meanwhile, though gaining in regional influence, is hardly a global threat; rather, it is politically divided, economically and militarily weak. To argue that the United States must respond militarily to a wide Islamic threat with Iran at its epicenter is to promote a self-fulfilling prophecy.

No other country shares the Manichean delusions that the Bush administration so passionately articulates. And the result, sad to say, is growing political isolation of and pervasive popular antagonism toward the United States.

Our international interest calls for a significant change in direction. We need a strategy to end the occupation of Iraq and to shape a regional security dialogue. Both goals will take time and require genuinely serious U.S. commitment. The quest to achieve these goals should involve four steps.

First, the United States should reaffirm explicitly and unambiguously its determination to leave Iraq in a reasonably short period of time. Right now, the U.S. occupation, even though resented by most Iraqis, is serving as an umbrella for internal

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intransigence. Nobody inside or outside the Iraqi government feels any real incentive to compromise while the U.S. is keeping the situation more or less afloat.

A public declaration that the U.S. intends to leave is needed to allay fears in the Middle East of a new and enduring American imperial hegemony. Right or wrong, many view the establishment of such a hegemony as the primary reason for the U.S. intervention in a region only recently free of colonial domination. That perception must be discredited. If the president is unwilling to do so, perhaps Congress could by passing a joint resolution.

Second, the United States should announce that it is undertaking talks with Iraqi leaders to jointly set a date by which U.S. military disengagement should be completed. Roughly a year might be a good goal — but the date must be agreed on with the Iraqis and announced as a joint decision. In the meantime, the U.S. should avoid military escalation, including the troop "surge," which can, at best, have only a passing tactical benefit.

Only by holding serious talks with Iraqi politicians about an exit date can we identify the authentic Iraqi leaders with the self-confidence and capacity to stand on their own legs, without U.S. military protection. The painful reality is that the current Iraqi regime, characterized by the Bush administration as representative of the Iraqi people, largely defines itself by its physical location: the 4-square-mile U.S. fortress within Baghdad — protected by a wall 15 feet thick in places and manned by heavily armed U.S. military — popularly known as the Green Zone. Only Iraqi leaders who can exercise real power beyond the Green Zone can eventually reach a genuine Iraqi accommodation.

Third, the United States should encourage Iraqi leaders to issue an invitation to all neighbors of Iraq and perhaps some other Muslim countries, such as Egypt, Morocco, Algeria and Pakistan, to discuss how best to enhance stability in Iraq in conjunction with U.S. military disengagement and to participate eventually in a conference regarding regional stability.

Such a serious discussion about regional security cannot be undertaken with Iraq or its neighbors while the U.S. is perceived as an occupier for an indefinite duration. Iraq's neighbors don't fear any real explosion in Iraq because we're there, and the volatile status quo comes at our expense and does not require them to make any real choices.

But an agreed-on departure date would have the effect of forcing all of the governments around Iraq to ask themselves: "How do we deal with the problem of stability in Iraq? Do we really want to have a regional war among ourselves?" Would a war that might, for example, pit the Saudis and the Jordanians against the Iranians, with the Syrians in between, be worth risking? Most of the regimes in the region know that that kind of a war could spread and destroy them.

That is why the effort to engage the neighbors is desirable; it could help prevent an escalating civil war in Iraq that also poses a mounting threat to their own stability. But it can only take place provided the United States is in the process of leaving. An announcement of our willingness to leave and to convene a conference to discuss the next steps would be a powerful trigger for change.

Fourth, the U.S. should activate a credible and energetic effort to finally reach an Israeli-Palestinian peace. The record shows that the Israelis and the Palestinians will never do so on their own. Without such a settlement, nationalist and fundamentalist passions in the region will in the longer run doom any Arab regime that is perceived as supportive of U.S. regional hegemony.

After World War II, the U.S. prevailed in the defense of democracy in Europe because it successfully pursued a long-term political strategy of uniting its friends and dividing its enemies. It soberly deterred aggression without initiating hostilities, and all the while, it explored the possibility of negotiating arrangements.

Today, American global leadership is being tested in the Middle East. A similarly wise strategy of genuinely constructive political engagement is urgently needed.

Zbigniew Brzezinski was National Security Advisor to President Carter.

Legitimacy Was Step One (WP)

By Gian P. Gentile

The Washington Post, February 11, 2007

I learned as a tactical battalion commander in Baghdad's Amiriyah district last year that government legitimacy was exponentially more important than the number of coalition and Iraqi army forces patrolling the streets, the number of coalition advisers with Iraqi army and police units, or money spent improving services. Indeed, legitimacy of the government of Iraq as seen through the eyes of all Iraqis -- Sunnis, Shiites and Kurds -- is the necessary condition for peace based on reconciliation.

In Amiriyah we were neither winning nor losing; we were in stasis. Between August and November last year, I substantially increased the number of combined American and Iraqi army patrols there and the capacity of the American adviser team that worked with a local Iraqi army battalion. Still, the deadlock did not break.

Amiriyah is one of the few districts in Baghdad that is almost completely Sunni. It was built in the early 1970s as a residential area for lawyers, doctors, engineers and members of the Baathist elite. When Saddam Hussein's regime fell in 2003,

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Amiriyah's affluent residents had the most to lose, and partly because of its long-standing tribal ties to Anbar province, Amiriyah gradually became Baghdad's Sunni insurgent headquarters.

In the spring of 2003 Sunnis made up about 85 percent of Amiriyah's population. But sectarian killings have made Sunnis nearly the entire population, and the district has become lethal for the few remaining Shiites.

The enemy of peace in Amiriyah, much like in the rest of Baghdad, was and is a hybrid. The enemy is still an undefeated Sunni insurgency that attacks coalition and Iraqi forces. The enemy is also a vicious and brutal sectarian war carried out not only by Sunni and Shiite extremists but sometimes also by neighbors against neighbors.

As violence mounted significantly in Baghdad over the summer, we confronted this hybrid enemy head-on for a week in early August with an almost fourfold increase of American and Iraqi troops. We also shut down all vehicular traffic in the district, among other things.

The stated purpose for our efforts was to provide breathing room for the government, to allow a break in the violence so it could demonstrate that it was a government of unity. In this sense we "cleared" Amiriyah, and there were no violent acts during that week. Yet the increase in troops was not sustainable.

In the weeks and months after our weeklong operation, American forces did not leave or abandon Amiriyah. We held it with nearly double the number of American and Iraqi troops that had long operated there.

My basic and most fundamental mission was to protect the people. As models of how to proceed, I used Col. H.R. McMaster's brilliant operations in Tall Afar and the successful actions of my brigade commander, Col. Mike Beech, in the nearby Sunni district of Doura. I also used the Army's new counterinsurgency doctrine as my operational guide. We spent millions of dollars rebuilding schools and cleaning garbage from the streets. We continued to capture and kill Sunni insurgents and Shiite militia members who attempted to attack Amiriyah from outlying areas. We established trust between the Sunni population and our forces and improved their views of the local Iraqi army battalion. For its Sunni residents, Amiriyah became one of the most secure districts in Baghdad.

But the violence continued. Sunnis killed and continue to kill Shiites and government forces because of sectarian hatred, to retaliate for what they view as unfair acts by the Shiite government and because they fear that any Shiites remaining in their district would provoke more oppressive government actions against them.

Could more American troops have eliminated the Sunni insurgency in Amiriyah? Probably not, because the people were not willing to separate themselves from the insurgents. Residents saw the Sunni insurgents as their final hope for protection from an illegitimate government out to crush them.

Could more American troops have stopped the sectarian violence? Possibly, if this war was still being carried out only by Shiite and Sunni extremist groups. But it is now a sectarian war of the people. When I spoke to shopkeepers, professionals, imams and others in Amiriyah, I was told that the solution to ending the violence -- both insurgent attacks and sectarian killings -- was an Iraqi government they saw as legitimate.

More American troops, more Iraqi troops and more American advisers cannot produce a legitimate government; only the Iraqis can do that. To be sure, a minimum amount of military power is needed in a place such as Amiriyah to maintain order. Those forces are in place and should remain there to provide a baseline of security for the Iraqi government and to demonstrate to all Iraqis that the government is a force for reconciliation and fairness, not division.

The writer, a lieutenant colonel in the 4th Infantry Division, operated in West Baghdad last year.

The Diplomats On Capitol Hill (WP)

By Jim Hoagland

The Washington Post, February 11, 2007

Foreign ministers usually try to avoid commenting on election results in other countries. But their appointment schedules are not so discreet. An increasingly well-beaten path to Capitol Hill by special envoys and other visiting officials attests to the new power that Congress holds in foreign policy.

That result -- like so many others it has produced -- is exactly the reverse of what the Bush administration hoped to achieve. As it empowered its critics on Iraq by focusing so relentlessly on them (see the trial of Scooter Libby) and made civil liberties a salient issue by adopting extreme positions (see the Bill of Rights), the dismissive attitude President Bush has displayed toward the legislative branch helped push Congress into taking on policymaking duties it is ill-equipped to handle.

The confusion and bickering over competing Senate resolutions to support, oppose or split the difference on Bush's proposed "surge" of five additional brigades into Iraq illustrate how Washington is rolling rapidly toward the worst of all policy worlds: one in which 535 would-be secretaries of state try to micromanage battlefield tactics on the basis of November's election returns.

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In public and in private comments to foreign visitors, House Speaker Nancy Pelosi has suggested that Democratic victories in those elections have settled any lingering debate over Iraq for the American public. It is the job of the Democratic Party and Congress to bring the troops home as quickly as possible, Pelosi asserts, or Congress will not be complying with the public will.

The push for rapid U.S. withdrawal understandably alarms Turkey and Arab states in the region, which are already traumatized by the violence and chaotic conditions of neighboring Iraq. Among the diplomats headed to Capitol Hill last week to assess the new balance of power and to urge Washington to exercise strategic patience in Iraq were the foreign ministers of Turkey and Egypt.

While noting that their countries had opposed the 2003 invasion, both urged lawmakers to consider the disastrous consequences of hasty American withdrawal. "We support President Bush's new strategy and think it should be given a chance," Turkey's Abdullah Gul told me during a session with journalists here Monday night. A similar message was carried to Capitol Hill by Egypt's Ahmed Aboul Gheit, who devoted 90 percent of his official meetings on a two-day trip to talking with members of Congress, according to aides.

Predictably, bilateral concerns dominated the exchanges on Capitol Hill. Gul made a spirited case that U.S.-Turkish relations would be wrecked by congressional passage of a bill that would condemn as "genocide" the mass killing of Ottoman Armenians a century ago. Gheit showed concern that Democratic majorities in the House and Senate might exert new pressures on Egypt over human rights and democracy issues.

But they also sought to inject foreign policy considerations into an American debate that is now above all about domestic U.S. political strategies and fortunes and only nominally about Iraq. "We now understand better the problem of taxation without representation," says a diplomat based in Washington. "You make decisions that profoundly and increasingly affect our survival and prosperity, while our ability to influence those decisions shrinks to next to nil."

This emerging foreign lobby is not a monolith. Most European governments "more or less secretly cheer the Democratic efforts to rein in Bush," says a European diplomat. "But they will be very careful about taking a public position for or against the surge."

The White House has contributed significantly to the debasing of the public debate by its secrecy and political manipulation of national security issues and by walling out the congressional leadership of both parties from serious consultation and coordination while undertaking a historic high-risk, high-reward gamble to conquer and then remake Iraq. That kind of close-minded, dogmatic approach is not one that Democrats in Congress should aspire to emulate by tuning out the genuine concerns of Iraq's neighbors and other nations.

Bush is reported to be preparing to shake up his unsuccessful congressional liaison office as chief of staff Josh Bolten completes his overhaul of the White House staff. But all of the evidence argues that it is Bush's own view of cooperation with Congress that most urgently needs to be shaken up.

The White House hunkered down behind procedural gimmicks to block Senate passage of a resolution opposing Bush's surge. That was shortsighted. But Democrats will fare no better if they use domestic election results as the main criterion for shaping what will increasingly be a congressionally influenced U.S. foreign policy.

At This Point, It's Kamikaze Strategy In Iraq (LAT)

By Jonathan Chait

The Los Angeles Times, February 11, 2007

THERE IS something genuinely bizarre about those remaining supporters of President Bush's strategy in Iraq. It is not just that they are wrong — being wrong happens to all of us from time to time. It's that they are completely detached from reality.

Their arguments have nothing to do with what is actually happening in Iraq. They aren't claiming that Bush's critics have a wrong impression of what's happening in Iraq. They just seem to have no interest in the subject themselves. Their arguments take place almost entirely at the level of abstraction.

If you follow the news in Iraq, the story has become depressingly familiar. Prime Minister Nouri Maliki is a creature of hard-line Shiite sectarians, and his government has been deeply infiltrated by Shiite militias. Everything he has done in his job has been toward the end of giving the Shiites an upper hand over the Sunnis.

Shiite militias have infiltrated the Iraqi army. We're equipping and training the bad guys. The Shiite militia members who haven't joined the army lay low when our troops patrol Baghdad, so that we fight the Sunnis and leave them standing. As Tom Lasseter of McClatchy Newspapers reported a week and a half ago, "The U.S. military drive to train and equip Iraq's security forces has unwittingly strengthened anti-American Shiite Muslim cleric Muqtada Sadr's Mahdi Army militia."

That's why Maliki supports the surge. To the extent it succeeds, the surge will do a faster and better job of driving Sunnis out of Baghdad. But why should we want to help him do that?

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The critiques of Bush's strategy all flow from this interpretation of events. The administration's critics say that our current role has the unintended but unavoidable effect of furthering sectarian warfare. If we stop cooperating with one party to a civil war, we can't make things much worse. We might possibly make them better: If we're no longer doing the Shiites' fighting for them, perhaps they'll have to bargain with the Sunnis.

What do the administration's supporters say to this? Let's look at a brief survey. Sen. Joe Lieberman (I-Conn.), one of the most vocal supporters of Bush's strategy, has made two major statements on the war in 2007. In the first, a letter in January, he wrote that "withdrawing from the fight is not a sound, long-term policy for the national security of the United States. Withdrawing from the fight is a recipe for defeat." How did Lieberman envision us winning? What about the reports that our actions are simply fueling the civil war? His letter had nothing to say.

Since then, Lieberman delivered a speech on the war, and that was even worse. The entire point of it was that a Senate vote of no confidence in Bush would demoralize our allies and embolden the enemy. Nothing at all about how the Bush strategy could work.

OK, you say, so maybe Lieberman has nothing of substance. But he's a politician, and they craft their words for sound bites. So surely the intellectuals who support Bush must have something deeper, right?

Sadly, no. The Weekly Standard — Bush's strongest bastion of remaining support — has editorialized about the war for three consecutive issues. The first editorial asserted that "abandoning American efforts to control the violence in Iraq would lead to an increase in violence" but offered no evidence to support this claim. It did not mention Maliki's clear lack of interest in making peace with the Sunnis nor the infiltration of the Iraqi armed forces.

The next editorial, by Executive Editor Fred Barnes, consisted of an extended analogy to Vietnam. The closest Barnes came to a substantive point was pointing out that war opponents had denigrated the Vietnamese government too. Did this mean we're wrong to denigrate the Iraqi government today? Barnes did not say.

And the next editorial consisted entirely of attacking proponents of the anti-surge resolution as cowards. It didn't even bother to make a claim that we're winning, or we could still win, or withdrawing would make things worse.

So, there you have it, the case for supporting Bush: Trust the commander in chief, don't undermine the troops, withdrawal equals defeat. These aren't arguments to support Bush's strategy, they're generic pro-war arguments. Change a few details and these lines could support Napoleon's invasion of Russia or the Crusader occupation of Jerusalem or almost any war. Generic pro-war arguments may be trite, but that's what you turn to when you've given up on reality.

Blame (Blank) For Iraq (NYT)

By Helene Cooper

The New York Times, February 11, 2007

WASHINGTON

THE blame game on Iraq seems to be reaching a peak. The surest sign is that people inside the Beltway have started to proclaim loudly that they're not looking to assign any blame.

"This is not at all a finger-pointing exercise," Gen. Peter Pace, chairman of the Joint Chiefs of Staff, helpfully told a Senate panel on Tuesday as he explained that other federal agencies weren't shouldering their responsibility for sending civilians to help out in Iraq.

"Self-righteous finger-wagging will not make Iraq any more secure," lectured Representative Tom Davis, a Virginia Republican, during a House hearing in which his colleagues tore apart L. Paul Bremer III, the former United States point man in Baghdad after the war.

No one can say with certainty that Iraq is lost; it is too early to say whether President Bush's new strategy to increase the number of American troops in Baghdad and Anbar by 21,500 won't work. But, a continent and an ocean away, Washington is already positioning to lay blame if the worst happens. After all, history books are being written right now.

So, in a decidedly gloomy Capitol, a steady succession of administration officials, military types and yesterday's dignitaries have trooped through various Senate and House hearing rooms to lash out — and be lashed.

Blame the Democrats.

Back when the Republicans were in control of the House and the Senate, they didn't venture far toward an examination of President Bush's Iraq strategy. Newly empowered, the Democrats have hauled in everyone but the kitchen sink: from Henry Kissinger to President Jimmy Carter's national security adviser, Zbigniew Brzezinski.

A whole lot of blame has been spread around. The Pentagon took a swing at the State Department, with Defense Secretary Robert M. Gates publicly griping to a Senate panel about a State memo asking the military to temporarily fill some Iraq jobs that State is supposed to be responsible for. "If you were troubled by the memo, that was mild compared to my reaction when I saw it," Mr. Gates said.

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The next day, in a telephone interview, Adm. Edmund P. Giambastiani Jr., vice chairman of the Joint Chiefs of Staff, who was asked by State officials to defend them to a reporter, showed that when the chips are down and blame is being assigned, his first priority is not the diplomatic corps. "The military won't lose this war," he said, then added, pointedly, "but we won't win it by ourselves either."

The State Department shot back, but not with much gusto. David Satterfield, the senior adviser on Iraq, took the high road during a conference call with reporters, eschewing direct criticism of the Pentagon and saying only that "the skill sets needed for the additional staff are not skill sets in which any foreign service in the world, including our own," are proficient.

Beyond that, State left its blame-mongering to smaller guns, relying on unnamed career employees to point out that if the Pentagon had bothered to include State in the initial postwar planning, Iraq might not be the mess it is today.

Robert K. Brigham, a historian of American foreign relations at Vassar, argues that the finger-pointing is a natural outcome for bureaucrats who are secretly frustrated by American policy in Iraq but unable to change it.

"These different departments are all stuck with the same playbook," Mr. Brigham says. "In the absence of any kind of movement to change the geometry, this is what you get. You didn't have this dissension during the Nixon years, you had it in Johnson's."

Mr. Brigham said that Lyndon B. Johnson got more flak for Vietnam than Richard M. Nixon did because Mr. Johnson did not make significant changes to Vietnam policy, while Mr. Nixon did, by going to China, among other things. Unless President Bush makes an about-face in American foreign policy, Mr. Brigham argues, by, say, beginning a pullback of troops, the blame game will continue.

Or increase. "This game has got a lot more plays before it plays out," says Joseph Cirincione, senior vice president for national security and international policy at the Center for American Progress, a liberal research group. "Are we reaching a crescendo? Heck no."

Well, even if the blame game hasn't reached its zenith, now seems a good time to look at the latest culprits, scapegoats and whipping boys who have become fashionable in Washington. It's a disparate group.

Whipping Boy: Iran.

Whip: President Bush.

The president upped his rhetoric in January when he unveiled his new troop surge plan, announcing that "Iran is providing material support for attacks on American troops" in Iraq. Expect more in the coming weeks, as administration officials say they will disclose new intelligence that shows Iran meddling in Iraq.

Whipping Boy: L. Paul Bremer III.

Whip: Henry A. Waxman.

The last time Mr. Bremer, the American civilian administrator in Iraq in 2003-2004, testified before Congress, he was hailed by Republicans and Democrats alike. But that was in the past, before de-Baathification became the dirty word it is now, before the Michael Gordon book and the Tom Ricks book and the Bob Woodward book.

At a House hearing on Wednesday, Representative Mr. Waxman, the California Democrat, upbraided Mr. Bremer for a Bush administration decision to send billions of dollars in cash into Iraq quickly after the United States had occupied the country. "Who in their right mind would send 360 tons of cash into a war zone?" demanded Mr. Waxman. He suggested that some of that money may have ended up financing the insurgency.

Mr. Bremer acknowledged that he made mistakes, but said, "I think we made great progress under some of the most difficult conditions imaginable."

Whipping Boy: Gen. George W. Casey Jr.

Whip: John McCain.

General Casey, responsible for the Army's Iraq war strategy for the past two years, appeared before a Senate panel weighing whether to approve his promotion to be the Army's next chief of staff, and quickly came under attack.

"I question seriously the judgment that was employed in your execution of your responsibilities in Iraq," Senator McCain informed him. "And we have paid a very, very heavy price in American blood and treasure because of what is now agreed to by literally everyone as a failed policy."

Mr. McCain then went on to vote against General Casey's promotion. But the general got the last laugh; the full Senate confirmed him on Thursday by a vote of 83 to 14.

Whipping Boy: Presidents Bill Clinton and Jimmy Carter.

Whip: Dinesh D'Souza.

The conservative author argues in his recent book, "The Enemy at Home," that President Carter's withdrawal of support for the shah of Iran helped Ayatollah Ruhollah Khomeini's regime gain power in Iran, thus giving radical Islamists control. Mr. D'Souza also says that President Clinton failed to respond to Islamic attacks and thus emboldened Osama bin Laden into

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thinking he could get away with the Sept. 11 attacks. Therefore, Mr. D'Souza says, American liberals are to blame for the rise of radical Islam and Muslim anger at America.

O.K., this isn't technically an Iraq finger-point, but it seemed to capture the moment.

U.S. Keeps Pressure On Iran But Decreases Saber Rattling (WP)

By Karen DeYoung

The Washington Post, February 11, 2007

Defense Secretary Robert M. Gates insisted again Friday that, despite persistent reports to the contrary circulating in Washington and around the world, the United States is not planning military action against Iran.

"I don't know how many times the president, Secretary Rice and I have had to repeat that we have no intention of attacking Iran," an exasperated Gates told reporters at a NATO meeting in Spain. In fact, he said, the administration has consciously tried to "tone down" its rhetoric on the subject.

Similar statements in recent weeks by President Bush, Secretary of State Condoleezza Rice and others follow a high-level policy assessment in January that U.S. and multilateral pressure on Tehran, to the surprise of many in the administration, might be showing signs of progress.

Officials highlighted growing internal public and political criticism of Iranian President Mahmoud Ahmadinejad, as well as the reemergence, after months of public silence, of Tehran's chief nuclear negotiator, Ali Larijani. Larijani arrived in Munich yesterday for talks with European Union officials.

As a result, new talking points distributed to senior policymakers in the administration directed them to actively play down any suggestion of war planning.

Such demurrals are not meant to suggest that the administration will stop pressing Iran on several fronts or that it expects Iranian behavior to change soon. Warnings of new sanctions if Tehran does not suspend its nuclear enrichment program, the dispatch of a second carrier battle group to the Persian Gulf, presidential authorization to treat Iranian intelligence and paramilitary operatives in Iraq as "enemy combatants," and encouragement of Sunni Arab states to take a united stand against Iranian aggression are all designed to convince Tehran that "we have options" and are prepared to use them, a senior administration official said.

"We're a power, too," is the message to Tehran, the official said. "Your power is not unlimited. You can't go anywhere and do anything you want."

The changed rhetoric also stems from a growing foreign policy "maturity" within the administration, according to foreign diplomats and senior officials who agreed to discuss the issue on the condition of anonymity. They described a new attitude, born of the administration's awareness that the Iraq war has left it with a wide credibility gap at home and abroad and the realization that military action against Iran would strain U.S. capabilities, undercut other goals and possibly explode into a regional conflagration. Internal discussion has also focused on the likelihood that an attack could destroy whatever political plurality exists in Iran by uniting even those opposed to Ahmadinejad in a wave of anti-U.S. nationalism.

"It's very important that we proceed carefully, patiently and with some skill," said Undersecretary of State R. Nicholas Burns, who by all accounts is playing a lead role in formulating Iran policy. "We believe that diplomacy can succeed. We're focused on that. We're not focused on a military conflict with Iran."

Some senior administration officials still relish the notion of a direct confrontation. One ambassador in Washington said he was taken aback when John Hannah, Vice President Cheney's national security adviser, said during a recent meeting that the administration considers 2007 "the year of Iran" and indicated that a U.S. attack was a real possibility. Hannah declined to be interviewed for this article.

However, sources described agreement among the Bush administration and leading governments in Europe and the Middle East -- including those in Britain, France, Germany and Saudi Arabia -- over consistent but measured pressure on Tehran. They said close consultations, a stark contrast to deep divisions over the U.S. invasion of Iraq, have become self-reinforcing for Washington and its allies.

Upcoming events are likely to test U.S. patience. The Tehran government has promised a "significant" nuclear announcement today, following a 10-day celebration of the anniversary of the 1979 Islamic revolution. Among the possibilities, U.S. officials and experts believe, is a declaration that Iran has moved from experimental to industrial-scale enrichment. Iran has insisted that its nuclear program is purely for peaceful energy purposes, while the West has accused Tehran of secretly trying to build an atomic weapon.

Later this month, the U.N. Security Council will convene to judge Iranian compliance with a unanimous December resolution giving the nation until Feb. 21 to suspend all enrichment and reprocessing activities. Anticipating a negative finding, the administration is readying a new resolution to increase Iran's isolation. Among other measures, officials are considering

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charging Iran with violating U.N. resolutions that prohibit member countries from harboring or assisting known terrorists. Tehran has refused to hand over a number of senior al-Qaeda operatives it has claimed to be holding under "house arrest" for years.

This week, the administration plans to publicly present evidence of an Iranian role in supplying lethal weaponry to Shiite militias in Iraq. The weapons, including a sophisticated, armor-piercing explosive device, have been used almost exclusively against U.S. forces in Iraq and are considered responsible for numerous military deaths over the past two years. Gates said on Friday that Iran has been conclusively linked to the weapons through serial numbers and other markings on the bombs.

But initial plans to lay out a broad case of Iranian involvement in Iraq were shelved two weeks ago. Sources said policymakers acknowledged that they risked a repeat of the now-discredited weapons of mass destruction charges used to justify the Iraq invasion and wanted to avoid any embellishing. "We're not saying the Iranians pulled the trigger," one administration official said. "They provided the technology."

That expanded presentation would have appeared to contradict a new National Intelligence Estimate concluding that Iran, despite the attacks against U.S. forces, is not a significant factor in the sectarian violence in Baghdad.

Over the past two years, the administration has pursued different tracks to stymie increasingly bold Iranian activities. In March 2005, the United States signed on to an unsuccessful effort by Britain, France and Germany to begin negotiations with Iran over its nuclear enrichment activities. Although the administration offered early last year to open bilateral talks on Iraq between the United States and Iranian ambassadors in Baghdad, it subsequently "pulled the plug" on the initiative, one official said, after the Iraqi government objected and Iran tried to expand a planned session to include all outstanding issues between the two countries.

The administration warned Iran against efforts to block oil-shipment lanes in the Persian Gulf. It publicly accused Iran of helping to instigate last summer's war between Israel and Lebanese Hezbollah and of trying, through its support for Hezbollah, to overthrow the elected government in Beirut. It also escalated its allegations of Iranian interference in Iraq.

It was not until a series of high-level policy meetings last fall, which included the president, that the various tracks began to meld into a coordinated effort. "There was not a presidential directive," said a senior official who participated in the process, "but there was a very active interagency discussion. We talked about measures to take, and sequencing."

U.S. officials decided to push for a new U.N. Security Council resolution imposing a 60-day deadline for Iran to suspend nuclear activities or risk sanctions, and imposed unilateral restrictions on Iranian banks. They repeated the U.S. refusal to hold bilateral talks on the nuclear issue until Iran's program was ended.

Bush authorized U.S. military forces to capture and kill, if necessary, identified Iranian intelligence and paramilitary operatives in Iraq, and increased covert intelligence activities against Iranian-backed forces in Lebanon. A second carrier battle group was sent to the Persian Gulf region, while officials emphasized that it had no "offensive" mission against Iran. Cheney flew to Riyadh to consult with Saudi King Abdullah.

At the same time, the administration tried to increase its appeal to an Iranian public that it determined was increasingly disenchanted with Ahmadinejad. The State Department launched, for the first time since relations were severed in 1979, a series of educational and professional exchanges with Iran.

In December, a group of Iranian physicians and medical academics came to the United States for a three-week public health program. Last month, 20 American athletes and coaches from USA Wrestling were greeted with a standing ovation when they competed in the Takhti Cup in Bandar Abbas, Iran. A reciprocal trip by Iranian wrestlers is planned for spring, along with a visit by Iranian disaster-relief professionals.

As different elements of the policy were pulled together, the administration found that its European and Arab partners thought it had adopted the right approach and appeared to strengthen their own resolve to pressure Iran. Last month's decision to dial back the war rhetoric came in response to concerns at home and abroad that the administration's saber rattling was drowning out its more finely calibrated strategy.

"We truly believe this combination can succeed," a senior official said. "We're not saying that it will."

Iran Reformists Want U.S. To Tone It Down (LAT)

By Kim Murphy

The Los Angeles Times, February 11, 2007

TEHRAN — It is a few weeks before the Iranian new year, and already the narrow market streets in south Tehran are boiling with extra shoppers. Houses must be cleaned, new curtains hung on the windows, the table laid with fresh linens. No child should leave home without new clothes and a few crisp bills in his pocket.

These neighborhoods of tight-clustered houses, dingy auto parts shops, cheap shoe stores and endless ribbons of honking, fuming cars were the bosom of President Mahmoud Ahmadinejad's sweep to the presidency in 2005.

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"Most people voted for Ahmadinejad because he promised they would never have to feel sad again on New Year's Eve in front of their children," said Farshid Bakhtieri, a 21-year-old computer salesman. "Everyone right now, they feel nothing but regret.

"One person says he voted for Ahmadinejad because he would create jobs. And there are no jobs. Another person says it was because he would build houses. No one can afford these houses," Bakhtieri said. "He is like all the other politicians in the history of Iran, all of them coming with lots of promises, but no one follows these promises. He is exactly like the others."

Tens of thousands of Iranians will gather in the streets today for what is supposed to be a ringing public endorsement of Iran's 28-year-old Islamic Revolution and its embattled drive for nuclear power.

But many Iranians say the international dispute over Iran's nuclear program has become a rallying point for a president who otherwise would be facing substantial public dissatisfaction over soaring inflation, rising unemployment and widespread censorship.

This has been a source of frustration to Iran's reformists, who dealt the president's party a blow at the polls in local elections in December but complain that the Bush administration's threatening rhetoric has pulled the rug out from under them.

"You are harmful for us. We try to tell politicians in Washington, D.C., please don't do anything in favor of reform or to promote democracy in Iran. Because in 100% of the cases, it benefits the right wing," said Saeed Leylaz, a business consultant and advocate of economic reform and greater dialogue with the West.

"Mr. Ahmadinejad tries to make the international situation worse and worse. And now with the U.N. Security Council resolution, he can say, 'Look, we are in a dangerous position, and nobody can say anything against us, because the enemy is coming into the country.' Exactly like George W. Bush in Washington, D.C. They are helping each other. They need each other, I believe."

The government and clerical establishment have gone to great pains in recent weeks to stress to Iranians that the nation's independence is under threat. More than anything else, a strong sense of national pride has pushed Iran toward developing a nuclear power program, which the U.S. and other nations believe is aimed at building a nuclear weapon.

"Our revolution was a gift from God. If we don't say 'Thank God' every day, we will lose this gift and all we have," Ahmad Khatami, a hard-line cleric from Qom, reminded hundreds gathered for Friday prayers at Tehran University last week. "Attacking the government and the parliament and the judiciary is fanning the flames of the enemy."

Ahmadinejad's approach has been broadly popular in the provinces and among many in Tehran fed up with the wealth and corruption of those in power. The slight president, who typically wears a tan jacket, lives in a simple house and drives a normal car.

He has tried to give the lower classes a bigger share of Iran's oil wealth and has been known to respond to constituents who write to him about problems with a handwritten note, directing them to take it to the nearest bank for a loan.

But the state's share of the economy has swollen, and the Tehran stock exchange has lost more than a quarter of its value over the last 18 months. Unemployment stands at an official 11.5%, and little new foreign investment is coming in.

Meanwhile, prices are increasing at a dizzying rate. Tomatoes have risen threefold in the last year, while housing prices in more prosperous north Tehran appear to have doubled.

Bakhtieri said his mother, a university librarian, was one of several public employees who got a raise shortly after Ahmadinejad was elected, only to see it taken back when the government couldn't afford it. Some employees even had to repay the extra money they received, he said.

Bakhtieri said many Iranians blame their troubles on Ahmadinejad's generous aid programs to Afghanistan, Central Asia, the Palestinian territories and Latin America.

"I don't know why, when our people need lots of things, they have to be spending all this money in other countries," he said.

Economists say the inflation can be traced to the amount of money in circulation doubling over the last 18 months.

The government ordered banks to grant millions of dollars in new loans to small and medium-sized businesses. Bad loans put the banks at risk.

New roads, wastewater treatment plants and sports centers were launched, paid for by the government, and when the government couldn't afford it, from yet more bank loans. Banks are facing a reported $8.8 billion in bad loans.

Meanwhile, imports have doubled, to $50 billion a year. And the oil stabilization fund, which had accumulated $9 billion in unanticipated oil revenue as a hedge for the future, is forecast by some to be tapped out by the end of next month.

Voter response has been swift: When Iranians went to the polls for December's municipal council elections, Ahmadinejad's party took a beating.

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"That is a devastating defeat for the president. And this is unprecedented in Iran, that after a year and a half in office a president's party is defeated like this," said a former government official, who spoke on condition of anonymity. "This voice has to be heard now by the government."

The international conflict over the country's nuclear program has only compounded the economic problems.

U.N. sanctions targeting Iran's nuclear and missile programs will probably have little effect on the public. But a separate banking embargo being pushed by the Bush administration means Iranian businessmen must pay much more to import goods.

"The only solution we have now is to deal with Chinese companies, because the Chinese are more flexible," said Amir Saqaei, an engineer in the oil and gas industry who is developing an oil project in the western region of Cheshmakhosh. However, he said, the Chinese goods are of poor quality.

Not all of the government's troubles have been economic. Writers have complained of a near-halt to the publishing of novels. Foreign books such as William Faulkner's "As I Lay Dying" have been banned, and several newspapers have been closed.

In December, crackdowns on student associations and repression of activists prompted students at Tehran's Amir Kabir University to heckle the president during an appearance there. Chanting "Death to the dictator" and carrying a banner reading "Fascist Ahmadinejad," the crowd sent a shoe sailing toward the president as he stood at the podium.

A large number of parliamentary deputies signed letters this year demanding answers from the president on the nuclear issue and the economy. But new, strong language from Washington starting in January that hinted at the possibility of a military strike quickly took the wind out of their sails.

Independent legislator Akbar Alami, who had circulated a letter, said he stopped getting signatures almost immediately.

If Iranians perceive a foreign threat, he said, "they don't pay attention anymore to differences, and the problem they have between parties and governments doesn't matter anymore."

To the contrary, said former central bank governor Mohammad Hossain Adeli, it mobilizes the Iranians and ratchets up the conflict.

"The foreign pressure is counterproductive and radicalizes the domestic environment," he said. "And then this radicalization results in more confrontational positions on the part of Iran."

U.S. To Reveal Tehran's Link To Iraq Insurgency (WT/AP)

By Katherine Shrader

The Washington Times, February 11, 2007

The Bush administration is haunted by the history of intelligence blunders about Saddam Hussein's supposed weapons of mass destruction as the United States tries to document that Iran is providing lethal help to Iraqi fighters.

After weeks of preparation and revisions, U.S. officials are preparing to detail evidence supporting administration claims of Iran's meddlesome and deadly activities. A briefing was scheduled today in Baghdad.

The Iran dossier, some 200 pages thick in its classified form, was revised heavily after officials decided it was not ready for release as planned last month. What is made public probably will be short, and shorter on details than the administration recently had suggested.

No one who has seen the files has suggested the evidence is thin. But senior officials -- gun-shy after the drubbing the administration took for the faulty intelligence leading to the 2003 Iraq invasion -- said they were underwhelmed by the packaging.

Officials from several intelligence agencies scrutinized the presentation to make sure it was clear and that "we don't in any way jeopardize our sources and methods in making the presentation," State Department spokesman Sean McCormack said Friday.

National Security Adviser Stephen J. Hadley recently said some Iran material was overstated. Privately, officials say they want to avoid the kind of gaffe akin to former Secretary of State Colin Powell's case for war before the United Nations in 2003.

"My colleagues, every statement I make today is backed up by sources, solid sources. These are not assertions," Mr. Powell said as he laid out unproven claims of Iraq's weapons of mass destruction. "What we're giving you are facts and conclusions based on solid intelligence." It later turned out that Iraq did not have such weapons.

The evidence on Iran is intended to give backbone to the administration's claim that an emboldened Iran is playing a dangerous game across the Middle East, meddling in conflicts and seeding terrorism beyond its borders while rushing to acquire nuclear know-how that could produce an atomic bomb.

Government officials familiar with the dossier's documents and slides, who spoke on the condition of anonymity because the materials still were classified, said they make a compelling case about Iranian actions in Iraq.

Among the evidence the administration planned to present are weapons that were seized over time in U.S.-led raids on caches around Iraq, said one military official.

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Other evidence includes documents captured when U.S.-led forces raided an Iranian office Jan. 11 in Irbil, a city in Kurdish-controlled northern Iraq about 220 miles north of Baghdad, this official said.

In that raid, the U.S. captured five Iranians. They included the operations chief and other members of Iran's elite Quds Force, which is accused of arming and training Iraqi militants. Tehran said it was a government liaison office and called for the release of the five, along with compensation for damages.

The dossier also details Iran's role in providing Iraqi fighters with the "explosively formed penetrator" devices that can pierce the armor of Abrams tanks with nearly molten-hot charges. One intelligence official said the U.S. is "fairly comfortable" that it knows with some precision the origin of those Iranian-made explosives.

While traveling in Europe on Friday, Defense Secretary Robert M. Gates said that serial numbers and markings on explosives used in Iraq provide "pretty good" evidence that Iran is providing either weapons or technology for militants there. Mr. Gates did not say how the United States knows that.

A senior U.S. government official said yesterday that members of Congress were shown proof in December. "I'm convinced from what I've seen that the Iranians are supplying and are giving assistance to the people in Iraq who are killing American soldiers," said Sen. Joe Lieberman, Connecticut independent.

Merkel: Must Stop Iran Getting Nuclear Weapons (AP)

AP, February 10, 2007

MUNICH, Germany (AP) -- German Chancellor Angela Merkel said Saturday that the international community is determined to prevent Iran from developing a nuclear weapon.

Speaking at a weekend gathering of the world's top security officials, expected to include Iranian nuclear negotiator Ali Larijani, Merkel said Tehran needed to accept demands made by the U.N. and the International Atomic Energy Agency.

"There is no way around this," she told the 250 officials, including more than 40 defense and foreign ministers. "What we are talking about here is a very, very sensitive technology, and for that reason we need a high degree of transparency, which Iran has failed to provide, and if Iran does not do so then the alternative for Iran is to slip further into isolation."

Merkel, whose country holds the rotating European Union presidency, emphasized the international community's support for Israel and said there was a unified resolve to prevent Iran from developing nuclear weapons.

"We are determined to prevent the threat posed by an Iranian military nuclear program," she said.

The annual Munich Conference on Security Policy, now in its 43rd year, is often used as an opportunity for officials to conduct diplomacy in an informal setting.

Key figures attending also include Russian President Vladimir Putin, new Defense Secretary Robert Gates and other top officials.

Some 3,500 police were on hand to provide tight security for the conference and kept the usual throng of demonstrators away. This year, several thousand protesters were expected, protest organizers said.

Heading in to the conference, Larijani, who is scheduled to speak on Sunday, said he planned to use the conference as an opportunity to talk about Iran's nuclear program. Those would be the first talks with Western officials since limited U.N. sanctions were imposed on the country in December, which fell short of harsher measures sought by the United States.

Larijani was expected to meet with German Foreign Minister Frank-Walter Steinmeier and Javier Solana, the EU's chief foreign policy envoy.International solidarity

At the opening dinner on Friday, Israeli Foreign Minister Tzipi Livni urged international solidarity in putting pressure on Iran to prevent it from producing a nuclear weapon.

"It is a regime that mocks the Holocaust while threatening the world with a new one, while trying to develop a weapon to do so," she said. "Iran is a threat not only to Israel ... but to the world. The international community cannot show any hesitation ... Any hesitation on our part is being perceived as weakness."

The conference this year focuses on "Global Crises -- Global Responsibilities," looking at NATO's changing role, the Middle East peace process, the West's relations with Russia and the fight against terrorism.

Merkel opened the conference telling the delegates that one of the major threats facing the world today is global warming, urging a combined effort to combat it.

"Global warming is one of the major medium- to long-term threats that could have a dramatic effect," Merkel said.

Gates, who planned to talk Sunday on trans-Atlantic relations, was expected to press allies for more troops and aid for a spring offensive in Afghanistan.

He delivered the message Friday to a NATO defense minister's meeting in Seville, Spain, but got a lukewarm response.

France and Germany are questioning the wisdom of sending more soldiers, while Spain, Italy and Turkey have also been wary of providing more troops.

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Suicide Bomber Kills 30 Near Tikrit (AP)

AP, February 11, 2007

A suicide truck bomber slammed into a crowd of police lining up for duty Sunday near Tikrit, killing at least 30 people and wounding 50, police said.

Minutes later, a roadside bomb struck a car on a highway on the western outskirts of Tikrit, 80 miles north of Baghdad, killing two civilians and wounding two others, police said.

The first blast occurred about 8 a.m. as police were arriving for work at the Adwar police station, provincial police Capt. Abdel-Samad Mohammed said, giving the casualty toll. He said 21 of the 30 killed were policemen.

The bomber drove a small truck that was packed with explosives covered by hay and the force of the blast caused the building to collapse. Three houses close to the station, along with municipal offices and the post office, also were heavily damaged.

Local residents who rushed to the scene tried to help with rescue efforts before civil defense squads arrived with shovels to remove the debris and pull out the dead and those injured. U.S. and Iraqi forces later surrounded the area while recovery efforts continued.

Adwar, about 12 miles southeast of Tikrit, is where former Iraqi leader Saddam Hussein was captured on Dec. 13, 2003.

Insurgents frequently target Iraqi security forces, accusing them of collaborating with the U.S.

KBR Driver Killed By U.S. Forces In Iraq (HC)

Houston Chronicle, February 11, 2007

Military, firm team to investigate the Monday death of contractor

The shooting Monday of a civilian contract truck driver for KBR, a subsidiary of Halliburton, is under investigation by the company and by the U.S. Army.

The U.S. military confirmed on Saturday that American forces shot and killed the truck driver at Camp Anaconda, an air base about 42 miles north of Baghdad.

A spokeswoman for KBR, a subsidiary of Halliburton formerly known as Kellogg, Brown & Root, said the shooting was under investigation.

Melissa Norcross, the KBR spokeswoman, said the company was not releasing the name of the dead driver or a second truck driver who was wounded "to protect the individuals' privacy."

"A KBR truck driver was fatally shot, and another wounded, by U.S. military personnel on the evening of February 5, 2007, at an entry control point just outside of Camp Anaconda in Balad, Iraq. Our thoughts and prayers are with the family of the truck driver who was killed," Norcross wrote in an e-mail.

"The wounded truck driver was transported to the Air Force Theater Hospital (AFTH) and has since been treated and released."

The Walker-Martin Funeral Home in Chesaning, Mich., posted an obituary on its Web site Saturday saying that a man named Donald Tolfree of nearby Owosso, Mich., had been killed Monday in Balad, Iraq, where he was employed as a civilian contractor.

Norcross did not respond to e-mail queries about why the news about the contract worker's death, and the second worker's injury, was not made public until Saturday.

"As this matter is presently under investigation, it would be inappropriate to comment further at this time," Norcross said.

The company and the Defense Department on Friday honored 28 contractors who were killed or wounded in the Middle East with the agency's civilian version of the Purple Heart, at a private ceremony at the Hilton Houston Post Oak hotel.

'An escalation of force'Ninety-eight KBR employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan since the two U.S.-led invasions began.

Another 450 have been wounded in hostile action, Norcross said.

The House Oversight and Government Reform Committee held a public hearing Wednesday on the Pentagon's reliance on military contractors for the war effort in Iraq.

George Seagle, director of security for KBR's government and infrastructure division, testified. He made no mention of the truck driver's death.

In Baghdad, Lt. Cmdr. Bill Speaks told the Associated Press that: "There was an escalation of force incident at Camp Anaconda on Feb. 5 (Monday) that resulted in the death of a civilian contractor. The incident is under investigation by the Army Criminal Investigation Division and KBR."

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The Associated Press contributed to this report.

Iowa Guardsmen Are Proud But Disappointed (WP)

By Christian Davenport

The Washington Post, February 11, 2007

AL ASAD, Iraq -- Army Spec. Jesse Espinosa figured he was down to just six more missions off this base west of Baghdad. Six more missions in the turret of his armored vehicle, fingertip at the trigger, performing duty so dangerous soldiers here liken it to Russian roulette: providing convoy security along supply routes in deadly Anbar province.

Six more missions, then home to his wife, three children and civilian job as a cook in Bricelyn, Minn.

But all that has to wait.

The deployment of his unit, the Iowa National Guard's 1st Battalion, 133rd Infantry Regiment, was recently extended for up to 125 days because of President Bush's decision to temporarily increase troop levels in Iraq. Like many of his fellow soldiers, Espinosa, 24, was upset because "almost every mission we see at least one" roadside bomb, he said. Although most times, the soldiers are able to spot them before they blow up, he said.

Now, instead of getting back by March, his homecoming will likely be July or August. And instead of six, Espinosa, has about 40 more missions to go.

The Iowa guardsmen have accepted the extended duty, while absorbing the anxieties of their families, said Lt. Col. Benjamin J. Corell, the battalion commander. "You won't find anyone ready to throw in the towel and walk away from what they're doing," he said. "They're proud of their sacrifice."

But that sacrifice is being acutely felt -- here and at home, he acknowledged. "There's a balance there that somehow we have to keep. Because we're crossing the line of what they're willing to sacrifice. And that's a concern. I'm not saying the sky is falling. But families have a big say in whether our soldiers continue their membership in the Guard."

The extension comes as military officials are adjusting the way Guard and reserve units are used. Since the Sept.11, 2001, attacks, some have been called up for multiple tours, and military officials have worried that they are being stretched too thin. Recently, the Pentagon announced that the reserve components would be called on more often to support their active-duty counterparts, but for shorter tours.

For the Iowa Guard soldiers, many of whom are on their second tour since the Iraq war began, the extension means another four months at this base west of Baghdad. It's a world away from home despite comforts that have earned it the nickname "Camp Cupcake": a recreation center with pool tables, all-you-can-eat chow halls and relatively few mortar attacks.

But it also means more trips escorting supplies along desert roads dotted with improvised explosive devices, the roadside bombs known as IEDs.

"Every time they go out, they're going to find an IED," Lt. Randy Hartley said.

Two of the battalion's soldiers were killed when their convoy came under attack in September. Their photos hang in the battalion headquarters, along with those of 11 others from the brigade who have been killed across Iraq. Five of the battalion's soldiers were wounded and flown home for treatment, said Lt. Matthew Parrino.

"We're not happy about" the extension, said Spec. Joel Pleggenkuhle. "But we weren't forced to sign the [enlistment] papers. Throughout the battalion it's, 'Okay, let's get it done.' "

As a member of the Army's Individual Ready Reserve, Sgt. Timothy Stamper, 27, was deployed last year. His contract with the Army is supposed to end in April, he said.

But he knows he won't be going home to his 2-year-old son until at least summer. And he worries that when he does finally get home, his child "won't know who I am."

Although there had been rumors of an extension for weeks, the news caught some by surprise: About 10 soldiers who were flying home because they had reached the end of their contracts with the Army were turned around and flown back to the unit, soldiers here said.

News of the extension hit many soldiers hard at first. For a few, it has even led to divorce, Hartley said. Many soldiers were furious about how they found out about the extended duty: The news came from families back home -- and not the chain of command -- which "kills morale," Hartley said.

When Hartley's fiancee, Jill Kiehl, learned of the extension from news reports, "I just started crying," she said in a telephone interview from her home in Des Moines. Her late husband, James M. Kiehl, was killed close to the beginning of the war when his convoy came under attack.

Now, Hartley too is out on convoys, where, he admits, "the odds aren't very good at all."

Shortly after Hartley, 36, and Kiehl started dating a couple of years ago, he broke it off. He knew he was going to be coming back to Iraq for a second tour, and he didn't want to put her through the pain of the deployment.

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"People look at me like I'm crazy," said Kiehl, 25. "They say, 'Why are you with someone in the military?' And I tell them you can't determine who you love. You just have to hope and pray that it's all going to work out."

To Protest War, Councilman Forgoes The Pledge (NYT/AP)

The New York Times, February 11, 2007

MESA, Ariz., Feb. 10 (AP) — A city councilman has been receiving threats since he started refusing to recite the Pledge of Allegiance or stand during it at council meetings to protest the war in Iraq.

The councilman, Tom Rawles, has angered fellow council members and constituents in this conservative Phoenix suburb of about 400,000. The police briefly provided him with protection before deciding the threats were no reason for alarm.

"You have disrespected our country and the symbol of it and the men and women who fought for it," Mike Thelan, a resident, told Mr. Rawles through tears at a council meeting last Monday. "You have acted like a spoiled little child that has not received what he wants from his parents."

Mr. Rawles, a 57-year-old lawyer who long ago decided not to run for re-election when his term is up in June 2008, said he would continue his protest "until the troops come home." He said he did not mind that his stand was angering people.

"That's what political speech is supposed to do," Mr. Rawles said. "It's supposed to infuriate and irritate and challenge and make people think. They apparently would prefer me just to walk lockstep and mouth ritualistic words to a mandatory ceremony."

Councilman Kyle Jones said it was not Mr. Rawles's opinion about the war that offended him, but his refusal to stand during the pledge.

"The privilege of reciting the pledge is just that — it's a privilege," Mr. Jones said.

Another resident, Joann Stewart, said she was not offended by Mr. Rawles's protest.

"I personally would never have picked that way to protest, because that's the flag of the United States of America and I honor that," Ms. Stewart said. "But the main concern is what's going on with the war."

Taliban Stepping Up Attacks In Afghanistan (NYT)

By Carlotta Gall

The New York Times, February 11, 2007

KABUL, Afghanistan, Feb. 10 — Taliban insurgents have stepped up attacks in southern Afghanistan in recent days, killing four Afghan policemen in an ambush on Friday night and aiming at NATO troops with the second suicide bombing in a week in what seems to be the opening of the fighting season, officials said Saturday.

The suicide bomber smashed his car into a NATO military convoy north of Kandahar on Saturday morning, killing himself but not hurting anyone else, said the province police chief, Asmatullah Alizay. Another bomber attacked a military convoy in the same place on Feb. 4.

Taliban insurgents have also appeared again in the troubled southern district of Panjwai, ambushing a police patrol on Friday night and killing four policemen and wounding two more. NATO troops mounted two heavy combat operations last year to clear insurgents from the area and have tried to establish security by boosting the local police forces.

NATO forces also fought Taliban forces for several hours in the next-door province of Helmand, where they have been trying to clear the area around the Kajaki dam to allow engineers in for a renovation project, one of the United States government's largest development efforts in the country.

Taliban forces who overran the town of Musa Qala last week were also preparing for a fight if government or NATO troops moved against them, a resident from the town said in a telephone interview. The resident, Amir Jan, 32, who has a clothes shop in the town but has fled along with other townspeople who feared renewed fighting, said that the Taliban were promising more heavy fighting this year against foreign forces in Afghanistan and were vowing to seize control of more towns.

The fighters said they were loyal to the fugitive Taliban leader, Mullah Muhammad Omar, and were under his orders to fight, Mr. Jan said. Although their local leader, Mullah Abdul Ghafoor, was killed in a NATO airstrike on Feb. 4, his deputy, whom Mr. Jan did not name, was in charge and vowing to take revenge for Mullah Ghafoor's death.

NATO: Afghanistan On Road To Stability (AP)

By Slobodan Lekic, Associated Press Writer

AP, February 11, 2007

NATO Secretary General Jaap de Hoop Scheffer said Saturday he thinks the back of the insurgency in Afghanistan will be "broken" and that the country will be on the road to a long-term peace by 2009.

There have been warnings by commanders of the NATO-led International Security Assistance Force in Afghanistan that Taliban guerrillas may mount a spring offensive from their winter-safe havens in neighboring Pakistan.

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But De Hoop Scheffer said the tide of the fight will turn.

"In 2009 I think we should see Afghanistan on the road to long-term peace and stability with the back of the resistance broken," he told a gathering the world's top security officials.

Afghanistan's neighbor Pakistan is of key importance to the fight, he said.

"Pakistan is vital to our success in Afghanistan," De Hoop Scheffer said. "A military dialogue with Pakistan should now be teamed up with a political dialogue."

Sen. John McCain, R-Ariz, noted that fighting in 2006 was bloodier than ever.

"If NATO does not prevail in Afghanistan, it is difficult to imagine the alliance undertaking another 'hard security' operation ... Its credibility would suffer a grievous blow," McCain said at the conference.

German Chancellor Angela Merkel urged NATO and the European Union to work together in Afghanistan, saying this was "crucial for success" of efforts to defeat Taliban guerrillas and bring stability to the nation.

"In Afghanistan our alliance is being particularly tested," Merkel said. "It is indisputable that the Taliban are testing our determination."

The NATO-led force has about 35,000 soldiers in Afghanistan, and commanders have expressed confidence they are able to defeat any Taliban military effort in the coming months. But they have complained that, in the past, battlefield successes were not followed up by reconstruction aid to help rebuild regions devastated by the fighting.

Earlier this month, the EU Commission proposed a new $780 million package for Afghanistan to focus on health, justice and rural development over the next four years.

Merkel said that military stabilizing measures have to be coordinated with civilian measures. But she acknowledged the mission "is more difficult than we originally thought" when NATO forces were first deployed to Afghanistan three years ago.

Attack In Pakistan On Red Cross Office (NYT)

By The New York Times

The New York Times, February 11, 2007

ISLAMABAD, Pakistan, Feb.10 — An explosion in the parking compound of the International Committee of the Red Cross headquarters in Peshawar, a northwestern city, damaged four vehicles but hurt no one early Saturday, officials said.

A spokeswoman for the Red Cross, Layla Berlemont, confirmed the attack and lack of casualties in a telephone interview. She said the office had not received any threats before the attack and would continue its activities in the North-Western Frontier Province, where Peshawar is.

Some news reports said that a gas cylinder had been thrown over the wall of the complex, but the police could not confirm that and were still investigating, said Iftikhar Khan, of the Peshawar police force.

Foreign aid agencies in the province have been attacked or threatened by Islamic militants at times. On Monday, a grenade was lobbed at a compound of the American aid group Save the Children in Battagram, wounding two Pakistani employees.

Defense, Not Pork (LAT)

The Los Angeles Times, February 11, 2007

VOLTAIRE WAS No accountant, but the 18th century philosopher's observation that "the best is the enemy of the good" applies when analyzing the Bush administration's $725-billion defense request for next year.

Congress needs to be far more rigorous in scrutinizing the Pentagon's wish lists than it has been since 9/11. Because we cannot mount perfect defenses against terrorist attack — only good ones — and because taxes and deficits aren't limitless, choices must be made.

Wartime has proved too much of a temptation for wasteful military spending that goes unquestioned. Why, for instance, is the administration insisting that hundreds of millions of dollars be poured into the Marine Corps' glitch-plagued, tilt-wing V-22 Osprey program? It's also cheeky of the Pentagon to request funds for two F-35 Joint Strike Fighters under the "reconstituting the force" ledger that's meant to catalog the costs of replacing equipment lost in war, considering the planes won't be ready for combat until 2010.

The overarching question isn't whether the country is spending too much on defense but whether it is spending its resources on the right priorities. By modern historical standards, military leaders are quick to note, the 4% of gross domestic product currently devoted to defense spending is still on the low side. And Defense Secretary Robert M. Gates may have been right in his congressional testimony last week when he said that the nation ought to be devoting at least 5% of its GDP to defense, given U.S. commitments.

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But no national wealth should be diverted to defense contractor fantasies with little value in today's world. Billions are being requested for Cold War relics of questionable use, such as Virginia-class submarines for about $2.5 billion a pop. On a more positive note, President Bush's budget request does include much-needed sums for the expansion of the Army and Marine Corps as well as the National Guard.

The U.S. remains the world's indispensable power, and until the rest of the democratic world takes more responsibility for collective security, it will be an unfortunate fact of life that defense spending soaks up about one-fifth of the federal budget. It makes no sense to deny this reality, nor to dispute the nation's need to be prepared to confront any number of potential threats ranging from Al Qaeda to a more conventional regional aggressor. The nation could hardly afford to spend less on defense; but when it comes to national security, it also can't afford to spend unwisely.

DOJ:

Lam Shows Her Personal Side During School Forum (SDUT)

By Kelly Thornton, Staff Writer

The San Diego Union-Tribune, February 11, 2007

NORTH PARK – San Diego U.S. Attorney Carol Lam joked yesterday about the travails of juggling family and a high-powered career, confiding the reaction of her four children when she told them she may "stay home and take care of you for a while" after she leaves her post this week.

"It was clear from their faces this was their version of hell," Lam said, getting a big laugh from an audience of mothers and their teenage daughters at a leadership forum at The Academy of Our Lady of Peace in North Park.

Lam, 47, is reluctantly leaving her job of 4½ years after being forced out by the Justice Department, which asked for her resignation because of what one official described as "performance-related" issues. The official said members of Congress complained that Lam didn't prosecute enough immigration cases.

But Lam, best known for going after corrupt politicians such as former Rep. Randy "Duke" Cunningham, R-Rancho Santa Fe, has become a national hero of sorts to critics of the Bush administration. They say her dismissal and those of six other top federal prosecutors in recent weeks are politically motivated.

The normally guarded Lam, known for a tough exterior in public, gave a rare glimpse of her personality and sense of humor at the leadership forum, where a key topic was managing demanding careers and motherhood.

Lam said her husband has been the primary caregiver for their four children and that the arrangement has worked well for their family. Still, she shared funny stories of her maternal missteps.

Like how her house is a mess. How her children have left home many times in mismatched clothes. And the time she brought out the birthday cake with the wrong number of candles.

"I had misjudged the age of my child!" Lam said. "It was clear to us my husband would be the better caretaker and not harm the children."

More laughs.

Her husband, Mark Burnett, is a geophysicist.

When she told the crowd the ages of her children – 17, 15, 11 and 9 – she paused to reconsider if those ages were correct. More laughs. She said she makes sure to appear in videos of family events to prove she was there.

Lam, a political independent, recalled for the audience some of the milestones in her career, such as becoming one of few women in a position of leadership in law enforcement and walking into rooms filled with male FBI and Internal Revenue Service agents.

She imagined that they wondered how she would "make a fool" of herself. "I thought this was kind of cool," she said. "I thought, 'I'll be fine.' And I really was."

Lam told the crowd she also was ambivalent over being labeled the first Asian-American and the first woman to become U.S. attorney in San Diego.

On one hand, she was proud to be a trailblazer. But she said she had lived a childhood of privilege and opportunity, and didn't feel she should benefit from affirmative action.

"I'm a Chinese-American woman, and when I first became U.S. attorney, there was a lot of talk about me being the first Asian-American and first female. A lot of reporters asked, 'Do you see yourself as a role model?'

"I was very conflicted. It probably helped me get the job in the first place," she said. But because Lam did not lack for opportunities the way some minorities do, she wondered, "Why should I benefit from affirmative action?"

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Lam said she discussed the matter with a trusted colleague who had expertise in civil rights. He said there is another reason for affirmative action that does apply to her: to demonstrate that there is no glass ceiling for minorities.

That thought resonated with Lam.

She said that as she prepares to leave office Thursday, she has been gratified by comments from younger male attorneys who thanked her for being a role model. “That was a nice benchmark for me. We've sort of transcended the demarcations.”

Lam said she is hard on herself and others.

“I set very high standards for myself and I constantly disappoint myself, and that's a tough way to live my life,” she said. “And, I set high standards for people around me and I'm often disappointed. But I'm also forgiving. If you set low standards, you'll get there.”

Her advice to high school girls as they pursue their careers? Define success as being happy and comfortable with yourself. Set high goals and “forgive yourself if you don't make it.”

There will be missteps, dead ends, things that don't go as planned, Lam said, adding, “Just deal with it and move on.”

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Prosecutor Roulette As More U.S. Attorneys Are Fired, The Specter Of A Political Spoils System Is Unmistakable (ALBANYTU)

Albany Times Union, February 11, 2007

By tradition, U.S. attorneys are confirmed by the Senate and serve throughout the term of the sitting president. But under a change in the law, they can now be appointed by the attorney general -- indefinitely -- without Senate approval, and without showing serious cause for removing the incumbent.

This shocking change in the appointment process has come to light thanks to hearings called by Sen. Charles Schumer, D-N.Y., who suspects the Bush administration has been firing U.S. attorneys either for patronage reasons or because they have pursued politically sensitive investigations.

So far, seven federal prosecutors have been removed or told to step aside. In the most recent firing, U.S. Attorney Ed Cummins of Little Rock, Ark., says he was asked to step aside to make room for an appointee who had once worked for presidential adviser Karl Rove.

In testimony before the Senate Judiciary Committee on Tuesday, Deputy Attorney General Paul McNulty denied that politics played any role in Mr. Cummins' removal, claiming that his successor had more prosecutorial experience. Sen. Schumer wisely warned Mr. McNulty that the Judiciary Committee will subpoena job evaluations of the fired prosecutors if the Justice Department refuses to turn them over voluntarily.

In another case, U.S. Attorney Carol Lam was removed from her post in San Diego in what some critics believe was White House retaliation for her aggressive pursuit, and conviction, of former Republican Rep. Randy Cunningham of California. Mr. McNulty denied there was any payback involved, but without far more detail, including records of job performance appraisals, senators should remain skeptical.

Until now, the Justice Department had to prove real cause for removal, to ensure that the process was based on merit and not politics. Federal prosecutors, after all, have broad powers to investigate, or not, and those decisions should be based on the facts, regardless of political affiliations. But now it turns out that Attorney General Alberto Gonzales can replace federal prosecutors at will, under powers given to his office in a little noticed section of the USA Patriot Act. And from all appearances, Mr. Gonzales is taking full advantage of that provision.

Some Democrats in the Senate and the House are now proposing to change the law and replace it with a requirement that district courts, not the Justice Department, appoint interim prosecutors. That's the least Congress should do. Had it done its job in the first place, and carefully scrutinized the Patriot Act, there's a good chance this prosecutorial power grab would never have succeeded.

Editorial Tampering With Justice (SEATIMES)

The Seattle Times, February 11, 2007

The imbroglio surrounding the forced resignations of at least seven U.S. attorneys from across the country proves the U.S. Senate needs to reclaim its right to vet the president's appointments.

In a bipartisan vote Thursday, the Senate Judiciary Committee approved a measure to do just that, reversing an ill-advised provision inserted last year into the Patriot Act. John McKay, the former U.S. attorney based in Seattle, was among those kicked out. He was first-rate by all accounts, including a glowing Justice Department review seven months ago. That is, except for one: Last week, U.S. Deputy Attorney Paul McNulty testified to the Senate Judiciary Committee that McKay and five other U.S. attorneys were asked to resign for "performance-related" reasons.

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In Seattle, disbelieving elected officials, law-enforcement leaders and judges denounced the insinuation as a load of blarney.

U.S. attorneys are appointed by the Bush administration and can be dismissed without cause. However, in the past, such appointments had to be confirmed by the U.S. Senate within 120 days. But the new Patriot Act provision permits appointees to serve indefinitely without the Senate's OK. Some speculate the administration, under siege and facing a newly empowered Democratic leadership with a chip on its shoulder, was taking advantage of the new latitude.

Then there's McNulty's admission that one U.S. attorney in Arkansas was removed solely to make room for a former aide to White House strategist Karl Rove.

Could the motives be that cynical? Disrupt crucial law-enforcement offices to give cronies a line for their résumés?

If political patronage rules this process, McKay might not have passed muster. Though he has impressive Republican and public-service credentials, McKay irked some in his party by deciding not to wade into the irregularities of the 2004 gubernatorial election that ultimately went to the Democrat. While basing such a decision on facts rather than politics might tick off partisans, the approach engenders trust in government for everybody else.

Whatever the White House's reasons for the firings, Justice Department officials need to get their stories straight and tell the truth about them.

More importantly, Congress must fix that unwise new Patriot Act provision. This episode proves the need for presidential accountability on U.S. attorney appointments.

Editorial: Wanted: A U.S. Attorney (BVND)

The Belleville News Democrat, February 11, 2007

When, oh when, will Southern Illinois get its new U.S. attorney?

When Belleville native Phillip J. Green was nominated for the job, we were told the confirmation process would take four to six weeks. That was in June, eight months ago.

The five other U.S. attorney candidates nominated by President Bush the same day won confirmation in the Senate months ago. Green's appointment has lingered so long now that a new session of Congress has begun, and the process has to start anew.

But Green has not yet been renominated by the Bush administration. Tasia Scolinos, a spokesman for the U.S. Department of Justice, said they are checking into a complaint against Green: "The review has not been completed and while we are working to address it as quickly as possible, there is no set timeline."

An anonymous writer tried to derail Green's appointment with allegations related to a sentencing in Michigan, where Green is an assistant U.S. attorney. But the review shouldn't take this long. The record is clear that Green is an ethical, principled attorney. The chief federal judge in West Michigan told The Grand Rapids Press that Green is "Mr. Integrity."

The Bush administration needs to quit dragging its feet.

Southern Illinois needs a permanent U.S. attorney who can aggressively take on crime and corruption. The Southern District has been without one since November 2005. Acting U.S. attorney Randy Massey is doing a fine job in the interim, but he's not likely to start controversial prosecutions. For instance, some people in the legal community think the office is waiting for a new leader to decide whether to prosecute powerful attorney Tom Lakin.

Once Green is renominated, Illinois Sen. Dick Durbin, a member of the Senate Judiciary Committee, needs to get his confirmation on the fast track.

U.S. Attorney Garcia On Public Corruption Cases: We're Not Done (NYJN)

New York Journal News, February 11, 2007

Strange as it might seem, U.S. Attorney Michael Garcia has other fish to fry besides Jeanine Pirro, whose affairs are still being looked into by federal investigators. He said next to nothing about the former Westchester district attorney during his Editorial Board visit last week - we didn't expect otherwise. He had plenty to say about other matters pertinent to his territory, which includes Westchester, Rockland and Putnam. Excepts from our sit down:

On pursuing public corruption cases:

We have some of our local partners working on corruption. We are getting a lot of tips and referrals. We're looking at everything that comes in. If we believe there is a risk, we do the research that goes into taking a harder look at it. What I want to get out of public corruption cases is a comfort level where we have taken a hard look at areas of risk. For example, how much is a green card worth? Those are very valuable commodities and there is a risk for fraud. You also have the higher levels of corruption. We had indictments (involving Albany lawmakers); it exposed a funding process that had risk (for corruption) and people were taking advantage of it and committing crimes. You got to take a hard look there. You go up to a different plane and

you look at the United Nations. A unique role for the feds and my office is fraud - that whole Oil for Food program. Obviously that case has progressed. I think those cases are important. I think those will be signature cases that people will look back on. Regarding Albany matters, what I say about it is, we're not done.

On the federal Religious Land Use and Institutionalized Person Act; the Justice Department has been criticized for siding with religious groups on controversial building projects, usurping local land-use law:

I'm not an expert on RLUIPA, but I understand and I've read some of the comments in the paper about it. All I can say on that is that it's not a hard and fast rule (in terms of how his office looks at cases). We're going to go in and look at a case, if there is something to look at. We look at what's going on, what's the (proposed land) use, what do they really want to do, what's the zoning, and at the end of the day we may find that there is a violation. I don't think there is any more going on than that.

On quelling local gun violence:

I think it's a great thing to get people off the street who have guns. We're starting to do some of this in Yonkers. By nature, it has to be a partnership, you have to work with local authorities who are the first responders.

On pursuing sex trafficking cases:

It's a horrible thing. There are a couple of problems with going after traffickers. One, a lot of times you have to rely on the people who are through the door first - local officials with some kind of domestic violence report. The first responders will be local officials because they have to have some kind of tip-off of what's going on. Once you get in the door and determine there is forced prostitution or sex trafficking, getting witnesses is very difficult because there is tremendous distrust from people who have suffered horrible abuse over sometimes very substantial periods of time. It's hard to say how widespread it is because it's hard to get a firm read on it. People are willing to pay such a high price to get into a country, and it's a terrible crime. The good side is that it gets a lot of attention now. More people are looking for it now than they were in the past.

On enforcement of the Voting Rights Act - an action is pending in Port Chester - and whether more cases can be expected in the Lower Hudson Valley:

There is no initiative here; where we think there is a problem, we will take a hard look at it. In Port Chester we did. By the end of last year we filed a complaint. We believed that the at-large voting structure they had for the trustees was depriving the Hispanic voters of the rights they had under the Voting Rights Act. It wasn't resolved without litigation. That is really ongoing litigation. (He wouldn't comment further.)

On accusations by Pirro, during the fall election, about leaks in his office:

We keep our heads down and do what we do.

Robins Lawyer Fighting Removal As Sexual Assault Prosecutor (MACT)

By Gene Rector

The Macon Telegraph, February 11, 2007

ROBINS AIR FORCE BASE - A Robins Air Force Base lawyer, called a "guardian angel" by at least one base sexual assault victim, was removed Jan. 10 as special assistant to the U.S. attorney for reasons that she claims have little to do with allegations lodged against her.

Dee Dial contends Air Force officials are trying to destroy her career because she has been too aggressive in prosecuting sexual offenders and declined to testify in a Robins effort to discredit the case of a victim seeking a huge cash settlement.

Dial, who has successfully worked seven sex offender cases in the past three years, has in turn filed a complaint with the Equal Employment Opportunity Commission against the Air Force, alleging reprisals and the creation of a hostile working environment.

The Georgia native said she is terrified of her employer and what could happen to her career. She remains a general attorney in the 78th Air Base Wing judge advocate's office, but is no longer assigned to prosecute Robins cases in U.S. District Court in Macon.

Dial said accusations raised by the base and U.S. Attorney Max Wood in Macon are being investigated by the Department of Justice - accusations of failing to correct an error in a court document and withholding DNA results from a defense attorney.

A representative from Air Force Materiel Command, the parent agency for Robins, is also investigating issues related to her EEO complaint, Dial said.

"I'm fighting a cultural battle," she emphasized, "and you can't win those. At least one person can't. I have almost 16 years of unblemished service and it doesn't seem to count for much."

The mother of two said she planned to fight the allegations and her removal as special assistant to the U.S. attorney.

"It's either fight or let them run over me, and I'm not going to let them run over me," Dial said. "They have the power and the people, but I'll be a lot meaner because my life is on the line. The ability to support my children and my reputation are on the line. I'm not perfect, but I don't work with perfect people. And I will make sure that everybody knows how not perfect they are."

Air Force officials will say very little about the Dial situation, claiming EEO complaints and personnel actions are privacy matters.

Col. Theresa Carter, the 78th Air Base Wing commander, declined to comment. So did Lt. Col. Nathan Berman, the 78th ABW staff judge advocate. Robert Ely, spokesman for AFMC, said the command could not discuss the "existence or status of investigations."

U.S. Attorney Wood declined to answer questions about the case.

However, conversations with several sources and a review of documents filed in U.S. District Court reveal a series of events that led to the current dispute:

· October 2004: Sharon Peacock, a Robins procurement clerk, filed an equal employment opportunity complaint charging sexual harassment by her former supervisor, Mark Ferris. The Robins EEO office disallowed Peacock's complaint, saying it was not filed within 45 days of the alleged event and did not state a remedy. Peacock appealed the decision to the U.S. Equal Employment Opportunity Commission.

· January 2005: Ferris pleaded guilty in U.S. District Court to two counts of simple assault and was sentenced to six months in prison. Dial was the Air Force prosecutor in the case.

· April 2006: The EEOC upheld Peacock's appeal and ordered Robins to reopen her case.

· November 2006: Dial said she was asked by Robins officials to testify in the pending Peacock EEOC hearing. She refused, saying it was a conflict of interest.

· December 2006: Dial's co-workers reviewed a December 2004 pre-sentence report sent to Judge Claude Hicks Jr. in the Ferris case and accused Dial of missing a reference that erroneously specified testing of carpet samples taken from Ferris' office were positive for semen. In fact, two separate tests completed in December 2004 showed no DNA material. Dial said she did not compile the document and was not aware of the error until December 2006.

Ferris' attorney, Macon lawyer Hale Almand, subsequently accused Dial of having confirmed to him by telephone in December 2004 that DNA results were positive. Dial has denied that accusation. Almand said in a court filing last month that the presence or absence of Ferris' DNA "was a critical factor" and the absence of semen offers "a substantial defense to the defendant."

· Dec. 20, 2006: Dial's superiors told her that the Department of Justice would be investigating the accusations against her.

· Dec. 20, 2006: Sharon Ratley, criminal chief, assistant U.S. attorney, notified Almand by letter of the erroneous report and confirmed that DNA test results had not been turned over to the defense. Dial said Almand never requested the test results and the results were not a factor since they related to charges that were later dropped in the plea agreement.

· Jan. 4: Dial filed her EEO complaint.

· Jan. 9: Almand filed a motion in U.S. District Court for extraordinary relief in the Ferris case asking for a "full investigation" to determine "the course that (Ferris) will follow."

· Jan. 10: Lt. Col. Berman notified Dial that she would be relieved of her role as special assistant to the U.S. attorney.

· Jan. 18: U.S. Attorney Wood's letter informed the Justice Department that Dial's status as special assistant to the U.S. attorney would be terminated effective Feb. 10.

Dial declined to discuss the specifics of her case, authorizing her sister, Beth O'Connor, to provide additional details of the current battle and what Dial described as a "working environment that has grown increasingly hostile" over the past three years.

Asked about the legal distinction of O'Connor discussing her case, Dial said she was uncertain. "Maybe it's just more my comfort level," Dial responded in an e-mail.

O'Connor, an Alabama pharmacist, said her sister's objectives were simple. "She wants to work in an environment where her record counts for something when times get tough," O'Connor said by telephone. "She wants an environment where she doesn't have to defend herself and other women simply because women are presumed to be liars."

She said Dial has kept pages of notes over the past three years, documenting what O'Connor characterized as the Air Force's belief that men - particularly white men - are guilt-free and women who report sexual offenses are not telling the truth.

"They're doing everything they can to destroy her and possibly fire her," O'Connor said.

Dial insists that DNA results from carpet samples in Ferris' Robins office had no impact on the final plea agreement.

"If (the Air Force) can overturn Ferris' confession, that will destroy Sharon Peacock's case. The motive is to avoid a huge monetary settlement," O'Connor said.

Asked to respond specifically to questions raised about the telephone call with Ferris' attorney, Dial said in an e-mail last week:

"He (Almand) now claims that I told him on the phone prior to the plea that the DNA lab results were positive. This is illogical and untrue. Every attorney I have ever dealt with except Mr. Almand has asked me for lab results and I always fax or mail them to the requesting attorney.

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"I would assume that most defense attorneys take positive results - which these weren't - to analyze the results, see if the evidence was handled properly, discuss the results with their client, consider the reputation of the lab and possibly ask to have the evidence analyzed by their own lab. Without written results how can you do that?" she said.

Dial continued: "This would have been the stupidest lie in history since I could have been immediately called on it. In particular, I assume that if your client is denying the possibility that the evidence was from him, that you would want to scrutinize it very carefully.

"In addition, if I refused to provide written results, the plea could have been held up until the judge could order me to provide them," Dial said.

"I may have made a comment such as 'you may have the lab results to deal with,' but no attorney that I know would risk their reputation - and mine has been unblemished for 16 years - and their license on a lie which is so easily proven," Dial concluded in her e-mail to The Telegraph.

Almand, who did not return phone calls from The Telegraph to his Macon office, insisted in court documents that DNA results were a key factor in the outcome of the case. He wrote in documents filed with the federal court Jan. 9 that without Dial's alleged telephone message regarding the DNA test results, "defendant Ferris would not have pleaded guilty."

Bowers, Peacock's Atlanta attorney, called the Air Force's action against Dial the "most extraordinary development" he can recall in his 20-year practice of employment law.

He said he has never been involved in a situation where a prosecuting attorney "charges sexual harassment against a federal agency related to (a) client's case."

Bowers said an EEOC administrative judge would hear the Peacock evidence beginning April 2. "That will just be on the issue of liability," the attorney said. "There will be a second hearing to determine what compensation she's due. If she's not satisfied with the decision, she can then take the case to federal court."

His client is prepared to reach an out-of-court settlement, Bowers insists. He confirmed the submission of an offer to the Air Force last week but would not discuss the details. "I'm not prepared to do settlement discussions in the press," Bowers said.

The Dial case is causing ripples across the massive military installation where more than 4,000 women report to work each day.

Knowledge of The Telegraph's inquiries prompted two women victimized by individuals prosecuted by Dial to come forward, providing their identities were protected by the newspaper.

One sexual assault victim who asked not to be identified said a number of women on base are terrified at the prospect of losing Dial as their champion.

She described Dial as her "guardian angel" and a check against how the Air Force usually handles sexual offense cases.

"Most of the time they try to cover it up, try to mediate, try to get the girl to calm down and be quiet," she said. "If Dee found out about it, she would throw a fit. And when you don't have someone in the JAG office doing that, it's pretty scary. Those are the people we depend on."

She described what she called the continuing trauma she feels when a man does or says something offensive to her at work.

"You try to smile and brush it off," she said. "You're thinking inside: 'My God, I can't go through this again. Maybe if I smile, walk out of here, act like I'm dumb, maybe he'll go away. Maybe he'll think I didn't get it.' That's how you play the game."

The harassment has been more blatant in the past, she concedes. "One of my supervisors would sleep with his girlfriend, put a tape recorder under the bed, come to work and play it on the loud speaker," she said. "We would have to work to that every night."

The veteran employee said that would not happen today. She said conditions have improved following the Air Force's reaction to the sexual assault scandal at the Air Force Academy in 2003.

Awareness training has become mandatory. Sexual assault response coordinators along with victim advocates have been established. The position of special assistant to the U.S. attorney - the job Dial no longer occupies - was created to focus on prosecution of sexual offenders.

But the Dial case could change that, the employee suggests. "If we don't have a watchdog, what's going to happen?" she asked. "Are they just going to shove it all under the carpet the way they used to?"

Cindy Graver, sexual assault response coordinator at Robins since June 2005, said she was unfamiliar with the Dial case, but stressed that the base's prevention program is doing its job.

"People are more aware of things they can and can't do," she said. "Education is the key. Some people have never heard that it's inappropriate to touch someone on their back or rub their shoulders. Now they're informed and aware of that."

Graver said 15 sexual assaults were reported to her in 2006. She was not sure how that compared to previous years.

"Not all the reports were valid," she said, "and we know there were assaults that were not reported."

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But it's a brand new program, she emphasized. "People feel comfortable to come forward. I'm on call 24/7 and we treat each case individually," Graver said. "One of the most important things I've seen is that people are getting help. It's not that we've had hundreds of calls. But one sexual assault is too many."

A 2006 assault victim who asked that her name not be used took issue with Graver's assessment. She claims conditions in the workplace haven't changed very much.

"They say there's zero tolerance," she said, "but they don't follow through. They preach it, but it's not that way. The base looks like a laughingstock."

O'Connor said her sister also has lost faith in the system. "She would never report any sexual assault if it happened to her," the Alabama pharmacist said. "It would be like the Polish cavalry when Hitler launched his blitzkrieg during World War II."

The Air Force wants half-hearted prosecuting attorneys, O'Connor suggests. "And that's not how my sister saw her job. Her job was to defend these women to the best of her ability. And it's been a battle. Every case has been a battle."

CRIMINAL LAW:

Pay-to-play Ticket To Power In Lake County? (NWT)

By Joe Carlson

Northwest (IN) Times, February 11, 2007

LAKE COUNTY -- One fed likens purchase of fund-raising tickets to bribery

The long-standing political tradition of pay-to-play in Lake County is something federal authorities say remains a political force today and in some cases equates to bribery.

"Here's how it works," said one source, a contractor who has done business with governments in cities and towns around the county and knows the importance of buying political fund-raising tickets.

"If you do business with the city, and it's campaign time, certain department heads will tell you to purchase tickets," the source said. "If you don't, you won't be doing business."

The discussion about when buying political fund-raising tickets becomes a form of bribery comes at a timely junction, as municipal leaders around the county and state are holding their regular political fundraisers for the 2007 election cycle.

Agents from the FBI thought they would discover evidence of just such a scheme going on in Gary in December 2003, when they raided three business offices owned by politically connected businessman Jewell Harris Sr.

Secret affidavits by federal agents used to justify the warrants came into public scrutiny last week after Harris' defense attorney, Thomas Durkin, took issue with the sweeping generalizations contained in them.

One longtime FBI agent, Fred Graessele, stated that the "sale of tickets" by corrupt officials has become a term "synonymous with bribe, kickback, and payoff" in Lake County.

For his part, Harris denies participating in anything of the sort and argues that Graessele's characterization are so overboard that the search warrant should be thrown out of court.

To a person, numerous political insiders and contractors interviewed by The Times last week bemoaned the unfortunate but necessary role money plays in region political races, particularly in modern times when it can cost $50,000 or $100,000 to run for mayor of a city or town.

Two local consultants, Tom Dabertin and James Bennet, said they often buy tickets from the governments that employ them but have never felt compelled to do anything illegal or unethical.

"I support people who basically I think are decent people, and if they're going to get elected, they're going to need money," Bennet said. "I've had people send me 10 tickets, and I've bought two. I try to keep it within what's reasonable."

Tom Collins Jr., vice president of Luke Oil Co., said he's never had qualms writing $20,000 checks to the campaign to support Hammond Mayor Thomas McDermott Jr.

Collins said he's heard the stories, and he was nervous about the possibility of putting money in the political game. But his apprehension was outweighed by his desire to see change in the leadership in Hammond, where former Mayor Duane Dedelow Jr. had tried to condemn land Collins' company owns near the lakefront casino.

"All we ever wanted from our support is to be treated fairly and not be harassed or pushed around," Collins said. "Do a good job and treat us fairly. We're not looking for anything in return."

But another government contractor recalled a municipal official handing over hefty stack of tickets, along with a reminder of how much business the company had gotten.

"It was just kind of part of the game," the contractor said. "But it was a two-way thing. We had to be fairly good, too, to keep the business."

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WiFi Turns Internet Into Hideout For Criminals (WP)

By Jamie Stockwell, Washington Post Staff Writer

The Washington Post, February 11, 2007

Authorities Struggling With Anonymity Provided By Unsecured Networks

Detectives arrived last summer at a high-rise apartment building in Arlington County, warrant in hand, to nab a suspected pedophile who had traded child pornography online. It was to be a routine, mostly effortless arrest.

But when they pounded on the door, detectives found an elderly woman who, they quickly concluded, had nothing to do with the crime. The real problem was her computer's wireless router, a device sending a signal through her 10-story building and allowing savvy neighbors a free path to the Internet from the privacy of their homes.

Perhaps one of those neighbors, authorities said, was stealthily uploading photographs of nude children. Doing so essentially rendered him or her untraceable.

With nearly 46,000 public access points across the country -- many of them free -- hundreds of thousands of computer users are logging on every day to wireless networks at cafes, hotels, airports and even while sitting on park benches. And although the majority of those people are simply checking their e-mail and surfing the Web, authorities said an increasing number of criminals are taking advantage of the anonymity offered by the wireless signals to commit a raft of serious crimes -- from identity theft to the sexual solicitation of children.

"We're not sure yet how to combat that," said Kevin R. West, a federal agent who oversees the computer crimes unit in North Carolina's State Bureau of Investigation. "Free wireless spots are everywhere, and it makes it easy for people . . . to sit there and do their nefarious acts. The fear is that if we talk about it, people will learn about it and say, 'I can go to a parking lot, and no one will catch me.' But we need to talk about it so that we can figure out how to solve it."

The way it works is simple: Anyone who has a wireless card installed in his or her computer -- and most new computers are equipped with one -- can access the Internet from any of the public WiFi "hotspots," as they're known. In an age of portability and instant gratification, getting online has never been easier -- for law-abiding folks and those with bad intentions.

And in especially dense areas such as the Washington region, some neighborhoods might offer users a dozen or more open wireless signals from which to choose.

"Unsecured networks are a treasure trove for neighbors," said John Sheehan, program manager of the CyberTipline at the National Center for Missing and Exploited Children. "Those looking to access illegal content obviously feel they have anonymity" and can get away with it.

They most often do, authorities said.

"It's frustrating for officers," said Todd Shipley, director of training services at the National Consortium for Justice Information and Statistics. "If a suspect is going from coffee shop to coffee shop and using free signals to commit crimes, the police probably aren't going to catch him. That's the reality."

Open wireless signals are akin to leaving your front door wide open all day -- and returning home to find that someone has stolen your belongings and left a mess that needs cleaning.

One way to combat it is for people to secure their wireless networks by making them password-protected. But, authorities said, businesses and cities that offer free connections need some way to track the users, such as filtering measures that could scan to see who is accessing the network.

Locally, Alexandria recently announced plans to expand its wireless network. The Internet service provider EarthLink will build a citywide network for a 16-square-mile area, with free wireless connections available in more than two dozen public locations. The provider also has worked on municipal WiFi in cities including Philadelphia and New Orleans. Alexandria officials said EarthLink will decide whether to implement security measures on the network, which will be accessible to anyone passing through the city.

In one recent case, West said, a truck driver used free wireless signals at motels across the country to post and view pornographic images of children at a Web site. By pure luck, the man was caught, West said. When the suspect got online from his home computer, authorities were able to trace his computer's Internet Protocol address, or the unique set of numbers assigned to every computer that uses the Internet. That number, which serves as a virtual street address, often leads authorities to the offender's physical residence.

"Otherwise he would've slipped through the cracks," West said. "We wouldn't have been able to identify him."

These days, the Internet is as indispensable to an officer's arsenal as his gun and handcuffs. Indeed, a growing number of officers are being assigned to patrol cyberspace.

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Across the nation, 46 multi-jurisdictional Internet Crimes Against Children task forces have been created to carry out online sting operations aimed at ensnaring sex offenders because a man tapping away on a computer in Rockville might very well be soliciting a child in California. Every week, federal and local authorities cast their nets.

And although most sex crimes against underage boys and girls involve victims and suspects who know each other, an increasing number involve online interactions between strangers. Online solicitations -- in which pedophiles cultivate relationships with children and then arrange to meet them in public places -- are becoming more common, federal authorities said.

And even in those cases in which the suspect is brought to police attention by a neighbor or friend or relative, computers are often rich sources of evidence, West said.

"Technology just makes the park no longer the only place where the pervert goes," West said.

The Northern Virginia-D.C. task force has officers from 23 local, state and federal agencies. It was established in November 2004 through a grant from the Office of Juvenile Justice and Delinquency Prevention at the Justice Department. Since its creation, dozens of cases have been opened and more than three dozen arrests have been made.

Those assigned to the task forces patrol the virtual streets for pedophiles and others who want to commit crimes against children. Using software and other tracking devices, the officers trace a suspect's IP address. But as technology improves, so too do the tactics of criminals. Closing cases is more difficult if the IP address originated from a wireless signal because it often leads back to the owner of the network instead of the criminal.

The problem is going to get worse, authorities said. Every day, more homes, businesses and entire jurisdictions are outfitted with wireless networks, creating an almost seamless patchwork of available Internet connections to anyone with a laptop and the desire to get online.

"This is part of the future . . . and we're working to catch up and educate the public," said Capt. Tommy Turner of the Virginia State Police.

The Dying Death Penalty? (WP)

By Dahlia Lithwick

The Washington Post, February 11, 2007

In a curious application of Newtonian physics, public and state support for capital punishment is steadily declining in America just as the resolve to maintain the death penalty seems to be hardening in the one arena where death-penalty policy once had seemed poised to change: the Supreme Court.

The trend is clear. According to the Death Penalty Information Center, which compiles statistics on capital punishment, two states have imposed formal moratoriums on the death penalty; executions in New York are on hold after the state's death penalty law was declared unconstitutional in 2004; 11 states (including, most recently, Florida and Tennessee) have effectively barred the practice because of concerns over lethal injection; and 11 more are considering moratoriums or repeals.

The raw numbers of executions and death sentences in the United States have plummeted: Information Center statistics show that in 1999 we executed 98 people, and in 2006 that number dropped to a 10-year low of 53. Whereas America steadily condemned about 300 prisoners a year to death through the 1990s, that number has declined by more than half and reached a low of 114 in 2006. Public support also seems to be faltering. A Gallup poll last year showed that two-thirds of the country still supports capital punishment for murderers, but when given the choice between the death penalty and a life sentence without parole, more people preferred the life prison term (48 percent) to capital punishment (47 percent) for the first time in 20 years.

The new uncertainty over capital punishment ranges from queasiness over the methods of execution to concern that we are executing innocents. Lethal injection, the preferred method of execution in 39 of the 40 states that permit capital punishment, is particularly fraught with problems.

In December, then-Gov. Jeb Bush of Florida ended executions following one in which it took the prisoner 34 minutes to die and he suffered chemical burns in the process. Recent scholarship, including a British medical journal report, indicates that the lethal-injection cocktail used may simply mask agonizing pain before death. And state courts are also increasingly bothered about the proper role of physicians -- often mandated by law to supervise the lethal-injection process over objections by medical associations and ethics boards.

There are numerous other reasons for our growing doubts about the death penalty. In a 2005 speech, Justice John Paul Stevens pointed to several, including DNA evidence that has shown that "a substantial number of death sentences have been imposed erroneously," the fact that elected judges face disproportionate pressure to impose capital punishment, and the problem of "death-qualified" jurors (those who oppose capital punishment are barred from sitting on capital cases). For these and other reasons, many Americans have begun to worry that the death penalty in this country is not reserved for the "worst of the worst," but for the poorest of the poor and those whose trial attorneys later prove to have been asleepest at the switch.

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The Innocence Project, a nonprofit legal clinic associated with the Benjamin N. Cardozo School of Law at Yeshiva University in New York, says there have been 194 post-conviction DNA exonerations. A wrongful-executions study by Hugo Bedau and Michael Radelet of contends that from 1900 to 1991, 416 clearly innocent people were sentenced to die. And studies about the racism that taints the entire system are unequivocal.

In recent years the Supreme Court has also shown concern about the death penalty. In an article published last year, Duke University professor Erwin Chemerinsky observed that in the final years of the William H. Rehnquist Court, the justices showed a marked tendency to overturn death sentences. Chemerinsky speculated that "a majority of the Court was (and continues to be) deeply concerned about how the death penalty is administered in the United States" and that, as a result of the revelations by various investigators, "the reality of innocent people facing execution has had a profound effect on the Justices."

So in the early years of the new century, the court handed down surprising decisions outlawing executions of the mentally retarded and of those who were juveniles at the time of their crimes, and refining the tests for the ineffectiveness of counsel. Several justices also voiced concerns off the bench: Stevens, Ruth Bader Ginsburg and Sandra Day O'Connor each spoke publicly and passionately about flaws in the capital system.

But, largely as a result of a change in the court's composition, that trend may now be ending. Just as a few states are defiantly expanding their use of the death penalty. And there is some reason to fear that some justices don't share the burgeoning sense that the machinery of death in this country is broken. One is the new chief justice, John G. Roberts Jr., who, when he worked in the Reagan White House, wrote a memo suggesting that the high court could cut its caseload by "abdicating the role of fourth or fifth guesser in death penalty cases."

One case last term involved a man convicted of a rape and murder, who later produced DNA evidence raising serious doubt that he was the culprit. The court ruled 5 to 3 that this new evidence warranted a new hearing. But Roberts led the dissenters, who felt it wasn't enough for the new evidence to cast doubt on the defendant's conviction; to grant relief, the evidence had to prove he "was actually innocent."

In another death-penalty case from 2005, then-Justice O'Connor agreed with the court's liberals that trial counsel was ineffective. That decision reversed an opinion by Samuel A. Alito Jr., then a judge on the U.S. Court of Appeals for the 3rd Circuit, that would have denied relief. The signals are still mixed. In a different case, the entire court allowed death-row inmates to pursue a civil claim against lethal injection.

But also last term, Justice Antonin Scalia wrote a separate opinion in a death-penalty case for the sole purpose of excoriating Justice David H. Souter, who had written in a dissent about exonerated innocents. Scalia's opinion was a full-bore attack on the notion of innocent exonerees "paraded by various professors" and claimed, in effect, that even if those exonerated were not guilty enough to warrant the death penalty, they were still far from "innocent." (How that made them candidates for the death penalty he did not explain.)

Oral argument this term has also revealed a subtle hardening on the part of some of the court's conservatives. In one case, Roberts questioned the need for a trial judge to specifically guide jurors regarding mitigating evidence.

Somehow, just as the American people are beginning to consider the grave injustices pervading the capital system, several justices seem to be staking out strong personal positions on this front in the culture wars.

In his article, Chemerinsky suggests that justices who change course on the death penalty often do so only after decades on the bench. That might suggest that the two new justices will only soften on capital punishment in the far distant future. These justices also would insist that if the death penalty in this country needs fixing, the state legislatures should do it, a process that's already beginning to happen. But if for most Americans the time for stubborn certainty about the death penalty, at least as it's currently practiced, seems to be over, a court that is more certain than ever of its fundamental fairness looks grievously out of step with an American public willing to recognize the dangers of injustice, error and doubt.

Dahlia Lithwick covers legal affairs for Slate, the online magazine at www.slate.com.

CIVIL LAW:

Editorial: Pay Up: Maybe We Could Help People If Feds Could Collect (LONGNJ)

LONGVIEW NEWS-JOURNAL

Longview (TX) News-Journal, February 11, 2007

Here's what is so frustrating when we hear excuses about why programs that help people — really help people — face cutbacks when times get tight:

A Cox News Service story reported Saturday that there is a backlog of cases in which pharmaceutical companies are suspected of defrauding federal and state health care programs of billions of dollars.

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That's billions with a "B."

The U.S. Justice Department office in charge of pursuing these cases has already recovered $5.3 billion from major drug companies since 1999, but an associate deputy attorney general told a House Committee that there are billions more out there to be recovered. The problem is that his office lacks the manpower to do it in a timely manner.

With the math showing that it costs about $1 in Justice Department expenses to recover $15 in restitution and fines, one might expect higher ranking officials in the Justice Department and White House to figure out it would pay dividends to add to the staff.

The first thing the feds might want to do, however, is send a few folks down to Austin to find out why Texas is so much more proficient at pursuing these cases.

Patrick J. O'Connell, chief of the Texas Attorney General's recently expanded Medicaid task force, pointed out that the state has collected more than $100 million in the same time frame, spending about $5 to $7 million to do so. That's a return even more impressive than the Justice Department's.

The scariest thing about this situation is that the federal Medicare program is only one year into its new "Part D" prescription drug benefit for seniors. With the estimated cost of that program running as high as $1 trillion over 10 years, its seems ripe for the plucking if the government can't stay on top of current fraud cases.

President Bush's proposed budget for the next fiscal year includes added funding for the feds pursuing fraud cases.

The bottom line is that for all of the concerns raised about individual patients or doctors who might be cheating federal health programs, the real money is in these big cases. Just ask O'Connell, who told congressmen that nearly two thirds of the $100 million collected by his team came from just four large drug companies.

Some people will find the feds' foot-dragging approach most frustrating because it's a waste of taxpayers' money. Although we find that frustrating as well, we are even more concerned about the fact that in the time the backlog has been building, we have frequently heard about needs to scale back public health programs because of budget difficulties.

Waste, fraud and misplaced priorities are all more serious problems than many of those that occupy our lawmakers' time.

People die when they don't get sufficient or timely health care. It's time to begin collecting the money that is due the government and using it to provide the services our neighbors need.

CIVIL RIGHTS:

In Search Of Justice (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, February 11, 2007

GREENWOOD — A Leflore County grand jury that will be impaneled in March is expected to take up the 1955 abduction and killing of Emmett Till.

The Emmett Till Justice Campaign is hoping to take out advertisements in a local newspaper before that happens, said president Alvin Sykes of Kansas City. "We want to encourage grand jurors to listen to the evidence and follow the law. If there is enough evidence, they should indict. If there is not enough evidence, they should not do it. We don't want them to do the same thing the jury did in 1955."

File photo/The Clarion-Ledger

Betty Pearson looks over the remnants of the old Wolf Grocery, formerly Bryant's Grocery and Meat Market in Money. The store is where Emmett Till reportedly wolf-whistled at Carolyn Bryant, leading to his murder.

That's when an all-white jury in Tallahatchie County acquitted Roy Bryant and J.W. Milam in the murder of Till, only to see the two men confess their involvement months later to Look magazine. They since have died of cancer.

This new grand jury could consider kidnapping charges against Bryant's ex-wife, Carolyn, who has told relatives and the FBI she is innocent.

Having the grand jury decide is "an idea whose time has come," said Till's cousin, Wheeler Parker of Chicago, who was with Till when he was abducted. "I'm not going to rejoice in somebody's downfall. I'm not aggressively trying to pursue someone, but you have to reap what you sow."

The pursuit of possible charges in the case comes at a time when there's been a renewed focus on crimes of the past. On Jan. 25, reputed Klansman James Seale of Roxie pleaded innocent to federal kidnapping and conspiracy charges in connection with the May 2, 1964, abduction and killings of Henry Hezekiah Dee and Charles Eddie Moore.

Seale's arrest is the 28th since 1989 in cases resurrected from the civil rights era. If convicted, he could face life in prison.

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A bill introduced in Congress last week would create a cold cases unit to track down unpunished killings from the civil rights era. The FBI already is examining 51 killings from that time period, and a Montgomery museum lists 127 racial killings between 1954 and 1968 - a number it concedes could be much higher.

In 2004, the Justice Department opened an investigation into Till's slaying. Less than two years later, the FBI turned over its findings to District Attorney Joyce Chiles of Greenville and recommended prosecutors take a closer look at Carolyn Bryant, the key suspect in the case.

On Aug. 28, 1955, Till, a 14-year-old African American from Chicago, was beaten and shot to death after he reportedly wolf-whistled at Bryant at a grocery store in Money.

During the wee hours of the morning, Bryant and Milam arrived with guns at the Leflore County home of Till's uncle, Mose Wright, and took Till away.

Wright testified that, as the pair left with Till, he heard someone in the pickup speak with "a lighter voice than men" identifying Till as "the one." Some have speculated that someone was Carolyn Bryant.

"He couldn't see who it was, but it may well have been her," said David Beito, a University of Alabama history professor who has researched the case exhaustively with his wife, Linda Royster Beito, a Stillman College professor.

The theory Carolyn Bryant was there appears to be supported, in part, by Bryant's and Milam's initial statement. They told Leflore County Sheriff George Smith they had abducted Till but released him unharmed after Carolyn Bryant, who was back at the store, told them Till wasn't the one.

Their claim they released Till unharmed was an obvious lie, but were they telling the truth when they said they showed Till to her?

Beito said it's difficult to say since no witness positively identified Carolyn Bryant outside Wright's house. She repeatedly has denied to the FBI she was there.

The biggest problem facing prosecutors is jurors might not hear some of these details.

Mississippi court rules permit testimony of dead or unavailable witnesses, but Mose Wright's 1955 testimony appears to be inadmissible since Carolyn Bryant wasn't on trial, said Aaron Condon, professor emeritus for the University of Mississippi School of Law.

It's unknown what additional evidence, if any, the FBI has uncovered in its investigation.

If the FBI found a witness who could put Carolyn Bryant at Wright's house that night, it might still be difficult to conclude she committed a crime because it remains unknown whether she objected to what was taking place or encouraged it, Condon said. "To get beyond reasonable doubt will be one hellacious trip."

One other possibility, legal experts say, would be if the FBI found someone whom Carolyn Bryant had confided in regarding her role, if any.

Some details in the case could assist her defense. The Look article says Roy Bryant learned of the wolf-whistle days later from a black customer, not his ex-wife.

Among defense lawyers, a common expression is a district attorney wields so much influence among grand jurors he could get them to indict a ham sandwich.

"My experience is grand juries are not as pliable as people think they are," said Condon, a former prosecutor in Attala County.

In one case, grand jurors indicted when he didn't want them to, he said. "The result was an immediate acquittal. They didn't take time to smoke a cigarette."

Chiles rejects talk that prosecutors exert that kind of influence on a grand jury.

That's not what she likes to use grand juries for anyway, she said. "If the evidence is there, we expect a grand jury to return an indictment. If it isn't, we wouldn't encourage a grand jury to indict."

She plans to share all the information gathered in the Till investigation with grand jurors, she said. "We wouldn't hold anything back."

Local Inmate Claims Guards Beat Him To Near Death (WILNJ)

By Lee Williams, The News Journal

Wilmington (DE) News Journal, February 11, 2007

David Kalm, a 56-year-old disabled sailor, spent seven days in hospitals

David L. Kalm, a 56-year-old disabled Merchant Marine sailor, says he was nearly beaten to death by prison guards at the Sussex Correctional Institution near Georgetown last October.

Kalm, who was serving a 60-day sentence for DUI, said two guards wearing black gloves took turns pounding his head into a cinder-block wall until he passed out.

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"They really seemed to enjoy smashing my head and my face into the wall," he said. "My ears looked like elephant ears when I came out of the hospital."

In written reports, the guards said Kalm's injuries were self-inflicted, and Kalm acknowledges an earlier physical confrontation with guards after he refused to be moved to a cellblock where he feared being harmed by other inmates. However, Christiana Hospital medical staff members who examined Kalm concluded that the injuries were suffered during an "assault."

"Anatomically, it could not have been possible" for the injuries to be self-inflicted, said Dr. Irwin Lifrak, a physician who has been an expert witness in several wrongful-death lawsuits. He was asked to review the medical records by an attorney working with Kalm.

The medical records, which Kalm provided to The News Journal, show that he suffered a concussion, a moderate coma, a broken nose, an eyeball that was oozing blood, two broken ribs, a punctured lung, bruising around an eye, extensive bruising to his face, head and ears, and two pharyngeal tears in his throat. Lifrak and another medical professional say the tears were caused by repeated blows to his neck or by an object such as a nightstick being shoved down his throat.

Last month, the FBI began collecting preliminary information on the incident, and the Department of Correction has begun an internal investigation.

After the last confrontation with guards, Kalm said, he was denied medical care for 13 hours by a prison system that was found by the U.S. Justice Department late last year to have committed numerous civil rights violations because of inadequate medical care going back years.

Kalm spent seven days recovering in hospitals.

"There are telephone numbers I've known my whole life that I can't remember anymore," he said.

Correction Commissioner Carl Danberg, who learned of the incident this month on his second day as commissioner, ordered his Internal Affairs unit to investigate Kalm's allegations and asked prison health director James Welch to review the inmate's medical records, along with assistance from "outside physicians."

Attorney General Beau Biden III declined to comment because of the internal investigation.

Kalm was released from Sussex Correctional Institution in November. In early January, he contacted Dover attorney Steve Hampton, who represented the family of Anthony Pierce, who became known as "the brother with two heads" as an inmate at Sussex Correctional Institution. Pierce died of a brain tumor while his condition was mishandled by the prison medical staff. In October 2005, the state settled the wrongful death lawsuit in a confidential agreement.

Kalm, who is legally disabled, has a heart condition, high blood pressure, stomach problems and arthritis in his spine that aggravates his sciatic nerve, causing intense, shooting pain down his leg, according to his medical records. Kalm's lungs were damaged while serving in the Merchant Marine, so he uses a "breathing machine" daily to treat a condition similar to asthma.

He also has struggled with alcohol. In 2006, he was charged on three separate counts of driving under the influence, in addition to an offensive touching charge from 2004. He pleaded guilty to DUI in May, but two more DUI cases are pending.

When he reported to prison late last year, because of his health problems, he went to the prison infirmary. One night, he claims, a nurse gave him the wrong medication, which made him ill. The next day, Kalm complained to a doctor.

The next night, the nurse was outraged, Kalm said.

"That's how this all got started," he said.

At around 9:30 p.m. on Oct. 6, guards tried to move him to a cellblock where he feared being victimized because guards had spread a rumor that he was gay.

Kalm protested the transfer in a supervisor's office.

"I was freaking. I was scared for my life," he said.

According to Sgt. Daniel R. Kobus' Oct. 26 disciplinary report, Kalm at the time was "acting funny, saying that someone was gonna hurt him, acting all crazy."

Kalm told a reporter that he grabbed the supervisor's desk to avoid being sent to a cell.

"Then the door flies open and a whole pile of guards run in, spray me with Mace and start punching me," he said. "I grabbed onto a computer and the wires. When they're dragging me out of there, the computer comes off the desk and hits a guard."

Kalm said he was taken to a dark cell where two guards punched him and slammed his head into the walls.

"It was a real strange room," he said. "There wasn't no window there, and they'd come through and spray Mace into the room. They'd make me stick my arms out the food slot and twist them, which really hurt. I still have arm pain today."

"The next thing I remember was a doc waking me up in Christiana, asking me if I know what day it is," he said. Medical records show Kalm was suffering a concussion and a moderate coma.

None of the seven guards named in department reports on the incidents chose to comment to The News Journal, according to correction officials.

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Guards' version

In another document, dated 20 days after the assault, several guards report finding Kalm "banging his head and fist off of the wall." He was "still being very combative," the document says. Kalm denies harming himself.

"I never banged my head on the cell wall," he said. "They banged my head on the cell wall."

At the hospital, the guards told the staff Kalm had stuck a pencil down his throat, causing the pharyngeal tears, but the pencil was not mentioned in the guards' report.

Dr. Lifrak, who practices internal medicine in Wilmington and also is a lawyer, questioned whether Kalm could have damaged his own throat.

"The esophagus is behind the trachea -- the food pipe behind the air pipe," he said. "If a person were to hurt or stab themselves in the throat, they would have to go through the trachea before getting to the esophagus. It's just not possible."

Lifrak maintains that the pharyngeal tears were caused by blows or an object inserted through Kalm's mouth.

"I don't remember anything getting stuck in my mouth before I passed out," Kalm said. "But afterwards, they could have done anything to me."

A Christiana psychiatrist noted that Kalm was in "fear for his life, believes prison officials and other inmates plan him further harm, states he is being denied access to a phone to call family or an attorney, and prison officials have forbidden me to make a call on his behalf."

Kalm said he still suffers from the alleged assault.

"I get two different types of headaches. They're crippling," he said. "And I still wake up in the middle of the night in extreme fear, soaking wet." Staff reporter Esteban Parra contributed to this article.

Contact investigative reporter Lee Williams at 324-2362 or lwilliams@delawareonline.com.

TIMELINE

9:30 p.m. Oct. 6 -- Kalm struggles with prison guards, who use pepper spray and fists to subdue him while he is being moved to a new tier in the Sussex Correctional Institution near Georgetown.

9:55 p.m. Oct. 6 -- Prison guards report Kalm was "banging on the walls." He is cuffed and taken to an isolation cell, and left overnight, despite substantial injuries which include a concussion, a moderate coma, two pharyngeal tears in his throat, a broken nose, two broken ribs, a punctured lung, bruising around the orbit of the eye, and extensive bruising to his face, head and ears.

10:46 a.m. Oct. 7 -- Nearly 13 hours after the second incident, Kalm is taken to the prison infirmary, where staff members clean his bloody eye and broken nose, and put a bandage on his bruised cheek.

1:20 p.m. Oct. 7 -- Kalm is moved from the infirmary to Beebe Medical Center in Lewes.

8:10 p.m. Oct. 7 -- Kalm is transferred from Beebe Medical Center to Christiana Care in Stanton. Christiana medical staffers find he has difficulty breathing on his own. They determine his injuries were suffered during an "assault."

Oct. 13 -- Seven days after the first struggle with prison guards, Kalm is discharged from Christiana and taken back to prison.

Noxubee's Bill For Voting Right Trial Tops $25,000 So Far (MEMCD)

By Jewel Miller, Dispatch Correspondent

Columbus (MS) Commercial Dispatch, February 11, 2007

MACON - More than half of the funds earmarked by the Noxubee County Board of Supervisors for their 2007 budget to cover legal expenses for the county's election commission has been spent.

And though the federal trial in which the Noxubee County Election Commission and Democratic Party Chairman Ike Brown were accused of discriminating against white voters wrapped up in Jackson on Jan. 31, officials said more fees for the case are imminent.

“We've spent over $25,000 already and we're not at the end of it,” said Janet Abrams, the county's comptroller at Friday's Noxubee County supervisors meeting.

The supervisors allotted $50,000 for the election commission's legal fees in 2007 to cover legal expenses for the precedent-setting voting rights trial. The commission is represented by Clinton attorney, Ellis Turnage. The county isn't however footing the bill to defend Brown, whose attorney is Wil Colom of Columbus.

The board avoided an additional $8,500 bill when Turnage opted not to use the testimony of political scientist Richard Engstrom. Engstrom had been expected to counter the testimony of the Justice Department's expert witness, political science professor Theodore Arrington.

Arrington testified last month Brown and his associates don't maintain practices to prevent “bias and fraud.” Engstrom has countered that Noxubee County whites lose elections simply because they're in the minority.

Noxubee's supervisors authorized payment of the $8,500 to Turnage for Engstrom's expert testimony at their regular Monday meeting. But hours later, Turnage informed Noxubee Board Attorney Chris Hemphill Engstrom won't be called to testify.

The federal trial pitted the U.S. Justice Department against the Noxubee County Election Commission and Brown, who stands accused of discriminating against and intimidating white voters during the past several elections. This trial marks the first time The Voting Rights Act of 1965 has been used to protect the rights of white voters.

During the non-juried trial, the Justice Department presented evidence of their allegations, including the testimony of more than 40 witnesses before U.S. District Judge Tom Lee.

But Hemphill said this doesn't mean the end to Turnage's charges for his representation.

“(Turnage) indicated in our conversation that other charges were coming,” Hemphill said.

Although the trial has been recessed, Lee set a March 26 deadline for the attorneys to submit final written briefs. He will make a ruling at a later date.

In other business, the board heard a request from Crayton Coleman, Extension agent, asking for their support of a 4-H agent for Noxubee County. No decisions will be made on the matter until further information is brought to the board.

Human Trafficking Legislation Is Pushed (LCJ)

By Deborah Yetter

Louisville (KY) Courier-Journal, February 11, 2007

Previous effort for bill fell short

FRANKFORT, Ky. — Cases of human trafficking have begun to surface in Kentucky, and advocates argue that the state should join 27 others that have enacted laws against exploiting people for forced labor, domestic work or the sex trade.

"It is happening here," said Cori Hash, a legal aid lawyer in Lexington. "We've seen it. We know the victims are out there."

A bill filed by Sen. David Boswell, D-Owensboro, would make it a criminal offense to bring people into the state for exploitation.

The measure, Senate Bill 43, also would provide services and help for the victims of human trafficking, often women or children.

"I think this issue is very important -- it's a human rights issue," Boswell said.

A human-trafficking bill passed the Senate last year, but it died after the House attached an unrelated amendment dealing with identity theft.

Boswell said he's discussing the bill -- which has been assigned to the Judiciary Committee -- with Senate leadership and thinks its chances are better.

"This bill is getting some traction," he said.

Groups backing the bill include the Catholic Conference of Kentucky, the Kentucky Office of Legal Services and the Kentucky Domestic Violence Association.

The Rev. Patrick Delahanty, who is working on the bill for the Catholic Conference, said it's difficult to know how significant the problem is in Kentucky.

"These people are coerced, intimidated and forced to work," he said. "They are very fearful of coming forward."

Trafficking victims often come from other counties -- enticed by purported offers of jobs or marriage. Many are laborers or migrant workers, but some are U.S. citizens, often children, forced into prostitution, Hash said.

Congress passed a law banning human trafficking in 2000 to combat what the State Department has said is a growing problem in the United States. It says that as many as 800,000 people a year are trafficked worldwide, with up to 17,500 of those coming to the United States, according to its 2005 Trafficking in Persons Report.

The Justice Department, which enforces the federal law, also is urging states to adopt their own laws, said Andrea Bertone, director of HumanTrafficking.org, a Washington resource and information center.

State laws provide more law enforcement resources to fight trafficking, as well as services for victims, Bertone said.

Indiana adopted a trafficking law last year, and Bertone said Kentucky should consider one as well.

"Victims of trafficking have been found in some pretty remote areas," Bertone said. "No state is immune to people at some point being exploited."

In Kentucky a handful of women believed to be victims of human trafficking have arrived at domestic violence shelters over the last few years, said Sherry Currens, director of the domestic violence association.

Domestic violence often is involved if the victim is forced to live with a male she thought she was coming to marry, Currens said. Some victims are forced into prostitution and have their passports and other documentation taken and freedom restricted, she said.

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The victims, who may not speak English and may not be in the country legally, often are afraid to go to authorities. If they do get away, they may have nowhere to go, Currens said.

"I think it's a growing issue," she said. "There are homeless shelters, but in rural areas the services just aren't there.

Hash, who works at the Maxwell Street Legal Clinic in Lexington, specializes in immigration cases. She said she and other immigration lawyers have seen several cases where they believe human trafficking was involved.

In one case, a Western Kentucky family brought a foreign woman to live with them to work as a nanny and housekeeper. But when she arrived, they took her passport, restricted her to the house and made her work long hours for wages that amounted to less than $1 an hour.

The woman was afraid to press charges, but legal aid lawyers were able to work with her to recover some of the wages she said she was owed, Hash said.

Hash said she also is working with a woman who said she was sold to a Southern Kentucky man as a wife. And her office is tracking child prostitution prosecutions in Tennessee and Ohio where evidence shows the prostitution rings operated in Kentucky.

"I expect the numbers are actually much higher than are coming through our doors," she said.

More information is available at www.HumanTrafficking.org.

Reporter Deborah Yetter can be reached at (502) 582-4228.

Justice Dept. Major Player In Every Step Schools Make (MEMCD)

By Garthia Elena Halbert

Columbus (MS) Commercial Dispatch, February 11, 2007

For decades, every move in the public education arena within Lowndes County has been under the scrutiny of the U.S. Department of Justice.

From construction to teacher recruitment, the Columbus Municipal School District and Lowndes County School District have had to make decisions with a willingness to change course since a federal court must give its approval.

Administrators say the process is cumbersome and restrictive.

“The biggest impediment is that all planning and future plans must be approved, and we really don't always know what will happen in terms of population growth or population shifts,” said Dr. Lester Beason, CMSD superintendent of education.

“For example, if we want to plan for a long-term building program, we can guess where the community will be in 10 to 12 years and plan and build accordingly, but if the population shifts or drops or accelerates, the plan has to be re-written and re-approved by the federal court,” Beason said.

“The public doesn't like it,” said Jeff Smith, who's been board attorney for the LCSD Board of Education for 16 years. “The public doesn't like the Justice Department having to approve construction.”

Since a 1970 court judgment declared the two districts discriminatory on the basis of race, the DOJ can step in when desegregation of extracurricular activities, transportation, administrative staff assignment, relative quality of education, faculty assignment, facilities and resources or student assignment may be compromised.

In 1989, the county school board decided to present all new construction projects to the Justice Department for approval to avoid potential litigation.

“July 1, 1989, there was a completely new school board,” said Smith. “... They replaced a much older, much more conservative school board. And they had just elected a new superintendent, and they had just hired a new lawyer, which was me.

“They decided ... that all construction needed to be approved by the Justice Department.”

That process caused the most friction for the county - until the more recent DOJ decision to keep Caledonia and New Hope students and teachers out of their new classrooms until West Lowndes improvements are complete - in the early '90's when planning began for a new high school in New Hope.

“The superintendent, board and architect planned it in 1990. It was built in '91-'92,” said Smith.

But the submission of the proposed project was tedious. Drawings and detailed specifications had to be submitted along with revisions from a bi-racial committee. Two such committees were formed in 1970 - one in each the county and city school districts - as a part of the original desegregation decree, but the county's had lapsed until the new board members were elected.

In addition, the DOJ called members of the community who weren't on the school board and weren't bi-racial committee members to get their input.

“Construction is real controversial,” commented Smith. “It's planned months in advance before it's ever submitted to the Justice Department.”

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Since the construction of New Hope High School, there have been two additional expansions, and the Justice Department has had its say-so in those projects as well.

“They always have suggestions,” said Smith, who noted the project proposals are almost never accepted as presented.

CMSD faced similar issues during its efforts to build a new Stokes-Beard Elementary School after a tornado ripped through the old facility in 2001.

“Probably, the most stressful situation we've found ourselves in was completing the new Stokes-Beard school with the expectation that we would simply reassign those students to that school and finding out that we had to consider a new assignment plan because we had four racially isolated schools,” said Beason.

The students previously assigned to Stokes-Beard temporarily met in classes at Hunt Intermediate. When the Stokes-Beard building was complete in 2005, the school board had a small window to come up with some sort of student assignment plan so as not to undermine the original 1970 court order. Students had been previously assigned by school zone; that was changed to the parental choice and lottery plan now in effect.

During Beason's three-year tenure with CMSD, he has envisioned the district with less elementary schools, - the district currently has seven elementary schools, some of which have very few students - separate pre-kindergarten programs and a new high school and middle school.

Beason will retire in June, and with all projects at the mercy of the DOJ, the redesigned district may remain just a vision.

Not until the two districts are declared unitary will their leaders be able to make decisions without being under the constant scrutiny of the Justice Department.

Once construction efforts are complete at West Lowndes campuses, the county could be declared a unitary school district.

“When the district has complied (with the terms of the settlement) it shall file its motion for a declaration of unitariness and dismissal of this lawsuit with prejudice,” court documents from a February 2006 settlement read.

Renovations at West Lowndes include baseball field developments at the high school and gymnasium improvements and sewage correction at the middle school.

Those improvements were slated for completion this month, but inclement weather has delayed them until spring break in mid-March (please see related story on page 1A.)

Leaders See A Black America Sailing Off Course (WP/AP)

By Dionne Walker

The Washington Post, February 11, 2007

HAMPTON, Feb. 10 -- Beneath an oak tree on the campus of what is now Hampton University, historians say, Virginia blacks heard a reading of the Emancipation Proclamation and began to dream of a better life.

On Saturday, more than 8,000 people returned to the historically black Virginia university to chart how far they have come. They gathered for the State of the Black Union, an annual traveling town hall that is considered a barometer for black America's ills.

This year's conference, the eighth, coincides with the 400th anniversary of the nation's first permanent English settlement, Jamestown. Africans arriving in Virginia in the years after that milestone in American history faced enslavement and entrenched racism.

Today's black Americans grapple with political apathy, limited business strength and a lack of motivation, a panel of black leaders said Saturday.

"We need a big idea that unifies us all," said Rep. Keith Ellison (D-Minn.), the nation's first Muslim congressman. Ellison was on a panel that included Al Sharpton and former Virginia governor L. Douglas Wilder (D), the nation's first elected black governor.

They spoke of a black America adrift. Black males are more common in prisons than on college campuses, they said. Black children, meanwhile, are increasingly born into single-parent homes.

"A lot of us have lost the dignity that our community has shown from Jamestown to now," Sharpton said.

Others pointed to a lack of personal responsibility among blacks who, they said, are waiting for leaders to make changes.

"I didn't have to wait for people to tell me it was my time to run for governor -- it was my time," Wilder said, encouraging other blacks to take similar personal initiative. "We can't stop here."

Hampton's Convocation Center was packed with people, many waving their arms and clapping as the speakers tackled tough topics.

Some, such as Renita Seabrook, a professor at the University of Maryland Eastern Shore, considered the forum an important planning session for addressing issues such as education.

"So many of our black boys have been expelled" from schools, Seabrook said. "We've got to get a handle on the reason."

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Jamichael Heathington, 17, of Chattanooga, said he wants to create a youth program to dissuade teenagers from drugs and violence after he finishes college.

He came to the conference for some pointers, calling the event "a lifetime experience to gain perspective [and] to listen to some of the brightest leaders of America."

States Fund Anti-abortion Efforts (LAT)

By Stephanie Simon

The Los Angeles Times, February 11, 2007

In an experiment that's opening a new front in the culture wars, a growing number of states are paying anti-abortion activists to counsel women with unplanned pregnancies.

At least eight states — including Florida, Missouri and Pennsylvania — use public funds to subsidize crisis pregnancy centers, Christian homes for unwed mothers and other programs explicitly designed to steer women away from abortion. As a condition of the grants, counselors are often barred from referring women to any clinic that provides abortions; in some cases, they may not discuss contraception either.

Most states still spend far more money subsidizing comprehensive family planning, but the flow of tax dollars to anti-abortion groups has surged in recent months, as programs took effect in Texas and Minnesota.

The trend alarms abortion-rights supporters, who assert that the funds would be better spent — and would prevent more abortions — if used to expand access to birth control. But to anti-abortion activists such as Nancy McDonald, the funding is both practical and symbolic, a way of putting the state's stamp of approval on their work.

"It's a subtle thing," said McDonald, who runs five crisis pregnancy centers in South Florida. "But people seem to think if you're affiliated with the state, you must be good."

Here in Texas, the state reduced grants to a Planned Parenthood clinic in downtown Austin — and began sending some of the money to the Catholic diocese a block away.

There, in a cozy office adorned with paintings of Jesus and Mary, counselors can collect $1.05 in public funds for every minute they spend encouraging women and teens not to abort. They show clients photos of a translucent fetus; they give away maternity clothes and baby blankets. Later this month, they will begin offering a state-subsidized one-hour class on infant care.

Tax dollars cannot be used for religious purposes, but federal law permits faith-based groups to participate in government programs and protects displays of religious symbols, such as the basket of plastic rosaries at the diocese's Gabriel Project Life Center.

Amy Chestnut coordinates Gabriel Project, but she was once a client, pregnant at 16. The lessons she got on abstinence — she was told to commit to a "secondary virginity" — didn't stick; she got pregnant again at 19.

But she said the emotional support she received from the counselors — simple acts such as rubbing her belly and talking about the baby with delight, not dismay — persuaded her to carry both pregnancies. Chestnut, 25, has since married the man who fathered both children; she keeps a family photo with her to show clients that even unwanted pregnancies can bring joy.

"People were always assuming that I'd have an abortion. To hear just one person say 'You can do this' made such a difference," Chestnut said.

Crisis pregnancy centers have received tens of millions of dollars from the federal government over the last six years, mostly for abstinence education.

On the state level, Florida, Minnesota, Nebraska, North Dakota and Texas approved funding in 2005. Louisiana, Missouri and Pennsylvania have longer-running programs. Arizona and Kansas have offered one-time grants to anti-abortion groups; several other states fund abortion alternatives from sales of "Choose Life" license plates.

All told, states will spend at least $13 million this year — much of it from welfare or family-planning budgets — to dissuade women from abortion.

In a related campaign, conservatives in several states are pushing to restrict or eliminate public funding for groups that support abortion rights, especially Planned Parenthood. They've had some success, notably in Missouri; six other legislatures will take up the issue this year.

But the vast majority of states still send grants to Planned Parenthood, in amounts that dwarf the anti-abortion funding. Last year, Planned Parenthood received $80 million from states and $200 million from the federal government.

Tax dollars going to Planned Parenthood do not pay for abortions; they cover birth control, gynecological exams, cancer screening and treatment for sexually transmitted diseases. When clients come in with unwanted pregnancies, they hear about all of their options, including keeping the baby and giving it up for adoption. But critics say there can be a presumption that abortion is the easier solution.

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"You have a choice ... do what's right for you," a brochure available in the Austin clinic advises pregnant teens. The bright-red flier urges them to consider how raising a child would hurt their social lives and crimp their freedom. The cartoon on the cover shows a howling infant.

Anti-abortion activists say it's only fair for states to also fund an alternative view. Their pamphlets feature photos of adorable babies and beaming teenage moms; their counselors promise to help pregnant women find apartments, get jobs and finish their degrees — anything to make it easier for them to carry to term.

"I have heard many pro-choice people say, 'There ought to be fewer abortions.' [Funding] this is one way we can do that," said Pennsylvania state Rep. Tom Tangretti, a Democrat who opposes abortion. "I just can't imagine why anyone would be afraid of it."

Critics offer several reasons.

U.S. Rep. Henry A. Waxman (D-Calif), an abortion rights supporter, last year asked undercover investigators to contact 23 crisis pregnancy centers; 20 gave misleading information, such as exaggerating the risk of abortion, he reported. In Austin, the diocese hands out a booklet — approved by the state — that suggests a link between abortion and breast cancer, though the National Cancer Institute has found no such connection.

"It's reprehensible that taxpayer dollars are going to organizations that regularly and deliberately deceive women," said Vicki Saporta, president of the National Abortion Federation, which represents abortion providers.

Critics also claim that the emphasis on abortion alternatives drains money from basic healthcare. As evidence, they point to Texas.

In 2005, Texas lawmakers redirected $25 million that was to have gone to Planned Parenthood over two years. Most went instead to primary-care health clinics (which provide contraception but not abortion). But $5 million of the money was set aside for anti-abortion centers that do not provide medical care and will not refer clients to clinics that prescribe birth control.

To deal with its 62% budget cut, the Planned Parenthood clinic in downtown Austin began charging for services long offered free to low-income women. Since the fees took effect, the clinic has distributed 40% fewer birth-control pills and done 50% fewer Pap smears to screen for cervical cancer. Several thousand patients have stopped coming.

Among them is Christina Moore, a 22-year-old mother of two who said she and her husband can't afford $23 a month for birth-control pills she used to get free. "But we can't afford to have more kids, either," she said. Last week, Moore tried to make an appointment with a county clinic; even though she said she had urgent health questions, the earliest they can see her is April.

"I'm already out of pills. I'm worried," Moore said. Her year-old son began howling in the background, and her voice rose: "I do not want to get pregnant now."

Through January, Texas anti-abortion groups had counseled 660 women and teens with the tax dollars made available by the shift in resources. Some lawmakers question the cost: Not counting more than $400,000 in start-up expenses, the counseling has run an average of $450 per client. (By comparison, a year of exams and contraception costs $180.)

But activists remain passionate about the trend. Last week, the Texas Catholic Conference sent volunteers in turquoise shirts to the Capitol to give lawmakers angel food cakes — and a long list of legislative priorities.

At the top of the list: Abolish abortion in Texas. Just a few notches below: Fund alternatives.

Slavery And Remorse (WP)

The Washington Post, February 11, 2007

THAT SLAVERY was a shameful episode in American history is beyond debate; not so the issue of whether or how states where it flourished for more than two centuries should apologize or express remorse for it. In recent weeks the legislatures of Virginia and Maryland, former slave states whose last slaves were freed more than 140 years ago, have grappled with that quandary and more broadly with the question of what symbolic or practical value attaches to an act of public contrition.

Virginia, whose state anthem with its references to "darkies" and "old massa" was retired (but not repudiated) just a decade ago, took up the question first. There, the House of Delegates approved a resolution stating its "profound regret" for the state's role in sanctioning slavery, as well as in "the historic wrongs visited upon native peoples." The resolution was approved without opposition, though not before an initial draft was rewritten and stripped of the word "atonement," which, some feared, might have opened the door to monetary reparations. Maryland may now follow suit with a similar if somewhat less elegantly worded resolution that also expresses the state's "profound regret."

Both documents seek to redress an enduring sense of grievance among some African Americans (and, in the case of Virginia's resolution, American Indians). Each rightly makes reference to slavery's lasting, poisonous legacy of discrimination, enforced segregation and racism. And each pays tribute to the high ideal of equal, inalienable rights that are the birthright of every citizen regardless of race, creed or color.

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Some may ask what purpose is served in making such a gesture so many years after the fact and with so many generations separating today's Virginians, black and white, from forebears who may have owned or been slaves. After all, as the Virginia resolution states, "even the most abject apology for past wrongs cannot right them, nor can it justly impute fault or responsibility to succeeding generations or justify the imposition of new benefits or burdens."

True enough. But it is equally true that expressions of repentance and remorse in public life, as in interpersonal relations, can be helpful, healing emollients. It is not just that they do no harm; they may also, as the Virginia document states, serve to "recall and remind so that past wrongs may never be repeated and manifest injustice may not again be overlooked." In that, surely, there is value.

There is value, too, in the debate itself, no matter how toxic its manifestations in the blogosphere and beyond. Evidence for that may be found in the person of Frank D. Hargrove, a white member of Virginia's House. His first public reaction to the idea of expressing remorse for slavery was to suggest that black citizens "should get over it." That remark made Mr. Hargrove, an 80-year-old Republican, the lightning rod for a brief storm of invective. But when the resolution's wording was tweaked, the House ultimately approved it by a vote of 91 to 0. And Mr. Hargrove, to his credit, voted "yea."

ENVIRONMENT:

Updating Bush's Spin On Climate Change (LAT)

By Maura Reynolds, James Gerstenzang

The Los Angeles Times, February 11, 2007

WASHINGTON — President Bush is widely considered one of the world's most prominent skeptics of global warming. But to hear White House officials tell it, the world's view of him is wrong.

In recent days, White House officials have made a special effort to argue that Bush has always been concerned about climate change. Moreover, they say, he has long acknowledged that human activity may be a significant factor.

"Perhaps folks have not taken notice of the fact that this is an administration that's been keenly committed both to environmentalism and conservationism from the start," White House spokesman Tony Snow said last week.

Indeed, the climate around global warming in Washington is getting hotter. Members of both parties are scrambling to get ahead of each other — and ahead of public demands — to take measures against the threat.

Apparently concerned that Bush was not perceived as being on the global warming bandwagon, White House officials released an unusual open letter Wednesday contending that "climate change has been a top priority since the president's first year in office."

"Beginning in June 2001, President Bush has consistently acknowledged climate change is occurring and humans are contributing to the problem," said the letter, signed by John Marburger, director of the White House Office of Science and Technology Policy, and James Connaughton, chairman of the White House Council on Environmental Quality.

But the record isn't quite so clear.

The letter cites a June 2001 speech by Bush, quoting him as saying that "we know the surface temperature of the Earth is warming…. There is a natural greenhouse effect that contributes to warming…. And the National Academy of Sciences indicates that the increase is due in large part to human activity."

But the parts of the speech excised or ignored by the letter give a somewhat different impression. For instance, the citation deletes a sentence that asserts that "concentration of greenhouse gases, especially CO2, have increased substantially since the beginning of the Industrial Revolution" — a time frame suggesting that the contemporary world may have played only a small role.

Moreover, Bush's mention of the National Academy of Sciences was quickly followed by a sentence that cast doubt on the notion of human contribution to climate change. "Yet the academy's report tells us that we do not know how much effect natural fluctuations in climate may have had on warming," Bush said at the time.

"We do not know how fast change will occur or even how some of our actions could impact it," he added.

Critics see such discrepancies as evidence that the White House is trying to take positions on both sides of the debate. "The president is all over the map," said Daniel Becker, a global warming expert with the Sierra Club, an environmental group.

The critics argue that Bush soft-pedaled the issue early in his presidency because of pressure from corporate interests, such as oil companies and operators of coal-fired power plants, that oppose regulation of greenhouse gas emissions. They note his frequent statements that technology is the answer to the problem.

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"America is on the verge of technological breakthroughs that will enable us to live our lives less dependent on oil," Bush said last month in his State of the Union address. "And these technologies will help us be better stewards of the environment, and they will help us to confront the serious challenge of global climate change."

Last week's release of a United Nations commission report proclaiming that global warming is incontrovertible has put additional pressure on Bush to appear responsive.

However, despite his pledge to devote new funds to research and to support efforts to curb the use of gasoline, critics remain unconvinced that Bush truly intends to confront longtime business allies.

Bush's latest pronouncements suggest that he is no longer ignoring the problem, Becker said, but also that he is still not committed to acting.

Critics say that Bush has repeatedly pledged to take action on climate change, only to backtrack.

The pattern began, they say, in Saginaw, Mich., on Sept. 29, 2000, during Bush's first presidential campaign. While calling for greater production of oil and natural gas, and more coal mining to reduce the reliance on foreign oil, he also said that "with the help of Congress, environmental groups and industry, we will require all power plants to meet clean-air standards in order to reduce emissions of sulfur dioxide, nitrogen oxide, mercury and carbon dioxide within a reasonable period of time."

Six months later, as president, Bush stepped away from that pledge, saying he had decided not to regulate carbon dioxide emissions from power plants out of concern that doing so could increase already high energy prices.

But perhaps the defining moment came in June 2001, when he declared the Kyoto Protocol — the United Nations' consensus document on climate change — "fatally flawed in fundamental ways" and announced that the United States was withdrawing from the pact. That is the speech his aides are now citing as evidence of his commitment to tackling the problem of global warming.

Kyoto "would have been economically ruinous and would have thrown a lot of people out of work," Snow said last week. "The president instead has aggressively pursued ways of trying to clean the environment that don't have to make people lose their jobs, and … at the same time, proceed on all the major areas where pollution is concerned."

The Kyoto agreement, completed in 1997, proposed carbon dioxide emission caps for the 35 richest countries. President Clinton signed it but never submitted it to the Senate, where it would have faced certain defeat from lawmakers concerned about the protocol's impact on the U.S. economy and irked that it did little to curb emissions from such large developing nations as China and India.

Bush in effect erased Clinton's signature, removing the United States from any obligation to meet the pact's emissions-reduction goals even without Senate ratification.

At the same time, Bush sought to blame global warming on "a natural greenhouse effect," suggesting it wasn't primarily caused by human activity. And, though acknowledging that limiting emissions was one way to stabilize concentrations of greenhouse gases, he immediately raised issues with such an approach, saying, "A growing population requires more energy to heat and cool our homes, more gas to drive our cars."

Whether White House officials succeed in their campaign to paint the president as a leader in battling global warming may, at this point, make little difference. The energy on the issue has moved to Congress, where the Democrats — now the majority in both chambers — and prominent Republicans are pressing ahead with an agenda that may depend little on Bush.

"For years we have been frustrated by the lack of recognition, much less cooperation, on the part of the administration in addressing this issue," said Sen. John McCain (R-Ariz.), a potential presidential candidate in 2008. "Hopefully, we have now turned the corner, in that there is finally recognition that the debate is over."

T.R.? He's No T.R. (NYT)

The New York Times, February 11, 2007

Whenever President Bush is being hammered for his environmental policies, as he has been recently for his timid approach to global warming, he heads for a national park to reveal a hidden kinship with nature and, in effect, to promise a new day.

He did so again last week, visiting Shenandoah National Park to announce a sizable increase in the National Park Service's budget. The photo op elicited suggestions from Interior Secretary Dirk Kempthorne that Mr. Bush was somehow channeling Teddy Roosevelt. From Tony Snow, the White House spokesman and resident fantasist, it prompted the incredible claim that Mr. Bush had in fact been "keenly committed both to environmentalism and conservationism from the start."

From the start? The choice Mr. Bush faced on the day he took office was between two competing Republican approaches to environmental matters — the callous disregard for the country's natural resources displayed during the Reagan years and the responsible stewardship of those same resources associated with Theodore Roosevelt. Mr. Bush unhesitatingly chose the former.

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The result was an across-the-board antiregulatory crusade aimed not only at undoing Bill Clinton's environmental legacy but also at weakening bedrock economic law stretching back to Richard Nixon. It was orchestrated by the ideologues and industry lobbyists whom Mr. Bush and Vice President Dick Cheney installed in nearly every important position where environmental policy is made. The one exception was Christie Whitman, who finally tired of being told to do industry's bidding and retired to private life after two uncomfortable years as boss of the Environmental Protection Agency.

It is impossible to find Teddy Roosevelt's ghost in any of this. One suspects, for instance, that Roosevelt would have tried much harder to protect fragile landscapes than the Bush administration has in its frantic drive for more oil and gas resources in the Rocky Mountains. One suspects — knows, even — that Roosevelt, who started the national wildlife refuge system, would not have pushed for oil drilling in the Arctic National Wildlife Refuge.

Similarly, Roosevelt would not have declared — as Gale Norton, Mr. Kempthorne's immediate predecessor, did in 2003 — that America had already acquired enough protected wilderness; he would have demanded more. He would not have rolled back, as Ms. Norton did, environmental rules governing mining for gold, copper and lead. He would not have countenanced the demolition job that Mr. Bush's Forest Service has done on the web of forest protections it inherited from previous administrations. He would not have tried to scuttle one of the most important acts of environmental stewardship in many years, Mr. Clinton's roadless rule, which made 58.5 million acres of the national forests off limits to new road building and development.

And Roosevelt would certainly have kept his word. Mr. Bush made three big promises in this area in the 2000 campaign. One was to regulate emissions of carbon dioxide, the main global warming gas. He reneged on that one almost immediately. The second was to finance the federal government's core open space program, the Land and Water Conservation Fund, at its annual authorized level of $900 million. He has shortchanged it badly every year and this year he is asking for $85 million.

The third promise was to put more money into the national parks. Here history may give Mr. Bush higher marks, thanks largely to the entreaties of Mr. Kempthorne, who pressed for and received a commitment of $258 million in new spending this year and a guarantee of $1 billion over 10 years. The parks have been starved for years (and not just by this administration), and people who care about them have every reason to be pleased by the prospect of a substantial increase in the budget.

We can also hope, of course, that this represents a turnaround in Mr. Bush's thinking, and that in the next two years he will offer up an energy policy focused more on new technologies and conservation and less on the old extractive industries; a public lands policy that spares our last wild places; a meaningful strategy for global warming; and on and on into a Rooseveltian future. But neither gratitude for a few extra dollars for the parks nor our stubborn belief in the possibility of redemption should blind us to six years of bad policies.

Wash Your Hands! (WP)

The Washington Post, February 11, 2007

THE RECENT discovery that turkeys on a British farm were infected with the H5N1 "bird flu" virus was, as bad news goes, auspiciously timed. Just before the turkeys once again focused attention on the fast-moving virus, the U.S. Centers for Disease Control and Prevention released interim guidelines detailing what states and localities could do to cope with a pandemic of a dangerous form of influenza -- the sort of outbreak that a mutated form of H5N1 could spark.

The CDC's guidelines instruct American communities on how they might slow the spread of a bad flu in the absence of viable drugs or vaccines. Such rules are desperately needed. Last September, a group of international experts on pandemic preparedness concluded that it was likely that vaccines would prove ineffective against mutated forms of the virus. Tamiflu can lessen the severity of flu symptoms but does not eliminate the virus. Meanwhile, efforts to shorten the time required to formulate new vaccines when a virus mutates still face years of research. So if a pandemic strain arrived in the United States tomorrow, the country's best tools might turn out to be old-fashioned technologies and techniques of the sort listed in the CDC report, such as quarantines and public information campaigns promoting proper hygiene.

Not everyone in the public health world welcomed some of the more extreme guidelines. The CDC's proposal to shut down schools for three months in the case of a severe outbreak is generating resistance from scientists who claim that the tactic is not as effective as the CDC says it is. Others point out that the guidelines, which advise people to avoid crowded spaces such as train cars or offices, do not address the needs of poorer Americans (among others) who must take public transportation or who can't telecommute. As the CDC gathers comment and updates its interim guidelines, it must consider how state and local governments might deal with the potentially massive social costs of school closures and work stoppages.

FBI/DEA/ATF/USMS:

Will L.A.'s Strategy To Battle Gangs Work? (LAT)

DOJ_NMG_0130645

By Richard Winton And Patrick Mcgreevy, Times Staff Writers

The Los Angeles Times, February 11, 2007

Experts suggest police crackdowns do only half the job. One plan calls for a mix of programs designed to 'hold and build' neighborhoods.

Every few years, an act of gang violence rises above the rest, sparking outrage across Los Angeles and vows to finally conquer the gang problem.

When Karen Toshima was killed by gang crossfire in Westwood Village in 1988, then-Police Chief Daryl F. Gates intensified Operation Hammer. The gang sweeps yielded thousands of arrests but also generated much criticism about mistreatment by officers.

The 1995 killing of 3-year-old Stephanie Kuhen when her family drove onto a dead-end street in Cypress Park resulted in another gang crackdown.

When William J. Bratton became chief in 2002, he was faced with a string of 20 gang shootings — including the death of 14-year-old Clive Jackson. He declared war on gangs, referring to them as domestic terrorists.

Last week, he and Mayor Antonio Villaraigosa declared war again — the inspiration this time the racially motivated killing of Cheryl Green, a 14-year-old African American, by members of a Latino gang in the Harbor Gateway neighborhood.

The new crackdown — targeting 11 gangs — might suggest that the Los Angeles Police Department is trying again where it has failed before.

But it's more complex than that. Though gang crimes jumped 14% in 2006, they are down significantly from the early 1990s and even more compared with the mid-1980s. According to LAPD statistics, there were 7,714 gang crimes last year, compared with 10,945 in 1995.

"What we are doing is no different than what we have been doing. As a Police Department we have always been assertive, very aggressive in going at gangs," Bratton said. "What we are doing with this effort — it's more comprehensive."

But what some critics of the crackdown find familiar is the race to respond to a killing that garners news media attention and public outrage — an approach they say is not always comprehensive or effective.

"It is the same prescription every time they have a major event," said Malcolm Klein, a veteran gang sociologist and USC professor emeritus. "Gangs are defined as a crime problem and not a community problem. This is old fashioned suppression in a new guise, and where is the proof that has worked?"

He noted that since 1980, when gang slayings topped 200 in Los Angeles, the city has focused most of its gang response on policing.

A month ago, Connie Rice, director of the Advancement Project in Los Angeles, produced a comprehensive plan for the city to overhaul gang intervention programs and try to use means other than law enforcement to address its 39,000 gang members.

Rice proposes what she calls a Marshall Plan of sorts that would mix law enforcement with gang intervention and job programs, community outreach and newly created community oversight groups.

It would focus initially on 12 so-called hot zones around the city. Gang prevention efforts now cost the city $82 million a year, but the report called for as much as $1 billion to be spent over the first 18 months.

Rice said past LAPD gang suppression efforts have worked in some neighborhoods, but only for a short time. The city, she said, has always failed to follow up with programs to keep the gangs out.

"The surges of police activity work, and they may even work for months or years," Rice said. "But eventually, three years later, another [gang] set comes in."

She likened the situation to the U.S.-led invasion of Iraq, where troops quickly routed the enemy, only to see a lack of proper planning lead to chaos.

"The LAPD knows how to surge and purge," Rice said. But "after the LAPD clears out a neighborhood, we don't know how to hold and build."

Rice and Klein said the city's response to the Stephanie Kuhen shooting in Cypress Park by the Avenues gang highlights the problem.

In the wake of the killing, the city created the L.A. Bridges after-school program, but it has not done what was required, Rice said. The program budgeted for $26 million last year reaches only 5% of gang members and 2% of children in neighborhoods with high gang activity, and is not keeping enough young people out of gangs, she said.

Cheryl Maxson, a UC Irvine criminologist and gang expert, said the problem is that the LAPD can move much faster than gang intervention groups.

"The program community, the interventionists, are not able to mobilize as quickly as LAPD, so law enforcement has taken the lead on gangs for decades," she said. "So the city goes with strategic suppression."

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Bratton, however, is quick to point out that LAPD efforts over the last four years have yielded results.

"In 2002, 2003 we had a similar initiative. [Before then] we had had three straight years of growing crime in the city. Gang violence in particular," he said. "We put in new resources. That year, we had a 23% decline in homicides throughout the city. About 20% of that decline, over 100 fewer murders, were in the South Bureau."

The latest plan calls for 200 extra officers to target the 11 gangs, a new South L.A. gang homicide bureau and an LAPD gang coordinator.

Villaraigosa said the plan, which identifies gangs by name, represents a more direct approach to the problem, learning from past mistakes.

"Part of what dynamic leadership is all about … is you are constantly evaluating what works and what doesn't," he said, adding that he also wants to boost gang-intervention programs.

The police crackdown has met with general support from community activists in some gang-plagued neighborhoods, who say they have been begging the city for years to make their areas safer.

But aggressive gang crackdowns have generated criticism in the past over heavy-handed tactics.

Efforts in the 1980s were widely seen as excessive, symbolized by police use of a tank-like battering ram to smash into suspected gang houses. In 1988, police ripped apart apartments on Dalton Street looking for gangs and drugs — but later admitted they had the wrong places.

A decade later, gang enforcement efforts were further tarnished by the Rampart scandal. Caught in a dope-stealing allegation, then-Officer Rafael Perez revealed that dozens of officers, many in the elite area gang unit, were making false arrests, giving perjured testimony and framing suspects.

Then-Chief Bernard C. Parks, now a city councilman, disbanded the anti-gang units. Subsequently, the U.S. Justice Department forced the LAPD and city into a consent decree with oversight of the department continuing today. Tough rules govern the gang units now in use, and there are audits and constant monitoring.

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(INFOBOX BELOW)

Anti-gang efforts

Here are some defining moments in the Los Angeles Police Department's long — and at times controversial — fight against street gangs.

· 1985: The LAPD started using a tank-like battering ram to enter suspected gang and drug houses. The Times reported: "Police Chief Daryl F. Gates was so proud of the event that he personally christened the new tank and then rode inside it, while cameras rolled, as it did its dirty work."

· 1988: Eighty-eight LAPD officers stormed two apartment houses at Dalton Avenue and 39th Street, near the Coliseum. The officers broke windows, smashed walls, ceilings and furniture with sledgehammers and battering rams and ripped out sinks and toilets. Apparently, they had the wrong apartments. The city paid more than $4 million in settlements.

· 1988: The LAPD launched Operation Hammer, anti-gang sweeps that resulted in tens of thousands of arrests. Many blacks and Latinos said the effort amounted to racial harassment. On one night, officers in Operation Hammer arrested 1,453 people — 1,350 of whom were released with no charges filed.

· 1994: In the wake of riots in 1992, several major gangs agreed to truces, which appeared to reduce killings in some neighborhoods, but in many cases the results were short-lived.

· 1995: The LAPD and other agencies launched what was described as the "largest street gang crackdown of its kind in Los Angeles history." In two weeks, only 69 people had been arrested by the 800-member task force.

· 1997: Law enforcement agencies won a sweeping, first-of-its-kind injunction aimed at the heart of the notorious 18th Street gang's domain, a crowded and crime-plagued square-mile area west of downtown where the group had emerged more than 30 years ago.

· 1998: Crime in Los Angeles dropped to the lowest level in more than two decades.

· 1999: The Rampart scandal erupted, with accusations of criminal behavior by members of the LAPD's anti-gang detail.

· 2002: Mayor James K. Hahn and Los Angeles Police Chief William J. Bratton announced an "all-out assault" on the city's street gangs, with plans to use the same tactics that crippled organized crime to pursue gang members.

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IMMIGRATION:

A Town That Wants Illegal Immigrants (LAT)

By Gregory Rodriguez

The Los Angeles Times, February 11, 2007

Lindsay, Calif. — THE IMMIGRATION debate can get pretty sloppy and emotional in the abstract, but not here in this Central Valley town that can't afford to let simplistic rhetoric overshadow facts. Last month's devastating citrus freeze has put Lindsay, population 11,185, in dire economic straits; but its pragmatic response to the crisis sets an example for the rest of the nation.

The packing houses here in the heart of California's citrus belt are generally hopping the first week of February. In a normal year, the two LoBue Bros. plants would be open 50 to 60 hours a week, employing 230 workers and processing up to 7,000 bins of oranges. But after last month's freeze, the third since 1990, LoBue is operating at quarter speed. One plant is shut down, and the other is running just 20 hours a week. About 60% of the employees are off work.

After the first of March, there will be a brief spurt of activity, when agricultural officials determine which remaining oranges are frost-free and good enough to go to market. But by mid-April, when the good fruit runs out, all activity, from picking to trucking, will stop, and there will be no more work until late October. If workers leave town — and if those who stay are jobless — the city's economy will collapse.

Seeking to avert an economic meltdown, officials have come up with an innovative plan to not only address joblessness but to keep the workforce from abandoning the town. Invoking the memory of Franklin D. Roosevelt's Depression-era Works Projects Administration, the city's elected officials — all of whom are Republicans — are seeking federal aid to put the idle labor force to work on local improvement efforts.

The fact that a large-yet-undetermined percentage of farm laborers — particularly pickers — are illegal immigrants does not deter local officials from seeking aid for them. Unlike other parts of the U.S. where undocumented immigration is a divisive issue, in Lindsay it is a matter of economic survival.

In a city-owned youth club on Sweetbriar Avenue, officials and local nonprofits have set up the Lindsay Freeze Relief Center, where displaced workers can apply for food, clothing, rental and utility assistance, as well as for temporary employment. In its first week of operation, more than 1,200 workers applied. Last Tuesday afternoon, I watched a stream of Mexican immigrants stroll into the center, some with children in tow, looking for assistance.

Longtime Lindsay residents who have raised children here were likely to say that they would weather the hardship no matter what. But recent immigrants said they would leave if they didn't find work soon. "I'm thinking of leaving," said 27-year old Maria Cisneros from the Mexican state of Michoacan. Where to? "Wherever there's work," she replied.

Growers and labor contractors will tell you that the area can't afford to lose more workers. Some say that the current farm labor shortage — of as much as 50% — made the effects of last month's freeze worse than it otherwise would have been. The recent crackdown on the border is being felt in this corner of the Central Valley.

"If we had more workers, we could have picked up to 75% of the crop," said Lindsay-born labor contractor Alice Gutierrez. Growers had a week's notice that the freeze, which caused an estimated $418 million in damage in Tulare County alone, was imminent.

Lindsay Mayor Ed Murray says the worst-case scenario is that the town could lose up to 30% of its labor force. "Regardless of whether they're legal or illegal, it's imperative that we have workers here for next year's harvest," he said. Murray hopes that the federal government will find a way to not only aid his town's residents in the short term but to legalize the undocumented.

Given the divisiveness of the national debate, it is remarkable how many people here recognize the need for the workers who have come to this country illegally. Perhaps not surprisingly, business people, who already are feeling the pain of the freeze, are most likely to make the case.

"It helps all of us," said 71-year-old Bill Martin, who owns a tire shop in town. "I don't particularly care for illegal people in the U.S., but if they come in and want to buy a tire, I'll accommodate them. If you don't have people come, you won't get the fruit picked. And if the fruit doesn't get picked, nobody will have money to buy anything."

Of course, Lindsay is not the only town to try to soften the blow to farmworkers. But what makes its response extraordinary is that city officials are not just looking to solve residents' or employers' immediate needs. They have identified seven public works projects that could benefit from temporary labor — from building a new soccer field to clearing alleyways and constructing a library.

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"We're trying to be farsighted about this and improve the community in the long term," said Kindon Meik, the city's personnel director. "When people invest their labor, they are more vested in the town."

I suspect that much of Lindsay's innovative spirit comes from the knowledge that it has survived much worse. In 1992 — two years after a catastrophic freeze — residents gathered in a local park to bury a coffin containing symbols of the town's financial troubles.

That decade, Lindsay saw its share of white flight and the complete ethnic transformation of the population, which is now 78% Latino. But today, it is clear that the town has thus far survived the transition, and three of five City Council members are Mexican American. Consequently, race doesn't appear to play a big role in the city's approach to issues, including immigration. And so, stripped of the racial and broader ideological implications of the problem before them, Lindsay officials are free to do what they think is right for their little town. Or as citrus grower and Tulare County Supervisor Allen Ishida put it, "We don't have the luxury of not being practical."

CONGRESS-ADMINISTRATION:

Bush Seeks Teacher Merit-pay Funds (WT)

By Amy Fagan

The Washington Times, February 11, 2007

President Bush wants more money in the 2008 budget for a fund that encourages performance-based pay systems for teachers -- a request that will no doubt feed into the larger debate on Capitol Hill about how best to attract, create and retain effective teachers.

The administration is asking for $199 million for its Teacher Incentive Fund, which was created in 2006. The fund provides financial incentives for teachers and principals who improve student achievement in high-poverty schools and helps to recruit top teachers to these schools. Rewards are left up to the states to decide and can include bonuses or raises.

The fund received $99 million in 2006. In November, the administration awarded the first 16 grants -- totaling a little more than $40 million -- to school districts across the country, including Washington, D.C.; Chicago; Memphis, Tenn.; and Philadelphia.

The administration requested an additional $99 million for the program for 2007, but in the interest of belt-tightening, the House essentially zeroed out funding for it in the recently passed fiscal 2007 funding package. That measure has yet to pass in the Senate, so the White House and some Republicans are working hard to get the money.

Education Secretary Margaret Spellings said last week that there is a consensus about using compensation "to make sure our best teachers are in our most challenging" schools nationwide.

"We think that is a sound principle," she said, adding, "I think we'll have a lot of discussion about how our teachers are rewarded for doing the best work."

The top teachers union has criticized the fund.

Reg Weaver, president of the National Education Association, recently said the setup "is nothing more than a merit-pay system, and merit pay hasn't worked wherever it has been tried, for the most part."

Far from spurring teachers on to greater effectiveness, extra bonuses for some and not others simply "creates tension" between teachers and kills any teamwork, he said.

"It doesn't work and it's not going to do anything to attract and retain quality teachers," Mr. Weaver said. What will work is getting teachers involved in the decision-making process, giving them a safe and orderly school and a decent salary, he said.

The issue will be front and center as lawmakers work this year to renew the No Child Left Behind Act and pass the Higher Education Act.

Sen. Edward M. Kennedy, Massachusetts Democrat, and Rep. George Miller, California Democrat, have crafted a comprehensive bill to improve teacher quality. Included in it is a grant initiative to encourage high-needs schools to implement teacher-incentive programs.

However, their plan would require the financial rewards to be based not just on student test scores, but on broad criteria, including whether the teacher takes on a leadership or mentorship role with other teachers. Each performance-based setup would have to be approved by the local teachers union as well.

Most public school teachers are paid based on years of experience. Merit-based pay systems for teachers are scattered throughout the country, and are more common in private and charter schools than in public schools.

Some recent studies have indicated positive results.

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The University of Arkansas examined a Little Rock elementary school that gave bonuses to teachers based on their students' test scores. The study found that math scores rose more in that school than in similar schools in Little Rock that didn't implement such merit systems. Students in the school where teachers received bonuses made gains over the other students equivalent to a 6 percentile or 7 percentile jump for a student who started at the 50th percentile.

"It's a pretty substantial gain," said Marcus Winters, a senior research associate at the Manhattan Institute, which was involved with the study.

A broader study released recently by University of Florida economics professors examined about 500 public and private high schools and found that having any salary incentive was associated with a 1.3 point to 2.1 point rise in test scores. It also found merit-pay programs were more effective if they targeted just a few teachers for rewards.

But researchers say more studies must be done to fully determine the effectiveness of such programs.

"I know we're not done evaluating nationwide," Mr. Winters said.

Broad Voucher Plan Is Approved In Utah (NYT/AP)

The New York Times, February 11, 2007

SALT LAKE CITY, Feb. 10 (AP) — The Utah State Legislature approved one of the broadest school voucher programs in the nation on Friday, allotting up to $3,000 for any public school student to put toward private school tuition.

Voucher programs in the handful of other states that have them are generally intended for poor families or students attending schools that have poor academic records. There will be no such restrictions in Utah, which has the largest class sizes in the country and until now has spent less per student than any other state.

The Senate approved the bill 19 to 10 on Friday, a week after the House endorsed it by a single vote, 38 to 37. Both chambers are controlled by Republicans. Gov. Jon Huntsman Jr., a Republican whose children attend public schools, has said he will sign the bill into law.

The vouchers will be open to all of the state's 512,000 public school students. The amount will depend on family income, but even wealthy families would be eligible for at least $500 per child. Students already in private schools would not be eligible.

The plan, which will go into effect this fall, is expected to cost $9.3 million in its first year and $327 million over 12 years. Utah has a $1.6 billion budget surplus. Public schools that lose enrollment because of the program will still get a portion of state financing for five years after each student departs.

The bill's sponsor, Representative Stephen H. Urquhart, a Republican, said public schools would not be shortchanged. In Utah, income taxes must pay for public education. The money for vouchers would come from the state's general fund, which pays for all other state programs.

Nearly every education organization in the state, especially the teachers union, opposes the program, saying tax money should not be spent at private schools.

"This has nothing to do about educating children," said Senator Gene Davis, a Democrat. "It's about taking taxpayer dollars and giving them to private industry."

Critics Question Education Department's Screening (NYT)

By Jonathan D. Glater

The New York Times, February 11, 2007

As a condition of his work for the federal government, Andrew A. Zucker was willing to be fingerprinted and provide an employment history. But then he was asked to let federal investigators examine his financial and medical records, and interview his doctors.

Dr. Zucker was not tracking terrorists or even emptying the trash at the Pentagon. He was studying how to best teach science to middle school students. He was stunned at the breadth of the request for information.

"To me, personally, it's shocking," said Dr. Zucker, who worked for a contractor doing research for the Education Department. He withdrew from the job.

For about a year, contractors say, the department has been requiring employees of the thousands of contractors it hires — many of them academic researchers like Dr. Zucker — to go through a level of security screening usually reserved for those working with very sensitive information.

Katherine McLane, a department spokeswoman, said the scrutiny was warranted because her agency had access to databases with financial data and other information, including names and social security numbers of students or of applicants to colleges or other programs. "We want to make sure that the people who handle and have access to this information are responsible, reliable and trustworthy," Ms. McLane said.

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The policy is prompting critics to question when a prudent background investigation becomes an invasion of privacy. About 100 researchers, including Dr. Zucker, have signed an open letter of protest to Margaret Spellings, the secretary of education, calling the quest for information "far beyond bounds of reason, necessity, and decency."

Others echo the protests.

"These requirements have very little connection with the work that we do," said Michael Knapp, director of the Center for Study of Teaching and Policy at the University of Washington.

Mr. Knapp, a former Education Department contractor, called the policy "an example of going overboard."

Gerald Sroufe, director of government relations for the American Educational Research Association, which represents about 25,000 people, most at universities or research organizations and companies, said, "Our concern is really whether or not all the measures that have been introduced are necessary."

But Ed Elmendorf, senior vice president for government relations at the American Association of State Colleges and Universities, said criminal record checks, which are considerably less invasive than the screening required by the Education Department, are becoming "pretty much a standard operating procedure" at many public academic institutions.

Still, efforts to put criminal record checks in place have met with resistance. Some faculty members protested when the chancellor of the University of Georgia said recently that new hires would be required to undergo a criminal record check.

Although some federal agencies like the Departments of Defense and Homeland Security routinely seek detailed personal information from contractors considered for classified work, others generally do not, unless the contractors are expected to work in federal buildings or have access to federal databases.

At the Agriculture Department, Boyd Rutherford, the assistant secretary for administration, said that if contractors were not in a position of public trust, the department was not asking for a detailed screening. He said that positions of public trust would include those that allowed a contractor access to areas like government information technology.

At the Department of Health and Human Services, which includes the National Institutes of Health, the intensity of background screening also turns on access, said Bill Hall, a spokesman. The lowest-level screening requires running fingerprints through the Federal Bureau of Investigation, performing a criminal records check and determining whether someone had undergone a background check with another government agency.

Ms. McLane, the Education Department spokeswoman, acknowledged that her agency's policy may be stricter than others, but she defended it, saying the department "takes very seriously its responsibility to safeguard information and maintains strong systems that protect confidential data."

Dr. Zucker, a Harvard-trained educator, was a consultant for a subcontractor on a Pennsylvania State University contract with the Education Department. He was developing a procedure to study methods of teaching middle-school science. "I was just designing a study, so I had no access to data because there was no data," he said.

Kyle L. Peck, associate dean at the College of Education at Penn State, said Dr. Zucker would have been comparing test scores of students taught using one method with scores of those taught using another. The data would not necessarily have identified individual students.

Dr. Zucker said he would not have had access to any databases that would identify individual students. He also did not work in a federal building.

"On the one hand, it makes sense," Dr. Peck said of the screening. "On the other hand, we have institutional review processes that govern educational research that protect the confidentiality, and, I think, make this additional level of security clearance unnecessary."

Many employees asked for information by the Education Department were academics like Dr. Zucker. In some instances, the agency has backed down when its policy was challenged. When Dr. Zucker protested, he said the department excused him from providing access to his medical and financial records.

But Dr. Zucker still had reservations about other information the agency required and stopped work on the project.

"I had worked on many Department of Education contracts before," he said, "and other federal contracts from other agencies, and I have 20 years of experience or more in the business, and I had never seen or heard of anything like this."

Bush's Proposed Health-Care Cuts Get Mixed Reviews (WP)

By Christopher Lee, Lori Montgomery

The Washington Post, February 11, 2007

Depending on whom you ask, the budget that President Bush proposed last week will save or sink Medicare and Medicaid, two popular programs that, along with Social Security, threaten to swamp the federal budget as the baby-boom generation retires.

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Bush, citing the need for fiscal responsibility, proposed reducing by $101 billion over five years the spending growth of the two health programs, which serve 93 million people and will cost the government $564 billion this year. One of his most controversial ideas is to charge wealthier seniors higher Medicare premiums for the second time in the program's 41-year history.

Budget experts call the plan one of the most significant efforts in years to rein in federal spending on entitlement programs. But health-care providers and advocates for beneficiaries call the proposed cuts arbitrary and say they would exact an unaffordable toll on a big part of the nation's health-care system.

"It is very, very significant that they're willing to put on the table some specific proposals," said Comptroller General David M. Walker, who frequently warns of the government's troubled long-term fiscal outlook.

Stuart M. Butler, a budget expert at the conservative Heritage Foundation, said, "It's the only way forward in dealing with a huge unfunded obligation that right now is being left in the lap of our children and grandchildren."

Others see the proposals as likely to do more harm than good, and many congressional Democrats have accused Bush of trying to pay for the Iraq war and his signature tax cuts by reducing health care for elderly and poor Americans.

"There are problems in terms of future financing of Medicare, and those need to be dealt with in a comprehensive way," said Charles N. Kahn III, president of the Federation of American Hospitals. "To think we're going to solve all those problems by simply saying, 'We're not going to pay those who provide service what we need to pay them' is more than problematic. . . . This has more to do with the balanced budget and other things than it does with the preservation of Medicare."

Senate Finance Committee Chairman Max Baucus (D-Mont.) said the Bush plan does nothing to address the underlying causes of the financial woes of Medicare and Medicaid -- rising health-care costs.

"I know it's difficult, but the administration would be doing this country a much greater service by finding ways to lower the underlying costs of Medicare and Medicaid, rather than just lopping off the top," Baucus said. "These costs will just get transferred somewhere else -- emergency rooms or uncompensated care."

Some of the institutions affected most would be hospitals, nursing homes, home health agencies and other providers, whose Medicare payments would be more than $61 billion lower than anticipated over five years (although still higher overall). Bush also proposes automatic across-the-board cuts in provider payments if Medicare spending reaches certain levels for two consecutive years. His budget would not forestall a planned 10 percent cut in Medicare payments to doctors next year.

Bruce Yarwood, president of the American Health Care Association, said the 9,000 nursing homes he represents would receive about $10 billion less than anticipated over five years.

"We'll squeeze, cut and trim administrative costs," he said. "You take a look at your staffing patterns, and rather than four people on the night shift you have three. And rather than seven or eight on the day shift you have six. You take a look at your maintenance crew; you say, 'Rather than mow the lawn every week, I'll mow it every two weeks,' so you lay off a maintenance guy."

David L. Elliott, 74, a retired professor who relies on Medicare, said he worries that Bush's cuts eventually will drive more health-care providers out of the program.

"Medicare currently is underpaying doctors and hospitals, and it's not clear how long they can stand it," the College Park resident said. "Some doctors already are refusing Medicare patients. And this is going to continue."

Since Medicare's inception, beneficiaries have generally paid the same amount for coverage regardless of income, but some experts say that is now unsustainable. The problem was made worse when the GOP-controlled Congress added a prescription drug benefit in 2003, which is expected to cost $38 billion this year.

A little-noticed section of that law, however, for the first time required the more affluent to pay higher premiums. Starting this year, about 1.5 million beneficiaries with incomes of more than $80,000 annually ($160,000 for couples) pay monthly premiums of $106 to $162.10 for Medicare Part B coverage for physician services, up from the standard premium of $93.50.

The Bush budget would no longer adjust the income thresholds annually by inflation. And it would tie drug benefit premiums to income starting next year, a move that would affect 1.1 million beneficiaries, the Centers for Medicare and Medicaid Services calculates. The changes would save more than $10 billion over five years.

Budget hawks say Democrats should swallow hard and sign on.

"I know Democrats are reluctant and resistant and don't like the concept, but they have to scale back the federal commitment in some way," said Robert L. Bixby, executive director of the nonprofit Concord Coalition, which advocates reducing the federal deficit. "This does so in a progressive way, which is a principle the Democrats should be able to support."

But many seniors and their advocates, including the AARP, say an income test is unfair and threatens to make Medicare a welfare program instead of a broadly supported social insurance effort. Some point out that higher-income seniors already paid more in the form of higher Medicare payroll taxes during their working lives.

"I look at it as a tax increase," said Melville, N.Y., resident Sam Gross, 79, a retired accounting firm partner who pays the higher premiums.

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Democrats have said they are not willing to accept cuts to Medicare and other entitlement programs unless the administration shows a willingness to raise revenues as well. Ultimately, however, treating beneficiaries differently based on income "does have to be part of the solution," Senate Budget Committee Chairman Kent Conrad (D-N.D.) said in an interview taped for C-SPAN and scheduled to air this weekend.

In Medicaid, which serves the poor and disabled, Bush proposes to trim spending growth by nearly $26 billion over five years through measures such as altering how the program pays for drugs and eliminating funding for graduate medical education in teaching hospitals. That would be a big blow for the nation's 800 teaching hospitals, said Richard M. Knapp, executive vice president of the Association of American Medical Colleges.

"We already struggle with our payments from Medicaid," Knapp said. "Major teaching hospitals have the lowest operating margins of all the hospitals in the country, and this would just add to that problem."

The White House argues that the proposals are not draconian. Medicare and Medicaid would account for about $596 billion in federal spending next year, up 5.7 percent. Medicare's average annual spending growth rate over the next five years would slow from 6.5 to 5.6 percent, while Medicaid's would be above 7 percent.

Happy Talk In Bush's Budget (WP)

By David S. Broder

The Washington Post, February 11, 2007

Experience has taught us that the Bush administration's budget cannot be judged by its cover -- or by the cover letter the president puts at the start of each year's volume.

The message he released last week was headlined by the Page 1 declaration that "the Budget I am presenting achieves balance by 2012."

It would be wonderful were deficits to disappear -- if only it were true. But on the final page of the document, in Table S-10 on Page 172, one learns the disturbing truth. In fiscal 2012, the president's target year, the gross federal debt will -- by his own estimate -- grow by $372 billion.

How can this be? Well, the Page 1 claim is achieved by ignoring or minimizing a bunch of real-world challenges. For example, the president proposes just a one-year patch for the growing problem of the alternative minimum tax, which is whacking more and more middle-class families who thought they were beneficiaries of the Bush tax cuts. The one-year fix would cost the Treasury $47.9 billion, but no revenue is lost in the next four years -- because Bush just ignores the problem.

Similarly, he assumes that the cost of the Iraq and Afghanistan wars will drop dramatically from $142 billion next year to $50 billion the following year.

And he takes advantage of all the arcane bookkeeping rules that exclude major costs and embrace more helpful numbers.

Rep. Jim Cooper of Tennessee, a Democratic crusader for honestly balanced budgets, pointed me to another back-of-the-book table that illustrates the point.

As he noted, Table S-7 shows that the $61 billion surplus Bush claims for 2012 -- using all the gimmicks he can find -- is achieved only by counting on the $248 billion in anticipated Social Security surpluses that year to wipe out the $187 billion deficit rolled up by all the other activities of the federal government.

In other words, Bush is borrowing from Social Security to achieve his budget surplus -- and that money will have to be repaid out of future taxes, or beneficiaries will suffer.

What's sad about this chicanery is that, in some other respects, this budget is an improvement over its predecessors from Bush. Responding to a congressional mandate, he has put the short-term costs of the wars in Iraq and Afghanistan into the regular budget, rather than withholding them until months later and then sending the big bill to Capitol Hill.

Bush also has described, in blunt terms, the dismal financial prospects for Medicare -- premiums will have to increase fivefold to sustain the program unless some way is found to curb health-care inflation. As a start on alleviating that crisis, Bush has proposed $66 billion in savings over the next five years, achieved mainly by trimming payments to providers and boosting premiums for the well-to-do.

Congressional Democrats are screaming even about these modest changes, but the problem is real. Bush would be in a stronger position to secure these savings if he were not pretending that he can balance the budget by 2012 while preserving all his tax cuts.

As Cooper says, "The happy talk from the White House will sap Congress's will to tackle the entitlement issues." The figures in Table S-10 are stark -- and they underline Cooper's warning.

In fiscal 2006, the past year, the total federal debt was $8.45 trillion. In 2012, by Bush's optimistic estimate, it will reach $11.49 trillion. That is $3 trillion of added debt in just six years.

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More and more of that debt is held by foreign countries. Another table, buried back on Page 234 of a supplemental volume, shows that the foreign holdings of U.S. government securities have more than doubled in the past five years, going from just over $1 trillion to $2.1 trillion. Japan and China are our largest creditors, increasing their leverage over our economy. And Uncle Sam has become the world's biggest borrower.

That's another fact you won't find anywhere in this budget.

Stem-cell Researchers Look Beyond The Embryo (WT)

By Joyce Howard Price

The Washington Times, February 11, 2007

The medical, moral and political debate over the need for embryonic stem-cell research remains fierce, with multiple medical reports in the past 18 months describing ways to produce disease-treating stem cells without destroying human embryos.

Stem cells are the body's master cells, the basic building blocks from which a person's tissue and organs develop. Scientists say the cells hold promise for treating -- and perhaps curing -- diseases such as Parkinson's, diabetes and cancer.

Proponents of embryonic stem-cell research think these types of cells hold the greatest potential for medical breakthroughs because they have the ability to grow into any type of cell in the body if scientists learn how to direct their development.

But critics of embryonic stem-cell research, including President Bush, say destroying or tampering with a human embryo is immoral.

"We recoil at the idea of growing human beings for spare body parts or creating life for our own convenience," Mr. Bush has said.

The president and others favor research that involves stem cells from adults and children, which can be obtained without harming the donor. Examples include stem cells taken from bone marrow and other organs and tissue, and from placentas left over from live births.

Some stem-cell researchers and others who closely observe the field think scientists will find viable alternatives to embryonic stem cells that are not morally objectionable.

"I believe we could get the equivalent of embryonic stem cells through technological solutions that do not require the creation and destruction of embryos," said Dr. William B. Hurlbut, a consulting professor at Stanford University's Neuroscience Institute.

"Had we acknowledged this possibility early and put our energies to the task, we would probably have found an answer by now," said Dr. Hurlbut, also a member of the President's Council on Bioethics.

"An alternative is going to happen," said Dr. Markus Grompe, head of the Stem Cell Research Center at Oregon Health and Science University in Portland. He says he uses "mouse embryo stem cells all the time" in his lab work but never human embryonic stem cells because of moral concerns.

B.D. Colen, spokesman for the Harvard Stem Cell Research Institute, is disturbed by the attention being given to those with moral concerns about embryonic stem cells.

"When did we start basing science policy in this country on what are fundamentally religious beliefs?" he asked.

Finding alternatives

A White House report on stem-cell research, released Jan. 9 by the Domestic Policy Council, stated that there should be a way "to create human pluripotent cells," meaning flexible cells such as embryonic stem cells, that "can transform into many or perhaps all of the different cell types in the body in cells derived without embryos."

The report, "Advancing Stem Cell Science Without Destroying Human Life," highlighted "tremendous scientific progress of late in exploring methods of deriving pluripotent stem cells without destroying embryos."

Research developments cited by the White House and other critics of embryonic stem-cell research include:

· On Jan. 7, scientists at Wake Forest University School of Medicine reported that a type of cell found in amniotic fluid has significant versatility in terms of the type of body tissue it can become and could be used to treat a variety of diseases.

The cells, discarded by the developing fetus and retrieved easily during prenatal testing, are easier to control in the laboratory than embryonic stem cells, according to authors of the report, published online in the journal Nature Biotechnology.

· In August 2006, researchers at Advanced Cell Technology (ACT), a California-based firm, reported that they had devised a method to create human embryonic stem cells without harming embryos, They said their technique involved taking a single cell, or blastomere, from a 2-day-old embryo after the fertilized egg divided into eight cells. The researchers said the rest of the embryo could be allowed to grow into a healthy human.

But the White House report charged that the technology ACT deployed "did in fact destroy every one of the human embryos used."

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Dr. Robert Lanza, director of research and development at ACT, disagreed.

"The embryo was not harmed or destroyed and remains frozen just like the embryos at in-vitro clinics," he said.

· In March 2006, German researchers disclosed that they had isolated stem cells from the testicles of adult mice that appeared similar to embryonic stem cells. They were optimistic the same type of cells could be extracted from human testicles.

· In October 2005, Dr. Rudolf Jaenisch of the Massachusetts Institute of Technology reported he had produced stem cells with the same capabilities as traditional embryonic stem cells through a process that has come to be known as altered nuclear transfer without cloning.

The technique used in mice relies on deactivating a gene essential for formation of an embryo.

Dr. Jaenisch modified mouse DNA and inserted it into an egg whose own genetic material had been removed. After the altered DNA was inserted, cells began to divide and formed an unorganized clump of cells from which stem cells were then retrieved.

Dr. Hurlbut said the method has been recommended for further exploration in animal studies by the presidential advisory panel on bioethics on which he serves and has been endorsed by 35 religious leaders or groups

· In August 2005, British scientists announced they had found a way to derive embryoniclike stem cells in umbilical-cord blood.

'An ongoing problem'

But some of the scientists whose work was cited in the White House report complained of misrepresentation by the council, saying they were unhappy that their findings were being used to support arguments that embryonic stem-cell research is unnecessary.

"Our work directly involves the use of human embryonic stem cells," the researchers said in a letter to members of Congress. The scientists urged passage of expanded federal funding for embryonic stem-cell research, which the Bush administration opposes.

"Science works best when scientists can pursue all avenues of research," Story Landis, acting chairwoman of the National Institutes of Health's stem-cell task force, told a Senate committee last month.

"If the cure for Parkinson's disease or juvenile diabetes lay behind one of four doors, wouldn't you want the option to open all four doors at once, instead of just one door?" Miss Landis asked.

"The rhetoric for embryonic stem-cell research is more shrill today than ever, but this research is not panning out," said David Prentice, a senior fellow for life sciences at the Family Research Council, which opposes embryonic stem-cell research.

The development of tumors has been "an ongoing problem" in animal research using embryonic stem cells, according to the White House report and other researchers.

Neurologists at the University of Rochester and Cornell reported in November that brain cells derived from embryonic stem cells dramatically improved the condition of rats with severe Parkinson's-like symptoms. But they said the treatment also caused a significant problem -- the appearance of brain tumors in the rodents.

"In fact, 100 percent of the rats got tumors," said Mr. Prentice, who is familiar with the research. He added that there have been "at least a dozen" cases of animal studies using embryonic stem cells in which 25 percent to 50 percent of the animals developed tumors.

The White House report does support clinical trials using adult stem cells, which it says "have produced encouraging improvements in patients with a range of disorders and diseases, including leukemia, lymphoma, diabetes, advanced kidney cancer and several genetic blood disorders."

Mr. Prentice agrees.

"More than 3,000 patients are better today as a result of heart treatments that relied on the patients' own bone-marrow stem cells," he said.

What's more, about 6,000 patients with conditions such as leukemia and sickle cell anemia have been successfully treated with stem cells from umbilical cord blood, Mr. Prentice said.

Funding the research

In 2001, Mr. Bush announced that federal funds could be awarded for embryonic stem-cell research but using only about 70 cell lines that were in existence at the time.

Since that time, $130 million in federal funding has been used for such research, including $40 million last year alone, Dr. Hurlbut said. Nearly $3 billion in federal funds have been used for all forms of stem-cell research, according to the White House report.

Nothing in the federal policy constrains either private or state funding of embryonic stem-cell research. To date, at least six states -- California, Connecticut, Illinois, Massachusetts, New Jersey and Wisconsin -- have encouraged embryonic stem-cell research or set aside money for it.

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In November, voters in Missouri narrowly approved a constitutional amendment that prohibits state officials from banning embryonic stem-cell research. And New Mexico Gov. Bill Richardson, a 2008 Democratic presidential candidate, said he would ask the state legislature to approve a $10 million stem-cell research center at the University of New Mexico. The center would feature research using both embryonic and adult stem cells.

In 2004, California voters approved a ballot measure to allow that state to raise as much as $3 billion through bond sales to fund embryonic stem-cell research.

"But that $3 billion has been locked up in lawsuits" brought by opponents of embryonic stem-cell research, Dr. Hurlbut said.

Even so, he said, "preliminary grants" for the research "are being distributed," as a result of $150 million Gov. Arnold Schwarzenegger has provided to start the research program and another $40 million in private donations.

The White House Domestic Policy Council report says that "funding [for embryonic stem-cell research] by individual states is expected to add up to several billion dollars in the next few years."

Meanwhile, some in Congress are seeking to end the restrictions on federal funding for embryonic stem-cell research.

The House voted last month to allow federal funding for new stem-cell lines derived from fertility clinic embryos that otherwise would be discarded. The Senate is likely to pass the measure next month. However, Mr. Bush vetoed an identical bill in July and says he will veto it again.

In another development, New York-based NeoStem, a leader in adult stem-cell technology, has opened the nation's first walk-in stem-cell center. It provides patients with adult stem-cell collection and banking services for their use in future medical crises.

Congress Finds Ways To Avoid Lobbyist Limits (NYT)

By David D. Kirkpatrick

The New York Times, February 11, 2007

WASHINGTON, Feb. 10 — The 110th Congress opened with the passage of new rules intended to curb the influence of lobbyists by prohibiting them from treating lawmakers to meals, trips, stadium box seats or the discounted use of private jets.

But it did not take long for lawmakers to find ways to keep having lobbyist-financed fun.

In just the last two months, lawmakers invited lobbyists to help pay for a catalog of outings: lavish birthday parties in a lawmaker's honor ($1,000 a lobbyist), martinis and margaritas at Washington restaurants (at least $1,000), a California wine-tasting tour (all donors welcome), hunting and fishing trips (typically $5,000), weekend golf tournaments ($2,500 and up), a Presidents' Day weekend at Disney World ($5,000), parties in South Beach in Miami ($5,000), concerts by the Who or Bob Seger ($2,500 for two seats), and even Broadway shows like "Mary Poppins" and "The Drowsy Chaperone" (also $2,500 for two).

The lobbyists and their employers typically end up paying for the events, but within the new rules.

Instead of picking up the lawmaker's tab, lobbyists pay a political fund-raising committee set up by the lawmaker. In turn, the committee pays the legislator's way.

Lobbyists and fund-raisers say such trips are becoming increasingly popular, partly as a quirky consequence of the new ethics rules.

By barring lobbyists from mingling with a lawmaker or his staff for the cost of a steak dinner, the restrictions have stirred new demand for pricier tickets to social fund-raising events.

Lobbyists say that the rules might even increase the volume of contributions flowing to Congress from K Street, where many lobbying firms have their offices.

Some lawmakers acknowledge that some fund-raising trips resemble the lobbyist-paid junkets that Congress voted to prohibit.

Jennifer Crider, a spokeswoman for the Democratic Congressional Campaign Committee, said its leaders had decided to stop holding fund-raising events for lobbyists with political action committees because of the seeming inconsistency.

So the committee canceled its annual Colorado ski weekend for lobbyists and lawmakers to raise money for the next campaign. Gone, too, is its Maryland hunting trip with Representative John D. Dingell of Michigan, the avid hunter who is chairman of the House Energy and Commerce Committee.

But other Congressional party campaign committees have not stopped their events, including the Democratic Senatorial Campaign Committee's annual Nantucket weekend for donors who contribute $25,000. And individual lawmakers are still playing host to plenty of events themselves.

Senator Lindsey Graham, a South Carolina Republican who sometimes invites lobbyists to join him for fund-raising hunting trips, called such events an innocuous fact of life.

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"If you are not going to have publicly financed elections and you are getting your support from private individuals — which I believe in — I don't see any problem with having events where private individuals who give you money can talk to you," said Mr. Graham, who like the other senators quoted in this article voted for the ethics reform. He added, "Hunting is a very popular attraction in South Carolina."

Representatives John R. Kuhl Jr. of New York and Greg Walden of Oregon, both Republicans, each recently invited lobbyists to a rock concert by Bob Seger and the Silver Bullet Band. And three Republican lawmakers, Mr. Walden and Representatives Darrell Issa and Mary Bono of California, have invited lobbyists to join them next month at a Who concert in Washington.

"They're her favorite rock 'n' roll band," said Frank Cullen, Ms. Bono's chief of staff.

Among Democrats, Senator Thomas R. Carper of Delaware recently returned from his annual ski trip to the Ritz-Carlton Bachelor Gulch in Beaver Creek, Colo. Senator Max Baucus, a Montana Democrat, just got back from a skiing and snowmobiling trip to his state and has planned two golfing and fly-fishing weekends as well. Expeditions of lobbyists attend each trip. The top prices for the events are meant for lobbyists with political action committees.

Meredith McGehee, policy director of the Campaign Legal Center, which advocates for tighter campaign finance rules, said that organizing a fund-raising trip was not the same as accepting a free vacation. But she added: "At the end of the day, it is the same thing."

Representative Eric Cantor, a Virginia Republican famous on K Street for his annual fund-raising weekends in Beverly Hills and South Beach, has recently invited lobbyists to join him for some expensive cups of coffee. A $2,500 contribution from a lobbyist's political action committee entitles the company's lobbyist to join Mr. Cantor at a Starbucks near his Capitol Hill office four times this spring.

"What's next? Come help me pick up my dry cleaning?" said Massie Ritsch, spokesman for the Center for Responsive Politics, a group that tracks political fund-raising.

The excursions would be illegal under the new ethics rules if lobbyists or their employers paid for them directly. (The rules, passed by both houses in early January, have already taken effect in the House and are expected to take effect in the Senate later this spring.) And some outings involving personal entertainment or recreation for lawmakers could also run afoul of legal restrictions on the personal use of campaign money if they were paid for by a lawmaker's re-election campaign.

But they are allowed, and increasingly common, because of a combination of loopholes. First, the ethics rules restrict personal gifts but not political contributions, so paying to attend a fund-raiser is still legitimate. Second, the "personal use" restrictions apply to lawmakers' re-election campaigns but not to their personal political action committees, which can spend money on almost anything. Lawmakers use their personal PACs to sponsor most of the events. (Lawyers disagree about whether Congressional ethics rules restrict personal use of members' PACs.)

The lawmakers' so-called leadership PACs began proliferating about two decades ago, initially as vehicles for senior members of Congress to build loyalty among their colleagues by funneling money to their campaigns.

These days, however, even the newest members of Congress usually start them. Two newly elected Democratic senators, Claire McCaskill of Missouri and Jim Webb of Virginia, already have. And many use them mainly to pay for travel or miscellaneous other costs.

Over the last two years, the roughly 300 PACs controlled by lawmakers raised a total of about $156 million and used only about a third of that on federal campaign contributions, according to the Center for Responsive Politics, a group that tracks political fund-raising.

Vacationlike fund-raising events with lobbyists are not new. Former Representative Tom DeLay's trips to Puerto Rico were legendary on K Street, for example. But the new ethics rules barring lobbyists from treating lawmakers to less-expensive amusements have given new importance to such getaways.

"I have to have some personal contacts to be a lobbyist," said James Dyer, a lobbyist at the firm of Clark & Weinstock. "If the only ticket in terms of contact is these fund-raising events, it is going to be costly," Mr. Dyer said. "The fund-raising part of our lives is a very expensive tool."

Thomas Susman, a lawyer who was an editor of the American Bar Association lobbying manual, said that at a recent presentation about the new rules to the lobbyists trade group, "the biggest question was, Is this going to drive everything to the fund-raising side? Is that going to be the way to have social contact with members?"

Some members of Congress said it would not bother them if the upshot of the new rules turned out to be more contributions.

"I am not going to hide from the fact that we have to raise money," said Representative Devin Nunes, a California Republican who has invited donors to his political action committee on a wine-tasting tour in June, modeled after the movie "Sideways." "Only a moron would sell a vote for a $2,000 contribution," Mr. Nunes said.

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Fund-raising consultants for both parties said they saw a golden opportunity. “We are definitely seeing an increase in the number of events across the board,” said Dana Harris of Bellwether Consulting, a Republican firm that specializes in courting lobbyists’ political action committees. “Fund-raising events will provide a safe haven for lobbyists to talk to members.”

Among the coming events Ms. Harris’s firm helped organize: a trip this month to the Yacht and Beach Club Resort at Disney World for Senator Mel Martinez of Florida, for a $5,000 PAC contribution, and a May trip to the Robert Trent Jones Golf Club in Virginia for Senator Richard M. Burr of North Carolina, for $2,500 a head.

Some private jet companies are trying to capitalize on the rules as well. Lawmakers can no longer fly on a company’s corporate jet and then reimburse the owner at a discount. But lawmakers can still use their PACs to pay the actual cost for the use of jets, as Mr. Cantor and others have done.

Marco Larsen, vice president for publicity at Blue Star Jets, a broker that sells single flights on private planes, said his company planned to hold an event in Washington to promote its services to members of Congress. Because of concerns about appearances, Mr. Larsen said, “We wanted to stay away right after the rules were passed, but I think it is a better time now.”

Lawmakers are usually reluctant to talk about their fund-raising events. Asked in an interview in the Capitol why he was taking lobbyists on a Montana hunting trip, Mr. Baucus said only, “To show off the beauty of our state,” then retreated behind a guarded door.

Mr. Martinez, who will be spending next weekend with lobbyists at Disney World, said, “I’ve heard from many other members that they have had very successful weekend events.” He added, “People can bring their families to it and bring their children, and it’s going to be fun.”

S.D. Senator Starts Working From Hospital (LAT/AP)

The Los Angeles Times, February 11, 2007

WASHINGTON — Sen. Tim Johnson (D-S.D.) is reading news clippings and starting to do some office work from the hospital, almost two months after suffering a life-threatening brain hemorrhage.

"He has requested more contact with office and is looking for updates from staff," his office said in a statement.

Spokeswoman Julianne Fisher said he was starting slowly. "We do not anticipate him back [in the Senate] for several weeks," Fisher said. "We are bringing work to him rather than him coming to us. His first priority still is rehabilitation."

Johnson has been undergoing physical, occupational and speech therapy since his transfer to rehabilitation from intensive care at George Washington University Hospital last month. He recently began to read and speak in full sentences, according to doctors' statements.

Part of Johnson's therapy has been to deal with weakness on his right side.

He was rushed to the hospital and had emergency surgery Dec. 13 after becoming disoriented during a phone call with reporters. He was diagnosed with arteriovenous malformation, which makes arteries and veins grow abnormally large, become tangled and sometimes burst.

Johnson was sedated and on a ventilator for several weeks because of fluid in his lungs. He was upgraded from critical to fair condition Jan. 9.

The senator is making decisions about his care and expressing opinions on his daily activities, the hospital's chief of rehabilitation, Dr. Philip Marion, said in a statement.

"He continues to initiate more conversations and questions," Marion said. "His therapy now includes computer exercises and problem-solving activities."

Johnson's wife, Barbara, said the family was impressed with his progress: "Even though there is a long road ahead to complete recovery, we feel that we have gotten 'our Tim' back."

Questions For Dr. Andrew C. Von Eschenbach: Put To The Test (NYT)

By Deborah Solomon

The New York Times Magazine, February 11, 2007

Q: As the newly confirmed head of the F.D.A., you are presiding over an agency that is probably better known for its failures than for its achievements. For starters, the department lacked a Senate-confirmed commissioner for most of the Bush administration. I actually came here in the fall of 2005 as “acting” commissioner. I don’t know what an acting surgeon is. You go into the operating room and you take charge of what needs to get done.

You’ve just announced a program that tries to ratchet up drug safety by studying the side effects of drugs 18 months after they hit the market, presumably to avoid another calamity like the Vioxx recall. It’s not just postmarketing surveillance. It’s a whole host of things. One of the important things in this initiative is this concept of the new science of safety. We can use the tools of genomics and proteomics and apply them in ways that can be much more predictive.

In the meantime, your predecessor, Lester Crawford, who resigned without explanation, is scheduled to be sentenced on Feb. 27 for failing to disclose that he and his wife owned stocks in several F.D.A.-regulated companies. Were you surprised by that news? I am just like everyone else. It's very sad that these circumstances have occurred and that he and his family are facing this.

Did you sell any stock before you took this job? I really didn't have much of anything. All I have are my retirement holdings, and they are fully disclosed. They are mutual funds, essentially, and a 529 for my grandchildren. It's been completely vetted by teams of lawyers.

You are a former director of the National Cancer Institute. Do you think nicotine should be regulated as a drug? As cancer doctors, we have looked at the consequences of tobacco, of which nicotine is one component, but in which there are many other components.

In addition to drug safety, you oversee food safety. Might you consider a national initiative similar to the trans-fat ban conceived by

Mayor Bloomberg in New York City? Fast-food chains, of course, are the biggest trans-fat users. What I've seen is a significant effort on their part to find alternatives to trans fats.

You seem pretty laissez-faire in your approach to regulation. I wouldn't call it laissez-faire. I would call it incremental.

You were appointed by President Bush, and I hear you are a friend of his parents, whom I assume you met during your many years at the M.D. Anderson Cancer Center in Houston. They had been supporters of M.D. Anderson long before he ever became president, and when they returned to Houston, he had an ongoing relationship with M.D. Anderson. That was part of our evolving friendship, because he was on my prostate-cancer research program advisory board.

How is your own health? I'm fine. I've been through a couple of cancers. Melanoma and prostate cancer were the two serious ones, and basal cell on my nose. My health is great, and fortunately, I exemplify what we hope will be the case for everyone — early detection and adequate and appropriate therapy, and we are cancer survivors.

You're famous in the medical community for your oft-stated plan to eliminate cancer by 2015. I didn't say that! What I said was we have it within our grasp to eliminate the outcome of that disease process — to eliminate the suffering and death due to cancer — and I believe we can bring that about as early as 2015.

How do you think you're doing with that promise? Superbly well.

Some oncologists say that your plan falsely elevates the hopes of patients. Then I would ask them why they got into medicine in the first place.

OTHER NEWS:

Obama Joins Race With Goals Set High (WP)

By Dan Balz, Anne E. Kornblut

The Washington Post, February 11, 2007

SPRINGFIELD, Ill., Feb. 10 -- Illinois Sen. Barack Obama formally opened his campaign for president here Saturday, invoking memories of Abraham Lincoln and challenging a new generation to help him transform the nation.

Standing on the grounds of the Old State Capitol, where Lincoln delivered his famous "House Divided" speech against slavery in 1858, the Democratic first-term senator began a bid for the White House that barely seemed possible just a few months ago but could make him the first black president. "I recognize there is a certain presumptuousness -- a certain audacity -- to this announcement," he said. "I know I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

Thousands of supporters, some of whom had driven long distances to be here, braved freezing temperatures to join Obama at an event described by many as history in the making. Long before the candidate arrived with his wife, Michelle, and two young daughters shortly after 10 a.m. Central time, the Old Capitol grounds and surrounding areas were packed to capacity.

Against the morning cold, Obama wore an overcoat and a scarf, but no hat or gloves. In his speech, he presented an ambitious agenda that includes bringing an end to the Iraq war, eliminating poverty, ensuring universal health care and creating energy independence. But he seemed to be trying to transcend traditional political debate by arguing that what the country lacks is not good ideas.

"What's stopped us from meeting these challenges is not the absence of sound policies and sensible plans," he said. "What's stopped us is the failure of leadership, the smallness of our politics -- the ease with which we're distracted by the petty and trivial, our chronic avoidance of tough decisions, our preference for scoring cheap political points instead of rolling up our sleeves and building a working consensus to tackle big problems."

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Recalling past periods of economic or political crisis, he said, "Each and every time, a new generation has risen up and done what's needed to be done. Today we are called once more -- and it is time for our generation to answer that call."

The story of Obama's rise has captivated political insiders and ordinary Americans alike. The months ahead will test whether he now can transform himself from political phenomenon into the kind of candidate who can withstand the rigors of the marathon ahead.

Obama will be asked to demonstrate that his dearth of experience is not the liability that some of his rivals suggest, and he will be challenged to fill in the blanks of a policy agenda that is longer on goals than details.

He begins as one of the principal challengers to Sen. Hillary Rodham Clinton (N.Y.), the early favorite for the Democratic nomination. But he must also contend with former North Carolina senator John Edwards, whose progressive agenda and grass-roots campaign threatens to occupy some of the same space Obama aims to seize for his own candidacy. Other more experienced candidates hope to profit if he falters.

For all the enthusiasm that surrounds his candidacy, Obama still faces the reality that Clinton begins with a political machine that is far deeper and broader than his. Obama advisers said their campaign for the nomination may be more unconventional than hers.

"I think that the path to get there has to do with our ability to inspire a lot of people to get involved in this process who have not been involved, or who may have been involved once but lost heart," said David Axelrod, the campaign's chief strategist. "We have to give people a real sense of investment so that the electorate will maybe look a little different."

Obama's sharpest difference with both Clinton and Edwards is his early opposition to the Iraq war; they voted for the 2002 resolution authorizing President Bush to invade Iraq. Edwards has since apologized for his vote, and Clinton has said she would not have voted that way had she known then what she knows now.

But Obama can point to remarks he made in the fall of 2002 in which he not only called the war "dumb" but also predicted the dangers of the long occupation that followed the successful invasion. In his announcement speech, he described the war as a "tragic mistake."

"It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war," he said Saturday. "That's why I have a plan that will bring our combat troops home by March of 2008. Letting the Iraqis know that we will not be there forever is our last, best hope to pressure the Sunni and Shia to come to the table and find peace."

Beyond the setting itself, Obama invoked Lincoln throughout the speech, even to the point where the tall, thin Obama recalled a "tall, gangly, self-made Springfield lawyer" who ended slavery and led the nation though one of its darkest moments.

"He had his doubts," Obama said of Lincoln. "He had his defeats. He had his setbacks. But through his will and his words, he moved a nation and helped free a people."

But in issuing a call for a new generation to take its place at the center of public life, Obama summoned up memories of President John F. Kennedy and his 1960 campaign.

Obama, 45 and the son of a black Kenyan man and a white Kansas woman, worked as a community organizer in Chicago before graduating from Harvard Law School and returning to the city to become a civil rights lawyer. He ran for the state Senate in 1996 and served four terms there before launching what seemed a long-shot campaign for the U.S. Senate. Even before he won the seat and became the only African American in the Senate, Obama was seen as a rising star in his party because of the keynote speech he gave at the 2004 Democratic National Convention. His two best-selling books -- and his appearances on "Oprah," on ESPN's "Monday Night Football" and in the pages of People magazine -- have spread his appeal widely over the past few months, even as his name recognition across the electorate remains relatively low.

In his announcement speech Saturday and in interviews leading up to it, Obama began the process of both laying out his professional experience and arguing that experience in Washington is not a requirement for becoming president.

Critical of Bush's presidency and what he said are the nation's unmet challenges, Obama decried the cynicism that he said pervades the political process and called on those disillusioned by a culture of special interests and gridlocked politics to join him in his campaign.

"The time for that politics is over. It is through. It is time to turn the page, right here, right now," he said, and the crowd responded with chants of "Obama, Obama, Obama."

Although his campaign infrastructure is still being built -- his advisers moved into their Chicago headquarters only last week -- Obama's launch had the trappings of a campaign that has been building for months. That included a new Web site launched in conjunction with the announcement and a new campaign logo, a blue "O" that evokes a rising sun and that appeared on buttons, placards and T-shirts.

The crowd was filled with committed Obama supporters who lifted signs -- "Barack the Vote" was among the more creative -- and cheered in waves as the candidate spoke.

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From Illinois, Obama flew to Cedar Rapids, Iowa, and a town hall meeting with more than 2,000 people. Obama spent an hour fielding questions about Iraq, North Korea, the No Child Left Behind Act and the cost of college tuition.

He said he believes many Americans feel that something has been lost since the promise of the Kennedy era.

"What's been lost is that our politics feels very much like an insider's game," he said. "People feel like you've got the two parties splitting the pot, and ordinary voters are left out of the process."

Opening the session, Obama talked about the challenges facing the country and his own ambitions to be president.

"I want to win," he said, "but I don't just want to win. I want to transform this country."

Obama Invokes Lincoln For Run (WT)

By Brian Debose

The Washington Times, February 11, 2007

SPRINGFIELD, Ill. -- Sen. Barack Obama officially announced his presidential candidacy yesterday before thousands of supporters eager to become part of his "new leadership" movement.

"This campaign can't only be about me. It must be about us -- it must be about what we can do together," Mr. Obama said, standing in front of the building where Abraham Lincoln served in the state General Assembly before he became president.

"I know it's a little chilly, but I'm fired up," the Illinois Democrat said as he took the podium with his wife, Michelle, and daughters Malia, 8, and Sasha, 5.

Like former Vermont Gov. Howard Dean, who sought the Democratic nomination in 2004, Mr. Obama envisions a campaign to be built from the ground up using the Internet -- a grass-roots coalition that will be controlled by voters.

"This campaign must be the occasion, the vehicle, of your hopes, and your dreams," Mr. Obama said. "It will take your time, your energy and your advice to push us forward when we're doing right, and to let us know when we're not."

In a speech that invoked the memories of both Lincoln and Martin Luther King, the junior senator from Illinois acknowledged a "certain audacity" in his selection of the historic backdrop for his announcement and said he recognizes that his campaign is as much about the voters as it is about himself.

"In my heart, I know you didn't come here just for me," Mr. Obama said, as some in the audience shouted: "Yes, we did!" Unfazed, the senator said, "You came here because you believe in what this country can be."

Mr. Obama played on the similarities between himself and Lincoln, whose work he said was the reason that Americans of every race can stand together to face the challenges of the 21st century.

Like Lincoln, Mr. Obama is viewed as a novice to national politics, having spent eight years in the Illinois state Senate and just two years in the U.S. Senate before running for president. Mr. Obama lost his first bid for Congress in 2000; Lincoln lost a Senate bid in 1858, two years before being elected president.

Mr. Obama laid out a broad vision for the country, in which he and voters will "together" tackle the tough issues of providing health care for all Americans, improving education and creating jobs that provide a living wage.

He also spoke of empowering unions, putting an end to the nation's addiction to foreign oil and maintaining a strong military to fight terrorism.

At 45, Mr. Obama is the youngest candidate among a Democratic field that is dominated by Sen. Hillary Rodham Clinton of New York, and he tried to use his youth to distance himself from the others in the race.

"Each and every time, a new generation has risen up and done what's needed to be done," Mr. Obama said. "Today, we are called once more -- and it is time for our generation to answer that call."

He also made clear his opposition to the Iraq war and highlighted his plan to begin bringing troops home by March 2008.

"Letting the Iraqis know that we will not be there forever is our last, best hope to pressure the Sunni and Shia to come to the table and find peace," Mr. Obama said.

David Axelrod, the campaign's media adviser, said there was no attempt to tear down or disparage other Democrats in the campaign.

"We don't have a strategy to tear people down," he said. "Our premise is, if you can give people something to aspire to, then you don't have to do that, and if it works, we will have changed politics in America."

With his announcement, Mr. Obama's campaign shifted into high gear. A once-barren exploratory committee Web site was teeming with content, including speeches dating back as far as 2002 and highlighting Mr. Obama's opposition to the war in Iraq.

Many in the audience yesterday had traveled from as far away as California and Arizona for Mr. Obama's announcement, while others drove from nearby Peoria and Decatur.

"This is really amazing. He's amazing," said Paul Jeffords, 37, a sales representative from Peoria. "He is the most dynamic, the most humble. I just feel like he's the one who can bring all of us together."

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After his announcement yesterday, Mr. Obama traveled to Cedar Rapids, Iowa, where he addressed voters in a packed high school gym. The senator will travel to New Hampshire tomorrow before returning to Washington.

Obama Launches Campaign With Emphasis On Grassroots (HILL)

By Klaus Marre

The Hill, February 10, 2007

Sen. Barack Obama (D-Ill.) officially announced his candidacy for the White House Saturday, saying he wants to lead a new generation of Americans in tackling the country's challenges.

"Each and every time, a new generation has risen up and has done what needed to be done," when America has faced challenges in the past, Obama said in an appeal to younger voters.

Speaking from outside of the Old State Capitol in Springfield, Ill., and joined by his family, Obama addressed hundreds of bundled up supporters, who cheered on the candidate despite having to stand outside in temperatures just above 10 degrees.

"You didn't just come here for me," Obama said. "You came here because you believed in what this country can be. In the face of war, you believe there can be peace. In the face of despair, you believe there can be hope."

This campaign "must be about us," he told a cheering crowd. "It will take your time, your energy and your advice..." The candidate cited the example of Abraham Lincoln, who Obama said showed the country that it is possible to make a change.

Obama hopes to launch a broad grassroots campaign that can propel him past Democratic frontrunner Sen. Hillary Clinton (N.Y.).

Across the street from the historic building, from which Lincoln had delivered one of his most famous speeches, the campaign had placed a gigantic U.S. flag.

Sen. Dick Durbin (D-Ill.) announced Obama, telling the crow that it had gathered in "a place filled with memories" and praising Obama as a man who had inspired America and reminded people that "anything is possible" in this country.

"Here, many years ago, another son of Illinois began his journey to Washington," he told the crowd. "Today another son of Illinois will take his first step on his journey to Washington."

Following the announcement, Obama planned to travel to Iowa later on Saturday. He intends to visit New Hampshire Monday to participate in a town hall meeting.

While Obama is seen as the rising star in the Democratic Party, he faces an uphill battle for the nomination, as Clinton has been leading in the polls and is viewed as the candidate with the greatest fundraising potential.

"I recognize that there is a certain presumptuousness in this [announcement], a certain audacity" because he had not spend a lot of time in Washington, Obama said in a reference to more experienced rivals. "I have been there long enough to know that the ways in Washington must change."

Aware that Clinton's network of large donors is extensive, Obama is asking supporters to contribute in small ways.

"[My] website is going to be set up so that you can build your own profile, form your own groups, plan your own events, take campaign fundraising into your own hands, so that we can collect small donations instead of having to rely on large campaign contributions," he said Friday, adding that his quest for the presidency is "a great journey."

"I know I can't do it by myself. Ultimately, this has to be a vehicle for your hopes and your dreams," Obama said in a message to his supporters.

It's Official: Obama Is Running For President (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 11, 2007

— Sen. Barack Obama formally launched his bid for president Saturday, his eyes on history and feet rooted in the frigid Midwest as he pledged a new generation of leadership to end the war in Iraq and banish "the smallness of our politics."

In a speech that recalled his soaring remarks to the 2004 Democratic National Convention — the speech that launched his political rocket flight — Obama sought to set himself apart from the large Democratic field of White House hopefuls, and from the Washington establishment he joined two years ago as a senator representing Illinois.

He cited a familiar litany of woes: poverty, underperforming schools, soaring healthcare costs, hard-pressed wage earners, reliance on foreign oil, and the Iraq war. But the larger problem, he suggested, was a rancid political system that perpetuated those ills instead of solving them.

"What's stopped us is the failure of leadership, the smallness of our politics, the ease with which we're distracted by the petty and trivial, our chronic avoidance of tough decisions, our preference for scoring cheap political points," Obama said.

"The time for that kind of politics is over," he added. "It's time to turn the page."

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More than 15,000 people showed up for Obama's announcement, police said. The crowd formed a small sea of covered heads — temperatures were in the low teens — at the base of the old state Capitol, where Abraham Lincoln served, orated and, finally, lay in state.

The 45-year-old senator's announcement — his breath visible in the cold — marked a fully committed candidacy that, if successful, would make him the nation's first black president.

Obama is generally regarded as one of the top three Democratic White House hopefuls — behind Sen. Hillary Rodham Clinton of New York, ahead of former Sen. John Edwards of North Carolina. But Obama is also among the least experienced of the more than a dozen candidates running on both sides, a political phenom whose success to date grows more out of style than accomplishment.

Conceding "a certain presumptuousness, a certain audacity" in his announcement, Obama suggested that the brevity of his stint in Washington should not be viewed as a demerit. "I've been there long enough to know that the ways of Washington must change," he said, offering his seven years as a state senator in Springfield as an exemplar of the politics he wished to practice.

"We learned to disagree without being disagreeable," he said, "that so long as we're willing to listen to each other, we can assume the best in people instead of the worst."

Addressing the war in Iraq, Obama offered one of the few policy specifics of his 20-minute speech, drawing an approving roar from the crowd. "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war," he said, calling for U.S. combat troops to leave by March 2008.

He also drew a contrast with Edwards and Clinton, who both voted in 2002 to authorize the invasion of Iraq. Edwards has apologized for his vote; Clinton, campaigning Saturday in New Hampshire, reiterated that she would not have voted the same way knowing what she does today, but refused to say she was wrong.

Obama was blunt: "I opposed this war from the start. I thought it was a tragic mistake."

The site he chose for his announcement was steeped in symbolism. Lincoln not only served as a state representative in the old Capitol, but in 1858 delivered his famous antislavery speech that quoted from the Bible, "A house divided against itself cannot stand."

Obama invoked that speech in declaring his candidacy and returned to Lincoln and his legacy throughout his own speech — referring at one point to the inspirational "life of a tall, gangly, self-made Springfield lawyer" who showed the power of words and conviction to overcome political division. The description, plainly made to invite comparison, drew appreciative laughs from the crowd.

At another point, Obama echoed the words of a more recent president, John F. Kennedy, who also sought the White House as a relatively young man with a short political resume. Citing a succession of generations that achieved great things — settling the West, ending slavery, overcoming the Great Depression, sending a man to the moon — Obama said, "Today we are called once more — and it is time for our generation to answer that call."

Obama, the son of a black father from Kenya and a white mother from Kansas, made no mention of his upbringing, which was mainly in Hawaii. He spoke only briefly of his time as a community activist in Chicago before launching his political career a decade ago. He also made little mention of President Bush or his policies, beyond a paragraph condemning the last six years and Bush's penchant, as Obama described it, to distract people from the administration's failures and "blame the other party, or gay people, or immigrants."

The largely uplifting tone contributed to a feeling that, whatever the outcome in 2008, Obama's announcement deserved a place in history.

Foster Ware III drove about an hour from Bloomington, Ill., to attend Obama's speech with his wife, their three small children and a family friend. He doubted any of the youngsters would remember the occasion, Ware said, but as an African American he wanted to tell them someday that they had been at the event and to urge them "to always dream and never let anyone kill that dream."

"I hate hearing, 'Is the country ready for a black president?' " said Ware, a 31-year-old pharmaceutical salesman. "If not now, when? If not him, who? I think it's a perfect opportunity for the country to rally behind Obama."

From Illinois, the freshly declared candidate traveled next door to Iowa, which opens the presidential nominating process with its precinct caucuses scheduled for January.

In a Cedar Rapids gymnasium, he faced another enthusiastic crowd (which applauded him at one point for removing his suit jacket). He offered a condensed version of his Illinois announcement speech and fielded a handful of questions.

One of them — how does he deal with so much adulation? — brought a smile and a quip. "I hope all the questions are like that," he said.

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Turning serious, Obama acknowledged he was new to practicing politics at the presidential level and conceded, "We don't know how I will deal, my family will deal with the rigors of this campaign. Part of the reason to do town hall meetings like this one is for people to lift the hood and kick the tires and see what this guy is actually about."

Obama Formally Enters Presidential Race (NYT)

By Adam Nagourney, Jeff Zeleny

The New York Times, February 11, 2007

SPRINGFIELD, Ill., Feb. 10 — Senator Barack Obama of Illinois, standing before the Old State Capitol where Abraham Lincoln began his political career, announced his candidacy for the White House on Saturday by presenting himself as an agent of generational change who could transform a government hobbled by cynicism, petty corruption and "a smallness of our politics."

"The time for that politics is over," Mr. Obama said. "It is through. It's time to turn the page."

Wearing an overcoat but gloveless on a frigid morning, Mr. Obama invoked a speech Lincoln gave here in 1858 condemning slavery — "a house divided against itself cannot stand" — as he started his campaign to become the nation's first black president.

Speaking smoothly and comfortably, Mr. Obama offered a generational call to arms, portraying his campaign less as a candidacy and more as a movement. "Each and every time, a new generation has risen up and done what's needed to be done," he said. "Today we are called once more, and it is time for our generation to answer that call."

It was the latest step in a journey rich with historic possibilities and symbolism. Thousands of people packed the town square to witness it, shivering in the single-digit frostiness until Mr. Obama appeared, trailed by his wife, Michelle, and two young daughters. ("I wasn't too cold," Mr. Obama said later, grinning as he acknowledged a heating device had been positioned at his feet, out of the audience's view.)

Still, for all the excitement on display, Mr. Obama's speech also marked the start of a tough new phase in what until now has been a charmed introduction to national politics. Democrats and Mr. Obama's aides said they were girding for questions about his experience in national politics, his command of policy, a past that has gone largely unexamined by rivals and the news media, and a public persona defined more by his biography and charisma than by how he would seek to use the powers of the presidency.

"He's done impressively so far, but at some point he's really going to have to move to the next stage," said Walter Mondale, the former Democratic vice president who made the phrase "where's the beef" famous in his 1984 challenge to the credentials of a rival, Gary Hart, the former senator from Colorado.

The formal entry to the race framed a challenge that would seem daunting to even the most talented politician: whether Mr. Obama, with all his strengths and limitations, can win in a field dominated by Senator Hillary Rodham Clinton, who brings years of experience in presidential politics, a command of policy and political history, and an extraordinarily battle-tested network of fund-raisers and advisers.

Mr. Obama has told friends that he views Mrs. Clinton as his biggest obstacle, though his aides said they remained very wary as well of former Senator John Edwards, another rival for the Democratic nomination.

Video More Video »

Mr. Obama hit the question of experience in the opening bars of his speech on Saturday, suggesting that he would seek to use his limited time in government as an asset by casting himself as an agent of change who was free from the pull of special interests and politics as usual.

"I recognize there is a certain presumptuousness in this — a certain audacity — to this announcement," he said. "I know that I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

For Mr. Obama's campaign, struggling to put this unlikely organization together in just three months, the first focus is Mrs. Clinton. Mr. Obama's aides said they had spent weeks discussing how to derail what David Plouffe, Mr. Obama's campaign manager, described as "the dominant political organization in the Democratic Party."

Mr. Obama's decision to spend the first two days of his presidential campaign in Iowa, where he headed after his announcement, reflected one of the first important strategic decisions in that regard. His organization sees Iowa as a place where he could surprise Mrs. Clinton and Mr. Edwards with an early victory. The eastern part of the state, a critical region for Democrats to win and where Mr. Obama spent the rest of Saturday, shares a media market with neighboring Illinois. Mr. Obama has been a fixture in local news since winning his Senate primary nearly three years ago.

In trying to undercut Mrs. Clinton's claims of experience, Mr. Obama's campaign has decided to borrow techniques that Bill Clinton used to defeat the first President Bush in 1992. Mr. Obama, reprising the role of Mr. Clinton, on Saturday presented

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himself as a candidate of generational change running to oust entrenched symbols of Washington, an allusion to Mrs. Clinton, as he tried to turn her experience into a burden. Mr. Obama is 45; Mrs. Clinton is 59.

But more than anything, Mr. Obama's aides said, they believe the biggest advantage he has over Mrs. Clinton is his difference in position on the Iraq war. Mrs. Clinton supported the war authorization four years ago. Mr. Obama has opposed the war from the start, and has introduced a bill to begin withdrawing United States troops no later than May 1, with the goal of removing all combat brigades by March 31, 2008, taking a far more explicit stance than Mrs. Clinton on ending the conflict.

"America, it's time to start bringing our troops home," he said Saturday. "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war."

Yet even on a day that pointed to Mr. Obama's strengths — a big, excited crowd, a speech that in its composition and delivery demonstrated yet again why he is viewed as a singular talent in the Democratic Party — it seems evident that Mr. Obama's easier days as a candidate have passed. Unlike Mrs. Clinton, or to a lesser extent Mr. Edwards, Mr. Obama has not gone through a full-scale audit that will now come from Republicans, Democrats, journalists and advocacy groups, eager to define him before he defines himself.

Some Democrats, including Mr. Obama's opponents, seem increasingly game to challenge him, particularly when it comes to the substance of an Obama candidacy. Mr. Edwards offered a hint of what Mr. Obama faced in an interview the other day, as he discussed national health care, when he was asked his reaction to Mr. Obama's views on providing national coverage.

"I haven't seen a plan from him," Mr. Edwards said. "Have you all?"

Mr. Obama has glided to his position in his party with a demeanor and series of eloquent speeches that have won him comparisons to the Kennedy brothers and put him in a position where his status as a black man with a chance to win the White House is only part of the excitement generated by his candidacy.

But with perhaps one major exception, his plan to disengage forces in Iraq, he has avoided offering the kind of specific ideas that his own advisers acknowledge could open him up to attack by opponents or alienate supporters initially drawn by his more thematic appeals.

Mr. Obama went so far as to tell Democrats in Washington last week that voters were looking for a message of hope, and disparaged the notion that a presidential campaign should be built on a foundation of position papers or details.

"There are those who don't believe in talking about hope: they say, well, we want specifics, we want details, we want white papers, we want plans," he said then. "We've had a lot of plans, Democrats. What we've had is a shortage of hope."

But some Democrats were scornful. "That's nonsense," Mr. Hart said. "It posits that it's either-or. Who's saying you can't talk about hope? I'm not talking about white papers: I'm talking about one big speech about 'How I view the world.' "

In an interview before he left for Illinois, Mr. Obama said he realized his powerful appeal as a campaigner would take him only so far. Other campaigns that have relied extensively on the life story of the candidate have typically foundered.

"If a campaign is premised on personality, then no, I don't think you can stay fresh for a year," he said. "But if the campaign is built from the ground up and there is a sense of ownership among people who want to see significant change, then absolutely. It can build and grow."

And in his speech here on Saturday, Mr. Obama, trying to offer himself as the grass-roots outsider in contrast to a member of a political family that has dominated Washington life for 15 years, presented his campaign as an effort "not just to hold an office, but to gather with you to transform a nation."

"That is why this campaign can't only be about me," Mr. Obama said. "It must be about us. It must be about what we can do together."

The Audacity Of Barack Obama (POL)

By Roger Simon

The Politico, February 10, 2007

SPRINGFIELD, Ill. - - The very audacity of it, the very unlikelihood of a black man becoming president of the United States is now the driving force of Barack Obama's campaign.

In an announcement speech Saturday of soaring rhetoric, on a bitterly cold day, to a large and shivering crowd, Barack Obama called what he was doing an "improbable quest."

"If you will join me in this improbable quest, if you feel destiny calling, and see as I see, a future of endless possibility stretching before us; if you sense, as I sense, that the time is now to shake off our slumber, and slough off our fear, and make good on the debt we owe past and future generations, then I'm ready to take up the cause, and march with you, and work with you," he said.

"Together, starting today, let us finish the work that needs to be done, and usher in a new birth of freedom on this Earth."

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Which is pretty audacious talk. But it was also pretty audacious to announce in Springfield, home of Abraham Lincoln, and in the shadow of the Old State Capitol, where Lincoln gave his "House Divided" speech in opposition to slavery.

Obama addressed it directly, again stressing the difficulty of what he was attempting:

"For that is our unyielding faith -- that in the face of impossible odds, people who love their country can change it. That's what Abraham Lincoln understood," Obama said.

And what will it take for Obama actually to be elected?

Decency, he said. The decency that is America.

"It was here, in Springfield, where North, South, East and West come together that I was reminded of the essential decency of the American people, where I came to believe that through this decency, we can build a more hopeful America," he said. "And that is why, in the shadow of the Old State Capitol, where Lincoln once called on a divided house to stand together, where common hopes and common dreams still, I stand before you today to announce my candidacy for president of the United States."

Announcement speeches are designed not just to generate support, not just to allow the candidate to slap himself on the back with both hands but also to address critics.

Think Obama has not had enough national experience? Try this:

"I recognize there is a certain presumptuousness -- a certain audacity -- to this announcement," Obama said. "I know I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

Take that, Hillary Clinton! Take that, John Edwards! And Chris Dodd! And Joe Biden!

And to those who are spreading rumors that because his middle name is Hussein he is a Muslim, Obama carefully pointed out that when working in the poor neighborhoods of Chicago, "I learned the true meaning of my Christian faith."

The press came in for its comeuppance, too. Obama criticized "the smallness of our politics -- the ease with which we're distracted by the petty and trivial."

In his interview with me on Wednesday, Obama said the media's obsession with the trivial is one of his problems. People say he does not give specifics? he said. That is because the press does not concentrate on his specifics.

"We've given major speeches on just about every issue," he said. "So the key for us, I think, is just making sure that we are getting the press to focus attention on that agenda as opposed to, you know, obsessing on how I look in my swimming trunks."

There was no danger on anybody concentrating on swimming trunks Saturday. It was far too cold.

Frigid Weather Tests Crowd's Fortitude (WP)

By Anne E. Kornblut

The Washington Post, February 11, 2007

SPRINGFIELD, Ill., Feb. 10 -- Raising questions about his judgment and risking the ire of the national press corps, Sen. Barack Obama (D-Ill.) held fast on his first major campaign decision: to conduct his announcement speech in the frigid outdoors here on Saturday.

And so, as much as it was a political story, the Obama event became a weather story.

"I guess the Arctic Circle wasn't available this morning," said Chris Matthews, quivering during his live interview on NBC's "Weekend Today" as he ruefully noted that anchor Campbell Brown was usually the one outside doing cold-weather reporting.

Even by the standards of the wintry spells in New Hampshire and Iowa that political reporters and candidates ritually confront, it was a brutal morning in the Illinois capital -- sunny but subfreezing, especially in the shady corners where hundreds of supporters had to stand. Medical teams were on hand in case anyone collapsed. A local television station ran a report on preventing hypothermia, aimed at people planning to attend the Obama event.

Why not, some asked, just move the speech indoors?

Campaign officials pointed out that the backdrop of the old Illinois statehouse, where Abraham Lincoln gave his famous "House Divided" speech, was too symbolic and picturesque to be skipped, even on a morning when the temperature was 7 degrees. There were also suggestions that a pampered press corps might be more fragile than the candidate, who emerged in a simple suit and an overcoat, without head covering of any kind.

By contrast, columnist Joe Klein of Time magazine wore a large, fuzzy hat made of rabbit fur, procured in Amsterdam. A member of one of the camera crews -- which began assembling at 5 a.m. -- wore a full-body ski suit.

Though a trifling matter, the insistence on staying outside raised questions about the Obama message. Was he trying to prove his mettle? Distancing himself from his upbringing in Hawaii -- where he was recently photographed in his bathing suit? Subtly appealing to flinty Northerners who pride themselves on enduring the cold?

Obama dropped few clues, though he did acknowledge the temperature.

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"I know it's a little chilly," he said as he walked onstage with his wife and two daughters (both covered, unlike their father, in hats).

"No, it's cold!" someone shouted from the crowd.

The weather did not stop more than a dozen people in wheelchairs, some elderly, from taking up positions in the front row. Tara Davlin, 29, hobbled through the site on crutches after recent hip surgery (though, as the daughter of Springfield Mayor Timothy J. Davlin, she might have had more obligation to attend than most). "I wouldn't have missed it for the world," she said.

Nonchalance -- about the climate, not the candidate -- abounded. "If we can survive the cold to go sledding, we can survive the cold to see history," said Shanna Shipman, 27, who bundled up her daughters -- Hope, 4, and Kai, 18 months -- in layers to see the speech.

"We're hearty Midwesterners," beamed Dan Hankiewicz of Springfield. "A little weather never stopped us."

Obama: I'm Running For President (CHIT)

By Christi Parsons

Chicago Tribune, February 11, 2007

SPRINGFIELD—Sen. Barack Obama officially entered the race for president Saturday in the Illinois capital, urging Americans who hear "destiny calling" to join him in "the unfinished business of perfecting our union," then headed out to start campaigning in earnest in the battleground state of Iowa.

Against the backdrop of the Old State Capitol where Abraham Lincoln once served in the state legislature, the Illinois Democrat launched his campaign surrounded by thousands of supporters who traveled from around the state and country and braved freezing temperatures to witness an event many of them described in historic terms.

Sounding themes of hope and common purpose, Obama invoked the memory of Lincoln in calling for an end to the cynicism he says cleaves the nation, so that a united America can confront its problems at home and abroad.

"People who love their country can change it," said Obama, entering the race as the first African American candidate considered a leading contender for a major party nomination. "That's what Abraham Lincoln understood. He had his doubts. He had his defeats . . . But through his will and his words, he moved a nation and helped free a people."

But as Obama departed immediately for Iowa, the raucous crowd and frenzied applause of the morning quickly gave way to to difficult questions. Voters at a town hall meeting quizzed Obama about everything from the Iraq war and North Korea to education funding and race relations.

A seasoned electorate known for its careful vetting of candidates in the early presidential caucuses, voters in Cedar Rapids responded warmly but with much more restraint.

"A small percentage of people here are supporting Barack Obama," said Steve Sovern, a former state senator and local Democrat who moderated the meeting at the Kennedy High School gymnasium. "Voters here take the caucus seriously and they measure candidates carefully. They'll be back to hear Obama and other candidates many times before they make up their minds."

It was a dose of reality Obama said he was expecting would come as soon as he announced his candidacy. The competition for the Democratic nomination is heating up more each day, with Sen. Hillary Clinton of New York raising the bar for campaign fundraising and a host of candidates crowding into the field.

Voters will want to "check under the hood and kick the tires" now, Obama said Saturday afternoon.

"The novelty's going to wear off," Obama said. "People are going to be (thinking), 'Aw, it's Obama, he's coming through town again' . . . People are going to be able to ask me some questions you couldn't ask me this time out."

The heavy presence of security around Obama was also a silent reminder of the change that took place with the announcement. Michelle Obama, the candidate's wife, acknowledged it in an interview to air on CBS's "60 Minutes," in which she was asked if she fears for her husband's life as a black candidate.

"I don't lose sleep over it because the realities are that … as a black man … Barack can get shot going to the gas station," observed Michelle Obama in the interview, set to air Sunday night. "You can't make decisions based on fear and the possibility of what might happen."

In Springfield, a crowd police estimated at 15,000 or more began to gather in the early morning around the stage erected on the lawn of the old Capitol. Supporters crowded inside the fence around the building and spilled out onto surrounding streets, clutching hand-made signs and cups of coffee to brave a single-digit wind chill factor.

Obama took the stage with his wife and two young daughters, as strains of the U2 song "City of Blinding Lights" blared over loud speakers. Sharpshooters watched from the tops of several buildings overhead while Obama sounded a theme now familiar in its condemnation of political cynicism and its gauzy description of a better America.

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Though acknowledging what he called the "presumptuousness" of running for office after only two years in the Senate, Obama spun his lack of experience in national politics as a good thing.

"I've been there long enough to know that the ways of Washington must change," he said. He extolled the benefits of his history as a community organizer in Chicago, a state lawmaker and civil rights lawyer, and called for quick action to end the Iraq war and bring home American troops, as well as to provide quality health care for all and to end America's dependence on foreign oil.

Repeatedly, Obama invoked the memory of Lincoln, who delivered his famous "House Divided" speech in the building that served as his backdrop.

"It was here, in Springfield, where North, South, East and West come together, that I was reminded of the essential decency of the American people," Obama said, referring to his time in the state legislature that now meets a few blocks away in the new state Capitol. "That is why, in the shadow of the Old State Capitol, where Lincoln once called on a divided house to stand together, where common hopes and common dreams still live, I stand before you today to announce my candidacy for president of the United States."

Listeners in one corner of the crowd had a hard time hearing Obama because of the loud chants of protesters objecting to Obama's support for abortion rights. Obama spoke in an even tone and didn't appear deterred by them, though their presence was a not-so-subtle reminder that his future as a presidential candidate won't be as easy as the months leading up to it.

Republicans also injected a bit of skepticism to counter the months of celebrity that Obama has enjoyed since his 2004 address at the Democratic National Convention.

"His speech could have been given by any candidate, Republican or Democrat," Illinois GOP party chairman Andy McKenna said of the morning announcement. "He's very popular, but will he embrace some ideas that distinguish him? It remains to be seen."

The vast majority of the crowd received Obama warmly, chanting his name and cheering wildly at applause lines throughout his speech.

"The support is amazing," said Janet Williams of East St. Louis, noting the marked racial diversity of the crowd. "People seem ready to come together around him."

Sen. Dick Durbin (D-Ill.), who traveled with Obama for the day, said he noticed the same thing about the crowd, assembled partially by invitation but also by word of mouth and caravans apparently organized by individuals not associated with the campaign.

"When you can turn out 15 or 20,000 people in 7 degrees, it's an indication of the excitement they feel about him," said Durbin. "They're from all over the United States, with a lot of young people. That's going to be Barack's strong suit. He really represents a generation of change."

Obama, who arrived in Springfield a decade ago as an obscure freshman lawmaker, left town Saturday afternoon with a police escort and an entourage of a dozen vehicles. As he made his way toward the airport, and the fight of his life, Springfield residents came out into their front yards and porches to wave goodbye.

"The country is ready for change, and I feel he is the one to bring it," said Juanita Johnson, also of East St. Louis. "I feel like this is a historic moment."

Obama Urges Iowans To Join Him Against Cynicism (DMR)

Des Moines Register, February 11, 2007

On a day that Iowans said felt historic, Barack Obama asked them to join him on his “improbable quest” for the presidency, stressing that when ordinary citizens join together, they can accomplish extraordinary things.

“I want to win,” Obama, 45, told the crowd of about 2,500 people at John F. Kennedy High School in Cedar Rapids, the second stop on his announcement tour. “But I don’t just want to win. I want to transform this country, and the only way I’m going to do it is if you make this a vehicle for your hopes and dreams.”

If elected, Obama, a Democrat, would become the United States’ first black president.

“This is so historic,” said Harriette Cooper, a full-time volunteer who lives Cedar Rapids. “It’s not just because he’s black. The things he says are so believable.”

With his wife, Michelle, and daughters Malia, 8, and Sasha, 5, and a substantial pack of reporters, Obama arrived in a chartered airplane from Illinois, a state he represents in the U.S. Senate. Earlier Saturday, he made his presidential bid official in a speech outside the Old Capitol in Springfield, evoking images of Abraham Lincoln, the president who abolished slavery and united “a house divided.”

Most national polls show that among Democrats, Obama’s popularity is second only to Hillary Clinton, the senator from New York.

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Those at the rally in Cedar Rapids said they've heard that Obama is being called a fresh face, a rock star, a political rocket who has that mysterious political "X-factor" that makes him a charismatic candidate.

They acknowledged Obama is new and wildly popular, but said Iowans have sensitive antenna, and many aren't making up their minds yet. After all, they flirted with Howard Dean during the last caucus season but dumped him for battle-tested John Kerry.

"I don't want the screaming," said Rosemarie Conner, a factory worker from Oxford who said it wasn't Obama's star power that drew her to the rally, but his thoughtfulness. "He seems so soft-spoken."

Iowans want Obama's plan for Iraq

"I don't want the screaming," said Rosemarie Conner, a factory worker from Oxford who said it wasn't Obama's star power that drew her to the rally, but his thoughtfulness. "He seems so soft-spoken."

Conner said she wanted to hear Obama's thoughts on basic issues such as health care and Iraq.

After shedding his suit jacket, Obama sat on a stool for a relaxed question-and-answer session, that touched on improving education, enlarging federal grants for college students, raising teacher pay, insuring those who have no health care, lowering health care costs for all Americans, ending poverty, dealing with global warming, and ending the country's dependence on foreign oil through the development of alternative fuels.

But, he said, those goals can't be achieved without an end to the "ill-conceived war in Iraq."

Obama has been unapologetically critical of the war from the start, a sharp contrast with Clinton, the Democratic forerunner, who voted in favor of the war resolution in 2002. Although Obama wasn't in U.S. Congress at that time, he spoke out about it while in the Illinois state legislature.

His plan is to bring combat troops home by March 2008, he said.

That impressed Adam Hoffman, 18, of Cedar Rapids, who said he trusts Obama to make good on that plan.

Obama urges voters to combat cynicism

Several Iowans at the event pointed out Obama is light on national political experience, with only two slim years in Washington. He spent seven years as a state senator in Illinois, representing a predominantly black community in southern Chicago. He led a failed bid for Congress in 2002, then won his U.S. Senate seat essentially unopposed.

None of the other top tier candidates, including New Mexico's governor Bill Richardson, who wants to become the first Hispanic president, Clinton, who is vying to become the first female president, and former Iowa governor Tom Vilsack, have lost a race, and most have beaten long odds.

Yet Obama said if someone asked who his most important rival is in this campaign, "I would say it's cynicism."

That was greeted with loud applause from the overflow crowd, some of whom clutched copies of Obama's "Dreams of My Father" and "The Audacity of Hope," both best-selling autobiographies.

"Making change in this country," Obama said, "is going to depend on your decision that the issues that we face now are so important, that the prospect of climate change is so urgent, that the need to free ourselves from foreign oil is so critical, that improving our school systems has to happen now and not later, that there's no reason we can't have health insurance for all Americans by the end of the next presidency. If you feel that same sense of urgency, then don't just wait for me to get it all done. I'm not going to be able to do this on my own."

He promises to meet Iowans in small groups

Some Iowans at the rally, including Jim McNeill, 46, owner of a Cedar Rapids floral supply company, said they'd never heard of Obama until the Illinois man's widely-heralded speech at the 2004 Democratic National Convention.

Figuring that was the case for other Iowans, Obama took time Saturday to tell some of his personal story. The product of a black father from Kenya and a white mother from Kansas, he grew up in Hawaii, where there's a strong Asian influence, he said. He is a Harvard Law School graduate, and is currently the sole African-American now holding office in the U.S. Senate.

When the crowd groaned when it was announced Obama's time was up, he promised many future visits — this was his fourth trip to Iowa as a senator — including some small group get-togethers.

"Let's face it, the novelty's going to wear off and you're going to be, 'Oh, it's Obama again. He's coming through town. Ballgame's on, I've got other things to do'."

Obama is scheduled to head to Iowa Falls this morning, then Ames, then Chicago.

The 2008 presidential election will be held on Nov. 4, 2008. The Iowa caucuses are tentatively scheduled for Monday, Jan. 14.

Obama Announces Presidential Bid In Illinois (AP)

AP, February 10, 2007

SPRINGFIELD, Ill. — U.S. Sen. Barack Obama embarked today on what he called "a great journey."

His announcement here at the Old State Capitol that he is running for president is the start of a long weekend for the Chicago Democrat, who will travel to Iowa and Chicago before wrapping up Monday in New Hampshire.

"It was here, in Springfield, where north, south, east and west come together that I was reminded of the essential decency of the American people — where I came to believe that through this decency, we can build a more hopeful America," said Obama, who served eight years in the state Senate. "And that is why, in the shadow of the Old State Capitol, where Lincoln once called on a house divided to stand together, where common hopes and common dreams still live, I stand before you today to announce my candidacy for President of the United States of America."

The square in front of the Old State Capitol was crammed with screaming spectators, many holding blue and white Obama signs. They interrupted his speech throughout, chanting, "O-bam-a!"

"Look at all of you," Obama said as he began speaking. "Goodness."

While the building where Obama delivered his speech has deep ties to Abraham Lincoln, the scene around it bustled with the signs of a modern-day presidential campaign.

Satellite trucks lined the street, TV crews were there and cables snaked along a sidewalk where there is a statue of Lincoln.

It was excitement that Bethany and Tim Scates of Ridgway couldn't resist.

The married couple drove almost four hours from their home in southern Illinois to witness Obama's announcement.

"This is a once-in-a-lifetime opportunity for us," said Bethany Scates, who was bundled against the frigid weather along with thousands of others filing into the square on Saturday.

People sported homemade campaign buttons, including some from Dan Richards of Springfield, who made about 3,000 badges for the occasion. His asking price for the "Obama for President" buttons was $3 each or two for $5.

Tucker Copi, 17, is not old enough to vote yet, but went to the speech because he thinks Obama is "young and fresh."

"It's good that he doesn't have too much baggage in office. He's young, a great speaker and the right guy for the job," Copi said.

Obama's decision to make his presidential announcement in Illinois' capital city — instead of another location like Chicago, where he lives, or in Washington — earned him accolades.

It also continued to feed the comparisons between Obama and Lincoln, the nation's 16th president. Lincoln served eight years in the Illinois legislature and two years in Congress.

"It's going to be the greatest thing in Illinois since Abraham Lincoln ran for president," said state Senate President Emil Jones, a Chicago Democrat.

While Helen Bailie of Petersburg didn't plan to be at Obama's announcement, the self-described Republican with some Democrat views still is glad he's making the announcement in central Illinois, especially if Chicago was the other choice.

"Chicago is not Illinois," Bailie said.

The big city, she said, is just different from the rest of the state, which is made up of smaller locales. She sees Obama's choice to come to Springfield as a nod to that.

"He's being respectful about it," she said.

But Obama isn't forgetting about the country's third largest city and the money it can pump into a presidential campaign.

He has a rally planned for Sunday at the University of Illinois at Chicago and a fundraiser later that night at a downtown hotel.

Springfield resident Mack Alexander said he's glad about the attention Obama's announcement is bringing to his town.

"It'll put us on the map," Alexander said. "Some people say 'Springfield, where's Springfield?'"

Obama Declares He's Running For President (CNN)

CNN.com, February 10, 2007

SPRINGFIELD, Illinois (CNN) -- Sen. Barack Obama stood before a cheering crowd in his home state Saturday and announced he will seek the 2008 Democratic nomination for president.

Invoking the memory of fellow Illinoisan and the 16th president of the United States, Abraham Lincoln, the first-term senator addressed thousands packed into the Springfield, Illinois, town square on a chilly day in America's heartland.

To chants of "Obama! Obama!," he told the crowd: "It was here, in Springfield, where North, South, East and West come together that I was reminded of the essential decency of the American people -- where I came to believe that through this decency, we can build a more hopeful America." (Watch as the crowd erupts when Obama officially declares his candidacy)

If the 45-year-old Obama were elected, he would become the nation's first African-American president.

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"And that is why, in the shadow of the Old State Capitol, where Lincoln once called on a divided house to stand together, where common hopes and common dreams still live, I stand before you today to announce my candidacy for president of the United States of America."

Obama told the crowd he would tackle problems like poor schools, economic hardships and oil dependence, saying a "failure of leadership" is to blame for not meeting the nation's challenges. He also implored the crowd to demand that there be "universal health care in America by the end of the president's first term."

He called the Iraq war a "tragic mistake" and said, "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war. That's why I have a plan that will bring our combat troops home by March of 2008.

"Letting the Iraqis know that we will not be there forever is our last, best hope to pressure the Sunni and Shia to come to the table and find peace," he said. (Watch the senator lay out his plan for Iraq)

He also lauded what he called the founding fathers' "genius" in creating a system of government that can be changed. He cited examples throughout history -- from the American Revolution to the Civil War to the Great Depression -- in which Americans have demanded, and effected, change.

"We've done this before. Each and every time, a new generation has risen up and done what's needed to be done. Today we are called once more, and it is time for our generation to answer that call," he said.

The absence of sound policy is not what's holding the country back, he said.

Rather, Obama said, "what's stopped us is the failure of leadership, the smallness of our politics -- the ease with which we're distracted by the petty and trivial, our chronic avoidance of tough decisions, our preference for scoring cheap political points instead of rolling up our sleeves and building a working consensus to tackle the big problems of America.'"Long enough' to know better

The senator acknowledged that he hasn't been in Washington long, but said he is familiar enough with the city's political machinations to understand that change is in order.

"I recognize there is a certain presumptuousness in this -- a certain audacity -- to this announcement," Obama said. "I know that I haven't spent a lot of time learning the ways of Washington, but I've been there long enough to know that the ways of Washington must change. (Watch how name recognition may be Obama's best weapon)

He added, "People who love their country can change it."

Admitting the tactic is typical of aspiring candidates, Obama promised to overhaul a political system he says is dominated by lobbyists and special interest groups "who've turned our government into a game only they can afford to play."

"They write the checks and you get stuck with the bills, they get the access while you get to write a letter, they think they own this government, but we're here today to take it back. The time for that kind of politics is over," he said. "It's time to turn the page right here and right now."

Obama, the son of a black Kenyan father and white American mother, then invoked Lincoln again.

"He had his doubts. He had his defeats. He had his setbacks, but through his will and his words, he moved a nation and helped free a people."

Despite his brief tenure in the Senate, Obama has quickly gained popularity as he pondered his bid to break the Oval Office's color barrier.

According to a University of New Hampshire Survey Research Center conducted this month, Obama placed second, behind Sen. Hillary Clinton, among New Hampshire Democratic primary voters. Obama snared 21 percent of the vote in that popularity poll, trailing Clinton by 14 points. (Full story)

Other Democrats seeking the office include Sen. Joe Biden of Delaware; Sen. Chris Dodd of Connecticut; former Sen. John Edwards of North Carolina; Ohio Rep. Dennis Kucinich; New Mexico Gov. Bill Richardson; Iowa Gov. Tom Vilsack and Sen. Clinton of New York.

While speculation abounds over whether a black presidential candidate can be viable, Obama -- whose first name comes from the Swahili word for "one who is blessed" -- has not let the color of skin hinder his career.

He attended Harvard and Columbia universities and was the first black president of the Harvard Law Review. He entered politics in Illinois, where he practiced civil rights law and taught at the University of Chicago Law School.

His first foray into politics came in 1997, when he took his seat in the state Senate, where he served until 2005. He was sworn in as a U.S. senator in 2005.

Obama Formally Joins '08 Presidential Race (GAN)

By Judy Keen

Gannett, February 10, 2007

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SPRINGFIELD, Ill. — With an appeal to his generation to "transform this nation," Illinois Sen. Barack Obama said Saturday that he's running for the Democratic presidential nomination.

Obama made his announcement outdoors in frigid temperatures to a cheering crowd at the Old State Capitol, where his hero Abraham Lincoln said in 1858 that "a house divided against itself cannot stand."

It was here during his tenure as a state senator, Obama said, "that I was reminded of the essential decency of the American people — where I came to believe that through this decency, we can build a more hopeful America."

Obama took the stage hatless to the U2 song City of Blinding Lights with his wife, Michelle, and daughters Malia, 8, and Sasha, 5. "I know it's a little chilly, but I'm fired up," he said.

Obama, 45, who has been a U.S. senator for two years and served seven years in the Illinois legislature, acknowledged his inexperience.

"I recognize there is a certain presumptuousness in this, a certain audacity to this announcement," he said. "I know I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change."

It is time, he said, to end "the failure of leadership, the smallness of our politics" and "take back" the government.

"The time for that politics is over. It is true. It's time to turn the page, right here and right now," he said.

Obama joins a growing roster of Democratic candidates that includes New York Sen. Hillary Rodham Clinton and John Edwards, the 2004 vice presidential nominee. Clinton made her first trip to New Hampshire in more than a decade Saturday. Obama will campaign in New Hampshire, host of the first primary election, on Monday.

From here, Obama heads to Iowa, where the nation's first caucuses will be held in less than a year. He is in third place there among Democratic voters, according to a Des Moines Register/American Research Group Poll taken last week (Jan. 29-Feb. 1). Clinton leads with 35%, followed by Edwards with 18%. Obama was the choice of 14%, up from 10% in December, the poll showed.

"Let us be the generation" to reshape the economy, end poverty, tackle the health care crisis and free America "from the tyranny of oil," Obama said. "Most of all, let's be the generation that never forgets what happened on that September day and confront the terrorists with everything we've got."

The campaign "can't only be about me," he said, but will succeed with "the power of millions of voices calling for change. By ourselves, this change will not happen. Divided, we are bound to fail."

The theme of Obama's speech reflected the title of his best-selling 2006 book, The Audacity of Hope. "It's humbling, but in my heart I know you didn't come here just for me," he said. "You came here because you believe in what this country can be.

"In the face of war, you believe there can be peace. In the face of despair, you believe there can be hope," he said. "In the face of a politics that's shut you out, that's told you to settle, that's divided us for too long, you believe we can be one people, reaching for what's possible, building that more perfect union."

Obama, the Senate's only African-American, traced his personal history as a $13,000-a-year community organizer in Chicago's black neighborhoods, civil-rights lawyer and professor of constitutional law. It was among Chicago's poor, he said, "that I received the best education I ever had, and where I learned the meaning of my Christian faith."

Every time the nation has faced great challenges, Obama said, "A new generation has risen up and done what's needed to be done. Today we are called once more — and it is time for our generation to answer that call. For that is our unyielding faith — that in the face of impossible odds, people who love their country can change it."

That's what Lincoln understood, he said. "He had his doubts. He had his defeats. He had his skeptics, he had his setbacks. But through his will and his words, he moved a nation and helped free a people."

"All of us know what those challenges are today — a war with no end, a dependence on oil that threatens our future, schools where too many children aren't learning, and families struggling paycheck to paycheck despite working as hard as they can," he said.

The obstacles to solutions to those problems, he said, stem from "our chronic avoidance of tough decisions, our preference for scoring cheap political points instead of rolling up our sleeves and building a working consensus to tackle big problems."

Without naming President Bush, he said that for the last six years Americans have been told the nation's debts don't matter, rising health care costs and stagnant wages are an illusion, climate change is a hoax "and that tough talk and an ill-conceived war can replace diplomacy, and strategy, and foresight.

"And when all else fails, when Katrina happens, or the death toll in Iraq mounts, we've been told that our crises are somebody else's fault. We're distracted from our real failures, and told to blame the other party, or gay people, or immigrants," he said.

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Obama has long opposed the war in Iraq and has proposed a phased withdrawal that would bring all U.S. troops home by March 31, 2008. "It's time to admit that no amount of American lives can resolve the political disagreement that lies at the heart of someone else's civil war," he said.

The temperatures were in the low teens as Obama spoke. That didn't matter to Lori Hammell, 45, a real estate agent from Springfield. "I said to my family, 'We live 20 minutes from history and we're going,' " she said as she gripped a rapidly cooling cup of coffee.

Her husband Howard, 51, a consultant and their 14-year-old twins, Ben and Emily, stood across the street from the historic capital. "I'm wearing two pairs of socks, four shirts, everything," she said.

Jeremy Smith, 29, a land surveyor from Springfield, thought about staying home and watching the announcement on TV, but decided he couldn't. "I'm here to watch history," he said.

Recalling A Natural (WP)

The Washington Post, February 11, 2007

In law school, Barack drove an old mustard-yellow Toyota Tercel that was pockmarked with rust. It was the kind of car you would imagine a struggling community organizer driving. And while the car appeared to be on its last legs, it had a reliable engine that took him from Chicago to Cambridge without incident. Barack was attached to the car. Each time I saw the Tercel it reminded me of one of Barack's favorite songs growing up, William DeVaughn's "Be Thankful for What You Got," and I could hear him enthusiastically singing it:

Though you may not drive a great big Cadillac/ Gangsta whitewalls TV antennas in the back/ You may not have a car at all/ But remember , brothers and sisters/ You can still stand tall. . . .

One evening after dinner with a group of friends, those of us who rode with Barack came out of the restaurant to find his car missing. We immediately concluded that it had not been stolen, because who would want it other than Barack? After some scrutiny and the application of our finely honed analytical skills, we determined that the car had been towed. We used the handy phone number on the "No Parking" sign to find the impound lot. We arrived at the lot after midnight and found the car looking quite at home in a parking space bordering on the junkyard. A relieved Barack paid the fine -- $75, no joke for a poor law student -- and the car was recovered. We ribbed him that the fine was probably half the car's value, but he was content to have it back, flaws and all.

Barack's connection to the car symbolized in its own way his loyalty, his humility and, yes, his frugality. I've always believed that one of the appeals to him of joining the Harvard Law Review and becoming its first black president was that the position came with a parking space. I think the car finally gave out on him when he went back to Chicago after law school, but like any good community organizer, Barack had never given up on it.

-- Cassandra Butts, senior vice president for domestic policy at the Center for American Progress and Obama's Harvard Law School classmate

I was a basketball teammate of Barack's in high school. He was two grades ahead of me, the same class as my brother. I remember him as a charismatic guy who loved to play basketball. There were a number of courts on campus and if class schedules and time permitted, we would play pick-up ball when we could. He was a lefty with a great double pump shot in the lane. I remember him as a fierce competitor who could break intense situations (arguments over scores and fouls) with a flash of his smile and a voice of reason. Anyone who has ever played pick-up ball knows that such arguments are common. It's fair to say that Barack would never shy away from them but would somehow come out with his desired result. I did like to be on his team, even though he was not shy about shooting every time he touched the ball. I was a good rebounder. As a member of the varsity team, he was very encouraging to his fellow players and particularly to me. When we won the state tournament that year, all of us pick-up players felt justified, even though we were a little sweaty going to class.

-- Dan Hale was Obama's teammate on the championship 1979 basketball team at Punahou School in Hawaii. Hale is now the head coach of Punahou's Varsity I basketball team.

* * *

Barry (the name Barack used then) played a small forward, or "three man," in our system. I would define him as a "slasher," very good driving to the basket off the dribble. But with limited shooting range, although fairly accurate from 12 feet in. Very athletic, fast, good jumper. He had a long, lean body and was a very good defender. He was a starter who scored about 10 points and six or seven rebounds per game. We would put him on the best forward of the opposing team, regardless of their height. His athletic ability, jumping ability, etc., allowed him to guard bigger or smaller players. We pressed a lot and Barry was an integral part of the press with his quickness and speed.

Barry was the same in victory or defeat -- even-tempered. You could sense that the sport and competition were important, but once the season was over, it was time to focus again on academic issues.

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-- Mike Zinn, a basketball coach at Occidental College in Los Angeles when Obama was a student there in 1980-81.

* * *

On St. Patrick's Day in Chicago there are two parades: the one downtown, for the tourists, and the one in the 19th Ward, in the southwest corner of the city. That's the home of the real St. Patrick's Day Parade. More than 200,000 people show up and in 2000, when he was running against Bobby Rush in the Democratic congressional primary, Barack Obama marched in that parade. I remember he passed out a surprising piece of literature touting the important civil rights litigation he handled. On St. Patrick's Day, you don't hand out campaign literature to solicit law business. Perhaps that wasn't his intention, but his brochures were littering the sidewalks of the entire parade route, from 103rd Street to 115th. He was either very brash or naive in the way he was introducing himself to paradegoers. Whether he meant it or not, it came off as an attempt to sell that litigation background to an Irish Catholic crowd on the South Side of Chicago.

-- Patrick O'Malley, a Republican who served as an Illinois state senator from 1993 to 2003

* * *

I'd like to say I knew in law school that Barack would be a presidential candidate. But I didn't. Like many of my colleagues, I knew he was different -- more mature, intellectually rigorous, politically adept and capable of demonstrating real leadership -- than your average law student.

And we all had our suspicions that he would do something interesting in politics, but few if any of us had the foresight to predict that he would become the sort of national figure he is today.

Fast-forward to August 2004, sitting in one of the last rows, near the ceiling, of the Fleet Center in Boston, in the moments leading up to Barack's speech to the Democratic National Convention. The crowd was electric. We were surrounded by dozens of young volunteers, frantically waving Obama placards. He hadn't said a word yet, but the anticipation was palpable. By the time he was done, the crowd had exploded. My wife and I looked at each other, frankly amazed. This was the guy we ate doughnuts with at midnight?

And yet, in retrospect, one could see the seeds of his strengths today in his days at the Law Review: his ability to lead, to guide a group of politically diverse -- and divisive -- people toward a common goal, to wrestle intellectually with some of the most difficult and complex problems of the day, understand different perspectives and take a position based on principle but made all the more sound by his appreciation of alternative points of view.

-- Michael Froman, Obama's Harvard Law School classmate

* * *

I feel about Barack the way I do about my sons. He worked with us on Mayor Harold Washington's election, and on important issues such as job-training programs and getting asbestos out of the projects.

No matter what Barack did, he was thorough. When he brought plans to us, they were all laid out. He told us who we were supposed to see and who we were supposed to talk to. We had no expertise. We were just basically housewives and ministers. But when we had town hall meetings, Barack always stayed in the background. He would say: "It's not my community, you're the ones who have to be out there. The first thing people will say if they see me is, 'Who is he?' I have to empower you so that you will be able to express yourself well."

He kept us so energized. When we found a cause, he never said, "Well, you can't do that." He said, "I'll look into it, I'll bring you all the material you need." He has a way of making you want to follow him, and failing is not a part of anything you feel. Because if he said it was going to work, it was going to work.

It wasn't like he was bossing us around, though. If anything, we bossed him around. He was in Chicago without a family, so we made sure that he would eat right. He usually stuck to just sandwiches. We would go out to dinner with him sometimes and we would ask him, "Have you eaten today?" and he would laugh and say, "Yes, I did, I had breakfast."

He talked to everybody. He was right in the middle of us. The older people love a respectful young man, and he certainly was that. We hated to see him go. When he came to us and told us that he had decided to go to Harvard, it was very sad, but we knew he wanted to go.

Now when I look at him with his family, and I see him with those little girls, I think it's just fantastic. That's something I didn't know whether I'd live long enough to see, because when I first knew him he was just so into his work. We always had an idea that he was going into politics. One of the women in the organization said, "Well, when you make it to Washington. . . . " And he just started laughing and said, "Yes, of course you'll be at my inauguration."

-- Yvonne Lloyd, was on the board of the Developing Communities Project in Chicago when Obama became its director in 1985

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The month after the 2004 Democratic convention, the Obamas visited my family in Martha's Vineyard for a much-needed vacation. Barack is an avid jogger, and one morning he went out for a run by himself in our secluded neighborhood. When he

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returned to the house an hour later, Michelle, our children and I were eating breakfast. As he entered the kitchen he had a look of complete disbelief on his face. "You aren't going to believe what happened to me," he said. "A guy took my picture as I jogged by!" He was completely mystified that somebody would be interested in a picture of him. Michelle just rolled her eyes and the girls ignored him completely. So now people take his picture all the time and he is still often surprised by the attention. As for the recent paparazzi shots of him on a beach, I called him the day I saw them and said teasingly, "I've seen you in a swimsuit and I don't remember you looking so buff." He was absolutely mortified.

-- Valerie Jarrett, former finance chair of Obama's Senate campaign

* * *

I was in my office in the church and he just walked up to the door. My church sits in the neighborhood, way off the main thoroughfare, so you had to be coming here to get here. And Barack just walked up and rang the bell. He said he was going through the neighborhood trying to talk to pastors about community organizing. My first impression was: Who is this skinny guy and what is he selling? But he wasn't selling anything. He just asked me what was important to me. I was really impressed with the fact that he spent more time listening to me and trying to hear what I thought was important in the neighborhood, rather than my experience of people coming in and telling me what I ought to do. He was more concerned about listening and hearing my ideas and asking: How can we get this done together?

The biggest lasting thing that Barack brought to this neighborhood is that he got a bunch of African American Protestant pastors to sit down at a table with white Catholic priests to say all of us are in the community, let's find a way to work together and get it done.

-- The Rev. Alvin Love of Lilydale First Baptist Church in Chicago, who worked with Obama on the Developing Communities Project

Australian Leader: Al-Qaeda Wants Obama (AP)

AP, February 10, 2007

SYDNEY, Australia (AP) — Australia's conservative prime minister slammed Barack Obama on Sunday over his opposition to the Iraq war, a day after the first-term U.S. senator announced his intention to run for the White House in 2008.

Obama said Saturday at his campaign kickoff in Springfield, Ill., that one of the country's first priorities should be ending the war in Iraq. He has also introduced a bill in the Senate to prevent President Bush from increasing American troop levels in Iraq and to remove U.S. combat forces from the country by March 31, 2008.

Australian Prime Minister John Howard, a staunch Bush ally who has sent troops to Iraq and faces his own re-election bid later this year, said Obama's proposals would spell disaster for the Middle East.

"I think that will just encourage those who want to completely destabilize and destroy Iraq, and create chaos and a victory for the terrorists to hang on and hope for an Obama victory," Howard said on Nine Network television.

"If I were running al-Qaeda in Iraq, I would put a circle around March 2008 and be praying as many times as possible for a victory, not only for Obama but also for the Democrats."

Howard has defied widespread domestic opposition to the war, keeping about 1,400 Australian troops in and around Iraq, mostly in non-combat roles. He is seeking a fifth term later this year, and recent polls suggest voters are increasingly unhappy about his refusal to set a deadline for withdrawing Australian troops from the Middle East.

"You either rat on the ally or you stay with the ally," he said. "If it's all right for us to go, it's all right for the Americans and the British to go, and if everybody goes, Iraq will descend into total civil war and there'll be a lot of bloodshed."

Decoding The Debate Over The Blackness Of Barack Obama (NYT)

By Brent Staples

The New York Times, February 11, 2007

Those of us who were born black in the years just after World War II had front-row seats for the collapse of American apartheid. We started out confined to all-black communities and schools at a time when skin color was still destiny. But as segregation gave way, many of us were vaulted out of this sequestered world and into colleges, jobs and walks of life that had been closed to us pretty much since the nation's founding.

The rush of upward mobility produced the inevitable identity crisis, which led in turn to endless discussions about the meaning of blackness in a world where skin color was beginning to matter less and less.

At their best, these discussions, held in college dorm rooms at night, were probing, serious and heartfelt. At their worst, they turned into lectures by the race police — '60s-era ideologues who characterized blackness not as a matter of individual interpretation or choice, but as a narrow set of attitudes and experiences that were said to make up the authentic black identity.

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Back then, black Americans who came from successful, suburban and upwardly mobile families were regularly dismissed as white or inauthentic. The authentic black experience, it was said at the time, was limited to the hard-core, impoverished upbringing that black people often chose to brag about, even when they had actually grown up with private prep schools in the lap of luxury.

The race police ran rampant in the black community itself, but were rarely heard in the white world. But they have been parading up and down Main Street since Senator Barack Obama of Illinois — the son of a black African father and a white American mother — made clear that he intended to seek the Democratic presidential nomination.

The arguments being raised about Mr. Obama's blackness — or his lack of blackness — seem positively antique at a time when Americans are moving away from the view of ancestry as a central demographic fact and toward a view that dispenses with those traditional boundaries. Even so, the complaints about Mr. Obama provide an interesting opportunity to examine the passing of the old and the rise of the new.

The claim that the candidate isn't really black because his mother is white carries little weight under either system. It makes no sense at all to the young Americans who checked more than one box when identifying themselves by race in the last census. They subscribe to a fluid notion of race and seem perfectly willing to let people describe themselves racially any way they choose.

Nor does the charge make sense in the black community itself. That community has historically and eagerly embraced as black anyone and everyone with any African ancestry to speak of. That embrace often included interracial families, who lived in black communities long before they were accepted elsewhere. It included even blue-eyed, sandy-haired people like the civil rights leader Walter White, whose black ancestry was imperceptible to the naked eye.

The carpetbagging black Republican Alan Keyes opened up this racialist can of worms when he opposed Mr. Obama in the Illinois Senate race back in 2004. Badly outmatched and reaching for any brick he could find, Mr. Keyes blurted out that Mr. Obama was not black because he was not descended from slaves. The Daily News columnist Stanley Crouch later seemed to second that view, saying that Mr. Obama had not "lived the life of a black American."

The heritage of slavery is of course central to African-American life. But that is a fairly recent recognition for many of us who grew up black in the second half of the 20th century. Black families like mine dealt with the stigma and humiliation of slavery by simply suppressing it. My older uncles, for example, grew up in regular contact with relatives who had been born into slavery, but never mentioned it to me. Silence about slavery at home was matched by neglect of the topic at school. As a result, I was nearly 40 years old and writing a book about my family when I stumbled upon the news of my enslaved relatives in a newsletter from a small historical society.

The claim that Mr. Obama has not lived the typical African-American life is closer to the nub of what bothers his black traditionalist critics. Their complaint goes right back to the race police of the 1960s who decreed that the only authentic black experience was one that featured hardship and crushing encounters with racism, preferably with an urban American backdrop.

Mr. Obama missed out on that part while growing up an introspective child, longing for his missing father, in Hawaii and Indonesia. He stumbled onto the mysteries of race in his own good time and pursued them in his own way. His quest took him to an impoverished community on the South Side of Chicago, where he worked as an organizer in an infamous public housing project before discovering his vocation as a politician.

His critics are at least right when they describe his journey as a departure from the customary stereotype. But they are fundamentally wrong when they try to argue that the journey described in his affecting 1995 memoir, "Dreams From My Father," is somehow incompatible with blackness.

At bottom, the hue and cry over Barack Obama's identity stems from a failure by black traditionalists to recognize multiracial versions of themselves. Soon enough, perhaps by year's end, however, the Obama story, which seems so exotic to so many people now, will have found its place among all the other stories of the sprawling black diaspora.

Stop Him Before He Gets More Experience (NYT)

By Frank Rich

The New York Times, February 11, 2007

AS the official Barack Obama rollout reaches its planned climax on "60 Minutes" tonight, we'll learn if he has the star power to upstage Anna Nicole Smith. But at least one rap against him can promptly be laid to rest: his lack of experience. If time in the United States Senate is what counts for presidential seasoning, maybe his two years' worth is already too much. Better he get out now, before there's another embarrassing nonvote on a nonbinding measure about what will soon be a four-year-old war.

History is going to look back and laugh at last week's farce, with the Virginia Republican John Warner voting to kill a debate on his own anti-surge resolution and the West Virginia Democrat Robert Byrd seizing the occasion for an hourlong soliloquy on

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coal mining. As the Senate pleasured itself with parliamentary one-upmanship, the rate of American casualties in Iraq reached a new high.

The day after the resolution debacle, I spoke with Senator Obama about the war and about his candidacy. Since we talked by phone, I can't swear he was clean, but he was definitely articulate. He doesn't yet sound as completely scripted as his opponents — though some talking-point-itis is creeping in — and he isn't remotely defensive as he shrugs off the race contretemps du jour prompted by his White House run. Not that he's all sweetness and light. "If the criterion is how long you've been in Washington, then we should just go ahead and assign Joe Biden or Chris Dodd the nomination," he said. "What people are looking for is judgment."

What Mr. Obama did not have to say is that he had the judgment about Iraq that his rivals lacked. As an Illinois state senator with no access to intelligence reports, he recognized in October 2002 that administration claims of Saddam's "imminent and direct threat to the United States" were hype and foresaw that an American occupation of Iraq would be of "undetermined length, at undetermined cost, with undetermined consequences." Nor can he be pilloried as soft on terrorism by the Cheney-Lieberman axis of neo-McCarthyism. "I don't oppose all wars," he said in the same Chicago speech. "What I am opposed to is a dumb war."

Now that Mr. Obama has passed through Men's Vogue, among other stations of a best-selling author's cross of hype, he wants to move past the dumb phase of Obamamania. He has begun to realize "how difficult it is to break through the interest in me on the beach or that my wife's made me stop sneaking cigarettes." He doesn't expect to be elected the leader of the free world because he "can tell a good joke on Jay Leno." It is "an open question and a legitimate question," he says, whether he can channel his early boomlet into an electoral victory.

No one can answer that question at this absurdly early stage of an absurdly long presidential race. But Mr. Obama is well aware of the serious criticisms he engenders, including the charge that he is conciliatory to a fault. He argues that he is "not interested in just splitting the difference" when he habitually seeks a consensus on tough issues. "There are some times where we need to be less bipartisan," he says. "I'm not interested in cheap bipartisanship. We should have been less bipartisan in asking tough questions about entering into this Iraq war."

He has introduced his own end-the-war plan that goes beyond a split-the-difference condemnation of the current escalation. His bill sets a beginning (May) and an end (March 31, 2008) for the phased withdrawal of combat troops, along with certain caveats to allow American military flexibility as "a big, difficult, messy situation" plays out during the endgame. Unlike the more timid Senate war critics, including Hillary Clinton, Mr. Obama has no qualms about embracing a plan with what he unabashedly labels "a timeline."

But he has no messianic pretensions and is enough of a realist to own up to the fact that his proposal has no present chance of becoming law. Nor do any of the other end-the-war plans offered by Congressional Democrats — some overlapping his, some calling for a faster exit than his. If a nonbinding resolution expressing mild criticism of President Bush's policy can't even come to a vote in the Senate, legislation demanding actual action is a nonstarter. All the Democrats' parrying about troop caps, timelines, benchmarks, the cutting off of war funding, whatever, is academic except as an index to the postures being struck by the various presidential hopefuls as they compete for their party's base. There simply aren't 60 votes in the Senate to force the hand of a president who, in Mr. Obama's words, "is hellbent on doing what he's been doing for the last four years."

Unless, of course, Republicans join in. The real point of every Iraq proposal, Mr. Obama observes, is to crank up the political heat until "enough pressure builds within the Republican Party that they essentially revolt." He argues that last week's refusal to act on a nonbinding resolution revealed just how quickly that pressure is building. If the resolution didn't matter, he asks, "why were they going through so many hoops to avoid the vote?" He seconds Chuck Hagel's celebrated explosion before the Senate Foreign Relations Committee, when "he pointed at folks" and demanded that all 100 senators be held accountable for their votes on what Senator Hagel called "the most divisive issue in this country since Vietnam."

That's why Mr. Obama is right when he says that the individual 2008 contests for the Senate and the House are at least as important as the presidential race when it comes to winding down the war: "Ultimately what's going to make the biggest difference is the American people, particularly in swing districts and in Republican districts, sending a message to their representatives: This is intolerable to us."

That message was already sent by many American voters on Election Day in 2006. Rahm Emanuel, the Illinois congressman who, with his Senate counterpart, Chuck Schumer, oversaw that Democratic takeover, smells the blood of more Republicans in "marginal districts" in 2008. His party is now in the hunt for fresh candidates, including veterans of Iraq and Afghanistan. Such is the sense of impending doom among House Republicans that their leader, John Boehner, told CNN on Jan. 23 that he could render a verdict on whether the latest Bush Iraq strategy is "working" in a mere "60 to 90 days."

In the Senate, even the rumor of a tough opponent is proving enough to make some incumbents flip overnight from rubber-stamp support of the White House's war policy to criticism of the surge. Norm Coleman of Minnesota started running away from

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his own record the moment he saw the whites of Al Franken's eyes. Another endangered Republican up for re-election in 2008, John Sununu of New Hampshire, literally sprinted away from the press, The Washington Post reported, rather than field questions about his vote on the nonbinding resolution last week.

My own guess is that the Republican revolt will be hastened more by the harsh reality in Iraq than any pressure applied by Democratic maneuvers in Congress. Events are just moving too fast. While senators played their partisan games on Capitol Hill, they did so against the backdrop of chopper after chopper going down on the evening news. The juxtaposition made Washington's aura of unreality look obscene. Senator Warner looked like such a fool voting against his own principles ("No matter how strongly I feel about my resolution," he said, "I shall vote with my leader") that by week's end he abruptly released a letter asserting that he and six Republican colleagues did want a debate on an anti-surge resolution after all. (Of the seven signatories, five are up for re-election in 2008, Mr. Warner among them.)

What anyone in Congress with half a brain knows is that the surge was sabotaged before it began. The latest National Intelligence Estimate said as much when it posited that "even if violence is diminished," Iraq's "absence of unifying leaders" makes political reconciliation doubtful. Not enough capable Iraqi troops are showing up and, as Gen. Peter Pace told the Senate last week, not enough armored vehicles are available to protect the new American deployments. The State Department can't recruit enough civilian officials to manage the latest push to turn on Baghdad's electricity and is engaged in its own sectarian hostilities with the Pentagon. Revealingly enough, the surge's cheerleaders are already searching for post-Rumsfeld scapegoats. William Kristol attacked the new defense secretary, Robert Gates, for "letting the Joint Chiefs slow-walk the brigades in."

Washington's conventional wisdom has it that the worse things go in the war, the more voters will want to stick with the tried and true: Clinton, McCain, Giuliani. But as Mr. Obama reminds us, "Nobody had better Washington résumés than Dick Cheney or Donald Rumsfeld." In the wake of the catastrophe they and their enablers in both parties have made, the inexperienced should have a crack at inheriting the earth, especially if they're clean.

Clinton Cheered In N.H.; Some War Foes Skeptical (POL)

The Politico, February 11, 2007

BERLIN, N.H. – Democratic Sen. Hillary Rodham Clinton returned to New Hampshire on Saturday for the first time in a decade, making two campaign stops that drew more than 2,500 supporters – but also skeptics who questioned her 2002 vote to authorize the invasion of Iraq.

Many came to see what they said might be history in the making, if the New York senator becomes the first female candidate to win her party's nomination for president.

Mothers brought daughters. Fathers towed along sons, who were urged to absorb the moment. Adult women tucked copies of Clinton's memoir under their arm, and yelled "You go, girl" from their seats.

"Come on, I'm a '60s girl," said Joan Chamberlain, the director of a local Berlin arts group. "She inspires me to hope again."

Clinton chose Berlin City Hall, the heart of an old paper mill town more than three hours north of Manchester, to debut her presidential campaign in the nation's first primary state. The setting seemed downright cozy compared to the packed bleachers of Concord High School's gymnasium, where she spoke later in the day to more than 2,000 people.

"There are people who think or say to others that it might be difficult to elect a woman president," Clinton told about 500 people in Berlin. "My response to that is we will never know until we try.

"I am obviously very proud to be a woman," she continued. "But I am not asking you to vote for me because I am a woman. I am asking you to vote for me because I believe I am the most qualified person to hit the ground running in 2009."

Clinton delivered a similar 25-minute stump speech at both stops, promising to establish universal health care coverage, lower the cost of college tuition and bring U.S. troops home from Iraq.

She also repeated a line she started using two weeks ago in Davenport, Iowa, in response to critics about her stance on the Iraq war: "If I was president in 2003, this war never would have begun. If I am president in 2009, I will end it."

The line brought the crowd to its feet in Berlin and Concord but did not appease everyone.

Her top rivals for the Democratic nomination have gone further than Clinton. Sen. Barack Obama of Illinois has opposed the war from the start, and former Sen. John Edwards of North Carolina has repeatedly called his war vote a mistake.

"Can you say the war authorization vote was a mistake?" Roger Tilton, a 46-year-old Nashua financial adviser, asked Clinton in Berlin. "I – and probably a lot of other Democratic primary voters – feel that until we hear you say that, we are not going to hear all these other great things you are saying."

Clinton responded with her usual talking points.

"Knowing what I know now, I would never have voted for it," she said. "I have taken responsibility for my vote. The mistakes were made by this president who misled this country and this Congress."

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It was Clinton's shortest answer of the 90-minute town hall meeting – and it drew hearty applause – but it did not satisfy Tilton, who later said he wanted to hear her say that the vote was a mistake.

At both stops, Clinton paced slowly in front of the crowd, her hands clasped in front of her. Afterwards, she shook hands and signed autographs.

She fielded questions on the economy and the federal deficit, New Hampshire's status as the first primary state (she supports keeping it that way), and her position on egg donation for stem cell research ("I have to think about egg donation. I don't want to give a flip answer").

In Berlin, where a paper mill was shuttered in the last year, Clinton focused on job creation, highlighting her work assisting similar rural communities in upstate New York.

And Clinton occasionally dropped the name of the other Clinton – Bill, the former president who stayed home in Chappaqua, N.Y.

"It is great having a full-time political counselor," she said. "And he was pretty jealous this morning when I was leaving to come here."

She vowed to do one thing differently than her husband: "Not so many Dunkin' Donuts stops."

Clinton Campaigns In New Hampshire (WP)

By Chris Cillizza

The Washington Post, February 11, 2007

BERLIN, N.H., Feb. 10 -- Sen. Hillary Rodham Clinton (D-N.Y) faced tough questions over her 2002 vote to authorize the war in Iraq during a town hall gathering Saturday in this small mill city tucked away in the far northeastern reaches of the state.

The response to Clinton's visit to New Hampshire, her first since 1996, was typified by Roger Tilton.

Tilton, a financial consultant from Nashua who had risen at 4 a.m. to make the drive north, asked Clinton to apologize for her vote. She refused -- reiterating her stance that "I have taken responsibility for my vote."

Tilton was unmoved. "Until she says it was a mistake, she won't get my vote," he said.

The exchange highlighted the challenge Clinton faces in her still-new candidacy for president. She must convince Democratic primary voters, who tend to be strongly opposed to the war in Iraq, that her pragmatic approach to ending the conflict is the right one.

Complicating that task is that her two main rivals for the Democratic nomination -- Sen. Barack Obama (Ill.) and former senator John Edwards (N.C.) -- have spoken out strongly against the war. In his formal announcement of his bid for president Saturday, Obama mentioned his proposal to withdraw U.S. combat troops from Iraq by March 2008.

Despite the pointed questioning on Iraq, Clinton remained the poised front-runner that state and national polls make her out to be. She deftly answered questions on rising college tuition, immigration and the situation in Darfur. On health-care reform, which Clinton unsuccessfully tackled as first lady, she was unbowed about the need to expand coverage.

"I am going to be right back up on that horse of universal health-care coverage, and we are going to ride," she promised.

The crowds that gathered to hear Clinton were considerable. Hundreds packed the Berlin City Hall on a frigid morning for the chance to see and hear her; thousands more lined the wooden bleachers at Concord High School in the state capital later in the day.

For many it was their first in-person exposure to Clinton, and there was considerable curiosity about how she would handle the back-and-forth repartee on which New Hampshire voters pride themselves.

"I'd like to like her," said Nathaniel Gurien of North Conway. "Now that she is running, she has to show us what she's made of."

Much of Clinton's rhetoric was aimed doing just that -- she cast herself as an ordinary woman who has lived an extraordinary life. She described her upbringing in a "middle-class family in the middle of America in the middle of the last century" and asked the audience to help her avoid gaining weight while in the state and stopping too often at Dunkin' Donuts.

She invited two teenagers in the crowd to come to the stage to hand her a sticker supporting New Hampshire's bid to continue holding the first primary in the nation. She shook hands with both, drawing a roar from the crowd.

She headed off questions about whether a woman could be elected president in 2008 before they were even asked. "We'll never know until we try," Clinton said.

On issues, she was vague, choosing to focus on her accomplishments during her six years in the Senate rather than on specific proposals. Asked what she would do to reform the health-care system, Clinton was careful not to lay out a plan and instead turned the question back to the audience. On energy independence, Clinton advocated several modest measures but offered no broad proposal.

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But it was Iraq and Clinton's position on the issue that served as the focal point of the day. Even those who were obvious supporters pressed for assurances that she believes the war was a mistake. One woman, who prefaced her remarks by telling Clinton, "You go, girl," asked her to better explain her 2002 vote.

Clinton said her vote did not give President Bush the authority to conduct a "preemptive war," and she cited comments she made to that effect at the time.

"He should not have been trusted with the authority we gave him," she said. Clinton also noted that she has advocated capping the number of troops in Iraq at the January 2007 level and supports proposals to cut off funding for Iraqi security forces if progress is not made in limiting the violence there.

Clinton refused to accept the view that the Senate's effort to pass a nonbinding resolution condemning the president's plan to send more U.S. troops to Iraq is a meaningless exercise.

"We are working to change the president's policy," she said. "Getting change in our system is difficult. I'm still in the arena. I'm still fighting."

Not everyone was convinced.

"She's very politically calculating and careful," said Chuck Henderson of North Conway. "I want someone who has courage and is fearless."

In New Hampshire, Clinton Owns Up To Her Vote On Iraq War (NYT)

By Patrick Healy

The New York Times, February 11, 2007

CONCORD, N.H., Feb. 10 — Campaigning in New Hampshire for the first time as a presidential candidate, Senator Hillary Rodham Clinton came under criticism at two appearances on Saturday for voting in 2002 for military action in Iraq, and even refused one man's request that she say that her vote was a mistake.

While warmly received overall on this, her first visit to New Hampshire since 1996, Mrs. Clinton also sought to inoculate herself from the occasional Democratic antiwar anger. At a forum with 2,000 people in the state capital here, she first blamed President Bush for misusing her vote to go to war preemptively, and then obliquely questioned the Iraq positions of her two leading rivals for the Democratic nomination, Senator Barack Obama of Illinois and John Edwards, former senator of North Carolina.

While she did not refer to either by name, she said she could not solve Iraq by delivering a strong antiwar speech (like Mr. Obama gave on Saturday) or by calling for an immediate withdrawal of troops to end the war (as Mr. Edwards has done).

"It's very easy to go around saying, 'end the war now,' " she told about 2,000 people in a high school gymnasium here. "If we had a Democratic president, we would end the war."

"I know that there is a great deal of frustration and anger and outrage, but we can't just wave a magic wand and make things change," she said about Iraq at another point. "I wish we could. I wish I could give a speech and it would all be different, but that's not how our country works."

And in a nod to Mr. Edwards's fierce criticism of the war since leaving the Senate, she said, "I'm still in the arena — I'm still fighting to get those 60 votes," a reference to the number of voters that Senate Democrats are trying to muster for a nonbinding resolution opposing Mr. Bush's war plan.

Mrs. Clinton's 2002 vote poses political peril for her candidacy; she has not repudiated her vote, as Mr. Edwards has done of his, and she lacks the record of consistent criticism against the war of Mr. Obama, who was not in the Senate in 2002. During one forum early Saturday in the economically struggling city of Berlin in northern New Hampshire, Mrs. Clinton used tough language to blame President Bush and his advisers for Iraq, asserting that they came into power in 2001 with an "obsession" to oust Saddam Hussein and resolve the "unfinished business" of the first Persian Gulf war.

"From almost the first day they got into office," Mrs. Clinton said, "they were trying to figure out how to get rid of Saddam Hussein. I'm not a psychiatrist; I don't know all of the reasons behind their concern, some might say their obsession."

While she tried to keep the audience of 300 people in Berlin focused on Mr. Bush, she was forced at one point to account for her own history on Iraq. One audience member, Roger Tilton of Nashua, asked her "right here, right now, once and for all, without nuance" to call her 2002 vote "a mistake."

"Until we hear you say that, we're not going to hear all these other great things you've said," Mr. Tilton said.

In response, Mrs. Clinton repeated her standard talking points that she would never have cast it if she had had the intelligence information that she had now.

She also tailored some of her remarks to the economic struggles of Berlin, a city of about 8,000 people that has been shedding jobs from its pulp and paper mills.

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“I think there is a great opportunity for using wood for a fuel of the future, just like it was a fuel of the past,” Mrs. Clinton said. “If we can provide the right incentives, and we can give people the extra help we need by tax incentives and other ways of creating new jobs, we can begin to do this.”

In Concord, Senator Clinton also criticized President Bush for not asking Americans to make sacrifices or commitments. When an audience member reminded her, sympathetically, that Mr. Bush had suggested that Americans go shopping after the attacks of Sept. 11, 2001, Mrs. Clinton picked up on that line.

“That’s right, the only thing after 9/11 — ‘go shopping,’ ” she said. “I was just appalled by that.”

Although Mrs. Clinton did not bring former President Bill Clinton with her, she tried to turn his popularity in New Hampshire to her advantage at several points, though she joked she would not be following his political playbook entirely.

“Probably the only thing that I’ll try to do differently from my husband is not so many Dunkin’ Donuts stops,” Mrs. Clinton said, evoking the lore of Mr. Clinton’s snacking habits during the 1992 presidential campaign. “I honestly think Bill gained about 20 pounds in the New Hampshire primary, and I cannot afford that.”

Clinton Draws Crowds In First NH Stops (NHUL)

By John DiStaso

New Hampshire Union Leader, February 11, 2007

Hillary Clinton talked about issues ranging from health care to education and the environment yesterday, but the Democratic presidential front-runner was sent a clear message that a burning issue in the first-primary state is how to end American bloodshed in Iraq.

In her first visit to New Hampshire in more than a decade and her first as a presidential candidate, the New York senator was welcomed enthusiastically to town hall-style meetings attended by 350 in Berlin and more than 1,500 at the Concord High School gymnasium, where huge banners saying, "Let the Conversation Begin," were hung from the rafters.

Clinton called it a "nostalgic" visit, recalling the support her husband, former President Bill Clinton, received from state primary voters in 1992, when his second-place finish revived his struggling candidacy.

"We are forever in your debt," she said.

Most questioners Clinton faced yesterday were friendly, if not adoring. Only a handful pressed her hard and those who did focused on Iraq.

Roger Tilton of Nashua was in the Berlin audience calling on Clinton to recant her 2002 vote in favor of a resolution authorizing President George W. Bush to invade Iraq.

In Concord, third-year law student Monique Cesna first told Clinton, "You go, girl," but then questioned her "seeming contradiction" between the 2002 vote and her current strong call for an end to the war. David Tiffany of Hollis asked why she had not taken a stronger leadership role to stop funding for the war.

Clinton said that most congressmen who voted to authorize the invasion did not know that Bush "would so misuse the authority we gave him." She noted that when she voted in 2002, she said on the Senate floor "that it was not a vote for a pre-emptive war.

"Knowing what we know now," she said, "we would never have voted to give this President the authority at all because he should not have been trusted with the authority we gave him."

Tiffany asked her why, if she is truly opposed to the war, she has not used "the power of the purse" and advocated cutting funding for the military action. "You seem to want to have it both ways," he said.

Clinton answered that she and other Capitol Hill Democrats "are working to try to change the President's policy. I know there is a great deal of frustration and anger and outrage that we can't just wave a magic wand and make things change. I wish we could. I wish I could give a speech and it would all be different, but that's not the way the system works."

She said that in the Senate "you've got to get 60 votes to do anything," and any strong anti-war legislation would likely require two-thirds House and Senate super-majority majorities to override a presidential veto.

"I'm still fighting to try to get those 60 votes," she said, "It's easy to go around saying, 'End the war now."

Tiffany, a registered independent who said he almost always votes Democratic, said later, "I don't see her as one of the leaders in looking for a quick fix in Iraq. She is against using the power of the purse to bring the troops home, and I think our military families have done more than anyone has a right to ask them."

He said that while he has not decided who he will support, "I'd have to say that at this point I'd prefer almost any Democrat over her."

In Berlin, Tilton told Clinton he was not in the mood to listen to her other policy ideas.

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"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," Tilton said. "I, and I think a lot of other primary voters -- until we hear you say it, we're not going to hear all the other great things you are saying."

In response, Clinton repeated her assertion that "knowing what we know now," she would not have voted for the resolution.

Later, Tilton said was inclined to support either Democrat John Edwards or Sen. Barack Obama, D-Ill., who announced his candidacy Saturday.

In Concord, Clinton said that since Iran and Syria are apparently funding much of the insurgency in Iraq, the U.S. should have dialogues with those nations.

"I think one of the rules of warfare is to know your enemy and to know what makes them tick and how to influence them," she said. "It is not smart strategy to say that you will never talk to bad people."

Clinton lost a battle as first lady to nationalize the U.S. health care system, but said yesterday, "I believe we can get to universal health care coverage. I know probably better than anyone that it's not going to be easy, but I believe that we're going to build a consensus in our country where it will be unstoppable."

Asked by Sarah Dustin, a long-time advocate for the underprivileged, what she would do to help single mothers give their children better lives, Clinton said that "everyone who works should get a level of income that lifts them out of poverty." She said that in addition to the earned income tax credit, "we need even new ways to help support particularly single parents."

Clinton criticized the Bush administration's "failed policies and misplaced priorities" on domestic spending, saying that one year of Bush tax cuts for those who earn $1 million or more cost $73 billion, or about $10 billion more than a low-income energy assistance program.

She voiced support for stem cell research and a woman's right to choose. She criticized Bush's "No Child Left Behind" law and called for more college aid and loan forgiveness programs for college students.

In Berlin, Clinton sought to focus on her plans to revive struggling small-town economies, universal health care and making college more affordable.

"I'm starting in the North Country for a simple reason -- I want to be a President who represents all of America," she said. "Our small towns, our rural areas, places that need some extra help and attention to be as prosperous in the 21st century as you were in 20th century.

Clinton entered the Concord gym to a loud, long ovation to the early 1990s song, "Right Here, Right Now," and was introduced by freshman U.S. Rep. Paul Hodes as a "great leader" with "fierce intelligence," "a passion for change" and an "enormous heart.

"I know New Hampshire will love her," said Hodes, who clarified later he was not endorsing any candidate for President.

Today, Clinton plans to attend house parties in Manchester and Nashua before a town hall meeting in Keene.

People Had Points To Make To Hillary (NHUL)

By Michael Cousineau

New Hampshire Union Leader, February 11, 2007

CONCORD – Dave Tiffany made it into the Concord High School gymnasium yesterday, wanting to make his point that now was the time to bring American troops home from Iraq.

He carried his feelings for all to see.

"Quit stalling. Bring our troops home," read his sign.

The Hollis man waved his message 45 minutes before New York Sen. Hillary Clinton was set to start a "conversation" with voters in the first presidential primary state.

Tiffany wanted to start the conversation early. The crowd cheered and applauded.

The senator's campaign staff, however, didn't like the message. A man wearing a "Hillary staff" badge took away his sign.

"They don't want it to be a real conversation," Tiffany said. "They want it to be a one-way conversation."

Tiffany was told he would be able to ask the Democratic presidential candidate a question during the town hall-style meeting and would get his sign back later that day.

The staffer who took away the sign said he couldn't talk to reporters. "I'm just the crowd guy."

Nearly two hours after losing his sign, Tiffany stood up in the bleachers and got the senator's attention.

"Welcome back to New Hampshire, where we believe in free and uncensored honest debate," he said.

"I do, too," she said.

He then pressed her on why she "won't use the power of the purse" to bring American troops home immediately.

Mrs. Clinton said she was working to change President Bush's policy.

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"I know there is a great deal of frustration and anger and outrage that we can't just wave a magic wand and make things change," she said. "I wish we could. I wish I could give a speech and it would all be different, but that's not the way the system works."

Signs and banners are commonplace in campaigns, but one receiving special attention at Concord High School had a non-partisan message.

English teacher Joanne McGlynn, an adviser to the Presidential Candidates Club, carried the 3-foot-long banner hoping to collect Clinton's signature to join those of two other potential White House hopefuls: Mark Warner of Virginia and Tom Vilsack of Iowa.

"A Required Stop on the Road to the White House?" the banner read. The question mark, she explained, was used because some candidates hadn't decided yet whether to run. Warner ultimately decided to take a pass for '08.

"We also didn't want to be too full of ourselves," she said.

Clinton staffers made the meeting happen, escorting the candidate to meet the students, pose for pictures and add her mark.

"Concord High -- Follow your dreams! Go Crimson Tide!" and signed it Hillary Rodham Clinton. She had to ask Sara Wilkinson, a Concord High junior, what the day's date was before adding that to the banner in black pen.

Meanwhile, Deb Crapo of Rye and Nancy Richards-Stower of Merrimack, early supporters of Bill Clinton's 1992 presidential run, held up their own homemade signs welcoming Sen. Clinton and gaining the attention of a gaggle of photographers.

Crapo said the pair had been hopeful Mrs. Clinton would run for President some day. "What Bill used to say to us is She's even smarter than me folks.'"

The only female presidential candidate experienced a microphone malfunction.

"Is there something I am supposed to switch?" she asked. "I'm not good at this technology stuff, guys."

When a staffer pulled up her jacket in the back to adjust her wireless microphone belt pack, she said, playfully: "Nobody look."

Then, she added, "I am wired, that's for sure."

After she reached full volume, Clinton called her first visit to New Hampshire since announcing for President "a really nostalgic trip for me in a lot of ways because in 1992, the people of New Hampshire were so kind to Bill and me."

Not quite four years later, Mrs. Clinton filed the required paperwork and $1,000 check at the State House in Concord for her husband's re-election bid. Now, she is the one that will have her name on the New Hampshire primary ballot.

"In fact, my husband is quite jealous that I'm here and he isn't," she said.

"I want to thank all the old friends who are here -- people who have been with us through good times and difficult ones," she said.

During the closing weeks of the 1992 primary campaign, Clinton faced allegations of having an extra-marital affair and draft dodging. He weathered the storm, finishing second here and declaring himself "The Comeback Kid."

She said she loved the personal campaigning required in New Hampshire, "but I'm going to make one change from my husband's campaign. And I want all of you to help me keep to this: not so many Dunkin Donuts stops."

For nearly an hour after her conversation, Clinton rewarded the crowd -- not with doughnuts but with plenty of autographs and photo opportunities.

Hillary Deflects Pressure To Repudiate Iraq Vote (WT/AP)

The Washington Times, February 11, 2007

BERLIN, N.H. (AP) -- Sen. Hillary Rodham Clinton faced tough questions yesterday from New Hampshire voters skeptical about her stand on the Iraq war, including one who demanded that she repudiate her 2002 Senate vote to send U.S. troops into battle.

In her first presidential campaign visit to the early-primary state, the New York Democrat sought to focus on her plans to revive struggling small-town economies, universal health care and making college more affordable. But at a crowded town-hall meeting of about 350 people, Mrs. Clinton was peppered with questions about Iraq.

Her toughest questioner was Roger Tilton, 46, a financial adviser from Nashua, N.H. Mr. Tilton told Mrs. Clinton that unless she recanted her vote, he was not in the mood to listen to her other policy ideas.

"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," he said. "I, and I think a lot of other primary voters, until we hear you say it, we're not going to hear all the other great things you are saying."

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In response, Mrs. Clinton repeated her assertion that "knowing what we know now, I would never have voted for it," and said voters would have to decide for themselves whether her position was acceptable.

"The mistakes were made by this president, who misled this country and this Congress," Mrs. Clinton said to loud applause.

Later, Mr. Tilton said he was not satisfied with her answer and was inclined to support either former Sen. John Edwards of North Carolina or Sen. Barack Obama of Illinois. The latter announced his candidacy yesterday.

"I love what she says about health care; I love what she says about capping troop levels; I love what she says about the war now," he said, adding he would remain undecided until she offered a clearer answer.

Mrs. Clinton's refusal to recant her vote has been a sore point for many liberal Democratic activists, who tend to vote heavily in the party's primaries.

Mr. Edwards has said his vote was wrong. Mr. Obama was not in the Senate in 2002, but has opposed the war from the outset.

Mrs. Clinton, the front-runner for the Democratic nomination in 2008, has strongly criticized the Bush administration's conduct of the war, most recently in strong terms at a Democratic National Committee meeting. She promised to end the war if elected president. She also has proposed capping troop levels in Iraq.

For the most part, Mrs. Clinton was received warmly by the audience. People applauded enthusiastically several times throughout her 90-minute appearance.

Mrs. Clinton told the crowd she chose to open her visit in Berlin, a struggling paper-mill town in northern New Hampshire, because the area resembled upstate New York and faced many of the same economic challenges.

"I'm starting in the north country for a simple reason -- I want to be a president who represents all of America," she said. "Our small towns, our rural areas, places that need some extra help and attention to be as prosperous in the 21st century as you were in 20th century."

Hillary Faces Tough Questions On Iraq (NSDY)

By J. Jioni Palmer

Newsday, February 11, 2007

BERLIN, N.H. -- With the snowcapped, windswept peaks of the White Mountains nearby, Sen. Hillary Clinton talked to residents of this city in the northernmost reaches of the Granite State in her first New Hampshire appearance as a candidate for the White House.

She was generally well-received by the overflow crowds, although she had to face tough questions about her position on Iraq.

In this paper-mill town straddling the Androscoggin River, and later in Concord, the state capital, Clinton began what she called a "conversation" that sought to cast her as a political centrist with mainstream values who cares about Main Street.

"I grew up in a middle-class family, in the middle of country, in the middle of the last century," she said, describing her childhood in Illionis to the residents of the state where the first primary will take place.

Her upbringing, she said, instilled a conviction that any parent could provide a better future for their children through their own hard work and that the government would provide an infrastructure to make that happen.

"There was a basic bargain in America: If you did your part, if you worked hard and played by the rules, then you would be given the chance to go as far as your dreams and your ambition and your hard work would take you," Clinton said. "The other part of the bargain was that your government would be on your side ... I look now and it seems to me we are in danger of breaking that bargain because of the decisions being made by the leaders in our country."

The sounds of Aerosmith and Bob Marley filled the auditorium at Berlin City Hall, and the crowd -- some of whom had driven more than four hours -- rustled with excitement as the time of Clinton's appearance drew near. Some clutched copies of her autobiography, others gripped former President Bill Clinton's. A few carried both.

A button vendor did a brisk business. At three for $10 or one for $5, buyers could choose from among a half-dozen, including one with a picture of Bill Clinton that said "First Gentleman."

Wearing a wireless microphone, Clinton walked around the two venues talking about the need to provide universal health care, pitching energy independence as national security issue and emphasizing her opposition to President George W. Bush's planned troop surge in Iraq.

Clinton fielded questions from the audience -- most dealing with topics she touched on during her opening remarks -- that were largely friendly. But she did take occasional heat for her stance on the war.

Perhaps to head off such queries, Clinton said that if she had been president in 2003 the United States never would have gone to war, and that should she be elected, if the troops are still there, she'd take them out.

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That wasn't enough for some.

"I want to know if right here, right now, once and for all and without nuance, you can say that war authorization was a mistake," said Roger Tilton, 46, of Nashua. "I, and I think a lot of other primary voters -- until we hear you say it, we're not going to hear all the other great things you are saying."

Clinton responded that if she knew then what she knows now, "I never would have voted for the war."

But Tilton, a financial adviser, said he still wasn't satisfied.

"I can't listen to her until I hear her say it was a mistake," he said afterward. "You know what, there were a lot of the people in the Senate [23 members] at the time who didn't vote for it. There were a lot of people in the Senate at the time who voted for it and now say it was a mistake."

Spielberg For Hillary (NOVAK)

Robert Novak, February 10, 2007

Spielberg for Hillary

WASHINGTON – Democratic sources say Hollywood producer Steven Spielberg, previously listed as a probable supporter of Sen. Barack Obama for President, has agreed to host a major fund-raiser for Sen. Hillary Rodham Clinton.

David Geffen and Jeffrey Katzenberg, Spielberg's colleagues at the DreamWorks film studio, are backing Obama. It was thought that Spielberg was too, but sources say Bill Clinton prevailed on him to help his wife. All three men were generous backers of the former President.

Geffen and Katzenberg are hosting a $2,300-a-ticket reception at the Beverly Hilton Hotel in Los Angeles Feb. 20. A pledge to raise or donate $46,000 is necessary to attend a private dinner with Obama at Geffen's Malibu residence that night.

GOP ETHICS

House Minority Leader John Boehner, addressing Tuesday's closed-door conference of Republican House members, gave a clean bill of health to two California colleagues under federal investigation: Reps. Jerry Lewis and Gary Miller.

If he were not convinced of Lewis's integrity, Boehner told the conference, he would not have approved his continuation as top Republican on the Appropriations Committee. Lewis is being investigated for helping a lobbyist direct millions of dollars in earmarks for clients.

Lewis did not address the conference, but Miller pleaded innocent of wrongdoing in California land transactions. That won Miller a standing ovation, but a few colleagues noted the resemblance to a similar speech to the conference last year by then Rep. Bob Ney of Ohio. On Jan. 19, Ney was sentenced to 30 months in federal prison after pleading guilty to conspiracy in the Jack Abramoff influence-peddling scandal.

BUCKS FOR MCCAIN

Sen. John McCain on Wednesday personally appealed to an invitation-only meeting of some 50 possible supporters to sell $2,300 tickets for a March 21 reception at Washington's Mandarin Hotel that he considers vital to his campaign for the Republican Presidential nomination.

McCain said the money raised for the dinner would be credited to the March 31 Federal Election Commission report on contributions, which he called "the invisible primary" to show fund-raising prowess.

Wednesday's meeting, held in a non-government office building near the Capitol, was attended by both longtime McCain backers and new allies who supported George W. Bush against McCain in 2000.

RETIRING REPUBLICANS

The National Republican Congressional Committee (NRCC) staff is contacting GOP House members to get an idea of how many intend to retire and give the Democrats soft targets in 2008.

The NRCC survey follows a report in the Roll Call newspaper that the Democratic Congressional Campaign Committee (DCCC) is monitoring more than two dozen House Republicans who are candidates for retirement.

No House Republican has yet announced retirement, and the only GOP senator so far to call it quits is Wayne Allard of Colorado. However, more retirements from both houses are expected as Republicans chafe under life in the minority. No Democratic resignations have been announced, and none are expected from the House. All Democratic senators up for re-election in 2008 have announced they are running again, with the exception of Sen. Tom Harkin of Iowa (who says he has not yet decided).

HELSINKI PURGE

Rep. Chris Smith of New Jersey and Sen. Sam Brownback of Kansas, Republican members of the Helsinki Commission monitoring human rights, have written protests to illegal firing of four Republican commission staffers after the Democrats won control of Congress.

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The commission's new chairman, Democratic Rep. Alcee Hastings of Florida, began the firings under oversight of Spencer Oliver, a longtime Democratic operative famed as a victim of the Watergate burglary. Oliver, secretary general of an international body dealing with human rights, was assisting the U.S. commission as an observer. Under the commission's founding laws, three of the committee's four lawmakers must concur in any staff firing.

Hastings is expected to change the commission's focus away from religious freedom in Belarus and European sex trafficking and concentrate on alleged U.S. abuses at Guantanamo.

Robert D. Novak is a syndicated columnist and a commentator for the FOX network.

Campaign Bloggers Caught In Web (LAT)

The Los Angeles Times, February 11, 2007

THE 2008 PRESIDENTIAL campaign has its first official political-religious-technological controversy. Last week, Bill Donohue, president of the Catholic League for Religious and Civil Rights, issued a broadside against Amanda Marcotte and Melissa McEwan, two relatively obscure bloggers recently hired by former North Carolina Sen. John Edwards, calling them "anti-Catholic, vulgar, trash-talking bigots." The candidate's response — and the blogosphere's — show how both entities are changing each other.

Donohue's first attack landed on Tuesday. He dug up about 10 instances from the last year in which Marcotte and McEwan bluntly (and occasionally in hyperbolically profane style) criticized the Catholic Church, rebuked conservative Christians or simply used some of the seven words that one isn't allowed to say on TV. For Edwards, Donohue's call for Marcotte and McEwan to be ousted was a double-edged sword. If he refused, he'd invite the wrath of conservative Christians; if he complied, he'd alienate the liberal activists who are key to his campaign. The latter responded by highlighting the words and deeds of some of the people hired by Republican candidates, such as Patrick Hynes, a sharp-tongued conservative blogger who has been a consultant with Arizona Sen. John McCain's campaign.

Edwards — possibly distracted by the universal healthcare proposal he unveiled Monday — let the issue percolate for a couple of days before letting the two women off with a warning: "That kind of intolerant language will not be permitted from anyone on my campaign." The move mollified left-leaning bloggers but not Donohue, who pledged to escalate his publicity blitz against Edwards. At week's end, the battle for control of Edwards' agenda continued, healthcare policy battling blogger controversy for media attention.

The conflict over the bloggers is likely to be just the opening salvo in a wave of guilt-by-association attacks. By trying to gin up support from the blogosphere, candidates are bringing lots of folks into the campaign who've left long trails of (often intemperate) commentary online. So not only do candidates have to worry about having their own gaffes preserved and promoted on YouTube, they may have to distance themselves from what their employees said before coming onboard. Expect this kind of nuttiness to continue until voters show that they care more about a candidate's thoughts than those of the hired hands.

Searching For Mr. Right (NYT)

By Patrick Healy

The New York Times, February 11, 2007

HAVING lost Congress and faith, at times, in President Bush, social conservatives are now holding out for a hero in the 2008 Republican presidential campaign.

But who? And what kind of hero?

Is it the hero of 9/11, Rudolph W. Giuliani, whose support of abortion rights is anything but heroic to social conservatives? Is it the hero against gay marriage in Massachusetts, Mitt Romney, who nevertheless once championed gay rights? Or is it a hero of wartime, John McCain, who has also betrayed them on issues like federal judicial appointments?

Eleven months before the first presidential caucuses, social conservatives are in no mood to compromise; many don't want to settle for Senator McCain, nor can they abide Mr. Giuliani. They want a true believer, reliably opposed to abortion rights, gay rights and gun control, tough on immigration and a supporter of conservative judicial appointments.

But are any second-tier contenders strong enough to carry the mantle of their idol, Ronald Reagan — and also, strong enough to win?

Senator Sam Brownback of Kansas strongly opposes abortion rights and gay marriage; former Gov. Mike Huckabee of Arkansas is a Southern Baptist minister who talks about religion and civic life; and Representative Duncan Hunter appears to have solid conservative credentials. Yet all three are largely unknown beyond their states and Capitol Hill. The same goes for Representative Tom Tancredo of Colorado, who appears to be a one-issue candidate, focused on fighting illegal immigration.

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Gone is the sense that social conservatives are a unified bloc. The movement that rose with the candidacy of Ronald Reagan in the 1970s is now fractured over both its messengers and its message. The issues that social conservatives care about most are often overshadowed by Iraq and terrorism, energy and taxes. And if their vote splinters in 2008, their political potency could be sapped.

If these voters split into factions for different Republican candidates, either Mr. Giuliani or Mr. McCain could slip through the middle (while wriggling around the so-called values issues), uniting enough fiscal conservatives and national security conservatives — and moderate and liberal Republicans — to win the party's nomination next year. And Mr. Giuliani, for one, is starting to shade his support for abortion rights in hopes of assuaging opponents.

"A fractured movement is Rudy Giuliani's dream," said Paul M. Weyrich, chairman of the Free Congress Foundation, a conservative research group. "What I hear constantly is, 'We've got to beat Hillary; we can't allow her to be president.'

"What I'm hearing is, 'We hate him, we don't agree with his positions, we feel that his personal life is a travesty — but on the other hand, he probably could beat Hillary.' I hear this over and over again. I keep telling people, don't fall for that."

Yet Mr. Weyrich, a savvy political strategist, knows that if social conservatives are torn on Election Day, many may stay home, and the consequence might be another Clinton presidency. So a moment of political reckoning for social conservatives seems inevitable. Will they give ground on their issues in order to elect a Republican?

"I don't see social conservatives making compromises to win in 2008," said the Rev. Donald Wildmon, founder of the American Family Association, a conservative Christian broadcaster and advocacy group. "Social conservatives don't blindly follow the Pied Piper anymore. We've been disappointed and taken for granted by Republicans at times. I don't think there's any appetite for compromising core values."

Nor should there be, according to Governor Huckabee. In recent interviews, he has artfully tied his religious devotion to broader social concerns. For instance, on NPR last week, he said that reclaiming a nation for Christ was not a matter of proselytizing.

"It means that we would reflect what he reflected, and that is compassion and love," Mr. Huckabee said.

Yet he was also critical of some opponents of abortion rights, suggesting that they focus too much on embryos. "I want to be concerned about making sure every child has music and art education," he said. "There are a lot of things that, to me, are a part of my being pro-life."

Senator Brownback, meanwhile, has told some allies that he will not allow Iraq or economic issues to distract him from talking about social issues. Indeed, in a speech last month, he listed reviving faith among Americans and opposing same-sex marriage as examples of his priorities.

Mr. Romney, the former governor of Massachusetts, has tried to explain his conversion on abortion rights, from support to opposition, with a made-for-television story: As he listened to a Harvard researcher discussing stem-cell science, and the destruction of embryos, he saw the antiabortion cause in a new light.

At some recent conferences for social conservatives, Mr. Romney has used a line that some conservatives find credible: "On abortion I was not always a Ronald Reagan conservative. Neither was Ronald Reagan."

This sort of language also resonates with other conservative wings of the party, like some members of the antitax faction who do not want to get bogged down over whether Mr. Romney is now sufficiently sincere in his opposition to abortion.

"Romney has a one-way, one-time migration on abortion to explain," said Grover Norquist, the head of Americans for Tax Reform. "Senator McCain, meanwhile, was a Reaganite on taxes and then drifted for six years and now wants to come back. Same on guns. Same on judges. He was a two-way migration on several issues, and a lot of conservatives will have a hard time with that."

Yet on a fundamental matter like the life of a fetus, some social conservatives say, the turnabout by Mr. Romney is worthy of skepticism.

"I know people can change, but sometimes when people want to be president, they speak of a change that has not occurred," Mr. Wildmon said. "I like to go with a person whose words match their actions."

Mr. McCain's campaign is counting on a sharp split among social conservatives in the 2008 primary. Mr. Brownback and Mr. Huckabee, his strategists believe, lack the money and organizational strength to mount serious bids that would galvanize social conservatives. Meanwhile, Mr. McCain and Mr. Giuliani are portraying themselves as conservatives on taxes and national security.

"If someone can make a credible case to the social conservatives and have a position on Iraq that appeals to the broad majority of Republicans, you may see an election where the social issues, the moral values issues, are not as central as they were in the past," said Matthew Dallek, the author of "The Right Moment: Ronald Reagan's First Victory and the Decisive Turning Point in American Politics."

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Mr. Dallek notes that Mr. Reagan, as governor of California in the 1960s, took steps to support abortion rights and raise taxes. Yet he became a unifying figure for social conservatives because of his staunch anti-Communist credentials, and because he came to embrace their positions opposing abortion rights as well as tax cuts.

"Social conservatives may come to see one of the leading candidates as solid enough on their values issues, while keeping the national focus on the major issue of the day — defeating Communism for Reagan, and fixing Iraq and winning the war on terror for a McCain or a Romney," Mr. Dallek said.

Yet this outcome seems an unlikely prospect to some political analysts.

In a survey of voters in the 2006 elections, the Pew Forum found that so-called values issues like opposition to same-sex marriage and abortion rights mattered the most to white evangelical Protestant voters. Forty-five percent of them ranked values issues highest; 17 percent chose the war in Iraq; and 12 percent cited illegal immigration.

"White evangelical Protestants are not only still a real component of the Republican Party, but they are also concentrated in key primary states like South Carolina, Florida and Virginia," said John Green, a senior fellow in religion and American politics at the Pew Forum. "They are not going away, and it's too soon to say how fractured they will be."

The Limits Of Sunniness (WP)

By George F. Will

The Washington Post, February 11, 2007

In this winter of their discontents, nostalgia for Ronald Reagan has become for many conservatives a substitute for thinking. This mental paralysis -- gratitude decaying into idolatry -- is sterile: Neither the man nor his moment will recur. Conservatives should face the fact that Reaganism cannot define conservatism.

That is one lesson of John Patrick Diggins's new book, " Ronald Reagan: Fate, Freedom, and the Making of History." Diggins, a historian at the City University of New York, treats Reagan respectfully as an important subject in American intellectual history. The 1980s, he says, thoroughly joined politics to political theory. But he notes that Reagan's theory was radically unlike that of Edmund Burke, the founder of modern conservatism, and very like that of Burke's nemesis, Thomas Paine. Burke believed that the past is prescriptive because tradition is a repository of moral wisdom. Reagan frequently quoted Paine's preposterous cry that "we have it in our power to begin the world over again."

Diggins's thesis is that the 1980s were America's "Emersonian moment" because Reagan, a "political romantic" from the Midwest and West, echoed New England's Ralph Waldo Emerson. "Emerson was right," Reagan said several times of the man who wrote, "No law can be sacred to me but that of my nature." Hence Reagan's unique, and perhaps oxymoronic, doctrine -- conservatism without anxieties. Reagan's preternatural serenity derived from his conception of the supernatural.

Diggins says Reagan imbibed his mother's form of Christianity, a strand of 19th-century Unitarianism from which Reagan took a foundational belief that he expressed in a 1951 letter: "God couldn't create evil so the desires he planted in us are good." This logic -- God is good, therefore so are God-given desires -- leads to the Emersonian faith that we please God by pleasing ourselves. Therefore there is no need for the people to discipline their desires. So, no leader needs to suggest that the public has shortcomings and should engage in critical self-examination.

Diggins thinks that Reagan's religion "enables us to forget religion" because it banishes the idea of "a God of judgment and punishment." Reagan's popularity was largely the result of "his blaming government for problems that are inherent in democracy itself." To Reagan, the idea of problems inherent in democracy was unintelligible because it implied that there were inherent problems with the demos -- the people. There was nothing -- nothing-- in Reagan's thinking akin to Lincoln's melancholy fatalism, his belief (see his Second Inaugural) that the failings of the people on both sides of the Civil War were the reasons why "the war came."

As Diggins says, Reagan's "theory of government has little reference to the principles of the American founding." To the Founders, and especially to the wisest of them, James Madison, government's principal function is to resist, modulate and even frustrate the public's unruly passions, which arise from desires.

"The true conservatives, the founders," Diggins rightly says, constructed a government full of blocking mechanisms -- separations of powers, a bicameral legislature, and other checks and balances -- in order "to check the demands of the people." Madison's Constitution responds to the problem of human nature. "Reagan," says Diggins, "let human nature off the hook."

"An unmentionable irony," writes Diggins, is that big-government conservatism is an inevitable result of Reaganism. "Under Reagan, Americans could live off government and hate it at the same time. Americans blamed government for their dependence upon it." Unless people have a bad conscience about demanding big government -- a dispenser of unending entitlements -- they will get ever larger government. But how can people have a bad conscience after being told (in Reagan's First Inaugural) that they are all heroes? And after being assured that all their desires, which inevitably include desires for government-supplied entitlements, are good?

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Similarly, Reagan said that the people never start wars, only governments do. But the Balkans reached a bloody boil because of the absence of effective government. Which describes Iraq today.

Because of Reagan's role in the dissolution of the Soviet Union, Diggins ranks him among the "three great liberators in American history" -- the others being Lincoln and Franklin Roosevelt -- and among America's three or four greatest presidents. But, says Diggins, an Emersonian president who tells us our desires are necessarily good leaves much to be desired.

If the defining doctrine of the Republican Party is limited government, the party must move up from nostalgia and leaven its reverence for Reagan with respect for Madison. As Diggins says, Reaganism tells people comforting and flattering things that they want to hear; the Madisonian persuasion tells them sobering truths that they need to know.

McCain Taps Cash He Sought To Limit (WP)

By John Solomon

The Washington Post, February 11, 2007

Just about a year and a half ago, Sen. John McCain went to court to try to curtail the influence of a group to which A. Jerrold Perenchio gave $9 million, saying it was trying to "evade and violate" new campaign laws with voter ads ahead of the midterm elections.

As McCain launches his own presidential campaign, however, he is counting on Perenchio, the founder of the Univision Spanish-language media empire, to raise millions of dollars as co-chairman of the Arizona Republican's national finance committee.

In his early efforts to secure the support of the Republican establishment he has frequently bucked, McCain has embraced some of the same political-money figures, forces and tactics he pilloried during a 15-year crusade to reduce the influence of big donors, fundraisers and lobbyists in elections. That includes enlisting the support of Washington lobbyists as well as key players in the fundraising machine that helped President Bush defeat McCain in the 2000 Republican primaries.

After enduring his own brush with scandal in the early 1990s, when he and four Senate colleagues pressured regulators on behalf of Charles Keating, chairman of a failed savings and loan association, while collecting donations and favors from him, McCain became a leader in the effort to eliminate "soft money" in elections -- large donations from corporations, labor unions and wealthy individuals. In 2002, McCain joined forces with Sen. Russell Feingold (D-Wis.) to finally push through legislation ending soft money and placing strict limits on donations.

But now the contrast between McCain the presidential candidate and McCain the reformer can be jarring. McCain's campaign says that he is still studying whether to forgo the public financing and spending limits he has long supported, but that he will not be handicapped by restrictions his competitors will not face in 2008.

McCain the reformer worked unsuccessfully through Congress and the courts to try to stop nonprofit political groups known as 527s from using unlimited donations to run political ads and fund other activities aimed at influencing voters in the run-up to elections. He reintroduced legislation last week to end 527 donations, but there appears to be little appetite in Congress to pass it.

McCain the candidate now expects Republicans to use the same big-money 527 groups in the 2008 elections to beat Democrats, if the groups remain legal. "The senator believes that both parties should be subjected to an even playing field. If Democratic organizations are allowed to take advantage of 527s, Republican organizations will, too," said Mark Salter, a senior McCain adviser. The senator declined to be interviewed.

McCain the reformer relentlessly argued that six- and seven-figure "soft money" checks that corporations, wealthy individuals and unions were giving to political parties to influence elections were corrupting American politics. "The voices of average Americans have been drowned out by the deafening racket of campaign cash," he warned just a few years ago.

McCain the candidate has enlisted some of the same GOP fundraising giants who created and flourished in the soft-money system, including Bush's fundraising "Pioneers" and "Rangers," who earned their designations by raising at least $100,000 or $200,000 for his campaigns.

At least six of McCain's first eight national finance co-chairmen have given or raised large donations for political parties or 527 groups, campaign and IRS records show. In all, the finance co-chairs have given at least $13.5 million in soft money and 527 donations since the 1998 election.

They include former Bush moneymen such as lobbyist Thomas G. Loeffler and financier Donald Bren, whose personal and corporate donations total in the hundreds of thousands of dollars each in recent elections.

In key states, McCain has enlisted the likes of New York financier Henry Kravis, one of the GOP's largest donors over the past two decades, and Texas energy executive Robert A. Mosbacher, the architect of the Republicans' "Team 100" fundraising machine that helped make soft money a staple of politics by raising $20 million in large donations to help Bush's father win the presidency in 1988.

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The big moneymen gravitating to McCain are politically pragmatic. They may not always agree with him, but they say they admire the Arizona senator for his work on campaign finance reform, his Vietnam War record, his support of Bush on Iraq and his recent campaigning for GOP candidates.

"He did things for our country that very few people I know would have had the courage to do," said Brian Ballard, a Florida lobbyist and longtime fundraiser for former Florida governor Jeb Bush who signed on this month to raise money for McCain.

Ballard said most of the big-money players he knows are not fazed by McCain's attacks on the political-money and lobbying systems, calling it more of an issue for consultants who make their living off big donations.

"I myself don't mind him calling out lobbyists when they've done something bad," Ballard said.

Lobbyists have been a favorite target of McCain the reformer, who proposed legislation requiring so-called grass-roots groups that organize average citizens into lobbying forces to disclose their financial backers.

But McCain the candidate switched positions and last month voted against that disclosure requirement after influential GOP groups such as Focus on the Family and National Right to Life strongly opposed the idea. McCain also hired as his campaign manager one of the grass-roots-lobbying industry's key consultants, Bush strategist Terry Nelson.

"When the senator heard from legitimate public-interest organizations in January of last year that a provision in the legislation would unfairly penalize them for Jack Abramoff's behavior, he agreed and withdrew his support for the provision at that time," Salter explained, referring to the lobbyist in prison for fraud, tax evasion and conspiracy.

In December, Sen. Trent Lott (Miss.), a darling of GOP conservatives and lobbyists, acted as a surrogate for McCain at a fundraising meeting with a group of lobbyists at a Capitol Hill hotel. McCain's political action committee has collected donations -- capped at $5,000 -- from several big-name lobbyists, including Loeffler and fellow Bush fundraiser Wayne Berman, whose blue-chip clients frequently have issues pending before Congress and the White House.

"Both Wayne Berman and Tom Loeffler are longtime supporters of the Republican Party, President Bush and Senator McCain," Salter said. "Senator McCain is pleased to have their support."

Ed Rogers, one of Washington's most influential GOP lobbyists and strategists, said the embrace of McCain is not surprising. "Lobbyists are the ultimate pragmatists, and they deal with the world as is," said Rogers, who last year gave $5,000 to McCain's political action committee, though he says he has not yet endorsed a candidate.

Perenchio, now a member of McCain's finance committee, funneled more than $1.4 million in soft money to Republican causes in the 1998, 2000 and 2002 election campaigns, often in amounts McCain used to criticize. For one GOP fundraising dinner in the spring of 2001, for example, he donated $250,000. Perenchio has also been a major donor to the 527 groups formed to exploit a loophole in the legislation sponsored by McCain and Feingold.

Taking their name from a little-known provision of the IRS tax code, the groups began raising large donations -- some in the millions of dollars -- and running ads and funding other activities designed to influence the 2004 presidential election. Federal election regulators have refused to rein in the groups and their donations in the past two elections.

Perenchio gave $4 million to a pro-Republican 527 group called Progress for America, which helped Bush in the 2004 campaign. In the 2006 congressional races, Perenchio gave $5 million more to the same group.

In the summer of 2005, McCain's allies in the reform movement went to court seeking to force the Federal Election Commission to regulate the 527 groups and make them abide by the same donation limits as other political committees.

In a friend-of-the-court brief, McCain and Feingold specifically cited Progress for America as an example of what was wrong with 527 groups. The court filing cited one of the group's pro-Bush commercials -- which starred a 16-year-old whose mother was killed in the Sept. 11 attacks -- to illustrate the impact large donations had on the election. Perenchio was not mentioned.

"The deployment of section 527 groups as the new vehicle for using soft money to conduct political activities to influence federal elections is simply the latest chapter in a long history of efforts to evade and violate the federal campaign finance laws," the McCain court filing stated. "Sadly, it is another chapter in the FEC's failure to enforce the campaign finance laws."

Perenchio declined to be interviewed. Salter said Perenchio's support of McCain "pre-dates the existence of 527s. Perenchio served on Senator McCain's fundraising committee in 2000, and the senator is pleased to have his continued support."

That support has come in a number of ways. Tax records show that Perenchio's Chartwell Foundation donated $100,000 on March 1, 2002, to the Reform Institute, a nonprofit foundation of which McCain was co-chairman and which was advocating the end of big political donations.

At the time, McCain was chairman of the Senate Commerce Committee, which oversees the broadcast industry, and Univision had numerous issues pending before the government. Cablevision, another broadcaster, also donated $200,000 to the McCain foundation around the same time the senator took action in Congress favorable to that company.

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McCain's allies in the campaign finance reform movement seem resigned to the fact that he will not abide by many of the principles he advocated for a decade as a reformer, including public financing and its associated spending and fundraising limits.

"Certainly we are disappointed that he has decided not to take the lead in fixing the presidential-financing system he is competing in," said Mary Boyle of Common Cause, the ethics watchdog that cheered McCain's reform efforts for years. "But it is understandable he is opting out.

"It is apparent to us that to run a competitive presidential campaign inside a system that is still broken, that is what he has to do," she said.

A Conversation With Sen. John McCain (STPETE)

By Bill Adair

St. Petersburg Times, February 11, 2007

Q: You've said the Pentagon mismanaged the war from the start, didn't have enough boots on the ground. What makes you think they can get it right now?

A: We've got a new strategy and new leaders and finally a recognition that the previous strategy was failed.

Q: You've been especially critical of Secretary Rumsfeld and Vice President Cheney and how they have handled the war. Why?

A: Particularly Rumsfeld. That latest thing about Cheney was vastly overblown. I said all the administration (is to blame). I've said for months and years, this business of inflating expectations of the American people was wrong. It was "Mission Accomplished," "Last throes" . . . there is a litany of statements (by the Bush administration) that did not comport with reality on the ground. So, for the last three and a half years, I and others have used every possible tool we could to try to get a different strategy. It wasn't just not enough troops. It was the firing of everybody in the Army, it was allowing the looting from the beginning, it was "de-Baathification." There was a failure to make a quick transition to an Iraqi government. Look, these failures have been well-chronicled in Fiasco and Cobra II. It's not John McCain's assessment. It's everybody's assessment of the mishandling.

Q: I read Fiasco and at the end was waiting for Tom Ricks, the author, to say "here's our way out of Iraq." He doesn't sound very optimistic.

A: A lot of people think it's too late (for a solution in Iraq). I don't think so. I think we have a good chance of success with a new strategy and new leadership. But do I think there is a risk of failure? Absolutely. I can't guarantee success. But I can guarantee the results of failure. Fortunately, some Americans are beginning to think about that.It's one thing to be frustrated and say withdraw. But then you've got to think about the consequences of withdrawal – and it's chaos.

Q: How much is your support of the troop increase hurting your presidential campaign?

A: I have no idea and I don't worry about it.

Q: The polls in New Hampshire show a steady decline. Does that trouble you?

A: There is one poll that shows that. There are other polls that show it just steady. But I don't worry about it.

Q: Why don't you worry about it?

A: This is far more important than any political ambitions I might have. I go out to Walter Reed and Bethesda (military hospitals) and see kids who have given one heck of a lot more than I could ever contemplate.

Q: But why be so vocal about this? You've become the most vocal supporter of the plan.

A: I was the greatest critic of the way it was conducted - and I end up being a supporter. It's got to do with my visibility on the Armed Services Committee, the view that people have of me in the country as one of the people who is listened to on national security.

You've got to do what you think is right.

Q: I know you don't like talking about your kids...

A: I won't. I won't talk about my kids.

Q: Why won't you talk about them?

A: I'm doing what I hope is right for every family in America.

Q: But I think anybody who is a parent is going to be struck by the fact that you are calling for a troop increase that could lead to Jimmy going over there.

A: I cannot allow that to be a consideration.

Q: Does duty come before family in this case?

A: I do not talk about my family.

Q: Why do you want to be president?

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A: Because I think we're in very challenging times in America and I think my life and my credentials and my experience and my vision for the future of this nation qualifies me to be president.

Q: You're in a different position now, if not the front runner, one of them. There was always an appeal to McCain as the underdog, as the maverick. Is that going to change the dynamic this time around, that you've become the one to beat?

A: Already, when MoveOn.org is running hundreds of thousands of dollars worth of ads attacking you in January of the odd-numbered year, then you know that certainly the dynamic has changed in some represent. Every comment I make is under a microscope and the attacks from the far left have intensified.

Q: Does that alter your strategy at all?

A: No.

Q: You're a shrewd legislator, you've gone after Abramoff and many others. But being president takes different skills. Why would you make a good president?

A: All my life, I've been involved in national security issues in one way or another, I've been involved in leadership on many many issues, working both sides of the aisle. I have a clear record of legislative achievement. I have been in positions of leadership.

Q: Why are conservatives wary about you?

A: I think because there have been times when I've taken positions that they may not agree with on specific issues. I'll match my record of being a conservative on social, economic and national security issues with anyone.

Q: The Democrats are calling the troop increase the Bush-McCain escalation. . .

A: Actually they're calling it the McCain Doctrine. (laughs)

Q: You like that?

A: Not everybody has a doctrine named after them. I've got to say thanks. The MoveOn.org ad, there's a good shot – they are all shots of me with Bush – of me with sunglasses on. I thought it was a pretty good shot.

Q: You're 70 years old now. You would be the oldest president, even older than Reagan. Are you fit enough to be president?

A: I've got more scars than Frankenstein and I'm older than dirt. But I've learned a few things along the way. Last August, I hiked the Grand Canyon rim to rim with my son Jack. We had a great, great hike…it almost killed me. (laughs)

Q: Do you think you have the vigor . . .

A: I work 16-18 hours a day, seven days a week. Ask anybody who has been on one of these trips to Iraq with me. They say I almost kill them - they call it the Death March. I get 'em up early and come back late at night.

Q: How is your family? Are they ready for this?

A: I think so. They're older. They have certain reservations, of course, but we continue the discussion. I think they are favorably inclined, with a lot of concerns of course. Kids in their teens like to lead their own lives.

Q: Romney has come out the gates fast, with lots of endorsements, particularly in Florida. Do you need to pick up the pace to get your campaign up more quickly?

A: We've got a lot of good support down there. We expect that it will increase over time. I'm very happy with where we are.

Giuliani Praises Bush's Iraq Policy, Foresight (LAT)

By Michael Finnegan

The Los Angeles Times, February 11, 2007

SACRAMENTO — Republican presidential hopeful Rudolph W. Giuliani praised President Bush's war leadership on Saturday and mocked supporters of a nonbinding congressional resolution condemning the U.S. troop buildup in Iraq.

The former New York City mayor came to Bush's defense as he promoted his White House candidacy at a California Republican convention. Drawing parallels between Iraq and America's Civil War, Giuliani compared Bush's political troubles to Abraham Lincoln's. When the Civil War was unpopular, Giuliani said, Lincoln "kept his eye ahead."

"He was able to say, 'I know my people are frustrated, and I know my people are angry at me.' " But after weighing public opinion, Lincoln had "that ability that a leader has — a leader like George Bush, a leader like Ronald Reagan — to look into the future," Giuliani said.

Giuliani's defense of the currently unpopular president comes as he is portraying himself as a decisive leader unafraid to buck public opinion.

Several potential Republican presidential candidates, including Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney as well as Giuliani, have supported Bush's plan to add more than 20,000 troops to U.S. forces in Iraq.

The major Democratic candidates have opposed the move. Several are senators who have advocated a nonbinding resolution condemning the buildup.

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"In the business world, if two weeks were spent on a nonbinding resolution, it would be considered nonproductive," Giuliani told the lunch crowd, setting off a burst of laughter.

He called the concept "a comment without making a decision." America, he added, is "very fortunate to have President Bush."

"Presidents can't do nonbinding resolutions. Presidents have to make decisions and move the country forward, and that's the kind of president that I would like to be, a president who makes decisions."

Giuliani, who takes liberal stands on abortion, guns and gay rights, avoided those issues in his speech to party delegates, many of whom are staunch social conservatives. They warmly applauded him, giving him several standing ovations for a speech that emphasized tough rhetoric on terrorism and repeated invocations of Reagan and other Republican icons.

"The great moral issue of Ronald Reagan's time was defeating communism, and he understood that," said Giuliani, whose national popularity burgeoned after he led New York through the Sept. 11 terrorist attacks. "The great moral issue of our time is defeating terrorism."

Giuliani spent a good deal of time in Sacramento courting Republican lawmakers, part of his early effort to build the foundation of a political operation in California.

The state, long an afterthought in races for parties' presidential nominations, California is likely to play a much larger role in 2008 because lawmakers are on the verge of advancing the state's primary to Feb. 5.

That could benefit Giuliani, since California's Republicans are somewhat more accommodating to socially moderate candidates than those in other states. He plans to spend Monday and Tuesday in California as well, raising money and introducing himself to key voter groups.

Giuliani made the rounds of Republican constituency groups at the convention, attending small meetings of women, Jews, Asian Americans and lawyers.

But he canceled a plan to take questions from members of the conservative California Republican Assembly. The group's president, Mike Spence, called it "your basic snub."

"His problem is that his views on so many issues are out of the mainstream of the Republican Party," Spence said. "He has a lot of explaining to do."

But Bruce L. Bialosky, a moderate Republican fundraiser in Los Angeles, called Giuliani "an excellent candidate" after hearing his speech.

"He can really connect with the American people," Bialosky said.

"America's Mayor" Praises Bush In State GOP Speech (SFC)

By Carla Marinucci, John Wildermuth

San Francisco Chronicle, February 11, 2007

Sacramento -- Former New York City Mayor Rudolph Giuliani, arguing that America is in desperate need of a Ronald Reagan-style optimistic vision, told California Republicans on Saturday that he wants to be a president who will "win the world for a set of ideas ... that I believe come from God."

"We're for freedom, we're for the future, and in order to do that, we need leadership that uplifts us and moves us toward the future," Giuliani told the lunchtime crowd at the state GOP convention, all but formally declaring his candidacy for his party's presidential nomination. "You get to decide who that leader is going to be -- and I wish you'd decide on me."

Asked by reporters afterward when he would make a formal announcement of his 2008 presidential campaign, Giuliani joked, "If you listened to my speech, I may have announced it."

Giuliani, who last Monday filed a declaration of candidacy, is considered one of the early favorites in the GOP 2008 presidential contest with Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney.

Giuliani's sold-out, $60-a-head lunch before 800 California Republicans -- with at least another 100 in overflow rooms -- was a hot ticket at the semi-annual GOP gathering at the Hyatt Hotel.

Giuliani's audience was primed for a lovefest: Excited Republicans in the hall jumped to their feet and cheered when scores of young volunteers waving "I (heart) Rudy" signs marched through the room, where the man introduced as "America's mayor" took the stage to the sound of the Clash tune "Rudie Can't Fail."

Giuliani regaled the crowd with self-deprecating stories of his days as a federal prosecutor, moved them with recollections of the horror of the Sept. 11 attacks and delivered an inspirational call to action regarding the nation's current problems. His speech was interrupted repeatedly by applause, cheers of "Rudy! Rudy!" and several standing ovations from the grassroots activists.

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In his 45-minute address and in remarks to reporters afterward, Giuliani lavished praise on President Bush, insisting Bush will have "a very strong place in history," in part because of his "very brave and very wise" decision to go after al Qaeda in Afghanistan after the Sept. 11 terrorist attacks.

"We are very fortunate to have President Bush," Giuliani told the Republican delegates. "Presidents ... have to make decisions and move the country forward, and that's the kind of president I would like to be."

Democrats immediately seized on Giuliani's strong defense of the unpopular Republican president, saying it showed the former mayor is out of touch with voters in California and across the nation.

"Giuliani is part of Bush's three stooges," said state Democratic Party strategist Bob Mulholland, who noted that McCain, Romney and Giuliani "all support increasing the troop level in Iraq."

"When you look at (GOP) Senate candidates running away from Bush, you see the presidential candidates all running with Bush," Mulholland said. "It's almost as though they didn't read the (midterm) election results."

Giuliani, 62, a consultant and financier since leaving office, emphasized his qualifications, saying he had been challenged with "having had a job where I didn't have any choice but to decide, and to make decisions and to move things forward."

Giuliani's speech touched on a number of key issues but steered clear of policy details.

Talking about health care, for example, Giuliani seemed to distance himself from Gov. Arnold Schwarzenegger's new universal health care proposal by agreeing that while changes must be made, they should happen under the "free market system."

On school reform, he drew some of his biggest cheers when he called for parents to have more local control over where their children go to school.

In education, he said, "the Republican Party is for parents, the Democrats are for bureaucrats."

On immigration, Giuliani stressed the need for border control and called it a matter of national security.

"We need a (border) fence, and a highly technological one."

Giuliani also said he favored a program that would allow illegal immigrants already in the country to earn legal status. He toughened that stance by saying those immigrants should "display the ability to read and write English," and must assimilate into the American culture.

Still, "Giuliani's endorsement of an amnesty program for people in the country here illegally will not be popular among conservative Republicans," said Jon Fleischman, a newly elected official of the state GOP and publisher of FlashReport.org, a popular Republican Web site.

In addition to the volatile immigration issue, the former New York mayor and his backers were quick to deal with the potential problems a pro-choice, pro-gay rights, pro-gun control candidate could have in a California GOP primary.

Giuliani insisted that his many trips to California over the years will put him in a good position should state legislators continue their fast-track effort to move the state's presidential primary up to early February 2008.

An early vote in California "changes the whole nature of the (GOP) primary," he said.

Giuliani has clearly set his sights on beefing up his support in the state.

He had appearances in Southern California just three weeks ago, and has extended his current statewide swing from a scheduled three days to six days.

Sherry Bebitch Jeffe, a political analyst at the University of Southern California, said Giuliani has electrified Republicans in part because "the McCain momentum has flattened."

She says the Arizona senator is increasingly seen as "the author of the (troop) surge, joined at the hip of an unpopular president and an unpopular war."

McCain, for several years, has been the most vocal advocate of increasing troop levels in Iraq as well as a steadfast supporter of the president. He also has been a vigorous backer of Bush's current plan to add 21,500 U.S. troops to the war.

Many delegates at the convention, even stalwart conservatives, said they are willing to overlook some of what they see as Giuliani's political faults because they think he can win the White House in 2008.

Sophie Wong, president of Asian American Republican Women Federated, was one of many who barely contained her happiness at the prospect of meeting Giuliani at a reception where Republicans paid $100 for a close-up look at the former New York mayor.

"He has the charisma and the vision for our party," she said. "He's upbeat and positive. ... We may have differences with him, but the bottom line is that we are all Republicans."

Giuliani Announces Candidacy, Or Then Again, Maybe Not (NYT)

By Richard Perez-Pena

The New York Times, February 11, 2007

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SACRAMENTO, Feb. 10 — Rudolph W. Giuliani made it clear Saturday that he was running for president and half-joked that he had just announced. But in keeping with his recent comments, he chose his words coyly and seemed amused by the news media's obsession with his every nudge toward a formal statement.

Referring to the presidential race as he concluded a speech to a convention of the California Republican Party, Mr. Giuliani said: "You get to decide who that leader will be. I wish you'd decide on me." Then he walked away from the podium as surprised delegates asked themselves whether they had just heard a declaration.

Speaking to reporters a short time later, he said, "Yes, I am committed" to the race. Asked when he would formally announce his candidacy, he said: "I don't know. If you go back to my speech, I think I may have. I'm not sure. I think I did, I'm not sure. I don't know what formally means. We'll figure out how to do it in five places where it gets more attention."

Republican activists have complained in recent months that Mr. Giuliani is not following the script for a presidential campaign, and say he was late in assembling a campaign team and starting serious fund-raising. Most recently, they have said he risks alienating supporters if he does not announce his candidacy, as so many others have done.

Mr. Giuliani seems amused by such concerns, and his advisers say his celebrity allows him to go at his own pace, with confidence that the support and the money he needs will follow.

Mr. Giuliani got a more enthusiastic reception here than he has from Republican party gatherings in most parts of the country. The lunch audience of 800 people — more than the banquet hall at the Grand Hyatt could accommodate, and several hundred more than turned out the night before for Gov. Arnold Schwarzenegger — repeatedly interrupted him with standing ovations.

"It's an overwhelming response," said Allan Hoffenblum, a onetime Republican consultant who publishes the California Target Book, a political newsletter. "He is clearly the biggest star for these people. But don't be fooled, most of them are holding their fire." They are probably leaning toward Senator John McCain or Mitt Romney, the former Massachusetts governor, Mr. Hoffenblum said.

That was borne out by interviews with dozens of delegates who said they were to Mr. Giuliani's right, especially on social issues. They spoke glowingly — even emotionally — about him, but most said they were not sure they could support him.

"There's no shortage of feeling for him, and he gets really high marks on competence and leadership," said Representative Doug Ose, Republican of California, who has not taken sides in the race. "But so have the other two."

State Assemblyman Ted Gaines endorsed Mr. Giuliani on Friday, although, he said, "I'm more conservative than he is." Mr. Gaines said he was swayed by the thought of who would lead the country through another terrorist attack.

Mr. Giuliani gave one of his most partisan speeches since the November election. He compared himself repeatedly to Ronald Reagan, as unassailable a figure as there is in this crowd, and effusively praised President Bush.

Mr. Giuliani also took a rare series of shots at Congress, describing it as a group of people who could not take sides on difficult issues.

"Presidents have to take decisions and move the country forward, and that's the kind of president I would like to be: a president who makes decisions," he said.

Giuliani Strikes A Note With California GOP (WP)

By John Pomfret

The Washington Post, February 11, 2007

SACRAMENTO, Feb. 10 -- Rudolph W. Giuliani came west to learn whether his brand of Republican politics has a chance among party members significantly more conservative than himself. By the time he had received a fourth standing ovation Saturday at the California Republican Party convention, the answer seemed clear.

Equating the U.S. fight against terrorism with the Civil War and the Cold War, Giuliani told about 750 of his party's faithful that failure in Iraq would turn that country into a "massive headquarters for terrorism."

"Having had a job where I didn't have any choice but to make a decision," the former mayor of New York said, "prepares you as best you can be prepared to be the president of the United States."

Asked in a subsequent news conference when he would formally announce his candidacy for president, Giuliani quipped: "If you go back to my speech, I think you'll find one. We'll figure out how to do it in five places so we'll get more attention."

As mayor during the Sept. 11, 2001, attacks, Giuliani gained worldwide recognition for his leadership in the face of a tragic disaster, propelling the former federal prosecutor onto the national political stage. Giuliani leads the polls in the race for the Republican nomination.

Nevertheless, the Brooklyn-born son of an ex-convict has significant obstacles in his quest to become president.

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He has been in the private sector for six years; he still supports the war while the rest of the country is shifting against it; he would be only the second Roman Catholic to win the White House; and his social views -- he is pro-choice, pro-gun-control and pro-gay-rights -- are at odds with those of much of his party.

Still, Giuliani's sometimes meandering, 45-minute speech was received warmly by party enthusiasts, a marked contrast to the tepid response they gave Friday night to their own Republican governor, Arnold Schwarzenegger.

Giuliani called for a broadening of the war on terrorism into a war of ideology similar to the ideological battle of the Cold War between the West and the Soviet Union.

"A much bigger part is about ideas," he said, and "the hearts and minds of people. We've got to get better at selling our life, our economy."

Giuliani, 62, did not shy away from the controversial positions that have put him at loggerheads with some party faithful. He praised President Bush numerous times, at one point seemingly comparing him to Abraham Lincoln. In the news conference, Giuliani said the United States is "very, very fortunate" to have Bush as president, crediting his decision to consider preemptive strikes against potential enemies as "very, very brave."

"I believe that President Bush has a very, very strong place in history," Giuliani said.

Giuliani also waded into the issue of illegal immigration. Many California Republicans consider it one of the nation's most important issues, and a significant portion do not support any program to grant citizenship to long-term illegal residents. Giuliani, however, said that he supports plans to "allow people to earn status" and that he wants to create a way for U.S. industries to find workers.

Many in the audience said they are aware of the gaps between their views and Giuliani's. Nonetheless, several who were interviewed seemed willing to give him a break.

"I'm a Christian, and his views on a lot of social issues are to the left of mine," said Larry Stirling, a retired state superior court judge from San Diego. "But if you have to make a trade-off, I'll make the trade-off for Giuliani. He's been through a trial by fire. He's got gravitas. The first thing a president has to do is protect us. The rest is a secondary consideration."

Giuliani's speech "hit the right tone and the right messages," said Kevin C. Eckery, a Sacramento-based Republican political consultant. "He managed to be true to himself and connect with an audience that is more conservative than he is. It shows he can do it."

California could play a critical role in Giuliani's strategy for winning the nomination. In the past, the GOP nomination was wrapped up before California. But the state legislature is considering a measure to change the primary to Feb. 5, shortly after contests in Iowa, New Hampshire, Nevada and South Carolina.

"California's Republicans are conservative, but not as conservative as Iowans or those in South Carolina," said Allan Hoffenblum, a Los Angeles-based Republican political strategist. Sen. John McCain (R-Ariz.), another GOP front-runner, might be a closer ideological fit for California Republicans than Giuliani, but, Hoffenblum said, "some of them just don't like him."

"Giuliani is by no means a shoo-in," Hoffenblum said, "but if a streak of pragmatism hits traditionally conservative voters, he's got a chance."

Romney, Brownback Makes Pitches To Michigan Republicans (AP)

AP, February 10, 2007

GRAND RAPIDS, Michigan (AP) — Republicans Mitt Romney, son of a Michigan governor, and Sam Brownback promoted their presidential campaigns Saturday before nearly 3,000 party activists at their state convention.

Romney reminded the crowd that he grew up sharing the Automotive News each morning with his father, George, who headed American Motors Corp. before becoming Michigan's governor from 1963-69.

The younger Romney, himself a former Massachusetts governor, said his father brought many of the lessons he learned from business to the governorship.

"He got Michigan moving again," Romney said, before running through his stands opposing abortion, favoring the restriction of marriage to a man and a woman and backing controls on illegal immigration. "It's time for Republican principles to come back to Michigan again."

Brownback, the Kansas senator who is running as the conservative heart of the party, earned a warm reception with his pledges to protect life and the traditional family.

He also called for wiping out cancer in 10 years and for putting more resources into alternative energy.

"Michigan is going to be a key state in getting that done," he said, noting its efforts to encourage the production of ethanol and biodiesel.

Romney Courts State GOP (SLPD)

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By Jo Mannies
St. Louis Post-Dispatch, February 11, 2007

FRONTENAC – Former Massachusetts Gov. Mitt Romney, now a presidential hopeful, sought to seal the deal Saturday with many of Missouri's top Republicans by emphasizing his values and vision.

His values include requiring that U.S. schools teach only in English, opposing gay marriage, and guarding the nation against the "Jihadists" who are "intent in causing our entire collapse."

His vision: "We are the hope of this world, and we always will be."

Romney laid out those points, and more, to an enthusiastic crowd of Republicans attending the state party's annual Lincoln Day festivities, held this weekend at the Frontenac Hilton.

Romney's aim: to portray himself as the best mix of conservative values and proven government experience. Earlier, Romney told reporters that any presidential candidate must appeal to Missouri voters because "Missouri is part of the heartland of America and the heartland ultimately decides who the nominee will be."

Romney's message — that the conservative changes he brought to Massachusetts can help the country— fit in with the "reform" message that Lincoln Day speakers emphasized as their party's best hope for wooing back Missouri voters in 2008. Republicans didn't fare so well last fall, when Democrats won both statewide contests, for U.S. senator and state auditor.

Speaker after speaker on Saturday promised to press for dramatic Republican initiatives in Missouri, such as:

·Lt. Gov. Peter Kinder's call for the Legislature "to redouble our efforts to pass a scholarship tax credit'' program so that parents could get a tax break to send their children to any public or private school." He said that was the best way the state could help the city of St. Louis' troubled school system.

·House Speaker Rod Jetton's promise to make English the official language in Missouri. The designation, he said, would offer schools the option to drop programs for children who don't speak English, end the publication of state documents in Spanish, and ease mandates that courts have interpreters for non-English speakers charged with crimes.

·U.S. Sen. Christopher "Kit" Bond's support of proposals to end the state's non-partisan court plan of assembling panels of nominees for governors to fill positions on the supreme and appellate courts and of trial courts in St. Louis, St. Louis County and three Kansas City area counties. Bond, a former governor, said he agrees with Gov. Matt Blunt that the panels too often only have Democratic-leaning choices. The Federalist Society, a group of conservative lawyers, is pushing for changes.

Romney's visit — three days before his official kickoff — was aimed largely at bolstering the substantial GOP ties he's already forged in Missouri. Gov. Matt Blunt is leading Romney's outreach to other governors, while former U.S. Sen. Jim Talent, R-Mo., is a Romney policy advisor.

State Democratic Party spokesman Jack Cardetti that the Blunt-Romney alliance "shows that politics makes for strange bedfellows. Mitt Romney is known for expanding health care in his state, while Matt Blunt is known for slashing it in Missouri."

Talent praised Romney and Blunt as strong leaders willing to confront tough problems. Talent was among several at Lincoln Days who compared Romney to former President Ronald Reagan. "He's created consensus behind big ideas," Talent said of Romney. "He's a person of hope, a person who wants to persuade rather than polarize."

But not everyone is ready to jump on board. Bond said he had no plans at the moment to endorse any Republican presidential contender. Lt. Gov. Peter Kinder said the same thing.

State Treasurer Sarah Steelman, who co-chaired U.S. Sen. John McCain's presidential bid in 2000, remains on the fence about helping the Arizona Republican or any presidential hopeful in 2008.

U.S. Rep. Todd Akin, R-Town and Country, said he was intrigued by Romney and wanted to hear more from him. Akin said he likes the social conservative views of U.S. Sen. Sam Brownback — who's headlining St. Louis County Republicans Lincoln Day dinner March 10 — but wasn't sure if he had a chance.

The congressman added that he was cool towards McCain. Akin said he also had concerns about former New York Mayor Rudolph Giuliani because he had been married three times.

However, several St. Louis area Republicans informally polled Saturday in the hotel's halls indicated, privately or publicly, that they leaned towards Giuliani. Said former state Sen. Betty Sims, R-Ladue: "He has more of a vision of the future, and understands the effects of terrorism."

Jetton, the state House speaker, told Missouri Republicans that -- regardless of who get the party's nod for president -- they may face election trouble at home in 2008. At least 18 House Republican seats "are in jeopardy,'' Jetton said. A loss of eight would put Democrats back in control.

A Massachusetts Conservative (BOS)

By David Greenberg
The Boston Globe, February 11, 2007

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Well before Senator John F. Kerry went windsurfing in 2004, the failed presidential bids of Michael Dukakis and Paul Tsongas had all but doomed Massachusetts Democrats seeking the White House. In former governor Mitt Romney, however, a new kind of Bay State presidential aspirant is now taking the national stage: A conservative Republican who tacked to the center to get elected statewide and now courts the Christian right to win his party's nomination. If the "Massachusetts liberal" has become a national punch line, what of the "Massachusetts conservative"?

In fact, though he's not well remembered today, there was a Massachusetts conservative who not only won the presidency but enjoyed phenomenal popularity throughout his tenure: former governor Calvin Coolidge. Mitt Romney could do worse than to study his example.

The 30th president may strike some as an unlikely source of inspiration. His reputation today is that of the ineffectual "Silent Cal" -- the taciturn, hands-off executive who chomped a cigar while America spent and gambled its way into the Depression. Or he's remembered as the business-friendly exponent of "trickle-down" economics who embodied a fading set of Victorian values such as thrift, industry, and self-reliance that even during his tenure in the 1920s seemed a throwback to bygone times.

Indeed, in recent years, Coolidge's admirers have included mainly diehard conservatives, such as the columnist Robert Novak (who ranks him as his second favorite president), the folks at the Heritage Foundation (who recently screened the first ever Coolidge documentary), and -- no surprise -- Ronald Reagan, who cribbed from Coolidge's speeches and hung his portrait in the Cabinet Room.

The popular image of Coolidge -- of personal reticence and political restraint -- isn't wrong. Five-foot-nine and slender, with wispy sandy hair and a pallid complexion, Coolidge had bony features and a downturned line of a mouth that gave him an air of sternness.

Coolidge's restrained demeanor and personality also expressed a restrained philosophy of governance. He believed in a minimal federal state and a relatively inactive presidency. Deeply attached to his native 19th-century Vermont, he espoused its Yankee mores of piety and parsimony long after they had come to strike many Americans as anachronistic.

Yet to dismiss Coolidge as a vestige of olden days is to overlook his contributions to American politics. Coolidge in fact straddled two ages. Leading the nation during what the sociologists Robert and Helen Lynd, authors of the pioneering sociological study "Middletown," called "one of the eras of greatest rapidity in change in the history of human institutions," Coolidge silently blessed the go-go consumption of the 1920s, even as he shared widespread fears about moral decay.

By epitomizing old-fashioned values -- showing that they could thrive amid the kinetic consumerism -- Coolidge sanctified the so-called "New Era." He offered the public, wrote Walter Lippmann, a "Puritanism de luxe, in which it is possible to praise all the classic virtues while continuing to enjoy all the modern conveniences."

Coolidge was wildly popular in his time and broke ground in self-consciously governing not just as the head of his party or the leader of a particular faction, but as president of all the people. His image -- as sensible and modest, upright and prudent, a uniter and not a divider -- allowed different political groups to see him as one of their own. In 2008, with voters newly wary of ideological zeal, such a Coolidgean strategy just might show the way to the GOP nomination -- and offer Republicans their best shot at holding the White House.

"The chief business of America is business," runs Coolidge's best known aphorism -- and to be sure, his appreciation of 20th-century novelties included, foremost, a respect for the fruits of capitalism. But Coolidge's embrace of modernity revealed itself in subtler ways, including a new style of politics and governance in which candidates were replacing parties as the focus of voters' loyalties.

In the 19th century, politicians ascended through service to their party machinery, voters identified much more deeply as Democrats or Republicans than they do today, and there were few independents. Congress, seen as the people's representatives, set the agenda in Washington more than the president. But in the new century, as Lippmann noted, decisions were being "made by the interaction, not of Congress and the executive, but of public opinion and the executive." Theodore Roosevelt and Woodrow Wilson relied on their own outsized personalities as much as on partisan appeals. They ran for office -- and governed -- by appealing through the new mass media to the still-novel concept of public opinion (still then measured in primitive ways).

Coolidge, too, governed mainly through what Campbell Bascom Slemp, the conservative Virginia congressman whom the president hired as his chief aide, called "direct reliance upon the mass of the people." Holding the presidency when radio, newsreels, and photography were transforming political communication, the tremendously popular Coolidge -- despite his famous silence -- learned to speak directly to the public. According to his vice president, Charles Dawes, "The popularity of Coolidge is due to the fact that he, not [Congress], best understood the people and they him."

What Coolidge understood about the people in the 1920s was their aversion to ideological crusades. In politics as well as personality, he embodied a moderation that fit his age.

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This moderation was in evidence from early on in his career, when he began ascending the ladder of Massachusetts state politics. As a legislator, lieutenant governor, and in his two years as governor, he leavened his trademark fiscal discipline with progressive elements that accommodated the popular desire for reform. He vetoed bills to raise legislators' salaries by 50 percent, to upgrade the Boston ferry, and to widen a South Boston thoroughfare. Yet he backed measures to improve working conditions, regulate landlords, fund reforestation projects, and control outdoor advertising. His greatest feat as governor -- restructuring the state government by consolidating more than 100 agencies into fewer than 20 -- married the efficiency of progressivism to small-government conservatism.

It was Coolidge's role in the 1919 Boston police strike that made him a national figure. When cops walked off the job one September night and rioting broke out -- causing much property damage and taking several lives -- Coolidge backed the police commissioner's decision to fire the strikers. "There is no right to strike against the public safety by anybody, anywhere, any time," he wrote to the labor leader Samuel Gompers. The message, cannily released to the press, was classic Coolidge, neatly articulating a common-sense wisdom with a tautness that made it ripe for repetition in newspapers, newsreels, and conversation.

Due to this stringent stand, many historians assumed Coolidge to be a troglodyte on labor issues. But earlier in his term he had helped placate Boston's aggrieved streetcar workers, and in 1912 as a state senator he had mediated a major textile strike in Lawrence. Even his stance on the police strike was widely deemed reasonable, shared by President Wilson, for one, whose said the officers' abdication of their "sacred and direct" duty amounted to "a crime against civilization."

After handily winning reelection in 1919 -- Massachusetts governors then served one-year terms -- Coolidge was hailed as a presidential candidate. Fueling the talk was journalist and public relations man Bruce Barton, a founder of the advertising firm BBD&O, who sculpted the governor's image as the quiet, common-sensical moderate. "The radicals and reactionaries fill the newspapers, but the great majority of Americans are neither radicals nor reactionaries," Barton wrote in Collier's, in the first of many paeans to Coolidge. "They are middle-of-the-road folks who own their own homes and work hard....Coolidge belongs with that crowd."

Barton promoted Coolidge at the 1920 Republican convention. Though his effort failed -- the handsome, undistinguished Ohio Senator Warren G. Harding got the nod on the tenth ballot -- a spontaneous outcry by floor delegates made Coolidge vice president virtually by acclamation. Whereas Harding was famously picked in the old manner, by power-brokers amid swirling cigar smoke, Coolidge acceded in the newer fashion -- by publicity and direct appeals.

When Harding died of a heart attack in August 1923, Coolidge was visiting his father's farmhouse in Plymouth Notch, Vt. -- a tiny hamlet nestled in the Green Mountains where he was raised. The news of the president's passing reached the farm after midnight, and Coolidge was sworn in as president -- by his father, a notary public -- in a small parlor by the glow of a kerosene lamp. Had Coolidge and Barton planned the scene, they couldn't have devised more propitious atmospherics: The spare, rural tableau exuded the New England virtues of simplicity, piety, and duty that Coolidge had long traded on in cultivating his image. The tone for his presidency was set.

Soon after taking over from the late Harding, Coolidge moved to contain the executive-branch corruption scandals -- soon to be lumped under the umbrella term "Teapot Dome" -- that were just surfacing. After some missteps, he named a bipartisan pair of special prosecutors, unloaded tainted Cabinet members, and voiced a pitch-perfect note of condemnation to reassure the public that justice was being done. In contrast to the stench of the Harding pols, Coolidge seemed a breath of fresh Vermont air.

But while Coolidge distanced himself from the sleaze of the so-called "Ohio Gang," he maintained his bona fides with the business world in other ways -- showing his ability to unify most of the diverse elements within the fractious GOP. With Wall Street, Coolidge stayed right by imposing few constraints on business, presiding over a new laxness at regulatory agencies, and, when additional agencies were called for -- such as the Federal Radio Commission, needed to oversee the rapidly growing broadcasting industry -- he blessed an emerging regime that favored the leading commercial networks.

Though many liberals viewed Coolidge as a stooge of business, he retained support from several of the GOP's Progressives -- the former acolytes of Roosevelt who continued to prefer enlightened government activism to raw laissez-faire. Coolidge walked a similar tightrope on cultural issues. On the one hand, he made known his distaste for the decadence of the youth culture and flouters of Prohibition, earning jeers from the era's "smart set." But his public stands on the day's moral controversies convinced most Americans that he was no zealot.

Coolidge shared none of the bigotry of the revived Ku Klux Klan -- though he never mustered a rousing denunciation of the noxious fraternity, even when 40,000 robed members marched by the White House in 1925. He spoke nobly about toleration and religious diversity in America -- even while signing into law immigration restrictions that kept out Southern and Eastern Europeans. He quietly opposed the prosecution of John Scopes for teaching evolution in a Tennessee school, and he supported anti-lynching laws, although he did so with such tepidness that they never passed. Overall Coolidge kept himself out of debilitating controversies, exuding an air of morality but not alienating voters with moralism.

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It was a strength, not a weakness, that within his own party Coolidge occupied no clear niche. "He is not easy to classify as either a conservative or a progressive -- the two major lines of political division," noted Bascom Slemp. His personality, not his party or even his platform, commended him to voters. "I have not met anybody who is going to vote for the Republican Party," Barton said in 1924. "They are going to vote 'for Coolidge' or against him."

Clearly, 2008 is not 1924. Too much has changed -- in the nature of the parties, in the values of Americans, in the issues facing the country -- for Coolidge's model to provide any neat formula for presidential candidates today. But it's clear the Republicans will be seeking a new direction. The ideological adventures of the current administration seem to have discredited, with a majority of the public, the brand of hard-line conservatism espoused by George W. Bush in the last two presidential elections, the Newt Gingrich Congress of the 1990s, and even Ronald Reagan in the 1980s (though his genial and folksy -- not to say Coolidgean -- talk of traditional values still bestirs his many admirers).

GOP voters may be looking for a Coolidge-like figure who can espouse the party's traditional pro-business creed without evoking fears of corruption, someone who can project old-fashioned values without prompting anxieties about the power of religious conservatives. Thus John McCain burnishes a trans-partisan, good-government aura. Rudolph Giuliani styles himself a football coach for the nation. Even Romney, when he's not wooing the Christian right, trades on his pre-Big Dig reputation of can-do competence. For one of these men, the forsaken mantle of Calvin Coolidge is waiting to be taken up.

David Greenberg, a professor of history and of journalism and media studies at Rutgers University, is the author of "Calvin Coolidge," recently published by Henry Holt, and "Nixon's Shadow: The History of an Image" (2003).

Profit And Public Health (WP)

The Washington Post, February 11, 2007

THE DEBATE over requiring girls to receive a shot against a sexually transmitted virus that sometimes causes cervical cancer should be about what's in the best interests of these young women. It should not be about the interests of the maker of the vaccine. Regrettably, the two are being confused thanks to a lobbying effort undertaken across the country by Merck & Co. on behalf of its new product.

Merck makes Gardasil, the vaccine approved by the Food and Drug Administration as effective against strains of the human papillomavirus (HPV) leading to most cases of cervical cancer. Merck also, according to reports by the Associated Press and Baltimore Sun, is helping to finance efforts across the nation to persuade states to make the vaccine mandatory for all girls. It has had success in Texas, where Gov. Rick Perry (R) issued an executive order requiring the vaccine, and in Virginia, where bills have passed both houses of the General Assembly. Merck's involvement in Texas has become particularly controversial because Mr. Perry's former chief of staff now lobbies for the company and because the governor has ties to a national women's advocacy group that is active in the campaign and also receives funding from Merck. Mr. Perry's unilateral action cut the legislature, and by extension the public, out of any discussion of the issues and is likely to make public compliance with his policy more difficult.

Merck officials say that they are simply promoting policies that benefit public health: What's more benign than a vaccine able to prevent cancer? We don't disagree either about the efficacy of the vaccine, which the FDA says has been demonstrated in extensive tests, or the argument for its widespread use. There is, though, something unseemly about a company that stands to make billions of dollars driving a debate that already is sensitive because it involves young girls, sex and parental rights. Merck's commercial interests unnecessarily muddy the waters and give critics ammunition with which to attack worthwhile legislation. Indeed, in Maryland the sponsor of such a bill recently pulled the measure after reports surfaced about Merck's lobbying.

The best move Merck can now make is to back off. Happily, that's not necessary in the District, where the only role Merck has played has appropriately been to provide information in response to questions from D.C. Council members. Virginia is a different matter. Sen. Janet D. Howell (D-Fairfax) and Del. Phillip A. Hamilton (R-Newport News), sponsors of bills that passed in the respective houses, are right to push for Virginia to take the lead in fighting cervical cancer. But Merck's help needlessly clouds the issue. While continuing to promote their initiative, the legislators might want to think about how they can bolster public confidence. Returning campaign contributions would be a good step.

Who's Afraid Of The New Economy? (NYT)

By David Brooks

The New York Times, February 11, 2007

Once, there was a bridge to the 21st century. But no major Democrat today speaks as confidently about globalization and technological change as Bill Clinton and Al Gore did a decade ago. No major Democrat today speaks as optimistically about free trade as Gordon Brown does in Britain.

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In the Democratic Party today, neopopulists and economic nationalists are on the rise. The free-traders are on the defensive. The Democratic view of the global economy has grown unremittingly grim. When John Edwards talks about the economy, you think he's running for the Democratic nomination of 1932.

Which is why the report to be released tomorrow by the Democratic activist group Third Way is so remarkable. Here is a group of Democratic economists and strategists who are taking on the rising neopopulists.

The first thing their report, "The New Rules Economy," does is challenge the neopopulist depiction of economic reality. Neopopulists are good at describing the suffering in towns like Mansfield, Ohio, and Flint, Mich. But they act as if they've never been to Charlotte or Phoenix, where office parks are shooting up.

The authors of this report, Anne Kim, Adam Solomon, Jim Kessler and Stephen Rose, try to blend all the diverse pieces of American reality, and to expose what they call "the myths of neopopulism."

The first myth, they write, is the myth of the failing middle class. It's true there are more households headed by young and old people, who tend to have lower incomes. But if you take households headed by people in their prime working years, 25 to 59, you find those people are not failing. Their median income is $61,000. If they are married, their median income is $72,000. Those are decent incomes in most parts of the country.

Moreover, their living standards are not stagnant. Between 1979 and 2005, the percentage of prime-age households making over $100,000 in current dollars rose by 12.7 percentage points. As Ben Bernanke, the Fed chairman, said last week, incomes at all levels are rising; it's just that incomes at the upper end are rising much faster.

The Third Way authors also dispute recent warnings of wildly increasing income volatility. The main reason incomes have grown more volatile over the past decades is motherhood, they write. As women play a more significant role in the economy, their movements in and out of the labor force to care for children increase volatility.

The report goes on to challenge the direst warnings about rising credit card debt (household assets have risen faster than debts), rising corporate profits (they are cyclical and pretty much normal for this stage in a recovery) and American decline.

The Third Way authors are not saying everything is hunky-dory — far from it — but they are saying Democrats tend to lose when they are relentlessly grim and when the reality they describe is detached from the reality most Americans experience.

Moreover, they are restating the truth neopopulists are loath to admit: that no nation on earth is better positioned to take advantage of an ever-more-open economy, and today's challenge is not to retard openness but enable more people to take part in it.

The second half of the report describes how government can help people adjust to the new economic rules. Frankly, I wish the authors had been a bit more creative here, asking, for example, why so many people don't heed the huge incentives to finish high school and college. There are deeper mental and cultural processes in play than can be dealt with by the usual mix of tax credits.

Still, the significance of the report is that at least some Democrats have the guts to take on the neopopulists, who are masters of vilification.

In fact, their political method is based on vilification over explanation. They vilify unpatriotic executives, but the vast majority of job losses are caused by technological change, not outsourcing. They vilify overpaid C.E.O.'s, even though their pay packages have nothing to do with the stagnant wages of the unskilled. They vilify foreign governments for not living up to the rules of "fair trade," even though developing countries could enforce every labor and environmental regulation under the sun and their workers would still be cheaper for low-skill tasks.

The neopopulist caucus in the Democratic Party is like the anti-immigrant caucus in the Republican Party. Both speak for loud and angry minorities who have been hurt by globalization. But the party that mistakes their experience for the central reality will doom itself for years to come.

Unmasking Our Pain In New Orleans (WP)

By Lolis Eric Elie

The Washington Post, February 11, 2007

The rush begins approximately right now. Even as I write this, thousands of Americans are packing away their inhibitions and preparing to come to my city and go native. They will arrive in the French Quarter uninhibited, as they imagine we are. They will remove their clothes. They will empty their beer-filled guts onto each other's shoes. They will clown for hungry cameras and for journalists eager to capture New Orleans as some distant editor has imagined it. Invariably, the networks will set up their shots in the French Quarter, though none of the major parades and few of the emblematic Carnival activities take place there. Neither the journalists nor the revelers seem to care that our lives, local lives, are elsewhere.

For us, Mardi Gras is family time. We gather on our favorite corners to watch parades with parents and cousins and picnic lunches prepared by grandmothers (then) or bought from fast-food dispensaries (now). We don masks. We drink. We dance. We

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drink. We yell loudly. We drink. This we do, ever aware that the people on our right and on our left are the same people we will see during more sober times at work, school and church.

America would recognize us in family mode, but we may never be seen that way. Hurricane Katrina confirmed for now, and perhaps forever, the sense that New Orleans is a foreign place attached to the United States by geography, but distant from it in every meaningful way. We are more European, more African, less serious. And we lack the good sense God gave a goose. Why else would we raise our kids among girls gone wild in a hurricane magnet of a city that lies largely below sea level?

When Hurricane Katrina hit, our nation offered us sympathy. Millions of Americans accepted us into their cities. They sent 18-wheelers heavy with goodwill and provisions. Others came here, donned hazard suits and helped us. But I fear this compassion is wearing thin. It has been nearly 18 months. By now, the thinking goes, real Americans, self-reliant Americans, would have picked themselves up by their stiff upper lips and gotten on with life. They wouldn't be waiting for a government check. They would rebuild their homes and their lives with money and fortitude held in reserve.

My mother is a real American. Her difficulties have been minor compared with the setbacks suffered by others in our city. She's 72 years old. A decade ago, she moved into a new house she chose specifically because she thought it was on high, safe ground. She put her all into renovating and decorating it. On Aug. 29, 2005, it was inundated by four feet of water. Her blood pressure began to rise. Her borderline diabetes crept across the border. A pain developed in her left leg. Like many ailments these days, hers seemed stress induced.

From her sister's home in Dallas, she rebuilt. The first contractor she hired disappeared with the down payment. The first doctor said the back pain would go away. The first call to an insurance office put her in touch with a Ms. Bear. From her office somewhere in America, Ms. Bear insisted that my mother could just knock the insulation and roofing materials to the side and sleep in the filth of her waterlogged bed. That's what a Bear would do.

The second contractor was moving quickly among his various jobs, but slowly on my mother's house. Then he developed cancer and stopped moving much at all. (Was it his men who stole the ladder and the toilet and broke that glass table we'd carefully salvaged?) The second doctor recommended back surgery. The insurance company asked for more photos. Several doctors, two chiropractors, one surgery, a dozen letters and scores of phone calls later, my mother is back in her house. About a quarter of her neighbors have returned.

It's lonely there. My mother speaks to her friends long-distance.

Somehow, when people look at us and our city, they don't see my mother. They see the desperate brown faces at the Superdome or hear the otherly accented voices from St. Bernard Parish. They don't see the old man in the Lower Ninth Ward, gutting his house by day and sleeping in it by night because he has nowhere else to stay. They don't see the families cramped in trailers because they have nowhere else to live. They don't see the fishermen in Plaquemines Parish begging to get back to work. Those men need government help to move their boats from the land, where the floodwaters left them, back to the bayous, where they can again ply their trade. That's not the kind of work the Federal Emergency Management Agency is allowed to do.

In the immediate aftermath of Hurricane Katrina, the federal government did a terrible job. No doubt about that. Americans stranded on roofs. Americans without food and water. People in war-ravaged, dysfunctional nations looking at us on television saw that our country could be just as dysfunctional as their own. Domestic politics demanded that our misery be seen as the result either of Democratic Great Society programs or Republican social Darwinism. In fact, neither was apt.

Make no mistake -- the devastation in New Orleans and southern Louisiana was a government-enabled disaster. The U.S. Army Corps of Engineers designed and built the levees and floodwalls that were supposed to protect us. The failure of these structures resulted in the devastation of our city. This is not the crank conspiracy theory of angry New Orleanians. This is the conclusion that the Corps reached in a 6,600-page report, released June 1.

Hurricane Katrina was no more than a Category 2 storm when it hit New Orleans. The levees and floodwalls were supposed to be able to withstand a Category 3 storm. The Corps acknowledged that the flood-control system was badly designed and badly built. "For the first time the corps has had to stand up and say we had a catastrophic failure with one of our projects," said Lt. Gen. Carl Strock, the commander of the Corps.

You may expect that an admission by a government agency that its poor work was responsible for the destruction of an American city would have been big news. But the story of the Corps' admission, released on a Thursday, didn't live long enough to make the Sunday talk shows. The confession was irrelevant. The nation had already concluded that the death of New Orleans was a suicide caused by our irrational desire to live in harm's way.

This blame-New-Orleans attitude has been devastating for us. Though Louisiana suffered far more damage per capita than did Mississippi, our neighbor to the east has received a disproportionate share of federal funding. But neither of us was treated fairly. Six weeks after the storm, Congress passed legislation allowing low-interest loans for Gulf Coast communities to use to pay public employees. But the White House and the Republican leadership in Congress specifically required that the money be

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paid back, even though such federal disaster loans have generally been forgiven for the past three decades. "Notwithstanding section 417 of the Stafford Act, such loans may not be canceled," the offending passage reads.

In its zeal to punish Louisiana for sins that are largely not of our own making, the federal government has twisted our national priorities so radically as to render them unrecognizable. In this era when homeland security is the nation's paramount concern, there is no enthusiasm for protecting American land along the coast of Louisiana. For the past several decades, we've lost an average of 24 square miles of territory every year. About 40 percent of U.S. wetlands are in Louisiana, but my state experiences 80 percent of the nation's coastal wetlands loss. This loss is crucial to us because hurricanes lose strength when traveling over this land and are thus less powerful when they reach populated areas. Fewer wetlands means more hurricane damage.

Two years ago, before Katrina, the Corps of Engineers and the state of Louisiana estimated that it would take $14 billion to stem the tide of coastal erosion. In December, the lame-duck Congress allocated 34 percent of the federal oil royalties collected off our shores to Louisiana to combat coastal erosion. But we won't get the full amount for 17 years. For the next decade, we will receive about $20 million a year to combat a $14 billion problem.

The latest forecast by coastal experts gives us about 10 years to restore the territory that has been lost south of New Orleans. If we fail to do that, those communities will have to be written off in a couple of decades.

If, say, Cuba or Venezuela had seized 24 square miles of American territory, the call to arms would have been immediate and decisive. But because coastal erosion is an enemy neither foreign nor domestic, we seem willing to surrender to it. We've retreated behind the excuse that New Orleans can't be saved. We've abandoned our can-do pride. In the Netherlands, the Dutch have managed to craft a flood-control system that protects the huge percentage of that nation's land that lies below sea level. These days Americans lack the money, the ingenuity, the patriotism, the humanity of the Dutch.

Much of the wealth of Louisiana lies in our culture. This is the state that gave the nation jazz and Louis Armstrong, Jerry Lee Lewis and Fats Domino. We created two of the nation's signature regional cuisines, Creole and Cajun. Our architecture is some of the oldest and most distinguished in the nation. But it seems that our country views our culture not as a national treasure worth saving, but as further evidence that we are not real Americans at all. But this view could change.

Earlier this month the Corps released the locations of 122 levees that are at risk of failing. They are located in 27 states and the District of Columbia. We New Orleanians have suffered much in the past 18 months. We wouldn't wish such devastation on anyone. But I would like to remind my nation that according to this list, the problems of my home town are not so foreign after all.

I may seem like a foreigner to you when I scream for an independent commission to study government failures in the aftermath of Hurricane Katrina, or when I decry the plodding incompetence of FEMA. I may seem like the stereotypical welfare cheat when I argue that the federal government has not invested nearly enough in protecting my state from an even greater future disaster. Indeed, mine may seem like a voice emanating from a distant Southern wilderness. But in truth, the problems of Louisiana are the problems of the United States.

Or, as Ralph Ellison wrote, "Who knows but that, on the lower frequencies, I speak for you?"

Lolis Eric Elie is a columnist for the New Orleans Times-Picayune.

Putin Hits U.S. Over Unilateral Practices (WP)

By Thomas E. Ricks, Craig Whitlock

The Washington Post, February 11, 2007

MUNICH, Feb. 10 -- Russian President Vladimir Putin, in some of his harshest criticism of the United States since he took office seven years ago, said Saturday that Washington's unilateral, militaristic approach had made the world a more dangerous place than at any time during the Cold War.

"The United States has overstepped its national borders in every way," he said in an address at an annual international security conference here. "Nobody feels secure anymore, because nobody can take safety behind the stone wall of international law."

Putin criticized the expansion of NATO, saying the alliance's placement of military forces on Russia's borders reduces "the level of mutual trust." He said the U.S. desire to place antimissile systems in Eastern Europe could further upset the international balance of power and embolden the United States in its foreign policy decisions.

The Russian president defended his country's arms sales to Iran as a way of reaching out to that Middle Eastern power, which is under pressure from the United States and Europe to curtail its nuclear program. Russia has supplied some air defense weapons to Iran because, he said, "we don't want Iran to feel cornered."

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Dozens of foreign and defense ministers and other officials, including U.S. Defense Secretary Robert M. Gates and an American congressional delegation, attended the meeting. An Iranian nuclear negotiator, Ali Larijani, also was present and is scheduled to address the conference Sunday after Gates speaks.

Several U.S. politicians in attendance sharply criticized Putin's remarks, which Russia specialists said were familiar in their assertiveness but unusual in their hostility toward the United States.

The White House also reacted strongly. "We are surprised and disappointed with President Putin's comments," spokesman Gordon Johndroe said in a statement. "His accusations are wrong. We expect to continue cooperation with Russia in areas important to the international community such as counterterrorism and reducing the spread and threat of weapons of mass destruction."

The back-and-forth underscored the recent stark changes in U.S.-Russian relations. The friendship that was struck when President Bush first met Putin and said he had looked into the former KGB colonel's soul in 2001 has soured as the Kremlin suppressed political opposition at home, used its energy resources to pressure its neighbors and split with the White House over Iraq, Iran and other issues.

Bush has grown increasingly disaffected with Putin and occasionally tried to prod him to recommit to democracy and better relations with his neighbors, only to be rebuffed. Bush has been reluctant to force a more direct confrontation out of worry that it would push Putin further from the West and because he needs Russia's help to pressure Iran to abandon its nuclear program.

In recent days, top Bush administration officials have met in Washington with Garry Kasparov, the former chess grandmaster who has emerged as a leading figure in Russia's marginalized political opposition. Kasparov has said that he advised the officials that lecturing Russia on democracy can be counterproductive but that they should not pretend Putin is one of them, either. "That's why I say, 'Don't interfere, just don't support Putin,' " Kasparov said.

Putin has said that U.S. criticism of his rollback of democracy stems from a Cold War mentality, and he has long opposed the U.S. operation in Iraq. But his remarks here seemingly were not prompted by any particular provocation.

In a tone that was more a considered lecture than a Khrushchevian dais-thumper, Putin said Russia would pursue an independent foreign policy. "We are not going to change this tradition today."

Putin called on the West to resist pushing Russia to be more democratic and more respectful of human rights. "Russia is constantly being taught democracy, and the people who try to teach it don't want to learn it themselves," he said.

Putin ended his critique of the post-Cold War world by attacking the West's view of international relations. Stability and economic justice, he said, should be "not only for the chosen ones, but for everybody."

During Putin's 32-minute address, several members of the U.S. delegation frowned or looked away. Gates, a professional Sovietologist, stared down at notes he was writing. Asked for comment afterward, Gates smiled and shook his head.

After speaking, Putin took questions from the audience, elaborating on several points but backing down from none of them. Explaining his view that the world is now more dangerous than it was during the Cold War, he said that back then, "it was a fragile peace, a scary peace, but it was fairly reliable, as it turns out. Today it is less reliable."

In his one peace offering, Putin called Bush "my friend." Bush is "criticized for everything he does, but he is a decent man," Putin said.

Putin also alluded to Russia's indirect cutoff of crucial energy supplies to Europe twice in the past two years, insisting that Russia's actions are simply intended to put its energy exports on a transparent, market-based system built around long-term contracts.

Some European diplomats, speaking on condition of anonymity, saw his attack on the United States as a preemptive measure to deflect criticism of Russia that has been building in European capitals. In addition to an ongoing crackdown on pro-democracy groups and political opponents, Russia has antagonized some in Europe with its use of energy as a tool of foreign policy.

NATO Secretary General Jaap de Hoop Scheffer, who also attended the meeting, said he was disappointed by Putin's remarks. He said NATO and the United States had been forthright in their communications with Moscow on the eastward expansion of NATO and had made clear that such moves should not be interpreted as a security threat.

Sen. Joseph I. Lieberman (I-Conn.) said that much of Putin's address was "Cold War rhetoric" and that his comments about Iran were "outrageous" and "provocative."

Sen. Lindsey O. Graham (R-S.C.) added, "If you're waiting for Russia to be constructive on Iran, forget it." Putin "did more in a single speech to unite Europe and America than anything we could have done in a decade," Graham said, referring to tensions over the war in Iraq.

Putin Says U.S. Is Undermining Global Stability (NYT)

By Thom Shanker, Mark Landler

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The New York Times, February 11, 2007

MUNICH, Feb. 10 — President Vladimir V. Putin of Russia accused the United States on Saturday of provoking a new nuclear arms race by developing ballistic missile defenses, undermining international institutions and making the Middle East more unstable through its clumsy handling of the Iraq war.

In an address to an international security conference, Mr. Putin dropped all diplomatic gloss to recite a long list of complaints about American domination of global affairs, including many of the themes that have strained relations between the Kremlin and the United States during his seven-year administration.

Among them were the expansion of NATO into the Baltics and the perception in Russia that the West has supported groups that have toppled other governments in Moscow's former sphere of influence.

"The process of NATO expansion has nothing to do with modernization of the alliance," Mr. Putin said. "We have the right to ask, 'Against whom is this expansion directed?' "

He said the United States had turned the Organization for Security and Cooperation in Europe, which sends monitors to elections in the former Soviet sphere, "into a vulgar instrument of ensuring the foreign policy interests of one country."

The comments were the sternest yet from Mr. Putin, who has long bristled over criticism from the United States and its European allies as he and his cadre of former Soviet intelligence officials have consolidated their hold on Russia's government, energy reserves and arms-manufacturing and trading complexes.

Rubble from the Berlin Wall was "hauled away as souvenirs" to countries that praise openness and personal freedom, he said, but "now there are attempts to impose new dividing lines and rules, maybe virtual, but still dividing our mutual continent."

The world, he said, is now unipolar: "One single center of power. One single center of force. One single center of decision making. This is the world of one master, one sovereign."

With the German chancellor, Angela Merkel, the American defense secretary, Robert M. Gates, and a Congressional delegation sitting stone-faced, Mr. Putin warned that the power amassed by any nation that assumes this ultimate global role "destroys it from within.

"It has nothing in common with democracy, of course," he added. "Today we are witnessing an almost uncontained hyper use of force in international relations — military force."

"Primarily the United States has overstepped its national borders, and in every area," said Mr. Putin, who increasingly has tried to re-establish Russia's once broad Soviet-era influence, using Russia's natural resources as leverage and defending nations at odds with the United States, including Iran.

American military actions, which he termed "unilateral" and "illegitimate," also "have not been able to resolve any matters at all," and, he said, have created only more instability and danger.

"They bring us to the abyss of one conflict after another," he said. "Political solutions are becoming impossible."

The comments irritated some European leaders and prompted sharp criticism from the Americans in attendance. Senator John McCain, the Arizona Republican widely expected to make a bid for the White House, made a rebuttal that began, "In today's multipolar world, there is no place for needless confrontation." He said that the United States won the cold war in partnership with powerful nations of Western Europe, and that "there are power centers on every continent today."

Mr. McCain then hit back at Mr. Putin more directly. "Will Russia's autocratic turn become more pronounced, its foreign policy more opposed to the principles of the Western democracies and its energy policy used as a tool of intimidation?" he asked. "Moscow must understand that it cannot enjoy a genuine partnership with the West so long as its actions, at home and abroad, conflict fundamentally with the core values of the Euro-Atlantic democracies."

In Washington, Gordon D. Johndroe, a White House spokesman, said in a statement: "We are surprised and disappointed with President Putin's comments. His accusations are wrong. We expect to continue cooperation with Russia in areas important to the international community such as counterterrorism and reducing the spread and threat of weapons of mass destruction."

Russia has also faced criticism from the United States and other Western countries that believe it has used energy reserves and transport pipelines to reward friendly countries and to punish those seeking to distance themselves from Kremlin control. Some analysts saw the tone of the speech as evidence of how much oil and mineral revenues have strengthened Mr. Putin.

The occasion of the speech was the 43rd Munich Conference on Security Policy — an event begun deep in the cold war, when Germany was divided and hundreds of thousands of American troops were stationed in Western Europe as a bulwark against Warsaw Pact forces.

Mr. Putin began with an apology for the tough talk to come. But during a lively question and answer period full of challenges and rebukes, the Russian president indicated that he relished provoking the international audience of legislators, government leaders, political analysts and human rights advocates.

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"I love it," Mr. Putin said as he reviewed a long list of questions. He has long enjoyed high and durable public approval ratings at home, in part for standing up to the West and for pursuing an assertive foreign policy with former Soviet states.

He did offer at least two significant and conciliatory statements to the United States.

President Bush "is a decent man, and one can do business with him," he said. From their meetings and discussions, Mr. Putin said, he has heard the American president say, "I assume Russia and the United States will never be enemies, and I agree."

And while Mr. Putin denied that Russia had assisted the Iranian military with significant arms transfers, he also criticized the government in Tehran for not cooperating more with the United Nations nuclear watchdog agency or responding to questions about its nuclear program.

Other American lawmakers offered measured criticism afterward. "He's done more to bring Europe and the U.S. together than any single event in the last several years," said Senator Lindsey Graham, Republican of South Carolina.

Senator Joseph I. Lieberman, an independent from Connecticut, described the speech as "confrontational," saying, "some of the rhetoric takes us back to the cold war."

Iran's top nuclear official, Ali Larijani, listened impassively from the back of the room. His attendance had become a sideshow in itself. After accepting an invitation to speak Sunday, he canceled, citing health reasons, after a tense meeting with the International Atomic Energy Agency in Vienna that concluded with a decision to freeze technical cooperation projects.

Mr. Putin joked that he worried the United States was "hiding extra warheads under the pillow" despite its treaties with Moscow to reduce strategic nuclear stockpiles. And he indicated obliquely that the new Russian ballistic missile, known as the Topol-M, was being developed at least in part in response to American efforts to field missile defenses.

He expressed alarm that an effective antimissile shield over the United States would upset a system of mutual fear that kept the nuclear peace throughout the cold war. "That means the balance will be upset, completely upset," he said.

Addressing tensions between Europe and Russia over energy exports, Mr. Putin said 26 percent of Russian oil was extracted by foreign companies. While Russia is open to outside investment, he said, it has found its businessmen blocked from deals abroad.

The Kremlin has been criticized for attempting to impose registration and taxation laws that could restrict the work of foreign nongovernmental organizations with offices in Russia to aid democratization.

But Mr. Putin said his concerns about the work grew from the fact that they "are used as channels for funding, and those funds are provided by governments of other countries." That flow of foreign money to assist opposition Russian political organizations, he said, is "hidden from our society.

"What is democratic about this?" he asked. "This is not about democracy. This is about one country influencing another."

Mrs. Merkel, in her opening speech, struck a far more diplomatic tone than Mr. Putin, though she alluded to the tensions between Europe and Russia over energy shipments and the independence of Kosovo.

Addressing herself to Mr. Putin, who was sitting in the front row, Mrs. Merkel said, "In my talks with you, I have sensed that Russia is going to be a reliable and predictable partner." But she added, "We need to speak frankly with each other."

Mrs. Merkel had previously criticized in sharp terms Russia's recent shutdown of oil shipments to Belarus, which followed a dispute over natural gas prices. She is pressing Russia to sign a charter with the European Union on energy, which Moscow has resisted.

Mrs. Merkel alluded to another potential confrontation between Europe and Russia. The United Nations is weighing a proposal that would put Kosovo on the path to independence from Serbia, which Russia opposes because it fears that such a move could upset its own turbulent relations with ethnic groups in the Caucasus. Russia has crushed one separatist-minded people within its own borders, in Chechnya, but supports two breakaway regions in Georgia: Abkhazia and South Ossetia.

"We're going to come to the stage where we have to decide: does Serbia, does Kosovo want to move in the European direction?" Mrs. Merkel asked. "If that's the route they choose, both will have to make compromises."

Putin Says U.S. Militarism Fosters Global Instability (LAT)

By Peter Spiegel

The Los Angeles Times, February 11, 2007

Munich, Germany — Russian President Vladimir V. Putin berated the United States in a major speech Saturday before senior American and European officials, declaring that Washington's militarism had fostered global instability and forced vulnerable nations to seek nuclear weapons.

In harsh language sometimes reminiscent of the Cold War; at other times pleading or mocking, Putin accused the United States of attempting to create a world in which it was free to ignore international law and impose its economic, political and military will.

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"We are witnessing an almost uncontained hyper-use of military force in international relations," Putin said. "One country, the United States, has overstepped its national borders in every way."

Putin's litany of accusations was not unfamiliar. The Russian leader has been able to leverage high demand and prices for Russia's oil and gas into an increasingly assertive role on the world stage. But the tenor of his remarks sent a quiver through the hall. Participants said that, coming after a conciliatory opening speech by German Chancellor Angela Merkel, they were widely resented by the hosts. One German questioner jokingly told Putin he hoped the president had not set off "another world war."

In Washington, Gordon Johndroe, spokesman for the National Security Council, said: "We are surprised and disappointed with President Putin's comments. His accusations are wrong."

He said the Bush administration expected to continue to cooperate with Moscow in areas such as counterterrorism and reducing the spread of weapons of mass destruction.

The speech was a first for a Russian president at the increasingly high-profile Munich Security Conference. It was delivered with U.S. Defense Secretary Robert M. Gates seated stoically in the front row flanked by a stone-faced congressional delegation led by Sen. John McCain, R-Ariz., considered a leading candidate to be the 2008 Republican presidential nomination.

The symbolism was all the more stark given that it came on the new Defense secretary's first formal trip to Europe and that it occurred at a conference once dominated by his predecessor, Donald H. Rumsfeld. Putin spoke in a prime first-day time slot once used as a platform for Rumsfeld; Gates is to address the gathering Sunday.

U.S. analysts said Putin's remarks appeared timed to take advantage of the Bush administration's weakness as it struggles with Iraq policy and dwindling support at home. Putin in the past has lashed out at U.S. criticism of Russia's human rights record, turning the tables last month to focus on the U.S. detention center at Guantanamo Bay, Cuba.

Putin did touch on some areas of common interest with the U.S. He criticized Iran for not responding positively to proposals by the U.N. to suspend Tehran's nuclear program. His comments were among Russia's most pro-Western remarks on the topic in several months.

But he also defended Moscow's sale of anti-aircraft weapons to Tehran, and most of the address focused on perceived American unilateralism and hegemony.

"Unilateral, illegitimate actions have not managed to resolve any problems, but made them worse," Putin said. "The wars, local and regional conflicts, have only grown in number."

Arguing the U.S. was ignoring international law in its use of military power, a clear reference to the Iraqi invasion, Putin said the legal constraints that once protected smaller, weaker nations were no longer viable.

"This is very dangerous," he said. "Nobody feels secure any more."

"Of course, such a policy stimulates an arms race," Putin said. "The force's dominance inevitably encourages a number of countries to acquire weapons of mass destruction."

Putin did not make a specific reference to Iran or North Korea as being among those smaller nations that feel threatened, but his reference seemed clear.

The Russian president also said he believed American and Western economic interests were seeking unfettered access to Russian markets, even as they blocked Russian groups from achieving parity abroad.

Putin was most specific when discussing U.S. moves in Eastern Europe, saying efforts by the Bush administration to set up a missile defense system with radar and interceptor rockets in Poland and the Czech Republic threatened Russian's ballistic missiles. The U.S. has repeatedly said the system is not aimed at Russia, but at potential longer-range Iranian missiles.

He questioned why the U.S. believed it was necessary to base troops in two other former Soviet allies, Bulgaria and Romania. "NATO is bringing its adversarial forces to our state's borders," he said. "It is a serious factor provoking reduction of mutual trust."

The attack on NATO appeared to put off European dignitaries as much as U.S. officials, a rare show of unity from the trans-Atlantic partners since the start of the Iraq war.

Jaap de Hoop Scheffer, secretary-general of the North Atlantic Treaty Organization, told the conference later in the day that he was "disappointed" by Putin's statements, noting NATO has for a decade held regular security consultations with Moscow through a formalized, legally binding agreement.

"Who can be worried that democracy and the rule of law are coming closer to somebody's border?" Scheffer asked.

Stephen Sestanovich, ambassador-at-large to states of the former Soviet Union during the Clinton administration, said Putin most likely spoke out so sharply because he had grown tired of constant U.S. criticism.

"Most Americans are not aware of how heated and agitated the Russians' discussions are about their relationship with the West," he said. "It may come as a surprise to Americans, but for the Russians, the rhetoric on these questions tends to be pretty grim, among the experts and regular folks, about the deterioration of the relationship."

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"The theme is, 'We're tired of American hegemony, we're tired of being treated like a former superpower doormat, and we're back, and we're mad," Sestanovich said.

During a question period following the address, Putin appeared to try to temper his prepared remarks, which several of those seated near him said included several hand-written inserts.

He said President Bush had told him that the U.S. assumes the two countries will "never be enemies again, and I agree with him."

"I really consider the president of the United States my friend," Putin said. "He's a decent man and one can do business with him." Putin also strode purposefully to Gates immediately after his address, shaking his hand with a smile and exchanging quick pleasantries.

But the remarks clearly perturbed the U.S. delegation. During his formal remarks to the conference later Saturday, McCain echoed the sentiments of several Americans in attendance, saying Russia appeared to be turning more autocratic and its foreign policy was standing increasingly in opposition to Western democracies.

"Today's world is not unipolar," McCain said, disputing Putin's main theme. "In today's multipolar world, there is no need for pointless confrontation."

Putin's criticism was not limited to the U.S. He noted that Germany had shortly after the end of the Cold War sought to reassure its historic rivals in Moscow that it would never send its military forces outside its borders. Berlin now has troops in the Balkans and Afghanistan.

"Where are those guarantees now?" Putin asked, arguing Europe was now attempting to set up new "virtual" walls between to replace the Berlin Wall.

He also dismissed European complaints about Russian threats last year to cut off energy supplies to its neighbors, saying Moscow was only seeking market prices and stable, long-term contracts with countries like Ukraine and Georgia, who in the past have received subsidized supplies.

Putin Accuses U.S. Of Sparking Arms Race (AP)

By Slobodan Lekic, Associated Press Writer

AP, February 11, 2007

Russian President Vladimir Putin on Saturday blamed U.S. policy for inciting other countries to seek nuclear weapons to defend themselves from an "almost uncontained use of military force" — a stinging attack that underscored growing tensions between Washington and Moscow.

"Unilateral, illegitimate actions have not solved a single problem, they have become a hotbed of further conflicts," Putin said at a security forum attracting senior officials from around the world.

"One state, the United States, has overstepped its national borders in every way."

The Bush administration said it was "surprised and disappointed" by Putin's remarks. "His accusations are wrong," said Gordon Johndroe, Bush's national security spokesman.

In what the Russian leader's spokesman acknowledged was his harshest criticism of the United States, Putin attacked Bush's administration for stoking a new arms race by planning to deploy a missile defense system in eastern Europe and for backing a U.N. plan that would grant virtual independence to Serbia's breakaway province of Kosovo.

Sen. John McCain, R-Ariz., who was also attending the conference, described Putin's remarks as "the most aggressive speech from a Russian leader since the end of the Cold War."

The United States and an increasingly assertive Russia repeatedly have butted heads during the past year, with Vice President Dick Cheney accusing Moscow of using its energy resources as "tools of intimidation or blackmail." Washington also has been angered by Russia's reluctance to impose meaningful sanctions against Iran, which is accused of seeking to develop nuclear weapons under the cover of a civilian atomic energy program.

But Putin said it was "the almost uncontained hyper use of force in international relations" that was forcing countries opposed to Washington to seek to build up nuclear arsenals.

"It is a world of one master, one sovereign ... it has nothing to do with democracy," he said. "This is nourishing the wish of countries to get nuclear weapons."

"This is very dangerous, nobody feels secure anymore because nobody can hide behind international law," Putin told the gathering.

Putin did not mention the wars in Iraq or Afghanistan, but he voiced concern about NATO's expansion plans as possible challenges to Russia.

"The process of NATO expansion has nothing to do with modernization of the alliance or with ensuring security in Europe," Putin said. "On the contrary, it is a serious factor provoking reduction of mutual trust."

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On the missile defense system, Putin said: "I don't want to accuse anyone of being aggressive" but suggested it would seriously change the balance of power and could provoke an unspecified "asymmetric" response.

On Kosovo, Moscow has said a solution imposed against Serbia's consent could serve as a model for other separatist provinces elsewhere in the world. Washington, which supports Kosovo's independence, maintains that the Kosovo situation is a "one-off" because the province has been under U.N. rule since 1999 when Serb forces were ejected following a brief aerial war with NATO.

U.S. Defense Secretary Robert Gates had little to say about the accusations, remarking only that Putin "was very candid."

NATO Secretary General Jaap de Hoop Scheffer said he was disappointed by Putin's criticism about NATO expansion. "Who can be worried that democracy and the rule of law is coming closer to somebody's border?" he asked.

Putin's spokesman Dmitry Peskov said the president's speech was not "confrontational" and attributed his blunt words to the sense that the number of conflicts fomented by Washington "was constantly growing" and that international law was being undermined by such actions.

"It is in the interest of the United States, the European Union and other countries that international law is upheld, not further destroyed," Peskov said.

Minutes earlier, German Chancellor Angela Merkel — whose country holds the European Union's rotating presidency — had praised Russia, saying it would be a reliable energy supplier to Europe. She called for closer relations between the EU and Moscow to enhance stability on the continent.

"How relations between the EU and Russia evolve will have a crucial impact on how security in the region will develop," Merkel told the annual Munich Conference on Security Policy. The forum is often used as an opportunity for officials to conduct diplomacy in an informal setting.

Russia's reputation as a supplier of natural gas to the West was damaged in the recent past when it halted supplies to Europe through main pipelines crossing Belarus and Ukraine due to pricing disputes with those two countries.

Merkel also said that the international community is determined to prevent Iran from obtaining nuclear weapons. Tehran needed to accept demands made by the U.N. and the International Atomic Energy Agency, she said.

On the sidelines of the conference, Iranian nuclear negotiator Ali Larijani defended his country's nuclear program as peaceful, saying: "We are no threat to our region or other countries," while indicating a willingness to return to negotiations.

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Associated Press writers Lolita C. Baldor and David Rising contributed to this report.

Putin Hits U.S. Use Of Force (WT/AP)

By Slobodan Lekic

The Washington Times, February 11, 2007

MUNICH -- Russian President Vladimir Putin yesterday blamed U.S. policy for inciting other countries to seek nuclear weapons to defend themselves from an "almost uncontained use of military force" -- a stinging attack that underscored growing tensions between Washington and Moscow.

"Unilateral, illegitimate actions have not solved a single problem. They have become a hotbed of further conflicts," Mr. Putin said at a security forum attracting senior officials from around the world.

"One state, the United States, has overstepped its national borders in every way."

The Bush administration said it was "surprised and disappointed" by Mr. Putin's remarks. "His accusations are wrong," said Gordon Johndroe, President Bush's national security spokesman.

In what the Russian leader's spokesman acknowledged was his harshest criticism of the United States, Mr. Putin attacked Mr. Bush's administration for stoking a new arms race by planning to deploy a missile-defense system in Eastern Europe and for backing a U.N. plan that would grant virtual independence to Serbia's breakaway province of Kosovo.

Sen. John McCain, Arizona Republican, who was attending the conference, described Mr. Putin's remarks as "the most aggressive speech from a Russian leader since the end of the Cold War."

The United States and an increasingly assertive Russia repeatedly have butted heads during the past year, with Vice President Dick Cheney accusing Moscow of using its energy resources as "tools of intimidation or blackmail."

Washington also has been angered by Russia's reluctance to impose meaningful sanctions against Iran, which is accused of seeking to develop nuclear weapons under the cover of a civilian atomic-energy program.

But Mr. Putin said it was "the almost uncontained hyper-use of force in international relations" that was forcing countries opposed to Washington to seek to build up nuclear arsenals.

"It is a world of one master, one sovereign ... it has nothing to do with democracy," he said. "This is nourishing the wish of countries to get nuclear weapons."

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Mr. Putin did not mention the wars in Iraq or Afghanistan, but he voiced concern about NATO's expansion plans as possible challenges to Russia.

"The process of NATO expansion has nothing to do with modernization of the alliance or with ensuring security in Europe," Mr. Putin said. "On the contrary, it is a serious factor provoking reduction of mutual trust."

On the missile-defense system, Mr. Putin said: "I don't want to accuse anyone of being aggressive," but suggested it would seriously change the balance of power and could provoke an unspecified "asymmetric" response.

On Kosovo, Moscow has said a solution imposed against Serbia's consent could serve as a model for other separatist provinces elsewhere in the world.

Washington, which supports Kosovo's independence, maintains that the Kosovo situation is a "one-off" because the province has been under U.N. rule since 1999, when Serbian forces were ejected after a brief aerial war with NATO.

U.S. Defense Secretary Robert M. Gates had little to say about the accusations, remarking only that Mr. Putin "was very candid."

NATO Secretary-General Jaap de Hoop Scheffer said he was disappointed by Mr. Putin's criticism about NATO expansion. "Who can be worried that democracy and the rule of law is coming closer to somebody's border?" he asked.

Mr. Putin's spokesman, Dmitry Peskov, said the president's speech was not "confrontational" and attributed his blunt words to the sense that the number of conflicts fomented by Washington "was constantly growing" and that international law was being undermined by such actions.

"It is in the interest of the United States, the European Union and other countries that international law is upheld, not further destroyed," Mr. Peskov said.

Minutes earlier, German Chancellor Angela Merkel -- whose country holds the European Union's rotating presidency -- had praised Russia, saying it would be a reliable energy supplier to Europe. She called for closer relations between the EU and Moscow to enhance stability on the continent.

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The forum is often used as an opportunity for officials to conduct diplomacy in an informal setting.

Russia's reputation as a dependable supplier of natural gas and oil to the West was damaged in the recent past when it halted supplies to Europe through main pipelines crossing Belarus and Ukraine as a result of pricing disputes with those two countries.

On the sidelines of the conference, Iranian nuclear negotiator Ali Larijani defended his country's nuclear program as peaceful, saying: "We are no threat to our region or other countries," while indicating a willingness to return to negotiations.

Putin Stuns With Attack On US (AFP)

AFP, February 11, 2007

Russian President Vladimir Putin attacked the United States as a reckless "unipolar" power that has made the world more dangerous by pursuing policies that have led to war, ruin and insecurity.

Putin stunned an audience that included US Defence Secretary Robert Gates and senior US and European officials with the speech at a high-level security conference in Munich.

The White House said it was "surprised and disappointed" by Putin's accusations and Gates was expected to respond on Sunday, in his first major speech since taking office.

In comments reminiscent of his campaign opposing the 2003 US-led invasion of Iraq, Putin said the United States had disastrously "overstepped" its borders.

"The United States has overstepped its borders in all spheres... and has imposed itself on other states," Putin told delegates at the annual Munich Conference on Security Policy.

Putin said a "unipolar" world "means in practice one thing: one centre of power, one centre of force, one centre of decision-making, a world of one master, one sovereign."

Such a situation "is extremely dangerous. No one feels secure because no one can hide behind international law," Putin said.

He added that US dominance was "ruinous."

"Local and regional wars didn't get fewer. The number of people who died didn't get less, but increased.... We see no kind of restraint."

Putin also rejected criticism that under his watch, Russia has back-tracked on democracy, saying that the United States was "permanently teaching Russia about democracy. But those who teach us, for some reason don't really want to study it themselves."

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The speech added to tensions between the Kremlin and the United States, which have grown after a period of relative rapprochement in the 1990s.

Boosted by his country's oil wealth, the Russian leader has tried to restore Moscow's international clout, making common cause with fellow critics of the United States, notably Venezuelan President Hugo Chavez, and maintaining a traditional friendship with Iran.

After what many Russians regard as the humiliation of the Soviet Union's collapse, the Kremlin plans to build up its defences and has vowed an effective response to US hopes of establishing a missile defence system close to Russia's borders in the Czech Republic and Poland.

That threat has fuelled fears of a new arms race reminiscent of the Cold War.

Putin drew immediate criticism from the White House.

National security spokesman Gordon Johndroe said: "We are surprised and disappointed with President Putin's comments.

"His accusations are wrong," he said.

"We expect to continue cooperation with Russia in areas important to the international community such as counter-terrorism and reducing the spread and threat of weapons of mass destruction."

Putin's speech also prompted dismay at the conference itself, which is traditionally pro-Western and devoted to the future of the North Atlantic Treaty Organisation (NATO).

"I can't hide my disappointment. I will not hide my disappointment," said the NATO Secretary General Jaap de Hoop Scheffer.

Prominent US Republican Senator and presidential hopeful John McCain said that "today's world is not unipolar.... Russian leaders' apparent belief to the contrary raises a number of very difficult questions."

There was also criticism from Estonian President Toomas Hendrik Ilves, whose Baltic Sea country was unwillingly ruled from Moscow for most of the second half of the 20th century.

The EU should think carefully about how it deals with "a country that considers democracy on its borders as a threat, or despotism on its borders as a source of stability," said Ilves.

Iran's top nuclear negotiator, Ali Larijani, was also likely to be in the spotlight when he addresses the conference Sunday.

The United States has been trying to increase pressure on Iran to give up its nuclear programme, which Tehran says is aimed only at generating electricity but Washington says is a cover for a weapons programme.

Putin's Speech: Back To Cold War? (BBC)

By Rob Watson

BBC.com, February 10, 2007

The Munich security conference was born in the 1960s - the height of the Cold War. Forty years on, there been talk of a new chill.

Given the tone and content of Russian President Vladimir Putin's address to the gathered defence ministers, parliamentarians and pundits, it is not, perhaps, hard to see why.

Warming quickly to his task after only the briefest of greetings, President Putin accused the US of establishing, or trying to establish, a "uni-polar" world.

"What is a uni-polar world? No matter how we beautify this term, it means one single centre of power, one single centre of force and one single master," he said.

'Formula for disaster'

President Putin continued in a similar vein for some time.

"The United States has overstepped its borders in all spheres - economic, political and humanitarian, and has imposed itself on other states," he said.

It was a formula that, he said, had led to disaster: "Local and regional wars did not get fewer, the number of people who died did not get less but increased. We see no kind of restraint - a hyper-inflated use of force."

The US has gone "from one conflict to another without achieving a fully-fledged solution to any of them", Mr Putin said.

With the new US Defence Secretary Robert Gates and several US congressmen sitting in the audience, he called for the reconsideration of the whole existing architecture of global security.

'Disappointing' speech

But he did not win over his audience.

Several delegates did not like his rather brusque brushing off of questions about Russia's own commitment to democracy and his defence of Moscow's decision to sell an air-defence system to Iran.

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Nato Secretary General Jaap de Hoop Scheffer described President Putin's speech as "disappointing and not helpful". And there was similar reaction from the president of Estonia and others.

But it was left to US Republican senator and presidential hopeful John McCain to lead the retort.

Today's world, he said sternly, was not uni-polar, adding that it was an autocratic Russia that needed to change its behaviour.

"Moscow must understand that it cannot enjoy a genuine partnership with the West so long as its actions at home and abroad conflict so fundamentally with the core values of Euro-Atlantic democracies," he said.

"In today's multi-polar world, there is no place for needless confrontation, and I would hope that Russian leaders understand this truth," Senator McCain said.

Spotlight on Moscow

Afterwards in the corridors there were dark mutterings by some about a new Cold War.

Others were less gloomy, dismissing President Putin's performance as one of Russia's periodic bouts of letting off steam at its diminished world status.

But it has made an impression.

For the last few years, as one observer suggested, it was the former US Defence Secretary, Donald Rumsfeld, who was the man everybody loved to hate at this conference.

President Putin's performance has single-handedly switched the spotlight from the US to Russia.

Putin In First Saudi State Visit (BBC)

By Stephen Eke

BBC.com, February 11, 2007

Russian President Vladimir Putin, sets off on a tour of the Middle East on Sunday, arriving in Saudi Arabia, then going on to Qatar and Jordan.

It is the first time a Russian head of state is to visit these countries, considered allies of the West.

Moscow sees them as key to building new economic, political and even military ties with the Arab world.

Mr Putin is setting off on what may be his last major visit to the Middle East as president.

Russian diplomats deny any notion of grandstanding, however, pointing to rapidly growing trade with the region, which in the case of Saudi Arabia, tripled last year.

Military ties?

King Abdullah II of Jordan has travelled to Russia six times over recent years; the Emir of Qatar has also visited.

While talks between Mr Putin, the accompanying Russian businessmen and diplomats, and their Arab hosts, are expected to focus on trade and business, Moscow has cautiously suggested introducing what it calls "military and technical ties" into the equation.

Some Russian commentators have suggested Mr Putin may be about to flex Russia's muscle by visiting countries traditionally considered to be pro-western.

But senior diplomats have played that idea down, stressing that the major factor is the potential market for conventional and hi-tech weaponry they represent.

Russian arms - like these Sukhoi jets - could be part of talks

Russia had close links with the Middle East during the Communist era, but the end of the Soviet Union saw it marginalised and struggling to maintain influence.

In recent times, Moscow has built close links with Israel - an enemy in Soviet times - and with Iran, where Russian engineers have built the country's first, controversial, nuclear power station.

Russia's once-close political and ideological links with Syria, the Palestinians and Egypt have taken second place to a much more pragmatic factor - where can Russia make money by selling its machinery and weaponry.

Talks With N. Korea Extended To 4th Day (WP)

By Edward Cody

The Washington Post, February 11, 2007

BEIJING, Feb. 10 -- Despite three days of hard bargaining, North Korean nuclear disarmament talks remained stuck Saturday over the energy aid North Korea would receive in return for closing its main nuclear reactor, diplomats said.

Discord over the compensation cast a pall over what had been high hopes that the six-nation talks could produce swift agreement on the first steps toward eliminating North Korea's nuclear weapons and dismantling the nuclear facilities that produce its fissionable material.

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As a result, diplomats from the six nations -- North and South Korea, Japan, Russia, China and the United States -- made plans to return to the negotiating table at the Chinese government's secluded Diaoyutai guest compound here for additional sessions of negotiations Sunday and perhaps into next week.

"It's definitely an issue that has prevented us from sealing the deal right now," said Assistant Secretary of State Christopher R. Hill, the chief U.S. negotiator, without revealing the terms of the dispute. "I think it may take another day or two to get through this."

The stakes are high, Hill suggested, because another failure would again raise questions about the utility of the Chinese-sponsored six-party process, which has been underway off and on since August 2003 without results on the ground. In October, while the talks languished, North Korea set off a nuclear test blast and declared itself a nuclear power.

Hill, briefing reporters, emphasized that the other main elements of an agreement on initial disarmament steps were ready to sign. But he warned that other disagreements could also arise as long as the talks continue, suggesting the accord that looked so close when this round of talks began Thursday may turn out to be more distant than thought.

The last round of talks ended Dec. 22 in stalemate after the senior North Korean negotiator, Kim Gye Gwan, said he could not formally discuss North Korea's nuclear program until resolution of a financial dispute over U.S. allegations that a Macau bank was being used to launder illicit North Korean funds. Hill said that dispute, although not resolved, has been smoothed over by separate negotiations among U.S. and North Korean banking officials and a meeting last month in Berlin.

As a result, he said, Kim has been negotiating seriously. But the talks nevertheless reached an impasse over what South Korean diplomats described as the amount and timing of aid North Korea would receive in exchange for shutting down the Yongbyon reactor and readmitting international nuclear inspectors.

The facility, North Korea's main nuclear installation, produces plutonium that can be used for nuclear fuel. U.S. officials estimated that North Korea has produced enough plutonium to fuel eight to 10 nuclear weapons.

Two U.S. nuclear experts who visited North Korea's capital, Pyongyang, early this month were told that North Korea wants heavy fuel oil to produce electricity in return for closing Yongbyon, in addition to a commitment from the five other negotiating nations to build civilian-use nuclear power reactors in the future.

New Setback In North Korean Nuclear Talks (NYT)

By Jim Yardley

The New York Times, February 11, 2007

BEIJING, Feb. 10 — Negotiations over North Korea's nuclear weapons program stalled on Saturday as disagreements arose about the size and timing of the aid package that would be provided to North Korea in exchange for shutting down the country's nuclear weapons facilities.

"The differences on the issue still remain large," said Qin Gang, spokesman for China's Foreign Ministry.

The impasse occurred amid rising expectations for an agreement in Beijing, where the diplomatic talks were under way, and in Washington, where Bush administration officials had predicted a major announcement this weekend. Instead, negotiators from North Korea, China, the United States, South Korea and Japan will meet again on Sunday for a fourth day of talks.

Christopher R. Hill, the chief American envoy, would not discuss any specifics about the dispute but said negotiations had largely boiled down to one issue. "Frankly, I had hoped we could get it done on Saturday," Mr. Hill said. "But I think it's going to take another day or two."

The diplomatic effort to resolve the North Korean nuclear issue has gone nowhere since the six participating nations signed a broad accord in September 2005 in which North Korea agreed to end its weapons program in exchange for economic and energy benefits, as well as security guarantees. Negotiations almost fell apart last October after North Korea tested a nuclear device.

This week's focus has been on establishing a schedule for shutting down North Korea's nuclear program, as well as the timing and amount of assistance the North gets in return. Bush administration officials say that the current draft calls for North Korea to shut down and seal its main nuclear facilities within two months in exchange for shipments of fuel oil from South Korea and the opening of talks with Washington over diplomatic recognition.

But the process now seems stuck on the fine print of exactly how much help North Korea is demanding. Aleksandr Losyukov, the top Russian negotiator, said the parties had not decided on final figures for assistance, and he declined to detail the amounts requested by North Korea.

"The biggest obstacle to reaching a joint statement remains on the issue of economic aid," said Mr. Losyukov, according to Xinhua, China's official news agency.

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However, at least one diplomat suggested that the process faced more than one problem. “The situation continues to be severe,” Kenichiro Sasae, the Japanese envoy, told reporters. “We are boiling down our problems, but there is no conclusion in sight for several issues.”

Kyodo, the Japanese news agency, quoted an unidentified diplomatic source as saying that North Korea had demanded the equivalent of about two million tons of fuel oil annually, a figure that stunned other participants.

Mr. Hill, speaking to reporters late Saturday night, said North Korea wanted “a very precise measurement with how we are going to get through this.” He predicted that the problem could be solved. “We are kind of reaching a point where we have got to solve this,” he said.

US Envoy Says Time To 'Wrap Up' NKorea Talks (AFP)

AFP, February 11, 2007

The US envoy to talks on disarming North Korea has expressed impatience over Pyongyang's fixation on a detail in a draft deal that he said could be resolved later.

"I think it's time to wrap this up and get going," US negotiator Christopher Hill told reporters in Beijing Sunday morning before beginning a fourth day of negotiations.

"I hope the other participants will share that view that it's time to get it over with."

The six-nation talks on dismantling North Korea's nuclear arms programmes -- which also group South Korea, Japan, Russia and hosts China -- failed to strike a deal Saturday, with Hill saying only one sticking point remained.

The specific point has not been revealed, but discussions have centred on China's draft accord outlining steps the five parties would take in order for North Korea to disarm, including an aid package for Pyongyang.

Hill said the detail in dispute is one that should be worked out later by specialists.

"Frankly, an issue of this kind is more appropriate for experts," he said.

However, Hill said he planned to meet North Korean negotiator Kim Kye-Gwan again on Sunday and expressed hope that the talks could wrap up by the end of the day.

But that upbeat view was contradicted by South Korea's envoy, Chun Yung-Woo.

"It looks unreasonable to expect a breakthrough today," Chun told reporters as he left his hotel for the talks.

Under the draft agreement, North Korea would close its main nuclear-related facilities, including a five-megawatt reactor at Yongbyon, within two months in return for alternative energy sources, press reports have said.

The potential breakthrough comes after North Korea conducted its first atomic test in October last year.

Analysis: N. Korea Debating Nuke Future (AP)

By Burt Herman, Associated Press Writer

AP, February 11, 2007

North Korea is a totalitarian state where simply mishandling a portrait of leader Kim Jong Il is considered a crime. That doesn't mean there is no internal debate as the regime weighs whether to dismantle its nuclear weapons program.

At the North Korean nuclear negotiations in Beijing, the U.S. envoy alluded to disputes in the communist nation over whether the regime can give up its most potent weapons without sacrificing its security.

Some in the North "understand that these weapons have done more to isolate and endanger and impoverish the DPRK than they will ever do to protect" it, Christopher Hill said Friday, referring to North Korea by the initials of its official name. "Alas, I don't think this is a universal view in the DPRK."

Hill said there was one group with a "very antiquated, and I would say isolated view that somehow nuclear weapons of this kind can create prestige."

He did not give names. But analysts widely believe there are divisions between North Korean military and diplomats, a tug-of-war that sends mixed signals to an outside world with little information about the country's internal policy struggles.

The United States, China, Japan, Russia and South Korea are trying to win a commitment from the North to make its first tangible steps toward abandoning its nuclear programs since the negotiations began in 2003. That goal has become more pressing since the North tested its first nuclear bomb in October, during one of the many deadlocks in the talks.

For Kim, going nuclear has been one way to solidify his authoritarian rule among the military. He has generally favored the armed forces under his proclaimed "Songun," or "military-first" policy, in which the military has the primary role in society.

The military has quashed past diplomatic initiatives, including efforts at detente between North and South Korea. Last year, they refused to allow a test run of trains across the peninsula's heavily fortified border because security arrangements had not been made.

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At this round of nuclear negotiations, however, North Korea has committed in principle to taking the first steps toward disarmament. A Chinese draft agreement would grant the communist nation unspecified energy aid for shutting down its main nuclear facilities within two months, South Korea's Yonhap news agency reported.

Talks ended Saturday without consensus, and Hill said disagreements had come down to a single issue that may take another day or two to resolve. He declined to say what the issue was.

South Korean envoy Chun Yung-woo hinted that the dispute was related to North Korea's long-standing demand that Washington drop its "hostile" policy toward Pyongyang.

"There is something that North Korea has said every time since long ago as to what should be the basis (for the agreement)," Chun said.

Japanese envoy Kenichiro Sasae said the North was still "very much apart from that of the other" five countries involved. "We are boiling down our problems but there is no conclusion in sight for several issues," he said.

On Sunday, Sasae said one of the issues frustrating negotiations was the North's demands for large amounts of energy aid.

North Korea is demanding it be given energy aid equivalent to 2 million kilowatts of electricity during the initial disarmament period, Yonhap said. Japan's Kyodo news agency quoted unidentified diplomats as saying that North Korea was also seeking 2 million tons of fuel oil as part of the deal.

Russian envoy Alexander Losyukov said Saturday the size of the aid package was being discussed, the Interfax news agency reported. "The most important task today is to define the amount of planned aid," he was quoted as saying.

Two other key issues that have previously stalled the negotiations have not been problematic this time, Hill said. They include U.S. restrictions on a bank where the North held accounts for its complicity in alleged financial crimes, and demands that North Korea be given a nuclear reactor for generating electricity.

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Burt Herman is chief of bureau in Korea for The Associated Press.

Palestinian Tout Unity Deal To World (AP)

AP, February 11, 2007

The Palestinians have begun a diplomatic blitz aimed at persuading reticent leaders in the U.S. and Europe to accept their new power-sharing deal and lift painful economic sanctions, officials said Saturday.

Palestinian representatives already have spoken to Secretary of State Condoleezza Rice and the U.N. Secretary-General Ban Ki-moon. Next week, they turn their efforts to European leaders, beginning with Germany.

"We are trying to market the agreement and get international support for it," Nabil Amr, a top aide to President Mahmoud Abbas, told The Associated Press.

Western governments and Israel have only given muted reactions to Thursday's agreement between Abbas' Fatah faction and the Islamic militant group Hamas _ dashing Palestinian hopes that the deal would lead to a quick end to the sanctions.

International leaders said they want to study the deal further and see whether it changes the situation on the ground.

The Quartet of Mideast mediators _ the U.S., the U.N., Russia and the European Union _ had demanded that the militant Hamas group, which won Palestinian parliamentary elections last year, recognize Israel's right to exist, renounce violence and accept past peace deals.

The deal, negotiated in the Saudi holy city of Mecca, says only that the new government pledges to "respect" the previous deals. It makes no reference to recognizing Israel or renouncing violence and appears to fall short of the Quartet's demands.

Abbas, a moderate Fatah leader who pushed for a deal for months, is hoping that personal diplomacy with every member of the Quartet will help end the embargo imposed on the Palestinian Authority after Hamas' election last year.

The embargo has frozen roughly $1 billion in annual foreign aid and about $500 million in tax revenues Israel collects on behalf of the Palestinians, crippling the Palestinian government.

Amr said he would head this week to Germany, which holds the rotating presidency of the EU, and then travel to Belgium to meet with Javier Solana, the EU's chief foreign policy envoy. "We urge the officials in Europe to exert efforts to lift the siege imposed on the government," he said.

Abbas, meanwhile, plans meetings with the pro-Western leaders of Egypt and Jordan. He also plans to meet Russian President Vladimir Putin in Amman, Jordan on Tuesday.

"There will be contacts with other countries to clarify the program," said Nimr Hamad, another Abbas adviser. He said was optimistic that European leaders would accept the government program.

The new Palestinian government program could put Western leaders in a difficult position.

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While apparently falling short of Quartet demands, it goes a long way toward ending months of Palestinian infighting that has killed more than 130 people, and the international community might be reluctant to take any steps that could renew tensions.

Hamas also appears to be giving Abbas approval to pursue peace talks with Israel. Abbas is scheduled to meet with Israeli Prime Minister Ehud Olmert and Rice on Feb. 19.

Abbas' aide Abed Rabbo said Rice told him she was skeptical that Hamas would abide by the deal, but she would reserve judgment until it was implemented.

America wants the new government to stop Gaza militants from launching rockets at Israel, prevent other attacks and respect previously signed agreements, he said. Accepting past peace deals has been perceived as implicit recognition of Israel's right to exist.

"The Americans are worried that Hamas will not succeed in this test," he said.

Ahmed Youssef, a top aide to Palestinian Prime Minister Ismail Haniyeh of Hamas, was noncommittal when asked whether the group would recognize Israel. "The declaration of Mecca did not mention anything about recognition of Israel," he said.

Israel planned to give an official response to the Palestinian program at its weekly Cabinet meeting on Sunday.

Vice Premier Shimon Peres said in an interview with the German weekly focus that "we will study the agreement and then judge it." But in the comments published Saturday, he said Hamas must recognize Israel if it wants negotiations.

Hamas, listed as a terror group by Israel, the United States and the EU, is responsible for scores of deadly suicide bombings in Israel.

Previous efforts to form a national unity government have foundered, though none has ever come this far. Still, there were fears that the new deal could unravel in coming weeks as the two sides choose ministers.

A Very Partial Palestinian Peace (NYT)

The New York Times, February 11, 2007

Peace with Israel was not the subject of the summit meeting Palestinian leaders held in Mecca last week. The Saudi government summoned the leaders of Hamas and Fatah to negotiate a halt in their incipient civil war, which was alarming and embarrassing the Arab world.

Still, the vaguely worded agreement, and the creation of a coalition cabinet, might make peace with Israel more imaginable — if there is a lot more compromise from Hamas and a lot more diplomatic help from Washington.

Hamas and Fatah have reached understandings before, only to have them unravel. This deal could prove more durable because of the heavy investment of Saudi diplomatic capital and the dire financial condition of the Palestinian Authority.

Before Europe and the United States will release aid to the authority, Hamas must recognize Israel, renounce violence and abide by previous agreements between Israel and the Palestinians. What Mahmoud Abbas, the Palestinian president and a Fatah leader, managed to extract from Hamas last week was far less — an agreement merely to respect international agreements and resolutions previously agreed to when Fatah was in charge.

That grudging and highly equivocal concession is further than Hamas had gone. It will be parsed in various ways by various interested parties for weeks to come. But what really matters is how Hamas acts. The most important action would be a credible effort by the joint Hamas and Fatah government to detect and thwart terrorist attacks against Israel. Saudi Arabia is reportedly ready to offer the Palestinian government a large aid package. That might help show Hamas the advantages of improved behavior. But Riyadh should make clear that continued aid will require clear proof that the new government is reining in terrorism.

Whether Hamas is prepared to take that crucial step is doubtful. Israel and the United States should encourage it by making clear that an all-out effort against terrorism would radically improve the negotiating climate — and open the aid spigots.

Given the current political paralysis in Israel, Washington will have to take the lead in sending this message. That will take more courage than the Bush administration has yet managed to muster. Mr. Bush has wasted more than six years without coming up with a serious policy for reducing violence between Israel and the Palestinians and promoting diplomacy.

Secretary of State Condoleezza Rice is set to meet with Israel's prime minister, Ehud Olmert, and Mr. Abbas a week from tomorrow. Her past trips to the region have been empty exercises. By recognizing last week's minimal Palestinian pact as a potential starting point, the White House could give her a chance to improve on that dismal record.

Calm Prevails In Jerusalem On Day After Excavation Clashes (NYT)

By Steven Erlanger

The New York Times, February 11, 2007

DOJ_NMG_0130716

JERUSALEM, Feb. 10 — A few stone-throwing incidents occurred Saturday, but Jerusalem streets were largely quiet a day after the police clashed with Palestinians protesting Israeli construction work near the religious compound known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount.

Some tires were burned and rocks thrown at police officers in east Jerusalem, an area largely populated by Arabs, and some rocks were thrown at a bus full of Canadian tourists near the Mount of Olives, said a Jerusalem police spokesman, Inspector Micky Rosenfeld. "No one was injured, and as far as we are concerned, things are relatively calm and quiet," Inspector Rosenfeld said. The police presence, he said, was down from 2,000 officers on Friday.

In Bethlehem, some 30 Palestinians were arrested Saturday after brief clashes with Israeli troops near Rachel's Tomb, the police said.

The renovations have preoccupied Palestinian and pan-Arab news coverage in the week since the work began. The site, a man-made plateau where Jewish temples stood before their destruction in ancient times, is now occupied by Al Aksa Mosque and the Dome of the Rock and is regarded by Muslims as the third-holiest site in Islam, controlled by a trust called the Islamic Waqf.

The coverage has been full of charges and anxieties that the Israeli work, which is to reconstruct a ramp to the mount for visitors, is a secret preparation to take over the area and rebuild a temple, or at the least is intended to damage the mosque and the Dome of the Rock by undermining their foundations.

Statements of concern and opposition have come from Palestinian, Egyptian and Jordanian leaders, as well as clerics throughout the Muslim world, including in Iran, Indonesia and Malaysia. On Saturday, the Arab League called on the world to press Israel to stop the excavations, which it termed "criminal."

Israeli officials have called such charges nonsense and have promised that the renovation will not disturb the mount or damage any structures there. They say the work, scheduled to last eight months, will take place alongside the mount but not on it and has been coordinated with all relevant organizations.

"Whoever needed to be informed was informed," Inspector Rosenfeld said. "Both security and Muslim leaders, the Waqf and Israeli Arabs leaders knew exactly what will take place and when."

The sensitivity of the area is without dispute. In 2000, the second intifada broke out after a controversial visit to the site by Ariel Sharon, then the opposition leader. Whether Mr. Sharon's visit was responsible for sparking the intifada, a charge disputed by many Israelis, his visit was used to incite Palestinian protests and anger, and the intifada is known as the "Aksa intifada."

There was no construction work on Friday and Saturday, but it is expected to resume Sunday morning with excavation work to anchor supports for a new permanent ramp.

On Friday, the United States supported Israel's right to perform the work, but urged the Israelis to be careful of the "sensitivities" of others when carrying out repair work.

The Palestinian Authority president, Mahmoud Abbas, has also criticized the project and described Friday's clashes, in which 17 Palestinians were lightly wounded, 17 were arrested and 19 Israeli police officers were hurt, as a "day of anger."

A former aide to Mr. Abbas, Walid M. Awad, issued a long statement on Friday in which he accused Israel of working gradually to "Judaize" the Arab areas of Jerusalem and to take over the Noble Sanctuary, also known as Haram al-Sharif. Mr. Awad is the foreign press spokesman for the Central Media Commission of Fatah, Mr. Abbas's faction in the Palestinian Authority.

The renovation work, Mr. Awad charged, "is part and parcel of extensive Israeli efforts that began in June 1967 designed to undermine Islamic holy sites and construct the 'Jewish Temple.'

"The Israeli claim that it is only renovating or maintaining the said road is completely false," he continued, "for if that was its objective, it could have brought in the Islamic Waqf Authority, and asked them to fix the problem."

Mr. Awad also said that while Mr. Abbas "is trying to contain the situation in our area, calming it down and bringing together a collective Palestinian effort in support of an expected resumption of genuine peace talks between the Palestinian people and Israel, it seems Israel is more interested in undermining these efforts."

Small groups of Jewish extremists have said they would like to destroy the mosque and build a temple.

The harsh Muslim criticisms and the Arabic coverage have been taken seriously by Israeli officials, some of whom suggest that the issue is intended to divert attention from Palestinian infighting, while others echo Khaled Abu Toameh, a journalist for The Jerusalem Post who compares the atmosphere to the days just before the 2000 intifada.

Prime Minister Ehud Olmert of Israel has said the work will continue, even after his rival and defense minister, Amir Peretz, simultaneously gave him and Israeli newspapers a letter warning him to stop the work to avoid security problems.

An Israeli Islamic leader, Sheik Raed Salah, said he has planned "a full program of protests for the coming weeks in order to stop the Israeli crimes against Al Aksa Mosque," adding, "Continuing the work will increase tension and anger among Palestinians and in the Arab-Islamic world."

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A leader of the Islamic Movement in northern Israel, Sheik Salah spent two years in jail on charges of raising money for Hamas but was released in 2005. He has been barred from the construction area.

In Gaza, Palestinians expressed hope that Thursday's agreement between Mr. Abbas and Hamas leaders in Mecca, Saudi Arabia, would bring an end to factional fighting and result in a government that could again pay them their full salaries. Members of the so-called quartet — the United States, European Union, Russia and the United Nations — were cautious, saying that much about the deal remained unfinished or unclear, but Russia independently said restrictions should be lifted once the new government was formed.

The quartet announced that it would meet on Feb. 21 in Berlin.

Clashes By Jerusalem Holy Site Continue (AP)

By Laurie Copans, Associated Press Writer

AP, February 11, 2007

Sporadic Palestinian protests, including a rock-throwing attack on a busload of Canadian tourists, broke out in Jerusalem and the West Bank on Saturday over Israel's construction of a ramp leading to a flashpoint holy site.

The demonstrations came the day after Israeli police raided the mosque compound, firing tear gas and stun grenades at rioting Muslims. Protests have spread throughout the world as Muslim leaders accused Israel of trying to damage the Islamic shrines.

Israel denies the repair work will come anywhere near the holy site, known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount.

In Jerusalem, a few dozen Palestinian teenagers threw stones at Israeli security forces at the walled Old City, burning an Israeli flag at one point. At the Mount of Olives holy site, Palestinians pelted a Canadian tour bus, but no one was injured.

"We were just driving and all of a sudden a bunch of kids started picking up rocks and whatever they could get their hands on and started throwing it at the bus," said Dave Wood, one of the tourists. "This is our first day in the Holy City and it was quite disturbing to say the least."

Israeli police arrested a total of 17 protesters in the Jerusalem protests that were "relatively quiet," police spokesman Shmuel Ben-Ruby said. The Israeli crews did not work on the ramp Saturday, the Jewish Sabbath.

In the West Bank town of Bethlehem, dozens of Palestinian youths threw rocks at Israeli soldiers guarding a checkpoint into Jerusalem. The soldiers detained 30 protesters, the army said.

In a similar protest in the West Bank city of Hebron, police responded with tear gas and rubber-coated bullets. No injuries were reported in either demonstration.

In anticipation of further protests in Jerusalem on Sunday when the work will resume, police will maintain a beefed-up force and restrictions at the mosque compound, barring all Muslim men under the age of 45 from praying there, Ben-Ruby said.

On Friday, about 200 riot police streamed onto the compound shooting stun grenades and tear gas when some of the 3,000 Muslim worshippers there threw rocks at them. Clouds of tear gas rose into the sky and sharp booms pierced the air.

The compound — a catalyst for earlier rounds of Israel-Palestinian fighting — is home to the third holiest site in Islam and is believed to be the site where the Prophet Muhammad ascended to heaven.

Jews venerate the compound as the site of their biblical temples, and one of its outer walls — known as the Western Wall — is the holiest site in Judaism.

The Israelis say the purpose of the construction project is to build a new walkway leading to the mount to replace a ramp that was damaged in a 2004 snowstorm. But the Palestinians say the excavations are actually attempts to damage their shrines.

Israeli officials reject that accusation and say they are not digging under the compound since the work is about 200 feet away from the mount.

The Arab League chief said Saturday the dig reflects "Israeli attempts" to tighten control over Jerusalem and urged the international community to intercede.

"There are plans to change the features of the city," Amr Moussa said in a statement distributed to the Arab representatives at an emergency League meeting in Cairo. The statement said the construction "is threatening the security and stability in the region."

Jordan and Egypt — Israel's sole Arab peace partners and key U.S. allies in the region — have demanded the Jewish state stop the work, as did Indonesia, the world's most populous Muslim nation.

Malaysia, which chairs the 57-member Organization of Islamic Conference, urged the international community to intervene immediately to stop the "illegal activities."

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Associated Press writer Maggie Michael in Cairo contributed to this report.

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Protest Targets Tourists, Police (WT/AP)

By Ravi Nessman

The Washington Times, February 11, 2007

JERUSALEM -- Palestinian teenagers threw rocks at Israeli police and attacked a Canadian tourist bus yesterday in a new wave of protests against Israeli construction work near a flash point holy site in Jerusalem.

The violence came a day after police stormed the disputed compound in the Old City, using tear gas and stun grenades to disperse Muslims, who rioted after Friday prayers.

Protests against the construction have spread throughout the Muslim world, where demonstrators accused Israel of plotting to harm Islamic shrines.

Israel denies the repair work and accompanying excavations will come anywhere near the compound, known as the Temple Mount to Jews and the Noble Sanctuary to Muslims.

Sporadic violence continued yesterday as Palestinian teenagers set large garbage containers on fire in the streets of East Jerusalem just outside the Old City and threw rocks at police nearby.

Some of the rocks smashed the windows of cars parked on the side of the road. They also set fire to an Israeli flag. Other small protests broke out inside the Old City, police said.

The police, some on horseback and others in riot gear, responded by firing tear gas to disperse the protesters and arrested 15.

Angry Palestinians also pelted a bus carrying vacationing Canadians on a tour of the Mount of Olives holy site in East Jerusalem.

"We were just driving and all of a sudden a bunch of kids started picking up rocks and whatever they could get their hands on and started throwing it at the bus," said Dave Wood, one of the tourists. "This is our first day in the Holy City and it was quite disturbing to say the least."

A police station in East Jerusalem also was stoned, police spokesman Shmuel Ben-Ruby said. No one was injured in the incidents yesterday, he said.

Police kept a beefed-up force in the city and maintained restrictions at the holy site, barring all Muslim men under the age of 45 from praying there yesterday.

In the West Bank town of Bethlehem, dozens of Palestinians threw stones at Israeli soldiers, and the soldiers arrested 30 Palestinians, the army said.

In the southern West Bank city of Hebron, Palestinian youths threw stones at Israeli soldiers, who fired tear gas and rubber-coated steel bullets, witnesses said. Six protesters were treated for gas inhalation, medical officials said.

On Friday, about 200 riot police streamed into the Temple Mount compound and scuffled with some of the 3,000 Muslim worshippers there. Clouds of tear gas rose into the sky and sharp booms pierced the air.

The compound -- a catalyst for earlier rounds of Israel-Palestinian fighting -- is home to the golden-capped Dome of the Rock shrine and Al Aqsa mosque, and Muslims believe it to be the site where the prophet Muhammad ascended to heaven. It is the third-holiest site in Islam.

Jews venerate the compound as the site of their biblical temples, and one of its outer walls -- known as the Western Wall -- is the holiest site in Judaism.

Jewish Inroads In Muslim Quarter (WP)

By Scott Wilson

The Washington Post, February 11, 2007

JERUSALEM, Feb. 10 -- From the roof of his home just inside the Old City walls, Palestinian landlord Nasser Karain has a view of the valleys and plateaus where scriptures say Solomon built the first Temple, Jesus was betrayed and Muhammad rose to heaven.

A new landmark may soon rise next to his family compound.

The Israeli government is funding the first construction of a Jewish settlement in the Old City's Muslim Quarter since taking control of it nearly four decades ago. The Flowers Gate development plan calls for more than 20 apartments and a domed synagogue that would alter the skyline of the Old City.

Karain's property is at the center of an accelerating campaign by Jewish settler organizations to change the ethnic and physical character of this city's oldest Arab neighborhoods. The Israeli government is financing projects that dovetail with the settlers' goals, which they say are to secure the Old City and an adjacent valley for Israel in any final peace agreement with the Palestinians.

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Resistance is growing. Last week, Palestinians protested throughout the West Bank over an Israeli renovation project in the Old City, leading to some of the worst clashes with Israeli police in years. Surrounded by crenelated walls, the Old City is divided into four quarters -- Armenian, Christian, Jewish and Muslim -- that contain some of the holiest sites in Christendom, Islam and Judaism.

The Flowers Gate development would expand a nearby enclave where two Jewish families now live in red-roofed bungalows just feet from Karain's home. The settler organization Ateret Cohanim has begun showing prospective residents the strip of land designated for the synagogue and apartments.

Karain is watching the project encircle his compound. He said Jerusalem city officials have denied his many applications to add a second story to his home as his family has grown to include 33 grandchildren. His new neighbors, whose children are escorted to school by armed guards, have offered several times to buy his property for millions of dollars. He refused the most recent bid just months ago.

"I wouldn't want anyone in this place except family now," said Karain, born 63 years ago in the house he inherited from his father. "I'd be afraid they'd sell to settlers."

The settlers' parcel-by-parcel campaign is unfolding within a single square mile bordered by ancient ramparts and sheer valley walls. Israel seized the Old City, the adjacent valley known as the Holy Basin and the rest of East Jerusalem from Jordan in the 1967 Middle East war, later annexing them. The move gave the 250,000 Palestinians of East Jerusalem residency status and the right to vote in local elections, but the annexation is not recognized internationally.

The Jewish population of the Old City makes up about 9 percent of its 35,400 residents, nearly all concentrated in the Jewish Quarter. Under a U.S.-brokered agreement reached in January 2001, Israel would have maintained control of the Jewish Quarter and part of the Armenian Quarter. The Muslim and Christian Quarters would have come under Palestinian authority in the deal, which collapsed soon after.

Only a few dozen Jewish families live among the approximately 20,000 Palestinian residents of the Holy Basin, a picturesque crescent that encompasses the Kidron Valley, parts of the Mount of Olives, and the hillside neighborhood that Jews call the City of David and Palestinians call Wadi Hilweh. Israel suggested international oversight of the Holy Basin at the 2001 talks, an informal proposal the Palestinians rejected.

The effort to expand the Jewish presence in the Old City and Holy Basin, a cause of violent protest over the past century, had been largely dormant since a 1992 state commission found that government agencies were illegally channeling public funds to private settler organizations and allowing them insider access to seized Palestinian property.

That partnership has been revived in pursuit of identical goals. The same settler groups are working now in tandem with the government as they purchase Palestinian property at a time of deep recession in the occupied territories, build new housing and promote the Jewish historical claim to the Old City and Holy Basin. The Israeli government plans to spend $106 million in the area on housing development, tourist centers and historic renovation near contested religious sites through 2013 -- money that began flowing last year.

"The conflict is being reduced to its volcanic core," said Daniel Seidemann, a Jerusalem lawyer and critic of Israel's land-use policy in the city.The Old City

A short walk along sloping alleys from the Flowers Gate compound, the Via Dolorosa joins al-Wad Street, forming the crossroads of three faiths.

On any Friday afternoon, families of ultra-Orthodox Jews stroll among Muslim men, each heading toward the plateau that Jews know as the Temple Mount and Muslims as the Haram al-Sharif, or Noble Sanctuary. Christian pilgrims walk among them tracing Jesus's final steps, monitored by some of the 400 closed-circuit Israeli police cameras that continuously watch over the Old City.

Along the way, new signs depicting the sanctuary's 1,300-year-old al-Aqsa mosque hang above entrances to shawarma shops and boutiques. Funded by an Islamic organization in Israel as a response to new Jewish settlement activity, the signs emphasize the Islamic character of the quarter.

Ateret Cohanim, an organization named for the crown worn by members of the ancient Jewish priesthood, seeks to rebuild the Temple on the al-Aqsa site and is the primary settler group working within the Old City walls. To move Jews into the Muslim and Christian quarters, the group buys property in ways that have been challenged in court over the years. The 1992 Klugman Commission named it as a prime beneficiary of illegal government help.

"Our goal is to reestablish the Jewish presence in all of the Old City," said Ezra Waner, 26, a student at the Ateret Cohanim Yeshiva, which has existed periodically in the Muslim Quarter for 120 years. "Slowly, slowly, we want to bring the Jews back."

Jews control 75 to 80 buildings, homes and single stories of apartment complexes in the Muslim and Christian quarters, according to Israeli and Palestinian officials. Most of the properties, a small fraction of the total in those areas, are along routes to the Western Wall, where Jews pray at the base of the Temple Mount.

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"Sometimes it takes 10 years of work just to buy one house," said Waner, who moved to Israel from South Africa 14 years ago. "And even then the Arabs will take everything out of it, even the electrical wiring, before turning it over."

The yeshiva entrance runs through a low, damp tunnel, just down al-Wad Street from the several-story building that Ariel Sharon, then Israel's infrastructure minister, bought in the 1980s. He purchased the place to create a symbolic Jewish presence in the Muslim Quarter, where Waner said 3,000 Jews lived during the British mandate that preceded Israel's founding in 1948.

Drifting out from behind locked gates, student prayers echo from crowded rooms where antique chandeliers provide young men the light to study the Torah and Talmud. During the 1936 Arab riots, the yeshiva's 100 or so students collected the Torah scrolls and fled. Waner said an Arab watchman held the keys, handing them to yeshiva officials after the 1967 war.

"Before the war there was no Muslim Quarter and no Jewish Quarter," Waner said in a book-lined room overflowing with young men. "We tell our stories. Soon all of them here will learn."

Adnan Husseini, the Jerusalem director of the Waqf, the Islamic land trust that has authority over the al-Aqsa mosque complex, traces his Palestinian family's Jerusalem roots back 800 years. His office overlooks the olive grove and cypress stands of the Haram al-Sharif, his centuries-old walls rising into vaulted ceilings above his cluttered desk.

"They have failed to control the city," he said. "And they will never succeed."

Husseini, a 59-year-old engineer wearing gold-rim half-glasses and a cardigan, said Jewish settlers with help from the Israeli government are "destroying the scale of the city" by pushing large symbolic projects in the Muslim Quarter and in contested religious areas.

He cited the Flowers Gate synagogue, which requires several more layers of approval, and the project to build a wider ramp from the Western Wall plaza to the Mugrabi Gate, the entrance to the mosque complex used by Israeli soldiers and tourists. Walls dating to the 7th-century Umayyad rule are threatened by the work, and Muslim concern prompted last week's protests.

"They want to create a new situation, a new conflict," Husseini said. "Jerusalem is in danger."

From the Old City ramparts above the Flowers Gate project, Jon Seligman, Jerusalem director of the Israel Antiquities Authority, looked toward a horizon spiked with spires and minarets. The only Jewish buildings that once appeared there were a pair of synagogues, destroyed by Jordan during its nearly two-decade reign.

"Whether a Jewish presence on the skyline is appropriate is something that can be legitimately raised," said Seligman, referring to the Flowers Gate synagogue. "It is something that is present for all other major religions here except Judaism."

More than half of Seligman's budget comes from construction projects that require preliminary excavations, which at the Flowers Gate site have revealed the thick stone walls of a 600-year-old Arab neighborhood. Plans call for the synagogue to be built above it.The Holy Basin

Just outside the Old City walls, the beige limestone hillside dips sharply to the Kidron Valley floor. Homes with arched windows and iron balconies are packed tightly along narrow streets, where Jewish settler groups have been buying Palestinian property and moving in behind high fences and guard towers.

But the hillside expanses of Jewish and Muslim cemeteries, strips of parkland and the remnants of ancient stone walls have given Jewish settler groups in the Holy Basin more to work with than in the cramped confines of the Old City -- open land and an abundance of archaeological sites useful in promoting the historic Jewish claim to the area.

Stone steps 2,000 years old rise from the Siloam Pool, climbing into a tunnel toward the Western Wall hundreds of feet above. Among the few people who have seen the recently discovered steps is David Beeri, a spry 53-year-old whose organization is financing the excavation.

"Every step is important," said Beeri, founder of Elad, a private organization that moves Jewish settlers into the Holy Basin, oversees its main archaeological sites and finances new digs. "Every step is a story."

The story that brought Beeri to this place began before his birth. His father was saved from a firing-squad pit at Auschwitz by a German officer he had befriended -- giving his future son "a mission" to work on behalf of Jews.

Beeri first saw the City of David in the 1980s as a soldier disguised as an Arab in an army undercover unit. After the first Palestinian uprising ended with the 1993 Oslo accords, he moved his wife and six children into a hillside house he said he bought from a Palestinian family through a third party.

Beeri pointed to large holes at the edges of the steps that revealed a musty tunnel beneath. Israeli archaeologists have discovered food-storage jars and coins dating to the 1st-century Jewish rebellion against the Romans. According to Roman histories, soldiers pulled escaping Jewish rebels from a tunnel, slaying them with swords. Beeri believes this is the place it happened.

"The Romans are no longer here, but we have come back," he said.

Beeri's organization, Elad, works with the National Parks Protection Authority, the Jerusalem municipality and the Jewish National Fund, an agency that controls large tracts of land in the Holy Basin purchased in the 1920s by Baron Edmond James de

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Rothschild. The Klugman Commission said government agencies gave Elad privileged access to at least two dozen houses in the area, including some seized from Palestinians under the absentee-property law Israel imposed after the 1948 war.

Elad says it and its partners control more than 55 percent of the Holy Basin. The organization owns the City of David visitors center, the entrance to some of Jerusalem's most important archaeological sites. Elad officials say 250,000 visitors came to the center last year -- a tenfold increase from 2001.

Beeri's house is on a path paved with cut stones and lined with the same street signs seen in the city's western neighborhoods. Israeli critics say the intention is to make the neighborhood indistinguishable from West Jerusalem.

"This area poses enormous challenges for the Palestinian national movement," said Meir Margalit, a Jew and former Jerusalem councilman now with the nonprofit Israeli Committee Against House Demolitions. "The biggest problem here is temptation. The settlers come with suitcases full of cash and say, 'Take it.' "

Elad sometimes offers three times the market rate for homes near important archaeological sites, Beeri said. "We must do this in a legal way on the free market. And in doing so, we think we can change the future of this part of Jerusalem."

Over the years, several dozen Jewish families have moved into homes that Elad has purchased from Palestinians, some of whom faced demolition orders from the Jerusalem city government for building or expanding without proper permits.

"At times we are pushed to despair," said Fakhri Abu Diab, 44, a Palestinian who heads a homeowners group in the area along the Kidron Valley floor. His house, set in a courtyard of lemon and olive trees, sage and wild thyme, is among 88 in the area slated for demolition to make way for an Israeli national park.

The demolition orders were frozen two years ago, amid protest. But they have not been lifted, and Abu Diab and his neighbors continue to pay fines for building without permits. Margalit, the former Jerusalem councilman, said only about 120 permits were granted in East Jerusalem last year.

That is one-tenth the number needed to accommodate growth, Israeli critics say. They contend the dearth drives Palestinians to look elsewhere for room to raise families. Just up the hill, Beeri is putting in a new floor and adding rooms to his house.

"A human being is at the end only a human being, and there is only so much he can take," said Abu Diab, the Palestinian, who grew up swimming in the Siloam Pool, where the Bible says Jesus cured a blind man, now behind locked gates controlled by Elad and the park service. "But the majority of us remain steadfast."

Most Palestinians have resisted offers to sell their homes, facing deadly reprisals if they accept. But settler leaders said two recent developments have made it easier for Jews to acquire Palestinian property.

The international aid boycott of the Palestinian Authority imposed after Hamas's election a year ago has ravaged the economy in the territories, prompting more Palestinians in East Jerusalem to sell their land out of financial necessity. In addition, they said, the 24-foot-high wall Israel is building around Jerusalem has nearly sealed the city off from the West Bank, home to armed Palestinian groups opposed to selling property to settlers, offering a sense of protection for those who do sell.

But the threat has not disappeared. In April, a Palestinian father of eight, Mohammed Abu al-Hawa, sold his apartment building in the A-Tur neighborhood of the Mount of Olives, which lies on Israel's side of the wall. Days later his body was found tortured and burned near Jericho. The purchase marked the first Jewish foothold in the neighborhood, which has a vivid view of the Temple Mount stretching across the ridgeline to the west.

Portugal To Vote On Putting End To Abortion Ban (NYT)

By Elaine Sciolino

The New York Times, February 11, 2007

LISBON, Feb. 9 — Last week, children from two Roman Catholic day-care centers in the port city of Setúbal were sent home with a most unusual note: a fictional letter from a fetus to the woman who conceived and aborted it.

“Mommy, how were you able to kill me?” the letter read. “How were you able to allow me to be cut up in pieces and thrown into a bucket?”

The Rev. Miguel Alves, the day-care center director who sent the letters, defended his action as perfectly normal, adding, “There’s no reason for indignation.”

The letter reflects one view in a passionate, often raw campaign to sway voters before a referendum this Sunday on whether Portugal should decriminalize abortion.

But it infuriated abortion-rights advocates and some of the children’s parents, and it even made some opponents of the referendum uneasy.

“It was completely incorrect, low class,” said Manuel de Lemos, a lawyer who runs a confederation of Catholic charitable organizations and opposes liberalization of the law. He added: “Yes, abortion is an issue for the Catholic Church. But it is also a

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moral issue. Preserving life is essential in a civilized world. And we should do all that we can to create the conditions for women to avoid the trauma, the violence of abortion."

With one of the most restrictive abortion laws in the European Union, Portugal is also the only member state that has put on trial women who undergo illegal abortions, the health care providers who perform them and even so-called accomplices like husbands or family members.

The referendum, if approved, would be the first step toward both legalizing abortion in the first 10 weeks of pregnancy and allowing women to openly seek medical support from the state-run health system. In that case, Parliament is expected to pass it quickly into law.

But in this overwhelmingly Catholic country, the referendum has pitted the Socialist government against the Roman Catholic Church and exposed divisions within the church itself.

It has recalled the stories of botched backstreet abortions that ended in mutilation and even death, and the humiliation of women who have been charged and tried. And it has set off a debate on whether more than three decades after the end of its dictatorship, Portugal has become a "modern" European country.

"This is an important moment for Portugal because it's a chance to shed the image that we are in the Middle Ages," said Maria de Belém Roseira, a Socialist deputy and a former health minister. "We had the Inquisition here, and we still have people who want to publicly punish women. That a woman who ends an unwanted pregnancy can be sent to prison is unacceptable and hypocritical."

Women who have been prosecuted for having abortions have been punished not with prison but with suspended sentences and a fine. But health-care professionals have been punished more severely. In one highly publicized trial that ended in 2002, a hospital nurse spent four years in prison for conducting illegal abortions.

The criminal aspect of abortion here is widely seen as unfair to women, even by much of the church and supporters of the no vote.

"This practice is so stupid, so inhumane," said Marcelo Rebelo de Sousa, a political commentator and the former leader of the center-right Social Democratic Party who opposes approval of the referendum. "This is very Portuguese — you have the law and you have the social reality."

The validity of the referendum hinges on whether more than 50 percent of the country's 8.8 million voters cast their ballots. A similar referendum in 1998 took place on a sunny Sunday in June, when many Portuguese were at the beach. Only 32 percent of the electorate turned up at the polls, voting by a razor-thin margin to retain the existing law. The result was declared invalid.

Last fall, opinion polls showed that more than 70 percent of voters supported a change in the law, although recent surveys indicate a drop in support to slightly less than 60 percent. Several polls have shown that about 40 percent are either undecided or will not vote.

The referendum has touched off the memories of women who had illegal abortions many years ago.

"There is still a stigma," said one 46-year-old educator who said she was only now able to talk to her friends about the abortion she had 18 years ago.

She and her boyfriend split the cost of the abortion, which was done by a midwife in the city of Porto. When she went for a follow-up checkup the next day, the midwife told her to look at what was in her hand. "She held up the broken fetus and said, 'See how beautiful it is. And now, into the garbage,' " she recalled.

The campaign has played out on the streets, on the Web, in churches, in health clinics and in the corridors of power.

On Thursday, two dozen Socialist members of Parliament carried green and white flags with the word sim, or yes, through one of Lisbon's main squares, buttonholing potential voters on their lunch hours. At a headquarters for youth for the no vote a few blocks away, young people sold T-shirts and handed out brochures. Plastic fetuses made in China were kept hidden in a box under the table, but were available upon request for $1.30.

Prime Minister José Sócrates, a Socialist whose center-left government enjoys a comfortable majority in Parliament, has campaigned hard in favor of the referendum, calling the country's estimated tens of thousands of illegal abortions every year "Portugal's most shameful wound."

Arguing for the official church position, Cardinal José da Cruz Policarpo, the patriarch of Lisbon, has told Catholics to uphold the "sanctity of life" and oppose any change to Portuguese law, saying the balance of Europe's race and culture is at risk as a result of low birth rates.

The practice of abortion in Portugal is among the most restrictive in the 25-country European Union. Only a few countries, including Malta (where all abortion is illegal), Ireland and Poland, have tougher laws.

Despite a legal morning-after pill and contraception use by 80 percent of women of fertility age, Portugal has the second-highest pregnancy rate among teenagers in Europe, second only to Britain.

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The current law in Portugal, passed in 1984, allows abortion until the 12th week of pregnancy in case of "mental and physical risk," until 16 weeks in case of rape, until 24 weeks in case of a malformed fetus and at any time if the woman's life is in danger. It calls for prison sentences of up to three years for a woman who has an illegal abortion and up to eight years for the person who illegally performs it.

But the availability of abortion is complicated by the medical profession's narrow interpretation of the existing law. Portugal's conservative psychiatric hierarchy has ruled that an unwanted pregnancy can be a mental health issue only in the most extreme cases; most medical doctors are unwilling to challenge the conventional wisdom.

By contrast, in Spain, which has a similar law, the legislation is liberally interpreted, and abortions are routinely performed. That has created a lucrative market for legal abortions in Spain for those Portuguese women who can afford to travel there.

The Portuguese newspapers carry advertisements every day of clinics over the border in Spain offering "voluntary treatment" of pregnancy.

Even within the clergy, there are divisions. On Thursday, a 79-year-old priest, the Rev. Manuel Costa Pinto, from the small town of Lamego, stunned the church hierarchy in declaring that he planned to vote yes.

"I don't take it lightly," he said of his decision, according to the news agency Lusa. "I know my responsibility as a Catholic and as a priest."

Calling the current law the "real infanticide," he described the crisis of women who are too poor and too afraid to terminate their pregnancies illegally. "They put their babies into a bag and throw them into the garbage, into the gutters" or "abandon them in the middle of the fields," he said.

The referendum will ask the question: "Do you agree with the decriminalization of a woman's choice to voluntarily interrupt pregnancy in the first 10 weeks, in a legally authorized health establishment?"

Supporters of the referendum have radically changed their strategy from 1998. Then, the campaign was distinctly feminist. "My belly is mine and I'll do what I want with it" was the slogan.

This time, the yes side has emphasized the importance of the health and safety of women and the need to eliminate the thriving and sometimes unsafe black market.

"There has always been a double standard in Portugal toward abortion, and that's what we want to eliminate," said Duarte Vilar, executive director of Portugal's Family Planning Association. "Even if we are Catholic, we are a soft Catholic country."

Bosnia Defies U.N. Over Dismissals In Police (NYT)

By Nicholas Wood

The New York Times, February 11, 2007

LJUBLJANA, Slovenia, Feb. 9 — Acting against the wishes of the United Nations Security Council, the Bosnian government said Friday that it would review the status of almost 800 federal and local police officers that the United Nations barred from working in 2002.

In a challenge to the United Nations, Bosnian officials said a commission was examining whether police officers were unfairly barred from employment, either on the grounds that they might have committed crimes during the 1992-1995 civil war, or on the grounds that they were not properly qualified.

The officers were dismissed in 2002 as the United Nations mission in Bosnia and Herzegovina was ending. The United Nations had a mandate to overhaul the country's police forces after the war, but only five months to check the backgrounds of the officers. The government argues that the review performed by the United Nations was flawed and rushed, and that many officers could not appeal the dismissals.

The officers have gained widespread support among Bosnia's three main ethnic groups. But the issue also has taken on a broader significance because a number of international authorities have backed the government and said mistakes were made by the United Nations during the vetting process. The government's previous demands of the United Nations to re-examine the vetting process have been supported by the office of the High Representative, Christian Schwarz-Schilling of Germany, who is Bosnia's most-senior international official, as well as Europe's main human-rights authority, the Council of Europe.

The criticisms go to the heart of the United Nations mission here and the broad freedoms it had in exerting its powers.

The origins of the dispute date to the final months of the United Nations mission in Bosnia and Herzegovina, when it needed to vet 18,000 police officers serving in 16 forces across the country. The process involved checking qualifications from schools, checking backgrounds with investigators at the United Nations war crimes tribunal in the Netherlands, and ensuring that officers had completed human-rights courses.

Subsequently, 793 officers were denied certification and dismissed from their jobs. Many of the police officers said they had not been told sufficiently and clearly why they had failed the vetting process, or they had not been truly able to appeal. The United Nations mission in Bosnia concluded its work at the end of 2002, and handed it over to a European Union-led police

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monitoring mission. Many officers began to dispute the United Nations decisions in Bosnian courts. In some cases, the courts concluded that there had been unlawful dismissal.

In June 2004, the secretariat of the United Nations helped draft a statement warning the Bosnian authorities not to challenge its decisions, and expressing concern that the government was not standing up to the police officers. For a time, the government stopped reviewing the cases but public pressure grew.

On Friday, a senior official in Bosnia's human rights ministry confirmed that the commission had been formed and that it would make its recommendations when the new government is in place next week.

A spokesman for the office of the Secretary General in New York declined to comment Friday on the United Nations' policy.

A report expected to be released this weekend by the European Stability Initiative, a research and policy group, takes aim at the United Nations secretariat, saying it failed to inform Security Council members about the extent of the problems with the vetting process.

After Castro Dies, Will There Be Chaos Or Calm? (LAT)

By Scott Gold

The Los Angeles Times, February 11, 2007

MIAMI — Ramon Saul Sanchez has put out the call: "Get ready. We're going to Cuba."

Sanchez, 52, the founder of a Miami group called the Democracy Movement, or Movimiento Democracia, has led flotillas toward Cuba's territorial water to protest the regime of Fidel Castro and what he believes is deeply flawed U.S. policy toward the island nation.

When Castro dies, he said, he plans to sail for the island with generators, medicine and other supplies — and bring word that "freedom is on its way."

Military leaders, law enforcement officials and aid organizations preparing for the Cuban leader's death are hoping for a calm and measured response on both sides of the Florida Straits.

They are well aware, however, that Castro's death could lead to a turbulent series of events — even an international incident, they fear, if Sanchez and other Cuban American leaders in South Florida sail for the island in large numbers.

Knowing the passion that Castro evokes — passion that could overwhelm even the best planning — officials are unsure whether they should be preparing for chaos or calm, or something in between.

"We've been waiting a long time for this. Realistically, anything can happen," said Andy S. Gomez, an assistant provost at the University of Miami and a senior fellow at the Institute for Cuban and Cuban-American Studies. Gomez has briefed federal officials on the spectrum of events that could unfold after Castro's death.

It has been six months since Castro, 80, underwent emergency intestinal surgery and provisionally ceded power to Raul Castro, 75, his brother and defense minister. Recent footage released by the Cuban government appeared to show that Fidel Castro had regained strength and weight. But reports that he is in "grave" condition, coupled with U.S. intelligence officials' grim appraisals of his health, have prompted authorities to put preparations in overdrive.

Officials in South Florida believe a composed response to Castro's death is most likely.

In that scenario, Raul Castro would seamlessly maintain control through a blend of modest economic reform and political tactics. On the island, he would be seen as the face of a brighter future, giving Cubans little reason to flee. In Florida, Cuban Americans would demonstrate and celebrate — the largest event would probably be held at the 80,000-person-capacity Orange Bowl — but would generally heed calls for restraint.

But upheaval is possible. In what officials perceive as the worst case, the Cuban government would collapse, prompting a dangerous mass migration out of and into Cuba. Cubans fleeing the island and Cuban Americans trying to get in from Florida could meet in the middle of the Straits, creating a crisis that could overwhelm rescuers and further erode the stability of Latin America.

"You want to plan. You don't want to have to put the plans in motion," said Sam Tidwell, chief executive of the American Red Cross of Greater Miami & the Keys and a leader in the effort to prepare for Castro's death.

Law enforcement officials are holding tabletop exercises of emergency plans and laying the groundwork to restrict the sale of gasoline in Florida or to close marinas so Cuban Americans can't make a run for the island. On Spanish-language radio stations, authorities are pleading with Cuban Americans to stay home.

Military officials believe that if American activists try to get to Cuba, they will disrupt the official response to Castro's death and perhaps put more strain on relations between Cuba and the United States.

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If even a single Cuban American group tried to make its way to the island, "it would be a very serious risk," said Marielena A. Villamil, a member of the American Red Cross board of directors and an owner of an economic consulting firm in Coral Gables, Fla.

"We don't know what the situation will be in Cuba," said Villamil, who is also involved in preparations for Castro's death. "Would they be welcomed with open arms? Or with arms — weapons?"

A network of aid groups, meanwhile, is preparing to help reunite families, coordinate donations and care for refugees in the event of an exodus from Cuba to the United States.

Delicate tasks could lie ahead in Florida.

For instance, some officials have debated whether Castro's death could force them to alter the "wet-foot, dry-foot" immigration policy, which typically repatriates Cubans interdicted at sea but generally allows those who reach U.S. soil to stay.

If the policy were altered, the federal government could find itself detaining refugees who made it to the United States, Tidwell said. At that point, the Red Cross, founded as a neutral caregiver, would be prohibited by its bylaws from providing any assistance, he said.

"We can be helpful in places where people are being processed but not where people are being detained," Tidwell said. "If there are political decisions being made — if people are no longer free to go — we pull out."

The bulk of preparations in the U.S. for Castro's death aims to ensure that is not an issue — by preventing any mass migration.

Authorities are planning extensive water patrols to stop boaters trying to reach the United States. Most refugees would be returned to Cuba, either to a port or to Guantanamo Bay, a U.S. naval base, where military officials would house them in large tents or other temporary structures until they could return home.

Communication, coordination between government agencies, and intelligence inside Cuba, among other factors, are much improved since officials were caught off-guard by the Mariel boatlift of 1980, which brought an estimated 125,000 Cubans to Florida.

"We've learned quite a bit," said Miami-Dade County Assistant Fire Chief Carlos J. Castillo. "I don't see anything approaching Mariel."

Authorities believe Raul Castro would probably view a large exodus after his brother's death as a discrediting sign of dissent within his regime, and would probably deploy the military to prohibit it. They also believe that the response to Castro's death could be muted because the transition between the brothers has brought little sign of unrest.

Through intelligence sources, U.S. officials are monitoring signs of boat building in Cuba and have found no evidence of an increase, said Coast Guard Lt. Cmdr. Chris O'Neil.

"The passing of Fidel Castro, in and of itself, is not going to create a mass migration," he said.

Others disagree. Some involved in the preparations worry that there won't be enough boats to police the Florida Straits. Others question whether Raul Castro has the clout or the charisma to hold Cuba together.

Gomez, of the University of Miami, predicts that 500,000 people will head for Florida within a year of Castro's death.

"We do not have the infrastructure to handle that kind of migration," he said. "You will see a large humanitarian crisis."

Over lunch in Miami's Little Havana, Ramon Saul Sanchez outlined his group's plans. A businessman has donated the use of 400 feet of dock space on the Miami River, he said, from which Sanchez plans to launch boats toward Cuba, including a ferry that can carry 50 passengers to the island, as well as 20 tons of cargo.

He has two cargo planes on call and is amassing supplies at a large storage space, he said.

Sanchez believes Cuba's government may collapse after Castro dies. With the communist government in control of so many functions, such as food distribution, that could mean a collapse of civic structure, Sanchez said.

Therefore, he said, the only way to avoid a migration from Cuba is to go to the island immediately after Castro's death, against the wishes of both nations' militaries and government leaders, with supplies and a message of hope.

"What we intend to do helps the U.S. interest, because it diminishes the chance of a mass exodus to the United States," he said.

"We have moral leverage, and we intend to use it."

Inflation, Food Scarcity Roil Venezuela (LAT)

By Chris Kraul

The Los Angeles Times, February 11, 2007

CARACAS, VENEZUELA — Police swooped down last week on a grimy central market district, forced open a warehouse and seized 7 tons of a white substance. It wasn't cocaine. The contraband was sugar, and the seizure of at least 184 tons nationwide showed how President Hugo Chavez's efforts to remake the economy are fraying at the edges.

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The bust near the Quinta Crespo market came as double-digit inflation and scarcity have hit Venezuela's markets. The seizures were efforts to strike at what one Chavez supporter, Carabobo Gov. Luis Felipe Acosta, said was hoarding by "terrorist capitalists who want to destroy the country."

But economists and industry officials describe the raids as the latest in a sequence of hamhanded, politically motivated attempts to rein in market forces beyond Chavez's control. Inflation and the development of a huge underground market in goods including sugar were simply symptoms of mismanagement, they say.

Venezuela is rolling in oil wealth with about $46 billion in energy sales last year, and there is little risk of a financial crisis in the near term. Chavez in recent years has tried to transfer much of the wealth to the poor via welfare programs including cheap or free housing, the donation of cash and government assets to worker cooperatives and free education.

Among the most ambitious and popular programs has been the establishment of the Mercal retail chain. Since early 2003, the network of about 14,000 retail outlets mainly in poor barrios, has sold basic foodstuffs and household goods at discounts of 35% off standard supermarket prices.

Chavez has imposed price controls on a variety of goods, such as 29 basic food items produced in Venezuela including beans, cooking oil, meat and chicken. He also has imported such goods as Uruguayan pasta and Brazilian pork that are resold to the poor at greatly reduced costs, thanks to government subsidies.

But mismanagement, rampant corruption and scarcities have cut into Mercal's operations. At the same time, low prices set by the government have caused manufacturers and other suppliers either to cut production or divert output to an enormous black market.

A recent government report found that Mercal sales in November fell in volume to half that of a year earlier and that customers were increasingly unhappy with how the stores were run and what they sold. In January, Chavez shuffled Mercal's management, expressing dismay that huge quantities of goods were unaccounted for.

"This can't be. We should be going forward, not backward," Chavez said in a Jan. 21 broadcast to the nation.

The suspicion is that much of the inventory is siphoned off before the products reach the shelves, sold either to the domestic underground market or exported as contraband to Brazil, Colombia or Caribbean countries.

At the same time, the flood of cash washing over Venezuela from oil sales has caused demand for all goods — watches and whiskey, detergent and SUVs — to climb, adding inflationary pressure. In the last week, Venezuela's central bank released figures showing that inflation rose in January to an annual rate of more than 25%, twice the national target.

A survey by researchers at the National Federation of Teachers found that basic food prices increased in the 12-month period that ended Jan. 31.

Food prices are rising faster than the increases in minimum wages that the government pushed through last year. The reigniting of inflation threatens the poor constituency Chavez is trying to help, economists say.

Scarcity of items such as sugar, beans and meat and empty supermarket shelves dominated the headlines here last week. Meat disappeared for several days after slaughterhouses shut down, saying they couldn't afford to process meat at the prices set by the government.

A sugar industry source said production had fallen because prices the industry received were lower than farmers' cost of production and because the government-sponsored takeover of sugar cane plantations had cut productivity.

In Yaracuy, a prime sugar-producing state west of Caracas, the capital, 80% of plantations have been taken over by farmer cooperatives, the source said.

In the poor Caracas suburb of Catia on Saturday, sugar and chicken were being rationed at a Mercal shop for the first time in a week. "I came in the morning and waited two hours for milk. Now I'm back in line waiting for chicken, one to a family," said Marietta Abreu, as she stood with 100 other customers.

"It's the fault of the street vendors," she said, referring to the informal merchants who sell the black-market goods. "They're always ahead of the game."

The government is trying to retain its grip by taking measures that at times seem highly improvisational. Justifying the seizure of the sugar Thursday, officials declared it was illegal for sugar to remain in storage for more than three days.

The government said it would ease the meat shortage by importing beef from Bolivia before someone pointed out that imports from Bolivia were banned because of threat of foot-and-mouth disease.

Last week, the government announced it was forming a state-run company to buy and sell meat and fish. Previously, Caracas city officials began a crackdown on the tens of thousands of street vendors in a bid to clean up the city and inhibit the informal market.

In the Quinta Crespo market and in the informal stalls that surround it, sugar and tuna were being sold under the table for three times the government-mandated prices, eggs and meat for twice the prescribed prices.

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"The government wants all the power, but they can't control how we think. This is a free country," said a street vendor who was selling black beans at twice the regulated price of 45 cents a half-kilo.

After So Many Deaths, Too Many Births (NYT)

By Stephen Kinzer

The New York Times, February 11, 2007

MAYANGE, Rwanda

CONVINCING women in the deeply impoverished Rwandan countryside that they should have fewer children is a daunting task. "They say we're not Christian," said Jeannette Mukabalisa, a local health advocate, of the predominantly Catholic population. "They say, 'You're town people, we're traditional.' Children bring these families prestige. For them, children come from God. So it's difficult, very difficult."

After the 1994 genocide, in which more than 800,000 Rwandans were slaughtered, it seemed difficult to believe that overpopulation would ever be a problem. Yet Rwanda has long had more people than its meager resources and small area can support.

In a recent interview, President Paul Kagame said he was preparing a sweeping population control program, to be unveiled in the coming months, that would aim to cut Rwanda's birth rate by at least half.

"We recognize we are late on this," Mr. Kagame said.

After the genocide, officials were reluctant to promote population control because they feared it would offend the survivors, who believed they had a right to replenish what they had lost.

"Because of the genocide, many people didn't want to hear about birth control," said Odette Nyiramilimo, a legislator who proposed a bill last year that would have given incentives and detailed disincentives for families to limit themselves to three children. Previous efforts had been opposed by officials who told Ms. Nyiramilimo that education, not population, was the problem.

But nearly half of Rwanda's legislators are female, and Ms. Nyiramilimo is among several who have spent years pushing for a serious population control effort.

The country's population has quadrupled over the last half-century. Today Rwanda has 8.8 million people; most are subsistence farmers. If current fertility rates are not curbed — Rwandan women bear an average of 6.1 children — the population will double by 2030. That would almost certainly doom Mr. Kagame's ambitious plan to raise Rwanda from poverty over that same period.

"The last government's philosophy was that the country was too small for all Rwandans," said Dr. Richard Sezibera, a close adviser to Mr. Kagame, referring to the rulers who oversaw the genocide. "We insisted that the country was big enough to accommodate everybody. But many people took that to apply to the unborn as well, and we're having to face that mind-set."

Dr. Sezibera and President Kagame, like many members of the minority Tutsi group that suffered the brunt of the genocide, were forced out of Rwanda decades ago and grew up as refugees.

Officials who are designing the new population control program said it would include a requirement that everyone who visits a hospital or health center for any reason be counseled on family planning. Women of child-bearing age will be offered free contraceptive devices including Norplant II, a small silicone pin that is inserted beneath the skin and is effective for up to five years. All schools will offer comprehensive sex education courses.

"The basis for this new campaign is already in place," said Laura Hoemeke, director of the Twubakane Decentralization and Health Project, a community initiative that includes family planning. Though the Bush administration has often discouraged birth control, the United States government is financing this program.

Political opposition to population control measures has melted away as it has become clear that President Kagame now strongly favors them.

In a sign of the changing climate, a government-sponsored newspaper, New Times, recently published a supplement with a front-page headline, "Rapid Population Growth: A Constraint on Resources." Below was a photo of an idyllic landscape with the caption, "This beautiful scenery will diminish if population is not controlled." An accompanying editorial said that Rwanda's population "is already big enough" and that "drastic measures" were needed to keep it from growing.

Officials designing the population control campaign say they hope to produce a plan that could become a model for other African countries, and perhaps persuade a foreign philanthropy to pay its entire cost. They have already begun consulting specialists from the United States and other countries.

Though Rwanda is predominantly Catholic, the church's leaders here are not expected to oppose a campaign for population control. A number of priests, nuns and lay workers participated in the 1994 genocide, which weakened the church's moral authority, and has led it to avoid politics.

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President Kagame said he thought the church might present a problem, but noted that it had already showed a flexibility that might not have been expected on issues like AIDS education and condom distribution. "They do not come out and preach, as we do, but they do not actively oppose what we are doing," he said.

According to Josh Ruxin, an American public health administrator based in Rwanda, the rate of Rwandans living in extreme poverty declined from 60.4 percent to 56.6 percent from 2001 to 2006. Mr. Ruxin is helping to design the new population control project. "If Rwanda wants to be an Asian tiger," he said, "this is where it all starts."

Death By Dollars (NYT)

By Nicholas D. Kristof

The New York Times, February 11, 2007

So is your Fidelity account underwriting genocide in Sudan? Is your pension fund helping finance the janjaweed militias that throw babies into bonfires in Darfur and Chad?

The answer to both questions is complicated but may be yes, and that's one reason a divestment campaign is gaining strength around America and abroad. Six states (including California) have already begun divesting from companies active in Sudan, and legislation is pending in 23 more states, including New York.

More than 30 universities, beginning with Harvard in 2005, have sold certain Sudan-related investments. Five cities have divested, and New York is considering doing so. A bill before Congress would bar certain companies active in Sudan from receiving federal contracts.

Let's start by acknowledging that divestment and economic sanctions generally fail. The closest thing to a success was the way they helped topple white rule in South Africa in the 1980s, but even there one result was greater hardship for ordinary blacks.

Elsewhere, divestment and economic sanctions have mostly been counterproductive. Our Cuban embargo has hurt Cubans but cemented Fidel Castro in power; our sanctions against Myanmar have inflicted tremendous pain on Burmese without dislodging the brutal government.

So I'm against economic sanctions in almost every case. But Sudan is an exception, a rare instance where narrowly focused divestment makes practical as well as moral sense.

Partly that's because Sudan's economy depends on foreign oil companies, giving the outside world leverage. And 70 percent of Sudan's oil revenue goes to weaponry, like bayonets used to gouge out people's eyes.

The oil companies in Sudan aren't American; the biggest players are Chinese companies. Pressure on them is also one way to get the attention of the Chinese government, which is Sudan's main protector in the U.N. Security Council.

So in this case pressure on a small number of foreign companies could help get Sudan's attention, and that of its protectors in China, without hurting ordinary people. And Sudan has shown that it can be nudged and embarrassed into behaving better: the best example is the way that pressure (including economic sanctions) led Sudan's leaders to end their brutal war in southern Sudan in 2005.

Fortunately, the Darfur divestment campaign has been remarkably restrained in choosing targets. Organizers are not seeking divestment from all of the more than 400 foreign companies that operate in Sudan, but only from a few dozen that are complicit in genocide without helping ordinary Sudanese. (See the guidelines at www.SudanDivestment.org, developed largely by a recent U.C.L.A. graduate, Adam Sterling.)

"People are surprised to find out that Royal Dutch Shell is not a targeted company by us, even though they are an oil firm and operate in Sudan," notes Mark Hanis, who runs the Genocide Intervention Network (which has a divestment hot line, 1-800-GENOCIDE). That's because Shell sells gas in Sudan at a retail level, rather than enriching the army through production, Mr. Hanis said, and less than 5 percent of those sales are believed to be to the government.

More than other money managers, Fidelity has resisted the pressure and clung firmly to Sudan-related investments. So Darfur campaigners are urging investors to avoid Fidelity mutual funds: more information is at www.FidelityOutofSudan.com.

The biggest U.S. investor in Class H shares of PetroChina, a Chinese oil concern whose parent company is active in Sudan, is Warren Buffett's Berkshire Hathaway. I have huge respect for Mr. Buffett, and he may be thinking: My obligation is to make money for shareholders, not to use their investments in a dubious attempt to save the world. But surely if Berkshire Hathaway and Fidelity mutual funds saw lucrative opportunities in selling bayonets to the janjaweed, they would balk at that. We do have limits; the question is where we draw them.

In this case, the cost of divestment to fund managers or investors is negligible, and there is a real prospect that the strategy will add enough attention, embarrassment and pressure that Sudan will stop slaughtering Darfuris — just as it has stopped massacring people in southern Sudan.

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It's not a sure thing. But remember that in Darfur and Chad, aid workers — some of them Americans — are being killed, raped and beaten as they try to alleviate the slaughter. So shouldn't we make the minimal sacrifice of divestment, rather than blithely continue to invest in ways that provide grenades and guns to kill aid workers and Darfuris alike? <NYT_TAGLINE>

To comment on this column, go to Nicholas Kristof's blog, On the Ground. </NYT_TAGLINE>

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TERRORISM NEWS:

Five British Muslims Arraigned In Terror Plot Probe. The New York Times (2/10, A7, Cowell, 1.16M) describes the transfer to London of five Britons accused of plotting to kill a Muslim British soldier, and the arrest yesterday of a sixth alleged accomplice. "Of the five who faced terrorism charges in court on Friday, only one, Parviz Khan, 36, was specifically charged with engaging 'in conduct to give effect to his intention to kidnap and kill a member of the British armed forces.'" The "five suspects who appeared in court on Friday were ordered to be held until a hearing on Feb. 23. The police in Birmingham said the case had been referred to a London court under protocols covering terrorism cases." The arrests late last month of "nine suspects in Birmingham, Britain's second-largest city, stirred worries and anger among many Muslims, who said they believed that the police action and extensive coverage by television and newspapers had further stigmatized Islam. One of the three men released after the arrests said Britain had become a police state for Muslims." The Washington Post (2/10, A13, Sullivan, 690K) reports the plot is "widely seen as a new kind of extremist threat in Britain."

Prosecutors Contend Padilla Competent To Stand Trial. The Washington Post (2/10, A18, 690K) reports, "An evaluation of suspected al-Qaeda operative Jose Padilla by the U.S. Bureau of Prisons has found him competent to stand trial on terrorism charges, government attorneys said in court documents filed Friday. Padilla 36, can understand the court proceedings and communicate with his attorneys, according to prosecutors' description of the report's conclusions." Padilla "contends that he was tortured in custody. His attorneys say he is suffering from post-traumatic stress disorder."

HOMELAND RESPONSE:

Key House Members Claim DHS Budget Is Inadequate. The Washington Times (2/10, Seper, 88K) reports House Homeland Security Chairman Bennie Thompson this week "challenged" Homeland Security Secretary Michael Chertoff "to explain how his agency's budget was adequate to guard against a terrorist attack or another Katrinalike disaster, saying 'we cannot continue to protect the homeland on the cheap.'" Thompson "said President Bush's proposed $35 billion Homeland Security budget does not address necessary funding for key programs and leaves the nation vulnerable to terrorists and natural disasters." Ranking member Peter King "also questioned whether the department's budgeting process needed revamping, saying agency officials were basing spending increases on a 2003 budget 'guesstimate' when the agency was formed."

Bush Budget Accelerates "Realignment" Of Federal Protective Service. The Washington Times (2/10, Waterman, 88K) reports President Bush's 2008 budget "proposes cuts to the Federal Protective Service, police that guard U.S. government buildings, a move labor unions say will be 'the last nail in the coffin' of the agency that is being replaced by private contractors. Administration officials say changes to the agency in the Department of Homeland Security improve efficiency without sacrificing security, and that private security firms already guard the vast majority of federal buildings."

Some Dallas Residents Worry Bush Library Will Become Terror Target. The Dallas Morning News (2/10, Holland, 500K) reports, "Terrorists will destroy the Bush library and take out most of the Park Cities at the same time. The question isn't if but when, says Sam Boyd, a Park Cities lawyer. Mr. Boyd isn't alone. A number of Park Cities residents say they fear that building the presidential library in University Park would be like painting a big, red target on their community." But "security and terrorism experts have mixed sentiments. Although some say presidential libraries are unlikely targets, others say Bush's library may change that because the president is such a polarizing figure worldwide."

Veteran Federal Judge Plays Central Role In Post-Katrina Suits. The Wall Street Journal (2/10, B1, Pleven, Prada, 2.04M) reports, "Lyonel Thomas Senter Jr.'s roots run deep in northern Mississippi. … Now, at 73 years old, Judge Senter has become a defining figure in the coastal south of the state, presiding over a deluge of legal cases that

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grew out of Hurricane Katrina." The Journal notes that "most claims have been resolved, but thousands of homeowners in the Gulf region are still suing their insurers, and billions are still at stake. At issue in many of these cases is a messy question. Were homes destroyed by the ferocious winds of the storm or the surging Gulf waters that came with them? Insurers typically cover wind damage but exclude water damage, because it's covered under the federal government's flood insurance program. Yet who knows what's behind the damage when a house has been wiped off the map?"

FEMA Response To Florida Tornadoes Seen As Success. In a generally positive report, NBC Nightly News (2/9, story 5, 2:00, Williams, 9.87M) said, "There is evidence tonight that things that this nation's disaster relief agency FEMA are getting better, at least when it comes to the response of the tornados in central Florida last week. Obviously a smaller disaster than Katrina, but this was a test of the post-Katrina FEMA and its ability to pass a crucial response test."

WAR NEWS:

Senators Consider Report On Pre-War Intelligence As Feith Defends Efforts. All three broadcast networks led Friday night with the release of Pentagon Office of Inspector General's report on the "Pre-Iraqi War Activities of the Office of the Under Secretary of Defense for Policy." Reports are critical of the Defense Department and then-Under Secretary Douglas Feith, focusing on the IG's criticisms and generally downplaying the conclusions that Feith broke no law. Several stories include Feith's defense of his work, and Feith himself appeared on CNN to make his case. Several print reports also consider how congressional Democrats will react to the IG report.

ABC World News (2/9, lead story, 3:15, Gibson, 8.78M) said the IG report "said one man charged with collecting US intelligence on Iraq did not accurately come to the conclusion that Iraq and al Qaeda were allies." ABC (Karl): "The report suggests that before the war, senior Pentagon officials were so eager to prove that Saddam Hussein had ties to al Qaeda, that they ignored evidence to the contrary and manipulated the intelligence. It's a damning conclusion, but the report stops short of saying the officials broke the law." Feith has "absolutely no contrition on the central charges of this report. He believes what he did was absolutely correct, and by the way the Pentagon also said that Feith did nothing inappropriate."

The CBS Evening News (2/9, lead story, 2:20, Couric, 7.66M) opened with what it called a "new report on the faulty intelligence that led to the Iraq war nearly four years ago. It concludes the Pentagon was way off base when it reported Saddam Hussein was conspiring with al Qaeda. But what's remarkable is where the report came from -- the Pentagon itself." CBS (Martin): "Convinced the CIA was doing shoddy work in the months before the war, a small Pentagon office presented senior White House aides with its own, much stronger conclusion about the links between Saddam Hussein and al Qaeda. Today, the Pentagon's own inspector general told Congress that was inappropriate. Of course, it's years too late to do much about it." CBS says Feith "still contends more people should have challenged the official intelligence."

NBC Nightly News (2/9, lead story, 3:20, Reid, 9.87M) said that "when the Iraq war began, more than half of the American people believed Saddam Hussein had been personally involved in the 9/11 attacks. ... Now a long awaited report finds that [Feith's] office took inappropriate action by conducting its own alternative intelligence assessment." Feith "insisted he did not manipulate intelligence but merely criticized the work of the CIA."

In an interview with CNN's The Situation Room (2/9, Blitzer), Feith said, "What the Inspector General is criticizing is the fact that people in the Pentagon criticized the quality of the CIA intelligence. And the Inspector General, I think, wrongly says that the criticism of intelligence was intelligence work. And that it was inappropriate for non-intelligence people to do that." Blitzer: "But in this case they were right and you were wrong." Feith: "No, they were not right." Blitzer: "There was no connection that the 9/11 Commission could come up with to show that there was a connection -- a deliberate prewar operable connection between al Qaeda and Saddam Hussein." Feith: "Which nobody ever claimed. I mean, that's -- it shows how much misinformation there is, even somebody as well as informed as you is misinformed on the point."

The Los Angeles Times (2/10, Barnes, 850K), in a very critical report, says the "findings lend credence to charges by White House critics that Feith, who has since left the department, was out of line when he sought to discredit analyses by CIA intelligence officials that discounted alleged ties between Al Qaeda and then-Iraqi leader Saddam

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Hussein." The Los Angeles Times (2/10, Miller, Barnes, 850K) additionally says the work of the "special Pentagon unit" run by Feith is "one of the lingering symbols of the intelligence failures leading up to the war in Iraq. ... Most of the evidence that Feith's Office of Special Plans cited in making its case for significant collaboration between Baghdad and Al Qaeda has crumbled under postwar scrutiny."

The Financial Times (2/10, Sevastopulo) says the report "comes at a critical time for the White House as President George W. Bush struggles to keep Republican support for the war in Iraq." Defense Secretary Robert Gates is quoted as saying, "Based on my whole career, all intelligence -activities need to be carried out through established institutions where there is oversight." However, Gates said "he had not read the report."

Senators Consider Impact, Importance Of Report. On its front page, the Washington Post (2/10, Pincus, DeYoung, 690K) reports, "Senate Democrats and Republicans disagreed yesterday over the meaning and importance" of the report. Democras used the report "to bolster their contention that the administration misused intelligence to promote the urgency of invading Iraq. Republicans implied that the intelligence community had soft-pedaled crucial reports of a close al-Qaeda relationship with Saddam Hussein and that Feith's office had put them in the proper perspective." AFP (2/9, Sanz) reports Senate Intelligence Chairman Jay Rockefeller said Feith "may have violated the 1947 National Security Act by failing to keep Congress informed."

The New York Times (2/10, A6, Cloud, 1.16M), in a story headlined "Inquiry on Intelligence Gaps May Reach to White House," reports Senate Armed Services Chairman Carl Levin said he "would ask current and former White House aides to testify" about the report. Levin said National Security Adviser Stephen Hadley and former vice presidential chief of staff I. Lewis Libby, who "both received a briefing from the defense secretary's policy office in 2002 on possible links between Al Qaeda and Saddam Hussein's government," could be among those called to testify. The Washington Times/AP (2/10) says the IG found that "Pentagon officials undercut the intelligence community in the run-up to the U.S. invasion of Iraq by insisting in briefings to the White House" than a Hussein-al Qaeda connection existed. And on its Web site, The Hill (2/9, Marre) reports Levin "said he would seek a declassification of the entire report, which would make it available to the public." (An unclassified executive summary of the report is currently available online.)

Sen. Ben Nelson said on MSNBC's Hardball (2/9, Matthews), "I think nobody is surprised anymore about what comes out. I think it's the makings for a spy novel. I'm sure Grisham is looking at it for material to write a book. But it's so unfortunate. I think the report said 'inappropriate.' Well, it's beyond inappropriate. It's unfortunate. I think most everybody would expect that what you get from the White House would be something that you could trust, you could rely on, and that it work, that it would materialize. In this case, it's been just the opposite."

WPost Corrects Misattributions In Friday Pentagon IG Report Story. The Washington Post (2/10, A2, 690K) corrects its Friday front-page article on the Pentagon IG report. The Post story "incorrectly attributed quotations to that report. References to Feith's office producing 'reporting of dubious quality or reliability' and that the office 'was predisposed to finding a significant relationship between Iraq and al Qaeda' were from a report" issued by Levin "in October 2004. Similarly, the quotes stating that Feith's office drew on 'both reliable and unreliable reporting' to produce a link between al-Qaeda and Iraq 'that was much stronger than that assessed by the IC [intelligence community] and more in accord with the policy views of senior officials in the Administration' were also from Levin's report. The article also stated that the intelligence provided by Feith's office supported the political views of senior administration officials, a conclusion that the inspector general's report did not draw." CNN's Wolf Blitzer noted the Post's correction during his interview with Feith.

NYTimes Says Levin, Rockefeller Have Duty "To Give Americans The Answers." The New York Times (2/10, 1.16M) editorializes, "It took far too long, but a report by the Pentagon inspector general has finally confirmed that Defense Secretary Donald Rumsfeld's do-it-yourself intelligence office cooked up a link between Iraq and Al Qaeda to help justify an unjustifiable war. … The Pentagon report is one step in a long-delayed effort to figure out how the intelligence on Iraq was so badly twisted -- and by whom. That work should have been finished before the 2004 elections, and it would have been if Pat Roberts, the obedient Republican who ran the Senate Intelligence Committee, had not helped the White House drag it out and load it in ways that would obscure the truth." The Times says it is now up to Levin and Rockefeller "to give Americans the answers."

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Gates Says Evidence Links Iran To Arming Of Iraqi Insurgents. On its front page, the Washington Times (2/10, Scarborough, 88K) reports Defense Secretary Robert Gates said there is "solid circumstantial evidence that Iran is supplying insurgents with explosives that are killing U.S. troops in Iraq." A US "report was put on hold after some White House officials determined the evidence was not strong enough to back up some of its assertions. But they have not backed off the general charge that Iran is indirectly fighting the United States via Iraqi insurgents." Also on its front page, the New York Times (2/10, Gordon, 1.16M) says "any assertion of an Iranian contribution to attacks on Americans in Iraq is both politically and diplomatically volatile." But the US conclusions are "based on a number of factors, including an analysis of captured devices, examination of debris after attacks, and intelligence on training of Shiite militants in Iran and in Iraq by the Iranian Revolutionary Guard and by Hezbollah militants believed to be working at the behest of Tehran." The AP (2/9, Baldor) reports that Gates' allegations about "serial numbers and other markings" were "some of the administration's first public assertions on evidence the military has collected."

Iranian Arrest Of Al Qaeda Suspects Colors Debate Over Iran. The Washington Post (2/10, Linzer, 690K) reports on its front page, "Last week, the CIA sent an urgent report to President Bush's National Security Council: Iranian authorities had arrested two al-Qaeda operatives traveling through Iran on their way from Pakistan to Iraq. ... The arrests were presented to Bush's senior policy advisers as evidence that Iran appears committed to stopping al-Qaeda foot traffic across its borders, the intelligence official said. That assessment comes at a time when the Bush administration, in an effort to push for further U.N. sanctions on the Islamic republic, is preparing to publicly accuse Tehran of cooperating with and harboring al-Qaeda suspects." Within the administration, "One faction is pressing for more economic embargoes against Iran, including asset freezes and travel bans for the country's top leaders. But several senior intelligence and counterterrorism officials worry that a public push regarding the al-Qaeda suspects held in Iran could jeopardize U.S. intelligence-gathering and prompt the Iranians to free some of the most wanted individuals."

US Allegedly In "Advanced" Stages Of War Planning Against Iran. The British newspaper the Guardian (2/10, MacAskill) reports, "US preparations for an air strike against Iran are at an advanced stage, in spite of repeated public denials by the Bush administration, according to informed sources in Washington. The present military build-up in the Gulf would allow the US to mount an attack by the spring. But the sources said that if there was an attack, it was more likely next year, just before Mr Bush leaves office."

IAEA Suspends Iran Aid Programs. Under the headline, "World Atomic Agency Suspends 22 Programs Of Aid To Iran," the New York Times (2/10, Broad, 1.16M) notes the International Atomic Energy Agency "said yesterday that it had suspended 22 of its 55 technical aid programs with Iran, giving Washington a modest victory in its efforts to isolate Tehran internationally in the hope of curbing its nuclear ambitions." IAEA officials reported to the IAEA Board that they "had also suspended a number of lesser activities, including three fellowships, participation in a training course and procurement of 15 pieces of equipment." Iranian Ambassador Ali Asghar Soltanieh "denounced the suspensions as 'a very dangerous game' that would have no impact on its disputed nuclear program. Rather, he said in an interview, they will undermine the atomic energy agency's authority and many countries' desire to join it."

The Los Angeles Times (2/10, Murphy, 850K) reports, "Analysts said the IAEA action would probably not have a significant effect on Iran's nuclear program but would be likely to be perceived as a blow nonetheless. Iran is one of the largest recipients of U.N. nuclear technical cooperation. ... Iranian President Mahmoud Ahmadinejad is supposed to make an announcement on the nuclear program during Sunday's planned street demonstrations in celebration of the anniversary of the 1979 Islamic Revolution. Many analysts believe he will announce some progress in setting up the first of 3,000 enrichment centrifuges Iran has said it is building at a major new underground facility in Natanz."

The Washington Times/AP (2/10, Jahn) reports the IAEA "suspended nearly half the technical aid it provides to Iran, a symbolically significant punishment for nuclear defiance that only North Korea and Saddam Hussein's Iraq had faced in the past. The decision was in line with U.N. Security Council sanctions imposed on Iran for its refusal to suspend uranium enrichment. It must still be approved by the 35 countries on the board," but "with the agency empowered by the Security Council to freeze any aid to Iran that could be misused for nuclear weapons, approval was likely." BBC.com (2/10) also reports the story.

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US Forces Accidentally Kill Several Kurds.

The New York Times (2/10, A6, Oppel, Cloud, 1.16M) reports, "An American military helicopter killed as many as nine Kurdish militia fighters early Friday in the northern city of Mosul when the aircraft mistakenly attacked a guard post. ... The United States command in Baghdad said American troops erroneously believed that they had identified insurgents near the hide-out of a bomb-making cell linked to Al Qaeda in Mesopotamia. The command said the strike killed five Kurds, described as policemen; Kurdish officials said as many as nine were killed." The victims were "members of a militia force that is a crucial ally of the United States."

The Washington Post (2/10, A14, Londono, 690K) says the US claimed the group showed "hostile intention." The Los Angeles Times (2/10, Roug, 850K) reports, "Kurdish officials reacted angrily, saying the airstrike on one of the main roads in Mosul was inexplicable." The Washington Times/AP (2/10, Gamel) reports, "Kurdish lawmaker Mahmoud Othman denounced the air strike, but a spokesman for the Patriotic Union of Kurdistan, Azad Jundiyan, said the party realized the air strike was a mistake."

Surge Shows Few Concrete Results So Far.

On its front page, the Los Angeles Times (2/10, Roug, 850K) says, "A month after the Bush administration announced a 'surge' in troops for Baghdad, Iraqis are still waiting for anything to change. Fewer than 20% of the additional Iraqi and American troops have arrived so far. And the roughly 5,000 that have arrived have yet to make a visible impact in this sprawling city of 6 million people, where thousands of paramilitary gunmen patrol the streets. ... Iraqis are increasingly impatient." Defense Secretary Robert Gates "has said he is investigating whether he can speed the pace of the troop buildup. But a senior Pentagon official said this week that it was unlikely that U.S. troops could be sent to Baghdad any faster than planned."

Some Troops Suggest Letting Civil War Play Out. NBC Nightly News (2/9, story 3, 3:00, Williams, 9.87M) reported, "We have an unusual and unexpected firsthand look tonight at just how dangerous it is on the ground in Iraq. ... Richard Engel was embedded today with the US First Infantry division in a Sunni neighborhood called Adel in western Baghdad." NBC (Engel): "It was billed as a routine patrol, part of this new security crackdown. … Our patrol was headed to a mosque, just a routine mission to monitor the Friday sermon. ... [A bomb] was badly timed and exploded just ten feet away." Staff Sgt. Chris Copley: "It is pretty much a lost cause. Nothing it seems we do is doing any good. Every country goes through a civil war. So, I mean, maybe it would be better for them to have a civil war and hash it out and try to help them after that."

Petraeus Assuming Command. ABC World News (2/9, story 2, 2:45, Gibson, 8.78M) reported, "Gen. George Casey has been confirmed as next Army Chief of Staff. He has spent nearly three years in Iraq, calling the shots during some of the war's fiercest battles." ABC (Raddatz): "On his farewell trip through Iraq this week, Gen. Casey got an unexpected look at the fighting he had hoped would diminish during his tenure. His convoy passed by a firefight with the sounds of tank fire impossible to miss. But Casey saw much progress on his visit. ... Tomorrow, Casey turns over his command to Gen. David Petraeus, who will oversee the new plan for Iraq, a plan which many say is Iraq's last chance."

BBC.com (2/10) reports Petraeus "is assuming control, ahead of a fresh push to quell violence in the capital, Baghdad." The Financial Times (2/10, Sevastopulo) says Iraqis "referred to Gen Petraeus as 'King David', a sobriquet some officers use to refer to his perceived arrogance. But some have privately argued that his arrogance and ambition will be an asset since he will take risks that his more cautious predecessor, General George Casey, would have avoided." AFP (2/9, Ickes) characterizes Petraeus as "tasked with turning around a faltering mission which faces mounting US casualties and a dramatic collapse in domestic political support." He "is now the figurehead for a controversial gamble."

LATimes Says Congressional Resolution On Surge Needed. The Los Angeles Times (2/10, 850K) editorializes, "Congress should go on record as a way of pressing Bush and the Iraqi government to make the most of what may be the last politically realistic chance of pacifying that country and keeping it together. ... The president, Gates and Gen. David H. Petraeus should be given time to make a success of their new approach, but that time should be measured in months, not years. If it takes a resolution from Congress to make that point to the president, so be it."

Helicopter Crash Video Is Shown.

NBC Nightly News (2/9, story 2, 1:35, Williams, 9.87M) reported, "More on that dramatic videotape of what insurgents say shows them bringing down a US military transport helicopter in Iraq. That is not what the Pentagon says it is." NBC (Yang): "Take a look

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at this video. It was posted today on the internet by a group with ties to Al Qaeda. It begins by showing a helicopter maneuvering in the sky. It looks like a Marine Sea Knight helicopter, the same type of helicopter that went down Wednesday. ... The Pentagon says it doesn't prove anything. … The Pentagon is pointing out this could be doctored."

Key Sunni Office Holder Given "Placeholder Status." On its front page today, the Washington Post (2/10, Londono, 690K) describes at length the political "weakness" of Iraqi Deputy Prime Minister Salam al-Zobaee, a Sunni. "Zobaee, in principle one of Iraq's most powerful men, offers [an] anecdote to illustrate his powerlessness, which he says is a product of the Shiite-led government's efforts to cast aside high-ranking Sunnis like him. Shiite political leaders say Zobaee, one of Prime Minister Nouri al-Maliki's two deputies, deserves his placeholder status." The Post says the "marginalization of Zobaee -- who denies being an instigator of violence -- is a prominent example of the strained relationship between Sunni and Shiite leaders, an acrimony that many see as the main obstacle to deterring violence and laying the foundation for reconciliation in Iraq."

Rice Feels Heat In Rumsfeld's Absence. CNN.com (2/9, Labott) reports, "On January 11, the secretary of state got an earful from both sides of the aisle. ... These are rough and uncharted waters for Rice, who sailed through the first six years of the Bush administration relatively unsullied as her colleagues -- particularly former Defense Secretary Donald Rumsfeld -- took the heat for the quagmire in Iraq." Rice "remains the most popular member of the Bush administration; her approval ratings in polls are higher than Bush's. But the honeymoon is clearly over. Rice has inherited the role Rumsfeld played as a primary spokesman of the Iraq war -- and the primary lightning rod for criticism about it."

Appeals Court Backs US Citizen Detainee. The Washington Post (2/10, A14, White, 690K) reports, "A federal appeals court in Washington ruled yesterday that a U.S. citizen in U.S. military custody in Iraq has the right to challenge his detention in a federal court. The judges said all American citizens, regardless of where they are captured and imprisoned, are entitled to federal court review of their cases through habeas corpus petitions if they are in U.S. custody." Shawqi Ahmed Omar has been held "more than two years" in Iraq, but the court "rejected the Bush administration's claim that the executive branch has nearly unlimited authority during wartime and its assertion that the United States can hold citizens indefinitely if they are in custody overseas." The New York Times/AP (2/10, A16) says the "military says Mr. Omar was harboring insurgents and had bomb-making materials when he was arrested. The military decided in 2005 to transfer him to the Central Criminal Court of Iraq for trial, but United States courts have blocked that."

KBR, Military Honor Civilian Contractors. The Houston Chronicle (2/10, Clanton, Ivanovich, 530K) reports, "The Defense Department and KBR on Friday honored 28 contractors who were killed or wounded in the Middle East with the agency's civilian version of the Purple Heart. But some honorees at the event said citizen contractors still are not getting the same recognition as the military for sacrifices they make serving their country in Iraq." Contractors or their survivors received the Defense of Freedom Medal. The Chronicle adds that 98 KBR "employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan since the two U.S.-led invasions began. Another 450 have been wounded in hostile action."

Center For The Intrepid Praised. The Wall Street Journal (2/10, Gurwitz, 2.04M) reports, "There are symbolic sacrifices in metaphorical wars. Then there are genuine sacrifices in real wars. The latter was on display last week at Fort Sam Houston in San Antonio, as representatives of a grateful nation dedicated the Center for the Intrepid and two new Fisher Houses to those wounded in the global war on terror. ... Representatives of the Intrepid Fallen Heroes Fund and the Fisher House Foundation spoke at the ceremony, as did Secretary of Veterans Affairs Jim Nicholson and Chairman of the Joint Chiefs of Staff Gen. Peter Pace. ... The speakers, however, were merely paying tribute. The true dignitaries were the wounded warriors who sat in the front rows."

Ancient Faith Endangered By Iraq War. The Washington Post (2/10, B7, Newmarker, 690K) reports, "Among the casualties of the Iraq war is a little-known religious faith called Mandaeanism that has survived roughly two millennia and whose adherents believe that John the Baptist was their great teacher. While there were more than 60,000 Mandaeans in Iraq in the early 1990s, only about 5,000 to 7,000 remain. Many have fled amid targeted killings, rapes, forced conversions and property confiscation by Islamic extremists."

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Pentagon To Extend Troop Deployment In Afghanistan. The AP (2/9, Burns) reports, "The Pentagon plans to extend its buildup of several thousand combat troops in Afghanistan, initially announced as lasting until late spring, well into next year, a senior U.S. military official said Friday. The move comes as U.S. and allied commanders anticipate a renewed offensive this spring by the Taliban, and as they seek additional reinforcements from NATO countries."

Taliban Kill Four Afghan Policemen In Ambush. The AP (2/10) reports, "Taliban militants ambushed a truck full of Afghan police in southern Afghanistan, killing four officers and injuring three, an official said Saturday. The attack occurred Friday evening in the Panjwayi district of Kandahar province." AFP (2/10) also reports the fighting, saying, "Four policemen and 11 Taliban have been killed in fresh violence in southern Afghanistan, as a suicide car bomb narrowly missed a NATO military convoy."

Iranian-American Helps Build Afghan Schools. NBC Nightly News (2/9, story 10, Williams, 9.87M) reported, "We highlight one person who is truly making a difference in society. Tonight she lives here in America, but devotes her time, energy and attention to a faraway place and in her own way she is helping to change the face of America half a world away." NBC (Maceda): "Two years ago, there were just a couple of tents here in the Jalalabad desert. Now the school is a red brick building with 2,000 students. Thanks to Fari Moini, a tiny Iranian-American with a big heart the kids call Momma." Fari Moini: "Continue your education. It is very, very important."

Gates To Meet With Musharraf Next Week. AFP (2/10) reports Defense Secretary Robert Gates "will visit Pakistan early next week for talks with President Pervez Musharraf on the threat from Taliban insurgents in Afghanistan, official sources said. ... He is expected to fly to Afghanistan afterwards."

Army Wife Counsels Others. CBS Evening News (2/9, story 6, 2:00, Couric, 7.66M) reported, "In our series American Heroes, we honor the men and women who sacrifice so much on the battlefield. But in reality, their spouses also make tremendous sacrifices back home. Tonight, the Army wife who's reaching out to many others just like her." CBS (Strassmann): "It's all on them now, the kids, the house, a full year's worth of worry. As Fort Stewart soldiers redeploy to Iraq, the wives left behind look for support wherever they can find it." Tara Crooks, Army Wife Talk Radio: "You're listening to Army Wife Talk Radio, the Internet's talk radio program for and by Army wives. My name is Tara Crooks and I'm your host." Strassmann: "Tara Crooks just talks, one Army wife to another."

AEI Scholar Bashes Emergency Supplemental Funding "Trick." In the Los Angeles Times (2/10, 850K), AEI fellow Veronique De Rugy writes that President Bush's "trick" of "socking about $235 billion into two 'emergency supplemental' funding requests for the wars in Iraq and Afghanistan…didn't fool the public for very long. But the longer the White House and Congress continue to treat 'war-related' funding as a separate item from the budget for the Department of Defense, the harder it will be to control a ballooning federal budget."

DOJ:

Ousted Arizona US Attorney Cites Policy Dispute With Main Justice. The Arizona Republic (2/10, House, Wagner) reports, "Former U.S. Attorney for Arizona Paul Charlton said Friday that he left office in January for "principled reasons, not performance issues," as a deputy attorney general suggested this week." The Republic continues, "Charlton, who was one of six top federal prosecutors across the country forced to resign, said there had been 'policy disputes' with his Justice Department higher-ups. Charlton spoke to The Arizona Republic on Friday in his first public comments since being asked to step down. … Although Charlton declined to elaborate, two sources said a main disagreement between Charlton and officials in Washington centered on when to seek the death penalty in federal murder cases." The Republic adds, "As a U.S attorney, Charlton has pursed the death penalty in some cases. But his insistence on determining whether to push for capital punishment on a case-by-case basis clashed on at least two instances with a Justice Department effort to centralize decisions nationally and to seek the death penalty in a uniform way. … Charlton acknowledged that he was among the prosecutors who received a telephone call on Dec. 7 from Michael Battle, director of the Justice Department's executive office for U.S. attorneys, asking him to resign. … 'I certainly was given no indication there were

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performance concerns,' Charlton said." The Republic notes, "Like all U.S. attorneys, Charlton served at the pleasure of the president. He was appointed in November 2001. … Even so, Charlton said that he told Arizona GOP Sen. Jon Kyl, a member of the Senate Judiciary Committee, of the call and that Kyl agreed to speak to officials at the department on his behalf. … 'Senator Kyl informed me that after his conversation with the Department of Justice that the department agreed they would reconsider their asking me to resign,' Charlton said. … But, Charlton said, 'it then became apparent to me that our views had become so divergent and disparate that I would resign.' … A Justice Department official in Washington who asked not to be identified said that Charlton's distinction between policy and performance 'may be an issue of semantics.' … 'Policy is set at a national level,' the official said. 'Individual U.S. attorneys around the country can't just make up their own policy agendas. Such a situation would result in chaos with 93 different U.S. attorneys implementing different policy decisions around the country. That is no way to run an organization.'"

The AP (2/10) reports, "Former Arizona Attorney General Grant Woods said Friday the Justice Department in Washington pressed Charlton to apply the death penalty in certain cases, but Charlton resisted because he didn't believe it was the right thing to do. Charlton resigned in December and left office at the end of last month. … 'It's obvious that they may have felt there were more circumstances where (the death penalty) was warranted than he did,' said Woods, who has spoken with Charlton recently. 'I think he should get credit for standing on principle rather than just doing what he was told so he didn't make waves. A lot of people don't have the guts to stand up and say "no"' … Woods did not know whether the conflicts led directly to Charlton's departure after serving as the U.S. attorney for Arizona since 2001. Charlton took a job with a Phoenix law firm."

More Commentary On US Attorney Dismissals. The Tacoma (WA) News Tribune (2/10) editorializes, "John McKay, by all accounts, was a stellar U.S. attorney. … Since becoming Western Washington's top federal prosecutor in 2001, he led an aggressive team that filed charges against twice as many defendants and posted a higher conviction rate despite the bigger case-load." The News-Tribune continues, "McKay won admiration of federal judges and state law enforcement officials, and earned the Navy's highest civilian honor for creating an interagency information-sharing system that has become a national model. … Even his bosses seemed to think McKay was doing a topnotch job. Just last March, Justice Department evaluators gave McKay's office a glowing review, calling him an 'effective, well-regarded and capable leader.' … So it came as quite the surprise when McKay announced in December that he was stepping down. There was no plum appointment or job waiting in the wings, only a chance to pursue other opportunities — usually code for "I was shown the door.' … As so, it turns out, McKay was. He spoke out this week in defense of himself and his former employees after Deputy Attorney General Paul McNulty told a Senate judiciary panel that McKay and five other Republican U.S. attorneys were forced to resign for 'performance-related' issues." The Tribune adds, "McKay says no one ever raised performance issues with him, not even on Dec. 7 when a senior Justice Department official called out of the blue to tell him he had to resign by the end of January. … The truth behind the mass exodus has a lot more to do with the politicization of the U.S. Attorney's Office than it does with poor lawyering. A Justice Department source told the Seattle Post-Intelligencer that President Bush and the Republican Party want to 'build their bench' by replacing top prosecutors with younger conservatives to enhance their résumés for future positions."

The St Petersburg (FL) Times (2/10) editorializes, "U.S. attorneys act as chief federal prosecutors within the states and are charged with being fair and independent. But there is no job that can't be filled by political loyalists. … In a hearing before the Senate Judiciary Committee, Paul McNulty, the deputy attorney general, claimed that most of the incumbents had been replaced for performance issues. Yet he admitted to Sen. Charles Schumer, D-N.Y., that H.E. Cummins III, a former U.S. attorney in Arkansas, had done nothing to justify being removed. Cummins was replaced with a former political director for the Republican National Committee." The Times adds, "In ousting San Diego U.S. Attorney Carol Lam, the Bush administration has signaled to others in its corps that investigating public corruption comes at a price. Lam headed the office that unearthed the misdeeds of congressman Randy 'Duke' Cunningham, who is now in prison after admitting taking more than $2-million in bribes. The probe had been continuing under her leadership and included other members of Congress." The Times concludes, "Senate confirmation is integral to reducing the partisanship of presidential appointments and is especially important for posts where impartiality and independence are needed qualifications. The new law that makes it possible to

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cut the Senate out should be repealed, as a measure introduced by Judiciary Committee Chairman Patrick Leahy, D-Vt., would do. Meanwhile, Schumer and other senators should continue to press for better explanations for the removal of people who seemed to be doing their job."

In a column for the Vancouver (WA) Columbian (2/10), Gregg Herrington writes, "Some 90 U.S. attorneys around the country serve at the pleasure of the president, prosecuting, or not, federal crimes. … But the Bush White House likes its minions to be attuned to the greater vision: moving the blue states into the red column. And how can one do that if one is working closely with the other side, sharing credit with Democrats while beefing up the federal crime-fighting apparatus in Southwest Washington?"

CORPORATE SCANDALS:

DOJ, SEC Eye Jobs' Role In Pixar Stock Options. The San Francisco Chronicle (2/10, Page C - 1, Guynn) reports, "These days, the most animated discussions about Steve Jobs have nothing to do with his high-tech wizardry and everything to do with his alleged involvement in a growing stock-options manipulation scandal that has engulfed Apple Inc., the Cupertino technology giant he runs, and Pixar Animation Studios, the Emeryville movie company he sold to Walt Disney Co. last year." The Chronicle continues, "Federal prosecutors in San Francisco are scrutinizing options awarded to top Pixar executives on dates that guaranteed them the highest potential profits. Among the grants being reviewed: Two-time Oscar-winning animated film director John Lasseter and former Pixar President Edwin Catmull received options that allowed them to buy Pixar stock at the lowest price in 2000. In 1997, Lasseter received options just before a production agreement with Disney that pumped up shares nearly 50 percent." The Chronicle adds, "The Wall Street Journal reported Friday that Jobs, then Pixar's chairman and CEO, signed the 2001 employment contract with Lasseter that included a large options grant on a date more than three months before the contract was signed. The Journal cited a person familiar with the matter. … It remains unclear what role if any Jobs played in selecting the favorable date, according to the Journal. But the timing grabbed the attention of federal authorities, prompting an investigation by Disney that has not been completed. … In a conference call with investors in November, Disney CEO Bob Iger said the board began the investigation after being contacted by the SEC and the Justice Department."

SEC Launches Formal Probe Of KLA-Tencor Options Backdating. The San Jose Mercury News (2/10, Schwanhausser, Blitstein) reports, "The Securities and Exchange Commission has elevated its probe into stock option backdating at KLA-Tencor into a formal investigation, the company said Friday." The News continues, "The San Jose maker of chip-inspection equipment, which said it learned the news Feb. 2, has faced an informal investigation by the SEC and a separate probe by the Justice Department since last May, when newspaper reports raised questions about the fortunate timing of options awarded to Chairman Kenneth Levy." The News adds, "Last week, KLA acknowledged in its 2006 annual report that the company intentionally priced stock options 'retroactively,' falsified documents and violated its stock plan rules about issuing discounted options. The company said that some former executives selected the 'fortuitously low' prices, while others were aware of the abuses. … The internal inquiry led to the ouster of Levy, a Silicon Valley pioneer, General Counsel Stuart Nichols, and director Jon Tompkins, the former CEO of Tencor before it merged with KLA. … The company also fired Kenneth Schroeder, a former chief executive who most recently served as a senior adviser, and canceled all tainted options he held. Although KLA-Tencor hasn't said so explicitly, its reports appear to blame Schroeder for much of the options abuses. Schroeder plans to fight his firing and the cancellation of his options, KLA-Tencor said."

GM Accounting Issues Remain Unresolved. The Wall Street Journal (2/10, A3, Stoll) reports, "General Motors Corp. said late Friday it still isn't ready to say when it will resolve accounting issues that forced it to delay filing its fourth-quarter and full-year financial results for 2006." The Journal continues, "Separately, shares of GM and Ford Motor Co. rose Friday after Deutsche Bank upgraded the auto giants' shares to 'buy,' citing optimism that the companies can win health-care-cost savings from the United Auto Workers union this fall. Shares of GM were up 6.5% to $36.01 in 4 p.m. composite trading on the New York Stock Exchange, while shares of Ford were at $8.73, up 2.1%, on the NYSE." The Journal adds, "GM was originally scheduled to report preliminary fourth-quarter results Jan. 30 but announced two weeks ago that it would postpone the release.

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The company said it would provide further information on the progress of its financial reporting during the week of Feb. 5 and that it would submit its 10-k report with the Securities and Exchange Commission by the Mar. 1 deadline."

Sallie Mae Chairman Sold Shares Ahead Of Funding Cuts. The Washington Post (2/10, D1, Paley) reports, "Sallie Mae Chairman Albert L. Lord sold $18.3 million worth of company stock last week, just days before the Bush administration unveiled a multibillion-dollar cut in subsidies to the lending industry that caused Sallie Mae shares to plummet." The Post continues, "Lord sold 400,000 shares of company stock Thursday, Feb. 1, and Friday, Feb. 2. The following Monday, after President Bush announced a budget that would cut subsidies to the student-lending industry by about $19 billion over five years, Sallie Mae's stock plunged about 9 percent, to $42.37 from $46.46, its lowest closing price in more than two years." The Post adds, "In a Securities and Exchange Commission filing that night, SLM Corp., as Sallie Mae is formally known, disclosed Lord's sale of the shares, which it said was done to fund unspecified personal projects. … Tom Joyce, a spokesman for Sallie Mae, said this week that Lord had planned to sell the shares for weeks and told the company about his plans to sell the stock, which represented about 29 percent of the Sallie Mae shares he owns outright, nine days before the sale." The Post notes, "Democrats in Congress have been calling for changes in student loan programs that would hurt Sallie Mae. The Reston-based student lending company has opposed the changes. But, Joyce said, Lord had no idea Bush would propose such huge rollbacks of lender subsidies. 'Nobody had these cuts on their radar screen,' he said. 'The student lending community did not see this coming.' … 'I can understand that people are raising questions, but the timing was just completely coincidental,' Joyce said. 'He had been thinking of doing this for many weeks. He was watching the market and just elected to do it on Thursday and Friday.' … If Lord had sold his shares at Monday's closing price of $42.37, he would have received about $1.4 million less. Lord sold the shares in a series of transactions over the two days at prices that ranged from $45.75 to $46.03. … Chad Colby, a spokesman for the Education Department, said some Capitol Hill staff members were briefed on the proposed budget last Thursday but that the suggested cuts were not shared with Sallie Mae officials before Monday's announcement."

CRIMINAL LAW:

Libby Trial Provides Glimpse Into White House Crisis Response. The AP (2/10, Yost) reports, "David Addington, chief legal adviser to Vice President Dick Cheney, says he was taken aback when the White House started making public pronouncements about the CIA leak investigation." The AP continues, "In the fall of 2003, President Bush's press secretary was categorically denying that either Karl Rove or I. Lewis 'Scooter' Libby was involved in exposing the identity of Valerie Plame, a CIA employee married to a critic of the war in Iraq. … 'Why are you making these statements?' Addington asked White House communications director Dan Bartlett. … 'Your boss is the one who wanted' them, Bartlett replied, referring to Cheney. … With that, 'I shut up,' Addington recalled recently for jurors in Libby's CIA leak trial, which begins its fourth week on Monday with Libby's lawyers calling their first witnesses." The AP adds, "So far, the testimony of Addington and other administration aides, along with documents and Libby's audiotaped grand jury testimony, have provided a rare glimpse of how the Bush White House scrambled to respond to a political crisis as it intersected a criminal investigation. … At the intersection was Cheney, along with Rove and Libby, who were working in the summer of 2003 to rebut claims by Plame's husband, former Ambassador Joseph Wilson, that Bush had misled the nation about prewar intelligence on Iraq. … The White House denials on behalf of Rove and Libby came just before Rove secretly began acknowledging to the FBI that he had confirmed Plame's identity for conservative columnist Bob Novak, who first published her name and relationship to Wilson. … About the same time, Libby came under suspicion because NBC News Washington bureau chief Tim Russert had talked to the FBI, contradicting Libby's version of a conversation between the two men that would become the heart of the perjury and obstruction charges against Libby."

Phishing Schemers Target Job Seekers In ID Theft Scams. The Washington Post (2/10, D1, Shin) reports, "The online news site USA Voice isn't going to win any kudos from media critics. Not for its top story Monday, 'Super Bowl Ads Don't Live Up to the Hype.' And not for its Fox News-style slogan, 'USA Voice: Honest and Unfiltered.' … As a phishing scheme, however, privacy experts say it's a

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winner." The Post continues, "The Web site for the 'world's fastest growing news organization' looked good enough to fool Katherine Brinton, an aspiring journalist in Philadelphia. After posting her resume on Monster.com nine months ago, the 23-year old received an e-mail from USA Voice in November that said it was looking for reporters with 'excellent writing skills' and an 'innate ability to find the truth.' … Brinton filled out an online application with her name, address and telephone number. But instead of job offers, she began receiving a stream of unsolicited e-mails hawking Viagra, payday loans and penny stocks. … Brinton fell victim to a sophisticated phishing scam, which, in recent months, targeted thousands of job seekers on such popular Web sites as Monster.com and CareerBuilder.com. Phishers send out seemingly legitimate e-mail in an attempt to get people to reply with personal information then used in a variety of scams. … Since June, the Better Business Bureau serving Metro Washington has logged more than 8,000 inquiries about USA Voice and a related entity, Instant Human Resources. USA Voice lists a downtown Washington address; Instant Human Resources lists an address in Rockville. Both locations turned out to be a service that forwards mail for other businesses. Instant Human Resources' parent company, Internet Solutions, says it is based in Orlando." The Post notes, "In 2006, about 109 million U.S. adults received phishing e-mails, up from 57 million in 2004, according to research firm Gartner, of Stamford, Conn. About one in six phishing e-mails are opened -- a better rate than for e-mails from legitimate businesses, said Jeff Wilbur, vice president of marketing for e-mail security firm Iconix. … The majority of phishing e-mails claim to be from financial institutions, but phishers have also switched to mimicking dating, social networking and other kinds of online services. In those cases, victims might let their guard down because they are not giving out financial information, Wilbur said. But such attacks can leave them just as vulnerable to identity theft. … Job search sites offer identity thieves a rich source of personal information and a pool of potential victims willing to divulge even more in hopes of landing employment. Since 2004, some of the largest online job search firms, such as Monster and CareerBuilder, have taken more precautions against criminals looking to collect personal information from their users."

Nobel Winner Wiesel Attacked At California Conference. The New York Times (2/10, McKinley) reports, "Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize, was attacked at a San Francisco hotel last week by an unknown assailant, the police said yesterday." The Times continues, "Sgt. Neville Gittens, a police spokesman, said Mr. Wiesel, 78, was attending a conference when a man approached him in an elevator and asked to interview him. After a brief discussion, the man dragged Mr. Wiesel off the elevator and tried to restrain him, but Mr. Wiesel screamed, and the attacker fled."

The AP (2/10) reports, "Gittens said police are investigating the incident as a crime. He said investigators were aware of a posting at an anti-Semitic Web site in which a man claimed responsibility for the attack, but declined to comment further. … Wiesel, who survived the Nazi death camps at Auschwitz and Buchenwald during World War II, has worked for human rights in many parts of the world and was awarded the Nobel Peace Prize in 1986."

Judge Rules California Sex Offender Restriction Is Not Retroactive. The AP (2/10) reports, "A federal judge ruled that a voter-approved restriction on where sex offenders can live could not be applied retroactively, potentially freeing thousands of parolees from a ban on living within 2,000 feet of a school or other place where children gather." The AP continues, "The judge, Lawrence K. Karlton of Federal District Court, said there was nothing in the law, Proposition 83, that specified its provisions were to be applied retroactively." The AP adds, "The proposition, known as Jessica's Law, was approved Nov. 7 by 70.5 percent of voters and took effect the next day. It also increases prison terms for sex offenders and requires lifetime satellite tracking of rapists and other felony sex criminals after their release from prison."

Judge Orders Former Coke Secretary Jailed Until Sentencing. The Atlanta Journal-Constitution (2/10, Stanford) reported, "A federal judge ordered ex-Coke secretary Joya Williams to jail Friday, saying she had an 'utter disregard for the law.' … She will be sentenced May 23." Assistant U.S. Attorney Jay Pak said "during a hearing Friday that Williams, 41, admitted being 'high as a kite' on Vicks cough medicine as the jury read the guilty verdict last week. Pak said she had drunk an entire bottle of the medication." The AJC noted, "Jurors convicted Williams under the federal Corporate Espionage Act of trying to sell confidential Coke documents and sample test products for $1.5 million to an

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undercover FBI agent posing as a Pepsi go-between." In a widely-distributed story, the AP (2/10, Turner) added, "U.S. District Judge J. Owen Forrester told…Williams that her behavior since her arrest in July has showed that she 'would do anything to avoid going to jail.' … Williams' attorney, Janice Singer, called the government's claim that her client is a risk to the community and a risk of flight 'more than offensive.'"

Former New York Comptroller Fined For Defrauding State. The New York Times (2/10, Confessore) reports, "The former state comptroller, Alan G. Hevesi, praised his replacement on Friday, after a hearing at which a judge sentenced him to pay a $5,000 fine for his use of state employees to chauffeur his wife." The Times continues, "The State Legislature voted on Wednesday to appoint Thomas P. DiNapoli, an assemblyman from Nassau County, as the new comptroller, two months after Mr. Hevesi resigned as part of a plea deal with the Albany County district attorney, P. David Soares. … Before resigning last year, Mr. Hevesi agreed to plead guilty to a felony charge of defrauding the government and to submit a DNA sample for the state's criminal database." The Times adds, "In delivering the sentence, Judge Stephen W. Herrick described Mr. Hevesi's actions as 'unexplainable and totally unacceptable,' but cited Mr. Hevesi's decades of public service, cooperation with the investigation and agreement to leave politics as reasons for the mild sentence. … 'Your fall from grace here has been total and from a very great height,' Judge Herrick said. Mr. Hevesi served for more than two decades in the Assembly and later as New York City comptroller before he won election to the state comptroller's job in 2002."

Jury Spares New York Drug Lord Death Penalty After Murder Convictions. The New York Times (2/10, Rashbaum) reports, "A notorious street-corner crack kingpin with ties to the rap music industry was spared the death penalty yesterday in federal court in Brooklyn when a jury failed to reach a unanimous verdict to execute him for ordering the killing of two rivals." The Times continues, "The jury's action will result in a sentence of life without the possibility of release for the convicted drug dealer, Kenneth McGriff, 46, who was known as Supreme and whose drug crew, the Supreme Team, held sway on the streets of southeast Queens in the 1980s." The Times adds, "All the jurors, who were questioned by the judge before being selected to serve on the case, had said they were willing to sentence the defendant to death if the evidence warranted it. On the verdict sheet, the jury noted that 'execution would not be an option' if the case had been tried in state court. … One of Mr. McGriff's lawyers, David A. Ruhnke, who defended the case with Jean Barrett, said his client was relieved by the jury's action. … He contended that the case should never have been prosecuted in federal court and suggested that the government's decision to seek the death penalty was inappropriate." The Times notes, "Robert Nardoza, a spokesman for the United States attorney in Brooklyn, Roslynn R. Mauskopf, whose office prosecuted the case, would not directly address Mr. Ruhnke's comments, saying only, 'The decision to impose the death penalty is solely within the province of the jury, and we respect their decision.'"

The AP (2/9, McShane) reports, "Jurors, who deliberated just over 2 1/2 hours on the sentence, convicted him last week of paying $50,000 for the 2001 killings of an obscure rapper named Eric 'E-Money Bags' Smith and Troy Singleton. … Prosecutors said Smith was killed for his fatal 1999 shooting of a McGriff associate, while Singleton was targeted because McGriff felt he might retaliate on Smith's behalf." The AP adds, "McGriff was the founder of the Supreme Crew, a brutal drug gang that operated in Queens during the 1980s. At its peak, the Supreme Team's network of dealers was making $200,000 a day, authorities said. … After McGriff did prison time on a drug conviction, he was released in 1997 and aligned himself with neighborhood friend and music mogul Irv 'Gotti' Lorenzo. Defense attorneys claimed this was part of McGriff's plan to create movies and music. … Prosecutors said McGriff returned to the drug business in New York and Baltimore. Lorenzo and his brother, Chris, were indicted with McGriff but acquitted at a separate trial of using their label Murder Inc. to launder $1 million in drug money."

Appeal Court Overturns DC Police Officer's Illegal Gratuities Conviction. The Washington Post (2/10, B2, Miller) reported, "By a 7 to 5 vote, a federal appeals court [Friday] overturned the conviction of a former D.C. police detective arrested in an FBI sting. Nelson Valdes was convicted in October 2002 of three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450. Valdes provided the informant with names and addresses in March 2001 to match four license plates and checked on warrants on another person,

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prosecutors said." The Post notes, "A three-judge panel of the U.S. Court of Appeals reversed the conviction a year ago, ruling in a 2 to 1 decision that the gratuities charge -- which bars seeking or accepting gratuities 'for or because of any official act' -- did not apply to Valdes's conduct in the case."

FBI Probe Leads To Prostitution Allegations Against California Police. The Los Angeles Times (2/10, Surdin, Krikorian) reported, "At least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that have been the target of a high-profile law enforcement crackdown. The internal affairs investigation by the Inglewood Police Department began after federal authorities launched an investigation of money laundering and prostitution involving women smuggled into Los Angeles from Asia. … Evidence seized by federal agents and local investigators included 'very detailed ledgers' that suggested Inglewood officers were receiving sexual favors at the businesses without paying, according to one source close to the investigation." The Times noted, "Word of the inquiry comes less than two months after the FBI confirmed that it was investigating two Inglewood police officers in the alleged rape of a woman they stopped on suspicion of prostitution." Inglewood City Councilman Ralph Franklin "said it was aimed at determining whether the alleged sexual misconduct involved a large number of officers over an extended period of time. He said the FBI was assisting police in the investigation." The AP (2/10) also reported on the intestigation.

Texas Man Charged With Hurricane Relief Fraud. The Texarkana (TX) Gazette (2/10, LaRowe) reports, "A Texarkana man has been indicted by a federal grand jury in Texas in a fraud case related to hurricane relief in the Eastern District of Texas." The Gazette continues, "Gary Williams Trice, 36, has been charged with mail fraud after he allegedly illegally acquired $36,000 in FEMA hurricane assistance money. Trice is alleged to have submitted as many as 14 fraudulent applications for assistance based on hurricanes Katrina, Rita and Wilma by using different names, addresses and Social Security numbers." The Gazette adds, "The investigation was conducted jointly by the United States Department of Labor's Office of the Inspector General, the United States Postal Service and the Department of Homeland Security. … 'Hurricane-related fraud remains a priority of the Department of Justice,' said United States Attorney Matthew Orwig in a press release issued this week. 'Applications for assistance are continuing to be reviewed and any appearances of fraud will be thoroughly investigated.'" The Gazette notes, "The Hurricane Katrina Fraud Task Force was created by Attorney General Alberto Gonzales in September 2005 to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud."

O'Malley, Kaine Faced With Death Penalty Decisions. The Washington Post (2/10, Wagner, Craig, 690K) says on its front page that Maryland Gov. Martin O'Malley and Virginia Gov. Timothy Kaine "both face decisions" on the "divisive" capital punishment issue "that will be watched closely in their states and beyond. O'Malley, who was sworn in last month, has pledged to work with lawmakers to repeal Maryland's death penalty -- and could effectively halt executions through the end of his tenure even without their support, given a recent court ruling. Kaine, who was sworn in last year, presides over a state where executions are far more frequent. He soon could have to decide whether to sign bills to expand capital punishment in Virginia."

Catholic Maryland Legislators Split On Death Penalty Abolition. The Washington Times (2/10, Lobianco, 88K) reports, "Key Catholic lawmakers in the General Assembly are splitting with major Catholic groups over an attempt to abolish the death penalty in Maryland. 'I know it's a little inconsistent, but I do feel [the death penalty] is a deterrent,' said Sen. Norman R. Stone Jr., Baltimore County Democrat and a Catholic. 'Maybe you don't reconcile it until you meet your maker,' said Delegate Susan K. McComas, Harford County Republican and a Catholic who is a member of the House Judiciary Committee."

CIVIL LAW:

DOJ Faces Backlog Of Healthcare Fraud Cases. The Fort Worth Star-Telegram/Cox News Service (2/10, Malone) reports, "Federal prosecutors admitted having a backlog of more than 150 cases in which pharmaceutical companies are accused of defrauding federal and state healthcare programs, a Justice Department lawyer acknowledged to a congressional panel Friday." Cox continues, "Ronald J. Tenpas, associate deputy attorney

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general, said his department has recovered $5.3 billion since 1999 from major drug manufacturers in a variety of kickback schemes and overcharges that defrauded Medicaid and Medicare. … But when asked by House Committee on Oversight Chairman Henry Waxman, D-Calif., why the government doesn't move faster on these cases to recoup even more taxpayer money, Tenpas said his office is short on lawyers and investigators. … 'These are very complex cases,' he said, adding that his office has not added new positions, despite estimates that the prescription drug fraud cases produce $15 in payments and penalties for every $1 spent on prosecution." Cox adds, "Patrick J. O'Connell, chief of a Medicaid task force for the Texas attorney general's office, said at the congressional hearing that his team of lawyers had more than paid its way by recovering $64.1 million from just four manufacturers that had overcharged the state and federal government for prescription drugs. … O'Connell, in an interview later, estimated that his office has collected more than $100 million from drug companies since his anti-fraud office was set up in 1999. Expenses for his task force, recently expanded to 10 lawyers, have added up to $5 million to $7 million, he said. … Waxman repeatedly raised concerns about the new prescription drug benefit, known as 'Part D' for Medicare recipients. … The new program 'is going to cost $1 trillion over 10 years -- $50 billion over this next year,' Waxman said. 'That program's got to be as ripe for fraud as any other.' … Tenpas said officials at the Justice Department are 'clearly concerned there could be fraud in that program' but added that after only one year of operation and not enough data 'we don't have many conclusions yet.'"

GAO Warns Of Medicare Drug Overcharging. The AP (2/10) reports, "Federal law makers should consider doing more to ensure the government is not overcharged for prescription drugs, according to a government watch dog." The AP continues, "A director for the Government Accountability Office told members of Congress Friday that the Medicare drug benefit program is vulnerable to false billing schemes because it relies on private companies to report drug prices. Under the program, about 42 million eligible senior citizens can choose between thousands of prescription drug plans offered by health insurers that individually negotiate drug prices with manufacturers." The AP adds, "GAO's health care director John Dicken said the Medicare drug program's 'complex set of relationships and transactions with private entities' makes it difficult to verify the accuracy of drug prices charged to the government. Dicken told members of the House Committee on Oversight and Government Reform that Medicare needs to have systems in place to spot inflated price reporting."

Waxman Pledges Probe Of Drugmaker "Profiteering." Bloomberg (2/10, Marcus) reports, "Representative Henry Waxman pledged Congress will investigate a range of allegations that drugmakers are 'profiteering' by overcharging federal health programs. … 'If even half of them are true, billions of federal dollars that should be buying needed care are instead adding to drug company profits,' Waxman, Democratic chairman of the House Committee on Oversight and Government Reform, said at a hearing today on alleged fraud and abuse in drug pricing." Bloomberg adds, "Democrats promised more aggressive oversight of government practices when they took control of Congress in January, and the hearing was an initial effort to apply such scrutiny to health- care costs. … The Justice Department has recovered more than $5.3 billion related to pharmaceutical fraud in federal and state programs since 1999, Ronald J. Tenpas, associate deputy attorney general, told the committee. … 'It is clear from our experience that drug company violations of the law are causing government health-care programs to pay too much for prescription drugs,' Tenpas said in a statement submitted to the committee."

Sailor, Family Sue Navy Alleging Hospital Malpractice. The Navy Times (2/10, Amos) reports, "A Navy family has filed a claim against the Navy for $150 million, alleging that malpractice by Naval Hospital Jacksonville doctors and staff caused their newborn son to suffer severe brain damage that has left him unable to walk, talk or see." The Times continues, "Sean Cronin, a civilian lawyer representing Electronics Technician 3rd Class Joseph Alcorn and his wife, Kendra, said injuries to their son Gavin, the second child born during a twin pregnancy, were caused when he did not receive enough oxygen during delivery in May 2005. … Cronin said hospital records show that Gavin's limbs were blue and that he was not breathing when he was delivered about an hour after his sister. … Gavin's sister had unrelated complications during delivery but has since recovered." The Times adds, "Shortly after delivery, Gavin was transferred to a civilian hospital in Jacksonville, where doctors used an MRI to determine that he suffered brain damage during delivery, Cronin said. … Capt. Raquel Bono, commanding officer of Naval Hospital Jacksonville,

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said Navy doctors identified Kendra Alcorn's pregnancy as high risk before delivery and took steps, including having extra doctors present during delivery, to prevent complications. She said close attention was paid to the fetal heart rate and to the mother's uterine contractions. … Bono would not say which, if any, prenatal risk factors other than a multiple delivery were present during Kendra Alcorn's pregnancy, but she defended the actions of doctors and staff at the hospital, which she said delivers about 120 babies each month and conforms to national standards set by the American College of Obstetricians and Gynecologists. … The Navy has six months to respond to the Alcorn's claim. It can pay the full amount, offer a reduced settlement or pay nothing. … After the six-month period, if the family is not satisfied with the Navy's response, they can file a lawsuit in U.S. District Court. … At that point, Justice Department lawyers would take over the lawsuit's defense."

Expert Cites Controller Fatigue As Factor In Chicago Air Crash. The Chicago Tribune (2/10, O'Connor) reports, "An aviation consultant testified Friday that an air-traffic controller's fatigue was a contributing factor in the midair collision that killed radio star Bob Collins and two others seven years ago." The Tribune continues, "At a federal trial stemming from lawsuits over the crash, Farrell Smith, a former Federal Aviation Administration official, said records showed that controller Gregory Fowler worked more than seven hours that day without taking a break. … In the hour before the collision, Fowler had been involved in 416 transmissions with pilots, one every 8.65 seconds, Smith said. .. . 'He's vulnerable to fatigue, mental and physical,' Smith said of Fowler, whom lawyers for the three victims' families blamed for the collision. 'It's critical safety-wise to give them a break, so they're sharp and aware.'" The Tribune adds, "Collins had been Chicago's top-ranked morning-radio personality when his Moravan Z242L struck a Cessna 172P flown by student pilot Sharon Hock as the two aircraft approached Waukegan Regional Airport near the lakefront. Collins' plane crashed onto the roof of Midwestern Regional Medical Center, killing him and passenger Herman Luscher, while Hock died when her plane plummeted onto a Zion street. … On Friday Paul Pieri, a former flight instructor who witnessed the crash, testified that he had been surprised when Collins' plane passed in front of his shortly before the collision. If Collins had accurately reported his position, Pieri said, 'He should have already been past me on final approach' to the airfield. … Justice Department lawyers, representing the FAA at the trial, contend that Collins caused the collision."

CIVIL RIGHTS:

Texas Man Pleads Guilty To Operating Multi-State Immigrant Brothel Ring. The Austin (TX) American-Statesman (2/9, Kreytak) reports, "A man who federal authorities say managed brothels in Austin and Oklahoma City in an elaborate multistate immigrant smuggling and prostitution ring pleaded guilty in federal court Friday." The A-S continues, "The ring included brothels in 13 cities, including ones across Texas, as far west as Las Vegas and as far east as New York City and Atlanta, according to documents filed with Juan Balderas-Orosco's plea. The operators snuck hundreds of women into the country from Mexico as well as Central and South American countries, and forced them to have sex with as many as 40 men — mostly undocumented immigrants — a day, the documents said. … Their bosses, who moved the women among the brothels in the interstate network, kept all or part of the women's earnings, the documents said. … 'The prostitutes reported they were not free to leave the brothels on their own, and the brothel operators were usually armed with firearms,' one court document said." The A-S notes, "Balderas, 34, faces 10 years in prison at a later sentencing on each of three crimes: transportation for prostitution, conspiracy to smuggle, transport and harbor illegal aliens, and importation of aliens. … Balderas, who was the manager of brothels in Austin and Oklahoma City, is the lead defendant in an indictment filed last year in U.S. District Court in Austin charging 12 people in the case with various smuggling and prostitution crimes."

US Opposes Dismissal Of Charges Against Seale. The AP (2/10, Elliott) reports from Jackson, MS, "Kidnapping remains a capital crime under federal law and there is no statute of limitations that would justify dismissing charges against a reputed Ku Klux Klansman accused in the 1964 slayings of two black men, say federal prosecutors." The AP continues, "James Ford Seale, 71, has pleaded not guilty to two counts of kidnapping and one count of conspiracy. Seale is being held without bond in the Madison County jail. … Seale could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee." The AP adds, "Prosecutors said Moore and

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Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown. … In a motion to dismiss the charges last month, Assistant Federal Defender Kathy Nester said the government needed to have charged Seale under the law in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued. … U.S. District Judge Henry T. Wingate has not ruled on the dismissal motion." The AP notes, "U.S. Attorney Dunn Lampton, in a response filed this week, said Seale's defense was misreading the law. He said while the U.S. Supreme Court in 1968 may have eliminated the death penalty for kidnapping, the court did not remove the designation of kidnapping as a capital crime under federal law. … 'The limitations period depends upon the capital nature of the crime, and not on whether the death penalty is in fact available for a defendant in a particular case. Because the defendant is charged with offenses deemed by Congress to be capital in nature, he may be prosecuted for those offenses without limitation,' Lampton said in the government's response. … Federal Public Defender S. Dennis Joiner, in a reply to the government's position, said once the death penalty was removed as a penalty for kidnapping, kidnapping became a non-capital offense."

Feinstein Seeks Information On Jailed Border Agents. The San Francisco Chronicle (2/10, Lochhead) reports, "Sen. Dianne Feinstein intervened Friday in the cases of two Border Patrol agents who are imprisoned for shooting an alleged Mexican drug smuggler and who have become a cause celebre for anti-illegal immigration GOP politicians, conservative media and activists." The Chronicle continues, "The California Democrat, who is a member of the Senate Judiciary Committee, wrote letters to three top administration officials -- Attorney General Alberto Gonzales, Homeland Security chief Michael Chertoff and Federal Bureau of Prisons Director Harley Lappin -- asking for specific information about their agencies' involvement in the case. … Feinstein is the first prominent Democrat to become involved in the case of the border agents, and her office said she has secured the agreement of Senate Judiciary Committee Chairman Patrick Leahy to conduct a committee investigation. She said Leahy is open to a hearing on the matter." The Chronicle adds, "Border Patrol agents Jose Alonso Compean and Ignacio Ramos were convicted last March and sentenced Oct. 9 for the 2005 shooting of an alleged drug smuggler, Osvaldo Aldrete-Davila, who had driven a van loaded with 743 pounds of marijuana from Mexico to Texas. The agents shot Aldrete-Davila as he tried to flee back across the border with Mexico, then hid evidence of the shooting and failed to report it, according to the evidence presented at their trial. Compean received a 12-year federal prison sentence, and Ramos 11 years and one month. … Last Saturday, Ramos was injured in a fight with five other inmates at the federal prison in Yazoo City, Miss. Prison authorities said he sustained minor bruises and abrasions. … President Bush has so far refused to pardon the agents, though he has said he would 'look at all the facts' and urged others to do the same in a Fox News interview Jan. 31."

Tancredo Meets With Imprisoned Ex-Border Patrol Agent. The AP (2/9) reports Rep. Tom Tancredo, "a Republican presidential candidate and opponent of illegal immigration," met with ex-US Border Patrol agent Ignacio Ramos at the Yazoo City Federal Correctional Complex in Mississippi. Ramos is in jail "for shooting a drug smuggling suspect in Texas and then lying about it," and he was recently "attacked by other inmates." Tancredo said, "It is our hope we can get him moved to another part of the facility that is safe for him but not in a segregated environment…23 hours a day in a cell, which he has now." Tancredo "has said the Bush administration failed to protect Ramos and has demanded that the agents receive a full presidential pardon."

ANTITRUST:

Two Sentenced In Indiana Concrete Price-Fixing Scheme. The Indianapolis Star (2/10, Corcoran) reports, "Two men convicted in November of involvement in an Indianapolis-area concrete price-fixing conspiracy will spend nearly twice as long in prison as ringleaders who cooperated and pleaded guilty." The Star continues, "Chief U.S. District Judge Larry J. McKinney on Friday sentenced Chris A. and Ricky J. Beaver, managers at Noblesville-based Beaver Materials Corp., to 27 months in prison for violating antitrust law and lying to the FBI. … The prison terms will be followed by two years of supervised release. Both men were ordered to pay $5,000 fines." The Star adds, "The conspiracy's ringleaders, who testified against the Beaver cousins in November, were sentenced to 14 months in prison. … The Beavers acknowledged attending several secret meetings called to set prices, but they still deny participating in the scheme. Both men agreed, however, they

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had lied to investigators. … Ricky Beaver, 43, also denied price-fixing, saying: 'I only went to two meetings. I didn't agree to anything.' … McKinney was unmoved, saying the jury had spoken, and he agreed the Beavers were active participants." The Star notes, The price-fixing scandal became public in June 2005, when federal prosecutors announced a $29.2 million fine against Greenfield-based Irving Materials, the largest fine ever paid by a participant in a domestic price-fixing conspiracy. … The Beavers' sentencing came hours after McKinney sentenced John J. Blatzheim, 52, executive vice president of Fishers-based Builder's Concrete & Supply Co., to nine months in prison and a year of probation, and fined him $5,000. … In all, nine current or former officials of four area companies have been sentenced to prison in the scheme to overcharge concrete customers from July 2000 through May 25, 2004, when a series of early-morning FBI raids broke up the conspiracy. … 'We're pleased the defendants received significant sentences that reflect the seriousness of the crimes,' said Scott D. Hammond, a deputy assistant attorney general in the Justice Department's Antitrust Division."

Lear Agrees To Icahn's $2.8 Billion Buyout Offer. The New York Times (2/10, Bunkley) reports, "One of the biggest shareholders of the Lear Corporation, a manufacturer of automotive seats, criticized the company's deal on Friday to sell itself for $2.8 billion to the investor Carl C. Icahn." The Times continues, "The shareholder, Richard S. Pzena, who owns 11 percent of Lear through his firm, Pzena Investment Management, said he believed that the price was too low and that Lear did not need outside help to turn around its business. … Another shareholder, Evercore Asset, which calls itself a relatively small shareholder of Lear, said Friday that it was going to vote against Mr. Icahn's bid. Evercore said the offer price of $36 a share does not reflect the value of Lear." The Times ads, "The deal — the latest in a wave of major investments in the troubled auto parts industry — is worth $5.3 billion, including $2.5 billion in debt that will be assumed by American Real Estate Partners, the investment firm controlled by Mr. Icahn. Mr. Icahn already owns nearly 16 percent of Lear's 76.3 million outstanding shares, which would be valued at $36 each. … That is $3.39 less than the closing price for Lear's stock on Friday; shares fell 1.7 percent after the deal was announced."

The Wall Street Journal (2/10, A3, Kosdrosky) reports, "Lear Corp.'s support of a takeover offer by billionaire investor Carl Icahn has raised questions about whether the auto-parts supplier's board has worked hard enough to get the best deal for shareholders. … Management's welcoming response to the offer also sparked shareholder calls for the company to seek competing bids." The Journal continues, "The auto-parts supplier said on Friday its management supported Mr. Icahn's $36-a-share offer, adding that its board voted unanimously in favor of it, even though Lear stock has been trading at about the offer price. … The deal involving Mr. Icahn's American Real Estate Partners L.P., and valued at about $5.3 billion, is the latest move to grab a bigger stake in the auto-parts sector. Companies like Lear have struggled with lower production from U.S. auto makers, high raw-materials costs and pricing pressures. But deep-pocketed investors have been drawn to the sector because of the low valuations of many ailing companies and the belief some will recover. … At least three major shareholders believe Lear shares have the potential to appreciate well beyond the Icahn offer price and said they will vote against the bid."

Bank Of America Cooperating With DOJ's Municipal Bond Probe. The New York Times (2/10, Bajaj) reports, "Bank of America said yesterday that it was cooperating with a Justice Department investigation into bidding practices in the municipal bond business in exchange for leniency." The Times continues, "The agreement with the bank may be a significant breakthrough for government investigators who have been looking at how the proceeds of bonds issued by cities, school districts and other municipal authorities are invested between the time the money is raised and when it is spent on projects like new water systems and school gymnasiums." The Times adds, "Investigators are examining whether there was collusion among some financial institutions in bidding to handle the bond revenue during those interim periods. … Last November, the Justice Department issued subpoenas and raided the offices of several firms that served as go-betweens for municipalities and large financial institutions. … The investigation is the biggest in municipal finance since the 1990s, when the Securities and Exchange Commission accused some Wall Street firms of "yield burning" — or profiting by overcharging state and local government agencies in debt refinancings. The current investigation is unusual because it appears to involve possible criminal charges."

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The AP (2/10, Augstums) reports, "The Charlotte-based bank said the agreement will keep the department from bringing any criminal antitrust prosecution against the company in the matter in return for its continuing cooperation. … The bank said it was receiving the special treatment because it went to the department with information about bidding practices in the bond industry before the government began its investigation last year." The AP adds, "Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to a number of Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports."

The Charlotte Observer (2/10, Rothacker) reports, "Bank of America Corp. said Friday that it won't face criminal prosecution for anti-trust matters in the U.S. Justice Department's ongoing investigation of bidding practices in the municipal bond industry." The Observer continues, "The Charlotte bank said it reached a leniency agreement with the agency, in return for its continuing cooperation. The announcement shed new light on the bank's role in a wide-ranging probe that became public late last year. … Under the Justice Department's leniency program, amnesty is available to a company that first reports information to the agency before the government has started its own investigation, the bank said." The Observer notes, "Separately, Bank of America said it had agreed to a $14.7 million settlement with the IRS related to certain bond transactions. Under the agreement, the bank said it did not admit to any conduct that would be subject to liability under the Internal Revenue Code. … State and local governments issue municipal bonds to raise money for projects ranging from schools to transportation systems to housing projects. In return, investors receive tax breaks on the interest they receive from the bonds. … In 2006, investment banks raised about $379 billion through municipal bond issues, the second best year on record, according to Thomson Financial. Bank of America was the ninth-biggest underwriter." The Observer adds, "The industry faced scrutiny in the 1990s over the marking up of bond prices and now faces renewed examination. Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports. … At the time, the Justice Department said it was looking at 'anti-competitive practices.' The reports also said the IRS was examining whether consultants and underwriters were evading taxes in certain transactions."

Bloomberg (2/10, Selway, Braun) reports, "Bank of America is the first to announce an agreement with the U.S. government in connection with an antitrust probe of bid-rigging of investment contracts that are sold to states and municipalities. The settlement may help speed the pace of the probe, which has roiled an almost 200-year-old market where local governments have $2.3 trillion of bonds outstanding. … 'It's a positive step when you see settlements because it does tend to expedite the process,' said Carol Lew, the president of the National Association of Bond Lawyers and a public finance attorney at Stradling Yocca Carlson & Roth in Newport Beach, California." Bloomberg adds, "The agreement came after Charlotte, North Carolina-based Bank of America gave information to investigators before they initiated the probe, the bank said in its statement. The bank said offers of amnesty are available from the Justice Department to the first who reports behavior that is later investigated. … More than a dozen banks, insurers and brokers have been subpoenaed in the investigation, which also includes the Securities and Exchange Commission. The Justice Department's probe follows the IRS in looking into whether there were conspiracies to rig the bidding for so-called guaranteed investment contracts, where local governments invest money raised at bond sales until it is needed to pay for schools and other projects. … The Justice Department has declined to comment on the probe, saying only that it was investigating anti-competitive practices in the industry. Subpoenas issued in the investigation sought information on several financial products, including derivatives."

Market Watch (2/10, Gelsi) reports, "The pact by the nation's second-largest bank with the U.S. Justice Department could mark a breakthrough as the government investigates practices in the multi-billion dollar municipal bond industry. … Bank of America said it's inked a leniency agreement in connection with the department's investigation into bidding practices in the municipal derivatives sector. … 'This amnesty grant was a result of the company voluntarily providing information to the Department before the Department began its investigation, as well as the company's continuing cooperation,' Bank of America said. … In return for the company's cooperation, the Justice Department will not bring any criminal antitrust prosecution against the company

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in connection with matters that the company reported to the Justice Department, Bank of America said."

FirstGroup To Purchase Laidlaw For $3.6 Billion. Bloomberg (2/10, Alloway) reports, "Britain's FirstGroup Plc agreed to buy Laidlaw International Inc., owner of the largest U.S. school-bus company and the Greyhound bus service, for $3.6 billion to triple revenue in North America." Bloomberg continues, "Laidlaw investors will receive $35.25 in cash for each share, Aberdeen, Scotland-based FirstGroup, the U.K.'s biggest train operator, said today in a statement. That's 11 percent more than the closing price of $31.72 yesterday." Bloomberg adds, "FirstGroup will merge its Ryder U.S. student buses division, acquired in 1999, with Laidlaw's fleet to give it a 13 percent share of the North American school bus market. Laidlaw's Greyhound Lines Inc. unit, the largest inter-city bus company, is ``a less obvious strategic fit'' and will be reviewed, FirstGroup said. … Laidlaw, founded in 1924, filed for bankruptcy in 2001 after almost 20 years of expansion. It bought hundreds of small school bus operators during the 1990s, culminating with the acquisition of Greyhound in 1998. … Gina Talamona, a U.S. Justice Department spokeswoman, said it hasn't been determined whether her agency's antitrust division or the Federal Trade Commission will review the deal."

ENVIRONMENT:

New EPA Rules Will Reduce Toxic Emissions From Cars By 80%. The Washington Post (2/10, A2, Eilperin, 690K) reports the Environmental Protection Agency "issued rules yesterday that will dramatically cut toxic fumes from cars and trucks over the next 25 years. The regulations, which will reduce the amount of cancer-causing benzene in gasoline and set tighter emission standards for autos in cold temperatures and for fuel containers, will help reduce toxic emissions from passenger cars by 80 percent from 1999 levels by 2030. 'Americans love their cars,' EPA Administrator Stephen L. Johnson said in a statement. 'By clearing the air from tons of fuel and exhaust pollution, President Bush and EPA are paving the road toward healthier drivers and a cleaner environment.'"

The New York Times (2/10, A9, Barringer, 1.16M) reports, "The final rule, issued under a court-ordered deadline set after environmental groups filed suit about two years ago, provides more uniform reductions around the country than the agency had originally proposed. It was greeted with praise from environmental groups usually critical of the Bush administration in this area and with considerably less enthusiasm by the organization representing the country's 149 refineries."

WPost Encourages US Public To Accept Cloned Livestock. The Washington Post (2/10, A16, 690K), in an editorial, writes, "Ever since the Food and Drug Administration officially vouched for the safety of food derived from cloned animals last month, Americans have given themselves a long and unnecessary national stomachache. Citing concerns over everything from safety to ethics, many of them told pollsters that they are apprehensive about milk and meat from clones entering supermarkets. Members of Congress are preparing to push legislation requiring food from clones and their progeny to be labeled as such. … It is important for the public not to overestimate the differences between cloning livestock for the purpose of breeding and what American ranchers and breeders already do to better their flocks and herds. The facts are less threatening than many Americans realize."

FBI/DEA/ATF/USMS:

Transnational Gang Summit Closes With Agreement On Data Sharing. The Los Angeles Times (2/10, McGreevy) reported, "An international summit on transnational gangs wrapped up in Universal City on Friday with an agreement between U.S. and Latin American law enforcement leaders to begin crafting four initiatives, including one to improve intelligence sharing on criminals who move back and forth over borders. … 'We have arrested people here who were deported five times, so we want to put some of them on the list so we look harder at the border for the worst of the worst,' said Robert Loosle, special agent in charge of the criminal section of the FBI's Los Angeles office." The Times noted, "Also aiding the effort was the announcement this week by U.S. Atty. Gen. Alberto R. Gonzales that the federal government would accelerate implementation of the Central American Fingerprinting Exploitation system, which will help track gang members."

FBI Awards Philadelphia Police $2 Million In Seized Drug Money. The Philadelphia Daily News (2/10, Olley) reported, "The Philadelphia division of the FBI

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gave the Philadelphia Police Department a pat on the back yesterday for its work in trying to cripple the city's lucrative drug trade. Special Agent in Charge J.P. Weis lauded the efforts of Police Commissioner Sylvester Johnson, Deputy Commissioner Richard Ross and leaders of the Narcotics Bureau, and presented them with a commemorative plaque and a check for approximately $2 million, which represented a portion of the money they had seized jointly during the 2005-06 fiscal year. He said of the relationship between the two agencies, 'It illustrates the camaraderie between these two units that transcends mere cooperation.'" The Daily News noted, "Just this week, police stopped a tractor-trailer…and found 100 kilos of cocaine with an estimated street value of $10 million. Forfeitures as large as Monday's are what Weis describes as a powerful tool against drug activity."

Husband Of Hawaii FBI Agent Pleads Guilty To Drug Charges. Honolulu Star Bulletin (2/10, Barayuga) reported, "The spouse of a former FBI technician has admitted to conspiring with others to possess with intent to distribute more than 500 grams, or 1.1 pounds, of methamphetamine." On Friday, Eric Moniz "pleaded guilty…in U.S. District Court to the charge, punishable by a mandatory minimum of 10 years in federal prison. Moniz was one of 23 individuals indicted by a federal grand jury in April after an internal FBI investigation. The FBI began surveillance of employee Charmaine Moniz, wife of Eric Moniz, and her activities at work. They discovered she had been accessing a confidential database and reviewing documents relating to her husband's longtime friend Damien Kalei Hina, an alleged drug dealer in Waialua, as well as Jonathan Kimo Luna and Jess Lundgren." The AP (2/10) also briefly reported on Moniz's plea.

Hawaii Police Officer Admits Protecting Illegal Gambling Operation. The Honolulu Advertiser (2/10, Kobayashi) reported, "A second Honolulu police officer has pleaded guilty in a scheme to protect an illegal cockfight and gambling operation in Waialua." On Friday, Bryson Apo "admitted…that he provided the operators information about when police would raid the illegal activities and also acknowledged that he would bet on the cockfights 'from time to time' during the 2004 to 2005 cockfighting season. … Apo, an eight-year veteran of the police force, pleaded guilty to conspiring to obstruct the enforcement of criminal laws." The Advertiser noted, "The charges were the result of a massive FBI wiretap operation into gambling, drug and other illegal activities. Kevin Brunn, the third officer, is awaiting trial."

The Honolulu Star Bulletin (2/10, Barayuga) reported Apo pleaded guilty "to conspiring with more than five others, including members of a large landowning family in Waialua and two other police officers, to obstruct the enforcement of state laws prohibiting illegal gambling, specifically cockfighting, craps and card games. … The indictment stemmed from a two-year federal investigation that began in 2003 into illegal gambling and cockfighting" in Waialua.

Cuba Transfers Key Drug Cartel Head To Colombia. The New York Times (2/10, A4, McKinley, Romero, 1.16M) reports the transfer of Luis Hernando Gómez Bustamante, "the leader of a Colombian drug cartel that American prosecutors say flooded New York City streets with cocaine," from Cuban to Colombian custody in Bogota. Havana's "decision to send [Bustamante] to Colombia surprised American authorities, law enforcement officials said. Cuba's government has no diplomatic relations with the United States, and some people charged with crimes on American soil have found a haven in Havana." Also known as Rasguno, Bustamante is "the reputed boss of the Norte del Valle cartel," has been in jail in Cuba for three years "on immigration charges." Norte del Valle "was one of the most violent, lucrative and extensive cocaine-smuggling rings in the world, accounting for at least 30 percent of the cocaine being imported into the United States, Justice Department officials said."

DOJ Warns NYC Probes Of Out-Of-State Gun Stings May Be Illegal. The AP (2/9, Gross) reports, "Private investigators hired by the city to conduct sting operations on out-of-state gun shops could be breaking the law, and the dealers they caught making illegal sales will not be prosecuted, federal officials said." The AP continues, "City officials have sued more than two dozen dealers after hiring investigators to pose as buyers attempting straw purchases, in which one person fills out the paperwork for the gun but is buying for someone else. The scam is often used by convicted felons and others barred from owning firearms." The AP adds, "The city argues that the shops - in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - are responsible for many of the illegal weapons that end up in New York, and the suits have led seven dealers to agree to

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more scrutiny. … The federal Bureau of Alcohol, Tobacco, Firearms and Explosives announced in May it was reviewing whether the city acted legally. … 'Potential legal liabilities' arise when civilians do the work of law enforcers, Department of Justice spokesman Bryan Sierra said Thursday. The department has decided charges are not warranted against dealers in the sting cases, he said. … It was unclear whether the private investigators could face charges." The AP notes, "After the Justice Department decided not to base criminal prosecutions on the stings, Deputy Mayor Ed Skyler said that 'the preferred solution' is getting legal agreements with the shops to monitor their sales practices but that the city also plans to retain its right to continue the operations."

IMMIGRATION:

Media Given Tour Of Detention Facility For Families Of Illegal Immigrants. The New York Times (2/10, A9, Blumenthal, 1.16M) reports, "Responding to complaints about conditions" at the T. Don Hutto Family Detention Center in Taylor, Texas, the "nation's main family detention center for illegal immigrants, officials threw open the gates on Friday for a first news media tour. They portrayed the privately run converted prison, open since May, as a model facility 'primarily focused on the safety of the children.' Once all the barbed wire comes down, Gary Mead, an Immigration and Customs Enforcement official, said, 'it's going to look more like a community college with a very high chain-link fence.' Among other things, critics have complained about the prisonlike conditions, the food and the limited amount of schooling and recreation provided for children."

The Dallas Morning News (2/10, Meyer, 500K) reports, "The center, just northeast of Austin, has been home to three North Texas Palestinian families in recent months, including members of the Ibrahim family, whose controversial detention sparked a new round of criticism last week. … Human rights observers and civil rights advocates have condemned the decision to keep children in Hutto, citing abuses that include inadequate education, weight loss and psychological trauma. The government, they say, has a responsibility to find less-restrictive environments when the incarceration of minors is necessary."

The Los Angeles Times (2/10, Gaouette, Bustillo, 850K) reports Hutto "is a pillar of the Bush administration's effort to crack down on illegal immigrants and detain them until their appeals can be heard. It holds detainees who cannot easily be sent home, as Mexicans can. Hutto has families from 29 countries, most from South America. The center is touted by the Homeland Security Department as a major achievement, and may be a model for future facilities. Hutto also illustrates the administration's bind as its pursuit of border security collides with the reality that many illegal immigrants are minors. On Friday, a majority of Hutto's 383 inmates were children."

Report Blasts DHS Treatment Of Asylum Seekers. The Washington Post (2/10, A6, Fears, 690K) reports, "The U.S. Commission on International Religious Freedom has issued a report that sharply criticizes federal immigration authorities for rounding up asylum-seekers at the border, detaining them for months in prisonlike facilities and quickly dispatching them back to the countries they fled. Thursday's report by the bipartisan panel was a follow-up to one two years ago that reported similar findings about detention and expedited removal. It said the Department of Homeland Security and two of its agencies -- the U.S. Border Patrol and Immigration and Customs Enforcement -- did not act on its recommendations and made little effort to help asylum-seekers." Sen. Joseph Lieberman, chairman of the homeland security committee, "pledged to introduce legislation that would force officials to follow procedures. In a statement Thursday, he and Sen. Edward M. Kennedy praised the report as detailed and thorough."

TAX:

Former NFL Star Stabler Selling Home To Pay Tax Debt. The Mobile Press-Register (AL) (2/10, Kirby) reports, "Former football great and University of Alabama broadcaster Kenny Stabler has agreed to put his longtime house near Orange Beach up for sale to pay off tax debts, court records indicate." The Press-Register continues, "Attorneys for Stabler, his estranged wife, Rose Burch Stabler, and the U.S. Department of Justice asked a federal judge in Mobile this week to put a lawsuit against the Stablers on hold for six months to give the property a chance to sell. Senior U.S. District Judge Charles Butler Jr. was out of the office Thursday and Friday and did not rule on the request, but judges typically grant such motions when none of the parties opposes it." The Press-Register adds, "The Justice Department in August sued the Stablers and the former quarterback's one-man business, the Stabler Co., seeking the

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seizure of the house on Ono Island and property in Mobile to satisfy a tax debt exceeding $500,000. … Stabler's lawyer, Robert Galloway, said Friday that his client continues to dispute the amount of taxes calculated by the IRS but concedes he does owe some money. Galloway said he is confident Stabler's half of the proceeds from a sale will be enough to resolve the case. … 'We reached an agreement with the IRS that we're going to sell the house rather than have the IRS seize it,' he said. 'This is the time of the year that houses sell.'" The Press-Register notes, "The lawsuit claims Stabler owed $241,565 in back income taxes, interest, fees and penalties as of Aug. 7. The period covered ran from 1999 to 2001. The federal government claims that his company, which arranges his public speaking and consulting engagements, owed $303,282 in back income and employment taxes, interest, fees and penalties for the period between 1995 and 2000."

The AP (2/10) reports, "The civil action accuses Stabler of moving money from the company to his personal account to avoid paying corporate taxes. It states that he transferred nearly $1.4 million from the Stabler Co. to himself in the form of 'loans' in 1998 and 1999. … At the time, Stabler had complete control over the company's finances and was its only shareholder and officer, according to the complaint. … 'If it had not been for the improper control exerted by Stabler over Stabler Company, the corporation would have been able to satisfy its tax obligations,' the suit states."

Judge Blasts DOJ Over Plea Deal In Utah Tax Case. The Salt Lake Tribune (2/10, Manson) reports, "A federal judge says prosecutors ignored their own policy when they gave a lenient plea bargain to a Bountiful accountant who prepared fraudulent tax returns." The Tribune continues, U.S. District Judge Paul Cassell refused to go along with the deal, which called for no incarceration and no restitution for Lance W. Mercer. Cassell instead ordered Mercer to spend five months in home confinement, then five months in prison and pay $11,378 to the Internal Revenue Service." The Tribune adds, "Cassell scolded the U.S. Justice Department's tax division for agreeing not to ask for any enhanced sentences under federal sentencing guidelines. … Mercer, a tax preparer with a master's degree, had a special skill that he used to cheat the government, Cassell wrote in his order. The accountant used his knowledge of what figures would appear reasonable to make returns 'fly through' IRS processing, Cassell wrote. … However, prosecutors not only declined to request a sentence enhancement based on the special-skill circumstance, they actually objected to any increase, Cassell said." The Tribune notes, "The judge noted that in 2003, then-Attorney General John Ashcroft said any sentencing recommendation by the Justice Department 'must honestly reflect the totality and seriousness of the defendant's conduct and must be fully consistent with the guidelines.' .. .About the same time in 2003, Cassell noted, the Justice Department argued to Congress that judges' failure to comply with the guidelines had resulted in reduced sentences and an erosion of the deterrent value of federal sentencing policy. … 'The court firmly agrees with the generally stated position of the department that a sentencing system that involves ignoring the obvious facts is "neither desirable nor capable of sustaining long-term public confidence,"' Cassell said. … He stressed his criticism is not aimed at the U.S. Attorney's Office in Utah or the trial attorney assigned to defend Mercer's plea bargain." The Tribune adds, "Assistant Attorney General Eileen J. O'Connor said Thursday that the tax division adheres to 'principles of federal prosecution, including DOJ policies concerning sentencing.'"

DOJ Accuses California Accountant Of Misrepresentation. The North Platte (NE) Telegraph (2/10, Lindenberger) reports, "Lowell Baisden, the California accountant currently under investigation for tax fraud, is being accused of misrepresenting facts in his opposition to a preliminary injunction from the U.S. Department of Justice." The Telegraph continues, "Court documents filed by Baisden's attorneys in December indicated that IRS attorney Kathryn Meyer had verified the legality of Baisden's actions and that she informed IRS agents Baisden had done nothing illegal. … However, Meyer's official declaration, which was filed Feb. 2 by Justice Department attorney Jacqueline Brown, indicate Meyer never made any statement or suggestion that Baisden's scheme was legal. … 'To the contrary ... I determined that Mr. Baisden's scheme is without merit, results in a substantial understatement of his clients' federal income tax liabilities, and that an injunction against Mr. Baisden's continued use of this scheme is essential,' Meyer stated in her declaration." The Telegraph adds, "Thomas Cheung, the IRS agent assigned to investigate Baisden, also stated in an official declaration filed last week that he never told Baisden his tax methods were correct. Yet, Baisden has allegedly hindered the IRS investigation by

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telling others that Cheung and Meyer had agreed Baisden's methods were proper. … In a reply to Baisden's opposition to the preliminary injunction, Brown said Baisden has admitted to the IRS in prior interviews that he has never requested a formal determination as to the validity of his tax plan. Furthermore, Brown said the IRS has notified Baisden on several occasions that his methods are inaccurate."

CONGRESS-ADMINISTRATION:

GOP Upset By Waxman's Schedule Of Oversight Hearings. The Washington Times (2/10, Miller, 88K) reports Rep. Henry Waxman's Committee on Oversight and Government Reform "spent the week delving into government waste that ranged from spending in Iraq to federal drug program pricing -- inquests Republicans say mainly provided entertainment but no legislative action. Some of the hearings…were strictly 'a show,' said Rep. Darrell Issa," who "cited the hearing Wednesday with tearful testimony by family members of three civilian security workers killed and mutilated by a Fallujah mob in a widely televised attack in March 2004." Issa "said he hoped the committee would move beyond these hearings and make proposals to curb wasteful government spending, such as rewriting contracting and procurement rules. But the initial hearings -- including one focusing on criticism of how U.S. officials accounted for Iraqi money spent after the fall of dictator Saddam Hussein -- rankled Republicans."

Rangel Reportedly Signs Off On Small Business Tax Cuts. The Hill (2/9, Marre) reports House Ways and Means Committee Chairman Charles Rangel and ranking member Jim McCrery "said Friday they have reached a deal on a package of tax cuts for small businesses that could smooth the path of a federal minimum wage increase to $7.25. 'This bill strengthens opportunities for small businesses and serves as a symbol of what can happen when Democrats and Republicans work together,' Rangel said in a joint statement."

Bill Would Raise Capital Gains Rate On Children Of Wealthy. The Wall Street Journal (2/10, B5, Lueck, 2.04M) reports, "To help fund legislation giving small businesses more than $1 billion in tax breaks, House tax writers propose blocking wealthy people from shifting income to their children." The bill would deny "the dependent children of wealthy people the lowest capital-gains and dividend rates, 5% this year and falling to zero next year. The low rates, available to people in the 10% and 15% tax brackets, 'presumably' were meant to benefit low-income people, according to a House Ways and Means summary. But because they also are available to children of wealthy people, those parents can reduce their own taxes by shifting assets to their children."

House GOP Leadership To Produce Weekly Radio Message. The Hill (2/9, Jacobs) reports on its Web site that House GOP leaders "officially announced Friday that House Republicans will be taping an address this week that will be distributed to hundreds of local and national radio stations across the country. … GOP leaders will use the radio address to outline House Republican positions and respond to the Democratic agenda. Each week, a member of the Republican leadership will tackle a different issue facing Americans."

Pelosi Plane Controversy Caught Eye Of "Muzzled" Republicans. The Washington Times/AP (2/10, Superville) reports on its front House Speaker Nancy Pelosi "went before the House Science Committee [Thursday] morning to champion her commitment to do something about global warming, a rare appearance for a leader of the House. She did so as reports swirled on Capitol Hill that she had requested a bigger, swankier government airplane than her Republican predecessor had used." For Republicans, "feeling muzzled and still down over losing control of the House, the irony was too good to ignore."

Miller Defends Himself Against Allegations Of Tax Fraud. The Washington Post (2/10, A5, Geis, 690K) reports Rep. Gary Miller "defended his reputation this week, as FBI investigators look into charges that he improperly delayed paying taxes on several lucrative land deals." Miller "told fellow House Republicans behind closed doors Tuesday that he 'has done nothing wrong, his business dealings have all been above-board and that these allegations are baseless and have no merit,' his spokesman Scott Toussaint said. The FBI investigation follows an article in the Los Angeles Times and a complaint from the nonprofit Citizens for Responsibility and Ethics alleging that Miller, a wealthy real estate developer, unlawfully avoided paying taxes on a land deal. … Miller has not been contacted by the IRS or the FBI, Toussaint said. Miller voluntarily turned over

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documents related to his business to the House ethics committee and to Minority Leader John A. Boehner."

New Congressional Ethics Rules Seen As Unlikely To Be Effective. In an op-ed for the New York Times (2/10, A15, 1.16M) Randy Evans, outside counsel to former House Speakers Newt Gingrich and Dennis Hastert, writes, "The Democratic majority in Congress has made ethics reform a centerpiece of its agenda -- and not a moment too soon. … Unfortunately, the latest reforms (some adopted in the House by rule and others proposed by the Senate in legislation) tighten restrictions without actually addressing the real reasons that Congressional ethics rules have been ineffective in the past. The result is tougher rules that will rarely, if ever, be enforced. Here's why. First, regardless of what anyone might claim, there remains no mechanism for policing those at the heart of Congress's ethics problems: lobbyists willing to violate the rules. … Second, even with the new rules, only members of Congress or someone with a member's permission can file a complaint with the House ethics committee. But limiting who can file a complaint effectively precludes any meaningful enforcement."

Marines Ground V-22. The Washington Post (2/10, Merle, 690K) reports, "The Marine Corps said yesterday it was temporarily grounding its fleet of V-22 Osprey tilt rotors after discovering a glitch in a computer chip that could cause the aircraft to lose control. ... It was an unexpected setback for the program; the military last grounded the fleet in 2000 after two fatal crashes that killed 23 Marines."

USAF Academy Investigates Alleged Cadet Cheating. The Washington Post (2/10, A3, Cooperman, 690K) reports, "The Air Force Academy is investigating allegations of cheating by 28 freshmen and has restricted all 4,300 cadets to campus over the weekend, asking them to meet in small groups to consider 'their self-image and the image of the institution,' Air Force officials said yesterday." Cadets said "that the cheating took place on a weekly test that typically includes questions about the chain of command and military jargon." The AP (2/9) says "some cadets admitted obtaining answers to a test and forwarding them through an Internet social group and private computer messages."

NYTimes Criticizes Bush's Efforts On Social Security Reform. The New York Times (2/10, A14, 1.16M) editorializes, "In 2005, President Bush put his political capital where his mouth was, and lost. He went all-out to convince Congress and the American people that privatizing Social Security would be good and necessary. It's neither — and his plan was justifiably and soundly rejected. This year, with his political capital on empty, Mr. Bush is talking about a bipartisan effort to reform Social Security. But his actions suggest that he has no intention of making any serious compromises. In his new budget, Mr. Bush allocates $29.3 billion to establish private accounts in 2012, totaling $637 billion through 2017. That suggests that either Mr. Bush still hasn't figured out that private accounts are a political nonstarter, or he's hoping to use them as a bargaining chip in future negotiations. Either way, that attitude virtually ensures that Social Security reform will stall in this Congress, just as it did when the Republicans were in charge."

Bush's Health Insurance Proposal Said To "Not Go Far Enough." In an op-ed for the Los Angeles Times (2/10, 850K) Henry Aaron of the Brookings Institution writes, "Healthcare analysts have long deplored the linkage between health insurance and employment. … But President Bush's proposed fix does not go far enough." Aaron adds, "So, what is right and what is wrong with the president's plan? What is right is that it would extend to individually purchased insurance a tax break similar to the one now available only on employer-financed coverage. It would do so in a way that would not add to the federal deficit measured over 10 years, although it would boost deficits initially. Unfortunately, the plan would continue the incentive of bigger tax breaks for high earners even though most of the uninsured are low earners. A better plan would be a tax credit that offered the same tax relief per dollar of insurance to people at all income levels. Better still would be offering larger credits to low-income households, which need help, rather than to high-income households, which don't. The bigger problem with the Bush plan is that it would not ensure that people would be able to find insurance at a reasonable price."

Volcker Claims Federal Judges Are Not Compensated Adequately. In an op-ed for the Wall Street Journal (2/10, A9, 2.04M) former Fed Chairman Paul Volcker writes, 'The simple fact is that judicial compensation has not kept pace with reasonable requirements. … Congress has simply refused to make good on its expressed goal, and has not even provided cost of living adjustments. It has now been 16 years since this last judicial pay raise took full effect. Since that time, average American workers'

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wages, when adjusted for inflation, have risen 18.5%. During that same period, federal judges' real, inflation-adjusted pay has declined 10.8%, while the pay of most other federal workers, when adjusted for inflation, has risen by 15.1%. The decline in real pay of district judges has dropped by 25% since the earlier 1969 review."

LATimes Pleased By ABA's Decision On Judicial Ethics. The Los Angeles Times (2/10, 850K) reports the American Bar Association "is having some sound second thoughts about weakening a key provision of its Model Code of Judicial Conduct, which traditionally has served as a guide to state court systems in setting their own ethics rules. An ABA drafting panel had been criticized — including by this editorial page — for proposing changes that would have diluted a provision saying that judges should avoid even the 'appearance of impropriety.' But now the panel is expected next week to accept a 'friendly amendment' to its own proposal at an ABA meeting in Miami, one that would undo the damage. … Avoiding the appearance of impropriety should remain a commandment for judges, not be demoted to a mere suggestion. The ABA should make clear next week that it has gotten that message."

OTHER NEWS:

Stock Markets Declined Friday. NBC Nightly News (2/9, story 6, :10, Williams, 9.87M) reported, "Stocks ended the week on a down note. The Dow was down almost 57 points, Nasdaq was down just under 29. For the week as a whole, the Dow lost nearly 73 points, Nasdaq was down 16 points." The Wall Street Journal (2/10, B1, Browning, 2.04M) says the Dow "pulled back 72.66 points, or 0.57%, to 12580.83 in the week that just ended, including a decline of 56.80 points, or 0.45%, Friday" The S&P 500 "fell 0.71%, or 10.25 points, to 1438.06, still up 1.4% this year," while the Nasdaq "declined 1.16% Friday, or 28.85 points, to 2459.82, ahead 1.8% in 2007."

Fed Could Still Raise Interest Rates. The Wall Street Journal (2/10, A4, Derby, 2.04M) reports, "Inflation pressures have clearly not moderated enough to quell Federal Reserve officials' repeated warnings they may yet have to raise rates again. Several policy makers said Friday that while they are optimistic inflationary pressures will wane this year, they nonetheless stand ready to cure too-high price pressures with rate increases, if needed."

Bies Leaving Fed. The Wall Street Journal (2/10, A4, Ives-Halperin, 2.04M) reports Federal Reserve Governor Susan Bies announced she will leave her post at the end of March. She will not attend the March 20-21 meeting of the Federal Open Market Committee.

Imam Rises To Prominence Along With Ellison. The New York Times (2/10, B6, Freedman, 1.16M) reports, "On the evening after Minnesota's Democratic primary last September, Makram El-Amin picked up his ringing cellphone to hear the raspy, exhausted voice of Keith Ellison. The men had known each other for a decade, long enough for Mr. El-Amin to become the imam of a mosque in their North Minneapolis neighborhood and Mr. Ellison to win a seat as the area's state representative. … Two months later, Mr. Ellison won election, becoming the first Muslim member of Congress, and doing so in an overwhelmingly non-Muslim district. As for Mr. El-Amin, he was transformed into a congressman's imam, putting an Islamic imprint on the role of spiritual adviser played by such figures as the Rev. Billy Graham for Richard M. Nixon and the Rev. Jesse Jackson for Bill Clinton."

Candidates Opt For Big Events Over Retail Politicking In New Hampshire. The Boston Globe (2/10, Milligan, 413K) writes that while New Hampshire "has long cherished its role as the place where presidential hopefuls test the political waters by campaigning in diners and living rooms," the 2008 field is "choosing instead to go for the big splash." The "huge crowd that showed up to see" Sen. Barack Obama in December, "an event that helped mark Obama as a political phenomenon," may have "pressured other hopefuls to prove their own appeal by drawing standing-room-only crowds. Following big-extravaganza appearances last month" by John Edwards and Rudy Giuliani, Sen. Hillary Rodham "is scheduled to speak today at a gymnasium-sized 'town meeting' in Concord -- an event that filled up two days after it was announced and drew so much advance media attention that Democrats this week offered up interviews with people making signs for the event. Meanwhile, Obama's town meeting scheduled for Monday in Durham is at capacity, with 2,500 free tickets handed out in eight hours. About 850 standby tickets have been given to those hoping to take the place of no-shows."

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Obama Expected To Formally Enter Presidential Race Today. Two broadcast networks ran long reports on Sen. Barack Obama on the eve of his formal entry into the presidential race, though print coverage this morning is comparatively light. The CBS Evening News (2/9, story 3, 3:10, Couric, 7.66M) reported Obama "has chosen an historic site to launch what he hopes will be a history-making campaign. Tomorrow, the senator from Illinois will officially announce his candidacy outside the old state Capitol in Springfield, where Abraham Lincoln once served as a legislator." CBS (Borger): "Obama's audacious presidential bid has jump-started Campaign 2008, and it's brought the issue of race front and center. In an exclusive interview with Steve Kroft for 60 Minutes, he confronts it head on." CBS (Kroft): "You think the country's ready for a black president?" Obama: "Yes." Kroft: "You don't think it's going to hold you back?" Obama: "No. You know, I think if I don't win this race, it will be because of other factors. It's going to be because I have not shown to the American people a vision for where the country needs to go that they can embrace."

NBC Nightly News (2/9, story 7, 2:40, Williams, 9.87M) said that while Obama "has never positioned himself as the black candidate," the "question of his race, of course, will continue to be much discussed and debated, especially among African-Americans." NBC (Allen) reported that in seeking black support, "Obama points to his work as a community organizer in poor Chicago neighborhoods like this one and legislation be pushed in the state senate to improve education, housing and end racial profiling. … Obama has said he has wrestled with race and identity much of his race and identity much of his life. No wonder those are issues for the nation and black America as well."

Like the two network pieces, the Los Angeles Times (2/10, Wallsten, 850K) focuses its report on the race issue, headlining a story, "Would Obama Be 'The Black President'?" The Times says "some of the questions arise from Obama's upbringing in Hawaii, remote from the urban struggles of Chicago's black neighborhoods, and from his heritage as the son of a white American mother and black Kenyan father." His "appeal to white voters leaves some black activists questioning the depth of his links to the black community," one scholar said. The AP (2/9, Cohen) says Obama is part of "a new generation of black political leaders -- a generation that never fought off Bull Connor's dogs, or desegregated lunch counters."

The Chicago Tribune (2/10, Pearson, Long, 617K) reports Obama, "using the home of Lincoln's famed 'House Divided' speech as a backdrop," is expected to today "make formal his historic entry into the 2008 presidential campaign, presenting himself as a symbol for a new generation of leadership and politics." To "counter complaints he lacks experience with only two years in the U.S. Senate, Obama planned to open his campaign not far from where he served for eight years in the Illinois General Assembly, where his tenure was notable for his comity and willingness to reach across the aisle." And "in a larger sense, Obama's formal announcement, scheduled for a chilly outdoor makeshift stage at the Old State Capitol on the weekend before Lincoln's birthday, was aimed at assimilating the greater imagery of Lincoln that looms over Springfield, of a man who sought to heal a nation at war with itself, its populace sharply divided." The AP (2/9) says it "will be the start of a long weekend of rallies and events" for Obama "that will take him from Springfield to Iowa and then on to Chicago before he wraps up Monday in New Hampshire." The Financial Times (2/10, Daniel) and BBC.com (2/10, Coomarasamy) also have items on today's campaign announcement.

Obama's "Free Ride" Could Be About To End. Mike Allen writes for The Politico (2/9) that Obama's "free ride is ending. The charismatic Illinois senator has enjoyed a lifetime of hagiography, starting with an 800-word story in The New York Times the day after his election as the first black president of the Harvard Law Review. Now, Obama's about to endure a going-over that would make a proctologist blush. Why has he sometimes said his first name is Arabic, and other times Swahili? Why did he make up names in his first book, as the introduction acknowledges? Why did he say two years ago that he would 'absolutely' serve out his Senate term, which ends in 2011, and that the idea of him running for president this cycle was 'silly' and hype 'that's been a little overblown'? In interviews, strategists in both parties pointed to four big vulnerabilities: Obama's inexperience, the thinness of his policy record, his frank liberalism in a time when the party needs centrist voters and the wealth of targets that are provided by the personal recollections in his first book, from past drug use to conversations that cannot be documented." Allen says "opponents' plans for undoing Obama" are likely to focus on his "inexperience," "anemic policy record," "liberalism," and "disclosures in his books."

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Clinton Tied For First In Iowa, Takes Lead In New Hampshire, In Zogby Polls. A Zogby poll of 500 likely Iowa Democratic caucus participants (+/- 4.5%) shows Sen. Hillary Clinton gaining ground, and Tom Vilsack losing support, in the leadoff state. Clinton is backed by 24% of respondents, tied with John Edwards. Sen. Barack Obama is at 18%, Vilsack 9%, and Sen. Joseph Biden 4%. A month ago, Edwards was at 27%, Obama 17%, and Clinton and Vilsack tied at 16% each, with Biden at 3%. In New Hampshire, a Zogby Poll of 500 likely primary participants (+/- 4.5%) shows Clinton moving into the lead, backed by 27% of respondents. Obama is at 23%, Edwards 13%, and Gov. Bill Richardson 3%.

Clinton Says Her Iraq Vote Was "Not A Vote For A Pre-Emptive War." The New Hampshire Union Leader (2/10, DiStaso) reports Sen. Hillary Clinton said in a Friday telephone interview that her "2002 vote for a resolution authorizing the invasion of Iraq was 'not a vote for a pre-emptive war,' but instead a show of support for further United Nations weapons inspections." Clinton, "who has been criticized by hard-line anti-war groups for not apologizing for the vote, emphasized that distinction." Clinton said, "I have taken responsibility for that vote. It was based on the best assessment that I could make at the time, and it was clearly intended to demonstrate support for going to the United Nations to put inspectors into Iraq." Clinton said that "when she explained her vote four years ago, 'I said that it was not a vote for pre-emptive war.'"

Clinton Will Compete In New Hampshire Primary "Whenever It's Held." The New Hampshire Union Leader (2/10, DiStaso) reports Clinton said she "will ignore her own national party's rules and campaign in New Hampshire even if the first-in-the-nation primary is set for a date that does not comply the party's predetermined calendar." Clinton said, "I am going to compete in the New Hampshire primary whenever it's held. I'm excited about it. I want to be part of it. I want to do it the New Hampshire way."

Clinton To Visit South Caroline On February 19. The AP (2/9) reports Clinton "will make her first South Carolina presidential campaign stop on Feb. 19, state Democratic Party Chairman Joe Erwin said Friday. 'We don't have any of the specific places yet,' Erwin said." News of Clinton's visit comes as Sen. Barack Obama's "plans to come to South Carolina became public. Obama will make stops in Columbia and Orangeburg Feb. 16 and 17, said Anton Gunn, Obama's new state political director."

Edwards No Longer Has Lock On Trial Lawyers' Support. The Washington Post (2/10, A4, Mosk, 690K) writes that while in 2004, John Edwards "had the powerful support and deep pockets of the nation's trial lawyers behind him," this time he "no longer has a lock on the backing of the lawyers" and "will be battling it out with others in the Democratic field, who are seen as sympathetic to plaintiffs and their attorneys." Attorney Thomas Girardi, who was finance co-chairman of the 2004 Edwards campaign, said that then, Edwards "was a much better candidate for the issues we care deeply about." But in this cycle, Edwards and Sens. Joseph Biden, Hillary Clinton, and Barack Obama "all are very positive in terms of the philosophical view. So you have a different situation with respect to our support." But Edwards "continues to work hard to win over trial lawyers. 'He's getting good support from them,' campaign spokeswoman Jennifer Palmieri said. 'I wouldn't read too much into the leanings of any one person.'"

Vilsack Says He Will Win Iowa Caucuses. Tom Vilsack said on Fox News' Hannity and Colmes (2/9), "This is sort of like now we're going through the 'American Idol' stage of this primary process. There are rock stars and then there are rock-solid candidates. I put myself in the rock-solid category. The reality is the early polls mean absolutely nothing. Certainly, they don't mean much in Iowa. If that were the case, Joe Lieberman would have been nominated as a Democratic nominee. I'm very well positioned to win in Iowa. We have a great organization, seven field offices and over 1,000 people have signed cards saying they're going to caucus for me…and we're going to win."

The AP (2/9, Glover) says that in a conference call with reporters, Vilsack said, "This is a marathon. In essence you have to peak at the right time. … As of today, we are the only campaign in Iowa that has field offices operating."

Vilsack Says Congress Should Cut Off War Funding. In a Washington Post (2/10, 690K) op-ed, Vilsack writes, "Given the increased violence this year, America is on pace to lose more than 1,000 soldiers in Iraq. Over 23,000 American soldiers have been wounded since the war began, nearly 6,000 each year. It is time for us to clearly say that our troops must be brought home now. … Congress has the

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constitutional ability and the moral responsibility to pass legislation cutting off funding for the status quo."

Giuliani Said To Be Redefining Stance On Abortion. The New York Times (2/10, Rivera, 1.16M) reports on its front page that Rudy Giuliani's "belief in abortion rights" is seen by many as a possible impediment to his capturing of the Republican presidential nomination. But "in recent weeks, as he has courted voters in South Carolina and talked to conservative media outlets," Giuliani "has highlighted a different element of his thinking on the abortion debate. He has talked about how he would appoint 'strict constructionist' judges to the Supreme Court. … The effect has been to distance himself from a position favoring abortion rights that he espoused when he ran for mayor of New York City, where most voters favor abortion rights." For Giuliani, "a Brooklyn-born Roman Catholic who once considered entering the priesthood," the abortion issue "has been a source of discomfort throughout his political career."

Giuliani To Address California GOP Convention Today. The San Francisco Chronicle (2/10, Marinucci, Wildermuth, 384K) reports on its front page that Giuliani "has all the qualities of a Republican who could appeal to voters in blue-state California: He is pro-choice, pro-gay rights and a defender of stricter gun-control laws," but those "moderate positions on social issues rankle the GOP conservatives who represent the backbone of his party's activists" in the state. Giuliani will today address the California state GOP convention in Sacramento, "marking his first major address since he announced the establishment of an exploratory committee for president." The Los Angeles Times (2/10, Finnegan, 850K) says for Giuliani, "California plays an increasingly large part in his calculus for winning the Republican nomination. It is one of several big states on the verge of advancing their 2008 presidential primaries to Feb. 5, a shift that enhances the election climate for Giuliani. Among other effects, the calendar change heightens the importance of celebrity, giving an edge to Giuliani" and Sen. John McCain.

McCain "Remains A Wealthy Man," FEC Disclosure Report Shows. The Washington Post (2/10, A6, Mosk, 690K) reports Sen. John McCain's latest financial disclosure report shows that while some land he owns "slipped in value last year," he "remains a wealthy man, largely because of investments and holdings controlled by his wife, Cindy." The required Federal Election Commission forms "allow him to report the value of holdings within broad ranges, making his net worth difficult to calculate with confidence. Previous reports have put it at roughly $15 million. Most of that money stems from his wife, the millionaire daughter of an Arizona beer magnate."

McCain Campaign Opens Michigan Headquarters. The Grand Rapids Press (2/10, Murray) reports "some of Michigan's best-known Republicans, including Attorney General Mike Cox and U.S. Rep. Fred Upton, threw their support" behind McCain at the opening of his state headquarters Friday.

Giuliani, McCain To Raise Funds In Virginia Next Week. The Richmond Times-Dispatch (2/10, Hardin) reports Rudy Giuliani and Sen. John McCain will each "be in Richmond next week seeking financial support for their campaigns." Former gubernatorial candidate Jerry Kilgore, who "is expected to lead Giuliani's campaign in Virginia," will host the Giuliani event.

Romney Addresses Alabama Republicans. The AP (2/9) reports Mitt Romney "brought his presidential campaign to Alabama Friday night, and he sought to dispel any concerns about his past views on social issues." He told Montgomery Republicans that he is opposed to same-sex marriage and said the "Roe versus Wade mentality cheapens the dignity of human life." Gov. Bob Riley "attended the event and called Romney the 'quintessential candidate.'"

Huckabee Says Current Conflict Is "World War III." The New Hampshire Union Leader (2/10, Whitson) reports Mike Huckabee "delivered a wide-ranging speech to about 40 people, many of them business leaders," at Daniel Webster College in Nashua Friday, and said the "next President has to recognize the war in Iraq's true gravity." Huckabee said, "We need to understand that this is, in fact, World War III." Ex-Rep. Charlie Bass was among the attendees, but "stopped well short of offering his endorsement. 'I'm remaining uncommitted at this point,' he said."

Huckabee Defends Traditional Definition Of Marriage. In an interview with the AP (2/9, Elliott) following the speech, Huckabee, "in response to questions about whether Vice President Dick Cheney's lesbian daughter should have the right to wed," said marriage "shouldn't be treated as an experiment." Huckabee said "heterosexual

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marriages face enough challenges without adding new configurations to the mix." He "declined to comment on Mary Cheney's decision" to have a child, saying, "I wouldn't get near specific cases."

Perry Consultant Says Texas Governor Has No National Ambitions. The Houston Chronicle (2/10, Elliott, 530K) reports Gov. Rick Perry's chief political consultant, Dave Carney, said Perry "has no interest in national politics and may seek re-election in 2010." Carney said "speculation that recent decisions by Perry, including his mandate that middle-school girls be inoculated against a sexually transmitted virus linked to cervical cancer, are designed to raise the governor's profile nationally is 'one of the most retarded things about the political observers in Texas.'"

WSJournal Considers "Wide-Open Republican Race." The Wall Street Journal (2/10, A8, 2.04M) editorializes, "Now is the season of Republican discontent, extending even to the party's Presidential candidates. For the first time in decades, no dominant candidate has emerged and GOP voters seem to be in a Missouri state of mind: Show us what you really believe. We know exactly how they feel. John McCain has been considered the front-runner," and "his fortitude on Iraq has been all the more impressive since the war has become unpopular and threatens the media adulation he has long enjoyed. Tenacity is a Presidential asset, especially in dangerous times. But among many Republicans, Mr. McCain is also paying a price for his years as a policy 'maverick.'" Mitt Romney "has shown he can win votes in a blue state, and he was successful both as a capitalist and as manager of the 2002 Salt Lake City Olympics," but he "is something of an empty policy slate." As for Rudy Giuliani, "a Northeasterner who favors gun control and abortion rights isn't supposed to have a Ralph Nader's chance in the GOP primaries. Yet today Mr. Giuliani leads in the national polls and is all but tied with Mr. McCain in New Hampshire. Some of this is no doubt due to name recognition after his 9/11 heroics. On the other hand, maybe cultural conservatives aren't the single-issue voters of media lore. Mr. Giuliani can point to the revival of the previously ungovernable New York, and his temerity and experience in a crisis are qualities that voters look for in a Commander-in-Chief. … All in all, this looks like the most wide-open Republican race in years. That may be a good thing if it forces the candidates to battle over ideas and revive the GOP reform agenda that got lost in the fog of the 109th Congress."

Harvard Chooses First Female President. The Washington Post (2/10, Strauss, Kinzie, 690K) reports on its front page that Harvard University "is about to name its first woman president since its founding in 1636, tapping a Civil War historian to succeed Lawrence Summers, whose tumultuous tenure was marked by controversial remarks about women and clashes with faculty members. Drew Gilpin Faust, 59, dean of the Radcliffe Institute for Advanced Study and a leading historian on the American South, will be formally appointed president as early as this weekend, according to a source with knowledge of the decision." The New York Times (2/10, Rimer, Finder, 1.16M), also on the front page, says Summers "turned to Dr. Faust two years ago to help calm the furor over his remarks about women in math, engineering and science. He asked her to oversee two committees he created to come up with ways to recruit, retain and promote women in those fields at Harvard."

The Boston Globe (2/10, A1, Bombardieri, Sacchetti, 413K), Los Angeles Times (2/10, Paddock, Trounson, 850K), Financial Times (2/10, Knight), Philadelphia Inquirer (2/10, A1, Kerkstra, Matza, Woodall, 385K), and Wall Street Journal (2/10, A2, Hechinger, Golden, 2.04M) are among the major newspapers with prominent stories on the pick; ABC World News (2/9, story 4, Gibson, 8.78M) ran a brief item on the Faust choice.

Ex-President Bush Friends With Television Actress. The Washington Post (2/10, C3, 690K) "Names & Faces" column writes, "Eyebrows hit the roof earlier this week when Teri Hatcher, 42, and George H.W. Bush, 82, were spotted lunching together in Beverly Hills. Shots of the twosome chatting and kissing goodbye -- on the cheek, folks -- in the Los Angeles Country Club's parking lot have surfaced all over the Web." The two have been friends since they were seated together at a Las Vegas hotel opening several years ago, and Hatcher and her daughter "visited the Bush compound in Kennebunkport, Maine, last year, Bush spokeswoman Jean Becker told us yesterday." Becker said, "They enjoy each other's company. … It's not about politics -- they have a very personal and friendly relationship."

Schwarzenegger Initiatives Seen As Part Of Productive Devolution Of Power. In an op-ed for

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the New York Times (2/10, A15, 1.16M) Gar Alperovitz, professor of political economy at the University of Maryland, writes Gov. Arnold Schwarzenegger "seems to have grasped the essential truth that no nation — not even the United States — can be managed successfully from the center once it reaches a certain scale. Moreover, the bold proposals that Mr. Schwarzenegger is now making for everything from universal health care to global warming point to the kind of decentralization of power which, once started, could easily shake up America's fundamental political structure. … California's governor has also put his finger on a little discussed flaw in America's constitutional formula. The United States is almost certainly too big to be a meaningful democracy."

States' Chambers Of Commerce Accused Of Embracing Big Government. In the Wall Street Journal (2/10, A8, 2.04M), Stephen Moore writes, "The Chamber of Commerce, long a supporter of limited government and low taxes, was part of the coalition backing the Reagan revolution in the 1980s. On the national level, the organization still follows a pro-growth agenda -- but thanks to an astonishing political transformation, many chambers of commerce on the state and local level have been abandoning these goals. They're becoming, in effect, lobbyists for big government. … In as many as half the states, state taxpayer organizations, free market think tanks and small business leaders now complain bitterly that, on a wide range of issues, chambers of commerce deploy their financial resources and lobbying clout to expand the taxing, spending and regulatory authorities of government . This behavior, they note, erodes the very pro-growth climate necessary for businesses -- at least those not connected at the hip with government -- to prosper."

North Korea Nuclear Deal Could Be Unveiled This Weekend. The New York Times (2/10, Yardley, Sanger, 1.16M) reports the US and North Korea "appeared on Friday to be inching closer to a deal that would establish a schedule for the North to shut down and seal its main nuclear facilities within two months, in return for shipments of fuel oil from South Korea and the beginning of talks over normalization of relations with Washington." However, Assistant Secretary of State Christopher Hill "cautioned that the two sides remained stuck on 'one or two' small issues." The Times says the White House and the State Department "were preparing for a major announcement this weekend, and described the agreement as very different from the" 1994 Agreed Framework. An Administration source told the Times, "This is the Libya model."

AFP (2/10, Kwanwoo, Sato) reports comments by Hill that "a deal that would see North Korea take the first steps towards ending its nuclear weapons programme is close but hurdles remain." He "said envoys to the talks had agreed on a range of fundamental issues, after host China circulated a draft accord that outlined steps member nations would take to begin the process of North Korea disarming." But in more negative tones, the AP (2/10, Chang) headlines its coverage, "North Korea Nuclear Deal In Trouble," saying negotiators in Beijing "struggled Friday to find a compromise as differences emerged over a Chinese proposal on how to begin the disarmament process."

American Tapped As UN Political Affairs Head. The New York Times (2/10, Hoge, 1.16M) reports, "Stirred by criticism of the slow pace of senior appointments, Ban Ki-moon, the new United Nations secretary general, on Friday named four new cabinet members, including an American diplomat, while keeping a dozen other senior officials in place." Ambassador B. Lynn Pascoe "becomes under secretary general for political affairs, a delicate position in United Nations efforts to mediate disputes in international trouble spots. Mr. Pascoe, a Chinese speaker, has extensive experience in Asia." In addition, Japan's Kiyotaka Akasaka will become under secretary general for communications and public information. France's Jean-Marie Guéhenno will remain under secretary general for peacekeeping operations. On its front page, the Washington Times (2/10, A1, Pisik, 88K) says Pascoe's appointment was part of "a sweeping management shake-up that promises to boost the United States' voice in the organization's diplomacy and peace-making efforts." The moves were "part of a broad reorganization of top management by" Ban.

Palestinian Unity Government May Not Satisfy Aid Resumption Requirements. Continuing coverage of the Hamas-Fatah unity government agreement focuses today on domestic Palestinian and international reaction. Under the headline, "In Palestinian Peace Deal, Hope and a Political Snare," the New York Times (2/10, Erlanger, 1.16M) says the deal "was greeted with relief by many Palestinians on Friday as their best hope

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for an end" months of fighting. However, "it poses a challenge for the Bush administration" because of the three Quartet-endorsed benchmarks. "Without the three -- and the Mecca accord does not accept them -- an international boycott on the Palestinians would continue."

In a front-page piece on the impact of the deal on Israel, the Washington Times (2/10, Mitnick, 88K) reports, "Officials from Hamas and Israel dashed hopes yesterday that a Palestinian unity deal reached in the Saudi holy city of Mecca would end a crippling economic embargo or lead to a resumption of Palestinian-Israeli peace talks." A key Hamas leader "urged militant groups to resume attacks on Israel and denied that Hamas would respect past peace deals with the Jewish state -- a central element of the accord." Israeli Foreign Minister Tzipi Livni "told a security conference in Munich that Hamas remained dedicated to Israel's destruction," and "a top lawmaker in the ruling Kadima party said the accord falls short of conditions set by the international community to lift an economic embargo against the Hamas-led Palestinian Authority."

The Washington Post (2/10, A13, Kessler, 690K) says the Administration is "wary" of the deal because it "could divide Washington and its allies" and "affect" Secretary of State Condoleezza Rice's upcoming trip to the region. The accord, to which the Administration "reacted cautiously," "threatens to expose divisions between the United States and its European allies while complicating" Rice's "peace mission later this month." Rice "is preparing for a major plunge in Middle East peacemaking, meeting with Abbas and [Olmert] to begin sketching the contours of a Palestinian state. This week, Rice met with Israeli, Egyptian and Palestinian envoys in preparation for the summit, and U.S. officials said yesterday that she remains committed to her plans."

The AP (2/10, Gearan) titles its coverage, "U.S. Cautious On Palestinian Accord." Washington "and other world powers avoided endorsing a planned political bargain between warring Palestinian factions Friday, saying it was too soon to say if the new government will meet international conditions for legitimacy and financial aid. " Administration officials "said little in public beyond careful praise for Saudi Arabia's role in bringing the two factions together. Behind the scenes, officials did not sound optimistic that the deal can end Palestinian violence or a year-old international boycott." AFP (2/10) focuses its report on continued Quartet insistence that any Palestinian government recognize Israel.

WPost Assails US "Ineptitude," Ineffective Policy. In an editorial today, the Washington Post (2/10, A16, 690K) says the accord could "prevent the eruption of another civil war in the Middle East. Saudi Arabia, which hosted the talks, can also hope that its diplomacy -- and the reported promise of $1 billion in aid to the new government -- will begin to draw the Sunni Hamas movement away from its alliance with Shiite Iran. All that would be decidedly to the good." However, it is "considerably more uncertain" whether the deal with foster Israeli-Palestinian cooperation. The "accord has confounded an already confused U.S. policy in the Middle East." Saudi leaders have "stepped into the diplomatic vacuum created by American policy and brokered a deal across a divide that only the Bush administration and Israel perceived; as the Saudis see it, the dividing line in the region is sectarian, not ideological. Unable to embrace the Palestinian accord but reluctant to offend a Saudi ally it has been counting on for help against Iran, the Bush administration adopted an awkward wait-and-see position. As events unfold in the coming days, it will watch from the sidelines, to which it has been relegated by its own ineptitude."

Israeli Renovation Project Sparks Rioting In Jerusalem. ABC World News (2/9, story 4, Gibson, 8.78M) reported, "In the Middle East, Jerusalem, fierce clashes between Israeli police and Palestinians on the area known to Jews as the Temple Mount and to Muslims as the A Haram al Sharif, where they believe Muhammad began his journey to heaven." The New York Times (2/10, A8, Myre, 1.16M) reports, "Israeli troops charged onto the grounds of Jerusalem's most contentious religious site on Friday and fired tear gas and stun grenades at stone-throwing Palestinians who were protesting Israeli excavation work taking place nearby. The confrontation…marked the fourth straight day of Palestinian protests against Israel's renovation of a 50-yard walkway leading up to the compound, known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount."

The Washington Post (2/10, A12, Wilson, 690K) notes, "Palestinians clashed with Israeli police Friday at one of this city's holiest sites and demonstrated across the West Bank to protest a construction project Israel has begun near a pair of venerated mosques." Notably, "the foreign minister of Indonesia, the world's most populous Islamic nation, demanded that Israel immediately halt the work near the al-Aqsa mosque and Dome of the Rock, where Muslims believe

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the prophet Muhammad ascended to Heaven, the third-holiest site in Islam." The Washington Times/AP (2/10, Hadid) adds, "Protests spread across the Arab world, with demonstrators accusing Israel of plotting to harm Islamic shrines. Israeli officials accused Palestinians of distorting the project to rally their fractious population against the Jewish state. They insist that the replacement of the ramp, which was damaged in a 2004 snowstorm, would not harm the holy site about 200 feet away."

Hezbollah Demands Return Of Weapons Seized By Lebanese Government. The New York Times (2/10, A8, 1.16M) reports Hezbollah "acknowledged Friday that it owned a truckload of arms seized Thursday by Lebanese customs authorities in an East Beirut suburb and demanded their return." The group's leaders "insisted that the movement of the arms did not violate the militants' accord with the government." However, Defense Minister Elias Murr "said the Lebanese Army intended to keep the weapons and pledged to use them against Israel if needed. Lebanese and Israeli soldiers exchanged fire across the border on Wednesday for the first time in decades."

Russia Criticizes US Missile Defense Plans. The New York Times (2/10, A7, Shanker, 1.16M) reports, "Russia's defense minister chose a NATO session here on Friday for a pre-emptive verbal assault on American plans to base elements of a missile defense system in Eastern Europe." Sergei Ivanov "argued that there was no rationale for basing American antimissile radars and interceptors in former Soviet satellite states that have now joined the NATO alliance." He "warned that Russia could easily overwhelm the small defensive system under consideration." The Financial Times (2/10, Dombey, Sevastopulo, Buckley) reports, "Ivanov's comments came after Russia's army chief of staff warned that expansion of the US military presence in Russia's traditional zones of influence was a serious security threat. ... Earlier this week, Mr Ivanov announced a big increase in military spending to fund a new generation of intercontinental ballistic missiles, nuclear submarines and aircraft carriers."

The Los Angeles Times (2/10, Spiegel, 850K) reports that Ivanov said "the plan to base interceptor rockets and radars in Poland and the Czech Republic appeared to be aimed at shooting down Russian weapons." He countered "U.S. arguments that the Europe-based system was needed to destroy North Korean missiles, adding that American claims Iran posed a threat to Europe were equally specious."

Litvinenko's Allies Believe KGB-Successor Assassinated Him. The Los Angeles Times (2/10, Murphy, Rotella, 850K) carries claims by friends of Alexander Litvinenko who "have pieced together their own picture of how the former agent died. ... Based on their conversations with Litvinenko as he lay dying, their own contacts in the world of former KGB agents, and their meetings as witnesses with police investigators, these Russians believe Litvinenko's slaying was...a punishment for betrayal from an organization that forgets nothing." Litvinenko's colleagues in London "believe that the true killer may have been a tall, elusive Russian man known only as Vladislav who shows up on airport surveillance videos and was briefly present during Litvinenko's fatal lunch, then disappeared without a trace."

Polish Town Seeks Reagan Statue To Replace Communist Monument. AFP (2/9) reports, "Opponents of Poland's former communist regime reportedly want to pay a posthumous homage" to President Reagan by "erecting his statue in the place of a Soviet-era monument." A group of activists once opposed to the communist-era government said in a letter to the mayor of Katowice "that the staunchly anti-communist Reagan had been a 'symbol of liberty'" and therefore deserves "to become the centrepiece of the city's Freedom Square, replacing a monument to the Soviet troops who drove out the occupying Nazis in 1945."

France's Royal Said To Wage Unconventional Presidential Campaign. In a 3,000-word piece on its front page, the Wall Street Journal (2/10, Galloni, 2.04M) profiles French Socialist presidential candidate Segolene Royal. "Many senior members of her Socialist Party aren't sure whether to call Ms. Royal's campaign a bold or amateurish foray into the hallowed halls of French presidential politics." Over the past two years, her "crowd-pleasing proposals and glamorous looks have transformed her from a back-bench Socialist politician into one of the two front-runners for France's highest office." That "rapid rise speaks to the growing disconnect in France, and throughout much of Europe, between an aging generation of leaders and voters who feel their economic and social

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concerns are going unheard." Royal "has come this far by tossing ideology out the window and by selling her personality instead of her beliefs, a phenomenon rarely seen in continental Europe."

UN Peacekeepers Seize Haitian Slum, Fail To Capture Key Gang Leader. On its front page today, the New York Times (2/10, Lacey, 1.16M) details recent efforts by Haitian President Rene Preval and UN peacekeepers to combat street gangs in Port-au-Prince. "With a disbanded army and a corrupted wreck of a police force, successive presidents have either used the gangs against political rivals or just bought them off. Recently, something extraordinary has occurred. [Preval] decided to take on the gangs and set the 8,000 United Nations peacekeepers loose on them, a risky move that will determine the security of the country and the success of his young government." Preval "has grown increasingly impatient with the gangs as they resisted surrendering their guns and continued wreaking havoc on" the capital.

The Washington Post (2/10, A12, Roig-Franzia, 690K) notes, "U.N. troops fought a block-by-block gun battle with gangs in one of this capital's notorious slums Friday, in the force's largest offensive since being deployed here in 2004." Two peacekeepers and several gang members "were injured in heavy fighting that sent the loud clap of automatic weapons fire into the air above Cite Soleil, where poverty is rampant and canals serve as open sewers." While Haiti "has a notoriously corrupt and dysfunctional justice system," officials claim "a special team of prosecutors and judges has been identified by" Preval "to handle high-profile cases." BBC.com (2/10) titles its coverage, "UN Troops Flood Into Haiti Slum."

LATimes Sees "Faint Pulse" Of Venezuelan Democracy Despite Chavez. In an editorial, the Los Angeles Times (2/10, 850K) says Venezuela today is "a place where democracy is a little more nonbinding than elsewhere." The recent move by National Assembly members to vote "themselves into irrelevance" eliminated Chavez's "need to even use [their] rubber stamp" to pass legislation. He "is expected to use his powers to, among other frightening things, do away with presidential term limits so he can remain in office indefinitely." Noting opposition comparisons of Chavez's action to Hitler's in the early 1930s, the Times says "democracy still has a faint pulse in Venezuela," because "any Chavez decree can theoretically be overturned by public referendum, as long as opponents gather signatures from 5% of the electorate." Chavez, "destructive as his economic policies will eventually be to Venezuela, is no Hitler. Now Mussolini, on the other hand …"

Indian Economic Leaders Work To Stave Off "Inflationary Spiral." Under the headline, "India Finds Its Economy On The Verge Of Overheating," the New York Times (2/10, C1, Bradsher, 1.16M) reports, "With breakneck growth, an outsourcing industry that leads the world and hundreds of millions of consumers demanding more class and comfort, India has an economy many countries would envy." However, "signs of a potentially dangerous inflationary spiral are beginning to emerge. Prime Minister Manmohan Singh and his closest economic advisors gathered just last weekend over fears that India's extraordinary economic expansion was starting to overheat, an issue they labeled as a 'key short-term priority.'" The Times says Singh "may have waited too long." While "inflation in India remains much lower than" elsewhere, "prices are rising more than twice as fast as in China, India's archrival for foreign investment and economic leadership among emerging markets. Prices are also increasing considerably faster than in industrialized countries."

Expanding Economy Having Little Effect On Child Malnutrition. A separate New York Times (2/10, A7, Sengupta, 1.16M) piece notes, "Even after India's years of sustained economic growth, child malnutrition rates are comparable to some of the poorest countries, and at times worse." A government report released yesterday claims that "nearly half" of all children under three years of age "are clinically underweight, the most reliable measure of malnutrition. Additionally troubling, the incidence of child malnutrition declined only one percentage point, to 46 percent, in seven years" despite annual economic growth rates of six to eight percent.

WSJournal Pans Thai Actions On Pharmaceuticals. In an editorial today entitled, "Theft In Thailand," the Wall Street Journal (2/10, A8, 2.04M) assails the Thai government's IPR policies. "By seizing patents for HIV/AIDS treatments and heart disease, Thailand has asserted that governments have the right to take intellectual property whenever they please." Recent actions to produce local generics "may be technically legal. The WTO language on compulsory licensing is regrettably vague, and

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doesn't list specific causes for which governments can seize private patents." However, Thailand "did not bother to consult prior to issuing the compulsory licenses, and the drug companies woke up to read about it in the papers. So it clearly breached the spirit, if not the letter, of Article 31." It is "anyone's guess" how the Thai government will provide more value for drug consumers.

China's Hu Encounters Some Opposition During Africa Tour. An analysis piece in the New York Times (2/10, A3, Wines, 1.16M) examines the "resistance" met by Chinese President Hu Jintao during the Africa trip he completed yesterday. Calling the "reality" of the Chinese global "juggernaut" "more nuanced" than previously thought, the Times says the "visit tested a basic tenet of China's economic relations: that business is business, and what a partner nation's people think about it is not China's — or the world's — preoccupation." While Hu "met his share of flag-waving supporters, of course, and the official parts of his trip — the meetings and agreement-signings with heads of state — were a diplomatic and commercial success," the Times says "an undercurrent of disquiet accompanied Mr. Hu's barnstorming. Mostly, it came not from heads of state, but from the people they rule, some of whom resent China's growing influence [across the continent] — for economic, racial and ideological reasons."

South Africa's Mbeke Acknowledges Growing Concern About Crime. The Washington Post (2/10, A12, Timberg, 690K) notes South African President Thabo Mbeki "sought to reassure worried South Africans that his government is stepping up its fight against crime but offered little new detail on how it can curb levels of rape, robbery and murder that are among the highest in the world." The Post cites "weeks of rising political pressure amid a string of high-profile attacks," and says his remarks yesterday "went further than he had before in acknowledging that levels of violent crime terrify many South Africans. He avoided quibbling over whether rates are rising or falling, or by how much -- an approach that provoked a sharp backlash after an interview last month." The Los Angeles Times (2/10, Dixon, 850K) says Mbeki has been "engulfed by a tide of public anger over violent crime." His remarks "acknowledged … that the government needed to work harder to eradicate what he called an 'ugly and repulsive' scourge."

Branson, Gore Join On $25 Million Global Warming Challenge. Major media report businessman Richard Branson's offer of "a $25 million prize Friday to anyone who can come up with a way to blunt global climate change by removing at least a billion tons of carbon dioxide a year from the Earth's atmosphere," as the Washington Post (2/10, A13, Sullivan, 690K) described it. Branson "said the prize was similar to cash inducements that led to some of history's most notable achievements in navigation, exploration and industry," and further "pledged to invest $3 billion in profits from his transportation companies … to fighting global warming." He appeared with former Vice President Al Gore, who "will serve as a judge in the contest, known as the Virgin Earth Challenge." Gore "said he hoped the contest would spur scientific innovation without distracting from more practical steps people can take to battle global warming, from using energy-efficient light bulbs to pressuring politicians to confront 'the crisis of our time.'" The New York Times (2/10, C3, Kanter, 1.16M) says Branson "urged governments to match the prize money he offered. He spoke of past efforts to encourage leaps forward in technologies," while Gore "said the prize was intended for a project that would be different from technologies currently under development that capture and store large amounts of carbon dioxide from heavy emitters like coal-fired electric plants."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Troop 'Surge' Has Yet To Materialize In Baghdad."
"It's Nguyen-Nguyen Situation In O.C."
"Reaping A Profit From The Air."
"Far Apart And Under The Same Roof."

New York Times:

"Deadliest Bomb In Iraq Is Made By Iran, U.S. Says."
"Giuliani Shifts Abortion Speech Gently To Right."
"U.N. Peacekeepers Fight Gangs In Haiti, One Street At A Time."
"Harvard Plans To Name First Female President."
"A Princeton Lab On ESP Plans To Close Its Doors."
"A Chance To Pick Hospice, And Still Hope To Live."

Washington Post:

"U.S. In Bind Over Men Held By Iran."

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"For Eminent Sunni, Lessons In Weakness."
"Woman Chosen To Lead Harvard."
"Death Penalty Bears Down On O'Malley, Kaine."
"Students Get Lesson To Chew On."
"Senators Debate Significance Of Pentagon Report On Intelligence."

Washington Times:
"Evidence Links Iran, Insurgents."
"No Peace For Israel In Pact."
"Plotters Targeted Muslim Soldiers."
"Pelosi Airliner Tempting Target For Miffed GOP."
"Ban Changes U.N. At The Top."
"Pocahontas Being Put In Sharper Focus."
"Belgium Can Now Picture The Worst From Smoking."

Detroit Free Press:
"Takeover Clouds Future For Lear."
"Winter Blast!"
"High Heat Bills Send Chills Across Mich."
"For Pistons, Wings, What A Difference A Year Makes."

Atlanta Journal-Constitution:
"Feud Brewing In Nichols Trial Costs."
"Liquor Key To Sun. Sales Bill."
"Judge Rips Puppy Defendants."
"Cartoon Network Chief Quits."
"2nd Man Jailed In '85 Rape."
"Molester Gets 800 Years."
"All 4,000 AF Cadets Grounded."

Dallas Morning News:
"Deaths May Be Tied To Drug Theft."
"Houston Is No Problem For Mavs."
"Gaming Bid May Be Stalled."
"Yacht's Not Home Sweet Homestead, Court Says."
"Will Bush Library Be A Target?"
"Media Gets Look At Immigrant Center."
"Autopsy: No Pills In Smith's Stomach."

Houston Chronicle:
"Gossip, Legal Fights Don't Die With Anna Nicole."
"Westbound Katy Freeway To Close This Weekend."
"Houston Claims Harlem's Globetrotters As Its Own."
"HISD Superintendent Emphasizes Middle Schools."
"Texas Case Raises Alarm On Specialty Hospitals."
"Teen Held During Probe Of Toddler's Death."
"Consultant: Perry Has No National Ambition."
"KBR, The Military Honor Civilian Sacrifices."
"Top-Ranked Rice Bows To Vanderbilt."

Story Lineup From Last Night's Network News:
ABC: Pentagon IG Report; Casey-Iraq; Violence In Jerusalem; Smith Death Investigation; Harvard President; New York Snow; Child Caregivers; Cartoon Network Resignation; Second-Hand Smoke Legislation.
CBS: Pentagon IG Report; FBI-Mail Threats; Obama Campaign; Smith Death Investigation; Borrowing And Lending Web Site; Army Wife Talk Show; Special Needs Children.
NBC: Pentagon IG Report; Helicopter Crash Video; Soldiers Call For End To War; FBI-Mail Threats; FEMA Response In Florida; Wall Street; Obama Campaign; Smith Death Investigation; Soldier's Death; Helping Build Afghanistan Schools.

WASHINGTON'S SCHEDULE

Today's Events In Washington.
White House:

PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.
US House: Not in session.
Other: SECRETARIES OF STATE _ Winter conference of the National Association of Secretaries of State. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Kay Stimson, 202-624-3528

EDUCATION _ The American Council on Education holds its 89th annual meeting. Location: Omni Shoreham Hotel, 2500 Calvert St. NW Contacts: Tim McDonough, 202-939-9300

GARRIGUS BURIAL _ 1 p.m. Army Sgt. Mickel Garrigus, 24, of Elma, Wash., will be buried at Arlington Cemetery. He died Jan. 27 in Taji, Iraq, from IED during combat patrol. Garrigus was assigned to the 543rd Military Police Company, 91st Police Battalion, 10th Sustainment Brigade, 10th Mountain Division, Fort Drum, N.Y Location: Arlington National Cemetery (Pick-up 12:45 on Memorial Drive).

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 10, 2007 7:45 AM EST

TODAY'S EDITION

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Prosecutors Contend Padilla Competent To Stand Trial 3

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Key House Members Claim DHS Budget Is Inadequate 3
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TERRORISM NEWS:

Five British Muslims Arraigned In Terror Plot Probe. The New York Times (2/10, A7, Cowell, 1.16M) describes the transfer to London of five Britons accused of plotting to kill a Muslim British soldier, and the arrest yesterday of a sixth alleged accomplice. "Of the five who faced terrorism charges in court on Friday, only one, Parviz Khan, 36, was specifically charged with engaging 'in conduct to give effect to his intention to kidnap and kill a member of the British armed forces.'" The "five suspects who appeared in court on Friday were ordered to be held until a hearing on Feb. 23. The police in Birmingham said the case had been referred to a London court under protocols covering terrorism cases." The arrests late last month of "nine suspects in Birmingham, Britain's second-largest city, stirred worries and anger among many Muslims, who said they believed that the police action and extensive coverage by television and newspapers had further stigmatized Islam. One of the three men released after the arrests said Britain had become a police state for Muslims." The Washington Post (2/10, A13, Sullivan, 690K) reports the plot is "widely seen as a new kind of extremist threat in Britain."

Prosecutors Contend Padilla Competent To Stand Trial. The Washington Post (2/10, A18, 690K) reports, "An evaluation of suspected al-Qaeda operative Jose Padilla by the U.S. Bureau of Prisons has found him competent to stand trial on terrorism charges, government attorneys said in court documents filed Friday. Padilla 36, can understand the court proceedings and communicate with his attorneys, according to prosecutors' description of the report's conclusions." Padilla "contends that he was tortured in custody. His attorneys say he is suffering from post-traumatic stress disorder."

HOMELAND RESPONSE:

Key House Members Claim DHS Budget Is Inadequate. The Washington Times (2/10, Seper, 88K) reports House Homeland Security Chairman Bennie Thompson this week "challenged" Homeland Security Secretary Michael Chertoff "to explain how his agency's budget was adequate to guard against a terrorist attack or another Katrinalike disaster, saying 'we cannot continue to protect the homeland on the cheap.'" Thompson "said President Bush's proposed $35 billion Homeland Security budget does not address necessary funding for key programs and leaves the nation vulnerable to terrorists and natural disasters." Ranking member Peter King "also questioned whether the department's budgeting process needed revamping, saying agency officials were basing spending increases on a 2003 budget 'guesstimate' when the agency was formed."

Bush Budget Accelerates "Realignment" Of Federal Protective Service. The Washington Times (2/10, Waterman, 88K) reports President Bush's 2008 budget "proposes cuts to the Federal Protective Service, police that guard U.S. government buildings, a move labor unions say will be 'the last nail in the coffin' of the agency that is being replaced by private contractors. Administration officials say changes to the agency in the Department of Homeland Security improve efficiency without sacrificing security, and that private security firms already guard the vast majority of federal buildings."

Some Dallas Residents Worry Bush Library Will Become Terror Target. The Dallas Morning News (2/10, Holland, 500K) reports, "Terrorists will destroy the Bush library and take out most of the Park Cities at the same time. The question isn't if but when, says Sam Boyd, a Park Cities lawyer. Mr. Boyd isn't alone. A number of Park Cities residents say they fear that building the presidential library in University Park would be like painting a big, red target on their community." But "security and terrorism experts have mixed sentiments. Although some say presidential libraries are unlikely targets, others say Bush's library may change that because the president is such a polarizing figure worldwide."

Veteran Federal Judge Plays Central Role In Post-Katrina Suits. The Wall Street Journal (2/10, B1, Pleven, Prada, 2.04M) reports, "Lyonel Thomas Senter Jr.'s roots run deep in northern Mississippi. … Now, at 73 years old, Judge Senter has become a defining figure in the coastal south of the state, presiding over a deluge of legal cases that grew out of Hurricane Katrina." The Journal notes that "most claims have been resolved, but thousands of homeowners in the Gulf region are still suing their insurers, and billions are still at stake. At issue in many of these cases is a messy question. Were homes destroyed by the ferocious winds of the storm or the surging Gulf waters that came with them? Insurers typically cover wind damage but exclude water damage, because it's covered under the federal government's flood insurance program. Yet who knows what's behind the damage when a house has been wiped off the map?"

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FEMA Response To Florida Tornadoes Seen As Success. In a generally positive report, NBC Nightly News (2/9, story 5, 2:00, Williams, 9.87M) said, "There is evidence tonight that things that this nation's disaster relief agency FEMA are getting better, at least when it comes to the response of the tornados in central Florida last week. Obviously a smaller disaster than Katrina, but this was a test of the post-Katrina FEMA and its ability to pass a crucial response test."

WAR NEWS:

Senators Consider Report On Pre-War Intelligence As Feith Defends Efforts. All three broadcast networks led Friday night with the release of Pentagon Office of Inspector General's report on the "Pre-Iraqi War Activities of the Office of the Under Secretary of Defense for Policy." Reports are critical of the Defense Department and then-Under Secretary Douglas Feith, focusing on the IG's criticisms and generally downplaying the conclusions that Feith broke no law. Several stories include Feith's defense of his work, and Feith himself appeared on CNN to make his case. Several print reports also consider how congressional Democrats will react to the IG report.

ABC World News (2/9, lead story, 3:15, Gibson, 8.78M) said the IG report "said one man charged with collecting US intelligence on Iraq did not accurately come to the conclusion that Iraq and al Qaeda were allies." ABC (Karl): "The report suggests that before the war, senior Pentagon officials were so eager to prove that Saddam Hussein had ties to al Qaeda, that they ignored evidence to the contrary and manipulated the intelligence. It's a damning conclusion, but the report stops short of saying the officials broke the law." Feith has "absolutely no contrition on the central charges of this report. He believes what he did was absolutely correct, and by the way the Pentagon also said that Feith did nothing inappropriate."

The CBS Evening News (2/9, lead story, 2:20, Couric, 7.66M) opened with what it called a "new report on the faulty intelligence that led to the Iraq war nearly four years ago. It concludes the Pentagon was way off base when it reported Saddam Hussein was conspiring with al Qaeda. But what's remarkable is where the report came from -- the Pentagon itself." CBS (Martin): "Convinced the CIA was doing shoddy work in the months before the war, a small Pentagon office presented senior White House aides with its own, much stronger conclusion about the links between Saddam Hussein and al Qaeda. Today, the Pentagon's own inspector general told Congress that was inappropriate. Of course, it's years too late to do much about it." CBS says Feith "still contends more people should have challenged the official intelligence."

NBC Nightly News (2/9, lead story, 3:20, Reid, 9.87M) said that "when the Iraq war began, more than half of the American people believed Saddam Hussein had been personally involved in the 9/11 attacks. ... Now a long awaited report finds that [Feith's] office took inappropriate action by conducting its own alternative intelligence assessment." Feith "insisted he did not manipulate intelligence but merely criticized the work of the CIA."

In an interview with CNN's The Situation Room (2/9, Blitzer), Feith said, "What the Inspector General is criticizing is the fact that people in the Pentagon criticized the quality of the CIA intelligence. And the Inspector General, I think, wrongly says that the criticism of intelligence was intelligence work. And that it was inappropriate for non-intelligence people to do that." Blitzer: "But in this case they were right and you were wrong." Feith: "No, they were not right." Blitzer: "There was no connection that the 9/11 Commission could come up with to show that there was a connection -- a deliberate prewar operable connection between al Qaeda and Saddam Hussein." Feith: "Which nobody ever claimed. I mean, that's -- it shows how much misinformation there is, even somebody as well as informed as you is misinformed on the point."

The Los Angeles Times (2/10, Barnes, 850K), in a very critical report, says the "findings lend credence to charges by White House critics that Feith, who has since left the department, was out of line when he sought to discredit analyses by CIA intelligence officials that discounted alleged ties between Al Qaeda and then-Iraqi leader Saddam Hussein." The Los Angeles Times (2/10, Miller, Barnes, 850K) additionally says the work of the "special Pentagon unit" run by Feith is "one of the lingering symbols of the intelligence failures leading up to the war in Iraq. ... Most of the evidence that Feith's Office of Special Plans cited in making its case for significant collaboration between Baghdad and Al Qaeda has crumbled under postwar scrutiny."

The Financial Times (2/10, Sevastopulo) says the report "comes at a critical time for the White House as President George W. Bush struggles to keep Republican support for the war in Iraq." Defense Secretary Robert Gates is quoted as saying, "Based on my whole career, all intelligence -activities need to be carried out through established institutions where there is oversight." However, Gates said "he had not read the report."

Senators Consider Impact, Importance Of Report. On its front page, the Washington Post (2/10, Pincus, DeYoung, 690K) reports, "Senate Democrats and Republicans disagreed yesterday over the meaning and importance" of the report. Democras used the report "to bolster their contention that the administration misused

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intelligence to promote the urgency of invading Iraq. Republicans implied that the intelligence community had soft-pedaled crucial reports of a close al-Qaeda relationship with Saddam Hussein and that Feith's office had put them in the proper perspective." AFP (2/9, Sanz) reports Senate Intelligence Chairman Jay Rockefeller said Feith "may have violated the 1947 National Security Act by failing to keep Congress informed."

The New York Times (2/10, A6, Cloud, 1.16M), in a story headlined "Inquiry on Intelligence Gaps May Reach to White House," reports Senate Armed Services Chairman Carl Levin said he "would ask current and former White House aides to testify" about the report. Levin said National Security Adviser Stephen Hadley and former vice presidential chief of staff I. Lewis Libby, who "both received a briefing from the defense secretary's policy office in 2002 on possible links between Al Qaeda and Saddam Hussein's government," could be among those called to testify. The Washington Times/AP (2/10) says the IG found that "Pentagon officials undercut the intelligence community in the run-up to the U.S. invasion of Iraq by insisting in briefings to the White House" than a Hussein-al Qaeda connection existed. And on its Web site, The Hill (2/9, Marre) reports Levin "said he would seek a declassification of the entire report, which would make it available to the public." (An unclassified executive summary of the report is currently available online.)

Sen. Ben Nelson said on MSNBC's Hardball (2/9, Matthews), "I think nobody is surprised anymore about what comes out. I think it's the makings for a spy novel. I'm sure Grisham is looking at it for material to write a book. But it's so unfortunate. I think the report said 'inappropriate.' Well, it's beyond inappropriate. It's unfortunate. I think most everybody would expect that what you get from the White House would be something that you could trust, you could rely on, and that it work, that it would materialize. In this case, it's been just the opposite."

WPost Corrects Misattributions In Friday Pentagon IG Report Story. The Washington Post (2/10, A2, 690K) corrects its Friday front-page article on the Pentagon IG report. The Post story "incorrectly attributed quotations to that report. References to Feith's office producing 'reporting of dubious quality or reliability' and that the office 'was predisposed to finding a significant relationship between Iraq and al Qaeda' were from a report" issued by Levin "in October 2004. Similarly, the quotes stating that Feith's office drew on 'both reliable and unreliable reporting' to produce a link between al-Qaeda and Iraq 'that was much stronger than that assessed by the IC [intelligence community] and more in accord with the policy views of senior officials in the Administration' were also from Levin's report. The article also stated that the intelligence provided by Feith's office supported the political views of senior administration officials, a conclusion that the inspector general's report did not draw." CNN's Wolf Blitzer noted the Post's correction during his interview with Feith.

NYTimes Says Levin, Rockefeller Have Duty "To Give Americans The Answers." The New York Times (2/10, 1.16M) editorializes, "It took far too long, but a report by the Pentagon inspector general has finally confirmed that Defense Secretary Donald Rumsfeld's do-it-yourself intelligence office cooked up a link between Iraq and Al Qaeda to help justify an unjustifiable war. … The Pentagon report is one step in a long-delayed effort to figure out how the intelligence on Iraq was so badly twisted -- and by whom. That work should have been finished before the 2004 elections, and it would have been if Pat Roberts, the obedient Republican who ran the Senate Intelligence Committee, had not helped the White House drag it out and load it in ways that would obscure the truth." The Times says it is now up to Levin and Rockefeller "to give Americans the answers."

Gates Says Evidence Links Iran To Arming Of Iraqi Insurgents. On its front page, the Washington Times (2/10, Scarborough, 88K) reports Defense Secretary Robert Gates said there is "solid circumstantial evidence that Iran is supplying insurgents with explosives that are killing U.S. troops in Iraq." A US "report was put on hold after some White House officials determined the evidence was not strong enough to back up some of its assertions. But they have not backed off the general charge that Iran is indirectly fighting the United States via Iraqi insurgents." Also on its front page, the New York Times (2/10, Gordon, 1.16M) says "any assertion of an Iranian contribution to attacks on Americans in Iraq is both politically and diplomatically volatile." But the US conclusions are "based on a number of factors, including an analysis of captured devices, examination of debris after attacks, and intelligence on training of Shiite militants in Iran and in Iraq by the Iranian Revolutionary Guard and by Hezbollah militants believed to be working at the behest of Tehran." The AP (2/9, Baldor) reports that Gates' allegations about "serial numbers and other markings" were "some of the administration's first public assertions on evidence the military has collected."

Iranian Arrest Of Al Qaeda Suspects Colors Debate Over Iran. The Washington Post (2/10, Linzer, 690K) reports on its front page, "Last week, the CIA sent an urgent report to President Bush's National Security Council: Iranian authorities had arrested two al-Qaeda operatives traveling through Iran on their way from Pakistan to Iraq. ... The arrests were presented to Bush's senior policy advisers as evidence that Iran appears committed to stopping al-Qaeda foot traffic across its borders, the intelligence official said. That assessment comes at a time when the Bush administration, in an effort to push for further U.N. sanctions on the Islamic republic, is preparing to publicly accuse Tehran of cooperating with and harboring al-Qaeda suspects." Within

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the administration, "One faction is pressing for more economic embargoes against Iran, including asset freezes and travel bans for the country's top leaders. But several senior intelligence and counterterrorism officials worry that a public push regarding the al-Qaeda suspects held in Iran could jeopardize U.S. intelligence-gathering and prompt the Iranians to free some of the most wanted individuals."

US Allegedly In "Advanced" Stages Of War Planning Against Iran. The British newspaper the Guardian (2/10, MacAskill) reports, "US preparations for an air strike against Iran are at an advanced stage, in spite of repeated public denials by the Bush administration, according to informed sources in Washington. The present military build-up in the Gulf would allow the US to mount an attack by the spring. But the sources said that if there was an attack, it was more likely next year, just before Mr Bush leaves office."

IAEA Suspends Iran Aid Programs. Under the headline, "World Atomic Agency Suspends 22 Programs Of Aid To Iran," the New York Times (2/10, Broad, 1.16M) notes the International Atomic Energy Agency "said yesterday that it had suspended 22 of its 55 technical aid programs with Iran, giving Washington a modest victory in its efforts to isolate Tehran internationally in the hope of curbing its nuclear ambitions." IAEA officials reported to the IAEA Board that they "had also suspended a number of lesser activities, including three fellowships, participation in a training course and procurement of 15 pieces of equipment." Iranian Ambassador Ali Asghar Soltanieh "denounced the suspensions as 'a very dangerous game' that would have no impact on its disputed nuclear program. Rather, he said in an interview, they will undermine the atomic energy agency's authority and many countries' desire to join it."

The Los Angeles Times (2/10, Murphy, 850K) reports, "Analysts said the IAEA action would probably not have a significant effect on Iran's nuclear program but would be likely to be perceived as a blow nonetheless. Iran is one of the largest recipients of U.N. nuclear technical cooperation. ... Iranian President Mahmoud Ahmadinejad is supposed to make an announcement on the nuclear program during Sunday's planned street demonstrations in celebration of the anniversary of the 1979 Islamic Revolution. Many analysts believe he will announce some progress in setting up the first of 3,000 enrichment centrifuges Iran has said it is building at a major new underground facility in Natanz."

The Washington Times/AP (2/10, Jahn) reports the IAEA "suspended nearly half the technical aid it provides to Iran, a symbolically significant punishment for nuclear defiance that only North Korea and Saddam Hussein's Iraq had faced in the past. The decision was in line with U.N. Security Council sanctions imposed on Iran for its refusal to suspend uranium enrichment. It must still be approved by the 35 countries on the board," but "with the agency empowered by the Security Council to freeze any aid to Iran that could be misused for nuclear weapons, approval was likely." BBC.com (2/10) also reports the story.

US Forces Accidentally Kill Several Kurds. The New York Times (2/10, A6, Oppel, Cloud, 1.16M) reports, "An American military helicopter killed as many as nine Kurdish militia fighters early Friday in the northern city of Mosul when the aircraft mistakenly attacked a guard post. ... The United States command in Baghdad said American troops erroneously believed that they had identified insurgents near the hide-out of a bomb-making cell linked to Al Qaeda in Mesopotamia. The command said the strike killed five Kurds, described as policemen; Kurdish officials said as many as nine were killed." The victims were "members of a militia force that is a crucial ally of the United States."

The Washington Post (2/10, A14, Londono, 690K) says the US claimed the group showed "hostile intention." The Los Angeles Times (2/10, Roug, 850K) reports, "Kurdish officials reacted angrily, saying the airstrike on one of the main roads in Mosul was inexplicable." The Washington Times/AP (2/10, Gamel) reports, "Kurdish lawmaker Mahmoud Othman denounced the air strike, but a spokesman for the Patriotic Union of Kurdistan, Azad Jundiyan, said the party realized the air strike was a mistake."

Surge Shows Few Concrete Results So Far. On its front page, the Los Angeles Times (2/10, Roug, 850K) says, "A month after the Bush administration announced a 'surge' in troops for Baghdad, Iraqis are still waiting for anything to change. Fewer than 20% of the additional Iraqi and American troops have arrived so far. And the roughly 5,000 that have arrived have yet to make a visible impact in this sprawling city of 6 million people, where thousands of paramilitary gunmen patrol the streets. ... Iraqis are increasingly impatient." Defense Secretary Robert Gates "has said he is investigating whether he can speed the pace of the troop buildup. But a senior Pentagon official said this week that it was unlikely that U.S. troops could be sent to Baghdad any faster than planned."

Some Troops Suggest Letting Civil War Play Out. NBC Nightly News (2/9, story 3, 3:00, Williams, 9.87M) reported, "We have an unusual and unexpected firsthand look tonight at just how dangerous it is on the ground in Iraq. ... Richard Engel was embedded today with the US First Infantry division in a Sunni neighborhood called Adel in western Baghdad." NBC (Engel): "It was billed as a routine patrol, part of this new security crackdown. … Our patrol was headed to a mosque, just a routine mission to monitor the Friday sermon. ... [A bomb] was badly timed and exploded just ten feet away." Staff Sgt. Chris Copley: "It is pretty much a lost cause. Nothing it seems we do is doing any good. Every country goes through a civil war. So, I mean, maybe it

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would be better for them to have a civil war and hash it out and try to help them after that."

Petraeus Assuming Command. ABC World News (2/9, story 2, 2:45, Gibson, 8.78M) reported, "Gen. George Casey has been confirmed as next Army Chief of Staff. He has spent nearly three years in Iraq, calling the shots during some of the war's fiercest battles." ABC (Raddatz): "On his farewell trip through Iraq this week, Gen. Casey got an unexpected look at the fighting he had hoped would diminish during his tenure. His convoy passed by a firefight with the sounds of tank fire impossible to miss. But Casey saw much progress on his visit. ... Tomorrow, Casey turns over his command to Gen. David Petraeus, who will oversee the new plan for Iraq, a plan which many say is Iraq's last chance."

BBC.com (2/10) reports Petraeus "is assuming control, ahead of a fresh push to quell violence in the capital, Baghdad." The Financial Times (2/10, Sevastopulo) says Iraqis "referred to Gen Petraeus as 'King David', a sobriquet some officers use to refer to his perceived arrogance. But some have privately argued that his arrogance and ambition will be an asset since he will take risks that his more cautious predecessor, General George Casey, would have avoided." AFP (2/9, Ickes) characterizes Petraeus as "tasked with turning around a faltering mission which faces mounting US casualties and a dramatic collapse in domestic political support." He "is now the figurehead for a controversial gamble."

LATimes Says Congressional Resolution On Surge Needed. The Los Angeles Times (2/10, 850K) editorializes, "Congress should go on record as a way of pressing Bush and the Iraqi government to make the most of what may be the last politically realistic chance of pacifying that country and keeping it together. ... The president, Gates and Gen. David H. Petraeus should be given time to make a success of their new approach, but that time should be measured in months, not years. If it takes a resolution from Congress to make that point to the president, so be it."

Helicopter Crash Video Is Shown. NBC Nightly News (2/9, story 2, 1:35, Williams, 9.87M) reported, "More on that dramatic videotape of what insurgents say shows them bringing down a US military transport helicopter in Iraq. That is not what the Pentagon says it is." NBC (Yang): "Take a look at this video. It was posted today on the internet by a group with ties to Al Qaeda. It begins by showing a helicopter maneuvering in the sky. It looks like a Marine Sea Knight helicopter, the same type of helicopter that went down Wednesday. ... The Pentagon says it doesn't prove anything. … The Pentagon is pointing out this could be doctored."

Key Sunni Office Holder Given "Placeholder Status." On its front page today, the Washington Post (2/10, Londono, 690K) describes at length the political "weakness" of Iraqi Deputy Prime Minister Salam al-Zobaee, a Sunni. "Zobaee, in principle one of Iraq's most powerful men, offers [an] anecdote to illustrate his powerlessness, which he says is a product of the Shiite-led government's efforts to cast aside high-ranking Sunnis like him. Shiite political leaders say Zobaee, one of Prime Minister Nouri al-Maliki's two deputies, deserves his placeholder status." The Post says the "marginalization of Zobaee -- who denies being an instigator of violence -- is a prominent example of the strained relationship between Sunni and Shiite leaders, an acrimony that many see as the main obstacle to deterring violence and laying the foundation for reconciliation in Iraq."

Rice Feels Heat In Rumsfeld's Absence. CNN.com (2/9, Labott) reports, "On January 11, the secretary of state got an earful from both sides of the aisle. ... These are rough and uncharted waters for Rice, who sailed through the first six years of the Bush administration relatively unsullied as her colleagues -- particularly former Defense Secretary Donald Rumsfeld -- took the heat for the quagmire in Iraq." Rice "remains the most popular member of the Bush administration; her approval ratings in polls are higher than Bush's. But the honeymoon is clearly over. Rice has inherited the role Rumsfeld played as a primary spokesman of the Iraq war -- and the primary lightning rod for criticism about it."

Appeals Court Backs US Citizen Detainee. The Washington Post (2/10, A14, White, 690K) reports, "A federal appeals court in Washington ruled yesterday that a U.S. citizen in U.S. military custody in Iraq has the right to challenge his detention in a federal court. The judges said all American citizens, regardless of where they are captured and imprisoned, are entitled to federal court review of their cases through habeas corpus petitions if they are in U.S. custody." Shawqi Ahmed Omar has been held "more than two years" in Iraq, but the court "rejected the Bush administration's claim that the executive branch has nearly unlimited authority during wartime and its assertion that the United States can hold citizens indefinitely if they are in custody overseas." The New York Times/AP (2/10, A16) says the "military says Mr. Omar was harboring insurgents and had bomb-making materials when he was arrested. The military decided in 2005 to transfer him to the Central Criminal Court of Iraq for trial, but United States courts have blocked that."

KBR, Military Honor Civilian Contractors. The Houston Chronicle (2/10, Clanton, Ivanovich, 530K) reports, "The Defense Department and KBR on Friday honored 28 contractors who were killed or wounded in the Middle East with the agency's civilian version of the Purple Heart. But some honorees at the event said citizen contractors still are not getting the same recognition as the military for sacrifices

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they make serving their country in Iraq." Contractors or their survivors received the Defense of Freedom Medal. The Chronicle adds that 98 KBR "employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan since the two U.S.-led invasions began. Another 450 have been wounded in hostile action."

Center For The Intrepid Praised. The Wall Street Journal (2/10, Gurwitz, 2.04M) reports, "There are symbolic sacrifices in metaphorical wars. Then there are genuine sacrifices in real wars. The latter was on display last week at Fort Sam Houston in San Antonio, as representatives of a grateful nation dedicated the Center for the Intrepid and two new Fisher Houses to those wounded in the global war on terror. ... Representatives of the Intrepid Fallen Heroes Fund and the Fisher House Foundation spoke at the ceremony, as did Secretary of Veterans Affairs Jim Nicholson and Chairman of the Joint Chiefs of Staff Gen. Peter Pace. ... The speakers, however, were merely paying tribute. The true dignitaries were the wounded warriors who sat in the front rows."

Ancient Faith Endangered By Iraq War. The Washington Post (2/10, B7, Newmarker, 690K) reports, "Among the casualties of the Iraq war is a little-known religious faith called Mandaeanism that has survived roughly two millennia and whose adherents believe that John the Baptist was their great teacher. While there were more than 60,000 Mandaeans in Iraq in the early 1990s, only about 5,000 to 7,000 remain. Many have fled amid targeted killings, rapes, forced conversions and property confiscation by Islamic extremists."

Pentagon To Extend Troop Deployment In Afghanistan. The AP (2/9, Burns) reports, "The Pentagon plans to extend its buildup of several thousand combat troops in Afghanistan, initially announced as lasting until late spring, well into next year, a senior U.S. military official said Friday. The move comes as U.S. and allied commanders anticipate a renewed offensive this spring by the Taliban, and as they seek additional reinforcements from NATO countries."

Taliban Kill Four Afghan Policemen In Ambush. The AP (2/10) reports, "Taliban militants ambushed a truck full of Afghan police in southern Afghanistan, killing four officers and injuring three, an official said Saturday. The attack occurred Friday evening in the Panjwayi district of Kandahar province." AFP (2/10) also reports the fighting, saying, "Four policemen and 11 Taliban have been killed in fresh violence in southern Afghanistan, as a suicide car bomb narrowly missed a NATO military convoy."

Iranian-American Helps Build Afghan Schools. NBC Nightly News (2/9, story 10, Williams, 9.87M) reported, "We highlight one person who is truly making a difference in society. Tonight she lives here in America, but devotes her time, energy and attention to a faraway place and in her own way she is helping to change the face of America half a world away." NBC (Maceda): "Two years ago, there were just a couple of tents here in the Jalalabad desert. Now the school is a red brick building with 2,000 students. Thanks to Fari Moini, a tiny Iranian-American with a big heart the kids call Momma." Fari Moini: "Continue your education. It is very, very important."

Gates To Meet With Musharraf Next Week. AFP (2/10) reports Defense Secretary Robert Gates "will visit Pakistan early next week for talks with President Pervez Musharraf on the threat from Taliban insurgents in Afghanistan, official sources said. ... He is expected to fly to Afghanistan afterwards."

Army Wife Counsels Others. CBS Evening News (2/9, story 6, 2:00, Couric, 7.66M) reported, "In our series American Heroes, we honor the men and women who sacrifice so much on the battlefield. But in reality, their spouses also make tremendous sacrifices back home. Tonight, the Army wife who's reaching out to many others just like her." CBS (Strassmann): "It's all on them now, the kids, the house, a full year's worth of worry. As Fort Stewart soldiers redeploy to Iraq, the wives left behind look for support wherever they can find it." Tara Crooks, Army Wife Talk Radio: "You're listening to Army Wife Talk Radio, the Internet's talk radio program for and by Army wives. My name is Tara Crooks and I'm your host." Strassmann: "Tara Crooks just talks, one Army wife to another."

AEI Scholar Bashes Emergency Supplemental Funding "Trick." In the Los Angeles Times (2/10, 850K), AEI fellow Veronique De Rugy writes that President Bush's "trick" of "socking about $235 billion into two 'emergency supplemental' funding requests for the wars in Iraq and Afghanistan…didn't fool the public for very long. But the longer the White House and Congress continue to treat 'war-related' funding as a separate item from the budget for the Department of Defense, the harder it will be to control a ballooning federal budget."

DOJ:

Ousted Arizona US Attorney Cites Policy Dispute With Main Justice. The Arizona Republic (2/10, House, Wagner) reports, "Former U.S. Attorney for Arizona Paul Charlton said Friday that he left office in January for "principled reasons, not performance issues," as a deputy attorney general suggested this week." The

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Republic continues, "Charlton, who was one of six top federal prosecutors across the country forced to resign, said there had been 'policy disputes' with his Justice Department higher-ups. Charlton spoke to The Arizona Republic on Friday in his first public comments since being asked to step down. … Although Charlton declined to elaborate, two sources said a main disagreement between Charlton and officials in Washington centered on when to seek the death penalty in federal murder cases." The Republic adds, "As a U.S attorney, Charlton has pursed the death penalty in some cases. But his insistence on determining whether to push for capital punishment on a case-by-case basis clashed on at least two instances with a Justice Department effort to centralize decisions nationally and to seek the death penalty in a uniform way. … Charlton acknowledged that he was among the prosecutors who received a telephone call on Dec. 7 from Michael Battle, director of the Justice Department's executive office for U.S. attorneys, asking him to resign. … 'I certainly was given no indication there were performance concerns,' Charlton said." The Republic notes, "Like all U.S. attorneys, Charlton served at the pleasure of the president. He was appointed in November 2001. … Even so, Charlton said that he told Arizona GOP Sen. Jon Kyl, a member of the Senate Judiciary Committee, of the call and that Kyl agreed to speak to officials at the department on his behalf. … 'Senator Kyl informed me that after his conversation with the Department of Justice that the department agreed they would reconsider their asking me to resign,' Charlton said. … But, Charlton said, 'it then became apparent to me that our views had become so divergent and disparate that I would resign.' … A Justice Department official in Washington who asked not to be identified said that Charlton's distinction between policy and performance 'may be an issue of semantics.' … 'Policy is set at a national level,' the official said. 'Individual U.S. attorneys around the country can't just make up their own policy agendas. Such a situation would result in chaos with 93 different U.S. attorneys implementing different policy decisions around the country. That is no way to run an organization.'"

The AP (2/10) reports, "Former Arizona Attorney General Grant Woods said Friday the Justice Department in Washington pressed Charlton to apply the death penalty in certain cases, but Charlton resisted because he didn't believe it was the right thing to do. Charlton resigned in December and left office at the end of last month. … 'It's obvious that they may have felt there were more circumstances where (the death penalty) was warranted than he did,' said Woods, who has spoken with Charlton recently. 'I think he should get credit for standing on principle rather than just doing what he was told so he didn't make waves. A lot of people don't have the guts to stand up and say "no"' … Woods did not know whether the conflicts led directly to Charlton's departure after serving as the U.S. attorney for Arizona since 2001. Charlton took a job with a Phoenix law firm."

More Commentary On US Attorney Dismissals. The Tacoma (WA) News Tribune (2/10) editorializes, "John McKay, by all accounts, was a stellar U.S. attorney. … Since becoming Western Washington's top federal prosecutor in 2001, he led an aggressive team that filed charges against twice as many defendants and posted a higher conviction rate despite the bigger case-load." The News-Tribune continues, "McKay won admiration of federal judges and state law enforcement officials, and earned the Navy's highest civilian honor for creating an interagency information-sharing system that has become a national model. … Even his bosses seemed to think McKay was doing a topnotch job. Just last March, Justice Department evaluators gave McKay's office a glowing review, calling him an 'effective, well-regarded and capable leader.' … So it came as quite the surprise when McKay announced in December that he was stepping down. There was no plum appointment or job waiting in the wings, only a chance to pursue other opportunities — usually code for "I was shown the door.' … As so, it turns out, McKay was. He spoke out this week in defense of himself and his former employees after Deputy Attorney General Paul McNulty told a Senate judiciary panel that McKay and five other Republican U.S. attorneys were forced to resign for 'performance-related' issues." The Tribune adds, "McKay says no one ever raised performance issues with him, not even on Dec. 7 when a senior Justice Department official called out of the blue to tell him he had to resign by the end of January. … The truth behind the mass exodus has a lot more to do with the politicization of the U.S. Attorney's Office than it does with poor lawyering. A Justice Department source told the Seattle Post-Intelligencer that President Bush and the Republican Party want to 'build their bench' by replacing top prosecutors with younger conservatives to enhance their résumés for future positions."

The St Petersburg (FL) Times (2/10) editorializes, "U.S. attorneys act as chief federal prosecutors within the states and are charged with being fair and independent. But there is no job that can't be filled by political loyalists. … In a hearing before the Senate Judiciary Committee, Paul McNulty, the deputy attorney general, claimed that most of the incumbents had been replaced for performance issues. Yet he admitted to Sen. Charles Schumer, D-N.Y., that H.E. Cummins III, a former U.S. attorney in Arkansas, had done nothing to justify being removed. Cummins was replaced with a former political director for the Republican National Committee." The Times adds, "In ousting San Diego U.S. Attorney Carol Lam, the Bush administration has signaled to others in its corps that investigating public corruption comes at a price. Lam headed the office that unearthed the misdeeds of congressman Randy 'Duke' Cunningham, who is now in prison after admitting taking more than $2-million in bribes. The probe

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had been continuing under her leadership and included other members of Congress." The Times concludes, "Senate confirmation is integral to reducing the partisanship of presidential appointments and is especially important for posts where impartiality and independence are needed qualifications. The new law that makes it possible to cut the Senate out should be repealed, as a measure introduced by Judiciary Committee Chairman Patrick Leahy, D-Vt., would do. Meanwhile, Schumer and other senators should continue to press for better explanations for the removal of people who seemed to be doing their job."

In a column for the Vancouver (WA) Columbian (2/10), Gregg Herrington writes, "Some 90 U.S. attorneys around the country serve at the pleasure of the president, prosecuting, or not, federal crimes. … But the Bush White House likes its minions to be attuned to the greater vision: moving the blue states into the red column. And how can one do that if one is working closely with the other side, sharing credit with Democrats while beefing up the federal crime-fighting apparatus in Southwest Washington?"

CORPORATE SCANDALS:

DOJ, SEC Eye Jobs' Role In Pixar Stock Options. The San Francisco Chronicle (2/10, Page C - 1, Guynn) reports, "These days, the most animated discussions about Steve Jobs have nothing to do with his high-tech wizardry and everything to do with his alleged involvement in a growing stock-options manipulation scandal that has engulfed Apple Inc., the Cupertino technology giant he runs, and Pixar Animation Studios, the Emeryville movie company he sold to Walt Disney Co. last year." The Chronicle continues, "Federal prosecutors in San Francisco are scrutinizing options awarded to top Pixar executives on dates that guaranteed them the highest potential profits. Among the grants being reviewed: Two-time Oscar-winning animated film director John Lasseter and former Pixar President Edwin Catmull received options that allowed them to buy Pixar stock at the lowest price in 2000. In 1997, Lasseter received options just before a production agreement with Disney that pumped up shares nearly 50 percent." The Chronicle adds, "The Wall Street Journal reported Friday that Jobs, then Pixar's chairman and CEO, signed the 2001 employment contract with Lasseter that included a large options grant on a date more than three months before the contract was signed. The Journal cited a person familiar with the matter. … It remains unclear what role if any Jobs played in selecting the favorable date, according to the Journal. But the timing grabbed the attention of federal authorities, prompting an investigation by Disney that has not been completed. … In a conference call with investors in November, Disney CEO Bob Iger said the board began the investigation after being contacted by the SEC and the Justice Department."

SEC Launches Formal Probe Of KLA-Tencor Options Backdating. The San Jose Mercury News (2/10, Schwanhausser, Blitstein) reports, "The Securities and Exchange Commission has elevated its probe into stock option backdating at KLA-Tencor into a formal investigation, the company said Friday." The News continues, "The San Jose maker of chip-inspection equipment, which said it learned the news Feb. 2, has faced an informal investigation by the SEC and a separate probe by the Justice Department since last May, when newspaper reports raised questions about the fortunate timing of options awarded to Chairman Kenneth Levy." The News adds, "Last week, KLA acknowledged in its 2006 annual report that the company intentionally priced stock options 'retroactively,' falsified documents and violated its stock plan rules about issuing discounted options. The company said that some former executives selected the 'fortuitously low' prices, while others were aware of the abuses. … The internal inquiry led to the ouster of Levy, a Silicon Valley pioneer, General Counsel Stuart Nichols, and director Jon Tompkins, the former CEO of Tencor before it merged with KLA. … The company also fired Kenneth Schroeder, a former chief executive who most recently served as a senior adviser, and canceled all tainted options he held. Although KLA-Tencor hasn't said so explicitly, its reports appear to blame Schroeder for much of the options abuses. Schroeder plans to fight his firing and the cancellation of his options, KLA-Tencor said."

GM Accounting Issues Remain Unresolved. The Wall Street Journal (2/10, A3, Stoll) reports, "General Motors Corp. said late Friday it still isn't ready to say when it will resolve accounting issues that forced it to delay filing its fourth-quarter and full-year financial results for 2006." The Journal continues, "Separately, shares of GM and Ford Motor Co. rose Friday after Deutsche Bank upgraded the auto giants' shares to 'buy,' citing optimism that the companies can win health-care-cost savings from the United Auto Workers union this fall. Shares of GM were up 6.5% to $36.01 in 4 p.m. composite trading on the New York Stock Exchange, while shares of Ford were at $8.73, up 2.1%, on the NYSE." The Journal adds, "GM was originally scheduled to report preliminary fourth-quarter results Jan. 30 but announced two weeks ago that it would postpone the release. The company said it would provide further information on the progress of its financial reporting during the week of Feb. 5 and that it would submit its 10-k report with the Securities and Exchange Commission by the Mar. 1 deadline."

Sallie Mae Chairman Sold Shares Ahead Of Funding Cuts. The Washington Post (2/10, D1, Paley)

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reports, "Sallie Mae Chairman Albert L. Lord sold $18.3 million worth of company stock last week, just days before the Bush administration unveiled a multibillion-dollar cut in subsidies to the lending industry that caused Sallie Mae shares to plummet." The Post continues, "Lord sold 400,000 shares of company stock Thursday, Feb. 1, and Friday, Feb. 2. The following Monday, after President Bush announced a budget that would cut subsidies to the student-lending industry by about $19 billion over five years, Sallie Mae's stock plunged about 9 percent, to $42.37 from $46.46, its lowest closing price in more than two years." The Post adds, "In a Securities and Exchange Commission filing that night, SLM Corp., as Sallie Mae is formally known, disclosed Lord's sale of the shares, which it said was done to fund unspecified personal projects. … Tom Joyce, a spokesman for Sallie Mae, said this week that Lord had planned to sell the shares for weeks and told the company about his plans to sell the stock, which represented about 29 percent of the Sallie Mae shares he owns outright, nine days before the sale." The Post notes, "Democrats in Congress have been calling for changes in student loan programs that would hurt Sallie Mae. The Reston-based student lending company has opposed the changes. But, Joyce said, Lord had no idea Bush would propose such huge rollbacks of lender subsidies. 'Nobody had these cuts on their radar screen,' he said. 'The student lending community did not see this coming.' … 'I can understand that people are raising questions, but the timing was just completely coincidental,' Joyce said. 'He had been thinking of doing this for many weeks. He was watching the market and just elected to do it on Thursday and Friday.' … If Lord had sold his shares at Monday's closing price of $42.37, he would have received about $1.4 million less. Lord sold the shares in a series of transactions over the two days at prices that ranged from $45.75 to $46.03. … Chad Colby, a spokesman for the Education Department, said some Capitol Hill staff members were briefed on the proposed budget last Thursday but that the suggested cuts were not shared with Sallie Mae officials before Monday's announcement."

CRIMINAL LAW:

Libby Trial Provides Glimpse Into White House Crisis Response. The AP (2/10, Yost) reports, "David Addington, chief legal adviser to Vice President Dick Cheney, says he was taken aback when the White House started making public pronouncements about the CIA leak investigation." The AP continues, "In the fall of 2003, President Bush's press secretary was categorically denying that either Karl Rove or I. Lewis 'Scooter' Libby was involved in exposing the identity of Valerie Plame, a CIA employee married to a critic of the war in Iraq. … 'Why are you making these statements?' Addington asked White House communications director Dan Bartlett. … 'Your boss is the one who wanted' them, Bartlett replied, referring to Cheney. … With that, 'I shut up,' Addington recalled recently for jurors in Libby's CIA leak trial, which begins its fourth week on Monday with Libby's lawyers calling their first witnesses." The AP adds, "So far, the testimony of Addington and other administration aides, along with documents and Libby's audiotaped grand jury testimony, have provided a rare glimpse of how the Bush White House scrambled to respond to a political crisis as it intersected a criminal investigation. … At the intersection was Cheney, along with Rove and Libby, who were working in the summer of 2003 to rebut claims by Plame's husband, former Ambassador Joseph Wilson, that Bush had misled the nation about prewar intelligence on Iraq. … The White House denials on behalf of Rove and Libby came just before Rove secretly began acknowledging to the FBI that he had confirmed Plame's identity for conservative columnist Bob Novak, who first published her name and relationship to Wilson. … About the same time, Libby came under suspicion because NBC News Washington bureau chief Tim Russert had talked to the FBI, contradicting Libby's version of a conversation between the two men that would become the heart of the perjury and obstruction charges against Libby."

Phishing Schemers Target Job Seekers In ID Theft Scams. The Washington Post (2/10, D1, Shin) reports, "The online news site USA Voice isn't going to win any kudos from media critics. Not for its top story Monday, 'Super Bowl Ads Don't Live Up to the Hype.' And not for its Fox News-style slogan, 'USA Voice: Honest and Unfiltered.' … As a phishing scheme, however, privacy experts say it's a winner." The Post continues, "The Web site for the 'world's fastest growing news organization' looked good enough to fool Katherine Brinton, an aspiring journalist in Philadelphia. After posting her resume on Monster.com nine months ago, the 23-year old received an e-mail from USA Voice in November that said it was looking for reporters with 'excellent writing skills' and an 'innate ability to find the truth.' … Brinton filled out an online application with her name, address and telephone number. But instead of job offers, she began receiving a stream of unsolicited e-mails hawking Viagra, payday loans and penny stocks. … Brinton fell victim to a sophisticated phishing scam, which, in recent months, targeted thousands of job seekers on such popular Web sites as Monster.com and CareerBuilder.com. Phishers send out seemingly legitimate e-mail in an attempt to get people to reply with personal information then used in a variety of scams. … Since June, the Better Business Bureau serving Metro Washington has logged more than 8,000 inquiries about USA Voice and a related entity, Instant Human Resources. USA Voice lists a downtown Washington

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address; Instant Human Resources lists an address in Rockville. Both locations turned out to be a service that forwards mail for other businesses. Instant Human Resources' parent company, Internet Solutions, says it is based in Orlando." The Post notes, "In 2006, about 109 million U.S. adults received phishing e-mails, up from 57 million in 2004, according to research firm Gartner, of Stamford, Conn. About one in six phishing e-mails are opened -- a better rate than for e-mails from legitimate businesses, said Jeff Wilbur, vice president of marketing for e-mail security firm Iconix. … The majority of phishing e-mails claim to be from financial institutions, but phishers have also switched to mimicking dating, social networking and other kinds of online services. In those cases, victims might let their guard down because they are not giving out financial information, Wilbur said. But such attacks can leave them just as vulnerable to identity theft. … Job search sites offer identity thieves a rich source of personal information and a pool of potential victims willing to divulge even more in hopes of landing employment. Since 2004, some of the largest online job search firms, such as Monster and CareerBuilder, have taken more precautions against criminals looking to collect personal information from their users."

Nobel Winner Wiesel Attacked At California Conference. The New York Times (2/10, McKinley) reports, "Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize, was attacked at a San Francisco hotel last week by an unknown assailant, the police said yesterday." The Times continues, "Sgt. Neville Gittens, a police spokesman, said Mr. Wiesel, 78, was attending a conference when a man approached him in an elevator and asked to interview him. After a brief discussion, the man dragged Mr. Wiesel off the elevator and tried to restrain him, but Mr. Wiesel screamed, and the attacker fled."

The AP (2/10) reports, "Gittens said police are investigating the incident as a crime. He said investigators were aware of a posting at an anti-Semitic Web site in which a man claimed responsibility for the attack, but declined to comment further. … Wiesel, who survived the Nazi death camps at Auschwitz and Buchenwald during World War II, has worked for human rights in many parts of the world and was awarded the Nobel Peace Prize in 1986."

Judge Rules California Sex Offender Restriction Is Not Retroactive. The AP (2/10) reports, "A federal judge ruled that a voter-approved restriction on where sex offenders can live could not be applied retroactively, potentially freeing thousands of parolees from a ban on living within 2,000 feet of a school or other place where children gather." The AP continues, "The judge, Lawrence K. Karlton of Federal District Court, said there was nothing in the law, Proposition 83, that specified its provisions were to be applied retroactively." The AP adds, "The proposition, known as Jessica's Law, was approved Nov. 7 by 70.5 percent of voters and took effect the next day. It also increases prison terms for sex offenders and requires lifetime satellite tracking of rapists and other felony sex criminals after their release from prison."

Judge Orders Former Coke Secretary Jailed Until Sentencing. The Atlanta Journal-Constitution (2/10, Stanford) reported, "A federal judge ordered ex-Coke secretary Joya Williams to jail Friday, saying she had an 'utter disregard for the law.' … She will be sentenced May 23." Assistant U.S. Attorney Jay Pak said "during a hearing Friday that Williams, 41, admitted being 'high as a kite' on Vicks cough medicine as the jury read the guilty verdict last week. Pak said she had drunk an entire bottle of the medication." The AJC noted, "Jurors convicted Williams under the federal Corporate Espionage Act of trying to sell confidential Coke documents and sample test products for $1.5 million to an undercover FBI agent posing as a Pepsi go-between." In a widely-distributed story, the AP (2/10, Turner) added, "U.S. District Judge J. Owen Forrester told…Williams that her behavior since her arrest in July has showed that she 'would do anything to avoid going to jail.' … Williams' attorney, Janice Singer, called the government's claim that her client is a risk to the community and a risk of flight 'more than offensive.'"

Former New York Comptroller Fined For Defrauding State. The New York Times (2/10, Confessore) reports, "The former state comptroller, Alan G. Hevesi, praised his replacement on Friday, after a hearing at which a judge sentenced him to pay a $5,000 fine for his use of state employees to chauffeur his wife." The Times continues, "The State Legislature voted on Wednesday to appoint Thomas P. DiNapoli, an assemblyman from Nassau County, as the new comptroller, two months after Mr. Hevesi resigned as part of a plea deal with the Albany County district attorney, P. David Soares. … Before resigning last year, Mr. Hevesi agreed to plead guilty to a felony charge of defrauding the government and to submit a DNA sample for the state's criminal database." The Times adds, "In delivering the sentence, Judge Stephen W. Herrick described Mr. Hevesi's actions as 'unexplainable and totally unacceptable,' but cited Mr. Hevesi's decades of public service, cooperation with the investigation and agreement to leave politics as reasons for the mild sentence. … 'Your fall from grace here has been total and from a very great height,' Judge Herrick said. Mr. Hevesi served for more than two decades in the Assembly and later as New York City comptroller before he won election to the state comptroller's job in 2002."

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Jury Spares New York Drug Lord Death Penalty After Murder Convictions. The New York Times (2/10, Rashbaum) reports, "A notorious street-corner crack kingpin with ties to the rap music industry was spared the death penalty yesterday in federal court in Brooklyn when a jury failed to reach a unanimous verdict to execute him for ordering the killing of two rivals." The Times continues, "The jury's action will result in a sentence of life without the possibility of release for the convicted drug dealer, Kenneth McGriff, 46, who was known as Supreme and whose drug crew, the Supreme Team, held sway on the streets of southeast Queens in the 1980s." The Times adds, "All the jurors, who were questioned by the judge before being selected to serve on the case, had said they were willing to sentence the defendant to death if the evidence warranted it. On the verdict sheet, the jury noted that 'execution would not be an option' if the case had been tried in state court. … One of Mr. McGriff's lawyers, David A. Ruhnke, who defended the case with Jean Barrett, said his client was relieved by the jury's action. … He contended that the case should never have been prosecuted in federal court and suggested that the government's decision to seek the death penalty was inappropriate." The Times notes, "Robert Nardoza, a spokesman for the United States attorney in Brooklyn, Roslynn R. Mauskopf, whose office prosecuted the case, would not directly address Mr. Ruhnke's comments, saying only, 'The decision to impose the death penalty is solely within the province of the jury, and we respect their decision.'"

The AP (2/9, McShane) reports, "Jurors, who deliberated just over 2 1/2 hours on the sentence, convicted him last week of paying $50,000 for the 2001 killings of an obscure rapper named Eric 'E-Money Bags' Smith and Troy Singleton. … Prosecutors said Smith was killed for his fatal 1999 shooting of a McGriff associate, while Singleton was targeted because McGriff felt he might retaliate on Smith's behalf." The AP adds, "McGriff was the founder of the Supreme Crew, a brutal drug gang that operated in Queens during the 1980s. At its peak, the Supreme Team's network of dealers was making $200,000 a day, authorities said. … After McGriff did prison time on a drug conviction, he was released in 1997 and aligned himself with neighborhood friend and music mogul Irv 'Gotti' Lorenzo. Defense attorneys claimed this was part of McGriff's plan to create movies and music. … Prosecutors said McGriff returned to the drug business in New York and Baltimore. Lorenzo and his brother, Chris, were indicted with McGriff but acquitted at a separate trial of using their label Murder Inc. to launder $1 million in drug money."

Appeal Court Overturns DC Police Officer's Illegal Gratuities Conviction. The Washington Post (2/10, B2, Miller) reported, "By a 7 to 5 vote, a federal appeals court [Friday] overturned the conviction of a former D.C. police detective arrested in an FBI sting. Nelson Valdes was convicted in October 2002 of three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450. Valdes provided the informant with names and addresses in March 2001 to match four license plates and checked on warrants on another person, prosecutors said." The Post notes, "A three-judge panel of the U.S. Court of Appeals reversed the conviction a year ago, ruling in a 2 to 1 decision that the gratuities charge -- which bars seeking or accepting gratuities 'for or because of any official act' -- did not apply to Valdes's conduct in the case."

FBI Probe Leads To Prostitution Allegations Against California Police. The Los Angeles Times (2/10, Surdin, Krikorian) reported, "At least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that have been the target of a high-profile law enforcement crackdown. The internal affairs investigation by the Inglewood Police Department began after federal authorities launched an investigation of money laundering and prostitution involving women smuggled into Los Angeles from Asia. … Evidence seized by federal agents and local investigators included 'very detailed ledgers' that suggested Inglewood officers were receiving sexual favors at the businesses without paying, according to one source close to the investigation." The Times noted, "Word of the inquiry comes less than two months after the FBI confirmed that it was investigating two Inglewood police officers in the alleged rape of a woman they stopped on suspicion of prostitution." Inglewood City Councilman Ralph Franklin "said it was aimed at determining whether the alleged sexual misconduct involved a large number of officers over an extended period of time. He said the FBI was assisting police in the investigation." The AP (2/10) also reported on the intestigation.

Texas Man Charged With Hurricane Relief Fraud. The Texarkana (TX) Gazette (2/10, LaRowe) reports, "A Texarkana man has been indicted by a federal grand jury in Texas in a fraud case related to hurricane relief in the Eastern District of Texas." The Gazette continues, "Gary Williams Trice, 36, has been charged with mail fraud after he allegedly illegally acquired $36,000 in FEMA hurricane assistance money. Trice is alleged to have submitted as many as 14 fraudulent applications for assistance based on hurricanes Katrina, Rita and Wilma by using different names, addresses and Social Security numbers." The Gazette adds, "The investigation was conducted jointly by the United States Department of Labor's

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Office of the Inspector General, the United States Postal Service and the Department of Homeland Security. … 'Hurricane-related fraud remains a priority of the Department of Justice,' said United States Attorney Matthew Orwig in a press release issued this week. 'Applications for assistance are continuing to be reviewed and any appearances of fraud will be thoroughly investigated.'" The Gazette notes, "The Hurricane Katrina Fraud Task Force was created by Attorney General Alberto Gonzales in September 2005 to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud."

O'Malley, Kaine Faced With Death Penalty Decisions. The Washington Post (2/10, Wagner, Craig, 690K) says on its front page that Maryland Gov. Martin O'Malley and Virginia Gov. Timothy Kaine "both face decisions" on the "divisive" capital punishment issue "that will be watched closely in their states and beyond. O'Malley, who was sworn in last month, has pledged to work with lawmakers to repeal Maryland's death penalty -- and could effectively halt executions through the end of his tenure even without their support, given a recent court ruling. Kaine, who was sworn in last year, presides over a state where executions are far more frequent. He soon could have to decide whether to sign bills to expand capital punishment in Virginia."

Catholic Maryland Legislators Split On Death Penalty Abolition. The Washington Times (2/10, Lobianco, 88K) reports, "Key Catholic lawmakers in the General Assembly are splitting with major Catholic groups over an attempt to abolish the death penalty in Maryland. 'I know it's a little inconsistent, but I do feel [the death penalty] is a deterrent,' said Sen. Norman R. Stone Jr., Baltimore County Democrat and a Catholic. 'Maybe you don't reconcile it until you meet your maker,' said Delegate Susan K. McComas, Harford County Republican and a Catholic who is a member of the House Judiciary Committee."

CIVIL LAW:

DOJ Faces Backlog Of Healthcare Fraud Cases. The Fort Worth Star-Telegram/Cox News Service (2/10, Malone) reports, "Federal prosecutors admitted having a backlog of more than 150 cases in which pharmaceutical companies are accused of defrauding federal and state healthcare programs, a Justice Department lawyer acknowledged to a congressional panel Friday." Cox continues, "Ronald J. Tenpas, associate deputy attorney general, said his department has recovered $5.3 billion since 1999 from major drug manufacturers in a variety of kickback schemes and overcharges that defrauded Medicaid and Medicare. … But when asked by House Committee on Oversight Chairman Henry Waxman, D-Calif., why the government doesn't move faster on these cases to recoup even more taxpayer money, Tenpas said his office is short on lawyers and investigators. … 'These are very complex cases,' he said, adding that his office has not added new positions, despite estimates that the prescription drug fraud cases produce $15 in payments and penalties for every $1 spent on prosecution." Cox adds, "Patrick J. O'Connell, chief of a Medicaid task force for the Texas attorney general's office, said at the congressional hearing that his team of lawyers had more than paid its way by recovering $64.1 million from just four manufacturers that had overcharged the state and federal government for prescription drugs. … O'Connell, in an interview later, estimated that his office has collected more than $100 million from drug companies since his anti-fraud office was set up in 1999. Expenses for his task force, recently expanded to 10 lawyers, have added up to $5 million to $7 million, he said. … Waxman repeatedly raised concerns about the new prescription drug benefit, known as 'Part D' for Medicare recipients. … The new program 'is going to cost $1 trillion over 10 years -- $50 billion over this next year,' Waxman said. 'That program's got to be as ripe for fraud as any other.' … Tenpas said officials at the Justice Department are 'clearly concerned there could be fraud in that program' but added that after only one year of operation and not enough data 'we don't have many conclusions yet.'"

GAO Warns Of Medicare Drug Overcharging. The AP (2/10) reports, "Federal law makers should consider doing more to ensure the government is not overcharged for prescription drugs, according to a government watch dog." The AP continues, "A director for the Government Accountability Office told members of Congress Friday that the Medicare drug benefit program is vulnerable to false billing schemes because it relies on private companies to report drug prices. Under the program, about 42 million eligible senior citizens can choose between thousands of prescription drug plans offered by health insurers that individually negotiate drug prices with manufacturers." The AP adds, "GAO's health care director John Dicken said the Medicare drug program's 'complex set of relationships and transactions with private entities' makes it difficult to verify the accuracy of drug prices charged to the government. Dicken told members of the House Committee on Oversight and Government Reform that Medicare needs to have systems in place to spot inflated price reporting."

Waxman Pledges Probe Of Drugmaker "Profiteering." Bloomberg (2/10, Marcus) reports, "Representative Henry Waxman pledged Congress will investigate a range of allegations that drugmakers are 'profiteering' by overcharging federal health programs. … 'If even half of them are true, billions of federal dollars that should be buying needed care are instead adding to drug company profits,' Waxman, Democratic chairman of the

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House Committee on Oversight and Government Reform, said at a hearing today on alleged fraud and abuse in drug pricing." Bloomberg adds, "Democrats promised more aggressive oversight of government practices when they took control of Congress in January, and the hearing was an initial effort to apply such scrutiny to health- care costs. … The Justice Department has recovered more than $5.3 billion related to pharmaceutical fraud in federal and state programs since 1999, Ronald J. Tenpas, associate deputy attorney general, told the committee. … 'It is clear from our experience that drug company violations of the law are causing government health-care programs to pay too much for prescription drugs,' Tenpas said in a statement submitted to the committee."

Sailor, Family Sue Navy Alleging Hospital Malpractice. The Navy Times (2/10, Amos) reports, "A Navy family has filed a claim against the Navy for $150 million, alleging that malpractice by Naval Hospital Jacksonville doctors and staff caused their newborn son to suffer severe brain damage that has left him unable to walk, talk or see." The Times continues, "Sean Cronin, a civilian lawyer representing Electronics Technician 3rd Class Joseph Alcorn and his wife, Kendra, said injuries to their son Gavin, the second child born during a twin pregnancy, were caused when he did not receive enough oxygen during delivery in May 2005. … Cronin said hospital records show that Gavin's limbs were blue and that he was not breathing when he was delivered about an hour after his sister. … Gavin's sister had unrelated complications during delivery but has since recovered." The Times adds, "Shortly after delivery, Gavin was transferred to a civilian hospital in Jacksonville, where doctors used an MRI to determine that he suffered brain damage during delivery, Cronin said. … Capt. Raquel Bono, commanding officer of Naval Hospital Jacksonville, said Navy doctors identified Kendra Alcorn's pregnancy as high risk before delivery and took steps, including having extra doctors present during delivery, to prevent complications. She said close attention was paid to the fetal heart rate and to the mother's uterine contractions. … Bono would not say which, if any, prenatal risk factors other than a multiple delivery were present during Kendra Alcorn's pregnancy, but she defended the actions of doctors and staff at the hospital, which she said delivers about 120 babies each month and conforms to national standards set by the American College of Obstetricians and Gynecologists. … The Navy has six months to respond to the Alcorn's claim. It can pay the full amount, offer a reduced settlement or pay nothing. … After the six-month period, if the family is not satisfied with the Navy's response, they can file a lawsuit in U.S. District Court. … At that point, Justice Department lawyers would take over the lawsuit's defense."

Expert Cites Controller Fatigue As Factor In Chicago Air Crash. The Chicago Tribune (2/10, O'Connor) reports, "An aviation consultant testified Friday that an air-traffic controller's fatigue was a contributing factor in the midair collision that killed radio star Bob Collins and two others seven years ago." The Tribune continues, "At a federal trial stemming from lawsuits over the crash, Farrell Smith, a former Federal Aviation Administration official, said records showed that controller Gregory Fowler worked more than seven hours that day without taking a break. … In the hour before the collision, Fowler had been involved in 416 transmissions with pilots, one every 8.65 seconds, Smith said. .. . 'He's vulnerable to fatigue, mental and physical,' Smith said of Fowler, whom lawyers for the three victims' families blamed for the collision. 'It's critical safety-wise to give them a break, so they're sharp and aware.'" The Tribune adds, "Collins had been Chicago's top-ranked morning-radio personality when his Moravan Z242L struck a Cessna 172P flown by student pilot Sharon Hock as the two aircraft approached Waukegan Regional Airport near the lakefront. Collins' plane crashed onto the roof of Midwestern Regional Medical Center, killing him and passenger Herman Luscher, while Hock died when her plane plummeted onto a Zion street. … On Friday Paul Pieri, a former flight instructor who witnessed the crash, testified that he had been surprised when Collins' plane passed in front of his shortly before the collision. If Collins had accurately reported his position, Pieri said, 'He should have already been past me on final approach' to the airfield. … Justice Department lawyers, representing the FAA at the trial, contend that Collins caused the collision."

CIVIL RIGHTS:

Texas Man Pleads Guilty To Operating Multi-State Immigrant Brothel Ring. The Austin (TX) American-Statesman (2/9, Kreytak) reports, "A man who federal authorities say managed brothels in Austin and Oklahoma City in an elaborate multistate immigrant smuggling and prostitution ring pleaded guilty in federal court Friday." The A-S continues, "The ring included brothels in 13 cities, including ones across Texas, as far west as Las Vegas and as far east as New York City and Atlanta, according to documents filed with Juan Balderas-Orosco's plea. The operators snuck hundreds of women into the country from Mexico as well as Central and South American countries, and forced them to have sex with as many as 40 men — mostly undocumented immigrants — a day, the documents said. … Their bosses, who moved the women among the brothels in the interstate network, kept all or part of the women's earnings, the documents said. … 'The prostitutes reported

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they were not free to leave the brothels on their own, and the brothel operators were usually armed with firearms,' one court document said." The A-S notes, "Balderas, 34, faces 10 years in prison at a later sentencing on each of three crimes: transportation for prostitution, conspiracy to smuggle, transport and harbor illegal aliens, and importation of aliens. … Balderas, who was the manager of brothels in Austin and Oklahoma City, is the lead defendant in an indictment filed last year in U.S. District Court in Austin charging 12 people in the case with various smuggling and prostitution crimes."

US Opposes Dismissal Of Charges Against Seale. The AP (2/10, Elliott) reports from Jackson, MS, "Kidnapping remains a capital crime under federal law and there is no statute of limitations that would justify dismissing charges against a reputed Ku Klux Klansman accused in the 1964 slayings of two black men, say federal prosecutors." The AP continues, "James Ford Seale, 71, has pleaded not guilty to two counts of kidnapping and one count of conspiracy. Seale is being held without bond in the Madison County jail. … Seale could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee." The AP adds, "Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown. … In a motion to dismiss the charges last month, Assistant Federal Defender Kathy Nester said the government needed to have charged Seale under the law in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued. … U.S. District Judge Henry T. Wingate has not ruled on the dismissal motion." The AP notes, "U.S. Attorney Dunn Lampton, in a response filed this week, said Seale's defense was misreading the law. He said while the U.S. Supreme Court in 1968 may have eliminated the death penalty for kidnapping, the court did not remove the designation of kidnapping as a capital crime under federal law. … 'The limitations period depends upon the capital nature of the crime, and not on whether the death penalty is in fact available for a defendant in a particular case. Because the defendant is charged with offenses deemed by Congress to be capital in nature, he may be prosecuted for those offenses without limitation,' Lampton said in the government's response. … Federal Public Defender S. Dennis Joiner, in a reply to the government's position, said once the death penalty was removed as a penalty for kidnapping, kidnapping became a non-capital offense."

Feinstein Seeks Information On Jailed Border Agents. The San Francisco Chronicle (2/10, Lochhead) reports, "Sen. Dianne Feinstein intervened Friday in the cases of two Border Patrol agents who are imprisoned for shooting an alleged Mexican drug smuggler and who have become a cause celebre for anti-illegal immigration GOP politicians, conservative media and activists." The Chronicle continues, "The California Democrat, who is a member of the Senate Judiciary Committee, wrote letters to three top administration officials -- Attorney General Alberto Gonzales, Homeland Security chief Michael Chertoff and Federal Bureau of Prisons Director Harley Lappin -- asking for specific information about their agencies' involvement in the case. … Feinstein is the first prominent Democrat to become involved in the case of the border agents, and her office said she has secured the agreement of Senate Judiciary Committee Chairman Patrick Leahy to conduct a committee investigation. She said Leahy is open to a hearing on the matter." The Chronicle adds, "Border Patrol agents Jose Alonso Compean and Ignacio Ramos were convicted last March and sentenced Oct. 9 for the 2005 shooting of an alleged drug smuggler, Osvaldo Aldrete-Davila, who had driven a van loaded with 743 pounds of marijuana from Mexico to Texas. The agents shot Aldrete-Davila as he tried to flee back across the border with Mexico, then hid evidence of the shooting and failed to report it, according to the evidence presented at their trial. Compean received a 12-year federal prison sentence, and Ramos 11 years and one month. … Last Saturday, Ramos was injured in a fight with five other inmates at the federal prison in Yazoo City, Miss. Prison authorities said he sustained minor bruises and abrasions. … President Bush has so far refused to pardon the agents, though he has said he would 'look at all the facts' and urged others to do the same in a Fox News interview Jan. 31."

Tancredo Meets With Imprisoned Ex-Border Patrol Agent. The AP (2/9) reports Rep. Tom Tancredo, "a Republican presidential candidate and opponent of illegal immigration," met with ex-US Border Patrol agent Ignacio Ramos at the Yazoo City Federal Correctional Complex in Mississippi. Ramos is in jail "for shooting a drug smuggling suspect in Texas and then lying about it," and he was recently "attacked by other inmates." Tancredo said, "It is our hope we can get him moved to another part of the facility that is safe for him but not in a segregated environment…23 hours a day in a cell, which he has now." Tancredo "has said the Bush administration failed to protect Ramos and has demanded that the agents receive a full presidential pardon."

ANTITRUST:

Two Sentenced In Indiana Concrete Price-Fixing Scheme. The Indianapolis Star (2/10, Corcoran) reports, "Two men convicted in November of involvement in an Indianapolis-area concrete price-fixing conspiracy will spend nearly twice as long in prison as ringleaders who

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cooperated and pleaded guilty." The Star continues, "Chief U.S. District Judge Larry J. McKinney on Friday sentenced Chris A. and Ricky J. Beaver, managers at Noblesville-based Beaver Materials Corp., to 27 months in prison for violating antitrust law and lying to the FBI. … The prison terms will be followed by two years of supervised release. Both men were ordered to pay $5,000 fines." The Star adds, "The conspiracy's ringleaders, who testified against the Beaver cousins in November, were sentenced to 14 months in prison. … The Beavers acknowledged attending several secret meetings called to set prices, but they still deny participating in the scheme. Both men agreed, however, they had lied to investigators. … Ricky Beaver, 43, also denied price-fixing, saying: 'I only went to two meetings. I didn't agree to anything.' … McKinney was unmoved, saying the jury had spoken, and he agreed the Beavers were active participants." The Star notes, The price-fixing scandal became public in June 2005, when federal prosecutors announced a $29.2 million fine against Greenfield-based Irving Materials, the largest fine ever paid by a participant in a domestic price-fixing conspiracy. … The Beavers' sentencing came hours after McKinney sentenced John J. Blatzheim, 52, executive vice president of Fishers-based Builder's Concrete & Supply Co., to nine months in prison and a year of probation, and fined him $5,000. … In all, nine current or former officials of four area companies have been sentenced to prison in the scheme to overcharge concrete customers from July 2000 through May 25, 2004, when a series of early-morning FBI raids broke up the conspiracy. … 'We're pleased the defendants received significant sentences that reflect the seriousness of the crimes,' said Scott D. Hammond, a deputy assistant attorney general in the Justice Department's Antitrust Division."

Lear Agrees To Icahn's $2.8 Billion Buyout Offer. The New York Times (2/10, Bunkley) reports, "One of the biggest shareholders of the Lear Corporation, a manufacturer of automotive seats, criticized the company's deal on Friday to sell itself for $2.8 billion to the investor Carl C. Icahn." The Times continues, "The shareholder, Richard S. Pzena, who owns 11 percent of Lear through his firm, Pzena Investment Management, said he believed that the price was too low and that Lear did not need outside help to turn around its business. … Another shareholder, Evercore Asset, which calls itself a relatively small shareholder of Lear, said Friday that it was going to vote against Mr. Icahn's bid. Evercore said the offer price of $36 a share does not reflect the value of Lear." The Times ads, "The deal — the latest in a wave of major investments in the troubled auto parts industry — is worth $5.3 billion, including $2.5 billion in debt that will be assumed by American Real Estate Partners, the investment firm controlled by Mr. Icahn. Mr. Icahn already owns nearly 16 percent of Lear's 76.3 million outstanding shares, which would be valued at $36 each. … That is $3.39 less than the closing price for Lear's stock on Friday; shares fell 1.7 percent after the deal was announced."

The Wall Street Journal (2/10, A3, Kosdrosky) reports, "Lear Corp.'s support of a takeover offer by billionaire investor Carl Icahn has raised questions about whether the auto-parts supplier's board has worked hard enough to get the best deal for shareholders. … Management's welcoming response to the offer also sparked shareholder calls for the company to seek competing bids." The Journal continues, "The auto-parts supplier said on Friday its management supported Mr. Icahn's $36-a-share offer, adding that its board voted unanimously in favor of it, even though Lear stock has been trading at about the offer price. … The deal involving Mr. Icahn's American Real Estate Partners L.P., and valued at about $5.3 billion, is the latest move to grab a bigger stake in the auto-parts sector. Companies like Lear have struggled with lower production from U.S. auto makers, high raw-materials costs and pricing pressures. But deep-pocketed investors have been drawn to the sector because of the low valuations of many ailing companies and the belief some will recover. … At least three major shareholders believe Lear shares have the potential to appreciate well beyond the Icahn offer price and said they will vote against the bid."

Bank Of America Cooperating With DOJ's Municipal Bond Probe. The New York Times (2/10, Bajaj) reports, "Bank of America said yesterday that it was cooperating with a Justice Department investigation into bidding practices in the municipal bond business in exchange for leniency." The Times continues, "The agreement with the bank may be a significant breakthrough for government investigators who have been looking at how the proceeds of bonds issued by cities, school districts and other municipal authorities are invested between the time the money is raised and when it is spent on projects like new water systems and school gymnasiums." The Times adds, "Investigators are examining whether there was collusion among some financial institutions in bidding to handle the bond revenue during those interim periods. … Last November, the Justice Department issued subpoenas and raided the offices of several firms that served as go-betweens for municipalities and large financial institutions. … The investigation is the biggest in municipal finance since the 1990s, when the Securities and Exchange Commission accused some Wall Street firms of "yield burning" — or profiting by overcharging state and local government agencies in debt refinancings. The current investigation is unusual because it appears to involve possible criminal charges."

The AP (2/10, Augstums) reports, "The Charlotte-based bank said the agreement will keep the department from

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bringing any criminal antitrust prosecution against the company in the matter in return for its continuing cooperation. … The bank said it was receiving the special treatment because it went to the department with information about bidding practices in the bond industry before the government began its investigation last year." The AP adds, "Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to a number of Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports."

The Charlotte Observer (2/10, Rothacker) reports, "Bank of America Corp. said Friday that it won't face criminal prosecution for anti-trust matters in the U.S. Justice Department's ongoing investigation of bidding practices in the municipal bond industry." The Observer continues, "The Charlotte bank said it reached a leniency agreement with the agency, in return for its continuing cooperation. The announcement shed new light on the bank's role in a wide-ranging probe that became public late last year. … Under the Justice Department's leniency program, amnesty is available to a company that first reports information to the agency before the government has started its own investigation, the bank said." The Observer notes, "Separately, Bank of America said it had agreed to a $14.7 million settlement with the IRS related to certain bond transactions. Under the agreement, the bank said it did not admit to any conduct that would be subject to liability under the Internal Revenue Code. … State and local governments issue municipal bonds to raise money for projects ranging from schools to transportation systems to housing projects. In return, investors receive tax breaks on the interest they receive from the bonds. … In 2006, investment banks raised about $379 billion through municipal bond issues, the second best year on record, according to Thomson Financial. Bank of America was the ninth-biggest underwriter." The Observer adds, "The industry faced scrutiny in the 1990s over the marking up of bond prices and now faces renewed examination. Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports. … At the time, the Justice Department said it was looking at 'anti-competitive practices.' The reports also said the IRS was examining whether consultants and underwriters were evading taxes in certain transactions."

Bloomberg (2/10, Selway, Braun) reports, "Bank of America is the first to announce an agreement with the U.S. government in connection with an antitrust probe of bid-rigging of investment contracts that are sold to states and municipalities. The settlement may help speed the pace of the probe, which has roiled an almost 200-year-old market where local governments have $2.3 trillion of bonds outstanding. … 'It's a positive step when you see settlements because it does tend to expedite the process,' said Carol Lew, the president of the National Association of Bond Lawyers and a public finance attorney at Stradling Yocca Carlson & Roth in Newport Beach, California." Bloomberg adds, "The agreement came after Charlotte, North Carolina-based Bank of America gave information to investigators before they initiated the probe, the bank said in its statement. The bank said offers of amnesty are available from the Justice Department to the first who reports behavior that is later investigated. … More than a dozen banks, insurers and brokers have been subpoenaed in the investigation, which also includes the Securities and Exchange Commission. The Justice Department's probe follows the IRS in looking into whether there were conspiracies to rig the bidding for so-called guaranteed investment contracts, where local governments invest money raised at bond sales until it is needed to pay for schools and other projects. … The Justice Department has declined to comment on the probe, saying only that it was investigating anti-competitive practices in the industry. Subpoenas issued in the investigation sought information on several financial products, including derivatives."

Market Watch (2/10, Gelsi) reports, "The pact by the nation's second-largest bank with the U.S. Justice Department could mark a breakthrough as the government investigates practices in the multi-billion dollar municipal bond industry. … Bank of America said it's inked a leniency agreement in connection with the department's investigation into bidding practices in the municipal derivatives sector. … 'This amnesty grant was a result of the company voluntarily providing information to the Department before the Department began its investigation, as well as the company's continuing cooperation,' Bank of America said. … In return for the company's cooperation, the Justice Department will not bring any criminal antitrust prosecution against the company in connection with matters that the company reported to the Justice Department, Bank of America said."

FirstGroup To Purchase Laidlaw For $3.6 Billion. Bloomberg (2/10, Alloway) reports, "Britain's FirstGroup Plc agreed to buy Laidlaw International Inc., owner of the largest U.S. school-bus company and the Greyhound bus service, for $3.6 billion to triple revenue in North America." Bloomberg continues, "Laidlaw investors will receive $35.25 in cash for each share, Aberdeen, Scotland-based FirstGroup, the U.K.'s biggest train operator, said today in a statement. That's 11 percent more than the closing price of $31.72 yesterday." Bloomberg adds, "FirstGroup will merge its Ryder U.S. student buses division, acquired in 1999, with Laidlaw's fleet to give it a 13 percent share of the North American school bus market. Laidlaw's Greyhound

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Lines Inc. unit, the largest inter-city bus company, is ``a less obvious strategic fit'' and will be reviewed, FirstGroup said. … Laidlaw, founded in 1924, filed for bankruptcy in 2001 after almost 20 years of expansion. It bought hundreds of small school bus operators during the 1990s, culminating with the acquisition of Greyhound in 1998. … Gina Talamona, a U.S. Justice Department spokeswoman, said it hasn't been determined whether her agency's antitrust division or the Federal Trade Commission will review the deal."

ENVIRONMENT:

New EPA Rules Will Reduce Toxic Emissions From Cars By 80%. The Washington Post (2/10, A2, Eilperin, 690K) reports the Environmental Protection Agency "issued rules yesterday that will dramatically cut toxic fumes from cars and trucks over the next 25 years. The regulations, which will reduce the amount of cancer-causing benzene in gasoline and set tighter emission standards for autos in cold temperatures and for fuel containers, will help reduce toxic emissions from passenger cars by 80 percent from 1999 levels by 2030. 'Americans love their cars,' EPA Administrator Stephen L. Johnson said in a statement. 'By clearing the air from tons of fuel and exhaust pollution, President Bush and EPA are paving the road toward healthier drivers and a cleaner environment.'"

The New York Times (2/10, A9, Barringer, 1.16M) reports, "The final rule, issued under a court-ordered deadline set after environmental groups filed suit about two years ago, provides more uniform reductions around the country than the agency had originally proposed. It was greeted with praise from environmental groups usually critical of the Bush administration in this area and with considerably less enthusiasm by the organization representing the country's 149 refineries."

WPost Encourages US Public To Accept Cloned Livestock. The Washington Post (2/10, A16, 690K), in an editorial, writes, "Ever since the Food and Drug Administration officially vouched for the safety of food derived from cloned animals last month, Americans have given themselves a long and unnecessary national stomachache. Citing concerns over everything from safety to ethics, many of them told pollsters that they are apprehensive about milk and meat from clones entering supermarkets. Members of Congress are preparing to push legislation requiring food from clones and their progeny to be labeled as such. … It is important for the public not to overestimate the differences between cloning livestock for the purpose of breeding and what American ranchers and breeders already do to better their flocks and herds. The facts are less threatening than many Americans realize."

FBI/DEA/ATF/USMS:

Transnational Gang Summit Closes With Agreement On Data Sharing. The Los Angeles Times (2/10, McGreevy) reported, "An international summit on transnational gangs wrapped up in Universal City on Friday with an agreement between U.S. and Latin American law enforcement leaders to begin crafting four initiatives, including one to improve intelligence sharing on criminals who move back and forth over borders. … 'We have arrested people here who were deported five times, so we want to put some of them on the list so we look harder at the border for the worst of the worst,' said Robert Loosle, special agent in charge of the criminal section of the FBI's Los Angeles office." The Times noted, "Also aiding the effort was the announcement this week by U.S. Atty. Gen. Alberto R. Gonzales that the federal government would accelerate implementation of the Central American Fingerprinting Exploitation system, which will help track gang members."

FBI Awards Philadelphia Police $2 Million In Seized Drug Money. The Philadelphia Daily News (2/10, Olley) reported, "The Philadelphia division of the FBI gave the Philadelphia Police Department a pat on the back yesterday for its work in trying to cripple the city's lucrative drug trade. Special Agent in Charge J.P. Weis lauded the efforts of Police Commissioner Sylvester Johnson, Deputy Commissioner Richard Ross and leaders of the Narcotics Bureau, and presented them with a commemorative plaque and a check for approximately $2 million, which represented a portion of the money they had seized jointly during the 2005-06 fiscal year. He said of the relationship between the two agencies, 'It illustrates the camaraderie between these two units that transcends mere cooperation.'" The Daily News noted, "Just this week, police stopped a tractor-trailer…and found 100 kilos of cocaine with an estimated street value of $10 million. Forfeitures as large as Monday's are what Weis describes as a powerful tool against drug activity."

Husband Of Hawaii FBI Agent Pleads Guilty To Drug Charges. Honolulu Star Bulletin (2/10, Barayuga) reported, "The spouse of a former FBI technician has admitted to conspiring with others to possess with intent to distribute more than 500 grams, or 1.1 pounds, of methamphetamine." On Friday, Eric Moniz "pleaded guilty…in U.S. District Court to the charge, punishable by a mandatory minimum of 10 years in federal prison. Moniz was one of 23 individuals indicted by a federal grand jury in April after an internal FBI investigation. The FBI began surveillance of employee Charmaine Moniz, wife of Eric

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Moniz, and her activities at work. They discovered she had been accessing a confidential database and reviewing documents relating to her husband's longtime friend Damien Kalei Hina, an alleged drug dealer in Waialua, as well as Jonathan Kimo Luna and Jess Lundgren." The AP (2/10) also briefly reported on Moniz's plea.

Hawaii Police Officer Admits Protecting Illegal Gambling Operation. The Honolulu Advertiser (2/10, Kobayashi) reported, "A second Honolulu police officer has pleaded guilty in a scheme to protect an illegal cockfight and gambling operation in Waialua." On Friday, Bryson Apo "admitted…that he provided the operators information about when police would raid the illegal activities and also acknowledged that he would bet on the cockfights 'from time to time' during the 2004 to 2005 cockfighting season. … Apo, an eight-year veteran of the police force, pleaded guilty to conspiring to obstruct the enforcement of criminal laws." The Advertiser noted, "The charges were the result of a massive FBI wiretap operation into gambling, drug and other illegal activities. Kevin Brunn, the third officer, is awaiting trial."

The Honolulu Star Bulletin (2/10, Barayuga) reported Apo pleaded guilty "to conspiring with more than five others, including members of a large landowning family in Waialua and two other police officers, to obstruct the enforcement of state laws prohibiting illegal gambling, specifically cockfighting, craps and card games. … The indictment stemmed from a two-year federal investigation that began in 2003 into illegal gambling and cockfighting" in Waialua.

Cuba Transfers Key Drug Cartel Head To Colombia. The New York Times (2/10, A4, McKinley, Romero, 1.16M) reports the transfer of Luis Hernando Gómez Bustamante, "the leader of a Colombian drug cartel that American prosecutors say flooded New York City streets with cocaine," from Cuban to Colombian custody in Bogota. Havana's "decision to send [Bustamante] to Colombia surprised American authorities, law enforcement officials said. Cuba's government has no diplomatic relations with the United States, and some people charged with crimes on American soil have found a haven in Havana." Also known as Rasguno, Bustamante is "the reputed boss of the Norte del Valle cartel," has been in jail in Cuba for three years "on immigration charges." Norte del Valle "was one of the most violent, lucrative and extensive cocaine-smuggling rings in the world, accounting for at least 30 percent of the cocaine being imported into the United States, Justice Department officials said."

DOJ Warns NYC Probes Of Out-Of-State Gun Stings May Be Illegal. The AP (2/9, Gross) reports, "Private investigators hired by the city to conduct sting operations on out-of-state gun shops could be breaking the law, and the dealers they caught making illegal sales will not be prosecuted, federal officials said." The AP continues, "City officials have sued more than two dozen dealers after hiring investigators to pose as buyers attempting straw purchases, in which one person fills out the paperwork for the gun but is buying for someone else. The scam is often used by convicted felons and others barred from owning firearms." The AP adds, "The city argues that the shops - in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - are responsible for many of the illegal weapons that end up in New York, and the suits have led seven dealers to agree to more scrutiny. … The federal Bureau of Alcohol, Tobacco, Firearms and Explosives announced in May it was reviewing whether the city acted legally. … 'Potential legal liabilities' arise when civilians do the work of law enforcers, Department of Justice spokesman Bryan Sierra said Thursday. The department has decided charges are not warranted against dealers in the sting cases, he said. … It was unclear whether the private investigators could face charges." The AP notes, "After the Justice Department decided not to base criminal prosecutions on the stings, Deputy Mayor Ed Skyler said that 'the preferred solution' is getting legal agreements with the shops to monitor their sales practices but that the city also plans to retain its right to continue the operations."

IMMIGRATION:

Media Given Tour Of Detention Facility For Families Of Illegal Immigrants. The New York Times (2/10, A9, Blumenthal, 1.16M) reports, "Responding to complaints about conditions" at the T. Don Hutto Family Detention Center in Taylor, Texas, the "nation's main family detention center for illegal immigrants, officials threw open the gates on Friday for a first news media tour. They portrayed the privately run converted prison, open since May, as a model facility 'primarily focused on the safety of the children.' Once all the barbed wire comes down, Gary Mead, an Immigration and Customs Enforcement official, said, 'it's going to look more like a community college with a very high chain-link fence.' Among other things, critics have complained about the prisonlike conditions, the food and the limited amount of schooling and recreation provided for children."

The Dallas Morning News (2/10, Meyer, 500K) reports, "The center, just northeast of Austin, has been home to three North Texas Palestinian families in recent months, including members of the Ibrahim family, whose controversial detention sparked a new round of criticism last week. … Human rights observers and civil rights advocates have condemned the decision to keep children in Hutto, citing abuses that include inadequate education, weight loss and psychological trauma.

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The government, they say, has a responsibility to find less-restrictive environments when the incarceration of minors is necessary."

The Los Angeles Times (2/10, Gaouette, Bustillo, 850K) reports Hutto "is a pillar of the Bush administration's effort to crack down on illegal immigrants and detain them until their appeals can be heard. It holds detainees who cannot easily be sent home, as Mexicans can. Hutto has families from 29 countries, most from South America. The center is touted by the Homeland Security Department as a major achievement, and may be a model for future facilities. Hutto also illustrates the administration's bind as its pursuit of border security collides with the reality that many illegal immigrants are minors. On Friday, a majority of Hutto's 383 inmates were children."

Report Blasts DHS Treatment Of Asylum Seekers. The Washington Post (2/10, A6, Fears, 690K) reports, "The U.S. Commission on International Religious Freedom has issued a report that sharply criticizes federal immigration authorities for rounding up asylum-seekers at the border, detaining them for months in prisonlike facilities and quickly dispatching them back to the countries they fled. Thursday's report by the bipartisan panel was a follow-up to one two years ago that reported similar findings about detention and expedited removal. It said the Department of Homeland Security and two of its agencies -- the U.S. Border Patrol and Immigration and Customs Enforcement -- did not act on its recommendations and made little effort to help asylum-seekers." Sen. Joseph Lieberman, chairman of the homeland security committee, "pledged to introduce legislation that would force officials to follow procedures. In a statement Thursday, he and Sen. Edward M. Kennedy praised the report as detailed and thorough."

TAX:

Former NFL Star Stabler Selling Home To Pay Tax Debt. The Mobile Press-Register (AL) (2/10, Kirby) reports, "Former football great and University of Alabama broadcaster Kenny Stabler has agreed to put his longtime house near Orange Beach up for sale to pay off tax debts, court records indicate." The Press-Register continues, "Attorneys for Stabler, his estranged wife, Rose Burch Stabler, and the U.S. Department of Justice asked a federal judge in Mobile this week to put a lawsuit against the Stablers on hold for six months to give the property a chance to sell. Senior U.S. District Judge Charles Butler Jr. was out of the office Thursday and Friday and did not rule on the request, but judges typically grant such motions when none of the parties opposes it." The Press-Register adds, "The Justice Department in August sued the Stablers and the former quarterback's one-man business, the Stabler Co., seeking the seizure of the house on Ono Island and property in Mobile to satisfy a tax debt exceeding $500,000. … Stabler's lawyer, Robert Galloway, said Friday that his client continues to dispute the amount of taxes calculated by the IRS but concedes he does owe some money. Galloway said he is confident Stabler's half of the proceeds from a sale will be enough to resolve the case. … 'We reached an agreement with the IRS that we're going to sell the house rather than have the IRS seize it,' he said. 'This is the time of the year that houses sell.'" The Press-Register notes, "The lawsuit claims Stabler owed $241,565 in back income taxes, interest, fees and penalties as of Aug. 7. The period covered ran from 1999 to 2001. The federal government claims that his company, which arranges his public speaking and consulting engagements, owed $303,282 in back income and employment taxes, interest, fees and penalties for the period between 1995 and 2000."

The AP (2/10) reports, "The civil action accuses Stabler of moving money from the company to his personal account to avoid paying corporate taxes. It states that he transferred nearly $1.4 million from the Stabler Co. to himself in the form of 'loans' in 1998 and 1999. … At the time, Stabler had complete control over the company's finances and was its only shareholder and officer, according to the complaint. … 'If it had not been for the improper control exerted by Stabler over Stabler Company, the corporation would have been able to satisfy its tax obligations,' the suit states."

Judge Blasts DOJ Over Plea Deal In Utah Tax Case. The Salt Lake Tribune (2/10, Manson) reports, "A federal judge says prosecutors ignored their own policy when they gave a lenient plea bargain to a Bountiful accountant who prepared fraudulent tax returns." The Tribune continues, U.S. District Judge Paul Cassell refused to go along with the deal, which called for no incarceration and no restitution for Lance W. Mercer. Cassell instead ordered Mercer to spend five months in home confinement, then five months in prison and pay $11,378 to the Internal Revenue Service." The Tribune adds, "Cassell scolded the U.S. Justice Department's tax division for agreeing not to ask for any enhanced sentences under federal sentencing guidelines. … Mercer, a tax preparer with a master's degree, had a special skill that he used to cheat the government, Cassell wrote in his order. The accountant used his knowledge of what figures would appear reasonable to make returns 'fly through' IRS processing, Cassell wrote. … However, prosecutors not only declined to request a sentence enhancement based on the special-skill circumstance, they actually objected to any increase, Cassell said." The Tribune notes, "The judge noted that in 2003, then-Attorney General John Ashcroft said any sentencing recommendation by the Justice Department 'must honestly reflect the totality and seriousness of the defendant's

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conduct and must be fully consistent with the guidelines.' .. .About the same time in 2003, Cassell noted, the Justice Department argued to Congress that judges' failure to comply with the guidelines had resulted in reduced sentences and an erosion of the deterrent value of federal sentencing policy. … 'The court firmly agrees with the generally stated position of the department that a sentencing system that involves ignoring the obvious facts is "neither desirable nor capable of sustaining long-term public confidence,"' Cassell said. … He stressed his criticism is not aimed at the U.S. Attorney's Office in Utah or the trial attorney assigned to defend Mercer's plea bargain." The Tribune adds, "Assistant Attorney General Eileen J. O'Connor said Thursday that the tax division adheres to 'principles of federal prosecution, including DOJ policies concerning sentencing.'"

DOJ Accuses California Accountant Of Misrepresentation. The North Platte (NE) Telegraph (2/10, Lindenberger) reports, "Lowell Baisden, the California accountant currently under investigation for tax fraud, is being accused of misrepresenting facts in his opposition to a preliminary injunction from the U.S. Department of Justice." The Telegraph continues, "Court documents filed by Baisden's attorneys in December indicated that IRS attorney Kathryn Meyer had verified the legality of Baisden's actions and that she informed IRS agents Baisden had done nothing illegal. … However, Meyer's official declaration, which was filed Feb. 2 by Justice Department attorney Jacqueline Brown, indicate Meyer never made any statement or suggestion that Baisden's scheme was legal. … 'To the contrary ... I determined that Mr. Baisden's scheme is without merit, results in a substantial understatement of his clients' federal income tax liabilities, and that an injunction against Mr. Baisden's continued use of this scheme is essential,' Meyer stated in her declaration." The Telegraph adds, "Thomas Cheung, the IRS agent assigned to investigate Baisden, also stated in an official declaration filed last week that he never told Baisden his tax methods were correct. Yet, Baisden has allegedly hindered the IRS investigation by telling others that Cheung and Meyer had agreed Baisden's methods were proper. … In a reply to Baisden's opposition to the preliminary injunction, Brown said Baisden has admitted to the IRS in prior interviews that he has never requested a formal determination as to the validity of his tax plan. Furthermore, Brown said the IRS has notified Baisden on several occasions that his methods are inaccurate."

CONGRESS-ADMINISTRATION:

GOP Upset By Waxman's Schedule Of Oversight Hearings. The Washington Times (2/10, Miller, 88K) reports Rep. Henry Waxman's Committee on Oversight and Government Reform "spent the week delving into government waste that ranged from spending in Iraq to federal drug program pricing -- inquests Republicans say mainly provided entertainment but no legislative action. Some of the hearings…were strictly 'a show,' said Rep. Darrell Issa," who "cited the hearing Wednesday with tearful testimony by family members of three civilian security workers killed and mutilated by a Fallujah mob in a widely televised attack in March 2004." Issa "said he hoped the committee would move beyond these hearings and make proposals to curb wasteful government spending, such as rewriting contracting and procurement rules. But the initial hearings -- including one focusing on criticism of how U.S. officials accounted for Iraqi money spent after the fall of dictator Saddam Hussein -- rankled Republicans."

Rangel Reportedly Signs Off On Small Business Tax Cuts. The Hill (2/9, Marre) reports House Ways and Means Committee Chairman Charles Rangel and ranking member Jim McCrery "said Friday they have reached a deal on a package of tax cuts for small businesses that could smooth the path of a federal minimum wage increase to $7.25. 'This bill strengthens opportunities for small businesses and serves as a symbol of what can happen when Democrats and Republicans work together,' Rangel said in a joint statement."

Bill Would Raise Capital Gains Rate On Children Of Wealthy. The Wall Street Journal (2/10, B5, Lueck, 2.04M) reports, "To help fund legislation giving small businesses more than $1 billion in tax breaks, House tax writers propose blocking wealthy people from shifting income to their children." The bill would deny "the dependent children of wealthy people the lowest capital-gains and dividend rates, 5% this year and falling to zero next year. The low rates, available to people in the 10% and 15% tax brackets, 'presumably' were meant to benefit low-income people, according to a House Ways and Means summary. But because they also are available to children of wealthy people, those parents can reduce their own taxes by shifting assets to their children."

House GOP Leadership To Produce Weekly Radio Message. The Hill (2/9, Jacobs) reports on its Web site that House GOP leaders "officially announced Friday that House Republicans will be taping an address this week that will be distributed to hundreds of local and national radio stations across the country. … GOP leaders will use the radio address to outline House Republican positions and respond to the Democratic agenda. Each week, a member of the Republican leadership will tackle a different issue facing Americans."

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Pelosi Plane Controversy Caught Eye Of "Muzzled" Republicans. The Washington Times/AP (2/10, Superville) reports on its front House Speaker Nancy Pelosi "went before the House Science Committee [Thursday] morning to champion her commitment to do something about global warming, a rare appearance for a leader of the House. She did so as reports swirled on Capitol Hill that she had requested a bigger, swankier government airplane than her Republican predecessor had used." For Republicans, "feeling muzzled and still down over losing control of the House, the irony was too good to ignore."

Miller Defends Himself Against Allegations Of Tax Fraud. The Washington Post (2/10, A5, Geis, 690K) reports Rep. Gary Miller "defended his reputation this week, as FBI investigators look into charges that he improperly delayed paying taxes on several lucrative land deals." Miller "told fellow House Republicans behind closed doors Tuesday that he 'has done nothing wrong, his business dealings have all been above-board and that these allegations are baseless and have no merit,' his spokesman Scott Toussaint said. The FBI investigation follows an article in the Los Angeles Times and a complaint from the nonprofit Citizens for Responsibility and Ethics alleging that Miller, a wealthy real estate developer, unlawfully avoided paying taxes on a land deal. … Miller has not been contacted by the IRS or the FBI, Toussaint said. Miller voluntarily turned over documents related to his business to the House ethics committee and to Minority Leader John A. Boehner."

New Congressional Ethics Rules Seen As Unlikely To Be Effective. In an op-ed for the New York Times (2/10, A15, 1.16M) Randy Evans, outside counsel to former House Speakers Newt Gingrich and Dennis Hastert, writes, "The Democratic majority in Congress has made ethics reform a centerpiece of its agenda -- and not a moment too soon. … Unfortunately, the latest reforms (some adopted in the House by rule and others proposed by the Senate in legislation) tighten restrictions without actually addressing the real reasons that Congressional ethics rules have been ineffective in the past. The result is tougher rules that will rarely, if ever, be enforced. Here's why. First, regardless of what anyone might claim, there remains no mechanism for policing those at the heart of Congress's ethics problems: lobbyists willing to violate the rules. … Second, even with the new rules, only members of Congress or someone with a member's permission can file a complaint with the House ethics committee. But limiting who can file a complaint effectively precludes any meaningful enforcement."

Marines Ground V-22. The Washington Post (2/10, Merle, 690K) reports, "The Marine Corps said yesterday it was temporarily grounding its fleet of V-22 Osprey tilt rotors after discovering a glitch in a computer chip that could cause the aircraft to lose control. ... It was an unexpected setback for the program; the military last grounded the fleet in 2000 after two fatal crashes that killed 23 Marines."

USAF Academy Investigates Alleged Cadet Cheating. The Washington Post (2/10, A3, Cooperman, 690K) reports, "The Air Force Academy is investigating allegations of cheating by 28 freshmen and has restricted all 4,300 cadets to campus over the weekend, asking them to meet in small groups to consider 'their self-image and the image of the institution,' Air Force officials said yesterday." Cadets said "that the cheating took place on a weekly test that typically includes questions about the chain of command and military jargon." The AP (2/9) says "some cadets admitted obtaining answers to a test and forwarding them through an Internet social group and private computer messages."

NYTimes Criticizes Bush's Efforts On Social Security Reform. The New York Times (2/10, A14, 1.16M) editorializes, "In 2005, President Bush put his political capital where his mouth was, and lost. He went all-out to convince Congress and the American people that privatizing Social Security would be good and necessary. It's neither — and his plan was justifiably and soundly rejected. This year, with his political capital on empty, Mr. Bush is talking about a bipartisan effort to reform Social Security. But his actions suggest that he has no intention of making any serious compromises. In his new budget, Mr. Bush allocates $29.3 billion to establish private accounts in 2012, totaling $637 billion through 2017. That suggests that either Mr. Bush still hasn't figured out that private accounts are a political nonstarter, or he's hoping to use them as a bargaining chip in future negotiations. Either way, that attitude virtually ensures that Social Security reform will stall in this Congress, just as it did when the Republicans were in charge."

Bush's Health Insurance Proposal Said To "Not Go Far Enough." In an op-ed for the Los Angeles Times (2/10, 850K) Henry Aaron of the Brookings Institution writes, "Healthcare analysts have long deplored the linkage between health insurance and employment. … But President Bush's proposed fix does not go far enough." Aaron adds, "So, what is right and what is wrong with the president's plan? What is right is that it would extend to individually purchased insurance a tax break similar to the one now available only on employer-financed coverage. It would do so in a way that would not add to the federal deficit measured over 10 years, although it would boost deficits initially. Unfortunately, the plan would continue the incentive of bigger tax breaks for high earners even though most of the uninsured are low earners. A better plan would be a tax credit that offered the

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same tax relief per dollar of insurance to people at all income levels. Better still would be offering larger credits to low-income households, which need help, rather than to high-income households, which don't. The bigger problem with the Bush plan is that it would not ensure that people would be able to find insurance at a reasonable price."

Volcker Claims Federal Judges Are Not Compensated Adequately. In an op-ed for the Wall Street Journal (2/10, A9, 2.04M) former Fed Chairman Paul Volcker writes, 'The simple fact is that judicial compensation has not kept pace with reasonable requirements. … Congress has simply refused to make good on its expressed goal, and has not even provided cost of living adjustments. It has now been 16 years since this last judicial pay raise took full effect. Since that time, average American workers' wages, when adjusted for inflation, have risen 18.5%. During that same period, federal judges' real, inflation-adjusted pay has declined 10.8%, while the pay of most other federal workers, when adjusted for inflation, has risen by 15.1%. The decline in real pay of district judges has dropped by 25% since the earlier 1969 review."

LATimes Pleased By ABA's Decision On Judicial Ethics. The Los Angeles Times (2/10, 850K) reports the American Bar Association "is having some sound second thoughts about weakening a key provision of its Model Code of Judicial Conduct, which traditionally has served as a guide to state court systems in setting their own ethics rules. An ABA drafting panel had been criticized — including by this editorial page — for proposing changes that would have diluted a provision saying that judges should avoid even the 'appearance of impropriety.' But now the panel is expected next week to accept a 'friendly amendment' to its own proposal at an ABA meeting in Miami, one that would undo the damage. … Avoiding the appearance of impropriety should remain a commandment for judges, not be demoted to a mere suggestion. The ABA should make clear next week that it has gotten that message."

OTHER NEWS:

Stock Markets Declined Friday. NBC Nightly News (2/9, story 6, :10, Williams, 9.87M) reported, "Stocks ended the week on a down note. The Dow was down almost 57 points, Nasdaq was down just under 29. For the week as a whole, the Dow lost nearly 73 points, Nasdaq was down 16 points." The Wall Street Journal (2/10, B1, Browning, 2.04M) says the Dow "pulled back 72.66 points, or 0.57%, to 12580.83 in the week that just ended, including a decline of 56.80 points, or 0.45%, Friday" The S&P 500 "fell 0.71%, or 10.25 points, to 1438.06, still up 1.4% this year," while the Nasdaq "declined 1.16% Friday, or 28.85 points, to 2459.82, ahead 1.8% in 2007."

Fed Could Still Raise Interest Rates. The Wall Street Journal (2/10, A4, Derby, 2.04M) reports, "Inflation pressures have clearly not moderated enough to quell Federal Reserve officials' repeated warnings they may yet have to raise rates again. Several policy makers said Friday that while they are optimistic inflationary pressures will wane this year, they nonetheless stand ready to cure too-high price pressures with rate increases, if needed."

Bies Leaving Fed. The Wall Street Journal (2/10, A4, Ives-Halperin, 2.04M) reports Federal Reserve Governor Susan Bies announced she will leave her post at the end of March. She will not attend the March 20-21 meeting of the Federal Open Market Committee.

Imam Rises To Prominence Along With Ellison. The New York Times (2/10, B6, Freedman, 1.16M) reports, "On the evening after Minnesota's Democratic primary last September, Makram El-Amin picked up his ringing cellphone to hear the raspy, exhausted voice of Keith Ellison. The men had known each other for a decade, long enough for Mr. El-Amin to become the imam of a mosque in their North Minneapolis neighborhood and Mr. Ellison to win a seat as the area's state representative. … Two months later, Mr. Ellison won election, becoming the first Muslim member of Congress, and doing so in an overwhelmingly non-Muslim district. As for Mr. El-Amin, he was transformed into a congressman's imam, putting an Islamic imprint on the role of spiritual adviser played by such figures as the Rev. Billy Graham for Richard M. Nixon and the Rev. Jesse Jackson for Bill Clinton."

Candidates Opt For Big Events Over Retail Politicking In New Hampshire. The Boston Globe (2/10, Milligan, 413K) writes that while New Hampshire "has long cherished its role as the place where presidential hopefuls test the political waters by campaigning in diners and living rooms," the 2008 field is "choosing instead to go for the big splash." The "huge crowd that showed up to see" Sen. Barack Obama in December, "an event that helped mark Obama as a political phenomenon," may have "pressured other hopefuls to prove their own appeal by drawing standing-room-only crowds. Following big-extravaganza appearances last month" by John Edwards and Rudy Giuliani, Sen. Hillary Rodham "is scheduled to speak today at a gymnasium-sized 'town meeting' in Concord -- an event that filled up two days after it was announced and drew so much advance media attention that Democrats this week offered up interviews with people making signs for the event. Meanwhile, Obama's town meeting scheduled for Monday in Durham is at capacity, with 2,500 free tickets handed out in

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eight hours. About 850 standby tickets have been given to those hoping to take the place of no-shows."

Obama Expected To Formally Enter Presidential Race Today. Two broadcast networks ran long reports on Sen. Barack Obama on the eve of his formal entry into the presidential race, though print coverage this morning is comparatively light. The CBS Evening News (2/9, story 3, 3:10, Couric, 7.66M) reported Obama "has chosen an historic site to launch what he hopes will be a history-making campaign. Tomorrow, the senator from Illinois will officially announce his candidacy outside the old state Capitol in Springfield, where Abraham Lincoln once served as a legislator." CBS (Borger): "Obama's audacious presidential bid has jump-started Campaign 2008, and it's brought the issue of race front and center. In an exclusive interview with Steve Kroft for 60 Minutes, he confronts it head on." CBS (Kroft): "You think the country's ready for a black president?" Obama: "Yes." Kroft: "You don't think it's going to hold you back?" Obama: "No. You know, I think if I don't win this race, it will be because of other factors. It's going to be because I have not shown to the American people a vision for where the country needs to go that they can embrace."

NBC Nightly News (2/9, story 7, 2:40, Williams, 9.87M) said that while Obama "has never positioned himself as the black candidate," the "question of his race, of course, will continue to be much discussed and debated, especially among African-Americans." NBC (Allen) reported that in seeking black support, "Obama points to his work as a community organizer in poor Chicago neighborhoods like this one and legislation be pushed in the state senate to improve education, housing and end racial profiling. … Obama has said he has wrestled with race and identity much of his race and identity much of his life. No wonder those are issues for the nation and black America as well."

Like the two network pieces, the Los Angeles Times (2/10, Wallsten, 850K) focuses its report on the race issue, headlining a story, "Would Obama Be 'The Black President'?" The Times says "some of the questions arise from Obama's upbringing in Hawaii, remote from the urban struggles of Chicago's black neighborhoods, and from his heritage as the son of a white American mother and black Kenyan father." His "appeal to white voters leaves some black activists questioning the depth of his links to the black community," one scholar said. The AP (2/9, Cohen) says Obama is part of "a new generation of black political leaders -- a generation that never fought off Bull Connor's dogs, or desegregated lunch counters."

The Chicago Tribune (2/10, Pearson, Long, 617K) reports Obama, "using the home of Lincoln's famed 'House Divided' speech as a backdrop," is expected to today "make formal his historic entry into the 2008 presidential campaign, presenting himself as a symbol for a new generation of leadership and politics." To "counter complaints he lacks experience with only two years in the U.S. Senate, Obama planned to open his campaign not far from where he served for eight years in the Illinois General Assembly, where his tenure was notable for his comity and willingness to reach across the aisle." And "in a larger sense, Obama's formal announcement, scheduled for a chilly outdoor makeshift stage at the Old State Capitol on the weekend before Lincoln's birthday, was aimed at assimilating the greater imagery of Lincoln that looms over Springfield, of a man who sought to heal a nation at war with itself, its populace sharply divided." The AP (2/9) says it "will be the start of a long weekend of rallies and events" for Obama "that will take him from Springfield to Iowa and then on to Chicago before he wraps up Monday in New Hampshire." The Financial Times (2/10, Daniel) and BBC.com (2/10, Coomarasamy) also have items on today's campaign announcement.

Obama's "Free Ride" Could Be About To End. Mike Allen writes for The Politico (2/9) that Obama's "free ride is ending. The charismatic Illinois senator has enjoyed a lifetime of hagiography, starting with an 800-word story in The New York Times the day after his election as the first black president of the Harvard Law Review. Now, Obama's about to endure a going-over that would make a proctologist blush. Why has he sometimes said his first name is Arabic, and other times Swahili? Why did he make up names in his first book, as the introduction acknowledges? Why did he say two years ago that he would 'absolutely' serve out his Senate term, which ends in 2011, and that the idea of him running for president this cycle was 'silly' and hype 'that's been a little overblown'? In interviews, strategists in both parties pointed to four big vulnerabilities: Obama's inexperience, the thinness of his policy record, his frank liberalism in a time when the party needs centrist voters and the wealth of targets that are provided by the personal recollections in his first book, from past drug use to conversations that cannot be documented." Allen says "opponents' plans for undoing Obama" are likely to focus on his "inexperience," "anemic policy record," "liberalism," and "disclosures in his books."

Clinton Tied For First In Iowa, Takes Lead In New Hampshire, In Zogby Polls. A Zogby poll of 500 likely Iowa Democratic caucus participants (+/- 4.5%) shows Sen. Hillary Clinton gaining ground, and Tom Vilsack losing support, in the leadoff state. Clinton is backed by 24% of respondents, tied with John Edwards. Sen. Barack Obama is at 18%, Vilsack 9%, and Sen. Joseph Biden 4%. A month ago, Edwards was at 27%, Obama 17%, and Clinton and Vilsack tied at 16% each, with Biden at 3%. In New Hampshire, a Zogby Poll of 500 likely primary participants (+/- 4.5%) shows Clinton moving into the lead, backed by 27% of

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respondents. Obama is at 23%, Edwards 13%, and Gov. Bill Richardson 3%.

Clinton Says Her Iraq Vote Was "Not A Vote For A Pre-Emptive War." The New Hampshire Union Leader (2/10, DiStaso) reports Sen. Hillary Clinton said in a Friday telephone interview that her "2002 vote for a resolution authorizing the invasion of Iraq was 'not a vote for a pre-emptive war,' but instead a show of support for further United Nations weapons inspections." Clinton, "who has been criticized by hard-line anti-war groups for not apologizing for the vote, emphasized that distinction." Clinton said, "I have taken responsibility for that vote. It was based on the best assessment that I could make at the time, and it was clearly intended to demonstrate support for going to the United Nations to put inspectors into Iraq." Clinton said that "when she explained her vote four years ago, 'I said that it was not a vote for pre-emptive war.'"

Clinton Will Compete In New Hampshire Primary "Whenever It's Held." The New Hampshire Union Leader (2/10, DiStaso) reports Clinton said she "will ignore her own national party's rules and campaign in New Hampshire even if the first-in-the-nation primary is set for a date that does not comply the party's predetermined calendar." Clinton said, "I am going to compete in the New Hampshire primary whenever it's held. I'm excited about it. I want to be part of it. I want to do it the New Hampshire way."

Clinton To Visit South Caroline On February 19. The AP (2/9) reports Clinton "will make her first South Carolina presidential campaign stop on Feb. 19, state Democratic Party Chairman Joe Erwin said Friday. 'We don't have any of the specific places yet,' Erwin said." News of Clinton's visit comes as Sen. Barack Obama's "plans to come to South Carolina became public. Obama will make stops in Columbia and Orangeburg Feb. 16 and 17, said Anton Gunn, Obama's new state political director."

Edwards No Longer Has Lock On Trial Lawyers' Support. The Washington Post (2/10, A4, Mosk, 690K) writes that while in 2004, John Edwards "had the powerful support and deep pockets of the nation's trial lawyers behind him," this time he "no longer has a lock on the backing of the lawyers" and "will be battling it out with others in the Democratic field, who are seen as sympathetic to plaintiffs and their attorneys." Attorney Thomas Girardi, who was finance co-chairman of the 2004 Edwards campaign, said that then, Edwards "was a much better candidate for the issues we care deeply about." But in this cycle, Edwards and Sens. Joseph Biden, Hillary Clinton, and Barack Obama "all are very positive in terms of the philosophical view. So you have a different situation with respect to our support." But Edwards "continues to work hard to win over trial lawyers. 'He's getting good support from them,' campaign spokeswoman Jennifer Palmieri said. 'I wouldn't read too much into the leanings of any one person.'"

Vilsack Says He Will Win Iowa Caucuses. Tom Vilsack said on Fox News' Hannity and Colmes (2/9), "This is sort of like now we're going through the 'American Idol' stage of this primary process. There are rock stars and then there are rock-solid candidates. I put myself in the rock-solid category. The reality is the early polls mean absolutely nothing. Certainly, they don't mean much in Iowa. If that were the case, Joe Lieberman would have been nominated as a Democratic nominee. I'm very well positioned to win in Iowa. We have a great organization, seven field offices and over 1,000 people have signed cards saying they're going to caucus for me…and we're going to win."

The AP (2/9, Glover) says that in a conference call with reporters, Vilsack said, "This is a marathon. In essence you have to peak at the right time. … As of today, we are the only campaign in Iowa that has field offices operating."

Vilsack Says Congress Should Cut Off War Funding. In a Washington Post (2/10, 690K) op-ed, Vilsack writes, "Given the increased violence this year, America is on pace to lose more than 1,000 soldiers in Iraq. Over 23,000 American soldiers have been wounded since the war began, nearly 6,000 each year. It is time for us to clearly say that our troops must be brought home now. … Congress has the constitutional ability and the moral responsibility to pass legislation cutting off funding for the status quo."

Giuliani Said To Be Redefining Stance On Abortion. The New York Times (2/10, Rivera, 1.16M) reports on its front page that Rudy Giuliani's "belief in abortion rights" is seen by many as a possible impediment to his capturing of the Republican presidential nomination. But "in recent weeks, as he has courted voters in South Carolina and talked to conservative media outlets," Giuliani "has highlighted a different element of his thinking on the abortion debate. He has talked about how he would appoint 'strict constructionist' judges to the Supreme Court. … The effect has been to distance himself from a position favoring abortion rights that he espoused when he ran for mayor of New York City, where most voters favor abortion rights." For Giuliani, "a Brooklyn-born Roman Catholic who once considered entering the priesthood," the abortion issue "has been a source of discomfort throughout his political career."

Giuliani To Address California GOP Convention Today. The San Francisco Chronicle (2/10, Marinucci, Wildermuth, 384K) reports on its front page that Giuliani "has all the qualities of a Republican who could appeal to voters in blue-state California: He is pro-choice, pro-gay rights and a defender of stricter gun-control laws," but those "moderate positions on social issues rankle the GOP conservatives who

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represent the backbone of his party's activists" in the state. Giuliani will today address the California state GOP convention in Sacramento, "marking his first major address since he announced the establishment of an exploratory committee for president." The Los Angeles Times (2/10, Finnegan, 850K) says for Giuliani, "California plays an increasingly large part in his calculus for winning the Republican nomination. It is one of several big states on the verge of advancing their 2008 presidential primaries to Feb. 5, a shift that enhances the election climate for Giuliani. Among other effects, the calendar change heightens the importance of celebrity, giving an edge to Giuliani" and Sen. John McCain.

McCain "Remains A Wealthy Man," FEC Disclosure Report Shows. The Washington Post (2/10, A6, Mosk, 690K) reports Sen. John McCain's latest financial disclosure report shows that while some land he owns "slipped in value last year," he "remains a wealthy man, largely because of investments and holdings controlled by his wife, Cindy." The required Federal Election Commission forms "allow him to report the value of holdings within broad ranges, making his net worth difficult to calculate with confidence. Previous reports have put it at roughly $15 million. Most of that money stems from his wife, the millionaire daughter of an Arizona beer magnate."

McCain Campaign Opens Michigan Headquarters. The Grand Rapids Press (2/10, Murray) reports "some of Michigan's best-known Republicans, including Attorney General Mike Cox and U.S. Rep. Fred Upton, threw their support" behind McCain at the opening of his state headquarters Friday.

Giuliani, McCain To Raise Funds In Virginia Next Week. The Richmond Times-Dispatch (2/10, Hardin) reports Rudy Giuliani and Sen. John McCain will each "be in Richmond next week seeking financial support for their campaigns." Former gubernatorial candidate Jerry Kilgore, who "is expected to lead Giuliani's campaign in Virginia," will host the Giuliani event.

Romney Addresses Alabama Republicans. The AP (2/9) reports Mitt Romney "brought his presidential campaign to Alabama Friday night, and he sought to dispel any concerns about his past views on social issues." He told Montgomery Republicans that he is opposed to same-sex marriage and said the "Roe versus Wade mentality cheapens the dignity of human life." Gov. Bob Riley "attended the event and called Romney the 'quintessential candidate.'"

Huckabee Says Current Conflict Is "World War III." The New Hampshire Union Leader (2/10, Whitson) reports Mike Huckabee "delivered a wide-ranging speech to about 40 people, many of them business leaders," at Daniel Webster College in Nashua Friday, and said the "next President has to recognize the war in Iraq's true gravity." Huckabee said, "We need to understand that this is, in fact, World War III." Ex-Rep. Charlie Bass was among the attendees, but "stopped well short of offering his endorsement. 'I'm remaining uncommitted at this point,' he said."

Huckabee Defends Traditional Definition Of Marriage. In an interview with the AP (2/9, Elliott) following the speech, Huckabee, "in response to questions about whether Vice President Dick Cheney's lesbian daughter should have the right to wed," said marriage "shouldn't be treated as an experiment." Huckabee said "heterosexual marriages face enough challenges without adding new configurations to the mix." He "declined to comment on Mary Cheney's decision" to have a child, saying, "I wouldn't get near specific cases."

Perry Consultant Says Texas Governor Has No National Ambitions. The Houston Chronicle (2/10, Elliott, 530K) reports Gov. Rick Perry's chief political consultant, Dave Carney, said Perry "has no interest in national politics and may seek re-election in 2010." Carney said "speculation that recent decisions by Perry, including his mandate that middle-school girls be inoculated against a sexually transmitted virus linked to cervical cancer, are designed to raise the governor's profile nationally is 'one of the most retarded things about the political observers in Texas.'"

WSJournal Considers "Wide-Open Republican Race." The Wall Street Journal (2/10, A8, 2.04M) editorializes, "Now is the season of Republican discontent, extending even to the party's Presidential candidates. For the first time in decades, no dominant candidate has emerged and GOP voters seem to be in a Missouri state of mind: Show us what you really believe. We know exactly how they feel. John McCain has been considered the front-runner," and "his fortitude on Iraq has been all the more impressive since the war has become unpopular and threatens the media adulation he has long enjoyed. Tenacity is a Presidential asset, especially in dangerous times. But among many Republicans, Mr. McCain is also paying a price for his years as a policy 'maverick.'" Mitt Romney "has shown he can win votes in a blue state, and he was successful both as a capitalist and as manager of the 2002 Salt Lake City Olympics," but he "is something of an empty policy slate." As for Rudy Giuliani, "a Northeasterner who favors gun control and abortion rights isn't supposed to have a Ralph Nader's chance in the GOP primaries. Yet today Mr. Giuliani leads in the national polls and is all but tied with Mr. McCain in New

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Hampshire. Some of this is no doubt due to name recognition after his 9/11 heroics. On the other hand, maybe cultural conservatives aren't the single-issue voters of media lore. Mr. Giuliani can point to the revival of the previously ungovernable New York, and his temerity and experience in a crisis are qualities that voters look for in a Commander-in-Chief. … All in all, this looks like the most wide-open Republican race in years. That may be a good thing if it forces the candidates to battle over ideas and revive the GOP reform agenda that got lost in the fog of the 109th Congress."

Harvard Chooses First Female President. The Washington Post (2/10, Strauss, Kinzie, 690K) reports on its front page that Harvard University "is about to name its first woman president since its founding in 1636, tapping a Civil War historian to succeed Lawrence Summers, whose tumultuous tenure was marked by controversial remarks about women and clashes with faculty members. Drew Gilpin Faust, 59, dean of the Radcliffe Institute for Advanced Study and a leading historian on the American South, will be formally appointed president as early as this weekend, according to a source with knowledge of the decision." The New York Times (2/10, Rimer, Finder, 1.16M), also on the front page, says Summers "turned to Dr. Faust two years ago to help calm the furor over his remarks about women in math, engineering and science. He asked her to oversee two committees he created to come up with ways to recruit, retain and promote women in those fields at Harvard."

The Boston Globe (2/10, A1, Bombardieri, Sacchetti, 413K), Los Angeles Times (2/10, Paddock, Trounson, 850K), Financial Times (2/10, Knight), Philadelphia Inquirer (2/10, A1, Kerkstra, Matza, Woodall, 385K), and Wall Street Journal (2/10, A2, Hechinger, Golden, 2.04M) are among the major newspapers with prominent stories on the pick; ABC World News (2/9, story 4, Gibson, 8.78M) ran a brief item on the Faust choice.

Ex-President Bush Friends With Television Actress. The Washington Post (2/10, C3, 690K) "Names & Faces" column writes, "Eyebrows hit the roof earlier this week when Teri Hatcher, 42, and George H.W. Bush, 82, were spotted lunching together in Beverly Hills. Shots of the twosome chatting and kissing goodbye -- on the cheek, folks -- in the Los Angeles Country Club's parking lot have surfaced all over the Web." The two have been friends since they were seated together at a Las Vegas hotel opening several years ago, and Hatcher and her daughter "visited the Bush compound in Kennebunkport, Maine, last year, Bush spokeswoman Jean Becker told us yesterday." Becker said, "They enjoy each other's company. … It's not about politics -- they have a very personal and friendly relationship."

Schwarzenegger Initiatives Seen As Part Of Productive Devolution Of Power. In an op-ed for the New York Times (2/10, A15, 1.16M) Gar Alperovitz, professor of political economy at the University of Maryland, writes Gov. Arnold Schwarzenegger "seems to have grasped the essential truth that no nation — not even the United States — can be managed successfully from the center once it reaches a certain scale. Moreover, the bold proposals that Mr. Schwarzenegger is now making for everything from universal health care to global warming point to the kind of decentralization of power which, once started, could easily shake up America's fundamental political structure. … California's governor has also put his finger on a little discussed flaw in America's constitutional formula. The United States is almost certainly too big to be a meaningful democracy."

States' Chambers Of Commerce Accused Of Embracing Big Government. In the Wall Street Journal (2/10, A8, 2.04M), Stephen Moore writes, "The Chamber of Commerce, long a supporter of limited government and low taxes, was part of the coalition backing the Reagan revolution in the 1980s. On the national level, the organization still follows a pro-growth agenda -- but thanks to an astonishing political transformation, many chambers of commerce on the state and local level have been abandoning these goals. They're becoming, in effect, lobbyists for big government. … In as many as half the states, state taxpayer organizations, free market think tanks and small business leaders now complain bitterly that, on a wide range of issues, chambers of commerce deploy their financial resources and lobbying clout to expand the taxing, spending and regulatory authorities of government . This behavior, they note, erodes the very pro-growth climate necessary for businesses -- at least those not connected at the hip with government -- to prosper."

North Korea Nuclear Deal Could Be Unveiled This Weekend. The New York Times (2/10, Yardley, Sanger, 1.16M) reports the US and North Korea "appeared on Friday to be inching closer to a deal that would establish a schedule for the North to shut down and seal its main nuclear facilities within two months, in return for shipments of fuel oil from South Korea and the beginning of talks over normalization of relations with Washington." However, Assistant Secretary of State Christopher Hill "cautioned that the two sides remained stuck on 'one or two' small issues." The Times says the White House and the State Department "were preparing for a major announcement this weekend, and described the agreement as very different from the" 1994 Agreed Framework. An Administration source told the Times, "This is the Libya model."

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AFP (2/10, Kwanwoo, Sato) reports comments by Hill that "a deal that would see North Korea take the first steps towards ending its nuclear weapons programme is close but hurdles remain." He "said envoys to the talks had agreed on a range of fundamental issues, after host China circulated a draft accord that outlined steps member nations would take to begin the process of North Korea disarming." But in more negative tones, the AP (2/10, Chang) headlines its coverage, "North Korea Nuclear Deal In Trouble," saying negotiators in Beijing "struggled Friday to find a compromise as differences emerged over a Chinese proposal on how to begin the disarmament process."

American Tapped As UN Political Affairs Head. The New York Times (2/10, Hoge, 1.16M) reports, "Stirred by criticism of the slow pace of senior appointments, Ban Ki-moon, the new United Nations secretary general, on Friday named four new cabinet members, including an American diplomat, while keeping a dozen other senior officials in place." Ambassador B. Lynn Pascoe "becomes under secretary general for political affairs, a delicate position in United Nations efforts to mediate disputes in international trouble spots. Mr. Pascoe, a Chinese speaker, has extensive experience in Asia." In addition, Japan's Kiyotaka Akasaka will become under secretary general for communications and public information. France's Jean-Marie Guéhenno will remain under secretary general for peacekeeping operations. On its front page, the Washington Times (2/10, A1, Pisik, 88K) says Pascoe's appointment was part of "a sweeping management shake-up that promises to boost the United States' voice in the organization's diplomacy and peace-making efforts." The moves were "part of a broad reorganization of top management by" Ban.

Palestinian Unity Government May Not Satisfy Aid Resumption Requirements. Continuing coverage of the Hamas-Fatah unity government agreement focuses today on domestic Palestinian and international reaction. Under the headline, "In Palestinian Peace Deal, Hope and a Political Snare," the New York Times (2/10, Erlanger, 1.16M) says the deal "was greeted with relief by many Palestinians on Friday as their best hope for an end" months of fighting. However, "it poses a challenge for the Bush administration" because of the three Quartet-endorsed benchmarks. "Without the three -- and the Mecca accord does not accept them -- an international boycott on the Palestinians would continue."

In a front-page piece on the impact of the deal on Israel, the Washington Times (2/10, Mitnick, 88K) reports, "Officials from Hamas and Israel dashed hopes yesterday that a Palestinian unity deal reached in the Saudi holy city of Mecca would end a crippling economic embargo or lead to a resumption of Palestinian-Israeli peace talks." A key Hamas leader "urged militant groups to resume attacks on Israel and denied that Hamas would respect past peace deals with the Jewish state -- a central element of the accord." Israeli Foreign Minister Tzipi Livni "told a security conference in Munich that Hamas remained dedicated to Israel's destruction," and "a top lawmaker in the ruling Kadima party said the accord falls short of conditions set by the international community to lift an economic embargo against the Hamas-led Palestinian Authority."

The Washington Post (2/10, A13, Kessler, 690K) says the Administration is "wary" of the deal because it "could divide Washington and its allies" and "affect" Secretary of State Condoleezza Rice's upcoming trip to the region. The accord, to which the Administration "reacted cautiously," "threatens to expose divisions between the United States and its European allies while complicating" Rice's "peace mission later this month." Rice "is preparing for a major plunge in Middle East peacemaking, meeting with Abbas and [Olmert] to begin sketching the contours of a Palestinian state. This week, Rice met with Israeli, Egyptian and Palestinian envoys in preparation for the summit, and U.S. officials said yesterday that she remains committed to her plans."

The AP (2/10, Gearan) titles its coverage, "U.S. Cautious On Palestinian Accord." Washington "and other world powers avoided endorsing a planned political bargain between warring Palestinian factions Friday, saying it was too soon to say if the new government will meet international conditions for legitimacy and financial aid. " Administration officials "said little in public beyond careful praise for Saudi Arabia's role in bringing the two factions together. Behind the scenes, officials did not sound optimistic that the deal can end Palestinian violence or a year-old international boycott." AFP (2/10) focuses its report on continued Quartet insistence that any Palestinian government recognize Israel.

WPost Assails US "Ineptitude," Ineffective Policy. In an editorial today, the Washington Post (2/10, A16, 690K) says the accord could "prevent the eruption of another civil war in the Middle East. Saudi Arabia, which hosted the talks, can also hope that its diplomacy -- and the reported promise of $1 billion in aid to the new government -- will begin to draw the Sunni Hamas movement away from its alliance with Shiite Iran. All that would be decidedly to the good." However, it is "considerably more uncertain" whether the deal with foster Israeli-Palestinian cooperation. The "accord has confounded an already confused U.S. policy in the Middle East." Saudi leaders have "stepped into the diplomatic vacuum created by American policy and brokered a deal across a divide that only the Bush administration and Israel perceived; as the Saudis see it, the dividing line in the region is sectarian, not ideological. Unable to embrace the Palestinian accord but reluctant to offend a Saudi ally it has been counting on for help against Iran, the Bush administration adopted an awkward wait-and-see position. As events unfold in the

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coming days, it will watch from the sidelines, to which it has been relegated by its own ineptitude."

Israeli Renovation Project Sparks Rioting In Jerusalem. ABC World News (2/9, story 4, Gibson, 8.78M) reported, "In the Middle East, Jerusalem, fierce clashes between Israeli police and Palestinians on the area known to Jews as the Temple Mount and to Muslims as the A Haram al Sharif, where they believe Muhammad began his journey to heaven." The New York Times (2/10, A8, Myre, 1.16M) reports, "Israeli troops charged onto the grounds of Jerusalem's most contentious religious site on Friday and fired tear gas and stun grenades at stone-throwing Palestinians who were protesting Israeli excavation work taking place nearby. The confrontation…marked the fourth straight day of Palestinian protests against Israel's renovation of a 50-yard walkway leading up to the compound, known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount."

The Washington Post (2/10, A12, Wilson, 690K) notes, "Palestinians clashed with Israeli police Friday at one of this city's holiest sites and demonstrated across the West Bank to protest a construction project Israel has begun near a pair of venerated mosques." Notably, "the foreign minister of Indonesia, the world's most populous Islamic nation, demanded that Israel immediately halt the work near the al-Aqsa mosque and Dome of the Rock, where Muslims believe the prophet Muhammad ascended to Heaven, the third-holiest site in Islam." The Washington Times/AP (2/10, Hadid) adds, "Protests spread across the Arab world, with demonstrators accusing Israel of plotting to harm Islamic shrines. Israeli officials accused Palestinians of distorting the project to rally their fractious population against the Jewish state. They insist that the replacement of the ramp, which was damaged in a 2004 snowstorm, would not harm the holy site about 200 feet away."

Hezbollah Demands Return Of Weapons Seized By Lebanese Government. The New York Times (2/10, A8, 1.16M) reports Hezbollah "acknowledged Friday that it owned a truckload of arms seized Thursday by Lebanese customs authorities in an East Beirut suburb and demanded their return." The group's leaders "insisted that the movement of the arms did not violate the militants' accord with the government." However, Defense Minister Elias Murr "said the Lebanese Army intended to keep the weapons and pledged to use them against Israel if needed. Lebanese and Israeli soldiers exchanged fire across the border on Wednesday for the first time in decades."

Russia Criticizes US Missile Defense Plans. The New York Times (2/10, A7, Shanker, 1.16M) reports, "Russia's defense minister chose a NATO session here on Friday for a pre-emptive verbal assault on American plans to base elements of a missile defense system in Eastern Europe." Sergei Ivanov "argued that there was no rationale for basing American antimissile radars and interceptors in former Soviet satellite states that have now joined the NATO alliance." He "warned that Russia could easily overwhelm the small defensive system under consideration." The Financial Times (2/10, Dombey, Sevastopulo, Buckley) reports, "Ivanov's comments came after Russia's army chief of staff warned that expansion of the US military presence in Russia's traditional zones of influence was a serious security threat. ... Earlier this week, Mr Ivanov announced a big increase in military spending to fund a new generation of intercontinental ballistic missiles, nuclear submarines and aircraft carriers."

The Los Angeles Times (2/10, Spiegel, 850K) reports that Ivanov said "the plan to base interceptor rockets and radars in Poland and the Czech Republic appeared to be aimed at shooting down Russian weapons." He countered "U.S. arguments that the Europe-based system was needed to destroy North Korean missiles, adding that American claims Iran posed a threat to Europe were equally specious."

Litvinenko's Allies Believe KGB-Successor Assassinated Him. The Los Angeles Times (2/10, Murphy, Rotella, 850K) carries claims by friends of Alexander Litvinenko who "have pieced together their own picture of how the former agent died. … Based on their conversations with Litvinenko as he lay dying, their own contacts in the world of former KGB agents, and their meetings as witnesses with police investigators, these Russians believe Litvinenko's slaying was…a punishment for betrayal from an organization that forgets nothing." Litvinenko's colleagues in London "believe that the true killer may have been a tall, elusive Russian man known only as Vladislav who shows up on airport surveillance videos and was briefly present during Litvinenko's fatal lunch, then disappeared without a trace."

Polish Town Seeks Reagan Statue To Replace Communist Monument. AFP (2/9) reports, "Opponents of Poland's former communist regime reportedly want to pay a posthumous homage" to President Reagan by "erecting his statue in the place of a Soviet-era monument." A group of activists once opposed to the communist-era government said in a letter to the mayor of Katowice "that the staunchly anti-communist Reagan had been a 'symbol of liberty'" and therefore deserves "to become the centrepiece of the city's Freedom Square, replacing a monument to the Soviet troops who drove out the occupying Nazis in 1945."

France's Royal Said To Wage Unconventional Presidential Campaign. In a 3,000-word piece on its front page, the Wall Street Journal (2/10, Galloni, 2.04M)

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profiles French Socialist presidential candidate Segolene Royal. "Many senior members of her Socialist Party aren't sure whether to call Ms. Royal's campaign a bold or amateurish foray into the hallowed halls of French presidential politics." Over the past two years, her "crowd-pleasing proposals and glamorous looks have transformed her from a back-bench Socialist politician into one of the two front-runners for France's highest office." That "rapid rise speaks to the growing disconnect in France, and throughout much of Europe, between an aging generation of leaders and voters who feel their economic and social concerns are going unheard." Royal "has come this far by tossing ideology out the window and by selling her personality instead of her beliefs, a phenomenon rarely seen in continental Europe."

UN Peacekeepers Seize Haitian Slum, Fail To Capture Key Gang Leader. On its front page today, the New York Times (2/10, Lacey, 1.16M) details recent efforts by Haitian President Rene Preval and UN peacekeepers to combat street gangs in Port-au-Prince. "With a disbanded army and a corrupted wreck of a police force, successive presidents have either used the gangs against political rivals or just bought them off. Recently, something extraordinary has occurred. [Preval] decided to take on the gangs and set the 8,000 United Nations peacekeepers loose on them, a risky move that will determine the security of the country and the success of his young government." Preval "has grown increasingly impatient with the gangs as they resisted surrendering their guns and continued wreaking havoc on" the capital.

The Washington Post (2/10, A12, Roig-Franzia, 690K) notes, "U.N. troops fought a block-by-block gun battle with gangs in one of this capital's notorious slums Friday, in the force's largest offensive since being deployed here in 2004." Two peacekeepers and several gang members "were injured in heavy fighting that sent the loud clap of automatic weapons fire into the air above Cite Soleil, where poverty is rampant and canals serve as open sewers." While Haiti "has a notoriously corrupt and dysfunctional justice system," officials claim "a special team of prosecutors and judges has been identified by" Preval "to handle high-profile cases." BBC.com (2/10) titles its coverage, "UN Troops Flood Into Haiti Slum."

LATimes Sees "Faint Pulse" Of Venezuelan Democracy Despite Chavez. In an editorial, the Los Angeles Times (2/10, 850K) says Venezuela today is "a place where democracy is a little more nonbinding than elsewhere." The recent move by National Assembly members to vote "themselves into irrelevance" eliminated Chavez's "need to even use [their] rubber stamp" to pass legislation. He "is expected to use his powers to, among other frightening things, do away with presidential term limits so he can remain in office indefinitely." Noting opposition comparisons of Chavez's action to Hitler's in the early 1930s, the Times says "democracy still has a faint pulse in Venezuela," because "any Chavez decree can theoretically be overturned by public referendum, as long as opponents gather signatures from 5% of the electorate." Chavez, "destructive as his economic policies will eventually be to Venezuela, is no Hitler. Now Mussolini, on the other hand …"

Indian Economic Leaders Work To Stave Off "Inflationary Spiral." Under the headline, "India Finds Its Economy On The Verge Of Overheating," the New York Times (2/10, C1, Bradsher, 1.16M) reports, "With breakneck growth, an outsourcing industry that leads the world and hundreds of millions of consumers demanding more class and comfort, India has an economy many countries would envy." However, "signs of a potentially dangerous inflationary spiral are beginning to emerge. Prime Minister Manmohan Singh and his closest economic advisors gathered just last weekend over fears that India's extraordinary economic expansion was starting to overheat, an issue they labeled as a 'key short-term priority.'" The Times says Singh "may have waited too long." While "inflation in India remains much lower than" elsewhere, "prices are rising more than twice as fast as in China, India's archrival for foreign investment and economic leadership among emerging markets. Prices are also increasing considerably faster than in industrialized countries."

Expanding Economy Having Little Effect On Child Malnutrition. A separate New York Times (2/10, A7, Sengupta, 1.16M) piece notes, "Even after India's years of sustained economic growth, child malnutrition rates are comparable to some of the poorest countries, and at times worse." A government report released yesterday claims that "nearly half" of all children under three years of age "are clinically underweight, the most reliable measure of malnutrition. Additionally troubling, the incidence of child malnutrition declined only one percentage point, to 46 percent, in seven years" despite annual economic growth rates of six to eight percent.

WSJournal Pans Thai Actions On Pharmaceuticals. In an editorial today entitled, "Theft In Thailand," the Wall Street Journal (2/10, A8, 2.04M) assails the Thai government's IPR policies. "By seizing patents for HIV/AIDS treatments and heart disease, Thailand has asserted that governments have the right to take intellectual property whenever they please." Recent actions to produce local generics "may be technically legal. The WTO language on compulsory licensing is regrettably vague, and doesn't list specific causes for which governments can seize private patents." However, Thailand "did not bother to consult prior

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to issuing the compulsory licenses, and the drug companies woke up to read about it in the papers. So it clearly breached the spirit, if not the letter, of Article 31." It is "anyone's guess" how the Thai government will provide more value for drug consumers.

China's Hu Encounters Some Opposition During Africa Tour. An analysis piece in the New York Times (2/10, A3, Wines, 1.16M) examines the "resistance" met by Chinese President Hu Jintao during the Africa trip he completed yesterday. Calling the "reality" of the Chinese global "juggernaut" "more nuanced" than previously thought, the Times says the "visit tested a basic tenet of China's economic relations: that business is business, and what a partner nation's people think about it is not China's — or the world's — preoccupation." While Hu "met his share of flag-waving supporters, of course, and the official parts of his trip — the meetings and agreement-signings with heads of state — were a diplomatic and commercial success," the Times says "an undercurrent of disquiet accompanied Mr. Hu's barnstorming. Mostly, it came not from heads of state, but from the people they rule, some of whom resent China's growing influence [across the continent] — for economic, racial and ideological reasons."

South Africa's Mbeke Acknowledges Growing Concern About Crime. The Washington Post (2/10, A12, Timberg, 690K) notes South African President Thabo Mbeki "sought to reassure worried South Africans that his government is stepping up its fight against crime but offered little new detail on how it can curb levels of rape, robbery and murder that are among the highest in the world." The Post cites "weeks of rising political pressure amid a string of high-profile attacks," and says his remarks yesterday "went further than he had before in acknowledging that levels of violent crime terrify many South Africans. He avoided quibbling over whether rates are rising or falling, or by how much -- an approach that provoked a sharp backlash after an interview last month." The Los Angeles Times (2/10, Dixon, 850K) says Mbeki has been "engulfed by a tide of public anger over violent crime." His remarks "acknowledged … that the government needed to work harder to eradicate what he called an 'ugly and repulsive' scourge."

Branson, Gore Join On $25 Million Global Warming Challenge. Major media report businessman Richard Branson's offer of "a $25 million prize Friday to anyone who can come up with a way to blunt global climate change by removing at least a billion tons of carbon dioxide a year from the Earth's atmosphere," as the Washington Post (2/10, A13, Sullivan, 690K) described it. Branson "said the prize was similar to cash inducements that led to some of history's most notable achievements in navigation, exploration and industry," and further "pledged to invest $3 billion in profits from his transportation companies … to fighting global warming." He appeared with former Vice President Al Gore, who "will serve as a judge in the contest, known as the Virgin Earth Challenge." Gore "said he hoped the contest would spur scientific innovation without distracting from more practical steps people can take to battle global warming, from using energy-efficient light bulbs to pressuring politicians to confront 'the crisis of our time.'" The New York Times (2/10, C3, Kanter, 1.16M) says Branson "urged governments to match the prize money he offered. He spoke of past efforts to encourage leaps forward in technologies," while Gore "said the prize was intended for a project that would be different from technologies currently under development that capture and store large amounts of carbon dioxide from heavy emitters like coal-fired electric plants."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Troop 'Surge' Has Yet To Materialize In Baghdad."
"It's Nguyen-Nguyen Situation In O.C."
"Reaping A Profit From The Air."
"Far Apart And Under The Same Roof."

New York Times:
"Deadliest Bomb In Iraq Is Made By Iran, U.S. Says."
"Giuliani Shifts Abortion Speech Gently To Right."
"U.N. Peacekeepers Fight Gangs In Haiti, One Street At A Time."
"Harvard Plans To Name First Female President."
"A Princeton Lab On ESP Plans To Close Its Doors."
"A Chance To Pick Hospice, And Still Hope To Live."

Washington Post:
"U.S. In Bind Over Men Held By Iran."
"For Eminent Sunni, Lessons In Weakness."
"Woman Chosen To Lead Harvard."
"Death Penalty Bears Down On O'Malley, Kaine."
"Students Get Lesson To Chew On."
"Senators Debate Significance Of Pentagon Report On Intelligence."

Washington Times:
"Evidence Links Iran, Insurgents."
"No Peace For Israel In Pact."
"Plotters Targeted Muslim Soldiers."
"Pelosi Airliner Tempting Target For Miffed GOP."
"Ban Changes U.N. At The Top."
"Pocahontas Being Put In Sharper Focus."

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"Belgium Can Now Picture The Worst From Smoking."

Detroit Free Press:
"Takeover Clouds Future For Lear."
"Winter Blast!"
"High Heat Bills Send Chills Across Mich."
"For Pistons, Wings, What A Difference A Year Makes."

Atlanta Journal-Constitution:
"Feud Brewing In Nichols Trial Costs."
"Liquor Key To Sun. Sales Bill."
"Judge Rips Puppy Defendants."
"Cartoon Network Chief Quits."
"2nd Man Jailed In '85 Rape."
"Molester Gets 800 Years."
"All 4,000 AF Cadets Grounded."

Dallas Morning News:
"Deaths May Be Tied To Drug Theft."
"Houston Is No Problem For Mavs."
"Gaming Bid May Be Stalled."
"Yacht's Not Home Sweet Homestead, Court Says."
"Will Bush Library Be A Target?"
"Media Gets Look At Immigrant Center."
"Autopsy: No Pills In Smith's Stomach."

Houston Chronicle:
"Gossip, Legal Fights Don't Die With Anna Nicole."
"Westbound Katy Freeway To Close This Weekend."
"Houston Claims Harlem's Globetrotters As Its Own."
"HISD Superintendent Emphasizes Middle Schools."
"Texas Case Raises Alarm On Specialty Hospitals."
"Teen Held During Probe Of Toddler's Death."
"Consultant: Perry Has No National Ambition."
"KBR, The Military Honor Civilian Sacrifices."
"Top-Ranked Rice Bows To Vanderbilt."

Story Lineup From Last Night's Network News:
ABC: Pentagon IG Report; Casey-Iraq; Violence In Jerusalem; Smith Death Investigation; Harvard President; New York Snow; Child Caregivers; Cartoon Network Resignation; Second-Hand Smoke Legislation.
CBS: Pentagon IG Report; FBI-Mail Threats; Obama Campaign; Smith Death Investigation; Borrowing And Lending Web Site; Army Wife Talk Show; Special Needs Children.
NBC: Pentagon IG Report; Helicopter Crash Video; Soldiers Call For End To War; FBI-Mail Threats; FEMA Response In Florida; Wall Street; Obama Campaign; Smith Death Investigation; Soldier's Death; Helping Build Afghanistan Schools.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:
PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: SECRETARIES OF STATE _ Winter conference of the National Association of Secretaries of State. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Kay Stimson, 202-624-3528

EDUCATION _ The American Council on Education holds its 89th annual meeting. Location: Omni Shoreham Hotel, 2500 Calvert St. NW Contacts: Tim McDonough, 202-939-9300

GARRIGUS BURIAL _ 1 p.m. Army Sgt. Mickel Garrigus, 24, of Elma, Wash., will be buried at Arlington Cemetery. He died Jan. 27 in Taji, Iraq, from IED during combat patrol. Garrigus was assigned to the 543rd Military Police Company, 91st Police Battalion, 10th Sustainment Brigade, 10th Mountain Division, Fort Drum, N.Y Location: Arlington National Cemetery (Pick-up 12:45 on Memorial Drive).

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, February 12, 2007 8:13 AM
To:	USDOJ- Office of Public Affairs
Subject:	Department of Justice News Clips for Saturday, February 10, 2007
Attachments:	dojclips070210.pdf; dojclips070210.doc

DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 10, 2007 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

5 Held In Plot To Kill British Soldier (NYT)

By Alan Cowell

The New York Times, February 10, 2007

LONDON, Feb. 9 — With sirens wailing and streets blocked off to permit its passage, a convoy of police vehicles sped across Britain and wound through central London on Friday to bring five terrorism suspects to court here from Birmingham.

A sixth suspect, who was identified by [a news organization] as Basiru Gassama, 29, was charged with a terrorism offense in Birmingham on Friday evening, the police said.

The six were among nine Muslims seized nine days ago in a roundup of suspects in Birmingham linked to an alleged conspiracy to capture a Muslim British soldier and show images of his killing on the Internet. The three other suspects have been released without charge.

Of the five who faced terrorism charges in court on Friday, only one, Parviz Khan, 36, was specifically charged with engaging "in conduct to give effect to his intention to kidnap and kill a member of the British armed forces." The charge made no direct reference to the Internet.

The four others — Amjad Mahmood, 31, Mohammed Irfan, 30, Zahoor Iqbal, 29, and Hamid Elasmar, 43 — were charged along with Mr. Khan with planning to supply equipment and money in the knowledge that it might be used for an act of terrorism.

Mr. Mahmood was also charged with failing to disclose information that might have helped prevent an act of terrorism.

The charges were brought under British antiterrorism laws enacted in 2000 and 2006.

The arrest of the nine suspects in Birmingham, Britain's second-largest city, stirred worries and anger among many Muslims, who said they believed that the police action and extensive coverage by television and newspapers had further stigmatized Islam. One of the three men released after the arrests said Britain had become a police state for Muslims.

Some Islamic leaders in Birmingham sought on Friday to calm passions by appealing to Muslims to "remain dignified and have a calm attitude," in the words of Mohammad Naseem, the chairman of Birmingham's Central Mosque. But others said the city's Muslims, about 15 percent of the population of one million, were still cautiously waiting to see the outcome of the whole affair.

The Birmingham police said their inquiry had made great strides. "Nine days ago I told you that we were in the foothills of a major investigation," David Shaw, the assistant chief constable in charge of the Birmingham investigation, told reporters. "We have made extraordinary progress in that time, but it would be wrong of me to leave you thinking that this is any sense a completed inquiry."

Mr. Shaw said Muslims in Birmingham "have fed back to us the frustration and damage experienced by the way some of the media have labeled them through their reporting."

By contrast, he said, local people had given "fantastic support" to police officers.

"Contrary to much of the reporting about the area, we have seen real leadership from all sections of the community, who have not only supported us but have also publicly supported our search for the truth," he said.

The five suspects who appeared in court on Friday were ordered to be held until a hearing on Feb. 23. The police in Birmingham said the case had been referred to a London court under protocols covering terrorism cases.

In a separate hearing, Abu Izzadeen, an outspoken convert to Islam who was arrested Thursday, was released on bail on Friday after being charged with encouraging terrorism in a speech last year.

6 Charged In Alleged Terror Plot In Britain (WP)

By Kevin Sullivan

The Washington Post, February 10, 2007

DOJ_NMG_0130809

LONDON, Feb. 9 -- British police charged six men arrested in Birmingham last week with terrorism-related offenses Friday, officially alleging for the first time that the suspects were plotting to kidnap and kill a British soldier.

Parviz Khan, 36, is accused of leading the plot with help from four other men arrested in pre-dawn raids last week and charged with providing equipment and funding for the plan: Mohammed Irfan, 30; Zahoor Iqbal, 29; Hamid Elasmar, 43; and Amjad Mahmood, 31. All five appeared in a London courtroom Friday and were ordered held until a Feb. 23 hearing.

The sixth suspect, Basiru Gassama, 29, was charged with failing to inform authorities about the plot, which is a crime under Britain's Terrorism Act. He is due to appear in a London court Saturday.

David Shaw, spokesman for the West Midlands police, said police had recovered 4,500 pieces of evidence, including computers and mobile phones, that point to "the stark reality of what was being planned in our midst."

The plot, reportedly involving the kidnap, torture and murder of a Muslim soldier in the British army, is widely seen as a new kind of extremist threat in Britain. Since bomb attacks on the London public transit system that killed 52 passengers and four bombers in July 2005, police have repeatedly broken up alleged plots to commit large-scale attacks, including an alleged plan last summer to blow up commercial jetliners traveling from Britain to the United States.

For many Britons, the plot to kill a soldier -- and, according to the media, post video of the execution on the Internet -- has had worrisome echoes of violence that until now had been common in Iraq but unheard-of in Europe or the United States.

Police arrested nine people last week, including three who were released without charge. British police may hold terrorism suspects for up to 28 days without charge with a judge's approval.

One of the men, Abu Bakr, told reporters after he was released that Britain had become a "police state for Muslims."

"It's not a police state for everybody else because these terror laws are designed specifically for Muslims, and that's quite an open fact," said Bakr, a university student who works in an Islamic bookstore that was raided by police. He said his week-long detention was "going to affect me for the rest of my life."

Bakr's comments mirror a widespread feeling among Britain's nearly 2 million Muslims that they are being unfairly targeted by police and government policies. Many believe that the actions of some religious extremists have cast unwarranted suspicion on the wider Muslim community, pointing to last year's arrest of two brothers in the Forest Gate section of London in a suspected chemical weapons plot. After a high-profile police raid, in which one of the brothers was shot by police, the men were released without charge.

Prime Minister Tony Blair called the description of Britain as a police state "categorically wrong."

Jack Straw, a top official in Blair's government, called the allegations "absolute, utter nonsense."

"We live in a democracy, and what we are sadly having to fight at the moment is people who seek to destroy the very basis of our democracy," Straw said in Parliament this week.

Also Friday, government officials announced that they had ordered the closure of an Islamic school in Sussex, southeast of London, that was raided in September as part of an anti-terrorism operation. Government education officials said the Jameah Islameah school had been closed for failure to meet government standards for independent schools.

The school, set in the countryside on 54 acres of land, was searched by scores of police in an operation in which 14 people were arrested in London. Media reports at the time said the school might have been used by radicals trying to recruit and train violent extremists. Police on Friday said 12 of those arrested were charged with terror-related offenses and are awaiting trial. Two were released without charge.

Padilla Is Competent To Face Terror Trial, Prosecutors Say (WP)

The Washington Post, February 10, 2007

Padilla Is Competent to Face Terror Trial, Prosecutors Say

MIAMI -- An evaluation of suspected al-Qaeda operative Jose Padilla by the U.S. Bureau of Prisons has found him competent to stand trial on terrorism charges, government attorneys said in court documents filed Friday.

Padilla 36, can understand the court proceedings and communicate with his attorneys, according to prosecutors' description of the report's conclusions.

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Padilla, a U.S. citizen and former Chicago gang member, contends that he was tortured in custody. His attorneys say he is suffering from post-traumatic stress disorder, which raises questions about his competence for trial, allegations that federal officials reject.

A competency hearing is set for next Friday.

HOMELAND RESPONSE:

Homeland Budget Called Inadequate (WT)

By Jerry Seper

The Washington Times, February 10, 2007

The chairman of a House committee yesterday challenged Homeland Security Secretary Michael Chertoff to explain how his agency's budget was adequate to guard against a terrorist attack or another Katrinalike disaster, saying "we cannot continue to protect the homeland on the cheap."

Rep. Bennie Thompson, Mississippi Democrat and chairman of the House Homeland Security Committee, said President Bush's proposed $35 billion Homeland Security budget does not address necessary funding for key programs and leaves the nation vulnerable to terrorists and natural disasters.

"Millions of lives are at stake," Mr. Thompson said.

Rep. Peter T. King of New York, the committee's ranking Republican, also questioned whether the department's budgeting process needed revamping, saying agency officials were basing spending increases on a 2003 budget "guesstimate" when the agency was formed.

"Should we, rather than work within the box, create a larger box?" Mr. King asked, noting that White House spokesman Tony Snow said on Thursday the administration was trying to do the best it could with scarce resources.

"If we're at war with Islamic terrorism, the resources for Homeland Security should not be scarce," he said. "It should not be just another Cabinet department. ... With a $2.9 trillion budget, we should be able to find a few billion more for homeland security. Either we're at war with Islamic terrorism or we're not."

Both lawmakers also expressed concern over what they called a delay in implementing a $1 billion communications system for emergency workers. They described the program as "critical" to the nation's first responders in the event of a terrorist attack or natural disaster.

"The inability to communicate hampers the ability to respond to an event and creates further confusion," Mr. King said. "I'm equally concerned by the delay in getting the administration of this grant program up and running."

In his second appearance before Congress in two days to defend the budget, Mr. Chertoff noted it represented an 8 percent increase over last year and again described the 2008 budget proposal as "sound, simple and ample."

"It reflects the president's very strong commitment ... to continuing to make sure we have the tools and resources that we need to enhance our security but in a way that balances our freedom and our prosperity," Mr. Chertoff said.

But Mr. Thompson said that while Mr. Chertoff thinks the 2008 budget proposal protects the nation's people and critical infrastructure, improves emergency preparedness and response, and improves the operation and management of the department, he was not convinced.

He noted that last year, the entire nation "was disgusted with the atrocious response to Hurricane Katrina" and confidence in the department was at an all-time low. He said it was "evident" the department was not prepared to handle another catastrophic terrorist attack or natural disaster.

"This may be a new year, but in some instances, Mr. Secretary, it feels like deja vu," Mr. Thompson said. "I do recognize some significant increases in the areas such as cyber and border security; unfortunately, I fear that behind the increases lurks some problems rather than answers."

He said the budget eliminates funding for local law-enforcement terrorism-prevention programs, proposes significant cuts in grants to first responders in all 50 states and U.S. territories, and would zero out funding for grants to metropolitan medical systems that he said would be needed to prepare for the mass casualties in the event of a disaster.

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Mr. Thompson also said he was concerned whether the budget adequately addresses why the department ranked at the bottom for the second time in nearly every category of the Office of Personnel Management Employee Satisfaction Survey.

Proposed Federal Protective Service Cuts Hit (WT)

By Shaun Waterman

The Washington Times, February 10, 2007

President Bush's new budget proposes cuts to the Federal Protective Service, police that guard U.S. government buildings, a move labor unions say will be "the last nail in the coffin" of the agency that is being replaced by private contractors.

Administration officials say changes to the agency in the Department of Homeland Security improve efficiency without sacrificing security, and that private security firms already guard the vast majority of federal buildings.

A memo to staff from the service's acting Director Paul Durette Monday said it would be "realigned" as a "standards-setting and compliance-centered operation" with 950 employees, from the current 1,250 or so.

The changes mean the service "work force will be primarily composed of inspectors," with "patrol functions ... limited only to the highest risk major metropolitan areas, or in locations where special security arrangements require" them.

The service will maintain its inspectors, and "a core group of criminal investigators dedicated to intelligence and investigative activities related to federal facilities," but "the remaining uniformed cadre of police officers [in the agency] will be absorbed into other law enforcement functions" within homeland security, or encouraged to take early retirement, states the memo.

The move will complete the service's transformation from a police force that actually guards U.S. government buildings across the country, including federal courthouses, to one that largely sets and enforces standards on private firms hired by other agencies to provide security at 880 or so facilities.

"This will be the last nail in the coffin," said David Wright, president of the service's union, American Federation of Government Employees Local 918. "It will break morale, it will break the service."

Mr. Wright said Mr. Durette's proposal was "a rehash of failed initiatives they have tried before."

"The administration is proposing to walk away from its basic responsibility" to protect federal buildings across the country, said American Federation of Government Employees National President John Gage in a statement vowing to oppose the cuts.

A Homeland Security official said the department was reviewing the service's role "looking at areas where its responsibilities might duplicate those of other agencies."

The result would be "a higher standard of service for our customers," the federal agencies who own and operate the buildings protected by the service.

Mr. Wright said the plan was a response to a huge budget deficit the agency had -- up to $65 million -- blaming the departmental leadership at Homeland Security for their "reluctance ... to go back to Congress to help solve this problem."

The service's management "is not being forthcoming about where the deficit comes from," Mr. Wright said, adding that lawmakers he had spoken to this week were demanding a government audit of the service's finances.

The Federal Protective Service is managed as part of U.S. Immigration and Customs Enforcement, or ICE, a part of the Department of Homeland Security.

Will Bush Library Be A Target? (DMN)

By Kristen Holland

The Dallas Morning News, February 10, 2007

Terrorists will destroy the Bush library and take out most of the Park Cities at the same time. The question isn't if but when, says Sam Boyd, a Park Cities lawyer.

Mr. Boyd isn't alone.

A number of Park Cities residents say they fear that building the presidential library in University Park would be like painting a big, red target on their community.

Security and terrorism experts have mixed sentiments. Although some say presidential libraries are unlikely targets, others say Bush's library may change that because the president is such a polarizing figure worldwide.

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"It's just kind of a realization," Mr. Boyd said about the terrorist threat. "I'm not willing it. I don't want it. But if they build the target, somebody's going to shoot at it."

Mr. Boyd, who was a Green Beret in Vietnam, was one of dozens of residents who squeezed into University Park's City Council chambers this week to comment on whether the city should sell to Southern Methodist University a small park that the private university may need for the Bush library. SMU learned in December that it was the lone finalist to host the facility.

Also Online

Presidential Bookmarks : A guide to presidential libraries across the U.S.

Though the library has drawn sharp criticism in recent months – from SMU faculty members and Methodist clergy – the terrorism concerns raised by several residents at the public hearing represent a new front against the facility.

University officials say they are concerned about security but not enough to abandon their bid for the library.

"We take security very seriously," said Patti LaSalle, SMU's associate vice president and executive director of public affairs. "But in this post-9/11 world, we also feel that we're not going to retreat into fearful existence. We're not going to stop taking advantage of opportunities."

If SMU is awarded the library, the National Archives and Records Administration, which oversees the presidential library system, will provide security. The university has a director of emergency preparedness and an emergency operations center. Both were created after 9/11.

Danny Defenbaugh, former head of the FBI's Dallas office, understands the residents' concerns. He said presidential libraries could be targeted because they're icons.

"Not the type of national icon like the Washington monument or the Capitol would be," Mr. Defenbaugh said. "However, it is. Appropriate security concerns need to be applied."

William Harris, director of physical infrastructure and collection support for the National Archives' Office of Presidential Libraries, said security goes beyond armed guards and metal detectors at the nation's presidential libraries. Security measures are incorporated into the architectural and design standards for the libraries.

Mr. Harris couldn't provide many specifics, but one basic requirement is for a 100-foot setback from major highways or thoroughfares. He also said all the libraries have round-the-clock security details. Cameras monitor all buildings and grounds.

But that security won't be enough, says Avi, a terrorism expert with Mayday International, a security firm that provides counterterrorism training.

Avi, who spoke on condition that his last name not be used because of the sensitivity of his profession, said SMU and law enforcement officials would not be able to stop terrorists from targeting the Bush library.

"George Bush is not accepted by so many cultures in the world, especially the Islamic world," Avi said. "Wherever you carry the word 'Bush' might be potential for attack."

He said he doubts a group like al-Qaeda would take the time to plan such an attack. With students coming to and from SMU, it would be much easier for a small group of fanatics – such as young supporters of Hezbollah – to hide among students and do the job.

University Park Police Chief Gary Adams said residents concerned about a terrorist attack are raising good points. He said any public facility is a possible terrorist target.

The department has listed SMU as a potential target because it has a large number of people in a relatively small area.

"If they plan an attack in University Park, we've always thought it would be Ford Stadium during a game," Chief Adams said. "The library certainly could be a potential target."

Highland Park DPS Chief Darrell Fant said the risk of a terrorist attack at the library is remote. He said he'd be more concerned about President Bush moving to town. The president and first lady Laura Bush have indicated they will return to Dallas at least part time after Mr. Bush leaves office.

"Any time you have a past president – and we've had past governors and I've had sons and daughters of foreign diplomats – it demands a different type of response plan," Chief Fant said. "It certainly creates a greater potential and a greater threat level."

While anything can be a target, Andrew Teekell said terrorist organizations such as al-Qaeda probably wouldn't waste their time attacking a presidential library, even with Bush's name on it.

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"Certainly there would be some symbolic value there," said Mr. Teekell, a counterterrorism and security analyst at Stratfor, a private security-consulting firm in Austin. "But you probably wouldn't generate a lot of casualties. If that's the best al-Qaeda can do, I'm frankly not impressed."

He said they would gain some points for staging an attack on American soil, but not much.

"Once again, I don't think it would occur to them," he said. "However, that's not to say that a target like that wouldn't be attractive to domestic terrorists."

Although it's possible the Bush library could be targeted, terrorism expert Jennifer Holmes said the threat is minimal.

"If people want to live in a bunker, they're less likely to have problems," said Dr. Holmes, associate professor of political economy and political science at the University of Texas at Dallas. "The issue is the relative risk compared to anywhere else in Dallas. Dallas is a target-rich environment anyway. One more really doesn't make a difference."

"They're all more likely to die on [U.S. Highway] 75 or LBJ anyway," Dr. Holmes added.

Tom Sheehan, the former police chief at D/FW International Airport, said water-storage facilities, power plants or nuclear facilities would be a more likely target than a presidential library because their destruction would affect day-to-day life.

"You could make a bigger splash hitting a grade school," he added.

That's not much comfort to University Park resident Irene Mitchell, who worries that the Bush library would subject residents to threats by religious extremists, intent on punishing the White House for its international policies.

"We haven't a clue," Ms. Mitchell said. "We're like ostriches hiding our heads in the sand if we don't think it'll come here, because it will."

Katrina Suits Put U.S. Judge In Eye Of Storm (WSJ)

By Liam Pleven, Paulo Prada

The Wall Street Journal, February 10, 2007

Lyonel Thomas Senter Jr.'s roots run deep in northern Mississippi, amid magnolia-lined streets and antebellum mansions. He learned to play trumpet there and high-school football and became a federal judge.

Now, at 73 years old, Judge Senter has become a defining figure in the coastal south of the state, presiding over a deluge of legal cases that grew out of Hurricane Katrina. The storm triggered more than 1.2 million claims from homeowners for $17.6 billion in damage, says the Insurance Information Institute, a trade group. Most claims have been resolved, but thousands of homeowners in the Gulf region are still suing their insurers, and billions are still at stake.

At issue in many of these cases is a messy question. Were homes destroyed by the ferocious winds of the storm or the surging Gulf waters that came with them? Insurers typically cover wind damage but exclude water damage, because it's covered under the federal government's flood insurance program. Yet who knows what's behind the damage when a house has been wiped off the map?

Judge Lyonel Thomas Senter Jr. (pictured) is delivering some key decisions in Mississippi Katrina cases.

Judge Senter has been at the core of several recent critical turns in cases in Mississippi -- which have generally moved faster than in Louisiana -- in part because he's one of the few federal judges there whose own home wasn't damaged by the storm. At least two other judges have sued their insurers. He owns a condo in nearby New Orleans that was unharmed and stays in a hotel when in Mississippi.

Judge Senter, who has declined interviews, has ruled against the insurance industry in some important ways. In late January, he ruled against State Farm Insurance Cos., the nation's largest home insurer, in one case involving one Mississippi couple, setting the stage for a $1 million punitive damage award against the company.

A few days later, he tossed aside a proposed settlement that would have had State Farm pay at least $50 million to thousands of Mississippi homeowners, helping it clean the slate of Katrina-related conflicts in the area. He said he needed more information.

He'll be holding a hearing on the settlement -- important to residents desperate for rebuilding funds -- on Feb. 28.

"I would like nothing more than to approve a settlement procedure that is fair, balanced and reasonable," he wrote in an order Thursday that set that coming hearing.

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He's handed the insurance industry some important victories. Last March, he upheld a standard provision in many policies that frees them from the responsibility of covering damage caused by floods. The industry considers the "flood exclusion" sacred.

But beyond upholding flood exclusions, his rulings have put the onus on insurers -- not homeowners -- to prove which damage was caused by wind and to pay for it, or risk costly penalties.

"Judge Senter has laid out a framework that is likely to be followed by most courts" in future hurricane-related cases, says John Ellison, an attorney with New York-based Anderson, Kill & Olick PC, who is representing Louisiana plaintiffs in other Katrina-related cases.

Judge Senter is not the first to address the wind vs. water issue. But this is "the first time we're seeing it on a massive scale," says Tom Baker, director of the Insurance Law Center at the University of Connecticut Law School.

Judge Senter himself is a relative newcomer to the Gulf Coast, having grown up in Aberdeen in the north. It is a once-prosperous town on the Tombigbee River, where the movie house on Commerce Street still sells popcorn for $1. He was a sure-footed high-school quarterback until he was stricken with polio, which later forced him to walk with a leg brace and crutches. He now uses a wheelchair.

After working as an attorney and serving as a state judge, he was nominated to the federal bench by President Carter in 1979. He later became chief of the Northern District, sitting in Aberdeen, where he garnered a reputation as a thoughtful, fair and even-tempered jurist who combines small-town practicality with a scholarly interpretation of the law.

"This is a guy that sees both sides to everything," says Danny McKittrick, a probation officer at the district court. "He never claims to know it all and works hard to get the information necessary to understand what he's hearing."

The judge, who sometimes introduces himself as "Tommy" outside the courtroom, played trumpet with a jazz band in college. He once used the trumpet to ease tensions in a case, recalls Ron Welch, a Mississippi lawyer. Mr. Welch and another attorney were in chambers strenuously arguing a point when Judge Senter began asking about their personal interests and then steered the conversation to music. He then suggested they take a break, and they wound up at Judge Senter's house, where he pulled out his trumpet and played "Summertime," the lullaby from "Porgy and Bess."

"We ended up settling that point," says Mr. Welch.

In 1998, Judge Senter became a senior judge, and he relocated to the Southern District of Mississippi in 2002. When Katrina hit, Judge Senter rode out the storm with friends in Pensacola, Fla., and took over Katrina-related cases afterward.

Some of the judge's recent rulings could have added import as Katrina cases work their way through the system in the Gulf. Among those rulings was his call on how insurers should proceed when both wind and water cause damage to a home. The insurer -- not the policyholder -- bears the burden of proving which part should be excluded.

That came into play last month in the case brought against State Farm by Norman and Genevieve Broussard, of Biloxi, Miss. Their home was wiped away. State Farm denied the claim. "State Farm attempted to shift its burden of proof to the plaintiffs to establish the portion of their losses that were caused by wind," Judge Senter said in his ruling. He ordered the insurer to pay to the limits of the policy, $211,222 for the home and its contents.

A jury then awarded the couple $2.5 million in punitive damages, which Judge Senter later reduced to $1 million.

"If that's the law, then that will have a huge impact on how future cases are handled," says Randy Maniloff, an attorney for insurance companies at White & Williams LLC in Philadelphia who has written about Judge Senter's rulings.

State Farm, which is based in Bloomington, Ill., says it is likely to appeal the entire case, and adds that the company is working on answering the judge's questions about the proposed settlement.

WAR NEWS:

Pre-war Intelligence Gathering Under Fire (LAT)

By Julian E. Barnes

The Los Angeles Times, February 10, 2007

WASHINGTON — Senate Democrats assailed Pentagon officials today for insisting to the White House in the months before the Iraq war that Saddam Hussein had direct links to Al Qaeda — despite doubts within the U.S. intelligence community.

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Defense Department Inspector General Thomas F. Gimble told the lawmakers that he questioned Douglas J. Feith, the influential former undersecretary, about the incident.

Feith was a prime architect of Bush administration policies and presented policymakers with allegations of links between Iraq and Al Qaeda that did not accurately reflect the views of U.S. intelligence agencies.

"He said it was left out because it was critical of the intelligence community," Gimble said.

"It's damn suspicious to me," said Armed Services Committee Chairman Carl Levin (D-Mich.). "You're telling the CIA — you're giving them an assessment that disagrees in a number of respects with theirs, but leave out a slide that says that you have fundamental problems with how the intelligence community is assessing information…. You remove it when you're talking to the CIA and then you reinsert it when you present this same assessment to the White House. That's mighty bloody suspicious."

Republicans defended the Pentagon's intelligence gathering operation under former Defense Secretary Donald H. Rumsfeld during the months leading up to the U.S.-led invasion of Iraq in March 2003. Sen. Jim Inhofe (R-Okla.) said Feith's group at the Pentagon asked "probing questions" that improved the intelligence process.

Pentagon spokesman Bryan Whitman denied that the policy shop produced its own intelligence, saying they were looking at the intelligence community's work "with a critical eye."

The testimony follows a critical report released by the inspector general's office.

Its findings lend credence to charges by White House critics that Feith, who has since left the department, was out of line when he sought to discredit analyses by CIA intelligence officials that discounted alleged ties between Al Qaeda and then-Iraqi leader Saddam Hussein.

Feith, in responding to the investigation, defended his actions and said he was pleased that the report found he had done nothing illegal.

The report says that Feith's office "developed, produced and then disseminated alternative intelligence assessments on the Iraq and Al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the intelligence community."

Levin, in a statement released Thursday, said the report found that Feith acted inappropriately, taking on a role that should have been reserved for the intelligence analysts.

The report is sure to add fuel to the controversy over President Bush's main justifications for overthrowing Hussein.

Before the invasion, Bush and other administration officials warned that Hussein had stockpiles of banned biological and chemical weapons and had ties to Al Qaeda terrorists.

The alleged caches of weapons have not been found and the independent commission that investigated the Sept. 11 terrorist attacks found no evidence of a collaborative relationship between Hussein and Al Qaeda.

Levin has been highly critical of Feith in the past, saying he played a key role in helping Bush make a misleading case for war. In 2005, Levin requested the probe into Feith's activities.

In his statement, Levin called the inspector general's report "devastating," and said he was going to push for the full, classified version of the investigation to be made public.

In a statement, Feith said it "is good but not surprising" that the report found that his office's activities "were all legal and authorized" and that he and his aides "did not mislead Congress." But he took issue with the conclusion that his actions were inappropriate.

"I disagree with the inspector general's opinions here mainly because, if heeded, they would discourage policy officials from asking tough questions about the quality of CIA work," he said.

At the Pentagon, Feith created the Office of Special Plans, an organization that drafted plans for the war in Iraq. Feith has long rejected claims by critics that the office generated misleading intelligence.

Analysts in the Office of Special Plans believed that the CIA was ignoring links between Al Qaeda operatives and Iraq.

Feith resigned from the Pentagon in 2005 and teaches at Georgetown University's School of Foreign Service.

Senate Intelligence Committee Chairman John D. Rockefeller IV (D-W.Va.) said in a statement Thursday that his panel had never been informed about the activities of Feith's office.

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"Individuals in that office produced and disseminated intelligence products outside of the regular intelligence channels," Rockefeller said. "These intelligence products were inconsistent with the consensus judgments of the intelligence community and as a result policymakers received distorted intelligence."

CIA Doubts Didn't Deter Feith's Team (LAT)

By Greg Miller, Julian E. Barnes

The Los Angeles Times, February 10, 2007

WASHINGTON — As the Bush administration began assembling its case for war, analysts across the U.S. intelligence community were disturbed by the report of a secretive Pentagon team that concluded Iraq had significant ties to Al Qaeda.

Analysts from the CIA and other agencies "disagreed with more than 50%" of 26 findings the Pentagon team laid out in a controversial paper, according to testimony Friday from Thomas F. Gimble, acting inspector general of the Pentagon.

The dueling groups sat down at CIA headquarters in late August 2002 to try to work out their differences. But while the CIA agreed to minor modifications in some of its own reports, Gimble said, the Pentagon unit was utterly unbowed.

"They didn't make the changes that were talked about in that August 20th meeting," Gimble said, and instead went on to present their deeply flawed findings to senior officials at the White House.

The work of that special Pentagon unit — which was run by former Undersecretary of Defense Douglas J. Feith — is one of the lingering symbols of the intelligence failures leading up to the war in Iraq.

The Bush administration's primary justification for invading Iraq was always its assertion that Saddam Hussein possessed weapons of mass destruction. But Iraq's supposed ties to Al Qaeda — and therefore its connection to the Sept. 11 terrorist attacks — were an important secondary argument, and one that resonated with many Americans in the lead-up to the war with Iraq.

The CIA and many other intelligence agencies were wrong in their assessments of Iraq's weapons programs. But the agency was always deeply skeptical about the ties between Iraq and Al Qaeda.

Most of the evidence that Feith's Office of Special Plans cited in making its case for significant collaboration between Baghdad and Al Qaeda has crumbled under postwar scrutiny. The Senate Intelligence Committee has concluded that Saddam Hussein was so wary of the terrorist network that he barred anyone in his government from dealing with Al Qaeda.

Although the Pentagon Inspector General's report released Friday did not address the accuracy of such assessments, it documented the unusual efforts by Defense Department policymakers to bypass regular intelligence channels and influence officials at the highest level of government.

Feith's work was of critical importance to Vice President Dick Cheney, who once referred to the Pentagon team's conclusions as the "best source" for understanding the relationship between Iraq and Al Qaeda.

The activities of Feith's group weren't illegal, Gimble concluded. But they were, "in our opinion, inappropriate, given that the intelligence assessments were [presented as] intelligence products and did not clearly show the variance with the consensus of the intelligence community."

The Pentagon team touted a series of claims that have not survived postwar review. Among them was the allegation that Mohammed Atta, the presumed ringleader of the Sept. 11 hijackers, had met with an Iraqi agent in Prague before the attacks.

A critical question raised by the inspector general's report is whether Feith and his office were just critiquing CIA analysis, or were creating their own intelligence assessment, a role that is supposed to be left to the CIA and other intelligence agencies.

Senate Armed Services Committee Chairman Carl Levin (D-Mich.) noted Friday that Cheney has referred to Feith's work as an "assessment," suggesting it was a formal intelligence document. But Feith maintained in interviews he was not creating an intelligence "product," but was just checking the work of the CIA.

Laurence H. Silberman, a semiretired U.S. appeals court judge and co-chairman of a presidential commission on Iraq's weapons, said it is appropriate to question intelligence.

"Policymakers, whether they are in Defense, State, the White House or Congress, are absolutely entitled to question the intelligence community, look over the material and come up with their own views," he said.

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Feith's work had the blessing of his boss, former Defense Secretary Donald H. Rumsfeld. The operation was set up at the behest of then-Deputy Defense Secretary Paul D. Wolfowitz with approval from Rumsfeld, Gimble noted. By most accounts, those three officials had distrust, if not disdain, for the work of the CIA and other intelligence agencies.

But Robert M. Gates, the new secretary of Defense and former CIA director, said that groups outside the CIA and other chartered intelligence agencies should not be involved in freelance analysis.

"Based on my whole career, I believe all intelligence activities need to be carried on by the established institutions, where there is appropriate oversight," he told reporters traveling with him in Europe for meetings on security.

Gimble provided new details on the chain of events leading from the creation of the Feith team, through a series of briefings it made for senior officials and culminating in a presentation before deputies in the National Security Council at the White House.

The initial instruction to search for links between Iraq and Al Qaeda came from Wolfowitz in January 2002, Gimble said.

By that July, Feith had assembled a group of analysts detailed from other agencies to draft a document outlining evidence that the officials thought other agencies had ignored.

The team presented its findings to Rumsfeld on Aug. 8. Rumsfeld found it so compelling that he urged Feith to arrange a briefing for then-CIA Director George J. Tenet at the CIA. In the meantime, the team's paper began to circulate among analysts at other agencies who took issue with more than half of its contents.

"There were like 26 points," in the Feith team's paper, Gimble said. "And essentially [experts at other agencies] disagreed with more than 50% of it, and either agreed or partially agreed with the remainder."

When the team briefed Tenet and other senior CIA officials on Aug. 15, the audience was polite but unimpressed. Tenet described the meeting as "useful," Gimble said, but "in our interviews with him he later said that he only said that it was 'useful' because he didn't agree with it and he was just trying to, you know, nicely end the meeting."

That encounter led to the "roundtable" meeting at the agency five days later where CIA experts urged the Pentagon unit to at least include footnotes acknowledging the long list of disagreements.

Nevertheless, the Pentagon team pressed on.

P.J. Crowley, a retired Air Force colonel and a senior fellow at the Center of American Progress, said that the intelligence peddled by Feith tainted the public dialogue.

"They weren't creating intelligence, but they were assembling the pieces to create a rationale for war," Crowley said. "Their production was discredited, but they had the desired effect. The little pieces ended up infecting the process."

Pentagon Office "misled" On Iraq War (FT)

By Demetri Sevastopulo

Financial Times, February 10, 2007

A special Pentagon office created in the run-up to the Iraq war engaged in “inappropriate” activities by providing misleading intelligence to policymakers, according to the US Department of Defense.

The Pentagon inspector-general on Friday said the Office of Special Plans set up by Douglas Feith, then undersecretary of defence for policy, provided senior policymakers with “alternative intelligence assessments” on alleged links between al-Qaeda and Iraq that were “inconsistent with the consensus of the intelligence community”.

Senator Carl Levin, the Democratic chairman of the armed services committee and senior member of the intelligence committee, said the report was a “devastating condemnation” of senior Pentagon officials.

“The bottom line is that intelligence relating to the Iraq/al-Qaeda relationship was manipulated by high ranking officials in the Department of Defense to support the administration’s decision to invade Iraq when the intelligence assessments of the professional analysts of the intelligence community did not provide the desired compelling case,” said Mr Levin.

The report comes at a critical time for the White House as President George W. Bush struggles to keep Republican support for the war in Iraq.

Democrats have long argued that Mr Feith was engaged in helping Dick Cheney, vice-president, build the case for war based on inaccurate, or misleading, intelligence.

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Before the 2003 invasion, Mr Cheney often referred to the alleged links between al-Qaeda and Saddam Hussein, which subsequent investigations confirmed never existed.

While the report said the actions of Mr Feith's office were not "illegal or unauthorised", it concluded that they were "inappropriate" because they "did not clearly show the variance with the consensus of the intelligence community".

Mr Feith, who now teaches at Georgetown University, told Associated Press that the allegations of inappropriate activity were "bizarre".

"The policy office has been smeared for years by allegations that its pre-Iraq-war work was somehow 'un-lawful' or 'unauthorised' and that some information it gave to congressional committees was deceptive or misleading," AP cited Mr Feith as saying.

Robert Gates, the new US defence secretary, in Seville for Nato meetings yesterday, said he had not read the report, which referred to activities that occurred under his predecessor, Donald Rumsfeld.

But the former Central Intelligence Agency director said: "Based on my whole career, all intelligence -activities need to be carried out through established institutions where there is oversight."

Separately, yesterday, Mr Gates said the US had "pretty good" evidence that Iran was providing groups in Iraq with sophisticated explosive devices called "explosively formed projectiles" [EFPs].

He said the evidence included serial numbers and markings on fragments of exploded devices. But Mr Gates again dismissed suggestions that the recent increase in anti- Iranian rhetoric in Washington was a prelude to war. After the Iranian supreme leader threatened on Thursday to respond to any US attack on Iran, Mr Gates responded that it was "just another day in the Persian Gulf".

Asked yesterday whether that response was aimed at ratcheting down the US rhetoric, he replied: "In the last few weeks there's been an effort in Washington actually to tone down everybody else.

"I don't know how many times the president, Secretary [Condoleezza] Rice and I have had to repeat that we have no intention of attacking Iran, that the second carrier group [recently dispatched to the Gulf] is there to -reassure our allies, as well as to send a signal that we've been in the Persian Gulf for decades and we intend to stay there. And I think these are fairly modest statements."

Senators Debate Significance Of Pentagon Report On Intelligence (WP)

By Walter Pincus, Karen DeYoung

The Washington Post, February 10, 2007

Senate Democrats and Republicans disagreed yesterday over the meaning and importance of a Defense Department inspector general's conclusion that a Pentagon policy office produced and gave senior policymakers "alternative intelligence assessments on Iraq and Al Qaida relations" that were "inconsistent" with the intelligence community's consensus view in the lead-up to the U.S. invasion of Iraq.

Acting Defense Department Inspector General Thomas F. Gimble told the Senate Armed Services Committee that he had no evidence that the Pentagon activities were illegal and said they were authorized by then-Secretary of Defense Donald H. Rumsfeld and his deputy, Paul D. Wolfowitz.

But, he said, "the actions, in our opinion, were inappropriate."

The office's assessments, according to an unclassified summary of Gimble's report released yesterday, "evolved from policy to intelligence products, which were then disseminated." The summary said the intelligence community's consensus view and "available intelligence" at the time, late in the summer of 2002, did not support the policy office's conclusion that a "mature symbiotic relationship" existed between Iraq and al-Qaeda.

An article in yesterday's Washington Post misattributed to the inspector general's report critical comments about the Pentagon operation made by committee Chairman Carl M. Levin (D-Mich.). In a statement he released Thursday, Levin, not the inspector general, said the Pentagon effort used intelligence reporting of "dubious quality or reliability." [See correction, A2.]

Douglas J. Feith, the former undersecretary of defense for policy, sharply disputed the inspector general's conclusions in a series of interviews yesterday. "My office was trying to prevent an intelligence failure," Feith told National Public Radio. "We had

people in the Pentagon who thought that the CIA's speculative assessments were not of top quality; they were not raising all the questions they should raise and considering all the information they should consider."

His office "did not present an alternative intelligence analysis," Feith said, it "presented a criticism."

After weeks of discussion over President Bush's strategy for ongoing involvement in Iraq, yesterday's hearing once again plunged the Senate into discord over how the United States got there in the first place.

Levin, who has long questioned Feith's prewar intelligence operation, was harshly critical. "Senior administration officials used the twisted intelligence produced by the Feith office in making the case for the Iraq war," Levin said. Calling the inspector general's report a "devastating condemnation of inappropriate activities," he said he would hold further hearings on the subject.

"I don't think in any way that his report could be interpreted as a devastating condemnation," Sen. James M. Inhofe (R-Okla.) quickly countered. Feith's office, he said, "actually provided a service" by bringing intelligence community failures to the attention of policymakers. Inhofe described the disagreements outlined in the inspector general's report as a simple "turf battle" between government departments.

Democratic senators used Gimble's report and testimony to bolster their contention that the administration misused intelligence to promote the urgency of invading Iraq. Republicans implied that the intelligence community had soft-pedaled crucial reports of a close al-Qaeda relationship with Saddam Hussein and that Feith's office had put them in the proper perspective.

The Senate Select Committee on Intelligence is in the process of producing a "Phase II" of its investigation of the lead-up to the war, dealing with allegations that the administration emphasized unproven intelligence that supported its charges against Hussein and played down information that undercut them. The committee has been awaiting the inspector general's report.

Gimble repeatedly emphasized yesterday that his report "was an investigation of a process" at the Pentagon and not of any individuals. That process was inappropriate, he said, because it purported to produce an "intelligence product" but its conclusions did not acknowledge alternative views within the intelligence community.

"The condition occurred because the role of the Office of the Undersecretary of Defense Policy was expanded from the mission of doing defense policy to analyzing and disseminating alternative intelligence," Gimble said. "As a result, the office did not provide the most accurate analysis of intelligence to the senior decision-makers."

"I don't know whether it was intentional or whether it was a good-faith judgment," Gimble said. "That's not my position, and I wouldn't have a thought on that. All I can tell you is at the end of the day, when those things went forward, there was two sets of facts out there; one of them got passed over, and it would happen to be the one that's in the very community that we look to to have this kind of information."

Focused on the question of Iraq ties to al-Qaeda, Gimble's report concentrated on findings that Feith's office presented in three briefings in August and September 2002 -- one to Rumsfeld and Wolfowitz, one to the CIA, and one at the White House to then-deputy national security adviser Stephen J. Hadley and I. Lewis "Scooter" Libby, then Vice President Cheney's chief of staff.

Laying out a chronology of events, Gimble said Wolfowitz asked Feith in January 2002 "to assess the links between al-Qaeda and Iraq." The following July, he told the committee, a group of Pentagon employees assigned to Feith's office "compiled a position paper that was later translated into a briefing."

The briefing, titled "Iraq and al-Qaeda: Making the Case," was given to Rumsfeld on Aug. 8. In a memo to Feith's office that day, Wolfowitz described it as "excellent."

"The secretary was very impressed," Wolfowitz wrote. "He asked us to think about some possible next steps to see if we can illuminate the differences between us and the CIA. The goal is not to produce a consensus product, but rather to scrub one another's arguments."

Rumsfeld then directed that the briefing be presented to then-CIA Director George J. Tenet.

Before an Aug. 15 briefing for Tenet, however, analysts from the Defense Intelligence Agency, the CIA and other agencies critiqued the briefing. In particular, they questioned Feith's conclusion that a "known contact" had taken place in Prague in April 2001 between a senior Iraqi intelligence agent and Mohamed Atta, the leader of the al-Qaeda attack on the World Trade Center in September of that year. "Essentially, they disagreed with more than 50 percent of it and either agreed or partially agreed with the remainder," Gimble said yesterday.

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The CIA described the intelligence concerning the alleged contact with Atta as "contradictory at best," a Gimble aide testified at yesterday's hearing.

At the subsequent CIA briefing, Tenet called the presentation "useful," Gimble said. But Tenet remarked in an interview with the inspector general's office, Gimble said, that "he only said that it was 'useful' because he didn't agree with it and he was just trying to nicely end the meeting."

For the CIA briefing, Gimble said, Feith removed a slide concluding that there were "fundamental problems with the way the intelligence community was assessing the information." Gimble said that Feith told the inspector general's office he had taken it out "because it was critical of the intelligence community." The slide was reinserted for the later White House briefing.

After his session with Feith's group, Tenet arranged for a meeting between the group and intelligence community analysts to go over agreements and disagreements. As a result of that Aug. 20 session, Gimble said, the CIA agreed to make "some minor changes" in its analysis and to "footnote" its disagreements with the Pentagon presentation. Such footnotes are normally used in community intelligence documents to warn policymakers that there are other opinions.

Briefing Hadley and Libby, Gimble said, Feith's group did not mention that the intelligence community disagreed with more than half of its conclusions. Tenet, Gimble said, did not learn of the White House briefing until two years later.

Hadley, he said, declined to be interviewed by the inspector general's office, on the advice of the White House counsel. Libby was not asked for an interview, Gimble said. Levin said yesterday that he wants to question both.

Pentagon Probe Criticizes Ex-official's Iraq Intelligence (AFP)

By Marie Sanz

AFP, February 10, 2007

Former US defense secretary Donald Rumsfeld's top policy aide produced "inappropriate" intelligence reports linking Saddam Hussein and the Al-Qaeda terror network to bolster the case for war with Iraq, according to a Pentagon investigation.

The classified document, whose summary was made public Friday, is the result of an investigation by the Defense Department's acting inspector general, Thomas Gimble, of the Iraq intelligence work conducted by the office of former US defense under secretary Douglas Feith.

The probe was launched in November 2005 at the request of Congress to determine whether Feith's the so-called Office of Special Plans had conducted "unauthorized, unlawful or inappropriate intelligence activities" on Iraq between September 2002 and June 2003, the summary said.

The investigators concluded that the actions "were not illegal or unauthorized," having been approved by then-deputy defense secretary Paul Wolfowitz.

But, they said, "the actions were, in our opinion, inappropriate given that the intelligence assessments were intelligence products and did not clearly show the variance with the consensus of the intelligence community."

That condition occurred because of "an expanded role and mission from policy formulation to alternative intelligence analysis and dissemination."

As a result, it said, the office of Feith, a neoconservative supporter of the invasion of Iraq, did not provide "the most accurate analysis of intelligence" to senior decision-makers.

The White House reacted by pointing out that President George W. Bush "has long acknowledged that intelligence leading up to the war in Iraq was inaccurate" and that he had "taken dramatic actions in order to revamp the intel community ... so that those inaccuracies don't happen again."

The existence of links between the Al-Qaeda terror network and the Iraqi regime of Saddam Hussein was one of the main arguments of the Bush administration to justify the invasion of Iraq.

The Pentagon report is a "devastating condemnation" of the work done by Feith's office, said Democratic Senator Carl Levin, chairman of the Senate Armed Services Committee.

"Indeed, Vice President Cheney said the principal Feith office assessment was the 'best source of information' on the alleged relationship between Iraq and Al-Qaeda," Levin said.

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Levin was hearing testimony of the Pentagon's Gimble Friday, who was scheduled to present the investigation's classified findings.

The Pentagon investigation focused on the Policy Counter-Terrorism Evaluation Group, created by then-deputy secretary of defense Paul Wolfowitz following the September 11, 2001, terror attacks in the United States to look for state sponsors of terrorism.

Feith, who resigned his Pentagon post in 2005 and now teaches at Georgetown University in Washington, lashed back at critics and said the report vindicates him.

"The policy office has been smeared for years by allegations that its pre-Iraq war work was somehow 'unlawful' or 'unauthorized' and that some information it gave to congressional committees was deceptive or misleading," he said in a statement.

"The inspector general's report has now thoroughly repudiated the smears."

However Senator Jay Rockefeller, the Democrat who heads the Senate Intelligence Committee, said that Feith may have violated the 1947 National Security Act by failing to keep Congress informed.

"The IG (Inspector General) has concluded that (Feith's) office was engaged in intelligence activities. The Senate Intelligence Committee was never informed of these activities," Rockefeller said in a statement.

"Whether these actions were authorized or not, it appears that they were not in compliance with the law," he said.

Eric Edelman, Feith's successor at the Pentagon and a former Cheney aide, said in a rebuttal to the report that Wolfowitz had asked Feith's analysts to ignore the intelligence community's belief that the radical Islamist Al-Qaeda and Saddam's secular dictatorship were unlikely allies.

Feith's unit was one of three offices that received intelligence on Iraq as the Bush administration made its case for ousting Saddam, Edelman said.

The office delivered three separate reports, none of which was an "assessment of any sort," according to Edelman's rebuttal.

Inquiry On Intelligence Gaps May Reach To White House (NYT)

By David S. Cloud

The New York Times, February 10, 2007

WASHINGTON, Feb. 9 — The chairman of the Senate Armed Services Committee said Friday that he would ask current and former White House aides to testify about a report by the Pentagon's inspector general that criticizes the Pentagon for compiling "alternative intelligence" that made the case for invading Iraq.

The chairman, Senator Carl Levin, Democrat of Michigan, said that among those called to testify could be Stephen J. Hadley, the national security adviser, and I. Lewis Libby, a former chief of staff for Vice President Dick Cheney. Both received a briefing from the defense secretary's policy office in 2002 on possible links between Al Qaeda and Saddam Hussein's government.

In its report on Thursday, the acting inspector general, Thomas F. Gimble, found that the work done by the Pentagon team, which was assembled by Douglas J. Feith, a former under secretary of defense for policy, was "not fully supported by the available intelligence."

It was not clear whether Mr. Hadley and Mr. Libby would testify. The White House normally resists having top aides testify before Congress.

The Senate Intelligence Committee may also seek to question the men. Tara Andringa, a spokeswoman for Mr. Levin, said Mr. Levin planned to consult with Senator John D. Rockefeller IV, Democrat of West Virginia and chairman of that committee. Mr. Levin is on both committees.

The inspector general's report found that while the Feith team did not violate any laws or knowingly mislead Congress, it made dubious interpretations of intelligence reports and shared them with senior officials without making clear that its findings had already been discounted or discredited by the main intelligence agencies.

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"The actions, in our opinion, were inappropriate, given that all the products did not clearly show the variance with the consensus of the intel community, and in some cases were shown as intel products," Mr. Gimble told the Armed Services Committee in a hearing on Friday.

That set off a two-hour partisan clash. Democrats argued that the report showed intelligence had been manipulated to justify an invasion of Iraq, and Republicans insisted that Mr. Feith's office did nothing wrong by reaching conclusions that differed from those of the main intelligence agencies and presenting them to higher-ups, who had asked for the re-examination in the first place.

Senator Levin, who has long been a leading critic of Mr. Feith's role, called the report "a devastating condemnation of inappropriate activities" by Mr. Feith. But Senator James M. Inhofe, Republican of Oklahoma, responded, "I don't think in any way that his report can be interpreted as a devastating condemnation."

Mr. Gimble said formal intelligence findings did not corroborate some of the Pentagon's assertions: that Mr. Hussein's government and Al Qaeda had a "mature symbiotic relationship," that it involved a "shared interest and pursuit of" unconventional weapons and that there were "some indications" of coordination between Iraq and Al Qaeda on the Sept. 11, 2001, terrorist attacks.

The briefers from Mr. Feith's office should have noted their departures from the formal consensus findings of intelligence agencies, Mr. Gimble said.

Representative Ike Skelton, a Democrat from Missouri and chairman of the House Armed Services Committee, said Mr. Feith's office exercised "extremely poor judgment for which our nation, and our service members in particular, are paying a terrible price."

Senator Jeff Sessions, Republican of Alabama, noted that Mr. Feith's superiors at the Pentagon had asked him to re-examine intelligence on links between Iraq and Al Qaeda. Therefore, Mr. Sessions said, there was no need for the briefers to point out that their conclusions differed from those of the C.I.A., because the briefing was intended as a "critique" of the agencies' conclusions.

A similar argument has been made in a formal rebuttal to the inspector general that was prepared by Mr. Feith's successor at the Pentagon.

Pentagon Push Of Iraq-al Qaeda Link "Inappropriate" (WT/AP)

The Washington Times, February 10, 2007

Pentagon officials undercut the intelligence community in the run-up to the U.S. invasion of Iraq by insisting in briefings to the White House that there was a clear relationship between Saddam Hussein and al Qaeda, the Defense Department's inspector general said yesterday.

Acting Inspector General Thomas F. Gimble told the Senate Armed Services Committee that the office headed by former Pentagon policy chief Douglas J. Feith took "inappropriate" actions in advancing conclusions on al Qaeda connections not backed up by the nation's intelligence agencies.

Mr. Gimble said that while the actions of the Office of the Under Secretary of Defense for Policy "were not illegal or unauthorized," they "did not provide the most accurate analysis of intelligence to senior decision makers" at a time when the White House was moving toward war with Iraq.

"I can't think of a more devastating commentary," said Armed Services Committee Chairman Sen. Carl Levin, Michigan Democrat.

He cited Mr. Gimble's findings that Mr. Feith's office was, despite doubts expressed by the intelligence community, pushing conclusions that September 11 hijacker Mohammed Atta had met an Iraqi intelligence officer in Prague five months before the attack, and that there were "multiple areas of cooperation" between Iraq and al Qaeda, including shared pursuit of weapons of mass destruction.

"That was the argument that was used to make the sale to the American people about the need to go to war," Mr. Levin said Thursday. He said the Pentagon's work, "which was wrong, which was distorted, which was inappropriate ... is something which is highly disturbing."

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Republicans on the panel disagreed. Sen. James M. Inhofe, Oklahoma Republican, said the "probing questions" raised by Mr. Feith's policy group improved the intelligence process.

"I'm trying to figure out why we are here," said Sen. Saxby Chambliss, Georgia Republican, adding the office was doing its job of analyzing intelligence that the CIA and other intelligence agencies had gathered.

Mr. Gimble responded that at issue was that the information, supplied by Mr. Feith's office in briefings to the National Security Council and the office of Vice President Dick Cheney, was "provided without caveats" and that there were varying opinions on its reliability.

Mr. Gimble's report said Mr. Feith's office had made assertions "that were inconsistent with the consensus of the intelligence community."

At the White House, spokeswoman Dana Perino said President Bush has revamped the U.S. spy community to try avoiding a repeat of flawed intelligence affecting policy decisions by creating a director of national intelligence and making other changes.

"I think what he has said is that he took responsibility, and that the intel was wrong, and that we had to take measures to revamp the intel community to make sure that it never happened again," Mrs. Perino said.

Defense Department spokesman Bryan Whitman denied that the office was producing its own intelligence products, saying they were challenging what was coming in from intelligence-gathering professionals, "looking at it with a critical eye."

Levin: High-ranking DoD Officials Manipulated Iraq Intelligence (HILL)

By Klaus Marre

The Hill, February 9, 2007

High-ranking Department of Defense officials "manipulated" intelligence to link al Qaeda and Iraq to bolster the case for an invasion, Senate Armed Services Committee Chairman Carl Levin (D-Mich.) charged Friday, citing a new Pentagon report.

The DoD inspector general released the results of the investigation Friday, and an unclassified summary of the document shows that the "Office of the Under Secretary of Defense for Policy [at the time being run by Douglas Feith] developed, produced, and then disseminated alternative intelligence assessments on the Iraq and al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the intelligence community, to senior decision makers."

While the inspector general said these actions "were not illegal or unauthorized," they were "inappropriate."

Levin called the report a "devastating condemnation of inappropriate activities by the DoD policy office that helped take this nation to war."

Sen. James Inhofe (R-Okla.), at the onset of a hearing on the issue, strongly opposed Levin's interpretation of the investigation.

"You can read the same report and come up with different conclusions, which is quite obvious and will be obvious," Inhofe said. "I don't think in any way that his report could be interpreted as a devastating condemnation."

Levin said he would seek a declassification of the entire report, which would make it available to the public.

Corrections (WP)

The Washington Post, February 10, 2007

-- A Feb. 9 front-page article about a Pentagon inspector general's report regarding the office of former undersecretary of defense Douglas J. Feith incorrectly attributed quotations to that report. References to Feith's office producing "reporting of dubious quality or reliability" and that the office "was predisposed to finding a significant relationship between Iraq and al Qaeda" were from a report issued by Sen. Carl M. Levin (D-Mich.) in October 2004. Similarly, the quotes stating that Feith's office drew on "both reliable and unreliable reporting" to produce a link between al-Qaeda and Iraq "that was much stronger than that assessed by the IC [intelligence community] and more in accord with the policy views of senior officials in the Administration" were also from Levin's report. The article also stated that the intelligence provided by Feith's office supported the political views of senior administration officials, a conclusion that the inspector general's report did not draw.

The two reports employ similar language to characterize the activities of Feith's office: Levin's report refers to an "alternative intelligence assessment process" developed in that office, while an unclassified summary of the inspector general's report states

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that the office "developed, produced, and then disseminated alternative intelligence assessments on the Iraq and al Qaida relationship, which included some conclusions that were inconsistent with the consensus of the Intelligence Community, to senior decision-makers." The summary of the inspector general's report further states that Feith's briefing to the White House in 2002 "undercuts the Intelligence Community" and "did draw conclusions that were not fully supported by the available intelligence."

The Build-a-War Workshop (NYT)

The New York Times, February 10, 2007

It took far too long, but a report by the Pentagon inspector general has finally confirmed that Defense Secretary Donald Rumsfeld's do-it-yourself intelligence office cooked up a link between Iraq and Al Qaeda to help justify an unjustifiable war.

The report said the team headed by Douglas Feith, under secretary of defense for policy, developed "alternative" assessments of intelligence on Iraq that contradicted the intelligence community and drew conclusions "that were not supported by the available intelligence." Mr. Feith certainly knew the Central Intelligence Agency would cry foul, so he hid his findings from the C.I.A. Then Vice President Dick Cheney used them as proof of cloak-and-dagger meetings that never happened, long-term conspiracies between Saddam Hussein and Osama bin Laden that didn't exist, and — most unforgivable — "possible Iraqi coordination" on the 9/11 attacks, which no serious intelligence analyst believed.

The inspector general did not recommend criminal charges against Mr. Feith because Mr. Rumsfeld or his deputy, Paul Wolfowitz, approved their subordinate's "inappropriate" operations. The renegade intelligence buff said he was relieved.

We're sure he was. But there is no comfort in knowing that his dirty work was approved by his bosses. All that does is add to evidence that the Bush administration knowingly and repeatedly misled Americans about the intelligence on Iraq.

To understand this twisted tale, it is important to recall how Mr. Feith got into the creative writing business. Top administration officials, especially Mr. Cheney, had long been furious at the C.I.A. for refusing to confirm the delusion about a grand Iraqi terrorist conspiracy, something the Republican right had nursed for years. Their frustration only grew after 9/11 and the C.I.A. still refused to buy these theories.

Mr. Wolfowitz would feverishly sketch out charts showing how this Iraqi knew that Iraqi, who was connected through six more degrees of separation to terrorist attacks, all the way back to the 1993 World Trade Center bombing.

But the C.I.A. kept saying there was no reliable intelligence about an Iraq-Qaeda link. So Mr. Feith was sent to review the reports and come back with the answers Mr. Cheney wanted. The inspector general's report said Mr. Feith' s team gave a September 2002 briefing at the White House on the alleged Iraq-Qaeda connection that had not been vetted by the intelligence community (the director of central intelligence was pointedly not told it was happening) and "was not fully supported by the available intelligence."

The false information included a meeting in Prague in April 2001 between an Iraqi official and Mohamed Atta, one of the 9/11 pilots. It never happened. But Mr. Feith's report said it did, and Mr. Cheney will still not admit that the story is false.

In a statement released yesterday, Senator Carl Levin, the new chairman of the Senate Armed Services Committee, who has been dogged in pursuit of the truth about the Iraqi intelligence, noted that the cooked-up Feith briefing had been leaked to the conservative Weekly Standard magazine so Mr. Cheney could quote it as the "best source" of information about the supposed Iraq-Qaeda link.

The Pentagon report is one step in a long-delayed effort to figure out how the intelligence on Iraq was so badly twisted — and by whom. That work should have been finished before the 2004 elections, and it would have been if Pat Roberts, the obedient Republican who ran the Senate Intelligence Committee, had not helped the White House drag it out and load it in ways that would obscure the truth.

It is now up to Mr. Levin and Senator Jay Rockefeller, the current head of the intelligence panel, to give Americans the answers. Mr. Levin's desire to have the entire inspector general's report on the Feith scheme declassified is a good place to start. But it will be up to Mr. Rockefeller to finally determine how old, inconclusive, unsubstantiated and false intelligence was transformed into fresh, reliable and definitive reports — and then used by Mr. Bush and other top officials to drag the country into a disastrous and unnecessary war.

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Evidence Links Iran, Insurgents (WT)

By Rowan Scarborough

The Washington Times, February 10, 2007

Defense Secretary Robert M. Gates said yesterday there is solid circumstantial evidence that Iran is supplying insurgents with explosives that are killing U.S. troops in Iraq.

"I think there's some serial numbers, there may be some markings on some of the projectiles fragments that we found" that trace back to Iran, he told reporters while traveling to Germany for a NATO conference.

The White House and the U.S. command in Baghdad are preparing a report making the case that the regime in Tehran is supporting like-minded Shi'ite insurgents in Iraq. The United States says the aid includes improvised explosive devices, which the Army reports cause 80 percent of all soldier casualties.

The report was put on hold after some White House officials determined the evidence was not strong enough to back up some of its assertions. But they have not backed off the general charge that Iran is indirectly fighting the United States via Iraqi insurgents.

President Bush announced Jan. 10 that the United States would begin targeting Iranian networks working inside Iraq. But officials repeatedly have said they will not strike Iran inside its borders.

Javad Zarif, Iran's ambassador to the United Nations, said in a radio interview that aired yesterday that his country has "no interest" in providing weapons to any insurgent group in Iraq.

"But the problem is that the United States has decided on a policy and is trying to find or fabricate evidence if it cannot find one -- and I believe it hasn't been able to find any evidence -- in order to substantiate and corroborate that policy," Mr. Zarif said on National Public Radio's "All Things Considered."

Meanwhile in Iraq, joint Iraqi and American forces continued the new offensive designed to finally quell violence in Baghdad and tip the balance of battle in the coalition's favor.

The operation calls for three Iraqi brigades and five American ones to join forces in the city during the coming weeks. To date, one Iraqi brigade, at about 60 percent strength, is in the capital city. The second is en route, and a third will deploy later this month.

The first American brigade -- the 82nd Airborne Division's 2nd Brigade Combat Team -- is now in the city. The second of the five is heading to Kuwait. The remaining three are in the United States preparing to deploy.

"So far so good," said Lt. Gen. Douglas Lute, director of operations for the Pentagon's Joint Staff. "But we're in the very early days of what will be a very deliberate campaign that will unfold only over several months, and we should not expect quick, easy or dramatic results."

In previous offensives in Iraq, the Shi'ite-dominated government of Prime Minister Nouri al-Maliki never followed through on U.S. demands to target the Mahdi Army, a militia controlled by firebrand cleric Muqtada al-Sadr.

Gen. Lute said things are different this time.

"They said they were going to commit more troops to Baghdad. They have," he said. "They said they were going to have a no-holds-barred rules of engagement, set of rules of engagement, meaning that no geographic or political -- geographic location or political entity would be immune from law and order in Baghdad."

This week, he said, the al-Maliki government arrested a deputy health minister linked to death squads within the Mahdi Army. He said such action was unthinkable a few months ago.

Gen. Lute provided an update on the rash of American helicopter crashes in Iraq. Six helicopters -- four military and two civilian -- have gone down in less than three weeks.

The crashes have led to speculation that insurgents have perfected ways to locate and shoot down low-flying choppers, perhaps with shoulder-fired, heat-seeking missiles.

Gen. Lute said two aircraft were downed while in "close contact" with the enemy. Two others were also downed by groundfire, but not in battle. One crashed after hitting a wire, and the sixth had mechanical problems.

The general said investigations have not yet found a pattern of enemy activity that could explain the four that were shot down.

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"It's a bit too soon to tell," he said.

Deadliest Bomb In Iraq Is Made By Iran, U.S. Says (NYT)

By Michael R. Gordon

The New York Times, February 10, 2007

WASHINGTON, Feb. 9 — The most lethal weapon directed against American troops in Iraq is an explosive-packed cylinder that United States intelligence asserts is being supplied by Iran.

The assertion of an Iranian role in supplying the device to Shiite militias reflects broad agreement among American intelligence agencies, although officials acknowledge that the picture is not entirely complete.

In interviews, civilian and military officials from a broad range of government agencies provided specific details to support what until now has been a more generally worded claim, in a new National Intelligence Estimate, that Iran is providing "lethal support" to Shiite militants in Iraq.

The focus of American concern is known as an "explosively formed penetrator," a particularly deadly type of roadside bomb being used by Shiite groups in attacks on American troops in Iraq. Attacks using the device have doubled in the past year, and have prompted increasing concern among military officers. In the last three months of 2006, attacks using the weapons accounted for a significant portion of Americans killed and wounded in Iraq, though less than a quarter of the total, military officials say.

Because the weapon can be fired from roadsides and is favored by Shiite militias, it has become a serious threat in Baghdad. Only a small fraction of the roadside bombs used in Iraq are explosively formed penetrators. But the device produces more casualties per attack than other types of roadside bombs.

Any assertion of an Iranian contribution to attacks on Americans in Iraq is both politically and diplomatically volatile. The officials said they were willing to discuss the issue to respond to what they described as an increasingly worrisome threat to American forces in Iraq, and were not trying to lay the basis for an American attack on Iran.

The assessment was described in interviews over the past several weeks with American officials, including some whose agencies have previously been skeptical about the significance of Iran's role in Iraq. Administration officials said they recognized that intelligence failures related to prewar American claims about Iraq's weapons arsenal could make critics skeptical about the American claims.

The link that American intelligence has drawn to Iran is based on a number of factors, including an analysis of captured devices, examination of debris after attacks, and intelligence on training of Shiite militants in Iran and in Iraq by the Iranian Revolutionary Guard and by Hezbollah militants believed to be working at the behest of Tehran.

The Bush administration is expected to make public this weekend some of what intelligence agencies regard as an increasing body of evidence pointing to an Iranian link, including information gleaned from Iranians and Iraqis captured in recent American raids on an Iranian office in Erbil and another site in Baghdad.

The information includes interrogation reports from the raids indicating that money and weapons components are being brought into Iraq from across the Iranian border in vehicles that travel at night. One of the detainees has identified an Iranian operative as having supplied two of the bombs. The border crossing at Mehran is identified as a major crossing point for the smuggling of money and weapons for Shiite militants, according to the intelligence.

According to American intelligence, Iran has excelled in developing this type of bomb, and has provided similar technology to Hezbollah militants in southern Lebanon. The manufacture of the key metal components required sophisticated machinery, raw material and expertise that American intelligence agencies do not believe can be found in Iraq. In addition, some components of the bombs have been found with Iranian factory markings from 2006.

Defense Secretary Robert M. Gates appeared to allude to this intelligence on Friday when he told reporters in Seville, Spain, that serial numbers and other markings on weapon fragments found in Iraq point to Iran as a source.

Some American intelligence experts believe that Hezbollah has provided some of the logistical support and training to Shiite militias in Iraq, but they assert that such steps would not be taken without Iran's blessing.

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"All source reporting since 2004 indicates that Iran's Islamic Revolutionary Corps-Quds Force is providing professionally-built EFPs and components to Iraqi Shia militants," notes a still-classified American intelligence report that was prepared in 2006.

"Based on forensic analysis of materials recovered in Iraq," the report continues, "Iran is assessed as the producer of these items."

The United States, using the Swiss Embassy in Tehran as an intermediary, has privately warned the Iranian government to stop providing the military technology to Iraqi militants, a senior administration official said. The British government has issued similar warnings to Iran, according to Western officials. Officials said that the Iranians had not responded.

An American intelligence assessment described to The New York Times said that "as part of its strategy in Iraq, Iran is implementing a deliberate, calibrated policy — approved by Supreme Leader Khamenei and carried out by the Quds Force — to provide explosives support and training to select Iraqi Shia militant groups to conduct attacks against coalition targets." The reference was to Ayatollah Ali Khamenei, the Iranian leader, and to an elite branch of Iran's Islamic Revolutionary Guards Command that is assigned the task of carrying out paramilitary operations abroad.

"The likely aim is to make a military presence in Iraq more costly for the U.S.," the assessment said.

Other officials believe Iran is using the attacks to send a warning to the United States that it can inflict casualties on American troops if the United States takes a more forceful posture toward it.

Iran has publicly denied the allegations that it is providing military support to Shiite militants in Iraq. Javad Zarif, Iran's ambassador to the United Nations, wrote in an Op-Ed article published on Thursday in The Times that the Bush administration was "trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq."

The explosively formed penetrator, detonated on the roadside as American vehicles pass by, is capable of blasting a metal projectile through the side of an armored Humvee with devastating consequences.

American military officers say that attacks using the weapon reached a high point in December, when it accounted for a significant portion of Americans killed and wounded in Iraq. For reasons that remain unclear, attacks using the device declined substantially in January, but the weapons remain one of the principal threats to American troops in and around Baghdad, where five additional brigades of American combat troops are to be deployed under the Bush administration's new plan.

"It is the most effective I.E.D out there," said Lt. Col. James Danna, who led the Second Battalion, Sixth Infantry Regiment in Baghdad last year, referring to improvised explosive devices, as the roadside bombs are known by the American military. "To me it is a political weapon. There are not a lot of them out there, but every time we crack down on the Shia militias that weapon comes out. They want to keep us on our bases, keep us out of their neighborhoods and prevent us from doing our main mission, which is protecting vulnerable portions of the population."

Adm. William Fallon, President Bush's choice to head the Central Command, alluded to the weapon's ability to punch through the side of armored Humvees in his testimony to Congress last month.

"Equipment that was, we thought, pretty effective in protecting our troops just a matter of months ago is now being challenged by some of the techniques and devices over there," Admiral Fallon said. "So I'm learning as we go in that this is a fast-moving ballgame."

Mr. Gates told reporters last week that he had heard there had been cases in which the weapon "can take out an Abrams tank."

The increasing use of the weapon is the latest twist in a lethal game of measure and countermeasure that has been carried out throughout the nearly four-year-old Iraq war. Using munitions from Iraq's vast and poorly guarded arsenal, insurgents developed an array of bombs to strike the more heavily armed and technologically superior American military.

In response, the United States military deployed armored Humvees, which in turn spawned the development of even more potent roadside bombs. American officials say that the first suspected use of the penetrator occurred in late 2003 and that attacks have risen steadily since then.

To make the weapon, a metal cylinder is filled with powerful explosives. A metal concave disk manufactured on a special press is fixed to the firing end.

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Several of the cylinders are often grouped together in an array. The weapon is generally triggered when American vehicles drive by an infrared sensor, which operates on the same principle as a garage door opener. The sensor is impervious to the electronic jamming the American military uses to try to block other remote-control attacks.

When an American vehicle crosses the beam, the explosives in the cylinders are detonated, hurling their metal lids at targets at a tremendous speed. The metal changes shape in flight, forming into a slug that penetrate many types of armor.

In planning their attacks, Shiite militias have taken advantage of the tactics employed by American forces in Baghdad. To reduce the threat from suicide car bombs and minimize the risk of inadvertently killing Iraqi civilians, American patrols and convoys have been instructed to keep their distance from civilian traffic. But that has made it easier for the Shiite militias to attack American vehicles. When they see American vehicles approaching, they activate the infrared sensors.

According to American intelligence agencies, the Iranians are also believed to have provided Shiite militants with rocket-propelled grenades, shoulder-fired antiaircraft missiles, mortars, 122-millimeter rockets and TNT.

Among the intelligence that the United States is expected to make public this weekend is information indicating that some of these weapons said to have been made in Iran were carried into Iraq in recent years. Examples include a shoulder-fired antiaircraft missile that was fired at a plane flying near the Baghdad airport in 2004 but which failed to launch properly; an Iranian rocket-propelled grenade made in 2006; and an Iranian 81-millimeter mortar made in 2006.

Assessments by American intelligence agencies say there is no indication that there is any kind of black-market trade in the Iranian-linked roadside bombs, and that shipments of the components are being directed to Shiite militants who have close links to Iran. The American military has developed classified techniques to try to counter the sophisticated weapon.

Marine officials say that weapons have not been found in the Sunni-dominated Anbar Province, adding to the view that the device is an Iranian-supplied and Shiite-employed weapon.

To try to cut off the supply, the American military has sought to focus on the cells of Iranian Revolutionary Guard operatives it asserts are in Iraq. American intelligence agencies are concerned that the Iranians may respond by increasing the supply of the weapons.

"We are working day and night to disassemble these networks that do everything from bring the explosives to the point of construction, to how they're put together, to who delivers them, to the mechanisms that are used to have them go off," Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said last week. "It is instructive that at least twice in the last month, that in going after the networks, we have picked up Iranians."

Gates: Bombs Tie Iran To Iraq Extremists (AP)

By Lolita C. Baldor

AP, February 9, 2007

MUNICH, Germany — Serial numbers and other markings on bombs suggest that Iranians are linked to deadly explosives used by Iraqi militants, Defense Secretary Robert Gates said Friday in some of the administration's first public assertions on evidence the military has collected.

While the Bush administration and military officials have repeatedly said Iranians have been tied to terrorist bombings in Iraq, they have said little about evidence to bolster such claims, including any documents and other items collected in recent raids in Iraq.

National security officials in Washington and Iraq have been working for weeks on a presentation intended to provide evidence for Bush administration claims of what they say are Iran's meddlesome and deadly activities.

The materials — which in their classified form include slides and some two inches of documents — provide evidence of Iran's role in supplying Iraqi militants with highly sophisticated and lethal improvised explosive devices and other weaponry. Among the weapons is a roadside bomb known as an "explosively formed penetrator," which can pierce the armor of Abrams tanks with nearly molten-hot charges. One intelligence official said the U.S. is "fairly comfortable" that it knows with some precision the origin of those Iranian-made explosives.

The Iran dossier also lays out alleged Iranian efforts to train Iraqis in military techniques.

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Yet, government officials say there is some disagreement about how much to make public to support the administration's case. Intelligence officials worry the sources of their information could dry up.

Among the evidence the administration will present are weapons that were seized in U.S.-led raids on caches around Iraq, one military official in Washington said on condition of anonymity because he was not authorized to speak publicly.

Other evidence includes documents captured when U.S.-led forces raided an Iranian office Jan. 11 in Irbil in northern Iraq, the official said. Tehran said it was a government liaison office, but the U.S. military said five Iranians detained in the raid were connected to an Iranian Revolutionary Guard faction that funds and arms insurgents in Iraq.

The assertions have been met with skepticism by some lawmakers still fuming over intelligence reports used by the administration to propel the country to war with Iraq in 2003. Gates' comments came as a new Pentagon inspector general's report criticized prewar Defense Department assertions of al-Qaeda connections to Iraq.

Speaking with reporters in Seville, Spain, on Friday before traveling to Munich, Gates told reporters that markings on explosives provide "pretty good" evidence that Iranians are supplying either weapons or technology for Iraqi extremists.

"I think there's some serial numbers, there may be some markings on some of the projectile fragments that we found" that point to Iran, he said.

Gates' remarks left unclear how the U.S. knows the serial numbers are traceable to Iran and whether such weapons would have been sent to Iraq by the Iranian government or by private arms dealers.

Explosives have been a leading killer of U.S. forces in Iraq, where more than 3,000 U.S. troops have died in the nearly four-year-old war.

In Iraq on Friday, the military reported three more American soldiers killed in combat, pushing the U.S. death toll to 33 in the first eight days of the month.

Separately, U.S. helicopters targeting insurgents mistakenly killed at least five allied Kurdish militiamen in the northern city of Mosul early Friday.

Last week, Gates said that U.S. military officers in Baghdad had been planning to brief reporters on what was known about Iranian involvement in Iraq but that he and other senior officials had delayed the briefing to assure the information was accurate.

On Friday, White House spokeswoman Dana Perino said such information would come from U.S. officials in Iraq, though she did not say when.

"There has been discussion about how to detail out some of that evidence," she told reporters. "Decisions on that are being made out of Baghdad."

State Department spokesman Tom Casey said Friday that officials hoping to publicly release the information face another problem as well.

He said, "Under the circumstances and given the attention that this has gotten, we want to make sure that we provide you the best information possible but do so in a way that doesn't compromise sources and methods, that doesn't make it harder for us to deal with the situation that's there."

Gates also told reporters that he was surprised that raids last month by coalition and Iraqi forces in Iraq swept up some Iranians.

"I don't think there was surprise that the Iranians were actually involved, I think there was surprise we actually picked up some," he said.

He and other U.S. officials have said for some time that Iranians, and possibly the government of Iran, have been providing weapons technology and perhaps some explosives to Iraqi fighters.

Gates, who attended his first NATO defense ministers meeting in Seville this week before flying to Munich for a security conference, said Iran is "very much involved in providing either the technology or the weapons themselves for these explosively formed projectiles."

He acknowledged the Iranian weapons are not a large percentage of the roadside bombs used in Iraq, but he said, "They're extremely lethal."

Gates said the recent raids combined with the movement of an additional U.S. aircraft carrier into the Persian Gulf have created a stir, but he said the Bush administration had no intention of attacking Iran.

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Asked about the Defense Department inspector general's report criticizing the Pentagon's use of prewar intelligence, Gates said he hadn't yet read it.

But, he added, "based on my whole career, I believe that all intelligence activities need to be carried on through established institutions, and where there is appropriate oversight. And if the intelligence isn't adequate, then changes need to be made in these institutions to improve the intelligence."

Al-Qaeda Suspects Color White House Debate Over Iran (WP)

By Dafna Linzer

The Washington Post, February 10, 2007

Last week, the CIA sent an urgent report to President Bush's National Security Council: Iranian authorities had arrested two al-Qaeda operatives traveling through Iran on their way from Pakistan to Iraq. The suspects were caught along a well-worn, if little-noticed, route for militants determined to fight U.S. troops on Iraqi soil, according to a senior intelligence official.

The arrests were presented to Bush's senior policy advisers as evidence that Iran appears committed to stopping al-Qaeda foot traffic across its borders, the intelligence official said. That assessment comes at a time when the Bush administration, in an effort to push for further U.N. sanctions on the Islamic republic, is preparing to publicly accuse Tehran of cooperating with and harboring al-Qaeda suspects.

The strategy has sparked a growing debate within the administration and the intelligence community, according to U.S. intelligence and government officials. One faction is pressing for more economic embargoes against Iran, including asset freezes and travel bans for the country's top leaders. But several senior intelligence and counterterrorism officials worry that a public push regarding the al-Qaeda suspects held in Iran could jeopardize U.S. intelligence-gathering and prompt the Iranians to free some of the most wanted individuals.

"There was real debate about all this," said one counterterrorism official. "If we go public, the Iranians could turn them loose." The official added: "At this point, we know where these guys are and at least they are off the streets. We could lose them for years if we go down this path."

The administration's planned diplomatic offensive is part of an effort to pressure Tehran from multiple directions. Bush has given the U.S. military the authority to kill or capture Iranian government agents working with Shiite militias inside Iraq. Yesterday, Defense Secretary Robert M. Gates said serial numbers and markings on some explosives used in Iraq indicate that the material came from Iran, but he offered no evidence.

With the aim of shaking Tehran's commitment to its nuclear program, Bush also approved last fall secret operations to target Iranian influence in southern Lebanon, in western Afghanistan, in the Palestinian territories and inside Iran. The new strategy, a senior administration official said, aims to portray Iran as a "terror-producing country, instead of an oil-producing country," with links to al-Qaeda, Hezbollah and death squads in Iraq.

U.S. officials have asserted for years that several dozen al-Qaeda fighters, including Osama bin Laden's son, slipped across the Afghan border into Iran as U.S. troops hunted for the perpetrators of the Sept. 11, 2001, attacks. U.S. and allied intelligence services, which have monitored the men's presence inside Iran, reported that Tehran was holding them under house arrest as bargaining chips for potential deals with Washington.

Last fall, Bush administration officials asked the CIA to compile a list of those suspects so the White House could publicize their presence. For years, the administration has not revealed their names, in part because it sought to protect its intelligence sources but also because at the time the U.S. government was concealing the identities of suspects it was holding in secret CIA custody.

But the names of some of the men in Iran have become public, including "high-value" targets such as al-Qaeda spokesman Sulaiman Abu Ghaith of Kuwait and Saif al-Adel of Egypt. U.S. intelligence officials said they are members of the "al-Qaeda operational management committee." U.S. intelligence officials said there are suspicions, but no proof, that one of them may have been involved from afar in planning an attack in Riyadh, Saudi Arabia, in May 2003. Intelligence officials said bin Laden's son Saad is also being held with the other men in Iran.

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Five administration officials were made available for interviews for this story on the condition that they not be identified. Other officials who spoke without permission -- including senior officials, career analysts and policymakers -- said their standing with the White House would be at risk if they were quoted by name.

The State Department, Pentagon and CIA referred all questions about the story to the National Security Council. In a written response to questions, NSC spokesman Gordon Johndroe said: "Iran's sponsorship of terrorism is one of the reasons for the sanctions now against it. We note that U.N. Security Council resolutions already oblige all states to ensure that members of terrorist groups, including al-Qaeda, are brought to justice."

Since al-Qaeda fighters began streaming into Iran from Afghanistan in the winter of 2001, Tehran had turned over hundreds of people to U.S. allies and provided U.S. intelligence with the names, photographs and fingerprints of those it held in custody, according to senior U.S. intelligence and administration officials. In early 2003, it offered to hand over the remaining high-value targets directly to the United States if Washington would turn over a group of exiled Iranian militants hiding in Iraq.

Some of Bush's top advisers pushed for the trade, arguing that taking custody of bin Laden's son and the others would produce new leads on al-Qaeda. They were also willing to trade away the exiles -- members of a group on the State Department's terrorist list -- who had aligned with Saddam Hussein in an effort to overthrow the Iranian government.

Officials have said Bush ultimately rejected the exchange on the advice of Vice President Cheney and then-Defense Secretary Donald H. Rumsfeld, who argued that any engagement would legitimize Iran and other state sponsors of terrorism. Bush's National Security Council agreed to accept information from Iran on al-Qaeda but offer nothing in return, officials said.

But no information has been forthcoming, intelligence officials said. One official said the CIA and the Pentagon's Defense Intelligence Agency have disagreed over how effectively the Iranians are controlling al-Qaeda members and whether the Tehran government is aware of the extent of al-Qaeda movements through the country.

Nevertheless, administration officials said they are determined to press Iran on the matter.

"We are not convinced that the Iranians have been honest or open about the level or degree of al-Qaeda presence in their midst," said one Bush adviser who was instrumental in coming up with a more confrontational U.S. approach to Iran. "They have not made proper accounting with respect to U.N. resolutions, have not been clear about who is in detention and have not been clear as to what is happening to individuals who might be in custody."

Bush administration officials pointed to U.N. Security Council Resolutions 1267 and 1373, which state that harboring al-Qaeda members constitutes a threat to international peace and security, and authorize force to combat that threat. The resolutions compel nations to share any information on al-Qaeda suspects and give the United Nations authority to freeze the assets of suspects and those who provide them with safe haven.

Two U.S. officials said the administration plans to argue that Iran is violating those resolutions. A team of senior U.S. officials has been holding briefings for visiting European diplomats on the issue while administration lawyers prepare options for holding Iran in violation of U.N. resolutions.

"We've started a more aggressive and major attempt to try to convince other countries to use their influence on this issue," a senior U.S. diplomat said. "Until now, the Europeans have been focused on the nuclear issue and we want this high up on the agenda."

But another government official predicted that no European country would support a call on Iran to turn the al-Qaeda group over to U.S. military detention at Guantanamo Bay, Cuba, a facility widely condemned by Washington's closest allies. In the past year, U.S. officials said they successfully pushed Egypt, Kuwait and Saudi Arabia to seek extradition of their citizens held in Iran, but Tehran rebuffed the requests. Administration officials said they interpreted the refusal as evidence of cooperation between the Iranian government and the group.

"We'd be happy to see them face trial anywhere," a senior administration official said.

Target Iran: US Able To Strike In The Spring (GUARD)

By Ewen MacAskill

The Guardian, February 10, 2007

DOJ_NMG_0130832

US preparations for an air strike against Iran are at an advanced stage, in spite of repeated public denials by the Bush administration, according to informed sources in Washington.

The present military build-up in the Gulf would allow the US to mount an attack by the spring. But the sources said that if there was an attack, it was more likely next year, just before Mr Bush leaves office.

Neo-conservatives, particularly at the Washington-based American Enterprise Institute, are urging Mr Bush to open a new front against Iran. So too is the vice-president, Dick Cheney. The state department and the Pentagon are opposed, as are Democratic congressmen and the overwhelming majority of Republicans. The sources said Mr Bush had not yet made a decision. The Bush administration insists the military build-up is not offensive but aimed at containing Iran and forcing it to make diplomatic concessions. The aim is to persuade Tehran to curb its suspect nuclear weapons programme and abandon ambitions for regional expansion.

Article continues

Robert Gates, the new US defence secretary, said yesterday: "I don't know how many times the president, secretary [of state Condoleezza] Rice and I have had to repeat that we have no intention of attacking Iran."

But Vincent Cannistraro, a Washington-based intelligence analyst, shared the sources' assessment that Pentagon planning was well under way. "Planning is going on, in spite of public disavowals by Gates. Targets have been selected. For a bombing campaign against nuclear sites, it is quite advanced. The military assets to carry this out are being put in place."

He added: "We are planning for war. It is incredibly dangerous."

Deployment

Mr Cannistraro, who worked for the CIA and the National Security Council, stressed that no decision had been made.

Last month Mr Bush ordered a second battle group led by the aircraft carrier USS John Stennis to the Gulf in support of the USS Eisenhower. The USS Stennis is due to arrive within the next 10 days. Extra US Patriot missiles have been sent to the region, as well as more minesweepers, in anticipation of Iranian retaliatory action.

In another sign that preparations are under way, Mr Bush has ordered oil reserves to be stockpiled.

The danger is that the build-up could spark an accidental war. Iranian officials said on Thursday that they had tested missiles capable of hitting warships in the Gulf.

Colonel Sam Gardiner, a former air force officer who has carried out war games with Iran as the target, supported the view that planning for an air strike was under way: "Gates said there is no planning for war. We know this is not true. He possibly meant there is no plan for an immediate strike. It was sloppy wording.

"All the moves being made over the last few weeks are consistent with what you would do if you were going to do an air strike. We have to throw away the notion the US could not do it because it is too tied up in Iraq. It is an air operation."

One of the main driving forces behind war, apart from the vice-president's office, is the AEI, headquarters of the neo-conservatives. A member of the AEI coined the slogan "axis of evil" that originally lumped Iran in with Iraq and North Korea. Its influence on the White House appeared to be in decline last year amid endless bad news from Iraq, for which it had been a cheerleader. But in the face of opposition from Congress, the Pentagon and state department, Mr Bush opted last month for an AEI plan to send more troops to Iraq. Will he support calls from within the AEI for a strike on Iran?

Josh Muravchik, a Middle East specialist at the AEI, is among its most vocal supporters of such a strike.

"I do not think anyone in the US is talking about invasion. We have been chastened by the experience of Iraq, even a hawk like myself." But an air strike was another matter. The danger of Iran having a nuclear weapon "is not just that it might use it out of the blue but as a shield to do all sorts of mischief. I do not believe there will be any way to stop this happening other than physical force."

Mr Bush is part of the American generation that refuses to forgive Iran for the 1979-81 hostage crisis. He leaves office in January 2009 and has said repeatedly that he does not want a legacy in which Iran has achieved superpower status in the region and come close to acquiring a nuclear weapon capability. The logic of this is that if diplomatic efforts fail to persuade Iran to stop uranium enrichment then the only alternative left is to turn to the military.

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Mr Muravchik is intent on holding Mr Bush to his word: "The Bush administration have said they would not allow Iran nuclear weapons. That is either bullshit or they mean it as a clear code: we will do it if we have to. I would rather believe it is not hot air."

Other neo-cons elsewhere in Washington are opposed to an air strike but advocate a different form of military action, supporting Iranian armed groups, in particular the Mujahideen-e Khalq (MEK), even though the state department has branded it a terrorist organisation.

Raymond Tanter, founder of the Iran Policy Committee, which includes former officials from the White House, state department and intelligence services, is a leading advocate of support for the MEK. If it comes to an air strike, he favours bunker-busting bombs. "I believe the only way to get at the deeply buried sites at Natanz and Arak is probably to use bunker-buster bombs, some of which are nuclear tipped. I do not believe the US would do that but it has sold them to Israel."

Opposition support

Another neo-conservative, Meyrav Wurmser, director of the centre for Middle East policy at the Hudson Institute, also favours supporting Iranian opposition groups. She is disappointed with the response of the Bush administration so far to Iran and said that if the aim of US policy after 9/11 was to make the Middle East safer for the US, it was not working because the administration had stopped at Iraq. "There is not enough political will for a strike. There seems to be various notions of what the policy should be."

In spite of the president's veto on negotiation with Tehran, the state department has been involved since 2003 in back-channel approaches and meetings involving Iranian officials and members of the Bush administration or individuals close to it. But when last year the Iranian president, Mahmoud Ahmadinejad, sent a letter as an overture, the state department dismissed it within hours of its arrival.

Support for negotiations comes from centrist and liberal thinktanks. Afshin Molavi, a fellow of the New America Foundation, said: "To argue diplomacy has not worked is false because it has not been tried. Post-90s and through to today, when Iran has been ready to dance, the US refused, and when the US has been ready to dance, Iran has refused. We are at a stage where Iran is ready to walk across the dance floor and the US is looking away."

He is worried about "a miscalculation that leads to an accidental war".

The catalyst could be Iraq. The Pentagon said yesterday that it had evidence - serial numbers of projectiles as well as explosives - of Iraqi militants' weapons that had come from Iran. In a further sign of the increased tension, Iran's main nuclear negotiator, Ali Larijani, cancelled a visit to Munich for what would have been the first formal meeting with his western counterparts since last year.

If it does come to war, Mr Muravchik said Iran would retaliate, but that on balance it would be worth it to stop a country that he said had "Death to America" as its official slogan.

"We have to gird our loins and prepare to absorb the counter-shock," he said.

World Atomic Agency Suspends 22 Programs Of Aid To Iran (NYT)

By William J. Broad

The New York Times, February 10, 2007

The International Atomic Energy Agency said yesterday that it had suspended 22 of its 55 technical aid programs with Iran, giving Washington a modest victory in its efforts to isolate Tehran internationally in the hope of curbing its nuclear ambitions.

The agency, in a report to its board, said it had also suspended a number of lesser activities, including three fellowships, participation in a training course and procurement of 15 pieces of equipment.

Washington objected to the programs and projects as aiding Tehran's nuclear efforts, which like many around the world could have military as well as civilian uses.

The agency's action is one of the few cases in which reluctant allies have joined Washington's efforts to confront Iran. Recently, the United States had Iranians seized in Iraq, strengthened its armada in the Persian Gulf and sought to starve Iran of money it needs to revitalize its oil industry.

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Ali Asghar Soltanieh, Iran's ambassador to the agency, based in Vienna, denounced the suspensions as "a very dangerous game" that would have no impact on its disputed nuclear program. Rather, he said in an interview, they will undermine the atomic energy agency's authority and many countries' desire to join it.

"This is a negative message to developing countries," Mr. Soltanieh said. "It will put in jeopardy their incentive to become members" of the agency and the treaty that seeks to halt the spread of nuclear weapons.

David Albright, president of the Institute for Science and International Security, a private group in Washington that tracks nuclear arms, called the suspensions mostly symbolic. "I don't think they'll do serious harm to Iran," he said.

The United States lobbied hard to have the nuclear agency cut roughly in half its 55 programs of technical aid to Iran, but it faced stiff opposition. Developing countries feared that the cuts would set a bad precedent that could threaten their own aid. And the agency, which routinely grants requests for technical assistance, resisted any political meddling with a worldwide effort on which it spends roughly $100 million a year.

"They've had a thankless task," a European diplomat, speaking on the condition of anonymity because of protocol, said Friday of the agency's rethinking of its cooperative efforts. The agency's officials, the diplomat added, "caved in to pressure."

An American official said Washington's position on the disputed projects was similar to that of Britain, France and Germany.

The agency, known as the world's nuclear policeman, has long enjoyed a mandate to promote the safe use of nuclear power and other nuclear technologies, through a complex system of technical aid programs with roughly a hundred countries. Although the aid is meant exclusively for civilian use, experts say that some of the knowledge involved can be useful in mastering the basic skills and technologies needed to make nuclear weapons.

Many experts say Iran is just years away from gaining the ability to make an atomic bomb, though Tehran insists that its nuclear program is strictly for generation of electricity and other peaceful ends.

In November, under pressure from the United States and its allies, the atomic agency denied an Iranian request for technical help in safely completing a heavy-water nuclear reactor. Tehran said it was to make isotopes for medical treatments. Critics said plutonium created by the reactor as a byproduct could fuel atomic bombs.

On Dec. 23, the United Nations Security Council imposed sanctions on Iran for refusing to stop its enrichment of uranium and called on the atomic agency, a United Nations body, to reconsider its aid to Tehran. The Council said such cooperation should center exclusively on projects related to food, agriculture, medicine, safety or other humanitarian purposes.

"No such technical cooperation," it said, "shall be provided that relates to the proliferation-sensitive nuclear activities."

On Friday, Mohamed ElBaradei, the agency's director, issued a report to its 35-nation board detailing the suspensions called for by the Security Council. It said Iran participated in 55 projects, including 15 individual and 40 regional and interregional endeavors.

It further said the agency's secretariat had determined that cooperation should continue for 33 projects but end for 22 others, including ones meant to aid Iran's development of nuclear power, its radiation processing of metals and plastics and its improvement of atomic management and strategic planning. The report added that the agency, on receiving Iranian requests for specific assistance, might grant exceptions for limited cooperation.

The report said, "The secretariat has evaluated, and established the necessary internal procedures to keep under review, all its technical assistance activities to ensure that none of them contribute to Iran's proliferation sensitive nuclear activities."

Mr. Soltanieh, Iran's ambassador to the agency, said the suspensions would be likely to have large political repercussions and strengthen the hand of those Iranians who wanted to cut off all cooperation with the atomic agency.

"This will give ammunition to those who are putting pressure on the government," he said. "This whole thing is making a more poisonous environment."

U.N. Nuclear Agency Plans To Cancel Some Aid To Iran (LAT)

By Kim Murphy

The Los Angeles Times, February 10, 2007

DOJ_NMG_0130835

TEHRAN — The U.N. nuclear agency signaled Friday that it was preparing to cancel technical aid on nearly half its nuclear cooperation projects with Iran, a significant step toward implementing sanctions aimed at halting the nation's controversial uranium enrichment program.

In a report to the International Atomic Energy Agency's board of governors in Vienna, the agency leadership recommended stopping all assistance on projects that could contribute to enrichment and reprocessing work prohibited under a sanctions resolution adopted by the U.N. Security Council in December.

The cuts, expected to be approved by the agency's board of directors in March, end all technical aid for "safe and reliable nuclear power generation," for strategic planning and for a nuclear technology center under development. But they leave intact assistance for medicine development, radioactive waste disposal, wastewater treatment and agriculture.

They do not affect the agency's assistance on preparation to operate the civilian nuclear power reactor under construction at Bushehr, which is exempted from the U.N. resolution.

"No technical assistance … can be provided to Iran that relates to the proliferation-sensitive nuclear activities specified in the resolution. Technical assistance, however, can be provided to Iran when, after a case-by-case screening, it is found to be in conformity with the provisions of the resolution," says the report, prepared by IAEA chief Mohamed ElBaradei.

In Vienna, Iran's ambassador to the IAEA, Ali Asghar Soltanieh, was critical of the agency's decision.

"Our cooperation with the IAEA was in agriculture, medicine and peaceful affairs. So why was this halt imposed to our peaceful cooperation as well?" he told the Islamic Republic News Agency. He said the "technical and legal paradox" in the Security Council resolution "has prompted the IAEA to take this decision."

In all, the agency proposes to withdraw cooperation on as many as four of 15 national projects and as many as 14 of 34 regional projects, though a small number of those set for cancellation may be permitted after a case-by-case review.

Analysts said the IAEA action would probably not have a significant effect on Iran's nuclear program but would be likely to be perceived as a blow nonetheless. Iran is one of the largest recipients of U.N. nuclear technical cooperation.

"Iran will complain and say none of these projects are for enrichment or reprocessing, the sensitive technologies that were singled out in the resolution. But the agency is being careful to follow the letter of the Security Council resolution," said Mark Fitzpatrick, a nuclear specialist with the International Institute of Strategic Studies in London.

He said Iran, apparently caught by surprise by the Security Council's unanimous vote in favor of the sanctions resolution in December, has subsequently sought to downplay the measure's potential impact.

"They've been saying it wouldn't amount to anything. Well, here we have an indication that the IAEA says it does amount to something. Here's some projects that have to be stopped," he said. "It will contribute to the psychological discomfort of Iran."

David Albright, a former nuclear inspector who is president of the Washington-based Institute for Science and International Security, said the action "will certainly irritate" Iran, in part because Tehran may not have the funds to proceed with all the projects without U.N. help.

Shortly after the report's release, official Iranian sources said chief nuclear negotiator Ali Larijani had fallen ill and would not attend a security conference this weekend when informal talks on a negotiated solution to the standoff were planned.

But Iranian television later said Larijani would attend the meeting.

U.S. Defense Secretary Robert M. Gates is also scheduled to attend, but conference organizers said a direct meeting between the two men was unlikely.

Iran, which insists its nuclear program is intended to develop nuclear energy, not weapons, is hoping to avoid a second, escalated round of sanctions, and analysts here say it might look favorably on ElBaradei's proposal for a three-month "time out" on uranium enrichment in exchange for a similar suspension of sanctions.

Iranian President Mahmoud Ahmadinejad is supposed to make an announcement on the nuclear program during Sunday's planned street demonstrations in celebration of the anniversary of the 1979 Islamic Revolution. Many analysts believe he will announce some progress in setting up the first of 3,000 enrichment centrifuges Iran has said it is building at a major new underground facility in Natanz.

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Once that milestone has been reached, there are signs some in Iran might advocate putting the centrifuge program on hold for a time. Abbas Maleki, a former deputy foreign minister, said the centrifuges could be placed on "warm standby," injected with warm air rather than uranium gas, until a decision was reached to use them for generating fuel.

"This would present a very strange case for the United States," he said in an interview. "The United States would then be in a corner. Because all of the maps and strategies in Washington have been designed for a defiant Iran. Not an Iran which is cooperating with the United Nations."

At the same time, he cautioned, Iran is still not prepared to make unilateral concessions.

"There are thousands of cameras watching what is going on with the nuclear program, and Iran is accepting," he said. "But at the same time, Iran wants to reach a face-saving solution. You cannot say to a government that they must say, 'I'm sorry, you are right.' Iran is not Libya."

IAEA Lifts More Nuclear Assistance (WT/AP)

By George Jahn

The Washington Times, February 10, 2007

VIENNA, Austria -- The U.N. nuclear watchdog agency yesterday suspended nearly half of the technical aid it now provides Iran, an action in line with sanctions imposed on the country for its refusal to suspend uranium enrichment.

The Vienna-based International Atomic Energy Agency (IAEA) already suspended aid to Iran in five instances last month in line with Security Council sanctions calling for an end to assistance for programs that could be misused to make atomic weapons. Diplomats emphasized that the freeze was temporary and subject to review and approval by the 35-nation board of the IAEA next month.

Yesterday, the agency fully or partially suspended another 18 projects that it deemed could be misused. Those too were subject to review and approval by the board.

Iran gets IAEA technical aid for 15 projects and 40 more that involve other countries. The suspensions were across the board, but in the case of projects involving other countries affected only Iran.

A diplomat familiar with the issue said the United States -- along with key allies -- had been seeking to have up to half of the projects involving only Iran canceled, restricted or more closely monitored.

A U.S. official said Washington's position on which projects should be affected was "very similar" to that of the European powers Britain, France and Germany.

The officials all spoke on the condition of anonymity in return for divulging confidential information.

Ali Larijani, Iran's top nuclear negotiator, was expected to attend a security conference in Munich this weekend, organizers said -- reversing an earlier announcement that he had pulled out.

Klaus Treude, a spokesman for the Munich Conference on Security Policy, did not give reasons for Mr. Larijani's decision to go ahead with his appearance. Earlier yesterday, conference officials said he had canceled because of sickness.

The United States, Russia, China, Britain, France and Germany all want Iran to suspend its enrichment program and have acted as a group in trying to engage Tehran on the issue. But their approaches and priorities have differed over the past year.

Russian and Chinese reluctance to impose harsh sanctions on Tehran -- as initially demanded by Washington -- have created the greatest pressure. Both nations share economic and strategic interests with Iran.

Differences over how severely to punish Tehran for its refusal to suspend enrichment led to months of disputes before agreement was reached in December on a Security Council resolution imposing limited sanctions that fell short of the harsher measures sought by the United States.

The sanctions include a review of technical aid to Iran -- programs meant to bolster the peaceful use of nuclear energy in medicine, agriculture or power generation.

IAEA Suspends Iran Aid Projects (BBC)

BBC.com, February 10, 2007

The UN nuclear watchdog, the IAEA, says it has frozen almost half its technical aid projects involving Iran.

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The IAEA says its move is to comply with UN sanctions imposed on Tehran late last year over its refusal to halt uranium enrichment.

Twenty-two projects have been suspended, according to an IAEA report.

Iran's chief nuclear negotiator, Ali Larijani, is to meet EU diplomats at a forum in Germany on Saturday, despite earlier reports to the contrary.

European officials hope to hold informal talks with him on the nuclear stand-off at the top-level security conference in Munich.

'Message of inducement'

The IAEA gives technical aid to dozens of countries on the peaceful use of nuclear energy in fields such as medicine, agriculture and power generation.

The nuclear watchdog has 55 projects that involve Iran.

Of these, 22 have now been frozen to comply with the UN sanctions, which call for an end to programmes that could be exploited by Iran to develop nuclear weapons.

The IAEA board is expected to formally back the move, recommended by IAEA chief Mohamed ElBaradei, when it meets next month.

The BBC's Kerry Skyring in Vienna says that the IAEA has been under pressure from the United States to take a tough line.

U.S. Accidentally Attacks Kurdish Outpost, Killing Several (NYT)

By Richard A. Oppel, David S. Cloud

The New York Times, February 10, 2007

BAGHDAD, Feb. 9 — An American military helicopter killed as many as nine Kurdish militia fighters early Friday in the northern city of Mosul when the aircraft mistakenly attacked a guard post.

The guard post protected the local offices of the Patriotic Union of Kurdistan, the political party of the Iraqi president, Jalal Talabani. The attack stunned Patriotic Union officials, whose leadership and militia are close allies of United States forces. They said their base and the surrounding guard posts were well known to the American military in Mosul.

“Everybody knows that it is a P.U.K. base and is used for protecting the main road between Mosul and Erbil,” said Kabir Goran, a senior Patriotic Union official, who added that the guard post was less than a mile from the party offices. “We have daily contacts with the Americans and they have been to the base.”

An aide to Mr. Talabani said he had asked the American military for information about the mistake.

The United States command in Baghdad said American troops erroneously believed that they had identified insurgents near the hide-out of a bomb-making cell linked to Al Qaeda in Mesopotamia. The command said the strike killed five Kurds, described as policemen; Kurdish officials said as many as nine were killed.

Also on Friday, an insurgent group that has taken credit for several recent downings of United States helicopters released a video that it said showed a missile shooting down the Marine CH-46 Sea Knight transport that crashed Wednesday, killing all seven on board.

But Lt. Gen. Douglas Lute, a senior officer on the joint staff at the Pentagon, told reporters in Washington on Friday that early indications suggested that mechanical failure had caused the CH-46 crash; he warned against “drawing conclusions from things that are posted on the Internet.”

The American helicopter attack in Mosul struck members of a militia force that is a crucial ally of the United States. The Kurds and their fighters, known as pesh merga, live in mountainous northeastern Iraq, but their control extends west to the Tigris River and Mosul, a city of close to two million. Sunni Arabs make up most of western Mosul, but Kurds dominate the eastern half.

In a statement, the American military said that after observing armed men near the guard post, American troops fired warning shots and called out in Arabic and Kurdish for the men to put down their arms.

An American helicopter then “observed hostile intention” and fired on the guard post. The military statement did not describe specifically what the soldiers saw the Kurdish troops do. But it said that as the helicopter attacked, American ground

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troops took fire from the bunker. Kurdish officials said six other pesh merga were wounded, some cared for later by American troops.

In the video posted on the Internet by a group calling itself the Islamic State of Iraq, the Sea Knight helicopter, distinctive for its two large rotors atop either end of its long, tube-shaped fuselage, is flying toward the camera. Then it banks hard right as if taking evasive action. After turning a half-circle, an object darts into the screen from the right, trailed by a curl of black smoke. The object comes close to the helicopter, though no impact is visible. But moments after the object enters the frame an explosion rips through the helicopter, which drifts to the ground in flames.

A senior defense official called into question the authenticity of the video, saying that a Cobra attack helicopter was close behind the Sea Knight in the moments before the crash, and that the Cobra pilot saw no sign of ground fire. The official also said the video appeared suspicious because there was no sign of the Cobra in any frame. “It does not show the wingman flying anywhere near the CH-46,” the official said.

The helicopter crash, into an open field near the insurgent-heavy town of Karma, between Falluja and Baghdad in Anbar Province, was the latest of a half-dozen crashes or downings of aircraft over the past three weeks. Military officials are concerned that insurgents have devised new tactics or obtained new equipment that makes American aircraft more vulnerable.

Military investigators suspect that a shoulder-fired missile may have played a role in bringing down an American AH-64 helicopter on Feb. 2, according to a Pentagon document describing possible causes of the recent crashes.

Officials said there had not been a final determination of the cause of the AH-64 crash; no further details could be learned about the evidence suggesting a missile attack. The document noted that the helicopter also might have been struck by fire from a heavy-caliber machine gun.

General Lute said that four of the six helicopters that crashed recently were brought down by enemy fire, but that there was no “definitive evidence that there were missile attacks involved” in any of them. He added that it was too soon to say that attacks on helicopters had increased or that insurgents had adopted more effective tactics.

In addition to the Feb. 2 crash, those brought down by insurgents include a UH-60 that was hit by ground fire on Jan. 20 in Diyala Province; another AH-64 that was shot down near Najaf, on Jan. 28; and a Bell 412 helicopter belonging to an American contractor that was brought down south of Baghdad on Jan. 31, the document said.

U.S. Troops Kill Several Kurds In Mosul (WP)

By Ernesto Londono

The Washington Post, February 10, 2007

BAGHDAD, Feb. 9 -- U.S. forces killed eight Kurdish soldiers and wounded nine others at an established checkpoint in the northern Iraqi city of Mosul on Friday, Kurdish officials said.

A U.S. military statement offered a differing account of the incident, saying that U.S. troops killed five Kurdish police officers after the men ignored orders to lay down their weapons and exhibited "hostile intention."

"What the American statement said is not true," said Kabir Goran, deputy director of the Mosul office of the Patriotic Union of Kurdistan, a Kurdish political party. "They are trying to cover the massacre that they carried out at that military point," he said in a telephone interview.

"It is impossible that we attack the Americans," he said. "Their patrols are passing by that point every day, and we never attack them."

The U.S. statement said the American soldiers were in the al-Karama neighborhood of Mosul early Friday preparing for a raid against members of the Sunni insurgent group al-Qaeda in Iraq.

U.S. soldiers saw a group of armed men in a "bunker" near the building where the soldiers suspected insurgents were housed and instructed them to put down their weapons, the statement said.

"They were called out in Arabic and in Kurdish," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. "We had a Kurdish speaker out there."

A U.S. helicopter swooped in to take a closer look, and soldiers on board "observed hostile action from the bunker and exercised proper self-defense measures in response to the assessed threat," the statement said.

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After the operation, the U.S. military turned over five bodies along with "nine detainees," to local police officials, the statement said. Garver said no insurgents were killed or wounded in the incident and no American troops were hurt.

Also Friday, the Islamic State of Iraq, a Sunni insurgent group, issued a statement and released a video purporting to show the downing of a large transport helicopter that crashed Wednesday in Anbar province.

The video, posted on the Web site of the Search for International Terrorist Entities Institute, which tracks claims made by insurgent groups, shows a twin-rotor helicopter being struck by a missile. The helicopter wobbles in the air, catches on fire and slams into the ground.

Garver, the military spokesman, said investigators are skeptical of the authenticity of the video.

"We've seen the video, and there's nothing in the video that connects it to the helicopter crash on Wednesday," he said, referring to the incident in which a twin-rotor CH-46 Sea Knight came down, killing five Marines and two sailors. He said the account of the crash provided by the Sea Knight's wingman conflicts with what the video shows. Four military helicopters have crashed in Iraq this year, killing 23 service members. Five private security contractors aboard two civilian helicopters were killed in Baghdad Jan. 23 after they came under attack. One of those helicopters was downed.

On Jan. 31, another civilian helicopter came under attack but made an emergency landing, a U.S. official said, speaking on condition of anonymity because the investigation is ongoing. No one was injured in that incident, the official said.

Meanwhile, Iraqi police said a group of armed men wearing Iraqi National Guard uniforms kidnapped 13 men in a village north of Hilla on Friday morning. Eleven of the hostages were later killed, according to Capt. Muthanna Ahmed, a police spokesman in Babil province.

Police tracked the hostages and tried to free them, but had to retreat after being attacked with improvised explosive devices and small-arms fire, Ahmed said. Ten of the men killed were Sunnis and one was a Shiite, he said.

Also Friday, the U.S. military disclosed the deaths in combat Thursday of three U.S. soldiers in the western province of Anbar.

U.S. Friendly Fire Kills Kurd Security Force (LAT)

By Louise Roug

The Los Angeles Times, February 10, 2007

BAGHDAD, Iraq -- A U.S. airstrike accidentally killed eight members of a Kurdish security force and injured another six who were manning an observation point near a political office in the northern city of Mosul, Iraqi officials said Friday.

The U.S. military said that five, not eight, Kurdish police officers died in the attack, which it said had been aimed at bomb-makers affiliated al-Qaida.

U.S. military officials also said that three American soldiers had been killed Thursday during combat in western Anbar province. The attacks brought to 3,118 the number of U.S. troops killed since 2003, according to the icasualties.org Web site. South of the capital in Basra, a British soldier died in a roadside bomb attack and three others were injured, according to a statement from the British Ministry of Defense.

A statement from the U.S. military said that American troops had received intelligence that bomb makers connected to al-Qaida were operating in the Karama neighborhood of Mosul. Seeing armed men near a targeted bunker, ground forces fired warning shots and made several calls in Arabic and Kurdish for the men to lay down their weapons, the statement said.

As the men began shooting at the ground forces, an American aircraft "observed hostile intention from the bunker and exercised proper self-defense measures in response to the assessed threat," said the statement. It expressed "deepest sympathies to the families of those individuals killed."

Kurdish officials reacted angrily, saying the airstrike on one of the main roads in Mosul was inexplicable.

"We don't have any explanation for what the Americans did," said Kabir Amir Koran, an official with a local Kurdish party.

Ali Sourchi, a 30-year-old grocer, said he had been watching a movie shortly before midnight when the power suddenly went out. He went outside to check his generator and saw the airstrike. He fled inside, fearing what might happen next, he said.

"Sounds of the bombings continued until 2:00 a.m.," he said. "In the morning, we found stone and rubble where the guards' position used to be."

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Abdullah Bardi, an official with Kurdish militia forces, described the area as an insurgent stronghold.

"We have placed checkpoints in the area to secure the office and those who come through this way," he said, adding that Kurdish officials are investigating the strike. "We are not satisfied with an apology."

The U.S. military increasingly relies on air support during missions.

Another airstrike killed eight suspected insurgents Thursday night in Baghdad, according to a separate statement from the U.S. military.

Baghdad authorities said Friday they had recovered the bodies of 32 people dumped in various neighborhoods. Elsewhere, bombings and kidnappings continued to spread death and destruction.

A car bomb went off south of Mosul near a police patrol, injuring eight. Also north of the capital, in the disputed city of Kirkuk, a car bomb injured a police official and seven others Friday afternoon. The previous night, another car bomb wounded a politician affiliated with the minority Turkmen party.

Authorities in Hillah, south of the capital, said Friday that armed men dressed as police commandos kidnapped 13 men the previous night. Two were freed, but the bodies of the remaining 11 were found nearby.

In Haswa, also south of Baghdad, a roadside bomb killed one civilian and injured seven others.

U.S. Strike Mistakenly Kills 5 Kurds (WT/AP)

By Kim Gamel

The Washington Times, February 10, 2007

BAGHDAD -- U.S. helicopters targeting insurgents mistakenly killed at least five allied Kurdish militiamen in the northern city of Mosul early yesterday. The military also reported three more American soldiers killed in combat, pushing the U.S. death toll to 33 in the first eight days of the month.

Officials said the Kurds were killed about midnight as they guarded a branch of the Patriotic Union of Kurdistan, a political party led by Iraqi President Jalal Talabani, a key supporter of U.S. efforts in Iraq.

The U.S. military said the strike was carried out after American ground forces spotted armed men in a bunker near a building they thought was being used to make bombs for al Qaeda in Iraq. The troops called out in Arabic and Kurdish telling the men to put down their weapons and also fired warning shots before the helicopters opened fire, the military said.

Five men later determined to be Kurdish police officers were killed and nine others were wounded, the U.S. military said, offering condolences to the families of those who died. Kurdish officials put the casualty toll at eight killed and six wounded.

Kurdish lawmaker Mahmoud Othman denounced the air strike, but a spokesman for the Patriotic Union of Kurdistan, Azad Jundiyan, said the party realized the air strike was a mistake. "We are allied with the coalition; it was a friendly fire incident, not an intentionally hostile act," he said.

Mr. Jundiyan identified the dead as peshmerga -- Kurdish militiamen who once battled Saddam Hussein's regime. Many peshmerga have been incorporated into the Iraqi army since the U.S.-led invasion.

Three more American soldiers died Thursday in fighting in western Anbar province, the U.S. military said yesterday. More than half the 33 American deaths this month have been in Anbar.

In southern Iraq, a roadside bomb killed a British soldier, and wounded three.

Among the Americans killed this month were seven who died when a CH-46 Sea Knight helicopter crashed in Anbar on Wednesday.

An al Qaeda-linked insurgent group, the Islamic State in Iraq, posted an Internet video yesterday showing what it said was the downing of the Marine helicopter. The U.S. military has said it did not think the craft was shot down, although ground fire has brought down several helicopters recently.

Posted on a Web forum often used by Islamist militants, the two-minute video shows a helicopter that appears to be a Sea Knight in flight. An object trailing smoke is seen in the sky nearby, then the craft bursts into flames with a spray of debris. It is not clear, however, whether the streaking object is a missile, and it cannot be clearly seen hitting the helicopter.

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Lt. Gen. Douglas E. Lute, chief operations officer for the Joint Chiefs of Staff in Washington, said there were indications the crash was caused by mechanical failure, although an investigation was still under way. He said militants have falsely claimed responsibility for aircraft crashes in the past.

In violence across Iraq yesterday, at least 36 persons were killed or found dead.

Added Troops Yield Few Results Yet In Baghdad (LAT)

By Louise Roug

The Los Angeles Times, February 10, 2007

A month after the Bush administration announced a "surge" in troops for Baghdad, Iraqis are still waiting for anything to change.

Fewer than 20% of the additional Iraqi and American troops have arrived so far. And the roughly 5,000 that have arrived have yet to make a visible impact in this sprawling city of 6 million people, where thousands of paramilitary gunmen patrol the streets.

U.S. officials are trying to manage expectations both domestically and in Iraq, continually asserting that the new forces will slowly take up positions in the capital over the coming months.

But after one of the bloodiest weeks since the U.S.-led invasion of 2003, Iraqis are increasingly impatient. A series of high-profile attacks on both civilians and security forces killed more than 1,000 Iraqis and at least 33 U.S. troops in the first nine days of the month.

U.S. Defense Secretary Robert M. Gates has said he is investigating whether he can speed the pace of the troop buildup. But a senior Pentagon official said this week that it was unlikely that U.S. troops could be sent to Baghdad any faster than planned. The five brigades going to the capital are due to arrive one per month, with the last coming in May.

So far, 3,000 U.S. troops and about 2,000 Iraqi counterparts have arrived here, according to U.S. officials. "I will be surprised if we can generate forces faster," said the senior official. Speeding the movement of U.S. forces into Baghdad would require a cut in training time, he said — a move resisted by Army officials.

In a handful of mostly Sunni Muslim neighborhoods, residents have noticed more American and Iraqi patrols. But many Iraqis interviewed said they saw no more security forces on the street than usual.

"The situation is the same or worse," said Hameed Abdullah, a 43-year-old from a southern Baghdad neighborhood. Abdullah heard about the security plan on TV but said he had seen little evidence of it in his area. Most shops are still closed, and security forces manning checkpoints do not search the cars.

Last week, he said, his neighbor of 10 years was killed in a drive-by shooting. "Every day someone I know is killed," Abdullah said.

Ahmed Samarie, a 26-year-old engineer who lives in Khadra, a predominantly Sunni neighborhood on the west side, offered an equally dark outlook. Militias and insurgents threaten residents in his neighborhood but face few consequences, he said.

"The Americans pass through the main street all the time, but they never actually patrol or ask what people want done here," he said. "They couldn't care less."

Samarie was skeptical of the Baghdad security plan, which he thought would target only Sunnis. One neighborhood close to his house, Adil, was recently raided by American and Iraqi troops, he said, but Hurriya, a troubled Shiite Muslim neighborhood nearby, was not.

"I will believe this security plan is for real if they start going into Shiite areas and purging them of gunmen," he said. "Otherwise, it's just another scam."

One American advisor to the Iraqi Defense Ministry said that, so far, additional troops have flowed into the least politically sensitive parts of the capital, which are typically Sunni, saving the more difficult Shiite neighborhoods for later. The U.S.-backed Iraqi government is dominated by Shiites and depends on radical Shiite cleric Muqtada Sadr for its majority in parliament, making any move against Shiite areas politically problematic.

A deadly maze

DOJ_NMG_0130842

Army Maj. Gen. William B. Caldwell IV, the top U.S. military spokesman in Iraq, told reporters at a Baghdad news conference this week that the security plan "is not going to target any particular sector. It is going to be equitably enforced across the board, for all Iraqis." He specifically said that U.S. and Iraqi forces would have a presence in Sadr City, the huge Shiite neighborhood in northeastern Baghdad, which is Sadr's base.

Baghdad is already a deadly maze of checkpoints and concrete, manned by both legitimate security forces and gunmen posing as such. Moving through the city is difficult and dangerous. Many Iraqis are prisoners in their neighborhoods, if not their homes.

Before the troop buildup began, there were about 67,000 legitimate government security forces in the city — about 24,500 American troops, 17,500 Iraqi army soldiers and about 25,000 Iraqi police officers.

In addition, the city is home to an unknown number of private security contractors and a vast array of sectarian militiamen.

The 3,000 additional U.S. troops are among 21,500 that President Bush has pledged for Iraq, of whom 17,500 are to come to Baghdad. The Iraqi government is to commit between 8,000 and 10,000 additional troops to the capital, including the 2,000 who have already arrived.

But because Iraqi security forces suffer from widespread absenteeism, the total number may be much lower. U.S. officials have estimated that Iraqi brigades are deploying at about 60% of their full strength.

According to the plan, mixed units of U.S. and Iraqi forces will be deployed throughout nine Baghdad districts. So far, 10 so-called Joint Security Stations have been established to house those units. There will be about three times as many once the troops are fully in place, which would be May at the earliest.

"We're just in the opening days," Lt. Gen. Douglas Lute said in a Pentagon briefing Friday. "We should not expect quick, easy or dramatic results."

No 'magic bullet' seen

U.S. Embassy spokesman Lou Fintor also counseled patience Friday.

"It's really important to caution people that it's going to take time," Fintor said during a call with reporters in Baghdad. "We're months away from seeing any concrete results. Right now we have to stress there's not going to be any magic bullet for solving Iraq's problems."

Caldwell acknowledged "some confusion" about the timing of the plan. "There is not a per se start date," he said. "You could say that the plan is ongoing. We're kind of rolling into this plan."

But as that happens, Iraqis have grown weary.

In Jamiya, formerly an upscale neighborhood bustling with cafes and dozens of shops, most places are shuttered after a series of bombings.

"The same Iraqi army checkpoints are on the main street and they don't do much," said Nawfal Sabbar, 29. "U.S. Humvees pass by on the same street but that's all they do — pass by."

He is one of the last young men in his area. Most others have left the country. Sabbar and his family are planning to leave for Qatar in a week but are having a hard time finding anyone to look after their house, even for money. He doesn't think the much-vaunted security plan will bring any change.

"Too many people have been killed, and many more people will want revenge for all these killings," he said. "Revenge is in the air. It will last a very long time."

US Iraq Forces Under New Command (BBC)

BBC.com, February 10, 2007

The new commander of US forces in Iraq, Lt Gen David Petraeus, is assuming control, ahead of a fresh push to quell violence in the capital, Baghdad.

Gen Petraeus will oversee President George W Bush's security plan, under which 21,500 extra American troops will be sent to Iraq.

Gen Petraeus, a veteran of the conflict, has called his task "hard but not hopeless".

Hundreds of Iraqis have been killed in bombings in Baghdad this year alone.

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Gen Petraeus was named as Gen George Casey's replacement last month - part of a major shake-up of the US military tackling the conflict in Iraq.

Gen Casey has been promoted to US Army chief of staff.

"The situation in Iraq is dire. The stakes are high. There are no easy choices. The way ahead will be very hard," he said, testifying to the Senate armed forces committee last month.

"But hard is not hopeless."

The BBC's Jane Peel in Baghdad says Gen Petraeus' chances of success could be helped by an apparently changed attitude from the Iraqi Prime Minister, Nouri Maliki.

Mr Maliki has promised that all those involved in the violence will be legitimate targets, she says.

In the past, his Shia dominated government has been accused of protecting the Shia militias.

No-one in Baghdad expects an overnight transformation, but both the Iraqis and the Americans will be desperate for some early and tangible results, our correspondent adds.

US and Iraqi forces have been carrying out a low-level offensive against Shia militias in the capital for weeks, seen as a prelude to a major campaign.

The new offensive will involve US and Iraqi forces, thousands of whom are already on the ground, sweeping Baghdad for militants and illegally held weapons, US military officials say.

The Iraqi government has said it will announce guidelines for the new plan in the coming days.

However Mr Bush's plan continues to face considerable opposition both from Democrats and members of his own Republican party, who want an earlier transfer of security to Iraqi leaders.

America's Striving General (FT)

By Demetri Sevastopulo

Financial Times, February 10, 2007

When a US army officer receives his fourth star, under normal circumstances it would be the crowning moment in a distinguished career. But the circumstances surrounding the promotion of General David Petraeus were anything but normal.

After President George W. Bush nominated Gen Petraeus to command US forces in Iraq, the 54-year-old West Point graduate received a slew of e-mails with messages that said it all: "Congratulations - I think."

By then, however, the general was under no illusions about the mission he had accepted, arguably one of the most unenviable jobs on the planet. Arriving back in Baghdad this week, the -warrior-intellectual - he has a PhD in international relations from Princeton University but revels in challenging men half his age to push-up competitions - was beginning his third tour.

When he commanded the 101st Airborne Division during the 2003 invasion of Iraq, Gen Petraeus would repeatedly ask: "Tell me how this ends?" Four years later, the question is his to answer.

Most people agree that theman who wrote a PhD dissertation entitled "The American Military and the Lessons of Vietnam" is uniquely qualified to oversee the controversial military "surge" that Mr Bush has ordered for Iraq.

Since graduating from West Point in 1974, in the closing stages of the Vietnam war, Gen Petraeus has maintained the reputation - enshrined in the academy's yearbook - as a "striver to the max". The 5ft 9in fitness fanatic and marathon runner won several prizes at the highly competitive US Army ranger school and later graduated top of his class at the Army Command and General Staff College.

After US-led forces toppled Saddam Hussein in Baghdad in 2003, Gen Petraeus took the 101st Airborne Division to the northern city of Mosul, where he gained accolades for establishing and overseeing Taskforce Tom Sawyer. The US effort to win the hearts and minds of the local population focused on rebuilding the city and restoring stability rather than kicking in doors.

Iraqis referred to Gen Petraeus as "King David", a sobriquet some officers use to refer to his perceived arrogance. But some have privately argued that his arrogance and ambition will be an asset since he will take risks that his more cautious predecessor, General George Casey, would have avoided.

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Robert Gates, the new US de-fence secretary, yesterday des-cribed that suggestion as "baloney", insisting that he consulted many senior officers about who should lead the US effort in Iraq. "In virtually every case, Gen Petraeus was their first choice . . . even Casey," said Mr Gates.

Whether Gen Petraeus will again be crowned King David remains to be seen. In the 16 months since his last tour, conditions in Iraq have deteriorated sharply. The US military death toll has risen to more than 3,100 and even conservative estimates put Iraqi deaths at about 60,000.

The magnitude of the challenge was underscored last week when the US intelligence community issued a bleak assessment concluding Iraq had des-cended into what could be des-cribed as "civil war plus" be-cause of the different concurrent conflicts.

Gen Petraeus last served in Iraq as the US commander responsible for training Iraqi security forces. While Mr Bush was hoping American troops could "stand down" as Iraqi forces "stood up", the escalating violence has forced him to send Gen Petraeus to Iraq to oversee the entry of 21,500 extra US troops in a last-ditch effort to pacify Baghdad.

Gen Petraeus is aware that the US domestic political landscape has changed dramatically. Many military officers are concerned that the American public will not tolerate the war much longer and that still-supportive politicians will abandon ship.

Democrats opposing the surge have increasingly been joined by influential Republicans, such as John Warner, the respected Virginia senator, who is concerned that US soldiers are being caught in the crossfire of a civil war.

Before leaving Fort Leavenworth, on the banks of the Missouri, for his new home on the less placid banks of the Euphrates, Gen Petraeus had a taste of what it feels like to be caught between warring factions.

Senators used his nomination hearing before the armed services committee last month as a proxy issue to debate the planned surge. However, while there was intense disagreement over the policy, Gen Petraeus was lavished with praise.

The general must have known his promotion was safe when Edward Kennedy, the Massachusetts Democratic senator who specialised in lambasting Donald Rumsfeld, the recently ousted defence secretary, called him an "outstanding military officer". The Senate later overwhelmingly confirmed Gen Petraeus. In contrast, Gen Casey's nomination for army chief of staff drew opposition from a number of senators.

Gen Petraeus appeared calm and confident before the sometimes bellicose politicians on the committee, including heavyweights such as Republican John McCain and Democrat Hillary Clinton.

Displaying political skills that may help navigate the more treacherous political waters of Baghdad, Gen Petraeus mollified the senators by admitting past failures in Iraq. Taking full advantage of their post-Rumsfeld world, many senators asked whether the general would give his honest opinion to Congress.

"I will give you my best professional military advice and if people don't like it, then they can find someone else to give better professional military advice," he replied. "I am not a politician. I'm a guy who wears a uniform and has for 32 years plus . . . I'd just really like to leave it at that . . . learning that minefields are best avoided and gone around rather than walked through on some occasions."

There were also bursts of humour - notably absent when Mr Rumsfeld used to testify. Asked whether a resolution against the surge would affect troop morale, Gen Petraeus joked: "I seriously doubt that our troops are sitting watching C-Span 3 in Iraq right now," in reference to the US public television channel that was broadcasting the hearing.

While Gen Petraeus won over the senators, however, the real battle is in Iraq. While he has called for patience, politicians in the US, who are becoming increasingly sceptical as the 2008 presidential election season opens, may not give him the time he says he needs. "You wrote the book, general, but the policy is not by the book," said Mrs Clinton. "You are being asked to square the circle, to find a military solution to a political crisis."

New US General In Iraq Hotseat (AFP)

By Bill Ickes

AFP, February 10, 2007

General David Petraeus, a 54-year-old paratrooper with a reputation as a deep thinker, has taken on the toughest job in the US military as head of American-led forces in Iraq.

DOJ_NMG_0130845

Petraeus was named commander of the 140,000-strong force at a ceremony Saturday in Camp Victory, a massive American base on the outskirts of Baghdad, the violent epicentre of a bitter sectarian war.

He is tasked with turning around a faltering mission which faces mounting US casualties and a dramatic collapse in domestic political support.

"Now is the time for all Iraqis to reject violence and crime and corruption and to rise up against those who employ such methods to further their goals," the general told assembled dignitaries.

"The rucksack of responsibility is very heavy. In truth, it's too heavy for any one person to bear, and we will all have to share the burden and move forward together," he said, adding "the prospects for success are good."

"Failing that, Iraq will be doomed to continued violence and civil strife," he warned, promising to provide "the best leadership I can muster."

Petraeus, who has a doctorate in international relations, took over command from General George Casey, who has been promoted to army chief of staff.

The ceremony, conducted under a crystal chandelier in the grandiose rotunda of one of ousted Iraqi dictator Saddam Hussein's former palaces, was presided over by US Central Command leader General John Abizaid.

Even as the handover took place, violence continued around Iraq, with police reporting at least nine Iraqis killed in various attacks.

Four people were killed in central Baghdad and nine wounded, including two policemen, when a car bomb exploded, according to security sources.

South of the capital, in the town of Al-Mussayib, two women and a man were killed in a gun attack on their house, said police Captain Mthanna Hassan.

A suicide car bomber killed one Iraqi soldier and wounded five people, including two troops, in an attack on a patrol near the northern town of Tall Afar, Colonel Abdelkarim Al-Juburi told AFP.

In nearby Mosul a policeman was shot dead in his car, he added.

Petraeus's chances of success hang on the latest in a series of what have so far been failed US attempts to regain control of Baghdad and central Iraq, a region plagued by Shiite militias and roving gangs of Sunni insurgents.

Daily attacks on US-led forces and Iraqi civilians have increased steadily since the fall of Saddam Hussein in April 2003, and more than doubled in the 12 months since Sunni bombers destroyed a revered Shiite shrine in Samarra.

Ahead of the ceremony, Casey told reporters: "My greatest fear is that the Iraqis can't put the past behind them.

"We liberated them from 35 years of tyranny. We can't liberate them from the fears and prejudices that grew up in that 35 years. They have to do that themselves," he said.

Handing command to Petraeus, he smiled: "Dave, as we say in Iraq, 'Lots done, lots to do'. You won't want for hard work."

More than 3,100 US soldiers have died since the invasion and support for a continuing US presence in Iraq among American voters is at an all-time low, despite President George W. Bush's promise of a new strategy.

At least 16 US, British and Polish troops have died this week alone.

As one of the architects of the new plan, which will see 21,500 extra US troops flown in to work with Iraqi units trying to pacify Baghdad and Anbar province, Petraeus is now the figurehead for a controversial gamble.

Petraeus -- who has spent a total of two-and-a-half years in Iraq since the invasion as commander of the 101 Airborne Division and head of the mission to train Iraqi forces -- is hailed as an intellectual and Iraq's best hope.

But critics of the "surge strategy" of pouring in more troops to kill off the sectarian war and impose Iraqi government authority warn the situation may already have spun beyond the control of the brightest minds.

"Some disasters are irretrievable," warned a report from the influential Washington think-tank, the Council on Foreign Relations, released Friday.

According to a new counter-insurgency manual drafted under Petraeus himself, for victory he would need "at least double the number of troops the United States will have on the ground once the surge is implemented."

Resolution Good For Surge (LAT)

DOJ_NMG_0130846

The Los Angeles Times, February 10, 2007

TWO WEEKS AGO, the Senate seemed poised to approve a nonbinding resolution criticizing President Bush's planned deployment of 21,500 additional troops to Iraq. Such a resolution was viewed — even by some of its supporters — as less a policy prescription than a warning to Bush to live up to his promise that, "surge" or no surge, the U.S. mission in Iraq isn't "open-ended."

But thanks to parliamentary missteps by the new majority, some shrewd maneuvering by the Republican minority and Democratic skittishness about being accused of not supporting the troops, an anti-surge resolution is on hold in the Senate and instead gathering momentum in the House of Representatives. Meanwhile, supporters of the administration are suggesting that Congress should mind its own business.

We disagree. Congress should go on record as a way of pressing Bush and the Iraqi government to make the most of what may be the last politically realistic chance of pacifying that country and keeping it together.

An anti-surge resolution is one way for Congress to make Bush choose between two competing interpretations of his Jan. 10 speech unveiling a "new way forward" in Iraq: (1) That "if the Iraqi government does not follow through on its promises, it will lose the support of the American people"; and (2) that "failure in Iraq would be a disaster for the United States." Like many in Congress who support an anti-surge resolution, we believe the first message is the only tenable one. That the Bush administration itself might be leaning in that direction was suggested this week by Secretary of Defense Robert M. Gates' testimony before the Senate Armed Services Committee.

Gates expressed hope that the surge would succeed in pacifying Baghdad and ramping up the ability of Iraqi forces to maintain order on their own. But he also acknowledged that the Pentagon was studying alternatives — notably a redeployment of U.S. combat troops to Iraqi Kurdistan or Kuwait — in case the new strategy fails. Gates said the surge wasn't the "last chance" to salvage Iraq, but the backup plan he described was to move U.S. troops "out of harm's way."

Perhaps most revealingly, Gates told Sen. Robert C. Byrd (D-W. Va.) that "if the plan to quiet Baghdad is successful and the Iraqis step up, I would hope we would be able to begin drawing down our troops later this year." The implication is that the success — or failure — of the surge will be pronounced sooner rather than later. Gates' comments irritated Sen. Lindsey Graham (R-S.C.), who told the defense secretary that "if you're asking somebody in eight months to solve a 1,400-year-old religious dispute, bring people together who have suffered a dictatorship for 30 years, reconstruct an economy that was raped by a dictator — that's a pretty tall order."

Too tall, we would reply, if it requires the open-ended commitment that even Bush now seems to disavow. The president, Gates and Gen. David H. Petraeus should be given time to make a success of their new approach, but that time should be measured in months, not years. If it takes a resolution from Congress to make that point to the president, so be it.

For Eminent Sunni, Lessons In Weakness (WP)

By Ernesto Londono

The Washington Post, February 10, 2007

BAGHDAD, Feb. 9 -- Iraqi Deputy Prime Minister Salam Z. al-Zobaee's cousin has been in government custody for eight months.

He hasn't been charged, Zobaee said, and the formal inquiries he himself has made to have the oil engineer released, or at least get the case before a judge, have been rebuffed.

"He was detained because they looked at him like he didn't belong here," Zobaee said during a recent interview in his spacious office in the fortified Green Zone. "He has been in detention for eight months -- and I am a deputy prime minister."

Zobaee, in principle one of Iraq's most powerful men, offers the anecdote to illustrate his powerlessness, which he says is a product of the Shiite-led government's efforts to cast aside high-ranking Sunnis like him.

Shiite political leaders say Zobaee, one of Prime Minister Nouri al-Maliki's two deputies, deserves his placeholder status.

"He does not deserve power," said Ali al-Adeeb, a Shiite lawmaker and a senior member of Maliki's Dawa party. "His group is accused of committing terrorism, and he always gets himself involved in defending terrorism. We have [Sunni] parties that are participating in the government during the day, but they are working at night cooperating with terrorists."

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The marginalization of Zobaee -- who denies being an instigator of violence -- is a prominent example of the strained relationship between Sunni and Shiite leaders, an acrimony that many see as the main obstacle to deterring violence and laying the foundation for reconciliation in Iraq.

"We need, first, reconciliation inside the government," Mahmoud Othman, a Kurdish member of parliament, said in an interview. "They have never sat together to have a sound dialogue to agree on who the enemy is."

Maliki and U.S. military officials say Iraqis are taking the lead role in a security plan to pacify the capital and other parts of the country. But Zobaee, who nominally oversees security affairs, said he has been all but left out of preparations for and implementation of the plan. He said it is foolhardy to put Iraqi officials at the helm.

"If you ask me, 'Do you think the multinational forces can put their faith in the hands of the Iraqi government,' I will answer you: 'No. We don't have the right army.' "

In Zobaee's estimation, Iraq is not even "50 percent" ready to roll out the plan. And he accused the Shiite-dominated government of keeping him out of the loop on matters that should be among his primary responsibilities.

"I don't have any authority," he said during an hour-long interview in which he often sounded exasperated. "And always there are obstacles in our way, and we don't find someone to listen to us."

Zobaee also accused the Interior Ministry, which Maliki oversees, of unduly detaining tens of thousands of Sunnis, some of whom, Zobaee said, have been tortured in detention centers. Tens of thousands of Iraqis have been detained in recent years without charges or judicial oversight.

Sunni leaders say the Shiite-led government is only appearing to crack down on Shiite militias -- including the Mahdi Army, which is led by anti-American cleric Moqtada al-Sadr -- in order to appease the United States. But they acknowledge that it does so with trepidation, recognizing the considerable political power of Sadr and other Shiite militia leaders. Sadr is one of Maliki's key backers.

Shiites, on the other hand, say they cannot share details about security operations with Sunni leaders because of fears that the Sunnis will disclose the plans to insurgent groups.

U.S. officials say reconciliation is vital to ending violence in Iraq.

"The only way we will achieve peace and bring real stability in this country is the political process," Maj. Gen. William B. Caldwell, a senior U.S. military spokesman in Iraq, said Wednesday. "And the political process will allow the reconciliation to take place."

The culture of distrust and finger-pointing in the Iraqi government plays out frequently in parliament, where shouting matches are common and sessions often end in walkouts.

Maliki has repeatedly stressed the importance of overcoming sectarian differences.

"Observers will hopefully conclude that the operations are Iraqi ones aimed at achieving a joint goal," he told military commanders in a speech televised Tuesday. "When operations are carried out based on equality and justice, they will be respected by all of the Iraqis and will silence the voices that will allege that a certain operation has targeted this or that sect."

But Maliki himself hasn't always remained above the sectarian fray. During a parliamentary session Jan. 25, he dressed down a Sunni lawmaker who criticized Maliki's security plan.

Abdul Nasser al-Janabi, who belongs to a Sunni bloc that has pressed for a withdrawal of U.S. troops, demanded parliamentary oversight of the security effort.

An irritated Maliki admonished him: "This brother will trust the prime ministry when I bring your file forward and hold you responsible."

Maliki took the most powerful job in the Iraqi government after a coalition of Shiite political parties won the most seats in December 2005 elections.

He had virtually no control over the appointment of his deputies, who were selected based on the number of votes their parties received. Deputy Prime Minister Barham Salih, a Kurd, chairs a panel that oversees energy and oil policy.

Zobaee, a former university professor and union leader who has a doctorate in agronomy, was given the social services and defense portfolios. The latter in theory gives him oversight of the armed forces.

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Maliki kept control of the Ministry of Interior, which oversees the police forces as well as detention facilities not run by the U.S. military.

The sectarian antipathy has made lawmaking an arduous and contentious task, even on issues that don't touch on security.

"It is preventing the parliament from doing anything," said Othman, the Kurdish lawmaker. And instead of curbing sectarian tension, he said, government leaders are exacerbating it. "The problem is with the leadership, the religious leadership and the political leadership. It is preventing the parliament from doing anything."

Mahmoud al-Mashhadani, a Sunni Kurd and speaker of parliament, said the impact of sectarian differences on the political process could be worse.

"Iraq has not been dismembered into three countries," Mashhadani said during a recent roundtable discussion with reporters. "The presence of a united parliament under the same dome amid bombings is a hopeful and encouraging sign."

With Rumsfeld Gone, Rice Now Target Of War Anger (CNN)

By Elise Labott

CNN.com, February 9, 2007

WASHINGTON (CNN) -- Condoleezza Rice's appearance Wednesday before the Senate Foreign Relations Committee was downright tame compared with the reception she got last month, when she sat before the same committee to explain President Bush's "way forward" in Iraq.

On January 11, the secretary of state got an earful from both sides of the aisle. Sen. Chris Dodd of Connecticut, a Democrat who is running for president, called the Bush administration's Iraq policy "a fool's paradise," and Sen. Chuck Hagel, another possible White House hopeful, called Bush's plan "the most dangerous foreign policy blunder since Vietnam."

The tone this week was friendlier, but the criticism was much more pointed at Rice's diplomacy and her stewardship of the State Department. Committee Chairman Joe Biden, another Democratic contender for president, warned Rice that Iraq was sucking up the government's time, attention and resources and wondered aloud whether the secretary had the time to address the myriad other problems facing the United States. (Watch how Rice's star has dimmed)

Republican Sen. George Voinovich took Rice to task for not filling high-level vacancies at the State Department. Nobody, he said, was minding the store.

These are rough and uncharted waters for Rice, who sailed through the first six years of the Bush administration relatively unsullied as her colleagues -- particularly former Defense Secretary Donald Rumsfeld -- took the heat for the quagmire in Iraq.A perfect mix of substance and style

It wasn't always this hard.

After serving as national security adviser during President Bush's first term, Rice arrived at the State Department in 2005 a celebrity -- epitomizing that perfect mix of substance and style. She graced the pages of Vogue magazine and landed on Vanity Fair's best-dressed list.

During her first year she was praised for repairing the Bush administration's "go it alone image" by engaging Europe on the Iran nuclear issue and Asian allies on North Korea.

But it wasn't all smooth sailing. As the war in Iraq went south, so did Rice's plan to spread democracy throughout the Middle East. Her comments about sectarian tensions in the region being the result of the "birth pangs of the Middle East" were followed by a lackluster diplomatic attempt to intervene in Israel's war with Hezbollah.

As the problems in the Middle East mounted, Rice turned to old authoritarian allies, like Saudi Arabia and Egypt, for help.Lightning rod for criticism

Rice remains the most popular member of the Bush administration; her approval ratings in polls are higher than Bush's.

But the honeymoon is clearly over. Rice has inherited the role Rumsfeld played as a primary spokesman of the Iraq war -- and the primary lightning rod for criticism about it.

At a time when the American public and Congress have soured deeply on the war, they are now taking their frustrations out on the administration as a whole, and Rice in particular.

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Even her predecessors are getting in on the game. During a rare series of hearings with former secretaries of state and national security advisers -- including James Baker, Henry Kissinger, Madeline Albright, Brent Scowcroft and Zbigniew Brzezinski -- Rice was taken to task for failing to practice the art of diplomacy.

"That's what we hire a secretary of state for, not to sit there and proclaim categorical statements, but to engage in the process," former national security adviser Brzezinski said.

Baker and Albright, both former secretaries of state, were particularly critical of Rice's refusal to engage with Iran and Syria.

Rice told The Washington Post in December that the "compensation" required to strike a deal with Iran and Syria would be too high.

But Baker, co-chairman of the bipartisan Iraq Study Group that recommended U.S. officials open a diplomatic front with Iran and Syria, told the Senate Foreign Relations Committee that when he was secretary of state "we practiced diplomacy full time, and it paid off."

Said Albright, "Talking to governments about hard problems is what diplomacy is all about."Losing her mojo?

Now the headlines are asking whether Rice has lost her mojo.

A recent Economist editorial, entitled "The Falling Star of Condoleezza Rice," said the secretary of state "is not the woman she once was."

But there are signs Rice is trying to turn things around. Next week she will embark on a new push to resolve the Israeli-Palestinian conflict, seen as key to keeping Arab support for the war in Iraq and for a more robust policy to deal with Iran's nuclear program and its support for Islamic extremists in the region.

Beating back Tehran diplomatically may prove to be Rice's other primary challenge in her last two years in office. While the Bush administration insists it does not want a military conflict with Tehran, the rhetoric from Washington sounds very similar to that in the months leading up to the invasion of Iraq.

If she pulls off either, Rice could save the Bush administration's foreign policy legacy from being merely an indictment of the mess in Iraq. If she fails on both, she may leave the State Department with a much more dangerous world to deal with than the one she found when she arrived.

Appeals Court Backs Detainee (WP)

By Josh White

The Washington Post, February 10, 2007

A federal appeals court in Washington ruled yesterday that a U.S. citizen in U.S. military custody in Iraq has the right to challenge his detention in a federal court.

The judges said all American citizens, regardless of where they are captured and imprisoned, are entitled to federal court review of their cases through habeas corpus petitions if they are in U.S. custody.

The three-judge panel of the U.S. Court of Appeals for the District of Columbia said a U.S. court should review the circumstances of Shawqi Ahmad Omar's more than two years of incarceration in Iraq. It rejected the Bush administration's claim that the executive branch has nearly unlimited authority during wartime and its assertion that the United States can hold citizens indefinitely if they are in custody overseas.

The court also found that the U.S. military cannot transfer Omar to the Iraqi government to avoid a habeas corpus hearing. Circuit Judge Janice Rogers Brown, who dissented in part, agreed that the district court has jurisdiction over Omar's habeas case.

"Today's opinion says that when at the end of the day the buck is stopping with a U.S. official, the federal court gets a look into whether it is lawful," said Aziz Huq, a lawyer at New York University's Brennan Center for Justice, who represents Omar. "It prevents an area of darkness in which the government could consign both citizens and noncitizens to detention without judicial review."

The ruling applies only to U.S. citizens. It does not delve into whether captured foreign nationals who the government considers enemy combatants -- such as the 393 detainees at the military prison in Guantanamo Bay, Cuba -- are entitled to the

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same protection. The Military Commissions Act of 2006 prevents enemy combatants who are foreign nationals from filing habeas corpus petitions. That law also has been challenged in the courts.

Carl Tobias, a law professor at the University of Richmond, said yesterday's decision appears to be a "fairly straightforward application of habeas corpus" that "says the courts are open." But the case is likely to apply only to a few U.S. citizens, he said.

Justice Department officials said yesterday that they are evaluating the decision and how to proceed.

"It is important to remember that this case concerns an alleged enemy combatant captured by our military and held by a multinational force in a war zone," said Justice Department spokesman Erik Ablin. "We believe the court's decision will inappropriately interfere with the executive branch's prerogative to prosecute a war and to make good on its commitments to our allies."

Omar, a dual citizen of Jordan and the United States, was arrested in October 2004 amid allegations that he was aiding Abu Musab al-Zarqawi's terrorist network in Baghdad. Omar has said that he traveled to Baghdad to do reconstruction work and had been planning to leave in November 2004 but was arrested before his departure.

U.S. authorities wanted to transfer him to Iraqi criminal courts for trial, but a U.S. district court stepped in when attorneys argued he could lose his rights to challenge his detention. Omar has been jailed in various U.S. facilities in Iraq. He has told his attorneys he was abused.

One other U.S. citizen detained in Iraq has filed a habeas corpus petition, which is scheduled for a hearing in U.S. federal court next week. Mohammad Munaf was arrested and charged with taking part in a terrorist plot to kidnap a group of Romanian journalists. He was convicted in an Iraqi court and sentenced to death, but before the sentence could be carried out, a U.S. court in October prevented the U.S. military from transferring Munaf to Iraqi custody.

Court Blocks Moving American's Case To Iraq Court (NYT/AP)

By The Associated Press

The New York Times, February 10, 2007

WASHINGTON, Feb. 9 (AP) — A federal appeals court blocked the Pentagon on Friday from transferring an imprisoned American to an Iraqi court to face charges that he supported terrorists and insurgents.

A three-judge panel of the United States Court of Appeals for the District of Columbia ruled unanimously that the prisoner, Shawqi Omar, a citizen of Jordan and the United States, had a right to argue for his release before a United States court.

By a 2-to-1 vote, the panel also upheld an injunction issued last year by Judge Ricardo M. Urbina of Federal District Court here that blocked the military from turning over Mr. Omar, 45, for trial in an Iraqi court.

"This is a case about whether a U.S. citizen can be cast into a legal black hole with no means to challenge the basis for his detention," Aziz Huq, Mr. Omar's lawyer, said. "The court today reaffirmed the Supreme Court's view that war is not a blank check as far as a citizen's liberty is concerned."

A spokesman for the Justice Department, Erik Ablin, said it believed that the decision would "inappropriately interfere with the executive branch's prerogative to prosecute a war and to make good on its commitments to our allies."

Mr. Ablin noted that the partial dissent called the ruling unprecedented and said it would effectively block a foreign government from making an arrest on its own soil. He said department lawyers were evaluating their next legal step.

American forces captured Mr. Omar in 2004 at his home in Baghdad in a raid on associates of Abu Musab al-Zarqawi, the Qaeda leader killed last year in an airstrike. He has been held without formal charges. Mr. Omar has not had access to counsel, his family says.

The military says Mr. Omar was harboring insurgents and had bomb-making materials when he was arrested. The military decided in 2005 to transfer him to the Central Criminal Court of Iraq for trial, but United States courts have blocked that. Lawyers for Mr. Omar's family say he is innocent and is likely to be tortured if transferred to the Iraqis. They say he is a businessman who sought rebuilding contracts in Iraq.

Writing the majority opinion, Judge David S. Tatel said the Supreme Court had held in three cases involving detainees after Sept. 11, 2001, that American courts had jurisdiction to review their detention.

KBR, The Military Honor Civilian Sacrifices (HC)

By Brett Clanton, David Ivanovich

Houston Chronicle, February 10, 2007

The Defense Department and KBR on Friday honored 28 contractors who were killed or wounded in the Middle East with the agency's civilian version of the Purple Heart.

But some honorees at the event said citizen contractors still are not getting the same recognition as the military for sacrifices they make serving their country in Iraq.

"The contractors are every bit as important as the military," said Lloyd Dagit, who lost his 42-year-old son Keven in Iraq on Sept. 20, 2005. But they are rarely treated that way, he said.

Yet on Friday, Dagit was more concerned with remembering his son — and that midnight call from KBR that shattered his world.

"I thought I was prepared for anything that happened," he said. "But I wasn't."

Dagit of Jefferson, Iowa, and the relatives of eight other slain contractors, as well as 19 others who were wounded gathered in Houston on Friday for a private ceremony honoring the KBR workers.

All received the Defense of Freedom medal.

The Pentagon does not include civilian contractor deaths in its casualty figures for Iraq. The tally of war dead roughly stands at 3,100.

The Labor Department — through its division of Longshore and Harbor Workers' Compensation division — says at least 770 civilian contractors working for U.S. firms had died in Iraq as of Dec. 31, while another 7,761 had been injured.

Supporting troopsKBR, which is in the process of being spun off by Houston-based Halliburton, is the largest military contractor operating in Iraq. Under a multibillion-dollar logistics contract with the Army, some 50,000 KBR employees and subcontractors provide an array of support services for U.S. troops, from building bases to serving food.

And while workers operate under protection by the U.S. military or private security officers, they still come into harm's way.

Ninety-eight KBR employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan since the two U.S.-led invasions began. Another 450 have been wounded in hostile action, said company spokeswoman Melissa Norcross.

KBR has received approval to grant Defense of Freedom medals to 95 of its wounded or slain workers, and is seeking permission for more awards, she said.

Some of those medals will be given to KBR employees while they are still serving in the Middle East. But the company has also been quietly hosting U.S. ceremonies like the one Friday morning at the Hilton Houston Post Oak hotel.

Though a government-sponsored award was being given, KBR said "out of respect to the families" it would not allow news media to attend.

After the event, KBR went so far as to surround honorees with security officers, escorting them to a private reception. Two uniformed Houston Police Department officers were also standing outside the hotel's lobby.

Norcross said it was a "joint decision" by the company and the U.S. Army to keep the event closed to the public.

But KBR sent out the invitations, helped with travel arrangements and paid for air fare and rooms for the recipients and up to three guests per invitation.

During the award ceremony, Maj. Gen. Jerome Johnson, commanding general of the Army Sustainment Command, handed each worker or surviving family member a plaque containing the Defense of Freedom medal, along with a certificate signed by Army Secretary Francis Harvey.

Established after the Sept. 11, 2001, terrorist attacks to honor civilians killed or wounded while aiding the military, the medals feature a bald eagle holding a shield on one side, and the words "On Behalf of a Grateful Nation" along with the recipient's name on the reverse.

Among the wounded KBR workers receiving the award was Jeff Hayson, 50, of Yakima, Wash.

Sitting in the hotel's lobby before the ceremony, Hayson struggled to remember how many surgeries he had undergone after shrapnel from a July 2005 roadside bomb cut through his mouth and severed his carotid artery.

"I'm really lucky to be alive," said Hayson, who attended the event with his wife, Valarie.

Across the lobby, in the hotel's lounge, was James Blackwood, another one of KBR's wounded being honored Friday.

'Lucky to be alive'Blackwood, 54, was shot four times during an ambush of his truck convoy in the spring of 2004. One bullet blew off a finger on his right hand, one hit his right arm, another pierced his right shoulder and one landed in his left leg.

"Nobody got out of it without getting hit," said Blackwood, who lives in Fort Worth and is one of a number of former KBR workers pursuing litigation against the company.

But wounded KBR workers such as Wallace McNabb would just like to see contractors receive as much credit as the military for their work in Iraq.

"We get killed and wounded right alongside them," said McNabb, 51, of Lincoln, Neb., who was shot in his left hand while working for KBR as a truck driver in Iraq.

Yet Earnest Cook said he was happy just to be getting any award for his time driving a truck for KBR in Iraq. While the 48-year-old from Troy, Texas, had part of his left elbow blown off in an insurgent attack, he remains matter-of-fact about the whole thing.

"I was just doing what I was supposed to do," he said.

Help For The Intrepid (WSJ)

By Jonathan Gurwitz

The Wall Street Journal, February 10, 2007

SAN ANTONIO -- The word "sacrifice," like the word "war," lends itself to political and rhetorical excess. There are symbolic sacrifices in metaphorical wars. Then there are genuine sacrifices in real wars.

The latter was on display last week at Fort Sam Houston in San Antonio, as representatives of a grateful nation dedicated the Center for the Intrepid and two new Fisher Houses to those wounded in the global war on terror.

The center is a 65,000-square-foot, state-of-the-art physical rehabilitation facility. The Fisher Houses are homes away from home for the families of military personnel being treated at military medical centers and Veterans Administration hospitals. The center and the houses were built entirely with private funds. More than 600,000 Americans contributed $50 million to construct the Center for the Intrepid. Thousands more donated the $8.3 million needed to build the new Fisher Houses for Brooke Army Medical Center, home to the sole Army Burn Center and one of two Army Amputee Care Centers. BAMC has treated more than 2,600 service members injured in Afghanistan and Iraq. Only Walter Reed Army Medical Center in Washington, D.C. has cared for more casualties.

As the dedication ceremonies commenced, 300 wounded military personnel walked, staggered and rolled beneath the drawn swords of an honor guard to take their seats in the front rows. One of them was Staff Sgt. Jon Arnold-Garcia.

Staff Sgt. Arnold-Garcia of the 101st Airborne Division lost the lower half of his right leg to a grenade when insurgents struck his convoy in Hawija, Iraq. Not yet fitted with a prosthesis, Staff Sgt. Arnold-Garcia was on crutches.

As the Joint Service Color Guard of the Military District of Washington presented colors, Staff Sgt. Arnold-Garcia rose to attention, without crutches, on one leg.

Next to him was a soldier I knew. Staff Sgt. Steve Bosson of the 1st Cavalry Division is a bear of a man. Looking at his frame, you wouldn't know he's been through three years of surgeries, prosthetic fittings and rehabilitation. Staff Sgt. Bosson lost the lower half of his left leg to a grenade in an ambush west of Baghdad.

At moments during the National Anthem, Staff Sgt. Arnold-Garcia would teeter a bit. To keep his balance, he would occasionally touch the elbow of his right arm, drawn up in salute, to the shoulder of Staff Sgt. Bosson. It was a fleeting yet moving portrait of genuine sacrifice.

Representatives of the Intrepid Fallen Heroes Fund and the Fisher House Foundation spoke at the ceremony, as did Secretary of Veterans Affairs Jim Nicholson and Chairman of the Joint Chiefs of Staff Gen. Peter Pace. So did Sens. Hillary Clinton and John McCain. The speakers, however, were merely paying tribute. The true dignitaries were the wounded warriors who sat in the front rows.

Mr. McCain's comments were stately. "What you have done for us, we can never do for you," he told the injured. "But we are mindful of that distinction and humbled by it. And our appreciation for your service demands us all to do what we can, in less

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trying circumstances, to help keep this nation a place and an idea worthy of the hardships, danger and sacrifices you have born for us so valiantly."

Some critics have questioned the propriety of individuals and businesses, rather than the government, building the Center for the Intrepid and the Fisher Houses. Democratic strategist Paul Begala told my colleague Scott Huddleston, "It is an obscenity that a government that can find billions in no-bid contracts for Halliburton and trillions in tax cuts for the wealthy cannot find a few million dollars to bind up the wounds of its heroes."

Mr. Begala is of course correct that the government has an inviolable obligation to care for military personnel and veterans. But do the thanks of citizens end with the filing of tax returns?

Arnold Fisher, the philanthropic force behind the center, who saw it through from groundbreaking to completion in fewer than 15 months, provided a rhetorical answer: "Why would we want our government to do that which we could do ourselves in half the time, at half the cost and twice the quality?"

Everywhere one turned were examples of men and women inspired to give of their own accord, to show gratitude worthy of the sacrifice of the citizen soldiers of the volunteer military.

John Melia is a Marine veteran who was severely wounded in a helicopter crash in Somalia in 1992. After his recuperation at BAMC, he began the Wounded Warrior Project, a nonprofit organization that places veterans at the bedside of wounded military personnel to support them and their families.

Kirk Bauer is an Army veteran who lost a leg in a grenade attack in Vietnam in 1969. A year later, he began working with Disabled Sports USA, a nonprofit that provides adaptive sports opportunities for individuals, military or civilian, with permanent physical disabilities. Today Mr. Bauer is executive director of the organization, which now has 87 chapters in 35 states.

Janis Roznowski is a flight attendant for American Airlines. After volunteering on a government-chartered flight bringing troops home from the Middle East, Ms. Roznowski felt compelled to follow up on the needs of the wounded. She started Operation Comfort, a nonprofit organization that plans recreational projects and events for convalescing personnel and their families.

"We're not done yet," Mr. Fisher told me in the gleaming lobby of the Center for the Intrepid. With more combat troops headed for Iraq and a spring offensive expected from the Taliban in Afghanistan, the ranks of the wounded will grow.

Have these men and women earned the government's commitment to provide them the finest care available? Of course. Do they also deserve -- beyond the payment of taxes and vapid talk about national sacrifice -- some measure of support from the American people?

"We can never give them back what they lost," said Richard Santulli, chairman and CEO of NetJets and chairman of the board of trustees of the Intrepid Fallen Heroes Fund. "But it is our duty as Americans to give them back as much normalcy in their lives as we can. That will be the best legacy this center can provide."

Mr. Gurwitz is a member of the editorial board of the San Antonio Express-News.

Survival Of Ancient Faith Threatened By Fighting In Iraq (WP/AP)

By Chris Newmarker

The Washington Post, February 10, 2007

TRENTON, N.J. -- Among the casualties of the Iraq war is a little-known religious faith called Mandaeanism that has survived roughly two millennia and whose adherents believe that John the Baptist was their great teacher.

While there were more than 60,000 Mandaeans in Iraq in the early 1990s, only about 5,000 to 7,000 remain. Many have fled amid targeted killings, rapes, forced conversions and property confiscation by Islamic extremists, according to a report released last week by the New Jersey-based Mandaean Society of America.

Among the roughly 1,500 Mandaeans in the United States, there have been continual phone calls with endangered friends and relatives, fundraisers and unsuccessful lobbying efforts in Washington to get Mandaeans out of Iraq, as well as neighboring Jordan and Syria.

"Unfortunately, we're not big in numbers, and numbers talk," said Suhaib Nashi, a 53-year-old pediatrician who helps run the Mandaean Society of America out of his Morristown, N.J., home.

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Mandaean leaders say tens of thousands of their brethren are scattered around the world, including a U.S. community centered around New York and Detroit.

With the dispersion comes concern that the faith is withering, especially as more Mandaeans marry non-Mandaeans, with no mechanism to bring their children into the fold.

"There's not much hope for us to survive to two or three generations," Nashi said.

Scholars who study the Mandaean religion and culture say its extinction would be a great loss, the end of an ancient religious movement. Dating to the time of the Roman Empire, it survived primarily in what is today Iraq and Iran, a branch of the Gnostic movement that borrowed elements of Christianity.

Mandaeans view John the Baptist as a great teacher, and engage in baptisms to come in closer contact with a "world of light" that is better than the material world on Earth.

"It represents a slice of the culture of the Middle East before the rise of Islam. It's a view to a former world. And frankly, we don't know very much about it," said Charles G. Haberl, an instructor in Middle Eastern studies at Rutgers University.

Haberl, who says he's trying to arrange a reprint of one of the Mandaeans' main holy books for the first time in about 150 years, laments that an "enormous literary tradition" may soon disappear.

"It would be as if a museum or library were put to the torch," Haberl said.

Driven from Iraq and Iran, many Mandaeans have adapted to their new homes, enjoying financial success as medical doctors, civil engineers and jewelers, Nashi said.

But being scattered means that many in the younger generation have found spouses outside the community. And since a Mandaean has to be born a Mandaean, the children of such marriages have a questionable status in the religion.

Mamoon Aldulaimi, 60, of Lake Grove, N.Y., is a civil engineer who's a leader in the Mandaean community. Aldulaimi's son, 20-year-old Hani Aldulaimi, married an American raised as a Baptist.

At the wedding last May in the Phoenix area, where the newlyweds live, Mamoon Aldulaimi's daughter-in-law prominently displayed a darfash, a cross with cloth hanging off of it that's a symbol of Mandaeanism.

"She took that initiative as a matter of respect for us," Aldulaimi said.

But with the religion's few dozen priests reluctant to agree on a mechanism to bring in the children of mixed marriages, Aldulaimi and others wonder how long Mandaeanism will survive.

Meanwhile, the few thousand Mandaeans still living in Iraq are finding their lives increasingly in danger, targeted by extremists of every political stripe and religious faith.

Nashi said a cousin on his father's side, Suhail Jani Sahar, was killed by Shiite fighters in November. A more distant cousin on his mother's side, Yahya al-Chuhaily, was killed by Sunnis in June.

"Where there are areas where the Shia are the majority, they'll kill the Mandaeans and the Christians along with the Sunnis. Where there are areas where the Sunni are the majority, they'll kill the Mandaeans and the Christians along with the Shia," Nashi said.

Jorunn Buckley, an assistant professor of religion at Bowdoin College in Brunswick, Maine, has studied Mandaeans for decades and has testified for them in U.S. immigration courts. She said the United States could do much more to get Mandaeans out of the Middle East.

"It's not that many people," Buckley said. "It's not 5 million people."

When contacted about the issue, a State Department spokesman cited Jan. 17 congressional testimony by Ellen R. Sauerbrey, assistant secretary of state for population, refugees, and migration, who said the department has been expanding the ability of the United States to bring in more Iraqi refugees, including the "special populations" of religious minorities.

"We intend to ensure that these special populations receive the same consideration and access to the U.S. resettlement program as others," Sauerbrey told the Senate Judiciary Committee.

Pentagon To Extend Troops In Afghanistan (AP)

By Robert Burns

AP, February 10, 2007

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The Pentagon plans to extend its buildup of several thousand combat troops in Afghanistan, initially announced as lasting until late spring, well into next year, a senior U.S. military official said Friday.

The move comes as U.S. and allied commanders anticipate a renewed offensive this spring by the Taliban, and as they seek additional reinforcements from NATO countries. The effort to bolster forces there so far has brought only limited success, with a few nations promising handfuls of additional troops and equipment.

The extension of the U.S. buildup means American troop levels in Afghanistan, which increased this month to about 26,000 — the highest of the war — will remain roughly the same until at least spring 2008. Until now, a level of 22,000 to 23,000 had prevailed through much of last year.

The decision, expected to be announced in Washington as early as next week, entails sending an Army combat brigade to replace the 3rd Brigade of the 10th Mountain Division when it leaves this spring.

Without replacing that brigade, the number of U.S. troops in Afghanistan would have receded to the lower level. That is because the U.S. has had extra troops in the country since earlier this month, when a brigade of the 82nd Airborne Division arrived.

The official, who spoke on condition of anonymity because the decision has not been announced, declined to identify the replacement brigade. There are about 3,500 soldiers in a brigade.

The move comes as the United States is also adding 21,500 troops to its forces in Iraq, which totaled around 130,000 before that buildup started.

While President Bush's troop increase in Iraq has aroused widespread public and congressional opposition, there has been little dissent over efforts to intensify U.S. operations in Afghanistan. Both conflicts, however, are continuing to put severe strains on a military that is constantly scrambling to find fresh troops and equipment to send to the war zones.

The increase in the U.S. force in Afghanistan comes as NATO's new top commander, Gen. John Craddock, is seeking 1,500 to 2,000 extra combat troops for the campaign, plus about 800 more from the British.

Decisions about adjusting U.S. troop levels next year will depend in part on whether the United States' NATO partners send all the combat and support forces they have promised.

About 15,000 of the American troops in Afghanistan are serving in the NATO-led force, which now totals about 36,000. The other 12,000 are special operations forces or are training Afghan troops.

The 3rd Brigade originally was to go home this month, as it turned over command to the brigade of the 82nd Airborne, but the Pentagon announced in January that it instead will be kept in place four extra months.

Until now, it was not clear whether the Pentagon would replace the 3rd Brigade when it went home.

The senior official, who spoke on condition of anonymity because the decision to extend the buildup has not been announced, said the unit that replaces the 3rd Brigade in late spring will remain for a year.

Thus the number of brigades in Afghanistan, which increased from one to two this month with the 82nd Airborne's arrival, will remain at that level until the spring of 2008 and possibly beyond, he said.

4 Afghan Police Killed In Taliban Ambush (AP)

Associated Press, February 10, 2007

Taliban militants ambushed a truck full of Afghan police in southern Afghanistan, killing four officers and injuring three, an official said Saturday.

The attack occurred Friday evening in the Panjwayi district of Kandahar province, said provincial police chief Afmatullah Alizai. The three injured were in serious condition, he said.

NATO forces in September killed more than 500 militants in the Panjwayi area, largely clearing the region of militants in an offensive dubbed Operation Medusa.

Canadian and U.S. Special Forces are now working in Panjwayi to increase security. More Afghan security checkpoints have been put up, a new road is being built and schools and clinics are re-opening.

But small groups of fighters remain.

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The attack on the police happened near the village of Talukan. Militants in December beheaded two men in Talukan, saying the two were working with NATO forces.

Attacks spiked in Afghanistan last year, with some 4,000 people killed in insurgency-related violence, according to an Associated Press count based on numbers from U.S., NATO and Afghan officials.

NATO officials are bracing for more violence this spring, when fighters typically step up attacks after a winter lull.

Eleven Taliban, Four Police Killed In New Afghan Violence (AFP)

AFP, February 10, 2007

Four policemen and 11 Taliban have been killed in fresh violence in southern Afghanistan, as a suicide car bomb narrowly missed a NATO military convoy.

The Taliban fighters were killed Friday in an Afghan and International Security Assistance Force (ISAF) operation in Kajaki district of the southern province of Helmand, provincial police chief Mohammad Nabi Mullahkhail said Saturday.

British forces with ISAF have been trying to clear the area of militants to allow the resumption of work to rehabilitate a hydropower project that could supply power to 1.8 million people.

The violence follows the death of 10 Taliban on Thursday in the same area, who were killed in clashes with Afghan and British troops, police said.

A purported Taliban spokesman, Yousuf Ahmadi, confirmed the fighting in Kajaki but denied any losses on his side claiming instead that several Afghan and NATO soldiers were killed.

The security forces said they did not suffer any casualties.

Overnight Saturday Taliban militants ambushed a police patrol in Panjwayi district of neighbouring Kandahar province, killing four police and wounding three more, provincial police chief Assmatullah Alizay told AFP.

The police were on patrol late Friday when Taliban fighters opened fire, kicking off a gunbattle. There was no information on any Taliban casualties, he said.

Ahmadi claimed in a telephone call from an undisclosed location that around 10 police were killed and wounded.

Also in Kandahar, a suicide attacker detonated a car bomb as he tried to approach a NATO convoy near the southern city of Kandahar but he missed by metres and killed only himself.

The attacker was blown to pieces and body parts were flung across the area as was the shattered vehicle used to carry the bomber, Alizay said.

The blast was on a major highway that has seen many of the regular attacks in the city, including a February 4 suicide bombing targeted at a Canadian convoy that also caused no casualties besides the bomber.

The militants stepped up their bloody insurgency in 2006, with the violence claiming more than 4,000 lives. The religious extremists were toppled from power in a US-led offensive in late 2001.

Gates To Meet Musharraf In Pakistan Next Week: Officials (AFP)

AFP, February 10, 2007

US Defence Secretary Robert Gates will visit Pakistan early next week for talks with President Pervez Musharraf on the threat from Taliban insurgents in Afghanistan, official sources said.

It will be Gates' first visit to the key US ally in the "war on terror" since he came to office late last year. He is expected to fly to Afghanistan afterwards.

Gates' visit will be closely followed by separate visits to the region by NATO Secretary General Jaap de Hoop Scheffer and two top diplomats from the United States and Britain, the sources said.

"These visits are part of a renewed focus on Afghanistan, how to deal with the threat posed by Taliban," a senior Pakistani official told AFP on Saturday.

Afghanistan suffered its bloodiest year in 2006 with more than 4,000 people killed, mostly rebels, sometimes in pitched battles between Taliban-led insurgents and NATO-led troops in regions bordering Pakistan.

Pakistan has faced mounting accusations it has not stopped Taliban using its territory as a sanctuary and launching pad for attacks inside Afghanistan, where the hardliners were ousted from power in late 2001 by US-led forces.

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The foreign forces in Afghanistan are bracing for expected surge in Taliban violence in the coming months and NATO has said it wants to reinforce its 35,000 troop-deployment in the war-torn country.

Musharraf recently said security along the porous Pakistan-Afghanistan border was the joint responsibility of all the forces nearby, and Pakistan could not win the fight against militancy on its own.

Camouflaged Defense Spending (LAT)

By Veronique DeRugy

The Los Angeles Times, February 10, 2007

AT THE SAME TIME that President Bush requested more than $700 billion for the Pentagon budget this week, he managed to create the impression that he was asking for the much smaller amount of $481 billion. The trick he used — socking about $235 billion into two "emergency supplemental" funding requests for the wars in Iraq and Afghanistan — didn't fool the public for very long. But the longer the White House and Congress continue to treat "war-related" funding as a separate item from the budget for the Department of Defense, the harder it will be to control a ballooning federal budget.

Here's how the supplemental shell game works. The official defense budget for 2008 comes to $481 billion. That's a 10% increase over last year and a 62% increase over 2001. And it conveniently fails to include a supplemental request of $141.7 billion, which brings the 2008 defense total to $622.7 billion. On top of that, the president requested a 2007 supplemental in the amount of $93.4 billion, bringing this week's entire defense "budget authority request" to $716 billion (the figure of actual outlays is even higher because it includes billions already committed to the Pentagon).

Both of these supplemental items are part of the true cost of defense, and the one piece of good news is that they were mentioned in Monday's $2.9-trillion budget proposal. That's a big improvement over recent practice, in which supplementals were requested throughout the year but never mentioned in official proposed budgets. (That $93.4 billion for 2007 comes on top of a $70-billion "bridge supplemental" appropriated in November.)

However, the underlying problem — the use of supplementals to paper over the real costs of defense and domestic programs and to avoid making tough budget choices — is very much alive.

Supplemental budget requests are supposed to provide funding that cannot wait until the next appropriations cycle. Congress uses them to foot unexpected costs because of natural disaster or war. Thus, supplementals provided the initial funding for conflicts including the Persian Gulf War, Bosnia and Kosovo. However, the continued funding for these conflicts came through regular budget horse-trading. Traditionally, supplemental spending makes up less than 1% of defense spending, and it rarely rises above 3%.

By contrast, in 2007, at least 16.4% of new defense spending will go through supplemental bills. And yet, after four years of engagement, the cost of the war in Iraq is by no means unpredictable or sudden. The largest expenditures in the supplementals are the salaries and benefits of Army National Guard personnel and Reservists called to active duty.

So why abuse supplemental appropriations? Because Congress and the president have discovered that they are an effective way to discreetly increase spending for a long and painful war. As important, supplemental spending does not count against budget caps or automatically trigger offsetting cuts. Thus, the Pentagon can have money for the war while keeping space available in the regular budget for pet projects.

Last year, Army Chief of Staff Gen. Peter Schoomaker gave the game away when he testified before a Senate committee that the Army preferred to fund 30,000 additional troops through supplementals because including the funds in its annual budget request "would have to displace other things that are too important to us as we transform."

But that trade-off is exactly what should be happening. In the 2008 budget, instead of one defense budget request that has to balance and justify the need for war-fighting funds with such Cold War-era weapons boondoggles as the Air Force's F-22 stealth fighter, the Marine Corps' tilt-wing V-22 Osprey and the Navy's DDG-1000 stealth destroyer and Virginia-class attack submarine, the Pentagon separates the two and gets to have its cake and eat it too.

Nor is the Pentagon the only player in the shell game. By trimming the administration's formal defense spending request (while relying on supplemental spending to make up the difference), Congress can free up the amount "saved" for non-defense appropriations.

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That's why, in 2006, then-House Appropriations Committee Chairman Jerry Lewis (R-Redlands) asked that $6 billion be cut from the proposed 2007 defense budget and shifted over to erase almost $4 billion in cuts proposed for the departments of Labor and Health and Human Services. That made Congress look fiscally responsible. In the 2007 fiscal year, this bipartisan practice will make it possible for Congress to spend an extra $170 billion.

The Democratic Congress could use Iraq spending as leverage for some long-overdue cutting of waste at the Pentagon. Or Congress may decide that more than $700 billion for defense is worth every penny. But we must stop pretending that war-related costs are somehow separate from the budget of a department whose only mission is to fight and win the nation's wars. That won't happen until Washington stops hiding major defense spending increases — years after this "emergency" practice should have stopped.

Veronique De Rugy Is A Resident Fellow At The American Enterprise Institute.

DOJ:

Ousted U.S. Attorney Blames Policy Disputes With Bosses (AZREP)

By Billy House And Dennis Wagner, The Arizona Republic

Arizona Republic, February 10, 2007

Former U.S. Attorney for Arizona Paul Charlton said Friday that he left office in January for "principled reasons, not performance issues," as a deputy attorney general suggested this week.

Charlton, who was one of six top federal prosecutors across the country forced to resign, said there had been "policy disputes" with his Justice Department higher-ups. Charlton spoke to The Arizona Republic on Friday in his first public comments since being asked to step down.

Although Charlton declined to elaborate, two sources said a main disagreement between Charlton and officials in Washington centered on when to seek the death penalty in federal murder cases.

As a U.S attorney, Charlton has pursed the death penalty in some cases. But his insistence on determining whether to push for capital punishment on a case-by-case basis clashed on at least two instances with a Justice Department effort to centralize decisions nationally and to seek the death penalty in a uniform way.

Charlton acknowledged that he was among the prosecutors who received a telephone call on Dec. 7 from Michael Battle, director of the Justice Department's executive office for U.S. attorneys, asking him to resign.

"I certainly was given no indication there were performance concerns," Charlton said.

Like all U.S. attorneys, Charlton served at the pleasure of the president. He was appointed in November 2001.

Even so, Charlton said that he told Arizona GOP Sen. Jon Kyl, a member of the Senate Judiciary Committee, of the call and that Kyl agreed to speak to officials at the department on his behalf.

"Senator Kyl informed me that after his conversation with the Department of Justice that the department agreed they would reconsider their asking me to resign," Charlton said.

But, Charlton said, "it then became apparent to me that our views had become so divergent and disparate that I would resign."

"I left for principled reasons, not performance issues," said Charlton, now a partner in the firm of Gallagher and Kennedy.

'Issue of semantics' A Justice Department official in Washington who asked not to be identified said that Charlton's distinction between policy and performance "may be an issue of semantics."

"Policy is set at a national level," the official said. "Individual U.S. attorneys around the country can't just make up their own policy agendas. Such a situation would result in chaos with 93 different U.S. attorneys implementing different policy decisions around the country. That is no way to run an organization."

Kyl, in a statement released by his office on Friday, said he had "been assured that both Attorney General (Alberto) Gonzales and Deputy Attorney General Paul McNulty are grateful for Paul Charlton's five years of service, as am I."

"My understanding is that Paul Charlton's departure resulted from disagreements with the Department of Justice about some office policies," Kyl added. A spokeswoman for Sen. John McCain, R-Ariz., said he also believes Charlton "was an exemplary U.S. attorney."

Charlton's comments come amid a growing controversy over the forced resignations of six top prosecutors.

McNulty testified this week before the Senate Judiciary Committee, which is looking into the dismissals, and suggested that the Republican-appointed U.S. attorneys were asked to resign for "performance-related" reasons.

The ousters have prompted a Senate battle over a provision quietly slipped into the Patriot Act reauthorization last year to allow the Justice Department to replace prosecutors with interim successors for indefinite terms, viewed by some as a Bush administration end-around past Congress.

On Thursday, the Senate Judiciary Committee in a bipartisan vote passed a measure opposed by Kyl to repeal that provision.

One of the ousted U.S. attorneys, John McKay of Seattle, said earlier this week that his office received glowing performance reviews as recently as last fall. And another, Daniel Bogden of Nevada, has also told a newspaper that he had not been told of any problems with his performance.

The suggestion that Charl- ton was asked to leave for performance-related reasons stunned one former supervisor, former Deputy Attorney General James Comey. Comey was McNulty's predecessor in that job, leaving in August 2005.

Charlton "was one of the stars of the U.S. attorney community," Comey, now general counsel for Lockheed Martin, said Friday. "His office handled a staggering caseload and number of crimes."

Arizona case Wyn Hornbuckle, a spokesman for the U.S. Attorney's Office in Arizona, said there has been only one person sentenced under the Federal Death Penalty Act in Arizona. Lezmond Charles Mitchell, 25, is being held at the Special Confinement Unit in Terre Haute, Ind., one of 44 inmates there facing execution.

Mitchell was convicted in the October 2001 murder of Alyce Slim, 65, and Tiffany Lee, 9, during a kidnapping. Mitchell and a co-defendant, Johnny Orsinger, stabbed the victims to death after catching a ride as hitchhikers. Mitchell is reportedly the first and only Native American facing federal execution. The Navajo Nation has criticized his sentence, which is scheduled for appeal Thursday in the 9th Circuit Court of Appeals.

Hornbuckle said federal prosecutors are seeking the death penalty against Jose Rios Rico, who faces trial for murder during a drug-trafficking crime, as well as numerous other felony offenses related to meth deals.

In one case, four members of the New Mexican Mafia, or New Eme, faced execution for murder and other crimes. The defendants, including brothers Luis and Felipe Cisneros, accepted last-minute plea bargains. Three received life sentences; the fourth got 16 years.

Larry Hammond, a Phoenix attorney who represented Felipe Cisneros, said Charlton was an "honest broker" in the case, deciding to give up capital punishment because the government would have faced an expensive six-month trial with severe effect on victims and an unknown verdict.

"It was true that, for a long time, main Justice was not prepared to go along" with the plea deal, Hammond said, adding that authorities in Washington, D.C., finally relented.

Under Charlton's administration, several other death-penalty actions were initiated but later dropped.

Richard Dieter, executive director of the Death Penalty Information Center in Washington, said that the Bush administration has become more aggressive in pursuing executions.

Dieter noted that the federal Death Penalty Act was expanded in 1994 to make numerous offenses eligible for capital punishment, including virtually any murder committed as part of another federal crime.

He said Justice Department officials have sought to deal with inconsistent death-penalty prosecutions from state to state by creating national protocols.

At the same time, he noted, Attorney General Alberto Gonzales and Bush's first attorney general, John Ashcroft, are also solid backers of capital punishment while their predecessor, Janet Reno, philosophically opposed the law.

As a result, new protocols have been imposed requiring Justice Department review of all cases that are death- penalty eligible, reducing the autonomy of local U.S. at- torneys.

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Reach the reporter at dennis.wagner@arizonarepublic.com.

Charlton Exit Linked To Death Penalty Push (AP)

AP, February 10, 2007

WASHINGTON - Supporters of former U.S. Attorney Paul K. Charlton say that the former federal prosecutor clashed with the Bush administration over the death penalty before he resigned in December.

Former Arizona Attorney General Grant Woods said Friday the Justice Department in Washington pressed Charlton to apply the death penalty in certain cases, but Charlton resisted because he didn't believe it was the right thing to do. Charlton resigned in December and left office at the end of last month.

"It's obvious that they may have felt there were more circumstances where (the death penalty) was warranted than he did," said Woods, who has spoken with Charlton recently. "I think he should get credit for standing on principle rather than just doing what he was told so he didn't make waves. A lot of people don't have the guts to stand up and say 'no.' "

Woods did not know whether the conflicts led directly to Charlton's departure after serving as the U.S. attorney for Arizona since 2001. Charlton took a job with a Phoenix law firm.

Charlton did not respond to repeated requests for comment throughout the week. The 46-year-old career prosecutor told The Associated Press in December that he had decided it was time to leave.

A Justice Department spokesman was not immediately available for comment Friday evening.

Charlton's resignation came as accusations swirled on Capitol Hill that the Bush administration had used a provision of the USA Patriot Act to oust federal prosecutors and replace them with White House allies without Senate confirmation.

Democrats have accused the administration of punishing prosecutors whose work targeted Republican allies. Charlton's office handled preliminary investigations into Republican Reps. Jim Kolbe and Rick Renzi before the November election.

Attorney General Alberto Gonzales has denied the charge and promised to submit every replacement for Senate confirmation. Seven federal prosecutors have left office in the last year; most, like Charlton, stepped down in December.

Editorial: Call McKay's Firing What It Is: A Political Purge (TACNT)

Tacoma (WA) News Tribune, February 10, 2007

John McKay, by all accounts, was a stellar U.S. attorney.

Since becoming Western Wash- ington's top federal prosecutor in 2001, he led an aggressive team that filed charges against twice as many defendants and posted a higher conviction rate despite the bigger case-load.

McKay won admiration of federal judges and state law enforcement officials, and earned the Navy's highest civilian honor for creating an interagency information-sharing system that has become a national model.

Even his bosses seemed to think McKay was doing a topnotch job. Just last March, Justice Department evaluators gave McKay's office a glowing review, calling him an "effective, well-regarded and capable leader."

So it came as quite the surprise when McKay announced in December that he was stepping down. There was no plum appointment or job waiting in the wings, only a chance to pursue other opportunities — usually code for "I was shown the door."

As so, it turns out, McKay was. He spoke out this week in defense of himself and his former employees after Deputy Attorney General Paul McNulty told a Senate judiciary panel that McKay and five other Republican U.S. attorneys were forced to resign for "performance-related" issues.

McKay says no one ever raised performance issues with him, not even on Dec. 7 when a senior Justice Department official called out of the blue to tell him he had to resign by the end of January.

The truth behind the mass exodus has a lot more to do with the politicization of the U.S. Attorney's Office than it does with poor lawyering. A Justice Department source told the Seattle Post-Intelligencer that President Bush and the Republican Party want to "build their bench" by replacing top prosecutors with younger conservatives to enhance their résumés for future positions.

Come to find out, Congress did the administration a big favor last year when it gave Attorney Gen. Alberto Gonzales the power to appoint interim prosecutors indefinitely. Now the administration doesn't have to go to the trouble of seeking Senate confirmation.

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The Senate Judiciary Committee voted this week to repeal that new authority; the rest of the Senate and House should follow its lead. U.S. attorneys may serve at the pleasure of the president, but the interests of justice demand that they be shielded from the brute machinations of political retribution and cronyism.

Editorial: Firings Reek Of Politics (SPT)

St Petersburg (FL) Times, February 10, 2007

Former U.S. Attorney John McKay's last performance appraisal gave him a highly favorable rating and said he is "an effective, well-regarded and capable leader." But McKay, of the Justice Department's Western Washington office, got kicked out the door. He is one of at least seven U.S. attorneys across the country who have been removed for what appear to be political reasons.

U.S. attorneys act as chief federal prosecutors within the states and are charged with being fair and independent. But there is no job that can't be filled by political loyalists.

In a hearing before the Senate Judiciary Committee, Paul McNulty, the deputy attorney general, claimed that most of the incumbents had been replaced for performance issues. Yet he admitted to Sen. Charles Schumer, D-N.Y., that H.E. Cummins III, a former U.S. attorney in Arkansas, had done nothing to justify being removed. Cummins was replaced with a former political director for the Republican National Committee.

Schumer is investigating the removals. The administration is exploiting a provision of the reauthorized Patriot Act, which allows it to ignore the Senate confirmation process.

Previously, the president could name an interim U.S. attorney for 120 days. After that, a federal judge would appoint a substitute who would fill the job until the Senate confirmed the administration's choice. The Patriot Act allows the president's appointee to stay in the job indefinitely.

An administration prone to putting partisans and political hacks in key public posts could use this loophole to fill its top prosecutor ranks with party activists who are less than shining legal lights. It also may use this unilateral power to intimidate those prosecutors who remain.

In ousting San Diego U.S. Attorney Carol Lam, the Bush administration has signaled to others in its corps that investigating public corruption comes at a price. Lam headed the office that unearthed the misdeeds of congressman Randy "Duke" Cunningham, who is now in prison after admitting taking more than $2-million in bribes. The probe had been continuing under her leadership and included other members of Congress.

Senate confirmation is integral to reducing the partisanship of presidential appointments and is especially important for posts where impartiality and independence are needed qualifications. The new law that makes it possible to cut the Senate out should be repealed, as a measure introduced by Judiciary Committee Chairman Patrick Leahy, D-Vt., would do. Meanwhile, Schumer and other senators should continue to press for better explanations for the removal of people who seemed to be doing their job.

Gregg Herrington Column: U.S. Attorney's 'Resignation' Doesn't Wash (VANCC)

By Gregg Herrington, Columbian staff writer

Vancouver (WA) Columbian, February 10, 2007

This ought to teach U.S. Rep. Brian Baird and Clark County Prosecutor Art Curtis to keep their mouths shut.

The two Democrats have liberally praised a Bush administration Republican appointee, John McKay, for doing a heckuva job as U.S. attorney for Western Washington. Now McKay is no longer in that job. He's toast. Out on his ear.

When he announced in December that he was moving on, McKay didn't say much. He played the Colin Powell role of an obedient and noncomplaining soldier. He said something gauzy about pursuing other interests.

At least he spared us tergiversation about spending more time with his family or catching up on reading back copies of National Geographic.

Then came Wednesday's revelation before the Senate Judiciary Committee: Seven U.S. attorneys around the country had been asked to resign in recent months. Later in the day, McKay told The Associated Press, "I was ordered (in December) to resign. ... I was given no explanation. I certainly was told of no performance issues."

Just seven months earlier McKay "received a glowing performance review from Justice Department evaluators," The Seattle Times reported Thursday.

I figure the Baird-Curtis praise was a nail in McKay's career coffin.

Some 90 U.S. attorneys around the country serve at the pleasure of the president, prosecuting, or not, federal crimes.

But the Bush White House likes its minions to be attuned to the greater vision: moving the blue states into the red column. And how can one do that if one is working closely with the other side, sharing credit with Democrats while beefing up the federal crime-fighting apparatus in Southwest Washington?

Too politically moderate?

The Seattle Post-Intelligencer said Thursday that a former Justice Department source said McKay is "too politically moderate" for the Bush administration. Other theories boil down to McKay not being enough of a partisan. The Justice Department doesn't comment on specific attorneys but cited performance as an issue for those it sent packing.

Nobody's buying it.

Chief U.S. District Judge Robert Lasnik told The Times that among federal judges in Western Washington, "it was unanimous that ... John McKay was an absolutely superb U.S. attorney, and by every measure the performance of his office improved during his tenure."

Norm Maleng, the moderate Republican King County prosecutor, said McKay "took the U.S. attorney's office to a higher level. He reached out to every prosecutor in Western Washington, and renewed connections. ..."

Sen. Patty Murray, D-Wash., somewhere between suspicious and outraged, called for a Judiciary Committee probe of McKay's dismissal. That was Wednesday. By Thursday she was closer to outrage and wrote the attorney general, asking for an explanation.

Friend to Southwest Washington

In Vancouver, Curtis, the Democratic county prosecutor for 26 years, said, "John McKay did more for law enforcement in Southwest Washington than any U.S. attorney I've ever worked with. I was saddened when I heard he resigned and saddened that he was asked to resign."

Baird, whose public praise for McKay has been free-flowing for several years, said, "John McKay is an outstanding individual and a great friend to Southwest Washington. He's probably the best U.S. attorney we've ever had, for this region."

Much of their regard for McKay stems from his paying attention to Clark County, long a backwater in the world of federal criminal prosecution. McKay, in 2003, was instrumental in getting a Federal Investigative Center in Vancouver, staffed with people from various federal crime-fighting agencies who historically have served this area mostly out of Tacoma and Seattle.

Maybe the next time local Democrats feel the urge to say something critical of a Bush appointee, they ought to say something nice instead. That'd fix him.

Gregg Herrington's column of personal opinion appears on the Other Opinions page each Friday. Reach him at gregg.herrington@columbian.com.

CORPORATE SCANDALS:

Prosecutors Eye Jobs' Role In Pixar Stock Options (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, February 10, 2007

Film director Lasseter reportedly received many that offered advantageous timing

These days, the most animated discussions about Steve Jobs have nothing to do with his high-tech wizardry and everything to do with his alleged involvement in a growing stock-options manipulation scandal that has engulfed Apple Inc., the Cupertino technology giant he runs, and Pixar Animation Studios, the Emeryville movie company he sold to Walt Disney Co. last year.

Federal prosecutors in San Francisco are scrutinizing options awarded to top Pixar executives on dates that guaranteed them the highest potential profits. Among the grants being reviewed: Two-time Oscar-winning animated film director John Lasseter and former Pixar President Edwin Catmull received options that allowed them to buy Pixar stock at the lowest price in

2000. In 1997, Lasseter received options just before a production agreement with Disney that pumped up shares nearly 50 percent.

A spokesman for the U.S. attorney's office in San Francisco declined to comment.

The Wall Street Journal reported Friday that Jobs, then Pixar's chairman and CEO, signed the 2001 employment contract with Lasseter that included a large options grant on a date more than three months before the contract was signed. The Journal cited a person familiar with the matter.

It remains unclear what role if any Jobs played in selecting the favorable date, according to the Journal. But the timing grabbed the attention of federal authorities, prompting an investigation by Disney that has not been completed. Washington lawyer William McLucas, a former Securities and Exchange Commission official heading the investigation, could not be reached for comment. In a conference call with investors in November, Disney CEO Bob Iger said the board began the investigation after being contacted by the SEC and the Justice Department.

Federal investigations of both Apple and Pixar have put Jobs on the hot seat. An internal Apple probe cleared Jobs of wrongdoing but acknowledged that he was aware and even recommended the selection of "favorable" dates to potentially inflate the value of stock options to key executives. Jobs sits on Disney's board and is its largest individual shareholder. Lasseter is now chief creative officer of Disney's animation studios. A Disney spokesman could not be reached for comment.

"This is yet another incident of really questionable ethical conduct by Steve Jobs," said James Post, a Boston University management professor who teaches corporate governance and ethics. "Steve Jobs is too smart a guy to just have stumbled multiple times into this kind of behavior. Now it will be up to the U.S. attorney or the SEC to decide what to do about that."

In March 2001, Jobs signed a 10-year employment contract with Lasseter, who had delivered box-office gold for Pixar with "Toy Story" and other animated films. Jobs was eager to lock Lasseter into a long-term contract, fearing Disney might try to recruit the director, the Journal reported.

The new contract included a $5 million signing bonus and a $2.5 million annual salary. An SEC filing said 1 million stock options were "previously" granted "at the fair market value" on Dec. 5, 2000, the day before the options were dated. That price was the lowest of 2000. By that March, Pixar's shares had rebounded dramatically.

From 2003 through last year, Lasseter cashed in about 880,000 of the options, adjusted for a 2-for-1 split, at various prices before converting the remaining shares to Disney shares when Pixar was sold, the Journal reported.

Revelations of Jobs' potential involvement in the suspect timing of stock-option grants at Apple and Pixar are becoming cumulative, said Adam Pritchard, a University of Michigan law professor who used to work for the SEC. It remains to be seen if prosecutors can make the case that Jobs understood that the practice ran afoul of securities laws.

"There was no effort to disguise what's being done, which suggests he didn't think there was anything wrong with it," Pritchard said.

Former Colorado U.S. Attorney William Leone cautions against a rush to judgment. "There are 1,000 facts that could make one of these stock-options cases turn 180 degrees," he said.

E-mail Jessica Guynn at jguynn@sfchronicle.com.

SEC Formalizes KLA Probe (SJMN)

By Mark Schwanhausser And Ryan Blitstein

San Jose Mercury News, February 10, 2007

The Securities and Exchange Commission has elevated its probe into stock option backdating at KLA-Tencor into a formal investigation, the company said Friday.

The San Jose maker of chip-inspection equipment, which said it learned the news Feb. 2, has faced an informal investigation by the SEC and a separate probe by the Justice Department since last May, when newspaper reports raised questions about the fortunate timing of options awarded to Chairman Kenneth Levy.

Last week, KLA acknowledged in its 2006 annual report that the company intentionally priced stock options ``retroactively," falsified documents and violated its stock plan rules about issuing discounted options. The company said that some former executives selected the ``fortuitously low" prices, while others were aware of the abuses.

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The internal inquiry led to the ouster of Levy, a Silicon Valley pioneer, General Counsel Stuart Nichols, and director Jon Tompkins, the former CEO of Tencor before it merged with KLA.

The company also fired Kenneth Schroeder, a former chief executive who most recently served as a senior adviser, and canceled all tainted options he held. Although KLA-Tencor hasn't said so explicitly, its reports appear to blame Schroeder for much of the options abuses. Schroeder plans to fight his firing and the cancellation of his options, KLA-Tencor said.

A formal investigation means the SEC can issue subpoenas to force the disclosure of information, rather than asking for information to be provided voluntarily during an informal inquiry.

But it doesn't necessarily indicate a dramatic shift by the SEC, said Darryl P. Rains, a partner with Morrison & Foerster in Palo Alto. For example, the SEC might formalize an investigation in order to subpoena an uncooperative former executive or a financial institution that can't otherwise turn over an executive's private banking or brokerage statements.

``People often mistake it to mean it's more serious," Rains said. ``KLA's case is quite serious, but I don't think it became more serious all of a sudden."

KLA is ``cooperating fully" with the SEC and Justice Department investigations ``and intends to continue to do so," it said in its quarterly report to the SEC.

The company recently restated results from 1994 through 2005 to include $370 million in charges related to those backdated options. KLA-Tencor expects to record up to $6 million in additional charges in coming financial periods related to the backdating.

The SEC filing released Friday also provides details about what the company is doing to help rank-and-file employees deal with the fallout of the backdating scandal. The company said that all employees who got options got tainted options.

If workers hold discounted options, the company intends to offer to reprice them so that workers can avoid a new 20 percent tax and interest on discounted options. In turn, it intends to pay bonuses to compensate workers for the lost discount. It also might consider paying tax penalties that workers incur. If workers exercised tainted options in 2006, the company intends to pay any additional taxes they incur.

Such payments are expected to cost the company about $30 million.

The company also will compensate employees who were unable to buy discounted stock in the employee stock purchase plan, or ESPP. The company had to suspend the ESPP last year because it was prohibited from issuing stock while it was behind in releasing up-to-date earnings information. KLA-Tencor began making such payments last year, and it decided Jan. 24 to continue doing so into 2007.

KLA also disclosed that the Department of Labor is examining its 401(k) plan in connection to the backdating, but a company spokeswoman declined to elaborate late Friday.

GM Accounting Issues Still Unresolved (WSJ)

By John D. Stoll

The Wall Street Journal, February 10, 2007

General Motors Corp. said late Friday it still isn't ready to say when it will resolve accounting issues that forced it to delay filing its fourth-quarter and full-year financial results for 2006.

Separately, shares of GM and Ford Motor Co. rose Friday after Deutsche Bank upgraded the auto giants' shares to "buy," citing optimism that the companies can win health-care-cost savings from the United Auto Workers union this fall. Shares of GM were up 6.5% to $36.01 in 4 p.m. composite trading on the New York Stock Exchange, while shares of Ford were at $8.73, up 2.1%, on the NYSE.

GM was originally scheduled to report preliminary fourth-quarter results Jan. 30 but announced two weeks ago that it would postpone the release. The company said it would provide further information on the progress of its financial reporting during the week of Feb. 5 and that it would submit its 10-k report with the Securities and Exchange Commission by the Mar. 1 deadline.

GM spokeswoman Renee-Rashid Merem said "it's still our intent to file by the due date." She said the company is still looking into various issues that forced the earnings delay.

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The Detroit auto maker needs to review its accounting for previously disclosed deferred-tax liabilities that were overstated dating back to 2001 and for certain derivatives transactions and hedging activities. In addition, the company said it needed more time to finalize financial results and re-evaluate the value for GMAC Financial Services, the lending arm in which GM sold a majority stake last year.

Write to John D. Stoll at john.stoll@dowjones.com4

Sallie Chairman Sold Shares Ahead Of Cuts (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, February 10, 2007

Sallie Mae Chairman Albert L. Lord sold $18.3 million worth of company stock last week, just days before the Bush administration unveiled a multibillion-dollar cut in subsidies to the lending industry that caused Sallie Mae shares to plummet.

Lord sold 400,000 shares of company stock Thursday, Feb. 1, and Friday, Feb. 2. The following Monday, after President Bush announced a budget that would cut subsidies to the student-lending industry by about $19 billion over five years, Sallie Mae's stock plunged about 9 percent, to $42.37 from $46.46, its lowest closing price in more than two years.

In a Securities and Exchange Commission filing that night, SLM Corp., as Sallie Mae is formally known, disclosed Lord's sale of the shares, which it said was done to fund unspecified personal projects.

Tom Joyce, a spokesman for Sallie Mae, said this week that Lord had planned to sell the shares for weeks and told the company about his plans to sell the stock, which represented about 29 percent of the Sallie Mae shares he owns outright, nine days before the sale.

Democrats in Congress have been calling for changes in student loan programs that would hurt Sallie Mae. The Reston-based student lending company has opposed the changes. But, Joyce said, Lord had no idea Bush would propose such huge rollbacks of lender subsidies. "Nobody had these cuts on their radar screen," he said. "The student lending community did not see this coming."

"I can understand that people are raising questions, but the timing was just completely coincidental," Joyce said. "He had been thinking of doing this for many weeks. He was watching the market and just elected to do it on Thursday and Friday."

If Lord had sold his shares at Monday's closing price of $42.37, he would have received about $1.4 million less. Lord sold the shares in a series of transactions over the two days at prices that ranged from $45.75 to $46.03.

"It certainly seems to raise some fairly significant questions," said Larry P. Ellsworth, a former lawyer with the SEC's trial unit. He said company executives generally cannot trade on potentially market-moving information if they receive the information in their official roles and it is not available to the public.

Lord, who was traveling yesterday and could not be reached for comment, did not act on such information, Joyce said.

William M. Diefenderfer III, chairman of the Sallie Mae board's audit committee, said Lord told the directors at the end of a meeting Jan. 25 that that he planned to sell up to $30 million worth of company stock. "Everybody said fine, and that was it," Diefenderfer said yesterday.

"Al is as honest as the day is long," Diefenderfer added. "If he knew the cuts were coming, he would not have sold."

Chad Colby, a spokesman for the Education Department, said some Capitol Hill staff members were briefed on the proposed budget last Thursday but that the suggested cuts were not shared with Sallie Mae officials before Monday's announcement.

There were signs that the White House would propose cutting subsidies for the lending industry in its budget, said Matt Snowling, an analyst at Arlington investment bank Friedman, Billings, Ramsey Group.

"We downgraded Sallie Mae about three or four weeks ago because we had heard that the administration was looking at cutting into lender subsidies," he said. "It's not completely a surprise to us, although it clearly was a surprise to a lot of investors."

The company's stock has been declining for months, though this week's drop was particularly precipitous.

The day after the president's budget and Lord's sale were disclosed, Sallie Mae stock closed at $41.96 per share, a 52-week low. The stock rebounded yesterday, closing at $42.55.

Staff researcher Richard Drezen contributed to this report.

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CRIMINAL LAW:

Trial Exposes White House Crisis Machine (AP)

By Pete Yost, Associated Press Writer

AP, February 10, 2007

David Addington, chief legal adviser to Vice President Dick Cheney, says he was taken aback when the White House started making public pronouncements about the CIA leak investigation.

In the fall of 2003, President Bush's press secretary was categorically denying that either Karl Rove or I. Lewis "Scooter" Libby was involved in exposing the identity of Valerie Plame, a CIA employee married to a critic of the war in Iraq.

"Why are you making these statements?" Addington asked White House communications director Dan Bartlett.

"Your boss is the one who wanted" them, Bartlett replied, referring to Cheney.

With that, "I shut up," Addington recalled recently for jurors in Libby's CIA leak trial, which begins its fourth week on Monday with Libby's lawyers calling their first witnesses.

So far, the testimony of Addington and other administration aides, along with documents and Libby's audiotaped grand jury testimony, have provided a rare glimpse of how the Bush White House scrambled to respond to a political crisis as it intersected a criminal investigation.

At the intersection was Cheney, along with Rove and Libby, who were working in the summer of 2003 to rebut claims by Plame's husband, former Ambassador Joseph Wilson, that Bush had misled the nation about prewar intelligence on Iraq.

The White House denials on behalf of Rove and Libby came just before Rove secretly began acknowledging to the FBI that he had confirmed Plame's identity for conservative columnist Bob Novak, who first published her name and relationship to Wilson.

About the same time, Libby came under suspicion because NBC News Washington bureau chief Tim Russert had talked to the FBI, contradicting Libby's version of a conversation between the two men that would become the heart of the perjury and obstruction charges against Libby.

Bush and Cheney made a common mistake in their public handling of the Plame affair, says presidential scholar and University of Texas government professor Bruce Buchanan, who has watched Bush's career since his days as Texas governor.

"They're in a high-stakes game of poker, the immediate pressure is political and the people in charge are political people," Buchanan said. "If there is a legal issue it will dawn, but by then someone is out on a limb."

Testimony and documents in the trial show Rove joining Cheney in trying to undercut Wilson's claim that the administration had twisted prewar intelligence to exaggerate the Iraqi threat.

"We're a day late in getting responses to the story," Rove told a staff meeting, according to Libby's notes.

"Get the full story out," Cheney told aides, according to Libby's grand jury testimony.

There were glitches in the leak campaign against Wilson.

New York Times reporter Judith Miller never wrote a story about it, even after Cheney persuaded Bush to declassify prewar intelligence so it could be shared with Miller. The intelligence report said Iraq was vigorously trying to acquire uranium from the African nation of Niger.

"It was a totally failed effort," Libby told the grand jury of his meetings with Miller.

But there were successes too.

Libby recalled asking Deputy Secretary of Defense Paul Wolfowitz to reach out to The Wall Street Journal.

"I don't have as good a relationship with The Wall Street Journal as Secretary Wolfowitz did," Libby told the grand jury. "I talked to Secretary Wolfowitz about trying to get that point across, and he undertook to do so."

The Journal ran an editorial focusing on the theme Libby wanted. The editorial stated that the prewar intelligence the newspaper was describing had not come from the White House, "which to our mind has handled this story in a hamhanded fashion."

In the Libby trial, Bush comes across mostly as an interested observer.

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According to Libby's notes, some of which surfaced at the trial, Bush expressed interest in a May 6, 2003 New York Times column critical of the administration and referencing an unnamed former ambassador, who turned out to be Wilson.

In questioning Libby before the grand jury, Special Counsel Patrick Fitzgerald juxtaposed Bush's public statements condemning leakers and Libby's contacts with reporters, some of whom have testified against him.

"Were you at all concerned that while the president was stating that there's no White House involvement in any leaks whatsoever, that you were one of the people who may have been referred to" in press reports about possible White House leakers? asked Fitzgerald.

In the grand jury recordings, the prosecutor also asked Libby about his interaction with Rove a few days before Novak exposed Plame's CIA identity. Libby said Rove "was animated that Novak was animated about this." Libby added that Rove "thought it was a good thing that somebody was writing about" Wilson and his wife.

Cheney told Libby early in the effort to deal with Wilson that his wife worked at the CIA. And while the Cheney-Libby team worked in lockstep attacking Wilson in July 2003, Libby said he faced a somewhat distant vice president when the affair came under investigation, first by the Justice Department, then by Fitzgerald.

Regarding his discussions with reporters about Wilson's wife, "I would have been happy to unburden myself" to Cheney, Libby told the grand jury, but "he didn't want to hear it."

Taking The Bait On A Phish Scam (WP)

By Annys Shin, Washington Post Staff Writer

The Washington Post, February 10, 2007

Job Seekers Are Targets, Victims of Sophisticated Ploy

The online news site USA Voice isn't going to win any kudos from media critics. Not for its top story Monday, "Super Bowl Ads Don't Live Up to the Hype." And not for its Fox News-style slogan, "USA Voice: Honest and Unfiltered."

As a phishing scheme, however, privacy experts say it's a winner.

The Web site for the "world's fastest growing news organization" looked good enough to fool Katherine Brinton, an aspiring journalist in Philadelphia. After posting her r?sum? on Monster.com nine months ago, the 23-year old received an e-mail from USA Voice in November that said it was looking for reporters with "excellent writing skills" and an "innate ability to find the truth."

Brinton filled out an online application with her name, address and telephone number. But instead of job offers, she began receiving a stream of unsolicited e-mails hawking Viagra, payday loans and penny stocks.

"I felt like I was being scammed," she said.

Brinton fell victim to a sophisticated phishing scam, which, in recent months, targeted thousands of job seekers on such popular Web sites as Monster.com and CareerBuilder.com. Phishers send out seemingly legitimate e-mail in an attempt to get people to reply with personal information then used in a variety of scams.

Since June, the Better Business Bureau serving Metro Washington has logged more than 8,000 inquiries about USA Voice and a related entity, Instant Human Resources. USA Voice lists a downtown Washington address; Instant Human Resources lists an address in Rockville. Both locations turned out to be a service that forwards mail for other businesses. Instant Human Resources' parent company, Internet Solutions, says it is based in Orlando.

The Better Business Bureau has received 20 complaints about the three companies, and all share similarities. USA Voice, Instant Human Resources and Internet Solutions advertised such positions as "gossip reporter," "IT assistant" and "quality control administrator" on employment sites such as Monster, CareerBuilder and Yahoo HotJobs, and contacted people who had posted r?sum?s there. But after being enticed to give up personal information, job seekers never heard from the companies again and instead began getting inundated with spam.

"These firms purport to provide employment opportunities. Consumers allege that the only thing they have received is bulk unsolicited e-mail. Based on this, it would appear that the given companies are . . . a scheme to amass and sell personal contact information," said Edward J. Johnson III, chief executive of the Better Business Bureau of Washington.

None of the companies responded to Better Business Bureau inquiries. They also did not respond to a reporter's e-mails or to notes left in their Washington-area mailboxes.

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In 2006, about 109 million U.S. adults received phishing e-mails, up from 57 million in 2004, according to research firm Gartner, of Stamford, Conn. About one in six phishing e-mails are opened -- a better rate than for e-mails from legitimate businesses, said Jeff Wilbur, vice president of marketing for e-mail security firm Iconix.

The majority of phishing e-mails claim to be from financial institutions, but phishers have also switched to mimicking dating, social networking and other kinds of online services. In those cases, victims might let their guard down because they are not giving out financial information, Wilbur said. But such attacks can leave them just as vulnerable to identity theft.

"Sometimes these phishing attacks look innocent because you're not giving up what you consider huge personal information. But it might be the final piece of the puzzle of the information they have on you," Wilbur said.

Job search sites offer identity thieves a rich source of personal information and a pool of potential victims willing to divulge even more in hopes of landing employment. Since 2004, some of the largest online job search firms, such as Monster and CareerBuilder, have taken more precautions against criminals looking to collect personal information from their users.

Privacy experts say the job sites could do more to weed out fraudulent ads. "People, when looking for work, are at their most vulnerable. Job sites owe it to consumers to take that extra step to make sure these scams don't slip through the net," said Pam Dixon, executive director of the World Privacy Forum, a nonprofit research and consumer group.

Spokespeople for Monster, CareerBuilder, and Yahoo said they include warnings about fraud on their sites, screen employment listings and employer Web sites and monitor job postings daily.

CareerBuilder removed job ads by USA Voice eight months ago, said spokeswoman Jennifer Sullivan. Monster removed ads by USA Voice and Instant Human Resources in December and ads by Internet Solutions last week, said spokeswoman Danielle Perry. Yahoo removed ads from Internet Solutions last week.

Privacy experts and security officials at the job sites agreed that the three Web sites in question are "particularly clever" and "very slick." Internet Solutions, for example, requires users to create a password. Dixon said this was probably a ploy to collect access codes for online bank and e-commerce accounts. Most people use the same password for everything, security experts said, and criminals know that.

USA Voice's victims were persuaded to harvest personal information from others. After posting her r?sum? on CareerBuilder, Emma Ward of Collegeville, Pa., was contacted by e-mail by USA Voice. The 24-year-old was told she qualified to be an editor and was responsible for recruiting her own writers. She just had to collect and send their e-mail addresses to the company. The writers, in turn, would be paid by the number of hits their stories received, giving them incentive to direct more people to the USA Voice site.

Ward never got around to recruiting anyone. She stopped hearing from USA Voice and started receiving spam.

Job seekers got offers, but not for legitimate employment. Instant Human Resources told Michael Coleman of Bronxville, N.Y., after seeing his r?sum? on Monster or CareerBuilder, that he could be the U.S. representative for an overseas firm. The 34-year-old Web project manager signed onto the Instant Human Resources' Web site, which required him to enter his name, address, phone number, and Social Security number and create a password.

Coleman followed the instructions but entered a fake Social Security number. The job, he said, "didn't sound right." He didn't pursue it any further after online research confirmed his suspicions: The position sounded like a scam involving cashing old money orders.

"For anyone looking for a job, it's a tough economy," Coleman said. "You don't want to go to a site and see some scam."

California: Elie Wiesel Is Attacked (NYT)

By Jesse Mckinley

The New York Times, February 10, 2007

Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize, was attacked at a San Francisco hotel last week by an unknown assailant, the police said yesterday. Sgt. Neville Gittens, a police spokesman, said Mr. Wiesel, 78, was attending a conference when a man approached him in an elevator and asked to interview him. After a brief discussion, the man dragged Mr. Wiesel off the elevator and tried to restrain him, but Mr. Wiesel screamed, and the attacker fled. Mr. Wiesel was not injured. No arrests were made, though Sergeant Gittens said the police had a “person of interest” in the case. The Associated

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Press reported that a Holocaust denier calling himself Eric Hunt had claimed credit on an anti-Semitic Web site for accosting Mr. Wiesel, but the police could not confirm whether he was the suspect.

Elie Wiesel Accosted At Peace Conference (AP)

AP, February 10, 2007

SAN FRANCISCO, California (AP) -- Nobel laureate and Holocaust scholar Elie Wiesel was dragged from an elevator and roughed up during a peace conference at a San Francisco hotel last week, police said Friday. The author was not injured.

The assailant approached Wiesel in an elevator February 1 at the Argent Hotel and requested an interview, police Sgt. Neville Gittens said.

When Wiesel consented to talk in the hotel's lobby, the man insisted it be done in a hotel room and dragged the 78-year-old off the elevator on the sixth floor, Gittens said.

The assailant fled after Wiesel began to scream, and Wiesel went to the lobby and called police.

Gittens said police are investigating the incident as a crime. He said investigators were aware of a posting at an anti-Semitic Web site in which a man claimed responsibility for the attack, but declined to comment further.

Wiesel couldn't be immediately reached for comment at Boston University, where he teaches, or through his institute in New York.

Wiesel, who survived the Nazi death camps at Auschwitz and Buchenwald during World War II, has worked for human rights in many parts of the world and was awarded the Nobel Peace Prize in 1986.

California: Sex Offender Law Not Retroactive (AP)

By The Associated Press

AP, February 10, 2007

A federal judge ruled that a voter-approved restriction on where sex offenders can live could not be applied retroactively, potentially freeing thousands of parolees from a ban on living within 2,000 feet of a school or other place where children gather.

The judge, Lawrence K. Karlton of Federal District Court, said there was nothing in the law, Proposition 83, that specified its provisions were to be applied retroactively.

The proposition, known as Jessica's Law, was approved Nov. 7 by 70.5 percent of voters and took effect the next day. It also increases prison terms for sex offenders and requires lifetime satellite tracking of rapists and other felony sex criminals after their release from prison.

Coca-Cola Spy Goes To Jail After Apartment Fire, Judge Doesn't Wait Until Her May 23 Sentencing To Put (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 10, 2007

A federal judge ordered ex-Coke secretary Joya Williams to jail Friday, saying she had an "utter disregard for the law."

Williams, who faces 10 years in prison for trying to sell Coke trade secrets to Pepsi, has been free on a $3,000 bond since her conviction Feb. 2. She will be sentenced May 23.

But prosecutors this week asked Judge J. Owen Forrester to revoke the bond following a fire at Williams' apartment that started within an hour of a jury finding her guilty last week.

Assistant U.S. Attorney BJay Pak told Forrester during a hearing Friday that Williams, 41, admitted being "high as a kite" on Vicks cough medicine as the jury read the guilty verdict last week. Pak said she had drunk an entire bottle of the medication.

Jurors convicted Williams under the federal Corporate Espionage Act of trying to sell confidential Coke documents and sample test products for $1.5 million to an undercover FBI agent posing as a Pepsi go-between.

After the verdict, Williams drove home to her apartment in Norcross, which burned down a short time later. Gwinnett investigators have ruled the fire an accident, but Pak told the judge that Williams has made conflicting statements about how the fire started.

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Williams first told fire investigators she saw the fire when she drove up to the apartment building, Pak said. Then she told them she opened her apartment door and saw smoke. On Monday, Williams told investigators she lit candles to stay warm and that the candles caused the blaze that displaced nine families, Pak said.

"In stressful situations, she's prone to act like this in an unpredictable behavior," Pak said. "I'm not clearly convinced if she drives out of the courthouse today she's not capable of making irrational decisions that put the public at risk."

Pak said the stiff sentence Williams faces also could prompt her to flee. He also was concerned about the fact that she had no place to live and no job.

Williams' attorney, Janice Singer, said there was no evidence Williams set the apartment fire on purpose. Singer asked the judge to put Williams on electronic monitoring and argued she had a strong support system.

Williams' parents, George and Karen Williams, each testified that they were willing to take Williams into their home in Rex until her sentencing.

"I'll do whatever is necessary," George Williams told the judge.

"She will eat when I eat. She will have a place to sleep when I have a place to sleep."

Several among the two dozen friends, family and church members who attended the hearing Friday testified she was not a danger.

The judge disagreed and told U.S. marshals to take Williams into custody.

"These hearings are never pleasant," the judge said. "This is federal court. In federal court, we don't play."

Forrester said he was swayed by the fact that Williams "showed absolutely no regard for the truth" at trial and an "utter disregard for the law" in general.

"She attacked Mr. Pak and accused him of manipulating the evidence," Forrester said of Williams' often-defiant testimony during her two-week trial.

Forrester said Williams' conflicting statements about the fire could be construed under federal law as "guilty knowledge." He said he was skeptical of Williams' explanation that she lit candles in the middle of the day to keep warm.

Forrester also said he was concerned about threatening text messages Williams sent to a government witness prior to trial. In one of the messages, Williams told the witness, a former boyfriend, "I will pay u back."

Prosecutors said Williams sent the message after the witness resisted her attempts to influence his testimony.

"You just can't do anything more serious than that," Forrester said after reading the series of text messages aloud. "I think you are a danger."

Williams showed no emotion as she was taken into custody Friday. She removed a hair clip and was led away. Her parents were somber as they watched their daughter slip away behind a door.

In the hallway outside court, Williams' family and friends hugged her parents. Someone hummed a hymn.

All declined to comment, as did Singer, Williams' attorney.

Williams' plot was exposed last year after Pepsi executives received a solicitation and turned it over to Coke executives, who called the FBI.

Two accomplices, Ibrahim Dimson of New York and Edmund Duhaney of Decatur, pleaded guilty in October and also will be sentenced in May.

At trial, Williams said she took documents from Coke because she was behind on her work. She then tried to convince jurors that Dimson and Duhaney stole the documents and product samples from her apartment and masterminded the scheme behind her back.

Coke Thief Jailed As Flight Risk (AP)

By Dorie Turner, The Associated Press

AP, February 10, 2007

ATLANTA — A former Coca-Cola secretary who was convicted of conspiring to steal trade secrets from the beverage giant was ordered to jail Friday over concerns that she could be a flight risk.

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U.S. District Judge J. Owen Forrester told Joya Williams that her behavior since her arrest in July has showed that she ''would do anything to avoid going to jail.''

''You have utter disregard for the law,'' Forrester said during the two-hour hearing in federal court. ''I could not trust you on your word.''

Williams, 41, who had been free on bond pending sentencing, was immediately taken into custody.

She faces up to 10 years in prison for conspiring to steal trade secrets from

Atlanta-based Coca-Cola Co. and sell them to rival PepsiCo. Inc. The sentencing for Williams and two co-defendants who pleaded guilty to conspiracy — Ibrahim Dimson and Edmund Duhaney — is set for May 23.

Federal prosecutors filed papers Tuesday asking for the immediate jailing of Williams after investigators found clothing, prescription medication, papers and other personal items in her Mustang following a fire that destroyed her apartment at Hunter's Pointe Apartments in Norcross a week ago.

The fire, which was ruled accidental, occurred nearly 90 minutes after Williams was found guilty in federal court in Atlanta. Ten units, including one that was vacant, were destroyed by the blaze.

Gwinnett County fire investigators found a lit candle ignited some bedroom curtains in apartment No. 1009, which is Williams' listed address. Gwinnett officials said they could not confirm the name of the apartment's occupants.

U.S. Attorney Byung J. Pak said that Williams told fire investigators that she was ''high as a kite'' from mixing prescription medications with an entire bottle of cough medicine before the verdict last week. Pak said Williams also lied to fire investigators several times about her whereabouts when the fire started.

He also pointed to threatening text messages Williams sent to her former boyfriend Sedrick Wilson after he declined her requests that he lie on the witness stand.

''In stressful situations, she is proven to act unpredictably,'' Pak told the judge.

Williams' attorney, Janice Singer, called the government's claim that her client is a risk to the community and a risk of flight ''more than offensive.''

''She has met all of the conditions of her bond,'' Singer told the judge.

She pointed to witness testimony that Williams' car was ''junky'' and always full of clothing and other items. She said Williams had no intention of fleeing after the fire because she left her keys and cell phone in her apartment.

Singer declined further comment after the hearing.

Given A Fine, Hevesi Praises His Successor (NYT)

By Nicholas Confessore

The New York Times, February 10, 2007

ALBANY, Feb. 9 — The former state comptroller, Alan G. Hevesi, praised his replacement on Friday, after a hearing at which a judge sentenced him to pay a $5,000 fine for his use of state employees to chauffeur his wife.

The State Legislature voted on Wednesday to appoint Thomas P. DiNapoli, an assemblyman from Nassau County, as the new comptroller, two months after Mr. Hevesi resigned as part of a plea deal with the Albany County district attorney, P. David Soares.

Speaking after his courtroom appearance, Mr. Hevesi praised Mr. DiNapoli, whom Gov. Eliot Spitzer has criticized as unqualified.

"He's a very smart public official, and I think he will make an excellent comptroller," Mr. Hevesi said.

Before resigning last year, Mr. Hevesi agreed to plead guilty to a felony charge of defrauding the government and to submit a DNA sample for the state's criminal database.

In delivering the sentence, Judge Stephen W. Herrick described Mr. Hevesi's actions as "unexplainable and totally unacceptable," but cited Mr. Hevesi's decades of public service, cooperation with the investigation and agreement to leave politics as reasons for the mild sentence.

"Your fall from grace here has been total and from a very great height," Judge Herrick said. Mr. Hevesi served for more than two decades in the Assembly and later as New York City comptroller before he won election to the state comptroller's job in 2002.

In accepting the sentence, Mr. Hevesi apologized to his family, to voters and to his former office staff, saying he took full and sole responsibility for his actions. "I'm culpable, I'm responsible, and I apologize," he said, before a courtroom filled mostly with reporters.

But Mr. Hevesi's lawyer, Joel Cohen, was less meek. Before Mr. Hevesi's statement of regret, Mr. Cohen delivered what amounted to a defense of his client. Conceding that Mr. Hevesi's "judgment eluded him," he nevertheless criticized the press for describing Mr. Hevesi as "disgraced." He also hinted that Mr. Soares had been overly eager for publicity, saying that the district attorney "is now very well known."

Leaving the courthouse, Mr. Hevesi said he had not decided what to do next.

"I was waiting for today to decide what to do with the rest of my life," he said.

Jury Votes Against Execution In Trial Of Drug Dealer Convicted In 2 Killings (NYT)

By William K. Rashbaum

The New York Times, February 10, 2007

A notorious street-corner crack kingpin with ties to the rap music industry was spared the death penalty yesterday in federal court in Brooklyn when a jury failed to reach a unanimous verdict to execute him for ordering the killing of two rivals.

The jury's action will result in a sentence of life without the possibility of release for the convicted drug dealer, Kenneth McGriff, 46, who was known as Supreme and whose drug crew, the Supreme Team, held sway on the streets of southeast Queens in the 1980s.

After the panel delivered its verdict and the jurors were ushered from the courtroom, Mr. McGriff's tearful brother apologized to the families of the two murdered men. In the courtroom's gallery, he embraced the aunt of Troy Singleton, one of his brother's two victims, saying, "So sorry, so sorry."

Moments later, the aunt, Rita Williams, with tears in her eyes, hugged each of the three prosecutors in the case, reaching over the balustrade that separates the gallery from the well of the courtroom.

She also hugged and kissed the two New York Police Department detectives who had been investigating the killings since 2001. One of the detectives, Anthony Castiglia, who retired last year, whispered to her, "It's over now."

Last week, after the same anonymous jury found Mr. McGriff guilty of ordering the murders, Mr. Singleton's mother, Bessie Singleton, and Karen Cameron, the mother of Mr. McGriff's other victim, Eric Smith, said they would be uncomfortable with a death sentence.

All the jurors, who were questioned by the judge before being selected to serve on the case, had said they were willing to sentence the defendant to death if the evidence warranted it. On the verdict sheet, the jury noted that "execution would not be an option" if the case had been tried in state court.

One of Mr. McGriff's lawyers, David A. Ruhnke, who defended the case with Jean Barrett, said his client was relieved by the jury's action.

"And we feel relieved to have gotten to death's door and not had it open," he said.

He contended that the case should never have been prosecuted in federal court and suggested that the government's decision to seek the death penalty was inappropriate.

"The chances of securing the death penalty in this case were almost zero from the beginning," he said. "The rest of the country is falling out of love with the death penalty, and the Bush administration is still in the infatuation stage."

Robert Nardoza, a spokesman for the United States attorney in Brooklyn, Roslynn R. Mauskopf, whose office prosecuted the case, would not directly address Mr. Ruhnke's comments, saying only, "The decision to impose the death penalty is solely within the province of the jury, and we respect their decision."

As the jury delivered its verdict in United States District Court in Brooklyn, with the forewoman responding to the clerk's questions on the lengthy verdict sheet, Mr. McGriff appeared impassive. He leaned his chin on his hand, stroked his goatee and pushed his glasses up the bridge of his nose.

Mr. McGriff was convicted on Feb. 1 of ordering the two 2001 murders and a range of other crimes.

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The verdict in the penalty phase, which the jury returned after deliberating for about three and a half hours, came two weeks after the judge in the case, Frederic Block, called the government's effort to seek the death penalty "absurd" and a waste of taxpayers' money. In unusually blunt language, he urged the prosecutors, outside the presence of the jury, to forward his remarks to their Justice Department superiors in Washington and to ask them to abandon the endeavor.

Yesterday, as he was being led from the courtroom, Mr. McGriff, who had always behaved courteously during the lengthy investigation, the detectives have said, nodded at Mr. Castiglia's partner, William Courtney, who nodded back.

NYC Drug Lord Spared Death Penalty (AP)

By Larry Mcshane, Associated Press Writer

AP, February 10, 2007

(AP) - NEW YORK-A remorseless drug lord with ties to hip hop and Hollywood was spared the death penalty Friday by a jury that instead sentenced him to life in prison without parole for having two rivals killed.

Kenneth "Supreme" McGriff, 46, who had listened calmly as federal prosecutors called for his death, showed no reaction as the jury announced he would not receive a lethal injection.

Jurors, who deliberated just over 2 1/2 hours on the sentence, convicted him last week of paying $50,000 for the 2001 killings of an obscure rapper named Eric "E-Money Bags" Smith and Troy Singleton.

Prosecutors said Smith was killed for his fatal 1999 shooting of a McGriff associate, while Singleton was targeted because McGriff felt he might retaliate on Smith's behalf.

McGriff was the founder of the Supreme Crew, a brutal drug gang that operated in Queens during the 1980s. At its peak, the Supreme Team's network of dealers was making $200,000 a day, authorities said.

After McGriff did prison time on a drug conviction, he was released in 1997 and aligned himself with neighborhood friend and music mogul Irv "Gotti" Lorenzo. Defense attorneys claimed this was part of McGriff's plan to create movies and music.

The one-time street thugs produced one film, "Crime Partners 2000," a straight to video affair that featured rappers Ja Rule, Snoop Dogg and Ice-T.

Prosecutors said McGriff returned to the drug business in New York and Baltimore. Lorenzo and his brother, Chris, were indicted with McGriff but acquitted at a separate trial of using their label Murder Inc. to launder $1 million in drug money.

After Smith's slaying in a hail of gunfire, McGriff text messaged a friend: "You missed the party."

McGriff also was convicted of drug dealing but acquitted of lesser drug and weapons charges.

DISTRICT BRIEFING (WP)

The Washington Post, February 10, 2007

COURTS

Conviction of Former Detective Overturned

By a 7 to 5 vote, a federal appeals court yesterday overturned the conviction of a former D.C. police detective arrested in an FBI sting.

Nelson Valdes was convicted in October 2002 of three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450. Valdes provided the informant with names and addresses in March 2001 to match four license plates and checked on warrants on another person, prosecutors said.

Valdes was tried for bribery, and the jury in U.S. District Court returned guilty verdicts on the gratuities charge, a lesser offense.

A three-judge panel of the U.S. Court of Appeals reversed the conviction a year ago, ruling in a 2 to 1 decision that the gratuities charge -- which bars seeking or accepting gratuities "for or because of any official act" -- did not apply to Valdes's conduct in the case.

Acting en banc, or as a full appellate court, the court ruled yesterday that the conviction must be overturned. The majority found that Valdes's actions did not constitute an "official act" under the law. Valdes's queries, the judges said, were not used to launch a police investigation, action or decision.

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The dissenters said that such a strict interpretation will harm the ability to conduct stings of corrupt public officials.

Valdes has faced other trouble: He was indicted in 2001 on two counts of cocaine distribution. He was acquitted of those charges after a month-long trial in 2002.

-- Bill Miller

Douglas Development Official Pleads Guilty

The chief financial officer for one of Washington's most prominent development companies pleaded guilty Thursday to tax evasion, the U.S. attorney's office said.

John E. Brownell, 45, is the third top official from Douglas Development Corp. to be found guilty of felony charges. Prosecutors said Douglas Development made payments to a credit-line account to disguise compensation for Brownell, and he received other unreported income through various financial maneuverings.

A jury convicted Douglas Jemal, president and owner of Douglas Development, of wire fraud in the fall but acquitted him of more serious bribery and conspiracy charges.

Blake Esherick, the company's vice president, was convicted by the same jury of wire fraud and two counts of tax evasion.

Jemal and Esherick are awaiting sentencing.

Brownell, of Rockville, is to be sentenced June 7 by U.S. District Judge Ricardo M. Urbina.

Sex Probe Targets Inglewood Officers (LAT)

By Ashley Surdin And Greg Krikorian, Times Staff Writers

The Los Angeles Times, February 10, 2007

The department is looking into allegations of massage parlor visits.

At least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that have been the target of a high-profile law enforcement crackdown.

The internal affairs investigation by the Inglewood Police Department began after federal authorities launched an investigation of money laundering and prostitution involving women smuggled into Los Angeles from Asia.

That probe, which resulted in charges against more than two dozen people, led to allegations that Inglewood officers engaged in the sexual liaisons — sometimes in uniform — during work hours and off duty, according to several local and federal sources familiar with the case.

Evidence seized by federal agents and local investigators included "very detailed ledgers" that suggested Inglewood officers were receiving sexual favors at the businesses without paying, according to one source close to the investigation.

The ledgers, the source said, had the names of customers and the amounts they paid except when the customers were police officers. In those cases the women allegedly entered a symbol.

Word of the inquiry comes less than two months after the FBI confirmed that it was investigating two Inglewood police officers in the alleged rape of a woman they stopped on suspicion of prostitution. The woman's attorney said this week that he has filed a claim against the city and is awaiting an answer from authorities on whether the two officers have been arrested or charged.

Though he and other city officials would not disclose details about the new inquiry, Inglewood Councilman Ralph L. Franklin said it was aimed at determining whether the alleged sexual misconduct involved a large number of officers over an extended period of time. He said the FBI was assisting police in the investigation.

Franklin also said the department was trying to determine if any ranking officers in the department were involved in collusion with the officers suspected of misconduct.

Numerous law enforcement officials and city leaders said the Inglewood Police Department's internal affairs unit will ultimately recommend whether any officers should face criminal charges.

To date, sources say, none of the officers has been fired, though some have retired or left the city for other departments.

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The internal affairs investigation began more than a year ago when several Inglewood massage parlors and tanning salons were the focus of federal allegations of money laundering and prostitution. To date, 18 people have pleaded guilty in that investigation, and four others — including the alleged owner of the brothels, Kimberly Mao — are awaiting trial.

Mao has pleaded not guilty to the federal charges and has repeatedly denied involvement in prostitution or money laundering.

But last week, in a group interview organized by Mao, a dozen women who worked for her at the businesses told The Times that they had seen or heard of officers coming into the massage parlors and sometimes demanding sexual services.

The women, who denied they were prostitutes, recalled several specific incidents, including one in which officers donned masks to hide their identities and pointed guns at employees. Another employee told The Times that an older officer exposed himself in an unsuccessful effort to have her engage in sex with him.

Sources familiar with the misconduct allegations said that federal authorities, including the U.S. attorney's office and the Immigration and Customs Enforcement agency, began hearing about the alleged involvement of police officers last year.

But Assistant U.S. Atty. Carmen Luege, who is prosecuting Mao and her co-defendants, said she was not aware of any federal probe of the Inglewood officers.

Customs agency spokeswoman Virginia Kice declined to comment other than to say that if the agency uncovered evidence of misconduct or criminal activity by other law enforcement officers, it would refer the matter to the appropriate law enforcement agency for investigation. Given the nature of the allegations, that agency would probably be the FBI. An FBI spokeswoman said she could not confirm nor deny that an expanded investigation was underway.

Inglewood Mayor Roosevelt Dorn would not address specific questions about the investigation other than to say no officers have been fired and that he was confident the department would do a thorough job investigating the alleged misconduct.

"They are on top of it and doing their due diligence," Dorn said. "They are doing what you would expect our police force to do. You have to be very careful when you're doing this type of investigation. You don't want to ruin anyone's career or create problems with families without having actual proof and proof that would stand up in a court of law."

Inglewood interim Police Chief J. I. Davis, who took over the department after the investigation was underway, would only say that his agency was actively pursuing a "difficult and sensitive" inquiry.

Inglewood, a working-class city of 112,000, has long struggled with prostitution problems. Because of its proximity to Los Angeles International Airport, Inglewood has numerous hotels lining its main commercial streets.

The investigation comes as the department, the seventh-largest police agency in the county, struggles to fill two dozen vacancies in its 213-officer force.

At a town hall meeting Thursday night, police commanders said they were doing everything possible to fill the positions, and many citizens applauded the efforts to increase the size of the force.

During the meeting, police officials said a top priority has been to combat prostitution in the city by dramatically reducing the number of massage parlors that could serve as fronts for sexual encounters. Since 2004, the department's efforts have cut the number of massage parlors from 23 to seven, a police official told the town hall meeting. There was no mention of the internal investigation.

Since that investigation began, Inglewood police as well as the FBI have begun a separate inquiry into the alleged rape of a Florida woman who was stopped by two patrol officers on suspicion of prostitution.

In that incident, which is also under investigation by the Los Angeles County district attorney's office, a 23-year-old woman alleged that the officers confronted her on Century Boulevard on a Sunday night as she left her hotel to have dinner at a fast-food restaurant. The thoroughfare has pockets that have long been known for prostitution.

The woman, who has said she was in town with her boyfriend to visit her mother for the holidays, alleged that the officers accused her of being a prostitute and demanded that she take them back to her hotel to prove she was not a streetwalker.

At the hotel, according to her attorney, the night manager verified that the woman was from Florida and a registered guest at the hotel. But one officer insisted that she take him to her room while the other officer waited by the patrol car, attorney Dylan Pollard said.

It was there, the woman has said, that she was raped.

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Times staff writers Andrew Blankstein and Stuart Silverstein contributed to this report.

Inglewood Officers Suspected Of Having Sex At Massage Parlors (SDUT/AP)

Associated Press
The San Diego Union-Tribune, February 10, 2007

INGLEWOOD – As many as six current and former Inglewood police officers are under investigation for allegedly having sex at massage parlors and other adult businesses targeted in a recent crackdown.

The police department became aware of the allegations after federal agents began investigating Asian women being smuggled into Los Angeles, according to Saturday's Los Angeles Times.

Evidence includes "very detailed ledgers" that indicate officers were given sexual favors without paying, one source told the newspaper.

None of the officers under investigation have been fired, though some have retired or left the city for other departments, sources told the newspaper.

In the prostitution and money-laundering investigation involving massage parlors and tanning salons, 18 people have pleaded guilty to federal charges, and four others are awaiting trial.

About two months ago, the FBI confirmed it was investigating two Inglewood officers in the alleged rape of a 23-year-old Florida woman they detained on suspicion of prostitution. The woman's attorney said he filed a claim against the city and is awaiting word on whether the two officers have been arrested or charged.

Man Faces Fraud Charges Related To Hurricane Relief (TEXGAZ)

By Lynn LaRowe, Texarkana Gazette
Texarkana (TX) Gazette, February 10, 2007

A Texarkana man has been indicted by a federal grand jury in Texas in a fraud case related to hurricane relief in the Eastern District of Texas.

Gary Williams Trice, 36, has been charged with mail fraud after he allegedly illegally acquired $36,000 in FEMA hurricane assistance money. Trice is alleged to have submitted as many as 14 fraudulent applications for assistance based on hurricanes Katrina, Rita and Wilma by using different names, addresses and Social Security numbers.

The investigation was conducted jointly by the United States Department of Labor's Office of the Inspector General, the United States Postal Service and the Department of Homeland Security.

"Hurricane-related fraud remains a priority of the Department of Justice," said United States Attorney Matthew Orwig in a press release issued this week. "Applications for assistance are continuing to be reviewed and any appearances of fraud will be thoroughly investigated."

The Hurricane Katrina Fraud Task Force was created by Attorney General Alberto Gonzales in September 2005 to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud.

The case is being prosecuted by Special Assistant United States Attorney Denise Simpson in Tyler, Texas.

If convicted, Trice faces up to 20 years in federal prison and a fine of up to $250,000.

Death Penalty Bears Down On O'Malley, Kaine (WP)

By John Wagner, Tim Craig
The Washington Post, February 10, 2007

The governors of Maryland and Virginia have much in common: Both Martin O'Malley and Timothy M. Kaine are considered rising stars in the Democratic Party. Both grappled with violent crime as big-city mayors and have wives who have served as judges. And both are practicing Catholics who have voiced personal opposition to the death penalty.

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Now they share something else: Both face decisions on that divisive issue that will be watched closely in their states and beyond.

O'Malley, who was sworn in last month, has pledged to work with lawmakers to repeal Maryland's death penalty -- and could effectively halt executions through the end of his tenure even without their support, given a recent court ruling.

Kaine, who was sworn in last year, presides over a state where executions are far more frequent. He soon could have to decide whether to sign bills to expand capital punishment in Virginia.

With Maryland lawmakers preparing to debate the death penalty in coming weeks, O'Malley said in an interview yesterday that his office has started researching the amount of money that the state has spent prosecuting such cases.

"I think the facts are on the side of those who say this is neither a deterrent nor is it cost-effective and in fact we may be wasting dollars that could be spent saving lives," O'Malley said.

Kaine, who has allowed four executions to proceed, would not say in a recent interview what he would do when the anticipated legislation reaches his desk, but he allowed that he does "not look at the expansion of the death penalty with a favorable eye."

"I would not say the problem in Virginia is that the death penalty is not applied enough," Kaine said.

The posture on both sides of the Potomac River -- and the openness of the governors on the issue -- is testament to the changing politics of the death penalty, analysts say.

"It wasn't long ago that if you were a Democrat and against the death penalty, you'd run a hundred miles from it," said Steve Jarding, a party strategist who gained prominence running Mark Warner's successful 2001 bid for Virginia governor. "It's still a polarizing issue, and you never want the polarizing issues to be the dominant ones. But the climate really has changed."

Although polls show that a majority of Americans support capital punishment, there is also evidence of growing unease about executions. That may make O'Malley's and Kaine's views less of a political liability than they would have been in years past.

Nationally, the number of death sentences dropped last year to the lowest level since capital punishment was reinstated by the U.S. Supreme Court 30 years ago. Of the 38 states that allow capital punishment, only 14 carried it out last year.

A dozen states, including Maryland, have suspended executions amid questions about the use of lethal injection. And last month, a New Jersey commission recommended that the state abandon capital punishment altogether, an idea embraced by the state's Democratic governor, Jon S. Corzine.

Anita Dunn, a national Democratic consultant, said "a sea shift" started in 2000 when Illinois's Republican governor, George Ryan, imposed a moratorium after a series of cases in which people sentenced to death had been wrongly convicted.

Opposition to the death penalty "used to be used against Democrats to show they were out-of-touch liberals," said Dunn, whose recent clients included O'Malley's Democratic primary opponent, former Montgomery County Executive Douglas M. Duncan.

Dunn said using the death penalty against a Democrat like O'Malley would be difficult because the former Baltimore mayor "built his career as a crime fighter."

Unlike Kaine, who has called his Catholic faith the underpinning of his opposition to the death penalty, O'Malley has not cast his opposition in religious terms. "Certainly on an issue like this, there's absolutely a moral aspect to it," he said. "But there are good people on both sides of this debate."

During last year's campaign in Maryland, neither Duncan nor then-Gov. Robert L. Ehrlich Jr. (R) sought to use O'Malley's views on the death penalty against him, and the issue rarely came up. O'Malley offered his views when asked, but he did not make any promises about repealing the death penalty.

Aides say O'Malley likely would not have joined the debate so early in his term if not for a December court ruling that effectively halts executions until the state adopts new regulations on lethal injection. The ruling emboldened death penalty opponents, who introduced legislation last month that would replace the death penalty with life without parole.

Even with O'Malley's involvement, some supporters of a repeal are skeptical that it could survive a likely filibuster on the Senate floor -- if it gets that far.

"On the death penalty, I don't think people are persuadable or malleable," said Sen. Brian E. Frosh (D-Montgomery), chairman of the Judicial Proceedings Committee.

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If the legislation fails, the short-term future of Maryland's death penalty is likely to rest squarely on O'Malley.

Under the court ruling, executions cannot resume until his administration drafts new regulations or until the legislature passes a bill allowing executions without new regulations. There is widespread speculation that O'Malley may decide not to put forward regulations, leaving a de facto moratorium in place as long as he is in office. He declined to discuss that prospect yesterday.

Capital punishment has also been a sensitive subject for Kaine, Virginia's first Catholic governor.

Since 1976, Virginia has put 98 people to death, second only to Texas, according to the Death Penalty Information Center. (Maryland has executed five.)

Kaine was dogged during his 2005 bid for governor about whether he would implement the state's ultimate punishment. In an interview a month before the election, he made it clear that he embraced the Catholic Church's teachings that the death penalty is inhumane. He referred to Pope John Paul II, who said in 1999 that the United States' use of the death penalty was "cruel and unnecessary."

But Kaine also sought to draw distinctions between his personal beliefs and the policy of the state, saying the law requires the governor to implement the death penalty unless there are extraordinary circumstances.

Virginia's Republican nominee for governor, Jerry W. Kilgore, then the attorney general, seized on Kaine's personal opposition, running an ad stating, "Tim Kaine says that Adolf Hitler doesn't qualify for the death penalty."

Even though a Washington Poll that year showed that 76 percent of Virginia voters favored capital punishment, many observers believe the ads backfired and helped Kaine win the election.

Kaine has continued to wrestle with the death penalty since taking office last January. In interviews, he said the hardest part of his job is having to decide whether to let an execution proceed.

But he has largely done what he campaigned on. Four times, he has said he found no "compelling reason" to overturn the decision of the jury and appellate courts. Kaine has so far spared one man, at least temporarily.

Kaine has also spoken out against a state policy that allows death row inmates to decide if they want to die by lethal injection or the electric chair.

Last summer, convicted killer Brandon W. Hedrick chose to die by electric chair, making national headlines.

Kaine will soon face another tough decision relating to the death penalty: The Virginia Senate and House, both dominated by law-and-order conservatives, have approved bills to expand the use of capital punishment by making accomplices and the killers of judges and court witnesses eligible for the penalty.

"It's like how many ways can you ban gay marriage?" Kaine said. "Virginia would like to do it nine times rather than eight times. The death penalty statute is kind of the same way. . . . I've got to be convinced there is a problem, and I've got to be convinced that the bill fixes a problem."

Catholic Lawmakers Oppose Death-penalty Repeal (WT)

By Tom Lobianco

The Washington Times, February 10, 2007

ANNAPOLIS -- Key Catholic lawmakers in the General Assembly are splitting with major Catholic groups over an attempt to abolish the death penalty in Maryland.

"I know it's a little inconsistent, but I do feel [the death penalty] is a deterrent," said Sen. Norman R. Stone Jr., Baltimore County Democrat and a Catholic.

"Maybe you don't reconcile it until you meet your maker," said Delegate Susan K. McComas, Harford County Republican and a Catholic who is a member of the House Judiciary Committee.

The Maryland Catholic Conference is supporting a bill to repeal the death penalty this session, but some of its strongest opposition is coming from Catholic lawmakers.

Mr. Stone will weigh the bill with 10 other members of the Senate Judicial Proceedings Committee, including Sen. Alex X. Mooney, Frederick County Republican and the committee's other Catholic.

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Mr. Mooney, who supported a death penalty moratorium in 2003 and has been lobbied by death penalty opponents in past sessions, said he will oppose a repeal this session.

Two Baltimore Democrats proposed a repeal after a Maryland Court of Appeals ruling barred executions until the state develops a protocol for administering lethal injections.

Death penalty opponents received a boost when Gov. Martin O'Malley, a Democrat and Catholic, said he would sign a repeal if it reaches his desk.

"It helps give the legislation a head of steam we can build on," said Richard J. Dowling, executive director of the Maryland Catholic Conference.

Mr. Dowling said he is actively lobbying members of all faiths and remains optimistic that the repeal will move this year.

Mrs. McComas, a ranking minority member of the House Judiciary Committee that must vet the proposal, has spoken with Mr. Dowling about the death penalty, but said she remains steadfast in her support of capital punishment.

"To take that option off the table really tips the balance in favor of some very terrible people," she said.

Delegate Samuel I. Rosenberg, Baltimore Democrat and lead sponsor of the repeal legislation, said the issue is a "very high priority."

"We are working with every member to get the votes necessary to pass the [legislation]," he said.

While there might be enough support to move the repeal through the House, Senate Republicans said they have enough votes to kill the proposal in the Senate Judiciary Committee.

Of the 11 members on the Senate committee, six support the death penalty.

If the repeal passes, a pair of Catholic delegates said they will push to have a referendum vote to reinstate the death penalty.

Delegate Patrick L. McDonough, Baltimore County Republican and a Catholic, said he will work with Delegate Richard K. Impallaria, Baltimore County Republican and a Catholic, to reinstate the death penalty if it is repealed.

CIVIL LAW:

Backlog Of Healthcare Fraud Cases Tops 150 (FWST/COX)

By Julia Malone, Cox News Service

The Fort Worth Star-Telegram, February 10, 2007

WASHINGTON - Federal prosecutors admitted having a backlog of more than 150 cases in which pharmaceutical companies are accused of defrauding federal and state healthcare programs, a Justice Department lawyer acknowledged to a congressional panel Friday.

Ronald J. Tenpas, associate deputy attorney general, said his department has recovered $5.3 billion since 1999 from major drug manufacturers in a variety of kickback schemes and overcharges that defrauded Medicaid and Medicare.

But when asked by House Committee on Oversight Chairman Henry Waxman, D-Calif., why the government doesn't move faster on these cases to recoup even more taxpayer money, Tenpas said his office is short on lawyers and investigators.

"These are very complex cases," he said, adding that his office has not added new positions, despite estimates that the prescription drug fraud cases produce $15 in payments and penalties for every $1 spent on prosecution.

Patrick J. O'Connell, chief of a Medicaid task force for the Texas attorney general's office, said at the congressional hearing that his team of lawyers had more than paid its way by recovering $64.1 million from just four manufacturers that had overcharged the state and federal government for prescription drugs.

O'Connell, in an interview later, estimated that his office has collected more than $100 million from drug companies since his anti-fraud office was set up in 1999. Expenses for his task force, recently expanded to 10 lawyers, have added up to $5 million to $7 million, he said.

O'Connell said he has pursued claims against doctors, dentists and hospitals.

But whistle-blowers with inside knowledge about prescription drug companies have given them the biggest cases by far, he said.

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He recalled that one company had billed the government $21.40 for an inhaler that investigators later discovered had a real cost of $2.

James W. Moorman, president of the watchdog group Taxpayers Against Fraud, said, "Texas has by far the most successful Medicaid anti-fraud program" of the states.

However, Moorman said the federal government's effort has been "overwhelmed" by the fraud cases.

Waxman repeatedly raised concerns about the new prescription drug benefit, known as "Part D" for Medicare recipients.

The new program "is going to cost $1 trillion over 10 years -- $50 billion over this next year," Waxman said. "That program's got to be as ripe for fraud as any other."

Tenpas said officials at the Justice Department are "clearly concerned there could be fraud in that program" but added that after only one year of operation and not enough data "we don't have many conclusions yet."

The Pharmaceutical Research and Manufacturers of America issued a statement defending the industry.

Federal health programs that provide prescription drugs provide a "critical safety net for low-income patients, seniors and the disabled," the trade group said.

GAO Warns Of Medicare Drug Overcharging (AP)

AP, February 10, 2007

WASHINGTON --Federal law makers should consider doing more to ensure the government is not overcharged for prescription drugs, according to a government watch dog.

A director for the Government Accountability Office told members of Congress Friday that the Medicare drug benefit program is vulnerable to false billing schemes because it relies on private companies to report drug prices. Under the program, about 42 million eligible senior citizens can choose between thousands of prescription drug plans offered by health insurers that individually negotiate drug prices with manufacturers.

GAO's health care director John Dicken said the Medicare drug program's "complex set of relationships and transactions with private entities" makes it difficult to verify the accuracy of drug prices charged to the government. Dicken told members of the House Committee on Oversight and Government Reform that Medicare needs to have systems in place to spot inflated price reporting.

In 2006, plans offered by UnitedHealth Group and Humana had the highest enrollment numbers although the GAO report did not single out any companies or providers by names. Representatives from Humana and UnitedHealth were not able to provide immediate comment for this story.

The hearing comes nearly one month after Democrats in the House pushed through legislation that would require the government to negotiate Medicare drug prices directly with drug manufacturers. The bill is pending in the Senate but President Bush has promised to veto it, saying the current system is already reducing prices for seniors.

Last year one drug maker agreed to settle charges brought by state and federal prosecutors that it allegedly inflated prices of its products.

Last August, GlaxoSmithKline paid $41 million to settle claims by more than 40 state Medicaid programs. Several months earlier, the Justice Department opened a suit against Abbott Laboratories, alleging the company's billing schemes cost government health programs more than $175 million over 10 years. The case is currently pending in U.S. District Court of Massachusetts.

House Chairman Vows Probe Of Drugmaker `Profiteering' (BLOOM)

By Aliza Marcus

Bloomberg, February 10, 2007

Feb. 9 (Bloomberg) -- Representative Henry Waxman pledged Congress will investigate a range of allegations that drugmakers are ``profiteering" by overcharging federal health programs.

``If even half of them are true, billions of federal dollars that should be buying needed care are instead adding to drug company profits," Waxman, Democratic chairman of the House Committee on Oversight and Government Reform, said at a hearing today on alleged fraud and abuse in drug pricing.

Democrats promised more aggressive oversight of government practices when they took control of Congress in January, and the hearing was an initial effort to apply such scrutiny to health- care costs.

The session at times turned into a debate over the Medicare drug plan for the elderly, which was designed three years ago when Republicans controlled Congress.

``Can you think of any other system that could be designed more expensive than the one designed by the Republicans?" Waxman of California said. He announced he has sent letters to health insurers and drug benefit managers demanding information about the prices they negotiated with drugmakers and how savings are being passed on to seniors enrolled in Medicare drug plans.

Republican Response

``I have to wonder if the goal is to harass" the companies, said Tom Davis of Virginia, the committee's ranking Republican. Davis said he took the faster and easier route of asking the Centers for Medicare and Medicaid Services, which collects the information. ``Let's see who gets their answer first."

The House passed a bill in January that would require the federal government to negotiate with drugmakers for lower prices for Medicare. President George W. Bush has said he would veto the legislation if it passed the Senate in its current form.

Prices of medicines covered by the Medicare program, now in its second year, appear higher than those available at Costco warehouse stores or at Drugstore.com, Waxman said.

``Meanwhile, drug companies are reporting massive increases in their profits," he said.

The Pharmaceutical Research and Manufacturers of America, which represents drugmakers, said growth in spending on prescription medicine was at its lowest level in years.

``Many studies have also found that medicines help lower health-care costs because they help keep patients out of the hospital and help them avoid expensive emergency rooms visits," Ken Johnson, senior vice president, said in a statement.

$5.3 Billion Recovered

The Justice Department has recovered more than $5.3 billion related to pharmaceutical fraud in federal and state programs since 1999, Ronald J. Tenpas, associate deputy attorney general, told the committee.

``It is clear from our experience that drug company violations of the law are causing government health-care programs to pay too much for prescription drugs," Tenpas said in a statement submitted to the committee.

Witnesses at the hearing described a complicated system of drug pricing that made it easier for companies to commit fraud.

``Government agencies don't actually know what they are paying for drugs, said Gerard F. Anderson, director of the Center for Hospital Finance and Management at the Johns Hopkins Bloomberg School of Public Health in Baltimore.

To protect against waste and fraud, prices should be compared among federal programs to find the best deals, Anderson said. The Department of Veterans Affairs, which negotiates for the drugs it provides, pays less than Medicare plans, he said.

Medicaid Allegations

Waxman cited allegations that the federal Medicaid program, which covers about 50 million low-income Americans and spent about $30 billion on drugs in 2005, has been ``repeatedly overcharged for essential medications."

The price of drugs concerns many Americans, polls have shown.

``This entire issue of health-care policy, and particularly prescription drugs and drug prices, has been in Democrats' craw for at least six years," Dennis W. Johnson, a professor of political management at George Washington University in Washington, said in a telephone interview yesterday. ``Now that they are in the majority, this is something they are going to go after."

Sailor, Family File $150M Claim Against Navy (NAVT)

By Chris Amos, Staff writer

Navy Times, February 10, 2007

ET3 says malpractice at Jacksonville hospital caused baby's brain damage

A Navy family has filed a claim against the Navy for $150 million, alleging that malpractice by Naval Hospital Jacksonville doctors and staff caused their newborn son to suffer severe brain damage that has left him unable to walk, talk or see.

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Sean Cronin, a civilian lawyer representing Electronics Technician 3rd Class Joseph Alcorn and his wife, Kendra, said injuries to their son Gavin, the second child born during a twin pregnancy, were caused when he did not receive enough oxygen during delivery in May 2005.

Cronin said hospital records show that Gavin's limbs were blue and that he was not breathing when he was delivered about an hour after his sister.

Gavin's sister had unrelated complications during delivery but has since recovered.

Shortly after delivery, Gavin was transferred to a civilian hospital in Jacksonville, where doctors used an MRI to determine that he suffered brain damage during delivery, Cronin said.

Capt. Raquel Bono, commanding officer of Naval Hospital Jacksonville, said Navy doctors identified Kendra Alcorn's pregnancy as high risk before delivery and took steps, including having extra doctors present during delivery, to prevent complications. She said close attention was paid to the fetal heart rate and to the mother's uterine contractions.

"We monitor this very closely, and it allows us to respond very quickly if the fetus is in distress," she said.

All multiple-birth deliveries are considered high risk, Bono said, adding that other factors, such as the mother's nutritional status, history of smoking, and alcohol or prescription drug use, also can lead to elevated risk levels.

"The prenatal period is very important and delicate time. There are a whole myriad of causes that determine whether a child develops cerebral palsy," she said, adding that only 5 percent of cerebral palsy cases are linked to delivery and that a much larger number — at least 60 percent — begin well before delivery.

But the specific type of cerebral palsy suffered by Gavin, Cronin said, is linked directly to oxygen deprivation during delivery. He added that cerebral palsy developed before delivery would damage large parts of the brain, instead of localized damage that Gavin suffered.

Bono would not say which, if any, prenatal risk factors other than a multiple delivery were present during Kendra Alcorn's pregnancy, but she defended the actions of doctors and staff at the hospital, which she said delivers about 120 babies each month and conforms to national standards set by the American College of Obstetricians and Gynecologists.

"In a high-risk industry such as health care, everything can be done according to standards, and unanticipated outcomes can still happen," she said.

But Cronin said the hospital was attempting to shift blame onto Kendra Alcorn by discussing complications caused by smoking and prescription medicines. While he admitted that Kendra Alcorn smoked, he said there was no evidence linking smoking to the type of brain damage that Gavin suffered.

"There is no evidence that this is a congenital defect," he said. "All evidence indicates that this was caused by asphyxiation. I am extremely disappointed that the hospital is attempting to blame the victim. This is an attempt to smear the family and not be accountable for their own actions."

The Navy has six months to respond to the Alcorn's claim. It can pay the full amount, offer a reduced settlement or pay nothing.

After the six-month period, if the family is not satisfied with the Navy's response, they can file a lawsuit in U.S. District Court.

At that point, Justice Department lawyers would take over the lawsuit's defense.

Naval Hospital Jacksonville has been at the center of several malpractice claims since 2000. As reported by the Navy Times, medical malpractice at the hospital has left at least 12 patients dead and another four disabled or crippled, according to federal court papers.

A recent case involves a $15 million lawsuit filed against the Navy after doctors failed to diagnose bacterial meningitis in a 3-month-old boy in June 2006.

That boy, Justin Michael Shantz, later died.

Bono defended the hospital's record.

"I have every confidence that quality health care is being provided," she said, adding that the national standard for malpractice lawsuits in a year is 2.4 per 100 physicians. Naval Hospital Jacksonville has 1.3 per 100 physicians, she said. While acknowledging that 13 percent of the hospital's patients cannot sue because they are on active duty, she said that even when those numbers were accounted for, the hospital still beats national averages.

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Naval hospital doctors also exceed the national rate for being board qualified, she said.

Cronin, a retired Navy commander and former P-3 pilot who says his child was born at Naval Hospital Jacksonville, did not dispute that.

“I have no doubt that they are able to provide quality of care,” he said. “I just think they had some failures of quality of care in this case.”

Expert Cites Controller Fatigue In Crash That Killed Radio Star (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, February 10, 2007

An aviation consultant testified Friday that an air-traffic controller's fatigue was a contributing factor in the midair collision that killed radio star Bob Collins and two others seven years ago.

At a federal trial stemming from lawsuits over the crash, Farrell Smith, a former Federal Aviation Administration official, said records showed that controller Gregory Fowler worked more than seven hours that day without taking a break.

In the hour before the collision, Fowler had been involved in 416 transmissions with pilots, one every 8.65 seconds, Smith said.

"He's vulnerable to fatigue, mental and physical," Smith said of Fowler, whom lawyers for the three victims' families blamed for the collision. "It's critical safety-wise to give them a break, so they're sharp and aware."

Collins had been Chicago's top-ranked morning-radio personality when his Moravan Z242L struck a Cessna 172P flown by student pilot Sharon Hock as the two aircraft approached Waukegan Regional Airport near the lakefront. Collins' plane crashed onto the roof of Midwestern Regional Medical Center, killing him and passenger Herman Luscher, while Hock died when her plane plummeted onto a Zion street.

On Friday Paul Pieri, a former flight instructor who witnessed the crash, testified that he had been surprised when Collins' plane passed in front of his shortly before the collision. If Collins had accurately reported his position, Pieri said, "He should have already been past me on final approach" to the airfield.

Justice Department lawyers, representing the FAA at the trial, contend that Collins caused the collision.

William Sullivan Lawrence, an expert pilot who rose to colonel in 26 years in the Marine Corps, testified that neither Collins nor Hock had been negligent.

"I think he did the same thing that 99.9 percent of general-aviation pilots would have done," Lawrence said of Collins. He also credited Hock with doing "a fine job."

Lawrence, who did a test run to try to re-create what the two pilots encountered that day, said they were flying west into the sun under hazy conditions, "the worst of all situations."

Contributing to the accident was that Collins was flying a low-wing plane with poor visibility below him as he descended into the rear of Hock's high-wing plane, Lawrence said.

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CIVIL RIGHTS:

Man Pleads Guilty In Austin Immigrant Brothel Case (AAS)

By Steven Kreytak, AMERICAN-STATESMAN STAFF

Austin (TX) American-Statesman, February 10, 2007

Austin site was part of 13-city prostitution network.

A man who federal authorities say managed brothels in Austin and Oklahoma City in an elaborate multistate immigrant smuggling and prostitution ring pleaded guilty in federal court Friday.

The ring included brothels in 13 cities, including ones across Texas, as far west as Las Vegas and as far east as New York City and Atlanta, according to documents filed with Juan Balderas-Orosco's plea. The operators snuck hundreds of women into

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the country from Mexico as well as Central and South American countries, and forced them to have sex with as many as 40 men — mostly undocumented immigrants — a day, the documents said.

Their bosses, who moved the women among the brothels in the interstate network, kept all or part of the women's earnings, the documents said.

"The prostitutes reported they were not free to leave the brothels on their own, and the brothel operators were usually armed with firearms," one court document said.

Balderas, 34, faces 10 years in prison at a later sentencing on each of three crimes: transportation for prostitution, conspiracy to smuggle, transport and harbor illegal aliens, and importation of aliens.

Balderas' lawyer, Kristin Etter, declined to talk about the case, other than to say it is a symptom of a broken immigration system.

With limited legal channels for immigrants to the U.S., some immigrants "are pushed into this underground economy and forced into these kinds of jobs," she said outside court.

Balderas, who was the manager of brothels in Austin and Oklahoma City, is the lead defendant in an indictment filed last year in U.S. District Court in Austin charging 12 people in the case with various smuggling and prostitution crimes.

Six people pleaded guilty in the case earlier this week and another defendant, Mohammad Arami, pleaded guilty with Balderas before U.S. Magistrate Judge Robert Pitman on Friday.

Three defendants are fugitives in the case, including one woman accused of running the operation: Cecilia Maria Roberson, aka "Lila." Information about that woman's nationality and possible whereabouts were not included in court documents.

Another woman whom co-defendants and some of the prostitutes identified as a boss of the operation, Maria Camacho-Teran, was arrested in December, and her case is pending. She earned substantial income from the operation, is a citizen of Venezuela and is married to a U.S. citizen, a judge wrote in court documents.

Arami pleaded guilty to conspiracy to commit money laundering. He owned a house at 9807 FM 969 that federal agents raided last summer. Court documents say that Arami knew that the rent on that house was paid with proceeds of the illegal operation.

Both men said little more than "yes" at the sentencing hearing. They were responding to a standard list of questions Pitman asked regarding whether they understood the ramifications of their pleas.

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Federal Prosecutor Opposes Dismissal Of Charges In 1964 Killings Of 2 Black Men In Miss. (AP)

By Jack Elliott Jr.

AP, February 10, 2007

JACKSON, Miss. - Kidnapping remains a capital crime under federal law and there is no statute of limitations that would justify dismissing charges against a reputed Ku Klux Klansman accused in the 1964 slayings of two black men, say federal prosecutors.

James Ford Seale, 71, has pleaded not guilty to two counts of kidnapping and one count of conspiracy. Seale is being held without bond in the Madison County jail.

Seale could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee.

Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

In a motion to dismiss the charges last month, Assistant Federal Defender Kathy Nester said the government needed to have charged Seale under the law in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued.

U.S. District Judge Henry T. Wingate has not ruled on the dismissal motion.

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U.S. Attorney Dunn Lampton, in a response filed this week, said Seale's defense was misreading the law. He said while the U.S. Supreme Court in 1968 may have eliminated the death penalty for kidnapping, the court did not remove the designation of kidnapping as a capital crime under federal law.

"The limitations period depends upon the capital nature of the crime, and not on whether the death penalty is in fact available for a defendant in a particular case. Because the defendant is charged with offenses deemed by Congress to be capital in nature, he may be prosecuted for those offenses without limitation," Lampton said in the government's response.

Federal Public Defender S. Dennis Joiner, in a reply to the government's position, said once the death penalty was removed as a penalty for kidnapping, kidnapping became a non-capital offense.

Joiner said the 1968 decision gave trial courts no option but to treat as non-capital cases in which the death penalty provision of a statute has been removed. Therefore, the five-year non-capital statute of limitations must apply.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in 1964. But the FBI - consumed by the search for three civil rights workers who had disappeared that summer - turned the case over to local authorities, who promptly threw out all charges.

The Justice Department reopened the case in 2000.

Feinstein Joins Clamor Over Jailed Border Agents (SFC)

By Carolyn Lochhead, Chronicle Washington Bureau

San Francisco Chronicle, February 10, 2007

2 officers convicted in 2005 shooting of alleged smuggler

Washington -- Sen. Dianne Feinstein intervened Friday in the cases of two Border Patrol agents who are imprisoned for shooting an alleged Mexican drug smuggler and who have become a cause celebre for anti-illegal immigration GOP politicians, conservative media and activists.

The California Democrat, who is a member of the Senate Judiciary Committee, wrote letters to three top administration officials -- Attorney General Alberto Gonzales, Homeland Security chief Michael Chertoff and Federal Bureau of Prisons Director Harley Lappin -- asking for specific information about their agencies' involvement in the case.

Feinstein is the first prominent Democrat to become involved in the case of the border agents, and her office said she has secured the agreement of Senate Judiciary Committee Chairman Patrick Leahy to conduct a committee investigation. She said Leahy is open to a hearing on the matter.

Border Patrol agents Jose Alonso Compean and Ignacio Ramos were convicted last March and sentenced Oct. 9 for the 2005 shooting of an alleged drug smuggler, Osvaldo Aldrete-Davila, who had driven a van loaded with 743 pounds of marijuana from Mexico to Texas. The agents shot Aldrete-Davila as he tried to flee back across the border with Mexico, then hid evidence of the shooting and failed to report it, according to the evidence presented at their trial. Compean received a 12-year federal prison sentence, and Ramos 11 years and one month.

Last Saturday, Ramos was injured in a fight with five other inmates at the federal prison in Yazoo City, Miss. Prison authorities said he sustained minor bruises and abrasions.

President Bush has so far refused to pardon the agents, though he has said he would "look at all the facts" and urged others to do the same in a Fox News interview Jan. 31.

"I get asked about pardons in a lot of different cases, and there's a procedure in place," Bush said in the interview. "And what I've told members of Congress who have written me, our call was, just look at the case. Look at the facts in the case. And people need to understand why these folks were sent to trial and why a jury of their peers convicted them."

The case -- and Bush's response -- has enraged conservative Republican House members. Rep. Dana Rohrabacher, R-Huntington Beach (Orange County), invited Ramos' wife to the State of the Union address. This week, he warned there would be calls for Bush's impeachment if either of the agents dies in prison.

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Feinstein spokesman Scott Gerber said Feinstein called for an investigation because "she believes there are serious questions." He said she also asked her California state director in San Francisco, Jim Molinari, a former U.S. marshal, to look into the case informally and advise her.

"This was a case of two agents who were pursuing a suspect who turned out to be involved in drug trafficking, and it raises questions about the length of their sentence and how they're being treated in prison," Gerber said. "Certainly, the Department of Justice can conduct investigations, but at the same time the senator thinks there are significant issues that need to be resolved, and the Judiciary Committee is the appropriate venue to look at these questions."

Feinstein told Gonzales in her letter that she strongly believes the agents' sentences are too extreme, given that the victim resisted arrest and was smuggling large quantities of drugs. Further, she wrote, the agents had to her knowledge no prior convictions or aggravating circumstances to warrant such long terms.

The U.S. attorney who prosecuted the case, Johnny Sutton, has maintained that Congress determined the penalty, setting a mandatory minimum 10-year sentence for discharging a firearm during a crime of violence.

Feinstein said she found it even more disturbing that Ramos was beaten in prison. "It is not hard to predict that two federal agents would be targeted in a prison population and that special precautions should have been employed to ensure their safety," Feinstein wrote.

Ramos and the five inmates who assaulted him have been segregated from the general prison population, according to Bureau of Prisons spokesperson Traci Billingsley. She said that the assailants will face disciplinary proceedings and that the bureau will "take all necessary measures to ensure his ongoing safety."

The Justice Department has posted on its Web site a four-page document defending its prosecution by Sutton, the U.S. attorney in the Western District of Texas. It is titled "Myth vs. Reality: The Facts of Why the Government Prosecuted agents Compean and Ramos" at www.usdoj.gov/usao/txw.

E-mail Carolyn Lochhead at clochhead@sfchronicle.com.

Congressman Campaigns To Help Imprisoned Ex-border Agent (AP)

AP, February 9, 2007

YAZOO CITY — U.S. Rep. Tom Tancredo of Colorado met today with Ignacio Ramos at the prison where the former U.S. Border Patrol agent was attacked by other inmates.

Tancredo said he offered encouragement and campaigned to get Ramos a change of cells.

Ramos is serving time at Yazoo City Federal Correctional Complex for shooting a drug smuggling suspect in Texas and then lying about it.

“I gave him as much positive information as I could,” Tancredo said after leaving the prison in Yazoo City, Miss., about 40 miles northeast of Jackson. “And it is our hope we can get him moved to another part of the facility that is safe for him but not in a segregated environment ... 23 hours a day in a cell, which he has now.”

A Republican presidential candidate and opponent of illegal immigration, Tancredo has said the Bush administration failed to protect Ramos and has demanded that the agents receive a full presidential pardon.

The congressman said he was allowed to see the prison area where Ramos was beaten and had “observed bruises and abrasions on his body.”

Tancredo, the founder and former chairman of the House Immigration Reform caucus, said Ramos had one bruise that “starts at the top of a shoulder and goes all the way to the elbow. It is very deep, a purplish, red, very deep bruise.”

Before traveling to the prison that houses low- and medium-security inmates, the congressman said the Ramos family “has had to endure too much already for something as diminutive as a failure to report an incident. Sure it deserves punishment, but not one worse than some murderers.”

Tancredo said after today’s meeting he believed prison officials would move Ramos from isolation to better, but still safe, quarters elsewhere in the facility.

“I talked with the warden ... at great length and she was very accommodating,” he said. “She said she would in fact request a new placement for him.”

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Tancredo said he understood a meeting would be held next Wednesday to consider the request.

Public information officials at the Yazoo City facility referred all questions to the Federal Bureau of Prisons in Washington, which did not release any new information about a possible Ramos transfer.

Tancredo said he told Ramos that there had been vigils and other demonstrations of support for the agents and that "a lot of people were praying for him."

Prison officials on Tuesday confirmed the beating of Ramos, whose conviction along with that of fellow former agent Jose Alonso Compean drew sharp criticism from some who said the agents were merely doing their job defending the border against criminals.

A federal report was released Wednesday on the shootings, and Senate Committee Chairman Patrick Leahy, D-Vt., agreed to allow Sen. Dianne Feinstein, D-California, to hold a hearing on the case.

An Associated Press photographer from Jackson, at the prison Friday to take pictures of Tancredo, was told by a security officer that he had to surrender the digital disk in his camera before he would be allowed to leave the facility. Later, the photographer was allowed to leave with the digital images — scenes of the exterior of the prison.

Ramos and Compean were convicted last year of shooting Osvaldo Aldrete Davila in 2005 at a rural area near El Paso, Texas, and then trying to cover up the incident. Davila was shot once in the buttocks.

In a statement issued Wednesday afternoon, Rep. John Culberson, D-Texas, said Ramos and Compean "may not have followed proper procedure following the shooting, which at most should have resulted in their suspensions from the force, but not criminal procedure."

Ramos and Compean, who reported to prison in January, were each sentenced in October to more than a decade behind bars. Compean is serving his sentence at the Elkton Federal Correctional Institution, a low-security prison in Ohio. There have been no reports of problems with his detention.

Monica Ramos, the agent's wife, told The Associated Press on Tuesday that he called her on his 38th birthday and said: "They got me. They got me good."

Monica Ramos said her husband described being attacked late Saturday, when he "let his guard down" and went to his bed. The attackers, she said, kicked and stomped him for several minutes before running away.

Ignacio Ramos was able to identify one man in the group and is now pursuing criminal charges, Monica Ramos said.

ANTITRUST:

Cousins Get 2 Years In Concrete Scheme (INDYSTAR)

By Kevin Corcoran

The Indianapolis Star, February 10, 2007

Prison term nearly twice that of plea-bargaining ringleaders

Two men convicted in November of involvement in an Indianapolis-area concrete price-fixing conspiracy will spend nearly twice as long in prison as ringleaders who cooperated and pleaded guilty.

Chief U.S. District Judge Larry J. McKinney on Friday sentenced Chris A. and Ricky J. Beaver, managers at Noblesville-based Beaver Materials Corp., to 27 months in prison for violating antitrust law and lying to the FBI.

The prison terms will be followed by two years of supervised release. Both men were ordered to pay $5,000 fines.

The conspiracy's ringleaders, who testified against the Beaver cousins in November, were sentenced to 14 months in prison.

The Beavers acknowledged attending several secret meetings called to set prices, but they still deny participating in the scheme. Both men agreed, however, they had lied to investigators.

"It's something I'm not proud of," said Chris Beaver, 42. "I was scared they would handcuff me in front of my children."

But, he added, "We did not do any price-fixing."

Ricky Beaver, 43, also denied price-fixing, saying: "I only went to two meetings. I didn't agree to anything."

McKinney was unmoved, saying the jury had spoken, and he agreed the Beavers were active participants.

The price-fixing scandal became public in June 2005, when federal prosecutors announced a $29.2 million fine against Greenfield-based Irving Materials, the largest fine ever paid by a participant in a domestic price-fixing conspiracy.

The Beavers' defense attorney, Jeffrey A. Lockwood, called the cousins' involvement in the conspiracy "minuscule." But prosecutors asserted the company sold $50 million worth of ready-mix concrete at potentially inflated prices during the conspiracy.

Ready-mix concrete is made on demand and hauled to work sites in mixer trucks for public and private projects, such as sidewalks, driveways, bridges and roads.

The Beavers' sentencing came hours after McKinney sentenced John J. Blatzheim, 52, executive vice president of Fishers-based Builder's Concrete & Supply Co., to nine months in prison and a year of probation, and fined him $5,000.

A charge of lying to the FBI was dropped in exchange for Blatzheim's guilty plea.

"I've disappointed a lot of people," Blatzheim said in court Friday.

He acknowledged attending meetings to fix prices and "policing the agreement."

Friday's hearings closed out the price-fixing cases pending against individual defendants.

In all, nine current or former officials of four area companies have been sentenced to prison in the scheme to overcharge concrete customers from July 2000 through May 25, 2004, when a series of early-morning FBI raids broke up the conspiracy.

"We're pleased the defendants received significant sentences that reflect the seriousness of the crimes," said Scott D. Hammond, a deputy assistant attorney general in the Justice Department's Antitrust Division.

Federal antitrust officials won't say whether more charges could result from alleged price-fixing schemes in Bloomington, Marion and Muncie, where Irving Materials officials have acknowledged participating in additional price fixing.

Call Star reporter Kevin Corcoran at (317) 444-2750.

Lear Agrees To Buyout Offer Of $2.8 Billion From Icahn (NYT)

By Nick Bunkley

The New York Times, February 10, 2007

DETROIT, Feb. 9 — One of the biggest shareholders of the Lear Corporation, a manufacturer of automotive seats, criticized the company's deal on Friday to sell itself for $2.8 billion to the investor Carl C. Icahn.

The shareholder, Richard S. Pzena, who owns 11 percent of Lear through his firm, Pzena Investment Management, said he believed that the price was too low and that Lear did not need outside help to turn around its business.

Another shareholder, Evercore Asset, which calls itself a relatively small shareholder of Lear, said Friday that it was going to vote against Mr. Icahn's bid. Evercore said the offer price of $36 a share does not reflect the value of Lear.

The deal — the latest in a wave of major investments in the troubled auto parts industry — is worth $5.3 billion, including $2.5 billion in debt that will be assumed by American Real Estate Partners, the investment firm controlled by Mr. Icahn. Mr. Icahn already owns nearly 16 percent of Lear's 76.3 million outstanding shares, which would be valued at $36 each.

That is $3.39 less than the closing price for Lear's stock on Friday; shares fell 1.7 percent after the deal was announced.

Lear, based in Southfield, Mich., expects the deal to close by the end of the second quarter. But the company said it would also consider any other offers submitted within 45 days.

Mr. Pzena sent a letter critical of the proposed buyout to Lear's independent directors this week.

Mr. Pzena said in an interview on Friday that Lear is in the middle of a turnaround. He believes that Lear shares could be worth $60 each within a few years, which would make his stake in the company worth $201 million more than it is valued under Mr. Icahn's offer.

"I don't understand why they felt like they had to sell the company at all," Mr. Pzena said. "I hope that the shareholders send a message to the board that they can't be doing these kinds of things."

In a statement, the chairman and chief executive of Lear, Robert E. Rossiter, said shareholders should be pleased with the buyout terms.

"Following a very thorough review of the proposed transaction, our board unanimously concluded that the A.R.E.P. offer was in the best interests of Lear's shareholders," Mr. Rossiter said.

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"We believe that the transaction price, which represents a multiple of about nine times our forecasted 2007 core operating earnings — excluding the interior business — provides shareholders with significant value."

Lear, which lost more than $2 billion in the last two years, agreed in the fall to sell its automotive interiors division to another billionaire investor specializing in struggling companies, Wilbur L. Ross.

An analyst with Lehman Brothers in New York, Brian A. Johnson, said he expected the buyout of Lear to be supported by most shareholders, particularly those who paid less than $30 a share for their interest in the company.

(Mr. Icahn bought nearly 8.7 million Lear shares in November for $23 each, regulatory filings show.)

Lear Holders Call For New Bids (WSJ)

By Terry Kosdrosky

The Wall Street Journal, February 10, 2007

Management Backs Offer From Icahn; A Fair Valuation?

Lear Corp.'s support of a takeover offer by billionaire investor Carl Icahn has raised questions about whether the auto-parts supplier's board has worked hard enough to get the best deal for shareholders.

Management's welcoming response to the offer also sparked shareholder calls for the company to seek competing bids.

The auto-parts supplier said on Friday its management supported Mr. Icahn's $36-a-share offer, adding that its board voted unanimously in favor of it, even though Lear stock has been trading at about the offer price.

The deal involving Mr. Icahn's American Real Estate Partners L.P., and valued at about $5.3 billion, is the latest move to grab a bigger stake in the auto-parts sector. Companies like Lear have struggled with lower production from U.S. auto makers, high raw-materials costs and pricing pressures. But deep-pocketed investors have been drawn to the sector because of the low valuations of many ailing companies and the belief some will recover.

At least three major shareholders believe Lear shares have the potential to appreciate well beyond the Icahn offer price and said they will vote against the bid. Richard Pzena, whose investment firm owns 10% of Lear, said he plans to push the board to solicit offers from other potential buyers. Mr. Pzena also said he is concerned Lear's management is backing the deal at least in part because it includes raises and other financial rewards.

Chairman and Chief Executive Bob Rossiter would give up the CEO title but would see his base salary increase to $1.15 million in the first two years. In 2005, Mr. Rossiter earned $1.1 million in base salary and no bonus, according to the company's proxy statement. His base salary would be $700,000 in the third year, when he is to become nonexecutive chairman, according to new employment agreements filed with the Securities and Exchange Commission. In his first year, he gets a guaranteed bonus of no less than $1.72 million.

President and Chief Operating Officer Douglas G. DelGrosso would be named chief executive, succeeding Mr. Rossiter, and would have his salary increased to $1.15 million initially and would receive an annual bonus of at least $1.43 million. In 2005, the last period Lear's compensation figures were disclosed, Mr. DelGrosso was paid $705,834 in base salary and no bonus.

Mr. Rossiter said a buyout would leave the company in a stronger position to cut costs and expand in Asia. He said the deal, which requires approval from a majority of holders of Lear common stock, "provides shareholders with significant value."

Lear makes auto seats, interior parts and electronics.

Shares in the Southfield, Mich., company were down 1.7% to $39.39 in 4 p.m. New York Stock Exchange composite trading Friday. The stock reached a 52-week intraday high of $41.14 this week, after Mr. Icahn's proposal was announced on Monday.

Mr. Icahn already owns a 16% stake in Lear. Mr. Icahn's $5.3 billion offer values Lear at $2.75 billion. He would pay about $2.31 billion in cash to buy the shares he doesn't already own and assume $2.5 billion in debt.

If Lear accepts a superior bid, Lear could have to pay a termination fee of more than $85 million, plus as much as $15 million in expenses, according to a filing made with the SEC.

The company said it will solicit other offers over the next 45 days. Wall Street analysts, however, said Friday it is unlikely any other offers will materialize.

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Like Mr. Pzena's firm, Pzena Investment Management LLC, Braun, von Wyss & Müller, the Zurich-based investment adviser for Classic Fund Management Aktiengesellschaft, said they would oppose the deal. They each said Lear's value is closer to $60 a share. Brandes Investment Partners LP, which owns a 3.9% stake in Lear, also said it would vote against the deal, arguing the price is far below Lear's long-term fair value.

One smaller shareholder, however, said he supports the deal. Robert Chapman, managing member of Los Angeles-based Chapman Capital LLC, said $36 is a good price, noting that Lear was trading at about $28 a month ago.

J.P. Morgan Chase & Co.'s J.P. Morgan Securities Inc. served as financial adviser, and Winston & Strawn LLP as legal counsel to a special committee of Lear's board. Bank of America Corp. provided Mr. Icahn's affiliate with debt-financing commitments.

--Kaja Whitehouse contributed to this article.

U.S. Inquiry On Bonds At Big Bank (NYT)

By Vikas Bajaj

The New York Times, February 10, 2007

Bank of America said yesterday that it was cooperating with a Justice Department investigation into bidding practices in the municipal bond business in exchange for leniency.

The agreement with the bank may be a significant breakthrough for government investigators who have been looking at how the proceeds of bonds issued by cities, school districts and other municipal authorities are invested between the time the money is raised and when it is spent on projects like new water systems and school gymnasiums.

Investigators are examining whether there was collusion among some financial institutions in bidding to handle the bond revenue during those interim periods.

Last November, the Justice Department issued subpoenas and raided the offices of several firms that served as go-betweens for municipalities and large financial institutions.

The investigation is the biggest in municipal finance since the 1990s, when the Securities and Exchange Commission accused some Wall Street firms of “yield burning” — or profiting by overcharging state and local government agencies in debt refinancings. The current investigation is unusual because it appears to involve possible criminal charges.

Bank of America said the Justice Department had agreed not to bring criminal charges against the bank because it was the first institution to volunteer information before the subpoenas were issued. Furthermore, the agreement limits the civil penalties that prosecutors can pursue against the bank to actual damages, rather than the treble damages it can pursue against others.

The deal, which the bank said would not be available to other financial institutions, is contingent on continued cooperation by Bank of America.

“If a company has participated in industrywide practices, its cooperation can prove invaluable,” said Kathleen F. Brickey, a law professor at Washington University in St. Louis who specializes in white-collar crime. as prosecutors investigate other companies. “This will be unwelcome news for others” in the industry.

In a separate settlement with the Internal Revenue Service, Bank of America said yesterday that it would pay $14.7 million to the federal government for its role in the use of contracts that provided guaranteed investment returns on proceeds from bond

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pools issued by multiple municipalities. The I.R.S. has been examining whether such pools are being used to generate profits from tax-free municipal bonds.

"They are related only in that the two are happening at the same time and involve the municipal arena," said Shirley Norton, a Bank of America spokeswoman.

A spokeswoman for the Justice Department confirmed that it had reached an agreement with Bank of America but would not answer questions about the deal. A spokesman for the I.R.S. declined to comment.

Municipal bonds are a big business for Wall Street — about $385 billion of bonds were issued last year, according to the Securities Industry and Financial Markets Association. The bonds provide a steady source of fees and are a relatively safe, and tax-free, investment.

In recent years, several government agencies, including the Securities and Exchange Commission, have focused on how the proceeds of the bonds are handled in the months or years before they are spent. Because the money is tax-free, municipalities cannot generate a higher return on the money by investing it than what it costs to raise the money. If they do earn more, the balance is due to the United States Treasury.

To get around those limits, consultants to municipalities and major financial institutions like Bank of America have used guaranteed investment contracts that limit the return cities and other agencies can earn from their bond proceeds.

Investigators are looking into whether some financial institutions have colluded when bidding for those contracts, which are structured in a way that appeared to satisfy the I.R.S. rules but in reality provide excessive fees or returns to banks and advisers involved in the transactions.

"Municipal bond proceeds are supposed to be spent for tangible purposes, not to earn interest in arbitrage," said Charles Anderson, a retired I.R.S. field inspector who now has a private consulting practice. "You want a transparent and above- board process of people getting investment contracts."

In November, Bloomberg News reported that federal agents raided and seized documents from the offices of three brokers that specialized in municipal finance and Justice Department lawyers subpoenaed documents from two insurance companies and General Electric.

Shares of Bank of America slipped 33 cents, to $52.99.

Bank Of America To Cooperate With Justice Department (AP)

By IEVA M. AUGSTUMS, AP Business Writer

AP, February 10, 2007

CHARLOTTE, N.C. -- Bank of America Corp. said Friday it has entered into a "leniency agreement" with the Department of Justice related to an investigation into the municipal derivatives industry.

The Charlotte-based bank said the agreement will keep the department from bringing any criminal antitrust prosecution against the company in the matter in return for its continuing cooperation.

The bank said it was receiving the special treatment because it went to the department with information about bidding practices in the bond industry before the government began its investigation last year.

Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to a number of Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports.

Tax-exempt municipal bonds are sold to fund state and local projects, including sewer systems, bridges and stadiums.

Bank of America spokesman Shirley Norton declined comment, citing the bank's of not commenting "on ongoing investigations."

The bank will continue to fully cooperate with the investigations being conducted by the Justice Department, the SEC, and the Internal Revenue Service, Norton said.

Separately, the bank agreed to a $14.7 million settlement with the IRS over the bank's role in providing guaranteed investment contracts and other agreements related to "blind pool" bond transactions. Guaranteed investment contracts are issued by insurers and offer guaranteed rates of return for specified periods. Many retirement plans include them.

Bank of America did not admit to any liability under the Internal Revenue Code, it said in a statement.

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Bank of America shares closed down 33 cents, or 0.62 percent, at $52.99 on the New York Stock Exchange. In the past 52 weeks, shares have traded in a range of $43.30 to $55.08.

Cooperation Gives BofA Leniency In Inquiry, Bank Says (CO)

By Rick Rothacker

The Charlotte Observer, February 10, 2007

Bank of America Corp. said Friday that it won't face criminal prosecution for anti-trust matters in the U.S. Justice Department's ongoing investigation of bidding practices in the municipal bond industry.

The Charlotte bank said it reached a leniency agreement with the agency, in return for its continuing cooperation. The announcement shed new light on the bank's role in a wide-ranging probe that became public late last year.

Under the Justice Department's leniency program, amnesty is available to a company that first reports information to the agency before the government has started its own investigation, the bank said.

Separately, Bank of America said it had agreed to a $14.7 million settlement with the IRS related to certain bond transactions. Under the agreement, the bank said it did not admit to any conduct that would be subject to liability under the Internal Revenue Code.

State and local governments issue municipal bonds to raise money for projects ranging from schools to transportation systems to housing projects. In return, investors receive tax breaks on the interest they receive from the bonds.

In 2006, investment banks raised about $379 billion through municipal bond issues, the second best year on record, according to Thomson Financial. Bank of America was the ninth-biggest underwriter.

The industry faced scrutiny in the 1990s over the marking up of bond prices and now faces renewed examination. Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports.

At the time, the Justice Department said it was looking at "anti-competitive practices." The reports also said the IRS was examining whether consultants and underwriters were evading taxes in certain transactions.

An inquiry into the municipal bond business is "long overdue," said Mark Schwartz, a former investment banker who is now a critic of the industry.

"It's a club," said Schwartz, a Philadelphia-area attorney. "There's a lot of trading going on: `I'll give this, if you put us in that deal.' "

One of the areas under scrutiny is so-called "blind pool" transactions in which underwriters issue bonds for unspecified projects, he said. The incentive for the investment banks is lucrative fees produced by the deals.

The IRS gets concerned because investors are getting a tax break for buying bonds for projects that may not come to fruition, he said. "The treasury doesn't want to be subsidizing deals that aren't needed," Schwartz said.

In addition, the underwriters, with no specific municipal project on deck, will often re-invest the proceeds from blind-pool bond issues. This can raise questions about whether these investments, arranged under so-called "guaranteed investment contracts," were properly bid out.

Bank of America said the IRS settlement related to its role "in providing guaranteed investment contracts and other agreements in connection with certain blind-pool bond transactions." Bank spokeswoman Shirley Norton said she could not comment further because the investigation is ongoing.

The bank said it continues to cooperate with investigations by the Justice Department, the SEC and the IRS. A Justice Department spokesman confirmed Bank of America is cooperating in its probe of "anti-competitive practices in the municipal derivatives industry."

Industrywide Municipal Bond Investigation

• What happened? The U.S. Justice Department has given Bank of America immunity from criminal anti-trust prosecution under an amnesty agreement. The bank also reached a $14.7 million settlement with the IRS.

• What's next? The bank said it continues to cooperate with the Justice Department, SEC and IRS.

Bank Of America To Cooperate In Muni Bid-Rig Probe (Update4) (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, February 10, 2007

Feb. 9 (Bloomberg) -- Bank of America Corp., the second- largest U.S. bank, said the Justice Department agreed not to press antitrust charges against the bank in exchange for its assistance with a criminal probe of the municipal bond market.

The bank also agreed to a $14.7 million settlement with the Internal Revenue Service in connection with its role in providing investment contacts to some state and local governments, the bank said in a statement.

Bank of America is the first to announce an agreement with the U.S. government in connection with an antitrust probe of bid-rigging of investment contracts that are sold to states and municipalities. The settlement may help speed the pace of the probe, which has roiled an almost 200-year-old market where local governments have $2.3 trillion of bonds outstanding.

``It's a positive step when you see settlements because it does tend to expedite the process," said Carol Lew, the president of the National Association of Bond Lawyers and a public finance attorney at Stradling Yocca Carlson & Roth in Newport Beach, California.

Gina Talamona, a Justice Department spokeswoman, wasn't immediately available for comment. Shirley Norton, a spokeswoman for Bank of America, declined to comment. Nancy Mathis, an IRS spokeswoman, declined to comment.

`Roadmap'

The agreement came after Charlotte, North Carolina-based Bank of America gave information to investigators before they initiated the probe, the bank said in its statement. The bank said offers of amnesty are available from the Justice Department to the first who reports behavior that is later investigated.

``If you're the first one in the door, you get credit for that from the government, said John Fahy, a former U.S. prosecutor now in private practice in Rutherford, New Jersey. ``You are educating the prosecutors. You are giving them a roadmap as to how particular fraud occurred."

Bank of America shares fell 33 cents to $52.99 at 4:16 p.m. in composite trading on the New York Stock Exchange.

More than a dozen banks, insurers and brokers have been subpoenaed in the investigation, which also includes the Securities and Exchange Commission. The Justice Department's probe follows the IRS in looking into whether there were conspiracies to rig the bidding for so-called guaranteed investment contracts, where local governments invest money raised at bond sales until it is needed to pay for schools and other projects.

Yield-Burning

Local governments are required to rebate to the IRS much of the earnings they reap by reinvesting funds raised from tax-exempt bond sales. The IRS is concerned that unfair bidding on investment contracts may have deprived the federal government of money, much like the so-called yield burning scandals of the 1990s, when Wall Street banks overcharged municipal borrowers for Treasury bond investments.

The Justice Department has declined to comment on the probe, saying only that it was investigating anti-competitive practices in the industry. Subpoenas issued in the investigation sought information on several financial products, including derivatives.

``We have little public information about the scope and magnitude of the investigation," Lew said. ``That type of climate can hurt the entire municipal bond industry."

Blind Pools

Bank of America, second only to Citigroup Inc. as the biggest bank by stock market value, said the settlement with the IRS stems from its sale of investment contracts and other products to agencies that sold bonds for so-called blind pools, sums of money that were to be made available to local government borrowers for projects like low-income housing and schools. In some cases, such transactions did nothing for the public while generating millions in fees for the banks and advisers that put them together, according to an Oct. 4 article by Bloomberg News.

Five days before companies disclosed receiving subpoenas from the Justice Department in connection with its probe, George K. Baum & Co., a Kansas City, Missouri-based investment bank, said it settled allegations with the IRS that it illegally diverted profits on municipal bond deals. That settlement covered more than $2 billion of so-called blind-pool deals between 1997 and 2001.

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Bank of America provided the guaranteed investment contract on at least one of the Baum transactions targeted by the IRS, a $100 million issue sold in 2000 by Rural Enterprises of Oklahoma Inc., bond documents show. Rural Enterprise of Oklahoma Inc. disclosed in July 2003 that a ``significant," hidden payment was made to Baum by the provider of the investment agreement.

Atlanta Deal

Questions about bid rigging were also raised in connection with a $453 million guaranteed investment contract that Bank of America won from the city of Atlanta. That bidding for that agreement was handled by CDR Financial Products Inc., a Beverly Hills, California adviser to local governments that was raided in November in connection with the Justice Department probe.

The IRS in 2005 told Atlanta officials that the city may have overpaid for a $453 million guaranteed investment contract from Bank of America Corp. The IRS asked whether banks arranged to submit ``courtesy losing bids" at an auction held to win the city's investment business, according to a Feb. 5 2005 letter obtained by Bloomberg News.

CDR has previously defended its work in response to the investigation. A spokesman for the firm, Allan Ripp, declined to comment today on Bank of America's agreement.

Bank of America in 2002 fired the employee in its municipal derivatives department who handled the Atlanta contract after he told his manager that he paid a total of $182,393 to CDR, another broker, and two rival banks on transactions in which they played no role, according to records from the NASD and North Carolina's state court in Mecklenburg County, as reported in a Bloomberg article on Oct. 4.

The payments to CDR were described as a bid to build its relationship with the broker, according to an e-mail contained in court records.

Bank Of America Faces Probe On Muni Bonds (MRKTWTCH)

By Steve Gelsi

Market Watch, February 10, 2007

NEW YORK (MarketWatch) -- Bank of America late Friday disclosed it's participating in a government probe into illegal activity surrounding proceeds from municipal bonds and how the money is invested prior to spending on public projects such as schools and bridges.

Separately, the Bank of America (BAC) has agreed to a $14.7 million settlement with the IRS relating to its role in providing guaranteed investment contracts and other agreements in connection with certain "blind pool" bond transactions.

The pact by the nation's second-largest bank with the U.S. Justice Department could mark a breakthrough as the government investigates practices in the multi-billion dollar municipal bond industry.

Bank of America said it's inked a leniency agreement in connection with the department's investigation into bidding practices in the municipal derivatives sector.

"This amnesty grant was a result of the company voluntarily providing information to the Department before the Department began its investigation, as well as the company's continuing cooperation," Bank of America said.

In return for the company's cooperation, the Justice Department will not bring any criminal antitrust prosecution against the company in connection with matters that the company reported to the Justice Department, Bank of America said.

The company said it's cooperated and continues to fully cooperate with the industry-wide investigations being conducted by the Justice Department, the Securities and Exchange Commission, and the Internal Revenue Service.

Under the agreement, Bank of America did not admit to any conduct that would be subject to liability under the Internal Revenue Code.

The investigation marks the largest in municipal finance since about 15 years ago, when the SEC Wall Street institutions of overcharging state and local government agencies in debt refinancings.

FirstGroup To Buy U.S.'s Laidlaw For $3.6 Billion (Update11) (BLOOM)

By Tracy Alloway

Bloomberg, February 10, 2007

Feb. 9 (Bloomberg) -- Britain's FirstGroup Plc agreed to buy Laidlaw International Inc., owner of the largest U.S. school-bus company and the Greyhound bus service, for $3.6 billion to triple revenue in North America.

Laidlaw investors will receive $35.25 in cash for each share, Aberdeen, Scotland-based FirstGroup, the U.K.'s biggest train operator, said today in a statement. That's 11 percent more than the closing price of $31.72 yesterday.

FirstGroup will merge its Ryder U.S. student buses division, acquired in 1999, with Laidlaw's fleet to give it a 13 percent share of the North American school bus market. Laidlaw's Greyhound Lines Inc. unit, the largest inter-city bus company, is ``a less obvious strategic fit'' and will be reviewed, FirstGroup said.

``Being able to combine the two companies will create cost benefits that will flow through relatively quickly,'' said Gert Zonneveld, an analyst at Panmure Gordon in London with a ``buy'' recommendation on the stock. It ``also effectively removes one major competitor from the market, which makes a lot of strategic sense.''

Shares of FirstGroup rose 34.5 pence, or 6.2 percent, to 595.5 pence in London. The stock has risen 45 percent in the past year, boosting the company's market value to 2.3 billion pounds ($4.48 billion). Laidlaw shares rose $2.86, or 9 percent, to $34.58 at 4:04 p.m. in New York Stock Exchange composite trading.

`Cost Benefits Created'

Laidlaw, founded in 1924, filed for bankruptcy in 2001 after almost 20 years of expansion. It bought hundreds of small school bus operators during the 1990s, culminating with the acquisition of Greyhound in 1998.

Greyhound now accounts for 40 percent of Laidlaw's sales. Its school transportation division makes up about 50 percent of the Naperville, Illinois-based company's revenue.

``What's new in this transaction is the Greyhound business,'' said Chief Executive Officer Moir Lockhead in a meeting with analysts today in London. ``We'll do the strategic review and then we'll take it from there.'' He said he did not know how long the review would take to complete.

Greyhound, which serves some 2,200 destinations, is the result of 93 years of expansion and acquisition. Founded in 1914, the company diversified in the 1970s and owned stakes in everything from Dial Corp. deodorant to a meat-packing business.

``You would hope they're more committed to keeping 100 percent of what they've bought,'' said Alistair Gunn, an analyst at Arbuthnot Securities in London with a ``neutral'' rating on the stock. ``It wouldn't surprise me if they did retain Greyhound and if they don't they'll get a good price for it.''

U.S. Business

Most of FirstGroup's U.S. business consists of contracts to operate and manage bus services on behalf of local authorities. The market for management of public buses is estimated by FirstGroup to be worth $15 billion, of which only $2 billion is outsourced to private companies.

``FirstGroup is familiar with the school bus and transit markets in which Laidlaw operates and has followed Laidlaw in an acquisition context for over two years,'' it said in the statement.

The enlarged group will employ more than 71,000 workers in the U.S., FirstGroup said, and operate about 63,000 school buses. The acquisition will generate about $70 million in savings a year, according to the company.

`A New Focus'

``This gives us a new focus,'' said Lockhead. Half of the FirstGroup's sales will now come from the U.S., Finance Director Dean Finch estimated at the meeting. Just under a third of revenue currently comes from North America.

In the U.K. FirstGroup runs one out of every five local bus services and carries some 2.8 million passengers a day. Its Scottish train service handles 95 percent of passenger train services in Scotland, according to its Web site.

``There are likely to be some competition issues,'' said Zonneveld. ``That's one thing that needs to be addressed,'' he said. The deal is subject to a U.S. antitrust review, FirstGroup said.

Gina Talamona, a U.S. Justice Department spokeswoman, said it hasn't been determined whether her agency's antitrust division or the Federal Trade Commission will review the deal.

The acquisition will be financed through debt facilities of $3.75 billion and the issue of 375 pounds worth of new shares, including 200 million pounds worth of new shares placed today.

The price is 8.4 times FirstGroup's 2006 operating profit. Its last major acquisition in the U.S., that of Ryder Public Transportation Services, was 6.6 times 1998 operating profit.

Credit-Default Swaps

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Credit-default swaps-based on 10 million euros of FirstGroup debt rose 11,000 euros to 71,000 euros, according to CMA Datavision. Credit-default swaps are based on corporate bonds and are used to speculate on a company's ability to repay debt. An increase indicates a reduction in credit quality.

Fitch Ratings said today it may lower FirstGroup's credit ratings, following the announcement that had it agreed to buy Laidlaw. The ratings firm ranks the company's debt BBB+, its eighth-highest investment grade ranking. Standard & Poor's grades the debt one level lower at BBB, and it put FirstGroup on a ``watch negative," indicating it may lower its rating.

FirstGroup has 550 million pounds of bonds outstanding, according to data compiled by Bloomberg. The extra yield, or spread, that investors demand to hold FirstGroup's 300 million pounds of 6.875 percent bonds due April 2013, compared with government bonds of a similar maturity, widened 1 basis point to 89 basis points today. A basis point is 0.01 percentage point.

ENVIRONMENT:

New EPA Rules For Gasoline Limit Benzene, A Carcinogen (WP)

By Juliet Eilperin

The Washington Post, February 10, 2007

The Environmental Protection Agency issued rules yesterday that will dramatically cut toxic fumes from cars and trucks over the next 25 years.

The regulations, which will reduce the amount of cancer-causing benzene in gasoline and set tighter emission standards for autos in cold temperatures and for fuel containers, will help reduce toxic emissions from passenger cars by 80 percent from 1999 levels by 2030.

"Americans love their cars," EPA Administrator Stephen L. Johnson said in a statement. "By clearing the air from tons of fuel and exhaust pollution, President Bush and EPA are paving the road toward healthier drivers and a cleaner environment."

Among air pollutants, benzene -- which naturally occurs in crude oil and is increased through refining to boost gasoline's octane rating -- poses the second-biggest cancer risk to Americans, after diesel emissions. In 2004 it constituted 1 percent of U.S. gas on average; under the new rule benzene levels will drop to an average of 0.62 percent.

The EPA will allow oil refineries to trade pollution credits among themselves as long as the industry as a whole stays below the limit, but the agency imposed an absolute cap of 1.3 percent benzene in any given product. The rule also sets tougher emission standards for cars operating at temperatures of 20 degrees Fahrenheit or below, as well as for fuel evaporation from tanks, fuel lines and gas cans.

Environmentalists, who had successfully sued EPA for failing to issue a benzene ruling by 2004, hailed yesterday's move but questioned the decision to allow refineries to trade emission credits.

"We're happy that EPA has addressed this important public health issue at last, even if it did take a federal court case to make the agency act," said Marti Sinclair, a volunteer for the advocacy group Sierra Club. "But it is disappointing that EPA would undermine its own program by adopting this dangerous trading scheme."

But Frank O'Donnell, who heads the advocacy group Clean Air Watch, said the new regulation would help improve air quality nationwide: "Benzene levels everywhere are going to drop."

In an interview, William Wehrum, acting assistant administrator for EPA's air and radiation office, said the agency is protecting Americans' health by capping benzene levels. EPA estimates that the rule, which will take effect in 2011 for gasoline, will cost $400 million to implement in 2030 and produce $6 billion in health benefits.

"We want to achieve good environmental outcomes in the cheapest way possible," he said. "We do expect some minor variations from place to place."

Charles T. Drevna, executive vice president of the National Petrochemical and Refiners Association, which represents oil refineries, said facilities in the Rocky Mountains and Pacific Northwest "are going to have to do a lot more than we anticipated" to meet the new standards.

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"What's the impact on supply and cost, that's my concern," said Drevna, who added that his members are already having to change their processes to meet low-sulfur diesel standards and other federal rules. "This is, as Pink Floyd would say, another brick in the wall."

Some environmentalists are still pushing to eliminate two other air toxics that improve gasoline performance, toluene and xylene, as well as to clean up diesel fuel. "This is a missed opportunity to clean up the air and save lives," said Reid Detchon, executive director of the Energy Future Coalition.

But Wehrum said the administration had tried to produce a practical and effective rule. "The single most important thing we can do to reduce the risks associated with toxic emissions is to focus on benzene," he said.

E.P.A. Limits The Benzene In Gasoline By 2011 (NYT)

By Felicity Barringer

The New York Times, February 10, 2007

WASHINGTON, Feb. 9 — The Environmental Protection Agency is requiring significant reductions in the amount of cancer-causing benzene and other toxic hydrocarbon gases in gasoline and released into the air during storage and use, under a rule released Friday.

The final rule, issued under a court-ordered deadline set after environmental groups filed suit about two years ago, provides more uniform reductions around the country than the agency had originally proposed.

It was greeted with praise from environmental groups usually critical of the Bush administration in this area and with considerably less enthusiasm by the organization representing the country's 149 refineries.

The rule puts a ceiling on the total benzene content of any gasoline produced after 2011.

The rule limits opportunities for those refineries that are not meeting the benzene limit to meet their obligation by buying credits from other refineries whose gasoline more than meets the standard.

"Benzene content in gasoline is going to go significantly down everywhere in the country," said William Wehrum, the agency's acting assistant administrator of air and radiation programs. "Are there going to be variations from place to place? Yes."

The original proposal would have given refineries more leeway to average the benzene content across their entire gasoline supply. That would have left some regions, particularly parts of the Pacific Northwest and the Rocky Mountain States, with benzene levels well above the levels permissible elsewhere, because their gasoline has historically contained more benzene. Objections by Senator Ron Wyden, Democrat of Oregon, played a role in the agency's decision instead to limit the trading program, Mr. Wehrum said.

In addition to the new benzene limits for gasoline, the new rule also orders cuts for benzene levels in tailpipe emissions and pungent benzene vapors escaping from gasoline cans.

The new standard will cut 19,643 tons of benzene from gasoline when the controls on refiners take effect in four years. In addition, several other rules currently in force will have the side effect of cutting benzene from all of these sources, reducing benzene from its 1999 level of 250,000 tons, the most recent figure available.

The agency estimated that the new rule, called the Mobile Source Air Toxics rule, would result in 33,000 tons of reductions by 2015. Those reductions, combined with the additional reductions that were side benefits of other rules, would cut the benzene levels down to 108,000 tons.

"Cars and trucks put out a whole toxic soup of pollutants," Emily Figdor of the U.S. Public Interest Research Group, one of the two groups that sued the agency, said in an interview. "The administration is going after one of them. Benzene poses a whole host of health risks. It's a good thing that they strengthened the standard."

But Charles Drevna, the executive vice president of the National Petrochemical and Refiners Association, said the agency had "thrown a curve" by insisting on a ceiling on the amount of benzene in any refinery's gasoline, which limits the refinery's ability to use allowances.

"Certain areas are going to have a much more difficult time," Mr. Drevna said, including those refineries in the Pacific Northwest and the Rocky Mountains.

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California's current standard for benzene is already below the new national standard, so that state's 13 refineries are not affected. Highly industrialized areas like the Northeast and the Chicago area are already required to produce what is known as reformulated gasoline, and so their benzene levels have been reduced somewhat in recent years, though not as much as they will be under the new rule.

Mr. Drevna said that a spate of new rules, including a rule making steep cuts in the sulfur content of diesel fuel and a separate rule reducing the sulfur content of gasoline, have put a burden on refiners.

Mr. Wehrum, of the federal agency, said the trading program was designed "to allow the flexibility for industry to find the most cost-effective place to spend."

For Mr. Drevna, it was not flexible enough.

For Marti Sinclair of the Sierra Club, which was also a plaintiff in the lawsuit, it was too much.

"We are happy that E.P.A. has addressed this important public health issue at last," Ms. Sinclair said in a statement, adding, "It is disappointing that E.P.A. would undermine its own program by adopting this dangerous trading scheme."

Frankenfood? (WP)

The Washington Post, February 10, 2007

EVER SINCE the Food and Drug Administration officially vouched for the safety of food derived from cloned animals last month, Americans have given themselves a long and unnecessary national stomachache. Citing concerns over everything from safety to ethics, many of them told pollsters that they are apprehensive about milk and meat from clones entering supermarkets. Members of Congress are preparing to push legislation requiring food from clones and their progeny to be labeled as such. And, The Post's Rick Weiss reported recently, a new controversy is brewing over whether food providers can label products from the offspring of cloned animals as "organic," even if ranchers follow federal criteria for such labels.

All of which is to say that there is a lot of misunderstanding about the issue of cloning livestock for food production. One of the most common -- and commonly exploited -- misconceptions is that once the meat and milk industries begin selling food from clones and their offspring, animal products from clones will flood supermarkets. In fact, cloning animals is very expensive; ranchers would not clone an animal only to slaughter it. Instead, ranchers will clone animals with desirable traits, such as leaner meat, and breed the resulting genetic copies with other animals, bettering herds over the course of generations.

The process is almost identical to time-tested methods of animal husbandry, and it is very similar to modern crop breeding. The

result for consumers is consistently better meat and other animal products from the progeny of clones, which experts agree are safe to eat, not from clones themselves, which are also safe but which contain subtle genetic differences from parent animals that anti-cloning activists exploit to stoke public outcry. High-quality animal products will probably also become more abundant and, therefore, cheaper.

As the debate over cloned food intensifies -- expect a battle involving the cloning industry, anti-cloning advocates, the FDA and Congress this year -- it is important for the public not to overestimate the differences between cloning livestock for the purpose of breeding and what American ranchers and breeders already do to better their flocks and herds. The facts are less threatening than many Americans realize.

FBI/DEA/ATF/USMS:

U.S., Latin American Authorities Pledge United Front Against Gangs (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, February 10, 2007

An international summit on transnational gangs wrapped up in Universal City on Friday with an agreement between U.S. and Latin American law enforcement leaders to begin crafting four initiatives, including one to improve intelligence sharing on criminals who move back and forth over borders.

Three other proposals to be discussed when the officials meet again in April in El Salvador include:

• Creating an international prevention campaign using sports celebrities and singers to urge kids to stay out of gangs.

• Developing an exchange program in which U.S. mid- and high-level law enforcement officials would be embedded in Central American and Mexican agencies and Latin American officials would spend time in the U.S.

• Creating a "Top 20" fugitive program that would identify the worst of the worst transnational gang members so border guards could be on the lookout for them in all of the countries.

"We have arrested people here who were deported five times, so we want to put some of them on the list so we look harder at the border for the worst of the worst," said Robert Loosle, special agent in charge of the criminal section of the FBI's Los Angeles office.

More than 100 federal agents, police chiefs and prosecutors from the U.S. and law enforcement officials from Belize, Honduras, Guatemala, Mexico, Canada and El Salvador attended the three-day summit at the Universal City Hilton to discuss the problems that occur when hardened gang criminals enter the U.S. illegally and then are deported back to Latin America.

"There was agreement that we need to vary our way of sharing information with special operating mechanisms not only on the law enforcement side but also on the prevention piece," said Rodrigo Avila-Aviles, director general of the El Salvador National Civil Police.

Officials from Interpol and the U.S. National Gang Intelligence Center provided expertise at the summit on ways to develop databases that can share information on gangs throughout the region.

Augusto Del Pino, deputy attorney general from the Mexican state of Chiapas, said the conference was important because it opened lines of communication and created relationships that can assist all of the nations.

"To me this was a very important summit because we were able to gather information, exchange it, and make a review of the system and judicial and police operations," Del Pino said.

The group also discussed ways to alert Mexican authorities when a gang member in the U.S. adopts an alias that he then tries to use upon returning to Mexico.

"We will be able to identify the people we have caught and we have in prison [when] they change names and pretend to be somebody else," Del Pino said.

Also aiding the effort was the announcement this week by U.S. Atty. Gen. Alberto R. Gonzales that the federal government would accelerate implementation of the Central American Fingerprinting Exploitation system, which will help track gang members.

Los Angeles Mayor Antonio Villaraigosa and Police Chief William J. Bratton said they planned to travel to El Salvador in April to continue talks on ways to cooperate with their Central American counterparts.

"Many of the gangs that start here — from 18th Street to MS to the Crips and the Bloods — started here in Los Angeles, went across the country, and in the case of the first two have gone to Mexico, Latin America and beyond," Villaraigosa said. "So we are coordinating our efforts."

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FBI Laud$ Anti-drug Work By City Police (PHDN)

By Christine Olley

Philadelphia Daily News, February 10, 2007

The Philadelphia division of the FBI gave the Philadelphia Police Department a pat on the back yesterday for its work in trying to cripple the city's lucrative drug trade.

Special Agent in Charge J.P. Weis lauded the efforts of Police Commissioner Sylvester Johnson, Deputy Commissioner Richard Ross and leaders of the Narcotics Bureau, and presented them with a commemorative plaque and a check for approximately $2 million, which represented a portion of the money they had seized jointly during the 2005-06 fiscal year.

He said of the relationship between the two agencies, "It illustrates the camaraderie between these two units that transcends mere cooperation."

Last year, Weis said, drug seizures and monetary forfeitures in the city totaled close to $3 million.

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Just this week, police stopped a tractor-trailer with a Texas license plate on Aramingo Avenue in Port Richmond and found 100 kilos of cocaine with an estimated street value of $10 million.

Forfeitures as large as Monday's are what Weis describes as a powerful tool against drug acitivity.

"Forfeitures are a way to disrupt and dismantle criminal activity," he said.

"Why should the subjects still have access to the proceeds of their illegal activities?" he asked.

Husband Of Former FBI Tech Admits To Conspiracy Over 'ice' (HSB)

By Debra Barayuga

Honolulu Star-Bulletin, February 10, 2007

The spouse of a former FBI technician has admitted to conspiring with others to possess with intent to distribute more than 500 grams, or 1.1 pounds, of methamphetamine.

Eric "Babu" Moniz, 35, of Waialua pleaded guilty yesterday in U.S. District Court to the charge, punishable by a mandatory minimum of 10 years in federal prison.

Moniz was one of 23 individuals indicted by a federal grand jury in April after an internal FBI investigation. The FBI began surveillance of employee Charmaine Moniz, wife of Eric Moniz, and her activities at work. They discovered she had been accessing a confidential database and reviewing documents relating to her husband's longtime friend Damien Kalei Hina, an alleged drug dealer in Waialua, as well as Jonathan Kimo Luna and Jess Lundgren.

Charmaine Moniz pleaded guilty earlier in federal court to accessing the FBI's database to obtain information about active investigations involving her husband's associates and warning her husband to stay away from them. She is awaiting sentencing.

Three police officers, including Bryson Apo, who also pleaded guilty yesterday to conspiracy, were among the people indicted in April.

In a plea agreement filed in court yesterday, Eric Moniz admitted that from 2002 until 2004, he agreed to hold "pound quantities" of methamphetamine for Hina.

He also admitted that during the same period he occasionally received lesser quantities of methamphetamine that he distributed to others, and also held onto Hina's drug proceeds.

In exchange for Moniz's plea and his willingness to cooperate and testify against others if asked, the government is expected to dismiss a drug possession charge against him that is contained in a second indictment, said Assistant U.S. Attorney Florence Nakakuni.

Moniz will be sentenced Aug. 6.

Spouse Of FBI Former Technician Pleads Guilty (AP)

AP, February 10, 2007

HONOLULU (AP) _ The spouse of a former FBI technician pleaded guilty Friday to conspiring with others with the intent to distribute more than 500 grams of methamphetamine.

Eric ``Babu" Moniz of Waialua, Hawaii, admitted to the charges in U-S District Court.

Moniz faces a mandatory minimum of 10 years in federal prison when sentenced August 6th.

The F-B-I's investigation of Eric's wife, Charmaine Moniz, led to a two-year drug and gambling probe that resulted in charges filed against more than 35 people.

The F-B-I had said Moniz divulged sensitive information to drug dealers on Oahu's North Shore in 2003 and 2004.

In a plea agreement filed in court yesterday, Eric Moniz admitted that from 2002 until 2004, he agreed to hold ``pound quantities" of methamphetamine for an alleged drug dealer.

Police Officer Pleads Guilty In Gambling Scheme (HONADV)

By Ken Kobayashi, Advertiser Courts Writer

Honolulu Advertiser, February 10, 2007

A second Honolulu police officer has pleaded guilty in a scheme to protect an illegal cockfight and gambling operation in Waialua.

Bryson Apo, 31, admitted yesterday that he provided the operators information about when police would raid the illegal activities and also acknowledged that he would bet on the cockfights "from time to time" during the 2004 to 2005 cockfighting season.

"I did provide inside information to the gambling operation in Waialua," he told U.S. District Judge Susan Oki Mollway.

Apo, an eight-year veteran of the police force, pleaded guilty to conspiring to obstruct the enforcement of criminal laws, a charge that carries a prison term of up to five years. But federal advisory sentencing guidelines call for a lesser prison term.

Apo remains free on bond and is scheduled to be sentenced by Mollway on May 29.

Police officer Glenn Miram pleaded guilty to the conspiracy charge last year and is scheduled to be sentenced this year.

The two are among three Honolulu officers charged last year in connection with the cockfight, card game and dice operation across the street from Waialua Elementary School. The charges were the result of a massive FBI wiretap operation into gambling, drug and other illegal activities.

Kevin Brunn, the third officer, is awaiting trial.

Others charged as a result of the FBI probe are officers Barry Tong, charged with illegal possession of a firearm, and John Cambra IV, who was charged with trying to prevent the FBI from recovering cockfight gaffs. They are awaiting trial.

Also charged in an extortion case were former Aloha Stadium security chief Herbert Naone and former Honolulu Liquor Commission inspector James Rodenhurst. Both pleaded guilty and are awaiting sentencing.

About 30 others also were charged with offenses ranging from gambling to drug violations.

Apo yesterday admitted to the case against him as outlined by Assistant U.S. Attorney Florence Nakakuni. The prosecutor told the judge that Apo conspired with Miram and the operators of the cockfight and gambling enterprise to help protect the activities by telling them when police would raid the place.

Apo admitted that on one occasion, in January 2005, he told one of the leaders to shut down the Waialua cockfights because he got the information "straight from the horse's mouth."

On another occasion, in December 2004, he learned that the gambling detail "would hit Wai'anae tomorrow" so the Waialua cockfights could be held without "law enforcement intervention," Apo acknowledged.

Apo declined to comment after the hearing.

Reach Ken Kobayashi at kkobayashi@honoluluadvertiser.com.

Officer Warned Cockfighters (HSB)

By Debra Barayuga

Honolulu Star-Bulletin, February 10, 2007

Apo pleads guilty to telling gamblers on the North Shore of likely police raids

A Honolulu police officer has admitted he warned operators of cockfighting and gambling operations in Waialua of impending law enforcement raids.

Bryson Apo, 31, pleaded guilty yesterday in U.S. District Court to conspiring with more than five others, including members of a large landowning family in Waialua and two other police officers, to obstruct the enforcement of state laws prohibiting illegal gambling, specifically cockfighting, craps and card games.

"As a police officer, I provided inside information to gambling organizations in Waialua," Apo said yesterday during questioning by U.S. District Judge Susan Mollway.

"I was not supposed to give out the information," he said, but did so to assist the activities and despite knowing that they were illegal.

Apo, a member of the Windward Crime Reduction Unit who is currently on paid administrative leave, was charged in an indictment along with co-defendants, Officers Kevin Brunn and Glenn Miram. The indictment stemmed from a two-year federal investigation that began in 2003 into illegal gambling and cockfighting in the rural North Shore town.

The illegal businesses flourished mainly on private property across from Waialua Elementary School on Waialua Beach Road that is owned by the family of co-defendant Charles Gilman.

According to a plea agreement, Apo admitted to receiving or obtaining "on a regular basis" between November 2004 and March 2005 information about when the gambling detail was going to raid the Waialua cockfights.

He provided the tips to operators of the cockfights and co-defendants Gilman, John Saguibo, Douglas Gilman Sr., Douglas Gilman Jr., Micha Terragna and William Gilman.

The information, which included dates of impending raids on Waialua and Waianae operations, was obtained from one or more gambling detail officers whom Apo did not identify.

Those officers knew, however, that Apo was going to provide it to the operators of the cockfights, which operated continuously for more than 30 days and had gross revenues of $2,000 in any single day, according to the plea agreement.

Had the case gone to trial, prosecutors would have presented evidence of telephone conversations obtained from wiretaps federal agents placed on the phone lines of Apo, Saguibo and Charles Gilman, said Assistant U.S. Attorney Florence Nakakuni.

Calls between Saguibo and co-defendant Terragna were also intercepted in which they discussed payment to Terragna and her husband, Officer Kevin Brunn, a 21-year police veteran, Nakakuni said.

Apo and his attorney, First Assistant Federal Defender Alexander Silvert, declined to comment further on the case.

Apo, the second officer to plead guilty in this case, faces a maximum of five years in federal prison and up to a $250,000 fine when sentenced May 29. He remains free while awaiting sentencing under bail conditions imposed earlier by the court.

Miram, who resigned last year after seven years on the police force, pleaded guilty to conspiracy in December. He will be sentenced April 2.

Colombia Receives Drug Suspect Sought By U.S. And Jailed In Cuba (NYT)

By James C. McKinley, Simon Romero

The New York Times, February 10, 2007

MEXICO CITY, Feb. 9 — The leader of a Colombian drug cartel that American prosecutors say flooded New York City streets with cocaine remained in custody in Colombia on Friday awaiting extradition, after Cuba turned him over to the authorities there.

Cuba's decision to send the suspect, Luis Hernando Gómez Bustamante, to Colombia surprised American authorities, law enforcement officials said. Cuba's government has no diplomatic relations with the United States, and some people charged with crimes on American soil have found a haven in Havana.

Not Mr. Gómez Bustamante. He arrived in Bogotá late Thursday on a Colombian Air Force plane after Cuban authorities handed him over to Colombian antinarcotics agents.

Mr. Gómez Bustamante, the reputed boss of the Norte del Valle cartel who is known as Rasguño, had been held in Cuba since 2004, when he was arrested on immigration charges. He is wanted in New York City on charges of money laundering, racketeering and drug smuggling.

During the 1990s, his organization was one of the most violent, lucrative and extensive cocaine-smuggling rings in the world, accounting for at least 30 percent of the cocaine being imported into the United States, Justice Department officials said.

Cuban officials gave no reason for their decision Thursday, and prosecutors in the United States declined to comment on the matter.

Last year, Mr. Gómez Bustamante told a Colombian reporter that he wanted to be released from his Cuban prison, even if it meant standing trial in the United States. Mario Iguarán, Colombia's attorney general, suggested that the extradition stemmed from the prisoner's wishes. A spokesman for the Justice Department confirmed that the United States was seeking to bring Mr. Gómez Bustamante to the United States for trial.

His extradition would be a major victory for federal investigators and prosecutors in New York City, who built a case against him over a decade. Investigators started out looking into businesses in Queens that wired money to Colombia.

Those modest inquiries eventually led to the indictment of Juan Alberto Monsalve, who prosecutors charge was the cartel's boss in New York. In May 2002, he pleaded guilty to drug trafficking and murder. He is now serving a life term.

Two years later, Mr. Gómez Bustamante was indicted on racketeering charges along with eight others, and Colombian authorities seized $100 million worth of Mr. Bustamante's assets. He fled to Cuba but never got past customs and immigration.

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Investigators Hired By New York City For Out-of-state Gun Stings Could Be Breaking The Law (AP)

By Samantha Gross, Associated Press Writer

AP, February 10, 2007

(AP) - NEW YORK-Private investigators hired by the city to conduct sting operations on out-of-state gun shops could be breaking the law, and the dealers they caught making illegal sales will not be prosecuted, federal officials said.

City officials have sued more than two dozen dealers after hiring investigators to pose as buyers attempting straw purchases, in which one person fills out the paperwork for the gun but is buying for someone else. The scam is often used by convicted felons and others barred from owning firearms.

The city argues that the shops - in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - are responsible for many of the illegal weapons that end up in New York, and the suits have led seven dealers to agree to more scrutiny.

The federal Bureau of Alcohol, Tobacco, Firearms and Explosives announced in May it was reviewing whether the city acted legally.

"Potential legal liabilities" arise when civilians do the work of law enforcers, Department of Justice spokesman Bryan Sierra said Thursday. The department has decided charges are not warranted against dealers in the sting cases, he said.

It was unclear whether the private investigators could face charges.

After the Justice Department decided not to base criminal prosecutions on the stings, Deputy Mayor Ed Skyler said that "the preferred solution" is getting legal agreements with the shops to monitor their sales practices but that the city also plans to retain its right to continue the operations.

Some of the gun sellers have asked a judge to dismiss the lawsuits, saying the city is out of bounds because the dealers are not doing business in New York.

Gun rights advocates have criticized the sting operations, and the Second Amendment Foundation issued a statement Thursday calling the Department of Justice's findings a "significant victory."

IMMIGRATION:

U.S. Gives Tour Of Family Detention Center That Critics Liken To A Prison (NYT)

By Ralph Blumenthal

The New York Times, February 10, 2007

TAYLOR, Tex., Feb. 9 — Responding to complaints about conditions at the nation's main family detention center for illegal immigrants, officials threw open the gates on Friday for a first news media tour.

They portrayed the privately run converted prison, open since May, as a model facility "primarily focused on the safety of the children."

Once all the barbed wire comes down, Gary Mead, an Immigration and Customs Enforcement official, said, "it's going to look more like a community college with a very high chain-link fence."

Among other things, critics have complained about the prisonlike conditions, the food and the limited amount of schooling and recreation provided for children.

Inside the fluorescent-lighted corridors, plastic plants had been hurriedly installed and some areas repainted, lawyers for some detainees said, and officials acknowledged that pizza was on the lunch menu for the first time. The detainees could not be interviewed.

The facility, the T. Don Hutto Family Detention Center, is operated for the government by the Corrections Corporation of America, under a $2.8-million-a-month contract with Williamson County. It is named for a founder of the company, which runs 64 facilities in 19 states.

It now holds about 400 illegal immigrants, including 170 children, in family groups from nearly 30 countries, Mr. Mead said. He called it a humane alternative to splitting up families while insuring their presence at legal proceedings.

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There is only one other family detention center in the country, the smaller Berks Family Shelter Care Facility, a former nursing home, in Leesport, Pa.

Critics said the picture presented on Friday conflicted with what they had observed.

"At Hutto, we found prisonlike conditions imposed on families with no criminal background, including asylum seekers," said Michelle Brané, a lawyer for the Women's Commission for Refugee Women and Children and the Lutheran Immigration and Refugee Service who co-authored a report on family detention to be released on Feb. 22.

Barbara Hines, clinical professor of law at the University of Texas at Austin who runs an immigration clinic and has visited clients inside, said Friday that "I don't think children should be incarcerated at all."

The law required the government to hold families in the least restrictive conditions possible, Ms. Hines said, adding, "I was shocked, and I have been doing this 30 years."

The American Civil Liberties Union has also been studying conditions as it considers filing a lawsuit contending that the government was violating a 1997 settlement on the treatment of detained juveniles.

"To call it a family residential center is to mask what's going on," said Vanita Gupta, a lawyer with the A.C.L.U. "They may be cleaning up conditions, but at the end of the day it still begs the question of why they are using such a Draconian system ."

Another A.C.L.U. lawyer, Lisa Graybill, legal director, said after visiting, "I can't describe how depressed people are in there."

Outside the blocky buildings with thin slit windows, protesters from a local group called Texans United for Families held up signs saying, "Don't Jail Children for Profit."

"If they can put an ankle bracelet on Martha Stewart so she doesn't run off to Jamaica," said a protester, Jose Ortan, a computer technician, "they can find ways to do it for immigrant families."

Some of the harshest criticism of the center came last week from members of a Palestinian family held there for three months for overstaying a visa. They were released after an immigration appeals board unexpectedly reopened their plea for amnesty based on new conditions — danger from the Hamas takeover in the Palestinian territories.

Hamzeh Ibrahim, 15, said his father was sent to a facility in West Texas while his pregnant mother shared a cell-like room with the family's 5-year-old girl; two other girls, 7 and 13, shared another room. He said they had to clean their rooms and the communal shower. "I cleaned for me and my mom because she is pregnant and her back hurt," he said.

Immigration and Customs Enforcement officials who traveled from Washington to lead the tour with company staff members showed off one of the 11 dormitory areas, or pods, lined by bare pastel-tinted detainee rooms, each with a metal bunk bed, a sink and a toilet.

The rooms are not locked at night, but a laser beam alerts guards if anyone leaves a room after bedtime — 9 p.m. for children and 10 for adults. The detainees wear outfits of green and blue, which Danny Coronado, a spokesman for the corrections company, likened to scrubs but critics described as prison garb.

Officials say stays at the center are now averaging a little more than a month.

In the dining area, which has plastic tables with stools attached, Mr. Mead said, "All of our meals are planned by dietitians with calories of 3,200 a day, 3,500 for children."

Disputing claims by some lawyers that many detainees had lost weight there, Dr. Leroy T. Soto, the chief physician on duty, said a study had actually documented weight gains. There is a medical staff of 20.

Lawyers said detainees were rushed through meals in 15 or 20 minutes. Mr. Mead acknowledged "they can't linger," but said it was because of classes or other activities.

Showing off a classroom with computers, Jean Bellinger, assistant administrator for programs, said children were divided into three age groups comparable to elementary, middle and high school for four hours' a day of instruction plus an hour's recreation and lunch. But she acknowledged that for several months a staff shortage limited class time to an hour a day.

That was far too little, said Scott Medlock, a prison rights lawyer for the Texas Civil Rights Project.

Media Gets Look At Immigrant Center (DMN)

By Paul Meyer

The Dallas Morning News, February 10, 2007

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TAYLOR – It looks like a maximum-security daycare. Razor wire, strung high atop security fences, surrounds a "Backyard Adventures" swing set. Fake trees soften entrances to sunless cellblocks. And Sony PlayStations entertain immigrant children where Texas criminals once served hard time.

Depending on whom you ask, this former jail turned immigration detention facility is either a national human rights blight or the newest and most humane way to keep track of families facing deportation.

On Friday, amid mounting criticism, federal officials offered the media a first look inside Central Texas' T. Don Hutto Family Residential Facility, one of two detention centers in the country for immigrant families, mostly mothers and children.

The center, just northeast of Austin, has been home to three North Texas Palestinian families in recent months, including members of the Ibrahim family, whose controversial detention sparked a new round of criticism last week.

The federal government opened Hutto in May, responding to complaints about the government's "catch-and-release" policy that allowed illegal immigrants to remain free until their hearings. In many cases, they would skip the hearings and go unapprehended.

But human rights observers and civil rights advocates have condemned the decision to keep children in Hutto, citing abuses that include inadequate education, weight loss and psychological trauma. The government, they say, has a responsibility to find less-restrictive environments when the incarceration of minors is necessary.

The government denies the abuses.

"I think the criticisms are unfounded and based on limited anecdotal information," said Gary Mead, assistant director for the detention and removal operations of Immigration and Customs Enforcement.

Mr. Mead, who led Friday's carefully choreographed tour, painted a picture of a place far removed from a penal environment – a place where children receive five hours of academic education daily, use a computer lab, play in a gymnasium and receive attentive medical care.

The 512-bed Hutto center, run for the government by the privately owned Corrections Corp. of America, houses mostly Latin American families from countries other than Mexico.

AP / Department of Homeland Security Family detainees walk down the hall at the T. Don Hutto Residential Center in a photo provided by the Department of Homeland Security.

Others suggested that Friday's tour was nothing more than a staged charade, held after days of prettying up the former prison to make it seem less harsh.

"The Hutto facility in particular is still very much of a prison setting," said Michelle Brané of the Women's Commission for Refugee Women and Children, a national advocacy group.

"It's a former prison, and it still looks like a prison. We don't believe that a prisonlike facility is appropriate for housing families."

Ms. Brané is co-author of a study, set for release on Feb. 22, critical of the government's new family detention practices and the Hutto facility specifically. She has visited Hutto and the nation's other family detention center, a former nursing home in Pennsylvania.

Barbara Hines, a University of Texas at Austin law professor and director of the law school's immigration clinic, confirmed this week that the clinic is exploring legal action to stop the detention of children in Hutto, in conjunction with the American Civil Liberties Union.

But on Friday, workers inside Hutto defended their attempts to provide a safe and humane environment, replete with certified teachers who work with nine classrooms of students from as far away as El Salvador, Iraq and Somalia.

"They care ... and they've been hurt by the press," said Jean Bellinger, assistant administrator of programs for CCA.

Irving resident Nazmieh Juma Hazahza said there is only one way to describe her experience at the Hutto facility where she lived with her 11-year-old son, Mohammad: like being in hell.

"A prison is a prison, no matter what. ... For me it was very hard, being there day after day, each day worse than the next one," said Mrs. Hazahza, who was released from the detention center Wednesday evening, after spending more than three months in custody.

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The Hazahzas are one of three Dallas-area Palestinian families recently detained inside Hutto. While one family has been deported to Jordan, the Hazahzas and the Ibrahims have been released.

AP Fake plants are among the items recently added to the facility.

Salaheddin Ibrahim, who was being held apart from his family at a facility near Abilene, was released Friday, a day after an immigration judge set his bail at $30,000, said his brother, Ahmad. Mr. Ibrahim's wife and fourchildren, ages 5 to 15, were released Feb. 3 from Hutto, where they had been held since their arrest Nov. 2.

"It's just ridiculous to hold young children," said the Hazahzas' attorney, Michelle Saez-Rodriguez. "No. 1, they're lacking education, and there's no way a facility like that can provide proper education for children."

"If you have one adult member of the family [detained], that should be enough leverage."

Mrs. Hazahza and her son were sent to Hutto on an outstanding deportation order after the family's political asylum request was denied. Like many others from Palestinian areas, they have been unable to obtain travel documents to leave the U.S.

Mrs. Hazahza's account of ill treatment inside Hutto is similar to that of other former detainees interviewed by The Dallas Morning News and by lawyers of clients inside the facility.

"The way we were treated is not good for any child or woman," she said. "I feel like I lost my mind. I could not eat the food , it was so bad."

Mrs. Hazahza said she had medical problems, with back and neck pain, but when she asked for assistance, all she got was over-the-counter pain medicine.

Thomas Hochberg, the U.S. Public Health Service administrator in charge of Hutto, defended the facility's medical care Friday, citing a staff that includes a doctor, full-time dentist and two mental heath professionals.

Mrs. Hazahza said that about two weeks ago, she started noticing efforts by the center officials to make the facility look better.

Mohammad said he now knows why: "The only reason they did it was because they were going to bring cameras in."

Mr. Mead said Hutto represented a well-thought-out effort to keep families together while better enforcing immigration laws. He said it also serves as a deterrent to smugglers using children as shields to escape arrest and deportation.

Hutto houses about 380 detainees. Less than 10 percent of the population is male and the average stay for immigrants not facing asylum cases is about 40 days, Mr. Mead said. One detainee seeking asylum has been in Hutto for 205 days, he confirmed.

"Everything we do here begins with the safety of children," he said.

Ms. Brané and others, however, say the human toll is greater than whatever immigration enforcement benefit the facility may represent.

"I think one of the primary things we're concerned about is the psychological effect [on children]", she said.

Immigration's Net Binds Children Too (LAT)

By Nicole Gaouette, Miguel Bustillo

The Los Angeles Times, February 10, 2007

TAYLOR, TEXAS — Khadijah Bessuges is confined by metal gates and razor wire. She wears a uniform. She sleeps in an 8-by-15 cell, and stands by her cot four times a day when the guards count heads. She has only two pairs of panties. Her favorite teddy bear was confiscated. But she has her father, Sebastien, who sleeps in the cell with her.

Khadijah is 9 years old.

She is one of 208 children being held with their parents at the T. Don Hutto family detention center, the Department of Homeland Security's answer to the problem of families caught living in or entering the country illegally.

"It's not a good place for people," Khadijah said in a recent telephone interview. "People here get sad, and they don't want to be here. They want to be with their families."

Hutto, which opened in May 2006, is a pillar of the Bush administration's effort to crack down on illegal immigrants and detain them until their appeals can be heard. It holds detainees who cannot easily be sent home, as Mexicans can. Hutto has families from 29 countries, most from South America.

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The center is touted by the Homeland Security Department as a major achievement, and may be a model for future facilities. Hutto also illustrates the administration's bind as its pursuit of border security collides with the reality that many illegal immigrants are minors.

On Friday, a majority of Hutto's 383 inmates were children.

Immigrant advocates and human rights groups ask why Khadijah and the others are jailed for their parents' actions.

"Children being in jail with their parents is what is morally and ethically wrong with this picture," said attorney Frances Valdez of the University of Texas Immigration Law Clinic, who has clients at Hutto.

A former prison northeast of Austin, Hutto is run by a for-profit company with a controversial record. And though the facility is meant for detention measured in days, many immigrants are detained for months.

The average stay is about 55 days for asylum seekers, 40 for others, officials said.

The longest any family has stayed is 205 days. At Immigration and Customs Enforcement's other family facility, in Pennsylvania, the average stay is 59 days, activists say.

Attorneys say children at Hutto lose weight because of substandard food and suffer from untreated medical problems. Adults and children are given an hour of recreation a day, and chances to venture outdoors are rare.

The adults may be seeking asylum or may have been charged with violating immigration laws, like Khadijah's father. They have not been charged with other crimes. Sebastien Bessuges, 30, a Frenchman who last year married an American, was arrested for overstaying his visa; Khadijah, a French and Mexican citizen from a previous marriage, had overstayed her visa too.

Immigrants make up the fastest-growing group of people incarcerated in the U.S., according to the American Bar Assn. The immigration agency holds more than 200,000 people over the course of a year at more than 300 sites.

For the administration and attorneys, family detention is largely uncharted territory. "Standards for family detention do not exist in the U.S.," said Michelle Brane of the Women's Commission for Refugee Women and Children. "That's just one of our concerns."

Immigration officials have asked Brane's group and others to discuss creating standards for family detention.

Congress did not have Hutto in mind when it directed Homeland Security in 2005 and 2006 to stop separating families and house them in nonpenal, homelike environments. It suggested methods such as electronic monitoring, which is being tested in eight cities. Advocates for immigrants point to a San Diego family shelter run by nuns as another possible model.

Concerns about Hutto are rising. A government commission issued a "report card" Thursday that gave Homeland Security a failing grade on its treatment of asylum seekers. A Texas legislator has introduced a resolution condemning the jailing of children, local groups have held vigils outside Hutto, the American Civil Liberties Union is considering a lawsuit, and a Latino advocacy group has demanded an investigation.

"We want to know what's going on there," said Rosa Rosales, president of the League of United Latin American Citizens. "Putting immigrants in concentration camps should not be happening in the United States."

Officials play down the complaints. "I don't think the criticisms are fair," said Gary Mead, assistant director for Immigration and Customs' detention and removal operations. "This is run as a family shelter; it's not run as a jail. There is medical care; the meals are nutritious. Do people complain? They probably do — they're being detained. They were here illegally and now they're facing, in some cases, certain removal."

In November 2005, Homeland Security officials announced the Secure Border Initiative, an effort to end illegal border crossings. Secretary Michael Chertoff had identified families as a particular problem because the department lacked facilities to detain them. Human rights groups protested separations.

"We could let families go or split them up," Mead said. "Hutto became very important to ending that."

The facility is run by the Corrections Corp. of America, a government contractor paid $95 per person a day. Watchdogs have found mismanagement at Corrections Corp. facilities, including inadequate medical care, failure to control violence, and substandard conditions.

In the two weeks since Sebastien and Khadijah Bessuges arrived, Homeland Security has upgraded Hutto. Razor wire has been removed from the entrance. Artificial plants camouflage the iron entry gates. Walls and doors are plastered in brightly

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colored paper, cheerful stickers and big letters. But the decor, installed before a media tour Friday, cannot disguise the fact that Hutto is a prison.

"We have tried to soften the facility as much as possible," said Mead, who led the tour.

The Homeland Security Department also has tried to improve the food, say immigrants' advocates, who attribute the changes to media attention. The department has expanded Hutto's academic programs from an hour a day to four, and plans to introduce a curriculum based on Texas standards.

Last week, inmates staged a hunger strike to protest the food and other conditions. Sebastien Bessuges said Khadijah had lost 4 pounds at Hutto.

Homeland Security officials countered Friday with a study showing that 81% of Hutto detainees gained weight during their stay.

Advocates and attorneys concerned about the facility say the medical care is insufficient and there is no pediatrician.

Lawyer Griselda Ponce said one client's untreated leg injury eventually required emergency surgery, and a 4-year-old girl's lips cracked and bled before medical staff would respond to her mother's requests for balm.

Children and parents can blow off steam an hour a day in a gym. The rest of the time, they are kept in pods of several cells. Some locks are disengaged, then armed at night with lasers and alarms.

Bessuges said Khadijah had quarreled with other children and guards had told him he must hold her in check or damage his chances of avoiding deportation.

"Yesterday, I … found out she was removed from school in Arizona because of all the time she's missed," he said, his voice quieting.

"But I can't tell her that. That would break her heart."

Bessuges had visited a federal immigration center last month to see what forms he needed to extend his stay in the U.S. The next day, immigration agents raided his suburban Phoenix home and detained him and Khadijah.

The following day, Bessuges said, immigration officials gave him a choice: He and his daughter could stay in Arizona in separate detention centers, or they could board a plane for the Texas detention center and be together.

"I would never leave her," Bessuges said. "It's fine to make me pay for the mistakes I have made. But … no child deserves this."

Policy On Asylum-Seekers Faulted (WP)

By Darryl Fears

The Washington Post, February 10, 2007

The U.S. Commission on International Religious Freedom has issued a report that sharply criticizes federal immigration authorities for rounding up asylum-seekers at the border, detaining them for months in prisonlike facilities and quickly dispatching them back to the countries they fled.

Thursday's report by the bipartisan panel was a follow-up to one two years ago that reported similar findings about detention and expedited removal. It said the Department of Homeland Security and two of its agencies -- the U.S. Border Patrol and Immigration and Customs Enforcement -- did not act on its recommendations and made little effort to help asylum-seekers.

In more than half of arrests, immigration officials did not advise asylum-seekers to ask for protection if they were afraid of returning home, even though they are required to do so, the report said. Sworn statements were often not verbatim but were used against asylum-seekers when they appeared before immigration judges. Asylum-seekers have a right to review their sworn statements to correct errors but were rarely given the chance, the report said.

"We're distressed that we gave the Department of Homeland Security some very good information two years ago and they've done virtually nothing to address the problem," said Mark Hetfield, a former researcher at the federal commission who recently joined the Hebrew Immigration Aid Society. "Homeland Security is not even following its own procedures. As a result, asylum-seekers are being mistreated."

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Sen. Joseph I. Lieberman (I-Conn.), chairman of the homeland security committee, pledged to introduce legislation that would force officials to follow procedures. In a statement Thursday, he and Sen. Edward M. Kennedy (D-Mass.) praised the report as detailed and thorough.

"The commission's timely report exposes the flaws and inconsistencies in the expedited removal process," the senators said. "We urge members of Congress to act on the commission's findings and the shameful abuses of the current system, and reject any proposals that would make it even more difficult for persons fleeing human rights abuses to seek safe haven in the United States."

The commission's report includes recommendations from two years ago and a report card that gives failing grades to the Border Patrol for not implementing them. The recommendations called on immigration officials to have testers verify that procedures are followed, to make sure that sworn statements are verbatim before immigration hearings and to not jail law-abiding asylum-seekers.

Last year, a three-member panel of immigration judges in San Diego ordered the release of a Sri Lankan asylum-seeker who had been detained since 2001 because the government said it had secret information that linked him to the Tamil Tigers guerrilla group. The decision was among the first to challenge the Bush administration's assertion that it may hold suspects indefinitely on terrorism charges.

In recent weeks, Homeland Security officials have come under fire for interpreting anti-terrorism laws in a way that hurts people seeking asylum and refugee status in the United States. People who were forced to aid terrorist groups, and were even abused in some cases, have been labeled as sympathizers and deported. The agency has since started reviewing individual cases and issuing waivers.

Homeland Security officials say they are following strict anti-terrorism laws created under the USA Patriot Act and the Real ID Act, which place the burden on immigrants to prove that they were jailed or otherwise persecuted in their country of origin.

TAX:

Stabler Selling Ono Island Home For Taxes (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), February 10, 2007

Former football great and University of Alabama broadcaster Kenny Stabler has agreed to put his longtime house near Orange Beach up for sale to pay off tax debts, court records indicate.

Attorneys for Stabler, his estranged wife, Rose Burch Stabler, and the U.S. Department of Justice asked a federal judge in Mobile this week to put a lawsuit against the Stablers on hold for six months to give the property a chance to sell. Senior U.S. District Judge Charles Butler Jr. was out of the office Thursday and Friday and did not rule on the request, but judges typically grant such motions when none of the parties opposes it.

The Justice Department in August sued the Stablers and the former quarterback's one-man business, the Stabler Co., seeking the seizure of the house on Ono Island and property in Mobile to satisfy a tax debt exceeding $500,000.

Stabler's lawyer, Robert Galloway, said Friday that his

client continues to dispute the amount of taxes calculated by the IRS but concedes he does owe some money. Galloway said he is confident Stabler's half of the proceeds from a sale will be enough to resolve the case.

"We reached an agreement with the IRS that we're going to sell the house rather than have the IRS seize it," he said. "This is the time of the year that houses sell."

The lawsuit claims Stabler owed $241,565 in back income taxes, interest, fees and penalties as of Aug. 7. The period covered ran from 1999 to 2001. The federal government claims that his company, which arranges his public speaking and consulting engagements, owed $303,282 in back income and employment taxes, interest, fees and penalties for the period between 1995 and 2000.

The civil action accuses Stabler of moving money from the company to his personal account to avoid paying corporate taxes. It states that he transferred nearly $1.4 million from the Stabler Co. to himself in the form of "loans" in 1998 and 1999. At the

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time, Stabler had complete control over the company's finances and was its only shareholder and officer, according to the complaint.

"If it had not been for the improper control exerted by Stabler over Stabler Company, the corporation would have been able to satisfy its tax obligations," the suit states.

Galloway disputed that Stabler was trying to hide any assets. He suggested that confusion over income generated by the company caused the tax problems. Money essentially got taxed twice, once as business income and then again as personal income to Stabler, Galloway said. He added that he does not know why Stabler created the company rather than charge payments directly for his appearances.

Galloway said Stabler has not been accused of failing to file returns.

"He's been filing returns and didn't always have the money to pay the taxes," he said.

As the house sits on the market, Galloway said, he will continue to negotiate with the IRS over the precise amount of money his client owes.

Stabler, 61, graduated from Foley High School, earning the nickname "Snake" for a long, winding touchdown run he made for the Lions. He went on to lead Paul "Bear" Bryant's University of Alabama football team to the 1965 national championship. He later starred in the NFL for 15 seasons, earning the league's most valuable player award in 1974 and directing the Oakland Raiders to their first Super Bowl in 1977.

Stabler filed for divorce from his wife in 2002. Court records in the divorce, which remains pending in Baldwin County Circuit Court, list Rose Stabler's address as the home on Ono Boulevard that the parties have agreed to sell. Kenny Stabler's address is listed on North Joachim Street in Mobile. The government has placed liens on both properties. It named Rose Stabler as a defendant because she may have a claim on the Ono Island property.

Her attorney, John Crowley, said his client does have an ownership interest in the house. He joined the request to put the tax proceedings on hold but declined further comment.

"The motion speaks for itself," he said.

Kenny Stabler Selling Home On Alabama Coast For Taxes (AP)

AP, February 10, 2007

Former football star and Crimson Tide broadcaster Kenny Stabler has agreed with the IRS to sell his Ono Island house on the Alabama coast to pay his tax debts exceeding $500,000, according to federal court records.

Attorneys for Stabler, his estranged wife, Rose Burch Stabler, and the Justice Department asked a judge in Mobile to put a lawsuit against the Stablers on hold for six months to give the property a chance to sell.

Senior U.S. District Judge Charles Butler Jr. did not immediately rule on the request filed this week.

The Justice Department in August sued the Stablers and the 61-year-old former quarterback's one-man business, the Stabler Co., seeking the seizure of the house on Ono Island, near the Alabama-Florida border, and property in Mobile to satisfy a tax debt exceeding $500,000.

Stabler lawyer Robert Galloway told the Press-Register on Friday that his client continues to dispute the amount of taxes calculated by the IRS but concedes he does owe some money.

Galloway said he is confident Stabler's half of the proceeds from a sale will be enough to resolve the case.

"We reached an agreement with the IRS that we're going to sell the house rather than have the IRS seize it," he told the Mobile newspaper for a story Saturday.

The lawsuit claims Stabler owed $241,565 in back income taxes, interest, fees and penalties as of Aug. 7. The period covered ran from 1999 to 2001.

The government claims that his company, which arranges his public speaking and consulting engagements, owed $303,282 in back income and employment taxes, interest, fees and penalties for the period between 1995 and 2000.

The civil action accuses Stabler of moving money from the company to his personal account to avoid paying corporate taxes. It states that he transferred nearly $1.4 million from the Stabler Co. to himself in the form of "loans" in 1998 and 1999.

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At the time, Stabler had complete control over the company's finances and was its only shareholder and officer, according to the complaint.

"If it had not been for the improper control exerted by Stabler over Stabler Company, the corporation would have been able to satisfy its tax obligations," the suit states.

Galloway disputed that Stabler was trying to hide any assets. He suggested that confusion over income generated by the company caused the tax problems. Money essentially got taxed twice, once as business income and then again as personal income to Stabler, Galloway said.

The attorney added that he does not know why Stabler created the company rather than charge payments directly for his appearances.

Galloway said Stabler has not been accused of failing to file returns.

"He's been filing returns and didn't always have the money to pay the taxes," he said.

In his playing days, Stabler earned the nickname "Snake" for a long, winding touchdown run he made for the Foley High School Lions. He went on to lead coach Paul "Bear" Bryant's Alabama team to the 1965 national championship.

Stabler starred in the NFL for 15 seasons, earning the league's most valuable player award in 1974 and directing the Oakland Raiders to their first Super Bowl in 1977.

Judge Rips Prosecutors Over Plea Deal (SLT)

By Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, February 10, 2007

Tax preparer faces prison time, even after the U.S. Justice Department's tax division called for none

A federal judge says prosecutors ignored their own policy when they gave a lenient plea bargain to a Bountiful accountant who prepared fraudulent tax returns.

U.S. District Judge Paul Cassell refused to go along with the deal, which called for no incarceration and no restitution for Lance W. Mercer. Cassell instead ordered Mercer to spend five months in home confinement, then five months in prison and pay $11,378 to the Internal Revenue Service.

Cassell scolded the U.S. Justice Department's tax division for agreeing not to ask for any enhanced sentences under federal sentencing guidelines.

Mercer, a tax preparer with a master's degree, had a special skill that he used to cheat the government, Cassell wrote in his order. The accountant used his knowledge of what figures would appear reasonable to make returns "fly through" IRS processing, Cassell wrote.

However, prosecutors not only declined to request a sentence enhancement based on the special-skill circumstance, they actually objected to any increase, Cassell said.

The judge noted that in 2003, then-Attorney General John Ashcroft said any sentencing recommendation by the Justice Department "must honestly reflect the totality and seriousness of the defendant's conduct and must be fully consistent with the guidelines."

About the same time in 2003, Cassell noted, the Justice Department argued

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to Congress that judges' failure to comply with the guidelines had resulted in reduced sentences and an erosion of the deterrent value of federal sentencing policy.

“The court firmly agrees with the generally stated position of the department that a sentencing system that involves ignoring the obvious facts is 'neither desirable nor capable of sustaining long-term public confidence,' ” Cassell said.

He stressed his criticism is not aimed at the U.S. Attorney's Office in Utah or the trial attorney assigned to defend Mercer's plea bargain.

Assistant Attorney General Eileen J. O'Connor said Thursday that the tax division adheres to "principles of federal prosecution, including DOJ policies concerning sentencing."

According to court records, the IRS became suspicious of Mercer Consulting Group because so many clients were receiving refunds or claiming an earned income credit, but had little net income.

In May 2002, one undercover agent met with Mercer and another met with his father, Lynne F. Mercer, the firm's operator. The agents allege the two prepared inaccurate tax returns for them and they launched an investigation that led to charges against the men.

Father and son both entered plea bargains. Lynne Mercer was sentenced Monday by U.S. District Judge David Sam to 18 months in prison. Lance Mercer was sentenced Jan. 10 by Cassell.

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California CPA Accused Of Misrepresenting Facts (NPLT)

By John Lindenberger, The North Platte Telegraph

North Platte (NE) Telegraph, February 10, 2007

Lowell Baisden, the California accountant currently under investigation for tax fraud, is being accused of misrepresenting facts in his opposition to a preliminary injunction from the U.S. Department of Justice.

Court documents filed by Baisden's attorneys in December indicated that IRS attorney Kathryn Meyer had verified the legality of Baisden's actions and that she informed IRS agents Baisden had done nothing illegal.

However, Meyer's official declaration, which was filed Feb. 2 by Justice Department attorney Jacqueline Brown, indicate Meyer never made any statement or suggestion that Baisden's scheme was legal.

"To the contrary ... I determined that Mr. Baisden's scheme is without merit, results in a substantial understatement of his clients' federal income tax liabilities, and that an injunction against Mr. Baisden's continued use of this scheme is essential," Meyer stated in her declaration.

Thomas Cheung, the IRS agent assigned to investigate Baisden, also stated in an official declaration filed last week that he never told Baisden his tax methods were correct. Yet, Baisden has allegedly hindered the IRS investigation by telling others that Cheung and Meyer had agreed Baisden's methods were proper.

In a reply to Baisden's opposition to the preliminary injunction, Brown said Baisden has admitted to the IRS in prior interviews that he has never requested a formal determination as to the validity of his tax plan. Furthermore, Brown said the IRS has notified Baisden on several occasions that his methods are inaccurate.

"Despite such notification and rather than researching the validity of his tax promotion, he obstinately continues to advocate positions in direct contradiction with the internal revenue laws," Brown said.

Baisden has also provided false information on the tax returns he has prepared, according to Brown. Court documents indicate Baisden has filed numerous returns from 2000 to 2006 using an invalid Employer Identification Number. So far, the IRS has been unable to find any individual or company with the EIN used by Baisden.

Brown claims Baisden continues to provide false advice to his clients, as well, resulting in material harm to the clients because they, not Baisden, are the ones who are subject to penalties, interest and additional tax.

"Despite Baisden's arguments, an IRS investigation does not constitute reasonable cause for a taxpayer's complete failure to file required income tax returns, and Baisden's tax advice is incorrect," Brown states.

In response to Baisden's claim that his clients have continued to pay their estimated tax deposits even though their tax returns have not been filed, Brown said Baisden is the one who determined how much his clients should be paying. Brown said that amount is well below what his clients actually owe.

"The IRS is unable to determine whether any customers have made all of their required deposits of their actual tax liability because Baisden has not filed their tax returns, and failed to provide requested documentation," Brown said.

Even if the estimated tax deposits are correct, Brown said Baisden's clients will nevertheless owe penalties for failing to file their tax returns. These penalties can be up to 25 percent of their actual tax liabilities.

Finally, Baisden has argued that the corporations he has established for his clients have been properly created under state law and are therefore valid. Brown said the legality of these corporations is not being disputed.

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"Yet, even if a corporation is validly created under state law, it must nevertheless pay all federal taxes due and cannot be used as a means by which to unlawfully underreport one's individual income," Brown said.

In the end, Brown said it is apparent from the tax returns Baisden has prepared that his goal was to create as many deductions as possible in order to unlawfully reduce his clients' reported tax liabilities.

The hearing to determine whether to grant a preliminary injunction against Baisden has been scheduled for Friday, March 2 in U.S. District Court.

CONGRESS-ADMINISTRATION:

Oversight Hearings Rankle Republicans (WT)

By S.A. Miller

The Washington Times, February 10, 2007

Rep. Henry A. Waxman's oversight committee spent the week delving into government waste that ranged from spending in Iraq to federal drug program pricing -- inquests Republicans say mainly provided entertainment but no legislative action.

Some of the hearings of the Committee on Oversight and Government Reform were strictly "a show," said Rep. Darrell Issa, a California Republican on the panel.

He cited the hearing Wednesday with tearful testimony by family members of three civilian security workers killed and mutilated by a Fallujah mob in a widely televised attack in March 2004.

The families, who are pursuing a wrongful-death lawsuit against security contractor Blackwater USA, accused the firm of "war profiteering" and poorly equipping its bodyguards.

Mr. Issa said he hoped the committee would move beyond these hearings and make proposals to curb wasteful government spending, such as rewriting contracting and procurement rules.

But the initial hearings -- including one focusing on criticism of how U.S. officials accounted for Iraqi money spent after the fall of dictator Saddam Hussein -- rankled Republicans.

"So far it has been fairly polarizing along ideology lines," said Rep. Thomas M. Davis III of Virginia, the committee's ranking Republican. "This stuff gets so polarized so fast."

He said he was ready to "enter a serious discussion" with Mr. Waxman about revising government contracting standards, issues he has worked on for years and where he said the government has made significant improvements since the 1980s.

"There is still a lot of waste that goes into the government business model," Mr. Davis said.

Mr. Waxman, California Democrat and the committee's chairman, has promised to continue the probes for the next two years, and yesterday at the hearing into accusations that drug companies overcharge Medicaid, Medicare and other federal health programs, he said the findings had set the stage for even more hearings.

"This committee will have an aggressive oversight agenda when it comes to pharmaceutical manufactures and other companies that engage in wasteful, fraudulent or abusive tactics that affect federal health care programs," Mr. Waxman said.

"This testimony we hear today will help us establish additional investigative priorities for the next two years."

Mr. Davis cautioned that the Democrat's persistent call for "more transparency" in government contracting could produce more bureaucracy and more inefficiency that further squanders taxpayer dollars.

Rep. John L. Mica, Florida Republican, said the committee was conducting a "bash-and-dash" hearing Thursday that focused on errors in a $24 billion Homeland Security contract for a new U.S. Coast Guard fleet -- problems revealed by a government audit in 2003.

He said Democrats were making a case to replace private contractors with more bureaucracy.

"The government is more effective than the private sector, that's what I'm hearing from the other side," Mr. Mica said. "I can't believe it."

Several Republicans requested proposals for corrective action from those testifying about contracting deficiencies, proposals that may be the subject of future hearings.

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Rangel, McCrery Introduce Small-business Tax Cuts (HILL)

By Klaus Marre

The Hill, February 9, 2007

Ways and Means Committee Chairman Charles Rangel (D-N.Y.) and ranking member Jim McCrery (R-La.) said Friday they have reached a deal on a package of tax cuts for small businesses that could smooth the path of a federal minimum wage increase to $7.25.

"This bill strengthens opportunities for small businesses and serves as a symbol of what can happen when Democrats and Republicans work together," Rangel said in a joint statement. "This tax relief will help small businesses continue to grow and hire new workers to keep our economy strong. This is a bipartisan bill providing critical momentum for the bipartisan effort to raise the minimum wage."

The revenue-neutral bill would provide nearly $2 billion in tax relief, McCrery said.

"I believe it is important to couple a minimum wage increase with tax cuts to help businesses that will be hurt by higher costs," the lawmaker said, adding that "unlike in the Senate bill, much of that relief will be immediate - helping business when costs are rising, not just down the line."

Reacting to the announcement of the deal, Senate Finance Committee ranking member Charles Grassley (R-Iowa) said he is happy that "House Democratic leaders changed their minds about getting a minimum wage/small business tax relief package passed.

"Now we need to make sure their bill actually does something at the same time the minimum wage is increased," he added.

In January the House passed a "clean" minimum wage increase, and the Senate passed an increase with a small-business tax package that was much larger than what Rangel and McCrery have now proposed.

House Bill Would Prevent Rich From Shifting Assets To Kids (WSJ)

By Sarah Lueck

The Wall Street Journal, February 10, 2007

WASHINGTON -- To help fund legislation giving small businesses more than $1 billion in tax breaks, House tax writers propose blocking wealthy people from shifting income to their children.

But the House bill would give a pass -- at least for now -- to big deferred-compensation plans and corporate tax shelters that have been targeted by a similar, but more expansive, Senate bill that would also boost the federal minimum wage.

The House bill, scheduled for consideration in the Ways and Means Committee Monday, is likely to pass the full House this coming week. It would extend for one year a tax credit for businesses that employ disadvantaged workers and extend a provision allowing small firms to more quickly write off store upgrades and technology purchases.

The bill is a step toward breaking a logjam with the Senate over a phased-in, $2.10-an-hour increase in the federal minimum wage that passed both chambers. The Senate's minimum-wage bill included small-business tax breaks that totaled more than $8 billion over 10 years, and until now House Democrats have been reluctant to do the same in combination with the minimum-wage boost.

In a provision aimed at helping restaurants, the House bill would increase a credit that businesses receive in exchange for paying payroll taxes on income from tips. Without such a change, a higher minimum wage would reduce the value of the existing credit. The bill also would end limits under the alternative-minimum tax that prevent many small businesses from claiming credits for hiring disadvantaged workers and taxes paid on cash tips.

The bill would pay for the changes -- as required under new House budget rules -- by denying the dependent children of wealthy people the lowest capital-gains and dividend rates, 5% this year and falling to zero next year. The low rates, available to people in the 10% and 15% tax brackets, "presumably" were meant to benefit low-income people, according to a House Ways and Means summary. But because they also are available to children of wealthy people, those parents can reduce their own taxes by shifting assets to their children.

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The House bill also would give the Internal Revenue Service more time to notify taxpayers about violations even while interest and penalties mount. The value of each of the tax breaks and offsets weren't yet available.

House Republicans Take To The Airwaves (HILL)

By Jeremy Jacobs

The Hill, February 9, 2007

House Republicans are taking to the airwaves, hoping that a weekly radio address will help them spread their message.

Minority Leader John Boehner (Ohio), Minority Whip Roy Blunt (Mo.) and Republican Conference Chairman Adam Putnam (Fla.) officially announced Friday that House Republicans will be taping an address this week that will be distributed to hundreds of local and national radio stations across the country.

"A weekly radio address will give House Republicans yet another opportunity to communicate directly with the American people," they said. "This represents a broad-based effort to engage the millions of Americans who listen to the radio on their way to work, on their lunch hour or on their way home to their families."

GOP leaders will use the radio address to outline House Republican positions and respond to the Democratic agenda. Each week, a member of the Republican leadership will tackle a different issue facing Americans.

"We're going back to what we did so well in the mid-1990s by communicating common sense and fiscally responsible solutions directly to American families and tax payers," a spokesman for the Republican Conference, Ed Patru, said.

"Having a direct dialogue with Americans that live outside the Beltway will be a refreshing change from a few elite Democrats in the House passing legislation behind closed doors, shutting everyone out of the process," he added.

Boehner is using the inaugural radio address to support President Bush's fiscal year 2008 budget proposal.

"Republican pro-growth policies have strengthened our economy, and the federal deficit is declining rapidly. Congress must make an important choice: We can use the increased revenue from economic growth to balance the budget, keep taxes low and begin to address the long-term challenge of runaway entitlement spending," Boehner said. "Or we can blow it by squandering the money on pork, unnecessary new programs and bigger government."

He also empathized with Americans who are disappointed that the U.S. has not made more progress in Iraq but stressed that cutting off funds for U.S. troops is not the answer.

"Next week, the House will debate the issue of Iraq, and the president's new strategy. All Americans are frustrated we haven't seen more success in Iraq more quickly, but one thing is clear: We must oppose any effort to cut off funds our troops need to succeed in their mission," Boehner said.

Traditionally, the president gives a weekly radio address every Saturday and the opposition party airs a rebuttal afterward.

Pelosi Airliner Tempting Target For Miffed GOP (WT/AP)

By Darlene Superville

The Washington Times, February 10, 2007

For most of the past five weeks, House Republicans could do little else but watch as majority Democrats passed major legislation without giving them a chance to propose changes or offer alternatives.

So when they finally got a chance Thursday to vent pent-up frustrations over how Democrats were running things, the Republicans decided to make some noise -- and how.

They aimed high, all the way to House Speaker Nancy Pelosi.

The California Democrat went before the House Science Committee in the morning to champion her commitment to do something about global warming, a rare appearance for a leader of the House.

She did so as reports swirled on Capitol Hill that she had requested a bigger, swankier government airplane than her Republican predecessor had used for trips back to her home district when Congress isn't meeting.

For Republicans, feeling muzzled and still down over losing control of the House, the irony was too good to ignore.

A waste of the taxpayers' money, some said, estimating that her trips would cost $15 million a year if she used planes such as the military version of the Boeing 757-200. In its commercial configuration the 757-200 usually seats 175 to 190 passengers.

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Mrs. Pelosi should lead by example, others argued, because a bigger plane consumes more fuel and contributes more to the global warming she expresses concern about.

"The jet that Pelosi has produces 10,000 pounds of carbon dioxide an hour, far more than the previous speaker used," said Rep. Patrick T. McHenry, North Carolina Republican. Mrs. Pelosi's predecessor was Rep. J. Dennis Hastert, Illinois Republican.

"By commandeering a huge government plane for her personal transport to California, this is totally contradictory to the alarm bells we heard her ringing in the Science Committee just a few hours ago," said Rep. Dana Rohrabacher, California Republican.

Democrats said the debate about the plane, which occurred during a Republican amendment to a bill to promote ethanol and other alternative fuels, was "silly." White House spokesman Tony Snow also weighed in, also calling the plane controversy "silly."

The Republicans' amendment to the alternative fuels bill amounted to a dig at Mrs. Pelosi; it specifically mentioned passenger planes "capable of transcontinental flights."

"I do not question the imperative of providing for the safety of the speaker of the United States House of Representatives," said Rep. Mike Pence, Indiana Republican. "On the subject of whether this is a silly debate, I think it is silly to question the right of the minority to question public expenditures."

And so it went for nearly two hours. The bill passed 400-3, with the amendment included.

During the hubbub, House Sergeant-at-Arms Bill Livingood, who is charged with the speaker's security, issued a statement saying it actually was he, not Mrs. Pelosi, who had requested that the military provide the larger plane so Mrs. Pelosi could fly nonstop to San Francisco.

After the September 11, 2001, terrorist attacks, the Pentagon agreed to provide the House speaker, who is second in the line of presidential succession behind the vice president, with a military plane for added security during trips home. Mr. Hastert flew in a commuter-size Air Force jet.

"The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security purposes, unless such an aircraft is unavailable," Mr. Livingood said in a statement. "I regret that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

The Pentagon informed Mrs. Pelosi's staff this week that she would get a plane, based on availability, and that nonstop service could not be guaranteed.

Mrs. Pelosi said Thursday that she would be happy to fly commercial.

"We never asked for a larger plane. This is a myth that [the Republicans] are talking about on the floor," she said. "They have nothing to say to the American people about the war, the economy, global warming and the rest. So they have this game they're playing."

Back on the House floor, 83-year-old Rep. Ralph M. Hall, Texas Republican, offered that it probably would be cheaper if he rode the bus home to Dallas every weekend, but that issue could be debated some other time.

"The only airplane I'm thinking about," he said, "is the one I wanted to be on at 12:30, heading for Texas."

FBI Probes California GOP Congressman's Land Deals (WP)

By Sonya Geis

The Washington Post, February 10, 2007

LOS ANGELES, Feb. 9 -- A Republican congressman from California defended his reputation this week, as FBI investigators look into charges that he improperly delayed paying taxes on several lucrative land deals.

Rep. Gary G. Miller told fellow House Republicans behind closed doors Tuesday that he "has done nothing wrong, his business dealings have all been above-board and that these allegations are baseless and have no merit," his spokesman Scott Toussaint said.

The FBI investigation follows an article in the Los Angeles Times and a complaint from the nonprofit Citizens for Responsibility and Ethics alleging that Miller, a wealthy real estate developer, unlawfully avoided paying taxes on a land deal.

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According to the newspaper's account, confirmed by Miller, he sold 165 vacant acres to the city of Monrovia, Calif., in 2002, after trying for years to build housing on it. He then delayed paying taxes on $10 million in profit by claiming that he sold under threat of eminent domain.

Miller used money from the sale to buy two other pieces of land in nearby Fontana, Calif., from a campaign contributor. He sold both to the city of Fontana, and once more delayed paying taxes by claiming the city threatened to take the land.

The threat of eminent domain allows a landowner to invoke Section 1033 of the federal tax code, which delays the payment of capital gains taxes if profits are reinvested within two years.

For all three of the land deals, Miller requested and obtained a letter from the city referring to eminent domain, a spokesman for the congressman said. But city officials later said the letters were meaningless because they did not actually threaten to take Miller's land.

"Eminent domain was not initiated," Monrovia Mayor Rob Hammond said in an interview, referring to the land deal in his city. "Was it discussed? Yes. Do you make a decision [about whether to sell the land] based on what was discussed? That's a question for the IRS."

"All I do is real estate transactions, and I've never heard of anything like this ever happening. It doesn't make a lot of sense," Los Angeles real estate and taxation lawyer Stephen Fainsbert said of Miller's multiple 1033 exemptions. "Even once it's something. But to see it three times -- well, as they say, the smell test is violated."

FBI investigators have interviewed current and former Monrovia officials, and reviewed video of a City Council meeting in which Miller asked the city to buy his land, city officials have said.

Last week, Miller sent a letter to Monrovia officials threatening a lawsuit for telling reporters that the city never intended to use eminent domain to take his land. "He felt that city officials had been speaking out of both sides of their mouths" by giving him a letter referring to eminent domain, then denying to the news media that they planned to take the land, Toussaint said.

Toussaint said Miller paid taxes on all three land deals in quarterly installments over 2005 and 2006. He did not say how much Miller paid, and did not provide documentation of payment.

Miller has not been contacted by the IRS or the FBI, Toussaint said. Miller voluntarily turned over documents related to his business to the House ethics committee and to Minority Leader John A. Boehner (R-Ohio).

A spokesman for Boehner, Brian Kennedy, said he did not know whether Boehner reviewed the documents.

In response to a question, Kennedy said: "I don't know that there's been any discussion of removing" Miller from his seat on the Financial Services Committee, in which Miller is the ranking GOP member of the subcommittee on oversight and investigations.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics, said Miller is "doing what Duke Cunningham and Bob Ney did before him. He's going to the Republican Conference and proclaiming his innocence."

"This is just the last thing in the world" House Republicans want, said Barbara Sinclair, a University of California at Los Angeles political science professor.

"The whole ethics business did play a part in the Republicans' disastrous performance in the 2006 elections. That makes it even more of an important story. Clearly Republicans do not want this to be an ongoing problem and continue on to 2008."

Follow That Lobbyist (NYT)

By Randy Evans

The New York Times, February 10, 2007

THE Democratic majority in Congress has made ethics reform a centerpiece of its agenda — and not a moment too soon. The list of members of Congress from both parties who have either pleaded guilty to or are under F.B.I. investigation for crimes involving their offices is embarrassing.

Unfortunately, the latest reforms (some adopted in the House by rule and others proposed by the Senate in legislation) tighten restrictions without actually addressing the real reasons that Congressional ethics rules have been ineffective in the past. The result is tougher rules that will rarely, if ever, be enforced. Here's why.

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First, regardless of what anyone might claim, there remains no mechanism for policing those at the heart of Congress's ethics problems: lobbyists willing to violate the rules.

Under the new ethics reforms (as well as under the previous rules), the House Committee on Standards of Official Conduct, the Senate Ethics Committee and the Federal Election Commission do not have the jurisdiction to detect, investigate and punish lobbyists who give prohibited gifts to representatives, senators or their staffs.

The Congressional ethics committees can regulate the conduct of, and punish, only lawmakers and their staffs. Lobbyists can be investigated by the Justice Department, but only under restrictive bribery statutes that require proof of a direct link between payments or gifts by lobbyists and actions by public officials. Consequently, unethical conduct by lobbyists that does not reach the point of bribery or an illegal campaign contribution (which does fall under the Federal Election Commission's jurisdiction) will remain unregulated.

Second, even with the new rules, only members of Congress or someone with a member's permission can file a complaint with the House ethics committee. But limiting who can file a complaint effectively precludes any meaningful enforcement.

Whenever a Congressional ethics scandal erupts, Americans wonder why nobody said anything. Why, for example, did someone like Randy Cunningham, the disgraced representative from California, routinely violate Congressional gift rules with seemingly little concern about an ethics investigation? The answer, in my experience, is that most members of Congress are so afraid of being accused of taking (knowingly or unknowingly) banned gifts themselves that they would never allege that a colleague had done so — no matter how clear the violation. No one wants to set the standard by which he might someday be judged.

This problem will persist even under tighter restrictions like the new gift ban. After all, the problem in recent years wasn't that the gift limit — $50 per gift — was too high; it was the absence of effective oversight and enforcement of that limit. As long as these new rules, like the old ones, rely only on lawmakers to report violations, nothing will change.

Simply put, there will continue to be an unchecked circle of improper gifts by lobbyists (who cannot be punished) to lawmakers (who have no incentive to report them). As in the past, only when gift-giving reaches the level of a crime will the F.B.I. or the Department of Justice step in and start an investigation. Nothing in these touted ethics reforms solves this problem.

So what's the solution?

Ultimately, the most effective deterrent against ethics violations is public scrutiny, based on accurate and timely information. That's why it's imperative that ethics reform begin with full disclosure by lawmakers, their staffs and lobbyists.

Each member of Congress should keep a log of every gift received by his office and file it electronically at least quarterly. The same requirement should apply to Congressional staffers. Lobbyists should electronically file monthly public disclosures of all lobbying expenses, specifying who used what tickets, who ate what meal, who played how many rounds of golf. All these disclosures should be posted on the Internet.

Along with transparency, the best way to prevent, detect and punish corruption is to enforce rules against all violators, whether they work inside the Capitol or on K Street.

It is therefore imperative for Congress to establish an independent commission, akin to the Federal Election Commission, with jurisdiction to regulate the conduct of lobbyists just as the Congressional ethics committees regulate the conduct of members and staffs. The commission must be responsible for enforcing the new gift ban, ensuring that all disclosure requirements are met, and setting and imposing penalties for rule violations.

But even an independent commission empowered to investigate violations won't be effective without significant modifications to the reporting process. It will have nothing to investigate.

Thus, any person should be able to file a complaint. (Subject to some time restriction, of course — say, 60 days before an election, in order to prevent abusive filings for political gain. Anyone who files a complaint found to be frivolous should be subject to a penalty.) Complaints should be acted on promptly, and either be dismissed or investigated.

Effective ethics reform in Congress requires real changes in the reporting requirements for lawmakers and their staffs, enhanced disclosure requirements for lobbying activities, better transparency, public participation via the Internet, and an independent commission to enforce the rules against both the donor and the recipient of improper gifts. Anything less is just cosmetic.

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Marine Corps Grounds V-22 Osprey Aircraft (WP)

By Renae Merle

The Washington Post, February 10, 2007

The Marine Corps said yesterday it was temporarily grounding its fleet of V-22 Osprey tilt rotors after discovering a glitch in a computer chip that could cause the aircraft to lose control.

The order affects 54 of the helicopter-airplane hybrids -- 46 owned by the Marines and eight belonging to the Air Force -- and could last weeks, Marine Corps officials said. It was an unexpected setback for the program; the military last grounded the fleet in 2000 after two fatal crashes that killed 23 Marines.

While none of the aircraft has been sent into the combat despite more than 20 years in development, the Osprey has regained support in the military in recent years. The Marine Corps expects to declare its version combat-ready this summer, and the Air Force version is expected to reach that point in early 2009.

The latest glitch should not affect those plans, said James Darcy, spokesman for the program.

The aircraft's contractors, Bell Helicopter and Boeing, notified the government of the problem on Tuesday after an onboard diagnostic computer pointed to an issue with a chip in the flight control computers, which control all of the aircraft's moving parts. Testing showed that in below-freezing temperatures, the computers could lose their redundancy features -- a safety net if one of the computers is damaged by enemy fire, according to the Marine Corps. That could cause the pilot to lose control of the aircraft.

"It's unacceptable," Darcy said. "This aircraft has to be able to go anywhere in the world." The Marine Corps wants an aircraft that can operate in temperatures as extreme as 65 degrees below zero, he said.

It is unclear how much it will cost to fix the problem, Darcy said.

"Bell and Boeing will work together to get the issue resolved as quickly as possible so the aircraft can return to flight," said Jack Satterfield, a Boeing spokesman. "We expect to be able to do that quickly."

The military plans to buy 360 of the aircraft for the Marine Corps, 50 for the Air Force and 48 for the Navy. The price per aircraft ranges from about $70 million to $89 million, excluding development costs.

Despite recent progress, including flying across the Atlantic Ocean this summer, the program continues to have its critics. "This plane has been in production for over 25 years, costs more than $100 million each, and is scheduled to go into combat this summer," said Todd Bowers, defense investigator for Project On Government Oversight, a watchdog group. "I guess we are seeing the results of the extremely weak testing done on this aircraft, which is disconcerting since it will possibly be carrying troops in Iraq and Afghanistan. If it can't stand a little cold weather how can it handle a war zone?"

Air Force Academy Probes Alleged Cheating By Cadets (WP)

By Alan Cooperman

The Washington Post, February 10, 2007

The Air Force Academy is investigating allegations of cheating by 28 freshmen and has restricted all 4,300 cadets to campus over the weekend, asking them to meet in small groups to consider "their self-image and the image of the institution," Air Force officials said yesterday.

In addition to the cheating, the academy's superintendent, Lt. Gen. John F. Regni, cited other recent disciplinary problems in a stern speech this week to the entire student body, faculty and staff.

Forty-three cadets lost their Internet privileges in January because they had downloaded pornography or visited pornographic Web sites, and there have been recurring incidents of alcohol abuse, academy spokesman Johnny Whitaker said.

Nineteen percent of the freshman class was failing academically at the end of the fall semester, giving it the lowest collective grade-point average in 20 years, he added.

Regni's speech on Wednesday challenged the cadets "to get introspective about this, to look in the mirror -- 'Is this the kind of institution that we want to be?' " Whitaker said. "He told them he was disappointed with them, that honor is the heart of what we do."

Several members of Congress were briefed on the cheating investigation Thursday during a teleconference with the academy's 15-member Board of Visitors.

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Sen. Wayne Allard (R-Colo.) said there have been bigger cases of mass cheating at other military academies, including a 1992 incident involving 134 seniors at the Naval Academy, which resulted in the expulsion of two dozen midshipmen.

But Allard said the Air Force Academy is determined to act quickly and firmly, having learned a lesson from two scandals in recent years, one involving sexual assaults on female cadets and the other stemming from incidents of religious intolerance on the Colorado Springs campus. The academy began mandatory training on religious diversity in 2005 after complaints that evangelical Christian faculty members, staffers and students had pressed their beliefs on cadets of other faiths.

Restricting all cadets to campus and requiring them to discuss the recent disciplinary problems is "good preventive medicine," Allard said. "That's how we got in trouble with the sex harassment scandal -- they just kept sweeping it under the rug and not dealing with it. This time, they're trying to catch the problems early."

In a brief statement this week, the academy said that 19 cadets, so far, have admitted cheating on a Jan. 31 "fourth-class knowledge test," a routine exam on military affairs given weekly to all 1,200 freshmen. Among the 28 cadets under suspicion of cheating are 19 intercollegiate athletes, the academy said. None of their names has been released.

Whitaker said the disproportionate number of varsity athletes is an issue in the investigation. But the 19 athletes play for four different teams, and at this point "it does not appear that there was any conspiracy by a particular group," he said.

The 1992 cheating scandal at Annapolis also involved a large number of athletes. Of the 24 expelled, six were varsity football players. In the wake of the expulsions, some members of Congress questioned whether the recruitment and preferential treatment of academically lackluster athletes was a contributing factor.

Some Air Force cadets pointed in a different direction this week. They noted that the cheating took place on a weekly test that typically includes questions about the chain of command and military jargon. If a student fails one of those tests, he or she is required to stay in the dorm over the following weekend. A second failure can result in the grounding of the upper-class cadet who is the designated leader of a group of freshmen, putting intense pressure on students to pass, they said.

The cheating was reported by classmates, and the investigation is being led by cadets, a standard procedure under the academy's honor code. Academy officials said the punishment has not been determined, but Allard said "it wouldn't surprise me if a fair number got dismissed" from the academy.

Cadets said they have been ordered to go through their computer files this weekend and erase any improper data, including illegally acquired music and videos as well as pornography. They said they will also be required to attend a luncheon discussion and hear a speaker. The academy had originally planned to cancel regular activities on Monday, but that order was rescinded, cadets said.

"I called my parents last night to tell them they would hear some bad publicity on the academy, and my father said, 'You just keep your nose clean,' " one freshman said.

Another cadet said Regni's speech landed hard. "He said 99 percent of us are doing our job, but a few bad apples can ruin it for the rest of us," the cadet said on the condition of anonymity because he had not received clearance to speak to a reporter.

Regni, who has been superintendent since 2005, said in a brief interview that he was confident the number of students implicated in cheating would not rise above the 28 already under investigation.

He declined to discuss his speech, saying only: "We talk to the cadets, and we make sure the cadets understand that actions have consequences."

Air Force Cadets Grounded Over Cheating (AP)

AP, February 9, 2007

AIR FORCE ACADEMY, Colo. (AP) — All 4,000 Air Force cadets will be confined to campus this weekend following a scandal in which 28 freshman are suspected of cheating on a test, school officials said Thursday.

The entire corps will remain on school grounds to reflect on the Air Force Academy's honor code, which forbids lying, cheating, stealing or tolerating those who violate it. Plus, the only bar there will be closed.

"This is a pretty disappointing time for us," said Superintendent Lt. Gen. John Regni, who ordered the lock down and bar closure.

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The alleged cheating was reported on Feb. 2 on a basic-knowledge test that does not count toward cadets' grade point average, but is required for first-year cadets. Some cadets admitted obtaining answers to a test and forwarding them through an Internet social group and private computer messages.

Cadets caught cheating can be expelled or placed on probation. No individual punishments have been handed down.

Bad Faith On Social Security (NYT)

The New York Times, February 10, 2007

In 2005, President Bush put his political capital where his mouth was, and lost. He went all-out to convince Congress and the American people that privatizing Social Security would be good and necessary. It's neither — and his plan was justifiably and soundly rejected. This year, with his political capital on empty, Mr. Bush is talking about a bipartisan effort to reform Social Security. But his actions suggest that he has no intention of making any serious compromises.

In his new budget, Mr. Bush allocates $29.3 billion to establish private accounts in 2012, totaling $637 billion through 2017. That suggests that either Mr. Bush still hasn't figured out that private accounts are a political nonstarter, or he's hoping to use them as a bargaining chip in future negotiations. Either way, that attitude virtually ensures that Social Security reform will stall in this Congress, just as it did when the Republicans were in charge.

Mr. Bush is proving similarly tone-deaf when it comes to choosing members for the Social Security board of trustees.

There are six trustees, four of them administration officials and two outsiders. The job of the two outsiders — nominated by the president and confirmed by the Senate — is to represent the public's interest in decisions about the program. Last year Mr. Bush nominated the same two men who had served in his first term. That violated the rationale for having public trustees, which is to bring fresh perspectives. So Congress refused to consider the nominees, but Mr. Bush appointed them for another year while Congress was in recess. He has now renominated them for new four-year terms.

Mr. Bush won't get his way. But he is alienating Congress and creating delays that will make it harder for the next two public trustees — whoever they are — to participate fully. Given all that, it's not surprising if the public and Congress decide that Mr. Bush is not to be trusted on Social Security.

Three Steps To Better Healthcare (LAT)

By Henry J. Aaron

The Los Angeles Times, February 10, 2007

HEALTHCARE analysts have long deplored the linkage between health insurance and employment. It makes no sense for one's health insurance to end if one leaves a job. Various state reform plans, including that of California Gov. Arnold Schwarzenegger, deal with the healthcare system as a whole. But President Bush's proposed fix does not go far enough.

The workplace-healthcare connection arose primarily because of a tax quirk. Premiums paid by the employer are excluded from the employee's personal income and payroll taxes. If employees buy the insurance themselves, they pay for it with income that has been taxed. The president proposes to eliminate that differential and replace it with a deduction for insurance, however it is financed. If coverage meets certain standards, the worker would receive a tax deduction — $7,500 for singles, $15,000 for couples and families.

This change is a step toward "leveling the playing field." But is it an improvement if that is all that is done? The answer is no. To replace employment-based health insurance, it is necessary to have something else that works. In particular, it is necessary to have a well-functioning market in which individuals can buy insurance at a reasonable price. Currently, the individual health insurance market is a disaster.

It's a mess because it does not adequately pool risks. Pooling risks means grouping people with high and low expected health outlays. Premiums are then based on the average of the group. When people seek coverage as individuals, an insurer that wants to stay in business has to charge a premium that covers the costs each particular customer is likely to generate, plus enough extra to cover selling costs and profits. For healthy 30-year-olds, those costs are very low. For the cancer patient in remission or the 60-year-old whose parents died in their 40s from heart attacks, those costs are dramatically higher. The premiums for the latter may be so high that few can afford them.

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Pooling makes health insurance affordable for the average person. The workplace serves that function — not ideally but adequately. Workplace pooling works best for large companies, for those with relatively high average wages and for those with stable labor forces. For a small company, one very sick employee can drive up costs. High turnover raises administrative costs. And where wages are low, typical premiums for family coverage equal the total earnings of a full-time minimum-wage worker.

So, what is right and what is wrong with the president's plan? What is right is that it would extend to individually purchased insurance a tax break similar to the one now available only on employer-financed coverage. It would do so in a way that would not add to the federal deficit measured over 10 years, although it would boost deficits initially. Unfortunately, the plan would continue the incentive of bigger tax breaks for high earners even though most of the uninsured are low earners.

A better plan would be a tax credit that offered the same tax relief per dollar of insurance to people at all income levels. Better still would be offering larger credits to low-income households, which need help, rather than to high-income households, which don't.

The bigger problem with the Bush plan is that it would not ensure that people would be able to find insurance at a reasonable price. The plan would produce millions more such shoppers because it would make it much easier for employers, bedeviled by rising premiums, to stop sponsoring coverage. Generous employers might give employees a raise equal to what the employer had been paying for insurance, but employees would still have to find a plan they could afford.

To be sure, the Bush plan would permit states to shift some funds to help subsidize high-risk patients. But it does not ensure that high-risk individuals would be able to find an affordable plan. As a result, it is likely to leave some older and sicker people, who now have insurance by grace of employer coverage, uninsured and unable to afford care.

The Bush plan could have provided that assurance by allowing working-age Americans to buy insurance from the plans offered to federal employees at the same prices that federal employees pay. Or it could have permitted them to buy Medicare coverage at a premium determined on a communitywide basis. To make insurance affordable for low earners still would have required additional help. However, the plan enacted by the Massachusetts legislature and Schwarzenegger's proposal clearly show that there are ways to do this.

If Bush's one-step plan were enacted, the nation would step into a very deep hole. Two additional steps are necessary for genuine reform: measures to make the individual health insurance market work, and assistance to low-income households that makes insurance affordable. The nation should not be satisfied with one step that makes things worse when two more would make them so much better.

Henry J. Aaron Is A Senior Fellow At The Brookings Institution In Washington.

Judgment Pay (WSJ)

By Paul A. Volcker

The Wall Street Journal, February 10, 2007

Anyone appearing before a judge in a federal courtroom -- plaintiff, defendant, juror -- will feel apprehensive. There are big issues at stake. Personal reputation and family fortunes, even imprisonment, may be at risk. Business practices can be questioned. The actions of government itself, even the constitutionality of its laws, can be challenged.

What we have a right to ask -- what we must demand -- is that the cases be decided fairly, by capable judges acting in a context of high professional standards and personal independence. It is those qualities that the framers of our Constitution sought to protect by providing lifetime appointment for federal judges and forbidding reduction in their compensation. Yet those qualities can also be eroded, not consciously, not by design, but by an insidious neglect. The simple fact is that judicial compensation has not kept pace with reasonable requirements.

The historical pattern is unambiguous. The last comprehensive review of government salaries, including the judiciary, took place in 1989. Twenty years after the previous full-scale realignment of federal salaries in 1969, the concept and goal set out were clear: the substantial past shortfall -- relative to the cost of living and private-sector pay over the previous 20 years -- would be at least partly corrected. Thereafter, pay was to be annually adjusted based on increases in private-sector wages in order to keep pace with those changes and inflation.

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The approach has failed. Congress has simply refused to make good on its expressed goal, and has not even provided cost of living adjustments. It has now been 16 years since this last judicial pay raise took full effect. Since that time, average American workers' wages, when adjusted for inflation, have risen 18.5%. During that same period, federal judges' real, inflation-adjusted pay has declined 10.8%, while the pay of most other federal workers, when adjusted for inflation, has risen by 15.1%. The decline in real pay of district judges has dropped by 25% since the earlier 1969 review.

Political inhibitions over time, gradually and for a while imperceptibly, exact a real cost. Specifically, a judicial system designed to attract men and women of broad experience and independence of judgment will be weakened by the reality of strained personal economic circumstances. And now there is evidence from many of the 100 federal judges who have left the bench in recent years that financial considerations were factors in their decisions.

The force of that concern was brought home to me a few years ago. Instead of feeling any apprehensiveness about appearing before a federal judge, I found myself in a reversal of roles. I was chairman of the National Commission on the Public Service -- a group of men and women with long service in both Democratic and Republican administrations deeply disturbed by the strong evidence of eroding trust in government. In that capacity, I received a request from then Chief Justice William Rehnquist and Associate Justice Stephen Breyer to appear before the commission. They urgently wanted to express their concern about the erosion in judicial compensation and the impact it was having on recruiting and keeping federal judges. Now, that concern has been forcibly reiterated and amplified by present Chief Justice John Roberts in his annual report on the judiciary.

No one, not the two chief justices, not their judicial associates, not I, not my fellow commissioners, certainly not the American public or its elected representatives, argue that judicial salaries need to approach those of successful legal practitioners in the private sector (it has recently been reported that remuneration of partners in the nation's large law firms now typically exceeds $1 million a year). At the other extreme, it is surely anomalous that federal district court judges make less than the salary plus bonuses of newly minted lawyers in those same prestigious firms in New York, Washington and other big city firms.

The judiciary should -- and historically has -- drawn upon distinguished academics or lawyers serving in different branches of government. Others, over a long career in private practice, have attained financial independence while family responsibilities have diminished. But even among those groups, compensation has become a relevant consideration. More acutely, there are the active practitioners in private law "at the top of their game" -- men and women potentially attracted to public service but with families to raise -- unable or unwilling to accept so small a fraction of their current and potential earnings. And, in fact, the number of appointees from those ranks has been declining.

So what is the reasonable level of judicial compensation? Consider the district courts where the greatest number of judgeships are. While judges cannot expect to equal the salaries of partners in large law firms, the National Commission determined that their compensation should be comparable to that of law school deans, senior professors and other nonprofit leaders. Today, at $165,200, district judge salaries fall more than 50% below what many law school deans or their top professors make. Moreover, unlike those academics and the leaders of nonprofit institutions, there is very limited possibility of earning other income.

And consider this: if the salary of district court judges had increased from their actual salary in 1969 by the same percentage as the total percentage change in American worker wages from 1969 to 2006, district judge compensation would be $261,300. That number is consistent with the recommendation of the National Commission on the Public Service.

Three years ago, the National Commission on the Public Service pointed to judicial pay as "the most egregious example of the failure of federal compensation policies." That failure was not been repaired; Congress did pass legislation in 1999, effective Jan. 20, 2001, to double the president's salary to $400,000 from $200,000. Now, at long last, my sense is that Congress and the president may finally be prepared to take a new look at judicial salaries, to deal with the political resistance and to recognize what is ultimately at stake.

The truth is there should be no shortage of men and women interested in federal judgeships. Those positions satisfy an urge for public service. They convey (or should convey) a sense of honor and prestige in the community. They can (or should) provide along with intellectual stimulus a sense of independence conveyed by lifetime appointment and financial stability.

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The authors of the Constitution took care to protect those qualities by providing a reasonable assurance of financial security for our federal judges. Plainly, the time has come to take heed of the deep concerns of two chief justices and to honor the constitutional intent.

Mr. Volcker was chairman of the Federal Reserve from 1979-1987 and twice chaired a National Commission on the Public Service.

ABA Should Keep Judges Clean (LAT)

The Los Angeles Times, February 10, 2007

THE AMERICAN BAR ASSN. is having some sound second thoughts about weakening a key provision of its Model Code of Judicial Conduct, which traditionally has served as a guide to state court systems in setting their own ethics rules.

An ABA drafting panel had been criticized — including by this editorial page — for proposing changes that would have diluted a provision saying that judges should avoid even the "appearance of impropriety." But now the panel is expected next week to accept a "friendly amendment" to its own proposal at an ABA meeting in Miami, one that would undo the damage.

Canon 2 of the current ABA code says that judges "shall avoid impropriety and the appearance of impropriety in all of the judge's activities." The panel's proposed revision would have kept the admonition about avoiding the appearance of impropriety, but it would have added language suggesting that a judge could be disciplined only if he committed an actual impropriety. The effect would have been to make the "appearance" provision nonbinding.

Advocates of the proposed change had argued that "appearance of impropriety" was too spongy and subjective a standard. But the current code makes it clear that "the test for appearance of impropriety is whether the conduct would create in reasonable minds a perception that the judge's ability to carry out judicial responsibilities with integrity, impartiality and competence is impaired."

That language is adequate to protect judges from being punished for behavior that only an eccentric or self-interested individual would find suspicious. It tracks language in California's Code of Judicial Ethics saying that "a judge shall avoid impropriety and the appearance of impropriety in all of the judge's activities."

Critics of the proposed rule change, such as the American Judicature Society, acknowledge that judges are usually removed or disciplined for conduct that goes beyond creating an "appearance" of impropriety. But the "appearance" language has served the additional purpose of making judges think twice about potentially compromising situations and err on the side of preserving public confidence in the court.

Avoiding the appearance of impropriety should remain a commandment for judges, not be demoted to a mere suggestion. The ABA should make clear next week that it has gotten that message.

OTHER NEWS:

Investors Are Showing Unease About The Climb In Blue Chips (WSJ)

By E.S. Browning

The Wall Street Journal, February 10, 2007

Investors have been floating in a steadily rising sea of tranquility for seven months.

That is what the stock market has looked like since July, and, in some ways, since the spring of 2003.

But investors, a nervous lot, are getting uneasy. They are worrying that things have been too good for too long, which helps explain why the market turned a little jittery this past week.

The Dow Jones Industrial Average pulled back 72.66 points, or 0.57%, to 12580.83 in the week that just ended, including a decline of 56.80 points, or 0.45%, Friday. The blue-chip average still is up almost 1% for the year.

Despite the week's small decline, the Dow hasn't shown much weakness in months. It remains less than 95 points below its latest record close, 12673.68, hit Feb. 1. It is up 17% since July 14, and has seen 27 record closes since the start of October.

What really has startled market analysts is that, since last summer's turbulence, neither the Dow nor the Standard & Poor's 500-stock index has fallen as much as 2% from a high. That seven-month period is the Dow's longest without a 2% pullback

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since 1954. In fact, it is the second-longest since the average was launched in 1896, according to Ned Davis Research in Venice, Fla. It is the third-longest such period ever for the S&P 500.

By other measures, this resilience has been a characteristic of the current bull market. Neither the Dow nor the S&P has fallen as much as 10% from a high since the spring of 2003. That is the second-longest period either has gone without a 10% "correction." (The longest was during the 1990s.)

The current bull market -- defined as a period without a 20% decline -- dates from 2002, making it the sixth-longest in history for either index.

Such resilience is a sign of strength, but it can't last forever. That is why many analysts think the market is overdue for at least a 10% correction. The market's unnatural calmness "is a cause for concern, but it is not in and of itself a reason to get out of the market," said Tim Hayes, Ned Davis's chief investment strategist.

The S&P 500 Friday fell 0.71%, or 10.25 points, to 1438.06, still up 1.4% this year. The Nasdaq Composite Index declined 1.16% Friday, or 28.85 points, to 2459.82, ahead 1.8% in 2007.

Weighing on the market Friday, Micron Technologies said it was hurt by a decline in memory-chip prices. BMC Software issued a profit forecast that disappointed analysts.

Another problem was the continuing rise in crude-oil futures. After breaking $60 a barrel during the day, they settled in New York up 18 cents at $59.89, the highest finish this year.

Treasury-bond prices fell, and yields rose, after the presidents of the Federal Reserve Banks of St. Louis, Dallas and Cleveland suggested that inflation probably is under control, but didn't rule out the possibility of an interest-rate increase later.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.3% to 248.82.

In major U.S. market action:

Bond prices declined. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested, pushing the yield up to 4.784%.

The dollar strengthened. Late in New York, it traded at 121.68 yen, up from 121.08. The euro fell against the dollar to $1.3006 from $1.3039.

Fed Officials Still Wary Of Inflation Pressures (WSJ)

By Michael S. Derby

The Wall Street Journal, February 10, 2007

Inflation pressures have clearly not moderated enough to quell Federal Reserve officials' repeated warnings they may yet have to raise rates again.

Several policy makers said Friday that while they are optimistic inflationary pressures will wane this year, they nonetheless stand ready to cure too-high price pressures with rate increases, if needed.

The Fed officials spoke ahead of testimony by Fed Chairman Ben Bernanke, who will go before committees of the Senate on Wednesday and the House of Representatives on Thursday, to deliver the central bank's semiannual report on the economic outlook and monetary policy. That highly anticipated address is likely to prove a defining event in shaping financial markets' expectations for interest rates over the next several months.

The Fed officials who spoke Friday counted one voting member of the rate-setting Federal Open Market Committee -- St. Louis Fed President William Poole -- and two who are not -- the Dallas Fed's Richard Fisher and the Cleveland Fed's Sandra Pianalto.

Mr. Poole told a group in St. Louis that he believes the current level of the Fed's overnight target rate is "well positioned." He said inflation "is likely to fall into a reasonable range this year."

But the veteran Fed official also said that "if we get an upside surprise on [gross domestic product] growth, then monetary policy may have to be tightened somewhat."

Meanwhile, Mr. Fisher said in Dallas, "I am pleased with the current direction of inflationary impulses." But he warned, "I wouldn't rule out further increases in the federal funds rate if inflationary winds gain the upper hand."

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Cleveland's Ms. Pianalto was also hopeful on inflation, saying the recent cooling in price pressures is an "encouraging sign." Still, she cautioned, "I am not yet convinced that the inflation trend is shifting down," adding, "some additional policy firming may be needed."

To a modest degree, Friday's speeches mark a small evolution in the thinking of the Fed. Through much of the final months of last year, policy makers argued that inflation remained the chief threat and that if it did not fall, monetary policy would need to be tightened. But over the past couple of months, price pressures have finally waned to a degree the Fed has felt comfortable in acknowledging that development.

Still, for observers, the implications of Friday's addresses for monetary policy are minimal. "The main take away is that Fed rhetoric isn't preparing the way for a shift to a neutral policy stance," said Michael Feroli, economist with J.P. Morgan Economics.

Bies Quits Fed, Gives Bush Second Vacancy (WSJ)

By Benton Ives-Halperin

The Wall Street Journal, February 10, 2007

Federal Reserve governor Susan Bies, who has held her position since 2001, announced Friday that she will leave at the end of March.

The Fed said that she will not attend the March 20-21 meeting of the Federal Open Market Committee.

Ms. Bies joined the board of governors in December 2001, and headed various committees at the Fed, including head of the Committee on Supervisory and Regulatory Affairs. She also spearheaded the Fed's efforts to update and modernize the Basel capital-management standards, dubbed Basel II.

Ms. Bies said she plans to spend more time with her family.

"Sue's invaluable contributions to both monetary and regulatory policy at the Federal Reserve have been aided by her unique perspective as both an economist and a banker," said Fed Chairman Ben Bernanke, in a statement.

"I will miss her counsel and wish her all the best in her new endeavors," he added.

Ms. Bies, 59 years old, served in various capacities at First Tennessee National Corp. before joining the board. She also taught economics at Rhodes College and Wayne State University.

She is married and has two adult sons.

President Bush, who appointed all current members of the board, now has two vacancies to fill. Mark Olson stepped down from the board last summer to become chairman of the Public Company Accounting Oversight Board.

Congressman's Imam Is Taking A Lead In Interfaith Efforts (NYT)

By Samuel G. Freedman

The New York Times, February 10, 2007

MINNEAPOLIS — On the evening after Minnesota's Democratic primary last September, Makram El-Amin picked up his ringing cellphone to hear the raspy, exhausted voice of Keith Ellison. The men had known each other for a decade, long enough for Mr. El-Amin to become the imam of a mosque in their North Minneapolis neighborhood and Mr. Ellison to win a seat as the area's state representative.

Now Mr. Ellison had survived a bruising campaign for the Democratic nomination for Congress and was headed into a general election. It was bound to include even more scrutiny and vitriol from opponents, based on his past in the Nation of Islam and his present as a Sunni Muslim.

So Mr. Ellison was calling, as Mr. El-Amin recounted the other day, not as a politician but as a congregant, seeking pastoral counsel.

"Be the person you've been all along," Mr. El-Amin recalls telling Mr. Ellison in the 20-minute conversation. "Be a public servant, not an Islamic spokesman. Keep the interest of all the people in the forefront. That's what Muhammad himself would do."

Two months later, Mr. Ellison won election, becoming the first Muslim member of Congress, and doing so in an overwhelmingly non-Muslim district. As for Mr. El-Amin, he was transformed into a congressman's imam, putting an Islamic

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imprint on the role of spiritual adviser played by such figures as the Rev. Billy Graham for Richard M. Nixon and the Rev. Jesse Jackson for Bill Clinton.

In his own public life, Mr. El-Amin has espoused a combination of liberal positions on affordable housing and the minimum wage and social conservatism in terms of self-help. These stances reflect his personal history, which like Mr. Ellison's includes a conversion from the Nation of Islam's black pride and black separatism to the color-blind, egalitarian theology of a traditional Muslim. And as an African-American, born and raised in this country, completely at home in its language and culture, Mr. El-Amin feels no timidity in joining the public discourse.

"We've always expected to be respected and accepted, and we've always been prepared to fulfill our responsibilities as citizens, as taxpayers," Mr. El-Amin, 36, said in a recent interview here. "If there's something we're uncomfortable with, we're going to say it. We're going to be involved in the political process. We say, 'This is the system and this is the way we get engaged.' "

In Minneapolis, Mr. El-Amin has also made a reputation for engaging across racial and denominational lines. He participated in several prominent interfaith events after the Sept. 11 attacks, becoming the visible face of Islam in a city whose religious landscape had long been dominated by Lutherans.

The imam went on to build an especially durable and important relationship with Rabbi Marcia A. Zimmerman of Temple Israel, a large Reform Jewish congregation. The pair jointly taught lessons on the linguistic similarities of Hebrew and Arabic, using etymology as a symbol of a shared Abrahamic heritage. When ground was broken last fall for an expansion of Mr. El-Amin's mosque, Masjid An-Nur, he invited the rabbi to say a blessing.

During the divisive election campaign last fall, as Mr. Ellison was being attacked as supposedly condoning anti-Semitism and international terrorism, Rabbi Zimmerman made a point of inviting Mr. El-Amin to the temple to lead a study session about "understanding our neighbors." It took place, quite deliberately, on Yom Kippur, the most sacred holiday on the Jewish calendar.

"He has always been insistent about being a peacemaker," Rabbi Zimmerman said of Mr. El-Amin. "He has a real desire to know people in other traditions. He has a true interest, and he asks questions with integrity. In our conversations, we're able to acknowledge our differences and our similarities."

Mr. El-Amin was born into a family and culture that emphasized segregation. His father, Charles, was not only a minister in the Nation of Islam — the movement colloquially known as the Black Muslims — but for a time was also one of the Fruit of Islam bodyguards for Elijah Muhammad, the sect's leader.

About the time in the late 1970s that the Nation of Islam sent Charles El-Amin to lead a mosque in Minneapolis, Mr. Muhammad died and his son, Wallace Deen Muhammad, left the separatist faith to embrace conventional Sunni Islam. The El-Amin family was one of thousands across the nation to follow that example.

Mr. El-Amin, though, retains his respect for the Nation of Islam's doctrine of black self-sufficiency. A married father of three children, he owns and operates a fish restaurant in North Minneapolis and helped raise $1.5 million from his congregation for the current mosque expansion. Several of his siblings work in real estate, and one brother, Khalid El-Amin, plays professional basketball in Europe after having starred at the University of Connecticut.

"We've hung on to the discipline we had, the sense of self-reliance," Makram El-Amin said. "We grew up hearing our father say, 'We have to have our own.' "

What he has disavowed is the Nation of Islam's theology, with its view of whites having been created by an evil doctor. Like Malcolm X, the most famous figure to break away from Elijah Muhammad, Mr. El-Amin made the hajj to Mecca among Muslims of every conceivable pigment.

None of that, it must be said, has stopped him from receiving pointed questions about Islam and terrorism or Islam and pluralism when he speaks to the Rotary Club or the Veterans of Foreign Wars or a local country club.

"I'm not offended that the American people want to know what we believe and why we believe," he said. "That's sensible. It's the mischaracterization that's irresponsible. If someone asks me why the reward for martyrdom is heaven with unlimited virgins, I have to tell him that's a complete myth."

On N.H. Trail, Bigger Is Better (BOS)

DOJ_NMG_0130928

By Susan Milligan

The Boston Globe, February 10, 2007

MANCHESTER -- New Hampshire has long cherished its role as the place where presidential hopefuls test the political waters by campaigning in diners and living rooms. This year, the candidates are choosing instead to go for the big splash.

The huge crowd that showed up to see Senator Barack Obama of Illinois in December -- an event that helped mark Obama as a political phenomenon -- may have pressured other hopefuls to prove their own appeal by drawing standing-room-only crowds.

Following big-extravaganza appearances last month by onetime senator John Edwards of North Carolina and a former New York mayor, Rudolph Giuliani , Senator Hillary Rodham Clinton of New York is scheduled to speak today at a gymnasium-sized "town meeting" in Concord -- an event that filled up two days after it was announced and drew so much advance media attention that Democrats this week offered up interviews with people making signs for the event.

Meanwhile, Obama's town meeting scheduled for Monday in Durham is at capacity, with 2,500 free tickets handed out in eight hours. About 850 standby tickets have been given to those hoping to take the place of no-shows.

By contrast, Clinton's husband, former president Bill Clinton, drew small crowds during his early visits to the Granite State in late 1991 and was so unknown that he could stretch before a morning run outside a Manchester hotel without attracting much attention.

It may be partly the celebrity status of some of the candidates, fueled by an unusually high vigor among voters eager to find a winning candidate for 2008. But with almost a year to go before the first votes are cast, candidates in both parties are campaigning as though the primary were next week, not 11 months away.

"This is a campaign on steroids," said Peter Fenn , a Democratic consultant not affiliated with any of the presidential candidates. "These are things you do in the closing days of a primary or caucus, not a year ahead. It's like the arms race."

New Hampshire party officials and activists say they are pleased that so many voters are interested in seeing the candidates, a factor some said is pushing the contenders to hold huge events. But they worry that the trend could undermine the special nature of the primary, which has historically served as a testing ground by weeding out candidates who cannot win over voters by answering direct questions in small, intimate settings.

"Nothing can replace the small-town feel New Hampshire offers," said Representative Paul Hodes , Democrat of New Hampshire. Granite State voters take their role in the election process very seriously, preferring to meet candidates several times before making a decision, he said, and "you don't reach those people through advertising and hype. You reach them by talking to them."

Kathy Sullivan , chairwoman of the New Hampshire Democratic Party, acknowledged that the party itself is promoting some big events where candidates are invited to speak, including a large dinner next month. But she said she is concerned about the way the campaign appears to be changing.

"It's no way to elect a president," Sullivan said of the big-ticket appearances. "The thing about New Hampshire is that people really do want to take the time. They really do want to see all of the candidates."

Representative Carol Shea-Porter , Democrat of New Hampshire, said she cannot fault the candidates for wanting to connect with as many voters as possible. But she said candidates will eventually have to do the diner and barbershop circuit. "That is what has been such a good vetting process" for presidential hopefuls, Shea-Porter said.

In previous presidential cycles, candidates sat in New Hampshire living rooms discoursing, often in mind-numbing detail, about their plans for a host of problems. Former president Clinton and former senator Bob Kerrey of Nebraska were adept at citing nuances of their plans for universal health insurance. Former senator Paul E. Tsongas , a Massachusetts Democrat, would read from his treatise "A Call to Economic Arms," which laid out his approach to global economic competitiveness.

The current crop of candidates has focused largely on touting standings in the polls and the endorsements snagged -- a message Sullivan said would not be enough for New Hampshire voters.

"If I actually was going to ask [a candidate] a question, I would not ask, 'How are you going to win?', and '[Do you] have enough money?' " to campaign, but " 'Why do you want to take this job, considering how bad things are and how much worse they will be a year from now?' " Sullivan said.

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Such questions may get asked at a large event, by one of the few attendees lucky enough to reach a microphone after the candidate has stopped speaking. But they don't trigger the kind of conversations that Arkansas' former governor, Mike Huckabee, whose campaign for the Republican presidential nomination has gotten little media attention, was having yesterday at the Merrimack restaurant in Manchester, a traditional setting for retail politics.

"What's good about New Hampshire is you're not going to let someone buy themselves the presidency," Huckabee said between chats with diners.

Spokesmen for the campaigns planning the big events said they have been driven by unusually high interest from the media and the voters. The novelty of a female candidate and an African-American candidate has also attracted attention, they said, making it harder to keep events small.

Clinton, for example, is attending several "house parties" tomorrow, and just a few reporters will be permitted inside.

But even at a large town meeting, voters can ask questions, fulfilling the Granite State's tradition, said Jim Demers , a New Hampshire-based adviser to Obama. And the candidates say they plan to move on to smaller crowds after the initial flurry of post-announcement campaign activity wanes, their spokesmen said.

"There's tremendous energy among the grass roots" that is attracting huge crowds early on, said Phil Singer , a Clinton spokesman. But "Senator Clinton wants to get up close and personal," conducting a more traditional New Hampshire-style campaign, he said.

Would Obama Be "The Black President"? (LAT)

By Peter Wallsten

The Los Angeles Times, February 10, 2007

CHICAGO — Illinois state Sen. Rickey Hendon served eight years alongside Barack Obama in the state Capitol and plans to endorse him today when Obama launches a bid for the White House. But that does not mean Hendon has set aside the long-simmering doubts that he and other black leaders hold about a man who could become the first African American to occupy the Oval Office.

"I can endorse someone now and change my mind next week," Democrat Hendon said from Springfield, Ill., where U.S. Sen. Obama (D-Ill.) will kick off his campaign at the old state Capitol. "I'm going to look at how he runs his campaign. I'm going to look closely to see if he raises the issues that are important to my people."

For many black activists in Obama's adopted home state, who might be expected to form the core of his political base, a central question still looms about the man who has risen speedily over 11 years from state lawmaker to U.S. senator to a sensation in the 2008 presidential campaign: As he works to appeal to voters across the nation, will Obama stand firm for black people and black causes?

Some of the questions arise from Obama's upbringing in Hawaii, remote from the urban struggles of Chicago's black neighborhoods, and from his heritage as the son of a white American mother and black Kenyan father.

Obama is like a "plaid quilt" in which people of different races see themselves, said Eddie Read, chairman of the Black Independent Political Organization. He fears this may leave Obama insufficiently committed to fighting for the black community.

"He would not be the black president. He would be the multicultural president," said Read. "A black president would fight for black economic and political power."

Obama's appeal to white voters leaves some black activists questioning the depth of his links to the black community, said Conrad Worrill, director of inner-city studies at Northeastern Illinois University.

"When white folks begin to put their arms around a black person, there's always suspicion," he said. "The question is: Will this generation of new, college-trained beneficiaries of the black political power movement in America fight for black political interests?"

The debate over how to regard Obama was on display in Washington last week, on the sidelines of Democratic National Committee's winter conference. One of Obama's closest black supporters called a meeting of African American activists to encourage support for him.

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Illinois Senate President Emil Jones Jr., a longtime Obama political patron, told the crowd of about 80 that they should support "our son" and that they did not "owe anything to anyone" — a comment widely viewed as aimed at Sen. Hillary Rodham Clinton (D-N.Y.), whose husband, President Clinton, remains intensely popular in the black community.

In a later response, the Rev. Al Sharpton questioned why blacks should back Obama simply because of his race. Sharpton argued that Obama himself recently endorsed Chicago's white mayor for reelection, over at least two black challengers.

"You really don't want to nationally say that blacks should do something for Obama that he himself is not doing at home," Sharpton told CNN. He continued: "I think what is intelligent and respectful to our community, as in any community, is to talk our interests and our issues."

In an interview to be broadcast Sunday, Obama acknowledged that he had become the "focal point" of a national discussion on race. He rejected the suggestion that he had not lived the black experience.

"If you look African American in this society, you're treated as an African American," he told CBS' "60 Minutes." "It's interesting, though, that now I feel very comfortable and confident in terms of who I am and where I stake my ground."

Obama has written extensively about his struggle with racial identity. In his bestselling memoir, "Dreams From My Father," he reflected on his feelings as an outsider when he first arrived in Chicago in 1984, just after the mass movement that made Harold Washington the city's first black mayor.

"Had to be here before Harold to understand what he means to this city," Obama recalled an older black barber telling him.

Obama went on to work in the black community, as an organizer, voter registration worker and civil rights lawyer. But tensions between Obama and black leaders in Chicago date to his earliest days as a politician, in 1996, when he angered many in the community by elbowing aside a popular leader in his successful bid for the state Senate.

He began that race as the favored candidate, a charismatic young civil rights lawyer armed with the endorsement of the incumbent state senator, who was leaving to run for Congress. But when that incumbent, Alice Palmer, a beloved fixture in Chicago's South Side, changed her mind about leaving the Illinois Senate, Obama refused to end his candidacy.

Tensions ran high when some of Chicago's most influential black leaders confronted Obama and pressed him — unsuccessfully — to bow out.

"It was not a pleasant meeting," recalled Timuel Black, a political activist who at the time opposed Obama but now supports his presidential bid. "There were those, and I was one of them, who felt that this young man should let Alice continue on, since she had the seniority."

When Palmer tried to collect signatures to retain a slot on the ballot, Obama supporters challenged her petitions, and she was forced to fold.

Worrill, of Northeastern Illinois University, said he and others viewed Palmer's departure as "a loss" that many black leaders remembered vividly as they watched Obama's rise.

"We didn't know Barack Obama," said Worrill, who is also chairman of the National Black United Front, an activist coalition that calls itself part of the "black liberation movement." "Alice was a great legislator and an example of an activist out of the '60s and '70s and '80s who came out of all the fights we had been through."

Obama arrived in the state capital, Springfield, to a cool reception from his colleagues in the black caucus. Tensions simmered again four years later when he ran against another stalwart of the old guard of African American leadership, U.S. Rep. Bobby L. Rush, a former official in the Black Panther Party.

Rush crushed Obama that year. But, according to Jones, Obama learned a crucial lesson: He needed a patron.

With Jones' blessing, Obama took a leading role on legislation viewed as important to blacks. He wrote a bill requiring Illinois law enforcement agencies to collect data about the race and ethnicity of all motorists pulled over for violations, an effort to monitor racial profiling. He also pushed legislation requiring police to videotape homicide interrogations, a move designed to protect the innocent from forced confessions. Both became law.

When Obama ran for the U.S. Senate, he reached out early to Jones, who lobbied skeptical members of the black caucus to back Obama's bid and asked some of Chicago's wealthy black business leaders to give money.

As for Obama's initial rocky start in the state Senate race of 1996, Jones said he was glad his friend remained in the race.

"If he had dropped out, we wouldn't be in this position today to do something great," he said.

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Obama's Path To Power Typical Of New Generation Of Black Political Leaders (AP)

By Sharon Cohen

AP, February 9, 2007

CHICAGO — Roger Wilkins was there at the dawn of the civil rights movement. He was there, fighting for the Voting Rights Act of 1965, marching in Washington with the Rev. Martin Luther King and so many other black heroes.

Barack Obama wasn't there. He was just a child in 1965.

But that's OK with Wilkins. In Obama and a new generation of black political leaders — a generation that never fought off Bull Connor's dogs, or desegregated lunch counters — Wilkins sees a promise fulfilled.

"They are what we wanted to happen," said Wilkins, a professor at George Mason University, as Obama prepared to launch his presidential campaign on Saturday.

"You're getting some of the real fruits of the civil rights movement. I don't view them as in opposition to us, but people born in 1961 see the world differently than people born in 1931 — and it should be that way."

Obama, 45, offers a portfolio — lawyer, educator, state lawmaker, U.S. senator — that reflects both a shifting landscape and a changing of the guard for black political leaders in America.

Decades ago, many black politicians shared similar roots: They studied at historically black colleges, became ministers, teachers and activists and made their names fighting racial injustice — braving death threats, police dogs and water hoses along the way.

These days, many black political leaders have similar resumes: They have Ivy League degrees and have worked as lawyers and legislators. They know their way around the towers of high finance and can raise money everywhere from Hollywood to Wall Street.

Their ranks include Cory Booker, mayor of Newark, N.J., a former Rhodes Scholar, Yale Law School graduate and Stanford football star; Deval Patrick, the new governor of Massachusetts who was the Justice Department's top civil rights official in the Clinton administration and counsel for Texaco and Coca-Cola; and Artur Davis, an Alabama congressman and Harvard law graduate, who like his former classmate, Obama, is eyeing higher office.

"What you're getting is black people who come into politics the way most of the white guys do — you're interested in public affairs, you go to law school, you do some local stuff, you run for office," Wilkins said.

Add to that "juniors" who've taken up the family business. They include Rep. Jesse Jackson Jr., the 41-year-old son of the civil rights activist and two-time presidential candidate, and Harold Ford Jr., who followed in his father's footsteps to the House. After losing a Senate race in Tennessee last year, Ford, 36, recently took the helm of the centrist Democratic Leadership Council.

Both men, incidentally, are products of St. Albans School, where Washington's mandarin families have been grooming their sons for leadership for decades. (Former Vice President Al Gore also is a graduate.)

PHOTOS: New generation of black political leaders

This younger generation is not without its own civil rights bona fides: Jackson Jr. — born while his father was in Alabama demonstrating for voting rights — spent his 21st birthday in jail after being arrested in an anti-apartheid protest. Obama was a community organizer registering minority voters in Chicago. Patrick worked for the NAACCP Legal Defense and Education Fund.

But when it comes to issues, younger black leaders don't always march lockstep with those who preceded them.

"They're less liberal than the earlier generation of black politicians," said David Bositis, an analyst at the Joint Center for Political and Economic Studies, a black think tank. "That doesn't mean they're conservative."

Bositis said the younger leaders tend to be more business friendly. Some, including Booker, also are more receptive to programs such as school vouchers. The idea is attractive to many black constituents disappointed by the failures of big-city public schools.

Ron Walters, a political scientist at the University of Maryland, doesn't see any great generational split on issues but does sense friction on who speaks for the black community.

"Is it going to be members of Congress or civil rights leaders?" he asks. "That tension is going to be there as long as there's a black leadership class."

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Perhaps the biggest difference for younger black politicians is in the growth of opportunity.

"For an African-American politician born in the 50s or the 40s, Congress was the highest aspirational level," said Davis, the 39-year-old Alabama congressman. "That was the most that you could be if everything went well in your career, or possibly the head of a Cabinet office like HUD."

Civil rights hero John Lewis, brutally beaten during the "Bloody Sunday" voting rights march in 1965 in Selma, found a home in Congress, where he has served Georgia for two decades. Andrew Young, a minister and lieutenant of the Rev. Martin Luther King, became mayor of Atlanta and ambassador to the United Nations.

Julian Bond, a civil rights activist, was a longtime Georgia legislator. With his telegenic looks and mellifluous voice, he seemed destined for higher office — he did lose a congressional bid — but he said he sensed there was a limit to his political ambitions.

"I had no expectation — none at all — I could aspire to the U.S. Senate," said Bond who teaches civil rights at American University and the University of Virginia.

Bositis, the think tank expert, said some young black politicians now feel they have the experience and skills to reach beyond Congress.

"In terms of House races, the situation is 'been there, done that,'" he said. "They want to win statewide office. They want to be governor, senator and eventually president. ... They think that the opportunity is there."

But few have made the leap.

Michael Steele, the first black statewide elected official in Maryland, lost his Senate bid last year. But the 48-year-old former Republican lieutenant governor said younger black politicians are not going to "wait in line" to seek office.

"We're going to step outside of our comfort zone and push the envelope," he said.

Obama, from Illinois, is the only black member of the Senate and just the third in modern history, following Carol Moseley Braun, also of Illinois, and Edward Brooke of Massachusetts.

Patrick of Massachusetts is the second elected black governor; L. Douglas Wilder served a term in Virginia in the 1990s.

But the number of black members of Congress has grown dramatically in recent decades, largely because of redistricting that followed the 1990 and 2000 censuses.

Before that, most black members of Congress represented overwhelmingly minority districts in the North; the South had just a handful of black lawmakers on Capitol Hill.

The Congressional Black Caucus has tripled in size since the 1970s — it has 43 members — and Davis, the Alabama congressman, said in nearly half those districts, the constituencies are less than 60% black.

"As a practical matter," he said, "to get re-elected, you have to develop an appeal broader than just your race."

Cory Booker, who won the top job in Newark last year, said that's just as true in his heavily minority city. Nearly 40 years ago when Kenneth Gibson became Newark's first black mayor, he said, the feeling among many blacks was: "Let's get somebody who looks like us."

That attitude has disappeared, he said. "The black-white American landscape is no longer. We're representing more diverse constituencies," said Booker, who learned Spanish so he could converse with many Newark residents.

Mayors face tight budgets, shrinking job bases and demands that make skin color irrelevant, he said. "Even my black constituents are now saying we're not electing you because you're black," Booker said, "we're electing you because we want very specific things."

Black mayors also are nothing new: Over the decades they have presided in cities including New York, Chicago, Los Angeles and Philadelphia.

But City Hall and the White House are worlds apart.

Ever since Obama started mulling a presidential campaign, pundits have raised the inevitable comparisons to the Rev. Jesse Jackson's bids for the White House in 1984 and 1988.

But there's a vast difference in the two candidacies beyond the generation that separates them.

Jackson had never held political office before his campaign. Obama has served as a lawmaker on the state and national level.

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As a civil rights activist, no one expected Jackson to be the Democratic nominee, Bositis said, but Obama "is not going to be running to make a statement. He is going to be running to win."

Can he?

Race alone won't harm Obama's chances, Bositis said. "I wouldn't say the playing field is even but it is even enough," he said, "and if he's the exceptional candidate that many people think he is, he could be elected."

Obama Ready To Throw Hat (CHIT)

By Rick Pearson, Ray Long

Chicago Tribune, February 10, 2007

SPRINGFIELD -- The last time Barack Obama delivered a formal address in Illinois' state capital, it was to mark the opening of the Abraham Lincoln Presidential Library and Museum where he hailed the 16th president as a man who "did not equivocate or duck or pass the challenge on to future generations."

Nearly two years after that address, and using the home of Lincoln's famed "House Divided" speech as a backdrop, Obama was expected Saturday to make formal his historic entry into the 2008 presidential campaign, presenting himself as a symbol for a new generation of leadership and politics.

The circumstances surrounding the announcement by the state's 45-year-old junior Democratic senator--launching a three-day wave of campaign events in Iowa and New Hampshire with a Chicago fundraiser in between--are heavily tinged in symbolism for the first black candidate with a realistic chance of obtaining the broad-based support necessary for securing a major party presidential nomination.

Most immediately, to counter complaints he lacks experience with only two years in the U.S. Senate, Obama planned to open his campaign not far from where he served for eight years in the Illinois General Assembly, where his tenure was notable for his comity and willingness to reach across the aisle.

But in a larger sense, Obama's formal announcement, scheduled for a chilly outdoor makeshift stage at the Old State Capitol on the weekend before Lincoln's birthday, was aimed at assimilating the greater imagery of Lincoln that looms over Springfield, of a man who sought to heal a nation at war with itself, its populace sharply divided.

"At a time when image all too often trumps substance, when our politics all too often feeds rather than bridges division, when the prospects of a poor youth rising out of poverty seem of no consequence to the powerful, and when we evoke our common God to condemn those who do not think as we do, rather than to seek God's mercy for our own lack of understanding--at such a time it is helpful to remember [Lincoln]," Obama said in helping to open the Lincoln museum in April 2005.

While the hype leading up to Obama's announcement has grown exponentially during the past two years, even he recognized in that speech that "Lincoln reminds us that our essential greatness is not the shadow of sophistication or popularity, or wealth or power or fleeting celebrity. It is the tree that stands in the face of our doubts and fears and bigotries, and insists we can do better."

But celebrity has been beneficial to Obama's political aspirations, an outgrowth of the national stage that beckoned following his keynote address at the 2004 Democratic National Convention. A recent CNN/WMUR poll of New Hampshire Democratic primary voters found 67 percent of them holding a favorable impression of him--slightly below the 74 percent favorable ratings held by better-known rivals, Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards of North Carolina.

With predictions that as many as 5,000 people would attend the Springfield announcement, along with 500 members of the media, Obama's entry into the race would represent a heady personal and political evolution for a man who just over two years earlier handled mundane constituent inquiries while pushing a largely liberal-inspired social agenda as a lowly state senator from Chicago's South Side.

Obama, whose lone political loss was in a 2000 congressional bid before winning the U.S. Senate seat four years later, addressed his aggressiveness in seeking higher political office in his recent book, "The Audacity of Hope." He said he had the flaw of "chronic restlessness," something that was endemic to Americans but "nowhere more evident than in the field of politics."

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Illinois Senate President Emil Jones (D-Chicago), who has played an acknowledged political mentoring role from Obama's days as a community organizer in Chicago's Roseland neighborhood and the Altgeld Gardens public housing project, said he felt "like a father would feel about his kids" over Obama's presidential aspirations.

"He's able to bring people together, and that's what's going to be very important--to bring people together for a common goal," Jones said. Noting the intangible quality of charisma that every candidate seeks to possess, Jones said, "Some people have it and some don't, you know? And he has it."

Some Republicans who served in the Illinois Senate with Obama credit him for his pragmatic and diligent work ethic, particularly under the confines of a GOP majority that worked to stifle Democratic-backed legislation during much of his tenure in the legislature.

"While Barack had principles, he was, importantly, practical and realistic," said state Sen. Kirk Dillard (R-Hinsdale), who also is the GOP chairman of DuPage County, long the home of one of the state's highest Republican vote totals.

"Many of the same qualities that make Sen. Obama a national superstar--intelligence, charm and an ability to get along with all types of factions--were put to the test in Springfield in his early years," Dillard said. "Barack had tremendous respect from Republicans as well as Democrats, and for those of us who were lucky enough to work with him before he became a national celebrity, none of how America's media has characterized him surprises us."

Obama scored successes on key, and controversial, pieces of legislation, taking on such issues as requiring reform of the state's problem-fraught death penalty system, tracking and combating racial profiling by law enforcement, imposing tougher governmental ethics rules and mandating the videotaping of criminal confessions.

Though Obama has sought to downplay the role of race in a presidential candidacy, his decision to announce his intentions in Springfield represented an attempt to capture some of the state capital's history beyond its obvious connections to Lincoln and the racial strife associated with the Civil War.

The nation's reaction to the city's race riots of 1908, in which two blacks were lynched and scores of others were injured or fled Lincoln's hometown, led to the founding of the National Association for the Advancement of Colored People. The city's housing stock remains largely segregated and racial problems persist.

"In my mind, this is the culmination of a lot of young people's dreams, seeing a man of color stepping forward to run for president who actually has a realistic chance of winning," said Springfield Ald. Frank McNeil, an African-American. "Just like Lincoln, he's saying there is a brighter future out there if we can all come together."

In using the Old State Capitol to embark on his race for the Democratic nomination, Obama would seek a link to its history as the site of the state Republican convention of 1858, where Lincoln warned that the issue of slavery that wracked the national conscience threatened the country's future.

A century and a half after Lincoln noted that "a house divided against itself cannot stand," Obama finds himself attempting to lead a country torn by the moral and political conundrum of war.

Harold Holzer, a nationally renowned Lincoln scholar and a co-chairman of the federal panel charged with commemorating the bicentennial of Lincoln's 1809 birth, said he did not believe it a daunting risk for Obama to try to appropriate from one of the nation's greatest presidents. Instead, Holzer said he believed an Obama candidacy, as well as those of Clinton and New Mexico Gov. Bill Richardson, represent a "manifestation of what Lincoln called 'unfinished work.'"

"Lincoln's design for a better society is manifesting itself with a Latino, a woman and a person of color running for the presidency of the United States," Holzer said. "It sends the message, 'We've come a long way, baby.'"

Obama To Announce 2008 Plans In Illinois (AP)

AP, February 9, 2007

SPRINGFIELD, Ill. (AP) - Democratic Sen. Barack Obama plans to stand outside Illinois' Old State Capitol on Saturday, a building indelibly linked to Abraham Lincoln, and tell the world about his 2008 presidential plans.

In a video preview announcement on his presidential exploratory committee's Web site, Obama said he's humbled by the enormity of the task ahead and urged supporters to get involved. "Tomorrow, we begin a great journey. A journey to take our country back and fundamentally change the nature of our politics," Obama said.

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For Obama, it will be the start of a long weekend of rallies and events that will take him from Springfield to Iowa and then on to Chicago before he wraps up Monday in New Hampshire.

Obama will be able to evoke a long list of positive images during his speech. He could remind people that Lincoln served as a legislator there. He could note Lincoln's role in ending slavery and ultimately making it possible for a black politician to run for president.

Obama might mention his own eight years as a state senator in Springfield, or talk about the city's Main Street values and common sense.

But don't expect him to mention some other pieces of the city's heritage: a race riot, government corruption, even a brush with cannibalism.

Still, Obama's decision to make his presidential announcement in Illinois' capital city - instead of another location like Chicago, where he lives, or in Washington - earned him accolades Friday.

It also continued to feed the comparisons between Obama and Lincoln, the nation's 16th president. Lincoln served eight years in the Illinois legislature and two years in Congress. Obama served eight years in the state Senate and now has spent two years in the U.S. Senate.

"There is a terrific Lincoln aura around that site and the city," said local historian and author Taylor Pensoneau. "By picking Springfield as opposed to Chicago, it goes along with the attempt to push this almost fairy tale aspect of the whole Obama political explosion."

Even some of Springfield's biggest fans admit that Americans know little about the city beyond its Lincoln connections. If they have any impression, it's probably of a pleasant, nondescript midwestern city.

"It's Every Place," said Curtis Mann, manager of the local library's Sangamon Valley Collection.

Still, Springfield has had dark moments, including its share of Illinois' famously corrupt politics.

When one state official died, a shoebox was found among the personal items in his Springfield hotel room - inside was $800,000 in cash. A state auditor embezzled at least $2.5 million. The last Illinois governor was convicted on a variety of corruption charges in 2006.

Springfield also has struggled with race.

Its police department is embroiled in a discrimination lawsuit right now. City government was overhauled in the 1980s because of a voting rights case.

Most famously, though, it was the scene of lynchings and rioting in 1908 that helped inspire the creation of the National Association for the Advancement of Colored People.

A black barber was shot and hanged from a tree, where his body was riddled with more bullets. An 84-year-old shoemaker had his throat slashed and, still alive, was hanged. Black-owned homes and businesses were burned. The Illinois National Guard had to restore order.

"The outrage was tremendous," Mann said. National activists concerned about this and other incidents met in New York and ultimately formed the NAACP.

Obama may want to avoid thinking about another historic quest that began in Springfield, a westward expedition known as the Donner Party. Their wagon train became trapped in California's Sierra Nevada mountains.

Nearly half the party died, and some of the rest survived only through cannibalism.

Obama To Announce Run For Presidency (FT)

By Caroline Daniel

Financial Times, February 10, 2007

Barack Obama, the fresh face of the Democratic party, will formally announce his candidacy for the 2008 presidential nomination in Springfield, Illinois on Saturday.

Mr Obama's recruits there will pale in comparison with his virtual support group of devotees who have signed up to his cause on Facebook, the social networking site that has spread like wildfire among college-going youth since 2003.

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In the three weeks since Mr Obama created his exploratory presidential committee on January 16, a spontaneous online community group on Facebook "Barack Obama (One Million Strong for Barack)" has enlisted 244,225 members.

That makes it not only the fastest-growing Facebook group but also perhaps the most instantaneous creation of a political community of supporters for any presidential candidate.

Farouk Olu Aregbe, 26, a graduate of Missouri Western State University who created the group, said: "Quite frankly I have been surprised at how fast it has been. It has now become a hub." He aims to reach 1m by April 21.

The success of this spontaneous, viral, effort – which comes alongside another Facebook group, "Barack Obama for President in 2008", with 60,000 members – has sparked comparisons with Howard Dean's 2004 pioneering, internet-driven campaign of 2004.

At the heart of it was Meetup.com, an internet tool for community events. Yet it took Mr Dean 11 months for his group on Meetup to attract 140,000 members rather than three weeks to recruit 250,000.

Jerome Armstrong, an architect of Mr Dean's campaign, sees networking sites such as Facebook, the seventh most trafficked site in the US, as an untapped resource. "It wasn't around in the last presidential cycle...I've seen websites to get in touch with youth, but this is about spontaneous organising amongst themselves instead of relying on a campaign to reach out to them," he said.

Yet he still sees similarities between the Dean and Obama campaigns. In January 2003, Mr Dean e-mailed a group of 140 people from Meetup. "By sending them an e-mail, he validated it and encouraged the effort to happen. Obama just did a similar thing," he said, referring to how Mr Obama addressed 3,500 students at George Mason University at an event last week organised via the Obama for President group on Facebook.

Mr Obama told the student crowd that grassroots activism could help him reshape the political environment. But challenges remain in translating online enthusiasm into wider action. Online networking groups are prone to fads. There are also doubts about how helpful they might prove to a campaign since members' contact details are often not volunteered by participants.

Mr Armstrong said: "The barrier to entry is pretty low. You get online and within two clicks you have joined. It takes five seconds. The question is how to mobilise them beyond the two clicks thing." Even so, he said: "It can translate into something. Youth voted in the last two elections in higher percentages."

Other Democratic candidates have borrowed ideas from Mr Dean. John Edwards has sought to be the voice of the netroots, the progressive activists who organise through blogs. He announced his plans for 2008 with a video on YouTube.

Hillary Clinton is using slick webcasts to announce her campaign and the internet for fundraising. Peter Daou, her internet director, says 100,000 people signed up at the site in the first 48 hours. "We want to target certain nodes where information moves around, bloggers who are opinion leaders on certain issues. You will see more webcasts and see us working more with social networking sites."

Republican candidates have been slower to embrace the net. Rudy Giuliani's official website does not always work, offers a few press releases and no video.

While the online world matters, it still cannot compensate for personality. Mr Aregbe says he might drive four hours to watch Mr Obama make his announcement speech today.

Obama To Launch White House Bid (BBC)

By James Coomarasamy

BBC.com, February 10, 2007

Democratic Senator Barack Obama is set to officially launch his presidential campaign with a speech in Springfield, Illinois.

The 45-year-old is widely considered to be the first African-American candidate with a realistic chance of winning the presidency.

It is just two-and-a-half years since Mr Obama burst on to the national scene.

He delivered a stirring keynote speech at the Democratic party convention.

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His declaration that there was no white or black America, but a United States of America helped the son of a Kenyan father and a white Kansas mother win a seat in the US Senate that year.

And as it has turned out, it set him on a fast track to a run at the White House.

State senator

With his youth and mixed race background, Barack Obama promises a new type of politics.

He has pointedly chosen to launch his campaign on the very spot where Abraham Lincoln once denounced the divisions in America caused by slavery.

Unlike previous black presidential candidates, Mr Obama was not part of the civil rights movement, which makes some African-Americans wary of him.

His was an unconventional upbringing in Hawaii and Indonesia before he went to study law at Harvard and became the first black president of the prestigious Harvard Law Review.

Later on, after community work in Chicago, he entered Illinois state politics, serving in the senate there for several years.

Yet, with relatively little national experience and formidable opponents, not least Hillary Clinton, many question whether he can really secure the Democratic nomination, whether he has the depth of policy to match his undoubted charisma and ambition.

Mr Obama has tried to answer critics in recent weeks, introducing a bill that calls for the phased redeployment of US troops from Iraq.

But his speech here in Illinois will be closely watched for both its policies and its passion.

Undoing Obama: Inside The Coming Effort To Dismantle A Candidate (POL)

By Mike Allen

The Politico, February 9, 2007

Barack Obama's free ride is ending.

The charismatic Illinois senator has enjoyed a lifetime of hagiography, starting with an 800-word story in The New York Times the day after his election as the first black president of the Harvard Law Review.

Now, Obama's about to endure a going-over that would make a proctologist blush. Why has he sometimes said his first name is Arabic, and other times Swahili? Why did he make up names in his first book, as the introduction acknowledges? Why did he say two years ago that he would "absolutely" serve out his Senate term, which ends in 2011, and that the idea of him running for president this cycle was "silly" and hype "that's been a little overblown"?

In interviews, strategists in both parties pointed to four big vulnerabilities: Obama's inexperience, the thinness of his policy record, his frank liberalism in a time when the party needs centrist voters and the wealth of targets that are provided by the personal recollections in his first book, from past drug use to conversations that cannot be documented.

Beginning with his announcement for president on Saturday, the long knives will be out for Obama from three directions: Reporters, perpetuating the boom and bust cycle of a ravenous media culture, will try to make up for fawning coverage of the past. Democratic rivals want to get him out of the way. And some top Republicans think the party would have a better chance with Sen. Hillary Rodham Clinton, D-N.Y., as the nominee, since she is a known quantity while Obama can try to define himself as anything he wants.

Officials at the top of both parties calculate that Obama has risen too fast to sustain his popularity in the cauldron of a presidential campaign. Democrats talk of "vapid platitudes" that could produce a "soufflé effect" – an implosion as journalists and activists begin probing for substance behind Obama's appealing promise of "a different kind of politics" and "a new kind of politics."

"With a couple of pinpricks here and there, the whole thing could fall apart," said a Democratic strategist familiar with the plans of Obama's rival campaigns.

Says another top Democrat: "Once the shooting war starts, he's not going to be able to get away with these grand pronouncements."

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Obama's friend Donna Brazile, who has known him since 2002 because of their work together on children's issues, is staying neutral in the Democratic contest but says he's ready for the onslaught, contending that his press has already become more mixed. "He's laying a foundation and a framework," she said. "People are responding to his message and are tuning out all the polarization."

Even his name offers fodder for the critics. When he was growing up, his family, friends and teachers called him "Barry." Then as a young man, he started insisting on "Barack," explaining in a memoir published in 1995 that his grandfather was a Muslim and that it means "blessed" in Arabic. His dad, who was Kenyan, had gone by "Barry" -- probably trying to fit in when he came to the States, his son figured. On the campaign trail during his 2004 Senate race, Obama told reporters that "Barack" was Swahili for "blessed by God."

Whatever its origins, the exotic, multicultural name – so open to interpretation that some Irish folks he ran into assumed "O'Bama" must be one of theirs – is just one of the tools Obama has used to create a captivating narrative about himself as a post-partisan messiah for a nation weary of Potomac combat. The idea of Obama has created dizzying expectations for a senator who draws the largest spontaneous crowds of any American public figure since Colin Powell went on book tour. A cartoon doctor in The New Yorker even diagnoses a patient with "Obamania."

Obama was the crowd favorite at the Democratic National Committee meeting in Washington last weekend, offering remarks so lofty that most of them could have come from either party. "Our rivals won't be one another," Obama said as part of the parade of presidential hopefuls who spoke to the crowd. "And I would assert it won't even be the other party. It's going to be cynicism that we're fighting against."

But that is surely wishful thinking, because his rivals are getting ready to dig into him at public debates and forums, beginning with a labor-sponsored session in Carson City, Nev., on Feb. 21. Obama has said he'll leave Nevada three days before the event.

Obama, whose two massive books (both New York Times bestsellers) make it clear he is wise beyond his 45 years, knows what's coming. He writes presciently in the one published last year, "The Audacity of Hope: Thoughts on Reclaiming the American Dream": "Precisely because I've watched the press cast me in a light that can be hard to live up to, I am mindful of how rapidly that process can work in reverse." He recalls President Bush warning him privately during their first meeting in the White House: "When you get a lot of attention like you've been getting, people start gunnin' for ya."

Here's a capsulized look at the opponents' plans for undoing Obama:

1. Inexperience

It was only about two years ago, during a meeting with reporters at his Illinois campaign headquarters after his election to the U.S. Senate, that he ridiculed as "a silly question" whether he would run for president or vice president before his term ends in 2011. "I've never worked in Washington," he said. "I can unequivocally say I will not be running for national office in four years, and my entire focus is making sure that I'm the best possible senator on behalf of the people of Illinois."

As he told NBC's Tim Russert on "Meet the Press" after his election in 2004, "I don't know where the restrooms are in the Senate." Then last October, on the same show, he backed away from the pledge, saying it reflected his "thinking at the time" but that he had not thought about the idea "with the seriousness and depth that I think it required."

Asked on ABC's "Good Morning America" last month if his lack of foreign policy experience would hurt him in his White House bid, Obama replied: "My experience in foreign policy is probably more diverse than most others in the field. I mean, I'm somebody who has actually lived overseas, somebody who has studied overseas. You know, I majored in international relations."

Jim Wallis, the progressive theologian who founded Sojourners/Call to Renewal, says the senator has "a different kind of experience" than a typical candidate and said he has listened to Obama talk knowledgably and passionately about youth, the arts, politics, religion and business in small-group settings since he was an Illinois state senator and few people knew who he was. "There's an intellectual depth and personal depth and moral depth," Wallis said. "He's didn't say, 'Let me try these ideas.' He's been talking about them since he was the least famous person in the room."

2. Anemic Policy Record

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At the DNC meeting, Obama surprised some in the audience by seeming to scoff at the intricacy of public policy. “There are those who don't believe in talking about hope," he said. “They say, well, we want specifics, we want details, we want white papers, we want plans. We've had a lot of plans, Democrats. What we've had is a shortage of hope."

A former Democratic official in close touch with several of the campaigns said: "Downplaying the importance of specific plans and ideas seems like a really strange strategy from somebody who is clearly very smart, policy-wise, but hasn't established that with the broader public yet."

Aides to Obama say that his weekend’s three-day announcement tour in Illinois, Iowa and New Hampshire – including town-hall meetings, rallies and a house party – will focus on the broad, uplifting themes that were a hit at the DNC meeting.

He has said the nation must have “the will to pass health care for all by the end of the first term of the very next president of the United States,” and that is likely to be among his early proposals. “Audacity of Hope,” named for a sermon Obama heard back when he owned only one suit, sketches a possible health care overhaul designed to save money through lower administrative and malpractice costs so that a subsidy could be offered to low-income families. Immediate coverage would be mandated for uninsured children. The senator has also talked about an energy plan to “wean ourselves off Middle Eastern oil,” which could be an early proposal.

3. Liberalism

The senator is unabashedly more liberal than the centrist path charted by President Bill Clinton. Back in 1996, a Cleveland Plain Dealer reporter wrote that Obama – then the Democratic nominee from his state Senate district – sighed when asked about the fall election. “Bill Clinton?” Obama was quoted as asking. “Well, his campaign's fascinating to a student of politics. It's disturbing to someone who cares about certain issues. But politically, it seems to be working."

“Audacity of Hope” advocates civil unions for gay people (a position held by most national democratics), declaring tartly that Obama is not “willing to accept a reading of the Bible that considers an obscure line in Romans to be more defining of Christianity than the Sermon on the Mount.” He says he doesn’t “believe we strengthen the family by bullying or coercing people into the relationships we think are best for them – or by punishing those who fail to meet our standards of sexual propriety.”

He writes that Bill Clinton and conservatives turned out to be “right about welfare as it was previously structured.” He adds, “But we also need to admit that work alone does not ensure that people can rise out of poverty.”

4. Disclosures in His Books

A little-noticed disclaimer at the front of his 442-page memoir of his youth, “Dreams from My Father: A Story of Race and Inheritance,” says: “For the sake of compression, some of the characters that appear are composites of people that I’ve known, and some events appear out of precise chronology. With the exception of my family and a handful of public figures, the names of most characters have been changed for the sake of their privacy.”

The disclosure calls into question the pages and pages of years-old dialogue that Obama recalled when he was writing the book, a frank and searching account of his effort to come to terms with issues of race in America, at age 33. Lynn Sweet, the dogged Washington reporter for the Chicago Sun-Times, spotted the disclaimer in 2004 and wrote one of the few critical stories every printed about Obama. “I say in the book it is my remembrances of what happened,” he told her in an interview. “I don’t set it out as reportage … read the book for what it is worth.”

It is immensely valuable as a Rosetta stone to a man who wants to lead the free world and who wrote rawly about his shame when he had referred to a Beaver Cleaver-like, argyle-sweater-wearing black friend as an Uncle Tom in order to try to ingratiate himself to more radical friends. But Obama, who would start his career in politics as a community organizer in Chicago, wrote that he also found solace in the autobiography of Malcolm X, with his “unadorned insistence on respect.”

The book also contains the admission about his youth: “Pot had helped, and booze; maybe a little blow when you could afford it.” He also uses a slang term to refer to casual sex, and quotes a vulgar term from a bull session about Malcolm X. His campaign says voters will appreciate the honesty and support him. The challenge for Obama will be to survive long enough for voters to have that chance.

Hillary: I Didn't Vote For War (NHUL)

By John DiStaso

DOJ_NMG_0130940

New Hampshire Union Leader, February 10, 2007

MANCHESTER – New York Sen. Hillary Clinton said yesterday her 2002 vote for a resolution authorizing the invasion of Iraq was "not a vote for a pre-emptive war," but instead a show of support for further United Nations weapons inspections.

The Democratic Presidential front-runner, who has been criticized by hard-line anti-war groups for not apologizing for the vote, emphasized that distinction in a telephone interview from Washington.

While fellow candidate John Edwards, a former senator, has apologized for his vote on the October 2002 resolution, Clinton again did not.

"I will let others speak for themselves," she said. "I have taken responsibility for that vote. It was based on the best assessment that I could make at the time, and it was clearly intended to demonstrate support for going to the United Nations to put inspectors into Iraq."

She said that when she explained her vote four years ago, "I said that it was not a vote for pre-emptive war."

A Clinton campaign spokesman later noted that on the Senate floor on Oct. 10, 2002, Clinton stated that her vote for the resolution "is not, however, a vote for any new doctrine of pre-emption, or for unilateralism, or for the arrogance of American power or purpose -- all of which carry grave dangers for our nation, for the rule of international law and for the peace and security of people the throughout the world."

In the interview, the former first lady said the Bush administration forced an end to the final round of weapons inspections and invaded prematurely. The administration is responsible for the current status of the war, she said, and for being "grossly misinformed" or for having "twisted the intelligence to satisfy a preconceived version of the facts" before the invasion.

"Either interpretation casts grave doubt on their judgment," she said. "If they were so intent on pursuing military action, a pre-emptive action, which I said at the time I opposed, against Saddam Hussein, then why on earth were they not better prepared and more competent in its execution?"

Clinton said Bush and his administration "have performed a great disservice to our men and women in uniform, to our country, to our vital national security interests in the region and to the ongoing struggle against Islamic extremists."

Clinton spoke with the New Hampshire Union Leader on the eve of her first campaign visit to the first-in-the-nation primary state. She is scheduled to talk to voters today in Berlin and Concord and tomorrow in Manchester, Nashua and Keene. She last visited the state in 1996.

Also yesterday, Clinton said she would campaign in New Hampshire even if the primary date set by Secretary of State William Gardner under a state law does not comply with the Jan. 22, 2008, date written into a new party rule by Democratic National Committee (see related story).

Clinton said she has proposed capping the U.S. military force in Iraq at the Jan. 1 level and has "voted for more than a year and a half to begin redeploying our troops out of Iraq."

She does not "at this time" support a cut in funding for American troops in Iraq. She backs instead a cut in funding for Iraqi troops.

"We have got to get their attention," she said of the Iraqi leadership. She said they "do not fulfill their promises" and make "worthless" assurances.

She predicted that if Congress were to approve a funding cut, Bush would veto it.

"I hate to say that," she said, "but I think that shows the level of stubbornness and rigidity that we are confronting with this President."

And what may have been veiled criticism of at least some of her Democratic opponents, Clinton said, "This is a very difficult situation we find ourselves in, and anyone who thinks there are easy answers or flip rhetoric that can be used is not fully appreciating the challenge that those of us confront who are trying to set up circumstances that will persuade the President to do what we all expect and want him to do."

Clinton did not say how she would have voted on New Hampshire Republican Sen. Judd Gregg's proposed nonbinding Senate resolution simply opposing any cuts in troop funding. She said she backed a resolution by Republican Sen. John Warner and Democratic Sen. Carl Levin to oppose the Bush troop "surge" while also opposing a funding cut.

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Bush, she said, "has proven impervious to the election results, so we are trying to get the political support we need in the Congress" to pass a strong anti-escalation statement in a nonbinding resolution.

She said the breakdown of efforts in the Senate this week to pass the Warner-Levin resolution was the result of "a Republican strategic decision to try to divert attention from doing that very straightforward task of sending a clear message to the White House."

She supported even stronger measures, saying, "The President should have to get a new congressional authorization if he is going to move down this path."

Clinton said that after the United Nations Security Council supported sending inspectors into Iraq in November 2002, "Saddam Hussein was contained and there was no reason not to let the inspectors finish their job to find answers to the questions many people had."

She said Congress' authorization a month earlier "did not necessarily require the President to short-circuit the process to launch the invasion," adding, "The abrupt conclusion of the inspection process, I think, was a mistake."

She said an earlier Bush mistake came when he "diverted attention from Afghanistan and the war against al-Qaida and the opportunity to build a strong international alliance against extremism and terrorism" and focused on Saddam.

She said had she been President, "I think I would never had asked for" authority to invade Iraq because she would not have begun the war.

Elaborating, she said: "But once a President asks for such authority, you either vote to give it to him or vote to withhold it from him. If you look at the options that were available, giving the President authority to make it very clear to the security council, to Iraq and to the world that we were serious about forcing Saddam Hussein to comply with his obligations under various United Nations' resolutions and the agreement he entered into at the end of the first Gulf War was a reasonable policy.

"What was not reasonable was manipulating the intelligence, which we now know occurred, and refusing to allow the inspectors under the edict of the United Nations to do their work."

The Washington Post reported yesterday that a Pentagon inspector general had found that intelligence provided by a former undersecretary of defense to buttress the White House case for the invasion included "reporting of dubious quality or reliability" that supported the political views of senior administration officials.

"This unfortunately confirms what we've been discovering in the last three years," Clinton said, "that the administration never intended to let the inspectors complete their work despite assurances to the contrary and that they gilded the lily on the intelligence they had."

Clinton said, "If we had known then what we know now about both the allegations concerning Saddam's intentions and capacity and about our own government's intentions, we would never have had a vote, and if there had been a vote, I certainly would never have voted to give the President authority," she said.

Clinton To Compete In NH Primary, "Whenever It's Held" (NHUL)

By John DiStaso

New Hampshire Union Leader, February 10, 2007

Sen. Hillary Clinton said yesterday she will ignore her own national party's rules and campaign in New Hampshire even if the first-in-the-nation primary is set for a date that does not comply the party's predetermined calendar.

"I am going to compete in the New Hampshire primary whenever it's held," she said. "I'm excited about it. I want to be part of it. I want to do it the New Hampshire way."

The Democratic Presidential front-runner spoke to the New Hampshire Union Leader yesterday in a telephone interview from Washington on the eve of her first campaign visit to New Hampshire. Today, she is scheduled to hold town hall meetings with hundreds of prospective voters in Berlin and Concord. Her schedule for tomorrow includes house parties in Manchester and Nashua and a town hall meeting in Keene.

Clinton is sure to draw hordes of media from throughout the nation and overseas, just as Illinois Sen. Barack Obama did when he campaigned here in December.

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Obama today is scheduled to formally announce his candidacy in Springfield, Ill., and to visit New Hampshire on Monday. Clinton has set up a Presidential exploratory committee and has said "I'm in" the Presidential race. But she has not yet made a formal announcement.

New Hampshire Democrats battled with the Democratic National Committee last year as it pushed through a new rule to hold a caucus in Nevada five days after the leadoff Iowa caucuses and three days before the New Hampshire primary.

The DNC has a new rule effectively cautioning candidates they will lose delegates earned in any state that does not comply with its preset schedule. But New Hampshire's secretary of state has sole authority to set the primary date in accordance with state law, and he has made it clear he will not be swayed by any political party rule. He has indicated that because of the insertion of Nevada's caucus between the Iowa and New Hampshire events, he may set the primary date earlier than the Jan. 22, 2008, date set out by the DNC.

If he does that -- and he won't set a date until the fall of this year -- the DNC apparently expects its candidates to abruptly pack up and leave New Hampshire.

Clinton won't do that. "Whatever New Hampshire decides, I'll be there," she said.

Last summer, former President Bill Clinton said the DNC made the wrong decision and should "leave New Hampshire alone." He said the former first lady "has exactly the same feeling I do."

But Hillary Clinton would not say yesterday whether she agreed with the DNC's decision, which was based on an effort to give a strong early voice in the nominating process to a racially diverse state in the West.

"I'm not going to comment on that," she said. "I don't have any control over that. I'm just going to run the best campaign I can everywhere I have to run it."

Clinton has accepted an invitation to a Presidential forum in Nevada later this month, but she did not commit to appearing at an early April debate in New Hampshire co-sponsored by CNN, WMUR and the New Hampshire Union Leader. She said her schedule has not been set "that far in advance."

"This has started way too soon," she said. "I think it would be better for everybody to get a chance to take a deep breath, to get their feet on the ground.

"Most people aren't paying much attention to what's going on now," Clinton said. "I understand there is a lot of momentum to getting everybody out there and making this process speed up. But I think we should let the people catch up to the process, and we should let candidates get their sea legs."

Clinton was expected to fly directly to Berlin early this morning and then, after a town meeting at the city hall, fly to Concord for a town hall at the high school.

She also has private meetings planned with officials and activists. Tomorrow, she is scheduled attend house parties in Manchester and Nashua before hosting another town hall, at Keene High School.

Hillary Clinton Plans Visit To S.C. (AP)

AP, February 9, 2007

NEW YORK (AP) -- U.S. Sen. Hillary Rodham Clinton will make her first South Carolina presidential campaign stop on Feb. 19, state Democratic Party Chairman Joe Erwin said Friday. "We don't have any of the specific places yet," Erwin said.

Clinton's campaign did not answer its media line Friday evening and did not respond to a message left Thursday about scheduled trips for the New York senator.

Anticipation about visits from Clinton and Sen. Barack Obama of Illinois has taken attention away from other Democrats in this first-in-the-South primary state, including favorite son John Edwards, the former North Carolina senator who won the 2004 South Carolina primary.

News of Clinton's visit comes as Obama's plans to come to South Carolina became public. Obama will make stops in Columbia and Orangeburg Feb. 16 and 17, said Anton Gunn, Obama's new state political director.

Their arrival on the political scene creates problems for other candidates.

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U.S. Sen. Chris Dodd, D-Conn., will be in Columbia on Feb. 17 talking to Richland County Democrats before heading off to the state's rural eastern counties to campaign. But it's a safe bet much more attention will be paid to Obama speaking in Orangeburg, where 62 percent of the registered voters are black.

And it would be little surprise if Clinton draws more attention than Republican presidential candidate and Arizona Sen. John McCain, who will also be in the state Feb. 19 campaigning on Hilton Head Island.

For Lawyers, No Clear Favorite (WP)

By Matthew Mosk

The Washington Post, February 10, 2007

In the last presidential election, John Edwards had the powerful support and deep pockets of the nation's trial lawyers behind him. But when the lawyers gather for their winter conference today in Miami Beach, it will be Sen. Joseph R. Biden Jr. (D-Del.) delivering the meeting's keynote speech.

Edwards, a trial lawyer who became a senator and now a presidential candidate, will be there, too. But the North Carolina Democrat no longer has a lock on the backing of the lawyers. This time around he will be battling it out with others in the Democratic field, who are seen as sympathetic to plaintiffs and their attorneys.

"John is certainly respected by every trial lawyer in the country," said Joseph W. Cotchett, a lawyer from the San Francisco area who helped raise more than $33,000 for Edwards in the 2004 cycle. "Many people though are looking at the bigger picture here."

Thomas V. Girardi, a Los Angeles personal injury lawyer who helped raise more than $230,000 for Edwards as finance co-chairman of his 2004 bid, agreed. Girardi hosted a luncheon last month for Biden and said he intends to do the same for Edwards and for Sen. Hillary Rodham Clinton (D-N.Y.).

In the last election, Girardi said, "Senator Edwards was a much better candidate for the issues we care deeply about." Now, Edwards, Biden, Sen. Barack Obama (D-Ill.) and Clinton "all are very positive in terms of the philosophical view," he said. "So you have a different situation with respect to our support."

Edwards continues to work hard to win over trial lawyers. "He's getting good support from them," campaign spokeswoman Jennifer Palmieri said. "I wouldn't read too much into the leanings of any one person."

Winning the backing of trial lawyers is a significant coup for Democratic candidates. The 55,000-member American Association for Justice, which advocates for trial lawyers, ranks fifth on a list of the nation's 100 largest donors since 1989, according to the Center for Responsive Politics. The group's members gave more than $27 million to political candidates during that period, with 90 percent going to Democrats.

Fred Baron, a Dallas-based trial lawyer who leads Edwards's fundraising efforts, as he did in the last campaign, said this year may be different, but support from the legal community has not softened.

"When we started four years ago, we really did rely very heavily on trial lawyers," Baron said. Now Edwards "has a much broader base of support than that one community."

Other Democratic candidates have worked hard to win support from trial lawyers. Obama has recruited Julianna Smoot, who served previously as Edwards's finance director and on the staff of the lawyers association. Biden's finance director, Chris Koerner, has also worked for the group.

Edwards was a principal beneficiary of the group's giving in the 2004 campaign. Lawyers' contributions accounted for almost two-thirds of the money he raised during the first quarter of 2003, when he surprised pundits and rivals by outraising the rest of the field. By the end of the campaign, more than $10 million had flowed to Edwards from lawyers, many of whom were plaintiffs' attorneys.

They were giving to one of their own. In the mid-1980s, Edwards developed a reputation as a skilled attorney who won significant damage awards for his clients. A North Carolina legal journal calculated that, in the two decades before he joined the Senate, Edwards won $152 million in 63 lawsuits.

His legal career made him a target for Republicans, especially when he became Sen. John F. Kerry's running mate in the 2004 presidential campaign.

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This time around, Edwards's aides say, he is expanding his base of support, also focusing on unions, antiwar activists and others. Baron said Edwards has seen an increase in donations from Wall Street, Hollywood and Silicon Valley.

"Money is coming from all areas," Baron said.

But the quest for lawyers' money has continued. Four years ago, Baron shuttled Edwards around the country on his private jet to introduce him to other lawyers. Now, Baron is working to reinforce Edwards's standing with some of his backers from the last campaign.

One of those is Greg Allen, who said he was won over by Edwards four years ago. Contributions to Edwards by members of Allen's Alabama law firm totaled more than $50,000 in the last cycle, and Allen remains an avid supporter.

"I like him and I trust him," he said.

But others, such as Todd Smith, a Chicago trial lawyer, say they are looking around. Smith's firm raised more than $12,000 for Edwards and donated $50,000 to his leadership committee in 2004. But Smith said he simply cannot ignore the work Biden has done on the Senate Judiciary Committee to fight proposals that aimed to shield health-care providers and other businesses from legal liability.

"Because of that long-standing, clear, unwavering approach, he's deserving of support," Smith said.

John Cooney, another Chicago lawyer whose firm directed more than $50,000 to Edwards's PAC, said none of the candidates "has demonstrated more loyalty to my clients" than Biden.

"In some years, there is one candidate who draws everyone's attention," Cooney said. "This year, there seems to be a plethora of very good candidates."

Former Iowa Governor Sees Organization Surpassing Rivals (AP)

By Mike Glover

AP, February 9, 2007

DES MOINES, Iowa - Former Gov. Tom Vilsack, trailing in most polls for the Democratic presidential nomination and even in his home state, said Friday his grassroots organization surpasses his rivals and will give him an edge in Iowa's leadoff caucuses.

"This is a marathon," Vilsack said in a conference call with reporters. "In essence you have to peak at the right time."

Vilsack said he's collected the backing of more than 1,100 key activists from throughout the state, and that it's such organizing that pays off come caucus time.

"As of today, we are the only campaign in Iowa that has field offices operating," said Vilsack, listing offices in Des Moines, Ames, Cedar Rapids, Davenport, Waterloo, Sioux City and Council Bluffs.

"They are fully staffed and fully operational," said Vilsack.

Jerry Crawford, a Des Moines lawyer and veteran Democratic activist, joined Vilsack's conference call. Crawford said he has supported the last five candidates who have won the Democratic nomination and that he's learned to ignore early polling in Iowa.

"The fact is that early momentum in the Iowa caucuses is fool's gold," said Crawford, noting that Howard Dean dominated polling and media attention leading up to the last caucus, only to fall flat on caucus night.

Crawford said Vilsack is focusing less on attracting attention and more on signing up real backers.

"It means going out and doing the heavy lifting of building up your organization and signing up supporters one at a time," said Crawford.

Vilsack's conference call came less than two weeks after New York Sen. Hillary Rodham Clinton drew large crowds on her first visit to Iowa since announcing she'd run for president. And this weekend, Illinois Sen. Barack Obama will hold several events in Iowa after announcing his presidential plans in Springfield, Ill.

Clinton and Obama have far more money at their disposal and garner much more media attention than Vilsack. But Vilsack reiterated that his organizing will pay off, saying his backers come from all of Iowa's 50 state Senate districts and 94 of the 100 House districts.

"He's dramatically ahead organizationally, which is all I think that matters," said Crawford.

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Congress Must Act On Iraq (WP)

By Tom Vilsack

The Washington Post, February 10, 2007

Think of the last time you were in a public place with 1,000 people -- a sports event, a Fourth of July parade, a concert.

Now imagine all 1,000 of those people dead.

If the number of American military deaths in Iraq in recent years is any guide, that's how many Americans will die in that country in the next year if Congress doesn't act immediately to take our troops out of harm's way in Iraq's civil war.

Now imagine the 5,000 more Americans likely to be wounded and maimed if Congress doesn't fulfill its duty to get our young men and women out of Iraq's war zone.

In each of the past three years, more than 820 American soldiers have been killed in the war. Given the increased violence this year, America is on pace to lose more than 1,000 soldiers in Iraq. Over 23,000 American soldiers have been wounded since the war began, nearly 6,000 each year. It is time for us to clearly say that our troops must be brought home now.

Military commanders in Iraq, the Iraq Study Group and the American people have all said the status quo is wrong. Further, the president's closest intelligence and military advisers state in the latest National Intelligence Estimate that Iraq is in the throes of a civil war and that the capacity of U.S. troops to influence the outcome is severely limited. This war will end only with a political solution -- not a military one.

Members of Congress have a constitutional and moral obligation to exercise their authority to stop funding President Bush's failed policy in Iraq. Not eventually, but immediately.

The war in Iraq and the president's mismanagement of our military resources have recklessly endangered our national security and depleted our military and National Guard units across America. By nearly every standard, the homeland security of our country has been weakened and compromised by the president's policies and a lack of congressional oversight.

It has been said that all our options in Iraq are bad, but some options are worse than others. Leaving American troops in harm's way while acknowledging that they have little to accomplish is the worst-case scenario. Congress has the ability to pull our combat brigades out of the most violent areas, maintain a strategic military presence in northern Iraq and bring the rest of our troops home now.

Nearly a year ago, I went to Iraq to hear firsthand from U.S. troops, military leaders and Iraqis.

This is what I heard from our military commanders: If the Iraqi government can't provide better security for its people in six months, U.S. troops in central and southern Iraq should leave. That time has now come and gone -- and so should our servicemen and women who are needlessly in danger.

Unfortunately, this administration refuses to listen to our military leaders or our citizens. So the question is: What will Congress do?

Congress has the constitutional ability and the moral responsibility to pass legislation cutting off funding for the status quo.

Not one soldier will or should be deprived of ammunition or armor.

A modest number of peacekeeping troops would temporarily remain in northern Iraq, protect civilians against sectarian violence, discourage Iran from border incursions and help maintain regional stability -- without recklessly endangering American lives.

As governor, I called 43 Iowa families after their loved ones had been killed in Iraq or Afghanistan. These soldiers and their families made a tremendous sacrifice to protect our freedom and help keep America safe. Make no mistake, our soldiers have done the job they were asked to do, and they have done it well. But too many of these patriots have made the ultimate sacrifice.

Supporting a cap on troops is really just support for staying the course with a failed policy. A toothless congressional resolution is meaningless. And a delay in congressional action will guarantee that more American soldiers will die.

Those who voted for the war, those who voted to continue to support the war and those who voted to continue funding the war can all surely vote to stop the war and do what's right for our military personnel and nation.

Not in 2008 or 2009, but now.

The writer, a former governor of Iowa, is a Democratic candidate for president.

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Giuliani Shifts Abortion Speech Gently To Right (NYT)

By Ray Rivera

The New York Times, February 10, 2007

As he prepares for a possible run for president — a road that goes deep into the heart of conservative America — Rudolph W. Giuliani takes with him a belief in abortion rights that many think could derail his bid to capture the Republican nomination.

But in recent weeks, as he has courted voters in South Carolina and talked to conservative media outlets, Mr. Giuliani has highlighted a different element of his thinking on the abortion debate. He has talked about how he would appoint "strict constructionist" judges to the Supreme Court — what abortion rights advocates say is code among conservatives for those who seek to overturn or limit Roe v. Wade, the 1973 court ruling declaring a constitutional right to abortion.

The effect has been to distance himself from a position favoring abortion rights that he espoused when he ran for mayor of New York City, where most voters favor abortion rights.

"I hate it," he said of abortion in a recent interview with Sean Hannity of Fox News. "I think abortion is something that, as a personal matter, I would advise somebody against. However, I believe in a woman's right to choose. I think you have to ultimately not put a woman in jail for that."

For Mr. Giuliani, a Brooklyn-born Roman Catholic who once considered entering the priesthood, the issue has been a source of discomfort throughout his political career, especially during his first bid for mayor of New York nearly two decades ago.

Now, as he courts voters in more conservative areas, Mr. Giuliani is turning to the same nuanced approach he used back then to explain how he can be both for abortion rights, while being morally opposed to abortion.

While Mr. Giuliani also faces obstacles for his stands favoring gun control and gay rights, perhaps no social issue resonates as deeply in the hearts of Christian conservatives as abortion.

In his recent travels, he has directed questions on the issue toward a discussion about judges, saying he would appoint jurists who believe in interpreting, not making, the law: judges, he said, like Chief Justice John G. Roberts Jr. and Justices Antonin Scalia and Samuel A. Alito Jr., who he has said he believed would place limits on Roe v. Wade.

"On the federal judiciary I would want judges who are strict constructionists because I am," he said last week in South Carolina. "I have a very, very strong view that for this country to work, for our freedoms to be protected, judges have to interpret, not invent, the Constitution.

"Otherwise you end up, when judges invent the Constitution, with your liberties being hurt. Because legislatures get to make those decisions and the Legislature in South Carolina might make that decision one way and the Legislature in California a different one."

On the issue of a disputed abortion procedure called "partial-birth abortion" by opponents, he told Mr. Hannity that a ban signed into law by President Bush in 2003, which the Supreme Court is reviewing, should be upheld. And on the issue of parental notification — whether to require minors to obtain permission from either a parent or a judge before an abortion — he said, "I think you have to have a judicial bypass," meaning a provision that would allow a minor to seek court permission from a judge in lieu of a parent.

"If you do, you can have parental notification," he said.

Both appear to be shifts away from statements he made while he was mayor and during his brief campaign for United States senator in 2000. Asked by Tim Russert on "Meet the Press" in 2000 if he supported President Bill Clinton's veto of a law that would have banned the disputed abortion procedure, Mr. Giuliani said, "I would vote to preserve the option for women." He added, "I think the better thing for America to do is to leave that choice to the woman, because it affects her probably more than anyone else."

And on a 1997 candidate questionnaire from the National Abortion and Reproductive Rights Action League of New York, which Mr. Giuliani completed and signed, he marked "yes" to the question: Would you oppose legislation "requiring a minor to obtain permission from a parent or from a court before obtaining an abortion."

Mr. Giuliani's campaign aides say his positions on abortion have not changed, and that his stand on what critics call partial-birth abortions has been mischaracterized, saying he opposed a ban only if it failed to include an exception to protect the life of the mother. But the ban vetoed by President Clinton did include such an exception.

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Those who have followed Mr. Giuliani's career say he is unlikely to undergo a radical shift in his views in the manner of Mitt Romney, a Republican rival and former Massachusetts governor who advocated abortion rights until about two years ago.

Fred Siegel, author of "Prince of the City: Giuliani, New York and the Genius of American Life," said Mr. Giuliani would likely be careful to avoid anything perceived as a flip-flop on the issue.

"Part of his appeal is that he doesn't bend in the wind," he said.

But Richard Land, head of the public policy arm of the Southern Baptist Convention, said Mr. Giuliani's position was even more offensive than that of someone who believes abortion is morally acceptable.

"To say I think it's morally wrong, but I think it's a woman's choice is like saying I'm opposed to segregation but it ought to be left up to the store owner to decide," Mr. Land said. "That's a preference, not a conviction."

Rancor coming from both sides of the abortion debate is nothing new to Mr. Giuliani. When he made his first bid for mayor in 1989, he was widely considered anti-abortion. His stance immediately proved problematic in a city heavily in favor of abortion rights. New York was the first state to legalize elective abortions, three years before Roe v. Wade.

Early in the 1989 campaign, he told the city's Conservative Party leaders he was personally opposed to abortion and was for overturning Roe v. Wade, except in cases of rape or incest. At the same time he said he opposed criminal penalties and ultimately saw it as an issue of "personal morality."

The distinctions he drew were subtle to the point of producing conflicting news accounts in which he was alternately described as favoring abortion rights and anti-abortion.

The issue took on more importance that summer after a Supreme Court decision allowed states to put new restrictions on abortion. As criticism mounted, Mr. Giuliani remained silent for weeks after the decision. Finally, in late August of that year, he issued a statement seeking to "clarify" his position.

Where he previously asserted that he would stay away from efforts to protect or overturn the state abortion law, he now said he would fight moves to make it illegal.

Critics ascribed his switch to political opportunism. Chief among his critics were his rivals for the mayor's post, the incumbent, Mayor Edward I. Koch, and the eventual winner of that election, David N. Dinkins, both of whom accused him of heeding the advice of his campaign strategists over his conscience.

Mr. Giuliani defended his change, saying it was the result of deep introspection, not political expediency. "I had to spend time not only thinking about it, but talking about it with my wife and people close to me to focus on it in a closer way than I have in the past," he told The New York Times in an interview at the time.

"This is a guy who is a Catholic, who thought about going into the priesthood, he has close friends who are priests," said Mr. Siegel, "when he realizes he can't get elected in New York if you're anti-abortion and he begins to modify his position, and eventually he goes all the way to being in favor of later-term abortions."

Fran Reiter, who was a deputy mayor under Mr. Giuliani and played key roles in two of his campaigns, believes his acceptance of abortion rights was heartfelt, not a political move. After winning the mayor's office in 1993, he supported and strengthened legislation protecting women's access to abortion clinics.

The National Abortion and Reproductive Rights Action League of New York was so convinced, it remained neutral in the 1993 and 1997 mayoral races, and did so again when he briefly ran against Hillary Rodham Clinton for United States in 2000 before dropping out of the race.

"That tells you how strongly we felt, that we would actually remain neutral when he's running against the first lady of the United States," said Kelli Conlin, the state organization's president, who served on Mr. Giuliani's 1993 transition team and on several mayoral commissions.

Now Ms. Conlin and other abortion rights advocates, including Ms. Reiter, say Mr. Giuliani clearly appears to be distancing himself from his former positions.

"The term strict constructionists has become a transparent code word for nominating judges who would overturn Roe, and both sides know it," Ms. Conlin said. "I think this is a troublesome wink and a nod to the far right of the Republican Party, and that's not the Rudy Giuliani I know."

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Buddy Witherspoon, Republican National Committeeman from South Carolina, said Mr. Giuliani's recent appearance with party leaders there shifted his and some others' perceptions of the candidate, though not enough to satisfy the most socially conservative among them.

"All I'd heard from the media is that he was a moderate in support of abortion," Mr. Witherspoon said, "then I heard him say he did not support abortion, however he also said he did not think a woman should go to jail for having had an abortion."

State's Republicans Vet "America's Mayor" (SFC)

By Carla Marinucci, John Wildermuth

San Francisco Chronicle, February 10, 2007

Former New York Mayor Rudolph Giuliani has all the qualities of a Republican who could appeal to voters in blue-state California: He is pro-choice, pro-gay rights and a defender of stricter gun-control laws.

But those moderate positions on social issues rankle the GOP conservatives who represent the backbone of his party's activists here -- and who could pose a formidable roadblock as Giuliani begins a serious effort this week to expand his appeal in the nation's most populous state.

Giuliani is scheduled today to address hundreds of delegates at the California state GOP convention at the Hyatt Regency in Sacramento, marking his first major address since he announced the establishment of an exploratory committee for president.

In a three-day swing through the state, he will visit Silicon Valley for lunch with business leaders on Monday and will travel to the Central Valley for the opening of an agricultural expo in Tulare on Tuesday.

But his toughest assignment could be today's keynote before grassroots true believers of his own party. California's most active Republicans -- those who vote in primaries and, as importantly, provide the critical volunteer effort for campaigns -- are much more conservative than the former New York mayor.

Giuliani's early efforts to establish a base of support here come as California legislators have fast-tracked a bill that would move California's presidential primary earlier in the campaign, to Feb. 5, 2008. The move would cost an estimated $90 million, but is expected to give the state far more clout in deciding the presidential nominees.

"With an early primary, it's more than likely California will play a part in deciding the GOP nomination ... and Giuliani could have California as a bulwark," says Rick Jacobs, who heads the Courage Campaign, a grassroots political activist organization that supports the early primary.

Giuliani, 62, a consultant since leaving office, has not yet formally announced his presidential bid, although he has filed a candidacy statement with the Federal Election Commission and has been putting a campaign organization in place.

Outgoing California Republican chairman Duf Sundheim suggested in a roundtable with reporters this week that the former New York mayor could be a formidable candidate in California -- especially given the populist support for Republican Gov. Arnold Schwarzenegger, who has similar views on social issues such as same-sex marriage and abortion.

"Quality candidates win in California and candidates who can successfully appeal to a broad cross-section of people," Sundheim said. "We need on a statewide basis to develop candidates who can appeal to these broad coalitions.

"(The election of) 2006 shows that Arnold Schwarzenegger was able to develop a coalition that included 90 percent of the Republican vote. That shows you can take the positions (he) holds and be successful in California," Sundheim said.

In Giuliani's case, leadership issues such as national security and the war could trump social issues among grassroots voters.

Giuliani, who became known as "America's mayor" because of his inspiring performance after the Sept. 11 terrorist attacks, "is popular among conservative voters because he has been shown to be a strong leader," Sundheim said. "Many soccer moms have turned into security moms, and Giuliani has tapped into that."

To expand his base, Giuliani has reached out to some key California conservatives, including Bill Simon, a former Republican candidate for governor and longtime friend who was at breakfast with Giuliani near Wall Street on Sept. 11 when the first plane struck the World Trade Center.

Giuliani also has won the support of other conservatives such as Steve Frank, publisher of California Political News and Views, a conservative Web site. Frank said Giuliani is the GOP candidate with the best chance of winning the White House

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against Democratic Sen. Hillary Rodham Clinton of New York, who increasingly appears to be the most formidable candidate on the Democratic side.

In talking with conservative groups, Sundheim has found that "there has been openness to Giuliani, and the degree of openness surprised me. Sometimes people are bigger than the issues. He's an authentic American hero, and people respond to that."

Bruce Cain, UC Berkeley professor of political science, said Giuliani has a chance to win a California GOP primary because of "the numbers of decline-to-state voters and independents here" who might decide to cast ballots in that race. "They could end up making the difference."

But Jon Fleischman, the publisher of the influential FlashReport.org, a GOP Internet publication that reaches many Republican insiders, said Giuliani will have to please conservatives in Sacramento first on the key issue of immigration.

"It's the No. 1 issue (for Republicans) in California by far, and if he comes out in support of a (President) Bush-(Sen. Edward) Kennedy immigration plan, he will be viewed with a lot of concern by conservatives," said Fleischman, campaigning Friday in the cavernous convention hall for the position of party vice chairman.

But "conservatives in the party are judging all three front-runners" -- Giuliani, Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney -- "based on the fact that none of them really reflect the base," Fleischman said.

In California, mainstream and activist Republicans know that no matter whom their party picks as a nominee, "they will have to compromise," Fleischman observes, "because nobody wants Hillary Clinton."

Giuliani Fares Well For GOP Social Moderate (LAT)

By Michael Finnegan

The Los Angeles Times, February 10, 2007

As he dashes across California over the next few days, Republican presidential hopeful Rudolph W. Giuliani has more on his agenda than just raking up campaign money.

Today, he plans to work crowds of Republican activists at a state party convention in Sacramento. On Monday, he speaks to executives in the Silicon Valley. On Tuesday, he stops at a giant farm expo near Fresno. Along the way, he expects to announce new supporters, including former Los Angeles Mayor Richard Riordan, a Republican.

For the former New York City mayor, who met privately with GOP Gov. Arnold Schwarzenegger on Friday night, California plays an increasingly large part in his calculus for winning the Republican nomination. It is one of several big states on the verge of advancing their 2008 presidential primaries to Feb. 5, a shift that enhances the election climate for Giuliani.

Among other effects, the calendar change heightens the importance of celebrity, giving an edge to Giuliani and his best-known Republican rival, Sen. John McCain of Arizona.

Also, earlier contests outside the Bible Belt — most notably in California and New Jersey — could open the way for Giuliani, the only socially moderate GOP candidate, to gain momentum in the crucial opening weeks of the primaries. In other key states — particularly in the South — his liberal stands on abortion, guns and gay rights trouble many of the social conservatives who dominate Republican primaries.

Beyond geography, another dynamic working in Giuliani's favor now is the emerging mix of top-tier Republican candidates. Both of his chief opponents, McCain and former Massachusetts Gov. Mitt Romney, have their own frictions with social conservatives. And neither has focused on the moderates most likely to gravitate to Giuliani.

Giuliani's overall task still remains far from easy, but his candidacy is looking more plausible than just a few months ago.

"It's always going to be an uphill battle for a social moderate in a Republican primary, but there hasn't been a better opportunity for a candidate like Giuliani in decades," said Dan Schnur, who was communications director of McCain's presidential campaign in 2000 and is now unaligned.

Giuliani, who filed his statement of candidacy Monday, has already signaled his strategy: The former prosecutor casts himself as a tough-on-crime national-security hawk whose record of cutting taxes in New York shows a commitment to fiscal restraint.

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In a Fox News interview this week, Giuliani took credit for the sharp drop in New York homicides while he was mayor. Best known nationally for his steady command of New York after the Sept. 11 attacks, Giuliani vowed to stay "on offense against terrorism." And like McCain and Romney, he voiced support for President Bush's troop buildup in Iraq.

But Giuliani showed less willingness than his rivals to backpedal from positions that rile social conservatives, opting instead just to accent opinions that might ease their concerns.

"Where I stand on abortion is, I oppose it," he said on Fox. "I don't like it. I hate it. I think abortion is something that, as a personal matter, I would advise somebody against. However, I believe in a woman's right to choose."

He went on to praise three conservative Supreme Court justices: Samuel A. Alito Jr., John G. Roberts Jr. and Antonin Scalia.

Asked about gun control, Giuliani said it made sense in big cities but a "different set of rules" might suit suburban or rural areas. As for same-sex marriage, he acknowledged his long-standing support for gay-rights laws, but said three times: "Marriage should be between a man and a woman."

A twice-divorced Roman Catholic, Giuliani, 62, has a personal history that complicates his quest for support among culturally conservative Republicans. He announced his split from his second wife, Donna Hanover, to television crews without warning her, and she, in turn, accused him of infidelity in a wrenching news conference outside the mayor's mansion.

Giuliani's combative temperament, often an asset in New York politics, could also prove problematic on the national stage. In 1992, the year before he was elected mayor, Giuliani stunned many New Yorkers by shouting an obscenity at a raucous police-union rally to denounce policies of Democratic then-Mayor David N. Dinkins.

"Set your watch: He'll snap and he'll lose his cool before the primaries start," said the Rev. Al Sharpton, a Giuliani nemesis and a 2004 Democratic presidential candidate.

Former New York Mayor Edward I. Koch, a Democrat who voted for Giuliani twice, compiled a book of columns that he titled "Giuliani: Nasty Man." "There is a mean-spirited quality to him that comes out when he feels somehow or other he's not given his due," Koch said.

Giuliani advisors say his tough disposition shows strength of conviction, which they describe as an advantage in a presidential race for a candidate emphasizing the leadership skills that voters witnessed after the terrorist attacks.

"He's a straight shooter, and sometimes people aren't going to like what he has to say," said Mike DuHaime, executive director of Giuliani's exploratory campaign committee.

Historically, the job of New York mayor has been a dead-end for politicians aspiring to higher office. In Giuliani's case, his two terms as mayor create a "target-rich environment" for rivals rummaging for damaging material, said Chris Lehane, who was press secretary to Democrat Al Gore's 2000 presidential campaign.

"Issues that would have been just basic, accepted mainstream issues in New York City are not going to be seen the same way when you get to a living room in Sioux City," he said. "Did your Health Department give out needles? Did it give out condoms?"

Also posing risks for Giuliani are a tangle of business deals by his consulting and law firms, along with his close ties to former New York Police Commissioner Bernard Kerik, who pleaded guilty to accepting tens of thousands of dollars in gifts as a city official.

For now, Giuliani leads many polls of Republican presidential primary voters. But key questions remain. Most of all, will conservative voters turn their backs when reminded of his stands on social issues? Or have they already decided that fiscal and security matters outweigh their other differences with Giuliani?

"Whoever can figure out … how a cultural liberal, a center-left candidate, plays in the Republican nomination contest is going to get the political gold-star award," said Rich Bond, a former Republican National Committee chairman who supports McCain. "We've never seen it."

McCain Releases Financial Disclosure Report (WP)

By Matthew Mosk

The Washington Post, February 10, 2007

DOJ_NMG_0130951

Some land owned by Republican presidential candidate John McCain slipped in value last year, but the senator from Arizona remains a wealthy man, largely because of investments and holdings controlled by his wife, Cindy, his latest financial disclosure report showed.

All presidential candidates must file an up-to-date accounting of their finances with the Federal Election Commission. McCain released his forms late yesterday, and they show that little has changed since his last disclosure, issued in May. The forms allow him to report the value of holdings within broad ranges, making his net worth difficult to calculate with confidence. Previous reports have put it at roughly $15 million.

Most of that money stems from his wife, the millionaire daughter of an Arizona beer magnate. One tract of land McCain owns in Sedona, Ariz., was worth between $500,000 and $1 million in May, but now is listed as being worth between $100,001 and $250,000, the report showed. A McCain spokesman could not be reached last night to explain the disparity.

McCain also listed as income a 2006 deal to write a nonfiction book that is timed for release late this year. The book, whose working title is "Hard Call," is to explore "historically significant decisions" and the qualities that distinguished successful decisions from failures.

McCain Opens State HQ (GRPRESS)

By Dave Murray

Grand Rapids Press, February 10, 2007

GRAND RAPIDS -- Some of Michigan's best-known Republicans, including Attorney General Mike Cox and U.S. Rep. Fred Upton, threw their support Friday to U.S. Sen. John McCain's potential presidential bid.

Politicos in town for the Republican State Convention appeared at the opening of the state headquarters for McCain's exploratory committee, at 282 Leonard St. NW.

Cox, state chair for the committee, said all of the Republican party's presidential candidates are impressive. But he thinks McCain has a better chance at drawing national support than former New York Mayor Rudy Giuliani or former Massachusetts Gov. Mitt Romney.

Romney and Kansas Sen. Sam Brownback are scheduled to address the convention today. McCain and Giuliani are sending representatives.

Cox said he supported President Bush in 2000, when McCain handily won the state's primary. But he said the Arizona senator is the best person to replace Bush in the White House.

"Sometimes it's a matter of the right time and the right person," he said. "McCain is a scrapper, and the people of Michigan like someone who is scrappy."

Cox said Giuliani appears to be McCain's main challenger for the nomination at this point but said the former mayor is likely to the left of many Republicans, and he expects Romney, son of the former Michigan governor, to emerge.

"We can say that Giuliani is a great American, and he is," Cox said. "But he's not the guy who will carry us in 2008 to beat Nancy Pelosi and the rest of the Democrats."

Cox was joined by Ruth Johnson, the Oakland County clerk who ran for lieutenant governor last year, as well as state Sen. Wayne Kuipers, R-Holland; state Sen. Michelle McManus, R-Lake Leelanau, and former representatives Joanne Vorhees and Barbara Vander Veen.

Upton said McCain would help other candidates on the ticket, possibly restoring Republicans to a majority in the U.S. House of Representatives.

"I've been in the minority, then in the majority and now back in the minority," he said. "And let me tell you, it's not very fun."

John Yob, the exploratory committee's state director, said supporters were boosted by a new poll from the Lansing-based Epic-MRA that showed 59 percent of 600 likely voters had a favorable opinion of McCain, scoring higher than Giuliani and Romney.

Candidates To Flock To Va. For Money (RICTD)

By Peter Hardin

Richmond Times-Dispatch, February 10, 2007

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The two leading contenders for the Republican presidential nomination will be in Richmond next week seeking financial support for their campaigns.

Arizona Sen. John McCain will hold finance meetings at The Jefferson Hotel on Monday. Later in the day he will travel to Norfolk to meet with business executives there, according to his exploratory campaign.

Former New York Mayor Rudy Giuliani will come to Richmond on Friday for a private fundraising event at the Omni Hotel. Former Attorney General and gubernatorial candidate Jerry W. Kilgore will be host for the event.

Kilgore is expected to lead Giuliani's campaign in Virginia.

In Virginia's 2000 presidential primary, McCain was defeated by George W. Bush in a vote that gave Bush's struggling presidential campaign a boost.

McCain may have been hurt then by certain public stands, including a proposal to boost cigarette taxes by $1.10 a pack. He also opposed a submarine that would be built in Virginia.

Last year, McCain mended fences with the Rev. Jerry Falwell, whom he had sharply criticized in 2000. McCain addressed the commencement last May at Falwell's Liberty University in Lynchburg. Last November, Falwell said McCain would make a good president.

A third presidential contender, Illinois Sen. Barack Obama, will be in Richmond next Saturday to address the Democratic Party of Virginia's Jefferson-Jackson Day dinner.

Democrats have sold 4,000 tickets -- almost twice as many as usual -- to the dinner, their main annual fundraising event.

Mitt Romney Makes Stop In Montgomery (AP)

AP, February 9, 2007

Former Massachusetts Governor Mitt Romney brought his presidential campaign to Alabama Friday night, and he sought to dispel any concerns about his past views on social issues.

Romney told Republicans in Montgomery that he's opposed to same-sex marriage because children have a right to have a mom and a dad. Romney also said the Roe versus Wade mentality cheapens the dignity of human life. Romney previously supported choice, but changed his views two years ago. Governor Riley attended the event and called Romney the "quintessential candidate."

Romney, like Riley, was elected in 2002. Both inherited budget deficits and both had budget surpluses four years later. Riley, however, has not yet endorsed any of the Republican candidates who've been to Alabama.

The state is drawing a steady stream of candidates because Alabama has moved up its presidential primary to be second in the South.

Huckabee Describes Iraq As Our "World War III" (NHUL)

By John Whitson

New Hampshire Union Leader, February 10, 2007

NASHUA – Former Arkansas Gov. Mike Huckabee told a small lunch crowd at Daniel Webster College yesterday the next President has to recognize the war in Iraq's true gravity.

"We need to understand that this is, in fact, World War III," said Huckabee, a Republican, who announced co-chairmen of his Presidential exploratory committee in New Hampshire.

Former gubernatorial candidate Fred Bramante and former Manchester Republican committee chairman Cliff Hurst will lead Huckabee's early efforts here.

Huckabee delivered a wide-ranging speech to about 40 people, many of them business leaders, at what was billed as the first National Leaders Forum, a newly created series designed to give Presidential hopefuls another avenue to reach New Hampshire voters.

Former Congressman Charlie Bass and several state politicians also turned out to hear Huckabee's message.

Huckabee, who served 10 years as governor, spun tales from his childhood in Arkansas and showed a smooth comedic touch while hitting on topics ranging from Iraq to health care to education reform.

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The speech was billed in advance as Huckabee's response to a national anti-tax group's recent report criticizing his record on taxes and government regulation as "mixed."

But Huckabee touched only briefly on the issue, saying he cut taxes 90 times as governor and adding that he advocates a national tax structure that is "flatter, fairer, more finite."

Bass said he came out to the forum because Huckabee "has an exciting message." But the six-term congressman who was defeated in November stopped well short of offering his endorsement.

"I'm remaining uncommitted at this point," he said.

Bramante, a member of the State Board of Education who was a strong supporter of Arizona Sen. John McCain in 2000, said he's switched camps because Huckabee shares his passion for school reform.

"I love McCain, but I think Mike Huckabee will transform this country," said Bramante, citing another former Arkansas governor when asked about Huckabee's chances of being elected President.

"New Hampshire has a habit of turning nobodies into somebodies," said Bramante.

Huckabee drew his first laugh of the day when telling the crowd to beware of politicians who have ready answers for everything.

"We need people like me," he said, adding, "I'm sure that's my YouTube moment for the week."

Huckabee said jihadists in Iraq are enemies that mask themselves in a "perversion of piety" and said their goal is "the utter destruction and annihilation of those of us who sit in this room today."

The country needs to reduce health care costs, he said, by turning the system upside down and focusing on wellness and prevention instead of disease and treatment.

"We don't have a health care crisis," said Huckabee, "we have a health crisis."

On education, Huckabee lauded the effort New Hampshire has recently adopted to shape courses and methods of study around individual student needs.

Gaining credit for life experience, like earning music credits for playing in a high school rock band, is an idea that should be adopted throughout the country, he said.

Deanna Galligan and Jennifer Staretorp, both Daniel Webster sophomores, were among the few students at yesterday's forum.

"As a first-time voter," said Galligan, "I basically just wanted to get as much information as possible."

Huckabee Defends Traditional Marriages (AP)

By Philip Elliott

AP, February 9, 2007

NASHUA, N.H. -- Republican Mike Huckabee said Friday that marriage shouldn't be treated as an experiment in response to questions about whether Vice President Dick Cheney's lesbian daughter should have the right to wed.

The former Arkansas governor, who is seeking the GOP presidential nomination, said heterosexual marriages face enough challenges without adding new configurations to the mix.

"Taking on a new definition doesn't make sense right now," Huckabee said in an interview with The Associated Press after speaking to business leaders in New Hampshire.

Mary Cheney, 37, announced in December that she and her partner of 15 years, Heather Poe, were starting a family. She has not said how the child was conceived. The baby is due in the spring and will be the vice president's sixth grandchild.

Huckabee declined to comment on Mary Cheney's decision.

"I wouldn't get near specific cases," he said.

But when pressed, he said the historic definition of marriage has worked for so long for a reason.

"People have a right to decide how they live their lives. But they have to respect not changing the definition of marriage," said Huckabee, who served as a pastor in Baptist churches before becoming governor in 1996.

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In 2004, the year Arkansas approved a constitutional amendment to ban gay marriage, Huckabee said the ban was needed to quiet activists looking to rewrite the nation's social code. But Huckabee also said it was OK to say a person's sexual preference was nobody's business, "even though it's not consistent with the Biblical norm of male and female."

In 2006, when the Arkansas Supreme Court rejected a ban on gay foster parents that had been put in by a state board, Huckabee said through a spokeswoman: "I'm very disappointed that the court seems more interested in what's good for gay couples than what's good for children needing foster care."

Consultant Nixes Rumors Of Perry's National Ambition (HC)

By Janet Elliott

Houston Chronicle, February 10, 2007

AUSTIN — Gov. Rick Perry has no interest in national politics and may seek re-election in 2010, his chief political consultant said Friday.

Dave Carney said speculation that recent decisions by Perry, including his mandate that middle-school girls be inoculated against a sexually transmitted virus linked to cervical cancer, are designed to raise the governor's profile nationally is "one of the most retarded things about the political observers in Texas."

"He hates Washington. He doesn't like to go there," Carney continued.

Perry also isn't worried about his legacy, Carney added. The 56-year-old governor, who has served since 2001, is on track to be the longest-serving governor in Texas history.

"He's one of the few politicians in the world who doesn't care about what people write, what editorials say. That's why he's been so successful. He doesn't put his personal ego and reputation ahead of doing the right thing," Carney said.

Higher profile recentlyThere's no question that Perry's national profile has been raised by the decision to make Texas the first state to require administration of the human papillomavirus vaccine. And the furor it has caused in Texas shows no signs of abating.

The issue will be picked up Wednesday as Health and Human Services Commissioner Albert Hawkins appears before the Senate Nominations Committee for confirmation to a term to end Feb. 1, 2009. Hawkins has been commissioner since January 2003.

Sen. Glenn Hegar, a member of the Nominations Committee, said Friday that he will withhold support for Hawkins until he gets some questions answered. He said in a press release that he wants to ask how health officials intend to insure that girls aren't pregnant before they are vaccinated.

Hegar, R-Katy, said the manufacturer of the vaccine says it cannot be given safely to someone who is pregnant.

"Does that mean the commissioner intends to require a pregnancy test for each of these young children before they receive the Gardasil HPV vaccine or does he intend to put these children at undue risk instead?" Hegar asked.

Hegar has filed a bill to preempt Perry's order so the vaccine would not be a requirement for girls to enroll in sixth grade.

Perry's press secretary, Robert Black, scoffed at Hegar's concern about 11- and 12-year-olds being pregnant. Federal health authorities recommend the vaccine be administered at a young age before girls become sexually active.

Opportunity for comment"I would argue that if the senator believes there is an overabundance of 11-year-olds becoming pregnant in the state of Texas, we have a much bigger issue to deal with than whether someone gets a vaccine or not," Black said.

Hawkins' office said that he anticipates there will be full opportunity for comment from all interested parties during the rule-making process. Perry's order requires the commission to write rules for the new vaccine, effective September 2008.

In addition to the vaccine order, some of Perry's recent statements have fueled speculation that he may welcome an invitation to be the vice presidential candidate on the 2008 GOP ticket. In his inaugural address last month, he made brief references to international problems, including the situation in Iraq, the war on terrorism and the "anti-American appeals" of some European and Latin American leaders.

His calls for more spending on health care and pre-kindergarten in his State of the State speech Tuesday drew more enthusiasm from Democrats than from Republicans.

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Black said the only role the governor wants to play nationally is to support the GOP ticket in 2008. He said that because Texas is such a large state, actions the state takes can have a ripple effect on the country.

"What Texas does matters nationally. The governor's really cognizant about that," Black said.

Critics of Perry's vaccine order have said they think the governor is trying to help the manufacturer, Merck, which has been lobbying nationally to get the drug on state lists of vaccines required for school enrollment. Perry's office has denied that and noted that a second HPV vaccine is expected on the market next year.

The manufacturer of the second vaccine, GlaxoSmithKline, gave $10,000 to Perry last year through its political action committee. Merck has donated $6,000 to Perry since 2005.

Democratic strategist Glenn Smith said Perry has taken advantage of a lull in the legislative session to make some high-profile announcements, including a proposal to sell the state lottery to a private bidder.

"He would be much smarter to vaccinate himself against the 61 percent of Texans who voted against him," Smith said.

As to the speculation about Perry running for national office, Smith said Sen. Kay Bailey Hutchison is a more likely candidate for vice president.

"The rest of the country may not be quite ready to put another Texan anywhere near the White House given the last six years of blundering by the current inhabitant," Smith said.

Carney, who lives in New Hampshire, said he doesn't understand the "emotional" furor caused by the order. He said it benefits public health, saves money over the long run and respects parents' rights by allowing them to opt their daughters out of the requirement.

While the New York Times lauded Perry's order this week, USA Today said in a Friday editorial that the rush to require the Merck vaccine threatens to promote a backlash.

"For now, however, making it mandatory is premature," the newspaper said. "The vaccine ought to be available, at an affordable price, to everyone who wants it after consulting with a doctor. But sometimes, promotion of a medical advance can move too fast for its own good."

Perry responded in a commentary printed with the editorial. "Research shows that the HPV vaccine is highly effective in protecting women against the four leading cancer-causing strains of HPV," he said. "Though some might argue that we should wait several years before requiring the vaccine, I believe such a delay unnecessarily risks the lives of young women."

The GOP Field (WSJ)

The Wall Street Journal, February 10, 2007

Now is the season of Republican discontent, extending even to the party's Presidential candidates. For the first time in decades, no dominant candidate has emerged and GOP voters seem to be in a Missouri state of mind: Show us what you really believe. We know exactly how they feel.

John McCain has been considered the front-runner, having lost a rough nomination fight in 2000 to President Bush. In the normal GOP habit of Presidential primogeniture, he'd be the likeliest nominee. The Arizona Senator has an inspiring personal story and a strong record on national security. His fortitude on Iraq has been all the more impressive since the war has become unpopular and threatens the media adulation he has long enjoyed. Tenacity is a Presidential asset, especially in dangerous times.

But among many Republicans, Mr. McCain is also paying a price for his years as a policy "maverick." Social conservatives hate his signature achievement of campaign-finance reform, which limits public ability to influence politicians. He also grandstanded on rules for interrogating terrorists.

Our own doubts relate to his economic instincts. He's a bulwark against spending earmarks, no question. But Mr. McCain turned against the Reagan tax-cut agenda in 2000, and he voted against the Bush tax cuts of 2003. Now that those tax cuts have proven to be a spectacular success, the Senator says he wants them made permanent. But his justification is the political one that he has "never voted for a tax increase," not that he now understands his opposition was wrong on the merits. With 2008 likely to be a tax watershed, the GOP needs a candidate who can articulate a pro-growth agenda. Maybe his estimable economic advisers, former Senator Phil Gramm and former FTC Chairman Tim Muris, can steer him right.

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Mitt Romney, the former Massachusetts Governor, has had some success exploiting conservative unease with Mr. McCain. He has shown he can win votes in a blue state, and he was successful both as a capitalist and as manager of the 2002 Salt Lake City Olympics.

However, he too is something of an empty policy slate. The former business consultant made a big deal of the health-care "reform" he steered through the Massachusetts legislature last year, and we suppose he deserves credit for trying. But he oversold the results -- to the applause of the national health-care lobby -- and imposed an insurance mandate without reforming the state insurance market.

As it unfolds, this law is turning out to be far from a free-market success. And so now Mr. Romney is distancing himself from it -- never mind that he upbraided his critics last year for not understanding its virtues. The episode suggests a thin political skin and perhaps a too malleable policy core.

Filling out the current top tier of candidates is the anomaly of former New York City Mayor Rudy Giuliani. We say anomaly because a Northeasterner who favors gun control and abortion rights isn't supposed to have a Ralph Nader's chance in the GOP primaries. Yet today Mr. Giuliani leads in the national polls and is all but tied with Mr. McCain in New Hampshire.

Some of this is no doubt due to name recognition after his 9/11 heroics. On the other hand, maybe cultural conservatives aren't the single-issue voters of media lore. Mr. Giuliani can point to the revival of the previously ungovernable New York, and his temerity and experience in a crisis are qualities that voters look for in a Commander-in-Chief.

The competition will attack his social liberalism, and our guess is that Mr. Giuliani could help himself if he came out solidly for appointing judges like Antonin Scalia and Clarence Thomas. Today's cultural disputes all end up in the courts, and what most conservatives want above all is to know that their views will get a democratic hearing rather than be pre-empted by judicial fiat.

As always, there are a pack of other potential candidates, one or two of whom could make a splash along the way. Newt Gingrich is famous as the former House Speaker and ubiquitous on Fox News. He is also a font of ideas, some of them sensible. But he will have to persuade Republicans that he can win given the baggage of his Beltway days and low favorability ratings.

There's always room for a strong anti-abortion voice in any GOP race, and Kansas Senator Sam Brownback is bidding for that slot. Though little known nationally, he's done impressive, and often bipartisan, work on everything from malaria to immigration. So we are astounded by his recent remarks from Baghdad distancing himself, a la Hillary Clinton, from the war he voted for. Millions of Republicans are frustrated with the war, but if he sustains this antiwar theme someone will note that he co-sponsored the 1998 Iraq Liberation Act.

All in all, this looks like the most wide-open Republican race in years. That may be a good thing if it forces the candidates to battle over ideas and revive the GOP reform agenda that got lost in the fog of the 109th Congress.

Woman Chosen To Lead Harvard (WP)

By Valerie Strauss, Susan Kinzie

The Washington Post, February 10, 2007

Harvard University is about to name its first woman president since its founding in 1636, tapping a Civil War historian to succeed Lawrence Summers, whose tumultuous tenure was marked by controversial remarks about women and clashes with faculty members.

Drew Gilpin Faust, 59, dean of the Radcliffe Institute for Advanced Study and a leading historian on the American South, will be formally appointed president as early as this weekend, according to a source with knowledge of the decision.

With Faust's selection, half of the eight Ivy League schools will be run by women: Harvard, the University of Pennsylvania, Princeton University and Brown University.

Faust, a popular figure on campus known for her collegiality, will succeed the blunt Summers, an economist and former U.S. treasury secretary whose combative five-year tenure as president ended last year. His departure followed a faculty revolt after he suggested that the shortage of elite female scientists may stem in part from "innate" differences between men and women.

Many educators said Harvard's decision would send a message to other major research universities in the country -- 14 percent of which are headed by women.

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"Harvard is making a statement at a critical time when we are seeing student bodies [at many schools] that are well over 50 percent women," said Claire van Ummersen, director of the Office of Women in Higher Education at the American Council on Education. "We see women faculty increasing in number, and the place where we have lagged most is in research institutions having women at the executive level. . . . Hopefully, this will have some influence on boards of trustees or overseers of other institutions."

Faust's selection comes as Harvard moves to modernize its more than 30-year-old undergraduate curriculum, a step that is being closely watched by other schools and could serve as a model for U.S. higher education.

Especially delighted by the choice of Faust were undergraduates, who said the new president and curriculum would place a long-sought focus on their education at the university, which has historically used graduate assistants to teach many undergraduate classes, for example.

"Everybody is really excited," said Ryan Anthony Petersen, president of Harvard's Undergraduate Council. "She is a teacher and has the ability to bring people together and put the focus here on teaching and undergraduates, which hasn't been true for 50 years."

Faust faces big challenges, including keeping up the frantic pace of fundraising that helped Harvard increase its endowment to $29.2 billion in 2006 -- more than the gross national product of many nations.

She also must work with the university's strong schools and colleges, which are famously decentralized; indeed, the powerful faculty of the College of Arts and Sciences drove the opposition to Summers.

Harvard's affairs are of interest in higher education because it occupies a unique space in academia. Seven U.S. presidents were graduates, and the faculty has produced more than 40 Nobel laureates in a range of fields. Its age, wealth and visibility place it at the top of a group of highly prestigious and influential institutions.

Faust will end the succession of 27 white men who have held the president's title at America's oldest institution of higher education. She will take the reins from Derek Bok, 75, a former 20-year Harvard president who took over as interim leader when Summers left.

"And it has only taken them 371 years," said Kim Gandy, president of the National Organization for Women. "Larry Summers, we couldn't have done it without you."

Faust became dean of the Radcliffe Institute for Advanced Study in 2001 and taught history and African American studies there. Before coming to Radcliffe, she taught for two decades at the University of Pennsylvania -- where she earned her doctorate in American civilization in 1975 -- and served as director of the Women's Studies Program. She is the author of five books.

Sheldon Hackney, who was president of Penn from 1981 to 1993 while Faust was a teacher there, said Faust was not only a great educator but always displayed sound judgment and was well-respected by her peers.

"She will be really good for Harvard," he said. "There is no big significant change that you can make in the university for which you don't need faculty support, and she will be able to get that."

Some educators said the choice of Faust was a surprise because she does not have extensive administrative experience. That was probably a plus, said George Washington University President Stephen Joel Trachtenberg.

"They didn't want anybody with administrative experience," he said. "They wanted an inspirational leader, a political symbol, a decent person that everybody could feel good about to help them do what the presidents do best."

The decision is expected to be formalized at a special meeting of the university's Board of Overseers tomorrow, according to the Harvard Crimson student newspaper, which broke the story in yesterday's editions, along with the Boston Globe.

Harvard Plans To Name First Female President (NYT)

By Sara Rimer, Alan Finder

The New York Times, February 10, 2007

CAMBRIDGE, Mass., Feb. 9 — Harvard, the nation's oldest university, plans to name Drew Gilpin Faust, a historian of the Civil War South, to be the first female president in its 371-year history, university officials said Friday.

Her selection by a search committee, if ratified as expected by the Board of Overseers on Sunday, would make Harvard the fourth Ivy League university to name a woman. It comes two years after Lawrence H. Summers, then president of the university,

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set off a storm by suggesting that a lack of intrinsic aptitude could help explain why fewer women than men reach the top ranks of science and math in universities.

Some Harvard professors, particularly women, greeted the decision with euphoria. "Harvard's waited a long time — since 1636," said Patricia Albjerg Graham, an emeritus professor of the history of education at Harvard, recalling that when she was a postdoctoral fellow in 1972, she was not allowed to enter the main door of the faculty club or eat in the main dining room.

Mary Waters, the acting chairwoman of the Harvard sociology department, said: "It's been a lonely place for women, very lonely. There aren't many of us."

Dr. Faust, 59, the author of five books and a former professor of history and women's studies at the University of Pennsylvania, is the dean of the Radcliffe Institute of Advanced Study, the smallest of Harvard's schools. It is the remaining remnant of Radcliffe College, once the women's college at Harvard. Much of the research sponsored by the institute emphasizes the study of women, gender and society.

Dr. Faust emerged in recent weeks as a finalist among the candidates being considered by the university's search committee, particularly after Thomas R. Cech, a biochemist who is the president of the Howard Hughes Medical Institute and a Nobel Prize winner, took the unusual step of announcing publicly that he had withdrawn from the competition.

His withdrawal prompted some professors to raise last-minute concerns about Dr. Faust. While declining to speak on the record, they said they thought she lacked the toughness and vision to be a strong leader of an unruly and factionalized university and noted that the Radcliffe Institute, with about 80 staff members, is a tiny part of Harvard. Others wondered why it had taken nearly a year to choose someone who was already a Harvard dean.

"The real import of this choice is that it is a cautious pick, which seems targeted at healing the wounds of the Summers years and restoring Harvard's momentum as quickly as possible," said Richard Bradley, who wrote "Harvard Rules: The Struggle for the Soul of the World's Most Powerful University" (HarperCollins, 2005).

Mr. Bradley said there were legitimate questions about Dr. Faust's qualifications, like her lack of experience running a large university. "The fact that Harvard could not find someone who filled all their bases suggests to me the difficulty that Harvard had to fill the position," he said.

One of the nation's premier universities, Harvard has 12 schools and colleges with an annual budget of $3 billion and an endowment of nearly $30 billion.

John Longbrake, a university spokesman, said he would not comment on the presidential search. Dr. Faust also declined to comment until Sunday's official announcement. Her selection was first reported by The Harvard Crimson late Thursday night on its Web site.

Faculty members and officials familiar with the search said Dr. Faust's leadership style — her collaborative approach and considerable people skills — would be vital for soothing a campus ripped apart by the battles over Dr. Summers, whom many accused of having an abrasive, confrontational style.

"She combines outstanding scholarship with an uncanny ability to administer both well and with a heart," said Judith Rodin, the president of the Rockefeller Foundation.

Dr. Summers turned to Dr. Faust two years ago to help calm the furor over his remarks about women in math, engineering and science. He asked her to oversee two committees he created to come up with ways to recruit, retain and promote women in those fields at Harvard.

Dr. Summers, a former Treasury secretary, stepped down a year ago after a five-year tenure in the face of widespread faculty discontent.

Dr. Faust will take the helm at a time when the university faces a challenging agenda, which includes transforming the undergraduate curriculum, re-emphasizing teaching and building a new campus in the Allston section of Boston that, among other things, will support stem-cell research.

She is seen as likely to be able to restore trust with the Faculty of Arts and Sciences, the university's largest and among its most prestigious divisions, which had led the charge against Dr. Summers.

Dr. Faust has run the Radcliffe Institute since 2001. Before that, she taught American history for more than two decades at Penn, where she had gone to graduate school. An expert in Southern history and a native of Virginia, she has written books on

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Southern women during the Civil War and on intellectuals and ideology in the Confederate South, as well as a biography of a plantation owner.

In the end, some Harvard professors said, Dr. Faust's management style might have been more important to the nine members of the presidential search committee than any desire to name a woman.

"My own sense is that it's a new template for leadership, and that probably is not unrelated to gender, but it ought not get eclipsed by it," said Richard P. Chait, a professor of higher education at Harvard.

Dr. Chait, who studies university management, noted that in several recent changes of leadership of major American corporations, tough, even bullying leaders were replaced by more mild-mannered consensus builders.

The presidential search began not long after Dr. Summers resigned last February. Derek C. Bok, a former president of Harvard, stepped in to serve as interim president.

News of Dr. Faust's selection was greeted warmly by Harvard students. "It's about time," said Elisa Olivieri, a junior. "Talent is no longer 'single, male, childless.' It's an excellent acknowledgement that the face of talent has changed."

George Thampy, a freshman, said of the selection: "I think it's a great step forward — a bona fide scholar who's a woman. In some ways you could say it's a reaction to the last president and that fiasco."

First Woman Is Picked To Lead Harvard (BOS)

By Marcella Bombardieri, Maria Sacchetti

The Boston Globe, February 10, 2007

Drew Gilpin Faust became the Harvard University governing board's choice for the school's next president shortly after her final interview on Sunday night, a person close to the search process said yesterday.

Faust, who will be the first female president in Harvard's 371-year history, convinced the search committee that she would be a strong choice after fielding questions over dinner, the source said.

The Corporation, the name for Harvard's main governing board, plans to present Faust for approval tomorrow to the Overseers, a panel of alumni. The Overseers, by Harvard rules, have final say, but their approval has been a given in modern Harvard history.

Faust, 59, the dean of the Radcliffe Institute for Advanced Study, was coy yesterday as she greeted a handful of reporters at her alma mater, Bryn Mawr College, near Philadelphia. A trustee of the college, she was on that campus for a board meeting.

Faust, smiling, refused to answer questions about Harvard, but agreed to let photographers take pictures as she strolled through campus in a two-minute public appearance.

"Could you tell us what you're doing on Sunday?" one reporter asked, referring to tomorrow's vote to approve her.

Faust, a 1968 graduate of the women's college, laughed and said nothing.

Women at Bryn Mawr and throughout higher education were celebrating the fact that if Faust takes office, not only will she be Harvard's first female president, but that half of the Ivy League's presidents will be women. Faust's fellow trustees broke into applause for her yesterday, and she thanked them, according to the college president and the board's chairwoman.

"It sends the right signal, because Harvard didn't intentionally pick a woman, but it turns out that the best president for Harvard was a woman," said Amy Gutmann, who is the second consecutive woman to lead the University of Pennsylvania. "When we were in college, not one of us imagined that this would happen."

Corporation member Robert E. Rubin, the former treasury secretary who had strongly backed former Harvard president Lawrence H. Summers, had raised the most concerns about Faust during the search and questioned her aggressively during interviews, said the source, who spoke on condition of anonymity because the search process is supposed to be confidential.

Faust was the only candidate being seriously considered after Nobel laureate Thomas R. Cech withdrew last week, throwing into question whether the search would finish on Harvard's preferred schedule.

Several people familiar with the search have said that the committee hoped to finish its work by early February.

"They wanted to get it done as quickly as possible, within a year of Larry Summers's resignation," said the Rev. Peter J. Gomes, a professor and lead minister at Harvard's Memorial Church.

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Gomes cautioned the Overseers not to serve as a rubber stamp, but added that Faust would be a good choice. "She'll get a lot done, and it will get done quietly and effectively."

Bundled in a black overcoat and striped black and gray scarf, Faust stood in the wind and cold on Bryn Mawr's campus during her brief appearance yesterday. The only question she answered came from a reporter from the Bryn Mawr student newspaper: What was her favorite tradition at the all-women's college?

"Probably Hell Week," she said, referring to a quirky annual mock hazing that involves costumes and bedtime stories.

Faust has spent six years leading the Radcliffe Institute, a fellowship program and library that was once the university's women's college. A historian of the Civil War and the American South, she spent 25 years teaching at Penn before coming to Harvard.

Women's issues have been a major theme in her life. She graduated from a women's college, studied women in the South throughout history, and has led Radcliffe, a Harvard institution once reserved for women. She also led an effort to study how to better advance women's careers that Harvard undertook after Summers seemed to suggest that women have less "intrinsic aptitude" for science than men.

Several students walking to class in Harvard Yard yesterday cheered the idea of a female president, although they said they did not know much about Faust. (Summers, who was treasury secretary during the Clinton administration, was an instant celebrity when he arrived in 2001, frequently asked by students to sign dollar bills.)

"It's fantastic," said Jordan Bock, 18, from Weston. "It will be great to change things up. It's been too long."

Bock, a freshman who is considering studying astrophysics, said she was surprised two years ago by Summers's comments about women.

Women lead three other Ivy League schools and the Massachusetts Institute of Technology, but only 14 percent of the presidents of research universities nationally are women, according to a report to be issued Monday by the American Council on Education. That's up from 4 percent in 1986.

Tiffany Shumate, a Bryn Mawr junior majoring in psychology, said she equated Faust's appointment to Senator Hillary Clinton running for president of the United States. "It just makes me have more hope for gender equality," Shumate said.

A Woman Likely To Lead Harvard (LAT)

By Richard C. Paddock, Rebecca Trounson

The Los Angeles Times, February 10, 2007

Harvard University is set to name the first female president in its 371-year history to succeed Lawrence H. Summers, the former Harvard head who contributed to his own downfall by questioning the ability of women to master science.

Drew Gilpin Faust, a Civil War historian and dean of the Radcliffe Institute for Advanced Study at Harvard, is expected to be named Sunday as Harvard's 28th president.

Faust, 59, was praised Friday by friends and associates as an eminent scholar and a dynamic yet soft-spoken leader with a highly effective personal management style.

The appointment process is highly secretive, and Alan Stone, Harvard vice president for public affairs, said he could not confirm that Faust was selected. The Harvard Crimson, the student newspaper, reported Friday that the university's 30-member Board of Overseers would meet Sunday to affirm her selection.

Faust's appointment would be a breakthrough for an institution that did not have a single female faculty member in 1970 and did not abolish quotas restricting the number of female students allowed until 1975.

"I think it's a great moment in Harvard's history," said Maria Tatar, Harvard dean for the humanities. "She has a quiet charisma, and she is very likely to lead the place in bold new directions. She is not a self-promoting type. She does not seek the limelight but works for the good of the institution."

Women have made strides in the upper ranks of higher education in the last generation. If Faust is confirmed, four of the eight Ivy League schools will have female presidents. But men and women are far from equally represented at the helms of the nation's institutions of higher learning.

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Nationwide, the American Council on Education reports in a study to be issued Monday, women make up less than a quarter of the university and college presidents. From 1986 to 2006 the number of female presidents rose from 10% to 23%, the study found, although the gains have slowed considerably since the late 1990s. The report concluded that women were most likely to head two-year colleges and least likely to head an institution that awards doctorates.

"I think the fact that the Harvard board would be appointing a female may well make others look more favorably on women candidates," said Claire Van Ummersen, a former college president and a vice president on the council.

Indeed, Harvard, founded in 1636, is widely viewed as the most prestigious American university. Seven U.S. presidents were graduates, and its faculty has produced more than 40 Noble laureates. Its actions often have outsized influence on the actions of other universities — particularly their governing boards.

Harvard has been searching for a new president for nearly a year, since Summers announced that he would step down.

The former U.S. Treasury secretary, considered abrasive by some, lost the support of the faculty after questioning whether there were fewer women in science because they do not have an "intrinsic aptitude" for the subject.

E. Ann Matter, a former colleague of Faust at the University of Pennsylvania who is now associate dean for arts and letters there, described Faust as calm, reflective and deliberate.

"It's quite interesting that after the kind of trouble, the kind of controversies Dr. Summers was in, that they choose someone who is really the anti-Summers. He's bombastic, and she's very diplomatic," Matter said. "It will be quite a change."

Faust's appointment also sends a message, Matter said.

"They got a lot of heat over the things Larry Summers said and did — and was reputed to say and do. This makes a very different kind of statement. She's a humanist, a historian — and a historian who's written about women. And that's a very interesting choice for the president of Harvard," she said.

To ease the controversy caused by his remarks, Summers appointed two task forces to increase the role of women in science and on the faculty. Summers asked Faust to help lead both committees, giving her an even more prominent role at the university.

"The task force issued a very impressive report that sets forth a strategy for increasing the number of women and minorities on the faculty," said one administrator who spoke on condition of anonymity. "She was a very powerful presence behind the scenes."

UCLA history professor Lynn Hunt, who also worked with Faust at Penn, described her as a first-rate administrator and an excellent listener who can build a consensus. But she also can make tough choices.

"She is totally confident, the most relaxed person in the world, and she can make the right decision without her own narcissism or ego being involved in it," said Hunt, who has been friends with Faust for 20 years.

"I think she has all the makings of a great president," added University of Pennsylvania President Amy Gutmann, who has known Faust for more than a decade. "She's got a strong backbone, and she knows how to lead by articulating a vision and inspiring people to collaborate."

Faust, a graduate of Bryn Mawr College, went on to earn a master's and a doctorate in history at the University of Pennsylvania. She taught there for 25 years and was director of its Women's Studies Program.

A Virginia native, she has specialized in the history of the Civil War and the South and has published five books, including "Mothers of Invention: Women of the Slaveholding South in the American Civil War." She recently completed a sixth book on the effect of the Civil War's enormous death toll.

In 2001, she became dean of the Radcliffe Institute, with the mandate of transforming what had once been the former women's college into a research institute with 50 scholars.

In a speech to the Harvard Class of 2005, Faust detailed the slow progress of women at Harvard and the gradual transformation of Radcliffe College, which was founded in the late 19th century to give women access to a Harvard education.

"This is a university that has articulated its dedication to the success of every student, male or female," Faust said then. "But I invoke the past today to remind you that such commitments are not deeply rooted in Harvard's history, that they require a transformation rather than an extension of tradition, and that such transformation requires work and attentiveness.

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"An institution that less than a century ago defined itself as an incubator for virility is still working out how fully to incorporate women," she added.

Harvard law professor Lani Guinier on Friday reflected on being a student at Radcliffe in the 1960s: "I graduated from Radcliffe College, and when I was a student there, we were treated as the distant cousins of Harvard…. As I recall, my freshman year, we were not allowed to enter Harvard Yard wearing pants."

Harvard To Name First Female President (FT)

By Rebecca Knight

Financial Times, February 10, 2007

Harvard is on the verge of naming its first female president, ending a year-long search for a new leader for the oldest and richest university in the US.

Drew Gilpin Faust, dean of the Radcliffe Institute for Advanced Study, is expected to be named the university's 28th president this weekend, according to a report in the Crimson, the college's student newspaper.

The appointment of a new president will be announced on Sunday after a special meeting of the university's board of overseers, the alumni governing body that must approve the selection, according to a university official with knowledge of the selection process.

Ms Faust, a historian who specialises in the civil war and the US south, arrived at Harvard six years ago. Before that, Ms Faust, a graduate of Bryn Mawr College, taught at the University of Pennsylvania, where she received her doctorate, for 25 years. She has never run a big institution.

Radcliffe is the smallest of Harvard's 10 schools with no full-time faculty and a budget of about $16m (€12m, £8m). By contrast, the president of Harvard oversees a budget of about $3bn.

But as news of Ms Faust's expected appointment swept through Harvard Yard on Friday, friends and colleagues praised her "strong leadership skills" and said she was up to the challenge of running Harvard.

Howard Gardner, a professor at the Harvard Graduate School of Education, said he was "very pleased". "She is not afraid to say what she thinks and to follow through on it," he said.

The expected announcement comes nearly a year after Lawrence Summers, former US Treasury secretary, resigned as Harvard president, amid increasing tension with faculty after he suggested that "intrinsic aptitude" might explain why fewer women reached top academic positions in maths and science.

Prof Gardner said the appointment of Ms Faust "puts the kibosh on the notion that people at Harvard do not have a high opinion of women".

In recent years, many US universities – including several Ivy League schools – have selected women leaders. Brown University hired Ruth Simmons in 2000, Shirley Tilghman became president of Princeton in 2001, the Massachusetts Institute of Technology appointed Susan Hockfield in 2004 and Amy Gutmann became president of University of Pennsylvania in the same year.

Observers predict that Ms Faust's consensus-building brand of leadership would be very different from Mr Summers' sometimes blunt managerial style.

Ms Faust could not be reached for comment.

Harvard Looks To A Woman (PHI)

By Patrick Kerkstra, Michael Matza, Martha Woodall

The Philadelphia Inquirer, February 10, 2007

Harvard University appears poised to select Drew Gilpin Faust as its next president, putting a renowned historian with strong ties to Philadelphia at the helm of the nation's most prominent university.

Faust would become the first female president in Harvard's 371-year history and the fourth woman among the eight Ivy League presidents.

Now the dean of Harvard's Radcliffe Institute, Faust will officially be named the university's 28th president as early as tomorrow, according to reports in the Boston Globe and Harvard Crimson.

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Harvard spokesman John Longbrake declined to confirm or deny the reports, as did Faust, who was on the Main Line yesterday at Bryn Mawr College, her alma mater, for a meeting of the board of trustees.

Faust's affiliation with Bryn Mawr is just one of her many links to the region. She earned her graduate degrees at the University of Pennsylvania and was a professor there for 25 years in the history department that her husband chaired. Until she left for Harvard in 2001, she was a resident of Lower Merion.

Friends and colleagues described Faust, 59, as a quietly confident collaborator with exceptionally deft communication skills.

Such abilities are in high demand at Harvard, which is still shaking off the effects of the turbulent five-year tenure of former president Lawrence H. Summers, who clashed repeatedly with the university's liberal arts faculty.

"I think what they chose is a leader who is intelligent and eloquent and calm in the face of crisis, and also a people person," said novelist Julia Glass, who was a fellow at the Radcliffe Institute in the midst of the Summers upheaval. "I imagine that's a quality they needed to have this time around."

Penn history professor Steven Hahn recalled a meeting he attended at Harvard several years ago that both Summers and Faust attended.

"She was so formidable in the meeting, and Larry Summers was clearly so dependent on her wisdom and judgment that I remember walking out thinking, 'She's going to be running this place,' " Hahn said.

A scholar of the Civil War and the South, Faust has been considered for other top university jobs in recent years, including the presidency of the University of Chicago and of Penn. The latter ultimately went to Amy Gutmann.

Gutmann - who was rumored to be a candidate for the Harvard post despite her insistence that she would stay at Penn - could not be reached for comment yesterday. But earlier in the week, she told The Inquirer that Faust was "everything a Harvard president should be."

Faust had relatively limited administrative experience at Penn, and though she had been widely praised for her leadership of the Radcliffe Institute, it is a small operation, comparable to a think tank. The institute has 87 employees and a $17 million annual budget. Harvard, by comparison, operates on $3 billion a year.

"The problem is that Harvard is big," said Harvard education professor Howard E. Gardner. "But it's big even if you have run Yale for 30 years."

During the search process, many handicappers thought Harvard would best be served by a seasoned administrator with solid scientific credentials, given the university's increased emphasis on the sciences and its construction of a new research-oriented campus across the Charles River from Harvard Yard.

But those who know Faust said she had abundant administrative talent - if not experience - and described her as a naturally curious scholar who excelled at identifying connections across fields. She would, they said, be a strong leader for scientists as well as liberal arts professors.

"What I was struck by was Drew's passion and commitment to foster - and this might sound a little cheesy - but to foster this community of scholars, and her interest in what people were doing across disciplines," said Jim Costa, a professor of zoology at Western Carolina University who spent a year at the Radcliffe Institute.

"As soon as people see her in this role, whatever doubts they have are going to dissipate," Hahn said.

Harvard history professor Walter Johnson said Faust's groundbreaking work and writings had put her in the top rank of historians. "She is best in class as historians go," Johnson said.

Gardner, the Harvard education professor, said Faust would find good will and support in the faculty. "Nobody wants her to fail," he said.

When former Penn president Judith Rodin was inaugurated in 1994, she was the first woman to head an Ivy League university.

If Faust makes it four, it would be an "important tipping point in American higher education," Gutmann said.

Though Summers' tenure was marked by numerous controversies, the most explosive debate was triggered by remarks he made suggesting women might have less natural aptitude for math and science than men.

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Summers (who also has Philadelphia ties; he grew up in Lower Merion) tapped Faust to lead a task force he formed to soothe campus tensions in the aftermath. Faust took the job well aware that the committee could "simply be a way to toss a bone to the women faculty, to make it appear the university was doing something," Costa said.

"But she did it in good faith, thinking maybe it would make a difference," he said. "To her credit, given the opportunity, she went for it."

Faust's colleagues like to emphasize one other thing about Harvard's likely next president: She knows how to throw a party.

Glass, the novelist, described two soirees at Faust's Cambridge home. The first was an amateur night at which Radcliffe fellows "showcased their talents." The other, Glass said, was a full-blown dance party, with the furniture cleared away and a D.J.

"We're talking Chaka Khan and the Temptations," Glass said.

Harvard Expected To Tap Faust To Lead (WSJ)

By John Hechinger, Daniel Golden

The Wall Street Journal, February 10, 2007

Harvard University, seeking to close a period of management tumult, is expected to choose faculty member Drew Gilpin Faust as the first woman to lead the 371-year-old institution, people familiar with the matter say.

The selection of a new president comes at a difficult time for America's richest university, which is trying to stay at the forefront of higher education while coping with the aftermath of a faculty rebellion that led to Lawrence Summers's departure from the top post a year ago.

Challengers to Harvard's preeminence, such as Stanford University and Princeton University, have eroded its lead in fund-raising and its reputation in undergraduate education. Mr. Summers spearheaded plans for a massive facilities expansion and curricular changes aimed at a greater emphasis on the sciences, but rankled faculty in the humanities, who didn't subscribe to his agenda.

Ms. Faust's nomination by an internal search committee is expected to be submitted to Harvard's Board of Overseers for ratification tomorrow. She is a respected Civil War historian and her presidency would mark a symbolic turning point for both Harvard and higher education. It would put women at the helm of half of the eight schools in the Ivy League, including Princeton, Rhode Island's Brown University and the University of Pennsylvania.

Women also run the Massachusetts Institute of Technology and the University of Michigan. Overall, the percentage of female college presidents reached 23% last year, from 10% in 1986, according to a study to be released Monday by the American Council on Education, which noted that women's numbers remain rarer among elite research institutions.

News of Ms. Faust's probable selection was reported Friday in the Harvard Crimson and the Boston Globe.

Ms. Faust, dean of Harvard's Radcliffe Institute for Advanced Study, also represents a striking departure from Mr. Summers, the former U.S. Treasury secretary. Colleagues and friends describe Ms. Faust, 59 years old, as a diplomatic manager who has negotiated through a difficult time of change at Radcliffe, which was once Harvard's women's college but which has transformed into a research institute under the university's umbrella.

Judith Rodin, a former president of Penn who was the first female president in the Ivy League, said Ms. Faust had to deal with many "bristling" alumnae at Radcliffe showing a "kind of dexterity."

"She's got a great gift for bringing people together and consensus-building," says Ms. Rodin, who, now president of the Rockefeller Foundation, spoke with the Harvard search committee about Ms. Faust.

Mr. Summers turned to Ms. Faust for help after the uproar over his suggestion that innate gender differences help explain the absence of women in the upper echelons of the sciences and mathematics, tapping her to lead a committee to study the issue. A person familiar with the matter called her "a calming influence" who moved quickly for effective changes.

But many are sure to note that Ms. Faust's current administrative experience is leading an institute that hosts fellowships for professors in various disciplines, with a budget of nearly $17 million. By contrast, Harvard has a $3 billion budget, a $29 billion endowment, 20,000 students and 2,500 non-medical faculty.

In addition, many at Harvard felt Mr. Summers was rightfully challenging the faculty to bring change to a hidebound institution that many fear is losing ground to schools such as Princeton. U.S. News and World Report magazine recently ranked

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the New Jersey school No. 1 among colleges, surpassing Harvard. The two previously had been tied. At the same time, Stanford, with its ties to Northern California's nearby Silicon Valley, has become a more-potent challenger to Harvard's traditional role as higher education's biggest fund-raiser.

Harvard's ability to lead other schools to change has also been dimmed, in some eyes. In the fall, Harvard announced it was doing away with early admissions, saying the practice favors affluent applicants. Though many felt others would followed suit, most, except for Princeton and the University of Virginia, have stuck with the practice.

Some have worried that various fiefdoms at Harvard make it ungovernable, leaving the new president in a less powerful position to effect change.

"One would hope that it would not be an appointment of pacification," said Ruth Wisse, a professor of Yiddish and comparative literature who supported Mr. Summers. "This should be someone who could be a strong leader and take on the faculty of arts and sciences when that would be required."

Peter Gomes, a professor of Christian Morals at Harvard Divinity School and Harvard College who teaches courses in Harvard history, has publicly pushed for an outsider and said the search committee may have moved too quickly. While voicing "great respect" for Ms. Faust, he said, "The risk is that they haven't looked widely enough."

Among others, the search committee considered Steven Hyman, a neurobiologist and Harvard's provost; Elena Kagan, dean of Harvard Law School; and Thomas Cech, Ph.D., president of the Howard Hughes Medical Institute and a Nobel prize winning chemist, according to people familiar with the matter.

Names and Faces (WP)

The Washington Post, February 10, 2007

The Ex-Prez & His Prime-Time Pal

The new odd couple?

Eyebrows hit the roof earlier this week when Teri Hatcher ,42, and George H.W. Bush ,82, were spotted lunching together in Beverly Hills. Shots of the twosome chatting and kissing goodbye -- on the cheek, folks -- in the Los Angeles Country Club's parking lot have surfaced all over the Web.

Turns out that's not the only time they've met up. The "Desperate Housewives" actress, with daughter Emerson, visited the Bush compound in Kennebunkport, Maine, last year, Bush spokeswoman Jean Becker told us yesterday. "They spent two, maybe three nights at Walker's Point this summer," she said, and added that a return visit is likely.

So, what gives? The former president and the prime-time TV star have been friends since they met in Vegas a few years ago, Becker said. Um, Vegas?! Bush was seated next to Hatcher at the grand opening gala for one of Steve Wynn's new hotels in Sin City and, apparently, they hit it off.

"They enjoy each other's company. It's sort of one of those random things," Becker said. "It's not about politics -- they have a very personal and friendly relationship." The pals keep in touch mostly through e-mail but occasionally meet up in person.

This time around, Bush was in Los Angeles to receive the Ronald Reagan Freedom Award and invited Hatcher to lunch before the ceremony. Becker pointed out that the two weren't dining alone: Bush family pal Brad Freeman (and a few Secret Service agents) joined them.

We're told Bush wanted us to know that wife Barbara" loves Teri," said Becker. "We all love Teri."Wrapping Up a Trying Day

A grand jury investigation can't keep him down.

A very friendly Scooter Libby and 10 of his pals -- including attorney Ted Wells-- took over a table Thursday night at Brasserie Les Halles. Our source says the veep's former chief of staff happily chatted up well-wishers who approached the group while he sipped multiple Grey Goose vodkas on the rocks.

Libby -- in a well-tailored black topcoat and dark suit -- and his crew had a "legal air" about them as they downed drinks but passed on food. Came straight from the courthouse, eh guys?

California Split (NYT)

By Gar Alperovitz

The New York Times, February 10, 2007

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SOMETHING interesting is happening in California. Gov. Arnold Schwarzenegger seems to have grasped the essential truth that no nation — not even the United States — can be managed successfully from the center once it reaches a certain scale. Moreover, the bold proposals that Mr. Schwarzenegger is now making for everything from universal health care to global warming point to the kind of decentralization of power which, once started, could easily shake up America's fundamental political structure.

Governor Schwarzenegger is quite clear that California is not simply another state. "We are the modern equivalent of the ancient city-states of Athens and Sparta," he recently declared. "We have the economic strength, we have the population and the technological force of a nation-state." In his inaugural address, Mr. Schwarzenegger proclaimed, "We are a good and global commonwealth."

Political rhetoric? Maybe. But California's governor has also put his finger on a little discussed flaw in America's constitutional formula. The United States is almost certainly too big to be a meaningful democracy. What does "participatory democracy" mean in a continent? Sooner or later, a profound, probably regional, decentralization of the federal system may be all but inevitable.

A recent study by the economists Alberto Alesina of Harvard and Enrico Spolaore of Tufts demonstrates that the bigger the nation, the harder it becomes for the government to meet the needs of its dispersed population. Regions that don't feel well served by the government's distribution of goods and services then have an incentive to take independent action, the economists note.

Scale also determines who has privileged access to the country's news media and who can shape its political discourse. In very large nations, television and other forms of political communication are extremely costly. President Bush alone spent $345 million in his 2004 election campaign. This gives added leverage to elites, who have better corporate connections and greater resources than non-elites. The priorities of those elites often differ from state and regional priorities.

James Madison, the architect of the United States Constitution, understood these problems all too well. Madison is usually viewed as favoring constructing the nation on a large scale. What he urged, in fact, was that a nation of reasonable size had advantages over a very small one. But writing to Jefferson at a time when the population of the United States was a mere four million, Madison expressed concern that if the nation grew too big, elites at the center would divide and conquer a widely dispersed population, producing "tyranny."

Few Americans realize just how huge this nation is. Germany could fit within the borders of Montana. France is smaller than Texas. Leaving aside three nations with large, unpopulated land masses (Russia, Canada and Australia), the United States is geographically larger than all the other advanced industrial countries taken together. Critically, the American population, now roughly 300 million, is projected to reach more than 400 million by the middle of this century. A high Census Bureau estimate suggests it could reach 1.2 billion by 2100.

If the scale of a country renders it unmanageable, there are two possible responses. One is a breakup of the nation; the other is a radical decentralization of power. More than half of the world's 200 nations formed as breakaways after 1946. These days, many nations — including Brazil, Britain, Canada, China, France, Italy and Spain, just to name a few — are devolving power to regions in various ways.

Decades before President Bush decided to teach Iraq a lesson, George F. Kennan worried that what he called our "monster country" would, through the "hubris of inordinate size," inevitably become a menace, intervening all too often in other nations' affairs: "There is a real question as to whether 'bigness' in a body politic is not an evil in itself, quite aside from the policies pursued in its name."

Kennan proposed that devolution, "while retaining certain of the rudiments of a federal government," might yield a "dozen constituent republics, absorbing not only the powers of the existing states but a considerable part of those of the present federal establishment."

Regional devolution would most likely be initiated by a very large state with a distinct sense of itself and aspirations greater than Washington can handle. The obvious candidate is California, a state that has the eighth-largest economy in the world.

If such a state decided to get serious about determining its own fate, other states would have little choice but to act, too. One response might be for an area like New England, which already has many regional interstate arrangements, to follow

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California's initiative — as it already has on some environmental measures. And if one or two large regions began to take action, other state groupings in the Northwest, Southwest and elsewhere would be likely to follow.

A new wave of regional devolution could also build on the more than 200 compacts that now allow groups of states to cooperate on environmental, economic, transportation and other problems. Most likely, regional empowerment would be popular: when the Appalachian Regional Commission was established in 1965, senators from across the country rushed to demand commissions to help the economies and constituencies of their regions, too.

Governor Schwarzenegger may not have thought through the implications of continuing to assert forcefully his "nation-state" ambitions. But he appears to have an expansive sense of the possibilities: this is the governor, after all, who brought Prime Minister Tony Blair of Britain to the Port of Long Beach last year to sign an accord between California and Britain on global warming. And he may be closer to the mark than he knows with his dream that "California, the nation-state, the harmonious state, the prosperous state, the cutting-edge state, becomes a model, not just for the 21st-century American society, but for the larger world."

Tax Chambers (WSJ)

By Stephen Moore

The Wall Street Journal, February 10, 2007

The Chamber of Commerce, long a supporter of limited government and low taxes, was part of the coalition backing the Reagan revolution in the 1980s. On the national level, the organization still follows a pro-growth agenda -- but thanks to an astonishing political transformation, many chambers of commerce on the state and local level have been abandoning these goals. They're becoming, in effect, lobbyists for big government.

In Colorado, a coalition of property owners, conservative think tanks, anti-tax groups and small businesses fought against a ballot initiative in 2005 that was intended to gut the state's Taxpayer Bill of Rights (Tabor). They lost, and as a result state spending will expand by $5 billion over the next five years, costing the average family several thousand dollars in higher taxes. It was not the teachers' unions or class-warfare liberals who spearheaded the campaign against Tabor, however -- it was the Denver Chamber of Commerce. "This was just one depressing example of how everything bad that happens in Colorado," says Jon Caldera, president of the Independence Institute, "happens with the chamber's endorsement." And not just in Colorado.

In Virginia, the state and local chambers, along with big-business allies, have spent more than $4 million in recent years on ballot initiatives and legislative lobbying to raise $2 billion in taxes for roads, rails, buses and schools. This year they want a billion more for transportation, despite the state's multibillion-dollar surplus, and have even threatened to run candidates against fiscal conservatives in the legislature who take a "no new taxes" pledge.

In as many as half the states, state taxpayer organizations, free market think tanks and small business leaders now complain bitterly that, on a wide range of issues, chambers of commerce deploy their financial resources and lobbying clout to expand the taxing, spending and regulatory authorities of government. This behavior, they note, erodes the very pro-growth climate necessary for businesses -- at least those not connected at the hip with government -- to prosper. Journalist Tim Carney agrees: All too often, he notes in his recent book, "Rip-Off," "state and local chambers have become corrupted by the lure of big dollar corporate welfare schemes."

In New Jersey -- home of some of the worst schools in the nation -- the state chamber took out an ad with the teachers' unions opposing a school-voucher initiative for families in inner cities. The ad was withdrawn only after pro-school reform business members hollered in protest. Last summer taxpayers revolted when Democratic Gov. Jon Corzine called for a $1.5 billion hike in the sales tax; but "the chamber and other business groups sat on their hands in order to avoid making enemies with the legislature," notes Frayda Levin, New Jersey director of Americans for Prosperity.

In Oklahoma the state chamber filed a petition with the state Supreme Court to block eminent domain reform, and vowed to fight a taxpayer-led movement to enact a Colorado-style Tabor. Massachusetts? The state chamber and allied business groups oppose an income tax cut.

The picture isn't all bleak: The New York and Rhode Island state chambers, for example, struggle unflinchingly for low taxes, less regulation and expenditure control. But they are becoming the exceptions. More common is the situation in states

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such as Maryland. Last November Maryland local chambers announced candidate endorsements: almost all the candidates were the incumbent power holders who voted for an increase in the minimum wage.

The U.S. Chamber of Commerce boasts that the organization's "core mission is to fight for business and free enterprise before Congress, the White House, regulatory agencies . . . and governments around the world." The national chamber has done just that, pushing tort reform and free trade -- but in the states, chambers have come to believe their primary function is to secure tax financing for sports stadiums, convention centers, high-tech research institutes and transit boondoggles. Some local chambers have reportedly asked local utilities, school administrators and even politicians to join; others have opened membership to arts councils, museums, civic associations and other "tax eater" entities.

Business owners are beginning to get fed up. In Hawaii, the chamber's cheerleading for higher taxes has caused hundreds of small business members to quit. (Since the early 1990s the chamber has supported three major tax hikes, including a recent a 12% increase in the state gross income tax to fund boondoggle transportation and rail projects.) In Maryland, small business membership is falling. Ellen Valentino, director of the Maryland National Federation of Independent Business, says that while the Maryland chamber provides PAC funds to its political adversaries, "Our membership wouldn't tolerate that."

"I used to think that public employee unions like the NEA were the main enemy in the struggle for limited government, competition and private sector solutions," says Mr. Caldera of the Independence Institute. "I was wrong. Our biggest adversary is the special interest business cartel that labels itself 'the business community' and its political machine run by chambers and other industry associations."

Mr. Moore is a member of the Journal's editorial board.

Deal To Shut Major North Korean Nuclear Facilities Appears Closer (NYT)

By Jim Yardley And David E. Sanger

The New York Times, February 10, 2007

BEIJING, Feb. 9 — North Korea and the United States appeared on Friday to be inching closer to a deal that would establish a schedule for the North to shut down and seal its main nuclear facilities within two months, in return for shipments of fuel oil from South Korea and the beginning of talks over normalization of relations with Washington.

But the top American envoy negotiating the deal here cautioned that the two sides remained stuck on “one or two” small issues.

“Nothing is agreed unless everything is agreed,” the envoy, Christopher R. Hill, an assistant secretary of state, told reporters as he returned to his hotel Friday night. “So I just want to be careful about predicting success tomorrow.”

But in Washington, officials at the White House and the State Department were preparing for a major announcement this weekend, and described the agreement as very different from the nuclear freeze that the Clinton administration negotiated in 1994. That agreement ultimately fell apart, and the North has produced enough fuel for more than half a dozen nuclear weapons during President Bush’s term.

“This is the Libya model,” said one senior administration official, referring to Libya’s decision in late 2003 to turn over all of the equipment it had purchased from the secret nuclear network run by the Pakistani scientist, Abdul Qadeer Khan, to produce bomb fuel. In that agreement, both the Libyans and the United States executed a series of steps, in a carefully negotiated order, that rid the country of nuclear technology and ended its isolation.

It is still unclear exactly what sort of timeline North Korea would agree to, and how quickly it would turn over the plutonium it has produced, along with whatever weapons it may have built. In the past, the Bush administration has said it would never agree to the kind of “freeze” that President Clinton signed, because North Korea was not forced to give up its weapons fuel before it reaped rewards. That allowed the country to quickly restart its nuclear program, officials said.

Administration officials say this agreement would be different, because the biggest benefits for the North would come only after it allowed inspectors, sealed its facilities and began to give up its weapons. But those steps will be difficult to monitor, in part because there is a dispute about how much nuclear material the North possesses.

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In a second stage of the agreement, the North would be required to declare how much nuclear material it has on hand and where it is located, administration officials say. Presumably, that would include the uranium enrichment program that Mr. Khan has admitted helping the North start a decade ago, but which North Korea has denied.

On Friday night, Mr. Hill insisted that North Korea would be required to do more than submit to a "freeze," and also suggested that the process of shutting down the weapons program would be carried out in stages.

"We're interested in shutting things down and continuing, through various phases, to shut down, dismantle, abandon things," he said. "Freeze doesn't describe that process. Freeze suggests a process where you freeze, you thaw out, freeze again. We're not interested in that. We're interested in kind of a one-way process."

Mr. Hill said he remained "cautiously optimistic" and declined to specify which issues were delaying an agreement, though he suggested that North Korea had unexpectedly stalled on minor details. Negotiations resume Saturday, and Mr. Hill said he still hoped that a deal could be struck by the end of the weekend.

The latest negotiations over North Korea's nuclear weapons program began Thursday in Beijing amid tempered optimism that a breakthrough, if a modest one, might be at hand. North Korea and the United States — the key players in talks that also include China, Japan, South Korea and Russia — held fruitful private meetings last month in Berlin.

Mr. Hill and his North Korean counterpart, Kim Kye-gwan, have met privately more than once this week, including for lunch on Friday. Mr. Kim has told reporters that North Korea is "ready to make its first step" toward denuclearization.

The starting point in the talks is a broad accord signed in September 2005, in which North Korea agreed in principle to end its nuclear weapons program in exchange for a package of economic and energy aid, as well as security guarantees.

Subsequent negotiations stalled over the contested details of how and when the accord would be carried out.

This week, though, a rough initial timeline has emerged. Russian, South Korean and Japanese news agencies have reported that a draft proposal circulated by China this week would require North Korea to stop operations at its nuclear reactors and procession facilities within two months in exchange for initial shipments of aid, including energy supplies such as heavy oil.

None of the negotiators have spoken publicly about the specifics of the proposal, but Mr. Hill confirmed that it would require "both sides" to take "initial actions" within weeks. Such a deal would constitute only a first phase of an overall denuclearization plan, and Mr. Hill suggested that more rounds of negotiations could be held in March and April.

The paramount goal of the talks is eliminating North Korea's nuclear weapons program, but the negotiations have been complicated by a host of related issues.

Mr. Hill said the proposed draft would also create five working groups to negotiate separate issues. Analysts say these are likely to include denuclearization, financial sanctions and normalizing diplomatic relations between North Korea and the United States and Japan.

The United States infuriated the North Koreans when it froze $24 million of their country's assets and accused them of laundering counterfeit dollars. North Korea has demanded that the money be released, and financial negotiators from both countries met last week in Beijing. No deal was announced, and some analysts have questioned whether a stalemate could sink a larger denuclearization deal.

But Mr. Hill said the money dispute was not one of the sticking points holding up the current deal. "When I talk about one or two issues," he said of the unresolved problems, "that is not one of them."

NKorea Nuke Deal Close, But Hurdles Remain: US Envoy (AFP)

By Jun Kwanwoo And Shigemi Sato

AFP, February 10, 2007

A deal that would see North Korea take the first steps towards ending its nuclear weapons programme is close but hurdles remain, the chief US envoy to disarmament talks has said.

"There are some sticking points ... one or two issues. That sounds pretty close to a deal," Christopher Hill said Friday after a day of negotiations in the six-nation forum that is seeking to end the isolated regime's atomic ambitions.

Hill said envoys to the talks had agreed on a range of fundamental issues, after host China circulated a draft accord that outlined steps member nations would take to begin the process of North Korea disarming.

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"I think we have managed to get through what we thought were tough issues but nothing is agreed until everything is agreed so we must be very cautious," he told reporters.

Under the draft accord, North Korea would close its main nuclear-related facilities, including a five megawatt reactor at Yongbyon, within two months in return for alternative energy sources, press reports said.

Envoys refused to give specifics but said the accord sought to begin implementing a six-party deal from September 2005 in which North Korea agreed to scrap its nuclear programme in return for security guarantees, energy benefits and aid.

That deal fell through two months later over North Korean objections to US financial sanctions imposed against it for alleged money laundering and counterfeiting.

The potential breakthrough this week comes after North Korea conducted its first atomic test in October last year, an event it said confirmed its status as a global nuclear power but which also drew punitive United Nations sanctions.

North Korean envoy Kim Kye-Gwan said following a one-on-one lunch meeting with Hill on Friday that he was prepared to do a deal, but remained non-committal.

"There are some agreements and some contentious points as well. We are trying to make a compromise. Please wait and see," Kim told reporters.

Hill said the responsibility for resolving the final outstanding issues rested with North Korea, and that the negotiations would go into the weekend.

"The DPRK (North Korea) sometimes looks at little things and the little things are sometimes the big things for them," he said.

Hill said one sticking point was the US wish to permanently close North Korea's nuclear facilities, while Pyongyang was intent on committing to "freezing" them, which could leave the way open to an unfreezing.

"We are not interested in freezing things. We are interested in shutting things down," he said.

Japanese envoy Kenichiro Sasae gave a more pessimistic assessment on Friday night of the two days of six-party talks, which group China, the two Koreas, Japan, Russia and the United States.

"At this point we cannot say that there is a prospect for an agreement being reached," he said.

However US Secretary of State Condoleezza Rice said on Thursday after the first day of talks that she was hopeful of progress.

Rice said preparatory negotiations, including rare direct meetings between Hill and Kim in Berlin last month, had paved the way for the September 2005 deal to be revived.

"I think we are cautiously optimistic there may be some movement forward," she said in Washington.

South Korea's Yonhap news agency, citing unidentified but multiple sources, reported the draft accord involved North Korea committing to freeze its Yongbyon reactor and a radiochemical laboratory.

It would also have to allow international nuclear inspectors back into the country, and in return would receive an unspecified amount of energy aid from the five other countries involved in the talks, Yonhap said.

Scott Snyder, a senior associate at US-based The Asia Foundation, said the deal would likely see North Korea receive at least 500,000 tonnes of oil.

North Korea would also want to see at least a partial lifting of the US financial sanctions, which have led to 24 million dollars being frozen in a Macau bank, he said.

The six-party forum began in 2003 with the intent of convincing North Korea to disarm. But it has seen many false dawns and failed to stop the regime from conducting its atomic test.

North Korea Nuclear Deal In Trouble (AP)

By Jae-soon Chang, Associated Press Writer

AP, February 10, 2007

Envoys to international talks on ending North Korea's nuclear weapons program struggled Friday to find a compromise as differences emerged over a Chinese proposal on how to begin the disarmament process. Kenichiro Sasae, Japan's top

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negotiator said he felt there was no prospect of an agreement late Friday on the draft on how to implement a 2005 agreement that calls for Pyongyang to disarm in exchange for security guarantees and aid.

"There are some parts in which we had progress but on others we ran into difficulty," Sasae told reporters after daylong meetings with the other delegates.

"We will continue with the talks, but at this point in time I don't feel there is a prospect of reaching an agreement," he said without elaborating.

Earlier Friday, the main U.S. negotiator, Assistant Secretary of State Christopher Hill, and his North Korean counterpart, Vice Foreign Minister Kim Kye Gwan, suggested the differences were not insurmountable.

"I think we can be cautiously optimistic," Hill said after a two-hour lunch meeting with Kim, the first bilateral session between the two sides at this week's talks.

Kim said the meeting led to agreement on some unspecified issues, although there were still issues to overcome. "We are going to make more efforts to resolve them," Kim said.

"As someone said, don't waste your energy trying to count chickens before they hatch," he said, quoting remarks by U.S. Secretary of State Condoleezza Rice made Thursday in Washington.

Late Thursday after the first day of talks, China distributed a draft agreement to the nuclear envoys from China, Japan, the two Koreas, Russia and the United States.

The proposal — presented after North Korea agreed in principle to take initial steps to disarm — would grant the communist nation unspecified energy aid for shutting down its main nuclear facilities within two months, South Korea's Yonhap news agency reported.

Officials declined to confirm details of the draft.

Hill said earlier Friday he saw "differences" among the delegations over the draft deal.

"Opinions were expressed around the room, sometimes divergent opinions on the Chinese draft," Hill said. "There are some differences of views among the various delegations."

A South Korean official also cautioned against being too optimistic. The official, who spoke on condition of anonymity because of the issue's sensitivity, said it is "not as easy as expected to produce a result due to differences in positions and a conflict of interests."

Both Hill and the South Korean official declined to elaborate on what the differences were.

But a pro-Pyongyang newspaper in Japan said the North wants the U.S. first to show that it has permanently ceased its "hostile" policy toward Pyongyang.

"As conditions mature, (North Korea) can halt the operation of the Yongbyon nuclear facilities," the Choson Sinbo said, referring to the site of the North's main nuclear complex north of Pyongyang.

"The (North)'s position is that it can take corresponding measures when the U.S. takes steps to show that it irreversibly gave up its hostile policy," it said.

The report, carried on the paper's Web site, cited a "diplomatic source well versed in" the negotiations. The paper, with links to the government in Pyongyang, is considered one of the North's propaganda tools.

Any agreement on an initial set of reciprocal moves to implement a September 2005 accord — in which North Korea pledged to disarm in exchange for aid and security guarantees — would set the stage for the first tangible steps in the often-delayed six-nation process.

The 2005 deal, a broad statement of principles that did not outline any concrete steps for dismantling North Korea's nuclear program, was the only agreement since the negotiations began in 2003.

At the last session of the arms negotiations in December, following North Korea's Oct. 9 underground nuclear test, the North refused to even talk about its nuclear programs. Instead, it demanded the U.S. lift financial restrictions targeting alleged North Korean counterfeiting and money laundering.

U.N. Chief Gives Key Post To American (NYT)

By Warren Hoge

DOJ_NMG_0130972

The New York Times, February 10, 2007

UNITED NATIONS, Feb. 9 — Stirred by criticism of the slow pace of senior appointments, Ban Ki-moon, the new United Nations secretary general, on Friday named four new cabinet members, including an American diplomat, while keeping a dozen other senior officials in place.

B. Lynn Pascoe, the United States ambassador to Indonesia, becomes under secretary general for political affairs, a delicate position in United Nations efforts to mediate disputes in international trouble spots. Mr. Pascoe, a Chinese speaker, has extensive experience in Asia.

Shortly after taking office on Jan. 1, Mr. Ban, the former foreign minister of South Korea, asked 55 assistant and under secretaries general to tender their resignations to allow him flexibility in forming his team.

He said Friday that he had accepted 17 of resignations, one of which was from Shashi Tharoor of India, the under secretary general for communications and public information, who finished second in the contest last summer to be secretary general. He will be replaced by Kiyotaka Akasaka of Japan, a former ambassador to the United Nations and a top negotiator at the Kyoto Conference on Climate Change.

Among those Mr. Ban retained from the administration of Kofi Annan, the former secretary general, was Jean-Marie Guéhenno of France, the under secretary general for peacekeeping operations.

Mr. Pascoe succeeds Ibrahim A. Gambari of Nigeria, who took the post in July 2005, ending decades in which a Briton held the job. Britain had put forward Sir John Holmes, its ambassador to France, for the political affairs position, but he instead was chosen last month to be under secretary general for humanitarian affairs, succeeding Jan Egeland of Norway, who resigned in December.

The announcements were made by Mr. Ban's new chief of staff, Vijay Nambiar of India, as complaints circulated widely among United Nations ambassadors who said Mr. Ban's decision-making was secretive, impulsive and badly planned. The complaints follow questions about Mr. Ban's decision last month to fill specialized posts with people who had no apparent experience in running large operations.

In answer to questions on Friday, Mr. Nambiar said Mr. Ban was aware of unhappiness over the time it was taking to make appointments.

"There has been a slippage in terms of the time that is required, but that has been for a variety of reasons, and he is conscious that he needs to make these appointments as quickly as possible," Mr. Nambiar said. "More than anybody else, I suppose, he is interested in having his team together."

Ban Changes U.N. At The Top (WT)

By Betsy Pisik

The Washington Times, February 10, 2007

NEW YORK -- American diplomat B. Lynn Pascoe was named U.N. undersecretary-general for political affairs yesterday in a sweeping management shake-up that promises to boost the United States' voice in the organization's diplomacy and peace-making efforts.

Mr. Pascoe, 63, has served in senior posts in Malaysia, Moscow and the State Department in Washington. A fluent Mandarin speaker, he has also worked in Beijing, Taiwan, and with the Organization for Security and Cooperation in Europe.

His appointment was part of a broad reorganization of top management by Secretary-General Ban Ki-moon, who took office last month.

Mr. Ban accepted resignations from five undersecretaries-general, including Shashi Tharoor, who headed the Department of Communications and Public Information. The telegenic Mr. Tharoor, of India, had briefly challenged Mr. Ban for the top U.N. post.

Jean-Marie Guehenno will remain undersecretary-general for peacekeeping for at least another year, which should allow a degree of continuity as the office is reorganized and field missions are expanded.

Several key hires, such as Deputy Secretary-General Asha-Rose Migiro of Tanzania, had previously been announced.

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The cumulative appointments -- 20 altogether since the beginning of the year -- mix traces of new blood with familiar faces from former Secretary-General Kofi Annan's administration.

They include several career foreign diplomats well known to Mr. Ban from his years in the South Korean Foreign Ministry.

"The point of the secretary-general's appointments is to be able to impart a certain dynamic to his own tenure," said Mr. Ban's chief of staff, Vijay Nambiar.

Despite the deeply entrenched politics of U.N. appointments -- in which key countries stake a claim on a department and all but dictate who shall fill it -- Mr. Ban exercised autonomy in his selections, Mr. Nambiar said.

"He has made it clear that the appointments will be his appointments and not appointments on the basis of political arrangements," Mr. Nambiar told reporters.

The Department of Economic and Social Affairs -- whose senior management has been subjected to several internal inquiries after reports in The Washington Times and other news outlets, will be headed by Sha Zukang, a career Chinese foreign ministry official who specialized in arms control, trade and other multilateral issues.

Mr. Sha most recently served as China's ambassador to the United Nations in Geneva.

The new head of public information, Kiyotaka Akasaka, is a former Japanese ambassador to the United Nations who is fluent in English and French, and speaks a bit of Portuguese.

Some 55 senior officials submitted letters of resignation last month in response to Mr. Ban's request. It is easier -- and more diplomatic -- to accept a letter of resignation instead of firing a person.

U.N. officials to be retained for at least another year include: Nicolas Michel, the Swiss-born undersecretary-general for legal affairs; Ad Melkert, the Dutch associate administrator of the U.N. Development Program; Thoraya Obaid of Saudi Arabia, executive director of the U.N. Population Fund; and Antonio Maria Costa of Italy, director-general of the U.N. offices in Vienna, Austria, and the Office of Drug and Crime Prevention.

In Palestinian Peace Deal, Hope And A Political Snare (NYT)

By Steven Erlanger

The New York Times, February 10, 2007

JERUSALEM, Feb. 9 — The agreement in Mecca between Fatah and Hamas on how to form a unity government was greeted with relief by many Palestinians on Friday as their best hope for an end to the fighting among them that has killed nearly 100 Palestinians since December.

But it poses a challenge for the Bush administration, which, along with Israel and several European countries, wants the new government to meet three benchmarks for normal relations: recognize the right of Israel to exist, forswear violence and accept previous Israeli-Palestinian agreements. Without the three — and the Mecca accord does not accept them — an international boycott on the Palestinians would continue.

The administration will have to work hard to keep unity among its partners in the quartet — the United States, the European Union, Russia and the United Nations — on the three conditions.

Russia has already demurred, welcoming the accord and saying that once the new government is formed it “should be combined with lifting a blockade of the Palestinian territories which has inflicted suffering and hardship to the people.”

The French also welcomed the deal, but the European Union spokeswoman, Emma Udwin, was cautious, saying that all parties agreed “to take the time to consider, to see what the agreement is and how it is going to be implemented” before deciding whether to lift the embargo.

The United States will also be reluctant to dismiss the Saudis’ accomplishments as brokers of the accord, given Washington’s interest in creating a broader moderate Arab coalition, including Egypt, Jordan and the Persian Gulf countries, to confront Iran’s nuclear ambitions and regional reach.

Already, Hamas has appealed for talks with the Europeans. Western nations “cannot ignore this agreement and impose their own conditions,” said Ghazi Hamad, the Hamas government spokesman. “The European Union should open a dialogue with this new government, and this is the only way to have stability in the region.”

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The accord for the new government does not promise to stop attacks on Israel and Israelis, though one of the documents it referred to urges Palestinians to "focus" attacks on Israeli-occupied areas outside the 1967 boundary lines.

As for recognizing Israel, Nizar Rayyan, a Hamas spokesman, was explicit. "We will never recognize Israel," he told [a news organization] in Gaza. "There is nothing called Israel, neither in reality nor in the imagination."

The Palestinian Authority's president, Mahmoud Abbas of Fatah, pressed by Washington, wanted a new government to accept previous agreements on the basis of which the Palestinian Authority itself exists. But Hamas, which will still dominate the new government, agreed only to "respect" previous agreements, not to accept them.

For Mr. Abbas, aides said, the most important accomplishment of the Mecca meeting was to try to stop the bloodletting, which was humiliating to Palestinians and to the Arab and other governments that support them. Sufian Abu Zaida, a former Fatah minister of prisoners and an aide to Mr. Abbas, said: "The main goal of this agreement is to save Palestinian blood. If they succeed in this, it's a successful meeting. But in the long run, if they can't end the economic and political siege, there is no guarantee that the government will last very long."

But Mr. Abbas also looked weak, put by the Saudis in a position of symbolic equality with the exiled Hamas political leader Khaled Meshal and unable to produce an agreement on the international benchmarks. A new government would also mean that Mr. Abbas's threat to call early legislative and presidential elections would be hollow.

Fatah will take six positions in the new government, most of them relatively minor except that of deputy prime minister, which is likely to be filled by Muhammad Dahlan. Hamas will also continue to control the critical Interior Ministry through a so-called independent figure nominated by Hamas.

Many difficult issues are unresolved, including Hamas's demands for reform of the Palestine Liberation Organization, as well as who might fill particular cabinet posts.

An Israeli official, speaking on condition of anonymity before a full official government response, suggested that if Washington considered Mr. Abbas to have been compromised by the agreement — brought closer to Hamas, rather than Hamas brought closer to him — "it could have repercussions" for the planned summit meeting on Feb. 19 between the Israeli prime minister, Ehud Olmert, and Mr. Abbas, to be led by Secretary of State Condoleezza Rice.

No one expects serious peace negotiations with Mr. Olmert and Mr. Abbas so weakened politically, but the talks may become more of a conflict management exercise than before. The United States warned Mr. Abbas about the dangers of a unity government headed by Hamas. Tzachi Hanegbi, chairman of Parliament's foreign and defense committee, said that Mr. Abbas "failed completely and awarded a significant victory to Hamas." As a result, he told Israel Radio, "the chance of advancing an effective initiative and an agreement between Israel and the Palestinians has receded."

Saudi Arabia, for its part, emerges as a winner for playing host to the meeting, taking responsibility for the Palestinian cause and lessening the influence of Shiite Iran on Hamas.

Hamas emerges as a winner for sticking to its refusal to bow to Western demands and recognize Israel, renounce "resistance" or accept previous agreements like the 1993 Oslo accords, while co-opting Fatah into the "unity" government Hamas wanted and short-circuiting any threat of early elections.

Ordinary Palestinians will feel they are winners if the killing stops. In Jerusalem's Old City on Friday, Abbas Abu Helem, 36, who sells clothes in a stall, said he hoped that the Mecca talks would be a success.

"I hope it will stop the fighting," he said. "We now have a deal, and I hope the factions can work together, because our life keeps getting harder and harder."

No Peace For Israel In Pact (WT)

By Joshua Mitnick

The Washington Times, February 10, 2007

TEL AVIV -- Officials from Hamas and Israel dashed hopes yesterday that a Palestinian unity deal reached in the Saudi holy city of Mecca would end a crippling economic embargo or lead to a resumption of Palestinian-Israeli peace talks.

"Our battle with the Israeli enemy is still on," Fathi Hamad, a Hamas leader in Gaza's Jebaliya refugee camp, told thousands of supporters.

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He urged militant groups to resume attacks on Israel and denied that Hamas would respect past peace deals with the Jewish state -- a central element of the accord between Hamas and Palestinian Authority President Mahmoud Abbas brokered by Saudi diplomats Thursday.

"We will be the spearhead of jihad ... to defend Palestine and Arab and Muslim nations," Mr. Hamad said, according to an Associated Press dispatch from Gaza.

Israel stopped short of a formal response, but Foreign Minister Tzipi Livni told a security conference in Munich that Hamas remained dedicated to Israel's destruction.

"Hamas is not using terrorism to build a peaceful Palestinian state but to destroy the other, to destroy Israel. ... We cannot afford a terror state," Mrs. Livni said.

In Israel, a top lawmaker in the ruling Kadima party said the accord falls short of conditions set by the international community to lift an economic embargo against the Hamas-led Palestinian Authority.

"Abbas failed yesterday. He gave the Hamas a big victory," said Tzachi Hanegbi, chairman of the parliament's Defense and Foreign Relations Committee. "Regarding whether this helps the peace process, I'd say it's a step backwards."

Israel, the United States, Europe and other would-be Mideast peace brokers have demanded the Palestinian Authority recognize Israel and honor previous agreements between the two sides.

Despite fireworks and demonstrations between supporters of Hamas and Mr. Abbas' Fatah movements to celebrate the Mecca agreement, Palestinians said they were worried that it would not end intra-Palestinian fighting that has grown increasingly deadly in recent weeks.

"There are fears that this agreement is only a superficial one, since it is difficult to clear all the bitter feelings towards each other in such a short period of time," wrote Mahmoud El Battash in the Palestinian daily newspaper El Hayat Al Jadidah.

"As a result of this, another cycle of violence might erupt."

Dozens of Palestinians have been killed in the past two weeks in street battles that made Gaza look as if it were deep into a civil war.

Mohammed Dahlan, a leading Fatah strongman in Gaza who was present at the talks, told the Arabic cable channel Al Arabiya that the agreement will be difficult to implement and that it was concluded under pressure from the Saudi government.

An adviser to Prime Minister Ismail Haniyeh, the top Hamas official in the Palestinian government, said that the Islamic militants don't consider themselves obliged to carry out parts of the agreement that the Israelis have not kept.

The adviser, Ahmed Yousef, said Hamas hopes the deal will enable the European Union to persuade the United States and others to restore aid to the Palestinians.

"I count on the Europeans to change their policies, and to say that what happened in Mecca shows ideological flexibility," he said. "The Europeans have their own interest, and they should care about the image and perception. They don't want their image in the region to be like the U.S."

A top Fatah official in Gaza said the agreement was drawn up first and foremost to stop a civil war. Fulfilling the demands of the so-called Quartet was secondary, he said. The Quartet joins the United States, European Union, United Nations and Russia in a bid to restart Israeli-Palestinian peace talks.

In Washington, the Bush administration said it is too soon to tell whether plans for a unified Palestinian government will meet international conditions for legitimacy and financial aid.

"We still haven't seen enough of the details on this to give you an answer," State Department spokesman Tom Casey said.

In Europe and at the United Nations, the reaction to the Mecca accord was slightly more upbeat.

France urged the international community yesterday to back the proposed national unity government formed by rival Palestinian factions.

"The inclusion in this government's program of respecting international resolutions and agreements signed by the PLO constitutes a step in the right direction toward full adherence to the international community's demands," French Foreign Minister Philippe Douste-Blazy said.

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At U.N. headquarters, representatives of the so-called Quartet -- the U.N., United States, European Union and Russia -- expressed hope yesterday that a Palestinian accord on sharing power in a coalition government would end months of deadly factional violence.

In the Arab world the emphasis was on calls to end the Western embargo against Hamas.

Arab League Secretary-General Amr Moussa called on the quartet of Middle East mediators to take the Palestinian agreement into consideration "and to consequently lift the embargo," the League said in a statement.

U.S. Wary Of New Palestinian Accord (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, February 10, 2007

Deal Could Divide Washington and Its Allies, Affect Rice's Mideast Peace Mission

The deal to create a Palestinian national unity government, announced Thursday in Mecca, Saudi Arabia, threatens to expose divisions between the United States and its European allies while complicating Secretary of State Condoleezza Rice's peace mission later this month, diplomats and analysts said yesterday.

The Bush administration reacted cautiously to the announcement that, after a year of deadly feuding, Palestinian Authority President Mahmoud Abbas and his Fatah party had agreed to join a government led by the militant group Hamas. The deal was brokered by Saudi Arabia, which is said to have pledged $1 billion to the Palestinians.

"We can't offer a reaction beyond the fact that we remain committed to a two-state solution and the Palestinian people deserve a government that is committed to that goal," State Department spokesman Sean McCormack said.

Few details of the agreement have been released, except a vague statement in which Abbas called upon Hamas to "respect international resolutions," which appeared to fall far short of international demands that the new government commit to recognizing Israel. Indeed, Hamas officials later told reporters that the movement has no intention of doing so.

Under the deal, Ismail Haniyeh of Hamas would remain prime minister and Hamas would retain the largest number of ministries, although some key ministries would go to independents.

The announcement comes as Rice is preparing for a major plunge in Middle East peacemaking, meeting with Abbas and Israeli Prime Minister Ehud Olmert on Feb. 19 to begin sketching the contours of a Palestinian state. This week, Rice met with Israeli, Egyptian and Palestinian envoys in preparation for the summit, and U.S. officials said yesterday that she remains committed to her plans.

Dennis Ross, who was a Middle East envoy for two presidents, said the announcement is a blow to Rice's efforts both on the Palestinian front and in the broader region.

Rice in recent months has tended to divide the region between "mainstream" and "extremist" actors. That has included bolstering security forces loyal to Abbas as he confronts Hamas, which she has labeled an extremist group.

But now, Ross said, Saudi Arabia has demonstrated its interest in maintaining the divide between Sunni and Shiite Muslim regions. Hamas is largely Sunni but had come under the sway of Shiite Iran and Syria. The deal -- and the offer of money -- brings Hamas back into the Sunni camp, Ross said, calling it a "triumph for Saudi diplomacy."

U.S. officials have worked on the assumption that an Abbas-negotiated peace outline with Israel -- what Rice calls a "political horizon" -- would bolster his standing among Palestinians and, if Hamas rejects the agreement, would allow him to put the matter to a vote.

Ross said that, under a national unity government, Hamas will be able finally to pay salaries and run ministries, helping the day-to-day lives of Palestinians, while Abbas will be forced to embrace unpleasant compromises in negotiations, actually weakening his position.

The agreement "is a trap for her," Ross said, referring to Rice. "It is hard to see how this is good for producing a political horizon."

A Palestinian adviser to Abbas who spoke on the condition of anonymity said the deal is not intended to resolve the power struggle. "This is to buy us time and buy us some stability," the adviser said.

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Israeli officials, who have long viewed such a government as a dangerous possibility, said a formal response will come after the country's cabinet meets tomorrow. But Israeli officials privately said the agreement is not acceptable.

In an interview with The Washington Post in September, Foreign Minister Tzipi Livni said a national unity government that does not explicitly recognize Israel would lull the world into complacency.

"It is easy for us to see something black, Hamas, and white, Abu Mazen [Abbas's nickname], but sometimes the in-between, the gray, is sometimes the most dangerous," because it will appear legitimate through the presence of Abbas while Hamas continues to be an anti-Israel militia movement, she said. "They can get legitimacy and get the checks, but we cannot end the conflict."

Washington's wary attitude, citing a need to see more details, was echoed by Germany, which currently holds the rotating presidency of the European Union. The "Quartet" -- the diplomatic group that monitors Middle East peace and is made up of the United States, Russia, the European Union and the United Nations -- reiterated that any new Palestinian government must renounce violence, recognize Israel and respect peace deals for aid to resume.

But France and Russia immediately welcomed the statement, with Russia calling for an end to the freeze on direct aid to the Palestinians. French Foreign Minister Philippe Douste-Blazay said that the agreement is "a step in the right direction" toward eventual recognition of Israel and that "the international community must encourage and support the formation of the new government."

U.S. Cautious On Palestinian Accord (AP)

By Anne Gearan

AP, February 10, 2007

The United States and other world powers avoided endorsing a planned political bargain between warring Palestinian factions Friday, saying it was too soon to say if the new government will meet international conditions for legitimacy and financial aid.

The Bush administration said little in public beyond careful praise for Saudi Arabia's role in bringing the two factions together. Behind the scenes, officials did not sound optimistic that the deal can end Palestinian violence or a year-old international boycott.

"Peace is not at hand," said one U.S. official, speaking on condition of anonymity because Washington is still reviewing the deal's details.

The U.S.-backed Palestinian president, Mahmoud Abbas, struck a power-sharing deal Thursday with rival Hamas militants. The deal is meant to end more than a year of political uncertainty since Hamas won parliamentary elections, and stop months of internal factional violence that has killed more than 130 Palestinians.

The deal was announced in a brief statement that does not expressly meet international conditions for Hamas: to renounce violence, accept Israel and abide by agreements made by the previous secular Palestinian government.

"The Palestinians deserve a government that is clearly and credibly committed to the principles," State Department spokesman Sean McCormack said Friday. He said there is no change in U.S. policy toward either Abbas or Hamas, which the West lists as a terrorist group.

A joint statement Friday from the U.S., United Nations, European Union and Russia noted that the group had recently reaffirmed the terms for supporting a Palestinian government.

The group represents sponsors of a dormant 2003 peace proposal that would establish an independent Palestinian state alongside Israel. Neither Israel nor the Palestinians have met initial terms of that bargain.

The group's statement made no judgments about the deal but "expressed hope that the desired calm would prevail." The group said it will meet Feb. 21 in Berlin to continue a review of plans for the unified Palestinian government.

Secretary of State Condoleezza Rice still plans a trip to the Middle East later this month, McCormack said, and there are no plans to scrap a Feb. 19 meeting among Rice, Abbas and Israeli Prime Minister Ehud Olmert.

At stake is roughly $1 billion a year in frozen aid from foreign donors in addition to approximately $500 million in withheld tax revenues collected by Israel on behalf of the Palestinians. The embargo has crippled the Palestinian government's ability to

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function, though the West and Israel have funneled millions of dollars through Abbas' office to prevent a complete collapse of the government.

If the U.S. and Israel are not convinced Hamas has sufficiently moderated, the West is unlikely to lift the sanctions, and it will be difficult to advance the peace process.

Quartet Again Urges Palestinian Government To Recognize Israel (AFP)

AFP, February 10, 2007

WASHINGTON - The international Quartet pushing the Middle East peace process urged the next Palestinian national unity government to recognize Israel.

"While awaiting formation of the new Palestinian government, the Quartet reaffirmed its statement of February 2 regarding its support for a Palestinian government committed to nonviolence, recognition of Israel, and acceptance of previous agreements and obligations, including the roadmap," the group said in a joint statement released by the US State Department.

The statement said the Quartet -- the European Union, Russia, the United Nations and the United States -- will meet in Berlin on February 21 "to continue their consideration of these developments, and to review formation and implementation of the agreement on the government."

"The Quartet will discuss the way ahead at the February 21 meeting," the statement added.

US Secretary of State Condoleezza Rice and US President George W. Bush have laid out a Middle East strategy focused on rallying what they call "mainstream" Arab forces to isolate "extremists" backed by Syria and Iran.

Washington has largely ignored the Quartet for most of the Bush administration, and a ministerial meeting February 2 was the first in five months.

Rival factions Hamas and Fatah have condemned the failure of the major powers involved in Middle East peacemaking to end a punishing Western aid embargo on the Palestinians.

A Palestinian Pact (WP)

The Washington Post, February 10, 2007

THE IMMEDIATE aim of the accord between Palestinian factions reached in Mecca on Thursday is to end internecine fighting that has killed more than 90 people in the past two months. If it achieves that end, the deal between Palestinian President Mahmoud Abbas and the Islamic Hamas movement will at least prevent the eruption of another civil war in the Middle East. Saudi Arabia, which hosted the talks, can also hope that its diplomacy -- and the reported promise of $1 billion in aid to the new government -- will begin to draw the Sunni Hamas movement away from its alliance with Shiite Iran. All that would be decidedly to the good.

Whether the deal serves to advance an

Israeli-Palestinian peace process is another and considerably more uncertain question. Because his main aim was to stop bloodshed among the Palestinians, Mr. Abbas didn't insist that Hamas meet the three conditions set by Israel, the United States and other outside powers for a resumption of aid. Hamas still hasn't recognized Israel or sworn off violence, and the "respect" for "international resolutions" and previous Palestinian-Israeli agreements included in the pact falls short of a commitment to compliance. Consequently, a cloud has fallen over the three-way meeting of Mr. Abbas, Israeli Prime Minister Ehud Olmert and Secretary of State Condoleezza Rice planned for Feb. 19.

Hamas nevertheless shifted its position, if only slightly. Khaled Meshal, the Damascus-based hardliner who torpedoed a Palestinian deal last June by ordering the kidnapping of an Israeli soldier, agreed for the first time to a "unity" government not controlled by Hamas. While the movement's current prime minister will remain in office, Hamas will not have a cabinet majority and the foreign and finance ministers will be independent moderates. What remains to be seen is whether the coalition government successfully forms and takes steps that would be welcomed by Israel, such as releasing the captive soldier and enforcing a cease-fire in Gaza that has been regularly breached by the firing of Palestinian rockets.

For now, the accord has confounded an already confused U.S. policy in the Middle East. Having recently divided the region into "moderates" and "extremists," the Bush administration was attempting to strengthen the "moderate" Mr. Abbas against the "extremist" Hamas. Now another of the "moderates," Saudi Arabia, has stepped into the diplomatic vacuum created by American

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policy and brokered a deal across a divide that only the Bush administration and Israel perceived; as the Saudis see it, the dividing line in the region is sectarian, not ideological. Unable to embrace the Palestinian accord but reluctant to offend a Saudi ally it has been counting on for help against Iran, the Bush administration adopted an awkward wait-and-see position. As events unfold in the coming days, it will watch from the sidelines, to which it has been relegated by its own ineptitude.

Arab Protesters In Jerusalem Clash With Israeli Forces (NYT)

By Greg Myre

The New York Times, February 10, 2007

JERUSALEM, Feb. 9 — Israeli troops charged onto the grounds of Jerusalem's most contentious religious site on Friday and fired tear gas and stun grenades at stone-throwing Palestinians who were protesting Israeli excavation work taking place nearby.

The confrontation, which began immediately after midday worship on the Muslim day of prayer, marked the fourth straight day of Palestinian protests against Israel's renovation of a 50-yard walkway leading up to the compound, known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount.

The clashes quickly spread to streets nearby and to other parts of Jerusalem's Old City as Palestinian youths barred from the compound hurled stones at a large contingent of Israeli police officers in riot gear. Over all, 19 Israeli police officers and 17 Palestinian protesters suffered minor injuries, and 17 Palestinians were arrested.

Because of the holy site's significance to Jews and Muslims, any dispute has the potential to ignite a major conflict here and in the wider region. The latest trouble began Tuesday when work on the walkway began.

Palestinians say they fear that a section of the foundation of part of the 35-acre compound could be damaged, and Muslim countries have joined in criticizing Israel. But Israel says that it is carrying out routine repair work that does not endanger the mosque compound, and that Muslim extremists are trying to manufacture a crisis.

With tensions running high, Israel prohibited men under 45 to attend Friday Prayer at the mosque. But some younger men did manage to get inside, and they emerged from the prayers chanting "God is great."

They immediately headed toward the police and began throwing stones and bottles at the officers, who were just outside the gate of the compound. Some 200 police officers then ran onto the grounds, firing tear gas and stun grenades, sending up clouds of smoke.

As they chased the stone-throwers, the police approached the entrances to Al Aksa Mosque and the Dome of the Rock shrine, but did not enter.

"There is no justification for what they did today," Adnan Husseini, the director of the Islamic Waqf, the trust that runs the mosque compound, said of the Israelis.

But Micky Rosenfeld, a spokesman for the Israeli police, said the officers had used "a minimum amount of force to disperse the rioters after they started throwing rocks."

In the past, Palestinians have thrown rocks from the compound at Jewish worshipers praying below at the Western Wall. When the disturbances broke out Friday, the police directed Jewish worshipers to leave.

The compound has often been a flash point for clashes between Israel and the Palestinians.

The second Palestinian uprising, or intifada, erupted on Sept. 29, 2000, at the mosque compound, one day after Ariel Sharon, then Israel's opposition leader, made a visit under heavy guard to emphasize Israel's claim of sovereignty over the site.

The walkway, which is adjacent to the Western Wall, is used primarily by tourists and some Jews to visit the mosque compound, which is built atop the ruins of the biblical Temples.

The walkway was damaged by a snowstorm and an earthquake three years ago and needed to be repaired, according to the Israelis. Because Friday is part of the Israeli weekend, no one was working there when the violence erupted. The office of Prime Minister Ehud Olmert said in a statement on Thursday that the renovations "do not constitute any damage to the Mount or Islamic holy places."

"The work is being carried out by professionals and with the complete transparency, entirely for the safety of visitors," the statement said.

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But the site is so holy to Jews and Muslims that any action by either side tends to provoke howls of protest.

Many Palestinians claim that the Israelis want to destroy the mosque complex and build a new Temple. While some fringe Jewish groups have expressed that desire, the Israeli government says the compound will remain a place for Muslim worship, as it has been for most of the last 1,300 years.

"The Israeli plan is very clear," said Maher Gounamah, 40, a Palestinian money-changer. "They want to do something much bigger, and they are starting at this point."

The Israeli digging has been the top story for several days on pan-Arab television channels like Al Jazeera. Several Arab countries, including Jordan and Saudi Arabia, have been critical of Israel's plans. Iran's president, Mahmoud Ahmadinejad, said that the "Zionist regime always does something to cause tension and escalate hostility."

In the past, Muslim authorities have carried out renovations of their own at the mosque compound. Seven years ago the Waqf removed thousands of tons of dirt in trucks to make way for a staircase. Israeli archaeologists complained that the work removed many artifacts from the periods of the First and Second Jewish Temples, and that the dirt and the artifacts were tossed into a garbage dump.

Just last month, Mr. Husseini, the director of the Waqf, complained that he wanted to carry out additional renovations that were being prohibited by Israel.

Palestinians Riot At Jerusalem Shrine (WP)

By Scott Wilson

The Washington Post, February 10, 2007

JERUSALEM, Feb. 9 -- Palestinians clashed with Israeli police Friday at one of this city's holiest sites and demonstrated across the West Bank to protest a construction project Israel has begun here near a pair of venerated mosques.

The work near Haram al-Sharif, a complex of 7th-century mosques and olive groves known by Jews as the Temple Mount, also sparked angry demonstrations in Cairo on the campus of the Arab world's most esteemed Islamic university and in several Palestinian refugee camps in Lebanon.

The foreign minister of Indonesia, the world's most populous Islamic nation, demanded that Israel immediately halt the work here near the al-Aqsa mosque and Dome of the Rock, where Muslims believe the prophet Muhammad ascended to Heaven, the third-holiest site in Islam.

Dressed in riot gear, hundreds of police officers poured into the area as thousands of Palestinians finished Friday prayers. Groups of Palestinians hurled rocks at police, who responded with tear gas, concussion grenades and rubber-coated bullets for more than an hour.

Palestinian hospital officials said 30 people were treated for injuries, including two Palestinians wounded by metal-jacketed bullets that witnesses said police fired into the air and trees. About 15 Israeli police officers were lightly injured in the rioting, the worst in the Old City in years.

Several of the injured were carried out on stretchers through the Lion's Gate, the locus of the skirmishes. "We finished the prayers and said, 'God is great, God is great,' then the shooting and grenades began," said Abed Owais, 45, a scrap-metal salesman from Jerusalem. "I think they want to change the view of the al-Aqsa mosque so when anyone looks at it from the outside they will see only Jewish tradition."

Israeli crews began work this week on a damaged access ramp that leads from the Western Wall plaza, where Jews pray at the base of the Temple Mount, to the Mugrabi Gate. The entrance, one of eight to the mosque complex, is used by Israeli soldiers and tourists to reach the plateau where the Second Temple stood until its destruction in A.D. 70.

In September 2000, a visit by then-opposition leader Ariel Sharon to the Temple Mount set off clashes that marked the start of the most recent Palestinian uprising.

Israeli Prime Minister Ehud Olmert, who was Jerusalem's mayor in 1996 when the opening of a tunnel along the length of the Western Wall set off deadly riots, has rejected requests to stop the work now underway. Foreign Minister Tzipi Livni said "political extremists" were using the situation as a pretext to demonstrate.

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In a statement issued Thursday, Olmert said: "The work is being carried out by professionals and with complete transparency, entirely for the safety of visitors to the Mount. A thorough examination of the matter would reveal that nothing about the work underway will harm anyone, and there is no truth in the contentions against the work."

The project is being done to replace the earthen ramp Israel built after seizing the Old City from Jordan in the 1967 Middle East war. The ramp washed away in heavy rains three years ago.

In November, the Jerusalem municipality approved plans to more than double the length of the ramp and widen it, threatening walls dating to the 7th-century Omayyad rule of Jerusalem. Israeli state archaeologists have been supervising preliminary excavations at the site for several weeks and say nothing of historical importance will be harmed by the project.

But Arab leaders across the region, including the head of the Islamic Movement in Israel, a political organization, warned this week that the project could damage the mosques and called for demonstrations that have gained momentum in recent days.

The U.N. Educational, Scientific and Cultural Organization has also issued a statement asking Israel "to suspend any action that could endanger the spirit of mutual respect."

Hundreds of Israeli police officers stood at the entrances to the Old City before prayers, barring Palestinian men younger than 45.

A white Israeli surveillance blimp floated above Haram al-Sharif as more than 10,000 Palestinians assembled to pray. Many of them were young men who evaded the police checkpoints, and witnesses said hundreds of them later took refuge from police inside the al-Aqsa mosque.

The crowd eventually dispersed, filing through the Old City gates, prayer rugs draped over shoulders.

"We are planted in this mosque," Owais said. "The demonstrations will continue, God willing."

Project At Holy Site Stirs Rioting (WT/AP)

By Diaa Hadid

The Washington Times, February 10, 2007

JERUSALEM -- Anger over Israeli construction to repair a damaged ramp near a disputed Jerusalem holy site erupted into violence yesterday as police used tear gas and stun grenades to disperse thousands of rioting Muslims. Protests spread across the Arab world, with demonstrators accusing Israel of plotting to harm Islamic shrines.

Israeli officials accused Palestinians of distorting the project to rally their fractious population against the Jewish state. They insist that the replacement of the ramp, which was damaged in a 2004 snowstorm, would not harm the holy site about 200 feet away.

"We have nothing to hide and yet extremist elements with a hateful agenda have cynically provoked violence by deliberately spreading mistruths about what we're doing," Foreign Ministry spokesman Mark Regev said.

Known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount, the compound has repeatedly been a flash point for violence between Israel and the Palestinians, and there were fears the unrest could spread.

The compound is home to the golden-capped Dome of the Rock shrine and Al Aqsa mosque and is thought to be the site where the prophet Muhammad ascended to heaven. Jews venerate the compound as the site of their biblical temples, and one of its outer walls -- known as the Western Wall -- is the holiest site in Judaism.

Small protests against the renovation began as soon as work started this week. They became violent after Friday prayers, when Muslims at the compound began throwing rocks at police stationed outside, police said.

About 200 riot police streamed into the compound, scuffling with some of the 3,000 Muslim worshippers. Clouds of tear gas rose up at the holy site, and stun grenades set off sharp booms.

Outside the compound, near Lion's Gate, hundreds of teenagers who had been barred from the mosque hurled stones, iron bars, vegetables and at least one firebomb at police, authorities said. Police responded with stun grenades.

Jewish worshippers were evacuated from the Western Wall plaza at the foot of the compound as a precaution.

The situation grew especially volatile when 150 protesters barricaded themselves inside Al Aqsa. But police did not enter the mosque, and the protesters began leaving 90 minutes later, following negotiations between police and Muslim representatives.

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The melee slightly injured 17 protesters and 19 police officers, and 17 rioters were arrested, police said. Officers shut all the gates leading to the complex, and disconnected loudspeakers that they said were used to incite worshippers.

Three hours after the initial clash, police and demonstrators still played cat and mouse in the narrow alleyways and on the rooftops of the nearby Old City.

But in other areas of the Old City, the scene was calm. Ten pilgrims speaking Russian and carrying wooden crosses walked down the Via Dolorosa, the path Christians believe Jesus took to his crucifixion.

In the West Bank, youths hurled stones at Israeli security forces at a major checkpoint leading into Jerusalem and near the town of Qalqiliya. South of Bethlehem, Israeli troops fired rubber bullets at Palestinians rioting over the work at the holy site, slightly wounding three.

In Egypt, thousands of anti-riot police beat and chased dozens of protesters into side alleys and streets to prevent them from staging a mass demonstration at Al-Azhar Mosque following Friday prayers. Witnesses said dozens of protesters were detained.

Egyptian Foreign Minister Ahmed Aboul Gheit demanded that Israel stop the construction and warned of escalation in tensions if it doesn't, the Middle East News Agency reported. And Jordan's King Abdullah II said he would try to muster enough international support to pressure Israel to stop the work, according to the Petra news service.

Indonesia, the world's most populous Muslim nation, also called for Israel to halt work on the ramp.

Hezbollah Wants Its Guns Returned (NYT)

The New York Times, February 10, 2007

RIYADH, Saudi Arabia, Feb. 9 — Hezbollah acknowledged Friday that it owned a truckload of arms seized Thursday by Lebanese customs authorities in an East Beirut suburb and demanded their return.

The truck had been carrying weapons from the Bekaa Valley, in eastern Lebanon, to the south, Hezbollah said in a statement. Hezbollah officials insisted that the movement of the arms did not violate the militants' accord with the government.

But Lebanon's defense minister, Elias Murr, said the Lebanese Army intended to keep the weapons and pledged to use them against Israel if needed. Lebanese and Israeli soldiers exchanged fire across the border on Wednesday for the first time in decades.

Under the terms of the United Nations cease-fire agreement that ended last summer's war between Hezbollah and Israel, the Lebanese Army is required to halt the flow of weapons to Hezbollah from abroad. This week, a United Nations official and Lebanese opponents of Syria accused the Syrian government of smuggling weapons to its allies in Lebanon in recent months.

Hezbollah has sworn never to use its weapons against other Lebanese but says it must remain armed, in part because of Israel's continued occupation of the Shabaa Farms, an area that the group insists is Lebanese territory. Israel and the United Nations say the land is part of the Golan Heights and belongs to Syria.

Russian Criticizes U.S. Plan For Missile Defense System (NYT)

By Thom Shanker

The New York Times, February 10, 2007

SEVILLE, Spain, Feb. 9 — Russia's defense minister chose a NATO session here on Friday for a pre-emptive verbal assault on American plans to base elements of a missile defense system in Eastern Europe.

The Russian, Sergei B. Ivanov, argued that there was no rationale for basing American antimissile radars and interceptors in former Soviet satellite states that have now joined the NATO alliance. Washington has entered talks with Poland and the Czech Republic to do just that.

North Korea cannot strike NATO territory in Europe with its current ballistic missiles, Mr. Ivanov said, adding that "any school globe or map" showed that Europe would not be under the flight path of any missile from North Korea toward the United States, either.

During the two-day NATO defense ministers meeting here, Mr. Ivanov also said that for Iranian missiles to strike in NATO territory or to hit the United States would require extensive industrial reorganization of Tehran's missile program.

He then warned that Russia could easily overwhelm the small defensive system under consideration.

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Bush administration officials say that any American missile defense system in Europe would not be aimed at Russia, but would be designed to counter other threats.

"We have made quite clear to them that it's not directed at them," Defense Secretary Robert M. Gates said here. "And I think we'll work our way through it."

A senior Defense Department official traveling with Mr. Gates said an American missile defense program in Europe would be devised to counter Iran's improving missile arsenal. "They are extending the range of their missiles," the official said. "It's a matter of time."

In his comments, Mr. Gates cited reports of a recent visit to India by Mr. Ivanov that quoted the Russian minister as making statements that acknowledged the American "plans here in Europe for missile defense do not threaten Russia nor its strategic deterrent."

Opportunities for United States-Russia military cooperation, and competition, are expected to be discussed further this weekend at an international security conference in Munich, which will feature an address by President Vladimir V. Putin of Russia on Saturday and by Mr. Gates on Sunday.

NATO is discussing in broad terms whether and how to move forward with a regional missile defense system, and Russia's objections are not focused on that alliance program. Russia is not a NATO member, but participates in a NATO-Russia Council that meets during alliance sessions.

Russian officials do express alarm, however, at the American ballistic missile defense system, and Moscow's arguments have grown louder since the United States entered bilateral talks with Poland and the Czech Republic, two of the newer NATO allies, about basing parts of a missile defense system on their soil. Kremlin leaders have long said that an effective missile defense system could set off a new nuclear arms race.

American officials say that while no final agreements have been reached, serious technical talks are under way about basing antimissile radar in the Czech Republic and interceptor missiles in Poland.

Mr. Ivanov did not describe Moscow's options to thwart any antimissile system, but Russia's military laboratories could be expected to add dummy warheads and other blocking materials, known as chaff, to blind or confuse a missile defense system, and do it at relatively modest expense.

"We have the capability to surpass any antimissile system," he said. "It doesn't mean that we threaten others."

Mr. Gates acknowledged that the United States and Russia "do have differences, there is no doubt about that."

During their conversations at the NATO session, Mr. Gates said, he asked Mr. Ivanov about Russia's energy export policy; the topic is critical for European nations that fear Russia may turn its oil and gas deliveries on and off to further a political agenda.

"I raised energy security and so did a number of other defense ministers," Mr. Gates said. "And I would say that it was both in the context of protecting supplies from terrorists and others. But also there were references made to manipulation. And I think it was not confrontational, but I think the message was pretty clear."

Mr. Gates, a former director of the Central Intelligence Agency who specialized in Soviet issues, had never before met his current Russian counterpart, Mr. Ivanov, whose previous assignments included senior positions with Moscow's spy service operating in Africa.

"We commented on two old intelligence guys getting together," Mr. Gates said afterward.

Russians Accuse US Of European Military Expansion (FT)

By Daniel Dombey And Demetri Sevastopulo In Seville And Neil,buckley In Moscow

Financial Times, February 10, 2007

A chill descended on relations between Washington and Moscow yesterday as Russia's top defence officials criticised what they called US military expansion in Europe.

Sergei Ivanov, Russian defence minister and a possible successor to President Vladimir Putin, said he did not believe the Bush administration's claims that its planned missile defence programme was aimed at protecting it from Iran, North Korea or terrorist groups.

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Speaking after meeting his Nato opposite numbers in Seville, Mr Ivanov spelled out Moscow's plans to counteract the US programme.

"What is the real intention of these activities?" he asked. "This will not harm the Russian deterrent. We will develop our own strategic system, which will have the capability to surpass any missile system. We want to be absolutely sure that under no circumstances are we under pressure."

But he added: "We will not get back in the arms race."

Mr Ivanov's comments came after Russia's army chief of staff warned that expansion of the US military presence in Russia's traditional zones of influence was a serious security threat.

General Yuri Baluyevsky said Russia faced even greater military threats than during the cold war, and needed a new doctrine to respond to them.

"Russia's co-operation with the west on the basis of forming common or close strategic interests hasn't helped its military security," he said in a Moscow speech.

Tensions over the missile defence programme have grown since Washington announced last month that it was negotiating installing a radar station for the scheme in the Czech Republic and interceptor rockets in Poland.

Mr Ivanov said the two countries, both former Soviet satellites, were too far away to play a part in disabling missiles from North Korea or Iran. "Take a look at the map," he said. He added that he did not believe the system would be effective against terrorist groups.

"They just don't need missiles," he said. "They have other forms of delivery - human bodies and civilian aircraft."

Earlier this week, Mr Ivanov announced a big increase in military spending to fund a new generation of intercontinental ballistic missiles, nuclear submarines and aircraft carriers.

Russia's defence budget would be $31bn this year, compared with $8bn in 2001, and it would spend $189bn over eight years on overhauling its military infrastructure. But Mr Ivanov noted yesterday that US military spending remained more than 20 times bigger than Russia's.

He also insisted he had had an amicable meeting with Robert Gates, the US defence secretary, in Seville.

Mr Gates sought to soothe Russia's concerns on the anti-missile scheme. "We have made it quite clear that it is not directed at them," he said.

Russian Critical Of U.S. Missile Defense Plan (LAT)

By Peter Spiegel

The Los Angeles Times, February 10, 2007

SEVILLE, SPAIN — Russian Defense Minister Sergei Ivanov on Friday criticized moves by the U.S. to deploy parts of its missile defense system in Eastern Europe, saying the plan to base interceptor rockets and radars in Poland and the Czech Republic appeared to be aimed at shooting down Russian weapons.

Ivanov was in Spain for a regular meeting between the North Atlantic Treaty Organization's defense ministers and their Russian counterpart, and his remarks came just hours after his first face-to-face meeting with Defense Secretary Robert M. Gates, in which the two discussed the U.S. missile defense plans.

At a news conference following the meeting, the Russian minister said observers need only "look at the school globe" to counter U.S. arguments that the Europe-based system was needed to destroy North Korean missiles, adding that American claims Iran posed a threat to Europe were equally specious.

"Again, take a look at the map and calculate what territories can be reached by Iranian missiles," Ivanov said, arguing that Tehran's current capabilities don't allow its weaponry to reach beyond the Middle East and Central Asia. "In order to achieve the goal [of reaching Europe], there is a need to have an absolutely different defense industry in [Iran]."

The U.S. announced last month that it had opened negotiations with Poland and the Czech Republic as part of the Pentagon's expanding missile defense system — currently operated in a limited form with radars and interceptors in California and Alaska — to base similar technologies in their countries. The U.S. is seeking to put interceptor missiles in Poland and antimissile radars in the Czech Republic.

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Ivanov has raised similar objections in recent weeks, but U.S. officials insisted he had also already acknowledged there was little threat posed by the system to Russian missiles. Asked if he understood Russian objections, Gates replied, "Not really."

"We've made quite clear to them that it's not directed at them," Gates told reporters traveling with him on his two-stop European swing.

A senior Pentagon official traveling with Gates said Ivanov raised the issue in his private meeting with Gates but that the objection was made perfunctorily since the U.S. is already well aware of Russian views on the matter.

"I must say, the tone could not have been more civil," the official said of the bilateral meeting. "Missile defense is an issue we agree to disagree on. We said, 'Look, we'll keep talking about it.' "

The official, who spoke on condition of anonymity when discussing private bilateral meetings, said Ivanov did not mention the question of Iran's capabilities but that the Pentagon disagreed with Ivanov's assessment.

"It's not an issue of what's [Iranian missile range] today; it's what they're developing," the official said.

"The Iranians keep expanding the range of their missiles. It's a matter of time."

At his news conference, Ivanov said Moscow would respond to U.S. intentions to deploy the system in Europe by developing ways to counter it. But he added that any countermeasures would be simple, inexpensive systems, believed to include such technologies as decoy missiles.

"This will not harm the Russian deterrence," he said. "We will not be back in an arms race."

A Tall, Elusive Russian And A Cup Of Poison Tea (LAT)

By Kim Murphy, Sebastian Rotella

The Los Angeles Times, February 10, 2007

LONDON — Yuri Felshtinsky well remembers when he spent the better part of five hours pleading for the life of his friend Alexander Litvinenko.

It was May 22, 2000. Litvinenko, a colonel in the Russian Federal Security Service, or FSB, had just spent four months in prison, having gone public with allegations that senior secret police officers were involved in killings and kidnappings for financial gain.

Now he was free, but for how long? Felshtinsky called up Litvinenko's former boss, Maj. Gen. Yevgeny Khokholkov, and agreed to meet him for dinner at a small restaurant near Moscow's old Ukraina Hotel.

Khokholkov owned the restaurant and ordered it closed for the night so the two men could talk privately. "We were sitting there for five hours, from 7:30 to 12:30, discussing the fate of Litvinenko. It was a nice, professional conversation. I think it was a very honest talk," Felshtinsky recalled in a recent interview.

"But the general explained to me there was no way, just no way, Litvinenko's going to be pardoned…. He went against the system. He committed treason. And he was going to be punished for this."

"At one point, he said, 'If I ever see him in my doorway, I will kill him with my own hands.' And he put his two hands together as if he was smashing the neck, as if it was a piece of pipe, or a baguette. And then he just said, 'I'm joking, of course.' But it was clear he was not joking. They hated him so much."

Six and a half years later, Litvinenko died, felled by a dose of radioactive polonium-210 that investigators believe was delivered in a cup of tea at a London hotel bar. British police have spent months investigating the apparent homicide, in which 119 other people were at least slightly contaminated by polonium, including 15 who face long-term health risks, officials said.

As London prosecutors consider whether to file criminal charges, Felshtinsky and others among Litvinenko's expatriate Russian friends have pieced together their own picture of how the former agent died. The friends, who include the former London station chief for the KGB — the spy agency that preceded the FSB — detailed their theory of the case in recent interviews with the Los Angeles Times. British law enforcement officials confirmed some of their contentions.

Based on their conversations with Litvinenko as he lay dying, their own contacts in the world of former KGB agents, and their meetings as witnesses with police investigators, these Russians believe Litvinenko's slaying was the one Felshtinsky had tried to avert years earlier — a punishment for betrayal from an organization that forgets nothing.

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They believe that the true killer may have been a tall, elusive Russian man known only as Vladislav who shows up on airport surveillance videos and was briefly present during Litvinenko's fatal lunch, then disappeared without a trace. Most likely, they say, he was a highly trained Russian spy operating in Europe.

"I'm absolutely sure this was a formal decision of the FSB," Felshtinsky said. "Litvinenko was a target. The death trap was there. The sentence was there. It's just, politically, they probably could not allow themselves to kill him until now."

London police appear less ready to settle on a motive. "It's still a complex picture," said a British security official. Investigators have "put together a good forensic picture, but not much on the motive."

The official confirmed that investigators were looking at the mysterious Vladislav, though he was cautious about the Russians' description of him as a top intelligence operative. The official also said the British investigation had focused on two Russian businessmen who Litvinenko's friends believe were at least collaborators in the case: Andrei Lugovoy and Dmitry Kovtun. Both men, former FSB agents, sat with Litvinenko in the Millennium Hotel's Pine Bar as he drank the apparently deadly cup of tea.

Lugovoy and Kovtun have confirmed they met with Litvinenko, but say it was purely a business meeting. Both are back in Russia and have suffered from apparent radiation sickness. They say they would never have knowingly exposed themselves to polonium, which was found not only in the hotel bar, but in a hotel room believed to have been occupied by Lugovoy.

Authorities and former officials of the secret services in Russia also have strenuously denied any involvement in the case. They point out the illogic of using so exotic a poison and targeting a dissident who had largely faded from public view.

The apparent involvement of Lugovoy and Kovtun poses puzzles for police. If they were the killers, why did they not disappear after Litvinenko's death? Instead, they presented themselves to the British Embassy in Moscow for questioning and gave a news conference.

Did the killer or killers know they were handling polonium, a highly lethal substance that leaves abundant radioactive traces? Polonium's sloppy international trail points to a scenario in which masterminds could have given Lugovoy and Kovtun the mission of killing Litvinenko and provided them with poison, but not told them what the poison consisted of, the British security official said.

"Were they set up?" the official asked. "Their behavior suggests a remarkable lack of knowledge of polonium."

Oleg Gordievsky, the former KGB station chief who defected to Britain in 1985 and later became friends with Litvinenko, said he was convinced Lugovoy and Kovtun were part of the plot but were not the ones who administered the poison.

That, he said, was probably the job of the tall, mysterious man who appears on airport surveillance videos. The cameras caught him talking with Kovtun as the two men arrived at Heathrow Airport on a flight from Hamburg, Germany, in the days before Litvinenko was poisoned.

According to Gordievsky, Litvinenko said before he died that he had seen the same man briefly in the hotel bar during his meeting to discuss business prospects with Lugovoy and Kovtun.

"Litvinenko remembered him in the hotel — that he appeared quite briefly," Gordievsky said. "Lugovoy said, 'Oh, Vladislav.' He said, 'He's one of our friends, Vladislav. He's in the protection business; he also may be useful in finding a job for you.' And then that guy disappeared. It's my theory that he put [the poison] in the tea."

British investigators were able to get the man's passport details — he was reportedly traveling on a European passport — but were unable to trace him to any hotel, or to any flight leaving the country.

Gordievsky said he believed there was a dress rehearsal of the poisoning two weeks before the real thing. Lugovoy and Kovtun apparently met Litvinenko on Oct. 16 at the Piccadilly Circus sushi restaurant, where traces of polonium have also been found.

He believes the man known as Vladislav observed the meeting — though he apparently did not appear on surveillance cameras — and determined that the time or location was not right.

"They knew it was Litvinenko's favorite place. They had lunch with him, and the polonium was ready, but they didn't do anything because the conditions were not favorable," Gordievsky said.

Litvinenko's friends say they are convinced the FSB organized the killing, and they blame Russian President Vladimir V. Putin for creating a climate in which the security services feel free to kill a man in London.

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Others suggest that the killing may have tapped into the FSB's ranks in a less formal way. Litvinenko's former direct supervisor at the FSB, Alexander Gusak, said it was possible Litvinenko had been killed by one of several former FSB informants outed when Litvinenko moved to Britain.

"I know that Litvinenko is a traitor. He betrayed the names of our agents to the British intelligence. I am talking about our agents in various organized crime gangs across Russia," Gusak said in an interview.

"In 2001, some time after Litvinenko had defected to the West, one of our agents came to me and said that the Brits got in touch with him and wanted to talk with him.

"He was furious. He said that he is in grave danger now that his cover was exposed. I told him that I had suffered a lot from Litvinenko's activities myself and told him about my huge problems. The man then said: 'How can you stand all that? Do you want me to go to London and get his head for you?'

"Well, that was said at the heat of the moment, and the man didn't mean literally to go to London to get Litvinenko's head. But my point is that I know that at least one exposed agent has this huge grudge against Litvinenko. But there were many others whom Litvinenko betrayed and who may have the same motive."

Soviet Monument To Make Way For Reagan: Report (AFP)

AFP, February 9, 2007

Opponents of Poland's former communist regime reportedly want to pay a posthumous homage to US President Ronald Reagan by erecting his statue in the place of a Soviet-era monument.

In an open letter to the mayor of the southwestern city of Katowice, the former anti-regime activists said that the staunchly anti-communist Reagan had been a "symbol of liberty," the Polish news agency PAP reported.

As a result, they said, he deserved to become the centrepiece of the city's Freedom Square, replacing a monument to the Soviet troops who drove out the occupying Nazis in 1945.

They also said that they wanted the site to be rebaptised "Ronald Reagan Freedom Square."

City hall spokesman Waldemar Bojarun said that Katowice's councillors would consider the issue.

Bojarun said that he had "enormous respect" for Reagan.

However, he said, the proposal could cost an estimated 500,000 zlotys (128,000 euros, 168,000 dollars) and the city had "other pressing needs."

There are already separate plans to erect a statue in memory of Reagan in the centre of the Polish capital, Warsaw, which would be paid-for from private funds.

Reagan, who dubbed the Soviet Union an "evil empire," is widely credited by Poles with having driven communism to the wall.

The conservative Republican made fighting communism the cornerstone of his 1980-1988 presidency, and backed Poland's Solidarity trade union after it went underground when the regime declared martial law in 1981.

Reagan died in June 2004 at the age of 93.

Is This The Next President Of France? (WSJ)

By Alessandra Galloni

The Wall Street Journal, February 10, 2007

PARIS -- During her campaign to become France's first woman president, Ségolène Royal has been photographed in a turquoise bikini, appeared in a gay magazine with a naked man on the cover and suspended a top campaign aide for poking fun at her longtime companion.

The 53-year-old mother of four has praised China for the efficiency of its justice system and criticized the most sacred of French cows, the 35-hour workweek. Many senior members of her Socialist Party aren't sure whether to call Ms. Royal's campaign a bold or amateurish foray into the hallowed halls of French presidential politics.

Even party boss François Hollande is often irked -- and for him, it's personal as well as political. He is the father of Ms. Royal's children, though the two never married, and had his own designs on the French presidency. "I should have been the candidate," he said in an interview. "But I thought, if Ségolène has more of a chance, I won't stand in her way."

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When Ms. Royal last year suggested ordinary citizens should oversee elected officials to improve French democracy, Mr. Hollande balked at his partner's populist bent. "I told her, 'Don't go around saying this. Why are you doing it?' " he recalled in an interview. The French public had a different reaction, he acknowledged: "They all came to her defense."

Since she first hinted at a run for the presidency in a French gossip magazine, Paris Match, in 2005, Ms. Royal's crowd-pleasing proposals and glamorous looks have transformed her from a back-bench Socialist politician into one of the two front-runners for France's highest office.

"It's the French people who have given me legitimacy," Ms. Royal said during a recent car ride between campaign stops. "After the Paris Match article, there was a popular uprising. The French people wanted me."

Her rapid rise speaks to the growing disconnect in France, and throughout much of Europe, between an aging generation of leaders and voters who feel their economic and social concerns are going unheard. By basing her campaign on a simple proposition of listening to the people, she has tapped into a sense of public disaffection rooted particularly in France's inability to create jobs. That is prompting voters to reach for something new and antipolitical -- even if they don't know quite what it is.

Visit Segolene Royal's official Web site1.

"I can't say how things will change," says Nasser Ledrac, a 23-year-old university student who was handing out leaflets for Ms. Royal in the poor Paris suburb of Bondy late last year. "What I like about her is that she doesn't hesitate to shake things up."

A recent series of personal and diplomatic gaffes has left Ms. Royal trailing her main rival, Interior Minister Nicolas Sarkozy, by several percentage points in the latest polls. Mr. Sarkozy too is claiming rebel status within his party, despite being a longtime force within the administration of current President Jacques Chirac. With the first round of elections on April 22, the race remains tight.

Ms. Royal has come this far by tossing ideology out the window and by selling her personality instead of her beliefs, a phenomenon rarely seen in continental Europe. An attractive brunette who favors white skirt-suits made by French designer Paule Ka, Ms. Royal often has dodged policy debates. Asked during the car ride to discuss her record as current president of France's Poitou-Charentes region, Ms. Royal snapped: "Haven't you talked to my chief of staff about that?"

Despite a 25-year career in the Socialist Party, she portrays herself as an outsider. Promising a break with the past, she beat out elder statesmen known as "elephants" for the nomination and has all but ditched the party's official platform for her own version -- due to be unveiled this Sunday. Her platform, she says, will be based largely on ideas gathered from some 6,000 town-hall meetings with voters, smaller coffeehouse sessions dubbed "café Ségolène," and 2.8 million visitors to her campaign Web site.

In speeches she often evokes her own struggle between maternity and a career, and recently noted how democracy is like amour -- the more there is, the more it grows, she said. She recently decorated the hallway of Socialist Party headquarters in Paris with 2007 red roses. Last summer, she was voted the world's sixth-sexiest woman in a poll by the French edition of FHM men's magazine, behind Angelina Jolie and ahead of Elizabeth Hurley.

So far, Ms. Royal's popular appeal has given her the upper hand with her party and her partner, Mr. Hollande. Though flummoxed by some of her remarks, most of the Socialist elite concede she's their best shot at winning back power after 12 years of Mr. Chirac's conservative rule. During this time, France has not resolved key economic problems, such as high unemployment among young people, the increasing cost of a generous social-welfare system and tensions in the fast-growing immigrant population.

"I had no idea she would rise so fast," says Mr. Hollande.

Her approach isn't foolproof, and her success is by no means guaranteed. Among her recent foreign policy gaffes was a diplomatic flap with Canada's government after Ms. Royal suggested last month that she supported sovereignty for Quebec. "She's very intelligent, but she doesn't have a geopolitical grounding," said French economist and scholar Jacques Attali, who first hired her as a presidential aide in 1982, in an interview late last year.

Business leaders are concerned about her economic rhetoric so far, including plans to give unions more power. She rails against stock options, "greedy profits" and "wild capitalism," and is likely to propose that French citizens abroad start to pay some taxes at home. While managers are glad she has hinted at making the maximum 35-hour workweek more expandable, they

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would like her to explain how. "What has she said about ...job contracts? We haven't heard anything," says Paul Hermelin, the chief executive of the large French consulting and information-technology company Capgemini Group.

At the same time, strains in her not-so-private relationship with Mr. Hollande, the party leader, have highlighted wider tensions between Ms. Royal and the Socialists over who is in charge. "They think they're professionals and that she's not," says Zaki Laidi, a professor at the Institute d'Études Politiques who has published a book called "Emerging From Social Pessimism."

Ms. Royal dressed down her partner in public last month after he said the Socialists wanted to raise income taxes for people who earn more than €4,000 per month, roughly $65,000 a year. After the spat, a top aide to Ms. Royal said on television that her only flaw was "her partner."

She suspended the aide for a month, but the episode fueled rumors in the French press that the couple have effectively split and are only keeping up appearances. Given a chance to clarify their personal relationship in the interview late last year, Mr. Hollande said only, "Whether we are a couple or we're not is irrelevant." Ms. Royal has declined to discuss the question.

The French also are puzzling over something else: How, after 20 years in Mr. Hollande's shadow, Ms. Royal has snatched away the life her partner had mapped out for himself, and what consequences this might have on a Socialist administration. According to a poll last month in Le Parisien newspaper, 47% of French voters feel the couple's respective roles in the party are unclear.

Ms. Royal's desire to break from the establishment dates back to her childhood. In interviews, Ms. Royal, who was born in the then-French colony of Senegal where she lived until she was eight, has described a strict upbringing dominated by her father Jacques, a devoutly Catholic, conservative army colonel.

The fourth of eight children, the young Marie-Ségolène and her two sisters were taught to tend to the home so they could find suitable husbands. "I understood at an early age that I didn't want to end up like the other women at my house," Ms. Royal said on French radio last summer.

Marie-Ségolène's good grades gained her entrance to the Institut d'Etudes Politiques in Paris, an elite university. She fled to the French capital, ditched the "Marie" in her name, and spent the rest of her life rebelling against the patriarchal, conservative values embodied by her father.

Colleagues say Ms. Royal inherited his exacting style, however. "She likes to control all decisions that are taken," says Poitiers mayor and fellow Socialist Jacques Santrot, describing Ms. Royal's reign as regional president. Other Socialists were shocked recently when she sent out detailed instructions on how to run a town-hall meeting, including photos on how to organize seats2 and a directive to invite 10 times the holding capacity of the hall.

Mr. Hollande says she's simply a strong-willed thinker. "She's not afraid of conflict. She's not afraid of telling you you're wrong or if she doesn't like you, of not shaking your hand," he says. "She doesn't care about protocol."

Ms. Royal and Mr. Hollande met at the elite graduate school that breeds French heads of state, the École Nationale d'Administration. The two started dating, and Mr. Hollande, already a Socialist activist, introduced her to left-wing political circles. Mr. Attali, then a special adviser to Socialist President Francois Mitterrand, discovered the couple and hired them to work at the Elysée, France's presidential palace, in 1982.

Mr. Hollande was the rising star. He had graduated near the top of his class and joined President Mitterrand's council of economic advisers. Ms. Royal landed the less-prominent portfolio of health, environmental and youth issues.

Yet Mr. Attali was impressed by the young woman's raw determination, even compared to her partner. "He has a sense of humor and would have succeeded in any other job," he recalls. "She has no humor at all. For her, politics is vital... and nothing has ever been unattainable."

Mr. Hollande agrees: "She's tougher than I am."

While at the Elysée, Ms. Royal had the couple's first two children, Thomas in 1984 and Clemence in 1985. She sowed the seeds of a political career centered on family issues. Colleagues say Ms. Royal believes children, not couples, form the family nucleus. Ms. Royal would go home to feed the children and then return to the Elysée Palace to work, friends recall. Writing a 1989 book called "The Baby Channel-Surfers Are Fed Up," Ms. Royal decried violence in children's television shows.

At the Elysée, Ms. Royal befriended Sophie Bouchet-Petersen, a feminist and left-wing intellectual who remains the candidate's sounding board. "Ségolène was always a feminist before being a Socialist," says Ms. Bouchet-Petersen.

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Ms. Royal's path diverged from Mr. Hollande's. He was promoted to spokesman for two Socialist governments and was elected to the National Assembly. She remained at the Elysée. "Our political lives have always been separate," says Mr. Hollande. "I've always said to her: 'You try your lot without me.' "

Ms. Royal's first big break came in 1988 when she ran for the National Assembly in a small, normally conservative constituency in the western Poitou-Charentes region and won. Then, during a brief stint as environmental affairs minister, she won broader notice: When she had Flora, her fourth child with Mr. Hollande, in 1992, she invited photographers into her hospital room to snap photos of her and the baby.

The stunt brought a normally private moment, even for public women, into French living rooms. "She made herself known as a young woman who was accepting her maternity and talking about it openly while working," recalls Mr. Hollande. "This wasn't an ordinary thing in France." A year after Flora's birth, Ms. Royal was re-elected in Poitou-Charentes.

She wasn't rewarded with the cabinet post she wanted in 1997, when Socialist Lionel Jospin became prime minister during a period of power-sharing under Mr. Chirac. Ms. Royal's main female rival in her party, Martine Aubry, got the key Labor Ministry. Ms. Royal was given the less prominent post of minister for education, and then for family affairs. She thought she deserved more, said Mr. Hollande, who became the Socialist Party's national secretary, a key political post.

Ms. Royal used her new position to introduce paternity leave and free distribution of the morning-after pill in high schools. Friends and colleagues say she also began plotting her revenge for the slight: a bid for France's highest office.

Her launching pad came seven years later, in 2004, when she ran for president of Poitou-Charentes and, again, defeating forecasts, she won.

"She became a symbol of victory for the Left," says Mr. Hollande. "People started talking about her, and she was on the covers of French magazines," before she adopted her current polished look. He quips: "She wasn't wearing white yet."

In her new post, Ms. Royal revamped her appearance. She cut her hair into a stylish bob, wore heels and abandoned trousers for skirts that just skim the knee.

She summoned old friends: Ms. Bouchet-Petersen, the feminist from the Elysée, and Jean-Luc Fulachier, her former chief of staff at the family affairs ministry. Ms. Bouchet-Petersen handled the theory, Mr. Fulachier the practice, and Poitou-Charentes became the testing ground for democracy, Royal-style.

Ms. Royal has tried to give the people of Poitou-Charentes a bigger role in government. For example, students, parents and teachers decide via secret ballot how to spend 10% of the regional budget for high schools. Last year, their votes led to more garbage cans, new school-bell tones and a vegetable garden, according to regional documents.

Ms. Royal introduced financial aid for entrepreneurs and local "citizen juries," whereby residents are chosen randomly to evaluate laws for their community. The measures have been hugely popular. "She has applied the ideas of the people, which is good," says Rachel Merlet, a 43-year-old mother selected to a "citizen jury" in the town of Cerizay in December.

Ms. Royal's outsider positioning drew Socialists who felt marginalized. One was Gilbert Roger, mayor of the Parisian suburb of Bondy, one of the mostly immigrant communities hit by violent rioting in October 2005. During the riots, the Socialist Party agreed to imposing a curfew on Bondy, which Mr. Roger thought would be ineffective. "They didn't even ask me what I thought," recalls Mr. Roger. "There was a total gap between the political apparatchik and the reality of the land."

In January 2006, Ms. Royal went to Chile to visit Socialist presidential hopeful Michelle Bachelet, accompanied by Patrick Menucci, a former car salesman and restaurateur who was a Socialist city councilman in Marseilles. The trip won big publicity for Ms. Royal -- partly thanks to newspapers criticizing her wearing heels to a Chilean slum. It also won her a close aide in the boisterous Mr. Menucci. Last year, when a rival of Ms. Royal's was reported as saying "If she wins, who will look after the children?" Mr. Menucci berated him publicly. "I'm seen as a macho kind of man, so it meant a lot to her that I defended her," he adds.

Last April, the center-right government faced a crisis. Students and unions took to the streets to protest a labor-reform law making it easier to fire young hires. The law was aimed at making France's rigid job market more flexible, but youths decried it as a path to insecurity. The protests became a symbol of economic and social malaise in France, particularly over the 22% jobless rate among people under 25. Mr. Chirac eventually was forced to withdraw the law.

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Amid the protests, Ms. Royal's promises to listen to people's problems and her call for a "just order" resonated with voters. "She understood the state of the people," says Mr. Hollande. "She portrayed an image that she could protect them from their fear of the future."

By the summer, Mr. Hollande realized that he wouldn't have a chance himself against Ms. Royal in the party primaries. "I could have gone against her, but the French people wouldn't have understood."

In the November primaries, Ms. Royal trounced a former prime minister and finance minister. Speaking after her official nomination, she evoked French Revolution-era feminist Olympe de Gouges and thanked Socialists for choosing a woman candidate. She also quoted her Chilean friend, by then elected president herself: "As Michelle Bachelet says, nothing would be possible without men." Before the speech, Ms. Royal stood before the pink backdrop of the auditorium stage for several minutes, basking in the applause.

Now, cracks are starting to appear in the Royal campaign. During a trip to Beirut late last year, Ms. Royal was criticized at home for not immediately reacting when a Hezbollah lawmaker compared Israel's former occupation of Lebanon to that of the Nazis in World War II France. Ms. Royal aides claimed the remark was omitted by their translator and they brushed off the affair. "If the television images of her today are as good as those yesterday, it'll be fine," Francois Rebsamen, one of Ms. Royal's campaign managers, reassured an aide on the phone shortly after the incident.

But the gaffes have been adding up. In China last month, Ms. Royal said France could learn from the speed of the justice system in China -- a country often criticized for its human-rights record.

Days after her remarks on Quebec sovereignty, a famous French comedian called Ms. Royal pretending to be Quebec's prime minister. During the call, which he recorded and then aired on French radio, he compared her comments to supporting independence for the French Mediterranean island of Corsica, where sovereignty also is a divisive issue. Ms. Royal joked that the French wouldn't mind, but then hurriedly added: "Don't repeat that. It will create another incident in France." It did, prompting derision from the Sarkozy camp.

Ms. Royal has acknowledged "a moment of tension" in the campaign. She and aides are pinning much hope on Sunday's speech, but bracing for more turbulence. "I knew the battle would be tough," she said this week. "And we haven't seen everything yet."

U.N. Peacekeepers Fight Gangs In Haiti, One Street At A Time (NYT)

By Marc Lacey

The New York Times, February 10, 2007

PORT-AU-PRINCE, Haiti, Feb. 5 — For years, street gangs have run Haiti right alongside the politicians. With a disbanded army and a corrupted wreck of a police force, successive presidents have either used the gangs against political rivals or just bought them off.

Recently, something extraordinary has occurred. President René Préval decided to take on the gangs and set the 8,000 United Nations peacekeepers loose on them, a risky move that will determine the security of the country and the success of his young government.

“We’re taking back Port-au-Prince centimeter by centimeter,” said Lt. Col. Abdesslam Elamarti, a peacekeeper from Morocco. “We’re pressing these gangs so the population can live in peace.”

The offensive by the United Nations forces, who arrived here in 2004 after the ouster of President Jean-Bertrand Aristide, began in earnest in late December. One of the fiercest battles took place on the morning of Jan. 25 with a raid by hundreds of United Nations forces on a gang hide-out on the periphery of Cité Soleil, this sprawling seaside capital’s largest and most notorious slum.

After a fierce firefight in which gang members fired thousands of shots, United Nations officials succeeded in taking over the hide-out, a former schoolhouse that gang members had once used to fire upon peacekeepers and to demand money from passing motorists. The United Nations said four gang members had been killed in the battle.

Other raids have followed, and though it is still too early to judge the operation, gang leaders seem to be on the run, and armored United Nations vehicles now rumble through the crowded streets of Cité Soleil.

[Some 700 United Nations peacekeepers raided strongholds in Cité Soleil before dawn on Friday trying to take control of abandoned buildings used by gang members. One person was killed and several others wounded, including two peacekeepers, United Nations officials said.

["There will be no tolerance for the kidnappings, harassment and terror carried out by criminal gangs," Maj. Gen. Carlos Alberto dos Santos Cruz, the commander of the United Nations forces, said in a statement on Friday. "I will continue to cleanse these areas of the gangs who are robbing the Haitian people of their security."]

The biggest of the United Nations operations have been aimed at one of the most wanted and feared of all the gang leaders, an unlikely and unpredictable power broker in his 20s who goes simply by the name Evans. Evans and his groups have been linked to a rash of kidnappings in the capital, and lately his men have been locked in fierce battles with United Nations peacekeepers.

Within the confines of Cité Soleil, Evans's every whim is enforced with absolute authority. Deeply superstitious, he recently said he suspected cats of bringing him bad luck after one appeared during a raid by United Nations troops on one of his hide-outs, local residents and United Nations officials said.

So he issued an order that all cats were to be killed in his patch of the slum. His gunmen would be rounding them up and roasting them, he told the people. When one woman resisted, he or one of his men shot her, United Nations officials say.

Evans and the other leaders now hide in the maze of tin-roofed shanties that are home to some 300,000 of Haiti's urban poor. Meanwhile, the local population debates which is a more effective strategy for dealing with these young toughs, confronting or conversing with them.

Haiti, the poorest country in the Western Hemisphere, has a long tradition of politics mixed with thuggery. In the 1970s and '80s, François Duvalier and his son Jean-Claude employed the Tontons Macoute, dreaded paramilitary hoodlums.

Mr. Aristide was elected president in 1990 and again in 2000 with the support of the poor. Gang leaders, who act as de facto spokesmen for long-neglected slums, gained entry to the presidential palace and helped dole out jobs and other spoils to their men.

In his initial months in office, Mr. Préval, who had been Mr. Aristide's prime minister as well as president from 1996 to 2001, followed a similarly conciliatory tack. He negotiated with gang leaders, including Evans, inviting them at times to face-to-face meetings in the presidential palace, officials say.

But he has grown increasingly impatient with the gangs as they resisted surrendering their guns and continued wreaking havoc on Port-au-Prince.

The kidnapping spree at the end of last year was the last straw. As the country prepared for Christmas, street thugs began grabbing people off the street, taking them into the slums and demanding ransoms.

Then the kidnappers began singling out children. In one horrible episode, a teenage girl was killed and her eyes were gouged out. Then, a school bus of children was seized by gunmen, prompting many terrified parents to keep their children hidden at home.

Mr. Préval, who has support among Haiti's poor as well as its elite, found his coalition government under attack as well, with opposition politicians in the Senate and Chamber of Deputies denouncing him for allowing the violence. The president changed course, calling off negotiations with the gangsters and giving the United Nations the go ahead to go after them.

Some local residents say that the raids are stirring up the gangs and that innocent people are getting caught up in the cross-fire.

David Wimhurst, the spokesman for the United Nations mission, said that the peacekeepers were careful to single out only combatants and that gang members had themselves killed civilians and then blamed the United Nations.

Not everybody agrees that confrontation is the best way of calming the slums. "The gang men can change," insisted Meleus Jean, 45, a pastor who runs a tiny church in Cité Soleil and who was once almost hit by a stray bullet while delivering a Sunday morning sermon. "I talk to them and I think they are gang men because they have nothing else. Fighting them will not change them."

One of those who has been criticized in the past for dealings with gang members has been Wyclef Jean, the Haitian-American rapper formerly of the Fugees. "The problem is much bigger than the gang leaders," he said in a telephone interview

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from New York. “I’m not saying they are not part of the problem. When people are killing people, that’s a problem. But we don’t have enough conversation.”

But United Nations officials say the time for talk is over.

“If one of them goes to Préval and says, ‘I want to give up,’ and waves a white handkerchief, that is fine,” said Edmond Mulet, a Guatemalan diplomat in charge of the United Nations mission here. “That’s the kind of conversation we want.”

At the same time, nobody believes that arresting or killing the gang leaders will be enough to calm Port-au-Prince. The violence is linked, most say, to the dire poverty.

“The people didn’t ask to be born here,” said Christy Jackson, 42, headmaster of a school in Cité Soleil. “We didn’t ask to live like this.”

The United States government recently set aside $20 million to create jobs for young people in Cité Soleil once the violence is quelled. In Solino, a neighborhood where the gangsters were chased away, people are being paid to clean garbage from a clogged drainage ditch.

Mr. Jean, the singer, has numerous social projects under way, including a program to bring giant mobile movie screens to poor neighborhoods, which have no cinemas.

Mr. Mulet, of the United Nations, said he believed that the gang leaders were beyond rehabilitation. “They’ve been killing people, kidnapping people, torturing people, raping girls,” he told reporters recently in Washington. “It is very difficult to reinsert into society someone like that. A psychiatric institution would be the best place to place them in the future — after we arrest them.”

Even if the gangsters are all rounded up, the country’s justice system is ill-equipped to handle them.

Justice is bought and sold in Haiti, with both police officers and judges routinely allowing bribes to determine guilt or innocence. Jails are packed with people awaiting trial, most languishing for years.

On top of that, more and more narcotics have begun flowing through Haiti to the United States, law enforcement officials say. It is Haiti’s weakened state that is the big attraction to narcotics traffickers, officials say.

In a recent report on Haiti’s woeful law enforcement apparatus, the International Crisis Group, a nonprofit group committed to preventing and resolving deadly conflicts, said that without urgent reform “the current escalation of organized violence and criminality may come to threaten the state itself.”

As bullets fly, everyone is under threat. One stray shot pierced the outer wall of a hospital in Cité Soleil recently. “We don’t know who shot it,” said Marie Yves Noël, the chief nurse. The bullet continued on through the maternity unit and then broke the glass of a pediatrics ward. Nobody was hit.

U.N. Peacekeepers Raid Slum In Haiti (WP)

By Manuel Roig-Franzia

The Washington Post, February 10, 2007

PORT-AU-PRINCE, Haiti, Feb. 9 -- U.N. troops fought a block-by-block gun battle with gangs in one of this capital's notorious slums Friday, in the force's largest offensive since being deployed here in 2004.

At least two U.N. soldiers and six gang members were injured in heavy fighting that sent the loud clap of automatic weapons fire into the air above Cite Soleil, where poverty is rampant and canals serve as open sewers. By late afternoon, the 700-member U.N. force had seized control of a large section of the slum but failed to capture the main target of the raid, a powerful gang boss known as "Evens."

Evens is said to run a kidnapping and extortion empire in Cite Soleil. U.N. officials suspect him of being a cannibal and say he earned the nickname "Little Knife" because he carves the bodies of his victims, according to Edmond Mulet, head of the U.N. mission in Haiti. Mulet said Evens is also suspected of killing cats in ritualized voodoo ceremonies because he considers them bad luck.

"He's a psychopath," Mulet said in an interview Friday at the heavily guarded Hotel Christopher, which now serves as U.N. headquarters in Port-au-Prince.

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U.N. troops spent much of Friday trying to corner Evens in the twisting streets of Cite Soleil, where he and other gang leaders are known both for terrorizing residents and for doling out the social services that Haiti's barely functioning government cannot provide. U.N. troops monitored Evens's calls on multiple cellphones, cutting off service each time they intercepted a call in hopes of isolating him.

At times it appeared that Evens was trying to talk his way out. In the afternoon, a man believed to be Evens was on a Port-au-Prince radio station offering to give up his weapons. He also attempted to reach authorities but was given only two options: "Surrender or surrender," Mulet said.

"I don't want to kill him," the U.N. mission chief added. "I just want him to give up, surrender and face justice."

Haiti has a notoriously corrupt and dysfunctional justice system. But Mulet said a special team of prosecutors and judges has been identified by the year-old administration of President RenÃ© PrÃ©val to handle high-profile cases. PrÃ©val was elected in February 2006 after foreign diplomats negotiated a settlement to avert a runoff and end days of protest. PrÃ©val replaced the interim government that struggled to rule Haiti after President Jean-Bertrand Aristide was toppled in 2004 and flown into exile on a U.S. plane.

U.N. forces provide much of the law enforcement for the country, and oversee elections and many basic services. The United Nations maintains a 9,000-member force made up of troops and police from 13 countries, with the largest contributions from Brazil and Uruguay.

After initially trying to negotiate with gang members, PrÃ©val has agreed to support an expanded military force. The United Nations has conducted a series of raids since mid-December, when a sharp increase in kidnappings sent panic through Port-au-Prince.

The threat of kidnapping is a daily concern for both poor and wealthy Haitians. On Friday, a Haitian American missionary, Nathan Jean-Dieudonne, was released five days after being kidnapped in Croix-de-Bouquets, a town outside Port-au-Prince.

U.N. officials believe Evens primarily finances his criminal organization with ransoms, which can range from $50 for a street vendor to tens of thousands of dollars for working professionals. Gang leaders also frequently force workers to turn over a portion of their earnings. In return, gangs dole out food and money to cement support from the poor.

As U.N. troops sealed off entrances to Cite Soleil on Friday, residents clustered on the outskirts, waiting hours to return to their homes. Soldiers searched women leaving the slums with baskets of fruit balanced on their heads. Some residents applauded the raid; others, stoked by radio commentators who want the U.N. force out of Haiti, railed against it.

Most just wanted to get home as the operation, which began at 3 a.m., stretched into the late afternoon. As night fell, the fighting subsided, but U.N. forces remained stationed in Cite Soleil.

Earlier in the day, Miken Gay, a 45-year-old resident of the slum, tried to escape the sun by hunching beneath the wooden cart he and seven friends were using to haul the frame of an abandoned car that they hoped to sell as scrap metal.

"We want the gangs out of Cite Soleil," Gay said. "But I'm tired. I've been here all day."

Just a few days ago Gay was walking down the same street, he said, with a pocket full of cash, a rare payday of about $3 after selling a stack of scavenged metal. A gang member he knew greeted him by leveling a revolver at his head.

The man with the gun didn't have to say a word. Gay handed over the money and walked away.

UN Troops Flood Into Haiti Slum (BBC)

BBC.com, February 10, 2007

More than 700 United Nations troops have moved into Haiti's largest slum, sparking a major gun battle with suspected gang members.

At least one person was killed and eight injured in the operation in Cite Soleil, a coastal area of the capital Port-au-Prince.

UN troops make regular incursions into Cite Soleil but a spokesman said this was the biggest so far.

He said troops had forced a major criminal gang out of its headquarters.

The Brazilian-led force of 8,000 has been deployed in Haiti since the ousting of former President Jean-Bertrand Aristide in 2004.

Fierce resistance

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UN spokesman David Wimhurst told the BBC that Friday's operation was the largest incursion into Cite Soleil, home to 300,000 people, yet attempted by the UN.

Troops entered an area of Cite Soleil known as Boston, the stronghold of a gang leader known only as Evans.

Evans has been blamed for kidnappings, killings and rapes in the areas under the control of his gang.

There was fierce fighting and heavy resistance from gang members, Mr Wimhurst said.

The spokesman said the UN forced gang members out of a school they had occupied, and out of their major headquarters, known as Jamaica Base.

"That means Evans no longer has a base in Cite Soleil," Mr Wimhurst said.

Local radio reported heavy and sustained gunfire coming from the area of Cite Soleil, making an accurate assessment of casualty figures difficult.

At least four people were killed and six wounded during the UN's previous incursion into Cite Soleil, in late January.

There was further violence in December, with at least five people killed in similar clashes.

Venezuela's Theoretical Democracy (LAT)

The Los Angeles Times, February 10, 2007

VENEZUELA, AS ITS president, Hugo Chavez, never tires of pointing out, is still a democracy. It's just a place where democracy is a little more nonbinding than elsewhere.

To illustrate just how democratic the country is, the 167 members of the National Assembly — all of whom support the president because the opposition boycotted the last parliamentary election — convened outdoors in Caracas last month, to be better seen by the throngs of red-shirted Chavistas gathered in the square, and unanimously voted themselves into irrelevance.

The vote gave Chavez the power to make laws by decree for 18 months, with no need to even use his Assembly's rubber stamp. Seeing as how Chavez already had total control over the judicial branch, how he is taking steps to quell opposition media and how he could have rammed any law he chose through the Assembly with barely a semblance of debate or a whisper of protest, his new powers seem gratuitous. But even symbolic oversight can be messy, bureaucratic and slow. Kind of like democracy.

Venezuela's constitution allows the legislature to cede decree powers to the president, which it has done several times to other presidents and once before to Chavez, in 2000. But normally this occurs in times of fiscal upheaval, not while the nation is swimming in oil revenues. Chavez is expected to use his powers to, among other frightening things, do away with presidential term limits so he can remain in office indefinitely.

Predictably, the opposition newspaper Tal Cual played the Hitler card after Chavez's move, with a front-page banner headline reading "Heil Hugo!" and an editorial comparing the National Assembly rollover to the German Reichstag's vote in 1933 giving Hitler extraordinary powers. Chavez, even more predictably, passed the charge onto President Bush. "Who would be the greater fascist, Hitler or Bush? They might end up in a draw," Chavez brayed the day after winning his new authority.

Democracy still has a faint pulse in Venezuela; any Chavez decree can theoretically be overturned by public referendum, as long as opponents gather signatures from 5% of the electorate. And Chavez, destructive as his economic policies will eventually be to Venezuela, is no Hitler.

Now Mussolini, on the other hand …

India Finds Its Economy On The Verge Of Overheating (NYT)

By Keith Bradsher

The New York Times, February 10, 2007

MUMBAI, India, Feb. 8 — With breakneck growth, an outsourcing industry that leads the world and hundreds of millions of consumers demanding more class and comfort, India has an economy many countries would envy.

But now, after three years of near double-digit growth, signs of a potentially dangerous inflationary spiral are beginning to emerge. Prime Minister Manmohan Singh and his closest economic advisors gathered just last weekend over fears that India's extraordinary economic expansion was starting to overheat, an issue they labeled as a "key short-term priority."

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They may have waited too long. Food prices are climbing for everything from lentils to onions, squeezing the poor. Apartment rents and prices are rising steeply, especially in large cities. Factories that make the country's increasingly ubiquitous motorcycles are running at full tilt and have still fallen weeks behind in meeting orders from dealers.

Inflation in India remains much lower than in many developing countries. But prices are rising more than twice as fast as in China, India's archrival for foreign investment and economic leadership among emerging markets. Prices are also increasing considerably faster than in industrialized countries.

That has put the onus on government leaders to try steering the economy, which is expected to expand by as much as 10 percent this year, away from a possible escalation of inflation pressures that could derail some of their achievements and temper the country's climb in living standards.

"There is a recognition of these pressures and there is virtual unanimity that these have to be managed," Y. Venugopal Reddy, the governor of the central bank, said in an interview this week. On Jan. 31, the central bank raised an important short-term interest rate by a quarter-point, to 7.5 percent, to help stem inflation.

Mr. Singh, Mr. Reddy and other senior officials have repeatedly reaffirmed their commitment in recent days to the market-oriented policies that have helped to triple the economy's growth rate since the early 1990s.

But rising prices are starting to rekindle some nostalgia for the 1980s, when India had one of the world's most highly regulated economies. "You have to ensure some amount of price regulation," said Suhel Seth, a prominent political commentator and marketing consultant. "Under the guise of a free market, you've created a free fall for the poor."

Some of the largest increases in food prices have been here in Mumbai. This is an industrialized peninsula where food is brought in over long distances by truckers who have had to pay much more for diesel fuel over the last year as the Indian government has passed on part of the increase in world oil prices.

Navalben Nagda, a retired shopkeeper in northern Mumbai, shopped for milk this week in a green sari but complained that she and her husband had been forced to change their purchasing habits.

"We buy lower-quality food now because that's all we can afford," she said. "It doesn't taste as good."

Wholesale price inflation has accelerated to 6 percent from 4 percent last spring. Consumer price indexes have risen nearly 7 percent in urban areas over the last year and almost 9 percent in rural areas, where more than two-thirds of the population live and where higher food prices are having the biggest effect.

Government economists attribute rising food prices in India to global factors like a poor harvest in Australia, the growing use of crops to produce ethanol and a higher cost of diesel for tractors. But many here link the increase to the government's encouragement of futures trading in agricultural commodities, and the government has responded this winter by limiting a few types of transactions involving food.

Mr. Reddy said he felt "some justifiable optimism" about inflation and the Indian economy. He pointed to the lagged effects of interest rate increases over the last year that had not yet fully worked their way through the economy. He also noted that Indian companies were investing in additional capacity and that new roads, loading docks and other infrastructure were being built.

Still, the central bank's surveys show that practically all of India's manufacturers are operating at full capacity, as consumer demand has risen first and companies have been slower to respond. Many factory expansions and new factories will be ready in 18 months to two years, Mr. Reddy said, describing the time until then as a transitional period for the economy.

Awash with deposits derived from foreign investors, Indian banks have been lending aggressively, particularly to consumers. That has led to a wave of buying on credit.

Rahim K. Premji, the manager of Allibhai Premji Tyrewalla, a motorcycle store here, said that there had been so many buyers nationwide that for the last six months, motorcycle factories had typically been 15 days late in filling orders.

"It used to be you'd place your order and they'd dispatch it right away," he said. "They've constantly been expanding capacity, but not as fast as demand."

The panoramic view from the 25th floor of India's central bank provides clear evidence of supply shortages. Across a wide swath of four-story buildings, stretching for many miles, not a single construction crane was in sight, not in the nearby historical district nor in the poor and rich neighborhoods alike all the way to the edge of the warm waters of the Indian Ocean.

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That stands in stark contrast to Chinese cities like Beijing, Shanghai and Yantai, which have used rising property markets to help finance the bulldozing of many square miles of crumbling housing.

But India has very strong rent control laws and other tenant protection legislation. Along with extensive litigation and backlogged courts, these rules have made it extremely difficult to demolish and put in high-rise complexes to replace the tens of thousands of acres of moldering buildings that clog large cities.

The scarcity has sent prices even higher for existing housing. In fashionable neighborhoods of South Mumbai, apartment prices have jumped close to 60 percent just since last spring. Foreign investors, including oil-rich investors from nearby Middle East countries, are joining the market, bidding aggressively against members of India's increasingly affluent business elite.

Rushabh S. Mehta, a partner at the Royal House Agency, walked through a 2,000-square-foot apartment that had a cheap-looking concrete floor and flimsy wooden closets. But it is in the chic Malabar Hill neighborhood. The asking price is nearly $1.5 million.

"It's the location, basically — there's no view," he said, looking out a window at the white wall of a neighboring apartment building.

Demand for everything from housing to beer is outpacing supply in part because white-collar salaries are rising faster in India than anywhere else in Asia, climbing 13.7 percent on average over the last year, said Sharad Vishvanath, a labor cost analyst at Hewitt Associates. Wages for junior managers and technical employees are rising fastest of all. Meanwhile, new factories and offices take time to build. But analysts and executives say that productivity gains could allow India to wring more output from the businesses it already has, helping avoid the bottlenecks that can feed an inflationary spiral.

Big gains could come from modern telecommunications and the growing flexibility of India's labor force, as shown by workers like Selvi Partipan in Chennai.

Ms. Partipan, a 40-year-old who gave birth to the first of her five children when she was 13, used to work as a street vendor. She fried samosas and other fare for passers-by, earning just $2 a day.

But six years ago, after partial deregulation of the leather industry, Mrs. Partipan found a leather factory job. She sewed everything from handbags to jackets and earned $3 a day. She learned that she could earn as much as an additional $7 a day by doing extra sewing at home in the evening and on weekends, when other factories were desperate to finish orders.

The difficulty lay in figuring out when a leather factory manager somewhere else needed workers. So last summer, she gave $80 to her son, a security guard who works a morning shift, to buy a mobile phone. When work became available, factories sent text messages to her son and others in English — Mrs. Partipan speaks only a local dialect — and he quickly told her and she raced to the factory gate.

"I've already gathered some orders by phone," she said, wearing a maroon sari and sitting on a plastic stool as a daughter cooked samosas at the same location where Mrs. Partipan used to cook. "It is paying for itself."

But while such adaptability helps to explain the long-term optimism of most government and business leaders in India, people in the streets are more worried about the continuing rise in prices. Mukesh Maru, a shopkeeper in Mumbai, pointed to a steel basin of moong dal, a popular type of small yellow bean in especially short supply now, and said that the price had risen to 58 cents a pound from 23 cents a year ago.

In the 35 years his family's shop has been in business, he said, "it's only in the past year the prices have jumped so much."

Even Amid Its Wealth, India Finds, Half Its Small Children Are Malnourished (NYT)

By Somini Sengupta

The New York Times, February 10, 2007

MUMBAI, India, Feb. 9 — Even after India's years of sustained economic growth, child malnutrition rates here are comparable to some of the poorest countries, and at times worse.

In this young nation, where 40 percent of the people are under 18, figures released by the government on Friday offered an alarming portrait of child health: Among children under 3, nearly half are clinically underweight, the most reliable measure of malnutrition.

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Additionally troubling, the incidence of child malnutrition declined only one percentage point, to 46 percent, in seven years, according the latest National Family Health Survey. During that time, the economy grew at 6 to 8 percent; it is poised to swell by more than 9 percent in the current fiscal year, the government announced this week.

India's economic prospects pivot in part around what it calls its demographic dividend.

But the child malnutrition rates put India roughly on a par with Burkina Faso and Bangladesh. Sudan posted better results, according to data compiled by the United Nations Children's Fund, or Unicef. Malnutrition in China was about 8 percent, Unicef said.

The long-awaited health report, which was quietly made public on Friday on a government Web site, also showed scant progress in childhood immunization. In the survey, compiled in 2005-6, 43.5 percent of children 12 to 23 months old were fully immunized, compared with 42 percent in the previous survey, in 1998-99.

Poverty amid plenty is hardly new in India. But the latest numbers are startling because they suggest that economic growth has not significantly uplifted the most destitute, nor have well-meaning government efforts to improve children's well-being yielded measurable results.

The nutrition figures also reflect the grinding poverty in parts of rural India, and poor public health and sanitation in general. The health survey measured how many households had access to a toilet (44 percent nationwide) and the proportion of children who suffered from diarrhea and who were given oral rehydration salts (58 percent).

"It's partly poverty, it's partly the collapse of health services, it's a measure of a completely lopsided pattern of growth in the country," said Jean Drèze, an economist who led a study of India's child nutrition programs late last year.

The nutrition figures showed a wide disparity among states. In central Madhya Pradesh, malnutrition rates are around 60 percent; in Tamil Nadu, the rates have steadily improved, bringing malnutrition down to 33 percent.

The national figures could be seen as an indictment of an ambitious government-financed program, the Integrated Child Development Services, which is intended to help poor families feed their children.

The program has been dogged by criticism in recent months, from charges of corruption in some states to poor accountability elsewhere. Studies by both Unicef and Mr. Drèze's group have concluded that in some places, children get only raw grains. Some workers were not properly trained and some mothers were inadequately counseled about feeding newborns.

Werner Schultink, who runs child development and nutrition programs for Unicef in India, called the latest figures "very disappointing."

"It gives an indication that some of the programs are not as effective as they should be," he said. In mid-January, Prime Minister Manmohan Singh went further in his criticism, urging state officials to review the child nutrition program.

"There is strong evidence that the program has not led to any substantial improvement in the nutritional status of children under 6," he wrote in a letter, adding that for the government actually to keep its promise of providing nutrition to poor children, it would require close monitoring of the program, and "political will."

Theft In Thailand (WSJ)

The Wall Street Journal, February 10, 2007

The crusade against drug patents was once fought in the halls of the World Trade Organization. No more. By seizing patents for HIV/AIDS treatments and heart disease, Thailand has asserted that governments have the right to take intellectual property whenever they please.

The Thai Ministry of Public Health announced recently that it would issue a "compulsory license" for Abbott Laboratories' Kaletra, an HIV/AIDS drug, and Clopidogrel, the local Thai brand of Sanofi-Aventis's Plavix heart medication -- meaning that Thailand will eventually produce generic copies of these drugs. Its decision follows a similar move in November against Merck's Stocrin, an antiretroviral HIV/AIDS drug. The Ministry said WTO rules give Thailand "a right to issue a safeguard measure to protect public health, especially for universal access to essential medicines using compulsory licensing on the patent of pharmaceutical products."

Thailand's actions may be technically legal. The WTO language on compulsory licensing is regrettably vague, and doesn't list specific causes for which governments can seize private patents. The only hint of protection of private property lands in Article

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31, which says "the proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions."

However, Thailand did not bother to consult prior to issuing the compulsory licenses, and the drug companies woke up to read about it in the papers. So it clearly breached the spirit, if not the letter, of Article 31. In any case, it's hard to argue that Thailand has an AIDS epidemic, when its incidence is a little over 1% -- and countries such as South Africa are well over 20%. The same goes for heart disease.

Until now, governments have been careful to define disease outbreaks as "emergencies," primarily because they didn't want to dissuade drug companies from investing in their countries. Hong Kong, for example, refrained from issuing a compulsory license during the 2001 SARS outbreak. Drug companies spend billions of dollars in research, development, training and distribution. Without market-based incentives, there's little reason to invest in R&D.

It's worth noting that Thailand's confiscations are also a boon for the Government Pharmaceutical Organization, the state-owned monopoly. Until it can ramp up its own production, GPO will be the sole importer and reseller of the products Bangkok seized.

GPO says it will charge consumers lower prices. But Merck was already selling Stocrin at cost in Thailand, as it does in other developing countries with over 1% incidence of HIV/AIDS. GPO's profits, then, must come from sourcing a cheaper producer of generics. It's likely to turn to India -- the world's most prolific source of counterfeit generics.

How this is good for Thai patients is anyone's guess. GPO's production facilities have never met WHO standards. HIV drug resistance in Thailand is high, most likely because of the reliance on faulty GPO generic copies. Now, given the lack of patent protection, foreign companies may hesitate to introduce newer, more expensive and sophisticated second- and third-generation drugs into Thailand. If Merck's new AIDS vaccine shows promising results, for example, you can bet it won't debut in Bangkok.

Thailand's decision is already reverberating world-wide. Brazil, which has used the threat of compulsory licensing to extract lower prices from drug companies, is paying attention. Full credit, then, to World Health Organization Director-General Margaret Chan for criticizing Thailand's move and defending IP protection. "I'd like to underline that we have to find a right balance for compulsory licensing," the Bangkok Post quoted her as saying last week. "We can't be naive about this. There is no perfect solution for accessing drugs in both quality and quantity."

Thailand's military junta has embraced bad economics in the name of populism since taking power last October. So far, these decisions have mostly hit investor pocketbooks. Now the government is toying with its citizens' lives.

China's Influence In Africa Arouses Some Resistance (NYT)

By Michael Wines

The New York Times, February 10, 2007

JOHANNESBURG, Feb. 9 — China is often depicted as a juggernaut of sorts, its untroubled and unfettered rise into the ranks of global powers a fact that lesser nations can only watch with awe and trepidation. On Friday, President Hu Jintao of China completed a 12-day tour of Africa that suggested the reality was more nuanced.

More than that, the visit tested a basic tenet of China's economic relations: that business is business, and what a partner nation's people think about it is not China's — or the world's — preoccupation.

Mr. Hu swept through eight nations, among them some of China's closest African allies, largest trading partners and most prominent objects of Chinese investment. He left behind a multibillion-dollar trail of forgiven debts, cheap new loans and pledges of schools and cultural centers, tokens of affection for a continent of strategic economic importance to Beijing's future.

Yet in Zambia, Mr. Hu was greeted with public disdain, and forced to cancel one appearance, even as he showered more than $800 million in gifts and investments on the nation, one of the world's poorest. In Namibia, a decades-old ally, a newspaper and human rights activists assailed China's foreign policy as selfish and lacking morality.

In South Africa, a generally warm visit was clouded by President Thabo Mbeki's recent warning that Africa risked becoming an economic colony of China, and by Johannesburg's major newspaper, which devoted a full page this week to a scalding critique of China's record on human rights and labor rights.

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Mr. Hu's stop in Sudan, where China has extensive oil interests, reignited criticism that Beijing has helped shield its ally and oil supplier from global outrage over attacks on civilians in Darfur.

Mr. Hu also met his share of flag-waving supporters, of course, and the official parts of his trip — the meetings and agreement-signings with heads of state — were a diplomatic and commercial success. Most African heads of state like China, which supported many of their liberation movements when liberation was not fashionable. And they like Mr. Hu, whose views on sovereignty, human rights and development are frequently closer to theirs than are those of Western governments.

But an undercurrent of disquiet accompanied Mr. Hu's barnstorming. Mostly, it came not from heads of state, but from the people they rule, some of whom resent China's growing influence here — for economic, racial and ideological reasons.

"It's important to note the obstacles the Chinese are running into" in Africa, said Bates Gill, a leading China scholar at the Center for Strategic and International Studies in Washington. "It has a lot to do with their unfamiliarity with working in countries that have a vibrant private sector and civil society. These guys in the Chinese Embassy, they don't understand that."

China is not yet an overwhelming presence in Africa. The juggernaut image aside, China imports less African oil, invests less money and spends less on aid than does the United States or Europe. As an African trading partner, China ranks third, behind the United States and France, and much of that trade is in oil purchased from Sudan, Angola and Nigeria, not in goods made by African workers.

Unlike most other nations, however, China is frequently seen here as coveting Africa for its oil, gold and other valuable minerals and as a dumping ground for cheap Chinese goods — not for its people or talents. Mr. Mbeki said as much in December, warning in a speech that Africa's relationship to China as an exporter of ore and oil and importer of finished goods threatened to become "a replication of that colonial relationship" between Europe and its African possessions a century ago.

True or not, the perception has been telling. In Zimbabwe, Zambia and elsewhere in southern Africa, an influx of Chinese shopkeepers and street traders has pushed locals into bankruptcy. South African textile workers lost tens of thousands of jobs after the 2005 expiration of a global trade agreement allowed cheaper Chinese goods — including knockoffs of traditional African prints — to flood the country. Angry trade unions called for retaliatory boycotts of shops selling Chinese goods.

Anti-Chinese sentiment has mushroomed in Zambia since 2005, when an explosion at a Chinese-owned copper mine killed at least 46 workers and spawned complaints of unsafe working conditions and poor environmental practices. In last year's presidential election, the populist challenger to President Levy Mwanawasa based part of his campaign on a pledge to curb Chinese influence in the country.

This month, Mr. Hu canceled a visit to Zambia's Copperbelt Province, in the nation's north, apparently because of the threat of protests.

For some foreign powers in Africa, such snubs are part of the territory; both the United States and Europe are regularly assailed for agriculture policies that are said to stunt African farm exports. One reason China has been welcomed into Africa, analysts say, is it can serve as a counterbalance to American influence now that the Soviet Union has vanished from the scene and Russia is far less active in the region.

But while popular dissent is old hat to Westerners, it is less so to the Chinese, for whom foreign relations and domestic policies alike are shaped by governments — not activists, lobbies or public opinion.

Having claimed a bigger role on the African and world stages , Mr. Hu is now reaping the first bitter fruits of pretension to leadership. One test comes in Sudan, where he must reconcile China's doctrine of noninterference in other nations' affairs with the outcry over the killings of civilians in Darfur. In Khartoum, he gave Sudan a $13 million interest-free loan to build a new presidential palace, but also said it was "imperative" to halt the deaths in Darfur.

South Africa's Mbeki Vows To Intensify Fight Against Rampant Crime (WP)

By Craig Timberg

The Washington Post, February 10, 2007

JOHANNESBURG, Feb. 9 -- President Thabo Mbeki on Friday sought to reassure worried South Africans that his government is stepping up its fight against crime but offered little new detail on how it can curb levels of rape, robbery and murder that are among the highest in the world.

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After weeks of rising political pressure amid a string of high-profile attacks, Mbeki went further than he had before in acknowledging that levels of violent crime terrify many South Africans. He avoided quibbling over whether rates are rising or falling, or by how much -- an approach that provoked a sharp backlash after an interview last month.

In Friday's State of the Nation speech, made before Parliament in Cape Town and broadcast across the country, Mbeki said, "Certainly we cannot erase that which is ugly and repulsive and claim the happiness that comes with freedom if communities live in fear, closeted behind walls and barbed wire, ever anxious in their houses, on the streets and on our roads, unable freely to enjoy our public spaces. Obviously, we must continue and further intensify the struggle against crime."

He listed government plans to hire more police officers and increase their pay while also bolstering intelligence gathering and improving the sophistication of forensic laboratories.

But administration officials acknowledged that they had formulated and announced most of the initiatives before the recent public outcry.

Analysts praised Mbeki for his expression of concern but faulted him for not offering major new plans on an issue that polls consistently rank among the country's top concerns.

Crime analyst Johan Burger of the Institute of Security Studies in Pretoria said Mbeki's acknowledgment of the problem was "very positive." But, he added, "What he did not say is what is the decisive action that is going to be taken, and how is the fight against crime going to be intensified."

Mbeki announced the government's goal to continue expanding the availability of clean water, electricity and affordable housing while delivering more jobs and training. And he announced plans to create a new system of social security payments, funded by levies on working South Africans, that will expand the government's system of grants to the elderly, poor and unemployed.

On the subject of AIDS, Mbeki pledged to continue expanding prevention and treatment programs, though he offered few clues on how the government could slow the pace of new infections or save already sick South Africans who will die without costly antiretroviral drugs. An estimated 5.5 million out of 46 million South Africans have HIV, which causes AIDS, and only a small percentage of those are receiving vital medicine.

But crime was the most prominent subject in Mbeki's speech, an implicit acknowledgment of how it has come to dominate the national political agenda.

First National Bank, one of the country's largest, printed 1.5 million fliers urging South Africans to write down their experiences with crime and send them to Mbeki. The fliers were to be distributed in newspapers last weekend. Politicians and business leaders close to Mbeki quashed the plan, according to news reports, but not before provoking allegations that Mbeki was insulated from knowledge of the crime experienced by most South Africans.

A union soon created a Web site, http://www.dearpresident.co.za, to collect crime complaints for Mbeki. When his office failed to confirm receipt of thousands of e-mails the Web site generated, the union ordered 25 wheelbarrows to deliver them to him, news reports said.

Mbeki's speech returned to crime again and again but tied it to broader themes, including South Africa's history of racial subjugation and enduring poverty among blacks.

"None of the great social problems we have to solve is capable of resolution outside the context of the creation of jobs and the alleviation and eradication of poverty," he said. "This relates to everything, from the improvement of the health of our people, to reducing the levels of crime, raising the levels of literacy and numeracy, and opening the doors of learning and culture to all."

South Africa's President Faces Crime Problem (LAT)

By Robyn Dixon

The Los Angeles Times, February 10, 2007

JOHANNESBURG, SOUTH AFRICA — Engulfed by a tide of public anger over violent crime, President Thabo Mbeki acknowledged in his annual state of the nation speech Friday that the government needed to work harder to eradicate what he called an "ugly and repulsive" scourge.

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Mbeki's speech was in marked contrast to recent televised remarks in which he said there was no evidence that most South Africans thought crime was out of control. Critics said Mbeki was in denial about one of the worst violent crime rates on Earth.

In the days preceding the speech, tens of thousands of South Africans signed Internet petitions and some small businesses took out newspaper ads urging the president to tackle crime seriously.

A major financial institution, First National Bank, commissioned a $2.8-million advertising campaign urging the public to write to Mbeki demanding the government make crime its top priority. But the bank pulled the campaign on the eve of its launch; the government denied widespread news reports that it had pressured the bank to do so.

Mbeki did not launch any major initiatives, but his speech was noteworthy for the stark language it used to describe the crime problem.

"Certainly we cannot erase that which is ugly and repulsive and claim the happiness that comes with freedom if communities live in fear, closeted behind walls and barbed wire, ever anxious in their houses, on the streets and on our roads, unable to freely enjoy our public spaces," Mbeki said. "Obviously we must continue and further intensify the struggle against crime."

Although police statistics have shown a slight improvement in some crime categories, including murder, the rates are still among the world's highest. There were 18,528 murders, 54,926 rapes and 119,726 violent crimes such as aggravated robbery or attempted murder last year in a country of 44 million, police said.

Despite the drop, there is a growing public perception that robberies have become more violent. Fears have been fueled by the killings of several prominent figures and a sharp rise in high-profile crimes, such as robberies of armored cars in which highly organized attackers are often armed with automatic weapons.

The issue has taken on more urgency because South Africa will be the host of soccer's next World Cup, in 2010, and incidents of crime during the tournament could hurt the country's tourism industry.

The U.S. government has issued warnings to travelers about crime in South Africa.

The ruling African National Congress party is sensitive to criticism of its performance on crime. Government officials were riled by U.S. Ambassador Eric Bost's comments in a newspaper interview in November in which he said few people would travel to South Africa for the World Cup if crime continued at its present levels.

Crime has also become an increasing concern for South African businesses. A survey by the Grant Thornton consulting firm found that 84% of medium to large businesses reported that employees or family members had been affected by crime, 88% reported increased security costs, and 65% reported lowered productivity because of crime.

Mbeki reiterated Friday that the number of police would increase from 152,000 to 180,000 before the World Cup. He also promised to continue a program to build more jails and improve cooperation between police and armed private security forces who transport cash for businesses and guard neighborhoods.

But he received as much criticism as praise, with opposition parties saying he had failed to show he grasped the scale of the problem.

$25 Million Offered In Climate Challenge (WP)

By Kevin Sullivan

The Washington Post, February 10, 2007

LONDON, Feb. 9 -- British billionaire entrepreneur Richard Branson, with former vice president Al Gore at his side, offered a $25 million prize Friday to anyone who can come up with a way to blunt global climate change by removing at least a billion tons of carbon dioxide a year from the Earth's atmosphere.

Branson, saying that the "survival of our species" is imperiled by current environmental trends, said the prize was similar to cash inducements that led to some of history's most notable achievements in navigation, exploration and industry. A competition launched in the 17th century, he said, resulted in the creation of a method to accurately estimate longitude.

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"I believe in our resourcefulness and in our capacity to invent solutions to the problems we have ourselves created," said Branson, who has pledged to invest $3 billion in profits from his transportation companies, including Virgin Atlantic Airlines and Virgin Trains, to fighting global warming.

"We are now facing a planetary emergency," said Gore, whose documentary film, "An Inconvenient Truth," has helped him become one of the world's leading voices on climate change issues.

The former vice president will serve as a judge in the contest, known as the Virgin Earth Challenge. He said he hoped the contest would spur scientific innovation without distracting from more practical steps people can take to battle global warming, from using energy-efficient light bulbs to pressuring politicians to confront "the crisis of our time."

"It's a challenge to the moral imagination of humankind," Gore said at a packed news conference, which several noted climate scientists and authors attended. Others provided videotaped endorsements or appeared by live video link.

Gore and Branson said that although scientists are working on technologies to capture carbon dioxide and other greenhouse gases at power plants and other industrial sources, no one has developed a strategy to remove gases already released into the atmosphere. Those gases are contributing to a dramatic increase in global temperatures that could have catastrophic results in the coming decades, they said.

The winner of the contest must devise a plan to remove greenhouse gases from the atmosphere without creating adverse effects. The first $5 million would be paid upfront, and the remainder of the money would be paid only after the program had worked successfully for 10 years.

"We're nowhere" on technologies to reduce the amount of carbon dioxide in the air, Gore said. But he said he hoped innovators might be spurred not simply by the cash prize but also by a passion for working on what he called "a moral issue."

Other judges in the competition are James E. Hansen, director of NASA's Goddard Institute for Space Studies; British environmentalists and authors James Lovelock and Crispin Tickell; and Australian conservationist and author Tim Flannery.

Gore, Branson and the other panelists referred repeatedly to a study released last week by the Intergovernmental Panel on Climate Change, made up of hundreds of scientists from 113 countries, that concluded that human activity is warming the planet at a potentially disastrous and irreversible rate.

Gore dismissed critics who say the potential effects of climate change have been exaggerated. He said the overwhelming scientific evidence is that "the planet has a fever." He likened the situation to parents told by a doctor that their child needs medical care; those parents shouldn't listen to "some science fiction expert who tells you it isn't real -- you listen to the doctor."

Gore said he believed public interest in climate change was growing in the United States. But asked whether he thought Americans were ready for a presidential campaign in which global warming was the central issue, he said, "We're not there, yet."

Branson and Gore said they hoped to ask the governments of the United States, Britain and other countries to add to the prize money, or even match the $25 million pledged by Branson. "I don't have much influence with this administration," Gore joked.

Gore, who barely lost the 2000 presidential election to President Bush, has experienced a resurgence in popularity among many Democrats and is still viewed as a potential dark horse candidate in 2008. On Friday, he said he would not categorically rule out another run for public office, but he said he "can't foresee" any circumstances that would lead him to enter the race.

"I'm involved in a different kind of campaign," Gore said.

Details on the $25 million competition can be found athttp://www.virginearth.com.

$25 Million To Encourage Cleaner Air (NYT)

By James Kanter

The New York Times, February 10, 2007

LONDON, Feb. 9 — Imagine a giant vacuum cleaner for the atmosphere.

The British billionaire Richard Branson and Al Gore, the former vice president, aimed for just that on Friday when they announced a $25 million prize to meet possibly the biggest challenge faced by humankind: to reduce the planet's warming gases that have collected in the atmosphere since the dawn of the Industrial Revolution.

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"We are now facing a planetary emergency," said Mr. Gore, the author of the book "An Inconvenient Truth," which formed the basis for an Oscar-nominated documentary film about global warming.

At a news conference here, Mr. Branson urged governments to match the prize money he offered. He spoke of past efforts to encourage leaps forward in technologies, like a competition sponsored by the British government that led to more accurate measurement of longitude, saving thousands of lives at sea.

Mr. Gore, who with Mr. Branson, will be one of six judges, said the prize was intended for a project that would be different from technologies currently under development that capture and store large amounts of carbon dioxide from heavy emitters like coal-fired electric plants.

Mr. Gore also said the winning project must be more than a stop-gap against global warming gases. "This is a very new and different way of thinking," he said. Even so, experts in climate change said the prize money might be better spent on projects with more of a chance of success, like building cleaner engines for cars and ensuring that new technologies reach the marketplace.

"This project may hold particular appeal in the aviation industry as there really are no other viable, cleaner fuels in the pipeline," said Steve Rayner, a professor of science and civilization at Oxford University.

Mr. Rayner said plans for a extraction device to clean carbon from the air had been developed by Klaus Lackner, a professor at Columbia University. But Mr. Lackner's project never left the drawing board, Mr. Rayner said. Steve Howard of the Climate Group, a nonprofit organization that Mr. Branson said would help the judges with the deliberations, acknowledged that there were few technologies on the horizon. But he said he hoped the prize would encourage innovators to go to work.

Mr. Gore acknowledged that the prize was "highly speculative" and that it could be seen as a gimmick. But he said organizers should ensure that the prize was not "seen as a substitute or distraction from the main event which is to reduce the amount of CO2 which is being emitted."

Air transport represented about 3.5 percent of global greenhouse gas emissions in 1990 but that figure could grow to about 15 percent by 2050, according to United Nations figures, as cited by the Aviation Environment Federation in London.

The Virgin Group, owned by Mr. Branson, operates airlines.

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TERRORISM NEWS:

5 Held In Plot To Kill British Soldier (NYT)

By Alan Cowell

The New York Times, February 10, 2007

LONDON, Feb. 9 — With sirens wailing and streets blocked off to permit its passage, a convoy of police vehicles sped across Britain and wound through central London on Friday to bring five terrorism suspects to court here from Birmingham.

A sixth suspect, who was identified by [a news organization] as Basiru Gassama, 29, was charged with a terrorism offense in Birmingham on Friday evening, the police said.

The six were among nine Muslims seized nine days ago in a roundup of suspects in Birmingham linked to an alleged conspiracy to capture a Muslim British soldier and show images of his killing on the Internet. The three other suspects have been released without charge.

Of the five who faced terrorism charges in court on Friday, only one, Parviz Khan, 36, was specifically charged with engaging "in conduct to give effect to his intention to kidnap and kill a member of the British armed forces." The charge made no direct reference to the Internet.

The four others — Amjad Mahmood, 31, Mohammed Irfan, 30, Zahoor Iqbal, 29, and Hamid Elasmar, 43 — were charged along with Mr. Khan with planning to supply equipment and money in the knowledge that it might be used for an act of terrorism.

Mr. Mahmood was also charged with failing to disclose information that might have helped prevent an act of terrorism.

The charges were brought under British antiterrorism laws enacted in 2000 and 2006.

The arrest of the nine suspects in Birmingham, Britain's second-largest city, stirred worries and anger among many Muslims, who said they believed that the police action and extensive coverage by television and newspapers had further stigmatized Islam. One of the three men released after the arrests said Britain had become a police state for Muslims.

Some Islamic leaders in Birmingham sought on Friday to calm passions by appealing to Muslims to "remain dignified and have a calm attitude," in the words of Mohammad Naseem, the chairman of Birmingham's Central Mosque. But others said the city's Muslims, about 15 percent of the population of one million, were still cautiously waiting to see the outcome of the whole affair.

The Birmingham police said their inquiry had made great strides. "Nine days ago I told you that we were in the foothills of a major investigation," David Shaw, the assistant chief constable in charge of the Birmingham investigation, told reporters. "We have made extraordinary progress in that time, but it would be wrong of me to leave you thinking that this is any sense a completed inquiry."

Mr. Shaw said Muslims in Birmingham "have fed back to us the frustration and damage experienced by the way some of the media have labeled them through their reporting."

By contrast, he said, local people had given "fantastic support" to police officers.

"Contrary to much of the reporting about the area, we have seen real leadership from all sections of the community, who have not only supported us but have also publicly supported our search for the truth," he said.

The five suspects who appeared in court on Friday were ordered to be held until a hearing on Feb. 23. The police in Birmingham said the case had been referred to a London court under protocols covering terrorism cases.

In a separate hearing, Abu Izzadeen, an outspoken convert to Islam who was arrested Thursday, was released on bail on Friday after being charged with encouraging terrorism in a speech last year.

6 Charged In Alleged Terror Plot In Britain (WP)

By Kevin Sullivan

The Washington Post, February 10, 2007

LONDON, Feb. 9 -- British police charged six men arrested in Birmingham last week with terrorism-related offenses Friday, officially alleging for the first time that the suspects were plotting to kidnap and kill a British soldier.

Parviz Khan, 36, is accused of leading the plot with help from four other men arrested in pre-dawn raids last week and charged with providing equipment and funding for the plan: Mohammed Irfan, 30; Zahoor Iqbal, 29; Hamid Elasmar, 43; and Amjad Mahmood, 31. All five appeared in a London courtroom Friday and were ordered held until a Feb. 23 hearing.

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The sixth suspect, Basiru Gassama, 29, was charged with failing to inform authorities about the plot, which is a crime under Britain's Terrorism Act. He is due to appear in a London court Saturday.

David Shaw, spokesman for the West Midlands police, said police had recovered 4,500 pieces of evidence, including computers and mobile phones, that point to "the stark reality of what was being planned in our midst."

The plot, reportedly involving the kidnap, torture and murder of a Muslim soldier in the British army, is widely seen as a new kind of extremist threat in Britain. Since bomb attacks on the London public transit system that killed 52 passengers and four bombers in July 2005, police have repeatedly broken up alleged plots to commit large-scale attacks, including an alleged plan last summer to blow up commercial jetliners traveling from Britain to the United States.

For many Britons, the plot to kill a soldier -- and, according to the media, post video of the execution on the Internet -- has had worrisome echoes of violence that until now had been common in Iraq but unheard-of in Europe or the United States.

Police arrested nine people last week, including three who were released without charge. British police may hold terrorism suspects for up to 28 days without charge with a judge's approval.

One of the men, Abu Bakr, told reporters after he was released that Britain had become a "police state for Muslims."

"It's not a police state for everybody else because these terror laws are designed specifically for Muslims, and that's quite an open fact," said Bakr, a university student who works in an Islamic bookstore that was raided by police. He said his week-long detention was "going to affect me for the rest of my life."

Bakr's comments mirror a widespread feeling among Britain's nearly 2 million Muslims that they are being unfairly targeted by police and government policies. Many believe that the actions of some religious extremists have cast unwarranted suspicion on the wider Muslim community, pointing to last year's arrest of two brothers in the Forest Gate section of London in a suspected chemical weapons plot. After a high-profile police raid, in which one of the brothers was shot by police, the men were released without charge.

Prime Minister Tony Blair called the description of Britain as a police state "categorically wrong."

Jack Straw, a top official in Blair's government, called the allegations "absolute, utter nonsense."

"We live in a democracy, and what we are sadly having to fight at the moment is people who seek to destroy the very basis of our democracy," Straw said in Parliament this week.

Also Friday, government officials announced that they had ordered the closure of an Islamic school in Sussex, southeast of London, that was raided in September as part of an anti-terrorism operation. Government education officials said the Jameah Islameah school had been closed for failure to meet government standards for independent schools.

The school, set in the countryside on 54 acres of land, was searched by scores of police in an operation in which 14 people were arrested in London. Media reports at the time said the school might have been used by radicals trying to recruit and train violent extremists. Police on Friday said 12 of those arrested were charged with terror-related offenses and are awaiting trial. Two were released without charge.

Padilla Is Competent To Face Terror Trial, Prosecutors Say (WP)

The Washington Post, February 10, 2007

Padilla Is Competent to Face Terror Trial, Prosecutors Say

MIAMI -- An evaluation of suspected al-Qaeda operative Jose Padilla by the U.S. Bureau of Prisons has found him competent to stand trial on terrorism charges, government attorneys said in court documents filed Friday.

Padilla 36, can understand the court proceedings and communicate with his attorneys, according to prosecutors' description of the report's conclusions.

Padilla, a U.S. citizen and former Chicago gang member, contends that he was tortured in custody. His attorneys say he is suffering from post-traumatic stress disorder, which raises questions about his competence for trial, allegations that federal officials reject.

A competency hearing is set for next Friday.

HOMELAND RESPONSE:

Homeland Budget Called Inadequate (WT)

By Jerry Seper

The Washington Times, February 10, 2007

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The chairman of a House committee yesterday challenged Homeland Security Secretary Michael Chertoff to explain how his agency's budget was adequate to guard against a terrorist attack or another Katrinalike disaster, saying "we cannot continue to protect the homeland on the cheap."

Rep. Bennie Thompson, Mississippi Democrat and chairman of the House Homeland Security Committee, said President Bush's proposed $35 billion Homeland Security budget does not address necessary funding for key programs and leaves the nation vulnerable to terrorists and natural disasters.

"Millions of lives are at stake," Mr. Thompson said.

Rep. Peter T. King of New York, the committee's ranking Republican, also questioned whether the department's budgeting process needed revamping, saying agency officials were basing spending increases on a 2003 budget "guesstimate" when the agency was formed.

"Should we, rather than work within the box, create a larger box?" Mr. King asked, noting that White House spokesman Tony Snow said on Thursday the administration was trying to do the best it could with scarce resources.

"If we're at war with Islamic terrorism, the resources for Homeland Security should not be scarce," he said. "It should not be just another Cabinet department. ... With a $2.9 trillion budget, we should be able to find a few billion more for homeland security. Either we're at war with Islamic terrorism or we're not."

Both lawmakers also expressed concern over what they called a delay in implementing a $1 billion communications system for emergency workers. They described the program as "critical" to the nation's first responders in the event of a terrorist attack or natural disaster.

"The inability to communicate hampers the ability to respond to an event and creates further confusion," Mr. King said. "I'm equally concerned by the delay in getting the administration of this grant program up and running."

In his second appearance before Congress in two days to defend the budget, Mr. Chertoff noted it represented an 8 percent increase over last year and again described the 2008 budget proposal as "sound, simple and ample."

"It reflects the president's very strong commitment ... to continuing to make sure we have the tools and resources that we need to enhance our security but in a way that balances our freedom and our prosperity," Mr. Chertoff said.

But Mr. Thompson said that while Mr. Chertoff thinks the 2008 budget proposal protects the nation's people and critical infrastructure, improves emergency preparedness and response, and improves the operation and management of the department, he was not convinced.

He noted that last year, the entire nation "was disgusted with the atrocious response to Hurricane Katrina" and confidence in the department was at an all-time low. He said it was "evident" the department was not prepared to handle another catastrophic terrorist attack or natural disaster.

"This may be a new year, but in some instances, Mr. Secretary, it feels like deja vu," Mr. Thompson said. "I do recognize some significant increases in the areas such as cyber and border security; unfortunately, I fear that behind the increases lurks some problems rather than answers."

He said the budget eliminates funding for local law-enforcement terrorism-prevention programs, proposes significant cuts in grants to first responders in all 50 states and U.S. territories, and would zero out funding for grants to metropolitan medical systems that he said would be needed to prepare for the mass casualties in the event of a disaster.

Mr. Thompson also said he was concerned whether the budget adequately addresses why the department ranked at the bottom for the second time in nearly every category of the Office of Personnel Management Employee Satisfaction Survey.

Proposed Federal Protective Service Cuts Hit (WT)

By Shaun Waterman

The Washington Times, February 10, 2007

President Bush's new budget proposes cuts to the Federal Protective Service, police that guard U.S. government buildings, a move labor unions say will be "the last nail in the coffin" of the agency that is being replaced by private contractors.

Administration officials say changes to the agency in the Department of Homeland Security improve efficiency without sacrificing security, and that private security firms already guard the vast majority of federal buildings.

A memo to staff from the service's acting Director Paul Durette Monday said it would be "realigned" as a "standards-setting and compliance-centered operation" with 950 employees, from the current 1,250 or so.

The changes mean the service "work force will be primarily composed of inspectors," with "patrol functions ... limited only to the highest risk major metropolitan areas, or in locations where special security arrangements require" them.

The service will maintain its inspectors, and "a core group of criminal investigators dedicated to intelligence and investigative activities related to federal facilities," but "the remaining uniformed cadre of police officers [in the agency] will be

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absorbed into other law enforcement functions" within homeland security, or encouraged to take early retirement, states the memo.

The move will complete the service's transformation from a police force that actually guards U.S. government buildings across the country, including federal courthouses, to one that largely sets and enforces standards on private firms hired by other agencies to provide security at 880 or so facilities.

"This will be the last nail in the coffin," said David Wright, president of the service's union, American Federation of Government Employees Local 918. "It will break morale, it will break the service."

Mr. Wright said Mr. Durette's proposal was "a rehash of failed initiatives they have tried before."

"The administration is proposing to walk away from its basic responsibility" to protect federal buildings across the country, said American Federation of Government Employees National President John Gage in a statement vowing to oppose the cuts.

A Homeland Security official said the department was reviewing the service's role "looking at areas where its responsibilities might duplicate those of other agencies."

The result would be "a higher standard of service for our customers," the federal agencies who own and operate the buildings protect ed by the service.

Mr. Wright said the plan was a response to a huge budget deficit the agency had -- up to $65 million -- blaming the departmental leadership at Homeland Security for their "reluctance ... to go back to Congress to help solve this problem."

The service's management "is not being forthcoming about where the deficit comes from," Mr. Wright said, adding that lawmakers he had spoken to this week were demanding a government audit of the service's finances.

The Federal Protective Service is managed as part of U.S. Immigration and Customs Enforcement, or ICE, a part of the Department of Homeland Security.

Will Bush Library Be A Target? (DMN)

By Kristen Holland

The Dallas Morning News, February 10, 2007

Terrorists will destroy the Bush library and take out most of the Park Cities at the same time. The question isn't if but when, says Sam Boyd, a Park Cities lawyer.

Mr. Boyd isn't alone.

A number of Park Cities residents say they fear that building the presidential library in University Park would be like painting a big, red target on their community.

Security and terrorism experts have mixed sentiments. Although some say presidential libraries are unlikely targets, others say Bush's library may change that because the president is such a polarizing figure worldwide.

"It's just kind of a realization," Mr. Boyd said about the terrorist threat. "I'm not willing it. I don't want it. But if they build the target, somebody's going to shoot at it."

Mr. Boyd, who was a Green Beret in Vietnam, was one of dozens of residents who squeezed into University Park's City Council chambers this week to comment on whether the city should sell to Southern Methodist University a small park that the private university may need for the Bush library. SMU learned in December that it was the lone finalist to host the facility.

Also Online

Presidential Bookmarks : A guide to presidential libraries across the U.S.

Though the library has drawn sharp criticism in recent months – from SMU faculty members and Methodist clergy – the terrorism concerns raised by several residents at the public hearing represent a new front against the facility.

University officials say they are concerned about security but not enough to abandon their bid for the library.

"We take security very seriously," said Patti LaSalle, SMU's associate vice president and executive director of public affairs. "But in this post-9/11 world, we also feel that we're not going to retreat into fearful existence. We're not going to stop taking advantage of opportunities."

If SMU is awarded the library, the National Archives and Records Administration, which oversees the presidential library system, will provide security. The university has a director of emergency preparedness and an emergency operations center. Both were created after 9/11.

Danny Defenbaugh, former head of the FBI's Dallas office, understands the residents' concerns. He said presidential libraries could be targeted because they're icons.

"Not the type of national icon like the Washington monument or the Capitol would be," Mr. Defenbaugh said. "However, it is. Appropriate security concerns need to be applied."

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William Harris, director of physical infrastructure and collection support for the National Archives' Office of Presidential Libraries, said security goes beyond armed guards and metal detectors at the nation's presidential libraries. Security measures are incorporated into the architectural and design standards for the libraries.

Mr. Harris couldn't provide many specifics, but one basic requirement is for a 100-foot setback from major highways or thoroughfares. He also said all the libraries have round-the-clock security details. Cameras monitor all buildings and grounds.

But that security won't be enough, says Avi, a terrorism expert with Mayday International, a security firm that provides counterterrorism training.

Avi, who spoke on condition that his last name not be used because of the sensitivity of his profession, said SMU and law enforcement officials would not be able to stop terrorists from targeting the Bush library.

"George Bush is not accepted by so many cultures in the world, especially the Islamic world," Avi said. "Wherever you carry the word 'Bush' might be potential for attack."

He said he doubts a group like al-Qaeda would take the time to plan such an attack. With students coming to and from SMU, it would be much easier for a small group of fanatics – such as young supporters of Hezbollah – to hide among students and do the job.

University Park Police Chief Gary Adams said residents concerned about a terrorist attack are raising good points. He said any public facility is a possible terrorist target.

The department has listed SMU as a potential target because it has a large number of people in a relatively small area.

"If they plan an attack in University Park, we've always thought it would be Ford Stadium during a game," Chief Adams said. "The library certainly could be a potential target."

Highland Park DPS Chief Darrell Fant said the risk of a terrorist attack at the library is remote. He said he'd be more concerned about President Bush moving to town. The president and first lady Laura Bush have indicated they will return to Dallas at least part time after Mr. Bush leaves office.

"Any time you have a past president – and we've had past governors and I've had sons and daughters of foreign diplomats – it demands a different type of response plan," Chief Fant said. "It certainly creates a greater potential and a greater threat level."

While anything can be a target, Andrew Teekell said terrorist organizations such as al-Qaeda probably wouldn't waste their time attacking a presidential library, even with Bush's name on it.

"Certainly there would be some symbolic value there," said Mr. Teekell, a counterterrorism and security analyst at Stratfor, a private security-consulting firm in Austin. "But you probably wouldn't generate a lot of casualties. If that's the best al-Qaeda can do, I'm frankly not impressed."

He said they would gain some points for staging an attack on American soil, but not much.

"Once again, I don't think it would occur to them," he said. "However, that's not to say that a target like that wouldn't be attractive to domestic terrorists."

Although it's possible the Bush library could be targeted, terrorism expert Jennifer Holmes said the threat is minimal.

"If people want to live in a bunker, they're less likely to have problems," said Dr. Holmes, associate professor of political economy and political science at the University of Texas at Dallas. "The issue is the relative risk compared to anywhere else in Dallas. Dallas is a target-rich environment anyway. One more really doesn't make a difference."

"They're all more likely to die on [U.S. Highway] 75 or LBJ anyway," Dr. Holmes added.

Tom Sheehan, the former police chief at D/FW International Airport, said water-storage facilities, power plants or nuclear facilities would be a more likely target than a presidential library because their destruction would affect day-to-day life.

"You could make a bigger splash hitting a grade school," he added.

That's not much comfort to University Park resident Irene Mitchell, who worries that the Bush library would subject residents to threats by religious extremists, intent on punishing the White House for its international policies.

"We haven't a clue," Ms. Mitchell said. "We're like ostriches hiding our heads in the sand if we don't think it'll come here, because it will."

Katrina Suits Put U.S. Judge In Eye Of Storm (WSJ)

By Liam Pleven, Paulo Prada

The Wall Street Journal, February 10, 2007

Lyonel Thomas Senter Jr.'s roots run deep in northern Mississippi, amid magnolia-lined streets and antebellum mansions. He learned to play trumpet there and high-school football and became a federal judge.

Now, at 73 years old, Judge Senter has become a defining figure in the coastal south of the state, presiding over a deluge of legal cases that grew out of Hurricane Katrina. The storm triggered more than 1.2 million claims from homeowners for $17.6

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billion in damage, says the Insurance Information Institute, a trade group. Most claims have been resolved, but thousands of homeowners in the Gulf region are still suing their insurers, and billions are still at stake.

At issue in many of these cases is a messy question. Were homes destroyed by the ferocious winds of the storm or the surging Gulf waters that came with them? Insurers typically cover wind damage but exclude water damage, because it's covered under the federal government's flood insurance program. Yet who knows what's behind the damage when a house has been wiped off the map?

Judge Lyonel Thomas Senter Jr. (pictured) is delivering some key decisions in Mississippi Katrina cases.

Judge Senter has been at the core of several recent critical turns in cases in Mississippi -- which have generally moved faster than in Louisiana -- in part because he's one of the few federal judges there whose own home wasn't damaged by the storm. At least two other judges have sued their insurers. He owns a condo in nearby New Orleans that was unharmed and stays in a hotel when in Mississippi.

Judge Senter, who has declined interviews, has ruled against the insurance industry in some important ways. In late January, he ruled against State Farm Insurance Cos., the nation's largest home insurer, in one case involving one Mississippi couple, setting the stage for a $1 million punitive damage award against the company.

A few days later, he tossed aside a proposed settlement that would have had State Farm pay at least $50 million to thousands of Mississippi homeowners, helping it clean the slate of Katrina-related conflicts in the area. He said he needed more information.

He'll be holding a hearing on the settlement -- important to residents desperate for rebuilding funds -- on Feb. 28.

"I would like nothing more than to approve a settlement procedure that is fair, balanced and reasonable," he wrote in an order Thursday that set that coming hearing.

He's handed the insurance industry some important victories. Last March, he upheld a standard provision in many policies that frees them from the responsibility of covering damage caused by floods. The industry considers the "flood exclusion" sacred.

But beyond upholding flood exclusions, his rulings have put the onus on insurers -- not homeowners -- to prove which damage was caused by wind and to pay for it, or risk costly penalties.

"Judge Senter has laid out a framework that is likely to be followed by most courts" in future hurricane-related cases, says John Ellison, an attorney with New York-based Anderson, Kill & Olick PC, who is representing Louisiana plaintiffs in other Katrina-related cases.

Judge Senter is not the first to address the wind vs. water issue. But this is "the first time we're seeing it on a massive scale," says Tom Baker, director of the Insurance Law Center at the University of Connecticut Law School.

Judge Senter himself is a relative newcomer to the Gulf Coast, having grown up in Aberdeen in the north. It is a once-prosperous town on the Tombigbee River, where the movie house on Commerce Street still sells popcorn for $1. He was a sure-footed high-school quarterback until he was stricken with polio, which later forced him to walk with a leg brace and crutches. He now uses a wheelchair.

After working as an attorney and serving as a state judge, he was nominated to the federal bench by President Carter in 1979. He later became chief of the Northern District, sitting in Aberdeen, where he garnered a reputation as a thoughtful, fair and even-tempered jurist who combines small-town practicality with a scholarly interpretation of the law.

"This is a guy that sees both sides to everything," says Danny McKittrick, a probation officer at the district court. "He never claims to know it all and works hard to get the information necessary to understand what he's hearing."

The judge, who sometimes introduces himself as "Tommy" outside the courtroom, played trumpet with a jazz band in college. He once used the trumpet to ease tensions in a case, recalls Ron Welch, a Mississippi lawyer. Mr. Welch and another attorney were in chambers strenuously arguing a point when Judge Senter began asking about their personal interests and then steered the conversation to music. He then suggested they take a break, and they wound up at Judge Senter's house, where he pulled out his trumpet and played "Summertime," the lullaby from "Porgy and Bess."

"We ended up settling that point," says Mr. Welch.

In 1998, Judge Senter became a senior judge, and he relocated to the Southern District of Mississippi in 2002. When Katrina hit, Judge Senter rode out the storm with friends in Pensacola, Fla., and took over Katrina-related cases afterward.

Some of the judge's recent rulings could have added import as Katrina cases work their way through the system in the Gulf. Among those rulings was his call on how insurers should proceed when both wind and water cause damage to a home. The insurer -- not the policyholder -- bears the burden of proving which part should be excluded.

That came into play last month in the case brought against State Farm by Norman and Genevieve Broussard, of Biloxi, Miss. Their home was wiped away. State Farm denied the claim. "State Farm attempted to shift its burden of proof to the plaintiffs to establish the portion of their losses that were caused by wind," Judge Senter said in his ruling. He ordered the insurer to pay to the limits of the policy, $211,222 for the home and its contents.

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A jury then awarded the couple $2.5 million in punitive damages, which Judge Senter later reduced to $1 million.

"If that's the law, then that will have a huge impact on how future cases are handled," says Randy Maniloff, an attorney for insurance companies at White & Williams LLC in Philadelphia who has written about Judge Senter's rulings.

State Farm, which is based in Bloomington, Ill., says it is likely to appeal the entire case, and adds that the company is working on answering the judge's questions about the proposed settlement.

WAR NEWS:

Pre-war Intelligence Gathering Under Fire (LAT)

By Julian E. Barnes

The Los Angeles Times, February 10, 2007

WASHINGTON — Senate Democrats assailed Pentagon officials today for insisting to the White House in the months before the Iraq war that Saddam Hussein had direct links to Al Qaeda — despite doubts within the U.S. intelligence community.

Defense Department Inspector General Thomas F. Gimble told the lawmakers that he questioned Douglas J. Feith, the influential former undersecretary, about the incident.

Feith was a prime architect of Bush administration policies and presented policymakers with allegations of links between Iraq and Al Qaeda that did not accurately reflect the views of U.S. intelligence agencies.

"He said it was left out because it was critical of the intelligence community," Gimble said.

"It's damn suspicious to me," said Armed Services Committee Chairman Carl Levin (D-Mich.). "You're telling the CIA — you're giving them an assessment that disagrees in a number of respects with theirs, but leave out a slide that says that you have fundamental problems with how the intelligence community is assessing information…. You remove it when you're talking to the CIA and then you reinsert it when you present this same assessment to the White House. That's mighty bloody suspicious."

Republicans defended the Pentagon's intelligence gathering operation under former Defense Secretary Donald H. Rumsfeld during the months leading up to the U.S.-led invasion of Iraq in March 2003. Sen. Jim Inhofe (R-Okla.) said Feith's group at the Pentagon asked "probing questions" that improved the intelligence process.

Pentagon spokesman Bryan Whitman denied that the policy shop produced its own intelligence, saying they were looking at the intelligence community's work "with a critical eye."

The testimony follows a critical report released by the inspector general's office.

Its findings lend credence to charges by White House critics that Feith, who has since left the department, was out of line when he sought to discredit analyses by CIA intelligence officials that discounted alleged ties between Al Qaeda and then-Iraqi leader Saddam Hussein.

Feith, in responding to the investigation, defended his actions and said he was pleased that the report found he had done nothing illegal.

The report says that Feith's office "developed, produced and then disseminated alternative intelligence assessments on the Iraq and Al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the intelligence community."

Levin, in a statement released Thursday, said the report found that Feith acted inappropriately, taking on a role that should have been reserved for the intelligence analysts.

The report is sure to add fuel to the controversy over President Bush's main justifications for overthrowing Hussein.

Before the invasion, Bush and other administration officials warned that Hussein had stockpiles of banned biological and chemical weapons and had ties to Al Qaeda terrorists.

The alleged caches of weapons have not been found and the independent commission that investigated the Sept. 11 terrorist attacks found no evidence of a collaborative relationship between Hussein and Al Qaeda.

Levin has been highly critical of Feith in the past, saying he played a key role in helping Bush make a misleading case for war. In 2005, Levin requested the probe into Feith's activities.

In his statement, Levin called the inspector general's report "devastating," and said he was going to push for the full, classified version of the investigation to be made public.

In a statement, Feith said it "is good but not surprising" that the report found that his office's activities "were all legal and authorized" and that he and his aides "did not mislead Congress." But he took issue with the conclusion that his actions were inappropriate.

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"I disagree with the inspector general's opinions here mainly because, if heeded, they would discourage policy officials from asking tough questions about the quality of CIA work," he said.

At the Pentagon, Feith created the Office of Special Plans, an organization that drafted plans for the war in Iraq. Feith has long rejected claims by critics that the office generated misleading intelligence.

Analysts in the Office of Special Plans believed that the CIA was ignoring links between Al Qaeda operatives and Iraq.

Feith resigned from the Pentagon in 2005 and teaches at Georgetown University's School of Foreign Service.

Senate Intelligence Committee Chairman John D. Rockefeller IV (D-W.Va.) said in a statement Thursday that his panel had never been informed about the activities of Feith's office.

"Individuals in that office produced and disseminated intelligence products outside of the regular intelligence channels," Rockefeller said. "These intelligence products were inconsistent with the consensus judgments of the intelligence community and as a result policy makers received distorted intelligence."

CIA Doubts Didn't Deter Feith's Team (LAT)

By Greg Miller, Julian E. Barnes

The Los Angeles Times, February 10, 2007

WASHINGTON — As the Bush administration began assembling its case for war, analysts across the U.S. intelligence community were disturbed by the report of a secretive Pentagon team that concluded Iraq had significant ties to Al Qaeda.

Analysts from the CIA and other agencies "disagreed with more than 50%" of 26 findings the Pentagon team laid out in a controversial paper, according to testimony Friday from Thomas F. Gimble, acting inspector general of the Pentagon.

The dueling groups sat down at CIA headquarters in late August 2002 to try to work out their differences. But while the CIA agreed to minor modifications in some of its own reports, Gimble said, the Pentagon unit was utterly unbowed.

"They didn't make the changes that were talked about in that August 20th meeting," Gimble said, and instead went on to present their deeply flawed findings to senior officials at the White House.

The work of that special Pentagon unit — which was run by former Undersecretary of Defense Douglas J. Feith — is one of the lingering symbols of the intelligence failures leading up to the war in Iraq.

The Bush administration's primary justification for invading Iraq was always its assertion that Saddam Hussein possessed weapons of mass destruction. But Iraq's supposed ties to Al Qaeda — and therefore its connection to the Sept. 11 terrorist attacks — were an important secondary argument, and one that resonated with many Americans in the lead-up to the war with Iraq.

The CIA and many other intelligence agencies were wrong in their assessments of Iraq's weapons programs. But the agency was always deeply skeptical about the ties between Iraq and Al Qaeda.

Most of the evidence that Feith's Office of Special Plans cited in making its case for significant collaboration between Baghdad and Al Qaeda has crumbled under postwar scrutiny. The Senate Intelligence Committee has concluded that Saddam Hussein was so wary of the terrorist network that he barred anyone in his government from dealing with Al Qaeda.

Although the Pentagon Inspector General's report released Friday did not address the accuracy of such assessments, it documented the unusual efforts by Defense Department policymakers to bypass regular intelligence channels and influence officials at the highest level of government.

Feith's work was of critical importance to Vice President Dick Cheney, who once referred to the Pentagon team's conclusions as the "best source" for understanding the relationship between Iraq and Al Qaeda.

The activities of Feith's group weren't illegal, Gimble concluded. But they were, "in our opinion, inappropriate, given that the intelligence assessments were [presented as] intelligence products and did not clearly show the variance with the consensus of the intelligence community."

The Pentagon team touted a series of claims that have not survived postwar review. Among them was the allegation that Mohammed Atta, the presumed ringleader of the Sept. 11 hijackers, had met with an Iraqi agent in Prague before the attacks.

A critical question raised by the inspector general's report is whether Feith and his office were just critiquing CIA analysis, or were creating their own intelligence assessment, a role that is supposed to be left to the CIA and other intelligence agencies.

Senate Armed Services Committee Chairman Carl Levin (D-Mich.) noted Friday that Cheney has referred to Feith's work as an "assessment," suggesting it was a formal intelligence document. But Feith maintained in interviews he was not creating an intelligence "product," but was just checking the work of the CIA.

Laurence H. Silberman, a semiretired U.S. appeals court judge and co-chairman of a presidential commission on Iraq's weapons, said it is appropriate to question intelligence.

"Policymakers, whether they are in Defense, State, the White House or Congress, are absolutely entitled to question the intelligence community, look over the material and come up with their own views," he said.

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Feith's work had the blessing of his boss, former Defense Secretary Donald H. Rumsfeld. The operation was set up at the behest of then-Deputy Defense Secretary Paul D. Wolfowitz with approval from Rumsfeld, Gimble noted. By most accounts, those three officials had distrust, if not disdain, for the work of the CIA and other intelligence agencies.

But Robert M. Gates, the new secretary of Defense and former CIA director, said that groups outside the CIA and other chartered intelligence agencies should not be involved in freelance analysis.

"Based on my whole career, I believe all intelligence activities need to be carried on by the established institutions, where there is appropriate oversight," he told reporters traveling with him in Europe for meetings on security.

Gimble provided new details on the chain of events leading from the creation of the Feith team, through a series of briefings it made for senior officials and culminating in a presentation before deputies in the National Security Council at the White House.

The initial instruction to search for links between Iraq and Al Qaeda came from Wolfowitz in January 2002, Gimble said.

By that July, Feith had assembled a group of analysts detailed from other agencies to draft a document outlining evidence that the officials thought other agencies had ignored.

The team presented its findings to Rumsfeld on Aug. 8. Rumsfeld found it so compelling that he urged Feith to arrange a briefing for then-CIA Director George J. Tenet at the CIA. In the meantime, the team's paper began to circulate among analysts at other agencies who took issue with more than half of its contents.

"There were like 26 points," in the Feith team's paper, Gimble said. "And essentially [experts at other agencies] disagreed with more than 50% of it, and either agreed or partially agreed with the remainder."

When the team briefed Tenet and other senior CIA officials on Aug. 15, the audience was polite but unimpressed. Tenet described the meeting as "useful," Gimble said, but "in our interviews with him he later said that he only said that it was 'useful' because he didn't agree with it and he was just trying to, you know, nicely end the meeting."

That encounter led to the "roundtable" meeting at the agency five days later where CIA experts urged the Pentagon unit to at least include footnotes acknowledging the long list of disagreements.

Nevertheless, the Pentagon team pressed on.

P.J. Crowley, a retired Air Force colonel and a senior fellow at the Center of American Progress, said that the intelligence peddled by Feith tainted the public dialogue.

"They weren't creating intelligence, but they were assembling the pieces to create a rationale for war," Crowley said. "Their production was discredited, but they had the desired effect. The little pieces ended up infecting the process."

Pentagon Office "misled" On Iraq War (FT)

By Demetri Sevastopulo

Financial Times, February 10, 2007

A special Pentagon office created in the run-up to the Iraq war engaged in “inappropriate” activities by providing misleading intelligence to policymakers, according to the US Department of Defense.

The Pentagon inspector-general on Friday said the Office of Special Plans set up by Douglas Feith, then undersecretary of defence for policy, provided senior policymakers with “alternative intelligence assessments” on alleged links between al-Qaeda and Iraq that were “inconsistent with the consensus of the intelligence community”.

Senator Carl Levin, the Democratic chairman of the armed services committee and senior member of the intelligence committee, said the report was a “devastating condemnation” of senior Pentagon officials.

“The bottom line is that intelligence relating to the Iraq/al-Qaeda relationship was manipulated by high ranking officials in the Department of Defense to support the administration’s decision to invade Iraq when the intelligence assessments of the professional analysts of the intelligence community did not provide the desired compelling case,” said Mr Levin.

The report comes at a critical time for the White House as President George W. Bush struggles to keep Republican support for the war in Iraq.

Democrats have long argued that Mr Feith was engaged in helping Dick Cheney, vice-president, build the case for war based on inaccurate, or misleading, intelligence.

Before the 2003 invasion, Mr Cheney often referred to the alleged links between al-Qaeda and Saddam Hussein, which subsequent investigations confirmed never existed.

While the report said the actions of Mr Feith’s office were not “illegal or unauthorised”, it concluded that they were “inappropriate” because they “did not clearly show the variance with the consensus of the intelligence community”.

Mr Feith, who now teaches at Georgetown University, told Associated Press that the allegations of inappropriate activity were “bizarre”.

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"The policy office has been smeared for years by allegations that its pre-Iraq-war work was somehow 'un-lawful' or 'unauthorised' and that some information it gave to congressional committees was deceptive or misleading," AP cited Mr Feith as saying.

Robert Gates, the new US defence secretary, in Seville for Nato meetings yesterday, said he had not read the report, which referred to activities that occurred under his predecessor, Donald Rumsfeld.

But the former Central Intelligence Agency director said: "Based on my whole career, all intelligence -activities need to be carried out through established institutions where there is oversight."

Separately, yesterday, Mr Gates said the US had "pretty good" evidence that Iran was providing groups in Iraq with sophisticated explosive devices called "explosively formed projectiles" [EFPs].

He said the evidence included serial numbers and markings on fragments of exploded devices. But Mr Gates again dismissed suggestions that the recent increase in anti- Iranian rhetoric in Washington was a prelude to war. After the Iranian supreme leader threatened on Thursday to respond to any US attack on Iran, Mr Gates responded that it was "just another day in the Persian Gulf".

Asked yesterday whether that response was aimed at ratcheting down the US rhetoric, he replied: "In the last few weeks there's been an effort in Washington actually to tone down everybody else.

"I don't know how many times the president, Secretary [Condoleezza] Rice and I have had to repeat that we have no intention of attacking Iran, that the second carrier group [recently dispatched to the Gulf] is there to -reassure our allies, as well as to send a signal that we've been in the Persian Gulf for decades and we intend to stay there. And I think these are fairly modest statements."

Senators Debate Significance Of Pentagon Report On Intelligence (WP)

By Walter Pincus, Karen DeYoung

The Washington Post, February 10, 2007

Senate Democrats and Republicans disagreed yesterday over the meaning and importance of a Defense Department inspector general's conclusion that a Pentagon policy office produced and gave senior policymakers "alternative intelligence assessments on Iraq and Al Qaida relations" that were "inconsistent" with the intelligence community's consensus view in the lead-up to the U.S. invasion of Iraq.

Acting Defense Department Inspector General Thomas F. Gimble told the Senate Armed Services Committee that he had no evidence that the Pentagon activities were illegal and said they were authorized by then-Secretary of Defense Donald H. Rumsfeld and his deputy, Paul D. Wolfowitz.

But, he said, "the actions, in our opinion, were inappropriate."

The office's assessments, according to an unclassified summary of Gimble's report released yesterday, "evolved from policy to intelligence products, which were then disseminated." The summary said the intelligence community's consensus view and "available intelligence" at the time, late in the summer of 2002, did not support the policy office's conclusion that a "mature symbiotic relationship" existed between Iraq and al-Qaeda.

An article in yesterday's Washington Post misattributed to the inspector general's report critical comments about the Pentagon operation made by committee Chairman Carl M. Levin (D-Mich.). In a statement he released Thursday, Levin, not the inspector general, said the Pentagon effort used intelligence reporting of "dubious quality or reliability." [See correction, A2.]

Douglas J. Feith, the former undersecretary of defense for policy, sharply disputed the inspector general's conclusions in a series of interviews yesterday. "My office was trying to prevent an intelligence failure," Feith told National Public Radio. "We had people in the Pentagon who thought that the CIA's speculative assessments were not of top quality; they were not raising all the questions they should raise and considering all the information they should consider."

His office "did not present an alternative intelligence analysis," Feith said, it "presented a criticism."

After weeks of discussion over President Bush's strategy for ongoing involvement in Iraq, yesterday's hearing once again plunged the Senate into discord over how the United States got there in the first place.

Levin, who has long questioned Feith's prewar intelligence operation, was harshly critical. "Senior administration officials used the twisted intelligence produced by the Feith office in making the case for the Iraq war," Levin said. Calling the inspector general's report a "devastating condemnation of inappropriate activities," he said he would hold further hearings on the subject.

"I don't think in any way that his report could be interpreted as a devastating condemnation," Sen. James M. Inhofe (R-Okla.) quickly countered. Feith's office, he said, "actually provided a service" by bringing intelligence community failures to the attention of policymakers. Inhofe described the disagreements outlined in the inspector general's report as a simple "turf battle" between government departments.

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Democratic senators used Gimble's report and testimony to bolster their contention that the administration misused intelligence to promote the urgency of invading Iraq. Republicans implied that the intelligence community had soft-pedaled crucial reports of a close al-Qaeda relationship with Saddam Hussein and that Feith's office had put them in the proper perspective.

The Senate Select Committee on Intelligence is in the process of producing a "Phase II" of its investigation of the lead-up to the war, dealing with allegations that the administration emphasized unproven intelligence that supported its charges against Hussein and played down information that undercut them. The committee has been awaiting the inspector general's report.

Gimble repeatedly emphasized yesterday that his report "was an investigation of a process" at the Pentagon and not of any individuals. That process was inappropriate, he said, because it purported to produce an "intelligence product" but its conclusions did not acknowledge alternative views within the intelligence community.

"The condition occurred because the role of the Office of the Undersecretary of Defense Policy was expanded from the mission of doing defense policy to analyzing and disseminating alternative intelligence," Gimble said. "As a result, the office did not provide the most accurate analysis of intelligence to the senior decision-makers."

"I don't know whether it was intentional or whether it was a good-faith judgment," Gimble said. "That's not my position, and I wouldn't have a thought on that. All I can tell you is at the end of the day, when those things went forward, there was two sets of facts out there; one of them got passed over, and it would happen to be the one that's in the very community that we look to to have this kind of information."

Focused on the question of Iraq ties to al-Qaeda, Gimble's report concentrated on findings that Feith's office presented in three briefings in August and September 2002 -- one to Rumsfeld and Wolfowitz, one to the CIA, and one at the White House to then-deputy national security adviser Stephen J. Hadley and I. Lewis "Scooter" Libby, then Vice President Cheney's chief of staff.

Laying out a chronology of events, Gimble said Wolfowitz asked Feith in January 2002 "to assess the links between al-Qaeda and Iraq." The following July, he told the committee, a group of Pentagon employees assigned to Feith's office "compiled a position paper that was later translated into a briefing."

The briefing, titled "Iraq and al-Qaeda: Making the Case," was given to Rumsfeld on Aug. 8. In a memo to Feith's office that day, Wolfowitz described it as "excellent."

"The secretary was very impressed," Wolfowitz wrote. "He asked us to think about some possible next steps to see if we can illuminate the differences between us and the CIA. The goal is not to produce a consensus product, but rather to scrub one another's arguments."

Rumsfeld then directed that the briefing be presented to then-CIA Director George J. Tenet.

Before an Aug. 15 briefing for Tenet, however, analysts from the Defense Intelligence Agency, the CIA and other agencies critiqued the briefing. In particular, they questioned Feith's conclusion that a "known contact" had taken place in Prague in April 2001 between a senior Iraqi intelligence agent and Mohamed Atta, the leader of the al-Qaeda attack on the World Trade Center in September of that year. "Essentially, they disagreed with more than 50 percent of it and either agreed or partially agreed with the remainder," Gimble said yesterday.

The CIA described the intelligence concerning the alleged contact with Atta as "contradictory at best," a Gimble aide testified at yesterday's hearing.

At the subsequent CIA briefing, Tenet called the presentation "useful," Gimble said. But Tenet remarked in an interview with the inspector general's office, Gimble said, that "he only said that it was 'useful' because he didn't agree with it and he was just trying to nicely end the meeting."

For the CIA briefing, Gimble said, Feith removed a slide concluding that there were "fundamental problems with the way the intelligence community was assessing the information." Gimble said that Feith told the inspector general's office he had taken it out "because it was critical of the intelligence community." The slide was reinserted for the later White House briefing.

After his session with Feith's group, Tenet arranged for a meeting between the group and intelligence community analysts to go over agreements and disagreements. As a result of that Aug. 20 session, Gimble said, the CIA agreed to make "some minor changes" in its analysis and to "footnote" its disagreements with the Pentagon presentation. Such footnotes are normally used in community intelligence documents to warn policymakers that there are other opinions.

Briefing Hadley and Libby, Gimble said, Feith's group did not mention that the intelligence community disagreed with more than half of its conclusions. Tenet, Gimble said, did not learn of the White House briefing until two years later.

Hadley, he said, declined to be interviewed by the inspector general's office, on the advice of the White House counsel. Libby was not asked for an interview, Gimble said. Levin said yesterday that he wants to question both.

Pentagon Probe Criticizes Ex-official's Iraq Intelligence (AFP)

By Marie Sanz

AFP, February 10, 2007

Former US defense secretary Donald Rumsfeld's top policy aide produced "inappropriate" intelligence reports linking Saddam Hussein and the Al-Qaeda terror network to bolster the case for war with Iraq, according to a Pentagon investigation.

The classified document, whose summary was made public Friday, is the result of an investigation by the Defense Department's acting inspector general, Thomas Gimble, of the Iraq intelligence work conducted by the office of former US defense under secretary Douglas Feith.

The probe was launched in November 2005 at the request of Congress to determine whether Feith's the so-called Office of Special Plans had conducted "unauthorized, unlawful or inappropriate intelligence activities" on Iraq between September 2002 and June 2003, the summary said.

The investigators concluded that the actions "were not illegal or unauthorized," having been approved by then-deputy defense secretary Paul Wolfowitz.

But, they said, "the actions were, in our opinion, inappropriate given that the intelligence assessments were intelligence products and did not clearly show the variance with the consensus of the intelligence community."

That condition occurred because of "an expanded role and mission from policy formulation to alternative intelligence analysis and dissemination."

As a result, it said, the office of Feith, a neoconservative supporter of the invasion of Iraq, did not provide "the most accurate analysis of intelligence" to senior decision-makers.

The White House reacted by pointing out that President George W. Bush "has long acknowledged that intelligence leading up to the war in Iraq was inaccurate" and that he had "taken dramatic actions in order to revamp the intel community ... so that those inaccuracies don't happen again."

The existence of links between the Al-Qaeda terror network and the Iraqi regime of Saddam Hussein was one of the main arguments of the Bush administration to justify the invasion of Iraq.

The Pentagon report is a "devastating condemnation" of the work done by Feith's office, said Democratic Senator Carl Levin, chairman of the Senate Armed Services Committee.

"Indeed, Vice President Cheney said the principal Feith office assessment was the 'best source of information' on the alleged relationship between Iraq and Al-Qaeda," Levin said.

Levin was hearing testimony of the Pentagon's Gimble Friday, who was scheduled to present the investigation's classified findings.

The Pentagon investigation focused on the Policy Counter-Terrorism Evaluation Group, created by then-deputy secretary of defense Paul Wolfowitz following the September 11, 2001, terror attacks in the United States to look for state sponsors of terrorism.

Feith, who resigned his Pentagon post in 2005 and now teaches at Georgetown University in Washington, lashed back at critics and said the report vindicates him.

"The policy office has been smeared for years by allegations that its pre-Iraq war work was somehow 'unlawful' or 'unauthorized' and that some information it gave to congressional committees was deceptive or misleading," he said in a statement.

"The inspector general's report has now thoroughly repudiated the smears."

However Senator Jay Rockefeller, the Democrat who heads the Senate Intelligence Committee, said that Feith may have violated the 1947 National Security Act by failing to keep Congress informed.

"The IG (Inspector General) has concluded that (Feith's) office was engaged in intelligence activities. The Senate Intelligence Committee was never informed of these activities," Rockefeller said in a statement.

"Whether these actions were authorized or not, it appears that they were not in compliance with the law," he said.

Eric Edelman, Feith's successor at the Pentagon and a former Cheney aide, said in a rebuttal to the report that Wolfowitz had asked Feith's analysts to ignore the intelligence community's belief that the radical Islamist Al-Qaeda and Saddam's secular dictatorship were unlikely allies.

Feith's unit was one of three offices that received intelligence on Iraq as the Bush administration made its case for ousting Saddam, Edelman said.

The office delivered three separate reports, none of which was an "assessment of any sort," according to Edelman's rebuttal.

Inquiry On Intelligence Gaps May Reach To White House (NYT)

By David S. Cloud

The New York Times, February 10, 2007

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WASHINGTON, Feb. 9 — The chairman of the Senate Armed Services Committee said Friday that he would ask current and former White House aides to testify about a report by the Pentagon's inspector general that criticizes the Pentagon for compiling "alternative intelligence" that made the case for invading Iraq.

The chairman, Senator Carl Levin, Democrat of Michigan, said that among those called to testify could be Stephen J. Hadley, the national security adviser, and I. Lewis Libby, a former chief of staff for Vice President Dick Cheney. Both received a briefing from the defense secretary's policy office in 2002 on possible links between Al Qaeda and Saddam Hussein's government.

In its report on Thursday, the acting inspector general, Thomas F. Gimble, found that the work done by the Pentagon team, which was assembled by Douglas J. Feith, a former under secretary of defense for policy, was "not fully supported by the available intelligence."

It was not clear whether Mr. Hadley and Mr. Libby would testify. The White House normally resists having top aides testify before Congress.

The Senate Intelligence Committee may also seek to question the men. Tara Andringa, a spokeswoman for Mr. Levin, said Mr. Levin planned to consult with Senator John D. Rockefeller IV, Democrat of West Virginia and chairman of that committee. Mr. Levin is on both committees.

The inspector general's report found that while the Feith team did not violate any laws or knowingly mislead Congress, it made dubious interpretations of intelligence reports and shared them with senior officials without making clear that its findings had already been discounted or discredited by the main intelligence agencies.

"The actions, in our opinion, were inappropriate, given that all the products did not clearly show the variance with the consensus of the intel community, and in some cases were shown as intel products," Mr. Gimble told the Armed Services Committee in a hearing on Friday.

That set off a two-hour partisan clash. Democrats argued that the report showed intelligence had been manipulated to justify an invasion of Iraq, and Republicans insisted that Mr. Feith's office did nothing wrong by reaching conclusions that differed from those of the main intelligence agencies and presenting them to higher-ups, who had asked for the re-examination in the first place.

Senator Levin, who has long been a leading critic of Mr. Feith's role, called the report "a devastating condemnation of inappropriate activities" by Mr. Feith. But Senator James M. Inhofe, Republican of Oklahoma, responded, "I don't think in any way that his report can be interpreted as a devastating condemnation."

Mr. Gimble said formal intelligence findings did not corroborate some of the Pentagon's assertions: that Mr. Hussein's government and Al Qaeda had a "mature symbiotic relationship," that it involved a "shared interest and pursuit of" unconventional weapons and that there were "some indications" of coordination between Iraq and Al Qaeda on the Sept. 11, 2001, terrorist attacks.

The briefers from Mr. Feith's office should have noted their departures from the formal consensus findings of intelligence agencies, Mr. Gimble said.

Representative Ike Skelton, a Democrat from Missouri and chairman of the House Armed Services Committee, said Mr. Feith's office exercised "extremely poor judgment for which our nation, and our service members in particular, are paying a terrible price."

Senator Jeff Sessions, Republican of Alabama, noted that Mr. Feith's superiors at the Pentagon had asked him to re-examine intelligence on links between Iraq and Al Qaeda. Therefore, Mr. Sessions said, there was no need for the briefers to point out that their conclusions differed from those of the C.I.A., because the briefing was intended as a "critique" of the agencies' conclusions.

A similar argument has been made in a formal rebuttal to the inspector general that was prepared by Mr. Feith's successor at the Pentagon.

Pentagon Push Of Iraq-al Qaeda Link "Inappropriate" (WT/AP)

The Washington Times, February 10, 2007

Pentagon officials undercut the intelligence community in the run-up to the U.S. invasion of Iraq by insisting in briefings to the White House that there was a clear relationship between Saddam Hussein and al Qaeda, the Defense Department's inspector general said yesterday.

Acting Inspector General Thomas F. Gimble told the Senate Armed Services Committee that the office headed by former Pentagon policy chief Douglas J. Feith took "inappropriate" actions in advancing conclusions on al Qaeda connections not backed up by the nation's intelligence agencies.

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Mr. Gimble said that while the actions of the Office of the Under Secretary of Defense for Policy "were not illegal or unauthorized," they "did not provide the most accurate analysis of intelligence to senior decision makers" at a time when the White House was moving toward war with Iraq.

"I can't think of a more devastating commentary," said Armed Services Committee Chairman Sen. Carl Levin, Michigan Democrat.

He cited Mr. Gimble's findings that Mr. Feith's office was, despite doubts expressed by the intelligence community, pushing conclusions that September 11 hijacker Mohammed Atta had met an Iraqi intelligence officer in Prague five months before the attack, and that there were "multiple areas of cooperation" between Iraq and al Qaeda, including shared pursuit of weapons of mass destruction.

"That was the argument that was used to make the sale to the American people about the need to go to war," Mr. Levin said Thursday. He said the Pentagon's work, "which was wrong, which was distorted, which was inappropriate ... is something which is highly disturbing."

Republicans on the panel disagreed. Sen. James M. Inhofe, Oklahoma Republican, said the "probing questions" raised by Mr. Feith's policy group improved the intelligence process.

"I'm trying to figure out why we are here," said Sen. Saxby Chambliss, Georgia Republican, adding the office was doing its job of analyzing intelligence that the CIA and other intelligence agencies had gathered.

Mr. Gimble responded that at issue was that the information, supplied by Mr. Feith's office in briefings to the National Security Council and the office of Vice President Dick Cheney, was "provided without caveats" and that there were varying opinions on its reliability.

Mr. Gimble's report said Mr. Feith's office had made assertions "that were inconsistent with the consensus of the intelligence community."

At the White House, spokeswoman Dana Perino said President Bush has revamped the U.S. spy community to try avoiding a repeat of flawed intelligence affecting policy decisions by creating a director of national intelligence and making other changes.

"I think what he has said is that he took responsibility, and that the intel was wrong, and that we had to take measures to revamp the intel community to make sure that it never happened again," Mrs. Perino said.

Defense Department spokesman Bryan Whitman denied that the office was producing its own intelligence products, saying they were challenging what was coming in from intelligence-gathering professionals, "looking at it with a critical eye."

Levin: High-ranking DoD Officials Manipulated Iraq Intelligence (HILL)

By Klaus Marre

The Hill, February 9, 2007

High-ranking Department of Defense officials "manipulated" intelligence to link al Qaeda and Iraq to bolster the case for an invasion, Senate Armed Services Committee Chairman Carl Levin (D-Mich.) charged Friday, citing a new Pentagon report.

The DoD inspector general released the results of the investigation Friday, and an unclassified summary of the document shows that the "Office of the Under Secretary of Defense for Policy [at the time being run by Douglas Feith] developed, produced, and then disseminated alternative intelligence assessments on the Iraq and al Qaeda relationship, which included some conclusions that were inconsistent with the consensus of the intelligence community, to senior decision makers."

While the inspector general said these actions "were not illegal or unauthorized," they were "inappropriate."

Levin called the report a "devastating condemnation of inappropriate activities by the DoD policy office that helped take this nation to war."

Sen. James Inhofe (R-Okla.), at the onset of a hearing on the issue, strongly opposed Levin's interpretation of the investigation.

"You can read the same report and come up with different conclusions, which is quite obvious and will be obvious," Inhofe said. "I don't think in any way that his report could be interpreted as a devastating condemnation."

Levin said he would seek a declassification of the entire report, which would make it available to the public.

Corrections (WP)

The Washington Post, February 10, 2007

-- A Feb. 9 front-page article about a Pentagon inspector general's report regarding the office of former undersecretary of defense Douglas J. Feith incorrectly attributed quotations to that report. References to Feith's office producing "reporting of dubious quality or reliability" and that the office "was predisposed to finding a significant relationship between Iraq and al Qaeda" were from a report issued by Sen. Carl M. Levin (D-Mich.) in October 2004. Similarly, the quotes stating that Feith's office drew

on "both reliable and unreliable reporting" to produce a link between al-Qaeda and Iraq "that was much stronger than that assessed by the IC [intelligence community] and more in accord with the policy views of senior officials in the Administration" were also from Levin's report. The article also stated that the intelligence provided by Feith's office supported the political views of senior administration officials, a conclusion that the inspector general's report did not draw.

The two reports employ similar language to characterize the activities of Feith's office: Levin's report refers to an "alternative intelligence assessment process" developed in that office, while an unclassified summary of the inspector general's report states that the office "developed, produced, and then disseminated alternative intelligence assessments on the Iraq and al Qaida relationship, which included some conclusions that were inconsistent with the consensus of the Intelligence Community, to senior decision-makers." The summary of the inspector general's report further states that Feith's briefing to the White House in 2002 "undercuts the Intelligence Community" and "did draw conclusions that were not fully supported by the available intelligence."

The Build-a-War Workshop (NYT)

The New York Times, February 10, 2007

It took far too long, but a report by the Pentagon inspector general has finally confirmed that Defense Secretary Donald Rumsfeld's do-it-yourself intelligence office cooked up a link between Iraq and Al Qaeda to help justify an unjustifiable war.

The report said the team headed by Douglas Feith, under secretary of defense for policy, developed "alternative" assessments of intelligence on Iraq that contradicted the intelligence community and drew conclusions "that were not supported by the available intelligence." Mr. Feith certainly knew the Central Intelligence Agency would cry foul, so he hid his findings from the C.I.A. Then Vice President Dick Cheney used them as proof of cloak-and-dagger meetings that never happened, long-term conspiracies between Saddam Hussein and Osama bin Laden that didn't exist, and — most unforgivable — "possible Iraqi coordination" on the 9/11 attacks, which no serious intelligence analyst believed.

The inspector general did not recommend criminal charges against Mr. Feith because Mr. Rumsfeld or his deputy, Paul Wolfowitz, approved their subordinate's "inappropriate" operations. The renegade intelligence buff said he was relieved.

We're sure he was. But there is no comfort in knowing that his dirty work was approved by his bosses. All that does is add to evidence that the Bush administration knowingly and repeatedly misled Americans about the intelligence on Iraq.

To understand this twisted tale, it is important to recall how Mr. Feith got into the creative writing business. Top administration officials, especially Mr. Cheney, had long been furious at the C.I.A. for refusing to confirm the delusion about a grand Iraqi terrorist conspiracy, something the Republican right had nursed for years. Their frustration only grew after 9/11 and the C.I.A. still refused to buy these theories.

Mr. Wolfowitz would feverishly sketch out charts showing how this Iraqi knew that Iraqi, who was connected through six more degrees of separation to terrorist attacks, all the way back to the 1993 World Trade Center bombing.

But the C.I.A. kept saying there was no reliable intelligence about an Iraq-Qaeda link. So Mr. Feith was sent to review the reports and come back with the answers Mr. Cheney wanted. The inspector general's report said Mr. Feith' s team gave a September 2002 briefing at the White House on the alleged Iraq-Qaeda connection that had not been vetted by the intelligence community (the director of central intelligence was pointedly not told it was happening) and "was not fully supported by the available intelligence."

The false information included a meeting in Prague in April 2001 between an Iraqi official and Mohamed Atta, one of the 9/11 pilots. It never happened. But Mr. Feith's report said it did, and Mr. Cheney will still not admit that the story is false.

In a statement released yesterday, Senator Carl Levin, the new chairman of the Senate Armed Services Committee, who has been dogged in pursuit of the truth about the Iraqi intelligence, noted that the cooked-up Feith briefing had been leaked to the conservative Weekly Standard magazine so Mr. Cheney could quote it as the "best source" of information about the supposed Iraq-Qaeda link.

The Pentagon report is one step in a long-delayed effort to figure out how the intelligence on Iraq was so badly twisted — and by whom. That work should have been finished before the 2004 elections, and it would have been if Pat Roberts, the obedient Republican who ran the Senate Intelligence Committee, had not helped the White House drag it out and load it in ways that would obscure the truth.

It is now up to Mr. Levin and Senator Jay Rockefeller, the current head of the intelligence panel, to give Americans the answers. Mr. Levin's desire to have the entire inspector general's report on the Feith scheme declassified is a good place to start. But it will be up to Mr. Rockefeller to finally determine how old, inconclusive, unsubstantiated and false intelligence was transformed into fresh, reliable and definitive reports — and then used by Mr. Bush and other top officials to drag the country into a disastrous and unnecessary war.

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Evidence Links Iran, Insurgents (WT)

By Rowan Scarborough

The Washington Times, February 10, 2007

Defense Secretary Robert M. Gates said yesterday there is solid circumstantial evidence that Iran is supplying insurgents with explosives that are killing U.S. troops in Iraq.

"I think there's some serial numbers, there may be some markings on some of the projectiles fragments that we found" that trace back to Iran, he told reporters while traveling to Germany for a NATO conference.

The White House and the U.S. command in Baghdad are preparing a report making the case that the regime in Tehran is supporting like-minded Shi'ite insurgents in Iraq. The United States says the aid includes improvised explosive devices, which the Army reports cause 80 percent of all soldier casualties.

The report was put on hold after some White House officials determined the evidence was not strong enough to back up some of its assertions. But they have not backed off the general charge that Iran is indirectly fighting the United States via Iraqi insurgents.

President Bush announced Jan. 10 that the United States would begin targeting Iranian networks working inside Iraq. But officials repeatedly have said they will not strike Iran inside its borders.

Javad Zarif, Iran's ambassador to the United Nations, said in a radio interview that aired yesterday that his country has "no interest" in providing weapons to any insurgent group in Iraq.

"But the problem is that the United States has decided on a policy and is trying to find or fabricate evidence if it cannot find one -- and I believe it hasn't been able to find any evidence -- in order to substantiate and corroborate that policy," Mr. Zarif said on National Public Radio's "All Things Considered."

Meanwhile in Iraq, joint Iraqi and American forces continued the new offensive designed to finally quell violence in Baghdad and tip the balance of battle in the coalition's favor.

The operation calls for three Iraqi brigades and five American ones to join forces in the city during the coming weeks. To date, one Iraqi brigade, at about 60 percent strength, is in the capital city. The second is en route, and a third will deploy later this month.

The first American brigade -- the 82nd Airborne Division's 2nd Brigade Combat Team -- is now in the city. The second of the five is heading to Kuwait. The remaining three are in the United States preparing to deploy.

"So far so good," said Lt. Gen. Douglas Lute, director of operations for the Pentagon's Joint Staff. "But we're in the very early days of what will be a very deliberate campaign that will unfold only over several months, and we should not expect quick, easy or dramatic results."

In previous offensives in Iraq, the Shi'ite-dominated government of Prime Minister Nouri al-Maliki never followed through on U.S. demands to target the Mahdi Army, a militia controlled by firebrand cleric Muqtada al-Sadr.

Gen. Lute said things are different this time.

"They said they were going to commit more troops to Baghdad. They have," he said. "They said they were going to have a no-holds-barred rules of engagement, set of rules of engagement, meaning that no geographic or political -- geographic location or political entity would be immune from law and order in Baghdad."

This week, he said, the al-Maliki government arrested a deputy health minister linked to death squads within the Mahdi Army. He said such action was unthinkable a few months ago.

Gen. Lute provided an update on the rash of American helicopter crashes in Iraq. Six helicopters -- four military and two civilian -- have gone down in less than three weeks.

The crashes have led to speculation that insurgents have perfected ways to locate and shoot down low-flying choppers, perhaps with shoulder-fired, heat-seeking missiles.

Gen. Lute said two aircraft were downed while in "close contact" with the enemy. Two others were also downed by groundfire, but not in battle. One crashed after hitting a wire, and the sixth had mechanical problems.

The general said investigations have not yet found a pattern of enemy activity that could explain the four that were shot down.

"It's a bit too soon to tell," he said.

Deadliest Bomb In Iraq Is Made By Iran, U.S. Says (NYT)

By Michael R. Gordon

The New York Times, February 10, 2007

DOJ_NMG_0131024

WASHINGTON, Feb. 9 — The most lethal weapon directed against American troops in Iraq is an explosive-packed cylinder that United States intelligence asserts is being supplied by Iran.

The assertion of an Iranian role in supplying the device to Shiite militias reflects broad agreement among American intelligence agencies, although officials acknowledge that the picture is not entirely complete.

In interviews, civilian and military officials from a broad range of government agencies provided specific details to support what until now has been a more generally worded claim, in a new National Intelligence Estimate, that Iran is providing "lethal support" to Shiite militants in Iraq.

The focus of American concern is known as an "explosively formed penetrator," a particularly deadly type of roadside bomb being used by Shiite groups in attacks on American troops in Iraq. Attacks using the device have doubled in the past year, and have prompted increasing concern among military officers. In the last three months of 2006, attacks using the weapons accounted for a significant portion of Americans killed and wounded in Iraq, though less than a quarter of the total, military officials say.

Because the weapon can be fired from roadsides and is favored by Shiite militias, it has become a serious threat in Baghdad. Only a small fraction of the roadside bombs used in Iraq are explosively formed penetrators. But the device produces more casualties per attack than other types of roadside bombs.

Any assertion of an Iranian contribution to attacks on Americans in Iraq is both politically and diplomatically volatile. The officials said they were willing to discuss the issue to respond to what they described as an increasingly worrisome threat to American forces in Iraq, and were not trying to lay the basis for an American attack on Iran.

The assessment was described in interviews over the past several weeks with American officials, including some whose agencies have previously been skeptical about the significance of Iran's role in Iraq. Administration officials said they recognized that intelligence failures related to prewar American claims about Iraq's weapons arsenal could make critics skeptical about the American claims.

The link that American intelligence has drawn to Iran is based on a number of factors, including an analysis of captured devices, examination of debris after attacks, and intelligence on training of Shiite militants in Iran and in Iraq by the Iranian Revolutionary Guard and by Hezbollah militants believed to be working at the behest of Tehran.

The Bush administration is expected to make public this weekend some of what intelligence agencies regard as an increasing body of evidence pointing to an Iranian link, including information gleaned from Iranians and Iraqis captured in recent American raids on an Iranian office in Erbil and another site in Baghdad.

The information includes interrogation reports from the raids indicating that money and weapons components are being brought into Iraq from across the Iranian border in vehicles that travel at night. One of the detainees has identified an Iranian operative as having supplied two of the bombs. The border crossing at Mehran is identified as a major crossing point for the smuggling of money and weapons for Shiite militants, according to the intelligence.

According to American intelligence, Iran has excelled in developing this type of bomb, and has provided similar technology to Hezbollah militants in southern Lebanon. The manufacture of the key metal components required sophisticated machinery, raw material and expertise that American intelligence agencies do not believe can be found in Iraq. In addition, some components of the bombs have been found with Iranian factory markings from 2006.

Defense Secretary Robert M. Gates appeared to allude to this intelligence on Friday when he told reporters in Seville, Spain, that serial numbers and other markings on weapon fragments found in Iraq point to Iran as a source.

Some American intelligence experts believe that Hezbollah has provided some of the logistical support and training to Shiite militias in Iraq, but they assert that such steps would not be taken without Iran's blessing.

"All source reporting since 2004 indicates that Iran's Islamic Revolutionary Corps-Quds Force is providing professionally-built EFPs and components to Iraqi Shia militants," notes a still-classified American intelligence report that was prepared in 2006.

"Based on forensic analysis of materials recovered in Iraq," the report continues, "Iran is assessed as the producer of these items."

The United States, using the Swiss Embassy in Tehran as an intermediary, has privately warned the Iranian government to stop providing the military technology to Iraqi militants, a senior administration official said. The British government has issued similar warnings to Iran, according to Western officials. Officials said that the Iranians had not responded.

An American intelligence assessment described to The New York Times said that "as part of its strategy in Iraq, Iran is implementing a deliberate, calibrated policy — approved by Supreme Leader Khamenei and carried out by the Quds Force — to provide explosives support and training to select Iraqi Shia militant groups to conduct attacks against coalition targets." The reference was to Ayatollah Ali Khamenei, the Iranian leader, and to an elite branch of Iran's Islamic Revolutionary Guards Command that is assigned the task of carrying out paramilitary operations abroad.

"The likely aim is to make a military presence in Iraq more costly for the U.S.," the assessment said.

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Other officials believe Iran is using the attacks to send a warning to the United States that it can inflict casualties on American troops if the United States takes a more forceful posture toward it.

Iran has publicly denied the allegations that it is providing military support to Shiite militants in Iraq. Javad Zarif, Iran's ambassador to the United Nations, wrote in an Op-Ed article published on Thursday in The Times that the Bush administration was "trying to make Iran its scapegoat and fabricating evidence of Iranian activities in Iraq."

The explosively formed penetrator, detonated on the roadside as American vehicles pass by, is capable of blasting a metal projectile through the side of an armored Humvee with devastating consequences.

American military officers say that attacks using the weapon reached a high point in December, when it accounted for a significant portion of Americans killed and wounded in Iraq. For reasons that remain unclear, attacks using the device declined substantially in January, but the weapons remain one of the principal threats to American troops in and around Baghdad, where five additional brigades of American combat troops are to be deployed under the Bush administration's new plan.

"It is the most effective I.E.D out there," said Lt. Col. James Danna, who led the Second Battalion, Sixth Infantry Regiment in Baghdad last year, referring to improvised explosive devices, as the roadside bombs are known by the American military. "To me it is a political weapon. There are not a lot of them out there, but every time we crack down on the Shia militias that weapon comes out. They want to keep us on our bases, keep us out of their neighborhoods and prevent us from doing our main mission, which is protecting vulnerable portions of the population."

Adm. William Fallon, President Bush's choice to head the Central Command, alluded to the weapon's ability to punch through the side of armored Humvees in his testimony to Congress last month.

"Equipment that was, we thought, pretty effective in protecting our troops just a matter of months ago is now being challenged by some of the techniques and devices over there," Admiral Fallon said. "So I'm learning as we go in that this is a fast-moving ballgame."

Mr. Gates told reporters last week that he had heard there had been cases in which the weapon "can take out an Abrams tank."

The increasing use of the weapon is the latest twist in a lethal game of measure and countermeasure that has been carried out throughout the nearly four-year-old Iraq war. Using munitions from Iraq's vast and poorly guarded arsenal, insurgents developed an array of bombs to strike the more heavily armed and technologically superior American military.

In response, the United States military deployed armored Humvees, which in turn spawned the development of even more potent roadside bombs. American officials say that the first suspected use of the penetrator occurred in late 2003 and that attacks have risen steadily since then.

To make the weapon, a metal cylinder is filled with powerful explosives. A metal concave disk manufactured on a special press is fixed to the firing end.

Several of the cylinders are often grouped together in an array. The weapon is generally triggered when American vehicles drive by an infrared sensor, which operates on the same principle as a garage door opener. The sensor is impervious to the electronic jamming the American military uses to try to block other remote-control attacks.

When an American vehicle crosses the beam, the explosives in the cylinders are detonated, hurling their metal lids at targets at a tremendous speed. The metal changes shape in flight, forming into a slug that penetrate many types of armor.

In planning their attacks, Shiite militias have taken advantage of the tactics employed by American forces in Baghdad. To reduce the threat from suicide car bombs and minimize the risk of inadvertently killing Iraqi civilians, American patrols and convoys have been instructed to keep their distance from civilian traffic. But that has made it easier for the Shiite militias to attack American vehicles. When they see American vehicles approaching, they activate the infrared sensors.

According to American intelligence agencies, the Iranians are also believed to have provided Shiite militants with rocket-propelled grenades, shoulder-fired antiaircraft missiles, mortars, 122-millimeter rockets and TNT.

Among the intelligence that the United States is expected to make public this weekend is information indicating that some of these weapons said to have been made in Iran were carried into Iraq in recent years. Examples include a shoulder-fired antiaircraft missile that was fired at a plane flying near the Baghdad airport in 2004 but which failed to launch properly; an Iranian rocket-propelled grenade made in 2006; and an Iranian 81-millimeter mortar made in 2006.

Assessments by American intelligence agencies say there is no indication that there is any kind of black-market trade in the Iranian-linked roadside bombs, and that shipments of the components are being directed to Shiite militants who have close links to Iran. The American military has developed classified techniques to try to counter the sophisticated weapon.

Marine officials say that weapons have not been found in the Sunni-dominated Anbar Province, adding to the view that the device is an Iranian-supplied and Shiite-employed weapon.

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To try to cut off the supply, the American military has sought to focus on the cells of Iranian Revolutionary Guard operatives it asserts are in Iraq. American intelligence agencies are concerned that the Iranians may respond by increasing the supply of the weapons.

"We are working day and night to disassemble these networks that do everything from bring the explosives to the point of construction, to how they're put together, to who delivers them, to the mechanisms that are used to have them go off," Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said last week. "It is instructive that at least twice in the last month, that in going after the networks, we have picked up Iranians."

Gates: Bombs Tie Iran To Iraq Extremists (AP)

By Lolita C. Baldor

AP, February 9, 2007

MUNICH, Germany — Serial numbers and other markings on bombs suggest that Iranians are linked to deadly explosives used by Iraqi militants, Defense Secretary Robert Gates said Friday in some of the administration's first public assertions on evidence the military has collected.

While the Bush administration and military officials have repeatedly said Iranians have been tied to terrorist bombings in Iraq, they have said little about evidence to bolster such claims, including any documents and other items collected in recent raids in Iraq.

National security officials in Washington and Iraq have been working for weeks on a presentation intended to provide evidence for Bush administration claims of what they say are Iran's meddlesome and deadly activities.

The materials — which in their classified form include slides and some two inches of documents — provide evidence of Iran's role in supplying Iraqi militants with highly sophisticated and lethal improvised explosive devices and other weaponry. Among the weapons is a roadside bomb known as an "explosively formed penetrator," which can pierce the armor of Abrams tanks with nearly molten-hot charges. One intelligence official said the U.S. is "fairly comfortable" that it knows with some precision the origin of those Iranian-made explosives.

The Iran dossier also lays out alleged Iranian efforts to train Iraqis in military techniques.

Yet, government officials say there is some disagreement about how much to make public to support the administration's case. Intelligence officials worry the sources of their information could dry up.

Among the evidence the administration will present are weapons that were seized in U.S.-led raids on caches around Iraq, one military official in Washington said on condition of anonymity because he was not authorized to speak publicly.

Other evidence includes documents captured when U.S.-led forces raided an Iranian office Jan. 11 in Irbil in northern Iraq, the official said. Tehran said it was a government liaison office, but the U.S. military said five Iranians detained in the raid were connected to an Iranian Revolutionary Guard faction that funds and arms insurgents in Iraq.

The assertions have been met with skepticism by some lawmakers still fuming over intelligence reports used by the administration to propel the country to war with Iraq in 2003. Gates' comments came as a new Pentagon inspector general's report criticized prewar Defense Department assertions of al-Qaeda connections to Iraq.

Speaking with reporters in Seville, Spain, on Friday before traveling to Munich, Gates told reporters that markings on explosives provide "pretty good" evidence that Iranians are supplying either weapons or technology for Iraqi extremists.

"I think there's some serial numbers, there may be some markings on some of the projectile fragments that we found" that point to Iran, he said.

Gates' remarks left unclear how the U.S. knows the serial numbers are traceable to Iran and whether such weapons would have been sent to Iraq by the Iranian government or by private arms dealers.

Explosives have been a leading killer of U.S. forces in Iraq, where more than 3,000 U.S. troops have died in the nearly four-year-old war.

In Iraq on Friday, the military reported three more American soldiers killed in combat, pushing the U.S. death toll to 33 in the first eight days of the month.

Separately, U.S. helicopters targeting insurgents mistakenly killed at least five allied Kurdish militiamen in the northern city of Mosul early Friday.

Last week, Gates said that U.S. military officers in Baghdad had been planning to brief reporters on what was known about Iranian involvement in Iraq but that he and other senior officials had delayed the briefing to assure the information was accurate.

On Friday, White House spokeswoman Dana Perino said such information would come from U.S. officials in Iraq, though she did not say when.

"There has been discussion about how to detail out some of that evidence," she told reporters. "Decisions on that are being made out of Baghdad."

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State Department spokesman Tom Casey said Friday that officials hoping to publicly release the information face another problem as well.

He said, "Under the circumstances and given the attention that this has gotten, we want to make sure that we provide you the best information possible but do so in a way that doesn't compromise sources and methods, that doesn't make it harder for us to deal with the situation that's there."

Gates also told reporters that he was surprised that raids last month by coalition and Iraqi forces in Iraq swept up some Iranians.

"I don't think there was surprise that the Iranians were actually involved, I think there was surprise we actually picked up some," he said.

He and other U.S. officials have said for some time that Iranians, and possibly the government of Iran, have been providing weapons technology and perhaps some explosives to Iraqi fighters.

Gates, who attended his first NATO defense ministers meeting in Seville this week before flying to Munich for a security conference, said Iran is "very much involved in providing either the technology or the weapons themselves for these explosively formed projectiles."

He acknowledged the Iranian weapons are not a large percentage of the roadside bombs used in Iraq, but he said, "They're extremely lethal."

Gates said the recent raids combined with the movement of an additional U.S. aircraft carrier into the Persian Gulf have created a stir, but he said the Bush administration had no intention of attacking Iran.

Asked about the Defense Department inspector general's report criticizing the Pentagon's use of prewar intelligence, Gates said he hadn't yet read it.

But, he added, "based on my whole career, I believe that all intelligence activities need to be carried on through established institutions, and where there is appropriate oversight. And if the intelligence isn't adequate, then changes need to be made in these institutions to improve the intelligence."

Al-Qaeda Suspects Color White House Debate Over Iran (WP)

By Dafna Linzer

The Washington Post, February 10, 2007

Last week, the CIA sent an urgent report to President Bush's National Security Council: Iranian authorities had arrested two al-Qaeda operatives traveling through Iran on their way from Pakistan to Iraq. The suspects were caught along a well-worn, if little-noticed, route for militants determined to fight U.S. troops on Iraqi soil, according to a senior intelligence official.

The arrests were presented to Bush's senior policy advisers as evidence that Iran appears committed to stopping al-Qaeda foot traffic across its borders, the intelligence official said. That assessment comes at a time when the Bush administration, in an effort to push for further U.N. sanctions on the Islamic republic, is preparing to publicly accuse Tehran of cooperating with and harboring al-Qaeda suspects.

The strategy has sparked a growing debate within the administration and the intelligence community, according to U.S. intelligence and government officials. One faction is pressing for more economic embargoes against Iran, including asset freezes and travel bans for the country's top leaders. But several senior intelligence and counterterrorism officials worry that a public push regarding the al-Qaeda suspects held in Iran could jeopardize U.S. intelligence-gathering and prompt the Iranians to free some of the most wanted individuals.

"There was real debate about all this," said one counterterrorism official. "If we go public, the Iranians could turn them loose." The official added: "At this point, we know where these guys are and at least they are off the streets. We could lose them for years if we go down this path."

The administration's planned diplomatic offensive is part of an effort to pressure Tehran from multiple directions. Bush has given the U.S. military the authority to kill or capture Iranian government agents working with Shiite militias inside Iraq. Yesterday, Defense Secretary Robert M. Gates said serial numbers and markings on some explosives used in Iraq indicate that the material came from Iran, but he offered no evidence.

With the aim of shaking Tehran's commitment to its nuclear program, Bush also approved last fall secret operations to target Iranian influence in southern Lebanon, in western Afghanistan, in the Palestinian territories and inside Iran. The new strategy, a senior administration official said, aims to portray Iran as a "terror-producing country, instead of an oil-producing country," with links to al-Qaeda, Hezbollah and death squads in Iraq.

U.S. officials have asserted for years that several dozen al-Qaeda fighters, including Osama bin Laden's son, slipped across the Afghan border into Iran as U.S. troops hunted for the perpetrators of the Sept. 11, 2001, attacks. U.S. and allied

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intelligence services, which have monitored the men's presence inside Iran, reported that Tehran was holding them under house arrest as bargaining chips for potential deals with Washington.

Last fall, Bush administration officials asked the CIA to compile a list of those suspects so the White House could publicize their presence. For years, the administration has not revealed their names, in part because it sought to protect its intelligence sources but also because at the time the U.S. government was concealing the identities of suspects it was holding in secret CIA custody.

But the names of some of the men in Iran have become public, including "high-value" targets such as al-Qaeda spokesman Sulaiman Abu Ghaith of Kuwait and Saif al-Adel of Egypt. U.S. intelligence officials said they are members of the "al-Qaeda operational management committee." U.S. intelligence officials said there are suspicions, but no proof, that one of them may have been involved from afar in planning an attack in Riyadh, Saudi Arabia, in May 2003. Intelligence officials said bin Laden's son Saad is also being held with the other men in Iran.

Five administration officials were made available for interviews for this story on the condition that they not be identified. Other officials who spoke without permission -- including senior officials, career analysts and policymakers -- said their standing with the White House would be at risk if they were quoted by name.

The State Department, Pentagon and CIA referred all questions about the story to the National Security Council. In a written response to questions, NSC spokesman Gordon Johndroe said: "Iran's sponsorship of terrorism is one of the reasons for the sanctions now against it. We note that U.N. Security Council resolutions already oblige all states to ensure that members of terrorist groups, including al-Qaeda, are brought to justice."

Since al-Qaeda fighters began streaming into Iran from Afghanistan in the winter of 2001, Tehran had turned over hundreds of people to U.S. allies and provided U.S. intelligence with the names, photographs and fingerprints of those it held in custody, according to senior U.S. intelligence and administration officials. In early 2003, it offered to hand over the remaining high-value targets directly to the United States if Washington would turn over a group of exiled Iranian militants hiding in Iraq.

Some of Bush's top advisers pushed for the trade, arguing that taking custody of bin Laden's son and the others would produce new leads on al-Qaeda. They were also willing to trade away the exiles -- members of a group on the State Department's terrorist list -- who had aligned with Saddam Hussein in an effort to overthrow the Iranian government.

Officials have said Bush ultimately rejected the exchange on the advice of Vice President Cheney and then-Defense Secretary Donald H. Rumsfeld, who argued that any engagement would legitimize Iran and other state sponsors of terrorism. Bush's National Security Council agreed to accept information from Iran on al-Qaeda but offer nothing in return, officials said.

But no information has been forthcoming, intelligence officials said. One official said the CIA and the Pentagon's Defense Intelligence Agency have disagreed over how effectively the Iranians are controlling al-Qaeda members and whether the Tehran government is aware of the extent of al-Qaeda movements through the country.

Nevertheless, administration officials said they are determined to press Iran on the matter.

"We are not convinced that the Iranians have been honest or open about the level or degree of al-Qaeda presence in their midst," said one Bush adviser who was instrumental in coming up with a more confrontational U.S. approach to Iran. "They have not made proper accounting with respect to U.N. resolutions, have not been clear about who is in detention and have not been clear as to what is happening to individuals who might be in custody."

Bush administration officials pointed to U.N. Security Council Resolutions 1267 and 1373, which state that harboring al-Qaeda members constitutes a threat to international peace and security, and authorize force to combat that threat. The resolutions compel nations to share any information on al-Qaeda suspects and give the United Nations authority to freeze the assets of suspects and those who provide them with safe haven.

Two U.S. officials said the administration plans to argue that Iran is violating those resolutions. A team of senior U.S. officials has been holding briefings for visiting European diplomats on the issue while administration lawyers prepare options for holding Iran in violation of U.N. resolutions.

"We've started a more aggressive and major attempt to try to convince other countries to use their influence on this issue," a senior U.S. diplomat said. "Until now, the Europeans have been focused on the nuclear issue and we want this high up on the agenda."

But another government official predicted that no European country would support a call on Iran to turn the al-Qaeda group over to U.S. military detention at Guantanamo Bay, Cuba, a facility widely condemned by Washington's closest allies. In the past year, U.S. officials said they successfully pushed Egypt, Kuwait and Saudi Arabia to seek extradition of their citizens held in Iran, but Tehran rebuffed the requests. Administration officials said they interpreted the refusal as evidence of cooperation between the Iranian government and the group.

"We'd be happy to see them face trial anywhere," a senior administration official said.

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Target Iran: US Able To Strike In The Spring (GUARD)

By Ewen MacAskill

The Guardian, February 10, 2007

US preparations for an air strike against Iran are at an advanced stage, in spite of repeated public denials by the Bush administration, according to informed sources in Washington.

The present military build-up in the Gulf would allow the US to mount an attack by the spring. But the sources said that if there was an attack, it was more likely next year, just before Mr Bush leaves office.

Neo-conservatives, particularly at the Washington-based American Enterprise Institute, are urging Mr Bush to open a new front against Iran. So too is the vice-president, Dick Cheney. The state department and the Pentagon are opposed, as are Democratic congressmen and the overwhelming majority of Republicans. The sources said Mr Bush had not yet made a decision. The Bush administration insists the military build-up is not offensive but aimed at containing Iran and forcing it to make diplomatic concessions. The aim is to persuade Tehran to curb its suspect nuclear weapons programme and abandon ambitions for regional expansion.

Article continues

Robert Gates, the new US defence secretary, said yesterday: "I don't know how many times the president, secretary [of state Condoleezza] Rice and I have had to repeat that we have no intention of attacking Iran."

But Vincent Cannistraro, a Washington-based intelligence analyst, shared the sources' assessment that Pentagon planning was well under way. "Planning is going on, in spite of public disavowals by Gates. Targets have been selected. For a bombing campaign against nuclear sites, it is quite advanced. The military assets to carry this out are being put in place."

He added: "We are planning for war. It is incredibly dangerous."

Deployment

Mr Cannistraro, who worked for the CIA and the National Security Council, stressed that no decision had been made.

Last month Mr Bush ordered a second battle group led by the aircraft carrier USS John Stennis to the Gulf in support of the USS Eisenhower. The USS Stennis is due to arrive within the next 10 days. Extra US Patriot missiles have been sent to the region, as well as more minesweepers, in anticipation of Iranian retaliatory action.

In another sign that preparations are under way, Mr Bush has ordered oil reserves to be stockpiled.

The danger is that the build-up could spark an accidental war. Iranian officials said on Thursday that they had tested missiles capable of hitting warships in the Gulf.

Colonel Sam Gardiner, a former air force officer who has carried out war games with Iran as the target, supported the view that planning for an air strike was under way: "Gates said there is no planning for war. We know this is not true. He possibly meant there is no plan for an immediate strike. It was sloppy wording.

"All the moves being made over the last few weeks are consistent with what you would do if you were going to do an air strike. We have to throw away the notion the US could not do it because it is too tied up in Iraq. It is an air operation."

One of the main driving forces behind war, apart from the vice-president's office, is the AEI, headquarters of the neo-conservatives. A member of the AEI coined the slogan "axis of evil" that originally lumped Iran in with Iraq and North Korea. Its influence on the White House appeared to be in decline last year amid endless bad news from Iraq, for which it had been a cheerleader. But in the face of opposition from Congress, the Pentagon and state department, Mr Bush opted last month for an AEI plan to send more troops to Iraq. Will he support calls from within the AEI for a strike on Iran?

Josh Muravchik, a Middle East specialist at the AEI, is among its most vocal supporters of such a strike.

"I do not think anyone in the US is talking about invasion. We have been chastened by the experience of Iraq, even a hawk like myself." But an air strike was another matter. The danger of Iran having a nuclear weapon "is not just that it might use it out of the blue but as a shield to do all sorts of mischief. I do not believe there will be any way to stop this happening other than physical force."

Mr Bush is part of the American generation that refuses to forgive Iran for the 1979-81 hostage crisis. He leaves office in January 2009 and has said repeatedly that he does not want a legacy in which Iran has achieved superpower status in the region and come close to acquiring a nuclear weapon capability. The logic of this is that if diplomatic efforts fail to persuade Iran to stop uranium enrichment then the only alternative left is to turn to the military.

Mr Muravchik is intent on holding Mr Bush to his word: "The Bush administration have said they would not allow Iran nuclear weapons. That is either bullshit or they mean it as a clear code: we will do it if we have to. I would rather believe it is not hot air."

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Other neo-cons elsewhere in Washington are opposed to an air strike but advocate a different form of military action, supporting Iranian armed groups, in particular the Mujahideen-e Khalq (MEK), even though the state department has branded it a terrorist organisation.

Raymond Tanter, founder of the Iran Policy Committee, which includes former officials from the White House, state department and intelligence services, is a leading advocate of support for the MEK. If it comes to an air strike, he favours bunker-busting bombs. "I believe the only way to get at the deeply buried sites at Natanz and Arak is probably to use bunker-buster bombs, some of which are nuclear tipped. I do not believe the US would do that but it has sold them to Israel."

Opposition support

Another neo-conservative, Meyrav Wurmser, director of the centre for Middle East policy at the Hudson Institute, also favours supporting Iranian opposition groups. She is disappointed with the response of the Bush administration so far to Iran and said that if the aim of US policy after 9/11 was to make the Middle East safer for the US, it was not working because the administration had stopped at Iraq. "There is not enough political will for a strike. There seems to be various notions of what the policy should be."

In spite of the president's veto on negotiation with Tehran, the state department has been involved since 2003 in back-channel approaches and meetings involving Iranian officials and members of the Bush administration or individuals close to it. But when last year the Iranian president, Mahmoud Ahmadinejad, sent a letter as an overture, the state department dismissed it within hours of its arrival.

Support for negotiations comes from centrist and liberal thinktanks. Afshin Molavi, a fellow of the New America Foundation, said: "To argue diplomacy has not worked is false because it has not been tried. Post-90s and through to today, when Iran has been ready to dance, the US refused, and when the US has been ready to dance, Iran has refused. We are at a stage where Iran is ready to walk across the dance floor and the US is looking away."

He is worried about "a miscalculation that leads to an accidental war".

The catalyst could be Iraq. The Pentagon said yesterday that it had evidence - serial numbers of projectiles as well as explosives - of Iraqi militants' weapons that had come from Iran. In a further sign of the increased tension, Iran's main nuclear negotiator, Ali Larijani, cancelled a visit to Munich for what would have been the first formal meeting with his western counterparts since last year.

If it does come to war, Mr Muravchik said Iran would retaliate, but that on balance it would be worth it to stop a country that he said had "Death to America" as its official slogan.

"We have to gird our loins and prepare to absorb the counter-shock," he said.

World Atomic Agency Suspends 22 Programs Of Aid To Iran (NYT)

By William J. Broad

The New York Times, February 10, 2007

The International Atomic Energy Agency said yesterday that it had suspended 22 of its 55 technical aid programs with Iran, giving Washington a modest victory in its efforts to isolate Tehran internationally in the hope of curbing its nuclear ambitions.

The agency, in a report to its board, said it had also suspended a number of lesser activities, including three fellowships, participation in a training course and procurement of 15 pieces of equipment.

Washington objected to the programs and projects as aiding Tehran's nuclear efforts, which like many around the world could have military as well as civilian uses.

The agency's action is one of the few cases in which reluctant allies have joined Washington's efforts to confront Iran. Recently, the United States had Iranians seized in Iraq, strengthened its armada in the Persian Gulf and sought to starve Iran of money it needs to revitalize its oil industry.

Ali Asghar Soltanieh, Iran's ambassador to the agency, based in Vienna, denounced the suspensions as "a very dangerous game" that would have no impact on its disputed nuclear program. Rather, he said in an interview, they will undermine the atomic energy agency's authority and many countries' desire to join it.

"This is a negative message to developing countries," Mr. Soltanieh said. "It will put in jeopardy their incentive to become members" of the agency and the treaty that seeks to halt the spread of nuclear weapons.

David Albright, president of the Institute for Science and International Security, a private group in Washington that tracks nuclear arms, called the suspensions mostly symbolic. "I don't think they'll do serious harm to Iran," he said.

The United States lobbied hard to have the nuclear agency cut roughly in half its 55 programs of technical aid to Iran, but it faced stiff opposition. Developing countries feared that the cuts would set a bad precedent that could threaten their own aid. And the agency, which routinely grants requests for technical assistance, resisted any political meddling with a worldwide effort on which it spends roughly $100 million a year.

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"They've had a thankless task," a European diplomat, speaking on the condition of anonymity because of protocol, said Friday of the agency's rethinking of its cooperative efforts. The agency's officials, the diplomat added, "caved in to pressure."

An American official said Washington's position on the disputed projects was similar to that of Britain, France and Germany.

The agency, known as the world's nuclear policeman, has long enjoyed a mandate to promote the safe use of nuclear power and other nuclear technologies, through a complex system of technical aid programs with roughly a hundred countries. Although the aid is meant exclusively for civilian use, experts say that some of the knowledge involved can be useful in mastering the basic skills and technologies needed to make nuclear weapons.

Many experts say Iran is just years away from gaining the ability to make an atomic bomb, though Tehran insists that its nuclear program is strictly for generation of electricity and other peaceful ends.

In November, under pressure from the United States and its allies, the atomic agency denied an Iranian request for technical help in safely completing a heavy-water nuclear reactor. Tehran said it was to make isotopes for medical treatments. Critics said plutonium created by the reactor as a byproduct could fuel atomic bombs.

On Dec. 23, the United Nations Security Council imposed sanctions on Iran for refusing to stop its enrichment of uranium and called on the atomic agency, a United Nations body, to reconsider its aid to Tehran. The Council said such cooperation should center exclusively on projects related to food, agriculture, medicine, safety or other humanitarian purposes.

"No such technical cooperation," it said, "shall be provided that relates to the proliferation-sensitive nuclear activities."

On Friday, Mohamed ElBaradei, the agency's director, issued a report to its 35-nation board detailing the suspensions called for by the Security Council. It said Iran participated in 55 projects, including 15 individual and 40 regional and interregional endeavors.

It further said the agency's secretariat had determined that cooperation should continue for 33 projects but end for 22 others, including ones meant to aid Iran's development of nuclear power, its radiation processing of metals and plastics and its improvement of atomic management and strategic planning. The report added that the agency, on receiving Iranian requests for specific assistance, might grant exceptions for limited cooperation.

The report said, "The secretariat has evaluated, and established the necessary internal procedures to keep under review, all its technical assistance activities to ensure that none of them contribute to Iran's proliferation sensitive nuclear activities."

Mr. Soltanieh, Iran's ambassador to the agency, said the suspensions would be likely to have large political repercussions and strengthen the hand of those Iranians who wanted to cut off all cooperation with the atomic agency.

"This will give ammunition to those who are putting pressure on the government," he said. "This whole thing is making a more poisonous environment."

U.N. Nuclear Agency Plans To Cancel Some Aid To Iran (LAT)

By Kim Murphy

The Los Angeles Times, February 10, 2007

TEHRAN — The U.N. nuclear agency signaled Friday that it was preparing to cancel technical aid on nearly half its nuclear cooperation projects with Iran, a significant step toward implementing sanctions aimed at halting the nation's controversial uranium enrichment program.

In a report to the International Atomic Energy Agency's board of governors in Vienna, the agency leadership recommended stopping all assistance on projects that could contribute to enrichment and reprocessing work prohibited under a sanctions resolution adopted by the U.N. Security Council in December.

The cuts, expected to be approved by the agency's board of directors in March, end all technical aid for "safe and reliable nuclear power generation," for strategic planning and for a nuclear technology center under development. But they leave intact assistance for medicine development, radioactive waste disposal, wastewater treatment and agriculture.

They do not affect the agency's assistance on preparation to operate the civilian nuclear power reactor under construction at Bushehr, which is exempted from the U.N. resolution.

"No technical assistance … can be provided to Iran that relates to the proliferation-sensitive nuclear activities specified in the resolution. Technical assistance, however, can be provided to Iran when, after a case-by-case screening, it is found to be in conformity with the provisions of the resolution," says the report, prepared by IAEA chief Mohamed ElBaradei.

In Vienna, Iran's ambassador to the IAEA, Ali Asghar Soltanieh, was critical of the agency's decision.

"Our cooperation with the IAEA was in agriculture, medicine and peaceful affairs. So why was this halt imposed to our peaceful cooperation as well?" he told the Islamic Republic News Agency. He said the "technical and legal paradox" in the Security Council resolution "has prompted the IAEA to take this decision."

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In all, the agency proposes to withdraw cooperation on as many as four of 15 national projects and as many as 14 of 34 regional projects, though a small number of those set for cancellation may be permitted after a case-by-case review.

Analysts said the IAEA action would probably not have a significant effect on Iran's nuclear program but would be likely to be perceived as a blow nonetheless. Iran is one of the largest recipients of U.N. nuclear technical cooperation.

"Iran will complain and say none of these projects are for enrichment or reprocessing, the sensitive technologies that were singled out in the resolution. But the agency is being careful to follow the letter of the Security Council resolution," said Mark Fitzpatrick, a nuclear specialist with the International Institute of Strategic Studies in London.

He said Iran, apparently caught by surprise by the Security Council's unanimous vote in favor of the sanctions resolution in December, has subsequently sought to downplay the measure's potential impact.

"They've been saying it wouldn't amount to anything. Well, here we have an indication that the IAEA says it does amount to something. Here's some projects that have to be stopped," he said. "It will contribute to the psychological discomfort of Iran."

David Albright, a former nuclear inspector who is president of the Washington-based Institute for Science and International Security, said the action "will certainly irritate" Iran, in part because Tehran may not have the funds to proceed with all the projects without U.N. help.

Shortly after the report's release, official Iranian sources said chief nuclear negotiator Ali Larijani had fallen ill and would not attend a security conference this weekend when informal talks on a negotiated solution to the standoff were planned.

But Iranian television later said Larijani would attend the meeting.

U.S. Defense Secretary Robert M. Gates is also scheduled to attend, but conference organizers said a direct meeting between the two men was unlikely.

Iran, which insists its nuclear program is intended to develop nuclear energy, not weapons, is hoping to avoid a second, escalated round of sanctions, and analysts here say it might look favorably on ElBaradei's proposal for a three-month "time out" on uranium enrichment in exchange for a similar suspension of sanctions.

Iranian President Mahmoud Ahmadinejad is supposed to make an announcement on the nuclear program during Sunday's planned street demonstrations in celebration of the anniversary of the 1979 Islamic Revolution. Many analysts believe he will announce some progress in setting up the first of 3,000 enrichment centrifuges Iran has said it is building at a major new underground facility in Natanz.

Once that milestone has been reached, there are signs some in Iran might advocate putting the centrifuge program on hold for a time. Abbas Maleki, a former deputy foreign minister, said the centrifuges could be placed on "warm standby," injected with warm air rather than uranium gas, until a decision was reached to use them for generating fuel.

"This would present a very strange case for the United States," he said in an interview. "The United States would then be in a corner. Because all of the maps and strategies in Washington have been designed for a defiant Iran. Not an Iran which is cooperating with the United Nations."

At the same time, he cautioned, Iran is still not prepared to make unilateral concessions.

"There are thousands of cameras watching what is going on with the nuclear program, and Iran is accepting," he said. "But at the same time, Iran wants to reach a face-saving solution. You cannot say to a government that they must say, 'I'm sorry, you are right.' Iran is not Libya."

IAEA Lifts More Nuclear Assistance (WT/AP)

By George Jahn

The Washington Times, February 10, 2007

VIENNA, Austria -- The U.N. nuclear watchdog agency yesterday suspended nearly half of the technical aid it now provides Iran, an action in line with sanctions imposed on the country for its refusal to suspend uranium enrichment.

The Vienna-based International Atomic Energy Agency (IAEA) already suspended aid to Iran in five instances last month in line with Security Council sanctions calling for an end to assistance for programs that could be misused to make atomic weapons. Diplomats emphasized that the freeze was temporary and subject to review and approval by the 35-nation board of the IAEA next month.

Yesterday, the agency fully or partially suspended another 18 projects that it deemed could be misused. Those too were subject to review and approval by the board.

Iran gets IAEA technical aid for 15 projects and 40 more that involve other countries. The suspensions were across the board, but in the case of projects involving other countries affected only Iran.

A diplomat familiar with the issue said the United States -- along with key allies -- had been seeking to have up to half of the projects involving only Iran canceled, restricted or more closely monitored.

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A U.S. official said Washington's position on which projects should be affected was "very similar" to that of the European powers Britain, France and Germany.

The officials all spoke on the condition of anonymity in return for divulging confidential information.

Ali Larijani, Iran's top nuclear negotiator, was expected to attend a security conference in Munich this weekend, organizers said -- reversing an earlier announcement that he had pulled out.

Klaus Treude, a spokesman for the Munich Conference on Security Policy, did not give reasons for Mr. Larijani's decision to go ahead with his appearance. Earlier yesterday, conference officials said he had canceled because of sickness.

The United States, Russia, China, Britain, France and Germany all want Iran to suspend its enrichment program and have acted as a group in trying to engage Tehran on the issue. But their approaches and priorities have differed over the past year.

Russian and Chinese reluctance to impose harsh sanctions on Tehran -- as initially demanded by Washington -- have created the greatest pressure. Both nations share economic and strategic interests with Iran.

Differences over how severely to punish Tehran for its refusal to suspend enrichment led to months of disputes before agreement was reached in December on a Security Council resolution imposing limited sanctions that fell short of the harsher measures sought by the United States.

The sanctions include a review of technical aid to Iran -- programs meant to bolster the peaceful use of nuclear energy in medicine, agriculture or power generation.

IAEA Suspends Iran Aid Projects (BBC)

BBC.com, February 10, 2007

The UN nuclear watchdog, the IAEA, says it has frozen almost half its technical aid projects involving Iran.

The IAEA says its move is to comply with UN sanctions imposed on Tehran late last year over its refusal to halt uranium enrichment.

Twenty-two projects have been suspended, according to an IAEA report.

Iran's chief nuclear negotiator, Ali Larijani, is to meet EU diplomats at a forum in Germany on Saturday, despite earlier reports to the contrary.

European officials hope to hold informal talks with him on the nuclear stand-off at the top-level security conference in Munich.

'Message of inducement'

The IAEA gives technical aid to dozens of countries on the peaceful use of nuclear energy in fields such as medicine, agriculture and power generation.

The nuclear watchdog has 55 projects that involve Iran.

Of these, 22 have now been frozen to comply with the UN sanctions, which call for an end to programmes that could be exploited by Iran to develop nuclear weapons.

The IAEA board is expected to formally back the move, recommended by IAEA chief Mohamed ElBaradei, when it meets next month.

The BBC's Kerry Skyring in Vienna says that the IAEA has been under pressure from the United States to take a tough line.

U.S. Accidentally Attacks Kurdish Outpost, Killing Several (NYT)

By Richard A. Oppel, David S. Cloud

The New York Times, February 10, 2007

BAGHDAD, Feb. 9 — An American military helicopter killed as many as nine Kurdish militia fighters early Friday in the northern city of Mosul when the aircraft mistakenly attacked a guard post.

The guard post protected the local offices of the Patriotic Union of Kurdistan, the political party of the Iraqi president, Jalal Talabani. The attack stunned Patriotic Union officials, whose leadership and militia are close allies of United States forces. They said their base and the surrounding guard posts were well known to the American military in Mosul.

“Everybody knows that it is a P.U.K. base and is used for protecting the main road between Mosul and Erbil,” said Kabir Goran, a senior Patriotic Union official, who added that the guard post was less than a mile from the party offices. “We have daily contacts with the Americans and they have been to the base.”

An aide to Mr. Talabani said he had asked the American military for information about the mistake.

The United States command in Baghdad said American troops erroneously believed that they had identified insurgents near the hide-out of a bomb-making cell linked to Al Qaeda in Mesopotamia. The command said the strike killed five Kurds, described as policemen; Kurdish officials said as many as nine were killed.

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Also on Friday, an insurgent group that has taken credit for several recent downings of United States helicopters released a video that it said showed a missile shooting down the Marine CH-46 Sea Knight transport that crashed Wednesday, killing all seven on board.

But Lt. Gen. Douglas Lute, a senior officer on the joint staff at the Pentagon, told reporters in Washington on Friday that early indications suggested that mechanical failure had caused the CH-46 crash; he warned against "drawing conclusions from things that are posted on the Internet."

The American helicopter attack in Mosul struck members of a militia force that is a crucial ally of the United States. The Kurds and their fighters, known as pesh merga, live in mountainous northeastern Iraq, but their control extends west to the Tigris River and Mosul, a city of close to two million. Sunni Arabs make up most of western Mosul, but Kurds dominate the eastern half.

In a statement, the American military said that after observing armed men near the guard post, American troops fired warning shots and called out in Arabic and Kurdish for the men to put down their arms.

An American helicopter then "observed hostile intention" and fired on the guard post. The military statement did not describe specifically what the soldiers saw the Kurdish troops do. But it said that as the helicopter attacked, American ground troops took fire from the bunker. Kurdish officials said six other pesh merga were wounded, some cared for later by American troops.

In the video posted on the Internet by a group calling itself the Islamic State of Iraq, the Sea Knight helicopter, distinctive for its two large rotors atop either end of its long, tube-shaped fuselage, is flying toward the camera. Then it banks hard right as if taking evasive action. After turning a half-circle, an object darts into the screen from the right, trailed by a curl of black smoke. The object comes close to the helicopter, though no impact is visible. But moments after the object enters the frame an explosion rips through the helicopter, which drifts to the ground in flames.

A senior defense official called into question the authenticity of the video, saying that a Cobra attack helicopter was close behind the Sea Knight in the moments before the crash, and that the Cobra pilot saw no sign of ground fire. The official also said the video appeared suspicious because there was no sign of the Cobra in any frame. "It does not show the wingman flying anywhere near the CH-46," the official said.

The helicopter crash, into an open field near the insurgent-heavy town of Karma, between Falluja and Baghdad in Anbar Province, was the latest of a half-dozen crashes or downings of aircraft over the past three weeks. Military officials are concerned that insurgents have devised new tactics or obtained new equipment that makes American aircraft more vulnerable.

Military investigators suspect that a shoulder-fired missile may have played a role in bringing down an American AH-64 helicopter on Feb. 2, according to a Pentagon document describing possible causes of the recent crashes.

Officials said there had not been a final determination of the cause of the AH-64 crash; no further details could be learned about the evidence suggesting a missile attack. The document noted that the helicopter also might have been struck by fire from a heavy-caliber machine gun.

General Lute said that four of the six helicopters that crashed recently were brought down by enemy fire, but that there was no "definitive evidence that there were missile attacks involved" in any of them. He added that it was too soon to say that attacks on helicopters had increased or that insurgents had adopted more effective tactics.

In addition to the Feb. 2 crash, those brought down by insurgents include a UH-60 that was hit by ground fire on Jan. 20 in Diyala Province; another AH-64 that was shot down near Najaf, on Jan. 28; and a Bell 412 helicopter belonging to an American contractor that was brought down south of Baghdad on Jan. 31, the document said.

U.S. Troops Kill Several Kurds In Mosul (WP)

By Ernesto Londono

The Washington Post, February 10, 2007

BAGHDAD, Feb. 9 -- U.S. forces killed eight Kurdish soldiers and wounded nine others at an established checkpoint in the northern Iraqi city of Mosul on Friday, Kurdish officials said.

A U.S. military statement offered a differing account of the incident, saying that U.S. troops killed five Kurdish police officers after the men ignored orders to lay down their weapons and exhibited "hostile intention."

"What the American statement said is not true," said Kabir Goran, deputy director of the Mosul office of the Patriotic Union of Kurdistan, a Kurdish political party. "They are trying to cover the massacre that they carried out at that military point," he said in a telephone interview.

"It is impossible that we attack the Americans," he said. "Their patrols are passing by that point every day, and we never attack them."

The U.S. statement said the American soldiers were in the al-Karama neighborhood of Mosul early Friday preparing for a raid against members of the Sunni insurgent group al-Qaeda in Iraq.

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U.S. soldiers saw a group of armed men in a "bunker" near the building where the soldiers suspected insurgents were housed and instructed them to put down their weapons, the statement said.

"They were called out in Arabic and in Kurdish," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. "We had a Kurdish speaker out there."

A U.S. helicopter swooped in to take a closer look, and soldiers on board "observed hostile action from the bunker and exercised proper self-defense measures in response to the assessed threat," the statement said.

After the operation, the U.S. military turned over five bodies along with "nine detainees," to local police officials, the statement said. Garver said no insurgents were killed or wounded in the incident and no American troops were hurt.

Also Friday, the Islamic State of Iraq, a Sunni insurgent group, issued a statement and released a video purporting to show the downing of a large transport helicopter that crashed Wednesday in Anbar province.

The video, posted on the Web site of the Search for International Terrorist Entities Institute, which tracks claims made by insurgent groups, shows a twin-rotor helicopter being struck by a missile. The helicopter wobbles in the air, catches on fire and slams into the ground.

Garver, the military spokesman, said investigators are skeptical of the authenticity of the video.

"We've seen the video, and there's nothing in the video that connects it to the helicopter crash on Wednesday," he said, referring to the incident in which a twin-rotor CH-46 Sea Knight came down, killing five Marines and two sailors. He said the account of the crash provided by the Sea Knight's wingman conflicts with what the video shows. Four military helicopters have crashed in Iraq this year, killing 23 service members. Five private security contractors aboard two civilian helicopters were killed in Baghdad Jan. 23 after they came under attack. One of those helicopters was downed.

On Jan. 31, another civilian helicopter came under attack but made an emergency landing, a U.S. official said, speaking on condition of anonymity because the investigation is ongoing. No one was injured in that incident, the official said.

Meanwhile, Iraqi police said a group of armed men wearing Iraqi National Guard uniforms kidnapped 13 men in a village north of Hilla on Friday morning. Eleven of the hostages were later killed, according to Capt. Muthanna Ahmed, a police spokesman in Babil province.

Police tracked the hostages and tried to free them, but had to retreat after being attacked with improvised explosive devices and small-arms fire, Ahmed said. Ten of the men killed were Sunnis and one was a Shiite, he said.

Also Friday, the U.S. military disclosed the deaths in combat Thursday of three U.S. soldiers in the western province of Anbar.

U.S. Friendly Fire Kills Kurd Security Force (LAT)

By Louise Roug

The Los Angeles Times, February 10, 2007

BAGHDAD, Iraq -- A U.S. airstrike accidentally killed eight members of a Kurdish security force and injured another six who were manning an observation point near a political office in the northern city of Mosul, Iraqi officials said Friday.

The U.S. military said that five, not eight, Kurdish police officers died in the attack, which it said had been aimed at bomb-makers affiliated al-Qaida.

U.S. military officials also said that three American soldiers had been killed Thursday during combat in western Anbar province. The attacks brought to 3,118 the number of U.S. troops killed since 2003, according to the icasualties.org Web site. South of the capital in Basra, a British soldier died in a roadside bomb attack and three others were injured, according to a statement from the British Ministry of Defense.

A statement from the U.S. military said that American troops had received intelligence that bomb makers connected to al-Qaida were operating in the Karama neighborhood of Mosul. Seeing armed men near a targeted bunker, ground forces fired warning shots and made several calls in Arabic and Kurdish for the men to lay down their weapons, the statement said.

As the men began shooting at the ground forces, an American aircraft "observed hostile intention from the bunker and exercised proper self-defense measures in response to the assessed threat," said the statement. It expressed "deepest sympathies to the families of those individuals killed."

Kurdish officials reacted angrily, saying the airstrike on one of the main roads in Mosul was inexplicable.

"We don't have any explanation for what the Americans did," said Kabir Amir Koran, an official with a local Kurdish party.

Ali Sourchi, a 30-year-old grocer, said he had been watching a movie shortly before midnight when the power suddenly went out. He went outside to check his generator and saw the airstrike. He fled inside, fearing what might happen next, he said.

"Sounds of the bombings continued until 2:00 a.m.," he said. "In the morning, we found stone and rubble where the guards' position used to be."

Abdullah Bardi, an official with Kurdish militia forces, described the area as an insurgent stronghold.

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"We have placed checkpoints in the area to secure the office and those who come through this way," he said, adding that Kurdish officials are investigating the strike. "We are not satisfied with an apology."

The U.S. military increasingly relies on air support during missions.

Another airstrike killed eight suspected insurgents Thursday night in Baghdad, according to a separate statement from the U.S. military.

Baghdad authorities said Friday they had recovered the bodies of 32 people dumped in various neighborhoods. Elsewhere, bombings and kidnappings continued to spread death and destruction.

A car bomb went off south of Mosul near a police patrol, injuring eight. Also north of the capital, in the disputed city of Kirkuk, a car bomb injured a police official and seven others Friday afternoon. The previous night, another car bomb wounded a politician affiliated with the minority Turkmen party.

Authorities in Hillah, south of the capital, said Friday that armed men dressed as police commandos kidnapped 13 men the previous night. Two were freed, but the bodies of the remaining 11 were found nearby.

In Haswa, also south of Baghdad, a roadside bomb killed one civilian and injured seven others.

U.S. Strike Mistakenly Kills 5 Kurds (WT/AP)

By Kim Gamel

The Washington Times, February 10, 2007

BAGHDAD -- U.S. helicopters targeting insurgents mistakenly killed at least five allied Kurdish militiamen in the northern city of Mosul early yesterday. The military also reported three more American soldiers killed in combat, pushing the U.S. death toll to 33 in the first eight days of the month.

Officials said the Kurds were killed about midnight as they guarded a branch of the Patriotic Union of Kurdistan, a political party led by Iraqi President Jalal Talabani, a key supporter of U.S. efforts in Iraq.

The U.S. military said the strike was carried out after American ground forces spotted armed men in a bunker near a building they thought was being used to make bombs for al Qaeda in Iraq. The troops called out in Arabic and Kurdish telling the men to put down their weapons and also fired warning shots before the helicopters opened fire, the military said.

Five men later determined to be Kurdish police officers were killed and nine others were wounded, the U.S. military said, offering condolences to the families of those who died. Kurdish officials put the casualty toll at eight killed and six wounded.

Kurdish lawmaker Mahmoud Othman denounced the air strike, but a spokesman for the Patriotic Union of Kurdistan, Azad Jundiyan, said the party realized the air strike was a mistake. "We are allied with the coalition; it was a friendly fire incident, not an intentionally hostile act," he said.

Mr. Jundiyan identified the dead as peshmerga -- Kurdish militiamen who once battled Saddam Hussein's regime. Many peshmerga have been incorporated into the Iraqi army since the U.S.-led invasion.

Three more American soldiers died Thursday in fighting in western Anbar province, the U.S. military said yesterday. More than half the 33 American deaths this month have been in Anbar.

In southern Iraq, a roadside bomb killed a British soldier, and wounded three.

Among the Americans killed this month were seven who died when a CH-46 Sea Knight helicopter crashed in Anbar on Wednesday.

An al Qaeda-linked insurgent group, the Islamic State in Iraq, posted an Internet video yesterday showing what it said was the downing of the Marine helicopter. The U.S. military has said it did not think the craft was shot down, although ground fire has brought down several helicopters recently.

Posted on a Web forum often used by Islamist militants, the two-minute video shows a helicopter that appears to be a Sea Knight in flight. An object trailing smoke is seen in the sky nearby, then the craft bursts into flames with a spray of debris. It is not clear, however, whether the streaking object is a missile, and it cannot be clearly seen hitting the helicopter.

Lt. Gen. Douglas E. Lute, chief operations officer for the Joint Chiefs of Staff in Washington, said there were indications the crash was caused by mechanical failure, although an investigation was still under way. He said militants have falsely claimed responsibility for aircraft crashes in the past.

In violence across Iraq yesterday, at least 36 persons were killed or found dead.

Added Troops Yield Few Results Yet In Baghdad (LAT)

By Louise Roug

The Los Angeles Times, February 10, 2007

A month after the Bush administration announced a "surge" in troops for Baghdad, Iraqis are still waiting for anything to change.

Fewer than 20% of the additional Iraqi and American troops have arrived so far. And the roughly 5,000 that have arrived have yet to make a visible impact in this sprawling city of 6 million people, where thousands of paramilitary gunmen patrol the streets.

U.S. officials are trying to manage expectations both domestically and in Iraq, continually asserting that the new forces will slowly take up positions in the capital over the coming months.

But after one of the bloodiest weeks since the U.S.-led invasion of 2003, Iraqis are increasingly impatient. A series of high-profile attacks on both civilians and security forces killed more than 1,000 Iraqis and at least 33 U.S. troops in the first nine days of the month.

U.S. Defense Secretary Robert M. Gates has said he is investigating whether he can speed the pace of the troop buildup. But a senior Pentagon official said this week that it was unlikely that U.S. troops could be sent to Baghdad any faster than planned. The five brigades going to the capital are due to arrive one per month, with the last coming in May.

So far, 3,000 U.S. troops and about 2,000 Iraqi counterparts have arrived here, according to U.S. officials. "I will be surprised if we can generate forces faster," said the senior official. Speeding the movement of U.S. forces into Baghdad would require a cut in training time, he said — a move resisted by Army officials.

In a handful of mostly Sunni Muslim neighborhoods, residents have noticed more American and Iraqi patrols. But many Iraqis interviewed said they saw no more security forces on the street than usual.

"The situation is the same or worse," said Hameed Abdullah, a 43-year-old from a southern Baghdad neighborhood. Abdullah heard about the security plan on TV but said he had seen little evidence of it in his area. Most shops are still closed, and security forces manning checkpoints do not search the cars.

Last week, he said, his neighbor of 10 years was killed in a drive-by shooting. "Every day someone I know is killed," Abdullah said.

Ahmed Samarie, a 26-year-old engineer who lives in Khadra, a predominantly Sunni neighborhood on the west side, offered an equally dark outlook. Militias and insurgents threaten residents in his neighborhood but face few consequences, he said.

"The Americans pass through the main street all the time, but they never actually patrol or ask what people want done here," he said. "They couldn't care less."

Samarie was skeptical of the Baghdad security plan, which he thought would target only Sunnis. One neighborhood close to his house, Adil, was recently raided by American and Iraqi troops, he said, but Hurriya, a troubled Shiite Muslim neighborhood nearby, was not.

"I will believe this security plan is for real if they start going into Shiite areas and purging them of gunmen," he said. "Otherwise, it's just another scam."

One American advisor to the Iraqi Defense Ministry said that, so far, additional troops have flowed into the least politically sensitive parts of the capital, which are typically Sunni, saving the more difficult Shiite neighborhoods for later. The U.S.-backed Iraqi government is dominated by Shiites and depends on radical Shiite cleric Muqtada Sadr for its majority in parliament, making any move against Shiite areas politically problematic.

A deadly maze

Army Maj. Gen. William B. Caldwell IV, the top U.S. military spokesman in Iraq, told reporters at a Baghdad news conference this week that the security plan "is not going to target any particular sector. It is going to be equitably enforced across the board, for all Iraqis." He specifically said that U.S. and Iraqi forces would have a presence in Sadr City, the huge Shiite neighborhood in northeastern Baghdad, which is Sadr's base.

Baghdad is already a deadly maze of checkpoints and concrete, manned by both legitimate security forces and gunmen posing as such. Moving through the city is difficult and dangerous. Many Iraqis are prisoners in their neighborhoods, if not their homes.

Before the troop buildup began, there were about 67,000 legitimate government security forces in the city — about 24,500 American troops, 17,500 Iraqi army soldiers and about 25,000 Iraqi police officers.

In addition, the city is home to an unknown number of private security contractors and a vast array of sectarian militiamen.

The 3,000 additional U.S. troops are among 21,500 that President Bush has pledged for Iraq, of whom 17,500 are to come to Baghdad. The Iraqi government is to commit between 8,000 and 10,000 additional troops to the capital, including the 2,000 who have already arrived.

But because Iraqi security forces suffer from widespread absenteeism, the total number may be much lower. U.S. officials have estimated that Iraqi brigades are deploying at about 60% of their full strength.

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According to the plan, mixed units of U.S. and Iraqi forces will be deployed throughout nine Baghdad districts. So far, 10 so-called Joint Security Stations have been established to house those units. There will be about three times as many once the troops are fully in place, which would be May at the earliest.

"We're just in the opening days," Lt. Gen. Douglas Lute said in a Pentagon briefing Friday. "We should not expect quick, easy or dramatic results."

No 'magic bullet' seen

U.S. Embassy spokesman Lou Fintor also counseled patience Friday.

"It's really important to caution people that it's going to take time," Fintor said during a call with reporters in Baghdad. "We're months away from seeing any concrete results. Right now we have to stress there's not going to be any magic bullet for solving Iraq's problems."

Caldwell acknowledged "some confusion" about the timing of the plan. "There is not a per se start date," he said. "You could say that the plan is ongoing. We're kind of rolling into this plan."

But as that happens, Iraqis have grown weary.

In Jamiya, formerly an upscale neighborhood bustling with cafes and dozens of shops, most places are shuttered after a series of bombings.

"The same Iraqi army checkpoints are on the main street and they don't do much," said Nawfal Sabbar, 29. "U.S. Humvees pass by on the same street but that's all they do — pass by."

He is one of the last young men in his area. Most others have left the country. Sabbar and his family are planning to leave for Qatar in a week but are having a hard time finding anyone to look after their house, even for money. He doesn't think the much-vaunted security plan will bring any change.

"Too many people have been killed, and many more people will want revenge for all these killings," he said. "Revenge is in the air. It will last a very long time."

US Iraq Forces Under New Command (BBC)

BBC.com, February 10, 2007

The new commander of US forces in Iraq, Lt Gen David Petraeus, is assuming control, ahead of a fresh push to quell violence in the capital, Baghdad.

Gen Petraeus will oversee President George W Bush's security plan, under which 21,500 extra American troops will be sent to Iraq.

Gen Petraeus, a veteran of the conflict, has called his task "hard but not hopeless".

Hundreds of Iraqis have been killed in bombings in Baghdad this year alone.

Gen Petraeus was named as Gen George Casey's replacement last month - part of a major shake-up of the US military tackling the conflict in Iraq.

Gen Casey has been promoted to US Army chief of staff.

"The situation in Iraq is dire. The stakes are high. There are no easy choices. The way ahead will be very hard," he said, testifying to the Senate armed forces committee last month.

"But hard is not hopeless."

The BBC's Jane Peel in Baghdad says Gen Petraeus' chances of success could be helped by an apparently changed attitude from the Iraqi Prime Minister, Nouri Maliki.

Mr Maliki has promised that all those involved in the violence will be legitimate targets, she says.

In the past, his Shia dominated government has been accused of protecting the Shia militias.

No-one in Baghdad expects an overnight transformation, but both the Iraqis and the Americans will be desperate for some early and tangible results, our correspondent adds.

US and Iraqi forces have been carrying out a low-level offensive against Shia militias in the capital for weeks, seen as a prelude to a major campaign.

The new offensive will involve US and Iraqi forces, thousands of whom are already on the ground, sweeping Baghdad for militants and illegally held weapons, US military officials say.

The Iraqi government has said it will announce guidelines for the new plan in the coming days.

However Mr Bush's plan continues to face considerable opposition both from Democrats and members of his own Republican party, who want an earlier transfer of security to Iraqi leaders.

America's Striving General (FT)

By Demetri Sevastopulo

DOJ_NMG_0131039

Financial Times, February 10, 2007

When a US army officer receives his fourth star, under normal circumstances it would be the crowning moment in a distinguished career. But the circumstances surrounding the promotion of General David Petraeus were anything but normal.

After President George W. Bush nominated Gen Petraeus to command US forces in Iraq, the 54-year-old West Point graduate received a slew of e-mails with messages that said it all: "Congratulations - I think."

By then, however, the general was under no illusions about the mission he had accepted, arguably one of the most unenviable jobs on the planet. Arriving back in Baghdad this week, the -warrior-intellectual - he has a PhD in international relations from Princeton University but revels in challenging men half his age to push-up competitions - was beginning his third tour.

When he commanded the 101st Airborne Division during the 2003 invasion of Iraq, Gen Petraeus would repeatedly ask: "Tell me how this ends?" Four years later, the question is his to answer.

Most people agree that theman who wrote a PhD dissertation entitled "The American Military and the Lessons of Vietnam" is uniquely qualified to oversee the controversial military "surge" that Mr Bush has ordered for Iraq.

Since graduating from West Point in 1974, in the closing stages of the Vietnam war, Gen Petraeus has maintained the reputation - enshrined in the academy's yearbook - as a "striver to the max". The 5ft 9in fitness fanatic and marathon runner won several prizes at the highly competitive US Army ranger school and later graduated top of his class at the Army Command and General Staff College.

After US-led forces toppled Saddam Hussein in Baghdad in 2003, Gen Petraeus took the 101st Airborne Division to the northern city of Mosul, where he gained accolades for establishing and overseeing Taskforce Tom Sawyer. The US effort to win the hearts and minds of the local population focused on rebuilding the city and restoring stability rather than kicking in doors.

Iraqis referred to Gen Petraeus as "King David", a sobriquet some officers use to refer to his perceived arrogance. But some have privately argued that his arrogance and ambition will be an asset since he will take risks that his more cautious predecessor, General George Casey, would have avoided.

Robert Gates, the new US de-fence secretary, yesterday des-cribed that suggestion as "baloney", insisting that he consulted many senior officers about who should lead the US effort in Iraq. "In virtually every case, Gen Petraeus was their first choice . . . even Casey," said Mr Gates.

Whether Gen Petraeus will again be crowned King David remains to be seen. In the 16 months since his last tour, conditions in Iraq have deteriorated sharply. The US military death toll has risen to more than 3,100 and even conservative estimates put Iraqi deaths at about 60,000.

The magnitude of the challenge was underscored last week when the US intelligence community issued a bleak assessment concluding Iraq had des-cended into what could be des-cribed as "civil war plus" be-cause of the different concurrent conflicts.

Gen Petraeus last served in Iraq as the US commander responsible for training Iraqi security forces. While Mr Bush was hoping American troops could "stand down" as Iraqi forces "stood up", the escalating violence has forced him to send Gen Petraeus to Iraq to oversee the entry of 21,500 extra US troops in a last-ditch effort to pacify Baghdad.

Gen Petraeus is aware that the US domestic political landscape has changed dramatically. Many military officers are concerned that the American public will not tolerate the war much longer and that still-supportive politicians will abandon ship.

Democrats opposing the surge have increasingly been joined by influential Republicans, such as John Warner, the respected Virginia senator, who is concerned that US soldiers are being caught in the crossfire of a civil war.

Before leaving Fort Leavenworth, on the banks of the Missouri, for his new home on the less placid banks of the Euphrates, Gen Petraeus had a taste of what it feels like to be caught between warring factions.

Senators used his nomination hearing before the armed services committee last month as a proxy issue to debate the planned surge. However, while there was intense disagreement over the policy, Gen Petraeus was lavished with praise.

The general must have known his promotion was safe when Edward Kennedy, the Massachusetts Democratic senator who specialised in lambasting Donald Rumsfeld, the recently ousted defence secretary, called him an "outstanding military officer". The Senate later overwhelmingly confirmed Gen Petraeus. In contrast, Gen Casey's nomination for army chief of staff drew opposition from a number of senators.

Gen Petraeus appeared calm and confident before the sometimes bellicose politicians on the committee, including heavyweights such as Republican John McCain and Democrat Hillary Clinton.

Displaying political skills that may help navigate the more treacherous political waters of Baghdad, Gen Petraeus mollified the senators by admitting past failures in Iraq. Taking full advantage of their post-Rumsfeld world, many senators asked whether the general would give his honest opinion to Congress.

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"I will give you my best professional military advice and if people don't like it, then they can find someone else to give better professional military advice," he replied. "I am not a politician. I'm a guy who wears a uniform and has for 32 years plus . . . I'd just really like to leave it at that . . . learning that minefields are best avoided and gone around rather than walked through on some occasions."

There were also bursts of humour - notably absent when Mr Rumsfeld used to testify. Asked whether a resolution against the surge would affect troop morale, Gen Petraeus joked: "I seriously doubt that our troops are sitting watching C-Span 3 in Iraq right now," in reference to the US public television channel that was broadcasting the hearing.

While Gen Petraeus won over the senators, however, the real battle is in Iraq. While he has called for patience, politicians in the US, who are becoming increasingly sceptical as the 2008 presidential election season opens, may not give him the time he says he needs. "You wrote the book, general, but the policy is not by the book," said Mrs Clinton. "You are being asked to square the circle, to find a military solution to a political crisis."

New US General In Iraq Hotseat (AFP)

By Bill Ickes

AFP, February 10, 2007

General David Petraeus, a 54-year-old paratrooper with a reputation as a deep thinker, has taken on the toughest job in the US military as head of American-led forces in Iraq.

Petraeus was named commander of the 140,000-strong force at a ceremony Saturday in Camp Victory, a massive American base on the outskirts of Baghdad, the violent epicentre of a bitter sectarian war.

He is tasked with turning around a faltering mission which faces mounting US casualties and a dramatic collapse in domestic political support.

"Now is the time for all Iraqis to reject violence and crime and corruption and to rise up against those who employ such methods to further their goals," the general told assembled dignitaries.

"The rucksack of responsibility is very heavy. In truth, it's too heavy for any one person to bear, and we will all have to share the burden and move forward together," he said, adding "the prospects for success are good."

"Failing that, Iraq will be doomed to continued violence and civil strife," he warned, promising to provide "the best leadership I can muster."

Petraeus, who has a doctorate in international relations, took over command from General George Casey, who has been promoted to army chief of staff.

The ceremony, conducted under a crystal chandelier in the grandiose rotunda of one of ousted Iraqi dictator Saddam Hussein's former palaces, was presided over by US Central Command leader General John Abizaid.

Even as the handover took place, violence continued around Iraq, with police reporting at least nine Iraqis killed in various attacks.

Four people were killed in central Baghdad and nine wounded, including two policemen, when a car bomb exploded, according to security sources.

South of the capital, in the town of Al-Mussayib, two women and a man were killed in a gun attack on their house, said police Captain Mthanna Hassan.

A suicide car bomber killed one Iraqi soldier and wounded five people, including two troops, in an attack on a patrol near the northern town of Tall Afar, Colonel Abdelkarim Al-Juburi told AFP.

In nearby Mosul a policeman was shot dead in his car, he added.

Petraeus's chances of success hang on the latest in a series of what have so far been failed US attempts to regain control of Baghdad and central Iraq, a region plagued by Shiite militias and roving gangs of Sunni insurgents.

Daily attacks on US-led forces and Iraqi civilians have increased steadily since the fall of Saddam Hussein in April 2003, and more than doubled in the 12 months since Sunni bombers destroyed a revered Shiite shrine in Samarra.

Ahead of the ceremony, Casey told reporters: "My greatest fear is that the Iraqis can't put the past behind them.

"We liberated them from 35 years of tyranny. We can't liberate them from the fears and prejudices that grew up in that 35 years. They have to do that themselves," he said.

Handing command to Petraeus, he smiled: "Dave, as we say in Iraq, 'Lots done, lots to do'. You won't want for hard work."

More than 3,100 US soldiers have died since the invasion and support for a continuing US presence in Iraq among American voters is at an all-time low, despite President George W. Bush's promise of a new strategy.

At least 16 US, British and Polish troops have died this week alone.

As one of the architects of the new plan, which will see 21,500 extra US troops flown in to work with Iraqi units trying to pacify Baghdad and Anbar province, Petraeus is now the figurehead for a controversial gamble.

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Petraeus -- who has spent a total of two-and-a-half years in Iraq since the invasion as commander of the 101 Airborne Division and head of the mission to train Iraqi forces -- is hailed as an intellectual and Iraq's best hope.

But critics of the "surge strategy" of pouring in more troops to kill off the sectarian war and impose Iraqi government authority warn the situation may already have spun beyond the control of the brightest minds.

"Some disasters are irretrievable," warned a report from the influential Washington think-tank, the Council on Foreign Relations, released Friday.

According to a new counter-insurgency manual drafted under Petraeus himself, for victory he would need "at least double the number of troops the United States will have on the ground once the surge is implemented."

Resolution Good For Surge (LAT)

The Los Angeles Times, February 10, 2007

TWO WEEKS AGO, the Senate seemed poised to approve a nonbinding resolution criticizing President Bush's planned deployment of 21,500 additional troops to Iraq. Such a resolution was viewed — even by some of its supporters — as less a policy prescription than a warning to Bush to live up to his promise that, "surge" or no surge, the U.S. mission in Iraq isn't "open-ended."

But thanks to parliamentary missteps by the new majority, some shrewd maneuvering by the Republican minority and Democratic skittishness about being accused of not supporting the troops, an anti-surge resolution is on hold in the Senate and instead gathering momentum in the House of Representatives. Meanwhile, supporters of the administration are suggesting that Congress should mind its own business.

We disagree. Congress should go on record as a way of pressing Bush and the Iraqi government to make the most of what may be the last politically realistic chance of pacifying that country and keeping it together.

An anti-surge resolution is one way for Congress to make Bush choose between two competing interpretations of his Jan. 10 speech unveiling a "new way forward" in Iraq: (1) That "if the Iraqi government does not follow through on its promises, it will lose the support of the American people"; and (2) that "failure in Iraq would be a disaster for the United States." Like many in Congress who support an anti-surge resolution, we believe the first message is the only tenable one. That the Bush administration itself might be leaning in that direction was suggested this week by Secretary of Defense Robert M. Gates' testimony before the Senate Armed Services Committee.

Gates expressed hope that the surge would succeed in pacifying Baghdad and ramping up the ability of Iraqi forces to maintain order on their own. But he also acknowledged that the Pentagon was studying alternatives — notably a redeployment of U.S. combat troops to Iraqi Kurdistan or Kuwait — in case the new strategy fails. Gates said the surge wasn't the "last chance" to salvage Iraq, but the backup plan he described was to move U.S. troops "out of harm's way."

Perhaps most revealingly, Gates told Sen. Robert C. Byrd (D-W. Va.) that "if the plan to quiet Baghdad is successful and the Iraqis step up, I would hope we would be able to begin drawing down our troops later this year." The implication is that the success — or failure — of the surge will be pronounced sooner rather than later. Gates' comments irritated Sen. Lindsey Graham (R-S.C.), who told the defense secretary that "if you're asking somebody in eight months to solve a 1,400-year-old religious dispute, bring people together who have suffered a dictatorship for 30 years, reconstruct an economy that was raped by a dictator — that's a pretty tall order."

Too tall, we would reply, if it requires the open-ended commitment that even Bush now seems to disavow. The president, Gates and Gen. David H. Petraeus should be given time to make a success of their new approach, but that time should be measured in months, not years. If it takes a resolution from Congress to make that point to the president, so be it.

For Eminent Sunni, Lessons In Weakness (WP)

By Ernesto Londono

The Washington Post, February 10, 2007

BAGHDAD, Feb. 9 -- Iraqi Deputy Prime Minister Salam Z. al-Zobaee's cousin has been in government custody for eight months.

He hasn't been charged, Zobaee said, and the formal inquiries he himself has made to have the oil engineer released, or at least get the case before a judge, have been rebuffed.

"He was detained because they looked at him like he didn't belong here," Zobaee said during a recent interview in his spacious office in the fortified Green Zone. "He has been in detention for eight months -- and I am a deputy prime minister."

Zobaee, in principle one of Iraq's most powerful men, offers the anecdote to illustrate his powerlessness, which he says is a product of the Shiite-led government's efforts to cast aside high-ranking Sunnis like him.

Shiite political leaders say Zobaee, one of Prime Minister Nouri al-Maliki's two deputies, deserves his placeholder status.

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"He does not deserve power," said Ali al-Adeeb, a Shiite lawmaker and a senior member of Maliki's Dawa party. "His group is accused of committing terrorism, and he always gets himself involved in defending terrorism. We have [Sunni] parties that are participating in the government during the day, but they are working at night cooperating with terrorists."

The marginalization of Zobaee -- who denies being an instigator of violence -- is a prominent example of the strained relationship between Sunni and Shiite leaders, an acrimony that many see as the main obstacle to deterring violence and laying the foundation for reconciliation in Iraq.

"We need, first, reconciliation inside the government," Mahmoud Othman, a Kurdish member of parliament, said in an interview. "They have never sat together to have a sound dialogue to agree on who the enemy is."

Maliki and U.S. military officials say Iraqis are taking the lead role in a security plan to pacify the capital and other parts of the country. But Zobaee, who nominally oversees security affairs, said he has been all but left out of preparations for and implementation of the plan. He said it is foolhardy to put Iraqi officials at the helm.

"If you ask me, 'Do you think the multinational forces can put their faith in the hands of the Iraqi government,' I will answer you: 'No. We don't have the right army.' "

In Zobaee's estimation, Iraq is not even "50 percent" ready to roll out the plan. And he accused the Shiite-dominated government of keeping him out of the loop on matters that should be among his primary responsibilities.

"I don't have any authority," he said during an hour-long interview in which he often sounded exasperated. "And always there are obstacles in our way, and we don't find someone to listen to us."

Zobaee also accused the Interior Ministry, which Maliki oversees, of unduly detaining tens of thousands of Sunnis, some of whom, Zobaee said, have been tortured in detention centers. Tens of thousands of Iraqis have been detained in recent years without charges or judicial oversight.

Sunni leaders say the Shiite-led government is only appearing to crack down on Shiite militias -- including the Mahdi Army, which is led by anti-American cleric Moqtada al-Sadr -- in order to appease the United States. But they acknowledge that it does so with trepidation, recognizing the considerable political power of Sadr and other Shiite militia leaders. Sadr is one of Maliki's key backers.

Shiites, on the other hand, say they cannot share details about security operations with Sunni leaders because of fears that the Sunnis will disclose the plans to insurgent groups.

U.S. officials say reconciliation is vital to ending violence in Iraq.

"The only way we will achieve peace and bring real stability in this country is the political process," Maj. Gen. William B. Caldwell, a senior U.S. military spokesman in Iraq, said Wednesday. "And the political process will allow the reconciliation to take place."

The culture of distrust and finger-pointing in the Iraqi government plays out frequently in parliament, where shouting matches are common and sessions often end in walkouts.

Maliki has repeatedly stressed the importance of overcoming sectarian differences.

"Observers will hopefully conclude that the operations are Iraqi ones aimed at achieving a joint goal," he told military commanders in a speech televised Tuesday. "When operations are carried out based on equality and justice, they will be respected by all of the Iraqis and will silence the voices that will allege that a certain operation has targeted this or that sect."

But Maliki himself hasn't always remained above the sectarian fray. During a parliamentary session Jan. 25, he dressed down a Sunni lawmaker who criticized Maliki's security plan.

Abdul Nasser al-Janabi, who belongs to a Sunni bloc that has pressed for a withdrawal of U.S. troops, demanded parliamentary oversight of the security effort.

An irritated Maliki admonished him: "This brother will trust the prime ministry when I bring your file forward and hold you responsible."

Maliki took the most powerful job in the Iraqi government after a coalition of Shiite political parties won the most seats in December 2005 elections.

He had virtually no control over the appointment of his deputies, who were selected based on the number of votes their parties received. Deputy Prime Minister Barham Salih, a Kurd, chairs a panel that oversees energy and oil policy.

Zobaee, a former university professor and union leader who has a doctorate in agronomy, was given the social services and defense portfolios. The latter in theory gives him oversight of the armed forces.

Maliki kept control of the Ministry of Interior, which oversees the police forces as well as detention facilities not run by the U.S. military.

The sectarian antipathy has made lawmaking an arduous and contentious task, even on issues that don't touch on security.

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"It is preventing the parliament from doing anything," said Othman, the Kurdish lawmaker. And instead of curbing sectarian tension, he said, government leaders are exacerbating it. "The problem is with the leadership, the religious leadership and the political leadership. It is preventing the parliament from doing anything."

Mahmoud al-Mashhadani, a Sunni Kurd and speaker of parliament, said the impact of sectarian differences on the political process could be worse.

"Iraq has not been dismembered into three countries," Mashhadani said during a recent roundtable discussion with reporters. "The presence of a united parliament under the same dome amid bombings is a hopeful and encouraging sign."

With Rumsfeld Gone, Rice Now Target Of War Anger (CNN)

By Elise Labott

CNN.com, February 9, 2007

WASHINGTON (CNN) -- Condoleezza Rice's appearance Wednesday before the Senate Foreign Relations Committee was downright tame compared with the reception she got last month, when she sat before the same committee to explain President Bush's "way forward" in Iraq.

On January 11, the secretary of state got an earful from both sides of the aisle. Sen. Chris Dodd of Connecticut, a Democrat who is running for president, called the Bush administration's Iraq policy "a fool's paradise," and Sen. Chuck Hagel, another possible White House hopeful, called Bush's plan "the most dangerous foreign policy blunder since Vietnam."

The tone this week was friendlier, but the criticism was much more pointed at Rice's diplomacy and her stewardship of the State Department. Committee Chairman Joe Biden, another Democratic contender for president, warned Rice that Iraq was sucking up the government's time, attention and resources and wondered aloud whether the secretary had the time to address the myriad other problems facing the United States. (Watch how Rice's star has dimmed)

Republican Sen. George Voinovich took Rice to task for not filling high-level vacancies at the State Department. Nobody, he said, was minding the store.

These are rough and uncharted waters for Rice, who sailed through the first six years of the Bush administration relatively unsullied as her colleagues -- particularly former Defense Secretary Donald Rumsfeld -- took the heat for the quagmire in Iraq.A perfect mix of substance and style

It wasn't always this hard.

After serving as national security adviser during President Bush's first term, Rice arrived at the State Department in 2005 a celebrity -- epitomizing that perfect mix of substance and style. She graced the pages of Vogue magazine and landed on Vanity Fair's best-dressed list.

During her first year she was praised for repairing the Bush administration's "go it alone image" by engaging Europe on the Iran nuclear issue and Asian allies on North Korea.

But it wasn't all smooth sailing. As the war in Iraq went south, so did Rice's plan to spread democracy throughout the Middle East. Her comments about sectarian tensions in the region being the result of the "birth pangs of the Middle East" were followed by a lackluster diplomatic attempt to intervene in Israel's war with Hezbollah.

As the problems in the Middle East mounted, Rice turned to old authoritarian allies, like Saudi Arabia and Egypt, for help.Lightning rod for criticism

Rice remains the most popular member of the Bush administration; her approval ratings in polls are higher than Bush's.

But the honeymoon is clearly over. Rice has inherited the role Rumsfeld played as a primary spokesman of the Iraq war -- and the primary lightning rod for criticism about it.

At a time when the American public and Congress have soured deeply on the war, they are now taking their frustrations out on the administration as a whole, and Rice in particular.

Even her predecessors are getting in on the game. During a rare series of hearings with former secretaries of state and national security advisers -- including James Baker, Henry Kissinger, Madeline Albright, Brent Scowcroft and Zbigniew Brzezinski -- Rice was taken to task for failing to practice the art of diplomacy.

"That's what we hire a secretary of state for, not to sit there and proclaim categorical statements, but to engage in the process," former national security adviser Brzezinski said.

Baker and Albright, both former secretaries of state, were particularly critical of Rice's refusal to engage with Iran and Syria.

Rice told The Washington Post in December that the "compensation" required to strike a deal with Iran and Syria would be too high.

But Baker, co-chairman of the bipartisan Iraq Study Group that recommended U.S. officials open a diplomatic front with Iran and Syria, told the Senate Foreign Relations Committee that when he was secretary of state "we practiced diplomacy full time, and it paid off."

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Said Albright, "Talking to governments about hard problems is what diplomacy is all about."Losing her mojo?

Now the headlines are asking whether Rice has lost her mojo.

A recent Economist editorial, entitled "The Falling Star of Condoleezza Rice," said the secretary of state "is not the woman she once was."

But there are signs Rice is trying to turn things around. Next week she will embark on a new push to resolve the Israeli-Palestinian conflict, seen as key to keeping Arab support for the war in Iraq and for a more robust policy to deal with Iran's nuclear program and its support for Islamic extremists in the region.

Beating back Tehran diplomatically may prove to be Rice's other primary challenge in her last two years in office. While the Bush administration insists it does not want a military conflict with Tehran, the rhetoric from Washington sounds very similar to that in the months leading up to the invasion of Iraq.

If she pulls off either, Rice could save the Bush administration's foreign policy legacy from being merely an indictment of the mess in Iraq. If she fails on both, she may leave the State Department with a much more dangerous world to deal with than the one she found when she arrived.

Appeals Court Backs Detainee (WP)

By Josh White

The Washington Post, February 10, 2007

A federal appeals court in Washington ruled yesterday that a U.S. citizen in U.S. military custody in Iraq has the right to challenge his detention in a federal court.

The judges said all American citizens, regardless of where they are captured and imprisoned, are entitled to federal court review of their cases through habeas corpus petitions if they are in U.S. custody.

The three-judge panel of the U.S. Court of Appeals for the District of Columbia said a U.S. court should review the circumstances of Shawqi Ahmad Omar's more than two years of incarceration in Iraq. It rejected the Bush administration's claim that the executive branch has nearly unlimited authority during wartime and its assertion that the United States can hold citizens indefinitely if they are in custody overseas.

The court also found that the U.S. military cannot transfer Omar to the Iraqi government to avoid a habeas corpus hearing. Circuit Judge Janice Rogers Brown, who dissented in part, agreed that the district court has jurisdiction over Omar's habeas case.

"Today's opinion says that when at the end of the day the buck is stopping with a U.S. official, the federal court gets a look into whether it is lawful," said Aziz Huq, a lawyer at New York University's Brennan Center for Justice, who represents Omar. "It prevents an area of darkness in which the government could consign both citizens and noncitizens to detention without judicial review."

The ruling applies only to U.S. citizens. It does not delve into whether captured foreign nationals who the government considers enemy combatants -- such as the 393 detainees at the military prison in Guantanamo Bay, Cuba -- are entitled to the same protection. The Military Commissions Act of 2006 prevents enemy combatants who are foreign nationals from filing habeas corpus petitions. That law also has been challenged in the courts.

Carl Tobias, a law professor at the University of Richmond, said yesterday's decision appears to be a "fairly straightforward application of habeas corpus" that "says the courts are open." But the case is likely to apply only to a few U.S. citizens, he said.

Justice Department officials said yesterday that they are evaluating the decision and how to proceed.

"It is important to remember that this case concerns an alleged enemy combatant captured by our military and held by a multinational force in a war zone," said Justice Department spokesman Erik Ablin. "We believe the court's decision will inappropriately interfere with the executive branch's prerogative to prosecute a war and to make good on its commitments to our allies."

Omar, a dual citizen of Jordan and the United States, was arrested in October 2004 amid allegations that he was aiding Abu Musab al-Zarqawi's terrorist network in Baghdad. Omar has said that he traveled to Baghdad to do reconstruction work and had been planning to leave in November 2004 but was arrested before his departure.

U.S. authorities wanted to transfer him to Iraqi criminal courts for trial, but a U.S. district court stepped in when attorneys argued he could lose his rights to challenge his detention. Omar has been jailed in various U.S. facilities in Iraq. He has told his attorneys he was abused.

One other U.S. citizen detained in Iraq has filed a habeas corpus petition, which is scheduled for a hearing in U.S. federal court next week. Mohammad Munaf was arrested and charged with taking part in a terrorist plot to kidnap a group of Romanian journalists. He was convicted in an Iraqi court and sentenced to death, but before the sentence could be carried out, a U.S. court in October prevented the U.S. military from transferring Munaf to Iraqi custody.

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Court Blocks Moving American's Case To Iraq Court (NYT/AP)

By The Associated Press

The New York Times, February 10, 2007

WASHINGTON, Feb. 9 (AP) — A federal appeals court blocked the Pentagon on Friday from transferring an imprisoned American to an Iraqi court to face charges that he supported terrorists and insurgents.

A three-judge panel of the United States Court of Appeals for the District of Columbia ruled unanimously that the prisoner, Shawqi Omar, a citizen of Jordan and the United States, had a right to argue for his release before a United States court.

By a 2-to-1 vote, the panel also upheld an injunction issued last year by Judge Ricardo M. Urbina of Federal District Court here that blocked the military from turning over Mr. Omar, 45, for trial in an Iraqi court.

"This is a case about whether a U.S. citizen can be cast into a legal black hole with no means to challenge the basis for his detention," Aziz Huq, Mr. Omar's lawyer, said. "The court today reaffirmed the Supreme Court's view that war is not a blank check as far as a citizen's liberty is concerned."

A spokesman for the Justice Department, Erik Ablin, said it believed that the decision would "inappropriately interfere with the executive branch's prerogative to prosecute a war and to make good on its commitments to our allies."

Mr. Ablin noted that the partial dissent called the ruling unprecedented and said it would effectively block a foreign government from making an arrest on its own soil. He said department lawyers were evaluating their next legal step.

American forces captured Mr. Omar in 2004 at his home in Baghdad in a raid on associates of Abu Musab al-Zarqawi, the Qaeda leader killed last year in an airstrike. He has been held without formal charges. Mr. Omar has not had access to counsel, his family says.

The military says Mr. Omar was harboring insurgents and had bomb-making materials when he was arrested. The military decided in 2005 to transfer him to the Central Criminal Court of Iraq for trial, but United States courts have blocked that. Lawyers for Mr. Omar's family say he is innocent and is likely to be tortured if transferred to the Iraqis. They say he is a businessman who sought rebuilding contracts in Iraq.

Writing the majority opinion, Judge David S. Tatel said the Supreme Court had held in three cases involving detainees after Sept. 11, 2001, that American courts had jurisdiction to review their detention.

KBR, The Military Honor Civilian Sacrifices (HC)

By Brett Clanton, David Ivanovich

Houston Chronicle, February 10, 2007

The Defense Department and KBR on Friday honored 28 contractors who were killed or wounded in the Middle East with the agency's civilian version of the Purple Heart.

But some honorees at the event said citizen contractors still are not getting the same recognition as the military for sacrifices they make serving their country in Iraq.

"The contractors are every bit as important as the military," said Lloyd Dagit, who lost his 42-year-old son Keven in Iraq on Sept. 20, 2005. But they are rarely treated that way, he said.

Yet on Friday, Dagit was more concerned with remembering his son — and that midnight call from KBR that shattered his world.

"I thought I was prepared for anything that happened," he said. "But I wasn't."

Dagit of Jefferson, Iowa, and the relatives of eight other slain contractors, as well as 19 others who were wounded gathered in Houston on Friday for a private ceremony honoring the KBR workers.

All received the Defense of Freedom medal.

The Pentagon does not include civilian contractor deaths in its casualty figures for Iraq. The tally of war dead roughly stands at 3,100.

The Labor Department — through its division of Longshore and Harbor Workers' Compensation division — says at least 770 civilian contractors working for U.S. firms had died in Iraq as of Dec. 31, while another 7,761 had been injured.

Supporting troopsKBR, which is in the process of being spun off by Houston-based Halliburton, is the largest military contractor operating in Iraq. Under a multibillion-dollar logistics contract with the Army, some 50,000 KBR employees and subcontractors provide an array of support services for U.S. troops, from building bases to serving food.

And while workers operate under protection by the U.S. military or private security officers, they still come into harm's way.

Ninety-eight KBR employees and subcontractors have been killed in Iraq, Kuwait and Afghanistan since the two U.S.-led invasions began. Another 450 have been wounded in hostile action, said company spokeswoman Melissa Norcross.

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KBR has received approval to grant Defense of Freedom medals to 95 of its wounded or slain workers, and is seeking permission for more awards, she said.

Some of those medals will be given to KBR employees while they are still serving in the Middle East. But the company has also been quietly hosting U.S. ceremonies like the one Friday morning at the Hilton Houston Post Oak hotel.

Though a government-sponsored award was being given, KBR said "out of respect to the families" it would not allow news media to attend.

After the event, KBR went so far as to surround honorees with security officers, escorting them to a private reception. Two uniformed Houston Police Department officers were also standing outside the hotel's lobby.

Norcross said it was a "joint decision" by the company and the U.S. Army to keep the event closed to the public.

But KBR sent out the invitations, helped with travel arrangements and paid for air fare and rooms for the recipients and up to three guests per invitation.

During the award ceremony, Maj. Gen. Jerome Johnson, commanding general of the Army Sustainment Command, handed each worker or surviving family member a plaque containing the Defense of Freedom medal, along with a certificate signed by Army Secretary Francis Harvey.

Established after the Sept. 11, 2001, terrorist attacks to honor civilians killed or wounded while aiding the military, the medals feature a bald eagle holding a shield on one side, and the words "On Behalf of a Grateful Nation" along with the recipient's name on the reverse.

Among the wounded KBR workers receiving the award was Jeff Hayson, 50, of Yakima, Wash.

Sitting in the hotel's lobby before the ceremony, Hayson struggled to remember how many surgeries he had undergone after shrapnel from a July 2005 roadside bomb cut through his mouth and severed his carotid artery.

"I'm really lucky to be alive," said Hayson, who attended the event with his wife, Valarie.

Across the lobby, in the hotel's lounge, was James Blackwood, another one of KBR's wounded being honored Friday.

'Lucky to be alive'Blackwood, 54, was shot four times during an ambush of his truck convoy in the spring of 2004. One bullet blew off a finger on his right hand, one hit his right arm, another pierced his right shoulder and one landed in his left leg.

"Nobody got out of it without getting hit," said Blackwood, who lives in Fort Worth and is one of a number of former KBR workers pursuing litigation against the company.

But wounded KBR workers such as Wallace McNabb would just like to see contractors receive as much credit as the military for their work in Iraq.

"We get killed and wounded right alongside them," said McNabb, 51, of Lincoln, Neb., who was shot in his left hand while working for KBR as a truck driver in Iraq.

Yet Earnest Cook said he was happy just to be getting any award for his time driving a truck for KBR in Iraq. While the 48-year-old from Troy, Texas, had part of his left elbow blown off in an insurgent attack, he remains matter-of-fact about the whole thing.

"I was just doing what I was supposed to do," he said.

Help For The Intrepid (WSJ)

By Jonathan Gurwitz

The Wall Street Journal, February 10, 2007

SAN ANTONIO -- The word "sacrifice," like the word "war," lends itself to political and rhetorical excess. There are symbolic sacrifices in metaphorical wars. Then there are genuine sacrifices in real wars.

The latter was on display last week at Fort Sam Houston in San Antonio, as representatives of a grateful nation dedicated the Center for the Intrepid and two new Fisher Houses to those wounded in the global war on terror.

The center is a 65,000-square-foot, state-of-the-art physical rehabilitation facility. The Fisher Houses are homes away from home for the families of military personnel being treated at military medical centers and Veterans Administration hospitals. The center and the houses were built entirely with private funds. More than 600,000 Americans contributed $50 million to construct the Center for the Intrepid. Thousands more donated the $8.3 million needed to build the new Fisher Houses for Brooke Army Medical Center, home to the sole Army Burn Center and one of two Army Amputee Care Centers. BAMC has treated more than 2,600 service members injured in Afghanistan and Iraq. Only Walter Reed Army Medical Center in Washington, D.C. has cared for more casualties.

As the dedication ceremonies commenced, 300 wounded military personnel walked, staggered and rolled beneath the drawn swords of an honor guard to take their seats in the front rows. One of them was Staff Sgt. Jon Arnold-Garcia.

Staff Sgt. Arnold-Garcia of the 101st Airborne Division lost the lower half of his right leg to a grenade when insurgents struck his convoy in Hawija, Iraq. Not yet fitted with a prosthesis, Staff Sgt. Arnold-Garcia was on crutches.

As the Joint Service Color Guard of the Military District of Washington presented colors, Staff Sgt. Arnold-Garcia rose to attention, without crutches, on one leg.

Next to him was a soldier I knew. Staff Sgt. Steve Bosson of the 1st Cavalry Division is a bear of a man. Looking at his frame, you wouldn't know he's been through three years of surgeries, prosthetic fittings and rehabilitation. Staff Sgt. Bosson lost the lower half of his left leg to a grenade in an ambush west of Baghdad.

At moments during the National Anthem, Staff Sgt. Arnold-Garcia would teeter a bit. To keep his balance, he would occasionally touch the elbow of his right arm, drawn up in salute, to the shoulder of Staff Sgt. Bosson. It was a fleeting yet moving portrait of genuine sacrifice.

Representatives of the Intrepid Fallen Heroes Fund and the Fisher House Foundation spoke at the ceremony, as did Secretary of Veterans Affairs Jim Nicholson and Chairman of the Joint Chiefs of Staff Gen. Peter Pace. So did Sens. Hillary Clinton and John McCain. The speakers, however, were merely paying tribute. The true dignitaries were the wounded warriors who sat in the front rows.

Mr. McCain's comments were stately. "What you have done for us, we can never do for you," he told the injured. "But we are mindful of that distinction and humbled by it. And our appreciation for your service demands us all to do what we can, in less trying circumstances, to help keep this nation a place and an idea worthy of the hardships, danger and sacrifices you have born for us so valiantly."

Some critics have questioned the propriety of individuals and businesses, rather than the government, building the Center for the Intrepid and the Fisher Houses. Democratic strategist Paul Begala told my colleague Scott Huddleston, "It is an obscenity that a government that can find billions in no-bid contracts for Halliburton and trillions in tax cuts for the wealthy cannot find a few million dollars to bind up the wounds of its heroes."

Mr. Begala is of course correct that the government has an inviolable obligation to care for military personnel and veterans. But do the thanks of citizens end with the filing of tax returns?

Arnold Fisher, the philanthropic force behind the center, who saw it through from groundbreaking to completion in fewer than 15 months, provided a rhetorical answer: "Why would we want our government to do that which we could do ourselves in half the time, at half the cost and twice the quality?"

Everywhere one turned were examples of men and women inspired to give of their own accord, to show gratitude worthy of the sacrifice of the citizen soldiers of the volunteer military.

John Melia is a Marine veteran who was severely wounded in a helicopter crash in Somalia in 1992. After his recuperation at BAMC, he began the Wounded Warrior Project, a nonprofit organization that places veterans at the bedside of wounded military personnel to support them and their families.

Kirk Bauer is an Army veteran who lost a leg in a grenade attack in Vietnam in 1969. A year later, he began working with Disabled Sports USA, a nonprofit that provides adaptive sports opportunities for individuals, military or civilian, with permanent physical disabilities. Today Mr. Bauer is executive director of the organization, which now has 87 chapters in 35 states.

Janis Roznowski is a flight attendant for American Airlines. After volunteering on a government-chartered flight bringing troops home from the Middle East, Ms. Roznowski felt compelled to follow up on the needs of the wounded. She started Operation Comfort, a nonprofit organization that plans recreational projects and events for convalescing personnel and their families.

"We're not done yet," Mr. Fisher told me in the gleaming lobby of the Center for the Intrepid. With more combat troops headed for Iraq and a spring offensive expected from the Taliban in Afghanistan, the ranks of the wounded will grow.

Have these men and women earned the government's commitment to provide them the finest care available? Of course. Do they also deserve -- beyond the payment of taxes and vapid talk about national sacrifice -- some measure of support from the American people?

"We can never give them back what they lost," said Richard Santulli, chairman and CEO of NetJets and chairman of the board of trustees of the Intrepid Fallen Heroes Fund. "But it is our duty as Americans to give them back as much normalcy in their lives as we can. That will be the best legacy this center can provide."

Mr. Gurwitz is a member of the editorial board of the San Antonio Express-News.

Survival Of Ancient Faith Threatened By Fighting In Iraq (WP/AP)

By Chris Newmarker

The Washington Post, February 10, 2007

TRENTON, N.J. -- Among the casualties of the Iraq war is a little-known religious faith called Mandaeanism that has survived roughly two millennia and whose adherents believe that John the Baptist was their great teacher.

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While there were more than 60,000 Mandaeans in Iraq in the early 1990s, only about 5,000 to 7,000 remain. Many have fled amid targeted killings, rapes, forced conversions and property confiscation by Islamic extremists, according to a report released last week by the New Jersey-based Mandaean Society of America.

Among the roughly 1,500 Mandaeans in the United States, there have been continual phone calls with endangered friends and relatives, fundraisers and unsuccessful lobbying efforts in Washington to get Mandaeans out of Iraq, as well as neighboring Jordan and Syria.

"Unfortunately, we're not big in numbers, and numbers talk," said Suhaib Nashi, a 53-year-old pediatrician who helps run the Mandaean Society of America out of his Morristown, N.J., home.

Mandaean leaders say tens of thousands of their brethren are scattered around the world, including a U.S. community centered around New York and Detroit.

With the dispersion comes concern that the faith is withering, especially as more Mandaeans marry non-Mandaeans, with no mechanism to bring their children into the fold.

"There's not much hope for us to survive to two or three generations," Nashi said.

Scholars who study the Mandaean religion and culture say its extinction would be a great loss, the end of an ancient religious movement. Dating to the time of the Roman Empire, it survived primarily in what is today Iraq and Iran, a branch of the Gnostic movement that borrowed elements of Christianity.

Mandaeans view John the Baptist as a great teacher, and engage in baptisms to come in closer contact with a "world of light" that is better than the material world on Earth.

"It represents a slice of the culture of the Middle East before the rise of Islam. It's a view to a former world. And frankly, we don't know very much about it," said Charles G. Haberl, an instructor in Middle Eastern studies at Rutgers University.

Haberl, who says he's trying to arrange a reprint of one of the Mandaeans' main holy books for the first time in about 150 years, laments that an "enormous literary tradition" may soon disappear.

"It would be as if a museum or library were put to the torch," Haberl said.

Driven from Iraq and Iran, many Mandaeans have adapted to their new homes, enjoying financial success as medical doctors, civil engineers and jewelers, Nashi said.

But being scattered means that many in the younger generation have found spouses outside the community. And since a Mandaean has to be born a Mandaean, the children of such marriages have a questionable status in the religion.

Mamoon Aldulaimi, 60, of Lake Grove, N.Y., is a civil engineer who's a leader in the Mandaean community. Aldulaimi's son, 20-year-old Hani Aldulaimi, married an American raised as a Baptist.

At the wedding last May in the Phoenix area, where the newlyweds live, Mamoon Aldulaimi's daughter-in-law prominently displayed a darfash, a cross with cloth hanging off of it that's a symbol of Mandaeanism.

"She took that initiative as a matter of respect for us," Aldulaimi said.

But with the religion's few dozen priests reluctant to agree on a mechanism to bring in the children of mixed marriages, Aldulaimi and others wonder how long Mandaeanism will survive.

Meanwhile, the few thousand Mandaeans still living in Iraq are finding their lives increasingly in danger, targeted by extremists of every political stripe and religious faith.

Nashi said a cousin on his father's side, Suhail Jani Sahar, was killed by Shiite fighters in November. A more distant cousin on his mother's side, Yahya al-Chuhaily, was killed by Sunnis in June.

"Where there are areas where the Shia are the majority, they'll kill the Mandaeans and the Christians along with the Sunnis. Where there are areas where the Sunni are the majority, they'll kill the Mandaeans and the Christians along with the Shia," Nashi said.

Jorunn Buckley, an assistant professor of religion at Bowdoin College in Brunswick, Maine, has studied Mandaeans for decades and has testified for them in U.S. immigration courts. She said the United States could do much more to get Mandaeans out of the Middle East.

"It's not that many people," Buckley said. "It's not 5 million people."

When contacted about the issue, a State Department spokesman cited Jan. 17 congressional testimony by Ellen R. Sauerbrey, assistant secretary of state for population, refugees, and migration, who said the department has been expanding the ability of the United States to bring in more Iraqi refugees, including the "special populations" of religious minorities.

"We intend to ensure that these special populations receive the same consideration and access to the U.S. resettlement program as others," Sauerbrey told the Senate Judiciary Committee.

Pentagon To Extend Troops In Afghanistan (AP)

By Robert Burns

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AP, February 10, 2007

The Pentagon plans to extend its buildup of several thousand combat troops in Afghanistan, initially announced as lasting until late spring, well into next year, a senior U.S. military official said Friday.

The move comes as U.S. and allied commanders anticipate a renewed offensive this spring by the Taliban, and as they seek additional reinforcements from NATO countries. The effort to bolster forces there so far has brought only limited success, with a few nations promising handfuls of additional troops and equipment.

The extension of the U.S. buildup means American troop levels in Afghanistan, which increased this month to about 26,000 — the highest of the war — will remain roughly the same until at least spring 2008. Until now, a level of 22,000 to 23,000 had prevailed through much of last year.

The decision, expected to be announced in Washington as early as next week, entails sending an Army combat brigade to replace the 3rd Brigade of the 10th Mountain Division when it leaves this spring.

Without replacing that brigade, the number of U.S. troops in Afghanistan would have receded to the lower level. That is because the U.S. has had extra troops in the country since earlier this month, when a brigade of the 82nd Airborne Division arrived.

The official, who spoke on condition of anonymity because the decision has not been announced, declined to identify the replacement brigade. There are about 3,500 soldiers in a brigade.

The move comes as the United States is also adding 21,500 troops to its forces in Iraq, which totaled around 130,000 before that buildup started.

While President Bush's troop increase in Iraq has aroused widespread public and congressional opposition, there has been little dissent over efforts to intensify U.S. operations in Afghanistan. Both conflicts, however, are continuing to put severe strains on a military that is constantly scrambling to find fresh troops and equipment to send to the war zones.

The increase in the U.S. force in Afghanistan comes as NATO's new top commander, Gen. John Craddock, is seeking 1,500 to 2,000 extra combat troops for the campaign, plus about 800 more from the British.

Decisions about adjusting U.S. troop levels next year will depend in part on whether the United States' NATO partners send all the combat and support forces they have promised.

About 15,000 of the American troops in Afghanistan are serving in the NATO-led force, which now totals about 36,000. The other 12,000 are special operations forces or are training Afghan troops.

The 3rd Brigade originally was to go home this month, as it turned over command to the brigade of the 82nd Airborne, but the Pentagon announced in January that it instead will be kept in place four extra months.

Until now, it was not clear whether the Pentagon would replace the 3rd Brigade when it went home.

The senior official, who spoke on condition of anonymity because the decision to extend the buildup has not been announced, said the unit that replaces the 3rd Brigade in late spring will remain for a year.

Thus the number of brigades in Afghanistan, which increased from one to two this month with the 82nd Airborne's arrival, will remain at that level until the spring of 2008 and possibly beyond, he said.

4 Afghan Police Killed In Taliban Ambush (AP)

Associated Press, February 10, 2007

Taliban militants ambushed a truck full of Afghan police in southern Afghanistan, killing four officers and injuring three, an official said Saturday.

The attack occurred Friday evening in the Panjwayi district of Kandahar province, said provincial police chief Afmatullah Alizai. The three injured were in serious condition, he said.

NATO forces in September killed more than 500 militants in the Panjwayi area, largely clearing the region of militants in an offensive dubbed Operation Medusa.

Canadian and U.S. Special Forces are now working in Panjwayi to increase security. More Afghan security checkpoints have been put up, a new road is being built and schools and clinics are re-opening.

But small groups of fighters remain.

The attack on the police happened near the village of Talukan. Militants in December beheaded two men in Talukan, saying the two were working with NATO forces.

Attacks spiked in Afghanistan last year, with some 4,000 people killed in insurgency-related violence, according to an Associated Press count based on numbers from U.S., NATO and Afghan officials.

NATO officials are bracing for more violence this spring, when fighters typically step up attacks after a winter lull.

Eleven Taliban, Four Police Killed In New Afghan Violence (AFP)

AFP, February 10, 2007

Four policemen and 11 Taliban have been killed in fresh violence in southern Afghanistan, as a suicide car bomb narrowly missed a NATO military convoy.

The Taliban fighters were killed Friday in an Afghan and International Security Assistance Force (ISAF) operation in Kajaki district of the southern province of Helmand, provincial police chief Mohammad Nabi Mullahkhail said Saturday.

British forces with ISAF have been trying to clear the area of militants to allow the resumption of work to rehabilitate a hydropower project that could supply power to 1.8 million people.

The violence follows the death of 10 Taliban on Thursday in the same area, who were killed in clashes with Afghan and British troops, police said.

A purported Taliban spokesman, Yousuf Ahmadi, confirmed the fighting in Kajaki but denied any losses on his side claiming instead that several Afghan and NATO soldiers were killed.

The security forces said they did not suffer any casualties.

Overnight Saturday Taliban militants ambushed a police patrol in Panjwayi district of neighbouring Kandahar province, killing four police and wounding three more, provincial police chief Assmatullah Alizay told AFP.

The police were on patrol late Friday when Taliban fighters opened fire, kicking off a gunbattle. There was no information on any Taliban casualties, he said.

Ahmadi claimed in a telephone call from an undisclosed location that around 10 police were killed and wounded.

Also in Kandahar, a suicide attacker detonated a car bomb as he tried to approach a NATO convoy near the southern city of Kandahar but he missed by metres and killed only himself.

The attacker was blown to pieces and body parts were flung across the area as was the shattered vehicle used to carry the bomber, Alizay said.

The blast was on a major highway that has seen many of the regular attacks in the city, including a February 4 suicide bombing targeted at a Canadian convoy that also caused no casualties besides the bomber.

The militants stepped up their bloody insurgency in 2006, with the violence claiming more than 4,000 lives. The religious extremists were toppled from power in a US-led offensive in late 2001.

Gates To Meet Musharraf In Pakistan Next Week: Officials (AFP)

AFP, February 10, 2007

US Defence Secretary Robert Gates will visit Pakistan early next week for talks with President Pervez Musharraf on the threat from Taliban insurgents in Afghanistan, official sources said.

It will be Gates' first visit to the key US ally in the "war on terror" since he came to office late last year. He is expected to fly to Afghanistan afterwards.

Gates' visit will be closely followed by separate visits to the region by NATO Secretary General Jaap de Hoop Scheffer and two top diplomats from the United States and Britain, the sources said.

"These visits are part of a renewed focus on Afghanistan, how to deal with the threat posed by Taliban," a senior Pakistani official told AFP on Saturday.

Afghanistan suffered its bloodiest year in 2006 with more than 4,000 people killed, mostly rebels, sometimes in pitched battles between Taliban-led insurgents and NATO-led troops in regions bordering Pakistan.

Pakistan has faced mounting accusations it has not stopped Taliban using its territory as a sanctuary and launching pad for attacks inside Afghanistan, where the hardliners were ousted from power in late 2001 by US-led forces.

The foreign forces in Afghanistan are bracing for expected surge in Taliban violence in the coming months and NATO has said it wants to reinforce its 35,000 troop-deployment in the war-torn country.

Musharraf recently said security along the porous Pakistan-Afghanistan border was the joint responsibility of all the forces nearby, and Pakistan could not win the fight against militancy on its own.

Camouflaged Defense Spending (LAT)

By Veronique DeRugy

The Los Angeles Times, February 10, 2007

AT THE SAME TIME that President Bush requested more than $700 billion for the Pentagon budget this week, he managed to create the impression that he was asking for the much smaller amount of $481 billion. The trick he used — socking about $235 billion into two "emergency supplemental" funding requests for the wars in Iraq and Afghanistan — didn't fool the public for very long. But the longer the White House and Congress continue to treat "war-related" funding as a separate item from the budget for the Department of Defense, the harder it will be to control a ballooning federal budget.

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Here's how the supplemental shell game works. The official defense budget for 2008 comes to $481 billion. That's a 10% increase over last year and a 62% increase over 2001. And it conveniently fails to include a supplemental request of $141.7 billion, which brings the 2008 defense total to $622.7 billion. On top of that, the president requested a 2007 supplemental in the amount of $93.4 billion, bringing this week's entire defense "budget authority request" to $716 billion (the figure of actual outlays is even higher because it includes billions already committed to the Pentagon).

Both of these supplemental items are part of the true cost of defense, and the one piece of good news is that they were mentioned in Monday's $2.9-trillion budget proposal. That's a big improvement over recent practice, in which supplementals were requested throughout the year but never mentioned in official proposed budgets. (That $93.4 billion for 2007 comes on top of a $70-billion "bridge supplemental" appropriated in November.)

However, the underlying problem — the use of supplementals to paper over the real costs of defense and domestic programs and to avoid making tough budget choices — is very much alive.

Supplemental budget requests are supposed to provide funding that cannot wait until the next appropriations cycle. Congress uses them to foot unexpected costs because of natural disaster or war. Thus, supplementals provided the initial funding for conflicts including the Persian Gulf War, Bosnia and Kosovo. However, the continued funding for these conflicts came through regular budget horse-trading. Traditionally, supplemental spending makes up less than 1% of defense spending, and it rarely rises above 3%.

By contrast, in 2007, at least 16.4% of new defense spending will go through supplemental bills. And yet, after four years of engagement, the cost of the war in Iraq is by no means unpredictable or sudden. The largest expenditures in the supplementals are the salaries and benefits of Army National Guard personnel and Reservists called to active duty.

So why abuse supplemental appropriations? Because Congress and the president have discovered that they are an effective way to discreetly increase spending for a long and painful war. As important, supplemental spending does not count against budget caps or automatically trigger offsetting cuts. Thus, the Pentagon can have money for the war while keeping space available in the regular budget for pet projects.

Last year, Army Chief of Staff Gen. Peter Schoomaker gave the game away when he testified before a Senate committee that the Army preferred to fund 30,000 additional troops through supplementals because including the funds in its annual budget request "would have to displace other things that are too important to us as we transform."

But that trade-off is exactly what should be happening. In the 2008 budget, instead of one defense budget request that has to balance and justify the need for war-fighting funds with such Cold War-era weapons boondoggles as the Air Force's F-22 stealth fighter, the Marine Corps' tilt-wing V-22 Osprey and the Navy's DDG-1000 stealth destroyer and Virginia-class attack submarine, the Pentagon separates the two and gets to have its cake and eat it too.

Nor is the Pentagon the only player in the shell game. By trimming the administration's formal defense spending request (while relying on supplemental spending to make up the difference), Congress can free up the amount "saved" for non-defense appropriations.

That's why, in 2006, then-House Appropriations Committee Chairman Jerry Lewis (R-Redlands) asked that $6 billion be cut from the proposed 2007 defense budget and shifted over to erase almost $4 billion in cuts proposed for the departments of Labor and Health and Human Services. That made Congress look fiscally responsible. In the 2007 fiscal year, this bipartisan practice will make it possible for Congress to spend an extra $170 billion.

The Democratic Congress could use Iraq spending as leverage for some long-overdue cutting of waste at the Pentagon. Or Congress may decide that more than $700 billion for defense is worth every penny. But we must stop pretending that war-related costs are somehow separate from the budget of a department whose only mission is to fight and win the nation's wars. That won't happen until Washington stops hiding major defense spending increases — years after this "emergency" practice should have stopped.

Veronique De Rugy Is A Resident Fellow At The American Enterprise Institute.

DOJ:

Ousted U.S. Attorney Blames Policy Disputes With Bosses (AZREP)

By Billy House And Dennis Wagner, The Arizona Republic

Arizona Republic, February 10, 2007

Former U.S. Attorney for Arizona Paul Charlton said Friday that he left office in January for "principled reasons, not performance issues," as a deputy attorney general suggested this week.

Charlton, who was one of six top federal prosecutors across the country forced to resign, said there had been "policy disputes" with his Justice Department higher-ups. Charlton spoke to The Arizona Republic on Friday in his first public comments since being asked to step down.

Although Charlton declined to elaborate, two sources said a main disagreement between Charlton and officials in Washington centered on when to seek the death penalty in federal murder cases.

As a U.S attorney, Charlton has pursed the death penalty in some cases. But his insistence on determining whether to push for capital punishment on a case-by-case basis clashed on at least two instances with a Justice Department effort to centralize decisions nationally and to seek the death penalty in a uniform way.

Charlton acknowledged that he was among the prosecutors who received a telephone call on Dec. 7 from Michael Battle, director of the Justice Department's executive office for U.S. attorneys, asking him to resign.

"I certainly was given no indication there were performance concerns," Charlton said.

Like all U.S. attorneys, Charlton served at the pleasure of the president. He was appointed in November 2001.

Even so, Charlton said that he told Arizona GOP Sen. Jon Kyl, a member of the Senate Judiciary Committee, of the call and that Kyl agreed to speak to officials at the department on his behalf.

"Senator Kyl informed me that after his conversation with the Department of Justice that the department agreed they would reconsider their asking me to resign," Charlton said.

But, Charlton said, "it then became apparent to me that our views had become so divergent and disparate that I would resign."

"I left for principled reasons, not performance issues," said Charlton, now a partner in the firm of Gallagher and Kennedy.

'Issue of semantics' A Justice Department official in Washington who asked not to be identified said that Charlton's distinction between policy and performance "may be an issue of semantics."

"Policy is set at a national level," the official said. "Individual U.S. attorneys around the country can't just make up their own policy agendas. Such a situation would result in chaos with 93 different U.S. attorneys implementing different policy decisions around the country. That is no way to run an organization."

Kyl, in a statement released by his office on Friday, said he had "been assured that both Attorney General (Alberto) Gonzales and Deputy Attorney General Paul McNulty are grateful for Paul Charlton's five years of service, as am I."

"My understanding is that Paul Charlton's departure resulted from disagreements with the Department of Justice about some office policies," Kyl added. A spokeswoman for Sen. John McCain, R-Ariz., said he also believes Charlton "was an exemplary U.S. attorney."

Charlton's comments come amid a growing controversy over the forced resignations of six top prosecutors.

McNulty testified this week before the Senate Judiciary Committee, which is looking into the dismissals, and suggested that the Republican-appointed U.S. attorneys were asked to resign for "performance-related" reasons.

The ousters have prompted a Senate battle over a provision quietly slipped into the Patriot Act reauthorization last year to allow the Justice Department to replace prosecutors with interim successors for indefinite terms, viewed by some as a Bush administration end-around past Congress.

On Thursday, the Senate Judiciary Committee in a bipartisan vote passed a measure opposed by Kyl to repeal that provision.

One of the ousted U.S. attorneys, John McKay of Seattle, said earlier this week that his office received glowing performance reviews as recently as last fall. And another, Daniel Bogden of Nevada, has also told a newspaper that he had not been told of any problems with his performance.

The suggestion that Charl- ton was asked to leave for performance-related reasons stunned one former supervisor, former Deputy Attorney General James Comey. Comey was McNulty's predecessor in that job, leaving in August 2005.

Charlton "was one of the stars of the U.S. attorney community," Comey, now general counsel for Lockheed Martin, said Friday. "His office handled a staggering caseload and number of crimes."

Arizona case Wyn Hornbuckle, a spokesman for the U.S. Attorney's Office in Arizona, said there has been only one person sentenced under the Federal Death Penalty Act in Arizona. Lezmond Charles Mitchell, 25, is being held at the Special Confinement Unit in Terre Haute, Ind., one of 44 inmates there facing execution.

Mitchell was convicted in the October 2001 murder of Alyce Slim, 65, and Tiffany Lee, 9, during a kidnapping. Mitchell and a co-defendant, Johnny Orsinger, stabbed the victims to death after catching a ride as hitchhikers. Mitchell is reportedly the first and only Native American facing federal execution. The Navajo Nation has criticized his sentence, which is scheduled for appeal Thursday in the 9th Circuit Court of Appeals.

Hornbuckle said federal prosecutors are seeking the death penalty against Jose Rios Rico, who faces trial for murder during a drug-trafficking crime, as well as numerous other felony offenses related to meth deals.

In one case, four members of the New Mexican Mafia, or New Eme, faced execution for murder and other crimes. The defendants, including brothers Luis and Felipe Cisneros, accepted last-minute plea bargains. Three received life sentences; the fourth got 16 years.

Larry Hammond, a Phoenix attorney who represented Felipe Cisneros, said Charlton was an "honest broker" in the case, deciding to give up capital punishment because the government would have faced an expensive six-month trial with severe effect on victims and an unknown verdict.

"It was true that, for a long time, main Justice was not prepared to go along" with the plea deal, Hammond said, adding that authorities in Washington, D.C., finally relented.

Under Charlton's administration, several other death-penalty actions were initiated but later dropped.

Richard Dieter, executive director of the Death Penalty Information Center in Washington, said that the Bush administration has become more aggressive in pursuing executions.

Dieter noted that the federal Death Penalty Act was expanded in 1994 to make numerous offenses eligible for capital punishment, including virtually any murder committed as part of another federal crime.

He said Justice Department officials have sought to deal with inconsistent death-penalty prosecutions from state to state by creating national protocols.

At the same time, he noted, Attorney General Alberto Gonzales and Bush's first attorney general, John Ashcroft, are also solid backers of capital punishment while their predecessor, Janet Reno, philosophically opposed the law.

As a result, new protocols have been imposed requiring Justice Department review of all cases that are death- penalty eligible, reducing the autonomy of local U.S. at- torneys.

Reach the reporter at dennis.wagner@arizonarepublic.com.

Charlton Exit Linked To Death Penalty Push (AP)

AP, February 10, 2007

WASHINGTON - Supporters of former U.S. Attorney Paul K. Charlton say that the former federal prosecutor clashed with the Bush administration over the death penalty before he resigned in December.

Former Arizona Attorney General Grant Woods said Friday the Justice Department in Washington pressed Charlton to apply the death penalty in certain cases, but Charlton resisted because he didn't believe it was the right thing to do. Charlton resigned in December and left office at the end of last month.

"It's obvious that they may have felt there were more circumstances where (the death penalty) was warranted than he did," said Woods, who has spoken with Charlton recently. "I think he should get credit for standing on principle rather than just doing what he was told so he didn't make waves. A lot of people don't have the guts to stand up and say 'no.' "

Woods did not know whether the conflicts led directly to Charlton's departure after serving as the U.S. attorney for Arizona since 2001. Charlton took a job with a Phoenix law firm.

Charlton did not respond to repeated requests for comment throughout the week. The 46-year-old career prosecutor told The Associated Press in December that he had decided it was time to leave.

A Justice Department spokesman was not immediately available for comment Friday evening.

Charlton's resignation came as accusations swirled on Capitol Hill that the Bush administration had used a provision of the USA Patriot Act to oust federal prosecutors and replace them with White House allies without Senate confirmation.

Democrats have accused the administration of punishing prosecutors whose work targeted Republican allies. Charlton's office handled preliminary investigations into Republican Reps. Jim Kolbe and Rick Renzi before the November election.

Attorney General Alberto Gonzales has denied the charge and promised to submit every replacement for Senate confirmation. Seven federal prosecutors have left office in the last year; most, like Charlton, stepped down in December.

Editorial: Call McKay's Firing What It Is: A Political Purge (TACNT)

Tacoma (WA) News Tribune, February 10, 2007

John McKay, by all accounts, was a stellar U.S. attorney.

Since becoming Western Wash- ington's top federal prosecutor in 2001, he led an aggressive team that filed charges against twice as many defendants and posted a higher conviction rate despite the bigger case-load.

McKay won admiration of federal judges and state law enforcement officials, and earned the Navy's highest civilian honor for creating an interagency information-sharing system that has become a national model.

Even his bosses seemed to think McKay was doing a topnotch job. Just last March, Justice Department evaluators gave McKay's office a glowing review, calling him an "effective, well-regarded and capable leader."

So it came as quite the surprise when McKay announced in December that he was stepping down. There was no plum appointment or job waiting in the wings, only a chance to pursue other opportunities — usually code for "I was shown the door."

As so, it turns out, McKay was. He spoke out this week in defense of himself and his former employees after Deputy Attorney General Paul McNulty told a Senate judiciary panel that McKay and five other Republican U.S. attorneys were forced to resign for "performance-related" issues.

McKay says no one ever raised performance issues with him, not even on Dec. 7 when a senior Justice Department official called out of the blue to tell him he had to resign by the end of January.

The truth behind the mass exodus has a lot more to do with the politicization of the U.S. Attorney's Office than it does with poor lawyering. A Justice Department source told the Seattle Post-Intelligencer that President Bush and the Republican Party want to "build their bench" by replacing top prosecutors with younger conservatives to enhance their résumés for future positions.

Come to find out, Congress did the administration a big favor last year when it gave Attorney Gen. Alberto Gonzales the power to appoint interim prosecutors indefinitely. Now the administration doesn't have to go to the trouble of seeking Senate confirmation.

The Senate Judiciary Committee voted this week to repeal that new authority; the rest of the Senate and House should follow its lead. U.S. attorneys may serve at the pleasure of the president, but the interests of justice demand that they be shielded from the brute machinations of political retribution and cronyism.

Editorial: Firings Reek Of Politics (SPT)

St Petersburg (FL) Times, February 10, 2007

Former U.S. Attorney John McKay's last performance appraisal gave him a highly favorable rating and said he is "an effective, well-regarded and capable leader." But McKay, of the Justice Department's Western Washington office, got kicked out the door. He is one of at least seven U.S. attorneys across the country who have been removed for what appear to be political reasons.

U.S. attorneys act as chief federal prosecutors within the states and are charged with being fair and independent. But there is no job that can't be filled by political loyalists.

In a hearing before the Senate Judiciary Committee, Paul McNulty, the deputy attorney general, claimed that most of the incumbents had been replaced for performance issues. Yet he admitted to Sen. Charles Schumer, D-N.Y., that H.E. Cummins III, a former U.S. attorney in Arkansas, had done nothing to justify being removed. Cummins was replaced with a former political director for the Republican National Committee.

Schumer is investigating the removals. The administration is exploiting a provision of the reauthorized Patriot Act, which allows it to ignore the Senate confirmation process.

Previously, the president could name an interim U.S. attorney for 120 days. After that, a federal judge would appoint a substitute who would fill the job until the Senate confirmed the administration's choice. The Patriot Act allows the president's appointee to stay in the job indefinitely.

An administration prone to putting partisans and political hacks in key public posts could use this loophole to fill its top prosecutor ranks with party activists who are less than shining legal lights. It also may use this unilateral power to intimidate those prosecutors who remain.

In ousting San Diego U.S. Attorney Carol Lam, the Bush administration has signaled to others in its corps that investigating public corruption comes at a price. Lam headed the office that unearthed the misdeeds of congressman Randy "Duke" Cunningham, who is now in prison after admitting taking more than $2-million in bribes. The probe had been continuing under her leadership and included other members of Congress.

Senate confirmation is integral to reducing the partisanship of presidential appointments and is especially important for posts where impartiality and independence are needed qualifications. The new law that makes it possible to cut the Senate out should be repealed, as a measure introduced by Judiciary Committee Chairman Patrick Leahy, D-Vt., would do. Meanwhile, Schumer and other senators should continue to press for better explanations for the removal of people who seemed to be doing their job.

Gregg Herrington Column: U.S. Attorney's 'Resignation' Doesn't Wash (VANCC)

By Gregg Herrington, Columbian staff writer

Vancouver (WA) Columbian, February 10, 2007

This ought to teach U.S. Rep. Brian Baird and Clark County Prosecutor Art Curtis to keep their mouths shut.

The two Democrats have liberally praised a Bush administration Republican appointee, John McKay, for doing a heckuva job as U.S. attorney for Western Washington. Now McKay is no longer in that job. He's toast. Out on his ear.

When he announced in December that he was moving on, McKay didn't say much. He played the Colin Powell role of an obedient and noncomplaining soldier. He said something gauzy about pursuing other interests.

At least he spared us tergiversation about spending more time with his family or catching up on reading back copies of National Geographic.

Then came Wednesday's revelation before the Senate Judiciary Committee: Seven U.S. attorneys around the country had been asked to resign in recent months. Later in the day, McKay told The Associated Press, "I was ordered (in December) to resign. ... I was given no explanation. I certainly was told of no performance issues."

Just seven months earlier McKay "received a glowing performance review from Justice Department evaluators," The Seattle Times reported Thursday.

I figure the Baird-Curtis praise was a nail in McKay's career coffin.

Some 90 U.S. attorneys around the country serve at the pleasure of the president, prosecuting, or not, federal crimes.

But the Bush White House likes its minions to be attuned to the greater vision: moving the blue states into the red column. And how can one do that if one is working closely with the other side, sharing credit with Democrats while beefing up the federal crime-fighting apparatus in Southwest Washington?

Too politically moderate?

The Seattle Post-Intelligencer said Thursday that a former Justice Department source said McKay is "too politically moderate" for the Bush administration. Other theories boil down to McKay not being enough of a partisan. The Justice Department doesn't comment on specific attorneys but cited performance as an issue for those it sent packing.

Nobody's buying it.

Chief U.S. District Judge Robert Lasnik told The Times that among federal judges in Western Washington, "it was unanimous that ... John McKay was an absolutely superb U.S. attorney, and by every measure the performance of his office improved during his tenure."

Norm Maleng, the moderate Republican King County prosecutor, said McKay "took the U.S. attorney's office to a higher level. He reached out to every prosecutor in Western Washington, and renewed connections. ..."

Sen. Patty Murray, D-Wash., somewhere between suspicious and outraged, called for a Judiciary Committee probe of McKay's dismissal. That was Wednesday. By Thursday she was closer to outrage and wrote the attorney general, asking for an explanation.

Friend to Southwest Washington

In Vancouver, Curtis, the Democratic county prosecutor for 26 years, said, "John McKay did more for law enforcement in Southwest Washington than any U.S. attorney I've ever worked with. I was saddened when I heard he resigned and saddened that he was asked to resign."

Baird, whose public praise for McKay has been free-flowing for several years, said, "John McKay is an outstanding individual and a great friend to Southwest Washington. He's probably the best U.S. attorney we've ever had, for this region."

Much of their regard for McKay stems from his paying attention to Clark County, long a backwater in the world of federal criminal prosecution. McKay, in 2003, was instrumental in getting a Federal Investigative Center in Vancouver, staffed with people from various federal crime-fighting agencies who historically have served this area mostly out of Tacoma and Seattle.

Maybe the next time local Democrats feel the urge to say something critical of a Bush appointee, they ought to say something nice instead. That'd fix him.

Gregg Herrington's column of personal opinion appears on the Other Opinions page each Friday. Reach him at gregg.herrington@columbian.com.

CORPORATE SCANDALS:

Prosecutors Eye Jobs' Role In Pixar Stock Options (SFC)

By Jessica Guynn, Chronicle Staff Writer

San Francisco Chronicle, February 10, 2007

Film director Lasseter reportedly received many that offered advantageous timing

These days, the most animated discussions about Steve Jobs have nothing to do with his high-tech wizardry and everything to do with his alleged involvement in a growing stock-options manipulation scandal that has engulfed Apple Inc., the Cupertino technology giant he runs, and Pixar Animation Studios, the Emeryville movie company he sold to Walt Disney Co. last year.

DOJ_NMG_0131056

Federal prosecutors in San Francisco are scrutinizing options awarded to top Pixar executives on dates that guaranteed them the highest potential profits. Among the grants being reviewed: Two-time Oscar-winning animated film director John Lasseter and former Pixar President Edwin Catmull received options that allowed them to buy Pixar stock at the lowest price in 2000. In 1997, Lasseter received options just before a production agreement with Disney that pumped up shares nearly 50 percent.

A spokesman for the U.S. attorney's office in San Francisco declined to comment.

The Wall Street Journal reported Friday that Jobs, then Pixar's chairman and CEO, signed the 2001 employment contract with Lasseter that included a large options grant on a date more than three months before the contract was signed. The Journal cited a person familiar with the matter.

It remains unclear what role if any Jobs played in selecting the favorable date, according to the Journal. But the timing grabbed the attention of federal authorities, prompting an investigation by Disney that has not been completed. Washington lawyer William McLucas, a former Securities and Exchange Commission official heading the investigation, could not be reached for comment. In a conference call with investors in November, Disney CEO Bob Iger said the board began the investigation after being contacted by the SEC and the Justice Department.

Federal investigations of both Apple and Pixar have put Jobs on the hot seat. An internal Apple probe cleared Jobs of wrongdoing but acknowledged that he was aware and even recommended the selection of "favorable" dates to potentially inflate the value of stock options to key executives. Jobs sits on Disney's board and is its largest individual shareholder. Lasseter is now chief creative officer of Disney's animation studios. A Disney spokesman could not be reached for comment.

"This is yet another incident of really questionable ethical conduct by Steve Jobs," said James Post, a Boston University management professor who teaches corporate governance and ethics. "Steve Jobs is too smart a guy to just have stumbled multiple times into this kind of behavior. Now it will be up to the U.S. attorney or the SEC to decide what to do about that."

In March 2001, Jobs signed a 10-year employment contract with Lasseter, who had delivered box-office gold for Pixar with "Toy Story" and other animated films. Jobs was eager to lock Lasseter into a long-term contract, fearing Disney might try to recruit the director, the Journal reported.

The new contract included a $5 million signing bonus and a $2.5 million annual salary. An SEC filing said 1 million stock options were "previously" granted "at the fair market value" on Dec. 5, 2000, the day before the options were dated. That price was the lowest of 2000. By that March, Pixar's shares had rebounded dramatically.

From 2003 through last year, Lasseter cashed in about 880,000 of the options, adjusted for a 2-for-1 split, at various prices before converting the remaining shares to Disney shares when Pixar was sold, the Journal reported.

Revelations of Jobs' potential involvement in the suspect timing of stock-option grants at Apple and Pixar are becoming cumulative, said Adam Pritchard, a University of Michigan law professor who used to work for the SEC. It remains to be seen if prosecutors can make the case that Jobs understood that the practice ran afoul of securities laws.

"There was no effort to disguise what's being done, which suggests he didn't think there was anything wrong with it," Pritchard said.

Former Colorado U.S. Attorney William Leone cautions against a rush to judgment. "There are 1,000 facts that could make one of these stock-options cases turn 180 degrees," he said.

E-mail Jessica Guynn at jguynn@sfchronicle.com.

SEC Formalizes KLA Probe (SJMN)

By Mark Schwanhausser And Ryan Blitstein

San Jose Mercury News, February 10, 2007

The Securities and Exchange Commission has elevated its probe into stock option backdating at KLA-Tencor into a formal investigation, the company said Friday.

The San Jose maker of chip-inspection equipment, which said it learned the news Feb. 2, has faced an informal investigation by the SEC and a separate probe by the Justice Department since last May, when newspaper reports raised questions about the fortunate timing of options awarded to Chairman Kenneth Levy.

Last week, KLA acknowledged in its 2006 annual report that the company intentionally priced stock options ``retroactively," falsified documents and violated its stock plan rules about issuing discounted options. The company said that some former executives selected the ``fortuitously low" prices, while others were aware of the abuses.

The internal inquiry led to the ouster of Levy, a Silicon Valley pioneer, General Counsel Stuart Nichols, and director Jon Tompkins, the former CEO of Tencor before it merged with KLA.

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The company also fired Kenneth Schroeder, a former chief executive who most recently served as a senior adviser, and canceled all tainted options he held. Although KLA-Tencor hasn't said so explicitly, its reports appear to blame Schroeder for much of the options abuses. Schroeder plans to fight his firing and the cancellation of his options, KLA-Tencor said.

A formal investigation means the SEC can issue subpoenas to force the disclosure of information, rather than asking for information to be provided voluntarily during an informal inquiry.

But it doesn't necessarily indicate a dramatic shift by the SEC, said Darryl P. Rains, a partner with Morrison & Foerster in Palo Alto. For example, the SEC might formalize an investigation in order to subpoena an uncooperative former executive or a financial institution that can't otherwise turn over an executive's private banking or brokerage statements.

``People often mistake it to mean it's more serious," Rains said. ``KLA's case is quite serious, but I don't think it became more serious all of a sudden."

KLA is ``cooperating fully" with the SEC and Justice Department investigations ``and intends to continue to do so," it said in its quarterly report to the SEC.

The company recently restated results from 1994 through 2005 to include $370 million in charges related to those backdated options. KLA-Tencor expects to record up to $6 million in additional charges in coming financial periods related to the backdating.

The SEC filing released Friday also provides details about what the company is doing to help rank-and-file employees deal with the fallout of the backdating scandal. The company said that all employees who got options got tainted options.

If workers hold discounted options, the company intends to offer to reprice them so that workers can avoid a new 20 percent tax and interest on discounted options. In turn, it intends to pay bonuses to compensate workers for the lost discount. It also might consider paying tax penalties that workers incur. If workers exercised tainted options in 2006, the company intends to pay any additional taxes they incur.

Such payments are expected to cost the company about $30 million.

The company also will compensate employees who were unable to buy discounted stock in the employee stock purchase plan, or ESPP. The company had to suspend the ESPP last year because it was prohibited from issuing stock while it was behind in releasing up-to-date earnings information. KLA-Tencor began making such payments last year, and it decided Jan. 24 to continue doing so into 2007.

KLA also disclosed that the Department of Labor is examining its 401(k) plan in connection to the backdating, but a company spokeswoman declined to elaborate late Friday.

GM Accounting Issues Still Unresolved (WSJ)

By John D. Stoll

The Wall Street Journal, February 10, 2007

General Motors Corp. said late Friday it still isn't ready to say when it will resolve accounting issues that forced it to delay filing its fourth-quarter and full-year financial results for 2006.

Separately, shares of GM and Ford Motor Co. rose Friday after Deutsche Bank upgraded the auto giants' shares to "buy," citing optimism that the companies can win health-care-cost savings from the United Auto Workers union this fall. Shares of GM were up 6.5% to $36.01 in 4 p.m. composite trading on the New York Stock Exchange, while shares of Ford were at $8.73, up 2.1%, on the NYSE.

GM was originally scheduled to report preliminary fourth-quarter results Jan. 30 but announced two weeks ago that it would postpone the release. The company said it would provide further information on the progress of its financial reporting during the week of Feb. 5 and that it would submit its 10-k report with the Securities and Exchange Commission by the Mar. 1 deadline.

GM spokeswoman Renee-Rashid Merem said "it's still our intent to file by the due date." She said the company is still looking into various issues that forced the earnings delay.

The Detroit auto maker needs to review its accounting for previously disclosed deferred-tax liabilities that were overstated dating back to 2001 and for certain derivatives transactions and hedging activities. In addition, the company said it needed more time to finalize financial results and re-evaluate the value for GMAC Financial Services, the lending arm in which GM sold a majority stake last year.

Write to John D. Stoll at john.stoll@dowjones.com4

Sallie Chairman Sold Shares Ahead Of Cuts (WP)

By Amit R. Paley, Washington Post Staff Writer

The Washington Post, February 10, 2007

DOJ_NMG_0131058

Sallie Mae Chairman Albert L. Lord sold $18.3 million worth of company stock last week, just days before the Bush administration unveiled a multibillion-dollar cut in subsidies to the lending industry that caused Sallie Mae shares to plummet.

Lord sold 400,000 shares of company stock Thursday, Feb. 1, and Friday, Feb. 2. The following Monday, after President Bush announced a budget that would cut subsidies to the student-lending industry by about $19 billion over five years, Sallie Mae's stock plunged about 9 percent, to $42.37 from $46.46, its lowest closing price in more than two years.

In a Securities and Exchange Commission filing that night, SLM Corp., as Sallie Mae is formally known, disclosed Lord's sale of the shares, which it said was done to fund unspecified personal projects.

Tom Joyce, a spokesman for Sallie Mae, said this week that Lord had planned to sell the shares for weeks and told the company about his plans to sell the stock, which represented about 29 percent of the Sallie Mae shares he owns outright, nine days before the sale.

Democrats in Congress have been calling for changes in student loan programs that would hurt Sallie Mae. The Reston-based student lending company has opposed the changes. But, Joyce said, Lord had no idea Bush would propose such huge rollbacks of lender subsidies. "Nobody had these cuts on their radar screen," he said. "The student lending community did not see this coming."

"I can understand that people are raising questions, but the timing was just completely coincidental," Joyce said. "He had been thinking of doing this for many weeks. He was watching the market and just elected to do it on Thursday and Friday."

If Lord had sold his shares at Monday's closing price of $42.37, he would have received about $1.4 million less. Lord sold the shares in a series of transactions over the two days at prices that ranged from $45.75 to $46.03.

"It certainly seems to raise some fairly significant questions," said Larry P. Ellsworth, a former lawyer with the SEC's trial unit. He said company executives generally cannot trade on potentially market-moving information if they receive the information in their official roles and it is not available to the public.

Lord, who was traveling yesterday and could not be reached for comment, did not act on such information, Joyce said.

William M. Diefenderfer III, chairman of the Sallie Mae board's audit committee, said Lord told the directors at the end of a meeting Jan. 25 that that he planned to sell up to $30 million worth of company stock. "Everybody said fine, and that was it," Diefenderfer said yesterday.

"Al is as honest as the day is long," Diefenderfer added. "If he knew the cuts were coming, he would not have sold."

Chad Colby, a spokesman for the Education Department, said some Capitol Hill staff members were briefed on the proposed budget last Thursday but that the suggested cuts were not shared with Sallie Mae officials before Monday's announcement.

There were signs that the White House would propose cutting subsidies for the lending industry in its budget, said Matt Snowling, an analyst at Arlington investment bank Friedman, Billings, Ramsey Group.

"We downgraded Sallie Mae about three or four weeks ago because we had heard that the administration was looking at cutting into lender subsidies," he said. "It's not completely a surprise to us, although it clearly was a surprise to a lot of investors."

The company's stock has been declining for months, though this week's drop was particularly precipitous.

The day after the president's budget and Lord's sale were disclosed, Sallie Mae stock closed at $41.96 per share, a 52-week low. The stock rebounded yesterday, closing at $42.55.

Staff researcher Richard Drezen contributed to this report.

CRIMINAL LAW:

Trial Exposes White House Crisis Machine (AP)

By Pete Yost, Associated Press Writer

AP, February 10, 2007

David Addington, chief legal adviser to Vice President Dick Cheney, says he was taken aback when the White House started making public pronouncements about the CIA leak investigation.

In the fall of 2003, President Bush's press secretary was categorically denying that either Karl Rove or I. Lewis "Scooter" Libby was involved in exposing the identity of Valerie Plame, a CIA employee married to a critic of the war in Iraq.

"Why are you making these statements?" Addington asked White House communications director Dan Bartlett.

"Your boss is the one who wanted" them, Bartlett replied, referring to Cheney.

With that, "I shut up," Addington recalled recently for jurors in Libby's CIA leak trial, which begins its fourth week on Monday with Libby's lawyers calling their first witnesses.

So far, the testimony of Addington and other administration aides, along with documents and Libby's audiotaped grand jury testimony, have provided a rare glimpse of how the Bush White House scrambled to respond to a political crisis as it intersected a criminal investigation.

At the intersection was Cheney, along with Rove and Libby, who were working in the summer of 2003 to rebut claims by Plame's husband, former Ambassador Joseph Wilson, that Bush had misled the nation about prewar intelligence on Iraq.

The White House denials on behalf of Rove and Libby came just before Rove secretly began acknowledging to the FBI that he had confirmed Plame's identity for conservative columnist Bob Novak, who first published her name and relationship to Wilson.

About the same time, Libby came under suspicion because NBC News Washington bureau chief Tim Russert had talked to the FBI, contradicting Libby's version of a conversation between the two men that would become the heart of the perjury and obstruction charges against Libby.

Bush and Cheney made a common mistake in their public handling of the Plame affair, says presidential scholar and University of Texas government professor Bruce Buchanan, who has watched Bush's career since his days as Texas governor.

"They're in a high-stakes game of poker, the immediate pressure is political and the people in charge are political people," Buchanan said. "If there is a legal issue it will dawn, but by then someone is out on a limb."

Testimony and documents in the trial show Rove joining Cheney in trying to undercut Wilson's claim that the administration had twisted prewar intelligence to exaggerate the Iraqi threat.

"We're a day late in getting responses to the story," Rove told a staff meeting, according to Libby's notes.

"Get the full story out," Cheney told aides, according to Libby's grand jury testimony.

There were glitches in the leak campaign against Wilson.

New York Times reporter Judith Miller never wrote a story about it, even after Cheney persuaded Bush to declassify prewar intelligence so it could be shared with Miller. The intelligence report said Iraq was vigorously trying to acquire uranium from the African nation of Niger.

"It was a totally failed effort," Libby told the grand jury of his meetings with Miller.

But there were successes too.

Libby recalled asking Deputy Secretary of Defense Paul Wolfowitz to reach out to The Wall Street Journal.

"I don't have as good a relationship with The Wall Street Journal as Secretary Wolfowitz did," Libby told the grand jury. "I talked to Secretary Wolfowitz about trying to get that point across, and he undertook to do so."

The Journal ran an editorial focusing on the theme Libby wanted. The editorial stated that the prewar intelligence the newspaper was describing had not come from the White House, "which to our mind has handled this story in a hamhanded fashion."

In the Libby trial, Bush comes across mostly as an interested observer.

According to Libby's notes, some of which surfaced at the trial, Bush expressed interest in a May 6, 2003 New York Times column critical of the administration and referencing an unnamed former ambassador, who turned out to be Wilson.

In questioning Libby before the grand jury, Special Counsel Patrick Fitzgerald juxtaposed Bush's public statements condemning leakers and Libby's contacts with reporters, some of whom have testified against him.

"Were you at all concerned that while the president was stating that there's no White House involvement in any leaks whatsoever, that you were one of the people who may have been referred to" in press reports about possible White House leakers? asked Fitzgerald.

In the grand jury recordings, the prosecutor also asked Libby about his interaction with Rove a few days before Novak exposed Plame's CIA identity. Libby said Rove "was animated that Novak was animated about this." Libby added that Rove "thought it was a good thing that somebody was writing about" Wilson and his wife.

Cheney told Libby early in the effort to deal with Wilson that his wife worked at the CIA. And while the Cheney-Libby team worked in lockstep attacking Wilson in July 2003, Libby said he faced a somewhat distant vice president when the affair came under investigation, first by the Justice Department, then by Fitzgerald.

Regarding his discussions with reporters about Wilson's wife, "I would have been happy to unburden myself" to Cheney, Libby told the grand jury, but "he didn't want to hear it."

Taking The Bait On A Phish Scam (WP)

By Annys Shin, Washington Post Staff Writer

The Washington Post, February 10, 2007

Job Seekers Are Targets, Victims of Sophisticated Ploy

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The online news site USA Voice isn't going to win any kudos from media critics. Not for its top story Monday, "Super Bowl Ads Don't Live Up to the Hype." And not for its Fox News-style slogan, "USA Voice: Honest and Unfiltered."

As a phishing scheme, however, privacy experts say it's a winner.

The Web site for the "world's fastest growing news organization" looked good enough to fool Katherine Brinton, an aspiring journalist in Philadelphia. After posting her r?sum? on Monster.com nine months ago, the 23-year old received an e-mail from USA Voice in November that said it was looking for reporters with "excellent writing skills" and an "innate ability to find the truth."

Brinton filled out an online application with her name, address and telephone number. But instead of job offers, she began receiving a stream of unsolicited e-mails hawking Viagra, payday loans and penny stocks.

"I felt like I was being scammed," she said.

Brinton fell victim to a sophisticated phishing scam, which, in recent months, targeted thousands of job seekers on such popular Web sites as Monster.com and CareerBuilder.com. Phishers send out seemingly legitimate e-mail in an attempt to get people to reply with personal information then used in a variety of scams.

Since June, the Better Business Bureau serving Metro Washington has logged more than 8,000 inquiries about USA Voice and a related entity, Instant Human Resources. USA Voice lists a downtown Washington address; Instant Human Resources lists an address in Rockville. Both locations turned out to be a service that forwards mail for other businesses. Instant Human Resources' parent company, Internet Solutions, says it is based in Orlando.

The Better Business Bureau has received 20 complaints about the three companies, and all share similarities. USA Voice, Instant Human Resources and Internet Solutions advertised such positions as "gossip reporter," "IT assistant" and "quality control administrator" on employment sites such as Monster, CareerBuilder and Yahoo HotJobs, and contacted people who had posted r?sum?s there. But after being enticed to give up personal information, job seekers never heard from the companies again and instead began getting inundated with spam.

"These firms purport to provide employment opportunities. Consumers allege that the only thing they have received is bulk unsolicited e-mail. Based on this, it would appear that the given companies are . . . a scheme to amass and sell personal contact information," said Edward J. Johnson III, chief executive of the Better Business Bureau of Washington.

None of the companies responded to Better Business Bureau inquiries. They also did not respond to a reporter's e-mails or to notes left in their Washington-area mailboxes.

In 2006, about 109 million U.S. adults received phishing e-mails, up from 57 million in 2004, according to research firm Gartner, of Stamford, Conn. About one in six phishing e-mails are opened -- a better rate than for e-mails from legitimate businesses, said Jeff Wilbur, vice president of marketing for e-mail security firm Iconix.

The majority of phishing e-mails claim to be from financial institutions, but phishers have also switched to mimicking dating, social networking and other kinds of online services. In those cases, victims might let their guard down because they are not giving out financial information, Wilbur said. But such attacks can leave them just as vulnerable to identity theft.

"Sometimes these phishing attacks look innocent because you're not giving up what you consider huge personal information. But it might be the final piece of the puzzle of the information they have on you," Wilbur said.

Job search sites offer identity thieves a rich source of personal information and a pool of potential victims willing to divulge even more in hopes of landing employment. Since 2004, some of the largest online job search firms, such as Monster and CareerBuilder, have taken more precautions against criminals looking to collect personal information from their users.

Privacy experts say the job sites could do more to weed out fraudulent ads. "People, when looking for work, are at their most vulnerable. Job sites owe it to consumers to take that extra step to make sure these scams don't slip through the net," said Pam Dixon, executive director of the World Privacy Forum, a nonprofit research and consumer group.

Spokespeople for Monster, CareerBuilder, and Yahoo said they include warnings about fraud on their sites, screen employment listings and employer Web sites and monitor job postings daily.

CareerBuilder removed job ads by USA Voice eight months ago, said spokeswoman Jennifer Sullivan. Monster removed ads by USA Voice and Instant Human Resources in December and ads by Internet Solutions last week, said spokeswoman Danielle Perry. Yahoo removed ads from Internet Solutions last week.

Privacy experts and security officials at the job sites agreed that the three Web sites in question are "particularly clever" and "very slick." Internet Solutions, for example, requires users to create a password. Dixon said this was probably a ploy to collect access codes for online bank and e-commerce accounts. Most people use the same password for everything, security experts said, and criminals know that.

USA Voice's victims were persuaded to harvest personal information from others. After posting her r?sum? on CareerBuilder, Emma Ward of Collegeville, Pa., was contacted by e-mail by USA Voice. The 24-year-old was told she qualified to be an editor and was responsible for recruiting her own writers. She just had to collect and send their e-mail addresses to the

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company. The writers, in turn, would be paid by the number of hits their stories received, giving them incentive to direct more people to the USA Voice site.

Ward never got around to recruiting anyone. She stopped hearing from USA Voice and started receiving spam.

Job seekers got offers, but not for legitimate employment. Instant Human Resources told Michael Coleman of Bronxville, N.Y., after seeing his r?sum? on Monster or CareerBuilder, that he could be the U.S. representative for an overseas firm. The 34-year-old Web project manager signed onto the Instant Human Resources' Web site, which required him to enter his name, address, phone number, and Social Security number and create a password.

Coleman followed the instructions but entered a fake Social Security number. The job, he said, "didn't sound right." He didn't pursue it any further after online research confirmed his suspicions: The position sounded like a scam involving cashing old money orders.

"For anyone looking for a job, it's a tough economy," Coleman said. "You don't want to go to a site and see some scam."

California: Elie Wiesel Is Attacked (NYT)

By Jesse Mckinley

The New York Times, February 10, 2007

Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize, was attacked at a San Francisco hotel last week by an unknown assailant, the police said yesterday. Sgt. Neville Gittens, a police spokesman, said Mr. Wiesel, 78, was attending a conference when a man approached him in an elevator and asked to interview him. After a brief discussion, the man dragged Mr. Wiesel off the elevator and tried to restrain him, but Mr. Wiesel screamed, and the attacker fled. Mr. Wiesel was not injured. No arrests were made, though Sergeant Gittens said the police had a “person of interest” in the case. The Associated Press reported that a Holocaust denier calling himself Eric Hunt had claimed credit on an anti-Semitic Web site for accosting Mr. Wiesel, but the police could not confirm whether he was the suspect.

Elie Wiesel Accosted At Peace Conference (AP)

AP, February 10, 2007

SAN FRANCISCO, California (AP) -- Nobel laureate and Holocaust scholar Elie Wiesel was dragged from an elevator and roughed up during a peace conference at a San Francisco hotel last week, police said Friday. The author was not injured.

The assailant approached Wiesel in an elevator February 1 at the Argent Hotel and requested an interview, police Sgt. Neville Gittens said.

When Wiesel consented to talk in the hotel's lobby, the man insisted it be done in a hotel room and dragged the 78-year-old off the elevator on the sixth floor, Gittens said.

The assailant fled after Wiesel began to scream, and Wiesel went to the lobby and called police.

Gittens said police are investigating the incident as a crime. He said investigators were aware of a posting at an anti-Semitic Web site in which a man claimed responsibility for the attack, but declined to comment further.

Wiesel couldn't be immediately reached for comment at Boston University, where he teaches, or through his institute in New York.

Wiesel, who survived the Nazi death camps at Auschwitz and Buchenwald during World War II, has worked for human rights in many parts of the world and was awarded the Nobel Peace Prize in 1986.

California: Sex Offender Law Not Retroactive (AP)

By The Associated Press

AP, February 10, 2007

A federal judge ruled that a voter-approved restriction on where sex offenders can live could not be applied retroactively, potentially freeing thousands of parolees from a ban on living within 2,000 feet of a school or other place where children gather.

The judge, Lawrence K. Karlton of Federal District Court, said there was nothing in the law, Proposition 83, that specified its provisions were to be applied retroactively.

The proposition, known as Jessica’s Law, was approved Nov. 7 by 70.5 percent of voters and took effect the next day. It also increases prison terms for sex offenders and requires lifetime satellite tracking of rapists and other felony sex criminals after their release from prison.

Coca-Cola Spy Goes To Jail After Apartment Fire, Judge Doesn't Wait Until Her May 23 Sentencing To Put (AJC)

By Duane D. Stanford, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 10, 2007

A federal judge ordered ex-Coke secretary Joya Williams to jail Friday, saying she had an "utter disregard for the law."

Williams, who faces 10 years in prison for trying to sell Coke trade secrets to Pepsi, has been free on a $3,000 bond since her conviction Feb. 2. She will be sentenced May 23.

But prosecutors this week asked Judge J. Owen Forrester to revoke the bond following a fire at Williams' apartment that started within an hour of a jury finding her guilty last week.

Assistant U.S. Attorney BJay Pak told Forrester during a hearing Friday that Williams, 41, admitted being "high as a kite" on Vicks cough medicine as the jury read the guilty verdict last week. Pak said she had drunk an entire bottle of the medication.

Jurors convicted Williams under the federal Corporate Espionage Act of trying to sell confidential Coke documents and sample test products for $1.5 million to an undercover FBI agent posing as a Pepsi go-between.

After the verdict, Williams drove home to her apartment in Norcross, which burned down a short time later. Gwinnett investigators have ruled the fire an accident, but Pak told the judge that Williams has made conflicting statements about how the fire started.

Williams first told fire investigators she saw the fire when she drove up to the apartment building, Pak said. Then she told them she opened her apartment door and saw smoke. On Monday, Williams told investigators she lit candles to stay warm and that the candles caused the blaze that displaced nine families, Pak said.

"In stressful situations, she's prone to act like this in an unpredictable behavior," Pak said. "I'm not clearly convinced if she drives out of the courthouse today she's not capable of making irrational decisions that put the public at risk."

Pak said the stiff sentence Williams faces also could prompt her to flee. He also was concerned about the fact that she had no place to live and no job.

Williams' attorney, Janice Singer, said there was no evidence Williams set the apartment fire on purpose. Singer asked the judge to put Williams on electronic monitoring and argued she had a strong support system.

Williams' parents, George and Karen Williams, each testified that they were willing to take Williams into their home in Rex until her sentencing.

"I'll do whatever is necessary," George Williams told the judge.

"She will eat when I eat. She will have a place to sleep when I have a place to sleep."

Several among the two dozen friends, family and church members who attended the hearing Friday testified she was not a danger.

The judge disagreed and told U.S. marshals to take Williams into custody.

"These hearings are never pleasant," the judge said. "This is federal court. In federal court, we don't play."

Forrester said he was swayed by the fact that Williams "showed absolutely no regard for the truth" at trial and an "utter disregard for the law" in general.

"She attacked Mr. Pak and accused him of manipulating the evidence," Forrester said of Williams' often-defiant testimony during her two-week trial.

Forrester said Williams' conflicting statements about the fire could be construed under federal law as "guilty knowledge." He said he was skeptical of Williams' explanation that she lit candles in the middle of the day to keep warm.

Forrester also said he was concerned about threatening text messages Williams sent to a government witness prior to trial. In one of the messages, Williams told the witness, a former boyfriend, "I will pay u back."

Prosecutors said Williams sent the message after the witness resisted her attempts to influence his testimony.

"You just can't do anything more serious than that," Forrester said after reading the series of text messages aloud. "I think you are a danger."

Williams showed no emotion as she was taken into custody Friday. She removed a hair clip and was led away. Her parents were somber as they watched their daughter slip away behind a door.

In the hallway outside court, Williams' family and friends hugged her parents. Someone hummed a hymn.

All declined to comment, as did Singer, Williams' attorney.

Williams' plot was exposed last year after Pepsi executives received a solicitation and turned it over to Coke executives, who called the FBI.

Two accomplices, Ibrahim Dimson of New York and Edmund Duhaney of Decatur, pleaded guilty in October and also will be sentenced in May.

At trial, Williams said she took documents from Coke because she was behind on her work. She then tried to convince jurors that Dimson and Duhaney stole the documents and product samples from her apartment and masterminded the scheme behind her back.

Coke Thief Jailed As Flight Risk (AP)

By Dorie Turner, The Associated Press

AP, February 10, 2007

ATLANTA — A former Coca-Cola secretary who was convicted of conspiring to steal trade secrets from the beverage giant was ordered to jail Friday over concerns that she could be a flight risk.

U.S. District Judge J. Owen Forrester told Joya Williams that her behavior since her arrest in July has showed that she "would do anything to avoid going to jail."

"You have utter disregard for the law," Forrester said during the two-hour hearing in federal court. "I could not trust you on your word."

Williams, 41, who had been free on bond pending sentencing, was immediately taken into custody.

She faces up to 10 years in prison for conspiring to steal trade secrets from

Atlanta-based Coca-Cola Co. and sell them to rival PepsiCo. Inc. The sentencing for Williams and two co-defendants who pleaded guilty to conspiracy — Ibrahim Dimson and Edmund Duhaney — is set for May 23.

Federal prosecutors filed papers Tuesday asking for the immediate jailing of Williams after investigators found clothing, prescription medication, papers and other personal items in her Mustang following a fire that destroyed her apartment at Hunter's Pointe Apartments in Norcross a week ago.

The fire, which was ruled accidental, occurred nearly 90 minutes after Williams was found guilty in federal court in Atlanta. Ten units, including one that was vacant, were destroyed by the blaze.

Gwinnett County fire investigators found a lit candle ignited some bedroom curtains in apartment No. 1009, which is Williams' listed address. Gwinnett officials said they could not confirm the name of the apartment's occupants.

U.S. Attorney Byung J. Pak said that Williams told fire investigators that she was "high as a kite" from mixing prescription medications with an entire bottle of cough medicine before the verdict last week. Pak said Williams also lied to fire investigators several times about her whereabouts when the fire started.

He also pointed to threatening text messages Williams sent to her former boyfriend Sedrick Wilson after he declined her requests that he lie on the witness stand.

"In stressful situations, she is proven to act unpredictably," Pak told the judge.

Williams' attorney, Janice Singer, called the government's claim that her client is a risk to the community and a risk of flight "more than offensive."

"She has met all of the conditions of her bond," Singer told the judge.

She pointed to witness testimony that Williams' car was "junky" and always full of clothing and other items. She said Williams had no intention of fleeing after the fire because she left her keys and cell phone in her apartment.

Singer declined further comment after the hearing.

Given A Fine, Hevesi Praises His Successor (NYT)

By Nicholas Confessore

The New York Times, February 10, 2007

ALBANY, Feb. 9 — The former state comptroller, Alan G. Hevesi, praised his replacement on Friday, after a hearing at which a judge sentenced him to pay a $5,000 fine for his use of state employees to chauffeur his wife.

The State Legislature voted on Wednesday to appoint Thomas P. DiNapoli, an assemblyman from Nassau County, as the new comptroller, two months after Mr. Hevesi resigned as part of a plea deal with the Albany County district attorney, P. David Soares.

Speaking after his courtroom appearance, Mr. Hevesi praised Mr. DiNapoli, whom Gov. Eliot Spitzer has criticized as unqualified.

"He's a very smart public official, and I think he will make an excellent comptroller," Mr. Hevesi said.

Before resigning last year, Mr. Hevesi agreed to plead guilty to a felony charge of defrauding the government and to submit a DNA sample for the state's criminal database.

In delivering the sentence, Judge Stephen W. Herrick described Mr. Hevesi's actions as "unexplainable and totally unacceptable," but cited Mr. Hevesi's decades of public service, cooperation with the investigation and agreement to leave politics as reasons for the mild sentence.

"Your fall from grace here has been total and from a very great height," Judge Herrick said. Mr. Hevesi served for more than two decades in the Assembly and later as New York City comptroller before he won election to the state comptroller's job in 2002.

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In accepting the sentence, Mr. Hevesi apologized to his family, to voters and to his former office staff, saying he took full and sole responsibility for his actions. "I'm culpable, I'm responsible, and I apologize," he said, before a courtroom filled mostly with reporters.

But Mr. Hevesi's lawyer, Joel Cohen, was less meek. Before Mr. Hevesi's statement of regret, Mr. Cohen delivered what amounted to a defense of his client. Conceding that Mr. Hevesi's "judgment eluded him," he nevertheless criticized the press for describing Mr. Hevesi as "disgraced." He also hinted that Mr. Soares had been overly eager for publicity, saying that the district attorney "is now very well known."

Leaving the courthouse, Mr. Hevesi said he had not decided what to do next.

"I was waiting for today to decide what to do with the rest of my life," he said.

Jury Votes Against Execution In Trial Of Drug Dealer Convicted In 2 Killings (NYT)

By William K. Rashbaum

The New York Times, February 10, 2007

A notorious street-corner crack kingpin with ties to the rap music industry was spared the death penalty yesterday in federal court in Brooklyn when a jury failed to reach a unanimous verdict to execute him for ordering the killing of two rivals.

The jury's action will result in a sentence of life without the possibility of release for the convicted drug dealer, Kenneth McGriff, 46, who was known as Supreme and whose drug crew, the Supreme Team, held sway on the streets of southeast Queens in the 1980s.

After the panel delivered its verdict and the jurors were ushered from the courtroom, Mr. McGriff's tearful brother apologized to the families of the two murdered men. In the courtroom's gallery, he embraced the aunt of Troy Singleton, one of his brother's two victims, saying, "So sorry, so sorry."

Moments later, the aunt, Rita Williams, with tears in her eyes, hugged each of the three prosecutors in the case, reaching over the balustrade that separates the gallery from the well of the courtroom.

She also hugged and kissed the two New York Police Department detectives who had been investigating the killings since 2001. One of the detectives, Anthony Castiglia, who retired last year, whispered to her, "It's over now."

Last week, after the same anonymous jury found Mr. McGriff guilty of ordering the murders, Mr. Singleton's mother, Bessie Singleton, and Karen Cameron, the mother of Mr. McGriff's other victim, Eric Smith, said they would be uncomfortable with a death sentence.

All the jurors, who were questioned by the judge before being selected to serve on the case, had said they were willing to sentence the defendant to death if the evidence warranted it. On the verdict sheet, the jury noted that "execution would not be an option" if the case had been tried in state court.

One of Mr. McGriff's lawyers, David A. Ruhnke, who defended the case with Jean Barrett, said his client was relieved by the jury's action.

"And we feel relieved to have gotten to death's door and not had it open," he said.

He contended that the case should never have been prosecuted in federal court and suggested that the government's decision to seek the death penalty was inappropriate.

"The chances of securing the death penalty in this case were almost zero from the beginning," he said. "The rest of the country is falling out of love with the death penalty, and the Bush administration is still in the infatuation stage."

Robert Nardoza, a spokesman for the United States attorney in Brooklyn, Roslynn R. Mauskopf, whose office prosecuted the case, would not directly address Mr. Ruhnke's comments, saying only, "The decision to impose the death penalty is solely within the province of the jury, and we respect their decision."

As the jury delivered its verdict in United States District Court in Brooklyn, with the forewoman responding to the clerk's questions on the lengthy verdict sheet, Mr. McGriff appeared impassive. He leaned his chin on his hand, stroked his goatee and pushed his glasses up the bridge of his nose.

Mr. McGriff was convicted on Feb. 1 of ordering the two 2001 murders and a range of other crimes.

The verdict in the penalty phase, which the jury returned after deliberating for about three and a half hours, came two weeks after the judge in the case, Frederic Block, called the government's effort to seek the death penalty "absurd" and a waste of taxpayers' money. In unusually blunt language, he urged the prosecutors, outside the presence of the jury, to forward his remarks to their Justice Department superiors in Washington and to ask them to abandon the endeavor.

Yesterday, as he was being led from the courtroom, Mr. McGriff, who had always behaved courteously during the lengthy investigation, the detectives have said, nodded at Mr. Castiglia's partner, William Courtney, who nodded back.

NYC Drug Lord Spared Death Penalty (AP)

By Larry Mcshane, Associated Press Writer

AP, February 10, 2007

(AP) - NEW YORK-A remorseless drug lord with ties to hip hop and Hollywood was spared the death penalty Friday by a jury that instead sentenced him to life in prison without parole for having two rivals killed.

Kenneth "Supreme" McGriff, 46, who had listened calmly as federal prosecutors called for his death, showed no reaction as the jury announced he would not receive a lethal injection.

Jurors, who deliberated just over 2 1/2 hours on the sentence, convicted him last week of paying $50,000 for the 2001 killings of an obscure rapper named Eric "E-Money Bags" Smith and Troy Singleton.

Prosecutors said Smith was killed for his fatal 1999 shooting of a McGriff associate, while Singleton was targeted because McGriff felt he might retaliate on Smith's behalf.

McGriff was the founder of the Supreme Crew, a brutal drug gang that operated in Queens during the 1980s. At its peak, the Supreme Team's network of dealers was making $200,000 a day, authorities said.

After McGriff did prison time on a drug conviction, he was released in 1997 and aligned himself with neighborhood friend and music mogul Irv "Gotti" Lorenzo. Defense attorneys claimed this was part of McGriff's plan to create movies and music.

The one-time street thugs produced one film, "Crime Partners 2000," a straight to video affair that featured rappers Ja Rule, Snoop Dogg and Ice-T.

Prosecutors said McGriff returned to the drug business in New York and Baltimore. Lorenzo and his brother, Chris, were indicted with McGriff but acquitted at a separate trial of using their label Murder Inc. to launder $1 million in drug money.

After Smith's slaying in a hail of gunfire, McGriff text messaged a friend: "You missed the party."

McGriff also was convicted of drug dealing but acquitted of lesser drug and weapons charges.

DISTRICT BRIEFING (WP)

The Washington Post, February 10, 2007

COURTS

Conviction of Former Detective Overturned

By a 7 to 5 vote, a federal appeals court yesterday overturned the conviction of a former D.C. police detective arrested in an FBI sting.

Nelson Valdes was convicted in October 2002 of three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450. Valdes provided the informant with names and addresses in March 2001 to match four license plates and checked on warrants on another person, prosecutors said.

Valdes was tried for bribery, and the jury in U.S. District Court returned guilty verdicts on the gratuities charge, a lesser offense.

A three-judge panel of the U.S. Court of Appeals reversed the conviction a year ago, ruling in a 2 to 1 decision that the gratuities charge -- which bars seeking or accepting gratuities "for or because of any official act" -- did not apply to Valdes's conduct in the case.

Acting en banc, or as a full appellate court, the court ruled yesterday that the conviction must be overturned. The majority found that Valdes's actions did not constitute an "official act" under the law. Valdes's queries, the judges said, were not used to launch a police investigation, action or decision.

The dissenters said that such a strict interpretation will harm the ability to conduct stings of corrupt public officials.

Valdes has faced other trouble: He was indicted in 2001 on two counts of cocaine distribution. He was acquitted of those charges after a month-long trial in 2002.

-- Bill Miller

Douglas Development Official Pleads Guilty

The chief financial officer for one of Washington's most prominent development companies pleaded guilty Thursday to tax evasion, the U.S. attorney's office said.

John E. Brownell, 45, is the third top official from Douglas Development Corp. to be found guilty of felony charges. Prosecutors said Douglas Development made payments to a credit-line account to disguise compensation for Brownell, and he received other unreported income through various financial maneuverings.

A jury convicted Douglas Jemal, president and owner of Douglas Development, of wire fraud in the fall but acquitted him of more serious bribery and conspiracy charges.

Blake Esherick, the company's vice president, was convicted by the same jury of wire fraud and two counts of tax evasion.

Jemal and Esherick are awaiting sentencing.

Brownell, of Rockville, is to be sentenced June 7 by U.S. District Judge Ricardo M. Urbina.

Sex Probe Targets Inglewood Officers (LAT)

By Ashley Surdin And Greg Krikorian, Times Staff Writers

The Los Angeles Times, February 10, 2007

The department is looking into allegations of massage parlor visits.

At least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that have been the target of a high-profile law enforcement crackdown.

The internal affairs investigation by the Inglewood Police Department began after federal authorities launched an investigation of money laundering and prostitution involving women smuggled into Los Angeles from Asia.

That probe, which resulted in charges against more than two dozen people, led to allegations that Inglewood officers engaged in the sexual liaisons — sometimes in uniform — during work hours and off duty, according to several local and federal sources familiar with the case.

Evidence seized by federal agents and local investigators included "very detailed ledgers" that suggested Inglewood officers were receiving sexual favors at the businesses without paying, according to one source close to the investigation.

The ledgers, the source said, had the names of customers and the amounts they paid except when the customers were police officers. In those cases the women allegedly entered a symbol.

Word of the inquiry comes less than two months after the FBI confirmed that it was investigating two Inglewood police officers in the alleged rape of a woman they stopped on suspicion of prostitution. The woman's attorney said this week that he has filed a claim against the city and is awaiting an answer from authorities on whether the two officers have been arrested or charged.

Though he and other city officials would not disclose details about the new inquiry, Inglewood Councilman Ralph L. Franklin said it was aimed at determining whether the alleged sexual misconduct involved a large number of officers over an extended period of time. He said the FBI was assisting police in the investigation.

Franklin also said the department was trying to determine if any ranking officers in the department were involved in collusion with the officers suspected of misconduct.

Numerous law enforcement officials and city leaders said the Inglewood Police Department's internal affairs unit will ultimately recommend whether any officers should face criminal charges.

To date, sources say, none of the officers has been fired, though some have retired or left the city for other departments.

The internal affairs investigation began more than a year ago when several Inglewood massage parlors and tanning salons were the focus of federal allegations of money laundering and prostitution. To date, 18 people have pleaded guilty in that investigation, and four others — including the alleged owner of the brothels, Kimberly Mao — are awaiting trial.

Mao has pleaded not guilty to the federal charges and has repeatedly denied involvement in prostitution or money laundering.

But last week, in a group interview organized by Mao, a dozen women who worked for her at the businesses told The Times that they had seen or heard of officers coming into the massage parlors and sometimes demanding sexual services.

The women, who denied they were prostitutes, recalled several specific incidents, including one in which officers donned masks to hide their identities and pointed guns at employees. Another employee told The Times that an older officer exposed himself in an unsuccessful effort to have her engage in sex with him.

Sources familiar with the misconduct allegations said that federal authorities, including the U.S. attorney's office and the Immigration and Customs Enforcement agency, began hearing about the alleged involvement of police officers last year.

But Assistant U.S. Atty. Carmen Luege, who is prosecuting Mao and her co-defendants, said she was not aware of any federal probe of the Inglewood officers.

Customs agency spokeswoman Virginia Kice declined to comment other than to say that if the agency uncovered evidence of misconduct or criminal activity by other law enforcement officers, it would refer the matter to the appropriate law enforcement agency for investigation. Given the nature of the allegations, that agency would probably be the FBI. An FBI spokeswoman said she could not confirm nor deny that an expanded investigation was underway.

Inglewood Mayor Roosevelt Dorn would not address specific questions about the investigation other than to say no officers have been fired and that he was confident the department would do a thorough job investigating the alleged misconduct.

"They are on top of it and doing their due diligence," Dorn said. "They are doing what you would expect our police force to do. You have to be very careful when you're doing this type of investigation. You don't want to ruin anyone's career or create problems with families without having actual proof and proof that would stand up in a court of law."

Inglewood interim Police Chief J. I. Davis, who took over the department after the investigation was underway, would only say that his agency was actively pursuing a "difficult and sensitive" inquiry.

Inglewood, a working-class city of 112,000, has long struggled with prostitution problems. Because of its proximity to Los Angeles International Airport, Inglewood has numerous hotels lining its main commercial streets.

The investigation comes as the department, the seventh-largest police agency in the county, struggles to fill two dozen vacancies in its 213-officer force.

At a town hall meeting Thursday night, police commanders said they were doing everything possible to fill the positions, and many citizens applauded the efforts to increase the size of the force.

During the meeting, police officials said a top priority has been to combat prostitution in the city by dramatically reducing the number of massage parlors that could serve as fronts for sexual encounters. Since 2004, the department's efforts have cut the number of massage parlors from 23 to seven, a police official told the town hall meeting. There was no mention of the internal investigation.

Since that investigation began, Inglewood police as well as the FBI have begun a separate inquiry into the alleged rape of a Florida woman who was stopped by two patrol officers on suspicion of prostitution.

In that incident, which is also under investigation by the Los Angeles County district attorney's office, a 23-year-old woman alleged that the officers confronted her on Century Boulevard on a Sunday night as she left her hotel to have dinner at a fast-food restaurant. The thoroughfare has pockets that have long been known for prostitution.

The woman, who has said she was in town with her boyfriend to visit her mother for the holidays, alleged that the officers accused her of being a prostitute and demanded that she take them back to her hotel to prove she was not a streetwalker.

At the hotel, according to her attorney, the night manager verified that the woman was from Florida and a registered guest at the hotel. But one officer insisted that she take him to her room while the other officer waited by the patrol car, attorney Dylan Pollard said.

It was there, the woman has said, that she was raped.

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Times staff writers Andrew Blankstein and Stuart Silverstein contributed to this report.

Inglewood Officers Suspected Of Having Sex At Massage Parlors (SDUT/AP)

Associated Press

The San Diego Union-Tribune, February 10, 2007

INGLEWOOD – As many as six current and former Inglewood police officers are under investigation for allegedly having sex at massage parlors and other adult businesses targeted in a recent crackdown.

The police department became aware of the allegations after federal agents began investigating Asian women being smuggled into Los Angeles, according to Saturday's Los Angeles Times.

Evidence includes “very detailed ledgers” that indicate officers were given sexual favors without paying, one source told the newspaper.

None of the officers under investigation have been fired, though some have retired or left the city for other departments, sources told the newspaper.

In the prostitution and money-laundering investigation involving massage parlors and tanning salons, 18 people have pleaded guilty to federal charges, and four others are awaiting trial.

About two months ago, the FBI confirmed it was investigating two Inglewood officers in the alleged rape of a 23-year-old Florida woman they detained on suspicion of prostitution. The woman's attorney said he filed a claim against the city and is awaiting word on whether the two officers have been arrested or charged.

Man Faces Fraud Charges Related To Hurricane Relief (TEXGAZ)

By Lynn LaRowe, Texarkana Gazette

Texarkana (TX) Gazette, February 10, 2007

A Texarkana man has been indicted by a federal grand jury in Texas in a fraud case related to hurricane relief in the Eastern District of Texas.

Gary Williams Trice, 36, has been charged with mail fraud after he allegedly illegally acquired $36,000 in FEMA hurricane assistance money. Trice is alleged to have submitted as many as 14 fraudulent applications for assistance based on hurricanes Katrina, Rita and Wilma by using different names, addresses and Social Security numbers.

The investigation was conducted jointly by the United States Department of Labor's Office of the Inspector General, the United States Postal Service and the Department of Homeland Security.

"Hurricane-related fraud remains a priority of the Department of Justice," said United States Attorney Matthew Orwig in a press release issued this week. "Applications for assistance are continuing to be reviewed and any appearances of fraud will be thoroughly investigated."

The Hurricane Katrina Fraud Task Force was created by Attorney General Alberto Gonzales in September 2005 to deter, investigate and prosecute disaster-related federal crimes such as charity fraud, identity theft, procurement fraud and insurance fraud.

The case is being prosecuted by Special Assistant United States Attorney Denise Simpson in Tyler, Texas.

If convicted, Trice faces up to 20 years in federal prison and a fine of up to $250,000.

Death Penalty Bears Down On O'Malley, Kaine (WP)

By John Wagner, Tim Craig

The Washington Post, February 10, 2007

The governors of Maryland and Virginia have much in common: Both Martin O'Malley and Timothy M. Kaine are considered rising stars in the Democratic Party. Both grappled with violent crime as big-city mayors and have wives who have served as judges. And both are practicing Catholics who have voiced personal opposition to the death penalty.

Now they share something else: Both face decisions on that divisive issue that will be watched closely in their states and beyond.

O'Malley, who was sworn in last month, has pledged to work with lawmakers to repeal Maryland's death penalty -- and could effectively halt executions through the end of his tenure even without their support, given a recent court ruling.

Kaine, who was sworn in last year, presides over a state where executions are far more frequent. He soon could have to decide whether to sign bills to expand capital punishment in Virginia.

With Maryland lawmakers preparing to debate the death penalty in coming weeks, O'Malley said in an interview yesterday that his office has started researching the amount of money that the state has spent prosecuting such cases.

"I think the facts are on the side of those who say this is neither a deterrent nor is it cost-effective and in fact we may be wasting dollars that could be spent saving lives," O'Malley said.

Kaine, who has allowed four executions to proceed, would not say in a recent interview what he would do when the anticipated legislation reaches his desk, but he allowed that he does "not look at the expansion of the death penalty with a favorable eye."

"I would not say the problem in Virginia is that the death penalty is not applied enough," Kaine said.

The posture on both sides of the Potomac River -- and the openness of the governors on the issue -- is testament to the changing politics of the death penalty, analysts say.

"It wasn't long ago that if you were a Democrat and against the death penalty, you'd run a hundred miles from it," said Steve Jarding, a party strategist who gained prominence running Mark Warner's successful 2001 bid for Virginia governor. "It's still a polarizing issue, and you never want the polarizing issues to be the dominant ones. But the climate really has changed."

Although polls show that a majority of Americans support capital punishment, there is also evidence of growing unease about executions. That may make O'Malley's and Kaine's views less of a political liability than they would have been in years past.

Nationally, the number of death sentences dropped last year to the lowest level since capital punishment was reinstated by the U.S. Supreme Court 30 years ago. Of the 38 states that allow capital punishment, only 14 carried it out last year.

A dozen states, including Maryland, have suspended executions amid questions about the use of lethal injection. And last month, a New Jersey commission recommended that the state abandon capital punishment altogether, an idea embraced by the state's Democratic governor, Jon S. Corzine.

Anita Dunn, a national Democratic consultant, said "a sea shift" started in 2000 when Illinois's Republican governor, George Ryan, imposed a moratorium after a series of cases in which people sentenced to death had been wrongly convicted.

Opposition to the death penalty "used to be used against Democrats to show they were out-of-touch liberals," said Dunn, whose recent clients included O'Malley's Democratic primary opponent, former Montgomery County Executive Douglas M. Duncan.

Dunn said using the death penalty against a Democrat like O'Malley would be difficult because the former Baltimore mayor "built his career as a crime fighter."

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Unlike Kaine, who has called his Catholic faith the underpinning of his opposition to the death penalty, O'Malley has not cast his opposition in religious terms. "Certainly on an issue like this, there's absolutely a moral aspect to it," he said. "But there are good people on both sides of this debate."

During last year's campaign in Maryland, neither Duncan nor then-Gov. Robert L. Ehrlich Jr. (R) sought to use O'Malley's views on the death penalty against him, and the issue rarely came up. O'Malley offered his views when asked, but he did not make any promises about repealing the death penalty.

Aides say O'Malley likely would not have joined the debate so early in his term if not for a December court ruling that effectively halts executions until the state adopts new regulations on lethal injection. The ruling emboldened death penalty opponents, who introduced legislation last month that would replace the death penalty with life without parole.

Even with O'Malley's involvement, some supporters of a repeal are skeptical that it could survive a likely filibuster on the Senate floor -- if it gets that far.

"On the death penalty, I don't think people are persuadable or malleable," said Sen. Brian E. Frosh (D-Montgomery), chairman of the Judicial Proceedings Committee.

If the legislation fails, the short-term future of Maryland's death penalty is likely to rest squarely on O'Malley.

Under the court ruling, executions cannot resume until his administration drafts new regulations or until the legislature passes a bill allowing executions without new regulations. There is widespread speculation that O'Malley may decide not to put forward regulations, leaving a de facto moratorium in place as long as he is in office. He declined to discuss that prospect yesterday.

Capital punishment has also been a sensitive subject for Kaine, Virginia's first Catholic governor.

Since 1976, Virginia has put 98 people to death, second only to Texas, according to the Death Penalty Information Center. (Maryland has executed five.)

Kaine was dogged during his 2005 bid for governor about whether he would implement the state's ultimate punishment. In an interview a month before the election, he made it clear that he embraced the Catholic Church's teachings that the death penalty is inhumane. He referred to Pope John Paul II, who said in 1999 that the United States' use of the death penalty was "cruel and unnecessary."

But Kaine also sought to draw distinctions between his personal beliefs and the policy of the state, saying the law requires the governor to implement the death penalty unless there are extraordinary circumstances.

Virginia's Republican nominee for governor, Jerry W. Kilgore, then the attorney general, seized on Kaine's personal opposition, running an ad stating, "Tim Kaine says that Adolf Hitler doesn't qualify for the death penalty."

Even though a Washington Poll that year showed that 76 percent of Virginia voters favored capital punishment, many observers believe the ads backfired and helped Kaine win the election.

Kaine has continued to wrestle with the death penalty since taking office last January. In interviews, he said the hardest part of his job is having to decide whether to let an execution proceed.

But he has largely done what he campaigned on. Four times, he has said he found no "compelling reason" to overturn the decision of the jury and appellate courts. Kaine has so far spared one man, at least temporarily.

Kaine has also spoken out against a state policy that allows death row inmates to decide if they want to die by lethal injection or the electric chair.

Last summer, convicted killer Brandon W. Hedrick chose to die by electric chair, making national headlines.

Kaine will soon face another tough decision relating to the death penalty: The Virginia Senate and House, both dominated by law-and-order conservatives, have approved bills to expand the use of capital punishment by making accomplices and the killers of judges and court witnesses eligible for the penalty.

"It's like how many ways can you ban gay marriage?" Kaine said. "Virginia would like to do it nine times rather than eight times. The death penalty statute is kind of the same way. . . . I've got to be convinced there is a problem, and I've got to be convinced that the bill fixes a problem."

Catholic Lawmakers Oppose Death-penalty Repeal (WT)

By Tom Lobianco

The Washington Times, February 10, 2007

ANNAPOLIS -- Key Catholic lawmakers in the General Assembly are splitting with major Catholic groups over an attempt to abolish the death penalty in Maryland.

"I know it's a little inconsistent, but I do feel [the death penalty] is a deterrent," said Sen. Norman R. Stone Jr., Baltimore County Democrat and a Catholic.

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"Maybe you don't reconcile it until you meet your maker," said Delegate Susan K. McComas, Harford County Republican and a Catholic who is a member of the House Judiciary Committee.

The Maryland Catholic Conference is supporting a bill to repeal the death penalty this session, but some of its strongest opposition is coming from Catholic lawmakers.

Mr. Stone will weigh the bill with 10 other members of the Senate Judicial Proceedings Committee, including Sen. Alex X. Mooney, Frederick County Republican and the committee's other Catholic.

Mr. Mooney, who supported a death penalty moratorium in 2003 and has been lobbied by death penalty opponents in past sessions, said he will oppose a repeal this session.

Two Baltimore Democrats proposed a repeal after a Maryland Court of Appeals ruling barred executions until the state develops a protocol for administering lethal injections.

Death penalty opponents received a boost when Gov. Martin O'Malley, a Democrat and Catholic, said he would sign a repeal if it reaches his desk.

"It helps give the legislation a head of steam we can build on," said Richard J. Dowling, executive director of the Maryland Catholic Conference.

Mr. Dowling said he is actively lobbying members of all faiths and remains optimistic that the repeal will move this year.

Mrs. McComas, a ranking minority member of the House Judiciary Committee that must vet the proposal, has spoken with Mr. Dowling about the death penalty, but said she remains steadfast in her support of capital punishment.

"To take that option off the table really tips the balance in favor of some very terrible people," she said.

Delegate Samuel I. Rosenberg, Baltimore Democrat and lead sponsor of the repeal legislation, said the issue is a "very high priority."

"We are working with every member to get the votes necessary to pass the [legislation]," he said.

While there might be enough support to move the repeal through the House, Senate Republicans said they have enough votes to kill the proposal in the Senate Judiciary Committee.

Of the 11 members on the Senate committee, six support the death penalty.

If the repeal passes, a pair of Catholic delegates said they will push to have a referendum vote to reinstate the death penalty.

Delegate Patrick L. McDonough, Baltimore County Republican and a Catholic, said he will work with Delegate Richard K. Impallaria, Baltimore County Republican and a Catholic, to reinstate the death penalty if it is repealed.

CIVIL LAW:

Backlog Of Healthcare Fraud Cases Tops 150 (FWST/COX)

By Julia Malone, Cox News Service

The Fort Worth Star-Telegram, February 10, 2007

WASHINGTON - Federal prosecutors admitted having a backlog of more than 150 cases in which pharmaceutical companies are accused of defrauding federal and state healthcare programs, a Justice Department lawyer acknowledged to a congressional panel Friday.

Ronald J. Tenpas, associate deputy attorney general, said his department has recovered $5.3 billion since 1999 from major drug manufacturers in a variety of kickback schemes and overcharges that defrauded Medicaid and Medicare.

But when asked by House Committee on Oversight Chairman Henry Waxman, D-Calif., why the government doesn't move faster on these cases to recoup even more taxpayer money, Tenpas said his office is short on lawyers and investigators.

"These are very complex cases," he said, adding that his office has not added new positions, despite estimates that the prescription drug fraud cases produce $15 in payments and penalties for every $1 spent on prosecution.

Patrick J. O'Connell, chief of a Medicaid task force for the Texas attorney general's office, said at the congressional hearing that his team of lawyers had more than paid its way by recovering $64.1 million from just four manufacturers that had overcharged the state and federal government for prescription drugs.

O'Connell, in an interview later, estimated that his office has collected more than $100 million from drug companies since his anti-fraud office was set up in 1999. Expenses for his task force, recently expanded to 10 lawyers, have added up to $5 million to $7 million, he said.

O'Connell said he has pursued claims against doctors, dentists and hospitals.

But whistle-blowers with inside knowledge about prescription drug companies have given them the biggest cases by far, he said.

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He recalled that one company had billed the government $21.40 for an inhaler that investigators later discovered had a real cost of $2.

James W. Moorman, president of the watchdog group Taxpayers Against Fraud, said, "Texas has by far the most successful Medicaid anti-fraud program" of the states.

However, Moorman said the federal government's effort has been "overwhelmed" by the fraud cases.

Waxman repeatedly raised concerns about the new prescription drug benefit, known as "Part D" for Medicare recipients.

The new program "is going to cost $1 trillion over 10 years -- $50 billion over this next year," Waxman said. "That program's got to be as ripe for fraud as any other."

Tenpas said officials at the Justice Department are "clearly concerned there could be fraud in that program" but added that after only one year of operation and not enough data "we don't have many conclusions yet."

The Pharmaceutical Research and Manufacturers of America issued a statement defending the industry.

Federal health programs that provide prescription drugs provide a "critical safety net for low-income patients, seniors and the disabled," the trade group said.

GAO Warns Of Medicare Drug Overcharging (AP)

AP, February 10, 2007

WASHINGTON --Federal law makers should consider doing more to ensure the government is not overcharged for prescription drugs, according to a government watch dog.

A director for the Government Accountability Office told members of Congress Friday that the Medicare drug benefit program is vulnerable to false billing schemes because it relies on private companies to report drug prices. Under the program, about 42 million eligible senior citizens can choose between thousands of prescription drug plans offered by health insurers that individually negotiate drug prices with manufacturers.

GAO's health care director John Dicken said the Medicare drug program's "complex set of relationships and transactions with private entities" makes it difficult to verify the accuracy of drug prices charged to the government. Dicken told members of the House Committee on Oversight and Government Reform that Medicare needs to have systems in place to spot inflated price reporting.

In 2006, plans offered by UnitedHealth Group and Humana had the highest enrollment numbers although the GAO report did not single out any companies or providers by names. Representatives from Humana and UnitedHealth were not able to provide immediate comment for this story.

The hearing comes nearly one month after Democrats in the House pushed through legislation that would require the government to negotiate Medicare drug prices directly with drug manufacturers. The bill is pending in the Senate but President Bush has promised to veto it, saying the current system is already reducing prices for seniors.

Last year one drug maker agreed to settle charges brought by state and federal prosecutors that it allegedly inflated prices of its products.

Last August, GlaxoSmithKline paid $41 million to settle claims by more than 40 state Medicaid programs. Several months earlier, the Justice Department opened a suit against Abbott Laboratories, alleging the company's billing schemes cost government health programs more than $175 million over 10 years. The case is currently pending in U.S. District Court of Massachusetts.

House Chairman Vows Probe Of Drugmaker `Profiteering' (BLOOM)

By Aliza Marcus

Bloomberg, February 10, 2007

Feb. 9 (Bloomberg) -- Representative Henry Waxman pledged Congress will investigate a range of allegations that drugmakers are ``profiteering" by overcharging federal health programs.

``If even half of them are true, billions of federal dollars that should be buying needed care are instead adding to drug company profits," Waxman, Democratic chairman of the House Committee on Oversight and Government Reform, said at a hearing today on alleged fraud and abuse in drug pricing.

Democrats promised more aggressive oversight of government practices when they took control of Congress in January, and the hearing was an initial effort to apply such scrutiny to health- care costs.

The session at times turned into a debate over the Medicare drug plan for the elderly, which was designed three years ago when Republicans controlled Congress.

``Can you think of any other system that could be designed more expensive than the one designed by the Republicans?" Waxman of California said. He announced he has sent letters to health insurers and drug benefit managers demanding

information about the prices they negotiated with drugmakers and how savings are being passed on to seniors enrolled in Medicare drug plans.

Republican Response

``I have to wonder if the goal is to harass'' the companies, said Tom Davis of Virginia, the committee's ranking Republican. Davis said he took the faster and easier route of asking the Centers for Medicare and Medicaid Services, which collects the information. ``Let's see who gets their answer first.''

The House passed a bill in January that would require the federal government to negotiate with drugmakers for lower prices for Medicare. President George W. Bush has said he would veto the legislation if it passed the Senate in its current form.

Prices of medicines covered by the Medicare program, now in its second year, appear higher than those available at Costco warehouse stores or at Drugstore.com, Waxman said.

``Meanwhile, drug companies are reporting massive increases in their profits,'' he said.

The Pharmaceutical Research and Manufacturers of America, which represents drugmakers, said growth in spending on prescription medicine was at its lowest level in years.

``Many studies have also found that medicines help lower health-care costs because they help keep patients out of the hospital and help them avoid expensive emergency rooms visits,'' Ken Johnson, senior vice president, said in a statement.

$5.3 Billion Recovered

The Justice Department has recovered more than $5.3 billion related to pharmaceutical fraud in federal and state programs since 1999, Ronald J. Tenpas, associate deputy attorney general, told the committee.

``It is clear from our experience that drug company violations of the law are causing government health-care programs to pay too much for prescription drugs,'' Tenpas said in a statement submitted to the committee.

Witnesses at the hearing described a complicated system of drug pricing that made it easier for companies to commit fraud.

``Government agencies don't actually know what they are paying for drugs, said Gerard F. Anderson, director of the Center for Hospital Finance and Management at the Johns Hopkins Bloomberg School of Public Health in Baltimore.

To protect against waste and fraud, prices should be compared among federal programs to find the best deals, Anderson said. The Department of Veterans Affairs, which negotiates for the drugs it provides, pays less than Medicare plans, he said.

Medicaid Allegations

Waxman cited allegations that the federal Medicaid program, which covers about 50 million low-income Americans and spent about $30 billion on drugs in 2005, has been ``repeatedly overcharged for essential medications.''

The price of drugs concerns many Americans, polls have shown.

``This entire issue of health-care policy, and particularly prescription drugs and drug prices, has been in Democrats' craw for at least six years,'' Dennis W. Johnson, a professor of political management at George Washington University in Washington, said in a telephone interview yesterday. ``Now that they are in the majority, this is something they are going to go after.''

Sailor, Family File $150M Claim Against Navy (NAVT)

By Chris Amos, Staff writer

Navy Times, February 10, 2007

ET3 says malpractice at Jacksonville hospital caused baby's brain damage

A Navy family has filed a claim against the Navy for $150 million, alleging that malpractice by Naval Hospital Jacksonville doctors and staff caused their newborn son to suffer severe brain damage that has left him unable to walk, talk or see.

Sean Cronin, a civilian lawyer representing Electronics Technician 3rd Class Joseph Alcorn and his wife, Kendra, said injuries to their son Gavin, the second child born during a twin pregnancy, were caused when he did not receive enough oxygen during delivery in May 2005.

Cronin said hospital records show that Gavin's limbs were blue and that he was not breathing when he was delivered about an hour after his sister.

Gavin's sister had unrelated complications during delivery but has since recovered.

Shortly after delivery, Gavin was transferred to a civilian hospital in Jacksonville, where doctors used an MRI to determine that he suffered brain damage during delivery, Cronin said.

Capt. Raquel Bono, commanding officer of Naval Hospital Jacksonville, said Navy doctors identified Kendra Alcorn's pregnancy as high risk before delivery and took steps, including having extra doctors present during delivery, to prevent complications. She said close attention was paid to the fetal heart rate and to the mother's uterine contractions.

"We monitor this very closely, and it allows us to respond very quickly if the fetus is in distress," she said.

All multiple-birth deliveries are considered high risk, Bono said, adding that other factors, such as the mother's nutritional status, history of smoking, and alcohol or prescription drug use, also can lead to elevated risk levels.

"The prenatal period is very important and delicate time. There are a whole myriad of causes that determine whether a child develops cerebral palsy," she said, adding that only 5 percent of cerebral palsy cases are linked to delivery and that a much larger number — at least 60 percent — begin well before delivery.

But the specific type of cerebral palsy suffered by Gavin, Cronin said, is linked directly to oxygen deprivation during delivery. He added that cerebral palsy developed before delivery would damage large parts of the brain, instead of localized damage that Gavin suffered.

Bono would not say which, if any, prenatal risk factors other than a multiple delivery were present during Kendra Alcorn's pregnancy, but she defended the actions of doctors and staff at the hospital, which she said delivers about 120 babies each month and conforms to national standards set by the American College of Obstetricians and Gynecologists.

"In a high-risk industry such as health care, everything can be done according to standards, and unanticipated outcomes can still happen," she said.

But Cronin said the hospital was attempting to shift blame onto Kendra Alcorn by discussing complications caused by smoking and prescription medicines. While he admitted that Kendra Alcorn smoked, he said there was no evidence linking smoking to the type of brain damage that Gavin suffered.

"There is no evidence that this is a congenital defect," he said. "All evidence indicates that this was caused by asphyxiation. I am extremely disappointed that the hospital is attempting to blame the victim. This is an attempt to smear the family and not be accountable for their own actions."

The Navy has six months to respond to the Alcorn's claim. It can pay the full amount, offer a reduced settlement or pay nothing.

After the six-month period, if the family is not satisfied with the Navy's response, they can file a lawsuit in U.S. District Court.

At that point, Justice Department lawyers would take over the lawsuit's defense.

Naval Hospital Jacksonville has been at the center of several malpractice claims since 2000. As reported by the Navy Times, medical malpractice at the hospital has left at least 12 patients dead and another four disabled or crippled, according to federal court papers.

A recent case involves a $15 million lawsuit filed against the Navy after doctors failed to diagnose bacterial meningitis in a 3-month-old boy in June 2006.

That boy, Justin Michael Shantz, later died.

Bono defended the hospital's record.

"I have every confidence that quality health care is being provided," she said, adding that the national standard for malpractice lawsuits in a year is 2.4 per 100 physicians. Naval Hospital Jacksonville has 1.3 per 100 physicians, she said. While acknowledging that 13 percent of the hospital's patients cannot sue because they are on active duty, she said that even when those numbers were accounted for, the hospital still beats national averages.

Naval hospital doctors also exceed the national rate for being board qualified, she said.

Cronin, a retired Navy commander and former P-3 pilot who says his child was born at Naval Hospital Jacksonville, did not dispute that.

"I have no doubt that they are able to provide quality of care," he said. "I just think they had some failures of quality of care in this case."

Expert Cites Controller Fatigue In Crash That Killed Radio Star (CHIT)

By Matt O'Connor, Tribune Staff Reporter

Chicago Tribune, February 10, 2007

An aviation consultant testified Friday that an air-traffic controller's fatigue was a contributing factor in the midair collision that killed radio star Bob Collins and two others seven years ago.

At a federal trial stemming from lawsuits over the crash, Farrell Smith, a former Federal Aviation Administration official, said records showed that controller Gregory Fowler worked more than seven hours that day without taking a break.

In the hour before the collision, Fowler had been involved in 416 transmissions with pilots, one every 8.65 seconds, Smith said.

"He's vulnerable to fatigue, mental and physical," Smith said of Fowler, whom lawyers for the three victims' families blamed for the collision. "It's critical safety-wise to give them a break, so they're sharp and aware."

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Collins had been Chicago's top-ranked morning-radio personality when his Moravan Z242L struck a Cessna 172P flown by student pilot Sharon Hock as the two aircraft approached Waukegan Regional Airport near the lakefront. Collins' plane crashed onto the roof of Midwestern Regional Medical Center, killing him and passenger Herman Luscher, while Hock died when her plane plummeted onto a Zion street.

On Friday Paul Pieri, a former flight instructor who witnessed the crash, testified that he had been surprised when Collins' plane passed in front of his shortly before the collision. If Collins had accurately reported his position, Pieri said, "He should have already been past me on final approach" to the airfield.

Justice Department lawyers, representing the FAA at the trial, contend that Collins caused the collision.

William Sullivan Lawrence, an expert pilot who rose to colonel in 26 years in the Marine Corps, testified that neither Collins nor Hock had been negligent.

"I think he did the same thing that 99.9 percent of general-aviation pilots would have done," Lawrence said of Collins. He also credited Hock with doing "a fine job."

Lawrence, who did a test run to try to re-create what the two pilots encountered that day, said they were flying west into the sun under hazy conditions, "the worst of all situations."

Contributing to the accident was that Collins was flying a low-wing plane with poor visibility below him as he descended into the rear of Hock's high-wing plane, Lawrence said.

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CIVIL RIGHTS:

Man Pleads Guilty In Austin Immigrant Brothel Case (AAS)

By Steven Kreytak, AMERICAN-STATESMAN STAFF

Austin (TX) American-Statesman, February 10, 2007

Austin site was part of 13-city prostitution network.

A man who federal authorities say managed brothels in Austin and Oklahoma City in an elaborate multistate immigrant smuggling and prostitution ring pleaded guilty in federal court Friday.

The ring included brothels in 13 cities, including ones across Texas, as far west as Las Vegas and as far east as New York City and Atlanta, according to documents filed with Juan Balderas-Orosco's plea. The operators snuck hundreds of women into the country from Mexico as well as Central and South American countries, and forced them to have sex with as many as 40 men — mostly undocumented immigrants — a day, the documents said.

Their bosses, who moved the women among the brothels in the interstate network, kept all or part of the women's earnings, the documents said.

"The prostitutes reported they were not free to leave the brothels on their own, and the brothel operators were usually armed with firearms," one court document said.

Balderas, 34, faces 10 years in prison at a later sentencing on each of three crimes: transportation for prostitution, conspiracy to smuggle, transport and harbor illegal aliens, and importation of aliens.

Balderas' lawyer, Kristin Etter, declined to talk about the case, other than to say it is a symptom of a broken immigration system.

With limited legal channels for immigrants to the U.S., some immigrants "are pushed into this underground economy and forced into these kinds of jobs," she said outside court.

Balderas, who was the manager of brothels in Austin and Oklahoma City, is the lead defendant in an indictment filed last year in U.S. District Court in Austin charging 12 people in the case with various smuggling and prostitution crimes.

Six people pleaded guilty in the case earlier this week and another defendant, Mohammad Arami, pleaded guilty with Balderas before U.S. Magistrate Judge Robert Pitman on Friday.

Three defendants are fugitives in the case, including one woman accused of running the operation: Cecilia Maria Roberson, aka "Lila." Information about that woman's nationality and possible whereabouts were not included in court documents.

Another woman whom co-defendants and some of the prostitutes identified as a boss of the operation, Maria Camacho-Teran, was arrested in December, and her case is pending. She earned substantial income from the operation, is a citizen of Venezuela and is married to a U.S. citizen, a judge wrote in court documents.

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Arami pleaded guilty to conspiracy to commit money laundering. He owned a house at 9807 FM 969 that federal agents raided last summer. Court documents say that Arami knew that the rent on that house was paid with proceeds of the illegal operation.

Both men said little more than "yes" at the sentencing hearing. They were responding to a standard list of questions Pitman asked regarding whether they understood the ramifications of their pleas.

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Federal Prosecutor Opposes Dismissal Of Charges In 1964 Killings Of 2 Black Men In Miss. (AP)

By Jack Elliott Jr.

AP, February 10, 2007

JACKSON, Miss. - Kidnapping remains a capital crime under federal law and there is no statute of limitations that would justify dismissing charges against a reputed Ku Klux Klansman accused in the 1964 slayings of two black men, say federal prosecutors.

James Ford Seale, 71, has pleaded not guilty to two counts of kidnapping and one count of conspiracy. Seale is being held without bond in the Madison County jail.

Seale could be sentenced to up to life in prison if convicted in the deaths of Charles Eddie Moore and Henry Hezekiah Dee.

Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

In a motion to dismiss the charges last month, Assistant Federal Defender Kathy Nester said the government needed to have charged Seale under the law in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued.

U.S. District Judge Henry T. Wingate has not ruled on the dismissal motion.

U.S. Attorney Dunn Lampton, in a response filed this week, said Seale's defense was misreading the law. He said while the U.S. Supreme Court in 1968 may have eliminated the death penalty for kidnapping, the court did not remove the designation of kidnapping as a capital crime under federal law.

"The limitations period depends upon the capital nature of the crime, and not on whether the death penalty is in fact available for a defendant in a particular case. Because the defendant is charged with offenses deemed by Congress to be capital in nature, he may be prosecuted for those offenses without limitation," Lampton said in the government's response.

Federal Public Defender S. Dennis Joiner, in a reply to the government's position, said once the death penalty was removed as a penalty for kidnapping, kidnapping became a non-capital offense.

Joiner said the 1968 decision gave trial courts no option but to treat as non-capital cases in which the death penalty provision of a statute has been removed. Therefore, the five-year non-capital statute of limitations must apply.

A second white man long suspected in the attack, reputed KKK member Charles Marcus Edwards, 72, has not been charged. People close to the investigation who spoke on condition of anonymity said Edwards was cooperating with authorities.

Seale and Edwards were arrested in 1964. But the FBI - consumed by the search for three civil rights workers who had disappeared that summer - turned the case over to local authorities, who promptly threw out all charges.

The Justice Department reopened the case in 2000.

Feinstein Joins Clamor Over Jailed Border Agents (SFC)

By Carolyn Lochhead, Chronicle Washington Bureau

San Francisco Chronicle, February 10, 2007

2 officers convicted in 2005 shooting of alleged smuggler

Washington -- Sen. Dianne Feinstein intervened Friday in the cases of two Border Patrol agents who are imprisoned for shooting an alleged Mexican drug smuggler and who have become a cause celebre for anti-illegal immigration GOP politicians, conservative media and activists.

The California Democrat, who is a member of the Senate Judiciary Committee, wrote letters to three top administration officials -- Attorney General Alberto Gonzales, Homeland Security chief Michael Chertoff and Federal Bureau of Prisons Director Harley Lappin -- asking for specific information about their agencies' involvement in the case.

Feinstein is the first prominent Democrat to become involved in the case of the border agents, and her office said she has secured the agreement of Senate Judiciary Committee Chairman Patrick Leahy to conduct a committee investigation. She said Leahy is open to a hearing on the matter.

Border Patrol agents Jose Alonso Compean and Ignacio Ramos were convicted last March and sentenced Oct. 9 for the 2005 shooting of an alleged drug smuggler, Osvaldo Aldrete-Davila, who had driven a van loaded with 743 pounds of marijuana

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from Mexico to Texas. The agents shot Aldrete-Davila as he tried to flee back across the border with Mexico, then hid evidence of the shooting and failed to report it, according to the evidence presented at their trial. Compean received a 12-year federal prison sentence, and Ramos 11 years and one month.

Last Saturday, Ramos was injured in a fight with five other inmates at the federal prison in Yazoo City, Miss. Prison authorities said he sustained minor bruises and abrasions.

President Bush has so far refused to pardon the agents, though he has said he would "look at all the facts" and urged others to do the same in a Fox News interview Jan. 31.

"I get asked about pardons in a lot of different cases, and there's a procedure in place," Bush said in the interview. "And what I've told members of Congress who have written me, our call was, just look at the case. Look at the facts in the case. And people need to understand why these folks were sent to trial and why a jury of their peers convicted them."

The case -- and Bush's response -- has enraged conservative Republican House members. Rep. Dana Rohrabacher, R-Huntington Beach (Orange County), invited Ramos' wife to the State of the Union address. This week, he warned there would be calls for Bush's impeachment if either of the agents dies in prison.

Feinstein spokesman Scott Gerber said Feinstein called for an investigation because "she believes there are serious questions." He said she also asked her California state director in San Francisco, Jim Molinari, a former U.S. marshal, to look into the case informally and advise her.

"This was a case of two agents who were pursuing a suspect who turned out to be involved in drug trafficking, and it raises questions about the length of their sentence and how they're being treated in prison," Gerber said. "Certainly, the Department of Justice can conduct investigations, but at the same time the senator thinks there are significant issues that need to be resolved, and the Judiciary Committee is the appropriate venue to look at these questions."

Feinstein told Gonzales in her letter that she strongly believes the agents' sentences are too extreme, given that the victim resisted arrest and was smuggling large quantities of drugs. Further, she wrote, the agents had to her knowledge no prior convictions or aggravating circumstances to warrant such long terms.

The U.S. attorney who prosecuted the case, Johnny Sutton, has maintained that Congress determined the penalty, setting a mandatory minimum 10-year sentence for discharging a firearm during a crime of violence.

Feinstein said she found it even more disturbing that Ramos was beaten in prison. "It is not hard to predict that two federal agents would be targeted in a prison population and that special precautions should have been employed to ensure their safety," Feinstein wrote.

Ramos and the five inmates who assaulted him have been segregated from the general prison population, according to Bureau of Prisons spokesperson Traci Billingsley. She said that the assailants will face disciplinary proceedings and that the bureau will "take all necessary measures to ensure his ongoing safety."

The Justice Department has posted on its Web site a four-page document defending its prosecution by Sutton, the U.S. attorney in the Western District of Texas. It is titled "Myth vs. Reality: The Facts of Why the Government Prosecuted agents Compean and Ramos" at www.usdoj.gov/usao/txw.

E-mail Carolyn Lochhead at clochhead@sfchronicle.com.

Congressman Campaigns To Help Imprisoned Ex-border Agent (AP)

AP, February 9, 2007

YAZOO CITY — U.S. Rep. Tom Tancredo of Colorado met today with Ignacio Ramos at the prison where the former U.S. Border Patrol agent was attacked by other inmates.

Tancredo said he offered encouragement and campaigned to get Ramos a change of cells.

Ramos is serving time at Yazoo City Federal Correctional Complex for shooting a drug smuggling suspect in Texas and then lying about it.

“I gave him as much positive information as I could,” Tancredo said after leaving the prison in Yazoo City, Miss., about 40 miles northeast of Jackson. “And it is our hope we can get him moved to another part of the facility that is safe for him but not in a segregated environment ... 23 hours a day in a cell, which he has now.”

A Republican presidential candidate and opponent of illegal immigration, Tancredo has said the Bush administration failed to protect Ramos and has demanded that the agents receive a full presidential pardon.

The congressman said he was allowed to see the prison area where Ramos was beaten and had “observed bruises and abrasions on his body.”

Tancredo, the founder and former chairman of the House Immigration Reform caucus, said Ramos had one bruise that “starts at the top of a shoulder and goes all the way to the elbow. It is very deep, a purplish, red, very deep bruise.”

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Before traveling to the prison that houses low- and medium-security inmates, the congressman said the Ramos family "has had to endure too much already for something as diminutive as a failure to report an incident. Sure it deserves punishment, but not one worse than some murderers."

Tancredo said after today's meeting he believed prison officials would move Ramos from isolation to better, but still safe, quarters elsewhere in the facility.

"I talked with the warden ... at great length and she was very accommodating," he said. "She said she would in fact request a new placement for him."

Tancredo said he understood a meeting would be held next Wednesday to consider the request.

Public information officials at the Yazoo City facility referred all questions to the Federal Bureau of Prisons in Washington, which did not release any new information about a possible Ramos transfer.

Tancredo said he told Ramos that there had been vigils and other demonstrations of support for the agents and that "a lot of people were praying for him."

Prison officials on Tuesday confirmed the beating of Ramos, whose conviction along with that of fellow former agent Jose Alonso Compean drew sharp criticism from some who said the agents were merely doing their job defending the border against criminals.

A federal report was released Wednesday on the shootings, and Senate Committee Chairman Patrick Leahy, D-Vt., agreed to allow Sen. Dianne Feinstein, D-California, to hold a hearing on the case.

An Associated Press photographer from Jackson, at the prison Friday to take pictures of Tancredo, was told by a security officer that he had to surrender the digital disk in his camera before he would be allowed to leave the facility. Later, the photographer was allowed to leave with the digital images — scenes of the exterior of the prison.

Ramos and Compean were convicted last year of shooting Osvaldo Aldrete Davila in 2005 at a rural area near El Paso, Texas, and then trying to cover up the incident. Davila was shot once in the buttocks.

In a statement issued Wednesday afternoon, Rep. John Culberson, D-Texas, said Ramos and Compean "may not have followed proper procedure following the shooting, which at most should have resulted in their suspensions from the force, but not criminal procedure."

Ramos and Compean, who reported to prison in January, were each sentenced in October to more than a decade behind bars. Compean is serving his sentence at the Elkton Federal Correctional Institution, a low-security prison in Ohio. There have been no reports of problems with his detention.

Monica Ramos, the agent's wife, told The Associated Press on Tuesday that he called her on his 38th birthday and said: "They got me. They got me good."

Monica Ramos said her husband described being attacked late Saturday, when he "let his guard down" and went to his bed. The attackers, she said, kicked and stomped him for several minutes before running away.

Ignacio Ramos was able to identify one man in the group and is now pursuing criminal charges, Monica Ramos said.

ANTITRUST:

Cousins Get 2 Years In Concrete Scheme (INDYSTAR)

By Kevin Corcoran

The Indianapolis Star, February 10, 2007

Prison term nearly twice that of plea-bargaining ringleaders

Two men convicted in November of involvement in an Indianapolis-area concrete price-fixing conspiracy will spend nearly twice as long in prison as ringleaders who cooperated and pleaded guilty.

Chief U.S. District Judge Larry J. McKinney on Friday sentenced Chris A. and Ricky J. Beaver, managers at Noblesville-based Beaver Materials Corp., to 27 months in prison for violating antitrust law and lying to the FBI.

The prison terms will be followed by two years of supervised release. Both men were ordered to pay $5,000 fines.

The conspiracy's ringleaders, who testified against the Beaver cousins in November, were sentenced to 14 months in prison.

The Beavers acknowledged attending several secret meetings called to set prices, but they still deny participating in the scheme. Both men agreed, however, they had lied to investigators.

"It's something I'm not proud of," said Chris Beaver, 42. "I was scared they would handcuff me in front of my children."

But, he added, "We did not do any price-fixing."

Ricky Beaver, 43, also denied price-fixing, saying: "I only went to two meetings. I didn't agree to anything."

McKinney was unmoved, saying the jury had spoken, and he agreed the Beavers were active participants.

The price-fixing scandal became public in June 2005, when federal prosecutors announced a $29.2 million fine against Greenfield-based Irving Materials, the largest fine ever paid by a participant in a domestic price-fixing conspiracy.

The Beavers' defense attorney, Jeffrey A. Lockwood, called the cousins' involvement in the conspiracy "minuscule." But prosecutors asserted the company sold $50 million worth of ready-mix concrete at potentially inflated prices during the conspiracy.

Ready-mix concrete is made on demand and hauled to work sites in mixer trucks for public and private projects, such as sidewalks, driveways, bridges and roads.

The Beavers' sentencing came hours after McKinney sentenced John J. Blatzheim, 52, executive vice president of Fishers-based Builder's Concrete & Supply Co., to nine months in prison and a year of probation, and fined him $5,000.

A charge of lying to the FBI was dropped in exchange for Blatzheim's guilty plea.

"I've disappointed a lot of people," Blatzheim said in court Friday.

He acknowledged attending meetings to fix prices and "policing the agreement."

Friday's hearings closed out the price-fixing cases pending against individual defendants.

In all, nine current or former officials of four area companies have been sentenced to prison in the scheme to overcharge concrete customers from July 2000 through May 25, 2004, when a series of early-morning FBI raids broke up the conspiracy.

"We're pleased the defendants received significant sentences that reflect the seriousness of the crimes," said Scott D. Hammond, a deputy assistant attorney general in the Justice Department's Antitrust Division.

Federal antitrust officials won't say whether more charges could result from alleged price-fixing schemes in Bloomington, Marion and Muncie, where Irving Materials officials have acknowledged participating in additional price fixing.

Call Star reporter Kevin Corcoran at (317) 444-2750.

Lear Agrees To Buyout Offer Of $2.8 Billion From Icahn (NYT)

By Nick Bunkley

The New York Times, February 10, 2007

DETROIT, Feb. 9 — One of the biggest shareholders of the Lear Corporation, a manufacturer of automotive seats, criticized the company's deal on Friday to sell itself for $2.8 billion to the investor Carl C. Icahn.

The shareholder, Richard S. Pzena, who owns 11 percent of Lear through his firm, Pzena Investment Management, said he believed that the price was too low and that Lear did not need outside help to turn around its business.

Another shareholder, Evercore Asset, which calls itself a relatively small shareholder of Lear, said Friday that it was going to vote against Mr. Icahn's bid. Evercore said the offer price of $36 a share does not reflect the value of Lear.

The deal — the latest in a wave of major investments in the troubled auto parts industry — is worth $5.3 billion, including $2.5 billion in debt that will be assumed by American Real Estate Partners, the investment firm controlled by Mr. Icahn. Mr. Icahn already owns nearly 16 percent of Lear's 76.3 million outstanding shares, which would be valued at $36 each.

That is $3.39 less than the closing price for Lear's stock on Friday; shares fell 1.7 percent after the deal was announced.

Lear, based in Southfield, Mich., expects the deal to close by the end of the second quarter. But the company said it would also consider any other offers submitted within 45 days.

Mr. Pzena sent a letter critical of the proposed buyout to Lear's independent directors this week.

Mr. Pzena said in an interview on Friday that Lear is in the middle of a turnaround. He believes that Lear shares could be worth $60 each within a few years, which would make his stake in the company worth $201 million more than it is valued under Mr. Icahn's offer.

"I don't understand why they felt like they had to sell the company at all," Mr. Pzena said. "I hope that the shareholders send a message to the board that they can't be doing these kinds of things."

In a statement, the chairman and chief executive of Lear, Robert E. Rossiter, said shareholders should be pleased with the buyout terms.

"Following a very thorough review of the proposed transaction, our board unanimously concluded that the A.R.E.P. offer was in the best interests of Lear's shareholders," Mr. Rossiter said.

"We believe that the transaction price, which represents a multiple of about nine times our forecasted 2007 core operating earnings — excluding the interior business — provides shareholders with significant value."

Lear, which lost more than $2 billion in the last two years, agreed in the fall to sell its automotive interiors division to another billionaire investor specializing in struggling companies, Wilbur L. Ross.

An analyst with Lehman Brothers in New York, Brian A. Johnson, said he expected the buyout of Lear to be supported by most shareholders, particularly those who paid less than $30 a share for their interest in the company.

(Mr. Icahn bought nearly 8.7 million Lear shares in November for $23 each, regulatory filings show.)

Lear Holders Call For New Bids (WSJ)

By Terry Kosdrosky

The Wall Street Journal, February 10, 2007

Management Backs Offer From Icahn; A Fair Valuation?

Lear Corp.'s support of a takeover offer by billionaire investor Carl Icahn has raised questions about whether the auto-parts supplier's board has worked hard enough to get the best deal for shareholders.

Management's welcoming response to the offer also sparked shareholder calls for the company to seek competing bids.

The auto-parts supplier said on Friday its management supported Mr. Icahn's $36-a-share offer, adding that its board voted unanimously in favor of it, even though Lear stock has been trading at about the offer price.

The deal involving Mr. Icahn's American Real Estate Partners L.P., and valued at about $5.3 billion, is the latest move to grab a bigger stake in the auto-parts sector. Companies like Lear have struggled with lower production from U.S. auto makers, high raw-materials costs and pricing pressures. But deep-pocketed investors have been drawn to the sector because of the low valuations of many ailing companies and the belief some will recover.

At least three major shareholders believe Lear shares have the potential to appreciate well beyond the Icahn offer price and said they will vote against the bid. Richard Pzena, whose investment firm owns 10% of Lear, said he plans to push the board to solicit offers from other potential buyers. Mr. Pzena also said he is concerned Lear's management is backing the deal at least in part because it includes raises and other financial rewards.

Chairman and Chief Executive Bob Rossiter would give up the CEO title but would see his base salary increase to $1.15 million in the first two years. In 2005, Mr. Rossiter earned $1.1 million in base salary and no bonus, according to the company's proxy statement. His base salary would be $700,000 in the third year, when he is to become nonexecutive chairman, according to new employment agreements filed with the Securities and Exchange Commission. In his first year, he gets a guaranteed bonus of no less than $1.72 million.

President and Chief Operating Officer Douglas G. DelGrosso would be named chief executive, succeeding Mr. Rossiter, and would have his salary increased to $1.15 million initially and would receive an annual bonus of at least $1.43 million. In 2005, the last period Lear's compensation figures were disclosed, Mr. DelGrosso was paid $705,834 in base salary and no bonus.

Mr. Rossiter said a buyout would leave the company in a stronger position to cut costs and expand in Asia. He said the deal, which requires approval from a majority of holders of Lear common stock, "provides shareholders with significant value."

Lear makes auto seats, interior parts and electronics.

Shares in the Southfield, Mich., company were down 1.7% to $39.39 in 4 p.m. New York Stock Exchange composite trading Friday. The stock reached a 52-week intraday high of $41.14 this week, after Mr. Icahn's proposal was announced on Monday.

Mr. Icahn already owns a 16% stake in Lear. Mr. Icahn's $5.3 billion offer values Lear at $2.75 billion. He would pay about $2.31 billion in cash to buy the shares he doesn't already own and assume $2.5 billion in debt.

If Lear accepts a superior bid, Lear could have to pay a termination fee of more than $85 million, plus as much as $15 million in expenses, according to a filing made with the SEC.

The company said it will solicit other offers over the next 45 days. Wall Street analysts, however, said Friday it is unlikely any other offers will materialize.

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Like Mr. Pzena's firm, Pzena Investment Management LLC, Braun, von Wyss & Müller, the Zurich-based investment adviser for Classic Fund Management Aktiengesellschaft, said they would oppose the deal. They each said Lear's value is closer to $60 a share. Brandes Investment Partners LP, which owns a 3.9% stake in Lear, also said it would vote against the deal, arguing the price is far below Lear's long-term fair value.

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One smaller shareholder, however, said he supports the deal. Robert Chapman, managing member of Los Angeles-based Chapman Capital LLC, said $36 is a good price, noting that Lear was trading at about $28 a month ago.

J.P. Morgan Chase & Co.'s J.P. Morgan Securities Inc. served as financial adviser, and Winston & Strawn LLP as legal counsel to a special committee of Lear's board. Bank of America Corp. provided Mr. Icahn's affiliate with debt-financing commitments.

--Kaja Whitehouse contributed to this article.

U.S. Inquiry On Bonds At Big Bank (NYT)

By Vikas Bajaj

The New York Times, February 10, 2007

Bank of America said yesterday that it was cooperating with a Justice Department investigation into bidding practices in the municipal bond business in exchange for leniency.

The agreement with the bank may be a significant breakthrough for government investigators who have been looking at how the proceeds of bonds issued by cities, school districts and other municipal authorities are invested between the time the money is raised and when it is spent on projects like new water systems and school gymnasiums.

Investigators are examining whether there was collusion among some financial institutions in bidding to handle the bond revenue during those interim periods.

Last November, the Justice Department issued subpoenas and raided the offices of several firms that served as go-betweens for municipalities and large financial institutions.

The investigation is the biggest in municipal finance since the 1990s, when the Securities and Exchange Commission accused some Wall Street firms of "yield burning" — or profiting by overcharging state and local government agencies in debt refinancings. The current investigation is unusual because it appears to involve possible criminal charges.

Bank of America said the Justice Department had agreed not to bring criminal charges against the bank because it was the first institution to volunteer information before the subpoenas were issued. Furthermore, the agreement limits the civil penalties that prosecutors can pursue against the bank to actual damages, rather than the treble damages it can pursue against others.

The deal, which the bank said would not be available to other financial institutions, is contingent on continued cooperation by Bank of America.

"If a company has participated in industrywide practices, its cooperation can prove invaluable," said Kathleen F. Brickey, a law professor at Washington University in St. Louis who specializes in white-collar crime. as prosecutors investigate other companies. "This will be unwelcome news for others" in the industry.

In a separate settlement with the Internal Revenue Service, Bank of America said yesterday that it would pay $14.7 million to the federal government for its role in the use of contracts that provided guaranteed investment returns on proceeds from bond pools issued by multiple municipalities. The I.R.S. has been examining whether such pools are being used to generate profits from tax-free municipal bonds.

"They are related only in that the two are happening at the same time and involve the municipal arena," said Shirley Norton, a Bank of America spokeswoman.

A spokeswoman for the Justice Department confirmed that it had reached an agreement with Bank of America but would not answer questions about the deal. A spokesman for the I.R.S. declined to comment.

Municipal bonds are a big business for Wall Street — about $385 billion of bonds were issued last year, according to the Securities Industry and Financial Markets Association. The bonds provide a steady source of fees and are a relatively safe, and tax-free, investment.

In recent years, several government agencies, including the Securities and Exchange Commission, have focused on how the proceeds of the bonds are handled in the months or years before they are spent. Because the money is tax-free, municipalities cannot generate a higher return on the money by investing it than what it costs to raise the money. If they do earn more, the balance is due to the United States Treasury.

To get around those limits, consultants to municipalities and major financial institutions like Bank of America have used guaranteed investment contracts that limit the return cities and other agencies can earn from their bond proceeds.

Investigators are looking into whether some financial institutions have colluded when bidding for those contracts, which are structured in a way that appeared to satisfy the I.R.S. rules but in reality provide excessive fees or returns to banks and advisers involved in the transactions.

"Municipal bond proceeds are supposed to be spent for tangible purposes, not to earn interest in arbitrage," said Charles Anderson, a retired I.R.S. field inspector who now has a private consulting practice. "You want a transparent and above- board process of people getting investment contracts."

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In November, Bloomberg News reported that federal agents raided and seized documents from the offices of three brokers that specialized in municipal finance and Justice Department lawyers subpoenaed documents from two insurance companies and General Electric.

Shares of Bank of America slipped 33 cents, to $52.99.

Bank Of America To Cooperate With Justice Department (AP)

By IEVA M. AUGSTUMS, AP Business Writer

AP, February 10, 2007

CHARLOTTE, N.C. -- Bank of America Corp. said Friday it has entered into a "leniency agreement" with the Department of Justice related to an investigation into the municipal derivatives industry.

The Charlotte-based bank said the agreement will keep the department from bringing any criminal antitrust prosecution against the company in the matter in return for its continuing cooperation.

The bank said it was receiving the special treatment because it went to the department with information about bidding practices in the bond industry before the government began its investigation last year.

Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to a number of Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports.

Tax-exempt municipal bonds are sold to fund state and local projects, including sewer systems, bridges and stadiums.

Bank of America spokesman Shirley Norton declined comment, citing the bank's of not commenting "on ongoing investigations."

The bank will continue to fully cooperate with the investigations being conducted by the Justice Department, the SEC, and the Internal Revenue Service, Norton said.

Separately, the bank agreed to a $14.7 million settlement with the IRS over the bank's role in providing guaranteed investment contracts and other agreements related to "blind pool" bond transactions. Guaranteed investment contracts are issued by insurers and offer guaranteed rates of return for specified periods. Many retirement plans include them.

Bank of America did not admit to any liability under the Internal Revenue Code, it said in a statement.

Bank of America shares closed down 33 cents, or 0.62 percent, at $52.99 on the New York Stock Exchange. In the past 52 weeks, shares have traded in a range of $43.30 to $55.08.

Cooperation Gives BofA Leniency In Inquiry, Bank Says (CO)

By Rick Rothacker

The Charlotte Observer, February 10, 2007

Bank of America Corp. said Friday that it won't face criminal prosecution for anti-trust matters in the U.S. Justice Department's ongoing investigation of bidding practices in the municipal bond industry.

The Charlotte bank said it reached a leniency agreement with the agency, in return for its continuing cooperation. The announcement shed new light on the bank's role in a wide-ranging probe that became public late last year.

Under the Justice Department's leniency program, amnesty is available to a company that first reports information to the agency before the government has started its own investigation, the bank said.

Separately, Bank of America said it had agreed to a $14.7 million settlement with the IRS related to certain bond transactions. Under the agreement, the bank said it did not admit to any conduct that would be subject to liability under the Internal Revenue Code.

State and local governments issue municipal bonds to raise money for projects ranging from schools to transportation systems to housing projects. In return, investors receive tax breaks on the interest they receive from the bonds.

In 2006, investment banks raised about $379 billion through municipal bond issues, the second best year on record, according to Thomson Financial. Bank of America was the ninth-biggest underwriter.

The industry faced scrutiny in the 1990s over the marking up of bond prices and now faces renewed examination. Late last year, the Justice Department and the Securities and Exchange Commission issued subpoenas to Wall Street firms seeking information about a variety of municipal bond industry practices, according to published reports.

At the time, the Justice Department said it was looking at "anti-competitive practices." The reports also said the IRS was examining whether consultants and underwriters were evading taxes in certain transactions.

An inquiry into the municipal bond business is "long overdue," said Mark Schwartz, a former investment banker who is now a critic of the industry.

"It's a club," said Schwartz, a Philadelphia-area attorney. "There's a lot of trading going on: `I'll give this, if you put us in that deal.' "

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One of the areas under scrutiny is so-called "blind pool" transactions in which underwriters issue bonds for unspecified projects, he said. The incentive for the investment banks is lucrative fees produced by the deals.

The IRS gets concerned because investors are getting a tax break for buying bonds for projects that may not come to fruition, he said. "The treasury doesn't want to be subsidizing deals that aren't needed," Schwartz said.

In addition, the underwriters, with no specific municipal project on deck, will often re-invest the proceeds from blind-pool bond issues. This can raise questions about whether these investments, arranged under so-called "guaranteed investment contracts," were properly bid out.

Bank of America said the IRS settlement related to its role "in providing guaranteed investment contracts and other agreements in connection with certain blind-pool bond transactions." Bank spokeswoman Shirley Norton said she could not comment further because the investigation is ongoing.

The bank said it continues to cooperate with investigations by the Justice Department, the SEC and the IRS. A Justice Department spokesman confirmed Bank of America is cooperating in its probe of "anti-competitive practices in the municipal derivatives industry."

Industrywide Municipal Bond Investigation

· What happened? The U.S. Justice Department has given Bank of America immunity from criminal anti-trust prosecution under an amnesty agreement. The bank also reached a $14.7 million settlement with the IRS.

· What's next? The bank said it continues to cooperate with the Justice Department, SEC and IRS.

Bank Of America To Cooperate In Muni Bid-Rig Probe (Update4) (BLOOM)

By William Selway And Martin Z. Braun

Bloomberg, February 10, 2007

Feb. 9 (Bloomberg) -- Bank of America Corp., the second- largest U.S. bank, said the Justice Department agreed not to press antitrust charges against the bank in exchange for its assistance with a criminal probe of the municipal bond market.

The bank also agreed to a $14.7 million settlement with the Internal Revenue Service in connection with its role in providing investment contacts to some state and local governments, the bank said in a statement.

Bank of America is the first to announce an agreement with the U.S. government in connection with an antitrust probe of bid-rigging of investment contracts that are sold to states and municipalities. The settlement may help speed the pace of the probe, which has roiled an almost 200-year-old market where local governments have $2.3 trillion of bonds outstanding.

``It's a positive step when you see settlements because it does tend to expedite the process," said Carol Lew, the president of the National Association of Bond Lawyers and a public finance attorney at Stradling Yocca Carlson & Roth in Newport Beach, California.

Gina Talamona, a Justice Department spokeswoman, wasn't immediately available for comment. Shirley Norton, a spokeswoman for Bank of America, declined to comment. Nancy Mathis, an IRS spokeswoman, declined to comment.

`Roadmap'

The agreement came after Charlotte, North Carolina-based Bank of America gave information to investigators before they initiated the probe, the bank said in its statement. The bank said offers of amnesty are available from the Justice Department to the first who reports behavior that is later investigated.

``If you're the first one in the door, you get credit for that from the government, said John Fahy, a former U.S. prosecutor now in private practice in Rutherford, New Jersey. ``You are educating the prosecutors. You are giving them a roadmap as to how particular fraud occurred."

Bank of America shares fell 33 cents to $52.99 at 4:16 p.m. in composite trading on the New York Stock Exchange.

More than a dozen banks, insurers and brokers have been subpoenaed in the investigation, which also includes the Securities and Exchange Commission. The Justice Department's probe follows the IRS in looking into whether there were conspiracies to rig the bidding for so-called guaranteed investment contracts, where local governments invest money raised at bond sales until it is needed to pay for schools and other projects.

Yield-Burning

Local governments are required to rebate to the IRS much of the earnings they reap by reinvesting funds raised from tax-exempt bond sales. The IRS is concerned that unfair bidding on investment contracts may have deprived the federal government of money, much like the so-called yield burning scandals of the 1990s, when Wall Street banks overcharged municipal borrowers for Treasury bond investments.

The Justice Department has declined to comment on the probe, saying only that it was investigating anti-competitive practices in the industry. Subpoenas issued in the investigation sought information on several financial products, including derivatives.

``We have little public information about the scope and magnitude of the investigation,'' Lew said. ``That type of climate can hurt the entire municipal bond industry.''

Blind Pools

Bank of America, second only to Citigroup Inc. as the biggest bank by stock market value, said the settlement with the IRS stems from its sale of investment contracts and other products to agencies that sold bonds for so-called blind pools, sums of money that were to be made available to local government borrowers for projects like low-income housing and schools. In some cases, such transactions did nothing for the public while generating millions in fees for the banks and advisers that put them together, according to an Oct. 4 article by Bloomberg News.

Five days before companies disclosed receiving subpoenas from the Justice Department in connection with its probe, George K. Baum & Co., a Kansas City, Missouri-based investment bank, said it settled allegations with the IRS that it illegally diverted profits on municipal bond deals. That settlement covered more than $2 billion of so-called blind-pool deals between 1997 and 2001.

Bank of America provided the guaranteed investment contract on at least one of the Baum transactions targeted by the IRS, a $100 million issue sold in 2000 by Rural Enterprises of Oklahoma Inc., bond documents show. Rural Enterprise of Oklahoma Inc. disclosed in July 2003 that a ``significant,'' hidden payment was made to Baum by the provider of the investment agreement.

Atlanta Deal

Questions about bid rigging were also raised in connection with a $453 million guaranteed investment contract that Bank of America won from the city of Atlanta. That bidding for that agreement was handled by CDR Financial Products Inc., a Beverly Hills, California adviser to local governments that was raided in November in connection with the Justice Department probe.

The IRS in 2005 told Atlanta officials that the city may have overpaid for a $453 million guaranteed investment contract from Bank of America Corp. The IRS asked whether banks arranged to submit ``courtesy losing bids'' at an auction held to win the city's investment business, according to a Feb. 5 2005 letter obtained by Bloomberg News.

CDR has previously defended its work in response to the investigation. A spokesman for the firm, Allan Ripp, declined to comment today on Bank of America's agreement.

Bank of America in 2002 fired the employee in its municipal derivatives department who handled the Atlanta contract after he told his manager that he paid a total of $182,393 to CDR, another broker, and two rival banks on transactions in which they played no role, according to records from the NASD and North Carolina's state court in Mecklenburg County, as reported in a Bloomberg article on Oct. 4.

The payments to CDR were described as a bid to build its relationship with the broker, according to an e-mail contained in court records.

Bank Of America Faces Probe On Muni Bonds (MRKTWTCH)

By Steve Gelsi

Market Watch, February 10, 2007

NEW YORK (MarketWatch) -- Bank of America late Friday disclosed it's participating in a government probe into illegal activity surrounding proceeds from municipal bonds and how the money is invested prior to spending on public projects such as schools and bridges.

Separately, the Bank of America (BAC) has agreed to a $14.7 million settlement with the IRS relating to its role in providing guaranteed investment contracts and other agreements in connection with certain "blind pool" bond transactions.

The pact by the nation's second-largest bank with the U.S. Justice Department could mark a breakthrough as the government investigates practices in the multi-billion dollar municipal bond industry.

Bank of America said it's inked a leniency agreement in connection with the department's investigation into bidding practices in the municipal derivatives sector.

"This amnesty grant was a result of the company voluntarily providing information to the Department before the Department began its investigation, as well as the company's continuing cooperation," Bank of America said.

In return for the company's cooperation, the Justice Department will not bring any criminal antitrust prosecution against the company in connection with matters that the company reported to the Justice Department, Bank of America said.

The company said it's cooperated and continues to fully cooperate with the industry-wide investigations being conducted by the Justice Department, the Securities and Exchange Commission, and the Internal Revenue Service.

Under the agreement, Bank of America did not admit to any conduct that would be subject to liability under the Internal Revenue Code.

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The investigation marks the largest in municipal finance since about 15 years ago, when the SEC Wall Street institutions of overcharging state and local government agencies in debt refinancings.

FirstGroup To Buy U.S.'s Laidlaw For $3.6 Billion (Update11) (BLOOM)

By Tracy Alloway

Bloomberg, February 10, 2007

Feb. 9 (Bloomberg) -- Britain's FirstGroup Plc agreed to buy Laidlaw International Inc., owner of the largest U.S. school-bus company and the Greyhound bus service, for $3.6 billion to triple revenue in North America.

Laidlaw investors will receive $35.25 in cash for each share, Aberdeen, Scotland-based FirstGroup, the U.K.'s biggest train operator, said today in a statement. That's 11 percent more than the closing price of $31.72 yesterday.

FirstGroup will merge its Ryder U.S. student buses division, acquired in 1999, with Laidlaw's fleet to give it a 13 percent share of the North American school bus market. Laidlaw's Greyhound Lines Inc. unit, the largest inter-city bus company, is ``a less obvious strategic fit'' and will be reviewed, FirstGroup said.

``Being able to combine the two companies will create cost benefits that will flow through relatively quickly,'' said Gert Zonneveld, an analyst at Panmure Gordon in London with a ``buy'' recommendation on the stock. It ``also effectively removes one major competitor from the market, which makes a lot of strategic sense.''

Shares of FirstGroup rose 34.5 pence, or 6.2 percent, to 595.5 pence in London. The stock has risen 45 percent in the past year, boosting the company's market value to 2.3 billion pounds ($4.48 billion). Laidlaw shares rose $2.86, or 9 percent, to $34.58 at 4:04 p.m. in New York Stock Exchange composite trading.

`Cost Benefits Created'

Laidlaw, founded in 1924, filed for bankruptcy in 2001 after almost 20 years of expansion. It bought hundreds of small school bus operators during the 1990s, culminating with the acquisition of Greyhound in 1998.

Greyhound now accounts for 40 percent of Laidlaw's sales. Its school transportation division makes up about 50 percent of the Naperville, Illinois-based company's revenue.

``What's new in this transaction is the Greyhound business,'' said Chief Executive Officer Moir Lockhead in a meeting with analysts today in London. ``We'll do the strategic review and then we'll take it from there.'' He said he did not know how long the review would take to complete.

Greyhound, which serves some 2,200 destinations, is the result of 93 years of expansion and acquisition. Founded in 1914, the company diversified in the 1970s and owned stakes in everything from Dial Corp. deodorant to a meat-packing business.

``You would hope they're more committed to keeping 100 percent of what they've bought,'' said Alistair Gunn, an analyst at Arbuthnot Securities in London with a ``neutral'' rating on the stock. ``It wouldn't surprise me if they did retain Greyhound and if they don't they'll get a good price for it.''

U.S. Business

Most of FirstGroup's U.S. business consists of contracts to operate and manage bus services on behalf of local authorities. The market for management of public buses is estimated by FirstGroup to be worth $15 billion, of which only $2 billion is outsourced to private companies.

``FirstGroup is familiar with the school bus and transit markets in which Laidlaw operates and has followed Laidlaw in an acquisition context for over two years,'' it said in the statement.

The enlarged group will employ more than 71,000 workers in the U.S., FirstGroup said, and operate about 63,000 school buses. The acquisition will generate about $70 million in savings a year, according to the company.

`A New Focus'

``This gives us a new focus,'' said Lockhead. Half of the FirstGroup's sales will now come from the U.S., Finance Director Dean Finch estimated at the meeting. Just under a third of revenue currently comes from North America.

In the U.K. FirstGroup runs one out of every five local bus services and carries some 2.8 million passengers a day. Its Scottish train service handles 95 percent of passenger train services in Scotland, according to its Web site.

``There are likely to be some competition issues,'' said Zonneveld. ``That's one thing that needs to be addressed,'' he said. The deal is subject to a U.S. antitrust review, FirstGroup said.

Gina Talamona, a U.S. Justice Department spokeswoman, said it hasn't been determined whether her agency's antitrust division or the Federal Trade Commission will review the deal.

The acquisition will be financed through debt facilities of $3.75 billion and the issue of 375 pounds worth of new shares, including 200 million pounds worth of new shares placed today.

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The price is 8.4 times FirstGroup's 2006 operating profit. Its last major acquisition in the U.S., that of Ryder Public Transportation Services, was 6.6 times 1998 operating profit.

Credit-Default Swaps

Credit-default swaps-based on 10 million euros of FirstGroup debt rose 11,000 euros to 71,000 euros, according to CMA Datavision. Credit-default swaps are based on corporate bonds and are used to speculate on a company's ability to repay debt. An increase indicates a reduction in credit quality.

Fitch Ratings said today it may lower FirstGroup's credit ratings, following the announcement that had it agreed to buy Laidlaw. The ratings firm ranks the company's debt BBB+, its eighth-highest investment grade ranking. Standard & Poor's grades the debt one level lower at BBB, and it put FirstGroup on a ``watch negative," indicating it may lower its rating.

FirstGroup has 550 million pounds of bonds outstanding, according to data compiled by Bloomberg. The extra yield, or spread, that investors demand to hold FirstGroup's 300 million pounds of 6.875 percent bonds due April 2013, compared with government bonds of a similar maturity, widened 1 basis point to 89 basis points today. A basis point is 0.01 percentage point.

ENVIRONMENT:

New EPA Rules For Gasoline Limit Benzene, A Carcinogen (WP)

By Juliet Eilperin

The Washington Post, February 10, 2007

The Environmental Protection Agency issued rules yesterday that will dramatically cut toxic fumes from cars and trucks over the next 25 years.

The regulations, which will reduce the amount of cancer-causing benzene in gasoline and set tighter emission standards for autos in cold temperatures and for fuel containers, will help reduce toxic emissions from passenger cars by 80 percent from 1999 levels by 2030.

"Americans love their cars," EPA Administrator Stephen L. Johnson said in a statement. "By clearing the air from tons of fuel and exhaust pollution, President Bush and EPA are paving the road toward healthier drivers and a cleaner environment."

Among air pollutants, benzene -- which naturally occurs in crude oil and is increased through refining to boost gasoline's octane rating -- poses the second-biggest cancer risk to Americans, after diesel emissions. In 2004 it constituted 1 percent of U.S. gas on average; under the new rule benzene levels will drop to an average of 0.62 percent.

The EPA will allow oil refineries to trade pollution credits among themselves as long as the industry as a whole stays below the limit, but the agency imposed an absolute cap of 1.3 percent benzene in any given product. The rule also sets tougher emission standards for cars operating at temperatures of 20 degrees Fahrenheit or below, as well as for fuel evaporation from tanks, fuel lines and gas cans.

Environmentalists, who had successfully sued EPA for failing to issue a benzene ruling by 2004, hailed yesterday's move but questioned the decision to allow refineries to trade emission credits.

"We're happy that EPA has addressed this important public health issue at last, even if it did take a federal court case to make the agency act," said Marti Sinclair, a volunteer for the advocacy group Sierra Club. "But it is disappointing that EPA would undermine its own program by adopting this dangerous trading scheme."

But Frank O'Donnell, who heads the advocacy group Clean Air Watch, said the new regulation would help improve air quality nationwide: "Benzene levels everywhere are going to drop."

In an interview, William Wehrum, acting assistant administrator for EPA's air and radiation office, said the agency is protecting Americans' health by capping benzene levels. EPA estimates that the rule, which will take effect in 2011 for gasoline, will cost $400 million to implement in 2030 and produce $6 billion in health benefits.

"We want to achieve good environmental outcomes in the cheapest way possible," he said. "We do expect some minor variations from place to place."

Charles T. Drevna, executive vice president of the National Petrochemical and Refiners Association, which represents oil refineries, said facilities in the Rocky Mountains and Pacific Northwest "are going to have to do a lot more than we anticipated" to meet the new standards.

"What's the impact on supply and cost, that's my concern," said Drevna, who added that his members are already having to change their processes to meet low-sulfur diesel standards and other federal rules. "This is, as Pink Floyd would say, another brick in the wall."

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Some environmentalists are still pushing to eliminate two other air toxics that improve gasoline performance, toluene and xylene, as well as to clean up diesel fuel. "This is a missed opportunity to clean up the air and save lives," said Reid Detchon, executive director of the Energy Future Coalition.

But Wehrum said the administration had tried to produce a practical and effective rule. "The single most important thing we can do to reduce the risks associated with toxic emissions is to focus on benzene," he said.

E.P.A. Limits The Benzene In Gasoline By 2011 (NYT)

By Felicity Barringer

The New York Times, February 10, 2007

WASHINGTON, Feb. 9 — The Environmental Protection Agency is requiring significant reductions in the amount of cancer-causing benzene and other toxic hydrocarbon gases in gasoline and released into the air during storage and use, under a rule released Friday.

The final rule, issued under a court-ordered deadline set after environmental groups filed suit about two years ago, provides more uniform reductions around the country than the agency had originally proposed.

It was greeted with praise from environmental groups usually critical of the Bush administration in this area and with considerably less enthusiasm by the organization representing the country's 149 refineries.

The rule puts a ceiling on the total benzene content of any gasoline produced after 2011.

The rule limits opportunities for those refineries that are not meeting the benzene limit to meet their obligation by buying credits from other refineries whose gasoline more than meets the standard.

"Benzene content in gasoline is going to go significantly down everywhere in the country," said William Wehrum, the agency's acting assistant administrator of air and radiation programs. "Are there going to be variations from place to place? Yes."

The original proposal would have given refineries more leeway to average the benzene content across their entire gasoline supply. That would have left some regions, particularly parts of the Pacific Northwest and the Rocky Mountain States, with benzene levels well above the levels permissible elsewhere, because their gasoline has historically contained more benzene. Objections by Senator Ron Wyden, Democrat of Oregon, played a role in the agency's decision instead to limit the trading program, Mr. Wehrum said.

In addition to the new benzene limits for gasoline, the new rule also orders cuts for benzene levels in tailpipe emissions and pungent benzene vapors escaping from gasoline cans.

The new standard will cut 19,643 tons of benzene from gasoline when the controls on refiners take effect in four years. In addition, several other rules currently in force will have the side effect of cutting benzene from all of these sources, reducing benzene from its 1999 level of 250,000 tons, the most recent figure available.

The agency estimated that the new rule, called the Mobile Source Air Toxics rule, would result in 33,000 tons of reductions by 2015. Those reductions, combined with the additional reductions that were side benefits of other rules, would cut the benzene levels down to 108,000 tons.

"Cars and trucks put out a whole toxic soup of pollutants," Emily Figdor of the U.S. Public Interest Research Group, one of the two groups that sued the agency, said in an interview. "The administration is going after one of them. Benzene poses a whole host of health risks. It's a good thing that they strengthened the standard."

But Charles Drevna, the executive vice president of the National Petrochemical and Refiners Association, said the agency had "thrown a curve" by insisting on a ceiling on the amount of benzene in any refinery's gasoline, which limits the refinery's ability to use allowances.

"Certain areas are going to have a much more difficult time," Mr. Drevna said, including those refineries in the Pacific Northwest and the Rocky Mountains.

California's current standard for benzene is already below the new national standard, so that state's 13 refineries are not affected. Highly industrialized areas like the Northeast and the Chicago area are already required to produce what is known as reformulated gasoline, and so their benzene levels have been reduced somewhat in recent years, though not as much as they will be under the new rule.

Mr. Drevna said that a spate of new rules, including a rule making steep cuts in the sulfur content of diesel fuel and a separate rule reducing the sulfur content of gasoline, have put a burden on refiners.

Mr. Wehrum, of the federal agency, said the trading program was designed "to allow the flexibility for industry to find the most cost-effective place to spend."

For Mr. Drevna, it was not flexible enough.

For Marti Sinclair of the Sierra Club, which was also a plaintiff in the lawsuit, it was too much.

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"We are happy that E.P.A. has addressed this important public health issue at last," Ms. Sinclair said in a statement, adding, "It is disappointing that E.P.A. would undermine its own program by adopting this dangerous trading scheme."

Frankenfood? (WP)

The Washington Post, February 10, 2007

EVER SINCE the Food and Drug Administration officially vouched for the safety of food derived from cloned animals last month, Americans have given themselves a long and unnecessary national stomachache. Citing concerns over everything from safety to ethics, many of them told pollsters that they are apprehensive about milk and meat from clones entering supermarkets. Members of Congress are preparing to push legislation requiring food from clones and their progeny to be labeled as such. And, The Post's Rick Weiss reported recently, a new controversy is brewing over whether food providers can label products from the offspring of cloned animals as "organic," even if ranchers follow federal criteria for such labels.

All of which is to say that there is a lot of misunderstanding about the issue of cloning livestock for food production. One of the most common -- and commonly exploited -- misconceptions is that once the meat and milk industries begin selling food from clones and their offspring, animal products from clones will flood supermarkets. In fact, cloning animals is very expensive; ranchers would not clone an animal only to slaughter it. Instead, ranchers will clone animals with desirable traits, such as leaner meat, and breed the resulting genetic copies with other animals, bettering herds over the course of generations.

The process is almost identical to time-tested methods of animal husbandry, and it is very similar to modern crop breeding. The

result for consumers is consistently better meat and other animal products from the progeny of clones, which experts agree are safe to eat, not from clones themselves, which are also safe but which contain subtle genetic differences from parent animals that anti-cloning activists exploit to stoke public outcry. High-quality animal products will probably also become more abundant and, therefore, cheaper.

As the debate over cloned food intensifies -- expect a battle involving the cloning industry, anti-cloning advocates, the FDA and Congress this year -- it is important for the public not to overestimate the differences between cloning livestock for the purpose of breeding and what American ranchers and breeders already do to better their flocks and herds. The facts are less threatening than many Americans realize.

FBI/DEA/ATF/USMS:

U.S., Latin American Authorities Pledge United Front Against Gangs (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, February 10, 2007

An international summit on transnational gangs wrapped up in Universal City on Friday with an agreement between U.S. and Latin American law enforcement leaders to begin crafting four initiatives, including one to improve intelligence sharing on criminals who move back and forth over borders.

Three other proposals to be discussed when the officials meet again in April in El Salvador include:

· Creating an international prevention campaign using sports celebrities and singers to urge kids to stay out of gangs.

· Developing an exchange program in which U.S. mid- and high-level law enforcement officials would be embedded in Central American and Mexican agencies and Latin American officials would spend time in the U.S.

· Creating a "Top 20" fugitive program that would identify the worst of the worst transnational gang members so border guards could be on the lookout for them in all of the countries.

"We have arrested people here who were deported five times, so we want to put some of them on the list so we look harder at the border for the worst of the worst," said Robert Loosle, special agent in charge of the criminal section of the FBI's Los Angeles office.

More than 100 federal agents, police chiefs and prosecutors from the U.S. and law enforcement officials from Belize, Honduras, Guatemala, Mexico, Canada and El Salvador attended the three-day summit at the Universal City Hilton to discuss the problems that occur when hardened gang criminals enter the U.S. illegally and then are deported back to Latin America.

"There was agreement that we need to vary our way of sharing information with special operating mechanisms not only on the law enforcement side but also on the prevention piece," said Rodrigo Avila-Aviles, director general of the El Salvador National Civil Police.

Officials from Interpol and the U.S. National Gang Intelligence Center provided expertise at the summit on ways to develop databases that can share information on gangs throughout the region.

Augusto Del Pino, deputy attorney general from the Mexican state of Chiapas, said the conference was important because it opened lines of communication and created relationships that can assist all of the nations.

"To me this was a very important summit because we were able to gather information, exchange it, and make a review of the system and judicial and police operations," Del Pino said.

The group also discussed ways to alert Mexican authorities when a gang member in the U.S. adopts an alias that he then tries to use upon returning to Mexico.

"We will be able to identify the people we have caught and we have in prison [when] they change names and pretend to be somebody else," Del Pino said.

Also aiding the effort was the announcement this week by U.S. Atty. Gen. Alberto R. Gonzales that the federal government would accelerate implementation of the Central American Fingerprinting Exploitation system, which will help track gang members.

Los Angeles Mayor Antonio Villaraigosa and Police Chief William J. Bratton said they planned to travel to El Salvador in April to continue talks on ways to cooperate with their Central American counterparts.

"Many of the gangs that start here — from 18th Street to MS to the Crips and the Bloods — started here in Los Angeles, went across the country, and in the case of the first two have gone to Mexico, Latin America and beyond," Villaraigosa said. "So we are coordinating our efforts."

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FBI Laud$ Anti-drug Work By City Police (PHDN)

By Christine Olley

Philadelphia Daily News, February 10, 2007

The Philadelphia division of the FBI gave the Philadelphia Police Department a pat on the back yesterday for its work in trying to cripple the city's lucrative drug trade.

Special Agent in Charge J.P. Weis lauded the efforts of Police Commissioner Sylvester Johnson, Deputy Commissioner Richard Ross and leaders of the Narcotics Bureau, and presented them with a commemorative plaque and a check for approximately $2 million, which represented a portion of the money they had seized jointly during the 2005-06 fiscal year.

He said of the relationship between the two agencies, "It illustrates the camaraderie between these two units that transcends mere cooperation."

Last year, Weis said, drug seizures and monetary forfeitures in the city totaled close to $3 million.

Just this week, police stopped a tractor-trailer with a Texas license plate on Aramingo Avenue in Port Richmond and found 100 kilos of cocaine with an estimated street value of $10 million.

Forfeitures as large as Monday's are what Weis describes as a powerful tool against drug acitivity.

"Forfeitures are a way to disrupt and dismantle criminal activity," he said.

"Why should the subjects still have access to the proceeds of their illegal activities?" he asked.

Husband Of Former FBI Tech Admits To Conspiracy Over 'ice' (HSB)

By Debra Barayuga

Honolulu Star-Bulletin, February 10, 2007

The spouse of a former FBI technician has admitted to conspiring with others to possess with intent to distribute more than 500 grams, or 1.1 pounds, of methamphetamine.

Eric "Babu" Moniz, 35, of Waialua pleaded guilty yesterday in U.S. District Court to the charge, punishable by a mandatory minimum of 10 years in federal prison.

Moniz was one of 23 individuals indicted by a federal grand jury in April after an internal FBI investigation. The FBI began surveillance of employee Charmaine Moniz, wife of Eric Moniz, and her activities at work. They discovered she had been accessing a confidential database and reviewing documents relating to her husband's longtime friend Damien Kalei Hina, an alleged drug dealer in Waialua, as well as Jonathan Kimo Luna and Jess Lundgren.

Charmaine Moniz pleaded guilty earlier in federal court to accessing the FBI's database to obtain information about active investigations involving her husband's associates and warning her husband to stay away from them. She is awaiting sentencing.

Three police officers, including Bryson Apo, who also pleaded guilty yesterday to conspiracy, were among the people indicted in April.

In a plea agreement filed in court yesterday, Eric Moniz admitted that from 2002 until 2004, he agreed to hold "pound quantities" of methamphetamine for Hina.

He also admitted that during the same period he occasionally received lesser quantities of methamphetamine that he distributed to others, and also held onto Hina's drug proceeds.

In exchange for Moniz's plea and his willingness to cooperate and testify against others if asked, the government is expected to dismiss a drug possession charge against him that is contained in a second indictment, said Assistant U.S. Attorney Florence Nakakuni.

Moniz will be sentenced Aug. 6.

Spouse Of FBI Former Technician Pleads Guilty (AP)

AP, February 10, 2007

HONOLULU (AP) _ The spouse of a former FBI technician pleaded guilty Friday to conspiring with others with the intent to distribute more than 500 grams of methamphetamine.

Eric ``Babu'' Moniz of Waialua, Hawaii, admitted to the charges in U-S District Court.

Moniz faces a mandatory minimum of 10 years in federal prison when sentenced August 6th.

The F-B-I's investigation of Eric's wife, Charmaine Moniz, led to a two-year drug and gambling probe that resulted in charges filed against more than 35 people.

The F-B-I had said Moniz divulged sensitive information to drug dealers on Oahu's North Shore in 2003 and 2004.

In a plea agreement filed in court yesterday, Eric Moniz admitted that from 2002 until 2004, he agreed to hold ``pound quantities'' of methamphetamine for an alleged drug dealer.

Police Officer Pleads Guilty In Gambling Scheme (HONADV)

By Ken Kobayashi, Advertiser Courts Writer

Honolulu Advertiser, February 10, 2007

A second Honolulu police officer has pleaded guilty in a scheme to protect an illegal cockfight and gambling operation in Waialua.

Bryson Apo, 31, admitted yesterday that he provided the operators information about when police would raid the illegal activities and also acknowledged that he would bet on the cockfights "from time to time" during the 2004 to 2005 cockfighting season.

"I did provide inside information to the gambling operation in Waialua," he told U.S. District Judge Susan Oki Mollway.

Apo, an eight-year veteran of the police force, pleaded guilty to conspiring to obstruct the enforcement of criminal laws, a charge that carries a prison term of up to five years. But federal advisory sentencing guidelines call for a lesser prison term.

Apo remains free on bond and is scheduled to be sentenced by Mollway on May 29.

Police officer Glenn Miram pleaded guilty to the conspiracy charge last year and is scheduled to be sentenced this year.

The two are among three Honolulu officers charged last year in connection with the cockfight, card game and dice operation across the street from Waialua Elementary School. The charges were the result of a massive FBI wiretap operation into gambling, drug and other illegal activities.

Kevin Brunn, the third officer, is awaiting trial.

Others charged as a result of the FBI probe are officers Barry Tong, charged with illegal possession of a firearm, and John Cambra IV, who was charged with trying to prevent the FBI from recovering cockfight gaffs. They are awaiting trial.

Also charged in an extortion case were former Aloha Stadium security chief Herbert Naone and former Honolulu Liquor Commission inspector James Rodenhurst. Both pleaded guilty and are awaiting sentencing.

About 30 others also were charged with offenses ranging from gambling to drug violations.

Apo yesterday admitted to the case against him as outlined by Assistant U.S. Attorney Florence Nakakuni. The prosecutor told the judge that Apo conspired with Miram and the operators of the cockfight and gambling enterprise to help protect the activities by telling them when police would raid the place.

Apo admitted that on one occasion, in January 2005, he told one of the leaders to shut down the Waialua cockfights because he got the information "straight from the horse's mouth."

On another occasion, in December 2004, he learned that the gambling detail "would hit Wai'anae tomorrow" so the Waialua cockfights could be held without "law enforcement intervention," Apo acknowledged.

Apo declined to comment after the hearing.

Reach Ken Kobayashi at kkobayashi@honoluluadvertiser.com.

Officer Warned Cockfighters (HSB)

By Debra Barayuga

Honolulu Star-Bulletin, February 10, 2007

Apo pleads guilty to telling gamblers on the North Shore of likely police raids

A Honolulu police officer has admitted he warned operators of cockfighting and gambling operations in Waialua of impending law enforcement raids.

Bryson Apo, 31, pleaded guilty yesterday in U.S. District Court to conspiring with more than five others, including members of a large landowning family in Waialua and two other police officers, to obstruct the enforcement of state laws prohibiting illegal gambling, specifically cockfighting, craps and card games.

"As a police officer, I provided inside information to gambling organizations in Waialua," Apo said yesterday during questioning by U.S. District Judge Susan Mollway.

"I was not supposed to give out the information," he said, but did so to assist the activities and despite knowing that they were illegal.

Apo, a member of the Windward Crime Reduction Unit who is currently on paid administrative leave, was charged in an indictment along with co-defendants, Officers Kevin Brunn and Glenn Miram. The indictment stemmed from a two-year federal investigation that began in 2003 into illegal gambling and cockfighting in the rural North Shore town.

The illegal businesses flourished mainly on private property across from Waialua Elementary School on Waialua Beach Road that is owned by the family of co-defendant Charles Gilman.

According to a plea agreement, Apo admitted to receiving or obtaining "on a regular basis" between November 2004 and March 2005 information about when the gambling detail was going to raid the Waialua cockfights.

He provided the tips to operators of the cockfights and co-defendants Gilman, John Saguibo, Douglas Gilman Sr., Douglas Gilman Jr., Micha Terragna and William Gilman.

The information, which included dates of impending raids on Waialua and Waianae operations, was obtained from one or more gambling detail officers whom Apo did not identify.

Those officers knew, however, that Apo was going to provide it to the operators of the cockfights, which operated continuously for more than 30 days and had gross revenues of $2,000 in any single day, according to the plea agreement.

Had the case gone to trial, prosecutors would have presented evidence of telephone conversations obtained from wiretaps federal agents placed on the phone lines of Apo, Saguibo and Charles Gilman, said Assistant U.S. Attorney Florence Nakakuni.

Calls between Saguibo and co-defendant Terragna were also intercepted in which they discussed payment to Terragna and her husband, Officer Kevin Brunn, a 21-year police veteran, Nakakuni said.

Apo and his attorney, First Assistant Federal Defender Alexander Silvert, declined to comment further on the case.

Apo, the second officer to plead guilty in this case, faces a maximum of five years in federal prison and up to a $250,000 fine when sentenced May 29. He remains free while awaiting sentencing under bail conditions imposed earlier by the court.

Miram, who resigned last year after seven years on the police force, pleaded guilty to conspiracy in December. He will be sentenced April 2.

Colombia Receives Drug Suspect Sought By U.S. And Jailed In Cuba (NYT)

By James C. McKinley, Simon Romero

The New York Times, February 10, 2007

MEXICO CITY, Feb. 9 — The leader of a Colombian drug cartel that American prosecutors say flooded New York City streets with cocaine remained in custody in Colombia on Friday awaiting extradition, after Cuba turned him over to the authorities there.

Cuba's decision to send the suspect, Luis Hernando Gómez Bustamante, to Colombia surprised American authorities, law enforcement officials said. Cuba's government has no diplomatic relations with the United States, and some people charged with crimes on American soil have found a haven in Havana.

Not Mr. Gómez Bustamante. He arrived in Bogotá late Thursday on a Colombian Air Force plane after Cuban authorities handed him over to Colombian antinarcotics agents.

Mr. Gómez Bustamante, the reputed boss of the Norte del Valle cartel who is known as Rasguño, had been held in Cuba since 2004, when he was arrested on immigration charges. He is wanted in New York City on charges of money laundering, racketeering and drug smuggling.

During the 1990s, his organization was one of the most violent, lucrative and extensive cocaine-smuggling rings in the world, accounting for at least 30 percent of the cocaine being imported into the United States, Justice Department officials said.

Cuban officials gave no reason for their decision Thursday, and prosecutors in the United States declined to comment on the matter.

Last year, Mr. Gómez Bustamante told a Colombian reporter that he wanted to be released from his Cuban prison, even if it meant standing trial in the United States. Mario Iguarán, Colombia's attorney general, suggested that the extradition stemmed from the prisoner's wishes. A spokesman for the Justice Department confirmed that the United States was seeking to bring Mr. Gómez Bustamante to the United States for trial.

His extradition would be a major victory for federal investigators and prosecutors in New York City, who built a case against him over a decade. Investigators started out looking into businesses in Queens that wired money to Colombia.

Those modest inquiries eventually led to the indictment of Juan Alberto Monsalve, who prosecutors charge was the cartel's boss in New York. In May 2002, he pleaded guilty to drug trafficking and murder. He is now serving a life term.

Two years later, Mr. Gómez Bustamante was indicted on racketeering charges along with eight others, and Colombian authorities seized $100 million worth of Mr. Bustamante's assets. He fled to Cuba but never got past customs and immigration.

Investigators Hired By New York City For Out-of-state Gun Stings Could Be Breaking The Law (AP)

By Samantha Gross, Associated Press Writer

AP, February 10, 2007

(AP) - NEW YORK-Private investigators hired by the city to conduct sting operations on out-of-state gun shops could be breaking the law, and the dealers they caught making illegal sales will not be prosecuted, federal officials said.

City officials have sued more than two dozen dealers after hiring investigators to pose as buyers attempting straw purchases, in which one person fills out the paperwork for the gun but is buying for someone else. The scam is often used by convicted felons and others barred from owning firearms.

The city argues that the shops - in Georgia, Ohio, Pennsylvania, South Carolina and Virginia - are responsible for many of the illegal weapons that end up in New York, and the suits have led seven dealers to agree to more scrutiny.

The federal Bureau of Alcohol, Tobacco, Firearms and Explosives announced in May it was reviewing whether the city acted legally.

"Potential legal liabilities" arise when civilians do the work of law enforcers, Department of Justice spokesman Bryan Sierra said Thursday. The department has decided charges are not warranted against dealers in the sting cases, he said.

It was unclear whether the private investigators could face charges.

After the Justice Department decided not to base criminal prosecutions on the stings, Deputy Mayor Ed Skyler said that "the preferred solution" is getting legal agreements with the shops to monitor their sales practices but that the city also plans to retain its right to continue the operations.

Some of the gun sellers have asked a judge to dismiss the lawsuits, saying the city is out of bounds because the dealers are not doing business in New York.

Gun rights advocates have criticized the sting operations, and the Second Amendment Foundation issued a statement Thursday calling the Department of Justice's findings a "significant victory."

IMMIGRATION:

U.S. Gives Tour Of Family Detention Center That Critics Liken To A Prison (NYT)

By Ralph Blumenthal

The New York Times, February 10, 2007

TAYLOR, Tex., Feb. 9 — Responding to complaints about conditions at the nation's main family detention center for illegal immigrants, officials threw open the gates on Friday for a first news media tour.

They portrayed the privately run converted prison, open since May, as a model facility "primarily focused on the safety of the children."

Once all the barbed wire comes down, Gary Mead, an Immigration and Customs Enforcement official, said, "it's going to look more like a community college with a very high chain-link fence."

Among other things, critics have complained about the prisonlike conditions, the food and the limited amount of schooling and recreation provided for children.

Inside the fluorescent-lighted corridors, plastic plants had been hurriedly installed and some areas repainted, lawyers for some detainees said, and officials acknowledged that pizza was on the lunch menu for the first time. The detainees could not be interviewed.

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The facility, the T. Don Hutto Family Detention Center, is operated for the government by the Corrections Corporation of America, under a $2.8-million-a-month contract with Williamson County. It is named for a founder of the company, which runs 64 facilities in 19 states.

It now holds about 400 illegal immigrants, including 170 children, in family groups from nearly 30 countries, Mr. Mead said. He called it a humane alternative to splitting up families while insuring their presence at legal proceedings.

There is only one other family detention center in the country, the smaller Berks Family Shelter Care Facility, a former nursing home, in Leesport, Pa.

Critics said the picture presented on Friday conflicted with what they had observed.

"At Hutto, we found prisonlike conditions imposed on families with no criminal background, including asylum seekers," said Michelle Brané, a lawyer for the Women's Commission for Refugee Women and Children and the Lutheran Immigration and Refugee Service who co-authored a report on family detention to be released on Feb. 22.

Barbara Hines, clinical professor of law at the University of Texas at Austin who runs an immigration clinic and has visited clients inside, said Friday that "I don't think children should be incarcerated at all."

The law required the government to hold families in the least restrictive conditions possible, Ms. Hines said, adding, "I was shocked, and I have been doing this 30 years."

The American Civil Liberties Union has also been studying conditions as it considers filing a lawsuit contending that the government was violating a 1997 settlement on the treatment of detained juveniles.

"To call it a family residential center is to mask what's going on," said Vanita Gupta, a lawyer with the A.C.L.U. "They may be cleaning up conditions, but at the end of the day it still begs the question of why they are using such a Draconian system."

Another A.C.L.U. lawyer, Lisa Graybill, legal director, said after visiting, "I can't describe how depressed people are in there."

Outside the blocky buildings with thin slit windows, protesters from a local group called Texans United for Families held up signs saying, "Don't Jail Children for Profit."

"If they can put an ankle bracelet on Martha Stewart so she doesn't run off to Jamaica," said a protester, Jose Ortan, a computer technician, "they can find ways to do it for immigrant families."

Some of the harshest criticism of the center came last week from members of a Palestinian family held there for three months for overstaying a visa. They were released after an immigration appeals board unexpectedly reopened their plea for amnesty based on new conditions — danger from the Hamas takeover in the Palestinian territories.

Hamzeh Ibrahim, 15, said his father was sent to a facility in West Texas while his pregnant mother shared a cell-like room with the family's 5-year-old girl; two other girls, 7 and 13, shared another room. He said they had to clean their rooms and the communal shower. "I cleaned for me and my mom because she is pregnant and her back hurt," he said.

Immigration and Customs Enforcement officials who traveled from Washington to lead the tour with company staff members showed off one of the 11 dormitory areas, or pods, lined by bare pastel-tinted detainee rooms, each with a metal bunk bed, a sink and a toilet.

The rooms are not locked at night, but a laser beam alerts guards if anyone leaves a room after bedtime — 9 p.m. for children and 10 for adults. The detainees wear outfits of green and blue, which Danny Coronado, a spokesman for the corrections company, likened to scrubs but critics described as prison garb.

Officials say stays at the center are now averaging a little more than a month.

In the dining area, which has plastic tables with stools attached, Mr. Mead said, "All of our meals are planned by dietitians with calories of 3,200 a day, 3,500 for children."

Disputing claims by some lawyers that many detainees had lost weight there, Dr. Leroy T. Soto, the chief physician on duty, said a study had actually documented weight gains. There is a medical staff of 20.

Lawyers said detainees were rushed through meals in 15 or 20 minutes. Mr. Mead acknowledged "they can't linger," but said it was because of classes or other activities.

Showing off a classroom with computers, Jean Bellinger, assistant administrator for programs, said children were divided into three age groups comparable to elementary, middle and high school for four hours' a day of instruction plus an hour's recreation and lunch. But she acknowledged that for several months a staff shortage limited class time to an hour a day.

That was far too little, said Scott Medlock, a prison rights lawyer for the Texas Civil Rights Project.

Media Gets Look At Immigrant Center (DMN)

By Paul Meyer

The Dallas Morning News, February 10, 2007

DOJ_NMG_0131093

TAYLOR – It looks like a maximum-security daycare. Razor wire, strung high atop security fences, surrounds a "Backyard Adventures" swing set. Fake trees soften entrances to sunless cellblocks. And Sony PlayStations entertain immigrant children where Texas criminals once served hard time.

Depending on whom you ask, this former jail turned immigration detention facility is either a national human rights blight or the newest and most humane way to keep track of families facing deportation.

On Friday, amid mounting criticism, federal officials offered the media a first look inside Central Texas' T. Don Hutto Family Residential Facility, one of two detention centers in the country for immigrant families, mostly mothers and children.

The center, just northeast of Austin, has been home to three North Texas Palestinian families in recent months, including members of the Ibrahim family, whose controversial detention sparked a new round of criticism last week.

The federal government opened Hutto in May, responding to complaints about the government's "catch-and-release" policy that allowed illegal immigrants to remain free until their hearings. In many cases, they would skip the hearings and go unapprehended.

But human rights observers and civil rights advocates have condemned the decision to keep children in Hutto, citing abuses that include inadequate education, weight loss and psychological trauma. The government, they say, has a responsibility to find less-restrictive environments when the incarceration of minors is necessary.

The government denies the abuses.

"I think the criticisms are unfounded and based on limited anecdotal information," said Gary Mead, assistant director for the detention and removal operations of Immigration and Customs Enforcement.

Mr. Mead, who led Friday's carefully choreographed tour, painted a picture of a place far removed from a penal environment – a place where children receive five hours of academic education daily, use a computer lab, play in a gymnasium and receive attentive medical care.

The 512-bed Hutto center, run for the government by the privately owned Corrections Corp. of America, houses mostly Latin American families from countries other than Mexico.

AP / Department of Homeland Security Family detainees walk down the hall at the T. Don Hutto Residential Center in a photo provided by the Department of Homeland Security.

Others suggested that Friday's tour was nothing more than a staged charade, held after days of prettying up the former prison to make it seem less harsh.

"The Hutto facility in particular is still very much of a prison setting," said Michelle Brané of the Women's Commission for Refugee Women and Children, a national advocacy group.

"It's a former prison, and it still looks like a prison. We don't believe that a prisonlike facility is appropriate for housing families."

Ms. Brané is co-author of a study, set for release on Feb. 22, critical of the government's new family detention practices and the Hutto facility specifically. She has visited Hutto and the nation's other family detention center, a former nursing home in Pennsylvania.

Barbara Hines, a University of Texas at Austin law professor and director of the law school's immigration clinic, confirmed this week that the clinic is exploring legal action to stop the detention of children in Hutto, in conjunction with the American Civil Liberties Union.

But on Friday, workers inside Hutto defended their attempts to provide a safe and humane environment, replete with certified teachers who work with nine classrooms of students from as far away as El Salvador, Iraq and Somalia.

"They care ... and they've been hurt by the press," said Jean Bellinger, assistant administrator of programs for CCA.

Irving resident Nazmieh Juma Hazahza said there is only one way to describe her experience at the Hutto facility where she lived with her 11-year-old son, Mohammad: like being in hell.

"A prison is a prison, no matter what. ... For me it was very hard, being there day after day, each day worse than the next one," said Mrs. Hazahza, who was released from the detention center Wednesday evening, after spending more than three months in custody.

The Hazahzas are one of three Dallas-area Palestinian families recently detained inside Hutto. While one family has been deported to Jordan, the Hazahzas and the Ibrahims have been released.

AP Fake plants are among the items recently added to the facility.

Salaheddin Ibrahim, who was being held apart from his family at a facility near Abilene, was released Friday, a day after an immigration judge set his bail at $30,000, said his brother, Ahmad. Mr. Ibrahim's wife and fourchildren, ages 5 to 15, were released Feb. 3 from Hutto, where they had been held since their arrest Nov. 2.

"It's just ridiculous to hold young children," said the Hazahzas' attorney, Michelle Saez-Rodriguez. "No. 1, they're lacking education, and there's no way a facility like that can provide proper education for children."

"If you have one adult member of the family [detained], that should be enough leverage."

Mrs. Hazahza and her son were sent to Hutto on an outstanding deportation order after the family's political asylum request was denied. Like many others from Palestinian areas, they have been unable to obtain travel documents to leave the U.S.

Mrs. Hazahza's account of ill treatment inside Hutto is similar to that of other former detainees interviewed by The Dallas Morning News and by lawyers of clients inside the facility.

"The way we were treated is not good for any child or woman," she said. "I feel like I lost my mind. I could not eat the food, it was so bad."

Mrs. Hazahza said she had medical problems, with back and neck pain, but when she asked for assistance, all she got was over-the-counter pain medicine.

Thomas Hochberg, the U.S. Public Health Service administrator in charge of Hutto, defended the facility's medical care Friday, citing a staff that includes a doctor, full-time dentist and two mental heath professionals.

Mrs. Hazahza said that about two weeks ago, she started noticing efforts by the center officials to make the facility look better.

Mohammad said he now knows why: "The only reason they did it was because they were going to bring cameras in."

Mr. Mead said Hutto represented a well-thought-out effort to keep families together while better enforcing immigration laws. He said it also serves as a deterrent to smugglers using children as shields to escape arrest and deportation.

Hutto houses about 380 detainees. Less than 10 percent of the population is male and the average stay for immigrants not facing asylum cases is about 40 days, Mr. Mead said. One detainee seeking asylum has been in Hutto for 205 days, he confirmed.

"Everything we do here begins with the safety of children," he said.

Ms. Brané and others, however, say the human toll is greater than whatever immigration enforcement benefit the facility may represent.

"I think one of the primary things we're concerned about is the psychological effect [on children]", she said.

Immigration's Net Binds Children Too (LAT)

By Nicole Gaouette, Miguel Bustillo

The Los Angeles Times, February 10, 2007

TAYLOR, TEXAS — Khadijah Bessuges is confined by metal gates and razor wire. She wears a uniform. She sleeps in an 8-by-15 cell, and stands by her cot four times a day when the guards count heads. She has only two pairs of panties. Her favorite teddy bear was confiscated. But she has her father, Sebastien, who sleeps in the cell with her.

Khadijah is 9 years old.

She is one of 208 children being held with their parents at the T. Don Hutto family detention center, the Department of Homeland Security's answer to the problem of families caught living in or entering the country illegally.

"It's not a good place for people," Khadijah said in a recent telephone interview. "People here get sad, and they don't want to be here. They want to be with their families."

Hutto, which opened in May 2006, is a pillar of the Bush administration's effort to crack down on illegal immigrants and detain them until their appeals can be heard. It holds detainees who cannot easily be sent home, as Mexicans can. Hutto has families from 29 countries, most from South America.

The center is touted by the Homeland Security Department as a major achievement, and may be a model for future facilities. Hutto also illustrates the administration's bind as its pursuit of border security collides with the reality that many illegal immigrants are minors.

On Friday, a majority of Hutto's 383 inmates were children.

Immigrant advocates and human rights groups ask why Khadijah and the others are jailed for their parents' actions.

"Children being in jail with their parents is what is morally and ethically wrong with this picture," said attorney Frances Valdez of the University of Texas Immigration Law Clinic, who has clients at Hutto.

A former prison northeast of Austin, Hutto is run by a for-profit company with a controversial record. And though the facility is meant for detention measured in days, many immigrants are detained for months.

The average stay is about 55 days for asylum seekers, 40 for others, officials said.

The longest any family has stayed is 205 days. At Immigration and Customs Enforcement's other family facility, in Pennsylvania, the average stay is 59 days, activists say.

Attorneys say children at Hutto lose weight because of substandard food and suffer from untreated medical problems. Adults and children are given an hour of recreation a day, and chances to venture outdoors are rare.

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The adults may be seeking asylum or may have been charged with violating immigration laws, like Khadijah's father. They have not been charged with other crimes. Sebastien Bessuges, 30, a Frenchman who last year married an American, was arrested for overstaying his visa; Khadijah, a French and Mexican citizen from a previous marriage, had overstayed her visa too.

Immigrants make up the fastest-growing group of people incarcerated in the U.S., according to the American Bar Assn. The immigration agency holds more than 200,000 people over the course of a year at more than 300 sites.

For the administration and attorneys, family detention is largely uncharted territory. "Standards for family detention do not exist in the U.S.," said Michelle Brane of the Women's Commission for Refugee Women and Children. "That's just one of our concerns."

Immigration officials have asked Brane's group and others to discuss creating standards for family detention.

Congress did not have Hutto in mind when it directed Homeland Security in 2005 and 2006 to stop separating families and house them in nonpenal, homelike environments. It suggested methods such as electronic monitoring, which is being tested in eight cities. Advocates for immigrants point to a San Diego family shelter run by nuns as another possible model.

Concerns about Hutto are rising. A government commission issued a "report card" Thursday that gave Homeland Security a failing grade on its treatment of asylum seekers. A Texas legislator has introduced a resolution condemning the jailing of children, local groups have held vigils outside Hutto, the American Civil Liberties Union is considering a lawsuit, and a Latino advocacy group has demanded an investigation.

"We want to know what's going on there," said Rosa Rosales, president of the League of United Latin American Citizens. "Putting immigrants in concentration camps should not be happening in the United States."

Officials play down the complaints. "I don't think the criticisms are fair," said Gary Mead, assistant director for Immigration and Customs' detention and removal operations. "This is run as a family shelter; it's not run as a jail. There is medical care; the meals are nutritious. Do people complain? They probably do — they're being detained. They were here illegally and now they're facing, in some cases, certain removal."

In November 2005, Homeland Security officials announced the Secure Border Initiative, an effort to end illegal border crossings. Secretary Michael Chertoff had identified families as a particular problem because the department lacked facilities to detain them. Human rights groups protested separations.

"We could let families go or split them up," Mead said. "Hutto became very important to ending that."

The facility is run by the Corrections Corp. of America, a government contractor paid $95 per person a day. Watchdogs have found mismanagement at Corrections Corp. facilities, including inadequate medical care, failure to control violence, and substandard conditions.

In the two weeks since Sebastien and Khadijah Bessuges arrived, Homeland Security has upgraded Hutto. Razor wire has been removed from the entrance. Artificial plants camouflage the iron entry gates. Walls and doors are plastered in brightly colored paper, cheerful stickers and big letters. But the decor, installed before a media tour Friday, cannot disguise the fact that Hutto is a prison.

"We have tried to soften the facility as much as possible," said Mead, who led the tour.

The Homeland Security Department also has tried to improve the food, say immigrants' advocates, who attribute the changes to media attention. The department has expanded Hutto's academic programs from an hour a day to four, and plans to introduce a curriculum based on Texas standards.

Last week, inmates staged a hunger strike to protest the food and other conditions. Sebastien Bessuges said Khadijah had lost 4 pounds at Hutto.

Homeland Security officials countered Friday with a study showing that 81% of Hutto detainees gained weight during their stay.

Advocates and attorneys concerned about the facility say the medical care is insufficient and there is no pediatrician.

Lawyer Griselda Ponce said one client's untreated leg injury eventually required emergency surgery, and a 4-year-old girl's lips cracked and bled before medical staff would respond to her mother's requests for balm.

Children and parents can blow off steam an hour a day in a gym. The rest of the time, they are kept in pods of several cells. Some locks are disengaged, then armed at night with lasers and alarms.

Bessuges said Khadijah had quarreled with other children and guards had told him he must hold her in check or damage his chances of avoiding deportation.

"Yesterday, I … found out she was removed from school in Arizona because of all the time she's missed," he said, his voice quieting.

"But I can't tell her that. That would break her heart."

Bessuges had visited a federal immigration center last month to see what forms he needed to extend his stay in the U.S. The next day, immigration agents raided his suburban Phoenix home and detained him and Khadijah.

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The following day, Bessuges said, immigration officials gave him a choice: He and his daughter could stay in Arizona in separate detention centers, or they could board a plane for the Texas detention center and be together.

"I would never leave her," Bessuges said. "It's fine to make me pay for the mistakes I have made. But … no child deserves this."

Policy On Asylum-Seekers Faulted (WP)

By Darryl Fears

The Washington Post, February 10, 2007

The U.S. Commission on International Religious Freedom has issued a report that sharply criticizes federal immigration authorities for rounding up asylum-seekers at the border, detaining them for months in prisonlike facilities and quickly dispatching them back to the countries they fled.

Thursday's report by the bipartisan panel was a follow-up to one two years ago that reported similar findings about detention and expedited removal. It said the Department of Homeland Security and two of its agencies -- the U.S. Border Patrol and Immigration and Customs Enforcement -- did not act on its recommendations and made little effort to help asylum-seekers.

In more than half of arrests, immigration officials did not advise asylum-seekers to ask for protection if they were afraid of returning home, even though they are required to do so, the report said. Sworn statements were often not verbatim but were used against asylum-seekers when they appeared before immigration judges. Asylum-seekers have a right to review their sworn statements to correct errors but were rarely given the chance, the report said.

"We're distressed that we gave the Department of Homeland Security some very good information two years ago and they've done virtually nothing to address the problem," said Mark Hetfield, a former researcher at the federal commission who recently joined the Hebrew Immigration Aid Society. "Homeland Security is not even following its own procedures. As a result, asylum-seekers are being mistreated."

Sen. Joseph I. Lieberman (I-Conn.), chairman of the homeland security committee, pledged to introduce legislation that would force officials to follow procedures. In a statement Thursday, he and Sen. Edward M. Kennedy (D-Mass.) praised the report as detailed and thorough.

"The commission's timely report exposes the flaws and inconsistencies in the expedited removal process," the senators said. "We urge members of Congress to act on the commission's findings and the shameful abuses of the current system, and reject any proposals that would make it even more difficult for persons fleeing human rights abuses to seek safe haven in the United States."

The commission's report includes recommendations from two years ago and a report card that gives failing grades to the Border Patrol for not implementing them. The recommendations called on immigration officials to have testers verify that procedures are followed, to make sure that sworn statements are verbatim before immigration hearings and to not jail law-abiding asylum-seekers.

Last year, a three-member panel of immigration judges in San Diego ordered the release of a Sri Lankan asylum-seeker who had been detained since 2001 because the government said it had secret information that linked him to the Tamil Tigers guerrilla group. The decision was among the first to challenge the Bush administration's assertion that it may hold suspects indefinitely on terrorism charges.

In recent weeks, Homeland Security officials have come under fire for interpreting anti-terrorism laws in a way that hurts people seeking asylum and refugee status in the United States. People who were forced to aid terrorist groups, and were even abused in some cases, have been labeled as sympathizers and deported. The agency has since started reviewing individual cases and issuing waivers.

Homeland Security officials say they are following strict anti-terrorism laws created under the USA Patriot Act and the Real ID Act, which place the burden on immigrants to prove that they were jailed or otherwise persecuted in their country of origin.

TAX:

Stabler Selling Ono Island Home For Taxes (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), February 10, 2007

Former football great and University of Alabama broadcaster Kenny Stabler has agreed to put his longtime house near Orange Beach up for sale to pay off tax debts, court records indicate.

DOJ_NMG_0131097

Attorneys for Stabler, his estranged wife, Rose Burch Stabler, and the U.S. Department of Justice asked a federal judge in Mobile this week to put a lawsuit against the Stablers on hold for six months to give the property a chance to sell. Senior U.S. District Judge Charles Butler Jr. was out of the office Thursday and Friday and did not rule on the request, but judges typically grant such motions when none of the parties opposes it.

The Justice Department in August sued the Stablers and the former quarterback's one-man business, the Stabler Co., seeking the seizure of the house on Ono Island and property in Mobile to satisfy a tax debt exceeding $500,000.

Stabler's lawyer, Robert Galloway, said Friday that his

client continues to dispute the amount of taxes calculated by the IRS but concedes he does owe some money. Galloway said he is confident Stabler's half of the proceeds from a sale will be enough to resolve the case.

"We reached an agreement with the IRS that we're going to sell the house rather than have the IRS seize it," he said. "This is the time of the year that houses sell."

The lawsuit claims Stabler owed $241,565 in back income taxes, interest, fees and penalties as of Aug. 7. The period covered ran from 1999 to 2001. The federal government claims that his company, which arranges his public speaking and consulting engagements, owed $303,282 in back income and employment taxes, interest, fees and penalties for the period between 1995 and 2000.

The civil action accuses Stabler of moving money from the company to his personal account to avoid paying corporate taxes. It states that he transferred nearly $1.4 million from the Stabler Co. to himself in the form of "loans" in 1998 and 1999. At the time, Stabler had complete control over the company's finances and was its only shareholder and officer, according to the complaint.

"If it had not been for the improper control exerted by Stabler over Stabler Company, the corporation would have been able to satisfy its tax obligations," the suit states.

Galloway disputed that Stabler was trying to hide any assets. He suggested that confusion over income generated by the company caused the tax problems. Money essentially got taxed twice, once as business income and then again as personal income to Stabler, Galloway said. He added that he does not know why Stabler created the company rather than charge payments directly for his appearances.

Galloway said Stabler has not been accused of failing to file returns.

"He's been filing returns and didn't always have the money to pay the taxes," he said.

As the house sits on the market, Galloway said, he will continue to negotiate with the IRS over the precise amount of money his client owes.

Stabler, 61, graduated from Foley High School, earning the nickname "Snake" for a long, winding touchdown run he made for the Lions. He went on to lead Paul "Bear" Bryant's University of Alabama football team to the 1965 national championship. He later starred in the NFL for 15 seasons, earning the league's most valuable player award in 1974 and directing the Oakland Raiders to their first Super Bowl in 1977.

Stabler filed for divorce from his wife in 2002. Court records in the divorce, which remains pending in Baldwin County Circuit Court, list Rose Stabler's address as the home on Ono Boulevard that the parties have agreed to sell. Kenny Stabler's address is listed on North Joachim Street in Mobile. The government has placed liens on both properties. It named Rose Stabler as a defendant because she may have a claim on the Ono Island property.

Her attorney, John Crowley, said his client does have an ownership interest in the house. He joined the request to put the tax proceedings on hold but declined further comment.

"The motion speaks for itself," he said.

Kenny Stabler Selling Home On Alabama Coast For Taxes (AP)

AP, February 10, 2007

Former football star and Crimson Tide broadcaster Kenny Stabler has agreed with the IRS to sell his Ono Island house on the Alabama coast to pay his tax debts exceeding $500,000, according to federal court records.

Attorneys for Stabler, his estranged wife, Rose Burch Stabler, and the Justice Department asked a judge in Mobile to put a lawsuit against the Stablers on hold for six months to give the property a chance to sell.

Senior U.S. District Judge Charles Butler Jr. did not immediately rule on the request filed this week.

The Justice Department in August sued the Stablers and the 61-year-old former quarterback's one-man business, the Stabler Co., seeking the seizure of the house on Ono Island, near the Alabama-Florida border, and property in Mobile to satisfy a tax debt exceeding $500,000.

Stabler lawyer Robert Galloway told the Press-Register on Friday that his client continues to dispute the amount of taxes calculated by the IRS but concedes he does owe some money.

Galloway said he is confident Stabler's half of the proceeds from a sale will be enough to resolve the case.

"We reached an agreement with the IRS that we're going to sell the house rather than have the IRS seize it," he told the Mobile newspaper for a story Saturday.

The lawsuit claims Stabler owed $241,565 in back income taxes, interest, fees and penalties as of Aug. 7. The period covered ran from 1999 to 2001.

The government claims that his company, which arranges his public speaking and consulting engagements, owed $303,282 in back income and employment taxes, interest, fees and penalties for the period between 1995 and 2000.

The civil action accuses Stabler of moving money from the company to his personal account to avoid paying corporate taxes. It states that he transferred nearly $1.4 million from the Stabler Co. to himself in the form of "loans" in 1998 and 1999.

At the time, Stabler had complete control over the company's finances and was its only shareholder and officer, according to the complaint.

"If it had not been for the improper control exerted by Stabler over Stabler Company, the corporation would have been able to satisfy its tax obligations," the suit states.

Galloway disputed that Stabler was trying to hide any assets. He suggested that confusion over income generated by the company caused the tax problems. Money essentially got taxed twice, once as business income and then again as personal income to Stabler, Galloway said.

The attorney added that he does not know why Stabler created the company rather than charge payments directly for his appearances.

Galloway said Stabler has not been accused of failing to file returns.

"He's been filing returns and didn't always have the money to pay the taxes," he said.

In his playing days, Stabler earned the nickname "Snake" for a long, winding touchdown run he made for the Foley High School Lions. He went on to lead coach Paul "Bear" Bryant's Alabama team to the 1965 national championship.

Stabler starred in the NFL for 15 seasons, earning the league's most valuable player award in 1974 and directing the Oakland Raiders to their first Super Bowl in 1977.

Judge Rips Prosecutors Over Plea Deal (SLT)

By Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, February 10, 2007

Tax preparer faces prison time, even after the U.S. Justice Department's tax division called for none

A federal judge says prosecutors ignored their own policy when they gave a lenient plea bargain to a Bountiful accountant who prepared fraudulent tax returns.

U.S. District Judge Paul Cassell refused to go along with the deal, which called for no incarceration and no restitution for Lance W. Mercer. Cassell instead ordered Mercer to spend five months in home confinement, then five months in prison and pay $11,378 to the Internal Revenue Service.

Cassell scolded the U.S. Justice Department's tax division for agreeing not to ask for any enhanced sentences under federal sentencing guidelines.

Mercer, a tax preparer with a master's degree, had a special skill that he used to cheat the government, Cassell wrote in his order. The accountant used his knowledge of what figures would appear reasonable to make returns "fly through" IRS processing, Cassell wrote.

However, prosecutors not only declined to request a sentence enhancement based on the special-skill circumstance, they actually objected to any increase, Cassell said.

The judge noted that in 2003, then-Attorney General John Ashcroft said any sentencing recommendation by the Justice Department "must honestly reflect the totality and seriousness of the defendant's conduct and must be fully consistent with the guidelines."

About the same time in 2003, Cassell noted, the Justice Department argued

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to Congress that judges' failure to comply with the guidelines had resulted in reduced sentences and an erosion of the deterrent value of federal sentencing policy.

“The court firmly agrees with the generally stated position of the department that a sentencing system that involves ignoring the obvious facts is 'neither desirable nor capable of sustaining long-term public confidence,' ” Cassell said.

He stressed his criticism is not aimed at the U.S. Attorney's Office in Utah or the trial attorney assigned to defend Mercer's plea bargain.

Assistant Attorney General Eileen J. O'Connor said Thursday that the tax division adheres to "principles of federal prosecution, including DOJ policies concerning sentencing."

According to court records, the IRS became suspicious of Mercer Consulting Group because so many clients were receiving refunds or claiming an earned income credit, but had little net income.

In May 2002, one undercover agent met with Mercer and another met with his father, Lynne F. Mercer, the firm's operator. The agents allege the two prepared inaccurate tax returns for them and they launched an investigation that led to charges against the men.

Father and son both entered plea bargains. Lynne Mercer was sentenced Monday by U.S. District Judge David Sam to 18 months in prison. Lance Mercer was sentenced Jan. 10 by Cassell.

pmanson@sltrib.com

California CPA Accused Of Misrepresenting Facts (NPLT)

By John Lindenberger, The North Platte Telegraph

North Platte (NE) Telegraph, February 10, 2007

Lowell Baisden, the California accountant currently under investigation for tax fraud, is being accused of misrepresenting facts in his opposition to a preliminary injunction from the U.S. Department of Justice.

Court documents filed by Baisden's attorneys in December indicated that IRS attorney Kathryn Meyer had verified the legality of Baisden's actions and that she informed IRS agents Baisden had done nothing illegal.

However, Meyer's official declaration, which was filed Feb. 2 by Justice Department attorney Jacqueline Brown, indicate Meyer never made any statement or suggestion that Baisden's scheme was legal.

"To the contrary ... I determined that Mr. Baisden's scheme is without merit, results in a substantial understatement of his clients' federal income tax liabilities, and that an injunction against Mr. Baisden's continued use of this scheme is essential," Meyer stated in her declaration.

Thomas Cheung, the IRS agent assigned to investigate Baisden, also stated in an official declaration filed last week that he never told Baisden his tax methods were correct. Yet, Baisden has allegedly hindered the IRS investigation by telling others that Cheung and Meyer had agreed Baisden's methods were proper.

In a reply to Baisden's opposition to the preliminary injunction, Brown said Baisden has admitted to the IRS in prior interviews that he has never requested a formal determination as to the validity of his tax plan. Furthermore, Brown said the IRS has notified Baisden on several occasions that his methods are inaccurate.

"Despite such notification and rather than researching the validity of his tax promotion, he obstinately continues to advocate positions in direct contradiction with the internal revenue laws," Brown said.

Baisden has also provided false information on the tax returns he has prepared, according to Brown. Court documents indicate Baisden has filed numerous returns from 2000 to 2006 using an invalid Employer Identification Number. So far, the IRS has been unable to find any individual or company with the EIN used by Baisden.

Brown claims Baisden continues to provide false advice to his clients, as well, resulting in material harm to the clients because they, not Baisden, are the ones who are subject to penalties, interest and additional tax.

"Despite Baisden's arguments, an IRS investigation does not constitute reasonable cause for a taxpayer's complete failure to file required income tax returns, and Baisden's tax advice is incorrect," Brown states.

In response to Baisden's claim that his clients have continued to pay their estimated tax deposits even though their tax returns have not been filed, Brown said Baisden is the one who determined how much his clients should be paying. Brown said that amount is well below what his clients actually owe.

"The IRS is unable to determine whether any customers have made all of their required deposits of their actual tax liability because Baisden has not filed their tax returns, and failed to provide requested documentation," Brown said.

Even if the estimated tax deposits are correct, Brown said Baisden's clients will nevertheless owe penalties for failing to file their tax returns. These penalties can be up to 25 percent of their actual tax liabilities.

Finally, Baisden has argued that the corporations he has established for his clients have been properly created under state law and are therefore valid. Brown said the legality of these corporations is not being disputed.

"Yet, even if a corporation is validly created under state law, it must nevertheless pay all federal taxes due and cannot be used as a means by which to unlawfully underreport one's individual income," Brown said.

In the end, Brown said it is apparent from the tax returns Baisden has prepared that his goal was to create as many deductions as possible in order to unlawfully reduce his clients' reported tax liabilities.

The hearing to determine whether to grant a preliminary injunction against Baisden has been scheduled for Friday, March 2 in U.S. District Court.

CONGRESS-ADMINISTRATION:

Oversight Hearings Rankle Republicans (WT)

By S.A. Miller

The Washington Times, February 10, 2007

Rep. Henry A. Waxman's oversight committee spent the week delving into government waste that ranged from spending in Iraq to federal drug program pricing -- inquests Republicans say mainly provided entertainment but no legislative action.

Some of the hearings of the Committee on Oversight and Government Reform were strictly "a show," said Rep. Darrell Issa, a California Republican on the panel.

He cited the hearing Wednesday with tearful testimony by family members of three civilian security workers killed and mutilated by a Fallujah mob in a widely televised attack in March 2004.

The families, who are pursuing a wrongful-death lawsuit against security contractor Blackwater USA, accused the firm of "war profiteering" and poorly equipping its bodyguards.

Mr. Issa said he hoped the committee would move beyond these hearings and make proposals to curb wasteful government spending, such as rewriting contracting and procurement rules.

But the initial hearings -- including one focusing on criticism of how U.S. officials accounted for Iraqi money spent after the fall of dictator Saddam Hussein -- rankled Republicans.

"So far it has been fairly polarizing along ideology lines," said Rep. Thomas M. Davis III of Virginia, the committee's ranking Republican. "This stuff gets so polarized so fast."

He said he was ready to "enter a serious discussion" with Mr. Waxman about revising government contracting standards, issues he has worked on for years and where he said the government has made significant improvements since the 1980s.

"There is still a lot of waste that goes into the government business model," Mr. Davis said.

Mr. Waxman, California Democrat and the committee's chairman, has promised to continue the probes for the next two years, and yesterday at the hearing into accusations that drug companies overcharge Medicaid, Medicare and other federal health programs, he said the findings had set the stage for even more hearings.

"This committee will have an aggressive oversight agenda when it comes to pharmaceutical manufactures and other companies that engage in wasteful, fraudulent or abusive tactics that affect federal health care programs," Mr. Waxman said.

"This testimony we hear today will help us establish additional investigative priorities for the next two years."

Mr. Davis cautioned that the Democrat's persistent call for "more transparency" in government contracting could produce more bureaucracy and more inefficiency that further squanders taxpayer dollars.

Rep. John L. Mica, Florida Republican, said the committee was conducting a "bash-and-dash" hearing Thursday that focused on errors in a $24 billion Homeland Security contract for a new U.S. Coast Guard fleet -- problems revealed by a government audit in 2003.

He said Democrats were making a case to replace private contractors with more bureaucracy.

"The government is more effective than the private sector, that's what I'm hearing from the other side," Mr. Mica said. "I can't believe it."

Several Republicans requested proposals for corrective action from those testifying about contracting deficiencies, proposals that may be the subject of future hearings.

Rangel, McCrery Introduce Small-business Tax Cuts (HILL)

By Klaus Marre

The Hill, February 9, 2007

Ways and Means Committee Chairman Charles Rangel (D-N.Y.) and ranking member Jim McCrery (R-La.) said Friday they have reached a deal on a package of tax cuts for small businesses that could smooth the path of a federal minimum wage increase to $7.25.

"This bill strengthens opportunities for small businesses and serves as a symbol of what can happen when Democrats and Republicans work together," Rangel said in a joint statement. "This tax relief will help small businesses continue to grow and hire new workers to keep our economy strong. This is a bipartisan bill providing critical momentum for the bipartisan effort to raise the minimum wage."

The revenue-neutral bill would provide nearly $2 billion in tax relief, McCrery said.

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"I believe it is important to couple a minimum wage increase with tax cuts to help businesses that will be hurt by higher costs," the lawmaker said, adding that "unlike in the Senate bill, much of that relief will be immediate - helping business when costs are rising, not just down the line."

Reacting to the announcement of the deal, Senate Finance Committee ranking member Charles Grassley (R-Iowa) said he is happy that "House Democratic leaders changed their minds about getting a minimum wage/small business tax relief package passed.

"Now we need to make sure their bill actually does something at the same time the minimum wage is increased," he added.

In January the House passed a "clean" minimum wage increase, and the Senate passed an increase with a small-business tax package that was much larger than what Rangel and McCrery have now proposed.

House Bill Would Prevent Rich From Shifting Assets To Kids (WSJ)

By Sarah Lueck

The Wall Street Journal, February 10, 2007

WASHINGTON -- To help fund legislation giving small businesses more than $1 billion in tax breaks, House tax writers propose blocking wealthy people from shifting income to their children.

But the House bill would give a pass -- at least for now -- to big deferred-compensation plans and corporate tax shelters that have been targeted by a similar, but more expansive, Senate bill that would also boost the federal minimum wage.

The House bill, scheduled for consideration in the Ways and Means Committee Monday, is likely to pass the full House this coming week. It would extend for one year a tax credit for businesses that employ disadvantaged workers and extend a provision allowing small firms to more quickly write off store upgrades and technology purchases.

The bill is a step toward breaking a logjam with the Senate over a phased-in, $2.10-an-hour increase in the federal minimum wage that passed both chambers. The Senate's minimum-wage bill included small-business tax breaks that totaled more than $8 billion over 10 years, and until now House Democrats have been reluctant to do the same in combination with the minimum-wage boost.

In a provision aimed at helping restaurants, the House bill would increase a credit that businesses receive in exchange for paying payroll taxes on income from tips. Without such a change, a higher minimum wage would reduce the value of the existing credit. The bill also would end limits under the alternative-minimum tax that prevent many small businesses from claiming credits for hiring disadvantaged workers and taxes paid on cash tips.

The bill would pay for the changes -- as required under new House budget rules -- by denying the dependent children of wealthy people the lowest capital-gains and dividend rates, 5% this year and falling to zero next year. The low rates, available to people in the 10% and 15% tax brackets, "presumably" were meant to benefit low-income people, according to a House Ways and Means summary. But because they also are available to children of wealthy people, those parents can reduce their own taxes by shifting assets to their children.

The House bill also would give the Internal Revenue Service more time to notify taxpayers about violations even while interest and penalties mount. The value of each of the tax breaks and offsets weren't yet available.

House Republicans Take To The Airwaves (HILL)

By Jeremy Jacobs

The Hill, February 9, 2007

House Republicans are taking to the airwaves, hoping that a weekly radio address will help them spread their message.

Minority Leader John Boehner (Ohio), Minority Whip Roy Blunt (Mo.) and Republican Conference Chairman Adam Putnam (Fla.) officially announced Friday that House Republicans will be taping an address this week that will be distributed to hundreds of local and national radio stations across the country.

"A weekly radio address will give House Republicans yet another opportunity to communicate directly with the American people," they said. "This represents a broad-based effort to engage the millions of Americans who listen to the radio on their way to work, on their lunch hour or on their way home to their families."

GOP leaders will use the radio address to outline House Republican positions and respond to the Democratic agenda. Each week, a member of the Republican leadership will tackle a different issue facing Americans.

"We're going back to what we did so well in the mid-1990s by communicating common sense and fiscally responsible solutions directly to American families and tax payers," a spokesman for the Republican Conference, Ed Patru, said.

"Having a direct dialogue with Americans that live outside the Beltway will be a refreshing change from a few elite Democrats in the House passing legislation behind closed doors, shutting everyone out of the process," he added.

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Boehner is using the inaugural radio address to support President Bush's fiscal year 2008 budget proposal.

"Republican pro-growth policies have strengthened our economy, and the federal deficit is declining rapidly. Congress must make an important choice: We can use the increased revenue from economic growth to balance the budget, keep taxes low and begin to address the long-term challenge of runaway entitlement spending," Boehner said. "Or we can blow it by squandering the money on pork, unnecessary new programs and bigger government."

He also empathized with Americans who are disappointed that the U.S. has not made more progress in Iraq but stressed that cutting off funds for U.S. troops is not the answer.

"Next week, the House will debate the issue of Iraq, and the president's new strategy. All Americans are frustrated we haven't seen more success in Iraq more quickly, but one thing is clear: We must oppose any effort to cut off funds our troops need to succeed in their mission," Boehner said.

Traditionally, the president gives a weekly radio address every Saturday and the opposition party airs a rebuttal afterward.

Pelosi Airliner Tempting Target For Miffed GOP (WT/AP)

By Darlene Superville

The Washington Times, February 10, 2007

For most of the past five weeks, House Republicans could do little else but watch as majority Democrats passed major legislation without giving them a chance to propose changes or offer alternatives.

So when they finally got a chance Thursday to vent pent-up frustrations over how Democrats were running things, the Republicans decided to make some noise -- and how.

They aimed high, all the way to House Speaker Nancy Pelosi.

The California Democrat went before the House Science Committee in the morning to champion her commitment to do something about global warming, a rare appearance for a leader of the House.

She did so as reports swirled on Capitol Hill that she had requested a bigger, swankier government airplane than her Republican predecessor had used for trips back to her home district when Congress isn't meeting.

For Republicans, feeling muzzled and still down over losing control of the House, the irony was too good to ignore.

A waste of the taxpayers' money, some said, estimating that her trips would cost $15 million a year if she used planes such as the military version of the Boeing 757-200. In its commercial configuration the 757-200 usually seats 175 to 190 passengers.

Mrs. Pelosi should lead by example, others argued, because a bigger plane consumes more fuel and contributes more to the global warming she expresses concern about.

"The jet that Pelosi has produces 10,000 pounds of carbon dioxide an hour, far more than the previous speaker used," said Rep. Patrick T. McHenry, North Carolina Republican. Mrs. Pelosi's predecessor was Rep. J. Dennis Hastert, Illinois Republican.

"By commandeering a huge government plane for her personal transport to California, this is totally contradictory to the alarm bells we heard her ringing in the Science Committee just a few hours ago," said Rep. Dana Rohrabacher, California Republican.

Democrats said the debate about the plane, which occurred during a Republican amendment to a bill to promote ethanol and other alternative fuels, was "silly." White House spokesman Tony Snow also weighed in, also calling the plane controversy "silly."

The Republicans' amendment to the alternative fuels bill amounted to a dig at Mrs. Pelosi; it specifically mentioned passenger planes "capable of transcontinental flights."

"I do not question the imperative of providing for the safety of the speaker of the United States House of Representatives," said Rep. Mike Pence, Indiana Republican. "On the subject of whether this is a silly debate, I think it is silly to question the right of the minority to question public expenditures."

And so it went for nearly two hours. The bill passed 400-3, with the amendment included.

During the hubbub, House Sergeant-at-Arms Bill Livingood, who is charged with the speaker's security, issued a statement saying it actually was he, not Mrs. Pelosi, who had requested that the military provide the larger plane so Mrs. Pelosi could fly nonstop to San Francisco.

After the September 11, 2001, terrorist attacks, the Pentagon agreed to provide the House speaker, who is second in the line of presidential succession behind the vice president, with a military plane for added security during trips home. Mr. Hastert flew in a commuter-size Air Force jet.

"The fact that Speaker Pelosi lives in California compelled me to request an aircraft that is capable of making nonstop flights for security purposes, unless such an aircraft is unavailable," Mr. Livingood said in a statement. "I regret that an issue that is exclusively considered and decided in a security context has evolved into a political issue."

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The Pentagon informed Mrs. Pelosi's staff this week that she would get a plane, based on availability, and that nonstop service could not be guaranteed.

Mrs. Pelosi said Thursday that she would be happy to fly commercial.

"We never asked for a larger plane. This is a myth that [the Republicans] are talking about on the floor," she said. "They have nothing to say to the American people about the war, the economy, global warming and the rest. So they have this game they're playing."

Back on the House floor, 83-year-old Rep. Ralph M. Hall, Texas Republican, offered that it probably would be cheaper if he rode the bus home to Dallas every weekend, but that issue could be debated some other time.

"The only airplane I'm thinking about," he said, "is the one I wanted to be on at 12:30, heading for Texas."

FBI Probes California GOP Congressman's Land Deals (WP)

By Sonya Geis

The Washington Post, February 10, 2007

LOS ANGELES, Feb. 9 -- A Republican congressman from California defended his reputation this week, as FBI investigators look into charges that he improperly delayed paying taxes on several lucrative land deals.

Rep. Gary G. Miller told fellow House Republicans behind closed doors Tuesday that he "has done nothing wrong, his business dealings have all been above-board and that these allegations are baseless and have no merit," his spokesman Scott Toussaint said.

The FBI investigation follows an article in the Los Angeles Times and a complaint from the nonprofit Citizens for Responsibility and Ethics alleging that Miller, a wealthy real estate developer, unlawfully avoided paying taxes on a land deal.

According to the newspaper's account, confirmed by Miller, he sold 165 vacant acres to the city of Monrovia, Calif., in 2002, after trying for years to build housing on it. He then delayed paying taxes on $10 million in profit by claiming that he sold under threat of eminent domain.

Miller used money from the sale to buy two other pieces of land in nearby Fontana, Calif., from a campaign contributor. He sold both to the city of Fontana, and once more delayed paying taxes by claiming the city threatened to take the land.

The threat of eminent domain allows a landowner to invoke Section 1033 of the federal tax code, which delays the payment of capital gains taxes if profits are reinvested within two years.

For all three of the land deals, Miller requested and obtained a letter from the city referring to eminent domain, a spokesman for the congressman said. But city officials later said the letters were meaningless because they did not actually threaten to take Miller's land.

"Eminent domain was not initiated," Monrovia Mayor Rob Hammond said in an interview, referring to the land deal in his city. "Was it discussed? Yes. Do you make a decision [about whether to sell the land] based on what was discussed? That's a question for the IRS."

"All I do is real estate transactions, and I've never heard of anything like this ever happening. It doesn't make a lot of sense," Los Angeles real estate and taxation lawyer Stephen Fainsbert said of Miller's multiple 1033 exemptions. "Even once it's something. But to see it three times -- well, as they say, the smell test is violated."

FBI investigators have interviewed current and former Monrovia officials, and reviewed video of a City Council meeting in which Miller asked the city to buy his land, city officials have said.

Last week, Miller sent a letter to Monrovia officials threatening a lawsuit for telling reporters that the city never intended to use eminent domain to take his land. "He felt that city officials had been speaking out of both sides of their mouths" by giving him a letter referring to eminent domain, then denying to the news media that they planned to take the land, Toussaint said.

Toussaint said Miller paid taxes on all three land deals in quarterly installments over 2005 and 2006. He did not say how much Miller paid, and did not provide documentation of payment.

Miller has not been contacted by the IRS or the FBI, Toussaint said. Miller voluntarily turned over documents related to his business to the House ethics committee and to Minority Leader John A. Boehner (R-Ohio).

A spokesman for Boehner, Brian Kennedy, said he did not know whether Boehner reviewed the documents.

In response to a question, Kennedy said: "I don't know that there's been any discussion of removing" Miller from his seat on the Financial Services Committee, in which Miller is the ranking GOP member of the subcommittee on oversight and investigations.

Melanie Sloan, executive director of Citizens for Responsibility and Ethics, said Miller is "doing what Duke Cunningham and Bob Ney did before him. He's going to the Republican Conference and proclaiming his innocence."

"This is just the last thing in the world" House Republicans want, said Barbara Sinclair, a University of California at Los Angeles political science professor.

"The whole ethics business did play a part in the Republicans' disastrous performance in the 2006 elections. That makes it even more of an important story. Clearly Republicans do not want this to be an ongoing problem and continue on to 2008."

Follow That Lobbyist (NYT)

By Randy Evans

The New York Times, February 10, 2007

THE Democratic majority in Congress has made ethics reform a centerpiece of its agenda — and not a moment too soon. The list of members of Congress from both parties who have either pleaded guilty to or are under F.B.I. investigation for crimes involving their offices is embarrassing.

Unfortunately, the latest reforms (some adopted in the House by rule and others proposed by the Senate in legislation) tighten restrictions without actually addressing the real reasons that Congressional ethics rules have been ineffective in the past. The result is tougher rules that will rarely, if ever, be enforced. Here's why.

First, regardless of what anyone might claim, there remains no mechanism for policing those at the heart of Congress's ethics problems: lobbyists willing to violate the rules.

Under the new ethics reforms (as well as under the previous rules), the House Committee on Standards of Official Conduct, the Senate Ethics Committee and the Federal Election Commission do not have the jurisdiction to detect, investigate and punish lobbyists who give prohibited gifts to representatives, senators or their staffs.

The Congressional ethics committees can regulate the conduct of, and punish, only lawmakers and their staffs. Lobbyists can be investigated by the Justice Department, but only under restrictive bribery statutes that require proof of a direct link between payments or gifts by lobbyists and actions by public officials. Consequently, unethical conduct by lobbyists that does not reach the point of bribery or an illegal campaign contribution (which does fall under the Federal Election Commission's jurisdiction) will remain unregulated.

Second, even with the new rules, only members of Congress or someone with a member's permission can file a complaint with the House ethics committee. But limiting who can file a complaint effectively precludes any meaningful enforcement.

Whenever a Congressional ethics scandal erupts, Americans wonder why nobody said anything. Why, for example, did someone like Randy Cunningham, the disgraced representative from California, routinely violate Congressional gift rules with seemingly little concern about an ethics investigation? The answer, in my experience, is that most members of Congress are so afraid of being accused of taking (knowingly or unknowingly) banned gifts themselves that they would never allege that a colleague had done so — no matter how clear the violation. No one wants to set the standard by which he might someday be judged.

This problem will persist even under tighter restrictions like the new gift ban. After all, the problem in recent years wasn't that the gift limit — $50 per gift — was too high; it was the absence of effective oversight and enforcement of that limit. As long as these new rules, like the old ones, rely only on lawmakers to report violations, nothing will change.

Simply put, there will continue to be an unchecked circle of improper gifts by lobbyists (who cannot be punished) to lawmakers (who have no incentive to report them). As in the past, only when gift-giving reaches the level of a crime will the F.B.I. or the Department of Justice step in and start an investigation. Nothing in these touted ethics reforms solves this problem.

So what's the solution?

Ultimately, the most effective deterrent against ethics violations is public scrutiny, based on accurate and timely information. That's why it's imperative that ethics reform begin with full disclosure by lawmakers, their staffs and lobbyists.

Each member of Congress should keep a log of every gift received by his office and file it electronically at least quarterly. The same requirement should apply to Congressional staffers. Lobbyists should electronically file monthly public disclosures of all lobbying expenses, specifying who used what tickets, who ate what meal, who played how many rounds of golf. All these disclosures should be posted on the Internet.

Along with transparency, the best way to prevent, detect and punish corruption is to enforce rules against all violators, whether they work inside the Capitol or on K Street.

It is therefore imperative for Congress to establish an independent commission, akin to the Federal Election Commission, with jurisdiction to regulate the conduct of lobbyists just as the Congressional ethics committees regulate the conduct of members and staffs. The commission must be responsible for enforcing the new gift ban, ensuring that all disclosure requirements are met, and setting and imposing penalties for rule violations.

But even an independent commission empowered to investigate violations won't be effective without significant modifications to the reporting process. It will have nothing to investigate.

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Thus, any person should be able to file a complaint. (Subject to some time restriction, of course — say, 60 days before an election, in order to prevent abusive filings for political gain. Anyone who files a complaint found to be frivolous should be subject to a penalty.) Complaints should be acted on promptly, and either be dismissed or investigated.

Effective ethics reform in Congress requires real changes in the reporting requirements for lawmakers and their staffs, enhanced disclosure requirements for lobbying activities, better transparency, public participation via the Internet, and an independent commission to enforce the rules against both the donor and the recipient of improper gifts. Anything less is just cosmetic.

Marine Corps Grounds V-22 Osprey Aircraft (WP)

By Renae Merle

The Washington Post, February 10, 2007

The Marine Corps said yesterday it was temporarily grounding its fleet of V-22 Osprey tilt rotors after discovering a glitch in a computer chip that could cause the aircraft to lose control.

The order affects 54 of the helicopter-airplane hybrids -- 46 owned by the Marines and eight belonging to the Air Force -- and could last weeks, Marine Corps officials said. It was an unexpected setback for the program; the military last grounded the fleet in 2000 after two fatal crashes that killed 23 Marines.

While none of the aircraft has been sent into the combat despite more than 20 years in development, the Osprey has regained support in the military in recent years. The Marine Corps expects to declare its version combat-ready this summer, and the Air Force version is expected to reach that point in early 2009.

The latest glitch should not affect those plans, said James Darcy, spokesman for the program.

The aircraft's contractors, Bell Helicopter and Boeing, notified the government of the problem on Tuesday after an onboard diagnostic computer pointed to an issue with a chip in the flight control computers, which control all of the aircraft's moving parts. Testing showed that in below-freezing temperatures, the computers could lose their redundancy features -- a safety net if one of the computers is damaged by enemy fire, according to the Marine Corps. That could cause the pilot to lose control of the aircraft.

"It's unacceptable," Darcy said. "This aircraft has to be able to go anywhere in the world." The Marine Corps wants an aircraft that can operate in temperatures as extreme as 65 degrees below zero, he said.

It is unclear how much it will cost to fix the problem, Darcy said.

"Bell and Boeing will work together to get the issue resolved as quickly as possible so the aircraft can return to flight," said Jack Satterfield, a Boeing spokesman. "We expect to be able to do that quickly."

The military plans to buy 360 of the aircraft for the Marine Corps, 50 for the Air Force and 48 for the Navy. The price per aircraft ranges from about $70 million to $89 million, excluding development costs.

Despite recent progress, including flying across the Atlantic Ocean this summer, the program continues to have its critics. "This plane has been in production for over 25 years, costs more than $100 million each, and is scheduled to go into combat this summer," said Todd Bowers, defense investigator for Project On Government Oversight, a watchdog group. "I guess we are seeing the results of the extremely weak testing done on this aircraft, which is disconcerting since it will possibly be carrying troops in Iraq and Afghanistan. If it can't stand a little cold weather how can it handle a war zone?"

Air Force Academy Probes Alleged Cheating By Cadets (WP)

By Alan Cooperman

The Washington Post, February 10, 2007

The Air Force Academy is investigating allegations of cheating by 28 freshmen and has restricted all 4,300 cadets to campus over the weekend, asking them to meet in small groups to consider "their self-image and the image of the institution," Air Force officials said yesterday.

In addition to the cheating, the academy's superintendent, Lt. Gen. John F. Regni, cited other recent disciplinary problems in a stern speech this week to the entire student body, faculty and staff.

Forty-three cadets lost their Internet privileges in January because they had downloaded pornography or visited pornographic Web sites, and there have been recurring incidents of alcohol abuse, academy spokesman Johnny Whitaker said.

Nineteen percent of the freshman class was failing academically at the end of the fall semester, giving it the lowest collective grade-point average in 20 years, he added.

Regni's speech on Wednesday challenged the cadets "to get introspective about this, to look in the mirror -- 'Is this the kind of institution that we want to be?' " Whitaker said. "He told them he was disappointed with them, that honor is the heart of what we do."

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Several members of Congress were briefed on the cheating investigation Thursday during a teleconference with the academy's 15-member Board of Visitors.

Sen. Wayne Allard (R-Colo.) said there have been bigger cases of mass cheating at other military academies, including a 1992 incident involving 134 seniors at the Naval Academy, which resulted in the expulsion of two dozen midshipmen.

But Allard said the Air Force Academy is determined to act quickly and firmly, having learned a lesson from two scandals in recent years, one involving sexual assaults on female cadets and the other stemming from incidents of religious intolerance on the Colorado Springs campus. The academy began mandatory training on religious diversity in 2005 after complaints that evangelical Christian faculty members, staffers and students had pressed their beliefs on cadets of other faiths.

Restricting all cadets to campus and requiring them to discuss the recent disciplinary problems is "good preventive medicine," Allard said. "That's how we got in trouble with the sex harassment scandal -- they just kept sweeping it under the rug and not dealing with it. This time, they're trying to catch the problems early."

In a brief statement this week, the academy said that 19 cadets, so far, have admitted cheating on a Jan. 31 "fourth-class knowledge test," a routine exam on military affairs given weekly to all 1,200 freshmen. Among the 28 cadets under suspicion of cheating are 19 intercollegiate athletes, the academy said. None of their names has been released.

Whitaker said the disproportionate number of varsity athletes is an issue in the investigation. But the 19 athletes play for four different teams, and at this point "it does not appear that there was any conspiracy by a particular group," he said.

The 1992 cheating scandal at Annapolis also involved a large number of athletes. Of the 24 expelled, six were varsity football players. In the wake of the expulsions, some members of Congress questioned whether the recruitment and preferential treatment of academically lackluster athletes was a contributing factor.

Some Air Force cadets pointed in a different direction this week. They noted that the cheating took place on a weekly test that typically includes questions about the chain of command and military jargon. If a student fails one of those tests, he or she is required to stay in the dorm over the following weekend. A second failure can result in the grounding of the upper-class cadet who is the designated leader of a group of freshmen, putting intense pressure on students to pass, they said.

The cheating was reported by classmates, and the investigation is being led by cadets, a standard procedure under the academy's honor code. Academy officials said the punishment has not been determined, but Allard said "it wouldn't surprise me if a fair number got dismissed" from the academy.

Cadets said they have been ordered to go through their computer files this weekend and erase any improper data, including illegally acquired music and videos as well as pornography. They said they will also be required to attend a luncheon discussion and hear a speaker. The academy had originally planned to cancel regular activities on Monday, but that order was rescinded, cadets said.

"I called my parents last night to tell them they would hear some bad publicity on the academy, and my father said, 'You just keep your nose clean,' " one freshman said.

Another cadet said Regni's speech landed hard. "He said 99 percent of us are doing our job, but a few bad apples can ruin it for the rest of us," the cadet said on the condition of anonymity because he had not received clearance to speak to a reporter.

Regni, who has been superintendent since 2005, said in a brief interview that he was confident the number of students implicated in cheating would not rise above the 28 already under investigation.

He declined to discuss his speech, saying only: "We talk to the cadets, and we make sure the cadets understand that actions have consequences."

Air Force Cadets Grounded Over Cheating (AP)

AP, February 9, 2007

AIR FORCE ACADEMY, Colo. (AP) — All 4,000 Air Force cadets will be confined to campus this weekend following a scandal in which 28 freshman are suspected of cheating on a test, school officials said Thursday.

The entire corps will remain on school grounds to reflect on the Air Force Academy's honor code, which forbids lying, cheating, stealing or tolerating those who violate it. Plus, the only bar there will be closed.

"This is a pretty disappointing time for us," said Superintendent Lt. Gen. John Regni, who ordered the lock down and bar closure.

The alleged cheating was reported on Feb. 2 on a basic-knowledge test that does not count toward cadets' grade point average, but is required for first-year cadets. Some cadets admitted obtaining answers to a test and forwarding them through an Internet social group and private computer messages.

Cadets caught cheating can be expelled or placed on probation. No individual punishments have been handed down.

Bad Faith On Social Security (NYT)

DOJ_NMG_0131107

The New York Times, February 10, 2007

In 2005, President Bush put his political capital where his mouth was, and lost. He went all-out to convince Congress and the American people that privatizing Social Security would be good and necessary. It's neither — and his plan was justifiably and soundly rejected. This year, with his political capital on empty, Mr. Bush is talking about a bipartisan effort to reform Social Security. But his actions suggest that he has no intention of making any serious compromises.

In his new budget, Mr. Bush allocates $29.3 billion to establish private accounts in 2012, totaling $637 billion through 2017. That suggests that either Mr. Bush still hasn't figured out that private accounts are a political nonstarter, or he's hoping to use them as a bargaining chip in future negotiations. Either way, that attitude virtually ensures that Social Security reform will stall in this Congress, just as it did when the Republicans were in charge.

Mr. Bush is proving similarly tone-deaf when it comes to choosing members for the Social Security board of trustees.

There are six trustees, four of them administration officials and two outsiders. The job of the two outsiders — nominated by the president and confirmed by the Senate — is to represent the public's interest in decisions about the program. Last year Mr. Bush nominated the same two men who had served in his first term. That violated the rationale for having public trustees, which is to bring fresh perspectives. So Congress refused to consider the nominees, but Mr. Bush appointed them for another year while Congress was in recess. He has now renominated them for new four-year terms.

Mr. Bush won't get his way. But he is alienating Congress and creating delays that will make it harder for the next two public trustees — whoever they are — to participate fully. Given all that, it's not surprising if the public and Congress decide that Mr. Bush is not to be trusted on Social Security.

Three Steps To Better Healthcare (LAT)

By Henry J. Aaron

The Los Angeles Times, February 10, 2007

HEALTHCARE analysts have long deplored the linkage between health insurance and employment. It makes no sense for one's health insurance to end if one leaves a job. Various state reform plans, including that of California Gov. Arnold Schwarzenegger, deal with the healthcare system as a whole. But President Bush's proposed fix does not go far enough.

The workplace-healthcare connection arose primarily because of a tax quirk. Premiums paid by the employer are excluded from the employee's personal income and payroll taxes. If employees buy the insurance themselves, they pay for it with income that has been taxed. The president proposes to eliminate that differential and replace it with a deduction for insurance, however it is financed. If coverage meets certain standards, the worker would receive a tax deduction — $7,500 for singles, $15,000 for couples and families.

This change is a step toward "leveling the playing field." But is it an improvement if that is all that is done? The answer is no. To replace employment-based health insurance, it is necessary to have something else that works. In particular, it is necessary to have a well-functioning market in which individuals can buy insurance at a reasonable price. Currently, the individual health insurance market is a disaster.

It's a mess because it does not adequately pool risks. Pooling risks means grouping people with high and low expected health outlays. Premiums are then based on the average of the group. When people seek coverage as individuals, an insurer that wants to stay in business has to charge a premium that covers the costs each particular customer is likely to generate, plus enough extra to cover selling costs and profits. For healthy 30-year-olds, those costs are very low. For the cancer patient in remission or the 60-year-old whose parents died in their 40s from heart attacks, those costs are dramatically higher. The premiums for the latter may be so high that few can afford them.

Pooling makes health insurance affordable for the average person. The workplace serves that function — not ideally but adequately. Workplace pooling works best for large companies, for those with relatively high average wages and for those with stable labor forces. For a small company, one very sick employee can drive up costs. High turnover raises administrative costs. And where wages are low, typical premiums for family coverage equal the total earnings of a full-time minimum-wage worker.

So, what is right and what is wrong with the president's plan? What is right is that it would extend to individually purchased insurance a tax break similar to the one now available only on employer-financed coverage. It would do so in a way that would not add to the federal deficit measured over 10 years, although it would boost deficits initially. Unfortunately, the plan would continue the incentive of bigger tax breaks for high earners even though most of the uninsured are low earners.

A better plan would be a tax credit that offered the same tax relief per dollar of insurance to people at all income levels. Better still would be offering larger credits to low-income households, which need help, rather than to high-income households, which don't.

The bigger problem with the Bush plan is that it would not ensure that people would be able to find insurance at a reasonable price. The plan would produce millions more such shoppers because it would make it much easier for employers,

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bedeviled by rising premiums, to stop sponsoring coverage. Generous employers might give employees a raise equal to what the employer had been paying for insurance, but employees would still have to find a plan they could afford.

To be sure, the Bush plan would permit states to shift some funds to help subsidize high-risk patients. But it does not ensure that high-risk individuals would be able to find an affordable plan. As a result, it is likely to leave some older and sicker people, who now have insurance by grace of employer coverage, uninsured and unable to afford care.

The Bush plan could have provided that assurance by allowing working-age Americans to buy insurance from the plans offered to federal employees at the same prices that federal employees pay. Or it could have permitted them to buy Medicare coverage at a premium determined on a communitywide basis. To make insurance affordable for low earners still would have required additional help. However, the plan enacted by the Massachusetts legislature and Schwarzenegger's proposal clearly show that there are ways to do this.

If Bush's one-step plan were enacted, the nation would step into a very deep hole. Two additional steps are necessary for genuine reform: measures to make the individual health insurance market work, and assistance to low-income households that makes insurance affordable. The nation should not be satisfied with one step that makes things worse when two more would make them so much better.

Henry J. Aaron Is A Senior Fellow At The Brookings Institution In Washington.

Judgment Pay (WSJ)

By Paul A. Volcker

The Wall Street Journal, February 10, 2007

Anyone appearing before a judge in a federal courtroom -- plaintiff, defendant, juror -- will feel apprehensive. There are big issues at stake. Personal reputation and family fortunes, even imprisonment, may be at risk. Business practices can be questioned. The actions of government itself, even the constitutionality of its laws, can be challenged.

What we have a right to ask -- what we must demand -- is that the cases be decided fairly, by capable judges acting in a context of high professional standards and personal independence. It is those qualities that the framers of our Constitution sought to protect by providing lifetime appointment for federal judges and forbidding reduction in their compensation. Yet those qualities can also be eroded, not consciously, not by design, but by an insidious neglect. The simple fact is that judicial compensation has not kept pace with reasonable requirements.

The historical pattern is unambiguous. The last comprehensive review of government salaries, including the judiciary, took place in 1989. Twenty years after the previous full-scale realignment of federal salaries in 1969, the concept and goal set out were clear: the substantial past shortfall -- relative to the cost of living and private-sector pay over the previous 20 years -- would be at least partly corrected. Thereafter, pay was to be annually adjusted based on increases in private-sector wages in order to keep pace with those changes and inflation.

The approach has failed. Congress has simply refused to make good on its expressed goal, and has not even provided cost of living adjustments. It has now been 16 years since this last judicial pay raise took full effect. Since that time, average American workers' wages, when adjusted for inflation, have risen 18.5%. During that same period, federal judges' real, inflation-adjusted pay has declined 10.8%, while the pay of most other federal workers, when adjusted for inflation, has risen by 15.1%. The decline in real pay of district judges has dropped by 25% since the earlier 1969 review.

Political inhibitions over time, gradually and for a while imperceptibly, exact a real cost. Specifically, a judicial system designed to attract men and women of broad experience and independence of judgment will be weakened by the reality of strained personal economic circumstances. And now there is evidence from many of the 100 federal judges who have left the bench in recent years that financial considerations were factors in their decisions.

The force of that concern was brought home to me a few years ago. Instead of feeling any apprehensiveness about appearing before a federal judge, I found myself in a reversal of roles. I was chairman of the National Commission on the Public Service -- a group of men and women with long service in both Democratic and Republican administrations deeply disturbed by the strong evidence of eroding trust in government. In that capacity, I received a request from then Chief Justice William Rehnquist and Associate Justice Stephen Breyer to appear before the commission. They urgently wanted to express their concern about the erosion in judicial compensation and the impact it was having on recruiting and keeping federal judges. Now, that concern has been forcibly reiterated and amplified by present Chief Justice John Roberts in his annual report on the judiciary.

No one, not the two chief justices, not their judicial associates, not I, not my fellow commissioners, certainly not the American public or its elected representatives, argue that judicial salaries need to approach those of successful legal practitioners in the private sector (it has recently been reported that remuneration of partners in the nation's large law firms now typically exceeds $1 million a year). At the other extreme, it is surely anomalous that federal district court judges make less than

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the salary plus bonuses of newly minted lawyers in those same prestigious firms in New York, Washington and other big city firms.

The judiciary should -- and historically has -- drawn upon distinguished academics or lawyers serving in different branches of government. Others, over a long career in private practice, have attained financial independence while family responsibilities have diminished. But even among those groups, compensation has become a relevant consideration. More acutely, there are the active practitioners in private law "at the top of their game" -- men and women potentially attracted to public service but with families to raise -- unable or unwilling to accept so small a fraction of their current and potential earnings. And, in fact, the number of appointees from those ranks has been declining.

So what is the reasonable level of judicial compensation? Consider the district courts where the greatest number of judgeships are. While judges cannot expect to equal the salaries of partners in large law firms, the National Commission determined that their compensation should be comparable to that of law school deans, senior professors and other nonprofit leaders. Today, at $165,200, district judge salaries fall more than 50% below what many law school deans or their top professors make. Moreover, unlike those academics and the leaders of nonprofit institutions, there is very limited possibility of earning other income.

And consider this: if the salary of district court judges had increased from their actual salary in 1969 by the same percentage as the total percentage change in American worker wages from 1969 to 2006, district judge compensation would be $261,300. That number is consistent with the recommendation of the National Commission on the Public Service.

Three years ago, the National Commission on the Public Service pointed to judicial pay as "the most egregious example of the failure of federal compensation policies." That failure was not been repaired; Congress did pass legislation in 1999, effective Jan. 20, 2001, to double the president's salary to $400,000 from $200,000. Now, at long last, my sense is that Congress and the president may finally be prepared to take a new look at judicial salaries, to deal with the political resistance and to recognize what is ultimately at stake.

The truth is there should be no shortage of men and women interested in federal judgeships. Those positions satisfy an urge for public service. They convey (or should convey) a sense of honor and prestige in the community. They can (or should) provide along with intellectual stimulus a sense of independence conveyed by lifetime appointment and financial stability.

The authors of the Constitution took care to protect those qualities by providing a reasonable assurance of financial security for our federal judges. Plainly, the time has come to take heed of the deep concerns of two chief justices and to honor the constitutional intent.

Mr. Volcker was chairman of the Federal Reserve from 1979-1987 and twice chaired a National Commission on the Public Service.

ABA Should Keep Judges Clean (LAT)

The Los Angeles Times, February 10, 2007

THE AMERICAN BAR ASSN. is having some sound second thoughts about weakening a key provision of its Model Code of Judicial Conduct, which traditionally has served as a guide to state court systems in setting their own ethics rules.

An ABA drafting panel had been criticized — including by this editorial page — for proposing changes that would have diluted a provision saying that judges should avoid even the "appearance of impropriety." But now the panel is expected next week to accept a "friendly amendment" to its own proposal at an ABA meeting in Miami, one that would undo the damage.

Canon 2 of the current ABA code says that judges "shall avoid impropriety and the appearance of impropriety in all of the judge's activities." The panel's proposed revision would have kept the admonition about avoiding the appearance of impropriety, but it would have added language suggesting that a judge could be disciplined only if he committed an actual impropriety. The effect would have been to make the "appearance" provision nonbinding.

Advocates of the proposed change had argued that "appearance of impropriety" was too spongy and subjective a standard. But the current code makes it clear that "the test for appearance of impropriety is whether the conduct would create in reasonable minds a perception that the judge's ability to carry out judicial responsibilities with integrity, impartiality and competence is impaired."

That language is adequate to protect judges from being punished for behavior that only an eccentric or self-interested individual would find suspicious. It tracks language in California's Code of Judicial Ethics saying that "a judge shall avoid impropriety and the appearance of impropriety in all of the judge's activities."

Critics of the proposed rule change, such as the American Judicature Society, acknowledge that judges are usually removed or disciplined for conduct that goes beyond creating an "appearance" of impropriety. But the "appearance" language has served the additional purpose of making judges think twice about potentially compromising situations and err on the side of preserving public confidence in the court.

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Avoiding the appearance of impropriety should remain a commandment for judges, not be demoted to a mere suggestion. The ABA should make clear next week that it has gotten that message.

OTHER NEWS:

Investors Are Showing Unease About The Climb In Blue Chips (WSJ)

By E.S. Browning

The Wall Street Journal, February 10, 2007

Investors have been floating in a steadily rising sea of tranquility for seven months.

That is what the stock market has looked like since July, and, in some ways, since the spring of 2003.

But investors, a nervous lot, are getting uneasy. They are worrying that things have been too good for too long, which helps explain why the market turned a little jittery this past week.

The Dow Jones Industrial Average pulled back 72.66 points, or 0.57%, to 12580.83 in the week that just ended, including a decline of 56.80 points, or 0.45%, Friday. The blue-chip average still is up almost 1% for the year.

Despite the week's small decline, the Dow hasn't shown much weakness in months. It remains less than 95 points below its latest record close, 12673.68, hit Feb. 1. It is up 17% since July 14, and has seen 27 record closes since the start of October.

What really has startled market analysts is that, since last summer's turbulence, neither the Dow nor the Standard & Poor's 500-stock index has fallen as much as 2% from a high. That seven-month period is the Dow's longest without a 2% pullback since 1954. In fact, it is the second-longest since the average was launched in 1896, according to Ned Davis Research in Venice, Fla. It is the third-longest such period ever for the S&P 500.

By other measures, this resilience has been a characteristic of the current bull market. Neither the Dow nor the S&P has fallen as much as 10% from a high since the spring of 2003. That is the second-longest period either has gone without a 10% "correction." (The longest was during the 1990s.)

The current bull market -- defined as a period without a 20% decline -- dates from 2002, making it the sixth-longest in history for either index.

Such resilience is a sign of strength, but it can't last forever. That is why many analysts think the market is overdue for at least a 10% correction. The market's unnatural calmness "is a cause for concern, but it is not in and of itself a reason to get out of the market," said Tim Hayes, Ned Davis's chief investment strategist.

The S&P 500 Friday fell 0.71%, or 10.25 points, to 1438.06, still up 1.4% this year. The Nasdaq Composite Index declined 1.16% Friday, or 28.85 points, to 2459.82, ahead 1.8% in 2007.

Weighing on the market Friday, Micron Technologies said it was hurt by a decline in memory-chip prices. BMC Software issued a profit forecast that disappointed analysts.

Another problem was the continuing rise in crude-oil futures. After breaking $60 a barrel during the day, they settled in New York up 18 cents at $59.89, the highest finish this year.

Treasury-bond prices fell, and yields rose, after the presidents of the Federal Reserve Banks of St. Louis, Dallas and Cleveland suggested that inflation probably is under control, but didn't rule out the possibility of an interest-rate increase later.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.3% to 248.82.

In major U.S. market action:

Bond prices declined. The 10-year Treasury note fell 14/32, or $4.38 for each $1,000 invested, pushing the yield up to 4.784%.

The dollar strengthened. Late in New York, it traded at 121.68 yen, up from 121.08. The euro fell against the dollar to $1.3006 from $1.3039.

Fed Officials Still Wary Of Inflation Pressures (WSJ)

By Michael S. Derby

The Wall Street Journal, February 10, 2007

Inflation pressures have clearly not moderated enough to quell Federal Reserve officials' repeated warnings they may yet have to raise rates again.

Several policy makers said Friday that while they are optimistic inflationary pressures will wane this year, they nonetheless stand ready to cure too-high price pressures with rate increases, if needed.

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The Fed officials spoke ahead of testimony by Fed Chairman Ben Bernanke, who will go before committees of the Senate on Wednesday and the House of Representatives on Thursday, to deliver the central bank's semiannual report on the economic outlook and monetary policy. That highly anticipated address is likely to prove a defining event in shaping financial markets' expectations for interest rates over the next several months.

The Fed officials who spoke Friday counted one voting member of the rate-setting Federal Open Market Committee -- St. Louis Fed President William Poole -- and two who are not -- the Dallas Fed's Richard Fisher and the Cleveland Fed's Sandra Pianalto.

Mr. Poole told a group in St. Louis that he believes the current level of the Fed's overnight target rate is "well positioned." He said inflation "is likely to fall into a reasonable range this year."

But the veteran Fed official also said that "if we get an upside surprise on [gross domestic product] growth, then monetary policy may have to be tightened somewhat."

Meanwhile, Mr. Fisher said in Dallas, "I am pleased with the current direction of inflationary impulses." But he warned, "I wouldn't rule out further increases in the federal funds rate if inflationary winds gain the upper hand."

Cleveland's Ms. Pianalto was also hopeful on inflation, saying the recent cooling in price pressures is an "encouraging sign." Still, she cautioned, "I am not yet convinced that the inflation trend is shifting down," adding, "some additional policy firming may be needed."

To a modest degree, Friday's speeches mark a small evolution in the thinking of the Fed. Through much of the final months of last year, policy makers argued that inflation remained the chief threat and that if it did not fall, monetary policy would need to be tightened. But over the past couple of months, price pressures have finally waned to a degree the Fed has felt comfortable in acknowledging that development.

Still, for observers, the implications of Friday's addresses for monetary policy are minimal. "The main take away is that Fed rhetoric isn't preparing the way for a shift to a neutral policy stance," said Michael Feroli, economist with J.P. Morgan Economics.

Bies Quits Fed, Gives Bush Second Vacancy (WSJ)

By Benton Ives-Halperin

The Wall Street Journal, February 10, 2007

Federal Reserve governor Susan Bies, who has held her position since 2001, announced Friday that she will leave at the end of March.

The Fed said that she will not attend the March 20-21 meeting of the Federal Open Market Committee.

Ms. Bies joined the board of governors in December 2001, and headed various committees at the Fed, including head of the Committee on Supervisory and Regulatory Affairs. She also spearheaded the Fed's efforts to update and modernize the Basel capital-management standards, dubbed Basel II.

Ms. Bies said she plans to spend more time with her family.

"Sue's invaluable contributions to both monetary and regulatory policy at the Federal Reserve have been aided by her unique perspective as both an economist and a banker," said Fed Chairman Ben Bernanke, in a statement.

"I will miss her counsel and wish her all the best in her new endeavors," he added.

Ms. Bies, 59 years old, served in various capacities at First Tennessee National Corp. before joining the board. She also taught economics at Rhodes College and Wayne State University.

She is married and has two adult sons.

President Bush, who appointed all current members of the board, now has two vacancies to fill. Mark Olson stepped down from the board last summer to become chairman of the Public Company Accounting Oversight Board.

Congressman's Imam Is Taking A Lead In Interfaith Efforts (NYT)

By Samuel G. Freedman

The New York Times, February 10, 2007

MINNEAPOLIS — On the evening after Minnesota's Democratic primary last September, Makram El-Amin picked up his ringing cellphone to hear the raspy, exhausted voice of Keith Ellison. The men had known each other for a decade, long enough for Mr. El-Amin to become the imam of a mosque in their North Minneapolis neighborhood and Mr. Ellison to win a seat as the area's state representative.

Now Mr. Ellison had survived a bruising campaign for the Democratic nomination for Congress and was headed into a general election. It was bound to include even more scrutiny and vitriol from opponents, based on his past in the Nation of Islam and his present as a Sunni Muslim.

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So Mr. Ellison was calling, as Mr. El-Amin recounted the other day, not as a politician but as a congregant, seeking pastoral counsel.

"Be the person you've been all along," Mr. El-Amin recalls telling Mr. Ellison in the 20-minute conversation. "Be a public servant, not an Islamic spokesman. Keep the interest of all the people in the forefront. That's what Muhammad himself would do."

Two months later, Mr. Ellison won election, becoming the first Muslim member of Congress, and doing so in an overwhelmingly non-Muslim district. As for Mr. El-Amin, he was transformed into a congressman's imam, putting an Islamic imprint on the role of spiritual adviser played by such figures as the Rev. Billy Graham for Richard M. Nixon and the Rev. Jesse Jackson for Bill Clinton.

In his own public life, Mr. El-Amin has espoused a combination of liberal positions on affordable housing and the minimum wage and social conservatism in terms of self-help. These stances reflect his personal history, which like Mr. Ellison's includes a conversion from the Nation of Islam's black pride and black separatism to the color-blind, egalitarian theology of a traditional Muslim. And as an African-American, born and raised in this country, completely at home in its language and culture, Mr. El-Amin feels no timidity in joining the public discourse.

"We've always expected to be respected and accepted, and we've always been prepared to fulfill our responsibilities as citizens, as taxpayers," Mr. El-Amin, 36, said in a recent interview here. "If there's something we're uncomfortable with, we're going to say it. We're going to be involved in the political process. We say, 'This is the system and this is the way we get engaged.' "

In Minneapolis, Mr. El-Amin has also made a reputation for engaging across racial and denominational lines. He participated in several prominent interfaith events after the Sept. 11 attacks, becoming the visible face of Islam in a city whose religious landscape had long been dominated by Lutherans.

The imam went on to build an especially durable and important relationship with Rabbi Marcia A. Zimmerman of Temple Israel, a large Reform Jewish congregation. The pair jointly taught lessons on the linguistic similarities of Hebrew and Arabic, using etymology as a symbol of a shared Abrahamic heritage. When ground was broken last fall for an expansion of Mr. El-Amin's mosque, Masjid An-Nur, he invited the rabbi to say a blessing.

During the divisive election campaign last fall, as Mr. Ellison was being attacked as supposedly condoning anti-Semitism and international terrorism, Rabbi Zimmerman made a point of inviting Mr. El-Amin to the temple to lead a study session about "understanding our neighbors." It took place, quite deliberately, on Yom Kippur, the most sacred holiday on the Jewish calendar.

"He has always been insistent about being a peacemaker," Rabbi Zimmerman said of Mr. El-Amin. "He has a real desire to know people in other traditions. He has a true interest, and he asks questions with integrity. In our conversations, we're able to acknowledge our differences and our similarities."

Mr. El-Amin was born into a family and culture that emphasized segregation. His father, Charles, was not only a minister in the Nation of Islam — the movement colloquially known as the Black Muslims — but for a time was also one of the Fruit of Islam bodyguards for Elijah Muhammad, the sect's leader.

About the time in the late 1970s that the Nation of Islam sent Charles El-Amin to lead a mosque in Minneapolis, Mr. Muhammad died and his son, Wallace Deen Muhammad, left the separatist faith to embrace conventional Sunni Islam. The El-Amin family was one of thousands across the nation to follow that example.

Mr. El-Amin, though, retains his respect for the Nation of Islam's doctrine of black self-sufficiency. A married father of three children, he owns and operates a fish restaurant in North Minneapolis and helped raise $1.5 million from his congregation for the current mosque expansion. Several of his siblings work in real estate, and one brother, Khalid El-Amin, plays professional basketball in Europe after having starred at the University of Connecticut.

"We've hung on to the discipline we had, the sense of self-reliance," Makram El-Amin said. "We grew up hearing our father say, 'We have to have our own.' "

What he has disavowed is the Nation of Islam's theology, with its view of whites having been created by an evil doctor. Like Malcolm X, the most famous figure to break away from Elijah Muhammad, Mr. El-Amin made the hajj to Mecca among Muslims of every conceivable pigment.

None of that, it must be said, has stopped him from receiving pointed questions about Islam and terrorism or Islam and pluralism when he speaks to the Rotary Club or the Veterans of Foreign Wars or a local country club.

"I'm not offended that the American people want to know what we believe and why we believe," he said. "That's sensible. It's the mischaracterization that's irresponsible. If someone asks me why the reward for martyrdom is heaven with unlimited virgins, I have to tell him that's a complete myth."

On N.H. Trail, Bigger Is Better (BOS)

DOJ_NMG_0131113

By Susan Milligan

The Boston Globe, February 10, 2007

MANCHESTER -- New Hampshire has long cherished its role as the place where presidential hopefuls test the political waters by campaigning in diners and living rooms. This year, the candidates are choosing instead to go for the big splash.

The huge crowd that showed up to see Senator Barack Obama of Illinois in December -- an event that helped mark Obama as a political phenomenon -- may have pressured other hopefuls to prove their own appeal by drawing standing-room-only crowds.

Following big-extravaganza appearances last month by onetime senator John Edwards of North Carolina and a former New York mayor, Rudolph Giuliani , Senator Hillary Rodham Clinton of New York is scheduled to speak today at a gymnasium-sized "town meeting" in Concord -- an event that filled up two days after it was announced and drew so much advance media attention that Democrats this week offered up interviews with people making signs for the event.

Meanwhile, Obama's town meeting scheduled for Monday in Durham is at capacity, with 2,500 free tickets handed out in eight hours. About 850 standby tickets have been given to those hoping to take the place of no-shows.

By contrast, Clinton's husband, former president Bill Clinton, drew small crowds during his early visits to the Granite State in late 1991 and was so unknown that he could stretch before a morning run outside a Manchester hotel without attracting much attention.

It may be partly the celebrity status of some of the candidates, fueled by an unusually high vigor among voters eager to find a winning candidate for 2008. But with almost a year to go before the first votes are cast, candidates in both parties are campaigning as though the primary were next week, not 11 months away.

"This is a campaign on steroids," said Peter Fenn , a Democratic consultant not affiliated with any of the presidential candidates. "These are things you do in the closing days of a primary or caucus, not a year ahead. It's like the arms race."

New Hampshire party officials and activists say they are pleased that so many voters are interested in seeing the candidates, a factor some said is pushing the contenders to hold huge events. But they worry that the trend could undermine the special nature of the primary, which has historically served as a testing ground by weeding out candidates who cannot win over voters by answering direct questions in small, intimate settings.

"Nothing can replace the small-town feel New Hampshire offers," said Representative Paul Hodes , Democrat of New Hampshire. Granite State voters take their role in the election process very seriously, preferring to meet candidates several times before making a decision, he said, and "you don't reach those people through advertising and hype. You reach them by talking to them."

Kathy Sullivan , chairwoman of the New Hampshire Democratic Party, acknowledged that the party itself is promoting some big event s where candidates are invited to speak, including a large dinner next month. But she said she is concerned about the way the campaign appears to be changing.

"It's no way to elect a president," Sullivan said of the big-ticket appearances. "The thing about New Hampshire is that people really do want to take the time. They really do want to see all of the candidates."

Representative Carol Shea-Porter , Democrat of New Hampshire, said she cannot fault the candidates for wanting to connect with as many voters as possible. But she said candidates will eventually have to do the diner and barbershop circuit. "That is what has been such a good vetting process" for presidential hopefuls, Shea-Porter said.

In previous presidential cycles, candidates sat in New Hampshire living rooms discoursing, often in mind- numbing detail, about their plans for a host of problems. Former president Clinton and former senator Bob Kerrey of Nebraska were adept at citing nuances of their plans for universal health insurance. Former senator Paul E. Tsongas , a Massachusetts Democrat, would read from his treatise "A Call to Economic Arms," which laid out his approach to global economic competitiveness.

The current crop of candidates has focused largely on touting standings in the polls and the endorsements snagged -- a message Sullivan said would not be enough for New Hampshire voters.

"If I actually was going to ask [a candidate] a question, I would not ask, 'How are you going to win?', and '[Do you] have enough money?' " to campaign, but " 'Why do you want to take this job, considering how bad things are and how much worse they will be a year from now?' " Sullivan said.

Such questions may get asked at a large event, by one of the few attendees lucky enough to reach a microphone after the candidate has stopped speaking. But they don't trigger the kind of conversations that Arkansas' former governor, Mike Huckabee, whose campaign for the Republican presidential nomination has gotten little media attention, was having yesterday at the Merrimack restaurant in Manchester, a traditional setting for retail politics.

"What's good about New Hampshire is you're not going to let someone buy themselves the presidency," Huckabee said between chats with diners.

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Spokesmen for the campaigns planning the big events said they have been driven by unusually high interest from the media and the voters. The novelty of a female candidate and an African-American candidate has also attracted attention, they said, making it harder to keep events small.

Clinton, for example, is attending several "house parties" tomorrow, and just a few reporters will be permitted inside.

But even at a large town meeting, voters can ask questions, fulfilling the Granite State's tradition, said Jim Demers , a New Hampshire-based adviser to Obama. And the candidates say they plan to move on to smaller crowds after the initial flurry of post-announcement campaign activity wanes, their spokesmen said.

"There's tremendous energy among the grass roots" that is attracting huge crowds early on, said Phil Singer , a Clinton spokesman. But "Senator Clinton wants to get up close and personal," conducting a more traditional New Hampshire-style campaign, he said.

Would Obama Be "The Black President"? (LAT)

By Peter Wallsten

The Los Angeles Times, February 10, 2007

CHICAGO — Illinois state Sen. Rickey Hendon served eight years alongside Barack Obama in the state Capitol and plans to endorse him today when Obama launches a bid for the White House. But that does not mean Hendon has set aside the long-simmering doubts that he and other black leaders hold about a man who could become the first African American to occupy the Oval Office.

"I can endorse someone now and change my mind next week," Democrat Hendon said from Springfield, Ill., where U.S. Sen. Obama (D-Ill.) will kick off his campaign at the old state Capitol. "I'm going to look at how he runs his campaign. I'm going to look closely to see if he raises the issues that are important to my people."

For many black activists in Obama's adopted home state, who might be expected to form the core of his political base, a central question still looms about the man who has risen speedily over 11 years from state lawmaker to U.S. senator to a sensation in the 2008 presidential campaign: As he works to appeal to voters across the nation, will Obama stand firm for black people and black causes?

Some of the questions arise from Obama's upbringing in Hawaii, remote from the urban struggles of Chicago's black neighborhoods, and from his heritage as the son of a white American mother and black Kenyan father.

Obama is like a "plaid quilt" in which people of different races see themselves, said Eddie Read, chairman of the Black Independent Political Organization. He fears this may leave Obama insufficiently committed to fighting for the black community.

"He would not be the black president. He would be the multicultural president," said Read. "A black president would fight for black economic and political power."

Obama's appeal to white voters leaves some black activists questioning the depth of his links to the black community, said Conrad Worrill, director of inner-city studies at Northeastern Illinois University.

"When white folks begin to put their arms around a black person, there's always suspicion," he said. "The question is: Will this generation of new, college-trained beneficiaries of the black political power movement in America fight for black political interests?"

The debate over how to regard Obama was on display in Washington last week, on the sidelines of Democratic National Committee's winter conference. One of Obama's closest black supporters called a meeting of African American activists to encourage support for him.

Illinois Senate President Emil Jones Jr., a longtime Obama political patron, told the crowd of about 80 that they should support "our son" and that they did not "owe anything to anyone" — a comment widely viewed as aimed at Sen. Hillary Rodham Clinton (D-N.Y.), whose husband, President Clinton, remains intensely popular in the black community.

In a later response, the Rev. Al Sharpton questioned why blacks should back Obama simply because of his race. Sharpton argued that Obama himself recently endorsed Chicago's white mayor for reelection, over at least two black challengers.

"You really don't want to nationally say that blacks should do something for Obama that he himself is not doing at home," Sharpton told CNN. He continued: "I think what is intelligent and respectful to our community, as in any community, is to talk our interests and our issues."

In an interview to be broadcast Sunday, Obama acknowledged that he had become the "focal point" of a national discussion on race. He rejected the suggestion that he had not lived the black experience.

"If you look African American in this society, you're treated as an African American," he told CBS' "60 Minutes." "It's interesting, though, that now I feel very comfortable and confident in terms of who I am and where I stake my ground."

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Obama has written extensively about his struggle with racial identity. In his bestselling memoir, "Dreams From My Father," he reflected on his feelings as an outsider when he first arrived in Chicago in 1984, just after the mass movement that made Harold Washington the city's first black mayor.

"Had to be here before Harold to understand what he means to this city," Obama recalled an older black barber telling him.

Obama went on to work in the black community, as an organizer, voter registration worker and civil rights lawyer. But tensions between Obama and black leaders in Chicago date to his earliest days as a politician, in 1996, when he angered many in the community by elbowing aside a popular leader in his successful bid for the state Senate.

He began that race as the favored candidate, a charismatic young civil rights lawyer armed with the endorsement of the incumbent state senator, who was leaving to run for Congress. But when that incumbent, Alice Palmer, a beloved fixture in Chicago's South Side, changed her mind about leaving the Illinois Senate, Obama refused to end his candidacy.

Tensions ran high when some of Chicago's most influential black leaders confronted Obama and pressed him — unsuccessfully — to bow out.

"It was not a pleasant meeting," recalled Timuel Black, a political activist who at the time opposed Obama but now supports his presidential bid. "There were those, and I was one of them, who felt that this young man should let Alice continue on, since she had the seniority."

When Palmer tried to collect signatures to retain a slot on the ballot, Obama supporters challenged her petitions, and she was forced to fold.

Worrill, of Northeastern Illinois University, said he and others viewed Palmer's departure as "a loss" that many black leaders remembered vividly as they watched Obama's rise.

"We didn't know Barack Obama," said Worrill, who is also chairman of the National Black United Front, an activist coalition that calls itself part of the "black liberation movement." "Alice was a great legislator and an example of an activist out of the '60s and '70s and '80s who came out of all the fights we had been through."

Obama arrived in the state capital, Springfield, to a cool reception from his colleagues in the black caucus. Tensions simmered again four years later when he ran against another stalwart of the old guard of African American leadership, U.S. Rep. Bobby L. Rush, a former official in the Black Panther Party.

Rush crushed Obama that year. But, according to Jones, Obama learned a crucial lesson: He needed a patron.

With Jones' blessing, Obama took a leading role on legislation viewed as important to blacks. He wrote a bill requiring Illinois law enforcement agencies to collect data about the race and ethnicity of all motorists pulled over for violations, an effort to monitor racial profiling. He also pushed legislation requiring police to videotape homicide interrogations, a move designed to protect the innocent from forced confessions. Both became law.

When Obama ran for the U.S. Senate, he reached out early to Jones, who lobbied skeptical members of the black caucus to back Obama's bid and asked some of Chicago's wealthy black business leaders to give money.

As for Obama's initial rocky start in the state Senate race of 1996, Jones said he was glad his friend remained in the race.

"If he had dropped out, we wouldn't be in this position today to do something great," he said.

Obama's Path To Power Typical Of New Generation Of Black Political Leaders (AP)

By Sharon Cohen

AP, February 9, 2007

CHICAGO — Roger Wilkins was there at the dawn of the civil rights movement. He was there, fighting for the Voting Rights Act of 1965, marching in Washington with the Rev. Martin Luther King and so many other black heroes.

Barack Obama wasn't there. He was just a child in 1965.

But that's OK with Wilkins. In Obama and a new generation of black political leaders — a generation that never fought off Bull Connor's dogs, or desegregated lunch counters — Wilkins sees a promise fulfilled.

"They are what we wanted to happen," said Wilkins, a professor at George Mason University, as Obama prepared to launch his presidential campaign on Saturday.

"You're getting some of the real fruits of the civil rights movement. I don't view them as in opposition to us, but people born in 1961 see the world differently than people born in 1931 — and it should be that way."

Obama, 45, offers a portfolio — lawyer, educator, state lawmaker, U.S. senator — that reflects both a shifting landscape and a changing of the guard for black political leaders in America.

Decades ago, many black politicians shared similar roots: They studied at historically black colleges, became ministers, teachers and activists and made their names fighting racial injustice — braving death threats, police dogs and water hoses along the way.

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These days, many black political leaders have similar resumes: They have Ivy League degrees and have worked as lawyers and legislators. They know their way around the towers of high finance and can raise money everywhere from Hollywood to Wall Street.

Their ranks include Cory Booker, mayor of Newark, N.J., a former Rhodes Scholar, Yale Law School graduate and Stanford football star; Deval Patrick, the new governor of Massachusetts who was the Justice Department's top civil rights official in the Clinton administration and counsel for Texaco and Coca-Cola; and Artur Davis, an Alabama congressman and Harvard law graduate, who like his former classmate, Obama, is eyeing higher office.

"What you're getting is black people who come into politics the way most of the white guys do — you're interested in public affairs, you go to law school, you do some local stuff, you run for office," Wilkins said.

Add to that "juniors" who've taken up the family business. They include Rep. Jesse Jackson Jr., the 41-year-old son of the civil rights activist and two-time presidential candidate, and Harold Ford Jr., who followed in his father's footsteps to the House. After losing a Senate race in Tennessee last year, Ford, 36, recently took the helm of the centrist Democratic Leadership Council.

Both men, incidentally, are products of St. Albans School, where Washington's mandarin families have been grooming their sons for leadership for decades. (Former Vice President Al Gore also is a graduate.)

PHOTOS: New generation of black political leaders

This younger generation is not without its own civil rights bona fides: Jackson Jr. — born while his father was in Alabama demonstrating for voting rights — spent his 21st birthday in jail after being arrested in an anti-apartheid protest. Obama was a community organizer registering minority voters in Chicago. Patrick worked for the NAACCP Legal Defense and Education Fund.

But when it comes to issues, younger black leaders don't always march lockstep with those who preceded them.

"They're less liberal than the earlier generation of black politicians," said David Bositis, an analyst at the Joint Center for Political and Economic Studies, a black think tank. "That doesn't mean they're conservative."

Bositis said the younger leaders tend to be more business friendly. Some, including Booker, also are more receptive to programs such as school vouchers. The idea is attractive to many black constituents disappointed by the failures of big-city public schools.

Ron Walters, a political scientist at the University of Maryland, doesn't see any great generational split on issues but does sense friction on who speaks for the black community.

"Is it going to be members of Congress or civil rights leaders?" he asks. "That tension is going to be there as long as there's a black leadership class."

Perhaps the biggest difference for younger black politicians is in the growth of opportunity.

"For an African-American politician born in the 50s or the 40s, Congress was the highest aspirational level," said Davis, the 39-year-old Alabama congressman. "That was the most that you could be if everything went well in your career, or possibly the head of a Cabinet office like HUD."

Civil rights hero John Lewis, brutally beaten during the "Bloody Sunday" voting rights march in 1965 in Selma, found a home in Congress, where he has served Georgia for two decades. Andrew Young, a minister and lieutenant of the Rev. Martin Luther King, became mayor of Atlanta and ambassador to the United Nations.

Julian Bond, a civil rights activist, was a longtime Georgia legislator. With his telegenic looks and mellifluous voice, he seemed destined for higher office — he did lose a congressional bid — but he said he sensed there was a limit to his political ambitions.

"I had no expectation — none at all — I could aspire to the U.S. Senate," said Bond who teaches civil rights at American University and the University of Virginia.

Bositis, the think tank expert, said some young black politicians now feel they have the experience and skills to reach beyond Congress.

"In terms of House races, the situation is 'been there, done that,'" he said. "They want to win statewide office. They want to be governor, senator and eventually president. ... They think that the opportunity is there."

But few have made the leap.

Michael Steele, the first black statewide elected official in Maryland, lost his Senate bid last year. But the 48-year-old former Republican lieutenant governor said younger black politicians are not going to "wait in line" to seek office.

"We're going to step outside of our comfort zone and push the envelope," he said.

Obama, from Illinois, is the only black member of the Senate and just the third in modern history, following Carol Moseley Braun, also of Illinois, and Edward Brooke of Massachusetts.

Patrick of Massachusetts is the second elected black governor; L. Douglas Wilder served a term in Virginia in the 1990s.

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But the number of black members of Congress has grown dramatically in recent decades, largely because of redistricting that followed the 1990 and 2000 censuses.

Before that, most black members of Congress represented overwhelmingly minority districts in the North; the South had just a handful of black lawmakers on Capitol Hill.

The Congressional Black Caucus has tripled in size since the 1970s — it has 43 members — and Davis, the Alabama congressman, said in nearly half those districts, the constituencies are less than 60% black.

"As a practical matter," he said, "to get re-elected, you have to develop an appeal broader than just your race."

Cory Booker, who won the top job in Newark last year, said that's just as true in his heavily minority city. Nearly 40 years ago when Kenneth Gibson became Newark's first black mayor, he said, the feeling among many blacks was: "Let's get somebody who looks like us."

That attitude has disappeared, he said. "The black-white American landscape is no longer. We're representing more diverse constituencies," said Booker, who learned Spanish so he could converse with many Newark residents.

Mayors face tight budgets, shrinking job bases and demands that make skin color irrelevant, he said. "Even my black constituents are now saying we're not electing you because you're black," Booker said, "we're electing you because we want very specific things."

Black mayors also are nothing new: Over the decades they have presided in cities including New York, Chicago, Los Angeles and Philadelphia.

But City Hall and the White House are worlds apart.

Ever since Obama started mulling a presidential campaign, pundits have raised the inevitable comparisons to the Rev. Jesse Jackson's bids for the White House in 1984 and 1988.

But there's a vast difference in the two candidacies beyond the generation that separates them.

Jackson had never held political office before his campaign. Obama has served as a lawmaker on the state and national level.

As a civil rights activist, no one expected Jackson to be the Democratic nominee, Bositis said, but Obama "is not going to be running to make a statement. He is going to be running to win."

Can he?

Race alone won't harm Obama's chances, Bositis said. "I wouldn't say the playing field is even but it is even enough," he said, "and if he's the exceptional candidate that many people think he is, he could be elected."

Obama Ready To Throw Hat (CHIT)

By Rick Pearson, Ray Long

Chicago Tribune, February 10, 2007

SPRINGFIELD -- The last time Barack Obama delivered a formal address in Illinois' state capital, it was to mark the opening of the Abraham Lincoln Presidential Library and Museum where he hailed the 16th president as a man who "did not equivocate or duck or pass the challenge on to future generations."

Nearly two years after that address, and using the home of Lincoln's famed "House Divided" speech as a backdrop, Obama was expected Saturday to make formal his historic entry into the 2008 presidential campaign, presenting himself as a symbol for a new generation of leadership and politics.

The circumstances surrounding the announcement by the state's 45-year-old junior Democratic senator--launching a three-day wave of campaign events in Iowa and New Hampshire with a Chicago fundraiser in between--are heavily tinged in symbolism for the first black candidate with a realistic chance of obtaining the broad-based support necessary for securing a major party presidential nomination.

Most immediately, to counter complaints he lacks experience with only two years in the U.S. Senate, Obama planned to open his campaign not far from where he served for eight years in the Illinois General Assembly, where his tenure was notable for his comity and willingness to reach across the aisle.

But in a larger sense, Obama's formal announcement, scheduled for a chilly outdoor makeshift stage at the Old State Capitol on the weekend before Lincoln's birthday, was aimed at assimilating the greater imagery of Lincoln that looms over Springfield, of a man who sought to heal a nation at war with itself, its populace sharply divided.

"At a time when image all too often trumps substance, when our politics all too often feeds rather than bridges division, when the prospects of a poor youth rising out of poverty seem of no consequence to the powerful, and when we evoke our common God to condemn those who do not think as we do, rather than to seek God's mercy for our own lack of understanding--at such a time it is helpful to remember [Lincoln]," Obama said in helping to open the Lincoln museum in April 2005.

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While the hype leading up to Obama's announcement has grown exponentially during the past two years, even he recognized in that speech that "Lincoln reminds us that our essential greatness is not the shadow of sophistication or popularity, or wealth or power or fleeting celebrity. It is the tree that stands in the face of our doubts and fears and bigotries, and insists we can do better."

But celebrity has been beneficial to Obama's political aspirations, an outgrowth of the national stage that beckoned following his keynote address at the 2004 Democratic National Convention. A recent CNN/WMUR poll of New Hampshire Democratic primary voters found 67 percent of them holding a favorable impression of him--slightly below the 74 percent favorable ratings held by better-known rivals, Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards of North Carolina.

With predictions that as many as 5,000 people would attend the Springfield announcement, along with 500 members of the media, Obama's entry into the race would represent a heady personal and political evolution for a man who just over two years earlier handled mundane constituent inquiries while pushing a largely liberal-inspired social agenda as a lowly state senator from Chicago's South Side.

Obama, whose lone political loss was in a 2000 congressional bid before winning the U.S. Senate seat four years later, addressed his aggressiveness in seeking higher political office in his recent book, "The Audacity of Hope." He said he had the flaw of "chronic restlessness," something that was endemic to Americans but "nowhere more evident than in the field of politics."

Illinois Senate President Emil Jones (D-Chicago), who has played an acknowledged political mentoring role from Obama's days as a community organizer in Chicago's Roseland neighborhood and the Altgeld Gardens public housing project, said he felt "like a father would feel about his kids" over Obama's presidential aspirations.

"He's able to bring people together, and that's what's going to be very important--to bring people together for a common goal," Jones said. Noting the intangible quality of charisma that every candidate seeks to possess, Jones said, "Some people have it and some don't, you know? And he has it."

Some Republicans who served in the Illinois Senate with Obama credit him for his pragmatic and diligent work ethic, particularly under the confines of a GOP majority that worked to stifle Democratic-backed legislation during much of his tenure in the legislature.

"While Barack had principles, he was, importantly, practical and realistic," said state Sen. Kirk Dillard (R-Hinsdale), who also is the GOP chairman of DuPage County, long the home of one of the state's highest Republican vote totals.

"Many of the same qualities that make Sen. Obama a national superstar--intelligence, charm and an ability to get along with all types of factions--were put to the test in Springfield in his early years," Dillard said. "Barack had tremendous respect from Republicans as well as Democrats, and for those of us who were lucky enough to work with him before he became a national celebrity, none of how America's media has characterized him surprises us."

Obama scored successes on key, and controversial, pieces of legislation, taking on such issues as requiring reform of the state's problem-fraught death penalty system, tracking and combating racial profiling by law enforcement, imposing tougher governmental ethics rules and mandating the videotaping of criminal confessions.

Though Obama has sought to downplay the role of race in a presidential candidacy, his decision to announce his intentions in Springfield represented an attempt to capture some of the state capital's history beyond its obvious connections to Lincoln and the racial strife associated with the Civil War.

The nation's reaction to the city's race riots of 1908, in which two blacks were lynched and scores of others were injured or fled Lincoln's hometown, led to the founding of the National Association for the Advancement of Colored People. The city's housing stock remains largely segregated and racial problems persist.

"In my mind, this is the culmination of a lot of young people's dreams, seeing a man of color stepping forward to run for president who actually has a realistic chance of winning," said Springfield Ald. Frank McNeil, an African-American. "Just like Lincoln, he's saying there is a brighter future out there if we can all come together."

In using the Old State Capitol to embark on his race for the Democratic nomination, Obama would seek a link to its history as the site of the state Republican convention of 1858, where Lincoln warned that the issue of slavery that wracked the national conscience threatened the country's future.

A century and a half after Lincoln noted that "a house divided against itself cannot stand," Obama finds himself attempting to lead a country torn by the moral and political conundrum of war.

Harold Holzer, a nationally renowned Lincoln scholar and a co-chairman of the federal panel charged with commemorating the bicentennial of Lincoln's 1809 birth, said he did not believe it a daunting risk for Obama to try to appropriate from one of the nation's greatest presidents. Instead, Holzer said he believed an Obama candidacy, as well as those of Clinton and New Mexico Gov. Bill Richardson, represent a "manifestation of what Lincoln called 'unfinished work.'"

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"Lincoln's design for a better society is manifesting itself with a Latino, a woman and a person of color running for the presidency of the United States," Holzer said. "It sends the message, 'We've come a long way, baby.'"

Obama To Announce 2008 Plans In Illinois (AP)

AP, February 9, 2007

SPRINGFIELD, Ill. (AP) - Democratic Sen. Barack Obama plans to stand outside Illinois' Old State Capitol on Saturday, a building indelibly linked to Abraham Lincoln, and tell the world about his 2008 presidential plans.

In a video preview announcement on his presidential exploratory committee's Web site, Obama said he's humbled by the enormity of the task ahead and urged supporters to get involved. "Tomorrow, we begin a great journey. A journey to take our country back and fundamentally change the nature of our politics," Obama said.

For Obama, it will be the start of a long weekend of rallies and events that will take him from Springfield to Iowa and then on to Chicago before he wraps up Monday in New Hampshire.

Obama will be able to evoke a long list of positive images during his speech. He could remind people that Lincoln served as a legislator there. He could note Lincoln's role in ending slavery and ultimately making it possible for a black politician to run for president.

Obama might mention his own eight years as a state senator in Springfield, or talk about the city's Main Street values and common sense.

But don't expect him to mention some other pieces of the city's heritage: a race riot, government corruption, even a brush with cannibalism.

Still, Obama's decision to make his presidential announcement in Illinois' capital city - instead of another location like Chicago, where he lives, or in Washington - earned him accolades Friday.

It also continued to feed the comparisons between Obama and Lincoln, the nation's 16th president. Lincoln served eight years in the Illinois legislature and two years in Congress. Obama served eight years in the state Senate and now has spent two years in the U.S. Senate.

"There is a terrific Lincoln aura around that site and the city," said local historian and author Taylor Pensoneau. "By picking Springfield as opposed to Chicago, it goes along with the attempt to push this almost fairy tale aspect of the whole Obama political explosion."

Even some of Springfield's biggest fans admit that Americans know little about the city beyond its Lincoln connections. If they have any impression, it's probably of a pleasant, nondescript midwestern city.

"It's Every Place," said Curtis Mann, manager of the local library's Sangamon Valley Collection.

Still, Springfield has had dark moments, including its share of Illinois' famously corrupt politics.

When one state official died, a shoebox was found among the personal items in his Springfield hotel room - inside was $800,000 in cash. A state auditor embezzled at least $2.5 million. The last Illinois governor was convicted on a variety of corruption charges in 2006.

Springfield also has struggled with race.

Its police department is embroiled in a discrimination lawsuit right now. City government was overhauled in the 1980s because of a voting rights case.

Most famously, though, it was the scene of lynchings and rioting in 1908 that helped inspire the creation of the National Association for the Advancement of Colored People.

A black barber was shot and hanged from a tree, where his body was riddled with more bullets. An 84-year-old shoemaker had his throat slashed and, still alive, was hanged. Black-owned homes and businesses were burned. The Illinois National Guard had to restore order.

"The outrage was tremendous," Mann said. National activists concerned about this and other incidents met in New York and ultimately formed the NAACP.

Obama may want to avoid thinking about another historic quest that began in Springfield, a westward expedition known as the Donner Party. Their wagon train became trapped in California's Sierra Nevada mountains.

Nearly half the party died, and some of the rest survived only through cannibalism.

Obama To Announce Run For Presidency (FT)

By Caroline Daniel

Financial Times, February 10, 2007

Barack Obama, the fresh face of the Democratic party, will formally announce his candidacy for the 2008 presidential nomination in Springfield, Illinois on Saturday.

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Mr Obama's recruits there will pale in comparison with his virtual support group of devotees who have signed up to his cause on Facebook, the social networking site that has spread like wildfire among college-going youth since 2003.

In the three weeks since Mr Obama created his exploratory presidential committee on January 16, a spontaneous online community group on Facebook "Barack Obama (One Million Strong for Barack)" has enlisted 244,225 members.

That makes it not only the fastest-growing Facebook group but also perhaps the most instantaneous creation of a political community of supporters for any presidential candidate.

Farouk Olu Aregbe, 26, a graduate of Missouri Western State University who created the group, said: "Quite frankly I have been surprised at how fast it has been. It has now become a hub." He aims to reach 1m by April 21.

The success of this spontaneous, viral, effort – which comes alongside another Facebook group, "Barack Obama for President in 2008", with 60,000 members – has sparked comparisons with Howard Dean's 2004 pioneering, internet-driven campaign of 2004.

At the heart of it was Meetup.com, an internet tool for community events. Yet it took Mr Dean 11 months for his group on Meetup to attract 140,000 members rather than three weeks to recruit 250,000.

Jerome Armstrong, an architect of Mr Dean's campaign, sees networking sites such as Facebook, the seventh most trafficked site in the US, as an untapped resource. "It wasn't around in the last presidential cycle...I've seen websites to get in touch with youth, but this is about spontaneous organising amongst themselves instead of relying on a campaign to reach out to them," he said.

Yet he still sees similarities between the Dean and Obama campaigns. In January 2003, Mr Dean e-mailed a group of 140 people from Meetup. "By sending them an e-mail, he validated it and encouraged the effort to happen. Obama just did a similar thing," he said, referring to how Mr Obama addressed 3,500 students at George Mason University at an event last week organised via the Obama for President group on Facebook.

Mr Obama told the student crowd that grassroots activism could help him reshape the political environment. But challenges remain in translating online enthusiasm into wider action. Online networking groups are prone to fads. There are also doubts about how helpful they might prove to a campaign since members' contact details are often not volunteered by participants.

Mr Armstrong said: "The barrier to entry is pretty low. You get online and within two clicks you have joined. It takes five seconds. The question is how to mobilise them beyond the two clicks thing." Even so, he said: "It can translate into something. Youth voted in the last two elections in higher percentages."

Other Democratic candidates have borrowed ideas from Mr Dean. John Edwards has sought to be the voice of the netroots, the progressive activists who organise through blogs. He announced his plans for 2008 with a video on YouTube.

Hillary Clinton is using slick webcasts to announce her campaign and the internet for fundraising. Peter Daou, her internet director, says 100,000 people signed up at the site in the first 48 hours. "We want to target certain nodes where information moves around, bloggers who are opinion leaders on certain issues. You will see more webcasts and see us working more with social networking sites."

Republican candidates have been slower to embrace the net. Rudy Giuliani's official website does not always work, offers a few press releases and no video.

While the online world matters, it still cannot compensate for personality. Mr Aregbe says he might drive four hours to watch Mr Obama make his announcement speech today.

Obama To Launch White House Bid (BBC)

By James Coomarasamy

BBC.com, February 10, 2007

Democratic Senator Barack Obama is set to officially launch his presidential campaign with a speech in Springfield, Illinois.

The 45-year-old is widely considered to be the first African-American candidate with a realistic chance of winning the presidency.

It is just two-and-a-half years since Mr Obama burst on to the national scene.

He delivered a stirring keynote speech at the Democratic party convention.

His declaration that there was no white or black America, but a United States of America helped the son of a Kenyan father and a white Kansas mother win a seat in the US Senate that year.

And as it has turned out, it set him on a fast track to a run at the White House.

State senator

With his youth and mixed race background, Barack Obama promises a new type of politics.

He has pointedly chosen to launch his campaign on the very spot where Abraham Lincoln once denounced the divisions in America caused by slavery.

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Unlike previous black presidential candidates, Mr Obama was not part of the civil rights movement, which makes some African-Americans wary of him.

His was an unconventional upbringing in Hawaii and Indonesia before he went to study law at Harvard and became the first black president of the prestigious Harvard Law Review.

Later on, after community work in Chicago, he entered Illinois state politics, serving in the senate there for several years.

Yet, with relatively little national experience and formidable opponents, not least Hillary Clinton, many question whether he can really secure the Democratic nomination, whether he has the depth of policy to match his undoubted charisma and ambition.

Mr Obama has tried to answer critics in recent weeks, introducing a bill that calls for the phased redeployment of US troops from Iraq.

But his speech here in Illinois will be closely watched for both its policies and its passion.

Undoing Obama: Inside The Coming Effort To Dismantle A Candidate (POL)

By Mike Allen

The Politico, February 9, 2007

Barack Obama's free ride is ending.

The charismatic Illinois senator has enjoyed a lifetime of hagiography, starting with an 800-word story in The New York Times the day after his election as the first black president of the Harvard Law Review.

Now, Obama's about to endure a going-over that would make a proctologist blush. Why has he sometimes said his first name is Arabic, and other times Swahili? Why did he make up names in his first book, as the introduction acknowledges? Why did he say two years ago that he would "absolutely" serve out his Senate term, which ends in 2011, and that the idea of him running for president this cycle was "silly" and hype "that's been a little overblown"?

In interviews, strategists in both parties pointed to four big vulnerabilities: Obama's inexperience, the thinness of his policy record, his frank liberalism in a time when the party needs centrist voters and the wealth of targets that are provided by the personal recollections in his first book, from past drug use to conversations that cannot be documented.

Beginning with his announcement for president on Saturday, the long knives will be out for Obama from three directions: Reporters, perpetuating the boom and bust cycle of a ravenous media culture, will try to make up for fawning coverage of the past. Democratic rivals want to get him out of the way. And some top Republicans think the party would have a better chance with Sen. Hillary Rodham Clinton, D-N.Y., as the nominee, since she is a known quantity while Obama can try to define himself as anything he wants.

Officials at the top of both parties calculate that Obama has risen too fast to sustain his popularity in the cauldron of a presidential campaign. Democrats talk of "vapid platitudes" that could produce a "soufflé effect" – an implosion as journalists and activists begin probing for substance behind Obama's appealing promise of "a different kind of politics" and "a new kind of politics."

"With a couple of pinpricks here and there, the whole thing could fall apart," said a Democratic strategist familiar with the plans of Obama's rival campaigns.

Says another top Democrat: "Once the shooting war starts, he's not going to be able to get away with these grand pronouncements."

Obama's friend Donna Brazile, who has known him since 2002 because of their work together on children's issues, is staying neutral in the Democratic contest but says he's ready for the onslaught, contending that his press has already become more mixed. "He's laying a foundation and a framework," she said. "People are responding to his message and are tuning out all the polarization."

Even his name offers fodder for the critics. When he was growing up, his family, friends and teachers called him "Barry." Then as a young man, he started insisting on "Barack," explaining in a memoir published in 1995 that his grandfather was a Muslim and that it means "blessed" in Arabic. His dad, who was Kenyan, had gone by "Barry" -- probably trying to fit in when he came to the States, his son figured. On the campaign trail during his 2004 Senate race, Obama told reporters that "Barack" was Swahili for "blessed by God."

Whatever its origins, the exotic, multicultural name – so open to interpretation that some Irish folks he ran into assumed "O'Bama" must be one of theirs – is just one of the tools Obama has used to create a captivating narrative about himself as a post-partisan messiah for a nation weary of Potomac combat. The idea of Obama has created dizzying expectations for a senator who draws the largest spontaneous crowds of any American public figure since Colin Powell went on book tour. A cartoon doctor in The New Yorker even diagnoses a patient with "Obamania."

Obama was the crowd favorite at the Democratic National Committee meeting in Washington last weekend, offering remarks so lofty that most of them could have come from either party. "Our rivals won't be one another," Obama said as part of

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the parade of presidential hopefuls who spoke to the crowd. “And I would assert it won't even be the other party. It's going to be cynicism that we're fighting against.”

But that is surely wishful thinking, because his rivals are getting ready to dig into him at public debates and forums, beginning with a labor-sponsored session in Carson City, Nev., on Feb. 21. Obama has said he’ll leave Nevada three days before the event.

Obama, whose two massive books (both New York Times bestsellers) make it clear he is wise beyond his 45 years, knows what’s coming. He writes presciently in the one published last year, “The Audacity of Hope: Thoughts on Reclaiming the American Dream”: “Precisely because I’ve watched the press cast me in a light that can be hard to live up to, I am mindful of how rapidly that process can work in reverse.” He recalls President Bush warning him privately during their first meeting in the White House: “When you get a lot of attention like you’ve been getting, people start gunnin’ for ya.”

Here’s a capsulized look at the opponents’ plans for undoing Obama:

1. Inexperience

It was only about two years ago, during a meeting with reporters at his Illinois campaign headquarters after his election to the U.S. Senate, that he ridiculed as “a silly question” whether he would run for president or vice president before his term ends in 2011. “I’ve never worked in Washington,” he said. “I can unequivocally say I will not be running for national office in four years, and my entire focus is making sure that I’m the best possible senator on behalf of the people of Illinois.”

As he told NBC’s Tim Russert on “Meet the Press” after his election in 2004, “I don’t know where the restrooms are in the Senate.” Then last October, on the same show, he backed away from the pledge, saying it reflected his “thinking at the time” but that he had not thought about the idea “with the seriousness and depth that I think it required.”

Asked on ABC’s “Good Morning America” last month if his lack of foreign policy experience would hurt him in his White House bid, Obama replied: “My experience in foreign policy is probably more diverse than most others in the field. I mean, I'm somebody who has actually lived overseas, somebody who has studied overseas. You know, I majored in international relations.”

Jim Wallis, the progressive theologian who founded Sojourners/Call to Renewal, says the senator has “a different kind of experience” than a typical candidate and said he has listened to Obama talk knowledgably and passionately about youth, the arts, politics, religion and business in small-group settings since he was an Illinois state senator and few people knew who he was. “There’s an intellectual depth and personal depth and moral depth,” Wallis said. “He’s didn’t say, ‘Let me try these ideas.’ He’s been talking about them since he was the least famous person in the room.”

2. Anemic Policy Record

At the DNC meeting, Obama surprised some in the audience by seeming to scoff at the intricacy of public policy. “There are those who don't believe in talking about hope," he said. “They say, well, we want specifics, we want details, we want white papers, we want plans. We've had a lot of plans, Democrats. What we've had is a shortage of hope."

A former Democratic official in close touch with several of the campaigns said: "Downplaying the importance of specific plans and ideas seems like a really strange strategy from somebody who is clearly very smart, policy-wise, but hasn't established that with the broader public yet."

Aides to Obama say that his weekend’s three-day announcement tour in Illinois, Iowa and New Hampshire – including town-hall meetings, rallies and a house party – will focus on the broad, uplifting themes that were a hit at the DNC meeting.

He has said the nation must have “the will to pass health care for all by the end of the first term of the very next president of the United States,” and that is likely to be among his early proposals. “Audacity of Hope,” named for a sermon Obama heard back when he owned only one suit, sketches a possible health care overhaul designed to save money through lower administrative and malpractice costs so that a subsidy could be offered to low-income families. Immediate coverage would be mandated for uninsured children. The senator has also talked about an energy plan to “wean ourselves off Middle Eastern oil,” which could be an early proposal.

3. Liberalism

The senator is unabashedly more liberal than the centrist path charted by President Bill Clinton. Back in 1996, a Cleveland Plain Dealer reporter wrote that Obama – then the Democratic nominee from his state Senate district – sighed when asked about the fall election. “Bill Clinton?” Obama was quoted as asking. “Well, his campaign's fascinating to a student of politics. It's disturbing to someone who cares about certain issues. But politically, it seems to be working."

“Audacity of Hope” advocates civil unions for gay people (a position held by most national democratics), declaring tartly that Obama is not “willing to accept a reading of the Bible that considers an obscure line in Romans to be more defining of Christianity than the Sermon on the Mount.” He says he doesn’t “believe we strengthen the family by bullying or coercing people into the relationships we think are best for them – or by punishing those who fail to meet our standards of sexual propriety.”

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He writes that Bill Clinton and conservatives turned out to be “right about welfare as it was previously structured.” He adds, “But we also need to admit that work alone does not ensure that people can rise out of poverty.”

4. Disclosures in His Books

A little-noticed disclaimer at the front of his 442-page memoir of his youth, “Dreams from My Father: A Story of Race and Inheritance,” says: “For the sake of compression, some of the characters that appear are composites of people that I’ve known, and some events appear out of precise chronology. With the exception of my family and a handful of public figures, the names of most characters have been changed for the sake of their privacy.”

The disclosure calls into question the pages and pages of years-old dialogue that Obama recalled when he was writing the book, a frank and searching account of his effort to come to terms with issues of race in America, at age 33. Lynn Sweet, the dogged Washington reporter for the Chicago Sun-Times, spotted the disclaimer in 2004 and wrote one of the few critical stories every printed about Obama. “I say in the book it is my remembrances of what happened,” he told her in an interview. “I don’t set it out as reportage … read the book for what it is worth.”

It is immensely valuable as a Rosetta stone to a man who wants to lead the free world and who wrote rawly about his shame when he had referred to a Beaver Cleaver-like, argyle-sweater-wearing black friend as an Uncle Tom in order to try to ingratiate himself to more radical friends. But Obama, who would start his career in politics as a community organizer in Chicago, wrote that he also found solace in the autobiography of Malcolm X, with his “unadorned insistence on respect.”

The book also contains the admission about his youth: “Pot had helped, and booze; maybe a little blow when you could afford it.” He also uses a slang term to refer to casual sex, and quotes a vulgar term from a bull session about Malcolm X. His campaign says voters will appreciate the honesty and support him. The challenge for Obama will be to survive long enough for voters to have that chance.

Hillary: I Didn't Vote For War (NHUL)

By John DiStaso

New Hampshire Union Leader, February 10, 2007

MANCHESTER – New York Sen. Hillary Clinton said yesterday her 2002 vote for a resolution authorizing the invasion of Iraq was "not a vote for a pre-emptive war," but instead a show of support for further United Nations weapons inspections.

The Democratic Presidential front-runner, who has been criticized by hard-line anti-war groups for not apologizing for the vote, emphasized that distinction in a telephone interview from Washington.

While fellow candidate John Edwards, a former senator, has apologized for his vote on the October 2002 resolution, Clinton again did not.

"I will let others speak for themselves," she said. "I have taken responsibility for that vote. It was based on the best assessment that I could make at the time, and it was clearly intended to demonstrate support for going to the United Nations to put inspectors into Iraq."

She said that when she explained her vote four years ago, "I said that it was not a vote for pre-emptive war."

A Clinton campaign spokesman later noted that on the Senate floor on Oct. 10, 2002, Clinton stated that her vote for the resolution "is not, however, a vote for any new doctrine of pre-emption, or for unilateralism, or for the arrogance of American power or purpose -- all of which carry grave dangers for our nation, for the rule of international law and for the peace and security of people the throughout the world."

In the interview, the former first lady said the Bush administration forced an end to the final round of weapons inspections and invaded prematurely. The administration is responsible for the current status of the war, she said, and for being "grossly misinformed" or for having "twisted the intelligence to satisfy a preconceived version of the facts" before the invasion.

"Either interpretation casts grave doubt on their judgment," she said. "If they were so intent on pursuing military action, a pre-emptive action, which I said at the time I opposed, against Saddam Hussein, then why on earth were they not better prepared and more competent in its execution?"

Clinton said Bush and his administration "have performed a great disservice to our men and women in uniform, to our country, to our vital national security interests in the region and to the ongoing struggle against Islamic extremists."

Clinton spoke with the New Hampshire Union Leader on the eve of her first campaign visit to the first-in-the-nation primary state. She is scheduled to talk to voters today in Berlin and Concord and tomorrow in Manchester, Nashua and Keene. She last visited the state in 1996.

Also yesterday, Clinton said she would campaign in New Hampshire even if the primary date set by Secretary of State William Gardner under a state law does not comply with the Jan. 22, 2008, date written into a new party rule by Democratic National Committee (see related story).

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Clinton said she has proposed capping the U.S. military force in Iraq at the Jan. 1 level and has "voted for more than a year and a half to begin redeploying our troops out of Iraq."

She does not "at this time" support a cut in funding for American troops in Iraq. She backs instead a cut in funding for Iraqi troops.

"We have got to get their attention," she said of the Iraqi leadership. She said they "do not fulfill their promises" and make "worthless" assurances.

She predicted that if Congress were to approve a funding cut, Bush would veto it.

"I hate to say that," she said, "but I think that shows the level of stubbornness and rigidity that we are confronting with this President."

And what may have been veiled criticism of at least some of her Democratic opponents, Clinton said, "This is a very difficult situation we find ourselves in, and anyone who thinks there are easy answers or flip rhetoric that can be used is not fully appreciating the challenge that those of us confront who are trying to set up circumstances that will persuade the President to do what we all expect and want him to do."

Clinton did not say how she would have voted on New Hampshire Republican Sen. Judd Gregg's proposed nonbinding Senate resolution simply opposing any cuts in troop funding. She said she backed a resolution by Republican Sen. John Warner and Democratic Sen. Carl Levin to oppose the Bush troop "surge" while also opposing a funding cut.

Bush, she said, "has proven impervious to the election results, so we are trying to get the political support we need in the Congress" to pass a strong anti-escalation statement in a nonbinding resolution.

She said the breakdown of efforts in the Senate this week to pass the Warner-Levin resolution was the result of "a Republican strategic decision to try to divert attention from doing that very straightforward task of sending a clear message to the White House."

She supported even stronger measures, saying, "The President should have to get a new congressional authorization if he is going to move down this path."

Clinton said that after the United Nations Security Council supported sending inspectors into Iraq in November 2002, "Saddam Hussein was contained and there was no reason not to let the inspectors finish their job to find answers to the questions many people had."

She said Congress' authorization a month earlier "did not necessarily require the President to short-circuit the process to launch the invasion," adding, "The abrupt conclusion of the inspection process, I think, was a mistake."

She said an earlier Bush mistake came when he "diverted attention from Afghanistan and the war against al-Qaida and the opportunity to build a strong international alliance against extremism and terrorism" and focused on Saddam.

She said had she been President, "I think I would never had asked for" authority to invade Iraq because she would not have begun the war.

Elaborating, she said: "But once a President asks for such authority, you either vote to give it to him or vote to withhold it from him. If you look at the options that were available, giving the President authority to make it very clear to the security council, to Iraq and to the world that we were serious about forcing Saddam Hussein to comply with his obligations under various United Nations' resolutions and the agreement he entered into at the end of the first Gulf War was a reasonable policy.

"What was not reasonable was manipulating the intelligence, which we now know occurred, and refusing to allow the inspectors under the edict of the United Nations to do their work."

The Washington Post reported yesterday that a Pentagon inspector general had found that intelligence provided by a former undersecretary of defense to buttress the White House case for the invasion included "reporting of dubious quality or reliability" that supported the political views of senior administration officials.

"This unfortunately confirms what we've been discovering in the last three years," Clinton said, "that the administration never intended to let the inspectors complete their work despite assurances to the contrary and that they gilded the lily on the intelligence they had."

Clinton said, "If we had known then what we know now about both the allegations concerning Saddam's intentions and capacity and about our own government's intentions, we would never have had a vote, and if there had been a vote, I certainly would never have voted to give the President authority," she said.

Clinton To Compete In NH Primary, "Whenever It's Held" (NHUL)

By John DiStaso

New Hampshire Union Leader, February 10, 2007

Sen. Hillary Clinton said yesterday she will ignore her own national party's rules and campaign in New Hampshire even if the first-in-the-nation primary is set for a date that does not comply the party's predetermined calendar.

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"I am going to compete in the New Hampshire primary whenever it's held," she said. "I'm excited about it. I want to be part of it . I want to do it the New Hampshire way."

The Democratic Presidential front-runner spoke to the New Hampshire Union Leader yesterday in a telephone interview from Washington on the eve of her first campaign visit to New Hampshire. Today, she is scheduled to hold town hall meetings with hundreds of prospective voters in Berlin and Concord. Her schedule for tomorrow includes house parties in Manchester and Nashua and a town hall meeting in Keene.

Clinton is sure to draw hordes of media from throughout the nation and overseas, just as Illinois Sen. Barack Obama did when he campaigned here in December.

Obama today is scheduled to formally announce his candidacy in Springfield, Ill., and to visit New Hampshire on Monday. Clinton has set up a Presidential exploratory committee and has said "I'm in" the Presidential race. But she has not yet made a formal announcement.

New Hampshire Democrats battled with the Democratic National Committee last year as it pushed through a new rule to hold a caucus in Nevada five days after the leadoff Iowa caucuses and three days before the New Hampshire primary.

The DNC has a new rule effectively cautioning candidates they will lose delegates earned in any state that does not comply with its preset schedule. But New Hampshire's secretary of state has sole authority to set the primary date in accordance with state law, and he has made it clear he will not be swayed by any political party rule. He has indicated that because of the insertion of Nevada's caucus between the Iowa and New Hampshire events, he may set the primary date earlier than the Jan. 22, 2008, date set out by the DNC.

If he does that -- and he won't set a date until the fall of this year -- the DNC apparently expects its candidates to abruptly pack up and leave New Hampshire.

Clinton won't do that. "Whatever New Hampshire decides, I'll be there," she said.

Last summer, former President Bill Clinton said the DNC made the wrong decision and should "leave New Hampshire alone." He said the former first lady "has exactly the same feeling I do."

But Hillary Clinton would not say yesterday whether she agreed with the DNC's decision, which was based on an effort to give a strong early voice in the nominating process to a racially diverse state in the West.

"I'm not going to comment on that," she said. "I don't have any control over that. I'm just going to run the best campaign I can everywhere I have to run it."

Clinton has accepted an invitation to a Presidential forum in Nevada later this month, but she did not commit to appearing at an early April debate in New Hampshire co-sponsored by CNN, WMUR and the New Hampshire Union Leader. She said her schedule has not been set "that far in advance."

"This has started way too soon," she said. "I think it would be better for everybody to get a chance to take a deep breath, to get their feet on the ground.

"Most people aren't paying much attention to what's going on now," Clinton said. "I understand there is a lot of momentum to getting everybody out there and making this process speed up. But I think we should let the people catch up to the process, and we should let candidates get their sea legs."

Clinton was expected to fly directly to Berlin early this morning and then, after a town meeting at the city hall, fly to Concord for a town hall at the high school.

She also has private meetings planned with officials and activists. Tomorrow, she is scheduled attend house parties in Manchester and Nashua before hosting another town hall, at Keene High School.

Hillary Clinton Plans Visit To S.C. (AP)

AP, February 9, 2007

NEW YORK (AP) -- U.S. Sen. Hillary Rodham Clinton will make her first South Carolina presidential campaign stop on Feb. 19, state Democratic Party Chairman Joe Erwin said Friday. "We don't have any of the specific places yet," Erwin said.

Clinton's campaign did not answer its media line Friday evening and did not respond to a message left Thursday about scheduled trips for the New York senator.

Anticipation about visits from Clinton and Sen. Barack Obama of Illinois has taken attention away from other Democrats in this first-in-the-South primary state, including favorite son John Edwards, the former North Carolina senator who won the 2004 South Carolina primary.

News of Clinton's visit comes as Obama's plans to come to South Carolina became public. Obama will make stops in Columbia and Orangeburg Feb. 16 and 17, said Anton Gunn, Obama's new state political director.

Their arrival on the political scene creates problems for other candidates.

U.S. Sen. Chris Dodd, D-Conn., will be in Columbia on Feb. 17 talking to Richland County Democrats before heading off to the state's rural eastern counties to campaign. But it's a safe bet much more attention will be paid to Obama speaking in Orangeburg, where 62 percent of the registered voters are black.

And it would be little surprise if Clinton draws more attention than Republican presidential candidate and Arizona Sen. John McCain, who will also be in the state Feb. 19 campaigning on Hilton Head Island.

For Lawyers, No Clear Favorite (WP)

By Matthew Mosk

The Washington Post, February 10, 2007

In the last presidential election, John Edwards had the powerful support and deep pockets of the nation's trial lawyers behind him. But when the lawyers gather for their winter conference today in Miami Beach, it will be Sen. Joseph R. Biden Jr. (D-Del.) delivering the meeting's keynote speech.

Edwards, a trial lawyer who became a senator and now a presidential candidate, will be there, too. But the North Carolina Democrat no longer has a lock on the backing of the lawyers. This time around he will be battling it out with others in the Democratic field, who are seen as sympathetic to plaintiffs and their attorneys.

"John is certainly respected by every trial lawyer in the country," said Joseph W. Cotchett, a lawyer from the San Francisco area who helped raise more than $33,000 for Edwards in the 2004 cycle. "Many people though are looking at the bigger picture here."

Thomas V. Girardi, a Los Angeles personal injury lawyer who helped raise more than $230,000 for Edwards as finance co-chairman of his 2004 bid, agreed. Girardi hosted a luncheon last month for Biden and said he intends to do the same for Edwards and for Sen. Hillary Rodham Clinton (D-N.Y.).

In the last election, Girardi said, "Senator Edwards was a much better candidate for the issues we care deeply about." Now, Edwards, Biden, Sen. Barack Obama (D-Ill.) and Clinton "all are very positive in terms of the philosophical view," he said. "So you have a different situation with respect to our support."

Edwards continues to work hard to win over trial lawyers. "He's getting good support from them," campaign spokeswoman Jennifer Palmieri said. "I wouldn't read too much into the leanings of any one person."

Winning the backing of trial lawyers is a significant coup for Democratic candidates. The 55,000-member American Association for Justice, which advocates for trial lawyers, ranks fifth on a list of the nation's 100 largest donors since 1989, according to the Center for Responsive Politics. The group's members gave more than $27 million to political candidates during that period, with 90 percent going to Democrats.

Fred Baron, a Dallas-based trial lawyer who leads Edwards's fundraising efforts, as he did in the last campaign, said this year may be different, but support from the legal community has not softened.

"When we started four years ago, we really did rely very heavily on trial lawyers," Baron said. Now Edwards "has a much broader base of support than that one community."

Other Democratic candidates have worked hard to win support from trial lawyers. Obama has recruited Julianna Smoot, who served previously as Edwards's finance director and on the staff of the lawyers association. Biden's finance director, Chris Koerner, has also worked for the group.

Edwards was a principal beneficiary of the group's giving in the 2004 campaign. Lawyers' contributions accounted for almost two-thirds of the money he raised during the first quarter of 2003, when he surprised pundits and rivals by outraising the rest of the field. By the end of the campaign, more than $10 million had flowed to Edwards from lawyers, many of whom were plaintiffs' attorneys.

They were giving to one of their own. In the mid-1980s, Edwards developed a reputation as a skilled attorney who won significant damage awards for his clients. A North Carolina legal journal calculated that, in the two decades before he joined the Senate, Edwards won $152 million in 63 lawsuits.

His legal career made him a target for Republicans, especially when he became Sen. John F. Kerry's running mate in the 2004 presidential campaign.

This time around, Edwards's aides say, he is expanding his base of support, also focusing on unions, antiwar activists and others. Baron said Edwards has seen an increase in donations from Wall Street, Hollywood and Silicon Valley.

"Money is coming from all areas," Baron said.

But the quest for lawyers' money has continued. Four years ago, Baron shuttled Edwards around the country on his private jet to introduce him to other lawyers. Now, Baron is working to reinforce Edwards's standing with some of his backers from the last campaign.

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One of those is Greg Allen, who said he was won over by Edwards four years ago. Contributions to Edwards by members of Allen's Alabama law firm totaled more than $50,000 in the last cycle, and Allen remains an avid supporter.

"I like him and I trust him," he said.

But others, such as Todd Smith, a Chicago trial lawyer, say they are looking around. Smith's firm raised more than $12,000 for Edwards and donated $50,000 to his leadership committee in 2004. But Smith said he simply cannot ignore the work Biden has done on the Senate Judiciary Committee to fight proposals that aimed to shield health-care providers and other businesses from legal liability.

"Because of that long-standing, clear, unwavering approach, he's deserving of support," Smith said.

John Cooney, another Chicago lawyer whose firm directed more than $50,000 to Edwards's PAC, said none of the candidates "has demonstrated more loyalty to my clients" than Biden.

"In some years, there is one candidate who draws everyone's attention," Cooney said. "This year, there seems to be a plethora of very good candidates."

Former Iowa Governor Sees Organization Surpassing Rivals (AP)

By Mike Glover

AP, February 9, 2007

DES MOINES, Iowa - Former Gov. Tom Vilsack, trailing in most polls for the Democratic presidential nomination and even in his home state, said Friday his grassroots organization surpasses his rivals and will give him an edge in Iowa's leadoff caucuses.

"This is a marathon," Vilsack said in a conference call with reporters. "In essence you have to peak at the right time."

Vilsack said he's collected the backing of more than 1,100 key activists from throughout the state, and that it's such organizing that pays off come caucus time.

"As of today, we are the only campaign in Iowa that has field offices operating," said Vilsack, listing offices in Des Moines, Ames, Cedar Rapids, Davenport, Waterloo, Sioux City and Council Bluffs.

"They are fully staffed and fully operational," said Vilsack.

Jerry Crawford, a Des Moines lawyer and veteran Democratic activist, joined Vilsack's conference call. Crawford said he has supported the last five candidates who have won the Democratic nomination and that he's learned to ignore early polling in Iowa.

"The fact is that early momentum in the Iowa caucuses is fool's gold," said Crawford, noting that Howard Dean dominated polling and media attention leading up to the last caucus, only to fall flat on caucus night.

Crawford said Vilsack is focusing less on attracting attention and more on signing up real backers.

"It means going out and doing the heavy lifting of building up your organization and signing up supporters one at a time," said Crawford.

Vilsack's conference call came less than two weeks after New York Sen. Hillary Rodham Clinton drew large crowds on her first visit to Iowa since announcing she'd run for president. And this weekend, Illinois Sen. Barack Obama will hold several events in Iowa after announcing his presidential plans in Springfield, Ill.

Clinton and Obama have far more money at their disposal and garner much more media attention than Vilsack. But Vilsack reiterated that his organizing will pay off, saying his backers come from all of Iowa's 50 state Senate districts and 94 of the 100 House districts.

"He's dramatically ahead organizationally, which is all I think that matters," said Crawford.

Congress Must Act On Iraq (WP)

By Tom Vilsack

The Washington Post, February 10, 2007

Think of the last time you were in a public place with 1,000 people -- a sports event, a Fourth of July parade, a concert.

Now imagine all 1,000 of those people dead.

If the number of American military deaths in Iraq in recent years is any guide, that's how many Americans will die in that country in the next year if Congress doesn't act immediately to take our troops out of harm's way in Iraq's civil war.

Now imagine the 5,000 more Americans likely to be wounded and maimed if Congress doesn't fulfill its duty to get our young men and women out of Iraq's war zone.

In each of the past three years, more than 820 American soldiers have been killed in the war. Given the increased violence this year, America is on pace to lose more than 1,000 soldiers in Iraq. Over 23,000 American soldiers have been wounded since the war began, nearly 6,000 each year. It is time for us to clearly say that our troops must be brought home now.

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Military commanders in Iraq, the Iraq Study Group and the American people have all said the status quo is wrong. Further, the president's closest intelligence and military advisers state in the latest National Intelligence Estimate that Iraq is in the throes of a civil war and that the capacity of U.S. troops to influence the outcome is severely limited. This war will end only with a political solution -- not a military one.

Members of Congress have a constitutional and moral obligation to exercise their authority to stop funding President Bush's failed policy in Iraq. Not eventually, but immediately.

The war in Iraq and the president's mismanagement of our military resources have recklessly endangered our national security and depleted our military and National Guard units across America. By nearly every standard, the homeland security of our country has been weakened and compromised by the president's policies and a lack of congressional oversight.

It has been said that all our options in Iraq are bad, but some options are worse than others. Leaving American troops in harm's way while acknowledging that they have little to accomplish is the worst-case scenario. Congress has the ability to pull our combat brigades out of the most violent areas, maintain a strategic military presence in northern Iraq and bring the rest of our troops home now.

Nearly a year ago, I went to Iraq to hear firsthand from U.S. troops, military leaders and Iraqis.

This is what I heard from our military commanders: If the Iraqi government can't provide better security for its people in six months, U.S. troops in central and southern Iraq should leave. That time has now come and gone -- and so should our servicemen and women who are needlessly in danger.

Unfortunately, this administration refuses to listen to our military leaders or our citizens. So the question is: What will Congress do?

Congress has the constitutional ability and the moral responsibility to pass legislation cutting off funding for the status quo.

Not one soldier will or should be deprived of ammunition or armor.

A modest number of peacekeeping troops would temporarily remain in northern Iraq, protect civilians against sectarian violence, discourage Iran from border incursions and help maintain regional stability -- without recklessly endangering American lives.

As governor, I called 43 Iowa families after their loved ones had been killed in Iraq or Afghanistan. These soldiers and their families made a tremendous sacrifice to protect our freedom and help keep America safe. Make no mistake, our soldiers have done the job they were asked to do, and they have done it well. But too many of these patriots have made the ultimate sacrifice.

Supporting a cap on troops is really just support for staying the course with a failed policy. A toothless congressional resolution is meaningless. And a delay in congressional action will guarantee that more American soldiers will die.

Those who voted for the war, those who voted to continue to support the war and those who voted to continue funding the war can all surely vote to stop the war and do what's right for our military personnel and nation.

Not in 2008 or 2009, but now.

The writer, a former governor of Iowa, is a Democratic candidate for president.

Giuliani Shifts Abortion Speech Gently To Right (NYT)

By Ray Rivera

The New York Times, February 10, 2007

As he prepares for a possible run for president — a road that goes deep into the heart of conservative America — Rudolph W. Giuliani takes with him a belief in abortion rights that many think could derail his bid to capture the Republican nomination.

But in recent weeks, as he has courted voters in South Carolina and talked to conservative media outlets, Mr. Giuliani has highlighted a different element of his thinking on the abortion debate. He has talked about how he would appoint “strict constructionist” judges to the Supreme Court — what abortion rights advocates say is code among conservatives for those who seek to overturn or limit Roe v. Wade, the 1973 court ruling declaring a constitutional right to abortion.

The effect has been to distance himself from a position favoring abortion rights that he espoused when he ran for mayor of New York City, where most voters favor abortion rights.

“I hate it,” he said of abortion in a recent interview with Sean Hannity of Fox News. “I think abortion is something that, as a personal matter, I would advise somebody against. However, I believe in a woman’s right to choose. I think you have to ultimately not put a woman in jail for that.”

For Mr. Giuliani, a Brooklyn-born Roman Catholic who once considered entering the priesthood, the issue has been a source of discomfort throughout his political career, especially during his first bid for mayor of New York nearly two decades ago.

Now, as he courts voters in more conservative areas, Mr. Giuliani is turning to the same nuanced approach he used back then to explain how he can be both for abortion rights, while being morally opposed to abortion.

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While Mr. Giuliani also faces obstacles for his stands favoring gun control and gay rights, perhaps no social issue resonates as deeply in the hearts of Christian conservatives as abortion.

In his recent travels, he has directed questions on the issue toward a discussion about judges, saying he would appoint jurists who believe in interpreting, not making, the law: judges, he said, like Chief Justice John G. Roberts Jr. and Justices Antonin Scalia and Samuel A. Alito Jr., who he has said he believed would place limits on Roe v. Wade.

"On the federal judiciary I would want judges who are strict constructionists because I am," he said last week in South Carolina. "I have a very, very strong view that for this country to work, for our freedoms to be protected, judges have to interpret, not invent, the Constitution.

"Otherwise you end up, when judges invent the Constitution, with your liberties being hurt. Because legislatures get to make those decisions and the Legislature in South Carolina might make that decision one way and the Legislature in California a different one."

On the issue of a disputed abortion procedure called "partial-birth abortion" by opponents, he told Mr. Hannity that a ban signed into law by President Bush in 2003, which the Supreme Court is reviewing, should be upheld. And on the issue of parental notification — whether to require minors to obtain permission from either a parent or a judge before an abortion — he said, "I think you have to have a judicial bypass," meaning a provision that would allow a minor to seek court permission from a judge in lieu of a parent.

"If you do, you can have parental notification," he said.

Both appear to be shifts away from statements he made while he was mayor and during his brief campaign for United States senator in 2000. Asked by Tim Russert on "Meet the Press" in 2000 if he supported President Bill Clinton's veto of a law that would have banned the disputed abortion procedure, Mr. Giuliani said, "I would vote to preserve the option for women." He added, "I think the better thing for America to do is to leave that choice to the woman, because it affects her probably more than anyone else."

And on a 1997 candidate questionnaire from the National Abortion and Reproductive Rights Action League of New York, which Mr. Giuliani completed and signed, he marked "yes" to the question: Would you oppose legislation "requiring a minor to obtain permission from a parent or from a court before obtaining an abortion."

Mr. Giuliani's campaign aides say his positions on abortion have not changed, and that his stand on what critics call partial-birth abortions has been mischaracterized, saying he opposed a ban only if it failed to include an exception to protect the life of the mother. But the ban vetoed by President Clinton did include such an exception.

Those who have followed Mr. Giuliani's career say he is unlikely to undergo a radical shift in his views in the manner of Mitt Romney, a Republican rival and former Massachusetts governor who advocated abortion rights until about two years ago.

Fred Siegel, author of "Prince of the City: Giuliani, New York and the Genius of American Life," said Mr. Giuliani would likely be careful to avoid anything perceived as a flip-flop on the issue.

"Part of his appeal is that he doesn't bend in the wind," he said.

But Richard Land, head of the public policy arm of the Southern Baptist Convention, said Mr. Giuliani's position was even more offensive than that of someone who believes abortion is morally acceptable.

"To say I think it's morally wrong, but I think it's a woman's choice is like saying I'm opposed to segregation but it ought to be left up to the store owner to decide," Mr. Land said. "That's a preference, not a conviction."

Rancor coming from both sides of the abortion debate is nothing new to Mr. Giuliani. When he made his first bid for mayor in 1989, he was widely considered anti-abortion. His stance immediately proved problematic in a city heavily in favor of abortion rights. New York was the first state to legalize elective abortions, three years before Roe v. Wade.

Early in the 1989 campaign, he told the city's Conservative Party leaders he was personally opposed to abortion and was for overturning Roe v. Wade, except in cases of rape or incest. At the same time he said he opposed criminal penalties and ultimately saw it as an issue of "personal morality."

The distinctions he drew were subtle to the point of producing conflicting news accounts in which he was alternately described as favoring abortion rights and anti-abortion.

The issue took on more importance that summer after a Supreme Court decision allowed states to put new restrictions on abortion. As criticism mounted, Mr. Giuliani remained silent for weeks after the decision. Finally, in late August of that year, he issued a statement seeking to "clarify" his position.

Where he previously asserted that he would stay away from efforts to protect or overturn the state abortion law, he now said he would fight moves to make it illegal.

Critics ascribed his switch to political opportunism. Chief among his critics were his rivals for the mayor's post, the incumbent, Mayor Edward I. Koch, and the eventual winner of that election, David N. Dinkins, both of whom accused him of heeding the advice of his campaign strategists over his conscience.

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Mr. Giuliani defended his change, saying it was the result of deep introspection, not political expediency. "I had to spend time not only thinking about it, but talking about it with my wife and people close to me to focus on it in a closer way than I have in the past," he told The New York Times in an interview at the time.

"This is a guy who is a Catholic, who thought about going into the priesthood, he has close friends who are priests," said Mr. Siegel, "when he realizes he can't get elected in New York if you're anti-abortion and he begins to modify his position, and eventually he goes all the way to being in favor of later-term abortions."

Fran Reiter, who was a deputy mayor under Mr. Giuliani and played key roles in two of his campaigns, believes his acceptance of abortion rights was heartfelt, not a political move. After winning the mayor's office in 1993, he supported and strengthened legislation protecting women's access to abortion clinics.

The National Abortion and Reproductive Rights Action League of New York was so convinced, it remained neutral in the 1993 and 1997 mayoral races, and did so again when he briefly ran against Hillary Rodham Clinton for United States in 2000 before dropping out of the race.

"That tells you how strongly we felt, that we would actually remain neutral when he's running against the first lady of the United States," said Kelli Conlin, the state organization's president, who served on Mr. Giuliani's 1993 transition team and on several mayoral commissions.

Now Ms. Conlin and other abortion rights advocates, including Ms. Reiter, say Mr. Giuliani clearly appears to be distancing himself from his former positions.

"The term strict constructionists has become a transparent code word for nominating judges who would overturn Roe, and both sides know it," Ms. Conlin said. "I think this is a troublesome wink and a nod to the far right of the Republican Party, and that's not the Rudy Giuliani I know."

Buddy Witherspoon, Republican National Committeeman from South Carolina, said Mr. Giuliani's recent appearance with party leaders there shifted his and some others' perceptions of the candidate, though not enough to satisfy the most socially conservative among them.

"All I'd heard from the media is that he was a moderate in support of abortion," Mr. Witherspoon said, "then I heard him say he did not support abortion, however he also said he did not think a woman should go to jail for having had an abortion."

State's Republicans Vet "America's Mayor" (SFC)

By Carla Marinucci, John Wildermuth

San Francisco Chronicle, February 10, 2007

Former New York Mayor Rudolph Giuliani has all the qualities of a Republican who could appeal to voters in blue-state California: He is pro-choice, pro-gay rights and a defender of stricter gun-control laws.

But those moderate positions on social issues rankle the GOP conservatives who represent the backbone of his party's activists here -- and who could pose a formidable roadblock as Giuliani begins a serious effort this week to expand his appeal in the nation's most populous state.

Giuliani is scheduled today to address hundreds of delegates at the California state GOP convention at the Hyatt Regency in Sacramento, marking his first major address since he announced the establishment of an exploratory committee for president.

In a three-day swing through the state, he will visit Silicon Valley for lunch with business leaders on Monday and will travel to the Central Valley for the opening of an agricultural expo in Tulare on Tuesday.

But his toughest assignment could be today's keynote before grassroots true believers of his own party. California's most active Republicans -- those who vote in primaries and, as importantly, provide the critical volunteer effort for campaigns -- are much more conservative than the former New York mayor.

Giuliani's early efforts to establish a base of support here come as California legislators have fast-tracked a bill that would move California's presidential primary earlier in the campaign, to Feb. 5, 2008. The move would cost an estimated $90 million, but is expected to give the state far more clout in deciding the presidential nominees.

"With an early primary, it's more than likely California will play a part in deciding the GOP nomination ... and Giuliani could have California as a bulwark," says Rick Jacobs, who heads the Courage Campaign, a grassroots political activist organization that supports the early primary.

Giuliani, 62, a consultant since leaving office, has not yet formally announced his presidential bid, although he has filed a candidacy statement with the Federal Election Commission and has been putting a campaign organization in place.

Outgoing California Republican chairman Duf Sundheim suggested in a roundtable with reporters this week that the former New York mayor could be a formidable candidate in California -- especially given the populist support for Republican Gov. Arnold Schwarzenegger, who has similar views on social issues such as same-sex marriage and abortion.

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"Quality candidates win in California and candidates who can successfully appeal to a broad cross-section of people," Sundheim said. "We need on a statewide basis to develop candidates who can appeal to these broad coalitions.

"(The election of) 2006 shows that Arnold Schwarzenegger was able to develop a coalition that included 90 percent of the Republican vote. That shows you can take the positions (he) holds and be successful in California," Sundheim said.

In Giuliani's case, leadership issues such as national security and the war could trump social issues among grassroots voters.

Giuliani, who became known as "America's mayor" because of his inspiring performance after the Sept. 11 terrorist attacks, "is popular among conservative voters because he has been shown to be a strong leader," Sundheim said. "Many soccer moms have turned into security moms, and Giuliani has tapped into that."

To expand his base, Giuliani has reached out to some key California conservatives, including Bill Simon, a former Republican candidate for governor and longtime friend who was at breakfast with Giuliani near Wall Street on Sept. 11 when the first plane struck the World Trade Center.

Giuliani also has won the support of other conservatives such as Steve Frank, publisher of California Political News and Views, a conservative Web site. Frank said Giuliani is the GOP candidate with the best chance of winning the White House against Democratic Sen. Hillary Rodham Clinton of New York, who increasingly appears to be the most formidable candidate on the Democratic side.

In talking with conservative groups, Sundheim has found that "there has been openness to Giuliani, and the degree of openness surprised me. Sometimes people are bigger than the issues. He's an authentic American hero, and people respond to that."

Bruce Cain, UC Berkeley professor of political science, said Giuliani has a chance to win a California GOP primary because of "the numbers of decline-to-state voters and independents here" who might decide to cast ballots in that race. "They could end up making the difference."

But Jon Fleischman, the publisher of the influential FlashReport.org, a GOP Internet publication that reaches many Republican insiders, said Giuliani will have to please conservatives in Sacramento first on the key issue of immigration.

"It's the No. 1 issue (for Republicans) in California by far, and if he comes out in support of a (President) Bush-(Sen. Edward) Kennedy immigration plan, he will be viewed with a lot of concern by conservatives," said Fleischman, campaigning Friday in the cavernous convention hall for the position of party vice chairman.

But "conservatives in the party are judging all three front-runners" -- Giuliani, Arizona Sen. John McCain and former Massachusetts Gov. Mitt Romney -- "based on the fact that none of them really reflect the base," Fleischman said.

In California, mainstream and activist Republicans know that no matter whom their party picks as a nominee, "they will have to compromise," Fleischman observes, "because nobody wants Hillary Clinton."

Giuliani Fares Well For GOP Social Moderate (LAT)

By Michael Finnegan

The Los Angeles Times, February 10, 2007

As he dashes across California over the next few days, Republican presidential hopeful Rudolph W. Giuliani has more on his agenda than just raking up campaign money.

Today, he plans to work crowds of Republican activists at a state party convention in Sacramento. On Monday, he speaks to executives in the Silicon Valley. On Tuesday, he stops at a giant farm expo near Fresno. Along the way, he expects to announce new supporters, including former Los Angeles Mayor Richard Riordan, a Republican.

For the former New York City mayor, who met privately with GOP Gov. Arnold Schwarzenegger on Friday night, California plays an increasingly large part in his calculus for winning the Republican nomination. It is one of several big states on the verge of advancing their 2008 presidential primaries to Feb. 5, a shift that enhances the election climate for Giuliani.

Among other effects, the calendar change heightens the importance of celebrity, giving an edge to Giuliani and his best-known Republican rival, Sen. John McCain of Arizona.

Also, earlier contests outside the Bible Belt — most notably in California and New Jersey — could open the way for Giuliani, the only socially moderate GOP candidate, to gain momentum in the crucial opening weeks of the primaries. In other key states — particularly in the South — his liberal stands on abortion, guns and gay rights trouble many of the social conservatives who dominate Republican primaries.

Beyond geography, another dynamic working in Giuliani's favor now is the emerging mix of top-tier Republican candidates. Both of his chief opponents, McCain and former Massachusetts Gov. Mitt Romney, have their own frictions with social conservatives. And neither has focused on the moderates most likely to gravitate to Giuliani.

Giuliani's overall task still remains far from easy, but his candidacy is looking more plausible than just a few months ago.

"It's always going to be an uphill battle for a social moderate in a Republican primary, but there hasn't been a better opportunity for a candidate like Giuliani in decades," said Dan Schnur, who was communications director of McCain's presidential campaign in 2000 and is now unaligned.

Giuliani, who filed his statement of candidacy Monday, has already signaled his strategy: The former prosecutor casts himself as a tough-on-crime national-security hawk whose record of cutting taxes in New York shows a commitment to fiscal restraint.

In a Fox News interview this week, Giuliani took credit for the sharp drop in New York homicides while he was mayor. Best known nationally for his steady command of New York after the Sept. 11 attacks, Giuliani vowed to stay "on offense against terrorism." And like McCain and Romney, he voiced support for President Bush's troop buildup in Iraq.

But Giuliani showed less willingness than his rivals to backpedal from positions that rile social conservatives, opting instead just to accent opinions that might ease their concerns.

"Where I stand on abortion is, I oppose it," he said on Fox. "I don't like it. I hate it. I think abortion is something that, as a personal matter, I would advise somebody against. However, I believe in a woman's right to choose."

He went on to praise three conservative Supreme Court justices: Samuel A. Alito Jr., John G. Roberts Jr. and Antonin Scalia.

Asked about gun control, Giuliani said it made sense in big cities but a "different set of rules" might suit suburban or rural areas. As for same-sex marriage, he acknowledged his long-standing support for gay-rights laws, but said three times: "Marriage should be between a man and a woman."

A twice-divorced Roman Catholic, Giuliani, 62, has a personal history that complicates his quest for support among culturally conservative Republicans. He announced his split from his second wife, Donna Hanover, to television crews without warning her, and she, in turn, accused him of infidelity in a wrenching news conference outside the mayor's mansion.

Giuliani's combative temperament, often an asset in New York politics, could also prove problematic on the national stage. In 1992, the year before he was elected mayor, Giuliani stunned many New Yorkers by shouting an obscenity at a raucous police-union rally to denounce policies of Democratic then-Mayor David N. Dinkins.

"Set your watch: He'll snap and he'll lose his cool before the primaries start," said the Rev. Al Sharpton, a Giuliani nemesis and a 2004 Democratic presidential candidate.

Former New York Mayor Edward I. Koch, a Democrat who voted for Giuliani twice, compiled a book of columns that he titled "Giuliani: Nasty Man." "There is a mean-spirited quality to him that comes out when he feels somehow or other he's not given his due," Koch said.

Giuliani advisors say his tough disposition shows strength of conviction, which they describe as an advantage in a presidential race for a candidate emphasizing the leadership skills that voters witnessed after the terrorist attacks.

"He's a straight shooter, and sometimes people aren't going to like what he has to say," said Mike DuHaime, executive director of Giuliani's exploratory campaign committee.

Historically, the job of New York mayor has been a dead-end for politicians aspiring to higher office. In Giuliani's case, his two terms as mayor create a "target-rich environment" for rivals rummaging for damaging material, said Chris Lehane, who was press secretary to Democrat Al Gore's 2000 presidential campaign.

"Issues that would have been just basic, accepted mainstream issues in New York City are not going to be seen the same way when you get to a living room in Sioux City," he said. "Did your Health Department give out needles? Did it give out condoms?"

Also posing risks for Giuliani are a tangle of business deals by his consulting and law firms, along with his close ties to former New York Police Commissioner Bernard Kerik, who pleaded guilty to accepting tens of thousands of dollars in gifts as a city official.

For now, Giuliani leads many polls of Republican presidential primary voters. But key questions remain. Most of all, will conservative voters turn their backs when reminded of his stands on social issues? Or have they already decided that fiscal and security matters outweigh their other differences with Giuliani?

"Whoever can figure out … how a cultural liberal, a center-left candidate, plays in the Republican nomination contest is going to get the political gold-star award," said Rich Bond, a former Republican National Committee chairman who supports McCain. "We've never seen it."

McCain Releases Financial Disclosure Report (WP)

By Matthew Mosk

The Washington Post, February 10, 2007

DOJ_NMG_0131133

Some land owned by Republican presidential candidate John McCain slipped in value last year, but the senator from Arizona remains a wealthy man, largely because of investments and holdings controlled by his wife, Cindy, his latest financial disclosure report showed.

All presidential candidates must file an up-to-date accounting of their finances with the Federal Election Commission. McCain released his forms late yesterday, and they show that little has changed since his last disclosure, issued in May. The forms allow him to report the value of holdings within broad ranges, making his net worth difficult to calculate with confidence. Previous reports have put it at roughly $15 million.

Most of that money stems from his wife, the millionaire daughter of an Arizona beer magnate. One tract of land McCain owns in Sedona, Ariz., was worth between $500,000 and $1 million in May, but now is listed as being worth between $100,001 and $250,000, the report showed. A McCain spokesman could not be reached last night to explain the disparity.

McCain also listed as income a 2006 deal to write a nonfiction book that is timed for release late this year. The book, whose working title is "Hard Call," is to explore "historically significant decisions" and the qualities that distinguished successful decisions from failures.

McCain Opens State HQ (GRPRESS)

By Dave Murray

Grand Rapids Press, February 10, 2007

GRAND RAPIDS -- Some of Michigan's best-known Republicans, including Attorney General Mike Cox and U.S. Rep. Fred Upton, threw their support Friday to U.S. Sen. John McCain's potential presidential bid.

Politicos in town for the Republican State Convention appeared at the opening of the state headquarters for McCain's exploratory committee, at 282 Leonard St. NW.

Cox, state chair for the committee, said all of the Republican party's presidential candidates are impressive. But he thinks McCain has a better chance at drawing national support than former New York Mayor Rudy Giuliani or former Massachusetts Gov. Mitt Romney.

Romney and Kansas Sen. Sam Brownback are scheduled to address the convention today. McCain and Giuliani are sending representatives.

Cox said he supported President Bush in 2000, when McCain handily won the state's primary. But he said the Arizona senator is the best person to replace Bush in the White House.

"Sometimes it's a matter of the right time and the right person," he said. "McCain is a scrapper, and the people of Michigan like someone who is scrappy."

Cox said Giuliani appears to be McCain's main challenger for the nomination at this point but said the former mayor is likely to the left of many Republicans, and he expects Romney, son of the former Michigan governor, to emerge.

"We can say that Giuliani is a great American, and he is," Cox said. "But he's not the guy who will carry us in 2008 to beat Nancy Pelosi and the rest of the Democrats."

Cox was joined by Ruth Johnson, the Oakland County clerk who ran for lieutenant governor last year, as well as state Sen. Wayne Kuipers, R-Holland; state Sen. Michelle McManus, R-Lake Leelanau, and former representatives Joanne Vorhees and Barbara Vander Veen.

Upton said McCain would help other candidates on the ticket, possibly restoring Republicans to a majority in the U.S. House of Representatives.

"I've been in the minority, then in the majority and now back in the minority," he said. "And let me tell you, it's not very fun."

John Yob, the exploratory committee's state director, said supporters were boosted by a new poll from the Lansing-based Epic-MRA that showed 59 percent of 600 likely voters had a favorable opinion of McCain, scoring higher than Giuliani and Romney.

Candidates To Flock To Va. For Money (RICTD)

By Peter Hardin

Richmond Times-Dispatch, February 10, 2007

The two leading contenders for the Republican presidential nomination will be in Richmond next week seeking financial support for their campaigns.

Arizona Sen. John McCain will hold finance meetings at The Jefferson Hotel on Monday. Later in the day he will travel to Norfolk to meet with business executives there, according to his exploratory campaign.

Former New York Mayor Rudy Giuliani will come to Richmond on Friday for a private fundraising event at the Omni Hotel. Former Attorney General and gubernatorial candidate Jerry W. Kilgore will be host for the event.

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Kilgore is expected to lead Giuliani's campaign in Virginia.

In Virginia's 2000 presidential primary, McCain was defeated by George W. Bush in a vote that gave Bush's struggling presidential campaign a boost.

McCain may have been hurt then by certain public stands, including a proposal to boost cigarette taxes by $1.10 a pack. He also opposed a submarine that would be built in Virginia.

Last year, McCain mended fences with the Rev. Jerry Falwell, whom he had sharply criticized in 2000. McCain addressed the commencement last May at Falwell's Liberty University in Lynchburg. Last November, Falwell said McCain would make a good president.

A third presidential contender, Illinois Sen. Barack Obama, will be in Richmond next Saturday to address the Democratic Party of Virginia's Jefferson-Jackson Day dinner.

Democrats have sold 4,000 tickets -- almost twice as many as usual -- to the dinner, their main annual fundraising event.

Mitt Romney Makes Stop In Montgomery (AP)

AP, February 9, 2007

Former Massachusetts Governor Mitt Romney brought his presidential campaign to Alabama Friday night, and he sought to dispel any concerns about his past views on social issues.

Romney told Republicans in Montgomery that he's opposed to same-sex marriage because children have a right to have a mom and a dad. Romney also said the Roe versus Wade mentality cheapens the dignity of human life. Romney previously supported choice, but changed his views two years ago. Governor Riley attended the event and called Romney the "quintessential candidate."

Romney, like Riley, was elected in 2002. Both inherited budget deficits and both had budget surpluses four years later. Riley, however, has not yet endorsed any of the Republican candidates who've been to Alabama.

The state is drawing a steady stream of candidates because Alabama has moved up its presidential primary to be second in the South.

Huckabee Describes Iraq As Our "World War III" (NHUL)

By John Whitson

New Hampshire Union Leader, February 10, 2007

NASHUA – Former Arkansas Gov. Mike Huckabee told a small lunch crowd at Daniel Webster College yesterday the next President has to recognize the war in Iraq's true gravity.

"We need to understand that this is, in fact, World War III," said Huckabee, a Republican, who announced co-chairmen of his Presidential exploratory committee in New Hampshire.

Former gubernatorial candidate Fred Bramante and former Manchester Republican committee chairman Cliff Hurst will lead Huckabee's early efforts here.

Huckabee delivered a wide-ranging speech to about 40 people, many of them business leaders, at what was billed as the first National Leaders Forum, a newly created series designed to give Presidential hopefuls another avenue to reach New Hampshire voters.

Former Congressman Charlie Bass and several state politicians also turned out to hear Huckabee's message.

Huckabee, who served 10 years as governor, spun tales from his childhood in Arkansas and showed a smooth comedic touch while hitting on topics ranging from Iraq to health care to education reform.

The speech was billed in advance as Huckabee's response to a national anti-tax group's recent report criticizing his record on taxes and government regulation as "mixed."

But Huckabee touched only briefly on the issue, saying he cut taxes 90 times as governor and adding that he advocates a national tax structure that is "flatter, fairer, more finite."

Bass said he came out to the forum because Huckabee "has an exciting message." But the six-term congressman who was defeated in November stopped well short of offering his endorsement.

"I'm remaining uncommitted at this point," he said.

Bramante, a member of the State Board of Education who was a strong supporter of Arizona Sen. John McCain in 2000, said he's switched camps because Huckabee shares his passion for school reform.

"I love McCain, but I think Mike Huckabee will transform this country," said Bramante, citing another former Arkansas governor when asked about Huckabee's chances of being elected President.

"New Hampshire has a habit of turning nobodies into somebodies," said Bramante.

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Huckabee drew his first laugh of the day when telling the crowd to beware of politicians who have ready answers for everything.

"We need people like me," he said, adding, "I'm sure that's my YouTube moment for the week."

Huckabee said jihadists in Iraq are enemies that mask themselves in a "perversion of piety" and said their goal is "the utter destruction and annihilation of those of us who sit in this room today."

The country needs to reduce health care costs, he said, by turning the system upside down and focusing on wellness and prevention instead of disease and treatment.

"We don't have a health care crisis," said Huckabee, "we have a health crisis."

On education, Huckabee lauded the effort New Hampshire has recently adopted to shape courses and methods of study around individual student needs.

Gaining credit for life experience, like earning music credits for playing in a high school rock band, is an idea that should be adopted throughout the country, he said.

Deanna Galligan and Jennifer Staretorp, both Daniel Webster sophomores, were among the few students at yesterday's forum.

"As a first-time voter," said Galligan, "I basically just wanted to get as much information as possible."

Huckabee Defends Traditional Marriages (AP)

By Philip Elliott

AP, February 9, 2007

NASHUA, N.H. -- Republican Mike Huckabee said Friday that marriage shouldn't be treated as an experiment in response to questions about whether Vice President Dick Cheney's lesbian daughter should have the right to wed.

The former Arkansas governor, who is seeking the GOP presidential nomination, said heterosexual marriages face enough challenges without adding new configurations to the mix.

"Taking on a new definition doesn't make sense right now," Huckabee said in an interview with The Associated Press after speaking to business leaders in New Hampshire.

Mary Cheney, 37, announced in December that she and her partner of 15 years, Heather Poe, were starting a family. She has not said how the child was conceived. The baby is due in the spring and will be the vice president's sixth grandchild.

Huckabee declined to comment on Mary Cheney's decision.

"I wouldn't get near specific cases," he said.

But when pressed, he said the historic definition of marriage has worked for so long for a reason.

"People have a right to decide how they live their lives. But they have to respect not changing the definition of marriage," said Huckabee, who served as a pastor in Baptist churches before becoming governor in 1996.

In 2004, the year Arkansas approved a constitutional amendment to ban gay marriage, Huckabee said the ban was needed to quiet activists looking to rewrite the nation's social code. But Huckabee also said it was OK to say a person's sexual preference was nobody's business, "even though it's not consistent with the Biblical norm of male and female."

In 2006, when the Arkansas Supreme Court rejected a ban on gay foster parents that had been put in by a state board, Huckabee said through a spokeswoman: "I'm very disappointed that the court seems more interested in what's good for gay couples than what's good for children needing foster care."

Consultant Nixes Rumors Of Perry's National Ambition (HC)

By Janet Elliott

Houston Chronicle, February 10, 2007

AUSTIN — Gov. Rick Perry has no interest in national politics and may seek re-election in 2010, his chief political consultant said Friday.

Dave Carney said speculation that recent decisions by Perry, including his mandate that middle-school girls be inoculated against a sexually transmitted virus linked to cervical cancer, are designed to raise the governor's profile nationally is "one of the most retarded things about the political observers in Texas."

"He hates Washington. He doesn't like to go there," Carney continued.

Perry also isn't worried about his legacy, Carney added. The 56-year-old governor, who has served since 2001, is on track to be the longest-serving governor in Texas history.

"He's one of the few politicians in the world who doesn't care about what people write, what editorials say. That's why he's been so successful. He doesn't put his personal ego and reputation ahead of doing the right thing," Carney said.

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Higher profile recentlyThere's no question that Perry's national profile has been raised by the decision to make Texas the first state to require administration of the human papillomavirus vaccine. And the furor it has caused in Texas shows no signs of abating.

The issue will be picked up Wednesday as Health and Human Services Commissioner Albert Hawkins appears before the Senate Nominations Committee for confirmation to a term to end Feb. 1, 2009. Hawkins has been commissioner since January 2003.

Sen. Glenn Hegar, a member of the Nominations Committee, said Friday that he will withhold support for Hawkins until he gets some questions answered. He said in a press release that he wants to ask how health officials intend to insure that girls aren't pregnant before they are vaccinated.

Hegar, R-Katy, said the manufacturer of the vaccine says it cannot be given safely to someone who is pregnant.

"Does that mean the commissioner intends to require a pregnancy test for each of these young children before they receive the Gardasil HPV vaccine or does he intend to put these children at undue risk instead?" Hegar asked.

Hegar has filed a bill to preempt Perry's order so the vaccine would not be a requirement for girls to enroll in sixth grade.

Perry's press secretary, Robert Black, scoffed at Hegar's concern about 11- and 12-year-olds being pregnant. Federal health authorities recommend the vaccine be administered at a young age before girls become sexually active.

Opportunity for comment"I would argue that if the senator believes there is an overabundance of 11-year-olds becoming pregnant in the state of Texas, we have a much bigger issue to deal with than whether someone gets a vaccine or not," Black said.

Hawkins' office said that he anticipates there will be full opportunity for comment from all interested parties during the rule-making process. Perry's order requires the commission to write rules for the new vaccine, effective September 2008.

In addition to the vaccine order, some of Perry's recent statements have fueled speculation that he may welcome an invitation to be the vice presidential candidate on the 2008 GOP ticket. In his inaugural address last month, he made brief references to international problems, including the situation in Iraq, the war on terrorism and the "anti-American appeals" of some European and Latin American leaders.

His calls for more spending on health care and pre-kindergarten in his State of the State speech Tuesday drew more enthusiasm from Democrats than from Republicans.

Black said the only role the governor wants to play nationally is to support the GOP ticket in 2008. He said that because Texas is such a large state, actions the state takes can have a ripple effect on the country.

"What Texas does matters nationally. The governor's really cognizant about that," Black said.

Critics of Perry's vaccine order have said they think the governor is trying to help the manufacturer, Merck, which has been lobbying nationally to get the drug on state lists of vaccines required for school enrollment. Perry's office has denied that and noted that a second HPV vaccine is expected on the market next year.

The manufacturer of the second vaccine, GlaxoSmithKline, gave $10,000 to Perry last year through its political action committee. Merck has donated $6,000 to Perry since 2005.

Democratic strategist Glenn Smith said Perry has taken advantage of a lull in the legislative session to make some high-profile announcements, including a proposal to sell the state lottery to a private bidder.

"He would be much smarter to vaccinate himself against the 61 percent of Texans who voted against him," Smith said.

As to the speculation about Perry running for national office, Smith said Sen. Kay Bailey Hutchison is a more likely candidate for vice president.

"The rest of the country may not be quite ready to put another Texan anywhere near the White House given the last six years of blundering by the current inhabitant," Smith said.

Carney, who lives in New Hampshire, said he doesn't understand the "emotional" furor caused by the order. He said it benefits public health, saves money over the long run and respects parents' rights by allowing them to opt their daughters out of the requirement.

While the New York Times lauded Perry's order this week, USA Today said in a Friday editorial that the rush to require the Merck vaccine threatens to promote a backlash.

"For now, however, making it mandatory is premature," the newspaper said. "The vaccine ought to be available, at an affordable price, to everyone who wants it after consulting with a doctor. But sometimes, promotion of a medical advance can move too fast for its own good."

Perry responded in a commentary printed with the editorial. "Research shows that the HPV vaccine is highly effective in protecting women against the four leading cancer-causing strains of HPV," he said. "Though some might argue that we should wait several years before requiring the vaccine, I believe such a delay unnecessarily risks the lives of young women."

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The GOP Field (WSJ)

The Wall Street Journal, February 10, 2007

Now is the season of Republican discontent, extending even to the party's Presidential candidates. For the first time in decades, no dominant candidate has emerged and GOP voters seem to be in a Missouri state of mind: Show us what you really believe. We know exactly how they feel.

John McCain has been considered the front-runner, having lost a rough nomination fight in 2000 to President Bush. In the normal GOP habit of Presidential primogeniture, he'd be the likeliest nominee. The Arizona Senator has an inspiring personal story and a strong record on national security. His fortitude on Iraq has been all the more impressive since the war has become unpopular and threatens the media adulation he has long enjoyed. Tenacity is a Presidential asset, especially in dangerous times.

But among many Republicans, Mr. McCain is also paying a price for his years as a policy "maverick." Social conservatives hate his signature achievement of campaign-finance reform, which limits public ability to influence politicians. He also grandstanded on rules for interrogating terrorists.

Our own doubts relate to his economic instincts. He's a bulwark against spending earmarks, no question. But Mr. McCain turned against the Reagan tax-cut agenda in 2000, and he voted against the Bush tax cuts of 2003. Now that those tax cuts have proven to be a spectacular success, the Senator says he wants them made permanent. But his justification is the political one that he has "never voted for a tax increase," not that he now understands his opposition was wrong on the merits. With 2008 likely to be a tax watershed, the GOP needs a candidate who can articulate a pro-growth agenda. Maybe his estimable economic advisers, former Senator Phil Gramm and former FTC Chairman Tim Muris, can steer him right.

Mitt Romney, the former Massachusetts Governor, has had some success exploiting conservative unease with Mr. McCain. He has shown he can win votes in a blue state, and he was successful both as a capitalist and as manager of the 2002 Salt Lake City Olympics.

However, he too is something of an empty policy slate. The former business consultant made a big deal of the health-care "reform" he steered through the Massachusetts legislature last year, and we suppose he deserves credit for trying. But he oversold the results -- to the applause of the national health-care lobby -- and imposed an insurance mandate without reforming the state insurance market.

As it unfolds, this law is turning out to be far from a free-market success. And so now Mr. Romney is distancing himself from it -- never mind that he upbraided his critics last year for not understanding its virtues. The episode suggests a thin political skin and perhaps a too malleable policy core.

Filling out the current top tier of candidates is the anomaly of former New York City Mayor Rudy Giuliani. We say anomaly because a Northeasterner who favors gun control and abortion rights isn't supposed to have a Ralph Nader's chance in the GOP primaries. Yet today Mr. Giuliani leads in the national polls and is all but tied with Mr. McCain in New Hampshire.

Some of this is no doubt due to name recognition after his 9/11 heroics. On the other hand, maybe cultural conservatives aren't the single-issue voters of media lore. Mr. Giuliani can point to the revival of the previously ungovernable New York, and his temerity and experience in a crisis are qualities that voters look for in a Commander-in-Chief.

The competition will attack his social liberalism, and our guess is that Mr. Giuliani could help himself if he came out solidly for appointing judges like Antonin Scalia and Clarence Thomas. Today's cultural disputes all end up in the courts, and what most conservatives want above all is to know that their views will get a democratic hearing rather than be pre-empted by judicial fiat.

As always, there are a pack of other potential candidates, one or two of whom could make a splash along the way. Newt Gingrich is famous as the former House Speaker and ubiquitous on Fox News. He is also a font of ideas, some of them sensible. But he will have to persuade Republicans that he can win given the baggage of his Beltway days and low favorability ratings.

There's always room for a strong anti-abortion voice in any GOP race, and Kansas Senator Sam Brownback is bidding for that slot. Though little known nationally, he's done impressive, and often bipartisan, work on everything from malaria to immigration. So we are astounded by his recent remarks from Baghdad distancing himself, a la Hillary Clinton, from the war he voted for. Millions of Republicans are frustrated with the war, but if he sustains this antiwar theme someone will note that he co-sponsored the 1998 Iraq Liberation Act.

All in all, this looks like the most wide-open Republican race in years. That may be a good thing if it forces the candidates to battle over ideas and revive the GOP reform agenda that got lost in the fog of the 109th Congress.

Woman Chosen To Lead Harvard (WP)

By Valerie Strauss, Susan Kinzie

The Washington Post, February 10, 2007

DOJ_NMG_0131138

Harvard University is about to name its first woman president since its founding in 1636, tapping a Civil War historian to succeed Lawrence Summers, whose tumultuous tenure was marked by controversial remarks about women and clashes with faculty members.

Drew Gilpin Faust, 59, dean of the Radcliffe Institute for Advanced Study and a leading historian on the American South, will be formally appointed president as early as this weekend, according to a source with knowledge of the decision.

With Faust's selection, half of the eight Ivy League schools will be run by women: Harvard, the University of Pennsylvania, Princeton University and Brown University.

Faust, a popular figure on campus known for her collegiality, will succeed the blunt Summers, an economist and former U.S. treasury secretary whose combative five-year tenure as president ended last year. His departure followed a faculty revolt after he suggested that the shortage of elite female scientists may stem in part from "innate" differences between men and women.

Many educators said Harvard's decision would send a message to other major research universities in the country -- 14 percent of which are headed by women.

"Harvard is making a statement at a critical time when we are seeing student bodies [at many schools] that are well over 50 percent women," said Claire van Ummersen, director of the Office of Women in Higher Education at the American Council on Education. "We see women faculty increasing in number, and the place where we have lagged most is in research institutions having women at the executive level. . . . Hopefully, this will have some influence on boards of trustees or overseers of other institutions."

Faust's selection comes as Harvard moves to modernize its more than 30-year-old undergraduate curriculum, a step that is being closely watched by other schools and could serve as a model for U.S. higher education.

Especially delighted by the choice of Faust were undergraduates, who said the new president and curriculum would place a long-sought focus on their education at the university, which has historically used graduate assistants to teach many undergraduate classes, for example.

"Everybody is really excited," said Ryan Anthony Petersen, president of Harvard's Undergraduate Council. "She is a teacher and has the ability to bring people together and put the focus here on teaching and undergraduates, which hasn't been true for 50 years."

Faust faces big challenges, including keeping up the frantic pace of fundraising that helped Harvard increase its endowment to $29.2 billion in 2006 -- more than the gross national product of many nations.

She also must work with the university's strong schools and colleges, which are famously decentralized; indeed, the powerful faculty of the College of Arts and Sciences drove the opposition to Summers.

Harvard's affairs are of interest in higher education because it occupies a unique space in academia. Seven U.S. presidents were graduates, and the faculty has produced more than 40 Nobel laureates in a range of fields. Its age, wealth and visibility place it at the top of a group of highly prestigious and influential institutions.

Faust will end the succession of 27 white men who have held the president's title at America's oldest institution of higher education. She will take the reins from Derek Bok, 75, a former 20-year Harvard president who took over as interim leader when Summers left.

"And it has only taken them 371 years," said Kim Gandy, president of the National Organization for Women. "Larry Summers, we couldn't have done it without you."

Faust became dean of the Radcliffe Institute for Advanced Study in 2001 and taught history and African American studies there. Before coming to Radcliffe, she taught for two decades at the University of Pennsylvania -- where she earned her doctorate in American civilization in 1975 -- and served as director of the Women's Studies Program. She is the author of five books.

Sheldon Hackney, who was president of Penn from 1981 to 1993 while Faust was a teacher there, said Faust was not only a great educator but always displayed sound judgment and was well-respected by her peers.

"She will be really good for Harvard," he said. "There is no big significant change that you can make in the university for which you don't need faculty support, and she will be able to get that."

Some educators said the choice of Faust was a surprise because she does not have extensive administrative experience. That was probably a plus, said George Washington University President Stephen Joel Trachtenberg.

"They didn't want anybody with administrative experience," he said. "They wanted an inspirational leader, a political symbol, a decent person that everybody could feel good about to help them do what the presidents do best."

The decision is expected to be formalized at a special meeting of the university's Board of Overseers tomorrow, according to the Harvard Crimson student newspaper, which broke the story in yesterday's editions, along with the Boston Globe.

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Harvard Plans To Name First Female President (NYT)

By Sara Rimer, Alan Finder

The New York Times, February 10, 2007

CAMBRIDGE, Mass., Feb. 9 — Harvard, the nation's oldest university, plans to name Drew Gilpin Faust, a historian of the Civil War South, to be the first female president in its 371-year history, university officials said Friday.

Her selection by a search committee, if ratified as expected by the Board of Overseers on Sunday, would make Harvard the fourth Ivy League university to name a woman. It comes two years after Lawrence H. Summers, then president of the university, set off a storm by suggesting that a lack of intrinsic aptitude could help explain why fewer women than men reach the top ranks of science and math in universities.

Some Harvard professors, particularly women, greeted the decision with euphoria. "Harvard's waited a long time — since 1636," said Patricia Albjerg Graham, an emeritus professor of the history of education at Harvard, recalling that when she was a postdoctoral fellow in 1972, she was not allowed to enter the main door of the faculty club or eat in the main dining room.

Mary Waters, the acting chairwoman of the Harvard sociology department, said: "It's been a lonely place for women, very lonely. There aren't many of us."

Dr. Faust, 59, the author of five books and a former professor of history and women's studies at the University of Pennsylvania, is the dean of the Radcliffe Institute of Advanced Study, the smallest of Harvard's schools. It is the remaining remnant of Radcliffe College, once the women's college at Harvard. Much of the research sponsored by the institute emphasizes the study of women, gender and society.

Dr. Faust emerged in recent weeks as a finalist among the candidates being considered by the university's search committee, particularly after Thomas R. Cech, a biochemist who is the president of the Howard Hughes Medical Institute and a Nobel Prize winner, took the unusual step of announcing publicly that he had withdrawn from the competition.

His withdrawal prompted some professors to raise last-minute concerns about Dr. Faust. While declining to speak on the record, they said they thought she lacked the toughness and vision to be a strong leader of an unruly and factionalized university and noted that the Radcliffe Institute, with about 80 staff members, is a tiny part of Harvard. Others wondered why it had taken nearly a year to choose someone who was already a Harvard dean.

"The real import of this choice is that it is a cautious pick, which seems targeted at healing the wounds of the Summers years and restoring Harvard's momentum as quickly as possible," said Richard Bradley, who wrote "Harvard Rules: The Struggle for the Soul of the World's Most Powerful University" (HarperCollins, 2005).

Mr. Bradley said there were legitimate questions about Dr. Faust's qualifications, like her lack of experience running a large university. "The fact that Harvard could not find someone who filled all their bases suggests to me the difficulty that Harvard had to fill the position," he said.

One of the nation's premier universities, Harvard has 12 schools and colleges with an annual budget of $3 billion and an endowment of nearly $30 billion.

John Longbrake, a university spokesman, said he would not comment on the presidential search. Dr. Faust also declined to comment until Sunday's official announcement. Her selection was first reported by The Harvard Crimson late Thursday night on its Web site.

Faculty members and officials familiar with the search said Dr. Faust's leadership style — her collaborative approach and considerable people skills — would be vital for soothing a campus ripped apart by the battles over Dr. Summers, whom many accused of having an abrasive, confrontational style.

"She combines outstanding scholarship with an uncanny ability to administer both well and with a heart," said Judith Rodin, the president of the Rockefeller Foundation.

Dr. Summers turned to Dr. Faust two years ago to help calm the furor over his remarks about women in math, engineering and science. He asked her to oversee two committees he created to come up with ways to recruit, retain and promote women in those fields at Harvard.

Dr. Summers, a former Treasury secretary, stepped down a year ago after a five-year tenure in the face of widespread faculty discontent.

Dr. Faust will take the helm at a time when the university faces a challenging agenda, which includes transforming the undergraduate curriculum, re-emphasizing teaching and building a new campus in the Allston section of Boston that, among other things, will support stem-cell research.

She is seen as likely to be able to restore trust with the Faculty of Arts and Sciences, the university's largest and among its most prestigious divisions, which had led the charge against Dr. Summers.

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Dr. Faust has run the Radcliffe Institute since 2001. Before that, she taught American history for more than two decades at Penn, where she had gone to graduate school. An expert in Southern history and a native of Virginia, she has written books on Southern women during the Civil War and on intellectuals and ideology in the Confederate South, as well as a biography of a plantation owner.

In the end, some Harvard professors said, Dr. Faust's management style might have been more important to the nine members of the presidential search committee than any desire to name a woman.

"My own sense is that it's a new template for leadership, and that probably is not unrelated to gender, but it ought not get eclipsed by it," said Richard P. Chait, a professor of higher education at Harvard.

Dr. Chait, who studies university management, noted that in several recent changes of leadership of major American corporations, tough, even bullying leaders were replaced by more mild-mannered consensus builders.

The presidential search began not long after Dr. Summers resigned last February. Derek C. Bok, a former president of Harvard, stepped in to serve as interim president.

News of Dr. Faust's selection was greeted warmly by Harvard students. "It's about time," said Elisa Olivieri, a junior. "Talent is no longer 'single, male, childless.' It's an excellent acknowledgement that the face of talent has changed."

George Thampy, a freshman, said of the selection: "I think it's a great step forward — a bona fide scholar who's a woman. In some ways you could say it's a reaction to the last president and that fiasco."

First Woman Is Picked To Lead Harvard (BOS)

By Marcella Bombardieri, Maria Sacchetti

The Boston Globe, February 10, 2007

Drew Gilpin Faust became the Harvard University governing board's choice for the school's next president shortly after her final interview on Sunday night, a person close to the search process said yesterday.

Faust, who will be the first female president in Harvard's 371-year history, convinced the search committee that she would be a strong choice after fielding questions over dinner, the source said.

The Corporation, the name for Harvard's main governing board, plans to present Faust for approval tomorrow to the Overseers, a panel of alumni. The Overseers, by Harvard rules, have final say, but their approval has been a given in modern Harvard history.

Faust, 59, the dean of the Radcliffe Institute for Advanced Study, was coy yesterday as she greeted a handful of reporters at her alma mater, Bryn Mawr College, near Philadelphia. A trustee of the college, she was on that campus for a board meeting.

Faust, smiling, refused to answer questions about Harvard, but agreed to let photographers take pictures as she strolled through campus in a two-minute public appearance.

"Could you tell us what you're doing on Sunday?" one reporter asked, referring to tomorrow's vote to approve her.

Faust, a 1968 graduate of the women's college, laughed and said nothing.

Women at Bryn Mawr and throughout higher education were celebrating the fact that if Faust takes office, not only will she be Harvard's first female president, but that half of the Ivy League's presidents will be women. Faust's fellow trustees broke into applause for her yesterday, and she thanked them, according to the college president and the board's chairwoman.

"It sends the right signal, because Harvard didn't intentionally pick a woman, but it turns out that the best president for Harvard was a woman," said Amy Gutmann, who is the second consecutive woman to lead the University of Pennsylvania. "When we were in college, not one of us imagined that this would happen."

Corporation member Robert E. Rubin, the former treasury secretary who had strongly backed former Harvard president Lawrence H. Summers, had raised the most concerns about Faust during the search and questioned her aggressively during interviews, said the source, who spoke on condition of anonymity because the search process is supposed to be confidential.

Faust was the only candidate being seriously considered after Nobel laureate Thomas R. Cech withdrew last week, throwing into question whether the search would finish on Harvard's preferred schedule.

Several people familiar with the search have said that the committee hoped to finish its work by early February.

"They wanted to get it done as quickly as possible, within a year of Larry Summers's resignation," said the Rev. Peter J. Gomes, a professor and lead minister at Harvard's Memorial Church.

Gomes cautioned the Overseers not to serve as a rubber stamp, but added that Faust would be a good choice. "She'll get a lot done, and it will get done quietly and effectively."

Bundled in a black overcoat and striped black and gray scarf, Faust stood in the wind and cold on Bryn Mawr's campus during her brief appearance yesterday. The only question she answered came from a reporter from the Bryn Mawr student newspaper: What was her favorite tradition at the all-women's college?

"Probably Hell Week," she said, referring to a quirky annual mock hazing that involves costumes and bedtime stories.

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Faust has spent six years leading the Radcliffe Institute, a fellowship program and library that was once the university's women's college. A historian of the Civil War and the American South, she spent 25 years teaching at Penn before coming to Harvard.

Women's issues have been a major theme in her life. She graduated from a women's college, studied women in the South throughout history, and has led Radcliffe, a Harvard institution once reserved for women. She also led an effort to study how to better advance women's careers that Harvard undertook after Summers seemed to suggest that women have less "intrinsic aptitude" for science than men.

Several students walking to class in Harvard Yard yesterday cheered the idea of a female president, although they said they did not know much about Faust. (Summers, who was treasury secretary during the Clinton administration, was an instant celebrity when he arrived in 2001, frequently asked by students to sign dollar bills.)

"It's fantastic," said Jordan Bock, 18, from Weston. "It will be great to change things up. It's been too long."

Bock, a freshman who is considering studying astrophysics, said she was surprised two years ago by Summers's comments about women.

Women lead three other Ivy League schools and the Massachusetts Institute of Technology, but only 14 percent of the presidents of research universities nationally are women, according to a report to be issued Monday by the American Council on Education. That's up from 4 percent in 1986.

Tiffany Shumate, a Bryn Mawr junior majoring in psychology, said she equated Faust's appointment to Senator Hillary Clinton running for president of the United States. "It just makes me have more hope for gender equality," Shumate said.

A Woman Likely To Lead Harvard (LAT)

By Richard C. Paddock, Rebecca Trounson

The Los Angeles Times, February 10, 2007

Harvard University is set to name the first female president in its 371-year history to succeed Lawrence H. Summers, the former Harvard head who contributed to his own downfall by questioning the ability of women to master science.

Drew Gilpin Faust, a Civil War historian and dean of the Radcliffe Institute for Advanced Study at Harvard, is expected to be named Sunday as Harvard's 28th president.

Faust, 59, was praised Friday by friends and associates as an eminent scholar and a dynamic yet soft-spoken leader with a highly effective personal management style.

The appointment process is highly secretive, and Alan Stone, Harvard vice president for public affairs, said he could not confirm that Faust was selected. The Harvard Crimson, the student newspaper, reported Friday that the university's 30-member Board of Overseers would meet Sunday to affirm her selection.

Faust's appointment would be a breakthrough for an institution that did not have a single female faculty member in 1970 and did not abolish quotas restricting the number of female students allowed until 1975.

"I think it's a great moment in Harvard's history," said Maria Tatar, Harvard dean for the humanities. "She has a quiet charisma, and she is very likely to lead the place in bold new directions. She is not a self-promoting type. She does not seek the limelight but works for the good of the institution."

Women have made strides in the upper ranks of higher education in the last generation. If Faust is confirmed, four of the eight Ivy League schools will have female presidents. But men and women are far from equally represented at the helms of the nation's institutions of higher learning.

Nationwide, the American Council on Education reports in a study to be issued Monday, women make up less than a quarter of the university and college presidents. From 1986 to 2006 the number of female presidents rose from 10% to 23%, the study found, although the gains have slowed considerably since the late 1990s. The report concluded that women were most likely to head two-year colleges and least likely to head an institution that awards doctorates.

"I think the fact that the Harvard board would be appointing a female may well make others look more favorably on women candidates," said Claire Van Ummersen, a former college president and a vice president on the council.

Indeed, Harvard, founded in 1636, is widely viewed as the most prestigious American university. Seven U.S. presidents were graduates, and its faculty has produced more than 40 Noble laureates. Its actions often have outsized influence on the actions of other universities — particularly their governing boards.

Harvard has been searching for a new president for nearly a year, since Summers announced that he would step down.

The former U.S. Treasury secretary, considered abrasive by some, lost the support of the faculty after questioning whether there were fewer women in science because they do not have an "intrinsic aptitude" for the subject.

E. Ann Matter, a former colleague of Faust at the University of Pennsylvania who is now associate dean for arts and letters there, described Faust as calm, reflective and deliberate.

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"It's quite interesting that after the kind of trouble, the kind of controversies Dr. Summers was in, that they choose someone who is really the anti-Summers. He's bombastic, and she's very diplomatic," Matter said. "It will be quite a change."

Faust's appointment also sends a message, Matter said.

"They got a lot of heat over the things Larry Summers said and did — and was reputed to say and do. This makes a very different kind of statement. She's a humanist, a historian — and a historian who's written about women. And that's a very interesting choice for the president of Harvard," she said.

To ease the controversy caused by his remarks, Summers appointed two task forces to increase the role of women in science and on the faculty. Summers asked Faust to help lead both committees, giving her an even more prominent role at the university.

"The task force issued a very impressive report that sets forth a strategy for increasing the number of women and minorities on the faculty," said one administrator who spoke on condition of anonymity. "She was a very powerful presence behind the scenes."

UCLA history professor Lynn Hunt, who also worked with Faust at Penn, described her as a first-rate administrator and an excellent listener who can build a consensus. But she also can make tough choices.

"She is totally confident, the most relaxed person in the world, and she can make the right decision without her own narcissism or ego being involved in it," said Hunt, who has been friends with Faust for 20 years.

"I think she has all the makings of a great president," added University of Pennsylvania President Amy Gutmann, who has known Faust for more than a decade. "She's got a strong backbone, and she knows how to lead by articulating a vision and inspiring people to collaborate."

Faust, a graduate of Bryn Mawr College, went on to earn a master's and a doctorate in history at the University of Pennsylvania. She taught there for 25 years and was director of its Women's Studies Program.

A Virginia native, she has specialized in the history of the Civil War and the South and has published five books, including "Mothers of Invention: Women of the Slaveholding South in the American Civil War." She recently completed a sixth book on the effect of the Civil War's enormous death toll.

In 2001, she became dean of the Radcliffe Institute, with the mandate of transforming what had once been the former women's college into a research institute with 50 scholars.

In a speech to the Harvard Class of 2005, Faust detailed the slow progress of women at Harvard and the gradual transformation of Radcliffe College, which was founded in the late 19th century to give women access to a Harvard education.

"This is a university that has articulated its dedication to the success of every student, male or female," Faust said then. "But I invoke the past today to remind you that such commitments are not deeply rooted in Harvard's history, that they require a transformation rather than an extension of tradition, and that such transformation requires work and attentiveness.

"An institution that less than a century ago defined itself as an incubator for virility is still working out how fully to incorporate women," she added.

Harvard law professor Lani Guinier on Friday reflected on being a student at Radcliffe in the 1960s: "I graduated from Radcliffe College, and when I was a student there, we were treated as the distant cousins of Harvard…. As I recall, my freshman year, we were not allowed to enter Harvard Yard wearing pants."

Harvard To Name First Female President (FT)

By Rebecca Knight

Financial Times, February 10, 2007

Harvard is on the verge of naming its first female president, ending a year-long search for a new leader for the oldest and richest university in the US.

Drew Gilpin Faust, dean of the Radcliffe Institute for Advanced Study, is expected to be named the university's 28th president this weekend, according to a report in the Crimson, the college's student newspaper.

The appointment of a new president will be announced on Sunday after a special meeting of the university's board of overseers, the alumni governing body that must approve the selection, according to a university official with knowledge of the selection process.

Ms Faust, a historian who specialises in the civil war and the US south, arrived at Harvard six years ago. Before that, Ms Faust, a graduate of Bryn Mawr College, taught at the University of Pennsylvania, where she received her doctorate, for 25 years. She has never run a big institution.

Radcliffe is the smallest of Harvard's 10 schools with no full-time faculty and a budget of about $16m (€12m, £8m). By contrast, the president of Harvard oversees a budget of about $3bn.

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But as news of Ms Faust's expected appointment swept through Harvard Yard on Friday, friends and colleagues praised her "strong leadership skills" and said she was up to the challenge of running Harvard.

Howard Gardner, a professor at the Harvard Graduate School of Education, said he was "very pleased". "She is not afraid to say what she thinks and to follow through on it," he said.

The expected announcement comes nearly a year after Lawrence Summers, former US Treasury secretary, resigned as Harvard president, amid increasing tension with faculty after he suggested that "intrinsic aptitude" might explain why fewer women reached top academic positions in maths and science.

Prof Gardner said the appointment of Ms Faust "puts the kibosh on the notion that people at Harvard do not have a high opinion of women".

In recent years, many US universities – including several Ivy League schools – have selected women leaders. Brown University hired Ruth Simmons in 2000, Shirley Tilghman became president of Princeton in 2001, the Massachusetts Institute of Technology appointed Susan Hockfield in 2004 and Amy Gutmann became president of University of Pennsylvania in the same year.

Observers predict that Ms Faust's consensus-building brand of leadership would be very different from Mr Summers' sometimes blunt managerial style.

Ms Faust could not be reached for comment.

Harvard Looks To A Woman (PHI)

By Patrick Kerkstra, Michael Matza, Martha Woodall

The Philadelphia Inquirer, February 10, 2007

Harvard University appears poised to select Drew Gilpin Faust as its next president, putting a renowned historian with strong ties to Philadelphia at the helm of the nation's most prominent university.

Faust would become the first female president in Harvard's 371-year history and the fourth woman among the eight Ivy League presidents.

Now the dean of Harvard's Radcliffe Institute, Faust will officially be named the university's 28th president as early as tomorrow, according to reports in the Boston Globe and Harvard Crimson.

Harvard spokesman John Longbrake declined to confirm or deny the reports, as did Faust, who was on the Main Line yesterday at Bryn Mawr College, her alma mater, for a meeting of the board of trustees.

Faust's affiliation with Bryn Mawr is just one of her many links to the region. She earned her graduate degrees at the University of Pennsylvania and was a professor there for 25 years in the history department that her husband chaired. Until she left for Harvard in 2001, she was a resident of Lower Merion.

Friends and colleagues described Faust, 59, as a quietly confident collaborator with exceptionally deft communication skills.

Such abilities are in high demand at Harvard, which is still shaking off the effects of the turbulent five-year tenure of former president Lawrence H. Summers, who clashed repeatedly with the university's liberal arts faculty.

"I think what they chose is a leader who is intelligent and eloquent and calm in the face of crisis, and also a people person," said novelist Julia Glass, who was a fellow at the Radcliffe Institute in the midst of the Summers upheaval. "I imagine that's a quality they needed to have this time around."

Penn history professor Steven Hahn recalled a meeting he attended at Harvard several years ago that both Summers and Faust attended.

"She was so formidable in the meeting, and Larry Summers was clearly so dependent on her wisdom and judgment that I remember walking out thinking, 'She's going to be running this place,' " Hahn said.

A scholar of the Civil War and the South, Faust has been considered for other top university jobs in recent years, including the presidency of the University of Chicago and of Penn. The latter ultimately went to Amy Gutmann.

Gutmann - who was rumored to be a candidate for the Harvard post despite her insistence that she would stay at Penn - could not be reached for comment yesterday. But earlier in the week, she told The Inquirer that Faust was "everything a Harvard president should be."

Faust had relatively limited administrative experience at Penn, and though she had been widely praised for her leadership of the Radcliffe Institute, it is a small operation, comparable to a think tank. The institute has 87 employees and a $17 million annual budget. Harvard, by comparison, operates on $3 billion a year.

"The problem is that Harvard is big," said Harvard education professor Howard E. Gardner. "But it's big even if you have run Yale for 30 years."

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During the search process, many handicappers thought Harvard would best be served by a seasoned administrator with solid scientific credentials, given the university's increased emphasis on the sciences and its construction of a new research-oriented campus across the Charles River from Harvard Yard.

But those who know Faust said she had abundant administrative talent - if not experience - and described her as a naturally curious scholar who excelled at identifying connections across fields. She would, they said, be a strong leader for scientists as well as liberal arts professors.

"What I was struck by was Drew's passion and commitment to foster - and this might sound a little cheesy - but to foster this community of scholars, and her interest in what people were doing across disciplines," said Jim Costa, a professor of zoology at Western Carolina University who spent a year at the Radcliffe Institute.

"As soon as people see her in this role, whatever doubts they have are going to dissipate," Hahn said.

Harvard history professor Walter Johnson said Faust's groundbreaking work and writings had put her in the top rank of historians. "She is best in class as historians go," Johnson said.

Gardner, the Harvard education professor, said Faust would find good will and support in the faculty. "Nobody wants her to fail," he said.

When former Penn president Judith Rodin was inaugurated in 1994, she was the first woman to head an Ivy League university.

If Faust makes it four, it would be an "important tipping point in American higher education," Gutmann said.

Though Summers' tenure was marked by numerous controversies, the most explosive debate was triggered by remarks he made suggesting women might have less natural aptitude for math and science than men.

Summers (who also has Philadelphia ties; he grew up in Lower Merion) tapped Faust to lead a task force he formed to soothe campus tensions in the aftermath. Faust took the job well aware that the committee could "simply be a way to toss a bone to the women faculty, to make it appear the university was doing something," Costa said.

"But she did it in good faith, thinking maybe it would make a difference," he said. "To her credit, given the opportunity, she went for it."

Faust's colleagues like to emphasize one other thing about Harvard's likely next president: She knows how to throw a party.

Glass, the novelist, described two soirees at Faust's Cambridge home. The first was an amateur night at which Radcliffe fellows "showcased their talents." The other, Glass said, was a full-blown dance party, with the furniture cleared away and a D.J.

"We're talking Chaka Khan and the Temptations," Glass said.

Harvard Expected To Tap Faust To Lead (WSJ)

By John Hechinger, Daniel Golden

The Wall Street Journal, February 10, 2007

Harvard University, seeking to close a period of management tumult, is expected to choose faculty member Drew Gilpin Faust as the first woman to lead the 371-year-old institution, people familiar with the matter say.

The selection of a new president comes at a difficult time for America's richest university, which is trying to stay at the forefront of higher education while coping with the aftermath of a faculty rebellion that led to Lawrence Summers's departure from the top post a year ago.

Challengers to Harvard's preeminence, such as Stanford University and Princeton University, have eroded its lead in fund-raising and its reputation in undergraduate education. Mr. Summers spearheaded plans for a massive facilities expansion and curricular changes aimed at a greater emphasis on the sciences, but rankled faculty in the humanities, who didn't subscribe to his agenda.

Ms. Faust's nomination by an internal search committee is expected to be submitted to Harvard's Board of Overseers for ratification tomorrow. She is a respected Civil War historian and her presidency would mark a symbolic turning point for both Harvard and higher education. It would put women at the helm of half of the eight schools in the Ivy League, including Princeton, Rhode Island's Brown University and the University of Pennsylvania.

Women also run the Massachusetts Institute of Technology and the University of Michigan. Overall, the percentage of female college presidents reached 23% last year, from 10% in 1986, according to a study to be released Monday by the American Council on Education, which noted that women's numbers remain rarer among elite research institutions.

News of Ms. Faust's probable selection was reported Friday in the Harvard Crimson and the Boston Globe.

Ms. Faust, dean of Harvard's Radcliffe Institute for Advanced Study, also represents a striking departure from Mr. Summers, the former U.S. Treasury secretary. Colleagues and friends describe Ms. Faust, 59 years old, as a diplomatic

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manager who has negotiated through a difficult time of change at Radcliffe, which was once Harvard's women's college but which has transformed into a research institute under the university's umbrella.

Judith Rodin, a former president of Penn who was the first female president in the Ivy League, said Ms. Faust had to deal with many "bristling" alumnae at Radcliffe showing a "kind of dexterity."

"She's got a great gift for bringing people together and consensus-building," says Ms. Rodin, who, now president of the Rockefeller Foundation, spoke with the Harvard search committee about Ms. Faust.

Mr. Summers turned to Ms. Faust for help after the uproar over his suggestion that innate gender differences help explain the absence of women in the upper echelons of the sciences and mathematics, tapping her to lead a committee to study the issue. A person familiar with the matter called her "a calming influence" who moved quickly for effective changes.

But many are sure to note that Ms. Faust's current administrative experience is leading an institute that hosts fellowships for professors in various disciplines, with a budget of nearly $17 million. By contrast, Harvard has a $3 billion budget, a $29 billion endowment, 20,000 students and 2,500 non-medical faculty.

In addition, many at Harvard felt Mr. Summers was rightfully challenging the faculty to bring change to a hidebound institution that many fear is losing ground to schools such as Princeton. U.S. News and World Report magazine recently ranked the New Jersey school No. 1 among colleges, surpassing Harvard. The two previously had been tied. At the same time, Stanford, with its ties to Northern California's nearby Silicon Valley, has become a more-potent challenger to Harvard's traditional role as higher education's biggest fund-raiser.

Harvard's ability to lead other schools to change has also been dimmed, in some eyes. In the fall, Harvard announced it was doing away with early admissions, saying the practice favors affluent applicants. Though many felt others would followed suit, most, except for Princeton and the University of Virginia, have stuck with the practice.

Some have worried that various fiefdoms at Harvard make it ungovernable, leaving the new president in a less powerful position to effect change.

"One would hope that it would not be an appointment of pacification," said Ruth Wisse, a professor of Yiddish and comparative literature who supported Mr. Summers. "This should be someone who could be a strong leader and take on the faculty of arts and sciences when that would be required."

Peter Gomes, a professor of Christian Morals at Harvard Divinity School and Harvard College who teaches courses in Harvard history, has publicly pushed for an outsider and said the search committee may have moved too quickly. While voicing "great respect" for Ms. Faust, he said, "The risk is that they haven't looked widely enough."

Among others, the search committee considered Steven Hyman, a neurobiologist and Harvard's provost; Elena Kagan, dean of Harvard Law School; and Thomas Cech, Ph.D., president of the Howard Hughes Medical Institute and a Nobel prize winning chemist, according to people familiar with the matter.

Names and Faces (WP)

The Washington Post, February 10, 2007

The Ex-Prez & His Prime-Time Pal

The new odd couple?

Eyebrows hit the roof earlier this week when Teri Hatcher ,42, and George H.W. Bush ,82, were spotted lunching together in Beverly Hills. Shots of the twosome chatting and kissing goodbye -- on the cheek, folks -- in the Los Angeles Country Club's parking lot have surfaced all over the Web.

Turns out that's not the only time they've met up. The "Desperate Housewives" actress, with daughter Emerson, visited the Bush compound in Kennebunkport, Maine, last year, Bush spokeswoman Jean Becker told us yesterday. "They spent two, maybe three nights at Walker's Point this summer," she said, and added that a return visit is likely.

So, what gives? The former president and the prime-time TV star have been friends since they met in Vegas a few years ago, Becker said. Um, Vegas?! Bush was seated next to Hatcher at the grand opening gala for one of Steve Wynn's new hotels in Sin City and, apparently, they hit it off.

"They enjoy each other's company. It's sort of one of those random things," Becker said. "It's not about politics -- they have a very personal and friendly relationship." The pals keep in touch mostly through e-mail but occasionally meet up in person.

This time around, Bush was in Los Angeles to receive the Ronald Reagan Freedom Award and invited Hatcher to lunch before the ceremony. Becker pointed out that the two weren't dining alone: Bush family pal Brad Freeman (and a few Secret Service agents) joined them.

We're told Bush wanted us to know that wife Barbara" loves Teri," said Becker. "We all love Teri."Wrapping Up a Trying Day

A grand jury investigation can't keep him down.

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A very friendly Scooter Libby and 10 of his pals -- including attorney Ted Wells-- took over a table Thursday night at Brasserie Les Halles. Our source says the veep's former chief of staff happily chatted up well-wishers who approached the group while he sipped multiple Grey Goose vodkas on the rocks.

Libby -- in a well-tailored black topcoat and dark suit -- and his crew had a "legal air" about them as they downed drinks but passed on food. Came straight from the courthouse, eh guys?

California Split (NYT)

By Gar Alperovitz

The New York Times, February 10, 2007

SOMETHING interesting is happening in California. Gov. Arnold Schwarzenegger seems to have grasped the essential truth that no nation — not even the United States — can be managed successfully from the center once it reaches a certain scale. Moreover, the bold proposals that Mr. Schwarzenegger is now making for everything from universal health care to global warming point to the kind of decentralization of power which, once started, could easily shake up America's fundamental political structure.

Governor Schwarzenegger is quite clear that California is not simply another state. "We are the modern equivalent of the ancient city-states of Athens and Sparta," he recently declared. "We have the economic strength, we have the population and the technological force of a nation-state." In his inaugural address, Mr. Schwarzenegger proclaimed, "We are a good and global commonwealth."

Political rhetoric? Maybe. But California's governor has also put his finger on a little discussed flaw in America's constitutional formula. The United States is almost certainly too big to be a meaningful democracy. What does "participatory democracy" mean in a continent? Sooner or later, a profound, probably regional, decentralization of the federal system may be all but inevitable.

A recent study by the economists Alberto Alesina of Harvard and Enrico Spolaore of Tufts demonstrates that the bigger the nation, the harder it becomes for the government to meet the needs of its dispersed population. Regions that don't feel well served by the government's distribution of goods and services then have an incentive to take independent action, the economists note.

Scale also determines who has privileged access to the country's news media and who can shape its political discourse. In very large nations, television and other forms of political communication are extremely costly. President Bush alone spent $345 million in his 2004 election campaign. This gives added leverage to elites, who have better corporate connections and greater resources than non-elites. The priorities of those elites often differ from state and regional priorities.

James Madison, the architect of the United States Constitution, understood these problems all too well. Madison is usually viewed as favoring constructing the nation on a large scale. What he urged, in fact, was that a nation of reasonable size had advantages over a very small one. But writing to Jefferson at a time when the population of the United States was a mere four million, Madison expressed concern that if the nation grew too big, elites at the center would divide and conquer a widely dispersed population, producing "tyranny."

Few Americans realize just how huge this nation is. Germany could fit within the borders of Montana. France is smaller than Texas. Leaving aside three nations with large, unpopulated land masses (Russia, Canada and Australia), the United States is geographically larger than all the other advanced industrial countries taken together. Critically, the American population, now roughly 300 million, is projected to reach more than 400 million by the middle of this century. A high Census Bureau estimate suggests it could reach 1.2 billion by 2100.

If the scale of a country renders it unmanageable, there are two possible responses. One is a breakup of the nation; the other is a radical decentralization of power. More than half of the world's 200 nations formed as breakaways after 1946. These days, many nations — including Brazil, Britain, Canada, China, France, Italy and Spain, just to name a few — are devolving power to regions in various ways.

Decades before President Bush decided to teach Iraq a lesson, George F. Kennan worried that what he called our "monster country" would, through the "hubris of inordinate size," inevitably become a menace, intervening all too often in other nations' affairs: "There is a real question as to whether 'bigness' in a body politic is not an evil in itself, quite aside from the policies pursued in its name."

Kennan proposed that devolution, "while retaining certain of the rudiments of a federal government," might yield a "dozen constituent republics, absorbing not only the powers of the existing states but a considerable part of those of the present federal establishment."

Regional devolution would most likely be initiated by a very large state with a distinct sense of itself and aspirations greater than Washington can handle. The obvious candidate is California, a state that has the eighth-largest economy in the world.

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If such a state decided to get serious about determining its own fate, other states would have little choice but to act, too. One response might be for an area like New England, which already has many regional interstate arrangements, to follow California's initiative — as it already has on some environmental measures. And if one or two large regions began to take action, other state groupings in the Northwest, Southwest and elsewhere would be likely to follow.

A new wave of regional devolution could also build on the more than 200 compacts that now allow groups of states to cooperate on environmental, economic, transportation and other problems. Most likely, regional empowerment would be popular: when the Appalachian Regional Commission was established in 1965, senators from across the country rushed to demand commissions to help the economies and constituencies of their regions, too.

Governor Schwarzenegger may not have thought through the implications of continuing to assert forcefully his "nation-state" ambitions. But he appears to have an expansive sense of the possibilities: this is the governor, after all, who brought Prime Minister Tony Blair of Britain to the Port of Long Beach last year to sign an accord between California and Britain on global warming. And he may be closer to the mark than he knows with his dream that "California, the nation-state, the harmonious state, the prosperous state, the cutting-edge state, becomes a model, not just for the 21st-century American society, but for the larger world."

Tax Chambers (WSJ)

By Stephen Moore

The Wall Street Journal, February 10, 2007

The Chamber of Commerce, long a supporter of limited government and low taxes, was part of the coalition backing the Reagan revolution in the 1980s. On the national level, the organization still follows a pro-growth agenda -- but thanks to an astonishing political transformation, many chambers of commerce on the state and local level have been abandoning these goals. They're becoming, in effect, lobbyists for big government.

In Colorado, a coalition of property owners, conservative think tanks, anti-tax groups and small businesses fought against a ballot initiative in 2005 that was intended to gut the state's Taxpayer Bill of Rights (Tabor). They lost, and as a result state spending will expand by $5 billion over the next five years, costing the average family several thousand dollars in higher taxes. It was not the teachers' unions or class-warfare liberals who spearheaded the campaign against Tabor, however -- it was the Denver Chamber of Commerce. "This was just one depressing example of how everything bad that happens in Colorado," says Jon Caldera, president of the Independence Institute, "happens with the chamber's endorsement." And not just in Colorado.

In Virginia, the state and local chambers, along with big-business allies, have spent more than $4 million in recent years on ballot initiatives and legislative lobbying to raise $2 billion in taxes for roads, rails, buses and schools. This year they want a billion more for transportation, despite the state's multibillion-dollar surplus, and have even threatened to run candidates against fiscal conservatives in the legislature who take a "no new taxes" pledge.

In as many as half the states, state taxpayer organizations, free market think tanks and small business leaders now complain bitterly that, on a wide range of issues, chambers of commerce deploy their financial resources and lobbying clout to expand the taxing, spending and regulatory authorities of government. This behavior, they note, erodes the very pro-growth climate necessary for businesses -- at least those not connected at the hip with government -- to prosper. Journalist Tim Carney agrees: All too often, he notes in his recent book, "Rip-Off," "state and local chambers have become corrupted by the lure of big dollar corporate welfare schemes."

In New Jersey -- home of some of the worst schools in the nation -- the state chamber took out an ad with the teachers' unions opposing a school-voucher initiative for families in inner cities. The ad was withdrawn only after pro-school reform business members hollered in protest. Last summer taxpayers revolted when Democratic Gov. Jon Corzine called for a $1.5 billion hike in the sales tax; but "the chamber and other business groups sat on their hands in order to avoid making enemies with the legislature," notes Frayda Levin, New Jersey director of Americans for Prosperity.

In Oklahoma the state chamber filed a petition with the state Supreme Court to block eminent domain reform, and vowed to fight a taxpayer-led movement to enact a Colorado-style Tabor. Massachusetts? The state chamber and allied business groups oppose an income tax cut.

The picture isn't all bleak: The New York and Rhode Island state chambers, for example, struggle unflinchingly for low taxes, less regulation and expenditure control. But they are becoming the exceptions. More common is the situation in states such as Maryland. Last November Maryland local chambers announced candidate endorsements: almost all the candidates were the incumbent power holders who voted for an increase in the minimum wage.

The U.S. Chamber of Commerce boasts that the organization's "core mission is to fight for business and free enterprise before Congress, the White House, regulatory agencies . . . and governments around the world." The national chamber has done just that, pushing tort reform and free trade -- but in the states, chambers have come to believe their primary function is to

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secure tax financing for sports stadiums, convention centers, high-tech research institutes and transit boondoggles. Some local chambers have reportedly asked local utilities, school administrators and even politicians to join; others have opened membership to arts councils, museums, civic associations and other "tax eater" entities.

Business owners are beginning to get fed up. In Hawaii, the chamber's cheerleading for higher taxes has caused hundreds of small business members to quit. (Since the early 1990s the chamber has supported three major tax hikes, including a recent a 12% increase in the state gross income tax to fund boondoggle transportation and rail projects.) In Maryland, small business membership is falling. Ellen Valentino, director of the Maryland National Federation of Independent Business, says that while the Maryland chamber provides PAC funds to its political adversaries, "Our membership wouldn't tolerate that."

"I used to think that public employee unions like the NEA were the main enemy in the struggle for limited government, competition and private sector solutions," says Mr. Caldera of the Independence Institute. "I was wrong. Our biggest adversary is the special interest business cartel that labels itself 'the business community' and its political machine run by chambers and other industry associations."

Mr. Moore is a member of the Journal's editorial board.

Deal To Shut Major North Korean Nuclear Facilities Appears Closer (NYT)

By Jim Yardley And David E. Sanger

The New York Times, February 10, 2007

BEIJING, Feb. 9 — North Korea and the United States appeared on Friday to be inching closer to a deal that would establish a schedule for the North to shut down and seal its main nuclear facilities within two months, in return for shipments of fuel oil from South Korea and the beginning of talks over normalization of relations with Washington.

But the top American envoy negotiating the deal here cautioned that the two sides remained stuck on “one or two” small issues.

“Nothing is agreed unless everything is agreed,” the envoy, Christopher R. Hill, an assistant secretary of state, told reporters as he returned to his hotel Friday night. “So I just want to be careful about predicting success tomorrow.”

But in Washington, officials at the White House and the State Department were preparing for a major announcement this weekend, and described the agreement as very different from the nuclear freeze that the Clinton administration negotiated in 1994. That agreement ultimately fell apart, and the North has produced enough fuel for more than half a dozen nuclear weapons during President Bush’s term.

“This is the Libya model,” said one senior administration official, referring to Libya’s decision in late 2003 to turn over all of the equipment it had purchased from the secret nuclear network run by the Pakistani scientist, Abdul Qadeer Khan, to produce bomb fuel. In that agreement, both the Libyans and the United States executed a series of steps, in a carefully negotiated order, that rid the country of nuclear technology and ended its isolation.

It is still unclear exactly what sort of timeline North Korea would agree to, and how quickly it would turn over the plutonium it has produced, along with whatever weapons it may have built. In the past, the Bush administration has said it would never agree to the kind of “freeze” that President Clinton signed, because North Korea was not forced to give up its weapons fuel before it reaped rewards. That allowed the country to quickly restart its nuclear program, officials said.

Administration officials say this agreement would be different, because the biggest benefits for the North would come only after it allowed inspectors, sealed its facilities and began to give up its weapons. But those steps will be difficult to monitor, in part because there is a dispute about how much nuclear material the North possesses.

In a second stage of the agreement, the North would be required to declare how much nuclear material it has on hand and where it is located, administration officials say. Presumably, that would include the uranium enrichment program that Mr. Khan has admitted helping the North start a decade ago, but which North Korea has denied.

On Friday night, Mr. Hill insisted that North Korea would be required to do more than submit to a “freeze,” and also suggested that the process of shutting down the weapons program would be carried out in stages.

“We’re interested in shutting things down and continuing, through various phases, to shut down, dismantle, abandon things,” he said. “Freeze doesn’t describe that process. Freeze suggests a process where you freeze, you thaw out, freeze again. We’re not interested in that. We’re interested in kind of a one-way process.”

Mr. Hill said he remained “cautiously optimistic” and declined to specify which issues were delaying an agreement, though he suggested that North Korea had unexpectedly stalled on minor details. Negotiations resume Saturday, and Mr. Hill said he still hoped that a deal could be struck by the end of the weekend.

The latest negotiations over North Korea’s nuclear weapons program began Thursday in Beijing amid tempered optimism that a breakthrough, if a modest one, might be at hand. North Korea and the United States — the key players in talks that also include China, Japan, South Korea and Russia — held fruitful private meetings last month in Berlin.

Mr. Hill and his North Korean counterpart, Kim Kye-gwan, have met privately more than once this week, including for lunch on Friday. Mr. Kim has told reporters that North Korea is “ready to make its first step” toward denuclearization.

The starting point in the talks is a broad accord signed in September 2005, in which North Korea agreed in principle to end its nuclear weapons program in exchange for a package of economic and energy aid, as well as security guarantees.

Subsequent negotiations stalled over the contested details of how and when the accord would be carried out.

This week, though, a rough initial timeline has emerged. Russian, South Korean and Japanese news agencies have reported that a draft proposal circulated by China this week would require North Korea to stop operations at its nuclear reactors and procession facilities within two months in exchange for initial shipments of aid, including energy supplies such as heavy oil.

None of the negotiators have spoken publicly about the specifics of the proposal, but Mr. Hill confirmed that it would require “both sides” to take “initial actions” within weeks. Such a deal would constitute only a first phase of an overall denuclearization plan, and Mr. Hill suggested that more rounds of negotiations could be held in March and April.

The paramount goal of the talks is eliminating North Korea’s nuclear weapons program, but the negotiations have been complicated by a host of related issues.

Mr. Hill said the proposed draft would also create five working groups to negotiate separate issues. Analysts say these are likely to include denuclearization, financial sanctions and normalizing diplomatic relations between North Korea and the United States and Japan.

The United States infuriated the North Koreans when it froze $24 million of their country’s assets and accused them of laundering counterfeit dollars. North Korea has demanded that the money be released, and financial negotiators from both countries met last week in Beijing. No deal was announced, and some analysts have questioned whether a stalemate could sink a larger denuclearization deal.

But Mr. Hill said the money dispute was not one of the sticking points holding up the current deal. “When I talk about one or two issues,” he said of the unresolved problems, “that is not one of them.”

NKorea Nuke Deal Close, But Hurdles Remain: US Envoy (AFP)

By Jun Kwanwoo And Shigemi Sato

AFP, February 10, 2007

A deal that would see North Korea take the first steps towards ending its nuclear weapons programme is close but hurdles remain, the chief US envoy to disarmament talks has said.

"There are some sticking points ... one or two issues. That sounds pretty close to a deal," Christopher Hill said Friday after a day of negotiations in the six-nation forum that is seeking to end the isolated regime's atomic ambitions.

Hill said envoys to the talks had agreed on a range of fundamental issues, after host China circulated a draft accord that outlined steps member nations would take to begin the process of North Korea disarming.

"I think we have managed to get through what we thought were tough issues but nothing is agreed until everything is agreed so we must be very cautious," he told reporters.

Under the draft accord, North Korea would close its main nuclear-related facilities, including a five megawatt reactor at Yongbyon, within two months in return for alternative energy sources, press reports said.

Envoys refused to give specifics but said the accord sought to begin implementing a six-party deal from September 2005 in which North Korea agreed to scrap its nuclear programme in return for security guarantees, energy benefits and aid.

That deal fell through two months later over North Korean objections to US financial sanctions imposed against it for alleged money laundering and counterfeiting.

The potential breakthrough this week comes after North Korea conducted its first atomic test in October last year, an event it said confirmed its status as a global nuclear power but which also drew punitive United Nations sanctions.

North Korean envoy Kim Kye-Gwan said following a one-on-one lunch meeting with Hill on Friday that he was prepared to do a deal, but remained non-committal.

"There are some agreements and some contentious points as well. We are trying to make a compromise. Please wait and see," Kim told reporters.

Hill said the responsibility for resolving the final outstanding issues rested with North Korea, and that the negotiations would go into the weekend.

"The DPRK (North Korea) sometimes looks at little things and the little things are sometimes the big things for them," he said.

Hill said one sticking point was the US wish to permanently close North Korea's nuclear facilities, while Pyongyang was intent on committing to "freezing" them, which could leave the way open to an unfreezing.

"We are not interested in freezing things. We are interested in shutting things down," he said.

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Japanese envoy Kenichiro Sasae gave a more pessimistic assessment on Friday night of the two days of six-party talks, which group China, the two Koreas, Japan, Russia and the United States.

"At this point we cannot say that there is a prospect for an agreement being reached," he said.

However US Secretary of State Condoleezza Rice said on Thursday after the first day of talks that she was hopeful of progress.

Rice said preparatory negotiations, including rare direct meetings between Hill and Kim in Berlin last month, had paved the way for the September 2005 deal to be revived.

"I think we are cautiously optimistic there may be some movement forward," she said in Washington.

South Korea's Yonhap news agency, citing unidentified but multiple sources, reported the draft accord involved North Korea committing to freeze its Yongbyon reactor and a radiochemical laboratory.

It would also have to allow international nuclear inspectors back into the country, and in return would receive an unspecified amount of energy aid from the five other countries involved in the talks, Yonhap said.

Scott Snyder, a senior associate at US-based The Asia Foundation, said the deal would likely see North Korea receive at least 500,000 tonnes of oil.

North Korea would also want to see at least a partial lifting of the US financial sanctions, which have led to 24 million dollars being frozen in a Macau bank, he said.

The six-party forum began in 2003 with the intent of convincing North Korea to disarm. But it has seen many false dawns and failed to stop the regime from conducting its atomic test.

North Korea Nuclear Deal In Trouble (AP)

By Jae-soon Chang, Associated Press Writer

AP, February 10, 2007

Envoys to international talks on ending North Korea's nuclear weapons program struggled Friday to find a compromise as differences emerged over a Chinese proposal on how to begin the disarmament process. Kenichiro Sasae, Japan's top negotiator said he felt there was no prospect of an agreement late Friday on the draft on how to implement a 2005 agreement that calls for Pyongyang to disarm in exchange for security guarantees and aid.

"There are some parts in which we had progress but on others we ran into difficulty," Sasae told reporters after daylong meetings with the other delegates.

"We will continue with the talks, but at this point in time I don't feel there is a prospect of reaching an agreement," he said without elaborating.

Earlier Friday, the main U.S. negotiator, Assistant Secretary of State Christopher Hill, and his North Korean counterpart, Vice Foreign Minister Kim Kye Gwan, suggested the differences were not insurmountable.

"I think we can be cautiously optimistic," Hill said after a two-hour lunch meeting with Kim, the first bilateral session between the two sides at this week's talks.

Kim said the meeting led to agreement on some unspecified issues, although there were still issues to overcome. "We are going to make more efforts to resolve them," Kim said.

"As someone said, don't waste your energy trying to count chickens before they hatch," he said, quoting remarks by U.S. Secretary of State Condoleezza Rice made Thursday in Washington.

Late Thursday after the first day of talks, China distributed a draft agreement to the nuclear envoys from China, Japan, the two Koreas, Russia and the United States.

The proposal — presented after North Korea agreed in principle to take initial steps to disarm — would grant the communist nation unspecified energy aid for shutting down its main nuclear facilities within two months, South Korea's Yonhap news agency reported.

Officials declined to confirm details of the draft.

Hill said earlier Friday he saw "differences" among the delegations over the draft deal.

"Opinions were expressed around the room, sometimes divergent opinions on the Chinese draft," Hill said. "There are some differences of views among the various delegations."

A South Korean official also cautioned against being too optimistic. The official, who spoke on condition of anonymity because of the issue's sensitivity, said it is "not as easy as expected to produce a result due to differences in positions and a conflict of interests."

Both Hill and the South Korean official declined to elaborate on what the differences were.

But a pro-Pyongyang newspaper in Japan said the North wants the U.S. first to show that it has permanently ceased its "hostile" policy toward Pyongyang.

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"As conditions mature, (North Korea) can halt the operation of the Yongbyon nuclear facilities," the Choson Sinbo said, referring to the site of the North's main nuclear complex north of Pyongyang.

"The (North)'s position is that it can take corresponding measures when the U.S. takes steps to show that it irreversibly gave up its hostile policy," it said.

The report, carried on the paper's Web site, cited a "diplomatic source well versed in" the negotiations. The paper, with links to the government in Pyongyang, is considered one of the North's propaganda tools.

Any agreement on an initial set of reciprocal moves to implement a September 2005 accord — in which North Korea pledged to disarm in exchange for aid and security guarantees — would set the stage for the first tangible steps in the often-delayed six-nation process.

The 2005 deal, a broad statement of principles that did not outline any concrete steps for dismantling North Korea's nuclear program, was the only agreement since the negotiations began in 2003.

At the last session of the arms negotiations in December, following North Korea's Oct. 9 underground nuclear test, the North refused to even talk about its nuclear programs. Instead, it demanded the U.S. lift financial restrictions targeting alleged North Korean counterfeiting and money laundering.

U.N. Chief Gives Key Post To American (NYT)

By Warren Hoge

The New York Times, February 10, 2007

UNITED NATIONS, Feb. 9 — Stirred by criticism of the slow pace of senior appointments, Ban Ki-moon, the new United Nations secretary general, on Friday named four new cabinet members, including an American diplomat, while keeping a dozen other senior officials in place.

B. Lynn Pascoe, the United States ambassador to Indonesia, becomes under secretary general for political affairs, a delicate position in United Nations efforts to mediate disputes in international trouble spots. Mr. Pascoe, a Chinese speaker, has extensive experience in Asia.

Shortly after taking office on Jan. 1, Mr. Ban, the former foreign minister of South Korea, asked 55 assistant and under secretaries general to tender their resignations to allow him flexibility in forming his team.

He said Friday that he had accepted 17 of resignations, one of which was from Shashi Tharoor of India, the under secretary general for communications and public information, who finished second in the contest last summer to be secretary general. He will be replaced by Kiyotaka Akasaka of Japan, a former ambassador to the United Nations and a top negotiator at the Kyoto Conference on Climate Change.

Among those Mr. Ban retained from the administration of Kofi Annan, the former secretary general, was Jean-Marie Guéhenno of France, the under secretary general for peacekeeping operations.

Mr. Pascoe succeeds Ibrahim A. Gambari of Nigeria, who took the post in July 2005, ending decades in which a Briton held the job. Britain had put forward Sir John Holmes, its ambassador to France, for the political affairs position, but he instead was chosen last month to be under secretary general for humanitarian affairs, succeeding Jan Egeland of Norway, who resigned in December.

The announcements were made by Mr. Ban's new chief of staff, Vijay Nambiar of India, as complaints circulated widely among United Nations ambassadors who said Mr. Ban's decision-making was secretive, impulsive and badly planned. The complaints follow questions about Mr. Ban's decision last month to fill specialized posts with people who had no apparent experience in running large operations.

In answer to questions on Friday, Mr. Nambiar said Mr. Ban was aware of unhappiness over the time it was taking to make appointments.

"There has been a slippage in terms of the time that is required, but that has been for a variety of reasons, and he is conscious that he needs to make these appointments as quickly as possible," Mr. Nambiar said. "More than anybody else, I suppose, he is interested in having his team together."

Ban Changes U.N. At The Top (WT)

By Betsy Pisik

The Washington Times, February 10, 2007

NEW YORK -- American diplomat B. Lynn Pascoe was named U.N. undersecretary-general for political affairs yesterday in a sweeping management shake-up that promises to boost the United States' voice in the organization's diplomacy and peace-making efforts.

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Mr. Pascoe, 63, has served in senior posts in Malaysia, Moscow and the State Department in Washington. A fluent Mandarin speaker, he has also worked in Beijing, Taiwan, and with the Organization for Security and Cooperation in Europe.

His appointment was part of a broad reorganization of top management by Secretary-General Ban Ki-moon, who took office last month.

Mr. Ban accepted resignations from five undersecretaries-general, including Shashi Tharoor, who headed the Department of Communications and Public Information. The telegenic Mr. Tharoor, of India, had briefly challenged Mr. Ban for the top U.N. post.

Jean-Marie Guehenno will remain undersecretary-general for peacekeeping for at least another year, which should allow a degree of continuity as the office is reorganized and field missions are expanded.

Several key hires, such as Deputy Secretary-General Asha-Rose Migiro of Tanzania, had previously been announced.

The cumulative appointments -- 20 altogether since the beginning of the year -- mix traces of new blood with familiar faces from former Secretary-General Kofi Annan's administration.

They include several career foreign diplomats well known to Mr. Ban from his years in the South Korean Foreign Ministry.

"The point of the secretary-general's appointments is to be able to impart a certain dynamic to his own tenure," said Mr. Ban's chief of staff, Vijay Nambiar.

Despite the deeply entrenched politics of U.N. appointments -- in which key countries stake a claim on a department and all but dictate who shall fill it -- Mr. Ban exercised autonomy in his selections, Mr. Nambiar said.

"He has made it clear that the appointments will be his appointments and not appointments on the basis of political arrangements," Mr. Nambiar told reporters.

The Department of Economic and Social Affairs -- whose senior management has been subjected to several internal inquiries after reports in The Washington Times and other news outlets, will be headed by Sha Zukang, a career Chinese foreign ministry official who specialized in arms control, trade and other multilateral issues.

Mr. Sha most recently served as China's ambassador to the United Nations in Geneva.

The new head of public information, Kiyotaka Akasaka, is a former Japanese ambassador to the United Nations who is fluent in English and French, and speaks a bit of Portuguese.

Some 55 senior officials submitted letters of resignation last month in response to Mr. Ban's request. It is easier -- and more diplomatic -- to accept a letter of resignation instead of firing a person.

U.N. officials to be retained for at least another year include: Nicolas Michel, the Swiss-born undersecretary-general for legal affairs; Ad Melkert, the Dutch associate administrator of the U.N. Development Program; Thoraya Obaid of Saudi Arabia, executive director of the U.N. Population Fund; and Antonio Maria Costa of Italy, director-general of the U.N. offices in Vienna, Austria, and the Office of Drug and Crime Prevention.

In Palestinian Peace Deal, Hope And A Political Snare (NYT)

By Steven Erlanger

The New York Times, February 10, 2007

JERUSALEM, Feb. 9 — The agreement in Mecca between Fatah and Hamas on how to form a unity government was greeted with relief by many Palestinians on Friday as their best hope for an end to the fighting among them that has killed nearly 100 Palestinians since December.

But it poses a challenge for the Bush administration, which, along with Israel and several European countries, wants the new government to meet three benchmarks for normal relations: recognize the right of Israel to exist, forswear violence and accept previous Israeli-Palestinian agreements. Without the three — and the Mecca accord does not accept them — an international boycott on the Palestinians would continue.

The administration will have to work hard to keep unity among its partners in the quartet — the United States, the European Union, Russia and the United Nations — on the three conditions.

Russia has already demurred, welcoming the accord and saying that once the new government is formed it “should be combined with lifting a blockade of the Palestinian territories which has inflicted suffering and hardship to the people.”

The French also welcomed the deal, but the European Union spokeswoman, Emma Udwin, was cautious, saying that all parties agreed “to take the time to consider, to see what the agreement is and how it is going to be implemented” before deciding whether to lift the embargo.

The United States will also be reluctant to dismiss the Saudis’ accomplishments as brokers of the accord, given Washington’s interest in creating a broader moderate Arab coalition, including Egypt, Jordan and the Persian Gulf countries, to confront Iran’s nuclear ambitions and regional reach.

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Already, Hamas has appealed for talks with the Europeans. Western nations "cannot ignore this agreement and impose their own conditions," said Ghazi Hamad, the Hamas government spokesman. "The European Union should open a dialogue with this new government, and this is the only way to have stability in the region."

The accord for the new government does not promise to stop attacks on Israel and Israelis, though one of the documents it referred to urges Palestinians to "focus" attacks on Israeli-occupied areas outside the 1967 boundary lines.

As for recognizing Israel, Nizar Rayyan, a Hamas spokesman, was explicit. "We will never recognize Israel," he told [a news organization] in Gaza. "There is nothing called Israel, neither in reality nor in the imagination."

The Palestinian Authority's president, Mahmoud Abbas of Fatah, pressed by Washington, wanted a new government to accept previous agreements on the basis of which the Palestinian Authority itself exists. But Hamas, which will still dominate the new government, agreed only to "respect" previous agreements, not to accept them.

For Mr. Abbas, aides said, the most important accomplishment of the Mecca meeting was to try to stop the bloodletting, which was humiliating to Palestinians and to the Arab and other governments that support them. Sufian Abu Zaida, a former Fatah minister of prisoners and an aide to Mr. Abbas, said: "The main goal of this agreement is to save Palestinian blood. If they succeed in this, it's a successful meeting. But in the long run, if they can't end the economic and political siege, there is no guarantee that the government will last very long."

But Mr. Abbas also looked weak, put by the Saudis in a position of symbolic equality with the exiled Hamas political leader Khaled Meshal and unable to produce an agreement on the international benchmarks. A new government would also mean that Mr. Abbas's threat to call early legislative and presidential elections would be hollow.

Fatah will take six positions in the new government, most of them relatively minor except that of deputy prime minister, which is likely to be filled by Muhammad Dahlan. Hamas will also continue to control the critical Interior Ministry through a so-called independent figure nominated by Hamas.

Many difficult issues are unresolved, including Hamas's demands for reform of the Palestine Liberation Organization, as well as who might fill particular cabinet posts.

An Israeli official, speaking on condition of anonymity before a full official government response, suggested that if Washington considered Mr. Abbas to have been compromised by the agreement — brought closer to Hamas, rather than Hamas brought closer to him — "it could have repercussions" for the planned summit meeting on Feb. 19 between the Israeli prime minister, Ehud Olmert, and Mr. Abbas, to be led by Secretary of State Condoleezza Rice.

No one expects serious peace negotiations with Mr. Olmert and Mr. Abbas so weakened politically, but the talks may become more of a conflict management exercise than before. The United States warned Mr. Abbas about the dangers of a unity government headed by Hamas. Tzachi Hanegbi, chairman of Parliament's foreign and defense committee, said that Mr. Abbas "failed completely and awarded a significant victory to Hamas." As a result, he told Israel Radio, "the chance of advancing an effective initiative and an agreement between Israel and the Palestinians has receded."

Saudi Arabia, for its part, emerges as a winner for playing host to the meeting, taking responsibility for the Palestinian cause and lessening the influence of Shiite Iran on Hamas.

Hamas emerges as a winner for sticking to its refusal to bow to Western demands and recognize Israel, renounce "resistance" or accept previous agreements like the 1993 Oslo accords, while co-opting Fatah into the "unity" government Hamas wanted and short-circuiting any threat of early elections.

Ordinary Palestinians will feel they are winners if the killing stops. In Jerusalem's Old City on Friday, Abbas Abu Helem, 36, who sells clothes in a stall, said he hoped that the Mecca talks would be a success.

"I hope it will stop the fighting," he said. "We now have a deal, and I hope the factions can work together, because our life keeps getting harder and harder."

No Peace For Israel In Pact (WT)

By Joshua Mitnick

The Washington Times, February 10, 2007

TEL AVIV -- Officials from Hamas and Israel dashed hopes yesterday that a Palestinian unity deal reached in the Saudi holy city of Mecca would end a crippling economic embargo or lead to a resumption of Palestinian-Israeli peace talks.

"Our battle with the Israeli enemy is still on," Fathi Hamad, a Hamas leader in Gaza's Jebaliya refugee camp, told thousands of supporters.

He urged militant groups to resume attacks on Israel and denied that Hamas would respect past peace deals with the Jewish state -- a central element of the accord between Hamas and Palestinian Authority President Mahmoud Abbas brokered by Saudi diplomats Thursday.

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"We will be the spearhead of jihad ... to defend Palestine and Arab and Muslim nations," Mr. Hamad said, according to an Associated Press dispatch from Gaza.

Israel stopped short of a formal response, but Foreign Minister Tzipi Livni told a security conference in Munich that Hamas remained dedicated to Israel's destruction.

"Hamas is not using terrorism to build a peaceful Palestinian state but to destroy the other, to destroy Israel. ... We cannot afford a terror state," Mrs. Livni said.

In Israel, a top lawmaker in the ruling Kadima party said the accord falls short of conditions set by the international community to lift an economic embargo against the Hamas-led Palestinian Authority.

"Abbas failed yesterday. He gave the Hamas a big victory," said Tzachi Hanegbi, chairman of the parliament's Defense and Foreign Relations Committee. "Regarding whether this helps the peace process, I'd say it's a step backwards."

Israel, the United States, Europe and other would-be Mideast peace brokers have demanded the Palestinian Authority recognize Israel and honor previous agreements between the two sides.

Despite fireworks and demonstrations between supporters of Hamas and Mr. Abbas' Fatah movements to celebrate the Mecca agreement, Palestinians said they were worried that it would not end intra-Palestinian fighting that has grown increasingly deadly in recent weeks.

"There are fears that this agreement is only a superficial one, since it is difficult to clear all the bitter feelings towards each other in such a short period of time," wrote Mahmoud El Battash in the Palestinian daily newspaper El Hayat Al Jadidah.

"As a result of this, another cycle of violence might erupt."

Dozens of Palestinians have been killed in the past two weeks in street battles that made Gaza look as if it were deep into a civil war.

Mohammed Dahlan, a leading Fatah strongman in Gaza who was present at the talks, told the Arabic cable channel Al Arabiya that the agreement will be difficult to implement and that it was concluded under pressure from the Saudi government.

An adviser to Prime Minister Ismail Haniyeh, the top Hamas official in the Palestinian government, said that the Islamic militants don't consider themselves obliged to carry out parts of the agreement that the Israelis have not kept.

The adviser, Ahmed Yousef, said Hamas hopes the deal will enable the European Union to persuade the United States and others to restore aid to the Palestinians.

"I count on the Europeans to change their policies, and to say that what happened in Mecca shows ideological flexibility," he said. "The Europeans have their own interest, and they should care about the image and perception. They don't want their image in the region to be like the U.S."

A top Fatah official in Gaza said the agreement was drawn up first and foremost to stop a civil war. Fulfilling the demands of the so-called Quartet was secondary, he said. The Quartet joins the United States, European Union, United Nations and Russia in a bid to restart Israeli-Palestinian peace talks.

In Washington, the Bush administration said it is too soon to tell whether plans for a unified Palestinian government will meet international conditions for legitimacy and financial aid.

"We still haven't seen enough of the details on this to give you an answer," State Department spokesman Tom Casey said.

In Europe and at the United Nations, the reaction to the Mecca accord was slightly more upbeat.

France urged the international community yesterday to back the proposed national unity government formed by rival Palestinian factions.

"The inclusion in this government's program of respecting international resolutions and agreements signed by the PLO constitutes a step in the right direction toward full adherence to the international community's demands," French Foreign Minister Philippe Douste-Blazy said.

At U.N. headquarters, representatives of the so-called Quartet -- the U.N., United States, European Union and Russia -- expressed hope yesterday that a Palestinian accord on sharing power in a coalition government would end months of deadly factional violence.

In the Arab world the emphasis was on calls to end the Western embargo against Hamas.

Arab League Secretary-General Amr Moussa called on the quartet of Middle East mediators to take the Palestinian agreement into consideration "and to consequently lift the embargo," the League said in a statement.

U.S. Wary Of New Palestinian Accord (WP)

By Glenn Kessler, Washington Post Staff Writer

The Washington Post, February 10, 2007

Deal Could Divide Washington and Its Allies, Affect Rice's Mideast Peace Mission

DOJ_NMG_0131155

The deal to create a Palestinian national unity government, announced Thursday in Mecca, Saudi Arabia, threatens to expose divisions between the United States and its European allies while complicating Secretary of State Condoleezza Rice's peace mission later this month, diplomats and analysts said yesterday.

The Bush administration reacted cautiously to the announcement that, after a year of deadly feuding, Palestinian Authority President Mahmoud Abbas and his Fatah party had agreed to join a government led by the militant group Hamas. The deal was brokered by Saudi Arabia, which is said to have pledged $1 billion to the Palestinians.

"We can't offer a reaction beyond the fact that we remain committed to a two-state solution and the Palestinian people deserve a government that is committed to that goal," State Department spokesman Sean McCormack said.

Few details of the agreement have been released, except a vague statement in which Abbas called upon Hamas to "respect international resolutions," which appeared to fall far short of international demands that the new government commit to recognizing Israel. Indeed, Hamas officials later told reporters that the movement has no intention of doing so.

Under the deal, Ismail Haniyeh of Hamas would remain prime minister and Hamas would retain the largest number of ministries, although some key ministries would go to independents.

The announcement comes as Rice is preparing for a major plunge in Middle East peacemaking, meeting with Abbas and Israeli Prime Minister Ehud Olmert on Feb. 19 to begin sketching the contours of a Palestinian state. This week, Rice met with Israeli, Egyptian and Palestinian envoys in preparation for the summit, and U.S. officials said yesterday that she remains committed to her plans.

Dennis Ross, who was a Middle East envoy for two presidents, said the announcement is a blow to Rice's efforts both on the Palestinian front and in the broader region.

Rice in recent months has tended to divide the region between "mainstream" and "extremist" actors. That has included bolstering security forces loyal to Abbas as he confronts Hamas, which she has labeled an extremist group.

But now, Ross said, Saudi Arabia has demonstrated its interest in maintaining the divide between Sunni and Shiite Muslim regions. Hamas is largely Sunni but had come under the sway of Shiite Iran and Syria. The deal -- and the offer of money -- brings Hamas back into the Sunni camp, Ross said, calling it a "triumph for Saudi diplomacy."

U.S. officials have worked on the assumption that an Abbas-negotiated peace outline with Israel -- what Rice calls a "political horizon" -- would bolster his standing among Palestinians and, if Hamas rejects the agreement, would allow him to put the matter to a vote.

Ross said that, under a national unity government, Hamas will be able finally to pay salaries and run ministries, helping the day-to-day lives of Palestinians, while Abbas will be forced to embrace unpleasant compromises in negotiations, actually weakening his position.

The agreement "is a trap for her," Ross said, referring to Rice. "It is hard to see how this is good for producing a political horizon."

A Palestinian adviser to Abbas who spoke on the condition of anonymity said the deal is not intended to resolve the power struggle. "This is to buy us time and buy us some stability," the adviser said.

Israeli officials, who have long viewed such a government as a dangerous possibility, said a formal response will come after the country's cabinet meets tomorrow. But Israeli officials privately said the agreement is not acceptable.

In an interview with The Washington Post in September, Foreign Minister Tzipi Livni said a national unity government that does not explicitly recognize Israel would lull the world into complacency.

"It is easy for us to see something black, Hamas, and white, Abu Mazen [Abbas's nickname], but sometimes the in-between, the gray, is sometimes the most dangerous," because it will appear legitimate through the presence of Abbas while Hamas continues to be an anti-Israel militia movement, she said. "They can get legitimacy and get the checks, but we cannot end the conflict."

Washington's wary attitude, citing a need to see more details, was echoed by Germany, which currently holds the rotating presidency of the European Union. The "Quartet" -- the diplomatic group that monitors Middle East peace and is made up of the United States, Russia, the European Union and the United Nations -- reiterated that any new Palestinian government must renounce violence, recognize Israel and respect peace deals for aid to resume.

But France and Russia immediately welcomed the statement, with Russia calling for an end to the freeze on direct aid to the Palestinians. French Foreign Minister Philippe Douste-Blazay said that the agreement is "a step in the right direction" toward eventual recognition of Israel and that "the international community must encourage and support the formation of the new government."

U.S. Cautious On Palestinian Accord (AP)

By Anne Gearan

DOJ_NMG_0131156

AP, February 10, 2007

The United States and other world powers avoided endorsing a planned political bargain between warring Palestinian factions Friday, saying it was too soon to say if the new government will meet international conditions for legitimacy and financial aid.

The Bush administration said little in public beyond careful praise for Saudi Arabia's role in bringing the two factions together. Behind the scenes, officials did not sound optimistic that the deal can end Palestinian violence or a year-old international boycott.

"Peace is not at hand," said one U.S. official, speaking on condition of anonymity because Washington is still reviewing the deal's details.

The U.S.-backed Palestinian president, Mahmoud Abbas, struck a power-sharing deal Thursday with rival Hamas militants. The deal is meant to end more than a year of political uncertainty since Hamas won parliamentary elections, and stop months of internal factional violence that has killed more than 130 Palestinians.

The deal was announced in a brief statement that does not expressly meet international conditions for Hamas: to renounce violence, accept Israel and abide by agreements made by the previous secular Palestinian government.

"The Palestinians deserve a government that is clearly and credibly committed to the principles," State Department spokesman Sean McCormack said Friday. He said there is no change in U.S. policy toward either Abbas or Hamas, which the West lists as a terrorist group.

A joint statement Friday from the U.S., United Nations, European Union and Russia noted that the group had recently reaffirmed the terms for supporting a Palestinian government.

The group represents sponsors of a dormant 2003 peace proposal that would establish an independent Palestinian state alongside Israel. Neither Israel nor the Palestinians have met initial terms of that bargain.

The group's statement made no judgments about the deal but "expressed hope that the desired calm would prevail." The group said it will meet Feb. 21 in Berlin to continue a review of plans for the unified Palestinian government.

Secretary of State Condoleezza Rice still plans a trip to the Middle East later this month, McCormack said, and there are no plans to scrap a Feb. 19 meeting among Rice, Abbas and Israeli Prime Minister Ehud Olmert.

At stake is roughly $1 billion a year in frozen aid from foreign donors in addition to approximately $500 million in withheld tax revenues collected by Israel on behalf of the Palestinians. The embargo has crippled the Palestinian government's ability to function, though the West and Israel have funneled millions of dollars through Abbas' office to prevent a complete collapse of the government.

If the U.S. and Israel are not convinced Hamas has sufficiently moderated, the West is unlikely to lift the sanctions, and it will be difficult to advance the peace process.

Quartet Again Urges Palestinian Government To Recognize Israel (AFP)

AFP, February 10, 2007

WASHINGTON - The international Quartet pushing the Middle East peace process urged the next Palestinian national unity government to recognize Israel.

"While awaiting formation of the new Palestinian government, the Quartet reaffirmed its statement of February 2 regarding its support for a Palestinian government committed to nonviolence, recognition of Israel, and acceptance of previous agreements and obligations, including the roadmap," the group said in a joint statement released by the US State Department.

The statement said the Quartet -- the European Union, Russia, the United Nations and the United States -- will meet in Berlin on February 21 "to continue their consideration of these developments, and to review formation and implementation of the agreement on the government."

"The Quartet will discuss the way ahead at the February 21 meeting," the statement added.

US Secretary of State Condoleezza Rice and US President George W. Bush have laid out a Middle East strategy focused on rallying what they call "mainstream" Arab forces to isolate "extremists" backed by Syria and Iran.

Washington has largely ignored the Quartet for most of the Bush administration, and a ministerial meeting February 2 was the first in five months.

Rival factions Hamas and Fatah have condemned the failure of the major powers involved in Middle East peacemaking to end a punishing Western aid embargo on the Palestinians.

A Palestinian Pact (WP)

The Washington Post, February 10, 2007

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THE IMMEDIATE aim of the accord between Palestinian factions reached in Mecca on Thursday is to end internecine fighting that has killed more than 90 people in the past two months. If it achieves that end, the deal between Palestinian President Mahmoud Abbas and the Islamic Hamas movement will at least prevent the eruption of another civil war in the Middle East. Saudi Arabia, which hosted the talks, can also hope that its diplomacy -- and the reported promise of $1 billion in aid to the new government -- will begin to draw the Sunni Hamas movement away from its alliance with Shiite Iran. All that would be decidedly to the good.

Whether the deal serves to advance an

Israeli-Palestinian peace process is another and considerably more uncertain question. Because his main aim was to stop bloodshed among the Palestinians, Mr. Abbas didn't insist that Hamas meet the three conditions set by Israel, the United States and other outside powers for a resumption of aid. Hamas still hasn't recognized Israel or sworn off violence, and the "respect" for "international resolutions" and previous Palestinian-Israeli agreements included in the pact falls short of a commitment to compliance. Consequently, a cloud has fallen over the three-way meeting of Mr. Abbas, Israeli Prime Minister Ehud Olmert and Secretary of State Condoleezza Rice planned for Feb. 19.

Hamas nevertheless shifted its position, if only slightly. Khaled Meshal, the Damascus-based hardliner who torpedoed a Palestinian deal last June by ordering the kidnapping of an Israeli soldier, agreed for the first time to a "unity" government not controlled by Hamas. While the movement's current prime minister will remain in office, Hamas will not have a cabinet majority and the foreign and finance ministers will be independent moderates. What remains to be seen is whether the coalition government successfully forms and takes steps that would be welcomed by Israel, such as releasing the captive soldier and enforcing a cease-fire in Gaza that has been regularly breached by the firing of Palestinian rockets.

For now, the accord has confounded an already confused U.S. policy in the Middle East. Having recently divided the region into "moderates" and "extremists," the Bush administration was attempting to strengthen the "moderate" Mr. Abbas against the "extremist" Hamas. Now another of the "moderates," Saudi Arabia, has stepped into the diplomatic vacuum created by American policy and brokered a deal across a divide that only the Bush administration and Israel perceived; as the Saudis see it, the dividing line in the region is sectarian, not ideological. Unable to embrace the Palestinian accord but reluctant to offend a Saudi ally it has been counting on for help against Iran, the Bush administration adopted an awkward wait-and-see position. As events unfold in the coming days, it will watch from the sidelines, to which it has been relegated by its own ineptitude.

Arab Protesters In Jerusalem Clash With Israeli Forces (NYT)

By Greg Myre

The New York Times, February 10, 2007

JERUSALEM, Feb. 9 — Israeli troops charged onto the grounds of Jerusalem's most contentious religious site on Friday and fired tear gas and stun grenades at stone-throwing Palestinians who were protesting Israeli excavation work taking place nearby.

The confrontation, which began immediately after midday worship on the Muslim day of prayer, marked the fourth straight day of Palestinian protests against Israel's renovation of a 50-yard walkway leading up to the compound, known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount.

The clashes quickly spread to streets nearby and to other parts of Jerusalem's Old City as Palestinian youths barred from the compound hurled stones at a large contingent of Israeli police officers in riot gear. Over all, 19 Israeli police officers and 17 Palestinian protesters suffered minor injuries, and 17 Palestinians were arrested.

Because of the holy site's significance to Jews and Muslims, any dispute has the potential to ignite a major conflict here and in the wider region. The latest trouble began Tuesday when work on the walkway began.

Palestinians say they fear that a section of the foundation of part of the 35-acre compound could be damaged, and Muslim countries have joined in criticizing Israel. But Israel says that it is carrying out routine repair work that does not endanger the mosque compound, and that Muslim extremists are trying to manufacture a crisis.

With tensions running high, Israel prohibited men under 45 to attend Friday Prayer at the mosque. But some younger men did manage to get inside, and they emerged from the prayers chanting "God is great."

They immediately headed toward the police and began throwing stones and bottles at the officers, who were just outside the gate of the compound. Some 200 police officers then ran onto the grounds, firing tear gas and stun grenades, sending up clouds of smoke.

As they chased the stone-throwers, the police approached the entrances to Al Aksa Mosque and the Dome of the Rock shrine, but did not enter.

"There is no justification for what they did today," Adnan Husseini, the director of the Islamic Waqf, the trust that runs the mosque compound, said of the Israelis.

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But Micky Rosenfeld, a spokesman for the Israeli police, said the officers had used “a minimum amount of force to disperse the rioters after they started throwing rocks.”

In the past, Palestinians have thrown rocks from the compound at Jewish worshipers praying below at the Western Wall. When the disturbances broke out Friday, the police directed Jewish worshipers to leave.

The compound has often been a flash point for clashes between Israel and the Palestinians.

The second Palestinian uprising, or intifada, erupted on Sept. 29, 2000, at the mosque compound, one day after Ariel Sharon, then Israel’s opposition leader, made a visit under heavy guard to emphasize Israel’s claim of sovereignty over the site.

The walkway, which is adjacent to the Western Wall, is used primarily by tourists and some Jews to visit the mosque compound, which is built atop the ruins of the biblical Temples.

The walkway was damaged by a snowstorm and an earthquake three years ago and needed to be repaired, according to the Israelis. Because Friday is part of the Israeli weekend, no one was working there when the violence erupted. The office of Prime Minister Ehud Olmert said in a statement on Thursday that the renovations “do not constitute any damage to the Mount or Islamic holy places.”

“The work is being carried out by professionals and with the complete transparency, entirely for the safety of visitors,” the statement said.

But the site is so holy to Jews and Muslims that any action by either side tends to provoke howls of protest.

Many Palestinians claim that the Israelis want to destroy the mosque complex and build a new Temple. While some fringe Jewish groups have expressed that desire, the Israeli government says the compound will remain a place for Muslim worship, as it has been for most of the last 1,300 years.

“The Israeli plan is very clear,” said Maher Gounamah, 40, a Palestinian money-changer. “They want to do something much bigger, and they are starting at this point.”

The Israeli digging has been the top story for several days on pan-Arab television channels like Al Jazeera. Several Arab countries, including Jordan and Saudi Arabia, have been critical of Israel’s plans. Iran’s president, Mahmoud Ahmadinejad, said that the “Zionist regime always does something to cause tension and escalate hostility.”

In the past, Muslim authorities have carried out renovations of their own at the mosque compound. Seven years ago the Waqf removed thousands of tons of dirt in trucks to make way for a staircase. Israeli archaeologists complained that the work removed many artifacts from the periods of the First and Second Jewish Temples, and that the dirt and the artifacts were tossed into a garbage dump.

Just last month, Mr. Husseini, the director of the Waqf, complained that he wanted to carry out additional renovations that were being prohibited by Israel.

Palestinians Riot At Jerusalem Shrine (WP)

By Scott Wilson

The Washington Post, February 10, 2007

JERUSALEM, Feb. 9 -- Palestinians clashed with Israeli police Friday at one of this city's holiest sites and demonstrated across the West Bank to protest a construction project Israel has begun here near a pair of venerated mosques.

The work near Haram al-Sharif, a complex of 7th-century mosques and olive groves known by Jews as the Temple Mount, also sparked angry demonstrations in Cairo on the campus of the Arab world's most esteemed Islamic university and in several Palestinian refugee camps in Lebanon.

The foreign minister of Indonesia, the world's most populous Islamic nation, demanded that Israel immediately halt the work here near the al-Aqsa mosque and Dome of the Rock, where Muslims believe the prophet Muhammad ascended to Heaven, the third-holiest site in Islam.

Dressed in riot gear, hundreds of police officers poured into the area as thousands of Palestinians finished Friday prayers. Groups of Palestinians hurled rocks at police, who responded with tear gas, concussion grenades and rubber-coated bullets for more than an hour.

Palestinian hospital officials said 30 people were treated for injuries, including two Palestinians wounded by metal-jacketed bullets that witnesses said police fired into the air and trees. About 15 Israeli police officers were lightly injured in the rioting, the worst in the Old City in years.

Several of the injured were carried out on stretchers through the Lion's Gate, the locus of the skirmishes. "We finished the prayers and said, 'God is great, God is great,' then the shooting and grenades began," said Abed Owais, 45, a scrap-metal salesman from Jerusalem. "I think they want to change the view of the al-Aqsa mosque so when anyone looks at it from the outside they will see only Jewish tradition."

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Israeli crews began work this week on a damaged access ramp that leads from the Western Wall plaza, where Jews pray at the base of the Temple Mount, to the Mugrabi Gate. The entrance, one of eight to the mosque complex, is used by Israeli soldiers and tourists to reach the plateau where the Second Temple stood until its destruction in A.D. 70.

In September 2000, a visit by then-opposition leader Ariel Sharon to the Temple Mount set off clashes that marked the start of the most recent Palestinian uprising.

Israeli Prime Minister Ehud Olmert, who was Jerusalem's mayor in 1996 when the opening of a tunnel along the length of the Western Wall set off deadly riots, has rejected requests to stop the work now underway. Foreign Minister Tzipi Livni said "political extremists" were using the situation as a pretext to demonstrate.

In a statement issued Thursday, Olmert said: "The work is being carried out by professionals and with complete transparency, entirely for the safety of visitors to the Mount. A thorough examination of the matter would reveal that nothing about the work underway will harm anyone, and there is no truth in the contentions against the work."

The project is being done to replace the earthen ramp Israel built after seizing the Old City from Jordan in the 1967 Middle East war. The ramp washed away in heavy rains three years ago.

In November, the Jerusalem municipality approved plans to more than double the length of the ramp and widen it, threatening walls dating to the 7th-century Omayyad rule of Jerusalem. Israeli state archaeologists have been supervising preliminary excavations at the site for several weeks and say nothing of historical importance will be harmed by the project.

But Arab leaders across the region, including the head of the Islamic Movement in Israel, a political organization, warned this week that the project could damage the mosques and called for demonstrations that have gained momentum in recent days.

The U.N. Educational, Scientific and Cultural Organization has also issued a statement asking Israel "to suspend any action that could endanger the spirit of mutual respect."

Hundreds of Israeli police officers stood at the entrances to the Old City before prayers, barring Palestinian men younger than 45.

A white Israeli surveillance blimp floated above Haram al-Sharif as more than 10,000 Palestinians assembled to pray. Many of them were young men who evaded the police checkpoints, and witnesses said hundreds of them later took refuge from police inside the al-Aqsa mosque.

The crowd eventually dispersed, filing through the Old City gates, prayer rugs draped over shoulders.

"We are planted in this mosque," Owais said. "The demonstrations will continue, God willing."

Project At Holy Site Stirs Rioting (WT/AP)

By Diaa Hadid

The Washington Times, February 10, 2007

JERUSALEM -- Anger over Israeli construction to repair a damaged ramp near a disputed Jerusalem holy site erupted into violence yesterday as police used tear gas and stun grenades to disperse thousands of rioting Muslims. Protests spread across the Arab world, with demonstrators accusing Israel of plotting to harm Islamic shrines.

Israeli officials accused Palestinians of distorting the project to rally their fractious population against the Jewish state. They insist that the replacement of the ramp, which was damaged in a 2004 snowstorm, would not harm the holy site about 200 feet away.

"We have nothing to hide and yet extremist elements with a hateful agenda have cynically provoked violence by deliberately spreading mistruths about what we're doing," Foreign Ministry spokesman Mark Regev said.

Known to Muslims as the Noble Sanctuary and to Jews as the Temple Mount, the compound has repeatedly been a flash point for violence between Israel and the Palestinians, and there were fears the unrest could spread.

The compound is home to the golden-capped Dome of the Rock shrine and Al Aqsa mosque and is thought to be the site where the prophet Muhammad ascended to heaven. Jews venerate the compound as the site of their biblical temples, and one of its outer walls -- known as the Western Wall -- is the holiest site in Judaism.

Small protests against the renovation began as soon as work started this week. They became violent after Friday prayers, when Muslims at the compound began throwing rocks at police stationed outside, police said.

About 200 riot police streamed into the compound, scuffling with some of the 3,000 Muslim worshippers. Clouds of tear gas rose up at the holy site, and stun grenades set off sharp booms.

Outside the compound, near Lion's Gate, hundreds of teenagers who had been barred from the mosque hurled stones, iron bars, vegetables and at least one firebomb at police, authorities said. Police responded with stun grenades.

Jewish worshippers were evacuated from the Western Wall plaza at the foot of the compound as a precaution.

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The situation grew especially volatile when 150 protesters barricaded themselves inside Al Aqsa. But police did not enter the mosque, and the protesters began leaving 90 minutes later, following negotiations between police and Muslim representatives.

The melee slightly injured 17 protesters and 19 police officers, and 17 rioters were arrested, police said. Officers shut all the gates leading to the complex, and disconnected loudspeakers that they said were used to incite worshippers.

Three hours after the initial clash, police and demonstrators still played cat and mouse in the narrow alleyways and on the rooftops of the nearby Old City.

But in other areas of the Old City, the scene was calm. Ten pilgrims speaking Russian and carrying wooden crosses walked down the Via Dolorosa, the path Christians believe Jesus took to his crucifixion.

In the West Bank, youths hurled stones at Israeli security forces at a major checkpoint leading into Jerusalem and near the town of Qalqiliya. South of Bethlehem, Israeli troops fired rubber bullets at Palestinians rioting over the work at the holy site, slightly wounding three.

In Egypt, thousands of anti-riot police beat and chased dozens of protesters into side alleys and streets to prevent them from staging a mass demonstration at Al-Azhar Mosque following Friday prayers. Witnesses said dozens of protesters were detained.

Egyptian Foreign Minister Ahmed Aboul Gheit demanded that Israel stop the construction and warned of escalation in tensions if it doesn't, the Middle East News Agency reported. And Jordan's King Abdullah II said he would try to muster enough international support to pressure Israel to stop the work, according to the Petra news service.

Indonesia, the world's most populous Muslim nation, also called for Israel to halt work on the ramp.

Hezbollah Wants Its Guns Returned (NYT)

The New York Times, February 10, 2007

RIYADH, Saudi Arabia, Feb. 9 — Hezbollah acknowledged Friday that it owned a truckload of arms seized Thursday by Lebanese customs authorities in an East Beirut suburb and demanded their return.

The truck had been carrying weapons from the Bekaa Valley, in eastern Lebanon, to the south, Hezbollah said in a statement. Hezbollah officials insisted that the movement of the arms did not violate the militants' accord with the government.

But Lebanon's defense minister, Elias Murr, said the Lebanese Army intended to keep the weapons and pledged to use them against Israel if needed. Lebanese and Israeli soldiers exchanged fire across the border on Wednesday for the first time in decades.

Under the terms of the United Nations cease-fire agreement that ended last summer's war between Hezbollah and Israel, the Lebanese Army is required to halt the flow of weapons to Hezbollah from abroad. This week, a United Nations official and Lebanese opponents of Syria accused the Syrian government of smuggling weapons to its allies in Lebanon in recent months.

Hezbollah has sworn never to use its weapons against other Lebanese but says it must remain armed, in part because of Israel's continued occupation of the Shabaa Farms, an area that the group insists is Lebanese territory. Israel and the United Nations say the land is part of the Golan Heights and belongs to Syria.

Russian Criticizes U.S. Plan For Missile Defense System (NYT)

By Thom Shanker

The New York Times, February 10, 2007

SEVILLE, Spain, Feb. 9 — Russia's defense minister chose a NATO session here on Friday for a pre-emptive verbal assault on American plans to base elements of a missile defense system in Eastern Europe.

The Russian, Sergei B. Ivanov, argued that there was no rationale for basing American antimissile radars and interceptors in former Soviet satellite states that have now joined the NATO alliance. Washington has entered talks with Poland and the Czech Republic to do just that.

North Korea cannot strike NATO territory in Europe with its current ballistic missiles, Mr. Ivanov said, adding that "any school globe or map" showed that Europe would not be under the flight path of any missile from North Korea toward the United States, either.

During the two-day NATO defense ministers meeting here, Mr. Ivanov also said that for Iranian missiles to strike in NATO territory or to hit the United States would require extensive industrial reorganization of Tehran's missile program.

He then warned that Russia could easily overwhelm the small defensive system under consideration.

Bush administration officials say that any American missile defense system in Europe would not be aimed at Russia, but would be designed to counter other threats.

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"We have made quite clear to them that it's not directed at them," Defense Secretary Robert M. Gates said here. "And I think we'll work our way through it."

A senior Defense Department official traveling with Mr. Gates said an American missile defense program in Europe would be devised to counter Iran's improving missile arsenal. "They are extending the range of their missiles," the official said. "It's a matter of time."

In his comments, Mr. Gates cited reports of a recent visit to India by Mr. Ivanov that quoted the Russian minister as making statements that acknowledged the American "plans here in Europe for missile defense do not threaten Russia nor its strategic deterrent."

Opportunities for United States-Russia military cooperation, and competition, are expected to be discussed further this weekend at an international security conference in Munich, which will feature an address by President Vladimir V. Putin of Russia on Saturday and by Mr. Gates on Sunday.

NATO is discussing in broad terms whether and how to move forward with a regional missile defense system, and Russia's objections are not focused on that alliance program. Russia is not a NATO member, but participates in a NATO-Russia Council that meets during alliance sessions.

Russian officials do express alarm, however, at the American ballistic missile defense system, and Moscow's arguments have grown louder since the United States entered bilateral talks with Poland and the Czech Republic, two of the newer NATO allies, about basing parts of a missile defense system on their soil. Kremlin leaders have long said that an effective missile defense system could set off a new nuclear arms race.

American officials say that while no final agreements have been reached, serious technical talks are under way about basing antimissile radar in the Czech Republic and interceptor missiles in Poland.

Mr. Ivanov did not describe Moscow's options to thwart any antimissile system, but Russia's military laboratories could be expected to add dummy warheads and other blocking materials, known as chaff, to blind or confuse a missile defense system, and do it at relatively modest expense.

"We have the capability to surpass any antimissile system," he said. "It doesn't mean that we threaten others."

Mr. Gates acknowledged that the United States and Russia "do have differences, there is no doubt about that."

During their conversations at the NATO session, Mr. Gates said, he asked Mr. Ivanov about Russia's energy export policy; the topic is critical for European nations that fear Russia may turn its oil and gas deliveries on and off to further a political agenda.

"I raised energy security and so did a number of other defense ministers," Mr. Gates said. "And I would say that it was both in the context of protecting supplies from terrorists and others. But also there were references made to manipulation. And I think it was not confrontational, but I think the message was pretty clear."

Mr. Gates, a former director of the Central Intelligence Agency who specialized in Soviet issues, had never before met his current Russian counterpart, Mr. Ivanov, whose previous assignments included senior positions with Moscow's spy service operating in Africa.

"We commented on two old intelligence guys getting together," Mr. Gates said afterward.

Russians Accuse US Of European Military Expansion (FT)

By Daniel Dombey And Demetri Sevastopulo In Seville And Neil,buckley In Moscow

Financial Times, February 10, 2007

A chill descended on relations between Washington and Moscow yesterday as Russia's top defence officials criticised what they called US military expansion in Europe.

Sergei Ivanov, Russian defence minister and a possible successor to President Vladimir Putin, said he did not believe the Bush administration's claims that its planned missile defence programme was aimed at protecting it from Iran, North Korea or terrorist groups.

Speaking after meeting his Nato opposite numbers in Seville, Mr Ivanov spelled out Moscow's plans to counteract the US programme.

"What is the real intention of these activities?" he asked. "This will not harm the Russian deterrent. We will develop our own strategic system, which will have the capability to surpass any missile system. We want to be absolutely sure that under no circumstances are we under pressure."

But he added: "We will not get back in the arms race."

Mr Ivanov's comments came after Russia's army chief of staff warned that expansion of the US military presence in Russia's traditional zones of influence was a serious security threat.

General Yuri Baluyevsky said Russia faced even greater military threats than during the cold war, and needed a new doctrine to respond to them.

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"Russia's co-operation with the west on the basis of forming common or close strategic interests hasn't helped its military security," he said in a Moscow speech.

Tensions over the missile defence programme have grown since Washington announced last month that it was negotiating installing a radar station for the scheme in the Czech Republic and interceptor rockets in Poland.

Mr Ivanov said the two countries, both former Soviet satellites, were too far away to play a part in disabling missiles from North Korea or Iran. "Take a look at the map," he said. He added that he did not believe the system would be effective against terrorist groups.

"They just don't need missiles," he said. "They have other forms of delivery - human bodies and civilian aircraft."

Earlier this week, Mr Ivanov announced a big increase in military spending to fund a new generation of intercontinental ballistic missiles, nuclear submarines and aircraft carriers.

Russia's defence budget would be $31bn this year, compared with $8bn in 2001, and it would spend $189bn over eight years on overhauling its military infrastructure. But Mr Ivanov noted yesterday that US military spending remained more than 20 times bigger than Russia's.

He also insisted he had had an amicable meeting with Robert Gates, the US defence secretary, in Seville.

Mr Gates sought to soothe Russia's concerns on the anti-missile scheme. "We have made it quite clear that it is not directed at them," he said.

Russian Critical Of U.S. Missile Defense Plan (LAT)

By Peter Spiegel

The Los Angeles Times, February 10, 2007

SEVILLE, SPAIN — Russian Defense Minister Sergei Ivanov on Friday criticized moves by the U.S. to deploy parts of its missile defense system in Eastern Europe, saying the plan to base interceptor rockets and radars in Poland and the Czech Republic appeared to be aimed at shooting down Russian weapons.

Ivanov was in Spain for a regular meeting between the North Atlantic Treaty Organization's defense ministers and their Russian counterpart, and his remarks came just hours after his first face-to-face meeting with Defense Secretary Robert M. Gates, in which the two discussed the U.S. missile defense plans.

At a news conference following the meeting, the Russian minister said observers need only "look at the school globe" to counter U.S. arguments that the Europe-based system was needed to destroy North Korean missiles, adding that American claims Iran posed a threat to Europe were equally specious.

"Again, take a look at the map and calculate what territories can be reached by Iranian missiles," Ivanov said, arguing that Tehran's current capabilities don't allow its weaponry to reach beyond the Middle East and Central Asia. "In order to achieve the goal [of reaching Europe], there is a need to have an absolutely different defense industry in [Iran]."

The U.S. announced last month that it had opened negotiations with Poland and the Czech Republic as part of the Pentagon's expanding missile defense system — currently operated in a limited form with radars and interceptors in California and Alaska — to base similar technologies in their countries. The U.S. is seeking to put interceptor missiles in Poland and antimissile radars in the Czech Republic.

Ivanov has raised similar objections in recent weeks, but U.S. officials insisted he had also already acknowledged there was little threat posed by the system to Russian missiles. Asked if he understood Russian objections, Gates replied, "Not really."

"We've made quite clear to them that it's not directed at them," Gates told reporters traveling with him on his two-stop European swing.

A senior Pentagon official traveling with Gates said Ivanov raised the issue in his private meeting with Gates but that the objection was made perfunctorily since the U.S. is already well aware of Russian views on the matter.

"I must say, the tone could not have been more civil," the official said of the bilateral meeting. "Missile defense is an issue we agree to disagree on. We said, 'Look, we'll keep talking about it.' "

The official, who spoke on condition of anonymity when discussing private bilateral meetings, said Ivanov did not mention the question of Iran's capabilities but that the Pentagon disagreed with Ivanov's assessment.

"It's not an issue of what's [Iranian missile range] today; it's what they're developing," the official said.

"The Iranians keep expanding the range of their missiles. It's a matter of time."

At his news conference, Ivanov said Moscow would respond to U.S. intentions to deploy the system in Europe by developing ways to counter it. But he added that any countermeasures would be simple, inexpensive systems, believed to include such technologies as decoy missiles.

"This will not harm the Russian deterrence," he said. "We will not be back in an arms race."

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A Tall, Elusive Russian And A Cup Of Poison Tea (LAT)

By Kim Murphy, Sebastian Rotella

The Los Angeles Times, February 10, 2007

LONDON — Yuri Felshtinsky well remembers when he spent the better part of five hours pleading for the life of his friend Alexander Litvinenko.

It was May 22, 2000. Litvinenko, a colonel in the Russian Federal Security Service, or FSB, had just spent four months in prison, having gone public with allegations that senior secret police officers were involved in killings and kidnappings for financial gain.

Now he was free, but for how long? Felshtinsky called up Litvinenko's former boss, Maj. Gen. Yevgeny Khokholkov, and agreed to meet him for dinner at a small restaurant near Moscow's old Ukraina Hotel.

Khokholkov owned the restaurant and ordered it closed for the night so the two men could talk privately. "We were sitting there for five hours, from 7:30 to 12:30, discussing the fate of Litvinenko. It was a nice, professional conversation. I think it was a very honest talk," Felshtinsky recalled in a recent interview.

"But the general explained to me there was no way, just no way, Litvinenko's going to be pardoned…. He went against the system. He committed treason. And he was going to be punished for this."

"At one point, he said, 'If I ever see him in my doorway, I will kill him with my own hands.' And he put his two hands together as if he was smashing the neck, as if it was a piece of pipe, or a baguette. And then he just said, 'I'm joking, of course.' But it was clear he was not joking. They hated him so much."

Six and a half years later, Litvinenko died, felled by a dose of radioactive polonium-210 that investigators believe was delivered in a cup of tea at a London hotel bar. British police have spent months investigating the apparent homicide, in which 119 other people were at least slightly contaminated by polonium, including 15 who face long-term health risks, officials said.

As London prosecutors consider whether to file criminal charges, Felshtinsky and others among Litvinenko's expatriate Russian friends have pieced together their own picture of how the former agent died. The friends, who include the former London station chief for the KGB — the spy agency that preceded the FSB — detailed their theory of the case in recent interviews with the Los Angeles Times. British law enforcement officials confirmed some of their contentions.

Based on their conversations with Litvinenko as he lay dying, their own contacts in the world of former KGB agents, and their meetings as witnesses with police investigators, these Russians believe Litvinenko's slaying was the one Felshtinsky had tried to avert years earlier — a punishment for betrayal from an organization that forgets nothing.

They believe that the true killer may have been a tall, elusive Russian man known only as Vladislav who shows up on airport surveillance videos and was briefly present during Litvinenko's fatal lunch, then disappeared without a trace. Most likely, they say, he was a highly trained Russian spy operating in Europe.

"I'm absolutely sure this was a formal decision of the FSB," Felshtinsky said. "Litvinenko was a target. The death trap was there. The sentence was there. It's just, politically, they probably could not allow themselves to kill him until now."

London police appear less ready to settle on a motive. "It's still a complex picture," said a British security official. Investigators have "put together a good forensic picture, but not much on the motive."

The official confirmed that investigators were looking at the mysterious Vladislav, though he was cautious about the Russians' description of him as a top intelligence operative. The official also said the British investigation had focused on two Russian businessmen who Litvinenko's friends believe were at least collaborators in the case: Andrei Lugovoy and Dmitry Kovtun. Both men, former FSB agents, sat with Litvinenko in the Millennium Hotel's Pine Bar as he drank the apparently deadly cup of tea.

Lugovoy and Kovtun have confirmed they met with Litvinenko, but say it was purely a business meeting. Both are back in Russia and have suffered from apparent radiation sickness. They say they would never have knowingly exposed themselves to polonium, which was found not only in the hotel bar, but in a hotel room believed to have been occupied by Lugovoy.

Authorities and former officials of the secret services in Russia also have strenuously denied any involvement in the case. They point out the illogic of using so exotic a poison and targeting a dissident who had largely faded from public view.

The apparent involvement of Lugovoy and Kovtun poses puzzles for police. If they were the killers, why did they not disappear after Litvinenko's death? Instead, they presented themselves to the British Embassy in Moscow for questioning and gave a news conference.

Did the killer or killers know they were handling polonium, a highly lethal substance that leaves abundant radioactive traces? Polonium's sloppy international trail points to a scenario in which masterminds could have given Lugovoy and Kovtun the mission of killing Litvinenko and provided them with poison, but not told them what the poison consisted of, the British security official said.

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"Were they set up?" the official asked. "Their behavior suggests a remarkable lack of knowledge of polonium."

Oleg Gordievsky, the former KGB station chief who defected to Britain in 1985 and later became friends with Litvinenko, said he was convinced Lugovoy and Kovtun were part of the plot but were not the ones who administered the poison.

That, he said, was probably the job of the tall, mysterious man who appears on airport surveillance videos. The cameras caught him talking with Kovtun as the two men arrived at Heathrow Airport on a flight from Hamburg, Germany, in the days before Litvinenko was poisoned.

According to Gordievsky, Litvinenko said before he died that he had seen the same man briefly in the hotel bar during his meeting to discuss business prospects with Lugovoy and Kovtun.

"Litvinenko remembered him in the hotel — that he appeared quite briefly," Gordievsky said. "Lugovoy said, 'Oh, Vladislav.' He said, 'He's one of our friends, Vladislav. He's in the protection business; he also may be useful in finding a job for you.' And then that guy disappeared. It's my theory that he put [the poison] in the tea."

British investigators were able to get the man's passport details — he was reportedly traveling on a European passport — but were unable to trace him to any hotel, or to any flight leaving the country.

Gordievsky said he believed there was a dress rehearsal of the poisoning two weeks before the real thing. Lugovoy and Kovtun apparently met Litvinenko on Oct. 16 at the Piccadilly Circus sushi restaurant, where traces of polonium have also been found.

He believes the man known as Vladislav observed the meeting — though he apparently did not appear on surveillance cameras — and determined that the time or location was not right.

"They knew it was Litvinenko's favorite place. They had lunch with him, and the polonium was ready, but they didn't do anything because the conditions were not favorable," Gordievsky said.

Litvinenko's friends say they are convinced the FSB organized the killing, and they blame Russian President Vladimir V. Putin for creating a climate in which the security services feel free to kill a man in London.

Others suggest that the killing may have tapped into the FSB's ranks in a less formal way. Litvinenko's former direct supervisor at the FSB, Alexander Gusak, said it was possible Litvinenko had been killed by one of several former FSB informants outed when Litvinenko moved to Britain.

"I know that Litvinenko is a traitor. He betrayed the names of our agents to the British intelligence. I am talking about our agents in various organized crime gangs across Russia," Gusak said in an interview.

"In 2001, some time after Litvinenko had defected to the West, one of our agents came to me and said that the Brits got in touch with him and wanted to talk with him.

"He was furious. He said that he is in grave danger now that his cover was exposed. I told him that I had suffered a lot from Litvinenko's activities myself and told him about my huge problems. The man then said: 'How can you stand all that? Do you want me to go to London and get his head for you?'

"Well, that was said at the heat of the moment, and the man didn't mean literally to go to London to get Litvinenko's head. But my point is that I know that at least one exposed agent has this huge grudge against Litvinenko. But there were many others whom Litvinenko betrayed and who may have the same motive."

Soviet Monument To Make Way For Reagan: Report (AFP)

AFP, February 9, 2007

Opponents of Poland's former communist regime reportedly want to pay a posthumous homage to US President Ronald Reagan by erecting his statue in the place of a Soviet-era monument.

In an open letter to the mayor of the southwestern city of Katowice, the former anti-regime activists said that the staunchly anti-communist Reagan had been a "symbol of liberty," the Polish news agency PAP reported.

As a result, they said, he deserved to become the centrepiece of the city's Freedom Square, replacing a monument to the Soviet troops who drove out the occupying Nazis in 1945.

They also said that they wanted the site to be rebaptised "Ronald Reagan Freedom Square."

City hall spokesman Waldemar Bojarun said that Katowice's councillors would consider the issue.

Bojarun said that he had "enormous respect" for Reagan.

However, he said, the proposal could cost an estimated 500,000 zlotys (128,000 euros, 168,000 dollars) and the city had "other pressing needs."

There are already separate plans to erect a statue in memory of Reagan in the centre of the Polish capital, Warsaw, which would be paid-for from private funds.

Reagan, who dubbed the Soviet Union an "evil empire," is widely credited by Poles with having driven communism to the wall.

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The conservative Republican made fighting communism the cornerstone of his 1980-1988 presidency, and backed Poland's Solidarity trade union after it went underground when the regime declared martial law in 1981.

Reagan died in June 2004 at the age of 93.

Is This The Next President Of France? (WSJ)

By Alessandra Galloni

The Wall Street Journal, February 10, 2007

PARIS -- During her campaign to become France's first woman president, Ségolène Royal has been photographed in a turquoise bikini, appeared in a gay magazine with a naked man on the cover and suspended a top campaign aide for poking fun at her longtime companion.

The 53-year-old mother of four has praised China for the efficiency of its justice system and criticized the most sacred of French cows, the 35-hour workweek. Many senior members of her Socialist Party aren't sure whether to call Ms. Royal's campaign a bold or amateurish foray into the hallowed halls of French presidential politics.

Even party boss François Hollande is often irked -- and for him, it's personal as well as political. He is the father of Ms. Royal's children, though the two never married, and had his own designs on the French presidency. "I should have been the candidate," he said in an interview. "But I thought, if Ségolène has more of a chance, I won't stand in her way."

When Ms. Royal last year suggested ordinary citizens should oversee elected officials to improve French democracy, Mr. Hollande balked at his partner's populist bent. "I told her, 'Don't go around saying this. Why are you doing it?' " he recalled in an interview. The French public had a different reaction, he acknowledged: "They all came to her defense."

Since she first hinted at a run for the presidency in a French gossip magazine, Paris Match, in 2005, Ms. Royal's crowd-pleasing proposals and glamorous looks have transformed her from a back-bench Socialist politician into one of the two front-runners for France's highest office.

"It's the French people who have given me legitimacy," Ms. Royal said during a recent car ride between campaign stops. "After the Paris Match article, there was a popular uprising. The French people wanted me."

Her rapid rise speaks to the growing disconnect in France, and throughout much of Europe, between an aging generation of leaders and voters who feel their economic and social concerns are going unheard. By basing her campaign on a simple proposition of listening to the people, she has tapped into a sense of public disaffection rooted particularly in France's inability to create jobs. That is prompting voters to reach for something new and antipolitical -- even if they don't know quite what it is.

Visit Segolene Royal's official Web site1.

"I can't say how things will change," says Nasser Ledrac, a 23-year-old university student who was handing out leaflets for Ms. Royal in the poor Paris suburb of Bondy late last year. "What I like about her is that she doesn't hesitate to shake things up."

A recent series of personal and diplomatic gaffes has left Ms. Royal trailing her main rival, Interior Minister Nicolas Sarkozy, by several percentage points in the latest polls. Mr. Sarkozy too is claiming rebel status within his party, despite being a longtime force within the administration of current President Jacques Chirac. With the first round of elections on April 22, the race remains tight.

Ms. Royal has come this far by tossing ideology out the window and by selling her personality instead of her beliefs, a phenomenon rarely seen in continental Europe. An attractive brunette who favors white skirt-suits made by French designer Paule Ka, Ms. Royal often has dodged policy debates. Asked during the car ride to discuss her record as current president of France's Poitou-Charentes region, Ms. Royal snapped: "Haven't you talked to my chief of staff about that?"

Despite a 25-year career in the Socialist Party, she portrays herself as an outsider. Promising a break with the past, she beat out elder statesmen known as "elephants" for the nomination and has all but ditched the party's official platform for her own version -- due to be unveiled this Sunday. Her platform, she says, will be based largely on ideas gathered from some 6,000 town-hall meetings with voters, smaller coffeehouse sessions dubbed "café Ségolène," and 2.8 million visitors to her campaign Web site.

In speeches she often evokes her own struggle between maternity and a career, and recently noted how democracy is like amour -- the more there is, the more it grows, she said. She recently decorated the hallway of Socialist Party headquarters in Paris with 2007 red roses. Last summer, she was voted the world's sixth-sexiest woman in a poll by the French edition of FHM men's magazine, behind Angelina Jolie and ahead of Elizabeth Hurley.

So far, Ms. Royal's popular appeal has given her the upper hand with her party and her partner, Mr. Hollande. Though flummoxed by some of her remarks, most of the Socialist elite concede she's their best shot at winning back power after 12 years of Mr. Chirac's conservative rule. During this time, France has not resolved key economic problems, such as high unemployment among young people, the increasing cost of a generous social-welfare system and tensions in the fast-growing immigrant population.

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"I had no idea she would rise so fast," says Mr. Hollande.

Her approach isn't foolproof, and her success is by no means guaranteed. Among her recent foreign policy gaffes was a diplomatic flap with Canada's government after Ms. Royal suggested last month that she supported sovereignty for Quebec. "She's very intelligent, but she doesn't have a geopolitical grounding," said French economist and scholar Jacques Attali, who first hired her as a presidential aide in 1982, in an interview late last year.

Business leaders are concerned about her economic rhetoric so far, including plans to give unions more power. She rails against stock options, "greedy profits" and "wild capitalism," and is likely to propose that French citizens abroad start to pay some taxes at home. While managers are glad she has hinted at making the maximum 35-hour workweek more expandable, they would like her to explain how. "What has she said about ...job contracts? We haven't heard anything," says Paul Hermelin, the chief executive of the large French consulting and information-technology company Capgemini Group.

At the same time, strains in her not-so-private relationship with Mr. Hollande, the party leader, have highlighted wider tensions between Ms. Royal and the Socialists over who is in charge. "They think they're professionals and that she's not," says Zaki Laidi, a professor at the Institute d'Études Politiques who has published a book called "Emerging From Social Pessimism."

Ms. Royal dressed down her partner in public last month after he said the Socialists wanted to raise income taxes for people who earn more than €4,000 per month, roughly $65,000 a year. After the spat, a top aide to Ms. Royal said on television that her only flaw was "her partner."

She suspended the aide for a month, but the episode fueled rumors in the French press that the couple have effectively split and are only keeping up appearances. Given a chance to clarify their personal relationship in the interview late last year, Mr. Hollande said only, "Whether we are a couple or we're not is irrelevant." Ms. Royal has declined to discuss the question.

The French also are puzzling over something else: How, after 20 years in Mr. Hollande's shadow, Ms. Royal has snatched away the life her partner had mapped out for himself, and what consequences this might have on a Socialist administration. According to a poll last month in Le Parisien newspaper, 47% of French voters feel the couple's respective roles in the party are unclear.

Ms. Royal's desire to break from the establishment dates back to her childhood. In interviews, Ms. Royal, who was born in the then-French colony of Senegal where she lived until she was eight, has described a strict upbringing dominated by her father Jacques, a devoutly Catholic, conservative army colonel.

The fourth of eight children, the young Marie-Ségolène and her two sisters were taught to tend to the home so they could find suitable husbands. "I understood at an early age that I didn't want to end up like the other women at my house," Ms. Royal said on French radio last summer.

Marie-Ségolène's good grades gained her entrance to the Institut d'Etudes Politiques in Paris, an elite university. She fled to the French capital, ditched the "Marie" in her name, and spent the rest of her life rebelling against the patriarchal, conservative values embodied by her father.

Colleagues say Ms. Royal inherited his exacting style, however. "She likes to control all decisions that are taken," says Poitiers mayor and fellow Socialist Jacques Santrot, describing Ms. Royal's reign as regional president. Other Socialists were shocked recently when she sent out detailed instructions on how to run a town-hall meeting, including photos on how to organize seats2 and a directive to invite 10 times the holding capacity of the hall.

Mr. Hollande says she's simply a strong-willed thinker. "She's not afraid of conflict. She's not afraid of telling you you're wrong or if she doesn't like you, of not shaking your hand," he says. "She doesn't care about protocol."

Ms. Royal and Mr. Hollande met at the elite graduate school that breeds French heads of state, the École Nationale d'Administration. The two started dating, and Mr. Hollande, already a Socialist activist, introduced her to left-wing political circles. Mr. Attali, then a special adviser to Socialist President Francois Mitterrand, discovered the couple and hired them to work at the Elysée, France's presidential palace, in 1982.

Mr. Hollande was the rising star. He had graduated near the top of his class and joined President Mitterrand's council of economic advisers. Ms. Royal landed the less-prominent portfolio of health, environmental and youth issues.

Yet Mr. Attali was impressed by the young woman's raw determination, even compared to her partner. "He has a sense of humor and would have succeeded in any other job," he recalls. "She has no humor at all. For her, politics is vital... and nothing has ever been unattainable."

Mr. Hollande agrees: "She's tougher than I am."

While at the Elysée, Ms. Royal had the couple's first two children, Thomas in 1984 and Clemence in 1985. She sowed the seeds of a political career centered on family issues. Colleagues say Ms. Royal believes children, not couples, form the family nucleus. Ms. Royal would go home to feed the children and then return to the Elysée Palace to work, friends recall. Writing a 1989 book called "The Baby Channel-Surfers Are Fed Up," Ms. Royal decried violence in children's television shows.

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At the Elysée, Ms. Royal befriended Sophie Bouchet-Petersen, a feminist and left-wing intellectual who remains the candidate's sounding board. "Ségolène was always a feminist before being a Socialist," says Ms. Bouchet-Petersen.

Ms. Royal's path diverged from Mr. Hollande's. He was promoted to spokesman for two Socialist governments and was elected to the National Assembly. She remained at the Elysée. "Our political lives have always been separate," says Mr. Hollande. "I've always said to her: 'You try your lot without me.' "

Ms. Royal's first big break came in 1988 when she ran for the National Assembly in a small, normally conservative constituency in the western Poitou-Charentes region and won. Then, during a brief stint as environmental affairs minister, she won broader notice: When she had Flora, her fourth child with Mr. Hollande, in 1992, she invited photographers into her hospital room to snap photos of her and the baby.

The stunt brought a normally private moment, even for public women, into French living rooms. "She made herself known as a young woman who was accepting her maternity and talking about it openly while working," recalls Mr. Hollande. "This wasn't an ordinary thing in France." A year after Flora's birth, Ms. Royal was re-elected in Poitou-Charentes.

She wasn't rewarded with the cabinet post she wanted in 1997, when Socialist Lionel Jospin became prime minister during a period of power-sharing under Mr. Chirac. Ms. Royal's main female rival in her party, Martine Aubry, got the key Labor Ministry. Ms. Royal was given the less prominent post of minister for education, and then for family affairs. She thought she deserved more, said Mr. Hollande, who became the Socialist Party's national secretary, a key political post.

Ms. Royal used her new position to introduce paternity leave and free distribution of the morning-after pill in high schools. Friends and colleagues say she also began plotting her revenge for the slight: a bid for France's highest office.

Her launching pad came seven years later, in 2004, when she ran for president of Poitou-Charentes and, again, defeating forecasts, she won.

"She became a symbol of victory for the Left," says Mr. Hollande. "People started talking about her, and she was on the covers of French magazines," before she adopted her current polished look. He quips: "She wasn't wearing white yet."

In her new post, Ms. Royal revamped her appearance. She cut her hair into a stylish bob, wore heels and abandoned trousers for skirts that just skim the knee.

She summoned old friends: Ms. Bouchet-Petersen, the feminist from the Elysée, and Jean-Luc Fulachier, her former chief of staff at the family affairs ministry. Ms. Bouchet-Petersen handled the theory, Mr. Fulachier the practice, and Poitou-Charentes became the testing ground for democracy, Royal-style.

Ms. Royal has tried to give the people of Poitou-Charentes a bigger role in government. For example, students, parents and teachers decide via secret ballot how to spend 10% of the regional budget for high schools. Last year, their votes led to more garbage cans, new school-bell tones and a vegetable garden, according to regional documents.

Ms. Royal introduced financial aid for entrepreneurs and local "citizen juries," whereby residents are chosen randomly to evaluate laws for their community. The measures have been hugely popular. "She has applied the ideas of the people, which is good," says Rachel Merlet, a 43-year-old mother selected to a "citizen jury" in the town of Cerizay in December.

Ms. Royal's outsider positioning drew Socialists who felt marginalized. One was Gilbert Roger, mayor of the Parisian suburb of Bondy, one of the mostly immigrant communities hit by violent rioting in October 2005. During the riots, the Socialist Party agreed to imposing a curfew on Bondy, which Mr. Roger thought would be ineffective. "They didn't even ask me what I thought," recalls Mr. Roger. "There was a total gap between the political apparatchik and the reality of the land."

In January 2006, Ms. Royal went to Chile to visit Socialist presidential hopeful Michelle Bachelet, accompanied by Patrick Menucci, a former car salesman and restaurateur who was a Socialist city councilman in Marseilles. The trip won big publicity for Ms. Royal -- partly thanks to newspapers criticizing her wearing heels to a Chilean slum. It also won her a close aide in the boisterous Mr. Menucci. Last year, when a rival of Ms. Royal's was reported as saying "If she wins, who will look after the children?" Mr. Menucci berated him publicly. "I'm seen as a macho kind of man, so it meant a lot to her that I defended her," he adds.

Last April, the center-right government faced a crisis. Students and unions took to the streets to protest a labor-reform law making it easier to fire young hires. The law was aimed at making France's rigid job market more flexible, but youths decried it as a path to insecurity. The protests became a symbol of economic and social malaise in France, particularly over the 22% jobless rate among people under 25. Mr. Chirac eventually was forced to withdraw the law.

Amid the protests, Ms. Royal's promises to listen to people's problems and her call for a "just order" resonated with voters. "She understood the state of the people," says Mr. Hollande. "She portrayed an image that she could protect them from their fear of the future."

By the summer, Mr. Hollande realized that he wouldn't have a chance himself against Ms. Royal in the party primaries. "I could have gone against her, but the French people wouldn't have understood."

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In the November primaries, Ms. Royal trounced a former prime minister and finance minister. Speaking after her official nomination, she evoked French Revolution-era feminist Olympe de Gouges and thanked Socialists for choosing a woman candidate. She also quoted her Chilean friend, by then elected president herself: "As Michelle Bachelet says, nothing would be possible without men." Before the speech, Ms. Royal stood before the pink backdrop of the auditorium stage for several minutes, basking in the applause.

Now, cracks are starting to appear in the Royal campaign. During a trip to Beirut late last year, Ms. Royal was criticized at home for not immediately reacting when a Hezbollah lawmaker compared Israel's former occupation of Lebanon to that of the Nazis in World War II France. Ms. Royal aides claimed the remark was omitted by their translator and they brushed off the affair. "If the television images of her today are as good as those yesterday, it'll be fine," Francois Rebsamen, one of Ms. Royal's campaign managers, reassured an aide on the phone shortly after the incident.

But the gaffes have been adding up. In China last month, Ms. Royal said France could learn from the speed of the justice system in China -- a country often criticized for its human-rights record.

Days after her remarks on Quebec sovereignty, a famous French comedian called Ms. Royal pretending to be Quebec's prime minister. During the call, which he recorded and then aired on French radio, he compared her comments to supporting independence for the French Mediterranean island of Corsica, where sovereignty also is a divisive issue. Ms. Royal joked that the French wouldn't mind, but then hurriedly added: "Don't repeat that. It will create another incident in France." It did, prompting derision from the Sarkozy camp.

Ms. Royal has acknowledged "a moment of tension" in the campaign. She and aides are pinning much hope on Sunday's speech, but bracing for more turbulence. "I knew the battle would be tough," she said this week. "And we haven't seen everything yet."

U.N. Peacekeepers Fight Gangs In Haiti, One Street At A Time (NYT)

By Marc Lacey

The New York Times, February 10, 2007

PORT-AU-PRINCE, Haiti, Feb. 5 — For years, street gangs have run Haiti right alongside the politicians. With a disbanded army and a corrupted wreck of a police force, successive presidents have either used the gangs against political rivals or just bought them off.

Recently, something extraordinary has occurred. President René Préval decided to take on the gangs and set the 8,000 United Nations peacekeepers loose on them, a risky move that will determine the security of the country and the success of his young government.

“We’re taking back Port-au-Prince centimeter by centimeter,” said Lt. Col. Abdesslam Elamarti, a peacekeeper from Morocco. “We’re pressing these gangs so the population can live in peace.”

The offensive by the United Nations forces, who arrived here in 2004 after the ouster of President Jean-Bertrand Aristide, began in earnest in late December. One of the fiercest battles took place on the morning of Jan. 25 with a raid by hundreds of United Nations forces on a gang hide-out on the periphery of Cité Soleil, this sprawling seaside capital’s largest and most notorious slum.

After a fierce firefight in which gang members fired thousands of shots, United Nations officials succeeded in taking over the hide-out, a former schoolhouse that gang members had once used to fire upon peacekeepers and to demand money from passing motorists. The United Nations said four gang members had been killed in the battle.

Other raids have followed, and though it is still too early to judge the operation, gang leaders seem to be on the run, and armored United Nations vehicles now rumble through the crowded streets of Cité Soleil.

[Some 700 United Nations peacekeepers raided strongholds in Cité Soleil before dawn on Friday trying to take control of abandoned buildings used by gang members. One person was killed and several others wounded, including two peacekeepers, United Nations officials said.

[“There will be no tolerance for the kidnappings, harassment and terror carried out by criminal gangs,” Maj. Gen. Carlos Alberto dos Santos Cruz, the commander of the United Nations forces, said in a statement on Friday. “I will continue to cleanse these areas of the gangs who are robbing the Haitian people of their security.”]

The biggest of the United Nations operations have been aimed at one of the most wanted and feared of all the gang leaders, an unlikely and unpredictable power broker in his 20s who goes simply by the name Evans. Evans and his groups have been linked to a rash of kidnappings in the capital, and lately his men have been locked in fierce battles with United Nations peacekeepers.

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Within the confines of Cité Soleil, Evans's every whim is enforced with absolute authority. Deeply superstitious, he recently said he suspected cats of bringing him bad luck after one appeared during a raid by United Nations troops on one of his hide-outs, local residents and United Nations officials said.

So he issued an order that all cats were to be killed in his patch of the slum. His gunmen would be rounding them up and roasting them, he told the people. When one woman resisted, he or one of his men shot her, United Nations officials say.

Evans and the other leaders now hide in the maze of tin-roofed shanties that are home to some 300,000 of Haiti's urban poor. Meanwhile, the local population debates which is a more effective strategy for dealing with these young toughs, confronting or conversing with them.

Haiti, the poorest country in the Western Hemisphere, has a long tradition of politics mixed with thuggery. In the 1970s and '80s, François Duvalier and his son Jean-Claude employed the Tontons Macoute, dreaded paramilitary hoodlums.

Mr. Aristide was elected president in 1990 and again in 2000 with the support of the poor. Gang leaders, who act as de facto spokesmen for long-neglected slums, gained entry to the presidential palace and helped dole out jobs and other spoils to their men.

In his initial months in office, Mr. Préval, who had been Mr. Aristide's prime minister as well as president from 1996 to 2001, followed a similarly conciliatory tack. He negotiated with gang leaders, including Evans, inviting them at times to face-to-face meetings in the presidential palace, officials say.

But he has grown increasingly impatient with the gangs as they resisted surrendering their guns and continued wreaking havoc on Port-au-Prince.

The kidnapping spree at the end of last year was the last straw. As the country prepared for Christmas, street thugs began grabbing people off the street, taking them into the slums and demanding ransoms.

Then the kidnappers began singling out children. In one horrible episode, a teenage girl was killed and her eyes were gouged out. Then, a school bus of children was seized by gunmen, prompting many terrified parents to keep their children hidden at home.

Mr. Préval, who has support among Haiti's poor as well as its elite, found his coalition government under attack as well, with opposition politicians in the Senate and Chamber of Deputies denouncing him for allowing the violence. The president changed course, calling off negotiations with the gangsters and giving the United Nations the go ahead to go after them.

Some local residents say that the raids are stirring up the gangs and that innocent people are getting caught up in the cross-fire.

David Wimhurst, the spokesman for the United Nations mission, said that the peacekeepers were careful to single out only combatants and that gang members had themselves killed civilians and then blamed the United Nations.

Not everybody agrees that confrontation is the best way of calming the slums. "The gang men can change," insisted Meleus Jean, 45, a pastor who runs a tiny church in Cité Soleil and who was once almost hit by a stray bullet while delivering a Sunday morning sermon. "I talk to them and I think they are gang men because they have nothing else. Fighting them will not change them."

One of those who has been criticized in the past for dealings with gang members has been Wyclef Jean, the Haitian-American rapper formerly of the Fugees. "The problem is much bigger than the gang leaders," he said in a telephone interview from New York. "I'm not saying they are not part of the problem. When people are killing people, that's a problem. But we don't have enough conversation."

But United Nations officials say the time for talk is over.

"If one of them goes to Préval and says, 'I want to give up,' and waves a white handkerchief, that is fine," said Edmond Mulet, a Guatemalan diplomat in charge of the United Nations mission here. "That's the kind of conversation we want."

At the same time, nobody believes that arresting or killing the gang leaders will be enough to calm Port-au-Prince. The violence is linked, most say, to the dire poverty.

"The people didn't ask to be born here," said Christy Jackson, 42, headmaster of a school in Cité Soleil. "We didn't ask to live like this."

The United States government recently set aside $20 million to create jobs for young people in Cité Soleil once the violence is quelled. In Solino, a neighborhood where the gangsters were chased away, people are being paid to clean garbage from a clogged drainage ditch.

Mr. Jean, the singer, has numerous social projects under way, including a program to bring giant mobile movie screens to poor neighborhoods, which have no cinemas.

Mr. Mulet, of the United Nations, said he believed that the gang leaders were beyond rehabilitation. "They've been killing people, kidnapping people, torturing people, raping girls," he told reporters recently in Washington. "It is very difficult to reinsert

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into society someone like that. A psychiatric institution would be the best place to place them in the future — after we arrest them."

Even if the gangsters are all rounded up, the country's justice system is ill-equipped to handle them.

Justice is bought and sold in Haiti, with both police officers and judges routinely allowing bribes to determine guilt or innocence. Jails are packed with people awaiting trial, most languishing for years.

On top of that, more and more narcotics have begun flowing through Haiti to the United States, law enforcement officials say. It is Haiti's weakened state that is the big attraction to narcotics traffickers, officials say.

In a recent report on Haiti's woeful law enforcement apparatus, the International Crisis Group, a nonprofit group committed to preventing and resolving deadly conflicts, said that without urgent reform "the current escalation of organized violence and criminality may come to threaten the state itself."

As bullets fly, everyone is under threat. One stray shot pierced the outer wall of a hospital in Cité Soleil recently. "We don't know who shot it," said Marie Yves Noël, the chief nurse. The bullet continued on through the maternity unit and then broke the glass of a pediatrics ward. Nobody was hit.

U.N. Peacekeepers Raid Slum In Haiti (WP)

By Manuel Roig-Franzia

The Washington Post, February 10, 2007

PORT-AU-PRINCE, Haiti, Feb. 9 -- U.N. troops fought a block-by-block gun battle with gangs in one of this capital's notorious slums Friday, in the force's largest offensive since being deployed here in 2004.

At least two U.N. soldiers and six gang members were injured in heavy fighting that sent the loud clap of automatic weapons fire into the air above Cite Soleil, where poverty is rampant and canals serve as open sewers. By late afternoon, the 700-member U.N. force had seized control of a large section of the slum but failed to capture the main target of the raid, a powerful gang boss known as "Evens."

Evens is said to run a kidnapping and extortion empire in Cite Soleil. U.N. officials suspect him of being a cannibal and say he earned the nickname "Little Knife" because he carves the bodies of his victims, according to Edmond Mulet, head of the U.N. mission in Haiti. Mulet said Evens is also suspected of killing cats in ritualized voodoo ceremonies because he considers them bad luck.

"He's a psychopath," Mulet said in an interview Friday at the heavily guarded Hotel Christopher, which now serves as U.N. headquarters in Port-au-Prince.

U.N. troops spent much of Friday trying to corner Evens in the twisting streets of Cite Soleil, where he and other gang leaders are known both for terrorizing residents and for doling out the social services that Haiti's barely functioning government cannot provide. U.N. troops monitored Evens's calls on multiple cellphones, cutting off service each time they intercepted a call in hopes of isolating him.

At times it appeared that Evens was trying to talk his way out. In the afternoon, a man believed to be Evens was on a Port-au-Prince radio station offering to give up his weapons. He also attempted to reach authorities but was given only two options: "Surrender or surrender," Mulet said.

"I don't want to kill him," the U.N. mission chief added. "I just want him to give up, surrender and face justice."

Haiti has a notoriously corrupt and dysfunctional justice system. But Mulet said a special team of prosecutors and judges has been identified by the year-old administration of President RenÃ© PrÃ©val to handle high-profile cases. PrÃ©val was elected in February 2006 after foreign diplomats negotiated a settlement to avert a runoff and end days of protest. PrÃ©val replaced the interim government that struggled to rule Haiti after President Jean-Bertrand Aristide was toppled in 2004 and flown into exile on a U.S. plane.

U.N. forces provide much of the law enforcement for the country, and oversee elections and many basic services. The United Nations maintains a 9,000-member force made up of troops and police from 13 countries, with the largest contributions from Brazil and Uruguay.

After initially trying to negotiate with gang members, PrÃ©val has agreed to support an expanded military force. The United Nations has conducted a series of raids since mid-December, when a sharp increase in kidnappings sent panic through Port-au-Prince.

The threat of kidnapping is a daily concern for both poor and wealthy Haitians. On Friday, a Haitian American missionary, Nathan Jean-Dieudonne, was released five days after being kidnapped in Croix-de-Bouquets, a town outside Port-au-Prince.

U.N. officials believe Evens primarily finances his criminal organization with ransoms, which can range from $50 for a street vendor to tens of thousands of dollars for working professionals. Gang leaders also frequently force workers to turn over a portion of their earnings. In return, gangs dole out food and money to cement support from the poor.

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As U.N. troops sealed off entrances to Cite Soleil on Friday, residents clustered on the outskirts, waiting hours to return to their homes. Soldiers searched women leaving the slums with baskets of fruit balanced on their heads. Some residents applauded the raid; others, stoked by radio commentators who want the U.N. force out of Haiti, railed against it.

Most just wanted to get home as the operation, which began at 3 a.m., stretched into the late afternoon. As night fell, the fighting subsided, but U.N. forces remained stationed in Cite Soleil.

Earlier in the day, Miken Gay, a 45-year-old resident of the slum, tried to escape the sun by hunching beneath the wooden cart he and seven friends were using to haul the frame of an abandoned car that they hoped to sell as scrap metal.

"We want the gangs out of Cite Soleil," Gay said. "But I'm tired. I've been here all day."

Just a few days ago Gay was walking down the same street, he said, with a pocket full of cash, a rare payday of about $3 after selling a stack of scavenged metal. A gang member he knew greeted him by leveling a revolver at his head.

The man with the gun didn't have to say a word. Gay handed over the money and walked away.

UN Troops Flood Into Haiti Slum (BBC)

BBC.com, February 10, 2007

More than 700 United Nations troops have moved into Haiti's largest slum, sparking a major gun battle with suspected gang members.

At least one person was killed and eight injured in the operation in Cite Soleil, a coastal area of the capital Port-au-Prince.

UN troops make regular incursions into Cite Soleil but a spokesman said this was the biggest so far.

He said troops had forced a major criminal gang out of its headquarters.

The Brazilian-led force of 8,000 has been deployed in Haiti since the ousting of former President Jean-Bertrand Aristide in 2004.

Fierce resistance

UN spokesman David Wimhurst told the BBC that Friday's operation was the largest incursion into Cite Soleil, home to 300,000 people, yet attempted by the UN.

Troops entered an area of Cite Soleil known as Boston, the stronghold of a gang leader known only as Evans.

Evans has been blamed for kidnappings, killings and rapes in the areas under the control of his gang.

There was fierce fighting and heavy resistance from gang members, Mr Wimhurst said.

The spokesman said the UN forced gang members out of a school they had occupied, and out of their major headquarters, known as Jamaica Base.

"That means Evans no longer has a base in Cite Soleil," Mr Wimhurst said.

Local radio reported heavy and sustained gunfire coming from the area of Cite Soleil, making an accurate assessment of casualty figures difficult.

At least four people were killed and six wounded during the UN's previous incursion into Cite Soleil, in late January.

There was further violence in December, with at least five people killed in similar clashes.

Venezuela's Theoretical Democracy (LAT)

The Los Angeles Times, February 10, 2007

VENEZUELA, AS ITS president, Hugo Chavez, never tires of pointing out, is still a democracy. It's just a place where democracy is a little more nonbinding than elsewhere.

To illustrate just how democratic the country is, the 167 members of the National Assembly — all of whom support the president because the opposition boycotted the last parliamentary election — convened outdoors in Caracas last month, to be better seen by the throngs of red-shirted Chavistas gathered in the square, and unanimously voted themselves into irrelevance.

The vote gave Chavez the power to make laws by decree for 18 months, with no need to even use his Assembly's rubber stamp. Seeing as how Chavez already had total control over the judicial branch, how he is taking steps to quell opposition media and how he could have rammed any law he chose through the Assembly with barely a semblance of debate or a whisper of protest, his new powers seem gratuitous. But even symbolic oversight can be messy, bureaucratic and slow. Kind of like democracy.

Venezuela's constitution allows the legislature to cede decree powers to the president, which it has done several times to other presidents and once before to Chavez, in 2000. But normally this occurs in times of fiscal upheaval, not while the nation is swimming in oil revenues. Chavez is expected to use his powers to, among other frightening things, do away with presidential term limits so he can remain in office indefinitely.

Predictably, the opposition newspaper Tal Cual played the Hitler card after Chavez's move, with a front-page banner headline reading "Heil Hugo!" and an editorial comparing the National Assembly rollover to the German Reichstag's vote in 1933

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giving Hitler extraordinary powers. Chavez, even more predictably, passed the charge onto President Bush. "Who would be the greater fascist, Hitler or Bush? They might end up in a draw," Chavez brayed the day after winning his new authority.

Democracy still has a faint pulse in Venezuela; any Chavez decree can theoretically be overturned by public referendum, as long as opponents gather signatures from 5% of the electorate. And Chavez, destructive as his economic policies will eventually be to Venezuela, is no Hitler.

Now Mussolini, on the other hand …

India Finds Its Economy On The Verge Of Overheating (NYT)

By Keith Bradsher

The New York Times, February 10, 2007

MUMBAI, India, Feb. 8 — With breakneck growth, an outsourcing industry that leads the world and hundreds of millions of consumers demanding more class and comfort, India has an economy many countries would envy.

But now, after three years of near double-digit growth, signs of a potentially dangerous inflationary spiral are beginning to emerge. Prime Minister Manmohan Singh and his closest economic advisors gathered just last weekend over fears that India's extraordinary economic expansion was starting to overheat, an issue they labeled as a "key short-term priority."

They may have waited too long. Food prices are climbing for everything from lentils to onions, squeezing the poor. Apartment rents and prices are rising steeply, especially in large cities. Factories that make the country's increasingly ubiquitous motorcycles are running at full tilt and have still fallen weeks behind in meeting orders from dealers.

Inflation in India remains much lower than in many developing countries. But prices are rising more than twice as fast as in China, India's archrival for foreign investment and economic leadership among emerging markets. Prices are also increasing considerably faster than in industrialized countries.

That has put the onus on government leaders to try steering the economy, which is expected to expand by as much as 10 percent this year, away from a possible escalation of inflation pressures that could derail some of their achievements and temper the country's climb in living standards.

"There is a recognition of these pressures and there is virtual unanimity that these have to be managed," Y. Venugopal Reddy, the governor of the central bank, said in an interview this week. On Jan. 31, the central bank raised an important short-term interest rate by a quarter-point, to 7.5 percent, to help stem inflation.

Mr. Singh, Mr. Reddy and other senior officials have repeatedly reaffirmed their commitment in recent days to the market-oriented policies that have helped to triple the economy's growth rate since the early 1990s.

But rising prices are starting to rekindle some nostalgia for the 1980s, when India had one of the world's most highly regulated economies. "You have to ensure some amount of price regulation," said Suhel Seth, a prominent political commentator and marketing consultant. "Under the guise of a free market, you've created a free fall for the poor."

Some of the largest increases in food prices have been here in Mumbai. This is an industrialized peninsula where food is brought in over long distances by truckers who have had to pay much more for diesel fuel over the last year as the Indian government has passed on part of the increase in world oil prices.

Navalben Nagda, a retired shopkeeper in northern Mumbai, shopped for milk this week in a green sari but complained that she and her husband had been forced to change their purchasing habits.

"We buy lower-quality food now because that's all we can afford," she said. "It doesn't taste as good."

Wholesale price inflation has accelerated to 6 percent from 4 percent last spring. Consumer price indexes have risen nearly 7 percent in urban areas over the last year and almost 9 percent in rural areas, where more than two-thirds of the population live and where higher food prices are having the biggest effect.

Government economists attribute rising food prices in India to global factors like a poor harvest in Australia, the growing use of crops to produce ethanol and a higher cost of diesel for tractors. But many here link the increase to the government's encouragement of futures trading in agricultural commodities, and the government has responded this winter by limiting a few types of transactions involving food.

Mr. Reddy said he felt "some justifiable optimism" about inflation and the Indian economy. He pointed to the lagged effects of interest rate increases over the last year that had not yet fully worked their way through the economy. He also noted that Indian companies were investing in additional capacity and that new roads, loading docks and other infrastructure were being built.

Still, the central bank's surveys show that practically all of India's manufacturers are operating at full capacity, as consumer demand has risen first and companies have been slower to respond. Many factory expansions and new factories will be ready in 18 months to two years, Mr. Reddy said, describing the time until then as a transitional period for the economy.

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Awash with deposits derived from foreign investors, Indian banks have been lending aggressively, particularly to consumers. That has led to a wave of buying on credit.

Rahim K. Premji, the manager of Allibhai Premji Tyrewalla, a motorcycle store here, said that there had been so many buyers nationwide that for the last six months, motorcycle factories had typically been 15 days late in filling orders.

"It used to be you'd place your order and they'd dispatch it right away," he said. "They've constantly been expanding capacity, but not as fast as demand."

The panoramic view from the 25th floor of India's central bank provides clear evidence of supply shortages. Across a wide swath of four-story buildings, stretching for many miles, not a single construction crane was in sight, not in the nearby historical district nor in the poor and rich neighborhoods alike all the way to the edge of the warm waters of the Indian Ocean.

That stands in stark contrast to Chinese cities like Beijing, Shanghai and Yantai, which have used rising property markets to help finance the bulldozing of many square miles of crumbling housing.

But India has very strong rent control laws and other tenant protection legislation. Along with extensive litigation and backlogged courts, these rules have made it extremely difficult to demolish and put in high-rise complexes to replace the tens of thousands of acres of moldering buildings that clog large cities.

The scarcity has sent prices even higher for existing housing. In fashionable neighborhoods of South Mumbai, apartment prices have jumped close to 60 percent just since last spring. Foreign investors, including oil-rich investors from nearby Middle East countries, are joining the market, bidding aggressively against members of India's increasingly affluent business elite.

Rushabh S. Mehta, a partner at the Royal House Agency, walked through a 2,000-square-foot apartment that had a cheap-looking concrete floor and flimsy wooden closets. But it is in the chic Malabar Hill neighborhood. The asking price is nearly $1.5 million.

"It's the location, basically — there's no view," he said, looking out a window at the white wall of a neighboring apartment building.

Demand for everything from housing to beer is outpacing supply in part because white-collar salaries are rising faster in India than anywhere else in Asia, climbing 13.7 percent on average over the last year, said Sharad Vishvanath, a labor cost analyst at Hewitt Associates. Wages for junior managers and technical employees are rising fastest of all. Meanwhile, new factories and offices take time to build. But analysts and executives say that productivity gains could allow India to wring more output from the businesses it already has, helping avoid the bottlenecks that can feed an inflationary spiral.

Big gains could come from modern telecommunications and the growing flexibility of India's labor force, as shown by workers like Selvi Partipan in Chennai.

Ms. Partipan, a 40-year-old who gave birth to the first of her five children when she was 13, used to work as a street vendor. She fried samosas and other fare for passers-by, earning just $2 a day.

But six years ago, after partial deregulation of the leather industry, Mrs. Partipan found a leather factory job. She sewed everything from handbags to jackets and earned $3 a day. She learned that she could earn as much as an additional $7 a day by doing extra sewing at home in the evening and on weekends, when other factories were desperate to finish orders.

The difficulty lay in figuring out when a leather factory manager somewhere else needed workers. So last summer, she gave $80 to her son, a security guard who works a morning shift, to buy a mobile phone. When work became available, factories sent text messages to her son and others in English — Mrs. Partipan speaks only a local dialect — and he quickly told her and she raced to the factory gate.

"I've already gathered some orders by phone," she said, wearing a maroon sari and sitting on a plastic stool as a daughter cooked samosas at the same location where Mrs. Partipan used to cook. "It is paying for itself."

But while such adaptability helps to explain the long-term optimism of most government and business leaders in India, people in the streets are more worried about the continuing rise in prices. Mukesh Maru, a shopkeeper in Mumbai, pointed to a steel basin of moong dal, a popular type of small yellow bean in especially short supply now, and said that the price had risen to 58 cents a pound from 23 cents a year ago.

In the 35 years his family's shop has been in business, he said, "it's only in the past year the prices have jumped so much."

Even Amid Its Wealth, India Finds, Half Its Small Children Are Malnourished (NYT)

By Somini Sengupta

The New York Times, February 10, 2007

MUMBAI, India, Feb. 9 — Even after India's years of sustained economic growth, child malnutrition rates here are comparable to some of the poorest countries, and at times worse.

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In this young nation, where 40 percent of the people are under 18, figures released by the government on Friday offered an alarming portrait of child health: Among children under 3, nearly half are clinically underweight, the most reliable measure of malnutrition.

Additionally troubling, the incidence of child malnutrition declined only one percentage point, to 46 percent, in seven years, according the latest National Family Health Survey. During that time, the economy grew at 6 to 8 percent; it is poised to swell by more than 9 percent in the current fiscal year, the government announced this week.

India's economic prospects pivot in part around what it calls its demographic dividend.

But the child malnutrition rates put India roughly on a par with Burkina Faso and Bangladesh. Sudan posted better results, according to data compiled by the United Nations Children's Fund, or Unicef. Malnutrition in China was about 8 percent, Unicef said.

The long-awaited health report, which was quietly made public on Friday on a government Web site, also showed scant progress in childhood immunization. In the survey, compiled in 2005-6, 43.5 percent of children 12 to 23 months old were fully immunized, compared with 42 percent in the previous survey, in 1998-99.

Poverty amid plenty is hardly new in India. But the latest numbers are startling because they suggest that economic growth has not significantly uplifted the most destitute, nor have well-meaning government efforts to improve children's well-being yielded measurable results.

The nutrition figures also reflect the grinding poverty in parts of rural India, and poor public health and sanitation in general. The health survey measured how many households had access to a toilet (44 percent nationwide) and the proportion of children who suffered from diarrhea and who were given oral rehydration salts (58 percent).

"It's partly poverty, it's partly the collapse of health services, it's a measure of a completely lopsided pattern of growth in the country," said Jean Drèze, an economist who led a study of India's child nutrition programs late last year.

The nutrition figures showed a wide disparity among states. In central Madhya Pradesh, malnutrition rates are around 60 percent; in Tamil Nadu, the rates have steadily improved, bringing malnutrition down to 33 percent.

The national figures could be seen as an indictment of an ambitious government-financed program, the Integrated Child Development Services, which is intended to help poor families feed their children.

The program has been dogged by criticism in recent months, from charges of corruption in some states to poor accountability elsewhere. Studies by both Unicef and Mr. Drèze's group have concluded that in some places, children get only raw grains. Some workers were not properly trained and some mothers were inadequately counseled about feeding newborns.

Werner Schultink, who runs child development and nutrition programs for Unicef in India, called the latest figures "very disappointing."

"It gives an indication that some of the programs are not as effective as they should be," he said. In mid-January, Prime Minister Manmohan Singh went further in his criticism, urging state officials to review the child nutrition program.

"There is strong evidence that the program has not led to any substantial improvement in the nutritional status of children under 6," he wrote in a letter, adding that for the government actually to keep its promise of providing nutrition to poor children, it would require close monitoring of the program, and "political will."

Theft In Thailand (WSJ)

The Wall Street Journal, February 10, 2007

The crusade against drug patents was once fought in the halls of the World Trade Organization. No more. By seizing patents for HIV/AIDS treatments and heart disease, Thailand has asserted that governments have the right to take intellectual property whenever they please.

The Thai Ministry of Public Health announced recently that it would issue a "compulsory license" for Abbott Laboratories' Kaletra, an HIV/AIDS drug, and Clopidogrel, the local Thai brand of Sanofi-Aventis's Plavix heart medication -- meaning that Thailand will eventually produce generic copies of these drugs. Its decision follows a similar move in November against Merck's Stocrin, an antiretroviral HIV/AIDS drug. The Ministry said WTO rules give Thailand "a right to issue a safeguard measure to protect public health, especially for universal access to essential medicines using compulsory licensing on the patent of pharmaceutical products."

Thailand's actions may be technically legal. The WTO language on compulsory licensing is regrettably vague, and doesn't list specific causes for which governments can seize private patents. The only hint of protection of private property lands in Article 31, which says "the proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions."

However, Thailand did not bother to consult prior to issuing the compulsory licenses, and the drug companies woke up to read about it in the papers. So it clearly breached the spirit, if not the letter, of Article 31. In any case, it's hard to argue that

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Thailand has an AIDS epidemic, when its incidence is a little over 1% -- and countries such as South Africa are well over 20%. The same goes for heart disease.

Until now, governments have been careful to define disease outbreaks as "emergencies," primarily because they didn't want to dissuade drug companies from investing in their countries. Hong Kong, for example, refrained from issuing a compulsory license during the 2001 SARS outbreak. Drug companies spend billions of dollars in research, development, training and distribution. Without market-based incentives, there's little reason to invest in R&D.

It's worth noting that Thailand's confiscations are also a boon for the Government Pharmaceutical Organization, the state-owned monopoly. Until it can ramp up its own production, GPO will be the sole importer and reseller of the products Bangkok seized.

GPO says it will charge consumers lower prices. But Merck was already selling Stocrin at cost in Thailand, as it does in other developing countries with over 1% incidence of HIV/AIDS. GPO's profits, then, must come from sourcing a cheaper producer of generics. It's likely to turn to India -- the world's most prolific source of counterfeit generics.

How this is good for Thai patients is anyone's guess. GPO's production facilities have never met WHO standards. HIV drug resistance in Thailand is high, most likely because of the reliance on faulty GPO generic copies. Now, given the lack of patent protection, foreign companies may hesitate to introduce newer, more expensive and sophisticated second- and third-generation drugs into Thailand. If Merck's new AIDS vaccine shows promising results, for example, you can bet it won't debut in Bangkok.

Thailand's decision is already reverberating world-wide. Brazil, which has used the threat of compulsory licensing to extract lower prices from drug companies, is paying attention. Full credit, then, to World Health Organization Director-General Margaret Chan for criticizing Thailand's move and defending IP protection. "I'd like to underline that we have to find a right balance for compulsory licensing," the Bangkok Post quoted her as saying last week. "We can't be naive about this. There is no perfect solution for accessing drugs in both quality and quantity."

Thailand's military junta has embraced bad economics in the name of populism since taking power last October. So far, these decisions have mostly hit investor pocketbooks. Now the government is toying with its citizens' lives.

China's Influence In Africa Arouses Some Resistance (NYT)

By Michael Wines

The New York Times, February 10, 2007

JOHANNESBURG, Feb. 9 — China is often depicted as a juggernaut of sorts, its untroubled and unfettered rise into the ranks of global powers a fact that lesser nations can only watch with awe and trepidation. On Friday, President Hu Jintao of China completed a 12-day tour of Africa that suggested the reality was more nuanced.

More than that, the visit tested a basic tenet of China's economic relations: that business is business, and what a partner nation's people think about it is not China's — or the world's — preoccupation.

Mr. Hu swept through eight nations, among them some of China's closest African allies, largest trading partners and most prominent objects of Chinese investment. He left behind a multibillion-dollar trail of forgiven debts, cheap new loans and pledges of schools and cultural centers, tokens of affection for a continent of strategic economic importance to Beijing's future.

Yet in Zambia, Mr. Hu was greeted with public disdain, and forced to cancel one appearance, even as he showered more than $800 million in gifts and investments on the nation, one of the world's poorest. In Namibia, a decades-old ally, a newspaper and human rights activists assailed China's foreign policy as selfish and lacking morality.

In South Africa, a generally warm visit was clouded by President Thabo Mbeki's recent warning that Africa risked becoming an economic colony of China, and by Johannesburg's major newspaper, which devoted a full page this week to a scalding critique of China's record on human rights and labor rights.

Mr. Hu's stop in Sudan, where China has extensive oil interests, reignited criticism that Beijing has helped shield its ally and oil supplier from global outrage over attacks on civilians in Darfur.

Mr. Hu also met his share of flag-waving supporters, of course, and the official parts of his trip — the meetings and agreement-signings with heads of state — were a diplomatic and commercial success. Most African heads of state like China, which supported many of their liberation movements when liberation was not fashionable. And they like Mr. Hu, whose views on sovereignty, human rights and development are frequently closer to theirs than are those of Western governments.

But an undercurrent of disquiet accompanied Mr. Hu's barnstorming. Mostly, it came not from heads of state, but from the people they rule, some of whom resent China's growing influence here — for economic, racial and ideological reasons.

"It's important to note the obstacles the Chinese are running into" in Africa, said Bates Gill, a leading China scholar at the Center for Strategic and International Studies in Washington. "It has a lot to do with their unfamiliarity with working in countries that have a vibrant private sector and civil society. These guys in the Chinese Embassy, they don't understand that."

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China is not yet an overwhelming presence in Africa. The juggernaut image aside, China imports less African oil, invests less money and spends less on aid than does the United States or Europe. As an African trading partner, China ranks third, behind the United States and France, and much of that trade is in oil purchased from Sudan, Angola and Nigeria, not in goods made by African workers.

Unlike most other nations, however, China is frequently seen here as coveting Africa for its oil, gold and other valuable minerals and as a dumping ground for cheap Chinese goods — not for its people or talents. Mr. Mbeki said as much in December, warning in a speech that Africa's relationship to China as an exporter of ore and oil and importer of finished goods threatened to become "a replication of that colonial relationship" between Europe and its African possessions a century ago.

True or not, the perception has been telling. In Zimbabwe, Zambia and elsewhere in southern Africa, an influx of Chinese shopkeepers and street traders has pushed locals into bankruptcy. South African textile workers lost tens of thousands of jobs after the 2005 expiration of a global trade agreement allowed cheaper Chinese goods — including knockoffs of traditional African prints — to flood the country. Angry trade unions called for retaliatory boycotts of shops selling Chinese goods.

Anti-Chinese sentiment has mushroomed in Zambia since 2005, when an explosion at a Chinese-owned copper mine killed at least 46 workers and spawned complaints of unsafe working conditions and poor environmental practices. In last year's presidential election, the populist challenger to President Levy Mwanawasa based part of his campaign on a pledge to curb Chinese influence in the country.

This month, Mr. Hu canceled a visit to Zambia's Copperbelt Province, in the nation's north, apparently because of the threat of protests.

For some foreign powers in Africa, such snubs are part of the territory; both the United States and Europe are regularly assailed for agriculture policies that are said to stunt African farm exports. One reason China has been welcomed into Africa, analysts say, is it can serve as a counterbalance to American influence now that the Soviet Union has vanished from the scene and Russia is far less active in the region.

But while popular dissent is old hat to Westerners, it is less so to the Chinese, for whom foreign relations and domestic policies alike are shaped by governments — not activists, lobbies or public opinion.

Having claimed a bigger role on the African and world stages , Mr. Hu is now reaping the first bitter fruits of pretension to leadership. One test comes in Sudan, where he must reconcile China's doctrine of noninterference in other nations' affairs with the outcry over the killings of civilians in Darfur. In Khartoum, he gave Sudan a $13 million interest-free loan to build a new presidential palace, but also said it was "imperative" to halt the deaths in Darfur.

South Africa's Mbeki Vows To Intensify Fight Against Rampant Crime (WP)

By Craig Timberg

The Washington Post, February 10, 2007

JOHANNESBURG, Feb. 9 -- President Thabo Mbeki on Friday sought to reassure worried South Africans that his government is stepping up its fight against crime but offered little new detail on how it can curb levels of rape, robbery and murder that are among the highest in the world.

After weeks of rising political pressure amid a string of high-profile attacks, Mbeki went further than he had before in acknowledging that levels of violent crime terrify many South Africans. He avoided quibbling over whether rates are rising or falling, or by how much -- an approach that provoked a sharp backlash after an interview last month.

In Friday's State of the Nation speech, made before Parliament in Cape Town and broadcast across the country, Mbeki said, "Certainly we cannot erase that which is ugly and repulsive and claim the happiness that comes with freedom if communities live in fear, closeted behind walls and barbed wire, ever anxious in their houses, on the streets and on our roads, unable freely to enjoy our public spaces. Obviously, we must continue and further intensify the struggle against crime."

He listed government plans to hire more police officers and increase their pay while also bolstering intelligence gathering and improving the sophistication of forensic laboratories.

But administration officials acknowledged that they had formulated and announced most of the initiatives before the recent public outcry.

Analysts praised Mbeki for his expression of concern but faulted him for not offering major new plans on an issue that polls consistently rank among the country's top concerns.

Crime analyst Johan Burger of the Institute of Security Studies in Pretoria said Mbeki's acknowledgment of the problem was "very positive." But, he added, "What he did not say is what is the decisive action that is going to be taken, and how is the fight against crime going to be intensified."

Mbeki announced the government's goal to continue expanding the availability of clean water, electricity and affordable housing while delivering more jobs and training. And he announced plans to create a new system of social security payments,

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funded by levies on working South Africans, that will expand the government's system of grants to the elderly, poor and unemployed.

On the subject of AIDS, Mbeki pledged to continue expanding prevention and treatment programs, though he offered few clues on how the government could slow the pace of new infections or save already sick South Africans who will die without costly antiretroviral drugs. An estimated 5.5 million out of 46 million South Africans have HIV, which causes AIDS, and only a small percentage of those are receiving vital medicine.

But crime was the most prominent subject in Mbeki's speech, an implicit acknowledgment of how it has come to dominate the national political agenda.

First National Bank, one of the country's largest, printed 1.5 million fliers urging South Africans to write down their experiences with crime and send them to Mbeki. The fliers were to be distributed in newspapers last weekend. Politicians and business leaders close to Mbeki quashed the plan, according to news reports, but not before provoking allegations that Mbeki was insulated from knowledge of the crime experienced by most South Africans.

A union soon created a Web site, http://www.dearpresident.co.za, to collect crime complaints for Mbeki. When his office failed to confirm receipt of thousands of e-mails the Web site generated, the union ordered 25 wheelbarrows to deliver them to him, news reports said.

Mbeki's speech returned to crime again and again but tied it to broader themes, including South Africa's history of racial subjugation and enduring poverty among blacks.

"None of the great social problems we have to solve is capable of resolution outside the context of the creation of jobs and the alleviation and eradication of poverty," he said. "This relates to everything, from the improvement of the health of our people, to reducing the levels of crime, raising the levels of literacy and numeracy, and opening the doors of learning and culture to all."

South Africa's President Faces Crime Problem (LAT)

By Robyn Dixon

The Los Angeles Times, February 10, 2007

JOHANNESBURG, SOUTH AFRICA — Engulfed by a tide of public anger over violent crime, President Thabo Mbeki acknowledged in his annual state of the nation speech Friday that the government needed to work harder to eradicate what he called an "ugly and repulsive" scourge.

Mbeki's speech was in marked contrast to recent televised remarks in which he said there was no evidence that most South Africans thought crime was out of control. Critics said Mbeki was in denial about one of the worst violent crime rates on Earth.

In the days preceding the speech, tens of thousands of South Africans signed Internet petitions and some small businesses took out newspaper ads urging the president to tackle crime seriously.

A major financial institution, First National Bank, commissioned a $2.8-million advertising campaign urging the public to write to Mbeki demanding the government make crime its top priority. But the bank pulled the campaign on the eve of its launch; the government denied widespread news reports that it had pressured the bank to do so.

Mbeki did not launch any major initiatives, but his speech was noteworthy for the stark language it used to describe the crime problem.

"Certainly we cannot erase that which is ugly and repulsive and claim the happiness that comes with freedom if communities live in fear, closeted behind walls and barbed wire, ever anxious in their houses, on the streets and on our roads, unable to freely enjoy our public spaces," Mbeki said. "Obviously we must continue and further intensify the struggle against crime."

Although police statistics have shown a slight improvement in some crime categories, including murder, the rates are still among the world's highest. There were 18,528 murders, 54,926 rapes and 119,726 violent crimes such as aggravated robbery or attempted murder last year in a country of 44 million, police said.

Despite the drop, there is a growing public perception that robberies have become more violent. Fears have been fueled by the killings of several prominent figures and a sharp rise in high-profile crimes, such as robberies of armored cars in which highly organized attackers are often armed with automatic weapons.

The issue has taken on more urgency because South Africa will be the host of soccer's next World Cup, in 2010, and incidents of crime during the tournament could hurt the country's tourism industry.

The U.S. government has issued warnings to travelers about crime in South Africa.

The ruling African National Congress party is sensitive to criticism of its performance on crime. Government officials were riled by U.S. Ambassador Eric Bost's comments in a newspaper interview in November in which he said few people would travel to South Africa for the World Cup if crime continued at its present levels.

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Crime has also become an increasing concern for South African businesses. A survey by the Grant Thornton consulting firm found that 84% of medium to large businesses reported that employees or family members had been affected by crime, 88% reported increased security costs, and 65% reported lowered productivity because of crime.

Mbeki reiterated Friday that the number of police would increase from 152,000 to 180,000 before the World Cup. He also promised to continue a program to build more jails and improve cooperation between police and armed private security forces who transport cash for businesses and guard neighborhoods.

But he received as much criticism as praise, with opposition parties saying he had failed to show he grasped the scale of the problem.

$25 Million Offered In Climate Challenge (WP)

By Kevin Sullivan

The Washington Post, February 10, 2007

LONDON, Feb. 9 -- British billionaire entrepreneur Richard Branson, with former vice president Al Gore at his side, offered a $25 million prize Friday to anyone who can come up with a way to blunt global climate change by removing at least a billion tons of carbon dioxide a year from the Earth's atmosphere.

Branson, saying that the "survival of our species" is imperiled by current environmental trends, said the prize was similar to cash inducements that led to some of history's most notable achievements in navigation, exploration and industry. A competition launched in the 17th century, he said, resulted in the creation of a method to accurately estimate longitude.

"I believe in our resourcefulness and in our capacity to invent solutions to the problems we have ourselves created," said Branson, who has pledged to invest $3 billion in profits from his transportation companies, including Virgin Atlantic Airlines and Virgin Trains, to fighting global warming.

"We are now facing a planetary emergency," said Gore, whose documentary film, "An Inconvenient Truth," has helped him become one of the world's leading voices on climate change issues.

The former vice president will serve as a judge in the contest, known as the Virgin Earth Challenge. He said he hoped the contest would spur scientific innovation without distracting from more practical steps people can take to battle global warming, from using energy-efficient light bulbs to pressuring politicians to confront "the crisis of our time."

"It's a challenge to the moral imagination of humankind," Gore said at a packed news conference, which several noted climate scientists and authors attended. Others provided videotaped endorsements or appeared by live video link.

Gore and Branson said that although scientists are working on technologies to capture carbon dioxide and other greenhouse gases at power plants and other industrial sources, no one has developed a strategy to remove gases already released into the atmosphere. Those gases are contributing to a dramatic increase in global temperatures that could have catastrophic results in the coming decades, they said.

The winner of the contest must devise a plan to remove greenhouse gases from the atmosphere without creating adverse effects. The first $5 million would be paid upfront, and the remainder of the money would be paid only after the program had worked successfully for 10 years.

"We're nowhere" on technologies to reduce the amount of carbon dioxide in the air, Gore said. But he said he hoped innovators might be spurred not simply by the cash prize but also by a passion for working on what he called "a moral issue."

Other judges in the competition are James E. Hansen, director of NASA's Goddard Institute for Space Studies; British environmentalists and authors James Lovelock and Crispin Tickell; and Australian conservationist and author Tim Flannery.

Gore, Branson and the other panelists referred repeatedly to a study released last week by the Intergovernmental Panel on Climate Change, made up of hundreds of scientists from 113 countries, that concluded that human activity is warming the planet at a potentially disastrous and irreversible rate.

Gore dismissed critics who say the potential effects of climate change have been exaggerated. He said the overwhelming scientific evidence is that "the planet has a fever." He likened the situation to parents told by a doctor that their child needs medical care; those parents shouldn't listen to "some science fiction expert who tells you it isn't real -- you listen to the doctor."

Gore said he believed public interest in climate change was growing in the United States. But asked whether he thought Americans were ready for a presidential campaign in which global warming was the central issue, he said, "We're not there, yet."

Branson and Gore said they hoped to ask the governments of the United States, Britain and other countries to add to the prize money, or even match the $25 million pledged by Branson. "I don't have much influence with this administration," Gore joked.

Gore, who barely lost the 2000 presidential election to President Bush, has experienced a resurgence in popularity among many Democrats and is still viewed as a potential dark horse candidate in 2008. On Friday, he said he would not categorically rule out another run for public office, but he said he "can't foresee" any circumstances that would lead him to enter the race.

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"I'm involved in a different kind of campaign," Gore said.

Details on the $25 million competition can be found athttp://www.virginearth.com.

$25 Million To Encourage Cleaner Air (NYT)

By James Kanter

The New York Times, February 10, 2007

LONDON, Feb. 9 — Imagine a giant vacuum cleaner for the atmosphere.

The British billionaire Richard Branson and Al Gore, the former vice president, aimed for just that on Friday when they announced a $25 million prize to meet possibly the biggest challenge faced by humankind: to reduce the planet's warming gases that have collected in the atmosphere since the dawn of the Industrial Revolution.

"We are now facing a planetary emergency," said Mr. Gore, the author of the book "An Inconvenient Truth," which formed the basis for an Oscar-nominated documentary film about global warming.

At a news conference here, Mr. Branson urged governments to match the prize money he offered. He spoke of past efforts to encourage leaps forward in technologies, like a competition sponsored by the British government that led to more accurate measurement of longitude, saving thousands of lives at sea.

Mr. Gore, who with Mr. Branson, will be one of six judges, said the prize was intended for a project that would be different from technologies currently under development that capture and store large amounts of carbon dioxide from heavy emitters like coal-fired electric plants.

Mr. Gore also said the winning project must be more than a stop-gap against global warming gases. "This is a very new and different way of thinking," he said. Even so, experts in climate change said the prize money might be better spent on projects with more of a chance of success, like building cleaner engines for cars and ensuring that new technologies reach the marketplace.

"This project may hold particular appeal in the aviation industry as there really are no other viable, cleaner fuels in the pipeline," said Steve Rayner, a professor of science and civilization at Oxford University.

Mr. Rayner said plans for a extraction device to clean carbon from the air had been developed by Klaus Lackner, a professor at Columbia University. But Mr. Lackner's project never left the drawing board, Mr. Rayner said. Steve Howard of the Climate Group, a nonprofit organization that Mr. Branson said would help the judges with the deliberations, acknowledged that there were few technologies on the horizon. But he said he hoped the prize would encourage innovators to go to work.

Mr. Gore acknowledged that the prize was "highly speculative" and that it could be seen as a gimmick. But he said organizers should ensure that the prize was not "seen as a substitute or distraction from the main event which is to reduce the amount of CO2 which is being emitted."

Air transport represented about 3.5 percent of global greenhouse gas emissions in 1990 but that figure could grow to about 15 percent by 2050, according to United Nations figures, as cited by the Aviation Environment Federation in London.

The Virgin Group, owned by Mr. Branson, operates airlines.

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Miller, Charles S

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Stop Telling Foreign Scholars to Stay Home

The Hill Times

February 12th, 2007

By Simon Doyle and Kate Malloy

U.S. lawyers argue O'Connor report 'irrelevant' to Arar's U.S. lawsuit; Arar's lawsuit against U.S. practice of 'extraordinary rendition' is 'huge,' says New York City lawyer LaHood

Lawyers for the U.S. government are arguing before the U.S. Court of Appeals that Justice Dennis O'Connor's $16-million, two-year, commission report into the Maher Arar affair is "irrelevant" to Mr. Arar's lawsuit against the U.S. government and should not be considered by the court as evidence.

Mr. Arar is suing top officials in the U.S. government for violating his constitutional and human rights, and Justice O'Connor's report into the Arar affair is considered a significant element to the lawsuit because it examined all of the available evidence, found that Mr. Arar, a 36-year-old Syrian-born Canadian telecommunications engineer, had no links to terrorism and that there was no evidence of Canadian acquiescence in the U.S. decision to deport him to Syria.

"The commission actually conducted a full inquiry. They looked into this, they looked at all the classified evidence, looked at everything," said Maria LaHood, a lawyer with the New York City-based Centre for Constitutional Rights, the organization that launched the lawsuit on Mr. Arar's behalf.

"It more clearly shows that Maher was wronged, and I think anything that shows the complete picture, they'd prefer not to have in there," Ms. LaHood said of the arguments of the U.S. government lawyers.

A U.S. government brief, filed with the Court of Appeals in New York in January, says the O'Connor report is not relevant to the lawsuit and should not be considered by the court because Justice O'Connor's Commission of Inquiry did not use an "adversary" judicial process, that his "task was to investigate the actions of Canadian officials, not the U.S. government," and that "the United States did not give evidence or otherwise participate in the Commission proceedings."

Lawyers for John Ashcroft, former attorney general when Mr. Arar was deported, argued in a separate brief that taking "judicial notice" of the report, or consider it as evidence, would "interfere" with the government's foreign policy decision not to participate in Canada's Commission of Inquiry, raising "sweeping separations of powers concerns."

It goes on to say that Mr. Arar's lawyers want to rely on the commission report's "conclusions, not merely on the fact of its issuance. Because the mere fact of the report's issuance is irrelevant to this appeal, there is no reason to take judicial notice of that fact."

Mr. Arar's lawsuit is against a number of top U.S. officials in the Bush administration and is intended to challenge the U.S. practice of extraordinary rendition.

The lawsuit was originally filed on Jan. 22, 2004 in the U.S. District Court for the Eastern District of New York against then-U.S. attorney general John Ashcroft, FBI director Robert Mueller, former secretary of Homeland Security Tom Ridge and a number of U.S. immigration officials.

But the District Court dismissed Mr. Arar's claims, asserting national security and foreign policy considerations. Lawyers for Mr. Arar filed an appeal on Dec. 12 with the Second Circuit U.S. Court of Appeals in New York, submitting Justice O'Connor's report as part of its appeal. Mr. Arar's lawyers are asking the Court of Appeals whether the district court erred when it dismissed his claim of a violation of rights under the Torture Victim Protection Act and the Fifth amendment of the U.S. Constitution.

"It's one of two cases challenging so-called extraordinary rendition, but more than that, it's challenging the Bush administration's power and what they've done in this case, asserted that they cannot be questioned,

that their acts can't be questioned by the judiciary and can't be reviewed by the judiciary, and for it to move forward, it challenges that basic principle," Ms. LaHood said. "It's even bigger than extraordinary rendition. It's all of its illegal behaviour, I think, in the so-called war on terror, and all of the ways in which it says, 'We can do what we want to do and nobody can tell us not to.' It's huge."

The Centre for Constitutional Rights argues that Mr. Arar's case "reveals the willingness of U.S. officials to trample on the most fundamental principles of due process and human rights in their scorched earth approach to counterterrorism."

Mr. Arar's lawyers want the O'Connor report considered at the court to show that he does not constitute any security threat to Canada; that there is no evidence that Canadian officials acquiesced or participated in the American decision to deport Mr. Arar to Syria (where he was tortured, interrogated and detained without charge for almost one year); and that on Oct. 4, 2002, just before Mr. Arar's deportation, Canadian investigators faxed a message to an American official, saying they were unable to draw links between Mr. Arar and al-Qaeda.

Ms. LaHood said Mr. Arar's lawyers had submitted some testimony and documents from the Arar inquiry to the District Court in February 2006, but that was before the release of Mr. O'Connor's report in September 2006.

One of the points made in the lower District Court decision was that there could be a "negative effect" on Canada-U.S. relations if a lawsuit revealed that Canadian officials had acquiesced in Mr. Arar's removal from the U.S., but Ms. LaHood said now that Canada has completed its own inquiry, it's unlikely that new, "embarrassing" information could emerge.

In the lawsuit, Mr. Arar claims that by sending him to Syria to be tortured, the U.S. is liable under the Torture Victims Protection Act, passed by Congress in 1992, for conspiring with Syrian officials to subject him to torture under the "color of foreign law." The Torture Victims Protection Act says a victim of torture by a foreign government can launch a lawsuit against the U.S.

The District Court's dismissal of Mr. Arar's claims stated that the Torture Victims Protection Act does not provide rights to foreign nationals and that Mr. Arar could not demonstrate that the U.S. officials were acting under "color of law, of any foreign nation."

"With respect the claim that Arar was deprived of due process or other constitutional rights by the defendants during his period of domestic detention, prior cases holding that inadmissible aliens deserve little due process protection are inapplicable because Arar was not attempting to effect an entry into the United States," concluded the United States District Judge, David Trager, on Feb. 16, 2006.

But the Centre for Constitutional Rights is also arguing "that as a signatory of the International Convention against Torture, the U.S. has an obligation to avoid sending detainees to a nation that regularly practices torture in response to flagrant violations of Mr. Arar's basic human rights at the hands of U.S. government."

Ms. LaHood said that if the U.S. government is successful in excluding the O'Connor report from the proceedings, she hopes that Mr. Arar's legal arguments on their own will be sufficient to reverse the lower court's decision.

She added that if the Court of Appeals affirms the dismissal of the lower court decision, Mr. Arar's lawyers will take the case to the U.S. Supreme Court.

In Mr. Arar's case, as well as in another similar case of extraordinary rendition, involving Khaled al-Masri, the U.S. government asserted the "state secrets" privilege, in which the reason for the rendition is kept secret. Mr. al-Masri said because of mistaken identity he was wrongfully imprisoned by the CIA for five months in Afghanistan. Mr. al-Masri was accused of having terrorist ties. He said he was beaten, sodomized and questioned about alleged terrorist ties, according to news reports. The case of Mr.

al-Masri, a Lebanese-born German citizen, was dismissed by U.S. District Judge T.S. Ellis III in May 2006 on grounds that the lawsuit poses a "grave risk" of damage to national security. The case has been appealed.

The U.S. government maintains that it does not practice or condone torture.

Meanwhile, in Canada, on Jan. 26, 2007, the Canadian government issued a formal apology to Mr. Arar, awarding him $10.5-million in a settlement and $1-million in legal fees.

The U.S. has rejected Canadian government calls to remove him from its border-control watch list, however, saying it is acting on an independent intelligence assessment.

Public Safety Minister Stockwell Day (Okanagan-Coquihalla, B.C.) reviewed the U.S. security file on Mr. Arar in January, but maintains the position that there is no reason to keep Mr. Arar on the watch list.

Ms. LaHood said Mr. Arar is still on the watch list because the U.S. can't admit it's wrong. "An independent assessment doesn't mean anything. It just means 'We didn't do it because Canada told us to.' That's what it means. It doesn't mean that we had other information," Mr. LaHood said. "Regardless of the watch list issue, the real question remains. Why was he sent to Syria instead of Canada? That hasn't been answered, and I think that's because we know what the answer is, which is, so he could be tortured."

New Democrat MP Joe Comartin (Windsor–Tecumseh, Ont.), a member of the House Public Safety Committee, said the O'Connor report should carry some legal significance in the U.S. simply because it is so sweeping.

"It's pretty hard, if you're in any kind of a country that has a similar judicial system as we do, to ignore the kind of work that Justice O'Connor did and the findings he made from that investigation. It's hard, if you're the United States or England or one of our other allies, to say, 'Well, we're going to ignore that and go with what is much less knowledge-based and maintain our position,'" he said.

"Essentially, if you look at this, you've got a well-recognized jurist who did an extensive investigation and came to these findings. It's the most thorough investigation of this file in any place in the world."

Mr. Comartin added that the Arar lawsuit in the U.S. is important because it could set a precedent for a number of rendition cases before the U.S. courts. "If a determination is made in court that what they did to him was in fact illegal, and caused him these kind of damages, then that's going to spill over onto the other cases," he said. "The whole rendition issue gets opened up."

Bloc MP Serge Ménard (Hochelaga, Que.), also a member of the Public Safety Committee, said the Canadian apology and O'Connor report should create some legal leverage for Mr. Arar's lawsuit because of the similarities between the Canadian and American legal systems.

"Both countries have some respect for their legal institutions. After all, our systems have differences, but on these matters they're quite close, compared to the other countries on the planet. So it certainly has more influence than the Chinese or Russian or even I would say a Belgian conclusion," he said.

He also pointed out that the report and apology seems to be creating political pressures in the U.S. with Senators like Democrat Patrick Leahy speaking out against the decision to keep Mr. Arar on the watch list.

Democratic Sen. Leahy, chair of the Senate Judiciary Committee, and Republican Sen. Arlen Specter, who were recently briefed on the Arar case by the U.S. Justice Department, want to know more about why Mr. Arar was sent to Syria and why the U.S. won't take him off the U.S. watch list.

Sen. Leahy recently grilled U.S. Attorney General Alberto Gonzalez before the Senate Judiciary

Committee, saying the case is a black mark on the United States. Sen. Leahy also wants the U.S. Government's Accountability Office to look into Mr. Arar's case.

The U.S. government intends to submit a response to the court challenge by the end of the month, arguing for a dismissal of the case, and lawyers for both Mr. Arar and the U.S. government are expected to appear at a court hearing in New York in a matter of months.

END

AP

Feb. 10, 2007

US criticizes ruling concerning American wanted by Iraq

The Justice Department is unhappy that the US has been blocked from turning over an American to Iraqi justice.

A Justice Department spokesman says the ruling from a federal appeals court in the US will "inappropriately interfere with the executive branch's prerogative to prosecute a war."

The lawyer for the man, who was charged with supporting terrorists and insurgents in Iraq, disagrees. He says the ruling shows you can't throw someone in a legal black hole with no means to challenge.

The man, Shawqi Omar, was captured in Iraq by US forces in 2004, and has been held there ever since. His wife and daughter filed suit, demanding he be brought before a US court.

In an American court, prosecutors would have to show probable cause for holding him.

END

Australian

February 12, 2007

US vow to try Hicks `as soon as possible'

US Defence Secretary Robert Gates has told Foreign Minister Alexander Downer that the US will do what it can to ensure Australian terror suspect David Hicks is brought to trial as soon as possible.

Mr Downer met Mr Gates on the sidelines of a security conference in Munich at the weekend and used the opportunity to press Australia's concerns over the time it was taking to bring the Adelaide father of two to trial.

The Government has ramped up its criticism of the US's handling of the Hicks case as it acknowledges growing disquiet in the community over the treatment of the 31-year-old Muslim convert, detained at Guantanamo Bay for five years.

John Howard last week threatened to raise the issue with the US on an almost daily basis.

He said yesterday that Mr Downer had spoken to Mr Gates and reinforced Australia's concerns. ``He drove home again to the Americans, the concern that I've expressed to President Bush, and will go on expressing it,'' Mr Howard told the Nine Network. ``We are unhappy, frustrated with the amount of time it's taken.''

A spokesman for Mr Downer said it was a successful meeting, during which Mr Gates had promised to take Australia's concerns on board. ``(The minister) expressed again our frustration at the time being taken to bring this matter to a trial and stressed that we're very, very keen to see this process expedited,'' he said.

Hicks has been held at the US military prison in Cuba since soon after he was captured with Taliban forces in Afghanistan in the aftermath of the September 11 attacks. He pleaded not guilty to terrorism-related charges, which lapsed last year after the US Supreme Court ruled unlawful the military commissions set up to charge Guantanamo Bay detainees.

But US authorities began the process of charging Hicks again this month, with prosecutors recommending charges of attempted murder and providing material support for terrorism.

Officials expect final charges to be at least a couple of weeks away. Once they are finalised, Washington will have up to four months to formally establish the military commission.

US State Department officials last week were unable to give a timeframe for the trial.

Opposition Leader Kevin Rudd accused the Government of only acting on the Hicks matter because of public sentiment. ``What we see ... with Mr Hicks is that as soon as the opinion polls start turning negative, suddenly Mr Howard jumps to attention,'' Mr Rudd told the Ten Network.

END

U.S. News & World Report

Posted 2/9/07

Ex-Agent Ties Firing to CIA Pressure on WMD

By Chitra Ragavan

A federal judge has ruled that a CIA agent identified only as "Doe," allegedly fired after he gathered prewar intelligence showing that Iraq was not developing weapons of mass destruction, can proceed with his lawsuit against the CIA. The judge has ordered both parties to submit discovery requests–evidence they want for their case–to be completed by March 15, according to the CIA agent's lawyer and a spokesman for the Justice Department, which is defending the CIA in court.

U.S. District Judge Gladys Kessler issued her ruling after what Doe's attorney, Roy Krieger, described as an extraordinary, secret status conference by telephone this afternoon that lasted nearly a half an hour. So concerned was the CIA about the agent's identity becoming public that the Justice Department prevailed upon the judge to issue a highly restrictive order regarding press contacts by the agent and Krieger. The order barred them from "requesting, allowing, encouraging, or directing" any members of the media from appearing at Krieger's office or even within a two-block vicinity of the building where he works or of any other location of the status conference, until two hours after the conference was completed.

Krieger and his client were also barred from notifying the media ahead of time about the status conference or its location. The judge sealed her order until 2 p.m. today.

"They are worried about his photograph being taken or his likeness being sketched," Krieger told *U.S. News*, "because if his appearance became public, we are told we will lose one of our most valued assets because [the asset has] been publicly associated with him."

At the hearing, Krieger said, Justice Department attorney Marcia Tiersky told Kessler the department wanted to file a motion for summary judgment, leading to dismissal of the case, before discovery commenced. In response to Kessler's request for a basis for summary judgment, according to Krieger and the Justice Department, Tiersky said that the department would produce affidavits in support of the move. But the judge, indicating that she viewed this as a delaying tactic, said she would allow the discovery process to begin.

This is the second setback for the government in this case. In January, Kessler decided on technical grounds that the CIA employee's lawsuit could not be dismissed. However, the judge did not rule on the agent's central claim that he was fired because he refused to alter intelligence that contradicted the Bush administration's central rationale for the war in Iraq. In that earlier ruling, Kessler said that the covert agent could plausibly argue that his firing was based on allegedly false information placed in his personnel file. Krieger said that his client had gathered intelligence from several countries in the Middle East, including Iraq.

The intelligence was picked up as the United States began its push for invading Iraq in 2003. As has been widely reported, the Bush administration has since failed to find any weapons of mass destruction. The CIA agent has alleged in his suit that supervisors told him they would notify President Bush that he had found contradictory information but that they failed to follow through on their promise.

END

South Florida Sun-Sentinel
February 10, 2007

Clinics accused of false claims; Lawsuits allege U.S. programs lost $30 million

By Vanessa Blum

Federal authorities took legal action Friday against nearly two-dozen South Florida clinics and medical equipment companies they said defrauded federal insurance programs out of more than $30 million.

Civil suits filed in Miami federal court seek reimbursement for false claims paid by Medicare and Medicaid, tax-funded programs providing insurance coverage to the elderly and poor. Government officials said an earlier phase of the crackdown resulted in payments of $10.5 million.

In one case, a Hallandale Beach clinic is charged with submitting more than 5,000 false claims to Medicare totaling roughly $1.5 million between April 2006 and July 2006. Investigators found the physician listed on the claims had never worked for the clinic, the suit states.

Under the law, those who submit false claims can be forced to pay penalties of up to $11,000 per claim. The businesses drew suspicion in some cases by closing suddenly and abandoning bank accounts containing large sums of money, officials said.

Jonathan Solomon, special agent in charge of the Federal Bureau of Investigation's Miami office, called health care fraud a top priority for his office.

"The amount of taxpayer money that is stolen by criminals abusing the Medicare reimbursement system is substantial, particularly in South Florida," Solomon said in a written statement.

END

THE WASHINGTON TIMES
February 12, 2007

Firm seeks settlement of Medicaid claims probe

By Jim McElhatton

U.S. Department of Justice criminal division lawyers say a Reston-based government consulting company either "willfully or recklessly" submitted inaccurate Medicaid claims on behalf of the D.C. government, the company recently disclosed.

Officials with Maximus Inc. said in a recent Securities and Exchange Commission (SEC) filing that they disagree with the criminal division lawyers' assessment. The company also said it is engaged in ongoing talks with the Justice Department concerning a potential civil settlement, the SEC filing states.
Federal authorities began investigating Maximus' work for the District more than two years ago.

Though not outlined in the SEC filings, unsealed court records show that investigators have reviewed accusations in a False Claims Act lawsuit in which a former employee says the company overcharged the government tens of millions of dollars while Maximus was working for the District's foster care agency.

No charges have been filed against the company. Last week, Maximus first disclosed in SEC filings that Justice Department criminal division lawyers "have expressed their view that the company either willfully or recklessly submitted inaccurate claims to the federal government on behalf of the District of Columbia."

"Maximus disputes that view," company officials said. "Nevertheless, the criminal division attorneys have referred the company to attorneys for the civil division to determine if a civil resolution of the matter is possible. Those discussions are ongoing."

A spokesman for Jeffrey A. Taylor, U.S. attorney for the District, on Friday declined to comment, saying the matter is pending. There is no indication from Maximus' latest SEC filing that the criminal probe has concluded.

Maximus officials could not be reached for comment Friday. Previously, a company spokeswoman said the company has been cooperating with federal authorities and would not want to jeopardize its efforts by making individuals available for interviews.

In previous SEC filings in 2004 and 2005, Maximus officials said they don't believe the company broke any federal health care laws in connection with the federal investigation.

The SEC filing last week does not specify the scope of the investigation into Maximus' work for the District, beyond stating it is related to "issues pertaining to compliance with federal laws governing Medicaid claims."

The Washington Times reported last year that federal authorities started investigating Maximus after a former employee accused the company of submitting questionable Medicaid claims totaling approximately $33 million while working for the D.C. Child and Family Services Agency.

Under the consulting arrangement, Maximus was paid 10 cents of every Medicaid dollar it helped the city recoup, eventually netting the company more than $3 million for at least $30 million in Medicaid claims, according to the lawsuit.

However, the 2003 False Claims Act lawsuit filed against Maximus by former employee Benjamin Turner says the Medicaid-billing project was "grounded in fraud."
A billing review found more than half of the foster children for whom Maximus prepared Medicaid claims had no record of actually having received services, according to the suit.

In addition, the lawsuit said the D.C. government, unaware of the purported mischarging, lost more than $3 million.

Previously, Maximus has declined to comment on Mr. Turner's lawsuit, saying it has not been served with the complaint and that public records show the suit was ultimately dismissed from Alexandria federal court in June 2005.

Within days of the lawsuit's dismissal in Alexandria, unsealed filings in Mr. Turner's case show that his complaint was filed in D.C. federal court on June 21, 2005.
No records of the case appear on the public docket in federal court in the District. False Claims Act complaints usually are kept under seal until dismissal or until the Justice Department decides whether to take over prosecution of the case.

In the latest filing last week, Maximus said it cannot predict how much the investigation could cost the company beyond $500,000 already set aside for an internal review.
"We are unable to quantify the probability of criminal or civil prosecution or the probability or magnitude of any other expenditure, fine, penalty or settlement," Maximus officials wrote.

END

The Connecticut Law Tribune
02-12-2007

Supreme Court to Hear Companion Worker Overtime Pay Lawsuit

By J. Martin Acevedo

Affordability and higher quality of life are two of the most attractive attributes of nonmedical homecare for the elderly. For a reasonable hourly fee, a reputable homecare agency will place a properly trained, adequately screened and legally documented caregiver in the elderly consumer's home to assist him or her with activities of daily living and provide the much-needed companionship many seniors require.

Particularly in the case of around-the-clock help or "live-in" companions, agencies can make quality homecare affordable to seniors and still derive a modest profit in part because, under current law, "companion" workers are exempt from payment of overtime and minimum wage law under the Federal Labor Standards Act (FLSA).

A live-in companion is defined as a worker who, in exchange for a competitive per diem wage plus free room and board, agrees to be employed to provide around-the-clock care to his or her elderly client. Contrary to what some believe, live-in workers do not literally work 24 hours each day. Live-ins are entitled to eight hours of uninterrupted sleep and in many cases enjoy ample downtime during the day.

Under the FLSA, an employer does not have to pay overtime to "any employee engaged in domestic service employment to provide companionship services for individuals who (because of age or infirmity) are unable to care for themselves." 29 U.S.C. ' 213(a)(15). By federal regulation, that exemption was extended to companionship services performed by caregivers "who are employed by an employer or agency other than the family or household using their services." 29 C.F.R. ' 552.109(a). For the last 30 years, homecare agencies have relied on the regulation for the proposition that they are entitled to the benefits of this exemption.

If the companionship exemption were eliminated, companions would be entitled to overtime compensation for hours worked in excess of 40 in a workweek. In the case of live-in companions, the loss of such exemption would make the cost of receiving care at home cost-prohibitive for all but the most affluent individuals.

Pending before the U.S. Supreme Court, however, is litigation that, depending on the outcome, may result in the extinction of the companionship exemption for third-party employers such as homecare agencies.

TEST CASE

In *Coke v. Long Island Care at Home, Ltd.,* 376 F.3d 118 (2d Cir. 2004)("*Coke I*"), the the 2nd U.S. Circuit Court of Appeals held that the companionship exemption cannot be used by a homecare agency to avoid paying its caregivers minimum wage and overtime compensation.

To date, the *Coke* ruling is the first and only federal appellate court to rule that such exemption is unavailable to homecare agencies. Previously, in *Johnston v. Volunteers of America, Inc.*, 213 F.3d 559 (10th Cir. 2000), the 10th U.S. Circuit Court of Appeals explicitly held that third-party employers can avail themselves of the companionship exemption to avoid paying companion workers overtime.

The facts at issue in the *Coke* case are relatively simple. Evelyn Coke, a New York homecare attendant, sued her employer in the U.S. District Court for the Eastern District of New York alleging that it failed to pay her overtime compensation in violation of the FLSA. Specifically, she claimed that the federal regulations defining and interpreting the companionship services exemption were unreasonable. With the support of the Service Employees International Union, Evelyn Coke brought the case against her employer as a test case.

The district court ruled for the employer, holding that Coke's employment was subject to the FLSA's exemption for employees engaged in "companionship services." On appeal, however, the 2nd Circuit sided with Coke. The portion of the companionship services exemption regulation that extended the exemption to third-party employers such as homecare agencies was invalid and therefore nonenforceable, the 2nd Circuit held. The ruling foreclosed an agency's ability to continue to rely on the companionship exemption in order to avoid paying overtime compensation to companion workers for any hours worked in excess of 40 in a workweek.

The defendants in *Coke* asked the U.S. Supreme Court to review the 2nd Circuit's decision. On Jan. 23, 2006, the high court granted the homecare agency's certiorari petition and, in an interesting procedural development, vacated the judgment and remanded the case back to the 2nd Circuit for further consideration in light of a U.S. Department of Labor's Wage and Hour Advisory Memorandum No. 2005-1 (Dec. 1, 2005). According to the Solicitor General's amicus brief in support of certiorari, the DOL's memorandum reiterated the DOL's position that the exemption is available to "home health care aides employed by third-party companies or agencies" and demonstrated that, in holding the exemption unenforceable, the 2nd Circuit had run afoul of Congressional intent.

PROHIBITIVE COSTS PREDICTED

Despite the Supreme Court's remand and the existence of the DOL memorandum, on Aug. 31, 2006, the 2nd Circuit issued an opinion in which it adhered to its original decision invalidating the regulation in question. *Coke v. Long Island Care at Home, Ltd.*, 462 F.3d 48 (2nd Cir. 2006)("*Coke II*"). Fortunately, on Jan. 5, 2007, the U.S. Supreme Court granted the defendants' petition for certiorari, paving the way for the Supreme Court to resolve the matter once and for all. As the final arbiter of federal law, the Supreme Court's ruling on this issue will affect homecare agencies across the nation, not just those that conduct business in the three original jurisdictions affected by the 2nd Circuit rulings in *Coke* I and II.

END

Los Angeles Times

February 10, 2007

Immigration judge orders release of 3 men; The ruling says the detainees, who are all fighting deportation, do not pose a danger.

Anna Gorman

Times Staff Writer

Ruling that the government did not justify their "prolonged detention," a federal judge on Friday ordered three men released on bond from immigration custody at the San Pedro Detention Facility on Terminal Island while they appeal their cases.

Immigration Judge D.D. Sitgraves said that the men, who are each fighting deportation and have been housed at the detention facility between two and 4 1/2 years, did not pose a danger or a flight risk.

His decision stemmed from lawsuits filed by the American Civil Liberties Union on behalf of Raymond Soeoth, Amadou Diouf and Victor Martinez.

The ACLU charged in the suit that the Department of Homeland Security failed to abide by a Supreme Court decision that immigrants cannot be held longer than six months without being given a chance to be freed on bond.

"We're thrilled," ACLU attorney Ahilan Arulanantham said. "It sends a strong message to the government that a lot of immigrants are being imprisoned for years with no good reason."

Soeoth, a Chinese Christian, fled Indonesia in 1999 to escape religious persecution. He applied for asylum the following year, but he lost the case. He appealed and has been detained for more than two years while awaiting the ruling. The court ruled that Soeoth does not pose a danger or flight risk, citing his ties to his community and his church.

Diouf came into the country from Senegal on a student visa in 1996, but he overstayed the visa because he began dating an American citizen whom he later married. Diouf was arrested and ordered deported for overstaying the visa and has been detained for nearly two years. He is fighting to stay in the country based on his marriage.

Martinez, an Ecuadorean who has a U.S.-born daughter and has lived here for 36 years, has been in immigration custody since 2002. He was ordered deported after multiple criminal convictions, including petty theft and commercial burglary. His immigration case is also pending.

END

Inside High Ed

February 12, 2007

Stop Telling Foreign Scholars to Stay Home

By Jonathan Knight

For decades foreign scholars have visited the United States to meet with their counterparts in this country, to present a paper at an academic conference, or to take up an appointment at an American college or university. These visits have been immeasurably beneficial to this country in advancing knowledge in all academic fields and in strengthening ties with other nations.

Under the current administration these visits have continued, but as evidenced by a series of visa decisions over the past three years, the administration's commitment to the free exchange of ideas has been alarmingly weak.

In August 2004, the administration revoked a visa that had earlier been issued to Professor Tariq Ramadan, a Swiss citizen and a renowned scholar of the Muslim world, to begin an appointment as a tenured professor at the University of Notre Dame. Ramadan had previously been able to travel freely to the United States, and currently he has an appointment at the University of Oxford and is serving as an advisor on anti-terrorism policies to the British government.

In responding to a lawsuit filed by the American Association of University Professors and other organizations in behalf of Ramadan, government lawyers said that Ramadan had not been denied entry because of his views about terrorism, contrary to what the government initially stated, but refused to specify why or to act on the visa. And then, in response to a federal court's ruling that was skeptical that a sound legal basis exists for the administration's continuing to deny entry to Ramadan, the government told Ramadan that it declined to renew his visa application because he had donated some $900 to two Palestinian relief organizations that in turn gave money to Hamas, a designated terrorist organization. Ramadan had previously disclosed these donations to U.S. consular officials.

In September 2004, the Department of State denied visas to 65 Cuban scholars one week before they were to participate in a conference sponsored by the Latin American Studies Association (LASA) to be held in Las Vegas. The blanket visa denials were unprecedented in their scope; a State Department spokesperson said that the action was "consistent with the overall tightening of our policy" toward Cuba. The department took the same action in March 2006 against 55 Cuban scholars who were to have attended a LASA conference in Puerto Rico.

In June 2005, Professor Waskar Ari, a citizen of Bolivia, learned that he was not to be issued a visa and therefore could not begin his faculty appointment at the University of Nebraska at Lincoln that fall. Like Ramadan, Ari had been a frequent visitor to the United States, where he obtained his Ph.D. in history. The administration has given no explanation for this decision.

A year later, in June 2006, government officials barred Professor John Milios of Greece from entering the country to attend an academic conference at the State University of New York at Stony Brook. Milios, who had been in this country on five separate occasions between 1996 and 2003, was halted at JFK international airport, where he was questioned about his beliefs and associations. He reports having undergone similar questioning by the American consul in Athens when he returned to Greece.

The most recent incident occurred in October 2006, when Professor Adam Habib, a citizen of South Africa, was, like Melios, denied entry into the country upon his arrival at JFK airport. He had been scheduled to meet with officers of the Social Science Research Council, Columbia University, the National Institutes of Health, and the World Bank. A frequent visitor to the United States, Habib initially thought that perhaps he was mistakenly barred entry because he had once been detained as a political prisoner under South Africa's apartheid regime. He abandoned the notion of bureaucratic error when the American consulate in Johannesburg informed his wife in early January of the State Department's extraordinary decision to revoke her visa and those of their two small children for travel to this country.

No doubt these visa-denial decisions are colored by circumstances particular to each one. For example, the administration's refusing entry to Cuban scholars, like its Cuban policy more broadly, has been heavily influenced by anti-Castro politics in Florida, a factor not at play in the other visa decisions.

The common thread in these decisions is that in none of them has the administration questioned the reasons given by the foreign scholars for visiting the U.S. as being false or even suspect. At a time of

genuine concern about threats to national security, it is perhaps not surprising when the government overreaches in guarding our borders. Certainly this administration is not the first to keep foreign scholars out of the country. But a bad practice is not improved by repeating it.

The administration, instead of instilling confidence that it knows what it is doing to stop foreign visitors from harming us, invites cynicism when it bars scholars who wish to enter this country for legitimate academic reasons. With these decisions, it hampers our ability to learn from those whose experiences and knowledge can enrich our understanding of vital issues.

These visa decisions also teach the wrong lessons to foreign scholars. Barred from entering the country without explanation or for reasons that defy common sense, they are left with the impression that our government fears ideas almost as much as it fears bombs. That may be a false impression, but the administration has only itself to blame for decisions that encourage this kind of thinking.

Various groups have sharply criticized the government's decisions in specific cases, but every opportunity should be pursued to remind the academic community and those outside it of the basic and central point that keeping legitimate scholars out of the country damages freedom. Also needed is more effective Congressional oversight of the visa process and of visa decisions that may impair the free circulation of ideas. And positive action by both the executive branch and Congress on new visa recommendations proposed by a coalition of organizations may help guard against the misuse of the visa system.

Plainly the government should erect high barriers to thwart real threats to the nation's security. But it should abandon barriers to the visits of foreign scholars to this country and encourage the freest possible international movement of scholars and ideas. Such a policy could be a powerful means of enhancing the nation's well-being.

Jonathan Knight directs the program in academic freedom and tenure for the American Association of University Professors

END

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Portuguese Have No Evidence Of Illegal CIA Activity. The New York Times (2/13, Sciolino, 1.16M) reports Portuguese Prime Minister José Sócrates "said Monday that his government had no concrete evidence to support allegations that the United States had conducted illegal counterterrorism activities on an American air base on Portuguese soil." Sócrates "confirmed that his government had opened an investigation into whether C.I.A.-operated planes, some of them possibly carrying terrorism suspects, made stopovers at the American Air Force base in the Azores Islands in the Atlantic Ocean, which are governed by Portugal. But he stressed that relations between the United States and Portugal were not at all strained as a result of the allegations." The Prime Minister said, "We have no indication of any illegal activity practiced by the Americans."

Radical Muslim Cleric To Sue US, Italy Over CIA "Abduction." The Washington Post (2/13, A15, Boustany, 690K) reports, "A radical Muslim cleric who Italian prosecutors say was abducted by the CIA in Milan in 2003 and flown secretly to Cairo has been freed from an Egyptian jail and plans to sue the U.S. and Italian governments for damages, the man's attorney said Monday." Hassan Mustafa Osama Nasr, "known as Abu Omar, was ordered released Sunday by an Egyptian security court and is 'recovering with his family in Alexandria,' the attorney, Montasser al-Zayat, said in a telephone interview from Cairo." An Italian official "said Monday that Nasr, an Egyptian national, would be arrested on terrorism charges if he returned to Italy. When he was abducted, the official said, Italian authorities had been developing a case that he was helping recruit men to go to Iraq to join the insurgents."

Chronology, Motivation Of 2003 Turkish Bombings Examined. The Washington Post (2/13, A1, Vick, 690K) reports in a front page story on the genesis of the November, 2003 bombings in Turkey which were orchestrated by al Qaeda but carried out by a local Turkish cell. The Post reports that "about a week before Sept. 11, 2001, Osama bin Laden sat down to a breakfast meeting in the southern Afghan city of Kandahar. His Turkish guests had arrived with a plan for a spectacular terrorist strike, but according to accounts two of the visitors later gave investigators, there was no talk of business over the meal." So began "a plot that ended in November 2003 with the staggered detonation of four powerful truck bombs in Istanbul, Turkey's largest city. The attacks, which killed 58 people and wounded 750, may have been the last terrorist strikes specifically authorized by bin Laden. Two months after breakfasting with the Turks, bin Laden was making for his base at Tora Bora as U.S.-led forces attacked across Afghanistan." The Post outlines the details of the plot as found in documents from the Turkish investigation of the attacks.

UK Attorney General Calls For Closure Of Gitmo Despite Reforms. The Miami Herald (2/13, Rosenberg, 286K) reports, "Addressing the American Bar Association's annual winter meeting in Miami [Monday] morning, Britain's attorney general condemned the new U.S. format for war crimes at Guantánamo Bay, Cuba, as 'too little and too late.'" Lord Peter Goldsmith "reiterated earlier calls for its closure. But his remarks at the legal establishment's 546-lawyer policy-making body were his first public comments on the new rules for military commissions passed in the last days of the Republican-led Congress."

The AP (2/13, Sherman) also reports the story, saying, "Attorney General Lord Goldsmith said Guantanamo remains a symbol of injustice because prisoners held in the facility in Cuba cannot use American courts to protest their detention and may be convicted of crimes on the basis of coerced evidence and other means not typically allowed in civilian courts." He additionally "condemned the now-repudiated remarks made by the Pentagon official in charge of detainee affairs that criticized lawyers who represent terrorism suspects. Goldsmith called the remarks by Charles 'Cully' Stimson 'unjust, unacceptable and un-American.'"

FBI Offers $5 Million Rewards For Hamadei, Shallah. Fox News (2/12) reported on its Web site, "The FBI is baiting its hooks with up to $5 million in reward money, hoping to land two of the biggest fish in international terrorism. The jumbo rewards are for tips leading to the arrest of Mohammed Ali Hamadei, wanted for the 1985 hijacking of TWA Flight 847, during which a U.S. Navy diver was executed and his body dumped on the tarmac; and Ramadan Abdullah Mohammad Shallah, founder of the

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Palestinian Islamic Jihad (PIJ), a terrorist front with headquarters in Damascus, Syria. FBI officials said Shallah directly planned and carried out numerous bombings, murders, extortions and racketeering crimes." Fox noted, "Since its inception in 1984, the FBI says its 'Rewards for Justice' program has $62 million to more than 40 people for credible information that has brought terrorists to justice or prevented acts of international terrorism. It's a small price to pay to make the world safer."

HOMELAND RESPONSE:

Congress Mulls Changes To Civil Liberties Board. The Washington Post (2/13, D1, Nakashima) reports, "Key lawmakers want to replace a White House privacy and civil liberties board created by Congress in 2004 with one that is more independent of the president. The idea is to make the board more like the one envisioned by the bipartisan 9/11 Commission." The Post continues, "As the commission's vice chairman, Lee H. Hamilton, said yesterday: 'We felt that you had to have a voice within the executive branch that reached across all of the departments of government with strong powers to protect our civil liberties.' … But the five-member Privacy and Civil Liberties Oversight Board is resisting proposals that would dramatically change its composition and powers. The battle is another sign of the changed political landscape, with the Democratic-controlled Congress pushing for stronger oversight of the Bush administration's counterterrorism programs. … 'In 2004, the Senate endorsed the idea of a strong privacy and civil liberties watchdog to keep vigil as the government launched a full-bore effort to make the nation safe from terrorists,' said Sen. Joseph I. Lieberman (I-Conn.), the chairman of the Homeland Security and Governmental Affairs Committee who caucuses with the Democrats. 'Congress passed a weak proposal. Now we are back to make sure the watchdog has both a bark and a bite.'" The Post notes, "House Democrats see the board, which took office only last March after a series of delays, as too beholden to President Bush, who selects the members. … Despite its position, the board has had to wait months before receiving briefings on sensitive administration programs, and then only with permission from the White House counsel's office. … Separate House and Senate measures would require that the entire board be confirmed by the Senate -- now it is only the chairman and vice chairman -- and that no more than three members be from one party. … The House provision would remove the board from the Executive Office of the President but keep it within the executive branch and give it subpoena power, as recommended by the 9/11 Commission. The Senate version would keep the board within the executive office and allow it to ask the attorney general to issue subpoenas. Congress would have to be notified if a subpoena request were denied or modified."

Pennsylvania Man Sentenced To Prison For Offering To Build Al Qaeda Bomb. The AP (2/10) reported, "A 70-year-old Pennsylvania man accused of offering to build and sell a bomb to an Al-Qaeda operative has been sentenced to five years in federal prison without parole." Ronald Allen Grecula "was sentenced Friday by U.S. District Judge Keith Ellison. Grecula pled guilty in September of trying to provide support to a terrorist organization." The AP noted, "According to federal prosecutors, Grecula negotiated the sale of an explosive device with a confidential source and undercover officers, whom he thought were Al-Qaeda members. Prosecutors said Grecula was angry with the government over losing custody of his children in 2002." The Easton (PA) Express Times (2/10) also reported on Grecula's sentencing, but like the AP story, did not mention the FBI.

Publisher Reopens Miami Building Contaminated By Anthrax In 2001. The Miami Herald (2/13, Valdemoro, 286K) reports, "Nearly six years after an anthrax-laced letter contaminated the former headquarters of tabloid publisher American Media Inc. and killed Bob Stevens, a photo editor at the Sun, Palm Beach County health officials Monday reopened the site to the public." The Herald notes, "The bioterrorist attack, which came just weeks after Sept. 11, unnerved many here because terrorism had suddenly hit close to home. Ultimately, a handful of anthrax letters killed five people and sickened 19 others. … No one has been arrested despite an expensive ongoing FBI investigation."

Davis Wants "Straight Answers" On Border Tunnels. The Washington Times (2/13, Seper, 88K) reports Rep. Thomas M. Davis III has written a letter to DHS Secretary Michael Chertoff seeking "straight answers" as to whether or not his agency has "closed down seven tunnels used by smugglers to bring illegal aliens and drugs into the US from Mexico." Davis "noted a Jan. 30 story in the Los Angeles Times saying seven tunnels needed to be filled, that

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two had been 'capped,' meaning their entrance was blocked off, and CBP was looking to find $2.7 million to complete the task." Davis said in the letter that he has been "unable to obtain consistent information regarding the tunnels," and "asked Mr. Chertoff to make his staff available for a briefing by Feb. 26."

Senate Bill Would Boost Top Management Job At DHS. In its "Federal Diary" column, the Washington Post (2/13, D4, Barr, 690K) reports that as DHS struggles with woes including "contracting and budget problems, a sluggish response to Hurricane Katrina, turnover in senior ranks and a workforce that gives low scores to its senior leadership in attitude surveys," a bill has been introduced in the Senate that "would elevate the department's top management job and enhance its stability." Under the draft bill, a new deputy secretary for management would become the No. 3 official at the agency and "serve for at least five years." The Post adds that "the Bush administration has seemed cool to the idea of setting up management czars," noting that "Pentagon officials have said creating a chief management official for the Defense Department would create more bureaucracy and slow down the flow of information to the defense secretary." Sen. George V. Voinovich, the bill's chief sponsor, "said his plan would ensure that the deputy secretary at Homeland Security, the No. 2 official, would continue to be the secretary's 'first assistant on all policy matters,' while the newly created deputy secretary for management would be the secretary's chief adviser on 'the development of sustained, long-term management strategies.'"

Account Of 9/11 "First Responder's" Death Apparently Inaccurate. The New York Times (2/13, Chan, Baker, 1.16M) reports New York City police officer, Cesar A. Borja, "who died of lung disease last month," has been "held up as a symbol of the medical crisis affecting the thousands of emergency personnel and construction workers who labored on the smoking remains of the fallen World Trade Center after the 9/11 attack." A New York Daily News story described "how Officer Borja had rushed to the trade center site after the twin towers fell, breathing in clouds of toxic dust that seared his lungs, and how he had chosen not to wear protective gear because the federal government had declared the air safe." Sen. Hillary Clinton "wrote to President Bush seeking more federal money to care for the workers and citing Officer Borja's months of '16-hour shifts' at the disaster site." It was "a powerful story, one that brought the officer's eloquent son to the State of the Union address in Washington on Jan. 23, the day of his father's death. The son later met with President Bush." But it "turns out, though, that very few of the most dramatic aspects of Officer Borja's powerful story appear to be fully accurate. Government records and detailed interviews with Officer Borja's family indicate that he did not rush to the disaster site, and that he did not work a formal shift there until late December 2001, after substantial parts of the site had been cleared and the fire in the remaining pile had been declared out." Officer Borja "worked traffic and security posts on the streets around the site, according to his own memo book, and there is no record of his working 16 hours in a shift. He worked a total of 17 days, according to his records, and did not work as a volunteer there." It is "hard to determine precisely how the apparent misinformation about Mr. Borja's work at ground zero came to be reflected in newspapers, as well as in television and radio broadcasts."

Cause Of Disease That Killed Borja Poorly Understood. The New York Times (2/13, Chan, 1.16M) reports, "Pulmonary fibrosis, the chronic lung disease that doctors believe killed Officer Cesar A. Borja, is a rare and deadly disorder whose causes are poorly understood." The disease "causes tissue deep in the lungs to become thick and stiff, or scarred, over time, destroying the lungs' ability to move oxygen into the bloodstream and eventually causing respiratory failure." Officer Borja "was found to have idiopathic pulmonary fibrosis, meaning that the origin of the disease was unknown. In most cases of the disease, no cause is ever determined."

First Katrina Insurance Suit Heads To Trial. The AP (2/13, Kunzelman) reports, "A homeowner who claims Allstate Indemnity Co. failed to properly or promptly pay his damage claim after Hurricane Katrina took the witness stand in federal court Monday, kicking off testimony in the first trial for one of the several thousand such Louisiana lawsuits." The AP continues, "Lawrence Tomlinson and his wife Elizabeth, accuse the Northbrook, Ill.-based company of bad faith and say the company underpaid them for wind damage that tore holes in their roof and let water rain into their home in the New Orleans suburb of Marrero." The AP adds, "The Tomlinsons also say Allstate didn't start adjusting their claim after the Aug. 29, 2005, storm until Nov. 28 -- more than the 30

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days allowed by law. … 'The whole house was a mess,' Tomlinson said, describing how water had pooled inside the home. 'There was a lot of damage to everything.'" The AP notes, "Allstate disputes the extent of the wind damage to the Tomlinsons' home and accuses the couple of misrepresenting parts of their claim. .. Jury selection was completed quickly Monday morning, despite Eastern District of Louisiana Judge Martin Feldman's early fears that there were potential problems in finding an unbiased panel in southeast Louisiana, where Katrina caused widespread death and destruction. … The seven-member jury first heard arguments from the Tomlinsons' lawyer, Christy Howley, who said the Tomlinson's paid their premiums in a timely manner but didn't get paid for their Katrina claims until after they sued in January 2006."

NYTimes Calls For Waiver Of Stafford Act For Gulf Coast. The New York Times (2/13, 1.16M) editorializes, "The recovery along the Gulf Coast and particularly in New Orleans is going too slowly, and there are steps the government can easily take to speed the process. One thing the Bush administration should have done immediately after Hurricane Katrina was to waive the requirement that state and local governments match federal rebuilding funds. The time to correct that mistake is now." The Times states that the decision not to waive the Stafford Act "is particularly surprising, given that such a large proportion of the damage can be attributed to the failure of the federal levees that were supposed to protect the New Orleans area." If the President will not waive the act, the Times continues, "Congress should legislate the change."

WAR NEWS:

House Expected To Pass Anti-Surge Resolution With Bipartisan Backing. NBC Nightly News (2/12, story 4, :30, Williams, 9.87M) reported, "House Democrats rolled out their version of a nonbinding resolution against President Bush's Iraq troop increase. The language here reads in part, 'Congress disapproves of the decision to deploy more than 20,000 additional United States combat troops to Iraq.' Debate on this, the first debate on the war since the Democrats took over the majority last month, is set to begin tomorrow with a vote set by Friday." The Financial Times (2/13, Luce) notes the proposed resolution "contains just two short paragraphs, the first of which expresses support for soldiers who have served 'bravely and honourably in Iraq', the second of which merely 'disapproves' of the president's decision to send more troops into the field."

The New York Times (2/13, Toner, Luo, 1.16M) reports Democrats "are planning 36 hours of floor debate, beginning Tuesday, showcasing early the party's military veterans -- including the newest members who fought in Iraq. Party leaders expressed confidence that 'a strong majority of the House' would vote for the resolution, in the words of Brendan Daly, spokesman for Speaker Nancy Pelosi."

In fact, media reports this morning portray passage of the resolution as a foregone conclusion, and instead focus on what the vote means – both for the country and for the President. The Los Angeles Times (2/13, Levey, Simon, 850K) reports "the White House…appears increasingly unable to unite Republicans behind its Iraq strategy. Several Republicans have said they would back the House resolution." And "as the debate begins this week, even GOP lawmakers who oppose the resolution plan to say little about the president or his administration, focusing instead on the dangers of failure in Iraq." USA Today (2/13, Jackson, 2.27M) says the resolution "is likely to pass the House, where Democrats have a 233-202 advantage over Republicans. The measure, which Hoyer's office made public Monday, has one Republican co-sponsor: Rep. Walter Jones, R-N.C., who voted in 2002 for military action but has since turned against the war. The other co-sponsors, both Democrats, are Reps. Ike Skelton of Missouri and Tom Lantos of California." Fox News' Special Report (2/12, Hume) played an audio clip of Jones in which he says, "I believe sincerely that twenty to twenty-five Republicans will vote to say they are opposed to the surge." On MSNBC's Hardball (2/12, Matthews), meanwhile, GOP Rep. Chris Shays said the House should vote on a resolution supporting the Iraq Study Group and "a diplomatic surge. That would be the kind of resolution that I think would send a great message throughout the world. And it could be bipartisan."

The AP (2/13, Flaherty) says the debate is likely to end in a "rebuke," part of "a political landscape turned upside-down since Congress' overwhelming 2002 endorsement of force against Saddam Hussein." While Democrats "predicted the measure would pass easily, Republican leaders tried to refocus debate on the measure in hopes of putting Democrats on the defensive. 'This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this

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abundantly clear,' said House Republican leader John Boehner, R-Ohio."

The Wall Street Journal (2/13, A8, Rogers, 2.04M) says "conceding defeat in this first round," Republicans "want to skip ahead to the money fight because it is a more difficult forum for the war's critics, who must find a way to restrict the president's policy without seeming to hurt US troops. … A $623.1 billion Pentagon appropriations bill, including war funding for 2008, will be debated this summer. If the 160,000-soldier level were to be maintained through the end of this calendar year, it could strain even that budget."

The Hill (2/13, Kucinich) reports the GOP leadership "has focused its attacks on what may occur during the upcoming debate over the emergency war supplemental, implying that the Democratic resolution is simply the first step in a larger plan to limit funding for the war. One of the proposed Republican alternatives, offered by Rep. Sam Johnson (R-Texas), would require members to pledge not to cut off funding. Republicans have been quick to point out that the legislation they have offered, unlike the Democratic resolution, is binding. … Democratic leaders have said repeatedly that they have no intention of cutting off funding for the war. Despite their drumbeat, Republicans will likely lose at least 30 of their own members' votes to the Democratic resolution."

The Washington Post (2/13, A4, Weisman, 690K) reports "Republican leaders have denigrated the nonbinding resolution as pointless while saying it demoralizes the troops and emboldens the enemy. But they privately concede that dozens of Republicans are likely to join the Democrats by the end of the week." Rep. Thomas M. Davis III "typified a conflicted Republican when he weighed the pros and cons of the resolution: 'In voting against the president on this, to some extent you demean him in the eyes of those who are fighting over there. But you're also sending a message to the Iraqis that they better get their act together.' Davis added that it was 'not inconceivable' that he would vote for the measure." Roll Call (2/13, Yachnin, Davis) runs a similar story titled "GOP Boxed Out On Iraq."

GOP Rep. Kay Granger, vice chairman of the Republican Conference, writes in the Washington Times (2/13, 88K), "With the new plan for Iraq being implemented at this very moment, we won't have a sense of whether the plan is working until a few months down the road, at the earliest. Between now and then, Congress has a responsibility to closely monitor the progress being made on all fronts -- political, diplomatic and military. If in a few months from now we see that no progress is being made or if it becomes clear the Iraqis are not keeping their end of the bargain to stabilize their own country, we have a responsibility to re-examine the situation and look for alternative plans for success." Granger adds, "All options would need to be on the table at that point."

The Politico (2/13) reports "even the most politically vulnerable House Democrats are now convinced there is little risk in breaking with…Bush and his plan. … Moderate Democrats in tough swing districts felt compelled to side with the administration when…Bush's job approval ratings were running high in the early aftermath of the Sept. 11 terrorist attacks. And many voted with him in 2002 to authorize war against Iraq." But "with the levers of House power in new Democratic hands and Bush's approval ratings at record lows, moderate Democrats are no longer tethered to the administration and feel free to take the offensive."

One potential pitfall for Democrats is the reaction of anti-war activists to the wording of the resolution. The Washington Times (2/13, Hurt, Miller, 88K) reports "peace activists who voted overwhelmingly for Democratic candidates in the November elections say Mrs. Pelosi and Democrats in Congress have gotten the message all wrong. 'Congress is not listening to the voice of the people,' said Gael Murphy, co-founder of the anti-war group Code Pink: Women for Peace. 'We are disappointed that Congress is not moving forward expeditiously and we are being distracted by this nonbinding resolution that holds no one accountable,' she said." Kevin Martin, executive director of Peace Action, "the country's largest anti-war group with about 100,000 members, said Democrats are failing to seize the 'mandate for peace' from the election."

Bush's "Nonchalance" On House Debate Noted. The Los Angeles Times (2/13, Levey, Simon, 850K) says that "while Democratic leaders work to build Republican support for a short, symbolic resolution opposing the troop increase, the White House has eschewed a major public lobbying effort to get Republican lawmakers to stand behind the president. And in his public statements, Bush has focused on other subjects, even as the resolution has consumed lawmakers on Capitol Hill over the last week." The President "said in an interview with C-SPAN on Monday that he doesn't plan to watch the House debate. 'I've got a full day tomorrow. I mean, it's not as if the world stops when the Congress does their duty,' he said. Besides, he added, 'I already know what the debate is.'" Bush's "nonchalance is a notable departure from

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the active role the administration has previously played in guiding legislation — and a marked contrast to its recent efforts to block a similar resolution in the Senate."

Pelosi Aide Complains Hoyer Was Off-Message Regarding Alternative Resolutions. The Hill (2/13, Kaplan) reports that "simmering hostilities" between House Speaker Nancy Pelosi and Majority Leader Steny Hoyer "boiled over again yesterday when an aide in…Pelosi's office said…Hoyer had been 'getting out in front' of an emerging consensus against allowing Republicans to introduce an alternative resolution on the Iraq war. Speaking to reporters last Thursday, Hoyer said that Republicans would be allowed a motion to recommit or an amendment to the Democratic resolution. But later on the House floor that day, he said it would be unlikely that the GOP would get any such alternative. … Hoyer's allies dispute that there is a split in the leadership. A senior aide attending the leadership meeting on Monday last week said House leaders had agreed that the GOP should be allowed to offer an alternative."

In CBS Poll, 53% Back Blocking Funding For Additional Troops. The CBS Evening News (2/12, story 4, :20, Couric, 7.66M) reported "the House will begin a three-day debate on a non-binding symbolic resolution stating its disapproval of…Bush's Iraq troop build-up. But our new CBS News poll shows a majority of Americans wants congress to go even further. A total of 53% say Congress ought to block funding for additional troops or for the war entirely." The CBS Evening News (2/12, story 2, :20, Couric, 7.66M) also reported the poll "shows that two-thirds of Americans do not believe the US military can stem the fighting between Iraqi factions."

Gallup Poll Finds 63% Want Pullout, Nearly Six In Ten Oppose Cutting Off Funding. USA Today (2/13, 1A, Page, 2.27M) reports, "Americans overwhelmingly support congressional action to cap the number of U.S. troops in Iraq and set a timetable to bring them home by the end of next year, a USA TODAY/Gallup Poll finds -- tougher action than the non-binding resolution the House of Representatives is to begin debating today. While six in 10 oppose President Bush's plan to use more troops to try to stabilize Iraq, a nearly equal number also oppose any effort to cut off funding for those additional forces."

Iraqis Said To Believe US Troops Provoking The Violence. Nicholas Kristof writes in the New York Times (2/13, Kristof, 1.16M) reports, "For those like myself who oppose the 'surge' in Iraq and seek a timetable for withdrawal, the hard question is: what happens if all hell breaks loose? What happens if the removal of U.S. troops leads to large-scale massacres, to a regional war between Saudi Arabia and Iran, to Kurdish-Arab-Turkmen fighting in Kirkuk, to a Turkish invasion of Kurdistan? Conservatives have a right to ask: why advocate a withdrawal that could lead to genocide in Iraq? The first part of a response is to doubt…Bush's premise that a buildup is necessarily the best way to avoid a cataclysm. Iraqis themselves don't think so. On the contrary, one poll last fall found that 78 percent of Iraqis believe that American troops provoke more violence than they prevent." Another poll, "conducted by the State Department and reported by The Washington Post, found that nearly three-quarters of Baghdad residents would feel safer if American forces left Iraq. So if our aim is to avoid catastrophic bloodshed in Iraq, it may well be that we're more likely to accomplish that by leaving rather than staying. … A majority of Iraqis may well be right in thinking that we are part of the problem rather than the solution — and maybe a phased withdrawal will nudge Iraqis back from the brink and make a cataclysm less likely."

Democrats Using Bush Nominations To Make Statement On Iraq. The Washington Times (2/13, Bellantoni, 88K) reports congressional Democrats "have so far not denied President Bush any of his nominations, but they have used extensive hearings to score political points and send a signal to the administration they will play tough." Senate Democrats "relentlessly questioned Lt. Gen David Petraeus in a preview of confirmation hearings to come, but confirmed him unanimously as the top U.S. commander in Iraq despite disagreeing with the policy he has been tasked with implementing." Senators – "especially those running for president in 2008 -- peppered Gen. Petraeus with questions about Mr. Bush's plan to send more troops to Iraq, something most of them oppose." The "four possible presidential candidates on the Senate Foreign Relations Committee are sure to sound off further on Iraq policy Thursday when they consider another Bush nomination."

Feingold Drops Hold On Negroponte Nomination. Fox Special Report (2/12, story 5, 0:25, Hume) reported, "Wisconsin Democratic Senator Russ Feingold says he no longer intends to hold up the nomination of the outgoing director of national intelligence, that's John Negroponte, to be deputy secretary of state. The reversal comes after an exchange of letters between the two men about Negroponte's

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role in the development of a National Intelligence Estimate on the Iraq war that Feingold suggested was politically slanted. Feingold says he will work with Negroponte's successor, retired Vice Admiral Mike McConnell, to make sure future NIEs do not include evaluations of US policies."

Baghdad Rocked By Terrific Violence On Anniversary Of Golden Dome Bombing. ABC World News (2/12, story 4, 2:15, Gibson, 8.78M) reported, "Next, we're going to turn to Baghdad. It was a year ago, today, that one of the holiest sites to Shiite Muslims were destroyed. The Golden Dome Mosque in the City of Samarra. That incident touched off the serious sectarian violence between Sunni and Shiite Muslims. On the anniversary, new bombings that killed 88 and wounded 200 more." ABC (Marquez) added, "The explosions roared through central Baghdad, obliterating a market frequented by mainly Shia Muslims. And damaging another."

The CBS Evening News (2/12, lead story, 3:30, Couric, 7.66M) noted the "terribly violent day in Baghdad," and later said (Logan) that "even by Baghdad standards, today's multiple car bombing in the city's biggest market was catastrophic. … The simple fact…is that there are not enough US troops in Baghdad to police every street in the capital. Even when all the additional troops are here, that will not change."

NBC Nightly News (2/12, lead story, 2:10, Williams, 9.87M) said it was "an exceptionally violent day." ABC (Arraf) added, "While Iraq's prime minister was telling reporters about the plan to improve security, an explosion. Then a second louder one. He barely skipped a beat. The sound is routine. But a mile away, two car bombs had turned a crowded mainly Shi'a market into a version of hell. Shopkeepers frantically searched through the rubble of the shops in the market. The car bombs exploding near the central bank in one of Baghdad's oldest neighborhoods sent the street on fire. You could see the columns of smoke across Baghdad, a city consumed by sectarian violence. The new Baghdad security plan puts more American and Iraqi troops out in the middle of it." NBC Nightly News (2/12, story 3, 2:10, Williams, 9.87M) also reported on "what the American soldiers who are in the fight get to see." NBC (Engel) added, "A prayer before setting out for another day on the frontline. Lieutenant Colonel Dale Kuehl is the man who has to make the new security plan work in west Baghdad." Lt. Col. Dale Kuehl: "If there is any problems with security in there, call us." Engel: "Suddenly, his patrol is flagged down. Gunmen stormed a nearby bakery. The soldiers sneak up. The attackers may still be inside. There are bodies everywhere. In the kitchen, the smell of freshly baked cakes. A dead man's cell phone keeps ringing. This is what the reality of the civil war in Iraq looks like, killing families one at a time."

The Christian Science Monitor (2/13, Al-Taiee, 59K) reports "most Iraqis interviewed in Baghdad Monday about the new security plan, which involves deploying more Iraqi and US soldiers throughout the capital, framed the problem in sectarian terms. But they also expressed hope in the latest effort to restore calm."

The Chicago Tribune (2/13, Sly, 617K) says "Iraqi frustration with the slow start of Baghdad's long-promised security plan mounted Monday," while the Los Angeles Times (2/13, Daragahi, Rifai, 850K) notes "witnesses, victims and rescue workers described horrific scenes of carnage, with the injured and dead trapped beneath rubble and inside burned cars." The New York Times (2/13, Cave, 1.16M), Washington Post (2/13, A1, Partlow, 690K) and Washington Times/AP (2/13, Gamel) run similar accounts. The Los Angeles Times (2/13, Roug, 850K), under the headline "The Day Civil War Erupted In Iraq," and New York Times (2/13, Santora, 1.16M) also report on the anniversary of the attack on the Golden Dome Mosque, describing the ongoing debate on how to rebuild it and provide security for it.

15 Die In Suicide Truck Bombing This Morning. NPR (2/13) broadcast in an early morning report that "at least 15 people died in a suicide truck bombing today in the parking lot of a private university located in a mainly Shiite section of Baghdad. At least 30 others were wounded in the attack. Police say one house was destroyed and several others were severely damaged." CBS Radio (2/13) aired a similar report.

McCain Fears A Kind Of "Tet Offensive" From Iraqi Insurgents. The AP (2/13, Lewis) reports, "Republican presidential hopeful John McCain said Monday he fears an offensive by Iraqi insurgents similar to the Tet offensive by the Viet Cong that sent US casualties soaring in Vietnam nearly 40 years ago." McCain "said in an interview with The Associated Press that it's not the US presence in Iraq that upsets voters but rather the number of casualties and the possibility those numbers could rise."

Bolton Claims Iraq Partition Ought Not Be A Concern For The US. Asked on CNN's The Situation

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Room (2/12, Blitzer) to expand on comments he made to le Monde magazine in which he said the United States "has no strategic interest in the fact that there's one Iraq or three Iraqs," former US Ambassador to the UN John Bolton said, "I think the United States has to focus on what its interests are. And our principle strategic interest in Iraq is that it not become a base for terrorist activity. Whether that can be best achieved through one Iraq in different kinds of arrangements, or three Iraqs, is really not that much of a matter of interest to us. It is a matter of interest to the Iraqis. We have to look out for the United States."

Pentagon Denies WPost Report On Humvees' Lack Of Armor. Fox News' Special Report (2/12, Hume) reported, "The Pentagon said today that contrary to a Washington Post report, the Army has plenty of kits for reinforcing US Humvees already in Iraq, and it says new Humvees have factory-produced armor installed to protect forces from roadside bombs."

Rocked By Growing Sectarian Tensions, Syria Closes Doors To Iraq Refugees. The AP (2/13) reports, "Syria, the last Arab country welcoming large numbers of Iraqi refugees, is now all but closing the gates and leaving 40,000 Iraqis who flee their country each month with almost no place to go. The new rules -- imposed without any official announcement -- also strike fear of deportation into the 1 million Iraqis already here. The worsening humanitarian crisis has resulted in calls for action by members of the U.S. Congress and a plea from the United Nations for more countries to help out." Syria "kept its doors open even after others, including Jordan and Egypt with 700,000 and 130,000 Iraqi refugees respectively, said they could take no more. But the strain on its small, state-controlled economy apparently has become too great."

The Christian Science Monitor (2/13, Abouzeid, 59K) reports "Syria has seen a growing religiosity over the past few years. Spurred in large part by the civil war in Iraq to the east and rising Sunni-Shiite tensions in Lebanon to the west, Syrians are increasingly aware of their sectarian identities. In a region roiled by religious tensions, the country's majority Sunni population now views Syria's deepening relationship to Shiite Iran with creeping suspicion. … Whisperings of new Iranian-funded Shiite religious institutions abound, as do rumors that Iran is offering cash and other incentives to persuade Sunnis to convert."

Gates Reportedly Planning Spring Offensive Against Taliban. Fox News' Special Report (2/12, Hume) reported that Defense Secretary Gates "spoke with Pakistani president Pervez Musharraf about taking the fight to the enemy operating along the Pakistan-Afghanistan border." Gates: "We talked about the importance of seizing the offensive this spring, to deal with the Taliban and Al Qaeda a strategic setback." Fox added that US officials have "warned the fighting could be bloodier when the Afghan mountains thaw. Gates has argued there may be an opportunity for the US, NATO, Afghan and Pakistani forces to launch a spring offensive of their own and has been willing to commit more US troops to the effort. Fox has learned a brigade of roughly 3200 soldiers from a brigade of the 173rd Airborne will deploy to Afghanistan rather than going to Iraq as scheduled. The brigade will replace a unit from the 10th Mountain Division which had its tour of Afghanistan extended roughly four months."

USA Today (2/13, 8A, Brook, 2.27M) reports, "In advance of the offensive, the US Air Force increased its airstrikes in the first five weeks of this year by more than 70% compared with last year." Gates "told NATO allies they need to hit the Taliban hard. He stressed the need to combine the offensive with economic aid, improving the Afghan government and building the country's infrastructure." The New York Times (2/13, Shanker, 1.16M) quotes Gates saying, "If we weren't concerned about what was happening along the border, I wouldn't be here." The Los Angeles Times (2/13, Spiegel, 850K) runs a similar report.

Friction Grows In NATO Over Afghan Troop Commitments. The Washington Times (2/13, Harding, 88K) reports NATO officials "put a brave face on renewed splits within the alliance over troop levels in Afghanistan, where more than 35,000 American and European soldiers are fighting Taliban forces." Alliance spokesman James Appathurai "said NATO has added 5,000 troops to the Afghan force since a November summit in Latvia, 'with more trainers, transport planes and fighter aircraft.'" But "not all those troops have yet arrived on the ground, creating jitters within NATO ahead of an expected spring push by a resurgent Taliban." Even if "all the troops arrive on time, NATO will need another 2,500 soldiers to serve in the south and east of the country, where the fighting is most intense, according to Gen. John Craddock, who took over as the alliance's supreme commander in December."

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DOJ Official To Brief Senate Panel On US Attorney Records. Roll Call (2/13, Van Dongen) reports Deputy US Attorney General Paul McNulty is "slated to brief members of the Senate Judiciary Committee at a closed-door meeting Wednesday on the personnel records of a handful of U.S. attorneys around the country who recently were fired from their posts." When "pressed by Senators at a hearing last week, McNulty declined to discuss the specific reasons for the Justice Department's dismissal of up to seven U.S. attorneys from California to Arkansas. Instead, he assented to a request from Sen. Charles Schumer (N.Y.), who serves as Democratic Senatorial Campaign Committee chairman and Democratic Caucus vice chairman, to privately share such information with the Senators." It is "unclear whether Democratic Senators — who charge the Justice Department has politicized U.S. attorney appointments — will be satisfied with Wednesday's briefing."

Debate Over US Attorney Dismissals Highlights Clash Between Legislative, Executive Branches. The National Law Journal (2/13, Coyle) reports, "The old way of appointing interim U.S. Attorneys was constitutionally sound, many legal experts agree. And the new way of appointing interim U.S. Attorneys is constitutionally sound, they add. The only real question now for the U.S. Senate is what is the best way of appointing those officers -- constitutionally and otherwise." The Journal continues, "Recent fallout from the firing of seven U.S. Attorneys revealed that senators last year -- some knowingly and others unknowingly -- waived their advise and consent power by giving the attorney general the sole authority to appoint interim U.S. Attorneys to serve indefinitely when vacancies occurred." The Journal adds, "The change in the process came at the request of the U.S. Department of Justice and was inserted into the renewal of the USA Patriot Act that was subsequently adopted by both chambers of Congress. The proverbial 'sleeping giant' awakened in the ensuing controversy surrounding the unexplained requests for the resignations of U.S. Attorneys in Arizona, Arkansas, Nevada, New Mexico, San Diego, San Francisco and Seattle. … Last week, the Senate Judiciary Committee held a hearing not just on whether those resignation demands were purely political and not performance-based, but also on whether to change the appointment process again." The Journal notes, "At the end of the week, some consensus had emerged that perhaps the old way was the best way. The Judiciary Committee on Feb. 8, voting 13-6, approved a bill returning the law to its pre-Patriot Act form. Under prior law, for almost two decades, the attorney general could appoint someone to fill the vacancy for 120 days. If no permanent replacement was nominated by the president and confirmed by the Senate at the end of 120 days, the chief judge of the federal district in which the vacancy occurred would appoint an interim prosecutor to serve until the president acted. … But the Justice Department last week did not endorse a return to prior law. … 'We supported what was done in the Patriot Act,' said Deputy Attorney General Paul McNulty. 'It solved a problem that comes up occasionally. We support the law as it currently stands.'"

Dismissed US Attorneys Had Received Positive Job Evaluations. McClatchy Newspapers (2/13, Taylor) reports, "Although the Bush administration has said that six U.S. attorneys were fired recently in part because of 'performance related' issues, at least five of them received positive job evaluations before they were ordered to step down." McClatchy continues, "Attorney General Alberto Gonzales, using authority he gained in March from a little-noticed provision of the Patriot Act, has appointed interim U.S. attorneys from the Bush administration's inner circle. The firings and appointments have raised concerns that Gonzales is politicizing the process. … Supporters of the U.S. attorneys and Justice Department officials familiar with the job evaluations suggested in interviews that top Justice Department officials may have exaggerated the role job performance played in the firings." McClatchy adds, "A Justice Department official who spoke on behalf of the administration said the dispute might simply be a matter of 'semantics.' … 'Performance-related can mean many things,' said the official, who asked to remain anonymous because the Privacy Act bars officials from discussing personnel decisions. 'Policy is set at a national level. Individual U.S. attorneys around the country can't just make up their policy agenda.'" McClatchy notes, "Performance reviews of U.S. attorneys are conducted every three to four years by a team of experienced Justice Department officials, who interview judges, staff members, community leaders and federal agents. In some of the five cases, the reviewers made recommendations for improvements, but overall their assessments were positive, Justice Department officials said." McClatchy notes, "Tasia Scolinos, a chief spokeswoman for the Justice Department, said the removals

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were the result of a 'careful, thoughtful' decision-making process.'This issue really boils down to the department's reasons for making internal management changes,' she said."

More Commentary. In a column for the Buffalo News (2/13), Douglas Turner writes, "The words of one of the greatest lawyers to work in Western New York were invoked last week in a Senate rebuke to the Bush administration's latest manipulation of the justice system. … The man was Robert H. Jackson, who went to school in the Jamestown area and practiced there in the early 1900s. Jackson became attorney general, a justice of the Supreme Court and, famously, the architect and first prosecutor at the war crimes trials in Nuremberg, Germany." Turner continues, "It would be a stretch to find much in common between today's Attorney General Alberto Gonzales and Attorney General Jackson of 1940. … Gonzales supports bypassing the Geneva Conventions on treatment of war prisoners, and warrantless eavesdropping on Americans. Most recently, Gonzales took steps to tighten the grip the White House holds on the corps of federal prosecutors nationwide." Turner adds, "A hearing chaired by Sen. Charles E. Schumer, D-N.Y., showed the Gonzales moves on U.S. attorneys had nothing to do with national security. They are designed to transform an elite group of lawyers into a political hackdom in Bush's last two years. … Schumer noted that in 1940 Jackson had lectured an assembly of U.S. attorneys on the necessity of their being absolutely nonpolitical. The reason, Jackson warned, was their great power. … 'The prosecutor has more power over life, liberty and reputation than any person in America,' Jackson said. 'Because of this power to strike at citizens, not with mere individual strength, but with all the force of the government itself, the post has been safeguarded by presidential appointment requiring confirmation of the Senate.'" Turner notes, "Gonzales is using the amended Patriot Act to strip Senate confirmation and judicial safeguards from the selection process. … Without warning or apparent cause, Gonzales has fired seven prosecutors. Replacements could serve only 120 days without confirmation. Under the old law, a federal judge could name an interim prosecutor. … Former prosecutors who testified at Schumer's hearing said Gonzales' actions could politicize operations in U.S. attorney offices all over the country. … Schumer and congressional Democrats are pressing for a repeal of the suspect clause of the new Patriot Act."

CORPORATE SCANDALS:

Johnson & Johnson Executives Step Down As Company Discloses Improper Overseas Payments. The Wall Street Journal (2/13, A20, Johnson, Scannell, Kamp) reports that Johnson & Johnson said in a statement it has "alerted federal officials to improper overseas payments and that one of its senior executives is resigning over the probe." The Journal continues, "The New Brunswick, N.J., health-care conglomerate voluntarily told the Department of Justice and the Securities and Exchange Commission that it believes its subsidiaries made improper payments in two countries regarding the sale of medical devices. Michael J. Dormer, world-wide chairman for Medical Devices & Diagnostics, stepped down as a result of the revelations." The Journal describes the disclosures as "a bitter pill for a company that prides itself on its clean corporate image."

The AP (2/13) adds, "In a letter to the company, Dormer acknowledged he had 'ultimate responsibility by virtue of my position' for the subsidiaries that were the subject of the disclosure, according to the J&J statement."

The New York Times (2/13, Seelye) reports, "The company also said that the executive responsible for the units, Michael J. Dormer, 55, worldwide chairman of medical devices and diagnostics, had retired." The Times adds, "A company spokesman, Jeffrey J. Leebaw, declined to comment beyond the news release. 'Given the nature of the situation, we have nothing further to add,' he said. But the disclosures were unusual for a company that emphasizes its longstanding credo of ethical conduct and responsible behavior."

The Financial Times (2/13, Kirchgaessner) adds, "J&J said the allegedly improper payments were made in two small-market countries. It said the actions were 'contrary to the company's policies' and could fall within the jurisdiction of the Department of Justice's anti-bribery statute, the Foreign Corrupt Practices Act. J&J said it was co-operating with both the Justice Department and the Securities and Exchange Commission." Bloomberg (2/13, Goldstein) also reports this story.

Cox Touts SEC Crackdown On Options Backdating. The Deal (2/13, Block, Orol) reports, "The head of the Securities and Exchange Commission is

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crediting the incorporation of interactive data into SEC filings for the discovery of 'a pandemic of crooked accounting' linked to stock option backdating." The Deal continues, "At the Practicing Law Institute's annual 'SEC Speaks' event on Feb. 9, SEC Chairman Christopher Cox said XBRL, the Internet programming language newly adopted by the agency, is helping his staff root out fraud by tagging financial data so computers can track it and sift through it quickly. … The chairman even compared his team of enforcers to the characters in the hit TV show 'Heroes' -- everyday people with extraordinary abilities they didn't know they had. Cox said his enforcement staff are a group of otherwise ordinary people with extraordinary talent and dedication. … 'In other words, "Save the Cheerleader -- Save the World,"' Cox said, intoning the show's mantra. … He added that while his staff may not possess super powers, 'by sheer willpower and hard work they routinely accomplish great deeds. And, to all the Americans who depend on them, they are very real heroes, in every sense.'" The Deal notes, "More than 170 companies have been investigated by the SEC or have conducted internal inquiries into whether option dates were changed to benefit executives. … Cox said the timing of the options backdating scandal coincided with the SEC's decision to begin converting Form 4 submissions -- the form companies use to report stock option exercise transactions -- into interactive documents. … Before 2003, information filed on the SEC's Form 4 was analyzed the old-fashion way -- retyped into SEC databases and spreadsheets before being scrutinized. 'Not surprisingly, for all of that time, the backdating phenomenon was never uncovered,' Cox said. … More recently, however, the SEC started collecting Form 4 data in an interactive format, which made analyzing the information easier. The SEC also issued new rules around the same time requiring real-time reporting of options awards -- within two days of the grant."

Judge Orders Hedge Fund Manager To Pay For Fraud. The Financial Times (2/13) reports, "A federal judge in Georgia on Monday ordered Kirk Wright, a hedge fund manager who allegedly defrauded hundreds of investors including several prominent National Football League players, to pay $20m in disgorgement, interest and penalties." The Times continues, "The ruling came in a federal civil suit filed against Mr Wright last year by the Securities and Exchange Commission. Mr Wright still faces a criminal trial this spring over allegations that he stole over $100m in investors' money." The Times adds, "In its lawsuit, the SEC alleged that Mr Wright raised as much as $185m from over more than 500 investors for seven hedge funds he controlled. Mr Wright then allegedly provided investors with false statements about the performance of the funds and the amount of securities the funds controlled. … It is not clear if Mr Wright has the assets to comply with the order that he pay the $20m." The Times notes, "Among the investors allegedly defrauded were a group of players in the NFL who claim they lost millions investing with Mr Wright. The alleged losses by the athletes have been widely cited as examples of the potential dangers inherent in investing in the lightly regulated hedge fund industry. … Six of the players, including Denver Broncos wide receiver Rod Smith, New York Giants linebacker Carlos Emmons and former Broncos safety Steve Atwater, have filed a civil lawsuit against the NFL and the NFL Players Association, the union that represents players, for allegedly endorsing Mr Wright as a legitimate investment professional."

Former Westar CEO Released From Prison Pending Appeal. The AP (2/13) reports from Leavenworth, KS, "David Wittig, the former top executive of Westar Energy, was released from prison on bond Monday pending the appeal of his sentence in a bank fraud case." The AP continues, "Mr. Wittig was released from the federal detention center in Leavenworth about 2 p.m. and was greeted by his wife, Beth, and Jeff Morris, one of his attorneys. He had served nearly 13 months in prison." The AP adds, "Mr. Wittig, the former chairman, president and chief executive of Westar, was convicted in July 2003 of engaging in a loan transaction with a Topeka banker and helping to conceal the loan from banking regulators. … Mr. Wittig had been incarcerated in a minimum-security prison in Sandstone, Minn., until last month, when he was taken to Topeka for his third sentencing in the bank fraud case. Federal District Judge Julie A. Robinson sentenced him to two years. … On Thursday, Judge Robinson granted Mr. Wittig's request to be released on bond pending his appeal of that sentence."

CRIMINAL LAW:

Prominent Reporters Testify Libby Did Not Mention Plame To Them. The CBS Evening News (2/12, story 10, :25, Couric, 7.66M) reported, "The defense in the Scooter Libby CIA leak trial today called its first witnesses

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– several big-name journalists – in an attempt to show that several administration figures leaked the name of a CIA operative. Bob Woodward, Robert Novak and others testified they first learned the CIA employee's name from people other than Libby, who was once Vice President Cheney's chief of staff." NBC Nightly News (2/12, story 6, 1:15, Williams, 9.87M) also reported on the trial, with NBC (O'Donnell) noting that "Libby's lawyers…tried to prove the identity of Ambassador Wison's wife, Valerie Plame, was leaked all over town. Among the leakers named: Karl Rove, the President's top political strategist; Richard Armitage who had been deputy secretary of State; and Ari Fleischer, former White House press secretary. … The defense is trying to make the jury wonder if Libby was leaking secrets, why wouldn't he have told the well known reporters who testified in court today?"

The AP (2/13, Sniffen) reports Woodward and Novak "testified that then-Deputy Secretary of State Richard Armitage first told them in the summer of 2003 that the wife of prominent Iraq war critic Joseph Wilson, Valerie Plame, worked at the CIA. Another Post reporter, Walter Pincus, testified that then-White House press secretary Ari Fleischer 'suddenly swerved off' topic during an interview to tell him of her employment. This contradicted a point in Fleischer's testimony," that "Libby told him about Plame -- earlier than Libby has told investigators he thought he first learned about her from NBC reporter Tim Russert." Pincus' "testimony…was the most direct hit the defense made on the prosecution's evidence." The AP notes, "Novak testified he got confirmation from White House political adviser Karl Rove, who replied to him: 'Oh, you've heard that, too.'"

The New York Times (2/13, Lewis, Shane, 1.16M) reports that the defense called "a parade of prominent Washington reporters," although it "was unclear if or how the cumulative impact of those reporters saying Mr. Libby had not discussed Ms. Wilson with them would lead jurors to discount the testimony of the two reporters who said earlier that he had, in fact, discussed her with them." The Times notes that "Libby's lawyers also made clear on Monday…that they do not want to put him on the witness stand." An "annoyed" US District Judge Reggie B. Walton "suggested he might have been misled into believing that Mr. Libby would testify when he and lawyers for both sides spent more than two months arguing over how to put before the jury nonclassified accounts of the issues Mr. Libby had worked on. … He said that unless Mr. Libby testified, he did not think he would allow the defense to argue in its closing that the issue of Ms. Wilson was less important to him than the other matters."

Under the headline "Journalists Testify That Libby Never Mentioned CIA Officer," the Washington Post (2/13, A3, Leonnig, Goldstein, 690K) also notes, "Pincus's account conflicted with Fleischer's testimony last month. As a prosecution witness, Fleischer said he mentioned Plame only to two reporters -- John Dickerson, then of Time magazine, and David Gregory of NBC News -- during a July 2003 trip that President Bush took to Africa. Dickerson has said Fleischer never mentioned Plame to him. A spokesman for Special Counsel Patrick J. Fitzgerald declined to comment on the conflicting testimony." Meanwhile, in his Washington Post (2/13, A2, 690K) "Washington Sketch" column, Dana Milbank writes, "Libby must believe himself to be in desperate legal straits to have six journalists serve as his character witnesses. And, indeed, the reporters' testimony appeared to do little to dent the prosecution's case that the former chief of staff to Vice President Cheney eagerly shared CIA officer Valerie Plame's name with reporters and then said otherwise under oath. But Libby's team did establish that the defendant wasn't the only administration official dishing about Plame."

Under the headline "Journalists Take Stand In Libby's Defense," the Los Angeles Times (2/13, Schmitt, Miller, 850K) reports that when Woodward called Armitage, "The capital was buzzing over a public attack by a former U.S. diplomat on one of the claims President Bush had made to justify the Iraq war. … 'Why would they send him?' a puzzled Woodward asked," and Armitage replied, "Because his wife's a [expletive] analyst at the agency." The Times notes, "Woodward — and his taperecorded, expletive-laden exchange with Armitage — became a focus Monday at the trial."

The Legal Times (2/13, Schwartz) reports, "He said he had nothing against Joseph Wilson. That he didn't know Valerie Plame was Wilson's wife. … I. Lewis 'Scooter' Libby Jr. said a lot of things in eight hours of grand-jury testimony. But somewhere in the lengthy recordings, it was revealed for the first time in Libby's perjury trial, that he actively contributed to a smear campaign against Wilson in an effort to destroy his credibility as a Bush administration critic. … And that naturally involved Plame, the former CIA agent whose identity was a casualty of the dustup between Wilson and the White House." The Times continues, "That March 2004 testimony, played before the jury last week in the U.S. District Court for the District of Columbia, is a linchpin of Special Counsel Patrick

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Fitzgerald's case against Libby, the former aide to Vice President Dick Cheney. … In it, Libby admitted that he spoke to at least one reporter in July 2003 during which he called Wilson's excursion to Niger -- investigating what later proved to be a bogus claim over Iraq's purchase of uranium -- nothing more than a 'boondoggle.' … And befitting a case in which words play the prominent role, much of the back-and-forth between the prosecutor and Libby about that conversation involved whether the term 'boondoggle' was ever used -- and, indeed, whether Plame and Wilson were ever even mentioned."

Defense May Call Hannah To Avoid Libby Testimony. The AP (2/13, Apuzzo) reports, "The man who took I. Lewis 'Scooter' Libby's seat as the vice president's national security adviser may soon be taking Libby's seat in the witness stand. Defense attorneys say they plan to call John Hannah, who served as Libby's deputy and was promoted to replace him when Libby was indicted in 2005 on perjury and obstruction charges. Hannah's testimony could effectively serve as a sit-in for Libby, whom attorneys seem reluctant to put on the stand." The AP notes, "By putting Hannah on the stand, defense attorney John Cline can bring out the national security issues that weighed on Libby's mind without subjecting him to dangerous cross-examination."

Concerns Raised About ISP Data Retention Bill.

The Washington Post (2/13, D3, Nakashima) reports, "A House Republican is pushing a measure that echoes a long-sought Bush administration goal: to require all Internet service providers to keep records on their subscribers." The Post continues, "The measure, introduced by Rep. Lamar Smith (R-Tex.) last week as part of the larger SAFETY Act, would give the attorney general broad discretion to write the rules on what information companies have to retain and for how long. … It is aimed at protecting children from predators, but privacy advocates say its privacy and civil-liberties implications are huge, and industry is concerned about the costs of compliance. News of the measure has spread around the blogosphere, as critics seek to mobilize opposition to the SAFETY Act." The Post adds, "The provision would require Internet service companies to provide at a minimum the Internet subscriber's name and address, which can be linked to an Internet protocol address -- an identification number associated with a particular computer at a given time. Law enforcement officials would have to obtain a subpoena to have access to the records and could not use the tool to track law-abiding citizens on the Internet, Smith said. … Smith, the ranking minority member of the House Judiciary Committee, said law enforcement has identified mandatory data retention as 'the number one tool' it needs to identify and prosecute Internet sexual predators. Last year, the European Union adopted a two-year data-retention requirement for all Internet service providers, and Smith said Congress should adopt a similar law that balances the cost of retaining data with the benefits to law enforcement. … But Lauren Weinstein, co-founder of People for Internet Responsibility, an advocacy group, said Smith's proposal is far too vague. 'This bill is so incredibly bad that it opens up a whole array of things that can go wrong, because there's nothing in this legislation to prevent the attorney general from simply saying, "Save everything forever," ' he said."

DOJ Defends Pursuit Of Death Penalty In DC.

The Washington Times (2/13, McElhatton) reports, "The U.S. Justice Department is defending the practice of seeking the death penalty in jurisdictions such as the District where local law bars capital punishment, including in the ongoing trial of a D.C. man accused of being an enforcer for a violent drug gang. … 'The Department of Justice has a protocol that ensures that the federal death penalty is applied uniformly throughout the country, regardless of the local laws,' acting Assistant Attorney General Richard A. Hertling wrote in a letter to Delegate Eleanor Holmes Norton, the District's nonvoting member of Congress." The Times continues, "Mrs. Norton, a Democrat, wrote a letter last month to the office of U.S. Attorney Jeffrey A. Taylor criticizing its pursuit of the death penalty in the trial of Larry Gooch. … Mr. Gooch is on trial in federal court in the District on murder, racketeering and drug trafficking charges. He is accused of killing four persons, assisting in another slaying and shooting at a police officer while acting as enforcer for the M Street Crew, a PCP ring in Northeast. … D.C. law bars capital punishment, but prosecutors can seek the death penalty in federal cases. … 'Repeatedly seeking the death penalty in the face of jury and court verdicts to the contrary risks the appearance of an office seeking to show it can get death penalty convictions even in the District of Columbia,' Mrs. Norton wrote in her letter to Mr. Taylor." The Times notes, "She expressed concern about 'the apparent emergence of a new and troubling pattern' of death penalty cases in the District, 'despite consistent failure with juries and the federal courts.' … Mr. Hertling said federal

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prosecutors in the District have not increased their pursuit of the death penalty under the Bush administration."

"Illegal Gratuities" Ruling Could Undermine Corruption Probes. The Hill (2/13, Crabtree) reports, "Members of Congress or any other public officials under FBI investigation for corruption owe a former D.C. police officer a debt of gratitude. … The U.S. Court of Appeals for the D.C. Circuit Court Friday confirmed a previous ruling by an appeals panel allowing Nelson Valdes, a former Metropolitan Police Department detective, to walk free. A sting operation caught Valdes taking several hundred dollars in cash for running license plates through a law enforcement database and handing over the information he collected on the vehicles' owners to an FBI informant." The Hill adds, "In a 7-to-5 opinion Friday, the court determined that Valdes's activities were not part of his official duties and thus fell outside the federal bribery statute. … Justice Department spokesman Erik Ablin said government lawyers are still evaluating the opinion, so it's too early to say whether they will seek Supreme Court review."

"Rose Thorn" Probe Defendant Sentenced To 12 Years In Prison. The Knoxville News Sentinel (2/13, Satterfield) reported, "His attorney may have put plea bargaining on trial, but longtime Cocke County criminal Michael Vassar is the one who racked up a 12-year prison term Monday. 'Plea bargaining is a fact of life,' U.S. District Judge Ronnie Greer said late Monday night after defense attorney Herbert S. Moncier spent hours mounting an attack on the way federal prosecutors mete out deals." The News Sentinel notes, "Vassar was convicted last year in a cocaine conspiracy case involving fellow Cocke Countians, including bus driver Dewey Lynn Phillips. It was part of the Rose Thorn corruption probe mounted in Cocke County by the FBI, with help from the Tennessee Highway Patrol." The News Sentinel adds that at the sentencing hearing, "Moncier spent most of that time airing a complaint he has long made that federal prosecutors are 'manipulating' the system via the plea-bargaining process."

Law Enforcement Officials Say NOLA Crackdown Making Progress. The AP (2/13, Foster) reports, "A month after an estimated 5,000 people marched on City Hall to protest violent crime, several hundred turned out to hear police Superintendent Warren Riley and District Attorney Eddie Jordan answer questions by the City Council. A standing-room crowd, that included more than a dozen police officers in uniform, listened as the city's top law enforcement duo detailed progress in stemming violent crime." The AP adds, "The extra 25 officers federal agencies have lent the city are making a difference, Riley said. … FBI Special Agent in Charge Jim Bernazzani said just getting the word out that federal agents are working the streets has been a deterrent."

The New Orleans Times-Picayune (2/13, McCarthy) reports that Riley and Jordan's "fractured working relationship was on full display as councilmembers pressed them on the state of their departments, the high release rate and the low conviction of arrested individuals, tying those problems to a lack of cooperation among their offices." The Times-Picayune notes, "Riley did make one concrete commitment: to ask for more help from the federal government. The chief said he would petition to extend the stay of 25 loaned officers from the Drug Enforcement Administration, the Federal Bureau of Investigation and Alcohol, Tobacco and Firearms. But for the most part, the meeting devolved into a blame game, with the council acting as referee."

New Orleans Legal System Still Coping With Post-Katrina Problems. The National Law Journal (2/13, Jaksic) reports, "As chairwoman of the board overseeing New Orleans' public defender office, Denise "Denny" LeBoeuf knows the city's legal system is struggling, but talks about it as if it were a miracle waiting to happen. … 'I think this is going to be a destination office for young lawyers who want to do public defense in the years to come,' said LeBoeuf, a veteran criminal defense attorney. 'And no one would have said that before Katrina.' … But New Orleans has a way to go before LeBoeuf's 'miracle' sees the light of day." The Journal continues, "Only about half of the needed 70 public defenders have been hired. Judges' patience sometimes wears thin, leading one to recently jail a public defender because no one from his office showed up in court. And Hurricane Katrina's impact lingers everywhere, whether it's residents' stress levels, businesses' limited hours or the city's damaged roads. … A year and a half after Katrina flooded New Orleans, the city's legal system continues to limp along with understaffed courts, a poorly funded public defense system and temporary prison accommodations." The Journal adds, "While lawyers said civil courts are functioning more or less the way they were before Katrina, they used words such as 'mess' and 'nightmare' to describe the post-Katrina criminal justice

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system. But many New Orleans lawyers note that Katrina damaged an already ailing system -- creating a once-in-a-lifetime opportunity to rebuild it from scratch. … 'We're in the midst of a revolutionary process,' said Pamela Metzger, associate professor of law and director of the criminal law clinic at Tulane University Law School, one of nine board members appointed in April to oversee Orleans Public Defenders."

Report Finds Rising Murder Rate Among Blacks In Philadelphia. The Christian Science Monitor (2/13, Marks) reports from Philadelphia, "The three teens are in good schools, college bound, and full of adolescent bravado. Each also knows someone who was shot and killed on the streets of Philadelphia. … That kind of up-close encounter with violence and murder is not the norm for teenage America. But this is Philly, which has the highest homicide rate for African-Americans among the nation's biggest cities – and a place where the risk of being killed is especially high for blacks under age 18." The Monitor continues, "The possibility of a short life and a violent death weighs on African-American teens like Andrea Williams, Sierra Daniels, and Christopher Fuller, though they seem to shoulder the burden as if it's just an extra load of books. Andrea worries most about her younger brother and sister, afraid one of them will get hit by a misguided bullet fired by someone bent on revenge or protecting turf or just venting anger. … Nationally, the murder rate for African-Americans is more than three times the average: 19 black murder victims per 100,000 people versus five for the general population." The Monitor adds, "In Pennsylvania, the disparity for black homicide is even more pronounced: 30 per 100,000, or six times the national average, according to a study released last month by the Violence Policy Center (VPC), a gun-control research group in Washington. … Those numbers are 'disproportionate, disturbing, and undeniable,' says the VPC report, which analyzed crime data from 2004 in its study. Moreover, almost 80 percent of black murder victims in the US were shot and killed with guns, the study found. … Philadelphia follows the pattern. The vast majority of black murders in the city – 3 in 4 – are from gunfire, according to police. … Overall, murders have been on the rise – 406 last year. Of those, 317 were gun-related, compared with 233 four years ago. And it's the city's black residents and neighborhoods that feel the effects most acutely."

CIVIL LAW:

WSJ Lauds Asbestos Rulings. The Wall Street Journal (2/13, A24) editorializes, "Asbestos bankruptcies have become a favorite trial-lawyer scam in part because judges have been reluctant to police fraud in their own courts. So it's a milestone that two more federal judges have issued opinions exposing these shakedowns." The Journal continues, "The first comes courtesy of Judge Kathryn Ferguson, who has been overseeing the Congoleum bankruptcy. The maker of floor materials has become a poster child for everything wrong with the trial-lawyer innovation of 'prepackaged' asbestos bankruptcies. Prepacks are a legitimate means of getting through bankruptcy, but most asbestos versions have become giant self-enrichment schemes. Our Kimberley Strassel exposed the Congoleum prepack's gory details on these pages last April. … In Congoleum and similar cases, the company and plaintiffs lawyers team up in a cost-shifting alliance. Congoleum rushes through bankruptcy at minimal cost and with a clean slate. The lawyers -- in this case, tort kingpins Joe Rice and Perry Weitz -- make a bundle and get preferential treatment for their clients. Meanwhile, the bills are dumped on Congoleum's insurers, who don't participate in crafting the bankruptcy plan. Convenient, huh? … A little too convenient, said Judge Ferguson, in a groundbreaking opinion last month that threw out the Congoleum plan. The judge scored Congoleum's own meager contribution as well as the special treatment that certain plaintiffs (and lawyers) were getting in this deal -- claiming both violated the bankruptcy code. She also granted Congoleum's insurers standing to object. Her ruling greatly decreases the likelihood that more such scams will be brought to court, especially in the Third Circuit where she presides and which oversees most major asbestos bankruptcies." The Journal adds, "The other big news concerns the case of W.R. Grace, which remains one of the most prominent asbestos bankruptcies because of the publicity surrounding its operation of a vermiculite mine in Libby, Montana, that contains asbestos. … W.R. Grace sold something called Zonolite Attic Insulation, or ZAI, which was made with products from the Libby mine. It didn't take long for class-action lawyers to file suits claiming the mere presence of ZAI in an attic created an 'unreasonable risk of harm.' … Bankruptcy judges have been notoriously reluctant to dig into the science behind such accusations, for fear of dragging out

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proceedings. But in this case Judge Judith Fitzgerald chose to get to the bottom of the matter and held a trial. This included months of discovery, as well as scientific testing and testimony from experts on both sides. … And in December she ruled that ZAI does not pose an unreasonable risk of harm. She noted it wasn't enough for trial lawyers to say that the insulation contained asbestos, and that this asbestos could contaminate the air. The important point was the level at which asbestos was released, and whether the level could reasonably cause harm. … The No. 1 reason courts are heaving with asbestos claims is because few judges have been willing to challenge the veracity of the claims or the motives of those driving the litigation. With both now getting more scrutiny, the great asbestos legal fraud may finally be contained."

CIVIL RIGHTS:

DOJ Asked To Probe 1946 Killing Of Black Georgia Veteran. The AP (2/13, Minor) reports, from Albany, GA, "Federal officials will be asked to investigate the 60-year-old unsolved killing of a World War II veteran who was shot after becoming the first registered black voter in a rural Georgia county that to this day still recognizes local military veterans as white or 'colored' on a list posted in the courthouse." The AP continues, "Relatives say Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time. He collapsed in the doorway of his farm house in Taylor County, about 90 miles south of Atlanta, and died two days later in a hospital in Butler, the county seat. … Even though his death certificate lists his cause of death as 'gunshot wound by homicide,' there's no evidence of a criminal investigation into the killing and no one was arrested. The killing was overshadowed by the lynchings five days later of two black couples - also including a WWII veteran - some 90 miles away near Monroe that prompted President Harry Truman to dispatch the FBI to investigate that case, which also remains unsolved." The AP adds, "State NAACP officials and the Prison & Jail Project, a prison advocacy and civil rights group, plan to present their request for a federal probe to the Taylor County Commission on Tuesday and ask the commissioners to support the effort before mailing their written request to U.S. Attorney General Alberto Gonzales. … 'What better way for the county commission to show their support for justice than by joining this initiative,' said NAACP President Edward DuBose of nearby Columbus, himself a 21-year Army veteran."

Report Says Bill To Give DC House Vote Unconstitutional. Roll Call (2/13, Brotherton) reports a "newly released Congressional Research Service report argues that current legislation does not give Congress the constitutional authority to grant a House vote to the Delegate from the District of Columbia." The CRS report says there is "very little case law on the issue, but what does exist indicates that Washington, D.C., is not a 'state' for the purposes of representation, and the power Congress holds over D.C. is not enough to grant a House vote." The report "specifically studies the constitutionality of the D.C. Fair and Equal House Voting Rights Act, which would grant Democratic-leaning D.C. a vote in the House while also giving one to Republican Utah." Some observers "believe the CRS report is further proof that only a constitutional amendment will permanently bring full Congressional representation to the District, because the Norton-Davis bill is bound to be thrown out."

Nashville Mayor Vetoes English-Only Ordinance. The AP (2/13, Schelzig) reports from Nashville, "Mayor Bill Purcell vetoed a measure Monday that would have made English the official language of Nashville, saying it was unconstitutional, unnecessary and mean-spirited. … 'This ordinance does not reflect who we are in Nashville,' Purcell said." The AP continues, "The measure passed 23-14 last week by the Metro Council required all government documents to be in English, except when multilingual communications are required by federal rules or are needed 'to protect or promote public health, safety or welfare.' … Opponents and supporters of the ordinance agreed it was largely a symbolic slap at illegal immigration that had no significant effect." The AP adds, "Purcell said his legal staff had advised him the bill violated the U.S. and state constitutions and would be costly to defend. … 'If this ordinance becomes law, Nashville will become a less safe, less friendly and less successful city,' Purcell said. 'And as mayor, I cannot allow that to happen. … His veto seems likely to stand. It would take 27 council votes to override it." The AP notes, "Councilman Eric Crafton, who sponsored the measure, said it would offer an incentive for immigrants to learn English. Opponents including the Chamber of Commerce worried it would hurt the image of Nashville, which bills itself as 'Music City USA.' … Several smaller

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communities have passed similar laws or resolutions, including Pahrump, Nev.; Taneytown, Md.; and the Dallas suburb of Farmers Branch, Texas."

ANTITRUST:

Smithfield Still Awaits Word From DOJ On Premium Deal. The Virginian-Pilot (2/13, Walzer) reports, "In September, Smithfield Foods announced that it wanted to take over Premium Standard Farms for $810 million in stock and cash. … The combination of the nation's top two pork producers would give Smithfield control of roughly 20 percent of the nation's hogs." The V-P continues, "Nearly five months and more than 1 million pages of submitted documents later, Smithfield is still waiting to hear whether the deal passes antitrust muster with the U.S. Department of Justice. … The proposed merger has triggered cries of alarm from consumer and farming groups, Midwestern senators, and even The New York Times editorial board. They worry about the potential squeeze on small farmers and consumer choices. … The pork companies announced last week that they had completed the 'second request' for information by the Justice Department's Antitrust Division." The V-P adds, "Only 3 percent of proposed mergers trigger that level of scrutiny from the Justice Department, according to government statistics, but that doesn't necessarily mean Smithfield will face trouble. … 'It may indicate heightened scrutiny on the part of the Justice Department,' said Carl Tobias, the professor of law at the University of Richmond. 'But it may be they just didn't have specific information from the first batch of material, and they want to follow up. … My sense is that, generally in the Bush administration, the Justice Department has been rather receptive to mergers.'" The V-P notes, "In most cases, second requests lead to government intervention, but not lawsuits to block the merger, said Patricia Sullivan, the co-chairwoman of the antitrust practice group at Edwards Angell Palmer & Dodge LLP in Providence, R.I."

Caremark Shareholders Predict Firm Will Reject CVS Offer. The Wall Street Journal (2/13, A21, Armstrong) reports, "Pressure mounted on drugstore chain CVS Corp. to boost its bid for Caremark Rx Inc. after two firms advising investors urged Caremark shareholders to reject the deal and criticized its board for failing to negotiate a better price for the company. A large Caremark shareholder said the CVS offer would likely be rejected by investors at a special meeting of the company scheduled for next Tuesday." Additionally, proxy adviser Institutional Shareholder Services Inc. "urged a no vote on the CVS deal, saying the Caremark board should have played Express Scripts against CVS to win a better deal for shareholders."

The Financial Times (2/13, Politi) reports, "The strongly worded report by ISS will be seen as a further blow to Caremark, the pharmacy benefits manager, in its efforts to persuade investors that it was right to reject a higher bid worth nearly $26bn from rival Express Scripts. It will increase the pressure on CVS, the drug store chain, to raise its bid ahead of a vote on the deal by Caremark shareholders, which is scheduled for February 20."

The AP (1/13) notes that CtW Investment Group also advised shareholders to vote against the CVS bid.

Tenaris Agrees To $2.1 Billion Buyout Of Hydril. The AP (2/13) reports, "Tenaris SA, a maker of tubular products and provider of services to the oil and gas industry, said Monday it agreed to buy Hydril Co. for $97 per share, or $74.6 million, in cash." The AP continues, "The offered price for Houston-based Hydril, a maker of connections and pressure-control products used in oil and gas drilling, represents a premium of about 17 percent to Hydril's closing share price of Feb. 9, the company said in a statement. … 'With Hydril, we will be able to offer our customers worldwide a full range of integral and coupled premium connection products for the industry's most demanding applications,' said Paolo Rocca, Tenaris's chairman"."

The Houston Chronicle (2/13, Clanton) reports, "Chris Seaver, Hydril's chairman, president and CEO, said combining the two companies makes sense for both businesses and will benefit customers by grouping a wide array of products and services under one brand. … The agreement still needs clearance from U.S. antitrust authorities and a majority approval of Hydril's shareholders. Tenaris said it expects the deal to close in the second quarter."

Four Seasons Hotel Chain Agrees To Buyout. The Wall Street Journal (2/13, A19, Rose) reports, "After deliberating for three months, Four Seasons Hotels Inc. Monday said it has agreed to a $3.37 billion management buyout by Chairman and Chief Executive

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Isadore Sharp at the same price Mr. Sharp floated when he disclosed his offer Nov. 6." The Journal continues, "The buyout team -- backed by Saudi Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud's Kingdom Hotels International and Microsoft Corp. Chairman Bill Gates' Cascade Investment LLC -- will pay $82 a share in cash to take Four Seasons private. That's below the $83.88 closing level of Four Seasons shares Friday. Shares opened premarket trading Monday at $82. … The purchase price represents a 28% premium to Four Season's closing price the day before the offer was announced in November. Including debt obligations, the deal is valued at about $3.8 billion." The Journal adds, "The deal will leave Mr. Sharp's family holding company, Triples, with a 'significant continuing interest' in Four Seasons, and Mr. Sharp will remain as chairman and chief executive. If the deal is completed, Mr. Sharp will be entitled to realize proceeds of about $289 million stemming from an incentive plan set up in 1989. … Four Seasons' board unanimously approved the deal and will recommend that shareholders vote in favor of it. A special meeting is expected in April, and if approved, the deal should close in the second quarter. The deal requires approval by two-thirds of the votes cast by holders of the company's limited voting shares, which are the ones being bought for $82."

Film Industry Moves To Limit YouTube's Use Of Video Clips. USA Today (2/13, 3B, Graham) reports, "Internet search giant Google is under fire from Hollywood, mostly about the many unlicensed clips available on its YouTube video-sharing site." USA continues, "The studios have become more aggressive in demanding removal of the clips, and in a shot at Google itself, several entertainment companies have filed a lawsuit against two website owners over their use of Google's highly profitable search-advertising network. … Sony, Warner Bros., 20th Century Fox, NBC Universal and Paramount are suing two website owners who allegedly used Google's search-advertising system to promote the free trading of copyrighted movies." USA adds, "In a statement responding to a Wall Street Journal article about the lawsuit, Google on Monday said, 'We prohibit advertisers from using our advertising program to promote the sale of copyright infringing materials.' … Google will continue to be at odds with the studios until it licenses the clips or comes up with some kind of filtering techniques to keep the clips off YouTube, says Ross Dannenberg, an intellectual property attorney at Washington, D.C.-based Banner & Witcoff. 'But the technology isn't there yet,' Dannenberg says. … 'As long as people are copying or posting copyrighted programs on YouTube, and Google makes money off that, this problem (the studios vs. Google) won't go way,' he says." USA notes, "Last week, Viacom demanded that Google take down more than 100,000 copyrighted clips from YouTube, most from programs such as The Daily Show with Jon Stewart and The Colbert Report, which fans taped and uploaded themselves. … Google says it responds instantly to such requests. As of Monday afternoon, Viacom clips were hard to find on YouTube."

Belgian Court Rules Against Google In Video Copyright Dispute. The Wall Street Journal (2/13, Jolis) reports, "A Belgian court ruled Tuesday that Internet search engine Google Inc. violated Belgian copyright law when it published snippets and links to Belgian newspapers on its Web site without permission." The Journal continues, "The court ordered Google to remove the material and pay a fine of €25,000 ($32,500) a day. A judge said the fine was retroactive from an initial September ruling, but lawyers said they weren't sure and needed time to analyze the judgment. A court official later said the fine was retroactive and amounted to €3.45 million and counting." The Journal adds, "The ruling represents an initial defeat in what could become a major issue for Google -- beginning to define what it must do before using copyrighted material. … In September, Copiepresse -- an association of Belgian French- and German-language publishers in Belgium -- won a case against Google at the Belgian Court of First Instance, charging that by displaying its members' copyrighted articles on its news-search engine without payment and permission, Google had broken Belgian law. Google appealed the ruling to the same court, saying it wasn't aware of the first court hearing. .. .Google lists articles provided in response to news searches. The company previously has said it has an 'opt-out' policy for publishers who don't want their content on Google, making the Belgian court case unnecessary. … But Google added it would be impractical for the company to contact every publishing company to get permission and pay a fee before publishing any articles as the press association has requested, Google spokeswoman added."

Author Urges Passage Of Bill Banning Gene Patents. In an op-ed for the New York Times (2/13), author Michael Crichton writes, "You, or someone you love, may die because of a gene patent that should never have

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been granted in the first place. Sound far-fetched? Unfortunately, it's only too real." Crichton continues, "Gene patents are now used to halt research, prevent medical testing and keep vital information from you and your doctor. Gene patents slow the pace of medical advance on deadly diseases. And they raise costs exorbitantly: a test for breast cancer that could be done for $1,000 now costs $3,000. … Why? Because the holder of the gene patent can charge whatever he wants, and does. Couldn't somebody make a cheaper test? Sure, but the patent holder blocks any competitor's test. He owns the gene. Nobody else can test for it. In fact, you can't even donate your own breast cancer gene to another scientist without permission. The gene may exist in your body, but it's now private property." Crichton adds, "This bizarre situation has come to pass because of a mistake by an underfinanced and understaffed government agency. The United States Patent Office misinterpreted previous Supreme Court rulings and some years ago began — to the surprise of everyone, including scientists decoding the genome — to issue patents on genes. … The results have been disastrous. Ordinarily, we imagine patents promote innovation, but that's because most patents are granted for human inventions. Genes aren't human inventions, they are features of the natural world. As a result these patents can be used to block innovation, and hurt patient care." Crichton notes, "Fortunately, two congressmen want to make the full benefit of the decoded genome available to us all. Last Friday, Xavier Becerra, a Democrat of California, and Dave Weldon, a Republican of Florida, sponsored the Genomic Research and Accessibility Act, to ban the practice of patenting genes found in nature. Mr. Becerra has been careful to say the bill does not hamper invention, but rather promotes it. He's right. This bill will fuel innovation, and return our common genetic heritage to us. It deserves our support."

ENVIRONMENT/INDIAN AFFAIRS:

Fish Fakery Seen As Growing Problem. The Washington Post (2/13, A12, Whoriskey) reports from Madeira Beach, FL, "What the undercover agents ordered, over and over, was the grouper. … What wound up on their plates could stifle anyone's appetite." The Post continues, "The alleged grouper at 17 of 24 area restaurants sampled by the investigators was actually another, less desirable species, according to a DNA analysis conducted for the state attorney general's office and released earlier this month. Asian catfish. Emperor. Painted sweetlips. And twice, types of fish that could not be identified. … In this area that some consider the national capital of grouper -- more than three-quarters of the U.S. catch comes from Florida's Gulf and a grouper sandwich downed at a waterside bar is cherished as an authentically Floridian repast -- the finding has amplified a local outrage that, experts say, points to a larger national problem of fish fakery. … 'This problem is rampant across America,' said Mark Kinsey, a special agent for the National Oceanic and Atmospheric Administration who enforces marine resource laws. 'And it isn't just grouper.'" The Post adds, "Much of the reason for the questionable grouper, red snapper and other fish stems from a simple matter of supply and demand, regulators and industry officials say. … With the popularity of grouper rising nationwide and the domestic catch at times limited by federal guidelines, restaurateurs have relied on imports to fill the gap. … The quality of those imports has proved harder to control, even as the lower prices -- often a small fraction of domestic prices -- have made the imports irresistible. … Repeated revelations of fake grouper have scandalized restaurant-goers across Florida, and made them doubtful at the dining table."

Bison Range Management Agreement Breaks Down. The New York Times (2/13, Robbins) reports from Moiese, MT, "An effort to have two Indian tribes assist government officials in operating a federal wildlife refuge that is surrounded by their reservation has collapsed amid accusations of racism, harassment, intimidation and poor performance. But top federal officials say they are determined to resurrect it." The Times continues, "The plan for the tribes and the government to jointly run the National Bison Range in western Montana, just north of Missoula, had long been viewed as unworkable by the United States Fish and Wildlife Service, the Department of Interior branch that manages wildlife refuges. … But top Interior Department officials say that despite the objections, they are committed to transferring some responsibility for the range from the wildlife service to a tribal government. … 'There's a shared sense of mission between the U.S. Fish and Wildlife Service and the tribes,' said Shane Wolf, a department spokesman." The Times adds, "Representative Denny Rehberg, Republican of Montana, asked the Government Accountability Office and the House Resources Committee in late January to investigate the disagreement and the problems plaguing the range. Among them is whether political appointees at the

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Interior Department pressured the wildlife service into the pact. The department's inspector general and its Office of Equal Opportunity are also investigating. … The Indian Self-Determination Act of 1975 allows tribal involvement in the management of federal lands, and the Confederated Salish and Kootenai Tribes, which have strong cultural links to bison, wanted the authority to manage the refuge. … The Fish and Wildlife Service opposed ceding control over the bison range, and the Interior Department and tribal officials decided to split the mission. The federal government maintained management authority but hired members of the tribes to feed and care for the bison. Federal managers, who did not have authority over the tribal workers, had to ask a tribal manager to relay orders. … The project leader at the range, Steve Kallin of the wildlife service, said tribal employees failed to do their assigned tasks and that this led to the cancellation of the agreement."

Colorado US Attorney Concerned About Ute Reservation Murder Rate. The Denver Post (2/13, Draper) reports from Towaoc, CO, "It was one of five, possibly six, killings on the isolated, 2,000-person Ute Mountain Ute Reservation last year. … Friends were passing an afternoon drinking St. Ives malt liquor when 28-year-old Samson Lameman began to play Russian roulette with a long-barreled, silver revolver. He put the gun to his head and pulled the trigger twice, according to the FBI affidavit. The chambers were empty. Lameman then persuaded 26-year-old Tasha Posey to put the gun to her head and pull the trigger. … The chamber was empty. They kept drinking. … Lameman allegedly struck Posey in the right eye with the butt of the revolver. She pushed him, then fell on top of him. Lameman fired the gun into Posey's chest, according to an eyewitness. Posey died later in the Cortez hospital; Lameman denies shooting her. The case is making its way through the federal court system." The Post continues, "A handful of such incidents each year - fatal stabbings, bludgeonings, beatings, shootings and drunken-driving accidents - have prompted a U.S. attorney to label this tiny sovereign nation 'the murder capital of Colorado.' … The Ute Mountain Ute homicide rate, says U.S. attorney Troy Eid, dwarfs the state average of nearly 4 homicides per 100,000 people. The reservation rate is comparable to 250 or 300 killings per 100,000 people, he says, and more federal resources are desperately needed. … 'It is a national and state disgrace. ... No other place in Colorado is like this,' Eid says. 'People shouldn't go to bed at night wondering if they're going to wake up.'"

FBI/DEA/ATF/USMS:

IG Finds FBI Continues To Lose Laptops, Weapons. ABC World News (2/12, story 6, :25, Gibson, 8.78M) reported, "Hundreds of FBI guns and laptop computers are missing. A new audit shows more than 300 were lost or stolen since an earlier report ten years ago. At least ten laptops had sensitive or classified information. The overall figures are a slight improvement, but today's report says the FBI has not done enough to correct problems found four years ago." ABC News (2/12, Date) reported on the IG review at greater length on its Web site, noting that "while the rates may have slowed, the statistics continue to alarm Justice Department officials and FBI critics. … In a statement, FBI Assistant Director John Miller said, 'we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them.'"

In a widely-distributed story, the AP (2/13, Yost) reports, "The IG said the FBI is reducing the number of thefts and disappearances of weapons and laptop computers, but the bureau acknowledged in a statement that 'more needs to be done.' … Of the 160 laptops lost or stolen over a 44-month period, 10 contained sensitive or classified information. The bureau did not have records on whether 51 others contained such data." The AP adds that Sen. Charles Grassley said in a statement, "'Making progress' may seem like a win for the FBI, but it's unacceptable when you're talking about lost weapons and computers with sensitive information." The Los Angeles Times (2/13, Schreck, 850K) notes, "The security measures on FBI laptops include encryption software and passwords, bureau spokesman Paul Bresson said," and Miller "highlighted the bureau's progress in reducing the loss of equipment and disagreed with the report's conclusions about the number of missing weapons. 'Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them,' he said."

Under the headline "Audit: FBI Has Lost More Laptops, Guns," USA Today (2/13, 3A, Johnson, 2.27M) notes that the losses occurred "Despite new tracking systems designed to help the FBI account for thousands of weapons and personal computers." USA reports, "In a written response, Joseph

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Ford, the FBI's associate deputy director, said the bureau has taken 'appropriate steps to minimize these losses.' Ford said 43 of the 160 lost or stolen weapons were reported in the prior audit period. As a result, he said, the actual number of missing weapons in the new audit should have been 117. 'We acknowledge that more needs to be done to ensure the proper handling … of the laptop computers and, more importantly, the information maintained thereon,' he said." USA also notes that Grassley, "a frequent critic of FBI operations, called the losses 'unacceptable.'"

The San Francisco Chronicle/Hearst Newspapers (2/13, A5, Dlouhy) reports Sen. Patrick Leahy "said the losses were 'especially troubling' at a time 'when Americans are increasingly confronted with reports of major data breaches involving lost or stolen laptops, and with the dangers of identity theft.' When Robert Mueller took over as director of the FBI in 2001, he promised to 'restore the public's confidence' in the bureau, which had been embarrassed by its management of documents related to the case against Oklahoma City bomber Timothy McVeigh, the spy scandal involving agent Robert Hanssen, and its chronic loss of weapons and laptops. The FBI has implemented new requirements for reporting lost or stolen weapons and laptops."

Under the headline "FBI Reports On Missing Laptops And Weapons," the Washington Post (2/13, A6, Eggen, 690K) notes that the FBI "has struggled for years to improve its sloppy inventory procedures," and adds, "The results are an improvement on findings in a similar audit in 2002, which reported that 354 weapons and 317 laptops were lost or stolen at the FBI over about two years. They follow the high-profile losses last year of laptops containing personal information from the Veterans Administration and the Internal Revenue Service. In a statement yesterday, FBI Assistant Director John Miller emphasized that the report showed 'significant progress in decreasing the rate of loss for weapons and laptops' at the FBI. … But several lawmakers said they are still concerned about the FBI's difficulties in keeping track of weapons and sensitive data." The Post also includes Grassley's statement and reports that House Committee on Oversight and Government Reform ranking Republican Rep. Tom Davis said, "This is the latest in a long string of personal information breaches at federal agencies, and there is no end in sight."

In stories taking a similarly negative tone toward the FBI, the Washington Times (2/13, Seper, 88K) and Washington Examiner (2/13, Myers) also report on the IG review, noting both Miller's and Grassley's statements, and the New York Times/Bloomberg (2/13) reports the story under the headline "F.B.I. Lags In Securing Its Laptops And Weapons," including only Miller's statement. Meanwhile, under the headline "FBI Struggles With Laptop And Gun Losses," US News & World Report (2/12, Ragavan) reported on its Web site, "Finally, the FBI has failed to properly document whether laptops and hard drives that are being disposed of have been erased of sensitive data prior to dumping them, nor did it consistently make sure that FBI employees who quit the bureau turn in their guns and computers before they exit. The FBI says that Fine made some incorrect inferences and that some of the missing items predated the audit but that it is going to accept the IG's recommendations."

In the only story taking a generally positive tone toward the bureau, Government Executive/National Journal's Technology Daily (2/12) reported, The FBI has made significant progress in decreasing the rate of loss of laptop computers and weapons, the agency's inspector general said Monday." National Journal also includes Miller's statement. Bloomberg TV's On the Money and CNN's The Situation Room also briefly noted the IG report in their news updates.

Security Consultant Says FBI Loss Rate Similar To Any Large Company. InformationWeek (2/12, Gaudin) also reported on the IG review, but noted, "Ken van Wyk, principal consultant with KRvW Associates and formerly with the Defense Information Systems Agency, says it's important to separate the lost computers from the information on them. 'It's disconcerting, but as someone who travels with electronic gear all the time, I can tell you we're targeted,' he adds. 'But a lot of agencies, and I've got to believe that includes the FBI, are using whole-disk encryption. The chances of a thief being able to break it are very slim. The risk, at that point, is extremely low.' Van Wyk adds that while the FBI obviously should tighten up its security, he thinks the agency's computer loss rate would match up to that of most large companies. 'It's inevitable,' he says."

US Indicts 17 Members Of Texas Syndicate Gang. The Houston Chronicle (2/13, George) reports, "Seventeen alleged members of the Texas Syndicate gang have been indicted under the federal RICO Act on charges that include murder, attempted murder, robbery and narcotics distribution." The Chronicle continues, "Three of those charged, Jesus Galvan Jr., 40, Francisco Nuncio Jr., 34, and Jerry Villarreal, 36, appeared in federal court in Houston this

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afternoon. … The chained and handcuffed trio, wearing street clothes and heavily marked with tattoos, appeared before U.S. Magistrate Judge Calvin Botley. They are among eight defendants arrested this morning. The nine others indicted are behind bars." The Chronicle adds, "RICO — Racketeer Influenced and Corrupt Organizations Act — allows extended prison time for crimes associated with ongoing criminal enterprises such as gang activity. … The sealed indictment against the 17 defendants was described by Botley as "quite lengthy." Botley said he expects to see all 17 defendants by Friday. … Assistant U.S. Attorney Tim Braley asked Botley to detain all three men because they are flight risks and a danger to the community. Detention and arraignment hearings for the trio were set for 10 a.m. Thursday."

White House Questions Study Indicating Marijuana Relieves HIV-Related Pain. The AP (2/13) reports smoking marijuana "eased HIV-related pain in some patients in a small study that nevertheless represented one of the few rigorous attempts to find out if the drug has medicinal benefits. The Bush administration's Office of National Drug Control Policy quickly sought to shoot holes in the experiment." The study, "conducted at San Francisco General Hospital from 2003 to 2005 and published Monday in the journal Neurology, involved 50 patients suffering from HIV-related foot pain known as peripheral neuropathy. … 'People who smoke marijuana are subject to bacterial infections in the lungs,' said David Murray, chief scientist at the Office of National Drug Control Policy. 'Is this really what a physician who is treating someone with a compromised immune system wants to prescribe?' Murray also questioned the statistical relevance of study with just 50 participants in the test." The AP notes that a doctor involved with the study "needed authorization from eight academic and government agencies, including the Drug Enforcement Administration." There are more than 150 media references to the study, with most news outlets using the AP story, including CBS News, CNN, FOX News, the New York Times, Wall Street Journal, Newsweek, San Diego Union-Tribune, Miami Herald, and Houston Chronicle.

The Washington Post (2/13) reports the White House "belittled the study as 'a smoke screen,' short on proof of efficacy and flawed because it did not consider the health impacts of inhaling smoke. But other doctors and advocates of marijuana policy reform said the findings…offer powerful evidence that the Drug Enforcement Administration's classification of cannabis as having 'no currently accepted medical use' is outdated." However, Murray "called the findings 'not particularly persuasive.' The study was relatively small, he said, and it is likely that those who received the real pot were aware of that, introducing a bias of expected efficacy. 'We're very much supportive of any effort to ameliorate the suffering of AIDS patients,' Murray said. But even if ingredients in marijuana prove useful, he added, they ought to be synthesized in a pill to make dosing more accurate and to minimize lung damage."

The San Francisco Chronicle (2/13) reports, "Although the study was small, it is the first of its kind to measure the therapeutic effects of marijuana smoking while meeting the most rigorous requirements for scientific proof -- a randomized, double-blind placebo-controlled trial. As such, the results of the trial are being hailed by medical marijuana advocates as the most solid proof to date that smoking the herb can be beneficial to patients who might otherwise require opiates or other powerful painkillers to cope with a condition known as peripheral neuropathy."

The Oroville (CA) Mercury Register (2/12) also noted Murray's comments and wrote that Murray "said people who smoke marijuana are subject to bacterial infections. He added that the study, considering its small size is 'not a convincing demonstration.'" The Register adds that the study "is the first of several clinical trials of medical cannabis being conducted through the University of California's Center for Medicinal Cannabis Research, based at UC San Diego."

McClatchy Newspapers (2/12) noted the study "comes on the heels of an unrelated analysis, published in Monday's Archives of Internal Medicine, that links long-term exposure to marijuana smoke with coughing, wheezing and other respiratory complaints common among tobacco smokers. 'The bottom line is, it certainly needs to be looked into further,' said Dr. Jeanette Tetrault, a general internal medicine fellow at Yale University who is among those investigating possible lung cancer or respiratory disease links to marijuana smoking." The McClatchy story was used by the Kansas City Star.

Medpage Today (2/13, Smith) also covered this story.

Judge Recommends DEA Allows Massachusetts Professor To Grow Marijuana. The AP (2/13) reports an administrative law judge, Mary Ellen Bittner, "has recommended to the Drug Enforcement Administration that it grant a Massachusetts

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professor's application to grow [marijuana] in bulk. The judge's ruling is nonbinding. But officials at the American Civil Liberties Union hope that the recommendation to grant the application of professor Lyle Craker will eventually lead to more research into the use of marijuana for medicinal purposes. In June 2001, Craker submitted an application as a marijuana manufacturer to the DEA." Steve Robertson "said Monday night the agency is reviewing Bittner's decision and would have no immediate comment." Karen Tandy "retains final authority to decide on the application." CBS News, the New York Times, Washington Post, San Francisco Chronicle, Los Angeles Times, and Kansas City Star used the AP story.

The Boston Globe (2/13) reports Bittner "said Craker's bid to grow marijuana 'would be in the public interest.' 'There would be minimal risk of diversion of marijuana,' she wrote. 'There is currently an inadequate supply of marijuana available for research purposes ... (and) competition in the provision of marijuana for such purposes is inadequate.'" Garrison Courtney "declined to comment on the ruling. 'We're still reviewing the opinion,' he said. 'We'll make a determination at a later point.'"

The Washington Post (2/13, A14, Weiss), toward the end of an article on a study intended to demonstrate marijuana's efficacy, the Post notes that Bittner ruled that allowing the professor's crop "would be in the public interest." The Post adds that Rick Doblin, president of the Multidisciplinary Association for Psychedelic Studies, says, "the detailed decision should make it difficult for the agency to balk," at following her recommendation.

Study Says Fatal Overdoses From Methadone Top Other Prescription-Drug Deaths. USA Today (2/13, Leinwand) reports methadone "has emerged as an increasingly popular and deadly street drug, joining narcotics such as Vicodin and OxyContin as frequently abused prescription drugs. Fatal overdoses of methadone rose at a higher rate than those involving any other narcotic from 1999 through 2004, according to a recent study by the National Center for Health Statistics (NCHS)." The study indicates that doctors' "increasing tendency to prescribe methadone as a cheap alternative to addictive pain relievers such as OxyContin has made it easier for addicts to get methadone, the Drug Enforcement Administration's Denise Curry says. 'It's out there, it's available, and it can be dangerous,' Curry says." Pharmacies "report that methadone is among the most popular drugs stolen, along with Vicodin and OxyContin, she says."

In a separate story, USA Today (2/13, Leinwand) reports Curry and other drug specialists "say most methadone-related deaths in recent years have involved people…who overdosed after taking the drug without a prescription, or methadone addicts who took too much of it while chasing the warm, euphoric feeling that users experience over four to six hours after taking the drug."

Questions About Virginia ATF Shooting Remain Unanswered. The Washington Examiner (2/13, Francis) reports, "When he exonerated two federal agents last week in the shooting death of a 24-year old Washington man, the Arlington County commonwealth's attorney made fresh assertions about the case that raised new questions about the incident, a Washington Examiner investigation shows." The Examiner continues, "County attorney Richard Trodden determined that the agents from the Bureau of Alcohol, Tobacco and Firearms acted in self-defense when they chased and fired upon Travis Lamar Hampton seven months ago and that Hampton killed himself after an eight–hour standoff. … In an interview with The Examiner, Trodden presented a new version of a July car chase involving federal agents and the District man including the revelation that the man fled a drug-related robbery and initiated a shootout with the agents." The Examiner adds, "The new version of events added significant details to the initial account. But additional questions have emerged: … Whom did Hampton rob? And where exactly did the robbery take place? … How many shots did the ATF agents fire? How many were fired by Hampton? … Without a ballistics report, can the public determine Hampton took his own life, or even had a gun?" The Examiner notes, "Hampton's sister Tonya Kirby said these questions needed to be answered before she could move on. Without looking at the police report, she said her family would not accept Trodden's account. … 'We feel helpless,' she said. 'They told us whatever they wanted to tell us. We have no evidence of anything. We weren't allowed to see the report.'"

IMMIGRATION:

Rohrabacher Says Bush's Inaction On Border Guards' Pardon Shows His "Evil Side." CNN's Lou Dobbs Tonight (2/12) reported on the

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former border patrol agents who "have been in prison now for more than three and a half weeks. The agents serving long prison sentenced jailed on the testimony of an illegal alien Mexican drug smuggler given immunity by the Justice Department. Congressman Duncan Hunter sponsoring legislation for a congressional pardon for these men. 81 Republican members of congress signed on the legislation. The number of Democrats, zero." According to CNN's Lou Dobbs, the president "is under increasing pressure tonight to issue a pardon to the two former border patrol agents. Congressman Dana Rohrabacher says if either of those agents were to be killed in prison there would be talk of the president's impeachment on Capitol Hill." Rep. Dana Rohrabacher was shown saying, "bringing up the subject of impeachment was a way of emphasizing to the president just the magnitude of the importance of protecting these two border patrol agents' lives. They are in jeopardy. … They are being held in a cage with criminals who they put in that cage. I just wanted to make sure when I mentioned that in passing that it got the President's attention. … He's been aloof from this issue and these men may lose their lives." Later in the interview Rohrabcher claimed, "These decisions…were cleared directly with the President of the United States. This is showing a side of George Bush. We told him from the beginning…'you were painting your own picture. You are determining how the people will determine what type of moral person you are' and he has shown us this evil side to him. … If they die in prison, it will be the President's personal responsibility."

Bill O'Reilly, host of Fox News' The O'Reilly Factor (2/12) noted that former border patrol agent Ignacio Ramos, "convicted of shooting a Mexican illegal alien dope dealer, was roughed up in prison last week. 'Factor' producer Jesse Waters traveled to Mississippi to ask the warden of the Yazoo City Prison Constance Reese how that could possibly happen. But Ms. Reese…spotted us and sped away. … But we did talk to an official who says the prison is chaotic." Yazoo City prison agent Dan Ditto: "This is a system out of control. … The inmates are running the system." O'Reilly added, "How could the inmates be running a federal penitentiary?" Tara Setmayer, communications director for Rep. Dana Rohrabacher "toured the prison…and met with Ramos." Setmayer was shown saying, "To classify his injuries as minor is disingenuous on the part of the prison. He was severely beaten. He was bruised from the top of his shoulder down to his elbow, yellow, purple, deep bruises. He had stomp marks on his back on the shoulder blades with the actual imprint of the sole of the boot. … But he had no medical attention until Monday" though he was attacked Saturday.

Minuteman Founder May Probe Prosecution Of Border Agents. Fox News (2/13) reports, "The founder of the Minuteman Project may soon announce a citizens' investigation commission to look into the prosecution of two former Border Patrol agents now in prison for the nonfatal shooting of a Mexican drug runner in Texas." Fox News continues, "Jim Gilchrist has joined the chorus of grassroots groups and lawmakers to push President Bush to pardon the two agents, Jose Compean and Ignacio Ramos. Gilchrest later on Monday may hold a press conference in El Paso to vocalize his group's concern with the case and to outline plans for the commission. … 'We cannot stand idly by if border agents are railroaded, so in addition to our work of monitoring border activities, we are establishing a citizens' investigation commission to look into this Ramos/Compean situation, starting with a thorough review of the federal attorney's procedures and motivations,' said Gilchrist, who started the Minuteman Project originally push for more immigration law enforcement. 'We believe that federal attorney Johnny Sutton was, at the least, overzealous in his prosecution of these agents.'" Fox News adds, "Compean and Ramos are behind bars for shooting at fleeing drug dealer Osbaldo Aldrete-Davila then trying to cover up the incident. The two were convicted by a jury last year and are now serving their time at two separate federal prisons. Aldrete-Davila was given immunity for his testimony against the two agents — both of whom say they were just doing their jobs. … Gilchrist and other supporters of the two agents argue that Sutton improperly prosecuted the case and that evidence may have been withheld. Sutton, on the other hand, has maintained that there was more than enough evidence to show that the two men shot at Aldrete-Davila while he was running away from them, and that he likely did not have a weapon. … Supporters of the two ex-agents say even if the two men are guilty of these actions, they do not deserve to spend 11 and 12 years in prison. The two are currently appealing their punishment"

US Indicts Massachusetts Man For Immigration Fraud. The Malden (MA) Observer (2/13) reports, "A Malden resident and Vietnam native was indicted this week for allegedly making false statements in his

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naturalization application, including denying a criminal past that included child rape charges." The Observer continues, "Anh Tam Nguyen, 45, of 343 Medford St. in Malden, was charged in an indictment with one count of unlawful procurement of naturalization. He will be arraigned in federal court on the indictment today. … The naturalized U.S. citizen, originally from Vietnam, allegedly made false written statements on a naturalization application, where he denied he had ever been charged criminally. It is alleged by the U.S. Department of Justice that Nguyen in fact had been charged in Suffolk Superior Court with, among other things, indecent assault on a child under 14 years, and assault with intent to rape a child under the age of 16." The Observer adds, "United States Attorney Michael J. Sullivan and Bruce M. Foucart, Special Agent in Charge of Immigration and Customs Enforcement in New England, announced the indictment this week. … According to the indictment and other documents previously filed with the court, Nguyen, born in Saigon, was first admitted into this country at Los Angeles as a refugee in September 1984. The following year, Nguyen's status was adjusted to that of Lawful Permanent Resident. In June, 1996 Nguyen signed and submitted an application for Naturalization. It is alleged that, in response to a question on the application inquiring if he had ever been arrested, charged, indicted, convicted, fined or sentenced for a crime, Nguyen answered 'no.' … In June, 1997, Nguyen was interviewed in Boston by an Immigration and Customs Enforcement District Adjudications Officer in connection with his application. It is alleged that Nguyen responded in the negative when questioned by the Immigration Officer as to whether he had any previous criminal charges. At the end of the interview, Nguyen signed a statement that the responses he had given were truthful. Nguyen was naturalized on Sept. 17, 1997 at a ceremony in U.S. District Court in Boston."

TAX:

Financial Firms Seek Direct Deposit Tax Refunds. USA Today (2/13, Chu) reports, "Financial firms are stepping up their efforts to capture money from tax refunds, hoping to capitalize on a new option that lets you have the IRS directly deposit your refund in up to three accounts." USA continues, "Citibank, Wells Fargo and Countrywide Bank, among others, are urging taxpayers to take advantage of the change this year to deposit at least part of their refund into a savings or individual retirement account. … The advice to save — rather than spend — your tax refund isn't new. But the firms hope for a warmer reception from investors this year because of the policy change. Previously, taxpayers could have their refunds directly deposited into only one account." USA adds, "Because of that limitation, 'People would put their tax refund into their checking account, and they may or may not have saved that,' says Jeff Pearlberg of Citibank. 'When you're allowed to do a split refund, what you're doing is telling people to pick a savings account.' … The marketing efforts come as a rising number of taxpayers arrange for their refunds to be deposited directly into their bank accounts, rather than mailed to them. For the 2005 tax year, $149.2 billion in refunds were directly deposited — more than double the level of five years ago — the IRS says."

House Panel Approves Tax Breaks As Part Of Minimum Wage Bill. The AP (2/13, Kuhnhenn) reports, "It's not like a business group to oppose the largest possible tax breaks for its members. But when it comes to sweetening a minimum wage bill with small business tax relief, the US Chamber of Commerce is backing a House proposal that is a fraction of the size of a tax package passed by the Senate." The House legislation, "approved Monday by the House Ways and Means Committee on a bipartisan voice vote, would extend business tax credits and increase the amount of capital spending that a business can write off. It also would give restaurants a break on how to calculate deductions for Social Security taxes paid on tips. According to congressional estimates, the House tax cuts would cost the Treasury $1.3 billion in lost revenue over 10 years. The tax cuts in the Senate bill, approved two weeks ago, would cost $8.3 billion over 10 years."

The Washington Post (2/13, D1, Montgomery, 690K) reports, "The House tax package is far less generous than an $8.3 billion package approved by the Senate this month under pressure from that chamber's Republicans, who refused to support a minimum-wage increase unless it included tax relief for small businesses." Senate leaders "yesterday said they were hopeful that differences between the two chambers would be worked out. With both houses now willing to go along with tax breaks, congressional aides said it was just a matter of resolving the details."

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CONGRESS-ADMINISTRATION:

White House Report Touts Free Trade, Predicts Continued Economic Growth. The AP (2/13, Aversa) reports, "Free-trade policies that make it easier for U.S. companies to sell their products are important to the economy's vitality, President Bush said Monday as he projected a year of good -- though somewhat slower -- economic growth." Bush, "in his annual economic report to Congress, made a fresh pitch for breaking down trade barriers and energizing global trade talks. He also called on Congress to extend his authority to negotiate free-trade deals, a request likely to face an uphill battle in the Democratic-controlled Congress."

The New York Times (2/13, Andrews, 1.16M) says the Administration "reveled in the economy's continued expansion on Monday, as the president's advisers stepped up their calls for freer trade, lower taxes and a continued openness to immigration." In "a buoyant annual report," Bush's "Council of Economic Advisers said the economy was poised to keep growing at a solid 3 percent a year, that unemployment would remain below 5 percent and that rising productivity would allow higher wages without higher inflation." The Times adds "the optimistic outlook came at a time when the economy's broad indicators have been surprisingly favorable." But "the report set up a clash with Democrats and even some Republicans in Congress, by putting its emphasis on increasing investment and globalization rather than on cushioning workers from the disruptions of foreign trade and corporate overhauls."

The Wall Street Journal (2/13, lp, 2.04M), meanwhile, reports "there are troubling signs the US may be losing its traditional appeal as a destination for foreign investment, the White House says, a veiled warning to legislators now contemplating tighter controls over such investment." The Economic Report of the President "says foreign investment in the US has numerous benefits: foreign-owned firms in the U.S. pay higher wages, invest more in research and development, and export more than purely domestic firms, on average. Moreover, foreign direct investment (FDI) helps modernize U.S. plant and equipment and finance the US' large trade deficits, it says."

Economy's Course Said To Parallel 1990s' Expansion. The New York Times (2/13, Porter, Peters, 1.16M) reports, "It is five years into an economic expansion and most Americans are still waiting for their share. Inflation is swallowing pay raises. Businesses are hiring, but forecasters worry that the economy may be about to stall. 'If this is a recovery,' the leader of the political opposition complains, 'I can hardly wait for the recession.'" This "may sound like the stuff of today's headlines. But it comes from 1996, when Bill Clinton was president and his rival was Bob Dole, the Republican nominee. The economic expansion in question, which got off to a sputtering start in March 1991, was to become the longest period of uninterrupted growth in the nation's history." The Times adds, "Now, a little more than five years into an expansion that officially started in November 2001, the economy is showing remarkable parallels to the situation of a decade ago. … What is striking, considering these similarities, is how little effect the policy choices of Democratic and Republican administrations seem to have had on how both growth cycles played out."

US Ran Budget Surplus Last Month. The Wall Street Journal (2/13, Ives-Halperin, Walsh, 2.04M) reports, "The US federal government ran a January budget surplus of $38.24 billion, up 82% from the year-earlier monthly surplus as tax receipts and outlays both set records, the Treasury Department said Monday. Treasury's monthly budget statement shows receipts were $260.61 billion last month, up 13% from a year earlier and a record for the month of January. Meanwhile, outlays were $222.37 billion, also a record for the month and up 6.4% from a year earlier." USA Today (2/13, 6A, 2.27M) also notes the budget numbers in a brief report.

Stocks Down Yesterday. NBC Nightly News (2/12, story 10, :15, Williams, 9.87M) reported, "On Wall Street today stocks finished lower. The Dow was down 28 points [to close at 12,552.55]. NASDAQ lost more than nine points [to close at 2,450.38] on today's trading." USA Today/Bloomberg (2/13) notes the S&P 500 "fell 4.69 points, or 0.3%, to 1433.37 after slipping 0.7% last week." The Washington Post/AP (2/13, D6) and Wall Street Journal (2/13, C1, Browning, 2.04M), among other newspapers, also carry stories on the stock market.

Schumer, Bloomberg Says Financial Market Reforms Needed To Maintain US Economic Edge. Sen. Charles Schumer and New York Mayor Michael Bloomberg write in USA Today (2/13, 10A, 2.27M), "Today, Wall Street is booming, and our nation's short-term economic outlook is strong. But the report we released last month confirmed what many of us have suspected: Our economy's long-term health will be at risk unless we address our declining global

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competitiveness in the capital markets. We can -- and must -- do this while also continuing to protect consumers and investors. … As the international market evolves, we have to evolve with it." In an editorial, USA Today (2/13, 10A, 2.27M) disagrees, saying "regulation and litigation are, to be sure, legitimate issues, ones that go well beyond Wall Street. But they are not why companies are listing on foreign exchanges. That is happening for the same reason that other industries have gone overseas -- global competition."

Bush Budget Cuts At Odds With States' CHIP Expansion Initiatives. The New York Times (2/13, Pear, Hernandez, 1.16M) reports, "In the absence of federal action, governors and state legislators around the country are transforming the nation's health care system. … But the states appear to be on a collision course with the Bush administration, whose latest budget proposals create a huge potential obstacle to their efforts to expand coverage." The Bush administration "has balked at state initiatives that increase costs to the federal government." The Times notes that the states' initiatives often expand the Children's Health Insurance Program, "which is jointly financed by the federal and state governments. Many states are eager to expand eligibility for that program, and some are going far beyond the income levels deemed appropriate by the White House. In his budget last week, President Bush said he wanted to return the program to its 'original objective' of covering children with family incomes less than twice the poverty level. Sixteen states already cover children in families with incomes above 200 percent of the poverty level, and some want to go higher, even as the president seeks to reduce federal payments for children in families with higher incomes."

New York Unions To Air Ads Against Bush's Proposed Healthcare Cuts. The New York Times (2/13, Pérez-Peña, 1.16M) reports, "Hospitals and a health care workers' union in New York plan to mount an advertising campaign to defeat spending cuts proposed by President Bush — their first attempt to affect national policy with a strategy they have used statewide. … On the national level, the officials said the campaign would probably take aim at key members of Congress — those on important committees and those who are likely to be swing votes — with ads in their home districts and in Washington, to persuade them to oppose the president's cuts. The union, 1199 S.E.I.U. United Healthcare Workers East, and the Greater New York Hospital Association jointly control a $60 million fund, the Health Care Education Project." According to the Times, "The hospital association and the union plan to meet on Thursday, along with top officials of 1199's parent union, the Service Employees International Union, to develop their strategy."

Wal-Mart Among Big Businesses Pushing For Health insurance Overhaul. The Christian Science Monitor (2/13, Trumbull, 59K) reports, "The message comes from Wal-Mart, but it reflects a view that's increasingly common in corporate America: The US healthcare system needs to be fixed. Big business can help, but don't expect us to shoulder the whole burden. That was a subtext when Wal-Mart chief executive Lee Scott took the stage last week alongside representatives of a major labor union to kick off a campaign called 'Better Health Care Together.' The aim of this unlikely partnership is to extend coverage to all Americans by 2012, and Mr. Scott emphasized that the responsibility must be shared by government and individuals as well as business."

Senate HELP Committee To Vote On Mental Health Parity Legislation. The Wall Street Journal (2/13, A17, Zhang, 2.04M) reports, "A bill introduced by a bipartisan group of senators…doesn't mandate that group health plans cover mental illness. Instead, it requires that plans, if they cover both mental and physical illnesses, treat both with 'parity,' or similar benefits, such as deductibles, co-payments and treatment limitations. … The measure marks a compromise reached after more than a year's negotiations among lawmakers, mental-health advocates, insurance companies and business groups. Supporters include America's Health Insurance Plans, the National Retail Federation and the National Alliance on Mental Illness. The U.S. Chamber of Commerce also said it is 'prepared to support' the legislation as introduced." The Senate Committee on Health, Education, Labor and Pensions "is slated to vote on the measure tomorrow."

Bush, Congress Close To Trade Deal. The Financial Times (2/13, Callan) reports, "The Bush administration is close to a deal with Congress to pass pending trade agreements and form a common international economic agenda for the president's last two years in office, say senior officials and leading Democrats." The negotiations "are designed to reach an agreement that would leave the administration six weeks to submit agreements with Peru, Colombia, Panama and possibly South Korea to Congress for ratification. The talks are complicated by

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mutual distrust and internal divisions but are edging close to a breakthrough, according to participants." The Times adds, "Agreement by leading Democrats to support the Latin American deals would be followed by further bargaining over trade and currency imbalances with China and Japan and the treatment of vehicles and agriculture in negotiations between Washington and Seoul. … Congressmen seen as obstacles to a deal are also changing their tune, including Collin Peterson, chairman of the House agriculture committee."

Trade Deficit Data Expected To Show Modest Increase. The Wall Street Journal (2/13, 2.04M) reports, "The trade deficit is expected to have widened modestly in December from November's $58.2 billion gap, partly due to higher prices for imported oil. Exports of aircraft, which hit a record in November, are likely to pull back. Overall, the gap -- which in large part reflects the huge imbalance with China -- has been narrowing since August's record $68.5 billion deficit." The Commerce Department "releases trade figures at 8:30 a.m."

Assumptions In Bush's VA Budget Questioned. In a widely-disseminated article, AP (2/13, Taylor) reports, "The Bush administration's budget assumes plans to funding for veterans' health care two years from now -- even as badly wounded troops returning from Iraq could overwhelm the system." The AP notes that both critics and allies of the administration question whether the numbers are "real" or if the cuts "are being used to make the overall budget picture look better." After the proposed FY 2008 increase, the Bush plan "would turn current trends on their head" since the "White House budget documents assume consecutive cutbacks in 2009 and 2010 and a freeze thereafter." Moreover, the "proposed cuts are unrealistic in light of recent VA budget trends…sowing suspicion that the White House is simply making them up to [improve] its long-term deficit figures. … Even the White House doesn't seem serious about the numbers [since] it says the long-term budget numbers don't represent actual administration policies." Specifically noted is the disconnect between a 26 percent increase in Iraq and Afghanistan veterans expected in 2008 and Bush's "assumption" that "domestic agency operating budgets will increase by about 1 percent each year."

Agencies Advised To Resist Congressional Pressure To Fund Earmark Projects. The Washington Times (2/13, Dinan, 88K) reports, "Members of Congress quietly have been calling federal agencies demanding their pet projects still be funded weeks after they swore off pork-barrel spending, the Bush administration says. In response, administration officials have signaled they ignore many of those requests -- a move that thrills fiscal conservatives who have called on the president to take that step. … Even stronger assurances have been made privately by top administration officials to Republican lawmakers who have been pleading with President Bush for the changes, congressional aides said." According to the Times, last week President Bush "declared open war on…earmarks."

House Mulls Ethics Reforms Targeted At Executive Branch Officials. The Hill (2/13, Bolton) reports House Speaker Nancy Pelosi "is planning to move legislation that would place strict ethics limits on executive-branch officials, going further than the ethics reforms the lower chamber adopted for itself last month." Rep. Henry Waxman, chairman of the Oversight and Government Reform Committee, "is scheduled to hold a hearing on the legislation today. … Several of the proposed reforms in the measure appear to be in response to various controversies that have emerged during President Bush's tenure, ranging from a dispute over a secret energy task force to criticism over paying pundits for favorable reviews. One of the far-reaching reforms Waxman is considering would require executive-branch officials to report all significant contacts they have with any private interest related to an official government action." The Hill notes that the bill "would be nearly identical to similarly titled legislation that the Government Reform Committee passed unanimously last April."

Lobbyist Takes Credit For Congressional Travel Restrictions' Loopholes. The Washington Post's Jeffrey Birnbaum (2/13), in his "In the Loop: On K Street" column, writes, "one man actually wants credit for a couple of big loopholes in the new ethics rules the House passed last month: John H. Graham IV. Graham is the president of…the American Society of Association Executives. In other words, he is the chief lobbyist for lobbyists." Birnbaum notes that "As soon as he learned that Democratic leaders wanted to ban travel provided by lobbyists" Graham "dispatched his own lobbyists and several of his most sympathetic allies to meet with House staffers. Eventually they poked two gigantic holes in the proposed prohibition. The first opened the way for lobbyists to pay for short trips -- one day as far as the Midwest

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and two days to the West Coast. The second permits colleges to provide travel to lawmakers without restriction, even though they lobby in Washington a lot."

Rove Says White House Reaching Out To Congress More Since Mid-Terms. The Politico (2/13, Allen, Harris) reports that in a "wide-ranging half-hour interview" White House senior adviser Karl Rove "remarked on a shift in relations between the administration and Congress since the Democrats gained power. 'The entire White House is spending a lot more time talking to the Hill and a lot more time seeking feedback and giving them the time that they want,' Rove said. He said his own outreach efforts include following up on 'a letter to me from a Democrat member' who asked him 'to look into a specific issue' that he did not reveal." The Politico notes, "Looking to the immediate political horizon, Rove said Bush is confident that seeking common ground with Democrats will allow him to shape the debate for years to come, and perhaps even score some legislative accomplishments as President Ronald Reagan and others have done when they were lame ducks heading a divided government. 'In one way, things are bad,' he said. 'We had the majority, and now we don't. On the other hand, that happens with frequency in American politics. What the American people want to know is: Are you going to take the time that you have and turn it to good purpose? Are you going to pick yourself up off of the mat, are you going to go get back into the game, and are you going to do so in a way that gets me to applaud you? If we pick ourselves up off of the mat and get back in the game, as we are, then this'll be a good thing for us.'

In his interview with The Politico (2/13, Allen, Harris) Rove said, "How does a president govern with the Congress controlled by the opposite party? The irony is that at first blush, there's a lot of constructive stuff that gets done. It's under divided government that Reagan gets tax reform, the latter half of his term in office. It's under divided government that Clinton gets welfare reform. We got No Child Left Behind passed with a divided Congress."

Tenet Book Expected To Criticize Rice, Cheney. The New York Times (2/13, Mazzetti, Bosman, 1.16M) reports, "For the past two years, George J. Tenet has maintained a determined silence even as senior White House officials have laid the blame for the prewar mistakes about Saddam Hussein on him. But now Mr. Tenet, the nation's former spy chief, is preparing to return fire." Tenet "was awarded a Presidential Medal of Freedom at a grand White House ceremony in December 2004, after stepping down as director of central intelligence, only to have Vice President Dick Cheney appear on 'Meet the Press' 21 months later and pin the mistake about the Iraq intelligence squarely on him." The "talk in Washington has turned to how Mr. Tenet," but he is expected to use a book he is writing "to juggle a host of agendas: polishing his legacy, settling scores and explaining just what he meant when he said it was a 'slam dunk' that Mr. Hussein had unconventional weapons." According to "friends and former colleagues…some of president Bush's top aides with whom Mr. Tenet clashed in the past, including Secretary of State Condoleezza Rice, are said to be targets of criticism." Tenet "is not expected to take on Mr. Bush, with whom he developed a close bond during early morning intelligence briefings in the Oval Office. But Mr. Tenet's friends said he had been surprised when Mr. Cheney and Ms. Rice, appearing on Sunday talk shows last September, fingered him in justifying Mr. Bush's decision to go to war with Iraq."

Gregg Takes Unofficial Role Among Senate GOP Leaders. Roll Call (2/13, Pierce) reports that with an "an unofficial seat at the Senate Republican leadership table, it's no accident that Sen. Judd Gregg (N.H.) has been at the center of nearly every major floor fight this Congress." Majority Leader Harry Reid (D-Nev.) "voiced his frustration with Gregg last week, noting that the three-term New Hampshire Republican seemed to be 'the designated 'see-if-we-can-mess-up-the-legislation' guy this year.'" While "more junior Republicans have independently mounted floor fights that won praise from their leadership, Senate Minority Leader Mitch McConnell (R-Ky.) has been regularly turning to Gregg to help him find ways to tie the Democratic majority in knots." McConnell said, "He's arguably our best sort of idea guy. I rely on him heavily. He's a major player in the Senate whether he sits at the leadership table or not." Roll Calla adds Gregg now "does sit at the leadership table, because McConnell has asked him, along with Sen. Bob Bennett (R-Utah), to join the weekly Republican leadership meeting as an informal 'senior adviser.'"

First Lady Appears On Talk Show. The Washington Post's "Reliable Source" column (2/13, Roberts, Argetsinger) reports that first lady Laura Bush "sat down to dish with cook/talk-show host Rachael Ray on yesterday's

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program. …· The first lady admitted she loves to cook but hasn't been in the kitchen for years. … The president: 'Not very good' at remembering Valentine's Day, so the White House florist always sends up flowers; he signs the card. Last year, one of the gardeners fashioned a heart topiary. 'But, of course, the president didn't think of it, the gardener did,' she told the audience."

OTHER NEWS:

Bush 43 Says Bush 41 Among Most Underrated Presidents. The Washington Post (2/13, A4, Baker, 690K) reports, "As the House gets ready to begin debating the Iraq war today, President Bush has a piece of advice for his father: Turn off the television. It seems that former president George H.W. Bush has been getting agitated watching all the attacks on his son -- so much so that the current president said yesterday that he is worried for his father's well-being. 'I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news,' the president told C-SPAN in an interview to be broadcast this morning." The Post adds, "The president's travails may have brought father and son closer in some ways. In the interview yesterday, the younger Bush said he thinks his father is underestimated." Bush "offered the 41st president as his first example when asked by C-SPAN's Steve Scully who is the most underrated president. 'Well, George H.W. Bush is one of them,' the 43rd president said. 'He followed President Reagan, who was such a really strong president that people have yet to take a look at my dad.'' NBC Nightly News (2/12, story 7, :55, Williams, 9.87M) reported, "There was a particularly personal moment when [President Bush] was asked if there was any other American president he looked to for inspiration or guidance. His answer, not surprising. His own father, President Bush 41. And the current President continued his answer." President Bush: "When I talk to my dad, I hear love. That's what I hear. And I am actually more concerned about him than I've ever been in my life because he is paying too much attention to the news and I understand how difficult it is for a person who loves somebody to see them out in the political process. And to kind of endure the criticisms. My answer is, look, don't pay attention to it, I'm doing fine."

"Desperate Housewives" Actress Describes Her Friendship With Bush 41. The Washington Post's "Reliable Source" column (2/13, Roberts, Argetsinger) reports, "More insight into the surprising friendship between George H.W. Bush and Teri Hatcher: … Details came to us in e-mails the 'Desperate Housewives' star sent yesterday in response to our colleague Korin Miller's inquiries about Hatcher's chummy Los Angeles lunch last week with the former prez, captured by leering paparazzi. Miller reported Saturday that the two have been pals since meeting at a gala in Las Vegas a few years ago. Hatcher responded late but in great detail, seemingly concerned that someone might interpret this all, you know, the wrong way. Hatcher, a 'registered independent,' wrote that she befriended Bush 41 -- and his wife, Barbara, mind you! -- in 'hope of being involved in their many charities,' praising his work on disaster relief and other causes."

Romney Besting McCain In Lining Up Endorsement From Influential DC Figures. The Los Angeles Times (2/13, Hook, Hamburger, 850K) reports former Massachusetts Gov. Romney "is matching the better-known Sen. John McCain "step-for-step in the race to round up support from an important audience: members of Congress and Washington lobbyists." Romney's campaign "can boast that many influential GOP lawmakers and lobbyists have judged him best able to go the distance. More members of Congress have announced support for Romney than for McCain: 26, including former House Speaker J. Dennis Hastert (R-Ill.). And though some Washington hands backing Romney are not household names, they include luminaries of key Republican constituencies, such as former Rep. Vin Weber (R-Minn.), revered by economic conservatives and antiabortion activists; Sen. Larry E. Craig (R-Idaho), his chamber's standard bearer for gun-rights advocates; and John J. Castellani, a Beltway lobbying powerhouse with ties to the top echelons of American business." The Times notes McCain's "style and frequent departures from party orthodoxy, on such issues as campaign finance to tax cuts, have alienated many party colleagues in Congress. 'He's hurt himself with the Republican rank and file,' said Rep. Jack Kingston (R-Ga.), who is leaning toward supporting Romney."

McCain And Romney Make Progress Courting Social Conservatives. The Washington Post (2/13, A1, Cooperman, Cillizza, 690K) reports, "Twelve years ago, Romney said he would be a more effective proponent of gay rights than Sen. Edward M. Kennedy; seven years ago, McCain said the Republican Party had no place for 'agents of intolerance' such as Jerry Falwell." McCain is "in a fierce

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competition with Romney to exploit the absence of an obvious social conservative front-runner in the Republican race. Both candidates are working hard to line up key supporters…and much to the distress of former Arkansas governor Mike Huckabee and Sen. Sam Brownback (Kan.), candidates with stronger ties to party conservatives, they are succeeding." The Post notes Romney "has been particularly aggressive. In October he held a casual gathering at his Boston home for a who's who of social conservative leaders. Falwell and evangelist Franklin Graham munched on sandwiches and sipped soup alongside former presidential candidate Gary Bauer and pastor Richard Lee of First Redeemer Church in Atlanta. Romney will also host a private reception for Christian radio and television hosts during the National Religious Broadcasters' annual meeting next week in Orlando, and he is expected to be the commencement speaker at the Rev. Pat Robertson's Regent University in May. Not to be outdone, McCain will be feted by Falwell at a reception at the religious broadcasters' convention, the latest sign of detente between onetime adversaries."

Jewish Groups Outraged By Romney's Use Of Henry Ford Museum. The AP (2/13, Lowy) reports Romney's "choice of a museum honoring auto pioneer Henry Ford as the site of his presidential announcement was strongly criticized Monday by Jewish Democrats, who noted Ford's history of anti-Semitism." Romney "is scheduled to formally launch his presidential candidacy from the Henry Ford Museum in Dearborn, Mich., on Tuesday, was taken to task by The National Jewish Democratic Council. The council 'is deeply troubled by Governor Romney's choice of locations to announce his presidential campaign,' executive director Ira Forman said in a statement." Forman "said Romney's 'embrace of Henry Ford and association of Ford's legacy with his presidential campaign raises serious questions about either the sincerity of Romney's words or his understanding of basic American history.'"

New Poll Finds 28% Say They Would Never Vote For A Mormon Candidate. USA Today (2/13, Lawrence, 2.27M) reports, "The emergence of…Romney, a Mormon waging a strong campaign for the GOP presidential nomination, spotlights a religion often viewed as odd despite its rapid growth and attempts to go mainstream. … For Romney…it may be less than a blessing. In a diverse 2008 presidential field that includes a woman and an African-American on the Democratic side, polls show being Mormon is a handicap. In a new USA TODAY/Gallup Poll, 72% say they would vote for a qualified nominee who is Mormon. That compares with 94% for a black nominee and 88% for a female nominee.

Romney's Evolving Position On Abortion Noted. The Washington Post's E. J. Dionne (2/13, A21) notes that Romney "has, in a little over a decade, moved from strong support of abortion rights…to a point where he says he makes 'no apology for the fact that I am pro-life.'

Clinton Maintains She Did Not Vote To "Authorize Pre-Emptive War."

ABC World News (2/12, story 2, 2:40, Gibson, 8.78M) reported Sen. Hillary Clinton "faced tough questions about Iraq during her first campaign visit to New Hampshire. After all, a month before her vote on the Iraq war, she said this." Sen. Hilary Clinton: "I can support the President. I can support an action against Saddam Hussein, because I think it's in the long-term interests of our national security." However, "Now, she says this." Sen. Hilary Clinton: "I gave him authority to send inspectors back in to determine the truth. And I said this was not a vote to authorize pre-emptive war. … I have taken responsibility for my vote. The mistakes were made by this President." The CBS Evening News (2/12, story 11, :30, Couric, 7.66M) reported Clinton "faced tough questions of her own in New Hampshire this weekend with Democratic voters asking why she hasn't fully repudiated her 2002 Senate vote supporting the US invasion of Iraq." ABC World News' Charles Gibson (2/12, story 3, 1:20) asked ABC's chief Washington correspondent George Stephanopoulos why Clinton will not admit to making a mistake in authorizing President Bush to invade Iraq. Stephanopoulos responded, "it's a matter of conviction. She doesn't believe it was a mistake. And thinks it will let President Bush off the hook if she says so. Secondly, they also believe it's only a small minority of voters who care about this issue. That the broader electorate is focused on how we're getting out of Iraq, not how we got in. And they point to the fact that she got applause after that answer."

The Politico's Roger Simon (2/13) writes, "Running for president means never having to say you're sorry. Or at least Hillary Clinton thinks so. She steadfastly refuses to admit that her vote to authorize the Iraq war was a mistake. She refuses to say she was wrong. I will make a prediction: Before we get to the Iowa caucuses, Hillary will say she was wrong. She will admit she made an error. Because if she doesn't, she risks losing."

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According to the Washington Post's Richard Cohen (2/13, A21), "Yet another man has betrayed Hillary Clinton. This time it's George W. Bush, who not only deceived her about weapons of mass destruction but, when granted congressional authorization to go to war in Iraq, actually did so. This, apparently, came as a surprise to her, although in every hamlet and village in America, every resident who could either read or watch Fox News knew that Bush was going to take the country to war. … Somehow, Bush's intentions were lost on Clinton, who then as now was a member of the United States Senate."

Senator Clinton Touting Her Husband's Record During Campaign Stops. The New York Times (2/13, Healy, 1.16M) reports, "As she made her first outing to New Hampshire as a presidential candidate last weekend, Senator Hillary Rodham Clinton left her husband at home, yet she tried to tap his old political magic at nearly every turn. Mrs. Clinton…mentioned Mr. Clinton at least eight times on Saturday — at one point talking about 'Bill's heart surgery' to illuminate her own travails with health care bureaucracy — and a few times on Sunday, most memorably when she said of Republicans, 'Bill and I have beaten them before, and we will again.' For the first time in her bid for the White House, Mrs. Clinton directly laid claim to the legacy and popularity of former President Bill Clinton — and did so in a crucial primary state where her husband showed his resiliency in 1992, when he finished second despite weeks of troubles."

Interest In Female Politicians' Fashion Choices Derided. In an op-ed for USA Today (2/13, 11A, 2.27M) Annette Fuentes of the Columbia University Graduate School of Journalism writes, "Some reporters and editors haven't figured out a way to cover female politicians that doesn't rely on the old stereotypes. … Because women have greater fashion options, changes they make are more obvious and invite analysis. … Female politicians will certainly survive such silly coverage, and some argue the stories are harmless. But these women are role models for young women and offer an alternative to the fashion model and celebrity in setting the standard for female beauty and worth."

Obama Apologizes For Saying Troops Killed In Iraq Were "Wasted."

ABC World News (2/12, story 2, 2:40, Gibson, 8.78M) reported Sen. Barack Obama "stumbled, saying troops killed in Iraq died in vain." Obama was shown saying, "Over 3,000 lives of the bravest young Americans, wasted." ABC noted Obama "later expressed regret for that remark. … The big question, as his campaign enters its next phase, can he take a punch? Forces are gunning for him from every side. Anti-war protestors interrupted his Chicago speech."

The Chicago Tribune (2/13, Dorning, 617K) reports Obama "offered an apology to military families who might have been offended by a comment he made a day earlier in Iowa. A local New Hampshire reporter asked Obama (D-Ill.) if military families deserved an apology for a comment the senator made during a speech at Iowa State University on Sunday criticizing the war in Iraq as a conflict that had 'wasted' more than 3,000 American soldiers' lives. Obama had backtracked from the comment immediately after the speech, telling a reporter for the Des Moines Register that the remark was 'a slip of the tongue' and that soldiers' 'sacrifices are never wasted.' Speaking to a group of reporters in the kitchen of a Nashua, N.H., home after a gathering for Democratic party activists, Obama said he had misspoken in Iowa, adding that his opposition to the war was grounded in a desire for soldiers to return home safely to their families. 'I would absolutely apologize if any of them felt that in some ways it had diminished the enormous courage and sacrifice that they'd shown,' Obama responded."

The New York Times (2/13, 1.16M) reports Obama "said Monday that he had misspoken when he suggested that the lives of more than 3,000 American soldiers killed in Iraq had been 'wasted.'… 'What I would say -- and meant to say -- is that their service hasn't been honored,' Mr. Obama told reporters in Nashua, N.H., 'because our civilian strategy has not honored their courage and bravery, and we have put them in a situation in which it is hard for them to succeed.'"

Obama Criticizes Rivals Who Gave Bush Iraq War Authorization. The New Hampshire Union Leader (2/13, DiStaso) reports Obama "says the U.S. senators who formally authorized President George W. Bush to invade Iraq in 2002 are at least partly responsible for 'the situation we're in now.'" Obama "told reporters that senators who voted to authorize the war should 'make their own assessment on how they would do things differently or not.'" Obama is quoted as saying, "I do not believe the war should have been authorized. … And I leave it up to those senators to make their own assessment on how they would do things differently or not. … All the decisions we make in Washington have consequences. Obviously, if the senators (had) voted down the authorization, we wouldn't be in the situation we're in now."

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The Washington Post (2/13, A9, Balz, 690K) reports Obama "said his biggest difference with Clinton involves the withdrawal of U.S. troops from Iraq. He favors pulling out all combat troops by March 31, 2008. He said Clinton 'does not begin a phased redeployment.'"

Aides Admit Obama's Lack Of Experience Must Be Overcome. The Washington Post (2/13, A9, Balz, 690K) reports Obama "faces several serious challenges if he hopes to convert potential into a winning campaign. The most significant hurdle will be overcoming questions about whether the first-term U.S. senator, who only three years ago was a member of the Illinois Senate, has the experience and readiness to serve as president at a time of war abroad and major unmet problems at home. Next will be striking the balance between demands of political elites for Obama to flesh out the details of his ambitious policy agenda without disappointing the many thousands of Americans who have been drawn to him for his appeal as a fresh contrast to traditional politicians. Ultimately, the race could hinge on his ability to overcome the power and resources of Sen. Hillary Rodham Clinton's battle-tested operation. … Obama's advisers expressed general satisfaction with the initial campaign swing. Still, they do not underestimate the difficulties ahead. Asked Monday what they regard as the most significant question Obama must answer in the coming months, communications director Robert Gibbs answered without hesitation: 'People want to know if he can handle this.'"

Obama Said To Have Avoided Scrutiny So Far. The Washington Post/AP (2/13, Elliott) reports Obama's "first trip to New Hampshire as an official Democratic presidential candidate came Monday with packed audiences, enthusiastic crowds -- and scant scrutiny." The AP notes Sen. Hillary Rodham Clinton "faced criticism last weekend for not saying her vote to authorize the use of force in Iraq was a mistake." However, Obama "faced little of that skepticism. Even his sharpest questioners began by offering praise and support."

Obama Quits Smoking. The Washington Post (2/13, Kornblut, 690K) reports Michelle Obama "says she agreed to help her husband run for president on one condition: That he finally quit smoking. For good. … Obama has struggled to quit smoking for years, but friends have said he finally stopped several weeks ago. At the end of a press conference on Sunday, the Illinois senator returned to the podium when a reporter shouted out asking whether he was still smoking."

Howard's Criticism Of Obama Noted. The CBS Evening News (2/12, story 11, :30, Couric, 7.66M) reported, "Just after announcing his candidacy this weekend [Obama] came under fire from an unusual source: Australia's Prime Minister John Howard. He denounced Obama for proposing to bring US troops home from Iraq next year."

LATimes Encouraged By Discussion Of Obama's Racial Identity. The Los Angeles Times (2/13, 850K), in an editorial, writes, "is Obama really black? Of course he is. But that fact has done nothing to prevent the awkward dissection of Obama's cultural and racial affinities. Is he half black? Is he African American? African and American? And, if he's black, is he black enough? It's tempting to shrug off these questions — most recently aired with grave concern Sunday on CBS' '60 Minutes' -- as outdated, but they're not. They are instructive and revealing."

One Of Two Bloggers At Center Of Edwards Controversy Resigns. The Washington Post (2/13, A4, Kurtz, 690K) reports, "Days after Democratic presidential candidate John Edwards decided against firing two liberal bloggers with a history of inflammatory writing, one resigned last night with a blast at 'right wing shills' for driving her out of the campaign. Amanda Marcotte, whose writings were assailed as anti-Catholic, wrote yesterday on her blog that the Edwards camp had accepted her resignation. … After days of indecision, Edwards said in a statement last week that he was 'personally offended' by the writing of Marcotte and a second blogger, Melissa McEwan, but that he was keeping them on in the interest of giving everyone 'a fair shake.' The statement was coupled with carefully worded apologies from the two women toward anyone who may have been offended." Fox News' The O'Reilly Factor (2/12) dedicated the opening portions of its broadcast last night to the controversy.

"Permanent Campaign" For President Said To Pre-Date The Civil War. In an op-ed for the Washington Post (2/13, A21, 690K) Georgetown history professor Michael Kazin writes, "How much American political history do political journalists know? Take the ubiquitous claim, or complaint, that the presidential campaign is starting earlier than ever. … Like most evocations of a golden age, this is a myth. In fact, the nearly permanent campaign has been a feature of American politics since before the Civil War, when mass parties first emerged to contend for the votes of a mass electorate."

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McAuliffe Memoir Reviewed. The Washington Post's Peter Baker (2/13), in a review of Terry McAuliffe's new book "What A Party!," writes, "It's hard not to imagine downing beers in a bar as McAuliffe tells war stories about how a boy from Syracuse grew up to become President Bill Clinton's running buddy and the Democrats' most fabled fundraiser. … This is, in the end, a partisan's book in a partisan age, perhaps explaining why it debuted at No. 1 on the Washington Post bestseller list."

North Criticizes Smithsonian For Rejecting Filming Request. The Washington Post (2/13, C1, Trescott, 690K) reports the Smithsonian Institution "rejected a request from Oliver North to film a stand-up in front of the Enola Gay, the B-29 that dropped the first atomic bomb. This is the latest flap in the Smithsonian's development of programming for a cable television network." North, who "hosts a Fox News Channel series called 'War Stories,' returned fire, condemning the Smithsonian's decision. He said in an opinion column that the museum's action raises questions about the propriety of the contract between Showtime Networks and the Smithsonian, which limits access of film crews."

Dixie Chicks' Grammy Awards Spark Commentary. NBC Nightly News (2/12, story 11, :30, Williams, 9.87M) reported, "Four years after criticism of President Bush set off a boycott against them, the Dixie chicks won five [Grammy] awards, including the big three of the evening. The Grammys for song, album and record of the year came from a project that was a response to the ban being demonized on talk radio and boycotted by some in the country music establishment and else where. The title of the album' signature song, 'Not Ready to Make Nice.' Band member Natalie Maines said the awards were a sign that people were using their freedom of speech."

The New York Times (2/13, 1.16M), in an editorial titled "The Courage Of Others' Convictions," says the awards were "celebrated as a blow for freedom of speech as much as tunefulness. The endorsement was about three years too late. The awards…ended a desolate period in which their music was boycotted and banned by country music stations, their CDs were burned and smashed, and group members' lives were threatened."

WSJournal Praises Arkansas' Democratic Governor. The Wall Street Journal (2/13, 2.04M) editorializes, "Arkansas Governor Mike Beebe may not be a man from Hope, but the newly elected Democrat is becoming a voice for tax relief within his party. Last year he campaigned on cutting in half his state's 6% sales tax on groceries. Last week he made good on the promise by striking a deal with a reluctant Democratic legislature. … The Tax Foundation reports that Arkansas is the 27th most taxed state in the nation with a heavier tax burden than neighboring Texas and Tennessee, neither of which has an income tax and rank 44th and 47th. The state is expected to have an $840 million surplus this year and could therefore afford additional cuts in its 6% general sales tax and 7% tax on income over $30,100. The state's last Governor -- potential Republican Presidential candidate Mike Huckabee -- is best known for losing 100 pounds while in office. That Mr. Beebe is turning his attention instead to curbing the state's appetite is a sign of progress."

Pace, Administration Critics Skeptical Of US Charges Against Iran. The Washington Post (2/13, A18, DeYoung, 690K) reports Gen. Peter Pace, chairman of the Joint Chiefs of Staff, expressed doubts with the presentation given by US officials in Baghdad Sunday, telling Voice of America during a visit to Australia, "It is clear that Iranians are involved, and it's clear that materials from Iran are involved." However, he cautioned, "but I would not say by what I know that the Iranian government clearly knows or is complicit." Meanwhile, in an interview yesterday with C-SPAN, President Bush "described his policy as 'comprehensive' and complained that charges he is planning to attack Iran are politically motivated and 'typical Washington.'" The AP (2/13, Riechmann) also notes Bush "sought to dampen speculation about a US military strike on Iran."

McClatchy (2/13, Landay) says Pace's comment "could make it harder for the Bush administration, its credibility about Iran questioned because of its false pre-war claims about Saddam Hussein, to make its case that Iranian meddling in Iraq is fueling sectarian violence and causing US casualties." McClatchy notes that "neither the White House nor the Pentagon responded to requests for an explanation of the apparent contradiction between the nation's highest-ranking military officer and his subordinates in Baghdad."

Pace's comments came in addition to skepticism from Administration critics. Some media reports are describing a

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Bush team "on the defensive," while openly questioning the strength of the evidence laid out by US officials. NBC Nightly News (2/12, story 2, 2:40, Williams, 9.87M) reported "many in this country are asking, just how strong is the evidence?" NBC (Mitchell) added, "The Bush administration is on the defensive today, denying it is exaggerating intelligence about Iranian support for insurgents in Iraq to justify a US attack on Iran."

The CBS Evening News (2/12, story 3, 2:25, Martin, 7.66M) reported as Tehran "denied accusations by US officials in Baghdad," a State Department spokesman "responded with some decidedly undiplomatic language," saying, "The Iranians are up to their eyeballs in this activity."

On its front page, the New York Times (2/13, A1, Cooper, Mazzetti, 1.16M) reports the Bush administration "has laid out its evidence -- and received in return a healthy dose of skepticism." The response from Congressional and other critics, the Times says, "speaks volumes about the current state of American credibility, four years after the intelligence controversy leading up to the Iraq war." Officials at the State Department, the Pentagon and the Office of the Director of National Intelligence, "had anticipated resistance to their claims" and "settled on an approach that sidelined senior officials including Zalmay Khalilzad, the American ambassador to Iraq, and John D. Negroponte." But by doing so, "they avoided the inevitable comparisons to the since-discredited presentation" made by then Secretary of State Colin Powell to the United Nations Security Council in 2003.

Meanwhile, the Los Angeles Times (2/13, Murphy, 850K) says "the back-and-forth charges between Tehran and Washington highlight a growing recognition of Iran's substantial influence on its next-door neighbor and its ability, if nothing else, to prevent the US from untangling the political conflicts that have plunged Iraq into mounting sectarian warfare."

Ahmadinejad Refuses To Address US Charge. In an exclusive interview with ABC World News (2/12, story 5, Gibson, 8.78M), Iranian President Mahmoud Ahmadinejad "did not address the allegations directly when asked. Instead, he told ABC's Diane Sawyer, "When it comes to Iraq, we have made it clear that insecurity in Iraq, is also to our disadvantage, and also disadvantage of the nations of the region. We will be sad to see people get killed, no matter who they are." Ahmadinejad continued, "I think that Americans have made a mistake in Iraq. And unfortunately, they are losing, and this is a shame for Americans, of course. And that's why they are trying to point their fingers to other people. And pointing fingers to others will not solve the problem." When whether he fears an attack by the US, the Iranian president said, "Why should we be afraid? First, the possibility is very low. And we think that there are wise people in the US who will stop such illegal actions. But our position is clear that anyone who wants to attack our country will be severely punished."

The New York Times (2/13, A10, Fathi, 1.16M) reports Ahmadinejad "refused to address the accusation directly in the interview, but he rejected the charges by saying the Americans were trying to find a scapegoat for their problems in Iraq." Meanwhile, a Foreign Ministry spokesman, Mohammad Ali Hosseini, was "more direct in denying the accusations on Monday at his weekly news conference," calling the charges "baseless and said the evidence had been fabricated." The Financial Times (2/13, Smyth) says Hosseini also reiterated Monday that Iran "was ready for negotiations, even over the suspension of uranium enrichment."

EU Report Warns It Is Too Late To Halt Iran's Nuclear Bomb. On its front page, the Financial Times (2/13, A1, Dombey, Schmid) reports Iran "will be able to develop enough weapons-grade material for a nuclear bomb and there is little that can be done to prevent it," according to an internal European Union document. In "an admission of the international community's failure to hold back Iran's nuclear ambitions," the document, which was compiled by the staff of EU foreign policy chief Javier Solana, "says the atomic programme has been delayed only by technical limitations rather than diplomatic pressure," and that "attempts to engage the Iranian administration in a negotiating process have not so far succeeded." The Times warns that the "downbeat conclusions" of the "reflection paper" are "certain to be seized on by advocates of military action."

EU Agrees To Impose Limited Sanctions On Iran. The New York Times (2/13, A10, Weisman, 1.16M) reports, "European negotiators, yielding to pressure from the United States, have agreed to widen a ban on financial transactions with Iran and the export of materials and technology that Iran could use to develop nuclear weapons." European officials "said a resolution embodying the wider ban was negotiated over the last week and should go far toward satisfying the Bush administration." Responding to the move, Undersecretary Nicholas Burns said, "This is a very positive

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initiative because it takes the European Union beyond where they were until recently." However, he noted, "It's not everything we would like to see happen. But the trajectory is good and the momentum is good, so we think this is a positive event."

The Washington Post (2/13, A18, Moore, 690K) says EU states, however, "refused to consider appeals from the United States to sever all economic ties with the country."

In a report on the impacts of the sanctions in Iran thus far, the New York Times (2/13, Mouawad, 1.16M) says "Western political and economic pressure on Iran over its nuclear program has chilled foreign investment to the extent that it is now squeezing the country's long-fragile energy industry, adding strains to a government that is burdened by sanctions and wary of unrest at home." Although Iran is the world's fourth-largest oil exporter, it "has struggled in recent years to keep its oil production, currently running at about four million barrels a day, from falling." Some analysts warn that "if this acute imbalance between stagnant production and rising demand at home continues unchecked, Iran will have no oil left over to export within a decade."

More Commentary. In an editorial, the New York Times (2/13, 1.16M) writes, "Before things get any more out of hand, President Bush needs to make his intentions toward Iran clear. And Congress needs to make it clear that this time it will be neither tricked nor bullied into supporting another disastrous war." The Times goes to write, "How little this administration has learned from its failures is a constant source of amazement. It seems the bigger the failure, the less it learns." If President Bush "is truly worried about" the situation, the Times says "he needs to start showing this evidence to Iraq's prime minister, Nuri Kamal al-Maliki" and "demand that Mr. Maliki stop protecting the militias and make it clear that there will be serious consequences if he continues to refuse." In addition, the Times says the President "needs to stop fantasizing about regime change and start trying to find a way to persuade Iran's leaders to help rein in the chaos in Iraq."

Meanwhile, the Wall Street Journal (2/13, A24, 2.04M) editorializes now that the evidence against Iran has been laid out, "The issue now is the lesson the Bush Administration and the American political establishment draw about dealing with Iran. Our guess is that a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven, or claim that it's all the Bush Administration's fault for 'bullying' Iran." The Journal says "it would be nice if the Bush Administration and Members of Congress would send Tehran the message that it will not be allowed to kill Americans with impunity," but "the main concern on Capitol Hill seems to be deterring Mr. Bush rather than telling Iran to stop killing GIs."

Valerie Lincy, editor of Iranwatch.org, and Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control, write in a New York Times (2/13, 1.16M) op-ed, "It might seem like good news" that the foreign EU announced yesterday that they will "impose a ban on selling nuclear-related materials and technology to Iran and put a freeze on the assets of 10 Iranian organizations and 12 people." However, they say yesterday's agreement failed "to clamp down on any subsidiaries." LIncy and Milhollin argue that "ff the West is truly going to keep Tehran from getting the bomb, we will have to block every asset and shun every company involved. Not only does the United Nations require it, it is elementary self-defense."

Breakthrough Reported In North Korean Talks. ABC World News (2/12, lead story, 2:50, Gibson, 8.78M) reported there was "a sign of hope that the first steps are under way that could lead to North Korea's nuclear disarmament. Three years after the so-called six-party talks with North Korea broke down and four months after North Korea conducted a nuclear test, there may be an agreement for the West to send North Korea desperately-needed energy aid and for North Korea to shut down the reactors." ABC (Raddatz) added, "The agreement calls for a step-by-step deal that would lead to a shutdown of North Korea's nuclear weapons program." However, the "major sticking point had been North Korea's demands for an energy package, which included 2 million tons of fuel oil and 2 million kilowatts of power, before North Korea would even agree to start shutting down its nuclear program. ABC News has learned that the compromise that would reached would give North Korea 1 million tons of fuel oil and electricity."

NBC Nightly News (2/12, story 5, 1:35, Mullen, 9.87M) added, "One State Department official in Beijing essentially told us, 'We don't worry about North Korea blowing things up. What we worry about is North Korea possibly selling that nuclear technology to another country which would seek to harm the United States.'"

The CBS Evening News (2/12, story 5, 1:10, Axelrod, 7.66M) said, "The big question now is what kind of shutdown would North Korea undertake of its nuclear reactor? In other

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words would it just be a freeze or would they allow the reactor to be somehow disabled so it couldn't be so quickly and easily restarted? That's what we need to keep our eyes on now."

On its front page, the New York Times (2/13, A1, Yardley, Sanger, 1.16M) reports Bush administration officials "said they believed that the other nations participating in the talks -- China, Japan, South Korea and Russia -- would consent to the tentative agreement as soon as Tuesday," however, the parties "still await a final confirmation from the North Korean leader, Kim Jong-il." In Washington, the Times reports that "some administration officials acknowledged that they had concluded that a step-by-step accord was their only choice and that it would be impossible to set a schedule for the North's disarmament without taking initial steps to build trust."

The Washington Post (2/13, A1, Cody, 690K) reports in a front page article that "Despite a sense of achievement in Beijing, the deal was expected to face criticism in Washington, with Democrats charging the administration allowed North Korea to gain nuclear weapons through poor diplomacy in recent years and conservatives saying it shows weakness at a critical moment." And "some observers expressed caution, noting that North Korea has proved unpredictable in the past."

Similarly, the Financial Times (2/13, Fifield, Luce) notes that "deals with North Korea have a habit of coming unglued, and analysts worried that it might be difficult to agree on exact terms." Additionally, the Los Angeles Times (2/13, Magnier, 850K) says "any announced agreement with the government in Pyongyang should be treated with caution, given its history of faltering compliance and broken deals. That said, some analysts expressed cautious optimism that this could be a long-awaited turning point in negotiations."

The Wall Street Journal (2/13, A3, Ramstad, King, 2.04M) says a deal with Pyongyang "would boost US efforts to rein in the spread of nuclear weapons and provide a victory for the Bush administration's battered foreign-policy team" at a time when President Bush "is embroiled in a bitter debate over the war in Iraq and tensions with Iran." It would also "mark a triumph for [Secretary] Rice, who had to beat back skeptics within the Pentagon and Vice President Cheney's office who opposed any deal that could in any way strengthen the current North Korean regime." At the same time, the Journal cautions that the deal "also exposes the Administration to accusations from both conservatives and Democrats that Mr. Bush has returned to a Clinton-era arrangement with North Korea…that he had disparaged and cast aside soon after taking office in 2001."

USA Today (2/13, 8A, Slavin, 2.27M) reports Jack Pritchard, a former US negotiator with the North Koreans in both the Clinton and Bush administrations, cautions the deal leaves North Korea "a declared nuclear-weapon state with a stock of plutonium for more." Meanwhile, James Kelly, assistant secretary of State for Asia in Bush's first term, said he was "optimistic" about the deal, saying it is "a mistake to prematurely trash" it.

The Washington Times (2/13, A1, Lanfranco, 88K) reports in Washington, "conservatives who oppose negotiations with North Korea were quick to denounce the tentative deal." Among them, former Ambassador John Bolton, who said President Bush "should instruct" Assistant Secretary of State Christopher Hill "not to sign the text, noting that it resembles the Clinton administration's 1994 deal with Pyongyang."

Bolton Strongly Urges Bush To Reject North Korea Deal. Former US Ambassador to the UN, John Bolton, on CNN's the Situation Room (2/12, Blitzer), said, "This is very bad deal and I'm hoping the President has not been fully briefed on it and that he still has time to reject it. … It contradicts fundamental premises of the president's policy he's been following for the past six years, and second, it makes the administration look very weak at a time in Iraq and in dealing with Iran when it needs to look strong. I hope with a few hours yet to go the President might yet reject it." Bolton said the deal "sends exactly the wrong signal to would-be proliferators around the world. If you hold out long enough, and wear down the State Department negotiators, eventually you get rewarded."

Hamas Government To Resign. USA Today (2/13, 6A, 2.27M) reports Palestinian Prime Minister Ismail Haniyeh Monday said that his Hamas Party will resign control of the Palestinian government "in the coming days despite unresolved issues in an agreement to form a unity government." Haniyeh said the deal with the Fatah Party of President Mahmoud Abbas "was needed to prevent further bloodshed between the rival groups." The parties agreed last week "to a division of Cabinet posts but have not decided on an Interior minister."

EU Official Suggests Aid To Palestinian Authority May Resume. The Financial Times (2/13, Dombey) reports

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one of the European Union's top officials Monday "held out the prospect of resuming aid to the Palestinian Authority in the wake of last week's agreement by Fatah and Hamas to form a national unity government." Benita Ferrero-Waldner, external relations Commissioner, "suggested on Monday the Fatah-Hamas deal could transform the situation," saying, "When it becomes possible to re-engage with a national unity government...we could then hopefully resume support to the Palestinian Authority, ministers and ministries and agencies from which we have had to distance ourselves in the last year."

Radical Islamists May Be Fleeing Somalia To Yemen. The Christian Science Monitor (2/13, Hill, 59K) reports that since "the outbreak of Somalia's civil war in 1991, each new cycle of turmoil has generated a fresh flow of refugees to neighboring Yemen. But during this past year's rise and fall of Somalia's Union of Islamic Courts (UIC), tiny fishing vessels carried 26,000 men, women, and children – a record number – from Somalia to Yemen." Among the "latest wave of refugees are rank-and-file members of Somalia's defeated Islamists, and now ousted moderate UIC leaders are also seeking refuge in Yemen, sparking concern from Yemeni officials and Western diplomats that Al Qaeda-linked radical Islamists are also using these well-worn human-trafficking routes to escape from Somalia to the Arabian Peninsula."

US Middle East Strategy Said To Lack Coherence. The Christian Science Monitor (2/13, LaFranchi, 59K) reports that in "little over a year, the US mission in Iraq seems to have narrowed dramatically. Instead of the lofty goals of fostering a democracy that could serve as a regional beacon, the US now aims to curb the violence, especially in Baghdad." This "narrowing gives the American venture in Iraq more focus, while preserving hopes that the administration's long-range goals can be achieved, analysts say. But some warn that it is also dangerous if it becomes an end in itself, causing US policymakers to lose sight of the bigger risks and objectives in the Middle East. And some experts say the US is confusing tactical adjustments with a strategy." Ralph Peters, a retired Army intelligence officer and Middle East specialist, said, "I see tactical and operational efforts that make sense – secure Baghdad, step up the fight in Anbar [Province] to disrupt Al Qaeda and the insurgent strongholds there, and all that's fine, but strategically we seem to be floundering." Pointing to Secretary of State Condoleezza Rice's "efforts to encourage a bloc of Sunni powers to counter Shiite Iran's rise in the region," Peters "says such moves raise questions of strategic coherence."

State Department Creates Outreach Post For European Muslims. The Washington Times (2/13, A1, Kralev, 88K) reports in a front page article that the State Department, concerned about a "nativist surge" in Western Europe, has created a position "to coordinate efforts to reach out to European Muslims and help them better integrate into society," a senior official announced yesterday. Daniel Fried, assistant secretary of state for European and Eurasian affairs, "said US embassies and consulates in Britain, France, Germany, the Netherlands and other countries will decide what exactly they can do," instead of "Washington bureaucrats dreaming this up." In an interview with the Times, Fried said the growing Muslim presence in Europe is "a fascinating issue and one that the American government is just now trying to get its mind around." Calling it "a huge problem," he said the State Department is "thinking about it seriously, and we've tried to do some intellectual framing-up." Farah Pandith, previously with the National Security Council (NSC), "moved to the State Department last week to head the new effort."

Russia, Qatar To Explore Creation Of Gas Cartel. The Financial Times (2/13, Buckley, England) reports, "Leaders of Russia and Qatar, two of the world's largest natural gas producers, said last night they would explore the creation of an Opec-style natural gas cartel. Vladimir Putin, Russian president, and Sheikh Hamad bin Khalifa Al Thani, Emir of Qatar, said experts from both countries would discuss the idea at a natural gas conference in Doha, the Qatari capital, in April." The "message from gas-producing countries remains mixed, with Mr Putin's remarks yesterday apparently at odds with his energy minister, Viktor Khristenko. Mr Khristenko last week described as a 'fantasy' the idea that Russia might form a gas exporters' body."

The New York Times (2/13, Fattah, 1.16M) says Putin and Sheik Hamad "pledged to expand cooperation to better manage the worldwide supply of natural gas, but remained tentative about the possibility of forming a natural gas cartel. 'We do not reject the idea of creating a gas cartel,' Mr. Putin told reporters late Monday. 'But this initiative requires more study.'" The Times adds, "European leaders have expressed

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concern over even the mention of a natural gas cartel, in which Russia would likely hold significant power and could raise prices as it has over the past year for several Eastern European states."

The Wall Street Journal (2/13, A2, Herron, 2.04M) reports, "Qatar's interest in exploring the creation of an OPEC-like cartel for natural gas adds another major producer to a group that includes Russia and Iran. Even so, industry experts say the nascent effort faces significant obstacles, ranging from a fragmented market to a history of noncooperation among the world's biggest holders of reserves." Forming "such a group could be difficult." Gas "markets are fragmented, in part because transporting gas overseas can be difficult, complicating efforts to form a single global market, like oil, in which a group of producers could hold sway." And "gas tends to be sold through long-term contracts. That means a cartel would have little influence on such arrangements, Sheik Hamad said in a press conference in his presidential palace."

Japan Investigating Possible Extremist Attack On US Base. The AP (2/13, Coleman) reports Japanese police "were investigating a suspected extremist attack on the U.S. Army after two small explosions occurred outside a military base south of Tokyo, police said Tuesday." There were "no reports of injury or damage at Camp Zama or from nearby residents, Kanagawa prefectural police spokesman Hiroyoshi Ichikawa said." Investigators found "a pair of metal tubes planted in the ground at a nearby park. They were believed to be used as rocket launchers and pointed toward the base, Ichikawa said." Ichikawa added investigators "suspect an attack by leftist extremists, but cannot rule out a possibility of a terrorist attack."

US Interest In Democratic Reform Seen As "Afterthought." In a Washington Post op-ed column (2/13, A21), Anne Applebaum says, "One French analyst, Beatrice Hibou, has described how the myth of 'reform' has been used in Tunisia to disguise from the world the deepening corruption, nepotism and stagnation of a one-party state, dominated by what is, in effect, a president-for-life. While French politicians speak of the Tunisian 'economic miracle,' party cadres connive to keep the best jobs." So "why didn't the West interest itself in Tunisian democracy 15 years ago, back before 'democracy' became a negative term, back before the not-quite-free economy went sour, back before radical Islam became chic among the blue-jeaned teenagers? The answers, as" Mokhtar Trifi, president of the Tunisian League for the Defense of Human Rights "knows well, are clear: Because democracy promotion was an afterthought, never an important American goal in the Middle East. Because France, which has far more influence in Tunisia than we do, has never been remotely interested. And because no one in the West has ever been very good at thinking through what the longer-term results of the authoritarian status quo might really be."

Debt Relief Seen As Critical For Liberia's Future. In a Wall Street Journal op-ed (2/13, A25), President Ellen Johnson Sirleaf of Liberia and Paul Wolfowitz, president of the World Bank, say that despite political and economic progress, Liberia "is a place of staggering hardship. Much of the population remains jobless, including many young excombatants outside the rehabilitation process that was designed to give them training and jobs. Three-quarters of the population continue to live on less than $1 per day and nearly half of Liberia's children are out of school." The "next 18 months will be critical in determining whether the aspirations of millions of Liberians can be translated into tangible progress, and this is an opportunity that we all must recognize and seize." Debt relief "is at the heart of future development assistance for Liberia. Debt relief is urgently needed to cut the staggering $3.7 billion in borrowings that has accumulated largely from the time of the 1980 military coup until the end of armed conflict."

US Influence In Asia Said To Remain Strong. In a Washington Post op-ed (2/13, A21), former National Security Council official Michael J. Green, now with the Center for Strategic and International Studies and Georgetown University, says, "Last month the leaders of 16 Asian nations met in the Philippines for the second East Asian Summit and agreed to work for better energy security and reduced poverty." The 10-member Association of Southeast Asian Nations (ASEAN) "signed an agreement with China on trade and services and pledged to work toward a broader free-trade agreement. President Gloria Macapagal Arroyo of the Philippines, a traditional U.S. ally, declared that 'we are happy to have China as our big brother in this region.' No Americans were invited to the summit." But as "with all things Asian, the appearance of harmony in the meetings in Cebu does not entirely match reality. Almost all the major leaders at

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the summit still trust Washington more than their neighbors, China in particular. And while China may be key to the region's economic dynamism, the political model the leaders are increasingly embracing for long-term success is the one championed by the United States."

WPost Criticizes Putin's Efforts To Revive "Balance" With US. The Washington Post (2/13, A20, 690K) reports says in an editorial that Russian President Vladimir Putin's "address to an international security conference in Munich on Saturday" demonstrated "astonishing nerve." Putin claimed the United States had 'overstepped its national borders in every way . . . in the economic, political and cultural policies it imposes on other nations.' This from a leader who has imposed an economic boycott on Georgia and Moldova and who interrupted energy supplies during winter to Ukraine and Belarus; who supports separatist regions in Georgia and Moldova with money and troops; and who overtly intervened in the 2004 Ukrainian presidential election in an attempt to impose a favored candidate through fraud." But the Russian president "also had a larger purpose: to proclaim the return of his country as a power that would 'balance' the United States."

NATO Enlargement Said To Fuel Russian Assertiveness. The Los Angeles Times (2/13, 850K) says in an editorial that Putin "tough talk undoubtedly played well, not only among those in the West and elsewhere who oppose the Iraq war, but among his domestic constituents who have deep-seated reasons for rejecting Gates' assertion that the U.S. is a 'force of good around the world.' These reasons have less to do with Iraq than with U.S. moves in the last decade to expand NATO to the east, in violation of what Russians felt was an implicit, if not explicit, deal: That in the twilight of the Soviet era, Moscow would allow for German reunification and pull its forces out of Eastern Europe as long as Washington didn't stab the Kremlin in the back by enlarging NATO to Russia's borders. That is precisely what followed." NATO enlargement "a decade ago was largely shrugged off in this country (though it was rightly opposed by this page), but Americans need to start realizing the extent to which this historical blunder drives how Russians interpret U.S. actions around the world."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"It's Their Default Position."
"California's Future May Be Paved With Fees."
"North Korea Says Yes, For Now, To A Freeze."
"The Day Civil War Erupted In Iraq."
"Beltway Support Could Boost Romney."
"Naps May Help Your Heart (If Not Your Job)."

USA Today:

"Deadly Abuse Of Methadone Tops Other Prescription Drugs."
"Will Mormon Faith Hurt Bid For White House?"
"63% Want All Troops Home By End of '08."

New York Times:

"In Shift, Accord On North Korea Seems To Be Set."
"One Year Later, Golden Mosque Is Still In Ruins."
"Weeks After A Death, Twists In Some 9/11 Details."
"States and U.S. At Odds On Aid For Uninsured."
"Skeptics Doubt U.S. Evidence On Iran Action In Iraq

Washington Post:

"Awash in More Than History."
"Tentative Nuclear Deal Struck With North Korea."
"Bombs Kill 70 In Iraqi Capital."
"Al-Qaeda's Hand In Istanbul Plot."
"McCain, Romney Vying for Support Of Conservatives."
"Power Line to Track Existing N.Va. Route."

Washington Times:

"Tentative N. Korea Deal Struck."
"House Inistiatives Anti-War Motion."
"Europe's Muslims Find Ally In US."
"Democrats Sound Off On Bush Nominees."
"Justice Defends Death Penalty."
"Ghana Cocoa Co-op Socks Sweet Success In US."

Detroit Free Press:

"Toyota Fears US Backlash Over Gains."
"He Gave His Life Serving Detroit."
"Couples Pay, But Don't Get Her Baby."
"Scion Finds A Way Top tap Oh So-Cool Counterculture."

Atlanta Journal-Constitution:

"House Ok's Guns In Cars."
"AT&T Chief Pays A Call On Atlanta, Bearing Gifts."
"Tough Spot For Ga. Democrats."

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"Dogged Effort Leads To Westminister."

Houston Chronicle:

"Texas Prison Gang Put On Notice."
"A Time To Hal Descends Into A Time Of Hell."
"N. Korea Accord Offers Aid For Nukes."
"White Ready To Unwrap City WiFi Plan."

Story Lineup From Last Night's Network News:

ABC: North Korea-Nuclear Program; Campaign '08; Campaign '08-Analysis; US Surge-Iraq; Ahmadinejad Interview; FBI Computers & Guns-Missing; Winter Snow; Auto Show-Chicago; A Soldiers Story.

CBS: Iraq-Sectarian Violence; Iraq-US Pessimism; Iraq-Iran Allegations; House-Iraq Resolution; North Korea Nukes; Winter Weather; Harvard-Woman President; Women Networking; Unabomber Warning; Libby Trial; Obama, Clinton-Iraq; Napping.

NBC: Iraq Sectarian Violence; Iran Aides Iraq Insurgents; Securing Baghdad; Iraq Resolution; North Korea-Nuclear Program; Libby Trial; President Bush Interview; Caring For-Elderly; Winter Snow; Stock Market; Dixie Chicks'-Grammys; Sky Diver Incident.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Salt Lake City-Gunmen Opens Fire In Mall; PA-Workplace Shooting; House-Iraq Resolution; Senate-Warner Proposes Tacking Iraq Resolution On Budget Bill; Lebanon-Bus Bombings; US-Snow Forecasts; North Korean Nuclear Talks-Tentative Agreement; Coalition Against Smoking In Movies; Bangkok-Underage Kissing Crackdown.

CBS: Salt Lake City-Gunmen Opens Fire In Mall; PA-Workplace Shooting; North Korean Nuclear Talks-Tentative Agreement; Iraq-Suicide Bombing; House-Iraq Resolution; Romney Expected To Announce Candidacy For President; Libby Trial; Milwaukee-Harley-Davidson Layoff.

NPR: North Korean Nuclear Talks-Tentative Agreement; Salt Lake City-Gunmen Opens Fire In Mall; PA-Workplace Shooting; Japanese Government-International Whaling Meeting; Iraq-Suicide Bombing; Lebanon-Explosions; Japanese Police Investigating Small Explosion Near American Base South Of Tokyo; Germany To Release Former Red Army Faction Leader; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the President of Lithuania, Oval Office; remarks at the celebration of African American History Month, East Room.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 1 p.m. Meets for morning business, followed by resumption of debate on the continuing resolution.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Energy Subcommittee. Hearing on recommendations on policies and programs to improve the energy efficiency of buildings, and to expand the role of electric and gas utilities in energy efficiency programs. Kateri Callahan, president, Alliance to Save Energy; Kim Christianson, Energy Program Director, North Dakota Department of Commerce; Jack Hebert, president/CEO, Cold Climate Housing Research Center; James E. Rogers, Chairman, Edison Electric Institute and chairman/president/CEO of Duke Energy; R.K. Stewart, president, American Institute of Architects; and Charles Zimmerman, vice president, Wal-Mart. Location: Room 366, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business. At 2 p.m., meets for legislative business.

Other: PRESIDENT VALDAS ADAMKUS OF LITHUANIA _ Highlights: 10:15 a.m. Meets with President Bush. Oval Office.

SECRETARIES OF STATE _ Winter conference of the National Association of Secretaries of State. Highlights: 8:30 a.m. - 4 p.m. Joint session with the National Association of State Election Directors. 12 p.m. Attorney General Gonzales. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

EDUCATION _ The American Council on Education holds its 89th annual meeting. Highlights: 9 a.m. journalist Ron Suskind 12:15 p.m. Luncheon speaker - Advertising Council CEO Peggy Condon. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

GOVERNMENT ACCOUNTANTS _ The Association of Government Accountants holds its 5th Annual National Leadership Conference. Particiapnts include: Juan C. Zarate, Deputy to the President and Deputy National Security Advisor for Combating Terrorism, National Security Council; and Mark W. Everson, Commissioner, Internal Revenue Service. Location: Reagan Building, 1300 Pennsylvania Ave. NW.

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PUBLIC TELEVISON _ The Association of Public Television Stations holds its annual meeting. Highlights: 12 p.m. Awards luncheon honoring Sen. Daniel Inouye. 4 p.m. APTS/PBS Joint Session, with award to John Marshall, III, former President, Kresge Foundation. Speakers PBS CEO Paula Kerger and APTS President John Lawson. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

TERRORISM _ 9 a.m. - 4 p.m. The US Army War College and Womern in International Security host a forum, ``The Roots of Terror: Understanding the Evolving Threat of Global Terrorism." Participants: Sara Daly, RAND; Ronnie Edelman, US Department of Justice; C. Christine Fair, US Institute of Peace; Michele Flournoy, Center for Strategic and International Studies; Michael German, American Civil Liberties Union; Lori Helene Gronich, Georgetown University; Matthew Levitt, Washington Institute for Near East Policy; Dalia Mogahed, The Gallup Organization; and David Shinn, George Washington University; Cynthia Storer, University of Maryland. Location: Wyndham Washington Hotel, 1400 M St. NW.

BORDER CROSSINGS _ 10 a.m. Mobilisas Defense ID holds a pen and pad only briefing on the technology and status of the pilot project on the Washington State/British Columbia border crossing to make the borders more secure. Location: National Press Club.

PALESTINIAN UNITY TALKS _ 10 a.m. The Middle East Institute holds a briefing on Palestinian Unity Talks, with Diana Buttu, former legal adviser to PLO leaders Yasser Arafat and Mahmoud Abbas, and Rob Malley of the International Crisis Group. Location: MEI, 1761 N St. NW.

VOA-SOMALI _ 10:30 a.m. The Voice of America launches its new Somali-language broadcast service. Location: Briefing Room, VOA, 330 Independence Ave. SW.

EDWARD BROOKE _ 11 a.m. - 12:15 p.m. Former Massachusetts Senator Edward Brooke, the first African American popularly elected to the U.S. Senate, will be the keynote speaker for the annual Patricia Roberts Harris Lecture. Brooke, a Howard University alumnus, also hosts a book signing of recently published autobiography, ``Bridging the Divide: My Life." Location: Howard University Main Campus, Ira Aldridge Theater, 2455 6th St. NW.

AFL-CIO-KOREA _ 12 p.m. The AFL-CIO holds a rally with members of the Korean trade union movement in front of the hotel, where the final round of negotiations of the proposed US-Korea Free Trade Agreement will be held. Location: Outside Washington Court Hotel, 525 New Jersey Ave. NW. (Monday only), Tuesday location - TBA.

RIGA SUMMIT FOLLOWUP _ 12 p.m. Former Spanish President Jose Maria Aznar and former Polish President Aleksander Kwasniewski discuss NATO and the war on terrorism following the Riga Summit, sponsored by Georgetown University. Location: Bunn Center auditorium, on campus.

LOW-INCOME ENERGY _ 1 p.m. State Energy Officials hold a news briefing to release an analysis of the effect of rising home energy prices on low income families and call on the Congress to reject the Presidents Budget for the Low Income Home Energy Assistance Program (LIHEAP). The Presidents Budget for FY'08 of $1.78 billion would cut LIHEAP by $1.38 billion (44%) from the comparable FY 06 appropriation level of $3.2 billion (regular plus supplemental appropriations). Location: National Press Club, Zenger Room.

ECONOMIC REPORT _ 1:30 p.m. The Council of Economic Advisers releasaes the 2007 Economic Report of the President. Location: Indian Treaty Room, Eisenhower EOB.

NATION BUILDING _ 3 p.m. Rand Corp. holds a briefing on a new report, giving a comprehensive step by step guide for nation building. Location: Room 2247, Rayburn.

CELLULOSIC ETHANOL _ 3:30 p.m. The Environmental and Energy Study Institute holds a briefing for House members on ``Cellulosic Ethanol: Not Just a Liquid Fuel." Location: Room 485, Russell.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Portuguese Have No Evidence Of Illegal CIA Activity. The New York Times (2/13, Sciolino, 1.16M) reports Portuguese Prime Minister José Sócrates "said Monday that his government had no concrete evidence to support allegations that the United States had conducted illegal counterterrorism activities on an American air base on Portuguese soil." Sócrates "confirmed that his government had opened an investigation into whether C.I.A.-operated planes, some of them possibly carrying terrorism suspects, made stopovers at the American Air Force base in the Azores Islands in the Atlantic Ocean, which are governed by Portugal. But he stressed that relations between the United States and Portugal were not at all strained as a result of the allegations." The Prime Minister said, "We have no indication of any illegal activity practiced by the Americans."

Radical Muslim Cleric To Sue US, Italy Over CIA "Abduction." The Washington Post (2/13, A15, Boustany, 690K) reports, "A radical Muslim cleric who Italian prosecutors say was abducted by the CIA in Milan in 2003 and flown secretly to Cairo has been freed from an Egyptian jail and plans to sue the U.S. and Italian governments for damages, the man's attorney said Monday." Hassan Mustafa Osama Nasr, "known as Abu Omar, was ordered released Sunday by an Egyptian security court and is 'recovering with his family in Alexandria,' the attorney, Montasser al-Zayat, said in a telephone interview from Cairo." An Italian official "said Monday that Nasr, an Egyptian national, would be arrested on terrorism charges if he returned to Italy. When he was abducted, the official said, Italian authorities had been developing a case that he was helping recruit men to go to Iraq to join the insurgents."

Chronology, Motivation Of 2003 Turkish Bombings Examined. The Washington Post (2/13, A1, Vick, 690K) reports in a front page story on the genesis of the November, 2003 bombings in Turkey which were orchestrated by al Qaeda but carried out by a local Turkish cell. The Post reports that "about a week before Sept. 11, 2001, Osama bin Laden sat down to a breakfast meeting in the southern Afghan city of Kandahar. His Turkish guests had arrived with a plan for a spectacular terrorist strike, but according to accounts two of the visitors later gave investigators, there was no talk of business over the meal." So began "a plot that ended in November 2003 with the staggered detonation of four powerful truck bombs in Istanbul, Turkey's largest city. The attacks, which killed 58 people and wounded 750, may have been the last terrorist strikes specifically authorized by bin Laden. Two months after breakfasting with the Turks, bin Laden was making for his base at Tora Bora as U.S.-led forces attacked across Afghanistan." The Post outlines the details of the plot as found in documents from the Turkish investigation of the attacks.

UK Attorney General Calls For Closure Of Gitmo Despite Reforms. The Miami Herald (2/13, Rosenberg, 286K) reports, "Addressing the American Bar Association's annual winter meeting in Miami [Monday] morning, Britain's attorney general condemned the new U.S. format for war crimes at Guantánamo Bay, Cuba, as 'too little and too late.'" Lord Peter Goldsmith "reiterated earlier calls for its closure. But his remarks at the legal establishment's 546-lawyer policy-making body were his first public comments on the new rules for military commissions passed in the last days of the Republican-led Congress."

The AP (2/13, Sherman) also reports the story, saying, "Attorney General Lord Goldsmith said Guantanamo remains a symbol of injustice because prisoners held in the facility in Cuba cannot use American courts to protest their detention and may be convicted of crimes on the basis of coerced evidence and other means not typically allowed in civilian courts." He additionally "condemned the now-repudiated remarks made by the Pentagon official in charge of detainee affairs that criticized lawyers who represent terrorism suspects. Goldsmith called the remarks by Charles 'Cully' Stimson 'unjust, unacceptable and un-American.'"

FBI Offers $5 Million Rewards For Hamadei, Shallah. Fox News (2/12) reported on its Web site, "The FBI is baiting its hooks with up to $5 million in reward money, hoping to land two of the biggest fish in international terrorism. The jumbo rewards are for tips leading to the arrest of Mohammed Ali Hamadei, wanted for the 1985 hijacking of TWA Flight 847, during which a U.S. Navy diver was executed and his body dumped on the tarmac; and Ramadan Abdullah Mohammad Shallah, founder of the Palestinian Islamic Jihad (PIJ), a terrorist front with headquarters in Damascus, Syria. FBI officials said Shallah directly planned and carried out numerous bombings, murders, extortions and racketeering crimes." Fox noted, "Since its inception in 1984, the FBI says its 'Rewards for Justice' program has $62 million to more than 40 people for credible information that has brought terrorists to justice or prevented acts of international terrorism. It's a small price to pay to make the world safer."

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HOMELAND RESPONSE:

Congress Mulls Changes To Civil Liberties Board. The Washington Post (2/13, D1, Nakashima) reports, "Key lawmakers want to replace a White House privacy and civil liberties board created by Congress in 2004 with one that is more independent of the president. The idea is to make the board more like the one envisioned by the bipartisan 9/11 Commission." The Post continues, "As the commission's vice chairman, Lee H. Hamilton, said yesterday: 'We felt that you had to have a voice within the executive branch that reached across all of the departments of government with strong powers to protect our civil liberties.' … But the five-member Privacy and Civil Liberties Oversight Board is resisting proposals that would dramatically change its composition and powers. The battle is another sign of the changed political landscape, with the Democratic-controlled Congress pushing for stronger oversight of the Bush administration's counterterrorism programs. … 'In 2004, the Senate endorsed the idea of a strong privacy and civil liberties watchdog to keep vigil as the government launched a full-bore effort to make the nation safe from terrorists,' said Sen. Joseph I. Lieberman (I-Conn.), the chairman of the Homeland Security and Governmental Affairs Committee who caucuses with the Democrats. 'Congress passed a weak proposal. Now we are back to make sure the watchdog has both a bark and a bite.'" The Post notes, "House Democrats see the board, which took office only last March after a series of delays, as too beholden to President Bush, who selects the members. … Despite its position, the board has had to wait months before receiving briefings on sensitive administration programs, and then only with permission from the White House counsel's office. … Separate House and Senate measures would require that the entire board be confirmed by the Senate -- now it is only the chairman and vice chairman -- and that no more than three members be from one party. … The House provision would remove the board from the Executive Office of the President but keep it within the executive branch and give it subpoena power, as recommended by the 9/11 Commission. The Senate version would keep the board within the executive office and allow it to ask the attorney general to issue subpoenas. Congress would have to be notified if a subpoena request were denied or modified."

Pennsylvania Man Sentenced To Prison For Offering To Build Al Qaeda Bomb. The AP (2/10) reported, "A 70-year-old Pennsylvania man accused of offering to build and sell a bomb to an Al-Qaeda operative has been sentenced to five years in federal prison without parole." Ronald Allen Grecula "was sentenced Friday by U.S. District Judge Keith Ellison. Grecula pled guilty in September of trying to provide support to a terrorist organization." The AP noted, "According to federal prosecutors, Grecula negotiated the sale of an explosive device with a confidential source and undercover officers, whom he thought were Al-Qaeda members. Prosecutors said Grecula was angry with the government over losing custody of his children in 2002." The Easton (PA) Express Times (2/10) also reported on Grecula's sentencing, but like the AP story, did not mention the FBI.

Publisher Reopens Miami Building Contaminated By Anthrax In 2001. The Miami Herald (2/13, Valdemoro, 286K) reports, "Nearly six years after an anthrax-laced letter contaminated the former headquarters of tabloid publisher American Media Inc. and killed Bob Stevens, a photo editor at the Sun, Palm Beach County health officials Monday reopened the site to the public." The Herald notes, "The bioterrorist attack, which came just weeks after Sept. 11, unnerved many here because terrorism had suddenly hit close to home. Ultimately, a handful of anthrax letters killed five people and sickened 19 others. … No one has been arrested despite an expensive ongoing FBI investigation."

Davis Wants "Straight Answers" On Border Tunnels. The Washington Times (2/13, Seper, 88K) reports Rep. Thomas M. Davis III has written a letter to DHS Secretary Michael Chertoff seeking "straight answers" as to whether or not his agency has "closed down seven tunnels used by smugglers to bring illegal aliens and drugs into the US from Mexico." Davis "noted a Jan. 30 story in the Los Angeles Times saying seven tunnels needed to be filled, that two had been 'capped,' meaning their entrance was blocked off, and CBP was looking to find $2.7 million to complete the task." Davis said in the letter that he has been "unable to obtain consistent information regarding the tunnels," and "asked Mr. Chertoff to make his staff available for a briefing by Feb. 26."

Senate Bill Would Boost Top Management Job At DHS. In its "Federal Diary" column, the Washington Post (2/13, D4, Barr, 690K) reports that as DHS struggles with woes including "contracting and budget problems, a sluggish response to Hurricane Katrina, turnover in senior ranks and a workforce that gives low scores to its senior leadership in attitude surveys," a bill has been introduced in the Senate that "would elevate the department's top management job and enhance its stability." Under the draft bill, a new deputy secretary for management would become the No. 3 official at the agency and "serve for at least five years." The Post adds that "the Bush administration has

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seemed cool to the idea of setting up management czars," noting that "Pentagon officials have said creating a chief management official for the Defense Department would create more bureaucracy and slow down the flow of information to the defense secretary." Sen. George V. Voinovich, the bill's chief sponsor, "said his plan would ensure that the deputy secretary at Homeland Security, the No. 2 official, would continue to be the secretary's 'first assistant on all policy matters,' while the newly created deputy secretary for management would be the secretary's chief adviser on 'the development of sustained, long-term management strategies.'"

Account Of 9/11 "First Responder's" Death Apparently Inaccurate. The New York Times (2/13, Chan, Baker, 1.16M) reports New York City police officer, Cesar A. Borja, "who died of lung disease last month," has been "held up as a symbol of the medical crisis affecting the thousands of emergency personnel and construction workers who labored on the smoking remains of the fallen World Trade Center after the 9/11 attack." A New York Daily News story described "how Officer Borja had rushed to the trade center site after the twin towers fell, breathing in clouds of toxic dust that seared his lungs, and how he had chosen not to wear protective gear because the federal government had declared the air safe." Sen. Hillary Clinton "wrote to President Bush seeking more federal money to care for the workers and citing Officer Borja's months of '16-hour shifts' at the disaster site." It was "a powerful story, one that brought the officer's eloquent son to the State of the Union address in Washington on Jan. 23, the day of his father's death. The son later met with President Bush." But it "turns out, though, that very few of the most dramatic aspects of Officer Borja's powerful story appear to be fully accurate. Government records and detailed interviews with Officer Borja's family indicate that he did not rush to the disaster site, and that he did not work a formal shift there until late December 2001, after substantial parts of the site had been cleared and the fire in the remaining pile had been declared out." Officer Borja "worked traffic and security posts on the streets around the site, according to his own memo book, and there is no record of his working 16 hours in a shift. He worked a total of 17 days, according to his records, and did not work as a volunteer there." It is "hard to determine precisely how the apparent misinformation about Mr. Borja's work at ground zero came to be reflected in newspapers, as well as in television and radio broadcasts."

Cause Of Disease That Killed Borja Poorly Understood. The New York Times (2/13, Chan, 1.16M) reports, "Pulmonary fibrosis, the chronic lung disease that doctors believe killed Officer Cesar A. Borja, is a rare and deadly disorder whose causes are poorly understood." The disease "causes tissue deep in the lungs to become thick and stiff, or scarred, over time, destroying the lungs' ability to move oxygen into the bloodstream and eventually causing respiratory failure." Officer Borja "was found to have idiopathic pulmonary fibrosis, meaning that the origin of the disease was unknown. In most cases of the disease, no cause is ever determined."

First Katrina Insurance Suit Heads To Trial. The AP (2/13, Kunzelman) reports, "A homeowner who claims Allstate Indemnity Co. failed to properly or promptly pay his damage claim after Hurricane Katrina took the witness stand in federal court Monday, kicking off testimony in the first trial for one of the several thousand such Louisiana lawsuits." The AP continues, "Lawrence Tomlinson and his wife Elizabeth, accuse the Northbrook, Ill.-based company of bad faith and say the company underpaid them for wind damage that tore holes in their roof and let water rain into their home in the New Orleans suburb of Marrero." The AP adds, "The Tomlinsons also say Allstate didn't start adjusting their claim after the Aug. 29, 2005, storm until Nov. 28 -- more than the 30 days allowed by law. … 'The whole house was a mess,' Tomlinson said, describing how water had pooled inside the home. 'There was a lot of damage to everything.'" The AP notes, "Allstate disputes the extent of the wind damage to the Tomlinsons' home and accuses the couple of misrepresenting parts of their claim. .. Jury selection was completed quickly Monday morning, despite Eastern District of Louisiana Judge Martin Feldman's early fears that there were potential problems in finding an unbiased panel in southeast Louisiana, where Katrina caused widespread death and destruction. … The seven-member jury first heard arguments from the Tomlinsons' lawyer, Christy Howley, who said the Tomlinson's paid their premiums in a timely manner but didn't get paid for their Katrina claims until after they sued in January 2006."

NYTimes Calls For Waiver Of Stafford Act For Gulf Coast. The New York Times (2/13, 1.16M) editorializes, "The recovery along the Gulf Coast and particularly in New Orleans is going too slowly, and there are steps the government can easily take to speed the process. One thing the Bush administration should have done immediately after Hurricane Katrina was to waive the requirement that state and local governments match federal rebuilding funds. The time to correct that mistake is now." The Times states that the decision not to waive the Stafford Act "is particularly surprising, given that such a large proportion of the damage can be attributed to the failure of the federal levees that were supposed to protect the New Orleans area." If the President will not waive the act, the Times continues, "Congress should legislate the change."

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WAR NEWS:

House Expected To Pass Anti-Surge Resolution With Bipartisan Backing. NBC Nightly News (2/12, story 4, :30, Williams, 9.87M) reported, "House Democrats rolled out their version of a nonbinding resolution against President Bush's Iraq troop increase. The language here reads in part, 'Congress disapproves of the decision to deploy more than 20,000 additional United States combat troops to Iraq.' Debate on this, the first debate on the war since the Democrats took over the majority last month, is set to begin tomorrow with a vote set by Friday." The Financial Times (2/13, Luce) notes the proposed resolution "contains just two short paragraphs, the first of which expresses support for soldiers who have served 'bravely and honourably in Iraq', the second of which merely 'disapproves' of the president's decision to send more troops into the field."

The New York Times (2/13, Toner, Luo, 1.16M) reports Democrats "are planning 36 hours of floor debate, beginning Tuesday, showcasing early the party's military veterans -- including the newest members who fought in Iraq. Party leaders expressed confidence that 'a strong majority of the House' would vote for the resolution, in the words of Brendan Daly, spokesman for Speaker Nancy Pelosi."

In fact, media reports this morning portray passage of the resolution as a foregone conclusion, and instead focus on what the vote means – both for the country and for the President. The Los Angeles Times (2/13, Levey, Simon, 850K) reports "the White House…appears increasingly unable to unite Republicans behind its Iraq strategy. Several Republicans have said they would back the House resolution." And "as the debate begins this week, even GOP lawmakers who oppose the resolution plan to say little about the president or his administration, focusing instead on the dangers of failure in Iraq." USA Today (2/13, Jackson, 2.27M) says the resolution "is likely to pass the House, where Democrats have a 233-202 advantage over Republicans. The measure, which Hoyer's office made public Monday, has one Republican co-sponsor: Rep. Walter Jones, R-N.C., who voted in 2002 for military action but has since turned against the war. The other co-sponsors, both Democrats, are Reps. Ike Skelton of Missouri and Tom Lantos of California." Fox News' Special Report (2/12, Hume) played an audio clip of Jones in which he says, "I believe sincerely that twenty to twenty-five Republicans will vote to say they are opposed to the surge." On MSNBC's Hardball (2/12, Matthews), meanwhile, GOP Rep. Chris Shays said the House should vote on a resolution supporting the Iraq Study Group and "a diplomatic surge. That would be the kind of resolution that I think would send a great message throughout the world. And it could be bipartisan."

The AP (2/13, Flaherty) says the debate is likely to end in a "rebuke," part of "a political landscape turned upside-down since Congress' overwhelming 2002 endorsement of force against Saddam Hussein." While Democrats "predicted the measure would pass easily, Republican leaders tried to refocus debate on the measure in hopes of putting Democrats on the defensive. 'This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear,' said House Republican leader John Boehner, R-Ohio."

The Wall Street Journal (2/13, A8, Rogers, 2.04M) says "conceding defeat in this first round," Republicans "want to skip ahead to the money fight because it is a more difficult forum for the war's critics, who must find a way to restrict the president's policy without seeming to hurt US troops. … A $623.1 billion Pentagon appropriations bill, including war funding for 2008, will be debated this summer. If the 160,000-soldier level were to be maintained through the end of this calendar year, it could strain even that budget."

The Hill (2/13, Kucinich) reports the GOP leadership "has focused its attacks on what may occur during the upcoming debate over the emergency war supplemental, implying that the Democratic resolution is simply the first step in a larger plan to limit funding for the war. One of the proposed Republican alternatives, offered by Rep. Sam Johnson (R-Texas), would require members to pledge not to cut off funding. Republicans have been quick to point out that the legislation they have offered, unlike the Democratic resolution, is binding. … Democratic leaders have said repeatedly that they have no intention of cutting off funding for the war. Despite their drumbeat, Republicans will likely lose at least 30 of their own members' votes to the Democratic resolution."

The Washington Post (2/13, A4, Weisman, 690K) reports "Republican leaders have denigrated the nonbinding resolution as pointless while saying it demoralizes the troops and emboldens the enemy. But they privately concede that dozens of Republicans are likely to join the Democrats by the end of the week." Rep. Thomas M. Davis III "typified a conflicted Republican when he weighed the pros and cons of the resolution: 'In voting against the president on this, to some extent you demean him in the eyes of those who are fighting over there. But you're also sending a message to the Iraqis that they better get their act together.' Davis added that it was 'not inconceivable' that he would vote for the measure." Roll Call (2/13, Yachnin, Davis) runs a similar story titled "GOP Boxed Out On Iraq."

GOP Rep. Kay Granger, vice chairman of the Republican Conference, writes in the Washington Times (2/13, 88K), "With the new plan for Iraq being implemented at this very moment, we won't have a sense of whether the plan is working until a few months down the road, at the earliest.

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Between now and then, Congress has a responsibility to closely monitor the progress being made on all fronts -- political, diplomatic and military. If in a few months from now we see that no progress is being made or if it becomes clear the Iraqis are not keeping their end of the bargain to stabilize their own country, we have a responsibility to re-examine the situation and look for alternative plans for success." Granger adds, "All options would need to be on the table at that point."

The Politico (2/13) reports "even the most politically vulnerable House Democrats are now convinced there is little risk in breaking with…Bush and his plan. … Moderate Democrats in tough swing districts felt compelled to side with the administration when…Bush's job approval ratings were running high in the early aftermath of the Sept. 11 terrorist attacks. And many voted with him in 2002 to authorize war against Iraq." But "with the levers of House power in new Democratic hands and Bush's approval ratings at record lows, moderate Democrats are no longer tethered to the administration and feel free to take the offensive."

One potential pitfall for Democrats is the reaction of anti-war activists to the wording of the resolution. The Washington Times (2/13, Hurt, Miller, 88K) reports "peace activists who voted overwhelmingly for Democratic candidates in the November elections say Mrs. Pelosi and Democrats in Congress have gotten the message all wrong. 'Congress is not listening to the voice of the people,' said Gael Murphy, co-founder of the anti-war group Code Pink: Women for Peace. 'We are disappointed that Congress is not moving forward expeditiously and we are being distracted by this nonbinding resolution that holds no one accountable,' she said." Kevin Martin, executive director of Peace Action, "the country's largest anti-war group with about 100,000 members, said Democrats are failing to seize the 'mandate for peace' from the election."

Bush's "Nonchalance" On House Debate Noted. The Los Angeles Times (2/13, Levey, Simon, 850K) says that "while Democratic leaders work to build Republican support for a short, symbolic resolution opposing the troop increase, the White House has eschewed a major public lobbying effort to get Republican lawmakers to stand behind the president. And in his public statements, Bush has focused on other subjects, even as the resolution has consumed lawmakers on Capitol Hill over the last week." The President "said in an interview with C-SPAN on Monday that he doesn't plan to watch the House debate. 'I've got a full day tomorrow. I mean, it's not as if the world stops when the Congress does their duty,' he said. Besides, he added, 'I already know what the debate is.'" Bush's "nonchalance is a notable departure from the active role the administration has previously played in guiding legislation — and a marked contrast to its recent efforts to block a similar resolution in the Senate."

Pelosi Aide Complains Hoyer Was Off-Message Regarding Alternative Resolutions. The Hill (2/13, Kaplan) reports that "simmering hostilities" between House Speaker Nancy Pelosi and Majority Leader Steny Hoyer "boiled over again yesterday when an aide in…Pelosi's office said…Hoyer had been 'getting out in front' of an emerging consensus against allowing Republicans to introduce an alternative resolution on the Iraq war. Speaking to reporters last Thursday, Hoyer said that Republicans would be allowed a motion to recommit or an amendment to the Democratic resolution. But later on the House floor that day, he said it would be unlikely that the GOP would get any such alternative. … Hoyer's allies dispute that there is a split in the leadership. A senior aide attending the leadership meeting on Monday last week said House leaders had agreed that the GOP should be allowed to offer an alternative."

In CBS Poll, 53% Back Blocking Funding For Additional Troops. The CBS Evening News (2/12, story 4, :20, Couric, 7.66M) reported "the House will begin a three-day debate on a non-binding symbolic resolution stating its disapproval of…Bush's Iraq troop build-up. But our new CBS News poll shows a majority of Americans wants congress to go even further. A total of 53% say Congress ought to block funding for additional troops or for the war entirely." The CBS Evening News (2/12, story 2, :20, Couric, 7.66M) also reported the poll "shows that two-thirds of Americans do not believe the US military can stem the fighting between Iraqi factions."

Gallup Poll Finds 63% Want Pullout, Nearly Six In Ten Oppose Cutting Off Funding. USA Today (2/13, 1A, Page, 2.27M) reports, "Americans overwhelmingly support congressional action to cap the number of U.S. troops in Iraq and set a timetable to bring them home by the end of next year, a USA TODAY/Gallup Poll finds -- tougher action than the non-binding resolution the House of Representatives is to begin debating today. While six in 10 oppose President Bush's plan to use more troops to try to stabilize Iraq, a nearly equal number also oppose any effort to cut off funding for those additional forces."

Iraqis Said To Believe US Troops Provoking The Violence. Nicholas Kristof writes in the New York Times (2/13, Kristof, 1.16M) reports, "For those like myself who oppose the 'surge' in Iraq and seek a timetable for withdrawal, the hard question is: what happens if all hell breaks loose? What happens if the removal of U.S. troops leads to large-scale massacres, to a regional war between Saudi Arabia and Iran, to Kurdish-Arab-Turkmen fighting in Kirkuk, to a Turkish invasion of Kurdistan? Conservatives have a right to ask: why advocate a withdrawal that could lead to genocide in Iraq? The first part of a response is to doubt…Bush's premise that a buildup is necessarily the best way to avoid a cataclysm. Iraqis themselves don't think so. On the contrary, one poll last fall found that 78 percent of Iraqis believe that American troops provoke more violence than they prevent." Another poll, "conducted by the State

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Department and reported by The Washington Post, found that nearly three-quarters of Baghdad residents would feel safer if American forces left Iraq. So if our aim is to avoid catastrophic bloodshed in Iraq, it may well be that we're more likely to accomplish that by leaving rather than staying. … A majority of Iraqis may well be right in thinking that we are part of the problem rather than the solution — and maybe a phased withdrawal will nudge Iraqis back from the brink and make a cataclysm less likely."

Democrats Using Bush Nominations To Make Statement On Iraq. The Washington Times (2/13, Bellantoni, 88K) reports congressional Democrats "have so far not denied President Bush any of his nominations, but they have used extensive hearings to score political points and send a signal to the administration they will play tough." Senate Democrats "relentlessly questioned Lt. Gen David Petraeus in a preview of confirmation hearings to come, but confirmed him unanimously as the top U.S. commander in Iraq despite disagreeing with the policy he has been tasked with implementing." Senators – "especially those running for president in 2008 -- peppered Gen. Petraeus with questions about Mr. Bush's plan to send more troops to Iraq, something most of them oppose." The "four possible presidential candidates on the Senate Foreign Relations Committee are sure to sound off further on Iraq policy Thursday when they consider another Bush nomination."

Feingold Drops Hold On Negroponte Nomination. Fox Special Report (2/12, story 5, 0:25, Hume) reported, "Wisconsin Democratic Senator Russ Feingold says he no longer intends to hold up the nomination of the outgoing director of national intelligence, that's John Negroponte, to be deputy secretary of state. The reversal comes after an exchange of letters between the two men about Negroponte's role in the development of a National Intelligence Estimate on the Iraq war that Feingold suggested was politically slanted. Feingold says he will work with Negroponte's successor, retired Vice Admiral Mike McConnell, to make sure future NIEs do not include evaluations of US policies."

Baghdad Rocked By Terrific Violence On Anniversary Of Golden Dome Bombing. ABC World News (2/12, story 4, 2:15, Gibson, 8.78M) reported, "Next, we're going to turn to Baghdad. It was a year ago, today, that one of the holiest sites to Shiite Muslims were destroyed. The Golden Dome Mosque in the City of Samarra. That incident touched off the serious sectarian violence between Sunni and Shiite Muslims. On the anniversary, new bombings that killed 88 and wounded 200 more." ABC (Marquez) added, "The explosions roared through central Baghdad, obliterating a market frequented by mainly Shia Muslims. And damaging another."

The CBS Evening News (2/12, lead story, 3:30, Couric, 7.66M) noted the "terribly violent day in Baghdad," and later said (Logan) that "even by Baghdad standards, today's multiple car bombing in the city's biggest market was catastrophic. … The simple fact…is that there are not enough US troops in Baghdad to police every street in the capital. Even when all the additional troops are here, that will not change."

NBC Nightly News (2/12, lead story, 2:10, Williams, 9.87M) said it was "an exceptionally violent day." ABC (Arraf) added, "While Iraq's prime minister was telling reporters about the plan to improve security, an explosion. Then a second louder one. He barely skipped a beat. The sound is routine. But a mile away, two car bombs had turned a crowded mainly Shi'a market into a version of hell. Shopkeepers frantically searched through the rubble of the shops in the market. The car bombs exploding near the central bank in one of Baghdad's oldest neighborhoods sent the street on fire. You could see the columns of smoke across Baghdad, a city consumed by sectarian violence. The new Baghdad security plan puts more American and Iraqi troops out in the middle of it." NBC Nightly News (2/12, story 3, 2:10, Williams, 9.87M) also reported on "what the American soldiers who are in the fight get to see." NBC (Engel) added, "A prayer before setting out for another day on the frontline. Lieutenant Colonel Dale Kuehl is the man who has to make the new security plan work in west Baghdad." Lt. Col. Dale Kuehl: "If there is any problems with security in there, call us." Engel: "Suddenly, his patrol is flagged down. Gunmen stormed a nearby bakery. The soldiers sneak up. The attackers may still be inside. There are bodies everywhere. In the kitchen, the smell of freshly baked cakes. A dead man's cell phone keeps ringing. This is what the reality of the civil war in Iraq looks like, killing families one at a time."

The Christian Science Monitor (2/13, Al-Taiee, 59K) reports "most Iraqis interviewed in Baghdad Monday about the new security plan, which involves deploying more Iraqi and US soldiers throughout the capital, framed the problem in sectarian terms. But they also expressed hope in the latest effort to restore calm."

The Chicago Tribune (2/13, Sly, 617K) says "Iraqi frustration with the slow start of Baghdad's long-promised security plan mounted Monday," while the Los Angeles Times (2/13, Daragahi, Rifai, 850K) notes "witnesses, victims and rescue workers described horrific scenes of carnage, with the injured and dead trapped beneath rubble and inside burned cars." The New York Times (2/13, Cave, 1.16M), Washington Post (2/13, A1, Partlow, 690K) and Washington Times/AP (2/13, Gamel) run similar accounts. The Los Angeles Times (2/13, Roug, 850K), under the headline "The Day Civil War Erupted In Iraq," and New York Times (2/13, Santora, 1.16M) also report on the anniversary of the attack

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on the Golden Dome Mosque, describing the ongoing debate on how to rebuild it and provide security for it.

15 Die In Suicide Truck Bombing This Morning. NPR (2/13) broadcast in an early morning report that "at least 15 people died in a suicide truck bombing today in the parking lot of a private university located in a mainly Shiite section of Baghdad. At least 30 others were wounded in the attack. Police say one house was destroyed and several others were severely damaged." CBS Radio (2/13) aired a similar report.

McCain Fears A Kind Of "Tet Offensive" From Iraqi Insurgents. The AP (2/13, Lewis) reports, "Republican presidential hopeful John McCain said Monday he fears an offensive by Iraqi insurgents similar to the Tet offensive by the Viet Cong that sent US casualties soaring in Vietnam nearly 40 years ago." McCain "said in an interview with The Associated Press that it's not the US presence in Iraq that upsets voters but rather the number of casualties and the possibility those numbers could rise."

Bolton Claims Iraq Partition Ought Not Be A Concern For The US. Asked on CNN's The Situation Room (2/12, Blitzer) to expand on comments he made to le Monde magazine in which he said the United States "has no strategic interest in the fact that there's one Iraq or three Iraqs," former US Ambassador to the UN John Bolton said, "I think the United States has to focus on what its interests are. And our principle strategic interest in Iraq is that it not become a base for terrorist activity. Whether that can be best achieved through one Iraq in different kinds of arrangements, or three Iraqs, is really not that much of a matter of interest to us. It is a matter of interest to the Iraqis. We have to look out for the United States."

Pentagon Denies WPost Report On Humvees' Lack Of Armor. Fox News' Special Report (2/12, Hume) reported, "The Pentagon said today that contrary to a Washington Post report, the Army has plenty of kits for reinforcing US Humvees already in Iraq, and it says new Humvees have factory-produced armor installed to protect forces from roadside bombs."

Rocked By Growing Sectarian Tensions, Syria Closes Doors To Iraq Refugees. The AP (2/13) reports, "Syria, the last Arab country welcoming large numbers of Iraqi refugees, is now all but closing the gates and leaving 40,000 Iraqis who flee their country each month with almost no place to go. The new rules -- imposed without any official announcement -- also strike fear of deportation into the 1 million Iraqis already here. The worsening humanitarian crisis has resulted in calls for action by members of the U.S. Congress and a plea from the United Nations for more countries to help out." Syria "kept its doors open even after others, including Jordan and Egypt with 700,000 and 130,000 Iraqi refugees respectively, said they could take no more. But the strain on its small, state-controlled economy apparently has become too great."

The Christian Science Monitor (2/13, Abouzeid, 59K) reports "Syria has seen a growing religiosity over the past few years. Spurred in large part by the civil war in Iraq to the east and rising Sunni-Shiite tensions in Lebanon to the west, Syrians are increasingly aware of their sectarian identities. In a region roiled by religious tensions, the country's majority Sunni population now views Syria's deepening relationship to Shiite Iran with creeping suspicion. … Whisperings of new Iranian-funded Shiite religious institutions abound, as do rumors that Iran is offering cash and other incentives to persuade Sunnis to convert."

Gates Reportedly Planning Spring Offensive Against Taliban. Fox News' Special Report (2/12, Hume) reported that Defense Secretary Gates "spoke with Pakistani president Pervez Musharraf about taking the fight to the enemy operating along the Pakistan-Afghanistan border." Gates: "We talked about the importance of seizing the offensive this spring, to deal with the Taliban and Al Qaeda a strategic setback." Fox added that US officials have "warned the fighting could be bloodier when the Afghan mountains thaw. Gates has argued there may be an opportunity for the US, NATO, Afghan and Pakistani forces to launch a spring offensive of their own and has been willing to commit more US troops to the effort. Fox has learned a brigade of roughly 3200 soldiers from a brigade of the 173rd Airborne will deploy to Afghanistan rather than going to Iraq as scheduled. The brigade will replace a unit from the 10th Mountain Division which had its tour of Afghanistan extended roughly four months."

USA Today (2/13, 8A, Brook, 2.27M) reports, "In advance of the offensive, the US Air Force increased its airstrikes in the first five weeks of this year by more than 70% compared with last year." Gates "told NATO allies they need to hit the Taliban hard. He stressed the need to combine the offensive with economic aid, improving the Afghan government and building the country's infrastructure." The New York Times (2/13, Shanker, 1.16M) quotes Gates saying, "If we weren't concerned about what was happening along the border, I wouldn't be here." The Los Angeles Times (2/13, Spiegel, 850K) runs a similar report.

Friction Grows In NATO Over Afghan Troop Commitments. The Washington Times (2/13, Harding, 88K) reports NATO officials "put a brave face on renewed splits within the alliance over troop levels in Afghanistan, where more than 35,000 American and European soldiers are fighting Taliban forces." Alliance spokesman James

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Appathurai "said NATO has added 5,000 troops to the Afghan force since a November summit in Latvia, 'with more trainers, transport planes and fighter aircraft.'" But "not all those troops have yet arrived on the ground, creating jitters within NATO ahead of an expected spring push by a resurgent Taliban." Even if "all the troops arrive on time, NATO will need another 2,500 soldiers to serve in the south and east of the country, where the fighting is most intense, according to Gen. John Craddock, who took over as the alliance's supreme commander in December."

DOJ:

DOJ Official To Brief Senate Panel On US Attorney Records. Roll Call (2/13, Van Dongen) reports Deputy US Attorney General Paul McNulty is "slated to brief members of the Senate Judiciary Committee at a closed-door meeting Wednesday on the personnel records of a handful of U.S. attorneys around the country who recently were fired from their posts." When "pressed by Senators at a hearing last week, McNulty declined to discuss the specific reasons for the Justice Department's dismissal of up to seven U.S. attorneys from California to Arkansas. Instead, he assented to a request from Sen. Charles Schumer (N.Y.), who serves as Democratic Senatorial Campaign Committee chairman and Democratic Caucus vice chairman, to privately share such information with the Senators." It is "unclear whether Democratic Senators — who charge the Justice Department has politicized U.S. attorney appointments — will be satisfied with Wednesday's briefing."

Debate Over US Attorney Dismissals Highlights Clash Between Legislative, Executive Branches. The National Law Journal (2/13, Coyle) reports, "The old way of appointing interim U.S. Attorneys was constitutionally sound, many legal experts agree. And the new way of appointing interim U.S. Attorneys is constitutionally sound, they add. The only real question now for the U.S. Senate is what is the best way of appointing those officers -- constitutionally and otherwise." The Journal continues, "Recent fallout from the firing of seven U.S. Attorneys revealed that senators last year -- some knowingly and others unknowingly -- waived their advise and consent power by giving the attorney general the sole authority to appoint interim U.S. Attorneys to serve indefinitely when vacancies occurred." The Journal adds, "The change in the process came at the request of the U.S. Department of Justice and was inserted into the renewal of the USA Patriot Act that was subsequently adopted by both chambers of Congress. The proverbial 'sleeping giant' awakened in the ensuing controversy surrounding the unexplained requests for the resignations of U.S. Attorneys in Arizona, Arkansas, Nevada, New Mexico, San Diego, San Francisco and Seattle. … Last week, the Senate Judiciary Committee held a hearing not just on whether those resignation demands were purely political and not performance-based, but also on whether to change the appointment process again." The Journal notes, "At the end of the week, some consensus had emerged that perhaps the old way was the best way. The Judiciary Committee on Feb. 8, voting 13-6, approved a bill returning the law to its pre-Patriot Act form. Under prior law, for almost two decades, the attorney general could appoint someone to fill the vacancy for 120 days. If no permanent replacement was nominated by the president and confirmed by the Senate at the end of 120 days, the chief judge of the federal district in which the vacancy occurred would appoint an interim prosecutor to serve until the president acted. … But the Justice Department last week did not endorse a return to prior law. … 'We supported what was done in the Patriot Act,' said Deputy Attorney General Paul McNulty. 'It solved a problem that comes up occasionally. We support the law as it currently stands.'"

Dismissed US Attorneys Had Received Positive Job Evaluations. McClatchy Newspapers (2/13, Taylor) reports, "Although the Bush administration has said that six U.S. attorneys were fired recently in part because of 'performance related' issues, at least five of them received positive job evaluations before they were ordered to step down." McClatchy continues, "Attorney General Alberto Gonzales, using authority he gained in March from a little-noticed provision of the Patriot Act, has appointed interim U.S. attorneys from the Bush administration's inner circle. The firings and appointments have raised concerns that Gonzales is politicizing the process. … Supporters of the U.S. attorneys and Justice Department officials familiar with the job evaluations suggested in interviews that top Justice Department officials may have exaggerated the role job performance played in the firings." McClatchy adds, "A Justice Department official who spoke on behalf of the administration said the dispute might simply be a matter of 'semantics.' … 'Performance-related can mean many things,' said the official, who asked to remain anonymous because the Privacy Act bars officials from discussing personnel decisions. 'Policy is set at a national level. Individual U.S. attorneys around the country can't just make up their policy agenda.'" McClatchy notes, "Performance reviews of U.S. attorneys are conducted every three to four years by a team of experienced Justice Department officials, who interview judges, staff members, community leaders and federal agents. In some of the five cases, the reviewers made recommendations for improvements, but overall their assessments were positive, Justice Department officials said." McClatchy notes, "Tasia Scolinos, a chief spokeswoman for the Justice Department, said the removals were the result of a 'careful, thoughtful' decision-making process.'This issue really boils down to the department's

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reasons for making internal management changes,' she said."

More Commentary. In a column for the Buffalo News (2/13), Douglas Turner writes, "The words of one of the greatest lawyers to work in Western New York were invoked last week in a Senate rebuke to the Bush administration's latest manipulation of the justice system. … The man was Robert H. Jackson, who went to school in the Jamestown area and practiced there in the early 1900s. Jackson became attorney general, a justice of the Supreme Court and, famously, the architect and first prosecutor at the war crimes trials in Nuremberg, Germany." Turner continues, "It would be a stretch to find much in common between today's Attorney General Alberto Gonzales and Attorney General Jackson of 1940. … Gonzales supports bypassing the Geneva Conventions on treatment of war prisoners, and warrantless eavesdropping on Americans. Most recently, Gonzales took steps to tighten the grip the White House holds on the corps of federal prosecutors nationwide." Turner adds, "A hearing chaired by Sen. Charles E. Schumer, D-N.Y., showed the Gonzales moves on U.S. attorneys had nothing to do with national security. They are designed to transform an elite group of lawyers into a political hackdom in Bush's last two years. … Schumer noted that in 1940 Jackson had lectured an assembly of U.S. attorneys on the necessity of their being absolutely nonpolitical. The reason, Jackson warned, was their great power. … 'The prosecutor has more power over life, liberty and reputation than any person in America,' Jackson said. 'Because of this power to strike at citizens, not with mere individual strength, but with all the force of the government itself, the post has been safeguarded by presidential appointment requiring confirmation of the Senate.'" Turner notes, "Gonzales is using the amended Patriot Act to strip Senate confirmation and judicial safeguards from the selection process. … Without warning or apparent cause, Gonzales has fired seven prosecutors. Replacements could serve only 120 days without confirmation. Under the old law, a federal judge could name an interim prosecutor. … Former prosecutors who testified at Schumer's hearing said Gonzales' actions could politicize operations in U.S. attorney offices all over the country. … Schumer and congressional Democrats are pressing for a repeal of the suspect clause of the new Patriot Act."

CORPORATE SCANDALS:

Johnson & Johnson Executives Step Down As Company Discloses Improper Overseas Payments. The Wall Street Journal (2/13, A20, Johnson, Scannell, Kamp) reports that Johnson & Johnson said in a statement it has "alerted federal officials to improper overseas payments and that one of its senior executives is resigning over the probe." The Journal continues, "The New Brunswick, N.J., health-care conglomerate voluntarily told the Department of Justice and the Securities and Exchange Commission that it believes its subsidiaries made improper payments in two countries regarding the sale of medical devices. Michael J. Dormer, world-wide chairman for Medical Devices & Diagnostics, stepped down as a result of the revelations." The Journal describes the disclosures as "a bitter pill for a company that prides itself on its clean corporate image."

The AP (2/13) adds, "In a letter to the company, Dormer acknowledged he had 'ultimate responsibility by virtue of my position' for the subsidiaries that were the subject of the disclosure, according to the J&J statement."

The New York Times (2/13, Seelye) reports, "The company also said that the executive responsible for the units, Michael J. Dormer, 55, worldwide chairman of medical devices and diagnostics, had retired." The Times adds, "A company spokesman, Jeffrey J. Leebaw, declined to comment beyond the news release. 'Given the nature of the situation, we have nothing further to add,' he said. But the disclosures were unusual for a company that emphasizes its longstanding credo of ethical conduct and responsible behavior."

The Financial Times (2/13, Kirchgaessner) adds, "J&J said the allegedly improper payments were made in two small-market countries. It said the actions were 'contrary to the company's policies' and could fall within the jurisdiction of the Department of Justice's anti-bribery statute, the Foreign Corrupt Practices Act. J&J said it was co-operating with both the Justice Department and the Securities and Exchange Commission." Bloomberg (2/13, Goldstein) also reports this story.

Cox Touts SEC Crackdown On Options Backdating. The Deal (2/13, Block, Orol) reports, "The head of the Securities and Exchange Commission is crediting the incorporation of interactive data into SEC filings for the discovery of 'a pandemic of crooked accounting' linked to stock option backdating." The Deal continues, "At the Practicing Law Institute's annual 'SEC Speaks' event on Feb. 9, SEC Chairman Christopher Cox said XBRL, the Internet programming language newly adopted by the agency, is helping his staff root out fraud by tagging financial data so computers can track it and sift through it quickly. … The chairman even compared his team of enforcers to the characters in the hit TV show 'Heroes' -- everyday people with extraordinary abilities they didn't know they had. Cox said his enforcement staff are a group of otherwise ordinary people with extraordinary talent and dedication. … 'In other words, "Save the Cheerleader -- Save the World,"' Cox said,

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intoning the show's mantra. … He added that while his staff may not possess super powers, 'by sheer willpower and hard work they routinely accomplish great deeds. And, to all the Americans who depend on them, they are very real heroes, in every sense.'" The Deal notes, "More than 170 companies have been investigated by the SEC or have conducted internal inquiries into whether option dates were changed to benefit executives. … Cox said the timing of the options backdating scandal coincided with the SEC's decision to begin converting Form 4 submissions -- the form companies use to report stock option exercise transactions -- into interactive documents. … Before 2003, information filed on the SEC's Form 4 was analyzed the old-fashion way -- retyped into SEC databases and spreadsheets before being scrutinized. 'Not surprisingly, for all of that time, the backdating phenomenon was never uncovered,' Cox said. … More recently, however, the SEC started collecting Form 4 data in an interactive format, which made analyzing the information easier. The SEC also issued new rules around the same time requiring real-time reporting of options awards -- within two days of the grant."

Judge Orders Hedge Fund Manager To Pay For Fraud. The Financial Times (2/13) reports, "A federal judge in Georgia on Monday ordered Kirk Wright, a hedge fund manager who allegedly defrauded hundreds of investors including several prominent National Football League players, to pay $20m in disgorgement, interest and penalties." The Times continues, "The ruling came in a federal civil suit filed against Mr Wright last year by the Securities and Exchange Commission. Mr Wright still faces a criminal trial this spring over allegations that he stole over $100m in investors' money." The Times adds, "In its lawsuit, the SEC alleged that Mr Wright raised as much as $185m from over more than 500 investors for seven hedge funds he controlled. Mr Wright then allegedly provided investors with false statements about the performance of the funds and the amount of securities the funds controlled. … It is not clear if Mr Wright has the assets to comply with the order that he pay the $20m." The Times notes, "Among the investors allegedly defrauded were a group of players in the NFL who claim they lost millions investing with Mr Wright. The alleged losses by the athletes have been widely cited as examples of the potential dangers inherent in investing in the lightly regulated hedge fund industry. … Six of the players, including Denver Broncos wide receiver Rod Smith, New York Giants linebacker Carlos Emmons and former Broncos safety Steve Atwater, have filed a civil lawsuit against the NFL and the NFL Players Association, the union that represents players, for allegedly endorsing Mr Wright as a legitimate investment professional."

Former Westar CEO Released From Prison Pending Appeal. The AP (2/13) reports from Leavenworth, KS, "David Wittig, the former top executive of Westar Energy, was released from prison on bond Monday pending the appeal of his sentence in a bank fraud case." The AP continues, "Mr. Wittig was released from the federal detention center in Leavenworth about 2 p.m. and was greeted by his wife, Beth, and Jeff Morris, one of his attorneys. He had served nearly 13 months in prison." The AP adds, "Mr. Wittig, the former chairman, president and chief executive of Westar, was convicted in July 2003 of engaging in a loan transaction with a Topeka banker and helping to conceal the loan from banking regulators. … Mr. Wittig had been incarcerated in a minimum-security prison in Sandstone, Minn., until last month, when he was taken to Topeka for his third sentencing in the bank fraud case. Federal District Judge Julie A. Robinson sentenced him to two years. … On Thursday, Judge Robinson granted Mr. Wittig's request to be released on bond pending his appeal of that sentence."

CRIMINAL LAW:

Prominent Reporters Testify Libby Did Not Mention Plame To Them. The CBS Evening News (2/12, story 10, :25, Couric, 7.66M) reported, "The defense in the Scooter Libby CIA leak trial today called its first witnesses – several big-name journalists – in an attempt to show that several administration figures leaked the name of a CIA operative. Bob Woodward, Robert Novak and others testified they first learned the CIA employee's name from people other than Libby, who was once Vice President Cheney's chief of staff." NBC Nightly News (2/12, story 6, 1:15, Williams, 9.87M) also reported on the trial, with NBC (O'Donnell) noting that "Libby's lawyers…tried to prove the identity of Ambassador Wison's wife, Valerie Plame, was leaked all over town. Among the leakers named: Karl Rove, the President's top political strategist; Richard Armitage who had been deputy secretary of State; and Ari Fleischer, former White House press secretary. … The defense is trying to make the jury wonder if Libby was leaking secrets, why wouldn't he have told the well known reporters who testified in court today?"

The AP (2/13, Sniffen) reports Woodward and Novak "testified that then-Deputy Secretary of State Richard Armitage first told them in the summer of 2003 that the wife of prominent Iraq war critic Joseph Wilson, Valerie Plame, worked at the CIA. Another Post reporter, Walter Pincus, testified that then-White House press secretary Ari Fleischer 'suddenly swerved off' topic during an interview to tell him of her employment. This contradicted a point in Fleischer's

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testimony," that "Libby told him about Plame -- earlier than Libby has told investigators he thought he first learned about her from NBC reporter Tim Russert." Pincus' "testimony…was the most direct hit the defense made on the prosecution's evidence." The AP notes, "Novak testified he got confirmation from White House political adviser Karl Rove, who replied to him: 'Oh, you've heard that, too.'"

The New York Times (2/13, Lewis, Shane, 1.16M) reports that the defense called "a parade of prominent Washington reporters," although it "was unclear if or how the cumulative impact of those reporters saying Mr. Libby had not discussed Ms. Wilson with them would lead jurors to discount the testimony of the two reporters who said earlier that he had, in fact, discussed her with them." The Times notes that "Libby's lawyers also made clear on Monday…that they do not want to put him on the witness stand." An "annoyed" US District Judge Reggie B. Walton "suggested he might have been misled into believing that Mr. Libby would testify when he and lawyers for both sides spent more than two months arguing over how to put before the jury nonclassified accounts of the issues Mr. Libby had worked on. … He said that unless Mr. Libby testified, he did not think he would allow the defense to argue in its closing that the issue of Ms. Wilson was less important to him than the other matters."

Under the headline "Journalists Testify That Libby Never Mentioned CIA Officer," the Washington Post (2/13, A3, Leonnig, Goldstein, 690K) also notes, "Pincus's account conflicted with Fleischer's testimony last month. As a prosecution witness, Fleischer said he mentioned Plame only to two reporters -- John Dickerson, then of Time magazine, and David Gregory of NBC News -- during a July 2003 trip that President Bush took to Africa. Dickerson has said Fleischer never mentioned Plame to him. A spokesman for Special Counsel Patrick J. Fitzgerald declined to comment on the conflicting testimony." Meanwhile, in his Washington Post (2/13, A2, 690K) "Washington Sketch" column, Dana Milbank writes, "Libby must believe himself to be in desperate legal straits to have six journalists serve as his character witnesses. And, indeed, the reporters' testimony appeared to do little to dent the prosecution's case that the former chief of staff to Vice President Cheney eagerly shared CIA officer Valerie Plame's name with reporters and then said otherwise under oath. But Libby's team did establish that the defendant wasn't the only administration official dishing about Plame."

Under the headline "Journalists Take Stand In Libby's Defense," the Los Angeles Times (2/13, Schmitt, Miller, 850K) reports that when Woodward called Armitage, "The capital was buzzing over a public attack by a former U.S. diplomat on one of the claims President Bush had made to justify the Iraq war. … 'Why would they send him?' a puzzled Woodward asked," and Armitage replied, "Because his wife's a [expletive] analyst at the agency." The Times notes, "Woodward — and his taperecorded, expletive-laden exchange with Armitage — became a focus Monday at the trial."

The Legal Times (2/13, Schwartz) reports, "He said he had nothing against Joseph Wilson. That he didn't know Valerie Plame was Wilson's wife. … I. Lewis 'Scooter' Libby Jr. said a lot of things in eight hours of grand-jury testimony. But somewhere in the lengthy recordings, it was revealed for the first time in Libby's perjury trial, that he actively contributed to a smear campaign against Wilson in an effort to destroy his credibility as a Bush administration critic. … And that naturally involved Plame, the former CIA agent whose identity was a casualty of the dustup between Wilson and the White House." The Times continues, "That March 2004 testimony, played before the jury last week in the U.S. District Court for the District of Columbia, is a linchpin of Special Counsel Patrick Fitzgerald's case against Libby, the former aide to Vice President Dick Cheney. … In it, Libby admitted that he spoke to at least one reporter in July 2003 during which he called Wilson's excursion to Niger -- investigating what later proved to be a bogus claim over Iraq's purchase of uranium -- nothing more than a 'boondoggle.' … And befitting a case in which words play the prominent role, much of the back-and-forth between the prosecutor and Libby about that conversation involved whether the term 'boondoggle' was ever used -- and, indeed, whether Plame and Wilson were ever even mentioned."

Defense May Call Hannah To Avoid Libby Testimony. The AP (2/13, Apuzzo) reports, "The man who took I. Lewis 'Scooter' Libby's seat as the vice president's national security adviser may soon be taking Libby's seat in the witness stand. Defense attorneys say they plan to call John Hannah, who served as Libby's deputy and was promoted to replace him when Libby was indicted in 2005 on perjury and obstruction charges. Hannah's testimony could effectively serve as a sit-in for Libby, whom attorneys seem reluctant to put on the stand." The AP notes, "By putting Hannah on the stand, defense attorney John Cline can bring out the national security issues that weighed on Libby's mind without subjecting him to dangerous cross-examination."

Concerns Raised About ISP Data Retention Bill.

The Washington Post (2/13, D3, Nakashima) reports, "A House Republican is pushing a measure that echoes a long-sought Bush administration goal: to require all Internet service providers to keep records on their subscribers." The Post continues, "The measure, introduced by Rep. Lamar Smith (R-Tex.) last week as part of the larger SAFETY Act, would give the attorney general broad discretion to write the rules on what information companies have to retain and for how long. … It is aimed at protecting children from predators, but privacy advocates say its privacy and civil-liberties implications are huge, and industry is concerned about the costs of compliance. News of the measure has spread

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around the blogosphere, as critics seek to mobilize opposition to the SAFETY Act." The Post adds, "The provision would require Internet service companies to provide at a minimum the Internet subscriber's name and address, which can be linked to an Internet protocol address -- an identification number associated with a particular computer at a given time. Law enforcement officials would have to obtain a subpoena to have access to the records and could not use the tool to track law-abiding citizens on the Internet, Smith said. … Smith, the ranking minority member of the House Judiciary Committee, said law enforcement has identified mandatory data retention as 'the number one tool' it needs to identify and prosecute Internet sexual predators. Last year, the European Union adopted a two-year data-retention requirement for all Internet service providers, and Smith said Congress should adopt a similar law that balances the cost of retaining data with the benefits to law enforcement. … But Lauren Weinstein, co-founder of People for Internet Responsibility, an advocacy group, said Smith's proposal is far too vague. 'This bill is so incredibly bad that it opens up a whole array of things that can go wrong, because there's nothing in this legislation to prevent the attorney general from simply saying, "Save everything forever," ' he said."

DOJ Defends Pursuit Of Death Penalty In DC. The Washington Times (2/13, McElhatton) reports, "The U.S. Justice Department is defending the practice of seeking the death penalty in jurisdictions such as the District where local law bars capital punishment, including in the ongoing trial of a D.C. man accused of being an enforcer for a violent drug gang. … 'The Department of Justice has a protocol that ensures that the federal death penalty is applied uniformly throughout the country, regardless of the local laws,' acting Assistant Attorney General Richard A. Hertling wrote in a letter to Delegate Eleanor Holmes Norton, the District's nonvoting member of Congress." The Times continues, "Mrs. Norton, a Democrat, wrote a letter last month to the office of U.S. Attorney Jeffrey A. Taylor criticizing its pursuit of the death penalty in the trial of Larry Gooch. … Mr. Gooch is on trial in federal court in the District on murder, racketeering and drug trafficking charges. He is accused of killing four persons, assisting in another slaying and shooting at a police officer while acting as enforcer for the M Street Crew, a PCP ring in Northeast. … D.C. law bars capital punishment, but prosecutors can seek the death penalty in federal cases. … 'Repeatedly seeking the death penalty in the face of jury and court verdicts to the contrary risks the appearance of an office seeking to show it can get death penalty convictions even in the District of Columbia,' Mrs. Norton wrote in her letter to Mr. Taylor." The Times notes, "She expressed concern about 'the apparent emergence of a new and troubling pattern' of death penalty cases in the District, 'despite consistent failure with juries and the federal courts.' … Mr. Hertling said federal prosecutors in the District have not increased their pursuit of the death penalty under the Bush administration."

"Illegal Gratuities" Ruling Could Undermine Corruption Probes. The Hill (2/13, Crabtree) reports, "Members of Congress or any other public officials under FBI investigation for corruption owe a former D.C. police officer a debt of gratitude. … The U.S. Court of Appeals for the D.C. Circuit Court Friday confirmed a previous ruling by an appeals panel allowing Nelson Valdes, a former Metropolitan Police Department detective, to walk free. A sting operation caught Valdes taking several hundred dollars in cash for running license plates through a law enforcement database and handing over the information he collected on the vehicles' owners to an FBI informant." The Hill adds, "In a 7-to-5 opinion Friday, the court determined that Valdes's activities were not part of his official duties and thus fell outside the federal bribery statute. … Justice Department spokesman Erik Ablin said government lawyers are still evaluating the opinion, so it's too early to say whether they will seek Supreme Court review."

"Rose Thorn" Probe Defendant Sentenced To 12 Years In Prison. The Knoxville News Sentinel (2/13, Satterfield) reported, "His attorney may have put plea bargaining on trial, but longtime Cocke County criminal Michael Vassar is the one who racked up a 12-year prison term Monday. 'Plea bargaining is a fact of life,' U.S. District Judge Ronnie Greer said late Monday night after defense attorney Herbert S. Moncier spent hours mounting an attack on the way federal prosecutors mete out deals." The News Sentinel notes, "Vassar was convicted last year in a cocaine conspiracy case involving fellow Cocke Countians, including bus driver Dewey Lynn Phillips. It was part of the Rose Thorn corruption probe mounted in Cocke County by the FBI, with help from the Tennessee Highway Patrol." The News Sentinel adds that at the sentencing hearing, "Moncier spent most of that time airing a complaint he has long made that federal prosecutors are 'manipulating' the system via the plea-bargaining process."

Law Enforcement Officials Say NOLA Crackdown Making Progress. The AP (2/13, Foster) reports, "A month after an estimated 5,000 people marched on City Hall to protest violent crime, several hundred turned out to hear police Superintendent Warren Riley and District Attorney Eddie Jordan answer questions by the City Council. A standing-room crowd, that included more than a dozen police officers in uniform, listened as the city's top law enforcement duo detailed progress in stemming violent crime." The AP adds, "The extra 25 officers federal agencies have lent the city are making a difference, Riley said. … FBI

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Special Agent in Charge Jim Bernazzani said just getting the word out that federal agents are working the streets has been a deterrent."

The New Orleans Times-Picayune (2/13, McCarthy) reports that Riley and Jordan's "fractured working relationship was on full display as councilmembers pressed them on the state of their departments, the high release rate and the low conviction of arrested individuals, tying those problems to a lack of cooperation among their offices." The Times-Picayune notes, "Riley did make one concrete commitment: to ask for more help from the federal government. The chief said he would petition to extend the stay of 25 loaned officers from the Drug Enforcement Administration, the Federal Bureau of Investigation and Alcohol, Tobacco and Firearms. But for the most part, the meeting devolved into a blame game, with the council acting as referee."

New Orleans Legal System Still Coping With Post-Katrina Problems. The National Law Journal (2/13, Jaksic) reports, "As chairwoman of the board overseeing New Orleans' public defender office, Denise "Denny" LeBoeuf knows the city's legal system is struggling, but talks about it as if it were a miracle waiting to happen. … 'I think this is going to be a destination office for young lawyers who want to do public defense in the years to come,' said LeBoeuf, a veteran criminal defense attorney. 'And no one would have said that before Katrina.' … But New Orleans has a way to go before LeBoeuf's 'miracle' sees the light of day." The Journal continues, "Only about half of the needed 70 public defenders have been hired. Judges' patience sometimes wears thin, leading one to recently jail a public defender because no one from his office showed up in court. And Hurricane Katrina's impact lingers everywhere, whether it's residents' stress levels, businesses' limited hours or the city's damaged roads. … A year and a half after Katrina flooded New Orleans, the city's legal system continues to limp along with understaffed courts, a poorly funded public defense system and temporary prison accommodations." The Journal adds, "While lawyers said civil courts are functioning more or less the way they were before Katrina, they used words such as 'mess' and 'nightmare' to describe the post-Katrina criminal justice system. But many New Orleans lawyers note that Katrina damaged an already ailing system -- creating a once-in-a-lifetime opportunity to rebuild it from scratch. … 'We're in the midst of a revolutionary process,' said Pamela Metzger, associate professor of law and director of the criminal law clinic at Tulane University Law School, one of nine board members appointed in April to oversee Orleans Public Defenders."

Report Finds Rising Murder Rate Among Blacks In Philadelphia. The Christian Science Monitor (2/13, Marks) reports from Philadelphia, "The three teens are in good schools, college bound, and full of adolescent bravado. Each also knows someone who was shot and killed on the streets of Philadelphia. … That kind of up-close encounter with violence and murder is not the norm for teenage America. But this is Philly, which has the highest homicide rate for African-Americans among the nation's biggest cities – and a place where the risk of being killed is especially high for blacks under age 18." The Monitor continues, "The possibility of a short life and a violent death weighs on African-American teens like Andrea Williams, Sierra Daniels, and Christopher Fuller, though they seem to shoulder the burden as if it's just an extra load of books. Andrea worries most about her younger brother and sister, afraid one of them will get hit by a misguided bullet fired by someone bent on revenge or protecting turf or just venting anger. … Nationally, the murder rate for African-Americans is more than three times the average: 19 black murder victims per 100,000 people versus five for the general population." The Monitor adds, "In Pennsylvania, the disparity for black homicide is even more pronounced: 30 per 100,000, or six times the national average, according to a study released last month by the Violence Policy Center (VPC), a gun-control research group in Washington. … Those numbers are 'disproportionate, disturbing, and undeniable,' says the VPC report, which analyzed crime data from 2004 in its study. Moreover, almost 80 percent of black murder victims in the US were shot and killed with guns, the study found. … Philadelphia follows the pattern. The vast majority of black murders in the city – 3 in 4 – are from gunfire, according to police. … Overall, murders have been on the rise – 406 last year. Of those, 317 were gun-related, compared with 233 four years ago. And it's the city's black residents and neighborhoods that feel the effects most acutely."

CIVIL LAW:

WSJ Lauds Asbestos Rulings. The Wall Street Journal (2/13, A24) editorializes, "Asbestos bankruptcies have become a favorite trial-lawyer scam in part because judges have been reluctant to police fraud in their own courts. So it's a milestone that two more federal judges have issued opinions exposing these shakedowns." The Journal continues, "The first comes courtesy of Judge Kathryn Ferguson, who has been overseeing the Congoleum bankruptcy. The maker of floor materials has become a poster child for everything wrong with the trial-lawyer innovation of 'prepackaged' asbestos bankruptcies. Prepacks are a legitimate means of getting through bankruptcy, but most asbestos versions have become giant self-enrichment schemes. Our Kimberley Strassel exposed the Congoleum prepack's gory details on these pages last April. … In Congoleum and similar cases, the company and plaintiffs

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lawyers team up in a cost-shifting alliance. Congoleum rushes through bankruptcy at minimal cost and with a clean slate. The lawyers -- in this case, tort kingpins Joe Rice and Perry Weitz -- make a bundle and get preferential treatment for their clients. Meanwhile, the bills are dumped on Congoleum's insurers, who don't participate in crafting the bankruptcy plan. Convenient, huh? … A little too convenient, said Judge Ferguson, in a groundbreaking opinion last month that threw out the Congoleum plan. The judge scored Congoleum's own meager contribution as well as the special treatment that certain plaintiffs (and lawyers) were getting in this deal -- claiming both violated the bankruptcy code. She also granted Congoleum's insurers standing to object. Her ruling greatly decreases the likelihood that more such scams will be brought to court, especially in the Third Circuit where she presides and which oversees most major asbestos bankruptcies." The Journal adds, "The other big news concerns the case of W.R. Grace, which remains one of the most prominent asbestos bankruptcies because of the publicity surrounding its operation of a vermiculite mine in Libby, Montana, that contains asbestos. … W.R. Grace sold something called Zonolite Attic Insulation, or ZAI, which was made with products from the Libby mine. It didn't take long for class-action lawyers to file suits claiming the mere presence of ZAI in an attic created an 'unreasonable risk of harm.' … Bankruptcy judges have been notoriously reluctant to dig into the science behind such accusations, for fear of dragging out proceedings. But in this case Judge Judith Fitzgerald chose to get to the bottom of the matter and held a trial. This included months of discovery, as well as scientific testing and testimony from experts on both sides. … And in December she ruled that ZAI does not pose an unreasonable risk of harm. She noted it wasn't enough for trial lawyers to say that the insulation contained asbestos, and that this asbestos could contaminate the air. The important point was the level at which asbestos was released, and whether the level could reasonably cause harm. … The No. 1 reason courts are heaving with asbestos claims is because few judges have been willing to challenge the veracity of the claims or the motives of those driving the litigation. With both now getting more scrutiny, the great asbestos legal fraud may finally be contained."

CIVIL RIGHTS:

DOJ Asked To Probe 1946 Killing Of Black Georgia Veteran. The AP (2/13, Minor) reports, from Albany, GA, "Federal officials will be asked to investigate the 60-year-old unsolved killing of a World War II veteran who was shot after becoming the first registered black voter in a rural Georgia county that to this day still recognizes local military veterans as white or 'colored' on a list posted in the courthouse." The AP continues, "Relatives say Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time. He collapsed in the doorway of his farm house in Taylor County, about 90 miles south of Atlanta, and died two days later in a hospital in Butler, the county seat. … Even though his death certificate lists his cause of death as 'gunshot wound by homicide,' there's no evidence of a criminal investigation into the killing and no one was arrested. The killing was overshadowed by the lynchings five days later of two black couples - also including a WWII veteran - some 90 miles away near Monroe that prompted President Harry Truman to dispatch the FBI to investigate that case, which also remains unsolved." The AP adds, "State NAACP officials and the Prison & Jail Project, a prison advocacy and civil rights group, plan to present their request for a federal probe to the Taylor County Commission on Tuesday and ask the commissioners to support the effort before mailing their written request to U.S. Attorney General Alberto Gonzales. … 'What better way for the county commission to show their support for justice than by joining this initiative,' said NAACP President Edward DuBose of nearby Columbus, himself a 21-year Army veteran."

Report Says Bill To Give DC House Vote Unconstitutional. Roll Call (2/13, Brotherton) reports a "newly released Congressional Research Service report argues that current legislation does not give Congress the constitutional authority to grant a House vote to the Delegate from the District of Columbia." The CRS report says there is "very little case law on the issue, but what does exist indicates that Washington, D.C., is not a 'state' for the purposes of representation, and the power Congress holds over D.C. is not enough to grant a House vote." The report "specifically studies the constitutionality of the D.C. Fair and Equal House Voting Rights Act, which would grant Democratic-leaning D.C. a vote in the House while also giving one to Republican Utah." Some observers "believe the CRS report is further proof that only a constitutional amendment will permanently bring full Congressional representation to the District, because the Norton-Davis bill is bound to be thrown out."

Nashville Mayor Vetoes English-Only Ordinance. The AP (2/13, Schelzig) reports from Nashville, "Mayor Bill Purcell vetoed a measure Monday that would have made English the official language of Nashville, saying it was unconstitutional, unnecessary and mean-spirited. … 'This ordinance does not reflect who we are in Nashville,' Purcell said." The AP continues, "The measure passed 23-14 last week by the Metro Council required all government documents to be in English, except when

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multilingual communications are required by federal rules or are needed 'to protect or promote public health, safety or welfare.' … Opponents and supporters of the ordinance agreed it was largely a symbolic slap at illegal immigration that had no significant effect." The AP adds, "Purcell said his legal staff had advised him the bill violated the U.S. and state constitutions and would be costly to defend. … 'If this ordinance becomes law, Nashville will become a less safe, less friendly and less successful city,' Purcell said. 'And as mayor, I cannot allow that to happen. … His veto seems likely to stand. It would take 27 council votes to override it." The AP notes, "Councilman Eric Crafton, who sponsored the measure, said it would offer an incentive for immigrants to learn English. Opponents including the Chamber of Commerce worried it would hurt the image of Nashville, which bills itself as 'Music City USA.' … Several smaller communities have passed similar laws or resolutions, including Pahrump, Nev.; Taneytown, Md.; and the Dallas suburb of Farmers Branch, Texas."

ANTITRUST:

Smithfield Still Awaits Word From DOJ On Premium Deal. The Virginian-Pilot (2/13, Walzer) reports, "In September, Smithfield Foods announced that it wanted to take over Premium Standard Farms for $810 million in stock and cash. … The combination of the nation's top two pork producers would give Smithfield control of roughly 20 percent of the nation's hogs." The V-P continues, "Nearly five months and more than 1 million pages of submitted documents later, Smithfield is still waiting to hear whether the deal passes antitrust muster with the U.S. Department of Justice. … The proposed merger has triggered cries of alarm from consumer and farming groups, Midwestern senators, and even The New York Times editorial board. They worry about the potential squeeze on small farmers and consumer choices. … The pork companies announced last week that they had completed the 'second request' for information by the Justice Department's Antitrust Division." The V-P adds, "Only 3 percent of proposed mergers trigger that level of scrutiny from the Justice Department, according to government statistics, but that doesn't necessarily mean Smithfield will face trouble. … 'It may indicate heightened scrutiny on the part of the Justice Department,' said Carl Tobias, the professor of law at the University of Richmond. 'But it may be they just didn't have specific information from the first batch of material, and they want to follow up. … My sense is that, generally in the Bush administration, the Justice Department has been rather receptive to mergers.'" The V-P notes, "In most cases, second requests lead to government intervention, but not lawsuits to block the merger, said Patricia Sullivan, the co-chairwoman of the antitrust practice group at Edwards Angell Palmer & Dodge LLP in Providence, R.I."

Caremark Shareholders Predict Firm Will Reject CVS Offer. The Wall Street Journal (2/13, A21, Armstrong) reports, "Pressure mounted on drugstore chain CVS Corp. to boost its bid for Caremark Rx Inc. after two firms advising investors urged Caremark shareholders to reject the deal and criticized its board for failing to negotiate a better price for the company. A large Caremark shareholder said the CVS offer would likely be rejected by investors at a special meeting of the company scheduled for next Tuesday." Additionally, proxy adviser Institutional Shareholder Services Inc. "urged a no vote on the CVS deal, saying the Caremark board should have played Express Scripts against CVS to win a better deal for shareholders."

The Financial Times (2/13, Politi) reports, "The strongly worded report by ISS will be seen as a further blow to Caremark, the pharmacy benefits manager, in its efforts to persuade investors that it was right to reject a higher bid worth nearly $26bn from rival Express Scripts. It will increase the pressure on CVS, the drug store chain, to raise its bid ahead of a vote on the deal by Caremark shareholders, which is scheduled for February 20."

The AP (1/13) notes that CtW Investment Group also advised shareholders to vote against the CVS bid.

Tenaris Agrees To $2.1 Billion Buyout Of Hydril. The AP (2/13) reports, "Tenaris SA, a maker of tubular products and provider of services to the oil and gas industry, said Monday it agreed to buy Hydril Co. for $97 per share, or $74.6 million, in cash." The AP continues, "The offered price for Houston-based Hydril, a maker of connections and pressure-control products used in oil and gas drilling, represents a premium of about 17 percent to Hydril's closing share price of Feb. 9, the company said in a statement. … 'With Hydril, we will be able to offer our customers worldwide a full range of integral and coupled premium connection products for the industry's most demanding applications,' said Paolo Rocca, Tenaris's chairman"."

The Houston Chronicle (2/13, Clanton) reports, "Chris Seaver, Hydril's chairman, president and CEO, said combining the two companies makes sense for both businesses and will benefit customers by grouping a wide array of products and services under one brand. … The agreement still needs clearance from U.S. antitrust authorities and a majority approval of Hydril's shareholders. Tenaris said it expects the deal to close in the second quarter."

Four Seasons Hotel Chain Agrees To Buyout. The Wall Street Journal (2/13, A19, Rose) reports, "After deliberating for three months, Four Seasons Hotels Inc.

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Monday said it has agreed to a $3.37 billion management buyout by Chairman and Chief Executive Isadore Sharp at the same price Mr. Sharp floated when he disclosed his offer Nov. 6." The Journal continues, "The buyout team -- backed by Saudi Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud's Kingdom Hotels International and Microsoft Corp. Chairman Bill Gates' Cascade Investment LLC -- will pay $82 a share in cash to take Four Seasons private. That's below the $83.88 closing level of Four Seasons shares Friday. Shares opened premarket trading Monday at $82. … The purchase price represents a 28% premium to Four Season's closing price the day before the offer was announced in November. Including debt obligations, the deal is valued at about $3.8 billion." The Journal adds, "The deal will leave Mr. Sharp's family holding company, Triples, with a 'significant continuing interest' in Four Seasons, and Mr. Sharp will remain as chairman and chief executive. If the deal is completed, Mr. Sharp will be entitled to realize proceeds of about $289 million stemming from an incentive plan set up in 1989. … Four Seasons' board unanimously approved the deal and will recommend that shareholders vote in favor of it. A special meeting is expected in April, and if approved, the deal should close in the second quarter. The deal requires approval by two-thirds of the votes cast by holders of the company's limited voting shares, which are the ones being bought for $82."

Film Industry Moves To Limit YouTube's Use Of Video Clips. USA Today (2/13, 3B, Graham) reports, "Internet search giant Google is under fire from Hollywood, mostly about the many unlicensed clips available on its YouTube video-sharing site." USA continues, "The studios have become more aggressive in demanding removal of the clips, and in a shot at Google itself, several entertainment companies have filed a lawsuit against two website owners over their use of Google's highly profitable search-advertising network. … Sony, Warner Bros., 20th Century Fox, NBC Universal and Paramount are suing two website owners who allegedly used Google's search-advertising system to promote the free trading of copyrighted movies." USA adds, "In a statement responding to a Wall Street Journal article about the lawsuit, Google on Monday said, 'We prohibit advertisers from using our advertising program to promote the sale of copyright infringing materials.' … Google will continue to be at odds with the studios until it licenses the clips or comes up with some kind of filtering techniques to keep the clips off YouTube, says Ross Dannenberg, an intellectual property attorney at Washington, D.C.-based Banner & Witcoff. 'But the technology isn't there yet,' Dannenberg says. … 'As long as people are copying or posting copyrighted programs on YouTube, and Google makes money off that, this problem (the studios vs. Google) won't go way,' he says." USA notes, "Last week, Viacom demanded that Google take down more than 100,000 copyrighted clips from YouTube, most from programs such as The Daily Show with Jon Stewart and The Colbert Report, which fans taped and uploaded themselves. … Google says it responds instantly to such requests. As of Monday afternoon, Viacom clips were hard to find on YouTube."

Belgian Court Rules Against Google In Video Copyright Dispute. The Wall Street Journal (2/13, Jolis) reports, "A Belgian court ruled Tuesday that Internet search engine Google Inc. violated Belgian copyright law when it published snippets and links to Belgian newspapers on its Web site without permission." The Journal continues, "The court ordered Google to remove the material and pay a fine of €25,000 ($32,500) a day. A judge said the fine was retroactive from an initial September ruling, but lawyers said they weren't sure and needed time to analyze the judgment. A court official later said the fine was retroactive and amounted to €3.45 million and counting." The Journal adds, "The ruling represents an initial defeat in what could become a major issue for Google -- beginning to define what it must do before using copyrighted material. … In September, Copiepresse -- an association of Belgian French- and German-language publishers in Belgium -- won a case against Google at the Belgian Court of First Instance, charging that by displaying its members' copyrighted articles on its news-search engine without payment and permission, Google had broken Belgian law. Google appealed the ruling to the same court, saying it wasn't aware of the first court hearing. .. .Google lists articles provided in response to news searches. The company previously has said it has an 'opt-out' policy for publishers who don't want their content on Google, making the Belgian court case unnecessary. … But Google added it would be impractical for the company to contact every publishing company to get permission and pay a fee before publishing any articles as the press association has requested, Google spokeswoman added."

Author Urges Passage Of Bill Banning Gene Patents. In an op-ed for the New York Times (2/13), author Michael Crichton writes, "You, or someone you love, may die because of a gene patent that should never have been granted in the first place. Sound far-fetched? Unfortunately, it's only too real." Crichton continues, "Gene patents are now used to halt research, prevent medical testing and keep vital information from you and your doctor. Gene patents slow the pace of medical advance on deadly diseases. And they raise costs exorbitantly: a test for breast cancer that could be done for $1,000 now costs $3,000. … Why? Because the holder of the gene patent can charge whatever he wants, and does. Couldn't somebody make a cheaper test? Sure, but the patent holder blocks any competitor's test. He owns the gene. Nobody else can test for

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it. In fact, you can't even donate your own breast cancer gene to another scientist without permission. The gene may exist in your body, but it's now private property." Crichton adds, "This bizarre situation has come to pass because of a mistake by an underfinanced and understaffed government agency. The United States Patent Office misinterpreted previous Supreme Court rulings and some years ago began — to the surprise of everyone, including scientists decoding the genome — to issue patents on genes. … The results have been disastrous. Ordinarily, we imagine patents promote innovation, but that's because most patents are granted for human inventions. Genes aren't human inventions, they are features of the natural world. As a result these patents can be used to block innovation, and hurt patient care." Crichton notes, "Fortunately, two congressmen want to make the full benefit of the decoded genome available to us all. Last Friday, Xavier Becerra, a Democrat of California, and Dave Weldon, a Republican of Florida, sponsored the Genomic Research and Accessibility Act, to ban the practice of patenting genes found in nature. Mr. Becerra has been careful to say the bill does not hamper invention, but rather promotes it. He's right. This bill will fuel innovation, and return our common genetic heritage to us. It deserves our support."

ENVIRONMENT/INDIAN AFFAIRS:

Fish Fakery Seen As Growing Problem. The Washington Post (2/13, A12, Whoriskey) reports from Madeira Beach, FL, "What the undercover agents ordered, over and over, was the grouper. … What wound up on their plates could stifle anyone's appetite." The Post continues, "The alleged grouper at 17 of 24 area restaurants sampled by the investigators was actually another, less desirable species, according to a DNA analysis conducted for the state attorney general's office and released earlier this month. Asian catfish. Emperor. Painted sweetlips. And twice, types of fish that could not be identified. … In this area that some consider the national capital of grouper -- more than three-quarters of the U.S. catch comes from Florida's Gulf and a grouper sandwich downed at a waterside bar is cherished as an authentically Floridian repast -- the finding has amplified a local outrage that, experts say, points to a larger national problem of fish fakery. … 'This problem is rampant across America,' said Mark Kinsey, a special agent for the National Oceanic and Atmospheric Administration who enforces marine resource laws. 'And it isn't just grouper.'" The Post adds, "Much of the reason for the questionable grouper, red snapper and other fish stems from a simple matter of supply and demand, regulators and industry officials say. … With the popularity of grouper rising nationwide and the domestic catch at times limited by federal guidelines, restaurateurs have relied on imports to fill the gap. … The quality of those imports has proved harder to control, even as the lower prices -- often a small fraction of domestic prices -- have made the imports irresistible. … Repeated revelations of fake grouper have scandalized restaurant-goers across Florida, and made them doubtful at the dining table."

Bison Range Management Agreement Breaks Down. The New York Times (2/13, Robbins) reports from Moiese, MT, "An effort to have two Indian tribes assist government officials in operating a federal wildlife refuge that is surrounded by their reservation has collapsed amid accusations of racism, harassment, intimidation and poor performance. But top federal officials say they are determined to resurrect it." The Times continues, "The plan for the tribes and the government to jointly run the National Bison Range in western Montana, just north of Missoula, had long been viewed as unworkable by the United States Fish and Wildlife Service, the Department of Interior branch that manages wildlife refuges. … But top Interior Department officials say that despite the objections, they are committed to transferring some responsibility for the range from the wildlife service to a tribal government. … 'There's a shared sense of mission between the U.S. Fish and Wildlife Service and the tribes,' said Shane Wolf, a department spokesman." The Times adds, "Representative Denny Rehberg, Republican of Montana, asked the Government Accountability Office and the House Resources Committee in late January to investigate the disagreement and the problems plaguing the range. Among them is whether political appointees at the Interior Department pressured the wildlife service into the pact. The department's inspector general and its Office of Equal Opportunity are also investigating. … The Indian Self-Determination Act of 1975 allows tribal involvement in the management of federal lands, and the Confederated Salish and Kootenai Tribes, which have strong cultural links to bison, wanted the authority to manage the refuge. … The Fish and Wildlife Service opposed ceding control over the bison range, and the Interior Department and tribal officials decided to split the mission. The federal government maintained management authority but hired members of the tribes to feed and care for the bison. Federal managers, who did not have authority over the tribal workers, had to ask a tribal manager to relay orders. … The project leader at the range, Steve Kallin of the wildlife service, said tribal employees failed to do their assigned tasks and that this led to the cancellation of the agreement."

Colorado US Attorney Concerned About Ute Reservation Murder Rate. The Denver Post (2/13, Draper) reports from Towaoc, CO, "It was one of five, possibly six, killings on the isolated, 2,000-person Ute Mountain Ute Reservation last year. … Friends were passing

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an afternoon drinking St. Ives malt liquor when 28-year-old Samson Lameman began to play Russian roulette with a long-barreled, silver revolver. He put the gun to his head and pulled the trigger twice, according to the FBI affidavit. The chambers were empty. Lameman then persuaded 26-year-old Tasha Posey to put the gun to her head and pull the trigger. … The chamber was empty. They kept drinking. … Lameman allegedly struck Posey in the right eye with the butt of the revolver. She pushed him, then fell on top of him. Lameman fired the gun into Posey's chest, according to an eyewitness. Posey died later in the Cortez hospital; Lameman denies shooting her. The case is making its way through the federal court system." The Post continues, "A handful of such incidents each year - fatal stabbings, bludgeonings, beatings, shootings and drunken-driving accidents - have prompted a U.S. attorney to label this tiny sovereign nation 'the murder capital of Colorado.' … The Ute Mountain Ute homicide rate, says U.S. attorney Troy Eid, dwarfs the state average of nearly 4 homicides per 100,000 people. The reservation rate is comparable to 250 or 300 killings per 100,000 people, he says, and more federal resources are desperately needed. … 'It is a national and state disgrace. ... No other place in Colorado is like this,' Eid says. 'People shouldn't go to bed at night wondering if they're going to wake up.'"

FBI/DEA/ATF/USMS:

IG Finds FBI Continues To Lose Laptops, Weapons. ABC World News (2/12, story 6, :25, Gibson, 8.78M) reported, "Hundreds of FBI guns and laptop computers are missing. A new audit shows more than 300 were lost or stolen since an earlier report ten years ago. At least ten laptops had sensitive or classified information. The overall figures are a slight improvement, but today's report says the FBI has not done enough to correct problems found four years ago." ABC News (2/12, Date) reported on the IG review at greater length on its Web site, noting that "while the rates may have slowed, the statistics continue to alarm Justice Department officials and FBI critics. … In a statement, FBI Assistant Director John Miller said, 'we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them.'"

In a widely-distributed story, the AP (2/13, Yost) reports, "The IG said the FBI is reducing the number of thefts and disappearances of weapons and laptop computers, but the bureau acknowledged in a statement that 'more needs to be done.' … Of the 160 laptops lost or stolen over a 44-month period, 10 contained sensitive or classified information. The bureau did not have records on whether 51 others contained such data." The AP adds that Sen. Charles Grassley said in a statement, "'Making progress' may seem like a win for the FBI, but it's unacceptable when you're talking about lost weapons and computers with sensitive information." The Los Angeles Times (2/13, Schreck, 850K) notes, "The security measures on FBI laptops include encryption software and passwords, bureau spokesman Paul Bresson said," and Miller "highlighted the bureau's progress in reducing the loss of equipment and disagreed with the report's conclusions about the number of missing weapons. 'Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them,' he said."

Under the headline "Audit: FBI Has Lost More Laptops, Guns," USA Today (2/13, 3A, Johnson, 2.27M) notes that the losses occurred "Despite new tracking systems designed to help the FBI account for thousands of weapons and personal computers." USA reports, "In a written response, Joseph Ford, the FBI's associate deputy director, said the bureau has taken 'appropriate steps to minimize these losses.' Ford said 43 of the 160 lost or stolen weapons were reported in the prior audit period. As a result, he said, the actual number of missing weapons in the new audit should have been 117. 'We acknowledge that more needs to be done to ensure the proper handling … of the laptop computers and, more importantly, the information maintained thereon,' he said." USA also notes that Grassley, "a frequent critic of FBI operations, called the losses 'unacceptable.'"

The San Francisco Chronicle/Hearst Newspapers (2/13, A5, Dlouhy) reports Sen. Patrick Leahy "said the losses were 'especially troubling' at a time 'when Americans are increasingly confronted with reports of major data breaches involving lost or stolen laptops, and with the dangers of identity theft.' When Robert Mueller took over as director of the FBI in 2001, he promised to 'restore the public's confidence' in the bureau, which had been embarrassed by its management of documents related to the case against Oklahoma City bomber Timothy McVeigh, the spy scandal involving agent Robert Hanssen, and its chronic loss of weapons and laptops. The FBI has implemented new requirements for reporting lost or stolen weapons and laptops."

Under the headline "FBI Reports On Missing Laptops And Weapons," the Washington Post (2/13, A6, Eggen, 690K) notes that the FBI "has struggled for years to improve its sloppy inventory procedures," and adds, "The results are an improvement on findings in a similar audit in 2002, which reported that 354 weapons and 317 laptops were lost or stolen at the FBI over about two years. They follow the high-profile losses last year of laptops containing personal information from the Veterans Administration and the Internal Revenue Service. In a statement yesterday, FBI Assistant Director John Miller emphasized that the report showed 'significant progress in decreasing the rate of loss for

weapons and laptops' at the FBI. … But several lawmakers said they are still concerned about the FBI's difficulties in keeping track of weapons and sensitive data." The Post also includes Grassley's statement and reports that House Committee on Oversight and Government Reform ranking Republican Rep. Tom Davis said, "This is the latest in a long string of personal information breaches at federal agencies, and there is no end in sight."

In stories taking a similarly negative tone toward the FBI, the Washington Times (2/13, Seper, 88K) and Washington Examiner (2/13, Myers) also report on the IG review, noting both Miller's and Grassley's statements, and the New York Times/Bloomberg (2/13) reports the story under the headline "F.B.I. Lags In Securing Its Laptops And Weapons," including only Miller's statement. Meanwhile, under the headline "FBI Struggles With Laptop And Gun Losses," US News & World Report (2/12, Ragavan) reported on its Web site, "Finally, the FBI has failed to properly document whether laptops and hard drives that are being disposed of have been erased of sensitive data prior to dumping them, nor did it consistently make sure that FBI employees who quit the bureau turn in their guns and computers before they exit. The FBI says that Fine made some incorrect inferences and that some of the missing items predated the audit but that it is going to accept the IG's recommendations."

In the only story taking a generally positive tone toward the bureau, Government Executive/National Journal's Technology Daily (2/12) reported, The FBI has made significant progress in decreasing the rate of loss of laptop computers and weapons, the agency's inspector general said Monday." National Journal also includes Miller's statement. Bloomberg TV's On the Money and CNN's The Situation Room also briefly noted the IG report in their news updates.

Security Consultant Says FBI Loss Rate Similar To Any Large Company. InformationWeek (2/12, Gaudin) also reported on the IG review, but noted, "Ken van Wyk, principal consultant with KRvW Associates and formerly with the Defense Information Systems Agency, says it's important to separate the lost computers from the information on them. 'It's disconcerting, but as someone who travels with electronic gear all the time, I can tell you we're targeted,' he adds. 'But a lot of agencies, and I've got to believe that includes the FBI, are using whole-disk encryption. The chances of a thief being able to break it are very slim. The risk, at that point, is extremely low.' Van Wyk adds that while the FBI obviously should tighten up its security, he thinks the agency's computer loss rate would match up to that of most large companies. 'It's inevitable,' he says."

US Indicts 17 Members Of Texas Syndicate Gang. The Houston Chronicle (2/13, George) reports, "Seventeen alleged members of the Texas Syndicate gang have been indicted under the federal RICO Act on charges that include murder, attempted murder, robbery and narcotics distribution." The Chronicle continues, "Three of those charged, Jesus Galvan Jr., 40, Francisco Nuncio Jr., 34, and Jerry Villarreal, 36, appeared in federal court in Houston this afternoon. … The chained and handcuffed trio, wearing street clothes and heavily marked with tattoos, appeared before U.S. Magistrate Judge Calvin Botley. They are among eight defendants arrested this morning. The nine others indicted are behind bars." The Chronicle adds, "RICO — Racketeer Influenced and Corrupt Organizations Act — allows extended prison time for crimes associated with ongoing criminal enterprises such as gang activity. … The sealed indictment against the 17 defendants was described by Botley as "quite lengthy." Botley said he expects to see all 17 defendants by Friday. … Assistant U.S. Attorney Tim Braley asked Botley to detain all three men because they are flight risks and a danger to the community. Detention and arraignment hearings for the trio were set for 10 a.m. Thursday."

White House Questions Study Indicating Marijuana Relieves HIV-Related Pain. The AP (2/13) reports smoking marijuana "eased HIV-related pain in some patients in a small study that nevertheless represented one of the few rigorous attempts to find out if the drug has medicinal benefits. The Bush administration's Office of National Drug Control Policy quickly sought to shoot holes in the experiment." The study, "conducted at San Francisco General Hospital from 2003 to 2005 and published Monday in the journal Neurology, involved 50 patients suffering from HIV-related foot pain known as peripheral neuropathy. … 'People who smoke marijuana are subject to bacterial infections in the lungs,' said David Murray, chief scientist at the Office of National Drug Control Policy. 'Is this really what a physician who is treating someone with a compromised immune system wants to prescribe?' Murray also questioned the statistical relevance of study with just 50 participants in the test." The AP notes that a doctor involved with the study "needed authorization from eight academic and government agencies, including the Drug Enforcement Administration." There are more than 150 media references to the study, with most news outlets using the AP story, including CBS News, CNN, FOX News, the New York Times, Wall Street Journal, Newsweek, San Diego Union-Tribune, Miami Herald, and Houston Chronicle.

The Washington Post (2/13) reports the White House "belittled the study as 'a smoke screen,' short on proof of efficacy and flawed because it did not consider the health impacts of inhaling smoke. But other doctors and advocates of marijuana policy reform said the findings…offer powerful evidence that the Drug Enforcement Administration's

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classification of cannabis as having 'no currently accepted medical use' is outdated." However, Murray "called the findings 'not particularly persuasive.' The study was relatively small, he said, and it is likely that those who received the real pot were aware of that, introducing a bias of expected efficacy. 'We're very much supportive of any effort to ameliorate the suffering of AIDS patients,' Murray said. But even if ingredients in marijuana prove useful, he added, they ought to be synthesized in a pill to make dosing more accurate and to minimize lung damage."

The San Francisco Chronicle (2/13) reports, "Although the study was small, it is the first of its kind to measure the therapeutic effects of marijuana smoking while meeting the most rigorous requirements for scientific proof -- a randomized, double-blind placebo-controlled trial. As such, the results of the trial are being hailed by medical marijuana advocates as the most solid proof to date that smoking the herb can be beneficial to patients who might otherwise require opiates or other powerful painkillers to cope with a condition known as peripheral neuropathy."

The Oroville (CA) Mercury Register (2/12) also noted Murray's comments and wrote that Murray "said people who smoke marijuana are subject to bacterial infections. He added that the study, considering its small size is 'not a convincing demonstration.'" The Register adds that the study "is the first of several clinical trials of medical cannabis being conducted through the University of California's Center for Medicinal Cannabis Research, based at UC San Diego."

McClatchy Newspapers (2/12) noted the study "comes on the heels of an unrelated analysis, published in Monday's Archives of Internal Medicine, that links long-term exposure to marijuana smoke with coughing, wheezing and other respiratory complaints common among tobacco smokers. 'The bottom line is, it certainly needs to be looked into further,' said Dr. Jeanette Tetrault, a general internal medicine fellow at Yale University who is among those investigating possible lung cancer or respiratory disease links to marijuana smoking." The McClatchy story was used by the Kansas City Star.

Medpage Today (2/13, Smith) also covered this story.

Judge Recommends DEA Allows Massachusetts Professor To Grow Marijuana. The AP (2/13) reports an administrative law judge, Mary Ellen Bittner, "has recommended to the Drug Enforcement Administration that it grant a Massachusetts professor's application to grow [marijuana] in bulk. The judge's ruling is nonbinding. But officials at the American Civil Liberties Union hope that the recommendation to grant the application of professor Lyle Craker will eventually lead to more research into the use of marijuana for medicinal purposes. In June 2001, Craker submitted an application as a marijuana manufacturer to the DEA." Steve Robertson "said Monday night the agency is reviewing Bittner's decision and would have no immediate comment." Karen Tandy "retains final authority to decide on the application." CBS News, the New York Times, Washington Post, San Francisco Chronicle, Los Angeles Times, and Kansas City Star used the AP story.

The Boston Globe (2/13) reports Bittner "said Craker's bid to grow marijuana 'would be in the public interest.' 'There would be minimal risk of diversion of marijuana,' she wrote. 'There is currently an inadequate supply of marijuana available for research purposes ... (and) competition in the provision of marijuana for such purposes is inadequate.'" Garrison Courtney "declined to comment on the ruling. 'We're still reviewing the opinion,' he said. 'We'll make a determination at a later point.'"

The Washington Post (2/13, A14, Weiss), toward the end of an article on a study intended to demonstrate marijuana's efficacy, the Post notes that Bittner ruled that allowing the professor's crop "would be in the public interest." The Post adds that Rick Doblin, president of the Multidisciplinary Association for Psychedelic Studies, says, "the detailed decision should make it difficult for the agency to balk," at following her recommendation.

Study Says Fatal Overdoses From Methadone Top Other Prescription-Drug Deaths. USA Today (2/13, Leinwand) reports methadone "has emerged as an increasingly popular and deadly street drug, joining narcotics such as Vicodin and OxyContin as frequently abused prescription drugs. Fatal overdoses of methadone rose at a higher rate than those involving any other narcotic from 1999 through 2004, according to a recent study by the National Center for Health Statistics (NCHS)." The study indicates that doctors' "increasing tendency to prescribe methadone as a cheap alternative to addictive pain relievers such as OxyContin has made it easier for addicts to get methadone, the Drug Enforcement Administration's Denise Curry says. 'It's out there, it's available, and it can be dangerous,' Curry says." Pharmacies "report that methadone is among the most popular drugs stolen, along with Vicodin and OxyContin, she says."

In a separate story, USA Today (2/13, Leinwand) reports Curry and other drug specialists "say most methadone-related deaths in recent years have involved people…who overdosed after taking the drug without a prescription, or methadone addicts who took too much of it while chasing the warm, euphoric feeling that users experience over four to six hours after taking the drug."

Questions About Virginia ATF Shooting Remain Unanswered. The Washington Examiner (2/13, Francis) reports, "When he exonerated two federal

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agents last week in the shooting death of a 24-year old Washington man, the Arlington County commonwealth's attorney made fresh assertions about the case that raised new questions about the incident, a Washington Examiner investigation shows." The Examiner continues, "County attorney Richard Trodden determined that the agents from the Bureau of Alcohol, Tobacco and Firearms acted in self-defense when they chased and fired upon Travis Lamar Hampton seven months ago and that Hampton killed himself after an eight–hour standoff. … In an interview with The Examiner, Trodden presented a new version of a July car chase involving federal agents and the District man including the revelation that the man fled a drug-related robbery and initiated a shootout with the agents." The Examiner adds, "The new version of events added significant details to the initial account. But additional questions have emerged: … Whom did Hampton rob? And where exactly did the robbery take place? … How many shots did the ATF agents fire? How many were fired by Hampton? … Without a ballistics report, can the public determine Hampton took his own life, or even had a gun?" The Examiner notes, "Hampton's sister Tonya Kirby said these questions needed to be answered before she could move on. Without looking at the police report, she said her family would not accept Trodden's account. … 'We feel helpless,' she said. 'They told us whatever they wanted to tell us. We have no evidence of anything. We weren't allowed to see the report.'"

IMMIGRATION:

Rohrabacher Says Bush's Inaction On Border Guards' Pardon Shows His "Evil Side." CNN's Lou Dobbs Tonight (2/12) reported on the former border patrol agents who "have been in prison now for more than three and a half weeks. The agents serving long prison sentenced jailed on the testimony of an illegal alien Mexican drug smuggler given immunity by the Justice Department. Congressman Duncan Hunter sponsoring legislation for a congressional pardon for these men. 81 Republican members of congress signed on the legislation. The number of Democrats, zero." According to CNN's Lou Dobbs, the president "is under increasing pressure tonight to issue a pardon to the two former border patrol agents. Congressman Dana Rohrabacher says if either of those agents were to be killed in prison there would be talk of the president's impeachment on Capitol Hill." Rep. Dana Rohrabacher was shown saying, "bringing up the subject of impeachment was a way of emphasizing to the president just the magnitude of the importance of protecting these two border patrol agents' lives. They are in jeopardy. … They are being held in a cage with criminals who they put in that cage. I just wanted to make sure when I mentioned that in passing that it got the President's attention. … He's been aloof from this issue and these men may lose their lives." Later in the interview Rohrabcher claimed, "These decisions…were cleared directly with the President of the United States. This is showing a side of George Bush. We told him from the beginning…'you were painting your own picture. You are determining how the people will determine what type of moral person you are' and he has shown us this evil side to him. … If they die in prison, it will be the President's personal responsibility."

Bill O'Reilly, host of Fox News' The O'Reilly Factor (2/12) noted that former border patrol agent Ignacio Ramos, "convicted of shooting a Mexican illegal alien dope dealer, was roughed up in prison last week. 'Factor' producer Jesse Waters traveled to Mississippi to ask the warden of the Yazoo City Prison Constance Reese how that could possibly happen. But Ms. Reese…spotted us and sped away. … But we did talk to an official who says the prison is chaotic." Yazoo City prison agent Dan Ditto: "This is a system out of control. … The inmates are running the system." O'Reilly added, "How could the inmates be running a federal penitentiary?" Tara Setmayer, communications director for Rep. Dana Rohrabacher "toured the prison…and met with Ramos." Setmayer was shown saying, "To classify his injuries as minor is disingenuous on the part of the prison. He was severely beaten. He was bruised from the top of his shoulder down to his elbow, yellow, purple, deep bruises. He had stomp marks on his back on the shoulder blades with the actual imprint of the sole of the boot. … But he had no medical attention until Monday" though he was attacked Saturday.

Minuteman Founder May Probe Prosecution Of Border Agents. Fox News (2/13) reports, "The founder of the Minuteman Project may soon announce a citizens' investigation commission to look into the prosecution of two former Border Patrol agents now in prison for the nonfatal shooting of a Mexican drug runner in Texas." Fox News continues, "Jim Gilchrist has joined the chorus of grassroots groups and lawmakers to push President Bush to pardon the two agents, Jose Compean and Ignacio Ramos. Gilchrest later on Monday may hold a press conference in El Paso to vocalize his group's concern with the case and to outline plans for the commission. … 'We cannot stand idly by if border agents are railroaded, so in addition to our work of monitoring border activities, we are establishing a citizens' investigation commission to look into this Ramos/Compean situation, starting with a thorough review of the federal attorney's procedures and motivations,' said Gilchrist, who started the Minuteman Project originally push for more immigration law enforcement. 'We believe that federal attorney Johnny Sutton was, at the least, overzealous in his prosecution of these agents.'" Fox News adds, "Compean and Ramos are behind bars for shooting at fleeing drug dealer Osbaldo Aldrete-Davila then trying to cover up the

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incident. The two were convicted by a jury last year and are now serving their time at two separate federal prisons. Aldrete-Davila was given immunity for his testimony against the two agents — both of whom say they were just doing their jobs. … Gilchrist and other supporters of the two agents argue that Sutton improperly prosecuted the case and that evidence may have been withheld. Sutton, on the other hand, has maintained that there was more than enough evidence to show that the two men shot at Aldrete-Davila while he was running away from them, and that he likely did not have a weapon. … Supporters of the two ex-agents say even if the two men are guilty of these actions, they do not deserve to spend 11 and 12 years in prison. The two are currently appealing their punishment"

US Indicts Massachusetts Man For Immigration Fraud. The Malden (MA) Observer (2/13) reports, "A Malden resident and Vietnam native was indicted this week for allegedly making false statements in his naturalization application, including denying a criminal past that included child rape charges." The Observer continues, "Anh Tam Nguyen, 45, of 343 Medford St. in Malden, was charged in an indictment with one count of unlawful procurement of naturalization. He will be arraigned in federal court on the indictment today. … The naturalized U.S. citizen, originally from Vietnam, allegedly made false written statements on a naturalization application, where he denied he had ever been charged criminally. It is alleged by the U.S. Department of Justice that Nguyen in fact had been charged in Suffolk Superior Court with, among other things, indecent assault on a child under 14 years, and assault with intent to rape a child under the age of 16." The Observer adds, "United States Attorney Michael J. Sullivan and Bruce M. Foucart, Special Agent in Charge of Immigration and Customs Enforcement in New England, announced the indictment this week. … According to the indictment and other documents previously filed with the court, Nguyen, born in Saigon, was first admitted into this country at Los Angeles as a refugee in September 1984. The following year, Nguyen's status was adjusted to that of Lawful Permanent Resident. In June, 1996 Nguyen signed and submitted an application for Naturalization. It is alleged that, in response to a question on the application inquiring if he had ever been arrested, charged, indicted, convicted, fined or sentenced for a crime, Nguyen answered 'no.' … In June, 1997, Nguyen was interviewed in Boston by an Immigration and Customs Enforcement District Adjudications Officer in connection with his application. It is alleged that Nguyen responded in the negative when questioned by the Immigration Officer as to whether he had any previous criminal charges. At the end of the interview, Nguyen signed a statement that the responses he had given were truthful. Nguyen was naturalized on Sept. 17, 1997 at a ceremony in U.S. District Court in Boston."

TAX:

Financial Firms Seek Direct Deposit Tax Refunds. USA Today (2/13, Chu) reports, "Financial firms are stepping up their efforts to capture money from tax refunds, hoping to capitalize on a new option that lets you have the IRS directly deposit your refund in up to three accounts." USA continues, "Citibank, Wells Fargo and Countrywide Bank, among others, are urging taxpayers to take advantage of the change this year to deposit at least part of their refund into a savings or individual retirement account. … The advice to save — rather than spend — your tax refund isn't new. But the firms hope for a warmer reception from investors this year because of the policy change. Previously, taxpayers could have their refunds directly deposited into only one account." USA adds, "Because of that limitation, 'People would put their tax refund into their checking account, and they may or may not have saved that,' says Jeff Pearlberg of Citibank. 'When you're allowed to do a split refund, what you're doing is telling people to pick a savings account.' … The marketing efforts come as a rising number of taxpayers arrange for their refunds to be deposited directly into their bank accounts, rather than mailed to them. For the 2005 tax year, $149.2 billion in refunds were directly deposited — more than double the level of five years ago — the IRS says."

House Panel Approves Tax Breaks As Part Of Minimum Wage Bill. The AP (2/13, Kuhnhenn) reports, "It's not like a business group to oppose the largest possible tax breaks for its members. But when it comes to sweetening a minimum wage bill with small business tax relief, the US Chamber of Commerce is backing a House proposal that is a fraction of the size of a tax package passed by the Senate." The House legislation, "approved Monday by the House Ways and Means Committee on a bipartisan voice vote, would extend business tax credits and increase the amount of capital spending that a business can write off. It also would give restaurants a break on how to calculate deductions for Social Security taxes paid on tips. According to congressional estimates, the House tax cuts would cost the Treasury $1.3 billion in lost revenue over 10 years. The tax cuts in the Senate bill, approved two weeks ago, would cost $8.3 billion over 10 years."

The Washington Post (2/13, D1, Montgomery, 690K) reports, "The House tax package is far less generous than an $8.3 billion package approved by the Senate this month under pressure from that chamber's Republicans, who refused to support a minimum-wage increase unless it included tax relief for small businesses." Senate leaders

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"yesterday said they were hopeful that differences between the two chambers would be worked out. With both houses now willing to go along with tax breaks, congressional aides said it was just a matter of resolving the details."

CONGRESS-ADMINISTRATION:

White House Report Touts Free Trade, Predicts Continued Economic Growth. The AP (2/13, Aversa) reports, "Free-trade policies that make it easier for U.S. companies to sell their products are important to the economy's vitality, President Bush said Monday as he projected a year of good -- though somewhat slower -- economic growth." Bush, "in his annual economic report to Congress, made a fresh pitch for breaking down trade barriers and energizing global trade talks. He also called on Congress to extend his authority to negotiate free-trade deals, a request likely to face an uphill battle in the Democratic-controlled Congress."

The New York Times (2/13, Andrews, 1.16M) says the Administration "reveled in the economy's continued expansion on Monday, as the president's advisers stepped up their calls for freer trade, lower taxes and a continued openness to immigration." In "a buoyant annual report," Bush's "Council of Economic Advisers said the economy was poised to keep growing at a solid 3 percent a year, that unemployment would remain below 5 percent and that rising productivity would allow higher wages without higher inflation." The Times adds "the optimistic outlook came at a time when the economy's broad indicators have been surprisingly favorable." But "the report set up a clash with Democrats and even some Republicans in Congress, by putting its emphasis on increasing investment and globalization rather than on cushioning workers from the disruptions of foreign trade and corporate overhauls."

The Wall Street Journal (2/13, Ip, 2.04M), meanwhile, reports "there are troubling signs the US may be losing its traditional appeal as a destination for foreign investment, the White House says, a veiled warning to legislators now contemplating tighter controls over such investment." The Economic Report of the President "says foreign investment in the US has numerous benefits: foreign-owned firms in the U.S. pay higher wages, invest more in research and development, and export more than purely domestic firms, on average. Moreover, foreign direct investment (FDI) helps modernize U.S. plant and equipment and finance the US' large trade deficits, it says."

Economy's Course Said To Parallel 1990s' Expansion. The New York Times (2/13, Porter, Peters, 1.16M) reports, "It is five years into an economic expansion and most Americans are still waiting for their share. Inflation is swallowing pay raises. Businesses are hiring, but forecasters worry that the economy may be about to stall. 'If this is a recovery,' the leader of the political opposition complains, 'I can hardly wait for the recession.'" This "may sound like the stuff of today's headlines. But it comes from 1996, when Bill Clinton was president and his rival was Bob Dole, the Republican nominee. The economic expansion in question, which got off to a sputtering start in March 1991, was to become the longest period of uninterrupted growth in the nation's history." The Times adds, "Now, a little more than five years into an expansion that officially started in November 2001, the economy is showing remarkable parallels to the situation of a decade ago. … What is striking, considering these similarities, is how little effect the policy choices of Democratic and Republican administrations seem to have had on how both growth cycles played out."

US Ran Budget Surplus Last Month. The Wall Street Journal (2/13, Ives-Halperin, Walsh, 2.04M) reports, "The US federal government ran a January budget surplus of $38.24 billion, up 82% from the year-earlier monthly surplus as tax receipts and outlays both set records, the Treasury Department said Monday. Treasury's monthly budget statement shows receipts were $260.61 billion last month, up 13% from a year earlier and a record for the month of January. Meanwhile, outlays were $222.37 billion, also a record for the month and up 6.4% from a year earlier." USA Today (2/13, 6A, 2.27M) also notes the budget numbers in a brief report.

Stocks Down Yesterday. NBC Nightly News (2/12, story 10, :15, Williams, 9.87M) reported, "On Wall Street today stocks finished lower. The Dow was down 28 points [to close at 12,552.55]. NASDAQ lost more than nine points [to close at 2,450.38] on today's trading." USA Today/Bloomberg (2/13) notes the S&P 500 "fell 4.69 points, or 0.3%, to 1433.37 after slipping 0.7% last week." The Washington Post/AP (2/13, D6) and Wall Street Journal (2/13, C1, Browning, 2.04M), among other newspapers, also carry stories on the stock market.

Schumer, Bloomberg Says Financial Market Reforms Needed To Maintain US Economic Edge. Sen. Charles Schumer and New York Mayor Michael Bloomberg write in USA Today (2/13, 10A, 2.27M), "Today, Wall Street is booming, and our nation's short-term economic outlook is strong. But the report we released last month confirmed what many of us have suspected: Our economy's long-term health will be at risk unless we address our declining global competitiveness in the capital markets. We can -- and must -- do this while also continuing to protect consumers and investors. … As the international market evolves, we have to evolve with it." In an editorial, USA Today (2/13, 10A, 2.27M) disagrees, saying "regulation and litigation are, to be sure, legitimate issues, ones that go well beyond Wall Street. But they are not why companies are listing on foreign exchanges.

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That is happening for the same reason that other industries have gone overseas -- global competition."

Bush Budget Cuts At Odds With States' CHIP Expansion Initiatives. The New York Times (2/13, Pear, Hernandez, 1.16M) reports, "In the absence of federal action, governors and state legislators around the country are transforming the nation's health care system. … But the states appear to be on a collision course with the Bush administration, whose latest budget proposals create a huge potential obstacle to their efforts to expand coverage." The Bush administration "has balked at state initiatives that increase costs to the federal government." The Times notes that the states' initiatives often expand the Children's Health Insurance Program, "which is jointly financed by the federal and state governments. Many states are eager to expand eligibility for that program, and some are going far beyond the income levels deemed appropriate by the White House. In his budget last week, President Bush said he wanted to return the program to its 'original objective' of covering children with family incomes less than twice the poverty level. Sixteen states already cover children in families with incomes above 200 percent of the poverty level, and some want to go higher, even as the president seeks to reduce federal payments for children in families with higher incomes."

New York Unions To Air Ads Against Bush's Proposed Healthcare Cuts. The New York Times (2/13, Pérez-Peña, 1.16M) reports, "Hospitals and a health care workers' union in New York plan to mount an advertising campaign to defeat spending cuts proposed by President Bush — their first attempt to affect national policy with a strategy they have used statewide. … On the national level, the officials said the campaign would probably take aim at key members of Congress — those on important committees and those who are likely to be swing votes — with ads in their home districts and in Washington, to persuade them to oppose the president's cuts. The union, 1199 S.E.I.U. United Healthcare Workers East, and the Greater New York Hospital Association jointly control a $60 million fund, the Health Care Education Project." According to the Times, "The hospital association and the union plan to meet on Thursday, along with top officials of 1199's parent union, the Service Employees International Union, to develop their strategy."

Wal-Mart Among Big Businesses Pushing For Health insurance Overhaul. The Christian Science Monitor (2/13, Trumbull, 59K) reports, "The message comes from Wal-Mart, but it reflects a view that's increasingly common in corporate America: The US healthcare system needs to be fixed. Big business can help, but don't expect us to shoulder the whole burden. That was a subtext when Wal-Mart chief executive Lee Scott took the stage last week alongside representatives of a major labor union to kick off a campaign called 'Better Health Care Together.' The aim of this unlikely partnership is to extend coverage to all Americans by 2012, and Mr. Scott emphasized that the responsibility must be shared by government and individuals as well as business."

Senate HELP Committee To Vote On Mental Health Parity Legislation. The Wall Street Journal (2/13, A17, Zhang, 2.04M) reports, "A bill introduced by a bipartisan group of senators…doesn't mandate that group health plans cover mental illness. Instead, it requires that plans, if they cover both mental and physical illnesses, treat both with 'parity,' or similar benefits, such as deductibles, co-payments and treatment limitations. … The measure marks a compromise reached after more than a year's negotiations among lawmakers, mental-health advocates, insurance companies and business groups. Supporters include America's Health Insurance Plans, the National Retail Federation and the National Alliance on Mental Illness. The U.S. Chamber of Commerce also said it is 'prepared to support' the legislation as introduced." The Senate Committee on Health, Education, Labor and Pensions "is slated to vote on the measure tomorrow."

Bush, Congress Close To Trade Deal. The Financial Times (2/13, Callan) reports, "The Bush administration is close to a deal with Congress to pass pending trade agreements and form a common international economic agenda for the president's last two years in office, say senior officials and leading Democrats." The negotiations "are designed to reach an agreement that would leave the administration six weeks to submit agreements with Peru, Colombia, Panama and possibly South Korea to Congress for ratification. The talks are complicated by mutual distrust and internal divisions but are edging close to a breakthrough, according to participants." The Times adds, "Agreement by leading Democrats to support the Latin American deals would be followed by further bargaining over trade and currency imbalances with China and Japan and the treatment of vehicles and agriculture in negotiations between Washington and Seoul. … Congressmen seen as obstacles to a deal are also changing their tune, including Collin Peterson, chairman of the House agriculture committee."

Trade Deficit Data Expected To Show Modest Increase. The Wall Street Journal (2/13, 2.04M) reports, "The trade deficit is expected to have widened modestly in December from November's $58.2 billion gap, partly due to higher prices for imported oil. Exports of aircraft, which hit a record in November, are likely to pull back. Overall, the gap -- which in large part reflects the huge imbalance with China -- has been narrowing since August's record $68.5 billion deficit." The Commerce Department "releases trade figures at 8:30 a.m."

Assumptions In Bush's VA Budget Questioned. In a widely-disseminated article, AP (2/13, Taylor) reports,

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"The Bush administration's budget assumes plans to funding for veterans' health care two years from now -- even as badly wounded troops returning from Iraq could overwhelm the system." The AP notes that both critics and allies of the administration question whether the numbers are "real" or if the cuts "are being used to make the overall budget picture look better." After the proposed FY 2008 increase, the Bush plan "would turn current trends on their head" since the "White House budget documents assume consecutive cutbacks in 2009 and 2010 and a freeze thereafter." Moreover, the "proposed cuts are unrealistic in light of recent VA budget trends…sowing suspicion that the White House is simply making them up to [improve] its long-term deficit figures. … Even the White House doesn't seem serious about the numbers [since] it says the long-term budget numbers don't represent actual administration policies." Specifically noted is the disconnect between a 26 percent increase in Iraq and Afghanistan veterans expected in 2008 and Bush's "assumption" that "domestic agency operating budgets will increase by about 1 percent each year."

Agencies Advised To Resist Congressional Pressure To Fund Earmark Projects. The Washington Times (2/13, Dinan, 88K) reports, "Members of Congress quietly have been calling federal agencies demanding their pet projects still be funded weeks after they swore off pork-barrel spending, the Bush administration says. In response, administration officials have signaled they ignore many of those requests -- a move that thrills fiscal conservatives who have called on the president to take that step. … Even stronger assurances have been made privately by top administration officials to Republican lawmakers who have been pleading with President Bush for the changes, congressional aides said." According to the Times, last week President Bush "declared open war on…earmarks."

House Mulls Ethics Reforms Targeted At Executive Branch Officials. The Hill (2/13, Bolton) reports House Speaker Nancy Pelosi "is planning to move legislation that would place strict ethics limits on executive-branch officials, going further than the ethics reforms the lower chamber adopted for itself last month." Rep. Henry Waxman, chairman of the Oversight and Government Reform Committee, "is scheduled to hold a hearing on the legislation today. … Several of the proposed reforms in the measure appear to be in response to various controversies that have emerged during President Bush's tenure, ranging from a dispute over a secret energy task force to criticism over paying pundits for favorable reviews. One of the far-reaching reforms Waxman is considering would require executive-branch officials to report all significant contacts they have with any private interest related to an official government action." The Hill notes that the bill "would be nearly identical to similarly titled legislation that the Government Reform Committee passed unanimously last April."

Lobbyist Takes Credit For Congressional Travel Restrictions' Loopholes. The Washington Post's Jeffrey Birnbaum (2/13), in his "In the Loop: On K Street" column, writes, "one man actually wants credit for a couple of big loopholes in the new ethics rules the House passed last month: John H. Graham IV. Graham is the president of…the American Society of Association Executives. In other words, he is the chief lobbyist for lobbyists." Birnbaum notes that "As soon as he learned that Democratic leaders wanted to ban travel provided by lobbyists" Graham "dispatched his own lobbyists and several of his most sympathetic allies to meet with House staffers. Eventually they poked two gigantic holes in the proposed prohibition. The first opened the way for lobbyists to pay for short trips -- one day as far as the Midwest and two days to the West Coast. The second permits colleges to provide travel to lawmakers without restriction, even though they lobby in Washington a lot."

Rove Says White House Reaching Out To Congress More Since Mid-Terms. The Politico (2/13, Allen, Harris) reports that in a "wide-ranging half-hour interview" White House senior adviser Karl Rove "remarked on a shift in relations between the administration and Congress since the Democrats gained power. 'The entire White House is spending a lot more time talking to the Hill and a lot more time seeking feedback and giving them the time that they want,' Rove said. He said his own outreach efforts include following up on 'a letter to me from a Democrat member' who asked him 'to look into a specific issue' that he did not reveal." The Politico notes, "Looking to the immediate political horizon, Rove said Bush is confident that seeking common ground with Democrats will allow him to shape the debate for years to come, and perhaps even score some legislative accomplishments as President Ronald Reagan and others have done when they were lame ducks heading a divided government. 'In one way, things are bad,' he said. 'We had the majority, and now we don't. On the other hand, that happens with frequency in American politics. What the American people want to know is: Are you going to take the time that you have and turn it to good purpose? Are you going to pick yourself up off of the mat, are you going to go get back into the game, and are you going to do so in a way that gets me to applaud you? If we pick ourselves up off of the mat and get back in the game, as we are, then this'll be a good thing for us.'

In his interview with The Politico (2/13, Allen, Harris) Rove said, "How does a president govern with the Congress controlled by the opposite party? The irony is that at first

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blush, there's a lot of constructive stuff that gets done. It's under divided government that Reagan gets tax reform, the latter half of his term in office. It's under divided government that Clinton gets welfare reform. We got No Child Left Behind passed with a divided Congress."

Tenet Book Expected To Criticize Rice, Cheney. The New York Times (2/13, Mazzetti, Bosman, 1.16M) reports, "For the past two years, George J. Tenet has maintained a determined silence even as senior White House officials have laid the blame for the prewar mistakes about Saddam Hussein on him. But now Mr. Tenet, the nation's former spy chief, is preparing to return fire." Tenet "was awarded a Presidential Medal of Freedom at a grand White House ceremony in December 2004, after stepping down as director of central intelligence, only to have Vice President Dick Cheney appear on 'Meet the Press' 21 months later and pin the mistake about the Iraq intelligence squarely on him." The "talk in Washington has turned to how Mr. Tenet," but he is expected to use a book he is writing "to juggle a host of agendas: polishing his legacy, settling scores and explaining just what he meant when he said it was a 'slam dunk' that Mr. Hussein had unconventional weapons." According to "friends and former colleagues…some of president Bush's top aides with whom Mr. Tenet clashed in the past, including Secretary of State Condoleezza Rice, are said to be targets of criticism." Tenet "is not expected to take on Mr. Bush, with whom he developed a close bond during early morning intelligence briefings in the Oval Office. But Mr. Tenet's friends said he had been surprised when Mr. Cheney and Ms. Rice, appearing on Sunday talk shows last September, fingered him in justifying Mr. Bush's decision to go to war with Iraq."

Gregg Takes Unofficial Role Among Senate GOP Leaders. Roll Call (2/13, Pierce) reports that with an "an unofficial seat at the Senate Republican leadership table, it's no accident that Sen. Judd Gregg (N.H.) has been at the center of nearly every major floor fight this Congress." Majority Leader Harry Reid (D-Nev.) "voiced his frustration with Gregg last week, noting that the three-term New Hampshire Republican seemed to be 'the designated 'see-if-we-can-mess-up-the-legislation' guy this year.'" While "more junior Republicans have independently mounted floor fights that won praise from their leadership, Senate Minority Leader Mitch McConnell (R-Ky.) has been regularly turning to Gregg to help him find ways to tie the Democratic majority in knots." McConnell said, "He's arguably our best sort of idea guy. I rely on him heavily. He's a major player in the Senate whether he sits at the leadership table or not." Roll Calla adds Gregg now "does sit at the leadership table, because McConnell has asked him, along with Sen. Bob Bennett (R-Utah), to join the weekly Republican leadership meeting as an informal 'senior adviser.'"

First Lady Appears On Talk Show. The Washington Post's "Reliable Source" column (2/13, Roberts, Argetsinger) reports that first lady Laura Bush "sat down to dish with cook/talk-show host Rachael Ray on yesterday's program. …· The first lady admitted she loves to cook but hasn't been in the kitchen for years. … The president: 'Not very good' at remembering Valentine's Day, so the White House florist always sends up flowers; he signs the card. Last year, one of the gardeners fashioned a heart topiary. 'But, of course, the president didn't think of it, the gardener did,' she told the audience."

OTHER NEWS:

Bush 43 Says Bush 41 Among Most Underrated Presidents. The Washington Post (2/13, A4, Baker, 690K) reports, "As the House gets ready to begin debating the Iraq war today, President Bush has a piece of advice for his father: Turn off the television. It seems that former president George H.W. Bush has been getting agitated watching all the attacks on his son -- so much so that the current president said yesterday that he is worried for his father's well-being. 'I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news,' the president told C-SPAN in an interview to be broadcast this morning." The Post adds, "The president's travails may have brought father and son closer in some ways. In the interview yesterday, the younger Bush said he thinks his father is underestimated." Bush "offered the 41st president as his first example when asked by C-SPAN's Steve Scully who is the most underrated president. 'Well, George H.W. Bush is one of them,' the 43rd president said. 'He followed President Reagan, who was such a really strong president that people have yet to take a look at my dad.'" NBC Nightly News (2/12, story 7, :55, Williams, 9.87M) reported, "There was a particularly personal moment when [President Bush] was asked if there was any other American president he looked to for inspiration or guidance. His answer, not surprising. His own father, President Bush 41. And the current President continued his answer." President Bush: "When I talk to my dad, I hear love. That's what I hear. And I am actually more concerned about him than I've ever been in my life because he is paying too much attention to the news and I understand how difficult it is for a person who loves somebody to see them out in the political process. And to kind of endure the criticisms. My answer is, look, don't pay attention to it, I'm doing fine."

"Desperate Housewives" Actress Describes Her Friendship With Bush 41. The Washington Post's "Reliable

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Source" column (2/13, Roberts, Argetsinger) reports, "More insight into the surprising friendship between George H.W. Bush and Teri Hatcher: … Details came to us in e-mails the 'Desperate Housewives' star sent yesterday in response to our colleague Korin Miller's inquiries about Hatcher's chummy Los Angeles lunch last week with the former prez, captured by leering paparazzi. Miller reported Saturday that the two have been pals since meeting at a gala in Las Vegas a few years ago. Hatcher responded late but in great detail, seemingly concerned that someone might interpret this all, you know, the wrong way. Hatcher, a 'registered independent,' wrote that she befriended Bush 41 -- and his wife, Barbara, mind you! -- in 'hope of being involved in their many charities,' praising his work on disaster relief and other causes."

Romney Besting McCain In Lining Up Endorsement From Influential DC Figures. The Los Angeles Times (2/13, Hook, Hamburger, 850K) reports former Massachusetts Gov. Romney "is matching the better-known Sen. John McCain "step-for-step in the race to round up support from an important audience: members of Congress and Washington lobbyists." Romney's campaign "can boast that many influential GOP lawmakers and lobbyists have judged him best able to go the distance. More members of Congress have announced support for Romney than for McCain: 26, including former House Speaker J. Dennis Hastert (R-Ill.). And though some Washington hands backing Romney are not household names, they include luminaries of key Republican constituencies, such as former Rep. Vin Weber (R-Minn.), revered by economic conservatives and antiabortion activists; Sen. Larry E. Craig (R-Idaho), his chamber's standard bearer for gun-rights advocates; and John J. Castellani, a Beltway lobbying powerhouse with ties to the top echelons of American business." The Times notes McCain's "style and frequent departures from party orthodoxy, on such issues as campaign finance to tax cuts, have alienated many party colleagues in Congress. 'He's hurt himself with the Republican rank and file,' said Rep. Jack Kingston (R-Ga.), who is leaning toward supporting Romney."

McCain And Romney Make Progress Courting Social Conservatives. The Washington Post (2/13, A1, Cooperman, Cillizza, 690K) reports, "Twelve years ago, Romney said he would be a more effective proponent of gay rights than Sen. Edward M. Kennedy; seven years ago, McCain said the Republican Party had no place for 'agents of intolerance' such as Jerry Falwell." McCain is "in a fierce competition with Romney to exploit the absence of an obvious social conservative front-runner in the Republican race. Both candidates are working hard to line up key supporters…and much to the distress of former Arkansas governor Mike Huckabee and Sen. Sam Brownback (Kan.), candidates with stronger ties to party conservatives, they are succeeding." The Post notes Romney "has been particularly aggressive. In October he held a casual gathering at his Boston home for a who's who of social conservative leaders. Falwell and evangelist Franklin Graham munched on sandwiches and sipped soup alongside former presidential candidate Gary Bauer and pastor Richard Lee of First Redeemer Church in Atlanta. Romney will also host a private reception for Christian radio and television hosts during the National Religious Broadcasters' annual meeting next week in Orlando, and he is expected to be the commencement speaker at the Rev. Pat Robertson's Regent University in May. Not to be outdone, McCain will be feted by Falwell at a reception at the religious broadcasters' convention, the latest sign of detente between onetime adversaries."

Jewish Groups Outraged By Romney's Use Of Henry Ford Museum. The AP (2/13, Lowy) reports Romney's "choice of a museum honoring auto pioneer Henry Ford as the site of his presidential announcement was strongly criticized Monday by Jewish Democrats, who noted Ford's history of anti-Semitism." Romney "is scheduled to formally launch his presidential candidacy from the Henry Ford Museum in Dearborn, Mich., on Tuesday, was taken to task by The National Jewish Democratic Council. The council 'is deeply troubled by Governor Romney's choice of locations to announce his presidential campaign,' executive director Ira Forman said in a statement." Forman "said Romney's 'embrace of Henry Ford and association of Ford's legacy with his presidential campaign raises serious questions about either the sincerity of Romney's words or his understanding of basic American history.'"

New Poll Finds 28% Say They Would Never Vote For A Mormon Candidate. USA Today (2/13, Lawrence, 2.27M) reports, "The emergence of…Romney, a Mormon waging a strong campaign for the GOP presidential nomination, spotlights a religion often viewed as odd despite its rapid growth and attempts to go mainstream. … For Romney…it may be less than a blessing. In a diverse 2008 presidential field that includes a woman and an African-American on the Democratic side, polls show being Mormon is a handicap. In a new USA TODAY/Gallup Poll, 72% say they would vote for a qualified nominee who is Mormon. That compares with 94% for a black nominee and 88% for a female nominee.

Romney's Evolving Position On Abortion Noted. The Washington Post's E. J. Dionne (2/13, A21) notes that Romney "has, in a little over a decade, moved from strong support of abortion rights…to a point where he says he makes 'no apology for the fact that I am pro-life.'

Clinton Maintains She Did Not Vote To "Authorize Pre-Emptive War." ABC World News

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(2/12, story 2, 2:40, Gibson, 8.78M) reported Sen. Hillary Clinton "faced tough questions about Iraq during her first campaign visit to New Hampshire. After all, a month before her vote on the Iraq war, she said this." Sen. Hilary Clinton: "I can support the President. I can support an action against Saddam Hussein, because I think it's in the long-term interests of our national security." However, "Now, she says this." Sen. Hilary Clinton: "I gave him authority to send inspectors back in to determine the truth. And I said this was not a vote to authorize pre-emptive war. … I have taken responsibility for my vote. The mistakes were made by this President." The CBS Evening News (2/12, story 11, :30, Couric, 7.66M) reported Clinton "faced tough questions of her own in New Hampshire this weekend with Democratic voters asking why she hasn't fully repudiated her 2002 Senate vote supporting the US invasion of Iraq." ABC World News' Charles Gibson (2/12, story 3, 1:20) asked ABC's chief Washington correspondent George Stephanopoulos why Clinton will not admit to making a mistake in authorizing President Bush to invade Iraq. Stephanopoulos responded, "it's a matter of conviction. She doesn't believe it was a mistake. And thinks it will let President Bush off the hook if she says so. Secondly, they also believe it's only a small minority of voters who care about this issue. That the broader electorate is focused on how we're getting out of Iraq, not how we got in. And they point to the fact that she got applause after that answer."

The Politico's Roger Simon (2/13) writes, "Running for president means never having to say you're sorry. Or at least Hillary Clinton thinks so. She steadfastly refuses to admit that her vote to authorize the Iraq war was a mistake. She refuses to say she was wrong. I will make a prediction: Before we get to the Iowa caucuses, Hillary will say she was wrong. She will admit she made an error. Because if she doesn't, she risks losing."

According to the Washington Post's Richard Cohen (2/13, A21), "Yet another man has betrayed Hillary Clinton. This time it's George W. Bush, who not only deceived her about weapons of mass destruction but, when granted congressional authorization to go to war in Iraq, actually did so. This, apparently, came as a surprise to her, although in every hamlet and village in America, every resident who could either read or watch Fox News knew that Bush was going to take the country to war. … Somehow, Bush's intentions were lost on Clinton, who then as now was a member of the United States Senate."

Senator Clinton Touting Her Husband's Record During Campaign Stops. The New York Times (2/13, Healy, 1.16M) reports, "As she made her first outing to New Hampshire as a presidential candidate last weekend, Senator Hillary Rodham Clinton left her husband at home, yet she tried to tap his old political magic at nearly every turn. Mrs. Clinton…mentioned Mr. Clinton at least eight times on Saturday — at one point talking about 'Bill's heart surgery' to illuminate her own travails with health care bureaucracy — and a few times on Sunday, most memorably when she said of Republicans, 'Bill and I have beaten them before, and we will again.' For the first time in her bid for the White House, Mrs. Clinton directly laid claim to the legacy and popularity of former President Bill Clinton — and did so in a crucial primary state where her husband showed his resiliency in 1992, when he finished second despite weeks of troubles."

Interest In Female Politicians' Fashion Choices Derided. In an op-ed for USA Today (2/13, 11A, 2.27M) Annette Fuentes of the Columbia University Graduate School of Journalism writes, "Some reporters and editors haven't figured out a way to cover female politicians that doesn't rely on the old stereotypes. … Because women have greater fashion options, changes they make are more obvious and invite analysis. … Female politicians will certainly survive such silly coverage, and some argue the stories are harmless. But these women are role models for young women and offer an alternative to the fashion model and celebrity in setting the standard for female beauty and worth."

Obama Apologizes For Saying Troops Killed In Iraq Were "Wasted." ABC World News (2/12, story 2, 2:40, Gibson, 8.78M) reported Sen. Barack Obama "stumbled, saying troops killed in Iraq died in vain." Obama was shown saying, "Over 3,000 lives of the bravest young Americans, wasted." ABC noted Obama "later expressed regret for that remark. … The big question, as his campaign enters its next phase, can he take a punch? Forces are gunning for him from every side. Anti-war protestors interrupted his Chicago speech."

The Chicago Tribune (2/13, Dorning, 617K) reports Obama "offered an apology to military families who might have been offended by a comment he made a day earlier in Iowa. A local New Hampshire reporter asked Obama (D-Ill.) if military families deserved an apology for a comment the senator made during a speech at Iowa State University on Sunday criticizing the war in Iraq as a conflict that had 'wasted' more than 3,000 American soldiers' lives. Obama had backtracked from the comment immediately after the speech, telling a reporter for the Des Moines Register that the remark was 'a slip of the tongue' and that soldiers' 'sacrifices are never wasted.' Speaking to a group of reporters in the kitchen of a Nashua, N.H., home after a gathering for Democratic party activists, Obama said he had misspoken in Iowa, adding that his opposition to the war was grounded in a desire for soldiers to return home safely to their families. 'I would absolutely apologize if any of them felt that in some ways it had diminished the enormous courage and sacrifice that they'd shown,' Obama responded."

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The New York Times (2/13, 1.16M) reports Obama "said Monday that he had misspoken when he suggested that the lives of more than 3,000 American soldiers killed in Iraq had been 'wasted.'… 'What I would say -- and meant to say -- is that their service hasn't been honored,' Mr. Obama told reporters in Nashua, N.H., 'because our civilian strategy has not honored their courage and bravery, and we have put them in a situation in which it is hard for them to succeed.'"

Obama Criticizes Rivals Who Gave Bush Iraq War Authorization. The New Hampshire Union Leader (2/13, DiStaso) reports Obama "says the U.S. senators who formally authorized President George W. Bush to invade Iraq in 2002 are at least partly responsible for 'the situation we're in now.'" Obama "told reporters that senators who voted to authorize the war should 'make their own assessment on how they would do things differently or not.'" Obama is quoted as saying, "I do not believe the war should have been authorized. … And I leave it up to those senators to make their own assessment on how they would do things differently or not. … All the decisions we make in Washington have consequences. Obviously, if the senators (had) voted down the authorization, we wouldn't be in the situation we're in now."

The Washington Post (2/13, A9, Balz, 690K) reports Obama "said his biggest difference with Clinton involves the withdrawal of U.S. troops from Iraq. He favors pulling out all combat troops by March 31, 2008. He said Clinton 'does not begin a phased redeployment.'"

Aides Admit Obama's Lack Of Experience Must Be Overcome. The Washington Post (2/13, A9, Balz, 690K) reports Obama "faces several serious challenges if he hopes to convert potential into a winning campaign. The most significant hurdle will be overcoming questions about whether the first-term U.S. senator, who only three years ago was a member of the Illinois Senate, has the experience and readiness to serve as president at a time of war abroad and major unmet problems at home. Next will be striking the balance between demands of political elites for Obama to flesh out the details of his ambitious policy agenda without disappointing the many thousands of Americans who have been drawn to him for his appeal as a fresh contrast to traditional politicians. Ultimately, the race could hinge on his ability to overcome the power and resources of Sen. Hillary Rodham Clinton's battle-tested operation. … Obama's advisers expressed general satisfaction with the initial campaign swing. Still, they do not underestimate the difficulties ahead. Asked Monday what they regard as the most significant question Obama must answer in the coming months, communications director Robert Gibbs answered without hesitation: 'People want to know if he can handle this.'"

Obama Said To Have Avoided Scrutiny So Far. The Washington Post/AP (2/13, Elliott) reports Obama's "first trip to New Hampshire as an official Democratic presidential candidate came Monday with packed audiences, enthusiastic crowds -- and scant scrutiny." The AP notes Sen. Hillary Rodham Clinton "faced criticism last weekend for not saying her vote to authorize the use of force in Iraq was a mistake." However, Obama "faced little of that skepticism. Even his sharpest questioners began by offering praise and support."

Obama Quits Smoking. The Washington Post (2/13, Kornblut, 690K) reports Michelle Obama "says she agreed to help her husband run for president on one condition: That he finally quit smoking. For good. … Obama has struggled to quit smoking for years, but friends have said he finally stopped several weeks ago. At the end of a press conference on Sunday, the Illinois senator returned to the podium when a reporter shouted out asking whether he was still smoking."

Howard's Criticism Of Obama Noted. The CBS Evening News (2/12, story 11, :30, Couric, 7.66M) reported, "Just after announcing his candidacy this weekend [Obama] came under fire from an unusual source: Australia's Prime Minister John Howard. He denounced Obama for proposing to bring US troops home from Iraq next year."

LATimes Encouraged By Discussion Of Obama's Racial Identity. The Los Angeles Times (2/13, 850K), in an editorial, writes, "is Obama really black? Of course he is. But that fact has done nothing to prevent the awkward dissection of Obama's cultural and racial affinities. Is he half black? Is he African American? African and American? And, if he's black, is he black enough? It's tempting to shrug off these questions — most recently aired with grave concern Sunday on CBS' '60 Minutes' -- as outdated, but they're not. They are instructive and revealing."

One Of Two Bloggers At Center Of Edwards Controversy Resigns. The Washington Post (2/13, A4, Kurtz, 690K) reports, "Days after Democratic presidential candidate John Edwards decided against firing two liberal bloggers with a history of inflammatory writing, one resigned last night with a blast at 'right wing shills' for driving her out of the campaign. Amanda Marcotte, whose writings were assailed as anti-Catholic, wrote yesterday on her blog that the Edwards camp had accepted her resignation. … After days of indecision, Edwards said in a statement last week that he was 'personally offended' by the writing of Marcotte and a second blogger, Melissa McEwan, but that he was keeping them on in the interest of giving everyone 'a fair shake.' The statement was coupled with carefully worded apologies from the two women toward anyone who may have been offended." Fox News' The O'Reilly Factor (2/12) dedicated the opening portions of its broadcast last night to the controversy.

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"Permanent Campaign" For President Said To Pre-Date The Civil War. In an op-ed for the Washington Post (2/13, A21, 690K) Georgetown history professor Michael Kazin writes, "How much American political history do political journalists know? Take the ubiquitous claim, or complaint, that the presidential campaign is starting earlier than ever. … Like most evocations of a golden age, this is a myth. In fact, the nearly permanent campaign has been a feature of American politics since before the Civil War, when mass parties first emerged to contend for the votes of a mass electorate."

McAuliffe Memoir Reviewed. The Washington Post's Peter Baker (2/13), in a review of Terry McAuliffe's new book "What A Party!," writes, "It's hard not to imagine downing beers in a bar as McAuliffe tells war stories about how a boy from Syracuse grew up to become President Bill Clinton's running buddy and the Democrats' most fabled fundraiser. … This is, in the end, a partisan's book in a partisan age, perhaps explaining why it debuted at No. 1 on the Washington Post bestseller list."

North Criticizes Smithsonian For Rejecting Filming Request. The Washington Post (2/13, C1, Trescott, 690K) reports the Smithsonian Institution "rejected a request from Oliver North to film a stand-up in front of the Enola Gay, the B-29 that dropped the first atomic bomb. This is the latest flap in the Smithsonian's development of programming for a cable television network." North, who "hosts a Fox News Channel series called 'War Stories,' returned fire, condemning the Smithsonian's decision. He said in an opinion column that the museum's action raises questions about the propriety of the contract between Showtime Networks and the Smithsonian, which limits access of film crews."

Dixie Chicks' Grammy Awards Spark Commentary. NBC Nightly News (2/12, story 11, :30, Williams, 9.87M) reported, "Four years after criticism of President Bush set off a boycott against them, the Dixie chicks won five [Grammy] awards, including the big three of the evening. The Grammys for song, album and record of the year came from a project that was a response to the ban being demonized on talk radio and boycotted by some in the country music establishment and else where. The title of the album' signature song, 'Not Ready to Make Nice.' Band member Natalie Maines said the awards were a sign that people were using their freedom of speech."

The New York Times (2/13, 1.16M), in an editorial titled "The Courage Of Others' Convictions," says the awards were "celebrated as a blow for freedom of speech as much as tunefulness. The endorsement was about three years too late. The awards…ended a desolate period in which their music was boycotted and banned by country music stations, their CDs were burned and smashed, and group members' lives were threatened."

WSJournal Praises Arkansas' Democratic Governor. The Wall Street Journal (2/13, 2.04M) editorializes, "Arkansas Governor Mike Beebe may not be a man from Hope, but the newly elected Democrat is becoming a voice for tax relief within his party. Last year he campaigned on cutting in half his state's 6% sales tax on groceries. Last week he made good on the promise by striking a deal with a reluctant Democratic legislature. … The Tax Foundation reports that Arkansas is the 27th most taxed state in the nation with a heavier tax burden than neighboring Texas and Tennessee, neither of which has an income tax and rank 44th and 47th. The state is expected to have an $840 million surplus this year and could therefore afford additional cuts in its 6% general sales tax and 7% tax on income over $30,100. The state's last Governor -- potential Republican Presidential candidate Mike Huckabee -- is best known for losing 100 pounds while in office. That Mr. Beebe is turning his attention instead to curbing the state's appetite is a sign of progress."

Pace, Administration Critics Skeptical Of US Charges Against Iran. The Washington Post (2/13, A18, DeYoung, 690K) reports Gen. Peter Pace, chairman of the Joint Chiefs of Staff, expressed doubts with the presentation given by US officials in Baghdad Sunday, telling Voice of America during a visit to Australia, "It is clear that Iranians are involved, and it's clear that materials from Iran are involved." However, he cautioned, "but I would not say by what I know that the Iranian government clearly knows or is complicit." Meanwhile, in an interview yesterday with C-SPAN, President Bush "described his policy as 'comprehensive' and complained that charges he is planning to attack Iran are politically motivated and 'typical Washington.'" The AP (2/13, Riechmann) also notes Bush "sought to dampen speculation about a US military strike on Iran."

McClatchy (2/13, Landay) says Pace's comment "could make it harder for the Bush administration, its credibility about Iran questioned because of its false pre-war claims about Saddam Hussein, to make its case that Iranian meddling in Iraq is fueling sectarian violence and causing US casualties." McClatchy notes that "neither the White House nor the Pentagon responded to requests for an explanation of the apparent contradiction between the nation's highest-ranking military officer and his subordinates in Baghdad."

Pace's comments came in addition to skepticism from Administration critics. Some media reports are describing a

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Bush team "on the defensive," while openly questioning the strength of the evidence laid out by US officials. NBC Nightly News (2/12, story 2, 2:40, Williams, 9.87M) reported "many in this country are asking, just how strong is the evidence?" NBC (Mitchell) added, "The Bush administration is on the defensive today, denying it is exaggerating intelligence about Iranian support for insurgents in Iraq to justify a US attack on Iran."

The CBS Evening News (2/12, story 3, 2:25, Martin, 7.66M) reported as Tehran "denied accusations by US officials in Baghdad," a State Department spokesman "responded with some decidedly undiplomatic language," saying, "The Iranians are up to their eyeballs in this activity."

On its front page, the New York Times (2/13, A1, Cooper, Mazzetti, 1.16M) reports the Bush administration "has laid out its evidence -- and received in return a healthy dose of skepticism." The response from Congressional and other critics, the Times says, "speaks volumes about the current state of American credibility, four years after the intelligence controversy leading up to the Iraq war." Officials at the State Department, the Pentagon and the Office of the Director of National Intelligence, "had anticipated resistance to their claims" and "settled on an approach that sidelined senior officials including Zalmay Khalilzad, the American ambassador to Iraq, and John D. Negroponte." But by doing so, "they avoided the inevitable comparisons to the since-discredited presentation" made by then Secretary of State Colin Powell to the United Nations Security Council in 2003.

Meanwhile, the Los Angeles Times (2/13, Murphy, 850K) says "the back-and-forth charges between Tehran and Washington highlight a growing recognition of Iran's substantial influence on its next-door neighbor and its ability, if nothing else, to prevent the US from untangling the political conflicts that have plunged Iraq into mounting sectarian warfare."

Ahmadinejad Refuses To Address US Charge. In an exclusive interview with ABC World News (2/12, story 5, Gibson, 8.78M), Iranian President Mahmoud Ahmadinejad "did not address the allegations directly when asked. Instead, he told ABC's Diane Sawyer, "When it comes to Iraq, we have made it clear that insecurity in Iraq, is also to our disadvantage, and also disadvantage of the nations of the region. We will be sad to see people get killed, no matter who they are." Ahmadinejad continued, "I think that Americans have made a mistake in Iraq. And unfortunately, they are losing, and this is a shame for Americans, of course. And that's why they are trying to point their fingers to other people. And pointing fingers to others will not solve the problem." When whether he fears an attack by the US, the Iranian president said, "Why should we be afraid? First, the possibility is very low. And we think that there are wise people in the US who will stop such illegal actions. But our position is clear that anyone who wants to attack our country will be severely punished."

The New York Times (2/13, A10, Fathi, 1.16M) reports Ahmadinejad "refused to address the accusation directly in the interview, but he rejected the charges by saying the Americans were trying to find a scapegoat for their problems in Iraq." Meanwhile, a Foreign Ministry spokesman, Mohammad Ali Hosseini, was "more direct in denying the accusations on Monday at his weekly news conference," calling the charges "baseless and said the evidence had been fabricated." The Financial Times (2/13, Smyth) says Hosseini also reiterated Monday that Iran "was ready for negotiations, even over the suspension of uranium enrichment."

EU Report Warns It Is Too Late To Halt Iran's Nuclear Bomb. On its front page, the Financial Times (2/13, A1, Dombey, Schmid) reports Iran "will be able to develop enough weapons-grade material for a nuclear bomb and there is little that can be done to prevent it," according to an internal European Union document. In "an admission of the international community's failure to hold back Iran's nuclear ambitions," the document, which was compiled by the staff of EU foreign policy chief Javier Solana, "says the atomic programme has been delayed only by technical limitations rather than diplomatic pressure," and that "attempts to engage the Iranian administration in a negotiating process have not so far succeeded." The Times warns that the "downbeat conclusions" of the "reflection paper" are "certain to be seized on by advocates of military action."

EU Agrees To Impose Limited Sanctions On Iran. The New York Times (2/13, A10, Weisman, 1.16M) reports, "European negotiators, yielding to pressure from the United States, have agreed to widen a ban on financial transactions with Iran and the export of materials and technology that Iran could use to develop nuclear weapons." European officials "said a resolution embodying the wider ban was negotiated over the last week and should go far toward satisfying the Bush administration." Responding to the move, Undersecretary Nicholas Burns said, "This is a very positive initiative because it takes the European Union beyond where they were until recently." However, he noted, "It's not everything we would like to see happen. But the trajectory is good and the momentum is good, so we think this is a positive event."

The Washington Post (2/13, A18, Moore, 690K) says EU states, however, "refused to consider appeals from the United States to sever all economic ties with the country."

In a report on the impacts of the sanctions in Iran thus far, the New York Times (2/13, Mouawad, 1.16M) says "Western political and economic pressure on Iran over its nuclear program has chilled foreign investment to the extent that it is now squeezing the country's long-fragile energy industry, adding strains to a government that is burdened by

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sanctions and wary of unrest at home." Although Iran is the world's fourth-largest oil exporter, it "has struggled in recent years to keep its oil production, currently running at about four million barrels a day, from falling." Some analysts warn that "if this acute imbalance between stagnant production and rising demand at home continues unchecked, Iran will have no oil left over to export within a decade."

More Commentary. In an editorial, the New York Times (2/13, 1.16M) writes, "Before things get any more out of hand, President Bush needs to make his intentions toward Iran clear. And Congress needs to make it clear that this time it will be neither tricked nor bullied into supporting another disastrous war." The Times goes to write, "How little this administration has learned from its failures is a constant source of amazement. It seems the bigger the failure, the less it learns." If President Bush "is truly worried about" the situation, the Times says "he needs to start showing this evidence to Iraq's prime minister, Nuri Kamal al-Maliki" and "demand that Mr. Maliki stop protecting the militias and make it clear that there will be serious consequences if he continues to refuse." In addition, the Times says the President "needs to stop fantasizing about regime change and start trying to find a way to persuade Iran's leaders to help rein in the chaos in Iraq."

Meanwhile, the Wall Street Journal (2/13, A24, 2.04M) editorializes now that the evidence against Iran has been laid out, "The issue now is the lesson the Bush Administration and the American political establishment draw about dealing with Iran. Our guess is that a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven, or claim that it's all the Bush Administration's fault for 'bullying' Iran." The Journal says "it would be nice if the Bush Administration and Members of Congress would send Tehran the message that it will not be allowed to kill Americans with impunity," but "the main concern on Capitol Hill seems to be deterring Mr. Bush rather than telling Iran to stop killing GIs."

Valerie Lincy, editor of Iranwatch.org, and Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control, write in a New York Times (2/13, 1.16M) op-ed, "It might seem like good news" that the foreign EU announced yesterday that they will "impose a ban on selling nuclear-related materials and technology to Iran and put a freeze on the assets of 10 Iranian organizations and 12 people." However, they say yesterday's agreement failed "to clamp down on any subsidiaries." LIncy and Milhollin argue that "ff the West is truly going to keep Tehran from getting the bomb, we will have to block every asset and shun every company involved. Not only does the United Nations require it, it is elementary self-defense."

Breakthrough Reported In North Korean Talks.

ABC World News (2/12, lead story, 2:50, Gibson, 8.78M) reported there was "a sign of hope that the first steps are under way that could lead to North Korea's nuclear disarmament. Three years after the so-called six-party talks with North Korea broke down and four months after North Korea conducted a nuclear test, there may be an agreement for the West to send North Korea desperately-needed energy aid and for North Korea to shut down the reactors." ABC (Raddatz) added, "The agreement calls for a step-by-step deal that would lead to a shutdown of North Korea's nuclear weapons program." However, the "major sticking point had been North Korea's demands for an energy package, which included 2 million tons of fuel oil and 2 million kilowatts of power, before North Korea would even agree to start shutting down its nuclear program. ABC News has learned that the compromise that would reached would give North Korea 1 million tons of fuel oil and electricity."

NBC Nightly News (2/12, story 5, 1:35, Mullen, 9.87M) added, "One State Department official in Beijing essentially told us, 'We don't worry about North Korea blowing things up. What we worry about is North Korea possibly selling that nuclear technology to another country which would seek to harm the United States.'"

The CBS Evening News (2/12, story 5, 1:10, Axelrod, 7.66M) said, "The big question now is what kind of shutdown would North Korea undertake of its nuclear reactor? In other words would it just be a freeze or would they allow the reactor to be somehow disabled so it couldn't be so quickly and easily restarted? That's what we need to keep our eyes on now."

On its front page, the New York Times (2/13, A1, Yardley, Sanger, 1.16M) reports Bush administration officials "said they believed that the other nations participating in the talks -- China, Japan, South Korea and Russia -- would consent to the tentative agreement as soon as Tuesday," however, the parties "still await a final confirmation from the North Korean leader, Kim Jong-il." In Washington, the Times reports that "some administration officials acknowledged that they had concluded that a step-by-step accord was their only choice and that it would be impossible to set a schedule for the North's disarmament without taking initial steps to build trust."

The Washington Post (2/13, A1, Cody, 690K) reports in a front page article that "Despite a sense of achievement in Beijing, the deal was expected to face criticism in Washington, with Democrats charging the administration allowed North Korea to gain nuclear weapons through poor diplomacy in recent years and conservatives saying it shows weakness at a critical moment." And "some observers expressed caution, noting that North Korea has proved unpredictable in the past."

Similarly, the Financial Times (2/13, Fifield, Luce) notes that "deals with North Korea have a habit of coming unglued, and analysts worried that it might be difficult to agree on

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exact terms." Additionally, the Los Angeles Times (2/13, Magnier, 850K) says "any announced agreement with the government in Pyongyang should be treated with caution, given its history of faltering compliance and broken deals. That said, some analysts expressed cautious optimism that this could be a long-awaited turning point in negotiations."

The Wall Street Journal (2/13, A3, Ramstad, King, 2.04M) says a deal with Pyongyang "would boost US efforts to rein in the spread of nuclear weapons and provide a victory for the Bush administration's battered foreign-policy team" at a time when President Bush "is embroiled in a bitter debate over the war in Iraq and tensions with Iran." It would also "mark a triumph for [Secretary] Rice, who had to beat back skeptics within the Pentagon and Vice President Cheney's office who opposed any deal that could in any way strengthen the current North Korean regime." At the same time, the Journal cautions that the deal "also exposes the Administration to accusations from both conservatives and Democrats that Mr. Bush has returned to a Clinton-era arrangement with North Korea…that he had disparaged and cast aside soon after taking office in 2001."

USA Today (2/13, 8A, Slavin, 2.27M) reports Jack Pritchard, a former US negotiator with the North Koreans in both the Clinton and Bush administrations, cautions the deal leaves North Korea "a declared nuclear-weapon state with a stock of plutonium for more." Meanwhile, James Kelly, assistant secretary of State for Asia in Bush's first term, said he was "optimistic" about the deal, saying it is "a mistake to prematurely trash" it.

The Washington Times (2/13, A1, Lanfranco, 88K) reports in Washington, "conservatives who oppose negotiations with North Korea were quick to denounce the tentative deal." Among them, former Ambassador John Bolton, who said President Bush "should instruct" Assistant Secretary of State Christopher Hill "not to sign the text, noting that it resembles the Clinton administration's 1994 deal with Pyongyang."

Bolton Strongly Urges Bush To Reject North Korea Deal. Former US Ambassador to the UN, John Bolton, on CNN's the Situation Room (2/12, Blitzer), said, "This is very bad deal and I'm hoping the President has not been fully briefed on it and that he still has time to reject it. … It contradicts fundamental premises of the president's policy he's been following for the past six years, and second, it makes the administration look very weak at a time in Iraq and in dealing with Iran when it needs to look strong. I hope with a few hours yet to go the President might yet reject it." Bolton said the deal "sends exactly the wrong signal to would-be proliferators around the world. If you hold out long enough, and wear down the State Department negotiators, eventually you get rewarded."

Hamas Government To Resign. USA Today (2/13, 6A, 2.27M) reports Palestinian Prime Minister Ismail Haniyeh Monday said that his Hamas Party will resign control of the Palestinian government "in the coming days despite unresolved issues in an agreement to form a unity government." Haniyeh said the deal with the Fatah Party of President Mahmoud Abbas "was needed to prevent further bloodshed between the rival groups." The parties agreed last week "to a division of Cabinet posts but have not decided on an Interior minister."

EU Official Suggests Aid To Palestinian Authority May Resume. The Financial Times (2/13, Dombey) reports one of the European Union's top officials Monday "held out the prospect of resuming aid to the Palestinian Authority in the wake of last week's agreement by Fatah and Hamas to form a national unity government." Benita Ferrero-Waldner, external relations Commissioner, "suggested on Monday the Fatah-Hamas deal could transform the situation," saying, "When it becomes possible to re-engage with a national unity government...we could then hopefully resume support to the Palestinian Authority, ministers and ministries and agencies from which we have had to distance ourselves in the last year."

Radical Islamists May Be Fleeing Somalia To Yemen. The Christian Science Monitor (2/13, Hill, 59K) reports that since "the outbreak of Somalia's civil war in 1991, each new cycle of turmoil has generated a fresh flow of refugees to neighboring Yemen. But during this past year's rise and fall of Somalia's Union of Islamic Courts (UIC), tiny fishing vessels carried 26,000 men, women, and children – a record number – from Somalia to Yemen." Among the "latest wave of refugees are rank-and-file members of Somalia's defeated Islamists, and now ousted moderate UIC leaders are also seeking refuge in Yemen, sparking concern from Yemeni officials and Western diplomats that Al Qaeda-linked radical Islamists are also using these well-worn human-trafficking routes to escape from Somalia to the Arabian Peninsula."

US Middle East Strategy Said To Lack Coherence. The Christian Science Monitor (2/13, LaFranchi, 59K) reports that in "little over a year, the US mission in Iraq seems to have narrowed dramatically. Instead of the lofty goals of fostering a democracy that could serve as a regional beacon, the US now aims to curb the violence, especially in Baghdad." This "narrowing gives the American venture in Iraq more focus, while preserving hopes that the administration's long-range goals can be achieved, analysts say. But some warn that it is also dangerous if it becomes an end in itself, causing US policymakers to lose sight of the bigger risks and objectives in the Middle East. And some

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experts say the US is confusing tactical adjustments with a strategy." Ralph Peters, a retired Army intelligence officer and Middle East specialist, said, "I see tactical and operational efforts that make sense – secure Baghdad, step up the fight in Anbar [Province] to disrupt Al Qaeda and the insurgent strongholds there, and all that's fine, but strategically we seem to be floundering." Pointing to Secretary of State Condoleezza Rice's "efforts to encourage a bloc of Sunni powers to counter Shiite Iran's rise in the region," Peters "says such moves raise questions of strategic coherence."

State Department Creates Outreach Post For European Muslims. The Washington Times (2/13, A1, Kralev, 88K) reports in a front page article that the State Department, concerned about a "nativist surge" in Western Europe, has created a position "to coordinate efforts to reach out to European Muslims and help them better integrate into society," a senior official announced yesterday. Daniel Fried, assistant secretary of state for European and Eurasian affairs, "said US embassies and consulates in Britain, France, Germany, the Netherlands and other countries will decide what exactly they can do," instead of "Washington bureaucrats dreaming this up." In an interview with the Times, Fried said the growing Muslim presence in Europe is "a fascinating issue and one that the American government is just now trying to get its mind around." Calling it "a huge problem," he said the State Department is "thinking about it seriously, and we've tried to do some intellectual framing-up." Farah Pandith, previously with the National Security Council (NSC), "moved to the State Department last week to head the new effort."

Russia, Qatar To Explore Creation Of Gas Cartel. The Financial Times (2/13, Buckley, England) reports, "Leaders of Russia and Qatar, two of the world's largest natural gas producers, said last night they would explore the creation of an Opec-style natural gas cartel. Vladimir Putin, Russian president, and Sheikh Hamad bin Khalifa Al Thani, Emir of Qatar, said experts from both countries would discuss the idea at a natural gas conference in Doha, the Qatari capital, in April." The "message from gas-producing countries remains mixed, with Mr Putin's remarks yesterday apparently at odds with his energy minister, Viktor Khristenko. Mr Khristenko last week described as a 'fantasy' the idea that Russia might form a gas exporters' body."

The New York Times (2/13, Fattah, 1.16M) says Putin and Sheik Hamad "pledged to expand cooperation to better manage the worldwide supply of natural gas, but remained tentative about the possibility of forming a natural gas cartel. 'We do not reject the idea of creating a gas cartel,' Mr. Putin told reporters late Monday. 'But this initiative requires more study.'" The Times adds, "European leaders have expressed concern over even the mention of a natural gas cartel, in which Russia would likely hold significant power and could raise prices as it has over the past year for several Eastern European states."

The Wall Street Journal (2/13, A2, Herron, 2.04M) reports, "Qatar's interest in exploring the creation of an OPEC-like cartel for natural gas adds another major producer to a group that includes Russia and Iran. Even so, industry experts say the nascent effort faces significant obstacles, ranging from a fragmented market to a history of noncooperation among the world's biggest holders of reserves." Forming "such a group could be difficult." Gas "markets are fragmented, in part because transporting gas overseas can be difficult, complicating efforts to form a single global market, like oil, in which a group of producers could hold sway." And "gas tends to be sold through long-term contracts. That means a cartel would have little influence on such arrangements, Sheik Hamad said in a press conference in his presidential palace."

Japan Investigating Possible Extremist Attack On US Base. The AP (2/13, Coleman) reports Japanese police "were investigating a suspected extremist attack on the U.S. Army after two small explosions occurred outside a military base south of Tokyo, police said Tuesday." There were "no reports of injury or damage at Camp Zama or from nearby residents, Kanagawa prefectural police spokesman Hiroyoshi Ichikawa said." Investigators found "a pair of metal tubes planted in the ground at a nearby park. They were believed to be used as rocket launchers and pointed toward the base, Ichikawa said." Ichikawa added investigators "suspect an attack by leftist extremists, but cannot rule out a possibility of a terrorist attack."

US Interest In Democratic Reform Seen As "Afterthought." In a Washington Post op-ed column (2/13, A21), Anne Applebaum says, "One French analyst, Beatrice Hibou, has described how the myth of 'reform' has been used in Tunisia to disguise from the world the deepening corruption, nepotism and stagnation of a one-party state, dominated by what is, in effect, a president-for-life. While French politicians speak of the Tunisian 'economic miracle,' party cadres connive to keep the best jobs." So "why didn't the West interest itself in Tunisian democracy 15 years ago, back before 'democracy' became a negative term, back before the not-quite-free economy went sour, back before radical Islam became chic among the blue-jeaned teenagers? The answers, as" Mokhtar Trifi, president of the Tunisian League for the Defense of Human Rights "knows well, are clear: Because democracy promotion was an afterthought, never an important American goal in the Middle

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East. Because France, which has far more influence in Tunisia than we do, has never been remotely interested. And because no one in the West has ever been very good at thinking through what the longer-term results of the authoritarian status quo might really be."

Debt Relief Seen As Critical For Liberia's Future. In a Wall Street Journal op-ed (2/13, A25), President Ellen Johnson Sirleaf of Liberia and Paul Wolfowitz, president of the World Bank, say that despite political and economic progress, Liberia "is a place of staggering hardship. Much of the population remains jobless, including many young excombatants outside the rehabilitation process that was designed to give them training and jobs. Three-quarters of the population continue to live on less than $1 per day and nearly half of Liberia's children are out of school." The "next 18 months will be critical in determining whether the aspirations of millions of Liberians can be translated into tangible progress, and this is an opportunity that we all must recognize and seize." Debt relief "is at the heart of future development assistance for Liberia. Debt relief is urgently needed to cut the staggering $3.7 billion in borrowings that has accumulated largely from the time of the 1980 military coup until the end of armed conflict."

US Influence In Asia Said To Remain Strong. In a Washington Post op-ed (2/13, A21), former National Security Council official Michael J. Green, now with the Center for Strategic and International Studies and Georgetown University, says, "Last month the leaders of 16 Asian nations met in the Philippines for the second East Asian Summit and agreed to work for better energy security and reduced poverty." The 10-member Association of Southeast Asian Nations (ASEAN) "signed an agreement with China on trade and services and pledged to work toward a broader free-trade agreement. President Gloria Macapagal Arroyo of the Philippines, a traditional U.S. ally, declared that 'we are happy to have China as our big brother in this region.' No Americans were invited to the summit." But as "with all things Asian, the appearance of harmony in the meetings in Cebu does not entirely match reality. Almost all the major leaders at the summit still trust Washington more than their neighbors, China in particular. And while China may be key to the region's economic dynamism, the political model the leaders are increasingly embracing for long-term success is the one championed by the United States."

WPost Criticizes Putin's Efforts To Revive "Balance" With US. The Washington Post (2/13, A20, 690K) reports says in an editorial that Russian President Vladimir Putin's "address to an international security conference in Munich on Saturday" demonstrated "astonishing nerve." Putin claimed the United States had 'overstepped its national borders in every way . . . in the economic, political and cultural policies it imposes on other nations.' This from a leader who has imposed an economic boycott on Georgia and Moldova and who interrupted energy supplies during winter to Ukraine and Belarus; who supports separatist regions in Georgia and Moldova with money and troops; and who overtly intervened in the 2004 Ukrainian presidential election in an attempt to impose a favored candidate through fraud." But the Russian president "also had a larger purpose: to proclaim the return of his country as a power that would 'balance' the United States."

NATO Enlargement Said To Fuel Russian Assertiveness. The Los Angeles Times (2/13, 850K) says in an editorial that Putin "tough talk undoubtedly played well, not only among those in the West and elsewhere who oppose the Iraq war, but among his domestic constituents who have deep-seated reasons for rejecting Gates' assertion that the U.S. is a 'force of good around the world.' These reasons have less to do with Iraq than with U.S. moves in the last decade to expand NATO to the east, in violation of what Russians felt was an implicit, if not explicit, deal: That in the twilight of the Soviet era, Moscow would allow for German reunification and pull its forces out of Eastern Europe as long as Washington didn't stab the Kremlin in the back by enlarging NATO to Russia's borders. That is precisely what followed." NATO enlargement "a decade ago was largely shrugged off in this country (though it was rightly opposed by this page), but Americans need to start realizing the extent to which this historical blunder drives how Russians interpret U.S. actions around the world."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"It's Their Default Position."
"California's Future May Be Paved With Fees."
"North Korea Says Yes, For Now, To A Freeze."
"The Day Civil War Erupted In Iraq."
"Beltway Support Could Boost Romney."
"Naps May Help Your Heart (If Not Your Job)."

USA Today:
"Deadly Abuse Of Methadone Tops Other Prescription Drugs."
"Will Mormon Faith Hurt Bid For White House?"
"63% Want All Troops Home By End of '08."

New York Times:
"In Shift, Accord On North Korea Seems To Be Set."
"One Year Later, Golden Mosque Is Still In Ruins."
"Weeks After A Death, Twists In Some 9/11 Details."

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"States and U.S. At Odds On Aid For Uninsured."
"Skeptics Doubt U.S. Evidence On Iran Action In Iraq

Washington Post:
"Awash in More Than History."
"Tentative Nuclear Deal Struck With North Korea."
"Bombs Kill 70 In Iraqi Capital."
"Al-Qaeda's Hand In Istanbul Plot."
"McCain, Romney Vying for Support Of Conservatives."
"Power Line to Track Existing N.Va. Route."

Washington Times:
"Tentative N. Korea Deal Struck."
"House Inistiatives Anti-War Motion."
"Europe's Muslims Find Ally In US."
"Democrats Sound Off On Bush Nominees."
"Justice Defends Death Penalty."
"Ghana Cocoa Co-op Socks Sweet Success In US."

Detroit Free Press:
"Toyota Fears US Backlash Over Gains."
"He Gave His Life Serving Detroit."
"Couples Pay, But Don't Get Her Baby."
"Scion Finds A Way Top tap Oh So-Cool Counterculture."

Atlanta Journal-Constitution:
"House Ok's Guns In Cars."
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"Tough Spot For Ga. Democrats."
"Dogged Effort Leads To Westminister."

Houston Chronicle:
"Texas Prison Gang Put On Notice."
"A Time To Hal Descends Into A Time Of Hell."
"N. Korea Accord Offers Aid For Nukes."
"White Ready To Unwrap City WiFi Plan."

Story Lineup From Last Night's Network News:
ABC: North Korea-Nuclear Program; Campaign '08; Campaign '08-Analysis; US Surge-Iraq; Ahmadinejad Interview; FBI Computers & Guns-Missing; Winter Snow; Auto Show-Chicago; A Soldiers Story.
CBS: Iraq-Sectarian Violence; Iraq-US Pessimism; Iraq-Iran Allegations; House-Iraq Resolution; North Korea Nukes; Winter Weather; Harvard-Woman President; Women Networking; Unabomber Warning; Libby Trial; Obama, Clinton-Iraq; Napping.
NBC: Iraq Sectarian Violence; Iran Aides Iraq Insurgents; Securing Baghdad; Iraq Resolution; North Korea-Nuclear Program; Libby Trial; President Bush Interview; Caring For-Elderly; Winter Snow; Stock Market; Dixie Chicks'-Grammys; Sky Diver Incident.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Salt Lake City-Gunmen Opens Fire In Mall; PA-Workplace Shooting; House-Iraq Resolution; Senate-Warner Proposes Tacking Iraq Resolution On Budget Bill; Lebanon-Bus Bombings; US-Snow Forecasts; North Korean Nuclear Talks-Tentative Agreement; Coalition Against Smoking In Movies; Bangkok-Underage Kissing Crackdown.
CBS: Salt Lake City-Gunmen Opens Fire In Mall; PA-Workplace Shooting; North Korean Nuclear Talks-Tentative Agreement; Iraq-Suicide Bombing; House-Iraq Resolution; Romney Expected To Announce Candidacy For President; Libby Trial; Milwaukee-Harley-Davidson Layoff.
NPR: North Korean Nuclear Talks-Tentative Agreement; Salt Lake City-Gunmen Opens Fire In Mall; PA-Workplace Shooting; Japanese Government-International Whaling Meeting; Iraq-Suicide Bombing; Lebanon-Explosions; Japanese Police Investigating Small Explosion Near American Base South Of Tokyo; Germany To Release Former Red Army Faction Leader; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Lithuania, Oval Office; remarks at the celebration of African American History Month, East Room.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 1 p.m. Meets for morning business, followed by resumption of debate on the continuing resolution.

2:30 p.m. ENERGY AND NATURAL RESOURCES _ Energy Subcommittee. Hearing on recommendations on policies and programs to improve the energy efficiency of buildings, and to expand the role of electric and gas utilities in energy efficiency programs. Kateri Callahan, president, Alliance to Save Energy; Kim Christianson, Energy Program Director, North Dakota Department of Commerce; Jack Hebert, president/CEO, Cold Climate Housing Research Center; James E. Rogers, Chairman, Edison Electric Institute and chairman/president/CEO of Duke Energy; R.K. Stewart, president, American Institute of Architects; and Charles Zimmerman, vice president, Wal-Mart. Location: Room 366, Dirksen.

US House: FLOOR SCHEDULE _ 12:30 p.m. Meets for morning business. At 2 p.m., meets for legislative business.

Other: PRESIDENT VALDAS ADAMKUS OF LITHUANIA _ Highlights: 10:15 a.m. Meets with President Bush. Oval Office.

SECRETARIES OF STATE _ Winter conference of the National Association of Secretaries of State. Highlights: 8:30 a.m. - 4 p.m. Joint session with the National Association of State Election Directors. 12 p.m. Attorney General Gonzales.

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Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

EDUCATION _ The American Council on Education holds its 89th annual meeting. Highlights: 9 a.m. journalist Ron Suskind 12:15 p.m. Luncheon speaker - Advertising Council CEO Peggy Condon. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

GOVERNMENT ACCOUNTANTS _ The Association of Government Accountants holds its 5th Annual National Leadership Conference. Particiapnts include: Juan C. Zarate, Deputy to the President and Deputy National Security Advisor for Combating Terrorism, National Security Council; and Mark W. Everson, Commissioner, Internal Revenue Service. Location: Reagan Building, 1300 Pennsylvania Ave. NW.

PUBLIC TELEVISON _ The Association of Public Television Stations holds its annual meeting. Highlights: 12 p.m. Awards luncheon honoring Sen. Daniel Inouye. 4 p.m. APTS/PBS Joint Session, with award to John Marshall, III, former President, Kresge Foundation. Speakers PBS CEO Paula Kerger and APTS President John Lawson. Location: Ritz-Carlton Hotel, 1150 22nd St. NW.

TERRORISM _ 9 a.m. - 4 p.m. The US Army War College and Womern in International Security host a forum, ``The Roots of Terror: Understanding the Evolving Threat of Global Terrorism." Participants: Sara Daly, RAND; Ronnie Edelman, US Department of Justice; C. Christine Fair, US Institute of Peace; Michele Flournoy, Center for Strategic and International Studies; Michael German, American Civil Liberties Union; Lori Helene Gronich, Georgetown University; Matthew Levitt, Washington Institute for Near East Policy; Dalia Mogahed, The Gallup Organization; and David Shinn, George Washington University; Cynthia Storer, University of Maryland. Location: Wyndham Washington Hotel, 1400 M St. NW.

BORDER CROSSINGS _ 10 a.m. Mobilisas Defense ID holds a pen and pad only briefing on the technology and status of the pilot project on the Washington State/British Columbia border crossing to make the borders more secure. Location: National Press Club.

PALESTINIAN UNITY TALKS _ 10 a.m. The Middle East Institute holds a briefing on Palestinian Unity Talks, with Diana Buttu, former legal adviser to PLO leaders Yasser Arafat and Mahmoud Abbas, and Rob Malley of the International Crisis Group. Location: MEI, 1761 N St. NW.

VOA-SOMALI _ 10:30 a.m. The Voice of America launches its new Somali-language broadcast service. Location: Briefing Room, VOA, 330 Independence Ave. SW.

EDWARD BROOKE _ 11 a.m. - 12:15 p.m. Former Massachusetts Senator Edward Brooke, the first African American popularly elected to the U.S. Senate, will be the keynote speaker for the annual Patricia Roberts Harris Lecture. Brooke, a Howard University alumnus, also hosts a book signing of recently published autobiography, ``Bridging the Divide: My Life." Location: Howard University Main Campus, Ira Aldridge Theater, 2455 6th St. NW.

AFL-CIO-KOREA _ 12 p.m. The AFL-CIO holds a rally with members of the Korean trade union movement in front of the hotel, where the final round of negotiations of the proposed US-Korea Free Trade Agreement will be held. Location: Outside Washington Court Hotel, 525 New Jersey Ave. NW. (Monday only), Tuesday location - TBA.

RIGA SUMMIT FOLLOWUP _ 12 p.m. Former Spanish President Jose Maria Aznar and former Polish President Aleksander Kwasniewski discuss NATO and the war on terrorism following the Riga Summit, sponsored by Georgetown University. Location: Bunn Center auditorium, on campus.

LOW-INCOME ENERGY _ 1 p.m. State Energy Officials hold a news briefing to release an analysis of the effect of rising home energy prices on low income families and call on the Congress to reject the Presidents Budget for the Low Income Home Energy Assistance Program (LIHEAP). The Presidents Budget for FY'08 of $1.78 billion would cut LIHEAP by $1.38 billion (44%) from the comparable FY 06 appropriation level of $3.2 billion (regular plus supplemental appropriations). Location: National Press Club, Zenger Room.

ECONOMIC REPORT _ 1:30 p.m. The Council of Economic Advisers releasaes the 2007 Economic Report of the President. Location: Indian Treaty Room, Eisenhower EOB.

NATION BUILDING _ 3 p.m. Rand Corp. holds a briefing on a new report, giving a comprehensive step by step guide for nation building. Location: Room 2247, Rayburn.

CELLULOSIC ETHANOL _ 3:30 p.m. The Environmental and Energy Study Institute holds a briefing for House members on ``Cellulosic Ethanol: Not Just a Liquid Fuel." Location: Room 485, Russell.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

No Proof Of C.I.A. Illegality, Portuguese Premier Says (NYT)

By Elaine Sciolino

The New York Times, February 13, 2007

LISBON, Feb. 12 — Prime Minister José Sócrates said Monday that his government had no concrete evidence to support allegations that the United States had conducted illegal counterterrorism activities on an American air base on Portuguese soil.

In an interview, Mr. Sócrates confirmed that his government had opened an investigation into whether C.I.A.-operated planes, some of them possibly carrying terrorism suspects, made stopovers at the American Air Force base in the Azores Islands in the Atlantic Ocean, which are governed by Portugal.

But he stressed that relations between the United States and Portugal were not at all strained as a result of the allegations.

"We have no indication of any illegal activity practiced by the Americans," he said. "It would not be proper that an ally would conduct illegal activities." He called the United States a "country with respect for the law, a state based on laws" that would be treated as innocent until proven guilty.

The investigation was opened after Ana Gomes, a Portuguese member of the European Parliament, met with Portugal's attorney general, Fernando Pinto Monteiro, in late January to present him with what she called evidence that dozens of C.I.A. planes had landed in Portugal, some flying to or from the American military prison at Guantánamo Bay, Cuba.

Ms. Gomes was quoted by Portuguese news organizations as saying she had collected statements from witnesses who claimed to have seen prisoners chained to one another at the American base at Lajes in the Azores. She also said the local authorities knew that Portugal was being used for flights operated by the Central Intelligence Agency.

The investigation is expected to take three to four months.

The Lusa news agency recently quoted Deputy Attorney General Cândida Almeida as saying the investigation was pursuing "many leads" after Ms. Gomes presented her dossier. "The complaints we have received show areas we might explore," he was quoted as saying.

Yet Foreign Minister Luís Amado has said that the authorities have not found any evidence of C.I.A. wrongdoing and contested a European Parliament committee report that said 91 C.I.A. flights had made stopovers in Portugal.

The European Parliament committee report said that Britain, Poland, Germany, Italy and other European Union nations were aware of C.I.A. flights over Europe and of "extraordinary rendition," a practice in which the United States sends foreign terrorism suspects to third countries for interrogation.

In the interview, Mr. Sócrates, a Socialist whose party has a majority in Parliament, talked at length about Sunday's referendum to liberalize Portugal's restrictive abortion law and called it his duty to promote legislation liberalizing the law.

He said reform was essential to eliminate the shame and injustice of illegal "backstreet abortions" that can lead to the prosecution of women who undergo abortions, the health care providers who perform them and even "accomplices" like husbands or family members.

Nearly 60 percent of voters supported liberalizing the abortion law in a referendum on Sunday, but the result was not considered legally binding because turnout was under 44 percent. The referendum's validity hinged on a 50 percent turnout.

Mr. Sócrates said the margin of support for change mandated his decision. "We now have the legitimacy to change the law," he said, adding, "What would happen if after such a conclusive result we do nothing?"

A former environment minister and divorced father of two, Mr. Sócrates, 49, was baptized Catholic but said he was not observant. "I'm not a Catholic," he said. "I'm a Christian."

Despite the staunch opposition of the Catholic Church to the abortion measure, Mr. Sócrates said the church accepted the inevitability of a more liberal law. "The Catholic Church has 200 years of experience and is able to deal with this kind of thing," he said. "The church can live with it."

He predicted passage of a new law before the current session of Parliament ends in July.

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The law, he said, will allow women to legally have abortions in Portugal during the first 10 weeks of pregnancy. The current law allows abortion until the 12th week in case of "mental and physical risk," the 16th week in case of rape, the 24th week in case of a malformed fetus and at any time if the woman's life is in danger.

The availability of abortion is further complicated by the medical profession's narrow interpretation of the existing law. As for criticism by opponents of abortion rights who contend that the outcome of the referendum does not give him the right to act, he replied, "If they are saying that, it is an expression of them being bad losers."

Asked why the turnout in Sunday's vote was not higher, Mr. Sócrates acknowledged that some voters might have stayed away because the issue was simply too difficult. "This question is very embarrassing for people," he said. "Some people probably cannot solve the moral dilemma."

Freed Cleric Is Planning Lawsuit (WP)

By Nora Boustany

The Washington Post, February 13, 2007

A radical Muslim cleric who Italian prosecutors say was abducted by the CIA in Milan in 2003 and flown secretly to Cairo has been freed from an Egyptian jail and plans to sue the U.S. and Italian governments for damages, the man's attorney said Monday.

Hassan Mustafa Osama Nasr, known as Abu Omar, was ordered released Sunday by an Egyptian security court and is "recovering with his family in Alexandria," the attorney, Montasser al-Zayat, said in a telephone interview from Cairo.

An Italian official said Monday that Nasr, an Egyptian national, would be arrested on terrorism charges if he returned to Italy. When he was abducted, the official said, Italian authorities had been developing a case that he was helping recruit men to go to Iraq to join the insurgents.

Zayat said his client has retained Italian lawyers to take action there. "Abu Omar will be filing a suit against the U.S. and Italian administrations to seek damages for his kidnapping, his moral and financial losses and his excruciating personal and psychological torment," he said.

Zayat said another lawsuit would be filed against former Italian prime minister Silvio Berlusconi, alleging he "personally gave the green light to the operation." Berlusconi has denied having prior knowledge of the abduction plan.

Khaled el-Masri, a German citizen who German prosecutors say was seized by the CIA in Macedonia, flown to Afghanistan and released after five months, filed suit against the agency. The case was dismissed last May on grounds it could harm national security operations. That decision is being appealed.

The disappearances of Nasr and Masri were apparent cases of a CIA tactic known as "extraordinary rendition," in which individuals the agency deems extremely dangerous are captured abroad and sent without judicial review to friendly third countries, often ones with records of human rights abuses and heavy-handed interrogation methods.

Italian prosecutors have charged 25 people they say are CIA operatives and one U.S. Air Force officer in connection with Nasr's abduction. In addition, prosecutors are pursuing charges against six Italian intelligence officials who they say cooperated in the abduction.

CIA spokesman Mark Mansfield on Monday declined to comment on the case, as did Luca Ferrari, spokesman for the Italian Embassy in Washington.

In sermons at his mosque in Milan, Nasr frequently denounced the United States, Zayat said. He was abducted on a street as he walked to his mosque, stuffed into a white van, blindfolded, beaten and taken to Aviano Air Base, a joint U.S.-Italian installation, his attorney said.

Zayat said Nasr was so badly roughed up that while in flight he suffered a serious cardiac episode. "He almost choked, and they ended up making an emergency landing in what I believe was an American military base in Germany," he added. "When the imam recovered, he was flown to Egypt, where he was thrown in jail."

There, according to Zayat, Nasr was systematically beaten, tortured and otherwise physically abused. He attempted suicide three times while in prison, the lawyer said.

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Nasr was initially charged with membership in an illegal organization. After those charges were dropped, he was released briefly in 2004, then detained again under special emergency laws. Zayat said he was only allowed this past year to visit Nasr in prison, where the cleric was held in solitary confinement.

The Italian news agency ANSA quoted Nasr as saying by telephone Monday that "I've been reduced to a wreck of a human being. I cannot speak, I cannot leave the country. I don't want to go to prison again."

Zayat said he spoke with Nasr for several hours by telephone late Sunday and again Monday. "At first, we thought he should go overseas to relax, but now he has made up his mind to stay home with his family. After four hard years of suffering, far away from the press and from the eyes of the world, he now is recovering."

Zayat speculated that the release resulted from the abiding publicity about Nasr's case.

Al-Qaeda's Hand In Istanbul Plot (WP)

By Karl Vick

The Washington Post, February 13, 2007

ISTANBUL -- About a week before Sept. 11, 2001, Osama bin Laden sat down to a breakfast meeting in the southern Afghan city of Kandahar. His Turkish guests had arrived with a plan for a spectacular terrorist strike, but according to accounts two of the visitors later gave investigators, there was no talk of business over the meal.

Instead, bin Laden held forth for an hour about the injustices Muslims were suffering at the hands of Israel and the United States, standard motivational remarks tailored slightly for the occasion: He told the visitors that one of his grandmothers was Turkish.

Afterward, outside the one-story house guarded by high walls and men with Kalashnikov rifles, it was al-Qaeda's military commander who gave the visitors $10,000 in cash and crucial words of guidance.

So began a plot that ended in November 2003 with the staggered detonation of four powerful truck bombs in Istanbul, Turkey's largest city. The attacks, which killed 58 people and wounded 750, may have been the last terrorist strikes specifically authorized by bin Laden. Two months after breakfasting with the Turks, bin Laden was making for his base at Tora Bora as U.S.-led forces attacked across Afghanistan.

In the fevered days after the Istanbul explosions, Turkish investigators swept up suspects by the dozens. In police interrogation rooms, many spoke at length about the conspiracy and the motivations driving it. Transcripts of those interrogations, as entered into evidence in the continuing trial of about 70 defendants in Istanbul, provide a rare, fine-grained look at the inner workings of a terrorist bomb plot. This report is based on those documents and interviews with those who knew the accused plotters.

"The aim of this organization is to take action against American and Israeli targets and to break their dominance over Islamic countries," said one suspect, explaining a conspiracy conceived long before the United States sent troops to Iraq.

"The Islamic umma are being oppressed," said another, using the Arabic word for the global Muslim community.

According to the transcripts, bin Laden's breakfast guests had already organized themselves into a cell before they approached al-Qaeda in Afghanistan. There they specifically declined to pledge allegiance to the organization, but asked for its help and blessing. The only al-Qaeda operative charged in the case is a flamboyant Syrian, Louai Sakka, who delivered to the conspirators $100,000 rolled in a sock.

But the youthful Turks who stealthily carried the plot forward were hardly international men of mystery. Those who agreed to die in the truck bombings first had to be taught how to drive. "We are different from al-Qaeda in terms of structure," said Yusuf Polat, who told police he served as a lookout at the first target, a synagogue. "But our views and our actions are in harmony."A Written Pledge

In 2000, four men gathered on the outdoor terrace of a textile factory in the center of Istanbul. One by one, they vowed to fight what they saw as the international oppression of Islam. Polat, a fair-haired Turk who made a living selling socks and toys at an open-air bazaar, recalled that their written pledge ended with the words "or else there will be punishment."

The setting was fitting. Most of Istanbul's 12 million residents are economic migrants from Turkey's conservative Anatolian heartland. Many find work in textile mills.

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Another common thread, at least for the group's leaders, was travel to Afghanistan for military training in the 1990s. Turkey is officially secular. But in the 1980s and '90s, when Turkey was waging a dirty war against ethnic Kurdish separatists, the government secretly encouraged violent religious organizations that opposed the rebels. Officials looked away when Turks traveled to fight alongside Muslim militants in Chechnya or Bosnia, whose populations retained ties to Turkey dating to the Ottoman Empire.

Habib Aktas, black-haired and sturdy, was said to have fought in Chechnya and Bosnia, in addition to attending Afghan training camps. A native of Mardin, an ancient Turkish city where Arabic is still spoken, he became head of the group formed on the terrace of Haksan Co. He hosted study groups dedicated to memorizing the Koran and indoctrinating new members "in how beautiful Osama bin Laden's path was, making jihad," said one attendee. Aktas showed videos excoriating Israel and the United States and charged attendees $3 to attend jihadist picnics in the hills above the Black Sea.

"You don't have to go abroad to fulfill your duties," he declared at one meeting, a suspect recalled. "You can also make jihad here."

The original plan involved no bombs. Aktas's group would stage a spectacular assault on a gathering of the Turkish Industrialists and Businessmen's Association, a group known as TUSIAD that one suspect noted included "a lot of Jewish bosses."

"The idea," said Baki Yigit, one of the men who met bin Laden, "was to bust into a TUSIAD meeting with 10 or 15 people and ask for ransom for all members, to collect a million dollars, provide a plane and come back to Afghanistan. If anything went wrong, they would kill all the TUSIAD members and martyr themselves."

In Kandahar, al-Qaeda's military chief, Muhammad Atef, who was known to the Turks by his alias, Abu Hafs al-Masri, observed that 15 men would be a lot to lose in one operation. He suggested truck bombs. Aktas deferred to the expert, then hastened back to Turkey after Sept. 11, anticipating the American attack on Afghanistan that would leave Atef dead.

By May 2002, the Istanbul plot was underway. After toying with purchasing a quarry as an excuse for buying explosives, Aktas rented an industrial workshop for $850 a month in a part of Istanbul that lies on the European side of the Bosporus Strait. "Rainbow Detergent" read the sign out front. The windows were painted over.

"They were not friendly at all. They were very closed people, " said Ulku Yerlikaya, who tended a shop across the road. "They came to work at night."

Inside, Aktas set up a boiler, cooking down an acid into which he spooned hydrogen peroxide, following a recipe apparently learned in the Afghan training camps. The mixture was spread on the floor to dry, then packed into 100-pound fertilizer bags. Each was fitted with a fuse fashioned from wires and aluminum pipe by Gurcan Bac, another camp veteran, who spent hours on the Internet gathering information "from chats," one confederate told investigators.

The end product was loaded onto four covered pickup trucks purchased with cash Aktas kept in a safe-deposit box. Each truck, registered to relatives of the conspirators, carried two tons of the explosive concoction.

Cell leaders enforced a strict tradecraft. When plot participants gathered for meetings, usually late at night, they turned off cellphones, removed their batteries and unplugged radios against the possibility these devices might be used for surveillance by Turkish intelligence.

"Don't put your nose in other people's business," Fevzi Yitiz said he was told after asking about the cost of the bombs that he slept beside in the warehouse.

There were other precautions. In March 2003, after the capture in Pakistan of Khalid Sheik Mohammad, who investigators say was an architect of the Sept. 11 plot, cell leaders cut off contact with the one Turk who had remained in Pakistan as a contact point with al-Qaeda.

"Secrecy is important," said defendant Adnan Ersoz. "You wouldn't know who studied in which study group. Suicide bombers were approached privately."The Four Bombers

Yitiz was approached three times -- first in August 2003 by Aktas, a few days later by Bac, then by both "together, insistently."

"But I did not accept," he said.

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Of the four who did, two were from the same town in eastern Turkey. Mesut Cabuk and Gokhan Elaltuntas had traveled together to Pakistan and returned wearing beards and gowns. Before the bombings they told their families they were going to Istanbul to open a computer shop.

In an apartment in Istanbul, a third bomber, Feridun Ugurlu, spent hours underlining passages in what his brother described to police as "radical Islamic books." Since returning from Pakistan in 1996, Ugurlu had been a sullen presence in his parents' home. He spoke little, except to press on his relatives volumes that promoted a purist line of Islam known as Salafism.

"I'm old enough to make the distinction between good and bad," his brother Suleyman recalled Ugurlu telling his father. "Don't put your nose in my life."

The fourth bomber was Ilyas Kuncak, 47, a spice merchant. Bearded and pious, he gave no hint of a secret life. "It's funny, because when he came back from military service, he was a communist," Abdullah Karadag, a family friend, said in an interview. "He had long hair. In these fights, left versus right, he was on the left, fighting against what he became."

In his final days Kuncak ate little, spoke less and laughed not at all, his wife noticed. But "the family is innocent," Karadag said. "The guilt lies only with brother Ilyas, and there's nothing much left of him to blame either."'The Time Has Come'

"Dress like a groom," Aktas said, pressing the Turkish lira equivalent of $100 in the hand of Yusuf Polat. It was a few days before the first attack. Next, Aktas handed over a new Nokia cellphone, model 3315, gunmetal gray. The speed dial was programmed with three names: Mahmut, Ahmet and Rashit -- coded, like the words the sock salesman was to speak into the phone.

"The time has come," Aktas announced.

Polat's job was to stand outside the Beth Israel synagogue in the busy commercial neighborhood known as Sisli. If the road in front of the temple was clear, he was to hit the speed dial and say, "Mahmut Bey, come and take your 1 billion."

If the road was blocked and the truck was to head instead toward the rear entrance, the amount to mention was "2 billion."

"I got it," Polat told Aktas. Aktas gave Polat another $1,500 for getaway money and a new ID.

On Saturday, Nov. 15, Polat watched as Jewish worshipers arrived for the weekly service. At 9 a.m. the road was clear. He dialed. "Come and take your 1 billion." The voice in his ear replied with a Turkish saying that has a religious overtone: "If we don't see each other again, we're all square."

"We're square," Polat replied.

A moment later, another leader called to say there would be no more contact. Following instruction, Polat opened the Nokia and removed an electronic card containing subscriber information. He broke it and threw it away. Eight minutes later he felt the earth shake, then sirens. The phone he also broke in two on his way home, tossing the pieces into the garden of a bread factory.

At his home, he changed clothes and turned on the television. It showed scenes of carnage created by a second explosion, this one at another synagogue, where a bar mitzvah was underway. "And I started to regret, watching the pictures on TV," Polat said.

Ugurlu phoned him and came to see him, edgy. The police had already broken down the door of his father. Ugurlu talked about the men who had driven the trucks. "He said one of these people was going to be married a month later," Polat later told police. "He said, 'He's married to the angels now.' "

The final two bombs were detonated five days later. Just before 11 a.m. on Nov. 20, with the city still on edge, Ugurlu steered a pickup truck packed with explosives into the front gate of the British Consulate, killing 17 people, including the British consul. Kuncak blew up his truck outside the London-based HSBC Bank, killing 11.

By then, Aktas was in Syria with other organizers, one of whom crossed the frontier with a load of underwear meant to make him look like a merchant headed to market. They made their way to Aleppo, where Sakka, the Syrian al-Qaeda man, had a house. Hiding in it, they cheered the televised coverage of the bombings. They laid low for five months, then made their way into Iraq, according to evidence from two suspects interrogated in Iraq's notorious Abu Ghraib prison.

In Iraq, Sakka served as a senior lieutenant to Abu Musab al-Zarqawi, the Jordanian-born leader of the insurgent group al-Qaeda in Iraq. Sakka, his features altered by plastic surgery, was captured in the Turkish resort town of Antalya while allegedly making final preparations for an attack on a cruise ship. He apparently planned to survive by escaping on an underwater scooter.

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The Abu Ghraib prisoners said Aktas later died in Fallujah, scene of repeated fighting between Sunni insurgents and U.S. troops.

Equipped with a Hotmail address for Aktas and $1,200, Yitiz went by bus to Tehran, where he met another fleeing conspirator. For hours, the two wandered in a park talking about the carnage. Within days, each returned to Turkey to surrender. "I had no idea that innocent people were going to be hurt," Yitiz maintained. "I did not even guess that."

Polat was arrested trying to leave Turkey.

The man whose job it was to awaken the four drivers on the day of their deaths, Harun Ilhan, was captured in southwest Turkey. He told police he had traveled overland, staying with friends along the way.

"In these friendly circles, people were talking about the explosions. Nobody knew anything about them other than me," he said. "People were saying that people who did this could not be Muslims. I did not say anything. I remained silent."

Top British Attorney: Close Guantánamo (MH)

By Carol Rosenberg

The Miami Herald, February 13, 2007

Addressing the American Bar Association's annual winter meeting in Miami this morning, Britain's attorney general condemned the new U.S. format for war crimes at Guantánamo Bay, Cuba, as ``too little and too late."

Lord Peter Goldsmith, officially titled her majesty's attorney general, has long been a critic of the U.S. detention center in southeast Cuba.

He reiterated earlier calls for its closure.

But his remarks at the legal establishment's 546-lawyer policy-making body were his first public comments on the new rules for military commissions passed in the last days of the Republican-led Congress.

Under the new legislation, the Bush administration is restarting the first U.S. war crimes tribunals since World War II, which the U.S. Supreme Court declared illegal.

"The changes made are too little and too late. There remain fundamental problems with this system of detention," Goldsmith said.

He noted that the law passed by Congress forbids confessions obtained through torture and the admission of secret evidence the accused can't see. But, he said, it still provides definitional wiggle room for coerced confessions.

Moreover, he said, it is "a law which treats aliens in a different way from American citizens" -- denying them traditional habeas corpus review -- while in U.S. custody on U.S. controlled turf.

He called Guantánamo Bay "a symbol of injustice" and disputed the notion that, since it's designed to carry out U.S. justice, outsiders should remain silent.

"The struggle against global extremism and terrorism" must be won not only through force but also through a battle of ``values and ideas."

"The presence of Guantánamo makes it so much more difficult to do this. For all of us," he said.

And while it might require changes in existing laws for national security reasons, ``this does not give an unlimited license to throw away our values for the sake of expediency."

A Justice Department official disagreed, defending the military trials as similar to Pentagon courts-martial.

"The Military Commissions Act of 2006 establishes a statutory commission system that provides alien unlawful enemy combatants with more process than this country, or any other country, has ever afforded to prisoners of war," said Dean Boyd, spokesman for the National Security Division.

Each is presumed innocent, gets a lawyer, can challenge all evidence and does not have to testify himself, Boyd said.

"Such trials will more than satisfy United States obligations under the Geneva Conventions and international law," he said.

Goldsmith made his remarks on the eve of Sen. Chris Dodd, D-Conn., introducing new legislation that would once again revamp military justice meant for Guantánamo -- and restore the rights of captives there to traditional habeas corpus review in U.S. District Court in Washington.

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Dodd's office said the legislation, to be called the Effective Terrorists Prosecution Act, was drawn up in consultation with human rights groups and experts in military justice.

Earlier, the ABA's House of Delegates unanimously adopted a resolution of support for private practice law firms that provide free-of-charge or pro-bono services to Guantánamo captives.

Charles "Cully" Stimson, who has since resigned his Defense Department post as deputy assistant secretary for detainee affairs, lit a national legal firestorm by urging corporate America to boycott firms whose lawyers represent Guantánamo captives.

He was condemned from coast to coast, with the San Francisco bar asking its state bar to apply disciplinary proceedings against Stimson, up to and perhaps including stripping him of his law license.

"The American Bar Association commends the courageous lawyers who meet their professional responsibility to provide pro bono legal services to disfavored individuals and groups," the resolution said.

It hailed ``selfless dedication to America's commitment to the highest ideals of due process and equal access to justice."

The House of Delegates adopted it on a voice vote after impassioned addresses by three attorneys, among them New York Bar Association President Mark Alcott, who invoked the Pledge of Allegiance.

"It's not justice for some -- not justice for most," Alcott said. ``It's justice for all."

There are about 395 foreign men and teens from dozens of countries held as "enemy combatants" at the U.S. Navy base; none are currently charged with any crimes.

Many have tried through private law firms to sue for their freedom through traditional federal court habeas corpus petitions, a right Congress took away in the Military Commissions Act of 2006, which Goldsmith condemned this morning.

Tony Blair's government has successfully negotiated the release of all the British citizens held earlier at Guantánamo.

Goldsmith said that British legal officials would "provide more detail to the U.S. government" of its concerns about the latest legislation.

He also took a swipe at Stimson's remarks.

"I assure you that remarks of that sort," he told the House of Delegates, ``are viewed from across the Atlantic as unjust, unacceptable and un-American."

The lawyers cheered and applauded.

British Attorney General Calls Revised Rules For Guantanamo Prison Detainees Inadequate (AP)

By Mark Sherman

AP, February 13, 2007

MIAMI -- Revised rules for the treatment and military trials of detainees at the Guantanamo Bay prison camp are "too little and too late," Britain's attorney general said Monday, repeating his call to close the facility.

Attorney General Lord Goldsmith said Guantanamo remains a symbol of injustice because prisoners held in the facility in Cuba cannot use American courts to protest their detention and may be convicted of crimes on the basis of coerced evidence and other means not typically allowed in civilian courts.

"There remain fundamental problems with this system of detention," Goldsmith told the American Bar Association at its meeting in Miami.

He first called for Guantanamo's closure last year, before the Supreme Court struck down the Bush administration's plan to use military commissions to try some detainees and Congress sent President Bush a new law intended to answer the court's objections.

Goldsmith said the fight against terrorists must be won not only through force, but also values and ideas.

"The presence of Guantanamo makes it so much more difficult to do this for all of us," he said.

Lt. Cmdr. J.D. Gordon, a Pentagon spokesman, said the detentions have allowed interrogators to learn information to avert terrorist attacks and kept so-called enemy combatants from returning to the battlefield.

"The detainees at Guantanamo include some of the world's most vicious terrorist operatives, including those who are alleged to have planned the attacks of Sept. 11, the bombing of USS Cole and the U.S. Embassy bombings in Kenya and

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Tanzania," Gordon said. "We have no desire to be the world's jailer and do not hold detainees for any longer than necessary. We have been working to persuade other countries to accept their citizens."

There are almost 400 people suspected of ties to al-Qaida and the Taliban being held at the military's prison in Guantanamo Bay. About 380 others have been released since the facility was opened five years ago.

None has been tried, although Defense Department officials have said they envision trials for 60 to 80 of those held there.

The Pentagon recently prepared new charges against three detainees under new rules to govern trials at the prison. The rules are based on a law passed by Congress last year that permits the administration to go ahead with special military commissions to hear the cases.

The law also grants wide latitude in interrogating and detaining captured enemy combatants. The legislation prohibited some abuses of detainees, including mutilation and rape, but granted the president leeway to decide which interrogation techniques were permissible.

The Pentagon has called the new rules fair. The Democratic-controlled Congress is likely to hold hearings on them and also perhaps introduce legislation to close Guantanamo by the end of 2008.

The ABA and Goldsmith also condemned the now-repudiated remarks made by the Pentagon official in charge of detainee affairs that criticized lawyers who represent terrorism suspects.

Goldsmith called the remarks by Charles "Cully" Stimson "unjust, unacceptable and un-American." The ABA in a policy statement reaffirmed the importance of providing free legal services to people accused of heinous crimes and holding odious beliefs.

Stimson resigned his post a few weeks after he told a radio interviewer that he found it shocking that lawyers at many of the nation's top law firms represent Guantanamo detainees.

The White House, Pentagon and Justice Department distanced themselves from the comments and Stimson apologized.

FBI Dangles $5 Million Rewards In Hunt For Top Terrorists (FOX)

Fox News, February 13, 2007

The FBI is baiting its hooks with up to $5 million in reward money, hoping to land two of the biggest fish in international terrorism.

The jumbo rewards are for tips leading to the arrest of Mohammed Ali Hamadei, wanted for the 1985 hijacking of TWA Flight 847, during which a U.S. Navy diver was executed and his body dumbed on the tarmac; and Ramadan Abdullah Mohammad Shallah, founder of the Palestinia Islamic Jihad (PIJ), a terrorist front with headquarters in Damascus, Syria.

FBI officials said Shallah directly planned and carried out numerous bombings, murders, extortions and racketeering crimes.

Hamadei and Shallah join a list of 21 other top terror suspects, each with a reward on his head of $5 million, except Usama bin Landen, whose bounty is worth $25 million.

(Story continues below)

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Since its inception in 1984, the FBI says its "Rewards for Justice" program has $62 million to more than 40 people for credible information that has brought terrorists to justice or prevented acts of international terrorism. It's a small price to pay to make the world safer.

Hamadei, 42, is believed to be hiding in Lebanon, and is working as a Hezbollah operative. The irony in the FBI's reward for him is that he served a 19-year prison term in Germany for trying to smuggle explosives into the country. He was released in 2005, despite protests by the U.S. government.

Shallah, 49, is "secretary general" of the PIJ, which has the stated goal of the destruction of Israel and creation of an Islamic Palestinian state. Shallah is believed to be living in Damascus.

HOMELAND RESPONSE:

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Congress Seeks 'Bite' For Privacy Watchdog (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, February 13, 2007

Key lawmakers want to replace a White House privacy and civil liberties board created by Congress in 2004 with one that is more independent of the president. The idea is to make the board more like the one envisioned by the bipartisan 9/11 Commission.

As the commission's vice chairman, Lee H. Hamilton, said yesterday: "We felt that you had to have a voice within the executive branch that reached across all of the departments of government with strong powers to protect our civil liberties."

But the five-member Privacy and Civil Liberties Oversight Board is resisting proposals that would dramatically change its composition and powers. The battle is another sign of the changed political landscape, with the Democratic-controlled Congress pushing for stronger oversight of the Bush administration's counterterrorism programs.

"In 2004, the Senate endorsed the idea of a strong privacy and civil liberties watchdog to keep vigil as the government launched a full-bore effort to make the nation safe from terrorists," said Sen. Joseph I. Lieberman (I-Conn.), the chairman of the Homeland Security and Governmental Affairs Committee who caucuses with the Democrats. "Congress passed a weak proposal. Now we are back to make sure the watchdog has both a bark and a bite."

House Democrats see the board, which took office only last March after a series of delays, as too beholden to President Bush, who selects the members.

Despite its position, the board has had to wait months before receiving briefings on sensitive administration programs, and then only with permission from the White House counsel's office.

"Since its inception, the administration has failed to properly fund the board, and quite frankly, there have been no visible results of its existence," said Rep. Bennie Thompson (D-Miss.), chairman of the House Homeland Security Committee.

Separate House and Senate measures would require that the entire board be confirmed by the Senate -- now it is only the chairman and vice chairman -- and that no more than three members be from one party.

The House provision would remove the board from the Executive Office of the President but keep it within the executive branch and give it subpoena power, as recommended by the 9/11 Commission. The Senate version would keep the board within the executive office and allow it to ask the attorney general to issue subpoenas. Congress would have to be notified if a subpoena request were denied or modified.

Two board members, however, including the lone Democrat, said the board would lose its effectiveness if it were outside the executive office and had "adversarial powers" such as subpoenas.

Vice Chairman Alan Charles Raul said he wanted an environment in which agencies initiated contacts with the board to review programs with civil liberties implications -- before there is a controversy.

"It's almost unreasonable to think that an agency is going to reach out at a very early stage to a body that by design, by mind-set and by reporting channels, is outside the president's supervision, even if they're technically within the executive branch," Raul said yesterday.

Lanny J. Davis, who served as special counsel to President Bill Clinton, agreed. At the same time, he said, "The board needs a clearer mandate to be able to speak independently and to have full and complete access to all programs affecting privacy and civil liberties, both evolving as well as those in place."

The board has asked Bush to issue a directive to all executive agencies that will spell out its mandate to ensure that it is involved in the development of programs that affect privacy and civil liberties.

White House spokeswoman Dana Perino yesterday declined to comment specifically on that request, saying that there have been "internal discussions about any possible refinements that could be made" to make the board more effective.

The board has held only one public forum, in December at Georgetown University, where the public was given an opportunity to express its concerns. The board's first report to Congress is to be presented in March.

In November, board members said they had been briefed by the National Security Agency on its warrantless wiretapping program and that they were impressed by the protections, but failed to provide specifics.

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The board paid a return visit to the NSA two weeks ago and observed the surveillance program, which monitors people, including some in the United States, who have links to al-Qaeda. This is done under the supervision of a secret court that administers the Foreign Intelligence Surveillance Act (FISA).

Raul and Davis said they were "more reassured" after the second briefing that the program had taken into account civil liberties and privacy protections. They said the agency had "multiple layers" of review, including audit trails to track whoever has access to the data. If information appears that is not related to counterterrorism, it is not shared with other agencies, Raul said.

On that visit, Raul also reviewed the secret court orders governing the spying program that were issued Jan. 10 and supporting material submitted by the Justice Department. "The surveillance under the program is very highly regimented and justified both internally within the agency and now externally to the FISA court," he said.

He declined to provide more detail on the orders. That hurts the board's credibility, said Marc Rotenberg, executive director of the Electronic Privacy Information Center, an advocacy group. "They have to do something more than say 'trust us,' " he said. "This goes to the objection that many people have had about an oversight board based in the executive branch."

Thomas H. Kean, chairman of the 9/11 Commission, said he supported the legislation to make the board more independent, which includes reporting twice a year to Congress. "The civil liberties board has got to alert us on the questions involving our civil liberties," he said. "What hasn't been done yet is to make sure that it's in the executive branch as a totally independent agency.

70-year-old Sentenced 5 Years For Attempt To Sell Terrorist Bomb (AP)

AP, February 13, 2007

HOUSTON (AP) — A 70-year-old Pennsylvania man accused of offering to build and sell a bomb to an Al-Qaeda operative has been sentenced to five years in federal prison without parole.

Ronald Allen Grecula, of Bangor, Pa., was sentenced Friday by U.S. District Judge Keith Ellison. Grecula pled guilty in September of trying to provide support to a terrorist organization.

After he gets out of federal prison, Grecula must serve three years of supervised release.

According to federal prosecutors, Grecula negotiated the sale of an explosive device with a confidential source and undercover officers, whom he thought were Al-Qaeda members. Prosecutors said Grecula was angry with the government over losing custody of his children in 2002.

Grecula has been in federal custody without bond since his arrest in May 2005.

Man Gets Five Years For Bomb-selling Plan (ETPA)

By From Staff And Wire Reports

Easton Express-Times (NJ/PA), February 13, 2007

HOUSTON | A 70-year-old Upper Mount Bethel Township man accused of offering to build and sell a bomb to an al-Qaida operative has been sentenced to five years in federal prison without parole.

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Grecula has been in federal custody without bond since his arrest in May 2005.

Defense attorney Edward Mallet said the incident stemmed from Grecula speaking to a Guyanese man about framing his wife for drug possession. "That led to the talk of selling cold fusion technology," he said.

On May 20, 2005, Grecula arrived in Houston from Pennsylvania. He met with undercover agents at an AmeriSuites Hotel.

Prosecutors said they have a one-hour-long videotape of the meeting.

"Grecula stated his willingness to build and sell an explosive device to be used against Americans to a group he believed was affiliated with al-Qaida," U.S. Attorney's Office spokesman John Yembrick said.

Explosives experts called the bomb plans he outlined to the undercover agents unworkable, but Assistant U.S. Attorney Jeff Vaden said government experts determined that Grecula was capable of building a bomb.

Grecula's sanity became an issue early in the case because of his exaggerated claims. Undercover agents said he compared himself with Spartacus, a gladiator who led a slave revolt against Rome, and he also claimed that the government had tortured him and taken everything from him.

Grecula fired his first two attorneys, despite assurances from Ellison that he was receiving good representation. He acknowledged to the judge that he is "such an extremely unusual person."

Tabloid's Contaminated Ex-offices Reopen (MH)

By Tania Valdemoro

The Miami Herald, February 13, 2007

Nearly six years after an anthrax-laced letter contaminated the former headquarters of tabloid publisher American Media Inc. and killed Bob Stevens, a photo editor at the Sun, Palm Beach County health officials Monday reopened the site to the public.

"Scientific evidence shows all criteria for removing the quarantine and reopening the building have been met," said Dr. Jean Malecki, head of the Palm Beach County Health Department.

"I'm glad to see this come to a close," she said.

Stevens died Oct. 5, 2001, after inhaling the deadly bacterium. Malecki closed the building three days later. Ernesto Blanco, a mailroom worker from North Miami, also inhaled anthrax and became ill, but survived. The spread of anthrax displaced hundreds of employees and forced them to take antibiotics for months. Mike Kahane, an AMI spokesman, did not return calls for comment.

The bioterrorist attack, which came just weeks after Sept. 11, unnerved many here because terrorism had suddenly hit close to home. Ultimately, a handful of anthrax letters killed five people and sickened 19 others. No one knows who sent those letters or why. No one has been arrested despite an expensive ongoing FBI investigation.

Maureen Stevens, who sued the federal government over her husband's death, said Monday she was not surprised the building reopened but "had no real interest" in the matter.

The reopening of the three-story building marks the end of a long struggle to decontaminate it. While several contaminated federal buildings in Washington, D.C., and postal facilities in New Jersey and Washington, D.C., reopened, the former AMI building remained abandoned and unsafe, even as the company sold the $3.8 million property to real estate investor David Rustine for $40,000 in 2003.

Since then, the cleanup was slowed by a business dispute with BioONE, a fumigation company linked to former New York City Mayor Rudy Guiliani; by lawsuits by freelance photographers who wanted their celebrity photos back; and by red tape.

Glen Calder, a spokesman for Rustine, said his client ``would not be making any statements at this time."

Davis Seeks 'Straight Answers' On Sealing Of Border Tunnels (WT)

By Jerry Seper

The Washington Times, February 13, 2007

A senior House Republican yesterday asked Homeland Security for "some straight answers" on whether it had closed down seven tunnels used by smugglers to bring illegal aliens and drugs into the U.S. from Mexico.

Rep. Thomas M. Davis III of Virginia, ranking Republican on the House Committee on Oversight and Government Reform, said U.S. Customs and Border Protection (CBP) officials have told conflicting stories on whether the tunnels had been filled to prevent the smuggling of aliens and drugs.

In a letter to Homeland Security Secretary Michael Chertoff, the seven-term congressman noted a Jan. 30 story in the Los Angeles Times saying seven tunnels needed to be filled, that two had been "capped," meaning their entrance was blocked off, and CBP was looking to find $2.7 million to complete the task.

Then, on Feb. 2, Mr. Davis said his House staff was told all seven tunnels had been capped, had round-the-clock surveillance and the $2.7 million had been secured. He said he then learned Senate staffers had been told the $2.7 million was

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still needed. Later, he said, he discovered there was no date certain for the tunnels to be filled because the U.S. Border Patrol had to negotiate with property owners.

Saying he was "unable to obtain consistent information regarding the tunnels," he asked Mr. Chertoff to make his staff available for a briefing by Feb. 26.

"In an age in which illegal immigration is at the forefront of debate in our country -- in which we have concerns not just over drug and human smuggling, but the ability of terrorists to infiltrate our borders -- why is CBP all over the map on this issue?" Mr. Davis asked in the letter.

CBP spokesman Michael Friel confirmed yesterday that two of the seven tunnels were capped after a survey by the U.S. Army Corps of Engineers, but none has been filled. He said the cost estimate to fill the seven was $2.7 million and the agency is attempting to find the money within its current budget.

Mr. Friel said there was no timetable for the work to be completed, but noted that the agency also had to deal with environmental, operational and land-use concerns, as well as ongoing investigative issues involving the tunnels and their use before any work could be started.

U.S. law-enforcement authorities believe the seven tunnels, along with others, represent a national security risk, open to continued use by smugglers seeking to bring illegal aliens and drugs into the United States. They said the tunnels also could be used by terrorists.

At least 47 tunnels are included in CBP's current "inventory," Mr. Friel said, the vast majority in California and Arizona. The smaller ones are easily destroyed, but the larger, more elaborate tunnels -- many with concrete floors, reinforced walls and electrical lighting -- require substantial manpower and cash.

Some smugglers have used the concrete from capped tunnels to reinforce those tunnels and others, authorities said.

In January 2006, federal agents found a 2,400-foot tunnel filled with marijuana that connected warehouses in Tijuana, Mexico, to San Diego, the largest tunnel discovered to date. Equipped with a pulley and ventilation system, the tunnel was 6 feet wide and 8 to 12 feet high, with cement floor and lights on its walls.

Senators Would Elevate Top Manager At Homeland Security (WP)

By Stephen Barr

The Washington Post, February 12, 2007

Many members of Congress are frustrated by the Department of Homeland Security's performance as it nears the fourth anniversary of its launch. The department's woes include contracting and budget problems, a sluggish response to Hurricane Katrina, turnover in senior ranks and a workforce that gives low scores to its senior leadership in attitude surveys.

In a bid to improve all that, key senators would elevate the department's top management job and enhance its stability.

The department operates with an undersecretary for management, but a bill introduced yesterday would replace the job with a higher rank, deputy secretary for management, who would be designated the No. 3 official at Homeland Security.

The person holding the job would serve for at least five years, according to a draft of the bill. That would about double the time that the average political appointee stays in office. The fixed term would allow an appointee to outlast a secretary or a change in administrations.

Sen. George V. Voinovich (R-Ohio), the bill's chief sponsor, said he thinks the existing undersecretary position "lacks sufficient authority to direct the type of sustained leadership and overarching management integration and transformation strategy that is needed department-wide."

The undersecretary for management is Paul A. Schneider, who was confirmed by the Senate in December. He is the department's second management chief, succeeding Janet Hale, who resigned in May. A Homeland Security spokesman said the department does not comment on pending legislation.

Voinovich introduced a similar bill in September 2005, but it never got traction. This version has more co-sponsors, including Sen. Daniel K. Akaka (D-Hawaii). Akaka chairs the Senate's federal workforce subcommittee, and Voinovich is the panel's ranking member. Sens. Carl M. Levin (D-Mich.) and Claire McCaskill (D-Mo.) also have joined as co-sponsors, Voinovich said in a statement.

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The proposal appears to follow recommendations offered for the past two years by David M. Walker, head of the Government Accountability Office, Congress's watchdog agency. He has championed the idea of a full-time "chief management official" for large departments that are vulnerable to waste, fraud and mismanagement.

But the Bush administration has seemed cool to the idea of setting up management czars. For example, Pentagon officials have said creating a chief management official for the Defense Department would create more bureaucracy and slow down the flow of information to the defense secretary. Other officials have warned that creating a management post would likely raise the ire of deputy secretaries, who see themselves as the chief operating officers in Cabinet departments.

Voinovich said his plan would ensure that the deputy secretary at Homeland Security, the No. 2 official, would continue to be the secretary's "first assistant on all policy matters," while the newly created deputy secretary for management would be the secretary's chief adviser on "the development of sustained, long-term management strategies."

Under Voinovich's bill, the deputy secretary for management would be required to have "extensive executive level leadership and management experience in the public or private sector" and "a demonstrated ability to manage large and complex organizations."

The merger of 22 agencies that created the department was one of the largest reorganizations ever attempted by the government and involved about 180,000 employees. The Bush administration and Congress hoped the merger would strengthen border security and foster rapid response to terrorist threats after the Sept. 11, 2001, terrorist attacks.

But the department has not jelled as expected. Voinovich pointed out that the GAO has placed the department on its "high risk" list because an "array of management and programmatic challenges" limit homeland security strategies and operations.

Voinovich also noted that the department's inspector general and the Homeland Security Advisory Council, an outside group set up to help department officials, have expressed concerns about the department's management and organizational problems.

The Ohio senator, who has served as a mayor and governor in his home state, said he understands that Homeland Security "is also busy putting out fires." He added, "But the connection between good management practices and operational success should not be lost."

Weeks After A Death, Twists In Some 9/11 Details (NYT)

By Sewell Chan And Al Baker

The New York Times, February 13, 2007

For days, a New York City police officer, Cesar A. Borja, who died of lung disease last month, was held up as a symbol of the medical crisis affecting the thousands of emergency personnel and construction workers who labored on the smoking remains of the fallen World Trade Center after the 9/11 attack.

The Daily News published an article describing how Officer Borja had rushed to the trade center site after the twin towers fell, breathing in clouds of toxic dust that seared his lungs, and how he had chosen not to wear protective gear because the federal government had declared the air safe.

Senator Hillary Rodham Clinton wrote to President Bush seeking more federal money to care for the workers and citing Officer Borja's months of "16-hour shifts" at the disaster site. The priest at his funeral in Queens pointed out that Officer Borja had worked as a volunteer in the recovery and cleanup efforts.

It was a powerful story, one that brought the officer's eloquent son to the State of the Union address in Washington on Jan. 23, the day of his father's death. The son later met with President Bush, and afterward Mr. Bush, in discussing more aid for rescue workers, said he was eager to see money directed to "first responders," those first on the scene in the days and weeks after the attacks. "If they were on that pile and if they were first responders, they need to get help," he said.

It turns out, though, that very few of the most dramatic aspects of Officer Borja's powerful story appear to be fully accurate. Government records and detailed interviews with Officer Borja's family indicate that he did not rush to the disaster site, and that he did not work a formal shift there until late December 2001, after substantial parts of the site had been cleared and the fire in the remaining pile had been declared out.

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Officer Borja worked traffic and security posts on the streets around the site, according to his own memo book, and there is no record of his working 16 hours in a shift. He worked a total of 17 days, according to his records, and did not work as a volunteer there. He signed up for the traffic duty, his wife said, at least in part as a way to increase his overtime earnings as he prepared to retire.

"It's not true," Eva R. Borja, the officer's wife, said of the Daily News account of his rushing there shortly after the collapse of the trade center. In two extensive interviews, Mrs. Borja displayed her husband's memo book, where he kept detailed notes about his work across his career. The first entry for working at ground zero is Dec. 24, 2001. Almost all the rest come in February, March and April 2002, five or more months after the attacks.

Mrs. Borja said she still believed her husband was sickened in his work around the site. Shown his father's memo book, Ceasar Borja, who had become something of a spokesman for ailing 9/11 workers, said it was the first time he understood what his father had actually done. "They kept saying my dad's a first responder," he said of the newspaper accounts. "I honestly never knew if he was a first responder." Asked why he had not corrected the seemingly erroneous or unconfirmed public accounts, he said, "The reason I never tried to correct that impression is I never knew the truth of whether my father was there or not. It was always a mystery for me. I never thought of correcting them because I honestly believed it myself."

It is hard to determine precisely how the apparent misinformation about Mr. Borja's work at ground zero came to be reflected in newspapers, as well as in television and radio broadcasts. The family says it was not the source of the claims about working on the smoking pile. A spokeswoman for The Daily News insisted the paper had never explicitly said Officer Borja had rushed there soon after Sept. 11, only that at some point he had rushed there. Despite a number of articles and editorials that referred to him working amid the rubble and within a cloud of glass and concrete, she said the paper never actually reported his arriving there before December.

The spokeswoman, Jennifer Mauer, continued to maintain that Officer Borja had worked "200 hours on the pile."

Other newspaper accounts repeated the account of Officer Borja's work on the rubble without attributing it to anyone.

Mrs. Borja and her son said that The New York Times was the first newspaper to ask them for documents showing Officer Borja's actual duties at ground zero.

Doctors and coroners may yet draw a connection between Officer Borja's death and his more limited duties around ground zero. A city autopsy is under way. Experts say his illness, diagnosed as pulmonary fibrosis, is a rare and little-understood disease, which, depending on a variety of factors — genetics, for instance — can conceivably be caused by modest exposure to certain toxic substances or pollutants.

Then again, doctors may find that Officer Borja, who spent much of his police career at a tow pound in Queens, had other, pre-existing problems. His family says that he smoked a pack of cigarettes a day for years before giving it up around the mid-1990s.

Officer Borja's son said that it was possible his father had gone down to ground zero as a volunteer at some point soon after the disaster, but that his father had never mentioned it, and he had no evidence of it. He said several police officers had approached him at his father's wake and told him they recalled seeing his father on the pile, but he did not know their names.

The Police Department said informal rosters had been kept at ground zero in the first weeks after the attacks including the names of officers who showed up to work. But the department said it could not easily retrieve the records. The department had no other comment about Officer Borja, who did not officially die in the line of duty and retired with a regular service pension.

But when Officer Borja, who was seriously ill by 2005, filed paperwork with the city seeking an enhanced pension, he made no mention of any work before December 2001.

An Emotional Fight

Officer Borja's death came amid an unfolding and emotional fight over the health of ground zero workers and the role of city, state and federal officials in caring for those who might have been sickened by their work in and around the site. A federal lawsuit has been filed on behalf of hundreds of workers, whose lawyers say they are sick and in some cases dying because of their exposure to dangerous pollutants. That suit charges that the city and federal government failed to protect them from exposure. (The Borjas said they had no plans to sue.)

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The city's Law Department, which declined to comment for this article, has said drawing connections between 9/11 work and subsequent health problems has to be judged case by case. Congress set aside $75 million in 2005 for monitoring and treating 9/11 workers, and the White House agreed to add another $25 million last month. In a September study, Mount Sinai Medical Center found that roughly 70 percent of nearly 10,000 workers it tested from 2002 to 2004 reported that they had new or substantially worsened respiratory problems while or after working at ground zero.

It was into that charged environment that Officer Borja's case came to light. Officer Borja, who retired in June 2003, became very sick in 2005, and was admitted to Mount Sinai in December 2006. He was determined to be suffering from pulmonary fibrosis and in need of a lung transplant to save his life, officials have said.

The family, according to Mrs. Borja, reached out to the press. A Manhattan newspaper, The Filipino Reporter, published an article on Jan. 5 saying that Officer Borja had been assigned to security duty immediately after Sept. 11, and that he had done that work for months. It cited 16-hour shifts, and it quoted one family member as saying that Officer Borja had believed the air to be safe.

Officer Borja's son, according to his mother, e-mailed other newspapers, as well. The Daily News responded. Throughout January, The News and other papers published numerous articles on Officer Borja's case. The News, which has mounted a campaign of stinging editorials on behalf of those believed to have been sickened at ground zero, eventually paid for Ceasar Borja, 21, to fly to Washington and back for the State of the Union address.

The son said he had been prepared to drive, but accepted the offer. "The Daily News comped me," Ceasar said. The Daily News spokeswoman said the paper was proud to have paid for the young man's trip.

The initial accounts are full of dramatic details: The Daily News of Jan. 16 said Officer Borja "volunteered to work months of 16-hour shifts in the rubble, breathing in clouds of toxic dust." That same article added: "Borja was working at an NYPD auto pound in Queens when the twin towers fell. He rushed to ground zero and started working long days there."

Some of those claims were repeated in other stories in The Daily News and other papers, in both news articles and editorials. Sometimes the articles said Officer Borja had worked 14-hour shifts. Some identified him as having worked on the pile, and one Daily News editorial said he had "labored in the pulverized concrete, glass and smoke that formed a cloud over the rubble."

The New York Times published one full article on Officer Borja, after he died at 52 on the evening of the State of the Union address. The article said he had become sick after working at ground zero. It said federal officials had agreed to pay for the officer's medical care as a reflection of their belief that his illness was connected to his work at ground zero.

Politicians quickly began to speak out about the case, and the larger question of 9/11 health issues. Representative Carolyn B. Maloney, Democrat of Manhattan, who has made 9/11 health a focus of her efforts for years, said of Officer Borja: "If his death does not convince the president to come up with a plan to deal with this medical crisis and fund medical monitoring and treatment, I don't know what else will."

'A Hero' to Clinton

Senator Clinton sent a letter to President Bush. It cited "many months" of Officer Borja's 16-hour shifts at ground zero, and it stated: "Cesar Borja was a hero who served his country in her hour of need and sacrificed dearly for that service. Since the attacks of September 11, 2001, as Cesar's health deteriorated, he and his family endured a great deal of hardship but never lost sight of the needs of the other workers, volunteers, first responders, and victims who survived the attacks but did not survive unharmed."

The praise extended to Officer Borja's funeral on Jan. 27 at St. Josaphat's Church in Queens. The Rev. Thomas C. Machalski, who celebrated the funeral Mass, said he never discussed the details of the officer's work at ground zero with his family before speaking, and relied on press accounts when he referred to his having served as a volunteer. In fact, he said he thought the officer was, "already retired when he went back to work at ground zero."

The fifth of 12 children, Cesar Ante Borja was born on June 30, 1954, in Polangui, a city in the Bicol region of the Philippines. The son of a farmer, he came to the United States in 1976. He joined the Army, and Army records show he was an active-duty soldier for four years, and was eventually discharged from the Army Reserve in 1983 with the rank of specialist.

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He married Eva in 1982, and he soon joined the Department of Correction. He became a police officer in 1987. He served first in the 109th Precinct in Queens before settling in to many years of work in the property clerk's office and at the tow pound. There he earned a reputation for diligent work and exemplary attendance. Mrs. Borja said he liked the short commute to the pound from their home in Bayside, Queens, and the idea that he could retire from the city after 20 years with a sizable pension.

"He was the type who wouldn't complain," she said of her husband. "Or maybe he didn't like it, and just didn't say. He would adjust to whatever situation."

On 9/11, Officer Borja reported for duty at the tow pound, records show. Over the next several months, there is nothing in his memo book recording any work, assigned or volunteer, at ground zero. Mrs. Borja remembers him mentioning being briefly posted in Brooklyn, near ground zero, shortly after the attacks.

Interviews with several friends, relatives and officers who worked with him at the tow pound failed to turn up anyone who worked with him at ground zero before the end of 2001.

Mrs. Borja said that her husband began to see the appeal of overtime pay for working shifts near ground zero late in 2001. He was close to retiring, and realized he might be able to improve his pension with the overtime hours. She said he even called his nephew, a fellow officer, to encourage him to put in for the overtime shifts, as well. Mrs. Borja said the nephew declined.

And so Officer Borja reported on Dec. 24, 2001. The fires at the site, which had been burning for months, had been declared extinguished on Dec. 19. Considerable progress had been made in cleaning up the site.

Officer Borja's log book makes clear where he worked during what would be 12-hour, 6 p.m. to 6 a.m. shifts: On Jan. 21, 2002, he worked at Albany and Washington Streets, three blocks south of ground zero. He worked several shifts elsewhere in Manhattan during the World Economic Forum. Then, he was back at Fulton Street and Broadway on Feb. 4, 2002. Ten of his shifts came in March or April.

Three years later, Officer Borja became seriously ill. But in January 2006, when he filed a notice of participation — a document required to enhance his pension under a 2005 state law allowing city workers who labored at ground zero to be declared disabled — he was modest about his duty: he listed eight shifts around ground zero.

On Dec. 19, 2006, he entered Mount Sinai, and soon he was near death. Mount Sinai's records indicate he listed his first shifts around ground zero as starting in December 2001, although there is a reference to him working 72 days there. There is no additional information about that notation, but the Borja family does not contend he ever worked 72 days at or around the site.

Mrs. Borja, asked to explain how all the differing reports appeared in the press, suggested that things had simply spiraled out of control. "When I would read it, I would say, 'Why did they put that there?' " she said. She said she was too distracted caring for her husband and handling his funeral to correct the record.

An Emerging Role

Ceasar, though, played a very prominent role. He spoke with Mrs. Clinton at an event at ground zero. He went to the State of the Union address. He later met with President Bush in Manhattan. Articles variously quote him talking about how his father died as a public servant and saying that heroes should be looked after.

"That was my first, inaugural speech as a political activist, which I never expected," he said yesterday. "I was just there expressing my emotions. I didn't know any facts. I was just speaking from the heart, and everything took off from there."

At one point during those hectic days, the son put on his father's pea coat. One newspaper account said the son had suggested it was the uniform his father wore on Sept. 11. Ceasar, in an interview yesterday, denied having said that.

But he did address a gathering of family and friends in Queens after the State of the Union address.

"I made everyone in the U.S. know who Cesar Borja is, what he did for this country, and what he did for the city of New York," he was quoted as saying in The New York Post. "He is the symbol of the World Trade Center, and 9/11 and New York."

Aides to Mrs. Clinton issued a short statement when told of the apparent discrepancies. "She knows that sacrifices were made by so many, whether it was in the hours, days, weeks or months after the attacks of Sept. 11, and believes that they all deserve our help."

Tony Fratto, a White House spokesman, would not talk about the details of the Borja case. He said the president respected the officer and his son and all who worked at ground zero.

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"Ceasar Borja is someone who loved and cared for his father, and his father was a hero from what we know of New York law enforcement and his work at the World Trade Center," Mr. Fratto said. "It is almost beside the point what the specific details were."

Officials at Mount Sinai said in a statement: "The fact that Mr. Borja worked there for many days (and nights) provided ample opportunity for exposure to dusts."

Finally, Ceasar Borja, after having absorbed the implications of his father's records, said he was no less proud. "I'm actually happy to know he wasn't on the pile," he said, adding that those who were must be in even graver shape. He concluded: "I don't believe my father to be any less heroic than I previously thought, any less valiant than the other papers previously misreported on."

Hard To Tell What Causes Fatal Disease Of The Lungs (NYT)

By Sewell Chan

The New York Times, February 13, 2007

Pulmonary fibrosis, the chronic lung disease that doctors believe killed Officer Cesar A. Borja, is a rare and deadly disorder whose causes are poorly understood.

The disease causes tissue deep in the lungs to become thick and stiff, or scarred, over time, destroying the lungs' ability to move oxygen into the bloodstream and eventually causing respiratory failure.

Officer Borja was found to have idiopathic pulmonary fibrosis, meaning that the origin of the disease was unknown. In most cases of the disease, no cause is ever determined.

About 200,000 Americans have pulmonary fibrosis, and about 50,000 new cases are diagnosed each year, according to the National Institutes of Health. The disease affects mostly people 50 to 75 years old. People live on average only three years after diagnosis, according to Dr. Kevin K. Brown, director of the interstitial lung disease program at National Jewish Medical and Research Center in Denver. There is no cure.

Death rates from pulmonary fibrosis have risen significantly since the early 1990s, Dr. Brown said. The reasons are not clear. Part of the apparent rise, he said, might be because the disease — often confused in the past with emphysema and other chronic lung ailments — is more accurately diagnosed now.

Pulmonary fibrosis has been known to occur in some people with exposure to environmental toxins, notably asbestos, coal dust and silicates, like the sand used in sandblasting, Dr. Brown said. People with severe allergies or with lungs that have been injured by drugs have also had the disease. It is very difficult to determine if exposure to a particular environmental hazard caused the disease.

"The problem is you never know for sure whether they had something before," Dr. Brown said. "It's just impossible to know that."

Officer Borja, who was 52, had been a pack-a-day smoker for years but quit around the mid-1990s. "If you're in a family prone to lung fibrosis and you smoke, you are significantly more likely to develop the fibrosis than if you're in the same family and don't smoke," said Dr. Brown, who added, "We don't know that smoking causes pulmonary fibrosis."

Officer Borja's family believes his disease was caused by toxic dust around ground zero, even though he did not begin working in Lower Manhattan, according to records, until December 2001. His relatives said there was no family history of lung disorders.

A study released in September by doctors at Mount Sinai Medical Center noted that while breathing problems were most widely reported among responders who arrived soon after the disaster, of the responders who arrived at the site on or after Oct. 1, 2001, 41 percent reported lower respiratory symptoms and 59 percent reported upper respiratory symptoms, which are generally less serious.

Some experts believe that even trace amounts of the substances in the air after the World Trade Center collapse — like asbestos, lead, particulate matter, volatile organic compounds and polychlorinated biphenyls, or PCBs — can cause serious respiratory problems.

Months after the disaster, the Environmental Protection Agency still occasionally recorded elevated levels of harmful substances in the air. Some advocates for 9/11 recovery workers have accused the agency of not doing sufficient air testing and

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failing to warn the workers of the health risks. Pulmonary fibrosis gradually occurs over several years, but in rare cases there is a quick onset and rapid progress of the disease.

According to his wife, Eva R. Borja, Officer Borja first reported breathing problems in 2002 and visited a physician, who suspected he might have allergies or asthma. In October 2005, according to records supplied by the family, he had a biopsy at Long Island Jewish Medical Center and his pulmonary fibrosis was diagnosed.

Officer Borja contacted Mount Sinai's World Trade Center monitoring and treatment program in July 2006. He entered the hospital on Dec. 19 with a high fever and an infection. He died at 5:54 p.m. on Jan. 23 and the hospital reported his death to the chief medical examiner's office at 11:50 p.m. An autopsy was conducted the next day.

Ellen Borakove, a spokeswoman for the chief medical examiner, said an official report on the death was still several weeks away because lab tests and other analyses were still being conducted.

First U.S. Trial For Hurricane Katrina Insurance Lawsuit In Louisiana Begins (AP)

By Michael Kunzelman, The Associated Press

AP, February 13, 2007

A homeowner who claims Allstate Indemnity Co. failed to properly or promptly pay his damage claim after Hurricane Katrina took the witness stand in federal court Monday, kicking off testimony in the first trial for one of the several thousand such Louisiana lawsuits.

Lawrence Tomlinson and his wife Elizabeth, accuse the Northbrook, Ill.-based company of bad faith and say the company underpaid them for wind damage that tore holes in their roof and let water rain into their home in the New Orleans suburb of Marrero.

The Tomlinsons also say Allstate didn't start adjusting their claim after the Aug. 29, 2005, storm until Nov. 28 -- more than the 30 days allowed by law.

"The whole house was a mess," Tomlinson said, describing how water had pooled inside the home. "There was a lot of damage to everything."

Allstate disputes the extent of the wind damage to the Tomlinsons' home and accuses the couple of misrepresenting parts of their claim.

Jury selection was completed quickly Monday morning, despite Eastern District of Louisiana Judge Martin Feldman's early fears that there were potential problems in finding an unbiased panel in southeast Louisiana, where Katrina caused widespread death and destruction.

The seven-member jury first heard arguments from the Tomlinsons' lawyer, Christy Howley, who said the Tomlinson's paid their premiums in a timely manner but didn't get paid for their Katrina claims until after they sued in January 2006.

"And the one time they needed Allstate to step up to the plate, it didn't happen," Howley said.

Howley said Allstate ignored evidence of widespread damage to the Tomlinson home. She denied Allstate allegations that the couple tried to bill Allstate for renovation work not related to the storm.

Allstate attorney Judy Barrasso said Allstate already has paid $151,133 to the couple.

"You're going to see that Allstate has paid them more than enough, but they want more," Barrasso said. She said the Tomlinsons misrepresented parts of their claim and that Allstate paid them more than $30,000 for additional living expenses after they moved to office property that they already owned.

Tomlinson said they notified the company when they moved into his office building and misrepresented nothing.

Cross-examination of Tomlinson was scheduled to resume Tuesday morning and was expected to last several days.

Tulane Law School professor Ed Sherman said a victory for the Tomlinsons could embolden other homeowners to sue their insurers, but he downplayed the possible legal implications for the roughly 4,000 other Katrina lawsuits awaiting trials here in federal court.

"These are very personal, individual issues," he said.

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The Tomlinsons are challenging the manner in which Allstate adjusted and paid their claim, but not how the company interpreted its policy terms. In Mississippi, meanwhile, hundreds of homeowners have filed similar lawsuits challenging insurance companies' refusal to pay for damage from Katrina's storm surge.

The companies say their policies cover damage from a hurricane's wind but not rising water, including wind-driven surge. This wind versus water debate -- a central issue for many of the roughly 350 federal lawsuits still pending in Mississippi -- isn't a factor in the Tomlinsons' case because their home didn't flood.

A recent string of legal milestones for Katrina insurance cases in Mississippi has largely overshadowed the court battles between homeowners and insurers in Louisiana.

A jury last month awarded $2.5 million in punitive damages to a Biloxi, Miss., couple who sued State Farm Fire and Casualty Co. for denying their claim. A judge later reduced that award to $1 million but concluded the company acted in a "grossly negligent way."

State Farm also agreed last month to pay about $80 million to settle lawsuits by 640 policyholders in Mississippi and pay at least an additional $50 million to thousands of policyholders who didn't sue the company.

The latter "class action" portion of the settlement calls for State Farm to reopen, review and possibly pay up to 35,000 disputed claims. A judge has refused to approve this part of the deal without knowing more details, however.

Damages in the Louisiana cases are likely to be less than in Mississippi because Louisiana does not have unlimited punitive damages. It does have potential "bad faith" damages, but such awards are capped under a complicated formula.

Unmatched Destruction (editorial) (NYT)

The New York Times, February 13, 2007

The recovery along the Gulf Coast and particularly in New Orleans is going too slowly, and there are steps the government can easily take to speed the process. One thing the Bush administration should have done immediately after Hurricane Katrina was to waive the requirement that state and local governments match federal rebuilding funds. The time to correct that mistake is now.

Much of federal disaster aid is handed out according to the Stafford Act, which calls for states to ante up a quarter for every 75 cents provided by the federal government. That way, locals still contribute what the law deems a fair share of each rebuilding dollar. When the damage exceeds $110 for each person in the affected state, the split increases to 90 percent for the federal government with a 10 percent local match.

Since 1985, the local matching requirement has been waived entirely for 32 separate disasters. It was waived for the State of Florida after Hurricane Andrew, when damage was $139 for each Floridian. It was waived again for New York after the Sept. 11, 2001, attack, which cost $390 per New Yorker.

Yet somehow the Bush administration has not found it necessary to forgive the local match for Gulf Coast states after the double-whammy of Hurricanes Katrina and Rita, except for costs associated with debris removal and some emergency services — despite the fact that the two storms wreaked roughly $6,700 worth of damage per capita in Louisiana. This inaction is particularly surprising, given that such a large proportion of the damage can be attributed to the failure of the federal levees that were supposed to protect the New Orleans area.

State officials say they have set aside close to $1 billion to help struggling local governments pay matching funds for things like replacing police stations and repairing sewage systems. They are trying to cover some 20,000 construction projects in all, ranging from tens of thousands of dollars to millions. That's no small amount of administrative and bureaucratic hassle on top of the expense.

Gov. Kathleen Babineaux Blanco of Louisiana has been asking President Bush for the waiver since September 2005, shortly after Katrina struck. Last week a group of Democratic senators led by Harry Reid of Nevada, the majority leader, sent a letter urging President Bush to make this change, however belatedly. They called that step "not only prudent, but vital to the recovery."

We agree. And if President Bush won't do it, Congress should legislate the change.

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WAR NEWS:

Democrats Tread Softly On Troops Surge (FT)

By Edward Luce In Washington

Financial Times, February 13, 2007

The US House of Representatives will on Tuesday open a debate that is almost certain to culminate in a vote disapproving of George W. Bush's decision last month to order a "surge" of 21,500 American soldiers into Iraq.

But the wording of the resolution, which Democratic leaders circulated on Monday, falls far short of the language of condemnation that was originally planned following Mr Bush's announcement of the "new way forward in Iraq" on January 10.

The proposition contains just two short paragraphs, the first of which expresses support for soldiers who have served "bravely and honourably in Iraq", the second of which merely "disapproves" of the president's decision to send more troops into the field.

Republican leaders on Capitol Hill privately admit that several dozen of their party representatives are likely to vote with the Democratic majority, a move that will probably take place before the end of the week.

Last week the Senate, where the Democrats have a much narrower majority, failed to vote on a similar resolution. But a strong House vote this week is likely to increase pressure on Republican waverers in the Senate to follow suit later this month.

"The real Democratic game here is make it as tempting as possible for Republicans to vote for the resolution," said Jon Alterman, a Middle East expert at the Centre for Strategic International Studies. "It is about splitting an increasingly divided Republican party."

But even if the resolution passed by a large margin, few expect it to have any impact on Mr Bush's handling of the war in Iraq. US military officials say that the extra troops are likely to be fully deployed by March. By then, Congress will begin to debate the $145bn (€111.8bn, £74.5bn) of new funding that the White House last week requested for the wars in Iraq and Afghanistan.

Republican leaders say that the Democratic party's "non-binding" resolution on Iraq could swiftly be replaced by more aggressive action that would cut off funding for the troops in the field – a scenario the Democrats deny. However, there is likely to be growing pressure on the Democrats to go beyond a mere expression of words particularly if – as many expect – the troop "surge" fails to turn round the situation in Baghdad and neighbouring provinces. That is likely to come to a head next month when the debate over next year's budget coincides with early reports of how the beefed-up US military presence in Iraq is faring.

"The Democrats have to walk a very fine line between opposing Mr Bush's new way forward in Iraq without being seen to be undercutting the troops in the field," says Mackenzie Eaglen, a national security analyst at the conservative Heritage Foundation. "One way they can do that is to set benchmarks for the disbursement of new funding for the war."

A measure of the Democratic party's dilemma was on display last month when the Senate unanimously confirmed David Petraeus as the new head of US forces in Iraq even though the four-star general has been the most forceful exponent of the US military surge – or "escalation" as some Democrats call it.

Meanwhile, attention is increasingly shifting from Capitol Hill's manoeuvres on the Iraq war to the positions of the 2008 presidential candidates. Visiting New Hampshire, which will hold the first presidential primary early next year, Hillary Clinton was subjected to close questioning at the weekend about her refusal to admit her 2002 vote for the war was a mistake.

In contrast, Barack Obama, who is trailing Mrs Clinton in the polls, is increasingly emphasising his consistent record on opposing the war. "Hillary is trying to run a centrist campaign in a party that is genuinely very angry about the Iraq war and which is finding it hard to forgive those Democrats who backed it," said a senior Democratic consultant.

The unpopular war is also damaging the prospects of John McCain, the Republican frontrunner, who has resolutely supported Mr Bush. Although Mr McCain enjoys a reputation as a principled politician, many believe his stance verges on the politically suicidal.

"Depending on which way it goes on the ground – and almost nobody expects it to go well – McCain will either be seen as a prophet or else his presidential campaign could start to fall apart," said Mr Alterman. "He has taken a very big risk."

House Democrats Unveil Measure Denouncing Iraq Buildup (NYT)

DOJ_NMG_0131302

By Robin Toner And Michael Luo

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — Democrats unveiled a resolution on Monday that would formally express the House's disapproval of President Bush's troop buildup in Iraq, beginning an intense debate and political struggle that is to end in a vote on Friday.

The nonbinding resolution, two simple clauses that also express support for the troops, is expected to pass with overwhelming Democratic support but also with a bloc of votes from Republicans increasingly disenchanted with the administration's Iraq policy.

"I'm just not convinced that deploying 20,000 additional troops is going to resolve anything favorable for us," said Representative Howard Coble, Republican of North Carolina, who estimated that 20 to 25 Republicans would vote for the resolution, although other estimates ran higher.

Republicans who take umbrage at those who break ranks, he said, need to face political reality. "We lost our majority in the Congress last November primarily because of the issue of the Iraq war," he said, adding that telephone calls and letters to his office are critical, by 10 to 1, of the conduct of the war.

Republican leaders tried to hold the line.

In an interview on Monday with C-Span, President Bush suggested that he would not be focused on the week's discussions on Capitol Hill. "In terms of watching the debate, I've got a lot to do," he said. "It's not as if the world stops when the Congress does."

Representative John A. Boehner, the Republican leader, said the Democrats' resolution was "the first step in the Democrats' plan to cut off funding for American troops who are in harm's way." He urged consideration of an alternative resolution that renounces any cuts in financing.

Democrats scoffed at the Republican charges as a diversion from the fundamental debate over Mr. Bush's war strategy.

"They're trying to do everything but focus on the policy," said Representative Rahm Emanuel of Illinois, chairman of the Democratic Caucus. "The more there's a focus on the escalation, the more they lose Republicans."

Democrats are planning 36 hours of floor debate, beginning Tuesday, showcasing early the party's military veterans — including the newest members who fought in Iraq. Party leaders expressed confidence that "a strong majority of the House" would vote for the resolution, in the words of Brendan Daly, spokesman for Speaker Nancy Pelosi. "It's important to show there's significant opposition in both parties to the president's plan."

Democrats were intent on avoiding the procedural and political stalemate that stymied debate over Iraq in the Senate last week; in the House, the Democratic majority has much greater control over what legislation comes to a vote, and Democratic leaders intended to use it. They are expected to block a vote on a Republican alternative.

The House resolution is co-sponsored by Ike Skelton, chairman of the Armed Services Committee; Tom Lantos, chairman of the Foreign Affairs Committee; and Walter B. Jones of North Carolina, a longtime Republican critic of the war.

It declares the House to be resolved that "Congress and the American people will continue to support and protect the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq" and that "Congress disapproves of the decision of President George W. Bush announced on January 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

Both sides foreshadowed a bitter debate. Republican talking points, circulated in the House, warn that a "nonbinding resolution weakens morale" and "gives comfort to the enemy."

Speaker Pelosi said in a statement that the vote on Friday would signify "whether the House understands the message the American people are sending about the policies used to implement this war: they have not worked, they will not work, and they must be changed."

But for many lawmakers, this will also be an intensely personal choice. Representative Wayne T. Gilchrest, Republican of Maryland, said he had no qualms with breaking with his party on this issue. He has attended 21 funerals in his district for service members who have died in Iraq or Afghanistan, he said. Two more are scheduled this week.

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“This is not about my party,” said Mr. Gilchrest, who received a Purple Heart and a Bronze Star as a marine in Vietnam. “This is not about party politics. This is about your conscience, your soul, your mind, your heart, your gut.”

Bush Hangs Back On House Debate (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, February 13, 2007

WASHINGTON — A month after President Bush announced plans to boost troop levels in Iraq, he will largely remain on the sidelines as the House begins the first major debate on the war since Democrats assumed control of Congress after the November election.

While Democratic leaders work to build Republican support for a short, symbolic resolution opposing the troop increase, the White House has eschewed a major public lobbying effort to get Republican lawmakers to stand behind the president.

And in his public statements, Bush has focused on other subjects, even as the resolution has consumed lawmakers on Capitol Hill over the last week.

The president said in an interview with C-SPAN on Monday that he doesn't plan to watch the House debate. "I've got a full day tomorrow. I mean, it's not as if the world stops when the Congress does their duty," he said. Besides, he added, "I already know what the debate is."

The presidential nonchalance is a notable departure from the active role the administration has previously played in guiding legislation — and a marked contrast to its recent efforts to block a similar resolution in the Senate.

With Democrats in firm control of the House, Bush has little chance of derailing the resolution, which he has said he will ignore.

But the White House also appears increasingly unable to unite Republicans behind its Iraq strategy. Several Republicans have said they would back the House resolution. And as the debate begins this week, even GOP lawmakers who oppose the resolution plan to say little about the president or his administration, focusing instead on the dangers of failure in Iraq.

Just weeks ago, the president was far less detached from congressional debate of the war.

As he prepared last month to announce his plan to boost troop levels in Iraq by 21,500 to control sectarian violence, Bush invited lawmakers from both parties to the White House to talk to him and his top advisors.

And earlier this month, the White House worked closely with Senate Republican leaders to head off a Senate resolution criticizing the Bush plan.

That resolution is stalled amid partisan dispute over how it should be debated; on Monday a bipartisan group of senators urged that it be attached to a pending funding bill.

With a 31-vote majority in the House, the president's Democratic critics do not have to worry about the resolution getting stuck in their chamber.

The simple, two-sentence measure, formally introduced Monday, will come up for a vote Thursday or Friday after every member of the House has an opportunity to talk about it on the floor. The resolution notes that Congress "will continue to support and protect the members of the United States Armed Forces" and concludes that Congress "disapproves" of the president's plans.

Democrats have very pointedly promoted the nonbinding measure as a direct challenge to the president, a theme that is sure to run through Democratic comments in the debate this week.

But there will probably be little praise for the president from the Republican side of the aisle.

While acknowledging that "mistakes were made," a set of talking points sent out Monday by Republican leaders to their members does not include a single clear endorsement of Bush's strategy.

Rather, they focus on putting Iraq in the context of the global war against terrorism, criticizing Democrats as weakening troop morale and challenging Democrats to cut off funding if they oppose the president.

On Monday, a group of Republicans sent a letter to leading Democratic war critics, calling on those critics — if they "truly believe that the United States should withdraw our troops from Iraq" — to press Democratic leaders to debate alternatives to the resolution.

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"They ran on this issue. They ought to do something about it," said Rep. Tom Cole (R-Okla.), chairman of the National Republican Congressional Committee.

Several senior Democrats have said they eventually want to use funding restrictions to limit the deployment of additional troops and begin forcing a withdrawal.

Republican efforts to talk about something other than Bush come as the president's popularity continues to plummet.

A Gallup Poll this month found that 72% of respondents disapproved of the way the president was handling the war, tying the highest disapproval rate since the 2003 invasion of Iraq.

Among GOP lawmakers, there is growing nervousness about the administration, according to several Republican lawmakers and senior aides.

Rep. Walter B. Jones (R-N.C.) — who broke with the White House over Iraq in 2005 and is the only Republican co-sponsoring the resolution — said that last week's reports of a top Pentagon official inaccurately describing links between Al Qaeda and former Iraqi President Saddam Hussein in the run-up to the 2003 invasion only deepened the concern.

"I think they just cooked the information," said Jones, who is among at least a dozen GOP House lawmakers who have signed letters to the White House in recent weeks expressing reservations about Bush's new Iraq strategy.

In the Senate, eight Republicans have publicly backed a resolution critical of the White House plan.

In this increasingly hostile environment, numerous GOP lawmakers said they had not heard from representatives of the Bush administration as this week's debate neared.

A White House official, speaking on the condition of anonymity, said that much of the White House effort had been behind the scenes.

"There's been a lot of staff-level outreach and outreach by members of the national security team, to walk members through and talk about the president's policy," he said, insisting that the administration had been pressing Congress to support Bush's policy, if not specifically to oppose the resolution.

Still, the president seems intent on talking about other things.

In his weekly radio address Saturday, Bush did not mention Iraq, choosing instead to reiterate his call for developing new energy technologies.

House Vote Planned This Week On Iraq Opposition (USAT)

By David Jackson

USA Today, February 13, 2007

WASHINGTON — A resolution against an increase in troop numbers in Iraq circulated in the Democratic-led House of Representatives on Monday. A vote is planned for the end of the week.

Crafted to attract Republican votes, the non-binding resolution expresses support for U.S. forces and opposition to President Bush's plan to add more troops.

A Republican filibuster blocked a similar resolution in the Senate last week; the House does not permit filibusters.

Stacey Bernards, spokeswoman for House Majority Leader Steny Hoyer, D-Md., said the two-paragraph resolution is designed to "keep it clean and simple and focus on the escalation." Bernards said she expects the debate to begin today and the House to vote Friday.

Brian Kennedy, a spokesman for House Minority Leader John Boehner, R-Ohio, said the proposed resolution "is the first step toward eliminating funds for the troops and the mission," and funding should be a topic of debate.

The resolution is likely to pass the House, where Democrats have a 233-202 advantage over Republicans. The measure, which Hoyer's office made public Monday, has one Republican co-sponsor: Rep. Walter Jones, R-N.C., who voted in 2002 for military action but has since turned against the war. The other co-sponsors, both Democrats, are Reps. Ike Skelton of Missouri and Tom Lantos of California.

The first part of the resolution says Congress "will continue to support and protect" the troops serving "bravely and honorably in Iraq." The second part says "Congress disapproves" of Bush's decision "to deploy more than 20,000 additional United States combat troops to Iraq."

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Last week, Senate Minority Leader Mitch McConnell, R-Ky., cited the Senate version's lack of alternatives in forcing a filibuster.

Don Stewart, McConnell communications director, said Democrats need to deal with the funding issue because "that's the only thing Congress really controls."

Senate Majority Leader Harry Reid, D-Nev., said Republicans want to avoid a vote because some GOP members would probably oppose the Bush plan. Reid spokesman Jim Manley said he hopes the House vote "will put increased pressure" on Senate Republicans to allow a vote.

At the White House, spokesman Tony Snow said officials there wouldn't get in the business of writing congressional resolutions. He added that members of Congress should be mindful of the impact their votes might have on American troops in the field.

Snow cited the objections of Defense Secretary Robert Gates and Iraq commander David Petraeus, saying those two leaders believe anti-war resolutions "may provide some comfort to the enemy."

In an interview with C-SPAN, Bush defended his war plan. "Why don't we help this Iraqi government stabilize the capital city of Baghdad?" he said. "Most of the country is in good shape."

House Democrats Unveil Anti-war Bill (AP)

By Anne Flaherty

AP, February 13, 2007

House Democrats rolled out their resolution opposing President Bush's troop increase in Iraq on Monday, setting up a likely rebuke in a political landscape turned upside-down since Congress' overwhelming 2002 endorsement of force against Saddam Hussein.

Lawmakers are expected to vote on a resolution by week's end opposing Bush's decision to send 21,500 more troops to Iraq. The measure states simply that the House "will continue to support and protect" troops serving in Iraq but "disapproves" of the troop buildup.

Debate was to begin Tuesday, and the House vote will mark its first on the war since Democrats won control in the November elections. While the measure is not binding and would not affect the funding of the war, passage would be an embarrassing rejection of Bush's Iraq war policy and could force many Republicans to choose between backing the president or criticizing a deeply unpopular war.

"What the American people want to know is: Does their member of Congress support the president's proposed escalation or do they not?" said House Majority Leader Steny Hoyer.

Hoyer, D-Md., told reporters he had heard from about 20 Republicans who said they opposed the troop buildup, and from one Democrat reluctant to support the resolution. The measure's simple language — it totaled just a few dozen words — was crafted to maximize the number of Republicans who would support it and to emphasize support for the troops

While Democrats predicted the measure would pass easily, Republican leaders tried to refocus debate on the measure in hopes of putting Democrats on the defensive.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," said House Republican leader John Boehner, R-Ohio.

Each of the House's 435 members and five delegates will be allotted five minutes to speak on the issue — stretching the debate until midnight most nights until Friday's vote. Democratic leaders said Monday they planned a weeklong debate that would restrict members to a single vote by week's end, barring any amendments or a GOP alternative.

This week's debate will be in sharp contrast to the one in 2002, which authorized Bush to use force if Iraqi President Saddam Hussein did not comply with U.N. weapons inspectors.

That debate resulted in solid margins of support from Republicans and Democrats — a victory for a president buoyed by popular ratings following the Sept. 11 attacks and easily assuring a jittery nation that Hussein posed an imminent threat to the United States.

In October 2002, just over half of the public — 52 percent — approved of Bush's handling of Iraq in Gallup polling.

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But Bush now faces a new political landscape. After 47 months of war, more than 3,100 U.S. troops have died and the justification for the invasion — Saddam's ties to al-Qaida and development of weapons of mass destruction — has been discredited. And last November, voters unseated enough Republicans with anti-war candidates to hand the reins to Democrats, who are united against the war if not what to do about it.

Public approval of Bush's handling of Iraq is now at 32 percent, the lowest in AP-Ipsos polling. And the latest intelligence estimate on Iraq found that Iraqi leaders will be hard pressed to craft a lasting political settlement — a key component of Bush's strategy — in the next year and a half.

In 2002, midterm elections were a month away and control of both chambers up for grabs when Congress held its most heated debates on whether to invade Iraq. Many did not want to be on the opposite side from a popular president if war came, and the White House played on domestic political concerns to roll up big margins of support in both houses.

After quarreling among themselves on Iraq over the summer, Republicans lined up dutifully behind Bush when the final votes were tallied. With the economy stagnant, consumer confidence shaken and the stock market in the dumps, the Iraq crisis offered a common rallying theme.

House Democrats were divided on the issue. Hoyer voted in favor of authorizing the war, whereas Nancy Pelosi, D-Calif., who has since risen to power as House speaker, voted against it. But overall, Democrats were eager to vote quickly and get back to their states and districts to campaign, hoping there was still time to change the subject back to domestic issues like prescription drugs and Social Security.

Ultimately, Bush prevailed by a 296-133 vote in the GOP-run House and a 77-23 vote in the Democratic-led Senate. Only six House Republicans and one GOP senator — Sen. Lincoln Chafee of Rhode Island — voted against the president.

This time, midterm elections are again playing a role in the debate — but not in Bush's favor. Last November, Chafee and other Republicans were ousted by voters angered by the war. And with every House member up for re-election in 2008, Republicans are questioning whether to stick with a lame-duck president who has lost favor with the American public.

Rep. Walter Jones of North Carolina, one of 215 Republicans who voted to authorize force in Iraq, is now co-sponsoring the Democratic resolution condemning the troop buildup.

As the House moved toward debate this week, Senate Republicans opposed to Bush's Iraq plan sought to revive a vote on a similar resolution that was stalled by GOP procedural moves last week.

Sen. John Warner, R-Va., proposed Monday attaching his resolution to a must-pass budget bill. While Warner was considered unlikely to be successful, his proposal suggested he was not backing down.

"I, like my colleagues, intend to do everything in our power as United States senators to ensure a full and open debate of the Iraq war here on the Senate floor in front of the American people," said Sen. Chuck Hagel, R-Neb., who supports Warner's resolution.

Iraq Debate In Congress Shifts Focus (WSJ)

By David Rogers

The Wall Street Journal, February 13, 2007

WASHINGTON -- The Iraq debate in Congress is quickly moving beyond nonbinding resolutions of disapproval to the question of how far lawmakers will go to restrict funding for the war.

Before the first votes are cast, Republican leaders concede President Bush has lost the support of bipartisan majorities in both the House and Senate, which oppose his decision to add at least 21,500 soldiers in coming months.

Senate action was prevented last week only because of a procedural fight; in the House, as many as 30 to 40 Republicans could join Democrats in adopting a narrowly written resolution of disapproval to be voted on Friday.

Conceding defeat in this first round, Republicans want to skip ahead to the money fight because it is a more difficult forum for the war's critics, who must find a way to restrict the president's policy without seeming to hurt U.S. troops.

The two-paragraph House resolution avoids this subject by pledging to "protect" U.S. forces. Nonetheless, Republican Leader John Boehner of Ohio was quick to accuse Democrats of taking the "first step" to cut off "funding of American troops who are in harm's way."

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The mounting war costs make it a fight about money as well as policy. The Pentagon has begun to say the increase will be closer to 25,000, when support personnel are counted. That would bring the total U.S. troop level in Iraq to about 160,000 soldiers; but the administration has budgeted for that number only through Sept. 30, after which the fiscal 2008 numbers assume troop levels of about 140,000, according to the White House budget office.

A $623.1 billion Pentagon appropriations bill, including war funding for 2008, will be debated this summer. If the 160,000-soldier level were to be maintained through the end of this calendar year, it could strain even that budget.

The House Appropriations Committee meets March 7 on the administration's $93.4 billion request for emergency war funds through the final months of this fiscal year. It includes $3.8 billion for Iraqi security forces -- money that will be a target of critics for added conditions or outright cuts. There is also pressure among Democrats to add language to bar U.S. military action against Iran unless authorized by Congress.

Rep. John Murtha (D., Pa.), the bill's manager, doesn't rule out a move to force the start of a U.S. withdrawal from Iraq if benchmarks aren't met. "The best thing to help the troops is get 'em...out of there," he said.

However, Mr. Murtha says he will focus first on recommending steps that restrict the Pentagon's ability to implement the president's policy without hurting units in the field.

For example, he wants service chiefs to certify that each new unit sent to Iraq has the training and equipment needed. Language could be added to prohibit some of the shortcuts commonly used to maintain troop strength and the integrity of units, given the shortage of personnel. He would restrict "stop-loss" procedures, which are used to keep soldiers such as young non-commissioned officers in a unit about to deploy even when their enlistments are running out. Extended tours in Iraq would be prohibited; soldiers would be guaranteed a year at home before going back.

"We want to guarantee at least a year at home," Mr. Murtha said. "Then, no stop loss, and we want to make sure they are not extended."

If enacted, these requirements would have real impact on an Army already straining to complete the increased troop-level target by late May. The combination of allowing no extensions plus a full year of "dwell" time in the U.S. between tours could set a cap on U.S. strength below current levels, one Defense Department official estimated.

Nothing so restrictive is being attempted in the House debate this week. The bare-bones resolution simply expresses disapproval for Mr. Bush's decision last month to deploy more troops. Debate will begin today, with a vote likely on Friday.

Senators had attempted a much wordier resolution and couldn't hide their frustration at the prospect of the House going first.

"The House is debating, and the Senate is dithering," said Sen. Olympia Snowe (R., Maine).

House GOP Plots Its Strategy On Iraq Measure (HILL)

By Jackie Kucinich

The Hill, February 13, 2007

House Republicans vowed to maintain pressure on the Democratic majority despite Majority Leader Steny Hoyer's (D-Md.) decision to deny a GOP alternative to their non-binding Iraq resolution this week.

On Sunday, after Hoyer announced on NBC's "Meet the Press" that it was "not necessarily our plan" to allow the minority to offer an alternative resolution on the House floor next week, Minority Leader John Boehner's (R-Ohio) office sent out a flurry of releases decrying the decision and challenging Hoyer and other members by demanding they not "renege" on an earlier pledge to allow Republicans to provide their own resolution.

Without the ability to offer a resolution, the GOP leadership has focused its attacks on what may occur during the upcoming debate over the emergency war supplemental, implying that the Democratic resolution is simply the first step in a larger plan to limit funding for the war. One of the proposed Republican alternatives, offered by Rep. Sam Johnson (R-Texas), would require members to pledge not to cut off funding. Republicans have been quick to point out that the legislation they have offered, unlike the Democratic resolution, is binding.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," Boehner said in a release yesterday. "If Democrats are serious about supporting

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our troops, they will allow Republicans to offer a substantive alternative that binds the Congress to an unwavering and unambiguous commitment to fund the American men and women who wear our uniform."

Democratic leaders have said repeatedly that they have no intention of cutting off funding for the war. Despite their drumbeat, Republicans will likely lose at least 30 of their own members' votes to the Democratic resolution; these members include Rep. Walter Jones (R-N.C.), who is cosponsor.

Jones is expected to speak in favor of the resolution on the House floor, according to his spokeswoman.

For the last several weeks, Republican leadership characterized the Democratic resolution, which expresses disapproval for President Bush's planned troop "surge," as a non-binding political ploy, a familiar allegation that echoed through the House chamber on the other side of the aisle in 2004, 2005 and 2006.

Speaking on the floor during a March 17, 2004 debate over a resolution relating to the liberation of the Iraqi people, then-Minority Whip Hoyer said, "This resolution should have simply expressed the support of this House for our armed forces now in harm's way … regrettably, however, the majority has handled this resolution in a manner which inevitably led to division.

"On a matter of the highest national importance, the majority has undermined the democratic process in this House, treated those who hold different views with disdain, and created a bludgeon where it should have built a bridge," he added.

In June 2006, as the House prepared to debate a resolution characterized by Democrats as an affirmation of Bush's Iraq policy, then-Minority Leader Nancy Pelosi (D-Calif.) decried the Republican decision to close the rule on the Iraq debate and criticized the majority for its failure to allow a Democratic alternative to the GOP resolution.

"It's really unfortunate, as the president contends that we are fighting for democracy in Iraq, that we can't have democracy on the House floor. No open rule. No amendments. No Democratic alternative allowed," Pelosi said.

House To Take Up Resolution On Iraq (WP)

By Jonathan Weisman

The Washington Post, February 13, 2007

The House will begin debate today on a simple, tightly worded resolution opposing the deployment of additional combat troops to Iraq, even as Democratic leaders move forward on binding language that would curtail those deployments and begin to bring troops home.

The Democratic resolution, just 10 lines in length, will frame three days of debate on the war, culminating in an expected vote Friday to put the House on record against President Bush's decision to deploy more than 20,000 additional U.S. combat troops to Iraq. In two short paragraphs, the resolution affirms Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq" before breaking with the president's new strategy.

"We will vote on a straightforward proposition: Do you support the president's plan or oppose it?" said House Speaker Nancy Pelosi (D-Calif.). "That vote will herald whether the House understands the message the American people are sending about the policies used to implement this war: They have not worked, they will not work, and they must be changed."

Waiting in the wings is binding legislation that would fully fund Bush's $100 billion request for the wars in Iraq and Afghanistan but add four conditions: Soldiers and Marines could be deployed to Iraq only after being certified as fully trained and equipped. National Guardsmen and reservists could be subject to no more than two deployments, or roughly 12 months of combat duty. The administration could use none of the money for permanent bases in Iraq. And additional funding for the National Guard and reserves must be spent to retool operations at home, such as emergency response.

"It's only the bark," Rep. James P. Moran Jr. (D-Va.) said of this week's resolution. "The real bite comes with the spending bill."

After the Senate found itself tied in parliamentary knots last week over a far more complicated resolution, House leaders opted for the simplest statement possible, hoping to unite Democrats and drive a wedge between congressional Republicans and a White House that has commanded their strict allegiance for more than six years.

Republican leaders have denigrated the nonbinding resolution as pointless while saying it demoralizes the troops and emboldens the enemy. But they privately concede that dozens of Republicans are likely to join the Democrats by the end of the week.

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"When we've had in excess of 3,100 troops give the ultimate sacrifice, when we've had more than 20,000 troops injured, many of them permanently, when we've been at this for nearly four years, that's not cutting and running," said Rep. Howard Coble (R-N.C.), a reliable conservative who said he will vote for the resolution. "That's a sacred step toward freedom, and I think it's time to hand the baton to the Iraqis."

Rep. Thomas M. Davis III (R-Va.) typified a conflicted Republican when he weighed the pros and cons of the resolution: "In voting against the president on this, to some extent you demean him in the eyes of those who are fighting over there. But you're also sending a message to the Iraqis that they better get their act together." Davis added that it was "not inconceivable" that he would vote for the measure. "A lot of us have our concerns about this deployment," he said.

Even before the debate begins, both parties were anxiously eyeing the next step, when Democrats will move toward binding legislation that would augment legislation funding the war.

House Minority Leader John A. Boehner (R-Ohio) insisted that Democrats will use Congress's power of the purse to choke off the war effort and endanger the troops.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," he said yesterday.

Democrats have struggled to patch over their own divisions, especially among liberal antiwar activists who have scoffed at a nonbinding resolution. At a closed-door meeting of House Democrats last week, Rep. John P. Murtha (Pa.), chairman of the Appropriations defense subcommittee, offered assurances that strong action would quickly follow this week's vote.

Murtha's plan, backed by Pelosi, is to deprive Republicans of the argument that Democrats are choking off funds, while taking binding action against the war couched as protecting the troops, said a senior Democratic leadership aide, who spoke on the condition of anonymity to discuss strategy.

No matter how it is couched, Republicans say, the Democrats are pulling the rug out from under the military.

"They're tying the hands of commander in chief and commander on the ground," said Rep. Thaddeus McCotter (R-Mich.), who has been assigned by GOP leaders to take the pulse of fellow Republicans on Iraq.

Republicans had expected to press that point on the House floor this week with an alternative resolution stating Congress's opposition to a cutoff of war funding. But after saying last week that Republicans would get a vote on their own measure, Democratic leaders reversed course yesterday, saying they did not want to muddy a debate over additional troops with a showdown on war spending.

"Sometimes you just have to play hardball," Moran said.

The House resolution contrasts sharply with the resolution drafted by Sens. John W. Warner (R-Va.) and Carl M. Levin (D-Mich.). That measure included 22 preface statements before opposing the additional troop deployments, calling for existing troops to be redeployed away from sectarian hotbeds and pushing for a new regional diplomatic effort to end the war. It weighed in at 1,597 words. The House resolution, including the title and introduction, has 97.

GOP Boxed Out On Iraq (RC)

By Jennifer Yachnin And Susan Davis

Roll Call, February 13, 2007

After more than a week of discussion over how — and whether — to allow the Republican minority to raise its alternative to a resolution condemning President Bush's proposed troop increase in Iraq, Democratic leaders were set Monday night to prevent the GOP from offering its own measure.

A Democratic aide said party leaders decided Monday night not to allow Republicans to offer a substitute amendment or a motion to recommit during the three-day debate. The Rules Committee was still meeting at press time to set the exact terms of debate.

That decision process followed a week in which the majority sent conflicting messages on its approach, asserting at times that Republicans would be allowed to offer and debate a substitute measure, before retreating to state that the minority would receive at least some opportunity to respond, citing the standard procedural motion to recommit.

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At a Thursday press conference, following a Democratic Caucus meeting to discuss the content of the resolution, House Majority Leader Steny Hoyer (D-Md.) asserted: "The Republicans will be given either a substitution or a motion to recommit so that they can propose whatever substantive alternative they choose. That will also be debated."

House Democratic Caucus Chairman Rahm Emanuel (Ill.) echoed those comments during the same briefing, stating: "They are going to offer their alternative and we'll have a vote on that."

But asked about those remarks during an appearance Sunday on NBC's "Meet the Press," Hoyer recanted, stating that it is "not necessarily our plan, at this point in time."

Citing the Senate's failure to move forward on a similar resolution earlier this month, Democratic leaders have asserted that they want to avoid raising other issues during debate on whether to formally oppose the troop increase.

"We believe the American public want[s] a straightforward answer to the question: Do you agree with the president's proposal? [The] Republican president has made a proposal, we're going to respond to that," Hoyer said on "Meet the Press."

Democrats have acknowledged that the Iraq War will be the subject of future debates as well, as Congress considers an expected supplemental spending bill after the Presidents Day recess and subsequent fiscal 2008 appropriations measures.

Although House leaders were leaning toward options including a substitute proposal following a meeting last week, it became clear they had moved away from allowing an alternative proposal as the week progressed, even as Democrats maintained other portions including a five-minute allotment per Member for the three-day debate.

"There was an ongoing conversation among leadership," said Hoyer spokeswoman Stacey Bernards. "It evolved over the course of the week. ... Mr. Hoyer spoke and reflected the opinion of the leadership at the time" on Thursday.

Although one Democratic source indicated that Democratic leaders had disagreements over the issue following Thursday's press conference, House leadership aides dismissed those allegations as mischaracterizations, asserting that Speaker Nancy Pelosi (D-Calif.) and others had evolved uniformly in their thinking on the issue.

"We feel this is such a critically important question and the clarity of the question and the clarity of the response is so important that we are trying to carefully consider how we can assure that there is no confusion as to the answer that this House gives," Hoyer asserted Thursday afternoon on the House floor.

House Republicans criticized Democrats for backtracking on their earlier commitment to allow the minority to offer an alternative on the floor, while Minority Leader John Boehner (R-Ohio) and the leadership team also worked to frame the resolution as the first marker that will lead to starving funds for the military in Iraq.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," Boehner said in a statement Monday. "If Democrats are serious about supporting our troops, they will allow Republicans to offer a substantive alternative that binds the Congress to an unwavering and unambiguous commitment to fund the American men and women who wear our uniform."

But a Democratic aide dismissed that notion Monday night, saying, "As the recent experience in the Senate has shown, some Republicans only want to distract from the president's plan. The American people want a clear, forceful statement from Congress on the president's plan to escalate the war. We will not allow Republicans to muddy the waters."

A number of Republicans are expected to vote in favor of the resolution, with knowledgeable sources in recent weeks estimating 20 to 60 GOP votes siding with Democrats.

"Obviously there are going to be some defections," said an aide to a prominent moderate Member, adding that the resolution unveiled Monday did not change that dynamic.

The House Republican Conference, led by Rep. Adam Putnam (R-Fla.) was working with its rank and file to define the debate, which begins today and is scheduled to end Friday.

"What we want to do is ensure that we drive four key themes," said Ed Patru, a spokesman for the Conference. Those themes include: understanding the enemy and the historical perspective, the consequences of failure in Iraq, the fact that the resolution is nonbinding and does not affect the ongoing war, and that Democrats have not introduced a plan on Iraq.

The GOP leadership team is expected to start and end debate on their side, and Members like Rep. Sam Johnson (R-Texas), a Vietnam veteran who has introduced legislation that would prohibit Congress from denying funds to troops in the field, are expected to figure prominently in the debate.

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One House GOP aide to a conservative Member said Members will highlight what they say is Democratic hypocrisy. "They are putting out a resolution that says 'We don't support the mission but we're going to continue funding it?'" the aide said. "We think that's extremely hypocritical."

Rep. John Shadegg (R-Ariz.) also sent a letter Monday to the chairs of the Out of Iraq Caucus and the Progressive Caucus, both of which have members who advocate more extreme policies in Iraq — such as immediate withdrawal — asking for their support to allow amendments on the floor to the resolution.

"While our views on the proper prosecution of the war in Iraq may differ," Shadegg and seven co-signers wrote, "We should agree that all views on this issue deserve to be considered."

Democrats are expected to be unified on the vote, but Republicans believe there will be opportunities to highlight the divide in the Democratic Caucus on the funding of the war in the upcoming debates on the supplemental spending bill and the budget.

Holding Firm (WT)

By Kay Granger

The Washington Times, February 13, 2007

As the House of Representatives begins debate on Iraq this week, we must keep one essential point in focus: The consequences of failure in Iraq are too grave for this country, for Iraq, the Middle East and the world.

Democrats will argue they don't agree with the reinforcement plan in Iraq and will introduce a non-binding resolution outlining this position. Yet, to date, Democrats have offered no alternative plan of their own. I think their approach is irresponsible.

On Nov. 7, the American people sent a message to Congress and the Bush administration, that they wanted a change of course in Iraq. This means taking steps to turn the situation around in Iraq. It does not mean throwing in the towel, and allowing the entire Middle East to spiral into chaos.

If the Democratic leadership in Congress begins taking steps that weaken our position in Iraq, including a drawdown of our support for the Iraqis before the country is stabilized; the consequences for the region and for our country will be severe. To illustrate the severity of failure we only need look at what the likely response from Iraq's neighbors would be.

For starters, there's the threat from Iran. Iran would have little to lose and much to gain from a destabilized Iraq. The country's bellicose involvement in the war in Iraq is undeniable we know Iranian arms and equipment are being used to kill coalition troops in Iraq, and Iranian intelligence agents are actively seeking to thwart progress in the country. If we fail in Iraq, Iran would likely intervene, attempting to seize control of the government and Iraq's oil fields. This would increase the threat from Iran towards Iraq's neighbors as it attempted to dominate the entire region. We could expect that Iran would continue conducting proxy wars, utilizing radical Islamic terrorist organizations to further their political objectives in places like Lebanon and the Israeli West Bank.

A failed Iraq could also compel other neighboring countries to intervene. Turkey may choose to deploy troops into Northern Iraq to prevent Kurdistan's independence, and Saudi Arabia and Egypt may choose to deploy forces into Iraq to protect the Sunni population. We could also expect Syria, a state sponsor of terror, to increase its support for Ba'athist insurgents in an effort to reinstate a Ba'athist regime in Iraq. A fractured Iraq would provide the distinct possibility of Sunni-Shi'ite war throughout the Islamic world. This would be no less than disastrous for the region and American national security interests.

Under a failed Iraq, the Iraqi people would be left to suffer under an increasingly dire humanitarian crisis, which would most negatively impact the 40 percent of Iraq's 26 million residents who are under the age of 15. Wholesale genocide would be a very possible outcome.

Iraq would become ripe for terrorist recruitment and training as well as a fertile breeding ground to sow the seeds of hatred and extremist thought in the Middle East.

Ultimately, a failed Iraq would be an enormous victory for terrorists worldwide, and would dramatically increase the risk of terrorist attacks on our own soil and throughout the world.

And let's be clear about the reality of such a situation occurring the U.S. would have no choice but to invest militarily and financially to help stabilize the Middle East region. These commitments would be tenfold to what we are committed to today and would be unending.

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So, what's the answer? There are no easy answers to resolving the situation in Iraq, but we have reached the point at which we need to do everything we can to turn around the situation. This is now the only real option to preventing a failed Iraq.

The Iraqi government's new plan for securing Iraq includes increasing our troop strength by 21,500, enacting a new security plan for Baghdad and al Anbar Province and dismantling militia groups. Iraqi leaders have also recommitted themselves to reach political compromise in order to achieve stability in the country. Iraqi leaders have expressed an appreciation for the severity of the situation and say they are committed to turning it around. The Maliki government must follow through in order for this new plan to succeed.

With the new plan for Iraq being implemented at this very moment, we won't have a sense of whether the plan is working until a few months down the road, at the earliest. Between now and then, Congress has a responsibility to closely monitor the progress being made on all fronts -- political, diplomatic and military. If in a few months from now we see that no progress is being made or if it becomes clear the Iraqis are not keeping their end of the bargain to stabilize their own country, we have a responsibility to re-examine the situation and look for alternative plans for success.

All options would need to be on the table at that point.

Rep. Kay Granger, Texas Republican, is vice chairman of the Republican Conference.

House Democrats Expect Unity; Some In GOP Will Be Put On Spot (POL)

By Josephine Hearn

The Politico, February 13, 2007

With the public clamoring for a way out of Iraq, even the most politically vulnerable House Democrats are now convinced there is little risk in breaking with President Bush and his plan to "surge" 21,500 additional troops to Iraq.

Only a handful, if that, are expected to step out of their party's lock-step march to reject the surge in a vote at week's end, after hours of spirited war debate.

"If you had told me two years ago that we would be bucking the president on the most important issue of the day, I would have called you crazy," said one top aide to a moderate Democrat, speaking on the condition of anonymity so as to not upstage his boss.

"We didn't even sweat this one."

Moderate Democrats in tough swing districts felt compelled to side with the administration when President Bush's job approval ratings were running high in the early aftermath of the Sept. 11 terrorist attacks. And many voted with him in 2002 to authorize war against Iraq.

But with the levers of House power in new Democratic hands and Bush's approval ratings at record lows, moderate Democrats are no longer tethered to the administration and feel free to take the offensive.

C-SPAN's Interview with Bush on Iraq

The Crypt On Capitol Hill

This week, with the House beginning debate Tuesday, they plan to present Republicans, especially those facing potentially tough re-election battles, a pressing political dilemma. As many as 60 Republicans may break with the president.

"The question is whether they support the president on Iraq, or whether they want a change in direction," said Rep. Chris Van Hollen of Maryland, head of the Democratic House campaign operation.

The question, simple as it seems, underpins Democratic strategy to change course in Iraq and leave responsibility for failures squarely with Bush.

"It will be a bipartisan message that the president doesn't have a majority for escalation, or for his policy on Iraq," said House Democratic Caucus Chairman Rahm Emanuel of Illinois. "The president's announced a major policy shift, and the United States Congress is going to vote on it."

This week's salvo on Iraq is only first step in what many believe is an important yet perilous effort to force an end to the war without losing public support. The next step is to use the upcoming Iraq supplemental spending bill to force Bush to change course on the war, possibly disengaging the military altogether, Democratic aides said.

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That debate, whenever it might occur, could make moderate Democrats queasy. This week, however, the pressure is on Republicans to break with the president or face the political consequences should they appear to have stuck too long with a failing policy.

Democrats, though, are not concerned about losing a few on their side on this week's vote.

"To some extent, some members worry about their vote being distorted," said Rep. Artur Davis, D-Ala. "There might be two or three worried about that."

A spokesman for Rep. Jim Marshall, a vulnerable Georgia Democrat, said the congressman is likely to oppose the resolution, but has not made a decision.

"The likelihood is he's not in favor of it ... Remember he's a Vietnam veteran," said his spokesman, Doug Moore. "While he doesn't really like the surge, it's going to happen anyway. So getting out there, and making a real ruckus could hurt the morale of the troops."

Rep. John Barrow, another Georgia Democrat who nearly lost last fall, has declined to say how he would vote, saying it was "too early."

"The president has not yet carried his burden of proof, not yet explained what an additional 21,000 troops will be able to do that 130,000 did not," Barrow said.

On the left, anti-war members and groups have become increasingly frustrated that Congress isn't doing more to head off the surge. For one, Rep. Dennis J. Kucinich, D-Ohio, is upset that the resolution isn't binding.

"What's happening ... doesn't have any material impact on the war," he fumed to reporters on Capitol Hill.

Still, the complaints and doubts from the Democratic margins aside, Democrats predict they will be overwhelmingly united when the resolution comes to a vote.

"Almost every Democrat will vote for this resolution," House Majority Leader Steny H. Hoyer, D-Md., predicted Sunday on NBC's "Meet the Press."

The tricky vote for Democrats will likely come later when they consider more concrete steps to withdraw U.S. forces.

"That's a debate we'll have to face after this vote," Van Hollen said. "We'll get a sense after this vote where Congress is and if the president ignores the will of Congress. Then, Congress will explore other options that are available to it."

Democratic strategists envision a two-part assault on the administration's Iraq policy. First, they plan to use this week to drum up public opposition to the surge and put the House on the record against it. And they hope the House action will pressure the Senate, which has deadlocked on the issue, to reconsider and proceed with a floor debate.

Next week, House members return to their congressional districts for the President's Day recess, where Democrats can explain their votes, hold news conferences and make the case that the president is ignoring the will of Congress and, by extension, the public.

Later, Democratic leaders appear ready to tackle funding for the war, perhaps cutting it to force the administration to consider an exit strategy. In one scenario, Democratic leaders are considering tight restrictions that would require troops to receive full training and equipment before being deployed to Iraq.

Anti-war organizations are pressuring Democrats to act more boldly when they return from the break. One peace group has been holding a sit-in in Democratic Rep. Doris O. Matsui's Sacramento office for a month, calling on her to vote against the next Iraq appropriation bill.

For Republicans, this week's vote offers limited options. Although they will receive lengthy debate time -- each of the 435 House members will get five minutes -- Democrats will not let Republicans offer an alternative resolution. And that reversal of a Democratic promise will compel Republicans to focus on winning the debate rather than winning a vote.

Republicans will focus their rebuttals on several themes, a leadership aide indicated: Iraq's role in the broader war on terror, the consequences of pulling out of Iraq too soon and the detrimental effect the resolution may have on troop morale.

They plan to staff a "resource center" to help their members back up their points and coordinate their messages. It will also include "a rapid response system to take advantage of outrageous comments made by Democrats during the debate."

Josh Krushaar and Patrick O'Connor contributed to this report.

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by GGPSmith on 02.12.2007 at 11:17 PM

In this case, the only unity I see is a popularity poll-driven flock of lame duck Democrats (at least until 2008) facing an intractable White House holding all the shotguns, which, not incidentally, were suicidally loaded and handed to President Bush by many in that same flock when they were too scared not to fly V-formation behind the Iraq War in the first place. Now, with nothing to lose and more popularity to gain, the Democrats are unified. Gimme a break. But what do you expect? That's just the basic difference between the Democrats and the GOP right there: More Democrats than Republicans in Congress choose popularity over principles when the going gets tough; not so the President or the GOP in general. For all the quacking the Democrats did leading up to tomorrow, all they could come up with is this pitifully pithy pile of legislative seed? I'm a Democrat and all I can say is that if Senators Clinton and Obama don't actually peck away each other's credibility before one of them gets nominated, the Republicans will unify in 2008, borrow Dick Cheney's shotgun, and leave the ducks they don't shoot in the face lame yet again for another four years. Metaphor mixed, shaken, stirred, and ended.

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House Initiates Anti-war Motion (WT)

By Charles Hurt And S.a. Miller

The Washington Times, February 13, 2007

House Democrats introduced a war resolution yesterday condemning President Bush's plan to send reinforcement troops to Iraq, but their anti-war supporters say it misses the point because it doesn't simply cut funding for the war.

"Congress disapproves of the decision" to send 21,500 more troops to the Middle East, states the resolution. It says Congress will "continue to support and protect" U.S. armed forces but doesn't address cutting war funds -- the only tool Congress has for ending the war.

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The nonbinding statement of disapproval was drafted by two senior Democrats, Reps. Ike Skelton of Missouri and Tom Lantos of California, and a Republican, Rep. Walter B. Jones of North Carolina, who voted for the war in 2002 but have since turned against it. House debate on it will begin today.

House Speaker Nancy Pelosi, California Democrat, said yesterday that at the end of the week, "we will vote on a straightforward position: Do you support the president's plan or oppose it?"

She said the vote "will herald whether the House understands the message the American people are sending about the policies used to implement this war."

But peace activists who voted overwhelmingly for Democratic candidates in the November elections say Mrs. Pelosi and Democrats in Congress have gotten the message all wrong.

"Congress is not listening to the voice of the people," said Gael Murphy, co-founder of the anti-war group Code Pink: Women for Peace.

"We are disappointed that Congress is not moving forward expeditiously and we are being distracted by this nonbinding resolution that holds no one accountable," she said. "From what we can tell, nobody is interested in debating a real exit strategy."

Ms. Murphy, who is leading daily protests at congressional hearings and a lobbying offensive on members' offices, said her group will keep pressing Democrats to stop the war.

"No one is putting pressure on Bush to come up with an exit strategy, which is what the people want," she said. "All we are talking about is an escalation of the war."

Kevin Martin, executive director of Peace Action, the country's largest anti-war group with about 100,000 members, said Democrats are failing to seize the "mandate for peace" from the election.

"The interests of the peace movement are not the same as that of the Democratic Party," he said. "I'm more concerned with ending the war than with re-election in '08. I don't think I can say that for some of the Democrats."

Mr. Martin, who blames both parties for supporting the war in the first place, said, "Congress needs to use the power of the purse to cut off funding for the war." Of the nonbinding resolutions opposing reinforcements, he said they're "a worthless waste of time. Why bother?"

It's a narrow point on which Rep. John Carter, Texas Republican, agrees with the peace activists.

"These meaningless nonbinding resolutions are a distraction," he said. "This is just a political stunt by the Democrats that will not bring us any closer to ending the war. It only serves to weaken the morale of our fighting men and women and allows our enemy to claim victory."

House Minority Leader John A. Boehner, Ohio Republican, predicted that the resolution is "the first step in the Democrats' plan to cut off funding for American troops who are in harm's way."

He also criticized Democratic leaders for denying Republicans the opportunity to amend the resolution.

"If Democrats are serious about supporting our troops, they will allow Republicans to offer a substantive alternative that binds the Congress to an unwavering and unambiguous commitment to fund the American men and women who wear our uniform," Mr. Boehner said.

Stacey Farnen Bernards, spokeswoman for House Majority Leader Steny H. Hoyer, Maryland Democrat, said Republicans "are trying to muddy the waters and avoid the question that is on the floor this week to support or oppose the president's escalation of the war in Iraq."

Whatever message Democrats hope to send Mr. Bush, he doesn't plan to get it. In an interview with C-SPAN yesterday, he said he probably won't watch the debate this week, saying he has a full schedule and already knows "what the debate is."

White House spokesman Tony Snow said Congress can "do whatever it thinks it needs to do in terms of resolutions," but he said Mr. Bush is proceeding anyway.

Asked if the resolution was harmful to the troops, Mr. Snow didn't answer directly, instead saying "the way you support the troops is help them complete their mission successfully."

Yesterday afternoon, Sen. John W. Warner, Virginia Republican, tried reviving his resolution condemning the troop increase by offering it to the major funding bill on the floor. Mr. Warner joined other Republicans last week in blocking a vote on his own

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measure because Senate Majority Leader Harry Reid, Nevada Democrat, would not permit certain other Republican proposals to be considered.

Sen. Susan Collins, Maine Republican and a co-author of that bill, said yesterday that "sending our troops to Baghdad would be a colossal error."

Reid spokesman Jim Manley said Mr. Warner's latest effort will not succeed since Mr. Reid has stopped allowing new amendments to the high-priority funding bill.

"Senator Reid offered Senator Warner and others a vote on their own proposal last week, but they decided to stop the Senate from debating their own resolution," Mr. Manley said.

•Stephen Dinan contributed to this report.

Pelosi, Hoyer At Odds Again (HILL)

By Jonathan E. Kaplan

The Hill, February 13, 2007

Simmering hostilities between the Speaker and majority leader boiled over again yesterday when an aide in Rep. Nancy Pelosi's (D-Calif.) office said Rep. Steny Hoyer (D-Md.) had been "getting out in front" of an emerging consensus against allowing Republicans to introduce an alternative resolution on the Iraq war.

Speaking to reporters last Thursday, Hoyer said that Republicans would be allowed a motion to recommit or an amendment to the Democratic resolution. But later on the House floor that day, he said it would be unlikely that the GOP would get any such alternative. He repeated that latter statement again on Sunday's "Meet the Press."

Hoyer's allies dispute that there is a split in the leadership. A senior aide attending the leadership meeting on Monday last week said House leaders had agreed that the GOP should be allowed to offer an alternative.

This episode suggests that old tensions from previous disputes have not been laid to rest - tensions seen most recently in Pelosi's unsuccessful effort in December to push John Murtha (D-Pa.) as majority leader.

Democratic leaders said last night that debate would begin today on an up-or-down resolution that expresses support for American soldiers and rejects President Bush's plans to send more troops to Iraq. Each lawmaker will be given the chance to speak for five minutes; a vote is expected on Friday.

Explaining Hoyer's change, Democratic aides said the consensus began shifting last Wednesday evening, but they still had not decided what to do. When Hoyer and Democratic Caucus Chairman Rahm Emanuel (D-Ill.) spoke to reporters Thursday, Democratic leaders still favored letting the Republicans play a role in the debate, aides say.

After a series of phone calls and private meetings on the House floor that day, however, sentiment began to change. The leaders and aides were concerned that debate in the House could break down like it did in the Senate.

In particular, Democrats feared that a Republican alternative forcing Democrats to vote on whether they favored cutting off funding for the war would dilute their message - forcing a tough vote for many conservative Democrats.

A recent Wall Street Journal poll showed that 41 percent of the public favors cutting off funding as a way to force Bush to alter his Iraq policy, while 52 percent are opposed.

Emanuel, who has long favored forcing lawmakers to vote on whether they support Bush's surge, said there was no disagreement among the leaders and that they remained united in the goal of getting a large margin of lawmakers to vote against the president.

And speaking for the record, both Brendan Daly, Pelosi's spokesman, and Stacey Bernards, Hoyer's spokeswoman, said that their bosses were essentially in agreement.

Democratic leadership aides also point out that Republicans did not allow Democrats a motion to recommit when they forced them to vote in 2005 on a resolution calling for an immediate redeployment of troops.

"They did it for 10 hours and gave us no substitute," said a leadership aide.

The House Democratic resolution on the war in Iraq is two paragraphs long. The draft version released yesterday states that Democrats support the troops in Iraq and oppose President Bush's plan to send more of them to Iraq.

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Democratic leaders were expected to meet yesterday evening to make a final decision about whether Republicans would be able to amend the resolution, but a change in their stance appeared unlikely.

In addition, for the second time in five days, House Democrats will convene privately today to talk about the war. They met last Thursday, but some lawmakers complained that they could not have a proper discussion without having a copy of the resolution in hand, said Democratic aides.

House leaders did say that the process would resemble the debate in January 1991 on whether to use military force to oust Saddam Hussein from Kuwait. While the House did debate for 19 hours, they voted on three resolutions giving President George H. W. Bush authority to wage war.

Then-Minority Leader Bob Michel (R-Ill.) and -Rep. Stephen Solarz (D-N.Y.) authored the main resolution, which passed, 250-183. A resolution calling for more diplomacy and sanctions introduced by ex-Reps. Lee Hamilton (D-Ind.) and Richard Gephardt (D-Mo.) failed.

A Democratic strategist said that the war has become such a highly political issue that leaders wanted to keep the debate clear and simple.

"Republicans want to muddy the waters and confuse the American people on where they stand on the escalation. Americans want Congress to send a clear message for them to the president in opposition to an increase in troops," said a Democratic leadership aide. "House Democrats are going to deliver that this week."

63% Want All Troops Home By End Of '08 (USAT)

By Susan Page

USA Today, February 13, 2007

WASHINGTON — Americans overwhelmingly support congressional action to cap the number of U.S. troops in Iraq and set a timetable to bring them home by the end of next year, a USA TODAY/Gallup Poll finds — tougher action than the non-binding resolution the House of Representatives is to begin debating today.

While six in 10 oppose President Bush's plan to use more troops to try to stabilize Iraq, a nearly equal number also oppose any effort to cut off funding for those additional forces.

"They're saying the same thing they said in the 2006 elections — that they are against the current policy and they want something done about it," says James Thurber, director of the Center for Congressional and Presidential Studies at American University.

"They want Congress to debate it; they want Congress to focus on it; they want to bring this war to a close," says Mark Blumenthal, a former Democratic pollster who is now editor of Pollster.com. "We don't want to deny our armed services what they need to do their jobs, but we'd like to bring them home."

Republicans remain supportive of the war; a majority of them oppose any congressional limits. Still, even among those who back Bush's troop increase, nearly a third endorse the timetable for pulling out.

The House is to begin three days of debate today on a resolution that vows to "support and protect" U.S. troops and then "disapproves of the decision of President George W. Bush … to deploy more than 20,000 additional United States combat troops to Iraq."

A vote is likely Friday.

The USA TODAY poll, taken Friday through Sunday, finds most Americans paying close attention to the unfolding debate, the first on the war since Democrats won control of Congress in November.

Among the findings:

•There is majority support for congressional action on Iraq: 51% back a non-binding resolution, 57% a cap on troop levels and 63% a timetable to withdraw all U.S. troops by the end of 2008. However, 58% oppose denying funding for the additional troops.

•The Senate's failure to act last week rankled nearly two-thirds of those surveyed. By 51%-19%, they blamed Republicans. In a party-line vote, Senate Republicans refused to cut off debate and let action proceed on a resolution opposing the troop increase.

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•Seven of 10 say their representative's vote on the war will affect their vote in the next congressional election; more than four in 10 call it a major factor. However, nearly two-thirds aren't sure where their representative stands on the issue.

•Neither side gets high approval ratings. Just 30% approve of the way congressional Democrats are handling Iraq; 27% approve of congressional Republicans.

Bush's overall approval rating is 37%, up 5 percentage points from early February.

Iraqis Show Us The Door (NYT)

By Nicholas D. Kristof

The New York Times, February 13, 2007

For those like myself who oppose the "surge" in Iraq and seek a timetable for withdrawal, the hard question is: what happens if all hell breaks loose?

What happens if the removal of U.S. troops leads to large-scale massacres, to a regional war between Saudi Arabia and Iran, to Kurdish-Arab-Turkmen fighting in Kirkuk, to a Turkish invasion of Kurdistan? Conservatives have a right to ask: why advocate a withdrawal that could lead to genocide in Iraq?

The first part of a response is to doubt President Bush's premise that a buildup is necessarily the best way to avoid a cataclysm. Iraqis themselves don't think so. On the contrary, one poll last fall found that 78 percent of Iraqis believe that American troops provoke more violence than they prevent.

Another poll, conducted by the State Department and reported by The Washington Post, found that nearly three-quarters of Baghdad residents would feel safer if American forces left Iraq. So if our aim is to avoid catastrophic bloodshed in Iraq, it may well be that we're more likely to accomplish that by leaving rather than staying.

A second point is that the bloodshed can end only after Shiite leaders make political concessions to Sunnis, and our presence may be impeding that kind of political settlement. Once we set a deadline for departure, the Shiite leaders will look into the abyss — the prospect of Iraq, on their watch, splintering forever — and that may encourage moves toward a political settlement.

In any case, it doesn't work when we want to stay in Iraq more than the Iraqis want us there.

Not only do polls show that Iraqis overwhelmingly want U.S. troops gone within a year, but Iraqi leaders themselves are cool to Mr. Bush's surge. "The problem is not more troops or less troops," the Iraqi vice president, Adil Abdul Mahdi, told me over lunch last month in Davos.

We shouldn't send our troops into harm's way unless Iraqis are pleading for them. If we're the ones begging for the opportunity to shed blood in Baghdad, it's time to come home.

There are a few other steps we can take to reduce the chance of large-scale massacres. David Scheffer, a former U.S. ambassador at large for war crimes issues, suggests putting the Iraqi government on an "atrocity watch": warning Iraqi leaders that they can be prosecuted if Shiite militias and the Iraqi police slaughter Sunnis with impunity. All this might lead Iraq's leaders to restrain their militias.

Then there's diplomacy: we have to get the help of Iraq's neighbors, especially Iran, to pursue our common interest in a stable Iraq (just as we had Iran's cooperation five years ago in overthrowing the Taliban and Al Qaeda in Afghanistan).

Instead we are going down a path of escalation. Two of the Iranian officials arrested by the U.S. recently were actually in Iraq at the invitation of the Iraqi government to try to bring stability, Mr. Mahdi told me.

I've been asking experts what they think the odds are that the U.S. will strike Iranian nuclear sites in Mr. Bush's remaining two years in office. A common answer is about a 30 percent chance (plus maybe a 20 percent chance that Israel will strike). If that happened, Iran would make our troops pay a horrendous price in Iraq and Afghanistan alike.

Speaking of Afghanistan, a thoughtful new report from the Council on Foreign Relations notes that Iraq is siphoning off so many resources that we could end up failing in Afghanistan as well. The report warns that Iraq is all-consuming and makes it difficult for the U.S. to address other priorities.

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"U.S. interests in the Middle East and Persian Gulf region can be more effectively advanced if the United States disengages from Iraq," the report declares. "Indeed, the sooner Washington grasps this nettle, the sooner it can begin to repair the damage that has been done to America's international position. Staying longer means more damage and a later start on repair."

So at the end of the day, genocide is possible in Iraq, but there's no crystal ball to tell anyone what will happen if we stay or go. Keeping troops in Iraq has steadily increased the risk of a bloodbath. The best way to reduce that risk is, I think, to announce a timetable for withdrawal and to begin a different kind of surge: of diplomacy.

A majority of Iraqis may well be right in thinking that we are part of the problem rather than the solution — and maybe a phased withdrawal will nudge Iraqis back from the brink and make a cataclysm less likely.

Democrats Sound Off On Bush Nominees (WT)

By Christina Bellantoni

The Washington Times, February 13, 2007

Democrats controlling Congress have so far not denied President Bush any of his nominations, but they have used extensive hearings to score political points and send a signal to the administration they will play tough.

Senate Democrats relentlessly questioned Lt. Gen David Petraeus in a preview of confirmation hearings to come, but confirmed him unanimously as the top U.S. commander in Iraq despite disagreeing with the policy he has been tasked with implementing.

Senators -- especially those running for president in 2008 -- peppered Gen. Petraeus with questions about Mr. Bush's plan to send more troops to Iraq, something most of them oppose.

"We are in a dire situation ... in part because the Congress was supine under the Republican majority, failing to conduct oversight and demanding accountability, and because the president ... refused to adapt to the changing circumstances on the ground," Sen. Hillary Rodham Clinton, New York Democrat and potential 2008 candidate, said to open her questioning of Gen. Petraeus.

Before voting to recommend his confirmation, Mrs. Clinton told Gen. Petraeus she feared the administration's Iraq policy is wrong and took a moment to outline her position.

"You are being asked to square the circle, to find a military solution to a political crisis," she said. "I, among others on this committee, have put forward ideas about disapproving the escalation not because we in any way embrace failure or defeat, but because we are trying to get the attention of our government and the government of Iraq."

The four possible presidential candidates on the Senate Foreign Relations Committee are sure to sound off further on Iraq policy Thursday when they consider another Bush nomination.

The hearing to consider Ryan C. Crocker's nomination to be the U.S. ambassador to Iraq is an opportunity for Chairman Joseph R. Biden Jr., Delaware Democrat, to espouse his own position on the war.

Same goes for his fellow Democratic presidential hopefuls Sens. Christopher J. Dodd of Connecticut and Barack Obama of Illinois, and potential 2008 candidate Sen. Chuck Hagel, Nebraska Republican.

Press aides for the senators yesterday were mum on their bosses' positions on Mr. Crocker, currently the U.S. ambassador to Pakistan.

"If confirmed, Ryan and Zal will have two of the hardest and most consequential jobs in the world," Secretary of State Condoleezza Rice said when announcing Mr. Crocker's nomination and the nomination of Zalmay Khalilzad to serve as the U.S. ambassador to the United Nations.

Miss Rice urged "early action" on their confirmations and said they have the president's "unwavering support for the difficult work that lies ahead."

Also Thursday, the panel will consider whether William B. Wood should be U.S. ambassador to Afghanistan.

Several Senate committees will be holding hearings on Bush nominees, though few have scheduled that official business since the 110th Congress began last month.

One test of the Democratic plans for Bush nominees will come Thursday when the Judiciary Committee -- most often tasked with high profile appointments such as Supreme Court nominees -- considers Beryl A. Howell's reappointment.

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Ms. Howell, who was nominated during the congressional recess by Mr. Bush to be a member of the U.S. Sentencing Commission, declined to comment when contacted for this article.

Further, some of Mr. Bush's business-as-usual nominations expect less-than-typical treatment from newly empowered Democrats, though they think they will ultimately be approved.

Four recess Bush appointments to the Federal Election Commission (FEC) will be subjected to rare hearings in the Senate Rules Committee, Democratic Chairman Dianne Feinstein of California has said.

At least one of the nominees is expecting tough talk from Democrats.

"I'm assuming there will be a lot of questions," said Hans von Spakovsky, who in January 2006 was given a recess appointment to be an FEC commissioner. "All of us are just anxious to get this done one way or the other."

Prior to the appointment, Mr. von Spakovsky was counsel for the assistant attorney general for civil rights and did work on the Help America Vote Act. He has been criticized by Democrats for some of his writings while at the Justice Department and anticipates that will be a focus of the yet-to-be-scheduled hearings.

Sen. Edward M. Kennedy, Massachusetts Democrat, protested the recess appointment of Mr. von Spakovsky in 2005, saying he was "troubled and disappointed."

"His record ... raises serious doubts about his commitment to upholding voting rights for all Americans -- a commitment that is essential for anyone appointed to the commission," Mr. Kennedy said.

Mr. Bush's recess appointments to the FEC in early 2006 also irked Sen. John McCain, Arizona Republican. Mr. McCain said the nominees should be subjected to full confirmation hearings "so the Senate can be assured that they are qualified for the position and committed to carrying out the FEC's important mission to faithfully interpret and enforce the law."

Baghdadis Invest Hope In New Security Plan (CSM)

By Awadh Al-taiee

The Christian Science Monitor, February 13, 2007

BAGHDAD

In ads on state-controlled television and newspapers, Iraqi Prime Minister Nouri al-Maliki is promoting the new Baghdad security plan as the answer to stopping the violence between Shiites and Sunnis that has fractured Iraq's capital.

That sectarian battle – which has killed tens of thousands since an attack on the Shiite Golden Dome shrine in Samarra last February – claimed more Iraqi lives Monday. Three bombings killed at least 76 people in Baghdad markets on the anniversary, according to the Islamic calender, of the Samarra bombing.

Indeed, most Iraqis interviewed in Baghdad Monday about the new security plan, which involves deploying more Iraqi and US soldiers throughout the capital, framed the problem in sectarian terms. But they also expressed hope in the latest effort to restore calm.

"I hope this allows troops to capture all the criminals in the Sunni mosques or in the Shiite mosques," says Feras al-Jabouri, a Sunni who lives in the Amariyah neighborhood, near the road to the airport in western Baghdad.

Mr. Jabouri says war-weary Baghdadis often can identify insurgents and members of sectarian militias. He predicts that many who are fed up with the devastating toll of bombings and sectarian attacks will eventually begin turning the culprits in to the newly arriving American and Iraqi forces.

Mr. Maliki seems to be hoping that Jabouri is right. In the government's campaign to promote the security plan, the prime minister is urging Iraqis to call hot lines or inform police if they have information about insurgents or militias.

But Jabouri worries that the armed militants, whom the plan intends to target, have learned how to evade major crackdowns in security. "They can run away for a few months. When everything is quiet, they will return back to their crimes."

Muthena Mohammed, a secular Shiite who lives in the southern Baghdad neighborhood al-Bayaa, says he wants to get revenge for attacks on his own house. But he is waiting to see if the US and Iraqi forces will mete out justice for him.

Mr. Mohammed says he knows who is targeting him. "They are my neighbors," he says.

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"[Under] the new plan, they should detain these people so that I can go back to my home, go back to my job, to continue my work. If I go back to my home and the terrorists or insurgents or my neighbors are there and I find them, I will kill them because this is a revenge case."

Many Iraqis will be watching what militant groups are targeted during the gradual crackdown, which has begun, and which Maliki said will be sped up this week, as a measure of any possible sectarian bias within the Shiite-led government. The government has said it will target Shiite and Sunni militias equally.

Ali Fakher, a Shiite who lives in Sadr City, says both sides are so entrenched in fighting and the cycle of revenge that establishing real security will take time.

The solution is that they should put Iraqi troops in charge instead of having the Mahdi Army controlling Shiite areas and Sunni "terrorists" control the Sunni neighborhoods, he says.

As sectarian violence has spiraled in the past year since the Samarra shrine was bombed, some Iraqis like Mohammed say they can't rely on US or Iraqi forces to protect them.

"We created an armed group carrying AK-47s to protect our new place ... If the situation becomes good we will leave our machine guns and we will be friends and good neighbors. We know there is a serious [intention] from the new troops to do their mission in a good way but this will take a lot of time," he says.

In another largely Shiite neighborhood in Baghdad this week, armed men drove into the neighborhood at least twice and pulled captives out of the vehicle's trunk and killed them in the street, even though a contingent of US and Iraqi soldiers are based in a nearby building.

Three separate blasts rocked Baghdad Monday at noon. An attack at the popular Shorja market, Baghdad's oldest, set ablaze an eight-story warehouse. A separate roadside bomb at the Bab al-Sharji market, also in central Baghdad, killed five. Officials said 164 people were wounded.

The Shorja market, the main supplier for countless small shops in the capital and central Iraq, has been bombed frequently.

The bombings took place as Maliki said Iraq had no future unless a US-backed Iraqi security push against militants in Baghdad succeeded. "We have great confidence that Iraqis have realized that no one has a future in this country if we don't terminate the terrorists," he said after holding 15 minutes of silence in remembrance of the Samarra bombing, which under the Gregorian calendar was on Feb. 22, 2006.

Iraq's top Shiite cleric, Grand Ayatollah Ali al-Sistani urged followers not to seek revenge against Sunnis. Mr. Sistani said the Samarra bombing, blamed on Sunni militants, plunged Iraq into a cycle of "blind violence."

"We call on the believers as they mark this sad occasion and express their feelings ... to exercise maximum levels of restraint and not to do or say anything which would harm our Sunni brothers who are innocent for what happened and who do not accept it," Sistani said in a statement.

The reclusive Sistani, who lives in the holy city of Najaf, is regarded as a voice of moderation. Sistani, who heads the Shiite religious establishment, or Marjaiya, has repeatedly urged Shiites not to get sucked into sectarian conflict.

Explosions Target Baghdad Markets (CHIT)

By Liz Sly

Chicago Tribune, February 13, 2007

BAGHDAD -- Iraqi frustration with the slow start of Baghdad's long-promised security plan mounted Monday after a series of explosions tore through two downtown markets, killing at least 79 people and wounding 160 in the latest act of carnage to strike the commercial center of the capital.

The successive midday blasts struck Baghdad's historic al-Shorja market just as Prime Minister Nouri al-Maliki was addressing reporters live on television to mark the Islamic calendar anniversary of the attack last year on the holy Shiite al-Askari shrine in Samarra.

"We call on Iraqis to unite …," he said, as the second and biggest of the explosions reverberated across the city. Maliki barely flinched. "... And to cooperate with the Iraqi security forces," he continued.

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In his address, Maliki promised that Baghdad's security plan would go into effect "later this week," compounding confusion over whether the plan has actually started. U.S. officials said last week that some aspects of the plan had already begun, but Maliki has yet to announce what he has called "the zero hour" for the plan's implementation.

As a thick funnel of black smoke spiraled into the Baghdad sky and the sirens of ambulances wailed across the city, Iraqis expressed fury that there is still no tangible evidence of the promised plan, which is to see the deployment of an additional 17,500 U.S. troops in Baghdad along with additional Iraqi soldiers.

"The only sign I can see of this security plan is that there are more explosions, and more troops hurrying around, but security? I'm sorry, no," said Jabar al-Hashemi, 28, a porter in the Shorja market.

He had rushed to help the wounded after the first and biggest of two car bombings hit the market, but fled when panicked rumors spread that a second bomb was in the vicinity.

"Who else is responsible if not the government?" he said. "We don't know who detonated the bomb so we can only blame the government for not protecting us. They can't even control the center of Baghdad, so why are they there if they can't protect us?"

Police said a total of three bombs exploded in the city center, starting with a small one detonated by a man wearing a suicide vest in the Bab al-Sherji market district shortly before noon; nine people died as a result.

Twenty minutes later, a massive car bomb exploded in the densely packed al-Shorja market, followed within 10 minutes by a second car bomb about 100 yards away.

The blasts ignited a warehouse, demolished dozens of street vendors' stores and flipped cars parked in a four-story parking garage onto the street below. A police spokesman, Gen. Abdul Karim al Kinani, said 70 bodies were taken directly from the site of the bombing to the morgue, and many others were reported dead on arrival by city hospitals.

Bombings that target crowded open-air markets, apparently aimed at maximizing civilian casualties, have become increasingly common in recent weeks. The markets are located in poorer neighborhoods populated mostly by Shiites, but they attract customers from most communities within the city, making it difficult to determine if the attacks are purely aimed at Shiites or more broadly at sowing fear and eroding confidence in the government.

Iraqis observed grimly that the bombers have been more successful in stepping up their attacks than the government has been in stopping them.

"There is no government. This is a crowded place full of people and there was no security there to protect us," said Haider Hameed, 31, a cloth merchant in the Shorja market who joined a panicked exodus of merchants and shoppers after the first bomb exploded.

"The terrorists have made every effort to ensure the government plan will fail, while the government is doing nothing. It's not acceptable to say this plan will happen in a few days or in a week because people are dying every day."

The series of bombings roughly coincided with a 15-minute period of mourning called by Maliki to mark the anniversary of the bombing of the Samarra shrine, widely regarded as a turning point in the nearly four-year-old war.

The Feb. 22, 2006, attack unleashed a firestorm of Shiite rage, signaling the onset of the widespread, unchecked sectarian violence that claimed the lives of over 34,400 Iraqis last year and derailing U.S. hopes of handing over security responsibility to Iraqi forces in most of the country by the end of 2006.

Marking the occasion, revered Shiite cleric Grand Ayatollah Ali Sistani issued a statement urging Shiites not to blame Sunnis for the destruction of the shrine.

"They are innocent," he said. "It's the fault of the taqfiris [Sunni extremists] who are trying to wage a total sectarian war against the Iraqi people."

Bombs Kill 78 In Shiite Market (LAT)

By Borzou Daragahi And Said Rifai

The Los Angeles Times, February 13, 2007

BAGHDAD, Iraq — Within the dense warren of shops and storefronts of the Shorja market, ordinary life drummed along Monday morning. Security guard Abdul-Ameer Mohammed stood at his post in front of a bank. Nail Ahmed, owner of a porcelain

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pottery store in the market, took a break and shopped for spices for his wife. Maytham Qazzaz, a plastics and nylon merchant, worked the phones.

Then the explosions erupted, yet another in a series of attacks on crowded Baghdad marketplaces. Ordinary life became engulfed in fire, twisted metal, collapsed buildings, shattered glass, black smoke and blood. At least 78 Iraqis were killed in the attack and 166 injured. They were among the victims of sectarian violence that left more than 100 dead Monday in the capital alone.

"Every day we pray before going to work because Shorja has become a repeated target," said Ahmed, the pottery store owner, recovering from injuries to his back and head at the capital's Medical City Hospital. "But what can we do? We have to work to put food on the table for our families."

Minutes before the Shorja blast, an explosion caused by a suicide bomber wearing an explosives-packed belt ripped through a crowd at the nearby Bab al Sharji marketplace, killing at least nine people and injuring 19. The attacks coincided with the Islamic lunar calendar anniversary of the bombing last year at a Shiite Muslim shrine complex in Samarra that intensified the country's slide into sectarian civil war.

Monday's attacks also were laden with sectarian implications. The vast majority of the shoppers, sellers, truckers and young unskilled laborers lugging goods among the crowds at the Shorja and Bab al Sharji markets are Shiites. Such near-simultaneous bombings of marketplaces are trademarks of Sunni Arab insurgents.

Monday's marketplace explosions shook the city for miles around, filled hospitals and choked traffic throughout the war-scarred capital.

Mohammed, the security guard, said the blast sent the bank's steel doors hurtling toward him. "I heard many loud, indistinguishable noises before I fainted," he said, sitting on a sidewalk and nursing a wound to his head.

Witnesses, victims and rescue workers described horrific scenes of carnage, with the injured and dead trapped beneath rubble and inside burned cars.

"We saw bodies and human remains scattered all over the place," said Jalil Abdul-Latif, an ambulance driver who spent the afternoon ferrying victims from the Shorja market to the Medical City Hospital. "We dragged the bodies and the injured victims from inside cars and out of collapsed buildings."

Worst hit was a sprawling, six-story 1970s-built complex at the heart of the Shorja market filled with stalls selling clothes, cooking utensils, farming equipment and more.

An enormous fire on the third floor raged for hours. Firefighters frantically attempted to extinguish the flames, which only seemed to spread as the afternoon wore on.

Many of the dead were trapped inside collapsed buildings. Qazzaz, the plastics store owner, said he and his employees struggled to get the injured to hospitals, but were hampered by bridge closings and roadblocks. Ahmed was dismayed to learn that his 17-year-old employee, Saif, had been crushed to death inside his ruined porcelain shop.

In other violence, authorities discovered the bodies of at least 30 Iraqis scattered around the capital. Mortar shells struck southeastern and southwestern Baghdad neighborhoods, killing at least eight Iraqis and injuring 25.

A roadside bomb targeting a police patrol struck a civilian motor vehicle in Baghdad, killing two passengers.

A U.S. soldier died Sunday in a noncombat incident somewhere in Iraq, a news release said. The death brought to 3,126 the number of American troops killed in the Iraq war, according to icasualties.org, a website that tracks U.S. casualties.

U.S. and Iraqi forces in Buhriz, a Sunni insurgent stronghold about 35 miles northeast of the capital, arrested police Maj. Khaled Saber Shammari, the head of the local force. He was accused of helping militants. U.S. and Iraqi forces have arrested 27 men during an aggressive sweep of the town backed by American air support.

Two Markets Bombed In Central Baghdad, Killing At Least 67 And Wounding 155 (NYT)

By Damien Cave

The New York Times, February 13, 2007

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BAGHDAD, Feb. 12 — Four back-to-back explosions at two markets in central Baghdad killed at least 67 people and wounded 155 on Monday, charring drivers in their cars, shredding stores and setting ablaze a seven-story building full of clothing stores that burned for more than six hours, witnesses and officials said.

The blasts — three at Shorja market, the capital's largest bazaar, and one at Bab al-Sharji a few blocks away — struck shortly after Iraq's Shiite-led government marked the first anniversary, by the Islamic calendar, of an attack last year that destroyed a revered Shiite mosque in Samarra. That bombing, which shattered the shrine's golden dome, set off a wave of sectarian violence in Iraq that has yet to end.

Monday's attacks, given their timing and severity, seemed intended to fuel the country's sectarian hatreds and upstage the new American-Iraqi security plan for Baghdad.

One thunderous explosion could be heard in the middle of an upbeat outdoor news conference on security in Iraq given by Prime Minister Nuri Kamal al-Maliki in the Green Zone, roughly two miles from the markets. He did not flinch or address the sound.

"I'm very hopeful that the Iraqis will work together to support the Iraqi security forces and police" — boom! — "who are in charge of the operation," he said.

But the bombings only underscored the challenge he faces in trying to inspire public confidence as sectarian violence continues.

The Shorja attack was at least the fifth there since August.

It came on a day when the Iraqi High Tribunal ruled that Saddam Hussein's vice president, Taha Yassin Ramadan, should follow his former boss and two other members of that government to the gallows in several weeks, despite objections from United States officials who fear that another hanging so soon after those three would undermine the credibility of the Maliki government.

The High Tribunal initially sentenced Mr. Ramadan to life in prison for his role in the killing of 148 Shiites in the town of Dujail in 1982, but an appeals court in December sent the case back, directing that he be executed.

Miranda Sissons, leader of the Iraq program at the International Center for Transitional Justice in New York, said the Iraqi judges who switched Mr. Ramadan's punishment to death "didn't give any legal reasons for their change of action." She said no new evidence had emerged since Mr. Ramadan's conviction.

"The court is no longer making a judicial decision," she said. "It's political."

There were calls for peace on Monday, too, most notably from Iraq's leading Shiite cleric, Grand Ayatollah Ali al-Sistani, who issued a statement to mark the one-year anniversary of the Samarra mosque attack. But those calls were largely drowned out by fury and cries for vengeance.

One came from Mr. Ramadan who, after his resentencing, said he was innocent and promised that God "will take revenge on everyone who oppressed me."

At the Shorja market, where a roadside bomb, a car bomb and a truck bomb blew up just after noon, people directed their anger at Sunni insurgents, who have frequently taken credit for similar attacks.

Ali Hassan Flayha, a merchant from the market who witnessed the explosions, said the insurgents wanted only destruction, to stop daily life, kill as many people as possible and keep the public angry at the Iraqi and American governments.

"The insurgents won't let us do our work," he said. "They are shooting at us, kidnapping our workers, starting fires, just to keep us away from the market." Bloodied bodies have become a familiar sight, he said, but government protection has not.

"The goal of the insurgents is to show us that the government is weak," he said. "We understand. They're right."

The Shorja attack was the deadlier of the two market attacks Monday, killing 61, while six died at Bab al-Sharji, according to an Interior Ministry official. It was one of more than a dozen strikes at markets over the past year that have killed more than 500 people.

Mr. Flayha and other witnesses said one bomb at the Shorja market was concealed in a pickup truck that parked outside the Abu Hanifa building, a seven-story concrete structure with shops and restaurants on the first floor and wholesale clothing businesses filling the rest of the structure.

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The explosion, witnesses said, set the building on fire, trapping workers amid mannequins and clothing that burned like kindling and belched out smoke. Firetrucks arrived but were unable to put out the blaze for hours, leading some merchants to question whether the firefighters had enough water.

In the streets, bodies sat in cars, blackened. Young men pushed wooden carts with wounded survivors, their heads and bodies bandaged.

In the Baghdad neighborhood of Dora, two people were killed in a drive-by shooting, an Interior Ministry official said. He said three people were killed by mortar fire in western Baghdad and the authorities found 28 bodies throughout the city.

In Diyala Province, six suspected insurgents died when the car bomb they were preparing exploded near Baquba, the police said.

In a northern neighborhood of Baquba, suspected insurgents shot six people in the head in a public garden, the police said. A few miles farther north, another group of suspected insurgents beheaded a policeman with a sword in a public square. In both cases, the police said, the gunmen forced residents to watch the killings.

Bombs Kill 70 In Iraqi Capital (WP)

By Joshua Partlow

The Washington Post, February 13, 2007

BAGHDAD, Feb. 12 -- In Najaf on Monday, thousands of Shiite Muslim worshipers marched and chanted for peace, marking the one-year anniversary of the destruction of a sacred shrine that sent Iraq sliding toward civil war.

Prime Minister Nouri al-Maliki, who asked his nation to take time to remember that destructive day, stood outside his Baghdad office and observed a moment of silence.

At the strike of noon, mosques overlooking Baghdad's oldest market rang out with a plaintive call of commemoration: "God is greatest."

Minutes later, four bombs detonated in the bustling Shorja bazaar, where many Shiites shop, killing at least 70 people, wounding more than 120, and engulfing buildings in flames and black smoke that billowed over the city for hours.

For residents of Baghdad, the deadly attack came as a devastating reminder of the state of crisis that worsened dramatically when the golden-domed mosque of Samarra was blasted into rubble one year ago, by the Islamic lunar calendar. It was also a dismal reminder that attacks on civilian targets, primarily Shiite gathering spots, continue despite heightened efforts of U.S. and Iraqi forces to restore order in the capital.

In the past month, bombs in heavily Shiite areas of Baghdad have torn through fruit stands and clothing stalls in the nearby al-Sadriya and Bab al-Sherji markets, slaughtered students at Mustansiriya University, and killed people and animals at a popular open-air pet bazaar -- for a death toll of more than 400 people.

"These terrorist attacks, they're not a challenge to the regime as a whole, but they give a very, very powerful perception that the government cannot protect the people, and this is very dangerous," said Haider al-Ebaidi, a Shiite member of parliament.

Officials of the Shiite-led government have attributed the attacks to Sunni Muslim insurgents, usually assigning blame to "taqfiris," or extremist conservative Muslims; "Saddamists," secular loyalists of the late former president Saddam Hussein; and increasingly to foreign fighters entering Iraq to join the anti-American insurgency. Iraqi officials say attacks against Shiites are intended to threaten the government and spark reprisal killings such as those that characterized the aftermath of the Samarra shrine bombing, when marauding gunmen began executing Sunnis by the dozens every day.

"They want to apply mass pressure on the government. It is psychological warfare that they are conducting," said Mohammed Naji Mohammed, a lawmaker from the largest Shiite bloc in parliament. "Since they consider the government a Shiite government, even though it's a national unity government, this is why they are conducting those mass attacks."

Since the bombing in Samarra, the violence here has become more complicated, and less easily understood as acts of sectarian revenge.

A recently issued National Intelligence Estimate notes a complexity beyond civil war that "includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence."

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In a day-long battle late last month, U.S. and Iraqi forces killed 263 militants that Iraqi officials said were members of a Shiite-led cult intent on killing the country's Shiite religious leadership. U.S. officials on Sunday displayed what they said was evidence that Iran's government is supplying Shiite militias with weapons and explosives.

"Now there is not the same sectarian talk on the street," said Mithal Alousi, a secular Sunni politician who talked to residents at the scene of the Shorja bombing. "The Iraqis are targets by Iranian intelligence, Syria, al-Qaeda, Hezbollah."

"The terror era has just started, and I think it will take years and years," he said. "To just say we will have a security plan and this will stop is very naive."

Wamidh Nadhme, a political analyst at Baghdad University, noted that officials often blame "foreign hands" for the violence, yet there are rarely any suspects tried and convicted for such attacks, so the public is largely unaware of who is responsible.

The officials "themselves are in the same position as we are," he said. "They are important people and they find it difficult to say that they do not know what is going on."

"They use sort of general words, like terrorist, taqfiri, Saddamist, but it is not enough and there is no further proof or evidence to let any reasonable human being accept their claims," Nadhme said.

A spokesman for Iraq's Interior Ministry, Abdul Kareem al-Kinani, said three men have been detained in connection with Monday's bombings at Shorja market. Two are foreigners and one is Iraqi, he said, without identifying them further.

After the spate of recent bombings of civilians, some Iraqi officials say they are seeing fewer revenge killings by Shiite gunmen, which some attribute to instructions by Shiite cleric Moqtada al-Sadr ordering his Mahdi Army militiamen to lay low during the implementation of the security plan. The number of unidentified corpses found in Baghdad in January, 321, was slightly down from a peak of 416 in November, according to Iraqi Health Ministry and morgue figures. The count of unidentified bodies gives a partial picture of ongoing but less spectacular violence, sometimes driven by sectarian retaliation.

"Of course we are upset by the situation," said Ahmed Hussein, 35, a Mahdi Army member from the sprawling Shiite neighborhood of Sadr City. "Not just Shorja [market], we remember Sadriya," he said, referring to a suicide truck bombing that killed at least 132. "It's a massacre and a tragedy. But we didn't do anything because we have orders not to intervene. We are focusing on national reconciliation between Sunnis and Shiites."

Monday's market bombings, which struck near Shiite and Sunni mosques and two Christian churches, came in quick succession. Ali al-Timimi, 44, who owns a shop that sells electrical equipment, ran from his shop after the first blast.

"The poor dead people were falling on the street and the wounded were rolling on the ground," he said. "I was running and looking at the faces of those who were on the ground to see whether I knew any of them." He heard two more explosions, which ignited a multi-story warehouse and torched cars and shops, and kept running.

Some of the injured and burned were trapped inside their shops until firefighters could extract them, witnesses said. "There were burnt bodies and hands and legs all over the streets, and since there were lots of shops which sells blankets on both sides of the street, people started to use those new blankets to carry away the bodies," said Amir Rahim, 32, a merchant at the market.

Pickup trucks and ambulances raced with their loads to local hospitals. At Kindi Hospital in eastern Baghdad, dozens of bloodied victims were sprawled on gurneys, in wheelchairs and on the floors of the dimly lit, tile-lined hallways. People ran through the hospital searching for relatives. One man wandered in a daze with a clump of bloody gauze protruding from his ear.

In one hallway, Mustafa Gazi, 19, a Shiite grocer from Sadr City, rested his hands on his cousin Jafr Kamel, 18, who lay on a gurney, his eyes closed and lips quivering. Kamel was not wounded, but had fainted at the site of his brother, Mohammed Nasr, 20, who suffered severe burns and a seriously wounded leg. Nasr and two friends had gone to buy sports apparel at Shorja.

"This is just because the government is a Shiite government," Gazi said.

"Only God can stop this," said Nasr's uncle, Kamel Shiltaq.

"It will never stop," Gazi said.

Staff writer Ernesto LondoÃ±o and special correspondents Naseer Nouri, Saad al-Izzi, Naseer Mehdawi and Waleed Saffar in Baghdad and Saad Sarhan in Najaf contributed to this report.

Car Bombs Kill 78 In Baghdad Market (WT/AP)

By Kim Gamel

DOJ_NMG_0131327

The Washington Times, February 13, 2007

BAGHDAD -- Thunderous car bombs shattered a crowded marketplace in the heart of Baghdad yesterday, triggering secondary explosions, engulfing an eight-story building in flames and killing at least 78 persons in the latest in a series of similar attacks aimed at the country's Shi'ite majority.

The blasts in three parked cars obliterated shops and stalls and left bodies scattered among mannequins and other debris in pools of blood. Dense smoke blackened the area and rose hundreds of feet from the market district on the east bank of the Tigris River. Small fires, fueled by clothing and other goods, burned for hours in the rubble-strewn street as firefighters battled blazes in two buildings.

The attack appeared timed to coincide with the first anniversary -- on the Muslim lunar calendar -- of the bombing of a Shi'ite shrine in the town of Samarra north of Baghdad, an al Qaeda provocation that unleashed the torrent of sectarian bloodletting that has gripped the capital for months.

The bombings yesterday wrecked the Shorja market, Baghdad's oldest, a day after U.S. and Iraqi forces temporarily sealed an adjacent neighborhood. The operation was part of the latest Baghdad security push to which President Bush has committed an additional 21,500 American troops.

Nationwide, 133 persons were killed or found dead yesterday, according to police reports. About 30 minutes before the attack on the market, a suicide bomber detonated an explosives-laden vest in a crowd near a popular falafel restaurant in the nearby Bab al-Sharqi area. Nine persons were killed and 19 were wounded.

A 15-minute period of commemoration in the capital marking the 2006 attack on the Golden Mosque had just ended when the attack on the market occurred.

The sound of two of the blasts was caught on tape as Prime Minister Nouri al-Maliki was delivering a speech live on television from the Cabinet building in the heavily fortified Green Zone at the end of the commemoration.

The Shi'ite prime minister didn't flinch -- though his bodyguards did -- as he called for unity and expressed optimism about the U.S.-Iraqi security sweep that officials said will gain momentum this week.

Brig. Abdul-Karim Khalaf, a spokesman for the Interior Ministry, told al Iraqiya state television that three suspects -- an Iraqi and two foreigners -- were arrested in the attack on the marketplace.

Elsewhere in Baghdad, some roads and bridges were closed after Mr. al-Maliki called for government offices to set aside time to remember the Samarra bombing. That attack occurred Feb. 22, 2006, according to the Western calendar.

Grand Ayatollah Ali al-Sistani, Iraq's top Shi'ite cleric, urged the government to rebuild the shrine, whose golden dome was partially torn off by the blast. The compound has since been locked and guarded by Iraqi police.

About 16,000 demonstrators flooded the main street of Karbala, 50 miles south of Baghdad, marching toward two Shi'ite shrines in that holy southern city. In the capital, hundreds of men chanted and beat their chests and drums as they carried a replica of the mosque.

A Year Later, Golden Dome Shrine Divides Sects (LAT)

By Louise Roug

The Los Angeles Times, February 13, 2007

http://www.latimes.com/news/nationworld/world/la-fg-samarra13feb13,0,4009541.story?coll=la-home-headlines

A year later, golden dome shrine divides sects By Louise Roug

Times Staff Writer

SAMARRA, Iraq -- The town was quiet, its residents asleep. A minute after midnight, the on-duty officer at a small U.S. base here started his log. At 6:43 a.m., Army Sgt. 1st Class Christopher Gallas noted the sound of two explosions. Four minutes later: "Nighthawk elements report Main Dome on the Golden Mosque has been blown up."

Gallas did not know it, but the attack he recorded would reverberate throughout Iraq and the rest of the world.

The twin explosions last February claimed no lives. But the destruction of the Shiite Muslim al-Askari shrine in a Sunni city led to the death of thousands as Iraqis engaged in a frenzy of vengeance, torching mosques and publicly executing civilians.

This was the dawn of Iraq's civil war.

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On Monday, the anniversary of the bombing according to the Muslim lunar calendar, officials in Baghdad called for 15 minutes to remember the destruction of the shrine. Instead, bombs shattered two Baghdad markets frequented by Shiite residents, boosting the war's toll by at least 97.

For almost three years, Shiites endured bombings and assassinations by Sunni insurgents. They buried thousands with only limited retaliation. Their pre-eminent cleric, Grand Ayatollah Ali al-Sistani, preached restraint.

But Feb. 22, 2006, was the day Shiites stopped listening.

The desecration of one of their holiest sites in Iraq was unfathomable. Iraqi Vice President Adel Abdul Mehdi, a Shiite, compared its emotional resonance with the effect the Sept. 11 attacks had on Americans.

Top U.S. officials described the bombing as a "crime against humanity."

The government imposed a nationwide curfew. Iraqi and U.S. troops were sent into the streets to protect Sunnis from retaliation.

But the rage would not be contained.

At daybreak after the attack, an Iraqi interpreter for the Americans was one of the first people to reach the shrine.

Fuad, nicknamed "Tiger," has a Shiite mother and a Sunni father. He is agnostic. But that morning, seeing the Golden Mosque reduced to gray rubble, Fuad cried.

Next to him, Sunni police from Samarra and Shiite forces from Baghdad were weeping. Although Samarra is a mostly Sunni city, the shrine itself is a source of pride for both groups. The explosions brought sleepy Iraqis into Samarra's narrow streets. Looking toward the Golden Mosque, they saw its luminous shell shattered.

A call went out from mosque loudspeakers: Jews have done this, Americans are responsible.

By 8:10 a.m., a large group gathered at the market near the mosque. Protesters threw rocks at Iraqi commandos, and there was sporadic gunfire. Some men simply held up a Koran, repeatedly chanting, "Allahu akbar" -- "God is great."

The mob pushed toward the U.S. base. Troops prepared to defend the compound. The standoff didn't last long. The crowd dissipated. This was no longer about the Americans.

In Sadr City, a poor neighborhood in east Baghdad, Shiite militiamen picked up AK-47s and grenade launchers and marched north toward the Sunni heartland. Elsewhere, killers were on the prowl.

Khalil Duleimi, a Sunni cleric, was among the first to be slain. He died at his mosque in east Baghdad, killed in a drive-by shooting.

In the Shiite-dominated southern city of Basra, a mob pulled a dozen Sunnis from prison and executed them.

Dozens of others were slain that first day, hundreds in the days to follow.

The schism between Shiites and Sunnis dates to the 7th century and a dispute over the Prophet Muhammad's rightful heir.

Two-hundred years later, a Sunni caliph, Abu Ishaq al-Mutasim ibn Harun, worried about a possible Shiite insurrection, brought two direct Shiite descendants of the prophet, Ali al-Hadi and his son, Hassan al-Askari, to Samarra, where they died under house arrest, believed to have been poisoned by al-Mutasim. The al-Askari shrine contains their tombs.

During the waning days of the Ottoman Empire, laborers built the golden dome above the al-Askari shrine, completing it in 1905. For the next 100 years, the setting sun's rays were reflected by the gilded canopy.

The city's inhabitants looked upon the shrine as a member of the family; they saluted it as they walked by. Children called, "Salam alikum" -- "Peace be with you" -- to its golden top.

Bringing down the golden dome required cruelty, a well-laid plan and lots of explosives: A wall 3 feet thick and 9 feet high surrounded the shrine. The gates were locked every afternoon at 5. Nine security guards, hired by the Sunni authorities who dominate this city, patrolled the courtyard and buildings.

From a hotel across the street, a four-man police surveillance team watched over the mosque. Six other officers were on duty at a station adjoining the shrine. A battalion from Baghdad was headquartered less than 100 yards away. A company of U.S. troops occupied a base 500 yards down the road.

According to U.S. military documents reconstructing the bombing, four gunmen entered the shrine complex at 8 p.m. Feb. 21 through a door adjacent to an Islamic school.

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The gunmen were wearing police commando uniforms and black masks. Without firing a shot, they overpowered the nine guards, tied them up and stole their money and weapons. They also took the keys to the complex. During the night, the men placed large amounts of explosives in the wall supporting the dome and under the canopy itself. Before dawn, the men slipped out, unnoticed.

Soon after, a police lieutenant in the station across the street heard someone shouting, "Police, police!"

From the roof of his building, the lieutenant could see the guards locked inside the compound courtyard. The lieutenant called for backup. While he was on the phone, he heard the first explosion. Six seconds later, the second blast brought down the rest of the dome.

In the confusion, the security guards fled . They were never seen again.

U.S. investigators believed that at least one of the guards collaborated with the attackers, letting the four men into the compound, according to the report, which also identified three of the nine guards as well-known insurgents.

A few days after the bombing, Iraqis took charge of the investigation.

In June, Iraqi national security adviser Mowaffak Rubaie told reporters that security forces had arrested a Tunisian, Fakher Mohammed Ali, after a shootout.

Rubaie said Ali had confessed to the bombing, detailing a plot by al-Qaida.

Ali told investigators that Haytham Badri, an Iraqi from a prominent Sunni tribe in Samarra and head of the local al-Qaida cell, planned the attack with seven others: four Saudis, two Iraqis and himself.

Ali now sits on death row in Baghdad, convicted of the bombing. Badri has not been caught. Neither have his alleged co-conspirators. According to the government, the case is solved.

Today, Iraqis project their fears and suspicions onto the rubble: Shiites believe Sunnis brought the dome down; Sunnis say the investigation was a Shiite conspiracy.

Prime Minister Nouri al-Maliki, a Shiite, says reconstruction will be an integral part of the reconciliation between Sunnis and Shiites.

The United Nations, the Iraqi government and Shiite religious authorities all have pledged money toward rebuilding the dome. Iraqi officials say $50 million is earmarked for the work. But Shiites want the work to be done by Shiites. And in a country torn apart by civil war, Shiites cannot travel through Sunni areas without considerable risk.

Shiite lawmakers pushed through the establishment of a new military unit named the "Brigade of the Two Saints" to protect construction materials, workers and pilgrims on the treacherous 60-mile stretch of road between Baghdad and Samarra. But Sunnis see the new unit as a provocation. Americans fear the unit could become either a sectarian tool or a target.

The shrine remains a hostage of the country's warring sects and the dome a bombed-out crater.

Fuad the interpreter believes al-Qaida was behind the attack. But he also blames the Shiite-led government and U.S. commanders for failing to recognize what was at stake in the ancient city on the bank of the Tigris River.

"They didn't think Samarra was a strategic city," he says, "but it was."

One Year Later, Golden Mosque Is Still In Ruins (NYT)

By Marc Santora

The New York Times, February 13, 2007

SAMARRA, Iraq, Feb. 11 — It has been a year since Sunni insurgents ripped a hole in the glorious dome here of one of Iraq's most sacred Shiite shrines, shattering its 72,000 golden tiles and unleashing a tide of national sectarian bloodletting. Not a single brick of the mosque has been moved since.

There has been no rebuilding and no healing; the million annual pilgrims, and the prosperity they spread, are gone. The roads south to Baghdad and north to Tikrit are pocked with roadside bombs and fake checkpoints where travelers are abducted. The citizens of this Sunni city, who protected and took pride in the Shiite mosque for more than 1,000 years, say they want to lead the reconstruction, but Shiites will not hear of it.

And a proposal from the Shiite-led government to send thousands of Shiite troops to provide protection for a reconstruction project has been met with threats of bloodshed.

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Symbols of political paralysis are everywhere in this country. But few have the potency of the blown-up Mosque of the Golden Dome, site of the graves of two of the figures most revered by Shiites, the 10th and 11th imams in a line of direct descendants of the Prophet Muhammad.

From the moment the shrine was destroyed, Iraqis — already accustomed to extraordinary violence — knew that life had taken an even darker turn. Within hours Shiite death squads sought bloody revenge, dozens of Sunni mosques were burned and Sunni imams were dragged out into the street and killed.

[That terrible day, one year ago according to the Islamic lunar calendar, was commemorated by Shiites from Najaf to Basra on Monday. But even as they were observing the occasion with a moment of silence, bombs in busy Baghdad markets left at least 67 more people dead. There were no commemorations in Samarra, just the ever-present reminder of the mosque itself.]

Pieces of the blue and gold tiles that adorned the facade of the great mosque, formally known as the Askariya Shrine, where graceful Arabic script from the Koran praised God and peace, sit shattered in the empty courtyard.

There are continuing discussions about rebuilding the shrine, and the United Nations has been approached. The local Sunni tribal elders have put forth a plan to rebuild, but it is unlikely that Shiite religious and political leaders will trust them.

Both groups say reconstruction of the dome would be a powerful unifying force, a symbol of hope where hope is scarce. But any large-scale project remains complicated not only by the distrust between Sunnis and Shiites, but by the precarious security situation in Samarra itself, where a force of only about 300 national and local police officers is trying to control a city of about 100,000.

Some of men currently responsible for guarding the shrine, drawn from the nation's Facilities Protection Services, are considered suspect, possibly infiltrated by Sunni militants, according to Americans and Iraqis.

The walls still stand, but the doors are locked, and no prayers are conducted there. Nearby shops are open but desolate.

Residents, for whom the mosque was a source of livelihood as well as pride, say they would like nothing more than to have it rebuilt. But they have no faith in the central government, fearing that Shiite politicians would use the reconstruction as an excuse to take control of the mosque.

Before the attack, more than a million Shiites streamed into the mosque each year, visiting the graves of the 10th and 11th Imams. They also came to honor Muhammad al-Mahdi, who became the 12th Imam when he was only 5 years old, in A.D. 872.

Shiites believe that it was here that the Mahdi was put into a state of divine hiddenness by God to protect his life. Shiites believe that the Mahdi will return at the end of days, at a time of chaos and destruction, to deliver perfect justice.

The graves, at the foot of a spiral staircase some 50 feet below ground, were not damaged in the explosion, a caretaker said. But the dome, the defining feature of the mosque, renovated in 1905, was ravaged.

Shiites rarely dare travel to the city now.

The Iraqi police have started constructing a sniper's post on a roof across the street. When the Americans arrived Saturday to check up on the effort, it took less than 20 minutes for militants to begin attacking them. Bullets whizzed over the mosque and the American position.

A stray round hit a civilian standing at the shrine's southern gate. An American medic pulled him to safety and treated his wound. The fight was brief, less than half an hour, with the militants finally scurrying away with the Americans in pursuit. But it was a reminder of how difficult it would be to secure the site for any major reconstruction project.

Samarra was untouched in the American-led invasion of 2003, but since then it has fallen to militants twice, only to be retaken in major American military operations.

The Americans, who try not to patrol too near the mosque, keep one base in the city. They acknowledge that if they leave any time soon, the militants will seize the city again.

The roads running south to Baghdad and north to Tikrit remain plagued by attacks, mostly with roadside bombs.

The government in Baghdad is discussing a plan to create a special brigade of 3,500 soldiers to secure the roadways and protect a team of workers who would rebuild the mosque. But if those soldiers are primarily Shiites they will not be welcome, Iraqi officials say.

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"If they send Shiites from the south, they will be killed," said Lt. Col. Abdul Jalil Hanni, the commander of the Iraqi police here. "They should make the brigade with people from Tikrit and Samarra," he said. "Al Qaeda will still make trouble, but it can be done."

Residents of Samarra, who are very careful with their words because militants still hold much of the power here, remain as devastated by the destruction as the Shiites.

"It was a catastrophe for Samarra and the Islamic world," said Zuhair Majeed, 26, whose shop is at the foot of the shrine. "The shrine has been in Samarra for 1,200 years. It was the people of Samarra who protected it, reconstructed it and served it."

But the people of Samarra also have chosen not to even clean the rubble from the site, because they believe that the real culprit in the bombing has yet to be found.

"You must know that the tribal leaders have not removed a single brick until now, in order not to change the crime scene," said Sheik Qahtan Yahya al-Salim, the general secretary of the tribal sheiks' council in Samarra.

Haitham al-Sabaa, of the Badri tribe, a former chicken farmer from Samarra, was the architect of the plan, American and Iraqi officials say. He has not been caught.

Before the war Mr. Sabaa was not particularly religious, old friends say, but joined Al Qaeda in Mesopotamia after the American invasion. They say he worked with Abu Musab al-Zarqawi, the Jordanian-born Qaeda leader who was killed by American forces in Iraq last June.

Mr. Zarqawi explicitly wrote that attacking the apostate Shiites was integral to undermining the American occupation. Mr. Sabaa, the officials said, was hungry to prove himself in the Qaeda hierarchy and orchestrated the attack. "For him it was not about religion but about being a big man," said one person, who recalled many a wild and drunken evening with Mr. Haitham before the invasion. He is now considered a "prince" in the Qaeda structure in Iraq, American and Iraqi officials said.

Many residents here have come to believe an alternative version of how the attack occurred, blaming Iranian agents and pointing to the fact that the attackers were wearing commando uniforms. But there is no evidence to support that theory.

What is clear is that the attack was carefully planned and calculated.

A caretaker at the shrine described what happened on the day of the attack, insisting on anonymity because he was afraid that talking to an American could get him killed. The general outline of his account was confirmed by American and Iraqi officials.

The night before the explosion, he said, just before the 8 p.m. curfew on Feb. 21, 2006, on the Western calendar, men dressed in commando uniforms like those issued by the Interior Ministry entered the shrine.

The caretaker said he had been beaten, tied up and locked in a room.

Throughout the night, he said, he could hear the sound of drilling as the attackers positioned the explosives, apparently in such a way as to inflict maximum damage on the dome. Many Sunnis in Samarra say they remain as pained by the shrine's destruction as the world's Shiites. "I still feel sad despite the passing of a year," said Abu Hameed al-Samaraee, 43, a teacher.

"I can describe what was done as exactly like what happened to the World Trade Center," he said. "Bad people used this incident to divide Iraq on a detestable sectarian basis."

McCain Fears 'Tet Offensive' In Iraq (AP)

By Bob Lewis

AP, February 13, 2007

Republican presidential hopeful John McCain said Monday he fears an offensive by Iraqi insurgents similar to the Tet offensive by the Viet Cong that sent U.S. casualties soaring in Vietnam nearly 40 years ago.

McCain, a Vietnam war veteran who spent 5 1/2 years as a prisoner of war, said in an interview with The Associated Press that it's not the U.S. presence in Iraq that upsets voters but rather the number of casualties and the possibility those numbers could rise.

The U.S. death toll is more than 3,100 in the nearly four-year-old war.

In the GOP presidential field, McCain is one of the strongest proponents of President Bush's plan to increase the number of U.S. troops in Iraq by some 21,500.

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"By the way, a lot of us are also very concerned about the possibility of a, quote, 'Tet Offensive.' You know, some large-scale tact that could then switch American public opinion the way that the Tet Offensive did," the Arizona senator said.

Last month, an Associated Press-Ipsos poll found that 62 percent said the United States made a mistake in going to war in Iraq.

McCain made his comment in explaining why he did not believe the Bush administration should set a date by which it should deem Bush's troop increase a success or a failure.

"I think that it should be publicly open-ended because I think that if you set a date, that there's every possibility that the insurgents would just lay back and wait until we leave," McCain said.

Tet, a massive invasion in 1968 of South Vietnam by Communist North Vietnamese, inflicted enormous losses on U.S. and South Vietnamese troops and is regarded as a point where public sentiment turned sharply against the war.

McCain was in Richmond to address about 40 Virginia Republicans who could potentially support his 2008 presidential bid.

McCain said that while U.S. intelligence in the Middle East is better than the flawed information available before the 2003 Iraq invasion, it's still lacking as Iran continues its efforts to process nuclear material.

He said he has no doubt Iran is developing nuclear weapons.

"It is in my opinion that it is not whether they are developing nuclear weapons but when, and there is where opinion varies. Some say as short a time as two years, others as many as 10," McCain said.

Syria Turns Away Iraqi Refugees (WSJ/AP)

The Wall Street Journal, February 13, 2007

DAMASCUS, Syria -- Syria, the last Arab country welcoming large numbers of Iraqi refugees, is now all but closing the gates and leaving 40,000 Iraqis who flee their country each month with almost no place to go.

The new rules -- imposed without any official announcement -- also strike fear of deportation into the 1 million Iraqis already here. The worsening humanitarian crisis has resulted in calls for action by members of the U.S. Congress and a plea from the United Nations for more countries to help out.

"It's not fair that the burden is not being shared effectively. A very limited number of countries is paying a very heavy price," Antonio Guterres, the U.N. High Commissioner for Refugees, said on a recent tour of the Mideast.

Syria kept its doors open even after others, including Jordan and Egypt with 700,000 and 130,000 Iraqi refugees respectively, said they could take no more. But the strain on its small, state-controlled economy apparently has become too great.

Until last week, Iraqis could come to Syria without a visa and stay for up to six months. At that point, they could drive to any border, leave briefly and re-enter immediately and stay for another six months -- meaning they essentially were allowed to stay indefinitely.

But Iraqis in Syria say they now receive only a 15-day permit to stay when they enter, after which they must apply for a three-month permit that can be renewed only once. After six months, any Iraqi not a student or without a job or business must leave Syria for at least 30 days before being allowed back in.

Because Iraqis can't get into any nearby country for a long period, that 30-days-away rule basically makes most Iraqis here illegal. In addition, only those renting houses in Syria can apply for residency permit -- ruling out the majority of Iraqis, who crowd into relatives' apartments.

Syrian officials have said they will not deport Iraqis. And Syrian Interior Minister Bassam Abdul-Majid said recently that the new measures were taken merely to organize the resident permits of Iraqis and get an accurate count of refugees.

However, Syrian officials refuse to publicly confirm details of the new rules, and did not respond to several calls for comment, nor to a list of questions, from The Associated Press.

Many Iraqis fear the change. This weekend, thousands lined up outside U.N. offices to try to register for refugee status, in hopes that would give them a permanent toehold somewhere in the world.

Several Iraqis told The AP in recent days that their visas have expired and that they are scared to go to the Syrian immigration department for fear of being deported -- and plan to just stay illegally.

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Bashar Saleh, 33, who lived and worked as a barber in tense eastern Baqouba in Iraq, has been in Syria for almost a year. After the first six months, he drove to Lebanon where he spent one day, then drove straight back to Damascus. His visa expires this week but he doesn't know what to do this time.

Mr. Saleh said he applied for resettlement at the U.N. agency in July but has received no answer. "If the Syrians ask me to leave next week, I will stay here illegally. I cannot go back to Iraq," he said.

The U.S. State Department last week announced a study panel to look at Iraq refugee issues and report back on how to better focus U.S. assistance. Secretary of State Condoleezza Rice also authorized the top U.S. diplomat in Syria to discuss the refugee problem with the Syrian government, apparently in an effort to provide help.

But a handful of U.S. lawmakers have pressed for more urgent action. They note that since the U.S.-led invasion of Iraq in 2003, the U.S. has permanently resettled only 466 Iraqi refugees, including 202 last year.

Sectarian Tensions Boil Over Into Syria (CSM)

By Rania Abouzeid

The Christian Science Monitor, February 13, 2007

DARRAYA, SYRIA

In a town that lies about five miles southwest of Damascus, the twin minarets of a partially constructed Shiite mosque pierce the sky and its drab cinder blocks blend in with the surrounding winter dreariness.

But apart from its dull facade, the Iranian-funded Tomb of Sukaina stands out. Although the mosque contains what is believed to be the remains of a descendant of the prophet Muhammad revered by Shiites, it is located in an area that is home to ultraconservative Sunnis.

"They say it's the grave of Sukaina, but she's got about three in Syria," says Radwan, a bespectacled resident, in hushed tones. "It's for them, not for us," he says, referring to the Iranians. "There are no Shiites here, but maybe they want to create some."

For more than four decades, Syria has been a fiercely secular state. Its majority-Sunni population is ruled by a minority Shiite sect, the Alawites, and governed by the Baathist Party. Until recently, modest public displays of faith were tolerated but not encouraged. Unlike most other Arab countries, for example, the state does not televise Muslim Friday prayers.

But Syria has seen a growing religiosity over the past few years. Spurred in large part by the civil war in Iraq to the east and rising Sunni-Shiite tensions in Lebanon to the west, Syrians are increasingly aware of their sectarian identities. In a region roiled by religious tensions, the country's majority Sunni population now views Syria's deepening relationship to Shiite Iran with creeping suspicion.

"Syrians are speaking of Shiitization," says Redwan Ziade, a political analyst and human rights activist in Damascus. "It's a very sensitive issue. There has been an increase in internal problems between Syrians based on sectarianism, but it won't come to the surface because there's no means for it to."

Whisperings of new Iranian-funded Shiite religious institutions abound, as do rumors that Iran is offering cash and other incentives to persuade Sunnis to convert.

In Syria, an officially secular, one-party state that doesn't tolerate political dissension, religious statistics are hard to come by. According to the CIA World Factbook, Sunnis constitute about 75 percent of the population, with Alawites, Druze, and Christians making up the bulk of the rest. It is commonly understood that Shiites make up 1 or 2 percent of Syrians.

"We hear there are some areas on the outskirts of Damascus, Aleppo ... where there have been conversions, but we can't be sure," says Ammar Qurabi, chairman of the Arab Organization for Human Rights in Syria. "There is no public opinion; there is public fear."

The Syrian regime is adept at quieting social disturbances, but it has opted instead to assuage Sunni worries. Regardless of whether the rumors are true, the Syrian state is working to allay concerns among Sunnis.

In the past year, the regime has loosened restrictions on everything from religious weddings, which once needed state security clearances, to allowing the first public celebration of the prophet Muhammad's birthday in decades – an event that earned even more fanfare than the normally extravagant Baath Party founding anniversaries.

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Just a few months ago, the country's highest-ranking Sunni cleric, Grand Mufti Ahmad Hassoun, publicly downplayed concerns about Shiitization in a widely seen interview with Al Arabiya. While Mr. Hassoun said that the number of conversions was trivial, the fact that he even acknowledged Sunni concerns was significant.

The Syrian government is "trying to settle down these tensions between Sunni and Shiite that have spilled over from Iraq," says Andrew Tabler, a fellow at the Damascus-based Institute for Current World Affairs and a consulting editor for Syria Today magazine.

Many Sunnis here appear to connect recent regional events with a broader anti-Sunni campaign. Some blame Shiites for former Iraqi President Saddam Hussein's humiliating hanging amid sectarian taunts. There is also a popular perception that the months-long push led by Lebanon's Shiite Hizbullah Party to oust the government there was motivated by anti-Sunni sentiments.

Yet during the 34-day war between Israel and the Iranian and Syrian-backed Hizbullah last summer, many Syrians proudly plastered posters of the group's leader, Sheikh Hassan Nasrallah.

"When they killed Saddam Hussein, who wasn't a practicing Sunni for a day in his life, suddenly the feeling in Syria shifted," says Mr. Qurabi. "They tore down Hassan Nasrallah's posters."

For many, the question now is whether the US can exploit Sunni misgivings to pry Syria away from Iran's influence, as recommended by the Baker-Hamilton report last year.

According to Mohammad Habash, an independent Sunni member of parliament and director of the Damascus Center for Islamic Studies, the Syrian regime's newfound religious tolerance was partly designed to offset possible internal divisions that could make Syria vulnerable to US manipulation.

"The gap between religion and state policies has become narrower because of the policy of the US administration that believes it has a chance, under the banner of democracy, to make changes," he says.

Indeed, Sunni Arab leaders like Jordan's King Abdullah have warned that Iran is establishing a "Shiite crescent" stretching from Iraq through Lebanon to Syria. Saudi Arabia's monarch, in a rare move, recently lashed out against attempts to convert Sunnis to Shiites. He didn't name Tehran, but the conservative kingdom has been trying to counter Iran's growing influence in the region.

"The area is like a tug of war," says Mr. Ziade, the political activist. "Ahmadinejad, who speaks like a demagogue about exporting the [Islamic] revolution, increases sectarian tensions everywhere, including here."

Gates Says Pakistan To Help In Offensive Against The Taliban (USAT)

By Tom Vanden Brook

USA Today, February 13, 2007

MANAMA, Bahrain — Pakistan supports U.S. efforts to stop the Taliban's movements across the Pakistani-Afghan border, Defense Secretary Robert Gates said Monday.

Gates had an hour-long meeting in Islamabad, Pakistan, with Pakistani President Pervez Musharraf in which they discussed preparations for a NATO-led spring offensive against the Taliban.

The Taliban was a group of hard-line rulers of Afghanistan until it was toppled by a U.S.-led coalition in 2001. The Taliban regrouped along the Pakistani border and mounts annual attacks against Afghanistan's government and U.S. and allied forces.

Gates traveled to the Pakistani capital after meeting with NATO defense ministers in Europe. There, he sought to cement support for a major military, economic and counternarcotic offensive in Afghanistan this spring. He stopped briefly to change planes in Bahrain before flying back to the USA.

Gates said artillery attacks Sunday by U.S. troops on Taliban positions in Pakistan were coordinated with the Pakistanis.

Heavy fighting was reported in southern Afghanistan on Monday. At least six Taliban fighters and five Afghan police officers were killed in two separate firefights, according to U.S. Central Command.

The United States erred in neglecting Afghanistan after troops from the Soviet Union were chased out, Gates said. The Taliban took charge, al-Qaeda set up terrorist training camps there, and the Sept. 11 attacks were the result.

"We will not make that mistake again," Gates said.

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There are about 21,000 U.S. troops in Afghanistan; 13,000 of them work with NATO forces in the International Security Assistance Force, and the other 8,000 train Afghan troops and mount counterterrorism operations.

In advance of the offensive, the U.S. Air Force increased its airstrikes in the first five weeks of this year by more than 70% compared with last year. Gates told NATO allies they need to hit the Taliban hard. He stressed the need to combine the offensive with economic aid, improving the Afghan government and building the country's infrastructure.

NATO needs to ensure it has enough troops for an adequate, long-term presence in rural areas where the Taliban intimidates residents, said Anthony Cordesman, an analyst with the Center for Strategic and International Studies in Washington.

That has to be combined with an aggressive effort to defeat the illegal trade in opium and heroin derived from poppy cultivation, he said.

If there are too few NATO troops, Afghan security forces and development teams, the Taliban will exploit the gaps, Cordesman said.

"This is a war of attrition," he said, "and the Taliban are going to be there a long time."

Cordesman is skeptical that NATO can defeat the Taliban. Last week at a NATO conference in Spain, some smaller member countries agreed to send more troops to Afghanistan, but others, such as Germany, were reluctant to do so.

"They don't have a strategy, and they don't have an operational plan to make it effective," Cordesman said.

"Throwing clichés at the Taliban won't work."

In Pakistan, U.S. Defense Secretary Seeks Support To Counter Taliban (NYT)

By Thom Shanker

The New York Times, February 13, 2007

ISLAMABAD, Pakistan, Feb. 12 — Defense Secretary Robert M. Gates made an unannounced trip to Pakistan on Monday for talks with one of America's most complicated partners. He offered strong words of support for the government, even as he urged it to do more to halt the flow of Taliban fighters into Afghanistan.

Mr. Gates volunteered the help of the United States in easing a war of words between Afghanistan and Pakistan over border areas inside Pakistan that are being used as safe havens for fighters for the Taliban and Al Qaeda.

After meeting with President Pervez Musharraf, he told reporters that he was flying back to Washington reassured that Pakistan would work more strenuously to halt insurgents from crossing the border to attack American, NATO and Afghan troops.

"If we weren't concerned about what was happening along the border, I wouldn't be here," Mr. Gates said.

He had flown to Islamabad for a one-hour meeting with General Musharraf, nearby in Rawalpindi. Mr. Gates had spent the weekend in Munich at a security conference.

Senior American officials said the effort emphasized American support for an often criticized ally who assists the Bush administration's counterterrorism efforts but has been unable to prevent Islamic militants from using the country as a base.

Mr. Gates and General Musharraf discussed plans by NATO and Afghan forces for a spring offensive against the Taliban, who were ousted from power in Afghanistan by American-led forces in late 2001 and who normally carry out a fresh round of attacks with the first thaw.

Asked about reports that American troops in Afghanistan had been shelling Taliban positions across the border in Pakistan, Mr. Gates did not respond specifically, but said, "Our operations are coordinated with the Pakistanis."

A former director of the Central Intelligence Agency, Mr. Gates said he first visited Pakistan 20 years ago in an effort to support anti-Soviet guerrillas in Afghanistan. After the Soviets were routed, Mr. Gates said, the United States erred by neglecting the region, allowing militants to take over. One result, he said, was the attacks of Sept. 11, 2001, planned by leaders of Al Qaeda under Taliban protection in Afghanistan.

"We will not make that mistake again," he said. "We are here for the long haul."

Mr. Gates said the Pakistani president had acknowledged difficulties in enforcing a peace deal reached late last year with tribal militias in North Waziristan, a semiautonomous area on the border with Afghanistan.

General Musharraf has said that the pact has been a partial success, and that it is being enforced more successfully now, but critics say the truce allowed the Taliban to consolidate forces, rest and retrain.

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Pakistani officials have said the responsibility for securing the border should be shared with the United States, NATO and Afghan forces across the frontier. But the cross-border movements by insurgent fighters have prompted accusations back and forth over who bears culpability for allowing the Taliban to reassemble their forces.

The discussions between American and Pakistani officials are expected to continue in the coming weeks, as a number of senior Bush administration and military officials are expected to make quiet trips to Pakistan.

Gates Thanks Pakistan For Border Crackdown (LAT)

By Peter Spiegel

The Los Angeles Times, February 13, 2007

MANAMA, BAHRAIN — U.S. Defense Secretary Robert M. Gates thanked Pakistan on Monday for what he said were stepped-up efforts to crack down on the flow of fighters from its border regions into Afghanistan.

Gates expressed his appreciation in an hourlong meeting with President Pervez Musharraf during a stop in Islamabad, the capital, telling reporters that he felt the Pakistani government was taking the issue seriously.

"It's incurring significant costs in lives and, I might add, in treasure in fighting this battle on the border," Gates said during a short news conference before departing after less than five hours on the ground.

The Pakistani government came under intense criticism from U.S. and European officials after signing a peace deal last year with Taliban-linked tribal leaders in the Waziristan border regions. Western allies believe the deal has enabled insurgents to regenerate and launch an increasing number of attacks in neighboring Afghanistan.

American commanders in Afghanistan have reported a surge in attacks since the agreement was signed, and similar claims by Afghan President Hamid Karzai have led to a war of words between the neighboring leaders, with each accusing the other of failing to crack down on the extremist groups.

Pakistani Foreign Minister Mian Khursheed Mehmood Kasuri repeated those accusations Saturday at an international security conference in Munich, saying that shortcomings in Afghanistan's national reconciliation process and long delays in building the Kabul government's infrastructure were largely responsible for allowing the Taliban to flourish.

"The government and people of Pakistan are hurt at insensitive criticism toward Pakistan," Kasuri said. "To blame Pakistan for Afghanistan's problems would be counterproductive and indeed dangerous because it will take away from the real challenges facing Afghanistan, which lie within that country."

Gates did not repeat such criticisms of Pakistan on Monday and instead said he had thanked Musharraf for his country's efforts to enforce the Waziristan agreement, in which tribal leaders promised not to harbor Taliban fighters in return for a withdrawal of Pakistani troops.

"If we weren't concerned about what was happening along the border, I wouldn't be here," Gates said. "I think the president [Musharraf] himself has acknowledged there were problems initially with the enforcement of the agreement, but it is improving."

The meeting with Musharraf was the last in a five-day, three-country trip for Gates where, at every opportunity, he pressed American allies to increase their efforts in Afghanistan ahead of an expected Taliban offensive this spring. In two European stops last week, he called on members of the North Atlantic Treaty Organization to contribute more forces to the alliance's mission in Afghanistan, which stands at about 32,000 troops.

On Monday, Gates noted that his last trip to Pakistan was 20 years ago as a CIA official working with Pakistani intelligence to arm Afghanistan's anti-Soviet mujahedin. He said the U.S. was wrong to abandon Afghanistan after the Soviets withdrew.

"We neglected Afghanistan and extremism took control of that country," Gates said. "The United States paid the price for that on Sept. 11, 2001. We won't make that mistake again. We are here for the long haul."

Members' Skirting Military Duty Irks NATO Leadership (WT)

By Gareth Harding

The Washington Times, February 13, 2007

BRUSSELS -- NATO officials yesterday put a brave face on renewed splits within the alliance over troop levels in Afghanistan, where more than 35,000 American and European soldiers are fighting Taliban forces.

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Alliance spokesman James Appathurai said NATO has added 5,000 troops to the Afghan force since a November summit in Latvia, "with more trainers, transport planes and fighter aircraft."

But not all those troops have yet arrived on the ground, creating jitters within NATO ahead of an expected spring push by a resurgent Taliban.

"Nations should fulfill all of the commitments they have made, and I hope they will do so promptly so that they can have some impact on the spring offensive in the next few months," said Defense Secretary Robert M. Gates at a meeting of NATO defense ministers in Seville, Spain, last week.

Even if all the troops arrive on time, NATO will need another 2,500 soldiers to serve in the south and east of the country, where the fighting is most intense, according to Gen. John Craddock, who took over as the alliance's supreme commander in December.

Gen. Craddock has said he wants to deploy some of those troops along the porous Pakistani border to prevent Taliban forces from crossing back and forth.

U.S. forces helped then-rebel Northern Alliance forces to oust the Taliban in 2001. But the hard-line Islamist outfit has since regrouped and stepped up attacks against NATO and government forces.

Ahead of the Seville meeting, NATO chief Jaap de Hoop Scheffer pleaded with European allies to send more troops to the Central Asian state, where al Qaeda plotted its September 11, 2001, terrorist attacks against the United States.

"It is important that all nations participate because of course there is an element of solidarity in NATO," he said. "You can't send a few and [have] a number of allies do less."

The Dutch diplomat's words were echoed by Denmark's Defense Minister Soeren Gade, who was quoted by the Associated Press as saying: "More countries should take responsibility. ... If we do not send more soldiers to Afghanistan there is a risk that we may fail."

The finger-wagging reflects the frustration felt by a handful of countries that contribute the majority of troops to NATO's International Security and Assistance Force in Afghanistan.

Out of the 35,460 soldiers serving in the country, 14,000 are from the United States, 5,200 from Britain, 3,000 from Germany, 2,500 from Canada, 2,200 from the Netherlands and 1,950 from Italy.

Thirty-one countries, including France with 1,000, Turkey with 800 and Spain with 550 soldiers, provide the remaining 7,000 troops.

There is also some resentment inside NATO over "caveats" placed by some countries restricting their soldiers from places where they are most likely to come into harm's way.

Soldiers from the United States, Britain, Canada, the Netherlands, Romania, Estonia, Denmark and non-alliance member Australia are stationed in the dangerous south and east of the country, while most German and Italian forces are in the relatively peaceful north.

"We have got to be careful we don't create two alliances in one, where some nations are doing the fighting and others are doing the reconstruction," said a diplomat based at NATO's Brussels headquarters, speaking on the condition of anonymity.

In Riga, all alliance leaders agreed to make their troops available for NATO commanders in the event of an emergency, but other national restrictions remain on how troops operate in the field. "There are still caveats and we'd like them removed," Mr. Appathurai said.

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Judiciary Panel Senators To Be Briefed On Firings (RC)

By Rachel Van Dongen

Roll Call, February 13, 2007

Deputy U.S. Attorney General Paul McNulty is slated to brief members of the Senate Judiciary Committee at a closed-door meeting Wednesday on the personnel records of a handful of U.S. attorneys around the country who recently were fired from their posts.

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When pressed by Senators at a hearing last week, McNulty declined to discuss the specific reasons for the Justice Department's dismissal of up to seven U.S. attorneys from California to Arkansas. Instead, he assented to a request from Sen. Charles Schumer (N.Y.), who serves as Democratic Senatorial Campaign Committee chairman and Democratic Caucus vice chairman, to privately share such information with the Senators.

The decision heads off a battle with Schumer, who has pledged increased oversight of the Justice Department. Schumer had threatened to subpoena the personnel records if they were not provided.

But it is unclear whether Democratic Senators — who charge the Justice Department has politicized U.S. attorney appointments — will be satisfied with Wednesday's briefing.

At last week's hearing, Senators pressed the deputy attorney general for copies of job performance evaluations. It was unclear at press time whether McNulty simply will brief the Senators on the evaluations without actually providing the paperwork. The Justice Department did not return a call for comment.

"It'll be a briefing," said one Senate Democratic aide. "We're not exactly sure what documents they're going to show."

Judiciary Committee spokeswoman Tracy Schmaler said the closed-door briefing would be open to all members of the committee.

Meanwhile, Senate Majority Leader Harry Reid (D-Nev.) is trying to bring legislation to the floor this week that would reverse a provision in the USA PATRIOT Act that allowed the Justice Department to indefinitely install interim U.S. attorneys. Though the Justice Department fiercely denies it, Democratic Senators charge that the department is trying to circumvent the Senate confirmation process.

Last week, the Judiciary Committee approved legislation by Judiciary Chairman Patrick Leahy (D-Vt.), ranking member Arlen Specter (R-Pa.) and Sen. Dianne Feinstein (D-Calif.) that would strip the Justice Department of that power. Under their legislation, the attorney general could nominate an interim prosecutor for 120 days. After that, a district court judge would appoint a successor until a permanent prosecutor would be named.

Committee Republicans Orrin Hatch (R-Utah) and Chuck Grassley (R-Iowa) voted for the legislation, but all other Republicans opposed it.

Sen. Jon Kyl (R-Ariz.) has vowed to block the bill if it gets to the floor.

One Republican Senate aide said GOP Senators were not yet heavily engaged in the issue, but "robust opposition" could be expected when they focus in on it. Another GOP aide expressed skepticism that there was enough time to bring the issue to the floor before the Presidents Day recess begins at the end of the week.

Last week's hearing was controversial because McNulty admitted that Bud Cummins III, the former U.S. attorney for Eastern Arkansas, was let go without cause to install Timothy Griffin, a former aide to White House adviser Karl Rove.

McNulty also revealed that six other prosecutors, including U.S. Attorney Carol Lam in San Diego, were dismissed in December for "performance-related" reasons, but he declined to elaborate publicly on the details. Expected to leave office Feb. 15, Lam won the guilty plea of ex-Rep. Duke Cunningham (R-Calif.) and the investigation into his illegal activities continues.

At the hearing, Schumer asked McNulty, a former House Judiciary Committee counsel, to answer a plethora of questions, including whether President Bush personally approved the firings, how the White House was involved and whether there was any dissent within Justice regarding the dismissals.

Specter tried to elicit a reason why Lam was fired but was rebuffed because McNulty said it was "unfair" to air personnel records publicly. Furthermore, McNulty argued that the written evaluations were "subjective" and a reason for a particular dismissal may not be readily apparent.

Congressional Republicans have argued that Lam was not aggressive enough in prosecuting smuggling and other crimes on the California border. Even Feinstein raised concerns about the weak prosecution of immigration-related cases in a June 15, 2006, letter to U.S. Attorney General Alberto Gonzales.

Feinstein lists seven U.S. attorneys recently asked to step aside by Justice: Lam, Cummins, Kevin Ryan of San Francisco, David Iglesias of New Mexico, Daniel Bogden of Nevada, John McKay of Washington and Paul Charlton of Arizona. Besides Lam, none of the prosecutors is involved in identified Congressional cases.

In Wake Of Seven Firings, Branches Clash Over Interim U.S. Attorney Nominees (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, February 13, 2007

The old way of appointing interim U.S. Attorneys was constitutionally sound, many legal experts agree. And the new way of appointing interim U.S. Attorneys is constitutionally sound, they add. The only real question now for the U.S. Senate is what is the best way of appointing those officers -- constitutionally and otherwise.

Recent fallout from the firing of seven U.S. Attorneys revealed that senators last year -- some knowingly and others unknowingly -- waived their advise and consent power by giving the attorney general the sole authority to appoint interim U.S. Attorneys to serve indefinitely when vacancies occurred.

The change in the process came at the request of the U.S. Department of Justice and was inserted into the renewal of the USA Patriot Act that was subsequently adopted by both chambers of Congress. The proverbial "sleeping giant" awakened in the ensuing controversy surrounding the unexplained requests for the resignations of U.S. Attorneys in Arizona, Arkansas, Nevada, New Mexico, San Diego, San Francisco and Seattle.

Last week, the Senate Judiciary Committee held a hearing not just on whether those resignation demands were purely political and not performance-based, but also on whether to change the appointment process again.

At the end of the week, some consensus had emerged that perhaps the old way was the best way. The Judiciary Committee on Feb. 8, voting 13-6, approved a bill returning the law to its pre-Patriot Act form. Under prior law, for almost two decades, the attorney general could appoint someone to fill the vacancy for 120 days. If no permanent replacement was nominated by the president and confirmed by the Senate at the end of 120 days, the chief judge of the federal district in which the vacancy occurred would appoint an interim prosecutor to serve until the president acted.

But the Justice Department last week did not endorse a return to prior law.

"We supported what was done in the Patriot Act," said Deputy Attorney General Paul McNulty. "It solved a problem that comes up occasionally. We support the law as it currently stands."

And the department is defending the current law right now in Arkansas where, McNulty candidly told the Senate committee, well-respected U.S. Attorney H.E. Bud Cummins had been replaced, not for cause, but to give the office a "fresh start" with J. Timothy Griffin, former aide to White House senior political adviser Karl Rove and a former spokesman for the Republican National Committee.

Little Rock, Ark., criminal defense attorney John Wesley Hall has challenged the constitutionality of Griffin's appointment in a client's criminal case.

"I'm challenging the fact that this guy is sitting in this office and he never has to go before the Senate for confirmation," Hall said. "To me, this cuts right to the heart of the appointments clause."

The occasional "problem" that the department most often offers as justification for the change in the law last year occurs when judges do not defer to the department's choice for the interim position.

That happened in South Dakota when the department reportedly asked U.S. District Judge Lawrence Piersol to reappoint Michelle Tapken as acting U.S. Attorney when her initial appointment was expiring. Piersol, instead, appointed former Republican state Attorney General Mark Meierhenry, with the concurrence of the other two active district court judges. Tapken resigned and the department asked a U.S. district judge in Oklahoma to swear in Steven Mullins, a Deputy U.S. Attorney there, as South Dakota's interim U.S. Attorney. The conflict was resolved when Mullins was named U.S. Attorney in a recess appointment.

Those conflicts, as well as separation-of-powers concerns, are avoided when judges are removed from the appointing process, according to McNulty.

"It is possible that what may be behind the department's arguments is its concern about the unitary theory of the executive," said constitutional law scholar Michael Gerhardt of the University of North Carolina School of Law. "They may feel these are really executive officers and therefore only the president or someone under his control should have the authority to exercise executive power. I'm going to surmise that may be why the department doesn't want to uphold a court's power here."

But as long as U.S. Attorneys are considered "inferior officers" under the Constitution, as they are now, the Constitution allows Congress to forgo its advise and consent power and to give the appointing authority to the president alone, heads of

departments or to courts, said separation-of-powers scholar Peter Shane of Ohio State University Michael E. Moritz College of Law.

"What's interesting about all of this, in part, is: This is a potential constitutional-theory nightmare for the Bush administration," he said. "On the one hand, of course they would want to defend the legality of the interim appointments by the attorney general and that defense depends on the characterization of U.S. Attorneys as inferior officers. On the other hand, I'm guessing they wouldn't be too happy about judicial appointment of these folks."

There are only two ways around the problem, added Shane. One: to argue there is something constitutionally incongruous about vesting the appointment in a court of law. But the Supreme Court in Morrison v. Olson, 487 U.S. 654 (1988), appears to have answered that by finding nothing incongruous about judicial appointment of an independent counsel, he said. Or, two: to argue that U.S. Attorneys are not inferior officers.

"Of course if they're not inferior officers, the attorney general can't appoint them either. Only the president can."

The recent controversy ultimately is about the department's desire to consolidate and centralize power, said former federal prosecutor Laurie Levenson of Loyola Law School, Los Angeles, who also testified last week.

"There's nothing unconstitutional here" in the old or current process, she later said, adding, "It's a question of how does Congress want to exercise its power. Does it want to give power to the executive branch to bypass the confirmation process? I'm not sure they intended to do that last year. Now they're paying attention and they care."

Ousted U.S. Attorneys Received Positive Job Evaluations (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, February 13, 2007

WASHINGTON - Although the Bush administration has said that six U.S. attorneys were fired recently in part because of "performance related" issues, at least five of them received positive job evaluations before they were ordered to step down.

Attorney General Alberto Gonzales, using authority he gained in March from a little-noticed provision of the Patriot Act, has appointed interim U.S. attorneys from the Bush administration's inner circle. The firings and appointments have raised concerns that Gonzales is politicizing the process.

Supporters of the U.S. attorneys and Justice Department officials familiar with the job evaluations suggested in interviews that top Justice Department officials may have exaggerated the role job performance played in the firings.

A Justice Department official who spoke on behalf of the administration said the dispute might simply be a matter of "semantics."

"Performance-related can mean many things," said the official, who asked to remain anonymous because the Privacy Act bars officials from discussing personnel decisions. "Policy is set at a national level. Individual U.S. attorneys around the country can't just make up their policy agenda."

Performance reviews of U.S. attorneys are conducted every three to four years by a team of experienced Justice Department officials, who interview judges, staff members, community leaders and federal agents. In some of the five cases, the reviewers made recommendations for improvements, but overall their assessments were positive, Justice Department officials said.

For instance, Daniel Bogden, the U.S. attorney in Nevada, was described in his last job performance evaluation in 2003 as being a "capable" leader who was highly regarded by the federal judiciary and investigators.

"He didn't get any dings," said a Justice Department official with knowledge of the review. "The overall evaluation was very positive."

David Iglesias, the U.S. attorney in New Mexico, also received a positive evaluation last year, according to another Justice Department official.

Both officials asked not to be identified because they weren't authorized by the Justice Department to release the information.

The other U.S. attorneys who received good reviews were John McKay, the former U.S. attorney in Seattle; Paul Charlton, the former U.S. attorney in Arizona; and Carol Lam, the current U.S. attorney in San Diego.

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McKay, who stepped down recently, said in an interview that his positive review in May 2006 didn't explain his ouster, nor did the phone call he received in December from a Justice Department official who ordered him to resign.

"I was not told that it was related to my performance," he said.

Lam was described in her 2005 evaluation as "well respected" by law enforcement officials, judges and her staff. Overall the review was positive.

"We're not aware of any significant issues," said another Justice Department official, who also asked not to be identified. Lam is leaving office Feb. 15.

Officials with the U.S. attorney's office in Arizona said Charlton received his last review in December 2005. He was described as being respected by his staff, federal investigators, judges and Native American leaders for "his integrity, professionalism and competence."

On Wednesday, Deputy Attorney General Paul McNulty is scheduled to brief senators privately on the reasons for the firings.

Tasia Scolinos, a chief spokeswoman for the Justice Department, said the removals were the result of a "careful, thoughtful" decision-making process.

"This issue really boils down to the department's reasons for making internal management changes," she said.

The decision to fire the U.S. attorneys came under scrutiny late last month after Senate Democrats discovered a change in the Patriot Act that allowed Gonzales to appoint interim U.S. attorneys for indefinite terms without Senate approval.

In testimony to the Senate Judiciary Committee last week, McNulty conceded that H.E. "Bud" Cummins, the former U.S. attorney in Arkansas, wasn't fired because of how he handled his job. Rather, McNulty said, administration officials wanted to make room for Timothy Griffin, a former aide of presidential adviser Karl Rove.

Pressed to explain the other firings, McNulty said they were motivated by a "range of reasons" and were "performance-related."

He also emphasized that the Justice Department had wide latitude because U.S. attorneys are appointed by the president.

"We don't believe that we have an obligation to set forth a certain standard or reason or a cause when it comes to removal," he said.

McNulty cautioned the senators that the evaluations might not explain the firings.

"That's just one way of measuring someone's performance," he said. "And much of this is subjective and won't be apparent in the form of some report that was done two or three years ago."

In an interview for the Arizona Republic's Saturday edition, Charlton said he was fired for "principled reasons, not performance issues."

Charlton declined to comment on the matter, but his supporters said he clashed with the administration over the handling of death penalty cases. Charlton objected to automatically recommending the death penalty for certain crimes, said Grant Woods, a former attorney general in Arizona.

"Paul felt it was one of the main reasons" he was fired, Woods, a Republican, told McClatchy.

Woods said it was "misleading" for the administration to describe Charlton's firing as performance-related. "A conflict over policy is different than poor performance," he said.

Justice Department officials are now completing the evaluation of Kevin Ryan, who's being forced to step down as San Francisco U.S. attorney.

Douglas Turner Column: Gonzales Is Imperiling Nation's Justice System (BUFFNEWS)

By Douglas Turner

Buffalo News, February 13, 2007

WASHINGTON - The words of one of the greatest lawyers to work in Western New York were invoked last week in a Senate rebuke to the Bush administration's latest manipulation of the justice system.

The man was Robert H. Jackson, who went to school in the Jamestown area and practiced there in the early 1900s. Jackson became attorney general, a justice of the Supreme Court and, famously, the architect and first prosecutor at the war crimes trials in Nuremberg, Germany.

It would be a stretch to find much in common between today's Attorney General Alberto Gonzales and Attorney General Jackson of 1940.

Gonzales supports bypassing the Geneva Conventions on treatment of war prisoners, and warrantless eavesdropping on Americans. Most recently, Gonzales took steps to tighten the grip the White House holds on the corps of federal prosecutors nationwide.

A hearing chaired by Sen. Charles E. Schumer, D-N.Y., showed the Gonzales moves on U.S. attorneys had nothing to do with national security. They are designed to transform an elite group of lawyers into a political hackdom in Bush's last two years.

Schumer noted that in 1940 Jackson had lectured an assembly of U.S. attorneys on the necessity of their being absolutely nonpolitical. The reason, Jackson warned, was their great power.

"The prosecutor has more power over life, liberty and reputation than any person in America," Jackson said. "Because of this power to strike at citizens, not with mere individual strength, but with all the force of the government itself, the post has been safeguarded by presidential appointment requiring confirmation of the Senate."

Gonzales is using the amended Patriot Act to strip Senate confirmation and judicial safeguards from the selection process.

Without warning or apparent cause, Gonzales has fired seven prosecutors. Replacements could serve only 120 days without confirmation. Under the old law, a federal judge could name an interim prosecutor.

Now, replacements named by Gonzales can serve indefinitely without Senate action - at least through the end of Bush's term.

Many of the fired prosecutors were working on high-profile cases. The ousted San Francisco prosecutor, Kevin Ryan, was investigating stock options at Apple computer.

Most troubling was the sudden ouster of U.S. Attorney Susan Lam of San Diego. She had successfully prosecuted Republican Congressman Randy "Duke" Cunningham for taking more than a million dollars in bribes from defense contractors.

When Lam was jettisoned, she was weighing indictment of a Cunningham friend, defense contractor Brent Wilkes. Wilkes, people close to that case say, might lead prosecutors to other GOP House members for investigation.

Schumer asked Gonzales whether presidential adviser Karl Rove is involved in the process. The Justice Department admitted to Schumer in the hearing that the prosecutor for eastern Arkansas was removed to make way for J. Timothy Griffin, a former legal aide to Rove who also worked at digging up dirt on Democrats for the Republican National Committee.

Former prosecutors who testified at Schumer's hearing said Gonzales' actions could politicize operations in U.S. attorney offices all over the country.

"It is having a devastating effect on the morale of assistant U.S. attorneys," said Laurie Levinson, now a professor at Loyola Law School.

"Sudden replacement without apparent good cause can send the wrong message to other U.S. attorneys," said Mary Jo White, who headed federal prosecutions in Manhattan.

Schumer and congressional Democrats are pressing for a repeal of the suspect clause of the new Patriot Act.

CORPORATE SCANDALS:

J&J Reports Improper Payments (WSJ)

By Ery Johnson, Kara Scannell And Jon Kamp

The Wall Street Journal, February 13, 2007

Johnson & Johnson said it alerted federal officials to improper overseas payments and that one of its senior executives is resigning over the probe.

The New Brunswick, N.J., health-care conglomerate voluntarily told the Department of Justice and the Securities and Exchange Commission that it believes its subsidiaries made improper payments in two countries regarding the sale of medical devices. (See J&J statement1.) Michael J. Dormer, world-wide chairman for Medical Devices & Diagnostics, stepped down as a result of the revelations. Mr. Dormer had been in charge of several medical-device divisions, including Ethicon, Ethicon Endo-Surgery and DePuy.

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The company didn't name the countries involved. A J&J spokesman declined to comment beyond the press release, which said that Mr. Dormer told the company in a letter that he has "ultimate responsibility by virtue of my position" for the subsidiaries involved in the disclosure. The J&J spokesman said Mr. Dormer was not available. An SEC spokesman declined to comment.

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The disclosures are a bitter pill for a company that prides itself on its clean corporate image. It was not immediately clear whether the probe extended beyond the countries, which J&J described as "small" markets, or what specific allegations or subsidiaries it involves. But J&J said that the payments in question may fall within the jurisdiction of the federal Foreign Corrupt Practices Act, which prohibit improper payments to foreign officials in order to win or keep business.

The Justice Department and SEC have stepped up their pursuit of foreign-bribery cases in recent years, including a record $28.5 million collection against Titan Corp. in 2005. Titan pleaded guilty to settle allegations involving improper payments to Titan's agent in Benin, Africa, some of which were passed on to the re-election campaign of the country's then-president, according to government papers. The government alleged that Titan paid the money in an effort to win higher fees for a telecommunications project.

Other companies have reached settlements, which generally involve deferred-prosecution agreements with federal prosecutors where the company or its subsidiary agrees to settle the allegation instead of facing an indictment. In a deferred-prosecution agreement, an indictment is usually filed but is dismissed if the company adheres to the terms of its settlement. As part of a joint settlement, most companies also agree to have a corporate monitor in place to inspect internal controls and book-and-record keeping. The SEC and Justice Department have several open joint investigations.

Johnson & Johnson has a huge medical-devices business, with products ranging from replacement hips and knees to blood glucose meters and drug-coated heart devices. The company's Medical Devices & Diagnostics division registered $20.28 billion in sales last year, about 38% of total corporate sales. Device sales were split about evenly between the U.S. and international markets.

All world-wide medical devices and diagnostics businesses now report to Nicholas J. Valeriani, who has the title of world-wide chairman for that division. Mr. Valeriani, who has nearly 30 years of experience, now will be responsible for businesses that had been under Mr. Dormer's oversight.

The medical products and diagnostics division went through a reshuffling late last year that saw Messrs. Valeriani and Dormer elevated to equal positions.

Mr. Dormer began his career at J&J in 1976 and left briefly for senior positions at DePuy from 1992 to 1998. He rejoined J&J in 1998 when the conglomerate bought DePuy, which makes products for joint reconstruction and skeletal injuries.

Shares of J&J were recently up at $65.51 in after-hours trading, after slipping 14 cents to $65.46 in 4 p.m. composite trading on the New York Stock Exchange.

J&J: Overseas Subsidiaries May Have Made Improper Payments (NSDY/AP)

Long Island Newsday, February 13, 2007

NEW BRUNSWICK N.J. (AP) _ Some Johnson & Johnson subsidiaries outside the U.S. may have made improper payments in connection with the sale of medical devices in two small-market countries, the company said Monday.

The New Brunswick-based health care giant said it was voluntarily disclosing the information to the U.S. Justice Department and the U.S. also was leaving the company.

The subsidiaries' actions broke J&J's own corporate policies and fell within the jurisdiction of the Foreign Corrupt Practices Act, the company said in a statement.

J&J did not disclose any additional information on Monday, including the identities of the exact subsidiaries and countries involved, said company spokesman Jeffrey J. Leebaw.

J&J said it would provide additional information to the Justice Department and SEC, and would cooperate with the agencies' reviews.

Michael J. Dormer, worldwide chairman of the company's Medical Devices and Diagnostics segment, retired from the company, effective Monday.

In a letter to the company, Dormer acknowledged he had "ultimate responsibility by virtue of my position" for the subsidiaries that were the subject of the disclosure, according to the J&J statement.

Nicholas J. Valeriani, previously worldwide chairman of the Cardiovascular Devices & Diagnostics segment, was to assume Dormer's job and title, which now included Valeriani's previous responsibilities.

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On the Net:

http://www.jnj.com

J.& J. Says Improper Payments Were Made (NYT)

By Katharine Q. Seelye

The New York Times, February 13, 2007

Johnson & Johnson, the drug and consumer products company, said last night that some of its foreign units might have made improper payments related to the sale of medical devices in two “small-market countries.”

The company also said that the executive responsible for the units, Michael J. Dormer, 55, worldwide chairman of medical devices and diagnostics, had retired.

Johnson & Johnson, of New Brunswick, N.J., said that it had conducted a review of the matter and had voluntarily disclosed the information to the Justice Department and the Securities and Exchange Commission.

Certain subsidiaries, which Johnson & Johnson did not name, “are believed to have made improper payments in connection with the sale of medical devices in two small-market countries,” the statement said.

It also did not name the countries and did not offer details of the payments but said they were “contrary to the company’s policies” and “may fall within the jurisdiction of the Foreign Corrupt Practices Act.”

A company spokesman, Jeffrey J. Leebaw, declined to comment beyond the news release. “Given the nature of the situation, we have nothing further to add,” he said.

But the disclosures were unusual for a company that emphasizes its longstanding credo of ethical conduct and responsible behavior.

The company said it would cooperate with any investigation that the agencies might undertake.

Representatives of the Justice Department and the S.E.C. could not be reached for comment.

The foreign corruption law, enacted in 1977, forbids American companies from paying foreign government officials to win or influence business deals outside the United States.

An analyst for Morgan Stanley, Glenn Reicin, said in a research note last night that the company’s actions might help it avoid federal enforcement action.

In a resignation letter to the company, Mr. Dormer cited the internal review of questionable payments made by some subsidiaries. He said that he had “ultimate responsibility by virtue of my position” for the subsidiaries.

Mr. Reicin said that Mr. Dormer’s “acceptance of responsibility for improper payments is a very big statement” for the Johnson & Johnson.

“Since a company that is found guilty of a felony can be barred from Medicare programs,” Mr. Reicin wrote, “we suspect that J.& J. management probably had to find a way to make it clear to authorities that this matter is being taken seriously.”

Mr. Dormer, who was named to his current position in April 2002, had been responsible for several medical units, including DePuy orthopedic, Ethicon wound care, Ethicon-Endo Surgery and Ortho Clinical Diagnostics units.

He began his Johnson & Johnson career in 1976 as a product manager in Britain. In 1992, he left to become president for DePuy International, where he was named chief operating officer, DePuy in 1996. He rejoined Johnson & Johnson in 1998 with the company’s acquisition of DePuy.

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Johnson & Johnson said that effective immediately, all worldwide businesses within the medical devices and diagnostics division would report to Nicholas J. Valeriani, who is assuming Mr. Dormer's title.

Mr. Valeriani, a longtime company executive, will have responsibility for businesses previously managed by Mr. Dormer as well as those for which he is already responsible, the statement said.

The medical devices and diagnostic section brought in about $20 billion last year, more than a third of Johnson & Johnson's total sales.

The Justice Department and the S.E.C. have stepped up investigations of suspected violations of the corruptions act in the last several years. In 2005, the Titan Corporation, a leading military and intelligence contractor, paid $28.5 million — the largest penalty imposed on a company in the history of the 1977 law — to settle charges that it bribed the president of Benin.

In April 2004, Lucent Technologies fired four executives at its division in China after it was discovered that they might have violated bribery laws. In March 2006, DaimlerChrysler dismissed or suspended several employees after an internal investigation uncovered evidence that its executives had paid bribes in Asia, Africa and Eastern Europe.

In August 2003, the S.E.C. advised Johnson & Johnson of its informal investigation under the act of accusations of payments to Polish governmental officials by American pharmaceutical companies.

In November 2003, the S.E.C. told the company that the investigation had become formal and issued a subpoena for information. The company and its operating units in Poland have responded to these requests.

J&J Says Improper Payments Made (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, February 13, 2007

Johnson & Johnson has alerted US prosecutors and securities regulators that some of its foreign subsidiaries may have paid officials bribes in connection with the sale of medical devices.

The New Jersey-based health product conglomerate also announced that Michael Dormer, worldwide chairman of its medical devices and diagnostics business, had retired with immediate effect.

In a statement from Mr Dormer to J&J, the executive cited the company's internal review of the potential corruption charges and said he had "ultimate responsibility by virtue of my position" for those subsidiaries that were at the centre of the probe.

The medical devices division generates roughly $20bn for the company per year. On Monday, J&J said Nicholas Valeriani, a veteran in the industry who heads J&J's cardiovascular devices unit, would have responsibility for both businesses.

J&J said the allegedly improper payments were made in two small-market countries. It said the actions were "contrary to the company's policies" and could fall within the jurisdiction of the Department of Justice's anti-bribery statute, the Foreign Corrupt Practices Act. J&J said it was co-operating with both the Justice Department and the Securities and Exchange Commission.

J&J has previously reported in regulatory filings that in August, 2003, the SEC advised the company of an informal probe into allegations that the group made payments to Polish governmental officials by US pharmaceuticals companies.

In November 2003, the SEC told J&J that the investigation was formal and issued subpoenas for more information. It was unclear last night whether the new revelations were tied to the earlier probe.

The group's decision to self report allegations of wrongdoing is not uncommon. But the company's co-operation with prosecutors will not ensure that the group is immune from heavy fines if it is found guilty of committing a crime. Last week, Vetco International, the UK oil and natural gas services provider, was subject to the largest criminal fine in US history under foreign corruption laws after it admitted paying $2.1m in bribes to Nigerian officials to win preferential treatment by customs officials.

The Department of Justice said the guilty plea by the company, which was fined $26m, and resolution of a criminal investigation into the charges resulted from Vetco's co-operation in the case. The guilty plea was announced just weeks after General Electric confirmed it was acquiring Vetco's Vetco Gray subsidiary for $1.9bn.

J&J Tells U.S. Agencies Of Improper Overseas Payments (Update2) (BLOOM)

By Avram Goldstein

Bloomberg, February 13, 2007

DOJ_NMG_0131346

Feb. 12 (Bloomberg) -- Johnson & Johnson disclosed that some of its subsidiaries outside the U.S. made improper payments in the marketing of medical devices and the executive in charge left the company.

The payments in ``two small-market countries" violated company policies, J&J, the world's largest maker of medical products, said it told the U.S. Justice Department and Securities and Exchange Commission. Michael J. Dormer, the worldwide chief of medical devices, retired and took responsibility, Johnson & Johnson said today in a statement.

``I think the company's reputation is tarnished by this," said Jan David Wald, a medical-device industry analyst with A.G. Edwards & Sons in Boston. ``I would bet you that there are people inside the countries involved that were more directly responsible. The issue is whether the company is going to face criminal charges."

It isn't likely that the incident will inflict much damage on J&J, which has a market value of $189.8 billion, Wald said. Medical devices and diagnostic products, including heart stents and artificial orthopedic joints, accounted for 38 percent of J&J's $53.3 billion in 2006 sales.

J&J, based in New Brunswick, New Jersey, immediately replaced Dormer with Nicholas Valeriani. Valeriani, who joined J&J in 1978 and rose to worldwide chairman of cardiovascular products, added Dormer's duties to his responsibilities, the company said.

Dormer said in a letter to the company that he bore ``ultimate responsibility by virtue of my position" for the actions of unnamed subsidiaries involved in improper payments, J&J said. Jeffrey J. Leebaw, a J&J spokesman, declined to make any further comment.

Dormer was chief operating officer of DePuy Inc., the maker of artificial hips and knees, when J&J bought the company in 1998 for $535.5 million. He immediately became a group chairman of some of J&J's more than 100 subsidiaries. In 2002 he became worldwide chairman of the medical devices group.

In 2005, Dormer received total compensation of $2.2 million plus $625,000 in stock options, according to data compiled by Bloomberg.

Johnson & Johnson shares fell 14 cents to $65.46 at 6:48 p.m. in New York Stock Exchange composite trading. J&J stock has risen 12 percent in the last 12 months.

Calls after normal business hours to the SEC and Justice Department weren't immediately returned.

J&J last month said profit rose 3.5 percent to $2.2 billion in the fourth quarter on higher sales drugs for schizophrenia and migraines, as well as orthopedic devices used to reconstruct damaged or diseased joints.

Cox: 'Heroes' Armed With Tech Lead Backdating Crackdown (LAW)

By Donna Block And Ron Orol, The Deal

The Deal, February 13, 2007

The head of the Securities and Exchange Commission is crediting the incorporation of interactive data into SEC filings for the discovery of "a pandemic of crooked accounting" linked to stock option backdating.

At the Practicing Law Institute's annual "SEC Speaks" event on Feb. 9, SEC Chairman Christopher Cox said XBRL, the Internet programming language newly adopted by the agency, is helping his staff root out fraud by tagging financial data so computers can track it and sift through it quickly.

The chairman even compared his team of enforcers to the characters in the hit TV show "Heroes" -- everyday people with extraordinary abilities they didn't know they had. Cox said his enforcement staff are a group of otherwise ordinary people with extraordinary talent and dedication.

"In other words, 'Save the Cheerleader -- Save the World,'" Cox said, intoning the show's mantra.

He added that while his staff may not possess super powers, "by sheer willpower and hard work they routinely accomplish great deeds. And, to all the Americans who depend on them, they are very real heroes, in every sense."

More than 170 companies have been investigated by the SEC or have conducted internal inquiries into whether option dates were changed to benefit executives.

Cox said the timing of the options backdating scandal coincided with the SEC's decision to begin converting Form 4 submissions -- the form companies use to report stock option exercise transactions -- into interactive documents.

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Before 2003, information filed on the SEC's Form 4 was analyzed the old-fashion way -- retyped into SEC databases and spreadsheets before being scrutinized. "Not surprisingly, for all of that time, the backdating phenomenon was never uncovered," Cox said.

More recently, however, the SEC started collecting Form 4 data in an interactive format, which made analyzing the information easier. The SEC also issued new rules around the same time requiring real-time reporting of options awards -- within two days of the grant. "Once real-time disclosure was combined with interactive data ... we began to find clues that had previously gone undetected. That led directly to the discovery of what we now know were billions of dollars of backdated stock option awards," Cox said.

Cox advocates using technology to improve disclosure, and regulation is pressing companies to use the interactive system. The SEC has invested $54 million into its development this year.

But many companies have been slow to adopt XBRL for a variety of reasons, including cost.

Cox said other technology initiatives are also in development at the agency. He said the SEC is using new technology to "help accurately track, collect and distribute billions of dollars of penalties and disgorgements."

The agency is also introducing new software tools to manage its enforcement cases and be prepared to operate in a disaster or emergency.

Separately, agency officials said at the conference that regulation should have a global perspective in which authorities engage with each other on international standards.

"Market convergence and innovation will challenge us even more to be responsive and thoughtful in adjusting market regulation to market needs and realities," SEC Commissioner Kathleen Casey said at the conference.

The pending $14 billion merger of NYSE Group Inc., parent of the New York Stock Exchange, with Euronext NV, which operates the Paris, Amsterdam, Brussels and Lisbon exchanges, will result in the first trans-Atlantic exchange and has the SEC collaborating with European regulators to oversee the merger and coordinate their supervisory efforts.

In January the exchanges signed a memorandum of understanding with respect to their regulation whereby the SEC and the College of Euronext Regulators pledged to cooperate "to promote investor protection, foster market integrity, and maintain investor confidence and systemic stability in connection with the regulation of the combined group."

The memorandum confirmed that the deal will not result in foreign companies being subject to the domestic laws of any of the countries where the exchanges are based. Some foreign investors worried that companies traded on the European exchange would be subject to provisions of the Sarbanes-Oxley corporate governance law.

Nevertheless, SEC Commissioner Annette Nazareth, a Democrat, said at the conference she is seeing other markets adopt similarly tough rules over financial reporting even though Sarbanes-Oxley, most notably its internal control requirement contained in §404, has been greatly criticized.

"It is interesting that several jurisdictions are adopting regulations similar to SOX in an effort to improve investor protections, encourage private investment and as a result increase the depth of their markets," she said.

However, Casey, the newest commissioner and a Republican, said the SEC needs to continue reaching out to regulators both at home and abroad, and regulators "need to fix 404."

"The commission needs to continue in its efforts to engage cooperatively with other regulators both domestically and internationally," she said.

Questions about new rules for investing in hedge funds were also raised at the conference. SEC staffers were grilled on the agency's proposal to raise the requirements investors must meet to invest in hedge funds. Existing regulations call for an individual hedge fund investor to have $1 million in assets or an annual income of $200,000 for at least two years prior to making the investment. In December the commission introduced a draft rule that would change the net worth threshold to $2.5 million in invested assets, excluding a primary residence, with the SEC adjusting the new investment minimum every five years for inflation.

Steven Wallman, CEO of Vienna, Va.-based brokerage and consulting business Foliofn Inc., said the SEC sought to prohibit investors with lesser means from investing in hedge funds but hasn't produced concrete evidence that the strategy is more risky than investing in mutual funds.

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But Doug Scheidt, SEC associate director and chief counsel for the Division of Investment Management, defended the proposal. He argued that many hedge funds lack sufficient disclosure and aren't required to open up their books to commission examiners for periodic inspections. "Hedge funds are notoriously un-transparent," Scheidt said.

Scheidt conceded, however, that he couldn't say definitively that investing in hedge funds is riskier than mutual funds. After Wallman pressed him on the subject, Scheidt declined to comment on whether the agency would produce a study examining the risks associated with each type of investment.

Laura Unger, a former SEC commissioner, pointed out that critics of the measure argue that the new prohibition would reduce the numbers of people investing in hedge funds, reducing the diversification of the funds, thus increasing the risks for those remaining.

"A smaller pool of investors has the perverse effect of making it riskier to invest in hedge funds, because the funds are spread out among fewer investors," Unger said.

Scheidt said the new limits made sense, in part, because hedge fund managers aren't seeking to raise investment capital from the people that the measure will exclude.

Interested investors and managers have until March 6 to comment on the proposal. So far, the SEC has received about 200 comments, most of which have been from investors and managers deriding the agency's proposal on grounds that it will have a chilling effect on competition in the industry and prohibit sophisticated investors with fewer assets.

Jailed Fund Manager Fined $20m For Fraud (FT)

By Ben White

Financial Times, February 13, 2007

A federal judge in Georgia on Monday ordered Kirk Wright, a hedge fund manager who allegedly defrauded hundreds of investors including several prominent National Football League players, to pay $20m in disgorgement, interest and penalties.

The ruling came in a federal civil suit filed against Mr Wright last year by the Securities and Exchange Commission. Mr Wright still faces a criminal trial this spring over allegations that he stole over $100m in investors' money.

In its lawsuit, the SEC alleged that Mr Wright raised as much as $185m from over more than 500 investors for seven hedge funds he controlled. Mr Wright then allegedly provided investors with false statements about the performance of the funds and the amount of securities the funds controlled.

It is not clear if Mr Wright has the assets to comply with the order that he pay the $20m. An attorney for Mr Wright could not be reached for comment on Monday.

Among the investors allegedly defrauded were a group of players in the NFL who claim they lost millions investing with Mr Wright. The alleged losses by the athletes have been widely cited as examples of the potential dangers inherent in investing in the lightly regulated hedge fund industry.

Six of the players, including Denver Broncos wide receiver Rod Smith, New York Giants linebacker Carlos Emmons and former Broncos safety Steve Atwater, have filed a civil lawsuit against the NFL and the NFL Players Association, the union that represents players, for allegedly endorsing Mr Wright as a legitimate investment professional.

The players, who are seeking around $20m, claim the NFL and the NFLPA endorsed Mr Wright despite evidence of problems in his past. The NFL and the NFLPA have rejected the suit as baseless, saying the players are responsible for their own financial decisions.

The NFL and the NFLPA have requested the suit be thrown out. The request for dismissal is still pending. Jim Evangelista, an attorney for the players, said the ruling in the SEC case would have no impact on the players' lawsuit.

Ex-Westar Executive Released From Prison Pending Appeal (AP)

AP, February 13, 2007

LEAVENWORTH, Kan., Feb. 12 (AP) — David Wittig, the former top executive of Westar Energy, was released from prison on bond Monday pending the appeal of his sentence in a bank fraud case.

Mr. Wittig was released from the federal detention center in Leavenworth about 2 p.m. and was greeted by his wife, Beth, and Jeff Morris, one of his attorneys. He had served nearly 13 months in prison.

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Mr. Wittig, the former chairman, president and chief executive of Westar, was convicted in July 2003 of engaging in a loan transaction with a Topeka banker and helping to conceal the loan from banking regulators.

Mr. Wittig had been incarcerated in a minimum-security prison in Sandstone, Minn., until last month, when he was taken to Topeka for his third sentencing in the bank fraud case. Federal District Judge Julie A. Robinson sentenced him to two years.

On Thursday, Judge Robinson granted Mr. Wittig's request to be released on bond pending his appeal of that sentence.

Although Judge Robinson granted Mr. Wittig bond last week, he could not be released until the 10th U.S. Circuit Court of Appeals in Denver ruled on his request for bond in another case, in which Mr. Wittig was convicted in September 2005 of looting Westar. Judge Robinson sentenced him to 18 years in prison in that case.

The 10th Circuit granted that motion.

Mr. Wittig's release may be only temporary if the appeals court affirms the two-year sentence in the bank case, or if prosecutors decide to put him on trial again for some of the crimes in the Westar case.

CRIMINAL LAW:

Bush Officials Volunteered Leaks, Reporters Testify (NSDY/AP)

By Michael J. Sniffen

Long Island Newsday, February 13, 2007

WASHINGTON -- Three prominent journalists testified today that Bush administration officials volunteered leaks about a CIA operative, as I. Lewis "Scooter" Libby's attorneys sought to suggest he was not responsible for exposing her.

The jury in Libby's perjury trial heard a 66-second snippet of one of the deep background interviews given to Washington Post editor Bob Woodward for use in one of his books. They also saw a parade of Pulitzer-prize winning journalists discuss who did and did not leak the information that set off a scandal and ultimately brought Libby to trial.

Woodward, who never wrote about Plame, and columnist Robert Novak, who first identified her in print, testified that then-Deputy Secretary of State Richard Armitage first told them in the summer of 2003 that the wife of prominent Iraq war critic Joseph Wilson, Valerie Plame, worked at the CIA.

Another Post reporter, Walter Pincus, testified that then-White House press secretary Ari Fleischer "suddenly swerved off" topic during an interview to tell him of her employment.

This contradicted a point in Fleischer's testimony last week.

A major government witness, Fleischer testified Libby told him about Plame -- earlier than Libby has told investigators he thought he first learned about her from NBC reporter Tim Russert.

On cross-examination, Fleischer also testified that he did not recall telling Pincus about Plame. The reporter's testimony today was the most direct hit the defense made on the prosecution's evidence that Libby lied to FBI agents and a grand jury about his talks with reporters about Plame and obstructed an investigation into how her name leaked.

Libby, the former chief of staff to Vice President Dick Cheney, is not charged with the actual leak.

The defense did show Libby had numerous opportunities to leak Plame's identity to reporters and did not. But none of today's testimony went directly to the precise charges that he lied about his conversations with three other reporters about her.

The day's highlight was the tape of Woodward's June 13, 2003, interview with Armitage about how Bush decided to go to war. Armitage's name was never supposed to be connected publicly to what he said, but the scandal prompted him to release Woodward from his pledge of confidentiality. Armitage has said he revealed the name accidentally off-the-cuff and didn't realize that Plame's employment was classified information.

With Armitage's frequent profanities deleted, the jurors heard him tell Woodward no less than four times where she worked.

Woodward asked about Wilson's 2002 fact-finding mission to Africa for the CIA that the ex-ambassador says helped him debunk prewar intelligence on Iraq.

"Why would they send him?" Woodward asked.

"Because his wife's a [expletive] analyst at the agency," Armitage replied.

"It's still weird," Woodward said.

"It's perfect. That's what she does. She is a WMD analyst," Armitage said.

Later Woodward asked if she was the WMD chief at CIA. Armitage said she wasn't but was in a position there to suggest that her husband had contacts in Africa.

Finally, Armitage said: "His wife is at the agency and is a WMD analyst. How about that [expletive]."

Novak described trying to get an interview with Armitage in 2001 and being told the deputy secretary was "not too busy. He just didn't want to talk to me." Novak said he was rebuffed again after the Sept. 11, 2001, terrorist attacks.

Then in the last week of June 2003, Armitage's office called to set up an interview. "I had not pressed my request for one in two years," Novak said. Once he asked about the Wilson trip, Armitage said "it was suggested by his wife, Valerie, who is employed in the counterproliferation division at CIA," Novak testified.

Novak testified he got confirmation from White House political adviser Karl Rove, who replied to him: "Oh, you've heard that, too."

Defense attorneys got Woodward, Novak, Pincus, New York Times reporter David Sanger, Washington Post reporter Glenn Kessler and Newsweek reporter Evan Thomas all to say they had talked to Libby about Wilson's allegations during the summer of 2003, but Libby had not disclosed Plame's identity or employment to them.

But Sanger, Kessler and Thomas said they didn't ask Libby about Wilson's wife. Woodward and Novak testified they didn't recall asking about her but said Libby didn't talk about her if they did. Pincus said Libby said he didn't know how the trip was arranged but their conversation occurred before June 12, when Libby now recalls he first learned the information from Cheney.

Defense attorneys brought out that Woodward, Pincus, Sanger and Kessler had all shared in Pulitzer Prizes.

"I believe you're the third Pulitzer prize winner to testify this morning," Special Prosecutor Patrick Fitzgerald quipped when he began questioning Sanger. He used the moment to bring out that an earlier prosecution witness, Judith Miller, also had shared a Pulitzer Prize while working at the Times.

Reporters Deny Official Leaked Name To Them (NYT)

By Neil A. Lewis And Scott Shane

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — Lawyers for I. Lewis Libby Jr. opened their case Monday with a parade of prominent Washington reporters who testified that Mr. Libby never mentioned the identity of a Central Intelligence Agency operative when they interviewed him during the period the officer's identity was leaked to the news media.

One by one, the reporters from The Washington Post, The New York Times and Newsweek took the stand and recounted their conversations with Mr. Libby in the summer of 2003 about unconventional weapons and Iraq. They briskly and unhesitatingly said Mr. Libby, then the chief of staff to Vice President Dick Cheney, did not speak about the C.I.A. employee, Valerie Wilson.

The jury also heard from Robert Novak, the syndicated columnist who first disclosed Ms. Wilson's identity to the public on July 14, 2003, and set off the investigation that resulted in the five felony charges on which Mr. Libby is being tried. Mr. Novak told the jury that he learned about Ms. Wilson from Richard L. Armitage, the deputy secretary of state, and had her identity confirmed by Karl Rove, President Bush's chief political adviser.

But as to whether the subject of Ms. Wilson came up in his conversation with Mr. Libby on July 8, 2003, he said, "I got no help from Mr. Libby on that issue."

Ms. Wilson is the wife of Joseph C. Wilson IV, who had asserted only days before the Novak column that the Bush White House willfully distorted intelligence about Iraq's efforts to acquire nuclear weapons in order to justify going to war. Administration critics suggested that her identity was leaked to punish Mr. Wilson for his criticism.

Mr. Libby is charged with lying to a grand jury and F.B.I. agents about when and how he learned of Ms. Wilson's role at the C.I.A. Prosecutors say he learned of Ms. Wilson's identity from fellow administration officials and shared that information with two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine. Ms. Miller and Mr. Cooper testified earlier in the trial for the prosecution that Mr. Libby discussed Ms. Wilson with them.

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In a sense, the defense opened its case Monday with an indirect approach — appealing to the jurors to believe Mr. Libby's account that he did not discuss Ms. Wilson with Ms. Miller and Mr. Cooper because he did not discuss her with the six other reporters who testified Monday. In addition to Mr. Novak, the other reporters were Bob Woodward, Walter Pincus and Glenn Kessler of The Washington Post, David E. Sanger of The New York Times and Evan Thomas of Newsweek.

It was unclear if or how the cumulative impact of those reporters saying Mr. Libby had not discussed Ms. Wilson with them would lead jurors to discount the testimony of the two reporters who said earlier that he had, in fact, discussed her with them.

Mr. Libby's lawyers also made clear on Monday what they had only suggested in the past — that they do not want to put him on the witness stand. But it also seemed likely that if they kept Mr. Libby off the stand, they might be hampered in using one of the pillars of their planned defense: that any misstatements he made were the result of a faulty memory.

Mr. Libby's lawyers have said they want to tell the jury that Mr. Libby was not paying close attention to the issue of Ms. Wilson because he was preoccupied with far weightier policy matters like terrorism and the Iraq war.

Judge Reggie B. Walton suggested he might have been misled into believing that Mr. Libby would testify when he and lawyers for both sides spent more than two months arguing over how to put before the jury nonclassified accounts of the issues Mr. Libby had worked on.

"I didn't think that was the landscape in which we were operating," Judge Walton said in an annoyed tone.

He said that unless Mr. Libby testified, he did not think he would allow the defense to argue in its closing that the issue of Ms. Wilson was less important to him than the other matters.

Only Mr. Libby could say how important the issues were to him, Judge Walton said.

Mr. Libby's lawyers do not, however, want to expose him to cross-examination by Patrick J. Fitzgerald, the chief prosecutor.

John D. Cline, one of the defense lawyers, said he hoped to introduce evidence of Mr. Libby's busy schedule through testimony of his former top aide, John Hannah.

Mr. Cline did not mention the testimony of Mr. Cheney, casting uncertainty about whether the vice president will take the stand.

A surprise revelation came when Mr. Pincus, who writes about national security and intelligence, disclosed that he was first told on July 12, 2003, about Ms. Wilson by Ari Fleischer, then the White House spokesman, and not Mr. Libby. Mr. Fleischer testified late last month that he learned about Ms. Wilson from Mr. Libby, who passed on the information about her at a lunch on July 7, 2003, in the White House mess.

The testimony of the six journalists, with more than 200 years of combined reporting experience, added new strokes to the trial's portrait of close, confidential relations between Washington officials and the people who cover them. Interviews are routinely conducted "on background," in which officials demand anonymity in return for information.

"Almost every single conversation I have in Washington is on background," Mr. Kessler, who covers foreign affairs for The Post, told the jury.

The most vivid instance of a reporter at work came in a brief excerpt of a telephone interview by Mr. Woodward of Mr. Armitage.

Though only one minute of tape was played, the tone of their exchange — gossipy, confiding, sprinkled with expletives on Mr. Armitage's part — demonstrated vividly their close relationship.

Mr. Novak suggested how a columnist's politics could affect access. He said he spoke with Mr. Rove two or three times a week. But it took him two years to get an interview with Mr. Armitage, who was seen as not in tune with Mr. Novak's generally conservative views.

Journalists Testify That Libby Never Mentioned CIA Officer (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 13, 2007

Six journalists testified yesterday that Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, never mentioned an undercover CIA officer to them -- and some said they learned about her identity from other administration sources.

As Libby's attorneys opened their defense in his perjury trial, they argued for a second time that Libby need not take the stand for them to present elements of a defense that his misstatements to investigators were the product of a faulty memory. An irritated U.S. District Judge Reggie B. Walton said he felt misled and believed Libby would testify.

Testifying as the first defense witness, Washington Post reporter Walter Pincus revealed that then-White House press secretary Ari Fleischer was the first person to tell him, on July 12, 2003, that war critic Joseph C. Wilson IV was married to undercover CIA officer Valerie Plame. His remarks contradicted Fleischer's testimony as a prosecution witness last month.

Pincus was the first of six reporters to say they spoke to Libby, or were called by him, during a crucial period in June 2003 and early July 2003 but did not learn Plame's identity from him.

It is during this time that the prosecution says Libby was engaged in a fervent effort to discredit Wilson, who had publicly accused the White House of twisting intelligence he had gathered as it justified the invasion of Iraq. Prosecutors contend that Plame's identity and CIA post were leaked to leave the impression that Wilson was chosen for a CIA-sponsored mission to Niger because of nepotism. Plame's name was revealed in a syndicated column by Robert Novak on July 14, 2003.

Libby, 56, is not charged with the leak itself but with lying to investigators about conversations he had with reporters about Plame in the summer of 2003. The defense contends that Libby, who has pleaded not guilty, inaccurately remembered conversations with journalists because they were insignificant amid his pressing work on national security matters.

The journalists' testimony was designed to help Libby's defense by showing that the defendant did not mention Plame to every reporter with whom he spoke around the time of the leak and that other officials were discussing Plame at about the same time.

Bob Woodward, a best-selling author and an assistant managing editor of The Washington Post, told jurors that he learned about Plame during a mid-June 2003 interview with then-Deputy Secretary of State Richard L. Armitage for a book Woodward was researching on the Bush administration's decision to go to war in Iraq. He said he interviewed Libby later that month, and his notes indicate that Libby said nothing to him about Plame but that Woodward might have mentioned her to Libby.

Novak testified that he also learned of Plame's position at the CIA from Armitage on July 8, 2003, and confirmed the information with senior White House adviser Karl Rove, probably the next day.

In brief testimony that lasted less than 20 minutes each, reporters Glenn Kessler of the Post, David Sanger of the New York Times and Evan Thomas of Newsweek also told jurors that they spoke with Libby or were called by him during the key week before Novak disclosed Plame's identity. But none heard of Plame from Libby.

Pincus, who covers national security and intelligence issues for The Post, told jurors that he was in the office, talking to a source one Saturday in July about a story he was preparing about Wilson's mission to Niger.

"The person I was calling suddenly swerved off and said . . . 'Don't you know, in effect, his wife works at the CIA, is an analyst on weapons of mass destruction?' " Pincus testified. He told the court that the source said "that's why people aren't paying attention" to Wilson's conclusions that reports of Iraq trying to obtain nuclear material in Niger were unfounded -- because he had been sent on the mission by his wife.

Pincus's account conflicted with Fleischer's testimony last month. As a prosecution witness, Fleischer said he mentioned Plame only to two reporters -- John Dickerson, then of Time magazine, and David Gregory of NBC News -- during a July 2003 trip that President Bush took to Africa. Dickerson has said Fleischer never mentioned Plame to him.

A spokesman for Special Counsel Patrick J. Fitzgerald declined to comment on the conflicting testimony.

When Pincus gave a deposition to investigators during the federal probe of the CIA leak, he did not identify his source. He told jurors that he was naming Fleischer now because the former press secretary gave him permission to do so last week.

Woodward's testimony would make him the first journalist known to have been told about Plame by a Bush administration official. At the time of his interview with Armitage, Woodward said, he had learned through reporting that Wilson was the former ambassador who was sent to Africa by the CIA, and he was surprised Wilson's name had not yet surfaced publicly.

In a tape recording of the interview played for the jury, Armitage explains that the CIA took the Niger claim out of a presidential speech in October 2002 but it somehow found its way into Bush's State of the Union address months later. Woodward is heard asking about Wilson and how he happened to make the Niger trip. Some expletives in the conversation were redacted for the jury.

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Armitage explains that "his wife works at the agency" on "WMD" issues.

"High enough that wife can say, 'Oh, yeah, hubby will go?' " Woodward asks.

Armitage responds that Wilson "knows Africa," and he ends the conversation with "How about that [expletive]?"

Novak said part of the reason he wrote about Wilson and his wife was that he found Wilson unpleasant and a "questionable choice" to look into the Niger claims after he met him while both were waiting to go onto a television interview program.

"He was saying that things had been done in a superior way in the National Security Council before in the Clinton administration," Novak recalled. "I thought it was sort of an obnoxious performance."

Defense attorney Theodore Wells Jr. pressed Novak to say that hundreds of reporters and others could have known what was going to appear in his July 14 column in the days preceding its publication, because the material was sent over the Associated Press wire on July 11 or July 12. Novak said he discussed the information about Wilson's wife with a close friend, conservative lobbyist Richard Hohlt, on July 11.

Star Character Witnesses At Libby Trial (WP)

By Dana Milbank

The Washington Post, February 13, 2007

A familiar-looking man in his early 60s took the stand at the Scooter Libby trial yesterday morning. "I need to ask you to spell your last name," said defense attorney Bill Jeffress.

"W-O-O-D-W-A-R-D," the man replied.

This was not sufficient for Judge Reggie Walton. "We need your first name, too," he said.

"Oh," said the witness. "Bob. B-O-B."

Spectators laughed. Jurors ogled.

Jeffress continued this line of questioning. "What do you do for a living?"

"Assistant managing editor of The Washington Post and book author."

It was a rare moment at the federal courthouse yesterday, and not only because Washington's most famous journalist was answering questions from somebody other than Larry King. Woodward, columnist Robert Novak and a quartet of prominent journalists were called to the stand for the first day of Libby's defense.

Libby must believe himself to be in desperate legal straits to have six journalists serve as his character witnesses. And, indeed, the reporters' testimony appeared to do little to dent the prosecution's case that the former chief of staff to Vice President Cheney eagerly shared CIA officer Valerie Plame's name with reporters and then said otherwise under oath. But Libby's team did establish that the defendant wasn't the only administration official dishing about Plame.

The leadoff witness, The Post's Walter Pincus, testified that then-White House press secretary Ari Fleischer told him about Plame's identity -- directly contradicting Fleischer's sworn testimony. Next, Woodward testified that then-Deputy Secretary of State Richard Armitage told him about Plame. Novak fingered top Bush strategist Karl Rove as well as Armitage. Combine that with earlier testimony that Fleischer and Libby each leaked to two other reporters, and it seems possible prosecutor Patrick Fitzgerald would have had an easier time finding out who in the administration didn't leak Plame's identity.

Defense lawyers, perhaps realizing that relying on reporters was a dicey proposition, sought to build up their credentials. First, Jeffress established that Pincus had shared in a Pulitzer Prize in 2002. Then he got it on the record that Woodward shared in two Pulitzers. David Sanger, who identified himself as "chief Washington correspondent for the New York Times," testified that "I've been fortunate enough to be on a few [Pulitzer-winning] teams."

"A few?" Jeffress asked.

"Two," Sanger amended.

"I believe you're the third Pulitzer Prize winner this morning," Fitzgerald observed dryly.

By the time it got to The Post's Glenn Kessler, the defense lawyer was sheepish. "I pretty much have to ask you this question: Have you won any awards?"

Pincus, wearing his reporter's dog tag around his collar and his tie loose, had the day's biggest revelation: Fleischer "swerved off" from the topic of a conversation in 2003 and told him about Plame's identity. As recently as two weeks ago, Fleischer testified otherwise, saying it's "absolutely correct" that he did not tell Pincus about the CIA worker.

"You've not been prosecuted for perjury?" Jeffress asked at the time.

"Absolutely correct," Fleischer answered.

Novak, whose column identifying Plame started the whole scandal, explained that while Rove and Armitage spoke to him about Plame, he didn't remember whether Libby did, because "I kind of discard unhelpful conversations in my memory bank." His memory bank did, however, retain the information that Plame's husband, Joe Wilson, was "obnoxious."

Novak reminded the jury that as a CNN contributor in 2003, he "was on about four different shows, 'Crossfire' included." But even in a crowded field, Woodward easily qualified as the star witness; the jurors were rapt as he gave them a pro bono journalism course.

"You're familiar with a term called 'off the record'?" Jeffress asked.

Woodward was. "It's confirmation for you and your editors but should not be in the story," he explained. He further explained how "it is my habit to bring a list of questions from one interview to the next because they reflect information I'm getting." And he admitted that this backfired in the case of Cheney, who balked at the 17-page list of questions titled "Q Cheney" and called off the interview. "I overplayed my hand," Woodward said.

Defense lawyers won permission to play for the jury a tape of his interview with Armitage. It showed a Woodward interview style that, in contrast to his broad narratives, is equal parts staccato, gossipy and profane.

Armitage: "His wife's a [expletive] analyst at the agency."

Woodward: "It's still weird."

Armitage: It's perfect . . . she is a WMD analyst out there."

Woodward: "Oh, she is."

Armitage: "Yeah.

Woodward: "Oh, I see."

Armitage: "[Expletive] look at it."

Woodward: "Oh I see. I didn't [expletive] . . ."

Armitage: "His wife is in the agency and is a WMD analyst. How about that [expletive]?"

The jurors chuckled as they listened to the scrubbed transcript.

"You redacted some words that were offensive," Woodward observed.

"Expletives? Yes," Jeffress answered.

Woodward seemed disappointed. "In the raw," he said, "it has a little more fire."

Journalists Take Stand In Libby's Defense (LAT)

By Richard B. Schmitt And Greg Miller

The Los Angeles Times, February 13, 2007

WASHINGTON — In the middle of June 2003, when Washington Post editor Bob Woodward sat down with a top source at the State Department, he had a question.

The capital was buzzing over a public attack by a former U.S. diplomat on one of the claims President Bush had made to justify the Iraq war. For support, the diplomat was citing a fact-finding trip he'd made to Africa on orders from CIA officials.

"Why would they send him?" a puzzled Woodward asked, referring to the ex-envoy, Joseph C. Wilson IV, who had been dispatched to Niger to assess the nuclear intentions of Saddam Hussein.

"Because his wife's a [expletive] analyst at the agency," Richard L. Armitage, then the deputy secretary of State, replied.

Woodward — and his taperecorded, expletive-laden exchange with Armitage — became a focus Monday at the trial of a top White House aide accused of lying to investigators about how the name of a CIA agent became public.

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Woodward and a parade of other prominent Washington journalists have been called to testify about how they learned of the agent, Valerie Plame, married to Wilson. All said they had been told about Plame and her CIA role by government officials other than the defendant, I. Lewis "Scooter" Libby.

Monday's testimony came as Libby's lawyers launched a defense portraying their client as a scapegoat in a three-year federal probe into who leaked the identity of Plame, an agency analyst specializing in arms proliferation.

Whatever its value to the defense may prove to be, the journalists' testimony made one thing clear: At a time when the Bush administration's rationale for going to war was coming under increasing attack, officials in the White House and beyond were doing a lot of talking to reporters about Plame — even though it can be against the law to divulge the identity of covert intelligence agents.

In addition to Woodward, syndicated newspaper columnist Robert Novak testified Monday. Novak — whose disclosure of Plame's name and CIA connection in a July 14, 2003, piece kicked off the original leak furor — said he had heard about Plame from White House political guru Karl Rove, as well as from Armitage.

Reporter Walter Pincus of the Washington Post also took the stand, saying then-White House Press Secretary Ari Fleischer had given him the information.

The government has not alleged that Libby was the first person to divulge Plame's identity nor that he was the first to leak information that was published about her.

Rather, he is charged with essentially orchestrating a cover-up of his involvement.

Rove, Fleischer and Armitage have acknowledged speaking to reporters about Wilson's wife. Libby is the only person charged with a crime.

Novak and Pincus said they had spoken with Libby in summer 2003 about the controversy surrounding Wilson's claim that the Bush administration had twisted prewar intelligence in Iraq.

But both men said Libby did not provide them information about Plame. Their comments were echoed by three other prominent Washington journalists in the witness box Monday: David Sanger, chief Washington correspondent for the New York Times; Evan Thomas, editor at large of Newsweek; and Glenn Kessler, another Post reporter.

Woodward, famous for helping break open the Watergate scandal, has been a provocative figure in the story about Plame and Wilson.

Though he apparently was the first journalist to learn her identity in the scandal, he did not disclose the fact until after Libby was indicted in October 2005.

Woodward testified that he spoke with Armitage on June 13, 2003, while preparing a book on the administration's decision to go to war in Iraq.

He turned a copy of the interview over to prosecutors in the investigation.

The excerpt played for the jury, about a minute long, provided an unusual window into the reporting process — edited for profanities.

"Joe Wilson's been calling everybody," Armitage said on the recording. "He's pissed off because he was designated as a low-level guy." Armitage proceeded to tell Woodward about Wilson's wife's CIA connection.

"It's still weird," Woodward responded.

"It — it's perfect. This is what she does," Armitage said. "She is a WMD analyst out there." (WMD stands for weapons of mass destruction.)

Woodward: "Oh, she is?"

Armitage: "Yeah."

Woodward: "Oh, I see."

In testimony, Woodward was deliberate and poised. When the tape was played for the court — a scene that might have been expected to make him wince, since he had promised confidentiality — he cracked a joke about gaps in the recording where Armitage uttered an obscenity.

"In the raw, it has a little more fire," Woodward said.

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But Woodward, like others, was clearly uncomfortable with describing conversations that were supposed to be confidential, and he repeatedly mentioned that he had obtained permission from his sources to discuss those conversations.

With the journalists' testimony, the defense aimed to make the case not only that Libby wasn't the source of the leak, but that he repeatedly passed up opportunities to whisper Plame's name to the press.

As usual in this trial, the testimony was often more interesting in its revelations about the workings of Washington.

The controversy began when Wilson wrote in a newspaper opinion piece that there was no credible support for administration claims that Hussein had tried to obtain nuclear weapons material from Niger.

On assignment for the CIA, Wilson had made a trip to Africa to look into the question, which had arisen in the intelligence community before it became a subject of public dispute. Wilson wrote that his investigation had found no proof of the claim, and he accused the administration of misrepresenting intelligence on the subject.

The White House, especially Vice President Dick Cheney, was furious about Wilson's article, which also suggested that Cheney had a role in arranging the fact-finding mission to Africa. Libby was then Cheney's chief of staff.

Pincus, who was among the first to write about Wilson's allegations, testified Monday about an early effort by the White House to contain the controversy.

Pincus said he got a call at the Post on a Saturday from Fleischer, who sought to portray Wilson's trip to Niger as a "boondoggle."

Fleischer "suddenly swerved" off other topics and argued that the uranium story was being overplayed, Pincus said.

He said Fleischer challenged him to explain: "Why do you keep writing about Joseph Wilson and Joseph Wilson's trip? Don't you know his wife works at the CIA? … She's the one who sent him on this trip. That's why no one is paying attention."

At Libby Trial, A Boondoggle Of A Time (LAW)

By Emma Schwartz, Legal Times

Legal Times, February 13, 2007

He said he had nothing against Joseph Wilson. That he didn't know Valerie Plame was Wilson's wife.

I. Lewis "Scooter" Libby Jr. said a lot of things in eight hours of grand-jury testimony. But somewhere in the lengthy recordings, it was revealed for the first time in Libby's perjury trial, that he actively contributed to a smear campaign against Wilson in an effort to destroy his credibility as a Bush administration critic.

And that naturally involved Plame, the former CIA agent whose identity was a casualty of the dustup between Wilson and the White House.

That March 2004 testimony, played before the jury last week in the U.S. District Court for the District of Columbia, is a linchpin of Special Counsel Patrick Fitzgerald's case against Libby, the former aide to Vice President Dick Cheney.

In it, Libby admitted that he spoke to at least one reporter in July 2003 during which he called Wilson's excursion to Niger -- investigating what later proved to be a bogus claim over Iraq's purchase of uranium -- nothing more than a "boondoggle."

And befitting a case in which words play the prominent role, much of the back-and-forth between the prosecutor and Libby about that conversation involved whether the term "boondoggle" was ever used -- and, indeed, whether Plame and Wilson were ever even mentioned.

WHAT BOONDOGGLE?

Libby, 56, is not charged with leaking classified information, but he is the only person charged as a result of Fitzgerald's 2 1/2-year investigation.

Prosecutors say Libby began asking questions about Wilson in May 2003 after the former ambassador was an unnamed source in a New York Times column that questioned the credibility of Cheney's role in developing the administration's rationale for invading Iraq. Libby first learned Wilson's wife was employed at the CIA in early June 2003 from Cheney. Six current and former government officials have testified in the trial that they discussed Plame's CIA employment with Libby in the following days and month before his conversation with reporters.

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Libby says he found a note that says Cheney told him about Plame in June. But he says he had no recollection of this when he spoke with NBC's Tim Russert a month later, who Libby says told him about Plame. Last week on the witness stand, Russert called Libby's version of events "impossible."

But buried in the grand-jury testimony was the account of yet another reporter, The Washington Post's Glenn Kessler. Kessler was one of four reporters Libby tried to reach that Saturday, July 12, 2003, after returning from the christening of the USS Ronald Reagan in Norfolk, Va.

Throughout his testimony, Libby was fairly certain that he spoke with Kessler about Plame -- something Kessler, who is expected to testify when the defense begins its case this week, has stated he never discussed with Libby.

By the account of Cathie Martin, the former press secretary for Cheney who sat in on the call, the July 12 Kessler conversation was brief. Kessler was on his cell phone and at the zoo and asked Libby to call back later.

But during Libby's first appearance before the grand jury on March 5, 2004, Libby did not recall Kessler cutting off the conversation. Instead, Libby said he probably told Kessler that other reporters were saying the same things about Plame as he told then-Time reporter Matthew Cooper.

"What I recall about this conversation was that Glenn Kessler was at the zoo with his kids, and yet he was able to have this lucid conversation," Libby told the grand jury, "something I could never do with my kids at the zoo on a sunny day with, you know, hundreds of people milling around. And then he was able to have this conversation, which I thought was pretty impressive, actually, and we talked about this stuff."

Fitzgerald thought otherwise. During Libby's second grand-jury appearance, just 19 days later, Fitzgerald handed Libby a copy of an October 2003 newspaper article, pulled from Libby's files, indicating that a Washington Post reporter had been told by a White House official on July 12 of that year that the administration was not putting much credence in Wilson because he had been sent on a "boondoggle" by his wife.

Reading this, Fitzgerald asked, did Libby ever wonder if the coincidence of the date and the attribution could mean that Libby was, in fact, this White House source?

"I did not," Libby said. "I had a conversation with a Washington Post reporter on July 12 and that dawned on me, but what this described was not my conversation."

Well, did you tell him it was a boondoggle? Fitzgerald quizzed.

"Quite to the contrary," Libby said flatly. He said he had merely emphasized then-CIA Director George Tenet's statement that Cheney had never been told about the Wilson mission.

Fitzgerald interjected, "And you didn't relay a concern that this wasn't taken seriously by the administration, even though your boss had expressed that?"

Libby didn't budge.

Well, Fitzgerald pushed, was it possible that anything you said could have led Kessler to such a characterization?

"No, sir, I don't think so," Libby answered. "Kessler said to me, 'Was this a boondoggle?'" Libby quickly tried to downplay this statement. "I said, 'What I think is important about this is how he may have gotten the wrong information, not that it was a boondoggle.'"

Now the prosecutor was confused: Was it a boondoggle or not?

"No, I mean it was a boondoggle in the sense that the guy got a trip," Libby said. "I've never thought that boondoggle was what was the important point here."

So, then, it was a boondoggle? Fitzgerald asked.

"Not in bad sense, but a boondoggle," Libby replied.

There was still the problem of timing. Libby still couldn't place the date of this conversation. But he didn't think it was July 12 because he had made those press calls in the car, and he had a memory that when Kessler raised the question of a "boondoggle," he was standing.

"Standing where?" Fitzgerald asked.

"I remember sort of either sitting or leaning down after he said it," Libby said, quickly adding that the "boondoggle" was not what was important, it was how Wilson could have gotten the wrong information.

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"Did you ever indicate to him that Wilson's trip was not a boondoggle?"

"No," Libby replied.

Fitzgerald continued in his matter-of-fact tone, "Is this the first time you've described a boondoggle?"

Libby paused. "I don't recall. It might be."

Bill Would Make ISPs Keep Data On Users (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, February 13, 2007

Questions Are Raised On Privacy, Practicality

A House Republican is pushing a measure that echoes a long-sought Bush administration goal: to require all Internet service providers to keep records on their subscribers.

The measure, introduced by Rep. Lamar Smith (R-Tex.) last week as part of the larger SAFETY Act, would give the attorney general broad discretion to write the rules on what information companies have to retain and for how long.

It is aimed at protecting children from predators, but privacy advocates say its privacy and civil-liberties implications are huge, and industry is concerned about the costs of compliance. News of the measure has spread around the blogosphere, as critics seek to mobilize opposition to the SAFETY Act.

The provision would require Internet service companies to provide at a minimum the Internet subscriber's name and address, which can be linked to an Internet protocol address -- an identification number associated with a particular computer at a given time. Law enforcement officials would have to obtain a subpoena to have access to the records and could not use the tool to track law-abiding citizens on the Internet, Smith said.

Smith, the ranking minority member of the House Judiciary Committee, said law enforcement has identified mandatory data retention as "the number one tool" it needs to identify and prosecute Internet sexual predators. Last year, the European Union adopted a two-year data-retention requirement for all Internet service providers, and Smith said Congress should adopt a similar law that balances the cost of retaining data with the benefits to law enforcement.

But Lauren Weinstein, co-founder of People for Internet Responsibility, an advocacy group, said Smith's proposal is far too vague. "This bill is so incredibly bad that it opens up a whole array of things that can go wrong, because there's nothing in this legislation to prevent the attorney general from simply saying, 'Save everything forever,' " he said.

He called data retention the "single most important issue" relating to privacy, free speech and technology.

Under mandatory data retention, the chances of targeting innocent people would go up, opponents say. In Arlington County last summer, detectives thought they had tracked an Internet child predator to an apartment, only to find that their target was an innocent elderly woman whose computer's wireless router sent a signal throughout her 10-story building that could be easily hijacked.

Last fall, a child-porn squad in central Virginia led by sheriffs armed with semiautomatic pistols scared a farmer who was mistakenly targeted when his Internet provider gave authorities the incorrect IP address.

U.S. Attorney General Alberto R. Gonzales, who began pushing for mandatory data retention about a year ago, told the Senate Judiciary Committee last month that child exploitation investigations have hit dead ends because Internet service providers were not required to keep subscriber data.

A Justice Department spokeswoman said the department had not taken a position on Smith's proposal but was looking at data retention. "We do believe that there is a need for it," spokeswoman Tasia Scolinos said.

What concerns both privacy advocates and industry is the bill's open-endedness.

"The Smith proposal would give the attorney general carte blanche to require service providers to keep all information imaginable on every one of their users," said Kate Dean, executive director of the U.S. Internet Service Provider Association, which represents the nine major providers, including AOL, AT&T, Microsoft, Yahoo and Comcast.

Dean also said the measure could affect a wide range of service providers. "Does this cover wi-fi providers and coffee shops and hotels? Schools and libraries? And, most importantly, the government itself, because that remains unclear."

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John Morris, policy director for the Center for Technology and Democracy, said the risks for civil liberties would be enormous if a bill that extends to content of e-mails, computer instant messaging and Web surfing habits. "I would expect that the Justice Department would impose an extremely broad data-retention mandate," he said.

The sheer volume of data could be overwhelming. The amount of data in a week's worth of short instant messages alone would fill two Libraries of Congress, Morris said. Dean said the data retention could impose new costs on innovation. "Any blanket data-retention requirement would dramatically affect new services that companies bring to the market," she said, referring to potential new storage requirements.

The issues proliferate, she said: What if there's a technical failure? Would the data need to be kept "live" for quicker law enforcement access or stored on tapes? Would the data be kept for one year, 20 years or indefinitely?

Weinstein, a computer scientist who focuses on technology's impact, said people interested in child porn could easily use computer viruses to direct innocent people's machines to download the images and then shoot the images back to the perpetrators through obscure channels that are difficult to trace.

Staff researcher Richard Drezen contributed to this report.

Justice Defends Death Penalty (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, February 13, 2007

The U.S. Justice Department is defending the practice of seeking the death penalty in jurisdictions such as the District where local law bars capital punishment, including in the ongoing trial of a D.C. man accused of being an enforcer for a violent drug gang.

"The Department of Justice has a protocol that ensures that the federal death penalty is applied uniformly throughout the country, regardless of the local laws," acting Assistant Attorney General Richard A. Hertling wrote in a letter to Delegate Eleanor Holmes Norton, the District's nonvoting member of Congress.

Mrs. Norton, a Democrat, wrote a letter last month to the office of U.S. Attorney Jeffrey A. Taylor criticizing its pursuit of the death penalty in the trial of Larry Gooch.

Mr. Gooch is on trial in federal court in the District on murder, racketeering and drug trafficking charges. He is accused of killing four persons, assisting in another slaying and shooting at a police officer while acting as enforcer for the M Street Crew, a PCP ring in Northeast.

D.C. law bars capital punishment, but prosecutors can seek the death penalty in federal cases.

"Repeatedly seeking the death penalty in the face of jury and court verdicts to the contrary risks the appearance of an office seeking to show it can get death penalty convictions even in the District of Columbia," Mrs. Norton wrote in her letter to Mr. Taylor.

She expressed concern about "the apparent emergence of a new and troubling pattern" of death penalty cases in the District, "despite consistent failure with juries and the federal courts."

Mr. Hertling said federal prosecutors in the District have not increased their pursuit of the death penalty under the Bush administration.

As attorney general in the Clinton administration, Janet Reno authorized the death penalty in four cases, including those of so-called Murder Inc. drug kingpins Kevin Gray and Rodney Moore, convicted of 19 and 10 murders, respectively.

The Justice Department authorized the death penalty in three D.C. cases during the Bush administration, Mr. Hertling said.

In two of the cases, federal court rulings on various legal points ultimately prevented authorities from seeking capital punishment. The other case involves Gooch, whose trial is expected to last several months.

The D.C.-based Death Penalty Information Center records 47 federal death-row prisoners in the United States, including four from Virginia and two from Maryland.

Richard Dieter, executive director of the center, said the federal government has been seeking the death penalty even in jurisdictions where local laws prohibit capital punishment.

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In 2000, he said, federal death row held no inmates convicted of crimes in states that outlaw the death penalty. Today, the number is six. Mr. Dieter said that does not include a recent case in New York, where a state court ruled the death penalty unconstitutional but capital punishment remains on the books.

"There are some signals of a more aggressive use of the federal death penalty," he said. "I don't think anybody would deny that when you seek it in Massachusetts or North Dakota or Puerto Rico or any of these places, then you're going to have a broader use of the death penalty than you would have had if you mostly restricted it to places where voters have agreed to support the death penalty."

Mr. Gooch's federal racketeering case makes him eligible for the death penalty.

Prosecutors were prohibited from seeking the death penalty against Antwuan Ball and David Wilson, accused of running another drug gang known as Congress Park Crew, because of a missed filing deadline.

Mr. Hertling told Mrs. Norton in his letter that the filing delay was caused by "the intensive and meticulous deliberations of the U.S. Attorney's Office ... and the Department of Justice's capital case review committee."

Court Defines Official Bribery Narrowly (HILL)

By Susan Crabtree

The Hill, February 13, 2007

Members of Congress or any other public officials under FBI investigation for corruption owe a former D.C. police officer a debt of gratitude.

Investigations into the activities of convicted former lobbyist Jack Abramoff and ex-Rep. Randy "Duke" Cunningham (R-Calif.), as well as reviews of numerous questionable land deals, recently have expanded and may well ensnare other members of Congress and their aides in lengthy legal battles. But an appeals court decision involving a sting operation on a police detective could undermine efforts to prosecute the cases.

The U.S. Court of Appeals for the D.C. Circuit Court Friday confirmed a previous ruling by an appeals panel allowing Nelson Valdes, a former Metropolitan Police Department detective, to walk free.

A sting operation caught Valdes taking several hundred dollars in cash for running license plates through a law enforcement database and handing over the information he collected on the vehicles' owners to an FBI informant.

The jury thought the bribery charges were too harsh and so convicted Valdes on three counts of accepting illegal gratuities, a lesser crime in 2002. But Friday's decision would affect bribery cases as well.

In a 7-to-5 opinion Friday, the court determined that Valdes's activities were not part of his official duties and thus fell outside the federal bribery statute.

"It is the corruption of officials' decisions through the misuse of influence in governmental decision-making which the bribery statute makes criminal," wrote senior Circuit Judge Stephen Williams, referring to an earlier opinion issued by the same court.

In that 1979 decision, the court found that an assistant secretary for labor relations at the Department of Housing and Urban Development (HUD) had not accepted illegal gratuities for an official act when taking money from people outside the government for selling private auto-insurance plans to labor unions with whose leaders he also dealt on official HUD business.

"Thus, both our precedent and the language of the statute make clear that [the bribery statute] is not about officials' moonlighting, or their misuse of government resources, or the two in combination," Williams wrote.

But other circuit judges vehemently disagreed. "… This is a simple - but far from inconsequential - case," wrote Circuit Judge Karen LeCraft Henderson. "The man on the street grasps what my colleagues in the majority so inexplicably resist: you cannot lawfully give money to a law enforcement officer for performing a function of his office."

The Campaign Legal Center, a D.C. watchdog group, filed an amicus brief arguing to let the conviction stand. Gerry Hebert, a lawyer for the Center and one of the authors of the brief, said the decision was so split that the Supreme Court will probably have to step in and decide the matter.

Justice Department spokesman Erik Ablin said government lawyers are still evaluating the opinion, so it's too early to say whether they will seek Supreme Court review.

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But there is no doubt in Hebert's mind that the Justice Department should do everything it can to reverse the appellate court decision. He also wants Congress to step in and make the bribery statute clearer.

"Lawyers in criminal cases prosecuted for bribery will attempt to use this very narrow definition of official duty for what should be criminalized conduct," he said. "… You'll have a difficult time prosecuting public officials who are using their office for their own financial gain."

Plea-bargaining Complaint Fails (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 13, 2007

Moncier's client gets 12-year prison term despite protest

GREENEVILLE - His attorney may have put plea bargaining on trial, but longtime Cocke County criminal Michael Vassar is the one who racked up a 12-year prison term Monday.

"Plea bargaining is a fact of life," U.S. District Judge Ronnie Greer said late Monday night after defense attorney Herbert S. Moncier spent hours mounting an attack on the way federal prosecutors mete out deals. "As distasteful as it may be at times, it's an everyday factor in law enforcement."

Vassar was convicted last year in a cocaine conspiracy case involving fellow Cocke Countians, including bus driver Dewey Lynn Phillips. It was part of the Rose Thorn corruption probe mounted in Cocke County by the FBI, with help from the Tennessee Highway Patrol.

The conviction came after Vassar won acquittals in at least two other cases. But the battle has been costly for both sides. Moncier has bombarded Assistant U.S. Attorney Neil Smith with hundreds, maybe even more than a thousand, motions, exhibits and documents. His arguments had grown so intense that Greer late last year accused Moncier of contempt and ordered him briefly jailed.

Since then, however, Greer has allowed the contempt charge to linger, with no hearing date set. And, although he had removed Moncier from Vassar's case, he later entered an order allowing Moncier to take back the defense reins.

Neither Greer nor Moncier mentioned the contempt charge during Monday's hours-long hearing. In fact, Greer seemed to ignore his own order limiting arguments to 30 minutes per side, allowing Moncier to argue, at one point, for more than an hour during one phase of the multitiered sentencing process.

Moncier spent most of that time airing a complaint he has long made that federal prosecutors are "manipulating" the system via the plea-bargaining process. Moncier contends that Smith cut a slew of deals in Vassar's case, allowing, for instance, a guy pushing dozens of pounds of cocaine to walk away with 76 months in prison, while Vassar, convicted of peddling far less of the drug, was staring at a minimum 168-month prison term.

"What the government has done is manipulate the guideline sentences," Moncier said. "If the government is manipulating the guidelines then the guidelines become meaningless and that completely destroys what Congress intended."

The way Moncier sees it, prosecutors cut deals with drug dealers in which they are sentenced based on far less drugs than they actually peddled to get them to snitch on others. Then, they offer up breaks for that snitch work, Moncier argued.

Folks like Vassar, who refuse to plead guilty or cooperate, wind up facing much heftier prison terms because no such deals are offered, the attorney said.

Smith need not respond, however. Judge Greer was quick to counter that there was nothing illegal or improper with the deal-making process. He also pointed out that Vassar, with more than a dozen felony convictions under his belt, earned the 12-year prison term Greer wound up doling out.

"Here you are again," Greer said to Vassar. "Two prior (federal) prison terms did not deter you. Your attorney is asking me to compare apples to oranges to the extent the government's plea bargaining decisions result in (sentencing) disparities, it seems to me, that's up to Congress and the public to address."

Jamie Satterfield may be reached at 865-342-6308.

DA, Police Chief Discuss Stemming Violent Crime (AP)

By Mary Foster, The Associated Press

AP, February 13, 2007

NEW ORLEANS (AP) — A month after an estimated 5,000 people marched on City Hall to protest violent crime, several hundred turned out to hear police Superintendent Warren Riley and District Attorney Eddie Jordan answer questions by the City Council.

A standing-room crowd, that included more than a dozen police officers in uniform, listened as the city's top law enforcement duo detailed progress in stemming violent crime.

The commitment to stop violent crime is strong, Riley said. But when asked to predict the future, he refused.

"I can't tell you what's going to happen in 90 days," Riley said. "The entire system has to work to say what happens in 90 days."

The extra 25 officers federal agencies have lent the city are making a difference, Riley said. They currently are working with departments ranging from the SWAT team to Crime Abatement and narcotics, he said.

FBI Special Agent in Charge Jim Bernazzani said just getting the word out that federal agents are working the streets has been a deterrent.

There have been 21 murders in the city this year.

Police and federal officers also have targeted three areas in the city where violent crime is most prevalent, Riley said.

Federal officers are committed for 90 days, and began on Jan. 3, Riley said. The city also is being patrolled by 800 National Guardsmen and 60 State Police.

Attrition remains a problem for the police department, Riley said. He has lost over 420 officers in the last two years, and more than 20 this year, he said.

The hot-button issue for the crowd was the so-called 701 Releases. That refers to Article 701 of the Louisiana Code of Criminal Procedure, which states that no one can be held longer than 60 days on a felony arrest without an indictment.

In New Orleans that occurs mostly in drug arrests, Jordan said. He blamed problems with getting lab results. New Orleans' crime lab was lost to Hurricane Katrina and the city has been getting needed work done by other parishes, which causes delays.

"A field test is sufficient for probable cause," Jordan said. "But is not admissible in court. In order to prosecute we must have lab tests."

The city is expected to sign a contract for a new lab with the University of New Orleans on Tuesday, director of Homeland Security Terry Ebbert said. The lab should be at least partially functional within 45 days, he said.

Council members stressed the need for greater cooperation between the district attorney's office and the police department, something both Riley and Jordan pledged to do.

The district attorney's office is implementing software that will track cases in danger of being dismissed, he said. He and Riley also said they would hold joint training sessions to prepare police investigations and district attorney cases for trial.

Council Grills DA, Police Chief Over Rampant Crime (NOTP)

By Brendan McCarthy, Staff writer

New Orleans Times-Picayune, February 13, 2007

Members of City Council grilled the city's police chief and the district attorney in an a tense, four-hour committee hearing Monday on the problems that plague the city's criminal justice system.

Both New Orleans Police Superintendent Warren Riley and District Attorney Eddie Jordan said they were eager to work together to squash surging city crime. But the meeting ended with its fair share of fingerpointing and few resolutions.

The pair's fractured working relationship was on full display as councilmembers pressed them on the state of their departments, the high release rate and the low conviction of arrested individuals, tying those problems to a lack of cooperation among their offices.

The hearing before the criminal justice committee, and a standing room crowd of more than 200 people, became at-times an exercise in political theater that more closely resembled a trip to the principal's office.

"The relationship has to improve," said councilman Arnie Fielkow, in dressing down the pair.

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Throughout the meeting, councilmembers demanded results, along with measurable outcomes and benchmarks to grade their top law enforcement officers in the future.

"What is it that you are trying to accomplish? What should those results be, and when are we going to see them? And if they don't work by what date, how are we going to try something else?" councilwoman Shelley Midura asked.

Riley shied away from setting hard goals or timelines.

"All I can tell you is that we are doing all we can," Riley said. "I can't tell you what is going to happen in 90 days. The entire system has to work to say what happens in 90 days."

Riley did make one concrete commitment: to ask for more help from the federal government. The chief said he would petition to extend the stay of 25 loaned officers from the Drug Enforcement Administration, the Federal Bureau of Investigation and Alcohol, Tobacco and Firearms.

But for the most part, the meeting devolved into a blame game, with the council acting as referee. Remarking on the reluctance of Riley and Jordan to set a date for interoffice training, councilman Oliver Thomas joked, "Whatever it takes, move next door to each other."

Following the meeting, Midura said she was left dissatisfied and even more concerned.

"Not just lip service, people want results," she said. "I would have rather heard them acknowledge the problem. All I heard was that this is someone else's fault, that we don't have this, we don't have that. There are no assessment tools and no long term strategic plan to address the reforms that must occur."

A large part of the day was spent discussing how the two offices could better coordinate their efforts.

Jordan suggested joint training for prosecutors and police officers, saying there has been none. Riley struck back, saying Jordan "may not remember" a program within the last 7 months that had officers in 8- to 16-hour sessions on writing police reports that will stand up in court.

"We need more than joint training," Jordan added. "I'm talking about access across the board."

Jordan suggested embedding prosecutors in police districts so they can better track cases from the start. Riley said he would "welcome" assistant district attorney's at crime scenes.

Councilmembers were particularly interested in "701s", shorthand for Article 701 of the Louisiana Code of Criminal Procedure. It states that no one can be held longer than 60 days on a felony arrest without an indictment. Prosecutors may refile charges against 701'd suspects if they get complete police reports, but often a 701 release amounts to the writing on the wall, and cases fall by the wayside.

In the eight months before the hurricane, the city released 187 people on a 701, including eight murder suspects, prosecutors' records show. In 2006, the number of releases soared to about 3,000. And last month alone, 580 people escaped legal custody of either jail or a bond obligation only because prosecutors couldn't pull together a case ahead of the deadline imposed by law.

Jordan put the blame for some 701 releases on a lack of lab-tested evidence and incomplete police reports. He said police use probable cause to make an arrest, a lesser standard than the beyond-a-reasonable-doubt standard required for a conviction.

Riley responded that the officers handling homicide and violent crime cases were experienced in writing police reports.

"They do provide excellent police reports and excellent investigations," he said.

The standing room crowd reacted; some laughed, some clapped, many shook their heads.

"This is the kind of stuff that drives the people crazy," Midura said to Riley, as they briefly talked over each other.

Then it was Jordan's turn to address the hot-button issue.

"I'm not going to say anything other than the fact that we need good police reports," he said.

The thinly veiled finger-pointing went back and forth. Uneasily, and after public criticism from Fielkow, the men agreed to continue with ongoing training and meet at a later date. During the hearing, attendees learned that Riley and Jordan do not meet regularly.

Both Riley and Jordan agreed that the lack of a NOPD crime lab has hindered the prosecution process.

The council asked Jordan why his office didn't accept the results of field testing kits, used by officers to test drugs. He said the field test was not admissable in court.

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Riley said the federal government has used the field tests for nearly 20 years.

“We have tried and want to encourage Mr. Jordan to use the field testing kits on these narcotics cases,” he said.

The impasse appeared to be somewhat solved when Jordan agreed to use the tests on “selected” cases.

However, Col. Terry Ebbert, director of homeland security under New Orleans Mayor Ray Nagin, said that a lease for a crime lab site at the University of New Orleans would be finalized Tuesday. It could be up and running within 60 days, he said.

The police currently ship out evidence to neighboring parish labs and private firms. Jordan said the lack of a lab has hurt cases. He said post-Katrina evidence is stored in a NOPD property room, and it takes 5 days written notice to retrieve any item. Pre-Katrina evidence is kept in a basement with a rodent problem, which made items “not available all the time,” Jordan said.

“Apparently the rodent problem is very serious at this time,” he added.

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New Orleans' Legal System Still Feeling Pain Of Hurricane Katrina (LAW)

By Vesna Jaksic, The National Law Journal

National Law Journal, February 13, 2007

As chairwoman of the board overseeing New Orleans' public defender office, Denise "Denny" LeBoeuf knows the city's legal system is struggling, but talks about it as if it were a miracle waiting to happen.

"I think this is going to be a destination office for young lawyers who want to do public defense in the years to come," said LeBoeuf, a veteran criminal defense attorney. "And no one would have said that before Katrina."

But New Orleans has a way to go before LeBoeuf's "miracle" sees the light of day.

Only about half of the needed 70 public defenders have been hired. Judges' patience sometimes wears thin, leading one to recently jail a public defender because no one from his office showed up in court. And Hurricane Katrina's impact lingers everywhere, whether it's residents' stress levels, businesses' limited hours or the city's damaged roads.

A year and a half after Katrina flooded New Orleans, the city's legal system continues to limp along with understaffed courts, a poorly funded public defense system and temporary prison accommodations.

While lawyers said civil courts are functioning more or less the way they were before Katrina, they used words such as "mess" and "nightmare" to describe the post-Katrina criminal justice system. But many New Orleans lawyers note that Katrina damaged an already ailing system -- creating a once-in-a-lifetime opportunity to rebuild it from scratch.

"We're in the midst of a revolutionary process," said Pamela Metzger, associate professor of law and director of the criminal law clinic at Tulane University Law School, one of nine board members appointed in April to oversee Orleans Public Defenders.

"I do believe that at the end of the day -- 10, 20 years down the line -- at least in the area of public defense we're creating a model for what public defense can become," Metzger said.

PROGRESS AND PITFALLS

In Orleans Parish, where about 85 percent of defendants are indigent, the public defense system employed 42 lawyers before Katrina, most of whom were part-time employees earning a starting annual salary of $29,000, LeBoeuf said. Because Louisiana's public defense system primarily runs on revenues from traffic tickets and other fines -- the only such system in the country -- most of them were laid off when the office went broke after Katrina.

While some lawyers never left, more than 30 lawyers have been hired since April and their jobs are now full time, with a starting annual salary of $40,000, LeBoeuf said. Only six lawyers have not returned because they wanted to keep their private practices, said Phil Wittmann, the board's secretary.

Public defenders now have offices across from the courthouse for the first time. Also for the first time, a computerized organizational system has been implemented, LeBoeuf said. In order to improve attorney-client relationships, the system has moved toward "vertical representation," meaning lawyers are assigned to clients, not courtrooms.

Some judges have criticized the new public defense system, saying there is no money to keep it going. Judges also question the new vertical representation meth-od because it leads to less familiarity with lawyers who show up in their courtrooms, the lawyers said.

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"A part of the criticism we're seeing from the judges that are speaking publicly about this is, 'What you guys are doing is not going to be sustainable in the long haul because you don't have a sustainable pipeline of funding,'" said Carmelite Bertaut, past president of the New Orleans Bar Association who works at New Orleans' Stone Pigman Walther Wittmann.

Orleans Parish Criminal District Court Chief Judge Raymond Bigelow did not return calls seeking comment.

'PROCESSED' NOT REPRESENTED

Many lawyers said the changes are for the better -- but not nearly enough.

"Money is the hugest obstacle," said Stephen Singer, professor at Loyola University New Orleans School of Law, who is chief of trials for the public defender's office.

"We simply have insufficient funds to hire the people we need, not just lawyers, but also support personnel," Singer said. "The lawyers don't have the time to do the work they need to do on their cases and the court is currently like a meat-processing plant -- cases get processed, but they don't get represented."

The budget for the Orleans Parish public defender system is seriously underfunded at only about $2.5 million, so the system continues to struggle, Singer said. In an incident that several lawyers said exemplified the level of frustration, Singer was jailed by a judge for several hours in January after a public defender did not show up for a hearing, something Singer said was the result of a staffing shortage due to a lawyer's honeymoon.

A U.S. Department of Justice report recently found the public defender's office needs 70 full-time lawyers and additional support staff. The report estimated that with salary, equipment, furniture and other costs, it will cost $10.7 million to operate the office in its first year and $8.2 million annually after that.

The federal government has delivered some relief. The Justice Department has made nearly $30 million in grants available to New Orleans and Orleans Parish to help rebuild the state and city criminal justice systems.

In total, the Justice Department gave Louisiana more than $61 million in justice-assistance grants and Katrina-related law enforcement infrastructure funds. The department also said it was providing assistance in other areas, such as hiring additional Assistant U.S. Attorneys.

A Justice Department official said the department does not release how many Assistant U.S. Attorneys it has in various offices around the country. But in New Orleans, the office now has two more full-time U.S. Attorneys than it did pre-Katrina, as well as 10 "detailees," who will work in the office until they are no longer needed.

The federal courts in and around New Orleans have fared better, but are also having problems.

The 5th U.S. Circuit Court of Appeals temporarily moved to Houston and reopened in January 2006. But the 5th Circuit clerk's office in New Orleans was reduced from 93 employees before Katrina to 83 after, and more employees may leave, said Michelle Meyers, the personnel specialist.

"We're still in post-Katrina mode," she said. "We just got notification from one of our employees who's been out a lot that she's taking an extended medical leave because of post-traumatic stress. ... We have many employees that are not in their homes; many employees that don't know what they are doing yet, waiting to see if they can rebuild."

After Katrina, employees of the U.S. District Court for the Eastern District of Louisiana in New Orleans were divided between Lafayette and Baton Rouge until the office officially reopened in November 2005.

Only one of about 200 employees of the U.S. district court in New Orleans has not returned to work since Katrina, said Julie Harrison, the docket supervisor.

BEYOND CRIMINAL DEFENSE

Such issues and frustrations stretch well beyond the Big Easy's criminal defense system.

The police department's crime lab is not functioning yet, leaving some prosecutors worried about an overload of cases they will get once it becomes fully operational.

Only about 2,000 of the 6,000 prisoners have been able to return to the parish prison and the rest are scattered throughout the state, said Wittmann, a partner at Stone Pigman Walther Wittmann.

The tunnel that was used before Katrina to get the parish prison's inmates to court is still closed, adding to the logistical difficulties, said Brian Privor, who is mostly handling adult felonies while his Washington office of Morgan, Lewis & Bockius is lending him to the New Orleans' public defender's office for six months.

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"Because of the logistical realities of the post-Katrina world, it's certainly more difficult for both the prosecution and the defense to work their way through the court system," Privor said. "It's slower, there are fewer personnel and sheriffs to oversee the inmates, fewer lawyers to go around and talk to them, the accommodations are not as accommodating, copies of police reports don't show up like they used to -- everything is just more challenging with the very first appearance in the court system."

The Orleans Parish District Attorney's Office relocated to a former nightclub after Katrina and has been temporarily housed in an office building for the last six months, said Gaynell Williams, first assistant district attorney.

It was not until about a month ago that all of the 88 lawyers returned to work, Williams said. And with many people gone from the state, cases now take longer to prosecute, she said.

"We are still encountering problems dealing with witnesses," she said. "We are unable to locate them and evidence has been destroyed."

THE CIVIL SIDE

New Orleans native William Rittenberg has been practicing law in Louisiana for more than 30 years, but he is suddenly doing administrative work that his assistants used to handle.

With only about 40 percent of New Orleans' pre-Katrina population of 455,000 back in the city, business has declined and some employees have not returned, Rittenberg said. His practice area used to have three support staff for seven attorneys, and now has only one secretary, whom they share with another division.

"I'm doing things that I haven't done in over 20 years -- writing checks and dealing with bookkeeping and stuffing envelopes," said Rittenberg, a partner at New Orleans' Rittenberg, Samuel & Phillips.

Rittenberg said a court clerk recently told him to search for a document in a large pile because the staff was down to the minimum and did not have time to retrieve paperwork.

Gary Bezet, managing partner in the Baton Rouge office of the 120-attorney Kean Miller Hawthorne D'Armond McCow-an & Jarman, said that in one pending case involving an oil company, it took him several months to track down a witness because he had left Louisiana after Katrina.

Meanwhile, Katrina-related lawsuits, mostly claims against insurance companies, have piled up in the U.S. District Court for Eastern Louisiana in New Orleans. Nearly 12,000 cases were filed in 2006, about three times the number in a typical year, Harrison said.

"We have other courts in other parts of the country helping us because we can't keep up," she said, explaining that they have been assisting with electronic filing of paperwork into the court system.

Brent Barriere, a partner with Phelps Dunbar, a 260-lawyer firm based in New Orleans, said the civil courts are dealing with an avalanche of paperwork just as things are starting to get back to normal.

"I think it's going to take years for the system to fully flush out all these cases," he said.

In Philadelphia, A 'Disturbing' Black Murder Rate (CSM)

By Alexandra Marks

The Christian Science Monitor, February 13, 2007

PHILADELPHIA

The three teens are in good schools, college bound, and full of adolescent bravado. Each also knows someone who was shot and killed on the streets of Philadelphia.

That kind of up-close encounter with violence and murder is not the norm for teenage America. But this is Philly, which has the highest homicide rate for African-Americans among the nation's biggest cities – and a place where the risk of being killed is especially high for blacks under age 18.

The possibility of a short life and a violent death weighs on African-American teens like Andrea Williams, Sierra Daniels, and Christopher Fuller, though they seem to shoulder the burden as if it's just an extra load of books. Andrea worries most about her younger brother and sister, afraid one of them will get hit by a misguided bullet fired by someone bent on revenge or protecting turf or just venting anger.

"Sometimes I hate to walk down the street with them, because I couldn't live without my little brother and sister," she says.

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Nationally, the murder rate for African-Americans is more than three times the average: 19 black murder victims per 100,000 people versus five for the general population.

In Pennsylvania, the disparity for black homicide is even more pronounced: 30 per 100,000, or six times the national average, according to a study released last month by the Violence Policy Center (VPC), a gun-control research group in Washington.

Those numbers are "disproportionate, disturbing, and undeniable," says the VPC report, which analyzed crime data from 2004 in its study. Moreover, almost 80 percent of black murder victims in the US were shot and killed with guns, the study found.

Philadelphia follows the pattern. The vast majority of black murders in the city – 3 in 4 – are from gunfire, according to police.

Overall, murders have been on the rise – 406 last year. Of those, 317 were gun-related, compared with 233 four years ago. And it's the city's black residents and neighborhoods that feel the effects most acutely.

"We all want it to change, but how is the hard part," says Margo Davidson of the Caring People Alliance in North Philadelphia, where Andrea, Sierra, Christopher, and other teens can spend their afternoons after school. "We do the thing that we know how to do: We have a safe place for kids to come after school. We do family therapy and counseling, help people with [finding] jobs. But it's not enough. There are too many guns on the street and not enough jobs for young people."

Too many young people, says Ms. Davidson, are milling around after school with nothing to do except what the streets offer: guns and drugs.

That's one thing everyone – residents, police, and social workers – agree on. Another is that there's a subculture in "the 'hood" in which guns play a major role. They're used for protection, to generate income, to give a sense of power, and, all too often, to settle slights and disputes. As Andrea and others attest, their prevalence also infuses fear into a community.

"If you're in the 'hood, as long as you have a gun you can get some money," says Joselynne Jones, who helps run the Caring People Alliance. "You can stick someone up, sell the gun ... protect somebody for money. It's a vicious cycle that starts with a gun."

In the face of these grim statistics, the funerals, and the mourning, there are signs of a fresh determination to break that cycle and protect Philly's youths from stepping down that violent, gun-riddled path. The people, joining with police and city leaders, are pushing back.

A nighttime oasis

At 10 o'clock on a bitterly cold night, a bundled-up Carolyn Walton unlocks the Dixon House Community Center in South Philadelphia. "I hope we don't get any kids tonight because it's too cold for any child to be out," she says.

Ms. Walton works for what's known as the Curfew Center. Along with other initiatives to combat youth violence, the center was set up at Dixon House by city and community members last July in this neighborhood of row houses.

The number of homicide victims between the ages of 10 and 17 had been growing steadily in recent years. By 2006, citywide, about 10 percent of the 406 homicide victims were younger than 18, according to the police department. In South Philly, 24 percent of homicide victims were under 18.

"Last summer, every night all night, you could hear gunfire," says Jean Gillen, the receptionist at the Curfew Center who lives on the next block. "These kids can get a gun faster than they can a pencil or a book."

After meetings with city officials, the community asked the police to start enforcing a curfew that had been ignored for decades. Mayor John Street agreed to enforce it, but only on one condition: that the community step up to help the police deal with violators. And so the idea of the Curfew Center was born.

"It has a twofold purpose: first, to get the kids off the streets and stop the mayhem, and then provide the kids and/or their families with supportive services," says Cheryl Weiss, executive director of Diversified Community Services, which runs Dixon House.

It's here that police bring curfew violators, and staff like Kareem Davis talk with them about why they're on the streets.

"A lot of the kids who come here are juniors and seniors in high school, and a lot of them want to go to college," says Mr. Davis. "But people in the schools don't know that, the parents may not, and the kids don't know to take the right courses to prepare for college."

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The staff at the Curfew Center call parents to bring their kids home. If the parents come, they're interviewed in case they need services like job training. But when parents can't be contacted – whether they're out working, or partying – the center provides the kids plenty to eat and a room with cots to sleep. In the morning, the staff takes them to the Department of Human Services (DHS), the city's primary social-service agency.

On an average night, police bring in four or five teens. But when it first opened, the staff dealt with as many as 19 in one night. On that bitterly cold night last week, police did bring in two boys, ages 15 and 16, at 4:30 a.m. They were from New Jersey and said they'd missed the train home. Since no one could be reached to pick them up, they were brought to DHS in the morning.

Since the Curfew Center opened, the percentage of murder victims in South Philly under age 18 has dropped from 24 percent to about 15 percent, according to Inspector Stephen Johnson, commanding officer of Philadelphia's South Police Division. "We have made some significant strides," he says. "But we need to do much more."

Inspector Johnson would like to see the legislature impose more limits on who can carry a gun – a move he knows is controversial in a state with many rural areas. A decade ago, the city made it almost impossible to get a permit to carry a gun, he says. But gun advocates brought legal challenges, and in 1996, Philadelphia was required to abide by the same gun-control laws as the rest of the state – adding significantly to the number of guns on the street.

With more curbs on gun ownership, Johnson says, fewer guns would be in the hands of adults, and the trickledown effect to youths would also be lessened.

"You have people living in an intense urban area. You have so many disputes that would normally be resolved by talking or even by a fistfight," he says. "But you don't have that now. People feel omnipotent because they have a gun and they feel as though they don't have to back down in some scenarios."

The teenagers' reality

Sierra, Andrea, and Christopher all say that if they ever needed a gun, they'd know how to get one.

It wouldn't be hard, either. Sierra's older brother already has one, and she worries a little about his "anger issues." She lost a good friend two years ago, she says, to an argument and a gun. Sierra's not even sure what the dispute was about. "It makes me sad 'cause he's not around anymore," she says. "But it really didn't make me change anything."

The three teens are speaking, safe and warm, at the R.W. Brown Community Center in North Philadelphia. They are explaining why guns are so prevalent in their community, but all say they want nothing to do with them.

"I could get one, but it wouldn't feel right," says Andrea. Some kids she hangs out with carry them, though.

"But I don't follow what they do," says the teen, who wants to become a pediatrician. "They try to get me to, but I won't."

For Christopher, guns are a constant worry. He feels protective of his sister, who he says is a beautiful girl. "She knows a lot of guy friends, and sometimes they get too rowdy and I have to put them in their place," says Christopher. "That's when I get scared, because I don't know them. I don't know if they've got a gun."

The three have their own ideas about how to reduce gun violence. They suggest that parents should do more to "crack down" on their kids, and they say kids should do more to control their anger. They also say the legislature should do more to make guns harder to get.

"I don't think people understand how much guns affect our community," says Christopher, who wants to be a teacher. "There's a lot of guns and a lot of stray bullets flying around every day."

"Yeah, it needs to stop," says Sierra. "If it doesn't ... it's going to get worse. People need to learn how to work together again."

A gun as 'my friend'

Many of the staff here also know the gun culture firsthand. Last year, Margo Davidson's brother, who was known as Shorty, was killed. During the trial, she was struck by two things.

First is that the man convicted of killing her brother "kept referring to the gun as 'my friend,' " says Ms. Davidson, one of the top staff at the Caring People Alliance.

The second is that the accomplice in the murder – a young woman who had known "Shorty" and had pointed him out to the shooter as someone who "had money" – had ruined her own life. Her desire for money to buy drugs led to the fatal shooting.

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"Knowing that, at 18, her life is over simply because of that poor decision takes the tragedy beyond the death of our loved one," says Davidson. "It also affects the families of the shooters – it has a ripple effect on the whole community."

Next steps

The Caring People Alliance plans to apply to the city to open a Curfew Center for North Philadelphia, like the one at Dixon House in South Philly. It's a big undertaking, relying on volunteers – more than 50 – for staff. The city provides funds to pay a site coordinator, a receptionist, and an intake worker. But most of the people working the overnight shift are local volunteers like Terrence Sealis.

"What makes me come out?" says the soft-spoken maintenance worker who is raising his teen daughter here. "It helps give a chance of a future for some of the teens out here. I try to come three times a week."

CIVIL LAW:

Judging Asbestos (WSJ)

The Wall Street Journal, February 13, 2007

Asbestos bankruptcies have become a favorite trial-lawyer scam in part because judges have been reluctant to police fraud in their own courts. So it's a milestone that two more federal judges have issued opinions exposing these shakedowns.

The first comes courtesy of Judge Kathryn Ferguson, who has been overseeing the Congoleum bankruptcy. The maker of floor materials has become a poster child for everything wrong with the trial-lawyer innovation of "prepackaged" asbestos bankruptcies. Prepacks are a legitimate means of getting through bankruptcy, but most asbestos versions have become giant self-enrichment schemes. Our Kimberley Strassel exposed the Congoleum prepack's gory details on these pages last April.

In Congoleum and similar cases, the company and plaintiffs lawyers team up in a cost-shifting alliance. Congoleum rushes through bankruptcy at minimal cost and with a clean slate. The lawyers -- in this case, tort kingpins Joe Rice and Perry Weitz -- make a bundle and get preferential treatment for their clients. Meanwhile, the bills are dumped on Congoleum's insurers, who don't participate in crafting the bankruptcy plan. Convenient, huh?

A little too convenient, said Judge Ferguson, in a groundbreaking opinion last month that threw out the Congoleum plan. The judge scored Congoleum's own meager contribution as well as the special treatment that certain plaintiffs (and lawyers) were getting in this deal -- claiming both violated the bankruptcy code. She also granted Congoleum's insurers standing to object. Her ruling greatly decreases the likelihood that more such scams will be brought to court, especially in the Third Circuit where she presides and which oversees most major asbestos bankruptcies.

The other big news concerns the case of W.R. Grace, which remains one of the most prominent asbestos bankruptcies because of the publicity surrounding its operation of a vermiculite mine in Libby, Montana, that contains asbestos.

W.R. Grace sold something called Zonolite Attic Insulation, or ZAI, which was made with products from the Libby mine. It didn't take long for class-action lawyers to file suits claiming the mere presence of ZAI in an attic created an "unreasonable risk of harm." This was no small claim, given that some three to 30 million homes were estimated to contain ZAI.

Bankruptcy judges have been notoriously reluctant to dig into the science behind such accusations, for fear of dragging out proceedings. But in this case Judge Judith Fitzgerald chose to get to the bottom of the matter and held a trial. This included months of discovery, as well as scientific testing and testimony from experts on both sides.

And in December she ruled that ZAI does not pose an unreasonable risk of harm. She noted it wasn't enough for trial lawyers to say that the insulation contained asbestos, and that this asbestos could contaminate the air. The important point was the level at which asbestos was released, and whether the level could reasonably cause harm.

Trial lawyers have long held that there is "no threshold" at which asbestos is safe, an argument that is the basis for tens of thousands of lawsuits. Judge Fitzgerald noted instead that the best scientific evidence showed that regular homeowner activity in an attic didn't result in unsafe levels of asbestos; that even if attic insulation is disturbed it doesn't elevate asbestos levels throughout a house; and that it is unlikely the average person would be in an attic long enough to breathe asbestos at unhealthy levels. ZAI has been around for 80 years, with no evidence it has caused harm.

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The ZAI claims are only a small part of the W.R. Grace bankruptcy, but Judge Fitzgerald has set a standard that other judges would do well to emulate. The No. 1 reason courts are heaving with asbestos claims is because few judges have been willing to challenge the veracity of the claims or the motives of those driving the litigation. With both now getting more scrutiny, the great asbestos legal fraud may finally be contained.

CIVIL RIGHTS:

Federal Probe Sought In 1946 Killing Of Black Veteran (AP)

By Elliott Minor

AP, February 13, 2007

ALBANY, Ga. - Federal officials will be asked to investigate the 60-year-old unsolved killing of a World War II veteran who was shot after becoming the first registered black voter in a rural Georgia county that to this day still recognizes local military veterans as white or "colored" on a list posted in the courthouse.

Relatives say Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time. He collapsed in the doorway of his farm house in Taylor County, about 90 miles south of Atlanta, and died two days later in a hospital in Butler, the county seat.

Even though his death certificate lists his cause of death as "gunshot wound by homicide," there's no evidence of a criminal investigation into the killing and no one was arrested. The killing was overshadowed by the lynchings five days later of two black couples - also including a WWII veteran - some 90 miles away near Monroe that prompted President Harry Truman to dispatch the FBI to investigate that case, which also remains unsolved.

State NAACP officials and the Prison & Jail Project, a prison advocacy and civil rights group, plan to present their request for a federal probe to the Taylor County Commission on Tuesday and ask the commissioners to support the effort before mailing their written request to U.S. Attorney General Alberto Gonzales.

"What better way for the county commission to show their support for justice than by joining this initiative," said NAACP President Edward DuBose of nearby Columbus, himself a 21-year Army veteran.

John Cole Vodicka, head of the Prison & Jail Project, said he has studied the case and interviewed older residents about the crime.

"As far as we know, all the suspects that were involved are dead," he said. "But we want the truth of what happened. That simply means we want those responsible for his murder named, and we want Maceo Snipes' name cleared."

Snipes was shot on July 18, 1946, a day after he voted in the Georgia Democratic Primary. He died two days later on July 20 in the local hospital. Fearful relatives buried him at night in an unmarked grave before some family members fled the county, relocating as far north as Ohio. Survivors say they still don't know the location of Snipes' grave.

"It wrecked our family for a long time," said the dead man's 66-year-old cousin, Felix Snipes, who was 6 at the time. "The older generation still doesn't want to talk about it."

Vodicka said he's convinced that Snipes was killed for simply voting.

"He managed to escape being hurt or killed ... fighting for his country, but when he came home and dared to exercise a right that he had fought to defend, he was killed by citizens of his own country," Vodicka said.

It was rumored that Snipes pulled a knife on his attackers, an allegation his relatives deny.

"One of the real tragedies of this case, in addition to a man being killed because of his skin color, is that the victim is falsely accused of doing something to bring on his demise," Vodicka said.

A coroner's inquest was conducted to determine the cause of Snipes' death, but the case was never presented to a grand jury or a prosecutor, Vodicka said.

Gary Lowe, the county's current coroner, said he had never heard of the Snipes case and that the sheriff and coroner who served at that time had both died.

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The current prosecutor, District Attorney Gray Conger of Columbus and Taylor County Sheriff Jeff Watson were away from their offices Monday and not immediately available for comment. A secretary in the sheriff's office said it's unlikely they still have investigative reports from the 1940s.

The county's five commissioners, which include two black members, also were not immediately available for comment Tuesday.

"I want somebody held accountable for killing my uncle," said Lulu Montfort, 73, of Griffin, who was 13 when her cousin was killed. "They're probably all dead now, but people need to know that my uncle didn't do anything to deserve death."

Frightened family members loaded her and her brothers and sisters into the rear of a pickup truck, covered them with a tarpaulin and whisked them away 45 miles to Macon, where some caught a train to Ohio, she said.

"Every person in the state of Georgia needs to know that somebody died for that right to vote - a right we take for granted," she said.

DuBose and Vodicka said they also will continue efforts to persuade Taylor County officials to remove two large courthouse plaques that honor the county's World War II veterans, but separate them by race. Those plaques have hung there since 1944.

Commissioners say they cannot remove the displays because it would violate a state law that makes it illegal to "mutilate, deface, defile, or abuse" public monuments honoring service members.

"Any county that can't figure a way to get those plaques off the wall is in denial," Vodicka said.

CRS Doubts Constitutionality Of D.C. Bill (RC)

By Elizabeth Brotherton

Roll Call, February 13, 2007

Perhaps previewing an expected legal challenge, a newly released Congressional Research Service report argues that current legislation does not give Congress the constitutional authority to grant a House vote to the Delegate from the District of Columbia.

There is very little case law on the issue, but what does exist indicates that Washington, D.C., is not a “state” for the purposes of representation, and the power Congress holds over D.C. is not enough to grant a House vote, the report reads.

The report specifically studies the constitutionality of the D.C. Fair and Equal House Voting Rights Act, which would grant Democratic-leaning D.C. a vote in the House while also giving one to Republican Utah. Introduced by Rep. Tom Davis (R-Va.) and D.C. Del. Eleanor Holmes Norton (D), the bill currently sits in the Judiciary Committee. No hearing on it has been scheduled yet.

Despite the report, Norton remains confident in the measure.

“No similar case has ever been considered by any court,” Norton said in a statement. “An unprecedented bill always raises constitutional issues, and we have always indicated that, not surprisingly, constitutional views on a novel bill like H.R. 328 are divided. ... We believe that the weight of constitutional opinion is with the District.”

The question of constitutionality is nothing new. When a similar bill appeared before the Judiciary subcommittee on the Constitution in September 2006, scholars who had studied the issue testified that while granting the District a vote in the House is a noble goal, the Norton-Davis bill could violate the Constitution. And if the bill were to become law, it is expected to be challenged immediately in court, although exactly by whom is yet to be determined.

Some observers believe the CRS report is further proof that only a constitutional amendment will permanently bring full Congressional representation to the District, because the Norton-Davis bill is bound to be thrown out.

“What are we doing if, at the end of the day, this is declared unconstitutional and another two and a half years have gone by?” said Timothy Cooper, executive director of Worldrights, a non-governmental organization that specializes in human rights issues in China and the United States.

Cooper, a longtime proponent of D.C. voting rights, said the new Democratic-controlled Congress should have thrown out the current measure — an effort created to make headway when the Republicans were in control — to focus instead on passing a constitutional amendment, similar to the effort that brought presidential electoral votes to the District.

“It’s a new day in Congress, and it requires a new strategy,” Cooper said. “To carry forward a dusty strategy ... is unsound.”

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But supporters of the Norton-Davis bill argue bipartisanship remains important in the effort, and they say the Constitution is behind them.

These supporters frequently cite the ruling in National Mutual Insurance Co. of the District of Columbia v. Tidewater Transfer Co., a 1949 decision in which the Supreme Court found that Congress has the right to extend federal diversity jurisdiction to cases with one party from the District.

(Diversity jurisdiction deals with cases in which parties are from different states.)

But the justices' limited focus in their ruling might serve instead to strike down the measure, according to the CRS report.

"The plurality opinion took pains to note the limited impact of their holding — parties in diversity suits with residents of the District of Columbia would have a more convenient forum to bring a law suit," the report reads. "As noted, the plurality specifically limited the scope of its decision to cases which did not involve an extension of any fundamental right. Arguably, granting the Delegate a vote in the House does involve such an extension."

But supporters of the Norton-Davis bill remained confident.

"We don't think the CRS, or the Congress for that matter, is the arbiter of constitutionality," said Ilir Zherka, executive director of DC Vote, adding that only the courts — where very little precedent has been established — are the forum for such debate.

"It's unusual for someone at CRS to take this approach in an area that is completely undecided," Zherka said. "This is not an area where there is case law. There isn't clarity on this."

In the meantime, continued discussion and lobbying for the measure will take place.

Hundreds of supporters, including D.C. Mayor Adrian Fenty (D), are expected to hit Capitol Hill on Thursday to lobby for the measure. That afternoon, the American Constitution Society for Law and Policy will host a forum on the constitutionality of the bill that will be moderated by Gilda Daniels, an assistant professor at the University of Baltimore School of Law.

The CRS report also analyzed the constitutionality of a recent House rules change that granted Norton and the four other Delegates a vote in the Committee of the Whole. Unlike with the Norton-Davis bill, the largely symbolic nature of that vote and past legal precedent likely will serve to uphold the rules change, according to the report.

Nashville Mayor Vetoes English-only Bill (AP)

By Erik Schelzig Associated Press Writer, The Associated Press

AP, February 13, 2007

NASHVILLE, Tenn. — Mayor Bill Purcell vetoed a measure Monday that would have made English the official language of Nashville, saying it was unconstitutional, unnecessary and mean-spirited.

"This ordinance does not reflect who we are in Nashville," Purcell said.

The measure passed 23-14 last week by the Metro Council required all government documents to be in English, except when multilingual communications are required by federal rules or are needed "to protect or promote public health, safety or welfare."

Opponents and supporters of the ordinance agreed it was largely a symbolic slap at illegal immigration that had no significant effect.

Purcell said his legal staff had advised him the bill violated the U.S. and state constitutions and would be costly to defend.

"If this ordinance becomes law, Nashville will become a less safe, less friendly and less successful city," Purcell said. "And as mayor, I cannot allow that to happen."

His veto seems likely to stand. It would take 27 council votes to override it.

Councilman Eric Crafton, who sponsored the measure, said it would offer an incentive for immigrants to learn English. Opponents including the Chamber of Commerce worried it would hurt the image of Nashville, which bills itself as "Music City USA."

Crafton told WKRN-TV: "It's almost ridiculous to the point of being absurd for the mayor to say, 'Well, I'm afraid that somebody might sue us because we want to conduct our business in English.' To me it's a lack of courage and a lack of leadership."

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Several smaller communities have passed similar laws or resolutions, including Pahrump, Nev.; Taneytown, Md.; and the Dallas suburb of Farmers Branch, Texas.

Nashville, a city of more than 600,000, is home to the nation's largest Kurdish community and has been a resettlement site for refugees from Africa and Southeast Asia. The Hispanic immigrant population also has boomed.

Researchers say Nashville's foreign-born population has grown 350 percent since 1990.

ANTITRUST:

A Million Pages Later, Smithfield Still Waiting On Merger OK (VAPILOT)

By Philip Walzer, The Virginian-pilot

Hampton Roads Virginian-Pilot, February 13, 2007

In September, Smithfield Foods announced that it wanted to take over Premium Standard Farms for $810 million in stock and cash.

The combination of the nation's top two pork producers would give Smithfield control of roughly 20 percent of the nation's hogs.

Nearly five months and more than 1 million pages of submitted documents later, Smithfield is still waiting to hear whether the deal passes antitrust muster with the U.S. Department of Justice.

The proposed merger has triggered cries of alarm from consumer and farming groups, Midwestern senators, and even The New York Times editorial board. They worry about the potential squeeze on small farmers and consumer choices.

The pork companies announced last week that they had completed the "second request" for information by the Justice Department's Antitrust Division.

Only 3 percent of proposed mergers trigger that level of scrutiny from the Justice Department, according to government statistics, but that doesn't necessarily mean Smithfield will face trouble.

"It may indicate heightened scrutiny on the part of the Justice Department," said Carl Tobias, the professor of law at the University of Richmond. "But it may be they just didn't have specific information from the first batch of material, and they want to follow up.

"My sense is that, generally in the Bush administration, the Justice Department has been rather receptive to mergers."

That doesn't mean Smithfield will get the whole hog, either.

In most cases, second requests lead to government intervention, but not lawsuits to block the merger, said Patricia Sullivan, the co-chairwoman of the antitrust practice group at Edwards Angell Palmer & Dodge LLP in Providence, R.I.

"Very often, the merging parties and the regulators reach an accommodation," Sullivan said, "and then the merger is closed with conditions," such as the divestment of certain assets.

Smithfield and Premium Standard Farms said in a statement last week that they have agreed to allow the Justice Department 60 days to review the material "and an additional 30 days thereafter for review should the Antitrust Division deem necessary."

Jerry Hostetter, Smithfield's vice president for investor relations and corporate communications, said the additional request for information was "very routine" and "totally anticipated."

He said he could not discuss what the material contained. "Their normal interest is in market concentration and market shares," Hostetter said.

Smithfield has never been blocked from previous mergers, he said. "Certainly, an option of the Justice Department is to request a divestiture," Hostetter said. "I can't comment on the likelihood of that."

Bart Chilton, the chief of staff of the National Farmers Union, which has criticized the proposal, said the department "has been more attentive than I expected. They appear to be methodical and genuinely interested in our concerns. That doesn't mean they will do what we want."

Gina Talamona, a spokeswoman for the U.S. Justice Department's Antitrust Division, did not respond to an e-mail or a phone message.

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Premium Standard Farms, meanwhile, will hold a stockholders meeting on whether to approve the merger Feb. 23 in Kansas City, Mo.

The announcement of the merger in September drew howls of protest from organizations such as the National Farmers' Union, which represents 250,000 farming families, and lawmakers including U.S. Sen. Chuck Grassley, R- Iowa.

Grassley reiterated his "serious reservations" about the deal at a Senate hearing last month. "I'm concerned about reduced market opportunities, possible anti-competitive and predatory business practices, and increasing agribusiness consolidation," Grassley said.

In its editorial in September, The New York Times said the deal "would mean fewer markets for farmers and fewer choices for consumers.... There is little or no role for the independent farmer in this landscape."

Hostetter said he could not address the critics' points directly during the department's review. However, he added: "They are the same people that complained about our buying Farmland Industries in 2003. We've brought them out of bankruptcy. We've shown we've made them a vibrant, competitive organization."

The Justice Department made its request for additional information in November. "Once you get into the second request, you're not filling out forms," said Sullivan, the antitrust lawyer from Providence.

"It can be pretty gargantuan: 'Produce all of your documents. Give me your e-mails. Let me interview your director of marketing, the head of your IT department.' "

Hostetter said the response was "incredibly expensive," though he declined to identify the cost to Smithfield.

"I have every reason to suppose it was like the Farmland second request," he said. "That response was 3 million pages."

The Justice Department's Antitrust Division has come under attack for being too soft on businesses. Grassley, in his comments at the hearing, cited an article in the weekly newspaper Legal Times last month on the perception among lawyers that the division is squeamish about challenging mergers.

Sullivan put it this way: "Right now, merger enforcement is characterized by a willingness on the part of the regulators to work with the merging parties to become surgical about solving the competitive problems yet allowing the transactions to close."

That makes sense "if you believe corporate entities should be free to right-size themselves and let the market punish them if bad decisions are made," Sullivan said. "But if your philosophical belief is 'big is bad,' this is a very dangerous approach."

ISS Urges Caremark Holders To Vote Down Bid By CVS (WSJ)

By David Armstrong

The Wall Street Journal, February 13, 2007

Pressure mounted on drugstore chain CVS Corp. to boost its bid for Caremark Rx Inc. after two firms advising investors urged Caremark shareholders to reject the deal and criticized its board for failing to negotiate a better price for the company.

A large Caremark shareholder said the CVS offer would likely be rejected by investors at a special meeting of the company scheduled for next Tuesday. "They have to raise the offer," said the investor, who controls several million shares. He said that given the strong performance of the pharmacy-benefits industry, keeping Caremark independent "is not unattractive at this point," for investors.

Since the $21 billion offer from Woonsocket, R.I.-based CVS offer for Caremark, Nashville, Tenn., was announced Nov. 1, investors have complained the deal undervalues Caremark. That concern was amplified last week when Maryland Heights, Mo.-based Express Scripts Inc., another pharmacy-benefits manager that is making a hostile bid for Caremark, posted strong fourth quarter results and bumped up its expectations for earnings this year.

Shares of Caremark fell 41 cents to $60.91 in New York Stock Exchange 4 p.m. composite trading. Caremark shares are trading more than $4 above the CVS offer, which now stands at $56.25 per share based on the value of CVS stock. CVS stock fell 42 cents to $32.49 a share on the Big Board.

Express Scripts stock rose $1.42, or 1.9%, to $74.73 a share in Nasdaq Stock Market 4 p.m. composite trading. The rise increased the value of the cash-and-stock offer from Express Scripts to $61.08. The Caremark board has refused to negotiate with Express Scripts and has raised questions about the ability of the Express Scripts proposal to clear an antitrust review.

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The proxy advisor, Institutional Shareholder Services Inc., urged a no vote on the CVS deal, saying the Caremark board should have played Express Scripts against CVS to win a better deal for shareholders. "Based on the risky strategic rationale, the nil-premium offer price, the initial poor market reaction, and the change-in-control benefits to insiders, we cannot fathom why the (Caremark) board did not...commence non-binding negotiations with (Express Scripts) after it had submitted its unsolicited offer," the report said. "What was the downside of playing the two parties against each other?"

Two other proxy advisers have also recommended no votes. In a statement, Caremark said it disagreed with the ISS recommendation. And CtW Investment Group, which is affiliated with union pension funds holding 1.5 million shares of Caremark, cited "a flawed negotiating process" as one reason to vote against the proposal.

While Caremark and Express Scripts have spent the past few weeks publicly criticizing each other, Caremark and CVS remain on friendly terms. This past weekend, CVS Chief Executive Tom Ryan and his Caremark counterpart, Edwin "Mac" Crawford, both played golf in the AT&T Pebble Beach National Pro-Am in California.

For CVS, which operates the largest number of drugstores in the country, the acquisition of Caremark is an opportunity to drive more customers to its stores while also increasing its clout with drug manufacturers. ISS was skeptical of some of the revenue "synergies" CVS says will result from the Caremark acquisition. "Supporting the type of transaction that has been proposed here takes a giant leap of faith in the vision of its architects," ISS said.

A merger of Caremark and Express Scripts would create the largest pharmacy-benefits manager in the country by revenue.

Caremark Urged To Reject CVS Deal (FT)

By James Politi In New York

Financial Times, February 13, 2007

Institutional Shareholder Services, the US proxy adviser, on Monday said that investors should vote against Caremark's planned $23bn merger with CVS because of its "risky strategic rationale" and "flawed process".

The strongly worded report by ISS will be seen as a further blow to Caremark, the pharmacy benefits manager, in its efforts to persuade investors that it was right to reject a higher bid worth nearly $26bn from rival Express Scripts.

It will increase the pressure on CVS, the drug store chain, to raise its bid ahead of a vote on the deal by Caremark shareholders, which is scheduled for February 20.

The ISS report, which can typically sway around 10 per cent of a company's shareholder base, was mainly critical of Caremark for not opening up its books to Express Scripts for due diligence.

"The process the Caremark board undertook did not comply with current mergers and acquisitions best practices," ISS said. "A board that is willing to open up a process can sometimes achieve greater value for its shareholders," the report said, highlighting the ability of Equity Office Properties, the $40bn commercial property group, to recently extract nearly $3bn more from Blackstone after allowing Vornado, a rival bidder, to study its confidential information.

Since Express Scripts launched its hostile bid in December, Caremark has maintained that it was a highly conditional offer that contained significant antitrust risk, as it would combine the second and third-largest PBMs.

But critics have said that Caremark and Mac Crawford, its chief executive, could be so adamantly defending the CVS deal in order to protect lucrative change-of-control terms for Caremark executives in the merger agreement.

ISS also challenged the strategic rationale of a CVS merger with Caremark, which would create a unique combination of a drugstore chain and an administrator of prescription drug plans.

Caremark Investors Urged To Reject Buyout (LAT/AP)

From The Associated Press

The Los Angeles Times, February 13, 2007

Two more investment advisory firms recommended Monday that shareholders of Caremark Rx Inc. reject a buyout offer from the drugstore operator CVS Corp. when it comes up for a vote next week.

CtW Investment Group and Institutional Shareholder Services Inc. joined two other advisors who said Nashville-based Caremark's board and managers had not tried to get the best deal for shareholders.

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CtW held a forum Feb. 2 where institutional shareholders with about 46% of Caremark's stock heard from the chief executives of CVS and Express Scripts Inc., which has launched a rival bid for Caremark.

"Given the inadequate value and uncertain benefits of the CVS merger as proposed and the Caremark board's stunning failure to engage in a negotiating process that would maximize shareholder value, we urge you to vote the company's white proxy card against Proposal No. 1 to approve the CVS merger," the CtW letter to shareholders said.

New York-based CtW works with public and union-sponsored pension funds representing an estimated 18.7 million Caremark shares.

Rockville, Md.-based Institutional Shareholder Services, which advises mutual funds, pension plans and other institutional shareholders, also urged rejection of the CVS offer.

"We conclude that the process was flawed to such a degree that we cannot recommend that [Caremark] shareholders support the transaction as currently constructed," ISS wrote in its analysis.

Glass, Lewis & Co. and Egan-Jones, a pair of investor advisory firms, previously had advised Caremark shareholders to vote against the CVS offer.

Woonsocket, R.I.-based CVS said Nov. 1 that it planned to acquire Caremark for CVS stock in a deal worth more than $24 billion. That proposed deal has already won antitrust approval.

Express Scripts of Maryland Heights, Mo., announced a hostile bid for Caremark on Dec. 18. That offer is now worth about $26 billion and would unite the No. 2 and No. 3 pharmacy benefits managers.

Caremark shareholders are scheduled to meet Feb. 20 to consider the CVS deal, and CVS shareholders are to meet three days later.

CtW didn't endorse the Express Scripts bid and said it had "significant concerns" with that proposal as well. CtW hopes rejection of the CVS offer would prompt new bids for Caremark.

Shares of Caremark fell 41 cents to $60.91 and CVS fell 42 cents to $32.49. Express Scripts shares rose $1.42 to $74.73.

Tenaris Says It Agreed To Buy Hydril For US$97 A Share (AP)

AP, February 13, 2007

LUXEMBOURG — Tenaris SA, a maker of tubular products and provider of services to the oil and gas industry, said Monday it agreed to buy Hydril Co. for $97 per share, or $74.6 million, in cash.

The offered price for Houston-based Hydril, a maker of connections and pressure-control products used in oil and gas drilling, represents a premium of about 17 percent to Hydril's closing share price of Feb. 9, the company said in a statement.

"With Hydril, we will be able to offer our customers worldwide a full range of integral and coupled premium connection products for the industry's most demanding applications," said Paolo Rocca, Tenaris's chairman

The agreement is subject to the receipt of clearance from U.S. antitrust authorities and approval of Hydril's shareholders. It is expected to close in the second quarter.

Hydril posted revenues of $503 million in 2006.

Tenaris will finance the acquisition through a combination of cash on hand and debt, for which bank commitments have been secured.

Houston Firm Agrees To $2.1 Billion Buyout Offer (HC)

By Brett Clanton, Houston Chronicle

Houston Chronicle, February 13, 2007

Houston's Hydril Co. agreed to a $97 per share acquisition offer by Tenaris, a Luxembourg-based maker of pipeline and related equipment for the oil and gas industry, according to the companies.

The offer represents a 17 percent premium to Hydril's closing stock price on Friday, Tenaris said in a statement. The company plans to finance the purchase though a combination of cash on hand and debt.

Hydril stock rose more than 14 percent to $94.86 in mid-day trading, making its shares outstanding worth more than $2.1 billion according to Bloomberg. Tenaris shares slipped by nearly 1 percent to $46.50 a share.

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Tenaris' Chairman and CEO Paolo Rocca, said merging with Hyrdril, a leading North American manufacturer of premium connections and pressure control equipment for the oil and gas industry, is "another major step" for his company. Tenarais makes piping and related equipment for oil and gas companies.

"With Hydril, we will be able to offer our customers worldwide a full range of integral and coupled premium connection products for the industry's most demanding applications," Rocca said. Combining the research and development expertise of the two companies also will "make a substantial contribution in the new frontiers of exploration and production," and fuel growth of Hyrdril's products and services around the world, he said.

Chris Seaver, Hydril's chairman, president and CEO, said combining the two companies makes sense for both businesses and will benefit customers by grouping a wide array of products and services under one brand.

The agreement still needs clearance from U.S. antitrust authorities and a majority approval of Hydril's shareholders. Tenaris said it expects the deal to close in the second quarter.

Four Seasons Hotels Agrees To Acquisition Deal (WSJ)

By Josee Rose

The Wall Street Journal, February 13, 2007

After deliberating for three months, Four Seasons Hotels Inc. Monday said it has agreed to a $3.37 billion management buyout by Chairman and Chief Executive Isadore Sharp at the same price Mr. Sharp floated when he disclosed his offer Nov. 6.

The buyout team -- backed by Saudi Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud's Kingdom Hotels International and Microsoft Corp. Chairman Bill Gates' Cascade Investment LLC -- will pay $82 a share in cash to take Four Seasons private. That's below the $83.88 closing level of Four Seasons shares Friday. Shares opened premarket trading Monday at $82.

The purchase price represents a 28% premium to Four Season's closing price the day before the offer was announced in November. Including debt obligations, the deal is valued at about $3.8 billion.

The deal will leave Mr. Sharp's family holding company, Triples, with a "significant continuing interest" in Four Seasons, and Mr. Sharp will remain as chairman and chief executive. If the deal is completed, Mr. Sharp will be entitled to realize proceeds of about $289 million stemming from an incentive plan set up in 1989.

Four Seasons' board unanimously approved the deal and will recommend that shareholders vote in favor of it. A special meeting is expected in April, and if approved, the deal should close in the second quarter. The deal requires approval by two-thirds of the votes cast by holders of the company's limited voting shares, which are the ones being bought for $82.

Merrill Lynch & Co. advised a special committee of Four Seasons' board set up to evaluate the offer and provided a fairness opinion. JPMorgan Chase & Co. and Citigroup Inc. have provided commitments for debt financing, the company said.

Standard & Poor's in November dropped the company's credit ratings one notch into junk-bond territory after Mr. Sharp unveiled his offer. S&P maintained its investment grade rating on the company's senior unsecured convertible notes on the expectation they'd be refinanced if a deal occurs.

The offer comes amid strong interest in hotel companies, particularly from private-equity investors. Blackstone Group has been a major force, with deals to acquire MeriStar Hospitality Corp., Extended Stay America Inc., Prime Hospitality Corp., Boca Resorts Inc., Wyndham International Inc. and La Quinta Corp. Four Seasons operates about 70 hotels and resorts throughout the world for a variety of owners. Mr. Sharp has run Four Seasons since its founding in 1978.

Google Takes Hits From YouTube's Use Of Video Clips (USAT)

By Jefferson Graham

USA Today, February 13, 2007

LOS ANGELES — Internet search giant Google is under fire from Hollywood, mostly about the many unlicensed clips available on its YouTube video-sharing site.

The studios have become more aggressive in demanding removal of the clips, and in a shot at Google itself, several entertainment companies have filed a lawsuit against two website owners over their use of Google's highly profitable search-advertising network.

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Sony, Warner Bros., 20th Century Fox, NBC Universal and Paramount are suing two website owners who allegedly used Google's search-advertising system to promote the free trading of copyrighted movies.

In a statement responding to a Wall Street Journal article about the lawsuit, Google on Monday said, "We prohibit advertisers from using our advertising program to promote the sale of copyright infringing materials."

Google will continue to be at odds with the studios until it licenses the clips or comes up with some kind of filtering techniques to keep the clips off YouTube, says Ross Dannenberg, an intellectual property attorney at Washington, D.C.-based Banner & Witcoff. "But the technology isn't there yet," Dannenberg says.

"As long as people are copying or posting copyrighted programs on YouTube, and Google makes money off that, this problem (the studios vs. Google) won't go way," he says.

Last week, Viacom demanded that Google take down more than 100,000 copyrighted clips from YouTube, most from programs such as The Daily Show with Jon Stewart and The Colbert Report, which fans taped and uploaded themselves.

Google says it responds instantly to such requests. As of Monday afternoon, Viacom clips were hard to find on YouTube.

However, plenty of other copyrighted clips were in abundance, including the reunion of The Police singing Roxanne from Sunday's CBS Grammy Awards telecast, Prince's halftime show at the Super Bowl and snippets from the Fox TV shows Family Guy and Madtv.

The entertainment community banded together to fight the original song-swap service, Napster, in 2000, on concerns about copyright infringement. Napster tried to settle with the labels, but most of the record companies refused, and the service was shut down.

YouTube has deals with several networks, including CBS and NBC, to show their authorized clips. And Google says it has been in talks to come to terms with other copyright holders.

"I still think YouTube will end up being a good purchase for Google, as long as they can get things under control," says Danny Sullivan, who runs the SearchEngineLand.com website.

"The problem for Google is YouTube went from a little underdog with no money and lots of traffic, to being part of Google, which has oodles of money and deep pockets. That makes it a very attractive target."

Google spent $1.65 billion for YouTube in 2006.

John Battelle, who runs the Searchblog website, says Google vs. the studios isn't Napster all over again.

"Both sides need each other far too much. This feels more like some strong positioning moves."

Belgian Court Says Google Violated Copyright Law (WSJ)

By Anne Jolis

The Wall Street Journal, February 13, 2007

BRUSSELS -- A Belgian court ruled Tuesday that Internet search engine Google Inc. violated Belgian copyright law when it published snippets and links to Belgian newspapers on its Web site without permission.

The court ordered Google to remove the material and pay a fine of €25,000 ($32,500) a day. A judge said the fine was retroactive from an initial September ruling, but lawyers said they weren't sure and needed time to analyze the judgment. A court official later said the fine was retroactive and amounted to €3.45 million and counting.

The ruling represents an initial defeat in what could become a major issue for Google -- beginning to define what it must do before using copyrighted material.

In September, Copiepresse -- an association of Belgian French- and German-language publishers in Belgium -- won a case against Google at the Belgian Court of First Instance, charging that by displaying its members' copyrighted articles on its news-search engine without payment and permission, Google had broken Belgian law. Google appealed the ruling to the same court, saying it wasn't aware of the first court hearing.

Google lists articles provided in response to news searches. The company previously has said it has an "opt-out" policy for publishers who don't want their content on Google, making the Belgian court case unnecessary.

But Google added it would be impractical for the company to contact every publishing company to get permission and pay a fee before publishing any articles as the press association has requested, Google spokeswoman added.

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Since its case with Google, Copiepresse has also sent warning letters to Yahoo Inc. and Microsoft Corp.'s news-search engine MSN for the same practice of using snippets of articles on their search engines.

In each case, Copiepresse has demanded that the search engines remove their members' material from their news sites until they agree to ask permission and pay before using it, or face fines. MSN is currently negotiating with Copiepresse, while Yahoo has already begun to remove the offending links from its site, Copiepresse says.

Patenting Life (NYT)

By Michael Crichton

The New York Times, February 13, 2007

YOU, or someone you love, may die because of a gene patent that should never have been granted in the first place. Sound far-fetched? Unfortunately, it's only too real.

Gene patents are now used to halt research, prevent medical testing and keep vital information from you and your doctor. Gene patents slow the pace of medical advance on deadly diseases. And they raise costs exorbitantly: a test for breast cancer that could be done for $1,000 now costs $3,000.

Why? Because the holder of the gene patent can charge whatever he wants, and does. Couldn't somebody make a cheaper test? Sure, but the patent holder blocks any competitor's test. He owns the gene. Nobody else can test for it. In fact, you can't even donate your own breast cancer gene to another scientist without permission. The gene may exist in your body, but it's now private property.

This bizarre situation has come to pass because of a mistake by an underfinanced and understaffed government agency. The United States Patent Office misinterpreted previous Supreme Court rulings and some years ago began — to the surprise of everyone, including scientists decoding the genome — to issue patents on genes.

Humans share mostly the same genes. The same genes are found in other animals as well. Our genetic makeup represents the common heritage of all life on earth. You can't patent snow, eagles or gravity, and you shouldn't be able to patent genes, either. Yet by now one-fifth of the genes in your body are privately owned.

The results have been disastrous. Ordinarily, we imagine patents promote innovation, but that's because most patents are granted for human inventions. Genes aren't human inventions, they are features of the natural world. As a result these patents can be used to block innovation, and hurt patient care.

For example, Canavan disease is an inherited disorder that affects children starting at 3 months; they cannot crawl or walk, they suffer seizures and eventually become paralyzed and die by adolescence. Formerly there was no test to tell parents if they were at risk. Families enduring the heartbreak of caring for these children engaged a researcher to identify the gene and produce a test. Canavan families around the world donated tissue and money to help this cause.

When the gene was identified in 1993, the families got the commitment of a New York hospital to offer a free test to anyone who wanted it. But the researcher's employer, Miami Children's Hospital Research Institute, patented the gene and refused to allow any health care provider to offer the test without paying a royalty. The parents did not believe genes should be patented and so did not put their names on the patent. Consequently, they had no control over the outcome.

In addition, a gene's owner can in some instances also own the mutations of that gene, and these mutations can be markers for disease. Countries that don't have gene patents actually offer better gene testing than we do, because when multiple labs are allowed to do testing, more mutations are discovered, leading to higher-quality tests.

Apologists for gene patents argue that the issue is a tempest in a teapot, that patent licenses are readily available at minimal cost. That's simply untrue. The owner of the genome for Hepatitis C is paid millions by researchers to study this disease. Not surprisingly, many other researchers choose to study something less expensive.

But forget the costs: why should people or companies own a disease in the first place? They didn't invent it. Yet today, more than 20 human pathogens are privately owned, including haemophilus influenza and Hepatitis C. And we've already mentioned that tests for the BRCA genes for breast cancer cost $3,000. Oh, one more thing: if you undergo the test, the company that owns the patent on the gene can keep your tissue and do research on it without asking your permission. Don't like it? Too bad.

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The plain truth is that gene patents aren't benign and never will be. When SARS was spreading across the globe, medical researchers hesitated to study it — because of patent concerns. There is no clearer indication that gene patents block innovation, inhibit research and put us all at risk.

Even your doctor can't get relevant information. An asthma medication only works in certain patients. Yet its manufacturer has squelched efforts by others to develop genetic tests that would determine on whom it will and will not work. Such commercial considerations interfere with a great dream. For years we've been promised the coming era of personalized medicine — medicine suited to our particular body makeup. Gene patents destroy that dream.

Fortunately, two congressmen want to make the full benefit of the decoded genome available to us all. Last Friday, Xavier Becerra, a Democrat of California, and Dave Weldon, a Republican of Florida, sponsored the Genomic Research and Accessibility Act, to ban the practice of patenting genes found in nature. Mr. Becerra has been careful to say the bill does not hamper invention, but rather promotes it. He's right. This bill will fuel innovation, and return our common genetic heritage to us. It deserves our support.

ENVIRONMENT/INDIAN AFFAIRS:

On Fla. Menus, A Favorite Fish Experiences Identity Theft (WP)

By Peter Whoriskey

The Washington Post, February 13, 2007

MADEIRA BEACH, Fla. -- What the undercover agents ordered, over and over, was the grouper.

What wound up on their plates could stifle anyone's appetite.

The alleged grouper at 17 of 24 area restaurants sampled by the investigators was actually another, less desirable species, according to a DNA analysis conducted for the state attorney general's office and released earlier this month. Asian catfish. Emperor. Painted sweetlips. And twice, types of fish that could not be identified.

"It's a rip-off -- like taking a cheap watch and selling it as a Rolex," said Bob Spaeth, who owns six commercial fishing boats and co-owns one of the largest grouper distributors on the Gulf Coast. "Someone should go to jail."

In this area that some consider the national capital of grouper -- more than three-quarters of the U.S. catch comes from Florida's Gulf and a grouper sandwich downed at a waterside bar is cherished as an authentically Floridian repast -- the finding has amplified a local outrage that, experts say, points to a larger national problem of fish fakery.

"This problem is rampant across America," said Mark Kinsey, a special agent for the National Oceanic and Atmospheric Administration who enforces marine resource laws. "And it isn't just grouper."

Much of the reason for the questionable grouper, red snapper and other fish stems from a simple matter of supply and demand, regulators and industry officials say.

With the popularity of grouper rising nationwide and the domestic catch at times limited by federal guidelines, restaurateurs have relied on imports to fill the gap.

The quality of those imports has proved harder to control, even as the lower prices -- often a small fraction of domestic prices -- have made the imports irresistible.

In many instances, not only is the "grouper" in fact farm-raised Asian catfish from Vietnam or other species that swim with grouper, but the filets have shown signs of salmonella and traces of illegal carcinogenic fungicides, NOAA law enforcement officials said.

In December, a Panama City businessman pleaded guilty to marketing more than a million pounds of Asian catfish as grouper, a remarkable volume considering that the domestic annual catch is about 10 million pounds. Yet law enforcement officers said they think larger cases are out there.

Each year, the United States imports as much as 9 million pounds of grouper -- or fish known as grouper -- and it is served in restaurants from Seattle to Miami.

"It's scary, because people don't know what they're eating," Kinsey said.

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Repeated revelations of fake grouper have scandalized restaurant-goers across Florida, and made them doubtful at the dining table.

In August, the St. Petersburg Times reported that at six of 11 area restaurants sampled, the "grouper" was actually something else, according to DNA tests. One restaurant was charging $23 for "champagne braised black grouper" but was instead serving tilapia.

A television station in Fort Myers and the Daytona Beach News-Journal followed with similar findings.

"People who don't know us are asking, 'Is that really grouper?' " said Stephanie Berry, a manager at Dockside Dave's St. Pete Beach, which many locals say serves the best grouper sandwich.

The texture and taste of real grouper are much different from those of the Asian catfish, which is its most common substitute. Grouper costs more because it tastes better. Moreover, Asian catfish filets are often thin and small; those of grouper, a much larger fish, are larger and thicker.

Exactly whom to blame for the fraudulent fish is a matter of debate. Some said anyone in the business should know the difference. Others said it is possible that the restaurants are being victimized as much as consumers are.

"If you order grouper and it says grouper on the box, what else can you do?" said Brian Connell, general manager of the Fourth Street Shrimp Store, a St. Petersburg restaurant. "A lot of honest people are catching a bad rap on this. We haven't been in business for 20 years by deceiving people."

According to the state tests, the restaurant was serving green weakfish as grouper.

The samples from that eatery and the others were tested by David Price at the Whitney Laboratory for Marine Bioscience in St. Augustine, part of the University of Florida.

Using essentially just a crumb of each alleged grouper, Price identified the type of mitochondrial DNA in each fish, then tried to match it up against one of about 100 grouper species in a genetic database maintained by the National Center for Biotechnology Information.

For 22 of the 24 fish samples, Price determined the species -- grouper or not -- by matching 99 percent of the sample DNA to grouper DNA. The remaining two were far enough away from any known grouper DNA that he could be sure that they were not the fish the restaurants had described.

The most common substitute was Asian catfish, he said. Emperor fish, which are known to swim with grouper, was next.

Connell said the restaurant bought the grouper from Sysco, a large national food-service company.

"They're the industry standard -- the best," he said.

Sysco West Coast Florida representatives said that they know a problem exists, and that last year they began testing about one of every several hundred to several thousand pounds of purported grouper. Each test costs $180.

They have also warned suppliers that they will not do business with those who falsely label their products.

Since testing began, the proportion of false grouper has dropped from 50 percent to 20 percent, said Lee Ann Applewhite, the chief executive of Applied Food Technologies, which conducted the tests for Sysco.

Still, fish that are not grouper can slip through.

"It's a classic case," said Spaeth, "of let the buyer beware."

Sharing Of Bison Range Management Breaks Down (NYT)

By Jim Robbins

The New York Times, February 13, 2007

MOIESE, Mont. — An effort to have two Indian tribes assist government officials in operating a federal wildlife refuge that is surrounded by their reservation has collapsed amid accusations of racism, harassment, intimidation and poor performance. But top federal officials say they are determined to resurrect it.

The plan for the tribes and the government to jointly run the National Bison Range in western Montana, just north of Missoula, had long been viewed as unworkable by the United States Fish and Wildlife Service, the Department of Interior branch that manages wildlife refuges.

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But top Interior Department officials say that despite the objections, they are committed to transferring some responsibility for the range from the wildlife service to a tribal government.

"There's a shared sense of mission between the U.S. Fish and Wildlife Service and the tribes," said Shane Wolf, a department spokesman.

Representative Denny Rehberg, Republican of Montana, asked the Government Accountability Office and the House Resources Committee in late January to investigate the disagreement and the problems plaguing the range. Among them is whether political appointees at the Interior Department pressured the wildlife service into the pact. The department's inspector general and its Office of Equal Opportunity are also investigating.

The Indian Self-Determination Act of 1975 allows tribal involvement in the management of federal lands, and the Confederated Salish and Kootenai Tribes, which have strong cultural links to bison, wanted the authority to manage the refuge.

The Fish and Wildlife Service opposed ceding control over the bison range, and the Interior Department and tribal officials decided to split the mission. The federal government maintained management authority but hired members of the tribes to feed and care for the bison. Federal managers, who did not have authority over the tribal workers, had to ask a tribal manager to relay orders.

The project leader at the range, Steve Kallin of the wildlife service, said tribal employees failed to do their assigned tasks and that this led to the cancellation of the agreement.

For example, Mr. Kallin said, tribe members failed to feed the bison properly in preparation for their transfer to another refuge, at which point, he said, the wildlife service resumed responsibility for feeding.

Tribal employees also did not maintain fences, Mr. Kallin said, allowing bison to wander into pastures that were being rested from grazing.

Wildlife agency employees also said that relations grew strained and that tribal employees started to threaten them. They also said they felt excluded because tribal employees prayed together during work hours. The wildlife agency hired a retired special agent-in-charge of the National Park Service for the Rocky Mountain region, Jim Reilly, to look into the situation.

Mr. Reilly's findings, which were not made public but appeared on a Web site run by a group opposed to tribal management, supported many of the federal employees' accusations. Mr. Reilly wrote that work conditions at the range "were as bad as he had ever seen in his career," according to a letter from the service's deputy regional director, Jay Slack, to the regional director that cited the investigation.

Tribal officials denied many of the accusations and said they were surprised by the list of complaints. Cancellation of the agreement "came completely out of the blue," said the chairman of the tribal confederation, James Steele Jr. "We didn't know until the day that they did it."

While he was aware of some problems, Mr. Steele said, he thought they were being dealt with.

A lawyer for the tribe, Brian Upton, said tribal officials did not allow Mr. Reilly to interview members who worked at the range "because they never told us why they were investigating us."

"We do not have any corroborating details for any of the complaints," Mr. Upton said.

Tribal officials said that the Fish and Wildlife Service never liked the arrangement because it meant that the agency had to cede some control over the range, so the agency always wanted it to fail.

"It was a decision looking for an excuse," said Clayton Matt, head of the tribal confederation's natural resources department.

"We work with almost every federal agency you can think of and we have a great relationship with all of them," he said. State and federal officials have also publicly praised the tribe's management of natural resources, including the grizzly bears and other wildlife on the reservation.

Regarding praying at work, the tribe's bison range coordinator, Sheila Matt (no relation to Mr. Matt) said, "When we rode through the bison, I asked the volunteers to pray for our safety and the safety of the bison."

Critics say the decision to allow tribal management was a political one made by Interior Department appointees who favor reducing the federal role in management of parks and other properties. Such an agreement, they say, leaves no one accountable because authority for the workers lies with a tribe, which is a sovereign nation.

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“The evidence of incompetency is overwhelming,” said Susan Reneau, a member of the Blue Goose Alliance, which advocates for wildlife refuges. “They did not perform their duties; they did not do their work. Yet they are not accountable.”

The federal government took control of much of the reservation land from some tribes around the turn of the century and allocated each tribal member 160 acres. The rest was open to settlement, and white settlers moved in. As a result, 30 percent of the reservation is owned by people who are not tribal members and there is longstanding enmity between the tribe and some nontribal residents.

“There’s a deep-rooted fear of tribal control,” a tribal spokesman, Rob McDonald, said.

But Mr. Kallin said he saw the matter from the opposite perspective.

“At what point,” he said, “does the Fish and Wildlife Service retain the ability to manage, according to Congressional mandate?”

Ute Murder Rate "a Disgrace" (DENP)

By Electa Draper, Denver Post Staff Writer

Denver Post, February 13, 2007

Towaoc - It was one of five, possibly six, killings on the isolated, 2,000-person Ute Mountain Ute Reservation last year.

Friends were passing an afternoon drinking St. Ives malt liquor when 28-year-old Samson Lameman began to play Russian roulette with a long-barreled, silver revolver. He put the gun to his head and pulled the trigger twice, according to the FBI affidavit. The chambers were empty. Lameman then persuaded 26-year-old Tasha Posey to put the gun to her head and pull the trigger.

The chamber was empty. They kept drinking.

Lameman allegedly struck Posey in the right eye with the butt of the revolver. She pushed him, then fell on top of him. Lameman fired the gun into Posey's chest, according to an eyewitness. Posey died later in the Cortez hospital; Lameman denies shooting her. The case is making its way through the federal court system.

A handful of such incidents each year - fatal stabbings, bludgeonings, beatings, shootings and drunken-driving accidents - have prompted a U.S. attorney to label this tiny sovereign nation "the murder capital of Colorado."

The Ute Mountain Ute homicide rate, says U.S. attorney Troy Eid, dwarfs the state average of nearly 4 homicides per 100,000 people. The reservation rate is comparable to 250 or 300 killings per 100,000 people, he says, and more federal resources are desperately needed.

"It is a national and state disgrace. ... No other place in Colorado is like this," Eid says. "People shouldn't go to bed at night wondering if they're going to wake up."

People living here acknowledge the plague of alcohol-fueled, and increasingly methamphetamine-caused, violence. But residents see themselves as a community of loving - sometimes feuding - extended families bound by culture and tradition and better off without outside scrutiny or interference.

Eid's characterization is an unfair exaggeration, says former Tribal

"All the (trouble) here is pretty much alcohol- driven. We've got to stop this. We've got to stop killing ourselves." Former Ute Tribal Chairman Selwyn Whiteskunk (The Denver Post)Chairman Selwyn Whiteskunk.

"We're not as bad as the U.S. attorney put out," the 43-year-old tribal health administrator says.

But in his next breath, White skunk says his own brother, Avery, at age 41, was murdered just north of Sleeping Ute Mountain, the landmark looming over tribal headquarters in Towaoc, in the extreme southwest corner of the state.

"It's been three, going on four, years since my brother was murdered. He was shot with a shotgun above the neck. It took a portion of his head off. ... They put him in a ditch."

The murder is unsolved. White skunk doesn't know the status of the investigation. Neither has the family had word of his missing nephew, Odell Vest, who was 18 when he

"I'm alone," says Coyote, 50. At right, Lynda Jacket-Yazzie holds her 4-year-old daughter Layla as daughter Aliyah, 5, follows outside Jacket-Yazzie's mother's home in Towaoc. (The Denver Post)disappeared more than nine years ago.

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"All the (trouble) here is pretty much alcohol-driven. We've got to stop this," Whiteskunk says finally. "We've got to stop killing ourselves."

Leadership troubles

Part of the problem may be that tribal leadership has not been stable.

Whiteskunk resigned as tribal chairman in 2005, after about a year on the job, amid allegations of domestic violence and unrelated charges of driving under the influence on this "dry reservation," where it is illegal to sell, possess or consume alcohol, even in one's home. All charges were dismissed, he says.

"I've been where my people have been," he says. "I've picked myself up."

Whiteskunk's predecessor, Chairwoman Judy Knight-Frank, stepped down in 2004 after pleading guilty in federal court to falsifying income-tax records by failing to disclose salary advances.

The Ute Mountain Ute Tribal Council and Chairman Manuel Heart declined to discuss the reservation crime rate, alcoholism or any other facet of life with The Post.

"We are preparing a response paper," says Tribal Councilor Prisllena Lopez, whose brother, Tracy, was murdered at age 36.

A jealous husband bludgeoned him to death with a tire iron and the help of two Ute juveniles outside Tracy Lopez's Towaoc home in April 2005.

As for the tribe's anticipated official public statement, Ute General Counsel Peter Ortego says: "I've been working on it for seven years."

Tribal officials, including Ortego, say the tribe doesn't trust outsiders, who focus on negative issues.

Only a few generations separate the tribe from genocide, forced relocation, mandatory boarding schools, language suppression and overt racism, either directly caused or tolerated by the federal government.

Why should the tribe trust the outside world? Ortego asks.

Serious crime is one of the few things exposed to the public because it is handled in federal court.

Denver-based Eid acknowledges many things are needed on the Ute Mountain Ute Reservation, but more police and better court access are among the most urgent requirements.

"We need more police on the ground. The fundamental issue is a need for a U.S. District Court in Durango. We are unique in the Lower 48 in having only one district courthouse (in Denver). Our (two) prosecutors spend a third of their time traveling. It's an access- to-justice issue."

One FBI agent is assigned to all of southwestern Colorado, although U.S. Sen. Ken Salazar, D-Colo., has said he has a commitment from U.S. Attorney General Alberto Gonzales for a second agent to "address the growing lawlessness."

Patrolling the more than 550,000 acres of the Ute Mountain Ute Reservation are six police officers based with the Bureau of Indian Affairs in Towaoc.

Eid says the department's uniformed officers are about one- tenth the number needed for a geographical area of that size.

"There are people who think because we're a casino tribe, we can throw money at problems," Ortego says. "We don't have the resources to compensate for the lack of officers on the ground."

The tribe would not disclose revenue or profit figures. Not even the state Division of Gaming is given information on tribal revenues.

Tribes have a choice of creating their own police departments, courts and funding streams or relying on the BIA and its chronically underfunded budget, as the Ute Mountain Utes do.

"I've told (tribal leaders), unequivocally, that I think they've got to get a tribal police department and court (like the Southern Utes)," says Eid. " It will dramatically improve their safety."

Ortego says the change has been considered.

"We're looking at taking over, but that takes years," Ortego says. "There is a lot of pride here. They want to solve problems on their own. But the problem is immediate."

Tribal-court void

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Misdemeanor crimes are handled in a BIA-run tribal court in Towaoc, but the court didn't function for three years because of staffing problems, Eid says.

Whenever you have a weak court, says Albuquerque-based Dan Breuninger, the BIA's special agent in charge of law enforcement for the region, it doesn't take long for the community to figure out the system is not functioning properly.

"The idea of the rule of law is meaningless to people there," says one former court official who asked not to be named. "It is a completely dysfunctional society."

In the summer of 2005, Ute Mountain tribal member Felix "Phil" Hammond died after Charleston "Chuck" Lang stabbed him 21 times in the chest and arms with a bayonet at the end of a rifle. Last month, a jury acquitted Lang of second-degree murder.

The defense successfully argued that the killing was in self-defense after a drunken Hammond barged into Lang's home "with bad intentions." Lang also had been drinking, according to police.

Neither Selwyn Whiteskunk, who heads the tribe's Public Health Department, nor the head of tribal Social Services, Carla Knight-Cantsee, would quote a rate of alcoholism or drug abuse, except to say it is the plague of a small minority.

And despite the focus on alcoholism and addiction, Knight- Cantsee says the problem is similar to any other place in the U.S.

Whiteskunk and Knight-Cant see say they believe the tribe's policy of a dry reservation is a good one. They wish the tribe had the power to close the nearest liquor store, the Eagle Claw, which sits along U.S. 491/160, about 5 miles from the reservation boundary. The tribe has unsuccessfully petitioned the county to close the store.

"They're going to blame anybody they can but themselves," says Eagle Claw owner Sandy Schroeder. But they buy liquor at every store in Cortez (another 5 or 6 miles away).

Knight-Cantsee says people use alcohol to "numb themselves and forget."

"No one has had a chance to work through the grief of genocide that traumatized generations," she says.

The legacy of slain or dislocated ancestors does not vanish quickly, she says. The effects of decades of poverty are not vanquished by one decade of casino revenues.

Staff writer Electa Draper can be reached at 970-385-0917 or edraper@denverpost.com.

FBI/DEA/ATF/USMS:

FBI Laptops, Weapons Continue To Vanish (ABC)

By Jack Date

ABC News, February 13, 2007

Rate of Loss Slower, but Worry Remains Over Classified Hard Drive Information

WASHINGTON -- Feb. 12, 2007 — More than 300 laptop computers and guns were lost by the FBI in a nearly four-year period, according to a new Department of Justice inspector general's report.

At least 10 of the 160 laptop computers reported lost or stolen in that period contained sensitive or classified information, the report found.

The audit was a follow-up to a similar 2002 review of the FBI's internal controls on guns and laptop computers. The new audit, which looked at a 44-month period ending on Sept. 30, 2005, showed an improvement in the rate and number of lost or stolen guns and laptops.

But while the rates may have slowed, the statistics continue to alarm Justice Department officials and FBI critics.

The inspector general's report called the losses "significant" and added that "the FBI has not taken adequate corrective action on several recommendations outlined in our 2002 audit report."

The contents of missing FBI laptops containing classified or sensitive information include software for creating identification badges, security plans and names, addresses and phone numbers of FBI personnel.

The audit found 160 guns were also lost or stolen during the audit period. One weapon was lost in a purse stolen from a sports bar. Another gun was stolen along with a fanny-pack in a restaurant. Several weapons were stolen from FBI vehicles. Many of the firearms losses resulted in suspensions without pay for the agents to whom the guns were issued.

The FBI has an inventory of more than 52,000 weapons and 26,000 laptops according to the report.

In a statement, FBI Assistant Director John Miller said, "we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them."

Sen. Charles Grassley, R-Iowa, a frequent critic of the bureau, said in a statement, "'making progress' may seem like a win for the FBI, but it's unacceptable when you're talking about lost weapons and computers with sensitive information."

Missing FBI Laptops Still A Problem (NSDY/AP)

By Pete Yost

Long Island Newsday, February 13, 2007

WASHINGTON -- Three or four FBI laptop computers are lost or stolen each month and the agency is unable to say in many instances whether information on the machines is sensitive or classified, the Justice Department's inspector general said Monday.

The IG said the FBI is reducing the number of thefts and disappearances of weapons and laptop computers, but the bureau acknowledged in a statement that "more needs to be done."

The Boston field office reported a stolen laptop containing software for creating identification badges. The laboratory division at Quantico, Va., said that a stolen laptop contained names, addresses and phone numbers of FBI personnel. The New Orleans field office reported a stolen laptop that had been used to process surveillance-related electronic digital imaging.

"Perhaps most troubling, the FBI could not determine in many cases whether the lost or stolen laptop computers contained sensitive or classified information," said the Justice Department IG's stated. "Such information may include case information, personal identifying information or classified information on FBI operations."

Of the 160 laptops lost or stolen over a 44-month period, 10 contained sensitive or classified information. The bureau did not have records on whether 51 others contained such data.

In a report five years ago, the inspector general said 354 weapons and 317 laptop computers were lost or stolen during a 28-month review.

The new report found that 160 weapons were lost or stolen during the 44-month period studied.

"Making progress' may seem like a win for the FBI, but it's unacceptable when you're talking about lost weapons and computers with sensitive information," said Sen. Chuck Grassley, R-Iowa.

FBI Lost Laptops, Weapons, Report Says (LAT)

By Adam Schreck, Times Staff Writer

The Los Angeles Times, February 13, 2007

One of the 160 missing computers had agents' names and addresses.

WASHINGTON — The FBI lost 160 laptops — including at least 10 containing sensitive or classified data and one with names and addresses of agents — sometime from February 2002 to September 2005, according to a report released Monday by the Justice Department.

Inspector General Glenn A. Fine also reported that 160 weapons disappeared during the same period.

Fine's report grew out of an audit examining FBI efforts to keep tabs on its equipment. Progress has been made, he said, but more must be done.

"This is a significant deficiency," Fine wrote in the report. "Without knowing the content of these lost and stolen laptops, it is impossible for the FBI to determine the extent of the damage these losses might have had on its operations or on national security."

The bureau has an inventory of 26,166 laptops and 52,263 weapons, according to the report.

One of the missing laptops, stolen from a facility in Quantico, Va., held the "names, addresses and telephone numbers of FBI personnel," the report stated.

DOJ_NMG_0131387

Another, stolen from the Boston field office, contained software to create identification badges, and one taken from the department's security division contained a "system security plan for an electronic access control system."

The bureau does not know what sensitive or classified information was on six other laptops, and is uncertain whether 51 other machines — including seven missing from the bureau's counter-terrorism and counterintelligence divisions — carried such high-value data.

The security measures on FBI laptops include encryption software and passwords, bureau spokesman Paul Bresson said.

In a statement, FBI Assistant Director of Public Affairs John Miller highlighted the bureau's progress in reducing the loss of equipment and disagreed with the report's conclusions about the number of missing weapons.

"Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them," he said.

A 2002 inspector general's audit found that 317 laptops had disappeared, along with 212 working weapons and 142 inoperable ones, during a 28-month period.

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Audit: FBI Has Lost More Laptops, Guns (USAT)

By Kevin Johnson

USA Today, February 13, 2007

WASHINGTON —Despite new tracking systems designed to help the FBI account for thousands of weapons and personal computers, the bureau reported that 160 firearms and an equal number of laptops were lost or stolen during a recent 44-month period, according to a new Justice Department audit.

Of the computers that were lost from February 2002 to September 2005, at least 10 contained sensitive or classified information, according to the review by the Justice Department's inspector general. One of those computers, the review said, included telephone numbers and addresses of bureau employees, as well as software used to make bureau ID badges.

"Most troubling," the report said, was that the FBI could not determine whether 51 of the missing computers contained sensitive or classified information.

Seven of those 51 laptops were assigned to the bureau's counterintelligence or counterterrorism divisions, which handle some of the most sensitive national security material.

"Without knowing the content of these lost and stolen laptops, it is impossible for the FBI to determine the extent of the damage these losses might have had on its operations or on national security," the report said.

The review, a follow-up to an earlier study of lost computers and weapons at the FBI, actually represented an improvement over past findings.

However, the report said the FBI has not consistently followed equipment-tracking plans set up after a 2002 audit found that 354 weapons and 317 laptops were lost or stolen in a 28-month period that ended in January 2002.

After the 2002 audit, the FBI began requiring employees to report lost or stolen equipment to their managers within five days. Managers then were required to report the losses to headquarters within 10 days.

Monday's report, however, said auditors had found that many of the headquarters reports, detailing the loss of 51 weapons, lacked "critical information," including the dates of the losses.

Regarding the 10 missing laptops that contained sensitive or classified information, the FBI conducted investigations in six of the cases. One resulted in a three-day suspension of an employee, two inquiries were pending and three others led to no disciplinary action.

The remaining four losses — including the missing computer that contained details about FBI personnel and software for making ID badges — did not trigger investigations.

In a written response, Joseph Ford, the FBI's associate deputy director, said the bureau has taken "appropriate steps to minimize these losses."

DOJ_NMG_0131388

Ford said 43 of the 160 lost or stolen weapons were reported in the prior audit period. As a result, he said, the actual number of missing weapons in the new audit should have been 117.

"We acknowledge that more needs to be done to ensure the proper handling … of the laptop computers and, more importantly, the information maintained thereon," he said.

Sen. Chuck Grassley, R-Iowa, a frequent critic of FBI operations, called the losses "unacceptable."

FBI Lost 160 Of Its Computers In 44 Months, Report Says (SFC)

By Jennifer A. Dlouhy, Hearst Newspapers

San Francisco Chronicle, February 13, 2007

Some laptops had classified data -- 160 weapons gone, too

Washington -- Every month, the FBI loses track of three to four laptop computers, some of which contain classified or sensitive information, according to a report released Monday by the inspector general for the Department of Justice.

During a 44-month period from Feb. 1, 2002, to Sept. 30, 2005, the bureau reported 160 lost or stolen laptops, according to the report. In addition, the bureau said 160 weapons had been lost or stolen.

Inspector General Glenn Fine said that was an improvement for the FBI because, in the previous 28-month period, 317 laptops were reported lost or stolen -- about 11 a month. In the same time frame, officials could not account for 354 weapons.

"The FBI has made some progress in improving its controls over weapons and laptops," Fine said. "However, significant deficiencies remain, particularly with regard to the FBI's response to lost or stolen laptops that may contain sensitive information."

The inspector general's inquiry found that at least 10 of the 160 missing laptops contained sensitive or classified information -- and one of those contained names, addresses and telephone numbers for FBI personnel.

For another 51 missing laptops, the FBI was unable to say whether they contained sensitive or classified data even though seven of them came from counterintelligence and counterterrorism divisions that routinely handle national security information.

Sen. Charles Grassley, R-Iowa, said the number of lost weapons and computers is "unacceptable."

"Tracking these deadly weapons and computers may seem like it's not worth the time to some in law enforcement," Grassley said. "But it's critical to public safety, national security and the credibility of the FBI and the other agencies that are losing personal information on Americans."

Sen. Patrick Leahy, D-Vt., said the losses were "especially troubling" at a time "when Americans are increasingly confronted with reports of major data breaches involving lost or stolen laptops, and with the dangers of identity theft."

When Robert Mueller took over as director of the FBI in 2001, he promised to "restore the public's confidence" in the bureau, which had been embarrassed by its management of documents related to the case against Oklahoma City bomber Timothy McVeigh, the spy scandal involving agent Robert Hanssen, and its chronic loss of weapons and laptops.

The FBI has implemented new requirements for reporting lost or stolen weapons and laptops.

http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/02/13/MNG62O3NOU1.DTL

This article appeared on page A - 5 of the San Francisco Chronicle

10 Of 160 Missing FBI Laptops Had Sensitive Data (WT)

By Jerry Seper

The Washington Times, February 13, 2007

Of the 160 laptop computers reported by the FBI as lost or stolen in the past 44 months, 10 contained sensitive or classified information, including one with personal identification details on bureau personnel, a Justice Department report said yesterday.

But, according to the department's Office of the Inspector General, the FBI did not know whether 51 other lost or stolen laptops contained sensitive or classified information, seven of which were assigned to the bureau's counterintelligence or counterterrorism divisions.

Inspector General Glenn A. Fine said that without knowing the content of the missing laptops, it was "impossible for the FBI to determine the extent of the damage" to its operations or to national security.

"This is a significant deficiency because some of these laptops may have contained classified or sensitive information such as personally identifiable information or investigative case files," Mr. Fine said.

The FBI also reported the loss or theft of 160 weapons during that period, the report stated.

FBI Assistant Director John Miller said the report notes that the bureau has made "significant progress" in reducing the loss of weapons and laptops. He also said the report counted as lost a number of weapons that were reported missing before the audit period.

"While the inspector general acknowledged that the loss of certain resources is inevitable in an organization the size of the FBI, we nevertheless stand committed to increasing institutional and personal accountability to further increase the progress we have made in minimizing the loss of firearms and information-technology components," Mr. Miller said.

But Sen. Charles E. Grassley, a senior member of the Senate Judiciary Committee, said that "making progress" in reducing the number of lost weapons and computers was "unacceptable."

"Tracking these deadly weapons and computers may seem like it's not worth the time to some in law enforcement, but it's critical to public safety, national security and the credibility of the FBI and the other agencies that are losing personal information on Americans," he said.

According to the report, 63 laptops were stolen from or lost by officials assigned to FBI headquarters in Washington. Most of the lost or stolen weapons were reported in New York -- 13. The report stated that although the FBI had taken steps to address weaknesses in physical inventories and tracking of lost or stolen weapons and laptops since a 2002 audit, significant deficiencies remain.

In 2002, the FBI reported that 354 weapons and 317 laptops were lost or stolen over 28 months.

Mr. Fine said that since the 2002 audit, the FBI established deadlines for reporting lost and stolen weapons and laptops, entering those losses into the National Crime Information Center and referring them for investigation.

But, he said, the FBI did not consistently follow its own established procedures.

"When some of the lost or stolen laptops were identified as containing sensitive or classified information, the FBI examined few of these losses to determine the damage that these losses may have had on the FBI's operations and national security," he said.

FBI: 160 Laptops, 160 Weapons Missing (TE)

By Bill Myers,

The Examiner, February 13, 2007

An FBI staffer in the Washington field office lost a laptop in May 2004. To this day, the FBI doesn't know what was on the computer and whether the information was classified.

Another FBI laptop, reported stolen from the FBI's laboratory at Quantico in July, 2002, contained the names, addresses and phone numbers of FBI employees.

These were just two examples of 160 FBI laptops lost or stolen in less than four years and documented in a report released by the Department of Justice's Inspector General Monday.

In dozens of these cases, the FBI couldn't tell whether the computers stored classified information, Glenn A. Fine's report found.

Agents also reported 160 lost or stolen weapons in the same period, with 14 percent of those weapons not being entered into a national criminal database to track them, the report said.

Monday's report was a follow-up to a 2002 report that found the FBI lacked the necessary precautions to protect its weapons and computers. The overall situation have improved since then, inspectors found, but the FBI is still being too sloppy in tracking its laptops.

Though the rate at which laptops were lost dropped dramatically, the rate at which laptops were stolen jumped by over 50 percent between the two reports, Fine said. At least 10 of the lost or stolen laptops contained classified information, including the one allegedly stolen from Quantico.

In 51 cases, though, the FBI couldn't say whether the laptops had classified or sensitive data.

"This is a significant deficiency," Fine wrote. "Without knowing the contents of these lost and stolen laptop computers, it is impossible for the FBI to know the extent of the damage these losses might have had on its operations or on national security."

In an e-mailed statement, FBI Assistant Director John Miller said that many of the report's findings pre-dated the audit.

"Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them," Miller's e-mail stated.

Sen. Chuck Grassley, R-Iowa, the ranking member of the Senate Finance Committee and an outspoken critic of the FBI, called on the Bureau to clean up its act.

"Tracking these deadly weapons and computers may seem like it's not worth the time to some in law enforcement," Grassley said in an e-mail sent through his spokeswoman, "but it's critical to public safety, national security and the credibility of the FBI and the other agencies that are losing personal information on Americans."

F.B.I. Lags In Securing Its Laptops And Weapons (NYT)

By Bloomberg News

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 (Bloomberg News) — The Federal Bureau of Investigation is making progress safeguarding its weapons and laptop computers, though there are still shortcomings to address, the Justice Department's inspector general said in a report issued on Monday.

The report by the inspector general, Glenn A. Fine, said that 160 weapons and 160 laptops had been lost or stolen over a 44-month period and that the bureau could not determine "in many cases" whether the missing computers had contained sensitive or classified information. Six of those computers were assigned to the bureau's counterintelligence division, and one was assigned to its counterterrorism division, the report said.

The report also said the bureau had made progress protecting its weapons and laptops since a 2002 review found "significant" losses of both.

"We recognize that in an organization the size of the F.B.I., some weapons and laptops will inevitably be stolen or go missing," the report said. "However, it is important that the F.B.I. take appropriate steps to minimize these losses."

The bureau has 52,263 weapons, including semiautomatic pistols, rifles, carbines, shotguns, tear-gas guns and submachine guns, and 26,166 laptops, according to the report, which covered the period from Feb. 1, 2002, to Sept. 30, 2005.

In a response included in the report, Joseph L. Ford, the associate deputy director of the bureau, said that the actual number of stolen weapons was 117 and that the report included 43 that had been lost or stolen earlier.

John Miller, an assistant director of the bureau, said in a statement on Monday that it would take several steps suggested by the inspector general.

"We acknowledge more needs to be done," Mr. Miller said, "to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them."

FBI Struggles With Laptop And Gun Losses (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 13, 2007

The Federal Bureau of Investigation is struggling in-house to prevent its own guns and laptops from getting stolen or lost, according to the Justice Department's inspector general.

In a report issued today documenting the FBI's efforts, Inspector General Glenn Fine said that "significant deficiencies still remain" in the bureau's inventory and tracking system since he last did an audit in 2002. Fine says the FBI "has made progress" in "decreasing the rate of loss" for weapons and laptops. The bureau has an inventory of more than 52,000 weapons and 26,000 laptops. During a 44-month period from 2002 through 2005, Fine said, the bureau reported 320 lost or stolen weapons and stolen laptops.

The previous audit showed 354 weapons and 217 laptops lost or stolen during a 28-month period. Fine found that at least 10 of the 160 missing laptops had sensitive or classified information, and one contained personal identifying information on FBI personnel. The FBI told the IG that it couldn't figure out in 51 other instances whether lost or stolen laptops had sensitive or classified information.

More worrisome, said Fine, was the fact that seven of the 51 missing laptops were assigned to agents in the Counterintelligence or Counterterrorism divisions, which handle some of the most sensitive spy and terrorism investigations.

"Without knowing the content of these lost or stolen laptops," the IG's office said, "it is impossible for the FBI to determine the extent of the damage these losses might have had on its operations and national security." The inspector general also said that the bureau had "improved its controls" by setting up deadlines for reporting missing items, entering them into a criminal justice database, and triggering investigations.

But the FBI did not "consistently" follow its own protocols, Fine said.

Finally, the FBI has failed to properly document whether laptops and hard drives that are being disposed of have been erased of sensitive data prior to dumping them, nor did it consistently make sure that FBI employees who quit the bureau turn in their guns and computers before they exit.

The FBI says that Fine made some incorrect inferences and that some of the missing items predated the audit but that it is going to accept the IG's recommendations.

Report: FBI Loses 3 To 4 Laptops Every Month (INFOWEEK)

By Sharon Gaudin, InformationWeek

InformationWeek, February 13, 2007

Three to four laptops are lost or stolen from the FBI every month, according to a report issued this month from the Justice Department's Inspector General.

While 116 FBI laptops were reported lost and 44 were reported stolen in the last 44 months, the agency is doing better than it was five years ago, the DOJ's audit said of one of the nation's top investigative agencies. Another audit, conducted in 2002, showed that in a 28-month period 300 FBI laptops had been lost and 17 had been stolen.

At least seven of the computers were issued to FBI divisions that handle some of the most sensitive information related to national security. Six were assigned to the Counter-Intelligence Division and one was assigned to the Counterterrorism Division. Yet, the FBI did not know what these computers contained, including whether or not they held sensitive or classified information.

"This is a significant deficiency," the report states. "Some of these laptops may have contained classified or sensitive information, such as personally identifiable information or investigative case files. Without knowing the contents of these lost and stolen laptop computers, it is impossible for the FBI to know the extent of the damage these losses might have had on its operations or on national security."

The missing laptops include one that was reported stolen from a Boston field office that contained software for creating identification badges. Reports say it was encrypted. Another laptop was reported stolen from the FBI's own security division. While it, too, was encrypted, it contained a system security plan for an electronic access control system. However, it's not known if a laptop stolen from the FBI Academy at the U.S. Marine Corps Base Quantico in Virginia was encrypted. That machine contained the names, addresses, and telephone numbers for FBI personnel.

Ken van Wyk, principal consultant with KRvW Associates and formerly with the Defense Information Systems Agency, says it's important to separate the lost computers from the information on them. "It's disconcerting, but as someone who travels with electronic gear all the time, I can tell you we're targeted," he adds. "But a lot of agencies, and I've got to believe that includes the FBI, are using whole-disk encryption. The chances of a thief being able to break it are very slim. The risk, at that point, is extremely low."

Van Wyk adds that while the FBI obviously should tighten up its security, he thinks the agency's computer loss rate would match up to that of most large companies. "It's inevitable," he says.

According to the audit report, the FBI investigated six of the 10 laptop losses that were known to contain sensitive or classified information. Of those six, one resulted in a three-day suspension, two investigations were pending when the report was filed, and three resulted in no action taken against the employee. The FBI did not investigate the remaining four losses, including the loss of the laptop computers that contained personal identifying information of FBI personnel and software for creating identification badges

FBI Assistant Director John Miller said in a written statement that it is notable that the agency reduced the rate of lost computers.

"The OIG [Office of Inspector General] determined that when compared with figures from 2002, there has been a 349% reduction in the average number of weapons lost or stolen in a given month and a 312% reduction in the loss or theft of laptop computers," said Miller, noting that he disagrees with some of the audit's findings. "Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them.

"While the Inspector General acknowledged that the loss of certain resources is inevitable in an organization the size of the FBI, we nevertheless stand committed to increasing institutional and personal accountability to further increase the progress we have made in minimizing the loss of firearms and information technology components," added Miller.

The Inspector General's report also audited the number of weapons that have been lost or stolen from the FBI. In the first audit, 354 weapons had been lost or stolen, and in this second audit, the number dropped to 160. Forty-eight functional weapons were lost, 94 functional weapons were stolen, and 18 training weapons were lost.

In 2001, the U.S. Attorney General requested that the Office of the Inspector General conduct audits over the control of weapons and laptops within the FBI, the U.S. Drug Enforcement Administration, the Federal Bureau of Prisons, and the U.S. Marshals Service. The report on the FBI disclosed "significant losses" of weapons and computers so a follow-up audit was requested.

The FBI had the greatest number of losses, as well as the most significant deficiencies in controls, of all the DOJ components reviewed in the 2002 audits, according to the report.

17 Texas Syndicate Gang Members Indicted (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 13, 2007

Seventeen alleged members of the Texas Syndicate gang have been indicted under the federal RICO Act on charges that include murder, attempted murder, robbery and narcotics distribution.

Three of those charged, Jesus Galvan Jr., 40, Francisco Nuncio Jr., 34, and Jerry Villarreal, 36, appeared in federal court in Houston this afternoon.

The chained and handcuffed trio, wearing street clothes and heavily marked with tattoos, appeared before U.S. Magistrate Judge Calvin Botley. They are among eight defendants arrested this morning. The nine others indicted are behind bars.

RICO — Racketeer Influenced and Corrupt Organizations Act — allows extended prison time for crimes associated with ongoing criminal enterprises such as gang activity.

The sealed indictment against the 17 defendants was described by Botley as "quite lengthy." Botley said he expects to see all 17 defendants by Friday.

Assistant U.S. Attorney Tim Braley asked Botley to detain all three men because they are flight risks and a danger to the community. Detention and arraignment hearings for the trio were set for 10 a.m. Thursday.

As the hearing closed, Nuncio and Villarreal asked to call their wives. All three are married and Botley ordered the U.S. marshals to allow them to call their spouses.

HIV Patients: Marijuana Eases Foot Pain (AP)

By The Associated Press

AP, February 13, 2007

SAN FRANCISCO (AP) -- Smoking marijuana eased HIV-related pain in some patients in a small study that nevertheless represented one of the few rigorous attempts to find out if the drug has medicinal benefits.

The Bush administration's Office of National Drug Control Policy quickly sought to shoot holes in the experiment.

The study, conducted at San Francisco General Hospital from 2003 to 2005 and published Monday in the journal Neurology, involved 50 patients suffering from HIV-related foot pain known as peripheral neuropathy. There are no drugs specifically approved to treat that kind of pain.

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Three times daily for nearly a week, the patients smoked marijuana cigarettes machine-rolled at the National Institute of Drug Abuse, the only legal source for the drug recognized by the federal government.

Half the patients received marijuana, while the other 25 received placebo cigarettes that lacked the drug's active ingredient, tetrahydrocannabinol. Scientists said the study was the first one published that used a comparison group, which is generally considered the gold standard for scientific research.

Thirteen patients who received marijuana told doctors their pain eased by at least a third after smoking pot, while only six of those smoking placebos said likewise. The marijuana smokers reported an average pain reduction of 34 percent, double the drop reported by the placebo smokers as measured with a widely accepted pain scale.

"These results provide evidence that there is measurable medical benefit to smoking cannabis for these patients," said Dr. Donald Abrams, the University of California, San Francisco professor who led the study.

Many critics of smoked marijuana agree THC has promise as a painkiller, but they argue the smoke itself is harmful.

"People who smoke marijuana are subject to bacterial infections in the lungs," said David Murray, chief scientist at the Office of National Drug Control Policy. "Is this really what a physician who is treating someone with a compromised immune system wants to prescribe?"

Murray also questioned the statistical relevance of study with just 50 participants in the test.

Dr. Mark Ware, a researcher at McGill University in Montreal conducting similar tests, defended Abrams' study as sound and statistically reliable.

The study is one of the few human tests in a research field nearly devoid of federal funding.

"This is a valid medicine and I want safe access to my medication," said Diana Dodson, a 50-year-old grandmother of five who participated in the test in 2004.

California and 10 other states have passed laws legalizing marijuana for medicinal purposes, but the federal government considers it a dangerous drug, like cocaine or heroin. The U.S. Supreme Court ruled in 2005 that state laws do not protect users from the federal ban.

To conduct the test, Abrams needed authorization from eight academic and government agencies, including the Drug Enforcement Administration.

The study cost about $1 million and was paid for by the University of California Center for Medicinal Cannabis Research, which has sponsored several smoked marijuana tests.

On the Net:

Neurology journal: http://www.neurology.org

Research Supports Medicinal Marijuana (WP)

By Rick Weiss, Washington Post Staff Writer

The Washington Post, February 13, 2007

AIDS Patients in Controlled Study Had Significant Pain Relief

AIDS patients suffering from debilitating nerve pain got as much or more relief by smoking marijuana as they would typically get from prescription drugs -- and with fewer side effects -- according to a study conducted under rigorously controlled conditions with government-grown pot.

In a five-day study performed in a specially ventilated hospital ward where patients smoked three marijuana cigarettes a day, more than half the participants tallied significant reductions in pain.

By contrast, less than one-quarter of those who smoked "placebo" pot, which had its primary psychoactive ingredients removed, reported benefits, as measured by subjective pain reports and standardized neurological tests.

The White House belittled the study as "a smoke screen," short on proof of efficacy and flawed because it did not consider the health impacts of inhaling smoke.

But other doctors and advocates of marijuana policy reform said the findings, in today's issue of the journal Neurology, offer powerful evidence that the Drug Enforcement Administration's classification of cannabis as having "no currently accepted medical use" is outdated.

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"This should be a wake-up call for Congress to hold hearings to investigate the therapeutic use of cannabis and to encourage more research," said Barbara T. Roberts, a former interim associate deputy director in the White House Office of National Drug Control Policy, now with Americans for Safe Access, which promotes access to marijuana for therapies and research.

Countless anecdotal reports have suggested that smoking marijuana can help relieve the pain, nausea and muscular spasticity that often accompany cancer, AIDS, multiple sclerosis and other ailments. But few well-controlled studies have been conducted.

The new study enrolled 50 AIDS patients with severe foot pain caused by their disease or by the medicines they take.

The team first measured baseline pain, both subjectively (patients ranked their pain on a scale of 1 to 100) and with two standardized tests, one involving a small hot iron held to the skin and another involving hot chili pepper cream.

Then, for five days, patients lit up at 8 a.m., 2 p.m. and 8 p.m. using a calibrated puff method that calls for inhaling for five seconds, holding one's breath for 10, then waiting 45 seconds before the next.

The cigarettes were kept frozen and locked in a safe, then thawed and humidified one day before use. Cigarette butts and other debris were collected, weighed and returned to the safe to ensure no diversion for recreational purposes.

Grown on the government's official pot farm in Mississippi, the drug was about one-quarter the potency of quality street marijuana. The inactive version was chemically cleansed of cannabinoids, the drug's main active ingredients.

"It smelled like and looked like" normal marijuana, said study leader Donald I. Abrams, a physician at San Francisco General Hospital, where the smoking ward was located. Like the patients, Abrams was not told who had the active pot until the study was over.

Thirteen of 25 patients who smoked the regular marijuana achieved pain reduction of at least 30 percent, compared with six of 25 who smoked placebo pot. The average pain reduction for the real cannabis was 34 percent, compared with17 percent for the placebo.

Opioids and other pills can reduce nerve pain by 20 to 30 percent but can cause drowsiness and confusion, Abrams said. And many patients complain that a prescription version of pot's main ingredient in pill form does not work for them.

That was true for Diana Dodson, 50, who received an AIDS diagnosis in 1997 after a blood transfusion.

"I have so many layers of pain I can hardly walk," said Dodson, who was in the new study. Prescription drugs made her feel worse. "But inhaled cannabis works," she said.

Patients in the study -- all of whom had smoked pot previously -- reported no notable side effects, though the researchers acknowledged that people unfamiliar with the drug may not fare as well.

Igor Grant, director of the University of California Center for Medicinal Cannabis Research, which funded the research, said the study was probably the best-designed U.S. test of marijuana's medical potential in decades. He called the results "highly believable."

But David Murray, chief scientist at the White House Office of National Drug Control Policy, called the findings "not particularly persuasive." The study was relatively small, he said, and it is likely that those who received the real pot were aware of that, introducing a bias of expected efficacy.

"We're very much supportive of any effort to ameliorate the suffering of AIDS patients," Murray said. But even if ingredients in marijuana prove useful, he added, they ought to be synthesized in a pill to make dosing more accurate and to minimize lung damage.

Separately, ending a six-year effort, a Massachusetts group learned yesterday that it had won a legal victory against the DEA in its battle for federal permission to grow its own cannabis for federally approved studies, instead of relying on government pot.

In an 87-page opinion, administrative law judge Mary Ellen Bittner ruled that it "would be in the public interest" to allow a University of Massachusetts researcher to cultivate marijuana under contract to the Multidisciplinary Association for Psychedelic Studies (MAPS), which sponsors medical research on marijuana and other drugs.

The DEA is not obligated to follow the advice of its law judges, but the detailed decision should make it difficult for the agency to balk, said MAPS President Rick Doblin.

DOJ_NMG_0131395

Medical Pot Cuts Pain, Study Finds First Rigorous Research Looked At HIV Patients (SFC)

By Sabin Russell, Chronicle Medical Writer

San Francisco Chronicle, February 13, 2007

Doctors at San Francisco General Hospital reported Monday that HIV-infected patients suffering from a painful nerve condition in their hands or feet obtained substantial relief by smoking small amounts of marijuana in a carefully constructed study funded by the state of California.

Although the study was small, it is the first of its kind to measure the therapeutic effects of marijuana smoking while meeting the most rigorous requirements for scientific proof -- a randomized, double-blind placebo-controlled trial.

As such, the results of the trial are being hailed by medical marijuana advocates as the most solid proof to date that smoking the herb can be beneficial to patients who might otherwise require opiates or other powerful painkillers to cope with a condition known as peripheral neuropathy.

The federal government has taken a hard line against marijuana use for medical purposes, maintaining that smoking it is harmful and that there is no scientific evidence to support its legitimacy for treatment in the United States. The U.S. Supreme Court in 2005 ruled that medical marijuana patients can be prosecuted by the government, even in states like California where medical use has been legalized.

"It's time to wake up and smell the data," said Bruce Mirken, spokesman for the Marijuana Policy Project, a group advocating the legalization of the drug for medicinal purposes. "The claim that the government keeps making that marijuana is not a safe or effective medicine doesn't have a leg to stand on."

The study found that most volunteers who were given three marijuana cigarettes a day experienced a significant drop in the searing pain of peripheral neuropathy, which patients liken to a stabbing or burning sensation, usually on the bottoms of their feet. HIV patients are not the only group to experience peripheral neuropathy -- many types of the condition have been identified, and it can also afflict diabetics, cancer patients and people with injuries or infections that affect nerve tissue.

On average, the experiment's participants reported at the start that their pain was roughly at midpoint on a 100-point scale, where zero was no pain at all and 100 was "the worst pain imaginable."

At least half the volunteers who smoked the active marijuana experienced a 72 percent reduction in pain after their first cigarette on the first day of the trial. Over five days, the median reduction in pain reported by the marijuana smokers was 34 percent, compared with 17 percent reported by those who smoked placebo cigarettes that had the active ingredient THC removed in a process akin to decaffeinating coffee.

"This is evidence, using the gold standard for clinical research, that cannabis has some medicinal benefits for a condition that can be severely debilitating," said Dr. Donald Abrams, lead author of the study released Monday by the journal Neurology.

The trial was conducted over a two-year period beginning in May 2003, during which 50 volunteers each spent a week at a secured laboratory at San Francisco General. Patients were required to stop their marijuana use before the start of the experiment. After a two-day orientation period, they were given one cigarette three times a day. Half of the volunteers received marijuana containing about 3.5 percent THC, the active ingredient of the drug. That's significantly weaker than what can be purchased on the street or in medical marijuana dispensaries. The other half received the placebo.

Abrams said that the placebo cigarettes looked and smelled identical to the ones containing active ingredients.

One volunteer, Diana Dodson, a 50-year-old Santa Cruz woman, subsequently learned she had been given the active ingredient. She has tried the FDA-approved pill containing THC, a drug known as Marinol, but said it does not control her pain as well. "For four or five hours, it puts me in a fog," she said.

Smoking marijuana, she said, helps control nausea and her peripheral neuropathy. "I attribute my cannabis use to my staying alive 21 years with HIV," she said.

Dobson described the pain of peripheral neuropathy as a constant sense of burning on the bottoms of her feet, with periodic jabbing pains "like a sharp ice pick, or an electric shock."

After stopping her marijuana use for the required two-day period and then resuming it for the experiment, she said the effect of receiving the real drug again was powerful. "I was a little surprised the results were so dramatic, as they were using low-quality cannabis," she said.

DOJ_NMG_0131396

Because of the unusual nature of the experiment, Abrams first had to receive clearance from eight different government agencies, including the University of California, the federal Drug Enforcement Administration and the National Institute on Drug Abuse.

The cigarettes were made from marijuana grown on a federal marijuana farm in Mississippi, and stored in a locked freezer at San Francisco General.

Publication of the paper is a milestone for Abrams, who has been exploring the medicinal effects of marijuana among AIDS patients since 1984 and fought a long battle to win permission from federal agencies to conduct the study.

In the end, it took the taxpayers of California to pay for the research. Under legislation signed by then-Gov. Gray Davis in 1999, the state created the Center for Medicinal Cannabis Research, headquartered at UC San Diego and operating in partnership with UCSF.

Dr. Igor Grant, executive director of the research center, said a total of $8.7 million has been allocated to the program by the state Legislature since it was launched in 2000. Abrams' study, the first of a dozen similar clinical trials now under way, cost $849,000.

Grant said that the findings were "very promising," but stressed that the results of any single trial, no matter how well constructed, are not necessarily definitive. He said that data are now being analyzed from a similar trial that was conducted at UC San Diego. A second trial, also completed at UCSD, enrolled volunteers who were not HIV patients. Their sensitivity to pain was measured using well-established monitoring tests using capsaicin, a cream that stimulates heat-sensing nerves.

Marijuana Reduces Pain In HIV Patients (MRE)

Mercury-Register, February 12, 2007

HIV patients who smoked three joints of marijuana per day for five days experienced relief from chronic foot pain associated with the disease, researchers at the University of California, San Francisco reported Monday in a rare U.S. study on medical marijuana.

"These results provide evidence that there is a measurable medical benefit to smoking cannabis for these patients," said study lead author Dr. Donald Abrams, UCSF professor of clinical medicine.

The study involved 50 HIV patients with sensory neuropathy, a peripheral nerve disorder that causes intense, sharp pain, numbness and tingling in the hands and feet. The condition affects about one in three HIV patients.

Patients assigned to smoke cannabis experienced a 34 percent reduction in intense foot pain -- twice the rate experienced by patients who smoked a placebo.

The first cannabis cigarette patients smoked reduced chronic pain by a median of 72 percent compared to 15 percent for patients who smoked the placebo, according to the study, published in the journal Neurology.

Half the patients were assigned randomly to smoke cannabis while the remaining 25 patients smoked an identical-looking placebo that lacked the drug's active ingredient. They had to be off any medication to treat neuropathy, including private-use marijuana. The patients were required to have some prior experience smoking the drug but could not have substance abuse problems.

The patients were sequestered at San Francisco General Hospital for seven days, where they underwent frequent testing. Over five consecutive days, they smoked cannabis or a placebo three times per day in rolled cigarettes. The National Institute on Drug Abuse provided the identical machine-rolled marijuana cigarettes.

Diana Dodson, 50, of Santa Cruz was among the 25 patients who received cannabis. She contracted HIV after receiving tainted blood product in 1985 and has been living with AIDS for 10 years.

Dodson, who smokes marijuana on her own to control her pain and nausea associated with AIDS, said the drug has been a lifesaver. "I really attribute cannabis to why I am still alive today," she said.

Her neuropathy symptoms include an extreme burning on the soles of her feet. "It's like an electrical poker going through me," she said. "I'll scream in the kitchen. Sometimes it's like a jabbing ice-pick pain."

Just a few puffs gives her relief for two hours without the grogginess associated with taking opiates such as morphine, she said.

DOJ_NMG_0131397

The UCSF study indicated that pain relief from cannabis was on par with that from morphine.

The quality of the marijuana used in the trial wasn't as good as what Dobson gets on her own, she said, but she still felt relief from pain.

"It gives me a quality of life I wouldn't otherwise have," she said.

By contrast, previous studies of marinol -- the FDA-approved drug containing a synthetic version of THC, the active ingredient in cannabis -- showed little promise in relief for HIV-associated neuropathy.

"There are other compounds in smoked marijuana besides THC," said UCSF study co-author Dr. Cheryl A. Jay, a professor of clinical neurology. "That's one of several explanations why our study had a positive result while previous marinol studies did not."

David Murray, chief scientist at the Office of National Drug Control Policy, said people who smoke marijuana are subject to bacterial infections. He added that the study, considering its small size is "not a convincing demonstration."

Treatment for HIV-related neuropathy includes antidepressants and seizure drugs, but these medications don't always work and some patients cannot tolerate them. Opiates such as morphine are also sometimes used. There are no drugs approved by the FDA specifically for the condition.

The study is the first of several clinical trials of medical cannabis being conducted through the University of California's Center for Medicinal Cannabis Research, based at UC San Diego.

Dr. Igor Grant, director of the cannabis research center at UCSD, said the findings in this study suggest that cannabis "may be useful" in treating HIV-associated neuropathy. He noted that it has been many years since clinical trials of cannabis have been conducted in the United States.

"As a result, there has been insufficient light shed on the possible therapeutic value of cannabis," Grant said.

A 1999 report by the Institute of Medicine reviewed the scientific literature on medical marijuana and found that though it is a powerful drug, it is safe and should not be excluded from some medical uses.

Studies have indicated that cannabiniod drugs could help with pain relief, control of nausea and vomiting and appetite stimulation, according to the IOM report.

Americans for Safe Access and the National Association of People with AIDS on Tuesday plan to call for congressional hearings to implement the IOM report findings, which include further scientific studies of cannabis.

"Bolstered by the preliminary findings in the Abrams (UCSF) study, we will go to Congress and familiarize them with the IOM report so we can move forward with the research," said Dr. Barbara T. Roberts, director of medical and scientific affairs at Americans for Safe Access.

The Associated Press contributed to this report.

Study: Marijuana Can Ease HIV-related Nerve Pain (MCT)

By Carrie Peyton Dahlberg

McClatchy Newspapers, February 13, 2007

SACRAMENTO, Calif. - Smoking marijuana can ease HIV-related nerve pain, University of California San Francisco researchers are reporting Tuesday, in a study being hailed by legalization advocates as proof that federal pot policy is deeply misguided.

The rigorous study, appearing in Tuesday's issue of the journal Neurology, was funded by a state effort to provide answers in the long debate over whether marijuana makes good medicine.

Primary investigator Dr. Donald Abrams, a professor of clinical medicine at UCSF, was not surprised that about half the people studied with burning, tingling nerve pain got relief smoking marijuana.

"It has a 5,000-year history of safety and effectiveness as a medicine that we've ignored quite grandly in the last 70 years," he said. "It's been used ... in China, in India and also in Middle Eastern cultures as a medicinal substance."

Yet the study comes on the heels of an unrelated analysis, published in Monday's Archives of Internal Medicine, that links long-term exposure to marijuana smoke with coughing, wheezing and other respiratory complaints common among tobacco smokers.

DOJ_NMG_0131398

"The bottom line is, it certainly needs to be looked into further," said Dr. Jeanette Tetrault, a general internal medicine fellow at Yale University who is among those investigating possible lung cancer or respiratory disease links to marijuana smoking.

If marijuana is ultimately found to deliver better pain relief than existing medications, she said, research into the safest possible delivery mechanisms would be critical.

The UCSF study is among the first published results funded by the UC Center for Medicinal Cannabis Research, which was created by state law to improve the science on marijuana after California voters supported medical pot use.

So far, the center has spent roughly two-thirds of the $9 million it received, devoting the money to research into nerve pain, sleep difficulties, muscle spasms and other conditions.

Some studies, including ones for cancer pain and nausea, had to be discontinued for lack of volunteers, said center director Dr. Igor Grant, a UC San Diego psychiatry professor.

The center will remain active until all the money is spent, supporting about a dozen studies, which Grant acknowledges are "not a lot" but still much more than we knew just a few years ago.

"The results of these studies will provide some real information into whether cannabis is or isn't helpful," Grant said.

Federal policy has long discouraged investigations of marijuana, setting up numerous regulatory and practical hurdles, said Bruce Mirken, a spokesman for the Marijuana Policy Project, which backs legalization.

In such an environment, the state-backed study is "truly gold-standard" research, Mirken said; it's placebo-controlled and double-blinded.

About half the 55 people who initially enrolled were given placebo cigarettes, with a key active ingredient stripped out. Both they and the researchers analyzing results were "blinded" - that is, not told who got the real thing.

Such measures are used to keep subtle bias from creeping into research, and to account for the powerful way people are known to respond to dummy medications. In the UCSF study, for example, about one-fourth of the people smoking placebo cigarettes experienced significant pain relief, compared with half of those smoking marijuana.

But researchers acknowledged that their blinding effort was imperfect because smokers might have been able to recognize whether they were inhaling active cannabis or not.

"I knew immediately because I could feel the effects," said one study subject, Diana Dodson. "I did get the cannabis." Her impression was later confirmed in a letter from researchers.

Dodson, who lives near Santa Cruz, gets burning, bruising, sometimes jolting nerve pain on the bottoms of her feet, a complication of the HIV she contracted more than 20 years ago from a tainted blood product.

"It's like an ice pick stab with an electric shock," she said, and stronger painkillers leave her less aware and less alert than marijuana does. She participated in the study in hopes that "we'll be able to have safe access to this medicine."

While other options exist for many of the ills that marijuana may treat, it's important to have as many safe drugs as possible in doctors' arsenals, said UCSF medical professor Abrams.

Individuals respond differently to each drugs' benefits and side effects, and drug interactions can make it tough to find the right match for each person.

Abrams is seeking volunteers now for another marijuana study, looking into whether cancer patients taking morphine or OxyContin for pain might be able to use a lower dose or suffer fewer unpleasant side effects if they combine the treatment with marijuana.

Marijuana Reduces HIV Neuropathy (MT)

By Michael Smith

Medpage Today, February 12, 2007

SAN FRANCISCO -- Smoking marijuana significantly reduces nerve pain associated with HIV infection, according to researchers here.

In a randomized, placebo-controlled trial, the drug reduced chronic neuropathic pain by 34% compared with 17% for patients smoking placebo cigarettes, found Donald Abrams, M.D, of the University of California San Francisco.

DOJ_NMG_0131399

The pain reductions are comparable with those seen with oral drugs used to treat peripheral HIV-associated neuropathy, Dr. Abrams and colleagues reported in the Feb. 13 issue of Neurology.

"There is a measurable medical benefit to smoking cannabis for these patients," Dr. Abrams commented.

In the study, 50 patients with HIV-associated neuropathy were randomly assigned to smoke either cannabis or placebo cigarettes three times a day for five days under supervision as in-patients San Francisco General Hospital.

The cigarettes, supplied by the National Center on Drug Abuse, were identical in appearance, but the placebo cigarettes had the active ingredient -- delta-9-tetrahydrocannabinol - removed.

To be eligible for the study, patients had to have an average daily pain score of at least 30 on a 100-point visual analog scale. The primary outcome was change in the daily pain score, while secondary outcomes included acute pain before and after the first cigarette of the five-day session and again before and after the last cigarette of the session.

A subset of patients also took part in an acute pain experiment in which they were subjected to heat or to other painful stimuli, the researchers reported.

The investigators found:

Over the course of the study, smoked cannabis reduced daily pain by 34%, versus 17% with placebo, a difference that was statistically significant at P=0.03.

52% of the cannabis group reported at least a 30% reduction in pain, compared with 24% in the placebo group, which was significant at P=0.04.

The first cannabis cigarette reduced chronic pain, on average, by 72%, compared with 15% for placebo, which was significant at P<0.001.

On Day five, before smoking the last cigarette, median pain ratings were significantly lower among the cannabis patients (at P=0.006) and were further reduced by 51% versus 5% after smoking. The reduction was significant at P<0.001.

Cannabis also reduced experimentally induced hyperalgesia to both brush and von Frey hair stimuli (P=0.05) but had little effect on the painfulness of heat stimulation.

No serious adverse events were reported.

In general, Dr. Abrams and colleagues found, adverse events such as sedation, dizziness, and confusion were significantly higher among the cannabis smokers.

However, in both groups, the values "hovered closer to zero than one and do not represent any serious safety concerns," the researchers said.

Also, there was little difference in mood effects between the two groups, Dr. Abrams and colleagues said, a finding that argues against the idea that cannabis smokers didn't feel pain because of the high associated with the drug.

The study indicates that "cannabis may indeed be useful in the amelioration of a very distressing, disabling, and difficult-to-treat complication of HIV," said Igor Grant, M.D., of the University of California at San Diego School of Medicine, and director of the University of California Center for Medical Cannabis Research, which was a sponsor of the study.

The trial was also supported by the National Institutes of Health. The authors reported no conflicts of interest. Additional General Neurology Coverage

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Source reference:

Abrams DI et al. "Cannabis in painful HIV-associated sensory neuropathy: A randomized placebo-controlled trial." Neurology 2007;68:515-521.

Contribute your own thoughts, experience, questions, and knowledge to this story for the benefit of all MedPage Today readers.

Provide a different perspective on the discussion

Prof Gets Boost In Bid To Grow Marijuana (AP)

AP, February 12, 2007

Concluding that there is an inadequate supply of marijuana for medical research, an administrative law judge has recommended to the Drug Enforcement Administration that it grant a Massachusetts professor's application to grow the drug in bulk.

The judge's ruling is nonbinding. But officials at the American Civil Liberties Union hope that the recommendation to grant the application of Professor Lyle Craker will eventually lead to more research into the use of marijuana for medicinal purposes.

In June 2001, Craker submitted an application as a marijuana manufacturer to the DEA. However, the federal government limits the growing of marijuana available for clinical research to one source, the University of Mississippi.

Federal officials said that Craker's university, the University of Massachusetts Amherst, is free to compete for the next contract to produce research-grade marijuana for the United States. But there was no basis to add another producer.

The company that wants to fund Craker's facility for growing marijuana countered that researchers are not getting the quantity or the quality of marijuana needed to conduct research that is approved by the Food and Drug Administration.

The DEA contacted researchers and determined otherwise, so hearings were held in August and December of 2006 as Craker pursued the case. He got help from the ACLU along the way.

The administrative law judge, Mary Ellen Bittner, concluded Monday that granting Craker's application would be in the public interest. Among the reasons she cited were inadequate competition and an inadequate supply of marijuana for research purposes.

Steve Robertson, a spokesman for DEA, said Monday night the agency is reviewing Bittner's decision and would have no immediate comment. The DEA administrator, Karen Tandy, retains final authority to decide on the application.

"I hope that Administrator Tandy abides by the decision and grants me the opportunity to do my job unimpeded by drug war politics," Craker said in a statement distributed by the ACLU.

Judge: Let Prof Grow Medicinal Marijuana (BOS)

The Boston Globe, February 13, 2007

An administrative law judge recommended Monday that a professor at the University of Massachusetts at Amherst be allowed to grow marijuana for research purposes, possibly making the state host to the nation's second laboratory authorized to grow the drug.

Professor Lyle Craker, a horticulturist who specializes in medicinal plants, has won support from both Senators Edward M. Kennedy and John F. Kerry in his effort to grow marijuana for research.

Marijuana is now only legally grown at the University of Mississippi, but Craker has argued that the drug grown there is neither potent enough nor readily available to researchers.

In her opinion, which can be overruled by the US Drug Enforcement Administration, Judge Mary Ellen Bittner said Craker's bid to grow marijuana "would be in the public interest."

"There would be minimal risk of diversion of marijuana," she wrote. "There is currently an inadequate supply of marijuana available for research purposes ... [and] competition in the provision of marijuana for such purposes is inadequate."

In a phone interview, Craker said he had not read the 87-page opinion. "I understand it's favorable, and that's good," he said.

Rick Doblin -- president of the Multidisciplinary Association for Psychedelic Studies, a drug research group based in Belmont that hopes to sponsor Craker's work -- called the decision "a major turning point."

"This is a major step to getting us to do the scientific research that the government has been blocking for the past 30 years," Doblin said. "If the government says no, the hypocrisy of their approach will help fuel efforts for state medical marijuana reforms."

Garrison Courtney, a DEA spokesman, declined to comment on the ruling. "We're still reviewing the opinion," he said. "We'll make a determination at a later point."

Craker first applied to the DEA for permission to grow marijuana in 2001. Kennedy and Kerry later wrote a letter to the DEA, saying that the Mississippi lab had an "unjustified monopoly."

In 2004, Craker and the Multidisciplinary Association for Psychedelic Studies sued the government in federal court, charging the DEA with unreasonable delays.

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The DEA promptly rejected their bid. In 2005, Craker and the group sought the opinion from an administrative law judge.

If the DEA's administrator decides to reject Bittner's recommendation, Doblin said Craker and the group would file another lawsuit in federal court.

Deadly Abuse Of Methadone Tops Other Prescription Drugs (USAT)

By Donna Leinwand, Usa Today

USA Today, February 13, 2007

Methadone, a painkiller that has been used to treat heroin addicts for decades, has emerged as an increasingly popular and deadly street drug, joining narcotics such as Vicodin and OxyContin as frequently abused prescription drugs.

Fatal overdoses of methadone rose at a higher rate than those involving any other narcotic from 1999 through 2004, according to a recent study by the National Center for Health Statistics (NCHS). The number of deaths from methadone in 2004 (3,849) represented a 390% rise from 1999, the study said.

MORE: Street availability up

Methadone was cited in nearly 13% of all the overdose deaths reported in the USA in 2004, up from about 4% five years earlier. Among drugs cited in fatal overdoses, only cocaine kills more people than methadone.

The NCHS study — and reports from coroners nationwide that the trend is continuing — indicate that doctors' increasing tendency to prescribe methadone as a cheap alternative to addictive pain relievers such as OxyContin has made it easier for addicts to get methadone, the Drug Enforcement Administration's Denise Curry says.

"It's out there, it's available, and it can be dangerous," Curry says. Pharmacies report that methadone is among the most popular drugs stolen, along with Vicodin and OxyContin, she says.

At about $20 a pill on the black market and pennies a dose when prescribed, methadone is considerably cheaper than such opiates.

Methadone has long been viewed as a relatively safe and effective narcotic, in part because its effects are gradual and it can ease withdrawal symptoms for recovering heroin addicts.

However, it also is addictive, and drug addicts account for most methadone-related deaths, says Nicholas Reuter, a senior public health analyst at the Substance Abuse and Mental Health Services Administration.

Reuter says the problem is complicated by doctors who prescribe methadone incorrectly and patients who do not follow directions in taking it. On Nov. 26, the Food and Drug Administration warned doctors that "prescribing methadone is complex" because it eases pain up to six hours but can stay in the body 59 hours. Patients may want more before the dose wears off, the FDA warned.

"Methadone may build up in the body to a toxic level if it is taken too often, if the amount taken is too high, or if it is taken with certain other medications," the FDA said.

Authorities nationwide cite rising methadone fatalities:

• Fatal drug overdoses in New Hampshire rose from 39 in 1995 to 105 in 2003, and chief state medical examiner Thomas Andrew determined that methadone was the key. In 2005, Andrew says, at least 52 of the 153 people who died from overdoses in the state had taken methadone. He suspects the trend continued in 2006.

• Florida has had a "steady increase" in methadone deaths since 2001, says Jennifer Cook Pritt of the Department of Law Enforcement.

• In West Virginia, where fatal methadone overdoses rose from 40 in 2001 to 116 in 2005, state legislators are holding hearings on a plan to limit the medical professionals who could prescribe the drug, says Del. Don Perdue, a Democrat who leads the health committee in the House of Delegates.

Painkiller More Available For Abuse (USAT)

By Donna Leinwand, Usa Today

USA Today, February 13, 2007

For months, high school sophomore Sara Corbett of New Hartford, Conn., had begged her mother for permission to get her tongue pierced. On Aug. 7, 2004, Sara's mother, Robin DeBaise, relented and the two went to nearby mall.

DOJ_NMG_0131402

The next day, Sara, 16, was in severe pain. At her aunt's house, she found a couple of methadone pills — amounting to twice the recommended dosage — and took them. She passed out and was rushed to a hospital, where she died.

MORE: Abuse tops other prescription drugs

"I know she had absolutely no clue of the strength of what she had taken. No clue," says DeBaise, 41, who says she did not know Sara had taken the pills until she had to be taken to the hospital. DeBaise says she is familiar with methadone's potency because she is being treated for an addiction to it.

Sara was among 3,849 people across the nation to die from an overdose of methadone in 2004, a record for methadone deaths and a jump of more than 3,000 such deaths from five years earlier, according to a study by the National Center for Health Statistics (NCHS).

The dramatic rise in fatal overdoses — which appears to have continued since 2004 — reflects how methadone, once known mainly for its usefulness in treating heroin addicts, has become increasingly prevalent in the illicit drug market as more and more doctors have prescribed it to treat chronic and severe pain.

Highly addictive, and lingers

As methadone has become more widespread — the number of pharmacy prescriptions for the drug increased fivefold from 1998-2002, according to the Substance Abuse and Mental Health Services Administration (SAMHSA) — its drawbacks have become more apparent.

Among them: It's highly addictive. And because it takes longer to work than most opiate painkillers, it can remain in the body for more than four days after its effects are no longer noticeable, increasing the chances of an overdose.

Patients, and some doctors who have prescribed the narcotic, often have difficulty determining proper dosages, says Nicholas Reuter, a senior public health analyst at SAMHSA.

Dozens of overdoses have been linked to such miscalculations, he says.

Methadone is "being prescribed more frequently not only by pain specialists who know how to use it, but by general practice physicians, who may not," says Denise Curry of the Drug Enforcement Administration.

However, Curry and other drug specialists say, most methadone-related deaths in recent years have involved people like Sara: users who overdosed after taking the drug without a prescription, or methadone addicts who took too much of it while chasing the warm, euphoric feeling that users experience over four to six hours after taking the drug.

"With more prescriptions, there's more methadone in the supply pipeline," Curry says, and therefore more chance the drug will wind up for sale on the street.

The 390% rise in methadone-related deaths from 1999 to 2004 far outpaced the rate for fatal drug overdoses involving all types of drugs, the NCHS says. The overall number of fatal overdoses rose from 9,955 in 1999 to 16,735 five years later, an increase of 68%.

Those figures, and reports from coroners and drug specialists nationwide who say the trend is continuing, reflect how methadone has joined OxyContin and Vicodin as addictive drugs of the moment at a time when there is increasing concern about the abuse of prescription drugs, particularly by teenagers.

The NCHS study identified 12 states as having especially significant increases in methadone-related fatalities from 1999-2004: Florida, Kentucky, Louisiana, Maine, Massachusetts, New Hampshire, Ohio, Oregon, Pennsylvania, Tennessee, West Virginia and Wisconsin.

Several other states also are reporting big increases in methadone deaths.

In Oklahoma, for example, the number of overdose deaths involving methadone rose from 45 in 2001 to 118 in 2005, according to a report from the state's chief medical examiner.

Doctors have used methadone to treat pain for more than 50 years, but the drug has gotten a boost in the past four or five years, in part because of the attention Vicodin and OxyContin have received as frequently abused prescription drugs, Reuter says.

He adds that because law enforcement and medical boards have been stepping up their scrutiny of opiates such as OxyContin, some doctors may believe that prescribing methadone leaves them less vulnerable to such scrutiny.

Cheaper choice for doctors

DOJ_NMG_0131403

Methadone's pharmacy price — pennies a dose — also encourages doctors to use it rather than far more expensive narcotics such as OxyContin, Reuter says.

"Physicians find it more convenient for the patient (and) easier to get approval from Medicaid," he says of doctors' trend toward prescribing methadone over other prescription pain relievers.

Meanwhile, the Food and Drug Administration is warning doctors, patients and others that methadone can be deadly if improperly prescribed or used.

Methadone also can be deadly when used with benzodiazepines such as the anti-anxiety drug Xanax, the FDA said in a warning about methadone on Nov. 26.

"Methadone is a drug of abuse," Reuter says. "It's abuse potential is not quite as dramatic as heroin. It has a much slower onset and doesn't produce the euphoric highs associated with heroin, but people do seek it out expecting euphoric properties."

DeBaise, who keeps her daughter's ashes in a stuffed animal she calls "Sara Bear," says she remembers how seductive methadone can be.

"You can get high on methadone. It's the same exact high like a heroin high," she says. "It's very mellowing. You get a warmth through your body. It would make me feel good. It would make me talkative."

New Questions Arise In ATF Killing (DCEX)

By David Francis

Washington Examiner, February 13, 2007

Arlington - When he exonerated two federal agents last week in the shooting death of a 24-year old Washington man, the Arlington County commonwealth's attorney made fresh assertions about the case that raised new questions about the incident, a Washington Examiner investigation shows.

County attorney Richard Trodden determined that the agents from the Bureau of Alcohol, Tobacco and Firearms acted in self-defense when they chased and fired upon Travis Lamar Hampton seven months ago and that Hampton killed himself after an eight–hour standoff.

In an interview with The Examiner, Trodden presented a new version of a July car chase involving federal agents and the District man including the revelation that the man fled a drug-related robbery and initiated a shootout with the agents.

The new version of events added significant details to the initial account. But additional questions have emerged:

» Whom did Hampton rob? And where exactly did the robbery take place?

» How many shots did the ATF agents fire? How many were fired by Hampton?

» Without a ballistics report, can the public determine Hampton took his own life, or even had a gun?

Hampton's sister Tonya Kirby said these questions needed to be answered before she could move on. Without looking at the police report, she said her family would not accept Trodden's account.

"We feel helpless," she said. "They told us whatever they wanted to tell us. We have no evidence of anything. We weren't allowed to see the report."

Trodden said Hampton returned to the District from Fairfax County, where he had robbed a drug dealer of money and marijuana. He was driving in the right–hand emergency lane on Interstate 395 when he sideswiped the agents, who rode in an unmarked rental van. Trodden said Hampton stopped, got out of the car, but jumped back into the auto and fled once the agents — who were in town for training before being deployed to Iraq — identified themselves as "police."

Hampton then sped to the Glebe Road exit, where two cars waited at a stoplight. The agents followed, and once on the ramp, Trodden said, Hampton initiated the shooting. One agent returned fire and blew out the back windshield of the car as Hampton reentered the vehicle. Hampton then nudged the two cars waiting at the light out of the way and drove north in the southbound lane of Glebe Road.

The agents chased Hampton, with a second significant exchange of gunfire occurring at the intersection of Glebe and Walter Reed Drive. Trodden said Hampton exited the car and again shot at the agents, this time disabling their vehicle. He then drove his vehicle to 13th Street with agents giving chase on foot. He entered a home, shot a tenant and eventually killed himself, Trodden said. Only one agent fired at Hampton throughout the entire incident, according to the commonwealth attorney.

Sometime during this chase, Hampton sustained two wounds to the back of his head, Trodden said. One appeared to be similar to shrapnel wound, while the other resulted from a bullet graze. Trodden said police determined Hampton died by suicide using his own gun.

Without the public release of the ballistic reports, it is impossible to confirm Hampton had a gun or committed suicide. The death certificate lists the cause of death as "pending." It is also impossible to determine how many shots the parties involved fired.

Trodden said he did not have the exact number of shots fired, but said he believed Hampton had fired more than the agents.

The "robbery" in Fairfax raises questions as well. According to the Fairfax County Police Web site, two robberies occurred on or around July 5, but none of the suspects match the description of the 5 foot 10 inch, 260-pound Hampton. Who was the victim of Hampton's robbery? Where in Fairfax did it occur?

Trodden said the crime was reported as brandishing a weapon, although no reports of this crime are listed on the Fairfax police Web site on or around July 5.

The severity of the wounds Hampton suffered on the back of his head is also unknown, as is whether he suffered wounds to his legs, as described to The Examiner by the person who prepared his body for burial.

Trodden said the neck wounds were not life-threatening and that Hampton died from a self-inflicted gun shot in his mouth. The person who prepared Hampton's body for burial said there was no exit wound.

Finally, the content of a note Hampton held against a window during the standoff remains a mystery.

Because Trodden determined the agents did not break any laws by chasing Hampton, he said the police report will not be released publicly. He added the ATF agents were not interviewed in person for the investigation. Instead, witness statements and tape recordings of the agent's statements were used.

Trodden's account confirms aspects of the incident established through a seven-month Examiner investigation, the results of which have been published from July to November. Hampton's head injuries are consistent with the pictures of the bullet-ridden, blood-spattered car he drove. Trodden confirmed the agents actively chased Hampton, even after their van was disabled.

Trodden did not determine if the agents should have chased Hampton in the first place. A few weeks after the incident, The Examiner reported that, under Federal Law Enforcement Training Guidelines, a high-speed chase would not have been allowed in this case. Arlington and Alexandria police have also said they would not have pursued Hampton.

"I did not offer any opinions" about whether guidelines were followed, Trodden said. "Criminally, they did nothing wrong."

dfrancis@dcexaminer.com

IMMIGRATION:

Minuteman Project Chief To Probe Prosecution Of 2 Border Agents Jailed For Shooting (FOX)

Fox News, February 13, 2007

The founder of the Minuteman Project may soon announce a citizens' investigation commission to look into the prosecution of two former Border Patrol agents now in prison for the nonfatal shooting of a Mexican drug runner in Texas.

Jim Gilchrist has joined the chorus of grassroots groups and lawmakers to push President Bush to pardon the two agents, Jose Compean and Ignacio Ramos. Gilchrest later on Monday may hold a press conference in El Paso to vocalize his group's concern with the case and to outline plans for the commission.

"We cannot stand idly by if border agents are railroaded, so in addition to our work of monitoring border activities, we are establishing a citizens' investigation commission to look into this Ramos/Compean situation, starting with a thorough review of the federal attorney's procedures and motivations," said Gilchrist, who started the Minuteman Project originally push for more immigration law enforcement. "We believe that federal attorney Johnny Sutton was, at the least, overzealous in his prosecution of these agents."

Investigation Underway

DOJ_NMG_0131405

Compean and Ramos are behind bars for shooting at fleeing drug dealer Osbaldo Aldrete-Davila then trying to cover up the incident. The two were convicted by a jury last year and are now serving their time at two separate federal prisons. Aldrete-Davila was given immunity for his testimony against the two agents — both of whom say they were just doing their jobs.

Gilchrist and other supporters of the two agents argue that Sutton improperly prosecuted the case and that evidence may have been withheld. Sutton, on the other hand, has maintained that there was more than enough evidence to show that the two men shot at Aldrete-Davila while he was running away from them, and that he likely did not have a weapon.

Supporters of the two ex-agents say even if the two men are guilty of these actions, they do not deserve to spend 11 and 12 years in prison. The two are currently appealing their punishment

"These men could have fled, but they didn't," Gilchrist said in a statement. "At the very least, they should be out on bail pending appeal. They certainly shouldn't be mixed in with the prisoners they or their fellow Border Patrol agents put there."

Tancredo and nearly 100 other Congress members are currently seeking a congressional pardon for Compean and Ramos, in hopes that it pushes Bush to do the same. The president has said he would review the case, once it gets sent to his desk from the Justice Department with that agency's pardon recommendations.

"Our members from around the nation are disgusted with a government which ignores its duty to secure our borders, then grants Constitutional rights to illegal non-citizens and persecutes the people who risk their lives to protect us," Gilchrist said.

Justice Department Indicts Malden Man On Immigration Fraud (MALOBV)

Malden (MA) Observer, February 13, 2007

A Malden resident and Vietnam native was indicted this week for allegedly making false statements in his naturalization application, including denying a criminal past that included child rape charges.

Anh Tam Nguyen, 45, of 343 Medford St. in Malden, was charged in an indictment with one count of unlawful procurement of naturalization. He will be arraigned in federal court on the indictment today.

The naturalized U.S. citizen, originally from Vietnam, allegedly made false written statements on a naturalization application, where he denied he had ever been charged criminally. It is alleged by the U.S. Department of Justice that Nguyen in fact had been charged in Suffolk Superior Court with, among other things, indecent assault on a child under 14 years, and assault with intent to rape a child under the age of 16.

United States Attorney Michael J. Sullivan and Bruce M. Foucart, Special Agent in Charge of Immigration and Customs Enforcement in New England, announced the indictment this week.

According to the indictment and other documents previously filed with the court, Nguyen, born in Saigon, was first admitted into this country at Los Angeles as a refugee in September 1984. The following year, Nguyen's status was adjusted to that of Lawful Permanent Resident. In June, 1996 Nguyen signed and submitted an application for Naturalization. It is alleged that, in response to a question on the application inquiring if he had ever been arrested, charged, indicted, convicted, fined or sentenced for a crime, Nguyen answered "no."

In June, 1997, Nguyen was interviewed in Boston by an Immigration and Customs Enforcement District Adjudications Officer in connection with his application. It is alleged that Nguyen responded in the negative when questioned by the Immigration Officer as to whether he had any previous criminal charges. At the end of the interview, Nguyen signed a statement that the responses he had given were truthful. Nguyen was naturalized on Sept. 17, 1997 at a ceremony in U.S. District Court in Boston.

It is alleged that Nguyen's written and oral responses to the questions regarding any previous criminal charges were false. According to Suffolk Superior Court records, Nguyen was indicted in October, 1995, and charged with indecent assault and battery on a child under the age of 14, assault with intent to rape a child under the age of 16, and rape of a child under the age of 16, among other charges. Additionally, in April of 1997, Nguyen was indicted and charged with, among other things, assault and battery with intent to commit rape, and indecent assault and battery on a person who had attained the age of 14. The 1995 charges were pending when Nguyen signed his naturalization application, and the 1995 and 1997 charges were pending when he had his naturalization interview.

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On Sept. 26, 1997, nine days after being naturalized, Nguyen went to trial in Suffolk Superior Court and was convicted on two charges -- indecent assault and battery on a person who had attained the age of 14, and assault and battery. He was sentenced to three to four years, to be followed by two years of probation. In April, 1998, Nguyen pleaded guilty to the October, 1995 charges of indecent assault and battery, and was sentenced to an additional two years of probation.

Had Nguyen responded truthfully on his application and during his interview for naturalization, he would not have been eligible for naturalization, according to the Justice Department.

If convicted, Nguyen faces a maximum sentence of 10 years in prison, to be followed by up to three years of supervised release, and a $250,000 fine. He also faces losing his U.S. citizenship and possible deportation to his native Vietnam.

The case was investigated by Immigration and Customs Enforcement, with assistance from the Malden Police Department. It is being prosecuted by Assistant U.S. Attorney Timothy Feeley in Sullivan's Major Crimes Unit.

TAX:

Financial Firms Try To Lure Tax Refunds (USAT)

By Kathy Chu

USA Today, February 13, 2007

Financial firms are stepping up their efforts to capture money from tax refunds, hoping to capitalize on a new option that lets you have the IRS directly deposit your refund in up to three accounts.

Citibank, Wells Fargo and Countrywide Bank, among others, are urging taxpayers to take advantage of the change this year to deposit at least part of their refund into a savings or individual retirement account.

The advice to save — rather than spend — your tax refund isn't new. But the firms hope for a warmer reception from investors this year because of the policy change. Previously, taxpayers could have their refunds directly deposited into only one account.

Because of that limitation, "People would put their tax refund into their checking account, and they may or may not have saved that," says Jeff Pearlberg of Citibank. "When you're allowed to do a split refund, what you're doing is telling people to pick a savings account."

The marketing efforts come as a rising number of taxpayers arrange for their refunds to be deposited directly into their bank accounts, rather than mailed to them. For the 2005 tax year, $149.2 billion in refunds were directly deposited — more than double the level of five years ago — the IRS says.

In its branches, Citibank is pitching a no-fee IRA for tax refunds. Wells Fargo tells investors online to "put your tax refund to work" by depositing it into a bank IRA. Countrywide urges taxpayers to consider its menu of savings products.

Those who decide to have their refund directly deposited should be sure, though, that the money is going into the most appropriate investment product.

With an IRA, "You have to look at where you want to open it, what kind of investment options the (company) has," says Ed Slott, an accountant in Rockville Centre, N.Y. "I would never open an account just off a marketing pitch."

Taxpayers should also be aware that while the IRS gives them until April 17 to make an IRA contribution and deduct it for the 2006 tax year, some banks don't go along. Citibank, for instance, will credit refunds that are directly deposited this year into its IRAs only for the 2007 tax year.

Slott also notes that those who delay filing their returns this year could run into trouble claiming an IRA deduction. They might, for example, claim a deduction with the intention of having their refund deposited directly into a traditional IRA by April 17. The problem, Slott says, is if their refund arrives late. Then they'd have to reverse the deduction and pay any tax owed.

That's why, "If you're filing paper returns, don't do it past March 1, and if you electronically file," don't take much longer, to be sure the refund is deposited on time, he adds.

House Panel Approves $1.3B In Tax Breaks (AP)

By Jim Kuhnhenn

DOJ_NMG_0131407

AP, February 13, 2007

It's not like a business group to oppose the largest possible tax breaks for its members. But when it comes to sweetening a minimum wage bill with small business tax relief, the U.S. Chamber of Commerce is backing a House proposal that is a fraction of the size of a tax package passed by the Senate.

The House legislation, approved Monday by the House Ways and Means Committee on a bipartisan voice vote, would extend business tax credits and increase the amount of capital spending that a business can write off. It also would give restaurants a break on how to calculate deductions for Social Security taxes paid on tips.

According to congressional estimates, the House tax cuts would cost the Treasury $1.3 billion in lost revenue over 10 years. The tax cuts in the Senate bill, approved two weeks ago, would cost $8.3 billion over 10 years.

At issue for the chamber is how the new Democratic-run Congress will make up for that lost revenue. The Senate bill would eliminate tax loopholes, place restrictions on deferred compensation for corporate executives and eliminate deductions for payments in lawsuits — provisions opposed by big business.

House tax writers paid for their bill, in part, by eliminating a loophole that encouraged the wealthy to shift income to their dependent children to avoid higher capital gains and dividend taxes.

"The business community ... appreciates the restraint you exercised in omitting onerous permanent tax increases from the package," the chamber's top lobbyist, Bruce Josten, wrote to Ways and Means Chairman Charles Rangel, D-N.Y., and Rep. Jim McCrery of Louisiana, the committee's ranking Republican.

House action could come as early as Wednesday and the bill is expected to pass with considerable bipartisan support. That would set the stage for negotiations with the Senate.

The irony of the chamber's support of the House bill was not lost on Democrats. The chamber tends to support Republicans over Democrats, and Republicans last year warned that a Democratic victory would result in higher taxes, not tax cuts.

"Who would have thought we'd have an endorsement letter from the Chamber of Commerce on our first bill, " said Rep. Bill Pascrell, D-N.J., a member of the Ways and Means Committee. "Try us, you might like us."

Chamber support for the House bill, coupled with pressure from labor unions on Democrats to keep the tax package small, means the final House-Senate compromise could be closer to the House version. That means a tax break and minimum wage package could then make its way to President Bush's desk for his signature.

The House and Senate have both approved raising the minimum wage from $5.15 to $7.25 over two years. The bill had been held up over a reluctance by House Democrats to attach tax cuts tot he legislation.

"This looks like it's going to break the logjam," said Bill Samuel, legislative director for the AFL-CIO. He said he hoped that when Rangel and Senate Finance Committee Chairman Max Baucus, D-Mont., reconcile differences in the two bills they would "be pushing for as small a package as possible."

Senate Democrats have said tax breaks need to be coupled with the wage hike to win enough Republican support to overcome procedural tactics that could kill the minimum wage legislation. It takes 60 votes in the 100-member Senate to leap hurdles such as a filibuster. There are 49 Republicans in the Senate, a number that gives them a considerable voice on legislation.

Small business groups were unhappy with the House bill and insisted on a package closer to the Senate version.

"We're hopeful the package will move toward the cuts in the Senate," said Dan Danner, senior vice president for public policy at the National Federation of Independent Business.

If Congress adopts tax breaks closer to the House bill, business groups said they still expect future tax measures to contain the revenue-producing features in the Senate bill.

One of the biggest challenges facing House and Senate tax writers is fixing the alternative minimum tax, a feature of the tax code designed to guarantee that wealthy taxpayers don't avoid taxes altogether. But the AMT is not adjusted for inflation and its net has been catching more middle-income taxpayers. Fixing it would cost billions of dollars.

"I imagine those revenue raisers will come up again," said Ashley Miller, a lobbyist for the Chamber of Commerce.

DOJ_NMG_0131408

House Wage Bill Gets Tax Breaks (WP)

By Lori Montgomery

The Washington Post, February 13, 2007

The House Ways and Means Committee yesterday approved a modest package of tax breaks for restaurants and small businesses that would be affected by an increase in the federal minimum wage, breaking a logjam with the Senate that has delayed passage of one of the Democrats' top legislative priorities.

By a voice vote, the committee agreed to expand and extend a handful of tax credits and deductions worth $1.3 billion over 10 years. Those provisions would be offset by adjustments to the tax code that would raise a similar amount. The full House is expected to vote on the measure later this week, Democratic aides said.

The House tax package is far less generous than an $8.3 billion package approved by the Senate this month under pressure from that chamber's Republicans, who refused to support a minimum-wage increase unless it included tax relief for small businesses. Senate leaders yesterday said they were hopeful that differences between the two chambers would be worked out. With both houses now willing to go along with tax breaks, congressional aides said it was just a matter of resolving the details.

"The bottom line is, it's moving in the right direction," said Don Stewart, spokesman for Senate Minority Leader Mitch McConnell (R-Ky.). "Everyone recognizes we have to help both the employees and the employers who hire them. I think that's clear in both parties and in both chambers."

As recently as two weeks ago, Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.) and other House leaders had insisted that the Senate approve the first increase in the minimum wage in nearly a decade without tacking on a batch of small business tax breaks. After six years of tax cuts from the Bush administration, House Democrats argued, businesses needed no additional help. Meanwhile, they said, the value of the minimum wage, when adjusted for inflation, had fallen to its lowest point in 50 years and should quickly be increased from $5.15 an hour to $7.25.

However, the push to approve such a bill failed in the Senate, which instead overwhelmingly approved the wage hike with tax relief. House leaders quickly reconsidered their hard-line stance, and Rangel and the ranking Republican on Ways and Means, Jim McCrery of Louisiana, introduced their own tax package late last week.

Yesterday, after less than 30 minutes of discussion, the committee unanimously approved the package. It would extend for one year a tax credit for employers who hire former welfare recipients, at-risk youth and other targeted groups. Like the Senate bill, the House measure would expand the credit to apply to military veterans. The bill would also extend for one year a law that allows small businesses to quickly deduct $112,000 for equipment purchases, and would raise the deduction amount to $125,000.

The House bill would also adjust a tax credit paid to restaurant owners whose workers earn more than the minimum wage when cash tips are counted. That change would ensure that restaurant owners continue to receive the same tax benefit after a higher minimum wage is enacted.

To pay for the changes, the House bill would prohibit dependent children who do not support themselves from claiming the lowest tax rate for capital gains and dividends. That measure is aimed at preventing wealthy taxpayers from sheltering income from taxation by shifting it to their children. And the bill would require businesses with assets over $1 billion to pay more in estimated taxes in 2012, though all the excess payments would be returned to them in 2013. The temporary bump in revenue would cover the cost of the tax breaks through their most expensive period.

In a statement, McCrery called the package "a better balance of targeted tax relief and sensible offsets than the Senate has approved," adding that he had "serious concerns" about the Senate's proposal to impose new limits on deferred-compensation plans, one of the most popular executive benefits in corporate America. The House bill omits those limits.

CONGRESS-ADMINISTRATION:

Bush Pitches Free-Trade Policies (WP/AP)

By Jeannine Aversa

DOJ_NMG_0131409

The Washington Post, February 13, 2007

WASHINGTON -- Free-trade policies that make it easier for U.S. companies to sell their products are important to the economy's vitality, President Bush said Monday as he projected a year of good _ though somewhat slower _ economic growth.

Bush, in his annual economic report to Congress, made a fresh pitch for breaking down trade barriers and energizing global trade talks. He also called on Congress to extend his authority to negotiate free-trade deals, a request likely to face an uphill battle in the Democratic-controlled Congress.

"This authority is essential to completing good trade agreements," Bush wrote in the introduction to the report. "The Congress must renew it if we are to improve our competitiveness in the global economy."

With the United States racking up record trade deficits and facing intense competition from rapidly growing China and India, global trade tensions have intensified.

Democrats blame Bush's free-trade policies for contributing to the trade deficit, costing U.S. factories jobs and exposing U.S. workers to unfair competition from low-wage countries.

"We need to shift focus so that working Americans start to feel as good about our changing economy as those at the very top do," said Sen. Charles Schumer, D-N.Y.

Against that backdrop, Bush faces a daunting challenge in getting Congress to renew the Trade Promotion Authority, also known as fast-track authority. It lets the president negotiate trade deals that Congress must approve without amendments. That authority expires on July 1.

"Further trade liberalization, particularly in services, could bring even larger gains to American consumers, firms and workers," according to the report.

The Bush administration argues that the way to deal with the trade deficit is through free-trade policies that make it easier for U.S. companies to do business abroad. Getting China to move to a more flexible currency system, another administration goal, also would help U.S. exporters.

A technical chapter in the president's economic report dealt with currency markets and exchange rates. It mentioned that "economic theory does not dictate a clear preference" between two different monetary policy tools countries may use to influence economic activity. One way is for a country's central bank to set short-term interest rates; another way is to rely on linking the value of the country's exchange rate to another currency.

Asked how this squares with the administration's policy regarding China's currency practices, Edward Lazear, chairman of the White House's Council of Economic Advisers, said the chapter aimed to be an academic discussion on how currency markets function, not a message about appropriate exchange rate policy, which is left to the president and Treasury Secretary Henry Paulson, he said.

Critics contend that China is keeping its currency artificially low, giving Chinese companies a big trade advantage over U.S. companies. The United States has a record $202 billion trade deficit with China alone, the greatest ever with a single country.

Irked by China's currency and trade policies, some Democrats and Republicans in Congress want to impose hefty tariffs on Chinese made goods flowing into the United States.

On other matters, Bush also talked about restraining growth in Medicare and Medicaid and the need to financially shore up Social Security as a wave of retiring baby boomers will place massive strains on the government's resources.

And, he promoted his plan to balance the budget while not raising taxes.

Bush, in a budget plan sent to Congress last week, proposed balancing the budget by 2012, three years after he has left office. That would be done by spending restraints. Bush's plan would make his first-term tax cuts permanent, which the administration says is key to maintaining economic growth.

Democrats charged that the president's budget plan works only on paper and that it is based on overly optimistic assumptions about how much revenue the economy will generate and leaves out expensive items, such as further war costs after 2009.

On immigration, the report said that "effective immigration policy can curtail illegal immigration and at the same time promote America's national and economic interests."

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Looking back on last year, Bush said the economy turned in a solid performance despite the ill effects of the residential real estate bust.

The economy grew by 3.4 percent last year, as measured by gross domestic product from the fourth quarter of 2005 to the fourth quarter of 2006.

The president's report projects that economic growth will slow to 2.9 percent this year, reflecting lingering fallout from the housing slump. Next year growth will pick up, with the economy expanding by 3.1 percent.

The nation's unemployment rate, which averaged a six-year low of 4.6 percent in 2006, should hold steady at that rate this year and then edge up to 4.8 percent in 2008, the White House estimates.

Inflation, as measured by the Consumer Price Index, is expected to edge up 2.6 percent both this year and next. Last year, consumer prices rose by 2.5 percent, the smallest increase in three years. The improvement came as once-surging energy prices calmed down.

Bush's Economic Advisers Call For Lower Taxes And Freer Trade (NYT)

By Edmund L. Andrews

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — The Bush administration reveled in the economy's continued expansion on Monday, as the president's advisers stepped up their calls for freer trade, lower taxes and a continued openness to immigration.

In a buoyant annual report, President Bush's Council of Economic Advisers said the economy was poised to keep growing at a solid 3 percent a year, that unemployment would remain below 5 percent and that rising productivity would allow higher wages without higher inflation.

"I would say right now that we're pretty close to hitting it right on the head," Edward P. Lazear, chairman of the Council of Economic Advisers, said.

The optimistic outlook came at a time when the economy's broad indicators have been surprisingly favorable. Real wages rose faster than inflation last year and unemployment remains low, at 4.6 percent. Consumers continue to spend at a healthy clip and inflation has ebbed, in part because oil prices have declined sharply from last summer.

But the report set up a clash with Democrats and even some Republicans in Congress, by putting its emphasis on increasing investment and globalization rather than on cushioning workers from the disruptions of foreign trade and corporate overhauls.

In addition to calling for an extension of Mr. Bush's tax cuts, which are set to expire at the end of 2010, the report floated ideas for further reducing taxes on corporate dividends, reducing corporate tax rates and letting companies immediately deduct all their costs for new equipment and infrastructure.

"One of the biggest misconceptions about pro-growth tax policy is that reducing the statutory corporate tax rate only benefits corporations," the report declared. "Ultimately, reducing corporate taxes benefits labor through higher wages and benefits, and capital owners through higher after-tax returns."

The report praised globalization, brushing aside criticisms from many lawmakers in Congress about the loss of manufacturing jobs in this country or from many economists about the nation's rapidly expanding foreign indebtedness.

"Engagement in the global economy through increased trade has contributed to rising average living standards in the United States," it said. Anticipating a clash over trade with Democratic leaders, it called for Congress to extend the president's authority to negotiate trade agreements under fast-track procedures, which allow Congress to approve or reject a trade deal but not to make any amendments.

It defended the importance of foreign investment in the United States, saying that "access to international financial markets tends to lower borrowing costs and enable a country to increase capital investment without increasing domestic savings."

It also defended the freedom of American companies to shift some or all of their work overseas — a practice that lawmakers in both parties have attacked as outsourcing American jobs.

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"When U.S. companies expand their employment abroad, they also tend to expand domestically," the report said. It cited studies, which it did not identify, estimating that each additional dollar of foreign capital spending is associated with $3.50 of additional domestic capital spending.

Democrats wasted little time criticizing the report.

"We can't just put on a happy face and cross our fingers that wages will grow, trade deficits will shrink, savings rates will rise and health care costs will slow," said Senator Charles E. Schumer of New York, chairman of the Joint Economic Committee. "We need to shift focus so that working Americans start to feel as good about our changing economy as those at the very top do."

Democrats plan to highlight what they see as the economy's dark side later this week, when the chairman of the Federal Reserve, Ben S. Bernanke, delivers his semiannual report on the economy.

Representative Barney Frank, chairman of the House Financial Services Committee, has scheduled a follow-up hearing for Friday with economists who argue that the current economy is much worse than the overall numbers indicate.

In a curious omission, the White House advisers barely mentioned the biggest and most immediate tax issue confronting both President Bush and Congress: the alternative minimum tax, a parallel tax that was originally aimed at millionaires but will engulf 20 million households this year if it is not changed.

Mr. Bush and Democrats alike want to repeal the A.M.T., a change that would cost $70 billion in 2007 and more than $1 trillion over the next decade. In 2004, Mr. Bush hoped to address the issue as part of a sweeping overhaul of the tax code.

At the time, Mr. Lazear served on Mr. Bush's advisory panel on tax changes, but the panel's recommendations were ignored as soon they were made.

On Monday, Mr. Lazear said the report stayed away from the alternative minimum tax because it was tangential to his main focus on increasing productivity.

U.S. May Be Losing Its Appeal To Foreign Investors, Report Warns (WSJ)

By Greg Ip

The Wall Street Journal, February 13, 2007

There are troubling signs the U.S. may be losing its traditional appeal as a destination for foreign investment, the White House says, a veiled warning to legislators now contemplating tighter controls over such investment.

This year's Economic Report of the President, released Monday, says foreign investment in the U.S. has numerous benefits: foreign-owned firms in the U.S. pay higher wages, invest more in research and development, and export more than purely domestic firms, on average. Moreover, foreign direct investment (FDI) helps modernize U.S. plant and equipment and finance the U.S.' large trade deficits, it says. (Read the full report1)

"Recently, however, some trends have developed with respect to FDI in the United States that may be cause for concern," says the report, prepared each year by the president's Council of Economic Advisers.

While the share of U.S. output accounted for by foreign-owned firms has grown over the last two decades, "it has stagnated and even declined in recent years." In addition, foreign-owned firms' share of employment has declined, from 5.1% in 2000 to 4.7% in 2004. Finally, foreign direct investment's share of all foreign investment in the U.S. has declined since 1999; the balance is primarily "portfolio" investment such as stocks, bonds and bank deposits.

The report says it isn't clear whether "these are benign and temporary trends or whether this development is symptomatic of deeper issues with respect to the attractiveness of the United States as a country in which to make direct investment."

While the report doesn't elaborate on what those deeper issues may be, administration officials have worried that foreign investors could shun the U.S. in the wake of public and congressional hostility to foreign investment, in particular since the Sept. 11, 2001 terrorist attacks have elevated national security over economic efficiency considerations in many economic matters. A 2005 bid by Dubai Ports World to manage six U.S. ports was ultimately abandoned last year in the face of congressional opposition. Congress now proposes tightening the process by which the administration's secretive Committee on Foreign Investment in the United States approves foreign takeovers of U.S. companies.

While the Dubai Ports controversy is too recent to be reflected in the data cited by the Economic Report of the President, administration officials say that and several similar events could threaten foreign investment flows. Deputy Treasury Secretary

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Robert Kimmitt, in a speech delivered Monday in Frankfurt, said the recent focus on CFIUS has "raised questions in the minds of global investors about whether the doors to foreign investment remain open both in Europe and in the United States."

Last week, Treasury Assistant Secretary Clay Lowery warned Congress that foreign investors will be closely watching the current debate over CFIUS. Investment controversies, foreign barriers to investment and "increasingly negative media coverage of the U.S. investment climate, underscore the need to improve and reform the CFIUS process. It is also important to note that our actions to reform CFIUS are and will continue to be closely watched."

Still, the report's emphasis on the benefits of foreign investment didn't get a receptive ear from Democrats. The report "pays lip service to the … anxiety and sense of insecurity that many Americans feel in the face of growing international competition," New York Senator Charles Schumer, chairman of the Joint Economic Committee of Congress, said in a news release. "It does not talk about the kinds of policies that will be necessary to reassure the average American family that it can expect to share in the benefits of more open international markets."

This Expansion Looks Familiar (NYT)

By Eduardo Porter And Jeremy W. Peters

The New York Times, February 13, 2007

It is five years into an economic expansion and most Americans are still waiting for their share. Inflation is swallowing pay raises. Businesses are hiring, but forecasters worry that the economy may be about to stall.

"If this is a recovery," the leader of the political opposition complains, "I can hardly wait for the recession."

This may sound like the stuff of today's headlines. But it comes from 1996, when Bill Clinton was president and his rival was Bob Dole, the Republican nominee. The economic expansion in question, which got off to a sputtering start in March 1991, was to become the longest period of uninterrupted growth in the nation's history.

Now, a little more than five years into an expansion that officially started in November 2001, the economy is showing remarkable parallels to the situation of a decade ago. "It's striking how similar they are," said Robert J. Gordon, an economics professor at Northwestern University.

The overall rate of growth has followed a trajectory almost identical to the first five years of the 1990s expansion. Now, as then, corporate profits have surged; the stock market has, too. But just as workers have finally begun to reap some of the spoils of a growing economy, many forecasters worry — as they did a decade earlier — that the expansion is running out of steam.

What is striking, considering these similarities, is how little effect the policy choices of Democratic and Republican administrations seem to have had on how both growth cycles played out.

Few economic forecasters expect the current growth cycle to have the length and vigor of the 1990s boom, which continued for 10 years from trough to peak.

Yet fewer still expected strong growth in the mid-1990s. In early 1996, forecasters polled by the Federal Reserve Bank of Philadelphia predicted that the economy would grow merely 1.8 percent that year. The economy ended up growing at twice that pace.

Average Americans were more pessimistic then than they are now. According to Gallup's most recent snapshot of public opinion, last month 52 percent of Americans rated economic conditions as either excellent or good. In May 1996, at a similar moment in the previous expansion, only 30 percent did so.

"Consumers don't expect a slowing economy," said Richard T. Curtin, who heads the surveys of consumers at the University of Michigan. "According to consumers, we are going to improve."

Given the parallels, perhaps it is not surprising that the economy is providing the same sort of political ammunition as it did 10 years ago.

"Profits are up for our companies, but where are the wage increases?" asked Senator Hillary Rodham Clinton, in an online conversation with voters last month, after announcing that she intends to run for president. "Where are the, you know, the benefits that should accrue to hard-working Americans?"

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Wage increases have, indeed, been slow in coming. In December, 61 months after the economy started to grow, the wages of production and other nonmanagement workers were barely 1.7 percent higher, after inflation, than when the economy hit bottom in November 2001. Most of those gains came in the last few months.

But many people have forgotten that, initially, the expansion of the 1990s was also called a "jobless recovery," and then a "joyless" one, when employment started growing but real wages did not. In April 1996, 61 months into that growth cycle, the hourly wages of nonmanagement workers were actually worth 0.4 percent less, after inflation, than when the expansion began.

"Now this is a real economic slowdown," Mr. Dole said on a campaign stop in Florida in October of that year. "And I might say, it's disastrous news for American workers and businesses and even worse news for low- and moderate-income Americans who have been squeezed and squeezed and squeezed by lower wages and higher taxes in this administration."

Advocates on each side insist that government policy was crucial to steering the economy. Gene B. Sperling, a former economic adviser to Mr. Clinton, argued that his administration's efforts to cut the budget deficit were instrumental in bringing down interest rates and improving investors' confidence in the economy.

By contrast, Edward P. Lazear, President Bush's chief economic adviser, argued that the tax cuts enacted by the Bush administration in 2003 deserve some credit for the current expansion. "They had a fundamental impact on investment," Mr. Lazear said. "There was an abrupt turnaround at the point when those tax cuts were put into effect."

But even Mr. Lazear conceded that the role of policy in driving the economy can be overstated. "Neither President Clinton nor President Bush fundamentally altered the structure of the American economy," he said. "This is a pretty healthy economy where the private market is most of what is going on."

There are substantial differences, of course, in the nature of the two expansions. The early '90s were characterized by a building bust; the current one has been supported by a housing bubble. The boom of the second half of the 1990s was underpinned by an Internet-driven investment bubble, but most technology stocks today are far below their earlier highs.

"In both situations we had overinvestment, now in housing, then in fiber optics," said Joseph E. Stiglitz, a professor of economics at Columbia who was Mr. Clinton's chief economic adviser from 1995 to 1997.

Mr. Bush and Mr. Clinton had very different economic priorities and will leave very different economic legacies. Mr. Clinton increased the top marginal tax rate to 39.6 percent, from 31 percent, and closed the budget deficit. President Bush cut tax rates back to 35 percent, and the deficit reappeared.

Corporate profits have swollen twice as fast, as a share of the economy, in the first five years of this expansion, under Mr. Bush, as in the same period of the previous one.

Still, policy has had less effect on the distribution of the rewards of growth than the stated goals of Democrats and Republicans would suggest.

Indeed, the share of the economy devoted to workers' compensation shrank as much in the first five years of the 1990s expansion — to 56.3 percent, from 57.7 percent, of gross domestic product — as in the most recent five years, when it fell to 56.6 percent, from 58.1 percent.

The decline underscores the powerful impact of globalization and technological change on the American economy over the last three decades, putting strong downward pressure on production workers' wages regardless of who occupies the White House.

No one knows how this expansion will end. In the 1990s, nearly all the gains for ordinary Americans occurred in the second half of the decade. Comparing the current point in the economic cycle with the same moment a decade ago is something like predicting the outcome of a baseball game in the sixth inning.

"If we conjecture another five years of the current expansion, I think it's going to be another surprise," said Professor Gordon of Northwestern. "We had a good surprise in the '90s, but this time I think we're in for a series of bad surprises."

One ingredient that helped drive the 1990s expansion is missing today: the explosion of productivity that took off in the mid-'90s and lasted for more than a decade, when the investments that firms began to make in technology in the 1980s started to pay off.

"It's kind of hard to point to anything like that now," said Ken Matheny, senior economist at Macroeconomic Advisers. "It's difficult to say that we're about to have another productivity and investment boom as we saw in the late '90s."

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Productivity grew by 3 percent in the last quarter of 2006. Still, for the full year, it grew only 2.1 percent, which is the slowest since 1997.

Even as growth has remained on a remarkably similar path in both decades, administration critics say that President Bush's policies have weakened the economy's longer-term prospects.

Professor Stiglitz argued that the Bush tax cuts, aimed mostly at the wealthy, opened a big hole in the budget and provided little stimulus to the economy. This forced the Federal Reserve to push interest rates very low to keep the economy afloat, he said, creating a bubble in housing.

Under a more effective fiscal policy, Professor Stiglitz said, "growth would be more broadly based and less of the economy would depend on real estate."

Mr. Sperling suggested that the mushrooming of the nation's trade imbalance and the reappearance of large budget deficits have not caused more damage to the economy because money flooding into the United States from China and elsewhere has kept long-term interest rates low, underpinning investment and consumption. That support, he suggested, will eventually dry up.

"We are in a moment where excess savings are coming from India and China, so perhaps it is a moment in which fiscal irresponsibility won't have as negative short-term consequences," Mr. Sperling said. "But it has increased the risk factor in the economy. It is still poor long-term policy."

Meanwhile, the housing bubble has turned to bust, dragging residential investment down. Overall growth has been little affected so far, but many economists still expect household finances to weaken, cutting into consumer spending, the main bulwark of economic growth.

"Maybe we dodged a bullet, but you don't know," said Jeffrey A. Frankel, an economics professor at Harvard.

The economy seems to be getting a second wind, though, and other economists are more sanguine. "This expansion still has legs," said Bernard Baumohl, managing director of the Economic Outlook Group.

If anything, he added, the biggest danger to the economy is that growth takes off again, so quickly that the Fed feels compelled to raise interest rates sharply to keep inflation at bay.

"Usually in the past, the Fed overdoes it," Mr. Baumohl said. If it does so again, "that would be the end of this cycle."

U.S. Ran Budget Surplus In January (WSJ)

By Benton Ives-halperin And Campion Walsh

The Wall Street Journal, February 13, 2007

WASHINGTON -- The U.S. federal government ran a January budget surplus of $38.24 billion, up 82% from the year-earlier monthly surplus as tax receipts and outlays both set records, the Treasury Department said Monday.

Treasury's monthly budget statement shows receipts were $260.61 billion last month, up 13% from a year earlier and a record for the month of January. Meanwhile, outlays were $222.37 billion, also a record for the month and up 6.4% from a year earlier.

The January surplus came in below than the Congressional Budget Office's estimate of a $40 billion surfeit during the month. "January tends to be a favorable month for the budget because one of the estimated tax payments for individuals is due in January, and some outlays for salaries and benefits shift into December because Jan. 1 is a holiday," according to CBO.

The Treasury on Monday revised December's surplus down to $41.96 billion, from a previously reported $44.54 billion. The Treasury estimates the U.S. government ran a budget deficit for the first four months of fiscal 2007 of $42.17 billion, down 57% from the same period last year. The 2007 fiscal year began Oct. 1, 2006.

In fiscal 2006 the full-year deficit fell 22% to $248.20 billion, marking the second-straight year of declining deficits. For the first four months of fiscal 2007, growth of federal government receipts have increased faster than outlays.

In the October-January period, receipts total $834.14 billion, up 9.7% from for the same period in fiscal 2006. Outlays so far this fiscal year total $876.30 billion, up 2.1% from the same period a year ago.

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Individual income tax receipts total $405.29 billion in fiscal 2007 through January, up 13% from the same period a year earlier. Meanwhile, corporate income tax receipts in the October-January period were $109.71 billion, up 22% from the year-earlier period.

The government paid $18.40 billion in net interest last month on the federal debt. Net interest on the federal debt excludes interest paid on nonmarketable government securities held by federal trust funds, such as Social Security.

The Treasury said it plans to release budget data for February on March 12.

Deficit Dips 57% From Same Time Last Year (USAT)

USA Today, February 13, 2007

Record tax collections reduced the federal deficit by more than half during the first four months of the fiscal year compared with the same period a year ago, the Treasury Department reported Monday. The four-month deficit for the budget year that began Oct. 1 totaled $42.2 billion, down 57.2% from the same period in fiscal 2006. Revenues were up 9.7%, climbing to $834.1 billion, a record for the period from October through January. Government spending was up only 2.1%, but set a record for the period at $876.3 billion.

The government ran a surplus in January, spending $222.4 billion while collecting $260.6 billion.

The Congressional Budget Office expects the full-year deficit will be about $200 billion, down from $247.7 billion in fiscal 2006. That was the lowest in four years.

McCain says Iraq could see Tet-like attack

Republican presidential hopeful John McCain said he fears an offensive by Iraqi insurgents similar to the Tet Offensive by the Viet Cong that sent U.S. casualties soaring in Vietnam nearly 40 years ago. McCain said a large-scale offensive in Iraq could "switch American public opinion the way that the Tet Offensive did."

McCain, who spent more than five years as a prisoner of war in Vietnam, said it's not the U.S. presence in Iraq that upsets voters but rather the number of casualties. The U.S. death toll is more than 3,100.

McCain is one of the strongest proponents of President Bush's plan to increase the number of U.S. troops in Iraq by about 21,500.

Bush adviser won't testify on fuel plan

The White House is resisting a congressional request for an economic adviser to President Bush to testify about the administration's plan to upgrade the federal fuel-efficiency requirements for new passenger cars.

House Energy and Commerce Committee Chairman John Dingell, D-Mich., wants Al Hubbard, director of the National Economic Council, to testify.

White House spokeswoman Dana Perino said there's a long-standing policy that members of the president's personal staff don't testify before Congress, but "we'll continue to work with the committee to see what we can work out."

Oil Price, Home Default Woes Slam Stocks (BLOOM)

Bloomberg, February 13, 2007

NEW YORK — Stocks extended their worst weekly decline since December Monday as lower oil prices and rising homeowner defaults contributed to a sell-off in energy and real estate shares.

ExxonMobil dropped to its lowest point in a month after crude fell below $58 a barrel. Simon Property, Boston Properties and Kimco Realty fell for a third-consecutive session on renewed concern that interest rates may increase later this year. Energy companies make up 9.7% of the benchmark Standard & Poor's 500 index by value. Analysts expect the group's earnings to fall this quarter as oil's 5.3% slump in 2007 erodes the companies' profit margins.

"Our expectation has been for about a plus 5% to plus 6% growth rate in earnings on the S&P 500" in 2007, says Craig Hester, president of Hester Capital Management. "That's a fairly dramatic slowdown from last year. It will cause the market to not have as good of returns this year as we've experienced the last few years."

All three major U.S. stock indexes retreated for a third session. The S&P 500 fell 4.69 points, or 0.3%, to 1433.37 after slipping 0.7% last week. The Dow Jones industrials fell 28.28 points, or 0.2%, to 12,552.55. The Nasdaq composite lost 9.44 points, or 0.4%, to 2450.38.

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Crude declined $2.08, or 3.5%, to $57.81 a barrel after Saudi Arabia told Asian refiners to expect more shipments next month, and the nation's oil minister said OPEC doesn't need to rein in production. Exxon, the world's biggest oil company, fell 62 cents to $74.60. ConocoPhillips, the No. 3 U.S. oil company, retreated 96 cents to $66.03.

Real estate stocks slumped for a third session, sliding 2.2%. The shares had led the S&P 500 higher this year on speculation that takeovers will increase after Blackstone Group agreed to buy Sam Zell's Equity Office Properties Trust for $23 billion. Simon, the largest U.S. mall developer, retreated $2.47 to $114.91. Boston Properties lost $3.54 to $123.50. Kimco slid $1.16 to $50.72. Home builders dropped for a sixth-consecutive day, the longest losing streak since November. D.R. Horton, the No. 2 U.S. builder, fell 72 cents to $27.33. Pulte Homes slipped 32 cents to $31.88.

Concern that mortgage defaults may increase was sparked last week by London-based HSBC's announcement that it set aside more provisions for bad loans than analysts expected because bad home loans in the USA rose. St. Louis Fed President William Poole also noted defaults in loans to risky borrowers and signaled rates may head higher.

Stocks Slide On Cautious Trading Ahead Of Week's Economic Reports (WP/AP)

The Washington Post, February 13, 2007

NEW YORK, Feb. 12 -- Wall Street extended its losses Monday as investors awaited important economic data this week and were disappointed by the collapse of several proposed acquisitions.

The Dow Jones industrial average fell 28.28, or 0.22 percent, to 12,552.55. The Standard & Poor's 500-stock index was down 4.69, or 0.33 percent, at 1433.37, and the Nasdaq composite index retreated 9.44, or 0.38 percent, to 2450.38.

The markets traded cautiously ahead of Federal Reserve Chairman Ben S. Bernanke's scheduled testimony before Congress on Wednesday. Government data due Friday should shed light on wholesale inflation and the state of the housing market.

Unlike recent Mondays, there was a dearth of acquisition announcements to give the market a lift. Instead, the Nasdaq Stock Market failed in its bid to buy the London Stock Exchange, and Sanofi-Aventis, a French drugmaker, called off talks for a possible deal with Bristol-Myers Squibb.

Wall Street fell last week on concerns about higher oil prices and the possibility that inflation could lead to higher interest rates. With fourth-quarter earnings reports nearly completed, investors have traded hesitantly as they waited for some kind of catalyst to give them direction.

Movers

Exxon Mobil fell 62 cents, to $74.60, on falling oil prices.

ConocoPhillips was off 96 cents, at $66.

Chevron declined $1, to $72.32.

Nasdaq fell $2.10, to $35.10, after London Stock Exchange shareholders did not approve its bid to acquire the British bourse.

Bristol- Myers tumbled 93 cents, to $27.59, after the report on the Sanofi-Aventis deal.

Home Depot rose 44 cents, to $41.44, after it said it was considering shedding its division that serves contractors, home builders and other business customers.

Apple rose $1.61, to $84.88, after it was upgraded by a Citigroup analyst.

Bayer rose 62 cents, to $58.45, on good news about a possible treatment for liver cancer.

Novelis, an aluminum producer, rose $5.13, to $43.67, after it agreed to be bought by India's Hindalco Industries.

The Bernanke Blues Leave Stock Prices Seeing Red (WSJ)

By E.s. Browning

The Wall Street Journal, February 13, 2007

The stock market has a case of the Bernanke blues.

Federal Reserve Chairman Ben Bernanke gives his twice-yearly testimony to the Senate Banking Committee tomorrow and to the House Financial Services Committee the next day. Investors fear he will comment on the economy's strength, feeding fears that the Fed eventually will try to cool the economy off by raising its target short-term interest rate.

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Higher rates typically hurt stocks by raising borrowing costs for companies and consumers, stifling business.

The Dow Jones Industrial Average fell 28.28 points, or 0.22%, to 12552.55. It is up less than 1% this year, but still is only about 121 points below its record close, 12673.68, hit Feb. 1.

"The big story now is interest rates. People are concerned that the Fed may have to raise interest rates because the economy is heating up," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co.

With the Dow industrials up 16% last year, some investors have been selling a bit, to bank some profits.

The interest-rate worries overshadowed the $2.08 drop in oil futures to $57.81 a barrel, the biggest one-day decline in a month -- good news for most stocks.

Saudi Arabia's oil minister said the Organization of Petroleum Exporting Countries may not cut production next month after all.

But the news didn't help the broader market much. It did drive down oil-company stocks, contributing to market weakness.

Bond yields rose, sending bond prices down, on fears that any Fed move could push up a broad variety of interest rates.

The Standard & Poor's 500-stock index fell 0.33%, or 4.69 points, to 1433.37, up 1.1% in 2007. The Nasdaq Composite Index declined 0.38%, or 9.44 points, to 2450.38, still up 1.5% this year.

The Dow Jones Transportation Average, down last week, rebounded on lower oil prices and hopes for sustained economic growth. It rose 0.38% to 4937.93, up 8.3% in 2007.

Outside the U.S., stocks declined in dollar terms, with Hong Kong's benchmark stock index hurt by selling in China Mobile Ltd. ahead of its weighting cut in a reshuffle of the index. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.67%, or 1.66 points, to 247.16. Japan's markets were closed for National Foundation Day.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 2.03 billion shares, as 1,289 stocks rose and 2,022 fell.

Bond prices declined2. The 10-year Treasury note fell 5/32, or $1.56 for each $1,000 invested, pushing the yield up to 4.804%. The 30-year bond was down 10/32 to yield 4.886%.

The dollar strengthened3. Late in New York, the currency traded at 121.94 yen, up from 121.68, while the euro fell against the dollar to $1.2964 from $1.3006.

Our Economy Is At Risk (USAT)

By Charles Schumer And Michael Bloomberg

USA Today, February 13, 2007

Today, Wall Street is booming, and our nation's short-term economic outlook is strong. But the report we released last month confirmed what many of us have suspected: Our economy's long-term health will be at risk unless we address our declining global competitiveness in the capital markets. We can — and must — do this while also continuing to protect consumers and investors.

This is not simply a New York issue. Seven states have more than 10% of their gross domestic product devoted to financial services. Yet other nations have begun to capture an increasing share of this business. Growing financial centers across the globe are challenging us in cutting-edge areas, such as derivatives, bond securitization and initial public offerings. Technology is letting capital flow to all corners of the globe, and there is nothing we can do to stop it. But capital flows to the most efficient and attractive markets, and we can — and should — increase the efficiency and attractiveness of our markets.

The problem we face is not that our investment banks can't compete, but that international businesses are looking for stable, predictable, low-cost markets — and, increasingly, not finding them here. Our study found that the American market is harmed by legal and regulatory policies that are too burdensome, and immigration policies that are too restrictive.

To prevent further losses, we should:

• Streamline our regulatory process, which is now a thicket of complicated rules.

• Reform our immigration policies so we stop turning away talented and innovative people driving the industry forward.

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•Move toward a fairer and more predictable legal environment that reduces frivolous litigation, while preserving cases aimed at protecting shareholders and consumers.

As the international market evolves, we have to evolve with it. And that means carefully recalibrating the balance between private-sector innovation and government regulation, with consumer and investor protection always foremost in mind. We welcome more international competition and the benefits it will produce for Americans. But we also believe strongly that America should not be forced to compete with one arm tied behind our back.

Sen. Charles Schumer, D-N.Y., and New York Mayor Michael Bloomberg produced a recent report on American capital markets.

Look Who Wants Protection From Foreign Rivals Now (USAT)

USA Today, February 13, 2007

When Main Street jobs go overseas, Wall Street generally shrugs. The typical response from the nation's financial elite is that people who have lost work should tough it out and acquire new skills.

Now the tables may be turning, as Wall Street ponders its own potential job losses. Foreign companies are increasingly bypassing New York and listing their shares on overseas markets. If the trend continues, it could mean the migration of high-paying investment banking jobs.

The horror! Faced with this threat, Wall Street and its political supporters have sprung into action, commissioning studies and urging that the government help by easing post-Enron accounting regulations, adopting lawsuit reform and pre-empting state banking regulations.

Regulation and litigation are, to be sure, legitimate issues, ones that go well beyond Wall Street. But they are not why companies are listing on foreign exchanges. That is happening for the same reason that other industries have gone overseas — global competition.

New York has long been the world's financial center. Now bankers in other countries are mastering financial skills — much as others in past decades figured out how to produce textiles, cars and appliances — and are competing at prices that undercut New York. According to a study by the London Stock Exchange, for instance, New York firms' underwriting fees for initial public offerings of stock are about twice those charged throughout Europe.

Before Wall Street gets any relief from Washington, it should consider lowering its fees and expectations of exorbitant profits and bonuses. According to the New York comptroller's office, the average Wall Street bonus was a record-smashing $137,580 last year, hardly a sign of an industry in distress.

The pleas coming from Wall Street are akin to the National Association of Realtors arguing that the downturn in housing requires government action to help brokers.

The loss of financial services jobs would certainly be bad for New York and for anyone interested in being a U.S.-based investment banker. But from customers' perspective, the increased competition means more choice and lower fees.

Moreover, regulations are not designed to protect investment bankers. They are to protect investors and consumers. What do investors think? Some groups, like the mutual fund industry's Investment Company Institute, favor modest accounting law changes that fall far short of Wall Street's sky-is-falling attitude. Others, like the pension fund-oriented Council of Institutional Investors, are downright hostile to Wall Street's ideas.

The jobs in question are among the high-skill, high-wage ones that should drive the U.S. economy in a competitive age. But ultimately the way to keep them is by competing on the basis of price, quality and integrity.

That is something that Americans in other professions have come to know. Wall Street can do so as well.

States And U.S. At Odds On Aid For Uninsured (NYT)

By Robert Pear And Raymond Hernandez

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — In the absence of federal action, governors and state legislators around the country are transforming the nation's health care system, putting affordable health insurance within reach of millions of Americans in hopes of reversing the steady rise in the number of uninsured, now close to 47 million.

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But the states appear to be on a collision course with the Bush administration, whose latest budget proposals create a huge potential obstacle to their efforts to expand coverage. While offering to work with states by waiving requirements of federal law, the Bush administration has balked at state initiatives that increase costs to the federal government.

State efforts have almost invariably begun with children, building on the Children's Health Insurance Program, which is jointly financed by the federal and state governments. Many states are eager to expand eligibility for that program, and some are going far beyond the income levels deemed appropriate by the White House. In his budget last week, President Bush said he wanted to return the program to its "original objective" of covering children with family incomes less than twice the poverty level.

Sixteen states already cover children in families with incomes above 200 percent of the poverty level, and some want to go higher, even as the president seeks to reduce federal payments for children in families with higher incomes.

In New York, Gov. Eliot Spitzer, a Democrat, has proposed raising the state's income limit to 400 percent of the poverty level, from 250 percent. A family of four is considered poor if its annual income is less than $20,650. Arizona and Wisconsin are also proposing raising income ceilings.

In California, as part of a plan to cover all state residents, Gov. Arnold Schwarzenegger, a Republican, proposed increasing the income limit for the children's insurance program to 300 percent of the poverty level, from 250 percent.

Gov. Rod R. Blagojevich of Illinois, a Democrat, said Mr. Bush's proposal "would seriously hamper the efforts of Illinois and other states" to ensure that all children had coverage — the goal of a state law he signed in November 2005.

The movement to expand coverage is by no means limited to children any more.

The National Conference of State Legislatures has reported: "Health care reform was hot in legislatures across the nation in 2006, and the forecast for this session may be even hotter. Fueled by the increasing number of uninsured Americans, the declining number of employers offering insurance to their employees, the improved fiscal conditions in the states and the lack of federal action, states are leading the way in health care reform."

Officials cite a groundswell of state activity:

¶Arkansas, Kentucky, Montana, Oklahoma, Rhode Island and Tennessee have new laws and programs to reduce the cost of insurance for small employers.

¶Massachusetts and Vermont passed laws in 2006 to achieve universal or nearly universal coverage, while addressing the cost and quality of care.

¶Several states, including Colorado and Delaware, are requiring insurers to cover young adults, the fastest-growing segment of the uninsured population.

"We have a goal that all Minnesotans should be covered by health insurance," Gov. Tim Pawlenty, a Republican, said in an address to the State Legislature last month.

In New York State, the Children's Health Insurance Program covers 385,000 children, of whom 55,000 have family incomes above 200 percent of the poverty level. Another 50,000 children would be eligible under Governor Spitzer's proposal to increase the income ceiling.

The federal government now pays 65 percent of the cost of coverage for each child in New York's program, or $1,154 a year out of a cost of $1,776. Judith Arnold, the program's director, said Monday that under the president's proposal, the federal contribution would be reduced by $266 a child. So, she said, New York would lose $14.6 million a year.

Knowing they cannot count on a major infusion of federal money, some states are looking to their own revenue sources, including tobacco taxes, pools of money set aside for charity care and uncompensated care, and assessments levied on employers who do not provide health benefits to their workers.

Gov. Edward G. Rendell of Pennsylvania, a Democrat, has proposed paying for coverage of the uninsured through a variety of new taxes, including an increase in the state's tobacco tax.

Mr. Rendell also wants to levy a 3 percent assessment on the payrolls of businesses that do not offer coverage to their employees.

Similarly, under Governor Schwarzenegger's proposal, businesses with 10 or more employees would have to offer insurance to their workers or pay 4 percent of their payroll into a state fund to be used for coverage.

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State efforts face several potential pitfalls. The cost of coverage could spin out of control. An economic downturn could reduce states' fiscal capacity. Moreover, a federal law, the Employee Retirement Income Security Act of 1974, could block any state program that requires employers to alter their health plans.

In Washington, health policy debates highlight the ideological divide between Republicans and Democrats over the proper role of government in helping the uninsured. Governors and state legislators tend to be more pragmatic.

"There is such a political divide in Washington that many people believe that the only reasonable chance to succeed is at the state level," said Jeffrey S. Crowley, a senior research scholar at the Health Policy Institute of Georgetown University.

Soaring health costs are placing pressures on employers and employees alike. In recent weeks, companies like Wal-Mart have joined labor unions and consumer groups in coalitions espousing universal coverage.

In his State of the Union address on Jan. 23, Mr. Bush proposed a new tax deduction to help people buy health insurance outside the workplace, and he said he wanted to help "states that are coming up with innovative ways to cover the uninsured."

In his budget, Mr. Bush said the way to transform the health care system was by "subsidizing the purchase of private insurance," not by expanding public programs in a way that would increase costs to the federal government.

To slow the growth of Medicare and Medicaid, Mr. Bush asked Congress to squeeze tens of billions of dollars from the programs.

Mr. Bush's efforts, combined with the flurry of state activity, have forced Congress to face fundamental questions about the Children's Health Insurance Program: If states run out of money, should the federal government bail them out? Should states be allowed to use the money to cover adults?

More than a dozen states expect to exhaust their allotments of federal money in the next few months, raising the possibility that children will be removed from the rolls. Georgia and New Jersey, for example, said they would run out of money by May.

White House officials said that some states had strayed from the purpose of the program in another way, by covering adults. Mr. Bush wants to prohibit states from adding childless adults to the rolls. And he would restrict eligibility for parents.

Jason A. Helgerson, policy director for the Wisconsin Department of Health and Family Services, said, "There is strong empirical evidence that when you cover adults and children, you get more kids covered." In Wisconsin, the Children's Health Insurance Program covers 36,900 parents and 29,800 children, Mr. Helgerson said.

Senator Orrin G. Hatch, Republican of Utah, asked: "What is going on here? When we created the program, its purpose was to provide coverage for low-income children."

Industry Plans National Attack On Proposed Health Care Cuts (NYT)

By Richard Pérez-peña

The New York Times, February 13, 2007

Hospitals and a health care workers' union in New York plan to mount an advertising campaign to defeat spending cuts proposed by President Bush — their first attempt to affect national policy with a strategy they have used statewide.

Officials of the union and the hospital association said they would also run ads in New York State attacking Gov. Eliot Spitzer's proposed medical spending cuts as a danger to the health care system, a tactic they used to great effect against his predecessor, George E. Pataki.

On the national level, the officials said the campaign would probably take aim at key members of Congress — those on important committees and those who are likely to be swing votes — with ads in their home districts and in Washington, to persuade them to oppose the president's cuts.

The union, 1199 S.E.I.U. United Healthcare Workers East, and the Greater New York Hospital Association jointly control a $60 million fund, the Health Care Education Project, which they could spend on ads to promote or to assail policies, though by law the money cannot be used for a particular side in political campaigns.

The officials said they had not decided when such a campaign would start, or what markets the ads would appear in. And they said they had not decided how much to spend, but some hospital executives in New York said they had heard discussions about an initial commitment of $15 million, with possibly more to follow.

"We will do whatever is needed," said Dennis Rivera, the president of 1199.

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The hospital association and the union plan to meet on Thursday, along with top officials of 1199's parent union, the Service Employees International Union, to develop their strategy.

"We have to take our case to the court of public opinion that affects both venues," Washington and Albany, said Kenneth E. Raske, president of the hospital association, which represents nearly all the hospitals and nursing homes in New York City and its suburbs.

Such a campaign would be the first real test for Mr. Rivera as he makes the transition to a new post as national chief of health care workers within the service employees' union, one of the nation's largest and most politically active unions.

He had already planned to help health care companies and unions around the country duplicate what their counterparts have done in New York, uniting employers and workers in raising millions of dollars to turn themselves into political powers. The primary long-term goal, he said, would be to press for health insurance for all.

But, at least at first, a national campaign against Mr. Bush's proposed cuts would rely primarily on New York money, which is already in hand. "It would be fair to say that at the beginning, we will be the seed money for this project," Mr. Rivera said in an interview. "There are commitments from other employers and labor organizations around the country, but I'm not at liberty to divulge that."

The fund was built over many years, mostly through $5 and $10 monthly deductions from the paychecks of thousands of mostly low-wage workers, as part of a provision in the contracts negotiated by 1199 and the hospitals.

Millions of dollars from the fund have been spent on ads in New York State several times over the past dozen years to defeat proposed cuts or to win passage of bills in Albany. In a few cases, more than $10 million from the fund was spent on a single campaign over a few months — more than some serious candidates for statewide office spend.

But it remains to be seen whether an essentially liberal appeal for government support of health care — especially one emanating from New York — would be as effective in other parts of the country as it has been in New York.

Mr. Spitzer's proposed budget would reduce state support for hospitals — mostly through Medicaid, the health plan for the poor — by $300 million to $400 million a year. He has also accused hospitals and the union of manipulating the state budget to benefit themselves at the expense of all New Yorkers, leading to some heated exchanges with Mr. Rivera and others.

The effect of Mr. Bush's cuts would be several times as great in New York, possibly more than $1 billion a year when fully carried out, though hospital officials said it was hard to make precise estimates because information from parts of the White House plan had not been released.

Heading a union local with 275,000 members, Mr. Rivera has become one of the most feared forces in New York politics, and beyond.

In addition to the ad fund, 1199 has a political action committee that raises $7 million a year from its members to donate to candidates, a formidable phone bank operation and thousands of experienced campaign volunteers.

Mr. Rivera said he planned to have other union locals and employers create "education funds" through payroll deductions and to have health care workers nationwide raise $20 million a year for political contributions, mostly to federal campaigns.

"I will try to reproduce what we do in New York," he said. "In a short period of time, it will become the largest political action committee in the United States."

Mr. Rivera repeatedly used the phrase "the Bush-Spitzer cuts," and said that an essential part of the campaign's message in New York would link the governor, a Democrat, to the president, a Republican.

Mr. Spitzer released his budget before the federal cuts were announced, and some hospital executives and lawmakers said they hoped that seeing the compounding effect of the two proposals would cause the governor to give some ground.

Mr. Bush called for broad cuts in Medicaid and in Medicare, the health insurance for the elderly and the disabled, both major sources of hospital and nursing home revenue.

He also proposed reductions in support for public hospitals and for teaching hospitals that train new doctors in their first years after medical school — cuts that would hit New York much harder than other parts of the country.

Members of New York's Congressional delegation have vowed to fight the president's plans, but some of those cuts would be made administratively, not as part of a budget that must be passed by Congress. It might also prove easier to find votes from around the country against across-the-board cuts than against reductions that would primarily hurt New York.

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Burdened By Healthcare Costs, US Businesses Seek A Shift (CSM)

By Mark Trumbull

The Christian Science Monitor, February 13, 2007

The message comes from Wal-Mart, but it reflects a view that's increasingly common in corporate America: The US healthcare system needs to be fixed. Big business can help, but don't expect us to shoulder the whole burden.

That was a subtext when Wal-Mart chief executive Lee Scott took the stage last week alongside representatives of a major labor union to kick off a campaign called "Better Health Care Together." The aim of this unlikely partnership is to extend coverage to all Americans by 2012, and Mr. Scott emphasized that the responsibility must be shared by government and individuals as well as business.

His rallying cry doesn't represent any shared blueprint among employers, but it does symbolize an important shift over the past year.

Faced with surging healthcare costs and employees who want insurance coverage, businesses have become more likely to be advocates, rather than skeptics, of a major overhaul. At the same time, their motive is not just to see health care problems addressed. They also want to avoid shouldering more of the burden themselves.

"Clearly, we're going to start moving away from employer provided health insurance," says Richard Brown, director of the UCLA Center for Health Policy Research. "Employers are seriously looking for a way to get out of this."

The major role of employers in America's healthcare system is, in some ways, an unusual artifact of history. The practice of employers providing health insurance spread in the wake of World War II limits on wages, which prompted many employers to provide back door pay hikes by offering health insurance to employees.

Given that legacy, many experts say the nation will probably migrate toward hybrid solutions, which blend a major government role with responsibilities for individuals and employers.

"Whatever kind of reform we have will be a mixture of approaches," predicts Jack Hadley, a healthcare expert at the Urban Institute in Washington. In the process, he expects that employers will end up covering a smaller share of American workers.

"That's certainly what the trend has been, and I don't see anything that would reverse that trend," he says.

Last year, just 59 percent of US workers were covered by their employer's health insurance, down from 65 percent in 2001, according to research by the Kaiser Family Foundation. And health insurance premiums, on average, are 87 percent higher now than in 2000, compared with cumulative overall inflation of 18 percent during that span.

It's not that businesses don't want to offer strong benefit packages to their workers. Many, especially at small businesses, can't afford big health plans. Even large businesses are asking employees to pay more out of pocket.

"Wal-Mart is committed to high quality, affordable, and accessible healthcare," said Scott of Wal-Mart on Feb. 7. "But our current system hurts America's competitiveness and leaves too many people uninsured."

The company has come under fire for what critics say are skimpy health benefits. Wal-Mart, for its part, says that 9 in 10 of its blue-garbed "associates" have coverage, either through the company or another source.

In last week's push for universal coverage, Wal-Mart was joined by other major companies: Intel, AT&T, and Kelly Services.

"We feel a huge sense of urgency," says Maria Ghazal, public-policy director for a healthcare task force at the Business Roundtable, a group of large employers based in Washington.

The Roundtable itself, last month, joined with the Service Employees International Union (SEIU) to push for action on healthcare.

"Mostly it's a sense that the way the system is now, if you can call it a system, is not sustainable," Ms. Ghazal says.

She says the desire for discussion is very different from the atmosphere in 1993, when President Clinton's push for healthcare reforms foundered amid dissent, including from business.

"That's one of the fundamental differences between 2007 and 1993," says Sara Howard, a health policy expert at the SEIU. "What is remarkable about what's happened in the last few weeks is that, for the first time, major corporations are stepping up and saying that the time for change is now."

But all the calls for change don't create any clear mandate on policy.

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"Right now the momentum is there. I just don't know where we can find common agreement," says Katie Strong, director of congressional and public affairs at the US Chamber of Commerce, a business group in Washington.

For one thing, the business world push doesn't settle a basic conservative-liberal divide over whether the key fix is a stronger role for government, or the introduction of more free-market competition in an industry where government has become the major purchaser.

"The status quo guarantees government dominance of the system," says Robert Moffitt, an expert at the conservative Heritage Foundation.

That's because government programs such as Medicare and Medicaid continue to grow, and some proposals envision government insuring workers who don't get coverage through their employer.

Many employers support at least the concept behind President Bush's recent proposal to let individuals have the same tax deduction for healthcare that business enjoys. Such a move might inspire greater competition in the health-insurance marketplace, something businesses generally support.

Employers also hope to see cost-control achieved through policies that improve the use of information technology in healthcare.

Many others are open to discussing requirements that they provide health insurance for workers, or pay into a government fund to provide such coverage. Such a system, often dubbed "play or pay," is under consideration in California.

Mental Health Nears 'Parity' (WSJ)

By Jane Zhang

The Wall Street Journal, February 13, 2007

WASHINGTON -- A decision by major insurance and business groups to support legislation requiring health insurers to treat mental illnesses the same way as physical ailments could mean better mental-health coverage, at least for many who already receive it.

A bill introduced by a bipartisan group of senators -- Pete Domenici (R., N.M.), Edward Kennedy (D., Mass.) and Mike Enzi (R., Wyo.) -- doesn't mandate that group health plans cover mental illness. Instead, it requires that plans, if they cover both mental and physical illnesses, treat both with "parity," or similar benefits, such as deductibles, co-payments and treatment limitations. Employers with fewer than 50 workers would be exempted.

The measure marks a compromise reached after more than a year's negotiations among lawmakers, mental-health advocates, insurance companies and business groups. Supporters include America's Health Insurance Plans, the National Retail Federation and the National Alliance on Mental Illness. The U.S. Chamber of Commerce also said it is "prepared to support" the legislation as introduced.

The endorsements, as well as the change to a Democratic-controlled Congress, brighten prospects for the long-stalled legislation. For 15 years, versions of the bill had passed the Senate and even the House, only to founder. Business and insurers opposed coverage mandates and said they were concerned about the rising health-care costs.

But this time around, the legislation won over many opponents, in part due to dropping the mandate of mental-health coverage and favoring tools to cut costs and improve quality. Companies and insurers can opt out if their overall costs -- because of the equal-coverage requirement -- grow by 2% during the first year and 1% in later years. The bill also requires states to follow the "parity" standard, which would simplify rules for companies doing business across state lines.

The bill "addresses very reasonable concerns that the employer community has raised about the costs of the proposed parity requirement," said Karen Ignagni, president of America's Health Insurance Plans, in a letter to bill sponsors. In an interview, she said the legislation should serve as a model of how bipartisan bills should be crafted.

About one in four Americans older than 17 suffers from a diagnosable mental disorder in a given year, according to the National Institute of Mental Health. About 45% of those people have two or more disorders. Companies aren't required to offer mental-health coverage and many of those patients have none.

The bill, in further defining coverage "parity," would finish what the 1996 Mental Health Parity Act started and improve coverage for those who already receive it. The 1996 law requires plans, if they offer mental-health benefits, to set annual and

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lifetime dollar limits equal to those applied to physical and surgical benefits. But the law didn't define parity on important benefit structures in mental-health coverage, especially cost-sharing, inpatient stays and outpatient visits. As the bill languished in Congress, more than 40 states passed such laws, with varying definitions of "parity."

The Senate Committee on Health, Education, Labor and Pensions is slated to vote on the measure tomorrow.

Bush Close To Trade Deal With Congress (FT)

By Eoin Callan

Financial Times, February 13, 2007

The Bush administration is close to a deal with Congress to pass pending trade agreements and form a common international economic agenda for the president's last two years in office, say senior officials and leading Democrats.

The negotiations are designed to reach an agreement that would leave the administration six weeks to submit agreements with Peru, Colombia, Panama and possibly South Korea to Congress for ratification.

The talks are complicated by mutual distrust and internal divisions but are edging close to a breakthrough, according to participants.

Agreement by leading Democrats to support the Latin American deals would be followed by further bargaining over trade and currency imbalances with China and Japan and the treatment of vehicles and agriculture in negotiations between Washington and Seoul.

The dialogue could break down at any point and both sides are ready to exchange blame and score political points in the event of failure. But interviews over the past week with current and former administration officials, congressmen, lobbyists and experts reveal a remarkable degree of confidence that a bipartisan consensus on trade can be reached.

An administration official said leading Democrats and Republicans were ready to proceed despite opposition from "elements in both parties that don't want this to succeed".

Congressmen seen as obstacles to a deal are also changing their tune, including Collin Peterson, chairman of the House agriculture committee. "Well, you know, I had a visit with Charlie Rangel here just recently and he and Sandy Levin, who are the main players in the House, are working very hard to see if there is a way to do this and I think maybe something will get worked out," he said.

"Currently they're in some serious discussion and negotiations with the administration."

Representative Sander Levin said: "There is time to act. This is doable if the administration is serious."

The process sketched out by the administration involves a series of carefully choreographed steps that it hopes will lead to the renewal of President George W. Bush's trade negotiating authority, due to expire on June 30.

Welles Orr, a former adviser to Mr Bush's father and to ex-President Bill Clinton, said: "The Bush team badly wants and needs this." But many doubt the White House can win renewal of fast-track – needed for a successful conclusion to the Doha round of world trade talks. "There is every chance they will mess this up," said a Republican lobbyist.

Carla Hills, a former US trade representative, said the trade arm of the White House was "small and overworked" and would need the resources of industry lobbyists to sell its agenda to Capitol Hill.

Susan Schwab, the current US trade representative, was due to meet business leaders yesterday, including representatives of Procter & Gamble, Caterpillar, Eastman Kodak, Cargill, UPS, New York Life and Abbott, to rally support ahead of talks with House Democrats tomorrow.

This week Ms Schwab will concede demands from House Democrats for the addition of international labour standards to the pending trade deals and try to devise an acceptable formula for enforcing them.

Earlier Ms Schwab caved in to a longstanding demand of House Democrats and launched a case against China at the World Trade Organisation over tax subsidies for manufacturing exports. But the Democrats quickly raised the bar, adding a stronger yen to the list of "must haves" – to the alarm of economists.

Adam Posen, a monetary expert, said that if Congress hit "blindly out at any exchange rate levels that particular domestic lobbies do not like, they will truly politicise exchange rates around the world, increase uncertainty in financial markets and deal a severe blow to the creditworthiness of the dollar".

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Mr Levin made it clear that as the deadline for fast-track approached, Democrats would also seek a fresh debate about globalisation to address the impact on income inequality and issues such as “how much you have to worry about the equity factor or just go for growth”.

“All of these issues have busted out in the globalisation process as it has intensified. That is what has been happening,” he added.

TODAY'S AGENDA December Trade Gap Expected To Be Wider (WSJ)

The Wall Street Journal, February 13, 2007

The trade deficit is expected to have widened modestly in December from November's $58.2 billion gap, partly due to higher prices for imported oil. Exports of aircraft, which hit a record in November, are likely to pull back. Overall, the gap -- which in large part reflects the huge imbalance with China -- has been narrowing since August's record $68.5 billion deficit.

The Commerce Department releases trade figures at 8:30 a.m. EST

Japan Holds Forum to Discuss Whaling

Japan will play host to a three-day conference of the International Whaling Commission to discuss possible changes to the organization. Critics say the aim is to advance a campaign to resume commercial whaling, and more than 25 of the IWC's 72 member countries, including the U.S., are boycotting. Japan, which kills whales under a scientific program, says whale stocks have recovered enough following a 1986 moratorium to allow limited commercial hunting.

Court Adviser to Issue Opinion on "VW Law"

A senior adviser to Europe's highest court will issue a legal opinion on whether Germany can shield Volkswagen from a takeover, in a case that could set a precedent. The so-called VW law limits voting rights of each shareholder in the car maker to 20%, regardless of shares held. The advocate general submits his opinion for consideration to 13 European Court of Justice judges. In about 80% of cases, the panel follows the adviser's opinion.

Veterans Face Consecutive Budget Cuts (AP)

By Andrew Taylor,

AP, February 13, 2007

The Bush administration's budget assumes cuts to funding for veterans' health care two years from now — even as badly wounded troops returning from Iraq could overwhelm the system.

Bush is using the cuts, critics say, to help fulfill his pledge to balance the budget by 2012. But even administration allies say the numbers are not real and are being used to make the overall budget picture look better.

After an increase sought for next year, the Bush budget would turn current trends on their head. Even though the cost of providing medical care to veterans has been growing rapidly — by more than 10 percent in many years — White House budget documents assume consecutive cutbacks in 2009 and 2010 and a freeze thereafter.

The proposed cuts are unrealistic in light of recent VA budget trends — its medical care budget has risen every year for two decades and 83 percent in the six years since Bush took office — sowing suspicion that the White House is simply making them up to make its long-term deficit figures look better.

"Either the administration is willingly proposing massive cuts in VA health care," said Rep. Chet Edwards of Texas, chairman of the panel overseeing the VA's budget. "Or its promise of a balanced budget by 2012 is based on completely unrealistic assumptions."

A spokesman for Larry Craig, R-Idaho, the top Republican on the Senate Veterans Affairs Committee, called the White House moves another step in a longtime "budgeting game."

"No one who is knowledgeable about VA budgeting issues anticipates any cuts to VA funding. None. Zero. Zip," said Craig spokesman Jeff Schrade.

Edwards said that a more realistic estimate of veterans costs is $16 billion higher than the Bush estimate for 2012.

In fact, even the White House doesn't seem serious about the numbers. It says the long-term budget numbers don't represent actual administration policies. Similar cuts assumed in earlier budgets have been reversed.

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The veterans cuts, said White House budget office spokesman Sean Kevelighan, "don't reflect any policy decisions. We'll revisit them when we do the (future) budgets."

The number of veterans coming into the VA health care system has been rising by about 5 percent a year as the number of people returning from Iraq with illnesses or injuries keep rising. Iraq and Afghanistan war veterans represent almost 5 percent of the VA's patient caseload, and many are returning from battle with grievous injuries requiring costly care, such as traumatic brain injuries.

All told, the VA expects to treat about 5.8 million patients next year, including 263,000 veterans from Iraq and Afghanistan.

The White House budget office, however, assumes that the veterans' medical services budget — up 83 percent since Bush took office and winning a big increase in Bush's proposed 2008 budget — can absorb a 2 percent cut the following year and remain essentially frozen for three years in a row after that.

"It's implausible," Sen. Patty Murray, D-Wash., said of the budget projections.

The White House made virtually identical assumptions last year — a big increase in the first year of the budget and cuts for every year thereafter to veterans medical care. Now, the White House estimate for 2008 is more than $4 billion higher than Bush figured last year.

And the VA has been known to get short-term estimates wrong as well. Two years ago, Congress had to pass an emergency $1.5 billion infusion for veterans health programs for 2005 and added $2.7 billion to Bush's request for 2006. The VA underestimated the number of veterans, including those from Iraq and Afghanistan, who were seeking care, as well as the cost of treatment and long-term care.

The budget for hospital and medical care for veterans is funded for the current year at $35.6 billion, and would rise to $39.6 billion in 2008 under Bush's budget. That's about 9 percent. But the budget faces a cut to $38.8 billion in 2009 and would hover around that level through 2012.

The cuts come even as the number of veterans from the Iraq and Afghanistan wars is expected to increase 26 percent next year.

In Bush's proposal to balance the budget by 2012, he's assuming that spending on domestic agency operating budgets will increase by about 1 percent each year.

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On the Net:

White House Office of Management and Budget: http://www.omb.gov

Spending Reforms Empower Agencies To Ignore Earmarks (WT)

By Stephen Dinan

The Washington Times, February 13, 2007

Members of Congress quietly have been calling federal agencies demanding their pet projects still be funded weeks after they swore off pork-barrel spending, the Bush administration says.

In response, administration officials have signaled they ignore many of those requests -- a move that thrills fiscal conservatives who have called on the president to take that step. But it's likely to irk congressional spending committees because it may threaten 95 percent of pork-spending projects, or "earmarks."

"Some of your offices have begun to receive requests from some congressional offices asking that the department continue to fund programs or activities that received earmarked funds in prior years," the Department of Energy's chief of staff, Jeffrey Kupfer, wrote in a Feb. 2 internal memo. A check by The Washington Times of other agencies turned up similar reports of phone calls -- from congressional offices of both parties.

But now, Mr. Kupfer wrote, they will no longer feel bound by earmarks and will follow through only on those "with meritorious proposals or programs that effectively support and advance the department's missions and objectives."

Even stronger assurances have been made privately by top administration officials to Republican lawmakers who have been pleading with President Bush for the changes, congressional aides said.

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"We may have totally changed the paradigm on how the federal government spends money," said Sen. Jim DeMint, South Carolina Republican, who has led the congressional fight on the issue. "For years, the risk has been on the agency side -- if they don't comply they're going to lose their budget. Now the risks shift to the member."

Earmarks have become the hottest issue in spending, thanks to big projects such as the one critics labeled the $223 million "Bridge to Nowhere" in Alaska. Estimates for annual earmark spending run from $17 billion to more than $71 billion.

The administration's recent action is aimed at earmarks slipped into the reports that accompany spending bills, which the Congressional Research Service says account for more than 95 percent of pork projects.

Congress votes on the bills but not the reports. Yet most agencies afforded the reports the force of law -- until now.

Last week, Mr. Bush declared open war on the report earmarks, bringing a foot-high stack of the add-ons with him to a speech in Manassas.

"Let that sun shine in. It's called transparency," Mr. Bush said. "If the members of Congress think it's a good idea, then they ought to vote it up or down and then send it to my desk so I know full well that there's been full scrutiny in Congress."

The administration's case was bolstered by a federal appeals court ruling last month that the reports do not have the force of law.

The first test will come soon on the Defense and Homeland Security spending bills, which were the only two spending bills passed last year. Each has earmarks in the bills and in the conference report.

A Homeland Security spokesman said the department was still in the process of gathering information on what earmark items are included, while a Defense spokesman was unable to find out the status of his department's earmarks.

Lawmakers are waiting to see whether Mr. Bush follows through.

"Killing an earmark is like trying to kill a snake -- you never know if it's dead or not. But I think we've got it surrounded," Mr. DeMint said.

Mr. Bush has also challenged Congress to cut earmarks in half, but he can't say what that target number is because disagreement exists on what an earmark is.

Rob Portman, director of the Office of Management and Budget, has directed agencies and departments to catalog all earmark requests, and defined them as spending requests from Congress that circumvent the normal competitive process.

Cutting earmarks will not necessarily cut spending, because the money would still flow to the agency, but it would be spent on the administration's priorities.

Some departments said they have never felt bound by items tucked into reports.

"Traditionally, the Education Department doesn't comply with earmarks that are part of report language," said Rebecca Neale, a department spokeswoman.

Ethics Gun Is Turned At Executive (HILL)

By Alexander Bolton

The Hill, February 13, 2007

House Speaker Nancy Pelosi (D-Calif.) is planning to move legislation that would place strict ethics limits on executive-branch officials, going further than the ethics reforms the lower chamber adopted for itself last month.

Rep. Henry Waxman (D-Calif.), chairman of the Oversight and Government Reform Committee and a close ally of Pelosi's, is scheduled to hold a hearing on the legislation today and plans to mark it up in committee tomorrow.

Several of the proposed reforms in the measure appear to be in response to various controversies that have emerged during President Bush's tenure, ranging from a dispute over a secret energy task force to criticism over paying pundits for favorable reviews.

One of the far-reaching reforms Waxman is considering would require executive-branch officials to report all significant contacts they have with any private interest related to an official government action.

Four times a year administration officials would be required to report with whom they have met during the previous three months, the subject matter of those meetings, and the name of any clients represented. Congress had considered adopting a similar measure for its own members, but later dropped it amid complaints that it would create too much paperwork for lobbyists.

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Publicizing the identities of those meeting with high-ranking administration officials has been a point of contention between Waxman and the Bush White House. During Bush's first term, Waxman supported the Government Accountability Office's (GAO) lawsuit to ascertain who met with Vice President Cheney's energy task force, which held extensive meetings with industry representatives before the administration unveiled its energy proposal.

There is little doubt that Cheney, who for the past six years has pushed to extend the bounds of executive privilege, would not be pleased if the legislation passed. But if enacted, he would face strong incentive to adhere to it. Executive-branch officials who failed to comply with the new ethics rules would be subject to a fine of up to $50,000.

The bill, the Executive Branch Reform Act of 2007, would be nearly identical to similarly titled legislation that the Government Reform Committee passed unanimously last April. Karen Lightfoot, a spokeswoman for the committee, said the bills were "very similar."

The major difference between this year and last is that Democrats now control the House floor agenda. Last year Republican leaders did not allow the full House to vote on the legislation, but this year Pelosi has vowed a different outcome.

"This leadership is supportive of this bill and it will come to the floor," said a Democratic leadership aide. "Timing is not clear yet."

Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio) - who controlled the House floor schedule last year - said he did not know why it never received a final vote and offered to look into it.

The legislation would expand two reforms that the House adopted earlier this year. One would create a two-year cooling-off period during which persons leaving the administration would not be allowed to lobby their former colleagues. Waxman's proposed reforms for the executive branch would go further than House reforms adopted earlier this year by also requiring similar restrictions for persons entering government from the private sector.

The second reform similar to new House rules would prohibit certain executive-branch officials from working on any matter impacting a prospective employer with whom they are in negotiations.

Officials could only continue working on something affecting a prospective employer if they receive a waiver because of "exceptional circumstances." The Office of Government Ethics (OGE) director would be required to review the circumstances before granting a waiver.

That reform would address the controversy that arose three years ago when Thomas Scully, then director of the Centers for Medicare and Medicaid Services, received a waiver allowing him to negotiate for jobs while he was working on the 2003 Medicare bill. He subsequently landed a job with Alston and Bird LLP.

Soon after Scully's departure, then-White House Chief of Staff Andrew Card directed government agencies to stop issuing such waivers, stipulating that only the White House could make those calls.

In addition, the new version of the bill would use stronger language than the 2006 version to prohibit individuals entering the administration from making decisions that affected their former employers financially.

The bill would also eliminate loopholes allowing federal officials to accept compensation from contractors and would prohibit the unauthorized expenditure of funds for publicity or propaganda purposes. The Department of Health and Human Services drew scrutiny years ago when it became known that it had paid columnist Maggie Gallagher $21,500 to work on the president's marriage initiative. Federal investigators also launched a probe into payments the Department of Education made to conservative pundit Armstrong Williams for his work on the No Child Left Behind law.

The pending bill would also overhaul the OGE. It would require the office to put out new reporting requirements for administration officials, and verify the accuracy and timeliness of reports.

No single agency compiles ethics records, such as gift waivers, for administration officials, and there is no venue for public inspection of those documents. They must be requested by a Freedom of Information Act request, said a person familiar with the legislation.

The Oversight panel's bill would change that by requiring the OGE to "make available to public inspection and copying" filed reports. The government ethics office would also play the role of law enforcer by notifying the U.S. attorney for the District of Columbia when an executive-branch official may be in violation of reporting rules.

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When House Changed Rules For Travel, He Lobbied For The Lobbyists (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 13, 2007

Loopholes in laws and regulations sometimes seem to appear by magic, and often no one wants to claim to be the magician. But one man actually wants credit for a couple of big loopholes in the new ethics rules the House passed last month: John H. Graham IV.

Graham is the president of an organization that could exist only in Washington -- the American Society of Association Executives. In other words, he is the chief lobbyist for lobbyists.

His organization represents 22,000 association executives, from large groups such as the American Medical Association and small ones such as the Barbershop Harmony Society. When any of them are in danger of losing access to lawmakers, Graham, 57, is supposed to intervene.

Which is what he did -- proudly -- as soon as he learned that Democratic leaders wanted to ban travel provided by lobbyists and the entities that employ them. Graham dispatched his own lobbyists and several of his most sympathetic allies to meet with House staffers. Eventually they poked two gigantic holes in the proposed prohibition.

The first opened the way for lobbyists to pay for short trips -- one day as far as the Midwest and two days to the West Coast. The second permits colleges to provide travel to lawmakers without restriction, even though they lobby in Washington a lot. (See the next item.)

Ethics advocates were disappointed. "The better policy is no privately financed travel," said Meredith McGehee of the Campaign Legal Center.

But Graham was unabashed. Golf trips to Scotland should be nixed, he said, but not visits to taxpayer-funded programs or to industry-backed seminars. "We didn't want a total ban on travel," Graham said. "We were on top of it from the very beginning."

In fact, he and his lobbyists started their campaign a year ago after then-House Speaker J. Dennis Hastert (R-Ill.) first suggested a travel ban. That effort failed partly because of Graham's enterprise.

After the Democratic victory in last year's midterm elections, Graham's lobbyists -- Senior Vice President Jim Clarke and contract lobbyist James W. Rock -- targeted the staff of House Speaker Nancy Pelosi (Calif.) and then met with aides to Democratic House leaders Steny H. Hoyer (Md.), Rahm Emanuel (Ill.) and James E. Clyburn (S.C.).

After one such meeting, Graham learned that the ban would prevent lawmakers from taking trips to colleges to give commencement addresses. He quickly asked the Association of American Colleges and Universities and the American Association of State Colleges and Universities to join the crusade.

Graham also recruited other groups with sterling reputations, including the American Heart Association, the YMCA of the USA and the American Cancer Society. They went as a group from office to office on Capitol Hill and made the case that brief trips could not be mistaken for boondoggles, especially when white-hat interests like themselves were footing the bill.

The result: Graham has become Mr. Loophole, winning the exemptions and on track to getting them in the Senate as well.Taken to School

Colleges are filled with smart people, but nobody gets rewarded just for their brains. Many of those brainy people know they've got to go asking for money when they want it. So it's no surprise that colleges are among the most prodigious users of lobbyists. Universities and other groups with direct interests in higher education spent $94.6 million on lobbying in 2005, an 18 percent increase from 2004, according to Inside Higher Ed.

Johns Hopkins University led the way with $1,020,000. Boston University, Case Western Reserve University and the University of Miami followed, with $920,000, $820,000 and $730,000, respectively.

Those numbers will probably decline now that pet projects, or earmarks, are harder to get. House Appropriations Committee Chairman David R. Obey (D-Wis.) told colleagues last week that they have until March 16 to request them and that their dollar amount will be cut in half compared with most earmarks in fiscal 2006.Conspicuous-Consumption Alert

Virginia Congressmen James P. Moran Jr. (D) and Thomas M. Davis III (R) sat next to each other in center-court floor seats at the Verizon Center last Wednesday to watch the San Antonio Spurs rout the Washington Wizards, 110-83. Turns out they both bought their tickets from real estate investor Joe Robert, their spokesmen said.

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Davis paid a whopping $850 for his ticket out of his own pocket. But Moran used campaign funds to cover the $780 he shelled out for his seat, which raises the question: Why should donors finance his fun?

Moran's eventual answer (after further inquiry): They shouldn't. Spokesman Austin Durrer said Moran has canceled the campaign check and is personally paying Robert $850 "to avoid any perception of impropriety." Moran also regretted arriving late to the game. "At 70 bucks a minute," Durrer said, "it was an expensive seat to watch the Wizards get blown out."Winners and Losers of the Week

Bush's budget proposal last week provided plenty of surprises for K Street, both good and bad.

Telephone lobbyists are thrilled that Bush wants to repeal the federal excise tax on local telephone service. Alternative-fuels advocates also have lots to crow about in the president's plan to expand research on "green" energy. And airlines are happy that more of the fees used to fund the Federal Aviation Administration would be paid by owners of private planes.

Losers include hospitals, which would get less in Medicare and Medicaid reimbursements; life insurers, which see Bush's proposed lifetime savings accounts as unwelcome competition; and natural gas suppliers, which are disappointed that the president wants to reduce write-offs for their distribution lines.Hires of the Week

After 16 years as chief of staff to Sen. Richard J. Durbin (D-Ill.), Ed Greelegs has joined Kenneth Levine, a veteran Democratic lobbyist, to form Levine & Greelegs, a lobbying firm affiliated with Downey McGrath Group. Durbin is the Senate's second-ranking Democrat.

Dan Shapiro, former deputy chief of staff to Sen. Bill Nelson (D-Fla.), was hired by Timmons and Company. Shapiro replaces Joab M. "Joey" Lesesne III, who was hired by the media company Cox Enterprises, a Timmons client, as a vice president in Washington.

Chellie Pingree is stepping down as president of Common Cause after four years to return to her home state of Maine to pursue a possible run for Congress. Executive Vice President Jon Goldin-Dubois will assume Pingree's duties until a permanent successor can be named.

After the Democratic victories in November -- and facing major railway legislation this year -- Union Pacific, America's largest railroad, has named Thomas "Mack" McLarty, who served as President Bill Clinton's chief of staff, to its board of directors. He joins another former White House chief, Andrew H. Card Jr., who served President Bush, and who became a director last summer.

Rove: 2008 Race Is Already Too Much, Too Soon (POL)

By Mike Allen And John Harris

The Politico, February 13, 2007

White House senior adviser Karl Rove says that the 2008 presidential candidates have been pushed into such an early focus on tactics, fundraising and publicity that they risk a backlash from voters long before the first primary ballots are cast.

"I think it is going to mean that people develop a persona earlier and wear out their welcome earlier than they would," he told The Politico in an interview. "I think there's going to come some point this year where people are going to basically be saying: 'I'm largely disinterested in the contest.' "

But Rove doubts that will slow the campaign. "There's going to be so much momentum from everybody feeling like they need to continue to move around the country and do things and to engage each other," he said.

In the wide-ranging half-hour interview in his West Wing office late last week, Rove also remarked on a shift in relations between the administration and Congress since the Democrats gained power.

Click here for The Politico's exclusive interview with Karl Rove "The entire White House is spending a lot more time talking to the Hill and a lot more time seeking feedback and giving them the time that they want," Rove said. He said his own outreach efforts include following up on "a letter to me from a Democrat member" who asked him "to look into a specific issue" that he did not reveal.

"Why this member feels comfortable saying, 'Here's something that I want you to look into,' I can't speak to," Rove said. "But I'm glad that she feels that she can say: 'I'd like you to look into this. I think we can find a way to work together.' "

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One of three White House deputy chiefs of staff, Rove is in the unaccustomed position of spectator for a national campaign. Candidates and their aides quietly seek his advice as the reigning GOP strategist, and he is likely to serve as the liaison between the Republican nominee and the White House in the fall of 2008.

During the interview late Friday afternoon, Rove was cheery as ever, teasing his underlings and spooning peanut butter on green apple slices as he spoke clinically about the drubbing Republicans took in November, when they lost the House and Senate.

Since the election, Rove has kept a low public profile but has agreed to a series of speeches that began last night with an appearance at a Lincoln Day Dinner -- a staple for local Republican groups -- in Springfield, Ill. Asked why he's not in the fetal position after a rebuke like the last election, Rove said that when he started in Texas politics, Republicans had 13 of 150 seats in the Texas House. They now have a comfortable majority.

"I am by nature an optimist," he said. "And, look, I know this is an opportunity. I know why we lost. I know we lost the Congress in part because of Iraq, in part because of the sense of entitlement, in part because of the scandals and in part because of beliefs about congressional earmarks and spending.

"I went out there and made speeches about how we've kept discretionary domestic spending underneath inflation, but the average cat out there saw high-profile things about spending that just sunk in," he said. "All those bad things they thought about Washington came back up."

Lamenting the lightning trajectory of the race to succeed his boss, Rove recalled that Bush had a quiet, productive period after his re-election as Texas governor in November 1998 until he started campaigning the following June. Rove said the current contenders may pay a price for being lured into a shooting war four months earlier.

Rove recalled that Bush and his Austin brain trust had the ability to think about the message for a number of months, while this year's candidates are "being driven by the calendar and by the competition to move into the fray earlier -- less prepared, and focused more on the tactical, short-term advantages."

"Is anyone talking about their agenda for America?" Rove asked, noting the possible exception of former Sen. John Edwards, D-N.C., who has been out of office since 2005.

He added that of necessity, candidates are thinking about fund-raising and giving the impression of aggressiveness as they carve out the niche they hope to occupy. "But as far as saying a lot of really interesting things that are going to be compelling enough and durable enough to serve as the means to get to the nomination, let alone the general election," he continued, "I don't see anybody at that place yet."

Rove added that the early start is "going to mean that people are going to spend, ironically enough, more time raising money, because it's going to give them opportunities to spend more money."

Looking to the immediate political horizon, Rove said Bush is confident that seeking common ground with Democrats will allow him to shape the debate for years to come, and perhaps even score some legislative accomplishments as President Ronald Reagan and others have done when they were lame ducks heading a divided government.

"In one way, things are bad," he said. "We had the majority, and now we don't. On the other hand, that happens with frequency in American politics. What the American people want to know is: Are you going to take the time that you have and turn it to good purpose? Are you going to pick yourself up off of the mat, are you going to go get back into the game, and are you going to do so in a way that gets me to applaud you? If we pick ourselves up off of the mat and get back in the game, as we are, then this'll be a good thing for us."

Rove, a master of the minutiae of political demographics, has singled out four voter groups that he thinks the Republican Party needs to focus on:

Suburbanites: "The heart of our party is married couples with children, but they are also those that are most prone to be mobile in our society and hence less linked into politics."

Younger voters: "That's where you set in motion things that come to pass not in a matter of an election or two, but a matter of a decade or two."

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African-Americans: "You can't claim to be a great political party if you're getting 9 or 10 or 11 percent. One of the interesting things about the 2006 election is that we appeared to make gains in the African-American community even while we were losing a national election."

Latinos: "This group is rapidly growing. We do well among them in some elections and not well in others."

Rove has a special interest in the group that demographers call "some college" -- people who, like him, attended college but did not graduate. The concerns of this group dovetail with one of his current policy passions: income distribution and education.

"Income is increasingly correlated to more education," he said. "The challenge for our society is how do we prepare every child to be ready for college if he or she decided to go to college? Our problem today is not that we don't have enough higher education opportunities. It's that we don't have enough people who are prepared to take advantage of it."

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by nerdoff on 02.13.2007 at 12:49 AM

Mike Allen worships Rove. Nothing he writes about Rove can be taken at face value. The same is true of Mark Halperin.

by tnproud2b on 02.13.2007 at 12:19 AM

I can say with absolute certainty that after 21 more months of hearing about Obama - even his most die-hard supporters will be sick of him. Folks, practically none of the candidates we're discussing today will make it past the primaries. If history has its way, the candidate with the most money (ie, Hilary) will inevitably be on the presidential ticket. I don't feel old, but apparently I'm old enough to know how these things work. This is politics...you never get things your way.

by LL on 02.12.2007 at 11:48 PM

I think Mr. Rove is probably right, I'm already tiring of hearing them and I haven't even been listening to them. I hope that is not the kind of peanut butter that is loaded with hydrogenated oils he is spooning onto green apple slices.

by urcluless on 02.12.2007 at 11:11 PM

I love it!! Mimi11s' response says it all. He is so good he forces people to make-up reasons to hate him. If he worked for former President Clinton, he would be a political god-send. For some strange reason the historic 2002 elections are ignored??

by glaucon5177 on 02.12.2007 at 10:07 PM

I think Rove makes a good point here. But that point is valid in every race. Its not uncommon that the fighting that takes place during primaries and before primaries can create a bit of fatigue in the public mind. Chuck Schumer points out nicely in his new book on how his own rather unknown status in the democratic primary for senate was beneficial since his two democratic opponents fought one another leaving themselves weak to his novelty to a degree.

But there is a flip side to starting early and I think this is what Rove is missing a bit. As with every election without an incumbent there are more voters up for grabs. Taking the last few years of both parties being in disarray I think this election will have an incredibly high number of on the fence voters. So getting out early is a way to make a first impression quicker. It shores up voters and voters who commit will sway voters who are undecided. Especially with sites integrating blogs and a myspace like atmosphere (at least on my.barackobama.com) candidates have a chance to directly involve voters and keep their attention even after the media come down from their initial orgasms of either positive or negative attention.

I've joined my.barackobama while I'm not committed to the candidate it has given me a chance to blog a bit on his views and argue with some other democratic voters. Its making me involved and involved early and I dare say getting the first impression makes it a candidate's position to lose a vote rather than in the position of having to win it.

Whatever backlash of over media attention I think this latter argument in light of our fast media age makes it pertinent for candidates to campaign early.

by Mimi11 on 02.12.2007 at 09:53 PM

When will Beltway journalists like Mike Allen and John Harris stop treating Karl Rove like a political genius?

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The so called genius lost the 2000 election and had to get GOP judges on SCOTUS to fix the election for Bush. He squeaked out a win in 2004 running a swift boat smear campaign. He lost the midterms after claiming he had done the math and the election was in the bag.

And yet Beltway journos still treat him like a philosopher king, begging him for scraps of wisdom.

by GGPSmith on 02.12.2007 at 09:17 PM

Karl's just saying that because he still has a day gig to pay attention to, and so he can't play in the 2008 game just yet. Besides, it takes three years to get so overexposed in the media that everyone gets tired of you. Barring martial law, someone will be elected by then. Still, the early contenders run the risk of burning themselves out and increasing their chances of saying (or yelling) something randomly stupid in front of a YouTube fanatic.

by Dion on 02.12.2007 at 08:58 PM

"Is anyone talking about their agenda for America?" Rove asked, noting the possible exception of former Sen. John Edwards, D-N.C., who has been out of office since 2005.

Obama has the issues outlined here http://www.barackobama.com/issues/

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Rove: White House And The Hill Are 'Spending A Lot More Time Talking' (POL)

By Mike Allen And John Harris

The Politico, February 13, 2007

President Bush once referred to him simply as "the architect," but Karl Rove's actual titles are assistant to the president, deputy chief of staff and senior adviser. Whatever he's called, Rove, 56, has sat at the intersection of politics and policy for George W. Bush ever since Bush began testing the waters for national office as Texas governor. Rove sat down with The Politico's Mike Allen and John F. Harris on Friday afternoon in his West Wing office. Here are excerpts from the conversation.

Q. What's the main point you'll be making in your upcoming series of speeches?

A. Actually, I have three different speeches. I'm giving a Lincoln Day Dinner speech on Monday, coincidentally on Mr. Lincoln's birthday, in Mr. Lincoln's hometown -- Springfield, Illinois. I'll talk about the challenges of a new century, the global challenges to the United States. Then I'm going to give a speech at the School of Communications at Texas State University in San Marcos. I've been asked to talk about the modern American presidency and communications. Then I'm going to speak at the Clinton Presidential Library. My speech is going to be about the institutional debt that presidents owe their predecessors. I'll talk a bit about the kind of institutional changes and structures put in place by presidents whose values were fully realized by presidents who followed them. I'll talk about that with regard to this president and the global war on terror.

Q. Does this president owe a debt to President Clinton?

A. Yes. I'll talk about that. Stay tuned for my very interesting remarks. The National Economic Council is a big part of that. He also made changes to the Domestic Policy Council. If you want to stretch it, it goes back to (Lyndon) Johnson but the reality of it is under (Richard) Nixon. There were also some institutional changes made by Clinton. I'll start with a little bit of (William) McKinley, the first modern American president, according to Lewis Gould, then talk mostly about (Harry) Truman, Nixon and Clinton.

Q. What historical precedents are informing you and President Bush as you study the challenges from the elections?

A. Well, there are lots, because most American presidents governed for some significant part of -- some of them for all of -- their term or terms with Congress controlled by the party of the opposition. How does a president govern with the Congress controlled by the opposite party? The irony is that at first blush, there's a lot of constructive stuff that gets done. It's under divided government that Reagan gets tax reform, the latter half of his term in office. It's under divided government that Clinton gets welfare reform. We got No Child Left Behind passed with a divided Congress.

Q. How do these examples inform your current stance?

A. There's a lot of different models. There is one model where you seek to find common ground. There's another model in which you find accommodation by basically moving dramatically on fundamental principles. You need to give people the benefit of the doubt and basically start off saying: Look, let's try and find ways to work together. And then you need to work like the devil to

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find ways to work together. We tried to do that in the State of the Union by laying out, in conformity with our principles, things that we felt were constructive that people from both sides of the aisle could find their way to support. Energy, where the message was: Let's set an ambitious goal of reducing gasoline usage by 20 percent in 10 years and relying upon technology to provide alternative fuels and renewal fuels that will get us there. Health care, where we said we want to tackle the issue of the uninsured. Let's start by saying that if you are self-employed or working in a small business where you have to buy health care out of your own pocket, you ought to get the same tax advantage that you get if you're working at a big corporation. Let's put the little man up on the same stage, on a level playing field, with the big guy. You do so by saying: In each instance, you can pay for your health insurance with pre-tax dollars.

Q. Given that you have both divided government and the latter part of a presidency, what are your realistic hopes for what you can accomplish in the next two years?

A. Here's the way I look at it: You need to press your agenda. I'm not certain at the beginning of it that Reagan said, I'm going to be able to get tax reform. I'm not certain that any president is able to say: Look, in the final two years of my second term, I know what I can get. But I think every president understands that one of two things will happen by advocating that agenda. Either the agenda will get adopted, or it will shape the public debate for some long time after they leave office. Government is like, in many respects, a very large seagoing craft where you can't turn it radically. You can't execute an immediate 180-degree turn. Because of that, successors look at the policies, understand them outside the context of an election campaign, re-evaluate them and in many instances adopt them or accept them. One of the big examples was Truman and (Dwight) Eisenhower. I'm going back and rereading, trying to get a better handle on Eisenhower's speeches in the '52 campaign. But in essence, in the years leading up to '52 -- both in Korea and outside of Korea, starting with the Long Telegram and maybe even before the Long Telegram -- Truman begins to develop an approach to the emerging Cold War. At least in one instance, Korea, it looks Eisenhower may not be in agreement with it. But after he gets into office, either because the burdens of the campaign are now gone or he re-evaluates it, he in essence adopts the policy of containment and adopts the policy of accepting a stalemate on the Peninsula, which bought breathing time for market democracy to create this economic powerhouse in the south.

Q. What are you doing differently in your job, substantively or stylistically, in 2007 compared with 2006, before the election?

A. The entire White House is spending a lot more time talking to the Hill and a lot more time seeking feedback and giving them the time that they want. It's not that they didn't want to talk to us before. But I think there's a desire for them to talk to us more now. I think they want to be able to test whether or not we're serious about working together by spending more time talking about whether or not we're going to work together. A lot of that is done by other people, but the entire White House finds itself in a place where we're supporting that process more than we might have in the past. I have, sitting on my desk, a letter to me from a Democrat member asking me to look into a specific issue. Why this member feels comfortable saying, Here's something that I want you to look into, I can't speak to. But I'm glad that she feels that she can say: "I'd like you to look into this. I think we can find a way to work together. I'm having a dialogue with common interlocutors. You can ascertain from them that I'm serious about this. Let's see if we can't work together on this issue."

Q. What are some of the ways this president has changed governing and campaigning?

A. I think it's going to be difficult for a presidential candidate not to run with a pretty concrete vision. It's not going to be enough merely to tear down if you're a Democrat, the incumbent administration, or if you're a Democrat or Republican, to tear down your opponent. The model is going to be: What is it that you are going to do? I think what we were held to in 2000, which we realized -- we're not responsible for it, the press is -- people wanted to know: Did it all add up? I remember the endless discussions we had with the economic experts and the budget experts about how much did things cost. I remember lots of discussions with each of our policy groups, some of which were represented in work on speeches, about what did those things mean and how did they work. It's not us, but I suspect the thing that we dealt with, and dealt with effectively in '00 and '04, is going to be demanded of other candidates. I do think there's going to be a greater emphasis upon the grass-roots nature of politics -- that is to say, a slight rebalancing. We rebalanced it. It used to be that all you really cared about was how much money did you spend on television.One visible thing that we have done for the last six years, particularly in the aftermath of the 2000 campaign, is putting a strong emphasis upon all the tools of the so-called 72-hour approach -- micro-targeting. It's got the least descriptive name of anything in politics. The 72-Hour Task Force says you use tools available to you in the computer age to identify people

who are less likely to participate and are persuadable, and you focus all of your volunteer efforts on talking to that vast number of people in order to make certain that they are registered to vote, that they're persuaded to support your candidate and that they're then motivated to get out to vote.

Long A Target Over Faulty Iraq Intelligence, Ex-C.I.A. Chief Prepares To Return Fire (NYT)

By Mark Mazzetti And Julie Bosman

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 _ — For the past two years, George J. Tenet has maintained a determined silence even as senior White House officials have laid the blame for the prewar mistakes about Saddam Hussein on him. But now Mr. Tenet, the nation's former spy chief, is preparing to return fire.

Mr. Tenet was awarded a Presidential Medal of Freedom at a grand White House ceremony in December 2004, after stepping down as director of central intelligence, only to have Vice President Dick Cheney appear on "Meet the Press" 21 months later and pin the mistake about the Iraq intelligence squarely on him.

Now, as he races to complete a memoir due out this spring, the talk in Washington has turned to how Mr. Tenet, known for fierce loyalty and political survival instincts that enabled him to weather both Democratic and Republican administrations, will use the book to juggle a host of agendas: polishing his legacy, settling scores and explaining just what he meant when he said it was a "slam dunk" that Mr. Hussein had unconventional weapons.

Of course, Mr. Tenet must finish the book first, which has proved to be something of challenge. The book was supposed to hit shelves last week, but Mr. Tenet was still writing as late as last month. The book has also undergone a slow vetting process at the White House and the C.I.A., which reviewed it to ensure it did not contain classified information.

Friends and former colleagues of Mr. Tenet note that he built his career by making more friends than enemies, and they say he is unlikely to use his book to pick new fights. But some of president Bush's top aides with whom Mr. Tenet clashed in the past, including Secretary of State Condoleezza Rice, are said to be targets of criticism.

"George is a born politician and he wants everyone to love him, but in order to sell books he's going to have to throw somebody out of the lifeboat," said a former colleague of Mr. Tenet at the C.I.A., one of several people interviewed for this article who requested anonymity because they did not want to speak on the record until the book was published.

Mr. Tenet is not expected to take on Mr. Bush, with whom he developed a close bond during early morning intelligence briefings in the Oval Office. But Mr. Tenet's friends said he had been surprised when Mr. Cheney and Ms. Rice, appearing on Sunday talk shows last September, fingered him in justifying Mr. Bush's decision to go to war with Iraq.

In the interview on "Meet the Press," Mr. Cheney said: "George Tenet sat in the Oval Office and the president of the United States asked him directly, he said, 'George, how good is the case against Saddam on weapons of mass destruction?' The director of the C.I.A. said, 'It's a slam dunk, Mr. President, it's a slam dunk.' "

Mr. Cheney added, "That was the intelligence that was provided to us at the time, and based upon which we made a choice."

Promotional materials for the book promise that Mr. Tenet will give the "real context" for that episode.

One person who has read early drafts of the book said Mr. Tenet defended himself by carefully parsing the "slam dunk" comment: he said he was not telling Mr. Bush that there was rock-solid evidence that Mr. Hussein had chemical and biological weapons, only that the president could make a "slam dunk" case to the American public about these weapons programs.

David L. Boren, the former chairman of the Senate Intelligence Committee and a longtime friend of Mr. Tenet, said it was Mr. Tenet's friends and former C.I.A. colleagues who urged him to write a book to balance the record.

Mr. Boren said that in the weeks before the Iraq war, he warned Mr. Tenet that since he was not a member of Mr. Bush's closest circle of advisers, the White House would make him the scapegoat if things went badly in Iraq.

"I told him they had your name circled if anything goes wrong," recalled Mr. Boren, who is now president of the University of Oklahoma.

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Tina Andreadis, a spokeswoman for HarperCollins, declined to discuss the book in detail. People who have read parts of the manuscript said it would span Mr. Tenet's career at the C.I.A., with a particular focus on the agency's warnings about Al Qaeda and operations in Afghanistan after the Sept. 11 attacks.

One publisher who met with Mr. Tenet to discuss publishing the book said he had vowed to defend the assessments of C.I.A. analysts about Iraq.

"He wanted everybody to know that he felt the portrayal was inaccurate," the publisher said. "He defended the agency. He was very emotional. This was not a mea culpa."

Mr. Tenet has been applauded for sounding an early alarm about the threat from Osama bin Laden and his network. Yet his exchanges with the Sept. 11 commission left some commission staff members puzzled about his recollection of details of certain crucial decisions.

"He has a lot to be proud of and a lot he will want to explain," said Philip D. Zelikow, who was executive director of the Sept. 11 commission and more recently a counselor to Ms. Rice. "If he felt that he was constrained in his ability to tell the full story when he was a member of the Clinton or Bush administrations, then people like me should wait patiently and read what he has to say now before offering further judgments."

According to HarperCollins's original news release for the book: "Tenet will offer a gripping narration of the run-up to the war in Iraq. Saddam Hussein's Iraq was an unusual foe: Never before had a rogue nation tried so hard to convince the world that it had WMD."

A string of carefully planned news media appearances to promote the book has been in place for months. HarperCollins has decided to release it on a Monday, rather than a Tuesday, when most books are released, to coincide with a scheduled Sunday evening appearance by Mr. Tenet on "60 Minutes" on CBS.

The Crown Publishing Group first signed a book contract with Mr. Tenet in December 2004 for a reported $4 million, but the contract was dissolved a few months later when Mr. Tenet hedged on a delivery date.

The publisher who met with Mr. Tenet said he had spoken extensively about the toll that the Iraq war had taken on his family, particularly on his son, who was "teased mercilessly" at school. "Other kids would yell, 'Your dad's a murderer!' and that kind of thing," the publisher recalled him saying.

For Mr. Tenet, the downside of waiting so long to emerge with his own account is that other books by journalists and former officials have already shaped public opinion about his role in the Iraq war, and some of Mr. Tenet's friends fear that his account may be arriving too late.

Other allies said that while his book would give a fresh perspective, it would still be one account among many competing interpretations of the events of the past five years.

"Because of the nature of intelligence work, you can never totally set the record straight," said former Senator Bob Kerrey, a member of the Sept. 11 commission who has known Mr. Tenet since the two worked together on the Senate Intelligence Committee. "The record is always going to be a little bit murky."

Judd Gregg: Point Man Or Hit Man? (RC)

By Emily Pierce

Roll Call, February 13, 2007

With an unofficial seat at the Senate Republican leadership table, it's no accident that Sen. Judd Gregg (N.H.) has been at the center of nearly every major floor fight this Congress.

In fact, Majority Leader Harry Reid (D-Nev.) voiced his frustration with Gregg last week, noting that the three-term New Hampshire Republican seemed to be "the designated 'see-if-we-can-mess-up-the-legislation' guy this year."

Reid likened Gregg to "somebody who comes into a basketball game, not to score points, just to kind of rough people up, just to kind of get the game going in a different direction."

In response, Gregg said on the floor, "I appreciate the Senator's comments. I take them as a compliment. I have been active legislatively. That is, obviously, our job."

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While more junior Republicans have independently mounted floor fights that won praise from their leadership, Senate Minority Leader Mitch McConnell (R-Ky.) has been regularly turning to Gregg to help him find ways to tie the Democratic majority in knots.

"He's arguably our best sort of idea guy," McConnell said in an interview Friday. "I rely on him heavily. He's a major player in the Senate whether he sits at the leadership table or not."

But Gregg does sit at the leadership table, because McConnell has asked him, along with Sen. Bob Bennett (R-Utah), to join the weekly Republican leadership meeting as an informal "senior adviser."

Gregg said he acts as a "freelance idea person" in leadership meetings at McConnell's request.

Senate Minority Whip Trent Lott (R-Miss.) said Gregg brings to the table previous leadership experience as Chief Deputy Whip under both Lott and former Senate Republican Whip Don Nickles (Okla.). But that position does not require election by the Senate Republican Conference.

"I've always wondered why he didn't run for a leadership position," said Lott, who speculated that Gregg would find it too "restrictive."

No matter how he got to the table, Gregg's ideas appear to carry a lot of weight with McConnell, who has twice in the past month and a half drawn the proverbial line in the sand over Republicans' right to have a vote on a Gregg proposal.

"I think of him not as the guy sent into the game to kind of rough people up," said McConnell. "He's the smart-guy point guard, the one who's good at ideas that will benefit the overall team."

Gregg's proposals also have won the broad support of his GOP colleagues, who have stood with him and McConnell on tough votes that have not always played well in the media but have established the new Republican minority as a force to be reckoned with.

One Senate Republican aide said Gregg's ideas have been well-received because, "He's viewed as a thinker. ... He's definitely known for being stubborn, usually with good reason."

Gregg said he thinks his ideas have caught fire with his colleagues because, "Most of the issues I tend to push are things I think are at the essence of Republican governance."

A good example of that was Gregg's ultimately successful attempt to get a vote on an amendment designed to give the president line-item rescission authority over earmarks in spending bills.

Lott said Democrats opened up debate about the abuse of earmarks in spending bills during consideration of a lobbying and ethics bill in early January and then tried to prevent Gregg from getting a vote on his proposal by claiming it was not germane.

Lott said Gregg pleaded his case to the entire Republican Conference and the majority agreed that it was reasonable to band together to try to force Democrats to vote on the amendment. While the proposal was defeated, Republicans did secure an agreement to have a vote on the line-item plan during debate on a bill to increase the minimum wage.

While the line-item rescission amendment rose to the top through an organic process, Lott said Republicans made a more calculated decision last week when they insisted that the Senate vote on Gregg's nonbinding resolution in support of U.S. troops as a foil for the Democrats' preferred resolution condemning President Bush's plan to send more troops to Iraq.

"That was a situation where sometimes he's asked to put on his thinking cap and come up with ideas," Lott said.

McConnell said Reid's insistence that Republicans get only one vote on an alternate Iraq resolution spurred more interest in Gregg's bill.

"All of our Senators agreed that if we were only to have one amendment, that that summed up where we were," McConnell said.

Indeed, Gregg's proposal supplanted a popular resolution by Sen. John McCain (R-Ariz.) that would have refrained from criticizing the president but set benchmarks for success in Iraq.

Gregg said the Senate Republican Conference's decision to rally around his resolution "was sort of a surprise to me. I didn't expect it to become such a cause celebre."

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And even though Republicans were roundly criticized in the media — and by Democrats — for derailing debate on the nonbinding Iraq War resolution, Republicans say they have no “buyer’s remorse” about standing by Gregg and blocking the Senate from bringing debate on the resolution to a close.

“The deck was stacked against us,” said the Senate Republican aide. “There’s no way in hell that the liberal media was going to paint us as anything but obstructionist.”

While Republicans may have lost the public relations battle on the Iraq debate, Democrats acknowledged Gregg’s savvy use of Senate rules.

Said one Democratic leadership aide, “We don’t know if this is a unique set of circumstances or if this is going to continue.”

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, February 13, 2007

A Star-Quality Pal for the Ex-Prez

More insight into the surprising friendship between George H.W. Bush and Teri Hatcher: She baked oatmeal cookies for the Bush family during a Kennebunkport, Maine, visit! He taught her daughter how to ride a Segway! They've gone fishing and golfing together!

Those details came to us in e-mails the "Desperate Housewives" star sent yesterday in response to our colleague Korin Miller's inquiries about Hatcher's chummy Los Angeles lunch last week with the former prez, captured by leering paparazzi. Miller reported Saturday that the two have been pals since meeting at a gala in Las Vegas a few years ago. Hatcher responded late but in great detail, seemingly concerned that someone might interpret this all, you know, the wrong way.

Hatcher, a "registered independent," wrote that she befriended Bush 41 -- and his wife, Barbara, mind you! -- in "hope of being involved in their many charities," praising his work on disaster relief and other causes. "He is wonderful to my family but more importantly I believe at this time in his life the most important thing for he and Mrs. Bush is to be involved in giving back to the world . . . and I am proud to be a part of that."

As for the friendly peck on the cheek and pat goodbye captured on video: "There was nothing inappropriate. . . . We all had a good laugh about it."Some Loaded Comments at 'Abu Ghraib' Screening

When the lights go up after most documentary screenings, you usually can expect a politely snoozy lovefest at the "panel discussion to follow." So the folks who turned out for the preview of HBO's "Ghosts of Abu Ghraib" at the Ronald Reagan Building last night were unusually lucky.

Among the VIPs on hand to discuss the Rory Kennedy project (set to air Feb. 22) were Uncle Ted Kennedy and Sen. Lindsey Graham. The latter livened things up in a big way when he denounced Army Col. Janis Karpinski, who was demoted from brigadier general after the prison torture scandal.

"Karpinski should have been court-martialed," said the South Carolina Republican, who sits on the Armed Services Committee. "She was not a good commander."

Awkward! For who was in the audience but Karpinski herself. "I consider you as cowardly as [Lt. Gen. Ricardo] Sanchez or [Donald] Rumsfeld or [former Guantanamo Bay commander Geoffrey] Miller," she shot back. "You're saying I should be court-martialed -- they didn't want me in a courtroom because I would tell" the truth. Graham sputtered clumsily until moderator Jeffrey Toobin jumped in.

Afterward, Karpinski told our colleague Michael Cavna: "Ninety-nine percent of the story is still covered up. . . . Miller and Sanchez and Rumsfeld should be in those cells" with the Army guards who were found guilty.Chew Confessions! The First Lady Spills the Beans

Laura Bush sat down to dish with cook/talk-show host Rachael Ray on yesterday's program. A few crumbs:

Â· The first lady admitted she loves to cook but hasn't been in the kitchen for years. (She brought carrot muffins made by White House chef Cris Comerford.) Instead, she reads cookbooks and watches cooking shows "a lot."

Â· Jenna and Barbara rarely eat meat, like fish and vegetables, and love beans -- especially Cuban black beans and pinto beans.

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Â· She just finished reading "The Glass Castle," a memoir by gossip columnist Jeannette Walls of her dysfunctional childhood (alcoholic father, neglectful mother), which she got from her mother-in-law and then passed it on to Sheila Martin, wife of Canada's former prime minister.

Â· The president: "Not very good" at remembering Valentine's Day, so the White House florist always sends up flowers; he signs the card. Last year, one of the gardeners fashioned a heart topiary. "But, of course, the president didn't think of it, the gardener did," she told the audience. Busted!HEY, ISN'T THAT . . . ?

Â· A fellow who certainly looked like LL Cool J having an early dinner and signing autographs at Chadwick's in Georgetown Saturday evening. "He was everything you wanted him to be," sighed one star-struck diner -- black Yankees cap, huge diamond-stud earrings and a fur-trimmed coat over arms the diameter of his platinum records, and he told restaurant staff he was Cool James himself. But a publicist denied that the veteran rapper was in D.C. A colleague of ours, who happened to be interviewing the star by phone yesterday, asked. He sort of denied it and laughed; she asked again, and he noted that he has family here and said, "Well, I'll let you decide."

OTHER NEWS:

'I'm Doing Fine,' President Tells Worried Father (WP)

By Peter Baker

The Washington Post, February 13, 2007

As the House gets ready to begin debating the Iraq war today, President Bush has a piece of advice for his father: Turn off the television.

It seems that former president George H.W. Bush has been getting agitated watching all the attacks on his son -- so much so that the current president said yesterday that he is worried for his father's well-being.

"I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news," the president told C-SPAN in an interview to be broadcast this morning. "And I understand how difficult it is for a person who loves somebody to see them out in the political process and to kind of endure the criticism. My answer to him is: 'Look, don't pay attention to it. I'm doing fine.' "

That is advice he apparently intends to follow himself. Bush has no plans to watch the House debate his decision to send 21,500 more troops to Iraq.

"You know, I've got a full day," he said. "I mean, it's not as if the world stops when the Congress does their duty."

Besides, he added: "I already know what the debate is. I hear a lot of opinions."

Bush's comments were not the first hint at frustration inside the Bush family over his political troubles. After the November elections, which ousted Republican majorities from both houses of Congress, the elder Bush bristled at those disparaging his son. At a conference in the United Arab Emirates, he responded to Arab critics. "When your son's under attack, it hurts," he said. "You're determined to be at his side and help him any way you possibly can."

The president's travails may have brought father and son closer in some ways. In the interview yesterday, the younger Bush said he thinks his father is underestimated. Bush has identified politically more often with Ronald Reagan and Harry S. Truman. But he offered the 41st president as his first example when asked by C-SPAN's Steve Scully who is the most underrated president.

"Well, George H.W. Bush is one of them," the 43rd president said. "He followed President Reagan, who was such a really strong president that people have yet to take a look at my dad."

Beltway Support Could Boost Romney (LAT)

By Janet Hook And Tom Hamburger

The Los Angeles Times, February 13, 2007

— Republican presidential candidate Mitt Romney, the former Massachusetts governor who had a limited national profile just a few years ago, is matching the better-known Sen. John McCain (R-Ariz.) step-for-step in the race to round up support from an important audience: members of Congress and Washington lobbyists.

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Call it the "insider primary."

Today, as Romney formally launches his bid for the White House with a speech in Michigan, what might have been a longshot campaign can boast that many influential GOP lawmakers and lobbyists have judged him best able to go the distance.

More members of Congress have announced support for Romney than for McCain: 26, including former House Speaker J. Dennis Hastert (R-Ill.).

And though some Washington hands backing Romney are not household names, they include luminaries of key Republican constituencies, such as former Rep. Vin Weber (R-Minn.), revered by economic conservatives and antiabortion activists; Sen. Larry E. Craig (R-Idaho), his chamber's standard bearer for gun-rights advocates; and John J. Castellani, a Beltway lobbying powerhouse with ties to the top echelons of American business.

The support of these insiders has positioned Romney to raise money and build a campaign organization in the early-voting primary states. It says much about the problems facing McCain, who despite a national profile is finding challenges in building the impression that his victory in the GOP primary is inevitable.

Where Romney is a relative newcomer to national politics after one term as Massachusetts governor, McCain is a 20-year Senate veteran and war hero already tested in a presidential campaign. But McCain's style and frequent departures from party orthodoxy, on such issues as campaign finance to tax cuts, have alienated many party colleagues in Congress.

"He's hurt himself with the Republican rank and file," said Rep. Jack Kingston (R-Ga.), who is leaning toward supporting Romney and who invited the former governor to speak to a group of House Republicans in January. Many times, "McCain is the spoiler on legislation. House members have gotten tired of it over the last six years."

Polls show that Romney is running a distant third among GOP presidential hopefuls, behind McCain and former New York Mayor Rudolph W. Giuliani, and that the vast majority of Americans do not know enough about him to form an opinion. Romney's Washington endorsements, coming from lawmakers and lobbyists whose own political clout depends on backing a winning candidate, may help confer legitimacy on his campaign.

With many Republicans doubtful that Giuliani can win the party's nomination because of his relatively liberal stands on social issues, Romney is trying to establish himself as the strongest alternative to McCain. Like Giuliani, Romney in the past had endorsed abortion rights and gay rights.

But he now is aggressively repositioning himself as a conservative on those issues, and is courting conservative lawmakers — as well as evangelical and social conservative leaders — who can validate his transformation.

Romney's effort is also paying off in help in fundraising and field organizing in key states. For example, he has secured the endorsement of popular Republican Sen. Jim DeMint of South Carolina, an early primary state; the other senator from the state, Lindsey Graham, is backing McCain.

McCain is concerned enough about being seen as defeated in congressional endorsements that he touts his own list of 21 backers.

"He enjoys a lot of support in both chambers," McCain spokesman Danny Diaz said. "We're going to continue to reach out to elected officials across the country."

Endorsement dynamics are akin to schoolchildren choosing teams: Some influential people are on everyone's wish list.

Weber, a Republican lobbyist, is one of those first-round picks. He is a respected political strategist with close ties to the White House and Congress. (He served on Capitol Hill from 1981 to 1993.)

Weber supported McCain in 2000, but Romney pursued Weber's support assiduously. In one-on-one meetings in Washington and Boston, Romney impressed Weber with his command of major policy issues, such as energy and healthcare. Weber eventually decided to back Romney, in part because he believed the message of the 2006 election was that voters were disillusioned with Washington insiders.

"The Republican Party badly needs a face from outside Washington," Weber said.

His endorsement also provides a window into how Romney is managing to win support from social conservatives — Weber strongly opposes abortion — though he has not always sided with them.

Weber said that in talking to Romney, he was persuaded the former governor had undergone a conversion as authentic and durable as that of Ronald Reagan, who did not declare his opposition to abortion until he ran for president in 1975.

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Benjamin Ginsberg, a Republican election law expert who has counseled presidential candidates and party organizations for decades, was another backer sought by the major GOP campaigns. After reviewing the candidates, he chose Romney. Ginsberg's endorsement provides a stamp of GOP tradition, power and competence, particularly in the fundraising area.

Another Romney backer, Castellani is president of the Business Roundtable, an organization of chief executives of the top U.S. corporations. He is considered among the half a dozen or so most influential lobbyists in Washington, with experience in raising money, organizing issue campaigns and getting business engaged in national politics.

In a measure of what Washington insiders can do for a candidate, lobbyist Ron Kaufman and other Romney backers arranged a fundraiser for his political action committee in October. The $100-a-head event drew a crowd of 400, large enough that the fire marshal almost closed it down. Kaufman and a host committee of 21 lobbyists are now planning a $2,300-a-head fundraiser for Feb. 27 in Washington.

Romney moved to expand his lobbying-community reach in mid-January, inviting a group of K Street figures to a meet-and-greet breakfast. Among his catches: Jade West, a lobbyist for the National Assn. of Wholesaler-Distributors, a leading trade group representing nearly 40,000 companies. West, a former Senate GOP leadership aide, has promised to use her ties to build support for Romney on Capitol Hill.

The House is a target-rich environment for Romney because it is a conservative bastion home to many Republicans who dislike McCain. The Arizona senator has infuriated GOP colleagues with his failure to support Bush's tax cuts in 2001 and 2003; his support for an immigration plan that would allow illegal immigrants a path to citizenship; and his signature campaign finance law, which many Republicans believe put their party at a disadvantage in 2006. During debate on the bill in 2002, McCain insulted many colleagues by saying the existing campaign system corrupted everyone in it.

"When he said we're all corrupt, I said, 'Speak for yourself,' "said Rep. Howard "Buck" McKeon (R-Santa Clarita), a Romney backer. "It would be tough for him to work with members of Congress on the things the president has to work on."

People close to Hastert were surprised that he endorsed Romney so early. But they were not surprised that he turned his back on McCain. Hastert and McCain had a bitter public spat a few years ago in which Hastert questioned the senator's credentials as a Republican.

To David Norcross, a lobbyist and one of New Jersey's representatives to the Republican National Committee, the early endorsements have established the validity of Romney's candidacy.

"Early on, there are questions about whether a candidate is real," Norcross said. "This list lays that question to rest."

McCain, Romney Vying For Support Of Conservatives (WP)

By Alan Cooperman And Chris Cillizza

The Washington Post, February 13, 2007

As a former Iowa state Republican chairman, head of Iowa Right to Life and political director of Rep. Jim Nussle's losing gubernatorial campaign, Marlys Popma is an experienced political operative as well as an evangelical Christian.

So when the phone calls started from Sen. John McCain of Arizona and former Massachusetts governor Mitt Romney, Republican presidential candidates eager for her help in the crucial Iowa caucuses next year, she knew this was not an election she could sit out. "You're never going to find the perfect candidate," she said.

For many social conservatives, that is an understatement. Twelve years ago, Romney said he would be a more effective proponent of gay rights than Sen. Edward M. Kennedy (D-Mass.); seven years ago, McCain said the Republican Party had no place for "agents of intolerance" such as Jerry Falwell.

Popma, however, felt she had to make a choice, and it was McCain.

For McCain, it was a hard-won endorsement in a fierce competition with Romney to exploit the absence of an obvious social conservative front-runner in the Republican race. Both candidates are working hard to line up key supporters such as Popma, and much to the distress of former Arkansas governor Mike Huckabee and Sen. Sam Brownback (Kan.), candidates with stronger ties to party conservatives, they are succeeding.

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"Winability is a bigger issue in this campaign because of the Darth Vader-like specter of a Hillary Clinton presidency," according to the Rev. Richard Land, president of the Southern Baptist Convention's policy arm. Evangelicals "want the most socially conservative candidate they can find, who can win," he added.

Romney, who is expected to formally enter the presidential race today in Dearborn, Mich., has been particularly aggressive. In October he held a casual gathering at his Boston home for a who's who of social conservative leaders. Falwell and evangelist Franklin Graham munched on sandwiches and sipped soup alongside former presidential candidate Gary Bauer and pastor Richard Lee of First Redeemer Church in Atlanta.

Romney will also host a private reception for Christian radio and television hosts during the National Religious Broadcasters' annual meeting next week in Orlando, and he is expected to be the commencement speaker at the Rev. Pat Robertson's Regent University in May.

Not to be outdone, McCain will be feted by Falwell at a reception at the religious broadcasters' convention, the latest sign of detente between onetime adversaries. Last May, McCain delivered the commencement address at Falwell's Liberty University.

McCain and Romney have also done significant spadework to recruit well-regarded social conservative operatives to their cause. McCain has inked Marlene Elwell, who oversaw Robertson's 1988 presidential campaign in Michigan, and Judy Haynes, a former senior official in the Christian Coalition. Romney's team includes Gary Marx, a former head of the Virginia Christian Coalition who was the day-to-day coordinator of evangelical support for President Bush's reelection campaign.

But McCain and Romney have significant hurdles to overcome if they are to win the support of conservative Christians, who by one estimate make up a quarter of the electorate and at least 40 percent of the Republican base.

McCain has backed expanded stem cell research, blocked the "nuclear option" that would have allowed the Senate to hold up-or-down votes on the appointment of judges, and sponsored campaign finance legislation the Christian political community loathes because of its restrictions on election-related activity by grass-roots groups.

In endorsing McCain, Popma said she had her own checklist that he satisfied: The candidate had to be against abortion, in favor of defining marriage as between a man and a woman, and committed to appointing conservative judges to the federal bench. "This man is a social conservative," she said, "and he is the leading social conservative in the race who is consistent."

But James Dobson, founder of the Christian broadcasting powerhouse Focus on the Family, is not convinced. He told a Dallas radio station last month he prays that evangelicals will not "get stuck with" McCain as the Republican nominee. "Speaking as a private individual, I would not vote for John McCain under any circumstances," Dobson said.

Romney faces a dual challenge in wooing social conservatives. First, he is Mormon -- a religion many evangelical voters view skeptically. Second, during his campaigns for the Senate in 1994 and for governor in 2002, he expressed support for abortion rights and gay rights, positions he has reversed since it became clear he would pursue the presidency in 2008.

According to several attendees of Romney's luncheon last fall, his Mormonism was not a major problem for the evangelicals in his den. What the assembled evangelicals really wanted to know, and what they mostly focused on, was whether Romney's recent stance against abortion is sincere, said Jay Sekulow, director of the American Center for Law and Justice, which frequently represents conservative Christians in church-state cases.

Romney told them he changed his mind about abortion during the debate over embryonic stem cell research, and he recounted a discussion with stem cell experts from Harvard in which he was offended by the casual, clinical way in which they spoke about the destruction of fetuses.

"He said it just hit him, suddenly and powerfully, that we are dealing with life," said Sekulow, who decided at the lunch to back Romney's campaign. "Some say this is flip-flopping. It's not. He just flipped. . . . I think it's from the heart."

The Rev. Rick Scarborough, a Texas-based Baptist preacher, is more skeptical. Scarborough, who runs the conservative advocacy group Vision America, was invited to the luncheon at Romney's house but used a scheduling conflict as an excuse not to attend. "I'm not prepared to get too terribly close right now, because I want to wait and see what the nature of Mitt Romney's conversion to social conservative issues is," Scarborough said.

In light of that skepticism, the Huckabee and Brownback campaigns hope they can overcome the perception that they cannot win, arguing that "we're viable if you make us viable," according to Land, the Southern Baptist leader.

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Amid the near-constant pitches for support by the aspiring presidential candidates, some social conservatives are urging peers to refrain from any choice.

Steve Scheffler, president of the Iowa Christian Alliance, said he has been approached by several campaigns but has chosen to stay out of the endorsement game for now.

"Anytime you side with a candidate and work for them, you alienate people and you are not able to talk about the issues as much as you would like," Scheffler said.

Jewish Group Blasts Romney Over Launch (AP)

By Joan Lowy

AP, February 13, 2007

Republican Mitt Romney's choice of a museum honoring auto pioneer Henry Ford as the site of his presidential announcement was strongly criticized Monday by Jewish Democrats, who noted Ford's history of anti-Semitism.

The former Massachusetts governor, who is scheduled to formally launch his presidential candidacy from the Henry Ford Museum in Dearborn, Mich., on Tuesday, was taken to task by The National Jewish Democratic Council.

The council "is deeply troubled by Governor Romney's choice of locations to announce his presidential campaign," executive director Ira Forman said in a statement.

"Romney has been traveling the country talking about inclusiveness and understanding of people from all walks of life," Forman said. "Yet he chooses to kick (off) his presidential campaign on the former estate of a well-known and outspoken anti-Semite and xenophobe."

Forman said Romney's "embrace of Henry Ford and association of Ford's legacy with his presidential campaign raises serious questions about either the sincerity of Romney's words or his understanding of basic American history."

Ford was bestowed with the Grand Service Cross of the Supreme Order of the German Eagle by Adolf Hitler.

Eric Fehrnstrom, a spokesman for Romney, said the candidate will go ahead with his announcement as planned.

"Governor Romney believes our country needs to put innovation at the forefront if we are to ensure a stronger, safer and more prosperous America," Fehrnstrom said. "The Ford Museum embodies that bold, innovative spirit."

Fehrnstrom noted that other political leaders have praised Ford in the past. He cited a 1999 speech on small business development in which former President Clinton quoted Ford and praised the "power of enterprise and the strength of the human spirit" of American entrepreneurs.

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SAN FRANCISCO (AP) — Democratic presidential candidate Tom Vilsack will seek to cancel out his campaign's contribution to global warming through investments in "clean" energy.

The campaign will monitor its so-called carbon footprint — the carbon dioxide created by his travels, energy use at his offices and other activities, said communications director Josh Earnest. Carbon dioxide is one of the greenhouse gases blamed for rising earth temperatures.

To offset that carbon dioxide production, the campaign will pay a Vermont company, Native Energy, that invests in renewable fuels such as wind power, Earnest said. The campaign will also invite donors to contribute specifically to offset those costs.

Vilsack planned to announce the initiative during a speech on energy policy in San Francisco on Tuesday. "He will pledge to make his presidential campaign the first presidential campaign in history to be carbon-neutral," Earnest said.

"No question that this is one of the, if not the most important issue in this presidential campaign," Earnest said. "It affects national security, the economy, even the health care system."

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ALBANY, N.Y. (AP) — Key New York political leaders indicated Monday that they favor moving the state's presidential primary up a month to Feb. 5 — a shift that could help the 2008 campaigns of Democrat Hillary Rodham Clinton and Republican Rudy Giuliani.

It "would be the right thing for the state," an aide to the Legislature's top Democrat said.

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A top aide to the Legislature's most powerful Republican said making such a shift was also on the GOP's radar screen.

Several other big states, including California, are already considering shifting their primaries to Feb. 5. Such a move could create a new Super Tuesday showdown just days after the first-in-the-nation Iowa caucuses and New Hampshire primary and the follow-up South Carolina primary.

"The speaker is favorably inclined to move the date. He thinks it would be the right thing for the state and will be speaking to the governor about doing it," said Charles Carrier, a spokesman for state Assembly Speaker Sheldon Silver, a Manhattan Democrat and key backer of Clinton's bid for the 2008 Democratic nomination.

New Democratic Gov. Eliot Spitzer had no immediate comment Monday about the plan, first reported in Monday's editions of the New York Post.

"It's something we're taking a look at," said John McArdle, a spokesman for Joseph Bruno, the state Senate's Republican majority leader. Bruno has close ties to both Giuliani, the former New York City mayor, and to Sen. John McCain, the Arizona Republican who polls show is Giuliani's main competition for the GOP presidential nomination.

In Alabama, Republicans and Democrats are trying to move up the date of the state's presidential primary from Feb. 5 to Feb. 2, 2008, which would avoid a conflict with a Mardi Gras holiday. Party leaders said Monday they are working on legislation to move the primary.

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COLUMBIA, S.C. (AP) — Former South Carolina first lady Iris Campbell and one of her two sons have signed onto Republican Mike Huckabee's presidential campaign.

Iris Campbell was widowed in 2005 when former Gov. Carroll Campbell died after a public battle with Alzheimer's disease. The former governor, who served two terms from 1987 to 1995, is credited with making the Republican Party a powerful force in South Carolina, and Iris Campbell remains influential throughout the state.

"I think that if Carroll were here, he'd do the same," Iris Campbell said.

Her son, Mike Campbell, who ran unsuccessfully last year for lieutenant governor's office, was tapped to run the former Arkansas governor's South Carolina campaign as a senior national adviser.

Will Mormon Faith Hurt Bid For White House? (USAT)

By Jill Lawrence

USA Today, February 13, 2007

SALT LAKE CITY — It's easy to find Mormons who have run into misconceptions about their faith. Take Jeff Hartley, executive director of the Republican Party in Utah, a state that's 70% Mormon. "I only have one mom. I only have one wife," he says. "That's not the understanding that a lot of people have."

The emergence of former Massachusetts governor Mitt Romney, a Mormon waging a strong campaign for the GOP presidential nomination, spotlights a religion often viewed as odd despite its rapid growth and attempts to go mainstream. Hartley and others say they welcome the scrutiny. For Romney, set to announce his candidacy today, it may be less than a blessing.

In a diverse 2008 presidential field that includes a woman and an African-American on the Democratic side, polls show being Mormon is a handicap. In a new USA TODAY/Gallup Poll, 72% say they would vote for a qualified nominee who is Mormon. That compares with 94% for a black nominee and 88% for a female nominee.

POLL RESULTS: Is race, sex or religion a factor?

In 1960, John F. Kennedy gave a major speech to ease fears about his Catholicism. Joe Lieberman shed light on Orthodox Judaism in 2000 during his vice presidential campaign.

The Church of Jesus Christ of Latter-day Saints (LDS), the official name of the Mormon church, has an unusual theology and a past scarred by racism and polygamy. A national political race that conveys its focus on family life and traditional values could improve its image.

"The more people learn about the Mormon faith and culture, the more comfortable they will be," Hartley says. He and others say the same is true for Romney. "A lot of concerns are dispelled once people actually get to know him and his capabilities," says LaVarr Webb, a Mormon and GOP consultant here who plans to donate money to Romney.

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There are nearly 6 million Mormons in the USA. Among them are politicians such as Democrat Harry Reid of Nevada, the Senate majority leader; Republican Sen. Orrin Hatch of Utah, who ran for president in 1999; and Romney's late father, George, a Michigan governor and 1968 presidential candidate.

With his Harvard degrees, his success in business, politics, fundraising and as CEO of the 2002 Winter Olympics in Salt Lake City, Romney draws a new level of attention to his faith. "It's a floodlight," says political scientist David Magleby, a Mormon and a dean at Brigham Young University in Provo.

Mormons got a taste of intense publicity during the Olympics. "We had literally hundreds of sports reporters writing about theology," LDS spokesman Michael Otterson says wryly. The coverage brought some changes in perception, he says, but they were incremental. "You don't change riveted prejudices overnight," he says.

America's political religion

Romney says it is not his job as a presidential candidate to educate people about his church. "I'm running for a secular position," he said in an interview. "I subscribe to what Abraham Lincoln called America's political religion. The Constitution and the rule of law are the highest promises I would make in taking the oath of office."

Willard Mitt Romney grew up in a Mormon family in Michigan. He met his future girlfriend and wife, Ann Davies, in elementary school.

At 19, after a year at Stanford, Romney began the mission required of Mormon men. He was sent to France to help manage church affairs, work with young people and try to win converts. "It's a very Catholic country, and successes are few and far between," he says, "but I made a number of very good friends."

Romney did have some success at home. While he was gone, Ann started college at church-run BYU. She was "officially Episcopalian," Romney says, but wanted to learn about his church and ended up joining it. On his return from France, Romney enrolled at BYU.

The pair married in 1969, when he was 21 and she was 19, and had five sons over the next dozen years. Ann Romney serves on community service boards, including the New England chapter of the MS Society. She was diagnosed with multiple sclerosis in 1999.

The ex-governor says questions about his faith are fair to ask. Some queries he answers directly. "I don't drink alcohol, I don't smoke, I don't drink coffee or tea. I also do a tithe," he says, meaning he donates 10% of his income to the church. All are church requirements.

Romney responds more generally when asked if he has participated in an endowment ceremony, in which men and women take vows of secrecy about temple rites and of obedience to the Lord, and begin the daily practice of wearing a sacred "temple garment" resembling abbreviated long underwear.

"I do attend the temple of my church … and people can learn about that by contacting the church," he says, adding: "I'm sure on the Internet you can find every single aspect of what's entailed."

'A Mormon problem'

Lieberman's vice presidential campaign amounted to a "national seminar" on orthodox Judaism, says Alan Wolfe, a religion and politics expert at Boston College. People asked questions, such as whether Lieberman could work on the Jewish Sabbath, and learned from his answers. "Whether we can have the same discussion about Mormonism, I don't know," Wolfe says. "It's going to be harder because it is a more controversial religion."

Conservative Hugh Hewitt, a law professor and talk-show host, says one big speech won't be enough. "Mitt Romney has a Mormon problem, as does the rest of the country. It's much bigger than I thought, and it's going to require a lot of conversation and focused study," says Hewitt, author of A Mormon in the White House?: 10 Things Every Conservative Should Know about Mitt Romney, due in March.

Joseph Smith, an unschooled diviner in western New York, founded the LDS church in 1830. He said the angel Moroni had directed him to two golden plates engraved with scripture and Christian history. The text he dictated became the Book of Mormon.

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Romney describes LDS as similar to other U.S. churches: "My church teaches first and foremost that there's a God who is our heavenly father, that all the children of the world are his, that humanity is one great family, that we have a duty to serve one another and that we should try and live better lives."

There are several distinctive aspects of Mormonism, however, that shape public perception and may affect Romney's political fate:

•Theology. Historian Jan Shipps, author of Mormonism: The Story of a New Religious Tradition, says Mormons hold beliefs that "people always find sort of strange." Among them: People are on a journey toward godhood, the dead can be baptized, and God speaks to man today through living apostles and prophets, such as LDS president Gordon Hinckley. Mormons also believe the Book of Mormon is the word of God while the Bible is "the word of God as far as it is translated correctly."

•Polygamy. The Mormon church banned polygamy in 1890 and punishes it with excommunication. Yet any time a tiny sect is charged in a polygamy case, says Richard Ostling, co-author of Mormon America, people recall Mormon history, and some think the church still sanctions the practice.

The situation is aggravated by Big Love, an HBO television series about polygamists who live in Utah but who are not Mormons. "They have tried to make it plain in their publicity and their scripts," Otterson says. "The trouble is that any time you mention Utah and polygamy, then you draw the association."

•Racial history. All devout Mormon men are ordained as priests, but blacks were excluded until 1978 when church president Spencer Kimball said he had a revelation from the Lord that "every faithful, worthy man in the Church" may receive priesthood. "Since then the church has made a tremendous effort to appeal to black members," Shipps says.

•Secrecy. Ostling calls the church "unusually secretive for an institution of its size." Financial and administrative matters are closely held, he says. Chapel services are open, but temples and worship ceremonies, including weddings, are closed to non-Mormons. The Romneys were married in a civil ceremony attended by Ann's parents and hundreds of guests, followed by a small temple ceremony for Mormons only.

•Discipline. Mormons are free to disagree with their church but can be excommunicated by local authorities for heretical teachings or open challenges to theology and practices. They can't attend temple, take communion or tithe but can go to chapel services and stay active. "There is no shunning," Shipps says. Author Laurel Thatcher Ulrich, a Harvard historian and practicing Mormon, says she "deplores" the excommunications but adds that they are not unique to her faith.

•Proselytizing. Mormons energetically seek members from other faiths. Sometimes they perform proxy baptisms of deceased Jews and other non-Mormons, in case they want to convert in the afterlife. Ulrich says the Mormon view is "we're the truth, and we want to convert you." Asked to square that with a president's duty to a diverse nation, Romney says that "almost every faith I've ever encountered tends to make people better people and draw them closer to their creator. I respect and admire almost every faith I've encountered."

Does he disagree with any aspect of LDS? "I wouldn't take it upon myself to try in any way to distance myself from my faith. I love my church. I am not going to pick and choose doctrines and beliefs."

Romney pitches himself as a competent manager; a successful entrepreneur; a conservative governor who fought gay marriage and passed a universal health-insurance plan; a turnaround artist who saved the 2002 Olympics from financial ruin and ran an unprecedented security operation for the games just a few months after 9/11.

He's also running as a social conservative whose views have evolved rightward, most dramatically from support for abortion rights to opposition. His evolution is one cause for wariness among some of the Christian conservatives who are influential in early primary states such as Iowa and South Carolina. His religion is another.

Magleby, who is a Democrat, says religious conservatives know Mormons are "rock-solid" allies on values issues such as gambling, pornography and same-sex marriage. "But the religious doctrines of the church are often found unacceptable to the religious right. To some, Mormons are seen as a sect and a threat," he says.

The North American Mission Board of the Southern Baptist Convention has produced The Mormon Puzzle, a video that highlights "extra-biblical scriptures … unorthodox doctrines and aggressive missionary efforts" by Mormons. The Arizona-based concernedchristians.org instructs Mormons on how to resign from their church.

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Magleby and Wolfe say Romney should heed Arizona Sen. John McCain's experience in South Carolina's 2000 primary. McCain was accused, among other things, of having illegitimate children, betraying veterans and being brainwashed while a prisoner of war in Vietnam. Magleby predicts polygamy will be "a major attack point below the radar and maybe above." Wolfe says such attacks will start "the minute you get into the Republican primaries and somebody gets desperate."

Romney says that's the nature of politics and "not something that scares away a person who cares very deeply about the country." He says he's met with evangelical Christian pastors and found them receptive: "We acknowledge that our theology is quite different, but our values are the same."

Is there any political benefit to being Mormon? The church occasionally weighs in on values issues, such as the Equal Rights Amendment, gay marriage and gambling and liquor laws, but it avoids party politics. No endorsements. No candidate appearances. No use of membership lists by campaigns.

Still, Magleby envisions a surge of money and support similar to what Democratic nominee Michael Dukakis received from Greek-Americans in 1988: "There was a sense of connection and pride that many Mormons will have for Romney."

Litmus Test For Hypocrisy (WP)

By E. J. Dionne Jr.

The Washington Post, February 13, 2007

Why is it that abortion, a subject on which political candidates often claim to be expressing their most deeply held moral convictions, is often the issue on which they seem especially opportunistic and unprincipled?

Mitt Romney, the former Massachusetts governor who is seeking the 2008 Republican presidential nomination, has, in a little over a decade, moved from strong support of abortion rights (when he was running for Ted Kennedy's Senate seat in 1994) to a point where he says he makes "no apology for the fact that I am pro-life."

Rudy Giuliani's support for abortion rights seems more constant, but his position, too, has evolved over the years, as Ray Rivera reported in the New York Times on Saturday.

Reappraisals and conversions are not confined to Republicans. Both Al Gore and Richard Gephardt altered their positions on abortion over the years to bring their views into line with Democratic primary voters who predominantly support abortion rights.

I don't mean to pick on four public servants who are certainly not alone in doing some version of the abortion shuffle. All of them may be thoroughly sincere in rethinking their old positions.

But there is something systematic about the willingness of politicians to adapt their views on abortion to suit the preferences of whatever electorate they are facing at any given time. The reason: Our political system has created strong incentives for candidates to be less than candid about what they really think.

To begin with, candidates are rarely willing to say outright what's true for so many of them: that they do not consider abortion the most important issue in politics and that it is not the reason they entered public life.

Of course there are exceptions such as Rep. Chris Smith, a New Jersey Republican who began his political career as executive director of the New Jersey Right to Life Committee. Plenty of Democrats entered politics primarily because of a mix of commitments related to social justice, poverty, labor rights, health care, civil rights and the environment. Many equally principled Republicans were animated largely by skepticism of government interference in the marketplace, support for lower taxes and, in many cases, a belief in an assertive foreign policy.

Yet politicians who acknowledged that abortion was not one of their driving concerns would be denounced, oddly enough, as unprincipled.

Opponents of abortion would argue, properly from their point of view, that failing to see abortion as a central issue now is akin to denying the importance of slavery in the 1850s. Supporters of keeping abortion legal, again properly from their side, would see such a politician as shamefully defective in his or her commitment to women's rights. As a result, politicians pretend to be deeply committed to a view even when they're not.

Making abortion a party issue has also encouraged dissembling. In Britain and Australia, a politician's stand on abortion is accorded "free vote" status, disconnected from party discipline. After all, it's perfectly consistent for a progressive committed to

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broad public provision for the poor to believe that abortion is wrong. It's equally consistent for a conservative opposed to government meddling in the marketplace to support a woman's right to choose.

In theory, our parties do not enforce a single line on abortion, and there are many pro-life Democrats and pro-choice Republicans. Last fall's campaign represented a modest but healthy loosening of informal discipline on the subject. But presidential candidates searching for primary votes know they must hold to each party's version of political correctness. Giuliani's moderately pro-choice stand will test whether this is as much of a straitjacket as the demands of a party whip.

Finally, we don't make it easy for politicians to admit, as most voters do, that abortion is an agonizing question. It's not hard to share the concern of right-to-lifers for the value of human life from the moment of conception. It's not hard to share the concern of abortion rights advocates that a legal ban could endanger the health and the lives of women by driving abortions underground without much reducing their number.

My own imperfect solution to this dilemma is to favor public efforts to cut the number of abortions by encouraging contraception and offering much more support to women who want to bring their children into the world.

But it's easy for me to take this less-than-pure position. I don't have to run in a primary. As for the politicians, we have created a system that encourages many in their ranks to adjust their convictions to their political needs. And then we denounce them.

Does Hillary Have Something To Be Sorry About? (POL)

By Roger Simon

The Politico, February 13, 2007

Running for president means never having to say you're sorry. Or at least Hillary Clinton thinks so.

She steadfastly refuses to admit that her vote to authorize the Iraq war was a mistake. She refuses to say she was wrong.

I will make a prediction: Before we get to the Iowa caucuses, Hillary will say she was wrong. She will admit she made an error. Because if she doesn't, she risks losing.

John Edwards, Chris Dodd and Joe Biden voted for the war also. But all of them now say that was a mistake.

"I was wrong," Edwards says. "It was a mistake to vote for this war in 2002. I take responsibility for that mistake."

Here is what Hillary says: "Knowing what I know now, I would never have voted for it."

She says that President Bush "should not have been trusted with the authority we gave him."

Which is her way of saying, "I should have never given him the authority. It was a mistake."

But she won't say it. She will not admit human error on this issue. And it is affecting her campaign.

When she was in Iowa, she refused to make Iraq part of her stump speech, hoping, I guess, that nobody would ask her about it. And the first time a voter did ask, she didn't answer him. Later in the day, she gave versions of her "knowing what I know now" position.

You can't expect Hillary to turn back time. She cannot change history. She cannot put the toothpaste back in the tube.

But she can fess up instead of dodging.

Hillary Clinton can be open, charming, funny and warm on the stump.

When she talks about her Iraq vote, however, she sounds closed, guarded, calculating and defensive.

Her refusal to say a mistake was a mistake also feeds the impression that she is a divisive figure. Some voters will grow tired of all this and ask why she doesn't simply put the matter behind her by admitting the vote was wrong.

Think I'm exaggerating the magnitude of her problem? Here is an exchange that took place Sunday between Claire Helfman, a retired nurse who attended a house party in Nashua, N.H., and Clinton: "I've heard your explanation for your vote: 'I didn't think I was voting for the war, I was voting for inspections.' It doesn't fly. It just doesn't fly," Helfman said.

Then, according to the Associated Press, "The New York senator repeated her long-standing mantra -- 'If we knew then what we know now, I would never have voted to give this president the authority.' And she again batted down calls for her to describe her vote as a mistake."

(And when the Associated Press calls your position "a long-standing mantra," it is a sign of how serious things have gotten.)

"I'm sorry, what I say is what I believe," Hillary said to Helfman. "I understand that some people disagree or think it's not adequate, but it's what I believe."

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Such sincerity can be gutsy and appealing. But to some it does not sound like sincerity, it sounds like arrogance. The same kind President Bush displayed when in April 2004 he was asked at a news conference to name a single mistake he had made and he could not think of one.

The Democratic National Committee recently held its winter meeting in Washington, and all the 2008 candidates spoke over two days. Anyone who showed up for both days (and very few reporters did) learned that virtually any of the second-tier candidates could swiftly move up to the first tier.

"Iraq is a symptom," Gov. Bill Richardson of New Mexico said. "The disease is arrogance."

Former Iowa Gov. Tom Vilsack said, "Those who voted for the war, those who voted to continue to support the war, those who voted to continue funding the war, can surely vote to stop the war."

Neither one ever had to vote on the Iraq war. Nor did Barack Obama.

That could give them an advantage in the Democratic Iowa caucuses, which are dominated by liberal activists, and in the New Hampshire primary, where voters have a history of sending a message with their votes.

"She has a very nuanced explanation, and it's a pretty good explanation. But many people want to hear her clearly say that her vote was a mistake," Paul LeBlanc, a Clinton supporter and president of Southern New Hampshire University, told a reporter Sunday.

"I don't think this issue is going to subside anytime soon," Dean Spiliotes, director of research at the New Hampshire Institute of Politics, said. "There is a lot of pressure on her now to explain her vote and almost do a little penance for it."

I know Hillary's campaign hopes that the press will tire of writing about this and the public will tire of asking about it and it will all go away.

But I doubt that will happen. Front-runners don't get many breaks, and Hillary is the front-runner. For now.

David Nagle, former chairman of the Iowa Democratic Party, said recently: "Anybody who raises a real banner against (the war) is going to do well. Anybody who tries to toe-step around it is going to have a real problem."

I am aware of the political calculation Hillary is making. She is trying to play it safe by not saying she is sorry. She doesn't want to go too far to the left in the primaries, so she can get back toward the center in the general election.

But before she can win the general election, she has to win the Democratic nomination.

And to do that, safe is not better than sorry.

Read about Barack Obama's New Hampshire town hall meeting.

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by el6353 on 02.13.2007 at 12:28 AM

Every time Hillary opens her mouth she sounds like she's been briefed by a flock of consultants. Every time Hillary opens her mouth she sounds more and more like a slick politician that has had an ingrained group of consultants script her every word.

She's never heard the adage that "she who stands in the middle-of-the road gets his by trucks coming from both directions." And she is.

I'd hate to be the poor Starbucks employee who takes her order...it would probably contain an esteric combination of flavors so as to please everybody and offend nobody, so that the poor employee would be hard-pressed to produce such a concoction.

Whe she finally admits that she made a "mistake" by voting to authorize the Iraq war, it, too, will have been based on polls showing that she's losing ground to Obama by not admitting it. Once again, polls and a political machine will dictate her covering-the-spectrum position.

Hillary...speak plain English based on your heart-felt positions (if you actually have any!)

You're looking pretty shallow {You go, girl!).

by GGPSmith on 02.12.2007 at 11:45 PM

Did you ever hear W apologize for anything when he was campaigning for President? Either time? I've heard him contradict himself in back-to-back news clips on The Daily Show so many times that everyone in the real news business not calling him that other L-word on a daily basis should just admit they are actually in the PR business and call it a news career. The only thing

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Hillary should apologize for is not owning up to her feminist ideals in not divorcing Bill. But as far as I remember, all she had to go on for her vote were the intelligence reports W The L's administration cooked up. So, Roger, how about a daily tirade demanding Bush's apologies for his unapologetic behavior for saying and doing things he really should be resigning, much less apologizing, for. But then again, Hillary can't throw any of us in jail without a lawyer, trial, or charges, for as long as she pleases, can she? Not yet anyway.

by Bueller on 02.12.2007 at 11:02 PM

Hillary bears responsibility for her vote and support for this military action And just like our president, she has shown neither leadership nor contrition. And she wants our vote, I'll pass.

by Jerry in Boston on 02.12.2007 at 09:51 PM

What complete and utter garbage.

This is like saying the villagers should apologize for believing the boy who cried wolf.

by tnproud2b on 02.12.2007 at 09:41 PM

The Democrats are going to be ruined if the war starts going well before Nov 2008.

by Chenrossii on 02.12.2007 at 08:41 PM

Did you hear the meager applause that accompanied Mrs. Clinton's response; "Knowing what I know now, I would have never voted for it."

I think she is in trouble over the war.

I won't vote for anyone that voted to authorize President Bush to go to war. Not for Senator Clinton, former Senator Edwards, Representative Hunter, Senator Biden, Senator Dodd, or Senator McCain.

by B Frank on 02.12.2007 at 08:33 PM

They are all sorry for what they did - not just Hillary. And deep down what they all are most sorry for was playing politics instead of doing their job and doing what was right. They were all so afraid of being labled by the Bush admin and Republicans as unpatriotic and supporting the "evildoers" that they gave Bush a blank check instead of acting like the congresspersons and senators they were elected to be. No one questioned the Bush cabal on their rush to war. Now they can't run away fast enough. They all need to be held accountable. No one was brave enough to stand up. They were all thinking about the next election and they all wanted to come across to the American people as tough on terrorism. None of them realized how incompetent Bush, Cheney, Rumsfeld, et al., would be and no one expected Bush to botch this whole operation so badly with his arrogance and stubborn refusal to recognize how badly things were going and change course.

That's what we need to hold them accountable for, a lack of courage, conviction and leadership. If someone in either party will come forward and show the American people that actually stand for something and not wave in the wind everytime there is a vote to be chased, they will win.

by Lucas V. Earl on 02.12.2007 at 07:52 PM

Hillary's response is unsatisfying to anti-war activists because what they want to hear (or at least want to believe they are hearing) is a "confession" that it was wrong to authorize the Iraq war even based on what we thought we knew in 2002 (i.e., that Iraq allegedly had WMD and allegedly had connections to Al Qaeda). The implication of such a confession, of course, is that it would also be wrong to use military force in the future against an enemy that had the intention and capability of attacking the United States unless they attacked first.

by Mimi11 on 02.12.2007 at 06:58 PM

Mr Simon,

If you had spent this much time and energy parsing Bush's words in the run up to the Iraq war maybe he would not have been able to lie the country into a ruinous war.

Why aren't you demanding accountability from Bush? Why aren't you demanding that he apologize to the country and the Congress for all the lies, deceptions, manipulated intelligence?

This is yet another example of "Clinton rules of journalism". Just beat up on the Clintons and blame them for Bush's disasters.

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Senator Clinton made a decision based on the doctored intel Bush sent to Congress. You want her to apologize for it? What's wrong with you Washington journalists?

by Leftcoast on 02.12.2007 at 06:30 PM

I understand Hillary's answer regarding the Iraq war. She voted for the resolution that at the time was also going to use the WMD inspectors. She's owned up to what she voted for - being responsible and a grown-up. What a 'real' press should do is see if the questioners are Republican activists in disguise because frankly how many times does she have to answer the question. Meantime, she has answered multitudes of other pertinent questions but they don't seem to get the press coverage. Again, something is 'TOO' coordinated about these questions. Why doesn't the press, including a POLITICO EDITORIALIST on Meet the Press today, start putting simple pieces of the puzzle together. The Main Stream Media backed by its corporate elitist companies, have no intention of the truth behind VP Cheney, Saudi 9/11 conspiracies, the rip off elections of 2000 and 2004, and the fake war in Iraq for oil war to ever come to light. The online community will become stronger and defeat the enemy within - it just takes knowing who the enemy is, including this POLITICO blogshere.

by Rustyk4 on 02.12.2007 at 06:25 PM

Mr. Simon, You're right. The public IS sick and tired of wall to wall Hillary and Obama! For the love of God, give it a rest!

Here's a clue for you Mr. Simon: neither Mrs.Clinton nor Mr.Obama invaded another country and slaughtered tens of thousands of people on false pretenses. The people know who did. Do you? Maybe you could look into it, if you have the time.

by JSteele on 02.12.2007 at 06:15 PM

Yeah!

by tnproud2b on 02.12.2007 at 05:21 PM

I must have missed it. What exactly is Hilary's plan for victory in Iraq? What is the Democrats' plan?

by exocet on 02.12.2007 at 04:52 PM

I think Hillary should say it was a mistake to go to war, but I do not think she should apologize. I think she should be apologetic in tone but not in content. This fixation on an apology is mindless and childish. Hillary should say it was a mistake to go to war but also describe the litany of mistakes that followed: It was a mistake for the media to cheer Bush on, it was a mistake for Bush to allow looting, it was mistake for Bush not to fire Rumsfeld, it was a mistake for Bush to put cronies in charge on ministries, it was a mistake for voters to choose Bush instead of Kerry, there were mistakes everywhere. HIllary should say, now that we have got the mistakes off our collective chests, here is how I'm going to fix things. If America wants to choose its presidents on who does the best apology like some American Idol contest or televangelical crusade, then don't complain when you end up with presidents like Bush.

by Tangible on 02.12.2007 at 04:49 PM

Perhaps Mrs. Clinton needs to borrow a phrase from Mr. Clinton: "That depends on what the meaning of 'sorry' is." That sure worked for him!

by JSteele on 02.12.2007 at 04:39 PM

For all of you that support Hillary, shame on you. We live in a democracy, not a monarchy. Having Bush I, Clinton I, Bush II, and now Clinton II is problematic. A HUGE reason for the American Revolution was to get away from monarchs and rulers. Our current system appears to be heading toward dynastic rule, just like our old-time British counterparts. Wake up and REVOLUTIONIZE the system and don't become one of the SHEEPLE. Vote for change..vote for someone like Obama, Richardson, or Edwards....even Vilsack... Giuliani seems good too. Don't sell out to the Oligarchic system.

by edofarrell on 02.12.2007 at 04:07 PM

Hillary didn't make a mistake. Bush did. Let's try and keep the spin off the topic. The 'Decider' is the guy who made all the bad decisions up to and going into this misguided war. Hillary has a better take on this than anyone else. Put the blame where it belongs.

by PhillyGuy on 02.12.2007 at 03:23 PM

Hillary has more than adequately explained her position on the war. Obviously, she regrets the outcome of this military operation. However, it was not her decision to wage the war. It was an effort of the president and the Republican-controlled Congress to invade Iraq without adequate planning and support. Republicans bear ultimate responsibility for leading and

mismanaging this war. The Democrats and Hillary should not have to accept blame or guilt for Bush's obvious incompetence. She stated very clearly before the war in her Senate speech that she did not believe in preemptive strikes and wanted the vote to further government's diplomatic leverage in negotiating with Iraq and coalition building. Her reasoning was clear and logical.

by Nancianne on 02.12.2007 at 03:12 PM

It will be a sad day for America if that disingenuous, pandering, windmill politician, Mrs. Clinton manges to worm her way back in the White House. She is not to be trusted.

by Janesays on 02.12.2007 at 03:11 PM

Regarding Barack Obama, while Roger Simon is correct that Obama did not have to vote on the war, what Mr. Simon fails to mention is that Obama did make public statements of opposition to the invasion prior to it, and for that he should get credit for being gutsy - this was a time when all the major media was cheerleading for the war and Bush's public support was sky-high - and for being right.

I do agree with the NH voters who expressed dissatisfaction with Hillary's attempt to finesse her war vote without admitting a mistake. As was noted in the Washington Post this morning, this will give many Democratic primary voters an unpleasant reminder of Bush-style stubborness, while reinforcing the reason why it's so hard to make the short commute from Capitol Hill to the White House: her answer makes her sound like one of 100 and that's just not good enough to ace the interview to be the future Decider.

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The Explanation Hillary Clinton Owes (WP)

By Richard Cohen

The Washington Post, February 13, 2007

Yet another man has betrayed Hillary Clinton. This time it's George W. Bush, who not only deceived her about weapons of mass destruction but, when granted congressional authorization to go to war in Iraq, actually did so. This, apparently, came as a surprise to her, although in every hamlet and village in America, every resident who could either read or watch Fox News knew that Bush was going to take the country to war. Among other things, troops were already being dispatched.

Somehow, Bush's intentions were lost on Clinton, who then as now was a member of the United States Senate. This was the case even though she now rightly calls Bush's desire to topple Saddam Hussein an "obsession."

"From almost the first day they got into office," Clinton said last weekend in New Hampshire, the Bush administration was "trying to figure out how to get rid of Saddam Hussein." If that was the case -- and indeed it was -- then how come she now says she did not think Bush, armed with a congressional resolution, would hurry to war?

I certainly did. It was about the only thing I got right about the war, which, the record will show, I supported. If I were running for the presidency, I might call my position "a mistake" and bray about being misled. But it was really a lapse in judgment. For reasons extraneous to this particular column, I thought the war would do wonders for the Middle East and that it would last, at the most, a week or two. In this I was assured by the usual experts in and out of government. My head nodded like one of those little toy dogs in the window of the car ahead of you.

So I do not condemn Clinton and other Democratic presidential candidates -- Chris Dodd, Joe Biden and John Edwards -- for voting for the war because I would have done the same. I fault them, though, for passing the blame to Bush as the guy who misled them. They all had sufficient knowledge to question the administration's arguments, and they did not do so. Not a single one of them, for instance, could possibly have believed the entirety of the administration's case or not have suspected that the reasons for war were being hyped. If they felt otherwise, they have no business running for president.

The odd man out in this debate is Barack Obama, who was not in the Senate in October 2002 when Congress passed the war resolution. He has been on record from that time as always being opposed to the war. That is to his credit. But we will never know how he might have voted since, clearly, being in the Senate and having presidential ambitions work wonders on the mind. (Indeed, once Obama got to Washington, he made only one Senate speech on Iraq.) Can it only be coincidence that all the other Democratic senators now running for president voted for the war? Can it also be a coincidence that they, in fact, voted as a

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majority of the American people at the time wanted? Not a single one of them bucked the zeitgeist, yet other Democratic senators -- 21 of them, in fact -- voted against the resolution. They were the ones not running for president.

The zeitgeist has reversed course. A clear majority of Americans and a preponderance of Democrats now oppose the war and have no confidence in Bush's handling of it. Is it yet another coincidence that, aside from Obama, all the Democratic presidential candidates from the Senate have also reversed course, arriving at their opinions after excruciating thought, or have they merely put their finger to the wind? In other words, have they changed their minds or merely their positions? It's hard to know. In Clinton's case, she is dead center in American public opinion, foursquare for what's popular and courageously opposed to what's not. Most Americans oppose a precipitous pullout from Iraq and -- surprise! -- so does Clinton.

Too often when a candidate throws his hat into the ring, he tosses principle out the window. Yet this is precisely what we want in a president -- principles and the courage to stick to them. Instead of Clinton saying she had been misled by Bush and his merry band of fibbers, exaggerators and hallucinators, I'd like to hear an explanation of how she thinks she went wrong and what she learned from it. I don't want to know how Bush failed her. I want to know how she failed her country.

Clinton Reminds New Hampshire, I'm With Bill (NYT)

By Patrick Healy

The New York Times, February 13, 2007

As she made her first outing to New Hampshire as a presidential candidate last weekend, Senator Hillary Rodham Clinton left her husband at home, yet she tried to tap his old political magic at nearly every turn.

Mrs. Clinton, Democrat of New York, mentioned Mr. Clinton at least eight times on Saturday — at one point talking about "Bill's heart surgery" to illuminate her own travails with health care bureaucracy — and a few times on Sunday, most memorably when she said of Republicans, "Bill and I have beaten them before, and we will again."

For the first time in her bid for the White House, Mrs. Clinton directly laid claim to the legacy and popularity of former President Bill Clinton — and did so in a crucial primary state where her husband showed his resiliency in 1992, when he finished second despite weeks of troubles.

"It helps her because we know Bill Clinton and we love Bill Clinton. We know him and his foibles. We know he loves his Dunkin' Donuts; we know his love for burgers," said State Representative Patricia M. McMahon, a longtime ally of both Clintons. "It shows that she's human, too, and appreciates her husband and likes him as much as we do."

This latest chapter in the Clinton political relationship is still a work in progress. Twice as a candidate for the Senate, and during her six-year term, Mrs. Clinton has kept a measure of professional distance from her husband, partly to keep the spotlight on "the politician in the family," as he has called her. Where the two have appeared together — for example, at the funeral of Coretta Scott King last year — his skills as a speaker have overshadowed hers.

Now that Mrs. Clinton is a presidential candidate, however, her advisers say it would be folly to minimize Mr. Clinton's role in her life: as a potential first gentleman, as her "full-time political counselor" (as she called him on Saturday) and as a source of emotional support.

Mr. Clinton is an asset in particular with his fan base, which was obvious as Mrs. Clinton drew smiles and laughter by recalling their White House days, "what Bill did" with the government in the 1990s (which she said she would try to replicate) and his famous tardiness, which, she noted with humor, she has endured with everyone else.

"The way she talked about him gave me a better feeling for her warmth," said Karen Ryan of Concord, who attended a question-and-answer forum with the senator there on Saturday. "And the Clinton administration is a much better memory than the one we have now."

Yet Mr. Clinton is also a potential liability because of the questions he provokes, as both a polarizing former president who could return to the White House and as a husband whose behavior in the Monica Lewinsky affair lingers in the some minds.

"It's nice that she stayed with him, but as strong as she is, I think she should've dumped him after Monica," said Karla Frasse, a dental assistant in Concord. "I want to see her in her own right and not really be reminded of the two of them together."

Mr. Clinton stepped in for Mrs. Clinton on Sunday for the first time since she announced her candidacy, speaking at a breakfast of Westchester County Democrats in New York. It was not an official campaign event, though he did say that her huge

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re-election victory in November helped catapult her to New Hampshire. It was a reminder that Mr. Clinton will be a chief surrogate at fund-raisers and political events through November 2008, Mrs. Clinton's advisers said.

There are no plans for Mr. Clinton to campaign on his own or to appear with his wife at events right now, though they will eventually campaign together, said Howard Wolfson, a senior campaign adviser.

Mr. Wolfson said that Mrs. Clinton's references to her husband were not scripted, and that he did not know whether the couple had cooked up a Dunkin' Donuts joke — in which she said, a few times, that Mr. Clinton had gained 20 pounds from his pit stops there, and that she would need voters' help to keep off the pounds.

"I think it's hard for her to think about New Hampshire without thinking about him," Mr. Wolfson said.

Mr. Clinton finished second in the New Hampshire primary in February 1992 despite a winter of controversy over his draft record and other problems, and he declared himself "the comeback kid."

Today he is exceptionally popular among Democrats in the state; in interviews this past weekend, several New Hampshire Democrats recalled their first conversations with him in 1992 as if they had just happened.

Mrs. Clinton's informal references to "Bill" turned off a few Democrats, who said they found it distracting or informal. Yet political analysts said her casual references showed a certain assuredness, since many politicians, particularly women, are careful about saying or doing anything to suggest they are under the sway of their spouses.

"I think the way she was teasing about him, and not shying away from their years together, projected a nice confidence," said Dante Scala, an associate professor of politics at Saint Anselm College in Manchester. "It helps engender early good will that can help build a candidacy."

Out-of-style Thinking (USAT)

By Annette Fuentes

USA Today, February 13, 2007

If some things have changed, the news media's take on female politicians has a tendency to recycle the same old clichés about them. Coverage of first female House Speaker Nancy Pelosi's fashion sensibility in the media is Exhibit A.

First there was a Washington Post article published shortly after the elections on the presumptive new House speaker, "Muted Tones of Quiet Authority: A Look Suited to the Speaker." It offered the information that "Pelosi's suit was by Giorgio Armani — the Italian master of neutral tones and modern power dressing — and she wore it well." The article at least appeared in the newspaper's Style section, but was chock-full of psychoanalytic forays into Pelosi's wardrobe choices, asserting that "an Armani suit, for a woman, is a tool for playing with the boys without pretending to be one." I would wager that Pelosi is one woman who doesn't play around with anyone.

Then there was a New York Times article in January in its Thursday Styles section titled "Speaking Chic to Power." While noting that Pelosi, barely in her new job a month, had brought the House to votes on a minimum wage increase, stem cell research and Medicare drug prices, the article said "she did it looking preternaturally fresh, with a wardrobe that, while still subdued and over-reliant on suits, has seldom spruced the halls of Congress."

Similar articles appeared in the Baltimore Sun and Chicago Tribune. Mentioned were other women politicians and their fashion choices, such as Sen. Hillary Clinton's hair style and preference for black pantsuits or Florida Rep. Debbie Wasserman Schultz's haircut. The question is whether focusing on the clothing choices of serious female political players risks rendering them less than serious. Another question is whether such reports warrant precious space. After all, with rare exceptions, male politicians are seldom scrutinized for their choice of suits.

Some reporters and editors haven't figured out a way to cover female politicians that doesn't rely on the old stereotypes, says Gail Dines, sociology and women's studies professor at Wheelock College in Boston. "To be a woman politician, you have to strategize and work hard, and yet what matters is what designer you're wearing. It's a way to make women in power less scary," Dines notes. "It's putting women into a comfort zone for those who are still baffled by how to treat strong women."

The articles seem a throwback to a time when women were only spouses, not players, says Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University. "To focus on their attire, the cut of their clothes … is to be in danger of

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trivializing who they are, the important role they play and the meaning behind women's advancement to positions of power: That is, we're moving to a true democracy of shared leadership."

The problem is the media haven't quite caught up. "A woman who rises to a leadership position at any level is going to dress appropriately," says Kathleen Hall Jamieson, professor at the Annenberg School of Communications at the University of Pennsylvania. "It underscores her competence and is not a distraction. You take for granted that it would not be worthy of comment any more."

Jamieson thinks the underlying motivation for reporting on female politicians' style is "the natural news interest in talking about what changes, and men don't look different. There is a uniform for men in power and we all know what it looks like. The only thing to change is the color of the shirt or tie."

Because women have greater fashion options, changes they make are more obvious and invite analysis. Now that Pelosi's "uniform" has been established, that should be the end of it. Ditto for Clinton. "Clinton now has a range of what she wears," Jamieson says. "She hasn't been changing hairstyles or her pantsuits. That is our definition of what she wears, and that should end it."

Tom Rosenstiel, director of the Project for Excellence in Journalism, thinks reporting that describes women politicians' appearance is justified in profiles of them. "Beyond that, there comes a point where it reflects badly on the press," he says. "The only way the appearance of a politician is really politically relevant is if they are so dazzlingly charismatic or strange looking that people can't look at them. Whether it's Condoleezza Rice, Madeleine Albright or Nancy Pelosi, they all fall into the same zone as their male counterparts. They all look like regular people, none is a runway model or the elephant man."

Female politicians will certainly survive such silly coverage, and some argue the stories are harmless. But these women are role models for young women and offer an alternative to the fashion model and celebrity in setting the standard for female beauty and worth.

Dines worries that when the media emphasize the appearance of women, it perpetuates attitudes in the larger world that devalue and limit women. "These are fortunate, privileged women," Dines notes of politicians, "but for young women trying to make it in the world, how they look can affect their opportunities."

Annette Fuentes is an adjunct professor at the Columbia University Graduate School of Journalism and a member of USA TODAY'S board of contributors.

Obama Hits New Hampshire (CHIT)

By Mike Dorning

Chicago Tribune, February 13, 2007

NASHUA, N.H. -- Bringing his opening campaign swing to the site of the influential first-in-the-nation presidential primary, Sen. Barack Obama on Monday sharpened distinctions with rival Democrats on the Iraq war even as he offered an apology to military families who might have been offended by a comment he made a day earlier in Iowa.

A local New Hampshire reporter asked Obama (D-Ill.) if military families deserved an apology for a comment the senator made during a speech at Iowa State University on Sunday criticizing the war in Iraq as a conflict that had "wasted" more than 3,000 American soldiers' lives.

Obama had backtracked from the comment immediately after the speech, telling a reporter for the Des Moines Register that the remark was "a slip of the tongue" and that soldiers' "sacrifices are never wasted."

Speaking to a group of reporters in the kitchen of a Nashua, N.H., home after a gathering for Democratic party activists, Obama said he had misspoken in Iowa, adding that his opposition to the war was grounded in a desire for soldiers to return home safely to their families.

"I would absolutely apologize if any of them felt that in some ways it had diminished the enormous courage and sacrifice that they'd shown," Obama responded.

In 10-hour stopover that was only his second visit ever to New Hampshire, Obama drew enthusiastic crowds, with thousands of students and local residents filling an auditorium at the University of New Hampshire at Durham for an evening rally.

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He spent two hours mingling with lunch-time coffee house customers and pedestrians on a street near the State Capitol in Concord and later stopped at a party in Nashua hosted at a passive-solar heated home owned by Bette Lasky, the Democratic assistant majority leader of the State House of Representatives.

The Illinois senator stressed his calls to begin troop withdrawals from Iraq as he moved through New Hampshire, a state where the war in unpopular and particularly so among the activist Democrats most likely to vote in the presidential primary.

His chief rival, Sen. Hillary Clinton (D-N.Y.), was dogged with questions about the Iraq war as she campaigned in New Hampshire this weekend.

Clinton was repeatedly pressed by local Democratic activists to say whether she now believed she made a mistake in voting for the 2002 Senate resolution authorizing the Iraq war; Clinton declined to do so and instead repeated past statements that she would not have voted for the resolution had she known what she does now.

Both Clinton and Democratic presidential candidate John Edwards were members of the Senate in 2002 and voted in favor of the war authorization. Edwards has said his vote was a mistake and has challenged the Senate to use its power over federal spending to end the war.

Obama was not a member of the Senate in 2002 but spoke out publicly against the war resolution.

Obama, who has recently been focusing attention on that difference in their records by regularly noting in campaign speeches that the war should "never have been authorized," suggested in answering a reporter's question that his rivals and other senators who voted yes are partly responsible for the situation in Iraq.

"I think all the decisions we make in Washington have consequences. So obviously if the Senate had voted down the authorization, we wouldn't be in the situation that we're in now," he said.

Obama also underscored his differences with Clinton's more cautious approach on Iraq. He contrasted as "pretty substantial" the difference between a Senate bill he recently authorized to pull combat troops out of Iraq by March 2008 and a bill that Clinton has introduced to cap troop strength in Iraq at the level in January.

But Clinton spokesman Howard Wolfson noted that she had joined Obama in favoring a phased withdrawal of US troops in a 2005 Senate vote.

Speaking at the University of New Hampshire, Obama also questioned the Bush administration's motive in releasing evidence this month that Iranian-built weapons may have been used in Iraq against U.S. forces.

He said much of the evidence was months old and questioned the timing of the release.

Obama campaigned in a blue blazer and open-collar white shirt in a town-hall style meeting at a field house at the university. He drew loud cheers from the crowd, several of whom said they were impressed by his manner.

"He's not stiff. He's not stuffy," said Eric Diamond, 25, a high school teacher from Concord, N.H., who came to see Obama. "He's come up from the grassroots, from the ground up in Chicago. That I admire a lot, anyone who's done hands-on community organizing."

"He's a fresh face. He's not been in the political machine long enough to be jaded," said Stephanie Ashbaugh, 44, a family practitioner from Hollis, N.H.

Obama Restructures A Remark On Deaths (NYT)

By The New York Times

The New York Times, February 13, 2007

DURHAM, N.H., Feb. 12 — Senator Barack Obama of Illinois said Monday that he had misspoken when he suggested that the lives of more than 3,000 American soldiers killed in Iraq had been “wasted.”

As he arrived in New Hampshire, Mr. Obama said he would “absolutely apologize” to military families if they were offended by a remark he made in Iowa while criticizing the Bush administration’s Iraq policy.

“What I would say — and meant to say — is that their service hasn’t been honored,” Mr. Obama told reporters in Nashua, N.H., “because our civilian strategy has not honored their courage and bravery, and we have put them in a situation in which it is hard for them to succeed.”

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A New Hampshire reporter asked Mr. Obama whether he regretted the remark, made at a rally on Sunday that "we ended up launching a war that should have never been authorized and should have never been waged, and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted."

"Even as I said it," Mr. Obama said Monday, "I realized I had misspoken."

Obama: Senators Made Mistake On War (NHUL)

By John Distaso

New Hampshire Union Leader, February 13, 2007

NASHUA – Illinois Sen. Barack Obama says the U.S. senators who formally authorized President George W. Bush to invade Iraq in 2002 are at least partly responsible for "the situation we're in now."

Wrapping up his first house party in the first-primary state, the newly announced Presidential hopeful told reporters that senators who voted to authorize the war should "make their own assessment on how they would do things differently or not."

Fellow Democratic candidates New York Sen. Hillary Clinton and former North Carolina Sen. John Edwards were members of the Senate when the historic vote was taken and voted in favor of the war authorization resolution.

U.S. Sen. Barack Obama reaches out for a handshake during a campaign visit in Concord yesterday. Obama also appeared at a house party in Nashua and a town hall meeting at the University of New Hampshire Field House in Durham. (AP)

?Obama wows the crowd at a packed house at UNH

?Obama: Votes for war in 2002 still matter

?Obama hits Iowa running

?Obama makes Presidential candidacy official

?Hillary, five others to attend Nevada forum

?Obama backer tries to woo blacks away from Clintons

Edwards has apologized for his vote. Clinton has not but has said her vote was an expression of support for sending weapons inspectors into Iraq, not a vote for "pre-emptive war."

Obama was not yet in the Senate at the time but spoke out against it as an Illinois state senator.

"I do not believe the war should have been authorized," he said. "As a consequence of that authorization, the administration was able to take this country down a path that's been very damaging for our national security. And I leave it up to those senators to make their own assessment on how they would do things differently or not.

"All the decisions we make in Washington have consequences," Obama said. "Obviously, if the senators (had) voted down the authorization, we wouldn't be in the situation we're in now."

Obama apologized to military families for saying in Iowa on Saturday that the lives of those who have died in the war had been "wasted."

"It's not what I intended to say and I would absolutely apologize if any of them felt in some way it diminished the enormous courage and sacrifice that they've shown," he said.

"Even as I said that, I realized I had misspoken," he said. "That's not how I ever describe this because their service is unbelievable. When somebody gives up that last measure of devotion, it represents everything that's best about this country. What I would say and meant to say is their service hasn't been honored because our civilian strategy has not matched their courage and bravery and we have put them in a situation in which it is hard for them to succeed."

Obama made his second visit to the first-in-the-nation primary state two days after announcing his candidacy in Springfield, Ill. He walked through downtown Concord shaking hands, ordered a sandwich at a delicatessen, and then signed autographs and talked issues with about 125 activists at the home of state Rep. Bette and Dr. Elliott Lasky.

He arrived fewer than 24 hours after Clinton wrapped up a two-day swing that took her from Berlin to Keene.

At the packed Lasky home, where the hosts gave him a jar of pumpkin butter and a traditional bottle of maple syrup, Obama said the past 20 years, many Americans have taken the view that "the power that is in Washington is always trumping principle. But there has always been another tradition of politics based on a simple idea that we are all connected as a people and that what binds us together as Americans is more important than what divides us."

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Obama said his campaign is reaching beyond the usual pool of political activists. "The moment is now to re-energize the people to solve problems," he said.

Asked by Gloria Henry of Nashua asked about the Patriot Act, Obama said the Bush administration has "distorted" a balance between civil liberties and public safety. He said the law has some "sensible" provisions but others "are clearly in violation of the basic principles of due process that we believe in."

He also said the next President should say, "We don't do torture and mean it," and should provide for a system of military courts "that provides for habeus corpus."

Henry said later she liked his answer and said, "At this point, I'm supporting him. I like his freshness of his message. It's not the same old, same old." She cited "a purity of thought that I haven't seen in a politician before."

Obama also called for the health care coverage for all Americans, equal pay for women and a new energy policy. He said teachers need to be paid much more.

"He's consistent," said Bette Lasky." He doesn't duck anything. I liked him," but she wants to "still give it some thought" before endorsing anyone.

Inevitably, questions returned to Iraq.

Obama told reporters he will press for a Senate vote on his bill to begin redeployment of U.S. forces by May 1 with a goal of removing all combat troops by March 31, 2008. He will need 60 votes.

"We probably won't succeed the first time," he said. "But I think you're going to see a ratcheting up of concern on the part of Republicans, and I think there will be a lot of Republican legislators who will feel pressure."

Clinton's plan, he said, "calls for a cap on troop levels, but does not begin a phased redeployment. So that's a pretty substantial difference" between his plan and hers.

Obama said Republicans do not "have a monopoly" on being influenced by special interests in Washington and reducing such influence should be a priority issue in the campaign.

Earlier, Obama also took a lunch-hour walk around Concord, talking with patrons at the Eagle Square Deli and other shops downtown.

"I like him, I just haven't made up my mind right now," said Jane Winslow of Greenfield. But she liked that he "came up to four old ladies and made us feel special."

With Campaign Underway, Obama Now Must Show More Than Potential (WP)

By Dan Balz

The Washington Post, February 13, 2007

DURHAM, N.H., Feb. 12 -- The opening days of Sen. Barack Obama's presidential campaign have displayed all the promise of his candidacy, with large crowds, pulsating energy and a charismatic leading man. But the Illinois Democrat faces several serious challenges if he hopes to convert potential into a winning campaign.

The most significant hurdle will be overcoming questions about whether the first-term U.S. senator, who only three years ago was a member of the Illinois Senate, has the experience and readiness to serve as president at a time of war abroad and major unmet problems at home.

Next will be striking the balance between demands of political elites for Obama to flesh out the details of his ambitious policy agenda without disappointing the many thousands of Americans who have been drawn to him for his appeal as a fresh contrast to traditional politicians.

Ultimately, the race could hinge on his ability to overcome the power and resources of Sen. Hillary Rodham Clinton's battle-tested operation. It is already flexing its muscles on behalf of the New York Democrat and is looking to profit from any missteps by Obama's smaller and less experienced organization.

Day 3 of the Obama campaign brought the candidate to New Hampshire, the state with the nation's first primary and a rich tradition of citizen participation in the presidential process. He ordered the "presidential pastrami" sandwich at a deli in Concord, spoke to activists in Nashua and ended with an enthusiastic rally at the University of New Hampshire.

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Along the way, he "absolutely apologized" for saying Sunday the lives of U.S. servicemen and -women killed in Iraq had been "wasted," and he argued there are "pretty substantial" differences between his position and Clinton's on the war in Iraq, the clearest early line of demarcation between the two.

Obama said his biggest difference with Clinton involves the withdrawal of U.S. troops from Iraq. He favors pulling out all combat troops by March 31, 2008. He said Clinton "does not begin a phased redeployment." She has said she favors the start of such a redeployment but has not set a timetable.

Asked if senators who voted in favor of authorization bear some responsibility for the war in Iraq, Obama said the authorization allowed the administration to wage a war that has damaged national security. "I leave it up to those senators to make their own assessments in how they would do things differently or not," he said.

Obama's advisers expressed general satisfaction with the initial campaign swing. Still, they do not underestimate the difficulties ahead. Asked Monday what they regard as the most significant question Obama must answer in the coming months, communications director Robert Gibbs answered without hesitation: "People want to know if he can handle this."

Their hope is that the judgment of Obama's readiness will not be reached only through the customary measures of experience on the national stage or as a governor, the route taken by most successful presidential candidates.

Obama has had little time to develop a Senate record of great significance. His advisers count on the public to use a broader definition of readiness, one that they hope will prize the candidate's unusual biography as a community organizer and a professor of constitutional law at the University of Chicago as much as his record in the state Senate.

Obama raised the issue of his policy agenda during a news conference in Ames, Iowa, on Sunday, chiding reporters for concentrating more on how he looks in a swimsuit than on what he has said about health care or energy or ending the Iraq war.

Still, a speech to the Democratic National Committee, in which he seemed to dismiss the significance of policy white papers, has rippled through party circles as a sign that he believes other characteristics carry more weight with voters than coming off as a policy wonk.

Obama's advisers say his comment at the DNC was misunderstood, that it was a rhetorical way of saying leadership is needed more than new ideas to break the stalemate in Washington on domestic and international issues, and that he possesses that kind of leadership. He will talk at length about policy, they say, but as Gibbs put it: "I don't think you veer out of your way to all of a sudden make him this superman of white papers."

The trade-off of delving too deeply into the details of policy was evident at Obama's Cedar Rapids town hall meeting on Saturday. The energy drained out of the room quickly as the candidate responded to questions about himself and his views.

Part of the blame, campaign advisers say, fell on the meeting's moderator, but some in the audience said they had not seen enough of the inspirational leader they had first glimpsed in 2004 at the Democratic National Convention in Boston. They pointed to Obama's speeches elsewhere, particularly in Chicago on Sunday night, in which the candidate exhorted an audience in his adopted home town to use his campaign as the vehicle for a national movement to change the politics of the country.

At this point, Obama will be compared with Clinton in almost everything he does, from the level of his performance on the campaign trail to the effectiveness of his operation in building organizations in the early states and his ability to raise money in amounts large and small.

The campaigns are in fierce competition for activists, organizing talent, endorsements and money. Clinton's weekend trip to New Hampshire included public and private events that touched most parts of the state and many of its political elite. Obama's venture Monday was far more limited, and he said repeatedly that he will be back often. How well he wears over time will be the ultimate test.

Obama Has Easy Trip To New Hampshire (WP/AP)

By Philip Elliott

The Washington Post, February 13, 2007

DURHAM, N.H. -- Sen. Barack Obama's first trip to New Hampshire as an official Democratic presidential candidate came Monday with packed audiences, enthusiastic crowds _ and scant scrutiny.

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Obama, who entered the race on Saturday in his home state of Illinois, came to New Hampshire on the heels of New York Sen. Hillary Rodham Clinton. She faced criticism last weekend for not saying her vote to authorize the use of force in Iraq was a mistake.

Obama, by contrast, faced little of that skepticism. Even his sharpest questioners began by offering praise and support.

"He hasn't gotten into specifics, but that'll come," state Rep. Jeffrey Fontas said after a Nashua house party with 60 activists. "It's early, so we'll see more and more."

That house party in Nashua brought questions about:

_An Equal Pay Act. Obama helped a state measure during his time in Illinois but didn't commit to a national version.

_Childcare. Obama said it was a problem; he didn't offer specifics.

_The USA Patriot Act. Obama is against parts of it but didn't offer an alternative.

Even while the first-term senator from Illinois didn't have specific solutions, voters in this first-in-the-nation primary state gave him a pass.

"He takes time, he answers fully," said state Rep. Melanie Levesque. "I think we need people who can bring people together. He can do that. We're going to have a tough decision to make."

Obama called for a national solution to health care but stopped short of endorsing or rejecting proposals for mandatory insurance. He said more young people should consider teaching but stopped short of specific incentives.

Later Monday, at the University of New Hampshire in Durham, Obama discussed Iraq. "Unless we bring that war to a close, we cannot deal with all those other problems I just mentioned," he said. "Not only has it resulted in the tragic loss in our brave soldiers, but it means we're spending $400 billion rebuilding Iraq with money that could have been used here."

Obama did outline an energy plan _ a reduction in emissions, cap-and-trade plans for polluting industries, and development of biofuels including ethanol. He also repeated his stance on gay marriage _ that civil unions are fine, but marriage is a religious bond.

"I believe that every American has basic rights that have to be respected," said Obama, who noted that his parents perhaps broke the law when they entered into a biracial marriage in the 1960s.

A member of the university audience asked about his appeal to social conservatives. Obama said one of the best lessons he learned in politics was that he couldn't make 100 percent of voters happy. He then noted his friendship with the Rev. Rick Warren, who leads one of the nation's largest megachurches.

Michelle Obama Weighs In On Husband's Smoking (WP)

By Anne E. Kornblut

The Washington Post, February 13, 2007

CHICAGO, Feb. 11 -- Michelle Obama says she agreed to help her husband run for president on one condition: That he finally quit smoking. For good.

"I hate it," she said on CBS' 60 Minutes, according to a transcript released Sunday. "That's why he doesn't do it anymore. I'm proud to say. I outed him -- I'm the one who outed him on the smoking. That was one of my prerequisites for, you know, entering this race, is that, you know, he couldn't be a smoking president."

Obama has struggled to quit smoking for years, but friends have said he finally stopped several weeks ago. At the end of a press conference on Sunday, the Illinois senator returned to the podium when a reporter shouted out asking whether he was still smoking.

"No," he said. "I've been chewing Nicorette all day long."

And indeed, he was spotted chewing away on board "Obama One," as the chartered flight between Illinois and Iowa was called.

Might Obama sneak a puff in between trips on the road, as he has done in the past?

Less likely these days, his wife said.

"Please, America, watch," she said. "Keep an eye on him, and call me," she said laughing, "if you see him smoking."

The Obama Card (LAT)

DOJ_NMG_0131461

The Los Angeles Times, February 13, 2007

RECENT POLLS INDICATE that black voters favor Sen Hillary Rodham Clinton (D-N.Y.) by a substantial margin over Sen. Barack Obama (D-Ill.), so political pundits are all a-titter, asking how this can be. The assumption, apparently, is that black support should cleave to the black man.

But then, is Obama really black?

Of course he is. But that fact has done nothing to prevent the awkward dissection of Obama's cultural and racial affinities. Is he half black? Is he African American? African and American? And, if he's black, is he black enough? It's tempting to shrug off these questions — most recently aired with grave concern Sunday on CBS' "60 Minutes" — as outdated, but they're not. They are instructive and revealing.

The question of whether the rising Democratic star is black enough really translates to: Whose side is he on? Whose agenda will he favor? By definition, those agendas are distinct. Obama's family history — his father was a black Kenyan, his mother a white Kansan, and he spent his childhood in places such as Hawaii and Indonesia — makes him the personification of post-racial, melting-pot America; he straddles races and communities commonly described as opposites — black or white, native or immigrant.

And, as he stands in that intersection fielding queries about his identity, he is really answering the question Americans are too afraid to ask one another: Can we trust each other yet?

Concrete issues around race and equality in America remain unresolved. One of the reasons Clinton has substantial black support is that her husband was adept at recognizing America's unhealed racial wounds, appointing a record number of African Americans to key positions during his presidency and earning the famous (if ridiculed) nickname from writer Toni Morrison as our "first black president."

Obama's challenge in luring blacks away from the former first lady will hinge not on his racial authenticity but on his ability to demonstrate that, despite his inexperience, he would be a better president. But since his political star began to shine as a state senator in Illinois, that authenticity has been under scrutiny, often by blacks.

In 2004, conservative commentator and former GOP presidential candidate Alan Keyes said Obama did not share the black experience because his heritage did not include slavery, the unifying experience for most African Americans. And last weekend, the Rev. Al Sharpton told 10,000 people gathered at Hampton University in Virginia that "just because you're our color doesn't make you our kind."

One person who is clear about Obama's identity is Obama himself. "If you look African American in this society, you're treated as an African American," he said on "60 Minutes."

As for blacks' support, he'll still have to earn it — just like he'll have to earn anyone else's.

A Blogger For Edwards Resigns After Complaints (WP)

By Howard Kurtz

The Washington Post, February 13, 2007

Days after Democratic presidential candidate John Edwards decided against firing two liberal bloggers with a history of inflammatory writing, one resigned last night with a blast at "right wing shills" for driving her out of the campaign.

Amanda Marcotte, whose writings were assailed as anti-Catholic, wrote yesterday on her blog that the Edwards camp had accepted her resignation. She blamed her most vocal critic, Bill Donohoe, president of the Catholic League for Religious and Civil Rights, writing that he "and his calvacade of right wing shills don't respect that a mere woman like me could be hired for my skills, and pretended that John Edwards had to be held accountable for some of my personal, non-mainstream views on religious influence on politics," which Marcotte described as being "anti-theocracy."

Marcotte charged that Donohoe had been running a "scorched earth campaign" against her and that he "made no bones about the fact that his intent is to 'silence' me. . . . It was creating a situation where I felt that every time I coughed, I was risking the Edwards campaign. . . . Bill Donohue doesn't speak for Catholics, he speaks for the right wing noise machine."

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After days of indecision, Edwards said in a statement last week that he was "personally offended" by the writing of Marcotte and a second blogger, Melissa McEwan, but that he was keeping them on in the interest of giving everyone "a fair shake." The statement was coupled with carefully worded apologies from the two women toward anyone who may have been offended.

The former North Carolina senator was caught between conflicting pressures. On one hand, Marcotte and McEwan, like many writers in the freewheeling blogosphere, had written profane and offensive attacks on their detractors, using language that no presidential candidate would be comfortable defending. On the other, liberal bloggers were embracing their cause, depicting them as victims of an orchestrated conservative campaign to discredit them.

Every major presidential candidate has hired one or more bloggers as a way to tap into the network of online activists who can generate considerable buzz, and donations, in a campaign. But many of these bloggers have a long cybertrail that leaves them vulnerable to criticism in the more buttoned-down environment of national politics.

Among other things, Marcotte had written: "The Catholic church is not about to let something like compassion for girls get in the way of using the state as an instrument to force women to bear more tithing Catholics." She also questioned, in explicit language, what would have happened if the Virgin Mary had taken the emergency contraceptive called Plan B.

Last month, Marcotte wrote of the Duke University rape case: "Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair."

McEwan, whose status with the Edwards campaign is apparently unchanged, has referred to President Bush's conservative Christian supporters as his "wingnut Christofascist base."

In a statement last week, Donohoe said: "John Edwards is a decent man who has had his campaign tarnished by two anti-Catholic vulgar trash-talking bigots."

On her blog, Pandagon, Marcotte posted a letter from a group called Catholics for Free Choice, assailing Donohoe as, among other things, anti-woman and anti-gay.

Word of Marcotte's resignation came as Fox News Channel commentator Bill O'Reilly was leading his program with a full-throated attack on the two bloggers.

A conservative blogger, Michelle Malkin, wrote recently: "Seems that everyone but the Edwards campaign has tracked Marcotte's foul-mouthed nutroots diatribes. Or perhaps the Edwards team is well aware of her lunatic blogging and can't wait for her to unleash her unbridled anger on their spiffy website to give him a gritty, 'progressive' edge."

But a liberal blogger, Chris Bowers of MyDD.com, wrote that "Republican attempts to make Democrats look bad though guilt by association with us crazy bloggers were a miserable failure."

Donohoe and the Edwards campaign did not return calls seeking comment last night.

Permanent Campaign? It's A National Tradition (WP)

By Michael Kazin

The Washington Post, February 13, 2007

How much American political history do political journalists know? Take the ubiquitous claim, or complaint, that the presidential campaign is starting earlier than ever. Today's candidates, marveled one reporter, are subjected to "longer, more intensive scrutiny" than in the past. Why can't they emulate their predecessors and wait until election year to make their pitches and raise their millions?

Like most evocations of a golden age, this is a myth. In fact, the nearly permanent campaign has been a feature of American politics since before the Civil War, when mass parties first emerged to contend for the votes of a mass electorate, albeit one then composed almost exclusively of white men. In a nation of ambitious entrepreneurs and furious battles for market share, the race for the presidency -- as with most sales efforts -- has rarely taken a break.

It began with Martin Van Buren. Two years before the 1828 vote, "The Little Magician" began to build the first modern party, soon named the Democrats, in part to avenge Andrew Jackson's unjust defeat in the previous election. Van Buren secured the allegiance of influential pols up and down the East Coast and helped establish pro-Jackson newspapers from New England to Louisiana. A decade later, William Henry Harrison, who hoped to be the new Whig Party's first nominee, began touring key states

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more than a year before the 1836 election. Soon after losing that race (to Van Buren), the 64-year-old military hero took to the road again. After all, his party rivals Henry Clay and Daniel Webster were doing it, too.

During the final decades of the 19th century, the pace of campaigns accelerated. Fast trains, fierce competition among big-city papers and two closely matched national parties all produced a bull market for candidates seeking press attention and needing to develop a network of loyalists.

The prize for the earliest start probably goes to William Jennings Bryan. A month after his loss to William McKinley in 1896, Bryan and his wife, Mary, issued a thick account of the campaign whose title -- "The First Battle" -- made his intentions clear. The book was a bestseller, and the post office in Bryan's home town of Lincoln, Neb., was flooded with letters from thousands of admirers. Bryan's wife and brother used the correspondence to start a huge card file of supporters. By the spring of 1897, Bryan was wooing Democratic insiders at state party conventions.

John F. Kennedy launched his presidential campaign with a different kind of book. "Profiles in Courage," an eloquent octet of senatorial portraits that JFK edited more than authored, helped lift him into contention for the vice presidential nomination in 1956. It won a Pulitzer Prize and turned Kennedy into a modern-day Bryan -- one of the country's most coveted speakers. By the time he officially declared his candidacy in 1960, JFK was leading in the polls.

Kennedy was also responsible for a critical innovation in the permanent campaign. Since Andrew Jackson's day, major candidates and their allies had built personal organizations long before any votes were cast. But once nominated, a man depended on the party apparatus to finance his race. In 1896, the Democrats spent all of $250,000 on Bryan's campaign. Not surprisingly, he lost to McKinley, for whom the redoubtable Mark Hanna raised at least 10 times as much money.

But Kennedy was graced with a wealthy father who'd been bankrolling him since his first run for Congress. A year before the 1960 Democratic convention, Joe Kennedy had already spent a million dollars on his son's campaign -- including a nine-room office near the Capitol where staffers called potential delegates and party bosses and entered the results on oversized wall maps.

For the past half-century, nearly every serious candidate has followed the Kennedys' lead. Launching a presidential bid became akin to starting a mid-size firm, complete with accountants, lawyers and a communications team whose "rapid responses" many old-line corporations would envy. The Internet has only made it easier and quicker to contact voters; the essentials of the campaign business were in place long before the first candidate hired the first webmaster or reprimanded the first controversial blogger.

Whether or not this nonstop sales effort is good for representative democracy, it would take a galvanic reform movement to divorce them. Several years ago Richard Gephardt, who knew the rules of the game as well as anyone, joked about a poll that found "Seventy percent of Americans neither consume nor wish to consume politics." For now, perhaps all one can do is demand that the quality of the goods live up to the hype on the packaging.

Michael Kazin, a history professor at Georgetown University, is the author of "A Godly Hero: The Life of William Jennings Bryan."

It's His Party, He'll Dish If He Wants To (WP)

By Peter Baker

The Washington Post, February 13, 2007

WHAT A PARTY!

My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators, and

Other Wild Animals

By Terry McAuliffe,

with Steve Kettmann

Thomas Dunne Books,

416 pp., $24.95

At the very least, there is one totally true statement in Terence R. McAuliffe's new memoir: "This is my book," he writes, "and obviously I've done my best to make myself look good."

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As for the rest, even the author warns that he's an Irish storyteller given to blarney. But taken with that caveat, "What a Party!" is a rollicking ride through the world of celebrity, fundraising and politics that certainly entertains if not illuminates.

It's hard not to imagine downing beers in a bar as McAuliffe tells war stories about how a boy from Syracuse grew up to become President Bill Clinton's running buddy and the Democrats' most fabled fundraiser. To say he would do anything for a political donation would be putting it mildly. He once wrestled an alligator for a contribution and later belted out "Will You Love Me Tomorrow?" from a casino stage for another.

By the time he found himself inside the Clinton orbit, he was traveling in rarefied circles -- and he makes sure to document them all. There's Terry lunching at the Palm with Jack Nicholson, vacationing with Oscar de la Renta and hunting with the king of Spain. There's Terry dining at the White House with Elizabeth Taylor and Sophia Loren. There's Terry watching a movie with the Clintons at Camp David while Ben Affleck and Gwyneth Paltrow make out on a couch.

Most of all, there's Terry bashing the Republicans over and over while saving the Democrats from certain ruin. This is, in the end, a partisan's book in a partisan age, perhaps explaining why it debuted at No. 1 on the Washington Post bestseller list. Those who think that Bill and Hillary Clinton walk on water and that President Bush and Vice President Cheney are demon seed will find it heartening. Those seeking nuance should look elsewhere.

As Hillary Clinton launches her own campaign for the White House, McAuliffe offers little insight into the most fascinating and complex political family of a generation. He recounts in loving detail endless golf outings and all-night board and card games with Bill Clinton -- he spent so many late hours in the president's hotel suite during a trip to Seoul playing a form of Scrabble that South Korean security agents suspected they were gay lovers.

But McAuliffe reveals nothing new about what makes either Clinton tick, nor does he explore any shades of gray in these Shakespearean political figures. Whitewater, the Lincoln Bedroom fundraising, the Monica Lewinsky saga, the last-minute pardons? Really all just Republican perfidy. The most inside moment he discloses is watching television with the Clintons as the first lady channel-surfs, unable to find a station not broadcasting something about her husband's misdeeds, until she finally settles on ESPN.

If unflinchingly loyal to the Clintons, though, McAuliffe vents about other Democrats, particularly the party's last two presidential nominees. No doubt he is channeling the Clintons when he grouses about Al Gore sidelining Bill Clinton in 2000 and John F. Kerry not fighting back harder against Bush in 2004. As chairman of the Democratic National Committee, McAuliffe was never invited to a Kerry strategy session and discovered only afterward that the campaign had not spent $15 million, a decision he called "gross incompetence."

He also dishes on Barbra Streisand, who once held a fundraiser for the Clinton library but hates dogs so much that she would not allow even the Secret Service bomb-sniffers onto her property.

"No dogs are coming on my property," she insisted.

"No dogs, no Bill Clinton," McAuliffe replied.

So she relented. And then screamed at him when she stepped in the inevitable byproduct.

An all-too-common experience in politics these days.

Baker is a White House correspondent for The Washington Post and author of "The Breach: Inside the Impeachment and Trial of William Jefferson Clinton."

Oliver North's Tiff With The Smithsonian (WP)

By Jacqueline Trescott

The Washington Post, February 13, 2007

The Smithsonian Institution rejected a request from Oliver North to film a stand-up in front of the Enola Gay, the B-29 that dropped the first atomic bomb. This is the latest flap in the Smithsonian's development of programming for a cable television network.

North, who hosts a Fox News Channel series called "War Stories," returned fire, condemning the Smithsonian's decision. He said in an opinion column that the museum's action raises questions about the propriety of the contract between Showtime Networks and the Smithsonian, which limits access of film crews.

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Claire Brown, a spokeswoman for the National Air and Space Museum, which displays the Enola Gay at its Northern Virginia annex, said she held a series of discussions with North's producers and thought the door was open to more talks. "We were surprised to read the column because we consider the request to be pending," Brown said. She said she received the request Jan. 22.

North's column first appeared on Fox's Web site and was reprinted by the Washington Times on Sunday. North, a retired U.S. Marine and a key figure in the Iran-contra episode during the Reagan administration, is now a highly successful commentator and author.

"In a series of written, e-mail, telephone and personal exchanges with Smithsonian officials we explained what we wanted to do, how we would do it and offered to compensate the museum for any expenses incurred," North wrote in his column. "What we didn't know was that the institution's management had concocted a secret, backroom deal with Showtime -- granting the premium cable TV channel, owned by media giant Viacom, exclusive rights to control all but 'incidental usage' of all video footage shot at the Smithsonian."

The museum did turn down the request initially, Brown said, explaining that the application was asking for "more than incidental use" of the site and the plane. The Showtime contract, which limits such use, has angered many independent filmmakers.

After North's producers appealed the first decision, Brown said she "offered the producer the alternative of shooting film at Air & Space's Udvar-Hazy Center [near Dulles Airport]. We also asked the producer to contact us in writing with any questions. We have not heard back."

In essence, the Smithsonian was telling the show they could film the plane but couldn't film a commentator talking in front of it.

"We were commencing production of a documentary on nuclear weapons tentatively titled, 'From the Manhattan Project to Tehran' and wanted to shoot a few minutes of the videotape of the Enola Gay . . . . Our requests fell into a bureaucratic black hole," North wrote.

The Courage Of Others' Convictions (NYT)

The New York Times, February 13, 2007

The music industry awarded an armload of Grammys to the Dixie Chicks on Sunday night, in what was celebrated as a blow for freedom of speech as much as tunefulness. The endorsement was about three years too late. The awards — including for the trio's fittingly titled album "Taking the Long Way" and the song "Not Ready to Make Nice" — ended a desolate period in which their music was boycotted and banned by country music stations, their CDs were burned and smashed, and group members' lives were threatened.

The Chicks' offense was geographic but labeled unpatriotic. The lead singer, Natalie Maines, told a 2003 London concert crowd that she was ashamed that President Bush was from her home state, Texas. She briefly apologized to fans, then quickly took it back, reclaiming her right to oppose the Iraq war and criticize the president.

Had Ms. Maines been a senator at the time, she might now be a shoo-in candidate for president.

The gutsy group beat back the campaign by conglomerate radio chains to obliterate them and did it with little support from fellow artists, who apparently feared getting Dixie-Chicked themselves. The band reinvented itself, taking on a pop style, reclaiming some old fans and finding new ones — a lot of them. Meanwhile, Mr. Bush's polls plummeted to Nixonian levels. Suddenly, the industry found the courage to really, really like them again.

We've seen this sort of political calibration by the arts before. Lillian Hellman scalded an Academy Awards ceremony in 1977, 25 years after she defied the House Un-American Activities Committee. The film industry, she said, responded to Washington's red-baiting and blacklisting with all the "force and courage of a bowl of mashed potatoes."

There must be a Dixie Chicks song in there somewhere.

Democratic Tax Cutter (WSJ)

The Wall Street Journal, February 13, 2007

DOJ_NMG_0131466

Arkansas Governor Mike Beebe may not be a man from Hope, but the newly elected Democrat is becoming a voice for tax relief within his party.

Last year he campaigned on cutting in half his state's 6% sales tax on groceries. Last week he made good on the promise by striking a deal with a reluctant Democratic legislature. His compromise also repeals income taxes on the poor and cuts sales taxes that manufacturers pay on their utility bills. All told, taxpayers will save $319 million over two years, or what the Governor calls "the largest tax decrease in the history of the state."

The Arkansas Policy Foundation estimates that a family of four will save $234 a year on grocery bills alone, a significant savings in a state where the average taxpayer shells out $3,088 a year in state and local taxes. And it's all the better that the Governor also resisted the legislature's impulse to lard up the state's tax code with tax credits.

The Tax Foundation reports that Arkansas is the 27th most taxed state in the nation with a heavier tax burden than neighboring Texas and Tennessee, neither of which has an income tax and rank 44th and 47th. The state is expected to have an $840 million surplus this year and could therefore afford additional cuts in its 6% general sales tax and 7% tax on income over $30,100. The state's last Governor -- potential Republican Presidential candidate Mike Huckabee -- is best known for losing 100 pounds while in office. That Mr. Beebe is turning his attention instead to curbing the state's appetite is a sign of progress.

Pace Demurs On Accusation Of Iran (WP)

By Karen Deyoung

The Washington Post, February 13, 2007

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said yesterday that he has no information indicating Iran's government is directing the supply of lethal weapons to Shiite insurgent groups in Iraq.

"We know that the explosively formed projectiles are manufactured in Iran," Pace told Voice of America during a visit to Australia. "What I would not say is that the Iranian government, per se, knows about this."

"It is clear that Iranians are involved, and it's clear that materials from Iran are involved," he continued, "but I would not say by what I know that the Iranian government clearly knows or is complicit."

Pace's comments came a day after U.S. military officials in Baghdad alleged that the "highest levels" of the Iranian government have directed use of weapons that are killing U.S. troops in Iraq. No information was provided to substantiate the charge. Administration officials yesterday deflected requests for more details, even as they repeatedly implied Tehran's involvement.

In an interview yesterday with ABC's "Good Morning America," Iranian President Mahmoud Ahmadinejad said the administration is "pointing fingers at others" when its troop presence in Iraq is the source of most of the country's problems.

While not denying that Iranian weapons may have been found in Iraq, Ahmadinejad implied that if they were, it was not his government's doing. "Can Americans close their long borders?" he asked, noting that "millions" of Iranians cross the border into neighboring Iraq each year. "The position of our government . . . and the position of the Revolutionary Guard is also the same: We are opposed to any kind of conflict in Iraq."

On Sunday, in a briefing for reporters, U.S. military officials in Baghdad offered a slide show and examples of armor-piercing explosives that they said bore writing and serial numbers from Iran. Briefers, speaking anonymously for what they said were security reasons, said the weapons had caused the deaths of 170 U.S. soldiers in the past two years. No cameras were allowed in the briefing room, and a transcript of the session was not provided.

The officials also showed what they said were false identity cards of Iranians whom U.S. forces had recently detained in Iraq. The men were described as members of the Quds Force, an elite unit of the Iranian Revolutionary Guard that U.S. officials believe is under the control of Iran's supreme religious leader, Ayatollah Ali Khamenei.

"We have been able to determine that this material," especially sophisticated roadside explosives called explosively formed penetrators, "is coming from the IRGC-Quds Force," said a briefer, identified only as a senior defense analyst. Direction for operations using the weaponry, he said, came from the "highest levels" of Iran's government.

Asked by reporters yesterday to provide more information on the charge, State Department spokesman Sean McCormack said, "The Iranians are up to their eyeballs in this activity." He called the Baghdad presentation a "very strong circumstantial

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case," saying he was "not going to try to embellish that briefing" and "any reasonable person . . . would draw the same conclusions."

White House spokesman Tony Snow offered similar responses. "Let me put it this way," he said. "There's not a whole lot of freelancing in the Iranian government, especially when it comes to something like that."

Pressed repeatedly, Snow answered, "Look, the Department of Defense is doing this. What I'm telling you is, you guys want to get those questions answered, you need to go to the Pentagon."

A call to the Defense Intelligence Agency brought a referral to the main Pentagon press office. That office referred a caller to the Washington office of the Multi-National Force-Iraq, which responded with an e-mailed copy of Sunday's briefing slides -- containing no mention of the "highest levels" allegation and a request for questions in writing. Written questions brought no response. An official from the Pentagon Joint Staff said last night that Pace had seen the briefing slides but had "no personal knowledge of any senior involvement by senior Iranian officials."

Members of Congress have repeatedly asked whether the administration is planning a repeat in Iran of its 2003 invasion of Iraq. Intelligence findings that Iraq's Saddam Hussein had stockpiles of weapons of mass destruction and had close ties to al-Qaeda turned out to be almost entirely false.

Sunday's briefing on Iran, originally scheduled for last month, had been delayed as officials said they were trying to avoid "overstating" what they could prove.

"There are certainly those who are in favor" of war with Iran, Sen. Christopher J. Dodd (D-Conn.) said Sunday of the Bush administration on CBS's "Face the Nation." "We've seen that in the past that they would like nothing more than to build a case for that."

In recent weeks, the administration has denied any war plans, saying it is committed to a strategy of pressure and diplomacy against Iran's nuclear activities, operations in Iraq and other aggression.

In an interview yesterday with C-SPAN, President Bush described his policy as "comprehensive" and complained that charges he is planning to attack Iran are politically motivated and "typical Washington."

Bush Softens Rhetoric On Iran Relations (AP)

By Deb Riechmann

AP, February 13, 2007

President Bush on Monday sought to dampen speculation about a U.S. military strike on Iran as the Islamic republic's president softened his tone, too, and said he wanted dialogue rather than confrontation.

Bush, in an interview at the White House with C-SPAN, dismissed talk of a U.S. military strike on Iran as political chatter. He also said there is still a chance to resolve, through diplomacy, the standoff over Tehran's nuclear ambitions.

Still, Bush called Tehran a "belligerent" regime with nuclear ambitions that will lead Iranians into isolation.

"The Iranian people are good, honest, decent people and they've got a government that is belligerent, loud, noisy, threatening — a government which is in defiance of the rest of the world and says, 'We want a nuclear weapon,'" Bush said. "So our objective is to keep the pressure so rational folks will show up and say it's not worth the isolation."

The United States and Iran are at odds on two fronts: the standoff over nuclear weapons and U.S. accusations that Iran is meddling in Iraq.

The U.S. claims Iran has been arming Shiites in Iraq with sophisticated, armor-piercing roadside bombs, which have killed more than 170 troops from the U.S.-led coalition. Tehran denied it gave sophisticated weapons to militants to attack U.S. forces.

In recent weeks, Iranian President Mahmoud Ahmadinejad, known for his inflammatory anti-Western rhetoric, has taken a milder approach to diplomacy. He insisted on Monday that turmoil in Iraq is bad for his country and that dialogue — not force — was the solution to the region's conflicts.

"We shy away from any kind of conflict, any kind of bloodshed," Ahmadinejad told ABC's "Good Morning America." "As we have said repeatedly, we think that the world problems can be solved through dialogue, through the use of logic and a sense of friendship. There is no need for the use of force."

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The change in tone comes at a time when domestic criticism of the controversial leader has increased, with both reformers and fellow conservatives complaining that Ahmadinejad spends too much time criticizing the United States and Israel, and not enough on internal issues such as Iran's struggling economy.

In a nearly half-hour interview on a range of subjects, Bush also was asked how he thinks Iraqi children will view the United States in 15 to 20 years.

"If we can help this government be able to create the conditions so that a mother can grow up — raise their child in peace, I think people will look back and say they'd be thankful of America," Bush said. "If America leaves, however, before the job is done, I think there will be great resentment toward America."

Joint Chiefs Chairman Sees No Evidence Of Meddling By Iran's Regime (MCT)

By Jonathan S. Landay

McClatchy Newspapers, February 13, 2007

WASHINGTON - A day after the U.S. military charged Iran's government with shipping powerful explosive devices to Shiite Muslim fighters in Iraq to use against American troops, the chairman of the Joint Chiefs of Staff said Monday that he hasn't seen any intelligence to support the claim.

Marine Gen. Peter Pace's comment could make it harder for the Bush administration, its credibility about Iran questioned because of its false pre-war claims about Saddam Hussein, to make its case that Iranian meddling in Iraq is fueling sectarian violence and causing U.S. casualties.

At a briefing Sunday in Baghdad, U.S. military officials said the al-Quds Force, an elite Iranian paramilitary organization, is sending arms into Iraq that include bombs that shoot molten metal jets through the armor of American tanks and Humvees.

They said these "explosively formed projectiles," or EFPs, have killed 170 U.S. troops and wounded more than 600 others and are "coming from the highest level of the Iranian government."

Asked about the briefing during a visit Monday to Canberra, Australia, Pace said he couldn't substantiate the assertion that the clerical regime in Tehran is shipping such devices to Shiite militias in Iraq.

"We know that the explosively formed projectiles are manufactured in Iran. What I would not say is that the Iranian government per se knows about this," Pace replied. "It is clear that Iranians are involved and it is clear that materials from Iran are involved. But I would not say based on what I know that the Iranian government clearly knows or is complicit."

Neither the White House nor the Pentagon responded to requests for an explanation of the apparent contradiction between the nation's highest-ranking military officer and his subordinates in Baghdad.

A senior U.S. intelligence official told McClatchy Newspapers that U.S. intelligence agencies believe the al-Quds Force, a component of the Iranian Revolutionary Guard Corps, couldn't conduct such a major undertaking without the knowledge of top leaders.

"Based on our understanding of the Iranian system and the history of the IRGC (Iranian Revolutionary Guard Corps) operations, the IC (intelligence community) assesses that activity this extensive on the part of the Quds Force would not be conducted without approval from top leaders in Iran," the senior intelligence official said.

The official requested anonymity because intelligence on Iran is highly classified. But his remarks, translated from intelligence parlance, indicate that the U.S. has no conclusive evidence that Iran's leaders have directed the arms deliveries, as one briefer in Baghdad conceded on Sunday, but instead has concluded that they probably approved them.

Iranian President Mahmoud Ahmadinejad denied Monday that Iran is supplying weapons to Shiite militias in Iraq or stirring up violence by majority Shiites against minority Sunni Muslims, contending that the U.S. military presence is to blame for the bloodshed.

"We are asking for peace, we are asking for security," he said on ABC's "Good Morning America." "We are opposed to any kind of conflict and also the presence of foreign forces in Iraq."

"The U.S. administration and Bush are used to accusing others. The fact that you are showing us some pieces of papers and you call them documents - they do not solve any problem," said Ahmadinejad. "There should be a court to prove the case and verify the case."

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President Bush and his top lieutenants contend that Tehran is supporting Shiite militias that have seized control of much of southern Iraq, attacked American forces and driven minority Sunnis out of large areas of Baghdad in response to Sunni insurgent attacks.

In response, U.S. forces have detained at least seven Iranian operatives in Iraq, and Bush has ordered a second U.S. aircraft carrier task force into the Persian Gulf.

Democratic lawmakers and other administration critics, including some former senior U.S. officials, are worried that the White House may be exaggerating its case against Tehran to justify a military strike on Iran's suspected nuclear weapons facilities.

White House spokesman Tony Snow reiterated on Monday that the United States has no plans to attack Iran.

"I don't know how much clearer we can be: We're not getting ready for war in Iran," said Snow. "What we are doing is protecting our own people."

The administration and its European allies believe that Iran's nuclear facilities are being used to develop nuclear weapons. Iran insists that its program is strictly for civilian power generation.

Skeptics Doubt U.S. Evidence On Iran Action In Iraq (NYT)

By Helene Cooper And Mark Mazzetti

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — Three weeks after promising it would show proof of Iranian meddling in Iraq, the Bush administration has laid out its evidence — and received in return a healthy dose of skepticism.

The response from Congressional and other critics speaks volumes about the current state of American credibility, four years after the intelligence controversy leading up to the Iraq war. To pre-empt accusations that the charges against Iran were politically motivated, the administration rejected the idea of a high-level presentation, relying instead on military and intelligence officers to make its case in a background briefing in Baghdad.

Even so, critics have been quick to voice doubts. Representative Silvestre Reyes of Texas, the Democratic chairman of the House Intelligence Committee, suggested that the White House was more interested in sending a message to Tehran than in backing up serious allegations with proof. And David Kay, who once led the hunt for illicit weapons in Iraq, said the grave situation in Iraq should have taught the Bush administration to put more of a premium on transparency when it comes to intelligence.

“If you want to avoid the perception that you’ve cooked the books, you come out and make the charges publicly,” Mr. Kay said.

Administration officials say their approach was carefully calibrated to focus on concerns that Iran is providing potent weapons used against American troops in Iraq, not to ignite a wider war. “We’re trying to strike the right tone here,” a senior administration official said Monday. “It would have raised the rhetoric to major decibel levels if we had had a briefing in Washington.”

At the State Department, the Pentagon and the Office of the Director of National Intelligence, officials had anticipated resistance to their claims. They settled on an approach that sidelined senior officials including Zalmay Khalilzad, the American ambassador to Iraq, and John D. Negroponte, who until last week was the director of national intelligence. By doing so, they avoided the inevitable comparisons to the since-discredited presentation that Secretary of State Colin L. Powell made to the United Nations Security Council in 2003 asserting that Iraq had illicit weapons.

The White House and the State Department both made clear on Monday that they endorsed the findings presented in Baghdad. Asked for direct evidence linking Iran’s leadership to the weapons, Tony Snow, the White House spokesman, said: “Let me put it this way. There’s not a whole lot of freelancing in the Iranian government, especially when its comes to something like that.”

Sean McCormack, the State Department spokesman, said: “While they presented a circumstantial case, I would put to you that it was a very strong circumstantial case. The Iranians are up to their eyeballs in this activity, I think, very clearly based on the information that was provided over the weekend in Baghdad.”

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In Australia, however, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, told reporters that he "would not say" that Iran's leadership was aware of or condoned the attacks. "It is clear that Iranians are involved, and it's clear that materials from Iran are involved, but I would not say by what I know that the Iranian government clearly knows or is complicit," according to an account posted on the Voice of America Web site.

An Iranian government spokesman, Mohammad Ali Hosseini, has sought in denying the charges to exploit the lingering doubts about American credibility. "The United States has a long history of fabricating evidence," Mr. Hosseini, a Foreign Ministry official, told reporters in Tehran.

The administration's scramble over how to present its evidence started in January, after President Bush accused Iran of meddling in Iraq. Iran's ambassador to Iraq, Hassan Kazemi Qumi, demanded that the United States present its evidence, and Mr. Khalilzad, the American ambassador in Baghdad, responded that America would "oblige him by having something done in the coming days."

That set Bush administration officials racing to produce a briefing that would hold up to scrutiny. Military officials in Baghdad developed the first briefing, a wide-ranging dossier that contained dozens of slides about Iranian activities inside Iraq, which was then sent to Washington for review, administration officials said.

But after a careful vetting by intelligence officials, senior administration officials, including National Security Adviser Stephen J. Hadley and Defense Secretary Robert M. Gates, concluded that there were aspects of the briefing that could not be supported by solid intelligence. They sent the briefing back to Baghdad to be shored up, a senior official said.

The evidence that military officials presented Sunday was a stripped-down version of the original presentation, focusing almost entirely on the weapons, known as explosively formed penetrators, and the evidence that Iran is supplying the weapons to Shiite groups.

Both Democratic and Republican officials on Capitol Hill said that while they do not doubt that the weapons are being used to attack American troops, and that some of those weapons are being shipped into Iraq from Iran, they are still uncertain whether the weapons were being shipped into Iraq on the orders of Iran's leaders.

Several experts agreed. "I'm not doubting the provenance of the weapons, but rather, the issue of what it says about Iranian policy and whether Iran's leaders are aware of it," said George Perkovich, a nonproliferation specialist at the Carnegie Endowment for International Peace in Washington.

Philip D. Zelikow, who until December was the top aide to Secretary of State Condoleezza Rice, said American politics and the increased unpopularity of the war in Iraq is obscuring the larger issue of the Iran evidence, which he described as "abundant and so multifaceted."

"People have lost their moorings," Mr. Zelikow said. He said the administration was trying to overcome public distrust by asking, in essence, "Don't you trust our soldiers?"

Iran Seen As Key To Untangling Iraq (LAT)

By Kim Murphy

The Los Angeles Times, February 13, 2007

TEHRAN — Iranian officials Monday called U.S. accusations that Tehran is arming Shiite militias in Iraq with tank-piercing explosives "unfounded," and said that Iran was committed to joining a regional effort to halt the tightening spiral of violence.

But the back-and-forth charges between Tehran and Washington highlight a growing recognition of Iran's substantial influence on its next-door neighbor and its ability, if nothing else, to prevent the U.S. from untangling the political conflicts that have plunged Iraq into mounting sectarian warfare.

Here in the capital of the Islamic Republic, it is an open secret that Iran is operating a quiet network of influence in Iraq that it can use either to help settle the conflict or to prevent the U.S. from reaching its goals there. Iranian officials say they are committed to quelling the instability they see as a threat to their own security.

Indeed, Iranians say, their image of an ideal settlement in Iraq looks remarkably like America's: a strong, democratically elected government in Baghdad — that would, by dint of Iraq's Shiite Muslim majority, be a natural ally of Tehran — an end to the violence, and preservation of territorial integrity.

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But with one important exception.

"The difference is Iran doesn't want to see the U.S. claim victory. The U.S. shouldn't come out of this battle victorious. And Iranians perceive that the dominant part of that objective has been achieved," Tehran political scientist Nasser Hadian said. "It is no longer plausible for the U.S. to claim victory in Iraq."

American defense and intelligence officials' claims to have found Iranian-manufactured weapons in Iraq, including armor-piercing projectiles believed to have killed about 170 troops from the U.S.-led coalition, have placed a heightened focus on the Bush administration's long-standing allegations of Iranian involvement in the war.

In Washington, a U.S. official acknowledged Monday that the U.S. material formed a "circumstantial" case, but said military commanders in Baghdad provided solid evidence of Iranian involvement.

"So while they presented a circumstantial case, I would put to you that it was a very strong circumstantial case," State Department spokesman Sean McCormack said. "The Iranians are up to their eyeballs in this activity, very clearly, based on the information that was provided over the weekend in Baghdad."

In Australia, the Voice of America reported, U.S. Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told reporters Monday that there was no proof that Iran's government was involved in providing bomb-making materials to Iraqi militants.

"It is clear that Iranians are involved, and it's clear that materials from Iran are involved, but I would not say by what I know that the Iranian government clearly knows or is complicit," Pace was quoted as saying.

In Iran, the dispute serves to spotlight a belief that America is using what Tehran views as its natural influence on its neighbor as an opportunity to use Iran as a scapegoat for U.S. failures in its Iraq policy.

"Right now, I think the United States wants to find someone to share this loss. Because they have indeed lost," said Mosayeb Naimi, a Tehran newspaper editor with long experience in the Arab world.

"The problem in Iraq is not just the Mahdi army militia or Al Qaeda or any of the other military groups. It's [that] the Americans lack a strategy to govern Iraq," he said. "Today, many of the groups of Iraq are making war against each other, and it's clear that Iran is more worried about security and safety in Iraq than the United States is. Because when violence increases in Iraq, it means the violence comes to Iran also. So it's not unreasonable that Iran is increasing its [presence] there."

Iranian officials went out of their way to discount the evidence of weapons without issuing a specific, direct denial.

"They condemn us for making problems in Iraq, but they don't have any documentary proof," Foreign Ministry spokesman Mohammad Ali Hossaini told reporters.

"Lots of this evidence is fake, artificial. For example, when they wanted to start a war in Iraq, they made plenty of evidence that there were lots of weapons in Iraq, though the investigators of the International Atomic Energy Agency said they couldn't find any weapons in Iraq," he said. "Right now they're using weapons [with certain markings], but it doesn't prove where these weapons came from."

But political scientist Hadian said it was relatively well known that Tehran had developed a substantial network of support and resources in Iraq for use as a deterrent should the U.S. threaten aggression against Iran.

"Iran has developed an important infrastructure in Iraq. Intelligence, security, organization, people, weapons, networks, resources," he said. "But these are principally for deterrence. In case anything happens. In case of a U.S. attack, these are there. And in fact they would like very much for the U.S. to know about it. If the U.S. doesn't know the infrastructure is there, it's not going to play the role it's supposed to play."

At the same time, Hadian said, it is not credible to believe that Iran has engaged in large-scale weapons deliveries to the Sunni-led insurgents in Iraq who have been responsible for the bulk of U.S. casualties, when Iran's primary goal is to prevent instability and protect the Shiite-dominated government in Baghdad.

"They're not going to support Al Qaeda and the Baathists in Iraq," he said, noting that both these groups are Sunni. "Because they're the ones who are killing the Shia. Yes, they're killing the Americans. But they're killing the Shia. By no means is it acceptable for Iran to support groups in Iraq who want to destabilize a friendly government and kill Shias." Nor is it likely that any large-scale weapons supplies are being provided, he added.

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"I just cannot buy the argument that Iranians are systematically [supplying these weapons]," Hadian said. "Maybe one here and there, one Shia individual or somebody from here sent some stuff to the Shia who kills Americans or Sunnis. That's not systematic, that's not a policy, that's not a decision at the highest level of government to do that."

In Baghdad, a lawmaker close to Iraqi Prime Minister Nouri Maliki said the Iraqi leader visited Tehran several months ago and asked Iranian officials not to allow arms and support to cross the border into the hands of militants.

Officials there, he said, are surprised that Washington is only now bringing it up. "These are not new allegations," said Sami Askari, a Shiite member of parliament close to Maliki. "I am sure that the Americans are escalating this matter with Iran during this interval because of domestic pressures in the U.S."

Askari and other government officials accuse the Bush administration of using Iraq as a battlefield to settle old scores with Iran and prevent implementation of the recommendations of the Iraq Study Group, the bipartisan U.S. panel that in December advocated diplomacy to deal with Iran's regional ambitions.

Iran has frequently said it is willing to be part of a regional effort to end the conflict in Iraq and prevent it from spilling into neighboring countries. Analysts here said Iran has valuable cards to play, without which a lasting settlement may not be possible — namely, helping achieve a better deal for the minority Sunnis in Iraq, who dominated the government before Saddam Hussein was toppled in the 2003 U.S.-led invasion.

"Iran can persuade the Kurds and Shias to accept a deal with the Sunnis which would give Sunnis, disproportionate to their population, the wealth and power. That's what Iran can do," Hadian said.

Naimi, the newspaper editor, said Iran's clerics, in conjunction with senior Muslim clerics in Saudi Arabia and Egypt, could also order an end to sectarian violence in a manner that might stand a reasonable chance of limiting Sunni-Shiite warfare.

As for the U.S., Iranians say, it should establish a fixed timetable for withdrawing from Iraq, not necessarily immediately, and convene a regional conference that, ideally, would tackle not only Iraq but the Iranian nuclear issue and the Israeli-Palestinian conflict.

"One way to look at our whole nuclear issue is that the United States has not been successful in Iraq," said Abbas Maleki, a former Iranian deputy foreign minister. "One way to solve it is to change the question from Iran to another part of the world — to arrange a new front for battle."

Iran's Leader Disputes U.S. Charges On Militias (NYT)

By Nazila Fathi

The New York Times, February 13, 2007

TEHRAN, Feb. 12 — President Mahmoud Ahmadinejad on Monday dismissed American accusations that Iran was arming Shiite militants in Iraq, saying Iran was opposed to "any kind of conflict" in Iraq.

"Our position for Iraq is very clear," he said in an interview with Diane Sawyer on "Good Morning America" on ABC. "We are asking for peace, we are asking for security and we will be sad to see people get killed, no matter who they are."

In a news briefing on Sunday, American officials in Iraq showed journalists the kinds of weapons they said had been made by Iranian factories and had been used to kill 170 Americans in the last three years. They accused Iranian leaders of authorizing the smuggling of such weapons into Iraq.

Mr. Ahmadinejad refused to address the accusation directly in the interview, but he rejected the charges by saying the Americans were trying to find a scapegoat for their problems in Iraq.

"I think that Americans have made a mistake in Iraq and unfortunately are losing, and this is a shame for Americans of course, and that's why they are trying to point their fingers to other people, and pointing fingers to others will not solve the problem," he said.

A Foreign Ministry spokesman, Mohammad Ali Hosseini, was more direct in denying the accusations on Monday at his weekly news conference. He called the charges baseless and said the evidence had been fabricated.

"Such accusations cannot be relied upon or be presented as evidence," he said. "The United States has a long history of fabricating evidence. Such charges are unacceptable."

DOJ_NMG_0131473

Tensions between Iran and the United States have increased in recent months over Iran's nuclear program and its role in Iraq. The United States has accused Iran of having a secret nuclear weapons program and of arming Shiite militants in Iraq. Iran says that its nuclear program is for peaceful energy purposes and that it favors stability in Iraq.

Iran, which is governed by Shiite clerics and like Iraq has a Shiite majority, has close ties with Iraqi Shiites, many of whom lived in Iran in exile when Saddam Hussein was in power in Baghdad.

In the interview, Mr. Ahmadinejad said it was the Americans, not the Iranians, who were destabilizing Iraq, and called on them to leave. "We are opposed to any conflict and also the presence of foreign forces in Iraq," he said, "and that's why we are opposed to the Americans."

As for American assertions that serial numbers linked weapons in Iraq to their origins in Iran, he seemed unconcerned, suggesting that there was more overt evidence of American force in Iraq.

"I can give you figures and numbers, which are known: more than 160,000 American troops are in Iraq," he said, adding, "What are they doing in Iraq?"

Mr. Ahmadinejad also referred obliquely to American raids in Baghdad and the northern city of Erbil in which Iranian officials were picked up and accused of working with extremist groups to plan attacks on American and Iraqi forces.

"It was childish for the U.S. government to do something like that to arrest defenseless people," he said.

He said Iran was willing to provide "intellectual support" to the Iraqi government and to the Americans to help end the conflict in Iraq.

Mr. Ahmadinejad brushed off the possibility of a military strike by the United States against Iran. "There are wise people in the U.S. that would stop such illegal actions," he said, "but our position is clear. Our nation has made it clear that anyone who wants to attack our country will be severely punished."

Iran Denies Sending Explosives To Iraq (FT)

By Gareth Smyth

Financial Times, February 13, 2007

Iran on Monday rejected US accusations that it had supplied armour-piercing explosives used to kill American troops in Iraq.

President Mahmoud Ahmadi-Nejad said Washington was trying to find "excuses" to prolong the presence of US forces.

"There should be no foreigners there in Iraq – and then you will see that you have peace in Iraq," he told ABC television in Tehran. "There should be a court to...verify the case," he told the station's Good Morning America. "The position of our government...is also the same – we are opposed to any kind of conflict in Iraq."

The president was responding to claims from a senior US defence official in Baghdad on Sunday who said that armour-penetrating explosives that had killed 170 "coalition forces" were of Iranian manufacture. A second US official said the US assessment was that the supply and training of Iraqi insurgents by Tehran was decided by the "highest levels of the Iranian government".

Mohammad-Ali Hosseini, the foreign ministry spokesman, said the US had a "long history in fabricating evidence" and that the charges were "unacceptable".

He added that Iran opposed "any intervention in Iraq's internal affairs...[as] a weakening of the popular Iraqi government".

American officials have long suggested that Iran was involved in supporting violence in Iraq, but Sunday's announcement, supported by the presentation of bomb fragments, came after a stepping-up of US rhetoric against Iran and the dispatch of a second aircraft carrier, the John G Stennis, to the waters off southern Iran.

The UN Security Council deadline for Iran to suspend most of its nuclear programme runs out later this month.

Mr Hosseini reiterated on Monday that Iran was ready for negotiations, even over the suspension of uranium enrichment. Officials in Tehran critical of Mr Ahmadi-Nejad suspect the US allegations over Iran's role in Iraq are designed to thwart any possibility of compromise.

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A senior reformist told the FT in Tehran that "everything in the region...[was] now overshadowed by US-Iran tensions". "The wise men must increase their efforts," he said. "I was alarmed when I heard the US accusations on the television – they were very direct. My fear is that this is all part of preparation for at least keeping open the real option of attacks on Iran."

The explosively formed penetrator, or EFP – the device that US officials say is evidence of Iranian support for Iraqi militants – is one of the most feared weapons for US forces in Iraq. It is also a device that US soldiers say is exclusively associated with Shia militias.

The device is a refinement of the shaped charge technology which has been used to destroy tanks and other military vehicles since the second world war. US officials said the weapons found in Iraq created a deadly slug of molten metal that could tear through armour.

They said the signature part of the weapon linking it with Iran was the machining process but did not provide any further detail.

Additional reporting: Steve Negus, Iraq correspondent

Too Late To Halt Iran's Nuclear Bomb, EU Is Told (FT)

By Daniel Dombey And Fidelius Schmid

Financial Times, February 13, 2007

Iran will be able to develop enough weapons-grade material for a nuclear bomb and there is little that can be done to prevent it, an internal European Union document has concluded.

In an admission of the international community's failure to hold back Iran's nuclear ambitions, the document – compiled by the staff of Javier Solana, EU foreign policy chief – says the atomic programme has been delayed only by technical limitations rather than diplomatic pressure. "Attempts to engage the Iranian administration in a negotiating process have not so far succeeded," it states.

The downbeat conclusions of the "reflection paper" – seen by the Financial Times – are certain to be seized on by advocates of military action, who fear that Iran will be able to produce enough fissile material for a bomb over the next two to three years. Tehran insists its purposes are purely peaceful.

"At some stage we must expect that Iran will acquire the capacity to enrich uranium on the scale required for a weapons programme," says the paper, dated February 7 and circulated to the EU's 27 national governments ahead of a foreign ministers meeting yesterday.

"In practice . . . the Iranians have pursued their programme at their own pace, the limiting factor being technical difficulties rather than resolutions by the UN or the International Atomic Energy Agency.

"The problems with Iran will not be resolved through economic sanctions alone."

The admission is a blow to hopes that a deal with Iran can be reached and comes at a sensitive time, when tensions between the US and Tehran are rising. Its implication that sanctions will prove ineffective will also be unwelcome to EU diplomats. Only yesterday the bloc agreed on how to apply United Nations sanctions on Tehran, overcoming a dispute between Britain and Spain over Gibraltar.

Iran has set up several hundred centrifuges to enrich uranium, a process that can yield both nuclear fuel and weapons-grade material. But analysts say that Iran is behind schedule on plans to install 3,000 centrifuges to produce enriched uranium on a larger scale.

Last year Ernst Uhrlau, the head of German intelligence, said Tehran would not be able to produce enough material for a nuclear bomb before 2010 and would only be able to make it into a weapon by about 2015.

The EU document is embarrassing for advocates of negotiations with Iran, since last year it was Mr Solana and his staff who spearheaded talks with Tehran on behalf of both the EU and the permanent members of the UN Security Council.

The paper adds that Tehran's rejection of the offer put forward by Mr Solana "makes it difficult to believe that, at least in the short run, [Iran] would be ready to establish the conditions for the resumption of negotiations".

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European Officials Agree To Widen Economic Sanctions Against Iran Over Nuclear Program (NYT)

By Steven R. Weisman

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — European negotiators, yielding to pressure from the United States, have agreed to widen a ban on financial transactions with Iran and the export of materials and technology that Iran could use to develop nuclear weapons.

European officials said a resolution embodying the wider ban was negotiated over the last week and should go far toward satisfying the Bush administration, which has been pressing European governments for firmer action against Iranian individuals and companies as part of a campaign to isolate the Tehran government because of its suspected nuclear arms program.

"This is a very positive initiative because it takes the European Union beyond where they were until recently," said R. Nicholas Burns, the under secretary of state for political affairs. "It's not everything we would like to see happen. But the trajectory is good and the momentum is good, so we think this is a positive event."

A text of the resolution, released Monday evening by officials of the European Union, calls for steps to carry out a United Nations Security Council resolution adopted in December. Europeans have been slow to follow through, saying governments do not have the legal tools to act against Iranian companies.

Two European officials said that in some respects the draft complies with American wishes for a broad move against Iran, but in other respects it could fall short. If the European Union adopts the resolution, European governments will have to enact laws individually to carry it out.

"The point is that it takes time for the Europeans to work out exactly where the center of gravity is so they can do something like this," said a European official, asking not to be identified because of the delicate nature of the discussions. "It's not as if the European Union can snap its fingers and get it done right away."

In a separate development, two top diplomats from the European Union said in Brussels that their talks in Tehran over the weekend left them encouraged that negotiations might resume over Iran's nuclear program.

There was no sign, however, that Iran would be willing to suspend its enrichment of uranium, which the West has insisted is a precondition for a resumption of talks.

"We got the impression that in Iran there's a new ambition to return to the negotiating table," said the German foreign minister, Frank-Walter Steinmeier, who has taken the lead for the European Union because Germany serves as its current president.

Both Mr. Steinmeier and Javier Solana, the European Union's foreign policy chief, spoke in Brussels a day after returning from Tehran, where they had held talks with Ali Larijani, the top Iranian national security official.

The Security Council resolution of Dec. 23 listed a dozen individuals and several Iranian corporations as effectively off-limits to transactions with European banks and European companies, including those that might get government-backed guarantees for loans to facilitate transactions with Iran.

Responding to the urgings of the Bush administration, the draft would seek to freeze funds of those entities and also of others that might later be designated as engaging in "sensitive" nuclear or weapons activities.

The draft would also call for a ban on visas for individuals identified as involved in Iran's nuclear programs, except for limited relief purposes. The draft would encompass anything "that could contribute to" uranium enrichment or processing of nuclear fuel that could be used for a nuclear weapon.

The draft has a bit of an escape clause, saying it does not apply to payments under contracts that were concluded or that were even discussed before Dec. 23, the date of the Security Council resolution.

It calls on European countries "in accordance with their national legislation" to take "the necessary measures" to prevent teaching or training of Iranians in their countries of any studies that might contribute to nuclear proliferation.

E.U. Nations To Impose Limited Sanctions On Iran (WP)

By Molly Moore

The Washington Post, February 13, 2007

DOJ_NMG_0131476

PARIS, Feb. 12 -- European Union foreign ministers agreed Monday that their 27 member countries will impose limited sanctions on Iran in an effort to pressure the Tehran government to halt its uranium enrichment program.

The sanctions, which include banning the sale of materials and technology that could be used in Iran's nuclear and missile programs, were recommended by the U.N. Security Council in December.

The E.U. member states, many of which have strong trade and diplomatic relations with Iran, refused to consider appeals from the United States to sever all economic ties with the country.

Monday's decision came a day after Iranian officials said they were willing to reopen stalled negotiations with Europe and international agencies over the country's nuclear program.

E.U. foreign policy chief Javier Solano met with Ali Larijani, Iran's top nuclear negotiator, in Munich on Sunday after a nearly five-month-long breakdown in talks between Tehran and Western governments.

"We are open to negotiation, but Iran knows what we want them to do," Solano told reporters in Brussels on Monday. He described the previous day's meeting with Larijani as "good and constructive," but declined to discuss specifics.

In Munich, Larijani told reporters, "Different ideas have been raised which are in need of further elaboration and examination."

The E.U. and international organizations have insisted that Iran first stop its uranium enrichment program before negotiations over the nuclear program can proceed; Iran has refused.

The diplomatic stops and starts have been a pattern between Tehran and foreign governments and international agencies for the past two years, as each side counters the threats of the other with heightened rhetoric, only to pull back and offer more negotiations.

The United States and many of its allies contend that Iran is using its nuclear program to develop a bomb, while officials in Tehran insist that the program is solely for electricity generation.

In recent months, Iran has announced that it has stepped up experiments with uranium enrichment, a process that could eventually lead to the ability to produce materials for a weapon. Outside scientists are divided over how successful the efforts have been, citing reports that the program is progressing more slowly than Iran has reported.

The head of the International Atomic Energy Agency, Mohamed ElBaradei, has appealed to Iran and Western countries to take a diplomatic "timeout" in their disputes in order to resume negotiations and avoid a feared U.S. war with Iran.

In addition to banning the sale of products or technology that could assist Iran's nuclear programs, the sanctions accepted by the E.U. ministers Monday include freezing the financial assets of 10 companies and individuals said to be involved with Iran's nuclear program.

The E.U. foreign ministers also agreed to send about 150 police officers and 60 experts to assist Afghanistan in training its security forces to counter Taliban insurgents. U.S. and NATO officials have been urging European nations to increase personnel, equipment and financial commitments to Afghanistan in an attempt to stave off an expected spring offensive by Taliban fighters.

West Adds To Strains On Iran's Lifeline (NYT)

By Jad Mouawad

New York Times, February 13, 2007

Western political and economic pressure on Iran over its nuclear program has chilled foreign investment to the extent that it is now squeezing the country's long-fragile energy industry, adding strains to a government that is burdened by sanctions and wary of unrest at home.

The world's fourth-largest oil exporter, Iran sits on the second-largest oil and gas reserves. But it has struggled in recent years to keep its oil production, currently running at about four million barrels a day, from falling.

Some analysts say that if this acute imbalance between stagnant production and rising demand at home continues unchecked, Iran will have no oil left over to export within a decade. Its oil exports, totaling $47 billion last year, account for half the government's revenue.

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"They have a perfect storm of problems feeding into each other," said Robert Murphy, an analyst at PFC Energy, a consulting firm in Washington. He estimated that Iran might have no more oil to export by around 2015 if it did not rein in runaway consumption and reverse the long-term decline in its oil production.

"The domestic energy situation is as big as the international issue, and feeds into it in a very significant way," he said.

To curb demand, which has been driven in part by subsidies that keep the domestic pump price at a mere 35 cents a gallon, the government plans to begin rationing gasoline in March, a measure so unpopular, and potentially explosive, that rationing plans have been put off several times in the past.

Iran's energy problem is in many ways at the heart of the nuclear controversy as well. Iran's leadership says it wants to develop nuclear power generation to free its petroleum resources for domestic use or for exports. The United States and other Western countries say Iran is using the program as a front for building weapons. At a time of relatively high prices, oil is clearly providing Iran's government with enormous strength — but also with an Achilles' heel.

In December, the United Nations Security Council voted unanimously to impose limited economic sanctions on Iran until it halts its nuclear program. So far, American and European officials say they are not seeking to cut off Iran's oil exports, because that would disrupt global markets and raise prices for Western consumers.

Still, the pressure on Western energy companies not to deal with Iran may ultimately speed that outcome. Iran currently exports about 2.5 million barrels a day.

In recent weeks, senior American officials warned several European oil companies that if they invested in new energy projects, they risked financial sanctions in the United States, according to a European energy executive who spoke on the condition that he not be identified because of the delicate nature of his company's relations with Iran.

Foreign investors, who have helped promote Iran's oil development, have been scarce since the 1979 revolution, and the country's oil industry has now suffered decades of economic, political and technical problems. Iran has signed no firm oil or gas contracts with foreign investors since June 2005, when Mahmoud Ahmadinejad was elected president and began flaunting the country's nuclear ambitions and renewing tensions with the West.

At home, meanwhile, Iran has had to appease a population historically prone to unrest. It spends about $20 billion each year, or 15 percent of its economic output, to keep consumer prices low for gasoline, natural gas, electricity and other energy products, according to estimates from the International Monetary Fund and others. Those subsidies have prompted double-digit growth in consumption in this country of 70 million people.

Iran holds 11 percent of global oil reserves, second only to Saudi Arabia. But each year, Iran has to find ways to make up for natural declines in production from existing wells, which in past years has dipped by 200,000 to 500,000 barrels a day.

It has managed to hold its own, but just barely. Moreover, Iran's refining capacity lags far behind its domestic needs, so the country is forced to import 40 percent of its gasoline.

Because of delays in developing new fields, like Yadavaran, Azadegan and others, Iran has scaled back its targets; it now plans to increase oil production to 4.5 million barrels by 2010, down from 5 million barrels. But even that might prove challenging, according to analysts who cite the figures.

Iranian production is now about 3.9 million barrels. It peaked at more than 6 million barrels a day in the mid-1970s, but plummeted to 1.5 million barrels just after the 1979 revolution. During the eight-year war against Iraq that followed, Iran's oil infrastructure lining the Persian Gulf was a frequent target.

Iran currently uses 1.5 million barrels of oil a day, triple its consumption in 1980, and must import about 170,000 barrels a day of gasoline, which last year cost the government more than $4 billion.

Some Iranian fields are in dire need of foreign technical expertise to help reverse their natural decline rates, estimated at 8 to 10 percent a year. Modern methods of enhanced oil recovery, which involve reinjecting natural gas to flush out more oil from the fields, can greatly increase production rates but are both costly and difficult to perform without foreign assistance.

"Iran needs to invest more than it does," said Manouchehr Takin, an Iranian energy analyst at the Center for Global Energy Studies in London. "It needs foreign companies to bring expertise, capital and technology."

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But oil companies complain that the rewards are limited. Under Iran's stringent buyback contracts, oil companies basically operate as contractors for the government for a limited time. They are not allowed to book the reserves as their own and gain little in extra profits when energy prices go up.

Iran's energy officials have already indicated they would sweeten buyback contracts. At a meeting held at a Hilton hotel in Vienna this month, they unveiled a new licensing round for 17 onshore and offshore exploration blocks. The conference was attended by dozens of European, Chinese and Russian oil executives.

For Gholam Hossein Nozari, the managing director of Iran's national oil company, continued interest from Europe and Asia is "a sure sign companies do not cower to U.S. pressure," according to Iran's official news agency, IRNA.

Fereidun Fesharaki, an energy adviser to the Iranian government before the revolution, said, "For all its faults, the Islamic Republic is very flexible."

Not all countries or international companies have bowed to American pressure. India has rebuffed Washington's efforts to cut off gasoline exports to Iran. New Delhi has also rejected American requests to cancel a planned pipeline project that would take Iranian natural gas through Pakistan to India.

But recent conversations with European energy executives and consultants, who spoke anonymously to protect their relations with Iran, suggest there is a new wave of concern about starting projects in the country. Even Chinese companies, which Iran is trying to lure with big oil and gas deals, seem to be acting with caution.

Oil companies, including Royal Dutch Shell, Total of France, Eni of Italy and Repsol YPF of Spain, are playing for time in the hope that the political situation may somehow improve, energy analysts said.

Shell and Repsol announced last month a preliminary deal for South Pars, the world's largest natural gas field. But the project, estimated at $10 billion, has been delayed for more than a year. A final investment decision is not due until at least the end of 2007.

Asked about the project at a news conference this month, Jeroen van der Veer, the chief executive of Shell, expressed some embarrassment, saying, "We have a dilemma." Iran's oil and gas reserves are too big to ignore, he said, but "we have all the short-term political concerns, as you can see."

Last year, Inpex, a Japanese oil company, agreed to sharply cut its stake in a $2 billion project to develop the Azadegan field, in the southwestern province of Khuzestan, near Iraq. Inpex cut its stake to 10 percent from 75 percent after problems with land mines left over from the Iran-Iraq war delayed development. But some analysts said the decision reflected Japan's displeasure at Iran's nuclear stance. Japan accounts for 20 percent of all Iranian oil exports.

"Oil companies are simply assessing risk, including what some see as the real risk of a military strike against Iran," said Cliff Kupchan, an analyst at the Eurasia Group, a political risk consulting firm, and a former senior State Department official. "Some are deciding it's not worth it."

The United States is pressing Europeans to trim their government-backed loan guarantees, which amounted to $18 billion in 2005. European countries have recently said they would not issue guarantees for companies that the United Nations lists as tied to Iran's nuclear or missile programs. But Washington is calling on Europe to make sure it is not dealing with front companies, possibly in the energy field.

Since opening up their energy sector to foreigners in the 1990s, Iran's clerical leaders have sought to turn their energy riches into political alliances. In the mid-1990s, they tried to persuade an American company, Conoco (now ConocoPhillips), to develop an oil field in a strategic bid to thaw relations with the United States; when that failed, after President Bill Clinton banned American investments in Iran, Iran turned to Europe and Japan. More recently, Iranian leaders have set their sights on China and Russia.

But while China's three main state-owned oil companies have been eager to sign preliminary agreements with Iran in recent years, drawing criticism from the United States, analysts say few projects have actually gotten off the ground.

Iran And The Nameless Briefers (NYT)

The New York Times, February 13, 2007

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Before things get any more out of hand, President Bush needs to make his intentions toward Iran clear. And Congress needs to make it clear that this time it will be neither tricked nor bullied into supporting another disastrous war.

How little this administration has learned from its failures is a constant source of amazement. It seems the bigger the failure, the less it learns.

Consider last weekend's supersecret briefing in Baghdad by a group of American military officials whose names could not be revealed to the voters who are paying for this war with their taxes and their children's blood. The briefers tried to prove the White House's case that Iran is shipping deadly weapons, including armor-piercing explosives, to Shiite militias in Iraq.

Unlike Colin Powell's infamous prewar presentation on Iraq at the United Nations, this briefing had actual weapons to look at. And perhaps in time, the administration will be able to prove conclusively that the weapons came from arms factories in Iran.

But the officials offered no evidence to support their charge that "the highest levels of the Iranian government" had authorized smuggling these weapons into Iraq for use against American forces. Nor could they adequately explain why they had been sitting on this urgent evidence since 2004. The only thing that was not surprising was the refusal of any of the briefers to allow their names to be published. Mr. Powell is probably wondering why he didn't insist on the same deal.

We have no doubt about Iran's malign intent. Iran is defying the Security Council's order to halt its nuclear activities, and it is certainly meddling inside Iraq. But we are also certain that the Iraq war has so strained the American military and so shattered this president's credibility that shrill accusations and saber rattling are far more likely to frighten the allies America needs to contain Iran's nuclear ambitions than to change Tehran's behavior.

If Mr. Bush is truly worried about Shiite militias killing Americans in Iraq — and he should be — he needs to start showing this evidence to Iraq's prime minister, Nuri Kamal al-Maliki. He needs to demand that Mr. Maliki stop protecting the militias and make it clear that there will be serious consequences if he continues to refuse.

If Mr. Bush is truly worried about Iran fanning Iraq's ever more bloody civil war — and he should be — he needs to stop fantasizing about regime change and start trying to find a way to persuade Iran's leaders to help rein in the chaos in Iraq.

And if Mr. Bush is worried that Americans no longer believe him when he warns of mortal threats to the country — and he should be — he needs to start proving that he really understands who is most responsible for the Iraq disaster. And he needs to explain how he plans to extricate American troops without setting off an even bigger war.

That's the briefing the American people need to hear. And they need to hear it from the most senior American official of all, George Walker Bush.

Iran's Provocations (WSJ)

The Wall Street Journal, February 13, 2007

U.S. military officials finally laid out detailed evidence on Sunday that Iranian-supplied weapons are killing American soldiers in Iraq. The issue now is the lesson the Bush Administration and the American political establishment draw about dealing with Iran.

Our guess is that a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven, or claim that it's all the Bush Administration's fault for "bullying" Iran. This was the impulse behind the Baker-Hamilton Commission's recommendation late last year that the U.S. "engage" Tehran to help us find some honorable diplomatic or political solution in Iraq.

But the evidence about Iranian-style munitions shows how wishful such thinking is. The Iranians don't want a political solution that would allow a U.S.-backed moderate Shiite government to rule in Baghdad. Their goal is to make us bleed in order to drive us home and so allow their radical Shiite allies to hold sway and Iran to become the dominant regional power. They also figure that the bloodier the defeat they can impose, the less likely the U.S. will be to ever consider promoting regime change in Tehran or Damascus.

Pentagon sources have been saying for several years that Iranian-style munitions have been appearing in Iraq, and arms smugglers have been caught coming across the Iranian border. What's new is that the Iranian-marked weapons have actually been put on display and an estimate of their toll made public: more than 170 Americans killed in action and more than 600 wounded.

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The main culprit is a specially made roadside bomb the Army calls an EFP, or "explosively formed penetrator." Unlike the jerry-rigged Iraqi shells that Sunni extremists have used to inflict the vast majority of casualties against U.S. forces, the EFP is shaped to penetrate armor and hence effective against harder targets than Humvees. The U.S. Stryker brigade now in Baghdad has been finding them in the city with increasing regularity. In the past this type of roadside bomb has been used against Israeli tanks by Iranian-backed Hezbollah guerrillas in Lebanon.

According to the Defense Department, Iranian officials detained recently by U.S. forces in Iraq possessed documents suggesting they might have been involved in this arms trade. One of them was Moshin Chizari, a very senior Revolutionary Guards commander arrested but later released because of his "diplomatic" status in December. "Iran is a significant contributor to attacks on coalition forces, and also supports violence against the Iraqi security forces and the Iraqi people," said a Defense official in Baghdad.

"Significant" is an important word here. Sunni extremists affiliated with al Qaeda and Saddam's Baath Party remain by far the largest threat to American forces in Iraq. And we don't believe that the news about Iran should cause anyone to lose sight of the primary U.S. mission in the coming months: securing Baghdad against Sunni terror, so that Iraqi Shiites won't turn to militias for protection.

Still, it would be nice if the Bush Administration and Members of Congress would send Tehran the message that it will not be allowed to kill Americans with impunity. President Bush has been speaking out about this of late, but the main concern on Capitol Hill seems to be deterring Mr. Bush rather than telling Iran to stop killing GIs. Won't any of the Democratic Presidential candidates speak out and say that, no matter what they think of Iraq, Iranian help for killing Americans is a hostile act?

Hitting Revolutionary Guards targets, or Iranian weapons factories if they can be located, also shouldn't be out of the question when the lives of American soldiers are at stake. If General David Petraeus, the new and hardly reckless Iraq theater commander, thinks such pressure on Iran is crucial to securing his Baghdad mission, he deserves to get the go-ahead.

The larger lesson here concerns the nature of the Iranian regime and its nuclear ambitions. Iran's provocations in Iraq have been deadly enough, but they might be far more aggressive if the mullahs no longer fear the ability of the U.S. to hit back. As a nuclear power, they may well become even more reckless in attacking the interests of the U.S. and its regional allies. Then we'll see what a real bully looks like.

Iran's Nuclear Web (NYT)

By Valerie Lincy And Gary Milhollin

The New York Times, February 13, 2007

Washington

INTERNATIONAL inspectors confirmed this month that Iran is equipping its uranium enrichment plant at Natanz, a step that brings it closer to building an atomic bomb and brashly defies a United Nations resolution passed in December. So it might seem like good news that the foreign ministers of 27 European Union nations announced yesterday that, in accord with the resolution, they will impose a ban on selling nuclear-related materials and technology to Iran and put a freeze on the assets of 10 Iranian organizations and 12 people.

However, nothing involving nuclear proliferation is ever that simple. The December resolution called for measures not only against the named entities, but also against companies that are "owned or controlled" by the culprits or that act "on their behalf or at their direction." The United States, Britain and France have been pushing to enforce this language broadly, to ensnare any subsidiaries and affiliates. But Germany, Italy and Spain, among others, have resisted, mainly because of trade interests.

Yesterday's European Union agreement muddied the issue, failing to clamp down on any subsidiaries, but reserving the right to add names of affiliates in the future. America, Britain and France must pressure the other Europeans to spread their net as wide as possible.

How important is it to include subsidiaries? Consider the Atomic Energy Organization of Iran, a government entity that is on the sanctions list. It operates the Karaj Nuclear Research Center for Medicine and Agriculture, where unexplained traces of fissile material were found by United Nations inspectors; it runs the Nuclear Research Center in Tehran, which inspectors discovered had secretly produced plutonium; it uses Pioneer Energy Industries to build uranium processing plants; and,

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according to the United States Treasury Department, it funnels money to companies that do its nuclear bidding through an entity called the Novin Energy Company. All of these other entities should have their assets frozen as well.

Consider also Iran's Defense Industries Organization, controlled by the Ministry of Defense. It is on the sanctions list, but most of its subsidiaries are not. These include its Special Industries Group, which produces nuclear, biological and chemical weapon protection gear; its Chemical Industries Group, which makes propellant charges and explosives; and its Ammunition Industries Group, which produces mortars and grenades. And, like Russian stacking dolls, each of these groups has subsidiaries: the Ammunition Industries Group has at least eight major organizations under it.

One of the people due to have assets frozen is Ahmad Vahid Dastjerdi, the head of Iran's Aerospace Industries Organization, which produces most of Iran's missiles. According to the Treasury Department, his group uses two subordinate entities — the Sanam Industrial Group and the Ya Mahdi Industries Group — to purchase missile parts and technology from abroad. All of these groups should be sanctioned because they act at Mr. Dastjerdi's direction.

If the West is truly going to keep Tehran from getting the bomb, we will have to block every asset and shun every company involved. Not only does the United Nations require it, it is elementary self-defense.

In Shift, Accord On North Korea Seems To Be Set (NYT)

By Jim Yardley And David E. Sanger

The New York Times, February 13, 2007

BEIJING, Tuesday, Feb. 13 — The United States and four other nations reached a tentative agreement to provide North Korea with roughly $400 million in fuel oil and aid, in return for the North's starting to disable its nuclear facilities and allowing nuclear inspectors back into the country, according to American officials who have reviewed the proposed text.

While the accord sets a 60-day deadline for North Korea to accomplish those first steps toward disarmament, it leaves until an undefined moment in the future — and to another negotiation — the actual removal of North Korea's nuclear weapons and the fuel that it has manufactured to produce them.

Bush administration officials said they believed that the other nations participating in the talks — China, Japan, South Korea and Russia — would consent to the tentative agreement as soon as Tuesday. The parties still await a final confirmation from the North Korean leader, Kim Jong-il. The tentative agreement was forwarded to the respective national capitals Tuesday morning.

In essence, if the North agrees to the deal, a country that only four months ago conducted its first nuclear test will have traded away its ability to produce new nuclear fuel in return for immediate energy and other aid. It would still hold on to, for now, an arsenal that American intelligence officials believe contains more than a half-dozen nuclear weapons or the fuel that is their essential ingredient.

The accord also leaves unaddressed the fate of a second and still-unacknowledged nuclear weapons program that the United States accused North Korea of buying from the Pakistani nuclear engineer Abdul Qadeer Khan in the late 1990s, in what appeared to be an effort to circumvent a nuclear freeze the North negotiated in 1994 with the Clinton administration.

Negotiations had appeared near collapse on Sunday over North Korea's demands for huge shipments of fuel oil and electricity.

Under the new tentative agreement, the oil and aid for North Korea would be provided by South Korea, China and the United States — meaning that President Bush would need to win Congressional approval. That proved difficult for the Clinton administration, which constantly fought hawks in Congress over providing fuel oil to the impoverished nation under the earlier accord.

Japan has declined to participate in providing oil or aid until it resolves separate issues with North Korea about the abduction of some of its citizens by the North, American officials said.

In Washington on Monday night, administration officials declined to call the first phase of the new agreement a "nuclear freeze." The term has echoes of the Clinton accord, which Mr. Bush had criticized because it failed to force the North to ship its nuclear fuel out of the country before it received significant aid. The officials insisted that the current agreement was different because the North will not receive light-water nuclear reactors, like the ones it was promised in the 1994 agreement, and because the agreement will also be signed by the North's immediate neighbors, including China.

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Beijing was the North's ally in the Korean War and its protector for decades, but relations have been strained and the Chinese leadership was apparently pressuring the North to accept the new agreement.

"If they renege on this," said one senior administration official, who would not speak on the record because the deal had not been signed, "they are sticking their fingers into the eyes of the Chinese."

Nonetheless, some administration officials acknowledged that they had concluded that a step-by-step accord was their only choice and that it would be impossible to set a schedule for the North's disarmament without taking initial steps to build trust.

"Everybody had to make some changes to try to narrow the differences," the chief American negotiator, Christopher R. Hill, told reporters as he returned to his hotel at 2:41 a.m. on Tuesday.

Mr. Hill was expected to meet again on Tuesday in Beijing with envoys from China, South Korea, Japan, Russia and North Korea to learn if each nation has approved the deal. He said he had been in frequent contact with Secretary of State Condoleezza Rice during the late-night negotiations and that he believed the Bush administration would support the agreement. "We feel it is an excellent draft," he said. "I don't think we are the problem."

If Mr. Hill is correct, it marks a major change of course for an administration that has been beset by six years of virulent internal arguments over whether to negotiate with North Korea or squeeze the government of Mr. Kim until it collapses. Hawks in the administration, including many allies of Vice President Dick Cheney, have opposed any deal that would provide aid to the North before it disgorges its arsenal.

Even before the preliminary agreement was signed in Beijing, one of Mr. Cheney's protégés, John R. Bolton, who left his post as American ambassador to the United Nations just two months ago, denounced the accord. "This is a very bad deal," he said on CNN, urging President Bush to reject it. He added that "it contradicts fundamental premises of the president's policy," and he said that it made the administration "look very weak."

Gary Samore, who was the top nonproliferation official in the Clinton White House and who negotiated with North Korea, commended the Bush administration for negotiating an accord with the North, but said: "Unfortunately, it is three years, eight bombs and one nuclear test too late. But better late than never."

Under the details of the deal, as described by American and Asian officials, the $400 million in aid would be disbursed to the North as it meets its initial commitments, probably over the course of a year. The first of those must be completed in the next 60 days, including the "permanent disablement" of the country's existing nuclear facilities at Yongbyon, its main nuclear complex north of the capital, Pyongyang.

The International Atomic Energy Agency, whose inspectors were kicked out of North Korea four years ago, also would need to be invited back in. And the North would have to prepare a "complete declaration" of all its nuclear facilities, turning that over to all of the parties in the talks and the I.A.E.A.

That would pave the way for a second phase, in which "working groups" would negotiate the details of disarmament, including turning over weapons and fuel. Other groups would explore normalization of relations, a peace treaty formally ending the Korean War, and other economic aid in return for disarmament.

But the disarmament process promises to be enormously complex, far harder than dismantling Libya's comparatively small nuclear complex three years ago. Libya never produced nuclear material. North Korea is believed to have made one or two weapons, or the fuel for them, nearly two decades ago, and perhaps a half-dozen or more since 2003. But American officials are uncertain exactly how many weapons the North possesses, and in the second phase of the accord, the North would have to explain what it did with the uranium-enrichment equipment that it is said to have purchased from Dr. Khan.

"We don't know what state that program is in," one senior official with access to the intelligence information said Monday. "We only know what they appear to have bought," based in part on Pakistani interrogations of Dr. Khan.

United Nations sanctions against North Korea put into place after last year's nuclear test are expected to remain in effect for the next year, American officials said.

Some experts doubt that the North will ever agree to turn over its weapons, which it considers its main bargaining chip with the West, and Mr. Kim's only insurance policy against being toppled. "This is a freeze with a promise to negotiate subsequent disarmament," said Mr. Samore. "And a North Korean promise to negotiate later is pretty worthless."

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Mr. Hill acknowledged that he had a lot of negotiating ahead of him. “This is only one phase of denuclearization,” he said. “We’re not done.”

If the deal is approved, Mr. Hill added, the new working groups could be quickly established while chief negotiators would likely reconvene in Beijing as soon as next month. He said the tentative agreement would create a succession of deadlines that would need to be met as a precondition of the deal.

North Korea had nearly scuttled the negotiations in recent days by insisting on a huge energy aid package. Varying reports in Asia suggested that North Korea had demanded two million tons of heavy fuel oil and two million kilowatts of electricity in exchange for its approval of any new agreement, far less than it got.

Tentative Nuclear Deal Struck With North Korea (WP)

By Edward Cody

The Washington Post, February 13, 2007

BEIJING, Feb. 13 -- Envoys from six nations reached a tentative agreement early Tuesday on the first steps toward North Korea's nuclear disarmament, a potential breakthrough in talks that have faltered repeatedly since 2003.

The chief U.S. negotiator, Assistant Secretary of State Christopher R. Hill, qualified the draft accord as "excellent" but declined to provide details. He said it was being submitted to all six governments and, pending their formal approval, would be ratified at a meeting scheduled later Tuesday in Beijing.

"We would like to think that we can all agree on this," Hill said at a briefing for reporters. "We feel it is an excellent draft, so I don't think we would be the problem."

A Chinese Foreign Ministry spokesman, Qin Gang, also suggested the tentative agreement was likely to gain formal approval by the six governments, including North Korea. He cited "extraordinarily strenuous efforts" in negotiations that lasted through the night, and said the delegates would gather again later Tuesday "to confirm the progress we have made."

Some observers expressed caution, noting that North Korea has proved unpredictable in the past, and that any deal would have to be approved by the country's Stalinist leader, Kim Jong Il.

The tentative agreement lays out the first concrete steps that would put into practice an accord reached in September 2005, in which the Pyongyang government pledged to dismantle its entire nuclear program. According to diplomats involved in five days of arduous talks here, the opening move would be for North Korea to close down its nuclear reactor at Yongbyon and readmit international nuclear inspectors in exchange for energy aid.

In that regard, Tuesday's accord is expected to resemble an earlier bargain with North Korea, the Agreed Framework reached in 1994 during the Clinton administration but renounced eight years later during the Bush administration. Under that deal, North Korea pledged to freeze and eventually dismantle its reactor in return for 500,000 tons a year of heavy fuel oil.

Despite a sense of achievement in Beijing, the deal was expected to face criticism in Washington, with Democrats charging the administration allowed North Korea to gain nuclear weapons through poor diplomacy in recent years and conservatives saying it shows weakness at a critical moment.

"This is a very bad deal," former U.N. ambassador John R. Bolton told CNN. "It contradicts fundamental premises of the president's policy he's been following for the past six years. And second, it makes the administration look very weak at a time in Iraq . . . when it needs to look strong."

Hill declined to specify how much aid North Korea would receive in the new bargain -- it had demanded large quantities of heavy fuel oil, reportedly up to 2 million tons -- or to detail the schedule that would presumably tie fuel deliveries to closure of the Yongbyon reactor and subsequent steps. The Chinese-sponsored negotiations, including North and South Korea, Japan, Russia, China and the United States, had faltered for several days over what Hill had described as a North Korean effort to lock in large amounts of energy aid without binding itself to corresponding denuclearization steps.

The Chinese, as sponsors and hosts, worked intensively to prevent the talks from ending in failure, Hill said, resulting in the all-night series of meetings. The Beijing government was eager to avoid a repeat of the last round of talks, in December, which ended in stalemate after North Korea refused to negotiate until a U.S.-North Korean banking dispute was resolved.

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The chief Japanese envoy, Kenichiro Sasae, said the tentative agreement was the result of compromises from all six nations. In addition to seeking an end to the North Korean nuclear threat, Japan has sought to have the talks embrace the issue of Japanese citizens abducted by North Korean agents and still not accounted for. Others in the six-party talks have been eager to avoid letting it prevent progress on nuclear disarmament.

North Korea's senior nuclear negotiator, Kim Gye Gwan, signaled agreement with all the draft provisions, including fuel aid, according to Chun Yung Woo, the chief South Korean delegate. But the final word had not yet come from Pyongyang, he noted.

According to diplomats' descriptions of what was under discussion, the issue of North Korea's existing nuclear weapons and the plutonium fuel already produced at Yongbyon would be left for later. U.S. experts have estimated that North Korea has enough plutonium to make eight or 10 bombs.

Similarly, a U.S. allegation that North Korea also has started a uranium enrichment program to produce nuclear fuel would not be addressed in the initial agreement. North Korea has denied it has such a program.

Based on the difficulty in moving from the 2005 agreement in principle to Tuesday's accord, those issues seemed likely to generate complicated negotiations in the months ahead. Moreover, they would force North Korean leaders to decide whether they are willing to forsake the nuclear weapons they have devoted so many resources to developing.

Nevertheless, Hill said, reaching the agreement augured well for negotiations on the subsequent steps. A new round of talks on the next steps is likely next month, he added.

Since the negotiations began, in August 2003, they have been marked by long North Korean boycotts and repeated sessions of fruitless discussions.

In addition, when the September 2005 accord was reached, North Korea had a research program but no nuclear weapons. But it exploded a nuclear device last October and swiftly declared itself a nuclear power.

Staff writer Glenn Kessler in Washington contributed to this report.

Tentative Deal Struck At North Korea Talks (FT)

By Anna Fifield And Edward Luce

Financial Times, February 13, 2007

North Korea on Monday night agreed to shut down its main nuclear weapons-related facilities in return for huge amounts of energy assistance as part of a hard-won draft deal aimed at disarming North Korea's nuclear weapons programme.

Details of the agreement were vague early Tuesday, although Japan's Kyodo news agency said Pyongyang would receive 1m tonnes of fuel oil aid for disabling its nuclear facilities. More details of the draft are expected later Tuesday.

"There was an agreement on the key differences of North Korea's actions for denuclearisation, their scope and how far they'll go, and the other countries' corresponding measures and the scale of assistance," said Chun Yung-woo, the South Korean negotiator.

"North Korea basically agreed to all the measures in the draft," he said, adding that the talks would continue Tuesday on the details.

The nuclear talks appeared headed for collapse after five days of negotiations bogged down over disagreements on energy aid. However that changed after what host China called 16 hours of "extraordinarily intensive consultations" that continued into the early hours on Tuesday.

All six parties in the North Korean nuclear talks planned to discussing the provisions with their capitals, before resuming discussions in Beijing on Tuesday.

Christopher Hill, the US nuclear negotiator, described the draft as an "excellent" first step.

"I'm encouraged by this," he said. "We might be able to take a real step towards denuclearisation."

But deals with North Korea have a habit of coming unglued, and analysts worried that it might be difficult to agree on exact terms.

After an ultimatum that the talks would end on Monday regardless of whether there was an agreement, North Korea drastically lowered its demands for outside energy aid, diplomats said.

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North Korea is understood to have been demanding 2,000 megawatts of electricity and 2m tonnes of heavy fuel oil annually – about double the aid agreed with the Clinton administration in a similar agreement in 1994 – in return for taking steps towards denuclearisation.

Mr Chun said the five parties – China, Japan, Russia, South Korea and the US – agreed to shoulder equally the burden of supplying energy aid for the North, although he did not specify how much energy would be provided.

In return, North Korea agreed to "shut down" its nuclear weapons-related facilities and specify the steps for a shutdown within 60 days.

The US had been aiming for more than the simple "freeze" that Pyongyang agreed in the 1994 deal, which collapsed four years ago after the Bush administration claimed North Korea was operating a secret uranium enrichment programme.

A senior official in Washington said the US administration was "happy" with the deal but refused to speculate on Pyongyang's final response.

North Korea Says Yes, For Now, To A Freeze (LAT)

By Mark Magnier, Times Staff Writer

The Los Angeles Times, February 13, 2007

The six-nation deal apparently calls for a halt to Pyongyang's plutonium production in return for energy assistance.

BEIJING — Weary negotiators from six nations reached a tentative agreement early this morning on the first steps toward dismantling North Korea's nuclear weapons program.

The pending deal, coming after marathon talks and years of frustration, is believed to call for North Korea to freeze plutonium production at its main nuclear center at Yongbyon and allow international atomic energy inspectors back into the country. In return, the impoverished nation would be given energy assistance and related aid.

A second, more protracted phase would address thorny disarmament issues.

The tentative deal is based on a one-page document circulated late last week by China calling for a several-stage agreement under which both sides would take measured steps forward to ensure compliance and build trust.

Details on the apparent breakthrough were not immediately available, pending approval by the governments involved. Talks reconvened today at the Diaoyutai Guest House in west Beijing. The six-nation talks involve the United States, the two Koreas, China, Japan and Russia.

"We think this is an excellent draft," said an obviously tired Christopher Hill, the chief U.S. negotiator, at the end of 16 hours of talks. "I don't think we are the problem, or would be the problem."

Any announced agreement with the government in Pyongyang should be treated with caution, given its history of faltering compliance and broken deals. That said, some analysts expressed cautious optimism that this could be a long-awaited turning point in negotiations with North Korea's autocratic leadership, which raised concern and ire across much of the world when it announced the testing of a nuclear device on Oct. 9.

The six-party talks on Pyongyang's nuclear program began in 2003.

"There was an agreement on the key differences of North Korea's actions for denuclearization, their scope and how far they'll go," South Korean envoy Chun Yung-woo told reporters. "North Korea basically agreed to all the measures in the draft."

All six nations must still sign off on the deal reached by their negotiating teams. Questions remained over how the deal would be funded.

Assuming the accord is confirmed, attention in coming weeks will shift to working groups aimed at addressing a variety of technical issues involving denuclearization, energy requirements, diplomatic recognition, timing and financial sanctions, among others.

"This is only one phase of denuclearization," Hill said. "We're not done."

North Korea is estimated to have enough plutonium for as many as 13 nuclear weapons. According to an estimate by the Institute for Science and International Security in Washington, Pyongyang could have the capability to develop as many as 17 nuclear weapons by 2008.

Still unclear was whether North Korea would be required to give up any existing nuclear stockpiles under the agreement.

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The talks hit a wall in recent days when the North demanded huge amounts of energy aid, reportedly more than 2 million tons of heavy fuel oil annually, before it would agree to begin dismantling its program. The amount compares with 500,000 tons settled upon in the failed 1994 Agreed Framework with North Korea negotiated by the Clinton administration.

That deal fell apart in late 2002 when the U.S. produced evidence it said showed North Korea was engaging in a secret uranium enrichment program, in violation of the pact. U.S. officials say North Korea admitted during talks at the time that it had such a program, but Pyongyang has since denied making such an admission.

During negotiations of the last few years, North Korea has frequently staked out bargaining positions widely seen as unrealistic in a bid to test the bottom line of those sitting across the table. The United States, Japan and South Korea responded by urging North Korea to reduce its demands, a move that apparently worked.

Japan, which has other issues of contention with North Korea related to the abduction of several dozen Japanese citizens in the 1970s and '80s, welcomed the apparent progress.

"We are closely watching the development to make sure North Korea makes the right decision toward nuclear abandonment," Japanese Prime Minister Shinzo Abe told a parliamentary committee session this morning.

Experts said the key to any meaningful deal moving forward would be obvious, tangible progress within a matter of weeks under a structure that afforded North Korea no wiggle room to back out of its commitments.

"We must be vigilant and keep North Korea's feet to the fire throughout the implementation phase," said Don Gross, a former State Department official who is a senior fellow with the Atlantic Council in Washington. "It is critical to U.S. security to keep this all under tight control."

Also key will be ensuring that any agreement has the support of hard-liners in both Washington and Pyongyang, who in the past have resisted accommodation.

John R. Bolton, former U.S. ambassador to the United Nations, harshly criticized the tentative deal, arguing that it made the United States appear weak.

"I am very disturbed by this deal," he told CNN. "It sends exactly the wrong signal to would-be proliferators around the world: 'If we hold out long enough, wear down the State Department negotiators, eventually you get rewarded.' "

A key question throughout the talks has been whether North Korea really wants a deal or is stalling to sidestep sanctions.

"Whether or not the parties reach an agreement, this has been a major North Korean victory," said Zhang Liangui, a professor with the Central Party School in Beijing. "The longer they drag things out, the bigger is their victory."

The fact that the United States and North Korea have come even this far, however, reflects more flexibility and a softening of positions on both sides, analysts said.

North Korea faces growing anger from China and South Korea, two neighbors the isolated nation has traditionally counted on for financial and political support, in the wake of its nuclear test and a separate missile test last year.

The North's sense of isolation also reportedly increased after the U.N. Security Council voted unanimously to enact sanctions less than a week after the nuclear test was announced. In the past, it has counted on China or Russia to protect its flank in multilateral organizations.

Financial pressure exerted by China and the United States on North Korea's bank accounts in Macao have taken a toll. Pyongyang also may feel that its October test enhanced its deterrent against a military attack, even as the Stalinist government may be realizing that nuclear testing is more technically difficult than it thought. Its relatively small, 1-kiloton explosion was viewed outside the country as only partially successful.

The Bush administration also seems more willing to deal, given its declining popularity in opinion polls at home and the many issues competing for its attention abroad, including Iraq, Iran and Afghanistan. The U.S. softening in recent weeks has left some wary that Washington could sign a bad deal, however, in a desire to gain political points domestically.

"A deal is good for George W. Bush in the short term and good for [North Korean leader] Kim Jong Il," said Shi Yinhong, a professor of international relations with People's University in Beijing. "But it may not be so good for legitimate denuclearization. If the pressure on North Korea is not kept up, the U.N. sanctions will fall away, leaving them to decide later to ratchet up their threats again."

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Yin Liijin in The Times' Beijing Bureau contributed to this report.

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Key points

Among the elements believed to be in the tentative accord's first phase:

North Korea would:

• Freeze plutonium production

• Allow international inspectors to return

Other nations would:

• Offer energy assistance, related aid

Source: Times reporting

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What comes next

Steps expected to follow the tentative deal, with the potential for breakdown at any point:

• The six nations involved in the talks — the U.S., the two Koreas, China, Japan and Russia — sign off on the deal, which was hammered out by negotiators over the last five days in Beijing.

• North Korea agrees to freeze its nuclear program as a first step toward eventual dismantling, and to let international inspectors view key nuclear sites, in return for energy aid.

• Working groups are formed, perhaps within the next month, on technical issues related to denuclearization, energy aid, financial sanctions, so-called sequencing issues covering the order in which steps are taken, and broader aid and diplomatic recognition.

• North Korea agrees to end its nuclear weapons programs with the goal of creating a nuclear-free Korean peninsula and enhancing security in Northeast Asia in return for further aid, security assurances and diplomatic recognition.

Source: Times reporting

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Key dates

October 1994: U.S. and North Korea sign pact intended to freeze North Korea's nuclear program in exchange for fuel and help building light-water nuclear reactors for power.

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October 2002: U.S. officials say North Korea acknowledges existence of a nuclear program in violation of the 1994 pact.

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December 2002: North Korea orders inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog, to leave North Korea and restarts its main reactor at Yongbyon.

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January 2003: North Korea says it is withdrawing from the global nuclear arms control treaty.

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May 2005: North Korea reports it has removed fuel rods from its main nuclear reactor, a key step toward preparing to harvest plutonium for bombs.

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July 2006: North Korea conducts missile tests.

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Oct. 9: North Korea reports underground nuclear test.

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Feb. 8, 2007: Latest talks begin between negotiators from North and South Korea, the U.S., Russia, Japan and China, and a draft plan to have North Korea shut down its Yongbyon nuclear plant is agreed upon.

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Feb. 12: Negotiators reach a tentative agreement on initial steps for North Korea's nuclear disarmament.

North Korea Deal Could Boost Bush's Beleaguered Foreign Policy (WSJ)

By Evan Ramstad And Neil King Jr.

The Wall Street Journal, February 13, 2007

North Korea's apparent decision to accept a breakthrough, aid-for-disarmament deal would boost U.S. efforts to rein in the spread of nuclear weapons and provide a victory for the Bush administration's battered foreign-policy team.

After a bargaining session that went well past midnight, delegates from North Korea, its four neighbors and the U.S. signed off on the final text of a plan to end Pyongyang's nuclear-weapons program in return for financial and energy assistance worth hundreds of millions of dollars annually.

Christopher Hill, the U.S. envoy to the talks, told reporters the final text is "an excellent, excellent draft." Senior U.S. officials in Washington said the administration has signed off on the deal and is simply waiting to hear from North Korea. The other participants in the talks -- China, Japan, Russia and South Korea -- are also likely to approve it.

A deal to rein in North Korea's nuclear program would give President Bush a rare foreign-policy success at a time when he is embroiled in a bitter debate over the war in Iraq and tensions with Iran. It would also mark a triumph for Secretary of State Condoleezza Rice, who had to beat back skeptics within the Pentagon and Vice President Cheney's office who opposed any deal that could in any way strengthen the current North Korean regime.

But the proposed deal also exposes the administration to accusations from both conservatives and Democrats that Mr. Bush has returned to a Clinton-era arrangement with North Korea, known as the 1994 Agreed Framework, that he had disparaged and cast aside soon after taking office in 2001. Some say this refusal to bargain wasted time during which Pyongyang was able to expand its arsenal, while hawks warn the North will renege on the deal.

Critics of current U.S. foreign policy, are sure to draw parallels between North Korea and Iran, and argue the administration should now move to open direct talks with Tehran over its nuclear program. The U.S. and others claim Iran's goal is nuclear weapons, while the Iranians insist they seek nuclear technology only to produce energy for civilian purposes.

The U.S. and North Korea hammered out key parts of the pact in a two-way meeting last month in Berlin. But the deal nearly collapsed during the formal six-party negotiations that began on Thursday.

The trouble in arriving at the deal is emblematic of the challenges that are sure to lie ahead. From the start of the six-party talks in August 2003, North Korean delegates showed little willingness to compromise, wary of any action that might threaten dictator Kim Jong Il or erode his power over the country.

North Korean envoy Kim Kye Gwan hasn't spoken to reporters during the talks. But just before the latest round started, Mr. Kim expressed a new desire to reach a deal, though he didn't specify why. Some analysts suggested that, after testing its first nuclear device in October, North Korea calculated it could negotiate its best deal, but had otherwise run out of cards to play.

Diplomats involved in the latest talks say the new deal is different from President Clinton's 1994 agreement because it requires North Korea to dismantle its only nuclear plant, a small facility in the city of Yongbyon, and allow outside experts to monitor the process. The country closed the plant as part of the 1994 deal, but was able to reopen it in 2002. The Yongbyon complex includes a center to reprocess spent uranium fuel from the plant into weapons-grade plutonium. Analysts estimate North Korea has enough plutonium to make about 10 nuclear weapons. Ultimately, State Department officials say, North Korea would have to give up all of its nuclear material.

In addition, the new deal provides a mechanism for the six countries to work on broader goals beyond denuclearization. They include forging diplomatic relations between North Korea and its former enemies Japan and the U.S., and crafting a peace treaty that formally ends the Korean War of the 1950s.

U.S. officials say the agreement would reward North Korea in phases for making certain moves, with energy supplies accounting for most of the initial incentives. The U.S. Treasury Department is also preparing to lift restrictions on North Korean accounts at a Macau bank thought to amount to millions of dollars.

The six countries plan to create five working groups to handle details. One will concentrate on further steps for denuclearization, one on setting up diplomatic relations, one on the logistics of the energy and economic assistance, and

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another to work on a Korean War peace treaty. The fifth group will handle special issues of conflict between North Korea and Japan, particularly the fate of an estimated 13 to 17 people the North abducted from Japan in recent decades.

"We're trying to address some of the underlying problems in the region, why there are tensions on the Korean peninsula in the first place, [and] some of the bilateral problems," Mr. Hill told reporters in Beijing. "The agreement really offers a framework for proceeding with that."

Tentative Deal Calls For Halt In N. Korea Nuclear Program (USAT)

By Barbara Slavin

USA Today, February 13, 2007

WASHINGTON — North Korea reached a tentative agreement with five other nations Tuesday on initial steps toward ending its nuclear weapons program, U.S. negotiator Christopher Hill said.

The agreement would shut down a program that built and tested a nuclear device and amassed plutonium for as many as a dozen other weapons. Initially, however, that plutonium and any completed nuclear weapons would remain in North Korea.

The deal, reached in Beijing by negotiators from North Korea, the United States, China, Japan, Russia and South Korea, requires a final OK by the six governments.

Under the agreement's terms, North Korea would shut down a nuclear reactor that has been producing plutonium for four years, according to a senior Bush administration official and an Asian diplomat. Inspectors from the United Nations' nuclear watchdog agency would return to North Korea within 60 days to verify that the reactor has been shuttered, they said. In return, North Korea would get a million tons of fuel oil a year.

The two officials, both of whom had been briefed on details of the agreement, declined to be identified because it has not gotten final approval from their governments.

After a fifth day of negotiations in Beijing, Hill said the agreement is only a first step toward the ultimate goal of dismantling North Korea's nuclear weapons program. "I'm encouraged that we might be able to make a real step forward on the denuclearization issue," he said.

North Korean diplomats made no immediate comment. The parties resume talks Tuesday in Beijing.

Supporters and opponents of the agreement both say it resembles a 1994 accord, known as the Agreed Framework, which traded economic and diplomatic concessions for a freeze of the North Korean nuclear program and a pledge of eventual denuclearization. Under that deal, North Korea received 500,000 tons of fuel oil annually.

The 1994 pact collapsed in 2002 when North Korea admitted working to enrich uranium, another potential source of bomb fuel.

John Bolton, the U.S. ambassador to the U.N. until December, said on CNN that the agreement is "a very bad deal" that would undercut sanctions against North Korea and make the administration "look weak ... dealing with Iran (when) it needs to look strong." He said President Bush should reject the deal because it is no better than the 1994 agreement: "If we (are) going to cut this deal now, it's amazing we didn't cut it back then."

Jack Pritchard, a former U.S. negotiator with the North Koreans in both the Clinton and Bush administrations, said the latest deal initially leaves North Korea "a declared nuclear-weapon state with a stock of plutonium for more."

James Kelly, assistant secretary of State for Asia in Bush's first term, said he was optimistic. "It's a mistake to prematurely trash" the agreement, Kelly said. "It's not a triumph yet. It's a first step."

David Albright, head of the Institute for Science and International Security, a Washington think tank, said North Korea has produced enough plutonium for as many as 12 bombs. It tested a nuclear device for the first time in October.

Tentative N. Korea Deal Struck (WT)

By Ed Lanfranco

The Washington Times, February 13, 2007

BEIJING -- Negotiators early today announced a tentative agreement on steps to begin dismantling North Korea's nuclear weapons program in exchange for a package of energy assistance and other incentives.

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The deal, concluded after five days of talks culminating in a 16-hour session that ended in the small hours today, remains subject to approval from the capitals of the six participating nations. Most details were not made public, and officials said they would resume negotiations later today.

Christopher Hill, the chief U.S. negotiator, said the talks had "made a lot of progress -- so much so that the Chinese felt secure in distributing a final text."

A brief statement issued by China's official Xinhua news agency just before 3 a.m. Beijing time said: "The envoys of the six parties involved in the Korean Peninsula nuclear issue worked overnight in a bid to clinch a possible deal, but no agreements announced yet."

Mr. Hill said the United States was fully behind the Chinese text, but he did not rule out attempts by the North to extract more concessions or renegotiate the steps it has to take. He called the draft an implementation document of the September 2005 joint statement of principles, in which all parties committed to the denuclearization of the peninsula.

He said he had been in constant communication with Washington during the negotiations and spoken to Secretary of State Condoleezza Rice "on many occasions this evening." He said that "people need to look at it, including Secretary Rice" and that the text was an "excellent, excellent draft."

"I don't think we are the problem. I can't predict everything in that regard. The Chinese worked really hard, and we support what the Chinese are doing," Mr. Hill added.

He said the North Koreans "have seen every word that is in this text, and it was on this basis that all the parties agreed that this was the way to go." Nevertheless, "they'll have things that they want to get off their chest; we'll have a meeting tomorrow to see where we are."

North Korea did not comment publicly on the draft, but South Korean envoy Chun Yung-woo said he thought the proposal would be acceptable to Pyongyang. He said the five other countries agreed to evenly contribute to the energy aid outlined under the deal.

Japan and Russia, however, were noncommittal. The Japanese envoy, Kenichiro Sasae, said it was "too early to tell" whether Tokyo was satisfied. Russian Deputy Foreign Minister Alexander Losyukov said there were "many questions regarding details," Russia's Itar-Tass news agency reported.

The latest round of talks began Thursday on a promising note after the United States and North Korea, which has demanded improved relations with Washington, held an unusual meeting last month in Germany and signaled a willingness to compromise.

But the negotiations quickly became mired on the issue of how much energy aid the impoverished and isolated communist country would get as an inducement for initial steps toward disarmament.

"It's always three yards, three yards, three yards, and it's always fourth and one. Then you make a first down and do three more yards," Mr. Hill said, using a football metaphor. "It's painful."

During the days of arduous negotiations, he said, "everybody has had to make some changes to narrow the differences."

Some delegates at the talks -- which also include China -- had called North Korea's energy demands excessive.

South Korean and Japanese press reports gave varying accounts of how much energy North Korea was demanding, including up to 2 million kilowatts of electricity or 2 million tons of heavy fuel oil.

The agreement calls for creating five working groups to handle technical matters related to denuclearization, normalizing North Korea's diplomatic relations with the United States and Japan, as well as easing U.S. financial sanctions imposed on the North in 2005, diplomats said.

"We don't want to miss any deadlines, because if you begin missing a deadline, other things start missing, and before you know it aren't getting done," Mr. Hill said.

In Washington, conservatives who oppose negotiations with North Korea were quick to denounce the tentative deal.

John R. Bolton, until recently ambassador to the United Nations, said President Bush should instruct Mr. Hill not to sign the text, noting that it resembles the Clinton administration's 1994 deal with Pyongyang, known as the Agreed Framework.

Hamas Government To Resign, Leader Says (USAT)

DOJ_NMG_0131491

USA Today, February 13, 2007

Palestinian Prime Minister Ismail Haniyeh said Monday that his militant Hamas government will resign in the coming days despite unresolved issues in an agreement to form a unity government. Haniyeh said the deal with the more-moderate Fatah Party of President Mahmoud Abbas was needed to prevent further bloodshed between the rival groups. The parties agreed to a division of Cabinet posts but have not decided on an Interior minister. A coalition government could lead to easing of Western sanctions imposed after Hamas defeated Fatah in elections a year ago.

Germany to parole terrorist held 24 years

Germany's Stuttgart state court approved parole for a Red Army Faction terrorist arrested in 1982 and convicted of involvement in nine murders. Brigitte Mohnhaupt, 57, will be released March 27 after serving 24 years of a life sentence for multiple murders. Mohnhaupt was a leader in the leftist group sometimes called the Baader-Meinhof Gang. The group carried out kidnappings, bank robberies and attacks on government and business figures from 1970 to 1992.

Italy arrests 15 alleged leftist militants

Italian police arrested 15 people in raids targeting a leftist militant group linked to the Red Brigades, which terrorized Italy in the 1970s and 1980s. The group "was a structured and highly dangerous organization," Interior Minister Giuliano Amato said, adding that other factions likely are still active. The group financed itself through armed robberies and spread propaganda in leftist clubs and in factories where some of them worked, anti-terrorism official Giovanni Calesini said.

Martial law declared in Guinea

Palestinian Authority Given Hope Of EU Aid (FT)

By Daniel Dombey

Financial Times, February 13, 2007

One of the European Union's top officials on Monday held out the prospect of resuming aid to the Palestinian Authority in the wake of last week's agreement by Fatah and Hamas to form a national unity government.

The 27-nation bloc has frozen direct aid to the PA since Hamas won parliamentary elections last year, but Benita Ferrero-Waldner, external relations Commissioner, suggested on Monday the Fatah-Hamas deal could transform the situation.

The EU is the biggest donor to the Palestinians, in an effort spearheaded by the European Commission. Last year, the EU delivered about €700m ($907m, £466m) in aid to the Palestinians, but bypassed the PA itself after Hamas won power.

"When it becomes possible to re-engage with a national unity government . . . we could then hopefully resume support to the Palestinian Authority, ministers and ministries and agencies from which we have had to distance ourselves in the last year," she said.

Although officials from EU member states indicated that Ms Ferrero-Waldner's comments were premature, her statement highlights a growing divergence between the EU and the US and Israel.

The EU has consistently been more enthusiastic than the US about a national unity government with which it can do business, while Washington has found it much more difficult to express support for the formation of any government with Hamas members.

Privately, EU officials often say the bloc will need to talk to Hamas eventually and that it is unrealistic to demand that a new government explicitly recognise Israel.

However, principles agreed by the "Quartet" of the EU, the US, the United Nations and Russia in the wake of Hamas's victory explicitly demand that Palestinian leaders recognise Israel, as well as abiding by past agreements and renouncing violence.

Although last week's Mecca agreement to form a national unity government addresses the last two points, it does not require that the new administration recognise Israel in any way.

Ms Ferrero-Waldner's latest proposals follow a Quartet declaration this month that calls for "international support in the areas of [Palestinian] governance, institution building and economic development".

¡J erusalem's Jewish mayor has moved to defuse a Muslim furore over construction work at Islam's third holiest site by ordering a public review that will consider objections before building begins, reports Harvey Morris in Jerusalem.

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More than 30 police and Muslim worshippers were injured on Friday when Israeli security forces confronted protesters inside the al-Aqsa mosque complex that Jews also revere as the site of their second Temple.

Amid further protests in the West Bank at the weekend, it was not clear whether Uri Lupolianski's concession would be enough to cool Palestinian tempers. His office said work would continue on clearing the remains of an ancient bridge that links the Jewish Western Wall plaza to the Muslim sanctuary. Israeli archeologists would in the meantime continue a dig at the site to safeguard any historical remains.

Somali Islamists Seek Refuge In Yemen (CSM)

By Ginny Hill

The Christian Science Monitor, February 13, 2007

SANAA, YEMEN

Under cover of darkness, exhausted Somali refugees stagger onto Yemen's southern beaches at the end of a grueling and dangerous journey across the Gulf of Aden.

"We were loaded onto the boats like animals," says Adil Mokhtar Mohammed. "We were forced to squat for three days and we were tightly packed together in rows. The smugglers don't even allow you to open your bag for food and water. If you try to move, they beat you."

Since the outbreak of Somalia's civil war in 1991, each new cycle of turmoil has generated a fresh flow of refugees to neighboring Yemen. But during this past year's rise and fall of Somalia's Union of Islamic Courts (UIC), tiny fishing vessels carried 26,000 men, women, and children – a record number – from Somalia to Yemen.

Among the latest wave of refugees are rank-and-file members of Somalia's defeated Islamists, and now ousted moderate UIC leaders are also seeking refuge in Yemen, sparking concern from Yemeni officials and Western diplomats that Al Qaeda-linked radical Islamists are also using these well-worn human-trafficking routes to escape from Somalia to the Arabian Peninsula.

"We are concerned that terrorist operatives will try to escape Somalia and establish safe haven elsewhere," says one Western diplomat in Yemen's capital, Sanaa. "Governments in the region, including Yemen, share that concern. They are doing what they can to prevent suspected terrorists from setting up a base in their country."

Moderate Islamists find refuge

Last month, Yemen's Interior Minister, Rashid al-Alimi, stepped up maritime security against possible infiltration from Somalia by radical Islamists and Al Qaeda fighters. But Yemeni President Ali Abdullah Saleh is currently hosting four senior UIC moderates, who, observers say, could hold the key to a future political settlement in Somalia, which could help stem the flow of refugees.

The latest arrival, deputy UIC leader Sheikh Sharif Ahmed, flew from Nairobi, Kenya, to Sanaa last Thursday, as a guest of the Yemeni government. Sheikh Sharif joins the UIC's foreign affairs spokesman, Ibrahim Adow, and two other UIC moderates who have been living under Yemeni protection in the southern port of Aden for more than a month.

One month after Somali and Ethiopian troops ousted Somalia's Islamists in a two-week offensive, groups tied to the Islamists are stepping up deadly guerrilla attacks across Somalia. And while an insurgency appears to be gathering steam, the US and its regional allies are hoping to co-opt individual leaders from within the ranks of the UIC's diverse and scattered leadership to bolster the weak and faltering transitional government. Washington is targeting popular figures without links to terrorism who still command a strong following among many Somalis – and chief among them is Sheikh Sharif.

"The inclusion of the UIC moderates is the only way to stabilize Somalia," says François Grignon, director of the International Crisis Group's Africa Program.

The quartet of UIC moderates now based in Yemen are viewed as central to creation of a future inclusive government in Somalia with a wide, stable power base. Their endorsement is also seen as crucial to the successful deployment of African Union peacekeepers. But, first, this core group must agree to a strategy among themselves in order to present a united front at multiparty peace talks.

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"Sheikh Sharif is here as part of our efforts to encourage the moderate Somali Islamists to participate in dialogue with the transitional government," says Yemen's Foreign Minister, Abu Bakr al-Qirbi. "We are hoping he will attend Somalia's National Reconciliation Conference, as soon as the parties agree on a date."

Yemen was the first Arab nation to open an embassy in Mogadishu following the UIC's retreat last month and President Saleh boasts a credible track record in hosting talks between the leaders of all Somalia's factions. Diplomats now hope that he can use established links to overcome the reluctance of Somalia's interim president, Abdullahi Yusuf, to cede some power to his former opponents.

Refugee influx continues

In the meantime, the lucrative trade in Somali refugees continues. Yemen's extensive maritime borders and weak coast guard make thorough and effective monitoring impossible.

Trafficking routes have shifted in the last six weeks, after a December gun battle between smugglers and Yemen's coast guard. Four boats capsized close to Yemen's shoreline during the confrontation and 140 people died, 90 of those were later buried in a mass grave. Refugees are now landing hundreds of miles away from the usual drop point in Shabwa Province, making it even harder for the authorities to predict and respond to their needs.

Amina Mohammad is one of Yemen's newest arrivals. She was dropped on al-Azizyia Island in the Red Sea last week and briefly detained by Yemeni police before she was transferred to UN protection. A supporter of the Islamists, she describes how she traveled in a boat with UIC soldiers. "I knew who they were and what they did for the UIC because I recognized them. They were my neighbors in Mogadishu."

The UN High Commissioner for Refugees says there are 84,000 registered refugees in Yemen but the government estimates the true figure is nearly four times higher. Yemen is the poorest country in the Arab world, and its weak economy is struggling to absorb rising numbers of newcomers.

"There's no doubt that the Yemenis are taking this issue very seriously," says one Western diplomat. "The large numbers of Somalis here are already putting Yemen's infrastructure under enormous pressure, and the government is acutely aware of the threat to internal security."

Yemen is a fragile state itself, facing its own terrorist network. The challenge now is to respond to the potential risk from Somali extremists before they reach Yemen's shores and embed themselves in the sizable diaspora community.

As US Focuses On Iraq Turmoil, Will It Miss The Bigger Picture? (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 13, 2007

WASHINGTON

In a little over a year, the US mission in Iraq seems to have narrowed dramatically. Instead of the lofty goals of fostering a democracy that could serve as a regional beacon, the US now aims to curb the violence, especially in Baghdad.

This narrowing gives the American venture in Iraq more focus, while preserving hopes that the administration's long-range goals can be achieved, analysts say. But some warn that it is also dangerous if it becomes an end in itself, causing US policymakers to lose sight of the bigger risks and objectives in the Middle East.

And some experts say the US is confusing tactical adjustments with a strategy.

"I see tactical and operational efforts that make sense – secure Baghdad, step up the fight in Anbar [Province] to disrupt Al Qaeda and the insurgent strongholds there, and all that's fine, but strategically we seem to be floundering," says Ralph Peters, a retired Army intelligence officer and Middle East specialist.

Pointing to Secretary of State Condoleezza Rice's efforts to encourage a bloc of Sunni powers to counter Shiite Iran's rise in the region, he says such moves raise questions of strategic coherence.

"We start with the goal of creating a regime of democracy and the rule of law that by its example will spread the rule of law and democracy in the region, and there's still a chance it will work," Mr. Peters says. "But now here we are, embracing our default strategy which is to support the devil we know, which is the Sunni regimes and, in particular, the Saudis. We are reverting to cold

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war form – they are our dictators, therefore they are good dictators – and falling prey to a religious war the Saudis are fighting with the Shias."

Over the short term, American eyes are going to be focused on the turn of events inside Iraq, from the trend in bombings to the pace of US casualties. That is why the immediate US aim is to reduce the violence to a level that gives Iraqis the breathing space they need to make a number of crucial political decisions, analysts say, while tamping down the risks of instability spreading to other neighboring states – or creating a vacuum for Al Qaeda to prosper.

"The objective now is not so much that the violence be ended, but that the trend lines have been altered a year from now so that instead of getting worse, things are getting better," says James Dobbins, former envoy of the Clinton and Bush administrations to the Balkans and Afghanistan and now a security analyst with the RAND Corp. in Arlington, Va. "There may be much loftier objectives people could wish for, but I think the administration, Congress, and the public would be relieved if the situation in Iraq is slightly better a year from now instead of a little worse."

But that raises questions of just how much the US is in a position to influence even short-term goals.

The National Intelligence Estimate is "spot on" when it says that Iraq's conflict cannot be blamed on any of its neighbors, says Ellen Laipson, president of the Henry L. Stimson Center, an international peace and security research group in Washington, D.C. "Whether it's Iran or Syria, they are not the determining factor in the violence there."

Even though America's involvement is very different, it is finding its role as a "determining factor" increasingly limited in Iraq, she says. "Either the Iraqis are motivated by an enduring passion to get us out of there, or they are consumed by an intra-Iraqi dynamic to such a degree that we are irrelevant to the situation going on there."

Either way, she says, the Iraqis "can't accept our influence right now, even though they desperately need help from outside actors."

That does not mean that civil conflicts are impermeable to outside influence. Mr. Dobbins notes, for example, that violence in the Balkans in the 1990s was brought to an end by external pressures.

But it does mean that the US cannot operate under "wishful thinking" of what it would like to see happen, Mr. Peters says, but must prepare "plans C, D, F, and G" for other scenarios that may unfold.

In a new report for the Council on Foreign Relations, Middle East expert Steven Simon says the US should begin planning for "after the surge," by shifting its focus to containing the conflict and strengthening US military positions elsewhere in the region. He says the US should also "engage Iraq's neighbors" in developing a stabilization plan for Iraq.

"As it prepares to withdraw military [personnel] from Iraq, the US should act decisively and creatively across the wider Middle East to offset perceptions of American weakness that our setback in Iraq has triggered," Mr. Simon says. One area for action would be the Israeli-Palestinian conflict, he adds, which the White House is now taking up again.

Former Army intelligence specialist Peters agrees that the US must pay particular attention to perceptions of American weakness and to the impact a perceived military defeat in Iraq would have.

"We can afford a strategic defeat in Iraq, and a diplomatic reversal, but what we can't afford is a perception of a military defeat," he says. "Given how our security is intertwined with the region, we must at a minimum make it clear that our military has not been defeated."

Europe's Muslims Find Ally In U.S. (WT)

By Nicholas Kralev

The Washington Times, February 13, 2007

The State Department, concerned about a "nativist surge" in Western Europe, has created a position to coordinate efforts to reach out to European Muslims and help them better integrate into society, a senior official said yesterday.

Daniel Fried, assistant secretary of state for European and Eurasian affairs, said U.S. embassies and consulates in Britain, France, Germany, the Netherlands and other countries will decide what exactly they can do, instead of "Washington bureaucrats dreaming this up."

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The growing Muslim presence in Europe is "a fascinating issue and one that the American government is just now trying to get its mind around," Mr. Fried told editors and reporters at The Washington Times. "It's a huge problem, we are thinking about it seriously, and we've tried to do some intellectual framing-up."

Farah Pandith, until recently a staffer on the National Security Council (NSC), moved to the State Department last week to head the new effort.

Unrest among Muslims in Europe, particularly those who have turned to extremist acts such as the 2005 London transit system bombings, has spurred a heated debate across the continent.

The French government, for example, now regrets having resettled North African immigrants in de facto ghettos, where unemployment and bad schooling led to desperation among young people, Paris' ambassador to Washington, Jean-David Levitte, told The Times last month.

"The unrest that existed in poor neighborhoods had nothing to do with jihad and much to do with social conditions," he said. "That's why we have to put the emphasis on improving the social conditions -- schools, jobs, better housing -- and hopefully all this will trigger better absorption in the social fabric of France of this minority."

Mr. Fried said that a "process of alienation" is occurring within Europe's Muslim communities, and that their host countries have "no sense of integration."

"Europe has to learn to do that," he said. "You have a weird nativist surge in Western Europe, and a kind of odd panic: Aliens are here, they don't accept our values, they are a threat to our way of life and turn to radicalism."

One program in place in some countries brings American Muslims to Europe to meet with their counterparts and try to "break down stereotypes" and help them end their "self-isolation," Mr. Fried said.

He said he has not found strong anti-American feelings among European Muslims during his travels, even though many disagree with U.S. policies in the Middle East.

"I don't get big speeches." he said. "They say, 'We want to live in Europe. Can you help us out? Do you understand us? We want to be good Muslims and good Europeans."

Mr. Fried, a career diplomat since 1977, is a former ambassador to Poland and served as senior director for European affairs at the NSC during President Bush's first term.

Mr. Fried also spoke extensively about Russia, two days after President Vladimir Putin rebuked U.S. foreign policies as "unilateral" and "illegitimate."

The American diplomat said he does not understand why the Russians keep saying that Washington's actions are aimed at Moscow.

"The problem from an American point of view is not that the Russians are rebuilding their state," he said. "The problem is that what Putin is doing ... is not rebuilding the institutions of a modern country -- at least not yet. He's rebuilding the center, but national strength doesn't come just from a strong center."

Asked about Mr. Putin's attempts to curb some of Russia's oligarchs, Mr. Fried suggested that the president was guided by the principle, "I'll replace the guys I don't like with my own guys."

"Go down the list of senior Kremlin officials who are also chairmen of the boards of major parastatals," he said. "What does that tell you?"

Putin Visits Qatar Amid Talk Of 'Gas Opec' (FT)

By Neil Buckley And Andrew England

Financial Times, February 13, 2007

Leaders of Russia and Qatar, two of the world's largest natural gas producers, said last night they would explore the creation of an Opec-style natural gas cartel.

Vladimir Putin, Russian president, and Sheikh Hamad bin Khalifa Al Thani, Emir of Qatar, said experts from both countries would discuss the idea at a natural gas conference in Doha, the Qatari capital, in April. Their comments were made during a visit by Mr Putin to Saudi Arabia, Qatar and Jordan - the first by a Russian president to the three countries.

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They came less than two weeks after Mr Putin told a Moscow press conference that a "gas Opec" was an "interesting idea", though adding that such a body would not be a price-fixing cartel. He was responding to a suggestion by Ayatollah Ali Khamenei, Iran's Supreme Leader, that Russia and Iran should co-ordinate gas activities.

But the message from gas-producing countries remains mixed, with Mr Putin's remarks yesterday apparently at odds with his energy minister, Viktor Khristenko. Mr Khristenko last week described as a "fantasy" the idea that Russia might form a gas exporters' body.

Qatar's energy minister also said last week there was no need for a cartel of gas producers.

"Who said that we have rejected the idea of a cartel?" Mr Putin said in Doha. "I said it was an interesting idea. Whether we need a cartel, whether we will create such an organisation, is a separate conversation. But of course we should co-ordinate our activities with other producers."

Mr Putin added that he and Sheikh Hamad had agreed gas producers should "not repeat the mistakes of other cartel-type organisations". But the continued talk of a gas Opec is likely to cause ripples in the European Union, which relies on Russia for more than a quarter of its natural gas, and in the US, which is set to become more heavily reliant on gas imports.

It came days after Mr Putin delivered a hard-hitting speech criticising the US for trying to impose its will around the world, and during a Middle East visit seen as an attempt to increase Russia's diplomatic role in the region and counter American influence.

Sheikh Hamad supported the discussions on a gas exporters' organisation, but expressed doubt over whether a gas cartel could exercise the same control over the market as Opec.

Russia has the world's largest gas reserves while Qatar has the third-largest. Iran, with the second-largest, is also developing its gas export capabilities.

Energy experts have said a cartel would be difficult to create in gas because it is more difficult to transport than oil, and the market is dominated by contracts running for 20 years or more.

The Russian president had earlier rounded off a landmark visit to Saudi Arabia by meeting businessmen and urging greater economic ties between the two countries, saying Russia could help the oil-rich kingdom develop railways and atomic energy.

Mr Putin's visit to the region is also seen as an attempt to boost Russian military sales to the Middle East and bolster relations with key energy producers.

Senior businessmen including the heads of Lukoil, Gazprom and Rosoboronexport, the state arms export agency, are accompanying Mr Putin.

The Russian leader was heading last night to Jordan. All three countries - Saudi Arabia, Qatar and Jordan - are important US allies in the Middle East but American credibility has suffered from the escalating conflict in Iraq and Washington's failure to focus more on the wider Arab-Israeli conflict.

Saudi Arabia, the world's largest oil exporter ahead of Russia, is enjoying an extraordinary oil-fuelled boom and is seeking toreassert its political influence.

In December, Saudi Arabia and five other Gulf states announced they would study the possible development of a joint nuclear programme.

Putin Visits Qatar For Talks On Natural Gas And Trade (NYT)

By Hassan M. Fattah

New York Times, February 13, 2007

DUBAI, United Arab Emirates, Feb. 12 — President Vladimir V. Putin of Russia arrived in Qatar on Monday to discuss trade, security and the possible formation of a natural gas cartel on the second leg of a three-day tour of the Middle East that is widely seen as an attempt to expand Russia’s strategic role in the region.

“We seek to develop special relations between Qatar and Russia,” Sheik Hamad bin Khalifa al-Thani, the emir of Qatar, said shortly after Mr. Putin arrived. “Relations at all levels have been developing vigorously over the past year and a half.”

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Mr. Putin, who came from an overnight state visit to Saudi Arabia, held talks with the emir over military and trade cooperation, the Russian news agency Itar-Tass reported. Both leaders pledged to expand cooperation to better manage the worldwide supply of natural gas, but remained tentative about the possibility of forming a natural gas cartel.

"We do not reject the idea of creating a gas cartel," Mr. Putin told reporters late Monday. "But this initiative requires more study."

Mr. Putin said he would dispatch experts in April to a natural gas conference in Doha, Qatar's capital, to discuss the creation of a cartel modeled after the Organization of the Petroleum Exporting Countries, which holds sway over the world's oil prices.

"It's important to cooperate and to help each other," Mr. Putin said. "We also work together to defend the interests of gas exporters and coordinate our relations toward the consumers."

European leaders have expressed concern over even the mention of a natural gas cartel, in which Russia would likely hold significant power and could raise prices as it has over the past year for several Eastern European states.

Earlier Monday, in the Saudi capital, Riyadh, Mr. Putin met with Saudi businessmen seeking to encourage bilateral trade and technology cooperation, and pledged to assist Saudi Arabia in developing nuclear power generation capability.

The Gulf Cooperation Council, which includes all the Arab states in the Persian Gulf, announced its intention to develop nuclear technology in December, apparently a signal to Iran and the United States that the member countries could match Iran's nuclear development efforts.

In meetings late Sunday, King Abdullah of Saudi Arabia and Mr. Putin called for joint development and cooperation in sectors like communications, technology and transportation, the official Saudi news agency, SPA, reported.

Trade between Saudi Arabia and Russia has expanded to more than $400 million in 2005 from $88.5 million in 1999.

"Russia is determined to further enhance its relations with Muslim countries, especially the Arab countries," Mr. Putin told Saudi businessmen at the Riyadh Chamber of Commerce on Monday. "We are all allies of the kingdom in working to meet the world's need for energy."

Mr. Putin will continue his Middle Eastern trip Tuesday by traveling to Amman, Jordan, where he will meet with King Abdullah II to discuss economic and political cooperation, and meet with the president of the Palestinian Authority, Mahmoud Abbas.

Qatar Shows Interest In Natural-Gas Cartel (WSJ)

By James Herron

Wall Street Journal, February 13, 2007

Qatar's interest in exploring the creation of an OPEC-like cartel for natural gas adds another major producer to a group that includes Russia and Iran. Even so, industry experts say the nascent effort faces significant obstacles, ranging from a fragmented market to a history of noncooperation among the world's biggest holders of reserves.

Russian President Vladimir Putin and Qatari Emir Sheik Hamad bin Khalifa Al Thani said yesterday, at a meeting in Doha, Qatar, that they wanted competing gas producers to cooperate more. Mr. Putin said he would send a team of experts to a natural-gas conference in Doha in April, where they would discuss details of building a cartel.

The leaders of Russia, the No. 1 gas producer in terms of reserves, and No. 2 Iran have been talking recently about creating a group similar to the Organization of Petroleum Exporting Countries, which manages its output in an effort to sway crude-oil prices world-wide. If such a group were formed, the inclusion of No. 3 Qatar -- a major producer of liquefied natural gas, or LNG -- would give it significant clout.

But forming such a group could be difficult. Sheik Hamad said he supported the discussions, but he was unsure whether a gas cartel would be able to command the same degree of market control as OPEC does.

Gas demand is climbing amid global economic growth and because it burns cleaner than other fuels. But gas markets are fragmented, in part because transporting gas overseas can be difficult, complicating efforts to form a single global market, like oil, in which a group of producers could hold sway. LNG, which is natural gas cooled into liquid form and shipped overseas via tanker, has moved natural gas closer to a world market, but it remains a small part of global use.

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Also, gas tends to be sold through long-term contracts. That means a cartel would have little influence on such arrangements, Sheik Hamad said in a press conference in his presidential palace.

Past efforts haven't led to significant cooperation among gas producers. Russia, Qatar and Iran are members of the Gas Exporting Countries Forum, which was formed in 2001 but hasn't met since 2005.

Jonathan Stern, Director of Gas at the Oxford Institute For Energy Studies, said Mr. Putin's talk of closer cooperation among gas exporters isn't the same as a cartel and "doesn't mean a price-setting or volume-setting organization." He said Russia and Qatar, as gas exporters, don't have much in common, and they have much more potential to be competitors, especially in the European market.

A spokeswoman for the International Energy Agency said a cartel that raises prices "will encourage consumers to reduce demand or switch to other fuels. This is particularly true for gas, which can be substituted with coal and nuclear."

Julie Reside, a State Department spokeswoman, said there has been talk of a possible "gas OPEC" for many years, with no result. "I think experience has shown that free and open markets work best for both producers and consumers," she said.

Russia has sparked concern in the West that it is using its vast energy reserves as political leverage. Mr. Putin has dismissed the criticism, and he has defended moves to raise gas prices on some customers as an effort to put market prices in place after years of lower prices.

Japan Investigates Blasts Near U.S. Base (AP)

By Joseph Coleman

AP, February 13, 2007

Japanese police were investigating a suspected extremist attack on the U.S. Army after two small explosions occurred outside a military base south of Tokyo, police said Tuesday.

There were no reports of injury or damage at Camp Zama or from nearby residents, Kanagawa prefectural police spokesman Hiroyoshi Ichikawa said.

Investigators found a pair of metal tubes planted in the ground at a nearby park. They were believed to be used as rocket launchers and pointed toward the base, Ichikawa said.

He said investigators suspect an attack by leftist extremists, but cannot rule out a possibility of a terrorist attack.

The Army was investigating the blast, said an official at Camp Zama who spoke on condition of anonymity, adding that there were no reports of injuries or damage.

"A small explosion was heard in the vicinity of the base," said Maj. David Smith, a Pentagon spokesman. "It did not occur on the base."

The Army could not immediately confirm what had caused the blasts.

In 2002, two blasts were heard outside Camp Zama, and Japanese police found a metal projectile and a crude mortar made from a metal pipe nearby. Investigators blamed radical guerrillas for the explosions, which caused no injuries.

Leftist extremists in Japan have used projectile launchers against targets related to the U.S. military or on sites connected to the royal family. The attacks are usually more symbolic than dangerous, and injuries or significant damage are rare.

The United States has some 50,000 troops based in Japan under a security treaty. Residents complain of crime, pollution and noise connected to the bases, but large-scale protests of the military presence are largely confined to the southern island of Okinawa.

A Good Place To Have Aided Democracy (WP)

By Anne Applebaum

The Washington Post, February 13, 2007

TUNIS -- "If you wanted to support democracy in the Arab world, why did you begin with your enemies instead of your friends? Why Iraq and Iran? Why not us?"

It's an excellent question, and when it was posed to me a few days ago by Mokhtar Trifi, president of the Tunisian League for the Defense of Human Rights, I at first found it hard to answer. Trifi, whose dark suit and elegant French make him seem like the statesman he ought to be, does indeed seem a far better candidate for American friendship and support than, say, the prime

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minister of Iraq. Because Tunisia also seems, on the surface, much closer to the West than many of its neighbors, it makes a curious example of what might have been.

Like Turkey, Tunisia is an avowedly secular Muslim state: Women here have the right to divorce and to marry as they please. Most do not wear headscarves, let alone veils. Much of the economy is private: The average income has risen in recent decades, and the middle class is relatively well educated. On a Friday afternoon in the suburbs of Tunis, every other street corner seems to feature a lycee, from which pour crowds of blue-jeaned teenagers, boys and girls, chatting and laughing. Ask them and they will tell you they feel more Mediterranean than Arab, that they have more in common with Parisians than with Syrians or Saudis.

But surfaces are deceiving, as Trifi -- whose office is haunted by omnipresent goons, whose visitors are sometimes harassed and who is occasionally beaten up himself-- can testify. One French analyst, Beatrice Hibou, has described how the myth of "reform" has been used in Tunisia to disguise from the world the deepening corruption, nepotism and stagnation of a one-party state, dominated by what is, in effect, a president-for-life. While French politicians speak of the Tunisian "economic miracle," party cadres connive to keep the best jobs. Though the United Nations held its " World Summit on the Information Society" in Tunis in 2005, Tunisia deploys an Internet filtering and control regime draconian even by the standards of the Arab world. The goons hang about the Internet cafes, too, hands stuffed in the pockets of their windbreakers.

The Tunisians have also become masters of a kind of recognizable, Putinesque, postmodern political charade, supporting a whole panoply of phony political parties, phony human rights groups, phony elections. They talk of "democracy" and "reform" and of course "anti-terrorism." But break the mold in Tunisia -- engage in genuine opposition politics -- and you might find you've lost your state health care or even your private-sector job. The tentacles of the party reach deep, though actual violence is rare. Says Trifi, "It causes too much trouble." After all, violence could damage the benevolent image that draws so many European tourists to Tunisia's beaches.

In the short term, this system has suited lots of people, not merely the president's friends and relations. Most notably, it has suited France, Tunisia's closest business partner and former colonial power. In 2003, French President Jacques Chirac proclaimed that since "the most important human rights are the rights to be fed, to have health, to be educated and to be housed," Tunisia's human rights record is "very advanced." More to the point, the French believe that the authoritarian Tunisian government is the only thing preventing a massive wave of illegal immigration to their country.

Unfortunately, the authoritarian government is also producing the potential Ã©migrÃ©s, too: For the most notable product of the Tunisian "economic miracle" is, at the moment, a lot of well-educated but unemployed young people. Once upon a time, the educated and the frustrated might have formed the backbone of a democratic revolution, just as they once did in South America and Eastern Europe. Now, Tunisians look at Iraq and see that "freedom" brings chaos and violence. Which leaves them with two options: emigration -- or radical Islam. Or perhaps both.

No one knows the true extent of radicalism in Tunisia because it is in the government's interests to exaggerate the threat. Nor does anyone know the true extent of Tunisian radicalism in the suburbs of Paris. But there have been bombs, arrests and reports of al-Qaeda copycat groups. Thus has an apparently benign authoritarianism produced in liberal Tunisia, as everywhere else in the Arab world, precisely the sort of terrorist inclinations it was supposed to prevent.

So why didn't the West interest itself in Tunisian democracy 15 years ago, back before "democracy" became a negative term, back before the not-quite-free economy went sour, back before radical Islam became chic among the blue-jeaned teenagers? The answers, as Trifi knows well, are clear: Because democracy promotion was an afterthought, never an important American goal in the Middle East. Because France, which has far more influence in Tunisia than we do, has never been remotely interested. And because no one in the West has ever been very good at thinking through what the longer-term results of the authoritarian status quo might really be.

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Lift Liberia's Debt Burden (WSJ)

By Ellen Johnson Sirleaf And Paul Wolfowitz

The Wall Street Journal, February 13, 2007

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For more than two decades, the people of Liberia have known little but violence and armed conflict brought on by leaders who violated the public's trust. By the time peace was realized in 2003, 250,000 Liberians, out of a population of three million, had been killed and many more had been rendered homeless. The country had become a base for warlords to smuggle diamonds and traffic in arms and drugs, activities that brought chaos to the country and destabilized the West African region.

Thankfully, this is not the Liberia of today, nor of tomorrow, due to the will of its people and the support of the international community. This support must now be broadened and deepened, particularly through the granting of debt relief, to secure a peaceful and stable future in Liberia.

In the election of 2005, the people of Liberia courageously chose peace, reconciliation and development over ethnic divisions and violence. They spoke loudly and clearly that they wanted a better future for themselves and their children -- a new, free and democratic Liberia where civil liberties, the rule of law, an accountable and transparent government, peace, security and economic development opportunities would be the norms.

Since that time, with the support of the international community, significant progress has been realized. The shattered infrastructure is slowly being rebuilt. Efforts are being made to repair roads, schools and clinics throughout the country that were almost all destroyed or damaged during Liberia's conflict. Water and electricity service has been restored to parts of Monrovia for the first time in 15 years. Economic reforms have increased government revenues by nearly 50% in the past year and the economy grew at 8%, with similar growth predicted for the coming year.

Critically, the foundations of an accountable government are in place and areas of past corruption are being reformed. The Public Procurement and Concessions Commission was established to review all contracts and concessions. The Liberia Reconstruction and Development Commission coordinates discussion with international partners on policy issues and program initiatives, and a code of conduct for public officials has been drafted. The government has taken significant steps to encourage trade and investment. In 2006, exports increased by 25%, and Liberia has been declared eligible for membership under the U.S. Africa Growth and Opportunity Act, facilitating U.S. investment and opening U.S. markets to Liberian exports. The National Investment Commission initiated a "one stop shop" approach to help reduce hurdles to investment and steps are underway to revise the investment and tax code to boost trade and investment.

But despite the progress, Liberia is a place of staggering hardship. Much of the population remains jobless, including many young excombatants outside the rehabilitation process that was designed to give them training and jobs. Three-quarters of the population continue to live on less than $1 per day and nearly half of Liberia's children are out of school.

The next 18 months will be critical in determining whether the aspirations of millions of Liberians can be translated into tangible progress, and this is an opportunity that we all must recognize and seize. Reaching a peace accord, holding an election and funding immediate humanitarian needs together represent only the first stage of rebuilding a battered country. Studies of dozens of nations that emerge from civil conflict show that many slide back into violent chaos when a clear peace dividend fails to materialize.

Emergency funding established to meet urgent humanitarian needs after peace was established is running out, and this early investment in peace must be augmented if Liberia hopes to avoid a return to chaos. The longer-term challenge of building a functioning economy and a capable state urgently requires development assistance that has been slow in arriving.

Debt relief is at the heart of future development assistance for Liberia. Debt relief is urgently needed to cut the staggering $3.7 billion in borrowings that has accumulated largely from the time of the 1980 military coup until the end of armed conflict. That is an unacceptable burden for a country of three million. Debt relief is a vital step in clearing the way for long-term development assistance and delivering results for Liberia's people. Reaching agreement on a debt relief package is a complex but necessary step in Liberia's economic recovery.

The stakes could hardly be higher. If Liberia succeeds, that success will bring hope to a region that has endured a contagion of war and displacement. If the expectations of two generations of Liberians who put their faith in a better future are not realized, the consequences for the Liberia and its neighbors could be dire. The moment to act is now, and the obligation falls to all of us -- the government of Liberia, the international community, regional partners, civil society and the private sector -- to meet the challenges ahead. Risks remain as we move forward, but the risks of not acting with conviction are far greater.

Ms. Johnson Sirleaf is president of Liberia. Mr. Wolfowitz is president of the World Bank.

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America's Quiet Victories In Asia (WP)

By Michael J. Green

The Washington Post, February 13, 2007

Last month the leaders of 16 Asian nations met in the Philippines for the second East Asian Summit and agreed to work for better energy security and reduced poverty. The 10-member Association of Southeast Asian Nations (ASEAN) signed an agreement with China on trade and services and pledged to work toward a broader free-trade agreement. President Gloria Macapagal Arroyo of the Philippines, a traditional U.S. ally, declared that "we are happy to have China as our big brother in this region." No Americans were invited to the summit.

Is America's Pacific Century over? Is America losing Asia to China? Not yet. As with all things Asian, the appearance of harmony in the meetings in Cebu does not entirely match reality. Almost all the major leaders at the summit still trust Washington more than their neighbors, China in particular. And while China may be key to the region's economic dynamism, the political model the leaders are increasingly embracing for long-term success is the one championed by the United States.

Take the East Asia Summit itself. When China proposed hosting the meeting two years ago, many in the region reacted with alarm. Singapore and Japan pushed successfully for the inclusion of leaders from India, Australia and New Zealand to balance Chinese influence, and ASEAN won agreement that only its members could host the summits. Meanwhile, Singapore signed a strategic framework agreement granting greater access to U.S. forces, Indonesia took steps that allowed the United States to resume bilateral military contacts, and Vietnam signed an agreement allowing greater religious freedom to help ensure a successful summit with President Bush and closer strategic alignment with Washington. Arroyo's obsequious nod to "big brother" in Beijing aside, Asian leaders are not about to let the Pacific become a Chinese lake.

The regional trade agreements are also less threatening to U.S. interests than they sound. Most economists expect little trade distortion or barriers to American firms from these agreements, which are pockmarked with exemptions. To the extent that more advanced economies such as those of Japan or Singapore are using these intraregional economic discussions to increase transparency, capacity and governance in the less-developed economies, such as Indonesia's, it helps U.S. business. Ultimately, Asia still depends heavily on U.S. capital and foreign direct investment and markets to sustain economic growth.

America's greatest source of soft power in Asia is the Asian embrace of democracy. At its founding, ASEAN members were all led by authoritarian leaders or dictators; the guiding principle of the organization was "noninterference in internal affairs" -- a platitude that essentially represented a rejection of universal values. Today, China is embracing that principle of noninterference, but ASEAN is moving on. The most important document at Cebu was not about trade or energy but the draft of ASEAN's new governing charter, which says regional peace and stability rest on "the active strengthening of democratic values, good governance, rejection of unconstitutional and undemocratic changes of government, the rule of law, including international humanitarian law, and respect for human rights and fundamental freedoms."

Thomas Jefferson could not have put it better, but this is the thinking of Indonesia's first directly elected president, Susilo Bambang Yudhoyono. It is the vision of Japanese Prime Minister Shinzo Abe, who has rejected decades of mercantilist thinking in an effort to define a new purpose for a resurgent Japan. It is a central theme of Indian Prime Minister Manmohan Singh, who is moving India beyond non-alignment and championing democracy as the answer to the increasing threat of failed states and terrorism in India's neighborhood.

None of these leaders embraced democracy because it was imposed by the United States, nor are they contemplating imposing democracy on their neighbors. Many continue to have major governance and democracy challenges (Thailand's coup for one) and are torn over how to manage the undemocratic disaster that is Burma. Yet all recognize that their economic development and national security depend on the spread of democratic principles and good governance. As these values are consolidated across the region, they will inevitably affect China, Burma and even North Korea.

The United States has a winning hand in Asia and needs to play it. This means more engagement at senior levels -- with China, but particularly with like-minded leaders in India, Japan and Indonesia. It means completing our free-trade negotiations with Korea so that the United States sets the standard for trade liberalization in the region. Above all it means not abandoning our commitment to the promotion of democracy in Asia, where we are succeeding despite setbacks in Iraq and the Middle East.

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The writer was senior director for Asian affairs at the National Security Council from January 2004 to December 2005. He is at the Center for Strategic and International Studies and Georgetown University.

Mr. Putin's Vision (WP)

Washington Post, February 13, 2007

BEFORE considering the significance of Vladimir Putin's address to an international security conference in Munich on Saturday, it's worth pausing to admire the astonishing nerve of the Russian president. Mr. Putin claimed the United States had "overstepped its national borders in every way . . . in the economic, political and cultural policies it imposes on other nations." This from a leader who has imposed an economic boycott on Georgia and Moldova and who interrupted energy supplies during winter to Ukraine and Belarus; who supports separatist regions in Georgia and Moldova with money and troops; and who overtly intervened in the 2004 Ukrainian presidential election in an attempt to impose a favored candidate through fraud.

Mr. Putin suggested that the United States was responsible for "a greater and greater disdain for the principles of international law," and that consequently "no one can feel that international law is like a stone wall that will protect them." Tell that to Britain's Scotland Yard, where investigators are unable to pursue their probe of the murder of one of Mr. Putin's critics because the two leading suspects are being shielded behind a legal stone wall in Moscow.

The Russian president also said that U.S. policy "stimulates an arms race." Minutes later he breezily acknowledged that Russia, unlike the United States, is developing a new intercontinental ballistic missile, the Topol-M; that it recently supplied Iran with new air defense missiles; and that antitank missiles it delivered to Syria were used by Hezbollah against Israel in last summer's war. Yesterday Mr. Putin was in Saudi Arabia, where he reportedly was finalizing a sale of 150 Russian T-90 tanks, and where he offered to help the Saudis with nuclear technology.

What's the point of such bravado? No doubt it partly has to do with Mr. Putin's tour of the Middle East: The Russian leader is doing his best to take advantage of U.S. problems in the region. (In an interview with al-Jazeera, the favorite TV station of Sunni Arab nationalists, Mr. Putin deplored the execution of Saddam Hussein and contrasted the deaths of 3,000 U.S. soldiers with the "execution of around 148 people" that he said the former Iraqi president was charged with.) Mr. Putin may also have been seeking to preempt criticism of himself by European governments that have grown increasingly disenchanted with his regime.

But the Russian president also had a larger purpose: to proclaim the return of his country as a power that would "balance" the United States. Mr. Putin, who has described the collapse of the Soviet Union as a "catastrophe," spoke nostalgically about the Cold War: "We are indebted to the balance of power between these two superpowers," he said. "This was certainly a fragile peace and a frightening one. But . . . it was reliable enough. Today it seems that the peace is not so reliable." With its soaring oil revenue and its hold over European energy supplies, its modernizing nuclear forces, and its willingness to provide weapons and nuclear technology to such states as Iran, Syria and Saudi Arabia, Russia would regain a status such that the United States would be "afraid to make an extra step without consulting." That, anyway, is Vladimir Putin's clearly stated ambition.

Putin's NATO Beef (LAT)

The Los Angeles Times, February 13, 2007

Expanding the Cold War-era alliance to reach Russia's border was bound to color the Kremlin's view of the U.S.

LAST WEEKEND'S Cold War revival at a security conference in Munich, Germany, featured a cynical Vladimir V. Putin against a reasonable Robert M. Gates, but the Russian president still scored points with his pointed anti-American speech. Putin complained that U.S. unilateralism and disregard for international law were making the world a more dangerous place, fueling insecure nations' appetite for sophisticated weaponry, especially nukes. What made the speech so cynical was Putin's built-in rationale for Russian arms sales to unsavory clients, including Iran, because he doesn't want that nation to "feel cornered."

Gates replied to Putin's confrontational address a day later with disarming remarks about the bluntness of former spies, nostalgia for the simplicity of the Cold War and even acknowledgment that some of Washington's recent missteps (mainly in the treatment of detainees) have eroded our credibility abroad. He also raised legitimate concerns, ever so tactfully, about the Kremlin's increasingly autocratic drift.

Yet Putin's tough talk undoubtedly played well, not only among those in the West and elsewhere who oppose the Iraq war, but among his domestic constituents who have deep-seated reasons for rejecting Gates' assertion that the U.S. is a "force of

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good around the world." These reasons have less to do with Iraq than with U.S. moves in the last decade to expand NATO to the east, in violation of what Russians felt was an implicit, if not explicit, deal: That in the twilight of the Soviet era, Moscow would allow for German reunification and pull its forces out of Eastern Europe as long as Washington didn't stab the Kremlin in the back by enlarging NATO to Russia's borders.

That is precisely what followed. A typical NATO communique in the aftermath of the unexpectedly peaceful conclusion of the Cold War stated: "Consistent with the purely defensive nature of our alliance, we will neither seek unilateral advantage from the changed situation in Europe nor threaten the legitimate interests of any state." But within a few years, the U.S. turned vindictive victor in the eyes of Russia, allowing former Warsaw Pact members into NATO, including the formerly Soviet Baltic republics. The humiliation, and seeming encirclement, of Russia continues relentlessly to this day, with talk of someday bringing Georgia and Ukraine into the club.

NATO enlargement a decade ago was largely shrugged off in this country (though it was rightly opposed by this page), but Americans need to start realizing the extent to which this historical blunder drives how Russians interpret U.S. actions around the world. It helps explain why a hard-line nationalist such as Putin, despite his anti-democratic tendencies, remains hugely popular at home. The only surprise about his angry speech is that it took him this long to deliver it.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

No Proof Of C.I.A. Illegality, Portuguese Premier Says (NYT)

By Elaine Sciolino

The New York Times, February 13, 2007

LISBON, Feb. 12 — Prime Minister José Sócrates said Monday that his government had no concrete evidence to support allegations that the United States had conducted illegal counterterrorism activities on an American air base on Portuguese soil.

In an interview, Mr. Sócrates confirmed that his government had opened an investigation into whether C.I.A.-operated planes, some of them possibly carrying terrorism suspects, made stopovers at the American Air Force base in the Azores Islands in the Atlantic Ocean, which are governed by Portugal.

But he stressed that relations between the United States and Portugal were not at all strained as a result of the allegations.

"We have no indication of any illegal activity practiced by the Americans," he said. "It would not be proper that an ally would conduct illegal activities." He called the United States a "country with respect for the law, a state based on laws" that would be treated as innocent until proven guilty.

The investigation was opened after Ana Gomes, a Portuguese member of the European Parliament, met with Portugal's attorney general, Fernando Pinto Monteiro, in late January to present him with what she called evidence that dozens of C.I.A. planes had landed in Portugal, some flying to or from the American military prison at Guantánamo Bay, Cuba.

Ms. Gomes was quoted by Portuguese news organizations as saying she had collected statements from witnesses who claimed to have seen prisoners chained to one another at the American base at Lajes in the Azores. She also said the local authorities knew that Portugal was being used for flights operated by the Central Intelligence Agency.

The investigation is expected to take three to four months.

The Lusa news agency recently quoted Deputy Attorney General Cândida Almeida as saying the investigation was pursuing "many leads" after Ms. Gomes presented her dossier. "The complaints we have received show areas we might explore," he was quoted as saying.

Yet Foreign Minister Luís Amado has said that the authorities have not found any evidence of C.I.A. wrongdoing and contested a European Parliament committee report that said 91 C.I.A. flights had made stopovers in Portugal.

The European Parliament committee report said that Britain, Poland, Germany, Italy and other European Union nations were aware of C.I.A. flights over Europe and of "extraordinary rendition," a practice in which the United States sends foreign terrorism suspects to third countries for interrogation.

In the interview, Mr. Sócrates, a Socialist whose party has a majority in Parliament, talked at length about Sunday's referendum to liberalize Portugal's restrictive abortion law and called it his duty to promote legislation liberalizing the law.

He said reform was essential to eliminate the shame and injustice of illegal "backstreet abortions" that can lead to the prosecution of women who undergo abortions, the health care providers who perform them and even "accomplices" like husbands or family members.

Nearly 60 percent of voters supported liberalizing the abortion law in a referendum on Sunday, but the result was not considered legally binding because turnout was under 44 percent. The referendum's validity hinged on a 50 percent turnout.

Mr. Sócrates said the margin of support for change mandated his decision. "We now have the legitimacy to change the law," he said, adding, "What would happen if after such a conclusive result we do nothing?"

A former environment minister and divorced father of two, Mr. Sócrates, 49, was baptized Catholic but said he was not observant. "I'm not a Catholic," he said. "I'm a Christian."

Despite the staunch opposition of the Catholic Church to the abortion measure, Mr. Sócrates said the church accepted the inevitability of a more liberal law. "The Catholic Church has 200 years of experience and is able to deal with this kind of thing," he said. "The church can live with it."

He predicted passage of a new law before the current session of Parliament ends in July.

The law, he said, will allow women to legally have abortions in Portugal during the first 10 weeks of pregnancy. The current law allows abortion until the 12th week in case of "mental and physical risk," the 16th week in case of rape, the 24th week in case of a malformed fetus and at any time if the woman's life is in danger.

The availability of abortion is further complicated by the medical profession's narrow interpretation of the existing law. As for criticism by opponents of abortion rights who contend that the outcome of the referendum does not give him the right to act, he replied, "If they are saying that, it is an expression of them being bad losers."

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Asked why the turnout in Sunday's vote was not higher, Mr. Sócrates acknowledged that some voters might have stayed away because the issue was simply too difficult. "This question is very embarrassing for people," he said. "Some people probably cannot solve the moral dilemma."

Freed Cleric Is Planning Lawsuit (WP)

By Nora Boustany

The Washington Post, February 13, 2007

A radical Muslim cleric who Italian prosecutors say was abducted by the CIA in Milan in 2003 and flown secretly to Cairo has been freed from an Egyptian jail and plans to sue the U.S. and Italian governments for damages, the man's attorney said Monday.

Hassan Mustafa Osama Nasr, known as Abu Omar, was ordered released Sunday by an Egyptian security court and is "recovering with his family in Alexandria," the attorney, Montasser al-Zayat, said in a telephone interview from Cairo.

An Italian official said Monday that Nasr, an Egyptian national, would be arrested on terrorism charges if he returned to Italy. When he was abducted, the official said, Italian authorities had been developing a case that he was helping recruit men to go to Iraq to join the insurgents.

Zayat said his client has retained Italian lawyers to take action there. "Abu Omar will be filing a suit against the U.S. and Italian administrations to seek damages for his kidnapping, his moral and financial losses and his excruciating personal and psychological torment," he said.

Zayat said another lawsuit would be filed against former Italian prime minister Silvio Berlusconi, alleging he "personally gave the green light to the operation." Berlusconi has denied having prior knowledge of the abduction plan.

Khaled el-Masri, a German citizen who German prosecutors say was seized by the CIA in Macedonia, flown to Afghanistan and released after five months, filed suit against the agency. The case was dismissed last May on grounds it could harm national security operations. That decision is being appealed.

The disappearances of Nasr and Masri were apparent cases of a CIA tactic known as "extraordinary rendition," in which individuals the agency deems extremely dangerous are captured abroad and sent without judicial review to friendly third countries, often ones with records of human rights abuses and heavy-handed interrogation methods.

Italian prosecutors have charged 25 people they say are CIA operatives and one U.S. Air Force officer in connection with Nasr's abduction. In addition, prosecutors are pursuing charges against six Italian intelligence officials who they say cooperated in the abduction.

CIA spokesman Mark Mansfield on Monday declined to comment on the case, as did Luca Ferrari, spokesman for the Italian Embassy in Washington.

In sermons at his mosque in Milan, Nasr frequently denounced the United States, Zayat said. He was abducted on a street as he walked to his mosque, stuffed into a white van, blindfolded, beaten and taken to Aviano Air Base, a joint U.S.-Italian installation, his attorney said.

Zayat said Nasr was so badly roughed up that while in flight he suffered a serious cardiac episode. "He almost choked, and they ended up making an emergency landing in what I believe was an American military base in Germany," he added. "When the imam recovered, he was flown to Egypt, where he was thrown in jail."

There, according to Zayat, Nasr was systematically beaten, tortured and otherwise physically abused. He attempted suicide three times while in prison, the lawyer said.

Nasr was initially charged with membership in an illegal organization. After those charges were dropped, he was released briefly in 2004, then detained again under special emergency laws. Zayat said he was only allowed this past year to visit Nasr in prison, where the cleric was held in solitary confinement.

The Italian news agency ANSA quoted Nasr as saying by telephone Monday that "I've been reduced to a wreck of a human being. I cannot speak, I cannot leave the country. I don't want to go to prison again."

Zayat said he spoke with Nasr for several hours by telephone late Sunday and again Monday. "At first, we thought he should go overseas to relax, but now he has made up his mind to stay home with his family. After four hard years of suffering, far away from the press and from the eyes of the world, he now is recovering."

Zayat speculated that the release resulted from the abiding publicity about Nasr's case.

Al-Qaeda's Hand In Istanbul Plot (WP)

By Karl Vick

The Washington Post, February 13, 2007

DOJ_NMG_0131509

ISTANBUL -- About a week before Sept. 11, 2001, Osama bin Laden sat down to a breakfast meeting in the southern Afghan city of Kandahar. His Turkish guests had arrived with a plan for a spectacular terrorist strike, but according to accounts two of the visitors later gave investigators, there was no talk of business over the meal.

Instead, bin Laden held forth for an hour about the injustices Muslims were suffering at the hands of Israel and the United States, standard motivational remarks tailored slightly for the occasion: He told the visitors that one of his grandmothers was Turkish.

Afterward, outside the one-story house guarded by high walls and men with Kalashnikov rifles, it was al-Qaeda's military commander who gave the visitors $10,000 in cash and crucial words of guidance.

So began a plot that ended in November 2003 with the staggered detonation of four powerful truck bombs in Istanbul, Turkey's largest city. The attacks, which killed 58 people and wounded 750, may have been the last terrorist strikes specifically authorized by bin Laden. Two months after breakfasting with the Turks, bin Laden was making for his base at Tora Bora as U.S.-led forces attacked across Afghanistan.

In the fevered days after the Istanbul explosions, Turkish investigators swept up suspects by the dozens. In police interrogation rooms, many spoke at length about the conspiracy and the motivations driving it. Transcripts of those interrogations, as entered into evidence in the continuing trial of about 70 defendants in Istanbul, provide a rare, fine-grained look at the inner workings of a terrorist bomb plot. This report is based on those documents and interviews with those who knew the accused plotters.

"The aim of this organization is to take action against American and Israeli targets and to break their dominance over Islamic countries," said one suspect, explaining a conspiracy conceived long before the United States sent troops to Iraq.

"The Islamic umma are being oppressed," said another, using the Arabic word for the global Muslim community.

According to the transcripts, bin Laden's breakfast guests had already organized themselves into a cell before they approached al-Qaeda in Afghanistan. There they specifically declined to pledge allegiance to the organization, but asked for its help and blessing. The only al-Qaeda operative charged in the case is a flamboyant Syrian, Louai Sakka, who delivered to the conspirators $100,000 rolled in a sock.

But the youthful Turks who stealthily carried the plot forward were hardly international men of mystery. Those who agreed to die in the truck bombings first had to be taught how to drive. "We are different from al-Qaeda in terms of structure," said Yusuf Polat, who told police he served as a lookout at the first target, a synagogue. "But our views and our actions are in harmony."A Written Pledge

In 2000, four men gathered on the outdoor terrace of a textile factory in the center of Istanbul. One by one, they vowed to fight what they saw as the international oppression of Islam. Polat, a fair-haired Turk who made a living selling socks and toys at an open-air bazaar, recalled that their written pledge ended with the words "or else there will be punishment."

The setting was fitting. Most of Istanbul's 12 million residents are economic migrants from Turkey's conservative Anatolian heartland. Many find work in textile mills.

Another common thread, at least for the group's leaders, was travel to Afghanistan for military training in the 1990s. Turkey is officially secular. But in the 1980s and '90s, when Turkey was waging a dirty war against ethnic Kurdish separatists, the government secretly encouraged violent religious organizations that opposed the rebels. Officials looked away when Turks traveled to fight alongside Muslim militants in Chechnya or Bosnia, whose populations retained ties to Turkey dating to the Ottoman Empire.

Habib Aktas, black-haired and sturdy, was said to have fought in Chechnya and Bosnia, in addition to attending Afghan training camps. A native of Mardin, an ancient Turkish city where Arabic is still spoken, he became head of the group formed on the terrace of Haksan Co. He hosted study groups dedicated to memorizing the Koran and indoctrinating new members "in how beautiful Osama bin Laden's path was, making jihad," said one attendee. Aktas showed videos excoriating Israel and the United States and charged attendees $3 to attend jihadist picnics in the hills above the Black Sea.

"You don't have to go abroad to fulfill your duties," he declared at one meeting, a suspect recalled. "You can also make jihad here."

The original plan involved no bombs. Aktas's group would stage a spectacular assault on a gathering of the Turkish Industrialists and Businessmen's Association, a group known as TUSIAD that one suspect noted included "a lot of Jewish bosses."

"The idea," said Baki Yigit, one of the men who met bin Laden, "was to bust into a TUSIAD meeting with 10 or 15 people and ask for ransom for all members, to collect a million dollars, provide a plane and come back to Afghanistan. If anything went wrong, they would kill all the TUSIAD members and martyr themselves."

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In Kandahar, al-Qaeda's military chief, Muhammad Atef, who was known to the Turks by his alias, Abu Hafs al-Masri, observed that 15 men would be a lot to lose in one operation. He suggested truck bombs. Aktas deferred to the expert, then hastened back to Turkey after Sept. 11, anticipating the American attack on Afghanistan that would leave Atef dead.

By May 2002, the Istanbul plot was underway. After toying with purchasing a quarry as an excuse for buying explosives, Aktas rented an industrial workshop for $850 a month in a part of Istanbul that lies on the European side of the Bosporus Strait. "Rainbow Detergent" read the sign out front. The windows were painted over.

"They were not friendly at all. They were very closed people, " said Ulku Yerlikaya, who tended a shop across the road. "They came to work at night."

Inside, Aktas set up a boiler, cooking down an acid into which he spooned hydrogen peroxide, following a recipe apparently learned in the Afghan training camps. The mixture was spread on the floor to dry, then packed into 100-pound fertilizer bags. Each was fitted with a fuse fashioned from wires and aluminum pipe by Gurcan Bac, another camp veteran, who spent hours on the Internet gathering information "from chats," one confederate told investigators.

The end product was loaded onto four covered pickup trucks purchased with cash Aktas kept in a safe-deposit box. Each truck, registered to relatives of the conspirators, carried two tons of the explosive concoction.

Cell leaders enforced a strict tradecraft. When plot participants gathered for meetings, usually late at night, they turned off cellphones, removed their batteries and unplugged radios against the possibility these devices might be used for surveillance by Turkish intelligence.

"Don't put your nose in other people's business," Fevzi Yitiz said he was told after asking about the cost of the bombs that he slept beside in the warehouse.

There were other precautions. In March 2003, after the capture in Pakistan of Khalid Sheik Mohammad, who investigators say was an architect of the Sept. 11 plot, cell leaders cut off contact with the one Turk who had remained in Pakistan as a contact point with al-Qaeda.

"Secrecy is important," said defendant Adnan Ersoz. "You wouldn't know who studied in which study group. Suicide bombers were approached privately."The Four Bombers

Yitiz was approached three times -- first in August 2003 by Aktas, a few days later by Bac, then by both "together, insistently."

"But I did not accept," he said.

Of the four who did, two were from the same town in eastern Turkey. Mesut Cabuk and Gokhan Elaltuntas had traveled together to Pakistan and returned wearing beards and gowns. Before the bombings they told their families they were going to Istanbul to open a computer shop.

In an apartment in Istanbul, a third bomber, Feridun Ugurlu, spent hours underlining passages in what his brother described to police as "radical Islamic books." Since returning from Pakistan in 1996, Ugurlu had been a sullen presence in his parents' home. He spoke little, except to press on his relatives volumes that promoted a purist line of Islam known as Salafism.

"I'm old enough to make the distinction between good and bad," his brother Suleyman recalled Ugurlu telling his father. "Don't put your nose in my life."

The fourth bomber was Ilyas Kuncak, 47, a spice merchant. Bearded and pious, he gave no hint of a secret life. "It's funny, because when he came back from military service, he was a communist," Abdullah Karadag, a family friend, said in an interview. "He had long hair. In these fights, left versus right, he was on the left, fighting against what he became."

In his final days Kuncak ate little, spoke less and laughed not at all, his wife noticed. But "the family is innocent," Karadag said. "The guilt lies only with brother Ilyas, and there's nothing much left of him to blame either."'The Time Has Come'

"Dress like a groom," Aktas said, pressing the Turkish lira equivalent of $100 in the hand of Yusuf Polat. It was a few days before the first attack. Next, Aktas handed over a new Nokia cellphone, model 3315, gunmetal gray. The speed dial was programmed with three names: Mahmut, Ahmet and Rashit -- coded, like the words the sock salesman was to speak into the phone.

"The time has come," Aktas announced.

Polat's job was to stand outside the Beth Israel synagogue in the busy commercial neighborhood known as Sisli. If the road in front of the temple was clear, he was to hit the speed dial and say, "Mahmut Bey, come and take your 1 billion."

If the road was blocked and the truck was to head instead toward the rear entrance, the amount to mention was "2 billion."

"I got it," Polat told Aktas. Aktas gave Polat another $1,500 for getaway money and a new ID.

On Saturday, Nov. 15, Polat watched as Jewish worshipers arrived for the weekly service. At 9 a.m. the road was clear. He dialed. "Come and take your 1 billion." The voice in his ear replied with a Turkish saying that has a religious overtone: "If we don't see each other again, we're all square."

"We're square," Polat replied.

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A moment later, another leader called to say there would be no more contact. Following instruction, Polat opened the Nokia and removed an electronic card containing subscriber information. He broke it and threw it away. Eight minutes later he felt the earth shake, then sirens. The phone he also broke in two on his way home, tossing the pieces into the garden of a bread factory.

At his home, he changed clothes and turned on the television. It showed scenes of carnage created by a second explosion, this one at another synagogue, where a bar mitzvah was underway. "And I started to regret, watching the pictures on TV," Polat said.

Ugurlu phoned him and came to see him, edgy. The police had already broken down the door of his father. Ugurlu talked about the men who had driven the trucks. "He said one of these people was going to be married a month later," Polat later told police. "He said, 'He's married to the angels now.' "

The final two bombs were detonated five days later. Just before 11 a.m. on Nov. 20, with the city still on edge, Ugurlu steered a pickup truck packed with explosives into the front gate of the British Consulate, killing 17 people, including the British consul. Kuncak blew up his truck outside the London-based HSBC Bank, killing 11.

By then, Aktas was in Syria with other organizers, one of whom crossed the frontier with a load of underwear meant to make him look like a merchant headed to market. They made their way to Aleppo, where Sakka, the Syrian al-Qaeda man, had a house. Hiding in it, they cheered the televised coverage of the bombings. They laid low for five months, then made their way into Iraq, according to evidence from two suspects interrogated in Iraq's notorious Abu Ghraib prison.

In Iraq, Sakka served as a senior lieutenant to Abu Musab al-Zarqawi, the Jordanian-born leader of the insurgent group al-Qaeda in Iraq. Sakka, his features altered by plastic surgery, was captured in the Turkish resort town of Antalya while allegedly making final preparations for an attack on a cruise ship. He apparently planned to survive by escaping on an underwater scooter.

The Abu Ghraib prisoners said Aktas later died in Fallujah, scene of repeated fighting between Sunni insurgents and U.S. troops.

Equipped with a Hotmail address for Aktas and $1,200, Yitiz went by bus to Tehran, where he met another fleeing conspirator. For hours, the two wandered in a park talking about the carnage. Within days, each returned to Turkey to surrender. "I had no idea that innocent people were going to be hurt," Yitiz maintained. "I did not even guess that."

Polat was arrested trying to leave Turkey.

The man whose job it was to awaken the four drivers on the day of their deaths, Harun Ilhan, was captured in southwest Turkey. He told police he had traveled overland, staying with friends along the way.

"In these friendly circles, people were talking about the explosions. Nobody knew anything about them other than me," he said. "People were saying that people who did this could not be Muslims. I did not say anything. I remained silent."

Top British Attorney: Close Guantánamo (MH)

By Carol Rosenberg

The Miami Herald, February 13, 2007

Addressing the American Bar Association's annual winter meeting in Miami this morning, Britain's attorney general condemned the new U.S. format for war crimes at Guantánamo Bay, Cuba, as ``too little and too late."

Lord Peter Goldsmith, officially titled her majesty's attorney general, has long been a critic of the U.S. detention center in southeast Cuba.

He reiterated earlier calls for its closure.

But his remarks at the legal establishment's 546-lawyer policy-making body were his first public comments on the new rules for military commissions passed in the last days of the Republican-led Congress.

Under the new legislation, the Bush administration is restarting the first U.S. war crimes tribunals since World War II, which the U.S. Supreme Court declared illegal.

"The changes made are too little and too late. There remain fundamental problems with this system of detention," Goldsmith said.

He noted that the law passed by Congress forbids confessions obtained through torture and the admission of secret evidence the accused can't see. But, he said, it still provides definitional wiggle room for coerced confessions.

Moreover, he said, it is "a law which treats aliens in a different way from American citizens" -- denying them traditional habeas corpus review -- while in U.S. custody on U.S. controlled turf.

He called Guantánamo Bay "a symbol of injustice" and disputed the notion that, since it's designed to carry out U.S. justice, outsiders should remain silent.

"The struggle against global extremism and terrorism" must be won not only through force but also through a battle of ``values and ideas."

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"The presence of Guantánamo makes it so much more difficult to do this. For all of us," he said.

And while it might require changes in existing laws for national security reasons, ``this does not give an unlimited license to throw away our values for the sake of expediency."

A Justice Department official disagreed, defending the military trials as similar to Pentagon courts-martial.

"The Military Commissions Act of 2006 establishes a statutory commission system that provides alien unlawful enemy combatants with more process than this country, or any other country, has ever afforded to prisoners of war," said Dean Boyd, spokesman for the National Security Division.

Each is presumed innocent, gets a lawyer, can challenge all evidence and does not have to testify himself, Boyd said.

"Such trials will more than satisfy United States obligations under the Geneva Conventions and international law," he said.

Goldsmith made his remarks on the eve of Sen. Chris Dodd, D-Conn., introducing new legislation that would once again revamp military justice meant for Guantánamo -- and restore the rights of captives there to traditional habeas corpus review in U.S. District Court in Washington.

Dodd's office said the legislation, to be called the Effective Terrorists Prosecution Act, was drawn up in consultation with human rights groups and experts in military justice.

Earlier, the ABA's House of Delegates unanimously adopted a resolution of support for private practice law firms that provide free-of-charge or pro-bono services to Guantánamo captives.

Charles "Cully" Stimson, who has since resigned his Defense Department post as deputy assistant secretary for detainee affairs, lit a national legal firestorm by urging corporate America to boycott firms whose lawyers represent Guantánamo captives.

He was condemned from coast to coast, with the San Francisco bar asking its state bar to apply disciplinary proceedings against Stimson, up to and perhaps including stripping him of his law license.

"The American Bar Association commends the courageous lawyers who meet their professional responsibility to provide pro bono legal services to disfavored individuals and groups," the resolution said.

It hailed ``selfless dedication to America's commitment to the highest ideals of due process and equal access to justice."

The House of Delegates adopted it on a voice vote after impassioned addresses by three attorneys, among them New York Bar Association President Mark Alcott, who invoked the Pledge of Allegiance.

"It's not justice for some -- not justice for most," Alcott said. ``It's justice for all."

There are about 395 foreign men and teens from dozens of countries held as "enemy combatants" at the U.S. Navy base; none are currently charged with any crimes.

Many have tried through private law firms to sue for their freedom through traditional federal court habeas corpus petitions, a right Congress took away in the Military Commissions Act of 2006, which Goldsmith condemned this morning.

Tony Blair's government has successfully negotiated the release of all the British citizens held earlier at Guantánamo.

Goldsmith said that British legal officials would "provide more detail to the U.S. government" of its concerns about the latest legislation.

He also took a swipe at Stimson's remarks.

"I assure you that remarks of that sort," he told the House of Delegates, ``are viewed from across the Atlantic as unjust, unacceptable and un-American."

The lawyers cheered and applauded.

British Attorney General Calls Revised Rules For Guantanamo Prison Detainees Inadequate (AP)

By Mark Sherman

AP, February 13, 2007

MIAMI -- Revised rules for the treatment and military trials of detainees at the Guantanamo Bay prison camp are "too little and too late," Britain's attorney general said Monday, repeating his call to close the facility.

Attorney General Lord Goldsmith said Guantanamo remains a symbol of injustice because prisoners held in the facility in Cuba cannot use American courts to protest their detention and may be convicted of crimes on the basis of coerced evidence and other means not typically allowed in civilian courts.

"There remain fundamental problems with this system of detention," Goldsmith told the American Bar Association at its meeting in Miami.

He first called for Guantanamo's closure last year, before the Supreme Court struck down the Bush administration's plan to use military commissions to try some detainees and Congress sent President Bush a new law intended to answer the court's objections.

Goldsmith said the fight against terrorists must be won not only through force, but also values and ideas.

"The presence of Guantanamo makes it so much more difficult to do this for all of us," he said.

Lt. Cmdr. J.D. Gordon, a Pentagon spokesman, said the detentions have allowed interrogators to learn information to avert terrorist attacks and kept so-called enemy combatants from returning to the battlefield.

"The detainees at Guantanamo include some of the world's most vicious terrorist operatives, including those who are alleged to have planned the attacks of Sept. 11, the bombing of USS Cole and the U.S. Embassy bombings in Kenya and Tanzania," Gordon said. "We have no desire to be the world's jailer and do not hold detainees for any longer than necessary. We have been working to persuade other countries to accept their citizens."

There are almost 400 people suspected of ties to al-Qaida and the Taliban being held at the military's prison in Guantanamo Bay. About 380 others have been released since the facility was opened five years ago.

None has been tried, although Defense Department officials have said they envision trials for 60 to 80 of those held there.

The Pentagon recently prepared new charges against three detainees under new rules to govern trials at the prison. The rules are based on a law passed by Congress last year that permits the administration to go ahead with special military commissions to hear the cases.

The law also grants wide latitude in interrogating and detaining captured enemy combatants. The legislation prohibited some abuses of detainees, including mutilation and rape, but granted the president leeway to decide which interrogation techniques were permissible.

The Pentagon has called the new rules fair. The Democratic-controlled Congress is likely to hold hearings on them and also perhaps introduce legislation to close Guantanamo by the end of 2008.

The ABA and Goldsmith also condemned the now-repudiated remarks made by the Pentagon official in charge of detainee affairs that criticized lawyers who represent terrorism suspects.

Goldsmith called the remarks by Charles "Cully" Stimson "unjust, unacceptable and un-American." The ABA in a policy statement reaffirmed the importance of providing free legal services to people accused of heinous crimes and holding odious beliefs.

Stimson resigned his post a few weeks after he told a radio interviewer that he found it shocking that lawyers at many of the nation's top law firms represent Guantanamo detainees.

The White House, Pentagon and Justice Department distanced themselves from the comments and Stimson apologized.

FBI Dangles $5 Million Rewards In Hunt For Top Terrorists (FOX)

Fox News, February 13, 2007

The FBI is baiting its hooks with up to $5 million in reward money, hoping to land two of the biggest fish in international terrorism.

The jumbo rewards are for tips leading to the arrest of Mohammed Ali Hamadei, wanted for the 1985 hijacking of TWA Flight 847, during which a U.S. Navy diver was executed and his body dumbed on the tarmac; and Ramadan Abdullah Mohammad Shallah, founder of the Palestinia Islamic Jihad (PIJ), a terrorist front with headquarters in Damascus, Syria.

FBI officials said Shallah directly planned and carried out numerous bombings, murders, extortions and racketeering crimes.

Hamadei and Shallah join a list of 21 other top terror suspects, each with a reward on his head of $5 million, except Usama bin Landen, whose bounty is worth $25 million.

(Story continues below)

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Since its inception in 1984, the FBI says its "Rewards for Justice" program has $62 million to more than 40 people for credible information that has brought terrorists to justice or prevented acts of international terrorism. It's a small price to pay to make the world safer.

Hamadei, 42, is believed to be hiding in Lebanon, and is working as a Hezbollah operative. The irony in the FBI's reward for him is that he served a 19-year prison term in Germany for trying to smuggle explosives into the country. He was released in 2005, despite protests by the U.S. government.

Shallah, 49, is "secretary general" of the PIJ, which has the stated goal of the destruction of Israel and creation of an Islamic Palestinian state. Shallah is believed to be living in Damascus.

HOMELAND RESPONSE:

Congress Seeks 'Bite' For Privacy Watchdog (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, February 13, 2007

Key lawmakers want to replace a White House privacy and civil liberties board created by Congress in 2004 with one that is more independent of the president. The idea is to make the board more like the one envisioned by the bipartisan 9/11 Commission.

As the commission's vice chairman, Lee H. Hamilton, said yesterday: "We felt that you had to have a voice within the executive branch that reached across all of the departments of government with strong powers to protect our civil liberties."

But the five-member Privacy and Civil Liberties Oversight Board is resisting proposals that would dramatically change its composition and powers. The battle is another sign of the changed political landscape, with the Democratic-controlled Congress pushing for stronger oversight of the Bush administration's counterterrorism programs.

"In 2004, the Senate endorsed the idea of a strong privacy and civil liberties watchdog to keep vigil as the government launched a full-bore effort to make the nation safe from terrorists," said Sen. Joseph I. Lieberman (I-Conn.), the chairman of the Homeland Security and Governmental Affairs Committee who caucuses with the Democrats. "Congress passed a weak proposal. Now we are back to make sure the watchdog has both a bark and a bite."

House Democrats see the board, which took office only last March after a series of delays, as too beholden to President Bush, who selects the members.

Despite its position, the board has had to wait months before receiving briefings on sensitive administration programs, and then only with permission from the White House counsel's office.

"Since its inception, the administration has failed to properly fund the board, and quite frankly, there have been no visible results of its existence," said Rep. Bennie Thompson (D-Miss.), chairman of the House Homeland Security Committee.

Separate House and Senate measures would require that the entire board be confirmed by the Senate -- now it is only the chairman and vice chairman -- and that no more than three members be from one party.

The House provision would remove the board from the Executive Office of the President but keep it within the executive branch and give it subpoena power, as recommended by the 9/11 Commission. The Senate version would keep the board within the executive office and allow it to ask the attorney general to issue subpoenas. Congress would have to be notified if a subpoena request were denied or modified.

Two board members, however, including the lone Democrat, said the board would lose its effectiveness if it were outside the executive office and had "adversarial powers" such as subpoenas.

Vice Chairman Alan Charles Raul said he wanted an environment in which agencies initiated contacts with the board to review programs with civil liberties implications -- before there is a controversy.

"It's almost unreasonable to think that an agency is going to reach out at a very early stage to a body that by design, by mind-set and by reporting channels, is outside the president's supervision, even if they're technically within the executive branch," Raul said yesterday.

Lanny J. Davis, who served as special counsel to President Bill Clinton, agreed. At the same time, he said, "The board needs a clearer mandate to be able to speak independently and to have full and complete access to all programs affecting privacy and civil liberties, both evolving as well as those in place."

The board has asked Bush to issue a directive to all executive agencies that will spell out its mandate to ensure that it is involved in the development of programs that affect privacy and civil liberties.

White House spokeswoman Dana Perino yesterday declined to comment specifically on that request, saying that there have been "internal discussions about any possible refinements that could be made" to make the board more effective.

The board has held only one public forum, in December at Georgetown University, where the public was given an opportunity to express its concerns. The board's first report to Congress is to be presented in March.

In November, board members said they had been briefed by the National Security Agency on its warrantless wiretapping program and that they were impressed by the protections, but failed to provide specifics.

The board paid a return visit to the NSA two weeks ago and observed the surveillance program, which monitors people, including some in the United States, who have links to al-Qaeda. This is done under the supervision of a secret court that administers the Foreign Intelligence Surveillance Act (FISA).

Raul and Davis said they were "more reassured" after the second briefing that the program had taken into account civil liberties and privacy protections. They said the agency had "multiple layers" of review, including audit trails to track whoever has access to the data. If information appears that is not related to counterterrorism, it is not shared with other agencies, Raul said.

On that visit, Raul also reviewed the secret court orders governing the spying program that were issued Jan. 10 and supporting material submitted by the Justice Department. "The surveillance under the program is very highly regimented and justified both internally within the agency and now externally to the FISA court," he said.

He declined to provide more detail on the orders. That hurts the board's credibility, said Marc Rotenberg, executive director of the Electronic Privacy Information Center, an advocacy group. "They have to do something more than say 'trust us,' " he said. "This goes to the objection that many people have had about an oversight board based in the executive branch."

Thomas H. Kean, chairman of the 9/11 Commission, said he supported the legislation to make the board more independent, which includes reporting twice a year to Congress. "The civil liberties board has got to alert us on the questions involving our civil liberties," he said. "What hasn't been done yet is to make sure that it's in the executive branch as a totally independent agency.

70-year-old Sentenced 5 Years For Attempt To Sell Terrorist Bomb (AP)

AP, February 13, 2007

HOUSTON (AP) — A 70-year-old Pennsylvania man accused of offering to build and sell a bomb to an Al-Qaeda operative has been sentenced to five years in federal prison without parole.

Ronald Allen Grecula, of Bangor, Pa., was sentenced Friday by U.S. District Judge Keith Ellison. Grecula pled guilty in September of trying to provide support to a terrorist organization.

After he gets out of federal prison, Grecula must serve three years of supervised release.

According to federal prosecutors, Grecula negotiated the sale of an explosive device with a confidential source and undercover officers, whom he thought were Al-Qaeda members. Prosecutors said Grecula was angry with the government over losing custody of his children in 2002.

Grecula has been in federal custody without bond since his arrest in May 2005.

Man Gets Five Years For Bomb-selling Plan (ETPA)

By From Staff And Wire Reports

Easton Express-Times (NJ/PA), February 13, 2007

HOUSTON | A 70-year-old Upper Mount Bethel Township man accused of offering to build and sell a bomb to an al-Qaida operative has been sentenced to five years in federal prison without parole.

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According to federal prosecutors, Grecula negotiated the sale of an explosive device with a confidential source and undercover officers, whom he thought were al-Qaida members. Prosecutors said Grecula was angry with the government over losing custody of his children in 2002.

Grecula has been in federal custody without bond since his arrest in May 2005.

Defense attorney Edward Mallet said the incident stemmed from Grecula speaking to a Guyanese man about framing his wife for drug possession. "That led to the talk of selling cold fusion technology," he said.

On May 20, 2005, Grecula arrived in Houston from Pennsylvania. He met with undercover agents at an AmeriSuites Hotel.

Prosecutors said they have a one-hour-long videotape of the meeting.

"Grecula stated his willingness to build and sell an explosive device to be used against Americans to a group he believed was affiliated with al-Qaida," U.S. Attorney's Office spokesman John Yembrick said.

Explosives experts called the bomb plans he outlined to the undercover agents unworkable, but Assistant U.S. Attorney Jeff Vaden said government experts determined that Grecula was capable of building a bomb.

Grecula's sanity became an issue early in the case because of his exaggerated claims. Undercover agents said he compared himself with Spartacus, a gladiator who led a slave revolt against Rome, and he also claimed that the government had tortured him and taken everything from him.

Grecula fired his first two attorneys, despite assurances from Ellison that he was receiving good representation. He acknowledged to the judge that he is "such an extremely unusual person."

Tabloid's Contaminated Ex-offices Reopen (MH)

By Tania Valdemoro

The Miami Herald, February 13, 2007

Nearly six years after an anthrax-laced letter contaminated the former headquarters of tabloid publisher American Media Inc. and killed Bob Stevens, a photo editor at the Sun, Palm Beach County health officials Monday reopened the site to the public.

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"Scientific evidence shows all criteria for removing the quarantine and reopening the building have been met," said Dr. Jean Malecki, head of the Palm Beach County Health Department.

"I'm glad to see this come to a close," she said.

Stevens died Oct. 5, 2001, after inhaling the deadly bacterium. Malecki closed the building three days later. Ernesto Blanco, a mailroom worker from North Miami, also inhaled anthrax and became ill, but survived. The spread of anthrax displaced hundreds of employees and forced them to take antibiotics for months. Mike Kahane, an AMI spokesman, did not return calls for comment.

The bioterrorist attack, which came just weeks after Sept. 11, unnerved many here because terrorism had suddenly hit close to home. Ultimately, a handful of anthrax letters killed five people and sickened 19 others. No one knows who sent those letters or why. No one has been arrested despite an expensive ongoing FBI investigation.

Maureen Stevens, who sued the federal government over her husband's death, said Monday she was not surprised the building reopened but "had no real interest" in the matter.

The reopening of the three-story building marks the end of a long struggle to decontaminate it. While several contaminated federal buildings in Washington, D.C., and postal facilities in New Jersey and Washington, D.C., reopened, the former AMI building remained abandoned and unsafe, even as the company sold the $3.8 million property to real estate investor David Rustine for $40,000 in 2003.

Since then, the cleanup was slowed by a business dispute with BioONE, a fumigation company linked to former New York City Mayor Rudy Guiliani; by lawsuits by freelance photographers who wanted their celebrity photos back; and by red tape.

Glen Calder, a spokesman for Rustine, said his client ``would not be making any statements at this time."

Davis Seeks 'Straight Answers' On Sealing Of Border Tunnels (WT)

By Jerry Seper

The Washington Times, February 13, 2007

A senior House Republican yesterday asked Homeland Security for "some straight answers" on whether it had closed down seven tunnels used by smugglers to bring illegal aliens and drugs into the U.S. from Mexico.

Rep. Thomas M. Davis III of Virginia, ranking Republican on the House Committee on Oversight and Government Reform, said U.S. Customs and Border Protection (CBP) officials have told conflicting stories on whether the tunnels had been filled to prevent the smuggling of aliens and drugs.

In a letter to Homeland Security Secretary Michael Chertoff, the seven-term congressman noted a Jan. 30 story in the Los Angeles Times saying seven tunnels needed to be filled, that two had been "capped," meaning their entrance was blocked off, and CBP was looking to find $2.7 million to complete the task.

Then, on Feb. 2, Mr. Davis said his House staff was told all seven tunnels had been capped, had round-the-clock surveillance and the $2.7 million had been secured. He said he then learned Senate staffers had been told the $2.7 million was still needed. Later, he said, he discovered there was no date certain for the tunnels to be filled because the U.S. Border Patrol had to negotiate with property owners.

Saying he was "unable to obtain consistent information regarding the tunnels," he asked Mr. Chertoff to make his staff available for a briefing by Feb. 26.

"In an age in which illegal immigration is at the forefront of debate in our country -- in which we have concerns not just over drug and human smuggling, but the ability of terrorists to infiltrate our borders -- why is CBP all over the map on this issue?" Mr. Davis asked in the letter.

CBP spokesman Michael Friel confirmed yesterday that two of the seven tunnels were capped after a survey by the U.S. Army Corps of Engineers, but none has been filled. He said the cost estimate to fill the seven was $2.7 million and the agency is attempting to find the money within its current budget.

Mr. Friel said there was no timetable for the work to be completed, but noted that the agency also had to deal with environmental, operational and land-use concerns, as well as ongoing investigative issues involving the tunnels and their use before any work could be started.

U.S. law-enforcement authorities believe the seven tunnels, along with others, represent a national security risk, open to continued use by smugglers seeking to bring illegal aliens and drugs into the United States. They said the tunnels also could be used by terrorists.

At least 47 tunnels are included in CBP's current "inventory," Mr. Friel said, the vast majority in California and Arizona. The smaller ones are easily destroyed, but the larger, more elaborate tunnels -- many with concrete floors, reinforced walls and electrical lighting -- require substantial manpower and cash.

Some smugglers have used the concrete from capped tunnels to reinforce those tunnels and others, authorities said.

In January 2006, federal agents found a 2,400-foot tunnel filled with marijuana that connected warehouses in Tijuana, Mexico, to San Diego, the largest tunnel discovered to date. Equipped with a pulley and ventilation system, the tunnel was 6 feet wide and 8 to 12 feet high, with cement floor and lights on its walls.

Senators Would Elevate Top Manager At Homeland Security (WP)

By Stephen Barr

The Washington Post, February 12, 2007

Many members of Congress are frustrated by the Department of Homeland Security's performance as it nears the fourth anniversary of its launch. The department's woes include contracting and budget problems, a sluggish response to Hurricane Katrina, turnover in senior ranks and a workforce that gives low scores to its senior leadership in attitude surveys.

In a bid to improve all that, key senators would elevate the department's top management job and enhance its stability.

The department operates with an undersecretary for management, but a bill introduced yesterday would replace the job with a higher rank, deputy secretary for management, who would be designated the No. 3 official at Homeland Security.

The person holding the job would serve for at least five years, according to a draft of the bill. That would about double the time that the average political appointee stays in office. The fixed term would allow an appointee to outlast a secretary or a change in administrations.

Sen. George V. Voinovich (R-Ohio), the bill's chief sponsor, said he thinks the existing undersecretary position "lacks sufficient authority to direct the type of sustained leadership and overarching management integration and transformation strategy that is needed department-wide."

The undersecretary for management is Paul A. Schneider, who was confirmed by the Senate in December. He is the department's second management chief, succeeding Janet Hale, who resigned in May. A Homeland Security spokesman said the department does not comment on pending legislation.

Voinovich introduced a similar bill in September 2005, but it never got traction. This version has more co-sponsors, including Sen. Daniel K. Akaka (D-Hawaii). Akaka chairs the Senate's federal workforce subcommittee, and Voinovich is the panel's ranking member. Sens. Carl M. Levin (D-Mich.) and Claire McCaskill (D-Mo.) also have joined as co-sponsors, Voinovich said in a statement.

The proposal appears to follow recommendations offered for the past two years by David M. Walker, head of the Government Accountability Office, Congress's watchdog agency. He has championed the idea of a full-time "chief management official" for large departments that are vulnerable to waste, fraud and mismanagement.

But the Bush administration has seemed cool to the idea of setting up management czars. For example, Pentagon officials have said creating a chief management official for the Defense Department would create more bureaucracy and slow down the flow of information to the defense secretary. Other officials have warned that creating a management post would likely raise the ire of deputy secretaries, who see themselves as the chief operating officers in Cabinet departments.

Voinovich said his plan would ensure that the deputy secretary at Homeland Security, the No. 2 official, would continue to be the secretary's "first assistant on all policy matters," while the newly created deputy secretary for management would be the secretary's chief adviser on "the development of sustained, long-term management strategies."

Under Voinovich's bill, the deputy secretary for management would be required to have "extensive executive level leadership and management experience in the public or private sector" and "a demonstrated ability to manage large and complex organizations."

The merger of 22 agencies that created the department was one of the largest reorganizations ever attempted by the government and involved about 180,000 employees. The Bush administration and Congress hoped the merger would strengthen border security and foster rapid response to terrorist threats after the Sept. 11, 2001, terrorist attacks.

But the department has not jelled as expected. Voinovich pointed out that the GAO has placed the department on its "high risk" list because an "array of management and programmatic challenges" limit homeland security strategies and operations.

Voinovich also noted that the department's inspector general and the Homeland Security Advisory Council, an outside group set up to help department officials, have expressed concerns about the department's management and organizational problems.

The Ohio senator, who has served as a mayor and governor in his home state, said he understands that Homeland Security "is also busy putting out fires." He added, "But the connection between good management practices and operational success should not be lost."

Weeks After A Death, Twists In Some 9/11 Details (NYT)

By Sewell Chan And Al Baker

DOJ_NMG_0131518

The New York Times, February 13, 2007

For days, a New York City police officer, Cesar A. Borja, who died of lung disease last month, was held up as a symbol of the medical crisis affecting the thousands of emergency personnel and construction workers who labored on the smoking remains of the fallen World Trade Center after the 9/11 attack.

The Daily News published an article describing how Officer Borja had rushed to the trade center site after the twin towers fell, breathing in clouds of toxic dust that seared his lungs, and how he had chosen not to wear protective gear because the federal government had declared the air safe.

Senator Hillary Rodham Clinton wrote to President Bush seeking more federal money to care for the workers and citing Officer Borja's months of "16-hour shifts" at the disaster site. The priest at his funeral in Queens pointed out that Officer Borja had worked as a volunteer in the recovery and cleanup efforts.

It was a powerful story, one that brought the officer's eloquent son to the State of the Union address in Washington on Jan. 23, the day of his father's death. The son later met with President Bush, and afterward Mr. Bush, in discussing more aid for rescue workers, said he was eager to see money directed to "first responders," those first on the scene in the days and weeks after the attacks. "If they were on that pile and if they were first responders, they need to get help," he said.

It turns out, though, that very few of the most dramatic aspects of Officer Borja's powerful story appear to be fully accurate. Government records and detailed interviews with Officer Borja's family indicate that he did not rush to the disaster site, and that he did not work a formal shift there until late December 2001, after substantial parts of the site had been cleared and the fire in the remaining pile had been declared out.

Officer Borja worked traffic and security posts on the streets around the site, according to his own memo book, and there is no record of his working 16 hours in a shift. He worked a total of 17 days, according to his records, and did not work as a volunteer there. He signed up for the traffic duty, his wife said, at least in part as a way to increase his overtime earnings as he prepared to retire.

"It's not true," Eva R. Borja, the officer's wife, said of the Daily News account of his rushing there shortly after the collapse of the trade center. In two extensive interviews, Mrs. Borja displayed her husband's memo book, where he kept detailed notes about his work across his career. The first entry for working at ground zero is Dec. 24, 2001. Almost all the rest come in February, March and April 2002, five or more months after the attacks.

Mrs. Borja said she still believed her husband was sickened in his work around the site. Shown his father's memo book, Ceasar Borja, who had become something of a spokesman for ailing 9/11 workers, said it was the first time he understood what his father had actually done. "They kept saying my dad's a first responder," he said of the newspaper accounts. "I honestly never knew if he was a first responder." Asked why he had not corrected the seemingly erroneous or unconfirmed public accounts, he said, "The reason I never tried to correct that impression is I never knew the truth of whether my father was there or not. It was always a mystery for me. I never thought of correcting them because I honestly believed it myself."

It is hard to determine precisely how the apparent misinformation about Mr. Borja's work at ground zero came to be reflected in newspapers, as well as in television and radio broadcasts. The family says it was not the source of the claims about working on the smoking pile. A spokeswoman for The Daily News insisted the paper had never explicitly said Officer Borja had rushed there soon after Sept. 11, only that at some point he had rushed there. Despite a number of articles and editorials that referred to him working amid the rubble and within a cloud of glass and concrete, she said the paper never actually reported his arriving there before December.

The spokeswoman, Jennifer Mauer, continued to maintain that Officer Borja had worked "200 hours on the pile."

Other newspaper accounts repeated the account of Officer Borja's work on the rubble without attributing it to anyone.

Mrs. Borja and her son said that The New York Times was the first newspaper to ask them for documents showing Officer Borja's actual duties at ground zero.

Doctors and coroners may yet draw a connection between Officer Borja's death and his more limited duties around ground zero. A city autopsy is under way. Experts say his illness, diagnosed as pulmonary fibrosis, is a rare and little-understood disease, which, depending on a variety of factors — genetics, for instance — can conceivably be caused by modest exposure to certain toxic substances or pollutants.

Then again, doctors may find that Officer Borja, who spent much of his police career at a tow pound in Queens, had other, pre-existing problems. His family says that he smoked a pack of cigarettes a day for years before giving it up around the mid-1990s.

Officer Borja's son said that it was possible his father had gone down to ground zero as a volunteer at some point soon after the disaster, but that his father had never mentioned it, and he had no evidence of it. He said several police officers had approached him at his father's wake and told him they recalled seeing his father on the pile, but he did not know their names.

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The Police Department said informal rosters had been kept at ground zero in the first weeks after the attacks including the names of officers who showed up to work. But the department said it could not easily retrieve the records. The department had no other comment about Officer Borja, who did not officially die in the line of duty and retired with a regular service pension.

But when Officer Borja, who was seriously ill by 2005, filed paperwork with the city seeking an enhanced pension, he made no mention of any work before December 2001.

An Emotional Fight

Officer Borja's death came amid an unfolding and emotional fight over the health of ground zero workers and the role of city, state and federal officials in caring for those who might have been sickened by their work in and around the site. A federal lawsuit has been filed on behalf of hundreds of workers, whose lawyers say they are sick and in some cases dying because of their exposure to dangerous pollutants. That suit charges that the city and federal government failed to protect them from exposure. (The Borjas said they had no plans to sue.)

The city's Law Department, which declined to comment for this article, has said drawing connections between 9/11 work and subsequent health problems has to be judged case by case. Congress set aside $75 million in 2005 for monitoring and treating 9/11 workers, and the White House agreed to add another $25 million last month. In a September study, Mount Sinai Medical Center found that roughly 70 percent of nearly 10,000 workers it tested from 2002 to 2004 reported that they had new or substantially worsened respiratory problems while or after working at ground zero.

It was into that charged environment that Officer Borja's case came to light. Officer Borja, who retired in June 2003, became very sick in 2005, and was admitted to Mount Sinai in December 2006. He was determined to be suffering from pulmonary fibrosis and in need of a lung transplant to save his life, officials have said.

The family, according to Mrs. Borja, reached out to the press. A Manhattan newspaper, The Filipino Reporter, published an article on Jan. 5 saying that Officer Borja had been assigned to security duty immediately after Sept. 11, and that he had done that work for months. It cited 16-hour shifts, and it quoted one family member as saying that Officer Borja had believed the air to be safe.

Officer Borja's son, according to his mother, e-mailed other newspapers, as well. The Daily News responded. Throughout January, The News and other papers published numerous articles on Officer Borja's case. The News, which has mounted a campaign of stinging editorials on behalf of those believed to have been sickened at ground zero, eventually paid for Ceasar Borja, 21, to fly to Washington and back for the State of the Union address.

The son said he had been prepared to drive, but accepted the offer. "The Daily News comped me," Ceasar said. The Daily News spokeswoman said the paper was proud to have paid for the young man's trip.

The initial accounts are full of dramatic details: The Daily News of Jan. 16 said Officer Borja "volunteered to work months of 16-hour shifts in the rubble, breathing in clouds of toxic dust." That same article added: "Borja was working at an NYPD auto pound in Queens when the twin towers fell. He rushed to ground zero and started working long days there."

Some of those claims were repeated in other stories in The Daily News and other papers, in both news articles and editorials. Sometimes the articles said Officer Borja had worked 14-hour shifts. Some identified him as having worked on the pile, and one Daily News editorial said he had "labored in the pulverized concrete, glass and smoke that formed a cloud over the rubble."

The New York Times published one full article on Officer Borja, after he died at 52 on the evening of the State of the Union address. The article said he had become sick after working at ground zero. It said federal officials had agreed to pay for the officer's medical care as a reflection of their belief that his illness was connected to his work at ground zero.

Politicians quickly began to speak out about the case, and the larger question of 9/11 health issues. Representative Carolyn B. Maloney, Democrat of Manhattan, who has made 9/11 health a focus of her efforts for years, said of Officer Borja: "If his death does not convince the president to come up with a plan to deal with this medical crisis and fund medical monitoring and treatment, I don't know what else will."

'A Hero' to Clinton

Senator Clinton sent a letter to President Bush. It cited "many months" of Officer Borja's 16-hour shifts at ground zero, and it stated: "Cesar Borja was a hero who served his country in her hour of need and sacrificed dearly for that service. Since the attacks of September 11, 2001, as Cesar's health deteriorated, he and his family endured a great deal of hardship but never lost sight of the needs of the other workers, volunteers, first responders, and victims who survived the attacks but did not survive unharmed."

The praise extended to Officer Borja's funeral on Jan. 27 at St. Josaphat's Church in Queens. The Rev. Thomas C. Machalski, who celebrated the funeral Mass, said he never discussed the details of the officer's work at ground zero with his family before speaking, and relied on press accounts when he referred to his having served as a volunteer. In fact, he said he thought the officer was, "already retired when he went back to work at ground zero."

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The fifth of 12 children, Cesar Ante Borja was born on June 30, 1954, in Polangui, a city in the Bicol region of the Philippines. The son of a farmer, he came to the United States in 1976. He joined the Army, and Army records show he was an active-duty soldier for four years, and was eventually discharged from the Army Reserve in 1983 with the rank of specialist.

He married Eva in 1982, and he soon joined the Department of Correction. He became a police officer in 1987. He served first in the 109th Precinct in Queens before settling in to many years of work in the property clerk's office and at the tow pound. There he earned a reputation for diligent work and exemplary attendance. Mrs. Borja said he liked the short commute to the pound from their home in Bayside, Queens, and the idea that he could retire from the city after 20 years with a sizable pension.

"He was the type who wouldn't complain," she said of her husband. "Or maybe he didn't like it, and just didn't say. He would adjust to whatever situation."

On 9/11, Officer Borja reported for duty at the tow pound, records show. Over the next several months, there is nothing in his memo book recording any work, assigned or volunteer, at ground zero. Mrs. Borja remembers him mentioning being briefly posted in Brooklyn, near ground zero, shortly after the attacks.

Interviews with several friends, relatives and officers who worked with him at the tow pound failed to turn up anyone who worked with him at ground zero before the end of 2001.

Mrs. Borja said that her husband began to see the appeal of overtime pay for working shifts near ground zero late in 2001. He was close to retiring, and realized he might be able to improve his pension with the overtime hours. She said he even called his nephew, a fellow officer, to encourage him to put in for the overtime shifts, as well. Mrs. Borja said the nephew declined.

And so Officer Borja reported on Dec. 24, 2001. The fires at the site, which had been burning for months, had been declared extinguished on Dec. 19. Considerable progress had been made in cleaning up the site.

Officer Borja's log book makes clear where he worked during what would be 12-hour, 6 p.m. to 6 a.m. shifts: On Jan. 21, 2002, he worked at Albany and Washington Streets, three blocks south of ground zero. He worked several shifts elsewhere in Manhattan during the World Economic Forum. Then, he was back at Fulton Street and Broadway on Feb. 4, 2002. Ten of his shifts came in March or April.

Three years later, Officer Borja became seriously ill. But in January 2006, when he filed a notice of participation — a document required to enhance his pension under a 2005 state law allowing city workers who labored at ground zero to be declared disabled — he was modest about his duty: he listed eight shifts around ground zero.

On Dec. 19, 2006, he entered Mount Sinai, and soon he was near death. Mount Sinai's records indicate he listed his first shifts around ground zero as starting in December 2001, although there is a reference to him working 72 days there. There is no additional information about that notation, but the Borja family does not contend he ever worked 72 days at or around the site.

Mrs. Borja, asked to explain how all the differing reports appeared in the press, suggested that things had simply spiraled out of control. "When I would read it, I would say, 'Why did they put that there?' " she said. She said she was too distracted caring for her husband and handling his funeral to correct the record.

An Emerging Role

Ceasar, though, played a very prominent role. He spoke with Mrs. Clinton at an event at ground zero. He went to the State of the Union address. He later met with President Bush in Manhattan. Articles variously quote him talking about how his father died as a public servant and saying that heroes should be looked after.

"That was my first, inaugural speech as a political activist, which I never expected," he said yesterday. "I was just there expressing my emotions. I didn't know any facts. I was just speaking from the heart, and everything took off from there."

At one point during those hectic days, the son put on his father's pea coat. One newspaper account said the son had suggested it was the uniform his father wore on Sept. 11. Ceasar, in an interview yesterday, denied having said that.

But he did address a gathering of family and friends in Queens after the State of the Union address.

"I made everyone in the U.S. know who Cesar Borja is, what he did for this country, and what he did for the city of New York," he was quoted as saying in The New York Post. "He is the symbol of the World Trade Center, and 9/11 and New York."

Aides to Mrs. Clinton issued a short statement when told of the apparent discrepancies. "She knows that sacrifices were made by so many, whether it was in the hours, days, weeks or months after the attacks of Sept. 11, and believes that they all deserve our help."

Tony Fratto, a White House spokesman, would not talk about the details of the Borja case. He said the president respected the officer and his son and all who worked at ground zero.

"Ceasar Borja is someone who loved and cared for his father, and his father was a hero from what we know of New York law enforcement and his work at the World Trade Center," Mr. Fratto said. "It is almost beside the point what the specific details were."

Officials at Mount Sinai said in a statement: "The fact that Mr. Borja worked there for many days (and nights) provided ample opportunity for exposure to dusts."

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Finally, Ceasar Borja, after having absorbed the implications of his father's records, said he was no less proud. "I'm actually happy to know he wasn't on the pile," he said, adding that those who were must be in even graver shape. He concluded: "I don't believe my father to be any less heroic than I previously thought, any less valiant than the other papers previously misreported on."

Hard To Tell What Causes Fatal Disease Of The Lungs (NYT)

By Sewell Chan

The New York Times, February 13, 2007

Pulmonary fibrosis, the chronic lung disease that doctors believe killed Officer Cesar A. Borja, is a rare and deadly disorder whose causes are poorly understood.

The disease causes tissue deep in the lungs to become thick and stiff, or scarred, over time, destroying the lungs' ability to move oxygen into the bloodstream and eventually causing respiratory failure.

Officer Borja was found to have idiopathic pulmonary fibrosis, meaning that the origin of the disease was unknown. In most cases of the disease, no cause is ever determined.

About 200,000 Americans have pulmonary fibrosis, and about 50,000 new cases are diagnosed each year, according to the National Institutes of Health. The disease affects mostly people 50 to 75 years old. People live on average only three years after diagnosis, according to Dr. Kevin K. Brown, director of the interstitial lung disease program at National Jewish Medical and Research Center in Denver. There is no cure.

Death rates from pulmonary fibrosis have risen significantly since the early 1990s, Dr. Brown said. The reasons are not clear. Part of the apparent rise, he said, might be because the disease — often confused in the past with emphysema and other chronic lung ailments — is more accurately diagnosed now.

Pulmonary fibrosis has been known to occur in some people with exposure to environmental toxins, notably asbestos, coal dust and silicates, like the sand used in sandblasting, Dr. Brown said. People with severe allergies or with lungs that have been injured by drugs have also had the disease. It is very difficult to determine if exposure to a particular environmental hazard caused the disease.

"The problem is you never know for sure whether they had something before," Dr. Brown said. "It's just impossible to know that."

Officer Borja, who was 52, had been a pack-a-day smoker for years but quit around the mid-1990s. "If you're in a family prone to lung fibrosis and you smoke, you are significantly more likely to develop the fibrosis than if you're in the same family and don't smoke," said Dr. Brown, who added, "We don't know that smoking causes pulmonary fibrosis."

Officer Borja's family believes his disease was caused by toxic dust around ground zero, even though he did not begin working in Lower Manhattan, according to records, until December 2001. His relatives said there was no family history of lung disorders.

A study released in September by doctors at Mount Sinai Medical Center noted that while breathing problems were most widely reported among responders who arrived soon after the disaster, of the responders who arrived at the site on or after Oct. 1, 2001, 41 percent reported lower respiratory symptoms and 59 percent reported upper respiratory symptoms, which are generally less serious.

Some experts believe that even trace amounts of the substances in the air after the World Trade Center collapse — like asbestos, lead, particulate matter, volatile organic compounds and polychlorinated biphenyls, or PCBs — can cause serious respiratory problems.

Months after the disaster, the Environmental Protection Agency still occasionally recorded elevated levels of harmful substances in the air. Some advocates for 9/11 recovery workers have accused the agency of not doing sufficient air testing and failing to warn the workers of the health risks. Pulmonary fibrosis gradually occurs over several years, but in rare cases there is a quick onset and rapid progress of the disease.

According to his wife, Eva R. Borja, Officer Borja first reported breathing problems in 2002 and visited a physician, who suspected he might have allergies or asthma. In October 2005, according to records supplied by the family, he had a biopsy at Long Island Jewish Medical Center and his pulmonary fibrosis was diagnosed.

Officer Borja contacted Mount Sinai's World Trade Center monitoring and treatment program in July 2006. He entered the hospital on Dec. 19 with a high fever and an infection. He died at 5:54 p.m. on Jan. 23 and the hospital reported his death to the chief medical examiner's office at 11:50 p.m. An autopsy was conducted the next day.

Ellen Borakove, a spokeswoman for the chief medical examiner, said an official report on the death was still several weeks away because lab tests and other analyses were still being conducted.

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First U.S. Trial For Hurricane Katrina Insurance Lawsuit In Louisiana Begins (AP)

By Michael Kunzelman, The Associated Press

AP, February 13, 2007

A homeowner who claims Allstate Indemnity Co. failed to properly or promptly pay his damage claim after Hurricane Katrina took the witness stand in federal court Monday, kicking off testimony in the first trial for one of the several thousand such Louisiana lawsuits.

Lawrence Tomlinson and his wife Elizabeth, accuse the Northbrook, Ill.-based company of bad faith and say the company underpaid them for wind damage that tore holes in their roof and let water rain into their home in the New Orleans suburb of Marrero.

The Tomlinsons also say Allstate didn't start adjusting their claim after the Aug. 29, 2005, storm until Nov. 28 -- more than the 30 days allowed by law.

"The whole house was a mess," Tomlinson said, describing how water had pooled inside the home. "There was a lot of damage to everything."

Allstate disputes the extent of the wind damage to the Tomlinsons' home and accuses the couple of misrepresenting parts of their claim.

Jury selection was completed quickly Monday morning, despite Eastern District of Louisiana Judge Martin Feldman's early fears that there were potential problems in finding an unbiased panel in southeast Louisiana, where Katrina caused widespread death and destruction.

The seven-member jury first heard arguments from the Tomlinsons' lawyer, Christy Howley, who said the Tomlinson's paid their premiums in a timely manner but didn't get paid for their Katrina claims until after they sued in January 2006.

"And the one time they needed Allstate to step up to the plate, it didn't happen," Howley said.

Howley said Allstate ignored evidence of widespread damage to the Tomlinson home. She denied Allstate allegations that the couple tried to bill Allstate for renovation work not related to the storm.

Allstate attorney Judy Barrasso said Allstate already has paid $151,133 to the couple.

"You're going to see that Allstate has paid them more than enough, but they want more," Barrasso said. She said the Tomlinsons misrepresented parts of their claim and that Allstate paid them more than $30,000 for additional living expenses after they moved to office property that they already owned.

Tomlinson said they notified the company when they moved into his office building and misrepresented nothing.

Cross-examination of Tomlinson was scheduled to resume Tuesday morning and was expected to last several days.

Tulane Law School professor Ed Sherman said a victory for the Tomlinsons could embolden other homeowners to sue their insurers, but he downplayed the possible legal implications for the roughly 4,000 other Katrina lawsuits awaiting trials here in federal court.

"These are very personal, individual issues," he said.

The Tomlinsons are challenging the manner in which Allstate adjusted and paid their claim, but not how the company interpreted its policy terms. In Mississippi, meanwhile, hundreds of homeowners have filed similar lawsuits challenging insurance companies' refusal to pay for damage from Katrina's storm surge.

The companies say their policies cover damage from a hurricane's wind but not rising water, including wind-driven surge. This wind versus water debate -- a central issue for many of the roughly 350 federal lawsuits still pending in Mississippi -- isn't a factor in the Tomlinsons' case because their home didn't flood.

A recent string of legal milestones for Katrina insurance cases in Mississippi has largely overshadowed the court battles between homeowners and insurers in Louisiana.

A jury last month awarded $2.5 million in punitive damages to a Biloxi, Miss., couple who sued State Farm Fire and Casualty Co. for denying their claim. A judge later reduced that award to $1 million but concluded the company acted in a "grossly negligent way."

State Farm also agreed last month to pay about $80 million to settle lawsuits by 640 policyholders in Mississippi and pay at least an additional $50 million to thousands of policyholders who didn't sue the company.

The latter "class action" portion of the settlement calls for State Farm to reopen, review and possibly pay up to 35,000 disputed claims. A judge has refused to approve this part of the deal without knowing more details, however.

Damages in the Louisiana cases are likely to be less than in Mississippi because Louisiana does not have unlimited punitive damages. It does have potential "bad faith" damages, but such awards are capped under a complicated formula.

Unmatched Destruction (editorial) (NYT)

DOJ_NMG_0131523

The New York Times, February 13, 2007

The recovery along the Gulf Coast and particularly in New Orleans is going too slowly, and there are steps the government can easily take to speed the process. One thing the Bush administration should have done immediately after Hurricane Katrina was to waive the requirement that state and local governments match federal rebuilding funds. The time to correct that mistake is now.

Much of federal disaster aid is handed out according to the Stafford Act, which calls for states to ante up a quarter for every 75 cents provided by the federal government. That way, locals still contribute what the law deems a fair share of each rebuilding dollar. When the damage exceeds $110 for each person in the affected state, the split increases to 90 percent for the federal government with a 10 percent local match.

Since 1985, the local matching requirement has been waived entirely for 32 separate disasters. It was waived for the State of Florida after Hurricane Andrew, when damage was $139 for each Floridian. It was waived again for New York after the Sept. 11, 2001, attack, which cost $390 per New Yorker.

Yet somehow the Bush administration has not found it necessary to forgive the local match for Gulf Coast states after the double-whammy of Hurricanes Katrina and Rita, except for costs associated with debris removal and some emergency services — despite the fact that the two storms wreaked roughly $6,700 worth of damage per capita in Louisiana. This inaction is particularly surprising, given that such a large proportion of the damage can be attributed to the failure of the federal levees that were supposed to protect the New Orleans area.

State officials say they have set aside close to $1 billion to help struggling local governments pay matching funds for things like replacing police stations and repairing sewage systems. They are trying to cover some 20,000 construction projects in all, ranging from tens of thousands of dollars to millions. That's no small amount of administrative and bureaucratic hassle on top of the expense.

Gov. Kathleen Babineaux Blanco of Louisiana has been asking President Bush for the waiver since September 2005, shortly after Katrina struck. Last week a group of Democratic senators led by Harry Reid of Nevada, the majority leader, sent a letter urging President Bush to make this change, however belatedly. They called that step "not only prudent, but vital to the recovery."

We agree. And if President Bush won't do it, Congress should legislate the change.

WAR NEWS:

Democrats Tread Softly On Troops Surge (FT)

By Edward Luce In Washington

Financial Times, February 13, 2007

The US House of Representatives will on Tuesday open a debate that is almost certain to culminate in a vote disapproving of George W. Bush's decision last month to order a "surge" of 21,500 American soldiers into Iraq.

But the wording of the resolution, which Democratic leaders circulated on Monday, falls far short of the language of condemnation that was originally planned following Mr Bush's announcement of the "new way forward in Iraq" on January 10.

The proposition contains just two short paragraphs, the first of which expresses support for soldiers who have served "bravely and honourably in Iraq", the second of which merely "disapproves" of the president's decision to send more troops into the field.

Republican leaders on Capitol Hill privately admit that several dozen of their party representatives are likely to vote with the Democratic majority, a move that will probably take place before the end of the week.

Last week the Senate, where the Democrats have a much narrower majority, failed to vote on a similar resolution. But a strong House vote this week is likely to increase pressure on Republican waverers in the Senate to follow suit later this month.

"The real Democratic game here is make it as tempting as possible for Republicans to vote for the resolution," said Jon Alterman, a Middle East expert at the Centre for Strategic International Studies. "It is about splitting an increasingly divided Republican party."

But even if the resolution passed by a large margin, few expect it to have any impact on Mr Bush's handling of the war in Iraq. US military officials say that the extra troops are likely to be fully deployed by March. By then, Congress will begin to debate the $145bn (€111.8bn, £74.5bn) of new funding that the White House last week requested for the wars in Iraq and Afghanistan.

Republican leaders say that the Democratic party's "non-binding" resolution on Iraq could swiftly be replaced by more aggressive action that would cut off funding for the troops in the field – a scenario the Democrats deny. However, there is likely to be growing pressure on the Democrats to go beyond a mere expression of words particularly if – as many expect – the troop

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"surge" fails to turn round the situation in Baghdad and neighbouring provinces. That is likely to come to a head next month when the debate over next year's budget coincides with early reports of how the beefed-up US military presence in Iraq is faring.

"The Democrats have to walk a very fine line between opposing Mr Bush's new way forward in Iraq without being seen to be undercutting the troops in the field," says Mackenzie Eaglen, a national security analyst at the conservative Heritage Foundation. "One way they can do that is to set benchmarks for the disbursement of new funding for the war."

A measure of the Democratic party's dilemma was on display last month when the Senate unanimously confirmed David Petraeus as the new head of US forces in Iraq even though the four-star general has been the most forceful exponent of the US military surge – or "escalation" as some Democrats call it.

Meanwhile, attention is increasingly shifting from Capitol Hill's manoeuvres on the Iraq war to the positions of the 2008 presidential candidates. Visiting New Hampshire, which will hold the first presidential primary early next year, Hillary Clinton was subjected to close questioning at the weekend about her refusal to admit her 2002 vote for the war was a mistake.

In contrast, Barack Obama, who is trailing Mrs Clinton in the polls, is increasingly emphasising his consistent record on opposing the war. "Hillary is trying to run a centrist campaign in a party that is genuinely very angry about the Iraq war and which is finding it hard to forgive those Democrats who backed it," said a senior Democratic consultant.

The unpopular war is also damaging the prospects of John McCain, the Republican frontrunner, who has resolutely supported Mr Bush. Although Mr McCain enjoys a reputation as a principled politician, many believe his stance verges on the politically suicidal.

"Depending on which way it goes on the ground – and almost nobody expects it to go well – McCain will either be seen as a prophet or else his presidential campaign could start to fall apart," said Mr Alterman. "He has taken a very big risk."

House Democrats Unveil Measure Denouncing Iraq Buildup (NYT)

By Robin Toner And Michael Luo

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — Democrats unveiled a resolution on Monday that would formally express the House's disapproval of President Bush's troop buildup in Iraq, beginning an intense debate and political struggle that is to end in a vote on Friday.

The nonbinding resolution, two simple clauses that also express support for the troops, is expected to pass with overwhelming Democratic support but also with a bloc of votes from Republicans increasingly disenchanted with the administration's Iraq policy.

"I'm just not convinced that deploying 20,000 additional troops is going to resolve anything favorable for us," said Representative Howard Coble, Republican of North Carolina, who estimated that 20 to 25 Republicans would vote for the resolution, although other estimates ran higher.

Republicans who take umbrage at those who break ranks, he said, need to face political reality. "We lost our majority in the Congress last November primarily because of the issue of the Iraq war," he said, adding that telephone calls and letters to his office are critical, by 10 to 1, of the conduct of the war.

Republican leaders tried to hold the line.

In an interview on Monday with C-Span, President Bush suggested that he would not be focused on the week's discussions on Capitol Hill. "In terms of watching the debate, I've got a lot to do," he said. "It's not as if the world stops when the Congress does."

Representative John A. Boehner, the Republican leader, said the Democrats' resolution was "the first step in the Democrats' plan to cut off funding for American troops who are in harm's way." He urged consideration of an alternative resolution that renounces any cuts in financing.

Democrats scoffed at the Republican charges as a diversion from the fundamental debate over Mr. Bush's war strategy.

"They're trying to do everything but focus on the policy," said Representative Rahm Emanuel of Illinois, chairman of the Democratic Caucus. "The more there's a focus on the escalation, the more they lose Republicans."

Democrats are planning 36 hours of floor debate, beginning Tuesday, showcasing early the party's military veterans — including the newest members who fought in Iraq. Party leaders expressed confidence that "a strong majority of the House" would vote for the resolution, in the words of Brendan Daly, spokesman for Speaker Nancy Pelosi. "It's important to show there's significant opposition in both parties to the president's plan."

Democrats were intent on avoiding the procedural and political stalemate that stymied debate over Iraq in the Senate last week; in the House, the Democratic majority has much greater control over what legislation comes to a vote, and Democratic leaders intended to use it. They are expected to block a vote on a Republican alternative.

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The House resolution is co-sponsored by Ike Skelton, chairman of the Armed Services Committee; Tom Lantos, chairman of the Foreign Affairs Committee; and Walter B. Jones of North Carolina, a longtime Republican critic of the war.

It declares the House to be resolved that "Congress and the American people will continue to support and protect the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq" and that "Congress disapproves of the decision of President George W. Bush announced on January 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

Both sides foreshadowed a bitter debate. Republican talking points, circulated in the House, warn that a "nonbinding resolution weakens morale" and "gives comfort to the enemy."

Speaker Pelosi said in a statement that the vote on Friday would signify "whether the House understands the message the American people are sending about the policies used to implement this war: they have not worked, they will not work, and they must be changed."

But for many lawmakers, this will also be an intensely personal choice. Representative Wayne T. Gilchrest, Republican of Maryland, said he had no qualms with breaking with his party on this issue. He has attended 21 funerals in his district for service members who have died in Iraq or Afghanistan, he said. Two more are scheduled this week.

"This is not about my party," said Mr. Gilchrest, who received a Purple Heart and a Bronze Star as a marine in Vietnam. "This is not about party politics. This is about your conscience, your soul, your mind, your heart, your gut."

Bush Hangs Back On House Debate (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, February 13, 2007

WASHINGTON — A month after President Bush announced plans to boost troop levels in Iraq, he will largely remain on the sidelines as the House begins the first major debate on the war since Democrats assumed control of Congress after the November election.

While Democratic leaders work to build Republican support for a short, symbolic resolution opposing the troop increase, the White House has eschewed a major public lobbying effort to get Republican lawmakers to stand behind the president.

And in his public statements, Bush has focused on other subjects, even as the resolution has consumed lawmakers on Capitol Hill over the last week.

The president said in an interview with C-SPAN on Monday that he doesn't plan to watch the House debate. "I've got a full day tomorrow. I mean, it's not as if the world stops when the Congress does their duty," he said. Besides, he added, "I already know what the debate is."

The presidential nonchalance is a notable departure from the active role the administration has previously played in guiding legislation — and a marked contrast to its recent efforts to block a similar resolution in the Senate.

With Democrats in firm control of the House, Bush has little chance of derailing the resolution, which he has said he will ignore.

But the White House also appears increasingly unable to unite Republicans behind its Iraq strategy. Several Republicans have said they would back the House resolution. And as the debate begins this week, even GOP lawmakers who oppose the resolution plan to say little about the president or his administration, focusing instead on the dangers of failure in Iraq.

Just weeks ago, the president was far less detached from congressional debate of the war.

As he prepared last month to announce his plan to boost troop levels in Iraq by 21,500 to control sectarian violence, Bush invited lawmakers from both parties to the White House to talk to him and his top advisors.

And earlier this month, the White House worked closely with Senate Republican leaders to head off a Senate resolution criticizing the Bush plan.

That resolution is stalled amid partisan dispute over how it should be debated; on Monday a bipartisan group of senators urged that it be attached to a pending funding bill.

With a 31-vote majority in the House, the president's Democratic critics do not have to worry about the resolution getting stuck in their chamber.

The simple, two-sentence measure, formally introduced Monday, will come up for a vote Thursday or Friday after every member of the House has an opportunity to talk about it on the floor. The resolution notes that Congress "will continue to support and protect the members of the United States Armed Forces" and concludes that Congress "disapproves" of the president's plans.

Democrats have very pointedly promoted the nonbinding measure as a direct challenge to the president, a theme that is sure to run through Democratic comments in the debate this week.

But there will probably be little praise for the president from the Republican side of the aisle.

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While acknowledging that "mistakes were made," a set of talking points sent out Monday by Republican leaders to their members does not include a single clear endorsement of Bush's strategy.

Rather, they focus on putting Iraq in the context of the global war against terrorism, criticizing Democrats as weakening troop morale and challenging Democrats to cut off funding if they oppose the president.

On Monday, a group of Republicans sent a letter to leading Democratic war critics, calling on those critics — if they "truly believe that the United States should withdraw our troops from Iraq" — to press Democratic leaders to debate alternatives to the resolution.

"They ran on this issue. They ought to do something about it," said Rep. Tom Cole (R-Okla.), chairman of the National Republican Congressional Committee.

Several senior Democrats have said they eventually want to use funding restrictions to limit the deployment of additional troops and begin forcing a withdrawal.

Republican efforts to talk about something other than Bush come as the president's popularity continues to plummet.

A Gallup Poll this month found that 72% of respondents disapproved of the way the president was handling the war, tying the highest disapproval rate since the 2003 invasion of Iraq.

Among GOP lawmakers, there is growing nervousness about the administration, according to several Republican lawmakers and senior aides.

Rep. Walter B. Jones (R-N.C.) — who broke with the White House over Iraq in 2005 and is the only Republican co-sponsoring the resolution — said that last week's reports of a top Pentagon official inaccurately describing links between Al Qaeda and former Iraqi President Saddam Hussein in the run-up to the 2003 invasion only deepened the concern.

"I think they just cooked the information," said Jones, who is among at least a dozen GOP House lawmakers who have signed letters to the White House in recent weeks expressing reservations about Bush's new Iraq strategy.

In the Senate, eight Republicans have publicly backed a resolution critical of the White House plan.

In this increasingly hostile environment, numerous GOP lawmakers said they had not heard from representatives of the Bush administration as this week's debate neared.

A White House official, speaking on the condition of anonymity, said that much of the White House effort had been behind the scenes.

"There's been a lot of staff-level outreach and outreach by members of the national security team, to walk members through and talk about the president's policy," he said, insisting that the administration had been pressing Congress to support Bush's policy, if not specifically to oppose the resolution.

Still, the president seems intent on talking about other things.

In his weekly radio address Saturday, Bush did not mention Iraq, choosing instead to reiterate his call for developing new energy technologies.

House Vote Planned This Week On Iraq Opposition (USAT)

By David Jackson

USA Today, February 13, 2007

WASHINGTON — A resolution against an increase in troop numbers in Iraq circulated in the Democratic-led House of Representatives on Monday. A vote is planned for the end of the week.

Crafted to attract Republican votes, the non-binding resolution expresses support for U.S. forces and opposition to President Bush's plan to add more troops.

A Republican filibuster blocked a similar resolution in the Senate last week; the House does not permit filibusters.

Stacey Bernards, spokeswoman for House Majority Leader Steny Hoyer, D-Md., said the two-paragraph resolution is designed to "keep it clean and simple and focus on the escalation." Bernards said she expects the debate to begin today and the House to vote Friday.

Brian Kennedy, a spokesman for House Minority Leader John Boehner, R-Ohio, said the proposed resolution "is the first step toward eliminating funds for the troops and the mission," and funding should be a topic of debate.

The resolution is likely to pass the House, where Democrats have a 233-202 advantage over Republicans. The measure, which Hoyer's office made public Monday, has one Republican co-sponsor: Rep. Walter Jones, R-N.C., who voted in 2002 for military action but has since turned against the war. The other co-sponsors, both Democrats, are Reps. Ike Skelton of Missouri and Tom Lantos of California.

The first part of the resolution says Congress "will continue to support and protect" the troops serving "bravely and honorably in Iraq." The second part says "Congress disapproves" of Bush's decision "to deploy more than 20,000 additional United States combat troops to Iraq."

Last week, Senate Minority Leader Mitch McConnell, R-Ky., cited the Senate version's lack of alternatives in forcing a filibuster.

Don Stewart, McConnell communications director, said Democrats need to deal with the funding issue because "that's the only thing Congress really controls."

Senate Majority Leader Harry Reid, D-Nev., said Republicans want to avoid a vote because some GOP members would probably oppose the Bush plan. Reid spokesman Jim Manley said he hopes the House vote "will put increased pressure" on Senate Republicans to allow a vote.

At the White House, spokesman Tony Snow said officials there wouldn't get in the business of writing congressional resolutions. He added that members of Congress should be mindful of the impact their votes might have on American troops in the field.

Snow cited the objections of Defense Secretary Robert Gates and Iraq commander David Petraeus, saying those two leaders believe anti-war resolutions "may provide some comfort to the enemy."

In an interview with C-SPAN, Bush defended his war plan. "Why don't we help this Iraqi government stabilize the capital city of Baghdad?" he said. "Most of the country is in good shape."

House Democrats Unveil Anti-war Bill (AP)

By Anne Flaherty

AP, February 13, 2007

House Democrats rolled out their resolution opposing President Bush's troop increase in Iraq on Monday, setting up a likely rebuke in a political landscape turned upside-down since Congress' overwhelming 2002 endorsement of force against Saddam Hussein.

Lawmakers are expected to vote on a resolution by week's end opposing Bush's decision to send 21,500 more troops to Iraq. The measure states simply that the House "will continue to support and protect" troops serving in Iraq but "disapproves" of the troop buildup.

Debate was to begin Tuesday, and the House vote will mark its first on the war since Democrats won control in the November elections. While the measure is not binding and would not affect the funding of the war, passage would be an embarrassing rejection of Bush's Iraq war policy and could force many Republicans to choose between backing the president or criticizing a deeply unpopular war.

"What the American people want to know is: Does their member of Congress support the president's proposed escalation or do they not?" said House Majority Leader Steny Hoyer.

Hoyer, D-Md., told reporters he had heard from about 20 Republicans who said they opposed the troop buildup, and from one Democrat reluctant to support the resolution. The measure's simple language — it totaled just a few dozen words — was crafted to maximize the number of Republicans who would support it and to emphasize support for the troops

While Democrats predicted the measure would pass easily, Republican leaders tried to refocus debate on the measure in hopes of putting Democrats on the defensive.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," said House Republican leader John Boehner, R-Ohio.

Each of the House's 435 members and five delegates will be allotted five minutes to speak on the issue — stretching the debate until midnight most nights until Friday's vote. Democratic leaders said Monday they planned a weeklong debate that would restrict members to a single vote by week's end, barring any amendments or a GOP alternative.

This week's debate will be in sharp contrast to the one in 2002, which authorized Bush to use force if Iraqi President Saddam Hussein did not comply with U.N. weapons inspectors.

That debate resulted in solid margins of support from Republicans and Democrats — a victory for a president buoyed by popular ratings following the Sept. 11 attacks and easily assuring a jittery nation that Hussein posed an imminent threat to the United States.

In October 2002, just over half of the public — 52 percent — approved of Bush's handling of Iraq in Gallup polling.

But Bush now faces a new political landscape. After 47 months of war, more than 3,100 U.S. troops have died and the justification for the invasion — Saddam's ties to al-Qaida and development of weapons of mass destruction — has been discredited. And last November, voters unseated enough Republicans with anti-war candidates to hand the reins to Democrats, who are united against the war if not what to do about it.

Public approval of Bush's handling of Iraq is now at 32 percent, the lowest in AP-Ipsos polling. And the latest intelligence estimate on Iraq found that Iraqi leaders will be hard pressed to craft a lasting political settlement — a key component of Bush's strategy — in the next year and a half.

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In 2002, midterm elections were a month away and control of both chambers up for grabs when Congress held its most heated debates on whether to invade Iraq. Many did not want to be on the opposite side from a popular president if war came, and the White House played on domestic political concerns to roll up big margins of support in both houses.

After quarreling among themselves on Iraq over the summer, Republicans lined up dutifully behind Bush when the final votes were tallied. With the economy stagnant, consumer confidence shaken and the stock market in the dumps, the Iraq crisis offered a common rallying theme.

House Democrats were divided on the issue. Hoyer voted in favor of authorizing the war, whereas Nancy Pelosi, D-Calif., who has since risen to power as House speaker, voted against it. But overall, Democrats were eager to vote quickly and get back to their states and districts to campaign, hoping there was still time to change the subject back to domestic issues like prescription drugs and Social Security.

Ultimately, Bush prevailed by a 296-133 vote in the GOP-run House and a 77-23 vote in the Democratic-led Senate. Only six House Republicans and one GOP senator — Sen. Lincoln Chafee of Rhode Island — voted against the president.

This time, midterm elections are again playing a role in the debate — but not in Bush's favor. Last November, Chafee and other Republicans were ousted by voters angered by the war. And with every House member up for re-election in 2008, Republicans are questioning whether to stick with a lame-duck president who has lost favor with the American public.

Rep. Walter Jones of North Carolina, one of 215 Republicans who voted to authorize force in Iraq, is now co-sponsoring the Democratic resolution condemning the troop buildup.

As the House moved toward debate this week, Senate Republicans opposed to Bush's Iraq plan sought to revive a vote on a similar resolution that was stalled by GOP procedural moves last week.

Sen. John Warner, R-Va., proposed Monday attaching his resolution to a must-pass budget bill. While Warner was considered unlikely to be successful, his proposal suggested he was not backing down.

"I, like my colleagues, intend to do everything in our power as United States senators to ensure a full and open debate of the Iraq war here on the Senate floor in front of the American people," said Sen. Chuck Hagel, R-Neb., who supports Warner's resolution.

Iraq Debate In Congress Shifts Focus (WSJ)

By David Rogers

The Wall Street Journal, February 13, 2007

WASHINGTON -- The Iraq debate in Congress is quickly moving beyond nonbinding resolutions of disapproval to the question of how far lawmakers will go to restrict funding for the war.

Before the first votes are cast, Republican leaders concede President Bush has lost the support of bipartisan majorities in both the House and Senate, which oppose his decision to add at least 21,500 soldiers in coming months.

Senate action was prevented last week only because of a procedural fight; in the House, as many as 30 to 40 Republicans could join Democrats in adopting a narrowly written resolution of disapproval to be voted on Friday.

Conceding defeat in this first round, Republicans want to skip ahead to the money fight because it is a more difficult forum for the war's critics, who must find a way to restrict the president's policy without seeming to hurt U.S. troops.

The two-paragraph House resolution avoids this subject by pledging to "protect" U.S. forces. Nonetheless, Republican Leader John Boehner of Ohio was quick to accuse Democrats of taking the "first step" to cut off "funding of American troops who are in harm's way."

The mounting war costs make it a fight about money as well as policy. The Pentagon has begun to say the increase will be closer to 25,000, when support personnel are counted. That would bring the total U.S. troop level in Iraq to about 160,000 soldiers; but the administration has budgeted for that number only through Sept. 30, after which the fiscal 2008 numbers assume troop levels of about 140,000, according to the White House budget office.

A $623.1 billion Pentagon appropriations bill, including war funding for 2008, will be debated this summer. If the 160,000-soldier level were to be maintained through the end of this calendar year, it could strain even that budget.

The House Appropriations Committee meets March 7 on the administration's $93.4 billion request for emergency war funds through the final months of this fiscal year. It includes $3.8 billion for Iraqi security forces -- money that will be a target of critics for added conditions or outright cuts. There is also pressure among Democrats to add language to bar U.S. military action against Iran unless authorized by Congress.

Rep. John Murtha (D., Pa.), the bill's manager, doesn't rule out a move to force the start of a U.S. withdrawal from Iraq if benchmarks aren't met. "The best thing to help the troops is get 'em...out of there," he said.

However, Mr. Murtha says he will focus first on recommending steps that restrict the Pentagon's ability to implement the president's policy without hurting units in the field.

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For example, he wants service chiefs to certify that each new unit sent to Iraq has the training and equipment needed. Language could be added to prohibit some of the shortcuts commonly used to maintain troop strength and the integrity of units, given the shortage of personnel. He would restrict "stop-loss" procedures, which are used to keep soldiers such as young non-commissioned officers in a unit about to deploy even when their enlistments are running out. Extended tours in Iraq would be prohibited; soldiers would be guaranteed a year at home before going back.

"We want to guarantee at least a year at home," Mr. Murtha said. "Then, no stop loss, and we want to make sure they are not extended."

If enacted, these requirements would have real impact on an Army already straining to complete the increased troop-level target by late May. The combination of allowing no extensions plus a full year of "dwell" time in the U.S. between tours could set a cap on U.S. strength below current levels, one Defense Department official estimated.

Nothing so restrictive is being attempted in the House debate this week. The bare-bones resolution simply expresses disapproval for Mr. Bush's decision last month to deploy more troops. Debate will begin today, with a vote likely on Friday.

Senators had attempted a much wordier resolution and couldn't hide their frustration at the prospect of the House going first.

"The House is debating, and the Senate is dithering," said Sen. Olympia Snowe (R., Maine).

House GOP Plots Its Strategy On Iraq Measure (HILL)

By Jackie Kucinich

The Hill, February 13, 2007

House Republicans vowed to maintain pressure on the Democratic majority despite Majority Leader Steny Hoyer's (D-Md.) decision to deny a GOP alternative to their non-binding Iraq resolution this week.

On Sunday, after Hoyer announced on NBC's "Meet the Press" that it was "not necessarily our plan" to allow the minority to offer an alternative resolution on the House floor next week, Minority Leader John Boehner's (R-Ohio) office sent out a flurry of releases decrying the decision and challenging Hoyer and other members by demanding they not "renege" on an earlier pledge to allow Republicans to provide their own resolution.

Without the ability to offer a resolution, the GOP leadership has focused its attacks on what may occur during the upcoming debate over the emergency war supplemental, implying that the Democratic resolution is simply the first step in a larger plan to limit funding for the war. One of the proposed Republican alternatives, offered by Rep. Sam Johnson (R-Texas), would require members to pledge not to cut off funding. Republicans have been quick to point out that the legislation they have offered, unlike the Democratic resolution, is binding.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," Boehner said in a release yesterday. "If Democrats are serious about supporting our troops, they will allow Republicans to offer a substantive alternative that binds the Congress to an unwavering and unambiguous commitment to fund the American men and women who wear our uniform."

Democratic leaders have said repeatedly that they have no intention of cutting off funding for the war. Despite their drumbeat, Republicans will likely lose at least 30 of their own members' votes to the Democratic resolution; these members include Rep. Walter Jones (R-N.C.), who is cosponsor.

Jones is expected to speak in favor of the resolution on the House floor, according to his spokeswoman.

For the last several weeks, Republican leadership characterized the Democratic resolution, which expresses disapproval for President Bush's planned troop "surge," as a non-binding political ploy, a familiar allegation that echoed through the House chamber on the other side of the aisle in 2004, 2005 and 2006.

Speaking on the floor during a March 17, 2004 debate over a resolution relating to the liberation of the Iraqi people, then-Minority Whip Hoyer said, "This resolution should have simply expressed the support of this House for our armed forces now in harm's way … regrettably, however, the majority has handled this resolution in a manner which inevitably led to division.

"On a matter of the highest national importance, the majority has undermined the democratic process in this House, treated those who hold different views with disdain, and created a bludgeon where it should have built a bridge," he added.

In June 2006, as the House prepared to debate a resolution characterized by Democrats as an affirmation of Bush's Iraq policy, then-Minority Leader Nancy Pelosi (D-Calif.) decried the Republican decision to close the rule on the Iraq debate and criticized the majority for its failure to allow a Democratic alternative to the GOP resolution.

"It's really unfortunate, as the president contends that we are fighting for democracy in Iraq, that we can't have democracy on the House floor. No open rule. No amendments. No Democratic alternative allowed," Pelosi said.

House To Take Up Resolution On Iraq (WP)

DOJ_NMG_0131530

By Jonathan Weisman

The Washington Post, February 13, 2007

The House will begin debate today on a simple, tightly worded resolution opposing the deployment of additional combat troops to Iraq, even as Democratic leaders move forward on binding language that would curtail those deployments and begin to bring troops home.

The Democratic resolution, just 10 lines in length, will frame three days of debate on the war, culminating in an expected vote Friday to put the House on record against President Bush's decision to deploy more than 20,000 additional U.S. combat troops to Iraq. In two short paragraphs, the resolution affirms Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq" before breaking with the president's new strategy.

"We will vote on a straightforward proposition: Do you support the president's plan or oppose it?" said House Speaker Nancy Pelosi (D-Calif.). "That vote will herald whether the House understands the message the American people are sending about the policies used to implement this war: They have not worked, they will not work, and they must be changed."

Waiting in the wings is binding legislation that would fully fund Bush's $100 billion request for the wars in Iraq and Afghanistan but add four conditions: Soldiers and Marines could be deployed to Iraq only after being certified as fully trained and equipped. National Guardsmen and reservists could be subject to no more than two deployments, or roughly 12 months of combat duty. The administration could use none of the money for permanent bases in Iraq. And additional funding for the National Guard and reserves must be spent to retool operations at home, such as emergency response.

"It's only the bark," Rep. James P. Moran Jr. (D-Va.) said of this week's resolution. "The real bite comes with the spending bill."

After the Senate found itself tied in parliamentary knots last week over a far more complicated resolution, House leaders opted for the simplest statement possible, hoping to unite Democrats and drive a wedge between congressional Republicans and a White House that has commanded their strict allegiance for more than six years.

Republican leaders have denigrated the nonbinding resolution as pointless while saying it demoralizes the troops and emboldens the enemy. But they privately concede that dozens of Republicans are likely to join the Democrats by the end of the week.

"When we've had in excess of 3,100 troops give the ultimate sacrifice, when we've had more than 20,000 troops injured, many of them permanently, when we've been at this for nearly four years, that's not cutting and running," said Rep. Howard Coble (R-N.C.), a reliable conservative who said he will vote for the resolution. "That's a sacred step toward freedom, and I think it's time to hand the baton to the Iraqis."

Rep. Thomas M. Davis III (R-Va.) typified a conflicted Republican when he weighed the pros and cons of the resolution: "In voting against the president on this, to some extent you demean him in the eyes of those who are fighting over there. But you're also sending a message to the Iraqis that they better get their act together." Davis added that it was "not inconceivable" that he would vote for the measure. "A lot of us have our concerns about this deployment," he said.

Even before the debate begins, both parties were anxiously eyeing the next step, when Democrats will move toward binding legislation that would augment legislation funding the war.

House Minority Leader John A. Boehner (R-Ohio) insisted that Democrats will use Congress's power of the purse to choke off the war effort and endanger the troops.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," he said yesterday.

Democrats have struggled to patch over their own divisions, especially among liberal antiwar activists who have scoffed at a nonbinding resolution. At a closed-door meeting of House Democrats last week, Rep. John P. Murtha (Pa.), chairman of the Appropriations defense subcommittee, offered assurances that strong action would quickly follow this week's vote.

Murtha's plan, backed by Pelosi, is to deprive Republicans of the argument that Democrats are choking off funds, while taking binding action against the war couched as protecting the troops, said a senior Democratic leadership aide, who spoke on the condition of anonymity to discuss strategy.

No matter how it is couched, Republicans say, the Democrats are pulling the rug out from under the military.

"They're tying the hands of commander in chief and commander on the ground," said Rep. Thaddeus McCotter (R-Mich.), who has been assigned by GOP leaders to take the pulse of fellow Republicans on Iraq.

Republicans had expected to press that point on the House floor this week with an alternative resolution stating Congress's opposition to a cutoff of war funding. But after saying last week that Republicans would get a vote on their own measure, Democratic leaders reversed course yesterday, saying they did not want to muddy a debate over additional troops with a showdown on war spending.

"Sometimes you just have to play hardball," Moran said.

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The House resolution contrasts sharply with the resolution drafted by Sens. John W. Warner (R-Va.) and Carl M. Levin (D-Mich.). That measure included 22 preface statements before opposing the additional troop deployments, calling for existing troops to be redeployed away from sectarian hotbeds and pushing for a new regional diplomatic effort to end the war. It weighed in at 1,597 words. The House resolution, including the title and introduction, has 97.

GOP Boxed Out On Iraq (RC)

By Jennifer Yachnin And Susan Davis

Roll Call, February 13, 2007

After more than a week of discussion over how — and whether — to allow the Republican minority to raise its alternative to a resolution condemning President Bush's proposed troop increase in Iraq, Democratic leaders were set Monday night to prevent the GOP from offering its own measure.

A Democratic aide said party leaders decided Monday night not to allow Republicans to offer a substitute amendment or a motion to recommit during the three-day debate. The Rules Committee was still meeting at press time to set the exact terms of debate.

That decision process followed a week in which the majority sent conflicting messages on its approach, asserting at times that Republicans would be allowed to offer and debate a substitute measure, before retreating to state that the minority would receive at least some opportunity to respond, citing the standard procedural motion to recommit.

At a Thursday press conference, following a Democratic Caucus meeting to discuss the content of the resolution, House Majority Leader Steny Hoyer (D-Md.) asserted: "The Republicans will be given either a substitution or a motion to recommit so that they can propose whatever substantive alternative they choose. That will also be debated."

House Democratic Caucus Chairman Rahm Emanuel (Ill.) echoed those comments during the same briefing, stating: "They are going to offer their alternative and we'll have a vote on that."

But asked about those remarks during an appearance Sunday on NBC's "Meet the Press," Hoyer recanted, stating that it is "not necessarily our plan, at this point in time."

Citing the Senate's failure to move forward on a similar resolution earlier this month, Democratic leaders have asserted that they want to avoid raising other issues during debate on whether to formally oppose the troop increase.

"We believe the American public want[s] a straightforward answer to the question: Do you agree with the president's proposal? [The] Republican president has made a proposal, we're going to respond to that," Hoyer said on "Meet the Press."

Democrats have acknowledged that the Iraq War will be the subject of future debates as well, as Congress considers an expected supplemental spending bill after the Presidents Day recess and subsequent fiscal 2008 appropriations measures.

Although House leaders were leaning toward options including a substitute proposal following a meeting last week, it became clear they had moved away from allowing an alternative proposal as the week progressed, even as Democrats maintained other portions including a five-minute allotment per Member for the three-day debate.

"There was an ongoing conversation among leadership," said Hoyer spokeswoman Stacey Bernards. "It evolved over the course of the week. ... Mr. Hoyer spoke and reflected the opinion of the leadership at the time" on Thursday.

Although one Democratic source indicated that Democratic leaders had disagreements over the issue following Thursday's press conference, House leadership aides dismissed those allegations as mischaracterizations, asserting that Speaker Nancy Pelosi (D-Calif.) and others had evolved uniformly in their thinking on the issue.

"We feel this is such a critically important question and the clarity of the question and the clarity of the response is so important that we are trying to carefully consider how we can assure that there is no confusion as to the answer that this House gives," Hoyer asserted Thursday afternoon on the House floor.

House Republicans criticized Democrats for backtracking on their earlier commitment to allow the minority to offer an alternative on the floor, while Minority Leader John Boehner (R-Ohio) and the leadership team also worked to frame the resolution as the first marker that will lead to starving funds for the military in Iraq.

"This resolution is the first step in the Democrats' plan to cut off funding for American troops who are in harm's way, and their leaders have made this abundantly clear," Boehner said in a statement Monday. "If Democrats are serious about supporting our troops, they will allow Republicans to offer a substantive alternative that binds the Congress to an unwavering and unambiguous commitment to fund the American men and women who wear our uniform."

But a Democratic aide dismissed that notion Monday night, saying, "As the recent experience in the Senate has shown, some Republicans only want to distract from the president's plan. The American people want a clear, forceful statement from Congress on the president's plan to escalate the war. We will not allow Republicans to muddy the waters."

A number of Republicans are expected to vote in favor of the resolution, with knowledgeable sources in recent weeks estimating 20 to 60 GOP votes siding with Democrats.

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"Obviously there are going to be some defections," said an aide to a prominent moderate Member, adding that the resolution unveiled Monday did not change that dynamic.

The House Republican Conference, led by Rep. Adam Putnam (R-Fla.) was working with its rank and file to define the debate, which begins today and is scheduled to end Friday.

"What we want to do is ensure that we drive four key themes," said Ed Patru, a spokesman for the Conference. Those themes include: understanding the enemy and the historical perspective, the consequences of failure in Iraq, the fact that the resolution is nonbinding and does not affect the ongoing war, and that Democrats have not introduced a plan on Iraq.

The GOP leadership team is expected to start and end debate on their side, and Members like Rep. Sam Johnson (R-Texas), a Vietnam veteran who has introduced legislation that would prohibit Congress from denying funds to troops in the field, are expected to figure prominently in the debate.

One House GOP aide to a conservative Member said Members will highlight what they say is Democratic hypocrisy. "They are putting out a resolution that says 'We don't support the mission but we're going to continue funding it?'" the aide said. "We think that's extremely hypocritical."

Rep. John Shadegg (R-Ariz.) also sent a letter Monday to the chairs of the Out of Iraq Caucus and the Progressive Caucus, both of which have members who advocate more extreme policies in Iraq — such as immediate withdrawal — asking for their support to allow amendments on the floor to the resolution.

"While our views on the proper prosecution of the war in Iraq may differ," Shadegg and seven co-signers wrote, "We should agree that all views on this issue deserve to be considered."

Democrats are expected to be unified on the vote, but Republicans believe there will be opportunities to highlight the divide in the Democratic Caucus on the funding of the war in the upcoming debates on the supplemental spending bill and the budget.

Holding Firm (WT)

By Kay Granger

The Washington Times, February 13, 2007

As the House of Representatives begins debate on Iraq this week, we must keep one essential point in focus: The consequences of failure in Iraq are too grave for this country, for Iraq, the Middle East and the world.

Democrats will argue they don't agree with the reinforcement plan in Iraq and will introduce a non-binding resolution outlining this position. Yet, to date, Democrats have offered no alternative plan of their own. I think their approach is irresponsible.

On Nov. 7, the American people sent a message to Congress and the Bush administration, that they wanted a change of course in Iraq. This means taking steps to turn the situation around in Iraq. It does not mean throwing in the towel, and allowing the entire Middle East to spiral into chaos.

If the Democratic leadership in Congress begins taking steps that weaken our position in Iraq, including a drawdown of our support for the Iraqis before the country is stabilized; the consequences for the region and for our country will be severe. To illustrate the severity of failure we only need look at what the likely response from Iraq's neighbors would be.

For starters, there's the threat from Iran. Iran would have little to lose and much to gain from a destabilized Iraq. The country's bellicose involvement in the war in Iraq is undeniable we know Iranian arms and equipment are being used to kill coalition troops in Iraq, and Iranian intelligence agents are actively seeking to thwart progress in the country. If we fail in Iraq, Iran would likely intervene, attempting to seize control of the government and Iraq's oil fields. This would increase the threat from Iran towards Iraq's neighbors as it attempted to dominate the entire region. We could expect that Iran would continue conducting proxy wars, utilizing radical Islamic terrorist organizations to further their political objectives in places like Lebanon and the Israeli West Bank.

A failed Iraq could also compel other neighboring countries to intervene. Turkey may choose to deploy troops into Northern Iraq to prevent Kurdistan's independence, and Saudi Arabia and Egypt may choose to deploy forces into Iraq to protect the Sunni population. We could also expect Syria, a state sponsor of terror, to increase its support for Ba'athist insurgents in an effort to reinstate a Ba'athist regime in Iraq. A fractured Iraq would provide the distinct possibility of Sunni-Shi'ite war throughout the Islamic world. This would be no less than disastrous for the region and American national security interests.

Under a failed Iraq, the Iraqi people would be left to suffer under an increasingly dire humanitarian crisis, which would most negatively impact the 40 percent of Iraq's 26 million residents who are under the age of 15. Wholesale genocide would be a very possible outcome.

Iraq would become ripe for terrorist recruitment and training as well as a fertile breeding ground to sow the seeds of hatred and extremist thought in the Middle East.

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Ultimately, a failed Iraq would be an enormous victory for terrorists worldwide, and would dramatically increase the risk of terrorist attacks on our own soil and throughout the world.

And let's be clear about the reality of such a situation occurring the U.S. would have no choice but to invest militarily and financially to help stabilize the Middle East region. These commitments would be tenfold to what we are committed to today and would be unending.

So, what's the answer? There are no easy answers to resolving the situation in Iraq, but we have reached the point at which we need to do everything we can to turn around the situation. This is now the only real option to preventing a failed Iraq.

The Iraqi government's new plan for securing Iraq includes increasing our troop strength by 21,500, enacting a new security plan for Baghdad and al Anbar Province and dismantling militia groups. Iraqi leaders have also recommitted themselves to reach political compromise in order to achieve stability in the country. Iraqi leaders have expressed an appreciation for the severity of the situation and say they are committed to turning it around. The Maliki government must follow through in order for this new plan to succeed.

With the new plan for Iraq being implemented at this very moment, we won't have a sense of whether the plan is working until a few months down the road, at the earliest. Between now and then, Congress has a responsibility to closely monitor the progress being made on all fronts -- political, diplomatic and military. If in a few months from now we see that no progress is being made or if it becomes clear the Iraqis are not keeping their end of the bargain to stabilize their own country, we have a responsibility to re-examine the situation and look for alternative plans for success.

All options would need to be on the table at that point.

Rep. Kay Granger, Texas Republican, is vice chairman of the Republican Conference.

House Democrats Expect Unity; Some In GOP Will Be Put On Spot (POL)

By Josephine Hearn

The Politico, February 13, 2007

With the public clamoring for a way out of Iraq, even the most politically vulnerable House Democrats are now convinced there is little risk in breaking with President Bush and his plan to "surge" 21,500 additional troops to Iraq.

Only a handful, if that, are expected to step out of their party's lock-step march to reject the surge in a vote at week's end, after hours of spirited war debate.

"If you had told me two years ago that we would be bucking the president on the most important issue of the day, I would have called you crazy," said one top aide to a moderate Democrat, speaking on the condition of anonymity so as to not upstage his boss.

"We didn't even sweat this one."

Moderate Democrats in tough swing districts felt compelled to side with the administration when President Bush's job approval ratings were running high in the early aftermath of the Sept. 11 terrorist attacks. And many voted with him in 2002 to authorize war against Iraq.

But with the levers of House power in new Democratic hands and Bush's approval ratings at record lows, moderate Democrats are no longer tethered to the administration and feel free to take the offensive.

C-SPAN's Interview with Bush on Iraq

The Crypt On Capitol Hill

This week, with the House beginning debate Tuesday, they plan to present Republicans, especially those facing potentially tough re-election battles, a pressing political dilemma. As many as 60 Republicans may break with the president.

"The question is whether they support the president on Iraq, or whether they want a change in direction," said Rep. Chris Van Hollen of Maryland, head of the Democratic House campaign operation.

The question, simple as it seems, underpins Democratic strategy to change course in Iraq and leave responsibility for failures squarely with Bush.

"It will be a bipartisan message that the president doesn't have a majority for escalation, or for his policy on Iraq," said House Democratic Caucus Chairman Rahm Emanuel of Illinois. "The president's announced a major policy shift, and the United States Congress is going to vote on it."

This week's salvo on Iraq is only first step in what many believe is an important yet perilous effort to force an end to the war without losing public support. The next step is to use the upcoming Iraq supplemental spending bill to force Bush to change course on the war, possibly disengaging the military altogether, Democratic aides said.

That debate, whenever it might occur, could make moderate Democrats queasy. This week, however, the pressure is on Republicans to break with the president or face the political consequences should they appear to have stuck too long with a failing policy.

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Democrats, though, are not concerned about losing a few on their side on this week's vote.

"To some extent, some members worry about their vote being distorted," said Rep. Artur Davis, D-Ala. "There might be two or three worried about that."

A spokesman for Rep. Jim Marshall, a vulnerable Georgia Democrat, said the congressman is likely to oppose the resolution, but has not made a decision.

"The likelihood is he's not in favor of it ... Remember he's a Vietnam veteran," said his spokesman, Doug Moore. "While he doesn't really like the surge, it's going to happen anyway. So getting out there, and making a real ruckus could hurt the morale of the troops."

Rep. John Barrow, another Georgia Democrat who nearly lost last fall, has declined to say how he would vote, saying it was "too early."

"The president has not yet carried his burden of proof, not yet explained what an additional 21,000 troops will be able to do that 130,000 did not," Barrow said.

On the left, anti-war members and groups have become increasingly frustrated that Congress isn't doing more to head off the surge. For one, Rep. Dennis J. Kucinich, D-Ohio, is upset that the resolution isn't binding.

"What's happening ... doesn't have any material impact on the war," he fumed to reporters on Capitol Hill.

Still, the complaints and doubts from the Democratic margins aside, Democrats predict they will be overwhelmingly united when the resolution comes to a vote.

"Almost every Democrat will vote for this resolution," House Majority Leader Steny H. Hoyer, D-Md., predicted Sunday on NBC's "Meet the Press."

The tricky vote for Democrats will likely come later when they consider more concrete steps to withdraw U.S. forces.

"That's a debate we'll have to face after this vote," Van Hollen said. "We'll get a sense after this vote where Congress is and if the president ignores the will of Congress. Then, Congress will explore other options that are available to it."

Democratic strategists envision a two-part assault on the administration's Iraq policy. First, they plan to use this week to drum up public opposition to the surge and put the House on the record against it. And they hope the House action will pressure the Senate, which has deadlocked on the issue, to reconsider and proceed with a floor debate.

Next week, House members return to their congressional districts for the President's Day recess, where Democrats can explain their votes, hold news conferences and make the case that the president is ignoring the will of Congress and, by extension, the public.

Later, Democratic leaders appear ready to tackle funding for the war, perhaps cutting it to force the administration to consider an exit strategy. In one scenario, Democratic leaders are considering tight restrictions that would require troops to receive full training and equipment before being deployed to Iraq.

Anti-war organizations are pressuring Democrats to act more boldly when they return from the break. One peace group has been holding a sit-in in Democratic Rep. Doris O. Matsui's Sacramento office for a month, calling on her to vote against the next Iraq appropriation bill.

For Republicans, this week's vote offers limited options. Although they will receive lengthy debate time -- each of the 435 House members will get five minutes -- Democrats will not let Republicans offer an alternative resolution. And that reversal of a Democratic promise will compel Republicans to focus on winning the debate rather than winning a vote.

Republicans will focus their rebuttals on several themes, a leadership aide indicated: Iraq's role in the broader war on terror, the consequences of pulling out of Iraq too soon and the detrimental effect the resolution may have on troop morale.

They plan to staff a "resource center" to help their members back up their points and coordinate their messages. It will also include "a rapid response system to take advantage of outrageous comments made by Democrats during the debate."

Josh Krushaar and Patrick O'Connor contributed to this report.

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by GGPSmith on 02.12.2007 at 11:17 PM

In this case, the only unity I see is a popularity poll-driven flock of lame duck Democrats (at least until 2008) facing an intractable White House holding all the shotguns, which, not incidentally, were suicidally loaded and handed to President Bush by many in that same flock when they were too scared not to fly V-formation behind the Iraq War in the first place. Now, with nothing to lose and more popularity to gain, the Democrats are unified. Gimme a break. But what do you expect? That's just the basic difference between the Democrats and the GOP right there: More Democrats than Republicans in Congress choose popularity over principles when the going gets tough; not so the President or the GOP in general. For all the quacking the Democrats did leading up to tomorrow, all they could come up with is this pitifully pithy pile of legislative seed? I'm a Democrat

and all I can say is that if Senators Clinton and Obama don't actually peck away each other's credibility before one of them gets nominated, the Republicans will unify in 2008, borrow Dick Cheney's shotgun, and leave the ducks they don't shoot in the face lame yet again for another four years. Metaphor mixed, shaken, stirred, and ended.

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House Initiates Anti-war Motion (WT)

By Charles Hurt And S.a. Miller

The Washington Times, February 13, 2007

House Democrats introduced a war resolution yesterday condemning President Bush's plan to send reinforcement troops to Iraq, but their anti-war supporters say it misses the point because it doesn't simply cut funding for the war.

"Congress disapproves of the decision" to send 21,500 more troops to the Middle East, states the resolution. It says Congress will "continue to support and protect" U.S. armed forces but doesn't address cutting war funds -- the only tool Congress has for ending the war.

The nonbinding statement of disapproval was drafted by two senior Democrats, Reps. Ike Skelton of Missouri and Tom Lantos of California, and a Republican, Rep. Walter B. Jones of North Carolina, who voted for the war in 2002 but have since turned against it. House debate on it will begin today.

House Speaker Nancy Pelosi, California Democrat, said yesterday that at the end of the week, "we will vote on a straightforward position: Do you support the president's plan or oppose it?"

She said the vote "will herald whether the House understands the message the American people are sending about the policies used to implement this war."

But peace activists who voted overwhelmingly for Democratic candidates in the November elections say Mrs. Pelosi and Democrats in Congress have gotten the message all wrong.

"Congress is not listening to the voice of the people," said Gael Murphy, co-founder of the anti-war group Code Pink: Women for Peace.

"We are disappointed that Congress is not moving forward expeditiously and we are being distracted by this nonbinding resolution that holds no one accountable," she said. "From what we can tell, nobody is interested in debating a real exit strategy."

Ms. Murphy, who is leading daily protests at congressional hearings and a lobbying offensive on members' offices, said her group will keep pressing Democrats to stop the war.

"No one is putting pressure on Bush to come up with an exit strategy, which is what the people want," she said. "All we are talking about is an escalation of the war."

Kevin Martin, executive director of Peace Action, the country's largest anti-war group with about 100,000 members, said Democrats are failing to seize the "mandate for peace" from the election.

"The interests of the peace movement are not the same as that of the Democratic Party," he said. "I'm more concerned with ending the war than with re-election in '08. I don't think I can say that for some of the Democrats."

Mr. Martin, who blames both parties for supporting the war in the first place, said, "Congress needs to use the power of the purse to cut off funding for the war." Of the nonbinding resolutions opposing reinforcements, he said they're "a worthless waste of time. Why bother?"

It's a narrow point on which Rep. John Carter, Texas Republican, agrees with the peace activists.

"These meaningless nonbinding resolutions are a distraction," he said. "This is just a political stunt by the Democrats that will not bring us any closer to ending the war. It only serves to weaken the morale of our fighting men and women and allows our enemy to claim victory."

House Minority Leader John A. Boehner, Ohio Republican, predicted that the resolution is "the first step in the Democrats' plan to cut off funding for American troops who are in harm's way."

He also criticized Democratic leaders for denying Republicans the opportunity to amend the resolution.

"If Democrats are serious about supporting our troops, they will allow Republicans to offer a substantive alternative that binds the Congress to an unwavering and unambiguous commitment to fund the American men and women who wear our uniform," Mr. Boehner said.

Stacey Farnen Bernards, spokeswoman for House Majority Leader Steny H. Hoyer, Maryland Democrat, said Republicans "are trying to muddy the waters and avoid the question that is on the floor this week to support or oppose the president's escalation of the war in Iraq."

Whatever message Democrats hope to send Mr. Bush, he doesn't plan to get it. In an interview with C-SPAN yesterday, he said he probably won't watch the debate this week, saying he has a full schedule and already knows "what the debate is."

White House spokesman Tony Snow said Congress can "do whatever it thinks it needs to do in terms of resolutions," but he said Mr. Bush is proceeding anyway.

Asked if the resolution was harmful to the troops, Mr. Snow didn't answer directly, instead saying "the way you support the troops is help them complete their mission successfully."

Yesterday afternoon, Sen. John W. Warner, Virginia Republican, tried reviving his resolution condemning the troop increase by offering it to the major funding bill on the floor. Mr. Warner joined other Republicans last week in blocking a vote on his own measure because Senate Majority Leader Harry Reid, Nevada Democrat, would not permit certain other Republican proposals to be considered.

Sen. Susan Collins, Maine Republican and a co-author of that bill, said yesterday that "sending our troops to Baghdad would be a colossal error."

Reid spokesman Jim Manley said Mr. Warner's latest effort will not succeed since Mr. Reid has stopped allowing new amendments to the high-priority funding bill.

"Senator Reid offered Senator Warner and others a vote on their own proposal last week, but they decided to stop the Senate from debating their own resolution," Mr. Manley said.

·Stephen Dinan contributed to this report.

Pelosi, Hoyer At Odds Again (HILL)

By Jonathan E. Kaplan

The Hill, February 13, 2007

Simmering hostilities between the Speaker and majority leader boiled over again yesterday when an aide in Rep. Nancy Pelosi's (D-Calif.) office said Rep. Steny Hoyer (D-Md.) had been "getting out in front" of an emerging consensus against allowing Republicans to introduce an alternative resolution on the Iraq war.

Speaking to reporters last Thursday, Hoyer said that Republicans would be allowed a motion to recommit or an amendment to the Democratic resolution. But later on the House floor that day, he said it would be unlikely that the GOP would get any such alternative. He repeated that latter statement again on Sunday's "Meet the Press."

Hoyer's allies dispute that there is a split in the leadership. A senior aide attending the leadership meeting on Monday last week said House leaders had agreed that the GOP should be allowed to offer an alternative.

This episode suggests that old tensions from previous disputes have not been laid to rest - tensions seen most recently in Pelosi's unsuccessful effort in December to push John Murtha (D-Pa.) as majority leader.

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Democratic leaders said last night that debate would begin today on an up-or-down resolution that expresses support for American soldiers and rejects President Bush's plans to send more troops to Iraq. Each lawmaker will be given the chance to speak for five minutes; a vote is expected on Friday.

Explaining Hoyer's change, Democratic aides said the consensus began shifting last Wednesday evening, but they still had not decided what to do. When Hoyer and Democratic Caucus Chairman Rahm Emanuel (D-Ill.) spoke to reporters Thursday, Democratic leaders still favored letting the Republicans play a role in the debate, aides say.

After a series of phone calls and private meetings on the House floor that day, however, sentiment began to change. The leaders and aides were concerned that debate in the House could break down like it did in the Senate.

In particular, Democrats feared that a Republican alternative forcing Democrats to vote on whether they favored cutting off funding for the war would dilute their message - forcing a tough vote for many conservative Democrats.

A recent Wall Street Journal poll showed that 41 percent of the public favors cutting off funding as a way to force Bush to alter his Iraq policy, while 52 percent are opposed.

Emanuel, who has long favored forcing lawmakers to vote on whether they support Bush's surge, said there was no disagreement among the leaders and that they remained united in the goal of getting a large margin of lawmakers to vote against the president.

And speaking for the record, both Brendan Daly, Pelosi's spokesman, and Stacey Bernards, Hoyer's spokeswoman, said that their bosses were essentially in agreement.

Democratic leadership aides also point out that Republicans did not allow Democrats a motion to recommit when they forced them to vote in 2005 on a resolution calling for an immediate redeployment of troops.

"They did it for 10 hours and gave us no substitute," said a leadership aide.

The House Democratic resolution on the war in Iraq is two paragraphs long. The draft version released yesterday states that Democrats support the troops in Iraq and oppose President Bush's plan to send more of them to Iraq.

Democratic leaders were expected to meet yesterday evening to make a final decision about whether Republicans would be able to amend the resolution, but a change in their stance appeared unlikely.

In addition, for the second time in five days, House Democrats will convene privately today to talk about the war. They met last Thursday, but some lawmakers complained that they could not have a proper discussion without having a copy of the resolution in hand, said Democratic aides.

House leaders did say that the process would resemble the debate in January 1991 on whether to use military force to oust Saddam Hussein from Kuwait. While the House did debate for 19 hours, they voted on three resolutions giving President George H. W. Bush authority to wage war.

Then-Minority Leader Bob Michel (R-Ill.) and -Rep. Stephen Solarz (D-N.Y.) authored the main resolution, which passed, 250-183. A resolution calling for more diplomacy and sanctions introduced by ex-Reps. Lee Hamilton (D-Ind.) and Richard Gephardt (D-Mo.) failed.

A Democratic strategist said that the war has become such a highly political issue that leaders wanted to keep the debate clear and simple.

"Republicans want to muddy the waters and confuse the American people on where they stand on the escalation. Americans want Congress to send a clear message for them to the president in opposition to an increase in troops," said a Democratic leadership aide. "House Democrats are going to deliver that this week."

63% Want All Troops Home By End Of '08 (USAT)

By Susan Page

USA Today, February 13, 2007

WASHINGTON — Americans overwhelmingly support congressional action to cap the number of U.S. troops in Iraq and set a timetable to bring them home by the end of next year, a USA TODAY/Gallup Poll finds — tougher action than the non-binding resolution the House of Representatives is to begin debating today.

While six in 10 oppose President Bush's plan to use more troops to try to stabilize Iraq, a nearly equal number also oppose any effort to cut off funding for those additional forces.

"They're saying the same thing they said in the 2006 elections — that they are against the current policy and they want something done about it," says James Thurber, director of the Center for Congressional and Presidential Studies at American University.

"They want Congress to debate it; they want Congress to focus on it; they want to bring this war to a close," says Mark Blumenthal, a former Democratic pollster who is now editor of Pollster.com. "We don't want to deny our armed services what they need to do their jobs, but we'd like to bring them home."

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Republicans remain supportive of the war; a majority of them oppose any congressional limits. Still, even among those who back Bush's troop increase, nearly a third endorse the timetable for pulling out.

The House is to begin three days of debate today on a resolution that vows to "support and protect" U.S. troops and then "disapproves of the decision of President George W. Bush … to deploy more than 20,000 additional United States combat troops to Iraq."

A vote is likely Friday.

The USA TODAY poll, taken Friday through Sunday, finds most Americans paying close attention to the unfolding debate, the first on the war since Democrats won control of Congress in November.

Among the findings:

·There is majority support for congressional action on Iraq: 51% back a non-binding resolution, 57% a cap on troop levels and 63% a timetable to withdraw all U.S. troops by the end of 2008. However, 58% oppose denying funding for the additional troops.

·The Senate's failure to act last week rankled nearly two-thirds of those surveyed. By 51%-19%, they blamed Republicans. In a party-line vote, Senate Republicans refused to cut off debate and let action proceed on a resolution opposing the troop increase.

·Seven of 10 say their representative's vote on the war will affect their vote in the next congressional election; more than four in 10 call it a major factor. However, nearly two-thirds aren't sure where their representative stands on the issue.

·Neither side gets high approval ratings. Just 30% approve of the way congressional Democrats are handling Iraq; 27% approve of congressional Republicans.

Bush's overall approval rating is 37%, up 5 percentage points from early February.

Iraqis Show Us The Door (NYT)

By Nicholas D. Kristof

The New York Times, February 13, 2007

For those like myself who oppose the "surge" in Iraq and seek a timetable for withdrawal, the hard question is: what happens if all hell breaks loose?

What happens if the removal of U.S. troops leads to large-scale massacres, to a regional war between Saudi Arabia and Iran, to Kurdish-Arab-Turkmen fighting in Kirkuk, to a Turkish invasion of Kurdistan? Conservatives have a right to ask: why advocate a withdrawal that could lead to genocide in Iraq?

The first part of a response is to doubt President Bush's premise that a buildup is necessarily the best way to avoid a cataclysm. Iraqis themselves don't think so. On the contrary, one poll last fall found that 78 percent of Iraqis believe that American troops provoke more violence than they prevent.

Another poll, conducted by the State Department and reported by The Washington Post, found that nearly three-quarters of Baghdad residents would feel safer if American forces left Iraq. So if our aim is to avoid catastrophic bloodshed in Iraq, it may well be that we're more likely to accomplish that by leaving rather than staying.

A second point is that the bloodshed can end only after Shiite leaders make political concessions to Sunnis, and our presence may be impeding that kind of political settlement. Once we set a deadline for departure, the Shiite leaders will look into the abyss — the prospect of Iraq, on their watch, splintering forever — and that may encourage moves toward a political settlement.

In any case, it doesn't work when we want to stay in Iraq more than the Iraqis want us there.

Not only do polls show that Iraqis overwhelmingly want U.S. troops gone within a year, but Iraqi leaders themselves are cool to Mr. Bush's surge. "The problem is not more troops or less troops," the Iraqi vice president, Adil Abdul Mahdi, told me over lunch last month in Davos.

We shouldn't send our troops into harm's way unless Iraqis are pleading for them. If we're the ones begging for the opportunity to shed blood in Baghdad, it's time to come home.

There are a few other steps we can take to reduce the chance of large-scale massacres. David Scheffer, a former U.S. ambassador at large for war crimes issues, suggests putting the Iraqi government on an "atrocity watch": warning Iraqi leaders that they can be prosecuted if Shiite militias and the Iraqi police slaughter Sunnis with impunity. All this might lead Iraq's leaders to restrain their militias.

Then there's diplomacy: we have to get the help of Iraq's neighbors, especially Iran, to pursue our common interest in a stable Iraq (just as we had Iran's cooperation five years ago in overthrowing the Taliban and Al Qaeda in Afghanistan).

Instead we are going down a path of escalation. Two of the Iranian officials arrested by the U.S. recently were actually in Iraq at the invitation of the Iraqi government to try to bring stability, Mr. Mahdi told me.

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I've been asking experts what they think the odds are that the U.S. will strike Iranian nuclear sites in Mr. Bush's remaining two years in office. A common answer is about a 30 percent chance (plus maybe a 20 percent chance that Israel will strike). If that happened, Iran would make our troops pay a horrendous price in Iraq and Afghanistan alike.

Speaking of Afghanistan, a thoughtful new report from the Council on Foreign Relations notes that Iraq is siphoning off so many resources that we could end up failing in Afghanistan as well. The report warns that Iraq is all-consuming and makes it difficult for the U.S. to address other priorities.

"U.S. interests in the Middle East and Persian Gulf region can be more effectively advanced if the United States disengages from Iraq," the report declares. "Indeed, the sooner Washington grasps this nettle, the sooner it can begin to repair the damage that has been done to America's international position. Staying longer means more damage and a later start on repair."

So at the end of the day, genocide is possible in Iraq, but there's no crystal ball to tell anyone what will happen if we stay or go. Keeping troops in Iraq has steadily increased the risk of a bloodbath. The best way to reduce that risk is, I think, to announce a timetable for withdrawal and to begin a different kind of surge: of diplomacy.

A majority of Iraqis may well be right in thinking that we are part of the problem rather than the solution — and maybe a phased withdrawal will nudge Iraqis back from the brink and make a cataclysm less likely.

Democrats Sound Off On Bush Nominees (WT)

By Christina Bellantoni

The Washington Times, February 13, 2007

Democrats controlling Congress have so far not denied President Bush any of his nominations, but they have used extensive hearings to score political points and send a signal to the administration they will play tough.

Senate Democrats relentlessly questioned Lt. Gen David Petraeus in a preview of confirmation hearings to come, but confirmed him unanimously as the top U.S. commander in Iraq despite disagreeing with the policy he has been tasked with implementing.

Senators -- especially those running for president in 2008 -- peppered Gen. Petraeus with questions about Mr. Bush's plan to send more troops to Iraq, something most of them oppose.

"We are in a dire situation ... in part because the Congress was supine under the Republican majority, failing to conduct oversight and demanding accountability, and because the president ... refused to adapt to the changing circumstances on the ground," Sen. Hillary Rodham Clinton, New York Democrat and potential 2008 candidate, said to open her questioning of Gen. Petraeus.

Before voting to recommend his confirmation, Mrs. Clinton told Gen. Petraeus she feared the administration's Iraq policy is wrong and took a moment to outline her position.

"You are being asked to square the circle, to find a military solution to a political crisis," she said. "I, among others on this committee, have put forward ideas about disapproving the escalation not because we in any way embrace failure or defeat, but because we are trying to get the attention of our government and the government of Iraq."

The four possible presidential candidates on the Senate Foreign Relations Committee are sure to sound off further on Iraq policy Thursday when they consider another Bush nomination.

The hearing to consider Ryan C. Crocker's nomination to be the U.S. ambassador to Iraq is an opportunity for Chairman Joseph R. Biden Jr., Delaware Democrat, to espouse his own position on the war.

Same goes for his fellow Democratic presidential hopefuls Sens. Christopher J. Dodd of Connecticut and Barack Obama of Illinois, and potential 2008 candidate Sen. Chuck Hagel, Nebraska Republican.

Press aides for the senators yesterday were mum on their bosses' positions on Mr. Crocker, currently the U.S. ambassador to Pakistan.

"If confirmed, Ryan and Zal will have two of the hardest and most consequential jobs in the world," Secretary of State Condoleezza Rice said when announcing Mr. Crocker's nomination and the nomination of Zalmay Khalilzad to serve as the U.S. ambassador to the United Nations.

Miss Rice urged "early action" on their confirmations and said they have the president's "unwavering support for the difficult work that lies ahead."

Also Thursday, the panel will consider whether William B. Wood should be U.S. ambassador to Afghanistan.

Several Senate committees will be holding hearings on Bush nominees, though few have scheduled that official business since the 110th Congress began last month.

One test of the Democratic plans for Bush nominees will come Thursday when the Judiciary Committee -- most often tasked with high profile appointments such as Supreme Court nominees -- considers Beryl A. Howell's reappointment.

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Ms. Howell, who was nominated during the congressional recess by Mr. Bush to be a member of the U.S. Sentencing Commission, declined to comment when contacted for this article.

Further, some of Mr. Bush's business-as-usual nominations expect less-than-typical treatment from newly empowered Democrats, though they think they will ultimately be approved.

Four recess Bush appointments to the Federal Election Commission (FEC) will be subjected to rare hearings in the Senate Rules Committee, Democratic Chairman Dianne Feinstein of California has said.

At least one of the nominees is expecting tough talk from Democrats.

"I'm assuming there will be a lot of questions," said Hans von Spakovsky, who in January 2006 was given a recess appointment to be an FEC commissioner. "All of us are just anxious to get this done one way or the other."

Prior to the appointment, Mr. von Spakovsky was counsel for the assistant attorney general for civil rights and did work on the Help America Vote Act. He has been criticized by Democrats for some of his writings while at the Justice Department and anticipates that will be a focus of the yet-to-be-scheduled hearings.

Sen. Edward M. Kennedy, Massachusetts Democrat, protested the recess appointment of Mr. von Spakovsky in 2005, saying he was "troubled and disappointed."

"His record ... raises serious doubts about his commitment to upholding voting rights for all Americans -- a commitment that is essential for anyone appointed to the commission," Mr. Kennedy said.

Mr. Bush's recess appointments to the FEC in early 2006 also irked Sen. John McCain, Arizona Republican. Mr. McCain said the nominees should be subjected to full confirmation hearings "so the Senate can be assured that they are qualified for the position and committed to carrying out the FEC's important mission to faithfully interpret and enforce the law."

Baghdadis Invest Hope In New Security Plan (CSM)

By Awadh Al-taiee

The Christian Science Monitor, February 13, 2007

BAGHDAD

In ads on state-controlled television and newspapers, Iraqi Prime Minister Nouri al-Maliki is promoting the new Baghdad security plan as the answer to stopping the violence between Shiites and Sunnis that has fractured Iraq's capital.

That sectarian battle – which has killed tens of thousands since an attack on the Shiite Golden Dome shrine in Samarra last February – claimed more Iraqi lives Monday. Three bombings killed at least 76 people in Baghdad markets on the anniversary, according to the Islamic calender, of the Samarra bombing.

Indeed, most Iraqis interviewed in Baghdad Monday about the new security plan, which involves deploying more Iraqi and US soldiers throughout the capital, framed the problem in sectarian terms. But they also expressed hope in the latest effort to restore calm.

"I hope this allows troops to capture all the criminals in the Sunni mosques or in the Shiite mosques," says Feras al-Jabouri, a Sunni who lives in the Amariyah neighborhood, near the road to the airport in western Baghdad.

Mr. Jabouri says war-weary Baghdadis often can identify insurgents and members of sectarian militias. He predicts that many who are fed up with the devastating toll of bombings and sectarian attacks will eventually begin turning the culprits in to the newly arriving American and Iraqi forces.

Mr. Maliki seems to be hoping that Jabouri is right. In the government's campaign to promote the security plan, the prime minister is urging Iraqis to call hot lines or inform police if they have information about insurgents or militias.

But Jabouri worries that the armed militants, whom the plan intends to target, have learned how to evade major crackdowns in security. "They can run away for a few months. When everything is quiet, they will return back to their crimes."

Muthena Mohammed, a secular Shiite who lives in the southern Baghdad neighborhood al-Bayaa, says he wants to get revenge for attacks on his own house. But he is waiting to see if the US and Iraqi forces will mete out justice for him.

Mr. Mohammed says he knows who is targeting him. "They are my neighbors," he says.

"[Under] the new plan, they should detain these people so that I can go back to my home, go back to my job, to continue my work. If I go back to my home and the terrorists or insurgents or my neighbors are there and I find them, I will kill them because this is a revenge case."

Many Iraqis will be watching what militant groups are targeted during the gradual crackdown, which has begun, and which Maliki said will be sped up this week, as a measure of any possible sectarian bias within the Shiite-led government. The government has said it will target Shiite and Sunni militias equally.

Ali Fakher, a Shiite who lives in Sadr City, says both sides are so entrenched in fighting and the cycle of revenge that establishing real security will take time.

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The solution is that they should put Iraqi troops in charge instead of having the Mahdi Army controlling Shiite areas and Sunni "terrorists" control the Sunni neighborhoods, he says.

As sectarian violence has spiraled in the past year since the Samarra shrine was bombed, some Iraqis like Mohammed say they can't rely on US or Iraqi forces to protect them.

"We created an armed group carrying AK-47s to protect our new place ... If the situation becomes good we will leave our machine guns and we will be friends and good neighbors. We know there is a serious [intention] from the new troops to do their mission in a good way but this will take a lot of time," he says.

In another largely Shiite neighborhood in Baghdad this week, armed men drove into the neighborhood at least twice and pulled captives out of the vehicle's trunk and killed them in the street, even though a contingent of US and Iraqi soldiers are based in a nearby building.

Three separate blasts rocked Baghdad Monday at noon. An attack at the popular Shorja market, Baghdad's oldest, set ablaze an eight-story warehouse. A separate roadside bomb at the Bab al-Sharji market, also in central Baghdad, killed five. Officials said 164 people were wounded.

The Shorja market, the main supplier for countless small shops in the capital and central Iraq, has been bombed frequently.

The bombings took place as Maliki said Iraq had no future unless a US-backed Iraqi security push against militants in Baghdad succeeded. "We have great confidence that Iraqis have realized that no one has a future in this country if we don't terminate the terrorists," he said after holding 15 minutes of silence in remembrance of the Samarra bombing, which under the Gregorian calendar was on Feb. 22, 2006.

Iraq's top Shiite cleric, Grand Ayatollah Ali al-Sistani urged followers not to seek revenge against Sunnis. Mr. Sistani said the Samarra bombing, blamed on Sunni militants, plunged Iraq into a cycle of "blind violence."

"We call on the believers as they mark this sad occasion and express their feelings ... to exercise maximum levels of restraint and not to do or say anything which would harm our Sunni brothers who are innocent for what happened and who do not accept it," Sistani said in a statement.

The reclusive Sistani, who lives in the holy city of Najaf, is regarded as a voice of moderation. Sistani, who heads the Shiite religious establishment, or Marjaiya, has repeatedly urged Shiites not to get sucked into sectarian conflict.

Explosions Target Baghdad Markets (CHIT)

By Liz Sly

Chicago Tribune, February 13, 2007

BAGHDAD -- Iraqi frustration with the slow start of Baghdad's long-promised security plan mounted Monday after a series of explosions tore through two downtown markets, killing at least 79 people and wounding 160 in the latest act of carnage to strike the commercial center of the capital.

The successive midday blasts struck Baghdad's historic al-Shorja market just as Prime Minister Nouri al-Maliki was addressing reporters live on television to mark the Islamic calendar anniversary of the attack last year on the holy Shiite al-Askari shrine in Samarra.

"We call on Iraqis to unite …," he said, as the second and biggest of the explosions reverberated across the city. Maliki barely flinched. "... And to cooperate with the Iraqi security forces," he continued.

In his address, Maliki promised that Baghdad's security plan would go into effect "later this week," compounding confusion over whether the plan has actually started. U.S. officials said last week that some aspects of the plan had already begun, but Maliki has yet to announce what he has called "the zero hour" for the plan's implementation.

As a thick funnel of black smoke spiraled into the Baghdad sky and the sirens of ambulances wailed across the city, Iraqis expressed fury that there is still no tangible evidence of the promised plan, which is to see the deployment of an additional 17,500 U.S. troops in Baghdad along with additional Iraqi soldiers.

"The only sign I can see of this security plan is that there are more explosions, and more troops hurrying around, but security? I'm sorry, no," said Jabar al-Hashemi, 28, a porter in the Shorja market.

He had rushed to help the wounded after the first and biggest of two car bombings hit the market, but fled when panicked rumors spread that a second bomb was in the vicinity.

"Who else is responsible if not the government?" he said. "We don't know who detonated the bomb so we can only blame the government for not protecting us. They can't even control the center of Baghdad, so why are they there if they can't protect us?"

Police said a total of three bombs exploded in the city center, starting with a small one detonated by a man wearing a suicide vest in the Bab al-Sherji market district shortly before noon; nine people died as a result.

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Twenty minutes later, a massive car bomb exploded in the densely packed al-Shorja market, followed within 10 minutes by a second car bomb about 100 yards away.

The blasts ignited a warehouse, demolished dozens of street vendors' stores and flipped cars parked in a four-story parking garage onto the street below. A police spokesman, Gen. Abdul Karim al Kinani, said 70 bodies were taken directly from the site of the bombing to the morgue, and many others were reported dead on arrival by city hospitals.

Bombings that target crowded open-air markets, apparently aimed at maximizing civilian casualties, have become increasingly common in recent weeks. The markets are located in poorer neighborhoods populated mostly by Shiites, but they attract customers from most communities within the city, making it difficult to determine if the attacks are purely aimed at Shiites or more broadly at sowing fear and eroding confidence in the government.

Iraqis observed grimly that the bombers have been more successful in stepping up their attacks than the government has been in stopping them.

"There is no government. This is a crowded place full of people and there was no security there to protect us," said Haider Hameed, 31, a cloth merchant in the Shorja market who joined a panicked exodus of merchants and shoppers after the first bomb exploded.

"The terrorists have made every effort to ensure the government plan will fail, while the government is doing nothing. It's not acceptable to say this plan will happen in a few days or in a week because people are dying every day."

The series of bombings roughly coincided with a 15-minute period of mourning called by Maliki to mark the anniversary of the bombing of the Samarra shrine, widely regarded as a turning point in the nearly four-year-old war.

The Feb. 22, 2006, attack unleashed a firestorm of Shiite rage, signaling the onset of the widespread, unchecked sectarian violence that claimed the lives of over 34,400 Iraqis last year and derailing U.S. hopes of handing over security responsibility to Iraqi forces in most of the country by the end of 2006.

Marking the occasion, revered Shiite cleric Grand Ayatollah Ali Sistani issued a statement urging Shiites not to blame Sunnis for the destruction of the shrine.

"They are innocent," he said. "It's the fault of the taqfiris [Sunni extremists] who are trying to wage a total sectarian war against the Iraqi people."

Bombs Kill 78 In Shiite Market (LAT)

By Borzou Daragahi And Said Rifai

The Los Angeles Times, February 13, 2007

BAGHDAD, Iraq — Within the dense warren of shops and storefronts of the Shorja market, ordinary life drummed along Monday morning. Security guard Abdul-Ameer Mohammed stood at his post in front of a bank. Nail Ahmed, owner of a porcelain pottery store in the market, took a break and shopped for spices for his wife. Maytham Qazzaz, a plastics and nylon merchant, worked the phones.

Then the explosions erupted, yet another in a series of attacks on crowded Baghdad marketplaces. Ordinary life became engulfed in fire, twisted metal, collapsed buildings, shattered glass, black smoke and blood. At least 78 Iraqis were killed in the attack and 166 injured. They were among the victims of sectarian violence that left more than 100 dead Monday in the capital alone.

"Every day we pray before going to work because Shorja has become a repeated target," said Ahmed, the pottery store owner, recovering from injuries to his back and head at the capital's Medical City Hospital. "But what can we do? We have to work to put food on the table for our families."

Minutes before the Shorja blast, an explosion caused by a suicide bomber wearing an explosives-packed belt ripped through a crowd at the nearby Bab al Sharji marketplace, killing at least nine people and injuring 19. The attacks coincided with the Islamic lunar calendar anniversary of the bombing last year at a Shiite Muslim shrine complex in Samarra that intensified the country's slide into sectarian civil war.

Monday's attacks also were laden with sectarian implications. The vast majority of the shoppers, sellers, truckers and young unskilled laborers lugging goods among the crowds at the Shorja and Bab al Sharji markets are Shiites. Such near-simultaneous bombings of marketplaces are trademarks of Sunni Arab insurgents.

Monday's marketplace explosions shook the city for miles around, filled hospitals and choked traffic throughout the war-scarred capital.

Mohammed, the security guard, said the blast sent the bank's steel doors hurtling toward him. "I heard many loud, indistinguishable noises before I fainted," he said, sitting on a sidewalk and nursing a wound to his head.

Witnesses, victims and rescue workers described horrific scenes of carnage, with the injured and dead trapped beneath rubble and inside burned cars.

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"We saw bodies and human remains scattered all over the place," said Jalil Abdul-Latif, an ambulance driver who spent the afternoon ferrying victims from the Shorja market to the Medical City Hospital. "We dragged the bodies and the injured victims from inside cars and out of collapsed buildings."

Worst hit was a sprawling, six-story 1970s-built complex at the heart of the Shorja market filled with stalls selling clothes, cooking utensils, farming equipment and more.

An enormous fire on the third floor raged for hours. Firefighters frantically attempted to extinguish the flames, which only seemed to spread as the afternoon wore on.

Many of the dead were trapped inside collapsed buildings. Qazzaz, the plastics store owner, said he and his employees struggled to get the injured to hospitals, but were hampered by bridge closings and roadblocks. Ahmed was dismayed to learn that his 17-year-old employee, Saif, had been crushed to death inside his ruined porcelain shop.

In other violence, authorities discovered the bodies of at least 30 Iraqis scattered around the capital. Mortar shells struck southeastern and southwestern Baghdad neighborhoods, killing at least eight Iraqis and injuring 25.

A roadside bomb targeting a police patrol struck a civilian motor vehicle in Baghdad, killing two passengers.

A U.S. soldier died Sunday in a noncombat incident somewhere in Iraq, a news release said. The death brought to 3,126 the number of American troops killed in the Iraq war, according to icasualties.org, a website that tracks U.S. casualties.

U.S. and Iraqi forces in Buhriz, a Sunni insurgent stronghold about 35 miles northeast of the capital, arrested police Maj. Khaled Saber Shammari, the head of the local force. He was accused of helping militants. U.S. and Iraqi forces have arrested 27 men during an aggressive sweep of the town backed by American air support.

Two Markets Bombed In Central Baghdad, Killing At Least 67 And Wounding 155 (NYT)

By Damien Cave

The New York Times, February 13, 2007

BAGHDAD, Feb. 12 — Four back-to-back explosions at two markets in central Baghdad killed at least 67 people and wounded 155 on Monday, charring drivers in their cars, shredding stores and setting ablaze a seven-story building full of clothing stores that burned for more than six hours, witnesses and officials said.

The blasts — three at Shorja market, the capital's largest bazaar, and one at Bab al-Sharji a few blocks away — struck shortly after Iraq's Shiite-led government marked the first anniversary, by the Islamic calendar, of an attack last year that destroyed a revered Shiite mosque in Samarra. That bombing, which shattered the shrine's golden dome, set off a wave of sectarian violence in Iraq that has yet to end.

Monday's attacks, given their timing and severity, seemed intended to fuel the country's sectarian hatreds and upstage the new American-Iraqi security plan for Baghdad.

One thunderous explosion could be heard in the middle of an upbeat outdoor news conference on security in Iraq given by Prime Minister Nuri Kamal al-Maliki in the Green Zone, roughly two miles from the markets. He did not flinch or address the sound.

"I'm very hopeful that the Iraqis will work together to support the Iraqi security forces and police" — boom! — "who are in charge of the operation," he said.

But the bombings only underscored the challenge he faces in trying to inspire public confidence as sectarian violence continues.

The Shorja attack was at least the fifth there since August.

It came on a day when the Iraqi High Tribunal ruled that Saddam Hussein's vice president, Taha Yassin Ramadan, should follow his former boss and two other members of that government to the gallows in several weeks, despite objections from United States officials who fear that another hanging so soon after those three would undermine the credibility of the Maliki government.

The High Tribunal initially sentenced Mr. Ramadan to life in prison for his role in the killing of 148 Shiites in the town of Dujail in 1982, but an appeals court in December sent the case back, directing that he be executed.

Miranda Sissons, leader of the Iraq program at the International Center for Transitional Justice in New York, said the Iraqi judges who switched Mr. Ramadan's punishment to death "didn't give any legal reasons for their change of action." She said no new evidence had emerged since Mr. Ramadan's conviction.

"The court is no longer making a judicial decision," she said. "It's political."

There were calls for peace on Monday, too, most notably from Iraq's leading Shiite cleric, Grand Ayatollah Ali al-Sistani, who issued a statement to mark the one-year anniversary of the Samarra mosque attack. But those calls were largely drowned out by fury and cries for vengeance.

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One came from Mr. Ramadan who, after his resentencing, said he was innocent and promised that God "will take revenge on everyone who oppressed me."

At the Shorja market, where a roadside bomb, a car bomb and a truck bomb blew up just after noon, people directed their anger at Sunni insurgents, who have frequently taken credit for similar attacks.

Ali Hassan Flayha, a merchant from the market who witnessed the explosions, said the insurgents wanted only destruction, to stop daily life, kill as many people as possible and keep the public angry at the Iraqi and American governments.

"The insurgents won't let us do our work," he said. "They are shooting at us, kidnapping our workers, starting fires, just to keep us away from the market." Bloodied bodies have become a familiar sight, he said, but government protection has not.

"The goal of the insurgents is to show us that the government is weak," he said. "We understand. They're right."

The Shorja attack was the deadlier of the two market attacks Monday, killing 61, while six died at Bab al-Sharji, according to an Interior Ministry official. It was one of more than a dozen strikes at markets over the past year that have killed more than 500 people.

Mr. Flayha and other witnesses said one bomb at the Shorja market was concealed in a pickup truck that parked outside the Abu Hanifa building, a seven-story concrete structure with shops and restaurants on the first floor and wholesale clothing businesses filling the rest of the structure.

The explosion, witnesses said, set the building on fire, trapping workers amid mannequins and clothing that burned like kindling and belched out smoke. Firetrucks arrived but were unable to put out the blaze for hours, leading some merchants to question whether the firefighters had enough water.

In the streets, bodies sat in cars, blackened. Young men pushed wooden carts with wounded survivors, their heads and bodies bandaged.

In the Baghdad neighborhood of Dora, two people were killed in a drive-by shooting, an Interior Ministry official said. He said three people were killed by mortar fire in western Baghdad and the authorities found 28 bodies throughout the city.

In Diyala Province, six suspected insurgents died when the car bomb they were preparing exploded near Baquba, the police said.

In a northern neighborhood of Baquba, suspected insurgents shot six people in the head in a public garden, the police said. A few miles farther north, another group of suspected insurgents beheaded a policeman with a sword in a public square. In both cases, the police said, the gunmen forced residents to watch the killings.

Bombs Kill 70 In Iraqi Capital (WP)

By Joshua Partlow

The Washington Post, February 13, 2007

BAGHDAD, Feb. 12 -- In Najaf on Monday, thousands of Shiite Muslim worshipers marched and chanted for peace, marking the one-year anniversary of the destruction of a sacred shrine that sent Iraq sliding toward civil war.

Prime Minister Nouri al-Maliki, who asked his nation to take time to remember that destructive day, stood outside his Baghdad office and observed a moment of silence.

At the strike of noon, mosques overlooking Baghdad's oldest market rang out with a plaintive call of commemoration: "God is greatest."

Minutes later, four bombs detonated in the bustling Shorja bazaar, where many Shiites shop, killing at least 70 people, wounding more than 120, and engulfing buildings in flames and black smoke that billowed over the city for hours.

For residents of Baghdad, the deadly attack came as a devastating reminder of the state of crisis that worsened dramatically when the golden-domed mosque of Samarra was blasted into rubble one year ago, by the Islamic lunar calendar. It was also a dismal reminder that attacks on civilian targets, primarily Shiite gathering spots, continue despite heightened efforts of U.S. and Iraqi forces to restore order in the capital.

In the past month, bombs in heavily Shiite areas of Baghdad have torn through fruit stands and clothing stalls in the nearby al-Sadriya and Bab al-Sherji markets, slaughtered students at Mustansiriya University, and killed people and animals at a popular open-air pet bazaar -- for a death toll of more than 400 people.

"These terrorist attacks, they're not a challenge to the regime as a whole, but they give a very, very powerful perception that the government cannot protect the people, and this is very dangerous," said Haider al-Ebaidi, a Shiite member of parliament.

Officials of the Shiite-led government have attributed the attacks to Sunni Muslim insurgents, usually assigning blame to "taqfiris," or extremist conservative Muslims; "Saddamists," secular loyalists of the late former president Saddam Hussein; and increasingly to foreign fighters entering Iraq to join the anti-American insurgency. Iraqi officials say attacks against Shiites are intended to threaten the government and spark reprisal killings such as those that characterized the aftermath of the Samarra shrine bombing, when marauding gunmen began executing Sunnis by the dozens every day.

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"They want to apply mass pressure on the government. It is psychological warfare that they are conducting," said Mohammed Naji Mohammed, a lawmaker from the largest Shiite bloc in parliament. "Since they consider the government a Shiite government, even though it's a national unity government, this is why they are conducting those mass attacks."

Since the bombing in Samarra, the violence here has become more complicated, and less easily understood as acts of sectarian revenge.

A recently issued National Intelligence Estimate notes a complexity beyond civil war that "includes extensive Shia-on-Shia violence, Al Qaeda and Sunni insurgent attacks on coalition forces, and widespread criminally motivated violence."

In a day-long battle late last month, U.S. and Iraqi forces killed 263 militants that Iraqi officials said were members of a Shiite-led cult intent on killing the country's Shiite religious leadership. U.S. officials on Sunday displayed what they said was evidence that Iran's government is supplying Shiite militias with weapons and explosives.

"Now there is not the same sectarian talk on the street," said Mithal Alousi, a secular Sunni politician who talked to residents at the scene of the Shorja bombing. "The Iraqis are targets by Iranian intelligence, Syria, al-Qaeda, Hezbollah."

"The terror era has just started, and I think it will take years and years," he said. "To just say we will have a security plan and this will stop is very naive."

Wamidh Nadhme, a political analyst at Baghdad University, noted that officials often blame "foreign hands" for the violence, yet there are rarely any suspects tried and convicted for such attacks, so the public is largely unaware of who is responsible.

The officials "themselves are in the same position as we are," he said. "They are important people and they find it difficult to say that they do not know what is going on."

"They use sort of general words, like terrorist, taqfiri, Saddamist, but it is not enough and there is no further proof or evidence to let any reasonable human being accept their claims," Nadhme said.

A spokesman for Iraq's Interior Ministry, Abdul Kareem al-Kinani, said three men have been detained in connection with Monday's bombings at Shorja market. Two are foreigners and one is Iraqi, he said, without identifying them further.

After the spate of recent bombings of civilians, some Iraqi officials say they are seeing fewer revenge killings by Shiite gunmen, which some attribute to instructions by Shiite cleric Moqtada al-Sadr ordering his Mahdi Army militiamen to lay low during the implementation of the security plan. The number of unidentified corpses found in Baghdad in January, 321, was slightly down from a peak of 416 in November, according to Iraqi Health Ministry and morgue figures. The count of unidentified bodies gives a partial picture of ongoing but less spectacular violence, sometimes driven by sectarian retaliation.

"Of course we are upset by the situation," said Ahmed Hussein, 35, a Mahdi Army member from the sprawling Shiite neighborhood of Sadr City. "Not just Shorja [market], we remember Sadriya," he said, referring to a suicide truck bombing that killed at least 132. "It's a massacre and a tragedy. But we didn't do anything because we have orders not to intervene. We are focusing on national reconciliation between Sunnis and Shiites."

Monday's market bombings, which struck near Shiite and Sunni mosques and two Christian churches, came in quick succession. Ali al-Timimi, 44, who owns a shop that sells electrical equipment, ran from his shop after the first blast.

"The poor dead people were falling on the street and the wounded were rolling on the ground," he said. "I was running and looking at the faces of those who were on the ground to see whether I knew any of them." He heard two more explosions, which ignited a multi-story warehouse and torched cars and shops, and kept running.

Some of the injured and burned were trapped inside their shops until firefighters could extract them, witnesses said. "There were burnt bodies and hands and legs all over the streets, and since there were lots of shops which sells blankets on both sides of the street, people started to use those new blankets to carry away the bodies," said Amir Rahim, 32, a merchant at the market.

Pickup trucks and ambulances raced with their loads to local hospitals. At Kindi Hospital in eastern Baghdad, dozens of bloodied victims were sprawled on gurneys, in wheelchairs and on the floors of the dimly lit, tile-lined hallways. People ran through the hospital searching for relatives. One man wandered in a daze with a clump of bloody gauze protruding from his ear.

In one hallway, Mustafa Gazi, 19, a Shiite grocer from Sadr City, rested his hands on his cousin Jafr Kamel, 18, who lay on a gurney, his eyes closed and lips quivering. Kamel was not wounded, but had fainted at the site of his brother, Mohammed Nasr, 20, who suffered severe burns and a seriously wounded leg. Nasr and two friends had gone to buy sports apparel at Shorja.

"This is just because the government is a Shiite government," Gazi said.

"Only God can stop this," said Nasr's uncle, Kamel Shiltaq.

"It will never stop," Gazi said.

Staff writer Ernesto LondoÃ±o and special correspondents Naseer Nouri, Saad al-Izzi, Naseer Mehdawi and Waleed Saffar in Baghdad and Saad Sarhan in Najaf contributed to this report.

Car Bombs Kill 78 In Baghdad Market (WT/AP)

By Kim Gamel

The Washington Times, February 13, 2007

BAGHDAD -- Thunderous car bombs shattered a crowded marketplace in the heart of Baghdad yesterday, triggering secondary explosions, engulfing an eight-story building in flames and killing at least 78 persons in the latest in a series of similar attacks aimed at the country's Shi'ite majority.

The blasts in three parked cars obliterated shops and stalls and left bodies scattered among mannequins and other debris in pools of blood. Dense smoke blackened the area and rose hundreds of feet from the market district on the east bank of the Tigris River. Small fires, fueled by clothing and other goods, burned for hours in the rubble-strewn street as firefighters battled blazes in two buildings.

The attack appeared timed to coincide with the first anniversary -- on the Muslim lunar calendar -- of the bombing of a Shi'ite shrine in the town of Samarra north of Baghdad, an al Qaeda provocation that unleashed the torrent of sectarian bloodletting that has gripped the capital for months.

The bombings yesterday wrecked the Shorja market, Baghdad's oldest, a day after U.S. and Iraqi forces temporarily sealed an adjacent neighborhood. The operation was part of the latest Baghdad security push to which President Bush has committed an additional 21,500 American troops.

Nationwide, 133 persons were killed or found dead yesterday, according to police reports. About 30 minutes before the attack on the market, a suicide bomber detonated an explosives-laden vest in a crowd near a popular falafel restaurant in the nearby Bab al-Sharqi area. Nine persons were killed and 19 were wounded.

A 15-minute period of commemoration in the capital marking the 2006 attack on the Golden Mosque had just ended when the attack on the market occurred.

The sound of two of the blasts was caught on tape as Prime Minister Nouri al-Maliki was delivering a speech live on television from the Cabinet building in the heavily fortified Green Zone at the end of the commemoration.

The Shi'ite prime minister didn't flinch -- though his bodyguards did -- as he called for unity and expressed optimism about the U.S.-Iraqi security sweep that officials said will gain momentum this week.

Brig. Abdul-Karim Khalaf, a spokesman for the Interior Ministry, told al Iraqiya state television that three suspects -- an Iraqi and two foreigners -- were arrested in the attack on the marketplace.

Elsewhere in Baghdad, some roads and bridges were closed after Mr. al-Maliki called for government offices to set aside time to remember the Samarra bombing. That attack occurred Feb. 22, 2006, according to the Western calendar.

Grand Ayatollah Ali al-Sistani, Iraq's top Shi'ite cleric, urged the government to rebuild the shrine, whose golden dome was partially torn off by the blast. The compound has since been locked and guarded by Iraqi police.

About 16,000 demonstrators flooded the main street of Karbala, 50 miles south of Baghdad, marching toward two Shi'ite shrines in that holy southern city. In the capital, hundreds of men chanted and beat their chests and drums as they carried a replica of the mosque.

A Year Later, Golden Dome Shrine Divides Sects (LAT)

By Louise Roug

The Los Angeles Times, February 13, 2007

http://www.latimes.com/news/nationworld/world/la-fg-samarra13feb13,0,4009541.story?coll=la-home-headlines

A year later, golden dome shrine divides sects By Louise Roug

Times Staff Writer

SAMARRA, Iraq -- The town was quiet, its residents asleep. A minute after midnight, the on-duty officer at a small U.S. base here started his log. At 6:43 a.m., Army Sgt. 1st Class Christopher Gallas noted the sound of two explosions. Four minutes later: "Nighthawk elements report Main Dome on the Golden Mosque has been blown up."

Gallas did not know it, but the attack he recorded would reverberate throughout Iraq and the rest of the world.

The twin explosions last February claimed no lives. But the destruction of the Shiite Muslim al-Askari shrine in a Sunni city led to the death of thousands as Iraqis engaged in a frenzy of vengeance, torching mosques and publicly executing civilians.

This was the dawn of Iraq's civil war.

On Monday, the anniversary of the bombing according to the Muslim lunar calendar, officials in Baghdad called for 15 minutes to remember the destruction of the shrine. Instead, bombs shattered two Baghdad markets frequented by Shiite residents, boosting the war's toll by at least 97.

For almost three years, Shiites endured bombings and assassinations by Sunni insurgents. They buried thousands with only limited retaliation. Their pre-eminent cleric, Grand Ayatollah Ali al-Sistani, preached restraint.

But Feb. 22, 2006, was the day Shiites stopped listening.

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The desecration of one of their holiest sites in Iraq was unfathomable. Iraqi Vice President Adel Abdul Mehdi, a Shiite, compared its emotional resonance with the effect the Sept. 11 attacks had on Americans.

Top U.S. officials described the bombing as a "crime against humanity."

The government imposed a nationwide curfew. Iraqi and U.S. troops were sent into the streets to protect Sunnis from retaliation.

But the rage would not be contained.

At daybreak after the attack, an Iraqi interpreter for the Americans was one of the first people to reach the shrine.

Fuad, nicknamed "Tiger," has a Shiite mother and a Sunni father. He is agnostic. But that morning, seeing the Golden Mosque reduced to gray rubble, Fuad cried.

Next to him, Sunni police from Samarra and Shiite forces from Baghdad were weeping. Although Samarra is a mostly Sunni city, the shrine itself is a source of pride for both groups. The explosions brought sleepy Iraqis into Samarra's narrow streets. Looking toward the Golden Mosque, they saw its luminous shell shattered.

A call went out from mosque loudspeakers: Jews have done this, Americans are responsible.

By 8:10 a.m., a large group gathered at the market near the mosque. Protesters threw rocks at Iraqi commandos, and there was sporadic gunfire. Some men simply held up a Koran, repeatedly chanting, "Allahu akbar" -- "God is great."

The mob pushed toward the U.S. base. Troops prepared to defend the compound. The standoff didn't last long. The crowd dissipated. This was no longer about the Americans.

In Sadr City, a poor neighborhood in east Baghdad, Shiite militiamen picked up AK-47s and grenade launchers and marched north toward the Sunni heartland. Elsewhere, killers were on the prowl.

Khalil Duleimi, a Sunni cleric, was among the first to be slain. He died at his mosque in east Baghdad, killed in a drive-by shooting.

In the Shiite-dominated southern city of Basra, a mob pulled a dozen Sunnis from prison and executed them.

Dozens of others were slain that first day, hundreds in the days to follow.

The schism between Shiites and Sunnis dates to the 7th century and a dispute over the Prophet Muhammad's rightful heir.

Two-hundred years later, a Sunni caliph, Abu Ishaq al-Mutasim ibn Harun, worried about a possible Shiite insurrection, brought two direct Shiite descendants of the prophet, Ali al-Hadi and his son, Hassan al-Askari, to Samarra, where they died under house arrest, believed to have been poisoned by al-Mutasim. The al-Askari shrine contains their tombs.

During the waning days of the Ottoman Empire, laborers built the golden dome above the al-Askari shrine, completing it in 1905. For the next 100 years, the setting sun's rays were reflected by the gilded canopy.

The city's inhabitants looked upon the shrine as a member of the family; they saluted it as they walked by. Children called, "Salam alikum" -- "Peace be with you" -- to its golden top.

Bringing down the golden dome required cruelty, a well-laid plan and lots of explosives: A wall 3 feet thick and 9 feet high surrounded the shrine. The gates were locked every afternoon at 5. Nine security guards, hired by the Sunni authorities who dominate this city, patrolled the courtyard and buildings.

From a hotel across the street, a four-man police surveillance team watched over the mosque. Six other officers were on duty at a station adjoining the shrine. A battalion from Baghdad was headquartered less than 100 yards away. A company of U.S. troops occupied a base 500 yards down the road.

According to U.S. military documents reconstructing the bombing, four gunmen entered the shrine complex at 8 p.m. Feb. 21 through a door adjacent to an Islamic school.

The gunmen were wearing police commando uniforms and black masks. Without firing a shot, they overpowered the nine guards, tied them up and stole their money and weapons. They also took the keys to the complex. During the night, the men placed large amounts of explosives in the wall supporting the dome and under the canopy itself. Before dawn, the men slipped out, unnoticed.

Soon after, a police lieutenant in the station across the street heard someone shouting, "Police, police!"

From the roof of his building, the lieutenant could see the guards locked inside the compound courtyard. The lieutenant called for backup. While he was on the phone, he heard the first explosion. Six seconds later, the second blast brought down the rest of the dome.

In the confusion, the security guards fled . They were never seen again.

U.S. investigators believed that at least one of the guards collaborated with the attackers, letting the four men into the compound, according to the report, which also identified three of the nine guards as well-known insurgents.

A few days after the bombing, Iraqis took charge of the investigation.

In June, Iraqi national security adviser Mowaffak Rubaie told reporters that security forces had arrested a Tunisian, Fakher Mohammed Ali, after a shootout.

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Rubaie said Ali had confessed to the bombing, detailing a plot by al-Qaida.

Ali told investigators that Haytham Badri, an Iraqi from a prominent Sunni tribe in Samarra and head of the local al-Qaida cell, planned the attack with seven others: four Saudis, two Iraqis and himself.

Ali now sits on death row in Baghdad, convicted of the bombing. Badri has not been caught. Neither have his alleged co-conspirators. According to the government, the case is solved.

Today, Iraqis project their fears and suspicions onto the rubble: Shiites believe Sunnis brought the dome down; Sunnis say the investigation was a Shiite conspiracy.

Prime Minister Nouri al-Maliki, a Shiite, says reconstruction will be an integral part of the reconciliation between Sunnis and Shiites.

The United Nations, the Iraqi government and Shiite religious authorities all have pledged money toward rebuilding the dome. Iraqi officials say $50 million is earmarked for the work. But Shiites want the work to be done by Shiites. And in a country torn apart by civil war, Shiites cannot travel through Sunni areas without considerable risk.

Shiite lawmakers pushed through the establishment of a new military unit named the "Brigade of the Two Saints" to protect construction materials, workers and pilgrims on the treacherous 60-mile stretch of road between Baghdad and Samarra. But Sunnis see the new unit as a provocation. Americans fear the unit could become either a sectarian tool or a target.

The shrine remains a hostage of the country's warring sects and the dome a bombed-out crater.

Fuad the interpreter believes al-Qaida was behind the attack. But he also blames the Shiite-led government and U.S. commanders for failing to recognize what was at stake in the ancient city on the bank of the Tigris River.

"They didn't think Samarra was a strategic city," he says, "but it was."

One Year Later, Golden Mosque Is Still In Ruins (NYT)

By Marc Santora

The New York Times, February 13, 2007

SAMARRA, Iraq, Feb. 11 — It has been a year since Sunni insurgents ripped a hole in the glorious dome here of one of Iraq's most sacred Shiite shrines, shattering its 72,000 golden tiles and unleashing a tide of national sectarian bloodletting. Not a single brick of the mosque has been moved since.

There has been no rebuilding and no healing; the million annual pilgrims, and the prosperity they spread, are gone. The roads south to Baghdad and north to Tikrit are pocked with roadside bombs and fake checkpoints where travelers are abducted. The citizens of this Sunni city, who protected and took pride in the Shiite mosque for more than 1,000 years, say they want to lead the reconstruction, but Shiites will not hear of it.

And a proposal from the Shiite-led government to send thousands of Shiite troops to provide protection for a reconstruction project has been met with threats of bloodshed.

Symbols of political paralysis are everywhere in this country. But few have the potency of the blown-up Mosque of the Golden Dome, site of the graves of two of the figures most revered by Shiites, the 10th and 11th imams in a line of direct descendants of the Prophet Muhammad.

From the moment the shrine was destroyed, Iraqis — already accustomed to extraordinary violence — knew that life had taken an even darker turn. Within hours Shiite death squads sought bloody revenge, dozens of Sunni mosques were burned and Sunni imams were dragged out into the street and killed.

[That terrible day, one year ago according to the Islamic lunar calendar, was commemorated by Shiites from Najaf to Basra on Monday. But even as they were observing the occasion with a moment of silence, bombs in busy Baghdad markets left at least 67 more people dead. There were no commemorations in Samarra, just the ever-present reminder of the mosque itself.]

Pieces of the blue and gold tiles that adorned the facade of the great mosque, formally known as the Askariya Shrine, where graceful Arabic script from the Koran praised God and peace, sit shattered in the empty courtyard.

There are continuing discussions about rebuilding the shrine, and the United Nations has been approached. The local Sunni tribal elders have put forth a plan to rebuild, but it is unlikely that Shiite religious and political leaders will trust them.

Both groups say reconstruction of the dome would be a powerful unifying force, a symbol of hope where hope is scarce. But any large-scale project remains complicated not only by the distrust between Sunnis and Shiites, but by the precarious security situation in Samarra itself, where a force of only about 300 national and local police officers is trying to control a city of about 100,000.

Some of men currently responsible for guarding the shrine, drawn from the nation's Facilities Protection Services, are considered suspect, possibly infiltrated by Sunni militants, according to Americans and Iraqis.

The walls still stand, but the doors are locked, and no prayers are conducted there. Nearby shops are open but desolate.

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Residents, for whom the mosque was a source of livelihood as well as pride, say they would like nothing more than to have it rebuilt. But they have no faith in the central government, fearing that Shiite politicians would use the reconstruction as an excuse to take control of the mosque.

Before the attack, more than a million Shiites streamed into the mosque each year, visiting the graves of the 10th and 11th Imams. They also came to honor Muhammad al-Mahdi, who became the 12th Imam when he was only 5 years old, in A.D. 872.

Shiites believe that it was here that the Mahdi was put into a state of divine hiddenness by God to protect his life. Shiites believe that the Mahdi will return at the end of days, at a time of chaos and destruction, to deliver perfect justice.

The graves, at the foot of a spiral staircase some 50 feet below ground, were not damaged in the explosion, a caretaker said. But the dome, the defining feature of the mosque, renovated in 1905, was ravaged.

Shiites rarely dare travel to the city now.

The Iraqi police have started constructing a sniper's post on a roof across the street. When the Americans arrived Saturday to check up on the effort, it took less than 20 minutes for militants to begin attacking them. Bullets whizzed over the mosque and the American position.

A stray round hit a civilian standing at the shrine's southern gate. An American medic pulled him to safety and treated his wound. The fight was brief, less than half an hour, with the militants finally scurrying away with the Americans in pursuit. But it was a reminder of how difficult it would be to secure the site for any major reconstruction project.

Samarra was untouched in the American-led invasion of 2003, but since then it has fallen to militants twice, only to be retaken in major American military operations.

The Americans, who try not to patrol too near the mosque, keep one base in the city. They acknowledge that if they leave any time soon, the militants will seize the city again.

The roads running south to Baghdad and north to Tikrit remain plagued by attacks, mostly with roadside bombs.

The government in Baghdad is discussing a plan to create a special brigade of 3,500 soldiers to secure the roadways and protect a team of workers who would rebuild the mosque. But if those soldiers are primarily Shiites they will not be welcome, Iraqi officials say.

"If they send Shiites from the south, they will be killed," said Lt. Col. Abdul Jalil Hanni, the commander of the Iraqi police here. "They should make the brigade with people from Tikrit and Samarra," he said. "Al Qaeda will still make trouble, but it can be done."

Residents of Samarra, who are very careful with their words because militants still hold much of the power here, remain as devastated by the destruction as the Shiites.

"It was a catastrophe for Samarra and the Islamic world," said Zuhair Majeed, 26, whose shop is at the foot of the shrine. "The shrine has been in Samarra for 1,200 years. It was the people of Samarra who protected it, reconstructed it and served it."

But the people of Samarra also have chosen not to even clean the rubble from the site, because they believe that the real culprit in the bombing has yet to be found.

"You must know that the tribal leaders have not removed a single brick until now, in order not to change the crime scene," said Sheik Qahtan Yahya al-Salim, the general secretary of the tribal sheiks' council in Samarra.

Haitham al-Sabaa, of the Badri tribe, a former chicken farmer from Samarra, was the architect of the plan, American and Iraqi officials say. He has not been caught.

Before the war Mr. Sabaa was not particularly religious, old friends say, but joined Al Qaeda in Mesopotamia after the American invasion. They say he worked with Abu Musab al-Zarqawi, the Jordanian-born Qaeda leader who was killed by American forces in Iraq last June.

Mr. Zarqawi explicitly wrote that attacking the apostate Shiites was integral to undermining the American occupation. Mr. Sabaa, the officials said, was hungry to prove himself in the Qaeda hierarchy and orchestrated the attack. "For him it was not about religion but about being a big man," said one person, who recalled many a wild and drunken evening with Mr. Haitham before the invasion. He is now considered a "prince" in the Qaeda structure in Iraq, American and Iraqi officials said.

Many residents here have come to believe an alternative version of how the attack occurred, blaming Iranian agents and pointing to the fact that the attackers were wearing commando uniforms. But there is no evidence to support that theory.

What is clear is that the attack was carefully planned and calculated.

A caretaker at the shrine described what happened on the day of the attack, insisting on anonymity because he was afraid that talking to an American could get him killed. The general outline of his account was confirmed by American and Iraqi officials.

The night before the explosion, he said, just before the 8 p.m. curfew on Feb. 21, 2006, on the Western calendar, men dressed in commando uniforms like those issued by the Interior Ministry entered the shrine.

The caretaker said he had been beaten, tied up and locked in a room.

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Throughout the night, he said, he could hear the sound of drilling as the attackers positioned the explosives, apparently in such a way as to inflict maximum damage on the dome. Many Sunnis in Samarra say they remain as pained by the shrine's destruction as the world's Shiites. "I still feel sad despite the passing of a year," said Abu Hameed al-Samaraee, 43, a teacher.

"I can describe what was done as exactly like what happened to the World Trade Center," he said. "Bad people used this incident to divide Iraq on a detestable sectarian basis."

McCain Fears 'Tet Offensive' In Iraq (AP)

By Bob Lewis

AP, February 13, 2007

Republican presidential hopeful John McCain said Monday he fears an offensive by Iraqi insurgents similar to the Tet offensive by the Viet Cong that sent U.S. casualties soaring in Vietnam nearly 40 years ago.

McCain, a Vietnam war veteran who spent 5 1/2 years as a prisoner of war, said in an interview with The Associated Press that it's not the U.S. presence in Iraq that upsets voters but rather the number of casualties and the possibility those numbers could rise.

The U.S. death toll is more than 3,100 in the nearly four-year-old war.

In the GOP presidential field, McCain is one of the strongest proponents of President Bush's plan to increase the number of U.S. troops in Iraq by some 21,500.

"By the way, a lot of us are also very concerned about the possibility of a, quote, 'Tet Offensive.' You know, some large-scale tact that could then switch American public opinion the way that the Tet Offensive did," the Arizona senator said.

Last month, an Associated Press-Ipsos poll found that 62 percent said the United States made a mistake in going to war in Iraq.

McCain made his comment in explaining why he did not believe the Bush administration should set a date by which it should deem Bush's troop increase a success or a failure.

"I think that it should be publicly open-ended because I think that if you set a date, that there's every possibility that the insurgents would just lay back and wait until we leave," McCain said.

Tet, a massive invasion in 1968 of South Vietnam by Communist North Vietnamese, inflicted enormous losses on U.S. and South Vietnamese troops and is regarded as a point where public sentiment turned sharply against the war.

McCain was in Richmond to address about 40 Virginia Republicans who could potentially support his 2008 presidential bid.

McCain said that while U.S. intelligence in the Middle East is better than the flawed information available before the 2003 Iraq invasion, it's still lacking as Iran continues its efforts to process nuclear material.

He said he has no doubt Iran is developing nuclear weapons.

"It is in my opinion that it is not whether they are developing nuclear weapons but when, and there is where opinion varies. Some say as short a time as two years, others as many as 10," McCain said.

Syria Turns Away Iraqi Refugees (WSJ/AP)

The Wall Street Journal, February 13, 2007

DAMASCUS, Syria -- Syria, the last Arab country welcoming large numbers of Iraqi refugees, is now all but closing the gates and leaving 40,000 Iraqis who flee their country each month with almost no place to go.

The new rules -- imposed without any official announcement -- also strike fear of deportation into the 1 million Iraqis already here. The worsening humanitarian crisis has resulted in calls for action by members of the U.S. Congress and a plea from the United Nations for more countries to help out.

"It's not fair that the burden is not being shared effectively. A very limited number of countries is paying a very heavy price," Antonio Guterres, the U.N. High Commissioner for Refugees, said on a recent tour of the Mideast.

Syria kept its doors open even after others, including Jordan and Egypt with 700,000 and 130,000 Iraqi refugees respectively, said they could take no more. But the strain on its small, state-controlled economy apparently has become too great.

Until last week, Iraqis could come to Syria without a visa and stay for up to six months. At that point, they could drive to any border, leave briefly and re-enter immediately and stay for another six months -- meaning they essentially were allowed to stay indefinitely.

But Iraqis in Syria say they now receive only a 15-day permit to stay when they enter, after which they must apply for a three-month permit that can be renewed only once. After six months, any Iraqi not a student or without a job or business must leave Syria for at least 30 days before being allowed back in.

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Because Iraqis can't get into any nearby country for a long period, that 30-days-away rule basically makes most Iraqis here illegal. In addition, only those renting houses in Syria can apply for residency permit -- ruling out the majority of Iraqis, who crowd into relatives' apartments.

Syrian officials have said they will not deport Iraqis. And Syrian Interior Minister Bassam Abdul-Majid said recently that the new measures were taken merely to organize the resident permits of Iraqis and get an accurate count of refugees.

However, Syrian officials refuse to publicly confirm details of the new rules, and did not respond to several calls for comment, nor to a list of questions, from The Associated Press.

Many Iraqis fear the change. This weekend, thousands lined up outside U.N. offices to try to register for refugee status, in hopes that would give them a permanent toehold somewhere in the world.

Several Iraqis told The AP in recent days that their visas have expired and that they are scared to go to the Syrian immigration department for fear of being deported -- and plan to just stay illegally.

Bashar Saleh, 33, who lived and worked as a barber in tense eastern Baqouba in Iraq, has been in Syria for almost a year. After the first six months, he drove to Lebanon where he spent one day, then drove straight back to Damascus. His visa expires this week but he doesn't know what to do this time.

Mr. Saleh said he applied for resettlement at the U.N. agency in July but has received no answer. "If the Syrians ask me to leave next week, I will stay here illegally. I cannot go back to Iraq," he said.

The U.S. State Department last week announced a study panel to look at Iraq refugee issues and report back on how to better focus U.S. assistance. Secretary of State Condoleezza Rice also authorized the top U.S. diplomat in Syria to discuss the refugee problem with the Syrian government, apparently in an effort to provide help.

But a handful of U.S. lawmakers have pressed for more urgent action. They note that since the U.S.-led invasion of Iraq in 2003, the U.S. has permanently resettled only 466 Iraqi refugees, including 202 last year.

Sectarian Tensions Boil Over Into Syria (CSM)

By Rania Abouzeid

The Christian Science Monitor, February 13, 2007

DARRAYA, SYRIA

In a town that lies about five miles southwest of Damascus, the twin minarets of a partially constructed Shiite mosque pierce the sky and its drab cinder blocks blend in with the surrounding winter dreariness.

But apart from its dull facade, the Iranian-funded Tomb of Sukaina stands out. Although the mosque contains what is believed to be the remains of a descendant of the prophet Muhammad revered by Shiites, it is located in an area that is home to ultraconservative Sunnis.

"They say it's the grave of Sukaina, but she's got about three in Syria," says Radwan, a bespectacled resident, in hushed tones. "It's for them, not for us," he says, referring to the Iranians. "There are no Shiites here, but maybe they want to create some."

For more than four decades, Syria has been a fiercely secular state. Its majority-Sunni population is ruled by a minority Shiite sect, the Alawites, and governed by the Baathist Party. Until recently, modest public displays of faith were tolerated but not encouraged. Unlike most other Arab countries, for example, the state does not televise Muslim Friday prayers.

But Syria has seen a growing religiosity over the past few years. Spurred in large part by the civil war in Iraq to the east and rising Sunni-Shiite tensions in Lebanon to the west, Syrians are increasingly aware of their sectarian identities. In a region roiled by religious tensions, the country's majority Sunni population now views Syria's deepening relationship to Shiite Iran with creeping suspicion.

"Syrians are speaking of Shiitization," says Redwan Ziade, a political analyst and human rights activist in Damascus. "It's a very sensitive issue. There has been an increase in internal problems between Syrians based on sectarianism, but it won't come to the surface because there's no means for it to."

Whisperings of new Iranian-funded Shiite religious institutions abound, as do rumors that Iran is offering cash and other incentives to persuade Sunnis to convert.

In Syria, an officially secular, one-party state that doesn't tolerate political dissension, religious statistics are hard to come by. According to the CIA World Factbook, Sunnis constitute about 75 percent of the population, with Alawites, Druze, and Christians making up the bulk of the rest. It is commonly understood that Shiites make up 1 or 2 percent of Syrians.

"We hear there are some areas on the outskirts of Damascus, Aleppo ... where there have been conversions, but we can't be sure," says Ammar Qurabi, chairman of the Arab Organization for Human Rights in Syria. "There is no public opinion; there is public fear."

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The Syrian regime is adept at quieting social disturbances, but it has opted instead to assuage Sunni worries. Regardless of whether the rumors are true, the Syrian state is working to allay concerns among Sunnis.

In the past year, the regime has loosened restrictions on everything from religious weddings, which once needed state security clearances, to allowing the first public celebration of the prophet Muhammad's birthday in decades – an event that earned even more fanfare than the normally extravagant Baath Party founding anniversaries.

Just a few months ago, the country's highest-ranking Sunni cleric, Grand Mufti Ahmad Hassoun, publicly downplayed concerns about Shiitization in a widely seen interview with Al Arabiya. While Mr. Hassoun said that the number of conversions was trivial, the fact that he even acknowledged Sunni concerns was significant.

The Syrian government is "trying to settle down these tensions between Sunni and Shiite that have spilled over from Iraq," says Andrew Tabler, a fellow at the Damascus-based Institute for Current World Affairs and a consulting editor for Syria Today magazine.

Many Sunnis here appear to connect recent regional events with a broader anti-Sunni campaign. Some blame Shiites for former Iraqi President Saddam Hussein's humiliating hanging amid sectarian taunts. There is also a popular perception that the months-long push led by Lebanon's Shiite Hizbullah Party to oust the government there was motivated by anti-Sunni sentiments.

Yet during the 34-day war between Israel and the Iranian and Syrian-backed Hizbullah last summer, many Syrians proudly plastered posters of the group's leader, Sheikh Hassan Nasrallah.

"When they killed Saddam Hussein, who wasn't a practicing Sunni for a day in his life, suddenly the feeling in Syria shifted," says Mr. Qurabi. "They tore down Hassan Nasrallah's posters."

For many, the question now is whether the US can exploit Sunni misgivings to pry Syria away from Iran's influence, as recommended by the Baker-Hamilton report last year.

According to Mohammad Habash, an independent Sunni member of parliament and director of the Damascus Center for Islamic Studies, the Syrian regime's newfound religious tolerance was partly designed to offset possible internal divisions that could make Syria vulnerable to US manipulation.

"The gap between religion and state policies has become narrower because of the policy of the US administration that believes it has a chance, under the banner of democracy, to make changes," he says.

Indeed, Sunni Arab leaders like Jordan's King Abdullah have warned that Iran is establishing a "Shiite crescent" stretching from Iraq through Lebanon to Syria. Saudi Arabia's monarch, in a rare move, recently lashed out against attempts to convert Sunnis to Shiites. He didn't name Tehran, but the conservative kingdom has been trying to counter Iran's growing influence in the region.

"The area is like a tug of war," says Mr. Ziade, the political activist. "Ahmadinejad, who speaks like a demagogue about exporting the [Islamic] revolution, increases sectarian tensions everywhere, including here."

Gates Says Pakistan To Help In Offensive Against The Taliban (USAT)

By Tom Vanden Brook

USA Today, February 13, 2007

MANAMA, Bahrain — Pakistan supports U.S. efforts to stop the Taliban's movements across the Pakistani-Afghan border, Defense Secretary Robert Gates said Monday.

Gates had an hour-long meeting in Islamabad, Pakistan, with Pakistani President Pervez Musharraf in which they discussed preparations for a NATO-led spring offensive against the Taliban.

The Taliban was a group of hard-line rulers of Afghanistan until it was toppled by a U.S.-led coalition in 2001. The Taliban regrouped along the Pakistani border and mounts annual attacks against Afghanistan's government and U.S. and allied forces.

Gates traveled to the Pakistani capital after meeting with NATO defense ministers in Europe. There, he sought to cement support for a major military, economic and counternarcotic offensive in Afghanistan this spring. He stopped briefly to change planes in Bahrain before flying back to the USA.

Gates said artillery attacks Sunday by U.S. troops on Taliban positions in Pakistan were coordinated with the Pakistanis.

Heavy fighting was reported in southern Afghanistan on Monday. At least six Taliban fighters and five Afghan police officers were killed in two separate firefights, according to U.S. Central Command.

The United States erred in neglecting Afghanistan after troops from the Soviet Union were chased out, Gates said. The Taliban took charge, al-Qaeda set up terrorist training camps there, and the Sept. 11 attacks were the result.

"We will not make that mistake again," Gates said.

There are about 21,000 U.S. troops in Afghanistan; 13,000 of them work with NATO forces in the International Security Assistance Force, and the other 8,000 train Afghan troops and mount counterterrorism operations.

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In advance of the offensive, the U.S. Air Force increased its airstrikes in the first five weeks of this year by more than 70% compared with last year. Gates told NATO allies they need to hit the Taliban hard. He stressed the need to combine the offensive with economic aid, improving the Afghan government and building the country's infrastructure.

NATO needs to ensure it has enough troops for an adequate, long-term presence in rural areas where the Taliban intimidates residents, said Anthony Cordesman, an analyst with the Center for Strategic and International Studies in Washington.

That has to be combined with an aggressive effort to defeat the illegal trade in opium and heroin derived from poppy cultivation, he said.

If there are too few NATO troops, Afghan security forces and development teams, the Taliban will exploit the gaps, Cordesman said.

"This is a war of attrition," he said, "and the Taliban are going to be there a long time."

Cordesman is skeptical that NATO can defeat the Taliban. Last week at a NATO conference in Spain, some smaller member countries agreed to send more troops to Afghanistan, but others, such as Germany, were reluctant to do so.

"They don't have a strategy, and they don't have an operational plan to make it effective," Cordesman said.

"Throwing clichés at the Taliban won't work."

In Pakistan, U.S. Defense Secretary Seeks Support To Counter Taliban (NYT)

By Thom Shanker

The New York Times, February 13, 2007

ISLAMABAD, Pakistan, Feb. 12 — Defense Secretary Robert M. Gates made an unannounced trip to Pakistan on Monday for talks with one of America's most complicated partners. He offered strong words of support for the government, even as he urged it to do more to halt the flow of Taliban fighters into Afghanistan.

Mr. Gates volunteered the help of the United States in easing a war of words between Afghanistan and Pakistan over border areas inside Pakistan that are being used as safe havens for fighters for the Taliban and Al Qaeda.

After meeting with President Pervez Musharraf, he told reporters that he was flying back to Washington reassured that Pakistan would work more strenuously to halt insurgents from crossing the border to attack American, NATO and Afghan troops.

"If we weren't concerned about what was happening along the border, I wouldn't be here," Mr. Gates said.

He had flown to Islamabad for a one-hour meeting with General Musharraf, nearby in Rawalpindi. Mr. Gates had spent the weekend in Munich at a security conference.

Senior American officials said the effort emphasized American support for an often criticized ally who assists the Bush administration's counterterrorism efforts but has been unable to prevent Islamic militants from using the country as a base.

Mr. Gates and General Musharraf discussed plans by NATO and Afghan forces for a spring offensive against the Taliban, who were ousted from power in Afghanistan by American-led forces in late 2001 and who normally carry out a fresh round of attacks with the first thaw.

Asked about reports that American troops in Afghanistan had been shelling Taliban positions across the border in Pakistan, Mr. Gates did not respond specifically, but said, "Our operations are coordinated with the Pakistanis."

A former director of the Central Intelligence Agency, Mr. Gates said he first visited Pakistan 20 years ago in an effort to support anti-Soviet guerrillas in Afghanistan. After the Soviets were routed, Mr. Gates said, the United States erred by neglecting the region, allowing militants to take over. One result, he said, was the attacks of Sept. 11, 2001, planned by leaders of Al Qaeda under Taliban protection in Afghanistan.

"We will not make that mistake again," he said. "We are here for the long haul."

Mr. Gates said the Pakistani president had acknowledged difficulties in enforcing a peace deal reached late last year with tribal militias in North Waziristan, a semiautonomous area on the border with Afghanistan.

General Musharraf has said that the pact has been a partial success, and that it is being enforced more successfully now, but critics say the truce allowed the Taliban to consolidate forces, rest and retrain.

Pakistani officials have said the responsibility for securing the border should be shared with the United States, NATO and Afghan forces across the frontier. But the cross-border movements by insurgent fighters have prompted accusations back and forth over who bears culpability for allowing the Taliban to reassemble their forces.

The discussions between American and Pakistani officials are expected to continue in the coming weeks, as a number of senior Bush administration and military officials are expected to make quiet trips to Pakistan.

Gates Thanks Pakistan For Border Crackdown (LAT)

By Peter Spiegel

The Los Angeles Times, February 13, 2007

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MANAMA, BAHRAIN — U.S. Defense Secretary Robert M. Gates thanked Pakistan on Monday for what he said were stepped-up efforts to crack down on the flow of fighters from its border regions into Afghanistan.

Gates expressed his appreciation in an hourlong meeting with President Pervez Musharraf during a stop in Islamabad, the capital, telling reporters that he felt the Pakistani government was taking the issue seriously.

"It's incurring significant costs in lives and, I might add, in treasure in fighting this battle on the border," Gates said during a short news conference before departing after less than five hours on the ground.

The Pakistani government came under intense criticism from U.S. and European officials after signing a peace deal last year with Taliban-linked tribal leaders in the Waziristan border regions. Western allies believe the deal has enabled insurgents to regenerate and launch an increasing number of attacks in neighboring Afghanistan.

American commanders in Afghanistan have reported a surge in attacks since the agreement was signed, and similar claims by Afghan President Hamid Karzai have led to a war of words between the neighboring leaders, with each accusing the other of failing to crack down on the extremist groups.

Pakistani Foreign Minister Mian Khursheed Mehmood Kasuri repeated those accusations Saturday at an international security conference in Munich, saying that shortcomings in Afghanistan's national reconciliation process and long delays in building the Kabul government's infrastructure were largely responsible for allowing the Taliban to flourish.

"The government and people of Pakistan are hurt at insensitive criticism toward Pakistan," Kasuri said. "To blame Pakistan for Afghanistan's problems would be counterproductive and indeed dangerous because it will take away from the real challenges facing Afghanistan, which lie within that country."

Gates did not repeat such criticisms of Pakistan on Monday and instead said he had thanked Musharraf for his country's efforts to enforce the Waziristan agreement, in which tribal leaders promised not to harbor Taliban fighters in return for a withdrawal of Pakistani troops.

"If we weren't concerned about what was happening along the border, I wouldn't be here," Gates said. "I think the president [Musharraf] himself has acknowledged there were problems initially with the enforcement of the agreement, but it is improving."

The meeting with Musharraf was the last in a five-day, three-country trip for Gates where, at every opportunity, he pressed American allies to increase their efforts in Afghanistan ahead of an expected Taliban offensive this spring. In two European stops last week, he called on members of the North Atlantic Treaty Organization to contribute more forces to the alliance's mission in Afghanistan, which stands at about 32,000 troops.

On Monday, Gates noted that his last trip to Pakistan was 20 years ago as a CIA official working with Pakistani intelligence to arm Afghanistan's anti-Soviet mujahedin. He said the U.S. was wrong to abandon Afghanistan after the Soviets withdrew.

"We neglected Afghanistan and extremism took control of that country," Gates said. "The United States paid the price for that on Sept. 11, 2001. We won't make that mistake again. We are here for the long haul."

Members' Skirting Military Duty Irks NATO Leadership (WT)

By Gareth Harding

The Washington Times, February 13, 2007

BRUSSELS -- NATO officials yesterday put a brave face on renewed splits within the alliance over troop levels in Afghanistan, where more than 35,000 American and European soldiers are fighting Taliban forces.

Alliance spokesman James Appathurai said NATO has added 5,000 troops to the Afghan force since a November summit in Latvia, "with more trainers, transport planes and fighter aircraft."

But not all those troops have yet arrived on the ground, creating jitters within NATO ahead of an expected spring push by a resurgent Taliban.

"Nations should fulfill all of the commitments they have made, and I hope they will do so promptly so that they can have some impact on the spring offensive in the next few months," said Defense Secretary Robert M. Gates at a meeting of NATO defense ministers in Seville, Spain, last week.

Even if all the troops arrive on time, NATO will need another 2,500 soldiers to serve in the south and east of the country, where the fighting is most intense, according to Gen. John Craddock, who took over as the alliance's supreme commander in December.

Gen. Craddock has said he wants to deploy some of those troops along the porous Pakistani border to prevent Taliban forces from crossing back and forth.

U.S. forces helped then-rebel Northern Alliance forces to oust the Taliban in 2001. But the hard-line Islamist outfit has since regrouped and stepped up attacks against NATO and government forces.

Ahead of the Seville meeting, NATO chief Jaap de Hoop Scheffer pleaded with European allies to send more troops to the Central Asian state, where al Qaeda plotted its September 11, 2001, terrorist attacks against the United States.

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"It is important that all nations participate because of course there is an element of solidarity in NATO," he said. "You can't send a few and [have] a number of allies do less."

The Dutch diplomat's words were echoed by Denmark's Defense Minister Soeren Gade, who was quoted by the Associated Press as saying: "More countries should take responsibility. ... If we do not send more soldiers to Afghanistan there is a risk that we may fail."

The finger-wagging reflects the frustration felt by a handful of countries that contribute the majority of troops to NATO's International Security and Assistance Force in Afghanistan.

Out of the 35,460 soldiers serving in the country, 14,000 are from the United States, 5,200 from Britain, 3,000 from Germany, 2,500 from Canada, 2,200 from the Netherlands and 1,950 from Italy.

Thirty-one countries, including France with 1,000, Turkey with 800 and Spain with 550 soldiers, provide the remaining 7,000 troops.

There is also some resentment inside NATO over "caveats" placed by some countries restricting their soldiers from places where they are most likely to come into harm's way.

Soldiers from the United States, Britain, Canada, the Netherlands, Romania, Estonia, Denmark and non-alliance member Australia are stationed in the dangerous south and east of the country, while most German and Italian forces are in the relatively peaceful north.

"We have got to be careful we don't create two alliances in one, where some nations are doing the fighting and others are doing the reconstruction," said a diplomat based at NATO's Brussels headquarters, speaking on the condition of anonymity.

In Riga, all alliance leaders agreed to make their troops available for NATO commanders in the event of an emergency, but other national restrictions remain on how troops operate in the field. "There are still caveats and we'd like them removed," Mr. Appathurai said.

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Judiciary Panel Senators To Be Briefed On Firings (RC)

By Rachel Van Dongen

Roll Call, February 13, 2007

Deputy U.S. Attorney General Paul McNulty is slated to brief members of the Senate Judiciary Committee at a closed-door meeting Wednesday on the personnel records of a handful of U.S. attorneys around the country who recently were fired from their posts.

When pressed by Senators at a hearing last week, McNulty declined to discuss the specific reasons for the Justice Department's dismissal of up to seven U.S. attorneys from California to Arkansas. Instead, he assented to a request from Sen. Charles Schumer (N.Y.), who serves as Democratic Senatorial Campaign Committee chairman and Democratic Caucus vice chairman, to privately share such information with the Senators.

The decision heads off a battle with Schumer, who has pledged increased oversight of the Justice Department. Schumer had threatened to subpoena the personnel records if they were not provided.

But it is unclear whether Democratic Senators — who charge the Justice Department has politicized U.S. attorney appointments — will be satisfied with Wednesday's briefing.

At last week's hearing, Senators pressed the deputy attorney general for copies of job performance evaluations. It was unclear at press time whether McNulty simply will brief the Senators on the evaluations without actually providing the paperwork. The Justice Department did not return a call for comment.

"It'll be a briefing," said one Senate Democratic aide. "We're not exactly sure what documents they're going to show."

Judiciary Committee spokeswoman Tracy Schmaler said the closed-door briefing would be open to all members of the committee.

Meanwhile, Senate Majority Leader Harry Reid (D-Nev.) is trying to bring legislation to the floor this week that would reverse a provision in the USA PATRIOT Act that allowed the Justice Department to indefinitely install interim U.S. attorneys. Though the Justice Department fiercely denies it, Democratic Senators charge that the department is trying to circumvent the Senate confirmation process.

Last week, the Judiciary Committee approved legislation by Judiciary Chairman Patrick Leahy (D-Vt.), ranking member Arlen Specter (R-Pa.) and Sen. Dianne Feinstein (D-Calif.) that would strip the Justice Department of that power. Under their legislation, the attorney general could nominate an interim prosecutor for 120 days. After that, a district court judge would appoint a successor until a permanent prosecutor would be named.

Committee Republicans Orrin Hatch (R-Utah) and Chuck Grassley (R-Iowa) voted for the legislation, but all other Republicans opposed it.

Sen. Jon Kyl (R-Ariz.) has vowed to block the bill if it gets to the floor.

One Republican Senate aide said GOP Senators were not yet heavily engaged in the issue, but "robust opposition" could be expected when they focus in on it. Another GOP aide expressed skepticism that there was enough time to bring the issue to the floor before the Presidents Day recess begins at the end of the week.

Last week's hearing was controversial because McNulty admitted that Bud Cummins III, the former U.S. attorney for Eastern Arkansas, was let go without cause to install Timothy Griffin, a former aide to White House adviser Karl Rove.

McNulty also revealed that six other prosecutors, including U.S. Attorney Carol Lam in San Diego, were dismissed in December for "performance-related" reasons, but he declined to elaborate publicly on the details. Expected to leave office Feb. 15, Lam won the guilty plea of ex-Rep. Duke Cunningham (R-Calif.) and the investigation into his illegal activities continues.

At the hearing, Schumer asked McNulty, a former House Judiciary Committee counsel, to answer a plethora of questions, including whether President Bush personally approved the firings, how the White House was involved and whether there was any dissent within Justice regarding the dismissals.

Specter tried to elicit a reason why Lam was fired but was rebuffed because McNulty said it was "unfair" to air personnel records publicly. Furthermore, McNulty argued that the written evaluations were "subjective" and a reason for a particular dismissal may not be readily apparent.

Congressional Republicans have argued that Lam was not aggressive enough in prosecuting smuggling and other crimes on the California border. Even Feinstein raised concerns about the weak prosecution of immigration-related cases in a June 15, 2006, letter to U.S. Attorney General Alberto Gonzales.

Feinstein lists seven U.S. attorneys recently asked to step aside by Justice: Lam, Cummins, Kevin Ryan of San Francisco, David Iglesias of New Mexico, Daniel Bogden of Nevada, John McKay of Washington and Paul Charlton of Arizona. Besides Lam, none of the prosecutors is involved in identified Congressional cases.

In Wake Of Seven Firings, Branches Clash Over Interim U.S. Attorney Nominees (LAW)

By Marcia Coyle, The National Law Journal

National Law Journal, February 13, 2007

The old way of appointing interim U.S. Attorneys was constitutionally sound, many legal experts agree. And the new way of appointing interim U.S. Attorneys is constitutionally sound, they add. The only real question now for the U.S. Senate is what is the best way of appointing those officers -- constitutionally and otherwise.

Recent fallout from the firing of seven U.S. Attorneys revealed that senators last year -- some knowingly and others unknowingly -- waived their advise and consent power by giving the attorney general the sole authority to appoint interim U.S. Attorneys to serve indefinitely when vacancies occurred.

The change in the process came at the request of the U.S. Department of Justice and was inserted into the renewal of the USA Patriot Act that was subsequently adopted by both chambers of Congress. The proverbial "sleeping giant" awakened in the ensuing controversy surrounding the unexplained requests for the resignations of U.S. Attorneys in Arizona, Arkansas, Nevada, New Mexico, San Diego, San Francisco and Seattle.

Last week, the Senate Judiciary Committee held a hearing not just on whether those resignation demands were purely political and not performance-based, but also on whether to change the appointment process again.

At the end of the week, some consensus had emerged that perhaps the old way was the best way. The Judiciary Committee on Feb. 8, voting 13-6, approved a bill returning the law to its pre-Patriot Act form. Under prior law, for almost two decades, the attorney general could appoint someone to fill the vacancy for 120 days. If no permanent replacement was nominated by the president and confirmed by the Senate at the end of 120 days, the chief judge of the federal district in which the vacancy occurred would appoint an interim prosecutor to serve until the president acted.

But the Justice Department last week did not endorse a return to prior law.

"We supported what was done in the Patriot Act," said Deputy Attorney General Paul McNulty. "It solved a problem that comes up occasionally. We support the law as it currently stands."

And the department is defending the current law right now in Arkansas where, McNulty candidly told the Senate committee, well-respected U.S. Attorney H.E. Bud Cummins had been replaced, not for cause, but to give the office a "fresh start" with J. Timothy Griffin, former aide to White House senior political adviser Karl Rove and a former spokesman for the Republican National Committee.

Little Rock, Ark., criminal defense attorney John Wesley Hall has challenged the constitutionality of Griffin's appointment in a client's criminal case.

"I'm challenging the fact that this guy is sitting in this office and he never has to go before the Senate for confirmation," Hall said. "To me, this cuts right to the heart of the appointments clause."

The occasional "problem" that the department most often offers as justification for the change in the law last year occurs when judges do not defer to the department's choice for the interim position.

That happened in South Dakota when the department reportedly asked U.S. District Judge Lawrence Piersol to reappoint Michelle Tapken as acting U.S. Attorney when her initial appointment was expiring. Piersol, instead, appointed former Republican state Attorney General Mark Meierhenry, with the concurrence of the other two active district court judges. Tapken resigned and the department asked a U.S. district judge in Oklahoma to swear in Steven Mullins, a Deputy U.S. Attorney there, as South Dakota's interim U.S. Attorney. The conflict was resolved when Mullins was named U.S. Attorney in a recess appointment.

Those conflicts, as well as separation-of-powers concerns, are avoided when judges are removed from the appointing process, according to McNulty.

"It is possible that what may be behind the department's arguments is its concern about the unitary theory of the executive," said constitutional law scholar Michael Gerhardt of the University of North Carolina School of Law. "They may feel these are really executive officers and therefore only the president or someone under his control should have the authority to exercise executive power. I'm going to surmise that may be why the department doesn't want to uphold a court's power here."

But as long as U.S. Attorneys are considered "inferior officers" under the Constitution, as they are now, the Constitution allows Congress to forgo its advise and consent power and to give the appointing authority to the president alone, heads of departments or to courts, said separation-of-powers scholar Peter Shane of Ohio State University Michael E. Moritz College of Law.

"What's interesting about all of this, in part, is: This is a potential constitutional-theory nightmare for the Bush administration," he said. "On the one hand, of course they would want to defend the legality of the interim appointments by the attorney general and that defense depends on the characterization of U.S. Attorneys as inferior officers. On the other hand, I'm guessing they wouldn't be too happy about judicial appointment of these folks."

There are only two ways around the problem, added Shane. One: to argue there is something constitutionally incongruous about vesting the appointment in a court of law. But the Supreme Court in Morrison v. Olson, 487 U.S. 654 (1988), appears to have answered that by finding nothing incongruous about judicial appointment of an independent counsel, he said. Or, two: to argue that U.S. Attorneys are not inferior officers.

"Of course if they're not inferior officers, the attorney general can't appoint them either. Only the president can."

The recent controversy ultimately is about the department's desire to consolidate and centralize power, said former federal prosecutor Laurie Levenson of Loyola Law School, Los Angeles, who also testified last week.

"There's nothing unconstitutional here" in the old or current process, she later said, adding, "It's a question of how does Congress want to exercise its power. Does it want to give power to the executive branch to bypass the confirmation process? I'm not sure they intended to do that last year. Now they're paying attention and they care."

Ousted U.S. Attorneys Received Positive Job Evaluations (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, February 13, 2007

WASHINGTON - Although the Bush administration has said that six U.S. attorneys were fired recently in part because of "performance related" issues, at least five of them received positive job evaluations before they were ordered to step down.

Attorney General Alberto Gonzales, using authority he gained in March from a little-noticed provision of the Patriot Act, has appointed interim U.S. attorneys from the Bush administration's inner circle. The firings and appointments have raised concerns that Gonzales is politicizing the process.

Supporters of the U.S. attorneys and Justice Department officials familiar with the job evaluations suggested in interviews that top Justice Department officials may have exaggerated the role job performance played in the firings.

A Justice Department official who spoke on behalf of the administration said the dispute might simply be a matter of "semantics."

"Performance-related can mean many things," said the official, who asked to remain anonymous because the Privacy Act bars officials from discussing personnel decisions. "Policy is set at a national level. Individual U.S. attorneys around the country can't just make up their policy agenda."

Performance reviews of U.S. attorneys are conducted every three to four years by a team of experienced Justice Department officials, who interview judges, staff members, community leaders and federal agents. In some of the five cases, the

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reviewers made recommendations for improvements, but overall their assessments were positive, Justice Department officials said.

For instance, Daniel Bogden, the U.S. attorney in Nevada, was described in his last job performance evaluation in 2003 as being a "capable" leader who was highly regarded by the federal judiciary and investigators.

"He didn't get any dings," said a Justice Department official with knowledge of the review. "The overall evaluation was very positive."

David Iglesias, the U.S. attorney in New Mexico, also received a positive evaluation last year, according to another Justice Department official.

Both officials asked not to be identified because they weren't authorized by the Justice Department to release the information.

The other U.S. attorneys who received good reviews were John McKay, the former U.S. attorney in Seattle; Paul Charlton, the former U.S. attorney in Arizona; and Carol Lam, the current U.S. attorney in San Diego.

McKay, who stepped down recently, said in an interview that his positive review in May 2006 didn't explain his ouster, nor did the phone call he received in December from a Justice Department official who ordered him to resign.

"I was not told that it was related to my performance," he said.

Lam was described in her 2005 evaluation as "well respected" by law enforcement officials, judges and her staff. Overall the review was positive.

"We're not aware of any significant issues," said another Justice Department official, who also asked not to be identified. Lam is leaving office Feb. 15.

Officials with the U.S. attorney's office in Arizona said Charlton received his last review in December 2005. He was described as being respected by his staff, federal investigators, judges and Native American leaders for "his integrity, professionalism and competence."

On Wednesday, Deputy Attorney General Paul McNulty is scheduled to brief senators privately on the reasons for the firings.

Tasia Scolinos, a chief spokeswoman for the Justice Department, said the removals were the result of a "careful, thoughtful" decision-making process.

"This issue really boils down to the department's reasons for making internal management changes," she said.

The decision to fire the U.S. attorneys came under scrutiny late last month after Senate Democrats discovered a change in the Patriot Act that allowed Gonzales to appoint interim U.S. attorneys for indefinite terms without Senate approval.

In testimony to the Senate Judiciary Committee last week, McNulty conceded that H.E. "Bud" Cummins, the former U.S. attorney in Arkansas, wasn't fired because of how he handled his job. Rather, McNulty said, administration officials wanted to make room for Timothy Griffin, a former aide of presidential adviser Karl Rove.

Pressed to explain the other firings, McNulty said they were motivated by a "range of reasons" and were "performance-related."

He also emphasized that the Justice Department had wide latitude because U.S. attorneys are appointed by the president.

"We don't believe that we have an obligation to set forth a certain standard or reason or a cause when it comes to removal," he said.

McNulty cautioned the senators that the evaluations might not explain the firings.

"That's just one way of measuring someone's performance," he said. "And much of this is subjective and won't be apparent in the form of some report that was done two or three years ago."

In an interview for the Arizona Republic's Saturday edition, Charlton said he was fired for "principled reasons, not performance issues."

Charlton declined to comment on the matter, but his supporters said he clashed with the administration over the handling of death penalty cases. Charlton objected to automatically recommending the death penalty for certain crimes, said Grant Woods, a former attorney general in Arizona.

"Paul felt it was one of the main reasons" he was fired, Woods, a Republican, told McClatchy.

Woods said it was "misleading" for the administration to describe Charlton's firing as performance-related. "A conflict over policy is different than poor performance," he said.

Justice Department officials are now completing the evaluation of Kevin Ryan, who's being forced to step down as San Francisco U.S. attorney.

Douglas Turner Column: Gonzales Is Imperiling Nation's Justice System (BUFFNEWS)

By Douglas Turner

Buffalo News, February 13, 2007

WASHINGTON - The words of one of the greatest lawyers to work in Western New York were invoked last week in a Senate rebuke to the Bush administration's latest manipulation of the justice system.

The man was Robert H. Jackson, who went to school in the Jamestown area and practiced there in the early 1900s. Jackson became attorney general, a justice of the Supreme Court and, famously, the architect and first prosecutor at the war crimes trials in Nuremberg, Germany.

It would be a stretch to find much in common between today's Attorney General Alberto Gonzales and Attorney General Jackson of 1940.

Gonzales supports bypassing the Geneva Conventions on treatment of war prisoners, and warrantless eavesdropping on Americans. Most recently, Gonzales took steps to tighten the grip the White House holds on the corps of federal prosecutors nationwide.

A hearing chaired by Sen. Charles E. Schumer, D-N.Y., showed the Gonzales moves on U.S. attorneys had nothing to do with national security. They are designed to transform an elite group of lawyers into a political hackdom in Bush's last two years.

Schumer noted that in 1940 Jackson had lectured an assembly of U.S. attorneys on the necessity of their being absolutely nonpolitical. The reason, Jackson warned, was their great power.

"The prosecutor has more power over life, liberty and reputation than any person in America," Jackson said. "Because of this power to strike at citizens, not with mere individual strength, but with all the force of the government itself, the post has been safeguarded by presidential appointment requiring confirmation of the Senate."

Gonzales is using the amended Patriot Act to strip Senate confirmation and judicial safeguards from the selection process.

Without warning or apparent cause, Gonzales has fired seven prosecutors. Replacements could serve only 120 days without confirmation. Under the old law, a federal judge could name an interim prosecutor.

Now, replacements named by Gonzales can serve indefinitely without Senate action - at least through the end of Bush's term.

Many of the fired prosecutors were working on high-profile cases. The ousted San Francisco prosecutor, Kevin Ryan, was investigating stock options at Apple computer.

Most troubling was the sudden ouster of U.S. Attorney Susan Lam of San Diego. She had successfully prosecuted Republican Congressman Randy "Duke" Cunningham for taking more than a million dollars in bribes from defense contractors.

When Lam was jettisoned, she was weighing indictment of a Cunningham friend, defense contractor Brent Wilkes. Wilkes, people close to that case say, might lead prosecutors to other GOP House members for investigation.

Schumer asked Gonzales whether presidential adviser Karl Rove is involved in the process. The Justice Department admitted to Schumer in the hearing that the prosecutor for eastern Arkansas was removed to make way for J. Timothy Griffin, a former legal aide to Rove who also worked at digging up dirt on Democrats for the Republican National Committee.

Former prosecutors who testified at Schumer's hearing said Gonzales' actions could politicize operations in U.S. attorney offices all over the country.

"It is having a devastating effect on the morale of assistant U.S. attorneys," said Laurie Levinson, now a professor at Loyola Law School.

"Sudden replacement without apparent good cause can send the wrong message to other U.S. attorneys," said Mary Jo White, who headed federal prosecutions in Manhattan.

Schumer and congressional Democrats are pressing for a repeal of the suspect clause of the new Patriot Act.

CORPORATE SCANDALS:

J&J Reports Improper Payments (WSJ)

By Ery Johnson, Kara Scannell And Jon Kamp

The Wall Street Journal, February 13, 2007

Johnson & Johnson said it alerted federal officials to improper overseas payments and that one of its senior executives is resigning over the probe.

The New Brunswick, N.J., health-care conglomerate voluntarily told the Department of Justice and the Securities and Exchange Commission that it believes its subsidiaries made improper payments in two countries regarding the sale of medical devices. (See J&J statement1.) Michael J. Dormer, world-wide chairman for Medical Devices & Diagnostics, stepped down as a result of the revelations. Mr. Dormer had been in charge of several medical-device divisions, including Ethicon, Ethicon Endo-Surgery and DePuy.

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The company didn't name the countries involved. A J&J spokesman declined to comment beyond the press release, which said that Mr. Dormer told the company in a letter that he has "ultimate responsibility by virtue of my position" for the subsidiaries involved in the disclosure. The J&J spokesman said Mr. Dormer was not available. An SEC spokesman declined to comment.

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The disclosures are a bitter pill for a company that prides itself on its clean corporate image. It was not immediately clear whether the probe extended beyond the countries, which J&J described as "small" markets, or what specific allegations or subsidiaries it involves. But J&J said that the payments in question may fall within the jurisdiction of the federal Foreign Corrupt Practices Act, which prohibit improper payments to foreign officials in order to win or keep business.

The Justice Department and SEC have stepped up their pursuit of foreign-bribery cases in recent years, including a record $28.5 million collection against Titan Corp. in 2005. Titan pleaded guilty to settle allegations involving improper payments to Titan's agent in Benin, Africa, some of which were passed on to the re-election campaign of the country's then-president, according to government papers. The government alleged that Titan paid the money in an effort to win higher fees for a telecommunications project.

Other companies have reached settlements, which generally involve deferred-prosecution agreements with federal prosecutors where the company or its subsidiary agrees to settle the allegation instead of facing an indictment. In a deferred-prosecution agreement, an indictment is usually filed but is dismissed if the company adheres to the terms of its settlement. As part of a joint settlement, most companies also agree to have a corporate monitor in place to inspect internal controls and book-and-record keeping. The SEC and Justice Department have several open joint investigations.

Johnson & Johnson has a huge medical-devices business, with products ranging from replacement hips and knees to blood glucose meters and drug-coated heart devices. The company's Medical Devices & Diagnostics division registered $20.28 billion in sales last year, about 38% of total corporate sales. Device sales were split about evenly between the U.S. and international markets.

All world-wide medical devices and diagnostics businesses now report to Nicholas J. Valeriani, who has the title of world-wide chairman for that division. Mr. Valeriani, who has nearly 30 years of experience, now will be responsible for businesses that had been under Mr. Dormer's oversight.

The medical products and diagnostics division went through a reshuffling late last year that saw Messrs. Valeriani and Dormer elevated to equal positions.

Mr. Dormer began his career at J&J in 1976 and left briefly for senior positions at DePuy from 1992 to 1998. He rejoined J&J in 1998 when the conglomerate bought DePuy, which makes products for joint reconstruction and skeletal injuries.

Shares of J&J were recently up at $65.51 in after-hours trading, after slipping 14 cents to $65.46 in 4 p.m. composite trading on the New York Stock Exchange.

J&J: Overseas Subsidiaries May Have Made Improper Payments (NSDY/AP)

Long Island Newsday, February 13, 2007

NEW BRUNSWICK N.J. (AP) _ Some Johnson & Johnson subsidiaries outside the U.S. may have made improper payments in connection with the sale of medical devices in two small-market countries, the company said Monday.

The New Brunswick-based health care giant said it was voluntarily disclosing the information to the U.S. Justice Department and the U.S. also was leaving the company.

The subsidiaries' actions broke J&J's own corporate policies and fell within the jurisdiction of the Foreign Corrupt Practices Act, the company said in a statement.

J&J did not disclose any additional information on Monday, including the identities of the exact subsidiaries and countries involved, said company spokesman Jeffrey J. Leebaw.

J&J said it would provide additional information to the Justice Department and SEC, and would cooperate with the agencies' reviews.

Michael J. Dormer, worldwide chairman of the company's Medical Devices and Diagnostics segment, retired from the company, effective Monday.

In a letter to the company, Dormer acknowledged he had "ultimate responsibility by virtue of my position" for the subsidiaries that were the subject of the disclosure, according to the J&J statement.

Nicholas J. Valeriani, previously worldwide chairman of the Cardiovascular Devices & Diagnostics segment, was to assume Dormer's job and title, which now included Valeriani's previous responsibilities.

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On the Net:
http://www.jnj.com

J.& J. Says Improper Payments Were Made (NYT)

By Katharine Q. Seelye

The New York Times, February 13, 2007

Johnson & Johnson, the drug and consumer products company, said last night that some of its foreign units might have made improper payments related to the sale of medical devices in two "small-market countries."

The company also said that the executive responsible for the units, Michael J. Dormer, 55, worldwide chairman of medical devices and diagnostics, had retired.

Johnson & Johnson, of New Brunswick, N.J., said that it had conducted a review of the matter and had voluntarily disclosed the information to the Justice Department and the Securities and Exchange Commission.

Certain subsidiaries, which Johnson & Johnson did not name, "are believed to have made improper payments in connection with the sale of medical devices in two small-market countries," the statement said.

It also did not name the countries and did not offer details of the payments but said they were "contrary to the company's policies" and "may fall within the jurisdiction of the Foreign Corrupt Practices Act."

A company spokesman, Jeffrey J. Leebaw, declined to comment beyond the news release. "Given the nature of the situation, we have nothing further to add," he said.

But the disclosures were unusual for a company that emphasizes its longstanding credo of ethical conduct and responsible behavior.

The company said it would cooperate with any investigation that the agencies might undertake.

Representatives of the Justice Department and the S.E.C. could not be reached for comment.

The foreign corruption law, enacted in 1977, forbids American companies from paying foreign government officials to win or influence business deals outside the United States.

An analyst for Morgan Stanley, Glenn Reicin, said in a research note last night that the company's actions might help it avoid federal enforcement action.

In a resignation letter to the company, Mr. Dormer cited the internal review of questionable payments made by some subsidiaries. He said that he had "ultimate responsibility by virtue of my position" for the subsidiaries.

Mr. Reicin said that Mr. Dormer's "acceptance of responsibility for improper payments is a very big statement" for the Johnson & Johnson.

"Since a company that is found guilty of a felony can be barred from Medicare programs," Mr. Reicin wrote, "we suspect that J.& J. management probably had to find a way to make it clear to authorities that this matter is being taken seriously."

Mr. Dormer, who was named to his current position in April 2002, had been responsible for several medical units, including DePuy orthopedic, Ethicon wound care, Ethicon-Endo Surgery and Ortho Clinical Diagnostics units.

He began his Johnson & Johnson career in 1976 as a product manager in Britain. In 1992, he left to become president for DePuy International, where he was named chief operating officer, DePuy in 1996. He rejoined Johnson & Johnson in 1998 with the company's acquisition of DePuy.

Johnson & Johnson said that effective immediately, all worldwide businesses within the medical devices and diagnostics division would report to Nicholas J. Valeriani, who is assuming Mr. Dormer's title.

Mr. Valeriani, a longtime company executive, will have responsibility for businesses previously managed by Mr. Dormer as well as those for which he is already responsible, the statement said.

The medical devices and diagnostic section brought in about $20 billion last year, more than a third of Johnson & Johnson's total sales.

The Justice Department and the S.E.C. have stepped up investigations of suspected violations of the corruptions act in the last several years. In 2005, the Titan Corporation, a leading military and intelligence contractor, paid $28.5 million — the largest penalty imposed on a company in the history of the 1977 law — to settle charges that it bribed the president of Benin.

In April 2004, Lucent Technologies fired four executives at its division in China after it was discovered that they might have violated bribery laws. In March 2006, DaimlerChrysler dismissed or suspended several employees after an internal investigation uncovered evidence that its executives had paid bribes in Asia, Africa and Eastern Europe.

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In August 2003, the S.E.C. advised Johnson & Johnson of its informal investigation under the act of accusations of payments to Polish governmental officials by American pharmaceutical companies.

In November 2003, the S.E.C. told the company that the investigation had become formal and issued a subpoena for information. The company and its operating units in Poland have responded to these requests.

J&J Says Improper Payments Made (FT)

By Stephanie Kirchgaessner In Washington

Financial Times, February 13, 2007

Johnson & Johnson has alerted US prosecutors and securities regulators that some of its foreign subsidiaries may have paid officials bribes in connection with the sale of medical devices.

The New Jersey-based health product conglomerate also announced that Michael Dormer, worldwide chairman of its medical devices and diagnostics business, had retired with immediate effect.

In a statement from Mr Dormer to J&J, the executive cited the company's internal review of the potential corruption charges and said he had "ultimate responsibility by virtue of my position" for those subsidiaries that were at the centre of the probe.

The medical devices division generates roughly $20bn for the company per year. On Monday, J&J said Nicholas Valeriani, a veteran in the industry who heads J&J's cardiovascular devices unit, would have responsibility for both businesses.

J&J said the allegedly improper payments were made in two small-market countries. It said the actions were "contrary to the company's policies" and could fall within the jurisdiction of the Department of Justice's anti-bribery statute, the Foreign Corrupt Practices Act. J&J said it was co-operating with both the Justice Department and the Securities and Exchange Commission.

J&J has previously reported in regulatory filings that in August, 2003, the SEC advised the company of an informal probe into allegations that the group made payments to Polish governmental officials by US pharmaceuticals companies.

In November 2003, the SEC told J&J that the investigation was formal and issued subpoenas for more information. It was unclear last night whether the new revelations were tied to the earlier probe.

The group's decision to self report allegations of wrongdoing is not uncommon. But the company's co-operation with prosecutors will not ensure that the group is immune from heavy fines if it is found guilty of committing a crime. Last week, Vetco International, the UK oil and natural gas services provider, was subject to the largest criminal fine in US history under foreign corruption laws after it admitted paying $2.1m in bribes to Nigerian officials to win preferential treatment by customs officials.

The Department of Justice said the guilty plea by the company, which was fined $26m, and resolution of a criminal investigation into the charges resulted from Vetco's co-operation in the case. The guilty plea was announced just weeks after General Electric confirmed it was acquiring Vetco's Vetco Gray subsidiary for $1.9bn.

J&J Tells U.S. Agencies Of Improper Overseas Payments (Update2) (BLOOM)

By Avram Goldstein

Bloomberg, February 13, 2007

Feb. 12 (Bloomberg) -- Johnson & Johnson disclosed that some of its subsidiaries outside the U.S. made improper payments in the marketing of medical devices and the executive in charge left the company.

The payments in ``two small-market countries'' violated company policies, J&J, the world's largest maker of medical products, said it told the U.S. Justice Department and Securities and Exchange Commission. Michael J. Dormer, the worldwide chief of medical devices, retired and took responsibility, Johnson & Johnson said today in a statement.

``I think the company's reputation is tarnished by this,'' said Jan David Wald, a medical-device industry analyst with A.G. Edwards & Sons in Boston. ``I would bet you that there are people inside the countries involved that were more directly responsible. The issue is whether the company is going to face criminal charges.''

It isn't likely that the incident will inflict much damage on J&J, which has a market value of $189.8 billion, Wald said. Medical devices and diagnostic products, including heart stents and artificial orthopedic joints, accounted for 38 percent of J&J's $53.3 billion in 2006 sales.

J&J, based in New Brunswick, New Jersey, immediately replaced Dormer with Nicholas Valeriani. Valeriani, who joined J&J in 1978 and rose to worldwide chairman of cardiovascular products, added Dormer's duties to his responsibilities, the company said.

Dormer said in a letter to the company that he bore ``ultimate responsibility by virtue of my position'' for the actions of unnamed subsidiaries involved in improper payments, J&J said. Jeffrey J. Leebaw, a J&J spokesman, declined to make any further comment.

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Dormer was chief operating officer of DePuy Inc., the maker of artificial hips and knees, when J&J bought the company in 1998 for $535.5 million. He immediately became a group chairman of some of J&J's more than 100 subsidiaries. In 2002 he became worldwide chairman of the medical devices group.

In 2005, Dormer received total compensation of $2.2 million plus $625,000 in stock options, according to data compiled by Bloomberg.

Johnson & Johnson shares fell 14 cents to $65.46 at 6:48 p.m. in New York Stock Exchange composite trading. J&J stock has risen 12 percent in the last 12 months.

Calls after normal business hours to the SEC and Justice Department weren't immediately returned.

J&J last month said profit rose 3.5 percent to $2.2 billion in the fourth quarter on higher sales drugs for schizophrenia and migraines, as well as orthopedic devices used to reconstruct damaged or diseased joints.

Cox: 'Heroes' Armed With Tech Lead Backdating Crackdown (LAW)

By Donna Block And Ron Orol, The Deal

The Deal, February 13, 2007

The head of the Securities and Exchange Commission is crediting the incorporation of interactive data into SEC filings for the discovery of "a pandemic of crooked accounting" linked to stock option backdating.

At the Practicing Law Institute's annual "SEC Speaks" event on Feb. 9, SEC Chairman Christopher Cox said XBRL, the Internet programming language newly adopted by the agency, is helping his staff root out fraud by tagging financial data so computers can track it and sift through it quickly.

The chairman even compared his team of enforcers to the characters in the hit TV show "Heroes" -- everyday people with extraordinary abilities they didn't know they had. Cox said his enforcement staff are a group of otherwise ordinary people with extraordinary talent and dedication.

"In other words, 'Save the Cheerleader -- Save the World,'" Cox said, intoning the show's mantra.

He added that while his staff may not possess super powers, "by sheer willpower and hard work they routinely accomplish great deeds. And, to all the Americans who depend on them, they are very real heroes, in every sense."

More than 170 companies have been investigated by the SEC or have conducted internal inquiries into whether option dates were changed to benefit executives.

Cox said the timing of the options backdating scandal coincided with the SEC's decision to begin converting Form 4 submissions -- the form companies use to report stock option exercise transactions -- into interactive documents.

Before 2003, information filed on the SEC's Form 4 was analyzed the old-fashion way -- retyped into SEC databases and spreadsheets before being scrutinized. "Not surprisingly, for all of that time, the backdating phenomenon was never uncovered," Cox said.

More recently, however, the SEC started collecting Form 4 data in an interactive format, which made analyzing the information easier. The SEC also issued new rules around the same time requiring real-time reporting of options awards -- within two days of the grant. "Once real-time disclosure was combined with interactive data ... we began to find clues that had previously gone undetected. That led directly to the discovery of what we now know were billions of dollars of backdated stock option awards," Cox said.

Cox advocates using technology to improve disclosure, and regulation is pressing companies to use the interactive system. The SEC has invested $54 million into its development this year.

But many companies have been slow to adopt XBRL for a variety of reasons, including cost.

Cox said other technology initiatives are also in development at the agency. He said the SEC is using new technology to "help accurately track, collect and distribute billions of dollars of penalties and disgorgements."

The agency is also introducing new software tools to manage its enforcement cases and be prepared to operate in a disaster or emergency.

Separately, agency officials said at the conference that regulation should have a global perspective in which authorities engage with each other on international standards.

"Market convergence and innovation will challenge us even more to be responsive and thoughtful in adjusting market regulation to market needs and realities," SEC Commissioner Kathleen Casey said at the conference.

The pending $14 billion merger of NYSE Group Inc., parent of the New York Stock Exchange, with Euronext NV, which operates the Paris, Amsterdam, Brussels and Lisbon exchanges, will result in the first trans-Atlantic exchange and has the SEC collaborating with European regulators to oversee the merger and coordinate their supervisory efforts.

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In January the exchanges signed a memorandum of understanding with respect to their regulation whereby the SEC and the College of Euronext Regulators pledged to cooperate "to promote investor protection, foster market integrity, and maintain investor confidence and systemic stability in connection with the regulation of the combined group."

The memorandum confirmed that the deal will not result in foreign companies being subject to the domestic laws of any of the countries where the exchanges are based. Some foreign investors worried that companies traded on the European exchange would be subject to provisions of the Sarbanes-Oxley corporate governance law.

Nevertheless, SEC Commissioner Annette Nazareth, a Democrat, said at the conference she is seeing other markets adopt similarly tough rules over financial reporting even though Sarbanes-Oxley, most notably its internal control requirement contained in §404, has been greatly criticized.

"It is interesting that several jurisdictions are adopting regulations similar to SOX in an effort to improve investor protections, encourage private investment and as a result increase the depth of their markets," she said.

However, Casey, the newest commissioner and a Republican, said the SEC needs to continue reaching out to regulators both at home and abroad, and regulators "need to fix 404."

"The commission needs to continue in its efforts to engage cooperatively with other regulators both domestically and internationally," she said.

Questions about new rules for investing in hedge funds were also raised at the conference. SEC staffers were grilled on the agency's proposal to raise the requirements investors must meet to invest in hedge funds. Existing regulations call for an individual hedge fund investor to have $1 million in assets or an annual income of $200,000 for at least two years prior to making the investment. In December the commission introduced a draft rule that would change the net worth threshold to $2.5 million in invested assets, excluding a primary residence, with the SEC adjusting the new investment minimum every five years for inflation.

Steven Wallman, CEO of Vienna, Va.-based brokerage and consulting business Foliofn Inc., said the SEC sought to prohibit investors with lesser means from investing in hedge funds but hasn't produced concrete evidence that the strategy is more risky than investing in mutual funds.

But Doug Scheidt, SEC associate director and chief counsel for the Division of Investment Management, defended the proposal. He argued that many hedge funds lack sufficient disclosure and aren't required to open up their books to commission examiners for periodic inspections. "Hedge funds are notoriously un-transparent," Scheidt said.

Scheidt conceded, however, that he couldn't say definitively that investing in hedge funds is riskier than mutual funds. After Wallman pressed him on the subject, Scheidt declined to comment on whether the agency would produce a study examining the risks associated with each type of investment.

Laura Unger, a former SEC commissioner, pointed out that critics of the measure argue that the new prohibition would reduce the numbers of people investing in hedge funds, reducing the diversification of the funds, thus increasing the risks for those remaining.

"A smaller pool of investors has the perverse effect of making it riskier to invest in hedge funds, because the funds are spread out among fewer investors," Unger said.

Scheidt said the new limits made sense, in part, because hedge fund managers aren't seeking to raise investment capital from the people that the measure will exclude.

Interested investors and managers have until March 6 to comment on the proposal. So far, the SEC has received about 200 comments, most of which have been from investors and managers deriding the agency's proposal on grounds that it will have a chilling effect on competition in the industry and prohibit sophisticated investors with fewer assets.

Jailed Fund Manager Fined $20m For Fraud (FT)

By Ben White

Financial Times, February 13, 2007

A federal judge in Georgia on Monday ordered Kirk Wright, a hedge fund manager who allegedly defrauded hundreds of investors including several prominent National Football League players, to pay $20m in disgorgement, interest and penalties.

The ruling came in a federal civil suit filed against Mr Wright last year by the Securities and Exchange Commission. Mr Wright still faces a criminal trial this spring over allegations that he stole over $100m in investors' money.

In its lawsuit, the SEC alleged that Mr Wright raised as much as $185m from over more than 500 investors for seven hedge funds he controlled. Mr Wright then allegedly provided investors with false statements about the performance of the funds and the amount of securities the funds controlled.

It is not clear if Mr Wright has the assets to comply with the order that he pay the $20m. An attorney for Mr Wright could not be reached for comment on Monday.

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Among the investors allegedly defrauded were a group of players in the NFL who claim they lost millions investing with Mr Wright. The alleged losses by the athletes have been widely cited as examples of the potential dangers inherent in investing in the lightly regulated hedge fund industry.

Six of the players, including Denver Broncos wide receiver Rod Smith, New York Giants linebacker Carlos Emmons and former Broncos safety Steve Atwater, have filed a civil lawsuit against the NFL and the NFL Players Association, the union that represents players, for allegedly endorsing Mr Wright as a legitimate investment professional.

The players, who are seeking around $20m, claim the NFL and the NFLPA endorsed Mr Wright despite evidence of problems in his past. The NFL and the NFLPA have rejected the suit as baseless, saying the players are responsible for their own financial decisions.

The NFL and the NFLPA have requested the suit be thrown out. The request for dismissal is still pending. Jim Evangelista, an attorney for the players, said the ruling in the SEC case would have no impact on the players' lawsuit.

Ex-Westar Executive Released From Prison Pending Appeal (AP)

AP, February 13, 2007

LEAVENWORTH, Kan., Feb. 12 (AP) — David Wittig, the former top executive of Westar Energy, was released from prison on bond Monday pending the appeal of his sentence in a bank fraud case.

Mr. Wittig was released from the federal detention center in Leavenworth about 2 p.m. and was greeted by his wife, Beth, and Jeff Morris, one of his attorneys. He had served nearly 13 months in prison.

Mr. Wittig, the former chairman, president and chief executive of Westar, was convicted in July 2003 of engaging in a loan transaction with a Topeka banker and helping to conceal the loan from banking regulators.

Mr. Wittig had been incarcerated in a minimum-security prison in Sandstone, Minn., until last month, when he was taken to Topeka for his third sentencing in the bank fraud case. Federal District Judge Julie A. Robinson sentenced him to two years.

On Thursday, Judge Robinson granted Mr. Wittig's request to be released on bond pending his appeal of that sentence.

Although Judge Robinson granted Mr. Wittig bond last week, he could not be released until the 10th U.S. Circuit Court of Appeals in Denver ruled on his request for bond in another case, in which Mr. Wittig was convicted in September 2005 of looting Westar. Judge Robinson sentenced him to 18 years in prison in that case.

The 10th Circuit granted that motion.

Mr. Wittig's release may be only temporary if the appeals court affirms the two-year sentence in the bank case, or if prosecutors decide to put him on trial again for some of the crimes in the Westar case.

CRIMINAL LAW:

Bush Officials Volunteered Leaks, Reporters Testify (NSDY/AP)

By Michael J. Sniffen

Long Island Newsday, February 13, 2007

WASHINGTON -- Three prominent journalists testified today that Bush administration officials volunteered leaks about a CIA operative, as I. Lewis "Scooter" Libby's attorneys sought to suggest he was not responsible for exposing her.

The jury in Libby's perjury trial heard a 66-second snippet of one of the deep background interviews given to Washington Post editor Bob Woodward for use in one of his books. They also saw a parade of Pulitzer-prize winning journalists discuss who did and did not leak the information that set off a scandal and ultimately brought Libby to trial.

Woodward, who never wrote about Plame, and columnist Robert Novak, who first identified her in print, testified that then-Deputy Secretary of State Richard Armitage first told them in the summer of 2003 that the wife of prominent Iraq war critic Joseph Wilson, Valerie Plame, worked at the CIA.

Another Post reporter, Walter Pincus, testified that then-White House press secretary Ari Fleischer "suddenly swerved off" topic during an interview to tell him of her employment.

This contradicted a point in Fleischer's testimony last week.

A major government witness, Fleischer testified Libby told him about Plame -- earlier than Libby has told investigators he thought he first learned about her from NBC reporter Tim Russert.

On cross-examination, Fleischer also testified that he did not recall telling Pincus about Plame. The reporter's testimony today was the most direct hit the defense made on the prosecution's evidence that Libby lied to FBI agents and a grand jury about his talks with reporters about Plame and obstructed an investigation into how her name leaked.

Libby, the former chief of staff to Vice President Dick Cheney, is not charged with the actual leak.

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The defense did show Libby had numerous opportunities to leak Plame's identity to reporters and did not. But none of today's testimony went directly to the precise charges that he lied about his conversations with three other reporters about her.

The day's highlight was the tape of Woodward's June 13, 2003, interview with Armitage about how Bush decided to go to war. Armitage's name was never supposed to be connected publicly to what he said, but the scandal prompted him to release Woodward from his pledge of confidentiality. Armitage has said he revealed the name accidentally off-the-cuff and didn't realize that Plame's employment was classified information.

With Armitage's frequent profanities deleted, the jurors heard him tell Woodward no less than four times where she worked.

Woodward asked about Wilson's 2002 fact-finding mission to Africa for the CIA that the ex-ambassador says helped him debunk prewar intelligence on Iraq.

"Why would they send him?" Woodward asked.

"Because his wife's a [expletive] analyst at the agency," Armitage replied.

"It's still weird," Woodward said.

"It's perfect. That's what she does. She is a WMD analyst," Armitage said.

Later Woodward asked if she was the WMD chief at CIA. Armitage said she wasn't but was in a position there to suggest that her husband had contacts in Africa.

Finally, Armitage said: "His wife is at the agency and is a WMD analyst. How about that [expletive]."

Novak described trying to get an interview with Armitage in 2001 and being told the deputy secretary was "not too busy. He just didn't want to talk to me." Novak said he was rebuffed again after the Sept. 11, 2001, terrorist attacks.

Then in the last week of June 2003, Armitage's office called to set up an interview. "I had not pressed my request for one in two years," Novak said. Once he asked about the Wilson trip, Armitage said "it was suggested by his wife, Valerie, who is employed in the counterproliferation division at CIA," Novak testified.

Novak testified he got confirmation from White House political adviser Karl Rove, who replied to him: "Oh, you've heard that, too."

Defense attorneys got Woodward, Novak, Pincus, New York Times reporter David Sanger, Washington Post reporter Glenn Kessler and Newsweek reporter Evan Thomas all to say they had talked to Libby about Wilson's allegations during the summer of 2003, but Libby had not disclosed Plame's identity or employment to them.

But Sanger, Kessler and Thomas said they didn't ask Libby about Wilson's wife. Woodward and Novak testified they didn't recall asking about her but said Libby didn't talk about her if they did. Pincus said Libby said he didn't know how the trip was arranged but their conversation occurred before June 12, when Libby now recalls he first learned the information from Cheney.

Defense attorneys brought out that Woodward, Pincus, Sanger and Kessler had all shared in Pulitzer Prizes.

"I believe you're the third Pulitzer prize winner to testify this morning," Special Prosecutor Patrick Fitzgerald quipped when he began questioning Sanger. He used the moment to bring out that an earlier prosecution witness, Judith Miller, also had shared a Pulitzer Prize while working at the Times.

Reporters Deny Official Leaked Name To Them (NYT)

By Neil A. Lewis And Scott Shane

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — Lawyers for I. Lewis Libby Jr. opened their case Monday with a parade of prominent Washington reporters who testified that Mr. Libby never mentioned the identity of a Central Intelligence Agency operative when they interviewed him during the period the officer's identity was leaked to the news media.

One by one, the reporters from The Washington Post, The New York Times and Newsweek took the stand and recounted their conversations with Mr. Libby in the summer of 2003 about unconventional weapons and Iraq. They briskly and unhesitatingly said Mr. Libby, then the chief of staff to Vice President Dick Cheney, did not speak about the C.I.A. employee, Valerie Wilson.

The jury also heard from Robert Novak, the syndicated columnist who first disclosed Ms. Wilson's identity to the public on July 14, 2003, and set off the investigation that resulted in the five felony charges on which Mr. Libby is being tried. Mr. Novak told the jury that he learned about Ms. Wilson from Richard L. Armitage, the deputy secretary of state, and had her identity confirmed by Karl Rove, President Bush's chief political adviser.

But as to whether the subject of Ms. Wilson came up in his conversation with Mr. Libby on July 8, 2003, he said, "I got no help from Mr. Libby on that issue."

Ms. Wilson is the wife of Joseph C. Wilson IV, who had asserted only days before the Novak column that the Bush White House willfully distorted intelligence about Iraq's efforts to acquire nuclear weapons in order to justify going to war. Administration critics suggested that her identity was leaked to punish Mr. Wilson for his criticism.

Mr. Libby is charged with lying to a grand jury and F.B.I. agents about when and how he learned of Ms. Wilson's role at the C.I.A. Prosecutors say he learned of Ms. Wilson's identity from fellow administration officials and shared that information with two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine. Ms. Miller and Mr. Cooper testified earlier in the trial for the prosecution that Mr. Libby discussed Ms. Wilson with them.

In a sense, the defense opened its case Monday with an indirect approach — appealing to the jurors to believe Mr. Libby's account that he did not discuss Ms. Wilson with Ms. Miller and Mr. Cooper because he did not discuss her with the six other reporters who testified Monday. In addition to Mr. Novak, the other reporters were Bob Woodward, Walter Pincus and Glenn Kessler of The Washington Post, David E. Sanger of The New York Times and Evan Thomas of Newsweek.

It was unclear if or how the cumulative impact of those reporters saying Mr. Libby had not discussed Ms. Wilson with them would lead jurors to discount the testimony of the two reporters who said earlier that he had, in fact, discussed her with them.

Mr. Libby's lawyers also made clear on Monday what they had only suggested in the past — that they do not want to put him on the witness stand. But it also seemed likely that if they kept Mr. Libby off the stand, they might be hampered in using one of the pillars of their planned defense: that any misstatements he made were the result of a faulty memory.

Mr. Libby's lawyers have said they want to tell the jury that Mr. Libby was not paying close attention to the issue of Ms. Wilson because he was preoccupied with far weightier policy matters like terrorism and the Iraq war.

Judge Reggie B. Walton suggested he might have been misled into believing that Mr. Libby would testify when he and lawyers for both sides spent more than two months arguing over how to put before the jury nonclassified accounts of the issues Mr. Libby had worked on.

"I didn't think that was the landscape in which we were operating," Judge Walton said in an annoyed tone.

He said that unless Mr. Libby testified, he did not think he would allow the defense to argue in its closing that the issue of Ms. Wilson was less important to him than the other matters.

Only Mr. Libby could say how important the issues were to him, Judge Walton said.

Mr. Libby's lawyers do not, however, want to expose him to cross-examination by Patrick J. Fitzgerald, the chief prosecutor.

John D. Cline, one of the defense lawyers, said he hoped to introduce evidence of Mr. Libby's busy schedule through testimony of his former top aide, John Hannah.

Mr. Cline did not mention the testimony of Mr. Cheney, casting uncertainty about whether the vice president will take the stand.

A surprise revelation came when Mr. Pincus, who writes about national security and intelligence, disclosed that he was first told on July 12, 2003, about Ms. Wilson by Ari Fleischer, then the White House spokesman, and not Mr. Libby. Mr. Fleischer testified late last month that he learned about Ms. Wilson from Mr. Libby, who passed on the information about her at a lunch on July 7, 2003, in the White House mess.

The testimony of the six journalists, with more than 200 years of combined reporting experience, added new strokes to the trial's portrait of close, confidential relations between Washington officials and the people who cover them. Interviews are routinely conducted "on background," in which officials demand anonymity in return for information.

"Almost every single conversation I have in Washington is on background," Mr. Kessler, who covers foreign affairs for The Post, told the jury.

The most vivid instance of a reporter at work came in a brief excerpt of a telephone interview by Mr. Woodward of Mr. Armitage.

Though only one minute of tape was played, the tone of their exchange — gossipy, confiding, sprinkled with expletives on Mr. Armitage's part — demonstrated vividly their close relationship.

Mr. Novak suggested how a columnist's politics could affect access. He said he spoke with Mr. Rove two or three times a week. But it took him two years to get an interview with Mr. Armitage, who was seen as not in tune with Mr. Novak's generally conservative views.

Journalists Testify That Libby Never Mentioned CIA Officer (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 13, 2007

Six journalists testified yesterday that Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, never mentioned an undercover CIA officer to them -- and some said they learned about her identity from other administration sources.

As Libby's attorneys opened their defense in his perjury trial, they argued for a second time that Libby need not take the stand for them to present elements of a defense that his misstatements to investigators were the product of a faulty memory. An irritated U.S. District Judge Reggie B. Walton said he felt misled and believed Libby would testify.

Testifying as the first defense witness, Washington Post reporter Walter Pincus revealed that then-White House press secretary Ari Fleischer was the first person to tell him, on July 12, 2003, that war critic Joseph C. Wilson IV was married to undercover CIA officer Valerie Plame. His remarks contradicted Fleischer's testimony as a prosecution witness last month.

Pincus was the first of six reporters to say they spoke to Libby, or were called by him, during a crucial period in June 2003 and early July 2003 but did not learn Plame's identity from him.

It is during this time that the prosecution says Libby was engaged in a fervent effort to discredit Wilson, who had publicly accused the White House of twisting intelligence he had gathered as it justified the invasion of Iraq. Prosecutors contend that Plame's identity and CIA post were leaked to leave the impression that Wilson was chosen for a CIA-sponsored mission to Niger because of nepotism. Plame's name was revealed in a syndicated column by Robert Novak on July 14, 2003.

Libby, 56, is not charged with the leak itself but with lying to investigators about conversations he had with reporters about Plame in the summer of 2003. The defense contends that Libby, who has pleaded not guilty, inaccurately remembered conversations with journalists because they were insignificant amid his pressing work on national security matters.

The journalists' testimony was designed to help Libby's defense by showing that the defendant did not mention Plame to every reporter with whom he spoke around the time of the leak and that other officials were discussing Plame at about the same time.

Bob Woodward, a best-selling author and an assistant managing editor of The Washington Post, told jurors that he learned about Plame during a mid-June 2003 interview with then-Deputy Secretary of State Richard L. Armitage for a book Woodward was researching on the Bush administration's decision to go to war in Iraq. He said he interviewed Libby later that month, and his notes indicate that Libby said nothing to him about Plame but that Woodward might have mentioned her to Libby.

Novak testified that he also learned of Plame's position at the CIA from Armitage on July 8, 2003, and confirmed the information with senior White House adviser Karl Rove, probably the next day.

In brief testimony that lasted less than 20 minutes each, reporters Glenn Kessler of the Post, David Sanger of the New York Times and Evan Thomas of Newsweek also told jurors that they spoke with Libby or were called by him during the key week before Novak disclosed Plame's identity. But none heard of Plame from Libby.

Pincus, who covers national security and intelligence issues for The Post, told jurors that he was in the office, talking to a source one Saturday in July about a story he was preparing about Wilson's mission to Niger.

"The person I was calling suddenly swerved off and said . . . 'Don't you know, in effect, his wife works at the CIA, is an analyst on weapons of mass destruction?' " Pincus testified. He told the court that the source said "that's why people aren't paying attention" to Wilson's conclusions that reports of Iraq trying to obtain nuclear material in Niger were unfounded -- because he had been sent on the mission by his wife.

Pincus's account conflicted with Fleischer's testimony last month. As a prosecution witness, Fleischer said he mentioned Plame only to two reporters -- John Dickerson, then of Time magazine, and David Gregory of NBC News -- during a July 2003 trip that President Bush took to Africa. Dickerson has said Fleischer never mentioned Plame to him.

A spokesman for Special Counsel Patrick J. Fitzgerald declined to comment on the conflicting testimony.

When Pincus gave a deposition to investigators during the federal probe of the CIA leak, he did not identify his source. He told jurors that he was naming Fleischer now because the former press secretary gave him permission to do so last week.

Woodward's testimony would make him the first journalist known to have been told about Plame by a Bush administration official. At the time of his interview with Armitage, Woodward said, he had learned through reporting that Wilson was the former ambassador who was sent to Africa by the CIA, and he was surprised Wilson's name had not yet surfaced publicly.

In a tape recording of the interview played for the jury, Armitage explains that the CIA took the Niger claim out of a presidential speech in October 2002 but it somehow found its way into Bush's State of the Union address months later. Woodward is heard asking about Wilson and how he happened to make the Niger trip. Some expletives in the conversation were redacted for the jury.

Armitage explains that "his wife works at the agency" on "WMD" issues.

"High enough that wife can say, 'Oh, yeah, hubby will go?' " Woodward asks.

Armitage responds that Wilson "knows Africa," and he ends the conversation with "How about that [expletive]?"

Novak said part of the reason he wrote about Wilson and his wife was that he found Wilson unpleasant and a "questionable choice" to look into the Niger claims after he met him while both were waiting to go onto a television interview program.

"He was saying that things had been done in a superior way in the National Security Council before in the Clinton administration," Novak recalled. "I thought it was sort of an obnoxious performance."

Defense attorney Theodore Wells Jr. pressed Novak to say that hundreds of reporters and others could have known what was going to appear in his July 14 column in the days preceding its publication, because the material was sent over the

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Associated Press wire on July 11 or July 12. Novak said he discussed the information about Wilson's wife with a close friend, conservative lobbyist Richard Hohlt, on July 11.

Star Character Witnesses At Libby Trial (WP)

By Dana Milbank

The Washington Post, February 13, 2007

A familiar-looking man in his early 60s took the stand at the Scooter Libby trial yesterday morning. "I need to ask you to spell your last name," said defense attorney Bill Jeffress.

"W-O-O-D-W-A-R-D," the man replied.

This was not sufficient for Judge Reggie Walton. "We need your first name, too," he said.

"Oh," said the witness. "Bob. B-O-B."

Spectators laughed. Jurors ogled.

Jeffress continued this line of questioning. "What do you do for a living?"

"Assistant managing editor of The Washington Post and book author."

It was a rare moment at the federal courthouse yesterday, and not only because Washington's most famous journalist was answering questions from somebody other than Larry King. Woodward, columnist Robert Novak and a quartet of prominent journalists were called to the stand for the first day of Libby's defense.

Libby must believe himself to be in desperate legal straits to have six journalists serve as his character witnesses. And, indeed, the reporters' testimony appeared to do little to dent the prosecution's case that the former chief of staff to Vice President Cheney eagerly shared CIA officer Valerie Plame's name with reporters and then said otherwise under oath. But Libby's team did establish that the defendant wasn't the only administration official dishing about Plame.

The leadoff witness, The Post's Walter Pincus, testified that then-White House press secretary Ari Fleischer told him about Plame's identity -- directly contradicting Fleischer's sworn testimony. Next, Woodward testified that then-Deputy Secretary of State Richard Armitage told him about Plame. Novak fingered top Bush strategist Karl Rove as well as Armitage. Combine that with earlier testimony that Fleischer and Libby each leaked to two other reporters, and it seems possible prosecutor Patrick Fitzgerald would have had an easier time finding out who in the administration didn't leak Plame's identity.

Defense lawyers, perhaps realizing that relying on reporters was a dicey proposition, sought to build up their credentials. First, Jeffress established that Pincus had shared in a Pulitzer Prize in 2002. Then he got it on the record that Woodward shared in two Pulitzers. David Sanger, who identified himself as "chief Washington correspondent for the New York Times," testified that "I've been fortunate enough to be on a few [Pulitzer-winning] teams."

"A few?" Jeffress asked.

"Two," Sanger amended.

"I believe you're the third Pulitzer Prize winner this morning," Fitzgerald observed dryly.

By the time it got to The Post's Glenn Kessler, the defense lawyer was sheepish. "I pretty much have to ask you this question: Have you won any awards?"

Pincus, wearing his reporter's dog tag around his collar and his tie loose, had the day's biggest revelation: Fleischer "swerved off" from the topic of a conversation in 2003 and told him about Plame's identity. As recently as two weeks ago, Fleischer testified otherwise, saying it's "absolutely correct" that he did not tell Pincus about the CIA worker.

"You've not been prosecuted for perjury?" Jeffress asked at the time.

"Absolutely correct," Fleischer answered.

Novak, whose column identifying Plame started the whole scandal, explained that while Rove and Armitage spoke to him about Plame, he didn't remember whether Libby did, because "I kind of discard unhelpful conversations in my memory bank." His memory bank did, however, retain the information that Plame's husband, Joe Wilson, was "obnoxious."

Novak reminded the jury that as a CNN contributor in 2003, he "was on about four different shows, 'Crossfire' included." But even in a crowded field, Woodward easily qualified as the star witness; the jurors were rapt as he gave them a pro bono journalism course.

"You're familiar with a term called 'off the record'?" Jeffress asked.

Woodward was. "It's confirmation for you and your editors but should not be in the story," he explained. He further explained how "it is my habit to bring a list of questions from one interview to the next because they reflect information I'm getting." And he admitted that this backfired in the case of Cheney, who balked at the 17-page list of questions titled "Q Cheney" and called off the interview. "I overplayed my hand," Woodward said.

Defense lawyers won permission to play for the jury a tape of his interview with Armitage. It showed a Woodward interview style that, in contrast to his broad narratives, is equal parts staccato, gossipy and profane.

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Armitage: "His wife's a [expletive] analyst at the agency."
Woodward: "It's still weird."
Armitage: It's perfect . . . she is a WMD analyst out there."
Woodward: "Oh, she is."
Armitage: "Yeah.
Woodward: "Oh, I see."
Armitage: "[Expletive] look at it."
Woodward: "Oh I see. I didn't [expletive] . . ."
Armitage: "His wife is in the agency and is a WMD analyst. How about that [expletive]?"
The jurors chuckled as they listened to the scrubbed transcript.
"You redacted some words that were offensive," Woodward observed.
"Expletives? Yes," Jeffress answered.
Woodward seemed disappointed. "In the raw," he said, "it has a little more fire."

Journalists Take Stand In Libby's Defense (LAT)

By Richard B. Schmitt And Greg Miller
The Los Angeles Times, February 13, 2007

WASHINGTON — In the middle of June 2003, when Washington Post editor Bob Woodward sat down with a top source at the State Department, he had a question.

The capital was buzzing over a public attack by a former U.S. diplomat on one of the claims President Bush had made to justify the Iraq war. For support, the diplomat was citing a fact-finding trip he'd made to Africa on orders from CIA officials.

"Why would they send him?" a puzzled Woodward asked, referring to the ex-envoy, Joseph C. Wilson IV, who had been dispatched to Niger to assess the nuclear intentions of Saddam Hussein.

"Because his wife's a [expletive] analyst at the agency," Richard L. Armitage, then the deputy secretary of State, replied.

Woodward — and his taperecorded, expletive-laden exchange with Armitage — became a focus Monday at the trial of a top White House aide accused of lying to investigators about how the name of a CIA agent became public.

Woodward and a parade of other prominent Washington journalists have been called to testify about how they learned of the agent, Valerie Plame, married to Wilson. All said they had been told about Plame and her CIA role by government officials other than the defendant, I. Lewis "Scooter" Libby.

Monday's testimony came as Libby's lawyers launched a defense portraying their client as a scapegoat in a three-year federal probe into who leaked the identity of Plame, an agency analyst specializing in arms proliferation.

Whatever its value to the defense may prove to be, the journalists' testimony made one thing clear: At a time when the Bush administration's rationale for going to war was coming under increasing attack, officials in the White House and beyond were doing a lot of talking to reporters about Plame — even though it can be against the law to divulge the identity of covert intelligence agents.

In addition to Woodward, syndicated newspaper columnist Robert Novak testified Monday. Novak — whose disclosure of Plame's name and CIA connection in a July 14, 2003, piece kicked off the original leak furor — said he had heard about Plame from White House political guru Karl Rove, as well as from Armitage.

Reporter Walter Pincus of the Washington Post also took the stand, saying then-White House Press Secretary Ari Fleischer had given him the information.

The government has not alleged that Libby was the first person to divulge Plame's identity nor that he was the first to leak information that was published about her.

Rather, he is charged with essentially orchestrating a cover-up of his involvement.

Rove, Fleischer and Armitage have acknowledged speaking to reporters about Wilson's wife. Libby is the only person charged with a crime.

Novak and Pincus said they had spoken with Libby in summer 2003 about the controversy surrounding Wilson's claim that the Bush administration had twisted prewar intelligence in Iraq.

But both men said Libby did not provide them information about Plame. Their comments were echoed by three other prominent Washington journalists in the witness box Monday: David Sanger, chief Washington correspondent for the New York Times; Evan Thomas, editor at large of Newsweek; and Glenn Kessler, another Post reporter.

Woodward, famous for helping break open the Watergate scandal, has been a provocative figure in the story about Plame and Wilson.

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Though he apparently was the first journalist to learn her identity in the scandal, he did not disclose the fact until after Libby was indicted in October 2005.

Woodward testified that he spoke with Armitage on June 13, 2003, while preparing a book on the administration's decision to go to war in Iraq.

He turned a copy of the interview over to prosecutors in the investigation.

The excerpt played for the jury, about a minute long, provided an unusual window into the reporting process — edited for profanities.

"Joe Wilson's been calling everybody," Armitage said on the recording. "He's pissed off because he was designated as a low-level guy." Armitage proceeded to tell Woodward about Wilson's wife's CIA connection.

"It's still weird," Woodward responded.

"It — it's perfect. This is what she does," Armitage said. "She is a WMD analyst out there." (WMD stands for weapons of mass destruction.)

Woodward: "Oh, she is?"

Armitage: "Yeah."

Woodward: "Oh, I see."

In testimony, Woodward was deliberate and poised. When the tape was played for the court — a scene that might have been expected to make him wince, since he had promised confidentiality — he cracked a joke about gaps in the recording where Armitage uttered an obscenity.

"In the raw, it has a little more fire," Woodward said.

But Woodward, like others, was clearly uncomfortable with describing conversations that were supposed to be confidential, and he repeatedly mentioned that he had obtained permission from his sources to discuss those conversations.

With the journalists' testimony, the defense aimed to make the case not only that Libby wasn't the source of the leak, but that he repeatedly passed up opportunities to whisper Plame's name to the press.

As usual in this trial, the testimony was often more interesting in its revelations about the workings of Washington.

The controversy began when Wilson wrote in a newspaper opinion piece that there was no credible support for administration claims that Hussein had tried to obtain nuclear weapons material from Niger.

On assignment for the CIA, Wilson had made a trip to Africa to look into the question, which had arisen in the intelligence community before it became a subject of public dispute. Wilson wrote that his investigation had found no proof of the claim, and he accused the administration of misrepresenting intelligence on the subject.

The White House, especially Vice President Dick Cheney, was furious about Wilson's article, which also suggested that Cheney had a role in arranging the fact-finding mission to Africa. Libby was then Cheney's chief of staff.

Pincus, who was among the first to write about Wilson's allegations, testified Monday about an early effort by the White House to contain the controversy.

Pincus said he got a call at the Post on a Saturday from Fleischer, who sought to portray Wilson's trip to Niger as a "boondoggle."

Fleischer "suddenly swerved" off other topics and argued that the uranium story was being overplayed, Pincus said.

He said Fleischer challenged him to explain: "Why do you keep writing about Joseph Wilson and Joseph Wilson's trip? Don't you know his wife works at the CIA? … She's the one who sent him on this trip. That's why no one is paying attention."

At Libby Trial, A Boondoggle Of A Time (LAW)

By Emma Schwartz, Legal Times

Legal Times, February 13, 2007

He said he had nothing against Joseph Wilson. That he didn't know Valerie Plame was Wilson's wife.

I. Lewis "Scooter" Libby Jr. said a lot of things in eight hours of grand-jury testimony. But somewhere in the lengthy recordings, it was revealed for the first time in Libby's perjury trial, that he actively contributed to a smear campaign against Wilson in an effort to destroy his credibility as a Bush administration critic.

And that naturally involved Plame, the former CIA agent whose identity was a casualty of the dustup between Wilson and the White House.

That March 2004 testimony, played before the jury last week in the U.S. District Court for the District of Columbia, is a linchpin of Special Counsel Patrick Fitzgerald's case against Libby, the former aide to Vice President Dick Cheney.

In it, Libby admitted that he spoke to at least one reporter in July 2003 during which he called Wilson's excursion to Niger -- investigating what later proved to be a bogus claim over Iraq's purchase of uranium -- nothing more than a "boondoggle."

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And befitting a case in which words play the prominent role, much of the back-and-forth between the prosecutor and Libby about that conversation involved whether the term "boondoggle" was ever used -- and, indeed, whether Plame and Wilson were ever even mentioned.

WHAT BOONDOGGLE?

Libby, 56, is not charged with leaking classified information, but he is the only person charged as a result of Fitzgerald's 2 1/2-year investigation.

Prosecutors say Libby began asking questions about Wilson in May 2003 after the former ambassador was an unnamed source in a New York Times column that questioned the credibility of Cheney's role in developing the administration's rationale for invading Iraq. Libby first learned Wilson's wife was employed at the CIA in early June 2003 from Cheney. Six current and former government officials have testified in the trial that they discussed Plame's CIA employment with Libby in the following days and month before his conversation with reporters.

Libby says he found a note that says Cheney told him about Plame in June. But he says he had no recollection of this when he spoke with NBC's Tim Russert a month later, who Libby says told him about Plame. Last week on the witness stand, Russert called Libby's version of events "impossible."

But buried in the grand-jury testimony was the account of yet another reporter, The Washington Post's Glenn Kessler. Kessler was one of four reporters Libby tried to reach that Saturday, July 12, 2003, after returning from the christening of the USS Ronald Reagan in Norfolk, Va.

Throughout his testimony, Libby was fairly certain that he spoke with Kessler about Plame -- something Kessler, who is expected to testify when the defense begins its case this week, has stated he never discussed with Libby.

By the account of Cathie Martin, the former press secretary for Cheney who sat in on the call, the July 12 Kessler conversation was brief. Kessler was on his cell phone and at the zoo and asked Libby to call back later.

But during Libby's first appearance before the grand jury on March 5, 2004, Libby did not recall Kessler cutting off the conversation. Instead, Libby said he probably told Kessler that other reporters were saying the same things about Plame as he told then-Time reporter Matthew Cooper.

"What I recall about this conversation was that Glenn Kessler was at the zoo with his kids, and yet he was able to have this lucid conversation," Libby told the grand jury, "something I could never do with my kids at the zoo on a sunny day with, you know, hundreds of people milling around. And then he was able to have this conversation, which I thought was pretty impressive, actually, and we talked about this stuff."

Fitzgerald thought otherwise. During Libby's second grand-jury appearance, just 19 days later, Fitzgerald handed Libby a copy of an October 2003 newspaper article, pulled from Libby's files, indicating that a Washington Post reporter had been told by a White House official on July 12 of that year that the administration was not putting much credence in Wilson because he had been sent on a "boondoggle" by his wife.

Reading this, Fitzgerald asked, did Libby ever wonder if the coincidence of the date and the attribution could mean that Libby was, in fact, this White House source?

"I did not," Libby said. "I had a conversation with a Washington Post reporter on July 12 and that dawned on me, but what this described was not my conversation."

Well, did you tell him it was a boondoggle? Fitzgerald quizzed.

"Quite to the contrary," Libby said flatly. He said he had merely emphasized then-CIA Director George Tenet's statement that Cheney had never been told about the Wilson mission.

Fitzgerald interjected, "And you didn't relay a concern that this wasn't taken seriously by the administration, even though your boss had expressed that?"

Libby didn't budge.

Well, Fitzgerald pushed, was it possible that anything you said could have led Kessler to such a characterization?

"No, sir, I don't think so," Libby answered. "Kessler said to me, 'Was this a boondoggle?'" Libby quickly tried to downplay this statement. "I said, 'What I think is important about this is how he may have gotten the wrong information, not that it was a boondoggle.'"

Now the prosecutor was confused: Was it a boondoggle or not?

"No, I mean it was a boondoggle in the sense that the guy got a trip," Libby said. "I've never thought that boondoggle was what was the important point here."

So, then, it was a boondoggle? Fitzgerald asked.

"Not in bad sense, but a boondoggle," Libby replied.

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There was still the problem of timing. Libby still couldn't place the date of this conversation. But he didn't think it was July 12 because he had made those press calls in the car, and he had a memory that when Kessler raised the question of a "boondoggle," he was standing.

"Standing where?" Fitzgerald asked.

"I remember sort of either sitting or leaning down after he said it," Libby said, quickly adding that the "boondoggle" was not what was important, it was how Wilson could have gotten the wrong information.

"Did you ever indicate to him that Wilson's trip was not a boondoggle?"

"No," Libby replied.

Fitzgerald continued in his matter-of-fact tone, "Is this the first time you've described a boondoggle?"

Libby paused. "I don't recall. It might be."

Bill Would Make ISPs Keep Data On Users (WP)

By Ellen Nakashima, Washington Post Staff Writer

The Washington Post, February 13, 2007

Questions Are Raised On Privacy, Practicality

A House Republican is pushing a measure that echoes a long-sought Bush administration goal: to require all Internet service providers to keep records on their subscribers.

The measure, introduced by Rep. Lamar Smith (R-Tex.) last week as part of the larger SAFETY Act, would give the attorney general broad discretion to write the rules on what information companies have to retain and for how long.

It is aimed at protecting children from predators, but privacy advocates say its privacy and civil-liberties implications are huge, and industry is concerned about the costs of compliance. News of the measure has spread around the blogosphere, as critics seek to mobilize opposition to the SAFETY Act.

The provision would require Internet service companies to provide at a minimum the Internet subscriber's name and address, which can be linked to an Internet protocol address -- an identification number associated with a particular computer at a given time. Law enforcement officials would have to obtain a subpoena to have access to the records and could not use the tool to track law-abiding citizens on the Internet, Smith said.

Smith, the ranking minority member of the House Judiciary Committee, said law enforcement has identified mandatory data retention as "the number one tool" it needs to identify and prosecute Internet sexual predators. Last year, the European Union adopted a two-year data-retention requirement for all Internet service providers, and Smith said Congress should adopt a similar law that balances the cost of retaining data with the benefits to law enforcement.

But Lauren Weinstein, co-founder of People for Internet Responsibility, an advocacy group, said Smith's proposal is far too vague. "This bill is so incredibly bad that it opens up a whole array of things that can go wrong, because there's nothing in this legislation to prevent the attorney general from simply saying, 'Save everything forever,' " he said.

He called data retention the "single most important issue" relating to privacy, free speech and technology.

Under mandatory data retention, the chances of targeting innocent people would go up, opponents say. In Arlington County last summer, detectives thought they had tracked an Internet child predator to an apartment, only to find that their target was an innocent elderly woman whose computer's wireless router sent a signal throughout her 10-story building that could be easily hijacked.

Last fall, a child-porn squad in central Virginia led by sheriffs armed with semiautomatic pistols scared a farmer who was mistakenly targeted when his Internet provider gave authorities the incorrect IP address.

U.S. Attorney General Alberto R. Gonzales, who began pushing for mandatory data retention about a year ago, told the Senate Judiciary Committee last month that child exploitation investigations have hit dead ends because Internet service providers were not required to keep subscriber data.

A Justice Department spokeswoman said the department had not taken a position on Smith's proposal but was looking at data retention. "We do believe that there is a need for it," spokeswoman Tasia Scolinos said.

What concerns both privacy advocates and industry is the bill's open-endedness.

"The Smith proposal would give the attorney general carte blanche to require service providers to keep all information imaginable on every one of their users," said Kate Dean, executive director of the U.S. Internet Service Provider Association, which represents the nine major providers, including AOL, AT&T, Microsoft, Yahoo and Comcast.

Dean also said the measure could affect a wide range of service providers. "Does this cover wi-fi providers and coffee shops and hotels? Schools and libraries? And, most importantly, the government itself, because that remains unclear."

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John Morris, policy director for the Center for Technology and Democracy, said the risks for civil liberties would be enormous if a bill that extends to content of e-mails, computer instant messaging and Web surfing habits. "I would expect that the Justice Department would impose an extremely broad data-retention mandate," he said.

The sheer volume of data could be overwhelming. The amount of data in a week's worth of short instant messages alone would fill two Libraries of Congress, Morris said. Dean said the data retention could impose new costs on innovation. "Any blanket data-retention requirement would dramatically affect new services that companies bring to the market," she said, referring to potential new storage requirements.

The issues proliferate, she said: What if there's a technical failure? Would the data need to be kept "live" for quicker law enforcement access or stored on tapes? Would the data be kept for one year, 20 years or indefinitely?

Weinstein, a computer scientist who focuses on technology's impact, said people interested in child porn could easily use computer viruses to direct innocent people's machines to download the images and then shoot the images back to the perpetrators through obscure channels that are difficult to trace.

Staff researcher Richard Drezen contributed to this report.

Justice Defends Death Penalty (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, February 13, 2007

The U.S. Justice Department is defending the practice of seeking the death penalty in jurisdictions such as the District where local law bars capital punishment, including in the ongoing trial of a D.C. man accused of being an enforcer for a violent drug gang.

"The Department of Justice has a protocol that ensures that the federal death penalty is applied uniformly throughout the country, regardless of the local laws," acting Assistant Attorney General Richard A. Hertling wrote in a letter to Delegate Eleanor Holmes Norton, the District's nonvoting member of Congress.

Mrs. Norton, a Democrat, wrote a letter last month to the office of U.S. Attorney Jeffrey A. Taylor criticizing its pursuit of the death penalty in the trial of Larry Gooch.

Mr. Gooch is on trial in federal court in the District on murder, racketeering and drug trafficking charges. He is accused of killing four persons, assisting in another slaying and shooting at a police officer while acting as enforcer for the M Street Crew, a PCP ring in Northeast.

D.C. law bars capital punishment, but prosecutors can seek the death penalty in federal cases.

"Repeatedly seeking the death penalty in the face of jury and court verdicts to the contrary risks the appearance of an office seeking to show it can get death penalty convictions even in the District of Columbia," Mrs. Norton wrote in her letter to Mr. Taylor.

She expressed concern about "the apparent emergence of a new and troubling pattern" of death penalty cases in the District, "despite consistent failure with juries and the federal courts."

Mr. Hertling said federal prosecutors in the District have not increased their pursuit of the death penalty under the Bush administration.

As attorney general in the Clinton administration, Janet Reno authorized the death penalty in four cases, including those of so-called Murder Inc. drug kingpins Kevin Gray and Rodney Moore, convicted of 19 and 10 murders, respectively.

The Justice Department authorized the death penalty in three D.C. cases during the Bush administration, Mr. Hertling said.

In two of the cases, federal court rulings on various legal points ultimately prevented authorities from seeking capital punishment. The other case involves Gooch, whose trial is expected to last several months.

The D.C.-based Death Penalty Information Center records 47 federal death-row prisoners in the United States, including four from Virginia and two from Maryland.

Richard Dieter, executive director of the center, said the federal government has been seeking the death penalty even in jurisdictions where local laws prohibit capital punishment.

In 2000, he said, federal death row held no inmates convicted of crimes in states that outlaw the death penalty. Today, the number is six. Mr. Dieter said that does not include a recent case in New York, where a state court ruled the death penalty unconstitutional but capital punishment remains on the books.

"There are some signals of a more aggressive use of the federal death penalty," he said. "I don't think anybody would deny that when you seek it in Massachusetts or North Dakota or Puerto Rico or any of these places, then you're going to have a broader use of the death penalty than you would have had if you mostly restricted it to places where voters have agreed to support the death penalty."

Mr. Gooch's federal racketeering case makes him eligible for the death penalty.

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Prosecutors were prohibited from seeking the death penalty against Antwuan Ball and David Wilson, accused of running another drug gang known as Congress Park Crew, because of a missed filing deadline.

Mr. Hertling told Mrs. Norton in his letter that the filing delay was caused by "the intensive and meticulous deliberations of the U.S. Attorney's Office ... and the Department of Justice's capital case review committee."

Court Defines Official Bribery Narrowly (HILL)

By Susan Crabtree

The Hill, February 13, 2007

Members of Congress or any other public officials under FBI investigation for corruption owe a former D.C. police officer a debt of gratitude.

Investigations into the activities of convicted former lobbyist Jack Abramoff and ex-Rep. Randy "Duke" Cunningham (R-Calif.), as well as reviews of numerous questionable land deals, recently have expanded and may well ensnare other members of Congress and their aides in lengthy legal battles. But an appeals court decision involving a sting operation on a police detective could undermine efforts to prosecute the cases.

The U.S. Court of Appeals for the D.C. Circuit Court Friday confirmed a previous ruling by an appeals panel allowing Nelson Valdes, a former Metropolitan Police Department detective, to walk free.

A sting operation caught Valdes taking several hundred dollars in cash for running license plates through a law enforcement database and handing over the information he collected on the vehicles' owners to an FBI informant.

The jury thought the bribery charges were too harsh and so convicted Valdes on three counts of accepting illegal gratuities, a lesser crime in 2002. But Friday's decision would affect bribery cases as well.

In a 7-to-5 opinion Friday, the court determined that Valdes's activities were not part of his official duties and thus fell outside the federal bribery statute.

"It is the corruption of officials' decisions through the misuse of influence in governmental decision-making which the bribery statute makes criminal," wrote senior Circuit Judge Stephen Williams, referring to an earlier opinion issued by the same court.

In that 1979 decision, the court found that an assistant secretary for labor relations at the Department of Housing and Urban Development (HUD) had not accepted illegal gratuities for an official act when taking money from people outside the government for selling private auto-insurance plans to labor unions with whose leaders he also dealt on official HUD business.

"Thus, both our precedent and the language of the statute make clear that [the bribery statute] is not about officials' moonlighting, or their misuse of government resources, or the two in combination," Williams wrote.

But other circuit judges vehemently disagreed. "… This is a simple - but far from inconsequential - case," wrote Circuit Judge Karen LeCraft Henderson. "The man on the street grasps what my colleagues in the majority so inexplicably resist: you cannot lawfully give money to a law enforcement officer for performing a function of his office."

The Campaign Legal Center, a D.C. watchdog group, filed an amicus brief arguing to let the conviction stand. Gerry Hebert, a lawyer for the Center and one of the authors of the brief, said the decision was so split that the Supreme Court will probably have to step in and decide the matter.

Justice Department spokesman Erik Ablin said government lawyers are still evaluating the opinion, so it's too early to say whether they will seek Supreme Court review.

But there is no doubt in Hebert's mind that the Justice Department should do everything it can to reverse the appellate court decision. He also wants Congress to step in and make the bribery statute clearer.

"Lawyers in criminal cases prosecuted for bribery will attempt to use this very narrow definition of official duty for what should be criminalized conduct," he said. "… You'll have a difficult time prosecuting public officials who are using their office for their own financial gain."

Plea-bargaining Complaint Fails (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 13, 2007

Moncier's client gets 12-year prison term despite protest

GREENEVILLE - His attorney may have put plea bargaining on trial, but longtime Cocke County criminal Michael Vassar is the one who racked up a 12-year prison term Monday.

"Plea bargaining is a fact of life," U.S. District Judge Ronnie Greer said late Monday night after defense attorney Herbert S. Moncier spent hours mounting an attack on the way federal prosecutors mete out deals. "As distasteful as it may be at times, it's an everyday factor in law enforcement."

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Vassar was convicted last year in a cocaine conspiracy case involving fellow Cocke Countians, including bus driver Dewey Lynn Phillips. It was part of the Rose Thorn corruption probe mounted in Cocke County by the FBI, with help from the Tennessee Highway Patrol.

The conviction came after Vassar won acquittals in at least two other cases. But the battle has been costly for both sides. Moncier has bombarded Assistant U.S. Attorney Neil Smith with hundreds, maybe even more than a thousand, motions, exhibits and documents. His arguments had grown so intense that Greer late last year accused Moncier of contempt and ordered him briefly jailed.

Since then, however, Greer has allowed the contempt charge to linger, with no hearing date set. And, although he had removed Moncier from Vassar's case, he later entered an order allowing Moncier to take back the defense reins.

Neither Greer nor Moncier mentioned the contempt charge during Monday's hours-long hearing. In fact, Greer seemed to ignore his own order limiting arguments to 30 minutes per side, allowing Moncier to argue, at one point, for more than an hour during one phase of the multitiered sentencing process.

Moncier spent most of that time airing a complaint he has long made that federal prosecutors are "manipulating" the system via the plea-bargaining process. Moncier contends that Smith cut a slew of deals in Vassar's case, allowing, for instance, a guy pushing dozens of pounds of cocaine to walk away with 76 months in prison, while Vassar, convicted of peddling far less of the drug, was staring at a minimum 168-month prison term.

"What the government has done is manipulate the guideline sentences," Moncier said. "If the government is manipulating the guidelines then the guidelines become meaningless and that completely destroys what Congress intended."

The way Moncier sees it, prosecutors cut deals with drug dealers in which they are sentenced based on far less drugs than they actually peddled to get them to snitch on others. Then, they offer up breaks for that snitch work, Moncier argued.

Folks like Vassar, who refuse to plead guilty or cooperate, wind up facing much heftier prison terms because no such deals are offered, the attorney said.

Smith need not respond, however. Judge Greer was quick to counter that there was nothing illegal or improper with the deal-making process. He also pointed out that Vassar, with more than a dozen felony convictions under his belt, earned the 12-year prison term Greer wound up doling out.

"Here you are again," Greer said to Vassar. "Two prior (federal) prison terms did not deter you. Your attorney is asking me to compare apples to oranges to the extent the government's plea bargaining decisions result in (sentencing) disparities, it seems to me, that's up to Congress and the public to address."

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DA, Police Chief Discuss Stemming Violent Crime (AP)

By Mary Foster, The Associated Press

AP, February 13, 2007

NEW ORLEANS (AP) — A month after an estimated 5,000 people marched on City Hall to protest violent crime, several hundred turned out to hear police Superintendent Warren Riley and District Attorney Eddie Jordan answer questions by the City Council.

A standing-room crowd, that included more than a dozen police officers in uniform, listened as the city's top law enforcement duo detailed progress in stemming violent crime.

The commitment to stop violent crime is strong, Riley said. But when asked to predict the future, he refused.

"I can't tell you what's going to happen in 90 days," Riley said. "The entire system has to work to say what happens in 90 days."

The extra 25 officers federal agencies have lent the city are making a difference, Riley said. They currently are working with departments ranging from the SWAT team to Crime Abatement and narcotics, he said.

FBI Special Agent in Charge Jim Bernazzani said just getting the word out that federal agents are working the streets has been a deterrent.

There have been 21 murders in the city this year.

Police and federal officers also have targeted three areas in the city where violent crime is most prevalent, Riley said.

Federal officers are committed for 90 days, and began on Jan. 3, Riley said. The city also is being patrolled by 800 National Guardsmen and 60 State Police.

Attrition remains a problem for the police department, Riley said. He has lost over 420 officers in the last two years, and more than 20 this year, he said.

The hot-button issue for the crowd was the so-called 701 Releases. That refers to Article 701 of the Louisiana Code of Criminal Procedure, which states that no one can be held longer than 60 days on a felony arrest without an indictment.

In New Orleans that occurs mostly in drug arrests, Jordan said. He blamed problems with getting lab results. New Orleans' crime lab was lost to Hurricane Katrina and the city has been getting needed work done by other parishes, which causes delays.

"A field test is sufficient for probable cause," Jordan said. "But is not admissible in court. In order to prosecute we must have lab tests."

The city is expected to sign a contract for a new lab with the University of New Orleans on Tuesday, director of Homeland Security Terry Ebbert said. The lab should be at least partially functional within 45 days, he said.

Council members stressed the need for greater cooperation between the district attorney's office and the police department, something both Riley and Jordan pledged to do.

The district attorney's office is implementing software that will track cases in danger of being dismissed, he said. He and Riley also said they would hold joint training sessions to prepare police investigations and district attorney cases for trial.

Council Grills DA, Police Chief Over Rampant Crime (NOTP)

By Brendan McCarthy, Staff writer

New Orleans Times-Picayune, February 13, 2007

Members of City Council grilled the city's police chief and the district attorney in an a tense, four-hour committee hearing Monday on the problems that plague the city's criminal justice system.

Both New Orleans Police Superintendent Warren Riley and District Attorney Eddie Jordan said they were eager to work together to squash surging city crime. But the meeting ended with its fair share of fingerpointing and few resolutions.

The pair's fractured working relationship was on full display as councilmembers pressed them on the state of their departments, the high release rate and the low conviction of arrested individuals, tying those problems to a lack of cooperation among their offices.

The hearing before the criminal justice committee, and a standing room crowd of more than 200 people, became at-times an exercise in political theater that more closely resembled a trip to the principal's office.

"The relationship has to improve," said councilman Arnie Fielkow, in dressing down the pair.

Throughout the meeting, councilmembers demanded results, along with measurable outcomes and benchmarks to grade their top law enforcement officers in the future.

"What is it that you are trying to accomplish? What should those results be, and when are we going to see them? And if they don't work by what date, how are we going to try something else?" councilwoman Shelley Midura asked.

Riley shied away from setting hard goals or timelines.

"All I can tell you is that we are doing all we can," Riley said. "I can't tell you what is going to happen in 90 days. The entire system has to work to say what happens in 90 days."

Riley did make one concrete commitment: to ask for more help from the federal government. The chief said he would petition to extend the stay of 25 loaned officers from the Drug Enforcement Administration, the Federal Bureau of Investigation and Alcohol, Tobacco and Firearms.

But for the most part, the meeting devolved into a blame game, with the council acting as referee. Remarking on the reluctance of Riley and Jordan to set a date for interoffice training, councilman Oliver Thomas joked, "Whatever it takes, move next door to each other."

Following the meeting, Midura said she was left dissatisfied and even more concerned.

"Not just lip service, people want results," she said. "I would have rather heard them acknowledge the problem. All I heard was that this is someone else's fault, that we don't have this, we don't have that. There are no assessment tools and no long term strategic plan to address the reforms that must occur."

A large part of the day was spent discussing how the two offices could better coordinate their efforts.

Jordan suggested joint training for prosecutors and police officers, saying there has been none. Riley struck back, saying Jordan "may not remember" a program within the last 7 months that had officers in 8- to 16-hour sessions on writing police reports that will stand up in court.

"We need more than joint training," Jordan added. "I'm talking about access across the board."

Jordan suggested embedding prosecutors in police districts so they can better track cases from the start. Riley said he would "welcome" assistant district attorney's at crime scenes.

Councilmembers were particularly interested in "701s", shorthand for Article 701 of the Louisiana Code of Criminal Procedure. It states that no one can be held longer than 60 days on a felony arrest without an indictment. Prosecutors may refile charges against 701'd suspects if they get complete police reports, but often a 701 release amounts to the writing on the wall, and cases fall by the wayside.

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In the eight months before the hurricane, the city released 187 people on a 701, including eight murder suspects, prosecutors' records show. In 2006, the number of releases soared to about 3,000. And last month alone, 580 people escaped legal custody of either jail or a bond obligation only because prosecutors couldn't pull together a case ahead of the deadline imposed by law.

Jordan put the blame for some 701 releases on a lack of lab-tested evidence and incomplete police reports. He said police use probable cause to make an arrest, a lesser standard than the beyond-a-reasonable-doubt standard required for a conviction.

Riley responded that the officers handling homicide and violent crime cases were experienced in writing police reports.

"They do provide excellent police reports and excellent investigations," he said.

The standing room crowd reacted; some laughed, some clapped, many shook their heads.

"This is the kind of stuff that drives the people crazy," Midura said to Riley, as they briefly talked over each other.

Then it was Jordan's turn to address the hot-button issue.

"I'm not going to say anything other than the fact that we need good police reports," he said.

The thinly veiled finger-pointing went back and forth. Uneasily, and after public criticism from Fielkow, the men agreed to continue with ongoing training and meet at a later date. During the hearing, attendees learned that Riley and Jordan do not meet regularly.

Both Riley and Jordan agreed that the lack of a NOPD crime lab has hindered the prosecution process.

The council asked Jordan why his office didn't accept the results of field testing kits, used by officers to test drugs. He said the field test was not admissable in court.

Riley said the federal government has used the field tests for nearly 20 years.

"We have tried and want to encourage Mr. Jordan to use the field testing kits on these narcotics cases," he said.

The impasse appeared to be somewhat solved when Jordan agreed to use the tests on "selected" cases.

However, Col. Terry Ebbert, director of homeland security under New Orleans Mayor Ray Nagin, said that a lease for a crime lab site at the University of New Orleans would be finalized Tuesday. It could be up and running within 60 days, he said.

The police currently ship out evidence to neighboring parish labs and private firms. Jordan said the lack of a lab has hurt cases. He said post-Katrina evidence is stored in a NOPD property room, and it takes 5 days written notice to retrieve any item. Pre-Katrina evidence is kept in a basement with a rodent problem, which made items "not available all the time," Jordan said.

"Apparently the rodent problem is very serious at this time," he added.

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New Orleans' Legal System Still Feeling Pain Of Hurricane Katrina (LAW)

By Vesna Jaksic, The National Law Journal

National Law Journal, February 13, 2007

As chairwoman of the board overseeing New Orleans' public defender office, Denise "Denny" LeBoeuf knows the city's legal system is struggling, but talks about it as if it were a miracle waiting to happen.

"I think this is going to be a destination office for young lawyers who want to do public defense in the years to come," said LeBoeuf, a veteran criminal defense attorney. "And no one would have said that before Katrina."

But New Orleans has a way to go before LeBoeuf's "miracle" sees the light of day.

Only about half of the needed 70 public defenders have been hired. Judges' patience sometimes wears thin, leading one to recently jail a public defender because no one from his office showed up in court. And Hurricane Katrina's impact lingers everywhere, whether it's residents' stress levels, businesses' limited hours or the city's damaged roads.

A year and a half after Katrina flooded New Orleans, the city's legal system continues to limp along with understaffed courts, a poorly funded public defense system and temporary prison accommodations.

While lawyers said civil courts are functioning more or less the way they were before Katrina, they used words such as "mess" and "nightmare" to describe the post-Katrina criminal justice system. But many New Orleans lawyers note that Katrina damaged an already ailing system -- creating a once-in-a-lifetime opportunity to rebuild it from scratch.

"We're in the midst of a revolutionary process," said Pamela Metzger, associate professor of law and director of the criminal law clinic at Tulane University Law School, one of nine board members appointed in April to oversee Orleans Public Defenders.

"I do believe that at the end of the day -- 10, 20 years down the line -- at least in the area of public defense we're creating a model for what public defense can become," Metzger said.

PROGRESS AND PITFALLS

In Orleans Parish, where about 85 percent of defendants are indigent, the public defense system employed 42 lawyers before Katrina, most of whom were part-time employees earning a starting annual salary of $29,000, LeBoeuf said. Because

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Louisiana's public defense system primarily runs on revenues from traffic tickets and other fines -- the only such system in the country -- most of them were laid off when the office went broke after Katrina.

While some lawyers never left, more than 30 lawyers have been hired since April and their jobs are now full time, with a starting annual salary of $40,000, LeBoeuf said. Only six lawyers have not returned because they wanted to keep their private practices, said Phil Wittmann, the board's secretary.

Public defenders now have offices across from the courthouse for the first time. Also for the first time, a computerized organizational system has been implemented, LeBoeuf said. In order to improve attorney-client relationships, the system has moved toward "vertical representation," meaning lawyers are assigned to clients, not courtrooms.

Some judges have criticized the new public defense system, saying there is no money to keep it going. Judges also question the new vertical representation meth-od because it leads to less familiarity with lawyers who show up in their courtrooms, the lawyers said.

"A part of the criticism we're seeing from the judges that are speaking publicly about this is, 'What you guys are doing is not going to be sustainable in the long haul because you don't have a sustainable pipeline of funding,'" said Carmelite Bertaut, past president of the New Orleans Bar Association who works at New Orleans' Stone Pigman Walther Wittmann.

Orleans Parish Criminal District Court Chief Judge Raymond Bigelow did not return calls seeking comment.

'PROCESSED' NOT REPRESENTED

Many lawyers said the changes are for the better -- but not nearly enough.

"Money is the hugest obstacle," said Stephen Singer, professor at Loyola University New Orleans School of Law, who is chief of trials for the public defender's office.

"We simply have insufficient funds to hire the people we need, not just lawyers, but also support personnel," Singer said. "The lawyers don't have the time to do the work they need to do on their cases and the court is currently like a meat-processing plant -- cases get processed, but they don't get represented."

The budget for the Orleans Parish public defender system is seriously underfunded at only about $2.5 million, so the system continues to struggle, Singer said. In an incident that several lawyers said exemplified the level of frustration, Singer was jailed by a judge for several hours in January after a public defender did not show up for a hearing, something Singer said was the result of a staffing shortage due to a lawyer's honeymoon.

A U.S. Department of Justice report recently found the public defender's office needs 70 full-time lawyers and additional support staff. The report estimated that with salary, equipment, furniture and other costs, it will cost $10.7 million to operate the office in its first year and $8.2 million annually after that.

The federal government has delivered some relief. The Justice Department has made nearly $30 million in grants available to New Orleans and Orleans Parish to help rebuild the state and city criminal justice systems.

In total, the Justice Department gave Louisiana more than $61 million in justice-assistance grants and Katrina-related law enforcement infrastructure funds. The department also said it was providing assistance in other areas, such as hiring additional Assistant U.S. Attorneys.

A Justice Department official said the department does not release how many Assistant U.S. Attorneys it has in various offices around the country. But in New Orleans, the office now has two more full-time U.S. Attorneys than it did pre-Katrina, as well as 10 "detailees," who will work in the office until they are no longer needed.

The federal courts in and around New Orleans have fared better, but are also having problems.

The 5th U.S. Circuit Court of Appeals temporarily moved to Houston and reopened in January 2006. But the 5th Circuit clerk's office in New Orleans was reduced from 93 employees before Katrina to 83 after, and more employees may leave, said Michelle Meyers, the personnel specialist.

"We're still in post-Katrina mode," she said. "We just got notification from one of our employees who's been out a lot that she's taking an extended medical leave because of post-traumatic stress. ... We have many employees that are not in their homes; many employees that don't know what they are doing yet, waiting to see if they can rebuild."

After Katrina, employees of the U.S. District Court for the Eastern District of Louisiana in New Orleans were divided between Lafayette and Baton Rouge until the office officially reopened in November 2005.

Only one of about 200 employees of the U.S. district court in New Orleans has not returned to work since Katrina, said Julie Harrison, the docket supervisor.

BEYOND CRIMINAL DEFENSE

Such issues and frustrations stretch well beyond the Big Easy's criminal defense system.

The police department's crime lab is not functioning yet, leaving some prosecutors worried about an overload of cases they will get once it becomes fully operational.

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Only about 2,000 of the 6,000 prisoners have been able to return to the parish prison and the rest are scattered throughout the state, said Wittmann, a partner at Stone Pigman Walther Wittmann.

The tunnel that was used before Katrina to get the parish prison's inmates to court is still closed, adding to the logistical difficulties, said Brian Privor, who is mostly handling adult felonies while his Washington office of Morgan, Lewis & Bockius is lending him to the New Orleans' public defender's office for six months.

"Because of the logistical realities of the post-Katrina world, it's certainly more difficult for both the prosecution and the defense to work their way through the court system," Privor said. "It's slower, there are fewer personnel and sheriffs to oversee the inmates, fewer lawyers to go around and talk to them, the accommodations are not as accommodating, copies of police reports don't show up like they used to -- everything is just more challenging with the very first appearance in the court system."

The Orleans Parish District Attorney's Office relocated to a former nightclub after Katrina and has been temporarily housed in an office building for the last six months, said Gaynell Williams, first assistant district attorney.

It was not until about a month ago that all of the 88 lawyers returned to work, Williams said. And with many people gone from the state, cases now take longer to prosecute, she said.

"We are still encountering problems dealing with witnesses," she said. "We are unable to locate them and evidence has been destroyed."

THE CIVIL SIDE

New Orleans native William Rittenberg has been practicing law in Louisiana for more than 30 years, but he is suddenly doing administrative work that his assistants used to handle.

With only about 40 percent of New Orleans' pre-Katrina population of 455,000 back in the city, business has declined and some employees have not returned, Rittenberg said. His practice area used to have three support staff for seven attorneys, and now has only one secretary, whom they share with another division.

"I'm doing things that I haven't done in over 20 years -- writing checks and dealing with bookkeeping and stuffing envelopes," said Rittenberg, a partner at New Orleans' Rittenberg, Samuel & Phillips.

Rittenberg said a court clerk recently told him to search for a document in a large pile because the staff was down to the minimum and did not have time to retrieve paperwork.

Gary Bezet, managing partner in the Baton Rouge office of the 120-attorney Kean Miller Hawthorne D'Armond McCow-an & Jarman, said that in one pending case involving an oil company, it took him several months to track down a witness because he had left Louisiana after Katrina.

Meanwhile, Katrina-related lawsuits, mostly claims against insurance companies, have piled up in the U.S. District Court for Eastern Louisiana in New Orleans. Nearly 12,000 cases were filed in 2006, about three times the number in a typical year, Harrison said.

"We have other courts in other parts of the country helping us because we can't keep up," she said, explaining that they have been assisting with electronic filing of paperwork into the court system.

Brent Barriere, a partner with Phelps Dunbar, a 260-lawyer firm based in New Orleans, said the civil courts are dealing with an avalanche of paperwork just as things are starting to get back to normal.

"I think it's going to take years for the system to fully flush out all these cases," he said.

In Philadelphia, A 'Disturbing' Black Murder Rate (CSM)

By Alexandra Marks

The Christian Science Monitor, February 13, 2007

PHILADELPHIA

The three teens are in good schools, college bound, and full of adolescent bravado. Each also knows someone who was shot and killed on the streets of Philadelphia.

That kind of up-close encounter with violence and murder is not the norm for teenage America. But this is Philly, which has the highest homicide rate for African-Americans among the nation's biggest cities – and a place where the risk of being killed is especially high for blacks under age 18.

The possibility of a short life and a violent death weighs on African-American teens like Andrea Williams, Sierra Daniels, and Christopher Fuller, though they seem to shoulder the burden as if it's just an extra load of books. Andrea worries most about her younger brother and sister, afraid one of them will get hit by a misguided bullet fired by someone bent on revenge or protecting turf or just venting anger.

"Sometimes I hate to walk down the street with them, because I couldn't live without my little brother and sister," she says.

Nationally, the murder rate for African-Americans is more than three times the average: 19 black murder victims per 100,000 people versus five for the general population.

In Pennsylvania, the disparity for black homicide is even more pronounced: 30 per 100,000, or six times the national average, according to a study released last month by the Violence Policy Center (VPC), a gun-control research group in Washington.

Those numbers are "disproportionate, disturbing, and undeniable," says the VPC report, which analyzed crime data from 2004 in its study. Moreover, almost 80 percent of black murder victims in the US were shot and killed with guns, the study found.

Philadelphia follows the pattern. The vast majority of black murders in the city – 3 in 4 – are from gunfire, according to police.

Overall, murders have been on the rise – 406 last year. Of those, 317 were gun-related, compared with 233 four years ago. And it's the city's black residents and neighborhoods that feel the effects most acutely.

"We all want it to change, but how is the hard part," says Margo Davidson of the Caring People Alliance in North Philadelphia, where Andrea, Sierra, Christopher, and other teens can spend their afternoons after school. "We do the thing that we know how to do: We have a safe place for kids to come after school. We do family therapy and counseling, help people with [finding] jobs. But it's not enough. There are too many guns on the street and not enough jobs for young people."

Too many young people, says Ms. Davidson, are milling around after school with nothing to do except what the streets offer: guns and drugs.

That's one thing everyone – residents, police, and social workers – agree on. Another is that there's a subculture in "the 'hood" in which guns play a major role. They're used for protection, to generate income, to give a sense of power, and, all too often, to settle slights and disputes. As Andrea and others attest, their prevalence also infuses fear into a community.

"If you're in the 'hood, as long as you have a gun you can get some money," says Joselynne Jones, who helps run the Caring People Alliance. "You can stick someone up, sell the gun ... protect somebody for money. It's a vicious cycle that starts with a gun."

In the face of these grim statistics, the funerals, and the mourning, there are signs of a fresh determination to break that cycle and protect Philly's youths from stepping down that violent, gun-riddled path. The people, joining with police and city leaders, are pushing back.

A nighttime oasis

At 10 o'clock on a bitterly cold night, a bundled-up Carolyn Walton unlocks the Dixon House Community Center in South Philadelphia. "I hope we don't get any kids tonight because it's too cold for any child to be out," she says.

Ms. Walton works for what's known as the Curfew Center. Along with other initiatives to combat youth violence, the center was set up at Dixon House by city and community members last July in this neighborhood of row houses.

The number of homicide victims between the ages of 10 and 17 had been growing steadily in recent years. By 2006, citywide, about 10 percent of the 406 homicide victims were younger than 18, according to the police department. In South Philly, 24 percent of homicide victims were under 18.

"Last summer, every night all night, you could hear gunfire," says Jean Gillen, the receptionist at the Curfew Center who lives on the next block. "These kids can get a gun faster than they can a pencil or a book."

After meetings with city officials, the community asked the police to start enforcing a curfew that had been ignored for decades. Mayor John Street agreed to enforce it, but only on one condition: that the community step up to help the police deal with violators. And so the idea of the Curfew Center was born.

"It has a twofold purpose: first, to get the kids off the streets and stop the mayhem, and then provide the kids and/or their families with supportive services," says Cheryl Weiss, executive director of Diversified Community Services, which runs Dixon House.

It's here that police bring curfew violators, and staff like Kareem Davis talk with them about why they're on the streets.

"A lot of the kids who come here are juniors and seniors in high school, and a lot of them want to go to college," says Mr. Davis. "But people in the schools don't know that, the parents may not, and the kids don't know to take the right courses to prepare for college."

The staff at the Curfew Center call parents to bring their kids home. If the parents come, they're interviewed in case they need services like job training. But when parents can't be contacted – whether they're out working, or partying – the center provides the kids plenty to eat and a room with cots to sleep. In the morning, the staff takes them to the Department of Human Services (DHS), the city's primary social-service agency.

On an average night, police bring in four or five teens. But when it first opened, the staff dealt with as many as 19 in one night. On that bitterly cold night last week, police did bring in two boys, ages 15 and 16, at 4:30 a.m. They were from New Jersey and said they'd missed the train home. Since no one could be reached to pick them up, they were brought to DHS in the morning.

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Since the Curfew Center opened, the percentage of murder victims in South Philly under age 18 has dropped from 24 percent to about 15 percent, according to Inspector Stephen Johnson, commanding officer of Philadelphia's South Police Division. "We have made some significant strides," he says. "But we need to do much more."

Inspector Johnson would like to see the legislature impose more limits on who can carry a gun – a move he knows is controversial in a state with many rural areas. A decade ago, the city made it almost impossible to get a permit to carry a gun, he says. But gun advocates brought legal challenges, and in 1996, Philadelphia was required to abide by the same gun-control laws as the rest of the state – adding significantly to the number of guns on the street.

With more curbs on gun ownership, Johnson says, fewer guns would be in the hands of adults, and the trickledown effect to youths would also be lessened.

"You have people living in an intense urban area. You have so many disputes that would normally be resolved by talking or even by a fistfight," he says. "But you don't have that now. People feel omnipotent because they have a gun and they feel as though they don't have to back down in some scenarios."

The teenagers' reality

Sierra, Andrea, and Christopher all say that if they ever needed a gun, they'd know how to get one.

It wouldn't be hard, either. Sierra's older brother already has one, and she worries a little about his "anger issues." She lost a good friend two years ago, she says, to an argument and a gun. Sierra's not even sure what the dispute was about. "It makes me sad 'cause he's not around anymore," she says. "But it really didn't make me change anything."

The three teens are speaking, safe and warm, at the R.W. Brown Community Center in North Philadelphia. They are explaining why guns are so prevalent in their community, but all say they want nothing to do with them.

"I could get one, but it wouldn't feel right," says Andrea. Some kids she hangs out with carry them, though.

"But I don't follow what they do," says the teen, who wants to become a pediatrician. "They try to get me to, but I won't."

For Christopher, guns are a constant worry. He feels protective of his sister, who he says is a beautiful girl. "She knows a lot of guy friends, and sometimes they get too rowdy and I have to put them in their place," says Christopher. "That's when I get scared, because I don't know them. I don't know if they've got a gun."

The three have their own ideas about how to reduce gun violence. They suggest that parents should do more to "crack down" on their kids, and they say kids should do more to control their anger. They also say the legislature should do more to make guns harder to get.

"I don't think people understand how much guns affect our community," says Christopher, who wants to be a teacher. "There's a lot of guns and a lot of stray bullets flying around every day."

"Yeah, it needs to stop," says Sierra. "If it doesn't ... it's going to get worse. People need to learn how to work together again."

A gun as 'my friend'

Many of the staff here also know the gun culture firsthand. Last year, Margo Davidson's brother, who was known as Shorty, was killed. During the trial, she was struck by two things.

First is that the man convicted of killing her brother "kept referring to the gun as 'my friend,' " says Ms. Davidson, one of the top staff at the Caring People Alliance.

The second is that the accomplice in the murder – a young woman who had known "Shorty" and had pointed him out to the shooter as someone who "had money" – had ruined her own life. Her desire for money to buy drugs led to the fatal shooting.

"Knowing that, at 18, her life is over simply because of that poor decision takes the tragedy beyond the death of our loved one," says Davidson. "It also affects the families of the shooters – it has a ripple effect on the whole community."

Next steps

The Caring People Alliance plans to apply to the city to open a Curfew Center for North Philadelphia, like the one at Dixon House in South Philly. It's a big undertaking, relying on volunteers – more than 50 – for staff. The city provides funds to pay a site coordinator, a receptionist, and an intake worker. But most of the people working the overnight shift are local volunteers like Terrence Sealis.

"What makes me come out?" says the soft-spoken maintenance worker who is raising his teen daughter here. "It helps give a chance of a future for some of the teens out here. I try to come three times a week."

CIVIL LAW:

Judging Asbestos (WSJ)

The Wall Street Journal, February 13, 2007

DOJ_NMG_0131583

Asbestos bankruptcies have become a favorite trial-lawyer scam in part because judges have been reluctant to police fraud in their own courts. So it's a milestone that two more federal judges have issued opinions exposing these shakedowns.

The first comes courtesy of Judge Kathryn Ferguson, who has been overseeing the Congoleum bankruptcy. The maker of floor materials has become a poster child for everything wrong with the trial-lawyer innovation of "prepackaged" asbestos bankruptcies. Prepacks are a legitimate means of getting through bankruptcy, but most asbestos versions have become giant self-enrichment schemes. Our Kimberley Strassel exposed the Congoleum prepack's gory details on these pages last April.

In Congoleum and similar cases, the company and plaintiffs lawyers team up in a cost-shifting alliance. Congoleum rushes through bankruptcy at minimal cost and with a clean slate. The lawyers -- in this case, tort kingpins Joe Rice and Perry Weitz -- make a bundle and get preferential treatment for their clients. Meanwhile, the bills are dumped on Congoleum's insurers, who don't participate in crafting the bankruptcy plan. Convenient, huh?

A little too convenient, said Judge Ferguson, in a groundbreaking opinion last month that threw out the Congoleum plan. The judge scored Congoleum's own meager contribution as well as the special treatment that certain plaintiffs (and lawyers) were getting in this deal -- claiming both violated the bankruptcy code. She also granted Congoleum's insurers standing to object. Her ruling greatly decreases the likelihood that more such scams will be brought to court, especially in the Third Circuit where she presides and which oversees most major asbestos bankruptcies.

The other big news concerns the case of W.R. Grace, which remains one of the most prominent asbestos bankruptcies because of the publicity surrounding its operation of a vermiculite mine in Libby, Montana, that contains asbestos.

W.R. Grace sold something called Zonolite Attic Insulation, or ZAI, which was made with products from the Libby mine. It didn't take long for class-action lawyers to file suits claiming the mere presence of ZAI in an attic created an "unreasonable risk of harm." This was no small claim, given that some three to 30 million homes were estimated to contain ZAI.

Bankruptcy judges have been notoriously reluctant to dig into the science behind such accusations, for fear of dragging out proceedings. But in this case Judge Judith Fitzgerald chose to get to the bottom of the matter and held a trial. This included months of discovery, as well as scientific testing and testimony from experts on both sides.

And in December she ruled that ZAI does not pose an unreasonable risk of harm. She noted it wasn't enough for trial lawyers to say that the insulation contained asbestos, and that this asbestos could contaminate the air. The important point was the level at which asbestos was released, and whether the level could reasonably cause harm.

Trial lawyers have long held that there is "no threshold" at which asbestos is safe, an argument that is the basis for tens of thousands of lawsuits. Judge Fitzgerald noted instead that the best scientific evidence showed that regular homeowner activity in an attic didn't result in unsafe levels of asbestos; that even if attic insulation is disturbed it doesn't elevate asbestos levels throughout a house; and that it is unlikely the average person would be in an attic long enough to breathe asbestos at unhealthy levels. ZAI has been around for 80 years, with no evidence it has caused harm.

The ZAI claims are only a small part of the W.R. Grace bankruptcy, but Judge Fitzgerald has set a standard that other judges would do well to emulate. The No. 1 reason courts are heaving with asbestos claims is because few judges have been willing to challenge the veracity of the claims or the motives of those driving the litigation. With both now getting more scrutiny, the great asbestos legal fraud may finally be contained.

CIVIL RIGHTS:

Federal Probe Sought In 1946 Killing Of Black Veteran (AP)

By Elliott Minor

AP, February 13, 2007

ALBANY, Ga. - Federal officials will be asked to investigate the 60-year-old unsolved killing of a World War II veteran who was shot after becoming the first registered black voter in a rural Georgia county that to this day still recognizes local military veterans as white or "colored" on a list posted in the courthouse.

Relatives say Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time. He collapsed in the doorway of his farm house in Taylor County, about 90 miles south of Atlanta, and died two days later in a hospital in Butler, the county seat.

Even though his death certificate lists his cause of death as "gunshot wound by homicide," there's no evidence of a criminal investigation into the killing and no one was arrested. The killing was overshadowed by the lynchings five days later of two black couples - also including a WWII veteran - some 90 miles away near Monroe that prompted President Harry Truman to dispatch the FBI to investigate that case, which also remains unsolved.

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State NAACP officials and the Prison & Jail Project, a prison advocacy and civil rights group, plan to present their request for a federal probe to the Taylor County Commission on Tuesday and ask the commissioners to support the effort before mailing their written request to U.S. Attorney General Alberto Gonzales.

"What better way for the county commission to show their support for justice than by joining this initiative," said NAACP President Edward DuBose of nearby Columbus, himself a 21-year Army veteran.

John Cole Vodicka, head of the Prison & Jail Project, said he has studied the case and interviewed older residents about the crime.

"As far as we know, all the suspects that were involved are dead," he said. "But we want the truth of what happened. That simply means we want those responsible for his murder named, and we want Maceo Snipes' name cleared."

Snipes was shot on July 18, 1946, a day after he voted in the Georgia Democratic Primary. He died two days later on July 20 in the local hospital. Fearful relatives buried him at night in an unmarked grave before some family members fled the county, relocating as far north as Ohio. Survivors say they still don't know the location of Snipes' grave.

"It wrecked our family for a long time," said the dead man's 66-year-old cousin, Felix Snipes, who was 6 at the time. "The older generation still doesn't want to talk about it."

Vodicka said he's convinced that Snipes was killed for simply voting.

"He managed to escape being hurt or killed ... fighting for his country, but when he came home and dared to exercise a right that he had fought to defend, he was killed by citizens of his own country," Vodicka said.

It was rumored that Snipes pulled a knife on his attackers, an allegation his relatives deny.

"One of the real tragedies of this case, in addition to a man being killed because of his skin color, is that the victim is falsely accused of doing something to bring on his demise," Vodicka said.

A coroner's inquest was conducted to determine the cause of Snipes' death, but the case was never presented to a grand jury or a prosecutor, Vodicka said.

Gary Lowe, the county's current coroner, said he had never heard of the Snipes case and that the sheriff and coroner who served at that time had both died.

The current prosecutor, District Attorney Gray Conger of Columbus and Taylor County Sheriff Jeff Watson were away from their offices Monday and not immediately available for comment. A secretary in the sheriff's office said it's unlikely they still have investigative reports from the 1940s.

The county's five commissioners, which include two black members, also were not immediately available for comment Tuesday.

"I want somebody held accountable for killing my uncle," said Lulu Montfort, 73, of Griffin, who was 13 when her cousin was killed. "They're probably all dead now, but people need to know that my uncle didn't do anything to deserve death."

Frightened family members loaded her and her brothers and sisters into the rear of a pickup truck, covered them with a tarpaulin and whisked them away 45 miles to Macon, where some caught a train to Ohio, she said.

"Every person in the state of Georgia needs to know that somebody died for that right to vote - a right we take for granted," she said.

DuBose and Vodicka said they also will continue efforts to persuade Taylor County officials to remove two large courthouse plaques that honor the county's World War II veterans, but separate them by race. Those plaques have hung there since 1944.

Commissioners say they cannot remove the displays because it would violate a state law that makes it illegal to "mutilate, deface, defile, or abuse" public monuments honoring service members.

"Any county that can't figure a way to get those plaques off the wall is in denial," Vodicka said.

CRS Doubts Constitutionality Of D.C. Bill (RC)

By Elizabeth Brotherton

Roll Call, February 13, 2007

Perhaps previewing an expected legal challenge, a newly released Congressional Research Service report argues that current legislation does not give Congress the constitutional authority to grant a House vote to the Delegate from the District of Columbia.

There is very little case law on the issue, but what does exist indicates that Washington, D.C., is not a “state” for the purposes of representation, and the power Congress holds over D.C. is not enough to grant a House vote, the report reads.

The report specifically studies the constitutionality of the D.C. Fair and Equal House Voting Rights Act, which would grant Democratic-leaning D.C. a vote in the House while also giving one to Republican Utah. Introduced by Rep. Tom Davis (R-Va.)

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and D.C. Del. Eleanor Holmes Norton (D), the bill currently sits in the Judiciary Committee. No hearing on it has been scheduled yet.

Despite the report, Norton remains confident in the measure.

"No similar case has ever been considered by any court," Norton said in a statement. "An unprecedented bill always raises constitutional issues, and we have always indicated that, not surprisingly, constitutional views on a novel bill like H.R. 328 are divided. ... We believe that the weight of constitutional opinion is with the District."

The question of constitutionality is nothing new. When a similar bill appeared before the Judiciary subcommittee on the Constitution in September 2006, scholars who had studied the issue testified that while granting the District a vote in the House is a noble goal, the Norton-Davis bill could violate the Constitution. And if the bill were to become law, it is expected to be challenged immediately in court, although exactly by whom is yet to be determined.

Some observers believe the CRS report is further proof that only a constitutional amendment will permanently bring full Congressional representation to the District, because the Norton-Davis bill is bound to be thrown out.

"What are we doing if, at the end of the day, this is declared unconstitutional and another two and a half years have gone by?" said Timothy Cooper, executive director of Worldrights, a non-governmental organization that specializes in human rights issues in China and the United States.

Cooper, a longtime proponent of D.C. voting rights, said the new Democratic-controlled Congress should have thrown out the current measure — an effort created to make headway when the Republicans were in control — to focus instead on passing a constitutional amendment, similar to the effort that brought presidential electoral votes to the District.

"It's a new day in Congress, and it requires a new strategy," Cooper said. "To carry forward a dusty strategy ... is unsound."

But supporters of the Norton-Davis bill argue bipartisanship remains important in the effort, and they say the Constitution is behind them.

These supporters frequently cite the ruling in National Mutual Insurance Co. of the District of Columbia v. Tidewater Transfer Co., a 1949 decision in which the Supreme Court found that Congress has the right to extend federal diversity jurisdiction to cases with one party from the District.

(Diversity jurisdiction deals with cases in which parties are from different states.)

But the justices' limited focus in their ruling might serve instead to strike down the measure, according to the CRS report.

"The plurality opinion took pains to note the limited impact of their holding — parties in diversity suits with residents of the District of Columbia would have a more convenient forum to bring a law suit," the report reads. "As noted, the plurality specifically limited the scope of its decision to cases which did not involve an extension of any fundamental right. Arguably, granting the Delegate a vote in the House does involve such an extension."

But supporters of the Norton-Davis bill remained confident.

"We don't think the CRS, or the Congress for that matter, is the arbiter of constitutionality," said Ilir Zherka, executive director of DC Vote, adding that only the courts — where very little precedent has been established — are the forum for such debate.

"It's unusual for someone at CRS to take this approach in an area that is completely undecided," Zherka said. "This is not an area where there is case law. There isn't clarity on this."

In the meantime, continued discussion and lobbying for the measure will take place.

Hundreds of supporters, including D.C. Mayor Adrian Fenty (D), are expected to hit Capitol Hill on Thursday to lobby for the measure. That afternoon, the American Constitution Society for Law and Policy will host a forum on the constitutionality of the bill that will be moderated by Gilda Daniels, an assistant professor at the University of Baltimore School of Law.

The CRS report also analyzed the constitutionality of a recent House rules change that granted Norton and the four other Delegates a vote in the Committee of the Whole. Unlike with the Norton-Davis bill, the largely symbolic nature of that vote and past legal precedent likely will serve to uphold the rules change, according to the report.

Nashville Mayor Vetoes English-only Bill (AP)

By Erik Schelzig Associated Press Writer, The Associated Press

AP, February 13, 2007

NASHVILLE, Tenn. — Mayor Bill Purcell vetoed a measure Monday that would have made English the official language of Nashville, saying it was unconstitutional, unnecessary and mean-spirited.

"This ordinance does not reflect who we are in Nashville," Purcell said.

The measure passed 23-14 last week by the Metro Council required all government documents to be in English, except when multilingual communications are required by federal rules or are needed "to protect or promote public health, safety or welfare."

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Opponents and supporters of the ordinance agreed it was largely a symbolic slap at illegal immigration that had no significant effect.

Purcell said his legal staff had advised him the bill violated the U.S. and state constitutions and would be costly to defend.

"If this ordinance becomes law, Nashville will become a less safe, less friendly and less successful city," Purcell said. "And as mayor, I cannot allow that to happen."

His veto seems likely to stand. It would take 27 council votes to override it.

Councilman Eric Crafton, who sponsored the measure, said it would offer an incentive for immigrants to learn English. Opponents including the Chamber of Commerce worried it would hurt the image of Nashville, which bills itself as "Music City USA."

Crafton told WKRN-TV: "It's almost ridiculous to the point of being absurd for the mayor to say, 'Well, I'm afraid that somebody might sue us because we want to conduct our business in English.' To me it's a lack of courage and a lack of leadership."

Several smaller communities have passed similar laws or resolutions, including Pahrump, Nev.; Taneytown, Md.; and the Dallas suburb of Farmers Branch, Texas.

Nashville, a city of more than 600,000, is home to the nation's largest Kurdish community and has been a resettlement site for refugees from Africa and Southeast Asia. The Hispanic immigrant population also has boomed.

Researchers say Nashville's foreign-born population has grown 350 percent since 1990.

ANTITRUST:

A Million Pages Later, Smithfield Still Waiting On Merger OK (VAPILOT)

By Philip Walzer, The Virginian-pilot

Hampton Roads Virginian-Pilot, February 13, 2007

In September, Smithfield Foods announced that it wanted to take over Premium Standard Farms for $810 million in stock and cash.

The combination of the nation's top two pork producers would give Smithfield control of roughly 20 percent of the nation's hogs.

Nearly five months and more than 1 million pages of submitted documents later, Smithfield is still waiting to hear whether the deal passes antitrust muster with the U.S. Department of Justice.

The proposed merger has triggered cries of alarm from consumer and farming groups, Midwestern senators, and even The New York Times editorial board. They worry about the potential squeeze on small farmers and consumer choices.

The pork companies announced last week that they had completed the "second request" for information by the Justice Department's Antitrust Division.

Only 3 percent of proposed mergers trigger that level of scrutiny from the Justice Department, according to government statistics, but that doesn't necessarily mean Smithfield will face trouble.

"It may indicate heightened scrutiny on the part of the Justice Department," said Carl Tobias, the professor of law at the University of Richmond. "But it may be they just didn't have specific information from the first batch of material, and they want to follow up.

"My sense is that, generally in the Bush administration, the Justice Department has been rather receptive to mergers."

That doesn't mean Smithfield will get the whole hog, either.

In most cases, second requests lead to government intervention, but not lawsuits to block the merger, said Patricia Sullivan, the co-chairwoman of the antitrust practice group at Edwards Angell Palmer & Dodge LLP in Providence, R.I.

"Very often, the merging parties and the regulators reach an accommodation," Sullivan said, "and then the merger is closed with conditions," such as the divestment of certain assets.

Smithfield and Premium Standard Farms said in a statement last week that they have agreed to allow the Justice Department 60 days to review the material "and an additional 30 days thereafter for review should the Antitrust Division deem necessary."

Jerry Hostetter, Smithfield's vice president for investor relations and corporate communications, said the additional request for information was "very routine" and "totally anticipated."

He said he could not discuss what the material contained. "Their normal interest is in market concentration and market shares," Hostetter said.

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Smithfield has never been blocked from previous mergers, he said. "Certainly, an option of the Justice Department is to request a divestiture," Hostetter said. "I can't comment on the likelihood of that."

Bart Chilton, the chief of staff of the National Farmers Union, which has criticized the proposal, said the department "has been more attentive than I expected. They appear to be methodical and genuinely interested in our concerns. That doesn't mean they will do what we want."

Gina Talamona, a spokeswoman for the U.S. Justice Department's Antitrust Division, did not respond to an e-mail or a phone message.

Premium Standard Farms, meanwhile, will hold a stockholders meeting on whether to approve the merger Feb. 23 in Kansas City, Mo.

The announcement of the merger in September drew howls of protest from organizations such as the National Farmers' Union, which represents 250,000 farming families, and lawmakers including U.S. Sen. Chuck Grassley, R- Iowa.

Grassley reiterated his "serious reservations" about the deal at a Senate hearing last month. "I'm concerned about reduced market opportunities, possible anti-competitive and predatory business practices, and increasing agribusiness consolidation," Grassley said.

In its editorial in September, The New York Times said the deal "would mean fewer markets for farmers and fewer choices for consumers.... There is little or no role for the independent farmer in this landscape."

Hostetter said he could not address the critics' points directly during the department's review. However, he added: "They are the same people that complained about our buying Farmland Industries in 2003. We've brought them out of bankruptcy. We've shown we've made them a vibrant, competitive organization."

The Justice Department made its request for additional information in November. "Once you get into the second request, you're not filling out forms," said Sullivan, the antitrust lawyer from Providence.

"It can be pretty gargantuan: 'Produce all of your documents. Give me your e-mails. Let me interview your director of marketing, the head of your IT department.' "

Hostetter said the response was "incredibly expensive," though he declined to identify the cost to Smithfield.

"I have every reason to suppose it was like the Farmland second request," he said. "That response was 3 million pages."

The Justice Department's Antitrust Division has come under attack for being too soft on businesses. Grassley, in his comments at the hearing, cited an article in the weekly newspaper Legal Times last month on the perception among lawyers that the division is squeamish about challenging mergers.

Sullivan put it this way: "Right now, merger enforcement is characterized by a willingness on the part of the regulators to work with the merging parties to become surgical about solving the competitive problems yet allowing the transactions to close."

That makes sense "if you believe corporate entities should be free to right-size themselves and let the market punish them if bad decisions are made," Sullivan said. "But if your philosophical belief is 'big is bad,' this is a very dangerous approach."

ISS Urges Caremark Holders To Vote Down Bid By CVS (WSJ)

By David Armstrong

The Wall Street Journal, February 13, 2007

Pressure mounted on drugstore chain CVS Corp. to boost its bid for Caremark Rx Inc. after two firms advising investors urged Caremark shareholders to reject the deal and criticized its board for failing to negotiate a better price for the company.

A large Caremark shareholder said the CVS offer would likely be rejected by investors at a special meeting of the company scheduled for next Tuesday. "They have to raise the offer," said the investor, who controls several million shares. He said that given the strong performance of the pharmacy-benefits industry, keeping Caremark independent "is not unattractive at this point," for investors.

Since the $21 billion offer from Woonsocket, R.I.-based CVS offer for Caremark, Nashville, Tenn., was announced Nov. 1, investors have complained the deal undervalues Caremark. That concern was amplified last week when Maryland Heights, Mo.-based Express Scripts Inc., another pharmacy-benefits manager that is making a hostile bid for Caremark, posted strong fourth quarter results and bumped up its expectations for earnings this year.

Shares of Caremark fell 41 cents to $60.91 in New York Stock Exchange 4 p.m. composite trading. Caremark shares are trading more than $4 above the CVS offer, which now stands at $56.25 per share based on the value of CVS stock. CVS stock fell 42 cents to $32.49 a share on the Big Board.

Express Scripts stock rose $1.42, or 1.9%, to $74.73 a share in Nasdaq Stock Market 4 p.m. composite trading. The rise increased the value of the cash-and-stock offer from Express Scripts to $61.08. The Caremark board has refused to negotiate with Express Scripts and has raised questions about the ability of the Express Scripts proposal to clear an antitrust review.

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The proxy advisor, Institutional Shareholder Services Inc., urged a no vote on the CVS deal, saying the Caremark board should have played Express Scripts against CVS to win a better deal for shareholders. "Based on the risky strategic rationale, the nil-premium offer price, the initial poor market reaction, and the change-in-control benefits to insiders, we cannot fathom why the (Caremark) board did not...commence non-binding negotiations with (Express Scripts) after it had submitted its unsolicited offer," the report said. "What was the downside of playing the two parties against each other?"

Two other proxy advisers have also recommended no votes. In a statement, Caremark said it disagreed with the ISS recommendation. And CtW Investment Group, which is affiliated with union pension funds holding 1.5 million shares of Caremark, cited "a flawed negotiating process" as one reason to vote against the proposal.

While Caremark and Express Scripts have spent the past few weeks publicly criticizing each other, Caremark and CVS remain on friendly terms. This past weekend, CVS Chief Executive Tom Ryan and his Caremark counterpart, Edwin "Mac" Crawford, both played golf in the AT&T Pebble Beach National Pro-Am in California.

For CVS, which operates the largest number of drugstores in the country, the acquisition of Caremark is an opportunity to drive more customers to its stores while also increasing its clout with drug manufacturers. ISS was skeptical of some of the revenue "synergies" CVS says will result from the Caremark acquisition. "Supporting the type of transaction that has been proposed here takes a giant leap of faith in the vision of its architects," ISS said.

A merger of Caremark and Express Scripts would create the largest pharmacy-benefits manager in the country by revenue.

Caremark Urged To Reject CVS Deal (FT)

By James Politi In New York

Financial Times, February 13, 2007

Institutional Shareholder Services, the US proxy adviser, on Monday said that investors should vote against Caremark's planned $23bn merger with CVS because of its "risky strategic rationale" and "flawed process".

The strongly worded report by ISS will be seen as a further blow to Caremark, the pharmacy benefits manager, in its efforts to persuade investors that it was right to reject a higher bid worth nearly $26bn from rival Express Scripts.

It will increase the pressure on CVS, the drug store chain, to raise its bid ahead of a vote on the deal by Caremark shareholders, which is scheduled for February 20.

The ISS report, which can typically sway around 10 per cent of a company's shareholder base, was mainly critical of Caremark for not opening up its books to Express Scripts for due diligence.

"The process the Caremark board undertook did not comply with current mergers and acquisitions best practices," ISS said. "A board that is willing to open up a process can sometimes achieve greater value for its shareholders," the report said, highlighting the ability of Equity Office Properties, the $40bn commercial property group, to recently extract nearly $3bn more from Blackstone after allowing Vornado, a rival bidder, to study its confidential information.

Since Express Scripts launched its hostile bid in December, Caremark has maintained that it was a highly conditional offer that contained significant antitrust risk, as it would combine the second and third-largest PBMs.

But critics have said that Caremark and Mac Crawford, its chief executive, could be so adamantly defending the CVS deal in order to protect lucrative change-of-control terms for Caremark executives in the merger agreement.

ISS also challenged the strategic rationale of a CVS merger with Caremark, which would create a unique combination of a drugstore chain and an administrator of prescription drug plans.

Caremark Investors Urged To Reject Buyout (LAT/AP)

From The Associated Press

The Los Angeles Times, February 13, 2007

Two more investment advisory firms recommended Monday that shareholders of Caremark Rx Inc. reject a buyout offer from the drugstore operator CVS Corp. when it comes up for a vote next week.

CtW Investment Group and Institutional Shareholder Services Inc. joined two other advisors who said Nashville-based Caremark's board and managers had not tried to get the best deal for shareholders.

CtW held a forum Feb. 2 where institutional shareholders with about 46% of Caremark's stock heard from the chief executives of CVS and Express Scripts Inc., which has launched a rival bid for Caremark.

"Given the inadequate value and uncertain benefits of the CVS merger as proposed and the Caremark board's stunning failure to engage in a negotiating process that would maximize shareholder value, we urge you to vote the company's white proxy card against Proposal No. 1 to approve the CVS merger," the CtW letter to shareholders said.

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New York-based CtW works with public and union-sponsored pension funds representing an estimated 18.7 million Caremark shares.

Rockville, Md.-based Institutional Shareholder Services, which advises mutual funds, pension plans and other institutional shareholders, also urged rejection of the CVS offer.

"We conclude that the process was flawed to such a degree that we cannot recommend that [Caremark] shareholders support the transaction as currently constructed," ISS wrote in its analysis.

Glass, Lewis & Co. and Egan-Jones, a pair of investor advisory firms, previously had advised Caremark shareholders to vote against the CVS offer.

Woonsocket, R.I.-based CVS said Nov. 1 that it planned to acquire Caremark for CVS stock in a deal worth more than $24 billion. That proposed deal has already won antitrust approval.

Express Scripts of Maryland Heights, Mo., announced a hostile bid for Caremark on Dec. 18. That offer is now worth about $26 billion and would unite the No. 2 and No. 3 pharmacy benefits managers.

Caremark shareholders are scheduled to meet Feb. 20 to consider the CVS deal, and CVS shareholders are to meet three days later.

CtW didn't endorse the Express Scripts bid and said it had "significant concerns" with that proposal as well. CtW hopes rejection of the CVS offer would prompt new bids for Caremark.

Shares of Caremark fell 41 cents to $60.91 and CVS fell 42 cents to $32.49. Express Scripts shares rose $1.42 to $74.73.

Tenaris Says It Agreed To Buy Hydril For US$97 A Share (AP)

AP, February 13, 2007

LUXEMBOURG — Tenaris SA, a maker of tubular products and provider of services to the oil and gas industry, said Monday it agreed to buy Hydril Co. for $97 per share, or $74.6 million, in cash.

The offered price for Houston-based Hydril, a maker of connections and pressure-control products used in oil and gas drilling, represents a premium of about 17 percent to Hydril's closing share price of Feb. 9, the company said in a statement.

"With Hydril, we will be able to offer our customers worldwide a full range of integral and coupled premium connection products for the industry's most demanding applications," said Paolo Rocca, Tenaris's chairman

The agreement is subject to the receipt of clearance from U.S. antitrust authorities and approval of Hydril's shareholders. It is expected to close in the second quarter.

Hydril posted revenues of $503 million in 2006.

Tenaris will finance the acquisition through a combination of cash on hand and debt, for which bank commitments have been secured.

Houston Firm Agrees To $2.1 Billion Buyout Offer (HC)

By Brett Clanton, Houston Chronicle

Houston Chronicle, February 13, 2007

Houston's Hydril Co. agreed to a $97 per share acquisition offer by Tenaris, a Luxembourg-based maker of pipeline and related equipment for the oil and gas industry, according to the companies.

The offer represents a 17 percent premium to Hydril's closing stock price on Friday, Tenaris said in a statement. The company plans to finance the purchase though a combination of cash on hand and debt.

Hydril stock rose more than 14 percent to $94.86 in mid-day trading, making its shares outstanding worth more than $2.1 billion according to Bloomberg. Tenaris shares slipped by nearly 1 percent to $46.50 a share.

Tenaris' Chairman and CEO Paolo Rocca, said merging with Hyrdril, a leading North American manufacturer of premium connections and pressure control equipment for the oil and gas industry, is "another major step" for his company. Tenarais makes piping and related equipment for oil and gas companies.

"With Hydril, we will be able to offer our customers worldwide a full range of integral and coupled premium connection products for the industry's most demanding applications," Rocca said. Combining the research and development expertise of the two companies also will "make a substantial contribution in the new frontiers of exploration and production," and fuel growth of Hyrdril's products and services around the world, he said.

Chris Seaver, Hydril's chairman, president and CEO, said combining the two companies makes sense for both businesses and will benefit customers by grouping a wide array of products and services under one brand.

The agreement still needs clearance from U.S. antitrust authorities and a majority approval of Hydril's shareholders. Tenaris said it expects the deal to close in the second quarter.

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Four Seasons Hotels Agrees To Acquisition Deal (WSJ)

By Josee Rose

The Wall Street Journal, February 13, 2007

After deliberating for three months, Four Seasons Hotels Inc. Monday said it has agreed to a $3.37 billion management buyout by Chairman and Chief Executive Isadore Sharp at the same price Mr. Sharp floated when he disclosed his offer Nov. 6.

The buyout team -- backed by Saudi Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud's Kingdom Hotels International and Microsoft Corp. Chairman Bill Gates' Cascade Investment LLC -- will pay $82 a share in cash to take Four Seasons private. That's below the $83.88 closing level of Four Seasons shares Friday. Shares opened premarket trading Monday at $82.

The purchase price represents a 28% premium to Four Season's closing price the day before the offer was announced in November. Including debt obligations, the deal is valued at about $3.8 billion.

The deal will leave Mr. Sharp's family holding company, Triples, with a "significant continuing interest" in Four Seasons, and Mr. Sharp will remain as chairman and chief executive. If the deal is completed, Mr. Sharp will be entitled to realize proceeds of about $289 million stemming from an incentive plan set up in 1989.

Four Seasons' board unanimously approved the deal and will recommend that shareholders vote in favor of it. A special meeting is expected in April, and if approved, the deal should close in the second quarter. The deal requires approval by two-thirds of the votes cast by holders of the company's limited voting shares, which are the ones being bought for $82.

Merrill Lynch & Co. advised a special committee of Four Seasons' board set up to evaluate the offer and provided a fairness opinion. JPMorgan Chase & Co. and Citigroup Inc. have provided commitments for debt financing, the company said.

Standard & Poor's in November dropped the company's credit ratings one notch into junk-bond territory after Mr. Sharp unveiled his offer. S&P maintained its investment grade rating on the company's senior unsecured convertible notes on the expectation they'd be refinanced if a deal occurs.

The offer comes amid strong interest in hotel companies, particularly from private-equity investors. Blackstone Group has been a major force, with deals to acquire MeriStar Hospitality Corp., Extended Stay America Inc., Prime Hospitality Corp., Boca Resorts Inc., Wyndham International Inc. and La Quinta Corp. Four Seasons operates about 70 hotels and resorts throughout the world for a variety of owners. Mr. Sharp has run Four Seasons since its founding in 1978.

Google Takes Hits From YouTube's Use Of Video Clips (USAT)

By Jefferson Graham

USA Today, February 13, 2007

LOS ANGELES — Internet search giant Google is under fire from Hollywood, mostly about the many unlicensed clips available on its YouTube video-sharing site.

The studios have become more aggressive in demanding removal of the clips, and in a shot at Google itself, several entertainment companies have filed a lawsuit against two website owners over their use of Google's highly profitable search-advertising network.

Sony, Warner Bros., 20th Century Fox, NBC Universal and Paramount are suing two website owners who allegedly used Google's search-advertising system to promote the free trading of copyrighted movies.

In a statement responding to a Wall Street Journal article about the lawsuit, Google on Monday said, "We prohibit advertisers from using our advertising program to promote the sale of copyright infringing materials."

Google will continue to be at odds with the studios until it licenses the clips or comes up with some kind of filtering techniques to keep the clips off YouTube, says Ross Dannenberg, an intellectual property attorney at Washington, D.C.-based Banner & Witcoff. "But the technology isn't there yet," Dannenberg says.

"As long as people are copying or posting copyrighted programs on YouTube, and Google makes money off that, this problem (the studios vs. Google) won't go way," he says.

Last week, Viacom demanded that Google take down more than 100,000 copyrighted clips from YouTube, most from programs such as The Daily Show with Jon Stewart and The Colbert Report, which fans taped and uploaded themselves.

Google says it responds instantly to such requests. As of Monday afternoon, Viacom clips were hard to find on YouTube.

However, plenty of other copyrighted clips were in abundance, including the reunion of The Police singing Roxanne from Sunday's CBS Grammy Awards telecast, Prince's halftime show at the Super Bowl and snippets from the Fox TV shows Family Guy and Madtv.

The entertainment community banded together to fight the original song-swap service, Napster, in 2000, on concerns about copyright infringement. Napster tried to settle with the labels, but most of the record companies refused, and the service was shut down.

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YouTube has deals with several networks, including CBS and NBC, to show their authorized clips. And Google says it has been in talks to come to terms with other copyright holders.

"I still think YouTube will end up being a good purchase for Google, as long as they can get things under control," says Danny Sullivan, who runs the SearchEngineLand.com website.

"The problem for Google is YouTube went from a little underdog with no money and lots of traffic, to being part of Google, which has oodles of money and deep pockets. That makes it a very attractive target."

Google spent $1.65 billion for YouTube in 2006.

John Battelle, who runs the Searchblog website, says Google vs. the studios isn't Napster all over again.

"Both sides need each other far too much. This feels more like some strong positioning moves."

Belgian Court Says Google Violated Copyright Law (WSJ)

By Anne Jolis

The Wall Street Journal, February 13, 2007

BRUSSELS -- A Belgian court ruled Tuesday that Internet search engine Google Inc. violated Belgian copyright law when it published snippets and links to Belgian newspapers on its Web site without permission.

The court ordered Google to remove the material and pay a fine of €25,000 ($32,500) a day. A judge said the fine was retroactive from an initial September ruling, but lawyers said they weren't sure and needed time to analyze the judgment. A court official later said the fine was retroactive and amounted to €3.45 million and counting.

The ruling represents an initial defeat in what could become a major issue for Google -- beginning to define what it must do before using copyrighted material.

In September, Copiepresse -- an association of Belgian French- and German-language publishers in Belgium -- won a case against Google at the Belgian Court of First Instance, charging that by displaying its members' copyrighted articles on its news-search engine without payment and permission, Google had broken Belgian law. Google appealed the ruling to the same court, saying it wasn't aware of the first court hearing.

Google lists articles provided in response to news searches. The company previously has said it has an "opt-out" policy for publishers who don't want their content on Google, making the Belgian court case unnecessary.

But Google added it would be impractical for the company to contact every publishing company to get permission and pay a fee before publishing any articles as the press association has requested, Google spokeswoman added.

Since its case with Google, Copiepresse has also sent warning letters to Yahoo Inc. and Microsoft Corp.'s news-search engine MSN for the same practice of using snippets of articles on their search engines.

In each case, Copiepresse has demanded that the search engines remove their members' material from their news sites until they agree to ask permission and pay before using it, or face fines. MSN is currently negotiating with Copiepresse, while Yahoo has already begun to remove the offending links from its site, Copiepresse says.

Patenting Life (NYT)

By Michael Crichton

The New York Times, February 13, 2007

YOU, or someone you love, may die because of a gene patent that should never have been granted in the first place. Sound far-fetched? Unfortunately, it's only too real.

Gene patents are now used to halt research, prevent medical testing and keep vital information from you and your doctor. Gene patents slow the pace of medical advance on deadly diseases. And they raise costs exorbitantly: a test for breast cancer that could be done for $1,000 now costs $3,000.

Why? Because the holder of the gene patent can charge whatever he wants, and does. Couldn't somebody make a cheaper test? Sure, but the patent holder blocks any competitor's test. He owns the gene. Nobody else can test for it. In fact, you can't even donate your own breast cancer gene to another scientist without permission. The gene may exist in your body, but it's now private property.

This bizarre situation has come to pass because of a mistake by an underfinanced and understaffed government agency. The United States Patent Office misinterpreted previous Supreme Court rulings and some years ago began — to the surprise of everyone, including scientists decoding the genome — to issue patents on genes.

Humans share mostly the same genes. The same genes are found in other animals as well. Our genetic makeup represents the common heritage of all life on earth. You can't patent snow, eagles or gravity, and you shouldn't be able to patent genes, either. Yet by now one-fifth of the genes in your body are privately owned.

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The results have been disastrous. Ordinarily, we imagine patents promote innovation, but that's because most patents are granted for human inventions. Genes aren't human inventions, they are features of the natural world. As a result these patents can be used to block innovation, and hurt patient care.

For example, Canavan disease is an inherited disorder that affects children starting at 3 months; they cannot crawl or walk, they suffer seizures and eventually become paralyzed and die by adolescence. Formerly there was no test to tell parents if they were at risk. Families enduring the heartbreak of caring for these children engaged a researcher to identify the gene and produce a test. Canavan families around the world donated tissue and money to help this cause.

When the gene was identified in 1993, the families got the commitment of a New York hospital to offer a free test to anyone who wanted it. But the researcher's employer, Miami Children's Hospital Research Institute, patented the gene and refused to allow any health care provider to offer the test without paying a royalty. The parents did not believe genes should be patented and so did not put their names on the patent. Consequently, they had no control over the outcome.

In addition, a gene's owner can in some instances also own the mutations of that gene, and these mutations can be markers for disease. Countries that don't have gene patents actually offer better gene testing than we do, because when multiple labs are allowed to do testing, more mutations are discovered, leading to higher-quality tests.

Apologists for gene patents argue that the issue is a tempest in a teapot, that patent licenses are readily available at minimal cost. That's simply untrue. The owner of the genome for Hepatitis C is paid millions by researchers to study this disease. Not surprisingly, many other researchers choose to study something less expensive.

But forget the costs: why should people or companies own a disease in the first place? They didn't invent it. Yet today, more than 20 human pathogens are privately owned, including haemophilus influenza and Hepatitis C. And we've already mentioned that tests for the BRCA genes for breast cancer cost $3,000. Oh, one more thing: if you undergo the test, the company that owns the patent on the gene can keep your tissue and do research on it without asking your permission. Don't like it? Too bad.

The plain truth is that gene patents aren't benign and never will be. When SARS was spreading across the globe, medical researchers hesitated to study it — because of patent concerns. There is no clearer indication that gene patents block innovation, inhibit research and put us all at risk.

Even your doctor can't get relevant information. An asthma medication only works in certain patients. Yet its manufacturer has squelched efforts by others to develop genetic tests that would determine on whom it will and will not work. Such commercial considerations interfere with a great dream. For years we've been promised the coming era of personalized medicine — medicine suited to our particular body makeup. Gene patents destroy that dream.

Fortunately, two congressmen want to make the full benefit of the decoded genome available to us all. Last Friday, Xavier Becerra, a Democrat of California, and Dave Weldon, a Republican of Florida, sponsored the Genomic Research and Accessibility Act, to ban the practice of patenting genes found in nature. Mr. Becerra has been careful to say the bill does not hamper invention, but rather promotes it. He's right. This bill will fuel innovation, and return our common genetic heritage to us. It deserves our support.

ENVIRONMENT/INDIAN AFFAIRS:

On Fla. Menus, A Favorite Fish Experiences Identity Theft (WP)

By Peter Whoriskey

The Washington Post, February 13, 2007

MADEIRA BEACH, Fla. -- What the undercover agents ordered, over and over, was the grouper.

What wound up on their plates could stifle anyone's appetite.

The alleged grouper at 17 of 24 area restaurants sampled by the investigators was actually another, less desirable species, according to a DNA analysis conducted for the state attorney general's office and released earlier this month. Asian catfish. Emperor. Painted sweetlips. And twice, types of fish that could not be identified.

"It's a rip-off -- like taking a cheap watch and selling it as a Rolex," said Bob Spaeth, who owns six commercial fishing boats and co-owns one of the largest grouper distributors on the Gulf Coast. "Someone should go to jail."

In this area that some consider the national capital of grouper -- more than three-quarters of the U.S. catch comes from Florida's Gulf and a grouper sandwich downed at a waterside bar is cherished as an authentically Floridian repast -- the finding has amplified a local outrage that, experts say, points to a larger national problem of fish fakery.

"This problem is rampant across America," said Mark Kinsey, a special agent for the National Oceanic and Atmospheric Administration who enforces marine resource laws. "And it isn't just grouper."

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Much of the reason for the questionable grouper, red snapper and other fish stems from a simple matter of supply and demand, regulators and industry officials say.

With the popularity of grouper rising nationwide and the domestic catch at times limited by federal guidelines, restaurateurs have relied on imports to fill the gap.

The quality of those imports has proved harder to control, even as the lower prices -- often a small fraction of domestic prices -- have made the imports irresistible.

In many instances, not only is the "grouper" in fact farm-raised Asian catfish from Vietnam or other species that swim with grouper, but the filets have shown signs of salmonella and traces of illegal carcinogenic fungicides, NOAA law enforcement officials said.

In December, a Panama City businessman pleaded guilty to marketing more than a million pounds of Asian catfish as grouper, a remarkable volume considering that the domestic annual catch is about 10 million pounds. Yet law enforcement officers said they think larger cases are out there.

Each year, the United States imports as much as 9 million pounds of grouper -- or fish known as grouper -- and it is served in restaurants from Seattle to Miami.

"It's scary, because people don't know what they're eating," Kinsey said.

Repeated revelations of fake grouper have scandalized restaurant-goers across Florida, and made them doubtful at the dining table.

In August, the St. Petersburg Times reported that at six of 11 area restaurants sampled, the "grouper" was actually something else, according to DNA tests. One restaurant was charging $23 for "champagne braised black grouper" but was instead serving tilapia.

A television station in Fort Myers and the Daytona Beach News-Journal followed with similar findings.

"People who don't know us are asking, 'Is that really grouper?' " said Stephanie Berry, a manager at Dockside Dave's St. Pete Beach, which many locals say serves the best grouper sandwich.

The texture and taste of real grouper are much different from those of the Asian catfish, which is its most common substitute. Grouper costs more because it tastes better. Moreover, Asian catfish filets are often thin and small; those of grouper, a much larger fish, are larger and thicker.

Exactly whom to blame for the fraudulent fish is a matter of debate. Some said anyone in the business should know the difference. Others said it is possible that the restaurants are being victimized as much as consumers are.

"If you order grouper and it says grouper on the box, what else can you do?" said Brian Connell, general manager of the Fourth Street Shrimp Store, a St. Petersburg restaurant. "A lot of honest people are catching a bad rap on this. We haven't been in business for 20 years by deceiving people."

According to the state tests, the restaurant was serving green weakfish as grouper.

The samples from that eatery and the others were tested by David Price at the Whitney Laboratory for Marine Bioscience in St. Augustine, part of the University of Florida.

Using essentially just a crumb of each alleged grouper, Price identified the type of mitochondrial DNA in each fish, then tried to match it up against one of about 100 grouper species in a genetic database maintained by the National Center for Biotechnology Information.

For 22 of the 24 fish samples, Price determined the species -- grouper or not -- by matching 99 percent of the sample DNA to grouper DNA. The remaining two were far enough away from any known grouper DNA that he could be sure that they were not the fish the restaurants had described.

The most common substitute was Asian catfish, he said. Emperor fish, which are known to swim with grouper, was next.

Connell said the restaurant bought the grouper from Sysco, a large national food-service company.

"They're the industry standard -- the best," he said.

Sysco West Coast Florida representatives said that they know a problem exists, and that last year they began testing about one of every several hundred to several thousand pounds of purported grouper. Each test costs $180.

They have also warned suppliers that they will not do business with those who falsely label their products.

Since testing began, the proportion of false grouper has dropped from 50 percent to 20 percent, said Lee Ann Applewhite, the chief executive of Applied Food Technologies, which conducted the tests for Sysco.

Still, fish that are not grouper can slip through.

"It's a classic case," said Spaeth, "of let the buyer beware."

Sharing Of Bison Range Management Breaks Down (NYT)

By Jim Robbins

DOJ_NMG_0131594

The New York Times, February 13, 2007

MOIESE, Mont. — An effort to have two Indian tribes assist government officials in operating a federal wildlife refuge that is surrounded by their reservation has collapsed amid accusations of racism, harassment, intimidation and poor performance. But top federal officials say they are determined to resurrect it.

The plan for the tribes and the government to jointly run the National Bison Range in western Montana, just north of Missoula, had long been viewed as unworkable by the United States Fish and Wildlife Service, the Department of Interior branch that manages wildlife refuges.

But top Interior Department officials say that despite the objections, they are committed to transferring some responsibility for the range from the wildlife service to a tribal government.

"There's a shared sense of mission between the U.S. Fish and Wildlife Service and the tribes," said Shane Wolf, a department spokesman.

Representative Denny Rehberg, Republican of Montana, asked the Government Accountability Office and the House Resources Committee in late January to investigate the disagreement and the problems plaguing the range. Among them is whether political appointees at the Interior Department pressured the wildlife service into the pact. The department's inspector general and its Office of Equal Opportunity are also investigating.

The Indian Self-Determination Act of 1975 allows tribal involvement in the management of federal lands, and the Confederated Salish and Kootenai Tribes, which have strong cultural links to bison, wanted the authority to manage the refuge.

The Fish and Wildlife Service opposed ceding control over the bison range, and the Interior Department and tribal officials decided to split the mission. The federal government maintained management authority but hired members of the tribes to feed and care for the bison. Federal managers, who did not have authority over the tribal workers, had to ask a tribal manager to relay orders.

The project leader at the range, Steve Kallin of the wildlife service, said tribal employees failed to do their assigned tasks and that this led to the cancellation of the agreement.

For example, Mr. Kallin said, tribe members failed to feed the bison properly in preparation for their transfer to another refuge, at which point, he said, the wildlife service resumed responsibility for feeding.

Tribal employees also did not maintain fences, Mr. Kallin said, allowing bison to wander into pastures that were being rested from grazing.

Wildlife agency employees also said that relations grew strained and that tribal employees started to threaten them. They also said they felt excluded because tribal employees prayed together during work hours. The wildlife agency hired a retired special agent-in-charge of the National Park Service for the Rocky Mountain region, Jim Reilly, to look into the situation.

Mr. Reilly's findings, which were not made public but appeared on a Web site run by a group opposed to tribal management, supported many of the federal employees' accusations. Mr. Reilly wrote that work conditions at the range "were as bad as he had ever seen in his career," according to a letter from the service's deputy regional director, Jay Slack, to the regional director that cited the investigation.

Tribal officials denied many of the accusations and said they were surprised by the list of complaints. Cancellation of the agreement "came completely out of the blue," said the chairman of the tribal confederation, James Steele Jr. "We didn't know until the day that they did it."

While he was aware of some problems, Mr. Steele said, he thought they were being dealt with.

A lawyer for the tribe, Brian Upton, said tribal officials did not allow Mr. Reilly to interview members who worked at the range "because they never told us why they were investigating us."

"We do not have any corroborating details for any of the complaints," Mr. Upton said.

Tribal officials said that the Fish and Wildlife Service never liked the arrangement because it meant that the agency had to cede some control over the range, so the agency always wanted it to fail.

"It was a decision looking for an excuse," said Clayton Matt, head of the tribal confederation's natural resources department.

"We work with almost every federal agency you can think of and we have a great relationship with all of them," he said. State and federal officials have also publicly praised the tribe's management of natural resources, including the grizzly bears and other wildlife on the reservation.

Regarding praying at work, the tribe's bison range coordinator, Sheila Matt (no relation to Mr. Matt) said, "When we rode through the bison, I asked the volunteers to pray for our safety and the safety of the bison."

Critics say the decision to allow tribal management was a political one made by Interior Department appointees who favor reducing the federal role in management of parks and other properties. Such an agreement, they say, leaves no one accountable because authority for the workers lies with a tribe, which is a sovereign nation.

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“The evidence of incompetency is overwhelming,” said Susan Reneau, a member of the Blue Goose Alliance, which advocates for wildlife refuges. “They did not perform their duties; they did not do their work. Yet they are not accountable.”

The federal government took control of much of the reservation land from some tribes around the turn of the century and allocated each tribal member 160 acres. The rest was open to settlement, and white settlers moved in. As a result, 30 percent of the reservation is owned by people who are not tribal members and there is longstanding enmity between the tribe and some nontribal residents.

“There’s a deep-rooted fear of tribal control,” a tribal spokesman, Rob McDonald, said.

But Mr. Kallin said he saw the matter from the opposite perspective.

“At what point,” he said, “does the Fish and Wildlife Service retain the ability to manage, according to Congressional mandate?”

Ute Murder Rate "a Disgrace" (DENP)

By Electa Draper, Denver Post Staff Writer

Denver Post, February 13, 2007

Towaoc - It was one of five, possibly six, killings on the isolated, 2,000-person Ute Mountain Ute Reservation last year.

Friends were passing an afternoon drinking St. Ives malt liquor when 28-year-old Samson Lameman began to play Russian roulette with a long-barreled, silver revolver. He put the gun to his head and pulled the trigger twice, according to the FBI affidavit. The chambers were empty. Lameman then persuaded 26-year-old Tasha Posey to put the gun to her head and pull the trigger.

The chamber was empty. They kept drinking.

Lameman allegedly struck Posey in the right eye with the butt of the revolver. She pushed him, then fell on top of him. Lameman fired the gun into Posey's chest, according to an eyewitness. Posey died later in the Cortez hospital; Lameman denies shooting her. The case is making its way through the federal court system.

A handful of such incidents each year - fatal stabbings, bludgeonings, beatings, shootings and drunken-driving accidents - have prompted a U.S. attorney to label this tiny sovereign nation "the murder capital of Colorado."

The Ute Mountain Ute homicide rate, says U.S. attorney Troy Eid, dwarfs the state average of nearly 4 homicides per 100,000 people. The reservation rate is comparable to 250 or 300 killings per 100,000 people, he says, and more federal resources are desperately needed.

"It is a national and state disgrace. ... No other place in Colorado is like this," Eid says. "People shouldn't go to bed at night wondering if they're going to wake up."

People living here acknowledge the plague of alcohol-fueled, and increasingly methamphetamine-caused, violence. But residents see themselves as a community of loving - sometimes feuding - extended families bound by culture and tradition and better off without outside scrutiny or interference.

Eid's characterization is an unfair exaggeration, says former Tribal

"All the (trouble) here is pretty much alcohol- driven. We've got to stop this. We've got to stop killing ourselves." Former Ute Tribal Chairman Selwyn Whiteskunk (The Denver Post)Chairman Selwyn Whiteskunk.

"We're not as bad as the U.S. attorney put out," the 43-year-old tribal health administrator says.

But in his next breath, White skunk says his own brother, Avery, at age 41, was murdered just north of Sleeping Ute Mountain, the landmark looming over tribal headquarters in Towaoc, in the extreme southwest corner of the state.

"It's been three, going on four, years since my brother was murdered. He was shot with a shotgun above the neck. It took a portion of his head off. ... They put him in a ditch."

The murder is unsolved. White skunk doesn't know the status of the investigation. Neither has the family had word of his missing nephew, Odell Vest, who was 18 when he

"I'm alone," says Coyote, 50. At right, Lynda Jacket-Yazzie holds her 4-year-old daughter Layla as daughter Aliyah, 5, follows outside Jacket-Yazzie's mother's home in Towaoc. (The Denver Post)disappeared more than nine years ago.

"All the (trouble) here is pretty much alcohol-driven. We've got to stop this," Whiteskunk says finally. "We've got to stop killing ourselves."

Leadership troubles

Part of the problem may be that tribal leadership has not been stable.

Whiteskunk resigned as tribal chairman in 2005, after about a year on the job, amid allegations of domestic violence and unrelated charges of driving under the influence on this "dry reservation," where it is illegal to sell, possess or consume alcohol, even in one's home. All charges were dismissed, he says.

"I've been where my people have been," he says. "I've picked myself up."

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Whiteskunk's predecessor, Chairwoman Judy Knight-Frank, stepped down in 2004 after pleading guilty in federal court to falsifying income-tax records by failing to disclose salary advances.

The Ute Mountain Ute Tribal Council and Chairman Manuel Heart declined to discuss the reservation crime rate, alcoholism or any other facet of life with The Post.

"We are preparing a response paper," says Tribal Councilor Prisllena Lopez, whose brother, Tracy, was murdered at age 36.

A jealous husband bludgeoned him to death with a tire iron and the help of two Ute juveniles outside Tracy Lopez's Towaoc home in April 2005.

As for the tribe's anticipated official public statement, Ute General Counsel Peter Ortego says: "I've been working on it for seven years."

Tribal officials, including Or tego, say the tribe doesn't trust outsiders, who focus on negative issues.

Only a few generations separate the tribe from genocide, forced relocation, mandatory boarding schools, language suppression and overt racism, either directly caused or tolerated by the federal government.

Why should the tribe trust the outside world? Ortego asks.

Serious crime is one of the few things exposed to the public because it is handled in federal court.

Denver-based Eid acknowledges many things are needed on the Ute Mountain Ute Reservation, but more police and better court access are among the most urgent requirements.

"We need more police on the ground. The fundamental issue is a need for a U.S. District Court in Durango. We are unique in the Lower 48 in having only one district courthouse (in Denver). Our (two) prosecutors spend a third of their time traveling. It's an access- to-justice issue."

One FBI agent is assigned to all of southwestern Colorado, although U.S. Sen. Ken Salazar, D-Colo., has said he has a commitment from U.S. Attorney General Alberto Gonzales for a second agent to "address the growing lawlessness."

Patrolling the more than 550,000 acres of the Ute Mountain Ute Reservation are six police officers based with the Bureau of Indian Affairs in Towaoc.

Eid says the department's uniformed officers are about one- tenth the number needed for a geographical area of that size.

"There are people who think because we're a casino tribe, we can throw money at problems," Or tego says. "We don't have the resources to compensate for the lack of officers on the ground."

The tribe would not disclose revenue or profit figures. Not even the state Division of Gaming is given information on tribal revenues.

Tribes have a choice of creating their own police departments, courts and funding streams or relying on the BIA and its chronically underfunded budget, as the Ute Mountain Utes do.

"I've told (tribal leaders), unequivocally, that I think they've got to get a tribal police department and court (like the Southern Utes)," says Eid. " It will dramatically improve their safety."

Ortego says the change has been considered.

"We're looking at taking over, but that takes years," Ortego says. "There is a lot of pride here. They want to solve problems on their own. But the problem is immediate."

Tribal-court void

Misdemeanor crimes are handled in a BIA-run tribal court in Towaoc, but the court didn't function for three years because of staffing problems, Eid says.

Whenever you have a weak court, says Albuquerque-based Dan Breuninger, the BIA's special agent in charge of law enforcement for the region, it doesn't take long for the community to figure out the system is not functioning properly.

"The idea of the rule of law is meaningless to people there," says one former court official who asked not to be named. "It is a completely dysfunctional society."

In the summer of 2005, Ute Mountain tribal member Felix "Phil" Hammond died after Charleston "Chuck" Lang stabbed him 21 times in the chest and arms with a bayonet at the end of a rifle. Last month, a jury acquitted Lang of second-degree murder.

The defense successfully argued that the killing was in self-defense after a drunken Hammond barged into Lang's home "with bad intentions." Lang also had been drinking, according to police.

Neither Selwyn Whiteskunk, who heads the tribe's Public Health Department, nor the head of tribal Social Services, Carla Knight-Cantsee, would quote a rate of alcoholism or drug abuse, except to say it is the plague of a small minority.

And despite the focus on alcoholism and addiction, Knight- Cantsee says the problem is similar to any other place in the U.S.

DOJ_NMG_0131597

Whiteskunk and Knight-Cant see say they believe the tribe's policy of a dry reservation is a good one. They wish the tribe had the power to close the nearest liquor store, the Eagle Claw, which sits along U.S. 491/160, about 5 miles from the reservation boundary. The tribe has unsuccessfully petitioned the county to close the store.

"They're going to blame anybody they can but themselves," says Eagle Claw owner Sandy Schroeder. But they buy liquor at every store in Cortez (another 5 or 6 miles away).

Knight-Cantsee says people use alcohol to "numb themselves and forget."

"No one has had a chance to work through the grief of genocide that traumatized generations," she says.

The legacy of slain or dislocated ancestors does not vanish quickly, she says. The effects of decades of poverty are not vanquished by one decade of casino revenues.

Staff writer Electa Draper can be reached at 970-385-0917 or edraper@denverpost.com.

FBI/DEA/ATF/USMS:

FBI Laptops, Weapons Continue To Vanish (ABC)

By Jack Date

ABC News, February 13, 2007

Rate of Loss Slower, but Worry Remains Over Classified Hard Drive Information

WASHINGTON -- Feb. 12, 2007 — More than 300 laptop computers and guns were lost by the FBI in a nearly four-year period, according to a new Department of Justice inspector general's report.

At least 10 of the 160 laptop computers reported lost or stolen in that period contained sensitive or classified information, the report found.

The audit was a follow-up to a similar 2002 review of the FBI's internal controls on guns and laptop computers. The new audit, which looked at a 44-month period ending on Sept. 30, 2005, showed an improvement in the rate and number of lost or stolen guns and laptops.

But while the rates may have slowed, the statistics continue to alarm Justice Department officials and FBI critics.

The inspector general's report called the losses "significant" and added that "the FBI has not taken adequate corrective action on several recommendations outlined in our 2002 audit report."

The contents of missing FBI laptops containing classified or sensitive information include software for creating identification badges, security plans and names, addresses and phone numbers of FBI personnel.

The audit found 160 guns were also lost or stolen during the audit period. One weapon was lost in a purse stolen from a sports bar. Another gun was stolen along with a fanny-pack in a restaurant. Several weapons were stolen from FBI vehicles. Many of the firearms losses resulted in suspensions without pay for the agents to whom the guns were issued.

The FBI has an inventory of more than 52,000 weapons and 26,000 laptops according to the report.

In a statement, FBI Assistant Director John Miller said, "we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them."

Sen. Charles Grassley, R-Iowa, a frequent critic of the bureau, said in a statement, "'making progress' may seem like a win for the FBI, but it's unacceptable when you're talking about lost weapons and computers with sensitive information."

Missing FBI Laptops Still A Problem (NSDY/AP)

By Pete Yost

Long Island Newsday, February 13, 2007

WASHINGTON -- Three or four FBI laptop computers are lost or stolen each month and the agency is unable to say in many instances whether information on the machines is sensitive or classified, the Justice Department's inspector general said Monday.

The IG said the FBI is reducing the number of thefts and disappearances of weapons and laptop computers, but the bureau acknowledged in a statement that "more needs to be done."

The Boston field office reported a stolen laptop containing software for creating identification badges. The laboratory division at Quantico, Va., said that a stolen laptop contained names, addresses and phone numbers of FBI personnel. The New Orleans field office reported a stolen laptop that had been used to process surveillance-related electronic digital imaging.

"Perhaps most troubling, the FBI could not determine in many cases whether the lost or stolen laptop computers contained sensitive or classified information," said the Justice Department IG's stated. "Such information may include case information, personal identifying information or classified information on FBI operations."

Of the 160 laptops lost or stolen over a 44-month period, 10 contained sensitive or classified information. The bureau did not have records on whether 51 others contained such data.

In a report five years ago, the inspector general said 354 weapons and 317 laptop computers were lost or stolen during a 28-month review.

The new report found that 160 weapons were lost or stolen during the 44-month period studied.

"Making progress' may seem like a win for the FBI, but it's unacceptable when you're talking about lost weapons and computers with sensitive information," said Sen. Chuck Grassley, R-Iowa.

FBI Lost Laptops, Weapons, Report Says (LAT)

By Adam Schreck, Times Staff Writer

The Los Angeles Times, February 13, 2007

One of the 160 missing computers had agents' names and addresses.

WASHINGTON — The FBI lost 160 laptops — including at least 10 containing sensitive or classified data and one with names and addresses of agents — sometime from February 2002 to September 2005, according to a report released Monday by the Justice Department.

Inspector General Glenn A. Fine also reported that 160 weapons disappeared during the same period.

Fine's report grew out of an audit examining FBI efforts to keep tabs on its equipment. Progress has been made, he said, but more must be done.

"This is a significant deficiency," Fine wrote in the report. "Without knowing the content of these lost and stolen laptops, it is impossible for the FBI to determine the extent of the damage these losses might have had on its operations or on national security."

The bureau has an inventory of 26,166 laptops and 52,263 weapons, according to the report.

One of the missing laptops, stolen from a facility in Quantico, Va., held the "names, addresses and telephone numbers of FBI personnel," the report stated.

Another, stolen from the Boston field office, contained software to create identification badges, and one taken from the department's security division contained a "system security plan for an electronic access control system."

The bureau does not know what sensitive or classified information was on six other laptops, and is uncertain whether 51 other machines — including seven missing from the bureau's counter-terrorism and counterintelligence divisions — carried such high-value data.

The security measures on FBI laptops include encryption software and passwords, bureau spokesman Paul Bresson said.

In a statement, FBI Assistant Director of Public Affairs John Miller highlighted the bureau's progress in reducing the loss of equipment and disagreed with the report's conclusions about the number of missing weapons.

"Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them," he said.

A 2002 inspector general's audit found that 317 laptops had disappeared, along with 212 working weapons and 142 inoperable ones, during a 28-month period.

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Audit: FBI Has Lost More Laptops, Guns (USAT)

By Kevin Johnson

USA Today, February 13, 2007

WASHINGTON —Despite new tracking systems designed to help the FBI account for thousands of weapons and personal computers, the bureau reported that 160 firearms and an equal number of laptops were lost or stolen during a recent 44-month period, according to a new Justice Department audit.

Of the computers that were lost from February 2002 to September 2005, at least 10 contained sensitive or classified information, according to the review by the Justice Department's inspector general. One of those computers, the review said, included telephone numbers and addresses of bureau employees, as well as software used to make bureau ID badges.

"Most troubling," the report said, was that the FBI could not determine whether 51 of the missing computers contained sensitive or classified information.

Seven of those 51 laptops were assigned to the bureau's counterintelligence or counterterrorism divisions, which handle some of the most sensitive national security material.

"Without knowing the content of these lost and stolen laptops, it is impossible for the FBI to determine the extent of the damage these losses might have had on its operations or on national security," the report said.

The review, a follow-up to an earlier study of lost computers and weapons at the FBI, actually represented an improvement over past findings.

However, the report said the FBI has not consistently followed equipment-tracking plans set up after a 2002 audit found that 354 weapons and 317 laptops were lost or stolen in a 28-month period that ended in January 2002.

After the 2002 audit, the FBI began requiring employees to report lost or stolen equipment to their managers within five days. Managers then were required to report the losses to headquarters within 10 days.

Monday's report, however, said auditors had found that many of the headquarters reports, detailing the loss of 51 weapons, lacked "critical information," including the dates of the losses.

Regarding the 10 missing laptops that contained sensitive or classified information, the FBI conducted investigations in six of the cases. One resulted in a three-day suspension of an employee, two inquiries were pending and three others led to no disciplinary action.

The remaining four losses — including the missing computer that contained details about FBI personnel and software for making ID badges — did not trigger investigations.

In a written response, Joseph Ford, the FBI's associate deputy director, said the bureau has taken "appropriate steps to minimize these losses."

Ford said 43 of the 160 lost or stolen weapons were reported in the prior audit period. As a result, he said, the actual number of missing weapons in the new audit should have been 117.

"We acknowledge that more needs to be done to ensure the proper handling … of the laptop computers and, more importantly, the information maintained thereon," he said.

Sen. Chuck Grassley, R-Iowa, a frequent critic of FBI operations, called the losses "unacceptable."

FBI Lost 160 Of Its Computers In 44 Months, Report Says (SFC)

By Jennifer A. Dlouhy, Hearst Newspapers

San Francisco Chronicle, February 13, 2007

Some laptops had classified data -- 160 weapons gone, too

Washington -- Every month, the FBI loses track of three to four laptop computers, some of which contain classified or sensitive information, according to a report released Monday by the inspector general for the Department of Justice.

During a 44-month period from Feb. 1, 2002, to Sept. 30, 2005, the bureau reported 160 lost or stolen laptops, according to the report. In addition, the bureau said 160 weapons had been lost or stolen.

Inspector General Glenn Fine said that was an improvement for the FBI because, in the previous 28-month period, 317 laptops were reported lost or stolen -- about 11 a month. In the same time frame, officials could not account for 354 weapons.

"The FBI has made some progress in improving its controls over weapons and laptops," Fine said. "However, significant deficiencies remain, particularly with regard to the FBI's response to lost or stolen laptops that may contain sensitive information."

The inspector general's inquiry found that at least 10 of the 160 missing laptops contained sensitive or classified information -- and one of those contained names, addresses and telephone numbers for FBI personnel.

For another 51 missing laptops, the FBI was unable to say whether they contained sensitive or classified data even though seven of them came from counterintelligence and counterterrorism divisions that routinely handle national security information.

Sen. Charles Grassley, R-Iowa, said the number of lost weapons and computers is "unacceptable."

"Tracking these deadly weapons and computers may seem like it's not worth the time to some in law enforcement," Grassley said. "But it's critical to public safety, national security and the credibility of the FBI and the other agencies that are losing personal information on Americans."

Sen. Patrick Leahy, D-Vt., said the losses were "especially troubling" at a time "when Americans are increasingly confronted with reports of major data breaches involving lost or stolen laptops, and with the dangers of identity theft."

When Robert Mueller took over as director of the FBI in 2001, he promised to "restore the public's confidence" in the bureau, which had been embarrassed by its management of documents related to the case against Oklahoma City bomber Timothy McVeigh, the spy scandal involving agent Robert Hanssen, and its chronic loss of weapons and laptops.

The FBI has implemented new requirements for reporting lost or stolen weapons and laptops.

http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/02/13/MNG62O3NOU1.DTL

This article appeared on page A - 5 of the San Francisco Chronicle

10 Of 160 Missing FBI Laptops Had Sensitive Data (WT)

By Jerry Seper

The Washington Times, February 13, 2007

Of the 160 laptop computers reported by the FBI as lost or stolen in the past 44 months, 10 contained sensitive or classified information, including one with personal identification details on bureau personnel, a Justice Department report said yesterday.

But, according to the department's Office of the Inspector General, the FBI did not know whether 51 other lost or stolen laptops contained sensitive or classified information, seven of which were assigned to the bureau's counterintelligence or counterterrorism divisions.

Inspector General Glenn A. Fine said that without knowing the content of the missing laptops, it was "impossible for the FBI to determine the extent of the damage" to its operations or to national security.

"This is a significant deficiency because some of these laptops may have contained classified or sensitive information such as personally identifiable information or investigative case files," Mr. Fine said.

The FBI also reported the loss or theft of 160 weapons during that period, the report stated.

FBI Assistant Director John Miller said the report notes that the bureau has made "significant progress" in reducing the loss of weapons and laptops. He also said the report counted as lost a number of weapons that were reported missing before the audit period.

"While the inspector general acknowledged that the loss of certain resources is inevitable in an organization the size of the FBI, we nevertheless stand committed to increasing institutional and personal accountability to further increase the progress we have made in minimizing the loss of firearms and information-technology components," Mr. Miller said.

But Sen. Charles E. Grassley, a senior member of the Senate Judiciary Committee, said that "making progress" in reducing the number of lost weapons and computers was "unacceptable."

"Tracking these deadly weapons and computers may seem like it's not worth the time to some in law enforcement, but it's critical to public safety, national security and the credibility of the FBI and the other agencies that are losing personal information on Americans," he said.

According to the report, 63 laptops were stolen from or lost by officials assigned to FBI headquarters in Washington. Most of the lost or stolen weapons were reported in New York -- 13. The report stated that although the FBI had taken steps to address weaknesses in physical inventories and tracking of lost or stolen weapons and laptops since a 2002 audit, significant deficiencies remain.

In 2002, the FBI reported that 354 weapons and 317 laptops were lost or stolen over 28 months.

Mr. Fine said that since the 2002 audit, the FBI established deadlines for reporting lost and stolen weapons and laptops, entering those losses into the National Crime Information Center and referring them for investigation.

But, he said, the FBI did not consistently follow its own established procedures.

"When some of the lost or stolen laptops were identified as containing sensitive or classified information, the FBI examined few of these losses to determine the damage that these losses may have had on the FBI's operations and national security," he said.

FBI: 160 Laptops, 160 Weapons Missing (TE)

By Bill Myers,

The Examiner, February 13, 2007

An FBI staffer in the Washington field office lost a laptop in May 2004. To this day, the FBI doesn't know what was on the computer and whether the information was classified.

Another FBI laptop, reported stolen from the FBI's laboratory at Quantico in July, 2002, contained the names, addresses and phone numbers of FBI employees.

These were just two examples of 160 FBI laptops lost or stolen in less than four years and documented in a report released by the Department of Justice's Inspector General Monday.

In dozens of these cases, the FBI couldn't tell whether the computers stored classified information, Glenn A. Fine's report found.

Agents also reported 160 lost or stolen weapons in the same period, with 14 percent of those weapons not being entered into a national criminal database to track them, the report said.

Monday's report was a follow-up to a 2002 report that found the FBI lacked the necessary precautions to protect its weapons and computers. The overall situation have improved since then, inspectors found, but the FBI is still being too sloppy in tracking its laptops.

Though the rate at which laptops were lost dropped dramatically, the rate at which laptops were stolen jumped by over 50 percent between the two reports, Fine said. At least 10 of the lost or stolen laptops contained classified information, including the one allegedly stolen from Quantico.

In 51 cases, though, the FBI couldn't say whether the laptops had classified or sensitive data.

"This is a significant deficiency," Fine wrote. "Without knowing the contents of these lost and stolen laptop computers, it is impossible for the FBI to know the extent of the damage these losses might have had on its operations or on national security."

In an e-mailed statement, FBI Assistant Director John Miller said that many of the report's findings pre-dated the audit.

"Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them," Miller's e-mail stated.

Sen. Chuck Grassley, R-Iowa, the ranking member of the Senate Finance Committee and an outspoken critic of the FBI, called on the Bureau to clean up its act.

"Tracking these deadly weapons and computers may seem like it's not worth the time to some in law enforcement," Grassley said in an e-mail sent through his spokeswoman, "but it's critical to public safety, national security and the credibility of the FBI and the other agencies that are losing personal information on Americans."

F.B.I. Lags In Securing Its Laptops And Weapons (NYT)

By Bloomberg News

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 (Bloomberg News) — The Federal Bureau of Investigation is making progress safeguarding its weapons and laptop computers, though there are still shortcomings to address, the Justice Department's inspector general said in a report issued on Monday.

The report by the inspector general, Glenn A. Fine, said that 160 weapons and 160 laptops had been lost or stolen over a 44-month period and that the bureau could not determine "in many cases" whether the missing computers had contained sensitive or classified information. Six of those computers were assigned to the bureau's counterintelligence division, and one was assigned to its counterterrorism division, the report said.

The report also said the bureau had made progress protecting its weapons and laptops since a 2002 review found "significant" losses of both.

"We recognize that in an organization the size of the F.B.I., some weapons and laptops will inevitably be stolen or go missing," the report said. "However, it is important that the F.B.I. take appropriate steps to minimize these losses."

The bureau has 52,263 weapons, including semiautomatic pistols, rifles, carbines, shotguns, tear-gas guns and submachine guns, and 26,166 laptops, according to the report, which covered the period from Feb. 1, 2002, to Sept. 30, 2005.

In a response included in the report, Joseph L. Ford, the associate deputy director of the bureau, said that the actual number of stolen weapons was 117 and that the report included 43 that had been lost or stolen earlier.

John Miller, an assistant director of the bureau, said in a statement on Monday that it would take several steps suggested by the inspector general.

"We acknowledge more needs to be done," Mr. Miller said, "to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them."

FBI Struggles With Laptop And Gun Losses (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 13, 2007

The Federal Bureau of Investigation is struggling in-house to prevent its own guns and laptops from getting stolen or lost, according to the Justice Department's inspector general.

In a report issued today documenting the FBI's efforts, Inspector General Glenn Fine said that "significant deficiencies still remain" in the bureau's inventory and tracking system since he last did an audit in 2002. Fine says the FBI "has made progress" in "decreasing the rate of loss" for weapons and laptops. The bureau has an inventory of more than 52,000 weapons and 26,000 laptops. During a 44-month period from 2002 through 2005, Fine said, the bureau reported 320 lost or stolen weapons and stolen laptops.

The previous audit showed 354 weapons and 217 laptops lost or stolen during a 28-month period. Fine found that at least 10 of the 160 missing laptops had sensitive or classified information, and one contained personal identifying information on FBI personnel. The FBI told the IG that it couldn't figure out in 51 other instances whether lost or stolen laptops had sensitive or classified information.

More worrisome, said Fine, was the fact that seven of the 51 missing laptops were assigned to agents in the Counterintelligence or Counterterrorism divisions, which handle some of the most sensitive spy and terrorism investigations.

"Without knowing the content of these lost or stolen laptops," the IG's office said, "it is impossible for the FBI to determine the extent of the damage these losses might have had on its operations and national security." The inspector general also said that the bureau had "improved its controls" by setting up deadlines for reporting missing items, entering them into a criminal justice database, and triggering investigations.

But the FBI did not "consistently" follow its own protocols, Fine said.

Finally, the FBI has failed to properly document whether laptops and hard drives that are being disposed of have been erased of sensitive data prior to dumping them, nor did it consistently make sure that FBI employees who quit the bureau turn in their guns and computers before they exit.

The FBI says that Fine made some incorrect inferences and that some of the missing items predated the audit but that it is going to accept the IG's recommendations.

Report: FBI Loses 3 To 4 Laptops Every Month (INFOWEEK)

By Sharon Gaudin, InformationWeek

InformationWeek, February 13, 2007

Three to four laptops are lost or stolen from the FBI every month, according to a report issued this month from the Justice Department's Inspector General.

While 116 FBI laptops were reported lost and 44 were reported stolen in the last 44 months, the agency is doing better than it was five years ago, the DOJ's audit said of one of the nation's top investigative agencies. Another audit, conducted in 2002, showed that in a 28-month period 300 FBI laptops had been lost and 17 had been stolen.

At least seven of the computers were issued to FBI divisions that handle some of the most sensitive information related to national security. Six were assigned to the Counter-Intelligence Division and one was assigned to the Counterterrorism Division. Yet, the FBI did not know what these computers contained, including whether or not they held sensitive or classified information.

"This is a significant deficiency," the report states. "Some of these laptops may have contained classified or sensitive information, such as personally identifiable information or investigative case files. Without knowing the contents of these lost and stolen laptop computers, it is impossible for the FBI to know the extent of the damage these losses might have had on its operations or on national security."

The missing laptops include one that was reported stolen from a Boston field office that contained software for creating identification badges. Reports say it was encrypted. Another laptop was reported stolen from the FBI's own security division. While it, too, was encrypted, it contained a system security plan for an electronic access control system. However, it's not known if a laptop stolen from the FBI Academy at the U.S. Marine Corps Base Quantico in Virginia was encrypted. That machine contained the names, addresses, and telephone numbers for FBI personnel.

Ken van Wyk, principal consultant with KRvW Associates and formerly with the Defense Information Systems Agency, says it's important to separate the lost computers from the information on them. "It's disconcerting, but as someone who travels with electronic gear all the time, I can tell you we're targeted," he adds. "But a lot of agencies, and I've got to believe that includes the FBI, are using whole-disk encryption. The chances of a thief being able to break it are very slim. The risk, at that point, is extremely low."

Van Wyk adds that while the FBI obviously should tighten up its security, he thinks the agency's computer loss rate would match up to that of most large companies. "It's inevitable," he says.

According to the audit report, the FBI investigated six of the 10 laptop losses that were known to contain sensitive or classified information. Of those six, one resulted in a three-day suspension, two investigations were pending when the report was filed, and three resulted in no action taken against the employee. The FBI did not investigate the remaining four losses, including the loss of the laptop computers that contained personal identifying information of FBI personnel and software for creating identification badges

FBI Assistant Director John Miller said in a written statement that it is notable that the agency reduced the rate of lost computers.

"The OIG [Office of Inspector General] determined that when compared with figures from 2002, there has been a 349% reduction in the average number of weapons lost or stolen in a given month and a 312% reduction in the loss or theft of laptop computers," said Miller, noting that he disagrees with some of the audit's findings. "Nonetheless, we acknowledge more needs to be done to ensure the proper handling of the loss and theft of weapons and laptops, and the information maintained on them.

"While the Inspector General acknowledged that the loss of certain resources is inevitable in an organization the size of the FBI, we nevertheless stand committed to increasing institutional and personal accountability to further increase the progress we have made in minimizing the loss of firearms and information technology components," added Miller.

The Inspector General's report also audited the number of weapons that have been lost or stolen from the FBI. In the first audit, 354 weapons had been lost or stolen, and in this second audit, the number dropped to 160. Forty-eight functional weapons were lost, 94 functional weapons were stolen, and 18 training weapons were lost.

In 2001, the U.S. Attorney General requested that the Office of the Inspector General conduct audits over the control of weapons and laptops within the FBI, the U.S. Drug Enforcement Administration, the Federal Bureau of Prisons, and the U.S. Marshals Service. The report on the FBI disclosed "significant losses" of weapons and computers so a follow-up audit was requested.

The FBI had the greatest number of losses, as well as the most significant deficiencies in controls, of all the DOJ components reviewed in the 2002 audits, according to the report.

17 Texas Syndicate Gang Members Indicted (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 13, 2007

Seventeen alleged members of the Texas Syndicate gang have been indicted under the federal RICO Act on charges that include murder, attempted murder, robbery and narcotics distribution.

Three of those charged, Jesus Galvan Jr., 40, Francisco Nuncio Jr., 34, and Jerry Villarreal, 36, appeared in federal court in Houston this afternoon.

The chained and handcuffed trio, wearing street clothes and heavily marked with tattoos, appeared before U.S. Magistrate Judge Calvin Botley. They are among eight defendants arrested this morning. The nine others indicted are behind bars.

RICO — Racketeer Influenced and Corrupt Organizations Act — allows extended prison time for crimes associated with ongoing criminal enterprises such as gang activity.

The sealed indictment against the 17 defendants was described by Botley as "quite lengthy." Botley said he expects to see all 17 defendants by Friday.

Assistant U.S. Attorney Tim Braley asked Botley to detain all three men because they are flight risks and a danger to the community. Detention and arraignment hearings for the trio were set for 10 a.m. Thursday.

As the hearing closed, Nuncio and Villarreal asked to call their wives. All three are married and Botley ordered the U.S. marshals to allow them to call their spouses.

HIV Patients: Marijuana Eases Foot Pain (AP)

By The Associated Press

AP, February 13, 2007

SAN FRANCISCO (AP) -- Smoking marijuana eased HIV-related pain in some patients in a small study that nevertheless represented one of the few rigorous attempts to find out if the drug has medicinal benefits.

The Bush administration's Office of National Drug Control Policy quickly sought to shoot holes in the experiment.

The study, conducted at San Francisco General Hospital from 2003 to 2005 and published Monday in the journal Neurology, involved 50 patients suffering from HIV-related foot pain known as peripheral neuropathy. There are no drugs specifically approved to treat that kind of pain.

Three times daily for nearly a week, the patients smoked marijuana cigarettes machine-rolled at the National Institute of Drug Abuse, the only legal source for the drug recognized by the federal government.

Half the patients received marijuana, while the other 25 received placebo cigarettes that lacked the drug's active ingredient, tetrahydrocannabinol. Scientists said the study was the first one published that used a comparison group, which is generally considered the gold standard for scientific research.

Thirteen patients who received marijuana told doctors their pain eased by at least a third after smoking pot, while only six of those smoking placebos said likewise. The marijuana smokers reported an average pain reduction of 34 percent, double the drop reported by the placebo smokers as measured with a widely accepted pain scale.

"These results provide evidence that there is measurable medical benefit to smoking cannabis for these patients," said Dr. Donald Abrams, the University of California, San Francisco professor who led the study.

Many critics of smoked marijuana agree THC has promise as a painkiller, but they argue the smoke itself is harmful.

DOJ_NMG_0131604

"People who smoke marijuana are subject to bacterial infections in the lungs," said David Murray, chief scientist at the Office of National Drug Control Policy. "Is this really what a physician who is treating someone with a compromised immune system wants to prescribe?"

Murray also questioned the statistical relevance of study with just 50 participants in the test.

Dr. Mark Ware, a researcher at McGill University in Montreal conducting similar tests, defended Abrams' study as sound and statistically reliable.

The study is one of the few human tests in a research field nearly devoid of federal funding.

"This is a valid medicine and I want safe access to my medication," said Diana Dodson, a 50-year-old grandmother of five who participated in the test in 2004.

California and 10 other states have passed laws legalizing marijuana for medicinal purposes, but the federal government considers it a dangerous drug, like cocaine or heroin. The U.S. Supreme Court ruled in 2005 that state laws do not protect users from the federal ban.

To conduct the test, Abrams needed authorization from eight academic and government agencies, including the Drug Enforcement Administration.

The study cost about $1 million and was paid for by the University of California Center for Medicinal Cannabis Research, which has sponsored several smoked marijuana tests.

On the Net:

Neurology journal: http://www.neurology.org

Research Supports Medicinal Marijuana (WP)

By Rick Weiss, Washington Post Staff Writer

The Washington Post, February 13, 2007

AIDS Patients in Controlled Study Had Significant Pain Relief

AIDS patients suffering from debilitating nerve pain got as much or more relief by smoking marijuana as they would typically get from prescription drugs -- and with fewer side effects -- according to a study conducted under rigorously controlled conditions with government-grown pot.

In a five-day study performed in a specially ventilated hospital ward where patients smoked three marijuana cigarettes a day, more than half the participants tallied significant reductions in pain.

By contrast, less than one-quarter of those who smoked "placebo" pot, which had its primary psychoactive ingredients removed, reported benefits, as measured by subjective pain reports and standardized neurological tests.

The White House belittled the study as "a smoke screen," short on proof of efficacy and flawed because it did not consider the health impacts of inhaling smoke.

But other doctors and advocates of marijuana policy reform said the findings, in today's issue of the journal Neurology, offer powerful evidence that the Drug Enforcement Administration's classification of cannabis as having "no currently accepted medical use" is outdated.

"This should be a wake-up call for Congress to hold hearings to investigate the therapeutic use of cannabis and to encourage more research," said Barbara T. Roberts, a former interim associate deputy director in the White House Office of National Drug Control Policy, now with Americans for Safe Access, which promotes access to marijuana for therapies and research.

Countless anecdotal reports have suggested that smoking marijuana can help relieve the pain, nausea and muscular spasticity that often accompany cancer, AIDS, multiple sclerosis and other ailments. But few well-controlled studies have been conducted.

The new study enrolled 50 AIDS patients with severe foot pain caused by their disease or by the medicines they take.

The team first measured baseline pain, both subjectively (patients ranked their pain on a scale of 1 to 100) and with two standardized tests, one involving a small hot iron held to the skin and another involving hot chili pepper cream.

Then, for five days, patients lit up at 8 a.m., 2 p.m. and 8 p.m. using a calibrated puff method that calls for inhaling for five seconds, holding one's breath for 10, then waiting 45 seconds before the next.

The cigarettes were kept frozen and locked in a safe, then thawed and humidified one day before use. Cigarette butts and other debris were collected, weighed and returned to the safe to ensure no diversion for recreational purposes.

Grown on the government's official pot farm in Mississippi, the drug was about one-quarter the potency of quality street marijuana. The inactive version was chemically cleansed of cannabinoids, the drug's main active ingredients.

DOJ_NMG_0131605

"It smelled like and looked like" normal marijuana, said study leader Donald I. Abrams, a physician at San Francisco General Hospital, where the smoking ward was located. Like the patients, Abrams was not told who had the active pot until the study was over.

Thirteen of 25 patients who smoked the regular marijuana achieved pain reduction of at least 30 percent, compared with six of 25 who smoked placebo pot. The average pain reduction for the real cannabis was 34 percent, compared with17 percent for the placebo.

Opioids and other pills can reduce nerve pain by 20 to 30 percent but can cause drowsiness and confusion, Abrams said. And many patients complain that a prescription version of pot's main ingredient in pill form does not work for them.

That was true for Diana Dodson, 50, who received an AIDS diagnosis in 1997 after a blood transfusion.

"I have so many layers of pain I can hardly walk," said Dodson, who was in the new study. Prescription drugs made her feel worse. "But inhaled cannabis works," she said.

Patients in the study -- all of whom had smoked pot previously -- reported no notable side effects, though the researchers acknowledged that people unfamiliar with the drug may not fare as well.

Igor Grant, director of the University of California Center for Medicinal Cannabis Research, which funded the research, said the study was probably the best-designed U.S. test of marijuana's medical potential in decades. He called the results "highly believable."

But David Murray, chief scientist at the White House Office of National Drug Control Policy, called the findings "not particularly persuasive." The study was relatively small, he said, and it is likely that those who received the real pot were aware of that, introducing a bias of expected efficacy.

"We're very much supportive of any effort to ameliorate the suffering of AIDS patients," Murray said. But even if ingredients in marijuana prove useful, he added, they ought to be synthesized in a pill to make dosing more accurate and to minimize lung damage.

Separately, ending a six-year effort, a Massachusetts group learned yesterday that it had won a legal victory against the DEA in its battle for federal permission to grow its own cannabis for federally approved studies, instead of relying on government pot.

In an 87-page opinion, administrative law judge Mary Ellen Bittner ruled that it "would be in the public interest" to allow a University of Massachusetts researcher to cultivate marijuana under contract to the Multidisciplinary Association for Psychedelic Studies (MAPS), which sponsors medical research on marijuana and other drugs.

The DEA is not obligated to follow the advice of its law judges, but the detailed decision should make it difficult for the agency to balk, said MAPS President Rick Doblin.

Medical Pot Cuts Pain, Study Finds First Rigorous Research Looked At HIV Patients (SFC)

By Sabin Russell, Chronicle Medical Writer

San Francisco Chronicle, February 13, 2007

Doctors at San Francisco General Hospital reported Monday that HIV-infected patients suffering from a painful nerve condition in their hands or feet obtained substantial relief by smoking small amounts of marijuana in a carefully constructed study funded by the state of California.

Although the study was small, it is the first of its kind to measure the therapeutic effects of marijuana smoking while meeting the most rigorous requirements for scientific proof -- a randomized, double-blind placebo-controlled trial.

As such, the results of the trial are being hailed by medical marijuana advocates as the most solid proof to date that smoking the herb can be beneficial to patients who might otherwise require opiates or other powerful painkillers to cope with a condition known as peripheral neuropathy.

The federal government has taken a hard line against marijuana use for medical purposes, maintaining that smoking it is harmful and that there is no scientific evidence to support its legitimacy for treatment in the United States. The U.S. Supreme Court in 2005 ruled that medical marijuana patients can be prosecuted by the government, even in states like California where medical use has been legalized.

"It's time to wake up and smell the data," said Bruce Mirken, spokesman for the Marijuana Policy Project, a group advocating the legalization of the drug for medicinal purposes. "The claim that the government keeps making that marijuana is not a safe or effective medicine doesn't have a leg to stand on."

The study found that most volunteers who were given three marijuana cigarettes a day experienced a significant drop in the searing pain of peripheral neuropathy, which patients liken to a stabbing or burning sensation, usually on the bottoms of their feet. HIV patients are not the only group to experience peripheral neuropathy -- many types of the condition have been identified, and it can also afflict diabetics, cancer patients and people with injuries or infections that affect nerve tissue.

On average, the experiment's participants reported at the start that their pain was roughly at midpoint on a 100-point scale, where zero was no pain at all and 100 was "the worst pain imaginable."

At least half the volunteers who smoked the active marijuana experienced a 72 percent reduction in pain after their first cigarette on the first day of the trial. Over five days, the median reduction in pain reported by the marijuana smokers was 34 percent, compared with 17 percent reported by those who smoked placebo cigarettes that had the active ingredient THC removed in a process akin to decaffeinating coffee.

"This is evidence, using the gold standard for clinical research, that cannabis has some medicinal benefits for a condition that can be severely debilitating," said Dr. Donald Abrams, lead author of the study released Monday by the journal Neurology.

The trial was conducted over a two-year period beginning in May 2003, during which 50 volunteers each spent a week at a secured laboratory at San Francisco General. Patients were required to stop their marijuana use before the start of the experiment. After a two-day orientation period, they were given one cigarette three times a day. Half of the volunteers received marijuana containing about 3.5 percent THC, the active ingredient of the drug. That's significantly weaker than what can be purchased on the street or in medical marijuana dispensaries. The other half received the placebo.

Abrams said that the placebo cigarettes looked and smelled identical to the ones containing active ingredients.

One volunteer, Diana Dodson, a 50-year-old Santa Cruz woman, subsequently learned she had been given the active ingredient. She has tried the FDA-approved pill containing THC, a drug known as Marinol, but said it does not control her pain as well. "For four or five hours, it puts me in a fog," she said.

Smoking marijuana, she said, helps control nausea and her peripheral neuropathy. "I attribute my cannabis use to my staying alive 21 years with HIV," she said.

Dobson described the pain of peripheral neuropathy as a constant sense of burning on the bottoms of her feet, with periodic jabbing pains "like a sharp ice pick, or an electric shock."

After stopping her marijuana use for the required two-day period and then resuming it for the experiment, she said the effect of receiving the real drug again was powerful. "I was a little surprised the results were so dramatic, as they were using low-quality cannabis," she said.

Because of the unusual nature of the experiment, Abrams first had to receive clearance from eight different government agencies, including the University of California, the federal Drug Enforcement Administration and the National Institute on Drug Abuse.

The cigarettes were made from marijuana grown on a federal marijuana farm in Mississippi, and stored in a locked freezer at San Francisco General.

Publication of the paper is a milestone for Abrams, who has been exploring the medicinal effects of marijuana among AIDS patients since 1984 and fought a long battle to win permission from federal agencies to conduct the study.

In the end, it took the taxpayers of California to pay for the research. Under legislation signed by then-Gov. Gray Davis in 1999, the state created the Center for Medicinal Cannabis Research, headquartered at UC San Diego and operating in partnership with UCSF.

Dr. Igor Grant, executive director of the research center, said a total of $8.7 million has been allocated to the program by the state Legislature since it was launched in 2000. Abrams' study, the first of a dozen similar clinical trials now under way, cost $849,000.

Grant said that the findings were "very promising," but stressed that the results of any single trial, no matter how well constructed, are not necessarily definitive. He said that data are now being analyzed from a similar trial that was conducted at UC San Diego. A second trial, also completed at UCSD, enrolled volunteers who were not HIV patients. Their sensitivity to pain was measured using well-established monitoring tests using capsaicin, a cream that stimulates heat-sensing nerves.

Marijuana Reduces Pain In HIV Patients (MRE)

Mercury-Register, February 12, 2007

HIV patients who smoked three joints of marijuana per day for five days experienced relief from chronic foot pain associated with the disease, researchers at the University of California, San Francisco reported Monday in a rare U.S. study on medical marijuana.

"These results provide evidence that there is a measurable medical benefit to smoking cannabis for these patients," said study lead author Dr. Donald Abrams, UCSF professor of clinical medicine.

The study involved 50 HIV patients with sensory neuropathy, a peripheral nerve disorder that causes intense, sharp pain, numbness and tingling in the hands and feet. The condition affects about one in three HIV patients.

Patients assigned to smoke cannabis experienced a 34 percent reduction in intense foot pain -- twice the rate experienced by patients who smoked a placebo.

The first cannabis cigarette patients smoked reduced chronic pain by a median of 72 percent compared to 15 percent for patients who smoked the placebo, according to the study, published in the journal Neurology.

Half the patients were assigned randomly to smoke cannabis while the remaining 25 patients smoked an identical-looking placebo that lacked the drug's active ingredient. They had to be off any medication to treat neuropathy, including private-use marijuana. The patients were required to have some prior experience smoking the drug but could not have substance abuse problems.

The patients were sequestered at San Francisco General Hospital for seven days, where they underwent frequent testing. Over five consecutive days, they smoked cannabis or a placebo three times per day in rolled cigarettes. The National Institute on Drug Abuse provided the identical machine-rolled marijuana cigarettes.

Diana Dodson, 50, of Santa Cruz was among the 25 patients who received cannabis. She contracted HIV after receiving tainted blood product in 1985 and has been living with AIDS for 10 years.

Dodson, who smokes marijuana on her own to control her pain and nausea associated with AIDS, said the drug has been a lifesaver. "I really attribute cannabis to why I am still alive today," she said.

Her neuropathy symptoms include an extreme burning on the soles of her feet. "It's like an electrical poker going through me," she said. "I'll scream in the kitchen. Sometimes it's like a jabbing ice-pick pain."

Just a few puffs gives her relief for two hours without the grogginess associated with taking opiates such as morphine, she said.

The UCSF study indicated that pain relief from cannabis was on par with that from morphine.

The quality of the marijuana used in the trial wasn't as good as what Dobson gets on her own, she said, but she still felt relief from pain.

"It gives me a quality of life I wouldn't otherwise have," she said.

By contrast, previous studies of marinol -- the FDA-approved drug containing a synthetic version of THC, the active ingredient in cannabis -- showed little promise in relief for HIV-associated neuropathy.

"There are other compounds in smoked marijuana besides THC," said UCSF study co-author Dr. Cheryl A. Jay, a professor of clinical neurology. "That's one of several explanations why our study had a positive result while previous marinol studies did not."

David Murray, chief scientist at the Office of National Drug Control Policy, said people who smoke marijuana are subject to bacterial infections. He added that the study, considering its small size is "not a convincing demonstration."

Treatment for HIV-related neuropathy includes antidepressants and seizure drugs, but these medications don't always work and some patients cannot tolerate them. Opiates such as morphine are also sometimes used. There are no drugs approved by the FDA specifically for the condition.

The study is the first of several clinical trials of medical cannabis being conducted through the University of California's Center for Medicinal Cannabis Research, based at UC San Diego.

Dr. Igor Grant, director of the cannabis research center at UCSD, said the findings in this study suggest that cannabis "may be useful" in treating HIV-associated neuropathy. He noted that it has been many years since clinical trials of cannabis have been conducted in the United States.

"As a result, there has been insufficient light shed on the possible therapeutic value of cannabis," Grant said.

A 1999 report by the Institute of Medicine reviewed the scientific literature on medical marijuana and found that though it is a powerful drug, it is safe and should not be excluded from some medical uses.

Studies have indicated that cannabiniod drugs could help with pain relief, control of nausea and vomiting and appetite stimulation, according to the IOM report.

Americans for Safe Access and the National Association of People with AIDS on Tuesday plan to call for congressional hearings to implement the IOM report findings, which include further scientific studies of cannabis.

"Bolstered by the preliminary findings in the Abrams (UCSF) study, we will go to Congress and familiarize them with the IOM report so we can move forward with the research," said Dr. Barbara T. Roberts, director of medical and scientific affairs at Americans for Safe Access.

The Associated Press contributed to this report.

Study: Marijuana Can Ease HIV-related Nerve Pain (MCT)

By Carrie Peyton Dahlberg

McClatchy Newspapers, February 13, 2007

DOJ_NMG_0131608

SACRAMENTO, Calif. - Smoking marijuana can ease HIV-related nerve pain, University of California San Francisco researchers are reporting Tuesday, in a study being hailed by legalization advocates as proof that federal pot policy is deeply misguided.

The rigorous study, appearing in Tuesday's issue of the journal Neurology, was funded by a state effort to provide answers in the long debate over whether marijuana makes good medicine.

Primary investigator Dr. Donald Abrams, a professor of clinical medicine at UCSF, was not surprised that about half the people studied with burning, tingling nerve pain got relief smoking marijuana.

"It has a 5,000-year history of safety and effectiveness as a medicine that we've ignored quite grandly in the last 70 years," he said. "It's been used ... in China, in India and also in Middle Eastern cultures as a medicinal substance."

Yet the study comes on the heels of an unrelated analysis, published in Monday's Archives of Internal Medicine, that links long-term exposure to marijuana smoke with coughing, wheezing and other respiratory complaints common among tobacco smokers.

"The bottom line is, it certainly needs to be looked into further," said Dr. Jeanette Tetrault, a general internal medicine fellow at Yale University who is among those investigating possible lung cancer or respiratory disease links to marijuana smoking.

If marijuana is ultimately found to deliver better pain relief than existing medications, she said, research into the safest possible delivery mechanisms would be critical.

The UCSF study is among the first published results funded by the UC Center for Medicinal Cannabis Research, which was created by state law to improve the science on marijuana after California voters supported medical pot use.

So far, the center has spent roughly two-thirds of the $9 million it received, devoting the money to research into nerve pain, sleep difficulties, muscle spasms and other conditions.

Some studies, including ones for cancer pain and nausea, had to be discontinued for lack of volunteers, said center director Dr. Igor Grant, a UC San Diego psychiatry professor.

The center will remain active until all the money is spent, supporting about a dozen studies, which Grant acknowledges are "not a lot" but still much more than we knew just a few years ago.

"The results of these studies will provide some real information into whether cannabis is or isn't helpful," Grant said.

Federal policy has long discouraged investigations of marijuana, setting up numerous regulatory and practical hurdles, said Bruce Mirken, a spokesman for the Marijuana Policy Project, which backs legalization.

In such an environment, the state-backed study is "truly gold-standard" research, Mirken said; it's placebo-controlled and double-blinded.

About half the 55 people who initially enrolled were given placebo cigarettes, with a key active ingredient stripped out. Both they and the researchers analyzing results were "blinded" - that is, not told who got the real thing.

Such measures are used to keep subtle bias from creeping into research, and to account for the powerful way people are known to respond to dummy medications. In the UCSF study, for example, about one-fourth of the people smoking placebo cigarettes experienced significant pain relief, compared with half of those smoking marijuana.

But researchers acknowledged that their blinding effort was imperfect because smokers might have been able to recognize whether they were inhaling active cannabis or not.

"I knew immediately because I could feel the effects," said one study subject, Diana Dodson. "I did get the cannabis." Her impression was later confirmed in a letter from researchers.

Dodson, who lives near Santa Cruz, gets burning, bruising, sometimes jolting nerve pain on the bottoms of her feet, a complication of the HIV she contracted more than 20 years ago from a tainted blood product.

"It's like an ice pick stab with an electric shock," she said, and stronger painkillers leave her less aware and less alert than marijuana does. She participated in the study in hopes that "we'll be able to have safe access to this medicine."

While other options exist for many of the ills that marijuana may treat, it's important to have as many safe drugs as possible in doctors' arsenals, said UCSF medical professor Abrams.

Individuals respond differently to each drugs' benefits and side effects, and drug interactions can make it tough to find the right match for each person.

Abrams is seeking volunteers now for another marijuana study, looking into whether cancer patients taking morphine or OxyContin for pain might be able to use a lower dose or suffer fewer unpleasant side effects if they combine the treatment with marijuana.

Marijuana Reduces HIV Neuropathy (MT)

By Michael Smith

DOJ_NMG_0131609

Medpage Today, February 12, 2007

SAN FRANCISCO -- Smoking marijuana significantly reduces nerve pain associated with HIV infection, according to researchers here.

In a randomized, placebo-controlled trial, the drug reduced chronic neuropathic pain by 34% compared with 17% for patients smoking placebo cigarettes, found Donald Abrams, M.D, of the University of California San Francisco.

The pain reductions are comparable with those seen with oral drugs used to treat peripheral HIV-associated neuropathy, Dr. Abrams and colleagues reported in the Feb. 13 issue of Neurology.

"There is a measurable medical benefit to smoking cannabis for these patients," Dr. Abrams commented.

In the study, 50 patients with HIV-associated neuropathy were randomly assigned to smoke either cannabis or placebo cigarettes three times a day for five days under supervision as in-patients San Francisco General Hospital.

The cigarettes, supplied by the National Center on Drug Abuse, were identical in appearance, but the placebo cigarettes had the active ingredient -- delta-9-tetrahydrocannabinol - removed.

To be eligible for the study, patients had to have an average daily pain score of at least 30 on a 100-point visual analog scale. The primary outcome was change in the daily pain score, while secondary outcomes included acute pain before and after the first cigarette of the five-day session and again before and after the last cigarette of the session.

A subset of patients also took part in an acute pain experiment in which they were subjected to heat or to other painful stimuli, the researchers reported.

The investigators found:

Over the course of the study, smoked cannabis reduced daily pain by 34%, versus 17% with placebo, a difference that was statistically significant at P=0.03.

52% of the cannabis group reported at least a 30% reduction in pain, compared with 24% in the placebo group, which was significant at P=0.04.

The first cannabis cigarette reduced chronic pain, on average, by 72%, compared with 15% for placebo, which was significant at P<0.001.

On Day five, before smoking the last cigarette, median pain ratings were significantly lower among the cannabis patients (at P=0.006) and were further reduced by 51% versus 5% after smoking. The reduction was significant at P<0.001.

Cannabis also reduced experimentally induced hyperalgesia to both brush and von Frey hair stimuli (P=0.05) but had little effect on the painfulness of heat stimulation.

No serious adverse events were reported.

In general, Dr. Abrams and colleagues found, adverse events such as sedation, dizziness, and confusion were significantly higher among the cannabis smokers.

However, in both groups, the values "hovered closer to zero than one and do not represent any serious safety concerns," the researchers said.

Also, there was little difference in mood effects between the two groups, Dr. Abrams and colleagues said, a finding that argues against the idea that cannabis smokers didn't feel pain because of the high associated with the drug.

The study indicates that "cannabis may indeed be useful in the amelioration of a very distressing, disabling, and difficult-to-treat complication of HIV," said Igor Grant, M.D., of the University of California at San Diego School of Medicine, and director of the University of California Center for Medical Cannabis Research, which was a sponsor of the study.

The trial was also supported by the National Institutes of Health. The authors reported no conflicts of interest. Additional General Neurology Coverage

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Source reference:

Abrams DI et al. "Cannabis in painful HIV-associated sensory neuropathy: A randomized placebo-controlled trial." Neurology 2007;68:515-521.

Contribute your own thoughts, experience, questions, and knowledge to this story for the benefit of all MedPage Today readers.

Provide a different perspective on the discussion

Prof Gets Boost In Bid To Grow Marijuana (AP)

AP, February 12, 2007

Concluding that there is an inadequate supply of marijuana for medical research, an administrative law judge has recommended to the Drug Enforcement Administration that it grant a Massachusetts professor's application to grow the drug in bulk.

The judge's ruling is nonbinding. But officials at the American Civil Liberties Union hope that the recommendation to grant the application of Professor Lyle Craker will eventually lead to more research into the use of marijuana for medicinal purposes.

In June 2001, Craker submitted an application as a marijuana manufacturer to the DEA. However, the federal government limits the growing of marijuana available for clinical research to one source, the University of Mississippi.

Federal officials said that Craker's university, the University of Massachusetts Amherst, is free to compete for the next contract to produce research-grade marijuana for the United States. But there was no basis to add another producer.

The company that wants to fund Craker's facility for growing marijuana countered that researchers are not getting the quantity or the quality of marijuana needed to conduct research that is approved by the Food and Drug Administration.

The DEA contacted researchers and determined otherwise, so hearings were held in August and December of 2006 as Craker pursued the case. He got help from the ACLU along the way.

The administrative law judge, Mary Ellen Bittner, concluded Monday that granting Craker's application would be in the public interest. Among the reasons she cited were inadequate competition and an inadequate supply of marijuana for research purposes.

Steve Robertson, a spokesman for DEA, said Monday night the agency is reviewing Bittner's decision and would have no immediate comment. The DEA administrator, Karen Tandy, retains final authority to decide on the application.

"I hope that Administrator Tandy abides by the decision and grants me the opportunity to do my job unimpeded by drug war politics," Craker said in a statement distributed by the ACLU.

Judge: Let Prof Grow Medicinal Marijuana (BOS)

The Boston Globe, February 13, 2007

An administrative law judge recommended Monday that a professor at the University of Massachusetts at Amherst be allowed to grow marijuana for research purposes, possibly making the state host to the nation's second laboratory authorized to grow the drug.

Professor Lyle Craker, a horticulturist who specializes in medicinal plants, has won support from both Senators Edward M. Kennedy and John F. Kerry in his effort to grow marijuana for research.

Marijuana is now only legally grown at the University of Mississippi, but Craker has argued that the drug grown there is neither potent enough nor readily available to researchers.

In her opinion, which can be overruled by the US Drug Enforcement Administration, Judge Mary Ellen Bittner said Craker's bid to grow marijuana "would be in the public interest."

"There would be minimal risk of diversion of marijuana," she wrote. "There is currently an inadequate supply of marijuana available for research purposes ... [and] competition in the provision of marijuana for such purposes is inadequate."

In a phone interview, Craker said he had not read the 87-page opinion. "I understand it's favorable, and that's good," he said.

Rick Doblin -- president of the Multidisciplinary Association for Psychedelic Studies, a drug research group based in Belmont that hopes to sponsor Craker's work -- called the decision "a major turning point."

"This is a major step to getting us to do the scientific research that the government has been blocking for the past 30 years," Doblin said. "If the government says no, the hypocrisy of their approach will help fuel efforts for state medical marijuana reforms."

Garrison Courtney, a DEA spokesman, declined to comment on the ruling. "We're still reviewing the opinion," he said. "We'll make a determination at a later point."

Craker first applied to the DEA for permission to grow marijuana in 2001. Kennedy and Kerry later wrote a letter to the DEA, saying that the Mississippi lab had an "unjustified monopoly."

In 2004, Craker and the Multidisciplinary Association for Psychedelic Studies sued the government in federal court, charging the DEA with unreasonable delays.

The DEA promptly rejected their bid. In 2005, Craker and the group sought the opinion from an administrative law judge.

If the DEA's administrator decides to reject Bittner's recommendation, Doblin said Craker and the group would file another lawsuit in federal court.

Deadly Abuse Of Methadone Tops Other Prescription Drugs (USAT)

By Donna Leinwand, Usa Today

USA Today, February 13, 2007

Methadone, a painkiller that has been used to treat heroin addicts for decades, has emerged as an increasingly popular and deadly street drug, joining narcotics such as Vicodin and OxyContin as frequently abused prescription drugs.

DOJ_NMG_0131611

Fatal overdoses of methadone rose at a higher rate than those involving any other narcotic from 1999 through 2004, according to a recent study by the National Center for Health Statistics (NCHS). The number of deaths from methadone in 2004 (3,849) represented a 390% rise from 1999, the study said.

MORE: Street availability up

Methadone was cited in nearly 13% of all the overdose deaths reported in the USA in 2004, up from about 4% five years earlier. Among drugs cited in fatal overdoses, only cocaine kills more people than methadone.

The NCHS study — and reports from coroners nationwide that the trend is continuing — indicate that doctors' increasing tendency to prescribe methadone as a cheap alternative to addictive pain relievers such as OxyContin has made it easier for addicts to get methadone, the Drug Enforcement Administration's Denise Curry says.

"It's out there, it's available, and it can be dangerous," Curry says. Pharmacies report that methadone is among the most popular drugs stolen, along with Vicodin and OxyContin, she says.

At about $20 a pill on the black market and pennies a dose when prescribed, methadone is considerably cheaper than such opiates.

Methadone has long been viewed as a relatively safe and effective narcotic, in part because its effects are gradual and it can ease withdrawal symptoms for recovering heroin addicts.

However, it also is addictive, and drug addicts account for most methadone-related deaths, says Nicholas Reuter, a senior public health analyst at the Substance Abuse and Mental Health Services Administration.

Reuter says the problem is complicated by doctors who prescribe methadone incorrectly and patients who do not follow directions in taking it. On Nov. 26, the Food and Drug Administration warned doctors that "prescribing methadone is complex" because it eases pain up to six hours but can stay in the body 59 hours. Patients may want more before the dose wears off, the FDA warned.

"Methadone may build up in the body to a toxic level if it is taken too often, if the amount taken is too high, or if it is taken with certain other medications," the FDA said.

Authorities nationwide cite rising methadone fatalities:

· Fatal drug overdoses in New Hampshire rose from 39 in 1995 to 105 in 2003, and chief state medical examiner Thomas Andrew determined that methadone was the key. In 2005, Andrew says, at least 52 of the 153 people who died from overdoses in the state had taken methadone. He suspects the trend continued in 2006.

· Florida has had a "steady increase" in methadone deaths since 2001, says Jennifer Cook Pritt of the Department of Law Enforcement.

· In West Virginia, where fatal methadone overdoses rose from 40 in 2001 to 116 in 2005, state legislators are holding hearings on a plan to limit the medical professionals who could prescribe the drug, says Del. Don Perdue, a Democrat who leads the health committee in the House of Delegates.

Painkiller More Available For Abuse (USAT)

By Donna Leinwand, Usa Today

USA Today, February 13, 2007

For months, high school sophomore Sara Corbett of New Hartford, Conn., had begged her mother for permission to get her tongue pierced. On Aug. 7, 2004, Sara's mother, Robin DeBaise, relented and the two went to nearby mall.

The next day, Sara, 16, was in severe pain. At her aunt's house, she found a couple of methadone pills — amounting to twice the recommended dosage — and took them. She passed out and was rushed to a hospital, where she died.

MORE: Abuse tops other prescription drugs

"I know she had absolutely no clue of the strength of what she had taken. No clue," says DeBaise, 41, who says she did not know Sara had taken the pills until she had to be taken to the hospital. DeBaise says she is familiar with methadone's potency because she is being treated for an addiction to it.

Sara was among 3,849 people across the nation to die from an overdose of methadone in 2004, a record for methadone deaths and a jump of more than 3,000 such deaths from five years earlier, according to a study by the National Center for Health Statistics (NCHS).

The dramatic rise in fatal overdoses — which appears to have continued since 2004 — reflects how methadone, once known mainly for its usefulness in treating heroin addicts, has become increasingly prevalent in the illicit drug market as more and more doctors have prescribed it to treat chronic and severe pain.

Highly addictive, and lingers

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As methadone has become more widespread — the number of pharmacy prescriptions for the drug increased fivefold from 1998-2002, according to the Substance Abuse and Mental Health Services Administration (SAMHSA) — its drawbacks have become more apparent.

Among them: It's highly addictive. And because it takes longer to work than most opiate painkillers, it can remain in the body for more than four days after its effects are no longer noticeable, increasing the chances of an overdose.

Patients, and some doctors who have prescribed the narcotic, often have difficulty determining proper dosages, says Nicholas Reuter, a senior public health analyst at SAMHSA.

Dozens of overdoses have been linked to such miscalculations, he says.

Methadone is "being prescribed more frequently not only by pain specialists who know how to use it, but by general practice physicians, who may not," says Denise Curry of the Drug Enforcement Administration.

However, Curry and other drug specialists say, most methadone-related deaths in recent years have involved people like Sara: users who overdosed after taking the drug without a prescription, or methadone addicts who took too much of it while chasing the warm, euphoric feeling that users experience over four to six hours after taking the drug.

"With more prescriptions, there's more methadone in the supply pipeline," Curry says, and therefore more chance the drug will wind up for sale on the street.

The 390% rise in methadone-related deaths from 1999 to 2004 far outpaced the rate for fatal drug overdoses involving all types of drugs, the NCHS says. The overall number of fatal overdoses rose from 9,955 in 1999 to 16,735 five years later, an increase of 68%.

Those figures, and reports from coroners and drug specialists nationwide who say the trend is continuing, reflect how methadone has joined OxyContin and Vicodin as addictive drugs of the moment at a time when there is increasing concern about the abuse of prescription drugs, particularly by teenagers.

The NCHS study identified 12 states as having especially significant increases in methadone-related fatalities from 1999-2004: Florida, Kentucky, Louisiana, Maine, Massachusetts, New Hampshire, Ohio, Oregon, Pennsylvania, Tennessee, West Virginia and Wisconsin.

Several other states also are reporting big increases in methadone deaths.

In Oklahoma, for example, the number of overdose deaths involving methadone rose from 45 in 2001 to 118 in 2005, according to a report from the state's chief medical examiner.

Doctors have used methadone to treat pain for more than 50 years, but the drug has gotten a boost in the past four or five years, in part because of the attention Vicodin and OxyContin have received as frequently abused prescription drugs, Reuter says.

He adds that because law enforcement and medical boards have been stepping up their scrutiny of opiates such as OxyContin, some doctors may believe that prescribing methadone leaves them less vulnerable to such scrutiny.

Cheaper choice for doctors

Methadone's pharmacy price — pennies a dose — also encourages doctors to use it rather than far more expensive narcotics such as OxyContin, Reuter says.

"Physicians find it more convenient for the patient (and) easier to get approval from Medicaid," he says of doctors' trend toward prescribing methadone over other prescription pain relievers.

Meanwhile, the Food and Drug Administration is warning doctors, patients and others that methadone can be deadly if improperly prescribed or used.

Methadone also can be deadly when used with benzodiazepines such as the anti-anxiety drug Xanax, the FDA said in a warning about methadone on Nov. 26.

"Methadone is a drug of abuse," Reuter says. "It's abuse potential is not quite as dramatic as heroin. It has a much slower onset and doesn't produce the euphoric highs associated with heroin, but people do seek it out expecting euphoric properties."

DeBaise, who keeps her daughter's ashes in a stuffed animal she calls "Sara Bear," says she remembers how seductive methadone can be.

"You can get high on methadone. It's the same exact high like a heroin high," she says. "It's very mellowing. You get a warmth through your body. It would make me feel good. It would make me talkative."

New Questions Arise In ATF Killing (DCEX)

By David Francis

Washington Examiner, February 13, 2007

DOJ_NMG_0131613

Arlington - When he exonerated two federal agents last week in the shooting death of a 24-year old Washington man, the Arlington County commonwealth's attorney made fresh assertions about the case that raised new questions about the incident, a Washington Examiner investigation shows.

County attorney Richard Trodden determined that the agents from the Bureau of Alcohol, Tobacco and Firearms acted in self-defense when they chased and fired upon Travis Lamar Hampton seven months ago and that Hampton killed himself after an eight–hour standoff.

In an interview with The Examiner, Trodden presented a new version of a July car chase involving federal agents and the District man including the revelation that the man fled a drug-related robbery and initiated a shootout with the agents.

The new version of events added significant details to the initial account. But additional questions have emerged:

» Whom did Hampton rob? And where exactly did the robbery take place?

» How many shots did the ATF agents fire? How many were fired by Hampton?

» Without a ballistics report, can the public determine Hampton took his own life, or even had a gun?

Hampton's sister Tonya Kirby said these questions needed to be answered before she could move on. Without looking at the police report, she said her family would not accept Trodden's account.

"We feel helpless," she said. "They told us whatever they wanted to tell us. We have no evidence of anything. We weren't allowed to see the report."

Trodden said Hampton returned to the District from Fairfax County, where he had robbed a drug dealer of money and marijuana. He was driving in the right–hand emergency lane on Interstate 395 when he sideswiped the agents, who rode in an unmarked rental van. Trodden said Hampton stopped, got out of the car, but jumped back into the auto and fled once the agents — who were in town for training before being deployed to Iraq — identified themselves as "police."

Hampton then sped to the Glebe Road exit, where two cars waited at a stoplight. The agents followed, and once on the ramp, Trodden said, Hampton initiated the shooting. One agent returned fire and blew out the back windshield of the car as Hampton reentered the vehicle. Hampton then nudged the two cars waiting at the light out of the way and drove north in the southbound lane of Glebe Road.

The agents chased Hampton, with a second significant exchange of gunfire occurring at the intersection of Glebe and Walter Reed Drive. Trodden said Hampton exited the car and again shot at the agents, this time disabling their vehicle. He then drove his vehicle to 13th Street with agents giving chase on foot. He entered a home, shot a tenant and eventually killed himself, Trodden said. Only one agent fired at Hampton throughout the entire incident, according to the commonwealth attorney.

Sometime during this chase, Hampton sustained two wounds to the back of his head, Trodden said. One appeared to be similar to shrapnel wound, while the other resulted from a bullet graze. Trodden said police determined Hampton died by suicide using his own gun.

Without the public release of the ballistic reports, it is impossible to confirm Hampton had a gun or committed suicide. The death certificate lists the cause of death as "pending." It is also impossible to determine how many shots the parties involved fired.

Trodden said he did not have the exact number of shots fired, but said he believed Hampton had fired more than the agents.

The "robbery" in Fairfax raises questions as well. According to the Fairfax County Police Web site, two robberies occurred on or around July 5, but none of the suspects match the description of the 5 foot 10 inch, 260-pound Hampton. Who was the victim of Hampton's robbery? Where in Fairfax did it occur?

Trodden said the crime was reported as brandishing a weapon, although no reports of this crime are listed on the Fairfax police Web site on or around July 5.

The severity of the wounds Hampton suffered on the back of his head is also unknown, as is whether he suffered wounds to his legs, as described to The Examiner by the person who prepared his body for burial.

Trodden said the neck wounds were not life-threatening and that Hampton died from a self-inflicted gun shot in his mouth. The person who prepared Hampton's body for burial said there was no exit wound.

Finally, the content of a note Hampton held against a window during the standoff remains a mystery.

Because Trodden determined the agents did not break any laws by chasing Hampton, he said the police report will not be released publicly. He added the ATF agents were not interviewed in person for the investigation. Instead, witness statements and tape recordings of the agent's statements were used.

Trodden's account confirms aspects of the incident established through a seven-month Examiner investigation, the results of which have been published from July to November. Hampton's head injuries are consistent with the pictures of the bullet-ridden, blood-spattered car he drove. Trodden confirmed the agents actively chased Hampton, even after their van was disabled.

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Trodden did not determine if the agents should have chased Hampton in the first place. A few weeks after the incident, The Examiner reported that, under Federal Law Enforcement Training Guidelines, a high-speed chase would not have been allowed in this case. Arlington and Alexandria police have also said they would not have pursued Hampton.

"I did not offer any opinions" about whether guidelines were followed, Trodden said. "Criminally, they did nothing wrong."

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IMMIGRATION:

Minuteman Project Chief To Probe Prosecution Of 2 Border Agents Jailed For Shooting (FOX)

Fox News, February 13, 2007

The founder of the Minuteman Project may soon announce a citizens' investigation commission to look into the prosecution of two former Border Patrol agents now in prison for the nonfatal shooting of a Mexican drug runner in Texas.

Jim Gilchrist has joined the chorus of grassroots groups and lawmakers to push President Bush to pardon the two agents, Jose Compean and Ignacio Ramos. Gilchrest later on Monday may hold a press conference in El Paso to vocalize his group's concern with the case and to outline plans for the commission.

"We cannot stand idly by if border agents are railroaded, so in addition to our work of monitoring border activities, we are establishing a citizens' investigation commission to look into this Ramos/Compean situation, starting with a thorough review of the federal attorney's procedures and motivations," said Gilchrist, who started the Minuteman Project originally push for more immigration law enforcement. "We believe that federal attorney Johnny Sutton was, at the least, overzealous in his prosecution of these agents."

Investigation Underway

Compean and Ramos are behind bars for shooting at fleeing drug dealer Osbaldo Aldrete-Davila then trying to cover up the incident. The two were convicted by a jury last year and are now serving their time at two separate federal prisons. Aldrete-Davila was given immunity for his testimony against the two agents — both of whom say they were just doing their jobs.

Gilchrist and other supporters of the two agents argue that Sutton improperly prosecuted the case and that evidence may have been withheld. Sutton, on the other hand, has maintained that there was more than enough evidence to show that the two men shot at Aldrete-Davila while he was running away from them, and that he likely did not have a weapon.

Supporters of the two ex-agents say even if the two men are guilty of these actions, they do not deserve to spend 11 and 12 years in prison. The two are currently appealing their punishment

"These men could have fled, but they didn't," Gilchrist said in a statement. "At the very least, they should be out on bail pending appeal. They certainly shouldn't be mixed in with the prisoners they or their fellow Border Patrol agents put there."

Tancredo and nearly 100 other Congress members are currently seeking a congressional pardon for Compean and Ramos, in hopes that it pushes Bush to do the same. The president has said he would review the case, once it gets sent to his desk from the Justice Department with that agency's pardon recommendations.

"Our members from around the nation are disgusted with a government which ignores its duty to secure our borders, then grants Constitutional rights to illegal non-citizens and persecutes the people who risk their lives to protect us," Gilchrist said.

Justice Department Indicts Malden Man On Immigration Fraud (MALOBV)

Malden (MA) Observer, February 13, 2007

A Malden resident and Vietnam native was indicted this week for allegedly making false statements in his naturalization application, including denying a criminal past that included child rape charges.

Anh Tam Nguyen, 45, of 343 Medford St. in Malden, was charged in an indictment with one count of unlawful procurement of naturalization. He will be arraigned in federal court on the indictment today.

The naturalized U.S. citizen, originally from Vietnam, allegedly made false written statements on a naturalization application, where he denied he had ever been charged criminally. It is alleged by the U.S. Department of Justice that Nguyen in fact had been charged in Suffolk Superior Court with, among other things, indecent assault on a child under 14 years, and assault with intent to rape a child under the age of 16.

United States Attorney Michael J. Sullivan and Bruce M. Foucart, Special Agent in Charge of Immigration and Customs Enforcement in New England, announced the indictment this week.

According to the indictment and other documents previously filed with the court, Nguyen, born in Saigon, was first admitted into this country at Los Angeles as a refugee in September 1984. The following year, Nguyen's status was adjusted to that of Lawful Permanent Resident. In June, 1996 Nguyen signed and submitted an application for Naturalization. It is alleged that, in

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response to a question on the application inquiring if he had ever been arrested, charged, indicted, convicted, fined or sentenced for a crime, Nguyen answered "no."

In June, 1997, Nguyen was interviewed in Boston by an Immigration and Customs Enforcement District Adjudications Officer in connection with his application. It is alleged that Nguyen responded in the negative when questioned by the Immigration Officer as to whether he had any previous criminal charges. At the end of the interview, Nguyen signed a statement that the responses he had given were truthful. Nguyen was naturalized on Sept. 17, 1997 at a ceremony in U.S. District Court in Boston.

It is alleged that Nguyen's written and oral responses to the questions regarding any previous criminal charges were false. According to Suffolk Superior Court records, Nguyen was indicted in October, 1995, and charged with indecent assault and battery on a child under the age of 14, assault with intent to rape a child under the age of 16, and rape of a child under the age of 16, among other charges. Additionally, in April of 1997, Nguyen was indicted and charged with, among other things, assault and battery with intent to commit rape, and indecent assault and battery on a person who had attained the age of 14. The 1995 charges were pending when Nguyen signed his naturalization application, and the 1995 and 1997 charges were pending when he had his naturalization interview.

On Sept. 26, 1997, nine days after being naturalized, Nguyen went to trial in Suffolk Superior Court and was convicted on two charges -- indecent assault and battery on a person who had attained the age of 14, and assault and battery. He was sentenced to three to four years, to be followed by two years of probation. In April, 1998, Nguyen pleaded guilty to the October, 1995 charges of indecent assault and battery, and was sentenced to an additional two years of probation.

Had Nguyen responded truthfully on his application and during his interview for naturalization, he would not have been eligible for naturalization, according to the Justice Department.

If convicted, Nguyen faces a maximum sentence of 10 years in prison, to be followed by up to three years of supervised release, and a $250,000 fine. He also faces losing his U.S. citizenship and possible deportation to his native Vietnam.

The case was investigated by Immigration and Customs Enforcement, with assistance from the Malden Police Department. It is being prosecuted by Assistant U.S. Attorney Timothy Feeley in Sullivan's Major Crimes Unit.

TAX:

Financial Firms Try To Lure Tax Refunds (USAT)

By Kathy Chu

USA Today, February 13, 2007

Financial firms are stepping up their efforts to capture money from tax refunds, hoping to capitalize on a new option that lets you have the IRS directly deposit your refund in up to three accounts.

Citibank, Wells Fargo and Countrywide Bank, among others, are urging taxpayers to take advantage of the change this year to deposit at least part of their refund into a savings or individual retirement account.

The advice to save — rather than spend — your tax refund isn't new. But the firms hope for a warmer reception from investors this year because of the policy change. Previously, taxpayers could have their refunds directly deposited into only one account.

Because of that limitation, "People would put their tax refund into their checking account, and they may or may not have saved that," says Jeff Pearlberg of Citibank. "When you're allowed to do a split refund, what you're doing is telling people to pick a savings account."

The marketing efforts come as a rising number of taxpayers arrange for their refunds to be deposited directly into their bank accounts, rather than mailed to them. For the 2005 tax year, $149.2 billion in refunds were directly deposited — more than double the level of five years ago — the IRS says.

In its branches, Citibank is pitching a no-fee IRA for tax refunds. Wells Fargo tells investors online to "put your tax refund to work" by depositing it into a bank IRA. Countrywide urges taxpayers to consider its menu of savings products.

Those who decide to have their refund directly deposited should be sure, though, that the money is going into the most appropriate investment product.

With an IRA, "You have to look at where you want to open it, what kind of investment options the (company) has," says Ed Slott, an accountant in Rockville Centre, N.Y. "I would never open an account just off a marketing pitch."

Taxpayers should also be aware that while the IRS gives them until April 17 to make an IRA contribution and deduct it for the 2006 tax year, some banks don't go along. Citibank, for instance, will credit refunds that are directly deposited this year into its IRAs only for the 2007 tax year.

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Slott also notes that those who delay filing their returns this year could run into trouble claiming an IRA deduction. They might, for example, claim a deduction with the intention of having their refund deposited directly into a traditional IRA by April 17. The problem, Slott says, is if their refund arrives late. Then they'd have to reverse the deduction and pay any tax owed.

That's why, "If you're filing paper returns, don't do it past March 1, and if you electronically file," don't take much longer, to be sure the refund is deposited on time, he adds.

House Panel Approves $1.3B In Tax Breaks (AP)

By Jim Kuhnhenn

AP, February 13, 2007

It's not like a business group to oppose the largest possible tax breaks for its members. But when it comes to sweetening a minimum wage bill with small business tax relief, the U.S. Chamber of Commerce is backing a House proposal that is a fraction of the size of a tax package passed by the Senate.

The House legislation, approved Monday by the House Ways and Means Committee on a bipartisan voice vote, would extend business tax credits and increase the amount of capital spending that a business can write off. It also would give restaurants a break on how to calculate deductions for Social Security taxes paid on tips.

According to congressional estimates, the House tax cuts would cost the Treasury $1.3 billion in lost revenue over 10 years. The tax cuts in the Senate bill, approved two weeks ago, would cost $8.3 billion over 10 years.

At issue for the chamber is how the new Democratic-run Congress will make up for that lost revenue. The Senate bill would eliminate tax loopholes, place restrictions on deferred compensation for corporate executives and eliminate deductions for payments in lawsuits — provisions opposed by big business.

House tax writers paid for their bill, in part, by eliminating a loophole that encouraged the wealthy to shift income to their dependent children to avoid higher capital gains and dividend taxes.

"The business community ... appreciates the restraint you exercised in omitting onerous permanent tax increases from the package," the chamber's top lobbyist, Bruce Josten, wrote to Ways and Means Chairman Charles Rangel, D-N.Y., and Rep. Jim McCrery of Louisiana, the committee's ranking Republican.

House action could come as early as Wednesday and the bill is expected to pass with considerable bipartisan support. That would set the stage for negotiations with the Senate.

The irony of the chamber's support of the House bill was not lost on Democrats. The chamber tends to support Republicans over Democrats, and Republicans last year warned that a Democratic victory would result in higher taxes, not tax cuts.

"Who would have thought we'd have an endorsement letter from the Chamber of Commerce on our first bill, " said Rep. Bill Pascrell, D-N.J., a member of the Ways and Means Committee. "Try us, you might like us."

Chamber support for the House bill, coupled with pressure from labor unions on Democrats to keep the tax package small, means the final House-Senate compromise could be closer to the House version. That means a tax break and minimum wage package could then make its way to President Bush's desk for his signature.

The House and Senate have both approved raising the minimum wage from $5.15 to $7.25 over two years. The bill had been held up over a reluctance by House Democrats to attach tax cuts tot he legislation.

"This looks like it's going to break the logjam," said Bill Samuel, legislative director for the AFL-CIO. He said he hoped that when Rangel and Senate Finance Committee Chairman Max Baucus, D-Mont., reconcile differences in the two bills they would "be pushing for as small a package as possible."

Senate Democrats have said tax breaks need to be coupled with the wage hike to win enough Republican support to overcome procedural tactics that could kill the minimum wage legislation. It takes 60 votes in the 100-member Senate to leap hurdles such as a filibuster. There are 49 Republicans in the Senate, a number that gives them a considerable voice on legislation.

Small business groups were unhappy with the House bill and insisted on a package closer to the Senate version.

"We're hopeful the package will move toward the cuts in the Senate," said Dan Danner, senior vice president for public policy at the National Federation of Independent Business.

If Congress adopts tax breaks closer to the House bill, business groups said they still expect future tax measures to contain the revenue-producing features in the Senate bill.

One of the biggest challenges facing House and Senate tax writers is fixing the alternative minimum tax, a feature of the tax code designed to guarantee that wealthy taxpayers don't avoid taxes altogether. But the AMT is not adjusted for inflation and its net has been catching more middle-income taxpayers. Fixing it would cost billions of dollars.

"I imagine those revenue raisers will come up again," said Ashley Miller, a lobbyist for the Chamber of Commerce.

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House Wage Bill Gets Tax Breaks (WP)

By Lori Montgomery

The Washington Post, February 13, 2007

The House Ways and Means Committee yesterday approved a modest package of tax breaks for restaurants and small businesses that would be affected by an increase in the federal minimum wage, breaking a logjam with the Senate that has delayed passage of one of the Democrats' top legislative priorities.

By a voice vote, the committee agreed to expand and extend a handful of tax credits and deductions worth $1.3 billion over 10 years. Those provisions would be offset by adjustments to the tax code that would raise a similar amount. The full House is expected to vote on the measure later this week, Democratic aides said.

The House tax package is far less generous than an $8.3 billion package approved by the Senate this month under pressure from that chamber's Republicans, who refused to support a minimum-wage increase unless it included tax relief for small businesses. Senate leaders yesterday said they were hopeful that differences between the two chambers would be worked out. With both houses now willing to go along with tax breaks, congressional aides said it was just a matter of resolving the details.

"The bottom line is, it's moving in the right direction," said Don Stewart, spokesman for Senate Minority Leader Mitch McConnell (R-Ky.). "Everyone recognizes we have to help both the employees and the employers who hire them. I think that's clear in both parties and in both chambers."

As recently as two weeks ago, Ways and Means Committee Chairman Charles B. Rangel (D-N.Y.) and other House leaders had insisted that the Senate approve the first increase in the minimum wage in nearly a decade without tacking on a batch of small business tax breaks. After six years of tax cuts from the Bush administration, House Democrats argued, businesses needed no additional help. Meanwhile, they said, the value of the minimum wage, when adjusted for inflation, had fallen to its lowest point in 50 years and should quickly be increased from $5.15 an hour to $7.25.

However, the push to approve such a bill failed in the Senate, which instead overwhelmingly approved the wage hike with tax relief. House leaders quickly reconsidered their hard-line stance, and Rangel and the ranking Republican on Ways and Means, Jim McCrery of Louisiana, introduced their own tax package late last week.

Yesterday, after less than 30 minutes of discussion, the committee unanimously approved the package. It would extend for one year a tax credit for employers who hire former welfare recipients, at-risk youth and other targeted groups. Like the Senate bill, the House measure would expand the credit to apply to military veterans. The bill would also extend for one year a law that allows small businesses to quickly deduct $112,000 for equipment purchases, and would raise the deduction amount to $125,000.

The House bill would also adjust a tax credit paid to restaurant owners whose workers earn more than the minimum wage when cash tips are counted. That change would ensure that restaurant owners continue to receive the same tax benefit after a higher minimum wage is enacted.

To pay for the changes, the House bill would prohibit dependent children who do not support themselves from claiming the lowest tax rate for capital gains and dividends. That measure is aimed at preventing wealthy taxpayers from sheltering income from taxation by shifting it to their children. And the bill would require businesses with assets over $1 billion to pay more in estimated taxes in 2012, though all the excess payments would be returned to them in 2013. The temporary bump in revenue would cover the cost of the tax breaks through their most expensive period.

In a statement, McCrery called the package "a better balance of targeted tax relief and sensible offsets than the Senate has approved," adding that he had "serious concerns" about the Senate's proposal to impose new limits on deferred-compensation plans, one of the most popular executive benefits in corporate America. The House bill omits those limits.

CONGRESS-ADMINISTRATION:

Bush Pitches Free-Trade Policies (WP/AP)

By Jeannine Aversa

The Washington Post, February 13, 2007

WASHINGTON -- Free-trade policies that make it easier for U.S. companies to sell their products are important to the economy's vitality, President Bush said Monday as he projected a year of good _ though somewhat slower _ economic growth.

Bush, in his annual economic report to Congress, made a fresh pitch for breaking down trade barriers and energizing global trade talks. He also called on Congress to extend his authority to negotiate free-trade deals, a request likely to face an uphill battle in the Democratic-controlled Congress.

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"This authority is essential to completing good trade agreements," Bush wrote in the introduction to the report. "The Congress must renew it if we are to improve our competitiveness in the global economy."

With the United States racking up record trade deficits and facing intense competition from rapidly growing China and India, global trade tensions have intensified.

Democrats blame Bush's free-trade policies for contributing to the trade deficit, costing U.S. factories jobs and exposing U.S. workers to unfair competition from low-wage countries.

"We need to shift focus so that working Americans start to feel as good about our changing economy as those at the very top do," said Sen. Charles Schumer, D-N.Y.

Against that backdrop, Bush faces a daunting challenge in getting Congress to renew the Trade Promotion Authority, also known as fast-track authority. It lets the president negotiate trade deals that Congress must approve without amendments. That authority expires on July 1.

"Further trade liberalization, particularly in services, could bring even larger gains to American consumers, firms and workers," according to the report.

The Bush administration argues that the way to deal with the trade deficit is through free-trade policies that make it easier for U.S. companies to do business abroad. Getting China to move to a more flexible currency system, another administration goal, also would help U.S. exporters.

A technical chapter in the president's economic report dealt with currency markets and exchange rates. It mentioned that "economic theory does not dictate a clear preference" between two different monetary policy tools countries may use to influence economic activity. One way is for a country's central bank to set short-term interest rates; another way is to rely on linking the value of the country's exchange rate to another currency.

Asked how this squares with the administration's policy regarding China's currency practices, Edward Lazear, chairman of the White House's Council of Economic Advisers, said the chapter aimed to be an academic discussion on how currency markets function, not a message about appropriate exchange rate policy, which is left to the president and Treasury Secretary Henry Paulson, he said.

Critics contend that China is keeping its currency artificially low, giving Chinese companies a big trade advantage over U.S. companies. The United States has a record $202 billion trade deficit with China alone, the greatest ever with a single country.

Irked by China's currency and trade policies, some Democrats and Republicans in Congress want to impose hefty tariffs on Chinese made goods flowing into the United States.

On other matters, Bush also talked about restraining growth in Medicare and Medicaid and the need to financially shore up Social Security as a wave of retiring baby boomers will place massive strains on the government's resources.

And, he promoted his plan to balance the budget while not raising taxes.

Bush, in a budget plan sent to Congress last week, proposed balancing the budget by 2012, three years after he has left office. That would be done by spending restraints. Bush's plan would make his first-term tax cuts permanent, which the administration says is key to maintaining economic growth.

Democrats charged that the president's budget plan works only on paper and that it is based on overly optimistic assumptions about how much revenue the economy will generate and leaves out expensive items, such as further war costs after 2009.

On immigration, the report said that "effective immigration policy can curtail illegal immigration and at the same time promote America's national and economic interests."

Looking back on last year, Bush said the economy turned in a solid performance despite the ill effects of the residential real estate bust.

The economy grew by 3.4 percent last year, as measured by gross domestic product from the fourth quarter of 2005 to the fourth quarter of 2006.

The president's report projects that economic growth will slow to 2.9 percent this year, reflecting lingering fallout from the housing slump. Next year growth will pick up, with the economy expanding by 3.1 percent.

The nation's unemployment rate, which averaged a six-year low of 4.6 percent in 2006, should hold steady at that rate this year and then edge up to 4.8 percent in 2008, the White House estimates.

Inflation, as measured by the Consumer Price Index, is expected to edge up 2.6 percent both this year and next. Last year, consumer prices rose by 2.5 percent, the smallest increase in three years. The improvement came as once-surging energy prices calmed down.

Bush's Economic Advisers Call For Lower Taxes And Freer Trade (NYT)

By Edmund L. Andrews

DOJ_NMG_0131619

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — The Bush administration reveled in the economy's continued expansion on Monday, as the president's advisers stepped up their calls for freer trade, lower taxes and a continued openness to immigration.

In a buoyant annual report, President Bush's Council of Economic Advisers said the economy was poised to keep growing at a solid 3 percent a year, that unemployment would remain below 5 percent and that rising productivity would allow higher wages without higher inflation.

"I would say right now that we're pretty close to hitting it right on the head," Edward P. Lazear, chairman of the Council of Economic Advisers, said.

The optimistic outlook came at a time when the economy's broad indicators have been surprisingly favorable. Real wages rose faster than inflation last year and unemployment remains low, at 4.6 percent. Consumers continue to spend at a healthy clip and inflation has ebbed, in part because oil prices have declined sharply from last summer.

But the report set up a clash with Democrats and even some Republicans in Congress, by putting its emphasis on increasing investment and globalization rather than on cushioning workers from the disruptions of foreign trade and corporate overhauls.

In addition to calling for an extension of Mr. Bush's tax cuts, which are set to expire at the end of 2010, the report floated ideas for further reducing taxes on corporate dividends, reducing corporate tax rates and letting companies immediately deduct all their costs for new equipment and infrastructure.

"One of the biggest misconceptions about pro-growth tax policy is that reducing the statutory corporate tax rate only benefits corporations," the report declared. "Ultimately, reducing corporate taxes benefits labor through higher wages and benefits, and capital owners through higher after-tax returns."

The report praised globalization, brushing aside criticisms from many lawmakers in Congress about the loss of manufacturing jobs in this country or from many economists about the nation's rapidly expanding foreign indebtedness.

"Engagement in the global economy through increased trade has contributed to rising average living standards in the United States," it said. Anticipating a clash over trade with Democratic leaders, it called for Congress to extend the president's authority to negotiate trade agreements under fast-track procedures, which allow Congress to approve or reject a trade deal but not to make any amendments.

It defended the importance of foreign investment in the United States, saying that "access to international financial markets tends to lower borrowing costs and enable a country to increase capital investment without increasing domestic savings."

It also defended the freedom of American companies to shift some or all of their work overseas — a practice that lawmakers in both parties have attacked as outsourcing American jobs.

"When U.S. companies expand their employment abroad, they also tend to expand domestically," the report said. It cited studies, which it did not identify, estimating that each additional dollar of foreign capital spending is associated with $3.50 of additional domestic capital spending.

Democrats wasted little time criticizing the report.

"We can't just put on a happy face and cross our fingers that wages will grow, trade deficits will shrink, savings rates will rise and health care costs will slow," said Senator Charles E. Schumer of New York, chairman of the Joint Economic Committee. "We need to shift focus so that working Americans start to feel as good about our changing economy as those at the very top do."

Democrats plan to highlight what they see as the economy's dark side later this week, when the chairman of the Federal Reserve, Ben S. Bernanke, delivers his semiannual report on the economy.

Representative Barney Frank, chairman of the House Financial Services Committee, has scheduled a follow-up hearing for Friday with economists who argue that the current economy is much worse than the overall numbers indicate.

In a curious omission, the White House advisers barely mentioned the biggest and most immediate tax issue confronting both President Bush and Congress: the alternative minimum tax, a parallel tax that was originally aimed at millionaires but will engulf 20 million households this year if it is not changed.

Mr. Bush and Democrats alike want to repeal the A.M.T., a change that would cost $70 billion in 2007 and more than $1 trillion over the next decade. In 2004, Mr. Bush hoped to address the issue as part of a sweeping overhaul of the tax code.

At the time, Mr. Lazear served on Mr. Bush's advisory panel on tax changes, but the panel's recommendations were ignored as soon they were made.

On Monday, Mr. Lazear said the report stayed away from the alternative minimum tax because it was tangential to his main focus on increasing productivity.

U.S. May Be Losing Its Appeal To Foreign Investors, Report Warns (WSJ)

DOJ_NMG_0131620

By Greg Ip

The Wall Street Journal, February 13, 2007

There are troubling signs the U.S. may be losing its traditional appeal as a destination for foreign investment, the White House says, a veiled warning to legislators now contemplating tighter controls over such investment.

This year's Economic Report of the President, released Monday, says foreign investment in the U.S. has numerous benefits: foreign-owned firms in the U.S. pay higher wages, invest more in research and development, and export more than purely domestic firms, on average. Moreover, foreign direct investment (FDI) helps modernize U.S. plant and equipment and finance the U.S.' large trade deficits, it says. (Read the full report1)

"Recently, however, some trends have developed with respect to FDI in the United States that may be cause for concern," says the report, prepared each year by the president's Council of Economic Advisers.

While the share of U.S. output accounted for by foreign-owned firms has grown over the last two decades, "it has stagnated and even declined in recent years." In addition, foreign-owned firms' share of employment has declined, from 5.1% in 2000 to 4.7% in 2004. Finally, foreign direct investment's share of all foreign investment in the U.S. has declined since 1999; the balance is primarily "portfolio" investment such as stocks, bonds and bank deposits.

The report says it isn't clear whether "these are benign and temporary trends or whether this development is symptomatic of deeper issues with respect to the attractiveness of the United States as a country in which to make direct investment."

While the report doesn't elaborate on what those deeper issues may be, administration officials have worried that foreign investors could shun the U.S. in the wake of public and congressional hostility to foreign investment, in particular since the Sept. 11, 2001 terrorist attacks have elevated national security over economic efficiency considerations in many economic matters. A 2005 bid by Dubai Ports World to manage six U.S. ports was ultimately abandoned last year in the face of congressional opposition. Congress now proposes tightening the process by which the administration's secretive Committee on Foreign Investment in the United States approves foreign takeovers of U.S. companies.

While the Dubai Ports controversy is too recent to be reflected in the data cited by the Economic Report of the President, administration officials say that and several similar events could threaten foreign investment flows. Deputy Treasury Secretary Robert Kimmitt, in a speech delivered Monday in Frankfurt, said the recent focus on CFIUS has "raised questions in the minds of global investors about whether the doors to foreign investment remain open both in Europe and in the United States."

Last week, Treasury Assistant Secretary Clay Lowery warned Congress that foreign investors will be closely watching the current debate over CFIUS. Investment controversies, foreign barriers to investment and "increasingly negative media coverage of the U.S. investment climate, underscore the need to improve and reform the CFIUS process. It is also important to note that our actions to reform CFIUS are and will continue to be closely watched."

Still, the report's emphasis on the benefits of foreign investment didn't get a receptive ear from Democrats. The report "pays lip service to the … anxiety and sense of insecurity that many Americans feel in the face of growing international competition," New York Senator Charles Schumer, chairman of the Joint Economic Committee of Congress, said in a news release. "It does not talk about the kinds of policies that will be necessary to reassure the average American family that it can expect to share in the benefits of more open international markets."

This Expansion Looks Familiar (NYT)

By Eduardo Porter And Jeremy W. Peters

The New York Times, February 13, 2007

It is five years into an economic expansion and most Americans are still waiting for their share. Inflation is swallowing pay raises. Businesses are hiring, but forecasters worry that the economy may be about to stall.

“If this is a recovery,” the leader of the political opposition complains, “I can hardly wait for the recession.”

This may sound like the stuff of today’s headlines. But it comes from 1996, when Bill Clinton was president and his rival was Bob Dole, the Republican nominee. The economic expansion in question, which got off to a sputtering start in March 1991, was to become the longest period of uninterrupted growth in the nation’s history.

Now, a little more than five years into an expansion that officially started in November 2001, the economy is showing remarkable parallels to the situation of a decade ago. “It’s striking how similar they are,” said Robert J. Gordon, an economics professor at Northwestern University.

The overall rate of growth has followed a trajectory almost identical to the first five years of the 1990s expansion. Now, as then, corporate profits have surged; the stock market has, too. But just as workers have finally begun to reap some of the spoils of a growing economy, many forecasters worry — as they did a decade earlier — that the expansion is running out of steam.

What is striking, considering these similarities, is how little effect the policy choices of Democratic and Republican administrations seem to have had on how both growth cycles played out.

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Few economic forecasters expect the current growth cycle to have the length and vigor of the 1990s boom, which continued for 10 years from trough to peak.

Yet fewer still expected strong growth in the mid-1990s. In early 1996, forecasters polled by the Federal Reserve Bank of Philadelphia predicted that the economy would grow merely 1.8 percent that year. The economy ended up growing at twice that pace.

Average Americans were more pessimistic then than they are now. According to Gallup's most recent snapshot of public opinion, last month 52 percent of Americans rated economic conditions as either excellent or good. In May 1996, at a similar moment in the previous expansion, only 30 percent did so.

"Consumers don't expect a slowing economy," said Richard T. Curtin, who heads the surveys of consumers at the University of Michigan. "According to consumers, we are going to improve."

Given the parallels, perhaps it is not surprising that the economy is providing the same sort of political ammunition as it did 10 years ago.

"Profits are up for our companies, but where are the wage increases?" asked Senator Hillary Rodham Clinton, in an online conversation with voters last month, after announcing that she intends to run for president. "Where are the, you know, the benefits that should accrue to hard-working Americans?"

Wage increases have, indeed, been slow in coming. In December, 61 months after the economy started to grow, the wages of production and other nonmanagement workers were barely 1.7 percent higher, after inflation, than when the economy hit bottom in November 2001. Most of those gains came in the last few months.

But many people have forgotten that, initially, the expansion of the 1990s was also called a "jobless recovery," and then a "joyless" one, when employment started growing but real wages did not. In April 1996, 61 months into that growth cycle, the hourly wages of nonmanagement workers were actually worth 0.4 percent less, after inflation, than when the expansion began.

"Now this is a real economic slowdown," Mr. Dole said on a campaign stop in Florida in October of that year. "And I might say, it's disastrous news for American workers and businesses and even worse news for low- and moderate-income Americans who have been squeezed and squeezed and squeezed by lower wages and higher taxes in this administration."

Advocates on each side insist that government policy was crucial to steering the economy. Gene B. Sperling, a former economic adviser to Mr. Clinton, argued that his administration's efforts to cut the budget deficit were instrumental in bringing down interest rates and improving investors' confidence in the economy.

By contrast, Edward P. Lazear, President Bush's chief economic adviser, argued that the tax cuts enacted by the Bush administration in 2003 deserve some credit for the current expansion. "They had a fundamental impact on investment," Mr. Lazear said. "There was an abrupt turnaround at the point when those tax cuts were put into effect."

But even Mr. Lazear conceded that the role of policy in driving the economy can be overstated. "Neither President Clinton nor President Bush fundamentally altered the structure of the American economy," he said. "This is a pretty healthy economy where the private market is most of what is going on."

There are substantial differences, of course, in the nature of the two expansions. The early '90s were characterized by a building bust; the current one has been supported by a housing bubble. The boom of the second half of the 1990s was underpinned by an Internet-driven investment bubble, but most technology stocks today are far below their earlier highs.

"In both situations we had overinvestment, now in housing, then in fiber optics," said Joseph E. Stiglitz, a professor of economics at Columbia who was Mr. Clinton's chief economic adviser from 1995 to 1997.

Mr. Bush and Mr. Clinton had very different economic priorities and will leave very different economic legacies. Mr. Clinton increased the top marginal tax rate to 39.6 percent, from 31 percent, and closed the budget deficit. President Bush cut tax rates back to 35 percent, and the deficit reappeared.

Corporate profits have swollen twice as fast, as a share of the economy, in the first five years of this expansion, under Mr. Bush, as in the same period of the previous one.

Still, policy has had less effect on the distribution of the rewards of growth than the stated goals of Democrats and Republicans would suggest.

Indeed, the share of the economy devoted to workers' compensation shrank as much in the first five years of the 1990s expansion — to 56.3 percent, from 57.7 percent, of gross domestic product — as in the most recent five years, when it fell to 56.6 percent, from 58.1 percent.

The decline underscores the powerful impact of globalization and technological change on the American economy over the last three decades, putting strong downward pressure on production workers' wages regardless of who occupies the White House.

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No one knows how this expansion will end. In the 1990s, nearly all the gains for ordinary Americans occurred in the second half of the decade. Comparing the current point in the economic cycle with the same moment a decade ago is something like predicting the outcome of a baseball game in the sixth inning.

"If we conjecture another five years of the current expansion, I think it's going to be another surprise," said Professor Gordon of Northwestern. "We had a good surprise in the '90s, but this time I think we're in for a series of bad surprises."

One ingredient that helped drive the 1990s expansion is missing today: the explosion of productivity that took off in the mid-'90s and lasted for more than a decade, when the investments that firms began to make in technology in the 1980s started to pay off.

"It's kind of hard to point to anything like that now," said Ken Matheny, senior economist at Macroeconomic Advisers. "It's difficult to say that we're about to have another productivity and investment boom as we saw in the late '90s."

Productivity grew by 3 percent in the last quarter of 2006. Still, for the full year, it grew only 2.1 percent, which is the slowest since 1997.

Even as growth has remained on a remarkably similar path in both decades, administration critics say that President Bush's policies have weakened the economy's longer-term prospects.

Professor Stiglitz argued that the Bush tax cuts, aimed mostly at the wealthy, opened a big hole in the budget and provided little stimulus to the economy. This forced the Federal Reserve to push interest rates very low to keep the economy afloat, he said, creating a bubble in housing.

Under a more effective fiscal policy, Professor Stiglitz said, "growth would be more broadly based and less of the economy would depend on real estate."

Mr. Sperling suggested that the mushrooming of the nation's trade imbalance and the reappearance of large budget deficits have not caused more damage to the economy because money flooding into the United States from China and elsewhere has kept long-term interest rates low, underpinning investment and consumption. That support, he suggested, will eventually dry up.

"We are in a moment where excess savings are coming from India and China, so perhaps it is a moment in which fiscal irresponsibility won't have as negative short-term consequences," Mr. Sperling said. "But it has increased the risk factor in the economy. It is still poor long-term policy."

Meanwhile, the housing bubble has turned to bust, dragging residential investment down. Overall growth has been little affected so far, but many economists still expect household finances to weaken, cutting into consumer spending, the main bulwark of economic growth.

"Maybe we dodged a bullet, but you don't know," said Jeffrey A. Frankel, an economics professor at Harvard.

The economy seems to be getting a second wind, though, and other economists are more sanguine. "This expansion still has legs," said Bernard Baumohl, managing director of the Economic Outlook Group.

If anything, he added, the biggest danger to the economy is that growth takes off again, so quickly that the Fed feels compelled to raise interest rates sharply to keep inflation at bay.

"Usually in the past, the Fed overdoes it," Mr. Baumohl said. If it does so again, "that would be the end of this cycle."

U.S. Ran Budget Surplus In January (WSJ)

By Benton Ives-halperin And Campion Walsh

The Wall Street Journal, February 13, 2007

WASHINGTON -- The U.S. federal government ran a January budget surplus of $38.24 billion, up 82% from the year-earlier monthly surplus as tax receipts and outlays both set records, the Treasury Department said Monday.

Treasury's monthly budget statement shows receipts were $260.61 billion last month, up 13% from a year earlier and a record for the month of January. Meanwhile, outlays were $222.37 billion, also a record for the month and up 6.4% from a year earlier.

The January surplus came in below than the Congressional Budget Office's estimate of a $40 billion surfeit during the month. "January tends to be a favorable month for the budget because one of the estimated tax payments for individuals is due in January, and some outlays for salaries and benefits shift into December because Jan. 1 is a holiday," according to CBO.

The Treasury on Monday revised December's surplus down to $41.96 billion, from a previously reported $44.54 billion. The Treasury estimates the U.S. government ran a budget deficit for the first four months of fiscal 2007 of $42.17 billion, down 57% from the same period last year. The 2007 fiscal year began Oct. 1, 2006.

In fiscal 2006 the full-year deficit fell 22% to $248.20 billion, marking the second-straight year of declining deficits. For the first four months of fiscal 2007, growth of federal government receipts have increased faster than outlays.

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In the October-January period, receipts total $834.14 billion, up 9.7% from for the same period in fiscal 2006. Outlays so far this fiscal year total $876.30 billion, up 2.1% from the same period a year ago.

Individual income tax receipts total $405.29 billion in fiscal 2007 through January, up 13% from the same period a year earlier. Meanwhile, corporate income tax receipts in the October-January period were $109.71 billion, up 22% from the year-earlier period.

The government paid $18.40 billion in net interest last month on the federal debt. Net interest on the federal debt excludes interest paid on nonmarketable government securities held by federal trust funds, such as Social Security.

The Treasury said it plans to release budget data for February on March 12.

Deficit Dips 57% From Same Time Last Year (USAT)

USA Today, February 13, 2007

Record tax collections reduced the federal deficit by more than half during the first four months of the fiscal year compared with the same period a year ago, the Treasury Department reported Monday. The four-month deficit for the budget year that began Oct. 1 totaled $42.2 billion, down 57.2% from the same period in fiscal 2006. Revenues were up 9.7%, climbing to $834.1 billion, a record for the period from October through January. Government spending was up only 2.1%, but set a record for the period at $876.3 billion.

The government ran a surplus in January, spending $222.4 billion while collecting $260.6 billion.

The Congressional Budget Office expects the full-year deficit will be about $200 billion, down from $247.7 billion in fiscal 2006. That was the lowest in four years.

McCain says Iraq could see Tet-like attack

Republican presidential hopeful John McCain said he fears an offensive by Iraqi insurgents similar to the Tet Offensive by the Viet Cong that sent U.S. casualties soaring in Vietnam nearly 40 years ago. McCain said a large-scale offensive in Iraq could "switch American public opinion the way that the Tet Offensive did."

McCain, who spent more than five years as a prisoner of war in Vietnam, said it's not the U.S. presence in Iraq that upsets voters but rather the number of casualties. The U.S. death toll is more than 3,100.

McCain is one of the strongest proponents of President Bush's plan to increase the number of U.S. troops in Iraq by about 21,500.

Bush adviser won't testify on fuel plan

The White House is resisting a congressional request for an economic adviser to President Bush to testify about the administration's plan to upgrade the federal fuel-efficiency requirements for new passenger cars.

House Energy and Commerce Committee Chairman John Dingell, D-Mich., wants Al Hubbard, director of the National Economic Council, to testify.

White House spokeswoman Dana Perino said there's a long-standing policy that members of the president's personal staff don't testify before Congress, but "we'll continue to work with the committee to see what we can work out."

Oil Price, Home Default Woes Slam Stocks (BLOOM)

Bloomberg, February 13, 2007

NEW YORK — Stocks extended their worst weekly decline since December Monday as lower oil prices and rising homeowner defaults contributed to a sell-off in energy and real estate shares.

ExxonMobil dropped to its lowest point in a month after crude fell below $58 a barrel. Simon Property, Boston Properties and Kimco Realty fell for a third-consecutive session on renewed concern that interest rates may increase later this year. Energy companies make up 9.7% of the benchmark Standard & Poor's 500 index by value. Analysts expect the group's earnings to fall this quarter as oil's 5.3% slump in 2007 erodes the companies' profit margins.

"Our expectation has been for about a plus 5% to plus 6% growth rate in earnings on the S&P 500" in 2007, says Craig Hester, president of Hester Capital Management. "That's a fairly dramatic slowdown from last year. It will cause the market to not have as good of returns this year as we've experienced the last few years."

All three major U.S. stock indexes retreated for a third session. The S&P 500 fell 4.69 points, or 0.3%, to 1433.37 after slipping 0.7% last week. The Dow Jones industrials fell 28.28 points, or 0.2%, to 12,552.55. The Nasdaq composite lost 9.44 points, or 0.4%, to 2450.38.

Crude declined $2.08, or 3.5%, to $57.81 a barrel after Saudi Arabia told Asian refiners to expect more shipments next month, and the nation's oil minister said OPEC doesn't need to rein in production. Exxon, the world's biggest oil company, fell 62 cents to $74.60. ConocoPhillips, the No. 3 U.S. oil company, retreated 96 cents to $66.03.

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Real estate stocks slumped for a third session, sliding 2.2%. The shares had led the S&P 500 higher this year on speculation that takeovers will increase after Blackstone Group agreed to buy Sam Zell's Equity Office Properties Trust for $23 billion. Simon, the largest U.S. mall developer, retreated $2.47 to $114.91. Boston Properties lost $3.54 to $123.50. Kimco slid $1.16 to $50.72. Home builders dropped for a sixth-consecutive day, the longest losing streak since November. D.R. Horton, the No. 2 U.S. builder, fell 72 cents to $27.33. Pulte Homes slipped 32 cents to $31.88.

Concern that mortgage defaults may increase was sparked last week by London-based HSBC's announcement that it set aside more provisions for bad loans than analysts expected because bad home loans in the USA rose. St. Louis Fed President William Poole also noted defaults in loans to risky borrowers and signaled rates may head higher.

Stocks Slide On Cautious Trading Ahead Of Week's Economic Reports (WP/AP)

The Washington Post, February 13, 2007

NEW YORK, Feb. 12 -- Wall Street extended its losses Monday as investors awaited important economic data this week and were disappointed by the collapse of several proposed acquisitions.

The Dow Jones industrial average fell 28.28, or 0.22 percent, to 12,552.55. The Standard & Poor's 500-stock index was down 4.69, or 0.33 percent, at 1433.37, and the Nasdaq composite index retreated 9.44, or 0.38 percent, to 2450.38.

The markets traded cautiously ahead of Federal Reserve Chairman Ben S. Bernanke's scheduled testimony before Congress on Wednesday. Government data due Friday should shed light on wholesale inflation and the state of the housing market.

Unlike recent Mondays, there was a dearth of acquisition announcements to give the market a lift. Instead, the Nasdaq Stock Market failed in its bid to buy the London Stock Exchange, and Sanofi-Aventis, a French drugmaker, called off talks for a possible deal with Bristol-Myers Squibb.

Wall Street fell last week on concerns about higher oil prices and the possibility that inflation could lead to higher interest rates. With fourth-quarter earnings reports nearly completed, investors have traded hesitantly as they waited for some kind of catalyst to give them direction.

Movers

Exxon Mobil fell 62 cents, to $74.60, on falling oil prices.

ConocoPhillips was off 96 cents, at $66.

Chevron declined $1, to $72.32.

Nasdaq fell $2.10, to $35.10, after London Stock Exchange shareholders did not approve its bid to acquire the British bourse.

Bristol- Myers tumbled 93 cents, to $27.59, after the report on the Sanofi-Aventis deal.

Home Depot rose 44 cents, to $41.44, after it said it was considering shedding its division that serves contractors, home builders and other business customers.

Apple rose $1.61, to $84.88, after it was upgraded by a Citigroup analyst.

Bayer rose 62 cents, to $58.45, on good news about a possible treatment for liver cancer.

Novelis, an aluminum producer, rose $5.13, to $43.67, after it agreed to be bought by India's Hindalco Industries.

The Bernanke Blues Leave Stock Prices Seeing Red (WSJ)

By E.s. Browning

The Wall Street Journal, February 13, 2007

The stock market has a case of the Bernanke blues.

Federal Reserve Chairman Ben Bernanke gives his twice-yearly testimony to the Senate Banking Committee tomorrow and to the House Financial Services Committee the next day. Investors fear he will comment on the economy's strength, feeding fears that the Fed eventually will try to cool the economy off by raising its target short-term interest rate.

Higher rates typically hurt stocks by raising borrowing costs for companies and consumers, stifling business.

The Dow Jones Industrial Average fell 28.28 points, or 0.22%, to 12552.55. It is up less than 1% this year, but still is only about 121 points below its record close, 12673.68, hit Feb. 1.

"The big story now is interest rates. People are concerned that the Fed may have to raise interest rates because the economy is heating up," said Todd Leone, head of listed trading at New York brokerage firm Cowen & Co.

With the Dow industrials up 16% last year, some investors have been selling a bit, to bank some profits.

The interest-rate worries overshadowed the $2.08 drop in oil futures to $57.81 a barrel, the biggest one-day decline in a month -- good news for most stocks.

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Saudi Arabia's oil minister said the Organization of Petroleum Exporting Countries may not cut production next month after all.

But the news didn't help the broader market much. It did drive down oil-company stocks, contributing to market weakness.

Bond yields rose, sending bond prices down, on fears that any Fed move could push up a broad variety of interest rates.

The Standard & Poor's 500-stock index fell 0.33%, or 4.69 points, to 1433.37, up 1.1% in 2007. The Nasdaq Composite Index declined 0.38%, or 9.44 points, to 2450.38, still up 1.5% this year.

The Dow Jones Transportation Average, down last week, rebounded on lower oil prices and hopes for sustained economic growth. It rose 0.38% to 4937.93, up 8.3% in 2007.

Outside the U.S., stocks declined in dollar terms, with Hong Kong's benchmark stock index hurt by selling in China Mobile Ltd. ahead of its weighting cut in a reshuffle of the index. The Dow Jones World Stock Index, excluding U.S. stocks, fell 0.67%, or 1.66 points, to 247.16. Japan's markets were closed for National Foundation Day.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 2.03 billion shares, as 1,289 stocks rose and 2,022 fell.

Bond prices declined2. The 10-year Treasury note fell 5/32, or $1.56 for each $1,000 invested, pushing the yield up to 4.804%. The 30-year bond was down 10/32 to yield 4.886%.

The dollar strengthened3. Late in New York, the currency traded at 121.94 yen, up from 121.68, while the euro fell against the dollar to $1.2964 from $1.3006.

Our Economy Is At Risk (USAT)

By Charles Schumer And Michael Bloomberg

USA Today, February 13, 2007

Today, Wall Street is booming, and our nation's short-term economic outlook is strong. But the report we released last month confirmed what many of us have suspected: Our economy's long-term health will be at risk unless we address our declining global competitiveness in the capital markets. We can — and must — do this while also continuing to protect consumers and investors.

This is not simply a New York issue. Seven states have more than 10% of their gross domestic product devoted to financial services. Yet other nations have begun to capture an increasing share of this business. Growing financial centers across the globe are challenging us in cutting-edge areas, such as derivatives, bond securitization and initial public offerings. Technology is letting capital flow to all corners of the globe, and there is nothing we can do to stop it. But capital flows to the most efficient and attractive markets, and we can — and should — increase the efficiency and attractiveness of our markets.

The problem we face is not that our investment banks can't compete, but that international businesses are looking for stable, predictable, low-cost markets — and, increasingly, not finding them here. Our study found that the American market is harmed by legal and regulatory policies that are too burdensome, and immigration policies that are too restrictive.

To prevent further losses, we should:

· Streamline our regulatory process, which is now a thicket of complicated rules.

· Reform our immigration policies so we stop turning away talented and innovative people driving the industry forward.

·Move toward a fairer and more predictable legal environment that reduces frivolous litigation, while preserving cases aimed at protecting shareholders and consumers.

As the international market evolves, we have to evolve with it. And that means carefully recalibrating the balance between private-sector innovation and government regulation, with consumer and investor protection always foremost in mind. We welcome more international competition and the benefits it will produce for Americans. But we also believe strongly that America should not be forced to compete with one arm tied behind our back.

Sen. Charles Schumer, D-N.Y., and New York Mayor Michael Bloomberg produced a recent report on American capital markets.

Look Who Wants Protection From Foreign Rivals Now (USAT)

USA Today, February 13, 2007

When Main Street jobs go overseas, Wall Street generally shrugs. The typical response from the nation's financial elite is that people who have lost work should tough it out and acquire new skills.

Now the tables may be turning, as Wall Street ponders its own potential job losses. Foreign companies are increasingly bypassing New York and listing their shares on overseas markets. If the trend continues, it could mean the migration of high-paying investment banking jobs.

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The horror! Faced with this threat, Wall Street and its political supporters have sprung into action, commissioning studies and urging that the government help by easing post-Enron accounting regulations, adopting lawsuit reform and pre-empting state banking regulations.

Regulation and litigation are, to be sure, legitimate issues, ones that go well beyond Wall Street. But they are not why companies are listing on foreign exchanges. That is happening for the same reason that other industries have gone overseas — global competition.

New York has long been the world's financial center. Now bankers in other countries are mastering financial skills — much as others in past decades figured out how to produce textiles, cars and appliances — and are competing at prices that undercut New York. According to a study by the London Stock Exchange, for instance, New York firms' underwriting fees for initial public offerings of stock are about twice those charged throughout Europe.

Before Wall Street gets any relief from Washington, it should consider lowering its fees and expectations of exorbitant profits and bonuses. According to the New York comptroller's office, the average Wall Street bonus was a record-smashing $137,580 last year, hardly a sign of an industry in distress.

The pleas coming from Wall Street are akin to the National Association of Realtors arguing that the downturn in housing requires government action to help brokers.

The loss of financial services jobs would certainly be bad for New York and for anyone interested in being a U.S.-based investment banker. But from customers' perspective, the increased competition means more choice and lower fees.

Moreover, regulations are not designed to protect investment bankers. They are to protect investors and consumers. What do investors think? Some groups, like the mutual fund industry's Investment Company Institute, favor modest accounting law changes that fall far short of Wall Street's sky-is-falling attitude. Others, like the pension fund-oriented Council of Institutional Investors, are downright hostile to Wall Street's ideas.

The jobs in question are among the high-skill, high-wage ones that should drive the U.S. economy in a competitive age. But ultimately the way to keep them is by competing on the basis of price, quality and integrity.

That is something that Americans in other professions have come to know. Wall Street can do so as well.

States And U.S. At Odds On Aid For Uninsured (NYT)

By Robert Pear And Raymond Hernandez

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — In the absence of federal action, governors and state legislators around the country are transforming the nation's health care system, putting affordable health insurance within reach of millions of Americans in hopes of reversing the steady rise in the number of uninsured, now close to 47 million.

But the states appear to be on a collision course with the Bush administration, whose latest budget proposals create a huge potential obstacle to their efforts to expand coverage. While offering to work with states by waiving requirements of federal law, the Bush administration has balked at state initiatives that increase costs to the federal government.

State efforts have almost invariably begun with children, building on the Children's Health Insurance Program, which is jointly financed by the federal and state governments. Many states are eager to expand eligibility for that program, and some are going far beyond the income levels deemed appropriate by the White House. In his budget last week, President Bush said he wanted to return the program to its "original objective" of covering children with family incomes less than twice the poverty level.

Sixteen states already cover children in families with incomes above 200 percent of the poverty level, and some want to go higher, even as the president seeks to reduce federal payments for children in families with higher incomes.

In New York, Gov. Eliot Spitzer, a Democrat, has proposed raising the state's income limit to 400 percent of the poverty level, from 250 percent. A family of four is considered poor if its annual income is less than $20,650. Arizona and Wisconsin are also proposing raising income ceilings.

In California, as part of a plan to cover all state residents, Gov. Arnold Schwarzenegger, a Republican, proposed increasing the income limit for the children's insurance program to 300 percent of the poverty level, from 250 percent.

Gov. Rod R. Blagojevich of Illinois, a Democrat, said Mr. Bush's proposal "would seriously hamper the efforts of Illinois and other states" to ensure that all children had coverage — the goal of a state law he signed in November 2005.

The movement to expand coverage is by no means limited to children any more.

The National Conference of State Legislatures has reported: "Health care reform was hot in legislatures across the nation in 2006, and the forecast for this session may be even hotter. Fueled by the increasing number of uninsured Americans, the declining number of employers offering insurance to their employees, the improved fiscal conditions in the states and the lack of federal action, states are leading the way in health care reform."

Officials cite a groundswell of state activity:

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¶Arkansas, Kentucky, Montana, Oklahoma, Rhode Island and Tennessee have new laws and programs to reduce the cost of insurance for small employers.

¶Massachusetts and Vermont passed laws in 2006 to achieve universal or nearly universal coverage, while addressing the cost and quality of care.

¶Several states, including Colorado and Delaware, are requiring insurers to cover young adults, the fastest-growing segment of the uninsured population.

"We have a goal that all Minnesotans should be covered by health insurance," Gov. Tim Pawlenty, a Republican, said in an address to the State Legislature last month.

In New York State, the Children's Health Insurance Program covers 385,000 children, of whom 55,000 have family incomes above 200 percent of the poverty level. Another 50,000 children would be eligible under Governor Spitzer's proposal to increase the income ceiling.

The federal government now pays 65 percent of the cost of coverage for each child in New York's program, or $1,154 a year out of a cost of $1,776. Judith Arnold, the program's director, said Monday that under the president's proposal, the federal contribution would be reduced by $266 a child. So, she said, New York would lose $14.6 million a year.

Knowing they cannot count on a major infusion of federal money, some states are looking to their own revenue sources, including tobacco taxes, pools of money set aside for charity care and uncompensated care, and assessments levied on employers who do not provide health benefits to their workers.

Gov. Edward G. Rendell of Pennsylvania, a Democrat, has proposed paying for coverage of the uninsured through a variety of new taxes, including an increase in the state's tobacco tax.

Mr. Rendell also wants to levy a 3 percent assessment on the payrolls of businesses that do not offer coverage to their employees.

Similarly, under Governor Schwarzenegger's proposal, businesses with 10 or more employees would have to offer insurance to their workers or pay 4 percent of their payroll into a state fund to be used for coverage.

State efforts face several potential pitfalls. The cost of coverage could spin out of control. An economic downturn could reduce states' fiscal capacity. Moreover, a federal law, the Employee Retirement Income Security Act of 1974, could block any state program that requires employers to alter their health plans.

In Washington, health policy debates highlight the ideological divide between Republicans and Democrats over the proper role of government in helping the uninsured. Governors and state legislators tend to be more pragmatic.

"There is such a political divide in Washington that many people believe that the only reasonable chance to succeed is at the state level," said Jeffrey S. Crowley, a senior research scholar at the Health Policy Institute of Georgetown University.

Soaring health costs are placing pressures on employers and employees alike. In recent weeks, companies like Wal-Mart have joined labor unions and consumer groups in coalitions espousing universal coverage.

In his State of the Union address on Jan. 23, Mr. Bush proposed a new tax deduction to help people buy health insurance outside the workplace, and he said he wanted to help "states that are coming up with innovative ways to cover the uninsured."

In his budget, Mr. Bush said the way to transform the health care system was by "subsidizing the purchase of private insurance," not by expanding public programs in a way that would increase costs to the federal government.

To slow the growth of Medicare and Medicaid, Mr. Bush asked Congress to squeeze tens of billions of dollars from the programs.

Mr. Bush's efforts, combined with the flurry of state activity, have forced Congress to face fundamental questions about the Children's Health Insurance Program: If states run out of money, should the federal government bail them out? Should states be allowed to use the money to cover adults?

More than a dozen states expect to exhaust their allotments of federal money in the next few months, raising the possibility that children will be removed from the rolls. Georgia and New Jersey, for example, said they would run out of money by May.

White House officials said that some states had strayed from the purpose of the program in another way, by covering adults. Mr. Bush wants to prohibit states from adding childless adults to the rolls. And he would restrict eligibility for parents.

Jason A. Helgerson, policy director for the Wisconsin Department of Health and Family Services, said, "There is strong empirical evidence that when you cover adults and children, you get more kids covered." In Wisconsin, the Children's Health Insurance Program covers 36,900 parents and 29,800 children, Mr. Helgerson said.

Senator Orrin G. Hatch, Republican of Utah, asked: "What is going on here? When we created the program, its purpose was to provide coverage for low-income children."

Industry Plans National Attack On Proposed Health Care Cuts (NYT)

By Richard Pérez-peña

DOJ_NMG_0131628

The New York Times, February 13, 2007

Hospitals and a health care workers' union in New York plan to mount an advertising campaign to defeat spending cuts proposed by President Bush — their first attempt to affect national policy with a strategy they have used statewide.

Officials of the union and the hospital association said they would also run ads in New York State attacking Gov. Eliot Spitzer's proposed medical spending cuts as a danger to the health care system, a tactic they used to great effect against his predecessor, George E. Pataki.

On the national level, the officials said the campaign would probably take aim at key members of Congress — those on important committees and those who are likely to be swing votes — with ads in their home districts and in Washington, to persuade them to oppose the president's cuts.

The union, 1199 S.E.I.U. United Healthcare Workers East, and the Greater New York Hospital Association jointly control a $60 million fund, the Health Care Education Project, which they could spend on ads to promote or to assail policies, though by law the money cannot be used for a particular side in political campaigns.

The officials said they had not decided when such a campaign would start, or what markets the ads would appear in. And they said they had not decided how much to spend, but some hospital executives in New York said they had heard discussions about an initial commitment of $15 million, with possibly more to follow.

"We will do whatever is needed," said Dennis Rivera, the president of 1199.

The hospital association and the union plan to meet on Thursday, along with top officials of 1199's parent union, the Service Employees International Union, to develop their strategy.

"We have to take our case to the court of public opinion that affects both venues," Washington and Albany, said Kenneth E. Raske, president of the hospital association, which represents nearly all the hospitals and nursing homes in New York City and its suburbs.

Such a campaign would be the first real test for Mr. Rivera as he makes the transition to a new post as national chief of health care workers within the service employees' union, one of the nation's largest and most politically active unions.

He had already planned to help health care companies and unions around the country duplicate what their counterparts have done in New York, uniting employers and workers in raising millions of dollars to turn themselves into political powers. The primary long-term goal, he said, would be to press for health insurance for all.

But, at least at first, a national campaign against Mr. Bush's proposed cuts would rely primarily on New York money, which is already in hand. "It would be fair to say that at the beginning, we will be the seed money for this project," Mr. Rivera said in an interview. "There are commitments from other employers and labor organizations around the country, but I'm not at liberty to divulge that."

The fund was built over many years, mostly through $5 and $10 monthly deductions from the paychecks of thousands of mostly low-wage workers, as part of a provision in the contracts negotiated by 1199 and the hospitals.

Millions of dollars from the fund have been spent on ads in New York State several times over the past dozen years to defeat proposed cuts or to win passage of bills in Albany. In a few cases, more than $10 million from the fund was spent on a single campaign over a few months — more than some serious candidates for statewide office spend.

But it remains to be seen whether an essentially liberal appeal for government support of health care — especially one emanating from New York — would be as effective in other parts of the country as it has been in New York.

Mr. Spitzer's proposed budget would reduce state support for hospitals — mostly through Medicaid, the health plan for the poor — by $300 million to $400 million a year. He has also accused hospitals and the union of manipulating the state budget to benefit themselves at the expense of all New Yorkers, leading to some heated exchanges with Mr. Rivera and others.

The effect of Mr. Bush's cuts would be several times as great in New York, possibly more than $1 billion a year when fully carried out, though hospital officials said it was hard to make precise estimates because information from parts of the White House plan had not been released.

Heading a union local with 275,000 members, Mr. Rivera has become one of the most feared forces in New York politics, and beyond.

In addition to the ad fund, 1199 has a political action committee that raises $7 million a year from its members to donate to candidates, a formidable phone bank operation and thousands of experienced campaign volunteers.

Mr. Rivera said he planned to have other union locals and employers create "education funds" through payroll deductions and to have health care workers nationwide raise $20 million a year for political contributions, mostly to federal campaigns.

"I will try to reproduce what we do in New York," he said. "In a short period of time, it will become the largest political action committee in the United States."

Mr. Rivera repeatedly used the phrase "the Bush-Spitzer cuts," and said that an essential part of the campaign's message in New York would link the governor, a Democrat, to the president, a Republican.

Mr. Spitzer released his budget before the federal cuts were announced, and some hospital executives and lawmakers said they hoped that seeing the compounding effect of the two proposals would cause the governor to give some ground.

Mr. Bush called for broad cuts in Medicaid and in Medicare, the health insurance for the elderly and the disabled, both major sources of hospital and nursing home revenue.

He also proposed reductions in support for public hospitals and for teaching hospitals that train new doctors in their first years after medical school — cuts that would hit New York much harder than other parts of the country.

Members of New York's Congressional delegation have vowed to fight the president's plans, but some of those cuts would be made administratively, not as part of a budget that must be passed by Congress. It might also prove easier to find votes from around the country against across-the-board cuts than against reductions that would primarily hurt New York.

Burdened By Healthcare Costs, US Businesses Seek A Shift (CSM)

By Mark Trumbull

The Christian Science Monitor, February 13, 2007

The message comes from Wal-Mart, but it reflects a view that's increasingly common in corporate America: The US healthcare system needs to be fixed. Big business can help, but don't expect us to shoulder the whole burden.

That was a subtext when Wal-Mart chief executive Lee Scott took the stage last week alongside representatives of a major labor union to kick off a campaign called "Better Health Care Together." The aim of this unlikely partnership is to extend coverage to all Americans by 2012, and Mr. Scott emphasized that the responsibility must be shared by government and individuals as well as business.

His rallying cry doesn't represent any shared blueprint among employers, but it does symbolize an important shift over the past year.

Faced with surging healthcare costs and employees who want insurance coverage, businesses have become more likely to be advocates, rather than skeptics, of a major overhaul. At the same time, their motive is not just to see healthcare problems addressed. They also want to avoid shouldering more of the burden themselves.

"Clearly, we're going to start moving away from employer provided health insurance," says Richard Brown, director of the UCLA Center for Health Policy Research. "Employers are seriously looking for a way to get out of this."

The major role of employers in America's healthcare system is, in some ways, an unusual artifact of history. The practice of employers providing health insurance spread in the wake of World War II limits on wages, which prompted many employers to provide back door pay hikes by offering health insurance to employees.

Given that legacy, many experts say the nation will probably migrate toward hybrid solutions, which blend a major government role with responsibilities for individuals and employers.

"Whatever kind of reform we have will be a mixture of approaches," predicts Jack Hadley, a healthcare expert at the Urban Institute in Washington. In the process, he expects that employers will end up covering a smaller share of American workers.

"That's certainly what the trend has been, and I don't see anything that would reverse that trend," he says.

Last year, just 59 percent of US workers were covered by their employer's health insurance, down from 65 percent in 2001, according to research by the Kaiser Family Foundation. And health insurance premiums, on average, are 87 percent higher now than in 2000, compared with cumulative overall inflation of 18 percent during that span.

It's not that businesses don't want to offer strong benefit packages to their workers. Many, especially at small businesses, can't afford big health plans. Even large businesses are asking employees to pay more out of pocket.

"Wal-Mart is committed to high quality, affordable, and accessible healthcare," said Scott of Wal-Mart on Feb. 7. "But our current system hurts America's competitiveness and leaves too many people uninsured."

The company has come under fire for what critics say are skimpy health benefits. Wal-Mart, for its part, says that 9 in 10 of its blue-garbed "associates" have coverage, either through the company or another source.

In last week's push for universal coverage, Wal-Mart was joined by other major companies: Intel, AT&T, and Kelly Services.

"We feel a huge sense of urgency," says Maria Ghazal, public-policy director for a healthcare task force at the Business Roundtable, a group of large employers based in Washington.

The Roundtable itself, last month, joined with the Service Employees International Union (SEIU) to push for action on healthcare.

"Mostly it's a sense that the way the system is now, if you can call it a system, is not sustainable," Ms. Ghazal says.

She says the desire for discussion is very different from the atmosphere in 1993, when President Clinton's push for healthcare reforms foundered amid dissent, including from business.

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"That's one of the fundamental differences between 2007 and 1993," says Sara Howard, a health policy expert at the SEIU. "What is remarkable about what's happened in the last few weeks is that, for the first time, major corporations are stepping up and saying that the time for change is now."

But all the calls for change don't create any clear mandate on policy.

"Right now the momentum is there. I just don't know where we can find common agreement," says Katie Strong, director of congressional and public affairs at the US Chamber of Commerce, a business group in Washington.

For one thing, the business world push doesn't settle a basic conservative-liberal divide over whether the key fix is a stronger role for government, or the introduction of more free-market competition in an industry where government has become the major purchaser.

"The status quo guarantees government dominance of the system," says Robert Moffitt, an expert at the conservative Heritage Foundation.

That's because government programs such as Medicare and Medicaid continue to grow, and some proposals envision government insuring workers who don't get coverage through their employer.

Many employers support at least the concept behind President Bush's recent proposal to let individuals have the same tax deduction for healthcare that business enjoys. Such a move might inspire greater competition in the health-insurance marketplace, something businesses generally support.

Employers also hope to see cost-control achieved through policies that improve the use of information technology in healthcare.

Many others are open to discussing requirements that they provide health insurance for workers, or pay into a government fund to provide such coverage. Such a system, often dubbed "play or pay," is under consideration in California.

Mental Health Nears 'Parity' (WSJ)

By Jane Zhang

The Wall Street Journal, February 13, 2007

WASHINGTON -- A decision by major insurance and business groups to support legislation requiring health insurers to treat mental illnesses the same way as physical ailments could mean better mental-health coverage, at least for many who already receive it.

A bill introduced by a bipartisan group of senators -- Pete Domenici (R., N.M.), Edward Kennedy (D., Mass.) and Mike Enzi (R., Wyo.) -- doesn't mandate that group health plans cover mental illness. Instead, it requires that plans, if they cover both mental and physical illnesses, treat both with "parity," or similar benefits, such as deductibles, co-payments and treatment limitations. Employers with fewer than 50 workers would be exempted.

The measure marks a compromise reached after more than a year's negotiations among lawmakers, mental-health advocates, insurance companies and business groups. Supporters include America's Health Insurance Plans, the National Retail Federation and the National Alliance on Mental Illness. The U.S. Chamber of Commerce also said it is "prepared to support" the legislation as introduced.

The endorsements, as well as the change to a Democratic-controlled Congress, brighten prospects for the long-stalled legislation. For 15 years, versions of the bill had passed the Senate and even the House, only to founder. Business and insurers opposed coverage mandates and said they were concerned about the rising health-care costs.

But this time around, the legislation won over many opponents, in part due to dropping the mandate of mental-health coverage and favoring tools to cut costs and improve quality. Companies and insurers can opt out if their overall costs -- because of the equal-coverage requirement -- grow by 2% during the first year and 1% in later years. The bill also requires states to follow the "parity" standard, which would simplify rules for companies doing business across state lines.

The bill "addresses very reasonable concerns that the employer community has raised about the costs of the proposed parity requirement," said Karen Ignagni, president of America's Health Insurance Plans, in a letter to bill sponsors. In an interview, she said the legislation should serve as a model of how bipartisan bills should be crafted.

About one in four Americans older than 17 suffers from a diagnosable mental disorder in a given year, according to the National Institute of Mental Health. About 45% of those people have two or more disorders. Companies aren't required to offer mental-health coverage and many of those patients have none.

The bill, in further defining coverage "parity," would finish what the 1996 Mental Health Parity Act started and improve coverage for those who already receive it. The 1996 law requires plans, if they offer mental-health benefits, to set annual and lifetime dollar limits equal to those applied to physical and surgical benefits. But the law didn't define parity on important benefit structures in mental-health coverage, especially cost-sharing, inpatient stays and outpatient visits. As the bill languished in Congress, more than 40 states passed such laws, with varying definitions of "parity."

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The Senate Committee on Health, Education, Labor and Pensions is slated to vote on the measure tomorrow.

Bush Close To Trade Deal With Congress (FT)

By Eoin Callan

Financial Times, February 13, 2007

The Bush administration is close to a deal with Congress to pass pending trade agreements and form a common international economic agenda for the president's last two years in office, say senior officials and leading Democrats.

The negotiations are designed to reach an agreement that would leave the administration six weeks to submit agreements with Peru, Colombia, Panama and possibly South Korea to Congress for ratification.

The talks are complicated by mutual distrust and internal divisions but are edging close to a breakthrough, according to participants.

Agreement by leading Democrats to support the Latin American deals would be followed by further bargaining over trade and currency imbalances with China and Japan and the treatment of vehicles and agriculture in negotiations between Washington and Seoul.

The dialogue could break down at any point and both sides are ready to exchange blame and score political points in the event of failure. But interviews over the past week with current and former administration officials, congressmen, lobbyists and experts reveal a remarkable degree of confidence that a bipartisan consensus on trade can be reached.

An administration official said leading Democrats and Republicans were ready to proceed despite opposition from "elements in both parties that don't want this to succeed".

Congressmen seen as obstacles to a deal are also changing their tune, including Collin Peterson, chairman of the House agriculture committee. "Well, you know, I had a visit with Charlie Rangel here just recently and he and Sandy Levin, who are the main players in the House, are working very hard to see if there is a way to do this and I think maybe something will get worked out," he said.

"Currently they're in some serious discussion and negotiations with the administration."

Representative Sander Levin said: "There is time to act. This is doable if the administration is serious."

The process sketched out by the administration involves a series of carefully choreographed steps that it hopes will lead to the renewal of President George W. Bush's trade negotiating authority, due to expire on June 30.

Welles Orr, a former adviser to Mr Bush's father and to ex-President Bill Clinton, said: "The Bush team badly wants and needs this." But many doubt the White House can win renewal of fast-track – needed for a successful conclusion to the Doha round of world trade talks. "There is every chance they will mess this up," said a Republican lobbyist.

Carla Hills, a former US trade representative, said the trade arm of the White House was "small and overworked" and would need the resources of industry lobbyists to sell its agenda to Capitol Hill.

Susan Schwab, the current US trade representative, was due to meet business leaders yesterday, including representatives of Procter & Gamble, Caterpillar, Eastman Kodak, Cargill, UPS, New York Life and Abbott, to rally support ahead of talks with House Democrats tomorrow.

This week Ms Schwab will concede demands from House Democrats for the addition of international labour standards to the pending trade deals and try to devise an acceptable formula for enforcing them.

Earlier Ms Schwab caved in to a longstanding demand of House Democrats and launched a case against China at the World Trade Organisation over tax subsidies for manufacturing exports. But the Democrats quickly raised the bar, adding a stronger yen to the list of "must haves" – to the alarm of economists.

Adam Posen, a monetary expert, said that if Congress hit "blindly out at any exchange rate levels that particular domestic lobbies do not like, they will truly politicise exchange rates around the world, increase uncertainty in financial markets and deal a severe blow to the creditworthiness of the dollar".

Mr Levin made it clear that as the deadline for fast-track approached, Democrats would also seek a fresh debate about globalisation to address the impact on income inequality and issues such as "how much you have to worry about the equity factor or just go for growth".

"All of these issues have busted out in the globalisation process as it has intensified. That is what has been happening," he added.

TODAY'S AGENDA December Trade Gap Expected To Be Wider (WSJ)

The Wall Street Journal, February 13, 2007

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The trade deficit is expected to have widened modestly in December from November's $58.2 billion gap, partly due to higher prices for imported oil. Exports of aircraft, which hit a record in November, are likely to pull back. Overall, the gap -- which in large part reflects the huge imbalance with China -- has been narrowing since August's record $68.5 billion deficit.

The Commerce Department releases trade figures at 8:30 a.m. EST

Japan Holds Forum to Discuss Whaling

Japan will play host to a three-day conference of the International Whaling Commission to discuss possible changes to the organization. Critics say the aim is to advance a campaign to resume commercial whaling, and more than 25 of the IWC's 72 member countries, including the U.S., are boycotting. Japan, which kills whales under a scientific program, says whale stocks have recovered enough following a 1986 moratorium to allow limited commercial hunting.

Court Adviser to Issue Opinion on "VW Law"

A senior adviser to Europe's highest court will issue a legal opinion on whether Germany can shield Volkswagen from a takeover, in a case that could set a precedent. The so-called VW law limits voting rights of each shareholder in the car maker to 20%, regardless of shares held. The advocate general submits his opinion for consideration to 13 European Court of Justice judges. In about 80% of cases, the panel follows the adviser's opinion.

Veterans Face Consecutive Budget Cuts (AP)

By Andrew Taylor,

AP, February 13, 2007

The Bush administration's budget assumes cuts to funding for veterans' health care two years from now — even as badly wounded troops returning from Iraq could overwhelm the system.

Bush is using the cuts, critics say, to help fulfill his pledge to balance the budget by 2012. But even administration allies say the numbers are not real and are being used to make the overall budget picture look better.

After an increase sought for next year, the Bush budget would turn current trends on their head. Even though the cost of providing medical care to veterans has been growing rapidly — by more than 10 percent in many years — White House budget documents assume consecutive cutbacks in 2009 and 2010 and a freeze thereafter.

The proposed cuts are unrealistic in light of recent VA budget trends — its medical care budget has risen every year for two decades and 83 percent in the six years since Bush took office — sowing suspicion that the White House is simply making them up to make its long-term deficit figures look better.

"Either the administration is willingly proposing massive cuts in VA health care," said Rep. Chet Edwards of Texas, chairman of the panel overseeing the VA's budget. "Or its promise of a balanced budget by 2012 is based on completely unrealistic assumptions."

A spokesman for Larry Craig, R-Idaho, the top Republican on the Senate Veterans Affairs Committee, called the White House moves another step in a longtime "budgeting game."

"No one who is knowledgeable about VA budgeting issues anticipates any cuts to VA funding. None. Zero. Zip," said Craig spokesman Jeff Schrade.

Edwards said that a more realistic estimate of veterans costs is $16 billion higher than the Bush estimate for 2012.

In fact, even the White House doesn't seem serious about the numbers. It says the long-term budget numbers don't represent actual administration policies. Similar cuts assumed in earlier budgets have been reversed.

The veterans cuts, said White House budget office spokesman Sean Kevelighan, "don't reflect any policy decisions. We'll revisit them when we do the (future) budgets."

The number of veterans coming into the VA health care system has been rising by about 5 percent a year as the number of people returning from Iraq with illnesses or injuries keep rising. Iraq and Afghanistan war veterans represent almost 5 percent of the VA's patient caseload, and many are returning from battle with grievous injuries requiring costly care, such as traumatic brain injuries.

All told, the VA expects to treat about 5.8 million patients next year, including 263,000 veterans from Iraq and Afghanistan.

The White House budget office, however, assumes that the veterans' medical services budget — up 83 percent since Bush took office and winning a big increase in Bush's proposed 2008 budget — can absorb a 2 percent cut the following year and remain essentially frozen for three years in a row after that.

"It's implausible," Sen. Patty Murray, D-Wash., said of the budget projections.

The White House made virtually identical assumptions last year — a big increase in the first year of the budget and cuts for every year thereafter to veterans medical care. Now, the White House estimate for 2008 is more than $4 billion higher than Bush figured last year.

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And the VA has been known to get short-term estimates wrong as well. Two years ago, Congress had to pass an emergency $1.5 billion infusion for veterans health programs for 2005 and added $2.7 billion to Bush's request for 2006. The VA underestimated the number of veterans, including those from Iraq and Afghanistan, who were seeking care, as well as the cost of treatment and long-term care.

The budget for hospital and medical care for veterans is funded for the current year at $35.6 billion, and would rise to $39.6 billion in 2008 under Bush's budget. That's about 9 percent. But the budget faces a cut to $38.8 billion in 2009 and would hover around that level through 2012.

The cuts come even as the number of veterans from the Iraq and Afghanistan wars is expected to increase 26 percent next year.

In Bush's proposal to balance the budget by 2012, he's assuming that spending on domestic agency operating budgets will increase by about 1 percent each year.

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On the Net:

White House Office of Management and Budget: http://www.omb.gov

Spending Reforms Empower Agencies To Ignore Earmarks (WT)

By Stephen Dinan

The Washington Times, February 13, 2007

Members of Congress quietly have been calling federal agencies demanding their pet projects still be funded weeks after they swore off pork-barrel spending, the Bush administration says.

In response, administration officials have signaled they ignore many of those requests -- a move that thrills fiscal conservatives who have called on the president to take that step. But it's likely to irk congressional spending committees because it may threaten 95 percent of pork-spending projects, or "earmarks."

"Some of your offices have begun to receive requests from some congressional offices asking that the department continue to fund programs or activities that received earmarked funds in prior years," the Department of Energy's chief of staff, Jeffrey Kupfer, wrote in a Feb. 2 internal memo. A check by The Washington Times of other agencies turned up similar reports of phone calls -- from congressional offices of both parties.

But now, Mr. Kupfer wrote, they will no longer feel bound by earmarks and will follow through only on those "with meritorious proposals or programs that effectively support and advance the department's missions and objectives."

Even stronger assurances have been made privately by top administration officials to Republican lawmakers who have been pleading with President Bush for the changes, congressional aides said.

"We may have totally changed the paradigm on how the federal government spends money," said Sen. Jim DeMint, South Carolina Republican, who has led the congressional fight on the issue. "For years, the risk has been on the agency side -- if they don't comply they're going to lose their budget. Now the risks shift to the member."

Earmarks have become the hottest issue in spending, thanks to big projects such as the one critics labeled the $223 million "Bridge to Nowhere" in Alaska. Estimates for annual earmark spending run from $17 billion to more than $71 billion.

The administration's recent action is aimed at earmarks slipped into the reports that accompany spending bills, which the Congressional Research Service says account for more than 95 percent of pork projects.

Congress votes on the bills but not the reports. Yet most agencies afforded the reports the force of law -- until now.

Last week, Mr. Bush declared open war on the report earmarks, bringing a foot-high stack of the add-ons with him to a speech in Manassas.

"Let that sun shine in. It's called transparency," Mr. Bush said. "If the members of Congress think it's a good idea, then they ought to vote it up or down and then send it to my desk so I know full well that there's been full scrutiny in Congress."

The administration's case was bolstered by a federal appeals court ruling last month that the reports do not have the force of law.

The first test will come soon on the Defense and Homeland Security spending bills, which were the only two spending bills passed last year. Each has earmarks in the bills and in the conference report.

A Homeland Security spokesman said the department was still in the process of gathering information on what earmark items are included, while a Defense spokesman was unable to find out the status of his department's earmarks.

Lawmakers are waiting to see whether Mr. Bush follows through.

"Killing an earmark is like trying to kill a snake -- you never know if it's dead or not. But I think we've got it surrounded," Mr. DeMint said.

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Mr. Bush has also challenged Congress to cut earmarks in half, but he can't say what that target number is because disagreement exists on what an earmark is.

Rob Portman, director of the Office of Management and Budget, has directed agencies and departments to catalog all earmark requests, and defined them as spending requests from Congress that circumvent the normal competitive process.

Cutting earmarks will not necessarily cut spending, because the money would still flow to the agency, but it would be spent on the administration's priorities.

Some departments said they have never felt bound by items tucked into reports.

"Traditionally, the Education Department doesn't comply with earmarks that are part of report language," said Rebecca Neale, a department spokeswoman.

Ethics Gun Is Turned At Executive (HILL)

By Alexander Bolton

The Hill, February 13, 2007

House Speaker Nancy Pelosi (D-Calif.) is planning to move legislation that would place strict ethics limits on executive-branch officials, going further than the ethics reforms the lower chamber adopted for itself last month.

Rep. Henry Waxman (D-Calif.), chairman of the Oversight and Government Reform Committee and a close ally of Pelosi's, is scheduled to hold a hearing on the legislation today and plans to mark it up in committee tomorrow.

Several of the proposed reforms in the measure appear to be in response to various controversies that have emerged during President Bush's tenure, ranging from a dispute over a secret energy task force to criticism over paying pundits for favorable reviews.

One of the far-reaching reforms Waxman is considering would require executive-branch officials to report all significant contacts they have with any private interest related to an official government action.

Four times a year administration officials would be required to report with whom they have met during the previous three months, the subject matter of those meetings, and the name of any clients represented. Congress had considered adopting a similar measure for its own members, but later dropped it amid complaints that it would create too much paperwork for lobbyists.

Publicizing the identities of those meeting with high-ranking administration officials has been a point of contention between Waxman and the Bush White House. During Bush's first term, Waxman supported the Government Accountability Office's (GAO) lawsuit to ascertain who met with Vice President Cheney's energy task force, which held extensive meetings with industry representatives before the administration unveiled its energy proposal.

There is little doubt that Cheney, who for the past six years has pushed to extend the bounds of executive privilege, would not be pleased if the legislation passed. But if enacted, he would face strong incentive to adhere to it. Executive-branch officials who failed to comply with the new ethics rules would be subject to a fine of up to $50,000.

The bill, the Executive Branch Reform Act of 2007, would be nearly identical to similarly titled legislation that the Government Reform Committee passed unanimously last April. Karen Lightfoot, a spokeswoman for the committee, said the bills were "very similar."

The major difference between this year and last is that Democrats now control the House floor agenda. Last year Republican leaders did not allow the full House to vote on the legislation, but this year Pelosi has vowed a different outcome.

"This leadership is supportive of this bill and it will come to the floor," said a Democratic leadership aide. "Timing is not clear yet."

Brian Kennedy, a spokesman for Minority Leader John Boehner (R-Ohio) - who controlled the House floor schedule last year - said he did not know why it never received a final vote and offered to look into it.

The legislation would expand two reforms that the House adopted earlier this year. One would create a two-year cooling-off period during which persons leaving the administration would not be allowed to lobby their former colleagues. Waxman's proposed reforms for the executive branch would go further than House reforms adopted earlier this year by also requiring similar restrictions for persons entering government from the private sector.

The second reform similar to new House rules would prohibit certain executive-branch officials from working on any matter impacting a prospective employer with whom they are in negotiations.

Officials could only continue working on something affecting a prospective employer if they receive a waiver because of "exceptional circumstances." The Office of Government Ethics (OGE) director would be required to review the circumstances before granting a waiver.

That reform would address the controversy that arose three years ago when Thomas Scully, then director of the Centers for Medicare and Medicaid Services, received a waiver allowing him to negotiate for jobs while he was working on the 2003 Medicare bill. He subsequently landed a job with Alston and Bird LLP.

Soon after Scully's departure, then-White House Chief of Staff Andrew Card directed government agencies to stop issuing such waivers, stipulating that only the White House could make those calls.

In addition, the new version of the bill would use stronger language than the 2006 version to prohibit individuals entering the administration from making decisions that affected their former employers financially.

The bill would also eliminate loopholes allowing federal officials to accept compensation from contractors and would prohibit the unauthorized expenditure of funds for publicity or propaganda purposes. The Department of Health and Human Services drew scrutiny years ago when it became known that it had paid columnist Maggie Gallagher $21,500 to work on the president's marriage initiative. Federal investigators also launched a probe into payments the Department of Education made to conservative pundit Armstrong Williams for his work on the No Child Left Behind law.

The pending bill would also overhaul the OGE. It would require the office to put out new reporting requirements for administration officials, and verify the accuracy and timeliness of reports.

No single agency compiles ethics records, such as gift waivers, for administration officials, and there is no venue for public inspection of those documents. They must be requested by a Freedom of Information Act request, said a person familiar with the legislation.

The Oversight panel's bill would change that by requiring the OGE to "make available to public inspection and copying" filed reports. The government ethics office would also play the role of law enforcer by notifying the U.S. attorney for the District of Columbia when an executive-branch official may be in violation of reporting rules.

When House Changed Rules For Travel, He Lobbied For The Lobbyists (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 13, 2007

Loopholes in laws and regulations sometimes seem to appear by magic, and often no one wants to claim to be the magician. But one man actually wants credit for a couple of big loopholes in the new ethics rules the House passed last month: John H. Graham IV.

Graham is the president of an organization that could exist only in Washington -- the American Society of Association Executives. In other words, he is the chief lobbyist for lobbyists.

His organization represents 22,000 association executives, from large groups such as the American Medical Association and small ones such as the Barbershop Harmony Society. When any of them are in danger of losing access to lawmakers, Graham, 57, is supposed to intervene.

Which is what he did -- proudly -- as soon as he learned that Democratic leaders wanted to ban travel provided by lobbyists and the entities that employ them. Graham dispatched his own lobbyists and several of his most sympathetic allies to meet with House staffers. Eventually they poked two gigantic holes in the proposed prohibition.

The first opened the way for lobbyists to pay for short trips -- one day as far as the Midwest and two days to the West Coast. The second permits colleges to provide travel to lawmakers without restriction, even though they lobby in Washington a lot. (See the next item.)

Ethics advocates were disappointed. "The better policy is no privately financed travel," said Meredith McGehee of the Campaign Legal Center.

But Graham was unabashed. Golf trips to Scotland should be nixed, he said, but not visits to taxpayer-funded programs or to industry-backed seminars. "We didn't want a total ban on travel," Graham said. "We were on top of it from the very beginning."

In fact, he and his lobbyists started their campaign a year ago after then-House Speaker J. Dennis Hastert (R-Ill.) first suggested a travel ban. That effort failed partly because of Graham's enterprise.

After the Democratic victory in last year's midterm elections, Graham's lobbyists -- Senior Vice President Jim Clarke and contract lobbyist James W. Rock -- targeted the staff of House Speaker Nancy Pelosi (Calif.) and then met with aides to Democratic House leaders Steny H. Hoyer (Md.), Rahm Emanuel (Ill.) and James E. Clyburn (S.C.).

After one such meeting, Graham learned that the ban would prevent lawmakers from taking trips to colleges to give commencement addresses. He quickly asked the Association of American Colleges and Universities and the American Association of State Colleges and Universities to join the crusade.

Graham also recruited other groups with sterling reputations, including the American Heart Association, the YMCA of the USA and the American Cancer Society. They went as a group from office to office on Capitol Hill and made the case that brief trips could not be mistaken for boondoggles, especially when white-hat interests like themselves were footing the bill.

The result: Graham has become Mr. Loophole, winning the exemptions and on track to getting them in the Senate as well.Taken to School

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Colleges are filled with smart people, but nobody gets rewarded just for their brains. Many of those brainy people know they've got to go asking for money when they want it. So it's no surprise that colleges are among the most prodigious users of lobbyists. Universities and other groups with direct interests in higher education spent $94.6 million on lobbying in 2005, an 18 percent increase from 2004, according to Inside Higher Ed.

Johns Hopkins University led the way with $1,020,000. Boston University, Case Western Reserve University and the University of Miami followed, with $920,000, $820,000 and $730,000, respectively.

Those numbers will probably decline now that pet projects, or earmarks, are harder to get. House Appropriations Committee Chairman David R. Obey (D-Wis.) told colleagues last week that they have until March 16 to request them and that their dollar amount will be cut in half compared with most earmarks in fiscal 2006.Conspicuous-Consumption Alert

Virginia Congressmen James P. Moran Jr. (D) and Thomas M. Davis III (R) sat next to each other in center-court floor seats at the Verizon Center last Wednesday to watch the San Antonio Spurs rout the Washington Wizards, 110-83. Turns out they both bought their tickets from real estate investor Joe Robert, their spokesmen said.

Davis paid a whopping $850 for his ticket out of his own pocket. But Moran used campaign funds to cover the $780 he shelled out for his seat, which raises the question: Why should donors finance his fun?

Moran's eventual answer (after further inquiry): They shouldn't. Spokesman Austin Durrer said Moran has canceled the campaign check and is personally paying Robert $850 "to avoid any perception of impropriety." Moran also regretted arriving late to the game. "At 70 bucks a minute," Durrer said, "it was an expensive seat to watch the Wizards get blown out."Winners and Losers of the Week

Bush's budget proposal last week provided plenty of surprises for K Street, both good and bad.

Telephone lobbyists are thrilled that Bush wants to repeal the federal excise tax on local telephone service. Alternative-fuels advocates also have lots to crow about in the president's plan to expand research on "green" energy. And airlines are happy that more of the fees used to fund the Federal Aviation Administration would be paid by owners of private planes.

Losers include hospitals, which would get less in Medicare and Medicaid reimbursements; life insurers, which see Bush's proposed lifetime savings accounts as unwelcome competition; and natural gas suppliers, which are disappointed that the president wants to reduce write-offs for their distribution lines.Hires of the Week

After 16 years as chief of staff to Sen. Richard J. Durbin (D-Ill.), Ed Greelegs has joined Kenneth Levine, a veteran Democratic lobbyist, to form Levine & Greelegs, a lobbying firm affiliated with Downey McGrath Group. Durbin is the Senate's second-ranking Democrat.

Dan Shapiro, former deputy chief of staff to Sen. Bill Nelson (D-Fla.), was hired by Timmons and Company. Shapiro replaces Joab M. "Joey" Lesesne III, who was hired by the media company Cox Enterprises, a Timmons client, as a vice president in Washington.

Chellie Pingree is stepping down as president of Common Cause after four years to return to her home state of Maine to pursue a possible run for Congress. Executive Vice President Jon Goldin-Dubois will assume Pingree's duties until a permanent successor can be named.

After the Democratic victories in November -- and facing major railway legislation this year -- Union Pacific, America's largest railroad, has named Thomas "Mack" McLarty, who served as President Bill Clinton's chief of staff, to its board of directors. He joins another former White House chief, Andrew H. Card Jr., who served President Bush, and who became a director last summer.

Rove: 2008 Race Is Already Too Much, Too Soon (POL)

By Mike Allen And John Harris

The Politico, February 13, 2007

White House senior adviser Karl Rove says that the 2008 presidential candidates have been pushed into such an early focus on tactics, fundraising and publicity that they risk a backlash from voters long before the first primary ballots are cast.

"I think it is going to mean that people develop a persona earlier and wear out their welcome earlier than they would," he told The Politico in an interview. "I think there's going to come some point this year where people are going to basically be saying: 'I'm largely disinterested in the contest.' "

But Rove doubts that will slow the campaign. "There's going to be so much momentum from everybody feeling like they need to continue to move around the country and do things and to engage each other," he said.

In the wide-ranging half-hour interview in his West Wing office late last week, Rove also remarked on a shift in relations between the administration and Congress since the Democrats gained power.

Click here for The Politico's exclusive interview with Karl Rove "The entire White House is spending a lot more time talking to the Hill and a lot more time seeking feedback and giving them the time that they want," Rove said. He said his own outreach

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efforts include following up on "a letter to me from a Democrat member" who asked him "to look into a specific issue" that he did not reveal.

"Why this member feels comfortable saying, 'Here's something that I want you to look into,' I can't speak to," Rove said. "But I'm glad that she feels that she can say: 'I'd like you to look into this. I think we can find a way to work together.' "

One of three White House deputy chiefs of staff, Rove is in the unaccustomed position of spectator for a national campaign. Candidates and their aides quietly seek his advice as the reigning GOP strategist, and he is likely to serve as the liaison between the Republican nominee and the White House in the fall of 2008.

During the interview late Friday afternoon, Rove was cheery as ever, teasing his underlings and spooning peanut butter on green apple slices as he spoke clinically about the drubbing Republicans took in November, when they lost the House and Senate.

Since the election, Rove has kept a low public profile but has agreed to a series of speeches that began last night with an appearance at a Lincoln Day Dinner -- a staple for local Republican groups -- in Springfield, Ill. Asked why he's not in the fetal position after a rebuke like the last election, Rove said that when he started in Texas politics, Republicans had 13 of 150 seats in the Texas House. They now have a comfortable majority.

"I am by nature an optimist," he said. "And, look, I know this is an opportunity. I know why we lost. I know we lost the Congress in part because of Iraq, in part because of the sense of entitlement, in part because of the scandals and in part because of beliefs about congressional earmarks and spending.

"I went out there and made speeches about how we've kept discretionary domestic spending underneath inflation, but the average cat out there saw high-profile things about spending that just sunk in," he said. "All those bad things they thought about Washington came back up."

Lamenting the lightning trajectory of the race to succeed his boss, Rove recalled that Bush had a quiet, productive period after his re-election as Texas governor in November 1998 until he started campaigning the following June. Rove said the current contenders may pay a price for being lured into a shooting war four months earlier.

Rove recalled that Bush and his Austin brain trust had the ability to think about the message for a number of months, while this year's candidates are "being driven by the calendar and by the competition to move into the fray earlier -- less prepared, and focused more on the tactical, short-term advantages."

"Is anyone talking about their agenda for America?" Rove asked, noting the possible exception of former Sen. John Edwards, D-N.C., who has been out of office since 2005.

He added that of necessity, candidates are thinking about fund-raising and giving the impression of aggressiveness as they carve out the niche they hope to occupy. "But as far as saying a lot of really interesting things that are going to be compelling enough and durable enough to serve as the means to get to the nomination, let alone the general election," he continued, "I don't see anybody at that place yet."

Rove added that the early start is "going to mean that people are going to spend, ironically enough, more time raising money, because it's going to give them opportunities to spend more money."

Looking to the immediate political horizon, Rove said Bush is confident that seeking common ground with Democrats will allow him to shape the debate for years to come, and perhaps even score some legislative accomplishments as President Ronald Reagan and others have done when they were lame ducks heading a divided government.

"In one way, things are bad," he said. "We had the majority, and now we don't. On the other hand, that happens with frequency in American politics. What the American people want to know is: Are you going to take the time that you have and turn it to good purpose? Are you going to pick yourself up off of the mat, are you going to go get back into the game, and are you going to do so in a way that gets me to applaud you? If we pick ourselves up off of the mat and get back in the game, as we are, then this'll be a good thing for us."

Rove, a master of the minutiae of political demographics, has singled out four voter groups that he thinks the Republican Party needs to focus on:

Suburbanites: "The heart of our party is married couples with children, but they are also those that are most prone to be mobile in our society and hence less linked into politics."

Younger voters: "That's where you set in motion things that come to pass not in a matter of an election or two, but a matter of a decade or two."

African-Americans: "You can't claim to be a great political party if you're getting 9 or 10 or 11 percent. One of the interesting things about the 2006 election is that we appeared to make gains in the African-American community even while we were losing a national election."

Latinos: "This group is rapidly growing. We do well among them in some elections and not well in others."

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Rove has a special interest in the group that demographers call "some college" -- people who, like him, attended college but did not graduate. The concerns of this group dovetail with one of his current policy passions: income distribution and education.

"Income is increasingly correlated to more education," he said. "The challenge for our society is how do we prepare every child to be ready for college if he or she decided to go to college? Our problem today is not that we don't have enough higher education opportunities. It's that we don't have enough people who are prepared to take advantage of it."

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by nerdoff on 02.13.2007 at 12:49 AM

Mike Allen worships Rove. Nothing he writes about Rove can be taken at face value. The same is true of Mark Halperin.

by tnproud2b on 02.13.2007 at 12:19 AM

I can say with absolute certainty that after 21 more months of hearing about Obama - even his most die-hard supporters will be sick of him. Folks, practically none of the candidates we're discussing today will make it past the primaries. If history has its way, the candidate with the most money (ie, Hilary) will inevitably be on the presidential ticket. I don't feel old, but apparently I'm old enough to know how these things work. This is politics...you never get things your way.

by LL on 02.12.2007 at 11:48 PM

I think Mr. Rove is probably right, I'm already tiring of hearing them and I haven't even been listening to them. I hope that is not the kind of peanut butter that is loaded with hydrogenated oils he is spooning onto green apple slices.

by urcluless on 02.12.2007 at 11:11 PM

I love it!! Mimi11s' response says it all. He is so good he forces people to make-up reasons to hate him. If he worked for former President Clinton, he would be a political god-send. For some strange reason the historic 2002 elections are ignored??

by glaucon5177 on 02.12.2007 at 10:07 PM

I think Rove makes a good point here. But that point is valid in every race. Its not uncommon that the fighting that takes place during primaries and before primaries can create a bit of fatigue in the public mind. Chuck Schumer points out nicely in his new book on how his own rather unknown status in the democratic primary for senate was beneficial since his two democratic opponents fought one another leaving themselves weak to his novelty to a degree.

But there is a flip side to starting early and I think this is what Rove is missing a bit. As with every election without an incumbent there are more voters up for grabs. Taking the last few years of both parties being in disarray I think this election will have an incredibly high number of on the fence voters. So getting out early is a way to make a first impression quicker. It shores up voters and voters who commit will sway voters who are undecided. Especially with sites integrating blogs and a myspace like atmosphere (at least on my.barackobama.com) candidates have a chance to directly involve voters and keep their attention even after the media come down from their initial orgasms of either positive or negative attention.

I've joined my.barackobama while I'm not committed to the candidate it has given me a chance to blog a bit on his views and argue with some other democratic voters. Its making me involved and involved early and I dare say getting the first impression makes it a candidate's position to lose a vote rather than in the position of having to win it.

Whatever backlash of over media attention I think this latter argument in light of our fast media age makes it pertinent for candidates to campaign early.

by Mimi11 on 02.12.2007 at 09:53 PM

When will Beltway journalists like Mike Allen and John Harris stop treating Karl Rove like a political genius?

The so called genius lost the 2000 election and had to get GOP judges on SCOTUS to fix the election for Bush. He squeaked out a win in 2004 running a swift boat smear campaign. He lost the midterms after claiming he had done the math and the election was in the bag.

And yet Beltway journos still treat him like a philosopher king, begging him for scraps of wisdom.

by GGPSmith on 02.12.2007 at 09:17 PM

Karl's just saying that because he still has a day gig to pay attention to, and so he can't play in the 2008 game just yet. Besides, it takes three years to get so overexposed in the media that everyone gets tired of you. Barring martial law, someone will be elected by then. Still, the early contenders run the risk of burning themselves out and increasing their chances of saying (or yelling) something randomly stupid in front of a YouTube fanatic.

by Dion on 02.12.2007 at 08:58 PM

"Is anyone talking about their agenda for America?" Rove asked, noting the possible exception of former Sen. John Edwards, D-N.C., who has been out of office since 2005.

Obama has the issues outlined here http://www.barackobama.com/issues/

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Rove: White House And The Hill Are 'Spending A Lot More Time Talking' (POL)

By Mike Allen And John Harris

The Politico, February 13, 2007

President Bush once referred to him simply as "the architect," but Karl Rove's actual titles are assistant to the president, deputy chief of staff and senior adviser. Whatever he's called, Rove, 56, has sat at the intersection of politics and policy for George W. Bush ever since Bush began testing the waters for national office as Texas governor. Rove sat down with The Politico's Mike Allen and John F. Harris on Friday afternoon in his West Wing office. Here are excerpts from the conversation.

Q. What's the main point you'll be making in your upcoming series of speeches?

A. Actually, I have three different speeches. I'm giving a Lincoln Day Dinner speech on Monday, coincidentally on Mr. Lincoln's birthday, in Mr. Lincoln's hometown -- Springfield, Illinois. I'll talk about the challenges of a new century, the global challenges to the United States. Then I'm going to give a speech at the School of Communications at Texas State University in San Marcos. I've been asked to talk about the modern American presidency and communications. Then I'm going to speak at the Clinton Presidential Library. My speech is going to be about the institutional debt that presidents owe their predecessors. I'll talk a bit about the kind of institutional changes and structures put in place by presidents whose values were fully realized by presidents who followed them. I'll talk about that with regard to this president and the global war on terror.

Q. Does this president owe a debt to President Clinton?

A. Yes. I'll talk about that. Stay tuned for my very interesting remarks. The National Economic Council is a big part of that. He also made changes to the Domestic Policy Council. If you want to stretch it, it goes back to (Lyndon) Johnson but the reality of it is under (Richard) Nixon. There were also some institutional changes made by Clinton. I'll start with a little bit of (William) McKinley, the first modern American president, according to Lewis Gould, then talk mostly about (Harry) Truman, Nixon and Clinton.

Q. What historical precedents are informing you and President Bush as you study the challenges from the elections?

A. Well, there are lots, because most American presidents governed for some significant part of -- some of them for all of -- their term or terms with Congress controlled by the party of the opposition. How does a president govern with the Congress controlled by the opposite party? The irony is that at first blush, there's a lot of constructive stuff that gets done. It's under divided government that Reagan gets tax reform, the latter half of his term in office. It's under divided government that Clinton gets welfare reform. We got No Child Left Behind passed with a divided Congress.

Q. How do these examples inform your current stance?

A. There's a lot of different models. There is one model where you seek to find common ground. There's another model in which you find accommodation by basically moving dramatically on fundamental principles. You need to give people the benefit of the doubt and basically start off saying: Look, let's try and find ways to work together. And then you need to work like the devil to find ways to work together. We tried to do that in the State of the Union by laying out, in conformity with our principles, things that we felt were constructive that people from both sides of the aisle could find their way to support. Energy, where the message was: Let's set an ambitious goal of reducing gasoline usage by 20 percent in 10 years and relying upon technology to provide alternative fuels and renewal fuels that will get us there. Health care, where we said we want to tackle the issue of the uninsured. Let's start by saying that if you are self-employed or working in a small business where you have to buy health care out of your own pocket, you ought to get the same tax advantage that you get if you're working at a big corporation. Let's put the little man up on the same stage, on a level playing field, with the big guy. You do so by saying: In each instance, you can pay for your health insurance with pre-tax dollars.

Q. Given that you have both divided government and the latter part of a presidency, what are your realistic hopes for what you can accomplish in the next two years?

A. Here's the way I look at it: You need to press your agenda. I'm not certain at the beginning of it that Reagan said, I'm going to be able to get tax reform. I'm not certain that any president is able to say: Look, in the final two years of my second term, I know what I can get. But I think every president understands that one of two things will happen by advocating that agenda. Either the agenda will get adopted, or it will shape the public debate for some long time after they leave office. Government is like, in many respects, a very large seagoing craft where you can't turn it radically. You can't execute an immediate 180-degree turn. Because of that, successors look at the policies, understand them outside the context of an election campaign, re-evaluate them and in many instances adopt them or accept them. One of the big examples was Truman and (Dwight) Eisenhower. I'm going back and rereading, trying to get a better handle on Eisenhower's speeches in the '52 campaign. But in essence, in the years leading up to '52 -- both in Korea and outside of Korea, starting with the Long Telegram and maybe even before the Long

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Telegram -- Truman begins to develop an approach to the emerging Cold War. At least in one instance, Korea, it looks Eisenhower may not be in agreement with it. But after he gets into office, either because the burdens of the campaign are now gone or he re-evaluates it, he in essence adopts the policy of containment and adopts the policy of accepting a stalemate on the Peninsula, which bought breathing time for market democracy to create this economic powerhouse in the south.

Q. What are you doing differently in your job, substantively or stylistically, in 2007 compared with 2006, before the election?

A. The entire White House is spending a lot more time talking to the Hill and a lot more time seeking feedback and giving them the time that they want. It's not that they didn't want to talk to us before. But I think there's a desire for them to talk to us more now. I think they want to be able to test whether or not we're serious about working together by spending more time talking about whether or not we're going to work together. A lot of that is done by other people, but the entire White House finds itself in a place where we're supporting that process more than we might have in the past. I have, sitting on my desk, a letter to me from a Democrat member asking me to look into a specific issue. Why this member feels comfortable saying, Here's something that I want you to look into, I can't speak to. But I'm glad that she feels that she can say: "I'd like you to look into this. I think we can find a way to work together. I'm having a dialogue with common interlocutors. You can ascertain from them that I'm serious about this. Let's see if we can't work together on this issue."

Q. What are some of the ways this president has changed governing and campaigning?

A. I think it's going to be difficult for a presidential candidate not to run with a pretty concrete vision. It's not going to be enough merely to tear down if you're a Democrat, the incumbent administration, or if you're a Democrat or Republican, to tear down your opponent. The model is going to be: What is it that you are going to do? I think what we were held to in 2000, which we realized -- we're not responsible for it, the press is -- people wanted to know: Did it all add up? I remember the endless discussions we had with the economic experts and the budget experts about how much did things cost. I remember lots of discussions with each of our policy groups, some of which were represented in work on speeches, about what did those things mean and how did they work. It's not us, but I suspect the thing that we dealt with, and dealt with effectively in '00 and '04, is going to be demanded of other candidates. I do think there's going to be a greater emphasis upon the grass-roots nature of politics -- that is to say, a slight rebalancing. We rebalanced it. It used to be that all you really cared about was how much money did you spend on television.One visible thing that we have done for the last six years, particularly in the aftermath of the 2000 campaign, is putting a strong emphasis upon all the tools of the so-called 72-hour approach -- micro-targeting. It's got the least descriptive name of anything in politics. The 72-Hour Task Force says you use tools available to you in the computer age to identify people who are less likely to participate and are persuadable, and you focus all of your volunteer efforts on talking to that vast number of people in order to make certain that they are registered to vote, that they're persuaded to support your candidate and that they're then motivated to get out to vote.

Long A Target Over Faulty Iraq Intelligence, Ex-C.I.A. Chief Prepares To Return Fire (NYT)

By Mark Mazzetti And Julie Bosman

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 _ — For the past two years, George J. Tenet has maintained a determined silence even as senior White House officials have laid the blame for the prewar mistakes about Saddam Hussein on him. But now Mr. Tenet, the nation's former spy chief, is preparing to return fire.

Mr. Tenet was awarded a Presidential Medal of Freedom at a grand White House ceremony in December 2004, after stepping down as director of central intelligence, only to have Vice President Dick Cheney appear on "Meet the Press" 21 months later and pin the mistake about the Iraq intelligence squarely on him.

Now, as he races to complete a memoir due out this spring, the talk in Washington has turned to how Mr. Tenet, known for fierce loyalty and political survival instincts that enabled him to weather both Democratic and Republican administrations, will use the book to juggle a host of agendas: polishing his legacy, settling scores and explaining just what he meant when he said it was a "slam dunk" that Mr. Hussein had unconventional weapons.

Of course, Mr. Tenet must finish the book first, which has proved to be something of challenge. The book was supposed to hit shelves last week, but Mr. Tenet was still writing as late as last month. The book has also undergone a slow vetting process at the White House and the C.I.A., which reviewed it to ensure it did not contain classified information.

Friends and former colleagues of Mr. Tenet note that he built his career by making more friends than enemies, and they say he is unlikely to use his book to pick new fights. But some of president Bush's top aides with whom Mr. Tenet clashed in the past, including Secretary of State Condoleezza Rice, are said to be targets of criticism.

"George is a born politician and he wants everyone to love him, but in order to sell books he's going to have to throw somebody out of the lifeboat," said a former colleague of Mr. Tenet at the C.I.A., one of several people interviewed for this article who requested anonymity because they did not want to speak on the record until the book was published.

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Mr. Tenet is not expected to take on Mr. Bush, with whom he developed a close bond during early morning intelligence briefings in the Oval Office. But Mr. Tenet's friends said he had been surprised when Mr. Cheney and Ms. Rice, appearing on Sunday talk shows last September, fingered him in justifying Mr. Bush's decision to go to war with Iraq.

In the interview on "Meet the Press," Mr. Cheney said: "George Tenet sat in the Oval Office and the president of the United States asked him directly, he said, 'George, how good is the case against Saddam on weapons of mass destruction?' The director of the C.I.A. said, 'It's a slam dunk, Mr. President, it's a slam dunk.' "

Mr. Cheney added, "That was the intelligence that was provided to us at the time, and based upon which we made a choice."

Promotional materials for the book promise that Mr. Tenet will give the "real context" for that episode.

One person who has read early drafts of the book said Mr. Tenet defended himself by carefully parsing the "slam dunk" comment: he said he was not telling Mr. Bush that there was rock-solid evidence that Mr. Hussein had chemical and biological weapons, only that the president could make a "slam dunk" case to the American public about these weapons programs.

David L. Boren, the former chairman of the Senate Intelligence Committee and a longtime friend of Mr. Tenet, said it was Mr. Tenet's friends and former C.I.A. colleagues who urged him to write a book to balance the record.

Mr. Boren said that in the weeks before the Iraq war, he warned Mr. Tenet that since he was not a member of Mr. Bush's closest circle of advisers, the White House would make him the scapegoat if things went badly in Iraq.

"I told him they had your name circled if anything goes wrong," recalled Mr. Boren, who is now president of the University of Oklahoma.

Tina Andreadis, a spokeswoman for HarperCollins, declined to discuss the book in detail. People who have read parts of the manuscript said it would span Mr. Tenet's career at the C.I.A., with a particular focus on the agency's warnings about Al Qaeda and operations in Afghanistan after the Sept. 11 attacks.

One publisher who met with Mr. Tenet to discuss publishing the book said he had vowed to defend the assessments of C.I.A. analysts about Iraq.

"He wanted everybody to know that he felt the portrayal was inaccurate," the publisher said. "He defended the agency. He was very emotional. This was not a mea culpa."

Mr. Tenet has been applauded for sounding an early alarm about the threat from Osama bin Laden and his network. Yet his exchanges with the Sept. 11 commission left some commission staff members puzzled about his recollection of details of certain crucial decisions.

"He has a lot to be proud of and a lot he will want to explain," said Philip D. Zelikow, who was executive director of the Sept. 11 commission and more recently a counselor to Ms. Rice. "If he felt that he was constrained in his ability to tell the full story when he was a member of the Clinton or Bush administrations, then people like me should wait patiently and read what he has to say now before offering further judgments."

According to HarperCollins's original news release for the book: "Tenet will offer a gripping narration of the run-up to the war in Iraq. Saddam Hussein's Iraq was an unusual foe: Never before had a rogue nation tried so hard to convince the world that it had WMD."

A string of carefully planned news media appearances to promote the book has been in place for months. HarperCollins has decided to release it on a Monday, rather than a Tuesday, when most books are released, to coincide with a scheduled Sunday evening appearance by Mr. Tenet on "60 Minutes" on CBS.

The Crown Publishing Group first signed a book contract with Mr. Tenet in December 2004 for a reported $4 million, but the contract was dissolved a few months later when Mr. Tenet hedged on a delivery date.

The publisher who met with Mr. Tenet said he had spoken extensively about the toll that the Iraq war had taken on his family, particularly on his son, who was "teased mercilessly" at school. "Other kids would yell, 'Your dad's a murderer!' and that kind of thing," the publisher recalled him saying.

For Mr. Tenet, the downside of waiting so long to emerge with his own account is that other books by journalists and former officials have already shaped public opinion about his role in the Iraq war, and some of Mr. Tenet's friends fear that his account may be arriving too late.

Other allies said that while his book would give a fresh perspective, it would still be one account among many competing interpretations of the events of the past five years.

"Because of the nature of intelligence work, you can never totally set the record straight," said former Senator Bob Kerrey, a member of the Sept. 11 commission who has known Mr. Tenet since the two worked together on the Senate Intelligence Committee. "The record is always going to be a little bit murky."

Judd Gregg: Point Man Or Hit Man? (RC)

DOJ_NMG_0131642

By Emily Pierce

Roll Call, February 13, 2007

With an unofficial seat at the Senate Republican leadership table, it's no accident that Sen. Judd Gregg (N.H.) has been at the center of nearly every major floor fight this Congress.

In fact, Majority Leader Harry Reid (D-Nev.) voiced his frustration with Gregg last week, noting that the three-term New Hampshire Republican seemed to be "the designated 'see-if-we-can-mess-up-the-legislation' guy this year."

Reid likened Gregg to "somebody who comes into a basketball game, not to score points, just to kind of rough people up, just to kind of get the game going in a different direction."

In response, Gregg said on the floor, "I appreciate the Senator's comments. I take them as a compliment. I have been active legislatively. That is, obviously, our job."

While more junior Republicans have independently mounted floor fights that won praise from their leadership, Senate Minority Leader Mitch McConnell (R-Ky.) has been regularly turning to Gregg to help him find ways to tie the Democratic majority in knots.

"He's arguably our best sort of idea guy," McConnell said in an interview Friday. "I rely on him heavily. He's a major player in the Senate whether he sits at the leadership table or not."

But Gregg does sit at the leadership table, because McConnell has asked him, along with Sen. Bob Bennett (R-Utah), to join the weekly Republican leadership meeting as an informal "senior adviser."

Gregg said he acts as a "freelance idea person" in leadership meetings at McConnell's request.

Senate Minority Whip Trent Lott (R-Miss.) said Gregg brings to the table previous leadership experience as Chief Deputy Whip under both Lott and former Senate Republican Whip Don Nickles (Okla.). But that position does not require election by the Senate Republican Conference.

"I've always wondered why he didn't run for a leadership position," said Lott, who speculated that Gregg would find it too "restrictive."

No matter how he got to the table, Gregg's ideas appear to carry a lot of weight with McConnell, who has twice in the past month and a half drawn the proverbial line in the sand over Republicans' right to have a vote on a Gregg proposal.

"I think of him not as the guy sent into the game to kind of rough people up," said McConnell. "He's the smart-guy point guard, the one who's good at ideas that will benefit the overall team."

Gregg's proposals also have won the broad support of his GOP colleagues, who have stood with him and McConnell on tough votes that have not always played well in the media but have established the new Republican minority as a force to be reckoned with.

One Senate Republican aide said Gregg's ideas have been well-received because, "He's viewed as a thinker. ... He's definitely known for being stubborn, usually with good reason."

Gregg said he thinks his ideas have caught fire with his colleagues because, "Most of the issues I tend to push are things I think are at the essence of Republican governance."

A good example of that was Gregg's ultimately successful attempt to get a vote on an amendment designed to give the president line-item rescission authority over earmarks in spending bills.

Lott said Democrats opened up debate about the abuse of earmarks in spending bills during consideration of a lobbying and ethics bill in early January and then tried to prevent Gregg from getting a vote on his proposal by claiming it was not germane.

Lott said Gregg pleaded his case to the entire Republican Conference and the majority agreed that it was reasonable to band together to try to force Democrats to vote on the amendment. While the proposal was defeated, Republicans did secure an agreement to have a vote on the line-item plan during debate on a bill to increase the minimum wage.

While the line-item rescission amendment rose to the top through an organic process, Lott said Republicans made a more calculated decision last week when they insisted that the Senate vote on Gregg's nonbinding resolution in support of U.S. troops as a foil for the Democrats' preferred resolution condemning President Bush's plan to send more troops to Iraq.

"That was a situation where sometimes he's asked to put on his thinking cap and come up with ideas," Lott said.

McConnell said Reid's insistence that Republicans get only one vote on an alternate Iraq resolution spurred more interest in Gregg's bill.

"All of our Senators agreed that if we were only to have one amendment, that that summed up where we were," McConnell said.

Indeed, Gregg's proposal supplanted a popular resolution by Sen. John McCain (R-Ariz.) that would have refrained from criticizing the president but set benchmarks for success in Iraq.

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Gregg said the Senate Republican Conference's decision to rally around his resolution "was sort of a surprise to me. I didn't expect it to become such a cause celebre."

And even though Republicans were roundly criticized in the media — and by Democrats — for derailing debate on the nonbinding Iraq War resolution, Republicans say they have no "buyer's remorse" about standing by Gregg and blocking the Senate from bringing debate on the resolution to a close.

"The deck was stacked against us," said the Senate Republican aide. "There's no way in hell that the liberal media was going to paint us as anything but obstructionist."

While Republicans may have lost the public relations battle on the Iraq debate, Democrats acknowledged Gregg's savvy use of Senate rules.

Said one Democratic leadership aide, "We don't know if this is a unique set of circumstances or if this is going to continue."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, February 13, 2007

A Star-Quality Pal for the Ex-Prez

More insight into the surprising friendship between George H.W. Bush and Teri Hatcher: She baked oatmeal cookies for the Bush family during a Kennebunkport, Maine, visit! He taught her daughter how to ride a Segway! They've gone fishing and golfing together!

Those details came to us in e-mails the "Desperate Housewives" star sent yesterday in response to our colleague Korin Miller's inquiries about Hatcher's chummy Los Angeles lunch last week with the former prez, captured by leering paparazzi. Miller reported Saturday that the two have been pals since meeting at a gala in Las Vegas a few years ago. Hatcher responded late but in great detail, seemingly concerned that someone might interpret this all, you know, the wrong way.

Hatcher, a "registered independent," wrote that she befriended Bush 41 -- and his wife, Barbara, mind you! -- in "hope of being involved in their many charities," praising his work on disaster relief and other causes. "He is wonderful to my family but more importantly I believe at this time in his life the most important thing for he and Mrs. Bush is to be involved in giving back to the world . . . and I am proud to be a part of that."

As for the friendly peck on the cheek and pat goodbye captured on video: "There was nothing inappropriate. . . . We all had a good laugh about it."Some Loaded Comments at 'Abu Ghraib' Screening

When the lights go up after most documentary screenings, you usually can expect a politely snoozy lovefest at the "panel discussion to follow." So the folks who turned out for the preview of HBO's "Ghosts of Abu Ghraib" at the Ronald Reagan Building last night were unusually lucky.

Among the VIPs on hand to discuss the Rory Kennedy project (set to air Feb. 22) were Uncle Ted Kennedy and Sen. Lindsey Graham. The latter livened things up in a big way when he denounced Army Col. Janis Karpinski, who was demoted from brigadier general after the prison torture scandal.

"Karpinski should have been court-martialed," said the South Carolina Republican, who sits on the Armed Services Committee. "She was not a good commander."

Awkward! For who was in the audience but Karpinski herself. "I consider you as cowardly as [Lt. Gen. Ricardo] Sanchez or [Donald] Rumsfeld or [former Guantanamo Bay commander Geoffrey] Miller," she shot back. "You're saying I should be court-martialed -- they didn't want me in a courtroom because I would tell" the truth. Graham sputtered clumsily until moderator Jeffrey Toobin jumped in.

Afterward, Karpinski told our colleague Michael Cavna: "Ninety-nine percent of the story is still covered up. . . . Miller and Sanchez and Rumsfeld should be in those cells" with the Army guards who were found guilty.Chew Confessions! The First Lady Spills the Beans

Laura Bush sat down to dish with cook/talk-show host Rachael Ray on yesterday's program. A few crumbs:

Â· The first lady admitted she loves to cook but hasn't been in the kitchen for years. (She brought carrot muffins made by White House chef Cris Comerford.) Instead, she reads cookbooks and watches cooking shows "a lot."

Â· Jenna and Barbara rarely eat meat, like fish and vegetables, and love beans -- especially Cuban black beans and pinto beans.

Â· She just finished reading "The Glass Castle," a memoir by gossip columnist Jeannette Walls of her dysfunctional childhood (alcoholic father, neglectful mother), which she got from her mother-in-law and then passed it on to Sheila Martin, wife of Canada's former prime minister.

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Â· The president: "Not very good" at remembering Valentine's Day, so the White House florist always sends up flowers; he signs the card. Last year, one of the gardeners fashioned a heart topiary. "But, of course, the president didn't think of it, the gardener did," she told the audience. Busted!HEY, ISN'T THAT . . . ?

Â· A fellow who certainly looked like LL Cool J having an early dinner and signing autographs at Chadwick's in Georgetown Saturday evening. "He was everything you wanted him to be," sighed one star-struck diner -- black Yankees cap, huge diamond-stud earrings and a fur-trimmed coat over arms the diameter of his platinum records, and he told restaurant staff he was Cool James himself. But a publicist denied that the veteran rapper was in D.C. A colleague of ours, who happened to be interviewing the star by phone yesterday, asked. He sort of denied it and laughed; she asked again, and he noted that he has family here and said, "Well, I'll let you decide."

OTHER NEWS:

'I'm Doing Fine,' President Tells Worried Father (WP)

By Peter Baker

The Washington Post, February 13, 2007

As the House gets ready to begin debating the Iraq war today, President Bush has a piece of advice for his father: Turn off the television.

It seems that former president George H.W. Bush has been getting agitated watching all the attacks on his son -- so much so that the current president said yesterday that he is worried for his father's well-being.

"I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news," the president told C-SPAN in an interview to be broadcast this morning. "And I understand how difficult it is for a person who loves somebody to see them out in the political process and to kind of endure the criticism. My answer to him is: 'Look, don't pay attention to it. I'm doing fine.' "

That is advice he apparently intends to follow himself. Bush has no plans to watch the House debate his decision to send 21,500 more troops to Iraq.

"You know, I've got a full day," he said. "I mean, it's not as if the world stops when the Congress does their duty."

Besides, he added: "I already know what the debate is. I hear a lot of opinions."

Bush's comments were not the first hint at frustration inside the Bush family over his political troubles. After the November elections, which ousted Republican majorities from both houses of Congress, the elder Bush bristled at those disparaging his son. At a conference in the United Arab Emirates, he responded to Arab critics. "When your son's under attack, it hurts," he said. "You're determined to be at his side and help him any way you possibly can."

The president's travails may have brought father and son closer in some ways. In the interview yesterday, the younger Bush said he thinks his father is underestimated. Bush has identified politically more often with Ronald Reagan and Harry S. Truman. But he offered the 41st president as his first example when asked by C-SPAN's Steve Scully who is the most underrated president.

"Well, George H.W. Bush is one of them," the 43rd president said. "He followed President Reagan, who was such a really strong president that people have yet to take a look at my dad."

Beltway Support Could Boost Romney (LAT)

By Janet Hook And Tom Hamburger

The Los Angeles Times, February 13, 2007

— Republican presidential candidate Mitt Romney, the former Massachusetts governor who had a limited national profile just a few years ago, is matching the better-known Sen. John McCain (R-Ariz.) step-for-step in the race to round up support from an important audience: members of Congress and Washington lobbyists.

Call it the "insider primary."

Today, as Romney formally launches his bid for the White House with a speech in Michigan, what might have been a longshot campaign can boast that many influential GOP lawmakers and lobbyists have judged him best able to go the distance.

More members of Congress have announced support for Romney than for McCain: 26, including former House Speaker J. Dennis Hastert (R-Ill.).

And though some Washington hands backing Romney are not household names, they include luminaries of key Republican constituencies, such as former Rep. Vin Weber (R-Minn.), revered by economic conservatives and antiabortion

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activists; Sen. Larry E. Craig (R-Idaho), his chamber's standard bearer for gun-rights advocates; and John J. Castellani, a Beltway lobbying powerhouse with ties to the top echelons of American business.

The support of these insiders has positioned Romney to raise money and build a campaign organization in the early-voting primary states. It says much about the problems facing McCain, who despite a national profile is finding challenges in building the impression that his victory in the GOP primary is inevitable.

Where Romney is a relative newcomer to national politics after one term as Massachusetts governor, McCain is a 20-year Senate veteran and war hero already tested in a presidential campaign. But McCain's style and frequent departures from party orthodoxy, on such issues as campaign finance to tax cuts, have alienated many party colleagues in Congress.

"He's hurt himself with the Republican rank and file," said Rep. Jack Kingston (R-Ga.), who is leaning toward supporting Romney and who invited the former governor to speak to a group of House Republicans in January. Many times, "McCain is the spoiler on legislation. House members have gotten tired of it over the last six years."

Polls show that Romney is running a distant third among GOP presidential hopefuls, behind McCain and former New York Mayor Rudolph W. Giuliani, and that the vast majority of Americans do not know enough about him to form an opinion. Romney's Washington endorsements, coming from lawmakers and lobbyists whose own political clout depends on backing a winning candidate, may help confer legitimacy on his campaign.

With many Republicans doubtful that Giuliani can win the party's nomination because of his relatively liberal stands on social issues, Romney is trying to establish himself as the strongest alternative to McCain. Like Giuliani, Romney in the past had endorsed abortion rights and gay rights.

But he now is aggressively repositioning himself as a conservative on those issues, and is courting conservative lawmakers — as well as evangelical and social conservative leaders — who can validate his transformation.

Romney's effort is also paying off in help in fundraising and field organizing in key states. For example, he has secured the endorsement of popular Republican Sen. Jim DeMint of South Carolina, an early primary state; the other senator from the state, Lindsey Graham, is backing McCain.

McCain is concerned enough about being seen as defeated in congressional endorsements that he touts his own list of 21 backers.

"He enjoys a lot of support in both chambers," McCain spokesman Danny Diaz said. "We're going to continue to reach out to elected officials across the country."

Endorsement dynamics are akin to schoolchildren choosing teams: Some influential people are on everyone's wish list.

Weber, a Republican lobbyist, is one of those first-round picks. He is a respected political strategist with close ties to the White House and Congress. (He served on Capitol Hill from 1981 to 1993.)

Weber supported McCain in 2000, but Romney pursued Weber's support assiduously. In one-on-one meetings in Washington and Boston, Romney impressed Weber with his command of major policy issues, such as energy and healthcare. Weber eventually decided to back Romney, in part because he believed the message of the 2006 election was that voters were disillusioned with Washington insiders.

"The Republican Party badly needs a face from outside Washington," Weber said.

His endorsement also provides a window into how Romney is managing to win support from social conservatives — Weber strongly opposes abortion — though he has not always sided with them.

Weber said that in talking to Romney, he was persuaded the former governor had undergone a conversion as authentic and durable as that of Ronald Reagan, who did not declare his opposition to abortion until he ran for president in 1975.

Benjamin Ginsberg, a Republican election law expert who has counseled presidential candidates and party organizations for decades, was another backer sought by the major GOP campaigns. After reviewing the candidates, he chose Romney. Ginsberg's endorsement provides a stamp of GOP tradition, power and competence, particularly in the fundraising area.

Another Romney backer, Castellani is president of the Business Roundtable, an organization of chief executives of the top U.S. corporations. He is considered among the half a dozen or so most influential lobbyists in Washington, with experience in raising money, organizing issue campaigns and getting business engaged in national politics.

In a measure of what Washington insiders can do for a candidate, lobbyist Ron Kaufman and other Romney backers arranged a fundraiser for his political action committee in October. The $100-a-head event drew a crowd of 400, large enough that the fire marshal almost closed it down. Kaufman and a host committee of 21 lobbyists are now planning a $2,300-a-head fundraiser for Feb. 27 in Washington.

Romney moved to expand his lobbying-community reach in mid-January, inviting a group of K Street figures to a meet-and-greet breakfast. Among his catches: Jade West, a lobbyist for the National Assn. of Wholesaler-Distributors, a leading trade group representing nearly 40,000 companies. West, a former Senate GOP leadership aide, has promised to use her ties to build support for Romney on Capitol Hill.

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The House is a target-rich environment for Romney because it is a conservative bastion home to many Republicans who dislike McCain. The Arizona senator has infuriated GOP colleagues with his failure to support Bush's tax cuts in 2001 and 2003; his support for an immigration plan that would allow illegal immigrants a path to citizenship; and his signature campaign finance law, which many Republicans believe put their party at a disadvantage in 2006. During debate on the bill in 2002, McCain insulted many colleagues by saying the existing campaign system corrupted everyone in it.

"When he said we're all corrupt, I said, 'Speak for yourself,' "said Rep. Howard "Buck" McKeon (R-Santa Clarita), a Romney backer. "It would be tough for him to work with members of Congress on the things the president has to work on."

People close to Hastert were surprised that he endorsed Romney so early. But they were not surprised that he turned his back on McCain. Hastert and McCain had a bitter public spat a few years ago in which Hastert questioned the senator's credentials as a Republican.

To David Norcross, a lobbyist and one of New Jersey's representatives to the Republican National Committee, the early endorsements have established the validity of Romney's candidacy.

"Early on, there are questions about whether a candidate is real," Norcross said. "This list lays that question to rest."

McCain, Romney Vying For Support Of Conservatives (WP)

By Alan Cooperman And Chris Cillizza

The Washington Post, February 13, 2007

As a former Iowa state Republican chairman, head of Iowa Right to Life and political director of Rep. Jim Nussle's losing gubernatorial campaign, Marlys Popma is an experienced political operative as well as an evangelical Christian.

So when the phone calls started from Sen. John McCain of Arizona and former Massachusetts governor Mitt Romney, Republican presidential candidates eager for her help in the crucial Iowa caucuses next year, she knew this was not an election she could sit out. "You're never going to find the perfect candidate," she said.

For many social conservatives, that is an understatement. Twelve years ago, Romney said he would be a more effective proponent of gay rights than Sen. Edward M. Kennedy (D-Mass.); seven years ago, McCain said the Republican Party had no place for "agents of intolerance" such as Jerry Falwell.

Popma, however, felt she had to make a choice, and it was McCain.

For McCain, it was a hard-won endorsement in a fierce competition with Romney to exploit the absence of an obvious social conservative front-runner in the Republican race. Both candidates are working hard to line up key supporters such as Popma, and much to the distress of former Arkansas governor Mike Huckabee and Sen. Sam Brownback (Kan.), candidates with stronger ties to party conservatives, they are succeeding.

"Winability is a bigger issue in this campaign because of the Darth Vader-like specter of a Hillary Clinton presidency," according to the Rev. Richard Land, president of the Southern Baptist Convention's policy arm. Evangelicals "want the most socially conservative candidate they can find, who can win," he added.

Romney, who is expected to formally enter the presidential race today in Dearborn, Mich., has been particularly aggressive. In October he held a casual gathering at his Boston home for a who's who of social conservative leaders. Falwell and evangelist Franklin Graham munched on sandwiches and sipped soup alongside former presidential candidate Gary Bauer and pastor Richard Lee of First Redeemer Church in Atlanta.

Romney will also host a private reception for Christian radio and television hosts during the National Religious Broadcasters' annual meeting next week in Orlando, and he is expected to be the commencement speaker at the Rev. Pat Robertson's Regent University in May.

Not to be outdone, McCain will be feted by Falwell at a reception at the religious broadcasters' convention, the latest sign of detente between onetime adversaries. Last May, McCain delivered the commencement address at Falwell's Liberty University.

McCain and Romney have also done significant spadework to recruit well-regarded social conservative operatives to their cause. McCain has inked Marlene Elwell, who oversaw Robertson's 1988 presidential campaign in Michigan, and Judy Haynes, a former senior official in the Christian Coalition. Romney's team includes Gary Marx, a former head of the Virginia Christian Coalition who was the day-to-day coordinator of evangelical support for President Bush's reelection campaign.

But McCain and Romney have significant hurdles to overcome if they are to win the support of conservative Christians, who by one estimate make up a quarter of the electorate and at least 40 percent of the Republican base.

McCain has backed expanded stem cell research, blocked the "nuclear option" that would have allowed the Senate to hold up-or-down votes on the appointment of judges, and sponsored campaign finance legislation the Christian political community loathes because of its restrictions on election-related activity by grass-roots groups.

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In endorsing McCain, Popma said she had her own checklist that he satisfied: The candidate had to be against abortion, in favor of defining marriage as between a man and a woman, and committed to appointing conservative judges to the federal bench. "This man is a social conservative," she said, "and he is the leading social conservative in the race who is consistent."

But James Dobson, founder of the Christian broadcasting powerhouse Focus on the Family, is not convinced. He told a Dallas radio station last month he prays that evangelicals will not "get stuck with" McCain as the Republican nominee. "Speaking as a private individual, I would not vote for John McCain under any circumstances," Dobson said.

Romney faces a dual challenge in wooing social conservatives. First, he is Mormon -- a religion many evangelical voters view skeptically. Second, during his campaigns for the Senate in 1994 and for governor in 2002, he expressed support for abortion rights and gay rights, positions he has reversed since it became clear he would pursue the presidency in 2008.

According to several attendees of Romney's luncheon last fall, his Mormonism was not a major problem for the evangelicals in his den. What the assembled evangelicals really wanted to know, and what they mostly focused on, was whether Romney's recent stance against abortion is sincere, said Jay Sekulow, director of the American Center for Law and Justice, which frequently represents conservative Christians in church-state cases.

Romney told them he changed his mind about abortion during the debate over embryonic stem cell research, and he recounted a discussion with stem cell experts from Harvard in which he was offended by the casual, clinical way in which they spoke about the destruction of fetuses.

"He said it just hit him, suddenly and powerfully, that we are dealing with life," said Sekulow, who decided at the lunch to back Romney's campaign. "Some say this is flip-flopping. It's not. He just flipped. . . . I think it's from the heart."

The Rev. Rick Scarborough, a Texas-based Baptist preacher, is more skeptical. Scarborough, who runs the conservative advocacy group Vision America, was invited to the luncheon at Romney's house but used a scheduling conflict as an excuse not to attend. "I'm not prepared to get too terribly close right now, because I want to wait and see what the nature of Mitt Romney's conversion to social conservative issues is," Scarborough said.

In light of that skepticism, the Huckabee and Brownback campaigns hope they can overcome the perception that they cannot win, arguing that "we're viable if you make us viable," according to Land, the Southern Baptist leader.

Amid the near-constant pitches for support by the aspiring presidential candidates, some social conservatives are urging peers to refrain from any choice.

Steve Scheffler, president of the Iowa Christian Alliance, said he has been approached by several campaigns but has chosen to stay out of the endorsement game for now.

"Anytime you side with a candidate and work for them, you alienate people and you are not able to talk about the issues as much as you would like," Scheffler said.

Jewish Group Blasts Romney Over Launch (AP)

By Joan Lowy

AP, February 13, 2007

Republican Mitt Romney's choice of a museum honoring auto pioneer Henry Ford as the site of his presidential announcement was strongly criticized Monday by Jewish Democrats, who noted Ford's history of anti-Semitism.

The former Massachusetts governor, who is scheduled to formally launch his presidential candidacy from the Henry Ford Museum in Dearborn, Mich., on Tuesday, was taken to task by The National Jewish Democratic Council.

The council "is deeply troubled by Governor Romney's choice of locations to announce his presidential campaign," executive director Ira Forman said in a statement.

"Romney has been traveling the country talking about inclusiveness and understanding of people from all walks of life," Forman said. "Yet he chooses to kick (off) his presidential campaign on the former estate of a well-known and outspoken anti-Semite and xenophobe."

Forman said Romney's "embrace of Henry Ford and association of Ford's legacy with his presidential campaign raises serious questions about either the sincerity of Romney's words or his understanding of basic American history."

Ford was bestowed with the Grand Service Cross of the Supreme Order of the German Eagle by Adolf Hitler.

Eric Fehrnstrom, a spokesman for Romney, said the candidate will go ahead with his announcement as planned.

"Governor Romney believes our country needs to put innovation at the forefront if we are to ensure a stronger, safer and more prosperous America," Fehrnstrom said. "The Ford Museum embodies that bold, innovative spirit."

Fehrnstrom noted that other political leaders have praised Ford in the past. He cited a 1999 speech on small business development in which former President Clinton quoted Ford and praised the "power of enterprise and the strength of the human spirit" of American entrepreneurs.

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SAN FRANCISCO (AP) — Democratic presidential candidate Tom Vilsack will seek to cancel out his campaign's contribution to global warming through investments in "clean" energy.

The campaign will monitor its so-called carbon footprint — the carbon dioxide created by his travels, energy use at his offices and other activities, said communications director Josh Earnest. Carbon dioxide is one of the greenhouse gases blamed for rising earth temperatures.

To offset that carbon dioxide production, the campaign will pay a Vermont company, Native Energy, that invests in renewable fuels such as wind power, Earnest said. The campaign will also invite donors to contribute specifically to offset those costs.

Vilsack planned to announce the initiative during a speech on energy policy in San Francisco on Tuesday. "He will pledge to make his presidential campaign the first presidential campaign in history to be carbon-neutral," Earnest said.

"No question that this is one of the, if not the most important issue in this presidential campaign," Earnest said. "It affects national security, the economy, even the health care system."

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ALBANY, N.Y. (AP) — Key New York political leaders indicated Monday that they favor moving the state's presidential primary up a month to Feb. 5 — a shift that could help the 2008 campaigns of Democrat Hillary Rodham Clinton and Republican Rudy Giuliani.

It "would be the right thing for the state," an aide to the Legislature's top Democrat said.

A top aide to the Legislature's most powerful Republican said making such a shift was also on the GOP's radar screen.

Several other big states, including California, are already considering shifting their primaries to Feb. 5. Such a move could create a new Super Tuesday showdown just days after the first-in-the-nation Iowa caucuses and New Hampshire primary and the follow-up South Carolina primary.

"The speaker is favorably inclined to move the date. He thinks it would be the right thing for the state and will be speaking to the governor about doing it," said Charles Carrier, a spokesman for state Assembly Speaker Sheldon Silver, a Manhattan Democrat and key backer of Clinton's bid for the 2008 Democratic nomination.

New Democratic Gov. Eliot Spitzer had no immediate comment Monday about the plan, first reported in Monday's editions of the New York Post.

"It's something we're taking a look at," said John McArdle, a spokesman for Joseph Bruno, the state Senate's Republican majority leader. Bruno has close ties to both Giuliani, the former New York City mayor, and to Sen. John McCain, the Arizona Republican who polls show is Giuliani's main competition for the GOP presidential nomination.

In Alabama, Republicans and Democrats are trying to move up the date of the state's presidential primary from Feb. 5 to Feb. 2, 2008, which would avoid a conflict with a Mardi Gras holiday. Party leaders said Monday they are working on legislation to move the primary.

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COLUMBIA, S.C. (AP) — Former South Carolina first lady Iris Campbell and one of her two sons have signed onto Republican Mike Huckabee's presidential campaign.

Iris Campbell was widowed in 2005 when former Gov. Carroll Campbell died after a public battle with Alzheimer's disease. The former governor, who served two terms from 1987 to 1995, is credited with making the Republican Party a powerful force in South Carolina, and Iris Campbell remains influential throughout the state.

"I think that if Carroll were here, he'd do the same," Iris Campbell said.

Her son, Mike Campbell, who ran unsuccessfully last year for lieutenant governor's office, was tapped to run the former Arkansas governor's South Carolina campaign as a senior national adviser.

Will Mormon Faith Hurt Bid For White House? (USAT)

By Jill Lawrence

USA Today, February 13, 2007

SALT LAKE CITY — It's easy to find Mormons who have run into misconceptions about their faith. Take Jeff Hartley, executive director of the Republican Party in Utah, a state that's 70% Mormon. "I only have one mom. I only have one wife," he says. "That's not the understanding that a lot of people have."

The emergence of former Massachusetts governor Mitt Romney, a Mormon waging a strong campaign for the GOP presidential nomination, spotlights a religion often viewed as odd despite its rapid growth and attempts to go mainstream. Hartley and others say they welcome the scrutiny. For Romney, set to announce his candidacy today, it may be less than a blessing.

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In a diverse 2008 presidential field that includes a woman and an African-American on the Democratic side, polls show being Mormon is a handicap. In a new USA TODAY/Gallup Poll, 72% say they would vote for a qualified nominee who is Mormon. That compares with 94% for a black nominee and 88% for a female nominee.

POLL RESULTS: Is race, sex or religion a factor?

In 1960, John F. Kennedy gave a major speech to ease fears about his Catholicism. Joe Lieberman shed light on Orthodox Judaism in 2000 during his vice presidential campaign.

The Church of Jesus Christ of Latter-day Saints (LDS), the official name of the Mormon church, has an unusual theology and a past scarred by racism and polygamy. A national political race that conveys its focus on family life and traditional values could improve its image.

"The more people learn about the Mormon faith and culture, the more comfortable they will be," Hartley says. He and others say the same is true for Romney. "A lot of concerns are dispelled once people actually get to know him and his capabilities," says LaVarr Webb, a Mormon and GOP consultant here who plans to donate money to Romney.

There are nearly 6 million Mormons in the USA. Among them are politicians such as Democrat Harry Reid of Nevada, the Senate majority leader; Republican Sen. Orrin Hatch of Utah, who ran for president in 1999; and Romney's late father, George, a Michigan governor and 1968 presidential candidate.

With his Harvard degrees, his success in business, politics, fundraising and as CEO of the 2002 Winter Olympics in Salt Lake City, Romney draws a new level of attention to his faith. "It's a floodlight," says political scientist David Magleby, a Mormon and a dean at Brigham Young University in Provo.

Mormons got a taste of intense publicity during the Olympics. "We had literally hundreds of sports reporters writing about theology," LDS spokesman Michael Otterson says wryly. The coverage brought some changes in perception, he says, but they were incremental. "You don't change riveted prejudices overnight," he says.

America's political religion

Romney says it is not his job as a presidential candidate to educate people about his church. "I'm running for a secular position," he said in an interview. "I subscribe to what Abraham Lincoln called America's political religion. The Constitution and the rule of law are the highest promises I would make in taking the oath of office."

Willard Mitt Romney grew up in a Mormon family in Michigan. He met his future girlfriend and wife, Ann Davies, in elementary school.

At 19, after a year at Stanford, Romney began the mission required of Mormon men. He was sent to France to help manage church affairs, work with young people and try to win converts. "It's a very Catholic country, and successes are few and far between," he says, "but I made a number of very good friends."

Romney did have some success at home. While he was gone, Ann started college at church-run BYU. She was "officially Episcopalian," Romney says, but wanted to learn about his church and ended up joining it. On his return from France, Romney enrolled at BYU.

The pair married in 1969, when he was 21 and she was 19, and had five sons over the next dozen years. Ann Romney serves on community service boards, including the New England chapter of the MS Society. She was diagnosed with multiple sclerosis in 1999.

The ex-governor says questions about his faith are fair to ask. Some queries he answers directly. "I don't drink alcohol, I don't smoke, I don't drink coffee or tea. I also do a tithe," he says, meaning he donates 10% of his income to the church. All are church requirements.

Romney responds more generally when asked if he has participated in an endowment ceremony, in which men and women take vows of secrecy about temple rites and of obedience to the Lord, and begin the daily practice of wearing a sacred "temple garment" resembling abbreviated long underwear.

"I do attend the temple of my church … and people can learn about that by contacting the church," he says, adding: "I'm sure on the Internet you can find every single aspect of what's entailed."

'A Mormon problem'

Lieberman's vice presidential campaign amounted to a "national seminar" on orthodox Judaism, says Alan Wolfe, a religion and politics expert at Boston College. People asked questions, such as whether Lieberman could work on the Jewish Sabbath, and learned from his answers. "Whether we can have the same discussion about Mormonism, I don't know," Wolfe says. "It's going to be harder because it is a more controversial religion."

Conservative Hugh Hewitt, a law professor and talk-show host, says one big speech won't be enough. "Mitt Romney has a Mormon problem, as does the rest of the country. It's much bigger than I thought, and it's going to require a lot of conversation and focused study," says Hewitt, author of A Mormon in the White House?: 10 Things Every Conservative Should Know about Mitt Romney, due in March.

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Joseph Smith, an unschooled diviner in western New York, founded the LDS church in 1830. He said the angel Moroni had directed him to two golden plates engraved with scripture and Christian history. The text he dictated became the Book of Mormon.

Romney describes LDS as similar to other U.S. churches: "My church teaches first and foremost that there's a God who is our heavenly father, that all the children of the world are his, that humanity is one great family, that we have a duty to serve one another and that we should try and live better lives."

There are several distinctive aspects of Mormonism, however, that shape public perception and may affect Romney's political fate:

·Theology. Historian Jan Shipps, author of Mormonism: The Story of a New Religious Tradition, says Mormons hold beliefs that "people always find sort of strange." Among them: People are on a journey toward godhood, the dead can be baptized, and God speaks to man today through living apostles and prophets, such as LDS president Gordon Hinckley. Mormons also believe the Book of Mormon is the word of God while the Bible is "the word of God as far as it is translated correctly."

·Polygamy. The Mormon church banned polygamy in 1890 and punishes it with excommunication. Yet any time a tiny sect is charged in a polygamy case, says Richard Ostling, co-author of Mormon America, people recall Mormon history, and some think the church still sanctions the practice.

The situation is aggravated by Big Love, an HBO television series about polygamists who live in Utah but who are not Mormons. "They have tried to make it plain in their publicity and their scripts," Otterson says. "The trouble is that any time you mention Utah and polygamy, then you draw the association."

·Racial history. All devout Mormon men are ordained as priests, but blacks were excluded until 1978 when church president Spencer Kimball said he had a revelation from the Lord that "every faithful, worthy man in the Church" may receive priesthood. "Since then the church has made a tremendous effort to appeal to black members," Shipps says.

·Secrecy. Ostling calls the church "unusually secretive for an institution of its size." Financial and administrative matters are closely held, he says. Chapel services are open, but temples and worship ceremonies, including weddings, are closed to non-Mormons. The Romneys were married in a civil ceremony attended by Ann's parents and hundreds of guests, followed by a small temple ceremony for Mormons only.

·Discipline. Mormons are free to disagree with their church but can be excommunicated by local authorities for heretical teachings or open challenges to theology and practices. They can't attend temple, take communion or tithe but can go to chapel services and stay active. "There is no shunning," Shipps says. Author Laurel Thatcher Ulrich, a Harvard historian and practicing Mormon, says she "deplores" the excommunications but adds that they are not unique to her faith.

·Proselytizing. Mormons energetically seek members from other faiths. Sometimes they perform proxy baptisms of deceased Jews and other non-Mormons, in case they want to convert in the afterlife. Ulrich says the Mormon view is "we're the truth, and we want to convert you." Asked to square that with a president's duty to a diverse nation, Romney says that "almost every faith I've ever encountered tends to make people better people and draw them closer to their creator. I respect and admire almost every faith I've encountered."

Does he disagree with any aspect of LDS? "I wouldn't take it upon myself to try in any way to distance myself from my faith. I love my church. I am not going to pick and choose doctrines and beliefs."

Romney pitches himself as a competent manager; a successful entrepreneur; a conservative governor who fought gay marriage and passed a universal health-insurance plan; a turnaround artist who saved the 2002 Olympics from financial ruin and ran an unprecedented security operation for the games just a few months after 9/11.

He's also running as a social conservative whose views have evolved rightward, most dramatically from support for abortion rights to opposition. His evolution is one cause for wariness among some of the Christian conservatives who are influential in early primary states such as Iowa and South Carolina. His religion is another.

Magleby, who is a Democrat, says religious conservatives know Mormons are "rock-solid" allies on values issues such as gambling, pornography and same-sex marriage. "But the religious doctrines of the church are often found unacceptable to the religious right. To some, Mormons are seen as a sect and a threat," he says.

The North American Mission Board of the Southern Baptist Convention has produced The Mormon Puzzle, a video that highlights "extra-biblical scriptures … unorthodox doctrines and aggressive missionary efforts" by Mormons. The Arizona-based concernedchristians.org instructs Mormons on how to resign from their church.

Magleby and Wolfe say Romney should heed Arizona Sen. John McCain's experience in South Carolina's 2000 primary. McCain was accused, among other things, of having illegitimate children, betraying veterans and being brainwashed while a prisoner of war in Vietnam. Magleby predicts polygamy will be "a major attack point below the radar and maybe above." Wolfe says such attacks will start "the minute you get into the Republican primaries and somebody gets desperate."

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Romney says that's the nature of politics and "not something that scares away a person who cares very deeply about the country." He says he's met with evangelical Christian pastors and found them receptive: "We acknowledge that our theology is quite different, but our values are the same."

Is there any political benefit to being Mormon? The church occasionally weighs in on values issues, such as the Equal Rights Amendment, gay marriage and gambling and liquor laws, but it avoids party politics. No endorsements. No candidate appearances. No use of membership lists by campaigns.

Still, Magleby envisions a surge of money and support similar to what Democratic nominee Michael Dukakis received from Greek-Americans in 1988: "There was a sense of connection and pride that many Mormons will have for Romney."

Litmus Test For Hypocrisy (WP)

By E. J. Dionne Jr.

The Washington Post, February 13, 2007

Why is it that abortion, a subject on which political candidates often claim to be expressing their most deeply held moral convictions, is often the issue on which they seem especially opportunistic and unprincipled?

Mitt Romney, the former Massachusetts governor who is seeking the 2008 Republican presidential nomination, has, in a little over a decade, moved from strong support of abortion rights (when he was running for Ted Kennedy's Senate seat in 1994) to a point where he says he makes "no apology for the fact that I am pro-life."

Rudy Giuliani's support for abortion rights seems more constant, but his position, too, has evolved over the years, as Ray Rivera reported in the New York Times on Saturday.

Reappraisals and conversions are not confined to Republicans. Both Al Gore and Richard Gephardt altered their positions on abortion over the years to bring their views into line with Democratic primary voters who predominantly support abortion rights.

I don't mean to pick on four public servants who are certainly not alone in doing some version of the abortion shuffle. All of them may be thoroughly sincere in rethinking their old positions.

But there is something systematic about the willingness of politicians to adapt their views on abortion to suit the preferences of whatever electorate they are facing at any given time. The reason: Our political system has created strong incentives for candidates to be less than candid about what they really think.

To begin with, candidates are rarely willing to say outright what's true for so many of them: that they do not consider abortion the most important issue in politics and that it is not the reason they entered public life.

Of course there are exceptions such as Rep. Chris Smith, a New Jersey Republican who began his political career as executive director of the New Jersey Right to Life Committee. Plenty of Democrats entered politics primarily because of a mix of commitments related to social justice, poverty, labor rights, health care, civil rights and the environment. Many equally principled Republicans were animated largely by skepticism of government interference in the marketplace, support for lower taxes and, in many cases, a belief in an assertive foreign policy.

Yet politicians who acknowledged that abortion was not one of their driving concerns would be denounced, oddly enough, as unprincipled.

Opponents of abortion would argue, properly from their point of view, that failing to see abortion as a central issue now is akin to denying the importance of slavery in the 1850s. Supporters of keeping abortion legal, again properly from their side, would see such a politician as shamefully defective in his or her commitment to women's rights. As a result, politicians pretend to be deeply committed to a view even when they're not.

Making abortion a party issue has also encouraged dissembling. In Britain and Australia, a politician's stand on abortion is accorded "free vote" status, disconnected from party discipline. After all, it's perfectly consistent for a progressive committed to broad public provision for the poor to believe that abortion is wrong. It's equally consistent for a conservative opposed to government meddling in the marketplace to support a woman's right to choose.

In theory, our parties do not enforce a single line on abortion, and there are many pro-life Democrats and pro-choice Republicans. Last fall's campaign represented a modest but healthy loosening of informal discipline on the subject. But presidential candidates searching for primary votes know they must hold to each party's version of political correctness. Giuliani's moderately pro-choice stand will test whether this is as much of a straitjacket as the demands of a party whip.

Finally, we don't make it easy for politicians to admit, as most voters do, that abortion is an agonizing question. It's not hard to share the concern of right-to-lifers for the value of human life from the moment of conception. It's not hard to share the concern of abortion rights advocates that a legal ban could endanger the health and the lives of women by driving abortions underground without much reducing their number.

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My own imperfect solution to this dilemma is to favor public efforts to cut the number of abortions by encouraging contraception and offering much more support to women who want to bring their children into the world.

But it's easy for me to take this less-than-pure position. I don't have to run in a primary. As for the politicians, we have created a system that encourages many in their ranks to adjust their convictions to their political needs. And then we denounce them.

Does Hillary Have Something To Be Sorry About? (POL)

By Roger Simon

The Politico, February 13, 2007

Running for president means never having to say you're sorry. Or at least Hillary Clinton thinks so.

She steadfastly refuses to admit that her vote to authorize the Iraq war was a mistake. She refuses to say she was wrong.

I will make a prediction: Before we get to the Iowa caucuses, Hillary will say she was wrong. She will admit she made an error. Because if she doesn't, she risks losing.

John Edwards, Chris Dodd and Joe Biden voted for the war also. But all of them now say that was a mistake.

"I was wrong," Edwards says. "It was a mistake to vote for this war in 2002. I take responsibility for that mistake."

Here is what Hillary says: "Knowing what I know now, I would never have voted for it."

She says that President Bush "should not have been trusted with the authority we gave him."

Which is her way of saying, "I should have never given him the authority. It was a mistake."

But she won't say it. She will not admit human error on this issue. And it is affecting her campaign.

When she was in Iowa, she refused to make Iraq part of her stump speech, hoping, I guess, that nobody would ask her about it. And the first time a voter did ask, she didn't answer him. Later in the day, she gave versions of her "knowing what I know now" position.

You can't expect Hillary to turn back time. She cannot change history. She cannot put the toothpaste back in the tube.

But she can fess up instead of dodging.

Hillary Clinton can be open, charming, funny and warm on the stump.

When she talks about her Iraq vote, however, she sounds closed, guarded, calculating and defensive.

Her refusal to say a mistake was a mistake also feeds the impression that she is a divisive figure. Some voters will grow tired of all this and ask why she doesn't simply put the matter behind her by admitting the vote was wrong.

Think I'm exaggerating the magnitude of her problem? Here is an exchange that took place Sunday between Claire Helfman, a retired nurse who attended a house party in Nashua, N.H., and Clinton: "I've heard your explanation for your vote: 'I didn't think I was voting for the war, I was voting for inspections.' It doesn't fly. It just doesn't fly," Helfman said.

Then, according to the Associated Press, "The New York senator repeated her long-standing mantra -- 'If we knew then what we know now, I would never have voted to give this president the authority.' And she again batted down calls for her to describe her vote as a mistake."

(And when the Associated Press calls your position "a long-standing mantra," it is a sign of how serious things have gotten.)

"I'm sorry, what I say is what I believe," Hillary said to Helfman. "I understand that some people disagree or think it's not adequate, but it's what I believe."

Such sincerity can be gutsy and appealing. But to some it does not sound like sincerity, it sounds like arrogance. The same kind President Bush displayed when in April 2004 he was asked at a news conference to name a single mistake he had made and he could not think of one.

The Democratic National Committee recently held its winter meeting in Washington, and all the 2008 candidates spoke over two days. Anyone who showed up for both days (and very few reporters did) learned that virtually any of the second-tier candidates could swiftly move up to the first tier.

"Iraq is a symptom," Gov. Bill Richardson of New Mexico said. "The disease is arrogance."

Former Iowa Gov. Tom Vilsack said, "Those who voted for the war, those who voted to continue to support the war, those who voted to continue funding the war, can surely vote to stop the war."

Neither one ever had to vote on the Iraq war. Nor did Barack Obama.

That could give them an advantage in the Democratic Iowa caucuses, which are dominated by liberal activists, and in the New Hampshire primary, where voters have a history of sending a message with their votes.

"She has a very nuanced explanation, and it's a pretty good explanation. But many people want to hear her clearly say that her vote was a mistake," Paul LeBlanc, a Clinton supporter and president of Southern New Hampshire University, told a reporter Sunday.

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"I don't think this issue is going to subside anytime soon," Dean Spiliotes, director of research at the New Hampshire Institute of Politics, said. "There is a lot of pressure on her now to explain her vote and almost do a little penance for it."

I know Hillary's campaign hopes that the press will tire of writing about this and the public will tire of asking about it and it will all go away.

But I doubt that will happen. Front-runners don't get many breaks, and Hillary is the front-runner. For now.

David Nagle, former chairman of the Iowa Democratic Party, said recently: "Anybody who raises a real banner against (the war) is going to do well. Anybody who tries to toe-step around it is going to have a real problem."

I am aware of the political calculation Hillary is making. She is trying to play it safe by not saying she is sorry. She doesn't want to go too far to the left in the primaries, so she can get back toward the center in the general election.

But before she can win the general election, she has to win the Democratic nomination.

And to do that, safe is not better than sorry.

Read about Barack Obama's New Hampshire town hall meeting.

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by el6353 on 02.13.2007 at 12:28 AM

Every time Hillary opens her mouth she sounds like she's been briefed by a flock of consultants. Every time Hillary opens her mouth she sounds more and more like a slick politician that has had an ingrained group of consultants script her every word.

She's never heard the adage that "she who stands in the middle-of-the road gets his by trucks coming from both directions." And she is.

I'd hate to be the poor Starbucks employee who takes her order...it would probably contain an esteric combination of flavors so as to please everybody and offend nobody, so that the poor employee would be hard-pressed to produce such a concoction.

Whe she finally admits that she made a "mistake" by voting to authorize the Iraq war, it, too, will have been based on polls showing that she's losing ground to Obama by not admitting it. Once again, polls and a political machine will dictate her covering-the-spectrum position.

Hillary...speak plain English based on your heart-felt positions (if you actually have any!)

You're looking pretty shallow {You go, girl!).

by GGPSmith on 02.12.2007 at 11:45 PM

Did you ever hear W apologize for anything when he was campaigning for President? Either time? I've heard him contradict himself in back-to-back news clips on The Daily Show so many times that everyone in the real news business not calling him that other L-word on a daily basis should just admit they are actually in the PR business and call it a news career. The only thing Hillary should apologize for is not owning up to her feminist ideals in not divorcing Bill. But as far as I remember, all she had to go on for her vote were the intelligence reports W The L's administration cooked up. So, Roger, how about a daily tirade demanding Bush's apologies for his unapologetic behavior for saying and doing things he really should be resigning, much less apologizing, for. But then again, Hillary can't throw any of us in jail without a lawyer, trial, or charges, for as long as she pleases, can she? Not yet anyway.

by Bueller on 02.12.2007 at 11:02 PM

Hillary bears responsibility for her vote and support for this military action And just like our president, she has shown neither leadership nor contrition. And she wants our vote, I'll pass.

by Jerry in Boston on 02.12.2007 at 09:51 PM

What complete and utter garbage.

This is like saying the villagers should apologize for believing the boy who cried wolf.

by tnproud2b on 02.12.2007 at 09:41 PM

The Democrats are going to be ruined if the war starts going well before Nov 2008.

by Chenrossii on 02.12.2007 at 08:41 PM

Did you hear the meager applause that accompanied Mrs. Clinton's response; "Knowing what I know now, I would have never voted for it."

I think she is in trouble over the war.

I won't vote for anyone that voted to authorize President Bush to go to war. Not for Senator Clinton, former Senator Edwards, Representative Hunter, Senator Biden, Senator Dodd, or Senator McCain.

by B Frank on 02.12.2007 at 08:33 PM

They are all sorry for what they did - not just Hillary. And deep down what they all are most sorry for was playing politics instead of doing their job and doing what was right. They were all so afraid of being labled by the Bush admin and Republicans as unpatriotic and supporting the "evildoers" that they gave Bush a blank check instead of acting like the congresspersons and senators they were elected to be. No one questioned the Bush cabal on their rush to war. Now they can't run away fast enough. They all need to be held accountable. No one was brave enough to stand up. They were all thinking about the next election and they all wanted to come across to the American people as tough on terrorism. None of them realized how incompetent Bush, Cheney, Rumsfeld, et al., would be and no one expected Bush to botch this whole operation so badly with his arrogance and stubborn refusal to recognize how badly things were going and change course.

That's what we need to hold them accountable for, a lack of courage, conviction and leadership. If someone in either party will come forward and show the American people that actually stand for something and not wave in the wind everytime there is a vote to be chased, they will win.

by Lucas V. Earl on 02.12.2007 at 07:52 PM

Hillary's response is unsatisfying to anti-war activists because what they want to hear (or at least want to believe they are hearing) is a "confession" that it was wrong to authorize the Iraq war even based on what we thought we knew in 2002 (i.e., that Iraq allegedly had WMD and allegedly had connections to Al Qaeda). The implication of such a confession, of course, is that it would also be wrong to use military force in the future against an enemy that had the intention and capability of attacking the United States unless they attacked first.

by Mimi11 on 02.12.2007 at 06:58 PM

Mr Simon,

If you had spent this much time and energy parsing Bush's words in the run up to the Iraq war maybe he would not have been able to lie the country into a ruinous war.

Why aren't you demanding accountability from Bush? Why aren't you demanding that he apologize to the country and the Congress for all the lies, deceptions, manipulated intelligence?

This is yet another example of "Clinton rules of journalism". Just beat up on the Clintons and blame them for Bush's disasters.

Senator Clinton made a decision based on the doctored intel Bush sent to Congress. You want her to apologize for it? What's wrong with you Washington journalists?

by Leftcoast on 02.12.2007 at 06:30 PM

I understand Hillary's answer regarding the Iraq war. She voted for the resolution that at the time was also going to use the WMD inspectors. She's owned up to what she voted for - being responsible and a grown-up. What a 'real' press should do is see if the questioners are Republican activists in disguise because frankly how many times does she have to answer the question. Meantime, she has answered multitudes of other pertinent questions but they don't seem to get the press coverage. Again, something is 'TOO' coordinated about these questions. Why doesn't the press, including a POLITICO EDITORIALIST on Meet the Press today, start putting simple pieces of the puzzle together. The Main Stream Media backed by its corporate elitist companies, have no intention of the truth behind VP Cheney, Saudi 9/11 conspiracies, the rip off elections of 2000 and 2004, and the fake war in Iraq for oil war to ever come to light. The online community will become stronger and defeat the enemy within - it just takes knowing who the enemy is, including this POLITICO blogshere.

by Rustyk4 on 02.12.2007 at 06:25 PM

Mr. Simon, You're right. The public IS sick and tired of wall to wall Hillary and Obama! For the love of God, give it a rest!

Here's a clue for you Mr. Simon: neither Mrs.Clinton nor Mr.Obama invaded another country and slaughtered tens of thousands of people on false pretenses. The people know who did. Do you? Maybe you could look into it, if you have the time.

by JSteele on 02.12.2007 at 06:15 PM

Yeah!

by tnproud2b on 02.12.2007 at 05:21 PM

I must have missed it. What exactly is Hilary's plan for victory in Iraq? What is the Democrats' plan?

by exocet on 02.12.2007 at 04:52 PM

I think Hillary should say it was a mistake to go to war, but I do not think she should apologize. I think she should be apologetic in tone but not in content. This fixation on an apology is mindless and childish. Hillary should say it was a mistake to go to war but also describe the litany of mistakes that followed: It was a mistake for the media to cheer Bush on, it was a mistake for Bush to allow looting, it was mistake for Bush not to fire Rumsfeld, it was a mistake for Bush to put cronies in charge on ministries, it was a mistake for voters to choose Bush instead of Kerry, there were mistakes everywhere. HIllary should say, now that we have got the mistakes off our collective chests, here is how I'm going to fix things. If America wants to choose its

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presidents on who does the best apology like some American Idol contest or televangelical crusade, then don't complain when you end up with presidents like Bush.

by Tangible on 02.12.2007 at 04:49 PM

Perhaps Mrs. Clinton needs to borrow a phrase from Mr. Clinton: "That depends on what the meaning of 'sorry' is." That sure worked for him!

by JSteele on 02.12.2007 at 04:39 PM

For all of you that support Hillary, shame on you. We live in a democracy, not a monarchy. Having Bush I, Clinton I, Bush II, and now Clinton II is problematic. A HUGE reason for the American Revolution was to get away from monarchs and rulers. Our current system appears to be heading toward dynastic rule, just like our old-time British counterparts. Wake up and REVOLUTIONIZE the system and don't become one of the SHEEPLE. Vote for change..vote for someone like Obama, Richardson, or Edwards....even Vilsack... Giuliani seems good too. Don't sell out to the Oligarchic system.

by edofarrell on 02.12.2007 at 04:07 PM

Hillary didn't make a mistake. Bush did. Let's try and keep the spin off the topic. The 'Decider' is the guy who made all the bad decisions up to and going into this misguided war. Hillary has a better take on this than anyone else. Put the blame where it belongs.

by PhillyGuy on 02.12.2007 at 03:23 PM

Hillary has more than adequately explained her position on the war. Obviously, she regrets the outcome of this military operation. However, it was not her decision to wage the war. It was an effort of the president and the Republican-controlled Congress to invade Iraq without adequate planning and support. Republicans bear ultimate responsibility for leading and mismanaging this war. The Democrats and Hillary should not have to accept blame or guilt for Bush's obvious incompetence. She stated very clearly before the war in her Senate speech that she did not believe in preemptive strikes and wanted the vote to further government's diplomatic leverage in negotiating with Iraq and coalition building. Her reasoning was clear and logical.

by Nancianne on 02.12.2007 at 03:12 PM

It will be a sad day for America if that disingenuous, pandering, windmill politician, Mrs. Clinton manges to worm her way back in the White House. She is not to be trusted.

by Janesays on 02.12.2007 at 03:11 PM

Regarding Barack Obama, while Roger Simon is correct that Obama did not have to vote on the war, what Mr. Simon fails to mention is that Obama did make public statements of opposition to the invasion prior to it, and for that he should get credit for being gutsy - this was a time when all the major media was cheerleading for the war and Bush's public support was sky-high - and for being right.

I do agree with the NH voters who expressed dissatisfaction with Hillary's attempt to finesse her war vote without admitting a mistake. As was noted in the Washington Post this morning, this will give many Democratic primary voters an unpleasant reminder of Bush-style stubborness, while reinforcing the reason why it's so hard to make the short commute from Capitol Hill to the White House: her answer makes her sound like one of 100 and that's just not good enough to ace the interview to be the future Decider.

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The Explanation Hillary Clinton Owes (WP)

By Richard Cohen

The Washington Post, February 13, 2007

Yet another man has betrayed Hillary Clinton. This time it's George W. Bush, who not only deceived her about weapons of mass destruction but, when granted congressional authorization to go to war in Iraq, actually did so. This, apparently, came as a surprise to her, although in every hamlet and village in America, every resident who could either read or watch Fox News knew that Bush was going to take the country to war. Among other things, troops were already being dispatched.

Somehow, Bush's intentions were lost on Clinton, who then as now was a member of the United States Senate. This was the case even though she now rightly calls Bush's desire to topple Saddam Hussein an "obsession."

"From almost the first day they got into office," Clinton said last weekend in New Hampshire, the Bush administration was "trying to figure out how to get rid of Saddam Hussein." If that was the case -- and indeed it was -- then how come she now says she did not think Bush, armed with a congressional resolution, would hurry to war?

I certainly did. It was about the only thing I got right about the war, which, the record will show, I supported. If I were running for the presidency, I might call my position "a mistake" and bray about being misled. But it was really a lapse in judgment. For reasons extraneous to this particular column, I thought the war would do wonders for the Middle East and that it

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would last, at the most, a week or two. In this I was assured by the usual experts in and out of government. My head nodded like one of those little toy dogs in the window of the car ahead of you.

So I do not condemn Clinton and other Democratic presidential candidates -- Chris Dodd, Joe Biden and John Edwards -- for voting for the war because I would have done the same. I fault them, though, for passing the blame to Bush as the guy who misled them. They all had sufficient knowledge to question the administration's arguments, and they did not do so. Not a single one of them, for instance, could possibly have believed the entirety of the administration's case or not have suspected that the reasons for war were being hyped. If they felt otherwise, they have no business running for president.

The odd man out in this debate is Barack Obama, who was not in the Senate in October 2002 when Congress passed the war resolution. He has been on record from that time as always being opposed to the war. That is to his credit. But we will never know how he might have voted since, clearly, being in the Senate and having presidential ambitions work wonders on the mind. (Indeed, once Obama got to Washington, he made only one Senate speech on Iraq.) Can it only be coincidence that all the other Democratic senators now running for president voted for the war? Can it also be a coincidence that they, in fact, voted as a majority of the American people at the time wanted? Not a single one of them bucked the zeitgeist, yet other Democratic senators -- 21 of them, in fact -- voted against the resolution. They were the ones not running for president.

The zeitgeist has reversed course. A clear majority of Americans and a preponderance of Democrats now oppose the war and have no confidence in Bush's handling of it. Is it yet another coincidence that, aside from Obama, all the Democratic presidential candidates from the Senate have also reversed course, arriving at their opinions after excruciating thought, or have they merely put their finger to the wind? In other words, have they changed their minds or merely their positions? It's hard to know. In Clinton's case, she is dead center in American public opinion, foursquare for what's popular and courageously opposed to what's not. Most Americans oppose a precipitous pullout from Iraq and -- surprise! -- so does Clinton.

Too often when a candidate throws his hat into the ring, he tosses principle out the window. Yet this is precisely what we want in a president -- principles and the courage to stick to them. Instead of Clinton saying she had been misled by Bush and his merry band of fibbers, exaggerators and hallucinators, I'd like to hear an explanation of how she thinks she went wrong and what she learned from it. I don't want to know how Bush failed her. I want to know how she failed her country.

Clinton Reminds New Hampshire, I'm With Bill (NYT)

By Patrick Healy

The New York Times, February 13, 2007

As she made her first outing to New Hampshire as a presidential candidate last weekend, Senator Hillary Rodham Clinton left her husband at home, yet she tried to tap his old political magic at nearly every turn.

Mrs. Clinton, Democrat of New York, mentioned Mr. Clinton at least eight times on Saturday — at one point talking about "Bill's heart surgery" to illuminate her own travails with health care bureaucracy — and a few times on Sunday, most memorably when she said of Republicans, "Bill and I have beaten them before, and we will again."

For the first time in her bid for the White House, Mrs. Clinton directly laid claim to the legacy and popularity of former President Bill Clinton — and did so in a crucial primary state where her husband showed his resiliency in 1992, when he finished second despite weeks of troubles.

"It helps her because we know Bill Clinton and we love Bill Clinton. We know him and his foibles. We know he loves his Dunkin' Donuts; we know his love for burgers," said State Representative Patricia M. McMahon, a longtime ally of both Clintons. "It shows that she's human, too, and appreciates her husband and likes him as much as we do."

This latest chapter in the Clinton political relationship is still a work in progress. Twice as a candidate for the Senate, and during her six-year term, Mrs. Clinton has kept a measure of professional distance from her husband, partly to keep the spotlight on "the politician in the family," as he has called her. Where the two have appeared together — for example, at the funeral of Coretta Scott King last year — his skills as a speaker have overshadowed hers.

Now that Mrs. Clinton is a presidential candidate, however, her advisers say it would be folly to minimize Mr. Clinton's role in her life: as a potential first gentleman, as her "full-time political counselor" (as she called him on Saturday) and as a source of emotional support.

Mr. Clinton is an asset in particular with his fan base, which was obvious as Mrs. Clinton drew smiles and laughter by recalling their White House days, "what Bill did" with the government in the 1990s (which she said she would try to replicate) and his famous tardiness, which, she noted with humor, she has endured with everyone else.

"The way she talked about him gave me a better feeling for her warmth," said Karen Ryan of Concord, who attended a question-and-answer forum with the senator there on Saturday. "And the Clinton administration is a much better memory than the one we have now."

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Yet Mr. Clinton is also a potential liability because of the questions he provokes, as both a polarizing former president who could return to the White House and as a husband whose behavior in the Monica Lewinsky affair lingers in the some minds.

"It's nice that she stayed with him, but as strong as she is, I think she should've dumped him after Monica," said Karla Frasse, a dental assistant in Concord. "I want to see her in her own right and not really be reminded of the two of them together."

Mr. Clinton stepped in for Mrs. Clinton on Sunday for the first time since she announced her candidacy, speaking at a breakfast of Westchester County Democrats in New York. It was not an official campaign event, though he did say that her huge re-election victory in November helped catapult her to New Hampshire. It was a reminder that Mr. Clinton will be a chief surrogate at fund-raisers and political events through November 2008, Mrs. Clinton's advisers said.

There are no plans for Mr. Clinton to campaign on his own or to appear with his wife at events right now, though they will eventually campaign together, said Howard Wolfson, a senior campaign adviser.

Mr. Wolfson said that Mrs. Clinton's references to her husband were not scripted, and that he did not know whether the couple had cooked up a Dunkin' Donuts joke — in which she said, a few times, that Mr. Clinton had gained 20 pounds from his pit stops there, and that she would need voters' help to keep off the pounds.

"I think it's hard for her to think about New Hampshire without thinking about him," Mr. Wolfson said.

Mr. Clinton finished second in the New Hampshire primary in February 1992 despite a winter of controversy over his draft record and other problems, and he declared himself "the comeback kid."

Today he is exceptionally popular among Democrats in the state; in interviews this past weekend, several New Hampshire Democrats recalled their first conversations with him in 1992 as if they had just happened.

Mrs. Clinton's informal references to "Bill" turned off a few Democrats, who said they found it distracting or informal. Yet political analysts said her casual references showed a certain assuredness, since many politicians, particularly women, are careful about saying or doing anything to suggest they are under the sway of their spouses.

"I think the way she was teasing about him, and not shying away from their years together, projected a nice confidence," said Dante Scala, an associate professor of politics at Saint Anselm College in Manchester. "It helps engender early good will that can help build a candidacy."

Out-of-style Thinking (USAT)

By Annette Fuentes

USA Today, February 13, 2007

If some things have changed, the news media's take on female politicians has a tendency to recycle the same old clichés about them. Coverage of first female House Speaker Nancy Pelosi's fashion sensibility in the media is Exhibit A.

First there was a Washington Post article published shortly after the elections on the presumptive new House speaker, "Muted Tones of Quiet Authority: A Look Suited to the Speaker." It offered the information that "Pelosi's suit was by Giorgio Armani — the Italian master of neutral tones and modern power dressing — and she wore it well." The article at least appeared in the newspaper's Style section, but was chock-full of psychoanalytic forays into Pelosi's wardrobe choices, asserting that "an Armani suit, for a woman, is a tool for playing with the boys without pretending to be one." I would wager that Pelosi is one woman who doesn't play around with anyone.

Then there was a New York Times article in January in its Thursday Styles section titled "Speaking Chic to Power." While noting that Pelosi, barely in her new job a month, had brought the House to votes on a minimum wage increase, stem cell research and Medicare drug prices, the article said "she did it looking preternaturally fresh, with a wardrobe that, while still subdued and over-reliant on suits, has seldom spruced the halls of Congress."

Similar articles appeared in the Baltimore Sun and Chicago Tribune. Mentioned were other women politicians and their fashion choices, such as Sen. Hillary Clinton's hair style and preference for black pantsuits or Florida Rep. Debbie Wasserman Schultz's haircut. The question is whether focusing on the clothing choices of serious female political players risks rendering them less than serious. Another question is whether such reports warrant precious space. After all, with rare exceptions, male politicians are seldom scrutinized for their choice of suits.

Some reporters and editors haven't figured out a way to cover female politicians that doesn't rely on the old stereotypes, says Gail Dines, sociology and women's studies professor at Wheelock College in Boston. "To be a woman politician, you have to strategize and work hard, and yet what matters is what designer you're wearing. It's a way to make women in power less scary," Dines notes. "It's putting women into a comfort zone for those who are still baffled by how to treat strong women."

The articles seem a throwback to a time when women were only spouses, not players, says Ruth Mandel, director of the Eagleton Institute of Politics at Rutgers University. "To focus on their attire, the cut of their clothes … is to be in danger of trivializing who they are, the important role they play and the meaning behind women's advancement to positions of power: That is, we're moving to a true democracy of shared leadership."

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The problem is the media haven't quite caught up. "A woman who rises to a leadership position at any level is going to dress appropriately," says Kathleen Hall Jamieson, professor at the Annenberg School of Communications at the University of Pennsylvania. "It underscores her competence and is not a distraction. You take for granted that it would not be worthy of comment any more."

Jamieson thinks the underlying motivation for reporting on female politicians' style is "the natural news interest in talking about what changes, and men don't look different. There is a uniform for men in power and we all know what it looks like. The only thing to change is the color of the shirt or tie."

Because women have greater fashion options, changes they make are more obvious and invite analysis. Now that Pelosi's "uniform" has been established, that should be the end of it. Ditto for Clinton. "Clinton now has a range of what she wears," Jamieson says. "She hasn't been changing hairstyles or her pantsuits. That is our definition of what she wears, and that should end it."

Tom Rosenstiel, director of the Project for Excellence in Journalism, thinks reporting that describes women politicians' appearance is justified in profiles of them. "Beyond that, there comes a point where it reflects badly on the press," he says. "The only way the appearance of a politician is really politically relevant is if they are so dazzlingly charismatic or strange looking that people can't look at them. Whether it's Condoleezza Rice, Madeleine Albright or Nancy Pelosi, they all fall into the same zone as their male counterparts. They all look like regular people, none is a runway model or the elephant man."

Female politicians will certainly survive such silly coverage, and some argue the stories are harmless. But these women are role models for young women and offer an alternative to the fashion model and celebrity in setting the standard for female beauty and worth.

Dines worries that when the media emphasize the appearance of women, it perpetuates attitudes in the larger world that devalue and limit women. "These are fortunate, privileged women," Dines notes of politicians, "but for young women trying to make it in the world, how they look can affect their opportunities."

Annette Fuentes is an adjunct professor at the Columbia University Graduate School of Journalism and a member of USA TODAY'S board of contributors.

Obama Hits New Hampshire (CHIT)

By Mike Dorning

Chicago Tribune, February 13, 2007

NASHUA, N.H. -- Bringing his opening campaign swing to the site of the influential first-in-the-nation presidential primary, Sen. Barack Obama on Monday sharpened distinctions with rival Democrats on the Iraq war even as he offered an apology to military families who might have been offended by a comment he made a day earlier in Iowa.

A local New Hampshire reporter asked Obama (D-Ill.) if military families deserved an apology for a comment the senator made during a speech at Iowa State University on Sunday criticizing the war in Iraq as a conflict that had "wasted" more than 3,000 American soldiers' lives.

Obama had backtracked from the comment immediately after the speech, telling a reporter for the Des Moines Register that the remark was "a slip of the tongue" and that soldiers' "sacrifices are never wasted."

Speaking to a group of reporters in the kitchen of a Nashua, N.H., home after a gathering for Democratic party activists, Obama said he had misspoken in Iowa, adding that his opposition to the war was grounded in a desire for soldiers to return home safely to their families.

"I would absolutely apologize if any of them felt that in some ways it had diminished the enormous courage and sacrifice that they'd shown," Obama responded.

In 10-hour stopover that was only his second visit ever to New Hampshire, Obama drew enthusiastic crowds, with thousands of students and local residents filling an auditorium at the University of New Hampshire at Durham for an evening rally.

He spent two hours mingling with lunch-time coffee house customers and pedestrians on a street near the State Capitol in Concord and later stopped at a party in Nashua hosted at a passive-solar heated home owned by Bette Lasky, the Democratic assistant majority leader of the State House of Representatives.

The Illinois senator stressed his calls to begin troop withdrawals from Iraq as he moved through New Hampshire, a state where the war in unpopular and particularly so among the activist Democrats most likely to vote in the presidential primary.

His chief rival, Sen. Hillary Clinton (D-N.Y.), was dogged with questions about the Iraq war as she campaigned in New Hampshire this weekend.

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Clinton was repeatedly pressed by local Democratic activists to say whether she now believed she made a mistake in voting for the 2002 Senate resolution authorizing the Iraq war; Clinton declined to do so and instead repeated past statements that she would not have voted for the resolution had she known what she does now.

Both Clinton and Democratic presidential candidate John Edwards were members of the Senate in 2002 and voted in favor of the war authorization. Edwards has said his vote was a mistake and has challenged the Senate to use its power over federal spending to end the war.

Obama was not a member of the Senate in 2002 but spoke out publicly against the war resolution.

Obama, who has recently been focusing attention on that difference in their records by regularly noting in campaign speeches that the war should "never have been authorized," suggested in answering a reporter's question that his rivals and other senators who voted yes are partly responsible for the situation in Iraq.

"I think all the decisions we make in Washington have consequences. So obviously if the Senate had voted down the authorization, we wouldn't be in the situation that we're in now," he said.

Obama also underscored his differences with Clinton's more cautious approach on Iraq. He contrasted as "pretty substantial" the difference between a Senate bill he recently authorized to pull combat troops out of Iraq by March 2008 and a bill that Clinton has introduced to cap troop strength in Iraq at the level in January.

But Clinton spokesman Howard Wolfson noted that she had joined Obama in favoring a phased withdrawal of US troops in a 2005 Senate vote.

Speaking at the University of New Hampshire, Obama also questioned the Bush administration's motive in releasing evidence this month that Iranian-built weapons may have been used in Iraq against U.S. forces.

He said much of the evidence was months old and questioned the timing of the release.

Obama campaigned in a blue blazer and open-collar white shirt in a town-hall style meeting at a field house at the university. He drew loud cheers from the crowd, several of whom said they were impressed by his manner.

"He's not stiff. He's not stuffy," said Eric Diamond, 25, a high school teacher from Concord, N.H., who came to see Obama. "He's come up from the grassroots, from the ground up in Chicago. That I admire a lot, anyone who's done hands-on community organizing."

"He's a fresh face. He's not been in the political machine long enough to be jaded," said Stephanie Ashbaugh, 44, a family practitioner from Hollis, N.H.

Obama Restructures A Remark On Deaths (NYT)

By The New York Times

The New York Times, February 13, 2007

DURHAM, N.H., Feb. 12 — Senator Barack Obama of Illinois said Monday that he had misspoken when he suggested that the lives of more than 3,000 American soldiers killed in Iraq had been “wasted.”

As he arrived in New Hampshire, Mr. Obama said he would “absolutely apologize” to military families if they were offended by a remark he made in Iowa while criticizing the Bush administration’s Iraq policy.

“What I would say — and meant to say — is that their service hasn’t been honored,” Mr. Obama told reporters in Nashua, N.H., “because our civilian strategy has not honored their courage and bravery, and we have put them in a situation in which it is hard for them to succeed.”

A New Hampshire reporter asked Mr. Obama whether he regretted the remark, made at a rally on Sunday that “we ended up launching a war that should have never been authorized and should have never been waged, and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted.”

“Even as I said it,” Mr. Obama said Monday, “I realized I had misspoken.”

Obama: Senators Made Mistake On War (NHUL)

By John Distaso

New Hampshire Union Leader, February 13, 2007

NASHUA – Illinois Sen. Barack Obama says the U.S. senators who formally authorized President George W. Bush to invade Iraq in 2002 are at least partly responsible for "the situation we're in now."

Wrapping up his first house party in the first-primary state, the newly announced Presidential hopeful told reporters that senators who voted to authorize the war should "make their own assessment on how they would do things differently or not."

Fellow Democratic candidates New York Sen. Hillary Clinton and former North Carolina Sen. John Edwards were members of the Senate when the historic vote was taken and voted in favor of the war authorization resolution.

U.S. Sen. Barack Obama reaches out for a handshake during a campaign visit in Concord yesterday. Obama also appeared at a house party in Nashua and a town hall meeting at the University of New Hampshire Field House in Durham. (AP)

?Obama wows the crowd at a packed house at UNH

?Obama: Votes for war in 2002 still matter

?Obama hits Iowa running

?Obama makes Presidential candidacy official

?Hillary, five others to attend Nevada forum

?Obama backer tries to woo blacks away from Clintons

Edwards has apologized for his vote. Clinton has not but has said her vote was an expression of support for sending weapons inspectors into Iraq, not a vote for "pre-emptive war."

Obama was not yet in the Senate at the time but spoke out against it as an Illinois state senator.

"I do not believe the war should have been authorized," he said. "As a consequence of that authorization, the administration was able to take this country down a path that's been very damaging for our national security. And I leave it up to those senators to make their own assessment on how they would do things differently or not.

"All the decisions we make in Washington have consequences," Obama said. "Obviously, if the senators (had) voted down the authorization, we wouldn't be in the situation we're in now."

Obama apologized to military families for saying in Iowa on Saturday that the lives of those who have died in the war had been "wasted."

"It's not what I intended to say and I would absolutely apologize if any of them felt in some way it diminished the enormous courage and sacrifice that they've shown," he said.

"Even as I said that, I realized I had misspoken," he said. "That's not how I ever describe this because their service is unbelievable. When somebody gives up that last measure of devotion, it represents everything that's best about this country. What I would say and meant to say is their service hasn't been honored because our civilian strategy has not matched their courage and bravery and we have put them in a situation in which it is hard for them to succeed."

Obama made his second visit to the first-in-the-nation primary state two days after announcing his candidacy in Springfield, Ill. He walked through downtown Concord shaking hands, ordered a sandwich at a delicatessen, and then signed autographs and talked issues with about 125 activists at the home of state Rep. Bette and Dr. Elliott Lasky.

He arrived fewer than 24 hours after Clinton wrapped up a two-day swing that took her from Berlin to Keene.

At the packed Lasky home, where the hosts gave him a jar of pumpkin butter and a traditional bottle of maple syrup, Obama said the past 20 years, many Americans have taken the view that "the power that is in Washington is always trumping principle. But there has always been another tradition of politics based on a simple idea that we are all connected as a people and that what binds us together as Americans is more important than what divides us."

Obama said his campaign is reaching beyond the usual pool of political activists. "The moment is now to re-energize the people to solve problems," he said.

Asked by Gloria Henry of Nashua asked about the Patriot Act, Obama said the Bush administration has "distorted" a balance between civil liberties and public safety. He said the law has some "sensible" provisions but others "are clearly in violation of the basic principles of due process that we believe in."

He also said the next President should say, "We don't do torture and mean it," and should provide for a system of military courts "that provides for habeus corpus."

Henry said later she liked his answer and said, "At this point, I'm supporting him. I like his freshness of his message. It's not the same old, same old." She cited "a purity of thought that I haven't seen in a politician before."

Obama also called for the health care coverage for all Americans, equal pay for women and a new energy policy. He said teachers need to be paid much more.

"He's consistent," said Bette Lasky." He doesn't duck anything. I liked him," but she wants to "still give it some thought" before endorsing anyone.

Inevitably, questions returned to Iraq.

Obama told reporters he will press for a Senate vote on his bill to begin redeployment of U.S. forces by May 1 with a goal of removing all combat troops by March 31, 2008. He will need 60 votes.

"We probably won't succeed the first time," he said. "But I think you're going to see a ratcheting up of concern on the part of Republicans, and I think there will be a lot of Republican legislators who will feel pressure."

Clinton's plan, he said, "calls for a cap on troop levels, but does not begin a phased redeployment. So that's a pretty substantial difference" between his plan and hers.

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Obama said Republicans do not "have a monopoly" on being influenced by special interests in Washington and reducing such influence should be a priority issue in the campaign.

Earlier, Obama also took a lunch-hour walk around Concord, talking with patrons at the Eagle Square Deli and other shops downtown.

"I like him, I just haven't made up my mind right now," said Jane Winslow of Greenfield. But she liked that he "came up to four old ladies and made us feel special."

With Campaign Underway, Obama Now Must Show More Than Potential (WP)

By Dan Balz

The Washington Post, February 13, 2007

DURHAM, N.H., Feb. 12 -- The opening days of Sen. Barack Obama's presidential campaign have displayed all the promise of his candidacy, with large crowds, pulsating energy and a charismatic leading man. But the Illinois Democrat faces several serious challenges if he hopes to convert potential into a winning campaign.

The most significant hurdle will be overcoming questions about whether the first-term U.S. senator, who only three years ago was a member of the Illinois Senate, has the experience and readiness to serve as president at a time of war abroad and major unmet problems at home.

Next will be striking the balance between demands of political elites for Obama to flesh out the details of his ambitious policy agenda without disappointing the many thousands of Americans who have been drawn to him for his appeal as a fresh contrast to traditional politicians.

Ultimately, the race could hinge on his ability to overcome the power and resources of Sen. Hillary Rodham Clinton's battle-tested operation. It is already flexing its muscles on behalf of the New York Democrat and is looking to profit from any missteps by Obama's smaller and less experienced organization.

Day 3 of the Obama campaign brought the candidate to New Hampshire, the state with the nation's first primary and a rich tradition of citizen participation in the presidential process. He ordered the "presidential pastrami" sandwich at a deli in Concord, spoke to activists in Nashua and ended with an enthusiastic rally at the University of New Hampshire.

Along the way, he "absolutely apologized" for saying Sunday the lives of U.S. servicemen and -women killed in Iraq had been "wasted," and he argued there are "pretty substantial" differences between his position and Clinton's on the war in Iraq, the clearest early line of demarcation between the two.

Obama said his biggest difference with Clinton involves the withdrawal of U.S. troops from Iraq. He favors pulling out all combat troops by March 31, 2008. He said Clinton "does not begin a phased redeployment." She has said she favors the start of such a redeployment but has not set a timetable.

Asked if senators who voted in favor of authorization bear some responsibility for the war in Iraq, Obama said the authorization allowed the administration to wage a war that has damaged national security. "I leave it up to those senators to make their own assessments in how they would do things differently or not," he said.

Obama's advisers expressed general satisfaction with the initial campaign swing. Still, they do not underestimate the difficulties ahead. Asked Monday what they regard as the most significant question Obama must answer in the coming months, communications director Robert Gibbs answered without hesitation: "People want to know if he can handle this."

Their hope is that the judgment of Obama's readiness will not be reached only through the customary measures of experience on the national stage or as a governor, the route taken by most successful presidential candidates.

Obama has had little time to develop a Senate record of great significance. His advisers count on the public to use a broader definition of readiness, one that they hope will prize the candidate's unusual biography as a community organizer and a professor of constitutional law at the University of Chicago as much as his record in the state Senate.

Obama raised the issue of his policy agenda during a news conference in Ames, Iowa, on Sunday, chiding reporters for concentrating more on how he looks in a swimsuit than on what he has said about health care or energy or ending the Iraq war.

Still, a speech to the Democratic National Committee, in which he seemed to dismiss the significance of policy white papers, has rippled through party circles as a sign that he believes other characteristics carry more weight with voters than coming off as a policy wonk.

Obama's advisers say his comment at the DNC was misunderstood, that it was a rhetorical way of saying leadership is needed more than new ideas to break the stalemate in Washington on domestic and international issues, and that he possesses that kind of leadership. He will talk at length about policy, they say, but as Gibbs put it: "I don't think you veer out of your way to all of a sudden make him this superman of white papers."

The trade-off of delving too deeply into the details of policy was evident at Obama's Cedar Rapids town hall meeting on Saturday. The energy drained out of the room quickly as the candidate responded to questions about himself and his views.

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Part of the blame, campaign advisers say, fell on the meeting's moderator, but some in the audience said they had not seen enough of the inspirational leader they had first glimpsed in 2004 at the Democratic National Convention in Boston. They pointed to Obama's speeches elsewhere, particularly in Chicago on Sunday night, in which the candidate exhorted an audience in his adopted home town to use his campaign as the vehicle for a national movement to change the politics of the country.

At this point, Obama will be compared with Clinton in almost everything he does, from the level of his performance on the campaign trail to the effectiveness of his operation in building organizations in the early states and his ability to raise money in amounts large and small.

The campaigns are in fierce competition for activists, organizing talent, endorsements and money. Clinton's weekend trip to New Hampshire included public and private events that touched most parts of the state and many of its political elite. Obama's venture Monday was far more limited, and he said repeatedly that he will be back often. How well he wears over time will be the ultimate test.

Obama Has Easy Trip To New Hampshire (WP/AP)

By Philip Elliott

The Washington Post, February 13, 2007

DURHAM, N.H. -- Sen. Barack Obama's first trip to New Hampshire as an official Democratic presidential candidate came Monday with packed audiences, enthusiastic crowds _ and scant scrutiny.

Obama, who entered the race on Saturday in his home state of Illinois, came to New Hampshire on the heels of New York Sen. Hillary Rodham Clinton. She faced criticism last weekend for not saying her vote to authorize the use of force in Iraq was a mistake.

Obama, by contrast, faced little of that skepticism. Even his sharpest questioners began by offering praise and support.

"He hasn't gotten into specifics, but that'll come," state Rep. Jeffrey Fontas said after a Nashua house party with 60 activists. "It's early, so we'll see more and more."

That house party in Nashua brought questions about:

_An Equal Pay Act. Obama helped a state measure during his time in Illinois but didn't commit to a national version.

_Childcare. Obama said it was a problem; he didn't offer specifics.

_The USA Patriot Act. Obama is against parts of it but didn't offer an alternative.

Even while the first-term senator from Illinois didn't have specific solutions, voters in this first-in-the-nation primary state gave him a pass.

"He takes time, he answers fully," said state Rep. Melanie Levesque. "I think we need people who can bring people together. He can do that. We're going to have a tough decision to make."

Obama called for a national solution to health care but stopped short of endorsing or rejecting proposals for mandatory insurance. He said more young people should consider teaching but stopped short of specific incentives.

Later Monday, at the University of New Hampshire in Durham, Obama discussed Iraq. "Unless we bring that war to a close, we cannot deal with all those other problems I just mentioned," he said. "Not only has it resulted in the tragic loss in our brave soldiers, but it means we're spending $400 billion rebuilding Iraq with money that could have been used here."

Obama did outline an energy plan _ a reduction in emissions, cap-and-trade plans for polluting industries, and development of biofuels including ethanol. He also repeated his stance on gay marriage _ that civil unions are fine, but marriage is a religious bond.

"I believe that every American has basic rights that have to be respected," said Obama, who noted that his parents perhaps broke the law when they entered into a biracial marriage in the 1960s.

A member of the university audience asked about his appeal to social conservatives. Obama said one of the best lessons he learned in politics was that he couldn't make 100 percent of voters happy. He then noted his friendship with the Rev. Rick Warren, who leads one of the nation's largest megachurches.

Michelle Obama Weighs In On Husband's Smoking (WP)

By Anne E. Kornblut

The Washington Post, February 13, 2007

CHICAGO, Feb. 11 -- Michelle Obama says she agreed to help her husband run for president on one condition: That he finally quit smoking. For good.

"I hate it," she said on CBS' 60 Minutes, according to a transcript released Sunday. "That's why he doesn't do it anymore. I'm proud to say. I outed him -- I'm the one who outed him on the smoking. That was one of my prerequisites for, you know, entering this race, is that, you know, he couldn't be a smoking president."

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Obama has struggled to quit smoking for years, but friends have said he finally stopped several weeks ago. At the end of a press conference on Sunday, the Illinois senator returned to the podium when a reporter shouted out asking whether he was still smoking.

"No," he said. "I've been chewing Nicorette all day long."

And indeed, he was spotted chewing away on board "Obama One," as the chartered flight between Illinois and Iowa was called.

Might Obama sneak a puff in between trips on the road, as he has done in the past?

Less likely these days, his wife said.

"Please, America, watch," she said. "Keep an eye on him, and call me," she said laughing, "if you see him smoking."

The Obama Card (LAT)

The Los Angeles Times, February 13, 2007

RECENT POLLS INDICATE that black voters favor Sen Hillary Rodham Clinton (D-N.Y.) by a substantial margin over Sen. Barack Obama (D-Ill.), so political pundits are all a-titter, asking how this can be. The assumption, apparently, is that black support should cleave to the black man.

But then, is Obama really black?

Of course he is. But that fact has done nothing to prevent the awkward dissection of Obama's cultural and racial affinities. Is he half black? Is he African American? African and American? And, if he's black, is he black enough? It's tempting to shrug off these questions — most recently aired with grave concern Sunday on CBS' "60 Minutes" — as outdated, but they're not. They are instructive and revealing.

The question of whether the rising Democratic star is black enough really translates to: Whose side is he on? Whose agenda will he favor? By definition, those agendas are distinct. Obama's family history — his father was a black Kenyan, his mother a white Kansan, and he spent his childhood in places such as Hawaii and Indonesia — makes him the personification of post-racial, melting-pot America; he straddles races and communities commonly described as opposites — black or white, native or immigrant.

And, as he stands in that intersection fielding queries about his identity, he is really answering the question Americans are too afraid to ask one another: Can we trust each other yet?

Concrete issues around race and equality in America remain unresolved. One of the reasons Clinton has substantial black support is that her husband was adept at recognizing America's unhealed racial wounds, appointing a record number of African Americans to key positions during his presidency and earning the famous (if ridiculed) nickname from writer Toni Morrison as our "first black president."

Obama's challenge in luring blacks away from the former first lady will hinge not on his racial authenticity but on his ability to demonstrate that, despite his inexperience, he would be a better president. But since his political star began to shine as a state senator in Illinois, that authenticity has been under scrutiny, often by blacks.

In 2004, conservative commentator and former GOP presidential candidate Alan Keyes said Obama did not share the black experience because his heritage did not include slavery, the unifying experience for most African Americans. And last weekend, the Rev. Al Sharpton told 10,000 people gathered at Hampton University in Virginia that "just because you're our color doesn't make you our kind."

One person who is clear about Obama's identity is Obama himself. "If you look African American in this society, you're treated as an African American," he said on "60 Minutes."

As for blacks' support, he'll still have to earn it — just like he'll have to earn anyone else's.

A Blogger For Edwards Resigns After Complaints (WP)

By Howard Kurtz

The Washington Post, February 13, 2007

Days after Democratic presidential candidate John Edwards decided against firing two liberal bloggers with a history of inflammatory writing, one resigned last night with a blast at "right wing shills" for driving her out of the campaign.

Amanda Marcotte, whose writings were assailed as anti-Catholic, wrote yesterday on her blog that the Edwards camp had accepted her resignation. She blamed her most vocal critic, Bill Donohoe, president of the Catholic League for Religious and Civil Rights, writing that he "and his calvacade of right wing shills don't respect that a mere woman like me could be hired for my skills, and pretended that John Edwards had to be held accountable for some of my personal, non-mainstream views on religious influence on politics," which Marcotte described as being "anti-theocracy."

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Marcotte charged that Donohoe had been running a "scorched earth campaign" against her and that he "made no bones about the fact that his intent is to 'silence' me. . . . It was creating a situation where I felt that every time I coughed, I was risking the Edwards campaign. . . . Bill Donohue doesn't speak for Catholics, he speaks for the right wing noise machine."

After days of indecision, Edwards said in a statement last week that he was "personally offended" by the writing of Marcotte and a second blogger, Melissa McEwan, but that he was keeping them on in the interest of giving everyone "a fair shake." The statement was coupled with carefully worded apologies from the two women toward anyone who may have been offended.

The former North Carolina senator was caught between conflicting pressures. On one hand, Marcotte and McEwan, like many writers in the freewheeling blogosphere, had written profane and offensive attacks on their detractors, using language that no presidential candidate would be comfortable defending. On the other, liberal bloggers were embracing their cause, depicting them as victims of an orchestrated conservative campaign to discredit them.

Every major presidential candidate has hired one or more bloggers as a way to tap into the network of online activists who can generate considerable buzz, and donations, in a campaign. But many of these bloggers have a long cybertrail that leaves them vulnerable to criticism in the more buttoned-down environment of national politics.

Among other things, Marcotte had written: "The Catholic church is not about to let something like compassion for girls get in the way of using the state as an instrument to force women to bear more tithing Catholics." She also questioned, in explicit language, what would have happened if the Virgin Mary had taken the emergency contraceptive called Plan B.

Last month, Marcotte wrote of the Duke University rape case: "Can't a few white boys sexually assault a black woman anymore without people getting all wound up about it? So unfair."

McEwan, whose status with the Edwards campaign is apparently unchanged, has referred to President Bush's conservative Christian supporters as his "wingnut Christofascist base."

In a statement last week, Donohoe said: "John Edwards is a decent man who has had his campaign tarnished by two anti-Catholic vulgar trash-talking bigots."

On her blog, Pandagon, Marcotte posted a letter from a group called Catholics for Free Choice, assailing Donohoe as, among other things, anti-woman and anti-gay.

Word of Marcotte's resignation came as Fox News Channel commentator Bill O'Reilly was leading his program with a full-throated attack on the two bloggers.

A conservative blogger, Michelle Malkin, wrote recently: "Seems that everyone but the Edwards campaign has tracked Marcotte's foul-mouthed nutroots diatribes. Or perhaps the Edwards team is well aware of her lunatic blogging and can't wait for her to unleash her unbridled anger on their spiffy website to give him a gritty, 'progressive' edge."

But a liberal blogger, Chris Bowers of MyDD.com, wrote that "Republican attempts to make Democrats look bad though guilt by association with us crazy bloggers were a miserable failure."

Donohoe and the Edwards campaign did not return calls seeking comment last night.

Permanent Campaign? It's A National Tradition (WP)

By Michael Kazin

The Washington Post, February 13, 2007

How much American political history do political journalists know? Take the ubiquitous claim, or complaint, that the presidential campaign is starting earlier than ever. Today's candidates, marveled one reporter, are subjected to "longer, more intensive scrutiny" than in the past. Why can't they emulate their predecessors and wait until election year to make their pitches and raise their millions?

Like most evocations of a golden age, this is a myth. In fact, the nearly permanent campaign has been a feature of American politics since before the Civil War, when mass parties first emerged to contend for the votes of a mass electorate, albeit one then composed almost exclusively of white men. In a nation of ambitious entrepreneurs and furious battles for market share, the race for the presidency -- as with most sales efforts -- has rarely taken a break.

It began with Martin Van Buren. Two years before the 1828 vote, "The Little Magician" began to build the first modern party, soon named the Democrats, in part to avenge Andrew Jackson's unjust defeat in the previous election. Van Buren secured the allegiance of influential pols up and down the East Coast and helped establish pro-Jackson newspapers from New England to Louisiana. A decade later, William Henry Harrison, who hoped to be the new Whig Party's first nominee, began touring key states more than a year before the 1836 election. Soon after losing that race (to Van Buren), the 64-year-old military hero took to the road again. After all, his party rivals Henry Clay and Daniel Webster were doing it, too.

During the final decades of the 19th century, the pace of campaigns accelerated. Fast trains, fierce competition among big-city papers and two closely matched national parties all produced a bull market for candidates seeking press attention and needing to develop a network of loyalists.

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The prize for the earliest start probably goes to William Jennings Bryan. A month after his loss to William McKinley in 1896, Bryan and his wife, Mary, issued a thick account of the campaign whose title -- "The First Battle" -- made his intentions clear. The book was a bestseller, and the post office in Bryan's home town of Lincoln, Neb., was flooded with letters from thousands of admirers. Bryan's wife and brother used the correspondence to start a huge card file of supporters. By the spring of 1897, Bryan was wooing Democratic insiders at state party conventions.

John F. Kennedy launched his presidential campaign with a different kind of book. "Profiles in Courage," an eloquent octet of senatorial portraits that JFK edited more than authored, helped lift him into contention for the vice presidential nomination in 1956. It won a Pulitzer Prize and turned Kennedy into a modern-day Bryan -- one of the country's most coveted speakers. By the time he officially declared his candidacy in 1960, JFK was leading in the polls.

Kennedy was also responsible for a critical innovation in the permanent campaign. Since Andrew Jackson's day, major candidates and their allies had built personal organizations long before any votes were cast. But once nominated, a man depended on the party apparatus to finance his race. In 1896, the Democrats spent all of $250,000 on Bryan's campaign. Not surprisingly, he lost to McKinley, for whom the redoubtable Mark Hanna raised at least 10 times as much money.

But Kennedy was graced with a wealthy father who'd been bankrolling him since his first run for Congress. A year before the 1960 Democratic convention, Joe Kennedy had already spent a million dollars on his son's campaign -- including a nine-room office near the Capitol where staffers called potential delegates and party bosses and entered the results on oversized wall maps.

For the past half-century, nearly every serious candidate has followed the Kennedys' lead. Launching a presidential bid became akin to starting a mid-size firm, complete with accountants, lawyers and a communications team whose "rapid responses" many old-line corporations would envy. The Internet has only made it easier and quicker to contact voters; the essentials of the campaign business were in place long before the first candidate hired the first webmaster or reprimanded the first controversial blogger.

Whether or not this nonstop sales effort is good for representative democracy, it would take a galvanic reform movement to divorce them. Several years ago Richard Gephardt, who knew the rules of the game as well as anyone, joked about a poll that found "Seventy percent of Americans neither consume nor wish to consume politics." For now, perhaps all one can do is demand that the quality of the goods live up to the hype on the packaging.

Michael Kazin, a history professor at Georgetown University, is the author of "A Godly Hero: The Life of William Jennings Bryan."

It's His Party, He'll Dish If He Wants To (WP)

By Peter Baker
The Washington Post, February 13, 2007
WHAT A PARTY!
My Life Among Democrats: Presidents, Candidates, Donors, Activists, Alligators, and
Other Wild Animals
By Terry McAuliffe,
with Steve Kettmann
Thomas Dunne Books,
416 pp., $24.95

At the very least, there is one totally true statement in Terence R. McAuliffe's new memoir: "This is my book," he writes, "and obviously I've done my best to make myself look good."

As for the rest, even the author warns that he's an Irish storyteller given to blarney. But taken with that caveat, "What a Party!" is a rollicking ride through the world of celebrity, fundraising and politics that certainly entertains if not illuminates.

It's hard not to imagine downing beers in a bar as McAuliffe tells war stories about how a boy from Syracuse grew up to become President Bill Clinton's running buddy and the Democrats' most fabled fundraiser. To say he would do anything for a political donation would be putting it mildly. He once wrestled an alligator for a contribution and later belted out "Will You Love Me Tomorrow?" from a casino stage for another.

By the time he found himself inside the Clinton orbit, he was traveling in rarefied circles -- and he makes sure to document them all. There's Terry lunching at the Palm with Jack Nicholson, vacationing with Oscar de la Renta and hunting with the king of Spain. There's Terry dining at the White House with Elizabeth Taylor and Sophia Loren. There's Terry watching a movie with the Clintons at Camp David while Ben Affleck and Gwyneth Paltrow make out on a couch.

Most of all, there's Terry bashing the Republicans over and over while saving the Democrats from certain ruin. This is, in the end, a partisan's book in a partisan age, perhaps explaining why it debuted at No. 1 on the Washington Post bestseller list.

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Those who think that Bill and Hillary Clinton walk on water and that President Bush and Vice President Cheney are demon seed will find it heartening. Those seeking nuance should look elsewhere.

As Hillary Clinton launches her own campaign for the White House, McAuliffe offers little insight into the most fascinating and complex political family of a generation. He recounts in loving detail endless golf outings and all-night board and card games with Bill Clinton -- he spent so many late hours in the president's hotel suite during a trip to Seoul playing a form of Scrabble that South Korean security agents suspected they were gay lovers.

But McAuliffe reveals nothing new about what makes either Clinton tick, nor does he explore any shades of gray in these Shakespearean political figures. Whitewater, the Lincoln Bedroom fundraising, the Monica Lewinsky saga, the last-minute pardons? Really all just Republican perfidy. The most inside moment he discloses is watching television with the Clintons as the first lady channel-surfs, unable to find a station not broadcasting something about her husband's misdeeds, until she finally settles on ESPN.

If unflinchingly loyal to the Clintons, though, McAuliffe vents about other Democrats, particularly the party's last two presidential nominees. No doubt he is channeling the Clintons when he grouses about Al Gore sidelining Bill Clinton in 2000 and John F. Kerry not fighting back harder against Bush in 2004. As chairman of the Democratic National Committee, McAuliffe was never invited to a Kerry strategy session and discovered only afterward that the campaign had not spent $15 million, a decision he called "gross incompetence."

He also dishes on Barbra Streisand, who once held a fundraiser for the Clinton library but hates dogs so much that she would not allow even the Secret Service bomb-sniffers onto her property.

"No dogs are coming on my property," she insisted.

"No dogs, no Bill Clinton," McAuliffe replied.

So she relented. And then screamed at him when she stepped in the inevitable byproduct.

An all-too-common experience in politics these days.

Baker is a White House correspondent for The Washington Post and author of "The Breach: Inside the Impeachment and Trial of William Jefferson Clinton."

Oliver North's Tiff With The Smithsonian (WP)

By Jacqueline Trescott

The Washington Post, February 13, 2007

The Smithsonian Institution rejected a request from Oliver North to film a stand-up in front of the Enola Gay, the B-29 that dropped the first atomic bomb. This is the latest flap in the Smithsonian's development of programming for a cable television network.

North, who hosts a Fox News Channel series called "War Stories," returned fire, condemning the Smithsonian's decision. He said in an opinion column that the museum's action raises questions about the propriety of the contract between Showtime Networks and the Smithsonian, which limits access of film crews.

Claire Brown, a spokeswoman for the National Air and Space Museum, which displays the Enola Gay at its Northern Virginia annex, said she held a series of discussions with North's producers and thought the door was open to more talks. "We were surprised to read the column because we consider the request to be pending," Brown said. She said she received the request Jan. 22.

North's column first appeared on Fox's Web site and was reprinted by the Washington Times on Sunday. North, a retired U.S. Marine and a key figure in the Iran-contra episode during the Reagan administration, is now a highly successful commentator and author.

"In a series of written, e-mail, telephone and personal exchanges with Smithsonian officials we explained what we wanted to do, how we would do it and offered to compensate the museum for any expenses incurred," North wrote in his column. "What we didn't know was that the institution's management had concocted a secret, backroom deal with Showtime -- granting the premium cable TV channel, owned by media giant Viacom, exclusive rights to control all but 'incidental usage' of all video footage shot at the Smithsonian."

The museum did turn down the request initially, Brown said, explaining that the application was asking for "more than incidental use" of the site and the plane. The Showtime contract, which limits such use, has angered many independent filmmakers.

After North's producers appealed the first decision, Brown said she "offered the producer the alternative of shooting film at Air & Space's Udvar-Hazy Center [near Dulles Airport]. We also asked the producer to contact us in writing with any questions. We have not heard back."

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In essence, the Smithsonian was telling the show they could film the plane but couldn't film a commentator talking in front of it.

"We were commencing production of a documentary on nuclear weapons tentatively titled, 'From the Manhattan Project to Tehran' and wanted to shoot a few minutes of the videotape of the Enola Gay . . . . Our requests fell into a bureaucratic black hole," North wrote.

The Courage Of Others' Convictions (NYT)

The New York Times, February 13, 2007

The music industry awarded an armload of Grammys to the Dixie Chicks on Sunday night, in what was celebrated as a blow for freedom of speech as much as tunefulness. The endorsement was about three years too late. The awards — including for the trio's fittingly titled album "Taking the Long Way" and the song "Not Ready to Make Nice" — ended a desolate period in which their music was boycotted and banned by country music stations, their CDs were burned and smashed, and group members' lives were threatened.

The Chicks' offense was geographic but labeled unpatriotic. The lead singer, Natalie Maines, told a 2003 London concert crowd that she was ashamed that President Bush was from her home state, Texas. She briefly apologized to fans, then quickly took it back, reclaiming her right to oppose the Iraq war and criticize the president.

Had Ms. Maines been a senator at the time, she might now be a shoo-in candidate for president.

The gutsy group beat back the campaign by conglomerate radio chains to obliterate them and did it with little support from fellow artists, who apparently feared getting Dixie-Chicked themselves. The band reinvented itself, taking on a pop style, reclaiming some old fans and finding new ones — a lot of them. Meanwhile, Mr. Bush's polls plummeted to Nixonian levels. Suddenly, the industry found the courage to really, really like them again.

We've seen this sort of political calibration by the arts before. Lillian Hellman scalded an Academy Awards ceremony in 1977, 25 years after she defied the House Un-American Activities Committee. The film industry, she said, responded to Washington's red-baiting and blacklisting with all the "force and courage of a bowl of mashed potatoes."

There must be a Dixie Chicks song in there somewhere.

Democratic Tax Cutter (WSJ)

The Wall Street Journal, February 13, 2007

Arkansas Governor Mike Beebe may not be a man from Hope, but the newly elected Democrat is becoming a voice for tax relief within his party.

Last year he campaigned on cutting in half his state's 6% sales tax on groceries. Last week he made good on the promise by striking a deal with a reluctant Democratic legislature. His compromise also repeals income taxes on the poor and cuts sales taxes that manufacturers pay on their utility bills. All told, taxpayers will save $319 million over two years, or what the Governor calls "the largest tax decrease in the history of the state."

The Arkansas Policy Foundation estimates that a family of four will save $234 a year on grocery bills alone, a significant savings in a state where the average taxpayer shells out $3,088 a year in state and local taxes. And it's all the better that the Governor also resisted the legislature's impulse to lard up the state's tax code with tax credits.

The Tax Foundation reports that Arkansas is the 27th most taxed state in the nation with a heavier tax burden than neighboring Texas and Tennessee, neither of which has an income tax and rank 44th and 47th. The state is expected to have an $840 million surplus this year and could therefore afford additional cuts in its 6% general sales tax and 7% tax on income over $30,100. The state's last Governor -- potential Republican Presidential candidate Mike Huckabee -- is best known for losing 100 pounds while in office. That Mr. Beebe is turning his attention instead to curbing the state's appetite is a sign of progress.

Pace Demurs On Accusation Of Iran (WP)

By Karen Deyoung

The Washington Post, February 13, 2007

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said yesterday that he has no information indicating Iran's government is directing the supply of lethal weapons to Shiite insurgent groups in Iraq.

"We know that the explosively formed projectiles are manufactured in Iran," Pace told Voice of America during a visit to Australia. "What I would not say is that the Iranian government, per se, knows about this."

"It is clear that Iranians are involved, and it's clear that materials from Iran are involved," he continued, "but I would not say by what I know that the Iranian government clearly knows or is complicit."

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Pace's comments came a day after U.S. military officials in Baghdad alleged that the "highest levels" of the Iranian government have directed use of weapons that are killing U.S. troops in Iraq. No information was provided to substantiate the charge. Administration officials yesterday deflected requests for more details, even as they repeatedly implied Tehran's involvement.

In an interview yesterday with ABC's "Good Morning America," Iranian President Mahmoud Ahmadinejad said the administration is "pointing fingers at others" when its troop presence in Iraq is the source of most of the country's problems.

While not denying that Iranian weapons may have been found in Iraq, Ahmadinejad implied that if they were, it was not his government's doing. "Can Americans close their long borders?" he asked, noting that "millions" of Iranians cross the border into neighboring Iraq each year. "The position of our government . . . and the position of the Revolutionary Guard is also the same: We are opposed to any kind of conflict in Iraq."

On Sunday, in a briefing for reporters, U.S. military officials in Baghdad offered a slide show and examples of armor-piercing explosives that they said bore writing and serial numbers from Iran. Briefers, speaking anonymously for what they said were security reasons, said the weapons had caused the deaths of 170 U.S. soldiers in the past two years. No cameras were allowed in the briefing room, and a transcript of the session was not provided.

The officials also showed what they said were false identity cards of Iranians whom U.S. forces had recently detained in Iraq. The men were described as members of the Quds Force, an elite unit of the Iranian Revolutionary Guard that U.S. officials believe is under the control of Iran's supreme religious leader, Ayatollah Ali Khamenei.

"We have been able to determine that this material," especially sophisticated roadside explosives called explosively formed penetrators, "is coming from the IRGC-Quds Force," said a briefer, identified only as a senior defense analyst. Direction for operations using the weaponry, he said, came from the "highest levels" of Iran's government.

Asked by reporters yesterday to provide more information on the charge, State Department spokesman Sean McCormack said, "The Iranians are up to their eyeballs in this activity." He called the Baghdad presentation a "very strong circumstantial case," saying he was "not going to try to embellish that briefing" and "any reasonable person . . . would draw the same conclusions."

White House spokesman Tony Snow offered similar responses. "Let me put it this way," he said. "There's not a whole lot of freelancing in the Iranian government, especially when it comes to something like that."

Pressed repeatedly, Snow answered, "Look, the Department of Defense is doing this. What I'm telling you is, you guys want to get those questions answered, you need to go to the Pentagon."

A call to the Defense Intelligence Agency brought a referral to the main Pentagon press office. That office referred a caller to the Washington office of the Multi-National Force-Iraq, which responded with an e-mailed copy of Sunday's briefing slides -- containing no mention of the "highest levels" allegation and a request for questions in writing. Written questions brought no response. An official from the Pentagon Joint Staff said last night that Pace had seen the briefing slides but had "no personal knowledge of any senior involvement by senior Iranian officials."

Members of Congress have repeatedly asked whether the administration is planning a repeat in Iran of its 2003 invasion of Iraq. Intelligence findings that Iraq's Saddam Hussein had stockpiles of weapons of mass destruction and had close ties to al-Qaeda turned out to be almost entirely false.

Sunday's briefing on Iran, originally scheduled for last month, had been delayed as officials said they were trying to avoid "overstating" what they could prove.

"There are certainly those who are in favor" of war with Iran, Sen. Christopher J. Dodd (D-Conn.) said Sunday of the Bush administration on CBS's "Face the Nation." "We've seen that in the past that they would like nothing more than to build a case for that."

In recent weeks, the administration has denied any war plans, saying it is committed to a strategy of pressure and diplomacy against Iran's nuclear activities, operations in Iraq and other aggression.

In an interview yesterday with C-SPAN, President Bush described his policy as "comprehensive" and complained that charges he is planning to attack Iran are politically motivated and "typical Washington."

Bush Softens Rhetoric On Iran Relations (AP)

By Deb Riechmann

AP, February 13, 2007

President Bush on Monday sought to dampen speculation about a U.S. military strike on Iran as the Islamic republic's president softened his tone, too, and said he wanted dialogue rather than confrontation.

Bush, in an interview at the White House with C-SPAN, dismissed talk of a U.S. military strike on Iran as political chatter. He also said there is still a chance to resolve, through diplomacy, the standoff over Tehran's nuclear ambitions.

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Still, Bush called Tehran a "belligerent" regime with nuclear ambitions that will lead Iranians into isolation.

"The Iranian people are good, honest, decent people and they've got a government that is belligerent, loud, noisy, threatening — a government which is in defiance of the rest of the world and says, 'We want a nuclear weapon,'" Bush said. "So our objective is to keep the pressure so rational folks will show up and say it's not worth the isolation."

The United States and Iran are at odds on two fronts: the standoff over nuclear weapons and U.S. accusations that Iran is meddling in Iraq.

The U.S. claims Iran has been arming Shiites in Iraq with sophisticated, armor-piercing roadside bombs, which have killed more than 170 troops from the U.S.-led coalition. Tehran denied it gave sophisticated weapons to militants to attack U.S. forces.

In recent weeks, Iranian President Mahmoud Ahmadinejad, known for his inflammatory anti-Western rhetoric, has taken a milder approach to diplomacy. He insisted on Monday that turmoil in Iraq is bad for his country and that dialogue — not force — was the solution to the region's conflicts.

"We shy away from any kind of conflict, any kind of bloodshed," Ahmadinejad told ABC's "Good Morning America." "As we have said repeatedly, we think that the world problems can be solved through dialogue, through the use of logic and a sense of friendship. There is no need for the use of force."

The change in tone comes at a time when domestic criticism of the controversial leader has increased, with both reformers and fellow conservatives complaining that Ahmadinejad spends too much time criticizing the United States and Israel, and not enough on internal issues such as Iran's struggling economy.

In a nearly half-hour interview on a range of subjects, Bush also was asked how he thinks Iraqi children will view the United States in 15 to 20 years.

"If we can help this government be able to create the conditions so that a mother can grow up — raise their child in peace, I think people will look back and say they'd be thankful of America," Bush said. "If America leaves, however, before the job is done, I think there will be great resentment toward America."

Joint Chiefs Chairman Sees No Evidence Of Meddling By Iran's Regime (MCT)

By Jonathan S. Landay

McClatchy Newspapers, February 13, 2007

WASHINGTON - A day after the U.S. military charged Iran's government with shipping powerful explosive devices to Shiite Muslim fighters in Iraq to use against American troops, the chairman of the Joint Chiefs of Staff said Monday that he hasn't seen any intelligence to support the claim.

Marine Gen. Peter Pace's comment could make it harder for the Bush administration, its credibility about Iran questioned because of its false pre-war claims about Saddam Hussein, to make its case that Iranian meddling in Iraq is fueling sectarian violence and causing U.S. casualties.

At a briefing Sunday in Baghdad, U.S. military officials said the al-Quds Force, an elite Iranian paramilitary organization, is sending arms into Iraq that include bombs that shoot molten metal jets through the armor of American tanks and Humvees.

They said these "explosively formed projectiles," or EFPs, have killed 170 U.S. troops and wounded more than 600 others and are "coming from the highest level of the Iranian government."

Asked about the briefing during a visit Monday to Canberra, Australia, Pace said he couldn't substantiate the assertion that the clerical regime in Tehran is shipping such devices to Shiite militias in Iraq.

"We know that the explosively formed projectiles are manufactured in Iran. What I would not say is that the Iranian government per se knows about this," Pace replied. "It is clear that Iranians are involved and it is clear that materials from Iran are involved. But I would not say based on what I know that the Iranian government clearly knows or is complicit."

Neither the White House nor the Pentagon responded to requests for an explanation of the apparent contradiction between the nation's highest-ranking military officer and his subordinates in Baghdad.

A senior U.S. intelligence official told McClatchy Newspapers that U.S. intelligence agencies believe the al-Quds Force, a component of the Iranian Revolutionary Guard Corps, couldn't conduct such a major undertaking without the knowledge of top leaders.

"Based on our understanding of the Iranian system and the history of the IRGC (Iranian Revolutionary Guard Corps) operations, the IC (intelligence community) assesses that activity this extensive on the part of the Quds Force would not be conducted without approval from top leaders in Iran," the senior intelligence official said.

The official requested anonymity because intelligence on Iran is highly classified. But his remarks, translated from intelligence parlance, indicate that the U.S. has no conclusive evidence that Iran's leaders have directed the arms deliveries, as one briefer in Baghdad conceded on Sunday, but instead has concluded that they probably approved them.

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Iranian President Mahmoud Ahmadinejad denied Monday that Iran is supplying weapons to Shiite militias in Iraq or stirring up violence by majority Shiites against minority Sunni Muslims, contending that the U.S. military presence is to blame for the bloodshed.

"We are asking for peace, we are asking for security," he said on ABC's "Good Morning America." "We are opposed to any kind of conflict and also the presence of foreign forces in Iraq."

"The U.S. administration and Bush are used to accusing others. The fact that you are showing us some pieces of papers and you call them documents - they do not solve any problem," said Ahmadinejad. "There should be a court to prove the case and verify the case."

President Bush and his top lieutenants contend that Tehran is supporting Shiite militias that have seized control of much of southern Iraq, attacked American forces and driven minority Sunnis out of large areas of Baghdad in response to Sunni insurgent attacks.

In response, U.S. forces have detained at least seven Iranian operatives in Iraq, and Bush has ordered a second U.S. aircraft carrier task force into the Persian Gulf.

Democratic lawmakers and other administration critics, including some former senior U.S. officials, are worried that the White House may be exaggerating its case against Tehran to justify a military strike on Iran's suspected nuclear weapons facilities.

White House spokesman Tony Snow reiterated on Monday that the United States has no plans to attack Iran.

"I don't know how much clearer we can be: We're not getting ready for war in Iran," said Snow. "What we are doing is protecting our own people."

The administration and its European allies believe that Iran's nuclear facilities are being used to develop nuclear weapons. Iran insists that its program is strictly for civilian power generation.

Skeptics Doubt U.S. Evidence On Iran Action In Iraq (NYT)

By Helene Cooper And Mark Mazzetti

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — Three weeks after promising it would show proof of Iranian meddling in Iraq, the Bush administration has laid out its evidence — and received in return a healthy dose of skepticism.

The response from Congressional and other critics speaks volumes about the current state of American credibility, four years after the intelligence controversy leading up to the Iraq war. To pre-empt accusations that the charges against Iran were politically motivated, the administration rejected the idea of a high-level presentation, relying instead on military and intelligence officers to make its case in a background briefing in Baghdad.

Even so, critics have been quick to voice doubts. Representative Silvestre Reyes of Texas, the Democratic chairman of the House Intelligence Committee, suggested that the White House was more interested in sending a message to Tehran than in backing up serious allegations with proof. And David Kay, who once led the hunt for illicit weapons in Iraq, said the grave situation in Iraq should have taught the Bush administration to put more of a premium on transparency when it comes to intelligence.

“If you want to avoid the perception that you’ve cooked the books, you come out and make the charges publicly,” Mr. Kay said.

Administration officials say their approach was carefully calibrated to focus on concerns that Iran is providing potent weapons used against American troops in Iraq, not to ignite a wider war. “We’re trying to strike the right tone here,” a senior administration official said Monday. “It would have raised the rhetoric to major decibel levels if we had had a briefing in Washington.”

At the State Department, the Pentagon and the Office of the Director of National Intelligence, officials had anticipated resistance to their claims. They settled on an approach that sidelined senior officials including Zalmay Khalilzad, the American ambassador to Iraq, and John D. Negroponte, who until last week was the director of national intelligence. By doing so, they avoided the inevitable comparisons to the since-discredited presentation that Secretary of State Colin L. Powell made to the United Nations Security Council in 2003 asserting that Iraq had illicit weapons.

The White House and the State Department both made clear on Monday that they endorsed the findings presented in Baghdad. Asked for direct evidence linking Iran’s leadership to the weapons, Tony Snow, the White House spokesman, said: “Let me put it this way. There’s not a whole lot of freelancing in the Iranian government, especially when its comes to something like that.”

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Sean McCormack, the State Department spokesman, said: “While they presented a circumstantial case, I would put to you that it was a very strong circumstantial case. The Iranians are up to their eyeballs in this activity, I think, very clearly based on the information that was provided over the weekend in Baghdad.”

In Australia, however, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, told reporters that he “would not say” that Iran’s leadership was aware of or condoned the attacks. “It is clear that Iranians are involved, and it’s clear that materials from Iran are involved, but I would not say by what I know that the Iranian government clearly knows or is complicit,” according to an account posted on the Voice of America Web site.

An Iranian government spokesman, Mohammad Ali Hosseini, has sought in denying the charges to exploit the lingering doubts about American credibility. “The United States has a long history of fabricating evidence,” Mr. Hosseini, a Foreign Ministry official, told reporters in Tehran.

The administration’s scramble over how to present its evidence started in January, after President Bush accused Iran of meddling in Iraq. Iran’s ambassador to Iraq, Hassan Kazemi Qumi, demanded that the United States present its evidence, and Mr. Khalilzad, the American ambassador in Baghdad, responded that America would “oblige him by having something done in the coming days.”

That set Bush administration officials racing to produce a briefing that would hold up to scrutiny. Military officials in Baghdad developed the first briefing, a wide-ranging dossier that contained dozens of slides about Iranian activities inside Iraq, which was then sent to Washington for review, administration officials said.

But after a careful vetting by intelligence officials, senior administration officials, including National Security Adviser Stephen J. Hadley and Defense Secretary Robert M. Gates, concluded that there were aspects of the briefing that could not be supported by solid intelligence. They sent the briefing back to Baghdad to be shored up, a senior official said.

The evidence that military officials presented Sunday was a stripped-down version of the original presentation, focusing almost entirely on the weapons, known as explosively formed penetrators, and the evidence that Iran is supplying the weapons to Shiite groups.

Both Democratic and Republican officials on Capitol Hill said that while they do not doubt that the weapons are being used to attack American troops, and that some of those weapons are being shipped into Iraq from Iran, they are still uncertain whether the weapons were being shipped into Iraq on the orders of Iran’s leaders.

Several experts agreed. “I’m not doubting the provenance of the weapons, but rather, the issue of what it says about Iranian policy and whether Iran’s leaders are aware of it,” said George Perkovich, a nonproliferation specialist at the Carnegie Endowment for International Peace in Washington.

Philip D. Zelikow, who until December was the top aide to Secretary of State Condoleezza Rice, said American politics and the increased unpopularity of the war in Iraq is obscuring the larger issue of the Iran evidence, which he described as “abundant and so multifaceted.”

“People have lost their moorings,” Mr. Zelikow said. He said the administration was trying to overcome public distrust by asking, in essence, “Don’t you trust our soldiers?”

Iran Seen As Key To Untangling Iraq (LAT)

By Kim Murphy

The Los Angeles Times, February 13, 2007

TEHRAN — Iranian officials Monday called U.S. accusations that Tehran is arming Shiite militias in Iraq with tank-piercing explosives "unfounded," and said that Iran was committed to joining a regional effort to halt the tightening spiral of violence.

But the back-and-forth charges between Tehran and Washington highlight a growing recognition of Iran's substantial influence on its next-door neighbor and its ability, if nothing else, to prevent the U.S. from untangling the political conflicts that have plunged Iraq into mounting sectarian warfare.

Here in the capital of the Islamic Republic, it is an open secret that Iran is operating a quiet network of influence in Iraq that it can use either to help settle the conflict or to prevent the U.S. from reaching its goals there. Iranian officials say they are committed to quelling the instability they see as a threat to their own security.

Indeed, Iranians say, their image of an ideal settlement in Iraq looks remarkably like America's: a strong, democratically elected government in Baghdad — that would, by dint of Iraq's Shiite Muslim majority, be a natural ally of Tehran — an end to the violence, and preservation of territorial integrity.

But with one important exception.

"The difference is Iran doesn't want to see the U.S. claim victory. The U.S. shouldn't come out of this battle victorious. And Iranians perceive that the dominant part of that objective has been achieved," Tehran political scientist Nasser Hadian said. "It is no longer plausible for the U.S. to claim victory in Iraq."

American defense and intelligence officials' claims to have found Iranian-manufactured weapons in Iraq, including armor-piercing projectiles believed to have killed about 170 troops from the U.S.-led coalition, have placed a heightened focus on the Bush administration's long-standing allegations of Iranian involvement in the war.

In Washington, a U.S. official acknowledged Monday that the U.S. material formed a "circumstantial" case, but said military commanders in Baghdad provided solid evidence of Iranian involvement.

"So while they presented a circumstantial case, I would put to you that it was a very strong circumstantial case," State Department spokesman Sean McCormack said. "The Iranians are up to their eyeballs in this activity, very clearly, based on the information that was provided over the weekend in Baghdad."

In Australia, the Voice of America reported, U.S. Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told reporters Monday that there was no proof that Iran's government was involved in providing bomb-making materials to Iraqi militants.

"It is clear that Iranians are involved, and it's clear that materials from Iran are involved, but I would not say by what I know that the Iranian government clearly knows or is complicit," Pace was quoted as saying.

In Iran, the dispute serves to spotlight a belief that America is using what Tehran views as its natural influence on its neighbor as an opportunity to use Iran as a scapegoat for U.S. failures in its Iraq policy.

"Right now, I think the United States wants to find someone to share this loss. Because they have indeed lost," said Mosayeb Naimi, a Tehran newspaper editor with long experience in the Arab world.

"The problem in Iraq is not just the Mahdi army militia or Al Qaeda or any of the other military groups. It's [that] the Americans lack a strategy to govern Iraq," he said. "Today, many of the groups of Iraq are making war against each other, and it's clear that Iran is more worried about security and safety in Iraq than the United States is. Because when violence increases in Iraq, it means the violence comes to Iran also. So it's not unreasonable that Iran is increasing its [presence] there."

Iranian officials went out of their way to discount the evidence of weapons without issuing a specific, direct denial.

"They condemn us for making problems in Iraq, but they don't have any documentary proof," Foreign Ministry spokesman Mohammad Ali Hossaini told reporters.

"Lots of this evidence is fake, artificial. For example, when they wanted to start a war in Iraq, they made plenty of evidence that there were lots of weapons in Iraq, though the investigators of the International Atomic Energy Agency said they couldn't find any weapons in Iraq," he said. "Right now they're using weapons [with certain markings], but it doesn't prove where these weapons came from."

But political scientist Hadian said it was relatively well known that Tehran had developed a substantial network of support and resources in Iraq for use as a deterrent should the U.S. threaten aggression against Iran.

"Iran has developed an important infrastructure in Iraq. Intelligence, security, organization, people, weapons, networks, resources," he said. "But these are principally for deterrence. In case anything happens. In case of a U.S. attack, these are there. And in fact they would like very much for the U.S. to know about it. If the U.S. doesn't know the infrastructure is there, it's not going to play the role it's supposed to play."

At the same time, Hadian said, it is not credible to believe that Iran has engaged in large-scale weapons deliveries to the Sunni-led insurgents in Iraq who have been responsible for the bulk of U.S. casualties, when Iran's primary goal is to prevent instability and protect the Shiite-dominated government in Baghdad.

"They're not going to support Al Qaeda and the Baathists in Iraq," he said, noting that both these groups are Sunni. "Because they're the ones who are killing the Shia. Yes, they're killing the Americans. But they're killing the Shia. By no means is it acceptable for Iran to support groups in Iraq who want to destabilize a friendly government and kill Shias." Nor is it likely that any large-scale weapons supplies are being provided, he added.

"I just cannot buy the argument that Iranians are systematically [supplying these weapons]," Hadian said. "Maybe one here and there, one Shia individual or somebody from here sent some stuff to the Shia who kills Americans or Sunnis. That's not systematic, that's not a policy, that's not a decision at the highest level of government to do that."

In Baghdad, a lawmaker close to Iraqi Prime Minister Nouri Maliki said the Iraqi leader visited Tehran several months ago and asked Iranian officials not to allow arms and support to cross the border into the hands of militants.

Officials there, he said, are surprised that Washington is only now bringing it up. "These are not new allegations," said Sami Askari, a Shiite member of parliament close to Maliki. "I am sure that the Americans are escalating this matter with Iran during this interval because of domestic pressures in the U.S."

Askari and other government officials accuse the Bush administration of using Iraq as a battlefield to settle old scores with Iran and prevent implementation of the recommendations of the Iraq Study Group, the bipartisan U.S. panel that in December advocated diplomacy to deal with Iran's regional ambitions.

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Iran has frequently said it is willing to be part of a regional effort to end the conflict in Iraq and prevent it from spilling into neighboring countries. Analysts here said Iran has valuable cards to play, without which a lasting settlement may not be possible — namely, helping achieve a better deal for the minority Sunnis in Iraq, who dominated the government before Saddam Hussein was toppled in the 2003 U.S.-led invasion.

"Iran can persuade the Kurds and Shias to accept a deal with the Sunnis which would give Sunnis, disproportionate to their population, the wealth and power. That's what Iran can do," Hadian said.

Naimi, the newspaper editor, said Iran's clerics, in conjunction with senior Muslim clerics in Saudi Arabia and Egypt, could also order an end to sectarian violence in a manner that might stand a reasonable chance of limiting Sunni-Shiite warfare.

As for the U.S., Iranians say, it should establish a fixed timetable for withdrawing from Iraq, not necessarily immediately, and convene a regional conference that, ideally, would tackle not only Iraq but the Iranian nuclear issue and the Israeli-Palestinian conflict.

"One way to look at our whole nuclear issue is that the United States has not been successful in Iraq," said Abbas Maleki, a former Iranian deputy foreign minister. "One way to solve it is to change the question from Iran to another part of the world — to arrange a new front for battle."

Iran's Leader Disputes U.S. Charges On Militias (NYT)

By Nazila Fathi

The New York Times, February 13, 2007

TEHRAN, Feb. 12 — President Mahmoud Ahmadinejad on Monday dismissed American accusations that Iran was arming Shiite militants in Iraq, saying Iran was opposed to "any kind of conflict" in Iraq.

"Our position for Iraq is very clear," he said in an interview with Diane Sawyer on "Good Morning America" on ABC. "We are asking for peace, we are asking for security and we will be sad to see people get killed, no matter who they are."

In a news briefing on Sunday, American officials in Iraq showed journalists the kinds of weapons they said had been made by Iranian factories and had been used to kill 170 Americans in the last three years. They accused Iranian leaders of authorizing the smuggling of such weapons into Iraq.

Mr. Ahmadinejad refused to address the accusation directly in the interview, but he rejected the charges by saying the Americans were trying to find a scapegoat for their problems in Iraq.

"I think that Americans have made a mistake in Iraq and unfortunately are losing, and this is a shame for Americans of course, and that's why they are trying to point their fingers to other people, and pointing fingers to others will not solve the problem," he said.

A Foreign Ministry spokesman, Mohammad Ali Hosseini, was more direct in denying the accusations on Monday at his weekly news conference. He called the charges baseless and said the evidence had been fabricated.

"Such accusations cannot be relied upon or be presented as evidence," he said. "The United States has a long history of fabricating evidence. Such charges are unacceptable."

Tensions between Iran and the United States have increased in recent months over Iran's nuclear program and its role in Iraq. The United States has accused Iran of having a secret nuclear weapons program and of arming Shiite militants in Iraq. Iran says that its nuclear program is for peaceful energy purposes and that it favors stability in Iraq.

Iran, which is governed by Shiite clerics and like Iraq has a Shiite majority, has close ties with Iraqi Shiites, many of whom lived in Iran in exile when Saddam Hussein was in power in Baghdad.

In the interview, Mr. Ahmadinejad said it was the Americans, not the Iranians, who were destabilizing Iraq, and called on them to leave. "We are opposed to any conflict and also the presence of foreign forces in Iraq," he said, "and that's why we are opposed to the Americans."

As for American assertions that serial numbers linked weapons in Iraq to their origins in Iran, he seemed unconcerned, suggesting that there was more overt evidence of American force in Iraq.

"I can give you figures and numbers, which are known: more than 160,000 American troops are in Iraq," he said, adding, "What are they doing in Iraq?"

Mr. Ahmadinejad also referred obliquely to American raids in Baghdad and the northern city of Erbil in which Iranian officials were picked up and accused of working with extremist groups to plan attacks on American and Iraqi forces.

"It was childish for the U.S. government to do something like that to arrest defenseless people," he said.

He said Iran was willing to provide "intellectual support" to the Iraqi government and to the Americans to help end the conflict in Iraq.

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Mr. Ahmadinejad brushed off the possibility of a military strike by the United States against Iran. "There are wise people in the U.S. that would stop such illegal actions," he said, "but our position is clear. Our nation has made it clear that anyone who wants to attack our country will be severely punished."

Iran Denies Sending Explosives To Iraq (FT)

By Gareth Smyth

Financial Times, February 13, 2007

Iran on Monday rejected US accusations that it had supplied armour-piercing explosives used to kill American troops in Iraq.

President Mahmoud Ahmadi-Nejad said Washington was trying to find "excuses" to prolong the presence of US forces.

"There should be no foreigners there in Iraq – and then you will see that you have peace in Iraq," he told ABC television in Tehran. "There should be a court to...verify the case," he told the station's Good Morning America. "The position of our government...is also the same – we are opposed to any kind of conflict in Iraq."

The president was responding to claims from a senior US defence official in Baghdad on Sunday who said that armour-penetrating explosives that had killed 170 "coalition forces" were of Iranian manufacture. A second US official said the US assessment was that the supply and training of Iraqi insurgents by Tehran was decided by the "highest levels of the Iranian government".

Mohammad-Ali Hosseini, the foreign ministry spokesman, said the US had a "long history in fabricating evidence" and that the charges were "unacceptable".

He added that Iran opposed "any intervention in Iraq's internal affairs...[as] a weakening of the popular Iraqi government".

American officials have long suggested that Iran was involved in supporting violence in Iraq, but Sunday's announcement, supported by the presentation of bomb fragments, came after a stepping-up of US rhetoric against Iran and the dispatch of a second aircraft carrier, the John G Stennis, to the waters off southern Iran.

The UN Security Council deadline for Iran to suspend most of its nuclear programme runs out later this month.

Mr Hosseini reiterated on Monday that Iran was ready for negotiations, even over the suspension of uranium enrichment. Officials in Tehran critical of Mr Ahmadi-Nejad suspect the US allegations over Iran's role in Iraq are designed to thwart any possibility of compromise.

A senior reformist told the FT in Tehran that "everything in the region...[was] now overshadowed by US-Iran tensions". "The wise men must increase their efforts," he said. "I was alarmed when I heard the US accusations on the television – they were very direct. My fear is that this is all part of preparation for at least keeping open the real option of attacks on Iran."

The explosively formed penetrator, or EFP – the device that US officials say is evidence of Iranian support for Iraqi militants – is one of the most feared weapons for US forces in Iraq. It is also a device that US soldiers say is exclusively associated with Shia militias.

The device is a refinement of the shaped charge technology which has been used to destroy tanks and other military vehicles since the second world war. US officials said the weapons found in Iraq created a deadly slug of molten metal that could tear through armour.

They said the signature part of the weapon linking it with Iran was the machining process but did not provide any further detail.

Additional reporting: Steve Negus, Iraq correspondent

Too Late To Halt Iran's Nuclear Bomb, EU Is Told (FT)

By Daniel Dombey And Fidelius Schmid

Financial Times, February 13, 2007

Iran will be able to develop enough weapons-grade material for a nuclear bomb and there is little that can be done to prevent it, an internal European Union document has concluded.

In an admission of the international community's failure to hold back Iran's nuclear ambitions, the document – compiled by the staff of Javier Solana, EU foreign policy chief – says the atomic programme has been delayed only by technical limitations rather than diplomatic pressure. "Attempts to engage the Iranian administration in a negotiating process have not so far succeeded," it states.

The downbeat conclusions of the "reflection paper" – seen by the Financial Times – are certain to be seized on by advocates of military action, who fear that Iran will be able to produce enough fissile material for a bomb over the next two to three years. Tehran insists its purposes are purely peaceful.

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"At some stage we must expect that Iran will acquire the capacity to enrich uranium on the scale required for a weapons programme," says the paper, dated February 7 and circulated to the EU's 27 national governments ahead of a foreign ministers meeting yesterday.

"In practice . . . the Iranians have pursued their programme at their own pace, the limiting factor being technical difficulties rather than resolutions by the UN or the International Atomic Energy Agency.

"The problems with Iran will not be resolved through economic sanctions alone."

The admission is a blow to hopes that a deal with Iran can be reached and comes at a sensitive time, when tensions between the US and Tehran are rising. Its implication that sanctions will prove ineffective will also be unwelcome to EU diplomats. Only yesterday the bloc agreed on how to apply United Nations sanctions on Tehran, overcoming a dispute between Britain and Spain over Gibraltar.

Iran has set up several hundred centrifuges to enrich uranium, a process that can yield both nuclear fuel and weapons-grade material. But analysts say that Iran is behind schedule on plans to install 3,000 centrifuges to produce enriched uranium on a larger scale.

Last year Ernst Uhrlau, the head of German intelligence, said Tehran would not be able to produce enough material for a nuclear bomb before 2010 and would only be able to make it into a weapon by about 2015.

The EU document is embarrassing for advocates of negotiations with Iran, since last year it was Mr Solana and his staff who spearheaded talks with Tehran on behalf of both the EU and the permanent members of the UN Security Council.

The paper adds that Tehran's rejection of the offer put forward by Mr Solana "makes it difficult to believe that, at least in the short run, [Iran] would be ready to establish the conditions for the resumption of negotiations".

European Officials Agree To Widen Economic Sanctions Against Iran Over Nuclear Program (NYT)

By Steven R. Weisman

The New York Times, February 13, 2007

WASHINGTON, Feb. 12 — European negotiators, yielding to pressure from the United States, have agreed to widen a ban on financial transactions with Iran and the export of materials and technology that Iran could use to develop nuclear weapons.

European officials said a resolution embodying the wider ban was negotiated over the last week and should go far toward satisfying the Bush administration, which has been pressing European governments for firmer action against Iranian individuals and companies as part of a campaign to isolate the Tehran government because of its suspected nuclear arms program.

"This is a very positive initiative because it takes the European Union beyond where they were until recently," said R. Nicholas Burns, the under secretary of state for political affairs. "It's not everything we would like to see happen. But the trajectory is good and the momentum is good, so we think this is a positive event."

A text of the resolution, released Monday evening by officials of the European Union, calls for steps to carry out a United Nations Security Council resolution adopted in December. Europeans have been slow to follow through, saying governments do not have the legal tools to act against Iranian companies.

Two European officials said that in some respects the draft complies with American wishes for a broad move against Iran, but in other respects it could fall short. If the European Union adopts the resolution, European governments will have to enact laws individually to carry it out.

"The point is that it takes time for the Europeans to work out exactly where the center of gravity is so they can do something like this," said a European official, asking not to be identified because of the delicate nature of the discussions. "It's not as if the European Union can snap its fingers and get it done right away."

In a separate development, two top diplomats from the European Union said in Brussels that their talks in Tehran over the weekend left them encouraged that negotiations might resume over Iran's nuclear program.

There was no sign, however, that Iran would be willing to suspend its enrichment of uranium, which the West has insisted is a precondition for a resumption of talks.

"We got the impression that in Iran there's a new ambition to return to the negotiating table," said the German foreign minister, Frank-Walter Steinmeier, who has taken the lead for the European Union because Germany serves as its current president.

Both Mr. Steinmeier and Javier Solana, the European Union's foreign policy chief, spoke in Brussels a day after returning from Tehran, where they had held talks with Ali Larijani, the top Iranian national security official.

The Security Council resolution of Dec. 23 listed a dozen individuals and several Iranian corporations as effectively off-limits to transactions with European banks and European companies, including those that might get government-backed guarantees for loans to facilitate transactions with Iran.

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Responding to the urgings of the Bush administration, the draft would seek to freeze funds of those entities and also of others that might later be designated as engaging in "sensitive" nuclear or weapons activities.

The draft would also call for a ban on visas for individuals identified as involved in Iran's nuclear programs, except for limited relief purposes. The draft would encompass anything "that could contribute to" uranium enrichment or processing of nuclear fuel that could be used for a nuclear weapon.

The draft has a bit of an escape clause, saying it does not apply to payments under contracts that were concluded or that were even discussed before Dec. 23, the date of the Security Council resolution.

It calls on European countries "in accordance with their national legislation" to take "the necessary measures" to prevent teaching or training of Iranians in their countries of any studies that might contribute to nuclear proliferation.

E.U. Nations To Impose Limited Sanctions On Iran (WP)

By Molly Moore

The Washington Post, February 13, 2007

PARIS, Feb. 12 -- European Union foreign ministers agreed Monday that their 27 member countries will impose limited sanctions on Iran in an effort to pressure the Tehran government to halt its uranium enrichment program.

The sanctions, which include banning the sale of materials and technology that could be used in Iran's nuclear and missile programs, were recommended by the U.N. Security Council in December.

The E.U. member states, many of which have strong trade and diplomatic relations with Iran, refused to consider appeals from the United States to sever all economic ties with the country.

Monday's decision came a day after Iranian officials said they were willing to reopen stalled negotiations with Europe and international agencies over the country's nuclear program.

E.U. foreign policy chief Javier Solano met with Ali Larijani, Iran's top nuclear negotiator, in Munich on Sunday after a nearly five-month-long breakdown in talks between Tehran and Western governments.

"We are open to negotiation, but Iran knows what we want them to do," Solano told reporters in Brussels on Monday. He described the previous day's meeting with Larijani as "good and constructive," but declined to discuss specifics.

In Munich, Larijani told reporters, "Different ideas have been raised which are in need of further elaboration and examination."

The E.U. and international organizations have insisted that Iran first stop its uranium enrichment program before negotiations over the nuclear program can proceed; Iran has refused.

The diplomatic stops and starts have been a pattern between Tehran and foreign governments and international agencies for the past two years, as each side counters the threats of the other with heightened rhetoric, only to pull back and offer more negotiations.

The United States and many of its allies contend that Iran is using its nuclear program to develop a bomb, while officials in Tehran insist that the program is solely for electricity generation.

In recent months, Iran has announced that it has stepped up experiments with uranium enrichment, a process that could eventually lead to the ability to produce materials for a weapon. Outside scientists are divided over how successful the efforts have been, citing reports that the program is progressing more slowly than Iran has reported.

The head of the International Atomic Energy Agency, Mohamed ElBaradei, has appealed to Iran and Western countries to take a diplomatic "timeout" in their disputes in order to resume negotiations and avoid a feared U.S. war with Iran.

In addition to banning the sale of products or technology that could assist Iran's nuclear programs, the sanctions accepted by the E.U. ministers Monday include freezing the financial assets of 10 companies and individuals said to be involved with Iran's nuclear program.

The E.U. foreign ministers also agreed to send about 150 police officers and 60 experts to assist Afghanistan in training its security forces to counter Taliban insurgents. U.S. and NATO officials have been urging European nations to increase personnel, equipment and financial commitments to Afghanistan in an attempt to stave off an expected spring offensive by Taliban fighters.

West Adds To Strains On Iran's Lifeline (NYT)

By Jad Mouawad

New York Times, February 13, 2007

Western political and economic pressure on Iran over its nuclear program has chilled foreign investment to the extent that it is now squeezing the country's long-fragile energy industry, adding strains to a government that is burdened by sanctions and wary of unrest at home.

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The world's fourth-largest oil exporter, Iran sits on the second-largest oil and gas reserves. But it has struggled in recent years to keep its oil production, currently running at about four million barrels a day, from falling.

Some analysts say that if this acute imbalance between stagnant production and rising demand at home continues unchecked, Iran will have no oil left over to export within a decade. Its oil exports, totaling $47 billion last year, account for half the government's revenue.

"They have a perfect storm of problems feeding into each other," said Robert Murphy, an analyst at PFC Energy, a consulting firm in Washington. He estimated that Iran might have no more oil to export by around 2015 if it did not rein in runaway consumption and reverse the long-term decline in its oil production.

"The domestic energy situation is as big as the international issue, and feeds into it in a very significant way," he said.

To curb demand, which has been driven in part by subsidies that keep the domestic pump price at a mere 35 cents a gallon, the government plans to begin rationing gasoline in March, a measure so unpopular, and potentially explosive, that rationing plans have been put off several times in the past.

Iran's energy problem is in many ways at the heart of the nuclear controversy as well. Iran's leadership says it wants to develop nuclear power generation to free its petroleum resources for domestic use or for exports. The United States and other Western countries say Iran is using the program as a front for building weapons. At a time of relatively high prices, oil is clearly providing Iran's government with enormous strength — but also with an Achilles' heel.

In December, the United Nations Security Council voted unanimously to impose limited economic sanctions on Iran until it halts its nuclear program. So far, American and European officials say they are not seeking to cut off Iran's oil exports, because that would disrupt global markets and raise prices for Western consumers.

Still, the pressure on Western energy companies not to deal with Iran may ultimately speed that outcome. Iran currently exports about 2.5 million barrels a day.

In recent weeks, senior American officials warned several European oil companies that if they invested in new energy projects, they risked financial sanctions in the United States, according to a European energy executive who spoke on the condition that he not be identified because of the delicate nature of his company's relations with Iran.

Foreign investors, who have helped promote Iran's oil development, have been scarce since the 1979 revolution, and the country's oil industry has now suffered decades of economic, political and technical problems. Iran has signed no firm oil or gas contracts with foreign investors since June 2005, when Mahmoud Ahmadinejad was elected president and began flaunting the country's nuclear ambitions and renewing tensions with the West.

At home, meanwhile, Iran has had to appease a population historically prone to unrest. It spends about $20 billion each year, or 15 percent of its economic output, to keep consumer prices low for gasoline, natural gas, electricity and other energy products, according to estimates from the International Monetary Fund and others. Those subsidies have prompted double-digit growth in consumption in this country of 70 million people.

Iran holds 11 percent of global oil reserves, second only to Saudi Arabia. But each year, Iran has to find ways to make up for natural declines in production from existing wells, which in past years has dipped by 200,000 to 500,000 barrels a day.

It has managed to hold its own, but just barely. Moreover, Iran's refining capacity lags far behind its domestic needs, so the country is forced to import 40 percent of its gasoline.

Because of delays in developing new fields, like Yadavaran, Azadegan and others, Iran has scaled back its targets; it now plans to increase oil production to 4.5 million barrels by 2010, down from 5 million barrels. But even that might prove challenging, according to analysts who cite the figures.

Iranian production is now about 3.9 million barrels. It peaked at more than 6 million barrels a day in the mid-1970s, but plummeted to 1.5 million barrels just after the 1979 revolution. During the eight-year war against Iraq that followed, Iran's oil infrastructure lining the Persian Gulf was a frequent target.

Iran currently uses 1.5 million barrels of oil a day, triple its consumption in 1980, and must import about 170,000 barrels a day of gasoline, which last year cost the government more than $4 billion.

Some Iranian fields are in dire need of foreign technical expertise to help reverse their natural decline rates, estimated at 8 to 10 percent a year. Modern methods of enhanced oil recovery, which involve reinjecting natural gas to flush out more oil from the fields, can greatly increase production rates but are both costly and difficult to perform without foreign assistance.

"Iran needs to invest more than it does," said Manouchehr Takin, an Iranian energy analyst at the Center for Global Energy Studies in London. "It needs foreign companies to bring expertise, capital and technology."

But oil companies complain that the rewards are limited. Under Iran's stringent buyback contracts, oil companies basically operate as contractors for the government for a limited time. They are not allowed to book the reserves as their own and gain little in extra profits when energy prices go up.

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Iran's energy officials have already indicated they would sweeten buyback contracts. At a meeting held at a Hilton hotel in Vienna this month, they unveiled a new licensing round for 17 onshore and offshore exploration blocks. The conference was attended by dozens of European, Chinese and Russian oil executives.

For Gholam Hossein Nozari, the managing director of Iran's national oil company, continued interest from Europe and Asia is "a sure sign companies do not cower to U.S. pressure," according to Iran's official news agency, IRNA.

Fereidun Fesharaki, an energy adviser to the Iranian government before the revolution, said, "For all its faults, the Islamic Republic is very flexible."

Not all countries or international companies have bowed to American pressure. India has rebuffed Washington's efforts to cut off gasoline exports to Iran. New Delhi has also rejected American requests to cancel a planned pipeline project that would take Iranian natural gas through Pakistan to India.

But recent conversations with European energy executives and consultants, who spoke anonymously to protect their relations with Iran, suggest there is a new wave of concern about starting projects in the country. Even Chinese companies, which Iran is trying to lure with big oil and gas deals, seem to be acting with caution.

Oil companies, including Royal Dutch Shell, Total of France, Eni of Italy and Repsol YPF of Spain, are playing for time in the hope that the political situation may somehow improve, energy analysts said.

Shell and Repsol announced last month a preliminary deal for South Pars, the world's largest natural gas field. But the project, estimated at $10 billion, has been delayed for more than a year. A final investment decision is not due until at least the end of 2007.

Asked about the project at a news conference this month, Jeroen van der Veer, the chief executive of Shell, expressed some embarrassment, saying, "We have a dilemma." Iran's oil and gas reserves are too big to ignore, he said, but "we have all the short-term political concerns, as you can see."

Last year, Inpex, a Japanese oil company, agreed to sharply cut its stake in a $2 billion project to develop the Azadegan field, in the southwestern province of Khuzestan, near Iraq. Inpex cut its stake to 10 percent from 75 percent after problems with land mines left over from the Iran-Iraq war delayed development. But some analysts said the decision reflected Japan's displeasure at Iran's nuclear stance. Japan accounts for 20 percent of all Iranian oil exports.

"Oil companies are simply assessing risk, including what some see as the real risk of a military strike against Iran," said Cliff Kupchan, an analyst at the Eurasia Group, a political risk consulting firm, and a former senior State Department official. "Some are deciding it's not worth it."

The United States is pressing Europeans to trim their government-backed loan guarantees, which amounted to $18 billion in 2005. European countries have recently said they would not issue guarantees for companies that the United Nations lists as tied to Iran's nuclear or missile programs. But Washington is calling on Europe to make sure it is not dealing with front companies, possibly in the energy field.

Since opening up their energy sector to foreigners in the 1990s, Iran's clerical leaders have sought to turn their energy riches into political alliances. In the mid-1990s, they tried to persuade an American company, Conoco (now ConocoPhillips), to develop an oil field in a strategic bid to thaw relations with the United States; when that failed, after President Bill Clinton banned American investments in Iran, Iran turned to Europe and Japan. More recently, Iranian leaders have set their sights on China and Russia.

But while China's three main state-owned oil companies have been eager to sign preliminary agreements with Iran in recent years, drawing criticism from the United States, analysts say few projects have actually gotten off the ground.

Iran And The Nameless Briefers (NYT)

The New York Times, February 13, 2007

Before things get any more out of hand, President Bush needs to make his intentions toward Iran clear. And Congress needs to make it clear that this time it will be neither tricked nor bullied into supporting another disastrous war.

How little this administration has learned from its failures is a constant source of amazement. It seems the bigger the failure, the less it learns.

Consider last weekend's supersecret briefing in Baghdad by a group of American military officials whose names could not be revealed to the voters who are paying for this war with their taxes and their children's blood. The briefers tried to prove the White House's case that Iran is shipping deadly weapons, including armor-piercing explosives, to Shiite militias in Iraq.

Unlike Colin Powell's infamous prewar presentation on Iraq at the United Nations, this briefing had actual weapons to look at. And perhaps in time, the administration will be able to prove conclusively that the weapons came from arms factories in Iran.

But the officials offered no evidence to support their charge that "the highest levels of the Iranian government" had authorized smuggling these weapons into Iraq for use against American forces. Nor could they adequately explain why they had

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been sitting on this urgent evidence since 2004. The only thing that was not surprising was the refusal of any of the briefers to allow their names to be published. Mr. Powell is probably wondering why he didn't insist on the same deal.

We have no doubt about Iran's malign intent. Iran is defying the Security Council's order to halt its nuclear activities, and it is certainly meddling inside Iraq. But we are also certain that the Iraq war has so strained the American military and so shattered this president's credibility that shrill accusations and saber rattling are far more likely to frighten the allies America needs to contain Iran's nuclear ambitions than to change Tehran's behavior.

If Mr. Bush is truly worried about Shiite militias killing Americans in Iraq — and he should be — he needs to start showing this evidence to Iraq's prime minister, Nuri Kamal al-Maliki. He needs to demand that Mr. Maliki stop protecting the militias and make it clear that there will be serious consequences if he continues to refuse.

If Mr. Bush is truly worried about Iran fanning Iraq's ever more bloody civil war — and he should be — he needs to stop fantasizing about regime change and start trying to find a way to persuade Iran's leaders to help rein in the chaos in Iraq.

And if Mr. Bush is worried that Americans no longer believe him when he warns of mortal threats to the country — and he should be — he needs to start proving that he really understands who is most responsible for the Iraq disaster. And he needs to explain how he plans to extricate American troops without setting off an even bigger war.

That's the briefing the American people need to hear. And they need to hear it from the most senior American official of all, George Walker Bush.

Iran's Provocations (WSJ)

The Wall Street Journal, February 13, 2007

U.S. military officials finally laid out detailed evidence on Sunday that Iranian-supplied weapons are killing American soldiers in Iraq. The issue now is the lesson the Bush Administration and the American political establishment draw about dealing with Iran.

Our guess is that a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven, or claim that it's all the Bush Administration's fault for "bullying" Iran. This was the impulse behind the Baker-Hamilton Commission's recommendation late last year that the U.S. "engage" Tehran to help us find some honorable diplomatic or political solution in Iraq.

But the evidence about Iranian-style munitions shows how wishful such thinking is. The Iranians don't want a political solution that would allow a U.S.-backed moderate Shiite government to rule in Baghdad. Their goal is to make us bleed in order to drive us home and so allow their radical Shiite allies to hold sway and Iran to become the dominant regional power. They also figure that the bloodier the defeat they can impose, the less likely the U.S. will be to ever consider promoting regime change in Tehran or Damascus.

Pentagon sources have been saying for several years that Iranian-style munitions have been appearing in Iraq, and arms smugglers have been caught coming across the Iranian border. What's new is that the Iranian-marked weapons have actually been put on display and an estimate of their toll made public: more than 170 Americans killed in action and more than 600 wounded.

The main culprit is a specially made roadside bomb the Army calls an EFP, or "explosively formed penetrator." Unlike the jerry-rigged Iraqi shells that Sunni extremists have used to inflict the vast majority of casualties against U.S. forces, the EFP is shaped to penetrate armor and hence effective against harder targets than Humvees. The U.S. Stryker brigade now in Baghdad has been finding them in the city with increasing regularity. In the past this type of roadside bomb has been used against Israeli tanks by Iranian-backed Hezbollah guerrillas in Lebanon.

According to the Defense Department, Iranian officials detained recently by U.S. forces in Iraq possessed documents suggesting they might have been involved in this arms trade. One of them was Moshin Chizari, a very senior Revolutionary Guards commander arrested but later released because of his "diplomatic" status in December. "Iran is a significant contributor to attacks on coalition forces, and also supports violence against the Iraqi security forces and the Iraqi people," said a Defense official in Baghdad.

"Significant" is an important word here. Sunni extremists affiliated with al Qaeda and Saddam's Baath Party remain by far the largest threat to American forces in Iraq. And we don't believe that the news about Iran should cause anyone to lose sight of the primary U.S. mission in the coming months: securing Baghdad against Sunni terror, so that Iraqi Shiites won't turn to militias for protection.

Still, it would be nice if the Bush Administration and Members of Congress would send Tehran the message that it will not be allowed to kill Americans with impunity. President Bush has been speaking out about this of late, but the main concern on Capitol Hill seems to be deterring Mr. Bush rather than telling Iran to stop killing GIs. Won't any of the Democratic Presidential candidates speak out and say that, no matter what they think of Iraq, Iranian help for killing Americans is a hostile act?

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Hitting Revolutionary Guards targets, or Iranian weapons factories if they can be located, also shouldn't be out of the question when the lives of American soldiers are at stake. If General David Petraeus, the new and hardly reckless Iraq theater commander, thinks such pressure on Iran is crucial to securing his Baghdad mission, he deserves to get the go-ahead.

The larger lesson here concerns the nature of the Iranian regime and its nuclear ambitions. Iran's provocations in Iraq have been deadly enough, but they might be far more aggressive if the mullahs no longer fear the ability of the U.S. to hit back. As a nuclear power, they may well become even more reckless in attacking the interests of the U.S. and its regional allies. Then we'll see what a real bully looks like.

Iran's Nuclear Web (NYT)

By Valerie Lincy And Gary Milhollin

The New York Times, February 13, 2007

Washington

INTERNATIONAL inspectors confirmed this month that Iran is equipping its uranium enrichment plant at Natanz, a step that brings it closer to building an atomic bomb and brashly defies a United Nations resolution passed in December. So it might seem like good news that the foreign ministers of 27 European Union nations announced yesterday that, in accord with the resolution, they will impose a ban on selling nuclear-related materials and technology to Iran and put a freeze on the assets of 10 Iranian organizations and 12 people.

However, nothing involving nuclear proliferation is ever that simple. The December resolution called for measures not only against the named entities, but also against companies that are "owned or controlled" by the culprits or that act "on their behalf or at their direction." The United States, Britain and France have been pushing to enforce this language broadly, to ensnare any subsidiaries and affiliates. But Germany, Italy and Spain, among others, have resisted, mainly because of trade interests.

Yesterday's European Union agreement muddied the issue, failing to clamp down on any subsidiaries, but reserving the right to add names of affiliates in the future. America, Britain and France must pressure the other Europeans to spread their net as wide as possible.

How important is it to include subsidiaries? Consider the Atomic Energy Organization of Iran, a government entity that is on the sanctions list. It operates the Karaj Nuclear Research Center for Medicine and Agriculture, where unexplained traces of fissile material were found by United Nations inspectors; it runs the Nuclear Research Center in Tehran, which inspectors discovered had secretly produced plutonium; it uses Pioneer Energy Industries to build uranium processing plants; and, according to the United States Treasury Department, it funnels money to companies that do its nuclear bidding through an entity called the Novin Energy Company. All of these other entities should have their assets frozen as well.

Consider also Iran's Defense Industries Organization, controlled by the Ministry of Defense. It is on the sanctions list, but most of its subsidiaries are not. These include its Special Industries Group, which produces nuclear, biological and chemical weapon protection gear; its Chemical Industries Group, which makes propellant charges and explosives; and its Ammunition Industries Group, which produces mortars and grenades. And, like Russian stacking dolls, each of these groups has subsidiaries: the Ammunition Industries Group has at least eight major organizations under it.

One of the people due to have assets frozen is Ahmad Vahid Dastjerdi, the head of Iran's Aerospace Industries Organization, which produces most of Iran's missiles. According to the Treasury Department, his group uses two subordinate entities — the Sanam Industrial Group and the Ya Mahdi Industries Group — to purchase missile parts and technology from abroad. All of these groups should be sanctioned because they act at Mr. Dastjerdi's direction.

If the West is truly going to keep Tehran from getting the bomb, we will have to block every asset and shun every company involved. Not only does the United Nations require it, it is elementary self-defense.

In Shift, Accord On North Korea Seems To Be Set (NYT)

By Jim Yardley And David E. Sanger

The New York Times, February 13, 2007

BEIJING, Tuesday, Feb. 13 — The United States and four other nations reached a tentative agreement to provide North Korea with roughly $400 million in fuel oil and aid, in return for the North's starting to disable its nuclear facilities and allowing nuclear inspectors back into the country, according to American officials who have reviewed the proposed text.

While the accord sets a 60-day deadline for North Korea to accomplish those first steps toward disarmament, it leaves until an undefined moment in the future — and to another negotiation — the actual removal of North Korea's nuclear weapons and the fuel that it has manufactured to produce them.

Bush administration officials said they believed that the other nations participating in the talks — China, Japan, South Korea and Russia — would consent to the tentative agreement as soon as Tuesday. The parties still await a final confirmation

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from the North Korean leader, Kim Jong-il. The tentative agreement was forwarded to the respective national capitals Tuesday morning.

In essence, if the North agrees to the deal, a country that only four months ago conducted its first nuclear test will have traded away its ability to produce new nuclear fuel in return for immediate energy and other aid. It would still hold on to, for now, an arsenal that American intelligence officials believe contains more than a half-dozen nuclear weapons or the fuel that is their essential ingredient.

The accord also leaves unaddressed the fate of a second and still-unacknowledged nuclear weapons program that the United States accused North Korea of buying from the Pakistani nuclear engineer Abdul Qadeer Khan in the late 1990s, in what appeared to be an effort to circumvent a nuclear freeze the North negotiated in 1994 with the Clinton administration.

Negotiations had appeared near collapse on Sunday over North Korea's demands for huge shipments of fuel oil and electricity.

Under the new tentative agreement, the oil and aid for North Korea would be provided by South Korea, China and the United States — meaning that President Bush would need to win Congressional approval. That proved difficult for the Clinton administration, which constantly fought hawks in Congress over providing fuel oil to the impoverished nation under the earlier accord.

Japan has declined to participate in providing oil or aid until it resolves separate issues with North Korea about the abduction of some of its citizens by the North, American officials said.

In Washington on Monday night, administration officials declined to call the first phase of the new agreement a "nuclear freeze." The term has echoes of the Clinton accord, which Mr. Bush had criticized because it failed to force the North to ship its nuclear fuel out of the country before it received significant aid. The officials insisted that the current agreement was different because the North will not receive light-water nuclear reactors, like the ones it was promised in the 1994 agreement, and because the agreement will also be signed by the North's immediate neighbors, including China.

Beijing was the North's ally in the Korean War and its protector for decades, but relations have been strained and the Chinese leadership was apparently pressuring the North to accept the new agreement.

"If they renege on this," said one senior administration official, who would not speak on the record because the deal had not been signed, "they are sticking their fingers into the eyes of the Chinese."

Nonetheless, some administration officials acknowledged that they had concluded that a step-by-step accord was their only choice and that it would be impossible to set a schedule for the North's disarmament without taking initial steps to build trust.

"Everybody had to make some changes to try to narrow the differences," the chief American negotiator, Christopher R. Hill, told reporters as he returned to his hotel at 2:41 a.m. on Tuesday.

Mr. Hill was expected to meet again on Tuesday in Beijing with envoys from China, South Korea, Japan, Russia and North Korea to learn if each nation has approved the deal. He said he had been in frequent contact with Secretary of State Condoleezza Rice during the late-night negotiations and that he believed the Bush administration would support the agreement. "We feel it is an excellent draft," he said. "I don't think we are the problem."

If Mr. Hill is correct, it marks a major change of course for an administration that has been beset by six years of virulent internal arguments over whether to negotiate with North Korea or squeeze the government of Mr. Kim until it collapses. Hawks in the administration, including many allies of Vice President Dick Cheney, have opposed any deal that would provide aid to the North before it disgorges its arsenal.

Even before the preliminary agreement was signed in Beijing, one of Mr. Cheney's protégés, John R. Bolton, who left his post as American ambassador to the United Nations just two months ago, denounced the accord. "This is a very bad deal," he said on CNN, urging President Bush to reject it. He added that "it contradicts fundamental premises of the president's policy," and he said that it made the administration "look very weak."

Gary Samore, who was the top nonproliferation official in the Clinton White House and who negotiated with North Korea, commended the Bush administration for negotiating an accord with the North, but said: "Unfortunately, it is three years, eight bombs and one nuclear test too late. But better late than never."

Under the details of the deal, as described by American and Asian officials, the $400 million in aid would be disbursed to the North as it meets its initial commitments, probably over the course of a year. The first of those must be completed in the next 60 days, including the "permanent disablement" of the country's existing nuclear facilities at Yongbyon, its main nuclear complex north of the capital, Pyongyang.

The International Atomic Energy Agency, whose inspectors were kicked out of North Korea four years ago, also would need to be invited back in. And the North would have to prepare a "complete declaration" of all its nuclear facilities, turning that over to all of the parties in the talks and the I.A.E.A.

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That would pave the way for a second phase, in which “working groups” would negotiate the details of disarmament, including turning over weapons and fuel. Other groups would explore normalization of relations, a peace treaty formally ending the Korean War, and other economic aid in return for disarmament.

But the disarmament process promises to be enormously complex, far harder than dismantling Libya’s comparatively small nuclear complex three years ago. Libya never produced nuclear material. North Korea is believed to have made one or two weapons, or the fuel for them, nearly two decades ago, and perhaps a half-dozen or more since 2003. But American officials are uncertain exactly how many weapons the North possesses, and in the second phase of the accord, the North would have to explain what it did with the uranium-enrichment equipment that it is said to have purchased from Dr. Khan.

“We don’t know what state that program is in,” one senior official with access to the intelligence information said Monday. “We only know what they appear to have bought,” based in part on Pakistani interrogations of Dr. Khan.

United Nations sanctions against North Korea put into place after last year’s nuclear test are expected to remain in effect for the next year, American officials said.

Some experts doubt that the North will ever agree to turn over its weapons, which it considers its main bargaining chip with the West, and Mr. Kim’s only insurance policy against being toppled. “This is a freeze with a promise to negotiate subsequent disarmament,” said Mr. Samore. “And a North Korean promise to negotiate later is pretty worthless.”

Mr. Hill acknowledged that he had a lot of negotiating ahead of him. “This is only one phase of denuclearization,” he said. “We’re not done.”

If the deal is approved, Mr. Hill added, the new working groups could be quickly established while chief negotiators would likely reconvene in Beijing as soon as next month. He said the tentative agreement would create a succession of deadlines that would need to be met as a precondition of the deal.

North Korea had nearly scuttled the negotiations in recent days by insisting on a huge energy aid package. Varying reports in Asia suggested that North Korea had demanded two million tons of heavy fuel oil and two million kilowatts of electricity in exchange for its approval of any new agreement, far less than it got.

Tentative Nuclear Deal Struck With North Korea (WP)

By Edward Cody

The Washington Post, February 13, 2007

BEIJING, Feb. 13 -- Envoys from six nations reached a tentative agreement early Tuesday on the first steps toward North Korea's nuclear disarmament, a potential breakthrough in talks that have faltered repeatedly since 2003.

The chief U.S. negotiator, Assistant Secretary of State Christopher R. Hill, qualified the draft accord as "excellent" but declined to provide details. He said it was being submitted to all six governments and, pending their formal approval, would be ratified at a meeting scheduled later Tuesday in Beijing.

"We would like to think that we can all agree on this," Hill said at a briefing for reporters. "We feel it is an excellent draft, so I don't think we would be the problem."

A Chinese Foreign Ministry spokesman, Qin Gang, also suggested the tentative agreement was likely to gain formal approval by the six governments, including North Korea. He cited "extraordinarily strenuous efforts" in negotiations that lasted through the night, and said the delegates would gather again later Tuesday "to confirm the progress we have made."

Some observers expressed caution, noting that North Korea has proved unpredictable in the past, and that any deal would have to be approved by the country's Stalinist leader, Kim Jong Il.

The tentative agreement lays out the first concrete steps that would put into practice an accord reached in September 2005, in which the Pyongyang government pledged to dismantle its entire nuclear program. According to diplomats involved in five days of arduous talks here, the opening move would be for North Korea to close down its nuclear reactor at Yongbyon and readmit international nuclear inspectors in exchange for energy aid.

In that regard, Tuesday's accord is expected to resemble an earlier bargain with North Korea, the Agreed Framework reached in 1994 during the Clinton administration but renounced eight years later during the Bush administration. Under that deal, North Korea pledged to freeze and eventually dismantle its reactor in return for 500,000 tons a year of heavy fuel oil.

Despite a sense of achievement in Beijing, the deal was expected to face criticism in Washington, with Democrats charging the administration allowed North Korea to gain nuclear weapons through poor diplomacy in recent years and conservatives saying it shows weakness at a critical moment.

"This is a very bad deal," former U.N. ambassador John R. Bolton told CNN. "It contradicts fundamental premises of the president's policy he's been following for the past six years. And second, it makes the administration look very weak at a time in Iraq . . . when it needs to look strong."

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Hill declined to specify how much aid North Korea would receive in the new bargain -- it had demanded large quantities of heavy fuel oil, reportedly up to 2 million tons -- or to detail the schedule that would presumably tie fuel deliveries to closure of the Yongbyon reactor and subsequent steps. The Chinese-sponsored negotiations, including North and South Korea, Japan, Russia, China and the United States, had faltered for several days over what Hill had described as a North Korean effort to lock in large amounts of energy aid without binding itself to corresponding denuclearization steps.

The Chinese, as sponsors and hosts, worked intensively to prevent the talks from ending in failure, Hill said, resulting in the all-night series of meetings. The Beijing government was eager to avoid a repeat of the last round of talks, in December, which ended in stalemate after North Korea refused to negotiate until a U.S.-North Korean banking dispute was resolved.

The chief Japanese envoy, Kenichiro Sasae, said the tentative agreement was the result of compromises from all six nations. In addition to seeking an end to the North Korean nuclear threat, Japan has sought to have the talks embrace the issue of Japanese citizens abducted by North Korean agents and still not accounted for. Others in the six-party talks have been eager to avoid letting it prevent progress on nuclear disarmament.

North Korea's senior nuclear negotiator, Kim Gye Gwan, signaled agreement with all the draft provisions, including fuel aid, according to Chun Yung Woo, the chief South Korean delegate. But the final word had not yet come from Pyongyang, he noted.

According to diplomats' descriptions of what was under discussion, the issue of North Korea's existing nuclear weapons and the plutonium fuel already produced at Yongbyon would be left for later. U.S. experts have estimated that North Korea has enough plutonium to make eight or 10 bombs.

Similarly, a U.S. allegation that North Korea also has started a uranium enrichment program to produce nuclear fuel would not be addressed in the initial agreement. North Korea has denied it has such a program.

Based on the difficulty in moving from the 2005 agreement in principle to Tuesday's accord, those issues seemed likely to generate complicated negotiations in the months ahead. Moreover, they would force North Korean leaders to decide whether they are willing to forsake the nuclear weapons they have devoted so many resources to developing.

Nevertheless, Hill said, reaching the agreement augured well for negotiations on the subsequent steps. A new round of talks on the next steps is likely next month, he added.

Since the negotiations began, in August 2003, they have been marked by long North Korean boycotts and repeated sessions of fruitless discussions.

In addition, when the September 2005 accord was reached, North Korea had a research program but no nuclear weapons. But it exploded a nuclear device last October and swiftly declared itself a nuclear power.

Staff writer Glenn Kessler in Washington contributed to this report.

Tentative Deal Struck At North Korea Talks (FT)

By Anna Fifield And Edward Luce

Financial Times, February 13, 2007

North Korea on Monday night agreed to shut down its main nuclear weapons-related facilities in return for huge amounts of energy assistance as part of a hard-won draft deal aimed at disarming North Korea's nuclear weapons programme.

Details of the agreement were vague early Tuesday, although Japan's Kyodo news agency said Pyongyang would receive 1m tonnes of fuel oil aid for disabling its nuclear facilities. More details of the draft are expected later Tuesday.

"There was an agreement on the key differences of North Korea's actions for denuclearisation, their scope and how far they'll go, and the other countries' corresponding measures and the scale of assistance," said Chun Yung-woo, the South Korean negotiator.

"North Korea basically agreed to all the measures in the draft," he said, adding that the talks would continue Tuesday on the details.

The nuclear talks appeared headed for collapse after five days of negotiations bogged down over disagreements on energy aid. However that changed after what host China called 16 hours of "extraordinarily intensive consultations" that continued into the early hours on Tuesday.

All six parties in the North Korean nuclear talks planned to discussing the provisions with their capitals, before resuming discussions in Beijing on Tuesday.

Christopher Hill, the US nuclear negotiator, described the draft as an "excellent" first step.

"I'm encouraged by this," he said. "We might be able to take a real step towards denuclearisation."

But deals with North Korea have a habit of coming unglued, and analysts worried that it might be difficult to agree on exact terms.

After an ultimatum that the talks would end on Monday regardless of whether there was an agreement, North Korea drastically lowered its demands for outside energy aid, diplomats said.

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North Korea is understood to have been demanding 2,000 megawatts of electricity and 2m tonnes of heavy fuel oil annually – about double the aid agreed with the Clinton administration in a similar agreement in 1994 – in return for taking steps towards denuclearisation.

Mr Chun said the five parties – China, Japan, Russia, South Korea and the US – agreed to shoulder equally the burden of supplying energy aid for the North, although he did not specify how much energy would be provided.

In return, North Korea agreed to "shut down" its nuclear weapons-related facilities and specify the steps for a shutdown within 60 days.

The US had been aiming for more than the simple "freeze" that Pyongyang agreed in the 1994 deal, which collapsed four years ago after the Bush administration claimed North Korea was operating a secret uranium enrichment programme.

A senior official in Washington said the US administration was "happy" with the deal but refused to speculate on Pyongyang's final response.

North Korea Says Yes, For Now, To A Freeze (LAT)

By Mark Magnier, Times Staff Writer

The Los Angeles Times, February 13, 2007

The six-nation deal apparently calls for a halt to Pyongyang's plutonium production in return for energy assistance.

BEIJING — Weary negotiators from six nations reached a tentative agreement early this morning on the first steps toward dismantling North Korea's nuclear weapons program.

The pending deal, coming after marathon talks and years of frustration, is believed to call for North Korea to freeze plutonium production at its main nuclear center at Yongbyon and allow international atomic energy inspectors back into the country. In return, the impoverished nation would be given energy assistance and related aid.

A second, more protracted phase would address thorny disarmament issues.

The tentative deal is based on a one-page document circulated late last week by China calling for a several-stage agreement under which both sides would take measured steps forward to ensure compliance and build trust.

Details on the apparent breakthrough were not immediately available, pending approval by the governments involved. Talks reconvened today at the Diaoyutai Guest House in west Beijing. The six-nation talks involve the United States, the two Koreas, China, Japan and Russia.

"We think this is an excellent draft," said an obviously tired Christopher Hill, the chief U.S. negotiator, at the end of 16 hours of talks. "I don't think we are the problem, or would be the problem."

Any announced agreement with the government in Pyongyang should be treated with caution, given its history of faltering compliance and broken deals. That said, some analysts expressed cautious optimism that this could be a long-awaited turning point in negotiations with North Korea's autocratic leadership, which raised concern and ire across much of the world when it announced the testing of a nuclear device on Oct. 9.

The six-party talks on Pyongyang's nuclear program began in 2003.

"There was an agreement on the key differences of North Korea's actions for denuclearization, their scope and how far they'll go," South Korean envoy Chun Yung-woo told reporters. "North Korea basically agreed to all the measures in the draft."

All six nations must still sign off on the deal reached by their negotiating teams. Questions remained over how the deal would be funded.

Assuming the accord is confirmed, attention in coming weeks will shift to working groups aimed at addressing a variety of technical issues involving denuclearization, energy requirements, diplomatic recognition, timing and financial sanctions, among others.

"This is only one phase of denuclearization," Hill said. "We're not done."

North Korea is estimated to have enough plutonium for as many as 13 nuclear weapons. According to an estimate by the Institute for Science and International Security in Washington, Pyongyang could have the capability to develop as many as 17 nuclear weapons by 2008.

Still unclear was whether North Korea would be required to give up any existing nuclear stockpiles under the agreement.

The talks hit a wall in recent days when the North demanded huge amounts of energy aid, reportedly more than 2 million tons of heavy fuel oil annually, before it would agree to begin dismantling its program. The amount compares with 500,000 tons settled upon in the failed 1994 Agreed Framework with North Korea negotiated by the Clinton administration.

That deal fell apart in late 2002 when the U.S. produced evidence it said showed North Korea was engaging in a secret uranium enrichment program, in violation of the pact. U.S. officials say North Korea admitted during talks at the time that it had such a program, but Pyongyang has since denied making such an admission.

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During negotiations of the last few years, North Korea has frequently staked out bargaining positions widely seen as unrealistic in a bid to test the bottom line of those sitting across the table. The United States, Japan and South Korea responded by urging North Korea to reduce its demands, a move that apparently worked.

Japan, which has other issues of contention with North Korea related to the abduction of several dozen Japanese citizens in the 1970s and '80s, welcomed the apparent progress.

"We are closely watching the development to make sure North Korea makes the right decision toward nuclear abandonment," Japanese Prime Minister Shinzo Abe told a parliamentary committee session this morning.

Experts said the key to any meaningful deal moving forward would be obvious, tangible progress within a matter of weeks under a structure that afforded North Korea no wiggle room to back out of its commitments.

"We must be vigilant and keep North Korea's feet to the fire throughout the implementation phase," said Don Gross, a former State Department official who is a senior fellow with the Atlantic Council in Washington. "It is critical to U.S. security to keep this all under tight control."

Also key will be ensuring that any agreement has the support of hard-liners in both Washington and Pyongyang, who in the past have resisted accommodation.

John R. Bolton, former U.S. ambassador to the United Nations, harshly criticized the tentative deal, arguing that it made the United States appear weak.

"I am very disturbed by this deal," he told CNN. "It sends exactly the wrong signal to would-be proliferators around the world: 'If we hold out long enough, wear down the State Department negotiators, eventually you get rewarded.' "

A key question throughout the talks has been whether North Korea really wants a deal or is stalling to sidestep sanctions.

"Whether or not the parties reach an agreement, this has been a major North Korean victory," said Zhang Liangui, a professor with the Central Party School in Beijing. "The longer they drag things out, the bigger is their victory."

The fact that the United States and North Korea have come even this far, however, reflects more flexibility and a softening of positions on both sides, analysts said.

North Korea faces growing anger from China and South Korea, two neighbors the isolated nation has traditionally counted on for financial and political support, in the wake of its nuclear test and a separate missile test last year.

The North's sense of isolation also reportedly increased after the U.N. Security Council voted unanimously to enact sanctions less than a week after the nuclear test was announced. In the past, it has counted on China or Russia to protect its flank in multilateral organizations.

Financial pressure exerted by China and the United States on North Korea's bank accounts in Macao have taken a toll. Pyongyang also may feel that its October test enhanced its deterrent against a military attack, even as the Stalinist government may be realizing that nuclear testing is more technically difficult than it thought. Its relatively small, 1-kiloton explosion was viewed outside the country as only partially successful.

The Bush administration also seems more willing to deal, given its declining popularity in opinion polls at home and the many issues competing for its attention abroad, including Iraq, Iran and Afghanistan. The U.S. softening in recent weeks has left some wary that Washington could sign a bad deal, however, in a desire to gain political points domestically.

"A deal is good for George W. Bush in the short term and good for [North Korean leader] Kim Jong Il," said Shi Yinhong, a professor of international relations with People's University in Beijing. "But it may not be so good for legit denuclearization. If the pressure on North Korea is not kept up, the U.N. sanctions will fall away, leaving them to decide later to ratchet up their threats again."

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Yin Liijin in The Times' Beijing Bureau contributed to this report.

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Key points

Among the elements believed to be in the tentative accord's first phase:

North Korea would:

· Freeze plutonium production

· Allow international inspectors to return

Other nations would:

· Offer energy assistance, related aid

Source: Times reporting

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What comes next

Steps expected to follow the tentative deal, with the potential for breakdown at any point:

· The six nations involved in the talks — the U.S., the two Koreas, China, Japan and Russia — sign off on the deal, which was hammered out by negotiators over the last five days in Beijing.

· North Korea agrees to freeze its nuclear program as a first step toward eventual dismantling, and to let international inspectors view key nuclear sites, in return for energy aid.

· Working groups are formed, perhaps within the next month, on technical issues related to denuclearization, energy aid, financial sanctions, so-called sequencing issues covering the order in which steps are taken, and broader aid and diplomatic recognition.

· North Korea agrees to end its nuclear weapons programs with the goal of creating a nuclear-free Korean peninsula and enhancing security in Northeast Asia in return for further aid, security assurances and diplomatic recognition.

Source: Times reporting

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Key dates

October 1994: U.S. and North Korea sign pact intended to freeze North Korea's nuclear program in exchange for fuel and help building light-water nuclear reactors for power.

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October 2002: U.S. officials say North Korea acknowledges existence of a nuclear program in violation of the 1994 pact.

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December 2002: North Korea orders inspectors from the International Atomic Energy Agency, the U.N. nuclear watchdog, to leave North Korea and restarts its main reactor at Yongbyon.

*

January 2003: North Korea says it is withdrawing from the global nuclear arms control treaty.

*

May 2005: North Korea reports it has removed fuel rods from its main nuclear reactor, a key step toward preparing to harvest plutonium for bombs.

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July 2006: North Korea conducts missile tests.

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Oct. 9: North Korea reports underground nuclear test.

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Feb. 8, 2007: Latest talks begin between negotiators from North and South Korea, the U.S., Russia, Japan and China, and a draft plan to have North Korea shut down its Yongbyon nuclear plant is agreed upon.

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Feb. 12: Negotiators reach a tentative agreement on initial steps for North Korea's nuclear disarmament.

North Korea Deal Could Boost Bush's Beleaguered Foreign Policy (WSJ)

By Evan Ramstad And Neil King Jr.

The Wall Street Journal, February 13, 2007

North Korea's apparent decision to accept a breakthrough, aid-for-disarmament deal would boost U.S. efforts to rein in the spread of nuclear weapons and provide a victory for the Bush administration's battered foreign-policy team.

After a bargaining session that went well past midnight, delegates from North Korea, its four neighbors and the U.S. signed off on the final text of a plan to end Pyongyang's nuclear-weapons program in return for financial and energy assistance worth hundreds of millions of dollars annually.

Christopher Hill, the U.S. envoy to the talks, told reporters the final text is "an excellent, excellent draft." Senior U.S. officials in Washington said the administration has signed off on the deal and is simply waiting to hear from North Korea. The other participants in the talks -- China, Japan, Russia and South Korea -- are also likely to approve it.

A deal to rein in North Korea's nuclear program would give President Bush a rare foreign-policy success at a time when he is embroiled in a bitter debate over the war in Iraq and tensions with Iran. It would also mark a triumph for Secretary of State Condoleezza Rice, who had to beat back skeptics within the Pentagon and Vice President Cheney's office who opposed any deal that could in any way strengthen the current North Korean regime.

But the proposed deal also exposes the administration to accusations from both conservatives and Democrats that Mr. Bush has returned to a Clinton-era arrangement with North Korea, known as the 1994 Agreed Framework, that he had

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disparaged and cast aside soon after taking office in 2001. Some say this refusal to bargain wasted time during which Pyongyang was able to expand its arsenal, while hawks warn the North will renege on the deal.

Critics of current U.S. foreign policy, are sure to draw parallels between North Korea and Iran, and argue the administration should now move to open direct talks with Tehran over its nuclear program. The U.S. and others claim Iran's goal is nuclear weapons, while the Iranians insist they seek nuclear technology only to produce energy for civilian purposes.

The U.S. and North Korea hammered out key parts of the pact in a two-way meeting last month in Berlin. But the deal nearly collapsed during the formal six-party negotiations that began on Thursday.

The trouble in arriving at the deal is emblematic of the challenges that are sure to lie ahead. From the start of the six-party talks in August 2003, North Korean delegates showed little willingness to compromise, wary of any action that might threaten dictator Kim Jong Il or erode his power over the country.

North Korean envoy Kim Kye Gwan hasn't spoken to reporters during the talks. But just before the latest round started, Mr. Kim expressed a new desire to reach a deal, though he didn't specify why. Some analysts suggested that, after testing its first nuclear device in October, North Korea calculated it could negotiate its best deal, but had otherwise run out of cards to play.

Diplomats involved in the latest talks say the new deal is different from President Clinton's 1994 agreement because it requires North Korea to dismantle its only nuclear plant, a small facility in the city of Yongbyon, and allow outside experts to monitor the process. The country closed the plant as part of the 1994 deal, but was able to reopen it in 2002. The Yongbyon complex includes a center to reprocess spent uranium fuel from the plant into weapons-grade plutonium. Analysts estimate North Korea has enough plutonium to make about 10 nuclear weapons. Ultimately, State Department officials say, North Korea would have to give up all of its nuclear material.

In addition, the new deal provides a mechanism for the six countries to work on broader goals beyond denuclearization. They include forging diplomatic relations between North Korea and its former enemies Japan and the U.S., and crafting a peace treaty that formally ends the Korean War of the 1950s.

U.S. officials say the agreement would reward North Korea in phases for making certain moves, with energy supplies accounting for most of the initial incentives. The U.S. Treasury Department is also preparing to lift restrictions on North Korean accounts at a Macau bank thought to amount to millions of dollars.

The six countries plan to create five working groups to handle details. One will concentrate on further steps for denuclearization, one on setting up diplomatic relations, one on the logistics of the energy and economic assistance, and another to work on a Korean War peace treaty. The fifth group will handle special issues of conflict between North Korea and Japan, particularly the fate of an estimated 13 to 17 people the North abducted from Japan in recent decades.

"We're trying to address some of the underlying problems in the region, why there are tensions on the Korean peninsula in the first place, [and] some of the bilateral problems," Mr. Hill told reporters in Beijing. "The agreement really offers a framework for proceeding with that."

Tentative Deal Calls For Halt In N. Korea Nuclear Program (USAT)

By Barbara Slavin

USA Today, February 13, 2007

WASHINGTON — North Korea reached a tentative agreement with five other nations Tuesday on initial steps toward ending its nuclear weapons program, U.S. negotiator Christopher Hill said.

The agreement would shut down a program that built and tested a nuclear device and amassed plutonium for as many as a dozen other weapons. Initially, however, that plutonium and any completed nuclear weapons would remain in North Korea.

The deal, reached in Beijing by negotiators from North Korea, the United States, China, Japan, Russia and South Korea, requires a final OK by the six governments.

Under the agreement's terms, North Korea would shut down a nuclear reactor that has been producing plutonium for four years, according to a senior Bush administration official and an Asian diplomat. Inspectors from the United Nations' nuclear watchdog agency would return to North Korea within 60 days to verify that the reactor has been shuttered, they said. In return, North Korea would get a million tons of fuel oil a year.

The two officials, both of whom had been briefed on details of the agreement, declined to be identified because it has not gotten final approval from their governments.

After a fifth day of negotiations in Beijing, Hill said the agreement is only a first step toward the ultimate goal of dismantling North Korea's nuclear weapons program. "I'm encouraged that we might be able to make a real step forward on the denuclearization issue," he said.

North Korean diplomats made no immediate comment. The parties resume talks Tuesday in Beijing.

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Supporters and opponents of the agreement both say it resembles a 1994 accord, known as the Agreed Framework, which traded economic and diplomatic concessions for a freeze of the North Korean nuclear program and a pledge of eventual denuclearization. Under that deal, North Korea received 500,000 tons of fuel oil annually.

The 1994 pact collapsed in 2002 when North Korea admitted working to enrich uranium, another potential source of bomb fuel.

John Bolton, the U.S. ambassador to the U.N. until December, said on CNN that the agreement is "a very bad deal" that would undercut sanctions against North Korea and make the administration "look weak ... dealing with Iran (when) it needs to look strong." He said President Bush should reject the deal because it is no better than the 1994 agreement: "If we (are) going to cut this deal now, it's amazing we didn't cut it back then."

Jack Pritchard, a former U.S. negotiator with the North Koreans in both the Clinton and Bush administrations, said the latest deal initially leaves North Korea "a declared nuclear-weapon state with a stock of plutonium for more."

James Kelly, assistant secretary of State for Asia in Bush's first term, said he was optimistic. "It's a mistake to prematurely trash" the agreement, Kelly said. "It's not a triumph yet. It's a first step."

David Albright, head of the Institute for Science and International Security, a Washington think tank, said North Korea has produced enough plutonium for as many as 12 bombs. It tested a nuclear device for the first time in October.

Tentative N. Korea Deal Struck (WT)

By Ed Lanfranco

The Washington Times, February 13, 2007

BEIJING -- Negotiators early today announced a tentative agreement on steps to begin dismantling North Korea's nuclear weapons program in exchange for a package of energy assistance and other incentives.

The deal, concluded after five days of talks culminating in a 16-hour session that ended in the small hours today, remains subject to approval from the capitals of the six participating nations. Most details were not made public, and officials said they would resume negotiations later today.

Christopher Hill, the chief U.S. negotiator, said the talks had "made a lot of progress -- so much so that the Chinese felt secure in distributing a final text."

A brief statement issued by China's official Xinhua news agency just before 3 a.m. Beijing time said: "The envoys of the six parties involved in the Korean Peninsula nuclear issue worked overnight in a bid to clinch a possible deal, but no agreements announced yet."

Mr. Hill said the United States was fully behind the Chinese text, but he did not rule out attempts by the North to extract more concessions or renegotiate the steps it has to take. He called the draft an implementation document of the September 2005 joint statement of principles, in which all parties committed to the denuclearization of the peninsula.

He said he had been in constant communication with Washington during the negotiations and spoken to Secretary of State Condoleezza Rice "on many occasions this evening." He said that "people need to look at it, including Secretary Rice" and that the text was an "excellent, excellent draft."

"I don't think we are the problem. I can't predict everything in that regard. The Chinese worked really hard, and we support what the Chinese are doing," Mr. Hill added.

He said the North Koreans "have seen every word that is in this text, and it was on this basis that all the parties agreed that this was the way to go." Nevertheless, "they'll have things that they want to get off their chest; we'll have a meeting tomorrow to see where we are."

North Korea did not comment publicly on the draft, but South Korean envoy Chun Yung-woo said he thought the proposal would be acceptable to Pyongyang. He said the five other countries agreed to evenly contribute to the energy aid outlined under the deal.

Japan and Russia, however, were noncommittal. The Japanese envoy, Kenichiro Sasae, said it was "too early to tell" whether Tokyo was satisfied. Russian Deputy Foreign Minister Alexander Losyukov said there were "many questions regarding details," Russia's Itar-Tass news agency reported.

The latest round of talks began Thursday on a promising note after the United States and North Korea, which has demanded improved relations with Washington, held an unusual meeting last month in Germany and signaled a willingness to compromise.

But the negotiations quickly became mired on the issue of how much energy aid the impoverished and isolated communist country would get as an inducement for initial steps toward disarmament.

"It's always three yards, three yards, three yards, and it's always fourth and one. Then you make a first down and do three more yards," Mr. Hill said, using a football metaphor. "It's painful."

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During the days of arduous negotiations, he said, "everybody has had to make some changes to narrow the differences."

Some delegates at the talks -- which also include China -- had called North Korea's energy demands excessive.

South Korean and Japanese press reports gave varying accounts of how much energy North Korea was demanding, including up to 2 million kilowatts of electricity or 2 million tons of heavy fuel oil.

The agreement calls for creating five working groups to handle technical matters related to denuclearization, normalizing North Korea's diplomatic relations with the United States and Japan, as well as easing U.S. financial sanctions imposed on the North in 2005, diplomats said.

"We don't want to miss any deadlines, because if you begin missing a deadline, other things start missing, and before you know it aren't getting done," Mr. Hill said.

In Washington, conservatives who oppose negotiations with North Korea were quick to denounce the tentative deal.

John R. Bolton, until recently ambassador to the United Nations, said President Bush should instruct Mr. Hill not to sign the text, noting that it resembles the Clinton administration's 1994 deal with Pyongyang, known as the Agreed Framework.

Hamas Government To Resign, Leader Says (USAT)

USA Today, February 13, 2007

Palestinian Prime Minister Ismail Haniyeh said Monday that his militant Hamas government will resign in the coming days despite unresolved issues in an agreement to form a unity government. Haniyeh said the deal with the more-moderate Fatah Party of President Mahmoud Abbas was needed to prevent further bloodshed between the rival groups. The parties agreed to a division of Cabinet posts but have not decided on an Interior minister. A coalition government could lead to easing of Western sanctions imposed after Hamas defeated Fatah in elections a year ago.

Germany to parole terrorist held 24 years

Germany's Stuttgart state court approved parole for a Red Army Faction terrorist arrested in 1982 and convicted of involvement in nine murders. Brigitte Mohnhaupt, 57, will be released March 27 after serving 24 years of a life sentence for multiple murders. Mohnhaupt was a leader in the leftist group sometimes called the Baader-Meinhof Gang. The group carried out kidnappings, bank robberies and attacks on government and business figures from 1970 to 1992.

Italy arrests 15 alleged leftist militants

Italian police arrested 15 people in raids targeting a leftist militant group linked to the Red Brigades, which terrorized Italy in the 1970s and 1980s. The group "was a structured and highly dangerous organization," Interior Minister Giuliano Amato said, adding that other factions likely are still active. The group financed itself through armed robberies and spread propaganda in leftist clubs and in factories where some of them worked, anti-terrorism official Giovanni Calesini said.

Martial law declared in Guinea

Palestinian Authority Given Hope Of EU Aid (FT)

By Daniel Dombey

Financial Times, February 13, 2007

One of the European Union's top officials on Monday held out the prospect of resuming aid to the Palestinian Authority in the wake of last week's agreement by Fatah and Hamas to form a national unity government.

The 27-nation bloc has frozen direct aid to the PA since Hamas won parliamentary elections last year, but Benita Ferrero-Waldner, external relations Commissioner, suggested on Monday the Fatah-Hamas deal could transform the situation.

The EU is the biggest donor to the Palestinians, in an effort spearheaded by the European Commission. Last year, the EU delivered about €700m ($907m, £466m) in aid to the Palestinians, but bypassed the PA itself after Hamas won power.

"When it becomes possible to re-engage with a national unity government . . . we could then hopefully resume support to the Palestinian Authority, ministers and ministries and agencies from which we have had to distance ourselves in the last year," she said.

Although officials from EU member states indicated that Ms Ferrero-Waldner's comments were premature, her statement highlights a growing divergence between the EU and the US and Israel.

The EU has consistently been more enthusiastic than the US about a national unity government with which it can do business, while Washington has found it much more difficult to express support for the formation of any government with Hamas members.

Privately, EU officials often say the bloc will need to talk to Hamas eventually and that it is unrealistic to demand that a new government explicitly recognise Israel.

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However, principles agreed by the "Quartet" of the EU, the US, the United Nations and Russia in the wake of Hamas's victory explicitly demand that Palestinian leaders recognise Israel, as well as abiding by past agreements and renouncing violence.

Although last week's Mecca agreement to form a national unity government addresses the last two points, it does not require that the new administration recognise Israel in any way.

Ms Ferrero-Waldner's latest proposals follow a Quartet declaration this month that calls for "international support in the areas of [Palestinian] governance, institution building and economic development".

¦J erusalem's Jewish mayor has moved to defuse a Muslim furore over construction work at Islam's third holiest site by ordering a public review that will consider objections before building begins, reports Harvey Morris in Jerusalem.

More than 30 police and Muslim worshippers were injured on Friday when Israeli security forces confronted protesters inside the al-Aqsa mosque complex that Jews also revere as the site of their second Temple.

Amid further protests in the West Bank at the weekend, it was not clear whether Uri Lupolianski's concession would be enough to cool Palestinian tempers. His office said work would continue on clearing the remains of an ancient bridge that links the Jewish Western Wall plaza to the Muslim sanctuary. Israeli archeologists would in the meantime continue a dig at the site to safeguard any historical remains.

Somali Islamists Seek Refuge In Yemen (CSM)

By Ginny Hill

The Christian Science Monitor, February 13, 2007

SANAA, YEMEN

Under cover of darkness, exhausted Somali refugees stagger onto Yemen's southern beaches at the end of a grueling and dangerous journey across the Gulf of Aden.

"We were loaded onto the boats like animals," says Adil Mokhtar Mohammed. "We were forced to squat for three days and we were tightly packed together in rows. The smugglers don't even allow you to open your bag for food and water. If you try to move, they beat you."

Since the outbreak of Somalia's civil war in 1991, each new cycle of turmoil has generated a fresh flow of refugees to neighboring Yemen. But during this past year's rise and fall of Somalia's Union of Islamic Courts (UIC), tiny fishing vessels carried 26,000 men, women, and children – a record number – from Somalia to Yemen.

Among the latest wave of refugees are rank-and-file members of Somalia's defeated Islamists, and now ousted moderate UIC leaders are also seeking refuge in Yemen, sparking concern from Yemeni officials and Western diplomats that Al Qaeda-linked radical Islamists are also using these well-worn human-trafficking routes to escape from Somalia to the Arabian Peninsula.

"We are concerned that terrorist operatives will try to escape Somalia and establish safe haven elsewhere," says one Western diplomat in Yemen's capital, Sanaa. "Governments in the region, including Yemen, share that concern. They are doing what they can to prevent suspected terrorists from setting up a base in their country."

Moderate Islamists find refuge

Last month, Yemen's Interior Minister, Rashid al-Alimi, stepped up maritime security against possible infiltration from Somalia by radical Islamists and Al Qaeda fighters. But Yemeni President Ali Abdullah Saleh is currently hosting four senior UIC moderates, who, observers say, could hold the key to a future political settlement in Somalia, which could help stem the flow of refugees.

The latest arrival, deputy UIC leader Sheikh Sharif Ahmed, flew from Nairobi, Kenya, to Sanaa last Thursday, as a guest of the Yemeni government. Sheikh Sharif joins the UIC's foreign affairs spokesman, Ibrahim Adow, and two other UIC moderates who have been living under Yemeni protection in the southern port of Aden for more than a month.

One month after Somali and Ethiopian troops ousted Somalia's Islamists in a two-week offensive, groups tied to the Islamists are stepping up deadly guerrilla attacks across Somalia. And while an insurgency appears to be gathering steam, the US and its regional allies are hoping to co-opt individual leaders from within the ranks of the UIC's diverse and scattered leadership to bolster the weak and faltering transitional government. Washington is targeting popular figures without links to terrorism who still command a strong following among many Somalis – and chief among them is Sheikh Sharif.

"The inclusion of the UIC moderates is the only way to stabilize Somalia," says François Grignon, director of the International Crisis Group's Africa Program.

The quartet of UIC moderates now based in Yemen are viewed as central to creation of a future inclusive government in Somalia with a wide, stable power base. Their endorsement is also seen as crucial to the successful deployment of African Union peacekeepers. But, first, this core group must agree to a strategy among themselves in order to present a united front at multiparty peace talks.

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"Sheikh Sharif is here as part of our efforts to encourage the moderate Somali Islamists to participate in dialogue with the transitional government," says Yemen's Foreign Minister, Abu Bakr al-Qirbi. "We are hoping he will attend Somalia's National Reconciliation Conference, as soon as the parties agree on a date."

Yemen was the first Arab nation to open an embassy in Mogadishu following the UIC's retreat last month and President Saleh boasts a credible track record in hosting talks between the leaders of all Somalia's factions. Diplomats now hope that he can use established links to overcome the reluctance of Somalia's interim president, Abdullahi Yusuf, to cede some power to his former opponents.

Refugee influx continues

In the meantime, the lucrative trade in Somali refugees continues. Yemen's extensive maritime borders and weak coast guard make thorough and effective monitoring impossible.

Trafficking routes have shifted in the last six weeks, after a December gun battle between smugglers and Yemen's coast guard. Four boats capsized close to Yemen's shoreline during the confrontation and 140 people died, 90 of those were later buried in a mass grave. Refugees are now landing hundreds of miles away from the usual drop point in Shabwa Province, making it even harder for the authorities to predict and respond to their needs.

Amina Mohammad is one of Yemen's newest arrivals. She was dropped on al-Azizyia Island in the Red Sea last week and briefly detained by Yemeni police before she was transferred to UN protection. A supporter of the Islamists, she describes how she traveled in a boat with UIC soldiers. "I knew who they were and what they did for the UIC because I recognized them. They were my neighbors in Mogadishu."

The UN High Commissioner for Refugees says there are 84,000 registered refugees in Yemen but the government estimates the true figure is nearly four times higher. Yemen is the poorest country in the Arab world, and its weak economy is struggling to absorb rising numbers of newcomers.

"There's no doubt that the Yemenis are taking this issue very seriously," says one Western diplomat. "The large numbers of Somalis here are already putting Yemen's infrastructure under enormous pressure, and the government is acutely aware of the threat to internal security."

Yemen is a fragile state itself, facing its own terrorist network. The challenge now is to respond to the potential risk from Somali extremists before they reach Yemen's shores and embed themselves in the sizable diaspora community.

As US Focuses On Iraq Turmoil, Will It Miss The Bigger Picture? (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 13, 2007

WASHINGTON

In a little over a year, the US mission in Iraq seems to have narrowed dramatically. Instead of the lofty goals of fostering a democracy that could serve as a regional beacon, the US now aims to curb the violence, especially in Baghdad.

This narrowing gives the American venture in Iraq more focus, while preserving hopes that the administration's long-range goals can be achieved, analysts say. But some warn that it is also dangerous if it becomes an end in itself, causing US policymakers to lose sight of the bigger risks and objectives in the Middle East.

And some experts say the US is confusing tactical adjustments with a strategy.

"I see tactical and operational efforts that make sense – secure Baghdad, step up the fight in Anbar [Province] to disrupt Al Qaeda and the insurgent strongholds there, and all that's fine, but strategically we seem to be floundering," says Ralph Peters, a retired Army intelligence officer and Middle East specialist.

Pointing to Secretary of State Condoleezza Rice's efforts to encourage a bloc of Sunni powers to counter Shiite Iran's rise in the region, he says such moves raise questions of strategic coherence.

"We start with the goal of creating a regime of democracy and the rule of law that by its example will spread the rule of law and democracy in the region, and there's still a chance it will work," Mr. Peters says. "But now here we are, embracing our default strategy which is to support the devil we know, which is the Sunni regimes and, in particular, the Saudis. We are reverting to cold war form – they are our dictators, therefore they are good dictators – and falling prey to a religious war the Saudis are fighting with the Shias."

Over the short term, American eyes are going to be focused on the turn of events inside Iraq, from the trend in bombings to the pace of US casualties. That is why the immediate US aim is to reduce the violence to a level that gives Iraqis the breathing space they need to make a number of crucial political decisions, analysts say, while tamping down the risks of instability spreading to other neighboring states – or creating a vacuum for Al Qaeda to prosper.

"The objective now is not so much that the violence be ended, but that the trend lines have been altered a year from now so that instead of getting worse, things are getting better," says James Dobbins, former envoy of the Clinton and Bush

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administrations to the Balkans and Afghanistan and now a security analyst with the RAND Corp. in Arlington, Va. "There may be much loftier objectives people could wish for, but I think the administration, Congress, and the public would be relieved if the situation in Iraq is slightly better a year from now instead of a little worse."

But that raises questions of just how much the US is in a position to influence even short-term goals.

The National Intelligence Estimate is "spot on" when it says that Iraq's conflict cannot be blamed on any of its neighbors, says Ellen Laipson, president of the Henry L. Stimson Center, an international peace and security research group in Washington, D.C. "Whether it's Iran or Syria, they are not the determining factor in the violence there."

Even though America's involvement is very different, it is finding its role as a "determining factor" increasingly limited in Iraq, she says. "Either the Iraqis are motivated by an enduring passion to get us out of there, or they are consumed by an intra-Iraqi dynamic to such a degree that we are irrelevant to the situation going on there."

Either way, she says, the Iraqis "can't accept our influence right now, even though they desperately need help from outside actors."

That does not mean that civil conflicts are impermeable to outside influence. Mr. Dobbins notes, for example, that violence in the Balkans in the 1990s was brought to an end by external pressures.

But it does mean that the US cannot operate under "wishful thinking" of what it would like to see happen, Mr. Peters says, but must prepare "plans C, D, F, and G" for other scenarios that may unfold.

In a new report for the Council on Foreign Relations, Middle East expert Steven Simon says the US should begin planning for "after the surge," by shifting its focus to containing the conflict and strengthening US military positions elsewhere in the region. He says the US should also "engage Iraq's neighbors" in developing a stabilization plan for Iraq.

"As it prepares to withdraw military [personnel] from Iraq, the US should act decisively and creatively across the wider Middle East to offset perceptions of American weakness that our setback in Iraq has triggered," Mr. Simon says. One area for action would be the Israeli-Palestinian conflict, he adds, which the White House is now taking up again.

Former Army intelligence specialist Peters agrees that the US must pay particular attention to perceptions of American weakness and to the impact a perceived military defeat in Iraq would have.

"We can afford a strategic defeat in Iraq, and a diplomatic reversal, but what we can't afford is a perception of a military defeat," he says. "Given how our security is intertwined with the region, we must at a minimum make it clear that our military has not been defeated."

Europe's Muslims Find Ally In U.S. (WT)

By Nicholas Kralev

The Washington Times, February 13, 2007

The State Department, concerned about a "nativist surge" in Western Europe, has created a position to coordinate efforts to reach out to European Muslims and help them better integrate into society, a senior official said yesterday.

Daniel Fried, assistant secretary of state for European and Eurasian affairs, said U.S. embassies and consulates in Britain, France, Germany, the Netherlands and other countries will decide what exactly they can do, instead of "Washington bureaucrats dreaming this up."

The growing Muslim presence in Europe is "a fascinating issue and one that the American government is just now trying to get its mind around," Mr. Fried told editors and reporters at The Washington Times. "It's a huge problem, we are thinking about it seriously, and we've tried to do some intellectual framing-up."

Farah Pandith, until recently a staffer on the National Security Council (NSC), moved to the State Department last week to head the new effort.

Unrest among Muslims in Europe, particularly those who have turned to extremist acts such as the 2005 London transit system bombings, has spurred a heated debate across the continent.

The French government, for example, now regrets having resettled North African immigrants in de facto ghettos, where unemployment and bad schooling led to desperation among young people, Paris' ambassador to Washington, Jean-David Levitte, told The Times last month.

"The unrest that existed in poor neighborhoods had nothing to do with jihad and much to do with social conditions," he said. "That's why we have to put the emphasis on improving the social conditions -- schools, jobs, better housing -- and hopefully all this will trigger better absorption in the social fabric of France of this minority."

Mr. Fried said that a "process of alienation" is occurring within Europe's Muslim communities, and that their host countries have "no sense of integration."

"Europe has to learn to do that," he said. "You have a weird nativist surge in Western Europe, and a kind of odd panic: Aliens are here, they don't accept our values, they are a threat to our way of life and turn to radicalism."

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One program in place in some countries brings American Muslims to Europe to meet with their counterparts and try to "break down stereotypes" and help them end their "self-isolation," Mr. Fried said.

He said he has not found strong anti-American feelings among European Muslims during his travels, even though many disagree with U.S. policies in the Middle East.

"I don't get big speeches." he said. "They say, 'We want to live in Europe. Can you help us out? Do you understand us? We want to be good Muslims and good Europeans."

Mr. Fried, a career diplomat since 1977, is a former ambassador to Poland and served as senior director for European affairs at the NSC during President Bush's first term.

Mr. Fried also spoke extensively about Russia, two days after President Vladimir Putin rebuked U.S. foreign policies as "unilateral" and "illegitimate."

The American diplomat said he does not understand why the Russians keep saying that Washington's actions are aimed at Moscow.

"The problem from an American point of view is not that the Russians are rebuilding their state," he said. "The problem is that what Putin is doing ... is not rebuilding the institutions of a modern country -- at least not yet. He's rebuilding the center, but national strength doesn't come just from a strong center."

Asked about Mr. Putin's attempts to curb some of Russia's oligarchs, Mr. Fried suggested that the president was guided by the principle, "I'll replace the guys I don't like with my own guys."

"Go down the list of senior Kremlin officials who are also chairmen of the boards of major parastatals," he said. "What does that tell you?"

Putin Visits Qatar Amid Talk Of 'Gas Opec' (FT)

By Neil Buckley And Andrew England

Financial Times, February 13, 2007

Leaders of Russia and Qatar, two of the world's largest natural gas producers, said last night they would explore the creation of an Opec-style natural gas cartel.

Vladimir Putin, Russian president, and Sheikh Hamad bin Khalifa Al Thani, Emir of Qatar, said experts from both countries would discuss the idea at a natural gas conference in Doha, the Qatari capital, in April. Their comments were made during a visit by Mr Putin to Saudi Arabia, Qatar and Jordan - the first by a Russian president to the three countries.

They came less than two weeks after Mr Putin told a Moscow press conference that a "gas Opec" was an "interesting idea", though adding that such a body would not be a price-fixing cartel. He was responding to a suggestion by Ayatollah Ali Khamenei, Iran's Supreme Leader, that Russia and Iran should co-ordinate gas activities.

But the message from gas-producing countries remains mixed, with Mr Putin's remarks yesterday apparently at odds with his energy minister, Viktor Khristenko. Mr Khristenko last week described as a "fantasy" the idea that Russia might form a gas exporters' body.

Qatar's energy minister also said last week there was no need for a cartel of gas producers.

"Who said that we have rejected the idea of a cartel?" Mr Putin said in Doha. "I said it was an interesting idea. Whether we need a cartel, whether we will create such an organisation, is a separate conversation. But of course we should co-ordinate our activities with other producers."

Mr Putin added that he and Sheikh Hamad had agreed gas producers should "not repeat the mistakes of other cartel-type organisations". But the continued talk of a gas Opec is likely to cause ripples in the European Union, which relies on Russia for more than a quarter of its natural gas, and in the US, which is set to become more heavily reliant on gas imports.

It came days after Mr Putin delivered a hard-hitting speech criticising the US for trying to impose its will around the world, and during a Middle East visit seen as an attempt to increase Russia's diplomatic role in the region and counter American influence.

Sheikh Hamad supported the discussions on a gas exporters' organisation, but expressed doubt over whether a gas cartel could exercise the same control over the market as Opec.

Russia has the world's largest gas reserves while Qatar has the third-largest. Iran, with the second-largest, is also developing its gas export capabilities.

Energy experts have said a cartel would be difficult to create in gas because it is more difficult to transport than oil, and the market is dominated by contracts running for 20 years or more.

The Russian president had earlier rounded off a landmark visit to Saudi Arabia by meeting businessmen and urging greater economic ties between the two countries, saying Russia could help the oil-rich kingdom develop railways and atomic energy.

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Mr Putin's visit to the region is also seen as an attempt to boost Russian military sales to the Middle East and bolster relations with key energy producers.

Senior businessmen including the heads of Lukoil, Gazprom and Rosoboronexport, the state arms export agency, are accompanying Mr Putin.

The Russian leader was heading last night to Jordan. All three countries - Saudi Arabia, Qatar and Jordan - are important US allies in the Middle East but American credibility has suffered from the escalating conflict in Iraq and Washington's failure to focus more on the wider Arab-Israeli conflict.

Saudi Arabia, the world's largest oil exporter ahead of Russia, is enjoying an extraordinary oil-fuelled boom and is seeking toreassert its political influence.

In December, Saudi Arabia and five other Gulf states announced they would study the possible development of a joint nuclear programme.

Putin Visits Qatar For Talks On Natural Gas And Trade (NYT)

By Hassan M. Fattah

New York Times, February 13, 2007

DUBAI, United Arab Emirates, Feb. 12 — President Vladimir V. Putin of Russia arrived in Qatar on Monday to discuss trade, security and the possible formation of a natural gas cartel on the second leg of a three-day tour of the Middle East that is widely seen as an attempt to expand Russia's strategic role in the region.

"We seek to develop special relations between Qatar and Russia," Sheik Hamad bin Khalifa al-Thani, the emir of Qatar, said shortly after Mr. Putin arrived. "Relations at all levels have been developing vigorously over the past year and a half."

Mr. Putin, who came from an overnight state visit to Saudi Arabia, held talks with the emir over military and trade cooperation, the Russian news agency Itar-Tass reported. Both leaders pledged to expand cooperation to better manage the worldwide supply of natural gas, but remained tentative about the possibility of forming a natural gas cartel.

"We do not reject the idea of creating a gas cartel," Mr. Putin told reporters late Monday. "But this initiative requires more study."

Mr. Putin said he would dispatch experts in April to a natural gas conference in Doha, Qatar's capital, to discuss the creation of a cartel modeled after the Organization of the Petroleum Exporting Countries, which holds sway over the world's oil prices.

"It's important to cooperate and to help each other," Mr. Putin said. "We also work together to defend the interests of gas exporters and coordinate our relations toward the consumers."

European leaders have expressed concern over even the mention of a natural gas cartel, in which Russia would likely hold significant power and could raise prices as it has over the past year for several Eastern European states.

Earlier Monday, in the Saudi capital, Riyadh, Mr. Putin met with Saudi businessmen seeking to encourage bilateral trade and technology cooperation, and pledged to assist Saudi Arabia in developing nuclear power generation capability.

The Gulf Cooperation Council, which includes all the Arab states in the Persian Gulf, announced its intention to develop nuclear technology in December, apparently a signal to Iran and the United States that the member countries could match Iran's nuclear development efforts.

In meetings late Sunday, King Abdullah of Saudi Arabia and Mr. Putin called for joint development and cooperation in sectors like communications, technology and transportation, the official Saudi news agency, SPA, reported.

Trade between Saudi Arabia and Russia has expanded to more than $400 million in 2005 from $88.5 million in 1999.

"Russia is determined to further enhance its relations with Muslim countries, especially the Arab countries," Mr. Putin told Saudi businessmen at the Riyadh Chamber of Commerce on Monday. "We are all allies of the kingdom in working to meet the world's need for energy."

Mr. Putin will continue his Middle Eastern trip Tuesday by traveling to Amman, Jordan, where he will meet with King Abdullah II to discuss economic and political cooperation, and meet with the president of the Palestinian Authority, Mahmoud Abbas.

Qatar Shows Interest In Natural-Gas Cartel (WSJ)

By James Herron

Wall Street Journal, February 13, 2007

Qatar's interest in exploring the creation of an OPEC-like cartel for natural gas adds another major producer to a group that includes Russia and Iran. Even so, industry experts say the nascent effort faces significant obstacles, ranging from a fragmented market to a history of noncooperation among the world's biggest holders of reserves.

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Russian President Vladimir Putin and Qatari Emir Sheik Hamad bin Khalifa Al Thani said yesterday, at a meeting in Doha, Qatar, that they wanted competing gas producers to cooperate more. Mr. Putin said he would send a team of experts to a natural-gas conference in Doha in April, where they would discuss details of building a cartel.

The leaders of Russia, the No. 1 gas producer in terms of reserves, and No. 2 Iran have been talking recently about creating a group similar to the Organization of Petroleum Exporting Countries, which manages its output in an effort to sway crude-oil prices world-wide. If such a group were formed, the inclusion of No. 3 Qatar -- a major producer of liquefied natural gas, or LNG -- would give it significant clout.

But forming such a group could be difficult. Sheik Hamad said he supported the discussions, but he was unsure whether a gas cartel would be able to command the same degree of market control as OPEC does.

Gas demand is climbing amid global economic growth and because it burns cleaner than other fuels. But gas markets are fragmented, in part because transporting gas overseas can be difficult, complicating efforts to form a single global market, like oil, in which a group of producers could hold sway. LNG, which is natural gas cooled into liquid form and shipped overseas via tanker, has moved natural gas closer to a world market, but it remains a small part of global use.

Also, gas tends to be sold through long-term contracts. That means a cartel would have little influence on such arrangements, Sheik Hamad said in a press conference in his presidential palace.

Past efforts haven't led to significant cooperation among gas producers. Russia, Qatar and Iran are members of the Gas Exporting Countries Forum, which was formed in 2001 but hasn't met since 2005.

Jonathan Stern, Director of Gas at the Oxford Institute For Energy Studies, said Mr. Putin's talk of closer cooperation among gas exporters isn't the same as a cartel and "doesn't mean a price-setting or volume-setting organization." He said Russia and Qatar, as gas exporters, don't have much in common, and they have much more potential to be competitors, especially in the European market.

A spokeswoman for the International Energy Agency said a cartel that raises prices "will encourage consumers to reduce demand or switch to other fuels. This is particularly true for gas, which can be substituted with coal and nuclear."

Julie Reside, a State Department spokeswoman, said there has been talk of a possible "gas OPEC" for many years, with no result. "I think experience has shown that free and open markets work best for both producers and consumers," she said.

Russia has sparked concern in the West that it is using its vast energy reserves as political leverage. Mr. Putin has dismissed the criticism, and he has defended moves to raise gas prices on some customers as an effort to put market prices in place after years of lower prices.

Japan Investigates Blasts Near U.S. Base (AP)

By Joseph Coleman

AP, February 13, 2007

Japanese police were investigating a suspected extremist attack on the U.S. Army after two small explosions occurred outside a military base south of Tokyo, police said Tuesday.

There were no reports of injury or damage at Camp Zama or from nearby residents, Kanagawa prefectural police spokesman Hiroyoshi Ichikawa said.

Investigators found a pair of metal tubes planted in the ground at a nearby park. They were believed to be used as rocket launchers and pointed toward the base, Ichikawa said.

He said investigators suspect an attack by leftist extremists, but cannot rule out a possibility of a terrorist attack.

The Army was investigating the blast, said an official at Camp Zama who spoke on condition of anonymity, adding that there were no reports of injuries or damage.

"A small explosion was heard in the vicinity of the base," said Maj. David Smith, a Pentagon spokesman. "It did not occur on the base."

The Army could not immediately confirm what had caused the blasts.

In 2002, two blasts were heard outside Camp Zama, and Japanese police found a metal projectile and a crude mortar made from a metal pipe nearby. Investigators blamed radical guerrillas for the explosions, which caused no injuries.

Leftist extremists in Japan have used projectile launchers against targets related to the U.S. military or on sites connected to the royal family. The attacks are usually more symbolic than dangerous, and injuries or significant damage are rare.

The United States has some 50,000 troops based in Japan under a security treaty. Residents complain of crime, pollution and noise connected to the bases, but large-scale protests of the military presence are largely confined to the southern island of Okinawa.

A Good Place To Have Aided Democracy (WP)

DOJ_NMG_0131696

By Anne Applebaum
The Washington Post, February 13, 2007

TUNIS -- "If you wanted to support democracy in the Arab world, why did you begin with your enemies instead of your friends? Why Iraq and Iran? Why not us?"

It's an excellent question, and when it was posed to me a few days ago by Mokhtar Trifi, president of the Tunisian League for the Defense of Human Rights, I at first found it hard to answer. Trifi, whose dark suit and elegant French make him seem like the statesman he ought to be, does indeed seem a far better candidate for American friendship and support than, say, the prime minister of Iraq. Because Tunisia also seems, on the surface, much closer to the West than many of its neighbors, it makes a curious example of what might have been.

Like Turkey, Tunisia is an avowedly secular Muslim state: Women here have the right to divorce and to marry as they please. Most do not wear headscarves, let alone veils. Much of the economy is private: The average income has risen in recent decades, and the middle class is relatively well educated. On a Friday afternoon in the suburbs of Tunis, every other street corner seems to feature a lycee, from which pour crowds of blue-jeaned teenagers, boys and girls, chatting and laughing. Ask them and they will tell you they feel more Mediterranean than Arab, that they have more in common with Parisians than with Syrians or Saudis.

But surfaces are deceiving, as Trifi -- whose office is haunted by omnipresent goons, whose visitors are sometimes harassed and who is occasionally beaten up himself-- can testify. One French analyst, Beatrice Hibou, has described how the myth of "reform" has been used in Tunisia to disguise from the world the deepening corruption, nepotism and stagnation of a one-party state, dominated by what is, in effect, a president-for-life. While French politicians speak of the Tunisian "economic miracle," party cadres connive to keep the best jobs. Though the United Nations held its " World Summit on the Information Society" in Tunis in 2005, Tunisia deploys an Internet filtering and control regime draconian even by the standards of the Arab world. The goons hang about the Internet cafes, too, hands stuffed in the pockets of their windbreakers.

The Tunisians have also become masters of a kind of recognizable, Putinesque, postmodern political charade, supporting a whole panoply of phony political parties, phony human rights groups, phony elections. They talk of "democracy" and "reform" and of course "anti-terrorism." But break the mold in Tunisia -- engage in genuine opposition politics -- and you might find you've lost your state health care or even your private-sector job. The tentacles of the party reach deep, though actual violence is rare. Says Trifi, "It causes too much trouble." After all, violence could damage the benevolent image that draws so many European tourists to Tunisia's beaches.

In the short term, this system has suited lots of people, not merely the president's friends and relations. Most notably, it has suited France, Tunisia's closest business partner and former colonial power. In 2003, French President Jacques Chirac proclaimed that since "the most important human rights are the rights to be fed, to have health, to be educated and to be housed," Tunisia's human rights record is "very advanced." More to the point, the French believe that the authoritarian Tunisian government is the only thing preventing a massive wave of illegal immigration to their country.

Unfortunately, the authoritarian government is also producing the potential Ã©migrÃ©s, too: For the most notable product of the Tunisian "economic miracle" is, at the moment, a lot of well-educated but unemployed young people. Once upon a time, the educated and the frustrated might have formed the backbone of a democratic revolution, just as they once did in South America and Eastern Europe. Now, Tunisians look at Iraq and see that "freedom" brings chaos and violence. Which leaves them with two options: emigration -- or radical Islam. Or perhaps both.

No one knows the true extent of radicalism in Tunisia because it is in the government's interests to exaggerate the threat. Nor does anyone know the true extent of Tunisian radicalism in the suburbs of Paris. But there have been bombs, arrests and reports of al-Qaeda copycat groups. Thus has an apparently benign authoritarianism produced in liberal Tunisia, as everywhere else in the Arab world, precisely the sort of terrorist inclinations it was supposed to prevent.

So why didn't the West interest itself in Tunisian democracy 15 years ago, back before "democracy" became a negative term, back before the not-quite-free economy went sour, back before radical Islam became chic among the blue-jeaned teenagers? The answers, as Trifi knows well, are clear: Because democracy promotion was an afterthought, never an important American goal in the Middle East. Because France, which has far more influence in Tunisia than we do, has never been remotely interested. And because no one in the West has ever been very good at thinking through what the longer-term results of the authoritarian status quo might really be.

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Lift Liberia's Debt Burden (WSJ)

By Ellen Johnson Sirleaf And Paul Wolfowitz
The Wall Street Journal, February 13, 2007

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For more than two decades, the people of Liberia have known little but violence and armed conflict brought on by leaders who violated the public's trust. By the time peace was realized in 2003, 250,000 Liberians, out of a population of three million, had been killed and many more had been rendered homeless. The country had become a base for warlords to smuggle diamonds and traffic in arms and drugs, activities that brought chaos to the country and destabilized the West African region.

Thankfully, this is not the Liberia of today, nor of tomorrow, due to the will of its people and the support of the international community. This support must now be broadened and deepened, particularly through the granting of debt relief, to secure a peaceful and stable future in Liberia.

In the election of 2005, the people of Liberia courageously chose peace, reconciliation and development over ethnic divisions and violence. They spoke loudly and clearly that they wanted a better future for themselves and their children -- a new, free and democratic Liberia where civil liberties, the rule of law, an accountable and transparent government, peace, security and economic development opportunities would be the norms.

Since that time, with the support of the international community, significant progress has been realized. The shattered infrastructure is slowly being rebuilt. Efforts are being made to repair roads, schools and clinics throughout the country that were almost all destroyed or damaged during Liberia's conflict. Water and electricity service has been restored to parts of Monrovia for the first time in 15 years. Economic reforms have increased government revenues by nearly 50% in the past year and the economy grew at 8%, with similar growth predicted for the coming year.

Critically, the foundations of an accountable government are in place and areas of past corruption are being reformed. The Public Procurement and Concessions Commission was established to review all contracts and concessions. The Liberia Reconstruction and Development Commission coordinates discussion with international partners on policy issues and program initiatives, and a code of conduct for public officials has been drafted. The government has taken significant steps to encourage trade and investment. In 2006, exports increased by 25%, and Liberia has been declared eligible for membership under the U.S. Africa Growth and Opportunity Act, facilitating U.S. investment and opening U.S. markets to Liberian exports. The National Investment Commission initiated a "one stop shop" approach to help reduce hurdles to investment and steps are underway to revise the investment and tax code to boost trade and investment.

But despite the progress, Liberia is a place of staggering hardship. Much of the population remains jobless, including many young excombatants outside the rehabilitation process that was designed to give them training and jobs. Three-quarters of the population continue to live on less than $1 per day and nearly half of Liberia's children are out of school.

The next 18 months will be critical in determining whether the aspirations of millions of Liberians can be translated into tangible progress, and this is an opportunity that we all must recognize and seize. Reaching a peace accord, holding an election and funding immediate humanitarian needs together represent only the first stage of rebuilding a battered country. Studies of dozens of nations that emerge from civil conflict show that many slide back into violent chaos when a clear peace dividend fails to materialize.

Emergency funding established to meet urgent humanitarian needs after peace was established is running out, and this early investment in peace must be augmented if Liberia hopes to avoid a return to chaos. The longer-term challenge of building a functioning economy and a capable state urgently requires development assistance that has been slow in arriving.

Debt relief is at the heart of future development assistance for Liberia. Debt relief is urgently needed to cut the staggering $3.7 billion in borrowings that has accumulated largely from the time of the 1980 military coup until the end of armed conflict. That is an unacceptable burden for a country of three million. Debt relief is a vital step in clearing the way for long-term development assistance and delivering results for Liberia's people. Reaching agreement on a debt relief package is a complex but necessary step in Liberia's economic recovery.

The stakes could hardly be higher. If Liberia succeeds, that success will bring hope to a region that has endured a contagion of war and displacement. If the expectations of two generations of Liberians who put their faith in a better future are not realized, the consequences for the Liberia and its neighbors could be dire. The moment to act is now, and the obligation falls to all of us -- the government of Liberia, the international community, regional partners, civil society and the private sector -- to meet the challenges ahead. Risks remain as we move forward, but the risks of not acting with conviction are far greater.

Ms. Johnson Sirleaf is president of Liberia. Mr. Wolfowitz is president of the World Bank.

America's Quiet Victories In Asia (WP)

By Michael J. Green

The Washington Post, February 13, 2007

Last month the leaders of 16 Asian nations met in the Philippines for the second East Asian Summit and agreed to work for better energy security and reduced poverty. The 10-member Association of Southeast Asian Nations (ASEAN) signed an agreement with China on trade and services and pledged to work toward a broader free-trade agreement. President Gloria

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Macapagal Arroyo of the Philippines, a traditional U.S. ally, declared that "we are happy to have China as our big brother in this region." No Americans were invited to the summit.

Is America's Pacific Century over? Is America losing Asia to China? Not yet. As with all things Asian, the appearance of harmony in the meetings in Cebu does not entirely match reality. Almost all the major leaders at the summit still trust Washington more than their neighbors, China in particular. And while China may be key to the region's economic dynamism, the political model the leaders are increasingly embracing for long-term success is the one championed by the United States.

Take the East Asia Summit itself. When China proposed hosting the meeting two years ago, many in the region reacted with alarm. Singapore and Japan pushed successfully for the inclusion of leaders from India, Australia and New Zealand to balance Chinese influence, and ASEAN won agreement that only its members could host the summits. Meanwhile, Singapore signed a strategic framework agreement granting greater access to U.S. forces, Indonesia took steps that allowed the United States to resume bilateral military contacts, and Vietnam signed an agreement allowing greater religious freedom to help ensure a successful summit with President Bush and closer strategic alignment with Washington. Arroyo's obsequious nod to "big brother" in Beijing aside, Asian leaders are not about to let the Pacific become a Chinese lake.

The regional trade agreements are also less threatening to U.S. interests than they sound. Most economists expect little trade distortion or barriers to American firms from these agreements, which are pockmarked with exemptions. To the extent that more advanced economies such as those of Japan or Singapore are using these intraregional economic discussions to increase transparency, capacity and governance in the less-developed economies, such as Indonesia's, it helps U.S. business. Ultimately, Asia still depends heavily on U.S. capital and foreign direct investment and markets to sustain economic growth.

America's greatest source of soft power in Asia is the Asian embrace of democracy. At its founding, ASEAN members were all led by authoritarian leaders or dictators; the guiding principle of the organization was "noninterference in internal affairs" -- a platitude that essentially represented a rejection of universal values. Today, China is embracing that principle of noninterference, but ASEAN is moving on. The most important document at Cebu was not about trade or energy but the draft of ASEAN's new governing charter, which says regional peace and stability rest on "the active strengthening of democratic values, good governance, rejection of unconstitutional and undemocratic changes of government, the rule of law, including international humanitarian law, and respect for human rights and fundamental freedoms."

Thomas Jefferson could not have put it better, but this is the thinking of Indonesia's first directly elected president, Susilo Bambang Yudhoyono. It is the vision of Japanese Prime Minister Shinzo Abe, who has rejected decades of mercantilist thinking in an effort to define a new purpose for a resurgent Japan. It is a central theme of Indian Prime Minister Manmohan Singh, who is moving India beyond non-alignment and championing democracy as the answer to the increasing threat of failed states and terrorism in India's neighborhood.

None of these leaders embraced democracy because it was imposed by the United States, nor are they contemplating imposing democracy on their neighbors. Many continue to have major governance and democracy challenges (Thailand's coup for one) and are torn over how to manage the undemocratic disaster that is Burma. Yet all recognize that their economic development and national security depend on the spread of democratic principles and good governance. As these values are consolidated across the region, they will inevitably affect China, Burma and even North Korea.

The United States has a winning hand in Asia and needs to play it. This means more engagement at senior levels -- with China, but particularly with like-minded leaders in India, Japan and Indonesia. It means completing our free-trade negotiations with Korea so that the United States sets the standard for trade liberalization in the region. Above all it means not abandoning our commitment to the promotion of democracy in Asia, where we are succeeding despite setbacks in Iraq and the Middle East.

The writer was senior director for Asian affairs at the National Security Council from January 2004 to December 2005. He is at the Center for Strategic and International Studies and Georgetown University.

Mr. Putin's Vision (WP)

Washington Post, February 13, 2007

BEFORE considering the significance of Vladimir Putin's address to an international security conference in Munich on Saturday, it's worth pausing to admire the astonishing nerve of the Russian president. Mr. Putin claimed the United States had "overstepped its national borders in every way . . . in the economic, political and cultural policies it imposes on other nations." This from a leader who has imposed an economic boycott on Georgia and Moldova and who interrupted energy supplies during winter to Ukraine and Belarus; who supports separatist regions in Georgia and Moldova with money and troops; and who overtly intervened in the 2004 Ukrainian presidential election in an attempt to impose a favored candidate through fraud.

Mr. Putin suggested that the United States was responsible for "a greater and greater disdain for the principles of international law," and that consequently "no one can feel that international law is like a stone wall that will protect them." Tell that

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to Britain's Scotland Yard, where investigators are unable to pursue their probe of the murder of one of Mr. Putin's critics because the two leading suspects are being shielded behind a legal stone wall in Moscow.

The Russian president also said that U.S. policy "stimulates an arms race." Minutes later he breezily acknowledged that Russia, unlike the United States, is developing a new intercontinental ballistic missile, the Topol-M; that it recently supplied Iran with new air defense missiles; and that antitank missiles it delivered to Syria were used by Hezbollah against Israel in last summer's war. Yesterday Mr. Putin was in Saudi Arabia, where he reportedly was finalizing a sale of 150 Russian T-90 tanks, and where he offered to help the Saudis with nuclear technology.

What's the point of such bravado? No doubt it partly has to do with Mr. Putin's tour of the Middle East: The Russian leader is doing his best to take advantage of U.S. problems in the region. (In an interview with al-Jazeera, the favorite TV station of Sunni Arab nationalists, Mr. Putin deplored the execution of Saddam Hussein and contrasted the deaths of 3,000 U.S. soldiers with the "execution of around 148 people" that he said the former Iraqi president was charged with.) Mr. Putin may also have been seeking to preempt criticism of himself by European governments that have grown increasingly disenchanted with his regime.

But the Russian president also had a larger purpose: to proclaim the return of his country as a power that would "balance" the United States. Mr. Putin, who has described the collapse of the Soviet Union as a "catastrophe," spoke nostalgically about the Cold War: "We are indebted to the balance of power between these two superpowers," he said. "This was certainly a fragile peace and a frightening one. But . . . it was reliable enough. Today it seems that the peace is not so reliable." With its soaring oil revenue and its hold over European energy supplies, its modernizing nuclear forces, and its willingness to provide weapons and nuclear technology to such states as Iran, Syria and Saudi Arabia, Russia would regain a status such that the United States would be "afraid to make an extra step without consulting." That, anyway, is Vladimir Putin's clearly stated ambition.

Putin's NATO Beef (LAT)

The Los Angeles Times, February 13, 2007

Expanding the Cold War-era alliance to reach Russia's border was bound to color the Kremlin's view of the U.S.

LAST WEEKEND'S Cold War revival at a security conference in Munich, Germany, featured a cynical Vladimir V. Putin against a reasonable Robert M. Gates, but the Russian president still scored points with his pointed anti-American speech. Putin complained that U.S. unilateralism and disregard for international law were making the world a more dangerous place, fueling insecure nations' appetite for sophisticated weaponry, especially nukes. What made the speech so cynical was Putin's built-in rationale for Russian arms sales to unsavory clients, including Iran, because he doesn't want that nation to "feel cornered."

Gates replied to Putin's confrontational address a day later with disarming remarks about the bluntness of former spies, nostalgia for the simplicity of the Cold War and even acknowledgment that some of Washington's recent missteps (mainly in the treatment of detainees) have eroded our credibility abroad. He also raised legitimate concerns, ever so tactfully, about the Kremlin's increasingly autocratic drift.

Yet Putin's tough talk undoubtedly played well, not only among those in the West and elsewhere who oppose the Iraq war, but among his domestic constituents who have deep-seated reasons for rejecting Gates' assertion that the U.S. is a "force of good around the world." These reasons have less to do with Iraq than with U.S. moves in the last decade to expand NATO to the east, in violation of what Russians felt was an implicit, if not explicit, deal: That in the twilight of the Soviet era, Moscow would allow for German reunification and pull its forces out of Eastern Europe as long as Washington didn't stab the Kremlin in the back by enlarging NATO to Russia's borders.

That is precisely what followed. A typical NATO communique in the aftermath of the unexpectedly peaceful conclusion of the Cold War stated: "Consistent with the purely defensive nature of our alliance, we will neither seek unilateral advantage from the changed situation in Europe nor threaten the legitimate interests of any state." But within a few years, the U.S. turned vindictive victor in the eyes of Russia, allowing former Warsaw Pact members into NATO, including the formerly Soviet Baltic republics. The humiliation, and seeming encirclement, of Russia continues relentlessly to this day, with talk of someday bringing Georgia and Ukraine into the club.

NATO enlargement a decade ago was largely shrugged off in this country (though it was rightly opposed by this page), but Americans need to start realizing the extent to which this historical blunder drives how Russians interpret U.S. actions around the world. It helps explain why a hard-line nationalist such as Putin, despite his anti-democratic tendencies, remains hugely popular at home. The only surprise about his angry speech is that it took him this long to deliver it.

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TERRORISM NEWS:

Padilla Claims He Is Too Traumatized For Trial. USA Today (2/14, Parker) reports, "The prisoner lived in isolation in a cell with only a steel slab for a bed. At times chained to the floor, he was deprived of light, sleep, a clock and heat. His interrogators injected him with 'truth serum' drugs to try to loosen his tongue and threatened him with execution. … That's how Jose Padilla, a U.S. citizen held without charge as an 'enemy combatant,' was treated for three years and eight months at the Navy brig in Charleston, S.C., his attorneys allege. In court papers, they say Padilla — initially accused of plotting to detonate a radioactive 'dirty bomb' — was treated so severely that it amounted to torture and rendered him mentally incompetent to now stand trial on terrorism charges that could bring him life in prison." USA adds, "That provocative claim — disputed by the government, which says Padilla was not abused and is fit for trial — will be the focus of a mental competency hearing for Padilla, scheduled for Feb. 22 in a federal court in Miami. … The long-shot effort to have him declared unfit for trial is the latest turn in a case that has become a test of how far the U.S. government can go in limiting the civil liberties of an American in the name of national security. … It pits Padilla — the first American since the Civil War to be held by the military solely on the president's orders — against a government that, under persistent legal challenges, has taken the case on an unusual journey from military detention to the U.S. Supreme Court and then to a federal trial court." USA n otes, "Government lawyers decline to give details about how Padilla has been treated, but they flatly dispute the defense's version. 'It has no merit whatsoever,' prosecutors say in papers filed in the court where Padilla is scheduled for trial April 16. He is charged with conspiring to support terrorism overseas as part of a North American terror cell. … The government has said that however it handled the Brooklyn-born Padilla, 36, its actions were necessary to try to learn more about terrorism."

US Man Charged With Plotting Al Qaeda Overthrow In Somalia. In a widely-distributed story, the AP (2/14, Stinebaker) reports, "A former Houston man arrested in Kenya last month has been charged in Texas with teaming with al-Qaida to overthrow the Somali government and form an Islamic state there. Daniel Joseph Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device." The AP notes, "Maldonado's arrest marks the first criminal prosecution of an American suspected of joining terrorists in Somalia, Assistant Attorney General Kenneth Wainstein said in a statement. … Maldonado told FBI agents in Kenya that he went to Somalia to fight 'jihad,' or holy war, for a true Islamic government, according to the complaint."

Fox News (2/13) reported on its Web site, "The investigation included elements of the Joint Terrorism Task Force and the Houston Police Department." Fox added, "Joseph Billy, Assistant Director of the FBI Counterterrorism Division, said, 'The FBI is working closely with our law enforcement and intelligence community partners in this country and around the world to bring all necessary resources to bear to protect Americans and its allies from terrorist attacks.'" TheHouston Chronicle (2/14, George, 530K) reports, "Assistant U.S. Attorney Abran 'Abe' Martinez, who leads the special prosecutions unit in the U.S. Attorney's Office, which includes anti-terrorism, said the investigation originated in Houston, but declined to talk about what brought Maldonado here."

The Boston Globe (2/14, Mishra, 413K) reports, "Spurred by radical Islamic beliefs," the "Massachusetts native…journeyed from the streets of Boston to the frenzied civil war in Somalia, where he allegedly conspired with Al Qaeda militants to establish a fundamentalist regime, only to end up in the custody of FBI agents when his insurgent efforts unraveled, according to court papers released yesterday. … A conviction could mean life in prison."

AFP (2/14) reports, "Maldonado, 28, is accused of leaving his Houston, Texas home in 2005 'in search of a country where he could practice true Islam,' according to FBI documents. … A year later, he joined the Islamic Courts Union and elements of Al Qaeda to fight for the establishment of an independent Islamic state in Somalia, the criminal complaint alleged." AFP adds, "During the course of his training, the complaint added, Maldonado spoke about his willingness to become a suicide bomber if he was wounded, and also observed how bombs were made and tested with

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the group's bomb-maker. … He was captured by the Kenyan military on January 21 as he fled to avoid Ethiopian and Somalian forces. At the weekend, he was handed over to US authorities and escorted back to Houston. … 'This case represents the first criminal prosecution of an American suspected of joining forces with Islamic extremist fighters in Somalia,' said Kenneth Wainstein, assistant attorney general for the Justice Department's National Security Division. … 'The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad.'"

Democratic Bill Would Restore Habeas Corpus For Detainees. The Washington Post (2/14, A8, White, 690K) reports a group "of Senate Democrats introduced legislation yesterday that would restore habeas corpus rights to all detainees in U.S. custody and would narrowly define what it means to be an 'enemy combatant' against the United States, a measure designed to challenge laws ushered in by the Republican-controlled Congress last year." The bill, "titled the 'Restoring the Constitution Act of 2007,' strikes at the core of the Military Commissions Act of 2006 by giving detainees access to U.S. courts. It was introduced by Sen. Christopher J. Dodd (Conn.), a candidate for the Democratic presidential nomination." The bill "would also prevent the executive branch from making blanket determinations about who is an enemy combatant and would restrict the president's authority to interpret when certain human rights standards apply to detainees. The legislation would limit the label 'enemy combatant' to a person 'who directly participates in hostilities in a zone of active combat against the United States' or who took part in the terrorist attacks of Sept. 11, 2001."

Panel Recommends London Police Apologize For Mistaken Raid. The Washington Post (2/14, A15, Jordan, 690K) reports the Independent Police Complaints Commission says "London police should publicly apologize to two Muslim families caught up in a mistaken anti-terrorist raid in which a man was shot." The panel was "investigating the dramatic dawn raid of two homes in East London last June by about 250 officers, some in chemical protective suits. Police officials later said they believed that 'a highly dangerous explosive device that could be set off remotely' was being made there." Two men, "Mohammed Abdul Kahar, 23, and his brother Abul Koyair, 20, were arrested, and Abdul Kahar was accidentally shot in the shoulder during the scuffle. A week later, after an extensive search of the houses, both men were released without charge." Although it "admonished the police for some of their procedures, the panel did not recommend disciplinary action in connection with the raid, which soured relations between police and many Muslims."

PATRIOT ACT:

FBI Launches New System For Monitoring FISA Wiretap Applications. Government Computer News (2/13, Dizard) reported, "The FBI has launched an application that monitors the preparation of requests for secret wiretaps under the Foreign Intelligence Surveillance Act by using several levels of classification, ranked by the security level of the user. … An FBI special agent recently recounted the state of affairs regarding executive branch requests to the FISC for national-security wiretaps when FBI director Robert Mueller took office in August 2001. 'The director asked how many [FISA requests] were pending,' the FBI official said. 'The answer was, "The FBI didn't know." He asked, "How long does it take to approve one?" We didn't know. He asked, "What's the holdup [main delaying factor]?" We didn't know.'" GCN added, "When Mueller joined the FBI, officials transmitted FISA requests among agencies by sneakernet," and "the FBI official said, 'To give you an idea of their idea of connectivity, it was called Oasis [and wasn't connected to anything].' … Automating the system speeded the approval process from 120 days to 60 days, the official said. It also provides an audit trail of system activity, generates reminders about pending requests and has room to grow, the official said."

HOMELAND RESPONSE:

Islamic Jihad Threatens Attacks On Americans If Shallah Harmed. In a story focusing on the Palestinian and Israeli disagreement over next week's summit with Secretary of State Condoleezza Rice's, the AP (2/14, Laub) reports, "In other developments Tuesday, senior members of the violent Islamic Jihad group warned in Gaza City that American citizens could be in danger if any harm comes to their leader, Ramadan Shallah. The vague threats

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were made after Washington offered up to $5 million for his capture."

Judge Orders Deportation Of Rhode Island Trucking School Student. The Providence Journal (2/14, Mooney, 167K) reports, "A federal judge yesterday ordered an Indian national whose behavior at a Smithfield trucking school spawned a nationwide antiterrorism investigation be deported. Mohammed Yousuf Mullawala 'is not the person who he claims to be,' said U.S. Immigration Judge Matthew J. D'Angelo." The Journal adds, "'While Mullawala's 'ultimate intentions and motives have not yet been revealed in full,' the judge said, 'this court reaches a finding that mirrors the grave concern expressed by the Joint Terrorism Task Force, The Rhode Island State Police and the Rhode Island Fusion Center' — which spearheads local homeland security matters." Mullawala "remain in the custody of Homeland Security officials while officials there continue investigating his alleged suspicious behavior."

Appeals Court Upholds Freezing Of US Islamic Charity's Assets. In a widely-distributed story, the AP (2/14, Hananel) reports, "A federal appeals court on Tuesday upheld the government's decision to freeze the assets of a Missouri-based Islamic charity with alleged links to a foreign group that supports terrorism. The Treasury Department claims the Islamic American Relief Agency-USA, of Columbia, Mo., is an affiliate of a Sudanese charity…accused of financing al-Qaida and other terrorist organizations." The AP notes, In 2004, federal agents raided the group's headquarters in Columbia, Mo., as part of a criminal investigation. No criminal charges have been filed against the charity or its employees. While the court found the unclassified evidence was 'not overwhelming,' the three-judge panel noted that its review of national security cases is 'extremely deferential' to the government." The Kansas City Star (2/14, Morris, 271K) also notes, "The FBI raided the group's office on Oct. 13, 2004, the same day Treasury agents labeled the group a terrorist supporter and froze its assets."

US Malls Seen As New Emerging Front In Terror War. Long Island Newsday (2/14, Eisenberg) reports, "The mall security guard scrutinizes the black backpack lying by the garbage bin. Should he open it? Ignore it? Call police? … In a world increasingly vulnerable to terrorism and random acts of violence like the rampage in a Salt Lake City mall Monday, security experts say that low-paid private security worker may be the front line of protection in one of the nation's most heavily trafficked places. And they question the adequacy of his training -- or of the malls' security measures -- to detect or deter an attack. … 'For suburban America, the mall is the gathering place,' said Mitchell Moss of New York University's Center for Catastrophe Preparedness and Response. 'It's much more than just a place to shop. It's where huge numbers of people gather to go to the movies, eat and socialize -- therefore, making it a potential terror target.'" Newsday continues, "Roosevelt Field, the state's largest mall, may draw as many as 100,000 people a day at holiday peak -- one reason Nassau police conducted a training exercise there a year after 9/11, based on the scenario of a plane crashing into the mall's food court. … The Department of Homeland Security has repeatedly warned that malls are potentially attractive targets for terrorists, although officials say there is no credible intelligence of imminent plots. … It cites al-Qaida training manuals that identify 'places of amusement' and 'vital economic centers' as targets and a pattern of such attacks worldwide. A Rand Corp. survey documented over 60 attacks since 1998 on shopping centers in places as diverse as Russia, Turkey and Israel." Newsday adds, "This country has seen only lone-wolf attacks -- one of the bloodiest Monday night when an 18-year-old Bosnian refugee opened fire on shoppers in a Salt Lake City mall, killing five and wounding four before being gunned down by an off-duty police officer. Police are still investigating his motive. .. .But such cases underscore how potentially vulnerable the nation's malls and shopping centers are to acts of violence, according to a recent Justice Department report, which found that while many malls have tightened security since September 2001, much more could be done. The report cited inadequate training for low-paid, high-turnover security workers, as well as insufficient drilling and coordination between mall security and first responders."

Chertoff Asks Senate Not To Delay Real ID Act, Pushes For Visa Waiver Changes. The Washington Times (2/14, Hudson, 88K) reports testifying Tuesday before the Senate Homeland Security and Governmental Affairs Committee, DHS Secretary Michael Chertoff "defended the federalization of driver's licenses and asked a Senate panel not to block the Real ID law, but he urged members to make security changes in the visa waiver

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program. … 'We don't want to keep kicking the can down the road,'" said Chertoff, regarding proposals to delay the Real ID Act's 2008 implementation deadline." Chertoff "also said the Senate should legislate changes in the visa waiver program to secure international flights and ensure foreign visitors are not terrorist threats or do not overstay. 'We are not going to sacrifice security for the sake of facilitating travel among our allies,' Mr. Chertoff said."

Chertoff Says He "Will Not Apologize For Protecting Americans." Secretary Chertoff appeared on Fox News' O'Reilly Factor (2/13, 8:20 pm, O'Reilly), where he was asked about Guantanamo Bay and the negative reaction that some have to the holding of prisoners there. "Because the hatred directed at you and the Bush administration for your policies of no more catch and release for illegals, and you know to keep these people in Guantanamo Bay until we fully vet them, not let them just out, the hatred direct toed you is staggering." Chertoff: "Well let me say this: I will not apologize for protecting Americans. I'm not going to apologize for putting as first priority keeping Americans safe. I don't think the administration will. Obviously we want to be humane and fair, but job one is keeping Americans safe from harm."

NYTimes Urges Chertoff Not To Appeal Dismissal Of LA 8 Case. Under the headline "A Shameful Prosecution," the New York Times (2/14, 1.16M) editorializes, "An immigration court judge's dismissal of 20-year-old deportation proceedings against two Palestinian men — and his criticism of the government's abusive conduct in the case — ought to prick the conscience of the homeland security secretary, Michael Chertoff. Rather than reflexively pursuing an appeal, Mr. Chertoff, a former federal judge, should see the wisdom of finally declaring an end to this sorry legal tale, which has become a big source of distrust in the Arab and Muslim community." The Times says the judge "fittingly denounced" the government's pursuit of the LA 8 case, calling it "'an embarrassment to the rule of law.' Mr. Chertoff has until Feb. 28 to file an appeal. The only decent thing to do is to drop the case."

Senate Bill Would Drop 100 Percent Screening For Shipping, Air Cargo. The AP (2/13, Lumpkin) reported Sens. Joe Lieberman and Susan Collins introduced "an anti-terrorism bill Tuesday that could spark future clashes with the House, proposing more homeland security money for smaller and rural states and dropping requirements for tougher cargo inspections." The Senate version of a bill implementing the remaining recommendations of the 9/11 Commission "would drop House-passed provisions requiring that all containers on US-bound vessels be screened in foreign ports for radiation, and that all cargo loaded onto US airliners be screened for explosives. Both were strongly opposed by the Bush administration on grounds that they are too costly and require the use of technology that does not exist."

Report Urges More Investment To Develop Subway Bomb Detection Technology. USA Today (2/14, 1A, Frank, 2.27M) reports on its front page, "An ambitious test of machines for checking subway and rail passengers for bombs failed to find a technology that can reliably stop terrorists such as those who attacked trains in Madrid and London, according to a Homeland Security Department assessment." Each piece of "futuristic screening equipment" tested under the $7 million program "had significant problems," including "excessive false alarms," screenings that took too long, and one machine "'could not consistently locate the item that caused the alarm,' according to the report, which was not made public but was presented at a recent rail-security conference in Arlington, Va. The effort to screen rail passengers 'needs significant investment,' the assessment concludes. Democrats in Congress have recently pledged to boost spending on subway security systems by billions." In the face of "technological limitations,"

NFL Rejected Border Patrol Ad For Super Bowl Over Mention Of Terrorism, Illegals. The Washington Times (2/14, Dinan, Seper, 88K) reports, "The National Football League refused to run a recruitment ad for the US Border Patrol in last week's Super Bowl program, saying it was 'controversial' because it mentioned duties such as fighting terrorism and stopping drugs and illegal aliens at the border. … 'The borders, the immigration debate is a very controversial issue,'" said NFL spokesman Greg Aiello, "'and we were sensitive to any perception we were injecting ourselves into that.' The NFL's rejection didn't sit well with Border Patrol agents, who called it a snub of their role in homeland security and said it was 'more than a little puzzling.'"

Congress Concerned Contractors Given Too Much Control Over DHS Projects. The

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Wall Street Journal (2/14, A16, Karp, 2.04M) reports issues with the Coast Guard's Deepwater modernization program, which has "given black eyes to Lockheed Martin Corp. and Northrop Grumman Corp. underscore broader concerns about the government's use of private contractors to oversee vital homeland security programs. Congress this week is scheduled to hold its third and fourth hearings in less than a month to review" the Coast Guard's "ambitious" effort, and legislators "are also scrutinizing SBInet, a Boeing Co.-led project to build a high-tech border surveillance system." The Journal adds that the concern among contractors "is that political pressure could prompt Homeland Security to revise contracts on less favorable terms. Coast Guard chief Adm. Thad Allen confirmed yesterday that the service will change the 'structure' and 'contractual relationship' with the Lockheed-Northrop joint venture, though details have yet to be worked out."

Allen Announces Management Overhaul At Coast Guard. The New York Times (2/14, Lipton, 1.16M) reports Admiral Thad Allen acknowledged that the US Coast Guard "has failed to keep up with changing times" as he "unveiled a plan Tuesday to restructure its management radically and expand its surveillance efforts along the nation's coasts." Though "intended to address mounting criticism" of Deepwater, the overhaul "is much broader, including revamping the way the Coast Guard manages its response to natural disasters and terrorist attacks, supervises its Atlantic and Pacific fleets, maintains its aircraft and ships and handles its payroll and financial systems." The Times adds that the plan outlined in Allen's speech "reflects changes that have already taken place at the service since 2001 when it assumed a broader antiterrorism mission and has had its budget grow by 50 percent, to $8.6 billion this year." The speech came "in advance of the release of another scathing report by the Department of Homeland Security's inspector general on the Coast Guard's management of its ship procurement program."

WSJournal Praises Possible Sale Of Freedom Tower. The Wall Street Journal (2/14, 2.04M) says in an editorial, "The Freedom Tower at Ground Zero in Manhattan still isn't much to look at -- a handful of beams rising from the pit roughly to ground level. But this week has brought the welcome news that private-equity funds and other investors are asking if its owner might be willing to sell the building that is supposed to replace the fallen twin towers. The Port Authority of New York and New Jersey has also hired a broker to shop the still-unbuilt tower." A sale "is far from certain," but "the twin towers were underoccupied and underutilized for at least two decades after their construction. Letting private capital take on the risks of turning a profit on the new 2.6 million-square-foot, 1,776-foot tower would ensure that history does not repeat itself at taxpayer expense."

WAR NEWS:

For House Democrats, Anti-Surge Resolution Is First Step In "Slow-Bleed" Strategy. USA Today (2/14, 8A, Kiely, 2.27M) reports House Speaker Nancy Pelosi said yesterday that the current non-binding resolution on Iraq before the House "was only the beginning of congressional steps to try to change Iraq war policy. 'A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor,' she said." Pelosi offered no explanation of what that legislation might be, and media accounts in several major news outlets didn't delve into that area either. For example, NBC Nightly News (2/13, story 4, 2:15, Reid, 9.87M) reported "Democratic leaders say" the resolution "will be only the first step," and the CBS Evening News (2/13, story 5, 2:05, Couric, 7.66M) said the measure "wouldn't force the President to change his strategy, but it could go a long way towards shaping Iraq policy in the future."

The Politico (2/14, Bresnahan) this morning offers an outline of the Democratic strategy beyond this week's House vote. "Top House Democrats," it reports, "working in concert with anti-war groups, have decided against using congressional power to force a quick end to US involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options. Led by Rep. John P. Murtha, D-Pa., and supported by several well-funded anti-war groups, the coalition's goal is to limit or sharply reduce the number of US troops available for the Iraq conflict, rather than to openly cut off funding for the war itself." The Politico adds, "The legislative strategy will be supplemented by a multimillion-dollar TV ad campaign designed to pressure vulnerable GOP incumbents into breaking with President Bush and forcing the administration to admit that the war is politically unsustainable." As "described by participants, the goal is crafted to circumvent

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the biggest political vulnerability of the anti-war movement -- the accusation that it is willing to abandon troops in the field. That fear is why many Democrats have remained timid in challenging Bush, even as public support for the president and his Iraq policies have plunged."

The Washington Post (2/14, A1, Weisman, 690K) interprets Pelosi's words as a warning about funding, reporting "both sides of the debate agreed that the real fight will come next month, when Democrats are to move to attach to a $100 billion war spending bill binding language that would limit future deployments to Iraq and begin to bring troops home." Another report that analyzes what the Democrats' future steps runs in the Los Angeles Times (2/14, A1, Levey, Gaoluette, 850K), under the headline "House debate: Prelude to a faceoff?" The Times says "many Democrats, including Iraq war veteran Patrick Murphy of Pennsylvania, made clear that they wanted to follow the resolution vote with binding steps to force the Pentagon to begin withdrawing the more than 135,000 US forces now in Iraq." Republicans "have long tagged Democratic opposition to the war as an attack on the military. On Tuesday, Rep. Sam Johnson (R-Texas) -- a Vietnam veteran who 34 years ago Monday was released after seven years in a North Vietnamese prisoner of war camp -- called the Democratic resolution a 'first step for them to cut funding for our troops in harm's way.'" And in another preview of that line of attack, Minority Leader John Boehner said yesterday, "We know what Al Qaeda thinks when America retreats from the battlefield. … They think we can't stomach a fight. This is why they haven't been afraid to strike us whenever they've had the opportunity." The Hill (2/14, Marre, Soraghan) runs a similar report under the headline "Pelosi: Iraq Resolution Is Just The Beginning,"

The New York Times (2/14, Zeleny, Luo, 1.16M) reports, "On its face, several Republicans conceded, the resolution was difficult to oppose. Two Republicans, John Shadegg of Arizona and Peter Hoekstra of Michigan, instructed their colleagues to make the debate about the fight against terrorism. 'If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose,' they wrote in a letter." That is why, says the Times, "many Republicans who spoke on Tuesday appeared to heed that message, framing the war as an important battleground in a global struggle against militant Islam." Democrats "sought to temper the tone of the debate, and the scope of the resolution, to avoid alienating all Republicans." The Washington Times (2/14, Ward, Hurt, 88K), meanwhile, says that "internal Republican memo that showed the minority party was…trying to avoid debating the specifics of the president's plan" was actually released by Democrats.

The AP (2/14, Davis), meanwhile, reports "many rank-and-file" Democrats, "particularly moderate newcomers who rode to Congress on a wave of public discontent about Iraq -- are wary of casting any vote that could be construed as ending funding for the mission."

ABC World News (2/13, story 2, 2:25, Tapper, 8.78M) reported, "Trying to seem strong on military issues, Democrats lined up veterans of Korea, Vietnam and Iraq as their first speakers in favor of the anti-surge resolution." Rep. Murphy: "Walking in my own combat boots, I saw firsthand this Administration's failed policy in Iraq." Rep. John Tanner: "The problem here is not the stomach of the troops. The problem is the competency of the civilian leadership that's gotten us into this mess." Democrats "expect at least a dozen Republicans to vote with them, including Maryland Republican Wayne Gilchrest, a Vietnam veteran and former Iraq war supporter, who says troops killed and wounded from his district have influenced his vote."

The AP (2/14, Espo) reports Democratic leaders "said they expected no more than one or two members of their rank-and-file to oppose the resolution. Republicans said that despite quiet lobbying by the White House, they expected at least two dozen GOP lawmakers to swing behind the measure, suggesting that it would command the votes of at least 250 or 260 votes in the 435-member House." Senate Majority Leader Harry Reid "said he would attempt to pass an identical measure later this month." The Chicago Tribune (2/14, Madhani, 617K) says Reid "plans to call the House resolution for a vote in his chamber Feb. 27."

McClatchy (2/14, Talev) reports that although "the White House dispatched national security adviser Stephen Hadley to advise any lawmakers who wanted to listen," lawmakers "said neither Republican congressional leaders nor the White House was twisting arms." Likewise, under the headline "Bush Stays Out Of Fight, Opts For Lighter Fare," the Washington Post (2/14, A6, Baker, 690K) says, "While the House of Representatives debated weighty matters of war and peace yesterday, President Bush headed to the YMCA." He "visited children bending paperclips into different shapes and urged Americans to volunteer as mentors. He talked not of armies in Iraq but of "armies of compassion" at home. Even the kids seemed confused. One asked why he came. 'I came to see you,' the president responded." Bush "is publicly

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ignoring the" House "clash -- a display that is part strategy and part concession to reality." The Post adds, "By not engaging in the debate, Bush sends the signal that it does not matter to him what Congress says in a nonbinding resolution, hoping to minimize the impact of what the White House considers the inevitable outcome. And according to strategists in both parties, he has limited influence on Capitol Hill at this point, even among fellow Republicans."

Fox News' Special Report (2/13, Hume) reported, "Many House Republicans said the debate was stacked against them. Late Monday House Democrats refused to allow debate on two GOP alternatives, one to forbid future moves to cut off Iraq war funds, the other to support the findings of the Iraq Study Group. … Denying Republicans a chance to vote on an Iraq alternative violates a promise made by Democrats just last week." Hoyer was asked on MSNBC's Hardball (2/13, Matthews) why the Democrats will not allow a vote on the GOP's alternative. Hoyer answered, "We believe that the American public deserves a clear answer to the president's proposal. … We decided that unlike the Senate, which got very confused, and in gridlock on the whereas and therefore classes, that we would put a very simple proposition on the floor. And that was essentially two premises. A, we support the troops and we'll protect the troops. B, we do not support the escalation…and don't think it will work. We want a very clear vote on that issue, unconfused by other propositions. There will be time, as I have said, in the very near future on the supplemental, on the defense appropriation bill and on the defense authorization bill, all of which are coming up in the near term to make those other views known, but on this debate, we wanted a very clear question asked and a very clear answer given."

Dana Milbank, in his "Washington Sketch" column for the Washington Post (2/14, A2, Milbank, 690K), says, "A dazzling debate it wasn't. At the start, there were 75 members of Congress on the floor." By the time Rep. Adam Putnam of Florida, "the man in charge of Republican strategy in this week's great debate on Iraq," spoke, "about half an hour later, the number was down to 36; before long, the chamber returned to its usual, depopulated state." The Washington Post (2/14, A6, 690K) also runs several quotes from lawmakers participating in the debate, including Pelosi and Reps. Ike Skelton, Patrick J. Murphy and Peter Hoekstra."

Pelosi Quote Gets Widespread Local TV Coverage. Last night, there was heavy local TV coverage of the House debate across the nation. A significant number of reports showed footage of Pelosi saying, "No more blank checks for President Bush on Iraq. Our taxpayer dollars must go to protect our troops." Many of the reports showing the Speaker's quote also ran a clip of Minority Leader Boehner saying, "We are fighting to preserve and defend our sacred way of life." Among the stations following that pattern, quoting Pelosi and then a Republican representative who support the surge plan, were KCOY-TV Santa Barbara (2/13, 11:11 pm), WDRB-TV Louisville (2/13, 10:36 pm), WPXT-TV Portland, ME (2/13, 10:13 pm), KIII-TV Corpus Christi (2/13, 10:03 pm), KSPR-TV Springfield, MO (2/13, 10:01 pm), WRC-TV Washington, DC (2/13, 6:16 pm), and WWAY-TV Wilmington, NC (2/13, 5:18 pm).

Pence Urges Support For Surge. In a Washington Times (2/14, 88K) op-ed, Rep. Mike Pence (R-IN) writes, "I support the president's call for reinforcements and a change of our strategy because we must do everything in our power to see freedom prevail in Iraq. ... The temptation to retreat must be ignored."

In Interviews, US Soldiers In Iraq Express Anger At Democrats. ABC World News (2/13, story 2, 2:25, Gibson, 8.78M) reported that it asked Army sergeants "in Ramadi what they thought of the resolution." First Sgt. Louis Barnum, US Army: "Makes me sick. I was born and raised a Democrat. When I see that, it makes me sad." Sgt. Brian Orechowski, US Army: "I don't want to bad mouth the President at all. To me, it is treason."

State Lawmakers Denounce Surge. The Washington Post's (2/14, 690K) Maryland Notebook column reports, "As Congress debates…Bush's plan for a troop buildup in Iraq, Democrats in the Maryland legislature are weighing in with a resounding no. A one-page letter signed by 83 lawmakers and sent yesterday to the delegation on Capitol Hill starts: 'The people of Maryland have not been shielded from the horrors taking place in Iraq.' ... State legislatures don't traditionally dip their toes into matters of foreign policy. But on the Iraq war, the General Assembly has a lot of company: Twelve other states, including California, Illinois, New Jersey and New Mexico, have gone even further this year, approving formal resolutions of opposition." On a similar vein, the Los Angeles Times (2/14, Slladay, 850K) this morning runs a story titled "Calif. Senate OKs resolution against Iraq."

Iraqi Government Closes Border Crossings To Iran And Syria. Fox News' Special Report (2/13,

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Hume) reported that the Iraqi government "said today that it will close its border crossings to Iran and Syria for three days as part of its new security plan for Baghdad. The closing is aimed to deter terrorists from both nations from crossing into Iraq."

The Los Angeles Times (2/14, Daragahi, 850K) reports Lt. Gen. Abud Qanbar, "the former naval officer appointed by Prime Minister Nouri Maliki to oversee the much-vaunted Baghdad security plan, announced a 72-hour closure of some border crossings along the Iranian and Syrian frontiers, restrictions on civil liberties, and the suspension of all weapons licenses except for those issued to authorized security officials and contractors. 'Legal procedures will be taken and strict penalties will be imposed against all those who violate the rules,' Qanbar said, reading from a lengthy statement broadcast over state television." The Post adds, "It was unclear how some of the security provisions differed from measures already in place. Observers also questioned why Maliki left the announcement to a surrogate."

The New York Times (2/14, Santora, 1.16M) reports Qanbar "did not mention the role American forces would play in the crackdown, but his remarks were clearly timed to coincide with more aggressive efforts by American troops on the streets of Baghdad. The Americans have been establishing outposts — called joint security stations — to work alongside the Iraqi Army and police to end the sectarian bloodletting." The Times adds, "On Tuesday, senior American officers expressed surprise about the plan to resettle people who had moved from their homes amid sectarian cleansing. But they declined to be identified, saying they did not want to contradict the Iraqi general." Qanbar "indicated that the plan would be carried out evenly across Baghdad. But critics said…Maliki, who has come under intense criticism for pursuing a sectarian Shiite agenda, might be trying to appease his detractors and may not actually carry out the plan. Some feared that his government might not apply the same pressure to residents of Shiite areas." The Washington Times/AP (2/14, Abdul-Zahra) and Washington Post (2/14, A12, Ernesto Londo, 690K) run similar reports.

Iraqi Troops Appear To Meet Bush Plan's Demands. The Washington Times (2/14, Hess, 88K) reports, "Iraqi troops have passed a key test by showing up at 70 percent strength or better for President Bush's 'surge' in Baghdad, a senior US general said." Lt. Gen. Martin Dempsey, "commander of the Multi-National Security Transition Command-Iraq," said in an interview, "This movement of these three brigades and two separate battalions into Baghdad to our way of looking at it has gone very well. … We've also learned more lessons from this one, and in future deployments, we'll make it even better." Gen. Dempsey "said three brigades had shown up with between 70 percent and 75 percent of their soldiers. While a Kurdish unit from Sulaimaniyah and Kirkuk arrived with only 56 percent of its expected troops, he said, other inbound units from the Kurdish north were expected to arrive with 70 percent of their troops or more."

Insurgents Take Over Locals' Homes. The Los Angeles Times (2/14, Rifai, 850K) describes, in a first-hand account, by an Iraqi architect and interpreter for the Times, how his family home was taken over and "house-jacked" by area insurgents. With his family away to escape the area's violence, little could stop insurgents from occupying the home when the area is filled with chaos- leaving little recourse for locals whose houses have been seized by insurgents and little or no policing by corrupt local authorities.

Al Sadr Flees Iraq For Iran Ahead Of Security Plan. ABC World News (2/13, lead story, Gibson, 8.78M) reported Iraiq Shiite militia leader Muqtada al Sadr "has left Iraq and gone to Iran." ABC (Raddatz) added, "He left two or three weeks ago, senior military officials tell ABC, headed straight for Tehran." His departure "coincides with the announced [US troop] surge into Baghdad." The New York Times (2/14, Mazzetti, 1.16M) says Al Sadr fled in order to "avoid being captured or killed during the crackdown. But officials also said that Mr. Sadr, who has family in Iran, had gone to Tehran in the past and that it was unclear why he had chosen to leave Iraq at this time."

USA Today (2/14, 8A, Jackson, 2.27M) notes Al-Sadr "has strong family ties in Iran," and it "was unknown whether he was on a personal visit or on business there rather than seeking a safe haven, as suggested by the Bush officials."

Meanwhile, the AP (2/14, Abdul-Zahra) reports early Wednesday that "officials linked to Muqtada al-Sadr denied Wednesday that the radical Shiite cleric had fled to Iran ahead of a security crackdown in Baghdad."

Iraq To Close Borders With Syria, Iran. The Washington Post (2/14, A12, Ernesto Londono, 690K) reports Iraqi officials Tuesday announced "the temporary closure of checkpoints at the Syrian and Iranian borders, as well as an expanded nighttime curfew in the capital, as part of the new Baghdad security plan." In a televised address, Lt. Gen.

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Abboud Gambar, who is in charge of the security plan, "said the border will be closed for 72 hours, but he did not specify when."

Administration Struggles To Defend Iran Claims. NBC Nightly News (2/13, story 7, Williams, 9.87M) reported, "There are serious new questions tonight about the Pentagon's accusation that Iran is supplying deadly explosive device targeting US troops in Iraq. The latest questions are from a surprising source." NBC (Mitchell) added, "Those surprising questions about the Pentagon's case against Iran come from America's top military commander, Joint Chief's Chairman Peter Pace." Although the White House today "stuck by its claims," some Pentagon officials "say the military briefers in Baghdad went too far in blaming Iran's government."

The AP (2/14, Jelinek) reports the Bush administration "struggled Tuesday to explain what it knows about alleged Iranian interference in Iraq after the Pentagon's top general appeared to contradict a recently released military dossier on the subject." The claims of Tehran's involvement "had already drawn skeptical responses from some lawmakers and other critics still wary of an administration that based the invasion of Iraq on faulty intelligence." But those doubts "increased Tuesday after Pace said the link between the bomb materials and the government had not been definitively proven." Defense experts "said Pace's comments -- and the way the dossier had been presented to reporters anonymously -- cast doubt on how solid the administration case is against Iran."

The New York Times (2/14, A14, Mazzetti, Gordon, 1.16M) says White House spokesman Tony Snow "tried to paper over the apparent disagreement on Tuesday," by disclosing "that he had called General Pace on the matter and that he and the general were 'on the same page' with regard to Iran's role in the roadside bomb attacks in Iraq."

But the Financial Times (2/14, Sevastopulo, Aglionby) says Gen. Pace's comments "appear at odds with the White House, which on Monday repeated the line that the Iranian government was involved." The Times notes that "while some parts of the Bush administration have been raising the rhetorical pressure on Iran, others appear to be toning down the war of words."

Pentagon Denies Politics Behind Claims. USA Today (2/14, 9A, Michaels, 2.27M) reports the US military said Tuesday that its decision to go public with allegations that Iran is providing militants in Iraq with weapons "was not politically motivated or orchestrated by the White House." Maj. Gen. William Caldwell, the US command's top spokesman, "said the decision to air the allegations against Iran on Sunday was made by the US military and stemmed from concerns that Iran has been supplying militias with a deadly type of roadside bomb that could pierce thick armor."

Diplomacy Seen As Aim Behind Claims. The Christian Science Monitor (2/14, Grier, 59K) reports, "The US may be trying to achieve a difficult balance regarding Iran: pushing the Iranians hard enough so they will negotiate over their nuclear program, yet not so hard as to increase tensions in a part of the world that's already aflame. That's the conclusion some experts draw from the recent US attempt to lay out evidence that officials say links Iran to attacks against US troops in Iraq." The White House had said for weeks that it would "present proof that Tehran is meddling in Iraq by providing arms and training to Shiite militias. Yet when the presentation came, it was somewhat low-key. It took place in Baghdad, not Washington. It focused almost entirely on a type of dangerous roadside bomb that Iran is allegedly supplying to its Iraqi allies."

Memo Says Iranian Leaders Backed Talks With US In 2003. The Washington Post (2/14, A14, Kessler, 690K) reports the Swiss ambassador to Iran "informed US officials in 2003 that an Iranian proposal for comprehensive talks with the United States had been reviewed and approved by Iran's supreme religious leader, Ayatollah Ali Khamenei; then-President Mohammad Khatami; and then-Foreign Minister Kamal Kharrazi," according to a copy of the cover letter to the Iranian document. Ambassador Tim Guldimann wrote in a letter that was faxed to the State Department o may 4, 2003, "I got the clear impression that there is a strong will of the regime to tackle the problem with the US now and to try it with this initiative." Guldimann "attached a one-page Iranian document labeled 'Roadmap' that listed US and Iranian aims for potential negotiations, putting on the table such issues as an end to Iran's support for anti-Israeli militants, action against terrorist groups on Iranian soil and acceptance of Israel's right to exist." The Post notes that of State Rice "was questioned about the document on Capitol Hill last week," but told congressmen "she did not recall seeing it when she was national security adviser."

Ahmadinejad Seen As Toning Down Anti-Israeli Rhetoric. The AP (2/14) reports Iranian President Mahmoud Ahmadinejad, "toning down verbal attacks on Israel," said in

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an interview that Tuesday with ABC's "Good Morning America," that Palestinians "should be allowed to determine a resolution to the conflict with the Jewish state." Asked if he stuck by his past calls for Israel to be "wiped off the face of the map," Ahmadinejad "stopped short of addressing whether Iran would recognize Israel but said any decision the Palestinians make should be respected."

Feith Defends 2003 Intelligence Project. In a Washington Post (2/14, 690K) op-ed, former Undersecretary of Defense Feith writes, "Promoters of the 'Bush Lied, People Died' line claim that the recent Pentagon inspector general's report concerning my former office's work on Iraq intelligence supports their cause. ... In his report, [Thomas] Gimble wrote that the Pentagon briefing was not the 'most accurate analysis of intelligence.' This has been taken to suggest it was false or deceptive. But the IG said he meant only that the briefing was at 'variance with the consensus of the Intelligence Community.' Of course it was at variance! It was a critique. ... Gimble's characterization is absurdly circular. Cheered on by the chairmen of the Senate intelligence and armed services committees, he is giving bad advice based on incomplete fact-finding and poor logic." Feith adds, "Intelligence is inherently sketchy and speculative -- and historically often wrong. It is improved when policy officials freely probe and challenge it."

Zawahiri Says Bush Lost Bet On Iraq. The Washington Post/AP (2/14, A12) reports, "Al-Qaeda's deputy leader said President Bush was an alcoholic and a lying gambler who wagered on Iraq and lost, according to a new audiotape released Tuesday by a U.S. group that tracks extremist messages." In the tape, Ayman al Zawahiri says, "Bush suffers from an addictive personality and was an alcoholic. I don't know his present condition...but the one who examines his personality finds that he is addicted to two other faults -- lying and gambling."

New Plan Launched To Bring More Iraqi Refugees To US. The New York Times (2/14, A16, Swarns, Zoepf, 1.16M) reports the Bush administration and the United Nations have developed a plan "that would bring several thousand of them to the United States over the next 10 months," officials familiar with discussions of the plan say. Under the plan, which is expected to be formally unveiled this week, the United Nations "began its first large-scale screening this month of Iraqis who have fled to Syria and Jordan since the American-led invasion of Iraq in 2003. It hopes to register 135,000 to 200,000 of them to determine which Iraqis have fled persecution at home and would be eligible for refugee status." For its part, the US "hopes to resettle at least 5,000 of that group this year, with the first arriving in late spring or summer." On Wednesday, Secretary Rice is expected to meet with António Guterres, the United Nations high commissioner for refugees, to discuss the Iraqi refugee crisis. Meanwhile, Guterres and Under Secretary Paula J. Dobriansky "are expected to outline the refugee plan this week at a news conference."

Pakistan Expected To Oust 2.4 Million Afghan Refugees. The Christian Science Monitor (2/14, Montero, 59K) reports that "as Robert Gates, in his first visit to Pakistan as US secretary of Defense, met with President Musharraf in Islamabad this week to discuss the Taliban's expected spring offensive in Afghanistan;" Pakistan's expected attempt to expel 2.4 million Afghanis will, according to analysts, only shift "the world's largest refugee community across borders would only serve to raise tensions." Pakistan is making an effort to contain the Taliban by sending "2.4 million Afghan refugees, most living in camps…home by 2009" due to fears of "cross-border militancy" displayed by the Taliban forces. "Many disagree, however, saying Pakistan's Afghan refugees, most of whom are Pashtun and share the same tribal ethnicity as the Taliban movement, are only being made a scapegoat."

Iraq Seen As Overshadowing Dire Issues In Afghanistan. The Politico (2/14, Grim) reports that "as the House spent most of its energy debating the resolution condemning President Bush's troop surge plan for Iraq, the House Armed Service Committee's hearing on the war in Afghanistan drew only the weakest of spotlights." At the hearing, "the star witness was Gen. Karl Eikenberry, the outgoing commander of all NATO troops in Afghanistan," although the event drew little public or media interest, confusing many members of the committee, with one blaming snow for the small turn-out. After the hearing, "Gen. Eikenberry, lingering in the empty room, said he wasn't sure why the hearing had gotten so little attention. 'You'll have to ask your media colleagues why they're not here,' he mused.

The Washington Post (2/14, Tyson, A15, 690K) reports, "A senior U.S. military commander urged Pakistan yesterday to crack down on an entrenched network of senior Taliban and al-Qaeda leaders, training camps and recruiting grounds

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-- a sanctuary from which fighters have tripled cross-border attacks since September and are preparing an anticipated major spring offensive in southern and eastern Afghanistan. Army Lt. Gen. Karl W. Eikenberry, the outgoing top U.S. commander in Afghanistan, also warned that an even greater threat than the resurgent Taliban is the possibility that the government of President Hamid Karzai" could "suffer an irreversible loss of legitimacy among the Afghan population" as "the Pentagon is expected to announce soon that it will keep U.S. troop levels in Afghanistan at a minimum of 27,000 into 2008, extending a temporary increase…ordered last month."

Alleged Taliban Commander Promises Biggest Offensive Yet. AFP (2/14) reports, "A purported Taliban commander has said the militia is ready for its 'biggest ever' offensive in Afghanistan this year, while a boosted NATO-led force says it also plans significant operations. ... the year is shaping up to be as violent as 2006 -- the worst in the insurgency." "We have between 8,000 to 10,000 armed men," Mullah Abdul Rahim told AFP in a telephone interview. AFP notes, "His role in the Islamist militia and his claims could not be independently verified." On the other hand, "ISAF has meanwhile swollen to more than 35,000 troops, with the United States extending the tour of duty of about 3,500 soldiers for more than four months, and it is putting in place the first 'rapid reaction unit.'"

WSJournal Optimistic About Outcome Of Spring Clashes. The Wall Street Journal (2/14, A20, 2.04M) editorializes, "Expect more terrorism in Kabul, attacks on positions in and around the key Pashtun city of Kandahar, ambushes on vehicles and attacks on European and Canadian forces, which the Taliban consider, with good reason, to be the weak link in the NATO chain. Expect, too, for the Taliban to be decisively defeated. ... The combination of more troops and a keen appreciation of last year's mistakes puts the U.S. and Afghanistan in a better position than a year ago to repulse the Taliban's expected spring offensive."

With US Military Aid, Philippines Winning Battle Against Abu Sayyaf. USA Today (2/14, 10A, Wiseman, 2.27M) reports, "Thousands of miles from the bazaars of Iraq and the mountains of Afghanistan, U.S. military forces are quietly helping defeat terrorists in the jungles of the southern Philippines, a forgotten front in the global war on terrorism." Working "behind the scenes with a rejuvenated Philippine military, U.S. special forces have helped kill, capture or rout hundreds of Abu Sayyaf guerrillas who have links to the Islamic terror groups Jemaah Islamiyah and al-Qaeda, Philippine and U.S. military commanders say." The Abu Sayyaf, "responsible for 16 years of bombings, kidnappings and beheadings in the southern Philippines, has been forced to flee into the mountainous terrain here on Jolo island in the remote Sulu Archipelago." But its "numbers are dwindling and its leadership almost wiped out, says Brig. Gen. Ruperto Pabustan, commander of Philippine special forces on Jolo." Backed "by U.S. intelligence, equipment and training, Philippine forces have killed or captured 200 of the 400 Abu Sayyaf fighters on Jolo since they began Operation Ultimatum last August, Pabustan says."

Algerian Bombings Linked To Al Qaeda-Allied Group. The New York Times (2/14, Smith, 1.16M) reports, "Seven bombs exploded almost simultaneously in Algeria yesterday, killing six people and wounding more than a dozen in the worst attack in months by North Africa's most active terrorist group, which says it has allied itself with Al Qaeda." The bombs, "including at least five powerful car or truck bombs, went off before dawn, pulverizing police stations in six towns in mountainous areas east of the capital, Algiers." A group "calling itself the Qaeda Organization in the Islamic Maghreb claimed responsibility for the attacks in a telephone call to the Morocco offices of the Arabic-language satellite broadcaster Al Jazeera. The name was recently adopted by the Salafist Group for Preaching and Combat, which has operated in Algeria since 1996."

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Four Top Lam Aides Interviewed For Interim US Attorney Post. The San Diego Union-Tribune (2/14, Thornton) reports, "With U.S. Attorney Carol Lam's departure imminent, the Justice Department has interviewed four of her top advisers for the position of interim chief while a committee searches for a long-term replacement." The Union-Tribune continues, "Among the short-term candidates interviewed within the last two weeks are Lam's second-in-command, Stephen Clark, her third-in-command, Karen Hewitt, plus Narcotics Chief Tim Coughlin and Appeals Chief Bruce Castetter. … All are career prosecutors hand-picked by Lam who have supported her priorities of prosecuting corruption and white-collar crimes rather than routine

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immigration cases, which, according to Justice Department officials, led to Lam's ouster." The Union-Tribune adds, "Lam was targeted for dismissal because of 'performance-related' issues after the Justice Department received complaints from members of Congress about her handling of immigration enforcement cases, said Deputy Attorney General Paul McNulty. … Before statements, sources told The San Diego Union-Tribune that Lam, a political independent, was asked to step down because of declining prosecutions of gun, smuggling and drug cases. … Though initially staying mum, the Justice Department confirmed under pressure from lawmakers that it recently asked at least seven U.S. attorneys, including Lam, to resign. Officials said the dismissals weren't politically motivated and were generally based on job performance." The Union-Tribune notes, "The interviews of potential temporary replacements for Lam were conducted via video conference calls by Justice Department officials in Washington, D.C. The candidates did not seek the position but were invited to be interviewed. … An announcement is not expected until Lam's final day in office Thursday. An office party is scheduled for that day so colleagues can wish her well. Lam has declined to discuss reasons for her departure or her future plans."

CORPORATE SCANDALS:

Johnson & Johnson Tries To Minimize Damage From Bribery Probe. The Financial Times (2/14, Bowe, Davoudi, Kirchgaessner) reports, "Carved in stone in the lobby of its US headquarters is Johnson & Johnson's credo, displaying its guiding principles and symbol for what the healthcare conglomerate regards as its most preciously preserved commodity - its reputation. … But J&J also prizes is decentralised structure - with managers nimbly running separate businesses ranging from pharmaceuticals to medical devices to consumer brands such as its iconic Band-Aid and baby shampoo. These two ideals at J&J have clashed, and now the group is trying to minimise the damage to its reputation following revelations of improper payments overseas that could violate US anti-bribery laws." The Times continues, "Late on Monday, J&J said it had notified the US legal authorities and securities regulators that it had found 'improper payments in the connection of medical devices in two small-market countries.' … J&J was not under investigation for these payments and voluntarily notified the US Department of Justice and Securities and Exchange Commission. It said the payments could violate the US Foreign Corrupt Practices Act (FCPA), and that a senior executive had stepped down as a result. J&J declined to name the countries or the type of payments involved. … Nevertheless, J&J said Michael Dormer, 55, would retire as worldwide chairman of three of its medical device businesses - Ethicon Endosurgery, Depuy orthopaedic implants and Ortho diagnostics unit." The Times notes, "The J&J case underscores that the medical device industry is particularly vulnerable to charges under the US FCPA, an anti-bribery statute that makes it illegal to make payments or offer anything of value to a foreign government official in order to obtain business. … Indictments of companies can carry a heavy price in the US, including a potential ban on doing business with the government, a huge buyer of health products and services. Around the world, companies like J&J sell products to hospitals and other healthcare facilities that are often government-owned, increasing the risk that payments to healthcare officials can be considered bribes to government officials. Bribes between parties in the private sector are not covered under the FCPA. … Experts say the Justice Department has markedly stepped up its enforcement of FCPA violations, forcing companies to be more vigilant about any types of payments it makes to individuals or entities that may be deemed to be government controlled."

Nasdaq Says Cyberonics Is In Compliance With Filing Rules. The AP (2/14) reports, "Cyberonics Inc. said Tuesday it received a letter from the Nasdaq Stock Market confirming that the medical device maker is in compliance with all the exchange's rules, and its stock will continue to be listed." The AP continues, "The company also said that with last week's filing of its quarterly report for the period ended Oct. 27, it has now filed all previously delinquent reports to the Securities and Exchange Commission." The AP adds, "Cyberonics had received letters from the Nasdaq warning that the company was subject to delisting for failing to meet its filing requirements. … Cyberonics in November said it would restate financial results from 2000 through January 2006 to correct improper stock options accounting, resulting in $10 million in non-cash expenses. The company's CEO and chief financial officer resigned later that month." The AP notes, "Cyberonics is one of 106 companies currently under SEC or Justice Department scrutiny over its stock-option grants, and at least 94 other

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firms have launched or completed internal reviews into their stock options practices, according to an AP review."

Aflac To Allow Shareholder Vote On Executive Pay. USA Today (2/14, 1A, Jones) reports, "Responding to the uproar against soaring executive compensation, Aflac today will announce a move to become the first major U.S. company to let shareholders vote on executive pay packages." USA continues, "On Tuesday, Aflac's board approved allowing shareholders to vote on the pay of the insurer's top five executives. Although the vote will be non-binding, it would be hard for Aflac to ignore the wishes of a majority of shareholders, says analyst Dawn Wolfe at Boston Common Asset Management. … Other companies are under similar pressure. Shareholder proposals to approve executive pay are on ballots this year at about 50 companies, many introduced by the American Federation of State, County and Municipal Employees (AFSCME) union, which is a powerful institutional investor." USA adds, "Aflac, probably best known for the ubiquitous duck in its TV ads, had received a shareholder proposal from Boston Common, but the money management firm withdrew it when Aflac promised to make the move voluntarily. Aflac plans to announce today that shareholders will begin voting in 2009, the first time there will be three years of complete pay data in proxy tables under new Securities and Exchange Commission disclosure rules. .. Aflac CEO Dan Amos said in an interview that a key concern is the chance of an 'emotional vote' if Aflac's stock is depressed going into the annual shareholders meeting. … Similar shareholder proposals at other major companies have never passed, says Richard Ferlauto, director of pension and benefit policy at AFSCME. However, he says proposals at companies such as Sun Microsystems were supported by 40% or more of shareholders."

Congress Probes Sallie Mae Exec's Stock Sale. The Washington Post (2/14, D1, Paley, 690K) reports congressional investigators are "looking into Sallie Mae Chairman Albert L. Lord's sale of $18.3 million worth of company stock this month, just days before President Bush proposed a huge cut in subsidies to the lending industry that caused Sallie Mae shares to nosedive." The chairmen of the House Financial Services and Education committees "sent letters yesterday to the White House counsel, the education secretary and Sallie Mae, asking for detailed information on all contact between the Reston-based student lending giant and the Bush administration over the past three months." Rep. George Miller said, "Given the timing of the Sallie Mae stock sale and the release of the President's budget, the committee is seeking more information as a matter of routine oversight."

Staggered Corporate Boards Defended. In an op-ed for he New York Times (2/14), Guhan Subramanian, a professor of business and law at Harvard, writes, "Slowly but surely, corporate America is giving up the staggered board." Subramanian continues, "Some businesses are responding to corporate governance rating agencies, which penalize companies that do not elect all of the directors each year. Some are responding to shareholder resolutions or to behind-the-scenes pressure from large shareholders. Georgeson Shareholder Services reports there were more than 90 resolutions among S.&P. 1500 companies in 2006 to abolish staggered boards, half proposed by the companies and half by shareholders. More are expected in the 2007 proxy season, and some corporate governance experts are urging companies not to fight the issue. … This would be a mistake. What shareholders object to is not staggered boards themselves, but how staggered boards block takeovers." Subramanian adds, "Most corporations have adopted or can easily adopt a 'poison pill,' a takeover defense that forbids a hostile bidder from directly purchasing a controlling interest in a target company. If the target has a staggered board, a bidder must win two proxy contests, conducted more than a year apart, to gain control of the board and jettison the poison pill. No bidder in the modern era of takeovers has had the patience and persistence to do this, so the staggered board combined with the pill presents a potent roadblock to shareholders who want to accept a hostile offer. … But there is a way to give shareholders exactly what they want without eliminating the staggered board: shift the staggered board from the charter to the bylaws. That would allow a hostile bidder to dismantle the staggered board through a bylaw amendment and put its offer to shareholders in a single proxy contest. For the 99.5 percent of United States public companies that are not subject to a hostile takeover bid in a given year, directors would continue to be elected to staggered, three-year terms. … Shareholders rightly decided that they did not like the anti-takeover effect of staggered boards, but their campaign unnecessarily casts the baby out with the bathwater. A bylaws-based staggered board meets the interests of all sides."

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CRIMINAL LAW:

Former CIA Official, Contractor Indicted In Cunningham Bribery Probe. ABC World News (2/13, story 7, :30, Gibson, 8.78M) reported, "A congressional bribery scandal expanded today with the indictment of a former top CIA official. Kyle Foggo – who was the CIA's number three official until last May – was charged with fraud, conspiracy, and money laundering. The charges stem from the investigation that sent former Congressman Randy 'Duke' Cunningham to prison. Foggo and Cunningham were linked to a defense contractor who was also indicted today." CNN's The Situation Room (2/13, Blitzer) noted Foggo is "facing some very, very serious charges." CNN (2/13, Roberts) added, "The indictment alleges that Foggo used his senior position at the CIA to steer contracts to Wilkes. The deal shielded and the money laundered through shell companies and strawmen. In exchange, prosecutors say, Foggo benefited richly. … The FBI and the CIA's Office of Inspector General took the extraordinary step of searching both Foggo's office at CIA headquarters and his home in Vienna, Virginia. Agents seized everything from bank records to Cuban cigars."

In a widely-distributed story, the AP (2/14, Hoffman) adds, "Foggo and Wilkes could each be punished by up to 20 years in prison if convicted. 'High government positions and powerful connections should not be tickets to corrupt self-enrichment,' said U.S. Attorney Carol Lam. The charges are a blow to the CIA, whose director, Michael Hayden, wrote to employees Tuesday that the agency continues to cooperate with the investigation." The AP notes Foggo "resigned in May under investigation by the FBI, the Internal Revenue Service, the Pentagon's Defense Criminal Investigative Service, the CIA's inspector general and the U.S. attorney's office in San Diego." USA Today (2/14, 4A, Kelley, 2.27M) adds, "Wilkes' lawyer, Mark Geragos, said all the charges were 'demonstrably false' but refused to give specifics. Geragos said Wilkes plans to plead not guilty in a court appearance today."

The San Diego Union-Tribune (2/14, Thornton, Baker, 324K) reports Lam "announced the indictments at an afternoon press conference, calling the charges against the two men 'breathtaking in scope.' … Wilkes and Foggo are expected to surrender at an arraignment in federal court Wednesday." The Los Angeles Times (2/14, Perry, 850K) notes, "Wilkes, according to the indictment, provided Cunningham with prostitutes, vacations, corporate jet travel, limousine service, cash, meals, furniture and equipment for his boat. The value of the alleged bribes was put at $700,000. The contractor reportedly provided Foggo, a childhood friend, with meals, gifts, private jet flights, a helicopter ride and a weeklong stay at a Scottish castle valued at $44,000. Wilkes also paid for Foggo to join him on Hawaiian vacations, the indictment said."

In a front-page story, the Washington Post (2/14, Smith, 690K) reports, "While the probe has threatened to sweep in other members of Congress, some uncertainty surrounds it. A key U.S. attorney involved in it -- Carol C. Lam in San Diego -- has been fired by the administration for unspecified 'performance-related' deficiencies along with a handful of other federal prosecutors. Lam oversaw the Foggo investigation and is to leave Thursday. The head of the local FBI field office praised Lam's performance and said her firing appeared to be 'political,' an accusation that the Justice Department has denied." The Wall Street Journal (2/14, A12, Paltrow, 2.04M) also notes the controversy surrounding Lam's dismissal and adds, "The indictment and its details would seem to heighten the risk to other members of Congress still under investigation; Mr. Wilkes also had dealings with several of them."

Roll Call (2/14, Van Dongen) similarly reports, "Lam secured the indictments two days before she is slated to leave office after being fired by the Bush administration in December along with six other U.S. attorneys, causing Democrats to charge their firings were improper and political. Deputy U.S. Attorney General Paul McNulty is slated to brief Judiciary Committee Senators today in a closed-door session on the prosecutors' personnel records." Roll Call notes, "The 42-page indictment of Wilkes is wide-ranging and charges a variety of criminal activities. It also names John Michael Thomas, the president and part owner of New York-based mortgage company Coastal Capital Corp., with helping Cunningham obtain a fraudulent mortgage."

The Hill (2/14, Schor) reports, "Justice Department officials have praised the Cunningham probe as the linchpin of their growing pursuit of public corruption cases, yet prosecutor Lam is nonetheless slated to step down tomorrow after the Bush administration cited unspecified 'performance' issues in requesting her resignation late last year. … House Democratic Caucus Chairman Rahm Emanuel (Ill.) has called for Lam to continue her cases against Wilkes, Foggo and others reportedly ensnared in the probe, including former

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House Appropriations Chairman Jerry Lewis (R-Calif.), via a special prosecutor appointment." The Washington Times (2/14, Seper, 88K) and PBS' NewsHour (2/13, Lehrer) also reported on the indictments, but without noting the Lam controversy.

CNN.com (2/14, Arena, Frieden) reports, "Foggo faces an 11-count indictment charging him with conspiracy, wire fraud, depriving taxpayers of honest services, conflict of interest and money laundering. He 'affirmatively hid' the gifts from his superiors at the CIA before his resignation, U.S. Attorney Carol Lam told reporters. … 'These two indictments describe patterns of self-dealing and corruption that spanned years and reached deep into our country's system of procurement for the defense industry,' Lam said." CNN adds, "Prosecutors will also try to reclaim $12 million in profits they say Wilkes received as a result of the schemes, Lam said. … A third man, New York mortgage banker John Michael, was charged with obstruction of justice. Prosecutors said he lied to a grand jury about Wilkes' role in paying off a half-million-dollar second mortgage on Cunningham's home." AFP (2/14) also reports on the indictments.

Defense To Rest Without Calling Libby, Cheney. NBC Nightly News (2/13, story 6, :25, Williams, 9.87M) reported, "There is word tonight from the trial of Vice President Cheney's former chief of staff, Scooter Libby, that neither Vice President Cheney nor Libby himself will testify. … Libby's lawyers will rest their case this week with closing arguments next week." In a widely-distributed story, the AP (2/14, Apuzzo) notes that the decision not to call Libby or Cheney "spares the defense team two dangerous bouts with cross-examination. But it also forces Libby to look elsewhere for someone to make the memory defense for him. John Hannah, who served as Libby's deputy and replaced him as Cheney's national security adviser, helped in that effort Tuesday. He described Libby as someone responsible for the nation's most sensitive intelligence but whose memory was notoriously spotty. Libby also wants three CIA briefers to testify Wednesday about the classified national security briefings he received each morning in mid-2003."

In a front-page story, the Washington Post (2/14, Goldstein, Leonnig, 690K) reports, "The defense's central theory is that Libby suffered from a notoriously bad memory and misspoke to investigators about his role in the Bush administration's disclosure of the identity of undercover CIA officer Valerie Plame. The decision to foreshorten the case means that jurors will hear little testimony and see scant evidence to back that contention. … The decision also means that the defense will not call any witnesses to explicitly buttress a dramatic assertion by lawyer Theodore V. Wells Jr. in his opening statement to the jury: that Libby was scapegoated by his White House colleagues when the leak investigation began." The Post notes Hannah "highlighted points that Cheney and Libby might have offered if they had testified. Hannah said that Libby essentially had two full-time jobs and, under questioning by defense attorney John Cline, gave the jury a tour of complex and sensitive foreign-policy issues in which Libby was immersed from May 2003 to March 2004."

The Los Angeles Times (2/14, Schmitt, 850K) reports Special Prosecutor Patrick J. Fitzgerald "got Hannah to admit that Libby was not too busy in the summer of 2003 to take time out to track the doings of Wilson. The defense decision not to call Libby appeared to harden feelings a bit with the prosecution team. Before the trial, the government had given Libby and his lawyers extensive access to summaries of classified information that Libby had seen while working for Cheney," and "Fitzgerald said the information was given with the understanding that it would be used exclusively by Libby while he testified to show the size and sensitive nature of his workload. Tuesday, after defense lawyers said that Libby would not testify but that they planned to introduce some of that information during the testimony of three CIA employees today, Fitzgerald objected. … Walton deferred a ruling."

The New York Times (2/14, Lewis, Shane, 1.16M) notes, "Mr. Cheney's testimony, which was much anticipated, would have set a precedent as the first appearance of a sitting vice president as a witness at a criminal trial. It was also expected to bolster a major part of Mr. Libby's defense: that he was so consumed by the crush of high-stakes issues like global terrorism and Iraq that he might not have remembered all the details of his conversations. But the trial threw up numerous instances in which Mr. Cheney took a personal role in managing the White House response to accusations from Joseph C. Wilson…that the evidence for going to war had been knowingly overstated. Mr. Cheney could have been exposed during cross-examination to uncomfortable questions about his close involvement in trying to undermine Mr. Wilson's criticisms."

Former Senator Thompson Criticizes Libby Prosecution. The AP (2/14) reports, "Former Sen. Fred Thompson, R-Tenn., criticized Special Counsel Patrick

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Fitzgerald's handling of the CIA leak investigation Tuesday, saying the prosecutor had to have known from the start that it was not a crime to disclose Valerie Plame's identity as an agent." The AP continues, "A fund-raiser for the defense of I. Lewis 'Scooter' Libby, Thompson depicted Fitzgerald as out of control, telling ABC News there was 'no brake and no check and no balance' on the prosecutor." The AP continues, "Thompson's objections are the same ones Democratic politicians made in the 1990s about independent counsel Kenneth Starr, who spent six years investigating President Clinton and first lady Hillary Rodham Clinton. … In the same fashion, Republicans complained about the six-year investigation by independent counsel Lawrence Walsh into the Iran-Contra scandal of the Reagan years and the first Bush administration. … Congress allowed the independent counsel statute to expire in 1998. … 'When you put too much power in the hands of unelected, unaccountable people who have every incentive to focus massive resources onto one particular person — who gets the plaudits in the media for doing so — it's a bad thing,' Thompson told ABC. … Unlike Starr, who was appointed by a panel of federal appeals court judges, Fitzgerald's Justice Department superiors appointed him to look into the CIA leak scandal. He has continued his duties as U.S. attorney in Chicago while investigating the Valerie Plame affair." The AP notes, "Thompson, who plays a prosecuting attorney in NBC's 'Law & Order,' pointed out that no one has been charged with leaking Plame's identity, saying no law had been broken. 'The Justice Department knew that early on. The CIA should have known that early on,' Thompson said. 'Special Counsel Patrick Fitzgerald had to have known that at the very beginning.'"

Judge To Hear NJ Legislature's Challenge To US Subpoenas. The Newark Star-Ledger (2/14, Margolin, Sherman) reports, "Federal prosecutors and attorneys for the state Legislature are due to square off today in an increasingly political fight over the confidentiality of legislative records being sought in a criminal corruption probe. The closed-door hearing in U.S. District Court in Trenton comes after Gov. Jon Corzine reiterated his call yesterday for the release of documents being sought by U.S. Attorney Christopher Christie in an expanding investigation into lawmakers' possible conflicts of interest. 'I think we ought to comply with the law and respond to the subpoena,' Corzine said. 'We ought to be taking those steps that give the public the assurance that we're getting our house in order with regard to ethics.' … Separately, attorneys for state Sen. Wayne Bryant (D-Camden), whose no-show job with the University of Medicine and Dentistry of New Jersey initially sparked the interest of the U.S. attorney, moved to intervene in the court hearing." The Star-Ledger notes, "It is clear, though, that Christie is not confining his questions to Bryant. Several legislative officers and budget officials have been interviewed by the FBI in recent weeks regarding the awarding of millions of dollars in special discretionary funds."

US Considering Additional Charges Against Alleged Chicago Mobster. In a widely-distributed story, the AP (2/14, Robinson) reports, "Reputed mob boss Joseph 'Joey the Clown' Lombardo and another man could face new charges for going on the lam after a major indictment against them was unsealed, a federal prosecutor said Tuesday. 'We may seek to add charges to the indictment based on their fugitive status,' Assistant U.S. Attorney Mitchell A. Mars told federal Judge James B. Zagel at a hearing in a racketeering case known as Operation Family Secrets." The AP notes, "Lombardo, 77, was captured by FBI agents in a suburban Elmwood Park alley in January 2006 after nine months on the run. … Zagel told attorneys Tuesday that he likely would order a hearing to determine exactly what jurors might hear from prospective government witness James Wagner, a former FBI mob investigator who now is president of the Chicago Crime Commission."

Massachusetts Lawyer Surrenders To Face Art Theft Charges. The Boston Globe (2/14, Kurkjian, Murphy, 413K) reports, "A retired Watertown lawyer surrendered to federal authorities yesterday after returning from France to face charges he attempted to sell millions of dollars worth of paintings, including a major work by Cezanne, that were stolen from a home in the Berkshires in 1978. Robert M. Mardirosian , 72, who gave up a successful criminal law practice to become a sculptor and painter more than a decade ago, appeared in federal court 90 minutes after being arrested at Logan International Airport by arrangement with the US attorney's office. He was charged with taking possession of the seven paintings months after they were allegedly stolen by one of his clients. … He was released on $500,000 bail by US Magistrate Marianne B. Bowler."

In a widely-distributed story, the AP (2/14, Alderman) notes, "In 1988, Mardirosian moved the paintings to Monaco,

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thinking he might have a legal claim to ownership or a 10 percent 'finder's fee,' according to a May 2006 affidavit from FBI Special Agent Geoffrey Kelly, also unsealed Tuesday. Lloyd's of London was contacted in 1999 by an unknown person about insuring the paintings before sale, the affidavit says, and discovered they were listed with the database Art Loss Register as having been stolen. It says Julian Radcliffe, chairman of Art Loss Register, determined that the paintings were being sold by a Panamanian corporation called Erie International Trading Company, later found to be registered to Mardirosian."

Federal Inmate Sentenced To Death For Murdering Cellmate. The AP (2/14) reports from Roanoke, Va., "A federal inmate who killed his cell mate by strangling him with a bath towel has been sentenced to death, officials said Tuesday." Carlos Caro "was a prisoner at the federal penitentiary in Lee County…when he killed Robert Sandoval, U.S. Attorney John L. Brownlee's office said in a statement. Caro later told an FBI agent that Sandoval had cursed Caro and threatened to eat his breakfast, the statement said."

Jury Sentences Pair To Death In Russian Immigrant Kidnap-Murders. In a widely-distributed story, the AP (2/14, Risling) reports, "A jury imposed the death penalty Tuesday on the ringleaders of a kidnapping-for-ransom scheme targeting rich Russian immigrants whose bodies were found in a Northern California reservoir. Jurors deliberated less than a day before reaching their vote on sentences for Iouri Mikhel, 41, and Jurijus Kadamovas, 40. … Said U.S. Attorney Susan DeWitt: 'These were good people who didn't deserve the fate that befell them. We felt a tremendous responsibility to the victims' families.' Defense attorney Dale Rubin called the jury's decision 'a revenge verdict.'" The AP notes, "Five victims were killed regardless of whether the ransoms were paid, prosecutors said."

Study Predicts Prison Population Increases. USA Today (2/14, 4A, Johnson) reports, "The number of inmates in U.S. prisons likely will rise nearly 13% during the next five years, costing states up to $27.5 billion in new operating and construction expenses, according to a new analysis by the Pew Charitable Trusts." USA continues, "The Pew report, to be released today, projects the nation's prison population will be about 1.72 million by 2011, up from an estimated 1.53 million at the end of last year. Such an increase would roughly equal the current population of the federal prison system." USA adds, "Pew analysts said the growth is being fueled by mandatory minimum sentences that have stretched prison terms for many criminals, declines in inmates granted parole and other policies that states have passed in recent years to crack down on crime. … In some states, the study said, high rates of repeat offenders also have been a factor in boosting prison populations." USA notes, "Montana, Arizona, Alaska, Idaho and Vermont could see their prison systems grow by one-third or more if there are no changes to the states' sentencing and release policies, the study said. … Pew, a Philadelphia-based philanthropic organization that funds research into a variety of issues, based its findings on population forecasts gathered from the federal Bureau of Prisons and 42 states."

DC Dental Clinic Owner Sentenced For Medical Billing Fraud. The Washington Business Journal (2/13, Adler) reported, "The owner of a D.C. dental clinic who recently pled guilty to health care fraud has been sentenced to six months community confinement, six months of home detention and was ordered to pay restitution of $164,000 and a fine of $40,000 for submitting false claims for payment to private insurers, according to the U.S. Attorney's Office for D.C." In August, Afsaneh Tehrani "was charged with health-care fraud and making false statements. At that time, she denied the charges, calling them 'ridiculous.' The charges resulted from an investigation by the U.S. Attorney for the District, the FBI's Washington field office, the D.C. Department of Health and the D.C. Department of Insurance, Securities and Banking."

Former iGate Stockholder Sues Jefferson Over Alleged Bribery. In a widely-distributed story, the AP (2/14, Barrouquere) reports, "A former stockholder in a technology company sued a beleaguered congressman and a former business associate Tuesday, claiming they bilked stockholders by using business funds to pay bribes. The lawsuit alleges that Rep. William Jefferson, D-La., his wife and Vernon Jackson, former chief executive of the telecommunications firm iGate, schemed to funnel money to Jefferson, his family and foreign officials. The allegations mirror those in an ongoing federal investigation of Jefferson and his business dealings. Jefferson has not been charged, but the FBI has said in court records that agents found $90,000 in a freezer in his New Orleans home." The AP

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notes, "iGate stockholder Daniel C. Cadle filed the suit in U.S. District Court in Louisville."

Roll Call (2/14, Van Dongen) reports, "The suit charges Jefferson with soliciting and accepting nearly $400,000 in bribes from Jackson to promote iGate's services in the U.S. and abroad. It further alleges that Jackson transferred 30,775,000 shares of iGate stock to Jefferson from 2001 to 2005." Roll Call also notes Jefferson "has not been charged with any wrongdoing. Nonetheless, questions swirl about why the FBI found $90,000 in the freezer of the Democrat's New Orleans home."

Connecticut Man Sentenced To Five Years For Child Porn Distribution. The AP (2/14) reports, "A man who traded images of child pornography and sexual abuse on the Internet was sentenced Tuesday to five years in prison after pleading for mercy, saying his effeminate appearance would make him vulnerable to abuse behind bars. David Cuozzo, 42, of New Haven had amassed a collection of 1,780 files of child pornography involving at least 30 children, including images that portrayed sadistic or masochistic conduct or other depictions of violence and the rape of young children, authorities said. 'This defendant used the Internet to trade some of the most disturbing images of infant and toddler child pornography and sexual abuse that law enforcement has seen,' said U.S. Attorney Kevin O'Connor." The AP notes, "O'Connor said the prosecution was part of the U.S. Department of Justice Project Safe Childhood Initiative, designed to protect children from online exploitation and abuse."

Louisiana Man Acquitted After 10 Years in Prison For Murder He Did Not Commit. USA Today (2/14, 4A, Parker) reports, "James Thomas spent almost 10 years in jail in Louisiana, waiting to be tried for a murder he said he didn't commit. … When the case finally was tried, it took jurors 80 minutes to agree with him. After a five-day trial, they acquitted Thomas in the 1996 shooting death of a Baton Rouge man. Thomas, 36, almost fainted in the packed courtroom as the verdict was read out. … 'I was shocked. I praised the Lord,' Thomas said Tuesday in his first interview since his acquittal Friday. 'As long as I live, I'll never forget this. That's 10 years they can never replace.'" USA continues, "Thomas' case, profiled in a USA TODAY story in 2005, symbolized problems in the nation's public defender system that result in tens of thousands of poor people in the USA going to jail every year without talking to a lawyer. An American Bar Association study concluded two years ago that the system was 'mired in crisis,' crippled by funding inadequacies that led to excessive caseloads and inexperienced lawyers being assigned to cases beyond their expertise." USA adds, "Since the report, public defender programs have been improved in several states, says Bill Whitehurst, an Austin lawyer who headed the ABA's panel on indigent defense. But 'there's no question it's still mired in crisis.'"

Better Business Bureau Targeted In E-Mail Scam. The Washington Post (2/14, D3, Shin) reports, "The Better Business Bureau network was the target of a 'spoofing' scam yesterday in which thousands of businesses in the United States and Canada received e-mails encouraging them to download what is thought to be a computer virus." The Post continues, "The e-mails, using the name of the 95-year-old network of nonprofit groups that looks into consumer complaints, told businesses that they were the subject of a complaint and included a link to view related documents. Clicking on the link, however, accessed the address book of an infected computer and distributed the counterfeit e-mail to more recipients, said Steve Cox, spokesman for the Council of Better Business Bureaus. … The council is the umbrella group for the system's 129 local branches, which are funded by member businesses. … BBB members and nonmembers received the e-mail." The Post adds, "Confused business owners began calling the council's offices in Arlington at 6 a.m. yesterday, Cox said. By mid-morning, the organization had confirmed the attack was systemwide. … The counterfeit e-mails were traced to an advertising firm in Kennesaw, Ga., that had had its computer system hacked into Monday night, Cox said. The agency had no prior affiliation with the BBB."

States Mull Laws Allowing Homeowners To Shoot Burglars. The AP (2/14, Wetzel) reports from Bismarck, ND, "A proposed law that would let people shoot a burglar or carjacker without fear of facing arrest or a lawsuit is moving forward in one state, and the National Rifle Association is promoting it in others. … 'This bill is simply a citizen's version of homeland security,' said North Dakota state Representative Ron Carlisle." The AP continues, "The proposal would erase language that says retreat is better than deadly force, and it says a person is presumed to be justified if he or she shoots a burglar or carjacker in his or her home,

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workplace or vehicle. … Police and county prosecutors object to the proposal, saying that trying to disprove a shooter's self-defense argument would be more difficult. The law protects a shooter from arrest unless police have probable cause to believe the shooting was not justified." The AP notes, "Ashley Varner, an NRA spokeswoman, said 15 states, including South Dakota, have versions of the law. This year, it has been offered in legislatures in five other states."

CIVIL LAW:

Bipartisan Measure Would Strengthen Federal Worker Whistleblower Protections. The Washington Post's (2/14, D1, Barr) "Federal Diary" column reports, "Yesterday, advocates for whistle-blowers urged Congress to strengthen protections for federal employees who suffer reprisal in the workplace. The advocates were greeted with bipartisan support at a hearing held by the House Oversight and Government Reform Committee." The Post adds that committee chairman Henry A. Waxman (D-Calif.), "said the committee's bill would for the first time extend whistle-blower rights to those who work at the FBI and in intelligence agencies, and to people employed by federal contractors." While ranking member Thomas M. Davis III (R-Va.), "said the bill would clarify congressional intent as to what type of whistle-blowing is protected. He said 'the most significant reform' in the bill would guarantee federal employees a right to a jury trial in federal district court if the Merit Systems Protection Board, a federal agency that hears complaints from whistle-blowers, did not take action on a whistle-blower's claim in 180 days."

CIVIL RIGHTS:

Judge Releases Prince George's K-9 Unit From DOJ Oversight. The Washington Post (2/14, B1, Castaneda) reports, "The Prince George's County police canine unit, which in recent years operated under a Justice Department consent decree because of allegations of excessive force and lack of accountability, has improved to the point that the oversight is no longer necessary, a federal judge in Maryland has ruled." The Post continues, U.S. District Judge Roger W. Titus on Monday granted a motion filed jointly by the Justice Department, the county and the police department to end the federal oversight that began in 2004, Prince George's officials said. … The judge's order means the department has succeeded in reforming the canine unit by dramatically reducing the number of bites inflicted by police dogs, beefing up supervision of canine teams, instituting reviews of biting incidents and improving documentation of such encounters, county officials said. … The oversight will formally end March 11." The Post notes, "A separate agreement between county officials and the Justice Department, which was negotiated to end a Justice investigation into allegations of excessive force by county police, is still operative. The department is in substantial compliance with the terms of that agreement, which calls for broad reforms regarding use of force, training and other issues, said Sharon Taylor, a spokeswoman for the police department. … On a practical level, the end of the consent decree means police officials will no longer undergo periodic Justice Department reviews and will no longer be required to file detailed reports to Justice officials. … However, the canine unit reforms will continue, Taylor said."

Georgia County Declines To Join Push For Probe Of 1946 Death Of Black Veteran. The AP (2/14, Minor) reports from Butler, GA, "A rural county's leaders declined to take action Tuesday on a request from two civil rights groups to support a federal probe into the unsolved 1946 killing of a black World War II veteran." The AP continues, "The groups and surviving relatives of Maceo Snipes, the first registered black voter in Taylor County, wanted the county commission's support before they mailed their request to U.S. Attorney General Alberto Gonzales. … But the relatives and activists stormed out to protest the line of questioning of an official who said local residents resent outsiders telling them what to do, and the commission did not act. … 'I'm disappointed at the outcome. We didn't come to fight,' said a cousin, Felix Snipes, 66, of Atlanta." The AP adds, "Commission member Patty Carson-James later said the state NAACP and the Prison & Jail Project did not need the commission's support for the probe." The AP notes, "Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time, relatives say. He collapsed in the doorway of his farmhouse about 90 miles south of Atlanta and died two days later. … While his death certificate says he died of 'gunshot wound by homicide,' there is no evidence of a criminal probe into the killing, and no one was arrested."

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WRBL-TV, Columbus, GA (2/13, 10:59 p.m.) broadcasted, "Members of the NAACP are asking that another grand jury be convened to look into the Kenneth Walker case." President of the Georgia State Conference, Edward Dubose, wants District Attorney Gray Conger and US Attorney General Alberto Gonzales "to conduct an investigation into whether criminal misconduct took place the night Kenneth Walker was killed three years ago."

Federal Appeals Court Hears Arguments Over Christian Prison Program. The New York Times (2/14, Henriques, 1.16M) reports, "Lawyers for Prison Fellowship Ministries and its affiliate, the Inner8Change Freedom Initiative, appeared before the United States Court of Appeals for the Eighth Circuit in St. Louis yesterday to defend the constitutionality of an evangelical Christian rehabilitation program they operate in a state prison in Iowa. A federal judge ruled last June that the program, built around Bible study and prayer, violated the First Amendment's ban on government-sponsored religious indoctrination. Although inmates volunteered for the program, the judge, Robert W. Pratt of Federal District Court, found that they had been induced to join it to get safer housing and more accessible treatment options. … The prison program's lawyers emphasized the voluntary nature of the program, and the State of Iowa, a co-defendant, argued that it got valuable secular services for its money. The program is continuing during the appeal, lawyers for the state said."

ANTITRUST:

Four Car Rental Brands In Merger Discussions. The New York Times (2/14, Sorkin) reports, "A deal to combine four of the nation's largest car rental brands — National, Alamo, Thrifty and Dollar — is being discussed as the industry continues to consolidate." The Times continues, Dollar Thrifty Automotive Group, a unit of DaimlerChrysler, is in early talks to merge with Vanguard Car Rental, of Tulsa, Okla., which owns National and Alamo, in a deal valued at more than $3 billion, according to people involved in the discussions. … The negotiations, which have been taking place on and off for several months, are at a particularly delicate stage, these people said, and may still collapse." The Times adds, "If completed, a deal would create the third-largest rental car company in the United States behind leaders Enterprise Rent-a-Car and Hertz Global Holdings, but outpacing Avis Budget Group in terms of revenue. … A deal could push rental car rates higher. Prices have already risen 10 percent to 20 percent in the last year as the Detroit automakers have tried to move away from providing discounted fleet vehicles to rental car companies and focus on higher-margin retail customers. … And a deal would face antitrust scrutiny from regulators." The Times notes, "A merger would be the latest in a flurry of deals in the car rental business. Hertz was bought from Ford Motor in December 2005 by a consortium of private equity firms. In November, Hertz went public at $15 a share. (It closed yesterday at $20.36.) Avis Budget Group was recently spun off in the breakup of the Cendant Corporation."

Judge Delays Caremark Shareholder Vote On CVS Bid. The Wall Street Journal (2/14, B2, Berman, Armstrong) reports, "A Delaware judge waded into the thick of the two-way takeover struggle for Caremark Rx Inc., postponing a shareholder vote on CVS Corp.'s bid, while nudging Caremark to begin negotiations with rival Express Scripts Inc. … The rare step to enjoin -- or delay -- the vote gave a much-needed boost to Express, whose $27.3 billion bid for Caremark has been repeatedly rebuffed by Caremark's board." The Journal continues, "Coincidentally or not, Delaware Chancellor William B. Chandler III delayed the vote until at least March 9 from Feb. 20. The March date is the day after Express is supposed to receive government notice about the length of an antitrust review, a factor that has long loomed over the merger saga." The Journal adds, "Mr. Chandler questioned Caremark's insistence that it can't speak to Express because such a deal would likely run afoul of antitrust laws. He noted that Caremark appeared to have no such concerns when it reviewed potential transactions with Express in 2001, 2003 and 2005. The judge chided Caremark for disclosing those past discussions on Monday -- just eight days before the scheduled shareholder vote. … A shareholder might want more time to weigh his vote, Mr. Chandler wrote, 'in the face of Caremark's present protestations that antitrust difficulties loom so large as to prevent the board of directors from even discussing' the Express offer. … Antitrust worries are… a big part of any Express-Caremark combination, which would unite the country's second- and third-largest managers of pharmacy benefits. It is still quite possible that federal authorities could seek a 'second request' for information that would be a big blow to Express's ambitions."

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The AP (2/14, French) reports, "The CVS offer has already won antitrust approval. But the offer from Express Scripts of Maryland Heights, Mo., has yet to receive antitrust clearance. Express Scripts is the third-largest pharmacy benefits manager and Caremark is No. 2." The AP adds, "Investment advisory firms Glass, Lewis & Co., CtW Investment Group and Institutional Shareholder Services have said that Caremark's board has not succeeded in getting the best deal for its shareholders and urged before the latest dividend increase that Caremark shareholders reject the CVS bid. … Express Scripts said in news release that Caremark shareholders should vote against the proposed merger of CVS and Caremark to 'send a message to the (Caremark) board that it is time to level the playing field.'"

The St. Louis Post-Dispatch (2/14, Feldstein) reports, "Express Scripts Inc. on Tuesday got more time to charm Caremark Rx shareholders when a judge delayed a vote on whether the company should merge with CVS Corp. … The delay also gives Express Scripts, based in Maryland Heights, a chance to win regulatory approval for its bid before the shareholders' vote. … Express Scripts should learn by March 8 whether the Federal Trade Commission would approve a Caremark—Express Scripts deal or whether regulators require a lengthy investigation to decide the matter. Express Scripts' lack of FTC approval has hurt its ability to gain the support of Caremark's shareholders."

EU Raids Siemens, ABB Offices In Cartel Probe. The Financial Times (2/14, Buck, Milne) reports, "The antitrust problems that have engulfed Siemens and several of its engineering rivals deepened yesterday when the European Commission raided the offices of several manufacturers in Germany, France and Austria in connection with a cartel probe. … The Commission refused to identify the companies targeted in the raids but Siemens and ABB confirmed that their offices had been searched." The Times continues, "Brussels said the groups were suspected of forming a price-fixing cartel in the market for transformers, key components in the power grid in controlling the voltage. Siemens said in a statement that the Brussels antitrust watchdog was investigating five companies, and added: 'The EU Commission is investigating collusion in the area of power transformers in Germany, Austria and the Netherlands between 1999 and 2003.' … The Commission refused to confirm the precise extent of its probe." The Times adds, "The raids are deeply troubling for the groups involved, coming weeks after Siemens, ABB, Alstom and other engineering companies were found guilty of operating another cartel in the market for electricity transmission systems. The groups were together fined a record €751m ($978m), with Siemens alone accounting for €397m of the total. … Companies that are found guilty of operating a cartel face fines of up to 10 per cent of their global annual turnover. The Commission is particularly tough on repeat offenders and, under new rules introduced last year, Siemens and its peers could find their fines being double the normal level should they be found guilty in any new case resulting from this month's raids."

Aluminum Industry Seen Ripe For Consolidation. The Wall Street Journal (2/14, C3, Barta, Glader) reports, "Aluminum companies may be next in line for consolidation as mining conglomerates scour for takeover targets." The Journal continues, "Speculation is building that BHP Billiton Ltd., Rio Tinto PLC or another mining titan could bid to buy one of the world's aluminum heavyweights, particularly Pittsburgh's Alcoa Inc. or Alcan Inc. of Montreal. … Doing so would enable BHP or Rio Tinto to consolidate its position in the growing aluminum market, while preventing competitors from snatching up the few remaining blue-chip players at a time of accelerating consolidation in the natural-resources sector." The Journal adds, "The price of aluminum, which is used to make everything from soda cans to airplane parts, has lagged behind some other metals in the recent commodity boom. In part, that is because China -- a driver of demand -- produces significant quantities of its own, diminishing the need for imports. Still, analysts believe global demand will continue to rise. … Rumors of a large aluminum deal have floated for more than a year, heating up again in recent days, after the Times of London reported that BHP and Rio Tinto had both 'drawn up plans' for a $40 billion takeover of Alcoa. Rio Tinto and BHP declined to comment on the speculation, and Alcoa officials have played down the report. 'We view this as rumors and rumors only,' said Kevin Lowery, a spokesman for Alcoa." The Journal notes, "There are good reasons why a big aluminum deal might be attractive. Mining companies have struggled in recent years to find and develop new sources of raw-material supplies, and many of them believe it is safer to pick up assets through acquisitions than attempting higher-risk exploration projects. … Also, mining companies are awash in cash on profits earned since the commodity boom

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took off four years ago. Shareholders are clamoring for the companies to find new ways of spending that money to ensure they have strong growth prospects in the next decade."

Belgian Court Rules Google Violated Copyright Laws With Newspaper Links. The New York Times (2/14, Crampton) reports from Paris, "A Brussels court ruled Tuesday that Google had violated copyright laws by publishing links to articles from Belgian newspapers without permission. Legal experts said the case could have broad implications in Europe for the news indexes provided by search engines." The Times continues, "The ruling, which Google said it would appeal, was hailed by some newspaper industry representatives and may also have an impact on a lawsuit against Google by the news service Agence France-Presse. … 'As the first decision to condemn a search engine for indexing news articles, you can be sure publishers around the world are paying attention,' said Cyril Fabre, a lawyer in Paris at Alexen, a law firm specializing in Internet law and intellectual property. 'The implications in Europe are particularly strong since copyright law is so uniform across the Continent.'" The Times adds, "The Brussels court ruled that Google, which operates the dominant Internet search engine, must pay 25,000 euros, or $32,600, for each day it displayed content from the plaintiff publications in violation of copyright. The court scaled back a September ruling that called for damages of up to 1 million euros a day and required Google to publish the judgment on its home page. … The group that brought the case, Copiepresse, manages copyright issues for more than one dozen Belgian newspapers, most published in French. It said it had also asked the French division of Yahoo to stop showing the group's news reports."

The Wall Street Journal (2/14, B3, Patrick, Jolis) reports, "As media companies around the globe grapple with how they are compensated when their material is shared online, a Belgian court said Google Inc. can't post news articles from local newspapers on its Web sites in Belgium." The Journal continues, "In a closely watched ruling, the Brussels Court of First Instance said Google can't offer any links to articles or post any articles or photographs from French- and German-language Belgian newspapers. (No Dutch-language Belgian newspapers participated in the suit.) The judgment upheld the court's initial ruling in September, which the Internet-search firm had challenged. … The ruling may provide ammunition for other news associations. Already, Agence France Presse, the French wire service, is suing Google in U.S. District Court in Washington, accusing it of violating AFP's copyright by using its headlines, photographs and story fragments in Google News. AFP is demanding payment when Google uses excerpts of its articles and photographs in the U.S. … Also in the U.S., the Authors Guild and a group of major publishers backed by the Association of American Publishers have brought two separate suits against Google in U.S. District Court in Manhattan, alleging Google is abusing their copyright by digitizing books without permission in order to make their contents searchable on the Web. Google has denied wrongdoing in all three cases; all are still pending."

Mills Corp Board Spurns Brookfield For Higher Bid From Simon, Farallon. The Washington Post/AP (2/14, D4) reports, "Mills Corp., the troubled Chevy Chase mall developer, said yesterday that it favored a $1.6 billion offer from Simon Property Group and hedge fund Farallon Capital Management instead of an earlier takeover agreement with Brookfield Asset Management." The AP continues, "Mills said its board of directors concluded that the Simon-Farallon offer, $24 per share, was "superior" to Brookfield's proposed deal of $21 per share, valued at $1.35 billion. The board authorized Mills to end the deal with Brookfield. When it was offered in January, Brookfield's bid represented an 18 percent premium over the price of Mills stock, but the share price has since jumped on news of a possible merger." The AP adds, "Mills, which owns 38 shopping centers nationwide, including Potomac Mills and Arundel Mills, said in a statement that it would give Brookfield three days to top its previous offer, however, before it breaks the agreement signed Jan. 17. The company said it was 'ready and willing to negotiate such an amendment' with Brookfield, which is headquartered in Toronto. .. Along with the higher price, Mills said its board preferred the Simon-Farallon deal because it could be closed more quickly. If it ends the Brookfield agreement, Mills would likely absorb a $40 million breakup fee, but some Wall Street analysts said that was not a considerable amount." The AP notes, "Mills, one of the first developers of oversize malls known as mega-malls, has struggled in the past year with accounting problems and heavy debt that the company said in January could push it into bankruptcy. … The Securities and Exchange Commission is investigating Mills's accounting missteps, which the company said were widespread and

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could cost shareholders up to $352 million in equity. Mills has yet to file its 2005 annual earnings report and plans to restate earnings as far back as 2001."

ENVIRONMENT:

Honeywell Settles Chemical Plant Death Charge With DOJ For $12 Million. The AP (2/14) reports from Baton Rouge, "Honeywell International Inc. has agreed to pay $12 million in fines and restitution resulting from a fatal accident at its Baton Rouge chemical plant in 2003, the Justice Department said Tuesday." The AP continues, "Honeywell agreed to plead guilty to violating the federal Clean Air Act, U.S. Attorney David Dugas said in a news release. A court date for formally entering the plea has not been set." The AP adds, "The charge stemmed from an accident at the plant on July 29, 2003. A plant worker, Delvin Henry, was doused by a corrosive material after opening a vat that had been labeled as containing a benign refrigerant. He died from his injuries the next day. … Through the plea agreement, Henry's three children will receive $2 million. The company also will pay an $8 million criminal fine, $750,000 to the Louisiana Department of Environmental Quality, $750,000 to the Louisiana State Police hazardous materials unit and $500,000 to the state police emergency operations center."

Judge Rules Agriculture Department Violated Law In Seed Case. The New York Times (2/14, Pollack) reports, "A federal judge ruled yesterday that the Agriculture Department violated the law by failing to adequately assess possible environmental impacts before approving Monsanto's genetically engineered alfalfa." The Times continues, "Judge Charles R. Breyer of Federal District Court in San Francisco said the agency had been 'cavalier' in deciding that a full environmental impact statement was not needed because the potential environmental and economic effects of the crop were not significant." The Times adds, "Plaintiffs in the case — some alfalfa seed companies and environmental and farm advocacy groups — said they would push to stop the sales and planting of the alfalfa, which is resistant to Monsanto's Roundup herbicide. … Joseph Mendelson, legal director of the Center for Food Safety, a Washington advocacy group that organized the lawsuit, said the decision by itself could block commercial sales of genetically engineered alfalfa seeds but that the plaintiffs would ask for an injunction to make sure. Judge Breyer asked the parties to meet and propose remedies to him by Feb. 26." The Times notes, "A federal judge in Washington said last week that the Agriculture Department had not done adequate assessments before approving field trials of genetically engineered grass. And last August a federal judge in Hawaii, in a case involving field trials of crops engineered to produce pharmaceuticals, ruled that the Agriculture Department had not adequately assessed the possible impact on endangered species. … Mr. Mendelson of the Center for Food Safety said yesterday's decision could set a precedent that would require the Agriculture Department to do full impact statements for other biotech crops before they are approved."

Corporate Executives Call For Emissions Caps In Senate Testimony. The Los Angeles Times (2/14, Simon, 850K) reports, "Corporate CEOs do not usually come to Capitol Hill to lobby for more government regulation. But that's what a group of executives did Tuesday, urging Congress to cap emissions blamed for global warming." Advocates "of a mandatory program for reducing greenhouse gas emissions see support from such businessmen as critical to getting legislation through Congress and past President Bush's veto pen. The executives were invited to appear at the Senate Environment and Public Works Committee hearing by its chairwoman, Sen. Barbara Boxer, D-Calif., who has made passage of legislation addressing global warming her top priority." The testimony "was intended to rebut arguments that mandatory caps on emissions of carbon dioxide and other gases would be bad for business and drive up costs."

Exxon CEO Warns Against Damaging Economy With Emissions Curbs. The New York Times (2/14, Krauss, Mouawad, 1.16M) reports, "The chief executive of Exxon Mobil, Rex W. Tillerson, warned Tuesday that governments should not rush into policies that could damage the global economy in order to limit carbon emissions. In a speech at a major industry gathering, Mr. Tillerson acknowledged that the planet was warming while carbon dioxide levels were increasing, suggesting a more accommodating position than the hard-nosed stance Exxon had held." But he "gave an unalloyed defense of the oil industry and predicted that hydrocarbons would dominate the world's transportation as energy demand grows by an expected 40 percent by 2030. There is no significant alternative to oil in coming decades and Exxon will continue to make oil and natural gas its primary products, he said."

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Tillerson's "statements suggested that Exxon was navigating between positions defending oil as an energy source and its core business, and showing sensitivity to growing public concerns about a warming climate."

FBI/DEA/ATF/USMS:

WPost Runs Excerpt From IG Report On Missing FBI Laptops. Under the headline "Audit Faults FBI on Missing Laptops, Weapons," the Washington Post (2/14, A17, Eggen, 690K) ran a 212-word excerpt from the IG report released Monday which found "that 160 weapons and 160 laptop computers were missing at the FBI." The Post noted that the report said, "We recognize that in any organization the size of the FBI some weapons will inevitably be stolen or go missing. However, it is important that the FBI take appropriate steps to minimize these losses. … Our audit found that the FBI has not taken sufficient corrective action on several recommendations outlined in our 2002 audit report to address the issue of missing or stolen equipment. … Moreover, during this follow-up review, the FBI could not identify for us the contents of many of the lost and stolen laptops, including whether they contained sensitive or classified information . . ."

Philadelphia Cocaine Dealer Sentenced To 24 Years In Prison. The Philadelphia Daily News (2/14, Caparella, 106K) reports, "Mario Luis Rojas Jr., 39, a fugitive for 7 ½ years, a $3-million con man and bigtime cocaine trafficker, officially closed the family business Friday. His new life begins in a federal prison, where he'll serve a 24-year sentence thanks to U.S. District Judge Bruce Kauffman." The Daily News notes that after Rojas was arrested in 1998 and promised to cooperate with police, he "bribed a high school buddy, state trooper Antonio Romero, Jr., with a promise of a $3 million payday in return for a key to escape. Rojas then reneged on the $3 million and his deal to cooperate and fled to Mexico, where he resumed shipping cocaine to Philadelphia," according to Assistant US Attorney Ewald Zittlau. "During an investigation of the escape, the FBI conducted a 'reverse sting' and supplied the trooper's cousin, Jose L. Davila, with five kilograms of 'sham' cocaine as if it were a partial payment of the $3 million owed by Rojas."

Judge Says Supply Of Marijuana For Medical Research Is Inadequate. McClatchy Newspapers (2/14) reports, "In an emphatic but nonbinding opinion, the Drug Enforcement Administration's own judge is recommending that a University of Massachusetts professor be allowed to grow a legal pot crop. … 'The existing supply of marijuana is not adequate,' Administrative Law Judge Mary Ellen Bittner ruled. … The federal government's 12-acre marijuana plot at the University of Mississippi provides neither the quantity nor quality scientists need, researchers contend." The Bush administration's "anti-drug stance may make it unlikely that the pot-growing rules will loosen. A decision is still months away, the DEA said."

In a longer version of the story, McClatchy Newspapers (2/13) wrote that both sides "will now get a chance to file comments on the opinion before DEA administrators make their ruling. 'We could still be months away from a final decision,' DEA spokesman Garrison Courtney said Tuesday afternoon, adding that 'obviously, we're going to take the judge's opinion into consideration.'" The McClatchy story was used by the Denver Post, Fresno Bee, San Jose Mercury News, San Luis Obispo Tribune, Detroit Free Press, and Kansas City Star.

The San Francisco Chronicle (2/13) reported the ruling "is actually only a recommendation to the DEA, which supports the current policy." Courtney "said a deputy administrator would make the final decision after reviewing arguments from lawyers for the DEA staff and for [Lyle Craker, a University of Massachusetts professor of plant biology.] The agency's decision could be appealed to a federal court in Washington, D.C. 'It's going to be a hard case to win,' said Anjuli Verna of the American Civil Liberties Union's drug law reform project, which represents Craker. She said the court could overturn a DEA veto of Bittner's ruling only if it was found that the agency was acting arbitrarily."

The North County Gazette (2/13) reported, "Thirty-eight members of Congress and a broad range of scientific and medical organizations have joined professor Craker in challenging the federal government's policy of blocking administrative channels and obstructing research that could lead to the development of marijuana as a prescription medicine. These organizations include the Lymphoma Foundation of America, the National Association for Public Health Policy, the Multiple Sclerosis Foundation, as well as several state medical and nurses associations."

Purported Ringleader Of Arizona Meth Operation Gets Life Sentence. The Arizona Daily

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Star (2/13) reported the "ringleader of one of Tucson's largest methamphetamine organizations was sentenced to life in prison Monday. Timothy Owens, 50, was convicted last month on 22 felony counts following a three-week trial in Pima County Superior Court." The Counter Narcotics Alliance "was asked by the Tucson Police Department for help in investigating the burgeoning methamphetamine business in Midtown. It was soon afterward that Rich Kivi, a special agent with the U.S. Drug Enforcement Administration, discovered that many of the same people were being arrested again and again on drug-related charges only to be released to commit new crimes while awaiting trial." The Daily Star says Owens was included on the list of repeat offenders.

The AP (2/14) reports a similar story.

Former New York Trooper Pleads Guilty To Impersonating DEA Agent. The Newark Star Ledger (2/14) reports Michael Gluchowski, a former New York state trooper, has admitted posing as a DEA agent in a "raid." The Star Ledger says Gluchowski "could face up to three years in prison and a $250,000 fine." The Star Ledger reports John Yauch, the public defender representing Gluchowski, "had [an] innocent explanation for his client's actions: He was doing research for a book about his years with the DEA."

Congress Expected To Evaluate 2006 Anti-Meth Package. In the Modesto (CA) Bee (2/13) Michael Doyle wrote, "The House meth caucus is bigger than ever. … But none of this means the 110th Congress will do something new about the drug. Instead, 2007 may turn out to be a year for consolidation, as lawmakers evaluate results from their most recent anti-meth package signed by President Bush in March." The 2006 legislation "authorizes $99 million a year for meth-related enforcement, training and research. Next year, though, lawmakers must decide how much money to actually provide." Lawmakers "also must decide how much money will be devoted to the High Intensity Drug Trafficking Areas, such as the Fresno-based program targeting the valley methamphetamine trade."

Former Customs Agent Gets 9-Year Sentence In Cocaine-Smuggling Case. The Arizona Daily Star (2/14) reports a former customs officer "was sentenced to nine years in prison Tuesday after he knowingly allowed a vehicle with 440 pounds of cocaine inside to come into the United States. Fernando Arango, 52, was working for U.S. Customs and Border Protection at the port of entry in Nogales when he decided to counsel a person who he believed to be a drug trafficker on how to purchase an RV and have it altered to smuggle drugs into the country, according to…the U.S. Attorney's Office in Arizona."

The Arizona Republic (2/13) reported Officials "said while he still worked for the Border Patrol, Arango taught a person, whom he believed was a drug smuggler, how to have a vehicle altered with a hidden compartment to smuggle drugs into the United States."

The AP (2/14) reports Arango "was caught in a sting operation in October, 2005 when a law enforcement informant met him and paid him for his help."

IMMIGRATION:

Bank Of America To Issue Credit Cards Without Social Security Numbers. The Los Angeles Times (2/14, Reckard, Streitfeld, Uribarri) reports, "Bank of America said Tuesday that it was issuing credit cards to Spanish-speaking immigrants who may not have Social Security numbers, triggering complaints that the nation's largest retail bank is tacitly endorsing illegal immigration." The Times continues, "The bank described the program as a pilot, limited for now to 51 branches in Los Angeles County, and said it could go national this year. … The credit cards are not aimed specifically at illegal immigrants, a bank spokeswoman said, but instead people who lack solid credit histories. Even so, the bank was bombarded with angry phone calls." The Times adds, "On Capitol Hill, Rep. Tom Tancredo (R-Colo.) accused the lender of aiding terrorists, while the Department of Homeland Security worried that the program could be exploited by criminals. … 'At face value the program seems to be problematic,' said Russ Knocke, a department spokesman. 'It seems to be lending itself to possibilities of perpetrating identity theft or creating more risk for money laundering.'" The Times notes, "The bank's program may be controversial, but it also vividly demonstrates that businesses view the country's estimated 12 million illegal immigrants not as lawbreakers but as customers. … Other major banks including Wells Fargo & Co. and Citibank have launched similar initiatives to gain customers in the burgeoning Latino community. … Wells Fargo began a pilot program last year in Los Angeles and Orange counties to offer home mortgages to immigrants who

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have lived in the United States for at least two years. The customers are allowed to identify themselves using taxpayer numbers issued by the Internal Revenue Service instead of Social Security numbers. That's the same type of identification number an immigrant can use to obtain a credit card under Bank of America's pilot program. … A Justice Department official declined to comment on the legality of the program."

Feinstein Wants Explanation For Ex-Border Agents' "Extreme" Sentences. The Washington Times (2/14, Seper, 88K) reports Sen. Dianne Feinstein has written Attorney General Alberto R. Gonzales and Homeland Security Secretary Michael Chertoff asking them "to explain the 'extreme' prison sentences two US Border Patrol agents received for shooting a fleeing drug-smuggling suspect." The senator wrote "that the government's prosecution had a 'chilling effect' on the ability of other agents to carry out their duties and had significantly affected their morale." Feinstein said Ignacio Ramos and Jose Alonso Compean "were given 'sentences that some individuals who are convicted of murder wouldn't receive.'"

TAX:

Bill Would Reduce Underpayment Of Capital Gains Taxes. The Wall Street Journal (2/14, C3, Solomon, 2.04M) reports that in an effort "to raise government revenues without raising taxes, a bipartisan group of lawmakers will join President Bush today in supporting a plan to require securities brokers, mutual funds and others to report the original purchase price that an investor paid for stocks, bonds and other securities, and thus cut down on underreporting of capital gains." The proposal "aims to help close the 'tax gap' -- the difference between what the government collects in revenue each year and what it believes it is entitled to collect." Internal Revenue Service researchers "estimate the gap at about $290 billion a year, and lawmakers -- as well as Mr. Bush -- would like to tap into that money to help pay for other priorities."

CONGRESS-ADMINISTRATION:

Negroponte Confirmed At Deputy Secretary Of State. The Washington Post's (2/14, A17) Al Kamen writes in his "in the Loop" column that the Senate on Monday confirmed former national intelligence director John Negroponte as deputy secretary of state. Kamen sys "Negroponte's portfolio as deputy was expected to include the pesky North Korea nuke problem. But Assistant Secretary of State Christopher Hill appears to have hammered out an agreement on that. Maybe it was because the North Koreans heard Negroponte was coming?"

White House Sends Khalilzad Nomination To Senate. The Washington Post's (2/14, A17) Al Kamen writes in his "in the Loop" column that the White House "has sent up to the Senate the nomination of Zalmay Khalilzad, now our man in Baghdad, to be ambassador to the United Nations." The move Monday came "nearly two months after his selection was announced," but the Senate, "barring some unforeseen fracas, may confirm him in early March." Meanwhile, Ford M. Fraker, an investment banker and former head of banking at Saudi International Bank, was nominated to be ambassador to Saudi Arabia, while Lt. Gen. Dell L. Dailey, "now director of the center for special operations at MacDill Air Force Base, has been tapped to be the State Department's coordinator for counterterrorism."

Bush Criticized For Lack Of Black Judicial Nominees. The National Law Journal (2/14, Maclean) reports, "In nine of 11 Southern states, President George W. Bush has never nominated an African-American for any of 62 openings for federal trial court judgeships, according to federal court data." The Journal continues, "In his home state of Texas, the president has not nominated a single black judge to the federal bench in 18 nominations sent to the Senate during the past six years, according to Leslie Proll, director of the NAACP Legal Defense and Education Fund's Washington office." The Journal adds, "The lack of black nominees has caused some African-American lawyers to express concern that retiring black judges appointed years ago will leave a new crop of Southern lawyers who may never see a black judge on the federal bench. … Mississippi and Alabama have not had a black judge appointed in more than 20 years, a situation Proll called, 'very egregious. So many of the Carter judges are leaving the court through death or retirement. Generations are changing on the bench, and nobody is following them,' she said." The Journal notes, "In Alabama, where all nine Bush nominees have been white, U.S. Rep. Artur Davis, D-Ala., said, 'It is inconceivable to me that there has not been a black judge of caliber to serve on

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the federal bench in the last 20 years. .. The first thing you hear is they can't find anyone qualified. That is not plausible, given the number of black lawyers in the state,' Davis said." The Journal notes, "The more powerful federal appellate courts of the 4th, 5th and 11th U.S. circuit courts of appeals have fared little better with black nominations. Of 14 nominees, no blacks have been proposed for the 5th or 11th circuits. … Bush has nominated three blacks to the 4th Circuit -- Claude Allen of Virginia, who later withdrew in the face of Democratic opposition; Judge Roger Gregory, originally a recess appointment by President Clinton renominated by Bush in 2001; and Judge Allyson Duncan of North Carolina, confirmed in 2003."

Black Lawmakers Have Low Expectations For Bush Meeting. Roll Call (2/14, Yachnin) reports members of the Congressional Black Caucus "said Tuesday they weren't getting their hopes up in advance of this week's private meeting with President Bush, the first such planned encounter in two years." Even as "many of the group's 44 lawmakers confirmed they plan to attend Thursday's White House meeting, acknowledging the event's importance, Members offered doubt that the session would yield any tangible results." Rep. Elijah Cummings said, "It's only logical that we have to consider what has happened in the past at these meetings." Roll Call adds Rep. John Conyers "asserted that even the power-switch that put Democrats in control of Congress — although nonpartisan, the CBC's membership includes no Republicans — will have little impact on the session's outcome." Conyers said, "I expect nothing from the president."

ABA Supports Pay Raises For Federal Judges. The AP (2/14, Sherman) reports, "The 420,000-member American Bar Association came to the defense of judges during its Miami meeting, expressing support for a pay raise for federal judges and pledging to defend aggressively against ballot measures that compromise judicial independence." The AP continues, "ABA President Karen Mathis told her membership Monday that district judges, who earn $165,200 a year, certainly should be paid more than first-year lawyers at New York City firms. Starting annual salaries there now are $160,000." The AP adds, "Former Federal Reserve Chairman Paul Volcker recently wrote that district judges would be making roughly $100,000 a year more today had their pay risen at the same pace as U.S. salaries generally. .. .Chief Justice John Roberts also highlighted judicial pay in his year-end report, noting that judges were leaving their lifetime-tenure jobs at an alarming rate for much better-paying jobs in the private sector."

House Panel Would Curb Government Review Of Foreign Investments. The Wall Street Journal (2/14, A11, Hitt, 2.04M) reports a House committee "voted to curb the government's ability to reopen reviews into how foreign investments in U.S. companies might affect national security. But some business leaders said the proposed change doesn't go far enough." The issue concerns "the Bush administration's decision to reserve the right to revisit -- and potentially unwind -- foreign-led deals, even after they have been cleared by the U.S. government." The Bush administration "insisted on including such an 'evergreen authority' clause as part of its approval in November of the $11.6 billion purchase of Lucent Technologies Inc. by France's Alcatel SA. Business, concerned about the uncertainty added by such a clause, has lobbied Congress over the issue." The House Financial Services Committee, "acting on an amendment advanced by its chairman, Rep. Barney Frank (D., Mass.), yesterday approved a measure requiring that any decision to expose business deals to additional security reviews be triggered at the most senior levels of the government."

Bush Budget Ties Increased Drug Industry Fees To FDA Funding. USA Today (2/14, 1B, Schmit, 2.27M) reports President Bush's proposed budget "will create new industry fees to help finance the Food and Drug Administration, tying it more closely to the businesses it regulates." The FDA says "fees help it get good products to market faster, but critics say they give business too much influence. At a congressional hearing Tuesday on the FDA's drug-review record, Rep. Bart Stupak, D-Mich., said the drug-review fees already in place have helped compromise the FDA's ability to ensure a safe drug supply." Of the FDA's "proposed $2.1 billion budget for fiscal 2008, 21.3% would come from user fees paid mostly by drug, medical device and food companies. That's about the same as in last year's proposed budget." In addition "to criticism from some members of Congress, the drug industry is questioning the growth of user fees, too."

Senators Offer Healthcare Reform Plan To Bush. The AP (2/14, Freking) reports that five Republican

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senators and five Democratic senators "told President Bush on Tuesday that they have agreed on a blueprint for increasing health insurance coverage, and they would like to work with him on it," and the White House "quickly took the lawmakers up on their offer." The AP continues, "The senators said they disagreed that the Senate is too divided to pass comprehensive health care legislation. Their blueprint, while vague on many points, contains two proposals that are essential, said Sen. Ron Wyden," an Oregon Democrat. The AP continues, "The first point was a 'big lift' for Republicans, he said. It acknowledges that legislation should ensure that all Americans have affordable, quality health insurance, while protecting current government programs such as Medicare and Medicaid. The second point required compromise from Democrats, he said, because they agreed with Bush that the current federal tax rules for health insurance disproportionately favor the rich while promoting inefficiency." The AP also notes that "Wyden said the lawmakers were not endorsing the president's tax proposal. They only acknowledged that the current tax rules were problematic."

Medical Establishment Said To Oppose Healthcare Reform. The Washington Post's Steven Pearlstein (2/14) writes, "It's hardly an original point, but now that health-care reform is back on the political agenda, it's worth emphasizing: The reason the system has been so resistant to change is that lots of powerful interests do very nicely with things just the way they are. Or, put another way: Although doctors, hospitals, insurers and drug companies say they, too, want things to change, any comprehensive reform would reduce their incomes and their profits."

Senate Poised To Pass $464 Billion Spending Bill. The AP (2/14, Taylor) reports, "The Senate is poised to send President Bush a huge spending bill that strikes a balance between Democrats controlling Congress and Republicans whose budget work stalled last year." The "catchall $464 billion measure would fund 13 Cabinet agencies covering foreign aid and every domestic agency save for the Homeland Security Department." A final vote "is slated for Wednesday after Democrats on Tuesday won a key vote to limit debate by a lopsided 71-26 margin." The measure "will be the first major bill to work its way through both the House and Senate since the Democratic takeover, but it also has support from Bush because it sticks within the overall budget limit he and congressional Republicans set last year." The Washington Times/AP (2/14) says the bill "reflects the priorities of its authors, the Democratic chairmen of the House and Senate Appropriations committees, who shifted funds from Mr. Bush's requests for foreign aid and military base projects to popular programs such as health research, law enforcement and low-income housing. Most of the funding shifts were small but were needed to avoid furloughs or other problems at agencies such as the FBI that are limping along at or below last year's funding levels."

The Wall Street Journal (2/14, A13, Rogers, 2.04M) notes the Senate vote "came as the House began debate on a resolution challenging Mr. Bush's decision to send at least 21,500 more U.S. troops to try to curb sectarian violence in Iraq. The twin events underscore how central defense spending will be to the 2008 budget debate this spring, and how emotions over the Iraq war can make the debate more difficult for both parties."

Democratic Spending Bill Said To Include "Accounting Gimmicks." McClatchy (2/14, Rosen) reports that when President Bush "sent Congress his 2008 budget last week, Democratic lawmakers accused him of using accounting gimmicks to appear fiscally responsible and intent on reducing the federal deficit." But it "turns out, the Democrats have some accounting tricks of their own. A massive spending bill to fund the government through September contains billions of dollars in savings that exist only on paper, but which free up real money to spend on discretionary programs Bush has sought to cut." The House "passed the $463.5 billion appropriations legislation Jan. 31, and the Senate took it up Tuesday." Budget experts "from both parties, including current and former lawmakers and senior aides, said the Democrats' legislation relies on various types of creative accounting and side deals in order for it to appear to avoid new deficit spending." Among other "gimmicks," the measure "provides $2.49 billion for the ongoing realignment and closing of military bases, less than half the amount authorized by the last Congress. There is bipartisan agreement to make up the difference - $3.14 billion - in subsequent 'emergency' supplemental appropriations." The measure also "eliminates $3.5 billion in 'contract authority' for federal highway projects, but it doesn't decrease 'obligation limitations' by an equivalent amount."

Business Groups Ready Opposition To Union Organizing Bill. The Wall Street Journal (2/14, A13, Cummings, 2.04M) reports business interests "are

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bracing for their first clash with the Democratic Congress, raising millions of dollars to defeat a proposal to ease labor-organizing efforts." A House committee "is set to begin work today on the Employee Free Choice Act, which would give greater legal protection for union organizers and would let workers choose to organize simply by signing pro-union cards rather than holding a federally supervised election." Labor leaders "made enactment of such a law a priority, after spending heavily in last year's elections to help their Democratic allies win control of Congress." The AFL-CIO "and other labor groups say that having the ability to organize workers through a card-signing process will help them to stem the multidecade decline in union representation."

Roll Call (2/14, Newmyer) reports that in "what is set to be their first major showdown since Democrats took control of Congress, business and labor interests are poised for a multimillion-dollar clash over a measure to make it easier for workers to unionize." The "deep-pocketed corporate lobbying groups have joined together to defeat the proposal, today announcing the launch of a new coalition to coordinate their activities. The effort, called the Coalition for a Democratic Workplace, has the backing of the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business, among others." On the other side is "an informal alliance of labor groups, headed by the AFL-CIO and the breakaway Change to Win unions, working across a divide in the labor movement to advance the measure. They also have the backing of Americans United, a liberal group closely aligned with Congressional Democrats." The bill at issue "in the fight is the Employee Free Choice Act. A top priority for labor unions and Democratic leadership, the bill would allow employees at a workplace to organize once a majority sign cards indicating they want to join a union."

Sweeney Says Lindsey Mischaracterized Union Organizing Bill. In a Wall Street Journal letter to the editor (2/12), AFL-CIO president John Sweeney says, "In response to Lawrence B. Lindsey's mischaracterization of the Employee Free Choice Act ('Abrogating Workers' Rights,' editorial page, Feb. 2): In fact, workers can still petition for a union election under the Employee Free Choice Act. The new legislation simply gives workers another choice, to form unions when a majority signs authorization cards. Such procedures have been in place since 1935 -- but today the choice is up to the boss, and it should be up to workers." Lindsay "claims that under the new legislation, workers couldn't decertify a union by signing a card. The fact is, they already can, and that wouldn't change. If workers present to their employer a petition or other evidence that a majority no longer want the union, the employer can legally withdraw recognition and refuse to bargain."

Norwood Dies Of Lung Disease. NBC Nightly News (2/13, story 5, :30, Williams, 9.87M) reported, "There was a pause in that Iraq debate today in memory of Republican Congressman Charlie Norwood, who died this morning at his home in Augusta, Georgia after a long battle with lung disease. He was a conservative, swept into office in the GOP wave of 1994. He was a dentist and a passionate advocate of a patients' bill of rights, aimed at giving consumers better access to healthcare in this country. Charlie Norwood was 65 years old."

The AP (2/14, Evans) reports Norwood, "a blunt-spoken Georgia Republican who sold his dental practice and ran for Congress at age 52, died Tuesday after battling cancer and lung disease." President Bush, "in a statement, described Norwood as 'a good friend and a strong, spirited legislator who always stuck to his principles.'" The "vacancy created by his death will be filled by a special election." Norwood "wasn't afraid to criticize his own party when he thought it was veering off course. Last year he called Republicans who backed compromise immigration legislation 'turncoats.'" Norwood's "passion was health care. Taking on insurance companies, he spent much of his political career pressing for a 'patients' bill of rights' aimed at giving consumers better access to care, including greater ability to sue insurers."

Roll Call (2/14, Whittington) reports that as "politicians from Capitol Hill to Atlanta mourned the death of Rep. Charlie Norwood (R-Ga.) on Tuesday, calculations and preparations already were under way for a special election to fill the vacancy in the Augusta-based 10th district." Among the "local GOP lawmakers considered most likely to run to succeed Norwood are state Rep. Barry Fleming and state Sens. Ralph Hudgens and Jim Whitehead." Former state Sen. Brian Kemp (R) and state Rep. Ben Harbin (R) "also have been mentioned as possible candidates. However, Harbin's perch as chairman of the Appropriations Committee is a powerful incentive for him to stay put." In Georgia, "state lawmakers must resign their seats once they qualify to run in a special election — a requirement that could severely limit what otherwise would be a large field of candidates." Georgia Gov. Sonny Perdue (R) "now has 10 days to issue a writ of election,

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which will allow the Georgia secretary of state's office to set the date for the special election. The contest, which must occur 30 days after the writ of election is issued, will be an all-party primary in which the first-place finisher must get more than 50 percent of the vote to avoid a runoff."

Bush's Comments About His Father Noted. The New York Times (2/14, Rutenberg, 1.16M) reports, "It was a moment of public sentimentality that seemed almost un-Bush-like. Speaking on C-Span on Monday, President Bush said of his father, 'I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news.' Mr. Bush continued: 'I understand how difficult it is for a person who loves somebody to see them out in the political process and to kind of endure the criticism. My answer to him is, 'Look, don't pay attention to it. I'm doing fine.' His comments were a rare window into a complicated father-son relationship that has been a source of endless fascination in Washington and promises to fascinate future historians no less."

Ellison Complains To Police About Tancredo's Cigar Smoke. The Hill (2/14, Rothstein) reports Rep. Keith Ellison "called the Capitol Hill Police on" Rep. Tom Tancredo last Wednesday night "as Tancredo was in his office smoking a cigar. The lawmakers have neighboring offices on the first floor of the Longworth House Office Building. Tancredo was still stunned a day later. 'It's very bizarre,' said Tancredo, who has never met Ellison. 'Seemed to me not a good way to say hello.'" The Hill goes on to report that a police officer "walked in to check on the smoke. The officer told Tancredo that the officer came because he was required to do so and not because the officer wanted to. The officer had already told Ellison that Tancredo was permitted to smoke in his office. The visit was more a formality."

NYTimes Seeks Ban On Congressional Leadership PACs. The New York Times (2/14, 1.16M) reports, "Critics in Congress know the free-flowing PAC's, as the next big scandal waiting in the wings, should be banned under campaign finance law. The leaders of the House Democratic campaign committee, in fact, have already canceled the committee's annual ski weekend for lobbyists. Members should follow suit and ban the grossly misnamed leadership PACs as a step toward serious campaign finance reform."

OTHER NEWS:

Trade Deficit Hits New Record. USA Today (2/14, 2B, Lynch, 2.27M) reports, "Here's a news flash: The U.S. trade deficit set a record last year. If that seems pretty much like a dog-bites-man story, maybe it's because 2006 marked the fifth-consecutive year that the trade deficit hit a new high." The US "last ran an annual trade surplus in 1975 as the Vietnam War wound down and Saturday Night Live made its television debut. … There's hope, however, that the US trade imbalance with the rest of the world in goods and services may have peaked. 'It's going to get a bit better,' says Nigel Gault, chief US economist at Global Insight."

The Wall Street Journal (2/14, A2, Price, 2.04M) reports "economists said trade is likely to contribute to growth in coming months, as exports continue on an uptrend and oil prices, which surged in December, fall back. Economists have long predicted that as economic demand among top US trading partners caught up with rapid US economic growth, the US trade deficit would shrink."

The New York Times (2/14, Weisman, 1.16M) reports, "The record trade deficit was no surprise, since it had been foreshadowed in monthly figures over the last year. But in the current tense political climate in Washington, it was seized upon by both the Bush administration and its critics. It also seemed certain to become a factor in the accelerating presidential race." The Times adds, "Leading Bush administration officials noted that although the deficit had reached new levels, exports of American products were also growing at record rates, in many cases to the countries with which the United States had signed trade deals in the last six years. 'Our exports for the last year are up by nearly 13 percent,' Carlos M. Gutierrez, the commerce secretary, said in a telephone interview. 'We've said all along that our strategy is to grow exports and ensure that companies know about the trade agreements we have, rather than a protectionist strategy of cutting off imports.'" Democrats "used the latest trade numbers to demand what the House speaker, Nancy Pelosi, called 'a new direction' in trade policies, placing more emphasis on opening foreign markets to American goods, protecting American products from piracy and counterfeiting, and helping American industry become more competitive."

The Washington Post (2/14, A1, Goodman, Henderson, 690K) also says the data "raised tensions in Washington,

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unleashing criticism on Capitol Hill of the Bush administration's pursuit of new trade deals. They also provoked a fresh round of demands for action against China, whose trade surplus with the United States swelled to a record $233 billion last year, according to the Commerce Department." In Congress, the Democratic leadership "used the record deficit to accuse the Bush administration of selling out the interests of American workers in pursuit of trade deals. In a letter to President Bush, top Democrats, including…Pelosi (D-Calif.) and Rep. Charles B. Rangel (D-N.Y.), chairman of the Ways and Means Committee, called the trade deficit 'unsustainable,' listing among its consequences 'failed businesses, displaced workers, lower real wages and rising inequality.' … A White House spokesman, Tony Fratto, said the letter was 'not the most helpful approach.'" But "he added that the White House would 'work with Congress' in seeking approval for new trade deals."

Stocks Up. NBC Nightly News (2/13, story 8, :15, Williams, 9.87M) reported, "On Wall Street, the blue chips spiked on rumors that aluminum giant Alcoa is somehow a takeover target. The Dow finished up at 102 points to close at 12,654.85] on the day. NASDAQ was up nine and a half points [to close at 2,459.88] on the day." The Wall Street Journal (2/14, C1, Browning, 2.04M) notes "the blue-chip average is up 1.5% for 2007. The last record close was 12673.68, on Feb. 1." Also yesterday, "the Standard & Poor's 500-stock index rose 0.76%, or 10.89 points, to 1444.26, up 1.8% in 2007." The Washington Post (2/14, D1, Tse, 690K), among other newspapers, also reports on the stock market.

Bernanke To Testify Before Congress. The Wall Street Journal (2/14, 2.04M) reports, "Federal Reserve Chairman Ben Bernanke begins his two-day semiannual economic report to Congress, with financial markets braced for hawkish signals on interest rates. The economy continues to chug along despite the drag from the slower housing market, and investors are concerned that a future rate increase is still on the table. Mr. Bernanke's testimony on Capitol Hill begins at 10 a.m. EST." USA Today (2/14, 3B, Hagenbaugh, 2.27M) says Bernanke "will likely be peppered with questions about why wages are not rising at a more rapid pace. But he may have to leave lawmakers guessing." USA Today adds, "That's because economists aren't sure why wages haven't increased at a faster pace even though the labor market is tight. A tight labor market is often a precursor to a big pickup in pay as employers enter into bidding wars to attract and retain workers."

Economist Sees Budget Surplus In 2009. In a Wall Street Journal (2/14, A-21, 2.04M) op-ed, economist Brian Wesbury writes, "In relative terms, the first five years of the current recovery have been much better than the first five years of the 1990s recovery. But all this has not softened the pessimism of many pundits and politicians who are either unimpressed or expect the whole thing to come crashing down any minute. That is, unless the government firmly grabs the reins of the global economy and steers it clear of disaster." Wesbury adds, "Many believe that the debate is over on global warming, nationalized health care, tax hikes, rich-versus-poor, the trade deficit and 'obscene' oil company profits. Forgotten in this rush to pass judgment on capitalism is the fact that the last two times government seriously tried to control the U.S. economy -- in the 1930s and in the 1970s -- they made a terrible mess of it." Many "of the more acute economic problems supposedly facing the U.S. are evaporating quickly. My models of the federal budget forecast a $115 billion dollar deficit this year, just 0.8% of GDP, less than half the size expected by the White House." A "budget surplus in 2009 is likely," and "[s]urpluses will change the calculus on tax hikes in dramatic fashion. Any argument to repeal the Bush tax cuts will face a strong headwind. This is great news for investors and the economy."

Romney Makes His Candidacy Official At Michigan Event. Former Massachusetts Gov. Mitt Romney officially declared his candidacy for president yesterday at the Henry Ford Museum in Dearborn, Michigan. Romney's decision to kick-off his candidacy in Michigan capitalizes on the reputation of his father, who served as Michigan's governor, and, according to Fox News' Special Report (2/13, Hume), allows Romney "to portray himself as someone outside Washington D.C., and outside the sort of thinking and dealing that goes on here. … Casting himself as an outsider, he underscored his commitment to new and innovative thinking, something he pointedly suggested his GOP rivals are incapable of." All three network devoted significant time to covering the announcement, focusing on Romney's Mormonism and formerly liberal views on social matters. ABC World News (2/13, story 6, 2:10, Gibson, 8.78M) reported that "what he said and where he said it, spoke volumes about his candidacy. … In front of a new Ford hybrid and a 1963 Rambler once championed by his father, the

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former Governor of Massachusetts talked about the need for innovation." ABC noted Romney is "eager to highlight his Midwestern values and distance himself from some of the moderate stands he took as governor," but "biggest challenge may be his religion." According to the CBS Evening News (2/13, story 9, 2:30, Couric, 7.66M), "apparently many people are asking, Mitt who? A new CBS News poll found that 72% of Americans haven't heard enough about the former Governor of Massachusetts to form an opinion. Then there's the issue of his religion. Romney is Mormon, and that…may prove to be an obstacle as he embarks on his campaign. … A CBS News poll shows that most Americans don't know enough about the religion to have an opinion. Yet, more than two-thirds say they could vote for a qualified Mormon."

NBC Nightly News (2/13, story 9, 2:40, Williams, 9.87M) said Romney "has real challenges. He says he is the true social conservative in the race, opposed to abortion and gay marriage. But here was Romney in 1994." Romney was shown saying, "I believe that abortion should be safe and legal in this country"; and "I feel that all people should be allowed to participate in the Boy Scouts regardless of their sexual orientation." NBC also characterized Romney's religion as his "biggest hurdle."

Despite an enormous amount of recent media attention, the AP (2/14, Sidoti) portrays Romney as "a lesser-known Republican in a jam-packed presidential field." The AP notes the symbolism of yesterday's event and emphasizes that Romney is "casting himself as a political outsider with the managerial skills necessary to fix a flawed Washington." The AP adds, "His political resume thin…Romney sought to turn that potential weakness into a strength, portraying himself as the best candidate to meet the country's challenges given his venture capitalist background and proven leadership in the public, private and volunteer sectors. In doing so, he attempted to draw a stark distinction between his qualifications and those of" Sen. John McCain.

USA Today (2/14, 6A, Lawrence, 2.27M) reports, "Only one Republican presidential candidate has run a business, governed a state and turned an ailing Olympics into a success story. That record…Romney said Tuesday, makes him uniquely qualified to transcend Washington's 'petty politics' and deliver change. … The Michigan launch allowed Romney to focus on his Midwestern roots rather than the liberal state he governed until last month." USA Today notes that Romney's challenges include "his Mormon religion and changing positions on issues such as abortion, gay rights, emergency contraception and stem cell research."

The Politico (2/14, Martin) reports, "Along with two of his siblings, his wife, five sons and daughters-in-law and a bevy of grandchildren, the son of an automobile executive-turned-Michigan governor spoke to about 600 people. … Pivoting into his campaign message, the former venture capitalist declared in his 20-minute speech that 'if there ever was a time when innovation and transformation were needed in government, it is now.' Romney would return again and again to those buzzwords. He used 'innovation' 10 times and 'transformation' eight times." The Chicago Tribune (2/14, Pearson, 617K) reports, "Though he didn't mention Democratic Sen. Barack Obama or any other candidates by name, Romney also said voters should not be content with candidates who make broad appeals to voters' hopes. 'Our hopes and dreams are going to inspire us, because we are an optimistic people,' he said. 'But let me tell you, just hoping is simply crossing your fingers. What we really need are hands that will go to work. It's time for hope and action. It's time that we do as well as dream.'" The Boston Globe (2/14, Helman, 413K) reports, "Even with the soaring language, Romney…at times struck an uncharacteristically subdued tone, especially in the beginning of his address. The crowd also missed some applause lines, making for some awkward pauses."

Romney Struggling To Establish Conservative Bona Fides. The Washington Post (2/14, A1, Kornblut, 690K) describes Romney as a "Mormon father of five," who "brings personal wealth, dashing looks and business credentials to a race that is relatively open." The Post goes on to report that while Romney "focused…on his executive experience over the past decade and a half, his political evolution during that time is proving problematic: A significant obstacle is his history as a self-described moderate Republican during his 1994 Senate campaign. On issues such as abortion and gay rights, Romney has made sizable shifts since then, exposing himself to charges of inconsistency and political opportunism. He spoke directly about social issues in his announcement. … The emphasis contrasted with his words in 1994, when he at one point argued that the 'gay community needs more support from the Republican Party' and presented himself as the candidate to make that happen." Romney "says that he no longer favors a federal nondiscrimination law for gay men and lesbians, and that he would not support allowing them to serve in the

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military. He has also altered his stance on abortion, saying he would now support overturning the Supreme Court's 1973 Roe v. Wade."

The Wall Street Journal (2/14, A12, Calmes, 2.04M) reports, "For months, Mr. Romney has struggled to persuade conservatives that he opposes abortion and gay rights, despite videotaped comments to the contrary from his past campaigns in more liberal Massachusetts. Yesterday, he struck the notes that Christian conservatives listen for." The New York Times (2/14, Nagourney, 1.16M) notes Romney "made only passing mention to abortion and gay rights and used the kind of coded language that would be recognized by people familiar with the debate, in what appeared to be an accommodation to the larger audience a candidate faces when announcing. And he dropped a description of Americans as 'God-fearing' that was included in his prepared text." The Los Angeles Times (2/14, Barabak, 850K) reports Romney "spoke of God, family and morality…but made only passing mention of abortion and gay rights."

McCain Event Showcases Former Romney Supporters. Fox News' Special Report (2/13, Hume) noted that McCain's campaign "is playing hardball, staging a news conference with former Romney supporters who switched to McCain. While Romney is pro-life now, he supported abortion rights in the nineties. McCain, they said, had been a reliable conservative all along." Michigan state Rep. Judy Emmons: "His commitment to protecting life at every level from conception on, and the fact of the matter is that he has been strong in his convictions…for decades."

Morris Says Romney Has Been Overtaken By Gingrich As Conservatives' Alternative. In his column for The Hill (2/14) Dick Morris claims that former House speaker Newt Gingrich "appears to be moving up into contention, overtaking former Massachusetts Gov. Mitt Romney and battling to be the conservative alternative to either former New York Mayor Rudy Giuliani or Arizona Sen. John McCain. … Unnoticed by most pundits, Gingrich seems to be building a lead over Romney and a host of conservative wannabes." Morris adds, "As McCain drops in the polls…some conservatives seem eager for a 'real Republican' to challenge for the nomination. … Hungry for new ideas and desperate after losing Congress, Republican voters seem to be rallying to the only real genius in the race — the former Speaker. The statute of limitations seems to have expired on his personal scandals and Gingrich is striking a responsive chord among conservatives."

USA Today/Gallup Poll Shows Clinton, Giuliani Maintaining Leads. USA Today (2/14, 6A, Page, 2.27M) reports that New York Sen. Hillary Clinton (D) and ex-New York City Mayor Rudy Giuliani (R) "widened leads over their rivals in recent weeks as they began to openly campaign for the Democratic and Republican presidential nominations, according to a USA TODAY/Gallup Poll. The survey taken Friday through Sunday…shows Clinton with a 19-percentage-point edge over Illinois Sen. Barack Obama among Democrats and Giuliani with a 16-point margin over Arizona Sen. John McCain among Republicans. A month earlier, Clinton had led by 11 points and Giuliani by 4. Though Clinton and Obama have faced questions about whether the nation is ready to elect the first woman or African-American as president, the poll finds that other traits may pose higher hurdles. More than four in 10 say they wouldn't vote for a 'generally well-qualified person' for president who was 72 years old -- the age McCain will reach in August 2008. Three in 10 say they wouldn't vote for someone who has been married three times, as has Giuliani. In contrast, 11% rule out voting for a woman and 5% for a black." USA notes, "In potential general-election matchups, Giuliani defeats Obama by 9 points and leads Clinton by 2 points, within the survey's three-point margin of error. McCain ties Obama and trails Clinton by 3 points."

By 45-31, More Voters Intend To Vote For Democratic Candidate. The Wall Street Journal (2/14, 2.04M) reports Clinton "is leading the pack of presidential hopefuls as the campaign for the 2008 election begins, a new poll indicates. The Harris Interactive poll, which was conducted online Feb. 2-8, among 3,423 adults, shows that 20% of U.S. adults would most likely vote for Ms. Clinton if they had to choose one candidate from a list of those who may run. Ten percent of those surveyed said they would vote for Sen. Barack Obama (D., Ill.) and 8% said they would choose former New York City mayor Rudolph Giuliani. The poll indicates that for 45% of respondents, their first choice for president would be a Democratic candidate, while 31% would choose a Republican candidate. When asked to pick from a list of leaders they would consider for president, 45% said they would consider voting for Hillary Clinton, while 37% said they would consider Mr. Obama, 32% said they would consider Colin Powell and 29% said they would consider Mr. Giuliani. Forty-one percent of Republicans polled indicated they would consider a Democratic leader for president, while

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35% of Democrats said they would consider a Republican candidate."

Giuliani Hedges His Support For Bush's Handling Of Iraq War. The New York Times (2/14, Pérez-Peña, 1.16M) reports, "In every speech he makes…Giuliani talks about Iraq and makes clear that he sides with President Bush, endorsing the war and the deployment of 21,500 more troops. His chief rivals…take the same stances. But in discussing the deployment of more troops, Mr. Giuliani has been alone in saying that such a strategy may not succeed, potentially providing him cover should the situation in Iraq deteriorate further. And he has put the strategy in a broader context that plays down the importance of Iraq. Terrorists 'are going to continue to be at war with us, no matter what the outcome in Iraq,' Mr. Giuliani said recently in New Hampshire. The night before, he said that 'there are no sure things,' and that if the United States fails in Iraq, 'we have to be ready for that, too.' In California a few days later, speaking of 'the danger of focusing on Iraq too much,' he said that complete success there would not win the fight against terrorism, and that failure there would not lose it."

Giuliani's Speeches Stick To Familiar Themes. The Los Angeles Times (2/14, Finnegan, 850K) reports, "In five days of campaigning in California, Giuliani has made terrorism his paramount focus -- that and his story of a New York turnaround on his watch at City Hall. … But while testing themes, he has stuck to tightly controlled events that minimize his exposure to tough questions on the Iraq war, domestic policy or the private business deals and speeches that have made him wealthy. A supporter of President Bush's troop buildup, Giuliani has framed Iraq as a battle in the war on terrorism without addressing questions on its original rationale."

1994 Campaign Memo Analyzes Giuliani's "Weirdness Factor." The Washington Post (2/14, A3, Kurtz, 690K) reports that a "vulnerability study" undertaken by former New York City mayor Rudy Giuliani's own 1994 campaign, "including warnings about his 'weirdness factor' and other perceived liabilities, surfaced. … The 1993 report by two aides in Giuliani's mayoral campaign was obtained by Village Voice reporter Wayne Barrett for a book on Giuliani and was posted on the Smoking Gun Web site." The Post goes on to report, "The 'weirdness' question involved Giuliani's first marriage, to his second cousin. He had his 14-year union with Regina Peruggi annulled on grounds that the Roman Catholic Church had never properly approved the marriage. The 1993 memo said that Giuliani had given a 'wide array of conflicting answers' about his personal life, bringing 'the soundness of his judgment' into question. … The memo also reported the 'charge' that 'Giuliani received special treatment from a friendly federal judge to avoid military service during the Vietnam War,' and later 'hypocritically prosecuted draft dodgers.' Giuliani, who was dropped by an Air Force ROTC program because of a hearing problem, received a rare occupational deferment in 1969 after a federal judge wrote a letter about the importance of his duties as a law clerk."

McCain To Officially Announce His Candidacy March 12. Fox News' Special Report (2/13, Hume) reported that Sen. John McCain "is now making plans for his announcement, targeting March 12th to join the race officially."

Second Controversial Edwards Blogger Quits. The New York Times/AP (2/14) reports, "A second blogger working for the Democratic presidential campaign of former Senator John Edwards quit Tuesday under pressure from conservative critics. The blogger, Melissa McEwan, wrote on her personal blog, Shakespeare's Sister, that she had made the decision to quit 'with the campaign's reluctant support, because my remaining the focus of sustained ideological attacks was inevitably making me a liability to the campaign.' On Monday, another blogger, Amanda Marcotte, left the Edwards staff, also after being accused of religious bigotry for earlier writings."

Fox News' Bill O'Reilly, on The O'Reilly Factor (2/13) said Edwards "remains defiant. … Everybody knows that Edwards or any other politician would never employ an anti-Semite, Klan member or a homophobe, while had no problem standing by two anti-Christian women even after seeing the vile things they had written."

Many Senators Considered Potential VP Picks. Roll Call (2/14, Billings) reports, "At least seven Senators are weighing or are engaged in a 2008 presidential run. … Any of those Senators also could be a vice presidential pick if unsuccessful in their respective campaigns to sit atop the 2008 ticket. But beyond that group, a handful of other Senate Democrats and Republicans could be attractive No. 2 picks for their party's presidential

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candidates." Roll Call continues, "Among them are: Sens. Evan Bayh (Ind.), the affable Midwesterner who himself was briefly a 2008 presidential candidate; Dianne Feinstein, the experienced, steady Democrat from the electoral-rich state of California; Dick Durbin, the No. 2 Senate leader and strong party loyalist; Jack Reed (R.I.), a West Point graduate and point man for the Democrats on military matters; Jim Webb (Va.), the freshman Democratic rising star whose national security credentials are difficult to match; Ken Salazar (Colo.), a Westerner with a law enforcement background as state attorney general; and Blanche Lincoln (Ark.), a well-versed and well-liked Southerner. Senate Republicans have picks on their side as well, beginning unsurprisingly with presidential hopefuls Brownback, Hagel and McCain. … Beyond that trio, other GOP Senators likely to get strong consideration include Sens. John Thune (S.D.), the telegenic first-term Senator who knocked off then-Minority Leader Tom Daschle (D) in 2004; Kay Bailey Hutchison (Texas), the conservative Republican Policy Committee chairwoman who has hinted at a possible interest in the job; Lamar Alexander (Tenn.), a one-time presidential hopeful himself; Judd Gregg (N.H.), the wonky Easterner who has become one of his party's most loyal attack dogs; and David Vitter, the conservative Louisianan whose work on behalf of Hurricane Katrina recovery could play heavily in his favor."

Clinton Said To Risk Suffering Muskie's Fate. The Washington Post's Harold Meyerson (2/14, A19) writes, "A specter was haunting Hillary Clinton as she campaigned in New Hampshire this weekend: the specter of Ed Muskie. As the ancient or merely studious among us will recall, the Democratic senator from Maine, who'd been Hubert Humphrey's running mate in 1968, entered his party's presidential contest in 1972 as the front-runner. His prospects were dashed in the New Hampshire snows, however. As popular memory has it, an indignant Muskie started crying while refuting a silly attack on him. … Muskie's more serious problem, however, was the Vietnam War, which he opposed. His opposition, though, had none of the fervor or long-term consistency of another Democratic senator and presidential aspirant, George McGovern." Meyerson adds, "Today, Hillary Clinton seems almost uncannily positioned to become the Ed Muskie of 2008. She opposes the U.S. military presence in Iraq but not with the specificity, fervor or bona fides of her leading Democratic rivals. As Muskie did with Vietnam, she supported the legislation enabling the U.S. invasion of Iraq, and she has been slower and more inconstant than her party rivals in coming around to opposing the continued U.S. occupation."

Dowd Analyzes Obama's Weaknesses. The New York Times' Maureen Dowd (2/14)writes that Sen. Barack Obama "is backed up by a strong, smart wife and a professional campaign team, but he doesn't have a do-whatever-it-takes family firm with contract killers and debt collectors, like Bush Inc. and Clinton Inc. He was eloquent, if not as inspiring as his advance billing had prepared audiences to expect. He made his first Swift-boat-able slip when he had to apologize for talking about soldiers' lives 'wasted' in Iraq. He sounded self-consciously pristine at times, as if he was too refined for the muck of politics. That's not how you beat anybody but Alan Keyes."

DCCC Targeting Ferguson After Extremely Close 2006 Race. The Hill (2/14, Youngman) reports, "Even though Rep. Chris Van Hollen (D-Md.), the new chairman of the Democratic Congressional Campaign Committee (DCCC), is targeting Republican-held seats in New Jersey, state GOP consultants say if Democrats couldn't capitalize on their own party's electoral successes last year, then those seats aren't attainable in 2008. … Perhaps the most vulnerable of those seats is Rep. Mike Ferguson (R), who narrowly defeated state Assemblywoman Linda Stender (D), winning by just more than 1 percent in the wake of press reports alleging inappropriate conduct with a female college student at a Georgetown bar in 2004. Ferguson, who denied the allegations, did not comment for this article. Stender told The Hill this week she is 'looking seriously' at going up against Ferguson again in 2008, and she will make a decision by 'late summer, early fall.'" However, Ed Traz, "a GOP consulting heavyweight in the Garden State," said "taking on Ferguson in 2008 would be a 'waste' of the DCCC's money in light of the large number of resources the committee will need to devote to defending freshman incumbents in Republican districts."

Both Parties Avoid Debate Over Entitlement Spending. The Washington Post's Robert Samuelson (2/14, A19) writes, "The welfare state has made budgeting an exercise in futility. Both liberals and conservatives, in their own ways, peddle phony solutions. Cut waste, say conservatives. Well, network news reports of $20 million federal programs that don't work may seem -- and be --

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scandalous, but like Amtrak they're usually mere blips in the total budget. For its 2008 budget, the Bush administration brags it would end or sharply reduce 141 programs. But most are microscopic; total savings would be $12 billion, or 0.4 percent of spending. Worse, Congress has previously rejected some of these cuts."

Nuclear Pact With North Korea Met With Criticism By Conservatives, Democrats. ABC World News (2/13, story 3, 0:25, Gibson, 8.78M) reported that under "the potentially historic agreement" signed Tuesday by North Korea, Pyongyang "has 60 days to begin dismantling its nuclear program. In exchange, the US will begin the process of ending trade sanctions and moving North Korea from the list of terror-sponsoring nations. North Korea will also receive almost 1 million tons of fuel."

A number of media reports note the agreement is coming under fire from "both sides of the political spectrum," as the New York Times (2/14, A10, Cooper, Yardley, 1.16M) puts is. The Times says "hardliners argued that the United States should have held out until North Korea agreed to fully declare and dismantle its entire nuclear program," while Democrats "argued that the deal was no better than one they said the United States could have gotten four years ago." Regardless, the Times say the deal "represented a bureaucratic victory for [Secretary] Rice, who has pushed for a more diplomatic approach with North Korea than more hawkish administration officials would have liked. In the end, it was Ms. Rice who convinced President Bush to sign onto the pact, administration officials said."

The Washington Times (2/14, Miller, 88K) says the deal received "faint praise" from Senate Democrats. Majority leader Harry Reid called it a "first step," but said it "still can't fix the mess this administration has created by ignoring North Korea for the past five years."

The CBS Evening News (2/13, story 3, 1:50, Couric, 7.66M) said "the biggest reason to be skeptical" is whether "North Korea's Kim Jong Il [is] ready to honor this deal. Maybe. But as this unpredictable leader has shown over and over, if his mood changes next month or next year, he may be just as ready to torpedo it." Separately, the CBS Evening News (2/13, story 4, 1:10, Axelrod, 7.66M) said "no one is popping any champagne corks yet" due to "the unpredictability of Kim Jong Il. However, "North Korea had every reason every incentive to come to the table, the electricity and the oil it so badly needs."

The AP (2/14, Gearan) says the Bush administration called a deal a "breakthrough," but Pyongyang's "history of broken promises kept the celebrations to a minimum." There was "worry, too, that accommodation of North Korea would encourage brinksmanship by Iran or other would-be nuclear states."

The Washington Post (2/14, A11, Kessler, Cody, 690K) also reports the deal "came under attack yesterday, with conservatives labeling it a betrayal and Democrats charging that Bush allowed North Korea to become a nuclear-weapon state without gaining much improvement over a Clinton-era deal that collapsed during Bush's first term." Bush, however, pronounced himself "pleased" with the accord, and Secretary Rice said it is just the beginning of a long process. "This is not the end of the story," she said, calling it the result of "patient, creative and tough diplomacy."

The Los Angeles Times (2/14, Richter, 850K) says the deal "marks a fundamental shift in direction for the Bush administration," which "provoked outrage from conservative allies of the administration who said it flatly contradicted Bush's previous policy." Meanwhile, "some former Clinton administration officials termed it a step in the right direction but questioned why it took Bush so long."

The Wall Street Journal (2/14, A4, King Jr., Ramstad, 2.04M) says "fading options for the US and North Korea led to a landmark agreement designed to shut down Pyongyang's nuclear program. But the follow-through needed to reach the goal of a denuclearized Korean peninsula could be thwarted by the same problems that plagued earlier deals."

On its front page, the Washington Times (2/14, A1, Lanfranco, 88K) says the "next 60 days will determine whether the new document to halt and eventually eliminate North Korea's nuclear programs will create the momentum to ease tensions in Northeast Asia or will become just another diplomatic chapter in a series of broken promises."

The Los Angeles Times (2/14, Magnier, 850K) says "troublesome signs are already emerging" about Pyongyang's intent to "honor the disarmament promises it made."

The Christian Science Monitor (2/14, Ford, 59K) reports, "Some observers suggest that this agreement could either resolve years of conflict or collapse amid more conflict, crisis, and rhetoric as has happened so often."

A number of different local TV stations across the country broadcast reports on the deal, often contrasting Secretary Rice's positive reaction to the agreement against Bolton's comments. Some examples: KXMC-TV Bismarck

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(2/13, 10:00 pm) showed Secretary Rice saying, "It is a part of a broad and comprehensive effort not only to denuclearize the Korean Peninsula, but also to advance the future of peace and prosperity in northeast Asia." The station added, "But not everyone thinks this is a good deal. Former UN Ambassador John Bolton says it sends the wrong message and that North Korea should not be rewarded for only partially dismantling its nuclear program." NECN-TV Boston (2/13, 9:23 pm) showcased both Rice and Bolton, and reported, "There is both optimism and criticism about a plan designed to denuclearize North Korea." Bolton was shown challenging the deal, saying, "I just think it's a bad sign. It's a reward for the persistence of the North Koreans that they don't deserve." Other stations offering similar quotes from Bolton and Rice were KGO-TV San Francisco (2/13, 6:34 pm), WIBW-TV Topeka (2/13, 5:18 pm), KJUD-TV Juneau (2/13, 5:14 pm), and KAIT-TV Jonesboro, AR (2/13, 5:11 pm).

Bush's "Weakened" Position Seen As Impetus For Deal. In its analysis, the Financial Times (2/14, Fifield) notes some see the deal as "a partial capitulation by a weakened administration…badly in need of a diplomatic breakthrough to set against his Middle East troubles."

In a front page analysis, the New York Times (2/14, A1, Sanger, 1.16M) says, "It is hard to imagine that either George W. Bush or Kim Jong-il would have agreed even a year ago to the kind of deal they have now approved. … But in the past few months, the world has changed for both Mr. Bush and Mr. Kim." Bush, "bogged down in Iraq, his authority undercut by the November elections, any chance to show progress in peacefully disarming a country that detonated a nuclear test just four months ago could no longer be passed up."

The Chicago Tribune (2/14, Fang, Osnos, 617K) calls the deal "a rare foreign policy victory at a time when the US faces severe difficulties in Iraq and elsewhere." The AP (2/14, Hutzler) says negotiations now give way "to a more arduous phase: making sure the communist country keeps its promises. Secretive, belligerent and with a reputation for skirting past deals, North Korea makes a rough prospect for arms control inspectors, experts said."

McClatchy (2/14, Strobel) says the deal "blossomed from the sort of diplomatic give-and-take with an adversary that the White House had rejected until recently." Two senior State Department officials said the deal "reflected, in part, Rice's desire for a visible foreign-policy victory to offset setbacks across the Middle East, from Iraq to Iran and Lebanon." It also reflects "a changed power balance within the Bush administration, with Rice at the forefront and Vice President Dick Cheney's influence diminished, at least on this issue and for now."

Deal Seen As Signaling China's Growing Stature In World Stage. Calling it a "sweeping and potentially historic deal," the Financial Times (2/14, A1, Fifield, Dombey) says the accord "cemented China's emergence as a significant power-broker on the world stage" for its "crucial role" in brokering the deal.

Bolton Says Deal Sends "Bad Signal." NBC Nightly News (2/13, story 3, 2:10, Mullen, 9.87M) showed former UN Ambassador John Bolton warning, "I am afraid North Korea has won. Once again they have made a hollow promise and they are going to get tangible economic benefits as a consequence of it."

The Washington Times (2/14, A1, Gertz, 88K) reports in a front page article that Bolton criticized the deal for "making too many concessions" and "gives up key US leverage that blocked illicit financial activities by Pyongyang in the past." In an interview, Bolton said, "It's a bad signal to North Korea and it's a bad signal to Iran" that "if you hold out long enough and wear down the State Department negotiators, eventually you get rewarded."

Berlin Meeting "Critical" In Reaching Final Accord. The New York Times (2/14, Yardley, 1.16M) says talks late last month between Assistant Secretary of State Christopher Hill and North Korean negotiator, Kim Kye-gwan, in Berlin were "critical in resuscitating the talks and in shaping the agreement reached Tuesday in Beijing," according to a senior United States official familiar with the American negotiating team.

More Commentary. George Perkovich, director of the nonproliferation program at the Carnegie Endowment for International Peace, writes in the Wall Street Journal (2/14, A20, 2.04M), "If the current deal keeps North Korea from producing more bomb material and conducting more nuclear tests, it will be a good thing. If further pay-offs can induce Pyongyang to reduce the stockpile and reassure us that security and control procedures minimize the risks that nuclear materials or bombs could be transferred to terrorists, we should haggle over the price." Therefore, he urges Republicans and Democrats to "urge extending the six-party negotiating forum into a broader exploration of steps to prevent instability in Northeast Asia" and turn "this modest nuclear deal" into "the start of something bigger."

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In an editorial, the Wall Street Journal (2/14, A20, 2.04M) says the deal "strikes us as something close to faith-based nonproliferation." Calling the deal ""marginally better" than the 1994 Agreed Framework reached by the Clinton Administration, the Journal says, "Perhaps Mr. Bush feels this is the best he can do in the waning days of his Administration. Or perhaps, in the most favorable interpretation, he wants to clear the decks of this issue in order to have more political capital to control Iran's nuclear ambitions. Iran may look at this deal, however, and conclude it has little to lose by raising the nuclear stakes. We'd like to believe this will turn out better, but history doesn't support such faith."

The New York Times (2/14, 1.16M) editorializes, "It is welcome news that North Korea has agreed to move toward dismantling its nuclear weapons program," but "there are a lot of other dangers out there. And we hope that Mr. Bush learns the most basic lesson of this week's deal: sometimes you really do have to talk to your enemies, even if you have to grit your teeth."

On its editorial page, the Washington Post (2/14, A18, 690K) writes, "Along with many experts on North Korea, we're skeptical that Mr. Kim would choose to give up nuclear weapons unless he were convinced that the survival of his regime depended on it." Trying to "push Mr. Kim into a permanent shutdown of plutonium production over the next year is certainly worthwhile," the Post continues, but "yesterday's announcement was a start, but as the football-loving Ms. Rice said, 'This is still the first quarter.'"

In an editorial, the Los Angeles Times (2/14, 850K) call the deal "score one small point for pragmatism and global sanity." The Times, however, concedes that it is a "very tentative one-page agreement" that "could well collapse within its first 60 days." Conservatives, "predictably, are hollering betrayal," but there are "right," say the Times, "President Bush has changed course." However, "The tactical shift doesn't mean that the US has abandoned its principles; the White House still needs to be prepared to abort this deal if it ultimately proves as hollow as previous accords."

Israeli, Palestinian Officials Differ On Agenda Ahead Of Summit. The AP (2/14, Federman) reports Israeli and Palestinian officials said Tuesday they have "vastly different agendas" for next week's meeting with Secretary of State Condoleezza Rice, "raising serious doubt about the summit's prospects." For their part, the Palestinians "want to jump to talks on a final peace agreement at the Feb. 19 meeting," while Israel said it "will not discuss 'substantial issues' until it learns more about Palestinian President Mahmoud Abbas' power-sharing agreement with the Hamas militant group."

Jordan, Russia Call For Mideast Accord. The AP (2/14, Halaby, Gavlak) reports Jordan's King Abdullah II and Russian President Vladimir Putin Tuesday called for "a stronger international push for lasting Mideast peace and urged for a diplomatic solution to Iran's nuclear standoff." King Abdullah said he and Putin "agreed that negotiations for the establishment of a viable Palestinian state should be accelerated," calling the Palestinian-Israeli conflict the "core conflict" in the Middle East.

Abbas Still Faces Troubles Forming Unity Government. The Washington Times (2/14, Mitnick, 88K) reports, "As Palestinian Authority President Mahmoud Abbas seeks international support for a Hamas-Fatah power-sharing agreement, Palestinian observers warn that formidable obstacles remain, including who will control the security forces." The agreement reached last week in Mecca "lays out principles for cooperation, but implementation still must be worked out." According to the Times, the "most sensitive problem will be overhauling the Palestinian security forces to incorporate thousands of members of a controversial Hamas unit, and the appointment of an interior minister to oversee the job."

Bombings Kills 3 In Lebanon Ahead Of Hariri Anniversary. The New York Times (2/14, Slackman, 1.16M) reports, "A day before Lebanon prepared to mark the second anniversary of the assassination of its former prime minister, Rafik Hariri, three people were killed and about 23 others wounded when two minibuses were bombed." In a country "so fragile and on edge because of its internal political struggles," the bombings "managed to heighten tensions" in the "first such attack…since the end of Lebanon's 15-year civil war in 1990."

The Washington Post (2/14, A11, Shadid, 690K) reports "in past days, speculation has risen that a deal is possible" between Lebanese factions "with Iranian and Saudi Arabian blessing. But in a visit Monday to Syria, Arab League Secretary General Amr Moussa said 'complications' remained. Rumors swirled Tuesday over whose aims the bombings would serve, and some suggested that foreign powers opposed to a deal might have played a role."

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American Charged With Aiding Islamic Militants In Somalia. The Washington Post/AP (2/14, A15) reports a former Houston resident "has been charged in Texas with teaming with al-Qaeda" in Somalia. Daniel Joseph Maldonado, also known as Daniel Aljughaifi, "was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device." Arrested in Kenya last month, Maldonado is "the first American to be prosecuted on suspicion of joining terrorists in Somalia," Assistant Attorney General Kenneth L. Wainstein said in a statement.

Paulson Outlines Plans For Economic "Dialogue" For China. The Wall Street Journal (2/14, A2, Phillips, 2.04M) reports Treasury Secretary Henry Paulson, "under pressure from impatient China-bashers on Capitol Hill, unveiled specific areas where he hopes the Bush administration's economic dialogue with Beijing will show concrete results in the coming months." Paulson said he "is seeking quick action from Beijing in opening Chinese financial markets to foreign firms, employing cleaner Western environmental services and products, enforcing patent and copyright protections and creating domestic pension and health-care benefits that will let ordinary Chinese spend more on consumer goods." Paulson said, "We're going to start making progress [by May, when the next round of talks takes place in Washington]." The Journal adds Paulson's "comments came as he named a former drug-industry lobbyist and former deputy U.S. trade representative, Alan Holmer, to coordinate the strategic dialogue." Meantime, House lawmakers "said they plan to introduce legislation today that would make it easier for the U.S. to retaliate against China for its currency practices."

White House Drops Outreach To Chavez. McClatchy (2/14, Bachelet) reports the Bush Administration "has abandoned efforts to reach out to Venezuelan President Hugo Chavez, blaming Caracas for showing little interest in taking up U.S. overtures. But even as U.S. officials harden their criticism of Chavez, they say the doors are still open to dialogue." After Chavez "won a big re-election victory in December, Washington seemed to reach out to the feisty socialist leader who routinely lashes out at President Bush as the main cause of the world's ills." Now, "the tough talk is back. In recent weeks, U.S. officials have stepped up their criticism of Chavez's latest moves, such as nationalizing the phone and electricity companies and securing a law so that he may pass legislation without congressional approval."

Putin Said To Be Exploiting Fallout From NATO Expansion. In his New York Times column (2/14), Thomas Friedman says, "Now that high oil and gas prices have made Russia powerful again — the gasman of Europe — Mr. Putin is shoving Russia's resurgent pride right back in our face. In effect, he is saying to America: 'Oh, you talkin' to me? You thought you could tell me that the cold war was over and that NATO expansion was not directed at Russia — but we couldn't be members anyway. Did you really think we were going to believe that? Well, now I'm talkin' to you. Get out of my face.'" Friedman adds, "I'm not here to defend an iron-fisted autocrat like Mr. Putin. But history is prologue. The fact is, we helped to create a mood in Russia hospitable to a conservative cold warrior like Mr. Putin by forcing NATO on a liberal democrat like Mr. Yeltsin. It was a bad decision and one that keeps on giving. Just when we need to be getting Russia's help, we're getting its revenge."

In his Washington Post column (2/14, A19), David Ignatius says, "Putin's comments" in his Munich speech "may be jarring to Americans, but they express a bitterness that's widespread here. His generation of Russians grew up in a country that claimed the status of 'superpower,' and they don't like being taken for granted. Putin, a former KGB officer with a black belt in judo, has been pugnacious in standing up for his country's interests, and Russians seem to like that. In the latest opinion polls, his popularity is well above 70 percent." Russia is "back. That's the real lesson I take from Putin's blunt comments. A country that was near collapse after the fall of Soviet communism has regained enough confidence and stability to take a verbal shot at its old rival."

Bodman Warns Against Possibility Of Gas Cartel. In its "Washington Wire" online column, the Wall Street Journal (2/14, Fialka, 2.04M) reports, "Energy Secretary Samuel Bodman says the U.S. should continue to develop the infrastructure to import and use liquefied natural gas and warns against the possibility that producing countries could form a cartel to control the price of natural gas. In a speech prepared for delivery Wednesday at an energy conference in Houston, Bodman said that 'initiatives, new or old, which seek to control the flow of energy supplies to the market' and set prices "are contrary to the long term interests of both producers and consumers.'" Bodman "didn't mention any

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countries, but it just so happens that his remarks coincide with Russian President Vladimir Putin's visit to the Middle East, where he is talking up an international natural gas cartel."

UN Secretary General Faces Backlash For Improving Ties With US. The Washington Post (2/14, A14, Lynch, 690K) reports when UN Secretary General Ban Ki Moon "paid his first official visit to Washington last month, he received the White House version of a seal of approval: a presidential pat on the back and an invitation to phone President Bush whenever he needs help in responding to an international crisis." Ban's "warm reception appeared to signal an end to an era of U.S. confrontation with the United Nations that was marked by quarrels over the Iraq war, Republican-led corruption hearings on Capitol Hill and relentless threats of funding cuts." But "such a turn of fortune in Washington comes at a price: Ban is facing a diplomatic backlash from developing nations, which suspect the former South Korean foreign minister of seeking to reshape the United Nations to accommodate U.S. interests and the desires of other wealthy member nations. They have stonewalled his early attempt to reorganize the U.N. bureaucracy." The standoff "has weakened Ban barely a month into the job, as he faces one of the top challenges confronting every U.N. leader: how to strike a balance between the organization's most powerful member and an influential bloc of developing countries that instinctively resist policies that appear to track with U.S. interests."

Graham Says Sudanese President Deserves Some Credit. The Washington Post (2/14, A15, McCrummen, 690K) reports the "first time that Omar Hassan al-Bashir, the Muslim president of Sudan, met Franklin Graham, the prominent evangelical Christian, the conversation came to a kind of standoff." Graham, who "has called Islam an 'evil and wicked' religion, told Bashir in the 2003 meeting that he wanted to persuade him to become a Christian. Bashir, at the time fighting a civil war in the southern region of the country, told Graham that he wanted to make him a Muslim, Graham recalled." In a meeting "between the two men here Monday night, the semi-serious proselytizing continued. This time, though, Graham said he came away thinking that Bashir, who now stands accused of presiding over the killing of at least 200,000 people in the Darfur region in the country's west, deserves credit for signing the peace agreement with rebels in the south in 2005." Although human rights activists "and some U.S. officials are counseling tougher measures against Bashir's government to end the violence in Darfur -- and to more fully implement a faltering peace agreement with the south -- Graham said that a softer approach is needed." Graham said, "I'm not a politician, but I think our government does need to recognize some steps he's taken and reward this government in some way to show them we appreciate what they have done [regarding southern Sudan]."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Movies Shoot For Change."
"Grand Avenue Project Passes Go."
"House Debate: Prelude To A Faceoff?"
"N. Korea Nuclear Pact Marks Major Shift For Bush."
"Banking On Illegal Immigrants."
"Iraqi Insurgency Hits Home."

USA Today:

"Aflac Plans To Allow Shareholders To Vote On Pay For Top Executives."
"Subway Security Devices Fail Tests."
"Tests In 2006."
"Terror Suspect's Claim: Too Traumatized For Trial."

New York Times:

"New Baghdad Crackdown Is Announced."
"Libby And Cheney Will Not Testify, Says The Defense."
"Outside Pressures Snapped Korean Deadlock."
"Army Giving More Waivers In Recruiting."

Washington Post:

"Utilities Crews On High Alert For Later Today."
"House Begins Debate On War."
"Oil Prices, Imported Goods Push Trade Gap To Record."
"Romney Joins The 2008 Race."
"Libby Defense To Rest Without Testimony By Him Or Cheney."
"Former Top CIA Official Indicted."

Washington Times:

"Deal To halt N. Korea Nukes OK'd."
"Icy Storm To Distribute Commute."

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"NFL Rejects Border Patrol Ad."
"Joo named Chairman Of Times; McDevitts To become President."
"Iraq To Seal Borders With Syria And Iran."

Detroit Free Press:
"West End Of River Plan Get Key Piece."
"He Loves You, Diana."
"Struggling Visteon To Build Plant."
"Romney Counts On Michigan Roots To Propel Him."

Atlanta Journal-Constitution:
"Peachtree: The Makeover."
"Fatigue AT Fault In Airport Mishap?"
"Writer Ready To Rivet Atlanta."
"Sheriff Wants Jail Monitor's Resignation."
"Conservative Wouldn't Waver."

Houston Chronicle:
"Ex-Houstonian IS Accused OF Ties To Al-Qauda."
"No lags In City's Plan To Go Wireless."
"GOP Relies On Ex- POW To turn Tide On Resolution."
"Bush's Concern For Father Offers A Rare Window."

Story Lineup From Last Night's Network News:
ABC: Sadr Flees Iraq; Iraq Resolution; North Korea-Nuclear Program; Winter Weather; New Orleans-Tornados; Winter Weather; New Orleans-Tornados; Romney Presidential Bid; CIA Official Indictment; Mail Security; Airport-Chicago O'Hare; Harry The Dog.
CBS: Winter Weather; New Orleans Tornado; North Korean Nukes; North Korea-Analysis; House-Iraq Resolution; Iraq-Sadr Flees; Salt Lake City Shooting; Food Safety; Romney In; Honey Bees.
NBC: Winter Weather-Illinois; Winter Weather-Cleveland; North Korea-Nuclear Program; Iraq Resolution; Rep. Norwood's Obit; Libby Trial; Iran Aides Iraq Insurgents; Stock Market; Romney Presidential Bid; New Orleans-Tornados; Mall Shooting; Caring For The Elderly.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Winter Storm Stretching From Midwest To Northeast; US Military Confirms Marine Helicopter Was Shot Down; Al Sadr-Iran; Salt Lake City-Mall Shooting; Westminster Kennel Club Dog Show; Anna Nicole Smith-Paternity Hearing; Anna Nicole Smith-911 Call; Washington, DC-Fair Trade Chocolate.
CBS: US Winter Storm Stretching From Midwest To Northeast; Al Sadr-Iran; House-Iraq Resolution; Libby Trial; Chrysler-Restructuring Plan; Harley-Davidson Strike.
NPR: US Winter Storm Stretching From Midwest To Northeast; Rep. Norwood's Obit; Salt Lake City-Mall Shooting; House-Iraq Resolution; Turkmenistan Presidential Election-Winner Declared; Lebanon-Hariri Assassination Commemoration; Tokyo Stock Exchange; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Liberia.

VICE PRESIDENT CHENEY — Speaks at the National Association of Manufacturers meeting. JW Marriott Hotel.

US Senate: 9:30 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing to receive the semiannual monetary policy report to Congress. FRB Chairman Ben Bernanke. Location: Room 106, Dirksen.

10 a.m. BUDGET _ full Committee. Hearing on the FY08 budget proposals on tax compliance. IRS Commissioner Mark Iverson. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on overseas sweatshop abuses. Betty Fuentes, a flower worker from Columbia; Sk Nazma, a former textile worker from Bangladesh, David Socolow, New Jersey Commissioner of Labor; Charles Kernaghan, Director of the National Labor Committee; James English, Secretary-Treasurer of the United Steelworkers; William Jones, President of the U.S. Business and Industry Council; Steven Jesseph, Vice Chairman of Worldwide Responsible Apparel Production; and Dan Griswold, CATO Institute. Location: Room 253, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on judicial security and independence. Supreme Court Justice Anthony Kennedy. Location: Room 216, Hart.

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11:30 a.m. RULES AND ADMINISTRATION _ Full Committee. Hearing on the requests of Senate committees for funds to carry out their operations. Location: Room 301, Russell.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Oceans, Atmosphere, Fisheries and Coast Guard Subcommittee. Hearing on setbacks in the Coast Guard's Deepwater program. Location: Room 253, Russell.

2:30 p.m. SELECT INTGELLIGENCE _ Full Committee. Closed. Hearing on CIA detention, interrogation and rendition programs. Location: Room 219, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Continued consideration of the Iraq war resolution.

10 a.m. AGRICULTURE _ Full Committee. Organizational meeting, followed by hearing on the 2007 farm bill proposals. Secretary Johanns. Location: Room 1302, Longworth.

10 a.m. APPROPRIATIONS _ Full Committee. Hearing on the FY08 budget. OMB Director Rob Portman; Treeasury Secretary Paulson; Edward P. Lazear, chairman, Council of Economic Advisers; Bob Greenstein, Center on Budget and Policy Priorities; Elizabeth Warren, Harvard Law School. Location: Room 2128, Rayburn.

10 a.m. ARMED SERVICES _ full Committee. Hearing on the FY08 budget for the Army. Secretary Francis Harvey; Chief of Staff Gen. Peter Schoomaker. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. hearing on whether greenhouse gas emissions are contributing to global warming. Michael Oppenheimer, Princeton University; James W. Hurrell, National Center for Atmpsheric Research; Boulder, Colo.; John R. Christy, Earth System Science Center, University of Alabama, Huntsville; Roni Avissar, Duke University; Gabriele Hegerl, Duke University. Location: Room 2123, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on the Executive branch Reform Act of 2007 and the Whistleblower Protection Enhancement Act of 2007. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Hearing on the FY08 budget for research and development. John Marburger III, Director, White House office of Science and Technology Policy. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on the SBA's response to the 2005 Gulf Coast hurricanes. Administrator Steven Preston, others. Location: Room 2360, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on the FY08 budget for the Army Corps of Engineers. Arlen Lancaster, chief, Natural Resources Conservation Service; Carl A. Strock, chief of engineers, Army Corps of Engineers; John Paul Woodley Jr., assistant secretary of the Army, Civil Works Program. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the administration's trade agendas. USTR Susan Schwab. Location: Room 1100, Longworth.

1:30 p.m. EDUCATION AND LABOR _ Full Committee. Hearing on the Emplohyee Free Choice Act. Location: Room 2175, Rayburn.

2 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on the Special Operations Command and global terorists threats. Bruce Hoffman, Georgetown University; Daniel Benjamin, Center on the United States and Europe; Rita Katz, SITE Institute; Jarret Brachman, U.S. Military Academy. Location: Room 2212, Rayburn.

2 p.m. BUDGET _ Full Committee. Hearing on the FY08 budget. Members day. Location: Room 210, Cannon.

2 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on ``Covering the Uninsured Through the Eyes of a Child." Location: Room 2322, Rayburn.

2 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Information Policy, Census and National Archives Subcommittee. Hearing on the state of the Freedom of Information Act. Location: Room 2154, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on the FY08 budget for the FAA. FAA Administrator Marion Blakey; Gerald Dillingham, GAO; DOT Inspector General Calvin Scovel, III. Location: Room 2167, Rayburn.

2 p.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on the VA's FY08 budget. Location: Room 334, Cannon.

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2 p.m. WAYS AND MEANS _ Social Security Subcommittee. Hearing on the backlog of disability claims at the Social Security Administration. Location: Room B-318, Rayburn.

2:15 p.m. JUDICIARY _ Immigration, Citizenship, Refugees, Border Security and International Law Subcommittee. Oversight hearing on immigration fee increases. Location: Room 2141, Rayburn.

2:30 p.m. FOREIGN AFFAIRS _ Middle East and South Asia Subcommittee. Hearing on the next steps in the Mideast peace process. David Makovsky, Washington Institute for Near East Policy; Martin Indyk, Brookings Institution. Location: Room 2172, Rayburn.

2:30 p.m. HOMELAND SECURITY _ Subcommittee on Emerging Threats, Cybersecurity, and Science and Technology. Hearing on ``Understanding the Budget and Strategic Agenda of the Science and Technology Directorate." Location: Room 2118, Rayburn.

3:30 p.m. HOMELAND SECURITY _ Subcommittee on Intelligence, Information Sharing, and Terrorism Risk Assessment. Hearing on ``The President's Proposed FY2008 Budget for the Department of Homeland Security: The Office of Intelligence and Analysis." Location: Room 311, Cannon.

Other: FAIR CURRENCY ACT _ 10:30 a.m. AFL-CIO Secretary-Treasurer Richard Trumka will join Rep. Tim Ryan, D-Ohio; Rep. Duncan Hunter, R-Calif., and members of the China Currency Coalition to announce the introduction of the Fair Currency Act of 2007. The bill aims to ensure that U.S. producers are not harmed by exchange-rate manipulation, and that free market currency exchange rates exist between countries. Location: 2216 Rayburn House Office Building.

SCHIP FUNDING _ 2 p.m. Democratic Sens. Max Baucus and Jack Reed join New Jersey Gov. Jon Corzine in conference call news conference to discuss the immediate need for funding for the State Childrens Health Insurance Program in fourteen states and the longer-term funding needs for the reauthorization of the program later this year. Notes: Call-In: 202-228-2663 or toll free 866-909-2663; Meeting ID: 4367484.

CATHOLIC SOCIAL MINISTRY _ The Annual Catholic Social Ministry Gathering, ``Bringing Good News to a Broken World: Overcoming Fear with God's Love," will be held in Washington. Highlights: 12:45 p.m. Closing plenary with columnist and commentators Mark Shields and David Brooks. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

DRUG ABUSE PREVENTION _ Community Anti-Drug Coalitions of America (CADCA) hosts its National Leadership Forum XVII, focusing on prescription and over-the-counter medicine abuse among teens. Highlights: 1 a.m. Dr. Nora Volkow, director, National Institute on Drug Abuse; Dr. Eric Broderick, acting deputy director, Substance Abuse and Mental Health Services Administration; Dr. Mark Willinbring, director, National Institute on Alcohol Abuse and Alcoholsim; and David Hagy, deputy assistant attorney general, Office of Justice Programs, U.S. Department of Justice. 7:30 a.m. Breakfast with address by Substance Abuse and Mental Health Administration Administrator Dr. Terry Cline. Location: Washington Convention Center.

LIBERIA _ The World Bank, United Nations, the U.S. government and the European Commission co-sponsors the Government of Liberia Partners' Forum. Agenda items include a review of the government on the reform and reconstruction agenda, and dicsussin of feedback on strategic priorities as outlined in the Interim Poverty Reduction Strategy. Highlights: Location: World Bank headquarters.

US-PAKISTAN-SCIENCE _ First meeting of the U.S.-Pakistan Science and Technology Joint Committee. Highlights: 5:45 p.m. Media availability. Note: Camera preset at 5 p.m. Final access for all media at 5:30 p.m. Location: National Science Foundation, 4201 Wilson Blvd., Arlington.

AARP MEETING _ AARP's Board of Directors holds its annual public policy meeting. Highlights: 8:30 a.m. John McDonough, Executive Director, Health Care for All. 9:15 a.m. Sen. Gordon Smith. 10 a.m. Jacob Hacker, Yale University. 11 a.m. Business Roundtable President John Castellani. 12 p.m. SEIU President Andrew STern. Location: Polaris Room, Reagan Trade Building.

CLIMATE CHANGE _ The Global Legislators for a Balanced Environment group holds a two-day forum on climate change, as part of the G+5 Climate Change Dialogue. Highlights: 9:45 a.m. Opening session with Sens. Joseph Biden, Jeff Bingaman, Barbara Boxer and Olympia Snowe. 10:15 a.m. Keynote address - German Chancellor Angela Merkel (by video), others. 11:05 a.m. Session with UK Environment, Food and Rural Affairs Secretary David Miliband, Ms. Yuriko Koike, National Security Advisor to the Japanese Prime Minister, and Commissioner Stavros Dimas, European Commissioner for Environment. 1:25 p.m. Session on economics of climate change, with Rep. Wayne Gilchrist,

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UK Government Economic Service head Nicholas Stern, and German Environment Secretary Matthias Machnig. 2:50 p.m. Session on corporate leaders, with Sens. Joseph Lieberman and John McCain, and Jim Rogers of Duke/Cinergy, Roger Ferguyson of Swiss Re America, Richard Branson of Virgin, B. Mutheraman of Tata Steel, and Rick Lazio of JP Morgan. Location: Room 325, Russell.

ENERGY EFFICIENCY _ 8:30 a.m. - 4 p.m. The Alliance to Save Energy holds a forum on energy efficiency initiatives. Highlights: 11:45 a.m. Sen. Byron Dorgan discusses the potential for new energy policies. 3:20 p.m. Announcement of an energy efficiency initiative by the city of Raleigh, NC. Location: Room G-50, Dirksen.

US-IRAN _ 10 a.m. - 3:30 p.m. The New America Foundation, others, hold a forum on U.S.-Iran relations. Highlights: 10:30 a.m. Session on Iran9s nuclear challenge, with former weapons inspector David Kay; Bruno Pellaud, Chairman, IAEA Experts Group on Multilateral Approaches to the Fuel Cycle; Maurizio Martellini, Secretary General for Landau Network-Centro Volta Consultant on Non-Proliferation, Italian Ministry of Foreign Affairs. 12 p.m. Luncheon speakers - Rep. Jane Harman and Francis Fukuyama of Johns Hopkins University. 1:45 p.m. Session on Iran's pretensions and the Mideast, with Daniel Levy of the New America Foundation, National Iranian American Council President Trita Parsi, others. Location: Room 628, Dirksen.

SCOTUS MID-TERM _ 9 a.m. - 10:15 a.m. The Washington Legal Foundation hosts a ``media nosh" on ``The 2006-07 Supreme Court at Mid-Term." WLFs panel of experts will focus on cases on which the Court has ruled, as well as upcoming oral arguments in areas such as antitrust, securities litigation, criminal sentencing, environmental regulation, and civil litigation. The event is hosted by Dick Thornburgh, Kirpatrick & Lockhart Preston Gates Ellis LLP. Other participants: Andrew J. Pincus, Mayer, Brown, Rowe & Maw LLP; David Debold, Gibson, Dunn & Crutcher LLP; and Virginia S. Albrecht, Hunton & Williams. Location: 2009 Massachusetts Ave. NW.

HOMELAND SECURITY _ 9 a.m. - 1 p.m. The Departmental Advisory Committee on Commercial Operations of Customs and U.S. Customs and Border Protection and Related Homeland Security Functions holds a meeting. CBP Commissioner Ralph Basham and Assistant Commissioner Jayson Ahern participate in the meeting. Location: Rotunda Ballroom, Reagan Building, 1300 Pennsylvania Ave. NW.

LIBERIA-FEINSTEIN _ 9:30 a.m. Sen. Russ Feingold holds a meeting with Liberian President Ellen Johnson Sirleaf and members of the Senate Foreign Relations Committee. Location: Room S-116, Capitol.

PRISON POPULATION _ 9:30 a.m. - 12 p.m. The Public Safety Performance Project of The Pew Charitable Trusts hosts a panel discussion to release a new report, Public Safety, Public Spending: Forecasting Americas Prison Population 2007-2011, a new national and state-by-state estimate of Americas prison population and the overall costs of the expected growth. The report release will be followed by a panel discussion identifying the critical challenges facing states and highlighting innovative approaches to protecting public safety, holding offenders accountable and controlling corrections spending. Release participants include Sen. Sam Brownback, R-Kans. Location: Suite 900, The Pew Charitable Trusts, 1025 F St. NW.

ENERGY SECURITY _ 10 a.m. National Association of Manufacturers President John Engler holds a news conference to announce comprehensive energy security legislation. Location: National Press Club.

IRAQ DISENGAGEMENT _ 10 a.m. The Council on Foreign Relations holds an on-the-record conference call to discuss a new report, ``After the Surge: The Case for U.S. Military Disengagement from Iraq," with author Steve Simon of CFR. Notes: RSVP by 5 p.m. Tuesday to NYpressRSVPcfr.org. Callin number: 800-290-9461; pascode: Iraq surge.

SARBANES-OXLEY REFORM _ 10 a.m. Rep. Scott Garrett, R-N.J., will hold a conference call media briefing and take questions via conference call tomorrow, February 14, at 10:00am to discuss his Sarbanes-Oxley reform bill that will be introduced this week. Notes: DIAL-IN: 888-566-5777, Passcode: SOX.

FUEL EFFICIENT CARS _ 11 a.m. 40mpg.org holds a telephone briefing to release a new poll showing there is an unsatisfied market for highly fuel-efficient autos. Notes: Callin number: 800-860-2442; passcode: fuel-efficient vehicles gap.

KOREA-TRADE _ 11 a.m. The Korean Americans for Fair Trade organization hold a forum on the Korea-US Free Trade Agreement. Location: Festival Center, 1640 Columbia Rd. NW.

DRUG ACCESS _ 11:30 a.m. Rep. Henry Waxman, and Sens. Charles Schumer and Hillary Rodham Clinton, others, hold a press conference to announce the introduction of the ``Access to Life-Saving Medicine Act." which would give the

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FDA the express legal authority to approve lower cost copies of biotech drugs, also known as biologics or biopharmaceuticals. Location: Room 2203, Rayburn.

EPA-TOXIC REPORTING _ 11:30 a.m. Reps. Frank Pallone, Jr. and Hilda L. Solis and Sen. Frank Lautenberg hold a news conference to announce introduction of companion bills that will undo EPA regulations weakening toxic reporting requirements that have been in place for 21 years. Location: Room S-115, Capitol.

FEDERAL BUDGET OUTLOOK _ 12 p.m. The Cato Institute host a briefing, ``The Federal Budget Outlook." Participants: Rep. John Campbell, R-Calif.; Chris Edwards, Director of Tax Policy Studies, Cato Institute; Stephen Slivinski, Director of Budget Studies, Cato Institute; and Dan Mitchell, Senior Fellow, Cato Institute. Location: Room B-338, Rayburn House Office Building.

PALESTINIANS _ 12 p.m. The Middle East Institute holds a briefing with two former Palestinian Authority officials, Ghaith al-Omari and Khaled Yazji, discussing the formation of the unity government. Location: 1761 N St. NW.

FARM BILL BRIEFING _ 12 p.m. - 1:30 p.m. National Farmers Union President Tom Buis hosts a lunch briefing for reporters to discuss all aspects of the Farm Bill. Location: National Farmers Union headquarters, 400 North Capitol St. NW, Suite 790.

CLASS ACTION FAIRNESS _ 12 p.m. - 2 p.m. Federalist Society sponsors a discussion by supporters and critics of the Class Action Fairness Act, ``Class Action Fairness Act: Two Years Later." The panel will debate its effectiveness plus many other aspects of the law. Speakers Include: John Beisner, O'Melveny & Myers; Theodore H. Frank, American Enterprise Institute; Michael D. Hausfeld, Cohen, Milstein, Hausfeld & Toll; John J. Stoia, Jr., Lerach Coughlin Stoia Geller Rudman & Robbins; Charles E. Stuckey, State Farm Corporate Law Department; and John T. Delacourt, Kelley Drye Collier Shannon. Location: National Press Club.

DARFUR _ 12:30 p.m. The School of Advanced International Studies holds a discussion on the crisis in Darfur, with former Assistant Secretary of State Susan Rice. Location: Room 200, 1619 Massachusetts Ave. NW.

PAKISTAN _ 12:30 p.m. The School of Advanced International Studies holds a discussion on Pakistan and the nonproliferation regime, with Feroz Khan, visiting professor at the Center for Contemporary Conflict at the Naval Postgraduate School and a SAIS graduate, Michael Krepon, co-founder and president emeritus of the Henry L. Stimson Center, and Naeem Salik, guest scholar of foreign policy studies at the Brookings Institution. Location: Auditorium, 1619 Massachusetts Ave. NW.

SOYBEANS _ 1 p.m. Agriculture Undersecretary Gale Buchanan speaks to the American Soybean Association Agribusiness Council. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

IRAQ RESOLUTION _ 2 p.m. Democratic members of the 30-Something Working Group holds a news conference on the Iraq resolution to discuss the Iraq debate on the House Floor. Participants include Reps. Kendrick Meek, D-Fla.; Tim Ryan, D-Ohio; Debbie Wasserman Schultz, D-Fla.; Chris Murphy, D-Conn.; and Yvette Clarke, D-N.Y. Location: House Radio-TV Gallery.

US-IRAN _ 2 p.m. - 3:30 p.m. The Saban Center for Middle East Policy will host R. Nicholas Burns, Undersecretary for State for Political Affairs, for a conversation on the future of US-Iran relations as they relate to peace and security in the region. After the program, Burns will take audience questions. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

CAPITAL GAINS _ 2:30 p.m. Sens. Evan Bayh and Tom Coburn and Rep. Rahm Emanuel hold a press conference to discuss legislation they are introducing to help close the $17 billion capital gains ``tax gap. Location: Senate Radio-TV Gallery.

CONGRESS-ISRAEL _ 3:30 p.m. Reps. Dave Weldon and Eliot Engel host a news conference with members of the Israeli Knesset following a meeting to discuss ways to strengthen ties between the two nations. Location: Room 121, Cannon.

INTELLIGENT DESIGN _ 4:30 p.m. Rep. Lynn Woolsey and the Center for Inquiry/Office of Public Policy hold a briefing on evolution and intelligence design. Location: Room 2325, Rayburn.

NORTH KOREA-NUCLEAR _ 5:30 p.m. The School of Advanced International Studies holds a discussion on North Korea's nuclear future with Joel Wit, a member of the State Department's negotiating team on the 1994 Agreed Framework, and David Albright of the Institute for Science and International Security. Location: Auditorium, 1740 Massachusetts Ave. NW.

LIBERIA _ 6 p.m. The Links Incorporated honors Liberian President Ellen Johnson-Sirleaf at a reception. Location: Washington City Club, 555 13th St. NW.

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TERRORISM NEWS:

Padilla Claims He Is Too Traumatized For Trial. USA Today (2/14, Parker) reports, "The prisoner lived in isolation in a cell with only a steel slab for a bed. At times chained to the floor, he was deprived of light, sleep, a clock and heat. His interrogators injected him with 'truth serum' drugs to try to loosen his tongue and threatened him with execution. … That's how Jose Padilla, a U.S. citizen held without charge as an 'enemy combatant,' was treated for three years and eight months at the Navy brig in Charleston, S.C., his attorneys allege. In court papers, they say Padilla — initially accused of plotting to detonate a radioactive 'dirty bomb' — was treated so severely that it amounted to torture and rendered him mentally incompetent to now stand trial on terrorism charges that could bring him life in prison." USA adds, "That provocative claim — disputed by the government, which says Padilla was not abused and is fit for trial — will be the focus of a mental competency hearing for Padilla, scheduled for Feb. 22 in a federal court in Miami. … The long-shot effort to have him declared unfit for trial is the latest turn in a case that has become a test of how far the U.S. government can go in limiting the civil liberties of an American in the name of national security. … It pits Padilla — the first American since the Civil War to be held by the military solely on the president's orders — against a government that, under persistent legal challenges, has taken the case on an unusual journey from military detention to the U.S. Supreme Court and then to a federal trial court." USA n otes, "Government lawyers decline to give details about how Padilla has been treated, but they flatly dispute the defense's version. 'It has no merit whatsoever,' prosecutors say in papers filed in the court where Padilla is scheduled for trial April 16. He is charged with conspiring to support terrorism overseas as part of a North American terror cell. … The government has said that however it handled the Brooklyn-born Padilla, 36, its actions were necessary to try to learn more about terrorism."

US Man Charged With Plotting Al Qaeda Overthrow In Somalia. In a widely-distributed story, the AP (2/14, Stinebaker) reports, "A former Houston man arrested in Kenya last month has been charged in Texas with teaming with al-Qaida to overthrow the Somali government and form an Islamic state there. Daniel Joseph Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device." The AP notes, "Maldonado's arrest marks the first criminal prosecution of an American suspected of joining terrorists in Somalia, Assistant Attorney General Kenneth Wainstein said in a statement. … Maldonado told FBI agents in Kenya that he went to Somalia to fight 'jihad,' or holy war, for a true Islamic government, according to the complaint."

Fox News (2/13) reported on its Web site, "The investigation included elements of the Joint Terrorism Task Force and the Houston Police Department." Fox added, "Joseph Billy, Assistant Director of the FBI Counterterrorism Division, said, 'The FBI is working closely with our law enforcement and intelligence community partners in this country and around the world to bring all necessary resources to bear to protect Americans and its allies from terrorist attacks.'" TheHouston Chronicle (2/14, George, 530K) reports, "Assistant U.S. Attorney Abran 'Abe' Martinez, who leads the special prosecutions unit in the U.S. Attorney's Office, which includes anti-terrorism, said the investigation originated in Houston, but declined to talk about what brought Maldonado here."

The Boston Globe (2/14, Mishra, 413K) reports, "Spurred by radical Islamic beliefs," the "Massachusetts native…journeyed from the streets of Boston to the frenzied civil war in Somalia, where he allegedly conspired with Al Qaeda militants to establish a fundamentalist regime, only to end up in the custody of FBI agents when his insurgent efforts unraveled, according to court papers released yesterday. … A conviction could mean life in prison."

AFP (2/14) reports, "Maldonado, 28, is accused of leaving his Houston, Texas home in 2005 'in search of a country where he could practice true Islam,' according to FBI documents. … A year later, he joined the Islamic Courts Union and elements of Al Qaeda to fight for the establishment of an independent Islamic state in Somalia, the criminal complaint alleged." AFP adds, "During the course of his training, the complaint added, Maldonado spoke about his willingness to become a suicide bomber if he was wounded, and also observed how bombs were made and tested with the group's bomb-maker. … He was captured by the Kenyan military on January 21 as he fled to avoid Ethiopian and Somalian forces. At the weekend, he was handed over to US authorities and escorted back to Houston. … 'This case represents the first criminal prosecution of an American suspected of joining forces with Islamic extremist fighters in Somalia,' said Kenneth Wainstein, assistant attorney general for the Justice Department's National Security Division. … 'The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad.'"

Democratic Bill Would Restore Habeas Corpus For Detainees. The Washington Post (2/14, A8, White,

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690K) reports a group "of Senate Democrats introduced legislation yesterday that would restore habeas corpus rights to all detainees in U.S. custody and would narrowly define what it means to be an 'enemy combatant' against the United States, a measure designed to challenge laws ushered in by the Republican-controlled Congress last year." The bill, "titled the 'Restoring the Constitution Act of 2007,' strikes at the core of the Military Commissions Act of 2006 by giving detainees access to U.S. courts. It was introduced by Sen. Christopher J. Dodd (Conn.), a candidate for the Democratic presidential nomination." The bill "would also prevent the executive branch from making blanket determinations about who is an enemy combatant and would restrict the president's authority to interpret when certain human rights standards apply to detainees. The legislation would limit the label 'enemy combatant' to a person 'who directly participates in hostilities in a zone of active combat against the United States' or who took part in the terrorist attacks of Sept. 11, 2001."

Panel Recommends London Police Apologize For Mistaken Raid. The Washington Post (2/14, A15, Jordan, 690K) reports the Independent Police Complaints Commission says "London police should publicly apologize to two Muslim families caught up in a mistaken anti-terrorist raid in which a man was shot." The panel was "investigating the dramatic dawn raid of two homes in East London last June by about 250 officers, some in chemical protective suits. Police officials later said they believed that 'a highly dangerous explosive device that could be set off remotely' was being made there." Two men, "Mohammed Abdul Kahar, 23, and his brother Abul Koyair, 20, were arrested, and Abdul Kahar was accidentally shot in the shoulder during the scuffle. A week later, after an extensive search of the houses, both men were released without charge." Although it "admonished the police for some of their procedures, the panel did not recommend disciplinary action in connection with the raid, which soured relations between police and many Muslims."

PATRIOT ACT:

FBI Launches New System For Monitoring FISA Wiretap Applications. Government Computer News (2/13, Dizard) reported, "The FBI has launched an application that monitors the preparation of requests for secret wiretaps under the Foreign Intelligence Surveillance Act by using several levels of classification, ranked by the security level of the user. … An FBI special agent recently recounted the state of affairs regarding executive branch requests to the FISC for national-security wiretaps when FBI director Robert Mueller took office in August 2001. 'The director asked how many [FISA requests] were pending,' the FBI official said. 'The answer was, "The FBI didn't know." He asked, "How long does it take to approve one?" We didn't know. He asked, "What's the holdup [main delaying factor]?" We didn't know.'" GCN added, "When Mueller joined the FBI, officials transmitted FISA requests among agencies by sneakernet," and "the FBI official said, 'To give you an idea of their idea of connectivity, it was called Oasis [and wasn't connected to anything].' … Automating the system speeded the approval process from 120 days to 60 days, the official said. It also provides an audit trail of system activity, generates reminders about pending requests and has room to grow, the official said."

HOMELAND RESPONSE:

Islamic Jihad Threatens Attacks On Americans If Shallah Harmed. In a story focusing on the Palestinian and Israeli disagreement over next week's summit with Secretary of State Condoleezza Rice's, the AP (2/14, Laub) reports, "In other developments Tuesday, senior members of the violent Islamic Jihad group warned in Gaza City that American citizens could be in danger if any harm comes to their leader, Ramadan Shallah. The vague threats were made after Washington offered up to $5 million for his capture."

Judge Orders Deportation Of Rhode Island Trucking School Student. The Providence Journal (2/14, Mooney, 167K) reports, "A federal judge yesterday ordered an Indian national whose behavior at a Smithfield trucking school spawned a nationwide antiterrorism investigation be deported. Mohammed Yousuf Mullawala 'is not the person who he claims to be,' said U.S. Immigration Judge Matthew J. D'Angelo." The Journal adds, "'While Mullawala's 'ultimate intentions and motives have not yet been revealed in full,' the judge said, 'this court reaches a finding that mirrors the grave concern expressed by the Joint Terrorism Task Force, The Rhode Island State Police and the Rhode Island Fusion Center' — which spearheads local homeland security matters." Mullawala "remain in the custody of Homeland Security officials while officials there continue investigating his alleged suspicious behavior."

Appeals Court Upholds Freezing Of US Islamic Charity's Assets. In a widely-distributed story, the AP (2/14, Hananel) reports, "A federal appeals court on Tuesday upheld the government's decision to freeze the assets of a Missouri-based Islamic charity with alleged links to a foreign group that supports terrorism. The Treasury Department claims the Islamic American Relief Agency-USA, of Columbia, Mo., is an affiliate of a Sudanese charity…accused

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of financing al-Qaida and other terrorist organizations." The AP notes, In 2004, federal agents raided the group's headquarters in Columbia, Mo., as part of a criminal investigation. No criminal charges have been filed against the charity or its employees. While the court found the unclassified evidence was 'not overwhelming,' the three-judge panel noted that its review of national security cases is 'extremely deferential' to the government." The Kansas City Star (2/14, Morris, 271K) also notes, "The FBI raided the group's office on Oct. 13, 2004, the same day Treasury agents labeled the group a terrorist supporter and froze its assets."

US Malls Seen As New Emerging Front In Terror War. Long Island Newsday (2/14, Eisenberg) reports, "The mall security guard scrutinizes the black backpack lying by the garbage bin. Should he open it? Ignore it? Call police? … In a world increasingly vulnerable to terrorism and random acts of violence like the rampage in a Salt Lake City mall Monday, security experts say that low-paid private security worker may be the front line of protection in one of the nation's most heavily trafficked places. And they question the adequacy of his training -- or of the malls' security measures -- to detect or deter an attack. … 'For suburban America, the mall is the gathering place,' said Mitchell Moss of New York University's Center for Catastrophe Preparedness and Response. 'It's much more than just a place to shop. It's where huge numbers of people gather to go to the movies, eat and socialize -- therefore, making it a potential terror target.'" Newsday continues, "Roosevelt Field, the state's largest mall, may draw as many as 100,000 people a day at holiday peak -- one reason Nassau police conducted a training exercise there a year after 9/11, based on the scenario of a plane crashing into the mall's food court. … The Department of Homeland Security has repeatedly warned that malls are potentially attractive targets for terrorists, although officials say there is no credible intelligence of imminent plots. … It cites al-Qaida training manuals that identify 'places of amusement' and 'vital economic centers' as targets and a pattern of such attacks worldwide. A Rand Corp. survey documented over 60 attacks since 1998 on shopping centers in places as diverse as Russia, Turkey and Israel." Newsday adds, "This country has seen only lone-wolf attacks -- one of the bloodiest Monday night when an 18-year-old Bosnian refugee opened fire on shoppers in a Salt Lake City mall, killing five and wounding four before being gunned down by an off-duty police officer. Police are still investigating his motive. .. .But such cases underscore how potentially vulnerable the nation's malls and shopping centers are to acts of violence, according to a recent Justice Department report, which found that while many malls have tightened security since September 2001, much more could be done. The report cited inadequate training for low-paid, high-turnover security workers, as well as insufficient drilling and coordination between mall security and first responders."

Chertoff Asks Senate Not To Delay Real ID Act, Pushes For Visa Waiver Changes. The Washington Times (2/14, Hudson, 88K) reports testifying Tuesday before the Senate Homeland Security and Governmental Affairs Committee, DHS Secretary Michael Chertoff "defended the federalization of driver's licenses and asked a Senate panel not to block the Real ID law, but he urged members to make security changes in the visa waiver program. … 'We don't want to keep kicking the can down the road,'" said Chertoff, regarding proposals to delay the Real ID Act's 2008 implementation deadline." Chertoff "also said the Senate should legislate changes in the visa waiver program to secure international flights and ensure foreign visitors are not terrorist threats or do not overstay. 'We are not going to sacrifice security for the sake of facilitating travel among our allies,' Mr. Chertoff said."

Chertoff Says He "Will Not Apologize For Protecting Americans." Secretary Chertoff appeared on Fox News' O'Reilly Factor (2/13, 8:20 pm, O'Reilly), where he was asked about Guantanamo Bay and the negative reaction that some have to the holding of prisoners there. "Because the hatred directed at you and the Bush administration for your policies of no more catch and release for illegals, and you know to keep these people in Guantanamo Bay until we fully vet them, not let them just out, the hatred direct toed you is staggering." Chertoff: "Well let me say this: I will not apologize for protecting Americans. I'm not going to apologize for putting as first priority keeping Americans safe. I don't think the administration will. Obviously we want to be humane and fair, but job one is keeping Americans safe from harm."

NYTimes Urges Chertoff Not To Appeal Dismissal Of LA 8 Case. Under the headline "A Shameful Prosecution," the New York Times (2/14, 1.16M) editorializes, "An immigration court judge's dismissal of 20-year-old deportation proceedings against two Palestinian men — and his criticism of the government's abusive conduct in the case — ought to prick the conscience of the homeland security secretary, Michael Chertoff. Rather than reflexively pursuing an appeal, Mr. Chertoff, a former federal judge, should see the wisdom of finally declaring an end to this sorry legal tale, which has become a big source of distrust in the Arab and Muslim community." The Times says the judge "fittingly denounced" the government's pursuit of the LA 8 case, calling it "'an embarrassment to the rule of law.' Mr. Chertoff has until Feb. 28 to file an appeal. The only decent thing to do is to drop the case."

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Senate Bill Would Drop 100 Percent Screening For Shipping, Air Cargo. The AP (2/13, Lumpkin) reported Sens. Joe Lieberman and Susan Collins introduced "an anti-terrorism bill Tuesday that could spark future clashes with the House, proposing more homeland security money for smaller and rural states and dropping requirements for tougher cargo inspections." The Senate version of a bill implementing the remaining recommendations of the 9/11 Commission "would drop House-passed provisions requiring that all containers on US-bound vessels be screened in foreign ports for radiation, and that all cargo loaded onto US airliners be screened for explosives. Both were strongly opposed by the Bush administration on grounds that they are too costly and require the use of technology that does not exist."

Report Urges More Investment To Develop Subway Bomb Detection Technology. USA Today (2/14, 1A, Frank, 2.27M) reports on its front page, "An ambitious test of machines for checking subway and rail passengers for bombs failed to find a technology that can reliably stop terrorists such as those who attacked trains in Madrid and London, according to a Homeland Security Department assessment." Each piece of "futuristic screening equipment" tested under the $7 million program "had significant problems," including "excessive false alarms," screenings that took too long, and one machine "'could not consistently locate the item that caused the alarm,' according to the report, which was not made public but was presented at a recent rail-security conference in Arlington, Va. The effort to screen rail passengers 'needs significant investment,' the assessment concludes. Democrats in Congress have recently pledged to boost spending on subway security systems by billions." In the face of "technological limitations,"

NFL Rejected Border Patrol Ad For Super Bowl Over Mention Of Terrorism, Illegals. The Washington Times (2/14, Dinan, Seper, 88K) reports, "The National Football League refused to run a recruitment ad for the US Border Patrol in last week's Super Bowl program, saying it was 'controversial' because it mentioned duties such as fighting terrorism and stopping drugs and illegal aliens at the border. … 'The borders, the immigration debate is a very controversial issue,'" said NFL spokesman Greg Aiello, "'and we were sensitive to any perception we were injecting ourselves into that.' The NFL's rejection didn't sit well with Border Patrol agents, who called it a snub of their role in homeland security and said it was 'more than a little puzzling.'"

Congress Concerned Contractors Given Too Much Control Over DHS Projects. The Wall Street Journal (2/14, A16, Karp, 2.04M) reports issues with the Coast Guard's Deepwater modernization program, which has "given black eyes to Lockheed Martin Corp. and Northrop Grumman Corp. underscore broader concerns about the government's use of private contractors to oversee vital homeland security programs. Congress this week is scheduled to hold its third and fourth hearings in less than a month to review" the Coast Guard's "ambitious" effort, and legislators "are also scrutinizing SBInet, a Boeing Co.-led project to build a high-tech border surveillance system." The Journal adds that the concern among contractors "is that political pressure could prompt Homeland Security to revise contracts on less favorable terms. Coast Guard chief Adm. Thad Allen confirmed yesterday that the service will change the 'structure' and 'contractual relationship' with the Lockheed-Northrop joint venture, though details have yet to be worked out."

Allen Announces Management Overhaul At Coast Guard. The New York Times (2/14, Lipton, 1.16M) reports Admiral Thad Allen acknowledged that the US Coast Guard "has failed to keep up with changing times" as he "unveiled a plan Tuesday to restructure its management radically and expand its surveillance efforts along the nation's coasts." Though "intended to address mounting criticism" of Deepwater, the overhaul "is much broader, including revamping the way the Coast Guard manages its response to natural disasters and terrorist attacks, supervises its Atlantic and Pacific fleets, maintains its aircraft and ships and handles its payroll and financial systems." The Times adds that the plan outlined in Allen's speech "reflects changes that have already taken place at the service since 2001 when it assumed a broader antiterrorism mission and has had its budget grow by 50 percent, to $8.6 billion this year." The speech came "in advance of the release of another scathing report by the Department of Homeland Security's inspector general on the Coast Guard's management of its ship procurement program."

WSJournal Praises Possible Sale Of Freedom Tower. The Wall Street Journal (2/14, 2.04M) says in an editorial, "The Freedom Tower at Ground Zero in Manhattan still isn't much to look at -- a handful of beams rising from the pit roughly to ground level. But this week has brought the welcome news that private-equity funds and other investors are asking if its owner might be willing to sell the building that is supposed to replace the fallen twin towers. The Port Authority of New York and New Jersey has also hired a broker to shop the still-unbuilt tower." A sale "is far from certain," but "the twin towers were underoccupied and underutilized for at least two decades after their construction. Letting private capital take on the risks of turning a profit on

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the new 2.6 million-square-foot, 1,776-foot tower would ensure that history does not repeat itself at taxpayer expense."

WAR NEWS:

For House Democrats, Anti-Surge Resolution Is First Step In "Slow-Bleed" Strategy. USA Today (2/14, 8A, Kiely, 2.27M) reports House Speaker Nancy Pelosi said yesterday that the current non-binding resolution on Iraq before the House "was only the beginning of congressional steps to try to change Iraq war policy. 'A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor,' she said." Pelosi offered no explanation of what that legislation might be, and media accounts in several major news outlets didn't delve into that area either. For example, NBC Nightly News (2/13, story 4, 2:15, Reid, 9.87M) reported "Democratic leaders say" the resolution "will be only the first step," and the CBS Evening News (2/13, story 5, 2:05, Couric, 7.66M) said the measure "wouldn't force the President to change his strategy, but it could go a long way towards shaping Iraq policy in the future."

The Politico (2/14, Bresnahan) this morning offers an outline of the Democratic strategy beyond this week's House vote. "Top House Democrats," it reports, "working in concert with anti-war groups, have decided against using congressional power to force a quick end to US involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options. Led by Rep. John P. Murtha, D-Pa., and supported by several well-funded anti-war groups, the coalition's goal is to limit or sharply reduce the number of US troops available for the Iraq conflict, rather than to openly cut off funding for the war itself." The Politico adds, "The legislative strategy will be supplemented by a multimillion-dollar TV ad campaign designed to pressure vulnerable GOP incumbents into breaking with President Bush and forcing the administration to admit that the war is politically unsustainable." As "described by participants, the goal is crafted to circumvent the biggest political vulnerability of the anti-war movement -- the accusation that it is willing to abandon troops in the field. That fear is why many Democrats have remained timid in challenging Bush, even as public support for the president and his Iraq policies have plunged."

The Washington Post (2/14, A1, Weisman, 690K) interprets Pelosi's words as a warning about funding, reporting "both sides of the debate agreed that the real fight will come next month, when Democrats are to move to attach to a $100 billion war spending bill binding language that would limit future deployments to Iraq and begin to bring troops home." Another report that analyzes what the Democrats' future steps runs in the Los Angeles Times (2/14, A1, Levey, Gaoluette, 850K), under the headline "House debate: Prelude to a faceoff?" The Times says "many Democrats, including Iraq war veteran Patrick Murphy of Pennsylvania, made clear that they wanted to follow the resolution vote with binding steps to force the Pentagon to begin withdrawing the more than 135,000 US forces now in Iraq." Republicans "have long tagged Democratic opposition to the war as an attack on the military. On Tuesday, Rep. Sam Johnson (R-Texas) -- a Vietnam veteran who 34 years ago Monday was released after seven years in a North Vietnamese prisoner of war camp -- called the Democratic resolution a 'first step for them to cut funding for our troops in harm's way.'" And in another preview of that line of attack, Minority Leader John Boehner said yesterday, "We know what Al Qaeda thinks when America retreats from the battlefield. … They think we can't stomach a fight. This is why they haven't been afraid to strike us whenever they've had the opportunity." The Hill (2/14, Marre, Soraghan) runs a similar report under the headline "Pelosi: Iraq Resolution Is Just The Beginning,"

The New York Times (2/14, Zeleny, Luo, 1.16M) reports, "On its face, several Republicans conceded, the resolution was difficult to oppose. Two Republicans, John Shadegg of Arizona and Peter Hoekstra of Michigan, instructed their colleagues to make the debate about the fight against terrorism. 'If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose,' they wrote in a letter." That is why, says the Times, "many Republicans who spoke on Tuesday appeared to heed that message, framing the war as an important battleground in a global struggle against militant Islam." Democrats "sought to temper the tone of the debate, and the scope of the resolution, to avoid alienating all Republicans." The Washington Times (2/14, Ward, Hurt, 88K), meanwhile, says that "internal Republican memo that showed the minority party was…trying to avoid debating the specifics of the president's plan" was actually released by Democrats.

The AP (2/14, Davis), meanwhile, reports "many rank-and-file" Democrats, "particularly moderate newcomers who rode to Congress on a wave of public discontent about Iraq -- are wary of casting any vote that could be construed as ending funding for the mission."

ABC World News (2/13, story 2, 2:25, Tapper, 8.78M) reported, "Trying to seem strong on military issues, Democrats lined up veterans of Korea, Vietnam and Iraq as their first speakers in favor of the anti-surge resolution." Rep. Murphy: "Walking in my own combat boots, I saw firsthand this Administration's failed policy in Iraq." Rep. John Tanner: "The problem here is not the stomach of the troops. The problem is the competency of the civilian leadership that's gotten us into this mess." Democrats "expect at least a dozen Republicans to vote with them, including Maryland

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Republican Wayne Gilchrest, a Vietnam veteran and former Iraq war supporter, who says troops killed and wounded from his district have influenced his vote."

The AP (2/14, Espo) reports Democratic leaders "said they expected no more than one or two members of their rank-and-file to oppose the resolution. Republicans said that despite quiet lobbying by the White House, they expected at least two dozen GOP lawmakers to swing behind the measure, suggesting that it would command the votes of at least 250 or 260 votes in the 435-member House." Senate Majority Leader Harry Reid "said he would attempt to pass an identical measure later this month." The Chicago Tribune (2/14, Madhani, 617K) says Reid "plans to call the House resolution for a vote in his chamber Feb. 27."

McClatchy (2/14, Talev) reports that although "the White House dispatched national security adviser Stephen Hadley to advise any lawmakers who wanted to listen," lawmakers "said neither Republican congressional leaders nor the White House was twisting arms." Likewise, under the headline "Bush Stays Out Of Fight, Opts For Lighter Fare," the Washington Post (2/14, A6, Baker, 690K) says, "While the House of Representatives debated weighty matters of war and peace yesterday, President Bush headed to the YMCA." He "visited children bending paperclips into different shapes and urged Americans to volunteer as mentors. He talked not of armies in Iraq but of "armies of compassion" at home. Even the kids seemed confused. One asked why he came. 'I came to see you,' the president responded." Bush "is publicly ignoring the" House "clash -- a display that is part strategy and part concession to reality." The Post adds, "By not engaging in the debate, Bush sends the signal that it does not matter to him what Congress says in a nonbinding resolution, hoping to minimize the impact of what the White House considers the inevitable outcome. And according to strategists in both parties, he has limited influence on Capitol Hill at this point, even among fellow Republicans."

Fox News' Special Report (2/13, Hume) reported, "Many House Republicans said the debate was stacked against them. Late Monday House Democrats refused to allow debate on two GOP alternatives, one to forbid future moves to cut off Iraq war funds, the other to support the findings of the Iraq Study Group. … Denying Republicans a chance to vote on an Iraq alternative violates a promise made by Democrats just last week." Hoyer was asked on MSNBC's Hardball (2/13, Matthews) why the Democrats will not allow a vote on the GOP's alternative. Hoyer answered, "We believe that the American public deserves a clear answer to the president's proposal. … We decided that unlike the Senate, which got very confused, and in gridlock on the whereas and therefore classes, that we would put a very simple proposition on the floor. And that was essentially two premises. A, we support the troops and we'll protect the troops. B, we do not support the escalation…and don't think it will work. We want a very clear vote on that issue, unconfused by other propositions. There will be time, as I have said, in the very near future on the supplemental, on the defense appropriation bill and on the defense authorization bill, all of which are coming up in the near term to make those other views known, but on this debate, we wanted a very clear question asked and a very clear answer given."

Dana Milbank, in his "Washington Sketch" column for the Washington Post (2/14, A2, Milbank, 690K), says, "A dazzling debate it wasn't. At the start, there were 75 members of Congress on the floor." By the time Rep. Adam Putnam of Florida, "the man in charge of Republican strategy in this week's great debate on Iraq," spoke, "about half an hour later, the number was down to 36; before long, the chamber returned to its usual, depopulated state." The Washington Post (2/14, A6, 690K) also runs several quotes from lawmakers participating in the debate, including Pelosi and Reps. Ike Skelton, Patrick J. Murphy and Peter Hoekstra."

Pelosi Quote Gets Widespread Local TV Coverage. Last night, there was heavy local TV coverage of the House debate across the nation. A significant number of reports showed footage of Pelosi saying, "No more blank checks for President Bush on Iraq. Our taxpayer dollars must go to protect our troops." Many of the reports showing the Speaker's quote also ran a clip of Minority Leader Boehner saying, "We are fighting to preserve and defend our sacred way of life." Among the stations following that pattern, quoting Pelosi and then a Republican representative who support the surge plan, were KCOY-TV Santa Barbara (2/13, 11:11 pm), WDRB-TV Louisville (2/13, 10:36 pm), WPXT-TV Portland, ME (2/13, 10:13 pm), KIII-TV Corpus Christi (2/13, 10:03 pm), KSPR-TV Springfield, MO (2/13, 10:01 pm), WRC-TV Washington, DC (2/13, 6:16 pm), and WWAY-TV Wilmington, NC (2/13, 5:18 pm).

Pence Urges Support For Surge. In a Washington Times (2/14, 88K) op-ed, Rep. Mike Pence (R-IN) writes, "I support the president's call for reinforcements and a change of our strategy because we must do everything in our power to see freedom prevail in Iraq. ... The temptation to retreat must be ignored."

In Interviews, US Soldiers In Iraq Express Anger At Democrats. ABC World News (2/13, story 2, 2:25, Gibson, 8.78M) reported that it asked Army sergeants "in Ramadi what they thought of the resolution." First Sgt. Louis Barnum, US Army: "Makes me sick. I was born and raised a Democrat. When I see that, it makes me sad." Sgt. Brian Orechowski, US Army: "I don't want to bad mouth the President at all. To me, it is treason."

State Lawmakers Denounce Surge. The Washington Post's (2/14, 690K) Maryland Notebook column reports, "As Congress debates…Bush's plan for a troop buildup in Iraq, Democrats in the Maryland legislature are weighing in with a

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resounding no. A one-page letter signed by 83 lawmakers and sent yesterday to the delegation on Capitol Hill starts: 'The people of Maryland have not been shielded from the horrors taking place in Iraq.' ... State legislatures don't traditionally dip their toes into matters of foreign policy. But on the Iraq war, the General Assembly has a lot of company: Twelve other states, including California, Illinois, New Jersey and New Mexico, have gone even further this year, approving formal resolutions of opposition." On a similar vein, the Los Angeles Times (2/14, Slladay, 850K) this morning runs a story titled "Calif. Senate OKs resolution against Iraq."

Iraqi Government Closes Border Crossings To Iran And Syria. Fox News' Special Report (2/13, Hume) reported that the Iraqi government "said today that it will close its border crossings to Iran and Syria for three days as part of its new security plan for Baghdad. The closing is aimed to deter terrorists from both nations from crossing into Iraq."

The Los Angeles Times (2/14, Daragahi, 850K) reports Lt. Gen. Abud Qanbar, "the former naval officer appointed by Prime Minister Nouri Maliki to oversee the much-vaunted Baghdad security plan, announced a 72-hour closure of some border crossings along the Iranian and Syrian frontiers, restrictions on civil liberties, and the suspension of all weapons licenses except for those issued to authorized security officials and contractors. 'Legal procedures will be taken and strict penalties will be imposed against all those who violate the rules,' Qanbar said, reading from a lengthy statement broadcast over state television." The Post adds, "It was unclear how some of the security provisions differed from measures already in place. Observers also questioned why Maliki left the announcement to a surrogate."

The New York Times (2/14, Santora, 1.16M) reports Qanbar "did not mention the role American forces would play in the crackdown, but his remarks were clearly timed to coincide with more aggressive efforts by American troops on the streets of Baghdad. The Americans have been establishing outposts — called joint security stations — to work alongside the Iraqi Army and police to end the sectarian bloodletting." The Times adds, "On Tuesday, senior American officers expressed surprise about the plan to resettle people who had moved from their homes amid sectarian cleansing. But they declined to be identified, saying they did not want to contradict the Iraqi general." Qanbar "indicated that the plan would be carried out evenly across Baghdad. But critics said…Maliki, who has come under intense criticism for pursuing a sectarian Shiite agenda, might be trying to appease his detractors and may not actually carry out the plan. Some feared that his government might not apply the same pressure to residents of Shiite areas." The Washington Times/AP (2/14, Abdul-Zahra) and Washington Post (2/14, A12, Ernesto Londo, 690K) run similar reports.

Iraqi Troops Appear To Meet Bush Plan's Demands. The Washington Times (2/14, Hess, 88K) reports, "Iraqi troops have passed a key test by showing up at 70 percent strength or better for President Bush's 'surge' in Baghdad, a senior US general said." Lt. Gen. Martin Dempsey, "commander of the Multi-National Security Transition Command-Iraq," said in an interview, "This movement of these three brigades and two separate battalions into Baghdad to our way of looking at it has gone very well. … We've also learned more lessons from this one, and in future deployments, we'll make it even better." Gen. Dempsey "said three brigades had shown up with between 70 percent and 75 percent of their soldiers. While a Kurdish unit from Sulaimaniyah and Kirkuk arrived with only 56 percent of its expected troops, he said, other inbound units from the Kurdish north were expected to arrive with 70 percent of their troops or more."

Insurgents Take Over Locals' Homes. The Los Angeles Times (2/14, Rifai, 850K) describes, in a first-hand account, by an Iraqi architect and interpreter for the Times, how his family home was taken over and "house-jacked" by area insurgents. With his family away to escape the area's violence, little could stop insurgents from occupying the home when the area is filled with chaos- leaving little recourse for locals whose houses have been seized by insurgents and little or no policing by corrupt local authorities.

Al Sadr Flees Iraq For Iran Ahead Of Security Plan. ABC World News (2/13, lead story, Gibson, 8.78M) reported Iraiq Shiite militia leader Muqtada al Sadr "has left Iraq and gone to Iran." ABC (Raddatz) added, "He left two or three weeks ago, senior military officials tell ABC, headed straight for Tehran." His departure "coincides with the announced [US troop] surge into Baghdad." The New York Times (2/14, Mazzetti, 1.16M) says Al Sadr fled in order to "avoid being captured or killed during the crackdown. But officials also said that Mr. Sadr, who has family in Iran, had gone to Tehran in the past and that it was unclear why he had chosen to leave Iraq at this time."

USA Today (2/14, 8A, Jackson, 2.27M) notes Al-Sadr "has strong family ties in Iran," and it "was unknown whether he was on a personal visit or on business there rather than seeking a safe haven, as suggested by the Bush officials."

Meanwhile, the AP (2/14, Abdul-Zahra) reports early Wednesday that "officials linked to Muqtada al-Sadr denied Wednesday that the radical Shiite cleric had fled to Iran ahead of a security crackdown in Baghdad."

Iraq To Close Borders With Syria, Iran. The Washington Post (2/14, A12, Ernesto Londono, 690K) reports Iraqi officials Tuesday announced "the temporary closure of checkpoints at the Syrian and Iranian borders, as well as an expanded nighttime curfew in the capital, as part of the new

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Baghdad security plan." In a televised address, Lt. Gen. Abboud Gambar, who is in charge of the security plan, "said the border will be closed for 72 hours, but he did not specify when."

Administration Struggles To Defend Iran Claims. NBC Nightly News (2/13, story 7, Williams, 9.87M) reported, "There are serious new questions tonight about the Pentagon's accusation that Iran is supplying deadly explosive device targeting US troops in Iraq. The latest questions are from a surprising source." NBC (Mitchell) added, "Those surprising questions about the Pentagon's case against Iran come from America's top military commander, Joint Chief's Chairman Peter Pace." Although the White House today "stuck by its claims," some Pentagon officials "say the military briefers in Baghdad went too far in blaming Iran's government."

The AP (2/14, Jelinek) reports the Bush administration "struggled Tuesday to explain what it knows about alleged Iranian interference in Iraq after the Pentagon's top general appeared to contradict a recently released military dossier on the subject." The claims of Tehran's involvement "had already drawn skeptical responses from some lawmakers and other critics still wary of an administration that based the invasion of Iraq on faulty intelligence." But those doubts "increased Tuesday after Pace said the link between the bomb materials and the government had not been definitively proven." Defense experts "said Pace's comments -- and the way the dossier had been presented to reporters anonymously -- cast doubt on how solid the administration case is against Iran."

The New York Times (2/14, A14, Mazzetti, Gordon, 1.16M) says White House spokesman Tony Snow "tried to paper over the apparent disagreement on Tuesday," by disclosing "that he had called General Pace on the matter and that he and the general were 'on the same page' with regard to Iran's role in the roadside bomb attacks in Iraq."

But the Financial Times (2/14, Sevastopulo, Aglionby) says Gen. Pace's comments "appear at odds with the White House, which on Monday repeated the line that the Iranian government was involved." The Times notes that "while some parts of the Bush administration have been raising the rhetorical pressure on Iran, others appear to be toning down the war of words."

Pentagon Denies Politics Behind Claims. USA Today (2/14, 9A, Michaels, 2.27M) reports the US military said Tuesday that its decision to go public with allegations that Iran is providing militants in Iraq with weapons "was not politically motivated or orchestrated by the White House." Maj. Gen. William Caldwell, the US command's top spokesman, "said the decision to air the allegations against Iran on Sunday was made by the US military and stemmed from concerns that Iran has been supplying militias with a deadly type of roadside bomb that could pierce thick armor."

Diplomacy Seen As Aim Behind Claims. The Christian Science Monitor (2/14, Grier, 59K) reports, "The US may be trying to achieve a difficult balance regarding Iran: pushing the Iranians hard enough so they will negotiate over their nuclear program, yet not so hard as to increase tensions in a part of the world that's already aflame. That's the conclusion some experts draw from the recent US attempt to lay out evidence that officials say links Iran to attacks against US troops in Iraq." The White House had said for weeks that it would "present proof that Tehran is meddling in Iraq by providing arms and training to Shiite militias. Yet when the presentation came, it was somewhat low-key. It took place in Baghdad, not Washington. It focused almost entirely on a type of dangerous roadside bomb that Iran is allegedly supplying to its Iraqi allies."

Memo Says Iranian Leaders Backed Talks With US In 2003. The Washington Post (2/14, A14, Kessler, 690K) reports the Swiss ambassador to Iran "informed US officials in 2003 that an Iranian proposal for comprehensive talks with the United States had been reviewed and approved by Iran's supreme religious leader, Ayatollah Ali Khamenei; then-President Mohammad Khatami; and then-Foreign Minister Kamal Kharrazi," according to a copy of the cover letter to the Iranian document. Ambassador Tim Guldimann wrote in a letter that was faxed to the State Department o may 4, 2003, "I got the clear impression that there is a strong will of the regime to tackle the problem with the US now and to try it with this initiative." Guldimann "attached a one-page Iranian document labeled 'Roadmap' that listed US and Iranian aims for potential negotiations, putting on the table such issues as an end to Iran's support for anti-Israeli militants, action against terrorist groups on Iranian soil and acceptance of Israel's right to exist." The Post notes that of State Rice "was questioned about the document on Capitol Hill last week," but told congressmen "she did not recall seeing it when she was national security adviser."

Ahmadinejad Seen As Toning Down Anti-Israeli Rhetoric. The AP (2/14) reports Iranian President Mahmoud Ahmadinejad, "toning down verbal attacks on Israel," said in an interview that Tuesday with ABC's "Good Morning America," that Palestinians "should be allowed to determine a resolution to the conflict with the Jewish state." Asked if he stuck by his past calls for Israel to be "wiped off the face of the map," Ahmadinejad "stopped short of addressing whether Iran would recognize Israel but said any decision the Palestinians make should be respected."

Feith Defends 2003 Intelligence Project. In a Washington Post (2/14, 690K) op-ed, former Undersecretary of Defense Feith writes, "Promoters of the 'Bush Lied, People Died' line claim that the recent Pentagon inspector general's

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report concerning my former office's work on Iraq intelligence supports their cause. ... In his report, [Thomas] Gimble wrote that the Pentagon briefing was not the 'most accurate analysis of intelligence.' This has been taken to suggest it was false or deceptive. But the IG said he meant only that the briefing was at 'variance with the consensus of the Intelligence Community.' Of course it was at variance! It was a critique. ... Gimble's characterization is absurdly circular. Cheered on by the chairmen of the Senate intelligence and armed services committees, he is giving bad advice based on incomplete fact-finding and poor logic." Feith adds, "Intelligence is inherently sketchy and speculative -- and historically often wrong. It is improved when policy officials freely probe and challenge it."

Zawahiri Says Bush Lost Bet On Iraq. The Washington Post/AP (2/14, A12) reports, "Al-Qaeda's deputy leader said President Bush was an alcoholic and a lying gambler who wagered on Iraq and lost, according to a new audiotape released Tuesday by a U.S. group that tracks extremist messages." In the tape, Ayman al Zawahiri says, "Bush suffers from an addictive personality and was an alcoholic. I don't know his present condition...but the one who examines his personality finds that he is addicted to two other faults -- lying and gambling."

New Plan Launched To Bring More Iraqi Refugees To US. The New York Times (2/14, A16, Swarns, Zoepf, 1.16M) reports the Bush administration and the United Nations have developed a plan "that would bring several thousand of them to the United States over the next 10 months," officials familiar with discussions of the plan say. Under the plan, which is expected to be formally unveiled this week, the United Nations "began its first large-scale screening this month of Iraqis who have fled to Syria and Jordan since the American-led invasion of Iraq in 2003. It hopes to register 135,000 to 200,000 of them to determine which Iraqis have fled persecution at home and would be eligible for refugee status." For its part, the US "hopes to resettle at least 5,000 of that group this year, with the first arriving in late spring or summer." On Wednesday, Secretary Rice is expected to meet with António Guterres, the United Nations high commissioner for refugees, to discuss the Iraqi refugee crisis. Meanwhile, Guterres and Under Secretary Paula J. Dobriansky "are expected to outline the refugee plan this week at a news conference."

Pakistan Expected To Oust 2.4 Million Afghan Refugees. The Christian Science Monitor (2/14, Montero, 59K) reports that "as Robert Gates, in his first visit to Pakistan as US secretary of Defense, met with President Musharraf in Islamabad this week to discuss the Taliban's expected spring offensive in Afghanistan;" Pakistan's expected attempt to expel 2.4 million Afghanis will, according to analysts, only shift "the world's largest refugee community across borders would only serve to raise tensions." Pakistan is making an effort to contain the Taliban by sending "2.4 million Afghan refugees, most living in camps…home by 2009" due to fears of "cross-border militancy" displayed by the Taliban forces. "Many disagree, however, saying Pakistan's Afghan refugees, most of whom are Pashtun and share the same tribal ethnicity as the Taliban movement, are only being made a scapegoat."

Iraq Seen As Overshadowing Dire Issues In Afghanistan. The Politico (2/14, Grim) reports that "as the House spent most of its energy debating the resolution condemning President Bush's troop surge plan for Iraq, the House Armed Service Committee's hearing on the war in Afghanistan drew only the weakest of spotlights." At the hearing, "the star witness was Gen. Karl Eikenberry, the outgoing commander of all NATO troops in Afghanistan," although the event drew little public or media interest, confusing many members of the committee, with one blaming snow for the small turn-out. After the hearing, "Gen. Eikenberry, lingering in the empty room, said he wasn't sure why the hearing had gotten so little attention. 'You'll have to ask your media colleagues why they're not here,' he mused.

The Washington Post (2/14, Tyson, A15, 690K) reports, "A senior U.S. military commander urged Pakistan yesterday to crack down on an entrenched network of senior Taliban and al-Qaeda leaders, training camps and recruiting grounds -- a sanctuary from which fighters have tripled cross-border attacks since September and are preparing an anticipated major spring offensive in southern and eastern Afghanistan. Army Lt. Gen. Karl W. Eikenberry, the outgoing top U.S. commander in Afghanistan, also warned that an even greater threat than the resurgent Taliban is the possibility that the government of President Hamid Karzai" could "suffer an irreversible loss of legitimacy among the Afghan population" as "the Pentagon is expected to announce soon that it will keep U.S. troop levels in Afghanistan at a minimum of 27,000 into 2008, extending a temporary increase…ordered last month."

Alleged Taliban Commander Promises Biggest Offensive Yet. AFP (2/14) reports, "A purported Taliban commander has said the militia is ready for its 'biggest ever' offensive in Afghanistan this year, while a boosted NATO-led force says it also plans significant operations. ... the year is shaping up to be as violent as 2006 -- the worst in the insurgency." "We have between 8,000 to 10,000 armed men," Mullah Abdul Rahim told AFP in a telephone interview. AFP notes, "His role in the Islamist militia and his claims could not be independently verified." On the other hand, "ISAF has meanwhile swollen to more than 35,000 troops,

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with the United States extending the tour of duty of about 3,500 soldiers for more than four months, and it is putting in place the first 'rapid reaction unit.'"

WSJournal Optimistic About Outcome Of Spring Clashes. The Wall Street Journal (2/14, A20, 2.04M) editorializes, "Expect more terrorism in Kabul, attacks on positions in and around the key Pashtun city of Kandahar, ambushes on vehicles and attacks on European and Canadian forces, which the Taliban consider, with good reason, to be the weak link in the NATO chain. Expect, too, for the Taliban to be decisively defeated. ... The combination of more troops and a keen appreciation of last year's mistakes puts the U.S. and Afghanistan in a better position than a year ago to repulse the Taliban's expected spring offensive."

With US Military Aid, Philippines Winning Battle Against Abu Sayyaf. USA Today (2/14, 10A, Wiseman, 2.27M) reports, "Thousands of miles from the bazaars of Iraq and the mountains of Afghanistan, U.S. military forces are quietly helping defeat terrorists in the jungles of the southern Philippines, a forgotten front in the global war on terrorism." Working "behind the scenes with a rejuvenated Philippine military, U.S. special forces have helped kill, capture or rout hundreds of Abu Sayyaf guerrillas who have links to the Islamic terror groups Jemaah Islamiyah and al-Qaeda, Philippine and U.S. military commanders say." The Abu Sayyaf, "responsible for 16 years of bombings, kidnappings and beheadings in the southern Philippines, has been forced to flee into the mountainous terrain here on Jolo island in the remote Sulu Archipelago." But its "numbers are dwindling and its leadership almost wiped out, says Brig. Gen. Ruperto Pabustan, commander of Philippine special forces on Jolo." Backed "by U.S. intelligence, equipment and training, Philippine forces have killed or captured 200 of the 400 Abu Sayyaf fighters on Jolo since they began Operation Ultimatum last August, Pabustan says."

Algerian Bombings Linked To Al Qaeda-Allied Group. The New York Times (2/14, Smith, 1.16M) reports, "Seven bombs exploded almost simultaneously in Algeria yesterday, killing six people and wounding more than a dozen in the worst attack in months by North Africa's most active terrorist group, which says it has allied itself with Al Qaeda." The bombs, "including at least five powerful car or truck bombs, went off before dawn, pulverizing police stations in six towns in mountainous areas east of the capital, Algiers." A group "calling itself the Qaeda Organization in the Islamic Maghreb claimed responsibility for the attacks in a telephone call to the Morocco offices of the Arabic-language satellite broadcaster Al Jazeera. The name was recently adopted by the Salafist Group for Preaching and Combat, which has operated in Algeria since 1996."

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Four Top Lam Aides Interviewed For Interim US Attorney Post. The San Diego Union-Tribune (2/14, Thornton) reports, "With U.S. Attorney Carol Lam's departure imminent, the Justice Department has interviewed four of her top advisers for the position of interim chief while a committee searches for a long-term replacement." The Union-Tribune continues, "Among the short-term candidates interviewed within the last two weeks are Lam's second-in-command, Stephen Clark, her third-in-command, Karen Hewitt, plus Narcotics Chief Tim Coughlin and Appeals Chief Bruce Castetter. … All are career prosecutors hand-picked by Lam who have supported her priorities of prosecuting corruption and white-collar crimes rather than routine immigration cases, which, according to Justice Department officials, led to Lam's ouster." The Union-Tribune adds, "Lam was targeted for dismissal because of 'performance-related' issues after the Justice Department received complaints from members of Congress about her handling of immigration enforcement cases, said Deputy Attorney General Paul McNulty. … Before statements, sources told The San Diego Union-Tribune that Lam, a political independent, was asked to step down because of declining prosecutions of gun, smuggling and drug cases. … Though initially staying mum, the Justice Department confirmed under pressure from lawmakers that it recently asked at least seven U.S. attorneys, including Lam, to resign. Officials said the dismissals weren't politically motivated and were generally based on job performance." The Union-Tribune notes, "The interviews of potential temporary replacements for Lam were conducted via video conference calls by Justice Department officials in Washington, D.C. The candidates did not seek the position but were invited to be interviewed. … An announcement is not expected until Lam's final day in office Thursday. An office party is scheduled for that day so colleagues can wish her well. Lam has declined to discuss reasons for her departure or her future plans."

CORPORATE SCANDALS:

Johnson & Johnson Tries To Minimize Damage From Bribery Probe. The Financial Times (2/14, Bowe, Davoudi, Kirchgaessner) reports, "Carved in stone in the lobby of its US headquarters is Johnson & Johnson's credo, displaying its guiding principles and symbol for what the healthcare conglomerate regards as its most preciously preserved commodity - its reputation. … But J&J also prizes

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is decentralised structure - with managers nimbly running separate businesses ranging from pharmaceuticals to medical devices to consumer brands such as its iconic Band-Aid and baby shampoo. These two ideals at J&J have clashed, and now the group is trying to minimise the damage to its reputation following revelations of improper payments overseas that could violate US anti-bribery laws." The Times continues, "Late on Monday, J&J said it had notified the US legal authorities and securities regulators that it had found 'improper payments in the connection of medical devices in two small-market countries.' … J&J was not under investigation for these payments and voluntarily notified the US Department of Justice and Securities and Exchange Commission. It said the payments could violate the US Foreign Corrupt Practices Act (FCPA), and that a senior executive had stepped down as a result. J&J declined to name the countries or the type of payments involved. … Nevertheless, J&J said Michael Dormer, 55, would retire as worldwide chairman of three of its medical device businesses - Ethicon Endosurgery, Depuy orthopaedic implants and Ortho diagnostics unit." The Times notes, "The J&J case underscores that the medical device industry is particularly vulnerable to charges under the US FCPA, an anti-bribery statute that makes it illegal to make payments or offer anything of value to a foreign government official in order to obtain business. … Indictments of companies can carry a heavy price in the US, including a potential ban on doing business with the government, a huge buyer of health products and services. Around the world, companies like J&J sell products to hospitals and other healthcare facilities that are often government-owned, increasing the risk that payments to healthcare officials can be considered bribes to government officials. Bribes between parties in the private sector are not covered under the FCPA. … Experts say the Justice Department has markedly stepped up its enforcement of FCPA violations, forcing companies to be more vigilant about any types of payments it makes to individuals or entities that may be deemed to be government controlled."

Nasdaq Says Cyberonics Is In Compliance With Filing Rules. The AP (2/14) reports, "Cyberonics Inc. said Tuesday it received a letter from the Nasdaq Stock Market confirming that the medical device maker is in compliance with all the exchange's rules, and its stock will continue to be listed." The AP continues, "The company also said that with last week's filing of its quarterly report for the period ended Oct. 27, it has now filed all previously delinquent reports to the Securities and Exchange Commission." The AP adds, "Cyberonics had received letters from the Nasdaq warning that the company was subject to delisting for failing to meet its filing requirements. … Cyberonics in November said it would restate financial results from 2000 through January 2006 to correct improper stock options accounting, resulting in $10 million in non-cash expenses. The company's CEO and chief financial officer resigned later that month." The AP notes, "Cyberonics is one of 106 companies currently under SEC or Justice Department scrutiny over its stock-option grants, and at least 94 other firms have launched or completed internal reviews into their stock options practices, according to an AP review."

Aflac To Allow Shareholder Vote On Executive Pay. USA Today (2/14, 1A, Jones) reports, "Responding to the uproar against soaring executive compensation, Aflac today will announce a move to become the first major U.S. company to let shareholders vote on executive pay packages." USA continues, "On Tuesday, Aflac's board approved allowing shareholders to vote on the pay of the insurer's top five executives. Although the vote will be non-binding, it would be hard for Aflac to ignore the wishes of a majority of shareholders, says analyst Dawn Wolfe at Boston Common Asset Management. … Other companies are under similar pressure. Shareholder proposals to approve executive pay are on ballots this year at about 50 companies, many introduced by the American Federation of State, County and Municipal Employees (AFSCME) union, which is a powerful institutional investor." USA adds, "Aflac, probably best known for the ubiquitous duck in its TV ads, had received a shareholder proposal from Boston Common, but the money management firm withdrew it when Aflac promised to make the move voluntarily. Aflac plans to announce today that shareholders will begin voting in 2009, the first time there will be three years of complete pay data in proxy tables under new Securities and Exchange Commission disclosure rules. .. Aflac CEO Dan Amos said in an interview that a key concern is the chance of an 'emotional vote' if Aflac's stock is depressed going into the annual shareholders meeting. … Similar shareholder proposals at other major companies have never passed, says Richard Ferlauto, director of pension and benefit policy at AFSCME. However, he says proposals at companies such as Sun Microsystems were supported by 40% or more of shareholders."

Congress Probes Sallie Mae Exec's Stock Sale. The Washington Post (2/14, D1, Paley, 690K) reports congressional investigators are "looking into Sallie Mae Chairman Albert L. Lord's sale of $18.3 million worth of company stock this month, just days before President Bush proposed a huge cut in subsidies to the lending industry that caused Sallie Mae shares to nosedive." The chairmen of the House Financial Services and Education committees "sent letters yesterday to the White House counsel, the education secretary and Sallie Mae, asking for detailed information on all contact between the Reston-based student lending giant and the Bush administration over the past three months."

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Rep. George Miller said, "Given the timing of the Sallie Mae stock sale and the release of the President's budget, the committee is seeking more information as a matter of routine oversight."

Staggered Corporate Boards Defended. In an op-ed for he New York Times (2/14), Guhan Subramanian, a professor of business and law at Harvard, writes, "Slowly but surely, corporate America is giving up the staggered board." Subramanian continues, "Some businesses are responding to corporate governance rating agencies, which penalize companies that do not elect all of the directors each year. Some are responding to shareholder resolutions or to behind-the-scenes pressure from large shareholders. Georgeson Shareholder Services reports there were more than 90 resolutions among S.&P. 1500 companies in 2006 to abolish staggered boards, half proposed by the companies and half by shareholders. More are expected in the 2007 proxy season, and some corporate governance experts are urging companies not to fight the issue. … This would be a mistake. What shareholders object to is not staggered boards themselves, but how staggered boards block takeovers." Subramanian adds, "Most corporations have adopted or can easily adopt a 'poison pill,' a takeover defense that forbids a hostile bidder from directly purchasing a controlling interest in a target company. If the target has a staggered board, a bidder must win two proxy contests, conducted more than a year apart, to gain control of the board and jettison the poison pill. No bidder in the modern era of takeovers has had the patience and persistence to do this, so the staggered board combined with the pill presents a potent roadblock to shareholders who want to accept a hostile offer. … But there is a way to give shareholders exactly what they want without eliminating the staggered board: shift the staggered board from the charter to the bylaws. That would allow a hostile bidder to dismantle the staggered board through a bylaw amendment and put its offer to shareholders in a single proxy contest. For the 99.5 percent of United States public companies that are not subject to a hostile takeover bid in a given year, directors would continue to be elected to staggered, three-year terms. … Shareholders rightly decided that they did not like the anti-takeover effect of staggered boards, but their campaign unnecessarily casts the baby out with the bathwater. A bylaws-based staggered board meets the interests of all sides."

CRIMINAL LAW:

Former CIA Official, Contractor Indicted In Cunningham Bribery Probe. ABC World News (2/13, story 7, :30, Gibson, 8.78M) reported, "A congressional bribery scandal expanded today with the indictment of a former top CIA official. Kyle Foggo – who was the CIA's number three official until last May – was charged with fraud, conspiracy, and money laundering. The charges stem from the investigation that sent former Congressman Randy 'Duke' Cunningham to prison. Foggo and Cunningham were linked to a defense contractor who was also indicted today." CNN's The Situation Room (2/13, Blitzer) noted Foggo is "facing some very, very serious charges." CNN (2/13, Roberts) added, "The indictment alleges that Foggo used his senior position at the CIA to steer contracts to Wilkes. The deal shielded and the money laundered through shell companies and strawmen. In exchange, prosecutors say, Foggo benefited richly. … The FBI and the CIA's Office of Inspector General took the extraordinary step of searching both Foggo's office at CIA headquarters and his home in Vienna, Virginia. Agents seized everything from bank records to Cuban cigars."

In a widely-distributed story, the AP (2/14, Hoffman) adds, "Foggo and Wilkes could each be punished by up to 20 years in prison if convicted. 'High government positions and powerful connections should not be tickets to corrupt self-enrichment,' said U.S. Attorney Carol Lam. The charges are a blow to the CIA, whose director, Michael Hayden, wrote to employees Tuesday that the agency continues to cooperate with the investigation." The AP notes Foggo "resigned in May under investigation by the FBI, the Internal Revenue Service, the Pentagon's Defense Criminal Investigative Service, the CIA's inspector general and the U.S. attorney's office in San Diego." USA Today (2/14, 4A, Kelley, 2.27M) adds, "Wilkes' lawyer, Mark Geragos, said all the charges were 'demonstrably false' but refused to give specifics. Geragos said Wilkes plans to plead not guilty in a court appearance today."

The San Diego Union-Tribune (2/14, Thornton, Baker, 324K) reports Lam "announced the indictments at an afternoon press conference, calling the charges against the two men 'breathtaking in scope.' … Wilkes and Foggo are expected to surrender at an arraignment in federal court Wednesday." The Los Angeles Times (2/14, Perry, 850K) notes, "Wilkes, according to the indictment, provided Cunningham with prostitutes, vacations, corporate jet travel, limousine service, cash, meals, furniture and equipment for his boat. The value of the alleged bribes was put at $700,000. The contractor reportedly provided Foggo, a childhood friend, with meals, gifts, private jet flights, a helicopter ride and a weeklong stay at a Scottish castle valued at $44,000. Wilkes also paid for Foggo to join him on Hawaiian vacations, the indictment said."

In a front-page story, the Washington Post (2/14, Smith, 690K) reports, "While the probe has threatened to sweep in other members of Congress, some uncertainty surrounds it. A key U.S. attorney involved in it -- Carol C. Lam in San Diego -- has been fired by the administration for unspecified

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'performance-related' deficiencies along with a handful of other federal prosecutors. Lam oversaw the Foggo investigation and is to leave Thursday. The head of the local FBI field office praised Lam's performance and said her firing appeared to be 'political,' an accusation that the Justice Department has denied." The Wall Street Journal (2/14, A12, Paltrow, 2.04M) also notes the controversy surrounding Lam's dismissal and adds, "The indictment and its details would seem to heighten the risk to other members of Congress still under investigation; Mr. Wilkes also had dealings with several of them."

Roll Call (2/14, Van Dongen) similarly reports, "Lam secured the indictments two days before she is slated to leave office after being fired by the Bush administration in December along with six other U.S. attorneys, causing Democrats to charge their firings were improper and political. Deputy U.S. Attorney General Paul McNulty is slated to brief Judiciary Committee Senators today in a closed-door session on the prosecutors' personnel records." Roll Call notes, "The 42-page indictment of Wilkes is wide-ranging and charges a variety of criminal activities. It also names John Michael Thomas, the president and part owner of New York-based mortgage company Coastal Capital Corp., with helping Cunningham obtain a fraudulent mortgage."

The Hill (2/14, Schor) reports, "Justice Department officials have praised the Cunningham probe as the linchpin of their growing pursuit of public corruption cases, yet prosecutor Lam is nonetheless slated to step down tomorrow after the Bush administration cited unspecified 'performance' issues in requesting her resignation late last year. … House Democratic Caucus Chairman Rahm Emanuel (Ill.) has called for Lam to continue her cases against Wilkes, Foggo and others reportedly ensnared in the probe, including former House Appropriations Chairman Jerry Lewis (R-Calif.), via a special prosecutor appointment." The Washington Times (2/14, Seper, 88K) and PBS' NewsHour (2/13, Lehrer) also reported on the indictments, but without noting the Lam controversy.

CNN.com (2/14, Arena, Frieden) reports, "Foggo faces an 11-count indictment charging him with conspiracy, wire fraud, depriving taxpayers of honest services, conflict of interest and money laundering. He 'affirmatively hid' the gifts from his superiors at the CIA before his resignation, U.S. Attorney Carol Lam told reporters. … 'These two indictments describe patterns of self-dealing and corruption that spanned years and reached deep into our country's system of procurement for the defense industry,' Lam said." CNN adds, "Prosecutors will also try to reclaim $12 million in profits they say Wilkes received as a result of the schemes, Lam said. … A third man, New York mortgage banker John Michael, was charged with obstruction of justice. Prosecutors said he lied to a grand jury about Wilkes' role in paying off a half-million-dollar second mortgage on Cunningham's home." AFP (2/14) also reports on the indictments.

Defense To Rest Without Calling Libby, Cheney. NBC Nightly News (2/13, story 6, :25, Williams, 9.87M) reported, "There is word tonight from the trial of Vice President Cheney's former chief of staff, Scooter Libby, that neither Vice President Cheney nor Libby himself will testify. … Libby's lawyers will rest their case this week with closing arguments next week." In a widely-distributed story, the AP (2/14, Apuzzo) notes that the decision not to call Libby or Cheney "spares the defense team two dangerous bouts with cross-examination. But it also forces Libby to look elsewhere for someone to make the memory defense for him. John Hannah, who served as Libby's deputy and replaced him as Cheney's national security adviser, helped in that effort Tuesday. He described Libby as someone responsible for the nation's most sensitive intelligence but whose memory was notoriously spotty. Libby also wants three CIA briefers to testify Wednesday about the classified national security briefings he received each morning in mid-2003."

In a front-page story, the Washington Post (2/14, Goldstein, Leonnig, 690K) reports, "The defense's central theory is that Libby suffered from a notoriously bad memory and misspoke to investigators about his role in the Bush administration's disclosure of the identity of undercover CIA officer Valerie Plame. The decision to foreshorten the case means that jurors will hear little testimony and see scant evidence to back that contention. … The decision also means that the defense will not call any witnesses to explicitly buttress a dramatic assertion by lawyer Theodore V. Wells Jr. in his opening statement to the jury: that Libby was scapegoated by his White House colleagues when the leak investigation began." The Post notes Hannah "highlighted points that Cheney and Libby might have offered if they had testified. Hannah said that Libby essentially had two full-time jobs and, under questioning by defense attorney John Cline, gave the jury a tour of complex and sensitive foreign-policy issues in which Libby was immersed from May 2003 to March 2004."

The Los Angeles Times (2/14, Schmitt, 850K) reports Special Prosecutor Patrick J. Fitzgerald "got Hannah to admit that Libby was not too busy in the summer of 2003 to take time out to track the doings of Wilson. The defense decision not to call Libby appeared to harden feelings a bit with the prosecution team. Before the trial, the government had given Libby and his lawyers extensive access to summaries of classified information that Libby had seen while working for Cheney," and "Fitzgerald said the information was given with the understanding that it would be used exclusively by Libby while he testified to show the size and sensitive nature of his workload. Tuesday, after defense lawyers said that Libby

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would not testify but that they planned to introduce some of that information during the testimony of three CIA employees today, Fitzgerald objected. … Walton deferred a ruling."

The New York Times (2/14, Lewis, Shane, 1.16M) notes, "Mr. Cheney's testimony, which was much anticipated, would have set a precedent as the first appearance of a sitting vice president as a witness at a criminal trial. It was also expected to bolster a major part of Mr. Libby's defense: that he was so consumed by the crush of high-stakes issues like global terrorism and Iraq that he might not have remembered all the details of his conversations. But the trial threw up numerous instances in which Mr. Cheney took a personal role in managing the White House response to accusations from Joseph C. Wilson…that the evidence for going to war had been knowingly overstated. Mr. Cheney could have been exposed during cross-examination to uncomfortable questions about his close involvement in trying to undermine Mr. Wilson's criticisms."

Former Senator Thompson Criticizes Libby Prosecution. The AP (2/14) reports, "Former Sen. Fred Thompson, R-Tenn., criticized Special Counsel Patrick Fitzgerald's handling of the CIA leak investigation Tuesday, saying the prosecutor had to have known from the start that it was not a crime to disclose Valerie Plame's identity as an agent." The AP continues, "A fund-raiser for the defense of I. Lewis 'Scooter' Libby, Thompson depicted Fitzgerald as out of control, telling ABC News there was 'no brake and no check and no balance' on the prosecutor." The AP continues, "Thompson's objections are the same ones Democratic politicians made in the 1990s about independent counsel Kenneth Starr, who spent six years investigating President Clinton and first lady Hillary Rodham Clinton. … In the same fashion, Republicans complained about the six-year investigation by independent counsel Lawrence Walsh into the Iran-Contra scandal of the Reagan years and the first Bush administration. … Congress allowed the independent counsel statute to expire in 1998. … 'When you put too much power in the hands of unelected, unaccountable people who have every incentive to focus massive resources onto one particular person — who gets the plaudits in the media for doing so — it's a bad thing,' Thompson told ABC. … Unlike Starr, who was appointed by a panel of federal appeals court judges, Fitzgerald's Justice Department superiors appointed him to look into the CIA leak scandal. He has continued his duties as U.S. attorney in Chicago while investigating the Valerie Plame affair." The AP notes, "Thompson, who plays a prosecuting attorney in NBC's 'Law & Order,' pointed out that no one has been charged with leaking Plame's identity, saying no law had been broken. 'The Justice Department knew that early on. The CIA should have known that early on,' Thompson said. 'Special Counsel Patrick Fitzgerald had to have known that at the very beginning.'"

Judge To Hear NJ Legislature's Challenge To US Subpoenas. The Newark Star-Ledger (2/14, Margolin, Sherman) reports, "Federal prosecutors and attorneys for the state Legislature are due to square off today in an increasingly political fight over the confidentiality of legislative records being sought in a criminal corruption probe. The closed-door hearing in U.S. District Court in Trenton comes after Gov. Jon Corzine reiterated his call yesterday for the release of documents being sought by U.S. Attorney Christopher Christie in an expanding investigation into lawmakers' possible conflicts of interest. 'I think we ought to comply with the law and respond to the subpoena,' Corzine said. 'We ought to be taking those steps that give the public the assurance that we're getting our house in order with regard to ethics.' … Separately, attorneys for state Sen. Wayne Bryant (D-Camden), whose no-show job with the University of Medicine and Dentistry of New Jersey initially sparked the interest of the U.S. attorney, moved to intervene in the court hearing." The Star-Ledger notes, "It is clear, though, that Christie is not confining his questions to Bryant. Several legislative officers and budget officials have been interviewed by the FBI in recent weeks regarding the awarding of millions of dollars in special discretionary funds."

US Considering Additional Charges Against Alleged Chicago Mobster. In a widely-distributed story, the AP (2/14, Robinson) reports, "Reputed mob boss Joseph 'Joey the Clown' Lombardo and another man could face new charges for going on the lam after a major indictment against them was unsealed, a federal prosecutor said Tuesday. 'We may seek to add charges to the indictment based on their fugitive status,' Assistant U.S. Attorney Mitchell A. Mars told federal Judge James B. Zagel at a hearing in a racketeering case known as Operation Family Secrets." The AP notes, "Lombardo, 77, was captured by FBI agents in a suburban Elmwood Park alley in January 2006 after nine months on the run. … Zagel told attorneys Tuesday that he likely would order a hearing to determine exactly what jurors might hear from prospective government witness James Wagner, a former FBI mob investigator who now is president of the Chicago Crime Commission."

Massachusetts Lawyer Surrenders To Face Art Theft Charges. The Boston Globe (2/14, Kurkjian, Murphy, 413K) reports, "A retired Watertown lawyer surrendered to federal authorities yesterday after returning from France to face charges he attempted to sell millions of dollars worth of paintings, including a major work by Cezanne, that were stolen from a home in the Berkshires in 1978. Robert M. Mardirosian , 72, who gave up a successful criminal law practice to become a sculptor and painter more

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than a decade ago, appeared in federal court 90 minutes after being arrested at Logan International Airport by arrangement with the US attorney's office. He was charged with taking possession of the seven paintings months after they were allegedly stolen by one of his clients. … He was released on $500,000 bail by US Magistrate Marianne B. Bowler."

In a widely-distributed story, the AP (2/14, Alderman) notes, "In 1988, Mardirosian moved the paintings to Monaco, thinking he might have a legal claim to ownership or a 10 percent 'finder's fee,' according to a May 2006 affidavit from FBI Special Agent Geoffrey Kelly, also unsealed Tuesday. Lloyd's of London was contacted in 1999 by an unknown person about insuring the paintings before sale, the affidavit says, and discovered they were listed with the database Art Loss Register as having been stolen. It says Julian Radcliffe, chairman of Art Loss Register, determined that the paintings were being sold by a Panamanian corporation called Erie International Trading Company, later found to be registered to Mardirosian."

Federal Inmate Sentenced To Death For Murdering Cellmate. The AP (2/14) reports from Roanoke, Va., "A federal inmate who killed his cell mate by strangling him with a bath towel has been sentenced to death, officials said Tuesday." Carlos Caro "was a prisoner at the federal penitentiary in Lee County…when he killed Robert Sandoval, U.S. Attorney John L. Brownlee's office said in a statement. Caro later told an FBI agent that Sandoval had cursed Caro and threatened to eat his breakfast, the statement said."

Jury Sentences Pair To Death In Russian Immigrant Kidnap-Murders. In a widely-distributed story, the AP (2/14, Risling) reports, "A jury imposed the death penalty Tuesday on the ringleaders of a kidnapping-for-ransom scheme targeting rich Russian immigrants whose bodies were found in a Northern California reservoir. Jurors deliberated less than a day before reaching their vote on sentences for Iouri Mikhel, 41, and Jurijus Kadamovas, 40. … Said U.S. Attorney Susan DeWitt: 'These were good people who didn't deserve the fate that befell them. We felt a tremendous responsibility to the victims' families.' Defense attorney Dale Rubin called the jury's decision 'a revenge verdict.'" The AP notes, "Five victims were killed regardless of whether the ransoms were paid, prosecutors said."

Study Predicts Prison Population Increases. USA Today (2/14, 4A, Johnson) reports, "The number of inmates in U.S. prisons likely will rise nearly 13% during the next five years, costing states up to $27.5 billion in new operating and construction expenses, according to a new analysis by the Pew Charitable Trusts." USA continues, "The Pew report, to be released today, projects the nation's prison population will be about 1.72 million by 2011, up from an estimated 1.53 million at the end of last year. Such an increase would roughly equal the current population of the federal prison system." USA adds, "Pew analysts said the growth is being fueled by mandatory minimum sentences that have stretched prison terms for many criminals, declines in inmates granted parole and other policies that states have passed in recent years to crack down on crime. … In some states, the study said, high rates of repeat offenders also have been a factor in boosting prison populations." USA notes, "Montana, Arizona, Alaska, Idaho and Vermont could see their prison systems grow by one-third or more if there are no changes to the states' sentencing and release policies, the study said. … Pew, a Philadelphia-based philanthropic organization that funds research into a variety of issues, based its findings on population forecasts gathered from the federal Bureau of Prisons and 42 states."

DC Dental Clinic Owner Sentenced For Medical Billing Fraud. The Washington Business Journal (2/13, Adler) reported, "The owner of a D.C. dental clinic who recently pled guilty to health care fraud has been sentenced to six months community confinement, six months of home detention and was ordered to pay restitution of $164,000 and a fine of $40,000 for submitting false claims for payment to private insurers, according to the U.S. Attorney's Office for D.C." In August, Afsaneh Tehrani "was charged with health-care fraud and making false statements. At that time, she denied the charges, calling them 'ridiculous.' The charges resulted from an investigation by the U.S. Attorney for the District, the FBI's Washington field office, the D.C. Department of Health and the D.C. Department of Insurance, Securities and Banking."

Former iGate Stockholder Sues Jefferson Over Alleged Bribery. In a widely-distributed story, the AP (2/14, Barrouquere) reports, "A former stockholder in a technology company sued a beleaguered congressman and a former business associate Tuesday, claiming they bilked stockholders by using business funds to pay bribes. The lawsuit alleges that Rep. William Jefferson, D-La., his wife and Vernon Jackson, former chief executive of the telecommunications firm iGate, schemed to funnel money to Jefferson, his family and foreign officials. The allegations mirror those in an ongoing federal investigation of Jefferson and his business dealings. Jefferson has not been charged, but the FBI has said in court records that agents found $90,000 in a freezer in his New Orleans home." The AP notes, "iGate stockholder Daniel C. Cadle filed the suit in U.S. District Court in Louisville."

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Roll Call (2/14, Van Dongen) reports, "The suit charges Jefferson with soliciting and accepting nearly $400,000 in bribes from Jackson to promote iGate's services in the U.S. and abroad. It further alleges that Jackson transferred 30,775,000 shares of iGate stock to Jefferson from 2001 to 2005." Roll Call also notes Jefferson "has not been charged with any wrongdoing. Nonetheless, questions swirl about why the FBI found $90,000 in the freezer of the Democrat's New Orleans home."

Connecticut Man Sentenced To Five Years For Child Porn Distribution. The AP (2/14) reports, "A man who traded images of child pornography and sexual abuse on the Internet was sentenced Tuesday to five years in prison after pleading for mercy, saying his effeminate appearance would make him vulnerable to abuse behind bars. David Cuozzo, 42, of New Haven had amassed a collection of 1,780 files of child pornography involving at least 30 children, including images that portrayed sadistic or masochistic conduct or other depictions of violence and the rape of young children, authorities said. 'This defendant used the Internet to trade some of the most disturbing images of infant and toddler child pornography and sexual abuse that law enforcement has seen,' said U.S. Attorney Kevin O'Connor." The AP notes, "O'Connor said the prosecution was part of the U.S. Department of Justice Project Safe Childhood Initiative, designed to protect children from online exploitation and abuse."

Louisiana Man Acquitted After 10 Years in Prison For Murder He Did Not Commit. USA Today (2/14, 4A, Parker) reports, "James Thomas spent almost 10 years in jail in Louisiana, waiting to be tried for a murder he said he didn't commit. … When the case finally was tried, it took jurors 80 minutes to agree with him. After a five-day trial, they acquitted Thomas in the 1996 shooting death of a Baton Rouge man. Thomas, 36, almost fainted in the packed courtroom as the verdict was read out. … 'I was shocked. I praised the Lord,' Thomas said Tuesday in his first interview since his acquittal Friday. 'As long as I live, I'll never forget this. That's 10 years they can never replace.'" USA continues, "Thomas' case, profiled in a USA TODAY story in 2005, symbolized problems in the nation's public defender system that result in tens of thousands of poor people in the USA going to jail every year without talking to a lawyer. An American Bar Association study concluded two years ago that the system was 'mired in crisis,' crippled by funding inadequacies that led to excessive caseloads and inexperienced lawyers being assigned to cases beyond their expertise." USA adds, "Since the report, public defender programs have been improved in several states, says Bill Whitehurst, an Austin lawyer who headed the ABA's panel on indigent defense. But 'there's no question it's still mired in crisis.'"

Better Business Bureau Targeted In E-Mail Scam. The Washington Post (2/14, D3, Shin) reports, "The Better Business Bureau network was the target of a 'spoofing' scam yesterday in which thousands of businesses in the United States and Canada received e-mails encouraging them to download what is thought to be a computer virus." The Post continues, "The e-mails, using the name of the 95-year-old network of nonprofit groups that looks into consumer complaints, told businesses that they were the subject of a complaint and included a link to view related documents. Clicking on the link, however, accessed the address book of an infected computer and distributed the counterfeit e-mail to more recipients, said Steve Cox, spokesman for the Council of Better Business Bureaus. … The council is the umbrella group for the system's 129 local branches, which are funded by member businesses. … BBB members and nonmembers received the e-mail." The Post adds, "Confused business owners began calling the council's offices in Arlington at 6 a.m. yesterday, Cox said. By mid-morning, the organization had confirmed the attack was systemwide. … The counterfeit e-mails were traced to an advertising firm in Kennesaw, Ga., that had had its computer system hacked into Monday night, Cox said. The agency had no prior affiliation with the BBB."

States Mull Laws Allowing Homeowners To Shoot Burglars. The AP (2/14, Wetzel) reports from Bismarck, ND, "A proposed law that would let people shoot a burglar or carjacker without fear of facing arrest or a lawsuit is moving forward in one state, and the National Rifle Association is promoting it in others. … 'This bill is simply a citizen's version of homeland security,' said North Dakota state Representative Ron Carlisle." The AP continues, "The proposal would erase language that says retreat is better than deadly force, and it says a person is presumed to be justified if he or she shoots a burglar or carjacker in his or her home, workplace or vehicle. … Police and county prosecutors object to the proposal, saying that trying to disprove a shooter's self-defense argument would be more difficult. The law protects a shooter from arrest unless police have probable cause to believe the shooting was not justified." The AP notes, "Ashley Varner, an NRA spokeswoman, said 15 states, including South Dakota, have versions of the law. This year, it has been offered in legislatures in five other states."

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CIVIL LAW:

Bipartisan Measure Would Strengthen Federal Worker Whistleblower Protections. The Washington Post's (2/14, D1, Barr) "Federal Diary" column reports, "Yesterday, advocates for whistle-blowers urged Congress to strengthen protections for federal employees who suffer reprisal in the workplace. The advocates were greeted with bipartisan support at a hearing held by the House Oversight and Government Reform Committee." The Post adds that committee chairman Henry A. Waxman (D-Calif.), "said the committee's bill would for the first time extend whistle-blower rights to those who work at the FBI and in intelligence agencies, and to people employed by federal contractors." While ranking member Thomas M. Davis III (R-Va.), "said the bill would clarify congressional intent as to what type of whistle-blowing is protected. He said 'the most significant reform' in the bill would guarantee federal employees a right to a jury trial in federal district court if the Merit Systems Protection Board, a federal agency that hears complaints from whistle-blowers, did not take action on a whistle-blower's claim in 180 days."

CIVIL RIGHTS:

Judge Releases Prince George's K-9 Unit From DOJ Oversight. The Washington Post (2/14, B1, Castaneda) reports, "The Prince George's County police canine unit, which in recent years operated under a Justice Department consent decree because of allegations of excessive force and lack of accountability, has improved to the point that the oversight is no longer necessary, a federal judge in Maryland has ruled." The Post continues, U.S. District Judge Roger W. Titus on Monday granted a motion filed jointly by the Justice Department, the county and the police department to end the federal oversight that began in 2004, Prince George's officials said. … The judge's order means the department has succeeded in reforming the canine unit by dramatically reducing the number of bites inflicted by police dogs, beefing up supervision of canine teams, instituting reviews of biting incidents and improving documentation of such encounters, county officials said. … The oversight will formally end March 11." The Post notes, "A separate agreement between county officials and the Justice Department, which was negotiated to end a Justice investigation into allegations of excessive force by county police, is still operative. The department is in substantial compliance with the terms of that agreement, which calls for broad reforms regarding use of force, training and other issues, said Sharon Taylor, a spokeswoman for the police department. … On a practical level, the end of the consent decree means police officials will no longer undergo periodic Justice Department reviews and will no longer be required to file detailed reports to Justice officials. … However, the canine unit reforms will continue, Taylor said."

Georgia County Declines To Join Push For Probe Of 1946 Death Of Black Veteran. The AP (2/14, Minor) reports from Butler, GA, "A rural county's leaders declined to take action Tuesday on a request from two civil rights groups to support a federal probe into the unsolved 1946 killing of a black World War II veteran." The AP continues, "The groups and surviving relatives of Maceo Snipes, the first registered black voter in Taylor County, wanted the county commission's support before they mailed their request to U.S. Attorney General Alberto Gonzales. … But the relatives and activists stormed out to protest the line of questioning of an official who said local residents resent outsiders telling them what to do, and the commission did not act. … 'I'm disappointed at the outcome. We didn't come to fight,' said a cousin, Felix Snipes, 66, of Atlanta." The AP adds, "Commission member Patty Carson-James later said the state NAACP and the Prison & Jail Project did not need the commission's support for the probe." The AP notes, "Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time, relatives say. He collapsed in the doorway of his farmhouse about 90 miles south of Atlanta and died two days later. … While his death certificate says he died of 'gunshot wound by homicide,' there is no evidence of a criminal probe into the killing, and no one was arrested."

WRBL-TV, Columbus, GA (2/13, 10:59 p.m.) broadcasted, "Members of the NAACP are asking that another grand jury be convened to look into the Kenneth Walker case." President of the Georgia State Conference, Edward Dubose, wants District Attorney Gray Conger and US Attorney General Alberto Gonzales "to conduct an investigation into whether criminal misconduct took place the night Kenneth Walker was killed three years ago."

Federal Appeals Court Hears Arguments Over Christian Prison Program. The New York Times (2/14, Henriques, 1.16M) reports, "Lawyers for Prison Fellowship Ministries and its affiliate, the Inner8Change Freedom Initiative, appeared before the United States Court of Appeals for the Eighth Circuit in St. Louis yesterday to defend the constitutionality of an evangelical Christian rehabilitation program they operate in a state prison in Iowa. A federal judge ruled last June that the program, built around Bible study and prayer, violated the First Amendment's ban on government-sponsored religious indoctrination. Although

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inmates volunteered for the program, the judge, Robert W. Pratt of Federal District Court, found that they had been induced to join it to get safer housing and more accessible treatment options. … The prison program's lawyers emphasized the voluntary nature of the program, and the State of Iowa, a co-defendant, argued that it got valuable secular services for its money. The program is continuing during the appeal, lawyers for the state said."

ANTITRUST:

Four Car Rental Brands In Merger Discussions. The New York Times (2/14, Sorkin) reports, "A deal to combine four of the nation's largest car rental brands — National, Alamo, Thrifty and Dollar — is being discussed as the industry continues to consolidate." The Times continues, Dollar Thrifty Automotive Group, a unit of DaimlerChrysler, is in early talks to merge with Vanguard Car Rental, of Tulsa, Okla., which owns National and Alamo, in a deal valued at more than $3 billion, according to people involved in the discussions. … The negotiations, which have been taking place on and off for several months, are at a particularly delicate stage, these people said, and may still collapse." The Times adds, "If completed, a deal would create the third-largest rental car company in the United States behind leaders Enterprise Rent-a-Car and Hertz Global Holdings, but outpacing Avis Budget Group in terms of revenue. … A deal could push rental car rates higher. Prices have already risen 10 percent to 20 percent in the last year as the Detroit automakers have tried to move away from providing discounted fleet vehicles to rental car companies and focus on higher-margin retail customers. … And a deal would face antitrust scrutiny from regulators." The Times notes, "A merger would be the latest in a flurry of deals in the car rental business. Hertz was bought from Ford Motor in December 2005 by a consortium of private equity firms. In November, Hertz went public at $15 a share. (It closed yesterday at $20.36.) Avis Budget Group was recently spun off in the breakup of the Cendant Corporation."

Judge Delays Caremark Shareholder Vote On CVS Bid. The Wall Street Journal (2/14, B2, Berman, Armstrong) reports, "A Delaware judge waded into the thick of the two-way takeover struggle for Caremark Rx Inc., postponing a shareholder vote on CVS Corp.'s bid, while nudging Caremark to begin negotiations with rival Express Scripts Inc. … The rare step to enjoin -- or delay -- the vote gave a much-needed boost to Express, whose $27.3 billion bid for Caremark has been repeatedly rebuffed by Caremark's board." The Journal continues, "Coincidentally or not, Delaware Chancellor William B. Chandler III delayed the vote until at least March 9 from Feb. 20. The March date is the day after Express is supposed to receive government notice about the length of an antitrust review, a factor that has long loomed over the merger saga." The Journal adds, "Mr. Chandler questioned Caremark's insistence that it can't speak to Express because such a deal would likely run afoul of antitrust laws. He noted that Caremark appeared to have no such concerns when it reviewed potential transactions with Express in 2001, 2003 and 2005. The judge chided Caremark for disclosing those past discussions on Monday -- just eight days before the scheduled shareholder vote. … A shareholder might want more time to weigh his vote, Mr. Chandler wrote, 'in the face of Caremark's present protestations that antitrust difficulties loom so large as to prevent the board of directors from even discussing' the Express offer. … Antitrust worries are… a big part of any Express-Caremark combination, which would unite the country's second- and third-largest managers of pharmacy benefits. It is still quite possible that federal authorities could seek a 'second request' for information that would be a big blow to Express's ambitions."

The AP (2/14, French) reports, "The CVS offer has already won antitrust approval. But the offer from Express Scripts of Maryland Heights, Mo., has yet to receive antitrust clearance. Express Scripts is the third-largest pharmacy benefits manager and Caremark is No. 2." The AP adds, "Investment advisory firms Glass, Lewis & Co., CtW Investment Group and Institutional Shareholder Services have said that Caremark's board has not succeeded in getting the best deal for its shareholders and urged before the latest dividend increase that Caremark shareholders reject the CVS bid. … Express Scripts said in news release that Caremark shareholders should vote against the proposed merger of CVS and Caremark to 'send a message to the (Caremark) board that it is time to level the playing field.'"

The St. Louis Post-Dispatch (2/14, Feldstein) reports, "Express Scripts Inc. on Tuesday got more time to charm Caremark Rx shareholders when a judge delayed a vote on whether the company should merge with CVS Corp. … The delay also gives Express Scripts, based in Maryland Heights, a chance to win regulatory approval for its bid before the shareholders' vote. … Express Scripts should learn by March 8 whether the Federal Trade Commission would approve a Caremark—Express Scripts deal or whether regulators require a lengthy investigation to decide the matter. Express Scripts' lack of FTC approval has hurt its ability to gain the support of Caremark's shareholders."

EU Raids Siemens, ABB Offices In Cartel Probe. The Financial Times (2/14, Buck, Milne) reports, "The antitrust problems that have engulfed Siemens and several of its engineering rivals deepened yesterday when the European Commission raided the offices of several

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manufacturers in Germany, France and Austria in connection with a cartel probe. … The Commission refused to identify the companies targeted in the raids but Siemens and ABB confirmed that their offices had been searched." The Times continues, "Brussels said the groups were suspected of forming a price-fixing cartel in the market for transformers, key components in the power grid in controlling the voltage. Siemens said in a statement that the Brussels antitrust watchdog was investigating five companies, and added: 'The EU Commission is investigating collusion in the area of power transformers in Germany, Austria and the Netherlands between 1999 and 2003.' … The Commission refused to confirm the precise extent of its probe." The Times adds, "The raids are deeply troubling for the groups involved, coming weeks after Siemens, ABB, Alstom and other engineering companies were found guilty of operating another cartel in the market for electricity transmission systems. The groups were together fined a record €751m ($978m), with Siemens alone accounting for €397m of the total. … Companies that are found guilty of operating a cartel face fines of up to 10 per cent of their global annual turnover. The Commission is particularly tough on repeat offenders and, under new rules introduced last year, Siemens and its peers could find their fines being double the normal level should they be found guilty in any new case resulting from this month's raids."

Aluminum Industry Seen Ripe For Consolidation. The Wall Street Journal (2/14, C3, Barta, Glader) reports, "Aluminum companies may be next in line for consolidation as mining conglomerates scour for takeover targets." The Journal continues, "Speculation is building that BHP Billiton Ltd., Rio Tinto PLC or another mining titan could bid to buy one of the world's aluminum heavyweights, particularly Pittsburgh's Alcoa Inc. or Alcan Inc. of Montreal. … Doing so would enable BHP or Rio Tinto to consolidate its position in the growing aluminum market, while preventing competitors from snatching up the few remaining blue-chip players at a time of accelerating consolidation in the natural-resources sector." The Journal adds, "The price of aluminum, which is used to make everything from soda cans to airplane parts, has lagged behind some other metals in the recent commodity boom. In part, that is because China -- a driver of demand -- produces significant quantities of its own, diminishing the need for imports. Still, analysts believe global demand will continue to rise. … Rumors of a large aluminum deal have floated for more than a year, heating up again in recent days, after the Times of London reported that BHP and Rio Tinto had both 'drawn up plans' for a $40 billion takeover of Alcoa. Rio Tinto and BHP declined to comment on the speculation, and Alcoa officials have played down the report. 'We view this as rumors and rumors only,' said Kevin Lowery, a spokesman for Alcoa." The Journal notes, "There are good reasons why a big aluminum deal might be attractive. Mining companies have struggled in recent years to find and develop new sources of raw-material supplies, and many of them believe it is safer to pick up assets through acquisitions than attempting higher-risk exploration projects. … Also, mining companies are awash in cash on profits earned since the commodity boom took off four years ago. Shareholders are clamoring for the companies to find new ways of spending that money to ensure they have strong growth prospects in the next decade."

Belgian Court Rules Google Violated Copyright Laws With Newspaper Links. The New York Times (2/14, Crampton) reports from Paris, "A Brussels court ruled Tuesday that Google had violated copyright laws by publishing links to articles from Belgian newspapers without permission. Legal experts said the case could have broad implications in Europe for the news indexes provided by search engines." The Times continues, "The ruling, which Google said it would appeal, was hailed by some newspaper industry representatives and may also have an impact on a lawsuit against Google by the news service Agence France-Presse. … 'As the first decision to condemn a search engine for indexing news articles, you can be sure publishers around the world are paying attention,' said Cyril Fabre, a lawyer in Paris at Alexen, a law firm specializing in Internet law and intellectual property. 'The implications in Europe are particularly strong since copyright law is so uniform across the Continent.'" The Times adds, "The Brussels court ruled that Google, which operates the dominant Internet search engine, must pay 25,000 euros, or $32,600, for each day it displayed content from the plaintiff publications in violation of copyright. The court scaled back a September ruling that called for damages of up to 1 million euros a day and required Google to publish the judgment on its home page. … The group that brought the case, Copiepresse, manages copyright issues for more than one dozen Belgian newspapers, most published in French. It said it had also asked the French division of Yahoo to stop showing the group's news reports."

The Wall Street Journal (2/14, B3, Patrick, Jolis) reports, "As media companies around the globe grapple with how they are compensated when their material is shared online, a Belgian court said Google Inc. can't post news articles from local newspapers on its Web sites in Belgium." The Journal continues, "In a closely watched ruling, the Brussels Court of First Instance said Google can't offer any links to articles or post any articles or photographs from French- and German-language Belgian newspapers. (No Dutch-language Belgian newspapers participated in the suit.) The judgment upheld the court's initial ruling in September, which the Internet-search firm had challenged. … The ruling

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may provide ammunition for other news associations. Already, Agence France Presse, the French wire service, is suing Google in U.S. District Court in Washington, accusing it of violating AFP's copyright by using its headlines, photographs and story fragments in Google News. AFP is demanding payment when Google uses excerpts of its articles and photographs in the U.S. … Also in the U.S., the Authors Guild and a group of major publishers backed by the Association of American Publishers have brought two separate suits against Google in U.S. District Court in Manhattan, alleging Google is abusing their copyright by digitizing books without permission in order to make their contents searchable on the Web. Google has denied wrongdoing in all three cases; all are still pending."

Mills Corp Board Spurns Brookfield For Higher Bid From Simon, Farallon. The Washington Post/AP (2/14, D4) reports, "Mills Corp., the troubled Chevy Chase mall developer, said yesterday that it favored a $1.6 billion offer from Simon Property Group and hedge fund Farallon Capital Management instead of an earlier takeover agreement with Brookfield Asset Management." The AP continues, "Mills said its board of directors concluded that the Simon-Farallon offer, $24 per share, was "superior" to Brookfield's proposed deal of $21 per share, valued at $1.35 billion. The board authorized Mills to end the deal with Brookfield. When it was offered in January, Brookfield's bid represented an 18 percent premium over the price of Mills stock, but the share price has since jumped on news of a possible merger." The AP adds, "Mills, which owns 38 shopping centers nationwide, including Potomac Mills and Arundel Mills, said in a statement that it would give Brookfield three days to top its previous offer, however, before it breaks the agreement signed Jan. 17. The company said it was 'ready and willing to negotiate such an amendment' with Brookfield, which is headquartered in Toronto. .. Along with the higher price, Mills said its board preferred the Simon-Farallon deal because it could be closed more quickly. If it ends the Brookfield agreement, Mills would likely absorb a $40 million breakup fee, but some Wall Street analysts said that was not a considerable amount." The AP notes, "Mills, one of the first developers of oversize malls known as mega-malls, has struggled in the past year with accounting problems and heavy debt that the company said in January could push it into bankruptcy. … The Securities and Exchange Commission is investigating Mills's accounting missteps, which the company said were widespread and could cost shareholders up to $352 million in equity. Mills has yet to file its 2005 annual earnings report and plans to restate earnings as far back as 2001."

ENVIRONMENT:

Honeywell Settles Chemical Plant Death Charge With DOJ For $12 Million. The AP (2/14) reports from Baton Rouge, "Honeywell International Inc. has agreed to pay $12 million in fines and restitution resulting from a fatal accident at its Baton Rouge chemical plant in 2003, the Justice Department said Tuesday." The AP continues, "Honeywell agreed to plead guilty to violating the federal Clean Air Act, U.S. Attorney David Dugas said in a news release. A court date for formally entering the plea has not been set." The AP adds, "The charge stemmed from an accident at the plant on July 29, 2003. A plant worker, Delvin Henry, was doused by a corrosive material after opening a vat that had been labeled as containing a benign refrigerant. He died from his injuries the next day. … Through the plea agreement, Henry's three children will receive $2 million. The company also will pay an $8 million criminal fine, $750,000 to the Louisiana Department of Environmental Quality, $750,000 to the Louisiana State Police hazardous materials unit and $500,000 to the state police emergency operations center."

Judge Rules Agriculture Department Violated Law In Seed Case. The New York Times (2/14, Pollack) reports, "A federal judge ruled yesterday that the Agriculture Department violated the law by failing to adequately assess possible environmental impacts before approving Monsanto's genetically engineered alfalfa." The Times continues, "Judge Charles R. Breyer of Federal District Court in San Francisco said the agency had been 'cavalier' in deciding that a full environmental impact statement was not needed because the potential environmental and economic effects of the crop were not significant." The Times adds, "Plaintiffs in the case — some alfalfa seed companies and environmental and farm advocacy groups — said they would push to stop the sales and planting of the alfalfa, which is resistant to Monsanto's Roundup herbicide. … Joseph Mendelson, legal director of the Center for Food Safety, a Washington advocacy group that organized the lawsuit, said the decision by itself could block commercial sales of genetically engineered alfalfa seeds but that the plaintiffs would ask for an injunction to make sure. Judge Breyer asked the parties to meet and propose remedies to him by Feb. 26." The Times notes, "A federal judge in Washington said last week that the Agriculture Department had not done adequate assessments before approving field trials of genetically engineered grass. And last August a federal judge in Hawaii, in a case involving field trials of crops engineered to produce pharmaceuticals, ruled that the Agriculture Department had not adequately assessed the possible impact on endangered species. … Mr.

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Mendelson of the Center for Food Safety said yesterday's decision could set a precedent that would require the Agriculture Department to do full impact statements for other biotech crops before they are approved."

Corporate Executives Call For Emissions Caps In Senate Testimony. The Los Angeles Times (2/14, Simon, 850K) reports, "Corporate CEOs do not usually come to Capitol Hill to lobby for more government regulation. But that's what a group of executives did Tuesday, urging Congress to cap emissions blamed for global warming." Advocates "of a mandatory program for reducing greenhouse gas emissions see support from such businessmen as critical to getting legislation through Congress and past President Bush's veto pen. The executives were invited to appear at the Senate Environment and Public Works Committee hearing by its chairwoman, Sen. Barbara Boxer, D-Calif., who has made passage of legislation addressing global warming her top priority." The testimony "was intended to rebut arguments that mandatory caps on emissions of carbon dioxide and other gases would be bad for business and drive up costs."

Exxon CEO Warns Against Damaging Economy With Emissions Curbs. The New York Times (2/14, Krauss, Mouawad, 1.16M) reports, "The chief executive of Exxon Mobil, Rex W. Tillerson, warned Tuesday that governments should not rush into policies that could damage the global economy in order to limit carbon emissions. In a speech at a major industry gathering, Mr. Tillerson acknowledged that the planet was warming while carbon dioxide levels were increasing, suggesting a more accommodating position than the hard-nosed stance Exxon had held." But he "gave an unalloyed defense of the oil industry and predicted that hydrocarbons would dominate the world's transportation as energy demand grows by an expected 40 percent by 2030. There is no significant alternative to oil in coming decades and Exxon will continue to make oil and natural gas its primary products, he said." Tillerson's "statements suggested that Exxon was navigating between positions defending oil as an energy source and its core business, and showing sensitivity to growing public concerns about a warming climate."

FBI/DEA/ATF/USMS:

WPost Runs Excerpt From IG Report On Missing FBI Laptops. Under the headline "Audit Faults FBI on Missing Laptops, Weapons," the Washington Post (2/14, A17, Eggen, 690K) ran a 212-word excerpt from the IG report released Monday which found "that 160 weapons and 160 laptop computers were missing at the FBI." The Post noted that the report said, "We recognize that in any organization the size of the FBI some weapons will inevitably be stolen or go missing. However, it is important that the FBI take appropriate steps to minimize these losses. … Our audit found that the FBI has not taken sufficient corrective action on several recommendations outlined in our 2002 audit report to address the issue of missing or stolen equipment. … Moreover, during this follow-up review, the FBI could not identify for us the contents of many of the lost and stolen laptops, including whether they contained sensitive or classified information . . ."

Philadelphia Cocaine Dealer Sentenced To 24 Years In Prison. The Philadelphia Daily News (2/14, Caparella, 106K) reports, "Mario Luis Rojas Jr., 39, a fugitive for 7 ½ years, a $3-million con man and bigtime cocaine trafficker, officially closed the family business Friday. His new life begins in a federal prison, where he'll serve a 24-year sentence thanks to U.S. District Judge Bruce Kauffman." The Daily News notes that after Rojas was arrested in 1998 and promised to cooperate with police, he "bribed a high school buddy, state trooper Antonio Romero, Jr., with a promise of a $3 million payday in return for a key to escape. Rojas then reneged on the $3 million and his deal to cooperate and fled to Mexico, where he resumed shipping cocaine to Philadelphia," according to Assistant US Attorney Ewald Zittlau. "During an investigation of the escape, the FBI conducted a 'reverse sting' and supplied the trooper's cousin, Jose L. Davila, with five kilograms of 'sham' cocaine as if it were a partial payment of the $3 million owed by Rojas."

Judge Says Supply Of Marijuana For Medical Research Is Inadequate. McClatchy Newspapers (2/14) reports, "In an emphatic but nonbinding opinion, the Drug Enforcement Administration's own judge is recommending that a University of Massachusetts professor be allowed to grow a legal pot crop. … 'The existing supply of marijuana is not adequate,' Administrative Law Judge Mary Ellen Bittner ruled. … The federal government's 12-acre marijuana plot at the University of Mississippi provides neither the quantity nor quality scientists need, researchers contend." The Bush administration's "anti-drug stance may make it unlikely that the pot-growing rules will loosen. A decision is still months away, the DEA said."

In a longer version of the story, McClatchy Newspapers (2/13) wrote that both sides "will now get a chance to file comments on the opinion before DEA administrators make their ruling. 'We could still be months away from a final decision,' DEA spokesman Garrison Courtney said Tuesday afternoon, adding that 'obviously, we're going to take the judge's opinion into consideration.'" The McClatchy story was used by the Denver Post, Fresno Bee, San Jose Mercury

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News, San Luis Obispo Tribune, Detroit Free Press, and Kansas City Star.

The San Francisco Chronicle (2/13) reported the ruling "is actually only a recommendation to the DEA, which supports the current policy." Courtney "said a deputy administrator would make the final decision after reviewing arguments from lawyers for the DEA staff and for [Lyle Craker, a University of Massachusetts professor of plant biology.] The agency's decision could be appealed to a federal court in Washington, D.C. 'It's going to be a hard case to win,' said Anjuli Verna of the American Civil Liberties Union's drug law reform project, which represents Craker. She said the court could overturn a DEA veto of Bittner's ruling only if it was found that the agency was acting arbitrarily."

The North County Gazette (2/13) reported, "Thirty-eight members of Congress and a broad range of scientific and medical organizations have joined professor Craker in challenging the federal government's policy of blocking administrative channels and obstructing research that could lead to the development of marijuana as a prescription medicine. These organizations include the Lymphoma Foundation of America, the National Association for Public Health Policy, the Multiple Sclerosis Foundation, as well as several state medical and nurses associations."

Purported Ringleader Of Arizona Meth Operation Gets Life Sentence. The Arizona Daily Star (2/13) reported the "ringleader of one of Tucson's largest methamphetamine organizations was sentenced to life in prison Monday. Timothy Owens, 50, was convicted last month on 22 felony counts following a three-week trial in Pima County Superior Court." The Counter Narcotics Alliance "was asked by the Tucson Police Department for help in investigating the burgeoning methamphetamine business in Midtown. It was soon afterward that Rich Kivi, a special agent with the U.S. Drug Enforcement Administration, discovered that many of the same people were being arrested again and again on drug-related charges only to be released to commit new crimes while awaiting trial." The Daily Star says Owens was included on the list of repeat offenders.

The AP (2/14) reports a similar story.

Former New York Trooper Pleads Guilty To Impersonating DEA Agent. The Newark Star Ledger (2/14) reports Michael Gluchowski, a former New York state trooper, has admitted posing as a DEA agent in a "raid." The Star Ledger says Gluchowski "could face up to three years in prison and a $250,000 fine." The Star Ledger reports John Yauch, the public defender representing Gluchowski, "had [an] innocent explanation for his client's actions: He was doing research for a book about his years with the DEA."

Congress Expected To Evaluate 2006 Anti-Meth Package. In the Modesto (CA) Bee (2/13) Michael Doyle wrote, "The House meth caucus is bigger than ever. … But none of this means the 110th Congress will do something new about the drug. Instead, 2007 may turn out to be a year for consolidation, as lawmakers evaluate results from their most recent anti-meth package signed by President Bush in March." The 2006 legislation "authorizes $99 million a year for meth-related enforcement, training and research. Next year, though, lawmakers must decide how much money to actually provide." Lawmakers "also must decide how much money will be devoted to the High Intensity Drug Trafficking Areas, such as the Fresno-based program targeting the valley methamphetamine trade."

Former Customs Agent Gets 9-Year Sentence In Cocaine-Smuggling Case. The Arizona Daily Star (2/14) reports a former customs officer "was sentenced to nine years in prison Tuesday after he knowingly allowed a vehicle with 440 pounds of cocaine inside to come into the United States. Fernando Arango, 52, was working for U.S. Customs and Border Protection at the port of entry in Nogales when he decided to counsel a person who he believed to be a drug trafficker on how to purchase an RV and have it altered to smuggle drugs into the country, according to…the U.S. Attorney's Office in Arizona."

The Arizona Republic (2/13) reported Officials "said while he still worked for the Border Patrol, Arango taught a person, whom he believed was a drug smuggler, how to have a vehicle altered with a hidden compartment to smuggle drugs into the United States."

The AP (2/14) reports Arango "was caught in a sting operation in October, 2005 when a law enforcement informant met him and paid him for his help."

IMMIGRATION:

Bank Of America To Issue Credit Cards Without Social Security Numbers. The Los Angeles Times (2/14, Reckard, Streitfeld, Uribarri) reports, "Bank of America said Tuesday that it was issuing credit cards to Spanish-speaking immigrants who may not have Social Security numbers, triggering complaints that the nation's largest retail bank is tacitly endorsing illegal immigration." The Times continues, "The bank described the program as a pilot, limited for now to 51 branches in Los Angeles County, and said it could go national this year. … The credit cards are not aimed specifically at illegal immigrants, a bank spokeswoman said,

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but instead people who lack solid credit histories. Even so, the bank was bombarded with angry phone calls." The Times adds, "On Capitol Hill, Rep. Tom Tancredo (R-Colo.) accused the lender of aiding terrorists, while the Department of Homeland Security worried that the program could be exploited by criminals. … 'At face value the program seems to be problematic,' said Russ Knocke, a department spokesman. 'It seems to be lending itself to possibilities of perpetrating identity theft or creating more risk for money laundering.'" The Times notes, "The bank's program may be controversial, but it also vividly demonstrates that businesses view the country's estimated 12 million illegal immigrants not as lawbreakers but as customers. … Other major banks including Wells Fargo & Co. and Citibank have launched similar initiatives to gain customers in the burgeoning Latino community. … Wells Fargo began a pilot program last year in Los Angeles and Orange counties to offer home mortgages to immigrants who have lived in the United States for at least two years. The customers are allowed to identify themselves using taxpayer numbers issued by the Internal Revenue Service instead of Social Security numbers. That's the same type of identification number an immigrant can use to obtain a credit card under Bank of America's pilot program. … A Justice Department official declined to comment on the legality of the program."

Feinstein Wants Explanation For Ex-Border Agents' "Extreme" Sentences. The Washington Times (2/14, Seper, 88K) reports Sen. Dianne Feinstein has written Attorney General Alberto R. Gonzales and Homeland Security Secretary Michael Chertoff asking them "to explain the 'extreme' prison sentences two US Border Patrol agents received for shooting a fleeing drug-smuggling suspect." The senator wrote "that the government's prosecution had a 'chilling effect' on the ability of other agents to carry out their duties and had significantly affected their morale." Feinstein said Ignacio Ramos and Jose Alonso Compean "were given 'sentences that some individuals who are convicted of murder wouldn't receive.'"

TAX:

Bill Would Reduce Underpayment Of Capital Gains Taxes. The Wall Street Journal (2/14, C3, Solomon, 2.04M) reports that in an effort "to raise government revenues without raising taxes, a bipartisan group of lawmakers will join President Bush today in supporting a plan to require securities brokers, mutual funds and others to report the original purchase price that an investor paid for stocks, bonds and other securities, and thus cut down on underreporting of capital gains." The proposal "aims to help close the 'tax gap' -- the difference between what the government collects in revenue each year and what it believes it is entitled to collect." Internal Revenue Service researchers "estimate the gap at about $290 billion a year, and lawmakers -- as well as Mr. Bush -- would like to tap into that money to help pay for other priorities."

CONGRESS-ADMINISTRATION:

Negroponte Confirmed At Deputy Secretary Of State. The Washington Post's (2/14, A17) Al Kamen writes in his "in the Loop" column that the Senate on Monday confirmed former national intelligence director John Negroponte as deputy secretary of state. Kamen sys "Negroponte's portfolio as deputy was expected to include the pesky North Korea nuke problem. But Assistant Secretary of State Christopher Hill appears to have hammered out an agreement on that. Maybe it was because the North Koreans heard Negroponte was coming?"

White House Sends Khalilzad Nomination To Senate. The Washington Post's (2/14, A17) Al Kamen writes in his "in the Loop" column that the White House "has sent up to the Senate the nomination of Zalmay Khalilzad, now our man in Baghdad, to be ambassador to the United Nations." The move Monday came "nearly two months after his selection was announced," but the Senate, "barring some unforeseen fracas, may confirm him in early March." Meanwhile, Ford M. Fraker, an investment banker and former head of banking at Saudi International Bank, was nominated to be ambassador to Saudi Arabia, while Lt. Gen. Dell L. Dailey, "now director of the center for special operations at MacDill Air Force Base, has been tapped to be the State Department's coordinator for counterterrorism."

Bush Criticized For Lack Of Black Judicial Nominees. The National Law Journal (2/14, Maclean) reports, "In nine of 11 Southern states, President George W. Bush has never nominated an African-American for any of 62 openings for federal trial court judgeships, according to federal court data." The Journal continues, "In his home state of Texas, the president has not nominated a single black judge to the federal bench in 18 nominations sent to the Senate during the past six years, according to Leslie Proll, director of the NAACP Legal Defense and Education Fund's Washington office." The Journal adds, "The lack of black nominees has caused some African-American lawyers to express concern that retiring black judges appointed years ago will leave a new crop of Southern lawyers who may never see a black judge on the federal bench. … Mississippi and Alabama have not had a black judge appointed in more than 20 years, a situation Proll called, 'very egregious. So many of the Carter judges are leaving the court through death or retirement. Generations are changing on the bench, and

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nobody is following them,' she said." The Journal notes, "In Alabama, where all nine Bush nominees have been white, U.S. Rep. Artur Davis, D-Ala., said, 'It is inconceivable to me that there has not been a black judge of caliber to serve on the federal bench in the last 20 years. .. The first thing you hear is they can't find anyone qualified. That is not plausible, given the number of black lawyers in the state,' Davis said." The Journal notes, "The more powerful federal appellate courts of the 4th, 5th and 11th U.S. circuit courts of appeals have fared little better with black nominations. Of 14 nominees, no blacks have been proposed for the 5th or 11th circuits. … Bush has nominated three blacks to the 4th Circuit -- Claude Allen of Virginia, who later withdrew in the face of Democratic opposition; Judge Roger Gregory, originally a recess appointment by President Clinton renominated by Bush in 2001; and Judge Allyson Duncan of North Carolina, confirmed in 2003."

Black Lawmakers Have Low Expectations For Bush Meeting. Roll Call (2/14, Yachnin) reports members of the Congressional Black Caucus "said Tuesday they weren't getting their hopes up in advance of this week's private meeting with President Bush, the first such planned encounter in two years." Even as "many of the group's 44 lawmakers confirmed they plan to attend Thursday's White House meeting, acknowledging the event's importance, Members offered doubt that the session would yield any tangible results." Rep. Elijah Cummings said, "It's only logical that we have to consider what has happened in the past at these meetings." Roll Call adds Rep. John Conyers "asserted that even the power-switch that put Democrats in control of Congress — although nonpartisan, the CBC's membership includes no Republicans — will have little impact on the session's outcome." Conyers said, "I expect nothing from the president."

ABA Supports Pay Raises For Federal Judges. The AP (2/14, Sherman) reports, "The 420,000-member American Bar Association came to the defense of judges during its Miami meeting, expressing support for a pay raise for federal judges and pledging to defend aggressively against ballot measures that compromise judicial independence." The AP continues, "ABA President Karen Mathis told her membership Monday that district judges, who earn $165,200 a year, certainly should be paid more than first-year lawyers at New York City firms. Starting annual salaries there now are $160,000." The AP adds, "Former Federal Reserve Chairman Paul Volcker recently wrote that district judges would be making roughly $100,000 a year more today had their pay risen at the same pace as U.S. salaries generally. .. .Chief Justice John Roberts also highlighted judicial pay in his year-end report, noting that judges were leaving their lifetime-tenure jobs at an alarming rate for much better-paying jobs in the private sector."

House Panel Would Curb Government Review Of Foreign Investments. The Wall Street Journal (2/14, A11, Hitt, 2.04M) reports a House committee "voted to curb the government's ability to reopen reviews into how foreign investments in U.S. companies might affect national security. But some business leaders said the proposed change doesn't go far enough." The issue concerns "the Bush administration's decision to reserve the right to revisit -- and potentially unwind -- foreign-led deals, even after they have been cleared by the U.S. government." The Bush administration "insisted on including such an 'evergreen authority' clause as part of its approval in November of the $11.6 billion purchase of Lucent Technologies Inc. by France's Alcatel SA. Business, concerned about the uncertainty added by such a clause, has lobbied Congress over the issue." The House Financial Services Committee, "acting on an amendment advanced by its chairman, Rep. Barney Frank (D., Mass.), yesterday approved a measure requiring that any decision to expose business deals to additional security reviews be triggered at the most senior levels of the government."

Bush Budget Ties Increased Drug Industry Fees To FDA Funding. USA Today (2/14, 1B, Schmit, 2.27M) reports President Bush's proposed budget "will create new industry fees to help finance the Food and Drug Administration, tying it more closely to the businesses it regulates." The FDA says "fees help it get good products to market faster, but critics say they give business too much influence. At a congressional hearing Tuesday on the FDA's drug-review record, Rep. Bart Stupak, D-Mich., said the drug-review fees already in place have helped compromise the FDA's ability to ensure a safe drug supply." Of the FDA's "proposed $2.1 billion budget for fiscal 2008, 21.3% would come from user fees paid mostly by drug, medical device and food companies. That's about the same as in last year's proposed budget." In addition "to criticism from some members of Congress, the drug industry is questioning the growth of user fees, too."

Senators Offer Healthcare Reform Plan To Bush. The AP (2/14, Freking) reports that five Republican senators and five Democratic senators "told President Bush on Tuesday that they have agreed on a blueprint for increasing health insurance coverage, and they would like to work with him on it," and the White House "quickly took the lawmakers up on their offer." The AP continues, "The senators said they disagreed that the Senate is too divided to pass comprehensive health care legislation. Their blueprint, while vague on many points, contains two proposals that are essential, said Sen. Ron Wyden," an Oregon Democrat. The AP continues, "The first point was a 'big lift' for Republicans,

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he said. It acknowledges that legislation should ensure that all Americans have affordable, quality health insurance, while protecting current government programs such as Medicare and Medicaid. The second point required compromise from Democrats, he said, because they agreed with Bush that the current federal tax rules for health insurance disproportionately favor the rich while promoting inefficiency." The AP also notes that "Wyden said the lawmakers were not endorsing the president's tax proposal. They only acknowledged that the current tax rules were problematic."

Medical Establishment Said To Oppose Healthcare Reform. The Washington Post's Steven Pearlstein (2/14) writes, "It's hardly an original point, but now that health-care reform is back on the political agenda, it's worth emphasizing: The reason the system has been so resistant to change is that lots of powerful interests do very nicely with things just the way they are. Or, put another way: Although doctors, hospitals, insurers and drug companies say they, too, want things to change, any comprehensive reform would reduce their incomes and their profits."

Senate Poised To Pass $464 Billion Spending Bill. The AP (2/14, Taylor) reports, "The Senate is poised to send President Bush a huge spending bill that strikes a balance between Democrats controlling Congress and Republicans whose budget work stalled last year." The "catchall $464 billion measure would fund 13 Cabinet agencies covering foreign aid and every domestic agency save for the Homeland Security Department." A final vote "is slated for Wednesday after Democrats on Tuesday won a key vote to limit debate by a lopsided 71-26 margin." The measure "will be the first major bill to work its way through both the House and Senate since the Democratic takeover, but it also has support from Bush because it sticks within the overall budget limit he and congressional Republicans set last year." The Washington Times/AP (2/14) says the bill "reflects the priorities of its authors, the Democratic chairmen of the House and Senate Appropriations committees, who shifted funds from Mr. Bush's requests for foreign aid and military base projects to popular programs such as health research, law enforcement and low-income housing. Most of the funding shifts were small but were needed to avoid furloughs or other problems at agencies such as the FBI that are limping along at or below last year's funding levels."

The Wall Street Journal (2/14, A13, Rogers, 2.04M) notes the Senate vote "came as the House began debate on a resolution challenging Mr. Bush's decision to send at least 21,500 more U.S. troops to try to curb sectarian violence in Iraq. The twin events underscore how central defense spending will be to the 2008 budget debate this spring, and how emotions over the Iraq war can make the debate more difficult for both parties."

Democratic Spending Bill Said To Include "Accounting Gimmicks." McClatchy (2/14, Rosen) reports that when President Bush "sent Congress his 2008 budget last week, Democratic lawmakers accused him of using accounting gimmicks to appear fiscally responsible and intent on reducing the federal deficit." But it "turns out, the Democrats have some accounting tricks of their own. A massive spending bill to fund the government through September contains billions of dollars in savings that exist only on paper, but which free up real money to spend on discretionary programs Bush has sought to cut." The House "passed the $463.5 billion appropriations legislation Jan. 31, and the Senate took it up Tuesday." Budget experts "from both parties, including current and former lawmakers and senior aides, said the Democrats' legislation relies on various types of creative accounting and side deals in order for it to appear to avoid new deficit spending." Among other "gimmicks," the measure "provides $2.49 billion for the ongoing realignment and closing of military bases, less than half the amount authorized by the last Congress. There is bipartisan agreement to make up the difference - $3.14 billion - in subsequent 'emergency' supplemental appropriations." The measure also "eliminates $3.5 billion in 'contract authority' for federal highway projects, but it doesn't decrease 'obligation limitations' by an equivalent amount."

Business Groups Ready Opposition To Union Organizing Bill. The Wall Street Journal (2/14, A13, Cummings, 2.04M) reports business interests "are bracing for their first clash with the Democratic Congress, raising millions of dollars to defeat a proposal to ease labor-organizing efforts." A House committee "is set to begin work today on the Employee Free Choice Act, which would give greater legal protection for union organizers and would let workers choose to organize simply by signing pro-union cards rather than holding a federally supervised election." Labor leaders "made enactment of such a law a priority, after spending heavily in last year's elections to help their Democratic allies win control of Congress." The AFL-CIO "and other labor groups say that having the ability to organize workers through a card-signing process will help them to stem the multidecade decline in union representation."

Roll Call (2/14, Newmyer) reports that in "what is set to be their first major showdown since Democrats took control of Congress, business and labor interests are poised for a multimillion-dollar clash over a measure to make it easier for workers to unionize." The "deep-pocketed corporate lobbying groups have joined together to defeat the proposal, today announcing the launch of a new coalition to coordinate their activities. The effort, called the Coalition for a Democratic Workplace, has the backing of the U.S. Chamber of Commerce, the National Association of Manufacturers and

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the National Federation of Independent Business, among others." On the other side is "an informal alliance of labor groups, headed by the AFL-CIO and the breakaway Change to Win unions, working across a divide in the labor movement to advance the measure. They also have the backing of Americans United, a liberal group closely aligned with Congressional Democrats." The bill at issue "in the fight is the Employee Free Choice Act. A top priority for labor unions and Democratic leadership, the bill would allow employees at a workplace to organize once a majority sign cards indicating they want to join a union."

Sweeney Says Lindsey Mischaracterized Union Organizing Bill. In a Wall Street Journal letter to the editor (2/12), AFL-CIO president John Sweeney says, "In response to Lawrence B. Lindsey's mischaracterization of the Employee Free Choice Act ('Abrogating Workers' Rights,' editorial page, Feb. 2): In fact, workers can still petition for a union election under the Employee Free Choice Act. The new legislation simply gives workers another choice, to form unions when a majority signs authorization cards. Such procedures have been in place since 1935 -- but today the choice is up to the boss, and it should be up to workers." Lindsay "claims that under the new legislation, workers couldn't decertify a union by signing a card. The fact is, they already can, and that wouldn't change. If workers present to their employer a petition or other evidence that a majority no longer want the union, the employer can legally withdraw recognition and refuse to bargain."

Norwood Dies Of Lung Disease. NBC Nightly News (2/13, story 5, :30, Williams, 9.87M) reported, "There was a pause in that Iraq debate today in memory of Republican Congressman Charlie Norwood, who died this morning at his home in Augusta, Georgia after a long battle with lung disease. He was a conservative, swept into office in the GOP wave of 1994. He was a dentist and a passionate advocate of a patients' bill of rights, aimed at giving consumers better access to healthcare in this country. Charlie Norwood was 65 years old."

The AP (2/14, Evans) reports Norwood, "a blunt-spoken Georgia Republican who sold his dental practice and ran for Congress at age 52, died Tuesday after battling cancer and lung disease." President Bush, "in a statement, described Norwood as 'a good friend and a strong, spirited legislator who always stuck to his principles.'" The "vacancy created by his death will be filled by a special election." Norwood "wasn't afraid to criticize his own party when he thought it was veering off course. Last year he called Republicans who backed compromise immigration legislation 'turncoats.'" Norwood's "passion was health care. Taking on insurance companies, he spent much of his political career pressing for a 'patients' bill of rights' aimed at giving consumers better access to care, including greater ability to sue insurers."

Roll Call (2/14, Whittington) reports that as "politicians from Capitol Hill to Atlanta mourned the death of Rep. Charlie Norwood (R-Ga.) on Tuesday, calculations and preparations already were under way for a special election to fill the vacancy in the Augusta-based 10th district." Among the "local GOP lawmakers considered most likely to run to succeed Norwood are state Rep. Barry Fleming and state Sens. Ralph Hudgens and Jim Whitehead." Former state Sen. Brian Kemp (R) and state Rep. Ben Harbin (R) "also have been mentioned as possible candidates. However, Harbin's perch as chairman of the Appropriations Committee is a powerful incentive for him to stay put." In Georgia, "state lawmakers must resign their seats once they qualify to run in a special election — a requirement that could severely limit what otherwise would be a large field of candidates." Georgia Gov. Sonny Perdue (R) "now has 10 days to issue a writ of election, which will allow the Georgia secretary of state's office to set the date for the special election. The contest, which must occur 30 days after the writ of election is issued, will be an all-party primary in which the first-place finisher must get more than 50 percent of the vote to avoid a runoff."

Bush's Comments About His Father Noted. The New York Times (2/14, Rutenberg, 1.16M) reports, "It was a moment of public sentimentality that seemed almost un-Bush-like. Speaking on C-Span on Monday, President Bush said of his father, 'I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news.' Mr. Bush continued: 'I understand how difficult it is for a person who loves somebody to see them out in the political process and to kind of endure the criticism. My answer to him is, 'Look, don't pay attention to it. I'm doing fine.' His comments were a rare window into a complicated father-son relationship that has been a source of endless fascination in Washington and promises to fascinate future historians no less."

Ellison Complains To Police About Tancredo's Cigar Smoke. The Hill (2/14, Rothstein) reports Rep. Keith Ellison "called the Capitol Hill Police on" Rep. Tom Tancredo last Wednesday night "as Tancredo was in his office smoking a cigar. The lawmakers have neighboring offices on the first floor of the Longworth House Office Building. Tancredo was still stunned a day later. 'It's very bizarre,' said Tancredo, who has never met Ellison. 'Seemed to me not a good way to say hello.'" The Hill goes on to report that a police officer "walked in to check on the smoke. The officer told Tancredo that the officer came because he was required to do so and not because the officer wanted to. The officer had already told Ellison that Tancredo was permitted to smoke in his office. The visit was more a formality."

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NYTimes Seeks Ban On Congressional Leadership PACs. The New York Times (2/14, 1.16M) reports, "Critics in Congress know the free-flowing PAC's, as the next big scandal waiting in the wings, should be banned under campaign finance law. The leaders of the House Democratic campaign committee, in fact, have already canceled the committee's annual ski weekend for lobbyists. Members should follow suit and ban the grossly misnamed leadership PACs as a step toward serious campaign finance reform."

OTHER NEWS:

Trade Deficit Hits New Record. USA Today (2/14, 2B, Lynch, 2.27M) reports, "Here's a news flash: The U.S. trade deficit set a record last year. If that seems pretty much like a dog-bites-man story, maybe it's because 2006 marked the fifth-consecutive year that the trade deficit hit a new high." The US "last ran an annual trade surplus in 1975 as the Vietnam War wound down and Saturday Night Live made its television debut. … There's hope, however, that the US trade imbalance with the rest of the world in goods and services may have peaked. 'It's going to get a bit better,' says Nigel Gault, chief US economist at Global Insight."

The Wall Street Journal (2/14, A2, Price, 2.04M) reports "economists said trade is likely to contribute to growth in coming months, as exports continue on an uptrend and oil prices, which surged in December, fall back. Economists have long predicted that as economic demand among top US trading partners caught up with rapid US economic growth, the US trade deficit would shrink."

The New York Times (2/14, Weisman, 1.16M) reports, "The record trade deficit was no surprise, since it had been foreshadowed in monthly figures over the last year. But in the current tense political climate in Washington, it was seized upon by both the Bush administration and its critics. It also seemed certain to become a factor in the accelerating presidential race." The Times adds, "Leading Bush administration officials noted that although the deficit had reached new levels, exports of American products were also growing at record rates, in many cases to the countries with which the United States had signed trade deals in the last six years. 'Our exports for the last year are up by nearly 13 percent,' Carlos M. Gutierrez, the commerce secretary, said in a telephone interview. 'We've said all along that our strategy is to grow exports and ensure that companies know about the trade agreements we have, rather than a protectionist strategy of cutting off imports.'" Democrats "used the latest trade numbers to demand what the House speaker, Nancy Pelosi, called 'a new direction' in trade policies, placing more emphasis on opening foreign markets to American goods, protecting American products from piracy and counterfeiting, and helping American industry become more competitive."

The Washington Post (2/14, A1, Goodman, Henderson, 690K) also says the data "raised tensions in Washington, unleashing criticism on Capitol Hill of the Bush administration's pursuit of new trade deals. They also provoked a fresh round of demands for action against China, whose trade surplus with the United States swelled to a record $233 billion last year, according to the Commerce Department." In Congress, the Democratic leadership "used the record deficit to accuse the Bush administration of selling out the interests of American workers in pursuit of trade deals. In a letter to President Bush, top Democrats, including…Pelosi (D-Calif.) and Rep. Charles B. Rangel (D-N.Y.), chairman of the Ways and Means Committee, called the trade deficit 'unsustainable,' listing among its consequences 'failed businesses, displaced workers, lower real wages and rising inequality.' … A White House spokesman, Tony Fratto, said the letter was 'not the most helpful approach.'" But "he added that the White House would 'work with Congress' in seeking approval for new trade deals."

Stocks Up. NBC Nightly News (2/13, story 8, :15, Williams, 9.87M) reported, "On Wall Street, the blue chips spiked on rumors that aluminum giant Alcoa is somehow a takeover target. The Dow finished up at 102 points to close at 12,654.85] on the day. NASDAQ was up nine and a half points [to close at 2,459.88] on the day." The Wall Street Journal (2/14, C1, Browning, 2.04M) notes "the blue-chip average is up 1.5% for 2007. The last record close was 12673.68, on Feb. 1." Also yesterday, "the Standard & Poor's 500-stock index rose 0.76%, or 10.89 points, to 1444.26, up 1.8% in 2007." The Washington Post (2/14, D1, Tse, 690K), among other newspapers, also reports on the stock market.

Bernanke To Testify Before Congress. The Wall Street Journal (2/14, 2.04M) reports, "Federal Reserve Chairman Ben Bernanke begins his two-day semiannual economic report to Congress, with financial markets braced for hawkish signals on interest rates. The economy continues to chug along despite the drag from the slower housing market, and investors are concerned that a future rate increase is still on the table. Mr. Bernanke's testimony on Capitol Hill begins at 10 a.m. EST." USA Today (2/14, 3B, Hagenbaugh, 2.27M) says Bernanke "will likely be peppered with questions about why wages are not rising at a more rapid pace. But he may have to leave lawmakers guessing." USA Today adds, "That's because economists aren't sure why wages haven't increased at a faster pace even though the labor market is tight. A tight labor market is often a precursor to a big pickup in pay as employers enter into bidding wars to attract and retain workers."

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Economist Sees Budget Surplus In 2009. In a Wall Street Journal (2/14, A-21, 2.04M) op-ed, economist Brian Wesbury writes, "In relative terms, the first five years of the current recovery have been much better than the first five years of the 1990s recovery. But all this has not softened the pessimism of many pundits and politicians who are either unimpressed or expect the whole thing to come crashing down any minute. That is, unless the government firmly grabs the reins of the global economy and steers it clear of disaster." Wesbury adds, "Many believe that the debate is over on global warming, nationalized health care, tax hikes, rich-versus-poor, the trade deficit and 'obscene' oil company profits. Forgotten in this rush to pass judgment on capitalism is the fact that the last two times government seriously tried to control the U.S. economy -- in the 1930s and in the 1970s -- they made a terrible mess of it." Many "of the more acute economic problems supposedly facing the U.S. are evaporating quickly. My models of the federal budget forecast a $115 billion dollar deficit this year, just 0.8% of GDP, less than half the size expected by the White House." A "budget surplus in 2009 is likely," and "[s]urpluses will change the calculus on tax hikes in dramatic fashion. Any argument to repeal the Bush tax cuts will face a strong headwind. This is great news for investors and the economy."

Romney Makes His Candidacy Official At Michigan Event. Former Massachusetts Gov. Mitt Romney officially declared his candidacy for president yesterday at the Henry Ford Museum in Dearborn, Michigan. Romney's decision to kick-off his candidacy in Michigan capitalizes on the reputation of his father, who served as Michigan's governor, and, according to Fox News' Special Report (2/13, Hume), allows Romney "to portray himself as someone outside Washington D.C., and outside the sort of thinking and dealing that goes on here. … Casting himself as an outsider, he underscored his commitment to new and innovative thinking, something he pointedly suggested his GOP rivals are incapable of." All three network devoted significant time to covering the announcement, focusing on Romney's Mormonism and formerly liberal views on social matters. ABC World News (2/13, story 6, 2:10, Gibson, 8.78M) reported that "what he said and where he said it, spoke volumes about his candidacy. … In front of a new Ford hybrid and a 1963 Rambler once championed by his father, the former Governor of Massachusetts talked about the need for innovation." ABC noted Romney is "eager to highlight his Midwestern values and distance himself from some of the moderate stands he took as governor," but "biggest challenge may be his religion." According to the CBS Evening News (2/13, story 9, 2:30, Couric, 7.66M), "apparently many people are asking, Mitt who? A new CBS News poll found that 72% of Americans haven't heard enough about the former Governor of Massachusetts to form an opinion. Then there's the issue of his religion. Romney is Mormon, and that…may prove to be an obstacle as he embarks on his campaign. … A CBS News poll shows that most Americans don't know enough about the religion to have an opinion. Yet, more than two-thirds say they could vote for a qualified Mormon."

NBC Nightly News (2/13, story 9, 2:40, Williams, 9.87M) said Romney "has real challenges. He says he is the true social conservative in the race, opposed to abortion and gay marriage. But here was Romney in 1994." Romney was shown saying, "I believe that abortion should be safe and legal in this country"; and "I feel that all people should be allowed to participate in the Boy Scouts regardless of their sexual orientation." NBC also characterized Romney's religion as his "biggest hurdle."

Despite an enormous amount of recent media attention, the AP (2/14, Sidoti) portrays Romney as "a lesser-known Republican in a jam-packed presidential field." The AP notes the symbolism of yesterday's event and emphasizes that Romney is "casting himself as a political outsider with the managerial skills necessary to fix a flawed Washington." The AP adds, "His political resume thin…Romney sought to turn that potential weakness into a strength, portraying himself as the best candidate to meet the country's challenges given his venture capitalist background and proven leadership in the public, private and volunteer sectors. In doing so, he attempted to draw a stark distinction between his qualifications and those of" Sen. John McCain.

USA Today (2/14, 6A, Lawrence, 2.27M) reports, "Only one Republican presidential candidate has run a business, governed a state and turned an ailing Olympics into a success story. That record…Romney said Tuesday, makes him uniquely qualified to transcend Washington's 'petty politics' and deliver change. … The Michigan launch allowed Romney to focus on his Midwestern roots rather than the liberal state he governed until last month." USA Today notes that Romney's challenges include "his Mormon religion and changing positions on issues such as abortion, gay rights, emergency contraception and stem cell research."

The Politico (2/14, Martin) reports, "Along with two of his siblings, his wife, five sons and daughters-in-law and a bevy of grandchildren, the son of an automobile executive-turned-Michigan governor spoke to about 600 people. … Pivoting into his campaign message, the former venture capitalist declared in his 20-minute speech that 'if there ever was a time when innovation and transformation were needed in government, it is now.' Romney would return again and again to those buzzwords. He used 'innovation' 10 times and 'transformation' eight times." The Chicago Tribune (2/14, Pearson, 617K) reports, "Though he didn't mention Democratic Sen. Barack Obama or any other candidates by

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name, Romney also said voters should not be content with candidates who make broad appeals to voters' hopes. 'Our hopes and dreams are going to inspire us, because we are an optimistic people,' he said. 'But let me tell you, just hoping is simply crossing your fingers. What we really need are hands that will go to work. It's time for hope and action. It's time that we do as well as dream.'" The Boston Globe (2/14, Helman, 413K) reports, "Even with the soaring language, Romney…at times struck an uncharacteristically subdued tone, especially in the beginning of his address. The crowd also missed some applause lines, making for some awkward pauses."

Romney Struggling To Establish Conservative Bona Fides. The Washington Post (2/14, A1, Kornblut, 690K) describes Romney as a "Mormon father of five," who "brings personal wealth, dashing looks and business credentials to a race that is relatively open." The Post goes on to report that while Romney "focused…on his executive experience over the past decade and a half, his political evolution during that time is proving problematic: A significant obstacle is his history as a self-described moderate Republican during his 1994 Senate campaign. On issues such as abortion and gay rights, Romney has made sizable shifts since then, exposing himself to charges of inconsistency and political opportunism. He spoke directly about social issues in his announcement. … The emphasis contrasted with his words in 1994, when he at one point argued that the 'gay community needs more support from the Republican Party' and presented himself as the candidate to make that happen." Romney "says that he no longer favors a federal nondiscrimination law for gay men and lesbians, and that he would not support allowing them to serve in the military. He has also altered his stance on abortion, saying he would now support overturning the Supreme Court's 1973 Roe v. Wade."

The Wall Street Journal (2/14, A12, Calmes, 2.04M) reports, "For months, Mr. Romney has struggled to persuade conservatives that he opposes abortion and gay rights, despite videotaped comments to the contrary from his past campaigns in more liberal Massachusetts. Yesterday, he struck the notes that Christian conservatives listen for." The New York Times (2/14, Nagourney, 1.16M) notes Romney "made only passing mention to abortion and gay rights and used the kind of coded language that would be recognized by people familiar with the debate, in what appeared to be an accommodation to the larger audience a candidate faces when announcing. And he dropped a description of Americans as 'God-fearing' that was included in his prepared text." The Los Angeles Times (2/14, Barabak, 850K) reports Romney "spoke of God, family and morality…but made only passing mention of abortion and gay rights."

McCain Event Showcases Former Romney Supporters. Fox News' Special Report (2/13, Hume) noted that McCain's campaign "is playing hardball, staging a news conference with former Romney supporters who switched to McCain. While Romney is pro-life now, he supported abortion rights in the nineties. McCain, they said, had been a reliable conservative all along." Michigan state Rep. Judy Emmons: "His commitment to protecting life at every level from conception on, and the fact of the matter is that he has been strong in his convictions…for decades."

Morris Says Romney Has Been Overtaken By Gingrich As Conservatives' Alternative. In his column for The Hill (2/14) Dick Morris claims that former House speaker Newt Gingrich "appears to be moving up into contention, overtaking former Massachusetts Gov. Mitt Romney and battling to be the conservative alternative to either former New York Mayor Rudy Giuliani or Arizona Sen. John McCain. … Unnoticed by most pundits, Gingrich seems to be building a lead over Romney and a host of conservative wannabes." Morris adds, "As McCain drops in the polls…some conservatives seem eager for a 'real Republican' to challenge for the nomination. … Hungry for new ideas and desperate after losing Congress, Republican voters seem to be rallying to the only real genius in the race — the former Speaker. The statute of limitations seems to have expired on his personal scandals and Gingrich is striking a responsive chord among conservatives."

USA Today/Gallup Poll Shows Clinton, Giuliani Maintaining Leads. USA Today (2/14, 6A, Page, 2.27M) reports that New York Sen. Hillary Clinton (D) and ex-New York City Mayor Rudy Giuliani (R) "widened leads over their rivals in recent weeks as they began to openly campaign for the Democratic and Republican presidential nominations, according to a USA TODAY/Gallup Poll. The survey taken Friday through Sunday…shows Clinton with a 19-percentage-point edge over Illinois Sen. Barack Obama among Democrats and Giuliani with a 16-point margin over Arizona Sen. John McCain among Republicans. A month earlier, Clinton had led by 11 points and Giuliani by 4. Though Clinton and Obama have faced questions about whether the nation is ready to elect the first woman or African-American as president, the poll finds that other traits may pose higher hurdles. More than four in 10 say they wouldn't vote for a 'generally well-qualified person' for president who was 72 years old -- the age McCain will reach in August 2008. Three in 10 say they wouldn't vote for someone who has been married three times, as has Giuliani. In contrast, 11% rule out voting for a woman and 5% for a black." USA notes, "In potential general-election matchups, Giuliani defeats Obama by 9 points and leads Clinton by 2 points, within the survey's three-point margin of error. McCain ties Obama and trails Clinton by 3 points."

By 45-31, More Voters Intend To Vote For Democratic Candidate. The Wall Street Journal (2/14,

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2.04M) reports Clinton "is leading the pack of presidential hopefuls as the campaign for the 2008 election begins, a new poll indicates. The Harris Interactive poll, which was conducted online Feb. 2-8, among 3,423 adults, shows that 20% of U.S. adults would most likely vote for Ms. Clinton if they had to choose one candidate from a list of those who may run. Ten percent of those surveyed said they would vote for Sen. Barack Obama (D., Ill.) and 8% said they would choose former New York City mayor Rudolph Giuliani. The poll indicates that for 45% of respondents, their first choice for president would be a Democratic candidate, while 31% would choose a Republican candidate. When asked to pick from a list of leaders they would consider for president, 45% said they would consider voting for Hillary Clinton, while 37% said they would consider Mr. Obama, 32% said they would consider Colin Powell and 29% said they would consider Mr. Giuliani. Forty-one percent of Republicans polled indicated they would consider a Democratic leader for president, while 35% of Democrats said they would consider a Republican candidate."

Giuliani Hedges His Support For Bush's Handling Of Iraq War. The New York Times (2/14, Pérez-Peña, 1.16M) reports, "In every speech he makes…Giuliani talks about Iraq and makes clear that he sides with President Bush, endorsing the war and the deployment of 21,500 more troops. His chief rivals…take the same stances. But in discussing the deployment of more troops, Mr. Giuliani has been alone in saying that such a strategy may not succeed, potentially providing him cover should the situation in Iraq deteriorate further. And he has put the strategy in a broader context that plays down the importance of Iraq. Terrorists 'are going to continue to be at war with us, no matter what the outcome in Iraq,' Mr. Giuliani said recently in New Hampshire. The night before, he said that 'there are no sure things,' and that if the United States fails in Iraq, 'we have to be ready for that, too.' In California a few days later, speaking of 'the danger of focusing on Iraq too much,' he said that complete success there would not win the fight against terrorism, and that failure there would not lose it."

Giuliani's Speeches Stick To Familiar Themes. The Los Angeles Times (2/14, Finnegan, 850K) reports, "In five days of campaigning in California, Giuliani has made terrorism his paramount focus -- that and his story of a New York turnaround on his watch at City Hall. … But while testing themes, he has stuck to tightly controlled events that minimize his exposure to tough questions on the Iraq war, domestic policy or the private business deals and speeches that have made him wealthy. A supporter of President Bush's troop buildup, Giuliani has framed Iraq as a battle in the war on terrorism without addressing questions on its original rationale."

1994 Campaign Memo Analyzes Giuliani's "Weirdness Factor." The Washington Post (2/14, A3, Kurtz, 690K) reports that a "vulnerability study" undertaken by former New York City mayor Rudy Giuliani's own 1994 campaign, "including warnings about his 'weirdness factor' and other perceived liabilities, surfaced. … The 1993 report by two aides in Giuliani's mayoral campaign was obtained by Village Voice reporter Wayne Barrett for a book on Giuliani and was posted on the Smoking Gun Web site." The Post goes on to report, "The 'weirdness' question involved Giuliani's first marriage, to his second cousin. He had his 14-year union with Regina Peruggi annulled on grounds that the Roman Catholic Church had never properly approved the marriage. The 1993 memo said that Giuliani had given a 'wide array of conflicting answers' about his personal life, bringing 'the soundness of his judgment' into question. … The memo also reported the 'charge' that 'Giuliani received special treatment from a friendly federal judge to avoid military service during the Vietnam War,' and later 'hypocritically prosecuted draft dodgers.' Giuliani, who was dropped by an Air Force ROTC program because of a hearing problem, received a rare occupational deferment in 1969 after a federal judge wrote a letter about the importance of his duties as a law clerk."

McCain To Officially Announce His Candidacy March 12. Fox News' Special Report (2/13, Hume) reported that Sen. John McCain "is now making plans for his announcement, targeting March 12th to join the race officially."

Second Controversial Edwards Blogger Quits. The New York Times/AP (2/14) reports, "A second blogger working for the Democratic presidential campaign of former Senator John Edwards quit Tuesday under pressure from conservative critics. The blogger, Melissa McEwan, wrote on her personal blog, Shakespeare's Sister, that she had made the decision to quit 'with the campaign's reluctant support, because my remaining the focus of sustained ideological attacks was inevitably making me a liability to the campaign.' On Monday, another blogger, Amanda Marcotte, left the Edwards staff, also after being accused of religious bigotry for earlier writings."

Fox News' Bill O'Reilly, on The O'Reilly Factor (2/13) said Edwards "remains defiant. … Everybody knows that Edwards or any other politician would never employ an anti-Semite, Klan member or a homophobe, while had no problem standing by two anti-Christian women even after seeing the vile things they had written."

Many Senators Considered Potential VP Picks. Roll Call (2/14, Billings) reports, "At least seven Senators are weighing or are engaged in a 2008 presidential run. … Any of those Senators also could be a vice presidential pick if

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unsuccessful in their respective campaigns to sit atop the 2008 ticket. But beyond that group, a handful of other Senate Democrats and Republicans could be attractive No. 2 picks for their party's presidential candidates." Roll Call continues, "Among them are: Sens. Evan Bayh (Ind.), the affable Midwesterner who himself was briefly a 2008 presidential candidate; Dianne Feinstein, the experienced, steady Democrat from the electoral-rich state of California; Dick Durbin, the No. 2 Senate leader and strong party loyalist; Jack Reed (R.I.), a West Point graduate and point man for the Democrats on military matters; Jim Webb (Va.), the freshman Democratic rising star whose national security credentials are difficult to match; Ken Salazar (Colo.), a Westerner with a law enforcement background as state attorney general; and Blanche Lincoln (Ark.), a well-versed and well-liked Southerner. Senate Republicans have picks on their side as well, beginning unsurprisingly with presidential hopefuls Brownback, Hagel and McCain. … Beyond that trio, other GOP Senators likely to get strong consideration include Sens. John Thune (S.D.), the telegenic first-term Senator who knocked off then-Minority Leader Tom Daschle (D) in 2004; Kay Bailey Hutchison (Texas), the conservative Republican Policy Committee chairwoman who has hinted at a possible interest in the job; Lamar Alexander (Tenn.), a one-time presidential hopeful himself; Judd Gregg (N.H.), the wonky Easterner who has become one of his party's most loyal attack dogs; and David Vitter, the conservative Louisianan whose work on behalf of Hurricane Katrina recovery could play heavily in his favor."

Clinton Said To Risk Suffering Muskie's Fate. The Washington Post's Harold Meyerson (2/14, A19) writes, "A specter was haunting Hillary Clinton as she campaigned in New Hampshire this weekend: the specter of Ed Muskie. As the ancient or merely studious among us will recall, the Democratic senator from Maine, who'd been Hubert Humphrey's running mate in 1968, entered his party's presidential contest in 1972 as the front-runner. His prospects were dashed in the New Hampshire snows, however. As popular memory has it, an indignant Muskie started crying while refuting a silly attack on him. … Muskie's more serious problem, however, was the Vietnam War, which he opposed. His opposition, though, had none of the fervor or long-term consistency of another Democratic senator and presidential aspirant, George McGovern." Meyerson adds, "Today, Hillary Clinton seems almost uncannily positioned to become the Ed Muskie of 2008. She opposes the U.S. military presence in Iraq but not with the specificity, fervor or bona fides of her leading Democratic rivals. As Muskie did with Vietnam, she supported the legislation enabling the U.S. invasion of Iraq, and she has been slower and more inconstant than her party rivals in coming around to opposing the continued U.S. occupation."

Dowd Analyzes Obama's Weaknesses. The New York Times' Maureen Dowd (2/14)writes that Sen. Barack Obama "is backed up by a strong, smart wife and a professional campaign team, but he doesn't have a do-whatever-it-takes family firm with contract killers and debt collectors, like Bush Inc. and Clinton Inc. He was eloquent, if not as inspiring as his advance billing had prepared audiences to expect. He made his first Swift-boat-able slip when he had to apologize for talking about soldiers' lives 'wasted' in Iraq. He sounded self-consciously pristine at times, as if he was too refined for the muck of politics. That's not how you beat anybody but Alan Keyes."

DCCC Targeting Ferguson After Extremely Close 2006 Race. The Hill (2/14, Youngman) reports, "Even though Rep. Chris Van Hollen (D-Md.), the new chairman of the Democratic Congressional Campaign Committee (DCCC), is targeting Republican-held seats in New Jersey, state GOP consultants say if Democrats couldn't capitalize on their own party's electoral successes last year, then those seats aren't attainable in 2008. … Perhaps the most vulnerable of those seats is Rep. Mike Ferguson (R), who narrowly defeated state Assemblywoman Linda Stender (D), winning by just more than 1 percent in the wake of press reports alleging inappropriate conduct with a female college student at a Georgetown bar in 2004. Ferguson, who denied the allegations, did not comment for this article. Stender told The Hill this week she is 'looking seriously' at going up against Ferguson again in 2008, and she will make a decision by 'late summer, early fall.'" However, Ed Traz, "a GOP consulting heavyweight in the Garden State," said "taking on Ferguson in 2008 would be a 'waste' of the DCCC's money in light of the large number of resources the committee will need to devote to defending freshman incumbents in Republican districts."

Both Parties Avoid Debate Over Entitlement Spending. The Washington Post's Robert Samuelson (2/14, A19) writes, "The welfare state has made budgeting an exercise in futility. Both liberals and conservatives, in their own ways, peddle phony solutions. Cut waste, say conservatives. Well, network news reports of $20 million federal programs that don't work may seem -- and be -- scandalous, but like Amtrak they're usually mere blips in the total budget. For its 2008 budget, the Bush administration brags it would end or sharply reduce 141 programs. But most are microscopic; total savings would be $12 billion, or 0.4 percent of spending. Worse, Congress has previously rejected some of these cuts."

Nuclear Pact With North Korea Met With Criticism By Conservatives, Democrats. ABC

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World News (2/13, story 3, 0:25, Gibson, 8.78M) reported that under "the potentially historic agreement" signed Tuesday by North Korea, Pyongyang "has 60 days to begin dismantling its nuclear program. In exchange, the US will begin the process of ending trade sanctions and moving North Korea from the list of terror-sponsoring nations. North Korea will also receive almost 1 million tons of fuel."

A number of media reports note the agreement is coming under fire from "both sides of the political spectrum," as the New York Times (2/14, A10, Cooper, Yardley, 1.16M) puts is. The Times says "hardliners argued that the United States should have held out until North Korea agreed to fully declare and dismantle its entire nuclear program," while Democrats "argued that the deal was no better than one they said the United States could have gotten four years ago." Regardless, the Times say the deal "represented a bureaucratic victory for [Secretary] Rice, who has pushed for a more diplomatic approach with North Korea than more hawkish administration officials would have liked. In the end, it was Ms. Rice who convinced President Bush to sign onto the pact, administration officials said."

The Washington Times (2/14, Miller, 88K) says the deal received "faint praise" from Senate Democrats. Majority leader Harry Reid called it a "first step," but said it "still can't fix the mess this administration has created by ignoring North Korea for the past five years."

The CBS Evening News (2/13, story 3, 1:50, Couric, 7.66M) said "the biggest reason to be skeptical" is whether "North Korea's Kim Jong Il [is] ready to honor this deal. Maybe. But as this unpredictable leader has shown over and over, if his mood changes next month or next year, he may be just as ready to torpedo it." Separately, the CBS Evening News (2/13, story 4, 1:10, Axelrod, 7.66M) said "no one is popping any champagne corks yet" due to "the unpredictability of Kim Jong Il. However, "North Korea had every reason every incentive to come to the table, the electricity and the oil it so badly needs."

The AP (2/14, Gearan) says the Bush administration called a deal a "breakthrough," but Pyongyang's "history of broken promises kept the celebrations to a minimum." There was "worry, too, that accommodation of North Korea would encourage brinksmanship by Iran or other would-be nuclear states."

The Washington Post (2/14, A11, Kessler, Cody, 690K) also reports the deal "came under attack yesterday, with conservatives labeling it a betrayal and Democrats charging that Bush allowed North Korea to become a nuclear-weapon state without gaining much improvement over a Clinton-era deal that collapsed during Bush's first term." Bush, however, pronounced himself "pleased" with the accord, and Secretary Rice said it is just the beginning of a long process. "This is not the end of the story," she said, calling it the result of "patient, creative and tough diplomacy."

The Los Angeles Times (2/14, Richter, 850K) says the deal "marks a fundamental shift in direction for the Bush administration," which "provoked outrage from conservative allies of the administration who said it flatly contradicted Bush's previous policy." Meanwhile, "some former Clinton administration officials termed it a step in the right direction but questioned why it took Bush so long."

The Wall Street Journal (2/14, A4, King Jr., Ramstad, 2.04M) says "fading options for the US and North Korea led to a landmark agreement designed to shut down Pyongyang's nuclear program. But the follow-through needed to reach the goal of a denuclearized Korean peninsula could be thwarted by the same problems that plagued earlier deals."

On its front page, the Washington Times (2/14, A1, Lanfranco, 88K) says the "next 60 days will determine whether the new document to halt and eventually eliminate North Korea's nuclear programs will create the momentum to ease tensions in Northeast Asia or will become just another diplomatic chapter in a series of broken promises."

The Los Angeles Times (2/14, Magnier, 850K) says "troublesome signs are already emerging" about Pyongyang's intent to "honor the disarmament promises it made."

The Christian Science Monitor (2/14, Ford, 59K) reports, "Some observers suggest that this agreement could either resolve years of conflict or collapse amid more conflict, crisis, and rhetoric as has happened so often."

A number of different local TV stations across the country broadcast reports on the deal, often contrasting Secretary Rice's positive reaction to the agreement against Bolton's comments. Some examples: KXMC-TV Bismarck (2/13, 10:00 pm) showed Secretary Rice saying, "It is a part of a broad and comprehensive effort not only to denuclearize the Korean Peninsula, but also to advance the future of peace and prosperity in northeast Asia." The station added, "But not everyone thinks this is a good deal. Former UN Ambassador John Bolton says it sends the wrong message and that North Korea should not be rewarded for only partially dismantling its nuclear program." NECN-TV Boston (2/13, 9:23 pm) showcased both Rice and Bolton, and reported, "There is both optimism and criticism about a plan designed to denuclearize North Korea." Bolton was shown challenging the deal, saying, "I just think it's a bad sign. It's a reward for the persistence of the North Koreans that they don't deserve." Other stations offering similar quotes from Bolton and Rice were KGO-TV San Francisco (2/13, 6:34 pm), WIBW-TV Topeka (2/13, 5:18 pm), KJUD-TV Juneau (2/13, 5:14 pm), and KAIT-TV Jonesboro, AR (2/13, 5:11 pm).

Bush's "Weakened" Position Seen As Impetus For Deal. In its analysis, the Financial Times (2/14, Fifield) notes some see the deal as "a partial capitulation by a weakened administration…badly in need of a diplomatic breakthrough to set against his Middle East troubles."

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In a front page analysis, the New York Times (2/14, A1, Sanger, 1.16M) says, "It is hard to imagine that either George W. Bush or Kim Jong-il would have agreed even a year ago to the kind of deal they have now approved. … But in the past few months, the world has changed for both Mr. Bush and Mr. Kim." Bush, "bogged down in Iraq, his authority undercut by the November elections, any chance to show progress in peacefully disarming a country that detonated a nuclear test just four months ago could no longer be passed up."

The Chicago Tribune (2/14, Fang, Osnos, 617K) calls the deal "a rare foreign policy victory at a time when the US faces severe difficulties in Iraq and elsewhere." The AP (2/14, Hutzler) says negotiations now give way "to a more arduous phase: making sure the communist country keeps its promises. Secretive, belligerent and with a reputation for skirting past deals, North Korea makes a rough prospect for arms control inspectors, experts said."

McClatchy (2/14, Strobel) says the deal "blossomed from the sort of diplomatic give-and-take with an adversary that the White House had rejected until recently." Two senior State Department officials said the deal "reflected, in part, Rice's desire for a visible foreign-policy victory to offset setbacks across the Middle East, from Iraq to Iran and Lebanon." It also reflects "a changed power balance within the Bush administration, with Rice at the forefront and Vice President Dick Cheney's influence diminished, at least on this issue and for now."

Deal Seen As Signaling China's Growing Stature In World Stage. Calling it a "sweeping and potentially historic deal," the Financial Times (2/14, A1, Fifield, Dombey) says the accord "cemented China's emergence as a significant power-broker on the world stage" for its "crucial role" in brokering the deal.

Bolton Says Deal Sends "Bad Signal." NBC Nightly News (2/13, story 3, 2:10, Mullen, 9.87M) showed former UN Ambassador John Bolton warning, "I am afraid North Korea has won. Once again they have made a hollow promise and they are going to get tangible economic benefits as a consequence of it."

The Washington Times (2/14, A1, Gertz, 88K) reports in a front page article that Bolton criticized the deal for "making too many concessions" and "gives up key US leverage that blocked illicit financial activities by Pyongyang in the past." In an interview, Bolton said, "It's a bad signal to North Korea and it's a bad signal to Iran" that "if you hold out long enough and wear down the State Department negotiators, eventually you get rewarded."

Berlin Meeting "Critical" In Reaching Final Accord. The New York Times (2/14, Yardley, 1.16M) says talks late last month between Assistant Secretary of State Christopher Hill and North Korean negotiator, Kim Kye-gwan, in Berlin were "critical in resuscitating the talks and in shaping the agreement reached Tuesday in Beijing," according to a senior United States official familiar with the American negotiating team.

More Commentary. George Perkovich, director of the nonproliferation program at the Carnegie Endowment for International Peace, writes in the Wall Street Journal (2/14, A20, 2.04M), "If the current deal keeps North Korea from producing more bomb material and conducting more nuclear tests, it will be a good thing. If further pay-offs can induce Pyongyang to reduce the stockpile and reassure us that security and control procedures minimize the risks that nuclear materials or bombs could be transferred to terrorists, we should haggle over the price." Therefore, he urges Republicans and Democrats to "urge extending the six-party negotiating forum into a broader exploration of steps to prevent instability in Northeast Asia" and turn "this modest nuclear deal" into "the start of something bigger."

In an editorial, the Wall Street Journal (2/14, A20, 2.04M) says the deal "strikes us as something close to faith-based nonproliferation." Calling the deal ""marginally better" than the 1994 Agreed Framework reached by the Clinton Administration, the Journal says, "Perhaps Mr. Bush feels this is the best he can do in the waning days of his Administration. Or perhaps, in the most favorable interpretation, he wants to clear the decks of this issue in order to have more political capital to control Iran's nuclear ambitions. Iran may look at this deal, however, and conclude it has little to lose by raising the nuclear stakes. We'd like to believe this will turn out better, but history doesn't support such faith."

The New York Times (2/14, 1.16M) editorializes, "It is welcome news that North Korea has agreed to move toward dismantling its nuclear weapons program," but "there are a lot of other dangers out there. And we hope that Mr. Bush learns the most basic lesson of this week's deal: sometimes you really do have to talk to your enemies, even if you have to grit your teeth."

On its editorial page, the Washington Post (2/14, A18, 690K) writes, "Along with many experts on North Korea, we're skeptical that Mr. Kim would choose to give up nuclear weapons unless he were convinced that the survival of his regime depended on it." Trying to "push Mr. Kim into a permanent shutdown of plutonium production over the next year is certainly worthwhile," the Post continues, but "yesterday's announcement was a start, but as the football-loving Ms. Rice said, 'This is still the first quarter.'"

In an editorial, the Los Angeles Times (2/14, 850K) call the deal "score one small point for pragmatism and global sanity." The Times, however, concedes that it is a "very tentative one-page agreement" that "could well collapse within its first 60 days." Conservatives, "predictably, are hollering betrayal," but there are "right," say the Times, "President Bush has changed course." However, "The tactical shift doesn't mean that the US has abandoned its

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principles; the White House still needs to be prepared to abort this deal if it ultimately proves as hollow as previous accords."

Israeli, Palestinian Officials Differ On Agenda Ahead Of Summit. The AP (2/14, Federman) reports Israeli and Palestinian officials said Tuesday they have "vastly different agendas" for next week's meeting with Secretary of State Condoleezza Rice, "raising serious doubt about the summit's prospects." For their part, the Palestinians "want to jump to talks on a final peace agreement at the Feb. 19 meeting," while Israel said it "will not discuss 'substantial issues' until it learns more about Palestinian President Mahmoud Abbas' power-sharing agreement with the Hamas militant group."

Jordan, Russia Call For Mideast Accord. The AP (2/14, Halaby, Gavlak) reports Jordan's King Abdullah II and Russian President Vladimir Putin Tuesday called for "a stronger international push for lasting Mideast peace and urged for a diplomatic solution to Iran's nuclear standoff." King Abdullah said he and Putin "agreed that negotiations for the establishment of a viable Palestinian state should be accelerated," calling the Palestinian-Israeli conflict the "core conflict" in the Middle East.

Abbas Still Faces Troubles Forming Unity Government. The Washington Times (2/14, Mitnick, 88K) reports, "As Palestinian Authority President Mahmoud Abbas seeks international support for a Hamas-Fatah power-sharing agreement, Palestinian observers warn that formidable obstacles remain, including who will control the security forces." The agreement reached last week in Mecca "lays out principles for cooperation, but implementation still must be worked out." According to the Times, the "most sensitive problem will be overhauling the Palestinian security forces to incorporate thousands of members of a controversial Hamas unit, and the appointment of an interior minister to oversee the job."

Bombings Kills 3 In Lebanon Ahead Of Hariri Anniversary. The New York Times (2/14, Slackman, 1.16M) reports, "A day before Lebanon prepared to mark the second anniversary of the assassination of its former prime minister, Rafik Hariri, three people were killed and about 23 others wounded when two minibuses were bombed." In a country "so fragile and on edge because of its internal political struggles," the bombings "managed to heighten tensions" in the "first such attack…since the end of Lebanon's 15-year civil war in 1990."

The Washington Post (2/14, A11, Shadid, 690K) reports "in past days, speculation has risen that a deal is possible" between Lebanese factions "with Iranian and Saudi Arabian blessing. But in a visit Monday to Syria, Arab League Secretary General Amr Moussa said 'complications' remained. Rumors swirled Tuesday over whose aims the bombings would serve, and some suggested that foreign powers opposed to a deal might have played a role."

American Charged With Aiding Islamic Militants In Somalia. The Washington Post/AP (2/14, A15) reports a former Houston resident "has been charged in Texas with teaming with al-Qaeda" in Somalia. Daniel Joseph Maldonado, also known as Daniel Aljughaifi, "was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device." Arrested in Kenya last month, Maldonado is "the first American to be prosecuted on suspicion of joining terrorists in Somalia," Assistant Attorney General Kenneth L. Wainstein said in a statement.

Paulson Outlines Plans For Economic "Dialogue" For China. The Wall Street Journal (2/14, A2, Phillips, 2.04M) reports Treasury Secretary Henry Paulson, "under pressure from impatient China-bashers on Capitol Hill, unveiled specific areas where he hopes the Bush administration's economic dialogue with Beijing will show concrete results in the coming months." Paulson said he "is seeking quick action from Beijing in opening Chinese financial markets to foreign firms, employing cleaner Western environmental services and products, enforcing patent and copyright protections and creating domestic pension and health-care benefits that will let ordinary Chinese spend more on consumer goods." Paulson said, "We're going to start making progress [by May, when the next round of talks takes place in Washington]." The Journal adds Paulson's "comments came as he named a former drug-industry lobbyist and former deputy U.S. trade representative, Alan Holmer, to coordinate the strategic dialogue." Meantime, House lawmakers "said they plan to introduce legislation today that would make it easier for the U.S. to retaliate against China for its currency practices."

White House Drops Outreach To Chavez. McClatchy (2/14, Bachelet) reports the Bush Administration "has abandoned efforts to reach out to Venezuelan President Hugo Chavez, blaming Caracas for showing little interest in taking up U.S. overtures. But even as U.S. officials harden their criticism of Chavez, they say the doors are still open to dialogue." After Chavez "won a big re-election victory in December, Washington seemed to reach out to the feisty socialist leader who routinely lashes out at President Bush as the main cause of the world's ills." Now, "the tough talk is back. In recent weeks, U.S. officials have stepped up their criticism of Chavez's latest moves, such as nationalizing the phone and electricity companies and securing a law so that he may pass legislation without congressional approval."

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Putin Said To Be Exploiting Fallout From NATO Expansion. In his New York Times column (2/14), Thomas Friedman says, "Now that high oil and gas prices have made Russia powerful again — the gasman of Europe — Mr. Putin is shoving Russia's resurgent pride right back in our face. In effect, he is saying to America: 'Oh, you talkin' to me? You thought you could tell me that the cold war was over and that NATO expansion was not directed at Russia — but we couldn't be members anyway. Did you really think we were going to believe that? Well, now I'm talkin' to you. Get out of my face.'" Friedman adds, "I'm not here to defend an iron-fisted autocrat like Mr. Putin. But history is prologue. The fact is, we helped to create a mood in Russia hospitable to a conservative cold warrior like Mr. Putin by forcing NATO on a liberal democrat like Mr. Yeltsin. It was a bad decision and one that keeps on giving. Just when we need to be getting Russia's help, we're getting its revenge."

In his Washington Post column (2/14, A19), David Ignatius says, "Putin's comments" in his Munich speech "may be jarring to Americans, but they express a bitterness that's widespread here. His generation of Russians grew up in a country that claimed the status of 'superpower,' and they don't like being taken for granted. Putin, a former KGB officer with a black belt in judo, has been pugnacious in standing up for his country's interests, and Russians seem to like that. In the latest opinion polls, his popularity is well above 70 percent." Russia is "back. That's the real lesson I take from Putin's blunt comments. A country that was near collapse after the fall of Soviet communism has regained enough confidence and stability to take a verbal shot at its old rival."

Bodman Warns Against Possibility Of Gas Cartel. In its "Washington Wire" online column, the Wall Street Journal (2/14, Fialka, 2.04M) reports, "Energy Secretary Samuel Bodman says the U.S. should continue to develop the infrastructure to import and use liquefied natural gas and warns against the possibility that producing countries could form a cartel to control the price of natural gas. In a speech prepared for delivery Wednesday at an energy conference in Houston, Bodman said that 'initiatives, new or old, which seek to control the flow of energy supplies to the market' and set prices "are contrary to the long term interests of both producers and consumers.'" Bodman "didn't mention any countries, but it just so happens that his remarks coincide with Russian President Vladimir Putin's visit to the Middle East, where he is talking up an international natural gas cartel."

UN Secretary General Faces Backlash For Improving Ties With US. The Washington Post (2/14, A14, Lynch, 690K) reports when UN Secretary General Ban Ki Moon "paid his first official visit to Washington last month, he received the White House version of a seal of approval: a presidential pat on the back and an invitation to phone President Bush whenever he needs help in responding to an international crisis." Ban's "warm reception appeared to signal an end to an era of U.S. confrontation with the United Nations that was marked by quarrels over the Iraq war, Republican-led corruption hearings on Capitol Hill and relentless threats of funding cuts." But "such a turn of fortune in Washington comes at a price: Ban is facing a diplomatic backlash from developing nations, which suspect the former South Korean foreign minister of seeking to reshape the United Nations to accommodate U.S. interests and the desires of other wealthy member nations. They have stonewalled his early attempt to reorganize the U.N. bureaucracy." The standoff "has weakened Ban barely a month into the job, as he faces one of the top challenges confronting every U.N. leader: how to strike a balance between the organization's most powerful member and an influential bloc of developing countries that instinctively resist policies that appear to track with U.S. interests."

Graham Says Sudanese President Deserves Some Credit. The Washington Post (2/14, A15, McCrummen, 690K) reports the "first time that Omar Hassan al-Bashir, the Muslim president of Sudan, met Franklin Graham, the prominent evangelical Christian, the conversation came to a kind of standoff." Graham, who "has called Islam an 'evil and wicked' religion, told Bashir in the 2003 meeting that he wanted to persuade him to become a Christian. Bashir, at the time fighting a civil war in the southern region of the country, told Graham that he wanted to make him a Muslim, Graham recalled." In a meeting "between the two men here Monday night, the semi-serious proselytizing continued. This time, though, Graham said he came away thinking that Bashir, who now stands accused of presiding over the killing of at least 200,000 people in the Darfur region in the country's west, deserves credit for signing the peace agreement with rebels in the south in 2005." Although human rights activists "and some U.S. officials are counseling tougher measures against Bashir's government to end the violence in Darfur -- and to more fully implement a faltering peace agreement with the south -- Graham said that a softer approach is needed." Graham said, "I'm not a politician, but I think our government does need to recognize some steps he's taken and reward this government in some way to show them we appreciate what they have done [regarding southern Sudan]."

THE BIG PICTURE:

Headlines From Today's Front Pages.

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Los Angeles Times:
"Movies Shoot For Change."
"Grand Avenue Project Passes Go."
"House Debate: Prelude To A Faceoff?"
"N. Korea Nuclear Pact Marks Major Shift For Bush."
"Banking On Illegal Immigrants."
"Iraqi Insurgency Hits Home."

USA Today:
"Aflac Plans To Allow Shareholders To Vote On Pay For Top Executives."
"Subway Security Devices Fail Tests."
"Tests In 2006."
"Terror Suspect's Claim: Too Traumatized For Trial."

New York Times:
"New Baghdad Crackdown Is Announced."
"Libby And Cheney Will Not Testify, Says The Defense."
"Outside Pressures Snapped Korean Deadlock."
"Army Giving More Waivers In Recruiting."

Washington Post:
"Utilities Crews On High Alert For Later Today."
"House Begins Debate On War."
"Oil Prices, Imported Goods Push Trade Gap To Record."
"Romney Joins The 2008 Race."
"Libby Defense To Rest Without Testimony By Him Or Cheney."
"Former Top CIA Official Indicted."

Washington Times:
"Deal To halt N. Korea Nukes OK'd."
"Icy Storm To Distribute Commute."
"NFL Rejects Border Patrol Ad."
"Joo named Chairman Of Times; McDevitts To become President."
"Iraq To Seal Borders With Syria And Iran."

Detroit Free Press:
"West End Of River Plan Get Key Piece."
"He Loves You, Diana."
"Struggling Visteon To Build Plant."
"Romney Counts On Michigan Roots To Propel Him."

Atlanta Journal-Constitution:
"Peachtree: The Makeover."
"Fatigue AT Fault In Airport Mishap?"
"Writer Ready To Rivet Atlanta."
"Sheriff Wants Jail Monitor's Resignation."
"Conservative Wouldn't Waver."

Houston Chronicle:
"Ex-Houstonian IS Accused OF Ties To Al-Qauda."
"No lags In City's Plan To Go Wireless."
"GOP Relies On Ex- POW To turn Tide On Resolution."
"Bush's Concern For Father Offers A Rare Window."

Story Lineup From Last Night's Network News:
ABC: Sadr Flees Iraq; Iraq Resolution; North Korea-Nuclear Program; Winter Weather; New Orleans-Tornados; Winter Weather; New Orleans-Tornados; Romney Presidential Bid; CIA Official Indictment; Mail Security; Airport-Chicago O'Hare; Harry The Dog.
CBS: Winter Weather; New Orleans Tornado; North Korean Nukes; North Korea-Analysis; House-Iraq Resolution; Iraq-Sadr Flees; Salt Lake City Shooting; Food Safety; Romney In; Honey Bees.
NBC: Winter Weather-Illinois; Winter Weather-Cleveland; North Korea-Nuclear Program; Iraq Resolution; Rep. Norwood's Obit; Libby Trial; Iran Aides Iraq Insurgents; Stock Market; Romney Presidential Bid; New Orleans-Tornados; Mall Shooting; Caring For The Elderly.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US Winter Storm Stretching From Midwest To Northeast; US Military Confirms Marine Helicopter Was Shot Down; Al Sadr-Iran; Salt Lake City-Mall Shooting; Westminster Kennel Club Dog Show; Anna Nicole Smith-Paternity Hearing; Anna Nicole Smith-911 Call; Washington, DC-Fair Trade Chocolate.
CBS: US Winter Storm Stretching From Midwest To Northeast; Al Sadr-Iran; House-Iraq Resolution; Libby Trial; Chrysler-Restructuring Plan; Harley-Davidson Strike.
NPR: US Winter Storm Stretching From Midwest To Northeast; Rep. Norwood's Obit; Salt Lake City-Mall Shooting; House-Iraq Resolution; Turkmenistan Presidential Election-Winner Declared; Lebanon-Hariri Assassination Commemoration; Tokyo Stock Exchange; Wall Street.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Liberia.

VICE PRESIDENT CHENEY — Speaks at the National Association of Manufacturers meeting. JW Marriott Hotel.

US Senate: 9:30 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing to receive the semiannual monetary policy report to Congress. FRB Chairman Ben Bernanke. Location: Room 106, Dirksen.

10 a.m. BUDGET _ full Committee. Hearing on the FY08 budget proposals on tax compliance. IRS Commissioner Mark Iverson. Location: Room 608, Dirksen.

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10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on overseas sweatshop abuses. Betty Fuentes, a flower worker from Columbia; Sk Nazma, a former textile worker from Bangladesh, David Socolow, New Jersey Commissioner of Labor; Charles Kernaghan, Director of the National Labor Committee; James English, Secretary-Treasurer of the United Steelworkers; William Jones, President of the U.S. Business and Industry Council; Steven Jesseph, Vice Chairman of Worldwide Responsible Apparel Production; and Dan Griswold, CATO Institute. Location: Room 253, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Markup of pending legislation. Location: Room 430, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Hearing on judicial security and independence. Supreme Court Justice Anthony Kennedy. Location: Room 216, Hart.

11:30 a.m. RULES AND ADMINISTRATION _ Full Committee. Hearing on the requests of Senate committees for funds to carry out their operations. Location: Room 301, Russell.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Oceans, Atmosphere, Fisheries and Coast Guard Subcommittee. Hearing on setbacks in the Coast Guard's Deepwater program. Location: Room 253, Russell.

2:30 p.m. SELECT INTGELLIGENCE _ Full Committee. Closed. Hearing on CIA detention, interrogation and rendition programs. Location: Room 219, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Continued consideration of the Iraq war resolution.

10 a.m. AGRICULTURE _ Full Committee. Organizational meeting, followed by hearing on the 2007 farm bill proposals. Secretary Johanns. Location: Room 1302, Longworth.

10 a.m. APPROPRIATIONS _ Full Committee. Hearing on the FY08 budget. OMB Director Rob Portman; Treeasury Secretary Paulson; Edward P. Lazear, chairman, Council of Economic Advisers; Bob Greenstein, Center on Budget and Policy Priorities; Elizabeth Warren, Harvard Law School. Location: Room 2128, Rayburn.

10 a.m. ARMED SERVICES _ full Committee. Hearing on the FY08 budget for the Army. Secretary Francis Harvey; Chief of Staff Gen. Peter Schoomaker. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. hearing on whether greenhouse gas emissions are contributing to global warming. Michael Oppenheimer, Princeton University; James W. Hurrell, National Center for Atmpsheric Research; Boulder, Colo.; John R. Christy, Earth System Science Center, University of Alabama, Huntsville; Roni Avissar, Duke University; Gabriele Hegerl, Duke University. Location: Room 2123, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 2172, Rayburn.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on the Executive branch Reform Act of 2007 and the Whistleblower Protection Enhancement Act of 2007. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Hearing on the FY08 budget for research and development. John Marburger III, Director, White House office of Science and Technology Policy. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on the SBA's response to the 2005 Gulf Coast hurricanes. Administrator Steven Preston, others. Location: Room 2360, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on the FY08 budget for the Army Corps of Engineers. Arlen Lancaster, chief, Natural Resources Conservation Service; Carl A. Strock, chief of engineers, Army Corps of Engineers; John Paul Woodley Jr., assistant secretary of the Army, Civil Works Program. Location: Room 2167, Rayburn.

10 a.m. WAYS AND MEANS _ Full Committee. Hearing on the administration's trade agendas. USTR Susan Schwab. Location: Room 1100, Longworth.

1:30 p.m. EDUCATION AND LABOR _ Full Committee. Hearing on the Emplohyee Free Choice Act. Location: Room 2175, Rayburn.

2 p.m. ARMED SERVICES _ Terrorism, Unconventional Threats and Capabilities Subcommittee. Hearing on the Special Operations Command and global terorists threats. Bruce Hoffman, Georgetown University; Daniel Benjamin, Center on the United States and Europe; Rita Katz, SITE Institute; Jarret Brachman, U.S. Military Academy. Location: Room 2212, Rayburn.

2 p.m. BUDGET _ Full Committee. Hearing on the FY08 budget. Members day. Location: Room 210, Cannon.

2 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on ``Covering the Uninsured Through the Eyes of a Child." Location: Room 2322, Rayburn.

2 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Information Policy, Census and National Archives Subcommittee. Hearing on the state of the Freedom of Information Act. Location: Room 2154, Rayburn.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Aviation Subcommittee. Hearing on the FY08 budget for the FAA. FAA Administrator Marion Blakey; Gerald Dillingham, GAO; DOT Inspector General Calvin Scovel, III. Location: Room 2167, Rayburn.

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2 p.m. VETERANS AFFAIRS _ Health Subcommittee. Hearing on the VA's FY08 budget. Location: Room 334, Cannon.

2 p.m. WAYS AND MEANS _ Social Security Subcommittee. Hearing on the backlog of disability claims at the Social Security Administration. Location: Room B-318, Rayburn.

2:15 p.m. JUDICIARY _ Immigration, Citizenship, Refugees, Border Security and International Law Subcommittee. Oversight hearing on immigration fee increases. Location: Room 2141, Rayburn.

2:30 p.m. FOREIGN AFFAIRS _ Middle East and South Asia Subcommittee. Hearing on the next steps in the Mideast peace process. David Makovsky, Washington Institute for Near East Policy; Martin Indyk, Brookings Institution. Location: Room 2172, Rayburn.

2:30 p.m. HOMELAND SECURITY _ Subcommittee on Emerging Threats, Cybersecurity, and Science and Technology. Hearing on ``Understanding the Budget and Strategic Agenda of the Science and Technology Directorate." Location: Room 2118, Rayburn.

3:30 p.m. HOMELAND SECURITY _ Subcommittee on Intelligence, Information Sharing, and Terrorism Risk Assessment. Hearing on ``The President's Proposed FY2008 Budget for the Department of Homeland Security: The Office of Intelligence and Analysis." Location: Room 311, Cannon.

Other: FAIR CURRENCY ACT _ 10:30 a.m. AFL-CIO Secretary-Treasurer Richard Trumka will join Rep. Tim Ryan, D-Ohio; Rep. Duncan Hunter, R-Calif., and members of the China Currency Coalition to announce the introduction of the Fair Currency Act of 2007. The bill aims to ensure that U.S. producers are not harmed by exchange-rate manipulation, and that free market currency exchange rates exist between countries. Location: 2216 Rayburn House Office Building.

SCHIP FUNDING _ 2 p.m. Democratic Sens. Max Baucus and Jack Reed join New Jersey Gov. Jon Corzine in conference call news conference to discuss the immediate need for funding for the State Childrens Health Insurance Program in fourteen states and the longer-term funding needs for the reauthorization of the program later this year. Notes: Call-In: 202-228-2663 or toll free 866-909-2663; Meeting ID: 4367484.

CATHOLIC SOCIAL MINISTRY _ The Annual Catholic Social Ministry Gathering, ``Bringing Good News to a Broken World: Overcoming Fear with God's Love," will be held in Washington. Highlights: 12:45 p.m. Closing plenary with columnist and commentators Mark Shields and David Brooks. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

DRUG ABUSE PREVENTION _ Community Anti-Drug Coalitions of America (CADCA) hosts its National Leadership Forum XVII, focusing on prescription and over-the-counter medicine abuse among teens. Highlights: 1 a.m. Dr. Nora Volkow, director, National Institute on Drug Abuse; Dr. Eric Broderick, acting deputy director, Substance Abuse and Mental Health Services Administration; Dr. Mark Willinbring, director, National Institute on Alcohol Abuse and Alcoholsim; and David Hagy, deputy assistant attorney general, Office of Justice Programs, U.S. Department of Justice. 7:30 a.m. Breakfast with address by Substance Abuse and Mental Health Administration Administrator Dr. Terry Cline. Location: Washington Convention Center.

LIBERIA _ The World Bank, United Nations, the U.S. government and the European Commission co-sponsors the Government of Liberia Partners' Forum. Agenda items include a review of the government on the reform and reconstruction agenda, and dicsussin of feedback on strategic priorities as outlined in the Interim Poverty Reduction Strategy. Highlights: Location: World Bank headquarters.

US-PAKISTAN-SCIENCE _ First meeting of the U.S.-Pakistan Science and Technology Joint Committee. Highlights: 5:45 p.m. Media availability. Note: Camera preset at 5 p.m. Final access for all media at 5:30 p.m. Location: National Science Foundation, 4201 Wilson Blvd., Arlington.

AARP MEETING _ AARP's Board of Directors holds its annual public policy meeting. Highlights: 8:30 a.m. John McDonough, Executive Director, Health Care for All. 9:15 a.m. Sen. Gordon Smith. 10 a.m. Jacob Hacker, Yale University. 11 a.m. Business Roundtable President John Castellani. 12 p.m. SEIU President Andrew STern. Location: Polaris Room, Reagan Trade Building.

CLIMATE CHANGE _ The Global Legislators for a Balanced Environment group holds a two-day forum on climate change, as part of the G+5 Climate Change Dialogue. Highlights: 9:45 a.m. Opening session with Sens. Joseph Biden, Jeff Bingaman, Barbara Boxer and Olympia Snowe. 10:15 a.m. Keynote address - German Chancellor Angela Merkel (by video), others. 11:05 a.m. Session with UK Environment, Food and Rural Affairs Secretary David Miliband, Ms. Yuriko Koike, National Security Advisor to the Japanese Prime Minister, and Commissioner Stavros Dimas, European Commissioner for Environment. 1:25 p.m. Session on economics of climate change, with Rep. Wayne Gilchrist, UK Government Economic Service head Nicholas Stern, and German Environment Secretary Matthias Machnig. 2:50 p.m. Session on corporate leaders, with Sens. Joseph Lieberman and John McCain, and Jim Rogers of Duke/Cinergy, Roger Ferguyson of Swiss Re America, Richard Branson of Virgin, B. Mutheraman of Tata Steel, and Rick Lazio of JP Morgan. Location: Room 325, Russell.

ENERGY EFFICIENCY _ 8:30 a.m. - 4 p.m. The Alliance to Save Energy holds a forum on energy efficiency initiatives. Highlights: 11:45 a.m. Sen. Byron Dorgan discusses the potential for new energy policies. 3:20 p.m.

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Announcement of an energy efficiency initiative by the city of Raleigh, NC. Location: Room G-50, Dirksen.

US-IRAN _ 10 a.m. - 3:30 p.m. The New America Foundation, others, hold a forum on U.S.-Iran relations. Highlights: 10:30 a.m. Session on Iran9s nuclear challenge, with former weapons inspector David Kay; Bruno Pellaud, Chairman, IAEA Experts Group on Multilateral Approaches to the Fuel Cycle; Maurizio Martellini, Secretary General for Landau Network-Centro Volta Consultant on Non-Proliferation, Italian Ministry of Foreign Affairs. 12 p.m. Luncheon speakers - Rep. Jane Harman and Francis Fukuyama of Johns Hopkins University. 1:45 p.m. Session on Iran's pretensions and the Mideast, with Daniel Levy of the New America Foundation, National Iranian American Council President Trita Parsi, others. Location: Room 628, Dirksen.

SCOTUS MID-TERM _ 9 a.m. - 10:15 a.m. The Washington Legal Foundation hosts a ``media nosh'' on ``The 2006-07 Supreme Court at Mid-Term.'' WLFs panel of experts will focus on cases on which the Court has ruled, as well as upcoming oral arguments in areas such as antitrust, securities litigation, criminal sentencing, environmental regulation, and civil litigation. The event is hosted by Dick Thornburgh, Kirpatrick & Lockhart Preston Gates Ellis LLP. Other participants: Andrew J. Pincus, Mayer, Brown, Rowe & Maw LLP; David Debold, Gibson, Dunn & Crutcher LLP; and Virginia S. Albrecht, Hunton & Williams. Location: 2009 Massachusetts Ave. NW.

HOMELAND SECURITY _ 9 a.m. - 1 p.m. The Departmental Advisory Committee on Commercial Operations of Customs and U.S. Customs and Border Protection and Related Homeland Security Functions holds a meeting. CBP Commissioner Ralph Basham and Assistant Commissioner Jayson Ahern participate in the meeting. Location: Rotunda Ballroom, Reagan Building, 1300 Pennsylvania Ave. NW.

LIBERIA-FEINSTEIN _ 9:30 a.m. Sen. Russ Feingold holds a meeting with Liberian President Ellen Johnson Sirleaf and members of the Senate Foreign Relations Committee. Location: Room S-116, Capitol.

PRISON POPULATION _ 9:30 a.m. - 12 p.m. The Public Safety Performance Project of The Pew Charitable Trusts hosts a panel discussion to release a new report, Public Safety, Public Spending: Forecasting Americas Prison Population 2007-2011, a new national and state-by-state estimate of Americas prison population and the overall costs of the expected growth. The report release will be followed by a panel discussion identifying the critical challenges facing states and highlighting innovative approaches to protecting public safety, holding offenders accountable and controlling corrections spending. Release participants include Sen. Sam Brownback, R-Kans. Location: Suite 900, The Pew Charitable Trusts, 1025 F St. NW.

ENERGY SECURITY _ 10 a.m. National Association of Manufacturers President John Engler holds a news conference to announce comprehensive energy security legislation. Location: National Press Club.

IRAQ DISENGAGEMENT _ 10 a.m. The Council on Foreign Relations holds an on-the-record conference call to discuss a new report, ``After the Surge: The Case for U.S. Military Disengagement from Iraq,'' with author Steve Simon of CFR. Notes: RSVP by 5 p.m. Tuesday to NYpressRSVPcfr.org. Callin number: 800-290-9461; pascode: Iraq surge.

SARBANES-OXLEY REFORM _ 10 a.m. Rep. Scott Garrett, R-N.J., will hold a conference call media briefing and take questions via conference call tomorrow, February 14, at 10:00am to discuss his Sarbanes-Oxley reform bill that will be introduced this week. Notes: DIAL-IN: 888-566-5777, Passcode: SOX.

FUEL EFFICIENT CARS _ 11 a.m. 40mpg.org holds a telephone briefing to release a new poll showing there is an unsatisfied market for highly fuel-efficient autos. Notes: Callin number: 800-860-2442; passcode: fuel-efficient vehicles gap.

KOREA-TRADE _ 11 a.m. The Korean Americans for Fair Trade organization hold a forum on the Korea-US Free Trade Agreement. Location: Festival Center, 1640 Columbia Rd. NW.

DRUG ACCESS _ 11:30 a.m. Rep. Henry Waxman, and Sens. Charles Schumer and Hillary Rodham Clinton, others, hold a press conference to announce the introduction of the ``Access to Life-Saving Medicine Act.'' which would give the FDA the express legal authority to approve lower cost copies of biotech drugs, also known as biologics or biopharmaceuticals. Location: Room 2203, Rayburn.

EPA-TOXIC REPORTING _ 11:30 a.m. Reps. Frank Pallone, Jr. and Hilda L. Solis and Sen. Frank Lautenberg hold a news conference to announce introduction of companion bills that will undo EPA regulations weakening toxic reporting requirements that have been in place for 21 years. Location: Room S-115, Capitol.

FEDERAL BUDGET OUTLOOK _ 12 p.m. The Cato Institute host a briefing, ``The Federal Budget Outlook.'' Participants: Rep. John Campbell, R-Calif.; Chris Edwards, Director of Tax Policy Studies, Cato Institute; Stephen Slivinski, Director of Budget Studies, Cato Institute; and Dan Mitchell, Senior Fellow, Cato Institute. Location: Room B-338, Rayburn House Office Building.

PALESTINIANS _ 12 p.m. The Middle East Institute holds a briefing with two former Palestinian Authority officials, Ghaith al-Omari and Khaled Yazji, discussing the formation of the unity government. Location: 1761 N St. NW.

FARM BILL BRIEFING _ 12 p.m. - 1:30 p.m. National Farmers Union President Tom Buis hosts a lunch briefing for reporters to discuss all aspects of the Farm Bill. Location:

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National Farmers Union headquarters, 400 North Capitol St. NW, Suite 790.

CLASS ACTION FAIRNESS _ 12 p.m. - 2 p.m. Federalist Society sponsors a discussion by supporters and critics of the Class Action Fairness Act, ``Class Action Fairness Act: Two Years Later.'' The panel will debate its effectiveness plus many other aspects of the law. Speakers Include: John Beisner, O'Melveny & Myers; Theodore H. Frank, American Enterprise Institute; Michael D. Hausfeld, Cohen, Milstein, Hausfeld & Toll; John J. Stoia, Jr., Lerach Coughlin Stoia Geller Rudman & Robbins; Charles E. Stuckey, State Farm Corporate Law Department; and John T. Delacourt, Kelley Drye Collier Shannon. Location: National Press Club.

DARFUR _ 12:30 p.m. The School of Advanced International Studies holds a discussion on the crisis in Darfur, with former Assistant Secretary of State Susan Rice. Location: Room 200, 1619 Massachusetts Ave. NW.

PAKISTAN _ 12:30 p.m. The School of Advanced International Studies holds a discussion on Pakistan and the nonproliferation regime, with Feroz Khan, visiting professor at the Center for Contemporary Conflict at the Naval Postgraduate School and a SAIS graduate, Michael Krepon, co-founder and president emeritus of the Henry L. Stimson Center, and Naeem Salik, guest scholar of foreign policy studies at the Brookings Institution. Location: Auditorium, 1619 Massachusetts Ave. NW.

SOYBEANS _ 1 p.m. Agriculture Undersecretary Gale Buchanan speaks to the American Soybean Association Agribusiness Council. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

IRAQ RESOLUTION _ 2 p.m. Democratic members of the 30-Something Working Group holds a news conference on the Iraq resolution to discuss the Iraq debate on the House Floor. Participants include Reps. Kendrick Meek, D-Fla.; Tim Ryan, D-Ohio; Debbie Wasserman Schultz, D-Fla.; Chris Murphy, D-Conn.; and Yvette Clarke, D-N.Y. Location: House Radio-TV Gallery.

US-IRAN _ 2 p.m. - 3:30 p.m. The Saban Center for Middle East Policy will host R. Nicholas Burns, Undersecretary for State for Political Affairs, for a conversation on the future of US-Iran relations as they relate to peace and security in the region. After the program, Burns will take audience questions. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

CAPITAL GAINS _ 2:30 p.m. Sens. Evan Bayh and Tom Coburn and Rep. Rahm Emanuel hold a press conference to discuss legislation they are introducing to help close the $17 billion capital gains ``tax gap. Location: Senate Radio-TV Gallery.

CONGRESS-ISRAEL _ 3:30 p.m. Reps. Dave Weldon and Eliot Engel host a news conference with members of the Israeli Knesset following a meeting to discuss ways to strengthen ties between the two nations. Location: Room 121, Cannon.

INTELLIGENT DESIGN _ 4:30 p.m. Rep. Lynn Woolsey and the Center for Inquiry/Office of Public Policy hold a briefing on evolution and intelligence design. Location: Room 2325, Rayburn.

NORTH KOREA-NUCLEAR _ 5:30 p.m. The School of Advanced International Studies holds a discussion on North Korea's nuclear future with Joel Wit, a member of the State Department's negotiating team on the 1994 Agreed Framework, and David Albright of the Institute for Science and International Security. Location: Auditorium, 1740 Massachusetts Ave. NW.

LIBERIA _ 6 p.m. The Links Incorporated honors Liberian President Ellen Johnson-Sirleaf at a reception. Location: Washington City Club, 555 13th St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Terror Suspect's Claim: Too Traumatized For Trial (USAT)

By Laura Parker, Usa Today

USA Today, February 14, 2007

The prisoner lived in isolation in a cell with only a steel slab for a bed. At times chained to the floor, he was deprived of light, sleep, a clock and heat. His interrogators injected him with "truth serum" drugs to try to loosen his tongue and threatened him with execution.

That's how Jose Padilla, a U.S. citizen held without charge as an "enemy combatant," was treated for three years and eight months at the Navy brig in Charleston, S.C., his attorneys allege. In court papers, they say Padilla — initially accused of plotting to detonate a radioactive "dirty bomb" — was treated so severely that it amounted to torture and rendered him mentally incompetent to now stand trial on terrorism charges that could bring him life in prison.

That provocative claim — disputed by the government, which says Padilla was not abused and is fit for trial — will be the focus of a mental competency hearing for Padilla, scheduled for Feb. 22 in a federal court in Miami.

The long-shot effort to have him declared unfit for trial is the latest turn in a case that has become a test of how far the U.S. government can go in limiting the civil liberties of an American in the name of national security.

It pits Padilla — the first American since the Civil War to be held by the military solely on the president's orders — against a government that, under persistent legal challenges, has taken the case on an unusual journey from military detention to the U.S. Supreme Court and then to a federal trial court.

"I don't think there is anything to compare to this case," says Michael Perlin, a professor at New York Law School who specializes in mental health and the law. "This is an extraordinarily singular case."

Government lawyers decline to give details about how Padilla has been treated, but they flatly dispute the defense's version. "It has no merit whatsoever," prosecutors say in papers filed in the court where Padilla is scheduled for trial April 16. He is charged with conspiring to support terrorism overseas as part of a North American terror cell.

The government has said that however it handled the Brooklyn-born Padilla, 36, its actions were necessary to try to learn more about terrorism.

Civil libertarians have waged a marathon court battle challenging Padilla's detention, beginning two days after he was locked up in Charleston in June 2002. He was not allowed to talk with a lawyer until March 2004, 21 months into his confinement.

The accusations against Padilla have evolved as his case has shifted to different courts. Then-attorney general John Ashcroft initially linked him to a "dirty bomb" plot. The Justice Department later tied him to an alleged plot to blow up high-rise apartments in the USA.

However, the charges pending against Padilla mention none of that. He faces three counts that include conspiring to murder, kidnap and maim people overseas, and conspiring to support terrorism by supplying money and materials.

Focus for now is on fitness

For now, the focus is on whether Padilla is mentally fit to stand trial.

At next week's hearing, U.S. District Judge Marcia Cooke will examine competing assessments of Padilla's mental state by the defense and prosecution. In court documents filed last Friday, prosecutors Russell Killinger and Stephanie Pell cite an analysis by the U.S. Bureau of Prisons in arguing that Padilla is fit for trial. Defense attorneys say the bureau's findings are inaccurate.

Padilla's attorneys plan to call as witnesses civilian and military members of the brig staff who expressed concerns about the effects of extended isolation on Padilla's mental health.

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Andrew Patel, one of Padilla's attorneys, describes his own conversations with staff members in court papers. Patel says they told him Padilla was so "docile and inactive that his behavior was like that of 'a piece of furniture.' "

Prosecutors say details about Padilla's detention should be kept out of the trial. They say in court papers that such information could "distract and inflame" jurors. It is unclear how much information Cooke will allow into next week's hearing.

Padilla's attorneys argue that the government's treatment of Padilla "injured" his brain and left him incompetent to understand the proceedings against him. The attorneys have asked Cooke to dismiss the charges, calling Padilla's treatment at the brig so "outrageous, it shocks the conscience."

According to court documents, two mental health experts who examined Padilla for the defense concluded that he suffers from post-traumatic stress disorder, triggered by his time in the brig. They said he is unable to watch videos of his interrogations or read transcripts of wiretapped conversations that likely will be used against him in court.

Padilla suffers from memory gaps, is unable to place events in chronological order and has difficulty concentrating, according to Patricia Zapf, a New York psychologist, and Angela Hegarty, a New York psychiatrist. Padilla also suspects his attorneys are federal agents posing as lawyers in order to interrogate him, court papers say.

Padilla told his attorneys and the mental health experts that while he was at the brig he was placed in stress positions, assaulted and told that he would be sent to "an even worse" fate at the U.S. military's prison at Guantanamo Bay, Cuba, where hundreds of foreign terrorism suspects have been held indefinitely. "The torture took myriad forms, each designed to cause pain, anguish, depression and ultimately the loss of will to live," Padilla's attorneys say in court papers.

The defense attorneys also allege that Padilla was injected with LSD or PCP as a sort of "truth serum." Padilla was denied "the most personal shreds of human dignity," his attorneys argue, when he was not allowed to bathe for weeks at a time. "One would have to revisit the history of the Tower of London to find more oppressive pretrial incarceration," the attorneys say.

Navy Cmdr. Jeffrey Gordon, a Pentagon spokesman, won't discuss Padilla's specific claims. But he says, "The government, in the strongest terms, denies Padilla's allegations — allegations made without support and without citing a shred of record evidence. It is and always has been our policy to treat detainees humanely."

Padilla's odyssey

Padilla was born in 1970, the second of five children. His widowed Puerto Rican mother moved the family to Chicago when he was in preschool, defense court papers say. By age 15, Padilla was in a juvenile detention facility. He later moved with his family to Florida, where he converted to Islam.

In 1998, Padilla went to Egypt. The defense papers say Padilla moved there to study Islam. The U.S. government contends in court papers that Padilla traveled to the region as a recruit to fight a holy war and made his way to a terrorist training camp in Afghanistan.

He did not return to the USA until May 8, 2002, when he was arrested at Chicago's O'Hare International Airport after stepping off a flight from Zurich. He was taken to New York and held as a material witness in connection with a grand jury investigation of the Sept. 11, 2001, terrorist attacks.

On June 9, 2002, President Bush declared Padilla an "enemy combatant," a designation created by the administration for those it aimed to detain indefinitely during the war on terrorism. Padilla then was transferred to the Navy brig.

For the next 21 months, Padilla had little human contact except with his interrogators, court papers filed by the defense say. Guards delivered food through a slot in the door of his cell. In December 2002, a federal judge in New York ordered the government to give Padilla access to an attorney. The government complied 15 months later.

Urging the judge to reconsider, the government argued in court papers in 2003: "Providing him access to counsel … would break, probably irreparably, the sense of dependency and trust the interrogators are attempting to create."

Patel and his co-counsel, Donna Newman, visited Padilla at the brig for the first time in March 2004. There, they learned he was the only occupant in a unit with 10 cells, court papers say. He was kept, sometimes in shackles and manacles, in a 9-by-7-foot cell. The cell's windows were blackened so that no natural light came through.

The legal challenge to the government's right to hold a U.S. citizen without charges moved through federal courts in New York, South Carolina and Virginia, and twice went to the U.S. Supreme Court. Then, in November 2005 — just as the Supreme Court was about to take its second look at the case — the government abruptly shifted course.

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Padilla was moved out of military control and into a federal court in Miami. On Nov. 17, he was indicted with four other men accused as operatives in a terror support cell.

The indictment accuses Adham Amin Hassoun, a Lebanese national, and Kifah Wael Jayyousi, a Jordanian and naturalized U.S. citizen, of recruiting Padilla as a mujahedin fighter. It accuses the group of giving money and supplies for undisclosed terrorist activities in Bosnia, Kosovo, Somalia and Chechnya. Two other defendants, Mohamed Youssef and Kassem Daher, are held at unspecified sites overseas.

The indictment does not directly allege that Padilla went to a training camp in Afghanistan, but it cites wiretapped conversations describing him as having gone to Afghanistan "to be as Usama's," an apparent reference to al-Qaeda leader Osama bin Laden. The indictment says Padilla filled out a "Mujahideen (sic) Data Form," a camp application, in July 2000. In court papers, prosecutors say the form was found in Afghanistan in 2001. Padilla's attorneys are challenging its authenticity.

A month after the indictment, U.S. appeals court Judge Michael Luttig blasted the Bush administration for citing an alleged "dirty bomb" plot to justify holding Padilla at the brig — and then using "less serious" allegations to try to get a grand jury in Miami to indict him. Luttig wrote that the administration has risked "credibility before the courts."

Last July, Cooke, whom Bush appointed to the federal bench in 2003, called the government's case "light on facts" and asked prosecutors to offer more evidence. In August, she threw out the most serious charge against Padilla — conspiracy to murder, kidnap and maim — calling it redundant. It is the only charge that carries a life sentence; the other two each carry a sentence of up to 15 years. Prosecutors appealed, and an appeals court reinstated the charge Jan. 30.

Low standard for competency

Legal scholars disagree about the strength of the charges against Padilla. However, they agree that Padilla's attorneys are unlikely to prevail in their efforts to have him deemed mentally unfit for trial.

"The standard for competency in the U.S. is very low, so it's a tough hurdle for anybody," says Edward MacMahon, who defended Zacarias Moussaoui, a French citizen convicted of conspiracy charges as an al-Qaeda terrorist in 2005. Moussaoui's attorneys conceded he was mentally competent even though a defense psychiatrist testified he was a paranoid schizophrenic.

To be found mentally incompetent to stand trial, a defendant must be unable to understand the legal proceeding against him and be unable to help attorneys prepare his defense. "Does Padilla understand he's on trial for criminal violations?" MacMahon asks. "That's almost the entire test."

Zapf, who examined Padilla for the defense in October, says in her report that Padilla understands the proceedings against him and their consequences. "He has a factual and rational understanding of his case," she wrote.

Zapf added in her notes: "He does believe that he is being persecuted by the government, and he does demonstrate some paranoia about the government, but this does not appear to be delusional."

Hegarty, who examined Padilla for the defense in June and September, concluded that Padilla identifies with his interrogators more than his attorneys. After his attorneys cross-examined FBI agents about their interrogation of him in Chicago, Padilla felt the "proceedings were unfair" to the agents, Hegarty reported.

She said Padilla expressed concern that telling what happened to him in the brig "would cause great harm to the government."

Ex-Texan Charged With Aiding Terrorists (NSDY/AP)

By Joe Stinebaker, Associated Press Writer

Long Island Newsday, February 14, 2007

HOUSTON -- A former Houston man arrested in Kenya last month has been charged in Texas with teaming with al-Qaida to overthrow the Somali government and form an Islamic state there.

Daniel Joseph Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

Maldonado was returned to the United States on Monday night and appeared Tuesday before U.S. Magistrate Judge Calvin Botley, the U.S. attorney's office in Houston said. A detention hearing is set for next week.

Maldonado's arrest marks the first criminal prosecution of an American suspected of joining terrorists in Somalia, Assistant Attorney General Kenneth Wainstein said in a statement.

According to the criminal complaint, Maldonado, a Boston native, traveled from Houston to Africa in November 2005. By December 2006, the complaint says, he was in Somalia and had joined with the Islamic Courts Union and elements of al-Qaida to fight in a rebellion designed to overthrow the Somali government and install an Islamic state.

The complaint says Maldonado was issued an AK-47 rifle and attended two military training camps at which members of al-Qaida were present.

Maldonado was captured by the Kenyan military on Jan. 21 as he fled Ethiopian and Somali forces. He was expelled by Kenya and turned over to U.S. officials for his return to Houston.

It wasn't clear Tuesday whether Maldonado had a lawyer.

Maldonado told FBI agents in Kenya that he went to Somalia to fight "jihad," or holy war, for a true Islamic government, according to the complaint.

"I would be fighting the Somali militia, and that turned into fighting the Ethiopians, and if Americans came, I would fight them, too," he is accused of telling the agents. He also told the agents he had "no problem" with killing Americans or with the Sept. 11, 2001, attacks, the complaint says.

Somalia's last effective national government fell in 1991, when clan-based warlords overthrew dictator Mohamed Siad Barre and then turned on one another. A transitional government was formed in 2004 with U.N. help.

American Citizen Charged With Training In Somalia With Al Qaeda, Learning To Become Homicide Bomber (FOX)

Fox News, February 14, 2007

An American citizen charged with receiving terrorist training at an Al Qaeda camp in Somalia — including classes in how to become a homicide bomber and "wage violent jihad" — was taken into custody by FBI agents and returned to the U.S. Monday night night, Justice Department officials told FOX News.

An indictment unsealed Tuesday by the U.S. Attorney's Office in Houston charges Daniel Joseph Maldanado, 28, a.k.a Daniel Aljughaifi, whose last known address was in Houston, with receiving training from a foreign terrorist organization and conspiring to use an explosive device outside the United States.

Maldonado was captured by the Kenyan military on January 21 as he fled to avoid capture by Ethiopian and Somali government forces battling Al Qaeda-backed rebels, Justice Department officials said.

He was turned over to U.S. law enforcement officials last weekend, and flown to Houston on Monday night accompanied by special agents of the FBI. He appeared Tuesday afternoon before U.S. Magistrate Judge Calvin Botley, who ordered him detained without bond pending a detention hearing on Feb. 20.

If convicted, Maldanado could face life imprisonment on the bomb-making charge, while receiving military training from a terrorist organization carries a maximum punishment of 10 years, the Justice Department said.

"Any who seek to aid terrorists in their mission to threaten our national security will be held to account for such serious criminal conduct," said Don DeGabrielle, U.S. Attorney for the Southern District in Houston. The investigation included elements of the Joint Terrorism Task Force and the Houston Police Department.

According to criminal allegations in the complaint, Maldonado traveled from Houston, Texas, to Africa in November, 2005 and then on to Somalia in December, 2006. At that point, he joined the Islamic Courts Union (ICU) and elements of Al Qaeda to fight "jihad" against the Transitional Federal Government to establish of an independent Islamic State in Somalia.

In the fall of 2006, the ICU used suicide bombers and vehicles containing improvised explosive devices to target the leadership of the Transitional Federal Government of Somalia, the complaint said.

While in Somalia, Maldonado was, according to the complaint, provided an AK-47, equipped with military combat uniforms and boots in Mogadishu, and participated in training camps in Kismaayo and Jilib, Somalia.

The camps included physical fitness, firearms and explosives training all in preparation to go to the front to fight for the ICU.

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Al Qaeda members were allegedly present at the training camp. During the course of his training, the complaint alleges Maldonado spoke to an individual about his willingness to become a suicide bomber if he was wounded, and also observed the making and testing of bombs with the group's bomb-maker, the complaint said.

"This case represents the first criminal prosecution of an American suspected of joining forces with Islamic extremist fighters in Somalia," said Kenneth L. Wainstein, Assistant Attorney General for the Justice Department's National Security Division. "The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad."

Joseph Billy, Assistant Director of the FBI Counterterrorism Division, said, "The FBI is working closely with our law enforcement and intelligence community partners in this country and around the world to bring all necessary resources to bear to protect Americans and its allies from terrorist attacks."

FOX News' Ian McCaleb contributed to this report.

Former Houston Man Charged With Aiding Terrorists (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 14, 2007

A former Houston resident allegedly living in terrorist camps overseas now sits in Houston's federal detention center, accused of training to fight with al-Qaida.

Daniel Joseph Maldonado, 28, is the first American to be charged with joining Islamic extremist fighters in Somalia, an east African coastal nation where violence and instability has been commonplace since a transitional government took power in 2004 and warlords have fought to gain control.

The federal criminal complaint filed today against Maldonado alleges that, from September until January, he trained with the terrorist group and studied bomb-making with a man who assembled and produced explosives in Somalia.

Al-Qaida is blamed for the Sept. 11, 2001, attacks that killed nearly 3,000 people at the World Trade Center in New York City and the Pentagon.

Maldonado is a Massachusetts-born Muslim convert also known as Daniel Aljughaifi who moved from Boston to Houston in August 2005 and lived here for at least two months.

He last resided at the Sovereign Townhomes in the 9800 block of United Drive in southwest Houston, the complaint says, and came to the attention of federal investigators during that time.

Assistant U.S. Attorney Abran "Abe" Martinez, who leads the special prosecutions unit in the U.S. Attorney's Office, which includes anti-terrorism, said the investigation originated in Houston, but declined to talk about what brought Maldonado here.

Maldonado's return trip to the U.S. began in Nairobi, Kenya. He was accompanied by FBI agents on a plane that landed at Houston's Ellington Field about 7:30 p.m. Monday, Martinez said.

Maldonado is charged with receiving training from a foreign terrorist organization and conspiring to use a weapon of mass destruction outside the U.S. He faces up to life in prison if convicted on the bomb charge and as long as 10 years for the training count.

Kenyan soldiers captured Maldonado on Jan. 21 as he tried to flee Somalia, according to the criminal complaint prepared by an FBI special agent. During several interviews with FBI officials in Kenya, Maldonado explained how he ended up living in Africa.

He decided to go to Somalia to wage jihad, which he described during an interview, as the act of "raising the word of Allah, uppermost, by speaking and fighting against all those who are against the Islamic State." He chose to help Somalia because he believed it was the only legitimate Islamic state.

"If Americans came, I would fight them too," Maldonado allegedly said.

He would have "no problem" killing Americans or fighting Americans nor had a problem with the Sept. 11 attacks. He also allegedly said he would be willing to become a suicide bomber if he was wounded.

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Maldonado said he never completed his physical training because he contracted malaria. He also is credited with saying that he participated in nightly gatherings where a Yemeni who personally knew Osama bin Laden would tell stories about the al-Qaida leader.

In a news release, Kenneth L. Wainstein, assistant attorney general for the Justice Department's National Security Division, noted the arrest as the first linked to Somalia.

"The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad," Wainstein said.

According to the State Department, al-Qaida poses a threat to the United States and to the stability of Somalia.

While in Mogadishu, the Somali capital, Maldonado was outfitted with an AK-47 assault rifle, ammunition, military combat uniforms, boots and rocket-propelled grenade launchers, the complaint says.

At training camps in Kismaayo and Jilib, southern Somali towns , where al-Qaida members allegedly were present, Maldonado received firearms and explosives training to prepare to go to the front to fight for the Islamic Courts Union, a rebel group.

Pentagon officials have acknowledged that in early January, U.S. airships targeted al-Qaida leaders in southern Somalia, the region where Maldonado is accused of living and training with al-Qaida forces.

Maldonado, who has wavy, shoulder-length brown hair, a mustache and long chin hairs, stood still as he listened to U.S. Magistrate Judge Calvin Botley at an initial hearing this afternoon.

Maldonado asked about being detained closer to his parents and children, who reside in or near New Hampshire, he said.

Botley said Maldonado will be held at the Houston federal detention center without bond pending a detention hearing Feb. 20.

Mass. Native Held In Terror Case (BOS)

By Raja Mishra, Globe Staff

The Boston Globe, February 14, 2007

Accused of aiding Qaeda in Somalia

Spurred by radical Islamic beliefs, Massachusetts native Daniel J. Maldonado journeyed from the streets of Boston to the frenzied civil war in Somalia, where he allegedly conspired with Al Qaeda militants to establish a fundamentalist regime, only to end up in the custody of FBI agents when his insurgent efforts unraveled, according to court papers released yesterday.

The 28-year-old was ordered held without bail yesterday in Houston on charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

A conviction could mean life in prison.

Maldonado, also known as Daniel Aljughaifi , is the first American citizen to stand accused of terrorist activity in Somalia, where US troops recently conducted strikes on suspected terrorists in the wake of an Islamic insurrection there.

"Any who seek to aid terrorists in their mission to threaten our national security will be held to account for such serious criminal conduct," said US Attorney Don DeGabrielle in a statement.

Maldonado appeared in federal court in Houston yesterday after being flown to Texas from Africa by federal agents. His next court hearing is Feb. 20.

Maldonado, a Muslim convert who said in court he had also lived in New Hampshire, lived in the Boston area until August 2005, when he moved to Houston, prosecutors said.

He traveled to Cairo in November 2005, then to Somalia a year later, "in search of a country where he could practice true Islam," according to an FBI affidavit released yesterday that lays out the government's investigation.

On Jan. 21, he was captured by soldiers of the Kenyan military as he fled Somalia, where civil conflict between the government, aided by Ethiopian forces, and Islamic militias had broken out.

He was given over to FBI agents in Kenya. Maldonado told them he had been conducting jihad in Somalia, according to court papers.

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"I would be fighting the Somali militia, and that turned into fighting the Ethiopians, and if Americans came, I would fight them, too," he is quoted as telling his FBI interrogators. He had "no problem" with the Sept. 11, 2001, terrorist attacks, he said.

Maldonado also said he was prepared to become a suicide bomber if he was wounded or unable to fight.

Maldonado said he was given firearms, explosives, and combat training by Islamic groups in Mogadishu, the capital of Somalia. He said he was provided with an AK-47 assault rifle, ammunition, camouflage uniforms, and rocket-propelled grenade launchers. He was then taken to the city of Kismaayo, a stronghold for rebel Islamic militias. While there, he helped forcibly interrogate an alleged spy against the rebels, a flight attendant who was later reported killed.

But in Kismaayo, he contracted malaria, delaying his deployment, court papers say. Still, he managed to train with a bomb maker. During this time, Maldonado said, he came into contact with members of Al Qaeda.

He said one Al Qaeda member from Yemen would regale nighttime gatherings with tales about Osama bin Laden. The group discussed taking over Somalia, Ethiopia, and Egypt, and making them into fundamentalist Islamic states.

But when Ethiopian forces attacked their encampment, the group fled, taking a boat to another town, then traipsing through the woods for two or three days before Kenya authorities caught up with them.

A witness, identified by prosecutors as "Daniel a.k.a. Abu Mohammed," identified Maldonado from a six-man photo array as someone who attended the terrorist camp in Somalia. He also confirmed that Maldonado had engaged in weapons and bomb training.

US Man Charged With Training To Fight Jihad In Somalia (AFP)

AFP, February 14, 2007

A 28-year-old US man who converted to Islam was charged with training to fight a jihad in Somalia and accused of offering himself as a suicide bomber, the Department of Justice said.

Daniel Joseph Maldonado, 28, is accused of leaving his Houston, Texas home in 2005 "in search of a country where he could practice true Islam," according to FBI documents.

A year later, he joined the Islamic Courts Union and elements of Al Qaeda to fight for the establishment of an independent Islamic state in Somalia, the criminal complaint alleged.

During the course of his training, the complaint added, Maldonado spoke about his willingness to become a suicide bomber if he was wounded, and also observed how bombs were made and tested with the group's bomb-maker.

He was captured by the Kenyan military on January 21 as he fled to avoid Ethiopian and Somalian forces. At the weekend, he was handed over to US authorities and escorted back to Houston.

"This case represents the first criminal prosecution of an American suspected of joining forces with Islamic extremist fighters in Somalia," said Kenneth Wainstein, assistant attorney general for the Justice Department's National Security Division.

"The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad."

Maldonado was ordered detained without bond at an initial hearing Tuesday, the justice department said.

Charged with conspiring to use a destructive device and receiving military training from a terrorist organization, Maldonado faces up to life in prison.

Bill Would Restore Detainees' Rights, Define 'Combatant' (WP)

By Josh White

The Washington Post, February 14, 2007

A group of Senate Democrats introduced legislation yesterday that would restore habeas corpus rights to all detainees in U.S. custody and would narrowly define what it means to be an "enemy combatant" against the United States, a measure designed to challenge laws ushered in by the Republican-controlled Congress last year.

The bill, titled the "Restoring the Constitution Act of 2007," strikes at the core of the Military Commissions Act of 2006 by giving detainees access to U.S. courts. It was introduced by Sen. Christopher J. Dodd (Conn.), a candidate for the Democratic presidential nomination.

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The bill would also prevent the executive branch from making blanket determinations about who is an enemy combatant and would restrict the president's authority to interpret when certain human rights standards apply to detainees. The legislation would limit the label "enemy combatant" to a person "who directly participates in hostilities in a zone of active combat against the United States" or who took part in the terrorist attacks of Sept. 11, 2001.

Should such language become law, it could change the status of numerous detainees who were picked up in U.S. counterterrorism efforts.

The bill would also restore to the detainees numerous rights they lost under the Military Commissions Act, including the right, under a habeas corpus petition, to challenge their detention in federal court.

"I take a backseat to no one when it comes to protecting the country from terrorists," Dodd said in an e-mail statement yesterday. "But there is a right way to do this and a wrong way to do this. . . . In taking away their legal rights, the rights first codified in our country's Constitution, we're taking away our own moral compass, as well."

The Military Commissions Act was originally designed to fix problems in the wartime trial process for detainees in U.S. custody after the Supreme Court struck down the Bush administration's first set of rules. But the act also denied access to U.S. courts to those accused of being foreign enemy combatants.

In a panel discussion Monday night after the screening of an HBO movie about the Abu Ghraib prison abuse, Sen. Lindsey O. Graham (R-S.C.), a leading proponent of the Military Commissions Act, said he stands behind the existing law and believes that it will stand up to Supreme Court scrutiny.

The newly proposed legislation, however, has the potential to undercut last year's law before challenges reach the Supreme Court. There is bipartisan support in Congress for restoring the habeas corpus rights of detainees, many of whom have filed court cases with the help of civilian lawyers.

Elisa Massimino, Washington director of Human Rights First, said the new bill would remedy several legal problems her organization has identified in the Military Commissions Act, particularly in the area of habeas corpus rights. She said the definition of "enemy combatant" is "hugely important" because it would draw a line between actual combat and the Bush administration's ambiguous "global war on terror."

"It would go to the question of whether the whole of our counterterrorism effort is going to be considered an actual and legal war," Massimino said. "Congress hasn't taken that issue head-on."

British Panel Urges Police To Apologize To Muslims For Raid (WP)

By Mary Jordan

The Washington Post, February 14, 2007

LONDON, Feb. 13 -- London police should publicly apologize to two Muslim families caught up in a mistaken anti-terrorist raid in which a man was shot, an independent oversight panel said Tuesday.

The Independent Police Complaints Commission was investigating the dramatic dawn raid of two homes in East London last June by about 250 officers, some in chemical protective suits. Police officials later said they believed that "a highly dangerous explosive device that could be set off remotely" was being made there.

Two men, Mohammed Abdul Kahar, 23, and his brother Abul Koyair, 20, were arrested, and Abdul Kahar was accidentally shot in the shoulder during the scuffle. A week later, after an extensive search of the houses, both men were released without charge.

Nine family members, including children and elderly, were also hauled into the police station, where DNA samples and fingerprints where taken, actions the panel called "insensitive and unnecessary."

Although it admonished the police for some of their procedures, the panel did not recommend disciplinary action in connection with the raid, which soured relations between police and many Muslims.

Alf Hitchcock, a deputy assistant police commissioner, told reporters that police had already apologized three times for the raid and would do so again.

The so-called Forest Gate raid, named for the neighborhood where it occurred, is frequently cited by Muslim leaders, who say that many of the nearly 2 million Muslims in Britain feel under siege and presumed guilty by police.

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Between Sept. 11, 2001, and the end of last September, police arrested 1,140 people for alleged terror-related offenses and released 631 without charge, according to Home Office statistics. Only 38 have been convicted of terrorism offenses, and 98 are currently on trial, according to the government.

Police say they have been under extraordinary pressure to stop attacks that could kill large numbers of people, especially after suicide bombers killed themselves and 52 other passengers on London trains and a bus in July 2005.

Last August, police arrested 25 people in an alleged plot to blow up transatlantic jets; eight were later released without charge. Last month, nine Muslim men were arrested in an alleged plot to kidnap and behead a Muslim serving in the British army; three have been released without charge.

Muslim leaders are increasingly calling police intelligence faulty and say officers are routinely picking up the wrong people. Also, they say, the whole Muslim community is tarred when police swoop in with massive force rather than quietly pulling people in for questioning.

Massoud Shadjareh, chairman of the London-based Islamic Human Rights Commission, said in an interview that the huge numbers of arrests of Muslims that result in no charges "are devastating individuals" and making many Muslims "extremely angry."

He said cases such as the Forest Gate raid are becoming typical, citing the lasting damage done to the Muslim community by publicity about Abdul Kahar and Koyair making a chemical bomb, even though they turned out to be innocent.

Shadjareh called Tuesday's official finding that police should apologize to the families "too little, too late."

Abdul Kahar told the BBC he was disappointed by the commission's findings. He said nothing justified the way police officers handled members of his family, including his 60-year-old father. "He was half naked, and they were beating him on the floor," Abdul Kahar said.

In all, the two families filed more than 150 complaints against the police. Deborah Glass, the panel's commissioner, dismissed nearly all of them but agreed that police should have handled the family members and the two men's accommodation in detention better.

"I've concluded that the police were right to take no chances with public safety," Glass said. But she added, "They must also plan more realistically for the possibility that their intelligence is wrong."

PATRIOT ACT:

FBI Tracks Secret 'wiretaps' With Multilevel Security (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, February 14, 2007

The FBI has launched an application that monitors the preparation of requests for secret wiretaps under the Foreign Intelligence Surveillance Act by using several levels of classification, ranked by the security level of the user.

The Foreign Intelligence Surveillance Act of 1978 created the FIS Court (FISC). The court, which meets in secret, is formed of 12 judges who serve in rotating three-judge panels, sit continuously and review requests for electronic surveillance three days a week, according to various public reports and records.

An FBI special agent recently recounted the state of affairs regarding executive branch requests to the FISC for national-security wiretaps when FBI director Robert Mueller took office in August 2001.

“The director asked how many [FISA requests] were pending,” the FBI official said. “The answer was, ‘The FBI didn’t know.’ He asked, ‘How long does it take to approve one?’ We didn’t know. He asked, ‘What’s the holdup [main delaying factor]?’ We didn’t know.”

Information contained in the surveillance requests largely is classified at the secret or top-secret levels, the official said. Surveillance requests often come from the foreign intelligence groups in each of the bureau’s 56 field offices. “All of this information is coming in at different classification levels,” the official said.

“Because of the sensitivity of these things, they are some of the most reviewed documents in the government,” the official added.

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The Justice Department prepares the final version of each surveillance request after it has been repeatedly vetted. Only a handful of federal officials are authorized to provide the final approval. They include the FBI director, the deputy director of national intelligence, the secretary of state and the national security adviser.

"These are not the kind of people where you just come into their office with a stack of documents and say, 'Here's a stack of documents for you to sign,' " the official said.

When Mueller joined the FBI, officials transmitted FISA requests among agencies by sneakernet. Various networks played a part in the process, including FBI, Justice Department and Pentagon systems.

Regarding Justice's system, the FBI official said, "To give you an idea of their idea of connectivity, it was called Oasis [and wasn't connected to anything]."

To manage the information coming into the system at various levels of classification, the bureau turned to High Performance Technologies Inc. of Reston, Va.

"We have a system that takes information from the secret level and puts it up to top secret," the FBI official said.

The application, known as the FISA System, allows users to access information it holds based on the security clearances they hold, the official said. "The technicians don't need to see the secret and top-secret levels," he said.

Automating the system speeded the approval process from 120 days to 60 days, the official said. It also provides an audit trail of system activity, generates reminders about pending requests and has room to grow, the official said.

Federal officials have the right to launch a wiretap or electronic surveillance and seek retroactive court approval in urgent cases, according to various reports.

The Bush administration's decision to launch some surveillance operations without any court approval at all led to the resignation of one FISC judge and a flap over whether the rogue White House wiretaps would jeopardize other cases.

FISC has its hand full. From a workload of 932 FISA orders in 2001, the annual caseload reached 2,005 requests in 2005, the official said.

HOMELAND RESPONSE:

Israel, Palestinians Disagree On Agenda (NSDY/AP)

By Karin Laub, Associated Press Writer

Long Island Newsday, February 14, 2007

RAMALLAH, West Bank -- Palestinian and Israeli officials disagreed sharply Tuesday over whether next week's Mideast summit with Secretary of State Condoleezza Rice should help relaunch peace talks, dimming hopes the session will produce results.

Israel will not talk about issues of substance until it learns more about the power-sharing deal reached last week between Palestinian President Mahmoud Abbas and the Islamic militant Hamas, said government spokeswoman Miri Eisin.

Israel's prime minister, defense minister and foreign minister met Tuesday evening to discuss the summit, Army Radio reported, but no decisions were announced.

The agreement falls short of international demands that a new Palestinian government, a coalition of Hamas and Abbas' Fatah movement, explicitly recognize Israel's right to exist.

Abbas has been trying to market the vaguely worded deal as the only way to co-opt Hamas, end deadly Palestinian infighting, and renew peace talks with Israel.

International reaction also has been vague, and the summit would be the clearest test yet of the Israeli and U.S. positions.

Nabil Amr, a senior Abbas aide who took part in the negotiations, said the agenda dispute with Israel does not bode well for winning international acceptance of the agreement.

"I think we will face a tough situation to convince Israel" to deal with a future Hamas-Fatah coalition, Amr said. "But what can we do? This is what we achieved in Mecca."

Amr said he had few expectations for the Feb. 19 summit in Jerusalem with Abbas, Rice and Israeli Prime Minister Ehud Olmert.

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Eisin said the time is not ripe for full-fledged peace talks.

"We're not talking about the substantial issues, we're just talking about the political horizon," Eisin said. But she said Israel expects any future Palestinian government to accept the international conditions.

"We're waiting to see when the new Palestinian government is put together, because it hasn't been finalized, what the new government policies are," she said.

In announcing the summit last month, Rice only said it should help restore confidence between the two sides, and that "we'll see what comes after that."

Alvaro De Soto, the U.N. special coordinator for the Mideast peace process, cautioned Tuesday that "excessive expectations should not be placed" on the summit.

A summit without achievements could weaken Abbas as he tries wrap up negotiations with Hamas.

He is heading to Gaza on Thursday for talks with Prime Minister Ismail Haniyeh of Hamas. The Hamas-led Cabinet is to resign by Thursday, a formality that would leave Haniyeh five weeks to put together a new Cabinet, said Ghazi Hamad, a government spokesman.

The agreement between the two sides only settled two issues: the government's program, including a vague reference to "respecting" peace deals with Israel, and the distribution of Cabinet positions between Hamas and Fatah.

Hamas leader Khaled Mashaal wrote Tuesday that the unity government would support the establishment of a Palestinian state in the West Bank, Gaza and east Jerusalem.

Hamas leaders have previously said they would support a temporary state in the lands Israel captured in 1967, but have not said they would give up the fight to take over all of historic Palestine. Nevertheless, the statement was seen as a concession by the militant group.

"The national Palestinian agreement ... confirms establishing a Palestinian state with full sovereignty and independence on all the lands occupied in 1967 and its capital Jerusalem," Mashaal wrote in a commentary in the London-based daily Al Quds Al Arabi.

"When a chance is given for this vision to be translated into reality, it will form an important step toward achieving peace in the region," he wrote.

Abbas has called for establishing a Palestinian state alongside Israel.

Other disputes between Hamas and Fatah remain, including control over the security forces.

In other developments Tuesday, senior members of the violent Islamic Jihad group warned in Gaza City that American citizens could be in danger if any harm comes to their leader, Ramadan Shallah. The vague threats were made after Washington offered up to $5 million for his capture.

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Associated Press Writer Diaa Hadid in Gaza City and Alexandra Olson at the United Nations contributed to this report.

Judge Orders Deportation Of Driving Student (PROJO)

By Tom Mooney, Journal Staff Writer

The Providence Journal, February 14, 2007

BOSTON — A federal judge yesterday ordered an Indian national whose behavior at a Smithfield trucking school spawned a nationwide antiterrorism investigation be deported.

Mohammed Yousuf Mullawala la “is not the person who he claims to be,” said U.S. Immigration Judge Matthew J. D’Angelo, as a shackled Mullawala listened a few feet away at the court room’s defense table.

While Mullawala’s “ultimate intentions and motives have not yet been revealed in full,” the judge said, “this court reaches a finding that mirrors the grave concern expressed by the Joint Terrorism Task Force, The Rhode Island State Police and the Rhode Island Fusion Center” — which spearheads local homeland security matters.

D’Angelo ordered that Mullawala, 28, remain in the custody of Homeland Security officials while officials there continue investigating his alleged suspicious behavior.

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Mullawala will not appeal the judge's order, said his lawyer, June Beack; "He just wants to go back to his home country." By law, she said, Mullawala is entitled to two case review hearings, after 90 days and in six months, during which federal officials must explain why they are still holding him. It's feasible, however, that the government could deport him before then.

Mullawala has been held since Dec. 5 at the Suffolk County House of Correction in Boston, on a civil violation of his student visa. No criminal charges have been filed against him; however, the Rhode Island Department of the Attorney General had issued a criminal extradition warrant alleging he submitted a false document to the Rhode Island Division of Motor Vehicles in order to obtain a Rhode Island driver's license. That charge, however, is expected to be dropped if Mullawala is deported.

He has been under investigation since Nov. 29, after an instructor at the Nationwide Tractor-Trailer Driving School became suspicious of him and contacted authorities. According to court papers, Mullawala's lack of interest in learning how to back up a tractor-trailer, his request to buy software on hazardous materials and his queries on whether fingerprinting would be required for a commercial driver's license raised concerns with the instructor.

Six days after the investigation began, Mullawala walked into the state police headquarters in Scituate to file a harassment complaint against a detective who called him on his cell phone. After questioning, he was taken into custody on a student visa violation.

During an immigration hearing last month Mullawala admitted he lied to the state police, as well as on applications for permanent residency, admission to colleges, driver's licenses and the trucking school. But he denied being a criminal or a threat to anyone.

Mullawala appeared unfazed by the judge's quick summary from the bench yesterday of the 13-page decision he had rendered in the case. Beack said she was uncertain if he understood what the judge was saying.

In his written decision, D'Angelo said he was unimpressed by Mullawala's testimony.

"The respondent's admission to submitting false information was by no means rehabilitated by his testimony.

"Rather than fully responding to questions posed to him, the respondent's testimony was instead vague and evasive and attributed any discrepancies in his testimony or documentation to other individuals."

The explanations that Mullawala did provide, D'Angelo wrote, "were implausible and appeared to be those of an individual struggling to fabricate a cover rather than of one who truly wishes to explain his or her actions."

For example, said D'Angelo, when asked why he changed residences so frequently — 11 different places in four states since his arrival from India in 2002, and some in New York City where he stayed for only a month — Mullawala explained it was because he had "difficulty finding parking."

"While it is admittedly difficult to find parking in New York and other major metropolitan areas, it seems highly unlikely that one would change residences on what appears to be an almost-monthly basis simply to secure better parking."

D'Angelo said he also found "implausible" Mullawala's explanation for why he withdrew from Johnson & Wales University, where he was majoring in computer science, and transferred to the University of Bridgeport. Mullawala said he transferred — even though Johnson & Wales offered him a "substantial" scholarship — because the Providence-based school didn't offer computer engineering as a major.

Yet, the judge said, Mullawala described the two majors as "essentially the same."

"Not only was the respondent's testimony rife with vague, farfetched, evasive and implausible statements," D'Angelo wrote, "but the written documentation he submitted to both [the Department of Homeland Security] and various state government agencies contained numerous inconsistencies and outright falsehoods."

For example, in Mullawala's application for the Nationwide Driving School, he indicated he had lived in Providence for five years and listed an individual named "Jahdish" as one of his character references.

Later Mullawala admitted the application was a lie, the judge said: "… at the time he submitted his application, he had not even resided in the United States for five years and [admitted] that Jahdish was a 'fake character witness.' "

Mullawala's deportation could ban him from reentering the country for at least 10 years.

Appeals Court Upholds Terrorist Designation For Islamic Charity (AP)

By Sam Hananel

DOJ_NMG_0131809

AP, February 14, 2007

WASHINGTON - A federal appeals court on Tuesday upheld the government's decision to freeze the assets of a Missouri-based Islamic charity with alleged links to a foreign group that supports terrorism.

The Treasury Department claims the Islamic American Relief Agency-USA, of Columbia, Mo., is an affiliate of a Sudanese charity - the similarly named Islamic African Relief Agency - accused of financing al-Qaida and other terrorist organizations.

The U.S. Court of Appeals for the District of Columbia Circuit agreed with a lower court's 2005 decision finding that the charity is a branch of the Sudanese-based agency.

Records describe the Missouri charity as an "affiliate" and a "partner" of the Sudanese group, and the charity sought permission to transfer funds to the group, the appeals court said.

The Missouri charity did not contest the terrorist designation of the Sudanese group, but claims the organizations have independent leaders and separate bank accounts. The Missouri-based group was founded by a Sudanese immigrant in 1985 to raise money for humanitarian activities around the world.

In 2004, federal agents raided the group's headquarters in Columbia, Mo., as part of a criminal investigation. No criminal charges have been filed against the charity or its employees.

While the court found the unclassified evidence was "not overwhelming," the three-judge panel noted that its review of national security cases is "extremely deferential" to the government. The court said classified records show more extensive evidence of a connection between the two groups.

The appeals court also rejected the charity's argument that blocking its assets violated its rights under the Constitution.

The law is clear that "there is no constitutional right to fund terrorism," the court said. "Where an organization is found to have supported terrorism, government actions to suspend that support are not unconstitutional."

Justice Department spokesman Andrew Ames said the government is pleased the decision "upholding the government's ability to freeze assets that may be used to support terrorism."

Shereef Akeel, the Michigan attorney representing the charity, did not return a call seeking comment.

ON THE NET

U.S. Court of Appeals for the District of Columbia Circuit:

http://www.cadc.uscourts.gov/bin/opinions/allopinions.asp

Columbia Charity Loses Appeal In Terrorism Case (KCS)

By Mark Morris

The Kansas City Star, February 14, 2007

The U.S. Treasury Department properly froze the assets of a Columbia charity that authorities contend was linked to terrorism, a federal appeals court ruled today.

The ruling from a three-judge panel affirmed an order from a Washington D.C. federal judge, who found that the Islamic American Relief Agency-USA had financed terrorism.

Lawyers for the Missouri charity have denied any link to terrorism. Federal authorities have said the Columbia group was affiliated with a Sudanese organization, the Islamic African Relief Agency, which Treasury officials have designated a supporter of global terrorism. IARA-USA's lawyers have said the Missouri charity is entirely separate.

The FBI raided the group's office on Oct. 13, 2004, the same day Treasury agents labeled the group a terrorist supporter and froze its assets.

Malls Emerge As Another Front In Terror War (NSDY)

By Carol Eisenberg, Carol.eisenberg@newsday.com

Long Island Newsday, February 14, 2007

WASHINGTON -- The mall security guard scrutinizes the black backpack lying by the garbage bin. Should he open it? Ignore it? Call police?

In a world increasingly vulnerable to terrorism and random acts of violence like the rampage in a Salt Lake City mall Monday, security experts say that low-paid private security worker may be the front line of protection in one of the nation's most

heavily trafficked places. And they question the adequacy of his training -- or of the malls' security measures -- to detect or deter an attack.

"For suburban America, the mall is the gathering place," said Mitchell Moss of New York University's Center for Catastrophe Preparedness and Response. "It's much more than just a place to shop. It's where huge numbers of people gather to go to the movies, eat and socialize -- therefore, making it a potential terror target."

Roosevelt Field, the state's largest mall, may draw as many as 100,000 people a day at holiday peak -- one reason Nassau police conducted a training exercise there a year after 9/11, based on the scenario of a plane crashing into the mall's food court.

The Department of Homeland Security has repeatedly warned that malls are potentially attractive targets for terrorists, although officials say there is no credible intelligence of imminent plots.

It cites al-Qaida training manuals that identify "places of amusement" and "vital economic centers" as targets and a pattern of such attacks worldwide. A Rand Corp. survey documented over 60 attacks since 1998 on shopping centers in places as diverse as Russia, Turkey and Israel.

This country has seen only lone-wolf attacks -- one of the bloodiest Monday night when an 18-year-old Bosnian refugee opened fire on shoppers in a Salt Lake City mall, killing five and wounding four before being gunned down by an off-duty police officer. Police are still investigating his motive.

But such cases underscore how potentially vulnerable the nation's malls and shopping centers are to acts of violence, according to a recent Justice Department report, which found that while many malls have tightened security since September 2001, much more could be done. The report cited inadequate training for low-paid, high-turnover security workers, as well as insufficient drilling and coordination between mall security and first responders.

"Turnover in private security is huge," said author Robert Davis, citing rates as high as 100 percent in some places. "So even if you have a good program and people are trained in it, chances are that at any given moment, half your staff won't know what the plan is."

But that assessment is disputed by the company that provides security to some of the area's biggest malls, all of which declined to participate in the survey, citing concerns about how the information might be used.

"The large developers -- the Roosevelt Fields, the Smith Haven Malls -- are far ahead in terms of quality of personnel and caliber of training," said Jon Lusher, senior vice president of IPC International Corp. of Illinois.

"Nine-eleven was a wake-up call," said Lusher, whose company provides security for 400 malls, including Roosevelt Field, The Source, Walt Whitman and Smith Haven malls"There have been many, many changes, both in training and in our liaison with law enforcement and the sharing of information."

Nonetheless, he acknowledged that malls balance the risk of terror against the costs of added security, and the economic imperative to be welcoming to shoppers.

He doubted, for instance, that most Americans would be willing to go through a metal detector and a bag search before entering a mall, as Israel shoppers do -- one of the few things that would have stopped the Salt Lake City shooter.

"Clearly, there are business decisions made, in terms of how realistic it is that a certain shopping center is going to be attacked," he said.

How big is the threat? And how much security are Americans willing to put up with?

While some prophecies potentially apocalyptic scenarios -- former National Security Adviser Richard Clarke predicted multiple attacks on malls and amusement parks in an article in The Atlantic two years ago -- others are frankly skeptical.

"Despite the ease of killing Americans in shopping malls and schools, it hasn't happened," said political scientist Ian Lustick, author of "Trapped in the War on Terror."

"The effort to master the unlimited catastrophes we can imagine by mobilizing scarce resources will drain our economy, divert and distort military, intelligence, and law enforcement resources, undermine faith in our institutions, and fundamentally disturb our way of life," Lustick said.

U.S. Homeland Security spokesman William Knocke said that the government has advised local officials to be vigilant, although "there is no credible intelligence to suggest any imminent threat."

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Most mall owners, including the Simon Property Group, which owns several Long Island malls, refuse to talk publicly about risk assessments. But police, security contractors and trade groups say that since 9/11, local malls have expanded closed-circuit television systems, redesigned entrances to block car bombers, and bolstered training for private security.

Members of the International Council of Shopping Centers -- including Simon -- spent $1.8 million to develop a terror prevention course that they expect to put 20,000 security workers through by spring, said spokesman Malachy Kavanagh.

Designed by the Homeland Security Institute at George Washington University, the 14-hour course includes video simulations of security guards confronting scenarios such as an abandoned backpack.

Guards are drilled to move shoppers away and to notify police -- and to avoid opening the pack or using a walkie-talkie close by because of the chance of setting off hidden explosives.

"The idea is not to turn security workers into G.I. Joes," said Paul Maniscalco at the Homeland Security Institute. "We're starting with the baseline education that the Department of Homeland Security has established for first responders, and customizing it to the shopping center environment."

What can they do about a man brandishing a shotgun?

Even Maniscalco acknowledged there are no good options, especially for mostly unarmed private guards.

"As soon as they see someone who's a hostile actor, they're trained to make immediate notification to law enforcement, and then to get people out of the facility as quickly as possible," he said.

But while no one disagrees that more rigorous anti-terror training is needed, some say that training alone is insufficient.

"By not providing a living wage, mall security will continue to be compromised by high turnover and inexperienced officers," said Local 32BJ Spokesman Matt Nerzig, who said that median pay for security workers in the metropolitan area is $11.56 an hour.

Lusher declined to say how much his company pays its guards. But he acknowledged that turnover -- between 30 and 40 percent nationally at IPC -- "makes training more difficult, more time-consuming and more costly. That's exactly the reason you do more."

IPC's guards undergo a mandatory 48-hour training, plus two additional hours every month, he said.

Local police stress that beyond private guards, Long Island's malls have an active police presence, both in uniform and plain clothes. Roosevelt Field, for instance, has a police substation in the mall. And both Nassau and Suffolk also have instituted systems to share information back and forth with area retailers.

They also plan to do more simulations like the one at Roosevelt Field four years ago.

"Could we increase training and make things better still?" asked Nassau Police Insp. Matthew Simeone. "Yes, I think we could. Do we need to go the route of the invasive security checks done in Israel? I don't think we're at that point.

"Of course, events here and around the world may change that, in which case, attitudes are likely to change."

Chertoff Defends Real ID Mandate (WT)

By Audrey Hudson

The Washington Times, February 14, 2007

Homeland Security Secretary Michael Chertoff yesterday defended the federalization of driver's licenses and asked a Senate panel not to block the Real ID law, but he urged members to make security changes in the visa waiver program.

Mr. Chertoff said he is "pretty adamant" that the new identification for all U.S. citizens go into effect May 2008.

"We don't want to keep kicking the can down the road," Mr. Chertoff told the Senate Homeland Security and Governmental Affairs Committee.

Sen. Susan Collins, Maine Republican and ranking member, will sponsor an amendment giving states more time to comply with the Real ID Act.

"It has been two years since the Real ID Act passed, and yet we don't have detailed regulations or guidance from the department setting forth the standards that the states are going to have to follow," Miss Collins said.

Sen. John W. Warner, Virginia Republican, said that if states are mandated to follow federal guidelines, the federal government should carry the cost.

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"I can understand the need to get some delay if they were not going to fund it," Mr. Warner said.

The regulations will be issued later this month and will be subject to a comment period before being finalized.

"I do want to make it clear that one of the reasons it's taking awhile is we have actually done quite a bit of consultation even in the preliminary stage with state officials and privacy advocates and other folks," Mr. Chertoff said.

He also said the Senate should legislate changes in the visa waiver program to secure international flights and ensure foreign visitors are not terrorist threats or do not overstay.

"We are not going to sacrifice security for the sake of facilitating travel among our allies," Mr. Chertoff said.

The waiver program allows visitors from most European countries to travel to the U.S. without a visa for up to 90 days. About 18 million visitors enter the U.S. every year under the program.

"We know that terrorists study our screening and entry procedures and look for ways to do an end-run around these systems," Mr. Chertoff said.

Officials from the Homeland Security Department want information on travelers before they board airplanes, and countries that comply would be fast-tracked into the waiver program.

Mr. Chertoff said Congress should require participating countries to accept repatriation of its citizens who are ordered to leave the U.S., and encourage those countries to operate an air marshal program.

"Air marshals are our last line of defense against terrorists who manage to board an aircraft, and too few foreign countries have such programs," Mr. Chertoff said.

Sen. George V. Voinovich, Ohio Republican, said the additional measures will be incorporated into legislation.

"Our public diplomacy probably is at the lowest it has ever been, and modifying this program will mean a great deal to these countries, because every time I talk to an ambassador or foreign minister, they're up in arms about this thing. They don't think they're being treated fairly," Mr. Voinovich said.

A Shameful Prosecution (NYT)

The New York Times, February 14, 2007

An immigration court judge's dismissal of 20-year-old deportation proceedings against two Palestinian men — and his criticism of the government's abusive conduct in the case — ought to prick the conscience of the homeland security secretary, Michael Chertoff. Rather than reflexively pursuing an appeal, Mr. Chertoff, a former federal judge, should see the wisdom of finally declaring an end to this sorry legal tale, which has become a big source of distrust in the Arab and Muslim community.

The two legal American residents at the center of the controversy, Khader Musa Hamide and Michel Ibrahim Shehadeh, are the sole remaining defendants in a Reagan-era cause célèbre known as the L.A. 8 case. They were arrested in Los Angeles and marked for deportation along with six others because of allegations that they supported the Popular Front for the Liberation of Palestine, which is classified as a terrorist group.

The charges against the two have shifted repeatedly. Originally, they were charged under the 1952 McCarran-Walter Act, a cold war relic that allowed the deportation of noncitizens linked to any group advocating "world communism." A federal court declared those provisions unconstitutional and Congress repealed them, but the government's obsession only seemed to grow. At least twice, government lawyers pressed Congress for statutory changes, then tried to apply them retroactively.

What makes this pursuit so bizarre is that the government long ago conceded it had no evidence that the two men had ever been involved in any terrorist act, or any criminal act. Had they been United States citizens, they could not have been arrested. The key allegation — that two decades ago the men distributed a magazine published by the Popular Front and raised money for lawful charitable institutions somehow connected to the group — suggests that the government's real motive all along has been to punish the exercise of free speech.

In dismissing the case, an immigration judge, Bruce Einhorn, cited the government's "gross failure" to comply with his instructions to produce potentially exculpatory and other relevant information. He fittingly denounced the 20-year pursuit as "an embarrassment to the rule of law."

Mr. Chertoff has until Feb. 28 to file an appeal. The only decent thing to do is to drop the case.

Top Senators Agree On Anti-terror Bill (AP)

DOJ_NMG_0131813

By Beverley Lumpkin

The AP, February 13, 2007

WASHINGTON - Top senators prepared an anti-terrorism bill Tuesday that could spark future clashes with the House, proposing more homeland security money for smaller and rural states and dropping requirements for tougher cargo inspections.

The Senate version of legislation implementing the remaining recommendations of the 9/11 Commission was introduced by the chairman of the Homeland Security Committee, Sen. Joe Lieberman, I-Conn., and the panel's top Republican, Sen. Susan Collins, R-Maine. Their panel was scheduled to vote on the measure on Thursday.

The Senate measure would drop House-passed provisions requiring that all containers on U.S.-bound vessels be screened in foreign ports for radiation, and that all cargo loaded onto U.S. airliners be screened for explosives.

Both were strongly opposed by the Bush administration on grounds that they are too costly and require the use of technology that does not exist.

However, the Senate Commerce Committee on Tuesday passed an aviation security bill that has a similar provision regarding screening of all air cargo.

The bipartisan 9/11 Commission investigated the terrorist attacks of Sept. 11, 2001, and in its final report in 2004 made numerous recommendations on improving the nation's security.

Congressional budget analysts have estimated the House bill's cost at $21 billion over the next five years. The Senate bill does not yet have an overall cost estimate.

A fundamental difference exists between the two houses of Congress on the percentage of grants to states and localities that must be distributed according to risk factors rather than equally divided among states.

The House version places more emphasis on rating the risk factor - a formula that considers the intelligence threat, the locality's vulnerability and the consequences to its population and critical infrastructure of a terrorist attack. Such a formula tends to favor larger and more urban states.

The Senate version also considers risk but would spread the funds more broadly. For example, a program aimed at the urban areas considered most at risk - 46 such areas received funds for the current fiscal year - would allow the 100 largest urban areas in the country to apply for grants.

The minimum guaranteed amount to each state would also be higher in the Senate bill, 0.75 percent of the total to each state. The Senate's grants would cost $3.105 billion for each of the next three years.

The Senate version also contains a provision not in the House bill that would change a program that allows citizens of 27 countries considered close U.S. allies to enter the country without a visa.

The program has been criticized since the 9/11 attacks, however, and the administration has promised to strengthen its security and open it to additional allies, particularly Eastern European countries now aiding the U.S. effort in Iraq.

At a hearing on his department's 2008 budget request, Homeland Security Secretary Michael Chertoff on Tuesday warned committee members that the program's membership must be expanded to help solve "what is shaping up as a fairly ugly dispute" with several nations.

There is also a significant difference between the two houses of Congress concerning a privacy and civil liberties board. The House bill would make the board an independent agency and give it full subpoena power, while the Senate bill would keep the board inside the White House and permit it only to ask the attorney general to issue subpoenas on its behalf.

The White House signaled its strong opposition to the House version, asserting it would be an unconstitutional infringement of the president's powers.

Committee plans for a smooth process could be upended by Sen. Tom Coburn, R-Okla., who has introduced nearly 200 amendments to the measure.

Coburn's spokesman, John Hart, said that in addition to his concern about the process being rushed, the senator believes some of the bill's provisions are unnecessary and duplicative of existing programs.

Coburn wrote to Lieberman on Monday, asking that he delay consideration of the measure until after the Presidents' Day recess, when the Senate is due to return Feb. 26.

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Subway Security Devices Fail Tests (USAT)

By Thomas Frank

USA Today, February 14, 2007

An ambitious test of machines for checking subway and rail passengers for bombs failed to find a technology that can reliably stop terrorists such as those who attacked trains in Madrid and London, according to a Homeland Security Department assessment.

The $7 million government program tested futuristic screening equipment in major rail systems last year and found that each of the technologies had significant problems.

Many machines triggered excessive false alarms, some took too long to screen passengers, and one "could not consistently locate the item that caused the alarm," according to the report, which was not made public but was presented at a recent rail-security conference in Arlington, Va.

The effort to screen rail passengers "needs significant investment," the assessment concludes. Democrats in Congress have recently pledged to boost spending on subway security systems by billions.

"There's no plan to put any of the technology that was tested in the pilot in broad-based use. We want to continue to do more research," said Robert Jamison, deputy administrator of the Transportation Security Administration (TSA).

The test indicates the limited role that technology can play for now in securing the nearly 12 million people who ride subway and rail systems each weekday. That contrasts with aviation, where 8,800 bomb detectors installed quickly in airports after 9/11 screen 535 million pieces of luggage a year.

"We're years away from any technological solution," said Brian Jenkins, director of the National Transportation Security Center in California.

The only near-term solutions are metal detectors and X-rays, as well as bomb-sniffing dogs, the report says. It says dogs tested in an Atlanta subway had to rest after 45 minutes and needed air flow to smell explosives. "Using canines for person screening is still a developing technology," the report says.

Both methods are costly. Using the machines or dogs in the New York City subway would cost about 40 cents per passenger trip. The cost in Cleveland subways, which have 19,000 passengers a day compared with New York's 6 million, would be $3.45 per trip.

The technological limitations are forcing the Homeland Security Department to find other ways to secure rail systems. "We're heavily pushing the visible, unpredictable deterrents," such as teams of dogs, transit inspectors and marshals, Jamison said. Passengers and rail workers are encouraged to report suspicious activity, and emergency responders get training in handling a rail bombing.

That emphasis "is the result of tests like this that show even this advanced technology is not really ready, and there are other things we can do better right now," said TSA chief Kip Hawley.

Former New York police commissioner Howard Safir advocates random passenger searches like those in the New York subways. "The fact that they're checking is going to be a deterrent," he said.

NFL Rejects Border Patrol Ad (WT)

By Stephen Dinan And Jerry Seper

The Washington Times, February 14, 2007

The National Football League refused to run a recruitment ad for the U.S. Border Patrol in last week's Super Bowl program, saying it was "controversial" because it mentioned duties such as fighting terrorism and stopping drugs and illegal aliens at the border.

"The ad that the department submitted was specific to Border Patrol, and it mentioned terrorism. We were not comfortable with that," said Greg Aiello, a spokesman for the NFL. "The borders, the immigration debate is a very controversial issue, and we were sensitive to any perception we were injecting ourselves into that."

The NFL's rejection didn't sit well with Border Patrol agents, who called it a snub of their role in homeland security and said it was "more than a little puzzling."

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"The NFL missed a golden opportunity to reach countless patriotic citizens who want to answer the call to help prevent another terrorist attack on American soil," said T.J. Bonner, president of the National Border Patrol Council, the union that represents the agency's nonsupervisory personnel.

Border Patrol agents are assigned to protect the country's borders with Mexico and Canada between the ports of entry. The agency is trying to boost its force to 18,000, a goal President Bush outlined last year in a prime-time Oval Office address to the nation.

Other major leagues have had no problems running the ad, a Border Patrol spokesman said. It has been accepted to run in programs for the upcoming NBA All Star Game and the NCAA Final Four, as well as in Pro BullRider magazine, the spokesman said.

The NFL's snub came to light last week during Homeland Security Secretary Michael Chertoff's testimony before a congressional panel. Mr. Chertoff said the ad was rejected, "much to my chagrin."

Mr. Aiello said that the NFL offered the department a chance to run a generic recruiting ad, similar to ads the U.S. military runs, but that the league never heard back from it.

"We proposed a more generic recruiting ad for the department that didn't highlight the borders, which brings up the immigration issue and the immigration debate. That's controversial," he said.

That position stands in stark contrast to the ongoing debate in Congress, where among all the thorny issues related to immigration, the one that wins near-unanimous agreement is the need for more boots on the ground.

"Since almost every American favors securing our borders and the overwhelming majority of legislators on both sides of the immigration debate support significant increases in the number of Border Patrol agents, it is extremely difficult to imagine how those issues could be perceived as controversial," Mr. Bonner said.

He said the NFL's decision appeared to be an attempt to try to avoid upsetting the emerging market of football fans in Latin America.

The Super Bowl program is produced by the NFL, which printed about 200,000 copies this year, Mr. Aiello said.

The Border Patrol ad asks for "the right men and women to help protect America's southwest borders." It lists duties as preventing "the entry of terrorists and their weapons," blocking "unlawful entry of undocumented aliens" and "stopping drug smuggling."

The ad does not mention the ongoing immigration debate in Washington or touch on contentious subjects such as amnesty, a guest-worker program or legalization.

Mr. Bush has promised to double the size of the Border Patrol, which stood at 9,000 when he took office. His budget proposal calls for funding for 3,000 new agents in fiscal 2008 alone.

Customs and Border Protection Commissioner W. Ralph Basham, who oversees the Border Patrol, told The Washington Times last year that an aggressive recruiting effort by the agency had resulted in "no want for applicants."

Mr. Basham said the ongoing attrition rate for the Border Patrol of about 4 percent was significantly down from previous years and meant that 6,800 new agents would have to be hired and trained to fill the 6,000 slots sought to boost the agency's numbers to 18,000 and to make up for losses from attrition.

To meet the president's goal, Mr. Basham -- who once led the federal law-enforcement training center -- said the agency had reduced the total number of days trainees attend the academy, "but not the training they receive." He said the overall training schedule was reduced in October from 92 to 81 days.

Security Projects Get Review (WSJ)

By Jonathan Karp

The Wall Street Journal, February 14, 2007

Problems in a $24 billion Coast Guard ship and aircraft program that have given black eyes to Lockheed Martin Corp. and Northrop Grumman Corp. underscore broader concerns about the government's use of private contractors to oversee vital homeland security programs.

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Congress this week is scheduled to hold its third and fourth hearings in less than a month to review the Deepwater project, an ambitious modernization effort by the Department of Homeland Security's Coast Guard arm that has been dogged by delays and design flaws. Lawmakers are also scrutinizing SBInet, a Boeing Co.-led project to build a high-tech border surveillance system. The Government Accountability Office, Congress's investigative arm, is to release a report card tomorrow assessing the Department of Homeland Security's plan for keeping Boeing accountable for a project initially valued at $8 billion.

The common theme for the two programs: Congress's new Democratic leadership's concern that the government has relinquished too much control to contractors, and fears that costs will grow.

In both big contracts, "the government is relying on private contractors to design the program, build them and even conduct oversight over them," Rep. Henry Waxman, chairman of the House Committee on Oversight and Government Reform, said at a hearing last week focused on potential waste, fraud and abuse.

For contractors, the concern is that political pressure could prompt Homeland Security to revise contracts on less favorable terms. Coast Guard chief Adm. Thad Allen confirmed yesterday that the service will change the "structure" and "contractual relationship" with the Lockheed-Northrop joint venture, though details have yet to be worked out.

Lockheed and Northrop defend their work on Deepwater and say they are committed to fulfilling the Coast Guard's evolving requirements. Boeing says SBInet is progressing as planned.

The Deepwater program was awarded to Integrated Coast Guard Systems, a Lockheed-Northrop joint venture, in 2002. It aims to upgrade the service's cutters, patrol boats, airplanes and helicopters. Deepwater began as a $17 billion, 20-year effort, but was expanded to a $24 billion, 30-year program after the Sept. 11, 2001, attacks.

In November, the Coast Guard suspended from service eight cutters modified under the program because their hulls buckled in rough seas. Homeland Security's inspector general recently reported that the biggest new ship model under development, the 418-foot National Security Cutter, has design flaws that may limit its life. A separate inspector general report raises concerns about contractor conduct and the Coast Guard's technical ability to oversee the program after improper cables were installed in some ships.

A fresh Pentagon study delivered to the Coast Guard last week found that the Lockheed-Northrop team has wider latitude and more lenient cost terms than major defense acquisition programs, and the Coast Guard has a shortage of government acquisition and engineering experts, among other shortcomings. It recommended changing the program so that it "does not rely on a single industry entity or contract to produce or support all or the majority" of Coast Guard capabilities.

The Pentagon report also noted that new Coast Guard leaders are taking steps to improve its acquisition team. A Coast Guard spokeswoman said yesterday that the service is reviewing the report's recommendations.

The companies deny there are design flaws to the new big cutter, and note there have been numerous successes in other areas of the complex program.

Coast Guard Chief Announces Plans To Overhaul The Service (NYT)

By Eric Lipton

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Acknowledging that the Coast Guard has failed to keep up with changing times, its commandant, Adm. Thad Allen, unveiled a plan Tuesday to restructure its management radically and expand its surveillance efforts along the nation's coasts.

The overhaul is intended to address mounting criticism of a $24 billion equipment program known as Deepwater, which is replacing or rebuilding most of the service's large ships, planes and helicopters.

But it is much broader, including revamping the way the Coast Guard manages its response to natural disasters and terrorist attacks, supervises its Atlantic and Pacific fleets, maintains its aircraft and ships and handles its payroll and financial systems.

Some of Admiral Allen's proposals could be felt by boat owners. He is advocating the mandatory use of devices like the automated identification beacons that are on large ships on smaller commercial fishing vessels and at least some pleasure boats.

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The plan reflects changes that have already taken place at the service since 2001 when it assumed a broader antiterrorism mission and has had its budget grow by 50 percent, to $8.6 billion this year.

"We have been running some parts of the Coast Guard like a small business when we are a Fortune 500 company," Admiral Allen said in a speech on Tuesday to several hundred Coast Guard officials. "We need to evolve with changing times."

Instead of operating separate Pacific and Atlantic fleets, Admiral Allen said, all 35,000 active duty Coast Guard personnel on the service's nearly 250 large ships, 1,700 smaller boats, 200 aircraft and 750 shore-side units will now report to a single commander.

A hundred-person operations group will coordinate how specially trained Coast Guard units respond to terror attacks, natural disasters, chemical or oil spills and its war-time assignments with the Department of Defense.

A new deputy commandant for mission support will oversee the design, acquisition and construction of new ships and aircraft and the maintenance of the fleet once they are built, functions that are now managed separately.

That will allow the Coast Guard to avoid giving so much authority for design and construction choices to contractors, like Lockheed Martin and Northrop Grumman, which renovated the first eight trouble-plagued ships in the Deepwater program.

The speech by Admiral Allen was in advance of the release of another scathing report by the Department of Homeland Security's inspector general on the Coast Guard's management of its ship procurement program.

The newest report, a copy of which was obtained by The New York Times, confirmed safety complaints that had been filed by a former Lockheed employee, who was so frustrated that his observations had gone unheeded that he posted a Web video to detail them.

The report says that as the former employee, Michael DeKort, had asserted, Coast Guard contractors installed hundreds of cables on 123-foot patrol boats that could cause toxic smoke if they caught fire. The ships are now out of service because of hull breaches. The contractors also installed electronics equipment that was prone to failure in open-sea conditions.

Since 2001, the Coast Guard has become much more of an extension of the military, instead of a service that primarily focuses on safety, with law enforcement playing a secondary role.

"This is not my father's Coast Guard," Admiral Allen said. "And my father is in the room." Admiral Allen's father, Clyde Allen, served in the Coast Guard and was in the hotel ballroom to hear his son's speech.

It will be several years before all the changes are made, officials said, but the plan won early praise Tuesday. James L. Hested, the former commanding officer of the Coast Guard yard, said the service needed to go on a bureaucrat diet.

"You will have fewer fiefdoms," Mr. Hested said.

Representative Elijah E. Cummings, Democrat of Maryland and chairman of the House panel that oversees Coast Guard operations, said he hoped that Admiral Allen had time to complete the work before his four-year tour of duty ended in 2010.

"He has laid out for himself a very tall order," said Mr. Cummings, who attended the speech. "But I think he can do it."

Freedom For Sale? (WSJ)

The Wall Street Journal, February 14, 2007

The Freedom Tower at Ground Zero in Manhattan still isn't much to look at -- a handful of beams rising from the pit roughly to ground level. But this week has brought the welcome news that private-equity funds and other investors are asking if its owner might be willing to sell the building that is supposed to replace the fallen twin towers. The Port Authority of New York and New Jersey has also hired a broker to shop the still-unbuilt tower.

A sale is far from certain. The rebuilding has been delayed by years of contentious negotiations with Larry Silverstein, who leased the entire World Trade Center site from the Port Authority weeks before the 9/11 attacks. But as a private investor, Mr. Silverstein is the only party so far who has managed to rebuild anything at the Trade Center. And he was able to do so because control over the site of 7 World Trade, just north of Ground Zero, was undivided, unlike the mess of interests that have delayed the development of the rest of the site. So putting the Freedom Tower into private hands would decrease the risks of further delay.

As part of the deal that finally got construction moving, the Port Authority agreed to retake control of the Freedom Tower from Mr. Silverstein. But the Port's record as a property manager is spotty at best, and taxpayers are not well-served by taking on the $1 billion or more that the Port would need to borrow to finish the tower.

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The twin towers were underoccupied and underutilized for at least two decades after their construction. Letting private capital take on the risks of turning a profit on the new 2.6 million-square-foot, 1,776-foot tower would ensure that history does not repeat itself at taxpayer expense.

WAR NEWS:

Parties Put Their Vets Out Front For Iraq Debate (USAT)

By Kathy Kiely

USA Today, February 14, 2007

WASHINGTON — Democrats offered a display of military force Tuesday as the House began three days of debate on a resolution expressing disapproval of President Bush's decision to commit 21,500 more troops to the war in Iraq.

Eleven military veterans, whose service stretched from World War II to the current conflict in Iraq, were among Democrats speaking in favor of the resolution. They ranged from Rep. John Dingell of Michigan, a soldier during World War II and the longest-serving member of the House, to newly elected Rep. Joe Sestak of Pennsylvania, a former three-star admiral whose aircraft carrier battle group conducted operations in the Afghan and Iraqi conflicts.

Sestak questioned "the continuing use of our national treasure in what is an inconclusive, open-ended involvement." Dingell was more blunt, saying that the debate over Iraq boils down to whether "there will be more deaths if we leave or more deaths if we stay."

Republicans will counter on Thursday, when Rep. Sam Johnson of Texas leads a group of GOP veterans speaking against the resolution.

Johnson spent nearly seven years as a prisoner of war in North Vietnam after his plane was shot down; he was released 34 years ago this week. At a news conference Tuesday, he cited his experience in warning about the effects that debate could have on troops.

"Our captors would blare horrible recordings over the loudspeaker of Americans protesting back home, tales of Americans spitting on Vietnam veterans when they came home," he said. "And I promised myself many things I would do when I returned home safely to my family, and one was that I would fight to ensure America never lets our troops down in harm's way again. And that is what this is about."

By letting combat veterans take a lead role on the opening day of the debate, Democrats were directly confronting Republican accusations that any debate about the war will undercut U.S. servicemembers. "Our troops in the field, as long as they are in the field, will have our 100% support," vowed House Majority Leader Steny Hoyer, D-Md.

The debate Tuesday was the first the House has held on the war since it passed a resolution Oct. 10, 2002, authorizing the use of force in Iraq. That 296-133 vote included 81 Democrats voting in favor. Many of them are now expressing regrets about the war.

"We find ourselves to be in the middle of what I consider to be a great American tragedy," said House Armed Services Chairman Ike Skelton, D-Mo., a co-sponsor of the current resolution who voted to authorize the use of force in 2002. "The mission of this Congress must be to change our course."

The intensity of the debate reflected the political significance of the non-binding Iraq resolution. Rep. David Dreier, R-Calif., argued that a vote in favor of the measure would amount to "a vote of no confidence in our troops" and would "dishonor those who made the ultimate sacrifice." Meanwhile, Minority Leader John Boehner, R-Ohio, called it "a political charade" that demonstrated that Democrats lack the courage to go further.

House Speaker Nancy Pelosi said that the pending resolution was only the beginning of congressional steps to try to change Iraq war policy. "A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor," she said.

All 435 House members will have a chance to speak for five minutes for or against the resolution before the vote Friday. The resolution states that lawmakers "will continue to support and protect" troops in Iraq but that the House "disapproves" of the president's plan to send more.

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House Democrats' New Strategy: Force Slow End To War (POL)

By John Bresnahan

The Politico, February 14, 2007

Top House Democrats, working in concert with anti-war groups, have decided against using congressional power to force a quick end to U.S. involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options.

Led by Rep. John P. Murtha, D-Pa., and supported by several well-funded anti-war groups, the coalition's goal is to limit or sharply reduce the number of U.S. troops available for the Iraq conflict, rather than to openly cut off funding for the war itself.

The legislative strategy will be supplemented by a multimillion-dollar TV ad campaign designed to pressure vulnerable GOP incumbents into breaking with President Bush and forcing the administration to admit that the war is politically unsustainable.

As described by participants, the goal is crafted to circumvent the biggest political vulnerability of the anti-war movement -- the accusation that it is willing to abandon troops in the field. That fear is why many Democrats have remained timid in challenging Bush, even as public support for the president and his Iraq policies have plunged.

Murtha and House Speaker Nancy Pelosi, D-Calif., have decided that they must take the lead in pressuring not only Republicans but also cautious Senate Democrats to take steps more aggressive than nonbinding resolutions in challenging the Bush administration.

The House strategy is being crafted quietly, even as the chamber is immersed this week in an emotional, albeit mostly symbolic, debate over a resolution expressing opposition to Bush's plan to "surge" 21,500 more troops into Iraq.

Murtha, the powerful chairman of the defense subcommittee of the House Appropriations Committee, will seek to attach a provision to an upcoming $93 billion supplemental spending bill for Iraq and Afghanistan. It would restrict the deployment of troops to Iraq unless they meet certain levels adequate manpower, equipment and training to succeed in combat. That's a standard Murtha believes few of the units Bush intends to use for the surge would be able to meet.

In addition, Murtha, acting with the backing of the House Democratic leadership, will seek to limit the time and number of deployments by soldiers, Marines and National Guard units to Iraq, making it tougher for Pentagon officials to find the troops to replace units that are scheduled to rotate out of the country. Additional funding restrictions are also being considered by Murtha, such as prohibiting the creation of U.S. military bases inside Iraq, dismantling the notorious Abu Ghraib prison and closing the American detention facility in Guantanamo Bay, Cuba.

"There's a D-Day coming in here, and it's going to start with the supplemental and finish with the '08 [defense] budget," said Rep. Neil Abercrombie, D-Hawaii, who chairs the Air and Land Forces subcommittee of the House Armed Services Committee.

Pelosi and other top Democrats are not yet prepared for an open battle with the White House over ending funding for the war, and they are wary of Republican claims that Democratic leaders would endanger the welfare of U.S. troops. The new approach of first reducing the number of troops available for the conflict, while maintaining funding levels for units already in the field, gives political cover to conservative House Democrats who are nervous about appearing "anti-military" while also mollifying the anti-war left, which has long been agitating for Pelosi and Senate Majority Leader Harry Reid, D-Nev., to be more aggressive.

"What we have staked out is a campaign to stop the war without cutting off funding" for the troops, said Tom Mazzie of Americans Against Escalation of the War in Iraq. "We call it the 'readiness strategy.'"

Murtha's proposal, which has been kept under tight wraps, is likely to pass the House next month or in early April as part of the supplemental spending bill, Democratic insiders said, if the language remains tightly focused and does not threaten funding levels for combat forces already in the field. The battle will then shift to the Senate. Anti-war groups like Mazzie's are prepared to spend at least $6.5 million on a TV ad campaign and at least $2 million more on a grass-roots lobbying effort. Vulnerable GOP incumbents like Sens. Norm Coleman of Minnestoa, Susan Collins of Maine, Gordon Smith of Oregon and John Sununu of New Hampshire will be targeted by the anti-war organizations, according to Mazzie and former Rep. Tom Andrews, D-Maine, head of the Win Without War Coalition.

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Mazzie also said anti-war groups would field primary and general election challengers to Democratic lawmakers who do not support proposals to end the war, a direct challenge to conservative incumbents who are attempting to straddle the political line between their pro- and anti-war constituents.

If the Senate does not approve these new funding restrictions, or if Senate Republicans filibuster the supplemental bill, Pelosi and the House Democratic leadership would then be able to ratchet up the political pressure on the White House to accede to their demands by "slow-walking" the supplemental bill. Additionally, House Democrats could try to insert the Murtha provisions into the fiscal 2008 defense authorization and spending bills, which are scheduled to come to the floor later in the year.

"We will set benchmarks for readiness," said a top Democratic leadership aide, speaking on the condition of anonymity. If enacted, these provisions would have the effect of limiting the number of troops available for the Bush surge plan, while blunting the GOP charge that Democrats are cutting funding for the troops. "We are not cutting funding for any [unit] in Iraq," said the aide, who admitted the Democratic maneuver would not prevent the president from sending some additional forces to Baghdad. "We want to limit the number who can go ... We're trying to build a case that the president needs to change course."

Mazzie, though, suggested that Democrats ought to directly rebut the Republican charge that Democrats are threatening the safety of American forces in the field by pushing restrictions on war funding. "Cutting off funding as described by the media and White House is a caricature," Mazzie said. "It has never happened in U.S. history, and it won't happen now."

Andrews, who met with Murtha on Tuesday to discuss legislative strategy, acknowledged "there is a relationship" with the House Democratic leadership and the anti-war groups, but added, "It is important for our members that we not be seen as an arm of the Democratic Caucus or the Democratic Party. We're not hand in glove."

Andrews's group has launched a new Web site, MoveCongress.org, and he has already posted an interview with Rep. Lynn Woolsey, D-Calif., one of the founders of the "Out of Iraq Caucus" in the House. An interview with Murtha on his legislative strategy will be posted on the site Thursday.

"I don't know how you vote against Murtha," said Andrews. "It's kind of an ingenious thing."

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by mayflower on 02.14.2007 at 12:47 AM

Good report.

by Obvi on 02.13.2007 at 11:51 PM

I am sorry to have to say this Danae, but you are wrong. When determing the best means to fight terrorism, one must determine the roots of it. Terrorism is spawned and aided by the West's continued intervention and presence in the Middle East. By merely being in Iraq, the U.S. is creating a greater threat to its homeland.

One of the best ways to combat terrorism would be to stop giving them reasons and motivation to recruit new martyrs and suicide bombers to their cause. One way of doing this is by pulling out of Iraq as fast as possible. Please do not call me a coward or point out that I suggest 'cutting and running.' This is ridiculous rhetoric that is the only semblance of an argument against continued loss of American lives in Iraq, the siphoning of billions of U.S. dollars into a lost cause, and standing in the middle of a civil war. The only way we "win" the War in Iraq is if we stay there for another two decades and poor a couple trillion dollars into the stabilization of Iraq.

This is impractical and, for lack of a better word, stupid. The neocon arguments of staying in Iraq are feeble and play the 'patriotism' card when really, if they had America's best interests at heart, and understood the problem fully, would suggest that the U.S.'s war in Iraq is only increasing the threat of terrorism.

The terrorists who claim to desire jihad on the West are a minority in the Middle East, but continued intervention and presence in their region might turn them into a majority (one of the reasons that fueled Osama bin Laden's hatred for the West was U.S. troops in Saudi Arabia during the First Gulf War). Recent studies and polling data would suggest that the younger citizens of most Middle Eastern states see their job, the economy, and their family more important than religious ideology. Religious extremism is not in the minds of Muslims, until the U.S. gives reason for it to be.

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The U.S. should leave as quickly as possible to retain what resources it has

by Obvi on 02.13.2007 at 11:43 PM

I am sorry to have to say this Danae, but you have no clue what you are talking about. Recent polling data from the Gulf states and other Middle Eastern states would suggest that the younger generations favor economic stability, their jobs, and their family moreso than religious propaganda.

With this taken into consideration, our mere presence in Iraq is fueling terrorism. If one is to answer 'how do we win the war on terror,' one must ask why spawns terrorism. The simple answer to that is western intervention in the Middle East.

Do you think that radical Islamists will be better able to recruit new suicide bombers and martyrs if we are no longer directly antagonizing them?

The Islamists that would plan an attack on U.S. soil are in a small minority, and would only become smaller if the U.S. were to stop giving them reasons to hate us. Our mere presence in Iraq is one of those reasons why they hate us.

Osama bin Laden originally was upset with the U.S. because we stationed troopes in Saudi Arabia during the First Gulf War. Obviously if we remain there, all we are going to do is get caught in a civil war with no end in sight, billions siphoned to a lost cauuse, and a greater threat of terrorism.

The terrorists will not follow us back home if we leave Iraq because their cause will only be hindered by doing so.

by Danae on 02.13.2007 at 11:11 PM

John Murtha is a CRIMINAL, an Un-indicted co-conspirator. That he is still in office is repugnant. The man is not only a coward, he's a criminal. In other words, a Star in the Democratic Party. Go look it up. John Murtha is SLIME squared.

by Danae on 02.13.2007 at 11:05 PM

SeriousBob:

Here ya go:

THEY SAY IT THEMSELVES! The IslamoFacists say Iraq is the FRONT LINE in the war against the West, the war THEY declared against US. Think its gonna end unless we DEFEAT THEM UTTERLY??? Then you are a moronic fool that deserves to be buyin a shiny new prayer Mat and Prayin to Mecca 5 times a day. READ what comes out of the Middle Eastern Newspapers, their TV their PROPAGANDA. They want to KILL you or force you to pray to Allah! There is NO middle ground with them. Welcome to the Crusades. Pray to Allah or die. Any Questions?

I choose to fight, I choose to support an Administration that recognizes this danger and will fight it to bloody well WIN. Liberals just want to roll over and hope that these Muslims will just let them be. Well, here's a news flash: Go buy a Prayer rug and a Koran if the Liberals win the Whitehouse, they don't have the balls to fight and the Muslims KNOW IT. They support Democratic United States Candidates for a REASON, they know that you are defeated already.

by SeriousBob on 02.13.2007 at 10:39 PM

Will SOMEONE in the PRESS please do a story- The story is... the folks who keep claiming if we leave Irag the terrorists will follow us home- are merely asked, to explain how that works exactly?? simply ask them to spell it out.

All the Republican candidtates repeat this absurd concept and the press repeats it and no one seems to care that it makes no sense. NONE.

Are we expected to believe that if al-Qaeda had a choice to attack st louis - they would not because we are still in Iraq?. Whats the connection?. Trust me the number one priority is to attack us here... and whether we are in iraq or not, the number one priority is still to attack the US. By staying in Iraq the terrorist are not interested in us here? . insane.

I would argue that we are less safe here by being so strectched over there. But please someone -do a story and force these talking heads to explain how it decreases the chance that we will be attacked here by staying in iraq. Please debunk this insane and repeated claim that if we leave Iraq they will follow us home.... it is infuriating

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by KrisW on 02.13.2007 at 10:23 PM

Yep, the Democrats seem to be playing 'cut and run'. They know they don't have the votes to cut off spending (yet), so they they force four days of debate on an umammendable 'non-binding resolution' that serves no real purpose.

I like what Mike Pence had to say today...."What happens if the surge works?"

by Steve Slatten on 02.13.2007 at 10:20 PM

Intrepid -- i hate to burst your right-wing bubble, but not all of us who are against the war and against Bush are crazy lefties. I'm a registered Independent, a gun-owner, church-goer, meat-eater, etc. I still think Bush is a terrible president and that his war is a joke.

by walkman56 on 02.13.2007 at 10:05 PM

JOHN MURTHA IS THE ONLY ONE WHO TOOK AN INITAL STAND AGAINST IRAQ. HE IS A COMBAT VET,MUCH THE OPPOSITE OF THE DRAFT DODGERS SENDING OTHER PEOPLES' KIDS TO GET KILLED IN THEIR QUEST FOR OIL.ANYTHING HE AND NANCY PELOSI CAN DO TO CUT THE WASTED MONEY AND LIVES IN THAT SWAMP IN IRAQ, IS LONG OVERDUE. THE NEXT LOGICAL STEP IS TO CUT FUNDING COMPLETELY. WE LOST OUR CREDIBILITY IN THE WORLD,OUR FOCUS ON BIN LADEN,WHILE BUSH CONTINUES TO CHIRP ABOUT THE "WAR ON TERROR IS IN IRAQ". THE LIES AND DECEIT FROM THESE PEOPLE IN THE WHITE HOUSE IS REPULSIVE.WHY IMPEACHMENT HEARINGS HAVE NOT YET BEGUN,IS BEYOND ME.

by call me biff on 02.13.2007 at 10:02 PM

The article by Bresnihan provides considerable facts and insights into the politicking over the ?troop surge.? The focus is clearly on the democrat party?s predictable, yet bizarre, change in strategy. My take is that they are simply hedging their bets.

SS: ?He?s got it coming.? Interesting line. I am having a hard time understanding how you conclude, or at least imply, that the slow bleed will lead to President Bush?s impeachment.

Capt D: For sure you?re no Shakespeare. I can actually understand what you write. But if the politicians worked to solve the problems in Iraq, they wouldn?t be politicians! Seriously, what I really want to know is, who are the sexy pundits?

by jameskbachman on 02.13.2007 at 09:43 PM

Yes, yes, yes, we want defeat. We want defeat of the ill-conceived war plan, not the surge, which was allowable under the Iraq Study Group report. After a few months, or whatever is reasonably considered a "short term" surge (no later than November), have the U.S. troops disengage from sectarian combat in Baghdad, and help those thousands of people there who have become refugees. Pressure the government to follow through on their plan for new housing for refugees. If the Sunnis and Shias are in safe areas, where they are each in the majority, and can rely on their own militias like the one in Kurdistan, there will be some kind of peace in Iraq. The U.S. can remain to deal with Al-Quaeda, which is the real enemy.

by tnproud2b on 02.13.2007 at 09:06 PM

PS

Don't hold you breath for an impeachment. At least not until Dubya boinks a chubby intern and lies about it.

by tnproud2b on 02.13.2007 at 09:04 PM

So the Democrats' plan for victory in Iraq is to chart a course for slow defeat.

by Steve Slatten on 02.13.2007 at 08:35 PM

CaptainDiv -- Someone's been reading too much Shakespeare. Forsooth from whence to be shamed... well, you know the rest. Anyway, yeah, you're pretty much dead-on when you say the Dems are slowly going to bleed Bush dry.

But then, he's got it coming. Bush took his crazy-right agenda and tried to ram it down the country's throat for six years. I know Republicans don't like compromise because they think they're right about everything, but you cannot govern as if the other

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party does not exist, the way Bush did for his first five years. The other party will always get ya in the end. Just ask Bill Clinton. He also acted like he had a mandate in '92 and like the Republicans didn't exist. Again, you know the rest of the story.

So, settle in and get ready for a niiiiiice lonnnnng impeachment hearing. I hope to have a front row seat (or at least C-Span and some popcorn). Like I said, he's got it coming.

by Intrepid1 on 02.13.2007 at 08:31 PM

Notice how the anti-war groups are firmly entreched in these acts of sedition. Remember how the Dems ran against lobbyists and special interests prior to the election? Well this proves they are much bigger special interest sluts than the GOP ever was.MoveOn and the other American Communist Workers Party commrades are the Dems puppet masters lol.

by Captain Div on 02.13.2007 at 08:23 PM

Is anyone actually fooled by this? The only reason the democrats are interested in crafting a "slow bleed" policy is because they know if they cut and bail right now, they're the ones who will be held responsible for the chaos that ensues. They want to win big in '08. They won't do that.

Instead, the idea here is to do as much as possible to ensure that the Bush administration's efforts are as handicapped as possible without actually forcing it to pull out. By ensuring that Bush slowly twists in the wind for the next couple of years, by ensuring that the state of things in Iraq stays the same and does not improve, they can improve their odds of winning the presidency in '08.

And there are those who will say that's just fine - the ends justifies the means. Shame! If only we could put politics aside and look at actually solving the problems in Iraq - first of all by listening to General Petreaus and giving him what he needs to win, instead of listening to the sexy pundits on TV. . .

But, politics are politics, and in the lust for power, ideology always wins over reason.

Shame!

by Danae on 02.13.2007 at 07:34 PM

"Hey! We are gonna talk a whole LOT and DO absolutely NOTHING! Hehe We are gonna SPEND SPEND SPEND your tax dollars and give you nothing but senseless and murderous rhetoric!!! Hehe We are going to undermine and demoralize our troops to make it easier for terrorists and insurgents to kill as many people as possible! Hehehe We are gonna encourage em to kill more! Hehe We are going to try and get the United States OUT of Iraq so that MILLIONS of worthless NON-Americans can die! Watch those Babies get blown up! Hehehe After all it isn't OUR problem! Hehe We don't need to keep our word! We don't need allies in the Middle East! Muslims will LOVE us if we leave! They won't attack us here in the US if we leave! Hehe...."

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House Begins Debate On War (WP)

By Jonathan Weisman
The Washington Post, February 14, 2007

The House plunged into a heated, partisan debate yesterday on President Bush's war policy, with Democrats challenging lawmakers to take a stand against the deployment of more troops to Iraq while Republicans accused their political foes of emboldening the enemy with their symbolic resolution.

Democrats won control of Congress last fall in a political backlash against Bush's Iraq policy, and yesterday they decried a war they said was illegitimately launched and has been badly managed, with devastating consequences. They were helped by three newly elected Democratic lawmakers who were propelled into politics by their military experience in Iraq.

"We stand together to tell this administration that we are against the escalation, and to say with one voice that Congress will no longer be a blank check to the president's failed policies," said freshman Rep. Patrick J. Murphy (D-Pa.), who was a captain with the 82nd Airborne Division in Baghdad. "The president's plan to send more of our best and bravest to die refereeing a civil war in Iraq is wrong."

Republicans focused on loftier themes, warning darkly about ceding Iraq to Islamic radicals who are bent on destroying not only the Middle East but also the American way of life. "We are engaged in a global war now for our very way of life," said House Minority Leader John A. Boehner (R-Ohio). "And every drop of blood that's been spilled in defense of liberty and freedom from the American Revolution to this very moment is for nothing if we're unwilling to stand up and fight this threat."

Scores of Democratic and Republican lawmakers took to the floor on the first of what is likely to be three days of intense debate on a tightly worded resolution opposing Bush's decision to deploy more than 20,000 additional U.S. combat troops to Iraq.

The resolution affirms Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq" before breaking with the president's new strategy.

The debate is expected to extend late into the night today and tomorrow before culminating in a House vote Friday. It is not the first extended House debate on the war, but it is the first since the invasion of Iraq nearly four years ago that is likely to conclude with a vote against the president.

"In a few days and in fewer than 100 words, we will take our country in a new direction on Iraq," pledged House Speaker Nancy Pelosi (D-Calif.). "Friday's vote will signal whether the House has heard the American people: No more blank checks for President Bush on Iraq."

The House debate unfolded in an orderly, dignified fashion, in stark contrast to last week's tumult in the Senate, where Republicans blocked even a debate on the war resolution. Under House rules that heavily favor the majority, Democrats set the terms of the debate and even denied Republicans the opportunity to introduce an alternative measure. By the end of the week,

only the Democratic resolution will come to a vote in the House, despite party leaders' pledges last week to give Republicans at least one vote.

The Democratic resolution is not binding on the administration, and both sides of the debate agreed that the real fight will come next month, when Democrats are to move to attach to a $100 billion war spending bill binding language that would limit future deployments to Iraq and begin to bring troops home.

Still, passage of the resolution this week would be a stinging repudiation of Bush's strategy to try to put down sectarian violence in Baghdad by bolstering troop levels, and Republicans struggled to discredit the importance of the measure.

Boehner denounced it "a political charade lacking both the seriousness and the gravity of the issue that it's meant to represent," even as he called the resolution "the first step toward abandoning Iraq."

House Republican Conference Chairman Adam Putnam (Fla.) decried "a rather toothless 97 words" that "does nothing to help win the war" and "doesn't do anything to help stop it, either." Yet minutes later, he warned that its passage "puts us one day closer to handing militant Islamists a safe haven the size of California."

In a formal letter to GOP colleagues, Reps. Peter Hoekstra (Mich.) and John Shadegg (Ariz.) encouraged lawmakers to avoid discussing the resolution and focus instead on a wider war against Islamic radicals.

"This debate should not be about the surge or its details," they wrote. "This debate should not even be about the Iraq war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

Democrats, torn between their liberal wing wanting binding action to stop the war and their more cautious conservatives, were no less conflicted. Foreign Affairs Committee Chairman Tom Lantos (Calif.) promised that passage of the resolution would be only a first step toward ending what he called "this nightmare." But he also put Friday's vote in the starkest possible terms.

"This simple resolution will establish the first marker," Lantos said. "Those who want to draw down the U.S. presence will be on one side of that marker. Those who want to take further steps into the quagmire will be on the other."

Democratic leaders showcased the three veterans of the Iraq war in a bid to enhance the credibility of their case. Rep. Joe Sestak (D-Pa.) brought to the debate the credentials of a retired admiral who commanded an aircraft-carrier battle group in Iraq. He condemned "the continuing use of our national treasure in what is an inconclusive, open-ended involvement within a country where the long-term benefits do not match what we need to reap."

Rep. Tim Walz (D-Minn.) fretted over the National Guardsmen he taught in high school and then trained for deployment to the war.

Said Murphy: "We often hear from our colleagues on the other side that the only way to support the troops is to blindly support the president. I ask anyone to look at Admiral Joe Sestak, a man who was responsible for the safety and security of 15,000 sailors and Marines, and tell him that he does not support the troops. I ask anyone to look at Sergeant Major Tim Walz -- a man who served his country for 24 years in the Minnesota National Guard as a noncommissioned officer, the backbone of our Army -- and tell him he does not support our troops."

"We are the troops," he concluded, "and we oppose the president's escalation of troops."

Staff writer Shailagh Murray contributed to this report.

House Debate: Prelude To A Faceoff? (LAT)

By Noam N. Levey And Nicole Gaouette

The Los Angeles Times, February 14, 2007

WASHINGTON — One by one they stepped to the front of the House chamber Tuesday, where lawmakers have debated every major U.S. military conflict since the Civil War.

There was the Iraq veteran elected to Congress in November who is pushing for an end to a war he said was "immoral." From the other side came the stepmother of a Marine pilot who warned that any retreat in Iraq would aid only "the suicide bombers, the leaders of Al Qaeda [and] the rulers of Iran."

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Deep into the night, a parade of lawmakers from both parties drew on philosophers, generals and former presidents to make their points. They talked of wars long over and those that haven't begun. It was the opening act in a weeklong rhetorical battle over a resolution renouncing President Bush's latest proposal to quell the violence in Iraq.

The measure is expected to pass in the Democratic-controlled House, but it will not have a direct effect on the president's plans to deploy 21,500 more troops in Iraq, in what has been billed as a last bid to restore order to Baghdad and other parts of the country.

The two-sentence, nonbinding resolution expresses "support" for U.S. forces and "disapproval" of the White House plan; Bush has said he will ignore it.

Still, Congress' first full-scale debate on the war since Democrats won control of Capitol Hill has been cast as the prelude to a looming faceoff over concrete efforts to end the U.S. involvement in Iraq.

In making their case for the resolution, Democrats on Tuesday said it would help end what Rep. Ike Skelton of Missouri called a "great American tragedy" that was destroying the military and weakening the nation.

Republican after Republican countered that the resolution represented what Rep. Duncan Hunter of El Cajon termed "the first sign of retreat" by America in the war on global terrorism.

Dozens of speakers from both sides of the aisle aired their views. Dozens more will be heard from today. And by the time of Friday's scheduled vote, most of the 434 members of the House are expected to have said their piece — a rarity that underscores the importance of the topic.

Many Democrats, including Iraq war veteran Patrick Murphy of Pennsylvania, made clear that they wanted to follow the resolution vote with binding steps to force the Pentagon to begin withdrawing the more than 135,000 U.S. forces now in Iraq.

"Walking in my own combat boots, I saw firsthand this administration's failed policy," Murphy said in his floor speech. "It is immoral to send young Americans to fight and die in a conflict without a real strategy for success."

Murphy is pushing legislation with California Rep. Mike Thompson of St. Helena, a Vietnam veteran, that calls for a phased withdrawal. So too are Democrats Lynn Woolsey of Petaluma, Barbara Lee of Oakland and Maxine Waters of Los Angeles, the leaders of the congressional "out of Iraq" caucus.

Rep. John P. Murtha of Pennsylvania — a Vietnam veteran whose call for a withdrawal more than a year ago helped energize Democratic opposition to the war — has said he plans to use congressional authority over the Pentagon budget to limit Bush's planned troop buildup.

"We must be mindful of the sacrifices our military personnel are being asked to make in this war and the toll it is taking on them, on their families and on our veterans," House Speaker Nancy Pelosi (D-San Francisco) said as she opened debate on the resolution Tuesday.

"In the spirit of responsibility for our troops and the patriotism we all share, let us consider whether the president's escalation proposal will lessen the violence in Iraq and bring the troops home," said Pelosi, who sought to focus the debate over the resolution on the well-being of the U.S. military.

Republicans have long tagged Democratic opposition to the war as an attack on the military.

On Tuesday, Rep. Sam Johnson (R-Texas) — a Vietnam veteran who 34 years ago Monday was released after seven years in a North Vietnamese prisoner of war camp — called the Democratic resolution a "first step for them to cut funding for our troops in harm's way."

Johnson made his remarks to reporters; he and other Republican war veterans plan to deliver their House speeches opposing the resolution on Thursday.

Many GOP lawmakers who spoke Tuesday adhered to a message delivered by Minority Leader John A. Boehner of Ohio, who cast the Democratic measure as a road to surrender.

"We know what Al Qaeda thinks when America retreats from the battlefield," he said. "They think we can't stomach a fight. This is why they haven't been afraid to strike us whenever they've had the opportunity."

Invoking President Lincoln's perseverance during the Civil War, Boehner said: "History does not long entrust the care of freedom to the weak or the timid."

Two other Republican lawmakers sent their colleagues a letter that made a similar point.

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"The debate should not be about the [troop] surge or its details. This debate should not even be about the Iraq war to date," Reps. John Shadegg of Arizona and Peter Hoekstra of Michigan wrote.

"Rather the debate must be about the global threat of the radical Islamist movement…. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

Several Republican lawmakers — including Rep. Walter B. Jones of North Carolina, who is cosponsoring the resolution — have broken with their party over the war. Those voices were not heard Tuesday, however, and it remains uncertain whether the measure will attract a significant number of GOP votes.

Typical of the Republican message that emerged Tuesday were comments by Rep. Ileana Ros-Lehtinen of Florida. Her stepson and his wife are Marine pilots, and she expressed concern that they would face a more determined enemy if the resolution were adopted.

"If we run, [terrorists] will pursue," she said, standing in front of large photos her two loved ones in uniform. "If we cower, they will strike."

Ros-Lehtinen closed by saying she was worried that her daughter-in-law, who is about to be deployed to Afghanistan, "could face a more deadly enemy" depending on what House lawmakers do this week.

In the Senate last week, another nonbinding resolution opposing the troop buildup was cut short when Democrats failed to gather enough GOP support to debate the measure. But Senate Majority Leader Harry Reid (D-Nev.) said Tuesday he would bring up the House measure for discussion later this month.

Pelosi: Iraq Resolution Is Just The Beginning (HILL)

By Klaus Marre And Mike Soraghan

The Hill, February 14, 2007

House Speaker Nancy Pelosi (D-Calif.) told her colleagues and the country yesterday that the non-binding resolution disapproving of President Bush's troop surge is only the first step in congressional action on Iraq, and Senate Majority Leader Harry Reid (D-Nev.) said he is taking steps to bring the same measure to a vote in the upper chamber.

"In a few days and in fewer than 100 words, we will take our country in a new direction on Iraq," Pelosi said in her floor speech on the measure. "A vote of disapproval will set the stage for additional Iraq legislation which will be coming to the House floor."

Meantime, Reid said he prefers the House resolution to a bipartisan compromise that had been crafted in his own chamber.

"I think it's so much more direct: We support the troops; we're opposed to the surge. Perfect," Reid told reporters, adding, "I support what the House does. I'm very happy with what they're doing, and I like the way they're doing it."

While Democrats want to portray the debate as a referendum on the president and his Iraq strategy, House Minority Leader John Boehner (R-Ohio) said the resolution is "criticizing the latest efforts by American forces to win in Iraq."

His remarks follow a "Dear Colleague" letter that Reps. John Shadegg (R-Ariz.) and Pete Hoekstra (R-Mich.) sent to Republicans yesterday, asking them not to debate the resolution on the Democrats' terms.

"The debate should not be on the surge or its details," the lawmakers said. "This debate should not even be about the war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

Shadegg and Hoekstra attached to their letter a map showing where across the world terrorists had attacked since 2002, and they encouraged Republicans to ask the Democrats "the essential question: If we do not defeat radical Islam in Iraq, then where will we do so?"

Democrats, worried about being viewed as unpatriotic or disloyal to the troops, went out of their way to take any opportunity to praise the soldiers in Iraq. In addition, the Democratic lineup on the first of three days of debates on the resolution was laden with veterans of several wars.

Rep. Joe Sestak (D-Pa.), a retired general, began the debate by saying he is "opposed to a troop surge that doubles down on a bad military bet that has been tried already."

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Iraq war veteran Rep. Patrick Murphy (D-Pa.), who served in Iraq until the beginning of 2004, said he saw "firsthand this administration's failed policy in Iraq," adding that more troops were needed four years ago, not now."

Republicans countered by saying passage of the resolution would hurt morale among U.S. forces while boosting it for the country's enemies.

Boehner called the measure a "political charade," adding that "non-binding means non-leadership. It's not accountable. And I don't think it's the right message for our troops."

House Minority Whip Roy Blunt (R-Mo.) said the country should "see this move for what it really is: a political first step to cutting off funding for the dangerous mission our troops face."

Rep. Sam Johnson (R-Texas) wanted the House to also vote on an amendment that would have put members on the record that they would not cut funding for combat troops. It was rejected during a Rules Committee hearing Monday night.

When Republicans spoke to reporters yesterday to express their disappointment with the closed rule, Boehner began to cry when Johnson described how he learned of a cut to Vietnam War funding after he had spent seven years as a prisoner of war.

The resolution voicing support for the troops and disapproval of the troop surge is expected to be passed Friday. A vast majority of Democrats is expected to support it, as are several Republicans.

House Majority Leader Steny Hoyer (D-Md.) yesterday declined to predict how many GOP members would support the resolution.

"I don't want to be an oracle in this case," he said, adding that he expects Republicans to be subjected to White House arm-twisting.

Hoyer continued to defend the Democratic leadership's decision to nix consideration of a competing Republican resolution. He admitted that "it sounds like we're not doing what we said we were going to do" because Democrats had promised a more open process.

"This is the only way to make a very clear, unambiguous statement," Hoyer said. "This is in response to a Republican president who's made a proposal."

House Begins Full Debate On The Iraq War (NYT)

By Jeff Zeleny And Michael Luo

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The House opened a full-throated debate on Tuesday over the Iraq war as lawmakers began considering a resolution to denounce President Bush's plan to add troops. Democratic leaders said the debate was the first step in using Congressional authority to intervene in the conflict.

"There is no end in sight," Speaker Nancy Pelosi said. "The American people have lost faith in President Bush's course of action in Iraq, and they are demanding a new course of action."

In the first hours, Democrats sought to present their case through the voices of veterans who are in Congress, offering a narrative running from World War II battlefields to Iraqi deserts.

The debate on the nonbinding resolution, scheduled to end on Friday, is the first substantive war deliberation since the Democrats won control of Congress last year.

Republicans said at least 24 members of their party might join the rebuke of Mr. Bush, and party leaders forcefully defended the Iraq strategy. The resolution would not only send a disturbing message to American troops, they said, but also endanger America.

"This is a political charade lacking both the seriousness and the gravity of the issue that it's meant to represent," said Representative John A. Boehner, the Ohio Republican who is minority leader. "The question is. 'Do we have the resolve necessary to defeat our terrorist enemies?' "

After negotiations over competing proposals faltered last week in the Senate, the House picked up the discussion and boiled down its resolution to express support for American forces and disapproval for the plan to add 20,000 troops in Iraq.

On its face, several Republicans conceded, the resolution was difficult to oppose. Two Republicans, John Shadegg of Arizona and Peter Hoekstra of Michigan, instructed their colleagues to make the debate about the fight against terrorism.

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"If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose," they wrote in a letter.

Many Republicans who spoke on Tuesday appeared to heed that message, framing the war as an important battleground in a global struggle against militant Islam.

"It's not George Bush's war," Representative J. Gresham Barrett, Republican of South Carolina, said. "This is our war. There is only one way out of this war — victory."

With Democrats controlling the chamber for the first time since the war began, they did not allow Republicans to present amendments to the resolution. The tactic drew objections from Republicans, including Representative David Dreier of California, who said, "Our Democratic colleagues are running roughshod over our national security."

Democrats dismissed the criticism, but sought to temper the tone of the debate, and the scope of the resolution, to avoid alienating all Republicans. Democratic leaders also distributed information sheets to help respond to Republican criticisms and shape floor speeches. Each representative is allotted at least five minutes for the floor speeches.

The debate, which was scheduled to proceed to midnight for three days in a row, was tightly choreographed. Democrats started with the war veterans, leaving many of the fiercest war critics until later. Representative Dennis J. Kucinich of Ohio, for example, did not speak until after the dinner hour.

"My experience during World War II was much different than the hell our men and women in Iraq now must face," said Representative John D. Dingell, Democrat of Michigan. "Sixty years ago, we knew our mission. We knew the outcome, and we knew the battle lines."

Representative Patrick J. Murphy, Democrat of Pennsylvania, is the lone Iraq veteran in Congress. Before winning election in November, he was a captain in the 82nd Airborne. He was awarded a Bronze Star for his Iraq service from 2003 to 2004.

"The president's plan to send more of our best and bravest to die refereeing a civil war in Iraq is wrong," said Mr. Murphy, who recalled leading convoys up what was known as Ambush Alley in Baghdad. "The president's current strategy is not resolute. It is reckless."

Off the floor, both parties monitored the debate, particularly its ramifications for new members who could be vulnerable in the next elections. Shortly after Mr. Murphy finished speaking, Republican strategists sent an e-mail message to reporters highlighting a quotation from 2004 when he spoke highly of the administration's Iraq plan.

Republican leaders and administration officials worked behind the scenes to prevent a wide defection. The White House arranged a briefing for selected members, linking them by secure satellite to Maj. Gen. William B. Caldwell IV in Baghdad, who spoke of the need for a troop increase.

Ambassadors from several Middle East countries met several Republicans and warned them of the consequences of withdrawing troops.

Representative Ileana Ros-Lehtinen of Florida, ranking Republican on the House International Relations Committee, seized on that argument and suggested that a rebuke to the president would resonate far beyond the Capitol and make the United States look weak.

As Ms. Ros-Lehtinen spoke, she pointed to photographs of two family members in uniform who have served in Iraq.

"Our words will be heard by our friends, but also by our enemies," she said. "No weakness of ours will go unnoticed."

The discussion foreshadowed an intense debate as Democrats prepare to assert authority over war spending. To fight accusations that they are failing to support the troops, Democratic leaders are leaning toward attaching conditions to money, not simply blocking it for financing the Iraq and Afghanistan operations.

The conditions could include barring the financing of permanent military bases in Iraq and limiting deployments of National Guard troops to no more than two tours of duty.

As the debate proceeded, the rumblings of the far more complicated debate on financing began to surface from several Democrats who are urging the party to consider reduced war financing. Such a step is precarious, particularly for lawmakers outside Democratic strongholds.

Not so for Representative Maxine Waters of California, who leads the 75-member Out of Iraq caucus. Ms Waters called the resolution a first step in "reining in this president and his misguided policies."

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As her voice rose, she said she had no choice but to oppose continuing to funnel money to this “war giant whose appetite cannot be satisfied.”

Republicans Rip House Surge Resolution (WT)

By Jon Ward And Charles Hurt

The Washington Times, February 14, 2007

Republicans yesterday criticized the House resolution condemning President Bush's plan to send reinforcement troops to Iraq, saying it sends a message to America's enemies that Congress is not willing to fight the war on terror.

"This is not the time to shrink from the battle," Minority Leader John A. Boehner, Ohio Republican, said at a morning press conference. "We're going to embolden our enemies, and they will in fact follow us home to America."

House Republicans made a concerted effort to begin, in their words, "elevating the debate" on Iraq, with the goal of emphasizing that Iraq is the central front in a global struggle against radical Islamic terrorism.

House Democrats, however, released an internal Republican memo that showed the minority party was also trying to avoid debating the specifics of the president's plan.

There are currently about 141,000 American troops in Iraq and 27,000 in Afghanistan. Mr. Bush is planning to send 21,500 more troops to Iraq, a move intended to secure Baghdad and give the nascent Iraqi government some breathing room.

"The debate should not be about the surge or its details. This debate should not even be about the Iraq war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose," Reps. John Shadegg, Arizona Republican, and Peter Hoekstra, Michigan Republican, wrote in a letter to their House Republican colleagues.

"Rather, the debate must be about the global threat of the radical Islamist movement," the letter stated.

Republicans repeatedly emphasized that theme yesterday, with Mr. Boehner saying that a withdrawal and retreat from Iraq -- which Republicans view as the Democrats' eventual goal -- would "jeopardize the safety of Americans tomorrow and for decades to come."

Rep. Rahm Emanuel, chairman of the House Democratic Caucus, criticized the Republicans for "avoiding" the debate.

"Republicans want to do anything but debate Iraq or this new policy of escalation," Mr. Emanuel said.

"Democrats are absolutely committed to winning the war against those who would employ terrorism to hurt our people and to put at risk our country, period," said House Majority Leader Steny H. Hoyer.

All 435 House members have been offered the chance to speak for five minutes on the president's "surge" policy in Iraq. Mr. Hoyer said he does not expect all of them to take him up on that offer, but has still scheduled debate from noon until midnight for today and tomorrow, after the same amount of debate yesterday.

Mr. Hoyer declined to end debate early yesterday, even though the rest of the federal government shut down at 2 p.m. because of inclement weather. A vote on the nonbinding resolution is scheduled for Friday.

House Speaker Nancy Pelosi, California Democrat, said the U.S. military is fighting a war with "no end in sight."

"The American people have lost faith in President Bush's course of action in Iraq and have demanded a new direction," Mrs. Pelosi said.

Rep. Tom Lantos denied any connection between terrorism and the battle in Iraq. "We are not fighting against terrorism in Iraq," the California Democrat said. "We are attempting to referee a religiously based civil war, which saps our strength."

Mrs. Pelosi said the resolution will pave the way for Democrats to begin restricting the White House's use of funds for the war, with an eye to gradually ending U.S. involvement in Iraq.

"In a few days, and in fewer than 100 words, we will take our country in a new direction on Iraq," she said, in a six-minute speech that began the 36 hours of debate just after noon. "A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor."

And yesterday, Senate Majority Leader Harry Reid, Nevada Democrat, said he will try to bring the House resolution over to the Senate for a vote on Feb. 27.

Analysis: Dems Barricade Iraq Debate (AP)

DOJ_NMG_0131831

By Julie Hirschfeld Davis

AP, February 14, 2007

Rep. Joe Donnelly is one of a clutch of freshmen Democrats who snagged victories over Republican incumbents last fall amid public discontent over the war in Iraq. Now, as his party prepares to register its opposition to President Bush's plan to boost troop levels, Donnelly is on the fence.

"The most important part of this to me is standing up for the troops and making sure we have full funding for them," Donnelly said Tuesday, after a weekend meeting with veterans' groups and constituents back home in his conservative north-central Indiana district. "I haven't made up my mind yet."

The concerns of members like Donnelly are behind Democrats' strategy for this week's Iraq debate, which was carefully calibrated to bar votes on a GOP alternative that could expose a potentially messy divide within Democratic ranks over whether to cut off or restrict funding for troops on the ground.

Determined to send an unambiguous and bipartisan message of disapproval for the troop buildup, Democrats moved Monday night to block Republicans from proposing any alternative, including one that would have guaranteed funding for U.S. forces in Iraq.

The approach reflects the dilemma facing Democrats on the war, which figured prominently in their rise to power. There is broad support for the Democratic-written resolution opposing Bush's plan to add 21,500 troops. But many rank-and-file members — particularly moderate newcomers who rode to Congress on a wave of public discontent about Iraq — are wary of casting any vote that could be construed as ending funding for the mission.

Army Lt. "General (David) Petraeus is over there, and I want to give him every opportunity to succeed and all the funding and resources that would make that possible," Donnelly said, but he added that he was concerned that a troop increase could amount to "simply providing 21,000 more targets to the Iraqis."

House Republicans assailed Democrats Tuesday for barring them from offering their own Iraq resolution, accusing them of stifling votes on a vital issue.

Rep. David Dreier of California, the senior Rules Committee Republican, said the constraints rendered the 36-hour debate that opened Tuesday morning "really little more than a joke."

Democratic leaders had said earlier that Republicans would have a chance to offer their own measure, but quickly reversed course, and the leadership-controlled Rules Committee voted Monday night to deny the minority the option.

"It became clear to us that the only way we could give to the American people a very clear indication of where the Congress stood as it related to the president's proposal was this process," Majority Leader Steny Hoyer of Maryland said.

The tightly controlled approach to running the House is becoming a habit with Democrats, who complained bitterly during their dozen years in the minority about similar Republican tactics. When Rep. John Boehner of Ohio, the Republican leader, groused about it on NBC's "Meet the Press" Sunday, Hoyer shot back sarcastically, "Poor John."

On Iraq, the new House leaders' strategy is particularly important to holding together a newly shaped Democratic Caucus that includes several moderate newcomers who unseated Republicans amid public dissatisfaction with the war, but whose conservative constituents might balk at the notion of setting deadlines or spending constraints on troops in harm's way.

It also echoes the tack Senate Democrats took earlier this month, when they sought to head off a Republican-written measure declaring that Congress should not cut off funding for troops in the field.

Rep. Ed Perlmutter, D-Colo., a first-termer who said he plans to back his party's measure rejecting the troop increase, said he would be inclined to support a resolution committing Congress to funding U.S. troops.

"I don't want to cut off funding. Our troops are performing magnificently," Perlmutter said. But he added that a funding debate was premature, and said Republicans were trying to "trip us up" by proposing such a measure now, realizing there is "no consensus on funding" among Democrats

"What we are trying to achieve as a caucus is unanimity. We're pretty spread out in terms of where we are," said another freshman Democrat, Rep. Michael Arcuri of New York. "We feel that we want to do what is best for the troops, but we have some differences in terms of how you do that."

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Will Marshall of the center-left Democratic Leadership Council has consulted with freshman Democrats on Iraq. He said there is "broad unity on the fact that we have to start winding the occupation down, not doubling down on it, but after that, I think it's harder to find consensus."

The dilemma is especially profound for newer members.

"They're in marginal districts, competitive districts, almost by definition, so most of them would be leery of voting to cut off funding for the troops. It would be too easy to be caricatured by the Republicans as turning against the troops in the middle of a mission," Marshall said.

Democrats concede that by flexing their muscles to constrain the minority, they risk becoming what they criticized during last year's elections.

"We're going to run a fair House, but we're not going to be naive about it." said Stacey Farnen Bernards, Hoyer's spokeswoman. "We're just trying to give the American people a clear debate and a clear answer" on Iraq.

For Democrats like Donnelly, however, this week's vote is more complex. The Indianan said he's been consulting with other wavering members of his party, although he wouldn't name any.

"We're all trying to talk to each other and work through it," Donnelly said.

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EDITOR'S NOTE — Julie Hirschfeld Davis has covered Congress and the White House since 1997.

House Plunges Into Debate On Iraq War (AP)

By David Espo

AP, February 14, 2007

Democrats relentlessly assailed President Bush's policy in Iraq as a catastrophic failure Tuesday as the House plunged into momentous debate on a war that has lost public support and cost more than 3,100 U.S. troops their lives. "No more blank checks," declared Speaker Nancy Pelosi.

"This battle is the most visible part of a global war" against terrorists, countered the Republican leader, Rep. John Boehner, hoping to limit GOP defections on what loomed as an extraordinary wartime rebuke to the commander in chief. "If we leave, they will follow us home. It's that simple."

The Democratic leadership set aside most of the week for the historic debate, expected to culminate in a vote on Friday on a bare-bones, nonbinding resolution that "disapproves of the decision of President George W. Bush ... to deploy more than 20,000 additional United States combat troops to Iraq."

The 95-word measure adds that "Congress and the American people will continue to support and protect the members of the United States armed forces who are serving or who have served bravely and honorably in Iraq."

The debate was Congress' first on Iraq since Democrats gained control of the House and Senate in midterm elections shadowed by voter opposition to the war. Decorum carried the day in the chamber — where catcalls are part of near-daily discourse — as Democrats and Republicans took their five-minute speaking turns across the hours.

Passage was a virtually certainty. Democratic leaders said they expected no more than one or two members of their rank-and-file to oppose the resolution. Republicans said that despite quiet lobbying by the White House, they expected at least two dozen GOP lawmakers to swing behind the measure, suggesting that it would command the votes of at least 250 or 260 votes in the 435-member House.

Across the Capitol, Senate Majority Leader Harry Reid said he would attempt to pass an identical measure later this month. Republicans blocked debate on a different proposal critical of the troop increase earlier this winter, after Democrats refused to give equal treatment to a GOP-backed alternative.

Democrats made clear the nonbinding measure was the beginning of a longer campaign to bring the war to an end.

"A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor," said Speaker Pelosi of California, who underscored the significance of the debate by delivering the first speech.

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"In a few weeks, the war in Iraq will enter its fifth year, causing thousands of deaths, tens of thousands of casualties, costing hundreds of billions of dollars and damaging the standing of the United States in the international community. And there is no end in sight," she said.

Boehner followed her to the well of the House seconds later, the first Republican to speak.

"There is no question that the war in Iraq has been difficult. All Americans are frustrated we haven't seen more success more quickly," he conceded. Pivoting quickly, he called the Iraq War the latest in a string of conflicts dating to the founding of the nation more than two centuries ago.

"Every drop of blood that has been spilt in defense of freedom and liberty — from the American Revolution to this very moment — is for nothing if we are unwilling to stand against this threat," he said.

Republican congressional aides said the White House was working against the measure, although presidential press secretary Tony Snow, asked if that was the case, said "no."

"We've made our views known, in terms of what people have to keep in mind. But members of the House and members of the Senate have the freedom to go ahead and write their resolutions and do what they want with them," he said.

Additionally, ambassadors from Saudi Arabia, Egypt, Jordan and Qatar met with several Republican lawmakers during the day and warned them of the consequences of a precipitous U.S. withdrawal from Iraq. Rep. Todd Akin, R-Mo., said one ambassador compared the U.S. involvement in Iraq to open-heart surgery — requiring the surgeon to stay until the job was finished.

One by one, Democrats cast the war in starkly different terms.

"The administration's policy on Iraq has failed. It failed yesterday, it's failing today, and it will fail tomorrow," said Rep. Peter Welch of Vermont, serving his first term in Congress after winning his seat last fall. "These failures have left America weakened, not strengthened."

Rep. John Dingell of Michigan, who served in World War II and has been in Congress since 1955, joined the chorus of critics. "When faced with a choice of approving of the president's policy or giving a vote of no confidence, the choice is easy," he said. "I cannot support, nor will I condone, any policy that continues the long train of failure that brought us to this point."

Republican supporters of the administration countered, but were urged to do so carefully.

"If we let Democrats force us into a debate on the surge (in troops) or the current situation in Iraq, we lose," Reps. John Shadegg of Arizona and Pete Hoekstra of Michigan said in a letter to fellow Republicans.

"As in the Cold War, our current struggle is one of survival," Rep. Ileana Ros-Lehtinen, R-Fla., said in floor debate. "The enemy does not mean merely to chase us away. The goal of the Islamist extremist radicals is to destroy us. If we run, they will pursue. If we cower, they will strike."

"The world is watching. The radical jihadists who oppose us are watching," said Shadegg, warning against anything that could signal weakness on the part of the United States.

Republicans had sought to offer an alternative measure, drafted by Rep. Sam Johnson, R-Texas, that would have prohibited Congress from cutting off funds for the troops. Johnson was a prisoner of war during Vietnam, and Boehner teared up before reporters as he listened to the Texan describe his reaction at the time when he learned of anti-war protests back in the United States.

But Democrats decided not to allow a vote on the GOP proposal, and the House decided, 227-197, to uphold the rejection. Republicans said if it had been allowed to come to a vote, their measure would have exposed divisions among Democrats, some of whom have said they will not vote for any more money for the war.

Majority Leader Steny Hoyer, D-Md., echoing the remarks of other party leaders, said Democrats would protect the members of the armed forces in harm's way. "There will be no defunding which will cause any risk to the troops," he told a news conference.

Numerous Democrats have expressed a determination to withdraw combat forces from Iraq, but they also say they would do so in a way that did not expose the troops to additional danger.

Iraq War Debated In House (CHIT)

DOJ_NMG_0131834

By Aamer Madhani

Chicago Tribune, February 14, 2007

WASHINGTON -- The House began a heated debate Tuesday on President Bush's plan to send 21,500 additional combat troops to Iraq as Democrats pushed a resolution that would mark the strongest and most formal rebuke of the administration's conduct of the war.

The resolution crafted by the Democrats is a sparely worded measure stipulating that Congress supports the forces already serving in Iraq but disapproves of Bush's plan to send more troops into the conflict.

Previous attempts by Democrats to influence war policy, including bills calling for a phased withdrawal of troops and the cutting of war funding, have drawn little support. But this non-binding House resolution is expected to pass on Friday, adding momentum to the opposition against the administration's war policy.

"At the end of the debate, we will vote on a straightforward proposition: Whether we support the president's plan or oppose it," said House Speaker Nancy Pelosi (D-Calif.). "That vote will signal whether the House has heard the message the American people have sent about this war. The current policies have not worked, will not work and must be changed."

Each of the 434 representatives and five non-voting delegates has been allotted five minutes of floor time for the debate, which will be Congress' most extensive discussion of the war since it began four years ago.

House Republicans pushed an alternate resolution that would have encouraged the White House to implement the recommendations of the bipartisan Iraq Study Group, including talks with Iran and Syria. But the Democratic leadership turned away the GOP measure.

The resolution is designed to attract support from Republicans, many of whom have expressed concern about the troop buildup. The House measure comes a little more than a week after Republicans blocked debate on a lengthier Senate resolution disapproving of the war.

Senate Majority Leader Harry Reid (D-Nev.) said he plans to call the House resolution for a vote in his chamber Feb. 27.

House Republicans complained that Democrats were pushing the resolution through under a rule that bars amendments or substitute language.

'A political charade'

House Minority Leader John Boehner (R-Ohio) said the resolution would embolden the terrorists. He also criticized the Democratic leadership for not giving the Bush plan a chance to work, and said the resolution was "a political charade lacking the seriousness or the gravity" of the situation it affects.

The troop buildup has begun in Iraq, with two extra brigades—one Iraqi and one U.S.—already deployed to Baghdad. A brigade is made up of several thousand troops. The Iraqi brigade, however, has already been plagued by high absenteeism.

Dozens of GOP House members are expected to break ranks and vote in favor of the resolution. The White House downplayed the significance of the resolution, although historians say congressional admonition of a president during wartime may be unprecedented.

Stories from back home

White House spokesman Tony Snow said, "Members of the House and members of the Senate have the freedom to go ahead and write their resolutions, and do what they want with them. We do expect those who say they're going to support the troops to support them."

In the first day of 36 hours of scheduled debate, supporters of the resolution accused the president of being misguided in escalating the war, while opponents said the measure was unhelpful to the troops in the field.

Both Democrats and Republicans stood on the House floor and told harrowing stories from constituents in their districts to explain their positions.

Rep. Peter King of New York, the ranking Republican on the Homeland Security Committee, said the war in Iraq is part of the struggle against "militant Islamists" and referred to the hundreds of friends and constituents who died in the Sept. 11 attacks on New York.

Rep. John Conyers (D-Mich.) relayed a conversation he had with the mother of a soldier who was killed in a helicopter crash.

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Rep. Patrick Murphy (D-Pa.), a freshman congressman and Iraq war veteran, said he had witnessed first-hand the failure of Bush's policy.

"The time for more troops was more than four years ago," Murphy said. "The president's plan to send more of our best and bravest to referee a civil war is wrong."

But Republicans said Democrats were being shortsighted with the resolution.

"What if the 'surge' ... and our brave men and women in Iraq succeed?" asked Rep. Mike Pence (R-Ind.). "My Democratic colleagues would do well to reflect on this truth: The American people hate losers, but they hate quitters even more."

Democrats have framed the resolution as part of their effort to reduce the involvement of U.S. forces in Iraq and to send a stern message to Iraqi leaders that they must address serious problems plaguing their country. But it remains unclear what other steps the Democrats may take to try to stop Bush's troop buildup.

Obama, Feingold measures

Sen. Barack Obama (D-Ill.) has introduced legislation calling for an immediate troop cap and withdrawal of all U.S. combat troops by March 2008. Sen. Russell Feingold (D-Wis.) has introduced legislation to cut funding, and a similar measure has been floated in the House.

But the Democratic leadership is wary of being seen as against the troops, and such legislation has gained little traction. House Majority Leader Steny Hoyer (D-Md.) told reporters Tuesday that the Democrats would not cut off troop funding.

Democrats, however, have discussed the possibility of attaching conditions to the supplemental appropriation for the wars in Iraq and Afghanistan, requiring changes in the conduct of the wars in exchange for continued funding.

Veterans Take The Lead In House Debate Over Iraq War (MCT)

By Margaret Talev

McClatchy Newspapers, February 14, 2007

WASHINGTON -Veterans from World War II through the current conflict in Iraq led off debate Tuesday as the House of Representatives took up a resolution to oppose President Bush's troop increase for Iraq.

"Walking in my own combat boots, I saw firsthand this administration's failed policy in Iraq," said Rep. Patrick Murphy, D-Pa., a 33-year-old freshman and the first Iraq combat veteran to serve in Congress.

Rep. Duncan Hunter, 58, a California Republican and Vietnam veteran, argued a widely held opposing view, that the resolution signals "the first sound of retreat in the world battle against extremists and terrorists."

With the nonbinding resolution expected to clear the House on Friday, Senate Majority Leader Harry Reid, D-Nev., said he'll attempt to pass the same language in the Senate at the end of this month, after Congress returns from a weeklong recess. The Senate deadlocked last week on a wordier resolution; the House's is 97 words.

Bush has said he doesn't plan to watch the debate. He said he intends to pursue the troop buildup whatever Congress says.

Even as the nonbinding debate goes on, lawmakers on both sides are looking ahead to binding legislation that Democratic leaders might push through next.

The real wrangling begins next month when the House and Senate tackle Bush's $93.4 billion extra spending request for the current year's fighting in Iraq and Afghanistan. This summer Congress will debate another $623 billion in spending on defense, including the wars, for the coming fiscal year.

It's on these war-spending measures that Democrats, especially in the House, will attempt to set conditions on which troops may be sent, when troops must come home or where they should be deployed.

On Tuesday, opponents of Bush's 21,500-troop increase called on World War II, Korea and Vietnam vets, but ultimately they looked to Murphy to personalize the debate.

"I led convoys up and down Ambush Alley in a Humvee without doors," Murphy said. "The time for more troops was four years ago. Congress will no longer give the president a blank check."

Murphy told colleagues that his parents named him after a Vietnam veteran, Patrick Ward, who had a Philadelphia park named in his honor after being killed in action.

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"How many more street-corner memorials are we going to have for this war?" Murphy said. The president's plan "sends more of our best and bravest to die refereeing a civil war."

Some Republican veterans who disagree with the resolution, including Rep. Sam Johnson of Texas, who was tortured in Vietnam as a prisoner of war, won't speak until later in the week.

Others argued Tuesday that the resolution would demoralize U.S. troops and is the first step toward Democrats cutting off funds for the war.

Rep. Dan Burton, R-Ind., an Army veteran from the 1950s and `60s, said any sign of weakness by the United States would embolden Iran to develop nuclear weapons and ratchet up prospects of a bigger war in the Middle East against Islamic fundamentalism.

"When you see people die in combat, you just can't hardly stand it," Burton said. "War is hell. But sometimes it's necessary."

Lawmakers for and against the resolution say the debate could serve as a turning point in Congress' support for the war. But the opening hours of debate were marked by a lack of urgency.

The House chamber was largely empty as Speaker Nancy Pelosi, D-Calif., delivered the opening remarks. She left the chamber in the middle of comments from Minority Leader John Boehner, R-Ohio.

Dozens of Republicans are contemplating joining the near-unanimous Democrats in the final vote for the resolution.

One will be Rep. Steven LaTourette, R-Ohio, who made up his mind weeks ago. "I don't happen to believe escalation is the way to go," he said in an interview Tuesday. "It should be a matter of redeployment."

Although the White House dispatched national security adviser Stephen Hadley to advise any lawmakers who wanted to listen, LaTourette said neither Republican congressional leaders nor the White House was twisting arms.

"The attitude is, it's a vote of conscience," LaTourette said.

Pelosi and Boehner each offered unlikely analogies in their floor speeches.

Pelosi tipped her hat to mid-20th-century Sen. Robert A. Taft, a Republican from Ohio whose isolationism and opposition to World War II helped dash his chance to be president. But she recalled approvingly his line shortly after Pearl Harbor: "Criticism in a time of war is essential to the maintenance of a democratic government."

Boehner suggested that Congress' splits over how to counter Islamic terrorism are as divisive as the rift over slavery during the Civil War era. Invoking President Lincoln's line, he said, "A house divided against itself cannot stand."

Staff writer Renee Schoof contributed to this report.

Bush Stays Out Of Fight, Opts For Lighter Fare (WP)

By Peter Baker

The Washington Post, February 14, 2007

While the House of Representatives debated weighty matters of war and peace yesterday, President Bush headed to the YMCA.

In a brightly lighted basement gym, he visited children bending paperclips into different shapes and urged Americans to volunteer as mentors. He talked not of armies in Iraq but of "armies of compassion" at home. Even the kids seemed confused. One asked why he came. "I came to see you," the president responded. As the cameras clicked away, a 7-year-old boy made peace signs. "Put your hands down," Bush chided playfully.

That was the most extensive case made yesterday by the commander in chief against the growing antiwar sentiment gripping Congress and the nation. As lawmakers joust over the wisdom of his decision to send 21,500 more U.S. troops to Iraq, Bush is publicly ignoring the clash -- a display that is part strategy and part concession to reality.

By not engaging in the debate, Bush sends the signal that it does not matter to him what Congress says in a nonbinding resolution, hoping to minimize the impact of what the White House considers the inevitable outcome. And according to strategists in both parties, he has limited influence on Capitol Hill at this point, even among fellow Republicans.

Bush has opted to focus on policies and issues that may seem small by comparison. In recent weeks, he has participated in events focused on childhood obesity and national parks. He hosted photo opportunities with last year's Stanley Cup and

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NASCAR champions. And this week, he is meeting with three foreign heads of state -- the presidents of Lithuania, Liberia and Panama -- representing a combined population smaller than that of Michigan.

"I don't think he's going to be able to change the subject," said Rep. Jack Kingston (R-Ga.), who supports the troop increase as a last chance to turn around the situation in Iraq. "The subject of politics right now is Iraq. Every single person out there running for president, Republican or Democrat, is going to be talking about it. The White House needs to be talking about it every day, too."

Bush has scheduled one speech this week on the war on terror. It is set for Thursday at the American Enterprise Institute, and he will address Iraq at that time. But he made clear in an interview with C-SPAN this week that he does not see a need to talk about Iraq every day. And given that a resolution seems likely to pass, the White House has concluded that maybe it is good for lawmakers to vent frustration in a political but intangible way.

White House press secretary Tony Snow shrugged his shoulders when asked at his daily briefing if the president's team is working to stop the House resolution. "No," Snow said. "I mean, we've made our views known in terms of what people have to keep in mind. But members of the House and members of the Senate have the freedom to go ahead and write their resolutions and do what they want with them. The one thing we do expect is we do expect those who say they're going to support the troops to support the troops."

That suggests the White House is holding back for what could be the more significant battle if Democrats try to limit funding for the troop increase or require forces to be withdrawn by next year, as proposed by Sen. Barack Obama (Ill.), a Democratic presidential candidate. "They seem to be saving their energy for that," said Robert Walker, a Republican lobbyist and former congressman. Allowing the current debate to become "a real confrontation between the House of Representatives and the White House on something that has no real impact, that serves the Democrats' purposes, not his," he said.

A USA Today-Gallup Poll released yesterday found that Americans are eager for stronger action than the House is now contemplating. Although 51 percent support a nonbinding resolution condemning the troop increase, 57 percent want a cap on troop levels and 63 percent favor a timetable to withdraw all U.S. forces by the end of the year. At the same time, cutting funding is more controversial, with 58 percent against denying money for the additional forces Bush wants.

"He's in real trouble in many ways," said Tom Andrews, a former Democratic congressman from Maine who now serves as national director of a coalition called Win Without War. Andrews suggested that the president is trying to ignore the current debate "because perhaps if too much attention is paid to it, it will be another step toward the end of his policy."

Bush's newfound zeal for small-bore initiatives is reminiscent of President Clinton's tactical switch after his party's midterm congressional election defeat in 1994. Clinton tacked against an opposition Congress by turning to micro-policies that polled well with the public, such as school uniforms and mobile phones for neighborhood-watch programs.

Gene Sperling, a top adviser to Clinton, said those policies had meaning. "If you can show that you are waking up every day focused on getting things done, even modest measures that people really care about outside the Beltway, it can be a positive sign," he said. "If it just looks like you're trying to change the subject and do symbolic things, it doesn't work."

Bush tested that thesis by navigating his motorcade across a snowy city to the YMCA Anthony Bowen Center. Protesters outside held up signs with messages such as "Bush Lied" and "Peace Surge."

"The reason I'm here is that we're heralding volunteerism in America," Bush said. "No better place to come where volunteers are doing their work."

He observed four activity stations where youngsters were being guided by adult mentors, including one station where they disemboweled a computer. As Bush chatted with some children, other youngsters were overheard by a pool reporter.

"He's my favorite president," one said.

"My favorite president is President Obama," another replied.

"Who's that?"

"He's the first black president."

For The GOP, Taking The War Out Of The War Debate (WP)

By Dana Milbank

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The Washington Post, February 14, 2007

Rep. Adam Putnam of Florida, the man in charge of Republican strategy in this week's great debate on Iraq, was a study in nervous energy as he waited to speak on the House floor yesterday.

He paced behind the back row. He cracked his neck to the left and right. He wrung his hands. He buttoned, unbuttoned and rebuttoned his suit jacket. He cracked his neck some more, checked his BlackBerry, rocked on his heels, coughed, stroked his chin, folded and unfolded his arms, coughed, scratched behind his ear, swallowed heavily, and coughed again.

There was good reason for this anxiety. As head of the House Republican Conference, the 32-year-old redhead is leading his caucus into a public-opinion meat grinder: supporting President Bush's increase of U.S. troops in Iraq, against the wishes of more than 60 percent of Americans. Worse, he is leading them with a pair of somewhat contradictory arguments: (a) that the Democrats' resolution opposing Bush's Iraq buildup is a meaningless gesture, and (b) that the Democrats' resolution will cause the end of civilization as we know it.

"This is a rather toothless 97 words," Putnam began in his floor speech, calling the proposal "a narrow nonbinding resolution that misses the bigger picture." Minutes later, he changed his view. "The majority would have us consider a resolution that puts us one day closer to handing militant Islamists a safe haven the size of California."

So which one is it: toothless or catastrophic?

Minority Leader John Boehner (Ohio) wasn't sure. In his floor speech, he called the resolution "nonbinding" six times, labeling the resolution "a political charade lacking both the seriousness and the gravity of the issue that it's meant to represent." And yet, he also thought the resolution "is the first step toward abandoning Iraq by cutting off funding for our troops that are in harm's way."

Neither had Minority Whip Roy Blunt (Mo.) found harmony between the competing talking points. "This resolution just says enough not to say anything at all," he judged. In another breath, however, he called it a "first step to cutting off funding for the dangerous mission our troops face" and a debate that "bolsters those radical terrorists whose sole goal is to destroy America."

The Republican complaints brought to mind the Woody Allen joke about two old ladies at a Catskills resort. "One of 'em says, 'Boy, the food at this place is really terrible.' The other one says, 'Yeah, I know, and such small portions.' "

Republicans knew they had a weak hand to play as the House began its three-day debate on Iraq and whether to support Bush's 20,000-troop "surge." "The debate should not be about the surge or its details," Republican Reps. Peter Hoekstra (Mich.) and John Shadegg (Ariz.) wrote to colleagues in a letter intercepted by Democrats. "This debate should not even be about the Iraq war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

To help Republicans with the task of conducting an Iraq debate without talking about Iraq, Putnam set up a "war room" in the Longworth office building to provide research and debate material, parliamentary experts, and a "rapid response system."

But when two reporters arrived at the war room yesterday afternoon, the occupants were deep in a bunker. "I apologize," the receptionist announced after checking with the war room. "They just started a meeting."

Ah, a "meeting." The reporters found a back door to the war room that was open. Inside, four men sat quietly at their desks, watching the debate on TV.

The bunker mentality went beyond the war room. While Republicans from competitive districts watched on television, their colleagues from safe seats did battle with Democrats on the House floor. Of the first 16 Republican speakers, only three won reelection in 2006 with less than 60 percent of the vote, and none won with less than 56 percent.

Those who did brave the hostile climate to come to the House floor preferred to talk of wars other than the one underway in Iraq.

Blunt (67 percent of the vote in November) chose Vietnam. "President Johnson was criticized a generation ago, and still today, for choosing bombing sites in Vietnam," he argued. "But his actions made infinitely more sense than this."

Boehner (64 percent) opted for the Civil War. "Surrounded by personal and political rivals, Lincoln could have given up," the minority leader said. "He could have recalled the Union forces and sent them home. But he didn't."

Like many speakers, Rep. Ileana Ros-Lehtinen of Florida (62 percent) saw echoes of the Second World War. "The threat of Hitler did not appear suddenly out of a vacuum," she said, in front of a poster of a pilot in uniform.

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Putnam (69 percent) opted for the war in the Pacific. "It's easy enough to go back and list all the disappointments we've had in Iraq," he said. "But it's like focusing on one jungle, on one atoll on the march to Tokyo over 60 years ago."

A dazzling debate it wasn't. At the start, there were 75 members of Congress on the floor. By the time Putnam spoke about half an hour later, the number was down to 36; before long, the chamber returned to its usual, depopulated state.

But Putnam, host of the war room, had only begun to fight. He called a news conference in the Capitol basement with Boehner and distributed orange juice made with fruit his family had grown in Florida. Sipping the juice, he repeated his dueling points: (a) "This is just the first step to defunding troops in harm's way," and (b) "This week's resolution is really just a stunt."

The Post's Jonathan Weisman asked for a clarification. "Is this resolution a meaningless stunt or is it very consequential?"

Boehner struggled through an answer about "two levels and two different points." Putnam frowned but said nothing.

Voices From The House Floor (WP)

The Washington Post, February 14, 2007

Speaker Nancy Pelosi (D-Calif.)

"In order to succeed in Iraq, there must be diplomatic and political initiatives. There has been no sustained and effective effort to engage Iraq's neighbors diplomatically, and there has been no sustained and effective effort to engage Iraqi factions politically. . . . President Bush's escalation proposal will not make America safer, will not make our military stronger and will not make the region more stable. And it will not have my support."Minority Leader John A. Boehner (R-Ohio)

"War is never easy and almost never goes according to plan. Al-Qaeda and their supporters in the region have been steadfast. . . . But because they cannot defeat Americans on the battlefield, al-Qaeda and terrorist sympathizers around the world are trying to divide us here at home. Over the next few days we have an opportunity to show our enemies that we will not take the bait."Rep. Ike Skelton (D-Mo.), chairman of the Armed Services Committee

"We are here to say [the Iraq policy is] not a good idea. The series of irretrievable mistakes is a serious list: the skewed intelligence; . . . the postwar phase of conflict that did not have sufficient planning; . . . allowing the uncontrolled looting and the breakdown of law early on after the occupation began; the dismissal of the Iraqi army; . . . the de-Baathification that put so many thousands of people . . . out of work. . . . The administration has consistently refused to adjust its overall strategy."Rep. Duncan Hunter (R-Calif.), ranking GOP member of Armed Services

"This resolution by the Democrat leadership sends a message to three parties: America's enemies, America's friends and America's troops. And I think it's going to be received by friend and foe alike as the first sound of retreat in the world battle against extremists and terrorists. . . . It's the wrong message, because this nation has been for the last 60 years involved in spreading freedom."Rep. Patrick J. Murphy (D-Pa.), Iraq veteran

I rise to give a voice to the . . . veterans across the globe who are deeply troubled by the president's plan to escalate the number of American troops in Iraq. I served in Baghdad from June of 2003 to January of 2004. I saw firsthand this administration's failed policies in Iraq. . . . The time for more troops was four years ago, but this president ignored the military experts. . . . Now . . . our president is ignoring military leaders again. . . . The president's plan to send more of our best and bravest to die refereeing a civil war in Iraq is wrong."Rep. Peter Hoekstra (R-Mich.)

"Do any of us really believe that the resolution in front of us today is a serious piece of legislation? Does it properly recognize all of America's military and other national security professionals who defend us day and night? . . . This resolution is all about staying the course. It says, support our troops and don't engage in new tactic. Just keep going down the same path. That's not good enough. There are people who hate us enough to want to kill."

Give New Strategy A Chance (WT)

By Mike Pence

The Washington Times, February 14, 2007

Last month, President Bush delivered a speech to the nation outlining a new way forward in Iraq. It has since met with resistance from both parties on Capitol Hill. I support the president's call for reinforcements and a change of our strategy because we must do everything in our power to see freedom prevail in Iraq.

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A few days before the president addressed the nation, I was invited to the White House to discuss his plan to increase troop levels in Iraq. What I found most persuasive was that the president didn't just lay out a plan for more troops for more troops sake. He laid out a new strategy, including new tactics, new rules of engagement on the ground, and a plan to work alongside Iraqi military forces to give priority to securing Baghdad. This was first recommended by the Iraq Study Group and I believe we owe it to our military and Iraq's people to give it a chance to work.

This is not to say I never had my doubts about the president's new strategy. I went into the meeting very skeptical of the "surge." During my four trips to Iraq, our military commanders told me a large American military footprint in Iraq would be counterproductive to our interests there and to the interests of freedom.

At that time, there was a general consensus among our military leaders that we ought to move toward a smaller American military presence, to ensure the Iraqi military would step up and the Iraqi government would take responsibility for the country. But that was then, this is now.

That advice predated the extraordinary increase in violence that began in late summer 2006. Then it became clear our strategy and tactics were not working. That is why I believe the president's change in strategy along with the addition of six brigades to support an Iraqi-led effort to quell violence in Baghdad is an idea whose time has come.

Given that reinforcements will strengthen the hand of the U.S. military in Iraq and give us more leverage in the region, I find it curious that many in Congress in both parties are taking a wait-and-see approach or openly oppose the president's plan.

Ironically, most of my colleagues who oppose the president's plan say they still support the troops and want to see us succeed in Iraq. However, the alternative strategies they have put forward will do nothing but promote withdrawal and defeat. It is hard to understand how legislators can claim to support our troops while advocating abandonment of all they fought and died to accomplish.

History leaves little doubt that fundamental disagreements between the president and Congress over strategic decisions are not new. Many members of the legislative branch disagreed with wartime decisions of Abraham Lincoln and Franklin Roosevelt. In fact, in a bit of irony, some Republicans complained Roosevelt was focusing too much on Europe rather than the enemy in the Pacific who attacked us.

However, the roles of Congress and the president are clearly defined in the Constitution. Under Article I of the Constitution, Congress has the authority to declare war, prescribe rules governing military discipline and regulate the capture of enemy property and appropriate funds for the military.

Under Article II of the Constitution, the president is the commander in chief of the Armed Forces and is responsible for tactical, operational and strategic decisions involved in war fighting. The Supreme Court has reaffirmed these functions and the president has had this role ever since George Washington was entrusted as our nation's first commander in chief. Our Founders expressly rejected vesting Congress with warmaking power, fearful as they were of ineffective "war-by-committee."

Each branch of national government has a clearly defined role in the declaration and conduct of war. As such, while Congress has a role in formulating military policy, it is constitutionally questionable for Congress to impose timetables, benchmarks or tactical decisions on our commander in chief or our troops in the field.

There is no question that even in the heartland of America, people are troubled with our lack of progress in Iraq. I understand the temptation of many in Congress to go backward but I disagree with it. The temptation to retreat must be ignored. Winston Churchill gave us this counsel: "One ought never to turn one's back on a threat in danger and try to run away from it. If you do that, you will double the danger. But if you meet it promptly and without flinching, you will reduce the danger by half."

It is time for an unflinching American response. I support our commander in chief. I support our new way forward. We must come together as a nation and choose to see freedom prevail in Iraq.

Mike Pence, Indiana Republican, is the ranking member of the House Foreign Affairs Middle East and South Asia Subcommittee.

Democratic Lawmakers Denounce Troop Surge With A Passionate Letter To Capitol Hill (WP)

By Maryland Notebook

The Washington Post, February 14, 2007

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As Congress debates President Bush's plan for a troop buildup in Iraq, Democrats in the Maryland legislature are weighing in with a resounding no.

A one-page letter signed by 83 lawmakers and sent yesterday to the delegation on Capitol Hill starts: "The people of Maryland have not been shielded from the horrors taking place in Iraq."

"When will it end?" the passionate letter continues, urging the delegation of eight Democrats and two Republicans to oppose the president's proposed surge of 20,000 troops. "It is a scandal to spend hundreds of billions of dollars on prolonging a reckless and futile war."

State legislatures don't traditionally dip their toes into matters of foreign policy. But on the Iraq war, the General Assembly has a lot of company: Twelve other states, including California, Illinois, New Jersey and New Mexico, have gone even further this year, approving formal resolutions of opposition.

"People have said, 'Should the state legislatures be weighing in on this?' " said freshman Sen. Jamie Raskin (D-Montgomery), who wrote the letter with Sen. Paul G. Pinsky (D-Prince George's). "The answer is yes." At a news conference yesterday, a dozen other Democrats expressed their distaste for a troop buildup, saying that their constituents have spoken.

Pinsky said he approached several Republicans to sign the letter but was rebuffed. He opted for a letter instead of a resolution so that it would arrive in time for this week's congressional debate. When the country went to war four years ago, he was one of 11 Democrats to sign a letter opposing the invasion, prompting an emotional debate on the Senate floor. "It got pretty ugly," Pinsky recalled.

-- Lisa Rein

Clean Cars Bill Moves Forward

Legislation to require the automobile industry to sell cars that create less pollution cleared a House of Delegates committee yesterday.

The Clean Cars bill, sponsored by Del. Elizabeth Bobo (D-Howard), would slash the carbon dioxide emissions that contribute to greenhouse gases, requiring new cars to be more fuel-efficient. The measure, backed by top General Assembly leaders and Gov. Martin O'Malley (D), could be the signature environmental policy the legislature passes this year.

The mostly party-line vote in the House Environmental Matters Committee was 17 to 4, with Democrats in favor.

Automakers lobbied hard to strip key provisions but were unsuccessful. The industry says the changes would force higher prices on car buyers and make it difficult to buy large vehicles, which are less fuel-efficient than smaller cars. The bill could reach the House floor this week.

-- Lisa Rein

Health-Care Measure Squelched

Sen. Thomas M. Middleton (D-Charles) says he's making health care a priority this year. The Finance Committee chairman said late Monday that he planned to file a bill to expand coverage to some of the 780,000 uninsured in Maryland using revenue from a $1-a-pack cigarette tax increase.

"I'm 100 percent engaged in expanding medical coverage," he said. The bill would mirror a measure sponsored by Del. Peter A. Hammen (D-Baltimore) and backed by House Speaker Michael E. Busch (D-Anne Arundel). Middleton said he was submitting the bill on behalf of the Greater Baltimore Committee, a regional business association.

But by yesterday, the bill was nowhere to be found, even after Middleton's office released a lengthy fax with the details. It seems Senate President Thomas V. Mike Miller Jr. (D-Calvert) put the kibosh on it. Miller is cool to a tobacco tax unless it is used to help close the state's looming budget deficit. And Middleton is one of a handful of senators vying for Miller's job when he retires in three years.

"He knows what we can afford to do and what we can't," Miller said. "I did indicate that it was kind of inconsistent with where we need to be next year."

-- Lisa Rein

Concerns Over Early Voting

Republicans stalled two bills yesterday that would establish early voting in Maryland, raising questions about how the measures would work.

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The bills, which are on the legislative fast track and are being sponsored by Senate President Thomas V. Mike Miller Jr. (D-Calvert) and House Speaker Michael E. Busch (D-Anne Arundel), would allow voters to decide whether to amend the state Constitution to allow ballots to be cast in the week before the election. If the bills are approved, voters would decide whether to change the Constitution in 2008.

The General Assembly approved legislation to allow early voting, but the law was deemed unconstitutional by the state's highest court.

On the Senate floor, Minority Whip Allan H. Kittleman (Howard) asked whether the early voting law that was approved by the General Assembly earlier would automatically go into effect, and Minority Leader David R. Brinkley (Frederick) asked where voters would be able to cast their ballots.

Sen. Roy P. Dyson (D-St. Mary's) said new legislation would have to be enacted.

House Minority Leader Anthony J. O'Donnell (Calvert) said Republicans want to ensure that some "partisan" provisions of last year's bill are stripped out, particularly locations of specific polling places for early voting.

"They gave partisan advantage to Democrats," O'Donnell said. In his district, for example, Waldorf, a Democratic-leaning area, was on the list instead of La Plata, the county seat. The House is expected to take up the bill again today.

Sen. Dolores G. Kelley (D-Baltimore County) said those details could be worked out "down the road."

-- Ovetta Wiggins

Calif. Senate OKs Resolution Against Iraq (LAT)

By Robert Salladay

The Los Angeles Times, February 14, 2007

SACRAMENTO — Amid accusations that it would give comfort to America's enemies, the California Senate approved a resolution Tuesday calling for a halt to boosting the number of troops in Iraq or spending any more taxpayer dollars on the war without explicit approval from Congress.

The resolution was introduced by state Sen. Carole Midgen (D-San Francisco). She said she would amend the resolution, approved 22 to 14, before it reached the state Assembly to include a stronger message of support for the troops. Democrats nevertheless said the Iraq war had been a failure and no longer appeared to be a "just cause."

Republicans stood to oppose the resolution, which expresses the opinion of the Legislature but is legally meaningless.

One said the Democratic Party should be ashamed of supporting terrorists, who could soon be attacking California cities.

"This resolution emboldens our enemies," said Sen. Dennis Hollingsworth (R-Murrieta). "This resolution simply tells Al Qaeda and other state sponsors of terrorism, 'We've got the Americans on the run. First, we had the election in November and now ... all we have to do is hold out a while longer. They are crumbling in Washington and they are crumbling in state legislatures all over the country.' "

"I am 56 years old and in all my years I have yet to experience a situation like this, where a legislative body has taken it upon itself to pass resolutions to support and enhance the morale of our enemies," said Sen. Dave Cogdill (R-Modesto).

Sen. Sheila Kuehl, a Santa Monica Democrat, responded: "Balderdash. If anything is supporting and emboldening our enemies, it is this war…. This war was a mistake, and the rest of the world knows it."

Iraq Unveils Baghdad Security Moves (LAT)

By Borzou Daragahi,

The Los Angeles Times, February 14, 2007

Some border crossings will be closed for 72 hours, and residents will lose more freedoms. The killings continue.

BAGHDAD — The Iraqi government on Tuesday launched a plan to secure a capital descending deeper into chaos, even as violence claimed the lives of more Iraqis, including people waiting in line for food handouts.

Lt. Gen. Abud Qanbar, the former naval officer appointed by Prime Minister Nouri Maliki to oversee the much-vaunted Baghdad security plan, announced a 72-hour closure of some border crossings along the Iranian and Syrian frontiers, restrictions on civil liberties, and the suspension of all weapons licenses except for those issued to authorized security officials and contractors.

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"Legal procedures will be taken and strict penalties will be imposed against all those who violate the rules," Qanbar said, reading from a lengthy statement broadcast over state television.

It was unclear how some of the security provisions differed from measures already in place. Observers questioned why Maliki left the announcement to a surrogate. The prime minister spent much of the day visiting a university in the city of Hillah, about 60 miles south of the capital.

The plan includes a tightening of the few remaining liberties left for Iraqis in the jittery capital, including an earlier nighttime curfew and closer scrutiny of packages, mail and electronic communications. It imposes unspecified restrictions on gatherings in public places, clubs, companies and organizations "in order to protect citizens and those working in these places."

The plan's supporters defended the restrictive elements as necessary.

"The government has a right to take any procedure to provide security for the people," said Qusai Abdul-Wahab, a Shiite Muslim lawmaker loyal to radical cleric Muqtada Sadr. "People are demanding security first and last."

Under the plan, Qanbar said, his commanders will be authorized to interrogate and arrest all individuals, inspect private property and seize any weapons, presumably without seeking the approval of courts or political leaders. It wasn't clear whether the new provisions changed the existing rules, which allow each Iraqi family to keep one weapon at home.

The plan calls for restrictions on the movements of vehicles and individuals as well as for surprise sweeps of roadways, Qanbar said. It includes tougher laws for those who commit violence or harbor alleged terrorists and special court sessions to speed up trials.

The plan also addresses the explosive issue of displaced Iraqis, demanding that squatters in the homes of families who fled their neighborhoods out of fear of sectarian violence vacate the properties within 15 days.

The announcement did not detail how the edict would be enforced, but it called for the establishment of "specialized committees" to audit property deeds. Officials also acknowledged that many of the people who fled after horrific acts by their neighbors might not want to come back. "This matter will be dealt with later," said Hamid Moalla, a Shiite lawmaker.

The plan also bars vehicles with tinted windows or without license plates from traveling the city's streets. Such vehicles have long been illegal but ubiquitous, often escorting the very political leaders now advocating the security plan.

Some details of the plan raised more questions than they provided answers. For example, few people believe that insurgents and militiamen use the legitimate border crossings closed as of today, because they can ferry weapons and personnel into Iraq at many places along the porous and poorly guarded borders. Maliki supporters acknowledged the logistical challenges but said the effort would be stepped up.

The very act of making such an announcement might have an effect. "One of the methods of this plan is using the psychological war against the terrorist," lawmaker Abdul-Wahab said.

Shiite militias, including Sadr's Al Mahdi, have apparently decided to lie low during the coming crackdown, which began at 6 p.m. Tuesday. Sunni Muslim insurgents, on the other hand, have stepped up attacks on Shiite civilian targets.

This month, an insurgent group led by a successor to Abu Musab Zarqawi, the slain leader of Al Qaeda in Iraq, vowed to sabotage any effort to secure the capital, which Sunni Arab extremists have declared part of a future Islamic state.

"We will extend our battlefields," the group said in a Feb. 2 message posted on a website frequently used by insurgent groups. "Burn the ground under the Jews and their allies. Eliminate their forces and destroy their vehicles. Down their airplanes. Burn their flesh with car bombs. Cut their bodies with [roadside bombs] and take out their hearts with snipers. The best way to defend is to attack."

U.S. and Iraqi officials hope their Baghdad security plan will stem the country's slide deeper into civil war and lawlessness. The U.S. has begun a move to buttress forces in the city, where it will eventually add 16,000 troops. Iraqis have also moved additional forces into the capital.

Still, more than three dozen Iraqis were killed or found dead in the capital Tuesday. At least 18 were killed and 38 were injured in a suicide bombing in a mostly Shiite neighborhood where people were waiting in line for monthly rations of flour, sugar and cooking oil. A car bomb in east Baghdad killed four boys near a high school. Four civilians were injured in the attack.

Iraqi police found the bodies of at least 20 people shot dead and dumped in west Baghdad.

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The offices of a weekly newspaper in the northern city of Kirkuk burned down under mysterious circumstances. At least one employee was killed.

Gunmen in the southern city of Samawa killed an alleged former member of Saddam Hussein's security forces. Authorities in Hillah found the body of a man tied to a palm tree trunk.

The U.S. military announced that a soldier was killed Sunday in Al Anbar province.

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Times staff writer Saif Hameed and special correspondents in Baghdad, Hillah, Kirkuk and Samawa contributed to this report.

New Baghdad Crackdown Is Announced (NYT)

By Marc Santora

The New York Times, February 14, 2007

BAGHDAD, Feb. 13 — The Iraqi government on Tuesday ordered tens of thousands of Baghdad residents to leave homes they are occupying illegally, in a surprising and highly challenging effort to reverse the tide of sectarian cleansing that has left the capital bloodied and Balkanized.

In a televised speech, Lt. Gen. Aboud Qanbar, who is leading the new crackdown, also announced the closing of Iraq's borders with Iran and Syria, an extension of the curfew in Baghdad by an hour, and the setup of new checkpoints run by the Defense and Interior Ministries, both of which General Qanbar said he now controlled.

He said the government would break into homes and cars it deemed dangerous, open mail and eavesdrop on phone calls.

General Qanbar did not mention the role American forces would play in the crackdown, but his remarks were clearly timed to coincide with more aggressive efforts by American troops on the streets of Baghdad. The Americans have been establishing outposts — called joint security stations — to work alongside the Iraqi Army and police to end the sectarian bloodletting.

On Tuesday, senior American officers expressed surprise about the plan to resettle people who had moved from their homes amid sectarian cleansing. But they declined to be identified, saying they did not want to contradict the Iraqi general.

General Qanbar indicated that the plan would be carried out evenly across Baghdad. But critics said Prime Minister Nuri Kamal al-Maliki, who has come under intense criticism for pursuing a sectarian Shiite agenda, might be trying to appease his detractors and may not actually carry out the plan. Some feared that his government might not apply the same pressure to residents of Shiite areas.

Since the bombing of a sacred Shiite shrine in Samarra a year ago, the sectarian map of Baghdad has been almost completely redrawn, as Shiites pushed Sunnis from neighborhood after neighborhood.

The general faces a monumental task. Even without the daily violence, continuing sectarian killings and a lack of security forces to perform basic policing tasks, there is no system in place to investigate the veracity of people's claims. In addition, thousands of people took over homes immediately after the invasion, claiming basic squatters' rights.

Under the general's plan, people who have illegally occupied homes will have 15 days to leave. While they are there, he said, they must protect the home, not steal from it or damage it.

"Anyone who does not follow this law will be treated according to the antiterrorism laws," he said, adding that the government would set up committees to determine ownership.

General Qanbar, wearing a camouflage uniform and a red staff commander's beret, made it clear that he reported only to the prime minister. Mr. Maliki appointed him as the overall Iraqi commander for forces in Baghdad in January. With the extraordinary powers he claimed, an increasing amount of authority is now consolidated in the prime minister's office.

At least 10 formerly mixed neighborhoods in Baghdad are now almost entirely Shiite. East Baghdad, vulnerable to attack from Shiites in the Sadr City stronghold, is almost entirely under Shiite control. West Baghdad, where there are still fierce sectarian clashes, is a war zone of divided neighborhoods, where crossing from a Shiite enclave to a Sunni enclave without the right identification, or the other way around, can mean death.

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The Iraqi cabinet proposed a plan last year to create space in West Baghdad for some 3,000 Sunni families who had been displaced, but nothing came of it.

It is impossible to know exactly how many people have been forced from their homes, but estimates by Iraqi and American officials range from tens of thousands to as high as 200,000.

Samantha Power, a public policy professor at the John F. Kennedy School of Government who has written widely on genocide, described the plan as either a public relations ploy that would never be enforced, or worse, a prelude to more sectarian cleansing and catastrophe.

"To do this in the middle of a war when tempers have been inflamed and militarization is ubiquitous seems to be putting the cart before the horse," she said. "You haven't stopped the willingness to ethnically cleanse, but you're imposing the moral hazard of ethnic cleansing on the cleansee? Unless you create security first, you are paving the way for a potential massacre of returnees."

General Qanbar did not explain how the houses would be checked except to say that people in homes that did not belong to them must have currently dated letters from the owners.

Apart from the resettlement issue, he promised swift justice for law breakers.

"All the people who have done terrorist operations or major crimes like killing, stealing, rape, kidnapping, bombing public or private buildings and who have bought, sold or made weapons or bullets, we will hand them over to the Major Crimes Court, which will hold emergency trials," he said.

The general also said all convoys — even those from the government — would be subject to search at the checkpoints. Government security forces have been infiltrated by criminals, militants and Shiite militias.

If they refuse to stop, he said, "They will be treated as illegals."

Only hours before he spoke, there was more carnage on the streets of Baghdad.

In one attack, a suicide bomber killed 17 people and wounded 40 more at a Trade Ministry food warehouse in a poor Shiite neighborhood. At the site of the blast, there was little faith in the promises of politicians.

"I think the situation will get worse, and we can tell in advance that the security plan is a failure," said Muhammad Saadi, 28, a worker at the warehouse. "The government can do nothing to stop the suicide bombers."

Around him, the white foam of a fire extinguisher mingled with pools of blood, as moaning voices filled the air.

In recent days, new checkpoints have appeared around the city with tanks and heavy weapons meant to demonstrate a powerful show of force.

But residents expressed skepticism that checkpoints could provide any real security.

"These checkpoints are useless," said Ahmed Aboud, 45. "You can bribe them with 5,000 Iraqi dinars and bring in all the explosives you want."

New Tape from Qaeda Figure

CAIRO, Feb. 13 (AP) — Al Qaeda's second in command, Ayman al-Zawahri, said President Bush was an alcoholic and a lying gambler who wagered on Iraq and lost, according to a new audiotape released Tuesday.

Mr. Zawahri said in the tape that Mr. Bush has been forced to admit his failure in Iraq after he repeated the "lie, which he became addicted to, that he is winning" in Iraq and Afghanistan.

"Bush suffers from an addictive personality and was an alcoholic," he said.

"I don't know his present condition," Mr. Zawahri added, "but the one who examines his personality finds that he is addicted to two other faults — lying and gambling."

Mr. Bush, who is 60, has acknowledged that he had a problem with drinking but has said he gave up alcohol when he was 40.

The 41-minute audiotape could not immediately be authenticated; The Associated Press found it on a Web site commonly used by insurgent groups, and it carried the logo of the multimedia arm of Al Qaeda.

Iraq To Seal Borders With Syria And Iran (WT/AP)

By Qassim Abdul-zahra

DOJ_NMG_0131846

The Washington Times, February 14, 2007

BAGHDAD -- The Iraqi commander of the Baghdad security crackdown announced yesterday that Iraq will close its borders with Syria and Iran for 72 hours as part of the drive to end the violence that has threatened to divide the capital along sectarian lines.

Ahead of the crackdown, anti-American cleric Muqtada al-Sadr fled Iraq for Iran some weeks ago and is thought to be in Tehran, where he has family, a senior U.S. official said yesterday.

Addressing the nation on behalf of Prime Minister Nouri al-Maliki, Lt. Gen. Abboud Gambar also said that Baghdad's nighttime curfew would be expanded by an hour and that permits allowing civilians to carry weapons in public would be suspended during the operation, which he suggested could last weeks.

Gen. Gambar made the announcement hours after a suicide truck bomber struck a government warehouse in a mainly Shi'ite Muslim neighborhood of the capital, killing at least 15 persons and wounding 27, police and hospital officials said. A parked car bomb exploded near a bakery in another Shi'ite area, killing four persons and wounding four, police said.

The U.S. military announced that an American soldier died in combat Sunday in the volatile Anbar province, west of Baghdad, raising to 42 the number of U.S. personnel killed this month.

The general did not say when the borders would close, but another official said it was expected within two days. The official, who spoke on the condition of anonymity because he was not authorized to speak to journalists, added that the borders would reopen only partly after the 72-hour closing.

The United States has long charged that Iran and Syria let extremists use their territory to slip into Iraq to attack U.S. and Iraqi forces as well as civilians.

Iraqi authorities have routinely echoed the U.S. charges against Syria, but they rarely make that accusation against Iran, with which Iraq's Shi'ite-led government has close relations.

Gen. Gambar said Baghdad's nighttime curfew would be extended by one hour when the security drive kicks off fully, running from 8 p.m. to 6 a.m.

The U.S. military announced last week that the clampdown had begun, although Iraqis have seen little evidence of that. President Bush has committed 21,500 more Americans to the operation, which is expected to involve 90,000 Iraqi and U.S. troops.

Gen. Gambar said he would report to Mr. al-Maliki weekly to discuss progress in the operation.

His address suggested that Iraqi authorities plan to exercise wide powers while waging the crackdown. A criminal court, for example, will hold emergency hearings on cases involving killing, theft, rape, kidnapping, damage to public property, and possession and transfer of arms and ammunition, he said.

Gen. Gambar, a Shi'ite and a veteran of the 1991 Persian Gulf War under Saddam Hussein, said security forces also plan to monitor mail, parcels, telegrams and wireless communication devices during the operation.

He said security forces would try to avoid intruding in places of worship but added that they would do so in "cases of extreme emergencies when it is feared that these places pose a threat to the lives of citizens or if they are used for unlawful purposes." U.S. and Iraqi authorities have said that Sunni Arab insurgents use mosques to store arms or fire at troops.

Iraq Plans To Suspend Checkpoints At Syria, Iran Borders (WP)

By Ernesto Londo?o

The Washington Post, February 14, 2007

BAGHDAD, Feb. 13 -- Iraqi officials on Tuesday announced the temporary closure of checkpoints at the Syrian and Iranian borders, as well as an expanded nighttime curfew in the capital, as part of the new Baghdad security plan.

In a televised address, Lt. Gen. Abboud Gambar, who is in charge of the security plan, said the border will be closed for 72 hours, but he did not specify when. There are two main crossing points connecting Iraq and Syria, and four checkpoints along the border with Iran.

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Iraqi officials have said many weapons and insurgents waging attacks in Iraq enter the country through Iran and Syria. U.S. officials said Sunday that they have linked to Iran deadly armor-piercing explosives used against American forces. Iraq's borders with Saudi Arabia and Turkey will remain unaffected.

The curfew, which currently bars transit in Baghdad from 9 p.m. to 6 a.m., will begin an hour earlier, the general said.

Many Iraqis have criticized the government for not taking drastic steps sooner to tighten security in the capital, which has been battered in recent weeks by large-scale bombings and other violence.

Some have questioned whether the armed forces charged with carrying out the plan are properly trained, equipped and committed to make a dent in the violence.

As part of the plan, Iraqi and U.S. soldiers will patrol 10 areas of the city from posts that are designed to function much like police stations, giving officials time to get to know the area and gain the trust of citizens.

Gambar also announced a crackdown on weapons in Baghdad, where many people drive around with rifle barrels sticking out of vehicle windows. U.S. military personnel, the Iraqi armed forces and police, and licensed members of certain private security companies will still be allowed to carry weapons.

The general announced wide powers for authorities to detain and interrogate suspects as well as search property -- powers that Iraqi and U.S. forces have long exercised.

The general also said official convoys, which have largely avoided searches at checkpoints, will now be stopped and searched routinely.

More lawbreakers will be charged, the general announced, as Iraq's criminal court expands its caseload capability. Currently, Iraqi and U.S. officials are holding tens of thousands of people who have not been charged.

"The Iraqi Central Criminal Court will hold exceptional sessions to deal with this situation," the general said.

The general also said the government intends to crack down on squatters, many of whom have occupied homes abandoned by people who left neighborhoods for fear of being killed by groups who target members of a rival sect.

Also Tuesday, a senior U.S. official in Washington who spoke on condition of anonymity said that anti-U.S. cleric Moqtada al-Sadr had fled the country some weeks ago for neighboring Iran, according to the Associated Press.

The official said that the Shiite cleric's departure, which was reported by several television networks, is not believed to be permanent. Sadr left his Baghdad stronghold possibly because of fractures in his political and militia operations, AP cited the official as saying. Sadr heads the Mahdi Army, a powerful Shiite militia.

Aides to Sadr in Iraq would not confirm the report, which was not possible to independently verify.

Meanwhile, a car bomb exploded near warehouses that belong to Iraq's Interior Ministry in western Baghdad, killing at least 18 people, according to a ministry spokesman.

Also Tuesday, the U.S. military disclosed the death of an American soldier Sunday in Anbar province in western Iraq.

Special correspondent Waleed Saffar contributed to this report.

Iraqi Troop Levels Pass Key Test (WT)

By Pamela Hess

The Washington Times, February 14, 2007

BAGHDAD -- Iraqi troops have passed a key test by showing up at 70 percent strength or better for President Bush's "surge" in Baghdad, a senior U.S. general said.

"This movement of these three brigades and two separate battalions into Baghdad to our way of looking at it has gone very well," Lt. Gen. Martin Dempsey, commander of the Multi-National Security Transition Command-Iraq, said in an interview.

"We've also learned more lessons from this one, and in future deployments, we'll make it even better," added Gen. Dempsey, the top American in charge of building up Iraq's security forces.

Defense Secretary Robert M. Gates told a Senate committee in January that the arrival of those Iraqi brigades by mid-February would be a litmus test of whether the Iraqi government was serious about securing its capital city.

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Gen. Dempsey said three brigades had shown up with between 70 percent and 75 percent of their soldiers. While a Kurdish unit from Sulaimaniyah and Kirkuk arrived with only 56 percent of its expected troops, he said, other inbound units from the Kurdish north were expected to arrive with 70 percent of their troops or more.

A battalion has 759 soldiers at full strength. A brigade is three battalions plus 200 soldiers, about 2,500.

Though those percentages would be dismal by American standards for a deploying unit, a different calculus applies in Iraq. At any given time, one-quarter of an Iraqi unit is on leave, taking their pay home to their families because there is no functioning banking system. An additional 10 percent of the units remain behind to guard their garrison buildings.

"So when you do all the math, we are a little concerned and remain so about one of those brigades," Gen. Dempsey said, referring to the Sulaimaniyah unit.

"We know that about 17 percent of that unit chose not to deploy, and those soldiers will be dismissed from the service, and we'll replenish the ranks," he said.

The Baghdad security plan envisions Iraqi units rotating into the city for three months at a time and then being replaced by another unit. The total deployment is six months, including two months of initial training and then one month to redeploy back to their home stations.

The deployment to Baghdad demonstrates real progress, he said. Last September the Iraqi government promised but failed to provide three battalions. "None of them showed up," he said.

The deployment then was presented as open-ended; a return date was not outlined. There was no monetary incentive like combat pay, and the units did not receive any additional training for the operation.

"You couldn't find a less well-coordinated activity," Gen. Dempsey said. "We learned from it."

Now the soldiers draw an additional $120 on top of their $300 base salary and $100 hazardous-duty pay as soon as they are notified of their deployment. They get two weeks of training in their home station, followed by another two weeks of collective training on a range near Baghdad.

Iraqi Insurgency Hits Home (LAT)

By Said Rifai

The Los Angeles Times, February 14, 2007

I'm dialing my family home in west Baghdad.

The phone rings, but no one picks up.

I know that someone is living in our house.

But it's not my family.

Last summer, my mother went to Jordan to escape the violence in Iraq. In September, my father followed. I stayed behind. Although I am educated as an architect, I work as a interpreter for The Times.

I don't live in my childhood home, but with my parents gone, I keep an eye on the modest stucco house that was designed by a pioneer of Iraqi postmodernism, Mehdi Hassani.

In early January, I went on an assignment outside Baghdad. When I got back two weeks later, my mother sent me a text message from Jordan, telling me to check on our house. When I called our neighbor, Abu Adil, he told me armed men had come through the neighborhood telling everyone to leave or be "slaughtered."

"Can you ask the Americans to intervene?" he begged.

I could not. The gunmen took over our house, Abu Adil's and others in the neighborhood. A few days later, Abu Adil's 22-year-old son went to his family's house. He argued with the insurgents. They killed him, dumping his body in the street.

When I told my mother what happened, it took awhile for it to sink in. So much blood has been spilled, and we are becoming numb. I asked her not to tell my father, who is bedridden, ill from diabetes. I feared the news might weaken him. I talked to my sister, trying to calm her.

I care less for the house than its contents: my mother's crystal, china and silver cutlery, her $5,000 mink coat — worn only twice. And there are objects with more sentimental value: boxes stuffed with family pictures and 8-millimeter footage of my

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parents' wedding, 50 years of family history. There are my school yearbooks, academic certificates and awards, swimming and basketball trophies — all would-be kindling for a fire to warm the squatters during these cold winter months.

Where I live now, the landlady was visibly shocked when she heard that our home had been "house-jacked."

"What are you going to do?" she asked.

I contemplated my choices. Should I contact U.S. forces through friends who work for them? The neighborhood is controlled by a notorious Sunni Arab politician who may have sanctioned the takeover. I decided contacting the Americans would be too risky. I didn't want to draw unwanted attention to myself: My father is Sunni but my mother is Shiite. Besides, I fear U.S. troops wouldn't do anything.

I quickly dismissed the idea of alerting Iraqi police. A year and a half ago, attackers invaded our home. They used electricity to torture my parents and youngest brother and stole many valuables. The police didn't do anything then, and it's unlikely they would do anything now.

I decided to contact local Sunni politicians and ask for help. I found a number for someone affiliated with their office. A man told me to call back later but was suddenly unreachable, his phone switched off. After a few days, a friend reached our Sunni contact. He said I should check on the house, but provided no more information.

The thought of visiting the house is disconcerting.

For years, I've had a premonition that one day I would go to my house, searching for the AK-47 I kept hidden near the entrance. In the hallway, I would see someone pointing my weapon at me.

I shook off the thought. But premonitions aside, getting to the house is easier said than done.

In the old days, a driver could traverse Baghdad east to west in 20 minutes. Now the roads are perilous, filled with Iraqi security forces and gunmen of unknown loyalties — all potential killers. No taxi driver wants to travel to my old neighborhood, which is now known as a hot spot for trouble.

My cars are in the shop. Friends offer to let me use their cars, but I fear being pulled over by police in a vehicle that doesn't belong to me.

So I'm stuck with the phone, imagining the gunmen lounging on our couches, using our bathrooms and going through our stuff. I see them sitting in the kitchen, where we used to gather with friends and family.

A few days ago, my landlady's father was kidnapped by Shiite militias. While I was working on arrangements for his ransom and eventual release, Abu Adil called to say that U.S. forces had raided my house. They arrested the gunmen and discovered a car bomb in the garage.

The raid was good news, but the problem was now more complex. I worry that U.S. troops will think my family harbored insurgents. After all, we owned the house.

I fear that the Americans will share their information with Iraqi Interior Ministry officials, who have connections to death squads.

I think the house is empty now.

But who knows?

I dialed the house again yesterday.

The phone rang, but no one picked up.

U.S. Says Powerful Iraqi Cleric Is Living In Iran (NYT)

By Mark Mazzetti

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The powerful Shiite cleric Moktada al-Sadr has left Iraq and has been living in Iran for the past several weeks, senior Bush administration officials said Tuesday.

With fresh American forces arriving in Baghdad as part of the White House plan to stabilize the capital, officials in Washington suggested that Mr. Sadr might have fled Iraq to avoid being captured or killed during the crackdown.

But officials also said that Mr. Sadr, who has family in Iran, had gone to Tehran in the past and that it was unclear why he had chosen to leave Iraq at this time. Mr. Sadr's departure from Iraq was first reported Tuesday night by ABC News.

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Neutralizing the power of Mr. Sadr, whose Mahdi Army has sporadically battled American forces for the past four years, has been a particular concern for American officials as they try to rein in powerful Shiite militias in Baghdad.

With the new American offensive in Baghdad still in its early days, American commanders have focused operations in the eastern part of the city, a predominantly Shiite area that has long been the Mahdi Army's power base.

If Mr. Sadr had indeed fled, his absence would create a vacuum that could allow even more radical elements of the Shiite group to take power.

Last year's election of Nuri Kamal al-Maliki as prime minister enhanced Mr. Sadr's political stature inside Iraq. Mr. Maliki was elected with the backing of a political bloc led by Mr. Sadr.

American and Iraqi officials have said that recent intelligence points to signs of fracturing within the Mahdi Army, and that radical splinter groups who are not under Mr. Sadr's control could be carrying out commando-style raids and assassinations.

Officials have suggested that these splinter groups could be receiving orders from officials in Iran, but have not offered direct evidence to back up their claims.

An aide to Mr. Sadr, reached by telephone on Tuesday night, denied that Mr. Sadr had left Iraq and said that the cleric was planning a televised address in the next several says.

Last week, during a raid in Diyala Province, Iraqi forces killed an aide of Mr. Sadr's who American military officials said had been leading "rogue" elements of the Mahdi Army and fomenting violence against Iraqi civilians and police.

Three days later, Iraqi and American troops arrested the second-highest-ranking official in the Health Ministry, who they said was running a Mahdi Army splinter group and funneling millions of dollars to rogue Shiite militants.

The raids were carried out after Mr. Maliki dropped his protection of Mr. Sadr.

American officials said Tuesday that Mr. Sadr may have seen these operations coming and fled the country to avoid his own arrest.

But military officials in Iraq have also been wary of moving directly against Mr. Sadr, fearing that capturing or killing the militant cleric would further stoke the sectarian violence inside Iraq and turn more Shiites against the Maliki government.

In 2004, American forces arrested several of Mr. Sadr's top aides and shut down a newspaper allied with the Mahdi Army, setting off bloody clashes in eastern Baghdad and the Shiite holy city of Najaf.

The news of Mr. Sadr's departure from Iraq came amid an escalating war of words between the Bush administration and top Iranian officials. In recent days, White House and military officials have accused the Iranian government of supplying Shiite militias with the materials to make deadly roadside bombs.

Iranian officials have denied the charges.

Officials: Cleric Al-Sadr Leaves Iraq, Heads To Iran (USAT)

By David Jackson

USA Today, February 14, 2007

WASHINGTON — Radical Shiite cleric Muqtada al-Sadr has left his base in Iraq for Iran, two Bush administration officials said Tuesday.

The officials, speaking on condition of anonymity because they were discussing intelligence activities, cited the new Iraqi security crackdown as a reason for the departure of al-Sadr, who leads one of the largest ethnic militias in Iraq.

Al-Sadr has strong family ties in Iran. It was unknown whether he was on a personal visit or on business there rather than seeking a safe haven, as suggested by the Bush officials.

The leader of the Mahdi Army, al-Sadr has been an outspoken critic of what he calls the American occupation in Iraq and has repeatedly called for withdrawal of U.S. forces.

While and he and his followers have been linked to much of the sectarian violence in Iraq, al-Sadr has in recent months engaged in political negotiations.

Meanwhile, Lt. Gen. Abboud Gambar, an Iraqi commander, announced Tuesday that Iraq will close its borders with Syria and Iran for 72 hours as part of an effort to reduce sectarian violence.

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During a televised address, Gambar also ordered people living illegally in the homes of displaced Baghdad residents to evacuate them within 15 days.

Officials Linked To Al-Sadr Deny He Fled (AP)

By Qassim Abdul-zahra,

AP, February 14, 2007

Officials linked to Muqtada al-Sadr denied Wednesday that the radical Shiite cleric had fled to Iran ahead of a security crackdown in Baghdad.

An Iraqi government official said al-Sadr was in the Shiite holy city of Najaf Tuesday night, when he received delegates from several government departments. The official, who is familiar with one of those meetings, spoke on condition of anonymity because he has no authority to disclose information on his department's activities.

The denials came after a senior U.S. official said Tuesday that al-Sadr left his Baghdad stronghold some weeks ago and is believed to be in Tehran, where he has family.

The official, who also spoke on condition of anonymity to discuss U.S. monitoring activities, said fractures in al-Sadr's political and militia operations may be part of the reason for his departure. The move is not believed to be permanent, the official said.

A close aide who meets regularly with al-Sadr said the cleric was not in Tehran, claiming that the reports were part of a deliberate policy by his office to spread disinformation about his whereabouts.

An official in al-Sadr's main office in Najaf also said the cleric had decided not to appear publicly during the current month of Muharam, one of four holy months in the Islamic calendar.

"The leader Muqtada al-Sadr is inside Iraq now," he said.

Both officials also declined to be identified because they weren't authorized to disclose the information.

The black turbaned cleric rarely appears in public or announces his movements and his Mahdi Army militia has mostly been keeping a low profile ahead of the security sweep.

Al-Sadr was reportedly going to make a speech on Monday in Najaf to mark the anniversary of the bombing of an important Shiite shrine north of Baghdad, but he did not do so. The anniversary fell on Monday, according to the Islamic lunar calendar.

While the Mahdi Army has its stronghold in the Shiite district of Sadr City in Baghdad, al-Sadr has his headquarters in Najaf, 100 miles south of Baghdad.

Questions Arise About Iran Bomb Claims (AP)

By Pauline Jelinek

AP, February 14, 2007

The Bush administration struggled Tuesday to explain what it knows about alleged Iranian interference in Iraq after the Pentagon's top general appeared to contradict a recently released military dossier on the subject.

At issue was a weekend briefing in Baghdad at which three senior U.S. military officials said that the "highest levels" of the Iranian government had ordered the smuggling into Iraq of high-tech roadside bombs that have been killing American soldiers.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told reporters in the Indonesian capital, Jakarta, that U.S. forces have arrested Iranians in Iraq and some of the materials used in roadside bombs had been made in Iran.

"That does not translate that the Iranian government per se, for sure, is directly involved in doing this," Pace said.

The assertion of Tehran's involvement, made by U.S. officers who spoke on condition of anonymity Sunday in Baghdad, had already drawn skeptical responses from some lawmakers and other critics still wary of an administration that based the invasion of Iraq on faulty intelligence.

Those doubts increased Tuesday after Pace said the link between the bomb materials and the government had not been definitively proven.

Defense experts said Pace's comments — and the way the dossier had been presented to reporters anonymously — cast doubt on how solid the administration case is against Iran. Some suggested the apparent mixed messages were meant to keep Tehran off guard.

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Michael O'Hanlon, an analyst with the Brookings Institution, a liberal-leaning think tank, called Pace's comments "close to a contradiction" of what briefers said Sunday in Baghdad.

"Obviously, they can talk their way around it ... but these guys are not naive about how words are interpreted, and the guys in Baghdad knew what impression they wanted to leave listeners with," O'Hanlon said.

John Hutson, a retired former Navy judge advocate general and dean of the Franklin Pierce Law School, said, "I think we have to take away from it a huge dose of caution."

"If we have disagreement within the military about the role of the Iranians, we have to proceed very cautiously," he added.

Defense Department spokesman Bryan Whitman said Tuesday he could not explain the apparent contradiction and referred questions to Pace's office and to American forces in Baghdad.

A military official on Pace's staff said the general stands by his comments. The official spoke on condition of anonymity because he was not authorized to speak on the record.

Asked if Pace had vetted the information that went into Sunday's briefing, the official said that Pace was aware of what was going to be presented in Baghdad but that the comment about involvement at the highest levels of Iranian government was not included in the material Pace was given.

Asked in a CNN interview whether he believed Iranians were shipping weapons to Iraq, the top commander in the Middle East said Tuesday he didn't know. "I have no idea who may be actually with hands-on in this stuff, but I do know that this is not helpful to the situation in Iraq," said Navy Adm. William Fallon.

White House spokesman Tony Snow said that he had phoned Pace on Tuesday and that there was no disagreement.

He said Pace agreed with the basic scenario spelled out by U.S. military officials on Sunday and then backed up by the White House — that weapons are moving into Iraq through the Iran's Revolutionary Guards elite Quds Force.

"The Quds Force is, in fact, an official arm of the Iranian government and, as such, the government bears responsibility and accountability for its actions, as you would expect of any sovereign government," Snow told White House reporters.

"I think a lot of people are trying to whomp up a fight here that doesn't exist," Snow said.

U.S. officials have claimed for years that weapons were entering the country from Iran but had stopped short of alleging involvement by top Iranian leaders.

Sunday's briefing had been some time in the making. The administration moved to put together its information after Tehran demanded the United States present evidence of its allegations. Defense officials in Baghdad had first put together a larger dossier, but it was rejected by Defense Secretary Robert Gates and other administration officials who questioned some of the information in it.

"Questions remain, questions have not been answered," said Christopher Preble, an analyst at the CATO Institute, a libertarian research group, also noting the unidentified sources at Sunday's briefing. "At some level, that just seems not very credible to me."

Disputes Emerge On Iran And Roadside Bombs (NYT)

By Mark Mazzetti And Michael R. Gordon

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Bush administration officials, intelligence analysts and some leading Democrats in Congress all agree that a particularly lethal class of roadside bomb is killing American troops at an increasing rate. But fissures have emerged as to whether senior leaders of Iran's government are directly involved in the attacks.

The disagreements have laid bare a fundamental tension in intelligence analysis: how and when to draw firm conclusions from battlefield intelligence about the motivations of foreign leaders.

Based on evidence gathered inside Iraq, American intelligence analysts have concluded that a branch of the Iranian Revolutionary Guard Corps known as the Quds Force is supplying Shiite groups with Iranian-designed weapons, called explosively formed penetrators.

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Because the Quds Force, which operates outside Iran, has historically fallen under the command of Iran's senior religious leaders, intelligence agencies have concluded that top leaders in Tehran are directing the attacks. Adding to that view is the assertion by intelligence officials that Iran has been arming and training Shiite militants for several years.

"Based on our understanding of the Iranian system and the history of I.R.G.C. operations, the intelligence community assesses that activity this extensive on the part of the Quds Force would not be conducted without approval from top leaders in Iran," a senior intelligence official said, referring to the Islamic Revolutionary Guard Corps. Intelligence officials have cast this view as an "assessment," a logical inference based on years of studying the Revolutionary Guard.

But some senior American officials are hesitant to make this deductive leap. Twice during his recent trip through Asia, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, broke with military officials in Baghdad and said he was not ready to conclude that Iran's top leaders were behind the attacks.

During a stopover in Jakarta, Indonesia, General Pace told reporters that American forces had confirmed that some bomb materials found inside Iraq were made in Iran, but "that does not translate that the Iranian government, per se, for sure, is directly involved in doing this," he said, The Associated Press reported.

There is a larger lesson about the way intelligence analysis is carried out. Intelligence officials say that while forensic analysis can determine how a weapon is engineered and where its components are manufactured, the hardest task they face is discerning the strategy and intent of a hostile government.

Last month, Senator John D. Rockefeller IV of West Virginia, the Democratic chairman of the Senate Intelligence Committee, said during an interview that the United States still had far too few intelligence resources inside Iran to draw any conclusions about the intent of senior Iranian leaders.

Still, American intelligence agencies have concluded that over the past year the Iranian government had adopted a new policy of directly confronting the United States inside Iraq. The policy, officials assess, is aimed partly at raising the cost of American involvement in the Middle East, teaching the Bush administration a lesson about the cost of regime change and putting pressure on American forces to leave.

But another reason, they say, is to dissuade the Bush administration from taking a more confrontational policy toward Tehran by sending a message that Iran can ratchet up the attacks on American forces in Iraq.

The assertion that senior Iranian leaders are linked to roadside bombings in Iraq carries echoes of American assessments of Iran's role in the 1996 bombing of a housing complex in Saudi Arabia, an attack that killed 19 American servicemen.

Government investigators said then that they had collected damning evidence linking Iran to the attack, and in 2001 Attorney General John Ashcroft said that Iranian officials "inspired, supported and supervised members of Saudi Hezbollah" in the attack. But in the end, the American prosecutors stopped short of charging any Iranian officials in the attack.

Regarding the current situation in Iraq, a Pentagon official who supports the allegations of Iranian activity in Iraq sought to dispel the notion that the analysis of American intelligence agencies and the views of the nation's top military officer were fundamentally at odds.

The official said intelligence on the extent of Quds Force activity in Iraq suggested that the Iranian operatives had not been freelancing or conducting rogue operations. But while he said that it was reasonable to assume that the Iranian authorities had been aware of the Quds Force operations, he said it was not clear what level of the Iranian government was involved.

A variety of senior intelligence and military officials have discussed the findings in the past few days, but always on condition of anonymity.

Tony Snow, the White House spokesman, tried to paper over the apparent disagreement on Tuesday. Mr. Snow disclosed that he had called General Pace on the matter and that he and the general were "on the same page" with regard to Iran's role in the roadside bomb attacks in Iraq.

"Do we have a signed piece of paper from Mr. Khamenei or from President Ahmadinejad signing off on this?" Mr. Snow asked, referring to Ayatollah Ali Khamenei, Iran's supreme leader, and Mahmoud Ahmadinejad, Iran's president. "No. But are the Quds Forces part of the army — part of the government? The answer is yes."

General Takes Softer Line On Tehran Role In Attacks (FT)

DOJ_NMG_0131854

By Demetri Sevastopulo And John Aglionby

Financial Times, February 14, 2007

The top general in the US military yesterday cast doubt on claims that the Iranian government was sponsoring insurgent attacks on US soldiers in Iraq.

In recent months, the Bush administration has criticised Iran for allegedly supplying militias in Iraq with bomb-making technology used in attacks on US soldiers.

Over the weekend in Baghdad, US military officers presented the US evidence against Iran, which included serial numbers and fragments of so-called "explosively formed projectiles", which are capable of piercing heavily armoured vehicles. The officers asserted that people at the top levels of the Iranian regime were involved in providing the technology, which was responsible for killing more than 170 US soldiers.

But General Peter Pace, the chairman of the joint chiefs, yesterday played down suggestions that Iran had sponsored the attacks. During a visit to Indonesia, Gen Pace said the US had captured some Iranians in operations to find those planting roadside bombs, and that some components of the devices had been made in Iran. But, he said: "That does not translate into that the Iranian government, per se, for sure, is directly involved in doing this.

"What it does mean is that things made in Iran are being used in Iraq to kill coalition soldiers and that some Iranians have been captured in the process of our troops going after the networks that built them."

Gen Pace's comments appear at odds with the White House, which on Monday repeated the line that the Iranian government was involved. Tony Snow, the White House press secretary, said: "There is not a whole lot of freelancing in the Iranian government, especially when it comes to something like that."

While some parts of the Bush administration have been raising the rhetorical pressure on Iran, others appear to be toning down the war of words.

Robert Gates, the defence secretary, said last week in Seville there was "pretty good" evidence that Iran was providing groups in Iraq with bomb-making technology. He also attempted to lower the aggressive tone, stressing that the US had no intention of attacking Iran.

When asked about statements from Iranian supreme leader Ayatollah Ali Khamenei that Tehran would hit back against the US if military action were taken, he brushed the remarks aside as "just another day in the Persian Gulf"

Pentagon Denies Politics Behind Claims Iran Supplying Weapons (USAT)

By Jim Michaels

USA Today, February 14, 2007

BAGHDAD — The U.S. military said Tuesday that its decision to go public with allegations that Iran is providing militants in Iraq with weapons was not politically motivated or orchestrated by the White House.

Maj. Gen. William Caldwell, the U.S. command's top spokesman, said the decision to air the allegations against Iran on Sunday was made by the U.S. military and stemmed from concerns that Iran has been supplying militias with a deadly type of roadside bomb that could pierce thick armor.

"Our decision to publicly release this information was conceived, coordinated, and ultimately decided here at the (U.S. military headquarters in Baghdad)" Caldwell said in an e-mail message.

On Tuesday, Caldwell repeated charges first aired at a Sunday background briefing at which unnamed military officials said Iran was supplying the armor-piercing roadside bombs and other munitions to radical Shiite militias.

Caldwell said the weapons were provided by the al-Quds Brigade, a branch of Iran's Revolutionary Guards. Iran has denied the allegation. "We chose to release the information in response to a clear and growing threat to our forces here in Iraq," Caldwell said.

The timing of the briefing has drawn criticism from some Democrats, who say the Bush administration is attempting to hype the Iranian threat. The Bush administration was widely criticized after the U.S.-led invasion of Iraq for flawed intelligence that alleged Saddam Hussein had weapons of mass destruction.

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"I am deeply troubled by this administration's escalating rhetoric against Iran, especially intelligence from unnamed officials that is not fully documented," Sen. Chris Dodd, D-Conn., said in a statement Tuesday. "It is frighteningly reminiscent of the pattern we saw in the drumbeat that led to the war with Iraq."

White House spokesman Tony Snow denied the administration was using the briefing to bolster arguments for attacking Iran. "I don't know how much clearer we can be: We're not getting ready for war in Iran," he said. "But what we are doing is, we're protecting our own people."

Judith Yaphe, a Middle East expert at the National Defense University, said the Bush administration is raising these charges now to shore up political support for its decision to send an additional 21,500 U.S. troops to Iraq. "They need to shift the public debate from the issue of the surge and spread the blame" for the spreading chaos, she said.

Caldwell defended the timing of the briefing. The armor-piercing roadside bombs, called explosively formed penetrators, or EFPs, first surfaced in Iraq in 2004, but he said the problem became acute recently. "In spite of our best efforts militarily and diplomatically, in the last few months we have actually seen a dramatic increase in employment of these devices against our forces," he said.

Iranian President Mahmoud Ahmadinejad denied Monday that Tehran is providing militias with high-powered weapons. "The U.S. administration and Bush are used to accusing others," he said in an interview with ABC's Good Morning America.

At the briefing Sunday, the U.S. military said the EFPs have killed 170 American and coalition troops in Iraq.

The military produced mortar rounds and other munitions that it said had been produced in Iran as recently as last year.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the evidence is not conclusive about direct Iranian government involvement. "That does not translate that the Iranian government per se, for sure, is directly involved in doing this," Pace said. "What it does say is that things made in Iran are being used in Iraq to kill coalition soldiers."

US Aim In Prodding Iran: Negotiation? (CSM)

By Peter Grier

The Christian Science Monitor, February 14, 2007

WASHINGTON

The US may be trying to achieve a difficult balance regarding Iran: pushing the Iranians hard enough so they will negotiate over their nuclear program, yet not so hard as to increase tensions in a part of the world that's already aflame.

That's the conclusion some experts draw from the recent US attempt to lay out evidence that officials say links Iran to attacks against US troops in Iraq.

For weeks the White House had promised that it would present proof that Tehran is meddling in Iraq by providing arms and training to Shiite militias. Yet when the presentation came, it was somewhat low-key. It took place in Baghdad, not Washington. It focused almost entirely on a type of dangerous roadside bomb that Iran is allegedly supplying to its Iraqi allies.

Washington "is not claiming this is decisive, and they're not blaming the [Iraqi] insurgency on Iran," says George Perkovich, a nuclear nonproliferation scholar at the Carnegie Endowment for International Peace. "This is part of a bigger diplomatic strategy, which is genuinely designed to try to put more pressure on Iran so it will want to negotiate, and will be more forthcoming when it does."

The presentation last weekend involved three US officials who briefed reporters on the condition they not be identified. They said that since June 2004, more than 170 US troops have been killed by a special type of bomb called an "explosively formed projectile."

These weapons are capable of blowing a hole in a heavily armored M-1 Abrams tank, according to the officials. US intelligence believes the bombs are made in Iran and that they are smuggled into Iraq by rogue elements of the Shiite Mahdi Army.

The smuggling routes pass through the Iranian border city of Meran, Amareh, Iraq, and the southern Iraqi region around Basra, according to the officials.

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Officials at the Baghdad briefing claimed these deliveries are sanctioned by the highest levels of the Iranian government. However, on Tuesday the top US uniformed military officer said that he was not sure that Iranian leaders were behind the shipments.

"That does not translate that the Iranian government per se, for sure, is directly involved in doing this," said Gen. Peter Pace, chairman of the Joint Chiefs of Staff in comments to reporters while traveling in Indonesia. "What it does say is that things made in Iran are being used in Iraq to kill coalition soldiers."

Critics of the administration's policies in the region generally were unconvinced by the evidence that Iran is playing a substantial role in the Iraq conflict.

That Iranian weapons are found in Iraq is unsurprising, some said. After all, Iran is next door to a hot war, has longstanding ties with some of the combatants, and fears a collapse of the government of Prime Minister Nouri al-Maliki as much as does the US.

But establishing the complicity of Iranian leaders such as President Mahmoud Ahmadinejad or Ayatollah Ali Khamenei, Iran's supreme leader, is another matter.

"Some of it is true," says Vali Nasr, a professor at the Naval Postgraduate School and author of a new book on the Shiite revival, of the US allegations.

Considering the scale of the violence in Iraq, however, Iranian involvement might be considered something of a sideshow, in military terms, says Mr. Nasr.

"Where do the weapons that bring down the US helicopters come from?" he asks. "Not Iran."

Iranian aid surely is not a decisive issue in Iraq, agrees Mr. Perkovich. Even if Iran did not exist, the violence in Iraq would be much the same as it is today.

Nor are the US allegations part of a plan to justify the administration's refusal to enter into talks with Iran over Iraq's future, according to Perkovich. The recent report of the Iraq Study Group suggested that the White House open talks with Iran and Syria as a way to quell the violence.

Not that the Iranians necessarily want to talk to the US about Iraq.

"The Iranians may not want to work with us on Iraq," says Perkovich. "If they negotiate, they will get pushed to make things better, and they know they don't have too much control there."

Instead, the US presentation of evidence perhaps should be seen as part of the larger effort by Washington to manage its relations with Tehran, especially in light of Iran's apparent intention to press ahead with a uranium-enrichment program.

"This is all about pushing back on the Iranians, shining light on them in ways that can engender debate in Tehran," says Perkovich.

Reportedly, the evidence presented over the weekend represented a pared-down version of a military briefing that details allegations of wider Iranian activities inside Iraq's borders.

Mindful of charges that intelligence about Iraq's alleged weapons of mass destruction was inflated for political reasons prior to the Iraq war, the administration may have decided that a low-key approach was the best way to go.

"We're not getting ready for war in Iran, but what we are doing is we're protecting our own people," said White House spokesman Tony Snow on Monday.

2003 Memo Says Iranian Leaders Backed Talks (WP)

By Glenn Kessler

The Washington Post, February 14, 2007

The Swiss ambassador to Iran informed U.S. officials in 2003 that an Iranian proposal for comprehensive talks with the United States had been reviewed and approved by Iran's supreme religious leader, Ayatollah Ali Khamenei; then-President Mohammad Khatami; and then-Foreign Minister Kamal Kharrazi, according to a copy of the cover letter to the Iranian document.

"I got the clear impression that there is a strong will of the regime to tackle the problem with the U.S. now and to try it with this initiative," Tim Guldimann, the ambassador, wrote in a cover letter that was faxed to the State Department on May 4, 2003. Guldimann attached a one-page Iranian document labeled "Roadmap" that listed U.S. and Iranian aims for potential

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negotiations, putting on the table such issues as an end to Iran's support for anti-Israeli militants, action against terrorist groups on Iranian soil and acceptance of Israel's right to exist.

The cover letter, which had not been previously disclosed, was provided by a source who felt its contents were mischaracterized by State Department officials. Switzerland serves as a diplomatic channel for communications between Tehran and Washington because the two countries broke off relations after the 1979 seizure of U.S. Embassy personnel.

Guldimann's two-page fax prompted a debate among foreign policy professionals on whether the Bush administration missed an opportunity four years ago to strike a "grand bargain" with Iran at a time when Washington appeared at the height of its power after the invasion of Iraq and Iran had not mastered uranium enrichment. Secretary of State Condoleezza Rice was questioned about the document on Capitol Hill last week. She said she did not recall seeing it when she was national security adviser. "I just don't remember ever seeing any such thing," she said.

Former deputy secretary of state Richard L. Armitage is quoted in this week's issue of Newsweek saying that the administration "couldn't determine what was the Iranians' and what was the Swiss ambassador's" in the proposal, adding that his impression at the time was that the Iranians "were trying to put too much on the table" for effective negotiations. Guldimann wrote that he had several long discussions with Sadegh Kharrazi, Iran's ambassador to France -- and also nephew to the foreign minister and brother-in-law to Khamenei's son. According to Guldimann, Sadegh Kharrazi reported going "through every word of this paper" with Khamenei, Khatami and the foreign minister. "The question is dealt with in high secrecy. Therefore no one else has been informed," Kharrazi added.

The supreme leader had reservations on some points but agreed with 85 to 90 percent of the road map, and "everything can be negotiated," Kharrazi said, noting any reservations could be discussed at the first bilateral meeting. Kharrazi added: "There is a clear interest to tackle the problem of our relations with the U.S. I told them, this is a golden opportunity." Guldimann noted that the "lack of trust in the U.S. imposes them to proceed very carefully and very confidentially." Kharrazi proposed that Armitage represent the United States at the first meeting because he had made positive comments on Iranian democracy. Guldimann reported that he thought that was impossible, and he told Kharrazi that the Iranians should aim for a lower-level official.

"This document did not come through official channels but rather was a creative exercise on the part of the Swiss ambassador," State Department spokesman Tom Casey said yesterday. "The last 30 years are filled with examples of individuals claiming to represent Iranian views. We have offered to Iran a chance to sit across the table from us and discuss their nuclear issue and anything else they would like, should they simply, verifiably suspend their uranium-enrichment activities."

Iran President Tones Down Israel Attack (AP)

AP, February 14, 2007

Iranian President Mahmoud Ahmadinejad, toning down verbal attacks on Israel, said in an interview that aired Tuesday that Palestinians should be allowed to determine a resolution to the conflict with the Jewish state.

Ahmadinejad's comments were the latest in which the hard-line leader has sought to show a relatively more moderate face toward the West, including over Iran's controversial nuclear program.

In the interview with ABC's "Good Morning America," Ahmadinejad was asked if he stuck by his past calls for Israel to be "wiped off the face of the map."

Ahmadinejad stopped short of addressing whether Iran would recognize Israel but said any decision the Palestinians make should be respected.

"We say that based on the charter of the U.N., we say that based on the current international regulations, let Palestinians decide," Ahmadinejad said, according to ABC's translation of his Farsi comments.

Israeli Foreign Ministry spokesman Mark Regev said he though Ahmadinejad was being "disengenous."

"Iran gives support to the most extremist and anti-peace of Palestinian groups; Islamic Jihad, Hamas and others, and has made every attempt to destabilize the situation and encourage violence," Regev said.

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Ahmadinejad has taken a less confrontational tone in recent days at a time when the United States has sharply stepped up its pressure on Iran, increasing its military presence in the Gulf and accusing Iran of providing sophisticated explosives to militants in Iraq.

The hard-line Iranian leader also has come under pressure at home where reformists and fellow conservatives have criticized his diplomacy tactics, saying he spends too much time slamming the West and not enough on domestic problems including Iran's slumping economy.

In December, Ahmadinejad's rivals nearly swept local municipal elections, which were widely seen as a referendum on his support.

Ahmadinejad raised outrage in the West when he said in an October 2005 speech that Israel's "Zionist regime should be wiped off the map." Supporters of the president and some independent analysts have argued recently that his words were mistranslated from the Farsi — they argue it is better translated "vanish from the pages of time," implying it would vanish on its own rather be destroyed.

In the ABC interview, Ahmadinejad compared Israel to the Soviet Union, saying, "What happened to the former Soviet Union? It disappeared, disappeared from the face of the Earth. Was it because of war? No. It was through the decision of the people."

Tough Questions We Were Right To Ask (WP)

By Douglas J. Feith

The Washington Post, February 14, 2007

Promoters of the "Bush Lied, People Died" line claim that the recent Pentagon inspector general's report concerning my former office's work on Iraq intelligence supports their cause. What the IG actually said is a different story.

The IG, Thomas Gimble, focused on a single Pentagon briefing from 2002 -- a critique of the CIA's work on the Iraq-al-Qaeda relationship. His report concluded that the work my office generated was entirely lawful and authorized, and that Sen. Carl Levin was wrong to allege that we misled Congress.

Gimble made Levin happy, however, by calling the Pentagon briefing "inappropriate," a word the senator has whipped into a political lather. At issue is a simple but critical question: whether policy officials should be free to raise questions about CIA work. In Gimble's opinion, apparently, the answer is no. I disagree.

The CIA has a hard job. Some of its work has been good; some has been famously and disastrously bad, as everyone familiar with the Iraqi weapons of mass destruction fiasco knows. Intelligence is inherently sketchy and speculative -- and historically often wrong. It is improved when policy officials freely probe and challenge it.

In evaluating our policy toward Iraq after Sept. 11, 2001, my office realized that CIA analysts were suppressing some of their information. They excluded reports conflicting with their favored theory: that the secular Iraqi Baathist regime would not cooperate with al-Qaeda jihadists. (We now face a strategic alliance of jihadists and former Baathists in Iraq.) Pentagon officials did not buy that theory, and in 2002 they gave a briefing that reflected their skepticism. Their aim was not to enthrone a different theory, but to urge the CIA not to exclude any relevant information from what it provided to policymakers. Only four top-level government officials received the briefing: Donald Rumsfeld, George Tenet, and (together) Stephen Hadley and I. Lewis "Scooter" Libby.

A 2004 Senate intelligence committee report praised the quality of the Pentagon's Iraq-al-Qaeda work -- the critical briefing and the related Pentagon-CIA dialogue. The policy officials "played by [intelligence community] rules" and asked questions that "actually improved the Central Intelligence Agency's products," it said. Levin and Sen. Jay Rockefeller both endorsed that judgment.

The recent inspector general's report argues that policy officials "undercut" the CIA by pointing out " 'fundamental problems' with the way the Intelligence Community was assessing information" on the issue of Iraq-al-Qaeda relations -- even though Gimble last week said at a Senate hearing: "Again, I need to just remind everyone, we didn't make an assessment on the validity of either side of this issue." He labeled the Pentagon briefing "inappropriate" not because of any errors in it but because he

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viewed it as an "intelligence activity" that "varied" from "the intelligence community consensus." The Pentagon officials told the IG, however, that the briefing was a policy activity -- a critique of an intelligence product.

If this report hadn't become part of a political battle, Gimble's position would be scoffed at across the political spectrum. Sensible people recognize the importance of vigorous questioning of intelligence by the CIA's "customers." In bipartisan, unanimous reports on Iraq intelligence, both the Senate intelligence committee and the Silberman-Robb WMD commission called for more such questioning.

Specifically on the Pentagon's criticism of Iraq-al-Qaeda intelligence, the 2004 Senate report noted that our challenges were helpful: Intelligence analysts "stated that the questions had forced them to go back and review the intelligence reporting, and that during this exercise they came across information they had overlooked in initial readings."

In his Senate testimony, Gimble said his report -- and therefore all related claims that my office "manipulated intelligence" -- concerned only this single briefing. His whole argument rests on the claim that the briefing was "disseminated" as "an intelligence product" rather than a policy product. But he acknowledged that neither Rumsfeld nor Tenet could have mistaken the briefers for intelligence community spokesmen. His objections applied solely to the briefing that Hadley and Libby received in September 2002.

Astonishingly, the IG acknowledged that his office had not interviewed either of these officials to ask whether they thought the briefing was an intelligence product. Knowing well that the briefers worked for me, neither could have believed that Pentagon policy officials were speaking for the intelligence community. One of the briefing slides was "Fundamental Problems With How the Intelligence Community Is Assessing Information." Gimble had no basis to say the briefing was seen as an intelligence activity.

In his report, Gimble wrote that the Pentagon briefing was not the "most accurate analysis of intelligence." This has been taken to suggest it was false or deceptive. But the IG said he meant only that the briefing was at "variance with the consensus of the Intelligence Community." Of course it was at variance! It was a critique. That's why it was prepared in the first place.

Gimble's characterization is absurdly circular. Cheered on by the chairmen of the Senate intelligence and armed services committees, he is giving bad advice based on incomplete fact-finding and poor logic. He is discouraging tough questioning of intelligence. Our government needs more such questioning, not less.

The author was undersecretary of defense for policy from July 2001 until August 2005.

Al-Qaeda's Deputy Says Bush Bet On Iraq And Lost (WP/AP)

The Washington Post, February 14, 2007

CAIRO, Feb. 13 -- Al-Qaeda's deputy leader said President Bush was an alcoholic and a lying gambler who wagered on Iraq and lost, according to a new audiotape released Tuesday by a U.S. group that tracks extremist messages.

"Bush suffers from an addictive personality and was an alcoholic," Ayman al-Zawahiri said in the audiotape, a transcript of which was released by the Washington-based SITE Institute. "I don't know his present condition . . . but the one who examines his personality finds that he is addicted to two other faults -- lying and gambling."

Bush, 60, has acknowledged he had a problem with drinking but said he gave up alcohol when he was 40.

On the tape, Zawahiri said Bush has gone down in history as one of the world's "most notorious liars."

It was the fourth message by Osama bin Laden's deputy since the beginning of the year. The last was on Jan. 22, when he mocked Bush's plan to send an additional 21,500 troops to Iraq.

More Iraqi Refugees Are Headed To U.S. (NYT)

By Rachel L. Swarns And Katherine Zoepf

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Moving to address the flood of refugees fleeing war-torn Iraq, the Bush administration and the United Nations have developed a plan that would bring several thousand of them to the United States over the next 10 months, officials familiar with discussions of the plan say.

Under the plan, which is expected to be formally unveiled this week, the United Nations began its first large-scale screening this month of Iraqis who have fled to Syria and Jordan since the American-led invasion of Iraq in 2003. It hopes to

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register 135,000 to 200,000 of them to determine which Iraqis have fled persecution at home and would be eligible for refugee status.

The United Nations expects 13,000 to 20,000 Iraqis to be deemed eligible for resettlement abroad. The United States hopes to resettle at least 5,000 of that group this year, with the first arriving in late spring or summer. United Nations and Bush administration officials emphasize that those figures may change if conditions change in Iraq and neighboring countries.

Advocates for the refugees welcomed the plan but said too few people would be helped.

The Bush administration has recently moved to blunt sharp criticism from American lawmakers and advocates for refugee who have said it has failed to provide a haven for Iraqis fleeing the war.

Last week, the State Department announced the creation of a task force to coordinate efforts to resettle Iraqi refugees in the United States and to help those living elsewhere.

On Wednesday, Secretary of State Condoleezza Rice is expected to meet with António Guterres, the United Nations high commissioner for refugees, to discuss the Iraqi refugee crisis.

Mr. Guterres and Paula J. Dobriansky, the under secretary of state for democracy and global affairs, are expected to outline the refugee plan this week at a news conference here. The officials who described the plan on Tuesday spoke on the condition of anonymity because they did not want to pre-empt the conference.

Mr. Guterres, when he was in Syria last week to assess the refugee crisis, told reporters that it was time "to clearly change the way the international community is handling this problem."

He called it "a humanitarian cause that must mobilize us all."

The United Nations estimates that two million Iraqis have fled the country and that 1.7 million are displaced in Iraq. Of those, roughly 500,000 have been displaced since February 2006, with 40,000 to 50,000 additional Iraqis fleeing their homes each month.

The United States, however, has admitted only 466 Iraqi refugees since the invasion.

The first Iraqi refugees to arrive in the United States under the new plan are likely to come from Turkey; most of them fled Iraq under Saddam Hussein. The second group is expected to come from Syria, followed by others from Jordan. They are expected to include Iraqis who have been identified for retribution for working with American authorities.

"It's a step we welcome," Kristele Younes, an advocate for Refugees International, said of the new plan. "But the numbers remain low compared to what the needs are."

Senator Edward M. Kennedy, Democrat of Massachusetts, echoed those concerns, warning that the United States "can no longer ignore the plight of Iraqi refugees."

Mr. Kennedy, who convened a Senate hearing on the issue last month, said, "We can't solve the problem alone, but we obviously bear a heavy responsibility for the crisis."

In Damascus, Syria, where the United Nations began registering displaced Iraqis this month, more than 5,000 people lined up this week to apply for refugee status, officials said.

Until recently, Iraqis have been allowed to enter Syria freely. But in January, Iraqi refugees living in Syria said, the country began requiring entering Iraqis to obtain 15-day visitor visas, which may then be exchanged for three-month visas that may be renewed only once.

Though the Syrian government has made no public statement confirming the new measures, Iraqis have flocked to register for official refugee status, fearful that they may soon be sent home.

The United Nations, which has appealed for $60 million to help displaced Iraqis, has set up three telephone numbers for a hot line for Iraqis who face deportation from Syria. It plans to send more workers to the region and to open additional registration sites in Syria and Jordan to meet the demand.

But those efforts have yet to ease the anxieties of many frantic families.

Dozens of Iraqis gathered at the Sheraton Hotel in Damascus, where Mr. Guterres addressed reporters on Friday. As reporters began leaving, several Iraqis burst into the briefing room, shouting that they had a message for the United Nations.

Sami al-Hashim, an engineer from Baghdad, held his 2-year-old son, Abdul Rahman, as he shouted at the United Nations employees and journalists to "look at this example of an Iraqi refugee in Syria."

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As Mr. Guterres left the stage, Mr. Hashim, 49, seemed to fight back tears.

"I heard that the head of the U.N. would be here today, and I wanted to give him a message," he said. "I have 10 children, and I don't know what to do. If they send us back to Iraq, we will all be killed."

To Root Out Taliban, Pakistan To Expel 2.4 Million Afghans (CSM)

By David Montero

The Christian Science Monitor, February 14, 2007

JALOZAI, PAKISTAN

Like more than 100,000 Afghans, Maulana Mohammed Afzal has lived in the mud-baked lanes of this refugee camp ever since he fled war-ravaged Afghanistan 26 years ago. The camp is home for his family, but Pakistan's government says it's a threat to national security.

In its most recent effort to clamp down on Taliban activity within its borders, Pakistan has announced that all 2.4 million Afghan refugees, most living in camps, must return home by 2009. This and three other camps near the Afghan border, which together hold 230,000 refugees, are scheduled to be closed by the end of August.

"The problem of cross-border militancy is closely related to the presence of ... Afghan refugees in Pakistan," Munir Akram, Pakistan's Permanent Representative to the United Nations, wrote recently to the UN Security Council. "These camps have often given rise to complaints that they provide shelter to undesirable elements and Taliban."

Many disagree, however, saying Pakistan's Afghan refugees, most of whom are Pashtun and share the same tribal ethnicity as the Taliban movement, are only being made a scapegoat.

The debate comes as Robert Gates, in his first visit to Pakistan as US secretary of Defense, met with President Musharraf in Islamabad this week to discuss the Taliban's expected spring offensive in Afghanistan.

As pressure mounts on Pakistan, analysts say the fate of the Afghan refugee community – the world's largest – is an important piece in the puzzle of regional militancy. Simply shifting them across the border could flame tensions.

"[T]he Afghan government is not capable ... of providing for their rehabilitation. It will be a source of more conflict inside Afghanistan," says Aimal Khan, a political analyst at the Sustainable Development Policy Institute in Islamabad, which recently completed a study of Afghan refugees.

Violence draws new attention

Set against such a backdrop, a recent burst of violence radiating from Pakistan's tribal zone, including two attacks in the capital, Islamabad, has placed renewed attention on refugee camps as potential hotbeds, though no Afghan suspects have been identified.

The Jalozai camp, 18 miles from Peshawar in northwestern Pakistan, looks like a small, bustling city, with a mile-long bazaar offering a wealth of goods. But a cloud of controversy hangs over its dirt lanes. According to Western media reports, the camp has incubated several high-profile terrorists, including Ramzi Yousef, the mastermind of the first attacks on the World Trade Center in 1993, and Khalid Sheikh Mohammed, the mastermind of the 9/11 attacks. FBI agents raided the camp in October 2002, arresting four Afghans they said were connected to Al-Qaeda.

Today Jalozai and other refugee camps, which are spread throughout the Northwest Frontier Province and Balochistan, help fuel the Taliban resurgence, the government says.

Repatriation could create new issues

Closing down the camps may ease the building pressure on Pakistan to combat militancy within its borders, but observers say the move could cause more problems than it solves.

An exodus of poor Afghans is likely to exacerbate existing social and economic problems inside Afghanistan. Moreover, refugees without a home or means to support themselves could fall in with the Taliban, either out of resentment or a practical need to survive.

"They're made a scapegoat," says Behroz Khan, a prominent journalist in Peshawar. "If these families are sent back by force ... these people will turn toward those forces that are against Pakistan."

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Some 2.8 million Afghans have already voluntarily repatriated since 2002. Those who remain in camps feel they would be vulnerable if they return to Afghanistan, mostly because they are without land or shelter.

"I want to stay here. The government [in Afghanistan] is not in a favorable position. We have no residence in Afghanistan," says Mr. Afzal, originally from Kunduz Province in Afghanistan.

Better life in camps than back home

While conditions are poor in the Jalozai camp, many Afghans live better here than they would in Afghanistan, with well-built mud houses and well-kept schools. UNHCR, the UN refugee agency, provides mobile health-care centers and water, amenities they may lack in a land many of them barely know.

Whether the largely Pashtun refugee population stays or goes, many in Washington say that assisting them is crucial in stemming the tide of Taliban militancy.

"[W]e need programs that address the grievances, the aspirations of the Pashtun population on both sides of that border," James Dobbins, an analyst at the RAND Corporation, told a recent Congressional hearing about Afghanistan's security.

Last week, a tripartite meeting of officials from Pakistan, Afghanistan, and UNHCR decided that refugees in the four camps scheduled to be closed this year will be given a choice: either to repatriate with assistance from UNHCR or to move to other camps that will remain open until 2009. In addition, more than 2 million Afghans recently registered with the government under a UNHCR program, granting them temporary resident status in Pakistan for three years.

Finding a solution to the problem is likely to be difficult, observers agree. Pakistan is not a signatory to the UN's 1951 Refugee Convention or its subsequent protocols, meaning there is no clear-cut policy on how to handle refugees here.

Many hope alternative solutions can be agreed upon. "We believe there should be a number of options. We have to look at ... how to address those who can't go home," says Vivian Tan, UNHCR's senior regional public information officer in Islamabad.

Afghanistan, The Forgotten War (POL)

By Ryan Grim

The Politico, February 14, 2007

At Tuesday's Armed Services Committee hearing, even the Code Pink protesters seemed less than transfixed by America's other war. And with almost no press to watch them protest, who can blame them?

As the House spent most of its energy debating the resolution condemning President Bush's troop surge plan for Iraq, the House Armed Service Committee's hearing on the war in Afghanistan drew only the weakest of spotlights.

Yet the speakers were no collection of mid-level bureaucrats or professors. The star witness was Gen. Karl Eikenberry, the outgoing commander of all NATO troops in Afghanistan.

At 10 a.m., as the hearing was set to begin, the only member of the media on hand to hear Eikenberry was a camera guy from CNN doing a pool report. A reporter from Talk Radio News Service had signed the press sheet as well but was nowhere to be seen.

And even that small klatch of reporters seemed to be more than the committee could handle. Lara Battles, an Armed Services Committee spokeswoman, asked the pool reporter to move to make room for the public. "I thought I was the public," he said, sounding miffed. "I'll have to call the pool office and tell them we won't have audio." Battles shrugged.

Asked how much press she was expecting for the hearing, Battles she said she wasn't sure. "I haven't spoken to anyone," she said.

Instead, the media area was mostly populated by Frazer and Brenda Dealy, the proud parents of committee staffer Lauren Dealy. "We haven't been to one of these since she's been in the majority," confided Brenda Frazer.

Committee Chairman Ike Skelton, D-Mo., began by blaming the light turnout of committee members on the snow that had begun to fall. He then gave the microphone to the ranking member, Rep. Duncan Hunter, R-Calif. "This is an excellent hearing, very timely," he said, though the timing couldn't be worse.

Hunter followed with his own plan for success in Afghanistan: replacing poppy crops with orchards. "It would make sense if you have an almond crop or a pecan crop," said Hunter. "Farmers are going to be much less likely to chain saw their trees to plant poppies."

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After wrapping up with the suggestion that State Department and U.S. Agency for International Development employees be swapped for agricultural experts, he asked Skelton for a few more minutes to address the two protesters near the door.

"At the last hearing," when Defense Secretary Robert Gates testified, Hunter said, "some of the folks who don't like the Iraq program were standing and whispering derogatory comments while (Gates) testified … I would ask our guests -- all of our guests -- to be seated. It's proper decorum."

A tall young person with a pink headband and long blond hair and a shorter, middle-aged woman in a T-shirt stared back at him, refusing to sit. Security spoke to them but allowed them to stay on their feet.

Early in the hearing, the pair turned their backs on the committee, causing Skelton to scold them. "The chair is tolerant," he said, tolerating their presence as long as they'd face forward. Unless they did so, he said, they'd get the boot. "Do you understand?"

The woman nodded. By 10:40, though, the two seemed to lose interest and took turns sitting in the chair. By shortly after 11, they were both gone.

With the prospect of excitement over, the buzzer signaling four upcoming votes sounded. Skelton passed the gavel to Rep. Jim Marshall, D-Ga., who adjourned the meeting a few minutes later.

"I think Mr. Skelton intends that we get back together," said Marshall, unsure. "I don't know how many people will be coming back," he added.

Gen. Eikenberry, lingering in the empty room, said he wasn't sure why the hearing had gotten so little attention. "You'll have to ask your media colleagues why they're not here," he said.

General Warns Of Perils In Afghanistan (WP)

By Ann Scott Tyson

The Washington Post, February 14, 2007

A senior U.S. military commander urged Pakistan yesterday to crack down on an entrenched network of senior Taliban and al-Qaeda leaders, training camps and recruiting grounds -- a sanctuary from which fighters have tripled cross-border attacks since September and are preparing an anticipated major spring offensive in southern and eastern Afghanistan.

Army Lt. Gen. Karl W. Eikenberry, the outgoing top U.S. commander in Afghanistan, also warned that an even greater threat than the resurgent Taliban is the possibility that the government of President Hamid Karzai will suffer an irreversible loss of legitimacy among the Afghan population.

In response to the rising security threats, the Pentagon is expected to announce soon that it will keep U.S. troop levels in Afghanistan at a minimum of 27,000 into 2008, extending a temporary increase of 3,200 combat troops ordered last month.

"Al-Qaeda and Taliban leadership presence inside of Pakistan remains a very significant problem," Eikenberry testified before the House Armed Services Committee, warning of the "growing threat of Talibanization" inside Pakistan.

"A steady, direct attack against the command and control in Pakistan in sanctuary areas is essential for us to achieve success," Eikenberry said, joining other U.S. officials in publicly pressuring the Islamabad government to crack down on the safe havens in its frontier regions.

Taliban forces in Pakistan's North Waziristan have staged mass attacks on U.S. border camps, including a strike in recent days that saw the U.S. military respond with artillery fire into Pakistan.

Eikenberry, who has spent two of the past four years in Afghanistan, offered a forthright assessment not only of the progress in the Central Asian nation but also of the stark challenges ahead.

"The long-term threat to campaign success . . . is the potential irretrievable loss of legitimacy of the government of Afghanistan," he said.

"The accumulated effects of violent terrorist insurgent attacks, corruption, insufficient social resources and growing income disparities, all overlaid by a major international presence, are taking their toll on Afghan government legitimacy," he said. "A point could be reached at which the government of Afghanistan becomes irrelevant to its people, and the goal of establishing a democratic, moderate, self-sustaining state could be lost forever."

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A critical question, Eikenberry said, is whether the Afghan government is "winning." "In several critical areas -- corruption, justice, law enforcement and counter-narcotics -- it is not," he said. He called Afghan government institutions "extraordinarily weak."

Greater U.S. and international efforts are urgently needed to build a court and corrections system in Afghanistan, and to strengthen efforts to train an Afghanistan police force, which he said is "several years behind" compared with the development of the Afghan army. The Pentagon is seeking $5.9 billion this year and $2.7 billion in 2008 to build up Afghan security forces, including the police.

Eikenberry stressed that Taliban forces -- though making gains in relatively lawless regions of southern Afghanistan, which had few coalition troops until last summer -- have not been able to retake areas where the Afghan government and security forces have established a presence.

The decision to dispatch more U.S. forces is intended to bolster NATO's total contingent of 36,000 troops and to allow NATO to go on the offensive against a resurgent Taliban, Eikenberry said. NATO, which now has military oversight over all of Afghanistan, has provided only about 85 to 90 percent of the promised troops and other resources, and it faces shortages of infantry, military intelligence, helicopters and fixed-wing aircraft, Eikenberry said. "NATO must do more," Mary Beth Long, principal deputy assistant secretary of defense for international security, testified in the same House hearing.

The Taliban resurgence has been supported by a strengthened command-and-control structure that moved across the border into Pakistan after U.S. forces toppled the Taliban government in 2001. Today, Eikenberry said, senior Taliban leaders from the ousted regime are collaborating with al-Qaeda leaders, as well as with other groups led by the warlord Gulbuddin Hekmatyar and the Haqqani clan of an ethnically Pashtun tribe.

The United States is "terribly concerned" about the Taliban and al-Qaeda leadership in Quetta, Pakistan, and other regions that direct attacks, conduct training in camps with the help of foreign fighters, and recruit from Islamic schools known as madrassas. "Action against those will be needed," Long said.

Pakistan's government in September struck a peace agreement that halted military raids in North Waziristan's Federally Administered Tribal Areas, but since then the number of cross-border attacks has as much as tripled, Eikenberry said. "There've been problems with" the agreement, he said.

Taliban Commander Vows Biggest Ever Offensive In Afghanistan (AFP)

AFP, February 14, 2007

A purported Taliban commander has said the militia is ready for its "biggest ever" offensive in Afghanistan this year, while a boosted NATO-led force says it also plans significant operations.

The first weeks of 2007 have already seen intense fighting, mainly in the southern province of Helmand where the Taliban have held a small town for a fortnight, and the year is shaping up to be as violent as 2006 -- the worst in the insurgency.

A man claiming to be a Taliban commander in Helmand told AFP Tuesday he had up to 10,000 men ready for action once spring arrives in March.

"We will launch a very big offensive -- the biggest ever seen -- this spring," Mullah Abdul Rahim told AFP in a telephone interview.

"Our troops are ready to go after the enemy. They are waiting for the spring (and) the leaves to appear on the trees," he said in a telephone interview arranged by Taliban spokesman Yousuf Ahmadi.

"We have between 8,000 to 10,000 armed men. They're awaiting orders to launch the attack."

His role in the Islamist militia and his claims could not be independently verified.

The NATO-led International Security Assistance Force (ISAF) has scoffed at such talk, labelling it rhetoric and propaganda, but the US military has warned this year's Taliban "spring offensive" could be particularly intense.

US Defense Secretary Robert Gates visited Pakistan on Monday to seek support for military activity on the Afghan border in coming months, saying that Pakistani and international forces have a "real opportunity this spring."

The 37-nation ISAF, which came under the command of a US general two weeks ago, is making its own plans, spokesman Colonel Tom Collins told AFP Tuesday.

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"In the coming months, ISAF will conduct significant operations as part of a continued offensive to extend the writ of government and facilitate reconstruction and development," he said.

The previous ISAF chief, British General David Richards, said before his departure the "conditions have been set" for a decisive push this year against Taliban rebels, said to be backed by extremists in Pakistan.

This included promoting reconstruction in the insurgency-hit areas of the south to win over local support in what ISAF has called a "winter offensive."

Winter has also seen the establishment of an Afghan, ISAF and Pakistan intelligence-sharing centre in Kabul and the training of nearly 3,400 "auxiliary police" to support their regular colleagues.

ISAF has meanwhile swollen to more than 35,000 troops, with the United States extending the tour of duty of about 3,500 soldiers for more than four months, and it is putting in place the first "rapid reaction unit."

"I think we will have what we need this year not just to contain it but to deal with it very aggressively," US ambassador Ronald Neumann told AFP Tuesday, adding though that he expected "very hard fighting this year."

The effort could be maintained even if NATO countries ignored pleas to send more troops to the force, he said. NATO's military command has said ISAF is about 10 percent short of what it needs.

This year's worst fighting has been in Helmand, Afghanistan's number one opium producer and where most of a British deployment of about 5,200 troops is based.

Helmand governor Assadullah Wafa said Sunday about 700 foreign militants, whom he linked to Al-Qaeda, had infiltrated the province from Pakistan.

There have been regular clashes around the Kajaki hydropower dam and ISAF is poised for action to take back the town of Musa Qala, captured by Taliban two weeks ago, if talks fail.

Rahim, the purported Taliban commander in Helmand, said the rebel force built itself up during the winter months. He claimed his men had forced out government troops from seven districts.

"We have shown that we're able to defeat the enemy in the areas under our control," he told AFP from an undisclosed location in southern Afghanistan.

Ahmed Rashid, an expert on the Taliban, said the militia controls about two-thirds of Helmand.

"The perception in the south of the country is certainly that the Taliban are coming back. And perceptions play a big part in this country," he told AFP.

Taliban Spring (WSJ)

The Wall Street Journal, February 14, 2007

American and NATO military planners in Afghanistan are bracing for what they anticipate will be a major Taliban offensive this spring. Expect more terrorism in Kabul, attacks on positions in and around the key Pashtun city of Kandahar, ambushes on vehicles and attacks on European and Canadian forces, which the Taliban consider, with good reason, to be the weak link in the NATO chain. Expect, too, for the Taliban to be decisively defeated.

The year 2006 was a bad one for Afghanistan. The rate of suicide bombings throughout the country soared. The Taliban found sanctuary in Pakistan's Waziristan province and, thanks to their "truce" with Islamabad, more than doubled the number of raids into Afghanistan. Entire provinces in the country had almost no military or police presence to speak of. And NATO was unable to secure further troop commitments from its non-U.S. members.

Now the picture is brightening. A year ago there were no Afghan troops and no more than 150 U.S. special forces in the southern province of Helmand. Today, there is an Afghan infantry battalion and a British air-assault brigade. The U.S. is deploying thousands of soldiers from the 82nd Airborne Division while extending the deployment of the Tenth Mountain Infantry brigade in anticipation of the spring offensive. That brings total U.S. troop levels in Afghanistan to 24,000, roughly 6,000 more than this time last year. So much for the idea that the surge in Iraq is starving our efforts in Afghanistan.

The situation with the Afghan military is also improving, though a senior U.S. military official describes the process as a "steep uphill climb." In 2005, the desertion rate was 25%. Today it is 10%. It helps that the Afghan soldier has now had a raise, to

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about $100 a month. It helps, too, that the U.S. is now investing $8.6 billion over two years to better equip and train the army, and to double its size to 70,000.

Where the U.S. still has significant problems is with its partners in the region. The fighting capabilities of European, Canadian and even British forces continue to lag far behind America's, as does their willingness to fight. Italian Prime Minister Romano Prodi has been under intense political pressure to withdraw Italy's 1,800-man contingent in Afghanistan. This week, a Canadian senate committee recommended withdrawing their forces if other NATO countries don't increase theirs.

More problematic is Pakistan. President Pervez Musharraf's recent proposal to mine the border with Afghanistan along the so-called "Durand line" is probably not serious, but if it were it would not be helpful. And while it's true that the Pakistan army lost some 400 soldiers in fighting against the Taliban, it's also true that their September truce represents an abdication of their sovereign responsibility to control their borders.

Still, the combination of more troops and a keen appreciation of last year's mistakes puts the U.S. and Afghanistan in a better position than a year ago to repulse the Taliban's expected spring offensive. We hope our wavering NATO allies feel the same way. After all, isn't Afghanistan supposed to be the "good war" in the broader war on terror?

In Philippines, U.S. Making Progress In War On Terror (USAT)

By Paul Wiseman

USA Today, February 14, 2007

CAMP BAUTISTA, Philippines — Thousands of miles from the bazaars of Iraq and the mountains of Afghanistan, U.S. military forces are quietly helping defeat terrorists in the jungles of the southern Philippines, a forgotten front in the global war on terrorism.

Working behind the scenes with a rejuvenated Philippine military, U.S. special forces have helped kill, capture or rout hundreds of Abu Sayyaf guerrillas who have links to the Islamic terror groups Jemaah Islamiyah and al-Qaeda, Philippine and U.S. military commanders say.

The Abu Sayyaf, responsible for 16 years of bombings, kidnappings and beheadings in the southern Philippines, has been forced to flee into the mountainous terrain here on Jolo island in the remote Sulu Archipelago.

But its numbers are dwindling and its leadership almost wiped out, says Brig. Gen. Ruperto Pabustan, commander of Philippine special forces on Jolo.

"They are on the run," Pabustan says. "They are evading our troops now, and they are short of ammunition. … We are slowly neutralizing Abu Sayyaf."

American officials agree.

"I've felt a turn in the tide," says Kristie Kenney, U.S. ambassador to the Philippines. "There are a lot of good things going on."

Backed by U.S. intelligence, equipment and training, Philippine forces have killed or captured 200 of the 400 Abu Sayyaf fighters on Jolo since they began Operation Ultimatum last August, Pabustan says. Among the dead are Abu Sayyaf leader Khadafi Janjalani, whose corpse was identified in January, four months after he suffered fatal wounds in a firefight with Philippine forces. Abu Sayyaf military planner Abu Solaiman was killed by Philippine special forces Jan. 16.

"They've been kicking some butt," says U.S. Army Maj. Kevin Brown, a member of the Utah National Guard based at this Philippine military camp on Jolo. "I think they're close to breaking this thing open."

Abu Sayyaf is the most notorious of several militant groups fighting to create a fundamentalist Muslim state in the Philippines. It mutated over time into a criminal gang, engaged mostly in lucrative kidnappings. Hiding on Jolo with the Abu Sayyaf survivors are a handful — fewer than 10 — members of Jemaah Islamiyah, including two suspects in the 2002 Bali bombing in Indonesia, the Philippine government says.

U.S. forces have maintained a low profile in the southern Philippines since early 2002. Numbers fluctuate, but there are now about 450 — more than half of them members of the special forces.

The U.S. force is split between Jolo and Zamboanga city on the large island of Mindanao, says U.S. Air Force Maj. John Redfield, U.S. military spokesman in Zamboanga. In 2002 they helped drive Abu Sayyaf off the island of Basilan.

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"The U.S. has done much better than the critics expected," says Philippines specialist Kit Collier, visiting fellow at Australian National University. "Five years ago, when U.S. troops were first sent to Basilan, many predicted 'a new Afghanistan.' Instead, the security environment there has been transformed."

The U.S. role is controversial. The Philippine Constitution forbids foreign troops from establishing bases in the Philippines and, by many interpretations, bars them from combat. So U.S. forces have played a limited role in areas such as:

•Fostering goodwill among the predominantly Muslim communities by conducting medical missions, paving roads and refurbishing schools.

•Using satellite imagery and other technology to help the Armed Forces of the Philippines (AFP) track Abu Sayyaf.

•Equipping Philippine soldiers with night-vision goggles and other gear to give them an edge on the battlefield.

•Training Philippine troops, whose efforts to subdue Abu Sayyaf had failed.

"We have provided some assistance, but the AFP is doing the heavy lifting," says U.S. Army Col. David Maxwell, commander of the U.S. military task force in the southern Philippines.

Critics say military operations and aid projects aren't enough. The Muslims of the southern Philippines — a minority in a majority Christian country — have long-standing grievances. They are among the poorest people in the Philippines. They have long been ignored by the Christian political elite in Manila. Promised development money rarely arrives.

"I don't care how many medical missions the Americans do," says Astrid Tuminez, researcher with the U.S. Institute of Peace, a government-funded organization trying to help arrange a peace deal between the Muslim separatists and the government. "Those grievances are still there."

Qaeda Affiliate In Algeria Kills 6 As Bombs Strike Police Stations (NYT)

By Craig S. Smith

The New York Times, February 14, 2007

Seven bombs exploded almost simultaneously in Algeria yesterday, killing six people and wounding more than a dozen in the worst attack in months by North Africa's most active terrorist group, which says it has allied itself with Al Qaeda.

The bombs, including at least five powerful car or truck bombs, went off before dawn, pulverizing police stations in six towns in mountainous areas east of the capital, Algiers.

A group calling itself the Qaeda Organization in the Islamic Maghreb claimed responsibility for the attacks in a telephone call to the Morocco offices of the Arabic-language satellite broadcaster Al Jazeera. The name was recently adopted by the Salafist Group for Preaching and Combat, which has operated in Algeria since 1996.

Agence France-Presse reported that the group also claimed responsibility on a Web site.

It was formed as an offshoot of the Armed Islamic Group, which along with other Islamist guerrilla armies fought a brutal decadelong civil war after the Algerian military canceled the second round of parliamentary elections in early 1992 after an Islamist party overwhelmingly won the first round and was poised to win the second.

The Salafist group advocates a religious theocracy in Algeria and the rest of North Africa.

After suffering years of dwindling membership because of a government amnesty program, its core membership, estimated at hundreds, has recently vowed to expand operations across North Africa and into Europe.

In October the group detonated nearly simultaneous truck bombs at two police stations near Algiers, killing three people. On Dec. 10 it attacked a convoy carrying employees of a Halliburton joint venture in a suburb of the capital, killing two people and wounding eight.

The Interior Ministry said in a statement carried by the official Algeria Press Service that two members of the security forces had been among those killed in yesterday's attacks and that another 13 people had been wounded, including 10 police officers. It said five of the seven bombs had been in vehicles.

At least four of the bombs went off near police stations in the district of Boumerdes in the mountains roughly 30 miles east of Algiers, according to the ministry. Others took place in the Tizi Ouzou district farther east.

Both districts are part of the Kabylia region, a mountainous, traditionally Berber area that has long been resistant to government control. The region was the scene of some of the worst fighting during Algeria's struggle against French colonial

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rule in the 1950s and was a center of Islamist resistance during the civil war in the 1990s. It has been a base for the Salafist group for years.

Counterterrorism officials fear that the group is attracting militants from across the region and could inspire attacks elsewhere. Last month its current leader, Abdelmalek Droukdel, called on followers to "fight the nationals of France and the agents of the crusaders occupying our land."

Mr. Droukdel, also known as Abu Mussab Abdelwadoud, said he was waiting for guidance from Al Qaeda for the next step.

DOJ:

Lam's 4 Top Aides Interviewed For Interim U.S. Attorney Post (SDUT)

By Kelly Thornton, Union-tribune Staff Writer

The San Diego Union-Tribune, February 14, 2007

With U.S. Attorney Carol Lam's departure imminent, the Justice Department has interviewed four of her top advisers for the position of interim chief while a committee searches for a long-term replacement.

Among the short-term candidates interviewed within the last two weeks are Lam's second-in-command, Stephen Clark, her third-in-command, Karen Hewitt, plus Narcotics Chief Tim Coughlin and Appeals Chief Bruce Castetter.

All are career prosecutors hand-picked by Lam who have supported her priorities of prosecuting corruption and white-collar crimes rather than routine immigration cases, which, according to Justice Department officials, led to Lam's ouster.

Lam was targeted for dismissal because of "performance-related" issues after the Justice Department received complaints from members of Congress about her handling of immigration enforcement cases, said Deputy Attorney General Paul McNulty.

Before statements, sources told The San Diego Union-Tribune that Lam, a political independent, was asked to step down because of declining prosecutions of gun, smuggling and drug cases.

Though initially staying mum, the Justice Department confirmed under pressure from lawmakers that it recently asked at least seven U.S. attorneys, including Lam, to resign. Officials said the dismissals weren't politically motivated and were generally based on job performance.

The interviews of potential temporary replacements for Lam were conducted via video conference calls by Justice Department officials in Washington, D.C. The candidates did not seek the position but were invited to be interviewed.

An announcement is not expected until Lam's final day in office Thursday. An office party is scheduled for that day so colleagues can wish her well. Lam has declined to discuss reasons for her departure or her future plans.

Members of the legal community said whoever is appointed as interim U.S. attorney could end up staying until a new president takes office in January 2009.

They said it was unlikely many qualified lawyers would be interested in the post for a term that would last less than two years. And many qualified candidates may not be interested in forfeiting lucrative salaries in the private sector or positions at big firms for such a short stint.

Each interim candidate declined comment.

Clark won convictions in the 1996 corruption case against three Superior Court judges and an attorney and in a billing fraud case against former La Jolla eye surgeon Jeffrey Rutgard in 1995. He also handled the 1989 fraud and tax-evasion trial of Nancy Hoover Hunter.

Hewitt joined the San Diego office in 2000 and prosecuted civil fraud cases before she was appointed Executive Assistant U.S. attorney a year ago. Before coming to San Diego, she was a lawyer in the Justice Department's civil division in Washington, where she specialized in constitutional law and civil rights cases for about eight years.

Coughlin is known for his prosecutions of drug lords from the Arellano Felix cartel, the Mexican Mafia and others. Castetter, a 32-year veteran of the office, has held several leadership positions during his long tenure, including chief of the appellate, criminal and general crimes divisions.

Lam's forced departure after 4½ years has drawn fire from Democrats and other critics who accused Attorney General Alberto Gonzales of politicizing the process of choosing top prosecutors.

The critics have speculated that Lam is being removed to cripple an investigation into corruption in Congress. Lam's office prosecuted former Congressman Randy "Duke" Cunningham, and that case has led to investigations of other lawmakers.

Critics say Gonzales is planning to use a little-known provision included in last year's reauthorization of the Patriot Act to appoint U.S. attorneys without Senate approval.

The Senate will consider legislation, perhaps as early as this week, to limit the attorney general's appointment of interim U.S. attorneys to 120 days. Justice Department officials have said they plan to replace Lam with a presidential nominee who will not bypass the Senate confirmation process.

Historically, such candidates are recommended by senators from the state where the vacancy exists. Because both of California's senators are Democrats, a committee of three Republican lawyers in each of the four judicial districts in the state interviews candidates and makes recommendations to Gerald Parsky, a prominent Republican and Bush friend who then evaluates the picks before suggesting them to the White House.

The San Diego committee, which includes Meryl Young, John Davies and former federal Judge Lawrence Irving, is accepting applications and so far has received a few. It could be four to five months before a permanent replacement is confirmed by the Senate.

CORPORATE SCANDALS:

J&J Acts To Push Its Reputation Back Into Joint (FT)

By Christopher Bowe, Salamander Davoudi And Stephanie Kirchgaessner

Financial Times, February 14, 2007

Carved in stone in the lobby of its US headquarters is Johnson & Johnson's credo, displaying its guiding principles and symbol for what the healthcare conglomerate regards as its most preciously preserved commodity - its reputation.

But J&J also prizes is decentralised structure - with managers nimbly running separate businesses ranging from pharmaceuticals to medical devices to consumer brands such as its iconic Band-Aid and baby shampoo. These two ideals at J&J have clashed, and now the group is trying to minimise the damage to its reputation following revelations of improper payments overseas that could violate US anti-bribery laws.

Late on Monday, J&J said it had notified the US legal authorities and securities regulators that it had found "improper payments in the connection of medical devices in two small-market countries."

J&J was not under investigation for these payments and voluntarily notified the US Department of Justice and Securities and Exchange Commission. It said the payments could violate the US Foreign Corrupt Practices Act (FCPA), and that a senior executive had stepped down as a result. J&J declined to name the countries or the type of payments involved.

Nevertheless, J&J said Michael Dormer, 55, would retire as worldwide chairman of three of its medical device businesses - Ethicon Endosurgery, Depuy orthopaedic implants and Ortho diagnostics unit.

J&J said Mr Dormer would retire, after he cited the internal review of the payments and that he had "ultimate responsibility" for those subsidiaries.

As a result of his exit, J&J has consolidated all its main medical device and diagnostics businesses under 50-year-old Nicholas Valeriani, who previously oversaw only three, including Cordis stents.

J&J is moving quickly to try to the minimise the dent to its highly regarded corporate reputation. The company's challenge is to manage a highly decentralised corporate structure, which prides itself on managers making local decisions quickly.

Last year, medical devices and diagnostics had $20.3bn in sales, or 38 per cent of J&J's total sales of $53.3bn.

Mr Valeriani must also oversee an industry that has attracted ongoing government scrutiny of its US marketing practices, and now problems overseas.

The J&J case underscores that the medical device industry is particularly vulnerable to charges under the US FCPA, an anti-bribery statute that makes it illegal to make payments or offer anything of value to a foreign government official in order to obtain business.

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One analyst said: "In countries with centralised health schemes you could also end up dealing with government officials. I am not surprised that in some places you have to lubricate the wheels. I would be surprised if such practices only went on at Johnson & Johnson."

Indictments of companies can carry a heavy price in the US, including a potential ban on doing business with the government, a huge buyer of health products and services. Around the world, companies like J&J sell products to hospitals and other healthcare facilities that are often government-owned, increasing the risk that payments to healthcare officials can be considered bribes to government officials. Bribes between parties in the private sector are not covered under the FCPA.

Experts say the Justice Department has markedly stepped up its enforcement of FCPA violations, forcing companies to be more vigilant about any types of payments it makes to individuals or entities that may be deemed to be government controlled.

Last year marked one of the busiest years in enforcement by the Justice Department of the FCPA. According to research by Gibson, Dunn & Crutcher, a Washington law firm, 17 of 20 known probes by the DoJ and SEC into alleged FCPA violations emerged after the companies self-reported the questionable payments following internal investigations.

Assistant attorney-general Alice Fisher last year said that while the result of a voluntary disclosure is uncertain, it will result in "real tangible benefit".

Additional reporting by Salamander Davoudi in London

Cyberonics Regains Nasdaq Compliance (AP)

AP, February 14, 2007

Cyberonics in Compliance With Nasdaq Rules; Has Filed All Past Reports With SEC

HOUSTON (AP) -- Cyberonics Inc. said Tuesday it received a letter from the Nasdaq Stock Market confirming that the medical device maker is in compliance with all the exchange's rules, and its stock will continue to be listed.

The company also said that with last week's filing of its quarterly report for the period ended Oct. 27, it has now filed all previously delinquent reports to the Securities and Exchange Commission.

Cyberonics had received letters from the Nasdaq warning that the company was subject to delisting for failing to meet its filing requirements.

"This is an important milestone in our efforts to refocus attention on our business following an exhaustive, five-month investigation by the audit committee of our board of directors into the company's stock option grants, practices and procedures," Reese S. Terry, Jr., the firm's interim chief executive, said in a release.

Cyberonics in November said it would restate financial results from 2000 through January 2006 to correct improper stock options accounting, resulting in $10 million in non-cash expenses. The company's CEO and chief financial officer resigned later that month.

Cyberonics is one of 106 companies currently under SEC or Justice Department scrutiny over its stock-option grants, and at least 94 other firms have launched or completed internal reviews into their stock options practices, according to an AP review.

Shares of Cyberonics added 34 cents to $21.04 in afternoon trading on the Nasdaq.

Aflac Plans To Allow Shareholders To Vote On Pay For Top Executives (USAT)

By Del Jones

USA Today, February 14, 2007

Responding to the uproar against soaring executive compensation, Aflac today will announce a move to become the first major U.S. company to let shareholders vote on executive pay packages.

On Tuesday, Aflac's board approved allowing shareholders to vote on the pay of the insurer's top five executives. Although the vote will be non-binding, it would be hard for Aflac to ignore the wishes of a majority of shareholders, says analyst Dawn Wolfe at Boston Common Asset Management.

Other companies are under similar pressure. Shareholder proposals to approve executive pay are on ballots this year at about 50 companies, many introduced by the American Federation of State, County and Municipal Employees (AFSCME) union, which is a powerful institutional investor.

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Aflac, probably best known for the ubiquitous duck in its TV ads, had received a shareholder proposal from Boston Common, but the money management firm withdrew it when Aflac promised to make the move voluntarily. Aflac plans to announce today that shareholders will begin voting in 2009, the first time there will be three years of complete pay data in proxy tables under new Securities and Exchange Commission disclosure rules.

Aflac CEO Dan Amos said in an interview that a key concern is the chance of an "emotional vote" if Aflac's stock is depressed going into the annual shareholders meeting.

Similar shareholder proposals at other major companies have never passed, says Richard Ferlauto, director of pension and benefit policy at AFSCME. However, he says proposals at companies such as Sun Microsystems were supported by 40% or more of shareholders.

Others will follow Aflac's lead, Ferlauto says. "The only question is not when or if, but how many."

This will force companies to better align CEO pay with performance, Wolfe says. She says that in the United Kingdom, which requires such non-binding votes, CEO pay tends to be in more in line with performance, so shareholders rarely vote pay packages down.

Amos, who owns 9% of Aflac stock, says a vote would make a difference even if it's non-binding. If shareholders voted against his pay, "We would go back to our big shareholders and ask: 'Why did you vote against? What was it you didn't like?' From there, we'd make adjustments," he says.

Amos made $3.7 million in salary and bonus plus $2.5 million in restricted stock in 2005, the most recent year his pay was reported. The package was second highest among a group of 16 insurance CEOs, Wolfe says. While Aflac stock has been flat for more than a year, since Amos became CEO in 1990, its total return is roughly 2,770%, vs. 515% for the Standard & Poor's 500.

Congress Probes Timely Sale Of Sallie Stock (WP)

By Amit R. Paley

The Washington Post, February 14, 2007

Congressional investigators are looking into Sallie Mae Chairman Albert L. Lord's sale of $18.3 million worth of company stock this month, just days before President Bush proposed a huge cut in subsidies to the lending industry that caused Sallie Mae shares to nosedive.

The chairmen of the House Financial Services and Education committees sent letters yesterday to the White House counsel, the education secretary and Sallie Mae, asking for detailed information on all contact between the Reston-based student lending giant and the Bush administration over the past three months.

"Given the timing of the Sallie Mae stock sale and the release of the President's budget, the committee is seeking more information as a matter of routine oversight," Rep. George Miller (D-Calif.), chairman of the House Education Committee, said in a statement.

Sen. Edward M. Kennedy (D-Mass.) sent a letter yesterday to the Securities and Exchange Commission calling on it to investigate the transaction. The Senate Education Committee, which is chaired by Kennedy, is also looking into the sale, said Melissa Wagoner, a spokeswoman for Kennedy.

Lord sold 400,000 shares of Sallie Mae stock on Feb. 1 and Feb. 2. Three days later, Bush announced a budget that would cut subsidies to the student-lending industry by about $19 billion over five years, which caused Sallie Mae's stock to plummet about 9 percent that day, to its lowest closing price in more than two years.

Tom Joyce, a spokesman for Sallie Mae, said last week that Lord had no prior knowledge that the Bush administration would propose such cuts and called the timing of the sale "completely coincidental." He said Lord had told the company about his plans to sell the stock nine days before the sale.

"We look forward to responding to any questions that members of Congress may have on this transaction," Joyce said yesterday.

The House began looking into the sale after The Washington Post reported Saturday that Lord would have received about $1.4 million less from the transaction if he had sold his shares at the closing price on the day Bush unveiled his budget.

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The letters from Miller and Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee, asked Sallie Mae and the Bush administration for a response within 10 days.

Board Silly (NYT)

By Guhan Subramanian

The New York Times, February 14, 2007

Cambridge, Mass.

SLOWLY but surely, corporate America is giving up the staggered board.

Some businesses are responding to corporate governance rating agencies, which penalize companies that do not elect all of the directors each year. Some are responding to shareholder resolutions or to behind-the-scenes pressure from large shareholders. Georgeson Shareholder Services reports there were more than 90 resolutions among S.&P. 1500 companies in 2006 to abolish staggered boards, half proposed by the companies and half by shareholders. More are expected in the 2007 proxy season, and some corporate governance experts are urging companies not to fight the issue.

This would be a mistake. What shareholders object to is not staggered boards themselves, but how staggered boards block takeovers.

Let me explain. Most corporations have adopted or can easily adopt a "poison pill," a takeover defense that forbids a hostile bidder from directly purchasing a controlling interest in a target company. If the target has a staggered board, a bidder must win two proxy contests, conducted more than a year apart, to gain control of the board and jettison the poison pill. No bidder in the modern era of takeovers has had the patience and persistence to do this, so the staggered board combined with the pill presents a potent roadblock to shareholders who want to accept a hostile offer.

But there is a way to give shareholders exactly what they want without eliminating the staggered board: shift the staggered board from the charter to the bylaws. That would allow a hostile bidder to dismantle the staggered board through a bylaw amendment and put its offer to shareholders in a single proxy contest. For the 99.5 percent of United States public companies that are not subject to a hostile takeover bid in a given year, directors would continue to be elected to staggered, three-year terms.

Staggered boards offer many benefits over unitary boards: greater stability, improved independence of outside directors and a longer-term perspective — things shareholders should want, too. A bylaws-based staggered board would provide directors with three-year terms but allow shareholders to "recall" them in the event of a hostile takeover bid that a majority of shareholders want to accept. This is the norm in many European countries, where directors can be elected to six-year terms but shareholders retain the right to remove them from office at any time.

Skeptics might contend that unitary boards are pretty stable too, because the vast majority of board elections are uncontested. But because companies are increasingly requiring that board candidates win a majority of votes cast, directors would value the right to face election only every three years rather than every year.

The stakes are high. If directors surrender on the question of staggered boards, we risk further short-termism in boardrooms and no internal counterweight to managers focused on quarterly earnings. But if they hold firm, approximately half of the nation's public companies will remain heavily insulated from the socially desirable "disciplinary" effect provided by the threat of a hostile takeover. Rather than forcing an all-or-nothing showdown, boards should respond to shareholder demands to end staggering with the counter-offer of a bylaws-based staggered board.

Shareholders rightly decided that they did not like the anti-takeover effect of staggered boards, but their campaign unnecessarily casts the baby out with the bathwater. A bylaws-based staggered board meets the interests of all sides.

CRIMINAL LAW:

Former CIA Official, Contractor Indicted (AP)

By Allison Hoffman

AP, February 14, 2007

DOJ_NMG_0131873

SAN DIEGO (AP) — The CIA's former No. 3 official was charged Tuesday with accepting lavish vacations, private jet flights and a job offer from his best friend, a defense contractor who in return is suspected of getting inside information that helped him win agency contracts.

A federal grand jury returned 11 counts of fraud, conspiracy and money laundering against Kyle "Dusty" Foggo, executive director of the CIA until he resigned in May, and San Diego defense contractor Brent Wilkes.

Foggo is the highest-ranking CIA officer to be charged with crimes allegedly committed while working for the agency. The charges grew from the bribery scandal that landed former U.S. Rep. Randy "Duke" Cunningham in prison.

According to the indictment, Wilkes offered Foggo a high-paying position and reserved him an office in the executive suite when he built the new headquarters of the Wilkes Corp. in late 2002.

Wilkes is also accused of paying for Foggo and his family to join Wilkes and his family on a vacation in Scotland in August 2003, doling out $12,000 for private jet flights, $4,000 for a helicopter ride to play golf and $44,000 for a stay at an estate.

In addition, Wilkes spent more than $1,600 on prostitutes for himself and Cunningham at a Hawaiian resort in August 2003, the indictment alleges.

Foggo is accused of arranging that fall for one of Wilkes' companies to be a middleman in selling bottled water to the CIA. In December 2003, Wilkes introduced Foggo at a party at Wilkes' headquarters in Poway, Calif., as a future executive.

Foggo and Wilkes, both 52, are accused of making illegal money transfers of $815,000 in government contract funds from a Virginia shell company to Wilkes' companies.

Foggo and Wilkes could each be punished by up to 20 years in prison if convicted.

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," said U.S. Attorney Carol Lam.

The charges are a blow to the CIA, whose director, Michael Hayden, wrote to employees Tuesday that the agency continues to cooperate with the investigation.

In a separate indictment, Wilkes was charged with 25 counts of conspiracy, bribery, money laundering and unlawful monetary transactions to Cunningham in return for government contracts.

A man who was described as a co-conspirator in Cunningham's 2005 plea agreement, mortgage banker John T. Michael, faces one count of obstructing justice.

Wilkes could be sentenced to up to 20 years in prison if convicted on the second indictment. Michael faces up to five years if convicted.

Mark MacDougall, an attorney for Foggo, and Mark Geragos, an attorney for Wilkes, did not return calls seeking comment. A message seeking comment from Michael was also not returned.

The charges came 20 months after the FBI opened an investigation into Cunningham, who served on key House committees with oversight of government contracts. He pleaded guilty in November 2005 to taking $2.4 million in bribes from defense contractors and was sentenced to more than eight years in prison.

Investigators quickly turned to Foggo and Wilkes, who played high school football together. After graduating in 1972, they roomed together at San Diego State University, were best men at each others' weddings, and named their sons after each other.

Foggo was named executive director of the CIA in 2004. He resigned in May under investigation by the FBI, the Internal Revenue Service, the Pentagon's Defense Criminal Investigative Service, the CIA's inspector general and the U.S. attorney's office in San Diego.

In the past two months, Wilkes' wife has filed for legal separation, and he defaulted on a $7.5 million personal loan.

Associated Press writer Katherine Shrader in Washington contributed to this report.

Former No. 3 CIA Official Indicted (USAT)

By Matt Kelley

USA Today, February 14, 2007

Federal prosecutors have indicted the former No. 3 official at the CIA, accusing him of conspiring to steer lucrative contracts to companies run by a longtime friend who is accused of bribing a congressman.

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Kyle "Dusty" Foggo is indicted in a corruption probe that sent former Republican congressman Randy "Duke" Cunningham to federal prison. Foggo's indictment Tuesday by a federal grand jury in San Diego says Foggo took luxury vacations, expensive meals and other perks from his friend, Brent Wilkes.

Wilkes, the head of a web of San Diego-based government contracting firms, is accused of bribing Foggo to get contracts, including one to supply bottled water to CIA operatives. Wilkes is charged in a separate indictment of bribing Cunningham with more than $700,000 in cash, travel, meals and prostitute services.

Cunningham is serving an eight-year prison term after pleading guilty in 2005 to taking more than $2.4 million from Wilkes and businessman Mitchell Wade in exchange for steering Pentagon and intelligence contracts to their companies. Wade has pleaded guilty and remains free while cooperating in the ongoing investigation.

Wilkes' lawyer, Mark Geragos, said all the charges were "demonstrably false" but refused to give specifics. Geragos said Wilkes plans to plead not guilty in a court appearance today.

Foggo's lawyer, Mark MacDougall, did not return messages left Tuesday evening.

Foggo and Wilkes, both 52, met in high school in the San Diego suburbs. From 2001 to 2004, Foggo was based in Germany and oversaw CIA support operations in areas that included Iraq. He was promoted to executive director of the CIA in November 2004 under then-director Porter Goss. He resigned last May amid news reports about the federal investigation.

The indictment says Foggo steered contracts worth hundreds of thousands of dollars to Wilkes' companies. Wilkes took Foggo to Scotland and Hawaii, paid for dinners costing as much as $1,100 and gave him a $2,300 cigar humidor, the indictment says.

The other indictment details the perks Cunningham allegedly received for help in steering contracts to another Wilkes company, ADCS Inc. Those perks included a Hawaii vacation during which Wilkes used company money to pay for prostitutes for himself and Cunningham.

Federal Grand Jury Indicts Foggo, Wilkes (SDUT)

By Kelly Thornton And Debbi Farr Baker, Union-tribune Breaking News Team

The San Diego Union-Tribune, February 14, 2007

SAN DIEGO – Poway defense contractor Brent Wilkes and former high-ranking CIA official Kyle “Dusty” Foggo, childhood friends from San Diego who got entangled in the Randy “Duke” Cunningham corruption scandal, were indicted Tuesday by a federal grand jury.

U.S. Attorney Carol Lam announced the indictments at an afternoon press conference, calling the charges against the two men “breathtaking in scope.”

The jury returned 11 counts against Foggo and Wilkes that include conspiracy, wire fraud, conflict of interest and money laundering. It charges Foggo with using his seniority and influence within the CIA to direct the awarding of contracts to Wilkes, his lifelong friend.

A second indictment, which included 26 counts, names Wilkes and New York-based mortgage banker John T. Michael, who co-owned a mortgage company that provided loans to Cunningham. It charges Wilkes with conspiracy, wire fraud, bribery of a public official and money laundering.

The investigation began after a June 12, 2005, report by Copley News Service reporter Marcus Stern that detailed Cunningham's sale of his Del Mar Heights home to a defense contractor for hundred of thousand of dollars more than it was worth.

Within nine months of that first report of corruption, Cunningham was convicted and jailed.

Court documents allege that Wilkes provided more than $700,000 to Cunningham in exchange for the former congressman corruptly influencing the appropriation of funds and the execution of government contracts to benefit Wilkes' company, Poway-based ADCS Inc.

Associated Press

United States' Attorney Carol Lam announces a new round of indictments stemming from corruption of convicted U.S. Congressman Randall "Duke" Cunningham in San Diego, Tuesday. Lam is flanked by FBI agent Stewart Roberts

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Michael, 35, is charged with a single charge of obstructing justice. He is accused of trying to influence and impede a federal grand jury investigation by providing misleading and false testimony regarding Wilkes' role in paying off the $500,000 second mortgage on Cunningham's Rancho Santa Fe home.

Michael is the nephew of the wife of Thomas Kontogiannis, a Long Island developer who sought Cunningham's help in seeking a presidential pardon for a conviction in a New York schools bribery scandal. Ultimately, Kontogiannis decided not to pursue the pardon.

Advertisement

Kontogiannis was named a co-conspirator in the Cunningham case and, according to court records, he gave the former congressman $328,000, most of it through an overpayment for a boat. He has not been charged.

The indictment alleges that Wilkes paid bribes to Cunningham in the form of cash, checks, lavish meals, trips, lodging, corporate jet travel, boats and prostitution.

The indictment says that on two occasions Wilkes provided prostitutes for himself and the congressman on two consecutive evenings on a lavish Hawaiian trip.

Court documents also allege that Foggo and Wilkes, both 52, schemed to conceal Foggo's conflict of interest and corrupt intent by using shell companies and straw men, and laundered the proceeds of their fraud.

Foggo accepted tens of thousands of dollars in meals, gifts and vacations, and a standing offer of a senior executive position with ADCS. Foggo disclosed none of this to the CIA, according to the indictment.

Prosecutors are asking for forfeiture of $12 million from Wilkes and Michael.

“These two indictments describe patterns of self-dealing and corruption that spanned years and reached deep into our country's systems of procurement in the defense industry,” Lam said.

“The allegations in the indictments describe undisclosed personal and financial relationships between government officials and individuals seeking lucrative defense contracts. These personal and financial relationships led to benefits totalling thousands, even millions of dollars, being bestowed on government officials and millions of dollars in defense contracts flowing back in the other direction.”

Kenneth J. Hines, special agent in charge of IRS' Criminal Investigation unit, said Wilkes and Foggo went to great lengths to circumvent the law to personally enrich themselves and that this kind of behavior will not be tolerated.

“There's no doubt that the victims in the case truly are the American taxpayer and the money that is lost with this deceptive practice,” he said.

Stewart Roberts, assistant special agent in charge of the FBI's San Diego office, said that “although the perpetrators of these types of crimes involved in corruption may believe that their self dealing is a victimless event, we know that these types of crimes do have victims.”

“The American public has a right to expect that their public officials and the contractors they enlist to do the government's work, will be acting with the best interest of the public in mind and not just their best interest in mind,” Roberts said.

Wilkes and Foggo are expected to surrender at an arraignment in federal court Wednesday.

Foggo quit his post as No. 3 at the CIA after his office was raided by San Diego-based federal agents.

Wilkes was a big contributor to Republican lawmakers who developed a series of businesses that specialized in landing federal contracts, with ADCS as his flagship.

ADCS received more than $100 million in government contracts between 1995 and 2005, partly with the help of Cunningham, who sat on the influential House Appropriations Committee.

Wilkes and Foggo have been friends for years, back to when they both attended Hilltop High School in Chula Vista and San Diego State University.

Cunningham, a Republican who represented much of San Diego's North County in Congress for 15 years, pleaded guilty to conspiracy and tax evasion charges in November 2005 and was sentenced last March to eight years and four months in federal prison.

He is now in a minimum-security work camp in Tucson.

As part of his criminal case, Cunningham admitted accepting more than $2.4 million in bribes and, in exchange, routing contracts worth millions of contracts to businesses that were controlled by Wilkes and another businessman, Mitchell Wade.

Wade once worked for Wilkes, then became his business rival with a company that obtained more than $100 million in contracts while Wade was plying Cunningham with cash, trips and fine furniture, according to court records.

Wade has pleaded guilty to conspiracy and is awaiting his sentencing.

2 Charged In Cunningham Bribe Case (LAT)

By Tony Perry

The Los Angeles Times, February 14, 2007

SAN DIEGO — A defense contractor and a former top-ranking CIA official were indicted Tuesday on corruption charges in a case that also involved bribes to disgraced ex-congressman Randy "Duke" Cunningham.

Brent R. Wilkes was charged with bribing Cunningham (R-Rancho Santa Fe) and Kyle Dustin "Dusty" Foggo to get contracts for his San Diego companies. Until he resigned in May amid a federal investigation, Foggo was the CIA's third highest-ranking official, directing the spy agency's daily operations.

Wilkes, according to the indictment, provided Cunningham with prostitutes, vacations, corporate jet travel, limousine service, cash, meals, furniture and equipment for his boat. The value of the alleged bribes was put at $700,000.

The contractor reportedly provided Foggo, a childhood friend, with meals, gifts, private jet flights, a helicopter ride and a weeklong stay at a Scottish castle valued at $44,000. Wilkes also paid for Foggo to join him on Hawaiian vacations, the indictment said.

Officials said that Wilkes and Foggo, both 52, were expected to surrender today for arraignment.

Cunningham, who resigned from office after pleading guilty to corruption charges, is serving an eight-year prison term. He admitted to taking $2.4 million in bribes from defense contractors and others and evading more than $1 million in taxes.

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," U.S. Atty. Carol Lam said in announcing the indictment. "The public trust is not for sale."

She declined to say whether Cunningham provided information to the grand jury.

Except for a contract to provide water for U.S. personnel in the Middle East, the indictment does not detail exactly what kind of contracts Foggo and Cunningham allegedly pressured the Defense Department and CIA into awarding to Wilkes' companies.

In Washington, CIA Director Michael V. Hayden sent an e-mail asking agency employees not to publicly comment on the case to protect classified information and CIA contacts.

Hayden said that the allegations against Foggo first surfaced within the CIA and that the agency's inspector general launched an investigation that later became linked to the San Diego probe.

If convicted of all counts, Wilkes and Foggo could face prison sentences in the "hundreds of months," prosecutors said.

The indictment also seeks to force Wilkes to return $12 million to the federal government.

Foggo allegedly used his CIA position to pressure subordinates into awarding the contracts and to hide Wilkes' financial interest in certain ventures. In turn, Wilkes promised to hire Foggo when he retired from the CIA, the indictment says.

Prosecutors allege that Foggo and Cunningham helped Wilkes obtain more than $100 million in contracts. Cunningham, a retired Navy fighter pilot, was a member of House committees that dealt with the defense budget.

The indictment included e-mails from Foggo to Wilkes — including one from May 14, 2003, in which the CIA official seemed to be assuring his friend that he was close to landing him some lucrative contracts.

"I have been throwing millions at his company [a CIA contractor] for about 18 months — and I'm thinking we should be able to leverage some Wilkes Group contacts."

Former Top CIA Official Indicted (WP)

By R. Jeffrey Smith

The Washington Post, February 14, 2007

DOJ_NMG_0131877

The CIA's former executive director and a defense contractor were indicted yesterday by a San Diego grand jury for allegedly corrupting the intelligence agency's contracts, marking one of the first criminal cases to reach into the CIA's clandestine operations in Europe and the Middle East.

Kyle "Dusty" Foggo, a longtime logistics officer who was the CIA's top administrator from November 2004 until last May, was accused of using his seniority and influence at a prior CIA job in Europe to steer business deals to his longtime friend Brent R. Wilkes, a California businessman and top Republican fundraiser.

The 11-count indictment states that Wilkes subsidized meals and lavish vacations for Foggo and his family in Washington, Hawaii and Scotland and promised to employ Foggo after his retirement from the CIA. It also accuses Foggo -- a former ethics official in two divisions at the CIA -- of improperly providing classified information to Wilkes about the CIA, his contracting competitors and "other matters."

The indictment is the latest development in a lengthy federal criminal probe into the dark side of a budget process known as "earmarking," in which lawmakers have directed federal contracts to favored designees who were either friends or campaign contributors. Last year the probe led to a prison sentence for one lawmaker, Rep. Randy "Duke" Cunningham -- who, the government said yesterday, used two prostitutes financed by Wilkes.

While the probe has threatened to sweep in other members of Congress, some uncertainty surrounds it. A key U.S. attorney involved in it -- Carol C. Lam in San Diego -- has been fired by the administration for unspecified "performance-related" deficiencies along with a handful of other federal prosecutors. Lam oversaw the Foggo investigation and is to leave Thursday. The head of the local FBI field office praised Lam's performance and said her firing appeared to be "political," an accusation that the Justice Department has denied.

The case involving Foggo is unusual because all of the contracts at issue are classified. But the indictment makes it clear that the agency was allegedly bilked when it wound up paying 60 percent more than it should have for water supplied by a company affiliated with Wilkes to CIA outposts in Afghanistan and northern Iraq.

The evidence against Foggo included e-mails in which he promised to introduce a Wilkes subordinate to his CIA colleagues and helped arrange advance payments on a $1.69 million contract. Even after arriving at CIA headquarters as a top appointee of then-Director Porter J. Goss, he continued to press for more rapid payments to a Wilkes-affiliated firm identified in the indictment as "Shell Company No. 1," earning Wilkes's thanks, the document states.

It formally charges the two men -- who witnesses have said periodically played poker with lawmakers and others in a rented suite at the Watergate Hotel -- with conspiracy to commit honest services fraud and money laundering.

Foggo's attorney, Mark MacDougall, said through an aide yesterday that he had no comment on the indictment. A lawyer previously retained by Foggo, William G. Hundley, had argued that Foggo had no idea the contracts were benefiting Wilkes, but the indictment says that Foggo deliberately "concealed material facts" from his colleagues at the CIA and used "shell companies and straw men" to hide their role in the contracts.

Wilkes's attorney, Mark J. Geragos, called the indictment "unfortunate" and said "we welcome the chance to refute these accusations." He declined to elaborate.

CIA Director Michael V. Hayden, who replaced Goss last May, told employees in a memo yesterday that they should not talk about the matter "out of respect for the legal proceedings that are underway, and to ensure the protection of classified information and agency equities." Hayden noted that the allegations against Foggo first surfaced inside the CIA, which he said cooperated closely with the Justice Department on the probe.

Additional legal troubles yesterday enveloped Wilkes, a Republican Party "Pioneer" who raised more than $100,000 for President Bush's reelection in 2004 and donated -- in concert with his business colleagues -- $656,396 to 64 other Republican lawmakers and the national Republican Party committees in Washington from 1995 through the third quarter of 2005.

A second 25-count indictment disclosed yesterday in San Diego alleges that Wilkes separately obtained a stream of Defense Department contracts from 1996 to 2004 by providing then-Rep. Cunningham with cash and other bribes valued at more than $700,000.

Cunningham pleaded guilty in 2005 to taking bribes worth more than $1 million from Mitchell Wade, a business associate of Wilkes, and drew an eight-year prison sentence. But the second Wilkes indictment contains new details of how Wade and

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Wilkes allegedly worked together to profit from contracts and how Cunningham -- sitting on the Appropriations defense subcommittee -- browbeat defense officials on their behalf.

It said that Wilkes paid a company called Shirlington Limousine to chauffeur Cunningham around Washington. He also allegedly financed lavish meals and vacations for Cunningham, flew him around on the company jet, bought him tickets to the Super Bowl, and paid for two prostitutes for the lawmaker on Aug. 15 and 16, 2003, at the Hapuna Beach Prince Hotel in Hawaii.

"Pursuant to Cunningham's request," the indictment states, "Wilkes arranged for the Congressman to get a different prostitute for the second evening."

Staff writer Dan Eggen and staff researchers Madonna Lebling and Rena Kirsch contributed to this report.

CIA Ex-Officer, Contractor Indicted In Corruption Probe (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 14, 2007

A federal grand jury indicted a former senior official of the Central Intelligence Agency and a defense contractor, raising the stakes in the investigation of corrupt federal contracting for the Bush administration and several lawmakers.

Two indictments were returned by a federal grand jury in San Diego. One accused Kyle "Dusty" Foggo, the CIA's former third-ranking official, and defense contractor Brent Wilkes, a close friend of his, of committing conspiracy and other charges stemming from CIA contracts that Mr. Foggo allegedly arranged for Mr. Wilkes. The other indictment charged Mr. Wilkes and another businessman with paying bribes to former Rep. Randy "Duke" Cunningham. Mr. Cunningham pleaded guilty in November 2005 to soliciting bribes from Mr. Wilkes and others and is serving a federal prison sentence.

The indictments indicate the prosecution of corruption in federal contracting is in full swing, despite the recent dismissal of at least one federal prosecutor involved in the inquiries.

The indictments also represent something of an embarrassment to the Bush White House, which helped put Mr. Foggo in his senior CIA position. President Bush chose former Rep. Porter Goss to be CIA director in 2004, and Mr. Goss, in turn, plucked Mr. Foggo from his position as a midlevel CIA manager to be the agency's executive director, in charge of day-to-day operations.

The indictment alleges that Mr. Foggo had secretly steered contracts to Mr. Wilkes, who used "shell companies" and "straw men" to profit from the contracts. Mr. Foggo allegedly failed to disclose the relationship and involvement with the contracts to the CIA, according to the indictments. Mr. Foggo is accused of accepting from Mr. Wilkes -- and not disclosing -- expensive gifts, including vacations in Hawaii and Scotland, meals and cigars. Mr. Wilkes also allegedly promised Mr. Foggo a high-paying job with one of his companies once Mr. Foggo left the CIA.

One of the main contracts involved providing water to CIA personnel in the Middle East. Mr. Foggo allegedly pressured a businessman, not named in the indictment, who already had CIA contracts, to take Mr. Wilkes's companies on as subcontractors.

Mark Geragos, Mr. Wilkes's lawyer, said the indictment pins down publicly the charges he faces and means "we will finally be able to confront them head on in the courtroom."

Mr. Foggo's lawyer, Mark MacDougall, didn't return several phone calls seeking comment. In the past, Mr. MacDougall has said that Mr. Foggo committed no crime.

The indictments come two days before U.S. attorney Carol Lam is to leave office in San Diego. Ms. Lam recently pressed for the indictments to be returned before she steps down. In an unusual move during the middle of a president's term, the Bush administration recently demanded her resignation and those of at least six other U.S. attorneys around the country. Congressional Democrats have charged that the changes were motivated by politics and may interfere with pending investigations. The Justice Department has denied any intent to interfere with investigations.

Mr. Goss left the CIA in May, under pressure from the White House, and Mr. Foggo quickly followed. Federal agents last year searched Mr. Foggo's CIA office and home.

In a written statement, CIA Inspector General John Helgerson said his office had participated in the investigation.

The indictment of Mr. Wilkes for allegedly bribing Mr. Cunningham says he funneled $700,000 in bribes to the lawmaker in exchange for Mr. Cunningham's help in obtaining $100 million in government contracts. It also alleges that Mr. Wilkes in 2003 rented a $6,600-per-night suite in a Hawaiian hotel, with Mr. Cunningham and an unnamed individual as guests. It charges that

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on two successive nights Mr. Wilkes paid for the use of three prostitutes in the suite by Mr. Cunningham and himself. The Wall Street Journal had reported in 2006 that Mr. Wilkes was under investigation for providing Mr. Cunningham with prostitutes.

The indictment and its details would seem to heighten the risk to other members of Congress still under investigation; Mr. Wilkes also had dealings with several of them.

A separate federal criminal investigation of Rep. Jerry Lewis, the California Republican who until January 2006 was chairman of the House Appropriations Committee, is continuing in Los Angeles. Prosecutors in that case are looking at Mr. Lewis's relationship with Mr. Wilkes, which included campaign contributions from Mr. Wilkes and associates and the hiring by Mr. Wilkes of a lobbying firm founded by one of Mr. Lewis's closest friends, former Rep. Bill Lowery.

Messrs. Lewis and Lowery have denied wrongdoing. The indictment has only passing references to other lawmakers, none of whom it names, and doesn't make any allegations against them.

Write to Scot J. Paltrow at scot.paltrow@wsj.com1

Wilkes Indicted For Illegal Gifts (RC)

By Rachel Van Dongen

Roll Call, February 14, 2007

With just two days remaining in her tenure, San Diego U.S. Attorney Carol Lam on Tuesday announced the indictment of a key figure in the probe of ex-Rep. Duke Cunningham (R-Calif.), signaling that the wide-ranging investigation continues and could yet ensnare other high-profile targets.

Lam charged California defense contractor Brent Wilkes with providing Cunningham with more than $700,000 in varied gifts from 1996 through 2005 in exchange for help in securing federal contracts. The bribes included personal checks, corporate jet travel, meals, the purchase of a yacht, and an August 2003 Hawaiian vacation in which the Congressman allegedly enjoyed two nights of prostitution services at the Hapuna Beach Prince Hotel.

Wilkes firm, ADCS, which converted electronic military documents to paper form, allegedly received more than $100 million in federal contracts with Cunningham's help. Cunningham sat on the Appropriations and Intelligence committees during that time, and his prodding of Defense Department officials is detailed in the indictment.

Named as a co-conspirator in the Wilkes indictment, Cunningham pleaded guilty in November 2005 to accepting more than $2.4 million in bribes from defense contractors in exchange for official acts. He currently is serving a sentence of more than eight years in prison.

Mitchell Wade, the former president of MZM Inc., also is named as a co-conspirator. Wade pleaded guilty to charges of conspiracy and is awaiting sentencing.

Simultaneously on Tuesday, Lam announced the indictment by a federal grand jury of Wilkes and Dusty Foggo, a former CIA executive director and childhood friend of Wilkes. In this second indictment, Foggo was charged with using his influence and position in the CIA to award contracts to Wilkes' companies.

Lam secured the indictments two days before she is slated to leave office after being fired by the Bush administration in December along with six other U.S. attorneys, causing Democrats to charge their firings were improper and political. Deputy U.S. Attorney General Paul McNulty is slated to brief Judiciary Committee Senators today in a closed-door session on the prosecutors' personnel records.

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," Lam said in a statement. "The public trust is not for sale."

The indictment of Wilkes, in particular, could cause a headache for one other California Congressman: Rep. Jerry Lewis (R), the ranking member of the House Appropriations Committee.

The Wall Street Journal recently reported that the U.S. attorney in Los Angeles was investigating whether Lewis improperly steered federal contracts or earmarks to some of Wilkes' companies.

The prosecutors are probing Lewis' relationship with the lobbying firm of ex-Rep. Bill Lowery (R-Calif.), which was once called Copeland Lowery Jacquez Denton & White. One of Wilkes' defense firms, ADCS, was a former client of the lobbying firm.

Lewis is not mentioned in the indictment.

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The 42-page indictment of Wilkes is wide-ranging and charges a variety of criminal activities. It also names John Michael Thomas, the president and part owner of New York-based mortgage company Coastal Capital Corp., with helping Cunningham obtain a fraudulent mortgage.

Lam lays out 150 examples of Wilkes, Wade and other co-conspirators providing gifts to Cunningham, or instances of Cunningham soliciting official actions on their behalf.

They include: the purchase by Wilkes' company on July 30, 1997, of a "yellow Sea-Doo Speedster" boat at a cost of $11,255; an $821 flight to Las Vegas paid for by Wilkes for Cunningham and his chief of staff on Dec. 18, 1999, and their hotel stay there; an "inflatable jet dock" for Cunningham's boat provided by Wilkes on Sept. 13, 1999, at a cost of $7,101.16; and April 20, 2000, tickets to a Jimmy Buffet concert in Chula Vista, Calif.

Also given to the former House Member by Wilkes, according to the indictment, were two personal checks in the amounts of $70,000 and $30,000 on May 1, 2000, and an in-flight meal consisting of a "cold seafood platter, grilled chicken or filet mignon, a side salad and six bottles of Silver Oak chardonnay" on Feb, 26, 2001. On March 13, 2001, Wilkes allegedly directed an ADCS employee to install a GPS system on Cunningham's boat.

Also noteworthy were charges that Wilkes provided Cunningham with two nights with prostitutes and a $6,600 Hawaiian hotel suite in August 2003.

2 Indicted In Cunningham Corruption Inquiry (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 14, 2007

A former top CIA official and his longtime friend, a leading defense contractor, were indicted yesterday by a federal grand jury in San Diego on fraud and conspiracy charges in a corruption investigation that sent former Rep. Randy "Duke" Cunningham to prison for eight years.

Kyle "Dusty" Foggo, the CIA's executive director, or No. 3 official, until his resignation in May, and San Diego contractor Brent R. Wilkes, both 52, were named in a multimillion-dollar scheme to supply bottled water and first-aid supplies to CIA operatives in Iraq.

Mr. Foggo, according to an 11-count indictment, was accused of accepting lavish vacations, helicopter rides and private jet flights from Mr. Wilkes as part of the conspiracy. He was charged with fraud, conspiracy and money laundering.

Mr. Wilkes was named in a separate 25-count indictment, charged with conspiracy, bribery, money laundering and unlawful monetary transactions to Cunningham in return for government contracts. The indictment included three counts of laundering more than $12 million.

According to the indictment, Mr. Foggo arranged for one of Mr. Wilkes' companies to be a middleman in selling bottled water to the CIA. In December 2003, it says, Mr. Wilkes introduced Mr. Foggo at a party at Mr. Wilkes' headquarters in Poway, Calif., as a future executive.

It also said Mr. Wilkes paid $32,000 for Mr. Foggo to join him on a vacation to Hawaii in December 2003 and January 2004.

Mr. Foggo, who announced his resignation within days of his CIA office and his Vienna, Va., home being searched by federal agents, had been the focus of an investigation by the FBI, the CIA's Office of Inspector General, the Internal Revenue Service and the Defense Criminal Investigative Service. His ties were questioned to Mr. Wilkes, who was named as a co-conspirator but not charged in the Cunningham case.

Cunningham pleaded guilty in November to taking $2.4 million in bribes in return for federal contracts and was sentenced to eight years in prison.

Mr. Foggo was named to his post in November 2004 by CIA Director Porter J. Goss. He oversaw the agency's day-to-day operations. He had been an undercover operative for more than 20 years in postings in Honduras, Austria and Germany.

In the Cunningham case, court documents said an unindicted co-conspirator gave the former congressman $525,000 in bribes in return for $6 million in government contracts. The co-conspirator has been identified as Mr. Wilkes.

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Investigators focused on Mr. Foggo's role in the award of a $2.4 million contract to Mr. Wilkes to provide water, first-aid supplies and household items to CIA agents operating in war zones, including Afghanistan and Iraq.

Cunningham, an eight-term congressman and former Navy "top gun" pilot, pleaded guilty to accepting bribes to help a Washington-based defense contractor get business. He admitted to charges of mail fraud, wire fraud and income tax evasion, also acknowledging he underreported his income in 2004.

Former CIA No. 3 Indicted For Steering Contracts To Friend (CNN)

By From Kelli Arena And Terry Frieden, Cnn Washington Bureau

CNN.com, February 14, 2007

SAN DIEGO, California (CNN) -- The CIA's former third-ranking official and a California defense contractor have been indicted on corruption charges in the same bribery probe that sent former congressman Randy "Duke" Cunningham to prison, federal prosecutors announced Tuesday.

Kyle "Dusty" Foggo quit his post as the CIA's executive director in May 2006 after prosecutors began looking into his ties with longtime friend Brent Wilkes.

On Tuesday, prosecutors alleged that Foggo, in exchange for lavish gifts, pressured subordinates to award water and procurement services contracts to Wilkes and his company, ADCS Inc.

"Among the gifts that are provided are these lavish overseas gifts, including a $44,000, one-week stay at a Scottish castle," Assistant U.S. Attorney Sanjay Bhandari said. "Beyond that, there's a pattern of promises of future gifts -- a job at Wilkes' company."

The indictment alleges Wilkes paid for private jets, limousines, antiques and prostitutes for Cunningham.

Wilkes has been charged with bribery, conspiracy, money laundering, wire fraud and depriving taxpayers of honest services in a 35-count indictment. In addition to counts relating to Foggo, he is accused of bribing Cunningham -- now serving an eight-year prison term -- to the tune of $700,000 to get the congressman to steer government contracts his way.

Foggo faces an 11-count indictment charging him with conspiracy, wire fraud, depriving taxpayers of honest services, conflict of interest and money laundering. He "affirmatively hid" the gifts from his superiors at the CIA before his resignation, U.S. Attorney Carol Lam told reporters.

"These two indictments describe patterns of self-dealing and corruption that spanned years and reached deep into our country's system of procurement for the defense industry," Lam said.

Efforts to contact lawyers for Wilkes and Foggo were unsuccessful Tuesday evening. Lam said the two men are expected to surrender Wednesday morning.

Prosecutors will also try to reclaim $12 million in profits they say Wilkes received as a result of the schemes, Lam said.

A third man, New York mortgage banker John Michael, was charged with obstruction of justice. Prosecutors said he lied to a grand jury about Wilkes' role in paying off a half-million-dollar second mortgage on Cunningham's home.

The indictments stem from an ongoing corruption probe of Cunningham, a decorated Navy veteran who held seats on the House Intelligence Committee and the appropriations subcommittee that oversaw Pentagon spending. The Republican pled guilty in November 2005 to accepting $2.4 million in bribes from defense contractor Mitchell Wade.

Wade has been cooperating with prosecutors. Lam would not say whether Cunningham would testify during trials for Foggo or Wilkes.

Foggo was named to the executive director's post, which runs the spy agency's day-to-day operations, by then-Director Porter Goss. He resigned a week after Goss was forced out by widespread criticism of his management, and federal agents raided Foggo's home days later.

Goss has not been accused of wrongdoing in the case. His replacement, Michael Hayden, said Tuesday that the CIA has cooperated with the investigation, and "that cooperation continues today."

Wilkes' indictment states that the contractor paid for Cunningham's limousine travel around Washington; bought a $14,000 speedboat and a $1,500 laptop computer for the congressman; and flew him to and from his San Diego, California, district to Washington on a private jet.

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The indictment also accuses Wilkes of picking up the tab for all or part of Cunningham's outings to Idaho; the Florida Keys; Palm Springs, California; and Hawaii, where the document states Wilkes had an employee line up prostitutes for him and the congressman on two consecutive nights.

In October, a House Intelligence Committee report concluded that Cunningham used his committee seats to steer more than $70 million in federal contracts to Wilkes and Wade before his indictment. Lam, who is being replaced as San Diego's U.S. attorney, subpoenaed records from three House committees in December.

Lam's removal is one of several that raised eyebrows on Capitol Hill, where Senate Democrats questioned the Justice Department's motives for replacing several federal prosecutors with interim appointees who don't have to face Senate confirmation.

But in a January hearing before a Senate committee, Attorney General Alberto Gonzales said there was nothing sinister about the shakeup, which he called "a sign of good management."

Lam did not address the controversy during her news conference Tuesday, but said she did not speed up the investigation in order to bring charges against Wilkes and Foggo before leaving office.

CNN's Paul Vercammen contributed to this report.

Ex CIA Number-three Indicted For Fraud In Corruption Probe (AFP)

AFP, February 14, 2007

The former number-three official in the CIA and a defense contractor were indicted in a corruption probe that led to the jailing of a prominent US lawmaker.

Kyle "Dusty" Foggo, the CIA's Executive Director until his resignation last year, and San Diego contractor Brent Wilkes were both charged with fraud in connection with the investigation into former representative Randall "Duke" Cunningham.

A statement from the Department of Justice said Wilkes had been indicted for providing more than 700,000 dollars to Cunningham in exchange for the politician's help in winning lucrative government defense contracts.

Cunningham, a decorated Vietnam war fighter pilot and a member of the House Defense Appropriations Subcommittee, was jailed for eight years in March last year after admitting taking bribes.

According to a justice department statement, Wilkes showered Cunningham with "cash, checks, meals, limousine service, corporate jet travel, lodging, furnishings, boats, prostitution services, vacations and entertainment."

In return for the bribes, the indictment alleged that Cunningham used his public office to influence the awarding of more than 100 million dollars' worth of defense contracts to Wilkes.

Foggo and Wilkes were both charged in a second indictment of conspiring to defraud the United States.

The indictment alleges that Foggo used his seniority within the CIA to influence the awarding of contracts to Wilkes, a life-long friend.

The charges allege that Foggo and Wilkes created shell companies to launder the proceeds of their scheme.

The indictments allege Foggo concealed his knowledge and the involvement of Wilkes in several deals as well as his receipt of "tens of thousands of dollars'" worth of meals, gifts, and vacations.

Foggo also failed to disclose the offer of a "senior executive position with Wilkes's company, ADCS, Inc."

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," US Attorney Carol Lam said in a statement. "The public trust is not for sale."

The investigation is continuing.

Libby Needs New Headliner In Leak Trial (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 14, 2007

WASHINGTON -- Former White House aide I. Lewis "Scooter" Libby needs a new star witness.

Libby, the former chief of staff to Vice President Dick Cheney, had been portrayed in court documents for months as his own best defense against perjury and obstruction charges in the CIA leak trial.

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He was going to testify that he never lied to investigators. He would explain that he was so focused on national security issues, he simply forgot details about his conversations regarding CIA officer Valerie Plame.

Defense attorney Theodore Wells reversed course Tuesday and said Libby won't take the stand after all. Cheney, the other big-name Bush administration official on Libby's potential witness list, also won't testify, Wells said.

That spares the defense team two dangerous bouts with cross-examination. But it also forces Libby to look elsewhere for someone to make the memory defense for him.

John Hannah, who served as Libby's deputy and replaced him as Cheney's national security adviser, helped in that effort Tuesday. He described Libby as someone responsible for the nation's most sensitive intelligence but whose memory was notoriously spotty.

Libby also wants three CIA briefers to testify Wednesday about the classified national security briefings he received each morning in mid-2003.

"Mr. Hannah gave the overview and that was significant. We needed that," attorney John Cline said in court. "But the briefers will give the specifics, the real day-to-day intelligence."

U.S. District Judge Reggie B. Walton said the briefings could be used as evidence, but that was when Libby was going to testify about how that intelligence weighed on his mind. Now, Special Prosecutor Patrick Fitzgerald says that testimony shouldn't be allowed.

Without Libby's testimony, jurors won't know how important Libby viewed the classified briefings, Fitzgerald said. Fitzgerald argues that Libby was consumed with debunking war criticism by former Ambassador Joseph Wilson and told reporters that Wilson's wife worked for the CIA.

Libby was not the source for Robert Novak's column that outed Plame and triggered an FBI investigation. But prosecutors said Libby feared repercussions because he did discuss Plame with reporters. Fearing his job and reputation were at stake, Libby lied to investigators about those conversations, Fitzgerald contends.

Most of the defense witnesses were reporters who said they talked to Libby around the same time Plame's name was being leaked. All said Libby did not talk about Plame to them. If Libby wanted to out her, defense attorneys argue, why wouldn't he take the opportunity with some of the nation's most well-known journalists?

Walton said he will decide Wednesday whether to let the CIA briefers testify. Defense attorneys said they plan to rest their case Wednesday. Closing arguments are expected early next week.

Libby Defense To Rest Without Testimony By Him Or Cheney (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 14, 2007

Attorneys for I. Lewis "Scooter" Libby said yesterday that he and Vice President Cheney, his former boss, will not testify in Libby's perjury trial, leaving the defense preparing to rest its case today after barely more than two days of testimony.

The defense's announcement in court, partway through the fifth week of the celebrated trial of the vice president's former chief of staff, represented an abrupt shift from the witness strategy that Libby's lawyers laid out in hearings and court papers during the months leading up to the trial.

The defense's central theory is that Libby suffered from a notoriously bad memory and misspoke to investigators about his role in the Bush administration's disclosure of the identity of undercover CIA officer Valerie Plame. The decision to foreshorten the case means that jurors will hear little testimony and see scant evidence to back that contention. Yesterday, John Hannah, a former deputy to Libby for national security matters, provided the sole support for the idea, testifying that "on certain things, Scooter just had an awful memory."

The decision also means that the defense will not call any witnesses to explicitly buttress a dramatic assertion by lawyer Theodore V. Wells Jr. in his opening statement to the jury: that Libby was scapegoated by his White House colleagues when the leak investigation began.

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Outside legal specialists said that Libby's attorneys appear to have concluded that the risks of exposing the defendant and the vice president to cross-examination on the witness stand outweighed the benefits they could provide in establishing Libby's innocence. Cheney would have been the first sitting vice president to testify in a criminal trial in at least a century.

"You can't control how things are going to go," said Randall Eliason, a former chief prosecutor of white-collar crimes for the U.S. Attorney's Office in Washington. Eliason said that Special Counsel Patrick J. Fitzgerald could have grilled Libby about any conflicting statements he had made.

Eliason and Carl Tobias, a University of Richmond law professor, said that Libby's defense team is experienced and must be confident that it has established reasonable doubt in cross-examination of prosecution witnesses. In closing arguments, they predicted, defense lawyers may remind jurors about holes they poked in other witnesses' accounts -- and what they may portray as a lack of clear evidence that Libby deliberately lied.

"It's a pretty tepid defense that's been mounted, and I wouldn't even say mounted," Tobias said. "There was all this information to suggest the defense was going to put on more of a defense than we saw."

Libby's attorneys did not publicly explain why they decided that the two men should not testify. For the past several days, however, they had been laying groundwork for a possible change in course, filing court papers and repeatedly asking U.S. District Judge Reggie B. Walton to permit them to preserve the faulty-memory defense even if they chose not to call Libby as a witness.

Yesterday afternoon, just before the jury was excused for the day early because of an approaching winter storm, Wells told Walton that the defense team had just decided that it would "release" Cheney as a possible witness.

Wells also said that he and Libby's defense team had just recommended to Libby that he not testify on his own behalf. After conferring with his wife, also a lawyer, Libby accepted his counsel's advice, Wells said.

Walton then asked Libby whether he was certain that he wanted to forgo his right to testify. "Yes, sir," he replied in a quiet, steady voice, speaking in court for the first time since his trial began.

Libby is charged with five felonies: two counts of making false statements to FBI agents, two counts of perjury before a grand jury and one count of obstructing the CIA leak investigation. He is not charged with the leak itself.

Prosecutors contend that Libby lied to obscure the fact that he had improperly shared classified information with reporters as he played a key role in an effort by the Bush administration to discredit Plame's husband. The CIA officer is married to former ambassador Joseph C. Wilson IV, who was sent to Niger by the CIA in 2002 to explore reports that Iraq had sought to buy nuclear material there. He concluded that the reports were not true.

Early in the summer of 2003, Wilson wrote a stinging critique of President Bush and the Iraq war, accusing the White House of twisting his conclusions to justify the invasion. Prosecutors contend that Libby told several reporters that Wilson's wife worked at the CIA to suggest that he had been sent on the mission as a result of nepotism, not because of his expertise.

The defense counters that when Libby met with FBI agents and grand jurors, he innocently misremembered his conversations with journalists, because they were insignificant amid his pressing work on national security matters.

Since shortly after Libby's October 2005 indictment, friends and political allies have raised at least $3.5 million to defend him, said a source close to Libby who spoke on the condition of anonymity because the fund is private.

The other defense witnesses to appear so far were a former State Department official and seven journalists. Six of the reporters testified Monday that Libby had not told them about Plame.

Yesterday, Hannah, now the vice president's national security adviser, highlighted points that Cheney and Libby might have offered if they had testified. Hannah said that Libby essentially had two full-time jobs and, under questioning by defense attorney John Cline, gave the jury a tour of complex and sensitive foreign-policy issues in which Libby was immersed from May 2003 to March 2004. That period is significant, because it began when Cheney first told Libby about Plame and ended with his appearances before the grand jury investigating the leak of her identity.

Like Libby, Cheney faced the possibility of awkward questions from prosecutors had he appeared as a witness. Several prosecutors -- and Libby himself in his grand jury testimony -- have portrayed Cheney as deeply involved in the White House effort to discredit Wilson. Jurors have heard audiotape of Libby telling the grand jury that he and Cheney may have discussed whether to mention Plame to reporters but that he was not certain.

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From the start, the defense repeatedly said that Libby and Cheney probably would take the stand. Potential jurors were asked their opinion of Cheney, and those with strongly negative views of him were not chosen. Before the trial, defense lawyers had told Walton that Libby would testify, and that persuaded the judge to let the defense note during the trial the crush of national security issues Libby was handling.

At various points in the trial, defense attorneys indicated that they might call as witnesses several other people they later decided to abandon. They include Karl Rove, the White House senior adviser; Dan Bartlett, counselor to the president; Jack Eckenrode, the former FBI agent in charge of the case; Colin L. Powell, former secretary of state; and Eric Edelman, Libby's former deputy.

After announcing that Libby and Cheney would not testify, defense attorneys said their last witnesses today would be CIA employees who regularly briefed Libby about national security matters and could amplify Hannah's testimony about the world crises Libby was juggling around the time of the CIA leak. Prosecutors are seeking to block the briefers' testimony.

Libby, Cheney Will Stay Off The Stand (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 14, 2007

WASHINGTON — Abruptly reversing course, lawyers for I. Lewis "Scooter" Libby announced Tuesday that neither the defendant nor Vice President Dick Cheney would testify at Libby's trial on charges of lying to federal investigators — a high-wire maneuver that drastically reduces the opportunity for presenting defense evidence and means the case will go to the jury early next week.

In a surprise disclosure in federal court, Libby's lawyer Theodore Wells Jr. said that he would finish his defense today, after three days of testimony.

The decision not to call Libby or his former boss, Cheney, deprives the trial of its most widely anticipated witnesses. It also rules out any major effort to buttress a key element of Libby's defense: that any misstatements he made to federal agents probing a leak of classified information sprang from his preoccupation with major policy matters, not from a desire to mislead.

The move apparently reflects a decision by Libby's legal team that exposing Cheney and his former chief of staff to crossexamination could do more harm than good.

Both men were facing difficult questions about their leading role — disclosed in new and graphic detail during the trial — in a White House campaign in summer 2003 to strike back at a critic of the Bush administration's rationale for invading Iraq.

The war critic was Joseph C. Wilson IV, a former U.S. diplomat who publicly challenged White House claims that then-Iraqi President Saddam Hussein had tried to obtain nuclear material from the West African nation of Niger. Wilson based his attack on a government-ordered fact-finding trip he had made to Africa, during which he concluded no such attempt had been made.

In hoping to discredit Wilson, government officials leaked to several reporters the fact that Wilson's wife was CIA operative Valerie Plame. The officials sought to suggest Plame had arranged Wilson's trip as a boondoggle.

Wells told the court Tuesday that he informed a lawyer for Cheney over the lunch hour that he would not be calling the vice president, who had been scheduled to testify Thursday.

At the same time, Wells disclosed that he had advised Libby that he did not believe his client should testify and that, after consulting his wife, Libby "has indicated to us that it is his intention to follow our advice."

"We will rest his case tomorrow," Wells said Tuesday.

U.S. District Judge Reggie B. Walton briefly quizzed the defendant about the decision, and Libby acknowledged that he understood he had a right to testify.

Walton set closing arguments for Tuesday. After that, the 12-person jury will deliberate on the fate of the former vice presidential aide, the highest administration official prosecuted in more than a decade.

Wells and other members of the defense team had indicated for months that both Libby and Cheney would take the stand and play an important part in the courtroom drama.

The decision for Libby not to testify could be risky. His defense against perjury charges has been that he had memory lapses stemming from a proliferation of official duties.

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Although jurors are customarily told not to hold it against defendants who choose not to testify, Libby's decision not to take the stand may leave a question in some jurors' minds about why he did not present his version of events.

But his lawyers apparently concluded that a potentially embarrassing cross-examination would be more damaging than what support either Libby or Cheney could add to the defense.

"I think they made a strategic decision that the downside of an extensive defense case far outweighed the upside," said Dan Richman, a professor at Fordham law school and a former federal prosecutor.

Other parts of Libby's case also appeared to be problematic, Richman said, including a claim by Wells during his opening statement last month that Libby thought the White House was attempting to make him a scapegoat.

"The idea that he is someone who really can easily be victimized by powerful people is a little bit belied by the centrality of his role in the administration that the testimony revealed," Richman said.

Libby was the only person charged in connection with a three-year federal probe into how the identity of Plame, a CIA arms-proliferation analyst, became public in July 2003. Plame was first identified by syndicated newspaper columnist Robert Novak eight days after her husband published an opinion piece in the New York Times that criticized the administration for twisting prewar intelligence in Iraq.

Several administration figures — including former Deputy Secretary of State Richard L. Armitage, White House political strategist Karl Rove, and former presidential spokesman Ari Fleischer — have acknowledged speaking with reporters about Wilson's wife, although they were not charged with crimes.

Libby was charged with perjury and obstruction of justice for essentially attempting to cover his tracks after he allegedly leaked information about Wilson's wife to reporters.

The government called 10 witnesses, including former officials with the State Department and CIA who testified that they had given information to Libby about Wilson's wife sooner than Libby told investigators he had learned about her.

The government also called two journalists to testify that, contrary to his statements, Libby leaked them information about Wilson's wife. A third journalist, NBC's "Meet the Press" moderator Tim Russert, rebutted a separate claim that Libby was making that it was Russert who had first disclosed information to him about Plame.

The defense has tried to poke holes in the prosecution's case by raising questions about the credibility of government witnesses, including some who were revealed to have had trouble recalling key events.

On Monday, Libby's lawyers called a half-dozen well-known journalists, including Washington Post editor Bob Woodward of Watergate fame. They all declared that — though they talked with Libby around the time Plame was exposed — he did not disclose her identity to them.

On Tuesday, Libby's former right-hand man, John Hannah, testified that Libby had "an awful memory," evidence that could buttress his busy-man defense.

"He was good at remembering ideas and concepts and arguments, and very bad in figuring out where those arguments may have come from," Hannah testified. On occasions "too many to count," the aide said, Libby would claim credit for an idea that Hannah had submitted to him just hours before.

Hannah, who succeeded Libby as Cheney's national security advisor, also testified that Libby was constantly immersed in high-level and high-stakes issues — including the war in Iraq, nuclear proliferation in Iran, and potential terrorist attacks in the U.S.

But Special Prosecutor Patrick J. Fitzgerald got Hannah to admit that Libby was not too busy in the summer of 2003 to take time out to track the doings of Wilson.

The defense decision not to call Libby appeared to harden feelings a bit with the prosecution team.

Before the trial, the government had given Libby and his lawyers extensive access to summaries of classified information that Libby had seen while working for Cheney and had said were crucial to defending himself.

Fitzgerald said the information was given with the understanding that it would be used exclusively by Libby while he testified to show the size and sensitive nature of his workload.

Tuesday, after defense lawyers said that Libby would not testify but that they planned to introduce some of that information during the testimony of three CIA employees today, Fitzgerald objected.

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He accused the defense of engineering "a bait-and-switch." Walton deferred a ruling.

Libby And Cheney Will Not Testify, Says The Defense (NYT)

By Neil A. Lewis And Scott Shane

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Lawyers defending I. Lewis Libby Jr. against perjury charges surprised the courtroom on Tuesday by saying that they would rest their case this week and do so without putting on the stand either Mr. Libby or Vice President Dick Cheney.

Mr. Libby was Mr. Cheney's chief of staff.

The decision means that Mr. Libby's defense, which will formally end on Wednesday, will have spanned barely three days. Mr. Libby's chief defense lawyer, Theodore V. Wells Jr., told Judge Reggie B. Walton that Mr. Libby had accepted the defense team's recommendation to end their presentation swiftly and send the case to the jury by next week.

The decision could be viewed as a sign that Mr. Libby's lawyers are confident that the prosecution failed to make its case.

Mr. Wells had earlier signaled strongly that he intended to call Mr. Libby and Mr. Cheney to testify, which suggests that the defense team recently analyzed the costs and benefits of putting them on the stand and concluded that their testimony would not, on balance, help Mr. Libby.

One likely factor in that calculation is that putting Mr. Libby on the stand would expose him to a cross-examination by Patrick J. Fitzgerald, the chief prosecutor, that could be withering. Mr. Fitzgerald complained that the defense had engaged in a "bait and switch" tactic by keeping Mr. Libby off the stand after repeatedly suggesting that he would testify.

Mr. Cheney's testimony, which was much anticipated, would have set a precedent as the first appearance of a sitting vice president as a witness at a criminal trial. It was also expected to bolster a major part of Mr. Libby's defense: that he was so consumed by the crush of high-stakes issues like global terrorism and Iraq that he might not have remembered all the details of his conversations.

But the trial threw up numerous instances in which Mr. Cheney took a personal role in managing the White House response to accusations from Joseph C. Wilson IV, a prominent critic of the Iraq war, that the evidence for going to war had been knowingly overstated. Mr. Cheney could have been exposed during cross-examination to uncomfortable questions about his close involvement in trying to undermine Mr. Wilson's criticisms.

Mr. Wilson also said the identity of his wife as a Central Intelligence Agency operative was purposely leaked to the press in retaliation for his criticism. Mr. Libby is charged with lying to a grand jury and to F.B.I. agents investigating that leak.

The jury is expected to hear final arguments from both sides beginning next Tuesday.

Although the jury will not hear Mr. Libby in person, during the trial, prosecutors played eight hours of audiotapes in which Mr. Fitzgerald questioned him before the grand jury. The jury heard Mr. Libby giving his version calmly in the first two-thirds of the tapes and then seeming to become uneasy and less confident as Mr. Fitzgerald bore in.

Prosecutors have said Mr. Libby learned of the identity of Mr. Wilson's wife, Valerie Wilson, from fellow administration officials in the summer of 2003 and discussed her with reporters. Mr. Libby swore that he had not discussed Ms. Wilson with reporters and believed that he had learned about her in a conversation on July 10 or 11 with Tim Russert of NBC News.

Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine, testified for the prosecution that Mr. Libby had discussed Ms. Wilson with them. Mr. Russert testified that he never discussed Ms. Wilson with Mr. Libby.

The defense has argued that the three reporters have remembered their conversations incorrectly. And, if Mr. Libby testified incorrectly, it was because his memory was faulty because of the press of official business.

Mr. Libby's lawyers were able to glean what would have been some of the benefits of Mr. Cheney's testimony through another witness on Tuesday.

The witness, John Hannah, a former deputy to Mr. Libby who is now a national security adviser to Mr. Cheney, took the jurors on a tour of Mr. Libby's concerns in the summer of 2003, including the Iraq war, Islamic extremists' threat of a biological attack, Iranian and North Korean nuclear capabilities and diplomatic crises with Liberia and Turkey.

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In Mr. Hannah's account, Mr. Libby had barely time to draw an extra breath, starting with an early morning C. I. A. briefing "that covers the waterfront of the world."

Mr. Hannah also provided testimony for another defense argument when he said Mr. Libby had a notoriously bad memory. "On certain things, Scooter just had an awful memory," he said, using Mr. Libby's nickname.

He said that on occasion Mr. Libby would tell him some idea in the afternoon, having forgotten that he, Mr. Hannah, had given him the idea in the morning. Mr. Libby, sitting at the defense table, laughed. Mr. Hannah said in response to a question from a juror — an unusual procedure used by Judge Walton — that Mr. Libby had a good memory for ideas and concepts.

Although Mr. Hannah testified for the defense for nearly two hours, the prosecutor, Mr. Fitzgerald, seemed to cut down much of the significance of his testimony in five minutes of cross-examination. Noting that Mr. Hannah had testified that he could usually have a few minutes alone with Mr. Libby only in the evening after the crush of business, Mr. Fitzgerald suggested that Mr. Libby would have devoted time only to matters of great concern to him in the week of July 6, 2003.

"If he gave something an hour or two that week, it would be something Mr. Libby thought was important, right?" asked Mr. Fitzgerald.

"Well, with regard to me, yes," Mr. Hannah replied.

Left unsaid in the exchange was undisputed testimony that Mr. Libby spent nearly two hours on Tuesday, July 8, with Ms. Miller, then a Times reporter. Ms. Miller has testified that Mr. Libby told her in detail about Ms. Wilson at the meeting. Mr. Libby acknowledged meeting Ms. Miller to counter Mr. Wilson's accusations, but said he did not discuss Ms. Wilson.

Underlying Mr. Hannah's testimony was a fierce legal battle between the defense team and prosecutors over how much the jury should be told of Mr. Libby's busy schedule now that he is not going to testify. One of his lawyers, John Cline, said, "We want to show he was caught in a tornado of information."

Judge Walton ruled that without Mr. Libby's live testimony he would not allow Mr. Wells to argue in his closing that the issue of Ms. Wilson was far less important than the national security issues on his agenda.

"I've said that relative importance is not going to be an issue on the table if Mr. Libby doesn't testify," he said.

Jill Abramson, managing editor of The New York Times, testified earlier on Tuesday that she could not remember a conversation with Ms. Miller after the July 8 meeting with Mr. Libby. Ms. Miller had testified earlier in the trial that she had suggested to Ms. Abramson that day that The Times assign someone to look into the role of the Wilsons.

Ms. Abramson, who was on the witness stand for less than five minutes, said, "It's possible I occasionally tuned her out," but said she had no recollection of the conversation.

Ex-senator Questions Fitzgerald's Case (AP)

AP, February 14, 2007

Former Sen. Fred Thompson, R-Tenn., criticized Special Counsel Patrick Fitzgerald's handling of the CIA leak investigation Tuesday, saying the prosecutor had to have known from the start that it was not a crime to disclose Valerie Plame's identity as an agent.

A fund-raiser for the defense of I. Lewis "Scooter" Libby, Thompson depicted Fitzgerald as out of control, telling ABC News there was "no brake and no check and no balance" on the prosecutor.

Thompson's objections are the same ones Democratic politicians made in the 1990s about independent counsel Kenneth Starr, who spent six years investigating President Clinton and first lady Hillary Rodham Clinton.

In the same fashion, Republicans complained about the six-year investigation by independent counsel Lawrence Walsh into the Iran-Contra scandal of the Reagan years and the first Bush administration.

Congress allowed the independent counsel statute to expire in 1998.

"When you put too much power in the hands of unelected, unaccountable people who have every incentive to focus massive resources onto one particular person — who gets the plaudits in the media for doing so — it's a bad thing," Thompson told ABC.

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Unlike Starr, who was appointed by a panel of federal appeals court judges, Fitzgerald's Justice Department superiors appointed him to look into the CIA leak scandal. He has continued his duties as U.S. attorney in Chicago while investigating the Valerie Plame affair.

Thompson, who plays a prosecuting attorney in NBC's "Law & Order," pointed out that no one has been charged with leaking Plame's identity, saying no law had been broken. "The Justice Department knew that early on. The CIA should have known that early on," Thompson said. "Special Counsel Patrick Fitzgerald had to have known that at the very beginning."

With information provided by two Bush administration officials, conservative columnist Robert Novak revealed Plame as a CIA agent in July 2003. The CIA asked for a Justice Department inquiry into possible violation of the Intelligence Identities Protection Act, which led to the five-count indictment charging Libby with perjury and obstruction of the FBI investigation.

Subpoena Fighters Go To Court As Corzine Repeats Call For Records (NSL)

By Josh Margolin And Ted Sherman, Star-Ledger Staff

Newark Star-Ledger, February 14, 2007

Federal prosecutors and attorneys for the state Legislature are due to square off today in an increasingly political fight over the confidentiality of legislative records being sought in a criminal corruption probe.

The closed-door hearing in U.S. District Court in Trenton comes after Gov. Jon Corzine reiterated his call yesterday for the release of documents being sought by U.S. Attorney Christopher Christie in an expanding investigation into lawmakers' possible conflicts of interest.

"I think we ought to comply with the law and respond to the subpoena," Corzine said. "We ought to be taking those steps that give the public the assurance that we're getting our house in order with regard to ethics."

Republicans, the minority in the Legislature, also have been calling for release of the records and have requested an internal inquiry into who authorized hiring an outside attorney to challenge the federal subpoena.

"It is incomprehensible that the nonpartisan Office of Legislative Services would secretly hire outside counsel to fight subpoenas," said Sen. Anthony Bucco (R-Morris), a member of the Legislative Services Commission, which oversees the OLS.

Separately, attorneys for state Sen. Wayne Bryant (D-Camden), whose no-show job with the University of Medicine and Dentistry of New Jersey initially sparked the interest of the U.S. attorney, moved to intervene in the court hearing, according to sources familiar with the proceedings.

The federal investigation into Bryant led to at least three subpoenas that were served on the OLS, the state Senate and the state Treasury Department last fall, attorneys for the Senate Democrats confirmed at the time.

The subpoenas served on the Senate and the Treasury Department sought budget-related documents, which were quickly produced. However the OLS balked at providing the information, citing attorney-client privilege.

In addition to serving as the nonpartisan research and operations arm of the Legislature, the OLS acts as counsel to the Legislature and its members.

Democratic leaders of the Legislature said yesterday they believed the scope of the OLS subpoena was narrowly focused and not necessarily indicative of a broader investigation into the Legislature itself. But they admitted they had neither reviewed the subpoena nor been briefed by the U.S. attorney.

In their first public comments on the matter amid the growing political fallout, the Democrats said they have fully complied with all requests from Christie's office.

Senate President Richard Codey (D-Essex) and Assembly Speaker Joseph Roberts (D-Camden) said they were "unaware of a broad-ranging investigation as has been reported in the media."

In a joint statement, the two said: "What apparently is in dispute is a narrow issue that the Office of Legislative Services believes to be of constitutional significance, and ultimately it will be up to the court to decide the matter."

That issue is whether communications between attorneys for the Legislature and its members are presumed to be confidential -- an argument that was shot down nearly a decade ago during the investigation of President Bill Clinton, when independent counsel Kenneth Starr successfully argued that government lawyers work for the public.

Codey said if individual members of the Legislature had been the subject of any subpoena, they would have been notified.

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"I don't know anybody that has been notified," he said.

It is clear, though, that Christie is not confining his questions to Bryant. Several legislative officers and budget officials have been interviewed by the FBI in recent weeks regarding the awarding of millions of dollars in special discretionary funds.

The confidentiality argument due to play out today in the courtroom of U.S. District Court Judge Mary Cooper would affect any subpoenas served on the Legislature.

The hearing will be closed and its proceedings sealed because the matter is part of an ongoing grand jury investigation.

Officials within the Office of Legislative Services would not discuss the matter. A spokesman for the U.S. attorney declined comment.

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Reputed Mob Boss 'Joey The Clown' Could Face Fresh Charges (AP)

By Mike Robinson

AP, February 14, 2007

CHICAGO - Reputed mob boss Joseph "Joey the Clown" Lombardo and another man could face new charges for going on the lam after a major indictment against them was unsealed, a federal prosecutor said Tuesday.

"We may seek to add charges to the indictment based on their fugitive status," Assistant U.S. Attorney Mitchell A. Mars told federal Judge James B. Zagel at a hearing in a racketeering case known as Operation Family Secrets.

Fourteen alleged mobsters and mob associates were charged in the indictment alleging that leaders of the Chicago Outfit were involved in 18 murders, including that of Tony "The Ant" Spilotro, the mob's onetime top man in Las Vegas who was killed and buried in an Indiana corn field.

Joe Pesci played a character based on Tony Spilotro in the 1995 Martin Scorsese film "Casino."

Lombardo, 77, was captured by FBI agents in a suburban Elmwood Park alley in January 2006 after nine months on the run.

The other runaway defendant, alleged mob enforcer Frank "The German" Schweihs, 76, was captured by FBI agents in December 2005, hiding in the hills of Kentucky south of Lexington.

Lombardo attorney Rick Halprin said that an unlawful flight to escape prosecution charge would add little to the case compared to the racketeering count his client is charged with.

"Given the breadth and scope of the case, I don't believe I'm going to lose any sleep over it," he said. Schweihs attorney Ellen R. Domph had no comment.

Zagel told attorneys Tuesday that he likely would order a hearing to determine exactly what jurors might hear from prospective government witness James Wagner, a former FBI mob investigator who now is president of the Chicago Crime Commission.

Prosecutors want Wagner to tell the jury the story of the Chicago Outfit based on his decades of experience investigating the mob.

Halprin has asked Zagel to limit what Wagner would be allowed to say. Zagel told Mars to provide the court with a written explanation of what the former agent would tell the jury.

Lawyer Surrenders In '78 Stolen Art Case (BOS)

By Stephen Kurkjian And Shelley Murphy, Globe Staff

The Boston Globe, February 14, 2007

Will face charges in attempted sale

A retired Watertown lawyer surrendered to federal authorities yesterday after returning from France to face charges he attempted to sell millions of dollars worth of paintings, including a major work by Cezanne, that were stolen from a home in the Berkshires in 1978.

Robert M. Mardirosian , 72, who gave up a successful criminal law practice to become a sculptor and painter more than a decade ago, appeared in federal court 90 minutes after being arrested at Logan International Airport by arrangement with the US attorney's office. He was charged with taking possession of the seven paintings months after they were allegedly stolen by one of his clients. The theft was long regarded as the largest burglary from a private residence in Massachusetts history.

Mardirosian will be arraigned March 2 on the charges, which carry a maximum 10-year sentence upon conviction. He was released on $500,000 bail by US Magistrate Marianne B. Bowler. Both Mardirosian and his attorney, Michael F. Hanley, declined to comment following the hearing.

"It is extremely disheartening that an attorney charged with upholding the law . . . would disregard that duty and for decades conceal the whereabouts of priceless works of art for no other reason than greed," US Attorney Michael P. Sullivan said in a statement.

In an interview with the Globe in January 2006, Mardirosian acknowledged that he had taken possession of the paintings and held them for more than 20 years after his client, David T. Colvin of Pittsfield, had stashed them, unbeknownst to Mardirosian, in a large plastic bag in the attic of his Watertown law office. Mardirosian said he represented Colvin on an unrelated criminal case when Colvin told him he was headed to Florida to fence the stolen paintings.

"He was going to bring them to Florida to fence them, but I told him that if he ever got caught with them with the other case hanging over his head, he'd be in real trouble," Mardirosian said in the 2006 Globe interview.

Colvin was killed the following year, and it was only then, Mardirosian said, that he realized the paintings were in his office attic.

According to the federal complaint against him, Mardirosian held onto the paintings until 1988 when he moved them to Monaco and later to a Swiss bank for safekeeping. He said he intended to return the paintings to their owner, Michael P. Bakwin of Stockbridge, in exchange for a finder's fee or 10 percent of their value, according to the complaint. But he took no such action.

Finally, in 1999, using a shell company he set up in Panama called Erie Trading International, Mardirosian tried to arrange for the auction of the most valuable painting, Cezanne's "Bouilloire et Fruits," at Sotheby's in London. However, the Art Loss Register, which tracks stolen artwork, notified Sotheby's that the painting had been stolen and stopped the sale.

Within months, Bakwin and the Art Loss Register signed an agreement with Erie's lawyers to turn over ownership of the other six paintings if the Cezanne was returned to Bakwin. But shortly after he completed the deal, Julian Radcliffe, president of the Art Loss Register, contended that the deal was not legally binding since Bakwin had, in effect, been coerced to sign it to get his stolen property back.

Mardirosian's possession of the paintings and his presidency of Erie Trading was not known until last year when, according to the complaint, he tried again to auction four of the remaining six stolen paintings at Sotheby's.

This time, according to an affidavit filed by FBI Special Agent Geoffrey J. Kelly, he persuaded Paul Palandjian of Belmont, the son of a former close friend, to arrange the sale. Palandjian, who was granted immunity for his testimony, told federal authorities that he agreed to the deal in exchange for a commission.

However, Bakwin stopped the auction by bringing suit in a London court, which began the federal investigation and ended with Mardirosian's arrest.

Although he was not asked to provide any defense at the hearing, Mardirosian may argue that he did not know Bakwin was the owner of the paintings until he began negotiating with him over ownership of the paintings.

At yesterday's hearing, Assistant US Attorney Jonathan F. Mitchell said a recent search of Mardirosian's home in Falmouth in conjunction with the investigation had uncovered several firearms, 53 pounds of marijuana, and a stash of cocaine.

Mardirosian has been living in the south of France since last year, and the house has been occupied by one of his two sons, Mitchell said.

Mass. Lawyer Charged In Stolen Art Case (NSDY/AP)

By Jesse Harlan Alderman, Associated Press Writer

Long Island Newsday, February 14, 2007

BOSTON -- A retired lawyer who federal authorities say negotiated to sell paintings allegedly stolen by a former client, including a $30 million Cezanne still life, was arrested Tuesday at Logan Airport as he got off a plane from France.

Robert R. Mardirosian, 72, of Falmouth, Mass., and St. Paule de Vence, France, was charged in U.S. District Court with possessing, concealing, storing, and attempting to sell stolen goods, U.S. Attorney Michael J. Sullivan announced.

"People seem to get away with all kinds of stuff when it comes to art robbery," said Michael Bakwin, the paintings' owner and a former inn keeper in Stockbridge, Mass., now living in Suffolk, Va. "I don't know if there is any closure, but it's nice to see that people who break the law don't get away with it."

In 1978, Bakwin returned to his home in the Berkshire mountains to find seven paintings missing from the dining room walls. "Pitcher and Fruits," a painting by French impressionist Paul Cezanne, was among them.

Nearly 30 years later, authorities allege in a complaint unsealed Tuesday in federal court that Mardirosian hauled the paintings on a bizarre circuit from his Watertown, Mass., law office to Swiss banks and London auction houses, all under the cover of a Panamanian shell company he created to sell the works.

"It is extremely disheartening that an attorney charged with upholding the law, as the defendant was in this case, would disregard that duty and for decades conceal the whereabouts of priceless works of art for no other reason than greed," Sullivan said in a written statement.

Last year, Mardirosian told The Boston Globe that the paintings' alleged thief, David Colvin, left the pieces at his law office in Watertown. He told the newspaper he represented Colvin in an unrelated case.

"He was going to bring them to Florida to fence them, but I told him that if he ever got caught with them with the other case hanging over his head, he'd be in real trouble," he told The Globe.

In 1979, a year after the artwork went missing, Colvin was killed in Pittsfield, Mass., over a gambling debt.

In 1988, Mardirosian moved the paintings to Monaco, thinking he might have a legal claim to ownership or a 10 percent "finder's fee," according to a May 2006 affidavit from FBI Special Agent Geoffrey Kelly, also unsealed Tuesday.

Lloyd's of London was contacted in 1999 by an unknown person about insuring the paintings before sale, the affidavit says, and discovered they were listed with the database Art Loss Register as having been stolen. It says Julian Radcliffe, chairman of Art Loss Register, determined that the paintings were being sold by a Panamanian corporation called Erie International Trading Company, later found to be registered to Mardirosian.

Radcliffe contacted Bakwin and brokered a deal with unnamed agents of Erie, who agreed to return the Cezanne in exchange for the other six paintings. Two months after retrieving the Cezanne, Bakwin auctioned it through Sotheby's in London for $29.3 million.

As part of the contract, the owner of Erie agreed to disclose his identity in a sealed envelope. A British judge later ruled the contract void because Bakwin "signed it under duress." He ordered the envelope unsealed, revealing Erie's owner as Robert Mardirosian, and ordered the lawyer to pay Bakwin $3 million.

Bakwin said four paintings, which authorities say Mardirosian tried to sell through Sotheby's in 2004, will be returned to him in Virginia. He said he did not plan to auction them.

"I have a fairly large home, so I'll display them where they fit," he said.

Investigators believe the two remaining paintings, both Jansen works, are being held by a Swiss friend of Mardirosian.

Three lawyers for Mardirosian did not return calls or e-mails from The Associated Press.

A spokeswoman for the U.S. Attorney's office did not return an after-hours call. The Cape Cod Times reported on its Web site that Mardirosian was released on $500,000 bail and ordered to stay at his son's home in Belmont.

Prisoner Who Killed Cell Mate With Towel Gets Death Penalty (DPHR/AP)

By The Associated Press

Daily Press, February 14, 2007

ROANOKE, Va. -- A federal inmate who killed his cell mate by strangling him with a bath towel has been sentenced to death, officials said Tuesday.

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Carlos Caro, 39, was a prisoner at the federal penitentiary in Lee County in December 2003 when he killed Robert Sandoval, U.S. Attorney John L. Brownlee's office said in a statement.

Caro later told an FBI agent that Sandoval had cursed Caro and threatened to eat his breakfast, the statement said. He also admitted killing Sandoval with the towel, Brownlee's office said.

Caro was convicted on Feb. 1 by a federal jury in Abingdon. He will be formally sentenced March 9.

"Mr. Caro continues to commit violent crimes even while incarcerated," Brownlee said in the statement. "The jury agreed that Mr. Caro had to be punished for this crime and that more prison time was not a deterrent for Mr. Caro."

Verdict For Execution In Reservoir Case (AP)

By Greg Risling

AP, February 14, 2007

LOS ANGELES - A jury imposed the death penalty Tuesday on the ringleaders of a kidnapping-for-ransom scheme targeting rich Russian immigrants whose bodies were found in a Northern California reservoir.

Jurors deliberated less than a day before reaching their vote on sentences for Iouri Mikhel, 41, and Jurijus Kadamovas, 40. Last month, the federal jury convicted both men of three counts of hostage-taking resulting in death and three counts of conspiracy.

The death penalty verdict is binding on U.S. District Judge Dickran Tevrizian, who is scheduled to formally sentence the two men March 12. The case will be automatically appealed, as in all federal death penalty prosecutions.

"They got what they deserved," said Ruven Umansky, whose son Alexander was among those killed. "It's a relief."

Said U.S. Attorney Susan DeWitt: "These were good people who didn't deserve the fate that befell them. We felt a tremendous responsibility to the victims' families."

Defense attorney Dale Rubin called the jury's decision "a revenge verdict."

"They lost sight of what their job was," Rubin said.

Prosecutors said the two men led a group that sought to build a fortune by kidnapping affluent Russian immigrants from Los Angeles in late 2001 and early 2002 and extorting money from their families and friends. About $1.2 million was collected in ransom.

Defense attorneys said the accomplices who cut deals with prosecutors for lesser prison sentences were the group's leaders.

Five victims were killed regardless of whether the ransoms were paid, prosecutors said. The bodies were tied with weights and dumped in the New Melones Reservoir near Yosemite National Park.

(Corrects that jury's verdict is binding on judge, and not a recommendation; corrects that sentencing is on March 12, not March 7.)

Study Predicts Rise In Inmate Populations (USAT)

By Kevin Johnson

USA Today, February 14, 2007

WASHINGTON — The number of inmates in U.S. prisons likely will rise nearly 13% during the next five years, costing states up to $27.5 billion in new operating and construction expenses, according to a new analysis by the Pew Charitable Trusts.

The Pew report, to be released today, projects the nation's prison population will be about 1.72 million by 2011, up from an estimated 1.53 million at the end of last year. Such an increase would roughly equal the current population of the federal prison system.

Pew analysts said the growth is being fueled by mandatory minimum sentences that have stretched prison terms for many criminals, declines in inmates granted parole and other policies that states have passed in recent years to crack down on crime.

In some states, the study said, high rates of repeat offenders also have been a factor in boosting prison populations.

Montana, Arizona, Alaska, Idaho and Vermont could see their prison systems grow by one-third or more if there are no changes to the states' sentencing and release policies, the study said.

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"The projected growth is phenomenal," says Sue Urahn, managing director of Pew's state policy programs. "But whether it comes to this is up to the states. They determine who goes to prison and for how long."

Pew, a Philadelphia-based philanthropic organization that funds research into a variety of issues, based its findings on population forecasts gathered from the federal Bureau of Prisons and 42 states.

Researchers calculated estimates for the eight states that did not provide projections, based on the states' most recent prison admission and release data.

The report estimated the projected prison costs over the next five years as a "staggering" $27.5 billion — nearly half the amount now spent on American prisons each year.

The report also predicted that the number of female inmates will rise at a faster rate (16%) than males (12%). "Don't picture this parade of prisoners as an exclusively male group," it said. Among the report's other findings:

•By 2011, Florida's prison system is expected to become the third state system to surpass 100,000 inmates, joining California and Texas. California's projected inmate population for 2011 is 188,772; Texas' is 166,327.

•In Louisiana, which has the nation's highest rate of incarceration with 835 prisoners per 100,000 residents, the incarceration rate is projected to reach 859 by 2011.

•Nearly two-thirds of the more than 600,000 people admitted to prison each year have failed to satisfy terms of probation or parole.

Richard Berk, a professor of criminology and statistics at the University of Pennsylvania who reviewed Pew's analysis, called it a "cautious" attempt to forecast and account for the dramatic growth in prison populations.

The Pew report highlights recent crime problems and state responses that have helped increase prison populations, including the prosecution of methamphetamine-related offenses and sex offenders.

In Montana, which is projected to have the nation's largest percentage in inmates — 41% — over the next five years, at least half of all new prison admissions today are for meth-related crimes, Montana Department of Corrections spokesman Bob Anez says.

One in four prisoners in Montana's 2,812-inmate system is a sex offender and 46% of inmates have a mental illness, Anez says. Montana is examining alternative sentencing and treatment programs to handle the increasing population, he says.

Later this year, two meth treatment centers — an 80-bed facility for men and a 40-bed one for women — are scheduled to open. Montana's Legislature is considering a proposal for a 120-bed treatment center for mentally ill offenders.

The state also has added 169 beds to its halfway houses in the past two years to try to better prepare released offenders for life outside prison and reduce a recidivism rate in which nearly half of all offenders have are returning to prison.

"We're at the end of the pipeline here," Anez says.

"Once they get here, we have to think about things we can do to prepare them so they don't come back."

Owner Of D.C. Dental Clinic Sentenced, Must Pay Fine (WASHBIZ)

Washington Business Journal, February 14, 2007

The owner of a D.C. dental clinic who recently pled guilty to health care fraud has been sentenced to six months community confinement, six months of home detention and was ordered to pay restitution of $164,000 and a fine of $40,000 for submitting false claims for payment to private insurers, according to the U.S. Attorney's Office for D.C.

Afsaneh Tehrani, owner and president of DC Dentistry at 1712 Eye St. NW, was sentenced by Judge Henry Kennedy in the U.S. District Court for the District of Columbia.

DC Dentistry employs licensed dentists to perform dental procedures and to provide dental services to patients.

In November, Tehrani, a McLean resident who is not a dentist, pled guilty to the charge of health-care fraud. She operates and manages the clinic, makes appointments, collects payments from patients, performs billing to private insurance companies for services and pays the clinic's expenses, including the payroll, according to the U.S. Attorney's Office.

Between 2000 and 2004, Tehrani submitted or caused to be submitted false claims for payment to private insurance companies, including Aetna and Metlife, for dental work performed or allegedly performed by dentists of DC Dentistry on patients of the clinic.

DOJ_NMG_0131895

These claims were false because they asserted that dental procedures had been performed on patients when, in fact, no such procedures were performed, or because they sought payment for the same procedures that had already been billed to and paid by another insurance company.

Last August, Tehrani was charged with health-care fraud and making false statements. At that time, she denied the charges, calling them "ridiculous." The charges resulted from an investigation by the U.S. Attorney for the District, the FBI's Washington field office, the D.C. Department of Health and the D.C. Department of Insurance, Securities and Banking.

Shareholder In Tech Co. Sues Rep. Jefferson (RC)

By Rachel Van Dongen, Roll Call Staff

Roll Call, February 14, 2007

A former shareholder of a technology firm is suing Rep. William Jefferson (D-La.) and his wife to recoup his losses, arguing that they helped to run the company into bankruptcy.

Daniel Cadle, a stockholder in the now-defunct firm iGate, filed a lawsuit seeking unspecified damages Tuesday in U.S. District Court for the Eastern District of Kentucky.

The lawsuit alleges that Jefferson, his wife, Andrea, and the former president of iGate, Vernon Jackson, “acted in concert and conspired to use the funds of iGate” to solicit and deliver bribes from individuals and businesses in Africa and the United States.

The suit charges Jefferson with soliciting and accepting nearly $400,000 in bribes from Jackson to promote iGate’s services in the U.S. and abroad. It further alleges that Jackson transferred 30,775,000 shares of iGate stock to Jefferson from 2001 to 2005.

The firm is now out of business. Jackson pleaded guilty to paying hundreds of thousands of dollars in bribes to Jefferson in exchange for help advancing his business. He was sentenced to seven years in prison.

Cadle charged that the bribes were paid “without the consent or knowledge of iGate’s shareholders” and did not lead to “valid or legal consideration” by iGate as reimbursement.

“The wrongful and tortious conduct of the Defendants not only put iGate out of business to the direct detriment of its shareholders, but also dissipated hundreds of thousands of dollars of the shareholders’ collective investment, for illegal purposes of which the shareholders of iGate were not aware,” the suit states.

A resident of Trumbull County, Ohio, Cadle purchased 327,500 shares of iGate’s Class A common stock around May 31, 2000.

The suit largely tracks a continuing federal probe into Jefferson and his allegedly illegal business transactions.

But the Louisiana Congressman, who won re-election in 2006, has not been charged with any wrongdoing. Nonetheless, questions swirl about why the FBI found $90,000 in the freezer of the Democrat’s New Orleans home.

Jefferson’s attorney, Robert Trout, is out of town and unavailable for comment.

Child Porn Defendant Gets 5 Years In Prison (AP)

Associated Press

AP, February 14, 2007

NEW HAVEN, Conn. -- A man who traded images of child pornography and sexual abuse on the Internet was sentenced Tuesday to five years in prison after pleading for mercy, saying his effeminate appearance would make him vulnerable to abuse behind bars.

David Cuozzo, 42, of New Haven had amassed a collection of 1,780 files of child pornography involving at least 30 children, including images that portrayed sadistic or masochistic conduct or other depictions of violence and the rape of young children, authorities said.

"This defendant used the Internet to trade some of the most disturbing images of infant and toddler child pornography and sexual abuse that law enforcement has seen," said U.S. Attorney Kevin O'Connor. "Federal laws that target the child pornography trade, and the strict terms of imprisonment to which offenders are exposed, exist to eliminate the victimization of children all over the world, as those who possess child pornography help to create the market for this insidious practice."

DOJ_NMG_0131896

Cuozzo, who pleaded guilty last year to transportation of child pornography, sought a sentence less than the more than 17 to nearly 22 years he faced under federal guidelines. He must report to prison April 3.

"I wish I could turn back the clock and start over," Cuozzo said Tuesday during his sentencing hearing in U.S. District Court. "I apologize not only to the victims but their friends and families. Their lives have been forever ruined because of my actions and for that I am truly sorry."

U.S. District Judge Ellen Bree Burns said that though the offense was serious, the guidelines were excessive in Cuozzo's case. She cited several factors, including his poor health and lack of a criminal record, for imposing the lower sentence.

Cuozzo, who must register as a sex offender, said he has Klinefelter Syndrome, a genetic defect that leads to feminine traits such as sparse or absent facial hair and a high-pitched voice.

"David Cuozzo plainly fits the profile of a vulnerable inmate," his attorneys wrote in court papers. "He is at a high risk of physical as well as sexual violence. He is a white man with an effeminate appearance and extremely effeminate mannerisms. He is gay and most people who meet him immediately identify his sexual orientation without him disclosing it."

But the mother of a girl who was repeatedly abused to produce images traded over the Internet called for the maximum sentence.

"Without a market to receive and trade those images, without the encouragement of those who wanted to acquire the images, I truly believe this abuse would not have occurred," the mother wrote. "I've watched my daughter transformed from a buoyant, cheerful child full of energy and enthusiasm to an anxious and fretful shadow of her former self."

The woman, who is not identified in court papers, said the experience left her daughter distrustful of any touch. She washes her hands repeatedly, trying to feel "clean."

"Each person who callously passes on those sickening pictures is exposing my daughter to further shame and humiliation," the woman wrote.

Prosecutors rejected Cuozzo's claim that he would be vulnerable in prison, saying he is nearly 6 feet tall and that the argument was based on alleged abuse of effeminate men in state prisons, not federal facilities where he would be housed.

"The trading of pornographic images of known young children on the Internet acts as repeated violations of these children each time an image is viewed," prosecutors wrote. "Perhaps as important is the concern that the bartering or distribution of disturbing images of abuse may fuel the appetite of those disturbed individuals who would act on such imagery."

O'Connor said the prosecution was part of the U.S. Department of Justice Project Safe Childhood Initiative, designed to protect children from online exploitation and abuse.

Acquitted Man: 'That's 10 Years They Can Never Replace' (USAT)

By Laura Parker

USA Today, February 14, 2007

James Thomas spent almost 10 years in jail in Louisiana, waiting to be tried for a murder he said he didn't commit.

When the case finally was tried, it took jurors 80 minutes to agree with him. After a five-day trial, they acquitted Thomas in the 1996 shooting death of a Baton Rouge man. Thomas, 36, almost fainted in the packed courtroom as the verdict was read out.

"I was shocked. I praised the Lord," Thomas said Tuesday in his first interview since his acquittal Friday. "As long as I live, I'll never forget this. That's 10 years they can never replace."

Thomas' case, profiled in a USA TODAY story in 2005, symbolized problems in the nation's public defender system that result in tens of thousands of poor people in the USA going to jail every year without talking to a lawyer. An American Bar Association study concluded two years ago that the system was "mired in crisis," crippled by funding inadequacies that led to excessive caseloads and inexperienced lawyers being assigned to cases beyond their expertise.

Since the report, public defender programs have been improved in several states, says Bill Whitehurst, an Austin lawyer who headed the ABA's panel on indigent defense. But "there's no question it's still mired in crisis."

DOJ_NMG_0131897

Thomas' wait for a trial began Aug. 27, 1996, when he was arrested with three others in the slaying of Dennis "Doc" Scruggs, 19.

There were several delays in Thomas' case. He was in jail for three years while authorities sought enough public defenders qualified to handle the death penalty case. Because he and his co-defendants were charged with first-degree capital murder, they each were entitled to two public defenders under state law.

The charges later were reduced to second-degree murder, which carries a sentence of up to life in prison without parole. The district attorney was elected to the legislature and withdrew from the case. It was reassigned to the state Attorney General's Office. Other lawyers came and went; Thomas' alibi witness died of kidney disease.

When Thomas' case was first reported by USA TODAY, he was 8½ years into his wait for a trial. He was out of jail because a state court had thrown out the charge as too old to try. Louisiana's Supreme Court later reinstated it, and Thomas returned to jail. He was out on bail while his attorney, Chris Alexander, appealed to the U.S. Supreme Court, arguing that Thomas had been denied his right to a speedy trial. In January, the court declined to hear the case.

Scruggs was fatally shot in a robbery, court papers say. Another defendant, James Ross, said in 1996 that Thomas was the gunman. Ross later recanted and testified that Thomas was not involved. Ross is the only defendant to be convicted. Another died in an unrelated shooting; the other is awaiting trial.

Better Business Bureau Tangled In E-Mail Scam (WP)

By Annys Shin

The Washington Post, February 14, 2007

The Better Business Bureau network was the target of a "spoofing" scam yesterday in which thousands of businesses in the United States and Canada received e-mails encouraging them to download what is thought to be a computer virus.

The e-mails, using the name of the 95-year-old network of nonprofit groups that looks into consumer complaints, told businesses that they were the subject of a complaint and included a link to view related documents. Clicking on the link, however, accessed the address book of an infected computer and distributed the counterfeit e-mail to more recipients, said Steve Cox, spokesman for the Council of Better Business Bureaus.

The council is the umbrella group for the system's 129 local branches, which are funded by member businesses.

BBB members and nonmembers received the e-mail.

Confused business owners began calling the council's offices in Arlington at 6 a.m. yesterday, Cox said. By mid-morning, the organization had confirmed the attack was systemwide.

"It is the first time in recent memory where we've had an attack on this scale," Cox said.

The counterfeit e-mails were traced to an advertising firm in Kennesaw, Ga., that had had its computer system hacked into Monday night, Cox said. The agency had no prior affiliation with the BBB.

'Shoot The Burglar' Law Advances In One State (AP)

By Dale Wetzel, Associated Press Writer

AP, February 14, 2007

(AP) - BISMARCK, North Dakota-A proposed law that would let people shoot a burglar or carjacker without fear of facing arrest or a lawsuit is moving forward in one state, and the National Rifle Association is promoting it in others.

"This bill is simply a citizen's version of homeland security," said North Dakota state Representative Ron Carlisle.

The proposal would erase language that says retreat is better than deadly force, and it says a person is presumed to be justified if he or she shoots a burglar or carjacker in his or her home, workplace or vehicle.

Police and county prosecutors object to the proposal, saying that trying to disprove a shooter's self-defense argument would be more difficult. The law protects a shooter from arrest unless police have probable cause to believe the shooting was not justified.

State Representative Kenton Onstad said the proposal amounted to a declaration of "shoot first and ask questions later."

It now goes to the state Senate for a vote.

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Ashley Varner, an NRA spokeswoman, said 15 states, including South Dakota, have versions of the law. This year, it has been offered in legislatures in five other states.

CIVIL LAW:

Speaking Up For The Whistle-Blowers (WP)

By Stephen Barr

The Washington Post, February 14, 2007

They have job duties taken away, so they are marginalized in the office. They get stripped of their security clearances, so they can't work. They are blacklisted, so they can't find employment. They are reassigned to new locations, so they have to choose between moving or losing their jobs.

Those are typical forms of retaliation carried out against federal employees who blow the whistle on waste, fraud and abuse at their agencies.

Yesterday, advocates for whistle-blowers urged Congress to strengthen protections for federal employees who suffer reprisal in the workplace. The advocates were greeted with bipartisan support at a hearing held by the House Oversight and Government Reform Committee.

"Federal employees are on the inside," Henry A. Waxman (D-Calif.), the committee chairman, said. "They see when taxpayer dollars are wasted. They are often the first to see the signals of corrupt or incompetent management. Yet without adequate protection, they cannot step forward to blow the whistle."

Waxman said the committee's bill would for the first time extend whistle-blower rights to those who work at the FBI and in intelligence agencies, and to people employed by federal contractors. The bill would also extend protection to passenger and baggage screeners at the Transportation Security Administration and to federal scientists who report political interference with their work, he said.

Thomas M. Davis III (R-Va.), the ranking minority member on the committee, said the bill would clarify congressional intent as to what type of whistle-blowing is protected. He said "the most significant reform" in the bill would guarantee federal employees a right to a jury trial in federal district court if the Merit Systems Protection Board, a federal agency that hears complaints from whistle-blowers, did not take action on a whistle-blower's claim in 180 days.

Although Congress has passed laws to protect federal employees from reprisals when they speak up, whistle-blower advocates contend that the U.S. Court of Appeals for the Federal Circuit, which has sole jurisdiction over federal whistle-blower cases, has interpreted the laws in a way that makes it almost impossible for federal employees to defend themselves.

At yesterday's hearing, advocates for whistle-blowers -- William G. Weaver, an associate professor at the University of Texas at El Paso; Nick Schwellenbach, an investigator with the Project on Government Oversight; Tom Devine, legal director for the Government Accountability Project; and Mark Zaid, a lawyer and executive director of the James Madison Project -- testified in support of the Waxman bill.

"Whistle-blowers risk their professional survival to challenge abuses of power that betray the public trust," Devine said. "This is freedom of speech when it counts."

He cited several whistle-blowers who spoke out on vital issues of public concern, including a law enforcement officer who sought improvements in the federal air-marshal program and was then was investigated and assigned to desk duty.

Although the committee members at the hearing, including Todd R. Platts (R-Pa.) and Christopher Shays (R-Conn.), signaled support for the bill, its prospects are uncertain.

Previous legislative efforts have faltered, largely because the Justice Department has objected to expanding whistle-blower rights. Department officials have contended that more protection for whistle-blowers could hinder agency operations and compromise classified information.

Platts sponsored a whistle-blower bill last year that was approved by the committee on a 34 to 1 vote but did not reach the floor. Daniel K. Akaka (D-Hawaii) moved a whistle-blower measure through the Senate as part of a defense bill, only to see it dropped during House-Senate negotiations.

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Akaka, joined by Sen. Susan Collins (R-Maine), reintroduced whistle-blower legislation in January. The bill, which has a more limited scope that Waxman's measure, is pending before the Senate Homeland Security and Governmental Affairs Committee.

Waxman plans to put his bill before the House committee today, if weather permits, for amendments and debate.

CIVIL RIGHTS:

Md. Police Unit Free Of U.S. Oversight (WP)

By Ruben Castaneda

The Washington Post, February 14, 2007

The Prince George's County police canine unit, which in recent years operated under a Justice Department consent decree because of allegations of excessive force and lack of accountability, has improved to the point that the oversight is no longer necessary, a federal judge in Maryland has ruled.

U.S. District Judge Roger W. Titus on Monday granted a motion filed jointly by the Justice Department, the county and the police department to end the federal oversight that began in 2004, Prince George's officials said.

The judge's order means the department has succeeded in reforming the canine unit by dramatically reducing the number of bites inflicted by police dogs, beefing up supervision of canine teams, instituting reviews of biting incidents and improving documentation of such encounters, county officials said.

"Something must be working, because I haven't heard any complaints about dogs biting," Titus said in court Monday.

The oversight will formally end March 11.

A separate agreement between county officials and the Justice Department, which was negotiated to end a Justice investigation into allegations of excessive force by county police, is still operative. The department is in substantial compliance with the terms of that agreement, which calls for broad reforms regarding use of force, training and other issues, said Sharon Taylor, a spokeswoman for the police department.

The end of the canine consent decree "is absolutely good news. This department has worked really hard to get to this place," said Police Chief Melvin C. High. "I am very proud of the members of our canine unit and the efforts they have made."

County resident Redmond Barnes, a member of a group that advocates for police accountability, said he hopes the positive changes in the canine unit signal the beginning of broader police reforms.

"Federal intervention seems to be having an impact, and we can only hope it will have a greater impact," said Barnes, a member of the People's Coalition for Police Accountability.

On a practical level, the end of the consent decree means police officials will no longer undergo periodic Justice Department reviews and will no longer be required to file detailed reports to Justice officials.

However, the canine unit reforms will continue, Taylor said.

The county police department has 11 canine teams, each consisting of a police dog and its officer handler. The unit includes Labrador retrievers as well as Belgian Malinois canines, which resemble German shepherds but are slightly smaller. Both sniff out bombs and drugs; the Belgian Malinois dogs also chase suspects.

Canine unit reforms have resulted in dramatically fewer injuries to suspects and other people.

During a seven-year period from the mid-1980s to the early 1990s, county police dogs were involved in nearly 800 biting incidents, according to an internal police report included in a federal civil lawsuit against a police canine handler. Most of the bite victims were people suspected of petty, nonviolent crimes. Some were bitten multiple times and suffered grave, debilitating injuries.

Last year, county police dogs apprehended 55 suspects without biting them, and they bit eight suspects, police officials said. The previous year, the police canines bit five people and apprehended 36 suspects without inflicting injury, police said.

For decades, county police dogs were trained to catch suspects by biting and holding them. In May 1999, police officials announced they were shifting to a new approach in which their police dogs would be trained to hold suspects at bay by barking at them, attacking only if the person attacked or tried to flee.

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The 1999 policy change came six weeks after the FBI opened an investigation into whether the county canine unit was engaging in a pattern of excessive force.

That investigation led to the 2001 conviction in federal court of former canine officer Stephanie C. Mohr. A jury convicted Mohr of a federal civil rights violation for releasing her canine on an unarmed, unresisting homeless man who was surrounded by pistol-wielding police officers. Mohr is serving a 10-year prison sentence.

Ga. County Declines To Act On '46 Death (AP)

By Elliott Minor

AP, February 14, 2007

BUTLER, Ga. - A rural county's leaders declined to take action Tuesday on a request from two civil rights groups to support a federal probe into the unsolved 1946 killing of a black World War II veteran.

The groups and surviving relatives of Maceo Snipes, the first registered black voter in Taylor County, wanted the county commission's support before they mailed their request to U.S. Attorney General Alberto Gonzales.

But the relatives and activists stormed out to protest the line of questioning of an official who said local residents resent outsiders telling them what to do, and the commission did not act.

"I'm disappointed at the outcome. We didn't come to fight," said a cousin, Felix Snipes, 66, of Atlanta.

Commission member Patty Carson-James later said the state NAACP and the Prison & Jail Project did not need the commission's support for the probe.

"We're here trying to pave roads, get jobs and help our sheriff get drugs off the street," Carson-James said.

The activists and Snipes' relatives knew going into the meeting that there could be some tension. Some locals resent protests over courthouse plaques that segregate by race the names of area veterans.

At one point during the meeting, Carson-James, who is black and who has defended the segregated plaques, asked Snipes' relatives whether they were members of the National Association for the Advancement of Colored People.

John Cole Vodicka, leader of the Prison & Jail Project, objected, and a commission member ordered the sheriff to escort Vodicka out of the meeting. Vodicka, state NAACP president Edward DuBose and the family members left soon after.

Carson-James later said that she is a member of the local NAACP branch but that locals resent outsiders telling them what to do. She said residents support a commission plan to keep the segregated plaques for historic purposes, and install a new plaque that includes all the veterans' names.

DuBose called the commission response to the investigation request "the worst display of disrespect for citizens."

Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time, relatives say. He collapsed in the doorway of his farmhouse about 90 miles south of Atlanta and died two days later.

While his death certificate says he died of "gunshot wound by homicide," there is no evidence of a criminal probe into the killing, and no one was arrested.

Lawyers Defend Christian Prison Program In Iowa (NYT)

By Diana B. Henriques

The New York Times, February 14, 2007

Lawyers for Prison Fellowship Ministries and its affiliate, the Inner8Change Freedom Initiative, appeared before the United States Court of Appeals for the Eighth Circuit in St. Louis yesterday to defend the constitutionality of an evangelical Christian rehabilitation program they operate in a state prison in Iowa.

A federal judge ruled last June that the program, built around Bible study and prayer, violated the First Amendment's ban on government-sponsored religious indoctrination. Although inmates volunteered for the program, the judge, Robert W. Pratt of Federal District Court, found that they had been induced to join it to get safer housing and more accessible treatment options. Judge Pratt also found that they had been penalized if they dropped out or failed to fully participate in mandatory religious activities.

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The prison program's lawyers emphasized the voluntary nature of the program, and the State of Iowa, a co-defendant, argued that it got valuable secular services for its money. The program is continuing during the appeal, lawyers for the state said.

Most of the appellate panel's questions focused on Judge Pratt's order that the prison ministry repay the estimated $1.5 million it got from Iowa, a step that the ministry's lawyers said would deter other faith-based groups from seeking government contracts.

A lawyer for Americans United for Separation of Church and State, the plaintiffs, argued that restitution was warranted because the ministry had ignored clear warnings that it was on shaky constitutional grounds.

One judge hearing the case found her own Supreme Court opinions cited by both sides. The judge, Sandra Day O'Connor, who as an associate justice shaped some significant First Amendment opinions before retiring in 2005, continues to serve as a substitute judge in appellate cases, as she did yesterday.

ANTITRUST:

Four Brands In Car Rental May Merge (NYT)

By Andrew Ross Sorkin

The New York Times, February 14, 2007

A deal to combine four of the nation's largest car rental brands — National, Alamo, Thrifty and Dollar — is being discussed as the industry continues to consolidate.

Dollar Thrifty Automotive Group, a unit of DaimlerChrysler, is in early talks to merge with Vanguard Car Rental, of Tulsa, Okla., which owns National and Alamo, in a deal valued at more than $3 billion, according to people involved in the discussions.

The negotiations, which have been taking place on and off for several months, are at a particularly delicate stage, these people said, and may still collapse.

If completed, a deal would create the third-largest rental car company in the United States behind leaders Enterprise Rent-a-Car and Hertz Global Holdings, but outpacing Avis Budget Group in terms of revenue.

A deal could push rental car rates higher. Prices have already risen 10 percent to 20 percent in the last year as the Detroit automakers have tried to move away from providing discounted fleet vehicles to rental car companies and focus on higher-margin retail customers.

The average rental price of a midsize car has risen to about $57 a day this year, from $52 last year, according to Neil Abrams, president of Abrams Consulting Group in Purchase, N.Y., which follows the rental car business. A merger would make sense, he said, noting that "margins are flat." A combined company could probably squeeze millions of dollars in savings by eliminating back offices while continuing to operate all four brands as a way to segment the market.

"The only question," Mr. Abrams added, "is whether they are both chasing after the same customer."

And a deal would face antitrust scrutiny from regulators.

Fred Fleischner, a spokesman for Dollar Thrifty, declined to comment, citing the company's policy "not to comment on rumors."

J. J. Rissi, a spokeswoman for Cerberus Capital Management, which owns Vanguard, also declined to comment.

A merger would be the latest in a flurry of deals in the car rental business. Hertz was bought from Ford Motor in December 2005 by a consortium of private equity firms. In November, Hertz went public at $15 a share. (It closed yesterday at $20.36.) Avis Budget Group was recently spun off in the breakup of the Cendant Corporation.

Last week, Dollar Thrifty, a publicly held company with a market value of $1.13 billion, may have signaled to the market that it is considering a deal. In a regulatory filing, the company said that it had amended its employment agreement with its chief executive, Gary L. Paxton, and with other top employees. The amendment redefined a change-of-control provision to more than 60 percent of the company, up from more than 50 percent. The changes also included how long employees had to wait before leaving the company with compensation.

A deal with Vanguard would most likely be a reverse merger, so that Vanguard would be the controlling shareholder.

DOJ_NMG_0131902

Vanguard has tried to go public before. Last year it filed for an initial public offering, saying that it had earned $105.3 million in income from $2.89 billion in revenue in 2005. It said that it held a 20.5 percent market share in the top 125 airport markets where it operated, behind the Avis Budget Group, then controlled by Cendant, and Hertz. Vanguard paid a $122.6 million special dividend last June.

In that same filing, Vanguard said it had about 3,800 locations in 82 countries as of last June. Its fleet numbered about 300,000, the filing said. The company said it buys its fleet from General Motors and DaimlerChrysler, and had agreements with other manufacturers like Toyota and Kia.

Cerberus Capital Management acquired Vanguard out of bankruptcy for $240.1 million in cash when it was called the ANC Rental Corporation.

The National car rental brand first entered use in 1947, while Alamo emerged in 1973. In the mid-1990s, H. Wayne Huizenga's Republic Industries acquired both, combining them into ANC. Republic Industries, now known as AutoNation, spun off ANC in 2000. By 2001, ANC had filed for bankruptcy.

Dollar was founded in 1965 in Los Angeles and acquired by the Chrysler Corporation in 1990, making it part of the carmaker's Pentastar Transportation Group, alongside Thrifty. Chrysler filed for an initial public offering of the rental car unit in November 1997. The company has 400 locations worldwide, including 260 locations in the United States, and a fleet of 188,000 cars worldwide, mostly DaimlerChrysler models.

Judge Delays Caremark Vote (WSJ)

By Dennis K. Berman And David Armstrong

The Wall Street Journal, February 14, 2007

Ruling on CVS Offer Will Let Express Clarify Its Antitrust Questions

A Delaware judge waded into the thick of the two-way takeover struggle for Caremark Rx Inc., postponing a shareholder vote on CVS Corp.'s bid, while nudging Caremark to begin negotiations with rival Express Scripts Inc.

The rare step to enjoin -- or delay -- the vote gave a much-needed boost to Express, whose $27.3 billion bid for Caremark has been repeatedly rebuffed by Caremark's board.

Coincidentally or not, Delaware Chancellor William B. Chandler III delayed the vote until at least March 9 from Feb. 20. The March date is the day after Express is supposed to receive government notice about the length of an antitrust review, a factor that has long loomed over the merger saga.

Mr. Chandler questioned Caremark's insistence that it can't speak to Express because such a deal would likely run afoul of antitrust laws. He noted that Caremark appeared to have no such concerns when it reviewed potential transactions with Express in 2001, 2003 and 2005. The judge chided Caremark for disclosing those past discussions on Monday -- just eight days before the scheduled shareholder vote.

A shareholder might want more time to weigh his vote, Mr. Chandler wrote, "in the face of Caremark's present protestations that antitrust difficulties loom so large as to prevent the board of directors from even discussing" the Express offer.

"This Caremark board keeps leaving money on the table," said Stuart Grant, a partner of law firm Grant & Eisenhofer, who filed for the delay on behalf of a Louisiana police retirement fund. "How much more money do we have to see them leaving on the table?"

Antitrust worries are nonetheless a big part of any Express-Caremark combination, which would unite the country's second- and third-largest managers of pharmacy benefits. It is still quite possible that federal authorities could seek a "second request" for information that would be a big blow to Express's ambitions.

"Is the ruling good for us? No," said one person who is advocating a CVS-Caremark tie-up. "But it will flush out whether the antitrust risk is real."

CVS and Caremark have suffered a number of setbacks in recent days, after several proxy advisory firms recommended Caremark shareholders reject the CVS offer.

EXPRESS SCRIPTS' RESPONSE

Express Scripts said CVS's improved offer "can't paper over a flawed process." Read the full text8 of the statement.

DOJ_NMG_0131903

Earlier yesterday, CVS boosted its bid for Caremark by increasing a special cash dividend offered to Caremark shareholders to $6 a share from $2 a share. This was the second time CVS had sweetened its bid for Caremark in the face of the richer deal offered by Express Scripts, raising the total deal price by some $2.6 billion.

At the close of trading yesterday, the CVS deal was worth $59.53 for each Caremark share, while Express's cash-and-stock offer was valued at $61.37. In 4 p.m. New York Stock Exchange composite trading, Caremark traded higher than both offers, at $62.88, up $1.97.

Caremark said it will seek shareholder "approval as soon as possible," but it didn't indicate a new date for such a meeting.

Write to Dennis K. Berman at dennis.berman@wsj.com9 and David Armstrong at david.armstrong@wsj.com10

Judge Delays Caremark Shareholder Vote (AP)

By Rose French, Associated Press Writer

AP, February 14, 2007

NASHVILLE, Tenn. - A Delaware judge ordered Caremark Rx Inc. to delay a shareholder vote on a proposed acquisition by CVS Corp. just hours after the drugstore operator tripled the special cash dividend it proposes to pay as part of the deal.

CVS, of Woonsocket, R.I., is competing with a hostile offer from pharmacy benefits manager Express Scripts Inc. to buy Caremark, though the Caremark board favors the CVS bid.

CVS said it would raise the dividend payment to Caremark shareholders from $2 per share to $6 after several shareholders and proxy advisers called the CVS offer too low. Analysts said the move likely is aimed at trying to win over Caremark shareholders before they vote next Tuesday.

The increased dividend will add about $1.7 billion in value to the CVS deal, previously estimated at $24 billion. That brings it roughly into line with the Express Scripts bid worth about $26 billion.

Caremark shares rose $2.19, or 3.5 percent, to $63.19 on the New York Stock Exchange where CVS shares fell 39 cents, or 1.1 percent, to $32.10. Express Scripts stock rose 96 cents to $75.69 on the Nasdaq Stock Market.

The CVS offer has already won antitrust approval. But the offer from Express Scripts of Maryland Heights, Mo., has yet to receive antitrust clearance. Express Scripts is the third-largest pharmacy benefits manager and Caremark is No. 2.

Investment advisory firms Glass, Lewis & Co., CtW Investment Group and Institutional Shareholder Services have said that Caremark's board has not succeeded in getting the best deal for its shareholders and urged before the latest dividend increase that Caremark shareholders reject the CVS bid.

"When this thing was first announced, shareholders were only getting around $50 per share. It's come a long way," Speller said. "Right now it seems to be all about the price and the price relative to the risk."

"This increased offer is a desperate move to salvage the deal," Garland said. "Frankly what happened today reinforces shareholder concerns here. It was a terribly flawed process the Caremark board went through that failed to maximize value for Caremark shareholders.

Institutional Shareholder Services is continuing to recommend a vote against the Caremark and CVS merger, spokeswoman Sarah Cohn said.

Representatives with Glass, Lewis & Co. in San Francisco could not be immediately reached for comment.

Express Scripts said in news release that Caremark shareholders should vote against the proposed merger of CVS and Caremark to "send a message to the (Caremark) board that it is time to level the playing field."

"It is time for the Board to allow a full and fair process to determine what is in the best interests of Caremark stockholders," the company said.

Judge Delays Caremark-CVS Vote (SLPD)

By Mary Jo Feldstein, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 14, 2007

Express Scripts Inc. on Tuesday got more time to charm Caremark Rx shareholders when a judge delayed a vote on whether the company should merge with CVS Corp.

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The judge delayed the Caremark shareholders' vote until at least March 9, giving them more time to evaluate a higher CVS offer made public Tuesday as well as disclosures about the deal that surfaced in a Securities and Exchange Commission filing on Monday.

The delay also gives Express Scripts, based in Maryland Heights, a chance to win regulatory approval for its bid before the shareholders' vote.

Express Scripts should learn by March 8 whether the Federal Trade Commission would approve a Caremark—Express Scripts deal or whether regulators require a lengthy investigation to decide the matter. Express Scripts' lack of FTC approval has hurt its ability to gain the support of Caremark's shareholders.

CVS, the nation's No. 2 retail drug chain, announced in November its plan to combine with Caremark, based in Nashville, Tenn. Its bid was a $21 billion, all-stock offer that it said would create a new dynamic in the pharmaceutical industry.

Express Scripts is the nation's No. 3 pharmacy-benefits manager. In December, it countered CVS's bid for Caremark with a cash-and-stock offer valued at $26 billion and a vision of a larger, stronger pharmacy-benefits management company.

CVS first sweetened its bid in January, saying it would pay Caremark shareholders a special cash dividend of $2 a share when the deal closed. CVS raised its offer for Caremark again on Tuesday, tripling the special dividend to $6 a share.

The higher bid came a day after several shareholder groups — including Institutional Shareholder Services, the nation's largest investment adviser — opposed the CVS offer, saying Caremark shareholders could do better.

Using Tuesday's closing prices, the revised CVS offer of $59.59 a share trailed the Express Scripts bid of $61.37 and Caremark's share price of $62.88, up $1.97 in trading Tuesday. Shares of Express Scripts gained 68 cents to close at $75.41, while shares of CVS lost 40 cents to close at $32.09.

Meanwhile, analysts said Express Scripts and CVS might need to push their offers higher if they want to secure the support of Caremark's shareholders.

"Our analysis suggests that Express Scripts can possibly raise its bid to about $65," Arthur I. Henderson, an analyst with Jefferies & Co. in Nashville. "Beyond that price, we wouldn't be surprised if Express Scripts walks away from its acquisition offer and initiates its $1 billion accelerated buyback" of its own shares.

Negotiations with Express Scripts might yield a higher price, but Caremark's board has been unwilling to talk. Caremark has said the CVS offer is strategically superior, but its board's refusal to negotiate with Express Scripts has led to questions about whether it is acting in the shareholders' best interest.

A large group of Caremark shareholders on Tuesday pushed hard for a delay on the merger vote, saying they did not have enough time to consider the revised offer from CVS. The judge agreed.

"Caremark shareholders face irreparable harm if they are forced to make their decision without adequate time to consider relevant information revealed by defendants almost on the eve of a vote," Chancellor William B. Chandler III, the judge in Delaware overseeing the case, said in a letter to lawyers.

Express Scripts praised the delay, saying it is "time for the Caremark board to engage in a full and fair process to determine" the shareholders' best interest. Caremark said it would inform shareholders of the delay as soon as possible and that it looks forward to closing the deal with CVS as soon as possible.

Chandler said the revised offer, coupled with disclosures filed Monday with the SEC, convinced him that Caremark shareholders needed more time.

Caremark said Monday that on at least three occasions it has considered deals with Express Scripts. Shareholders might consider this "highly relevant," Chandler said.

"This is particularly true in the face of Caremark's present protestations that antitrust difficulties loom so large as to prevent the board of directors from even discussing an (Express Scripts) offer with an admittedly higher dollar value," Chandler said.

Caremark's directors are being investigated by the SEC in connection with possible options backdating. Related shareholder lawsuits could be void if Caremark merges with another company, Caremark said Monday. Chandler said that development also could "significantly" alter whether Caremark shareholders would agree to a merger.

While Caremark shareholders have been slow to embrace the deal with CVS, they haven't run toward Express Scripts either.

DOJ_NMG_0131905

So far, Express Scripts has obtained 4.3 million shares, or about 1 percent of Caremark's stock, through its tender offer. On Tuesday, it extended the expiration date of its offer to March 16.

Siemens And ABB Offices Raided In EU Cartel Probe (FT)

By Tobias Buck In Brussels And Richard Milne In Frankfurt

Financial Times, February 14, 2007

The antitrust problems that have engulfed Siemens and several of its engineering rivals deepened yesterday when the European Commission raided the offices of several manufacturers in Germany, France and Austria in connection with a cartel probe.

The Commission refused to identify the companies targeted in the raids but Siemens and ABB confirmed that their offices had been searched.

Brussels said the groups were suspected of forming a price-fixing cartel in the market for transformers, key components in the power grid in controlling the voltage. Siemens said in a statement that the Brussels antitrust watchdog was investigating five companies, and added: "The EU Commission is investigating collusion in the area of power transformers in Germany, Austria and the Netherlands between 1999 and 2003."

The Commission refused to confirm the precise extent of its probe.

The raids are deeply troubling for the groups involved, coming weeks after Siemens, ABB, Alstom and other engineering companies were found guilty of operating another cartel in the market for electricity transmission systems. The groups were together fined a record €751m ($978m), with Siemens alone accounting for €397m of the total.

Companies that are found guilty of operating a cartel face fines of up to 10 per cent of their global annual turnover. The Commission is particularly tough on repeat offenders and, under new rules introduced last year, Siemens and its peers could find their fines being double the normal level should they be found guilty in any new case resulting from this month's raids.

The German engineering group said yesterday it had suspended three employees in connection with the probe at the power transmission division.

Udo Niehage, the president of Siemens' power transmission and distribution group, said: "Isolated incidents of this nature cast a bad light on the strong achievements of all other employees. This cannot be tolerated."

Siemens' latest woes come on top of a €420m bribery scandal that has tainted Siemens' image and raised questions about the competence of the German industrial group's controls and management.

The scandal has focused mainly on the telecoms division.

Siemens has denied wrongdoing and blamed a group of rogue employees.

In the cartel case, the Commission is likely to spend months, if not years, sifting the evidence and drawing up formal charges against the groups which will then get the chance to defend themselves in a hearing in Brussels before the Commission reaches its final verdict.

A spokesman for Neelie Kroes, the EU competition commissioner, stressed that the raids in themselves did not prejudge the outcome of the investigation.

For Aluminum Companies, A Crush Of Consolidation? (WSJ)

By Patrick Barta And Paul Glader

The Wall Street Journal, February 14, 2007

Aluminum companies may be next in line for consolidation as mining conglomerates scour for takeover targets.

Speculation is building that BHP Billiton Ltd., Rio Tinto PLC or another mining titan could bid to buy one of the world's aluminum heavyweights, particularly Pittsburgh's Alcoa Inc. or Alcan Inc. of Montreal.

Doing so would enable BHP or Rio Tinto to consolidate its position in the growing aluminum market, while preventing competitors from snatching up the few remaining blue-chip players at a time of accelerating consolidation in the natural-resources sector.

DOJ_NMG_0131906

Speculation about a possible transaction involving Alcoa yesterday boosted the Dow Jones Industrial Average, of which Alcoa is one of the 30 member stocks. Alcoa climbed $2.10, or 6.4%, to $35 on the New York Stock Exchange. Alcan was up $2.56, or 4.9%, to $54.75, also on the Big Board.

In London trading, BHP shares rose 2.6% to £10.76 ($20.95), while Rio Tinto rose 2.5% to £27.53. The two companies also have shares traded in Sydney, Australia, where they both declined slightly.

The price of aluminum, which is used to make everything from soda cans to airplane parts, has lagged behind some other metals in the recent commodity boom. In part, that is because China -- a driver of demand -- produces significant quantities of its own, diminishing the need for imports. Still, analysts believe global demand will continue to rise.

Rumors of a large aluminum deal have floated for more than a year, heating up again in recent days, after the Times of London reported that BHP and Rio Tinto had both "drawn up plans" for a $40 billion takeover of Alcoa. Rio Tinto and BHP declined to comment on the speculation, and Alcoa officials have played down the report. "We view this as rumors and rumors only," said Kevin Lowery, a spokesman for Alcoa.

Some analysts say they believe the rumors of interest from Rio Tinto and BHP are credible, though they remain far from certain a deal will occur, in part because they think the $40 billion price might be too high.

There are good reasons why a big aluminum deal might be attractive. Mining companies have struggled in recent years to find and develop new sources of raw-material supplies, and many of them believe it is safer to pick up assets through acquisitions than attempting higher-risk exploration projects.

Also, mining companies are awash in cash on profits earned since the commodity boom took off four years ago. Shareholders are clamoring for the companies to find new ways of spending that money to ensure they have strong growth prospects in the next decade.

Despite a somewhat uncertain outlook for commodity prices this year, long-term aluminum demand is expected to remain strong world-wide, with global consumption doubling to 60.6 million metric tons by 2020, according to Alcoa estimates. A metric ton is equal to 2,204.62 pounds.

There also are important reasons why a deal might not come together. Consolidating more aluminum output under one roof could raise hackles with antitrust regulators, especially since BHP and Rio Tinto already have sizable aluminum assets.

Alcoa and Alcan also come with significant "downstream" assets, such as smelters, that mining companies typically prefer to unload as they focus their businesses on the work of digging ore and minerals out of the ground rather than making that ore into metal.

Most big mining companies prefer to spread their risk over a number of basic commodities, and absorbing the bauxite and alumina assets of either Alcoa or Alcan could make them too reliant on a product already in their portfolio whose price growth might not match other commodities, analysts say. If BHP acquired Alcoa, for example, roughly 25% of its earnings would come from aluminum, compared with about 8% today, says Mark Pervan, an analyst at Daiwa Securities in Australia.

He reckons an offer from Rio Tinto is somewhat more likely.

Some analysts believe there is another, perhaps even more likely, suitor for an aluminum company such as Alcoa or Alcan: Xstrata PLC. The Swiss company has expanded through acquisitions, and some analysts believe it is keen to cement its place among the world's diversified mining titans before the good times end. That group includes not only BHP Billiton and Rio Tinto but also Companhia Vale do Rio Doce of Brazil and Anglo American PLC of London.

Xstrata said it couldn't comment on any merger speculation.

It also is possible mining companies will wind up preferring Alcan over Alcoa. Although Alcoa has overshadowed Alcan by many business measurements for years, that dynamic may be starting to reverse. After a 2003 acquisition of French aluminum company Pechiney SA and a reorganization, Alcan found itself on par with Alcoa in terms of some divisions and assets, though Alcoa remains the larger company, with a market value of $27 billion compared with Alcan's $18 billion. Alcan stock was up 19% in the past three years, while Alcoa's was down 15%, before yesterday's stock jump. "You can say Alcan has done better, period," says John Tumazos, a metals analyst with Prudential Securities in New York.

Google Said To Violate Copyright Laws (NYT)

DOJ_NMG_0131907

By Thomas Crampton

The New York Times, February 14, 2007

PARIS, Feb. 13 — A Brussels court ruled Tuesday that Google had violated copyright laws by publishing links to articles from Belgian newspapers without permission. Legal experts said the case could have broad implications in Europe for the news indexes provided by search engines.

The ruling, which Google said it would appeal, was hailed by some newspaper industry representatives and may also have an impact on a lawsuit against Google by the news service Agence France-Presse.

"As the first decision to condemn a search engine for indexing news articles, you can be sure publishers around the world are paying attention," said Cyril Fabre, a lawyer in Paris at Alexen, a law firm specializing in Internet law and intellectual property. "The implications in Europe are particularly strong since copyright law is so uniform across the Continent."

The Brussels court ruled that Google, which operates the dominant Internet search engine, must pay 25,000 euros, or $32,600, for each day it displayed content from the plaintiff publications in violation of copyright. The court scaled back a September ruling that called for damages of up to 1 million euros a day and required Google to publish the judgment on its home page.

The group that brought the case, Copiepresse, manages copyright issues for more than one dozen Belgian newspapers, most published in French. It said it had also asked the French division of Yahoo to stop showing the group's news reports.

"Today we celebrate a victory for content producers," said Margaret Boribon, secretary-general of Copiepresse. "We showed that Google cannot make profit for free from the credibility of our newspaper brands, hard work of our journalists and skill of our photographers."

Google carries advertising on its general Belgian site, Google.be, but not in its news index. Links to the publications represented by Copiepresse have already been removed from both.

The lawsuit, filed shortly after Google introduced the Belgian news site in January 2006, originally included two organizations representing journalists and photographers, but they reached a deal with the search engine. Google said the accord involved making use of content in new ways, but would not elaborate.

"Google also tried to offer us a deal, but it was ridiculously small compared with the deals the others got," Ms. Boribon said. She indicated that the publishers were seeking a revenue-sharing arrangement.

Yoram Elkaim, a lawyer in Paris for Google, said, "I am not aware of any such discussions with the Copiepresse folks."

Google believes that pointing to content on the Web is legal under copyright law, Mr. Elkaim added. "We have always explained that any licensing agreements Google does with content providers is for use that goes beyond indexing or referencing," he said.

Jessica Powell, a spokeswoman in London for Google, said the main complaints in the case — making reference to articles without prior permission, and the continued availability of articles in Google's database after newspapers have restricted access to them — are issues easily rectified without legal action.

"This is an isolated case, and it would be inaccurate to portray Google News as standing in conflict with the publishing industry," she said.

Legal experts in the United States said the decision would have no direct impact there. But if upheld, they said, it could result in headaches for Google on both sides of the Atlantic.

"It could set up a chain reaction, especially in European countries, where the authors' rights are stronger," said Pamela Samuelson, a law professor at the University of California, Berkeley, and the co-director of the Berkeley Center for Law and Policy. "If a Belgian court causes Google to change its ways, by preventing links from happening or forcing it to pay, other countries and other newspapers and other entities that have put things on the Web could say 'me too.' "

Still, she said, "I think that argument that linking is an infringement is not a particularly strong argument."

Some newspaper representatives hailed the ruling. "Today was a victory for copyright protection," said Larry Kilman, a spokesman in Paris for the World Association of Newspapers. "Search engines cannot unilaterally decide what happens to content."

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Yet Mr. Kilman added that Google and newspapers have clear benefits from working with each other. Google uses the content to attract users, and newspapers use the traffic to increase readership.

The case on which the court decision will probably have the most direct impact is a lawsuit filed against Google in February 2005 in France by Agence France-Presse. The initial briefs have been exchanged for the case, which awaits a trial date before the Paris commercial court. A.F.P. has a separate case against Google in the United States.

"We are making many of the same legal arguments as Copiepresse," said Asim Singh, a lawyer at Sokolow, Carreras & Partners, which represents A.F.P. in the French lawsuit. "And there is no jurisdiction closer to French law than Belgium."

A Google Loss In Europe May Spur Other Lawsuits (WSJ)

By Aaron O. Patrick In London And Anne Jolis In Brussels

The Wall Street Journal, February 14, 2007

As media companies around the globe grapple with how they are compensated when their material is shared online, a Belgian court said Google Inc. can't post news articles from local newspapers on its Web sites in Belgium.

In a closely watched ruling, the Brussels Court of First Instance said Google can't offer any links to articles or post any articles or photographs from French- and German-language Belgian newspapers. (No Dutch-language Belgian newspapers participated in the suit.) The judgment upheld the court's initial ruling in September, which the Internet-search firm had challenged.

A Google spokeswoman said the Mountain View, Calif., company plans to appeal. "We believe Google News is entirely legal," she said. The company has always argued that the use by Google News of headlines and introductory paragraphs from articles published on the Web doesn't breach copyrights.

The ruling may provide ammunition for other news associations. Already, Agence France Presse, the French wire service, is suing Google in U.S. District Court in Washington, accusing it of violating AFP's copyright by using its headlines, photographs and story fragments in Google News. AFP is demanding payment when Google uses excerpts of its articles and photographs in the U.S.

Also in the U.S., the Authors Guild and a group of major publishers backed by the Association of American Publishers have brought two separate suits against Google in U.S. District Court in Manhattan, alleging Google is abusing their copyright by digitizing books without permission in order to make their contents searchable on the Web. Google has denied wrongdoing in all three cases; all are still pending.

Copiepresse s.c.c.r.l, a group that collects copyright fees for publishers and represented the Belgian newspapers, said it is open to letting its stories appear on Google, as long as Google pays for them, said Margaret Boribon, secretary-general of Copiepresse.

The court decision stops Google News, a site featuring summaries of articles published on the Web, and www.google.be, Belgium's most popular Internet-search engine, from publishing even snippets of stories as well as full stories and photographs.

In Google's favor, the court reduced the fine for copyright violation set in September to $30,000 a day from $1.3 million a day. It is unclear how big a penalty Google faces, since it removed links to the newspapers after the initial ruling.

While Belgium's media market is tiny, lawyers said the decision could trigger similar litigation in France, Italy, Spain and Germany, especially if Google's appeal fails. "I would expect in other European countries there will be copycat suits," said Thomas Vinje, an Internet lawyer at London law firm Clifford Chance LLP, who isn't involved in the case.

But Denis Bouchez, director of the French National Newspaper Association, said, "We're not going to sue them for the time being."

Earlier this week, News Corp., Viacom Inc., Sony Corp., General Electric Co.'s NBC Universal, Time Warner Inc. and Walt Disney Co. accused Google of supporting two Web sites offering access to illegal movie downloads. In response, Google said it prohibits its advertisers from selling copyright-infringing materials.

In Belgium, Copiepresse also is pursuing other Internet-search engines and sent letters to Yahoo Inc. and Microsoft Corp. Copiepresse said it demanded the search engines remove its members' material from their news sites until they agree to ask permission and pay before using it, or face fines.

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Yahoo spokesman Alex Laity said Yahoo has temporarily removed the links, though he said that "our activity complies with all legal requirements." Microsoft declined to comment.

Mills Spurns Earlier Suitor For Higher Bid (WP/AP)

The Washington Post, February 14, 2007

Mills Corp., the troubled Chevy Chase mall developer, said yesterday that it favored a $1.6 billion offer from Simon Property Group and hedge fund Farallon Capital Management instead of an earlier takeover agreement with Brookfield Asset Management.

Mills said its board of directors concluded that the Simon-Farallon offer, $24 per share, was "superior" to Brookfield's proposed deal of $21 per share, valued at $1.35 billion. The board authorized Mills to end the deal with Brookfield. When it was offered in January, Brookfield's bid represented an 18 percent premium over the price of Mills stock, but the share price has since jumped on news of a possible merger.

Mills, which owns 38 shopping centers nationwide, including Potomac Mills and Arundel Mills, said in a statement that it would give Brookfield three days to top its previous offer, however, before it breaks the agreement signed Jan. 17. The company said it was "ready and willing to negotiate such an amendment" with Brookfield, which is headquartered in Toronto.

Katherine Vyse, a spokeswoman for Brookfield, declined to comment.

Along with the higher price, Mills said its board preferred the Simon-Farallon deal because it could be closed more quickly. If it ends the Brookfield agreement, Mills would likely absorb a $40 million breakup fee, but some Wall Street analysts said that was not a considerable amount.

Mill shares closed yesterday at 26.24, up 49 cents, or about 2 percent.

Mills, one of the first developers of oversize malls known as mega-malls, has struggled in the past year with accounting problems and heavy debt that the company said in January could push it into bankruptcy.

The Securities and Exchange Commission is investigating Mills's accounting missteps, which the company said were widespread and could cost shareholders up to $352 million in equity. Mills has yet to file its 2005 annual earnings report and plans to restate earnings as far back as 2001.

To prepare for a sale, Mills has shed major assets, including its stake in the $2 billion Meadowlands Xanadu mall project in northern New Jersey and replaced almost all of its top management.

Had Brookfield acquired Mills, it would have been its first venture into North American retail real estate. It has timber and power holdings, along with commercial real estate that includes the World Financial Center in New York.

ENVIRONMENT:

Plant Death Costs Honeywell $12 Million (AP)

AP, February 14, 2007

Honeywell Agrees to Pay $12 Million to Settle Chemical Plant Death Charge

BATON ROUGE, La. (AP) -- Honeywell International Inc. has agreed to pay $12 million in fines and restitution resulting from a fatal accident at its Baton Rouge chemical plant in 2003, the Justice Department said Tuesday.

Honeywell agreed to plead guilty to violating the federal Clean Air Act, U.S. Attorney David Dugas said in a news release. A court date for formally entering the plea has not been set.

The charge stemmed from an accident at the plant on July 29, 2003. A plant worker, Delvin Henry, was doused by a corrosive material after opening a vat that had been labeled as containing a benign refrigerant. He died from his injuries the next day.

Through the plea agreement, Henry's three children will receive $2 million. The company also will pay an $8 million criminal fine, $750,000 to the Louisiana Department of Environmental Quality, $750,000 to the Louisiana State Police hazardous materials unit and $500,000 to the state police emergency operations center.

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Dugas said much of the alleged negligent conduct contained in the charge occurred during the 1990s involving many people who no longer work for the company.

Honeywell cooperated fully and has implemented changes at the plant since the accidents, prosecutors said.

Peter Dalpe, a spokesman for Morris Township, N.J.-based Honeywell, said that, over the past several years, the company has "made substantial investments in expertise, equipment and personnel at the Baton Rouge facility and have significantly improved safety performance there."

Shares of Honeywell rose 42 cents Tuesday to close at $46.51 on the New York Stock Exchange.

U.S. Agency Violated Law In Seed Case, Judge Rules (NYT)

By Andrew Pollack

The New York Times, February 14, 2007

A federal judge ruled yesterday that the Agriculture Department violated the law by failing to adequately assess possible environmental impacts before approving Monsanto's genetically engineered alfalfa.

Judge Charles R. Breyer of Federal District Court in San Francisco said the agency had been "cavalier" in deciding that a full environmental impact statement was not needed because the potential environmental and economic effects of the crop were not significant.

Plaintiffs in the case — some alfalfa seed companies and environmental and farm advocacy groups — said they would push to stop the sales and planting of the alfalfa, which is resistant to Monsanto's Roundup herbicide.

Joseph Mendelson, legal director of the Center for Food Safety, a Washington advocacy group that organized the lawsuit, said the decision by itself could block commercial sales of genetically engineered alfalfa seeds but that the plaintiffs would ask for an injunction to make sure. Judge Breyer asked the parties to meet and propose remedies to him by Feb. 26.

Christopher R. Horner, a spokesman for Monsanto, said the company had not seen the decision but thought it would not affect its business. Monsanto was not named in the suit, which was filed against the Agriculture Department.

Calls to several spokesmen for the Agriculture Department were not returned. A recording in the department's communications office said the government closed early yesterday because of expected bad weather in Washington.

A federal judge in Washington said last week that the Agriculture Department had not done adequate assessments before approving field trials of genetically engineered grass. And last August a federal judge in Hawaii, in a case involving field trials of crops engineered to produce pharmaceuticals, ruled that the Agriculture Department had not adequately assessed the possible impact on endangered species.

Mr. Mendelson of the Center for Food Safety said yesterday's decision could set a precedent that would require the Agriculture Department to do full impact statements for other biotech crops before they are approved.

The Roundup Ready alfalfa was deregulated by the Agriculture Department in June 2005, meaning it could be grown outside of field trials. It was the first approval in years of a new genetically engineered crop. Because alfalfa is the fourth most widely planted crop in the United States, the action presented a big opportunity for Monsanto.

The Agriculture Department had first done an environmental assessment, which concluded that a longer and more detailed environmental impact statement was not needed. This was in part, the agency said, because the implanted gene conferring herbicide resistance was harmless to people and livestock.

But Judge Breyer, in his 20-page opinion, said that the agency had not adequately considered the possibility that the gene could be transferred by pollen to organic or conventional alfalfa, hurting sales of organic farmers or exports to countries like Japan that did not want the genetically engineered variety.

"An action which potentially eliminates or at least greatly reduces the availability of a particular plant — here, nonengineered alfalfa — has a significant effect on the human environment," he wrote.

The judge also said that the Agriculture Department had too easily dismissed the possibility that planting Roundup-resistant alfalfa would lead to wider use of Roundup, which in turn would contribute to the development of weeds resistant to the popular herbicide. That is particularly a risk, he said, because many other crops like soybeans and corn are also resistant to Roundup, which is known generically as glyphosate.

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"One would expect that some federal agency is considering whether there is some risk to engineering all of America's crops to include the gene that confers resistance to glyphosate," he wrote.

Energy CEOs Encourage Emissions Caps (LAT)

By Richard Simon

The Los Angeles Times, February 14, 2007

WASHINGTON — Corporate CEOs do not usually come to Capitol Hill to lobby for more government regulation. But that's what a group of executives did Tuesday, urging Congress to cap emissions blamed for global warming.

Peter Darbee, chairman and chief executive officer of PG&E Corp. — parent of California's largest utility, Pacific Gas and Electric Co. — called for the United States to be "at the forefront of addressing global climate change" by approving a mandatory program to reduce greenhouse gases.

Charles O. Holliday Jr., chairman and chief executive of DuPont Co., added that he believed "voluntary efforts alone will not solve the problem."

Proponents of a mandatory program for reducing greenhouse gas emissions see support from such businessmen as crucial to getting legislation through the narrowly divided Congress and past President Bush's veto pen.

The executives were invited to appear at the Senate Environment and Public Works Committee hearing by its chairwoman, Sen. Barbara Boxer (D-Calif.), who has made passage of legislation addressing global warming her top priority.

The testimony from the executives, including Steve Elbert, vice chairman of BP America, was intended to rebut arguments that mandatory caps on emissions of carbon dioxide and other gases would be bad for business and drive up costs.

The CEOs impressed at least one Republican. "You got my attention," Sen. John W. Warner (R-Va.) told them.

Still, he remained noncommittal on whether he would support a mandatory-cap bill.

Some other committee Republicans, however, dismissed the CEOs' testimony, underscoring the challenge facing proponents of emission caps.

Sen. James M. Inhofe of Oklahoma, perhaps Congress' leading skeptic of human activity as a cause of global warming, accused the executives of advocating limits in order to boost investments by their companies in cleaner energy sources, such as solar power.

Sen. Christopher S. Bond (R-Mo.) contended that mandatory caps would lead to higher energy costs in his state, which is heavily dependent on coal-fired power. Coal-fired power plants are a major source of carbon dioxide emissions.

Sen. Lamar Alexander (R-Tenn.), who is sponsoring a bill that would cap emissions from power plants, acknowledged that there was "not much Republican support" for such measures. But he said that he thought there would be more support after the CEOs' testimony.

The hearing was one of four on climate change held Tuesday on Capitol Hill. Several more are scheduled in the weeks ahead, including one featuring former Vice President Al Gore, an outspoken advocate of taking steps to curb global warming.

Other supporters of such efforts have been heartened by the attention being devoted to the issue in the Democratic-controlled Congress.

The executives who testified Tuesday are part of a coalition of companies and environmental groups that have called for a "cap and trade" program that would allow companies that reduce emissions to below a level set by the federal government to sell credits to companies that exceed the cap. Its backers say the program is designed to ensure that the overall emission level is met, without seriously hindering some businesses.

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Exxon Chief Cautions Against Rapid Action To Cut Carbon Emissions (NYT)

By Clifford Krauss And Jad Mouawad

New York Times, February 14, 2007

HOUSTON, Feb. 13 — The chief executive of Exxon Mobil, Rex W. Tillerson, warned Tuesday that governments should not rush into policies that could damage the global economy in order to limit carbon emissions.

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In a speech at a major industry gathering, Mr. Tillerson acknowledged that the planet was warming while carbon dioxide levels were increasing, suggesting a more accommodating position than the hard-nosed stance Exxon had held.

But in the same speech, Mr. Tillerson, who leads the world's largest publicly traded company, gave an unalloyed defense of the oil industry and predicted that hydrocarbons would dominate the world's transportation as energy demand grows by an expected 40 percent by 2030.

There is no significant alternative to oil in coming decades and Exxon will continue to make oil and natural gas its primary products, he said.

"The scale advantages of oil and natural gas across a broad array of applications provide economic value unmatched by any alternative," he said.

Mr. Tillerson's tone, if not the substance of his remarks, at times broke with the rigid positions of his predecessor, Lee Raymond, who has long been considered a skeptic in the global warming debate.

"That's Exxon-speak," said Barbara Shook, an analyst for Energy Intelligence Group, a publishing and information services company. "It's their own dialect, but if you look at where Exxon was one and a half years ago they may not have shifted their position 180 degrees, but they are moving."

Mr. Tillerson's remarks were his first formal and extensive comments since the publication of a report two weeks ago by the Intergovernmental Panel on Climate Change, a leading panel of international scientists and reviewers, concluding that there is 90 percent certainty that human activity is decisive in changing the global climate.

Mr. Tillerson told reporters that he had not read the report but said, "My understanding is there's not a clear 100 percent conclusion drawn." He added: "Nobody can conclusively 100 percent know how this is going to play out. I think that's important."

Taken together, his statements suggested that Exxon was navigating between positions defending oil as an energy source and its core business, and showing sensitivity to growing public concerns about a warming climate.

President Bush has called for increasing development and use of biofuels. And Democrats now controlling Congress have said they favor higher taxes on oil companies to pay for research in alternative energy.

Mr. Tillerson acknowledged a small role for alternative fuels in the future, saying he thought that ethanol and other types of biofuels have "an important role to play" given the projected growth in energy demand.

He poked fun, however, at ethanol, calling it "moonshine."

"I am not an expert on biofuels," he said. "I am not an expert on farming. I don't have a lot of technology to add to moonshine."

But it was on the subject of global warming that Mr. Tillerson drew the most interest from energy leaders at the conference, which was organized by the energy consulting firm Cambridge Energy Research Associates.

"The risks to society and ecosystems from climate change could prove to be significant," Mr. Tillerson said. "So, despite the uncertainties, it is prudent to develop and implement sensible strategies that address these risks."

But at the end of speechmaking and answering questions, Mr. Tillerson expressed concern that policy makers could damage the world economy with precipitous environmental policies. He warned that future generations could be sorry for hasty policies taken today without more careful study.

"This is a centuries-long kind of problem, and we are going to learn more as we go," he said.

He noted that some scientific reports describing models of climate change concluded with a "range of potential outcomes." He added: "A range implies a certain degree of uncertainty. Policy decisions need to accommodate that uncertainty."

Exxon, which has had record earnings the last two years, has been a target of environmental groups for financing organizations that have questioned climate science and for its business activities around the world. Much of the emissions of greenhouse gases blamed for global warming come from the burning of fossil fuels like gasoline and natural gas.

Mr. Tillerson said his company supported breakthrough research in cellulosic ethanol, which is made from grasses and woodchips, and he was clear about Exxon's role. "There is really nothing I see Exxon can bring to this," he said. "We don't see a direct role for ourselves."

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The report by the panel on climate change was widely considered the most authoritative study on the subject. It said for the first time that global warming was unequivocal and concluded that human activity had very likely caused most of the rise in temperatures since 1950. The report said that global warming could be blunted by prompt action.

Mr. Tillerson defended the energy industry as being environmentally responsible. "The footprint required of our activities is getting smaller and more efficient," he said, "proving that energy production and environmental protection need not be a zero-sum."

FBI/DEA/ATF/USMS:

Coke Dealer Gets 24 Years In Prison (PHI)

By Kitty Caparella

The Philadelphia Inquirer, February 14, 2007

Mario Luis Rojas Jr., 39, a fugitive for 7 ½ years, a $3-million con man and bigtime cocaine trafficker, officially closed the family business Friday.

His new life begins in a federal prison, where he'll serve a 24-year sentence thanks to U.S. District Judge Bruce Kauffman. Rojas earlier pleaded guilty to conspiracy and three counts of distribution of cocaine.

Assistant U.S. Attorney Ewald Zittlau had asked for a 27-year-term, but suggested that Rojas receive credit for his time in custody here and in Mexico.

The Colombian drug trafficker, who hired his brother and two sisters and a family friend for his drug ring, admitted importing 750 kilos of cocaine to Philadelphia in the late 1990s in shipments of 104 kilos, 295 kilos and 351 kilos.

His saga began on Sept. 1, 1998, when he was arrested with 104 kilos of cocaine in the Northeast by city and Bucks County authorities and state troopers. Rojas agreed to cooperate.

So the state put Rojas up in the now-closed Adams Mark Hotel, at Monument Road and City Avenue, where he was debriefed with round-the-clock troopers in the next room.

Within 12 days, he had bribed a high school buddy, state trooper Antonio Romero, Jr., with a promise of a $3 million payday in return for a key to escape.

Rojas then reneged on the $3 million and his deal to cooperate and fled to Mexico, where he resumed shipping cocaine to Philadelphia, said Zittlau.

During an investigation of the escape, the FBI conducted a "reverse sting" and supplied the trooper's cousin, Jose L. Davila, with five kilograms of "sham" cocaine as if it were a partial payment of the $3 million owed by Rojas.

The FBI arrested Davila, who quickly turned on his cousin and taped Romero, an 11-year trooper assigned to the Belmont barracks, giving the go-ahead to sell the coke.

Investigators also learned that Romero had been stealing small amounts of marijuana evidence for a year, between 1997 and 1998.

After his arrest, Romero admitted his role in the escape and to giving nearly 50 pounds of weed to Davila to sell and the two split the profits.

At sentencing, a tearful Romero asked for mercy, but was slammed with eight years in prison and five years supervised release on drug and extortion charges, while troopers, agents and cops who worked with him glared at the turncoat.

Davila was sentenced to a year and a day, five years' supervised release and a $1,200 fine.

Meantime, the U.S. Department of Justice notified Mexico of the warrant for Rojas' arrest. Authorities arrested him in Mexico City on Sept. 23, 1999.

For 5 ½ years, Rojas fought extradition to the U.S., then complained at his sentencing that he suffered cruel and unusual punishment because he was cooped up with 17 inmates in one Mexican cell.

Asked why he fought extradition if conditions were so bad, his attorney, Dennis Cogan, told the court that Rogas fought extradition on the advice of his Mexican attorneys.

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At sentencing, Rojas apologized to his parents and a sister for getting two sisters, Marilyn and Naydia Rojas, 33, and 34, respectively, and his little brother, Mauricio Rojas, 29, involved in the drug business, as well as a family friend, Jorge Aldea, 35.

His brother and both sisters each received 10-year federal prison terms, and his friend, Aldea, was sentenced to 20 years.

More Medical Pot Needed For Science, Judge Says (MCT)

McClatchy Newspapers, February 13, 2007

Washington - Medical researchers need more marijuana sources because government supplies aren't meeting scientific demand, a federal judge has ruled.

In an emphatic but nonbinding opinion, the Drug Enforcement Administration's own judge is recommending that a University of Massachusetts professor be allowed to grow a legal pot crop. The real winners could be those suffering from painful and wasting diseases, proponents believe.

"The existing supply of marijuana is not adequate," Administrative Law Judge Mary Ellen Bittner ruled.

The federal government's 12-acre marijuana plot at the University of Mississippi provides neither the quantity nor quality scientists need, researchers contend.

The DEA isn't required to follow Bittner's 88-page opinion, and the Bush administration's anti-drug stance may make it unlikely that the pot-growing rules will loosen. A decision is still months away, the DEA said.

The American Civil Liberties Union's Drug Law Reform Project has been representing University of Massachusetts scientist Lyle Craker. Since 2001, Craker has been confronting numerous bureaucratic and legal obstacles in his request for permission to grow marijuana for research in such areas as developing vaporizers that can efficiently deliver pot smoke.

The latest research made public this week indicated that marijuana provided more pain relief for AIDS patients than prescription drugs did.

The Bush administration quickly dismissed those findings as a "smoke screen," and it has remained hostile to Craker's research efforts.

More Medical Marijuana Needed (FB)

Fresno Bee, February 13, 2007

WASHINGTON - Medical researchers need more marijuana because government supplies aren't meeting scientific demand, a federal judge has ruled.

In an emphatic but non-binding opinion, the Drug Enforcement Administration's own judge is recommending that a University of Massachusetts professor be allowed to grow his own legal pot crop. The real winners could be those suffering from painful diseases, proponents believe.

"The existing supply of marijuana is not adequate," Administrative Law Judge Mary Ellen Bittner ruled.

The federal government's sole marijuana farm at the University of Mississippi produces neither the quantity nor the quality of marijuana that scientists need, researchers contend. While Bittner did not embrace those criticisms, she agreed the current system for producing and distributing research marijuana is flawed.

"Competition in the manufacture of marijuana for research purposes is inadequate," Bittner determined.

The DEA is not required to follow Judge Bittner's 88-page opinion, and the Bush administration's anti-drug stance may make it unlikely that the grass-growing rules will loosen. Both sides will now get a chance to file comments on the opinion before DEA administrators make their ruling.

"We could still be months away from a final decision," DEA spokesman Garrison Courtney said Tuesday afternoon, adding that "obviously, we're going to take the judge's opinion into consideration."

Still, the ruling issued late Monday and made public Tuesday is resonating in both labs and the worlds of civil libertarians.

"(The) ruling is an important step toward allowing medical marijuana patients to get their medicine from a pharmacy just like everyone else," said Allen Hopper, an attorney with the American Civil Liberties Union.

Based in California's seaside town of Santa Cruz, the ACLU's Drug Law Reform Project has been representing University of Massachusetts scientist Lyle Craker in the marijuana case. Since 2001, Craker has been confronting numerous bureaucratic and legal obstacles in his request for permission to grow research-grade marijuana.

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"This ruling is a victory for science, medicine and the public good," Craker stated. "I hope that the DEA abides by the decision and grants me the opportunity to do my job unimpeded by drug war politics."

An agronomist with a doctorate from the University of Minnesota, Craker had been asked to grow bulk marijuana by a small group called the Multidisciplinary Approach for Psychedelic Studies. The latter group wants to conduct research in areas like developing vaporizers that can efficiently deliver pot smoke.

The latest research made public this week, quickly disputed by the White House, indicated that marijuana provided more pain relief than prescriptions drugs for AIDS patients.

"People have a right to know more about what might help them in their suffering and pain or illness, whatever it might be," former California legislator John Vasconcellos testified, in words repeated within Bittner's opinion. "The more research, the better."

The University of Mississippi has had a 12-acre outdoor plot and a monopoly on growing government-grade marijuana since 1968. The university sub-contracts with North Carolina's Research Triangle Institute, which runs a machine that can roll up to 1,000 finished marijuana cigarettes in an hour.

The government-grown pot is too "harsh," filled with stems and seeds and low in potency, some researchers testified.

"The material was of such poor quality, we did not deem it to be representative of medical cannibas," researcher Dr. Ethan Russo asserted.

Judge Sides With Botanist On Pot Supply (SFC)

San Francisco Chronicle, February 13, 2007

A Massachusetts botanist should be allowed to grow marijuana for medical study, a hearing officer said Monday in a ruling that would end a longtime government requirement that all federally approved researchers get their pot supplies from the University of Mississippi.

Because of the monopoly arrangement, in effect since 1968, "there is currently an inadequate supply of marijuana available for research purposes," said Mary Ellen Bittner, a Drug Enforcement Administration administrative law judge. She said the application by Lyle Craker, a University of Massachusetts professor of plant biology, "would be in the public interest."

The ruling is actually only a recommendation to the DEA, which supports the current policy. Agency spokesman Garrison Courtney said a deputy administrator would make the final decision after reviewing arguments from lawyers for the DEA staff and for Craker. The agency's decision could be appealed to a federal court in Washington, D.C.

"It's going to be a hard case to win," said Anjuli Verna of the American Civil Liberties Union's drug law reform project, which represents Craker. She said the court could overturn a DEA veto of Bittner's ruling only if it was found that the agency was acting arbitrarily.

Currently, all researchers on marijuana in the United States must obtain licenses and get their drug supplies from the National Institute on Drug Abuse, which has had an exclusive contract with the University of Mississippi for more than 38 years.

The government and the university project overseer say they supply high-quality marijuana, with varying potencies, to all researchers with a legitimate need, and currently provide the drug to nearly 500 patients in clinical trials. An exclusive contract is necessary, the DEA contends, to prevent diversion of the "most heavily abused" of drugs in the government's list of dangerous substances.

But the ACLU's Verna said many researchers have complained that the Mississippi marijuana is "very low-grade, low-potency," requiring increased usage -- with potential health problems -- to get the desired effect.

"Research is simply stymied," Verna said. She said government-approved researchers in other drugs, such as LSD and cocaine, can get their supplies from a number of laboratories.

Bittner said in her ruling that the quality of the government-supplied marijuana was "generally adequate," despite some problems. But she said some researchers with approved projects have been unable to obtain marijuana because of the federal policy. She also found little risk that marijuana grown by Craker would be diverted to illegal uses.

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Craker's application, first filed in 2001, was sponsored by an organization called the Multidisciplinary Association for Psychedelic Studies, which proposed to fund his indoor cultivation and provide the marijuana to federally approved researchers. Both of Massachusetts' senators, Democrats Edward Kennedy and John Kerry, have written to the DEA in support of Craker.

The agency turned Craker down in 2003, saying there was no need for additional research supplies.

DEA Judge Supports Medical Marijuana Research (NCG)

North County Gazette, February 13, 2007

WASHINGTON - The American Civil Liberties Union applauded a ruling issued by a U.S. Drug Enforcement Administration judge that recommends ending the federal government's 65- year monopoly on the supply of marijuana available for Food and Drug Administration-approved medical research.

The ACLU represents University of Massachusetts-Amherst Professor Lyle Craker, who petitioned the Drug Enforcement Administration (DEA) for a license to grow research-grade marijuana for use in privately-funded studies that aim to develop the plant into a legal, prescription medicine. The DEA judge ruled that it is in the public interest to end the federal National Institute on Drug Abuse (NIDA) monopoly on the supply of marijuana that can be used in Food and Drug Administration (FDA)-approved research.

"For too long the DEA has inappropriately inserted politics into a regulatory process that should be left to the FDA and medical science," said Allen Hopper, an attorney with the ACLU Drug Law Reform Project. "We are pleased that the judge has recommended an end to the federal government's blockade of medical marijuana research."

The DEA must now either accept or reject the court's recommendation, and scientists, doctors and medical marijuana patients nationwide joined the ACLU in urging the agency to comply with the court's finding and halt federal obstruction of medical marijuana research.

"This ruling is a victory for science, medicine and the public good," said Professor Craker. "I hope that the DEA abides by the decision and allows the work to go forward unimpeded by drug war politics." The ruling issued Monday, Feb. 12 by U.S. Department of Justice-appointed Administrative Law Judge Mary Ellen Bittner marks a major step forward in the six year struggle by Professor Craker to gain a DEA license to grow research-grade marijuana for use by other scientists in privately funded, government-approved studies.

Following nine days of hearings, testimony and evidence from both sides, including from researchers who reported that the government denied their requests for marijuana for use in FDA-approved research protocols, Judge Bittner concluded, "that there is currently an inadequate supply of marijuana available for research purposes…" and that, "Respondent's registration to cultivate marijuana would be in the public interest."

Thirty-eight members of Congress and a broad range of scientific and medical organizations have joined Professor Craker in challenging the federal government's policy of blocking administrative channels and obstructing research that could lead to the development of marijuana as a prescription medicine. These organizations include the Lymphoma Foundation of America, the National Association for Public Health Policy, the Multiple Sclerosis Foundation, as well as several state medical and nurses' associations.

Marijuana is the only Schedule I drug that DEA has prohibited from being produced by private laboratories for scientific research. Other controlled substances, including LSD, MDMA (also known as "Ecstasy"), heroin and cocaine, are available to researchers from DEA-licensed private laboratories, such as the one Professor Craker plans to establish.

In contrast, NIDA has remained scientists' sole source of marijuana, despite criticism over the agency's refusal to make marijuana available for all FDA-approved research into the plant's potential medical value. The ACLU and others point out that such research conflicts with NIDA's mission to study the harmful effects of drugs of abuse. In addition, researchers report that marijuana available through NIDA is of low quality and variety and is not optimized to meet FDA standards for prescription drug development.

Professor Craker's proposed facility to grow high-quality medical marijuana for research purposes will be funded by the Multidisciplinary Association for Psychedelic Studies (MAPS), a non-profit pharmaceutical company with plans to develop marijuana into a fully legal, prescription medication.

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"For decades, we've been told by the politicians that marijuana has no proven medical value while scientists have been denied the ability to prove otherwise," said Rick Doblin, Ph.D., president and founder of MAPS. "Hopefully, today's decision marks a shift towards science, not politics, guiding medicine in America." Despite federal prohibition, 12 states have enacted legislation protecting patients who use medical marijuana with a physician's recommendation from prosecution under state law, and national polls consistently find that roughly 75 percent of Americans support the use of medical marijuana.

"Today's ruling is an important step toward allowing medical marijuana patients to get their medicine from a pharmacy just like everyone else," added the ACLU's Hopper. "That would clear up the controversies surrounding state medical marijuana laws."

The ACLU is co-counsel in the case, In the Matter of Lyle Craker, with Julie Carpenter at the Washington D.C. law firm Jenner & Block, LLP and is assisted by Steptoe & Johnson, LLP.

Judge Bittner's ruling in support of Professor Craker's petition is available at: www.aclu.org/drugpolicy/medmarijuana/28341lgl20070212.html

Complete background on the case, including client profiles, hearing transcripts, a full selection of legal documents, and letters of support from lawmakers and scientists can be found at: www.aclu.org/drugpolicy/medicalmarijuanafeature/index.html
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Meth Kingpin's 22 Felonies Bring Life Prison Sentence (ADS)

Arizona Daily Star, February 13, 2007

The ringleader of one of Tucson's largest methamphetamine organizations was sentenced to life in prison Monday.

Timothy Owens, 50, was convicted last month on 22 felony counts following a three-week trial in Pima County Superior Court.

According to Deputy Pima County Attorney Richard Wintory, Owens and Donna Greenwell, 51, ran a large methamphetamine ring in the middle of Tucson for about 18 months.

Owens was responsible for obtaining the methamphetamine and Greenwell was responsible for selling the drug or exchanging it for stolen property.

A ledger found in Greenwell's possession showed that during a seven-month period, Greenwell sold more than 20 pounds of methamphetamine for $245,000 in cash, plus an additional $200,000 in tools, guns, cars and other property, Wintory said.

Owens and Greenwell were indicted along with 39 other people in August 2005, but the investigation into the case began in the fall of 2004, Wintory said.

The Counter Narcotics Alliance was asked by the Tucson Police Department for help in investigating the burgeoning methamphetamine business in Midtown, Wintory said.

It was soon afterward that Rich Kivi, a special agent with the U.S. Drug Enforcement Administration, discovered that many of the same people were being arrested again and again on drug-related charges only to be released to commit new crimes while awaiting trial.

Included on the list of repeat offenders were Owens and Greenwell, Wintory said.

Kivi learned that in July 2004, Greenwell had been arrested by Tucson police officers after a routine traffic stop turned up several bags of methamphetamine and cocaine in her car.

When Kivi looked into the case further, he discovered that locked up in an evidence locker was a ledger seized along with the drugs.

To his surprise, inside the ledger was a list of seven month's worth of drug transactions, Wintory said.

Kivi and other members of the task force were investigating information from the ledger when another break in the case occurred in January 2005, Wintory said.

Because Owens was caught sneaking into the United States with one pound of methamphetamine, he had decided the organization needed to learn how to cook its own methamphetamine, Wintory said.

Owens orchestrated the kidnapping of a methamphetamine cook and the burglary of a meth lab, Wintory said.

Unfortunately for Owens, Wintory said, he and six others were caught in the process.

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Despite Owens being confined in the Pima County jail, Wintory said Owens didn't stop his criminal activity there.

Over the next few months, Owens unsuccessfully tried to recruit three men to kill five people — three who could testify against him at trial and two others who owed the ring drug debts, Wintory said.

Jail officials monitoring Owens' phone calls overheard the phone calls and taped them, Wintory said.

When Owens went to trial last month, the phone calls were played in court for jurors, Wintory said. Jurors also learned of other phone calls in which Owens arranged for drug debts to be collected, for new dealers to be recruited, for robberies to be committed and for witnesses to be intimidated.

They also learned Owens and other members of the ring regularly called their friends and family members from jail to tell them what to say to Pretrial Service officers to ensure they would be able to bond out of jail, Wintory said. The friends and family members would regularly lie about where the suspects were living and working so they wouldn't look likely to flee if released from jail.

Owens was convicted of illegal control of an enterprise, use of an electronic communication device in drug transactions, solicitation to commit murder and kidnapping, and a variety of drug charges.

On Monday, Pima County Superior Court Judge Michael Cruikshank sentenced Owens to a mix of concurrent and consecutive sentences.

Owens is eligible for parole after 25 years on the life sentence, but if he is paroled he'll start a 25-year sentence, Wintory said.

Greenwell, 51, pleaded guilty to 16 counts last month immediately after opening statements in her trial.

She, too, is facing a life sentence.

Convicted Leader Of Tucson Drug Ring Gets Life Sentence (AP)

AP, February 14, 2007

TUCSON, Ariz. -- The leader of a ring that distributed large amounts of methamphetamine in Tucson has been sentenced to life in prison.

Timothy Owens, 50, was convicted of 22 felony counts last month following a three-week trial in Pima County Superior Court.

Owens was sentenced Monday for his role in obtaining more than 20 pounds of meth that was later sold by Donna Greenwell, 51, who pleaded guilty to 16 counts at the start of her trial last month. She also faces a life sentence.

Owens and Greenwell ran a large methamphetamine ring for more than 18 months, said Deputy Pima County Attorney Richard Wintory.

The case came to investigators' attention when a U.S. Drug Enforcement Administration agent reviewing files discovered that many of the same people were being arrested on drug-related charges only to be released to commit new crimes while awaiting trial.

Included on the list of repeat offenders were Owens and Greenwell, Wintory said. The agent learned that in July 2004, Greenwell had been arrested by Tucson police officers after a routine traffic stop turned up several bags of methamphetamine and cocaine in her car. He reviewed a ledger seized from Greenwell in an evidence locker and found records detailing the sale of 20 pounds of meth over a six-month period.

In January 2005, Owens was caught sneaking into the United States with one pound of methamphetamine, and decided the organization needed to learn how to cook its own methamphetamine, Wintory said.

Owens orchestrated the kidnapping of a methamphetamine cook and the burglary of a meth lab, Wintory said. But he and six others were caught in the process. While confined to jail in the following months, Owens unsuccessfully tried to recruit three men to kill five people. Jail officials monitoring Owens' phone calls taped them, Wintory said.

The calls were played for the jury during his trial. He was convicted of illegal control of an enterprise, use of an electronic communication device in drug transactions, solicitation to commit murder and kidnapping, and a variety of drug charges.

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Information from: Arizona Daily Star

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Former N.Y. Trooper Admits Posing As DEA Man In Bizarre 'Raid' (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, February 14, 2007

Michael Gluchowski had all the trappings of a bona fide DEA agent when he showed up at a home on a quiet block in suburban Bergen County and announced he was investigating the residence as a drug house.

He flashed a silver badge and sported a Drug Enforcement Administration raid jacket. He also carried two loaded semi-automatic handguns in his holster and waistband.

But even after he said he had the wrong place and left, the resident, David Cheung, was suspicious. Why would a DEA agent show up for a bust alone? He called the local police in Demarest.

"It didn't seem right," Cheung recalled in a telephone interview. He said he was home doing paperwork for his video production company when Gluchowski arrived. "Even if he was undercover, he didn't look altogether there. He had a beard. He was very frail."

Cheung's suspicions proved correct: Gluchowski, a retired New York state trooper, pleaded guilty to impersonating a federal agent yesterday before U.S. District Judge Faith Hochberg in Newark.

Before retiring in 2001, Gluchowski, 49, was assigned to a DEA task force for more than a decade, his attorney said. Years ago, he had investigated the house where Cheung now lives as a "stash house," where drugs and money were kept, authorities said.

Gluchowski returned to the house on Sept. 6, 2006, and authorities suspect he wanted to steal contraband but abandoned his plot after realizing the previous residents had moved out and Cheung had moved in.

"He was up to no good, to say the least," said Gerard McAleer, special agent in charge of the DEA's New Jersey division. "We're just grateful it didn't go to the next level."

Police put out a bulletin with a description of Gluchowski's SUV, and he was pulled over in Fort Lee. In addition to the two pistols, police found a 12-gauge shotgun and hollow-point bullets in his car, according to court papers.

John Yauch, the public defender representing Gluchowski, had a more innocent explanation for his client's actions: He was doing research for a book about his years with the DEA.

"It was nothing nefarious," Yauch said. Asked why his client was so heavily armed, he said, "He was involved with a lot of very bad people when he was with the DEA."

Yauch said a psychologist who has been treating Gluchowski since his arrest last year diagnosed him with post-traumatic stress disorder.

Prosecutors noted a month after his arrest, Gluchowski was pulled over in his hometown of Brewster, N.Y., and arrested after a search turned up crack cocaine and a crack pipe.

"Individuals need money to feed drug habits," Assistant U.S. Attorney Sharon Ashe wrote in court papers.

Yauch denied his client had a drug problem, saying, "he worked and gave a good part of his life in his effort fight the war on drugs."

Gluchowski could face up to three years in prison and a $250,000 fine. Federal sentencing guidelines recommend a prison term of zero to six months under his plea agreement. The sentencing date has not been set.

Cheung, the homeowner, said he was glad he wouldn't have to testify. He said he had been taken aback when Gluchowski showed up at his home, but he was never scared because he knows karate.

"He wasn't a big, threatening person," Cheung said. "If he would have pulled a gun out, it would have been taken away from him."

The Lawmakers: Fewer Anti-meth Bills Are Expected This Year (MB)

By Michael Doyle

Modesto Bee, February 13, 2007

WASHINGTON — The House meth caucus is bigger than ever. Anti-meth bills are proliferating, their titles more elaborate by the day.

But none of this means the 110th Congress will do something new about the drug.

Instead, 2007 may turn out to be a year for consolidation, as lawmakers evaluate results from their most recent anti-meth package signed by President Bush in March.

"I want to see what happens," Democratic Sen. Dianne Feinstein said. "I'm open to what the needs are, but we're going to try and answer the question of how well the last bill is working."

Feinstein, D-Calif., was one of the chief sponsors of the 2006 Combat Meth Act, passed as part of a larger anti-terrorism bill. Cold medicines take the biggest hit in the law, which kicked in Sept. 30.

In hopes of denying meth producers a key ingredient, the law moves cold medicines containing pseudoephedrine behind the counter. It limits individual monthly purchases to 9 grams, or about 300 cold pills, and it requires signatures and identification for purchases.

"The bill introduces common-sense safeguards," Bush said.

Some provisions take effect automatically. Others do not, and their impact is contingent on future congressional action.

The 2006 legislation, for instance, author-izes $99 million a year for meth-related enforcement, training and research. Next year, though, lawmakers must decide how much money to actually provide. Meth needs will be competing against other law enforcement priorities.

A test arrived this month, when the Bush administration released its proposed fiscal 2008 budget. Bush disappointed lawmakers again by proposing to cut funds for certain law enforcement programs, including the Community Oriented Policing Services grants used by many Central Valley cities.

"This budget reflects the misplaced priorities of the Bush administration," Feinstein said. "It once again squeezes many of the programs that matter most to Americans."

Lawmakers this year also must decide how much money will be devoted to the High Intensity Drug Trafficking Areas, such as the Fresno-based program targeting the valley methamphetamine trade.

"We always have a meth objective in the beginning of the year," said Rep. Devin Nunes, R-Visalia. "The biggest one will be increasing funding for the HIDTA."

Mariposa Republican George Radanovich agreed that "we're focused on making sure the HIDTAs are funded." With 28 such regional organizations nationwide — covering 43 percent of all U.S. counties — Radanovich added that competition for funding has increased.

Politically, a spreading problem is a mixed blessing.

The Congressional Caucus to Fight and Control Methamphetamine grew to 144 members in the recently expired 109th Congress. That translates to broader clout. It also means, though, that other states have a growing claim on the federal anti-meth investment.

For instance, Feinstein's co-sponsor on the 2006 meth bill was from Missouri. The same lawmaker, Republican Sen. James Talent, helped usher through a congressional resolution resulting in National Methamphetamine Awareness Day, which was recognized Nov. 30.

The symbolism of a special day set aside for meth awareness is matched by the unrelenting marketing that goes into the naming of bills. In the 109th Congress, for instance, lawmakers sponsored the likes of the Clean, Learn, Education, Abolish, Neutralize and Undermine Production (CLEAN-UP) of Methamphetamines Act, the Arrest Methamphetamine Act and the Exile Meth Act.

These bills included some overlapping proposals, such as new state grants, that ultimately were included in the bill passed by Congress and signed by Bush.

Former Customs Officer Gets 9 Years In Drug Case (ADS)

Arizona Daily Star, February 14, 2007

A former customs officer was sentenced to nine years in prison Tuesday after he knowingly allowed a vehicle with 440 pounds of cocaine inside to come into the United States.

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Fernando Arango, 52, was working for U.S. Customs and Border Protection at the port of entry in Nogales when he decided to counsel a person who he believed to be a drug trafficker on how to purchase an RV and have it altered to smuggle drugs into the country, according to a news release from the U.S. Attorney's Office in Arizona.

On Oct. 1, 2005, Arango, who lives in Rio Rico, inspected the vehicle and it was driven through the port of entry by the drug trafficker, who was really an undercover officer, the release said.

Arango was given $50,000 by the officer and was then arrested.

Former Border Patrol Official Sentenced In Cocaine Case (AR)

Arizona Republic, February 13, 2007

A former border patrol official was sentenced in Tucson today to nine years in prison for trying to distribute cocaine.

Fernando Arango, 52, pleaded guilty last October to attempting to possess with intent to distribute cocaine. Arango, of Rio Rico, was formerly a U.S. Customs and Border Protection officer at a port of entry in Nogales.

While he still worked for the Border Patrol Arango taught a person, whom he believed was a drug smuggler, how to have a vehicle altered with a hidden compartment to smuggle drugs into the United States, officials said.

advertisement

After the vehicle was rigged Arango inspected the vehicle and made sure it was allowed to pass through the U.S. port of entry. Arango believed the vehicle contained 200 kilograms of cocaine when he helped it cross the border on October 1, 2005.

Arango was paid $50,000 by a person working with law enforcement and then arrested, officials said.

The residing judge told Arango, that he betrayed his position of trust and that his sentence was to punish him as well as deter other, according to a press release.

Ex-customs Agent Gets Nine Years For Taking Bribe (AP)

AP, February 14, 2007

TUCSON, Ariz. A former federal Customs and Border Protection agent faces nine years in prison for taking a bribe.The feds say 52-year-old Fernando Arango of Rio Rico allowed a motor home packed with 440 pounds of cocaine to pass through his checkpoint at the Mariposa Port of Entry at Nogales.The U-S Attorney's Office says Arango faced a maximum sentence of life in prison and a four (m) million dollar fine.Arango had plead guilty to a charge of attempting to possess with intention to distribute cocaine in October.Arango was caught in a sting operation in October, 2005 when a law enforcement informant met him and paid him for his help.In other meetings with the informant, the feds say Arango advised him to buy an R-V.Arango then taught the informant how to build a false compartment to hold the smuggled cocaine.

IMMIGRATION:

Banking On Illegal Immigrants (LAT)

By E. Scott Reckard, David Streitfeld And Adrian G. Uribarri, Times Staff Writers

The Los Angeles Times, February 14, 2007

A move to issue credit cards to people without Social Security numbers draws anger and praise.

Bank of America said Tuesday that it was issuing credit cards to Spanish-speaking immigrants who may not have Social Security numbers, triggering complaints that the nation's largest retail bank is tacitly endorsing illegal immigration.

The bank described the program as a pilot, limited for now to 51 branches in Los Angeles County, and said it could go national this year.

The credit cards are not aimed specifically at illegal immigrants, a bank spokeswoman said, but instead people who lack solid credit histories. Even so, the bank was bombarded with angry phone calls.

On Capitol Hill, Rep. Tom Tancredo (R-Colo.) accused the lender of aiding terrorists, while the Department of Homeland Security worried that the program could be exploited by criminals.

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"At face value the program seems to be problematic," said Russ Knocke, a department spokesman. "It seems to be lending itself to possibilities of perpetrating identity theft or creating more risk for money laundering."

The bank's program may be controversial, but it also vividly demonstrates that businesses view the country's estimated 12 million illegal immigrants not as lawbreakers but as customers.

Other major banks including Wells Fargo & Co. and Citibank have launched similar initiatives to gain customers in the burgeoning Latino community.

Wells Fargo began a pilot program last year in Los Angeles and Orange counties to offer home mortgages to immigrants who have lived in the United States for at least two years. The customers are allowed to identify themselves using taxpayer numbers issued by the Internal Revenue Service instead of Social Security numbers. That's the same type of identification number an immigrant can use to obtain a credit card under Bank of America's pilot program.

Wells Fargo may follow Bank of America's lead on credit cards.

"We are also looking at the possibility of offering unsecured credit cards to customers who may not have Social Security numbers," Wells Fargo spokeswoman Mary Trigg said.

Although important for all major banks, the immigrant market is especially key for Bank of America. Though now based in North Carolina, the bank, once headquartered in San Francisco, still has its largest retail operation in California, home to a huge Latino population.

"Bank of America is the biggest bank for Hispanics in the country, and it made a decision a couple of years ago to keep pushing that market," including buying a 25% stake in a Mexican bank, said Richard Bove, a banking analyst for investment firm Punk, Ziegel & Co.

The emphasis may pay off, but "the political backlash is going to be substantial," he said.

That prediction seemed to be borne out Tuesday, after the program was reported in the Wall Street Journal.

"It helps to further embed illegal immigrants into American society," said Steven Camarota, research director for the Center for Immigration Studies in Washington, which backs stricter enforcement of immigration laws. "It makes amnesty a fait accompli."

Tancredo said he sent a letter to U.S. Atty. Gen. Alberto R. Gonzales and Department of Homeland Security Secretary Michael Chertoff asking them to look into the program.

"I hope the administration will shut down this reckless and illegal program before Bank of America extends a line of credit to a potential terrorist," said Tancredo, a hard- line foe of illegal immigration.

A Justice Department official declined to comment on the legality of the program.

Bank of America spokeswoman Alexandra C. Trower said the company complied fully with all banking and anti-terrorism laws governing customer identification, which she said permitted the use of taxpayer ID numbers instead of Social Security numbers.

Bank executives said participants needed another form of identification, such as ID cards issued by foreign consulates. Applicants must also have had a Bank of America checking account for at least three months.

William P. Cook, former general counsel of the U.S. Immigration and Naturalization Service, said the bank's program was neither illegal nor problematic.

"It's sad that such a forward-thinking move is being mischaracterized as if it were an improper activity," said Cook, who is now in private practice.

There's a serious issue behind the flap, said Gordon H. Hanson, an economist and immigration expert at UC San Diego. The federal government has been stalemated on the immigration issue for years, abdicating its role in defining rights for 12 million people, and Bank of America moved into the breach, he said. It couldn't make immigrants citizens, but it could make them customers.

"Are we undermining civil society?" Hanson asked. "That's an entirely valid question."

Robert Gnaizda of the Greenlining Institute, which lobbies for improved financial services in low-income neighborhoods, called the program "excellent news."

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Immigrants with scant credit histories can buy houses only with high-interest loans. Getting a bank card helps them establish their credit and qualify for better mortgage rates, he said.

Potential customers also liked the idea.

Lionel Archila, 51, is a Guatemala native who arrived in Los Angeles after a dozen years in Canada. A former accountant, he works odd jobs as a handyman and construction worker. He sometimes goes days without pay.

"It's magnificent from a financial point of view," Archila, waiting for a bus in downtown L.A., said about the prospect for getting a credit card. "But I would use it for my basic needs. I wouldn't get caught in the trap of buying the latest TV."

Roberto Flores, a 55-year-old Angeleno who moved to the United States from Michoacan, Mexico, in 1975, long ago got comfortable with credit accounts. He has at least two: one at La Curacao, a department store catering to Latinos, and another at Home Depot.

He said life without credit could be difficult for struggling immigrants.

"Anything helps," he said.

Despite Bank of America's compelling interest in Latino markets, it was arch-rival Wells Fargo that kicked off the competition in 2001, when it became the first U.S. bank to accept identification cards from Mexican consulates to open an account.

Since then, Wells has opened more than 1 million accounts for Mexicans using the consular card. It also accepts Guatemalan, Argentine and Colombian identity cards. The assumption is that most immigrants using the cards to identify themselves are here illegally, Wells Fargo spokeswoman Trigg said, but the bank doesn't ask.

Citibank already issues credit cards to some immigrants without Social Security numbers if they have taxpayer identification numbers, spokeswoman Janis Tarter said. The bank issues such cards under its own brand and the brand of its subsidiary, Banamex USA.

Citibank began issuing the cards nearly three years ago. Tarter said she couldn't recall anyone complaining.

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Feinstein Questions Treatment Of Border Agents (WT)

By Jerry Seper

The Washington Times, February 14, 2007

A senior Democratic senator and longtime border security advocate wants the Departments of Justice and Homeland Security to explain the "extreme" prison sentences two U.S. Border Patrol agents received for shooting a fleeing drug-smuggling suspect.

Sen. Dianne Feinstein of California said in letters to Attorney General Alberto R. Gonzales and Homeland Security Secretary Michael Chertoff that the government's prosecution had a "chilling effect" on the ability of other agents to carry out their duties and had significantly affected their morale.

Given the circumstances of the cases and the fact that neither agent had prior convictions or "any other aggravating circumstances to warrant particularly harsh treatment under the law," Mrs. Feinstein said they were given "sentences that some individuals who are convicted of murder wouldn't receive."

"Border Patrol agents have a difficult and often dangerous job in guarding our nation's borders," she said. "I believe that aggressive prosecution of Border Patrol agents has a chilling effect on their ability to carry out their duties and on the morale of all agents.

"I also believe that if wrong doing does occur, ensuring fair and safe treatment is essential," she said. "I am extremely concerned about how this case continues to unfold."

A senior member of the Senate Judiciary Committee, Mrs. Feinstein also encouraged the Justice Department to "move forward promptly" in its review of the case in the wake of the recent beating of one of the agents at the Federal Detention Center

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in Yazoo, Miss. She said a prompt review could put President Bush "in a position, if necessary, to timely evaluate pardon or clemency petitions that are filed."

Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October to 11- and 12-year prison terms, respectively, for shooting Osvaldo Aldrete-Davila in the buttocks as he fled back into Mexico. The Mexican national had abandoned a van containing 743 pounds of marijuana and was shot during an attempt to avoid apprehension.

"I strongly believe the sentences in this case are too extreme given the criminal background of Mr. Aldrete-Davila and his possession of large quantities of drugs, and given the fact that Mr. Aldrete-Davila had physically resisted at least one attempt by Agents Ramos and Compean to bring him into custody," Mrs. Feinstein said.

Mrs. Feinstein has been given approval by Judicial Committee Chairman Sen. Patrick J. Leahy, Vermont Democrat, for hearings on the matter before the subcommittee on terrorism, technology and homeland security, which she heads.

In her letters, Mrs. Feinstein asked Mr. Gonzales for specific information concerning the sentences the agents received and the beating of Ramos in federal prison. She asked Mr. Chertoff for additional information on a heavily redacted Office of Inspector General report on the case released last week.

In a separate letter to Federal Bureau of Prisons Director Harley G. Lappin, Mrs. Feinstein requested information on the treatment of the agents in prison and details about the assault on Ramos while in federal custody. She also asked Mr. Lappin to explain why the agents were not being adequately protected.

"It is not hard to predict that two federal agents would be targeted in a prison population and that special precautions should have been employed to ensure their safety," she said.

Mrs. Feinstein also questioned Mr. Gonzales about why prosecutors originally indicted the agents on three criminal charges, but then expanded the indictment on three separate occasions, adding new charges each time. She asked who within Justice approved each set of charges.

She asked Mr. Chertoff why the Inspector General's Office reported that at least three other Border Patrol agents participated in a cover-up of the shooting, but redacted their names from a final report on the incident.

"Please explain why society benefited most by absolving these agents entirely and keeping them on the force so that they could testify in a criminal prosecution against Agents Ramos and Compean," she said.

TAX:

Tax Plan Aims To Show Prices Of Stock 'Buys' (WSJ)

By Deborah Solomon

The Wall Street Journal, February 14, 2007

Seeking to raise government revenues without raising taxes, a bipartisan group of lawmakers will join President Bush today in supporting a plan to require securities brokers, mutual funds and others to report the original purchase price that an investor paid for stocks, bonds and other securities, and thus cut down on underreporting of capital gains.

The proposal, to be introduced in the House and Senate, aims to help close the "tax gap" -- the difference between what the government collects in revenue each year and what it believes it is entitled to collect.

Internal Revenue Service researchers estimate the gap at about $290 billion a year, and lawmakers -- as well as Mr. Bush -- would like to tap into that money to help pay for other priorities.

Members of Congress and the Bush administration both say investors, either intentionally or not, often underreport the amount of money they make when they sell a stock by misstating the original purchase price. Both Mr. Bush's plan and the proposed legislation would seek to correct that by requiring brokerage firms and others to track the purchase price and -- when an investor sells a stock, bond or mutual fund -- report the "adjusted-cost basis" to the taxpayer and the IRS.

The adjusted-cost basis factors in the purchase and sale price, plus any intervening corporate action that affects value, such as reinvested dividends, stock splits or mergers.

Mr. Bush's budget assumes the change, if enacted, would bring in about $6.7 billion over 10 years, while the lawmakers assume about $7 billion.

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The legislation, which is being lead by Sens. Evan Bayh (D., Ind.) and Tom Coburn (R., Okla.) and Reps. Rahm Emanuel (D., Ill.) and Walter Jones (R., N.C.) is similar to a bill introduced by Mr. Bayh last year that never made it out of Congress. Democrats now control Congress, so the legislation is seen as having a better chance of success.

The proposal could run into resistance from brokerage firms and others in the securities industry, which complained in the past about the amount of paperwork required in tracking purchase prices.

CONGRESS-ADMINISTRATION:

Truth And Credibility (WP)

By Al Kamen

The Washington Post, February 14, 2007

The 12 jurors in I. Lewis "Scooter" Libby's trial will soon be sifting through the evidence, trying to determine whether the prosecution proved, beyond a reasonable doubt, that Libby lied to investigators about conversations with reporters in the Valerie Plame affair.

As a former president famously said: "Perjury is a hard rap to prove." And the jurors' job may well be difficult.

If only they could take advantage of the Pentagon's new "Polygraph and Credibility Assessment Program." That, Deputy Secretary of Defense Gordon England writes in a Jan. 25 directive, is a whole new way to see if someone is lying, by combining lie detectors with "credibility assessment" -- CA for short.

CA is a "multi-disciplinary field of existing as well as potential techniques and procedures to assess truthfulness" -- or at least truthiness -- "that relies on physiological reactions and behavioral measures to test the agreement between an individual's memories and statements," England said in the directive, unearthed by Secrecy News. Critics have said polygraphs are unreliable and suggested other factors be used for employee screening.

The new program will be overseen by the undersecretary of defense for intelligence, who will be, once he's confirmed, retired Air Force Lt. Gen. James R. Clapper Jr., who is to succeed Stephen Cambone.Bushism on the Agenda

Speaking of Libby, a colleague notes that his schedule for June 10, 2003, which was introduced at his trial, notes: "6:00pm -- Strategery Meeting." This would be a jovial nod to comedian Will Ferrell of "Saturday Night Live" fame, and his made-up Bushism as he impersonated President Bush wrestling with the English language.

The scheduled meeting apparently was of White House counselor Karl Rove's Office of Strategic Initiatives.Cheney Taking Questions

Meanwhile, reporters covering the Libby trial doubtless were crushed by news yesterday that neither he nor his former boss, Vice President Cheney, would be taking the stand. But that doesn't mean Cheney is trying to avoid a sharp grilling.

In fact, Cheney is this very morning appearing for what is likely to be a tough session at a National Association of Manufacturers "Q&A, issue breakfast," our invite says, with about "300 manufacturers from around the nation."

Wanna bet there won't be any questions about Valerie Plame?Foley Makes Himself Scarce

Let's have a hearty, albeit temporary, Loop Welcome Back for former congressman Mark Foley (R-Fla.), who is in town this week apparently to move out of his home on the famed GOP enclave on D Street SE on Capitol Hill.

Foley was at his old house yesterday, a Loop Fan reports, overseeing the movers clearing it out. He was spotted about 6:30 a.m., fussing with a garbage bag in the front yard and ducking back into the house when he saw a neighbor walking her dog.Second KBR Driver Killed

A couple of weeks ago, we reported the death in Baghdad of a garbage-truck driver working for KBR who was shot Jan. 13 by Australian and U.S. military guards at a checkpoint near a hospital in the Green Zone. Now another KBR truck driver has been killed -- and another person in the truck was wounded -- Feb. 5 at Camp Anaconda, an air base about 50 miles north of Baghdad, according to the Associated Press.

A military spokesman said the shooting came in "an escalation-of-force incident," which often means that a driver approaching a checkpoint did not respond to an order to move slowly and stop. The driver's name was not released.

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But the wire service cited a Web site posting from a funeral home in Chesaning, Mich., that said KBR driver Donald Tolfree, of nearby Owosso, had been killed Monday in Balad, Iraq, which is near Camp Anaconda. A KBR spokeswoman said the shooting is under investigation.Back Home at State

Condoleezza Rice, no longer home alone. The Senate on Monday confirmed former national intelligence director John Negroponte as deputy secretary of state, a post vacant since July. Negroponte, former ambassador to the United Nations, and to Iraq, Honduras, Mexico and the Philippines, said yesterday at a welcoming ceremony at State that he was "delighted that one of my first acts is going to be this afternoon to declare this a snow day."

Negroponte's portfolio as deputy was expected to include the pesky North Korea nuke problem. But Assistant Secretary of State Christopher Hill appears to have hammered out an agreement on that. Maybe it was because the North Koreans heard Negroponte was coming?Khalilzad on the Somewhat Fast Track

Also on the personnel front . . . The White House has sent up to the Senate the nomination of Zalmay Khalilzad, now our man in Baghdad, to be ambassador to the United Nations. The move Monday came nearly two months after his selection was announced. We're told the Senate, barring some unforeseen fracas, may confirm him in early March.

Foreign policy veteran Tom Graham, who was, until Friday, National Security Council senior director for Russia, is heading to the private sector to work with Kissinger McLarty Associates. Graham, who did two tours in Moscow as a Foreign Service officer in the embassy, is credited with coining the name "oligarchs" for the avaricious tycoons that snapped up state assets during the early years following the collapse of the Soviet Union.

Ford M. Fraker, an investment banker and former head of banking at Saudi International Bank, is President Bush's pick to be ambassador to Saudi Arabia. Fraker founded and now chairs the London-based Trinity Group and is a consultant to Intercontinental Real Estate in Boston.

Lt. Gen. Dell L. Dailey, now director of the center for special operations at MacDill Air Force Base, has been tapped to be the State Department's coordinator for counterterrorism.

Lack Of Black Bench Nominees Criticized (LAW)

By Pamela A. Maclean

National Law Journal, February 14, 2007

In nine of 11 Southern states, President George W. Bush has never nominated an African-American for any of 62 openings for federal trial court judgeships, according to federal court data.

In his home state of Texas, the president has not nominated a single black judge to the federal bench in 18 nominations sent to the Senate during the past six years, according to Leslie Proll, director of the NAACP Legal Defense and Education Fund's Washington office.

The lack of black nominees has caused some African-American lawyers to express concern that retiring black judges appointed years ago will leave a new crop of Southern lawyers who may never see a black judge on the federal bench.

Mississippi and Alabama have not had a black judge appointed in more than 20 years, a situation Proll called, "very egregious. So many of the Carter judges are leaving the court through death or retirement. Generations are changing on the bench, and nobody is following them," she said.

In Alabama, where all nine Bush nominees have been white, U.S. Rep. Artur Davis, D-Ala., said, "It is inconceivable to me that there has not been a black judge of caliber to serve on the federal bench in the last 20 years.

"The first thing you hear is they can't find anyone qualified. That is not plausible, given the number of black lawyers in the state," Davis said.

PROBLEM IN CIRCUITS

The more powerful federal appellate courts of the 4th, 5th and 11th U.S. circuit courts of appeals have fared little better with black nominations. Of 14 nominees, no blacks have been proposed for the 5th or 11th circuits.

Bush has nominated three blacks to the 4th Circuit -- Claude Allen of Virginia, who later withdrew in the face of Democratic opposition; Judge Roger Gregory, originally a recess appointment by President Clinton renominated by Bush in 2001; and Judge Allyson Duncan of North Carolina, confirmed in 2003.

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Presidents typically consider judicial recommendations by senators from the state affected. In the 5th Circuit, Sen. Trent Lott, R-Miss., put the only black federal judge in the state on a short list of recommendations for the 5th Circuit in 2004 and 2007, according to Susan Irby, Lott's communication director. But Chief Judge Henry T. Wingate, a 1985 Reagan appointee to Mississippi's Southern District, was passed over both times in favor of white candidates: Charles Pickering, who left in 2004 when his controversial recess appointment expired, and Leslie Southwick, nominated on Jan. 9.

Irby said Lott "casts a wide net" when seeking potential judicial recommendations. "I can't give you specifics, but he has reached out to a diverse group of folks," she said.

Carlton Reeves, president-elect of the Magnolia Bar Association, which represents black lawyers, said Lott, "has never, to my knowledge, consulted with the Magnolia Bar, and we have been in existence since 1955."

Irby said she "took umbrage" at not including the recent nomination of Halil Ozerden, whose family came from Turkey, as "putting diversity on the court. It is unfair not to note that he is not Caucasian," she said, in apparent reference to his nationality rather than ethnicity.

In 11 Southern states of the 4th, 5th and 11th circuits, 75 trial court nominations produced no blacks in Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas, Virginia or West Virginia, according to the Administrative Office of the U.S. Courts and NAACP Legal Defense Fund.

Bush did nominate one African-American in Florida, Marcia Cooke, and one in Maryland, William Quarles. In addition, he has nominated 11 Hispanics to district courts in Texas, Florida and Mississippi and one Hispanic to the 5th Circuit.

National Bar Association President Linnes Finney of Stuart, Fla., said that while the number of black nominees is "disappointing," the "White House general counsels have been receptive to meeting with us to discuss appointment of African-Americans to the federal judiciary."

The White House did not respond to repeated requests for comment on its nominations, nor did Sens. Kay Bailey Hutchinson, R-Texas.; John Cornyn, R-Texas; Thad Cochran, R-Miss.; or Senate Judiciary Committee member Jeff Sessions, R-Ala.

Nationwide, Bush has appointed 18 black judges out of 263 appointments to all federal courts during his six years in office, according to the Senate Judiciary Committee and federal judiciary data.

CBC Prepping For Rare Bush Meeting (RC)

By Jennifer Yachnin

Roll Call, February 14, 2007

Members of the Congressional Black Caucus said Tuesday they weren't getting their hopes up in advance of this week's private meeting with President Bush, the first such planned encounter in two years.

Even as many of the group's 44 lawmakers confirmed they plan to attend Thursday's White House meeting, acknowledging the event's importance, Members offered doubt that the session would yield any tangible results.

"It's only logical that we have to consider what has happened in the past at these meetings," said Rep. Elijah Cummings (D-Md.).

Although those sessions, most recently in January 2005, have produced "good discussions," Cummings asserted: "Quite often it was hard to see significant actions taken as a result of the meetings."

The Maryland lawmaker added that given that history, Members remain understandably apprehensive about the upcoming meeting.

"One of the things you always wonder about with President Bush is whether this is a photo-op," Cummings said.

Rep. Artur Davis (Ala.), who attended a December meeting with Bush as a member of the centrist New Democrat Coalition, said he also remains doubtful that the commander in chief is actively reaching out to lawmakers, as opposed to simply seeking support for his own agenda.

"The president is frankly not so eager to hear about other agendas out there," Davis said. "Bipartisanship isn't just Democrats agreeing with him. He has to listen to Democrats."

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Rep. John Conyers (D-Mich.) asserted that even the power-switch that put Democrats in control of Congress — although nonpartisan, the CBC's membership includes no Republicans — will have little impact on the session's outcome.

"I expect nothing from the president," said Conyers, who chairs the House Judiciary Committee.

"We had an election. He didn't change his course in Iraq," Conyers added, citing the president's recent proposal to deploy more than 21,500 additional troops to Iraq, a measure that Democrats have condemned in a nonbinding resolution under debate on the House floor this week. "I don't hold out any hope that he will be any more helpful to us."

Nevertheless, Conyers said he plans to attend the meeting and raise issues related to the ongoing restoration efforts from Hurricane Katrina.

CBC Chairwoman Carolyn Cheeks Kilpatrick (D-Mich.), who requested the White House meeting, declined to discuss which topics will be raised at the summit, stating that the Caucus will address those specifics at its weekly meeting today.

But CBC lawmakers said issues including the Iraq War and Katrina likely will dominate the meeting, along with subjects highlighted on the group's agenda such as disparities in education and health care.

"It's important to have a dialogue," acknowledged Cummings, himself a former CBC chairman. "There may be some things we can do together."

In particular, Cummings suggested that lawmakers will raise the Gulf Coast cleanup, and some of the bureaucratic hurdles residents continue to face as they seek to rebuild their homes and communities.

"Can he use the power of the presidency to cut the red tape?" Cummings said.

In addition, the Maryland lawmaker said he will focus on the Iraq War, constructing a list of a half-dozen questions, including concerns over whether troops are being properly trained before being deployed to Iraq and Afghanistan, as well as whether they are equipped during their service.

Despite anticipated disagreements on issues including Iraq, Cummings said he views the meeting as an opportunity to "plant the seeds" of their proposals with the president.

"We have to try to appeal to his conscience," Cummings said.

At least a few lawmakers said they are optimistic about the meeting.

Rep. Albert Wynn (D-Md.) said he believes the Democrats' new status as the House majority will give the CBC more leverage in the discussion "and a bigger voice in the conversation."

"He will probably be listening with a keener ear," Wynn added.

Rep. Mel Watt (D-N.C.), who served as CBC chairman when the organization last met with Bush, said: "The president understands that Democrats are in the majority and that does create a difference dynamic."

But Watt remained cautious, stating that he could not predict "whether that results in anything concrete."

Former CBC Executive Director Paul Brathwaite asserted that one measure of the success of Thursday's meeting would be whether lawmakers and the White House make a commitment to meet regularly to gauge progress on their common goals.

"The key has always been what comes next, what about the follow-up," said Brathwaite, who characterized past meetings with the Bush and lawmakers as substantive, although he declined to discuss details of those private discussions.

"Are there ways to measure progress on any of the things that we've talked about, whether it's Katrina or Iraq or the budget?" added Brathwaite. "There needs to be some sort of benchmark as to whether or not we're making progress."

ABA Supports Federal Judge Pay Raise (AP)

By Mark Sherman, The Associated Press

AP, February 14, 2007

The 420,000-member American Bar Association came to the defense of judges during its Miami meeting, expressing support for a pay raise for federal judges and pledging to defend aggressively against ballot measures that compromise judicial independence.

ABA President Karen Mathis told her membership Monday that district judges, who earn $165,200 a year, certainly should be paid more than first-year lawyers at New York City firms. Starting annual salaries there now are $160,000.

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Former Federal Reserve Chairman Paul Volcker recently wrote that district judges would be making roughly $100,000 a year more today had their pay risen at the same pace as U.S. salaries generally.

Chief Justice John Roberts also highlighted judicial pay in his year-end report, noting that judges were leaving their lifetime-tenure jobs at an alarming rate for much better-paying jobs in the private sector.

Measure On Security Reviews Of Investments Draws Criticism (WSJ)

By Greg Hitt

The Wall Street Journal, February 14, 2007

WASHINGTON -- A House committee voted to curb the government's ability to reopen reviews into how foreign investments in U.S. companies might affect national security. But some business leaders said the proposed change doesn't go far enough.

At issue is the Bush administration's decision to reserve the right to revisit -- and potentially unwind -- foreign-led deals, even after they have been cleared by the U.S. government. The Bush administration insisted on including such an "evergreen authority" clause as part of its approval in November of the $11.6 billion purchase of Lucent Technologies Inc. by France's Alcatel SA. Business, concerned about the uncertainty added by such a clause, has lobbied Congress over the issue.

Under U.S. regulations, certain foreign-investment deals must undergo a review by, and receive approval from, the Committee on Foreign Investment in the U.S., before going ahead. The secretive panel was set up in 1975 and is represented by 12 government departments and agencies, led by the Treasury Department.

The House Financial Services Committee, acting on an amendment advanced by its chairman, Rep. Barney Frank (D., Mass.), yesterday approved a measure requiring that any decision to expose business deals to additional security reviews be triggered at the most senior levels of the government. Under the proposal, only officials who are ranked third or higher in any department -- undersecretaries and above -- could trigger a reopening of a case. They would be authorized to do so only in situations where there is a perceived breach by the foreign company of a past agreement with the U.S. government.

"The burden would be on the undersecretary to find a material breach," Mr. Frank said. "We raise the level under which it happens."

But Todd Malan, president of the Organization for International Investment, a group representing American subsidiaries of foreign companies, urged that the so-called evergreen authority be made even more difficult to invoke, if not taken away from the administration entirely. He said the authority acts as "a cloud on clear title" in deals involving foreign companies.

Mr. Frank's proposal was folded into a broader bill, which Mr. Malan said his group supports, designed to raise U.S. scrutiny of the security implications of foreign-led deals. That bill cleared the House Financial Services Committee by voice vote, and is expected to garner wide support on the House floor when it is considered, possibly in the final week of February. Senate leaders have also vowed to take on the issue.

The House committee also approved, by a 40-29 vote, an amendment requiring a presidential decision in transactions involving companies from countries deemed by the U.S. to be sponsors of terrorism.

Bush Budget Plan's Drug Fees Attacked (USAT)

By Julie Schmit

USA Today, February 14, 2007

President Bush's proposed budget will create new industry fees to help finance the Food and Drug Administration, tying it more closely to the businesses it regulates.

The FDA says fees help it get good products to market faster, but critics say they give business too much influence. At a congressional hearing Tuesday on the FDA's drug-review record, Rep. Bart Stupak, D-Mich., said the drug-review fees already in place have helped compromise the FDA's ability to ensure a safe drug supply.

Of the FDA's proposed $2.1 billion budget for fiscal 2008, 21.3% would come from user fees paid mostly by drug, medical device and food companies. That's about the same as in last year's proposed budget.

The FDA first required drugmakers in 1993 to pay fees to help fund reviews of new human drugs before they are approved for sale. User fees for animal-drug reviews began in 2003 and for medical-device reviews in 2002.

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Now, the FDA seeks fees for generic-drug reviews, for food and animal-feed exporters seeking FDA certification, and for re-inspections of FDA-regulated facilities, including manufacturing plants, that fail a first FDA check. Drugmakers will pay the bulk of the $444 million in fees the FDA expects to raise in the fiscal year starting Oct. 1.

In addition to criticism from some members of Congress, the drug industry is questioning the growth of user fees, too. In the next fiscal year, drugmakers will fund almost 60% of the FDA's reviews of human-drug applications, estimates the Pharmaceutical Research and Manufacturers of America. That's up from about 40% 10 years ago. "There's concern about it getting this high," says Alan Goldhammer, PhRMA deputy vice president for regulatory affairs.

The Biotechnology Industry Association says user fees should fund no more than half the FDA's drug-review budget. The fees started because companies wanted faster drug reviews, but they were never envisioned to get this big, says James Greenwood, the association's CEO.

He says user fees have not compromised the FDA's independence in drug reviews. But he adds that the level of fees gives ammunition to FDA and industry critics.

The administration says generic-drug fees are needed to defray the costs of a soaring number of reviews.

The president's budget includes $81 billion in new user fees for numerous industries over five years — double the level proposed last year — according to Rep. John Spratt, D-S.C., chairman of the House Budget Committee. In an analysis, Spratt said Congress has rejected many new fees in the past and "is likely to do so again."

Senators Take Health Plan To Bush (AP)

By Kevin Freking, Associated Press Writer

AP, February 14, 2007

A group of 10 senators — five Republicans and five Democrats — told President Bush on Tuesday that they have agreed on a blueprint for increasing health insurance coverage, and they would like to work with him on it.

The White House, hoping to generate some positive momentum for the president's domestic agenda, quickly took the lawmakers up on their offer. Spokesman Tony Fratto said the senator's letter was unique in the current political climate and he hoped that meetings with the senators' staff could begin soon.

"It's a letter we'd love to get on Social Security," Fratto said. "Tell me of another letter like this on an important issue, that's bipartisan, and says let's try to work on a common problem."

The senators said they disagreed that the Senate is too divided to pass comprehensive health care legislation. Their blueprint, while vague on many points, contains two proposals that are essential, said Sen. Ron Wyden, D-Ore.

The first point was a "big lift" for Republicans, he said. It acknowledges that legislation should ensure that all Americans have affordable, quality health insurance, while protecting current government programs such as Medicare and Medicaid.

The second point required compromise from Democrats, he said, because they agreed with Bush that the current federal tax rules for health insurance disproportionately favor the rich while promoting inefficiency.

Bush has proposed a major shift in tax policy that would, for the first time, treat health insurance costs as taxable income. The result is that workers' taxable wages would shoot up dramatically.

But then the president calls for a standard tax deduction for those who buy health insurance — $15,000 for family coverage and $7,500 for individual coverage. The result is that most people would see a tax break at first.

Wyden said the lawmakers were not endorsing the president's tax proposal. They only acknowledged that the current tax rules were problematic.

Allan Hubbard, director of the National Economic Council, said Bush was committed to working with the lawmakers.

"The president put his health care proposal forward in the State of the Union. These senators are taking that proposal seriously, and we look forward to working with them to find common ground," Hubbard said.

However, many Democratic leaders have criticized the president's tax proposal, and many have predicted little chance of major health care legislation passing before the next election.

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In a joint statement two weeks ago, House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid said that health care is a crisis when it comes to costs and coverage "and the president's plan will make both fronts worse for millions of Americans."

The 10 senators who wrote Bush were Democratic Sens. Kent Conrad of North Dakota, Ken Salazar of Colorado, Maria Cantwell of Washington, Herb Kohl of Wisconsin, and Wyden, and Republican Sens. Jim DeMint of South Carolina, Robert Bennett of Utah, Mike Crapo of Idaho, Trent Lott of Mississippi and John Thune of South Dakota.

Adding Up The Reasons For Expensive Health Care (WP)

By Steven Pearlstein

The Washington Post, February 14, 2007

It's hardly an original point, but now that health-care reform is back on the political agenda, it's worth emphasizing: The reason the system has been so resistant to change is that lots of powerful interests do very nicely with things just the way they are.

Or, put another way: Although doctors, hospitals, insurers and drug companies say they, too, want things to change, any comprehensive reform would reduce their incomes and their profits.

All this becomes quite clear from a new study on the U.S. health-care system released without fanfare last month by McKinsey Global Institute, the independent research arm of the giant consulting firm, which counts many health-industry giants among it clients.

The study aimed to determine why the United States spends nearly double the average of other industrialized countries on health care -- with no better, and in some cases inferior, medical outcomes. Even after adjusting for wealth, population mix and higher levels of some diseases, McKinsey calculated that we spend $477 billion a year more on health care than would be expected if the United States fit the spending pattern of 13 other advanced countries. That staggering waste of money works out to 3.6 percent of the nation's entire economic output, or $1,645 per person, every year.

In laying out with remarkable clarity how and where we overpay, the McKinsey report punctures myths, exposes common misconceptions and highlights realities long ignored in the health-care debate.

Let's start with one the American Medical Association hopes no one will notice, which is that American doctors make a lot more money than doctors elsewhere -- roughly twice as much. The average incomes of $274,000 for specialists and $173,000 for general practitioners are, respectively, 6.6 and 4.2 times those of the average patient. The rate in the other countries is 4 and 3.2.

According to McKinsey, the difference works out to $58 billion a year. What drives it is not how much doctors charge per procedure, but how many procedures they perform and how many patients they see -- a volume of business 60 percent higher here than elsewhere.

Included in the income figures is $8 billion physicians earn as investors in diagnostic labs and outpatient surgical clinics. The good news is that those private facilities charge 20 to 30 percent less than hospitals for what they do. But McKinsey found that they don't save the system any money because the doctors who invest in them wind up ordering more tests and surgeries than doctors who don't -- in the case of tests, two to eight times more.

What we have here is pretty good circumstantial evidence of Pearlstein's First Law of Health Economics, which holds that if you pay doctors on the basis of how many procedures they do, and you leave it to doctors and their insured patients to decide how much health care they get, consumption of health services will rise to whatever level is necessary for doctors to earn as much as the lawyers who sue them.

Don't be distracted by arguments that American doctors need to make more because they have to pay $20 billion a year in malpractice insurance premiums forced on them by a hostile legal system, or an equal amount for all the paperwork required by our private insurance system. The $58 billion in what the study defines as excess physician income is calculated after those expenses are paid.

And McKinsey gives the back of its hand to the argument that American doctors deserve to earn more because of all the loans they take out while going through medical school and residency. Comparing median lifetime annual salary to median

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educational debt at graduation, McKinsey found that doctors do better than those in other professions requiring advanced degrees.

While higher volume is the story behind higher physician costs in the United States, the culprit for spending on hospitals and drugs is higher prices.

While Americans spend fewer days in the hospital than people elsewhere, that efficiency is more than offset by a higher average cost per day -- $1,666, four times the industrial-country average. There are multiple causes for this $224 billion in annual overspending on hospital services -- everything from more serious illnesses to more nurses per bed to extraordinary overhead and capital costs. The hospitals will whine about all their free care for the uninsured. McKinsey concludes that is a relatively minor factor in an industry that has managed to rack up hefty operating profits in recent years, even at supposedly nonprofit hospitals.

Despite all that annoying drug advertising on TV, Americans pop fewer pills than people elsewhere. But, according to McKinsey, we still manage to spend $57 billion a year more for drugs than other developed countries. Some of that is because the newest and most expensive drugs are typically available here 18 months before most other places. But the much bigger reason, McKinsey found, is that drug companies are able to charge, on average, 60 to 70 percent more for branded prescription drugs.

We can debate whether drug companies really need the extraordinary returns they get to sustain the level of innovation they produce; one can certainly point to other innovative high-tech industries that manage to thrive on more reasonable returns. But the industry's vast lobbying apparatus has yet to come up with a credible reason for why such a disproportionate share of that return has to come from Americans.

Proponents of a government-run "single-payer" system will certainly home in on the $84 billion a year that McKinsey found that Americans spend to administer the private sector portion of its health system -- a cost that national health plans largely avoid. But as long as Americans continue to reject a government-run health system, a private system will require something close to the $30 billion a year in after-tax profits earned by health insurance companies. What may not be necessary, McKinsey suggests, is the $32 billion that the industry spends each year on marketing and figuring out the premium for each individual or group customer in each state. Insurance-market reform could eliminate much of that expense.

Of course, any effort to reduce these excess costs faces determined opposition from well-financed lobbies, which is why many reformers prefer to focus on the goal of extending coverage to the 47 million Americans who don't have health insurance. But doing the one without the other, the McKinsey researchers warn, would be economic folly. Offering universal coverage without reining in costs would add another $77 billion each year in unnecessary and unproductive health spending.

Senate To Move On $464B Spending Bill (AP)

By Andrew Taylor

AP, February 14, 2007

The Senate is poised to send President Bush a huge spending bill that strikes a balance between Democrats controlling Congress and Republicans whose budget work stalled last year.

The catchall $464 billion measure would fund 13 Cabinet agencies covering foreign aid and every domestic agency save for the Homeland Security Department. A final vote is slated for Wednesday after Democrats on Tuesday won a key vote to limit debate by a lopsided 71-26 margin.

The measure will be the first major bill to work its way through both the House and Senate since the Democratic takeover, but it also has support from Bush because it sticks within the overall budget limit he and congressional Republicans set last year.

At the same time, the bill reflects the priorities of its Democratic authors, who shifted funds from Bush's requests for foreign aid and military base projects to popular programs such as health research, law enforcement and low-income housing, among others.

The vote to cut off debate — forcing a final vote Wednesday — split Republicans, with conservatives protesting hardball tactics by Majority Leader Harry Reid, D-Nev., and pragmatists preferring to move on with the budget and avoid any possible confrontation over a partial government shutdown.

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Republicans found little to criticize in the bill itself, and many senior GOP lawmakers helped write the measure.

Bush has signaled he will sign the bill, even though Democrats drained $3 billion from his budget for construction and closure of military bases. And he appears willing to accept several billion dollars added to the bill through bookkeeping maneuvers such as tapping a crime victims fund and claiming phantom savings from highway programs.

Most of the resulting spending offered small but welcome funding increases to agencies limping along at or below last year's funding levels. Agencies such as the FBI faced furloughs, while the Veterans Affairs Department needed $3.6 billion above last year for its health care programs.

State governments in particular were anxious for additional highway construction funds instead of seeing them frozen at 2006 levels.

All of the budgeting work was supposed to have been completed months ago, but Republicans didn't want to make some of the tough choices before the election and made no serious effort to complete the work after it. The leftovers required weeks of negotiations to clean up, and since Senate Republicans were deeply involved in the talks, the bill had considerable momentum when reaching the floor last week.

The bill also provides increases for underperforming schools and community health centers, and grants to state and local law enforcement agencies.

Lawmakers were especially pleased with a $260 boost, to $4,310, in the maximum Pell Grant for low-income college students, and with a 40 percent increase, to $4.5 billion, for fighting AIDS, malaria and tuberculosis overseas.

On the other hand, Bush did not get as much for NASA as he desired, and Republicans blasted Democrats for cutting $3 billion from Bush's request to implement a 2005 round of military base closings and consolidations. They said the budget cuts would slow the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases such as Fort Leavenworth, Kan., and also delay funding for communities to prepare closed bases for other uses.

Senate Appropriations Committee Chairman Robert Byrd, D-W.Va., promised the military base funding would be provided in a $100 billion-plus Iraq war funding bill expected to advance next month — though GOP critics say such a maneuver would amount to budgetary trick that would use the Iraq funding bill to get around funding limits.

The bill is free of congressional "earmarks" — the projects lawmakers like to slip into spending bills, such as grants for local governments, homestate universities, hospitals and roads. Such projects exploded in number under Republican control of Congress over the last 12 years.

Spending Bill Headed To Final Vote In Senate (WT/AP)

The Washington Times, February 14, 2007

Democrats won a key test vote yesterday as the Senate prepares to send a massive $464 billion catchall spending bill to President Bush's desk.

The bill would wrap up budget business left unfinished last year after Congress failed to complete work on nine spending bills covering foreign aid and every domestic agency save for the Department of Homeland Security.

The measure will be the first major bill to work its way through both the House and Senate since the Democratic takeover last month. It has support from the president because it sticks within the overall budget limit set by him and congressional Republicans last year.

The Senate voted 71-26 to limit debate on the bill, clearing the way for a final vote in time to beat a midnight deadline tomorrow. Republicans agreed despite frustration with hardball tactics employed by Majority Leader Harry Reid, Nevada Democrat, who denied rank-and-file lawmakers any chance to amend the measure.

That is ordinarily the kind of move that incites the minority party to filibuster. But with much in the bill to please senators, including senior Republicans on the Appropriations Committee, Republicans didn't have the stomach to hold up the bill.

The bill reflects the priorities of its authors, the Democratic chairmen of the House and Senate Appropriations committees, who shifted funds from Mr. Bush's requests for foreign aid and military base projects to popular programs such as health research, law enforcement and low-income housing.

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Most of the funding shifts were small but were needed to avoid furloughs or other problems at agencies such as the FBI that are limping along at or below last year's funding levels. State governments in particular are eager for additional highway-construction funds instead of having them frozen at 2006 levels.

All of the budgeting work was supposed to have been completed months ago, but the Republican-led Congress made no serious effort to complete the work before the midterm elections in November.

Republicans criticized the measure for cutting $3 billion from Mr. Bush's request to implement a 2005 round of military base closings and consolidations. They said the budget cuts would slow the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases such as Fort Leavenworth, Kan., and also delay funding for communities to prepare closed bases for other uses.

Senate Appropriations Committee Chairman Robert C. Byrd, West Virginia Democrat, promised that the military base funding would be provided in a $100 billion-plus Iraq war funding bill expected to advance next month -- though Republican critics say such a maneuver would amount to budgetary trick that would use the Iraq funding bill to circumvent funding limits.

Sen. Tom Coburn, Oklahoma Republican, took to the floor yesterday to criticize Democrats for failing to fund a $30 million program he authored to test newborns for the AIDS virus. The National Alliance of State and Territorial AIDS Directors opposed Mr. Coburn's amendment because it would cut funding in other AIDS prevention programs.

Spending Plan Nears Passage; House Clears Way For Iraq Debate (WSJ)

By David Rogers

Wall Street Journal, February 14, 2007

WASHINGTON -- Congress is poised to send President Bush a $463.5 billion spending bill that bears the imprint of the new Democratic majority and presages budget battles over defense and domestic priorities.

Veterans' medical services, education and health care will see spending increases even as $3.1 billion is cut from Mr. Bush's 2007 request for military-construction funds to accommodate base closings overseas.

Senate Republicans had protested the cut, but 23 of them joined Democrats on a 71-26 procedural vote that sealed passage of the bill, which will dictate spending for the final eight months of this fiscal year ending Sept. 30.

The Senate vote came as the House began debate on a resolution challenging Mr. Bush's decision to send at least 21,500 more U.S. troops to try to curb sectarian violence in Iraq. The twin events underscore how central defense spending will be to the 2008 budget debate this spring, and how emotions over the Iraq war can make the debate more difficult for both parties.

The administration's $481.1 billion defense budget represents an 11.3% increase, not counting an additional $141.7 billion for costs of the Iraq war and other overseas military operations, such as Afghanistan. By comparison, Mr. Bush's promises just a 1% increase in domestic non-defense appropriations; with passage of the bill now and the resulting effect on 2007 spending, the White House concedes that increase will be half what it said a week ago or 0.5%.

In shaping their budget, Democrats will surely trim from the president's defense request to pay for domestic priorities. The debate is more complicated this year because of the emotions of Iraq, changes in the defense industry, and pressure for emergency funds to meet demands from Gulf Coast states still recovering from Hurricane Katrina.

Senate Budget Committee Chairman Kent Conrad (D., N.D.) must navigate in a chamber divided by Iraq, and with only a one-vote majority in the absence of Sen. Tim Johnson (D., S.D.), who is recovering from a stroke.

"I've got a 50-49 majority until Senator Johnson gets back," Mr. Conrad says. "Can you imagine holding those 50 on the war costs alone?"

The huge expenditures for Iraq have reflected a major government investment not in the high profile ships, fighters and tanks of past military buildups, but more in trucks, body armor, and communications equipment needed for a mobile Army in this type of war.

For example, Wisconsin's Oshkosh Truck Corp. saw its defense sales rise to $1.3 billion in 2006 from $774 million in fiscal 2004, a 68% increase. As midlevel defense contractors have commanded a greater share of the budget, there is potential competition with larger players such as Lockheed Martin Corp., which takes the lead in new weapons systems such as the F-35 Joint Strike Fighter, which the U.S. Air Force is trying to fund in part through the president's latest Iraq war supplemental request.

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A third pressure point is the aftermath of Katrina, and Democratic promises to do more to help states facing huge reconstruction costs. The administration has opened the door by incorporating some domestic disaster aid into its Iraq supplemental, and that also sets up competition with defense funds.

House Majority Leader Steny Hoyer (D., Md.) said Katrina would be a priority this spring, and housing issues affecting Gulf Coast states reflect larger pent-up demand for more federal action on low-income housing elsewhere.

Antipoverty groups have supported provisions in the bill that would redistribute $460 million in housing assistance, and while some cities will be net losers, supporters argue in many cases idle funds will be put to work.

"The old approach shorted hundreds of local agencies and caused them to cut their programs, even as other agencies piled up millions of dollars in unspent funds," said Bob Greenstein, of the Center on Budget and Policy Priorities in Washington. "Under the new approach, such cuts will be avoided and more families in need will be served, because the funds will be distributed far more efficiently."

Democrats Prove Accounting Gimmicks Are Bipartisan (MCT)

By James Rosen

McClatchy Newspapers, February 14, 2007

WASHINGTON - When President Bush sent Congress his 2008 budget last week, Democratic lawmakers accused him of using accounting gimmicks to appear fiscally responsible and intent on reducing the federal deficit.

Turns out, the Democrats have some accounting tricks of their own.

A massive spending bill to fund the government through September contains billions of dollars in savings that exist only on paper, but which free up real money to spend on discretionary programs Bush has sought to cut.

"It's a way of finding some money to reassert Democratic priorities without being labeled big spenders," said Tim Penny, a former Democratic congressman from Minnesota.

The House of Representatives passed the $463.5 billion appropriations legislation Jan. 31, and the Senate took it up Tuesday.

While the Bush budget looks ahead, the appropriations measure covers the current fiscal year.

Budget experts from both parties, including current and former lawmakers and senior aides, said the Democrats' legislation relies on various types of creative accounting and side deals in order for it to appear to avoid new deficit spending.

Among the examples:

-The measure provides $2.49 billion for the ongoing realignment and closing of military bases, less than half the amount authorized by the last Congress. There is bipartisan agreement to make up the difference - $3.14 billion - in subsequent "emergency" supplemental appropriations.

-The measure eliminates $3.5 billion in "contract authority" for federal highway projects, but it doesn't decrease "obligation limitations" by an equivalent amount. Congress uses "contract authority" to set how much money states can seek in highway grants, but it doesn't determine how much money they actually get. Appropriators make those decisions each year by setting "obligation limitations," and those limitations must be lowered in order for the actual spending to be decreased.

-The bill puts a $625 million cap on the amount of money to be distributed from the Crime Victims Fund, which Congress created in 1984 to help the victims of heinous crimes. The cap saves $1.25 billion on paper, but the government is required by previous law to pay the crime victims, so there will be no corresponding reduction in spending.

Democrats now running Congress needed to craft the giant spending bill because Republicans voted out of power in November had appropriated money only for the Defense and Homeland Security departments.

A temporary measure providing discretionary funds for the rest of the government expires Thursday, so Congress must approve the current bill by then. The House passed it 286-140, and the Senate is expected to approve it.

Sen. Robert Byrd of West Virginia and Rep. David Obey of Wisconsin, the new Democratic chairmen of the Senate and House appropriations committees, put the measure together without hearings. Lawmakers cannot offer amendments.

"We're very proud of this bill because this is the cleanest bill that has passed Congress in a long time," said Kirstin Brost, a spokeswoman for Obey. "We got rid of all the earmarks. We got rid of all kinds of gimmicks that the president had proposed."

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Byrd, well known for using arcane budget procedures to bring federal windfalls back home to West Virginia, didn't respond to interview requests.

Some of the beneficiaries of the extra money freed up by the Democrats' maneuvers are state and local police, the Army Corps of Engineers and Amtrak.

"Republican appropriators did this, too," said Rep. Paul Ryan of Wisconsin, senior Republican on the House Budget Committee. "These guys add up their priorities, find out they're over (budget limits) by $10 billion or $12 billion, then they come up with these gimmicks to massage the numbers. I hate to say it, but both parties do it."

Such bookkeeping maneuvers are so well known on Capitol Hill that lawmakers and aides jokingly call them "Enron accounting rules," after the Houston energy company that collapsed because of phony fiscal schemes that sent several senior executives to prison.

William Hoagland, who served as a Senate Budget Committee staff director for 20 years, was former Majority Leader Bill Frist's point man on fiscal matters from 2003 through last year.

"These pay shifts, these delays, these advance appropriations are not unusual," Hoagland said. "They're not big in the grand scheme of things, but they can make a difference in whether you can fund a program at $100 million versus $200 million. In the average American's world, that's a lot of money."

Sen. Jim DeMint, a South Carolina Republican, said he would vote against the bill, despite having led a successful drive to prevent it from having new earmarks, secret, anonymous funding for lawmakers' pet projects.

"All in all, I feel like this represents some progress, even though there are still a lot of budgetary games stuck in here," DeMint said.

Hoagland acknowledged that the former GOP congressional leaders bequeathed a financial muddle to their Democratic successors, who now need to get 2007 funding behind them and focus on appropriations for the 2008 fiscal year that begins Oct. 1.

"One could claim that this is just cleaning up the mess we (Republicans) left behind," Hoagland said.

Business Seeks To Defeat Bill On Unions (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 14, 2007

WASHINGTON -- Business interests are bracing for their first clash with the Democratic Congress, raising millions of dollars to defeat a proposal to ease labor-organizing efforts.

A House committee is set to begin work today on the Employee Free Choice Act, which would give greater legal protection for union organizers and would let workers choose to organize simply by signing pro-union cards rather than holding a federally supervised election.

Labor leaders made enactment of such a law a priority, after spending heavily in last year's elections to help their Democratic allies win control of Congress.

The AFL-CIO and other labor groups say that having the ability to organize workers through a card-signing process will help them to stem the multidecade decline in union representation. The percentage of wage and salaried workers in unions last year was 12%, compared with 20% in 1983. More union members may translate into greater political influence and clout at the bargaining table.

Lining up against the bill is the Coalition for a Democratic Workplace, including trade groups such as the U.S. Chamber of Commerce as well as retailers and the National Federation of Independent Business. The group plans to run television ads in several states and House districts, targeting Democrats and Republicans.

"We will make sure that there is some pain associated with voting for this," said coalition spokesman Todd Harris.

Their efforts parallel those of the Center for Union Facts, which also is rallying companies to oppose the law and spent between $2 million and $3 million last year on television and other ads against it.

Business leaders say the law could allow unions to organize all or a portion of a company's work force before management became aware of the campaign.

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Small franchise owners "could wake up one day, and they'd be organized. This is so efficient for unions, it makes it possible to organize on a very small scale," said David French of the International Franchise Association.

Labor leaders say a federally supervised organizing election remains an option if one-third of the workers want it. The use of organizing cards is important, they say, because union advocates and workers have faced retaliation in some workplaces as balloting approaches.

Supporters say they can get the bill through the House, where it has bipartisan support, but business groups hope to gain ground in the more narrowly divided Senate, particularly among Republicans who could try to block it with a filibuster.

That is where both sides expect a showdown. The business community "realizes that they have the advantage right now in terms of how the law is implemented," said AFL-CIO President John Sweeney.

Even if the bill fails, labor leaders want recorded votes in both chambers so they have a record for the 2008 elections.

Business, Labor Brace For Battle (RC)

By Tory Newmyer

Roll Call, February 14, 2007

In what is set to be their first major showdown since Democrats took control of Congress, business and labor interests are poised for a multimillion-dollar clash over a measure to make it easier for workers to unionize.

Deep-pocketed corporate lobbying groups have joined together to defeat the proposal, today announcing the launch of a new coalition to coordinate their activities. The effort, called the Coalition for a Democratic Workplace, has the backing of the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business, among others.

Facing them is an informal alliance of labor groups, headed by the AFL-CIO and the breakaway Change to Win unions, working across a divide in the labor movement to advance the measure. They also have the backing of Americans United, a liberal group closely aligned with Congressional Democrats.

At issue in the fight is the Employee Free Choice Act. A top priority for labor unions and Democratic leadership, the bill would allow employees at a workplace to organize once a majority sign cards indicating they want to join a union.

Labor officials say the issue is about economic fairness, arguing corporate intimidation has contributed to a decades-long slide in union membership, which in turn has frozen workers out of improving economic conditions. Businesses counter that replacing the current system of secret-ballot votes will violate workers' privacy and expose them to bullying by union organizers.

With union membership continuing to drop — it fell to 12 percent of all workers last year from 12.5 the year before — the issue is gaining urgency in the labor movement. Labor unions, which provide critical help funding Democratic electoral efforts, reportedly signed up 150,000 new members last year using the card-check elections.

Under the bill, workers could pick whether to unionize through card checks or secret-ballot elections, and their employers would be bound to recognize the result.

The bill, set for markup today in the House Education and Labor Committee, is expected to cruise to House passage next month. It already claims 234 cosponsors, including seven Republicans.

Senate Health, Education, Labor and Pensions Chairman Edward Kennedy (D-Mass.) hopes to introduce it early next month, and labor lobbyists said they are already working to line up a majority of Senators to sign on. But even though they got a jumpstart pushing the bill — kicking off their drive in December with a Capitol Hill press event featuring Kennedy and House labor panel chairman George Miller (D-Calif.) — labor lobbyists acknowledge they face tough odds.

For starters, rounding up the 60 votes needed to end a filibuster could be difficult. "It's a challenge," said Bill Samuel, director of legislation for the AFL-CIO. "We hope that a strong House vote will convince Senators this is the right thing to do." Even then, President Bush is expected to veto the measure.

The battle will be joined next week when lawmakers head home for the Presidents Day recess.

The AFL-CIO plans to target 90 Congressional districts, mostly to shore up support for lawmakers who have indicated they will back the measure. About a dozen of their targets will be Republicans so far undecided or opposed.

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Americans United will take on an additional 15 to 20 GOPers who have lined up against the bill, spokesman Brad Woodhouse said. “Our view is that the folks within the labor community can hug their targets,” he said. “On the other hand, we want to thump those that don’t do the right thing.”

Officials with the Coalition for a Democratic Workplace declined to discuss specifics of their plans for the break, but said they will tap the state affiliates of their member groups to start reaching out to members. “We’re going to be very active in the field over the next few weeks. And we’ll begin the education campaign as Members return home,” said Danielle Ringwood, a member of the coalition’s management committee and lobbyist for the Associated Builders and Contractors.

The business-backed group launches today with a Web site (www.myprivateballot.com) and polling information supporting their position. At the House markup today, coalition representatives will hand out fliers featuring a photo of a toilet, and inset, a voting booth, with the tagline: “Some things are designed for privacy. Here are two of them.”

The group has tapped Todd Harris, a partner with the all-Republican firm DC Navigators and a former aide to former Florida Gov. Jeb Bush (R) and Sen. John McCain (R-Ariz.), to head up its media and lobbying strategy.

In the face of the daunting tally of co-sponsors, coalition leaders said they are not going to concede the House vote. Instead, they are aiming to find signers whose support is soft. “A lot of Members have signed onto this bill without really grasping what they’ve co-sponsored. Our task as a coalition is to educate them and help them understand they’ve been sold a bill of goods,” said David French, another coalition manager and lobbyist with the International Franchise Association.

But a House Republican aide said for GOPers and their allies, the best hope “is to extract as much blood as possible through the debate, and then let the Senate weigh in from there.”

The foes are concentrating on field work for the meantime, but both sides said they plan to be on the air with ads as the fight moves to the Senate. And they each pledged they have the resources to keep up the fight for a long time — into next year and beyond if necessary.

For support, Americans United is calling on groups that lent money and organizational strength to its Change America Now campaign, which backed up the economic pieces of House Democrats’ “100 hours” agenda. That group is still focused on final passage of a minimum wage hike, but with House Democrats pivoting to regular order, Woodhouse said the employee card-check bill will become a top priority.

“It fits nicely into the broad spectrum of issues we’re pushing to relieve the middle class squeeze and create a better balance in the economy between the most productive workforce in the world and corporate executives and managers,” he said. “This may be a longer-term process. But if Republicans obstruct this, then part of what we do is make sure they pay a price with the public.”

Harris said his group is just getting started.

“We’re literally in the process of getting the curtain open on this thing. Over the next six months to a year, you’re going to see the coalition highlighting not only the impressive group of organizations that are supporting us but making sure people understand that underneath this fight in Washington are real lives, and real workers whose right to privacy is going to be stripped away should this bill pass,” he said.

Letters (WSJ)

WSJ – Sweeney letter, February 12, 2007

LETTERS

If the Big Six Want to Talk About CO2 Emissions, California Will Listen

In response to your Feb. 6 editorial "Legal Hot Air":

The world's six largest automakers are crying foul about a recent case filed by California seeking redress for CO2-induced damage. They argue that courts are not the proper place for this kind of "global" issue. This sudden aversion to litigation is perplexing, given that these same companies have sued states repeatedly, in numerous jurisdictions, insisting that the courts must overturn all state laws dealing with greenhouse gas emissions. The companies hew to this path of complete resistance despite the fact that the vast majority of climate scientists believe that the world is facing a potential catastrophe.

Let me be clear: I also would prefer to reach solutions outside of the courthouse. Litigation can be expensive and time consuming. That is why I asked for a meeting with each of the CEOs of the car companies to find practical solutions to global warming. If they want to sideline the lawyers and talk about solutions, I am all for it. Meantime, they shouldn't call California's lawsuit "frivolous" while maintaining so many lawsuits of their own.

California's public nuisance case is well grounded in precedent. For more than 100 years the Supreme Court has allowed states to take legal action to prevent the destruction of their air and natural resources. In a case called Georgia v. Tennessee Copper, Justice Oliver Wendell Holmes -- not a man known for indulging frivolous claims -- wrote, "It is a fair and reasonable demand on the part of a sovereign that the air over its territory should not be polluted on a great scale . . . or threatened by the act of persons beyond its control. . . ." More recently, the Supreme Court declared, "Air pollution is, of course, one of the most notorious types of public nuisance in modern experience."

The Big Six automakers generate 20% of all of the human-made carbon dioxide emissions in the U.S., and at least 30% of such emissions in California. Yet they oppose any federal action to curtail greenhouse gases. To date, their intense lobbying has been very successful: Congress has not improved fuel efficiency standards in 15 years, President Bush steadfastly refuses to consider caps on greenhouse gases, and the Environmental Protection Agency says that the Clean Air Act does not apply to CO2.

Meanwhile, California, with more than one thousand miles of coastline and a Sierra snow pack containing one third of the state's annual water supply, faces rising sea levels and rapidly melting snow. This threatens levees, flood control systems and California's irrigated agriculture. Already, spring snow melt occurs a week earlier, with greater flooding, than it did 30 years ago. The U.N. Intergovernmental Panel on Climate Change just warned us again that the threats from global warming are mounting. It is time to act.

Under our tripartite system of government, courts have an essential role to play, even in issues as complex as global warming. Justice Holmes could be speaking directly to the automakers, when he wrote: "This is a suit by a state for an injury to it in its capacity of quasi-sovereign. In that capacity the state has an interest independent of . . . its citizens, in all the earth and air within its domain. It has the last word as to whether its mountains shall be stripped of their forests and its inhabitants shall breathe pure air." And, we can add, whether emissions of greenhouse gases can harm its economy and environment.

Global warming is a serious, unavoidable challenge and we need to face it. The path of litigation, first taken up by the auto companies, is not my preference. But a legal cease fire requires that both sides lay down their arms. We should use our considerable joint resources to help fashion a common sense and practical approach. I stand ready to do so.

Edmund G. Brown Jr.

Attorney General of California

Sacramento

Required Health Plans Ethically Impossible

We read of health-care plan after plan that in some manner "require" all people to purchase health insurance ("The Budget and Your Wallet -- How Plans to Expand Health Coverage Could Affect Insured," Personal Journal, Feb. 6). Exactly what are we to do with the person who doesn't purchase health insurance (thus, breaking the law), and then who shows up at the door of the ER with chest pains?

Until we are willing to let people die on the steps of the hospital, an approach that I don't support, any law "requiring" the purchase of coverage, without active enforcement and without penalties for non-compliance, will quickly be written off by the uncovered masses as a law without teeth. "Requiring" coverage is just a feel-good phrase.

Mark McAllister

Johnston, Iowa

Gutter Snipes or Savvy Businessmen?

Friday's piece on strippers and Super Bowl Sunday ("Wardrobe Malfunctions, Inc.," Weekend Journal, Feb. 2) was certainly funny, but the sound of my own chuckles had the fortunate effect of bringing me to my senses. I remembered how our popular culture continues to slide into the gutter without much of a splash or any apparent resistance from those who know better.

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Who but a sanctimonious prude would question another man's decision to amuse his friends at half time by paying a stranger to remove her clothing right there in the den among the nachos, chicken wings and Little League trophies? To call it sleazy or dishonorable seems too harsh and uncomfortably judgmental.

And that's my point. Hiring a stripper is sleazy and dishonorable, but I get the sense that, by an unspoken rule among us men, we're all supposed to keep our mouths shut about it and just have a few laughs. The tone of this story, even its publication, suggests that the Journal has, on some level, adopted that unspoken rule. We should all know better. Why not some dissent for a change?

John Mulcahy

Philadelphia

Sam Walker wrote a really terrific article. I administer a class at the University of Arizona designed to encourage science students to become entrepreneurs, and only days ago did we discuss supply-chain management and distribution. When I read this piece, I was delighted how he exposed the business side of this industry and articulated the need for superb supply-chain management and customer-needs analysis to sustain and grow these businesses. The article reinforced a guiding principle I emphasize in my class: The fundamentals of operation, sustainability, growth and expansion of any business are universal across industry lines. The distribution techniques that bring triumph to the "exotic dancing" industry can also bring success in biotechnology and optics. The article serves as a great case study. You can learn a lot from any victorious business, and I hope my students got this message from the piece as much as I did.

Director of Special Projects

College of Science

The University of Arizona

Tucson, Ariz.

What Mean Means

Dr. Robert Myers, in his Feb. 1 Letter to the Editor responding to Charles Murray's three-part editorial-page series "On Education," compounds Mr. Murray's original error regarding definitions of mathematical mean vs. mathematical median. Mr. Murray stated that half of all children in the U.S. are below average intelligence; Dr. Myers stated that Mr. Murray should have written below the mean, not the average.

The mean and the average are the same thing. What both authors should have said is median. The median, by definition, is the value below which exactly half of the sample points fall. Though for many common statistical distributions the mean, a.k.a. average, and the median are close, sometimes equal, they are not necessarily so.

Arthur H.M. Ross, Ph.D.

Laguna Niguel, Calif.

Senator Seeks to Focus The War on al Qaeda

Kimberley A. Strassel's Feb. 2 Potomac Watch column "Senator Feingold's Sin" was right to single out the senator's "honesty" and "backbone" for his effort to require that U.S. troops be redeployed from Iraq. But to say that "the Wisconsin pacifist might not understand the importance of winning in Iraq" misunderstands Sen. Feingold and his effort, which is based on strengthening U.S. national security above all else.

The senator called for redeploying our troops from Iraq because our massive, indefinite presence there is weakening our ability to fight the terrorist networks that threaten this country around the world. He voted to go to war in Afghanistan precisely because he wanted U.S. forces to eliminate the Taliban and destroy a safe haven for terrorist networks that threaten our country.

As your editorial noted, Congress has the power to end a war. Sen. Feingold wants Congress to use that power to end U.S. involvement in this disastrous war in Iraq, so that we can fight al Qaeda and other global threats more aggressively and effectively. That doesn't sound like a pacifist, does it?

Georgia Congressman Norwood Dies At 65 (AP)

By Ben Evans

AP, February 14, 2007

DOJ_NMG_0131941

Rep. Charles Norwood Jr., a blunt-spoken Georgia Republican who sold his dental practice and ran for Congress at age 52, died Tuesday after battling cancer and lung disease.

Norwood, 65, died at his home in Augusta, Ga., his spokesman said. House members debating the war in Iraq interrupted proceedings for two moments of silence in his honor.

President Bush, in a statement, described Norwood as "a good friend and a strong, spirited legislator who always stuck to his principles."

Georgia Gov. Sonny Perdue called Norwood an "incredible example of strength and dedication" and ordered flags to be lowered at all state buildings.

The vacancy created by his death will be filled by a special election.

A feisty, tobacco-chewing conservative who loved to hunt and who railed against government bureaucracy, he beat Democratic incumbent Don Johnson in 1994 to become the first Republican to represent his eastern Georgia district since shortly after the Civil War.

Norwood had a dry wit and rarely settled for diplomatic language. When a Democrat complained that Norwood cut off questioning at a mine safety hearing last year, Norwood responded: "When you get in charge, you get to run the damn thing. Right now, you're not."

He wasn't afraid to criticize his own party when he thought it was veering off course. Last year he called Republicans who backed compromise immigration legislation "turncoats."

Norwood's passion was health care. Taking on insurance companies, he spent much of his political career pressing for a "patients' bill of rights" aimed at giving consumers better access to care, including greater ability to sue insurers.

More recently, he focused on the issue of immigration, saying the country faces a "true invasion" and calling for nearly 40,000 troops on the border. He was one of just 33 House members to vote against renewing the Voting Rights Act last year, arguing that it discriminates against Southern states over long-past racial transgressions.

Norwood prided himself on serving his district, touting his success in cutting through federal regulations a decade ago to allow a constituent to bring home a stuffed polar bear he had killed on a hunting trip in Canada.

Born in Valdosta, Ga., on July 27, 1941, he attended public schools before going off to boarding school at Baylor School, a military academy in Chattanooga, Tenn.

While there, Norwood shot and killed a close friend while playing quick-draw with what they thought was an unloaded pistol. An advocate for gun rights, he said the accident convinced him that education and training are the best gun control.

He married his wife, Gloria, in 1962 while at Georgia Southern College. He earned a doctorate in dental surgery from Georgetown University in Washington, volunteered for the Army and served a combat tour in Vietnam in 1968, earning two Bronze Stars.

He is survived by his wife, two sons, Charles and Carlton, and four grandchildren.

The family scheduled a public visitation Wednesday and public memorial service Thursday, both in Augusta.

Special House Election Looms (RC)

By Lauren W. Whittington

Roll Call, February 14, 2007

As politicians from Capitol Hill to Atlanta mourned the death of Rep. Charlie Norwood (R-Ga.) on Tuesday, calculations and preparations already were under way for a special election to fill the vacancy in the Augusta-based 10th district.

Among the local GOP lawmakers considered most likely to run to succeed Norwood are state Rep. Barry Fleming and state Sens. Ralph Hudgens and Jim Whitehead.

Former state Sen. Brian Kemp (R) and state Rep. Ben Harbin (R) also have been mentioned as possible candidates. However, Harbin's perch as chairman of the Appropriations Committee is a powerful incentive for him to stay put.

In Georgia, state lawmakers must resign their seats once they qualify to run in a special election — a requirement that could severely limit what otherwise would be a large field of candidates.

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Georgia Gov. Sonny Perdue (R) now has 10 days to issue a writ of election, which will allow the Georgia secretary of state's office to set the date for the special election. The contest, which must occur 30 days after the writ of election is issued, will be an all-party primary in which the first-place finisher must get more than 50 percent of the vote to avoid a runoff.

If a runoff is necessary, it will occur four weeks after the special election.

Although some Georgia municipalities are holding elections on March 20, neither of the 10th district's largest cities has local elections already scheduled for that date.

One of the biggest questions that remains to be answered is whether Norwood, who had been hospitalized almost since the beginning of the year while he received cancer treatments, had a preferred successor in mind.

As his health deteriorated his refusal to relinquish the seat he had held for a dozen years had led to speculation that he may have been laying the groundwork for the candidate of his choice to succeed him.

There also has been quiet talk about whether the Congressman's widow, Gloria Norwood, may play in role in the race to succeed her husband.

The 10th district covers the northeast corner of the state, anchored by the population centers of Augusta and Athens.

The district heavily favors Republicans, although slightly less so now than it did at the beginning of the previous Congress. When GOP state lawmakers redrew Congressional boundaries in 2005, they put Democratic-friendly Athens back in the district and also slightly increased the black population in an effort to make the neighboring 12th district more vulnerable to a Republican takeover.

About 16 percent of registered voters in the 10th district are black.

Hudgens, chairman of the state Senate Insurance and Labor Committee, said last week that he would run if there was a vacancy.

He has run for Congress several times before, with his most recent race being the 1994 GOP primary that he lost to Norwood.

Fleming, meanwhile, is viewed as one of the Legislature's rising stars. First elected in 2002, he currently is House Majority Whip and is a former chairman of the Columbia County Commission. He introduced a resolution this week honoring Norwood.

Whitehead, a businessman who was elected to the state Senate in 2004, is well-respected and has personal wealth he could devote to a Congressional run.

Fleming and Whitehead both represent Norwood's base in suburban Augusta, while Hudgens represents territory near Athens.

Kemp, meanwhile, also is from Athens and represented a swing state Senate district until the beginning of this year.

In 2006, he lost a primary bid for state agriculture commissioner, but he still is young and observers say his political career is far from over. He would appear to have the least to lose in gambling on a Congressional run because he doesn't have a legislative seat that he would be forced to relinquish.

Former Rep. Max Burns (R-Ga.), who represented the 12th district for a single term in Congress before being defeated in 2004, also has been mentioned as possibly interested in running for Norwood's seat. Burns narrowly lost a rematch with Rep. John Barrow (D) in 2006. While his home is far outside of the 10th district boundaries, Burns did represent Athens and some of the territory in the current 10th district when he was in Congress.

Several Democrats have been mentioned as possible candidates in the race to succeed Norwood, although the strong Republican nature of the district and recent political trends in the state make it appear unlikely that the party could take control of the seat.

The list of Democrats mentioned include Athens Mayor Doc Eldridge, state Reps. Jeanette Jamieson and Alan Powell and former state Sen. Carol Jackson.

Tenth district Democratic Party Chairman Terry Holley, the nominee against Norwood in 2006, also is interested in running again.

Norwood won re-election to a seventh term in November with 67 percent of the vote.

If the GOP field is crowded and Democrats are able to coalesce behind a top candidate, it might be possible to force the leading Republican candidate into a runoff. But it would be an uphill battle for the Democrat to win in a two-person contest.

DOJ_NMG_0131943

Bush Offers A Rare Look At Relations With Father (NYT)

By Jim Rutenberg

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — It was a moment of public sentimentality that seemed almost un-Bush-like.

Speaking on C-Span on Monday, President Bush said of his father, "I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news."

Mr. Bush continued: "I understand how difficult it is for a person who loves somebody to see them out in the political process and to kind of endure the criticism. My answer to him is, 'Look, don't pay attention to it. I'm doing fine.' "

His comments were a rare window into a complicated father-son relationship that has been a source of endless fascination in Washington and promises to fascinate future historians no less.

Mr. Bush has often spoken with pride of his father, and even made the case to invade Iraq in 2002 by once saying of Saddam Hussein, "After all, this is the guy who tried to kill my dad." Yet Mr. Bush, who is more frequently likened to his strong-willed mother than his more sentimental father, has at times seemed to run his administration based on what he and his aides view as his father's mistakes.

He had regularly referred to the former president's broken "no new taxes" pledge when emphasizing he has no plans to reverse course on taxes himself; his aides have often spoken about what they see as his father's error in failing to take out Saddam Hussein in the first war in the Persian Gulf. Their criticism of past United States policy in the Middle East as seeking "stability" at the expense of democracy has often been taken as a rebuke, in part, of his father's approach.

Tension between their camps has seemed especially acute in recent months, with some of Mr. Bush's aides and political associates scoffing at the approach to Iraq suggested in part by his father's old hand, James A. Baker III. Mr. Baker was a co-chairman of the Iraq Study Group and is considered something of an emissary for the so-called 41 crowd. But there are new signs that Mr. Bush, who once needed to establish a political identity distinct from his father's, is now more willing to embrace his father's political legacy.

Asked by C-Span to name presidents from whom he draws inspiration, Mr. Bush, who has often harkened to Harry S. Truman and Abraham Lincoln, said, "Well, first of all it's the obvious and that would be my dad." Asked to name the most underrated presidents, he named his father again, saying, "He followed President Reagan, who was such a really strong president that people have yet to take a look at my dad."

It has never been clear how much advice Mr. Bush receives from his father or how often they compare notes. But the two men share the bond of experiencing the intense scrutiny and criticism that only a president can know.

The former president has spoken of it. In an interview with Larry King on CNN in October, Mr. Bush, 82, described how he had taken to yelling at the television when his son's critics sounded off, though, he conceded, "It doesn't do any good."

"On some predictable critics, I sit there and talk back at the TV," Mr. Bush said. "Look at that stupid guy on there again saying ugly things about my son."

Rich Bond, a former chief of staff to the former president, said the elder Mr. Bush's more vocal concern for his son seemed to stem from "a combination of the big heart, his age and the unbelievably bad coverage George is getting."

At a political leadership forum held by his son Jeb in his last days as governor of Florida in December, the former president sobbed as he recalled Jeb's failed 1994 campaign for governor, saying, "A true measure of a man is how you handle victory and how you handle defeat."

Peggy Noonan, a former speechwriter for Ronald Reagan and the elder Mr. Bush, wrote in The Wall Street Journal, "No one who knows George H. W. Bush thinks that moment was only about Jeb."

Rather, Ms. Noonan said, "It would more likely have been about a number of things, and another son, and more than him."

Rep. Ellison Calls The Cops To Snuff Tancredo's Cigar (HILL)

By Betsy Rothstein

The Hill, February 14, 2007

DOJ_NMG_0131944

Rep. Keith Ellison (D-Minn.) believes it is his right as a Muslim to be sworn into Congress with the Quran. But apparently, the freshman lawmaker doesn't believe it's Rep. Tom Tancredo's (R-Colo.) right to smoke a cigar in his congressional office.

Ellison's office called the Capitol Hill Police on Tancredo last Wednesday night as Tancredo was in his office smoking a cigar. The lawmakers have neighboring offices on the first floor of the Longworth House Office Building.

Tancredo was still stunned a day later. "It's very bizarre," said Tancredo, who has never met Ellison. "Seemed to me not a good way to say hello."

And let's face it. Calling the cops on a colleague takes the cake for the nerviest behavior so far among members of this year's freshman class of Congress.

This is how it all went down. On Wednesday evening, around 6 p.m., Tancredo was preparing for his trip to Mississippi. And as he so often does, he was unwinding with a cigar.

Soon enough, however, a police officer walked in to check on the smoke. The officer told Tancredo that the officer came because he was required to do so and not because the officer wanted to. The officer had already told Ellison that Tancredo was permitted to smoke in his office. The visit was more a formality.

Tancredo said he would not stop smoking in his office. "Heck, no!" he said. "If he [Ellison] would have [had] the courtesy to say something I'm sure I would have been more accommodating to his wishes."

To help keep his office free of impurities, Tancredo has three air purifiers. And he has no plans to meet Ellison anytime soon. "I'm sure we will, but I'm not going to make a point [of it]," the presidential hopeful said, adding that he supported Ellison's right to be sworn in with the Quran.

Ellison's press secretary, Rick Jauert, made the call to the Superintendent's office when he noticed the smoke. "I called because the smoke was coming through the walls," Jauert said, adding that the Superintendent's office referred him to the Capitol Police.

Jauert said he then informed his boss what he had done. He said "fine," Jauert said. "He's complained of the smoke before."

Congress And Self-Reform (NYT)

The New York Times, February 14, 2007

Taxpayers have been slowly discovering the bad, the ugly and, lately, a touch of good in Congress's tight relations with the lobbying industry. Last November's candidates promised all manner of reform, and the good was the enactment of a long-overdue ban on lobbyists' currying insider clout by taking lawmakers on freebie vacations and other junkets. But the bad remains to be dealt with: the practice of lawmakers creating secondary "leadership" kitties to sock away extra money from lobbyists and other special-interest donors beyond the usual campaign committees.

What's ugly are the crass ways members routinely press lobbyists for leadership donations — for things like $5,000 hunting and fishing trips, and a face-to-face cup of designer coffee that costs a donor $2,500. They use the money to cross-pollinate fellow politicians' campaigns and, more and more, as a V.I.P. slush fund to pay for extra trips and other indulgences that are hardly the stuff of leadership.

Critics in Congress know the free-flowing PAC's, as the next big scandal waiting in the wings, should be banned under campaign finance law. The leaders of the House Democratic campaign committee, in fact, have already canceled the committee's annual ski weekend for lobbyists. Members should follow suit and ban the grossly misnamed leadership PACs as a step toward serious campaign finance reform.

"Only a moron would sell a vote for a $2,000 contribution," said one typical House member preoccupied with fund-raising. The comment unfortunately raises the question of what more tempting price might eventually emerge.

OTHER NEWS:

U.S. Trade Deficit Hits New High For Fifth Year In A Row (USAT)

By David J. Lynch

DOJ_NMG_0131945

USA Today, February 14, 2007

WASHINGTON — Here's a news flash: The U.S. trade deficit set a record last year.

If that seems pretty much like a dog-bites-man story, maybe it's because 2006 marked the fifth-consecutive year that the trade deficit hit a new high. The U.S. last ran an annual trade surplus in 1975 as the Vietnam War wound down and Saturday Night Live made its television debut.

The Census Bureau reported Tuesday that the U.S. incurred a $763.6 billion trade gap last year, including a worse-than-expected monthly deficit in December of $61.2 billion. As a result of the new monthly reading, the Commerce Department is expected to revise downward its estimate that the U.S. economy expanded at an annual rate of 3.5% in the fourth quarter.

There's hope, however, that the U.S. trade imbalance with the rest of the world in goods and services may have peaked. "It's going to get a bit better," says Nigel Gault, chief U.S. economist at Global Insight.

The trade deficit last year was about $47 billion larger than in 2005, but almost all of that deterioration ($42 billion) was due to higher oil prices. With oil now well below its 2006 peak of $75 per barrel, Gault says the U.S. can expect to spend about $40 billion less on foreign oil in 2007.

Robust export performance also offers reason for optimism. In 2006, exports hit $1.4 billion, up 12.8% compared with 2005. This year, foreign sales are expected to post additional gains amid continued strong demand from customers in Europe and Japan.

If so, the 2007 trade deficit would shrink to about $680 billion, Gault says. Others, such as Brad Setser of Roubini Global Economics, expect the deficit to plateau. The U.S. trade gap with Europe already is narrowing, though trade with Asia remains far out of balance.

Some iconoclasts think the trade figures aren't worth the attention. Noting that the U.S. economy enjoyed remarkable growth over the past quarter century, even as the trade deficit ballooned, Russell Roberts, an economics professor at George Mason University in Fairfax, Va., calls trade worries "greatly overblown."

Still, the issue carries enormous political weight, and Democrats Tuesday were quick to hammer the Bush administration for the rising deficit. House Speaker Nancy Pelosi of California called for a "fundamental shift" in policy in a letter to President Bush that blamed stagnant wages and factory job losses on his trade strategy.

Bush is seeking an extension of his authority to negotiate trade deals, setting up a major skirmish with congressional Democrats. Another target for lawmakers will be China, which has the most unbalanced U.S. trade relationship. The Sino-U.S. trade deficit climbed 15% last year to $232.5 billion.

But China also has emerged as a major U.S. customer. In 2006, China, now the fourth-largest market for U.S. exporters, bought more U.S. goods than goods from India, France and Brazil combined.

Trade Gap Widens, Yet Outlook Is Upbeat (WSJ)

By Elizabeth Price

The Wall Street Journal, February 14, 2007

WASHINGTON -- Even as the U.S. trade gap widened in December for the first time in four months, economists said trade is likely to contribute to growth in coming months, as exports continue on an uptrend and oil prices, which surged in December, fall back.

Economists have long predicted that as economic demand among top U.S. trading partners caught up with rapid U.S. economic growth, the U.S. trade deficit would shrink.

"The wider gap in December does not overturn the view that the deficit has peaked," said Nigel Gault, an economist at consulting firm Global Insight.

The U.S. deficit in trade of goods and services in December grew 5.3% from the previous month to $61.18 billion, the Commerce Department reported yesterday. That marked the first monthly widening of the deficit since August. The shortfall for all of 2006 grew 6.5% to a high of $763.59 billion. It was the trade deficit's fifth yearly record in a row.

The deficit with China, by far the largest U.S. trading partner, also hit a record for the year at $232.55 billion, sparking calls for action from the Democratic-controlled Congress.

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In a letter to President Bush yesterday, Democratic congressional leaders urged the administration to get tougher in persuading China, Japan, and the European Union to lower barriers to U.S. goods, such as by using U.S. trade laws to penalize China and Japan for alleged currency manipulation.

In December, the U.S.'s monthly deficits with its trade partners mostly narrowed, however.

The gap with China shrank to $19 billion from November's $22.92 billion. The trade deficit with Canada rose, while deficits with Mexico and the European Union narrowed.

"Our exports for the year" were up strongly, "almost 13%, which is very significant growth," Commerce Secretary Carlos Gutierrez said yesterday.

But during December, a 2.1% gain in imports outpaced a 0.6% rise in the value of U.S. exports. Oil accounted for much of the import gain, as the average price per barrel rose $1.59 to $53.84 for the month. Lower oil prices helped trim the trade deficit last fall. But a surprise decision by the Organization of Petroleum Exporting Countries in December to cut production, together with the onset of colder weather, helped push up prices, boosting U.S. oil imports in dollar terms. Oil prices fell in January, and are expected to stay lower this year than in the first half of 2006.

The December trade gap was wider than the Commerce Department calculated last month when it said the U.S. economy grew 3.5% in the fourth quarter. Following yesterday's report, economists on Wall Street said the government later this month would likely lower its final growth estimate sharply for the fourth quarter.

Lou Crandall, an economist at New York economic research firm Wrightson ICAP, said he shaved a half-point from his forecast for fourth-quarter growth to just 2.2%. Still, he said trade would probably contribute to U.S. output in the months ahead, as exports are on a rising trend and oil prices softened in January.

U.S. demand for foreign-made autos and imports of industrial supplies together added more than $3 billion to the deficit. Imports of consumer goods were up, while imports of capital goods, like computers and electronic equipment fell.

U.S. exports rose to a record $125.56 billion in December, lifted by American wheat, fruit and other agriculture products. Exports of consumer goods rose, while U.S. sales of high-value aircraft eased, following a big jump in November.

For 5th Year, Trade Gap Hits Record (NYT)

By Steven R. Weisman

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The United States ran a record trade deficit in 2006 for the fifth consecutive year, the Census Bureau reported Tuesday in an announcement that quickly reignited the dispute between the Bush administration and Democrats over the value of past and future deals lowering trade barriers.

The bureau said that the trade deficit, or gap between what the United States sells abroad and what it imports, reached a new high of $763.3 billion last year, a 6.5 percent increase over the year before. The deficit was fueled by the continuing American need for foreign oil and imports of consumer goods from China and other countries.

The record trade deficit was no surprise, since it had been foreshadowed in monthly figures over the last year. But in the current tense political climate in Washington, it was seized upon by both the Bush administration and its critics. It also seemed certain to become a factor in the accelerating presidential race.

Leading Bush administration officials noted that although the deficit had reached new levels, exports of American products were also growing at record rates, in many cases to the countries with which the United States had signed trade deals in the last six years.

“Our exports for the last year are up by nearly 13 percent,” Carlos M. Gutierrez, the commerce secretary, said in a telephone interview. “We’ve said all along that our strategy is to grow exports and ensure that companies know about the trade agreements we have, rather than a protectionist strategy of cutting off imports.”

Mr. Gutierrez, who interrupted a trip to India to discuss the trade figures, is one of several officials pushing Congress to approve pending trade deals with Panama, Colombia and Peru, and to extend President Bush’s authority to negotiate future trade deals and get an up-or-down vote in Congress for them. That authority expires June 30.

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Democrats used the latest trade numbers to demand what the House speaker, Nancy Pelosi, called "a new direction" in trade policies, placing more emphasis on opening foreign markets to American goods, protecting American products from piracy and counterfeiting, and helping American industry become more competitive.

"The consequences of these persistent and massive trade deficits include not only failed businesses, displaced workers, lower real wages, and rising inequality, but also permanent devastation of our communities," Ms. Pelosi said in a letter to Mr. Bush signed by other House Democrats.

Ms. Pelosi and the House Democratic leaders said they supported future trade deals, including efforts to conclude a global trade accord in talks sponsored by the World Trade Organization, but that these deals needed to include more-open markets abroad and efforts at home to help workers displaced by imports.

The Democratic response from the House was notable, however, for its basic embrace of the principle of negotiating trade deals and its openness to renewing the president's negotiating authority, which is known as fast track because of the provision allowing for one up-or-down vote.

A much tougher stance was taken by consumer, environmental and labor groups. They called on Congress to let the president's negotiating authority expire and to reject the various pending trade deals and the philosophy of free trade that led to past accords like the North American Free Trade Agreement, or Nafta, with Mexico and Canada.

"The 2006 midterm elections showed that members of Congress bear the political liability for this failed trade policy," said Lori Wallach, director of Public Citizen's Global Trade Watch, a group affiliated with the consumer advocate Ralph Nader. She called on Congress to respond by "permanently burying" the fast-track approach.

Put together, these statements suggested that a gap remains among liberals and within the Democratic Party in Congress foreshadowing what could be a similar disagreement among Democratic presidential candidates over the issue of trade.

Since the election in November, in which Democrats captured Congress, many lawmakers predicted that trade deals negotiated by the Bush administration would have a harder time winning approval. Several Democrats, like Sherrod Brown, now a senator from Ohio, ran on platforms promising to block trade deals.

But since arriving in January, several Democratic leaders have gone out of their way to say that they would be receptive to approving trade deals, and to giving Mr. Bush extended authority to negotiate them, provided the administration agrees to certain provisions, particularly providing help for workers hurt by cheap imports.

Many political analysts note, for instance, that the Democrats raised considerable funds for their election victory last year on Wall Street and among figures in the chip-making, computer and entertainment industries of the West Coast, all of which depend on export markets for their products.

On the other hand, Richard Trumka, secretary treasurer of the A.F.L.-C.I.O., said Tuesday that the new trade figures meant that extending trade negotiating authority was "the last thing we need to do" and that the labor organization would fight "any extension" this year. His comments thus set up a possible collision between labor and the Democratic leadership in Congress.

Both Senator Max Baucus, a Montana Democrat who is chairman of the Senate Finance Committee, and Representative Charles B. Rangel, a New York Democrat who is chairman of the House Ways and Means Committee, have said they want to work with the Bush administration on future trade deals.

The trade statistics Tuesday came as the administration is juggling a three-part challenge in trade. The most immediate is the future of three bilateral trade deals with Peru, Colombia and Panama.

The second is overextending the president's negotiating authority, which in turn depends on a third issue, the possible conclusion of negotiations on a global trade deal in the so-called Doha round, named after the capital of Qatar, where talks began several years ago.

Whether Congress approves any trade deals will probably depend on the Bush administration's willingness to incorporate other elements into trade deals, including requirements that trading partners adhere to certain labor standards accepted by the International Labor Organization, a division of the United Nations.

Negotiations are under way now over whether the administration is willing to add labor standards and also possibly environmental standards, getting trading partners to live up to certain environmental laws in the deals involving Peru, Colombia and Panama.

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Democrats say that if deals can be worked out on environmental and labor standards, and on helping workers who might lose their jobs, they could become a "template" for future deals that might win favor even in a Democratic-led Congress.

Most Democrats are expected to oppose such trade deals, but administration vote-counters are hoping that as many as 90 or 100 Democrats might support them in concert with most Republicans and help win Congressional approval.

Mr. Gutierrez said the new trade figures showed the importance of approving these deals. He said that the dozen or so countries with which the United States had negotiated bilateral trade deals since 2006 accounted for 40 percent of American exports, even though they represented only 7 percent of the world economy.

A separate deal negotiated with Central American countries, which was barely approved by Congress in 2005, led to a surge in exports, Mr. Gutierrez said. Commerce Department officials said that the new trade figures showed that exports grew faster than imports last year for the first time in a decade. The reason the deficit still grew in the last year, they said, was because exports were growing from a lower base.

Commerce officials say that American companies are selling high technology machinery, airplanes, automobile parts, precious metals, farm goods and computer chips but that these items are overwhelmed by imports of oil and inexpensive consumer goods, from shoes to clothing to automobiles.

Another argument made by the Bush administration is that the loss of American jobs is not just because of cheap imports but because technology changes have let manufacturers produce goods with fewer people.

Paulson's New Aide on China

The Treasury secretary, Henry M. Paulson Jr., has named Alan Holmer, a former drug industry lobbyist and trade official under President Ronald Reagan, as the department's top aide on dealing with China.

Mr. Holmer will be the lead organizer of the United States-China Strategic Economic Dialogue, a twice-a-year process started in December. The appointment yesterday follows the Feb. 2 decision to leave by Timothy D. Adams, the Treasury's under secretary for international affairs. The second meeting of the China dialogue is scheduled for May in Washington.

Mr. Holmer retired as president and chief executive of the Pharmaceutical Research and Manufacturers of America in January 2005.

Oil Prices, Imported Goods Push Trade Gap To Record (WP)

By Peter S. Goodman And Nell Henderson

The Washington Post, February 14, 2007

The U.S. trade deficit climbed to a record high for the fifth straight year, with 2006 imports exceeding exports by $764 billion, the Commerce Department reported yesterday. The gap reflects higher oil prices, which increased the nation's import bill, and American consumers' rising appetite for foreign-made goods.

The figures raised tensions in Washington, unleashing criticism on Capitol Hill of the Bush administration's pursuit of new trade deals. They also provoked a fresh round of demands for action against China, whose trade surplus with the United States swelled to a record $233 billion last year, according to the Commerce Department.

The data also prompted some economists to cut their economic growth projections. Several private analysts said the trade figures, combined with other indicators such as the prolonged slump in the housing market, imply the economy grew at a modest annual rate of 2.2 percent in the last three months of 2006 -- well below the 3.5 percent pace estimated earlier this month by the Commerce Department in a preliminary report.

Wall Street, as it often does, took cheer from bad news. Stocks rallied yesterday as the prospect of slower growth eased concerns that the Federal Reserve might bump up interest rates to fight inflation, and revived hopes in some quarters that the Fed might cut rates soon. But slower growth could also make businesses more cautious about expanding, meaning higher unemployment for U.S. workers.

In Congress, the new Democratic leadership used the record deficit to accuse the Bush administration of selling out the interests of American workers in pursuit of trade deals. In a letter to President Bush, top Democrats, including House Speaker Nancy Pelosi (D-Calif.) and Rep. Charles B. Rangel (D-N.Y.), chairman of the Ways and Means Committee, called the trade

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deficit "unsustainable," listing among its consequences "failed businesses, displaced workers, lower real wages and rising inequality."

The House leaders called on the president to submit an action plan within 90 days aimed at shrinking the deficit by removing barriers to U.S. exports and eradicating trading practices they regard as unfair.

A White House spokesman, Tony Fratto, said the letter was "not the most helpful approach." But he added that the White House would "work with Congress" in seeking approval for new trade deals.

"Trade is good for America," Fratto said. "There are dislocations for people when you trade. A factory closes, those are real people. But the benefits that accrue to all Americans are clear."

Increasing the pressure on Beijing, a bipartisan group of senators introduced legislation yesterday that would revoke China's permanent normal trade relations with the United States. That would restore the system, in place until 2001, that forced China to pass congressional review of its trade practices each year to maintain unhindered access to the American market.

The Bush administration is scrambling to stay ahead of congressional demands for action on China. Earlier this month, the administration announced that it would pursue a case against China at the World Trade Organization for allegedly subsidizing exports, a process that could eventually allow the United States to impose retaliatory tariffs.

Yesterday, U.S. Treasury Secretary Henry M. Paulson Jr. named a former Reagan administration deputy U.S. trade representative, Alan F. Holmer, as his special envoy to China for a dialogue on economic issues he launched last year.

Paulson has been under pressure to show results in his campaign to persuade China to allow the value of its currency, the yuan, to float freely. Manufacturers and labor unions in the United States accuse China of keeping the yuan artificially low to make its goods unfairly cheap on world markets, thereby taking jobs from Americans.

China asserts that it has been made a scapegoat for the loss of U.S. manufacturing jobs. Many of China's exports are produced in factories owned by U.S. firms for shipment to American stores, said Zhang Erzhen, a trade expert at Nanjing University.

Zhang echoed contentions from Beijing that China's trade surplus with the United States would be smaller if Washington relented on national-security restrictions that bar Chinese companies from purchasing some U.S.-made high-technology goods.

Despite the gap, the trade figures confirmed a trend the Bush administration has been highlighting as it seeks congressional approval for trade pacts with Colombia, Peru and Panama: In 2006, U.S. exports grew faster than imports, slightly limiting the growth of the trade deficit.

"Our booming export numbers show the competitiveness of American workers and companies," Commerce Secretary Carlos M. Gutierrez said in a statement from New Delhi, where he was meeting with Indian leaders in talks aimed at boosting trade. "Our nation's prosperity is dependent on engaging and winning in international markets." Gutierrez noted that American exports to China grew by 32 percent last year compared with 2005.

The Bush administration has pointed to robust exports as it seeks to persuade Congress to renew the administration's authority to negotiate trade deals and submit them to Congress for a simple up-or-down vote without amendments. That authority, known as "fast-track," is set to expire at the end of June, leaving uncertain both the fate of pending deals and the long-stalled trade talks known as the Doha round, which are aimed at lowering tariffs around the world.

"Trade agreements mean more exports," U.S. Trade Representative Susan C. Schwab said during a speech Monday at the National Press Club, as she urged Congress to extend the president's trade authority. "More exports mean better jobs."

But labor groups, lobbying against an extension of the president's trade authority, noted that imports dwarf exports so much that the recent gains are essentially a trifle.

In 2006, the United States exported $1.4 trillion of goods and services, 12.7 percent more than in 2005, according to the Commerce Department. But imports climbed 10.5 percent to $2.2 trillion, leaving the $764 billion deficit. Since 2001, the trade deficit has jumped 110 percent, from $363 billion that year.

"If President Bush deserves blank-check trade negotiating authority from Congress with this record, then Paris Hilton deserves to be Girl Scout of the Year," declared Alan Tonelson, a research fellow at the U.S. Business and Industry Council, an advocacy group that opposes the administration's trade policies.

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Though a record trade deficit had been expected, an the acceleration in December caught economists by surprise, leading to the revision of growth forecasts. A bigger trade deficit means more U.S. demand for goods and services was satisfied by imports rather than by domestic firms.

"The economy is on the soft side," said Jan Hatzius, chief U.S. economist for Goldman Sachs. He forecasts below-average growth this year, with a rise in unemployment.

Some analysts fret that the trade deficit's continuing climb raises the possibility of a precipitous drop in the dollar. For now, China, Japan and many oil-producing countries are plowing the proceeds of their exports to the United States back into the country by buying U.S. Treasury bills, propping up the dollar and allowing the Fed to keep interest rates low. But if these nations get spooked by the size of the trade deficit and reduce their dollar purchases, the value of the U.S. currency could plunge, forcing interest rates higher and hurting the economy.

"Instead of producing products, we're just printing money," said Peter Schiff, president of Euro Pacific Capital, a brokerage firm in Darien, Conn. "We're in serious trouble."

Correspondent Ariana Eunjung Cha in Shanghai contributed to this report.

Dow's Biggest Gain Of 2007 Ushers In Bernanke Testimony (WSJ)

By E.s. Browning

The Wall Street Journal, February 14, 2007

Stocks came storming back after a three-session pullback, with the Dow Jones Industrial Average pushing to within 20 points of a record.

Logging their biggest gain this year in both point and percentage terms, the industrials rose 102.30 points, or 0.81%, to 12654.85. The blue-chip average is up 1.5% for 2007. The last record close was 12673.68, on Feb. 1.

Explaining the advances, traders pointed to a Times of London report that Alcoa could get a takeover bid, to an analyst upgrade of General Motors and to a 3M plan to buy back shares.

Investors turned hopeful that Federal Reserve Chairman Ben Bernanke will play down the chances of a Fed interest-rate increase when he testifies before the Senate Banking Committee today.

Every time stocks have pulled back in the past seven months, they have fallen less than 2% and quickly rebounded. That just happened again. New money appears to be coming in, notably from overseas, where governments, oil companies and exporters have dollars to invest.

"There is a lot of money from oil producers and from emerging economies out there. It is finding its way into our marketplace," said Doug Johnston, head of trading at Boston brokerage house Canaccord Adams.

Investors learned that the U.S. trade deficit was wider than expected in December, which ordinarily would be bad news. But it suggests that U.S. economic growth was slower than expected, putting less pressure on the Fed to raise rates.

The day's stock rises came despite a $1.25 jump in crude-oil-futures prices to $59.06 a barrel. Oil traders blamed the current winter storm, an oil-refinery fire and an International Energy Agency report forecasting higher demand.

The Standard & Poor's 500-stock index rose 0.76%, or 10.89 points, to 1444.26, up 1.8% in 2007. The Nasdaq Composite Index advanced 0.39%, or 9.50 points, to 2459.88, leaving it up 1.8% for the year.

Investors liked seeing the Dow Jones Transportation Average and the Dow Jones Utility Average both set records yesterday -- 5011.87 on the transports and 475.10 on the utilities. Indexes of small and midsize stocks neared records. Having so many indexes at or near records suggests that the advances are broad.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.68%, or 1.67 points, to 248.83.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.6 billion shares, as 2,409 stocks rose and 922 fell.

Bond prices declined2. The 10-year Treasury note fell 3/32, or 94 cents for each $1,000 invested, pushing the yield up to 4.814%. The 30-year bond was down 8/32 to yield 4.901%.

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The dollar weakened3. Late in New York, it traded at 121.17 yen, down from 121.94, while the euro rose against the dollar to $1.3037 from $1.2964.

Big Deficit, But No Retreat (WP)

By Tomoeh Murakami Tse

The Washington Post, February 14, 2007

Wall Street stocks jumped yesterday after the Commerce Department reported record trade deficits and reports circulated about a possible takeover bid for aluminum giant Alcoa.

The Dow Jones industrial average posted steady gains throughout the day, closing at 12,654.85, up 102.30, or 0.8 percent. The broader Standard & Poor's 500-stock index rose 0.8 percent, while the tech-heavy Nasdaq composite index added 0.4 percent.

"It's going to take a lot to move this market down," said John F. O'Donoghue, co-head of equity trading at Cowen. "The world is basically awash in cash right now."

Alcoa shares jumped after reports that BHP Billiton and Rio Tinto were contemplating $40 billion bids, which investors took as a sign that the market was still very much in buying mode.

Chris Low, chief economist at FTN Financial, said investors were also heartened by the decision of a Merrill Lynch analyst to upgrade the firm's rating on GM to "buy" from "sell," saying the auto company is expected to make better use of its liquidity.

Some analysts said the markets were due for a rally with investors sitting on the sidelines with cash after last week's correction, when the Dow fell 0.45 percent due to concern that inflation would affect interest rates.

"This is the way good markets act; we had a good January, we were due for a pause," said Al Goldman, chief market strategist at A.G. Edwards. "There was modest pullback, and yet it was enough to excite sideline cash. It indicates the market still has upside momentum."

Investors seem to be emboldened by continued growth in corporate profits, with the financial services sector reporting strong fourth-quarter earnings.

Stocks also rallied as the prospect of slower growth eased worries that the Federal Reserve might raise interest rates to fight inflation. But slow growth could lead business to invest less and unemployment rates to rise.

Low said recent data have been "going the right way," but he did not rule out the possibility of another bump in the benchmark interest rate, which stands at 5.25 percent.

"Inflation is slowing down. If he wants to, he can certainly take a more friendly tone," Low said, referring to Federal Reserve Chairman Ben S. Bernanke. "The only reason I'm a little nervous is that there were speeches by three or four members of the Open Market Committee last week and they were very nervous about inflation."

Bernanke is scheduled to testify about the economy before Congress today and Thursday.

The Commerce Department yesterday reported that the U.S. trade deficit grew to $764 billion in 2006, fifth consecutive annual record.

Alan F. Skrainka, chief market strategist at Edward Jones, said investors should proceed cautiously, keeping in mind the cyclical nature of the markets. For seven months, he said, the Dow has not had a correction larger than 2 percent, the longest rally without such a decline in 50 years.

"I would say the bulls are in charge and focused on the blue chip sector, recognizing good value," he said. "Investors should be optimistic but at the same time recognize that a correction is possible at any time. It's been so long since we had one."

More than four stocks rose for every one that dropped on the New York Stock Exchange yesterday. Shares of energy companies were also up, helped by oil's gain of $1.25 a barrel.Movers

GM rose 2.5 percent, to $36.59.

3M gained 2.5 percent, to $76.43, on news it would buy back up to $7 billion shares.

Alcoa rose $2.10, or 6.4 percent, to $35.00.

TODAY'S AGENDA Bernanke To Lay Out His View Of Economy (WSJ)

The Wall Street Journal, February 14, 2007

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Federal Reserve Chairman Ben Bernanke begins his two-day semiannual economic report to Congress, with financial markets braced for hawkish signals on interest rates. The economy continues to chug along despite the drag from the slower housing market, and investors are concerned that a future rate increase is still on the table. Mr. Bernanke's testimony on Capitol Hill begins at 10 a.m. EST.

Chrysler to Cut Jobs, Plant in Revamping

DaimlerChrysler is set to unveil a major restructuring plan for its loss-plagued U.S. operations, with at least one plant closure and the ax coming down on about 10,000 workers. Chrysler, which needs to cut costs and boost per-vehicle profit margins, is expected to pull back on gas-guzzling SUVs and put more emphasis on passenger cars. For CEO Zetsche, the turnaround plan could be the last chance to prove the wisdom behind the DaimlerChrysler merger. (See related article1.)

January Retail Sales May Show Slight Gain

Retail sales for January, as measured by the government, are expected to rise modestly on the month, but not as sharply as the 0.9% jump recorded in December. Interest rates, weather, gift cards and gas prices will all factor into consumer spending patterns. Most forecasts call for a gain in the range of 0.3% to 0.5%. Stripping out autos, retail sales are projected to rise in the range of 0.4% to 0.6%. Commerce Department report at 8:30 a.m. EST.

What's Up With The Slow Growth In Workers' Pay? (USAT)

By Barbara Hagenbaugh

USA Today, February 14, 2007

WASHINGTON — When Federal Reserve Chairman Ben Bernanke testifies on Capitol Hill today and Thursday he will likely be peppered with questions about why wages are not rising at a more rapid pace.

But he may have to leave lawmakers guessing.

That's because economists aren't sure why wages haven't increased at a faster pace even though the labor market is tight. A tight labor market is often a precursor to a big pickup in pay as employers enter into bidding wars to attract and retain workers.

Adjusted for inflation, average hourly earnings for non-supervisory workers rose 1.7% in December from a year earlier, according to the government. While earnings rose five consecutive months through December and are rising at the fastest rate in years, economists say they aren't sure why the gains haven't been larger given the jobless rate, at 4.5% in December, is near a five-year low.

"It has been curious in this cycle why wage growth has lagged," ClearView Economics head Ken Mayland says.

Bernanke likely will be asked about the slow growth in workers' wages when he delivers his twice-yearly testimony on the economy to lawmakers. A number of Democrats, including Senate Banking Committee Chairman Chris Dodd, D-Conn., have promised to make workers' wages, particularly the divide between the haves and the have-nots, a focus of the hearings. Bernanke is scheduled to testify to the Senate today and to the House on Thursday.

Two theories why wages haven't risen faster:

•Globalization. Technological innovation and increased trade have meant jobs that used to only be able to be performed in the USA can now be done abroad. That means that for many professions, a low jobless rate in the USA may not result in higher wages if there is surplus of available workers worldwide.

"A large portion of Americans have a job, but that's not true in the rest of the world," OppenheimerFunds chief economist Jerry Webman says.

•Benefits. Big increases in the cost of benefits, particularly for health care, have given employers less money to increase wages. Benefits account for 30% of total compensation given to workers, according to the Labor Department.

Employer costs for health insurance premiums rose 7.7% in 2006, according to the Kaiser Family Foundation. Although that was the smallest gain since 1999, it was still far larger than the overall inflation rate.

Health care costs are factored into what employers view as workers' total compensation, which has risen. But that's little consolation for employees who have seen only paltry raises in recent years, Mayland says.

Questioning Bernanke about the slow wage growth and divide between rich and poor is likely barking up the wrong tree, argue some economists, including First Trust Advisors chief economist Brian Wesbury.

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"Productivity, not the Fed, determines the sustainable trend for real wages," Lehman Bros. chief U.S. economist Ethan Harris said in a recent note to clients.

A Portrait Of The Economy (WSJ)

By Brian S. Wesbury

Wall Street Journal, February 14, 2007

It's the best of times. It's the scariest of times. Last year, U.S. exports, industrial production, real hourly compensation, corporate profits, federal tax revenues, retail sales, GDP, productivity, the number of people with jobs, the number of students in college, airline passenger traffic and the Dow Jones Industrial Average all hit record levels. For the third consecutive year, global growth was strong, continuing to lift (and hold) millions of people out of poverty. From 30,000 feet, heck from 1,000 feet, it sure looks like the best of times.

In relative terms, the first five years of the current recovery have been much better than the first five years of the 1990s recovery. But all this has not softened the pessimism of many pundits and politicians who are either unimpressed or expect the whole thing to come crashing down any minute. That is, unless the government firmly grabs the reins of the global economy and steers it clear of disaster.

Many believe that the debate is over on global warming, nationalized health care, tax hikes, rich-versus-poor, the trade deficit and "obscene" oil company profits. Forgotten in this rush to pass judgment on capitalism is the fact that the last two times government seriously tried to control the U.S. economy -- in the 1930s and in the 1970s -- they made a terrible mess of it.

In the 1930s, the Smoot-Hawley Tariff Act caused a collapse in global trade, while the Fed allowed the money supply to shrink by one-third. Government regulation in the 1920s prevented banks from branching, which caused more than 10,000 to fail in the 1930s, deepening and prolonging the Great Depression. Herbert Hoover's tax hikes were icing on the cake, capping off a perfect storm of D.C. policy mistakes.

It took another 35 years, and a nice run of prosperity, but Washington finally gathered the courage to try this again. Between 1965 and 1981, Great Society welfare and health-care programs, wage and price controls, inflationary Fed policy, 70% marginal tax rates, 50% capital-gains tax rates, and highly regulated energy, airline, banking and trucking industries created severe problems. The Misery Index (calculated by adding inflation and unemployment) rose to 21.9% in 1980 (today it is 7.2%).

One of the worst mistakes of the 1970s was a National Energy Plan. On April 18, 1977, in a nationally televised speech, President Carter said, "World oil production can probably keep going up for another six or eight years. But some time in the 1980s it can't go up much more. Demand will overtake production."

President Carter's White House economists worried about "environmental damage and the risks to national security and to future economic activity posed by energy imports." To fix these problems, the Department of Energy (DOE) was created while the Congress and president pushed forward windfall profits taxes, price caps, subsidies for solar energy, tax breaks for using coal, and direct spending on synthetic fuels.

Not only did all of this fail to stop imports or the use of fossil fuels, it was also the source of economic pain. Part of the problem was faulty forecasts. Rather than peaking in the mid-1980s, the latest DOE estimates predict peak oil production no earlier than 2021, but possibly as late as 2037, 2067 or 2112, depending on assumptions.

The cost of government intervention is always underestimated in the midst of political battles, while the benefits are always overestimated. Impeding the free market alters the course of economic activity in ways that cannot fully be understood in advance. For example, tax subsidies for using existing solar technology diminish incentives for research and development, just like welfare payments undermine the willingness of many recipients to work or go to school. Why give up a sure thing for a future that is uncertain?

The U.S. is subsidizing ethanol, which pulls billions of dollars of investment capital away from other areas of the economy. When government picks what it thinks should be the winner, it saps resources from other ideas and potential advancements. In the 1960s, the U.K. picked coal and steel, while Japan picked consumer electronics, motor vehicles and exports. The U.K. was wrong. The Japanese got it right. But the odds of any government picking the right strategy, industry or technology are no greater than that of a single company or individual.

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The power of a free market is that the odds of success are increased. With tens, or hundreds, of thousands of different entities researching, inventing, producing and distributing, successes not only multiply, but their profits generate resources that allow the economy to absorb the cost of mistakes and failure. It's called diversification. When one company fails, those closely involved are hurt, but not the entire economy. When government is wrong, millions suffer.

Unfortunately, the government reacts to market failure by creating more regulation. Think Sarbanes-Oxley. But the costs of this regulation are almost always greater than the benefits; and Congress tends toward denial when it comes to government failure.

One would think that the unbelievably dramatic turnaround in the economy from the malaise of the 1970s to the boom of the past 24 years would prevent the return of big government. But it appears that a growing number of American politicians, journalists and their constituents have forgotten the awful reality of the 1970s economy. Part of the problem is that people younger than 45 don't have even the slightest idea of how bad it was, or what caused it. They also have no idea that when Margaret Thatcher and Ronald Reagan turned away from socialism in the late 1970s and early 1980s, continental Europe (Germany, France and Italy) kept going. Then while the U.S and U.K. boomed, continental Europe fell behind.

Moreover, many of the more acute economic problems supposedly facing the U.S. are evaporating quickly. My models of the federal budget forecast a $115 billion dollar deficit this year, just 0.8% of GDP, less than half the size expected by the White House, and $57 billion less than the Congressional Budget Office (CBO). Next year, I expect a deficit of $35 billion. A budget surplus in 2009 is likely.

With tax rates low, profits and incomes rising, and strong non-withheld income tax revenues (from IRA withdrawals and capital gains), forecasts of a significant slowdown in revenue growth appear too pessimistic. Many argue that the cost of fixing the Alternative Minimum Tax will reduce revenue growth, but the AMT has been "fixed" in each of the past three years and revenue growth has consistently exceeded expectations. The wild card is spending. My forecast expects $40 billion more in spending than CBO estimates this year, mostly for the Iraq war. But gridlock in Congress should help spending growth to remain in check for the next few years.

Surpluses will change the calculus on tax hikes in dramatic fashion. Any argument to repeal the Bush tax cuts will face a strong headwind. This is great news for investors and the economy. In addition, with unemployment down to 4.6%, and real GDP excluding housing up 4.3% in the past year, many industries face labor shortages. Wages are being bid higher and much like the second half of the 1990s recovery, wage growth should continue to accelerate sharply in the months and years ahead. Data show that this process has already begun.

The economy is still riding a wave of productivity growth, built on the winds of technological change. Computer chips are still getting faster, cheaper and more efficient. Software is becoming more powerful and telecommunication advances are moving at warp speed.

Free-market capitalism is not perfect. But it remains the single most efficient and powerful system for creating wealth, reducing poverty and developing less wasteful ways of organizing output and consuming resources.

With the U.S. seemingly at a political turning point, the next few years are very important. At a similar juncture in 1929, and again in 1965, the U.S. moved toward bigger government. After World War II, and again in the early 1980s, Washington chose less intrusive government. The results speak for themselves. Good times or scary times: It's our choice.

Mr. Wesbury is the chief economist at First Trust Advisors L.P. in Lisle, Ill.

Romney Joins 2008 Presidential Race (AP)

By Liz Sidoti

AP, February 14, 2007

Mitt Romney, a lesser-known Republican in a jam-packed presidential field, embarked on his White House bid Tuesday casting himself as a political outsider with the managerial skills necessary to fix a flawed Washington.

"We have lost faith in government," Romney said in his native state as he formally entered the 2008 race. "It is time for innovation and transformation in Washington. It is what our country needs. It is what our people deserve."

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His political resume thin — he served just one term as Massachusetts governor — Romney sought to turn that potential weakness into a strength, portraying himself as the best candidate to meet the country's challenges given his venture capitalist background and proven leadership in the public, private and volunteer sectors.

In doing so, he attempted to draw a stark distinction between his qualifications and those of his top Republican rival, four-term Sen. John McCain of Arizona, who is widely considered the GOP candidate to beat after losing to George W. Bush in 2000. The senator, for his part, is planning to formally announce his candidacy sometime next month.

"I don't believe Washington can be transformed from within by lifetime politicians," Romney said, an obvious swipe at McCain without mentioning his name. "There have been too many deals, too many favors, too many entanglements — and too little real world experience managing, guiding, leading."

"I don't believe Washington can be transformed by someone who has never tried doing such a thing before, in any setting, by someone who has never run a corner store, let alone the largest enterprise in the world," said Romney, who added: "Talk is easy, talk is cheap. It is the doing that's hard."

Although he is not well-known nationally and hardly registers in public opinion polls, Romney is considered a serious candidate in the same tier as McCain and former two-term New York City mayor Rudy Giuliani. Both political celebrities rank at the top of most polls. All three are expected to be able to raise the millions needed for a strong bid.

Yet, all three also have taken positions that don't necessarily sit well with the GOP's conservative base that is pivotal in deciding the outcome of the Republican primaries. Romney also faces doubts among some religious conservatives because if elected, he would be the first Mormon president.

Romney, who ran as a moderate in a failed 1994 Senate campaign and his winning gubernatorial campaign eight years later, is trying to convince the party faithful that he is a solid conservative and sincere in his opposition to abortion and gay marriage, two issues critical to the GOP base.

As he tries to runs to the right of McCain and Giuliani, Romney wants to avoid being seen as a Massachusetts liberal flip-flopper, a label that led to the downfall of 2004 Democratic presidential nominee John Kerry in his race against President Bush.

Hours after announcing his candidacy, Romney addressed some 300 people who braved the snow to see the candidate at the state fairgrounds in Iowa, the first stop on a campaign tour of the early voting states that will end with a major fundraiser in Boston.

Romney's shift on some issues didn't bother at least one voter.

"I know he's changed his views, but I'm satisfied," said David Bowen, who works at an agriculture seed company in Grimes, Iowa. "He has more solid social views than anyone, including the other Republicans."

Romney, 59, was a businessman who spent years amassing a fortune by helping found a venture capitalist firm that invested in fledgling businesses and guided them to grow into healthy corporations.

In 2002, he triumphantly turned the scandal-plagued Olympic Winter Games in Salt Lake City into a success. As governor, he led Massachusetts out of fiscal woes without raising taxes and pushed through a comprehensive overhaul of the health insurance system.

He hopes his record of accomplishment across those sectors will trump any uneasiness conservatives may have about his right-flank credentials and any skepticism they may feel about his Mormon faith.

Some 24 percent in a USA Today-Gallup poll released Tuesday said they would not vote for a Mormon. Almost half in a recent Newsweek poll said the nation is not ready to elect a Mormon president.

In a coming-out of sorts, Romney announced his long-expected candidacy in Michigan, the place of his birth and upbringing as well as an important stop on the path to the GOP nomination.

Just outside of Detroit, Romney laid out his campaign themes before several hundred sign-waving supporters at the sprawling Henry Ford Museum in Dearborn. It was a site chosen for its emphasis on ingenuity that dramatically transformed the nation.

The past meeting the present, Romney spoke from a podium in front of an American Motors Corp., Rambler from yesteryear and a Ford Escape Hybrid in the airport-hangar-like museum. He invoked the memory of his late father, George, who served as governor in the 1960s and made an unsuccessful bid for president.

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Romney's wife, Ann, his five grown sons, five daughters-in-law and 10 grandchildren sat off to the side of the main stage as he spoke of the need to strengthen families.

"America can't continue to lead the family of nations if we fail the families at home," he said, adding that values and morals are "under constant attack" and promoting families where a mother and a father are in each child's life.

At home, Romney called for reining in government, making it smaller and less bureaucratic with fewer regulations, and giving power and freedom back to the people, in part, in the form of lower taxes, better schools and more available health care.

On Iraq, Romney reiterated his support for Bush's policy in the nearly four-year-old war, although he did not name the president, and said that failure in Iraq "could be devastating" for the United States and could mean a future with far more military involvement and far more loss of American life.

Romney Kicks Off White House Run (USAT)

By Jill Lawrence

USA Today, February 14, 2007

DEARBORN, Mich. — Only one Republican presidential candidate has run a business, governed a state and turned an ailing Olympics into a success story. That record, Mitt Romney said Tuesday, makes him uniquely qualified to transcend Washington's "petty politics" and deliver change.

The former Massachusetts governor and venture-capital CEO, kicking off his campaign, said the country needs "innovation and transformation." He said "life-long politicians" won't make it happen.

"I do not believe Washington can be transformed … by someone who's never run a corner store, let alone the largest enterprise in the world," Romney told supporters at the Henry Ford Museum in the state where he was born and raised.

Romney reprised his message later for about 300 people at the Iowa State Fairgrounds in Des Moines. South Carolina and New Hampshire, weather permitting, were on his itinerary today. All four states have early primaries or caucuses. The Michigan primary is tentatively set for Feb. 5.

The Michigan launch allowed Romney to focus on his Midwestern roots rather than the liberal state he governed until last month. But he said he has the same goals for the nation as he had for Massachusetts, including strong families, lower taxes and affordable, portable health care.

In foreign policy, Romney said "America must regain our standing in the world" and define its international role "not only in terms of our might, but also by our willingness to lead, to serve and to share." He said he would forge closer partnerships with other nations to support moderate Muslims and block Iran's nuclear ambitions.

On Iraq, Romney stuck with President Bush — for now. "So long as there is a reasonable prospect of success, our wisest course is to seek stability in Iraq, with additional troops to secure the civilian population," he said.

Romney, 59, is trailing former New York mayor Rudy Giuliani and Arizona Sen. John McCain in national polls. But he has fundraising clout — he raised $6.5 million in one day last month — and other strengths that political experts say make him a contender.

"We elect governors for president, not senators and mayors of cities," says Ed Sarpolus, an independent pollster based in Lansing. "Romney is very well positioned. He has a good organization. He is not divorced. And he's got a record."

Romney's challenges include his Mormon religion and changing positions on issues such as abortion, gay rights, emergency contraception and stem cell research. He has moved to the right on all of them.

He said Tuesday that "I believe in the sanctity of human life." He also said that "unelected judges" should not make laws. Gay marriage is legal in Massachusetts as a result of a state court ruling. Romney pushed for and won passage of a bill that puts gay marriage on the ballot.

Romney and his Democratic legislature enacted the country's first statewide, universal health-coverage plan. It treats health insurance like auto insurance — individuals must have policies. People with low incomes will pay less for coverage.

Walter Schmidt, 58, a Lutheran minister from Grosse Pointe Woods, called Romney "a good middle-of-the-road Republican. Traditional, but not a far-right fundamentalist. That's what I think we need." He added, "I would prefer that he wasn't Mormon," but "the family values that he reflects are more important" than his faith.

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Romney's wife, Ann, his five sons and their families were onstage with him here. He talked of his Michigan childhood and his late father George's careers as an auto executive and governor.

Romney attended Harvard law and business schools. He lost a 1994 Senate race to Sen. Edward Kennedy. In 1999, he became CEO of the struggling 2002 Winter Olympics in Salt Lake City. He averted financial ruin and ran an extensive security operation for the Games shortly after 9/11.

Romney Uses Broad Strokes In Officially Declaring For President (POL)

By Jonathan Martin

The Politico, February 14, 2007

DEARBORN, Mich. -- Seeking to capture the can-do spirit of the heartland that he was raised in, former Massachusetts Gov. Mitt Romney came to his native Michigan Tuesday to make official his bid for the presidency in a speech that touched broadly on themes of American ingenuity but offered little in the way of substance.

Along with two of his siblings, his wife, five sons and daughters-in-law and a bevy of grandchildren, the son of an automobile executive-turned-Michigan governor spoke to about 600 people crowded into the Henry Ford Museum in tones meant to evoke the optimistic vision that turned Detroit into Motown.

"This place is not just about automobiles," said Romney, standing between a new Ford Hybrid and the Nash Rambler that his father designed. "It is about innovation, innovation that transformed an industry, gave Americans a way of life our grand parents could never have dreamed possible."

Pivoting into his campaign message, the former venture capitalist declared in his 20-minute speech that "if there ever was a time when innovation and transformation were needed in government, it is now."

Romney would return again and again to those buzzwords. He used "innovation" 10 times and "transformation" eight times. He did it in separating himself from some of his opponents (Washington "can't be transformed by a lifelong politician"), in discussing foreign policy (the United States must "transform our role in the world") and in detailing his own career ("I have pursued innovation and transformation").

But as much as his remarks were tailored to present himself as, well, an innovator and transformer, they were also part of an attempt to begin to tell a more personal story.

A handsome millionaire with three homes and an attractive family to match his material wealth, Romney must cast himself in a manner that Americans with less-idyllic circumstances can relate to.

So he told of a father who "came from humble roots," and who, in his youth, worked with his hands and "never graduated from college."

"But like many other Americans, he made his dreams come true," Romney said of his father, George, Michigan's governor from 1963 to 1969. He died in 1995.

Indeed, family was central to Romney's address. His wife, Ann, introduced him and the two called one another "sweetheart" more than once. As soon as he delivered his remarks, he quickly picked up a young grandchild in his arms.

There was no apple pie (or, this being Michigan, cherry pie) being served, but the red, white and blue signal was sent: Faith, Freedom and Family.

Romney did touch on some issues pleasing to the ears of his Republican audience ("sanctity of human life" and "unelected judges"), but largely kept to platitudes here. When he did talk about Iraq, Romney slipped from his prepared text and alluded to the "debate about our future course in Iran."

Later, before a much smaller crowd gathered in snow-covered Des Moines, the Republican talked a bit further about the war.

"Boy, we want them home," Romney said about the troops in Iraq to about 175 supporters at the Iowa state fairgrounds.

But to bring them home now, he continued, would result in a "full-out civil war" with even more American lives lost.

"I support the president's plan to stabilize the population in Iraq," he declared before crowd members rose to their feet and drowned out his affirmation of "the surge" with applause.

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The day was not without its flaws, though. The audience in Dearborn was padded with dozens of schoolchildren, and Romney's introductory music blared back on for a moment during his remarks. And in Iowa, there were rows of unfilled seats.

Still, the always-ebullient Romney was pleased. So pleased, in fact, that after he delivered his conversational speech in Des Moines and the crowd cheered and a Tom Petty tune came on, he held onto the microphone and gave a five-minute postscript reiterating his message and thanking the hearty Iowans for coming out in the snow. "Did you get here last night?"

Romney Enters Presidential Race (CHIT)

By Rick Pearson

Chicago Tribune, February 14, 2007

DES MOINES -- Former Massachusetts Gov. Mitt Romney formally joined the race for the Republican presidential nomination Tuesday, saying he had the innovative skills of an outsider whose conservatism would lead the nation past the "talk and dithering" that preoccupies Washington.

"If there ever was a time when innovation and transformation were needed in government, it's now," Romney said in arriving in the nation's first caucus state after launching his candidacy earlier in the day in his native Michigan.

But as Romney attempts to cast himself as an outsider not beholden to the ways of Washington, he also finds his candidacy questioned by some on the Republican right who ask whether he has become a recent convert to conservatism on social issues such as abortion and gay rights after previously holding more moderate positions.

Romney's religious faith, Mormonism, also may prove to be an issue for some voters, according to a new survey on religion, race and gender issues.

Romney, 59, has worked to promote a resume of a successful businessman who gained entry onto the national stage by turning around a scandal and debt-ridden 2002 Salt Lake City Olympics. But he also has a Midwestern political heritage as the son of the late George Romney, the three-term governor of Michigan, a 1968 White House hopeful and former CEO of American Motors Corp.

In entering the presidential contest, Romney sought to differentiate himself from potential rivals such as Sen. John McCain (R-Ariz.), who hold a much longer political pedigree than his one-term tenure as governor.

"I don't believe Washington can get transformed by someone from the inside, by someone who has been part of politics throughout their entire life, who's made all the deals," he said. "To have government change and transform, to have innovation come into government, you've got to have somebody who spent their lifetime innovating and transforming."

Though he didn't mention Democratic Sen. Barack Obama (D-Ill.) or any other candidates by name, Romney also said voters should not be content with candidates who make broad appeals to voters' hopes.

"Our hopes and dreams are going to inspire us, because we are an optimistic people," he said. "But let me tell you, just hoping is simply crossing your fingers. What we really need are hands that will go to work. It's time for hope and action. It's time that we do as well as dream."

Citing international competition in technology, dependence upon foreign oil, disappointment in education and a failing health system, Romney said: "This is not a time for more talk and dithering in Washington. This is a time for action."

Romney expressed support for President Bush's move to increase troop strength in Iraq. He said a pullout would lead to civil war and create a danger that could lead to the need for a U.S. troop return that could cost even more lives.

Standing inside a building at the Iowa State Fairgrounds containing the campaign staples of a John Deere tractor and hay bales, Romney was greeted by a crowd of a couple of hundred supporters—including former GOP Govs. Robert Ray and Terry Branstad—on a chilly, snow-blown day that one aide likened to "caucus-type weather."

Though Iowa's caucuses won't be held until the middle of next January, organizing a political infrastructure and other campaign events held much sooner will help dictate how far Romney can go in a state that relies heavily on the virtues of retail politics rather than a well-funded blast of television advertising.

Still, Romney's business connections have helped his initial efforts. Last month, in Boston, he gathered together a group of well-heeled party and business leaders to make fundraising calls and generated $7 million, according to one supporter familiar with the recent effort.

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Using a hand-held microphone in an in-the-round setting, Romney said he would be among leaders "who strive to demonstrate enduring values and morality."

But conservative critics maintain Romney's present opposition to abortion and gay rights represent a sharp about face from positions he adopted in an unsuccessful 1994 bid for the U.S. Senate against Sen. Ted Kennedy (D-Mass.) and from his 2002 run to be governor of a traditionally liberal Democratic state.

Romney, himself, has acknowledged some of his views have matured and, in recently trying to grab the mantle of Ronald Reagan, his supporters have noted that Reagan was originally a Democratic union leader.

But with Republicans knowing that the conservative base plays a strong role in deciding the GOP's presidential nominee in the early caucus and primary states, even some of Romney's rivals are questioning his conservative credentials.

At a local Republican fundraiser in Springfield, Ill., on Monday, supporters of McCain passed among themselves an 11-page sheet entitled "The Real Mitt Romney" that noted Romney's previous views in support of abortion, gay rights and gun control, as well as other issues in earlier campaigns.

"Romney: A Proud Republican?" questioned one page.

"Today, candidate Romney says his political hero is Ronald Reagan, but in 1994, he said, 'I'm not trying to return to Reagan-Bush.' He admitted he was an independent during (the) Reagan Revolution and voted for Democrat Paul Tsongas in the 1992 presidential primary. Romney publicly opposed the Contract With America in 1994," the document says, citing news reports from the time.

But Michael Carver, a commercial real estate broker from Urbandale and a Romney supporter, said he believed the way Romney has conducted himself has made him a role model and that he was not troubled by the criticism.

"I'm a Catholic and I'm very strong pro-life," Carver said. "To me, some people have this litmus test that unless you're perfect on these issues that somehow you don't qualify. I just don't ascribe to that kind of thinking. I think it takes a lot to make a person a good candidate for president."

Still, Romney may need to discuss his Mormon faith more directly with potential voters. A new USA Today/Gallup Poll found 72 percent of voters saying they would vote for a qualified nominee who is Mormon, compared to 94 percent for a black nominee and 88 percent for a female nominee.

Invoking American Dream, Romney Begins Run (BOS)

By Scott Helman

The Boston Globe, February 14, 2007

DEARBORN, Mich. -- Promising to build "a new American dream," Mitt Romney launched his bid to become the nation's 44th president yesterday by casting himself as an optimistic and forward-thinking Washington outsider with the experience and vision to lead the country into a new age of innovation.

Despite the bloody war in Iraq, a growing nuclear threat from Iran, and the ongoing specter of terrorism, he said, Americans should be bullish about their future. But he warned that the country would overcome its challenges only by adhering to traditional Republican values of limited government, lower taxes, military power, and strong families.

"Our hopes and dreams will inspire us, for Americans are an optimistic people," Romney said to friends, family, and supporters gathered at the Henry Ford Museum, which celebrates the automotive pioneer. "But hope alone is just crossing fingers, when what we need is industrious hands. It's time for hope and action. It's time to do, as well as to dream."

The event, which Romney's campaign said drew 800 people, was rich in symbolism and nostalgia for Romney, who grew up in the nearby suburb of Bloomfield Hills and whose father, George, was an auto executive and three-term Michigan governor. Parked behind Romney on the stage was a white 1960s-era Nash Rambler, which his father introduced as America's first economy car.

Romney's sanguinity may have been reminiscent of the man he now cites as a political hero, former president Ronald W. Reagan, but he was also channeling his father, who made a run at the presidency in 1968. Like his father, Romney, 59, used his announcement speech to call for greater personal responsibility and for reining in federal spending.

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"It's time for innovation and transformation in Washington," he said. "It's what our country needs. It's what our people deserve."

Romney, who touted his business experience and stewardship of the 2002 Winter Olympics in Salt Lake City, also offered a pointed indictment of the Beltway world, saying, "the halls of government are clogged with petty politics and stuffed with peddlers of influence."

"I don't believe Washington can be transformed from within by lifelong politicians," he said, a veiled critique of presidential rivals such as Senator John McCain of Arizona, a Republican. "I don't believe Washington can be transformed by someone . . . who's never even managed a corner store, let alone the largest enterprise in the world."

In launching his campaign, Romney joins one of the most wide-open presidential contests in decades. His Republican challengers, aside from McCain, include former mayor Rudolph W. Giuliani of New York City, Senator Sam Brownback of Kansas, and former governor Mike Huckabee of Arkansas.

Even with the soaring language, Romney, dressed in a blue suit and blue-and-white tie, at times struck an uncharacteristically subdued tone, especially in the beginning of his address. The crowd also missed some applause lines, making for some awkward pauses. ("Hi, Mommy!" a boy said loudly into a television camera at one point, causing a brief distraction.) Romney got more forceful deeper into his 20-minute speech.

Despite the penchant for stagecraft, Romney's announcement lacked the vigor of some of his past campaign appearances, including his well-choreographed day long fund-raiser a month ago in Boston that netted more than $6.5 million. But Romney aides made sure the soundtrack -- with songs by Tom Petty and John Mellencamp and patriotic anthems played by Dearborn's Divine Child High School marching band -- reflected the man-from-the- Heartland image that Romney seeks to project.

The only people who spoke before Romney were a minister, former Michigan House speaker Craig DeRoche, and Romney's wife, Ann. "Today, Michigan gets to reclaim Mitt Romney, a man ready to lead this country," DeRoche said.

To supporters in the crowd, Romney's decision to make his announcement in Michigan instead of the more liberal Massachusetts, where he has clashed with political leaders and the media over his shifts to the right on social issues, was a smart one.

"It's the best place in the world to be," said Shelley Murphy, from nearby Livonia, who worked on George Romney's political campaigns in the 1960s when her father was chairman of the state Republican party. "This represents America."

Shelley Taub, a former Michigan state representative who's known Romney's family for years, said many of the those at yesterday's announcement were not people typically active in politics.

"They're here to support Mitt. They've known Mitt their entire life," she said.

Romney offered few specific policy prescriptions in his speech, preferring to stick to broad themes. But he did warn that a premature withdrawal from Iraq would bring chaos, and he reaffirmed his support for President Bush's decision to add 21,500 troops to help secure Baghdad.

It's been clear for more than two years that Romney was preparing a run for the presidency. He created a political action committee in 2004 to help finance his early politicking around the country, and since then he's showered local GOP candidates and organizations with campaign contributions, carefully crafted his speeches and public appearances to appeal to national GOP audiences, and built deep grass-roots organizations in key primary states.

But the pageantry of a formal announcement event has become an essential part of modern presidential campaigns. Romney's friends and family seemed to revel in it, as the candidate hoisted his grandson Parker Mitt ("Parker Mitty" to the family) in the air after his remarks. Even Bob White, a longtime friend of Romney's who can see him anytime he wants, was snapping digital photographs of the former governor as he was dogged by television cameras and people seeking autographs after the announcement. A small group of supporters shook signs and chanted "We want Mitt!"

The Michigan event launched Romney's multistate announcement tour, which also took him to snowy Des Moines, where he addressed supporters in a more intimate setting at the Iowa State Fairgrounds. Perched on a small riser in front of a John Deere tractor, Romney made a similar pitch as supporters held signs with slogans such as "Farmers 4 Mitt" and "Team Romney." The Iowa crowd was smaller -- 300 people, according to the campaign -- but more boisterous than in Michigan.

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"It may be cold outside, but it sure is warm here, wow," Romney said at one point in acknowledging the cheers, adding later, "This is gonna be a lot of fun."

Romney's rivals, meanwhile, sought to distract from his big day. Brownback, who is challenging Romney for the conservative primary vote, issued a press release accusing Romney's Michigan field director of circulating a misleading e-mail about Brownback's record on abortion. The staff member, Brownback's campaign said, tried to paint him as an abortion-rights supporter in the past, when he has always opposed abortion rights.

McCain's campaign trumpeted the support of three members of the Michigan House who had originally signed on to Romney's Michigan steering committee.

Romney was headed back to the Henry Ford Museum last night for a fund-raiser with more than 400 people; his campaign hoped the event would bring in between $500,000 and $1 million. Today, Romney is scheduled to make stops in South Carolina and New Hampshire before hosting a fund-raiser in Boston tomorrow night and heading to Florida on Friday.

After the Michigan kick off yesterday, Ann Romney spoke briefly to reporters about how the family would handle the campaign. She said they had been reading letters that Romney's parents wrote about their experience about four decades ago, and they would prepare the best they could.

"The opportunity's there, the door's open, and we're going to go through it," she said.

Romney Joins The 2008 Race (WP)

By Anne E. Kornblut

The Washington Post, February 14, 2007

DES MOINES, Feb. 13 -- With a call for "innovation and transformation in Washington," Mitt Romney formally stepped into the Republican presidential field on Tuesday morning, portraying himself as both a political outsider and an experienced executive who would bring efficiency to the White House.

Romney, who until last month served as governor of Massachusetts, launched his campaign in Michigan, the state where he was born and where his father was governor in the 1960s. He then flew here to Iowa, where next January's caucus will be a key test of whether the former governor of a state that Republicans like to depict as synonymous with liberalism can make inroads with conservatives.

He was met by a relatively small group of supporters who battled snow to greet him at the Iowa fairgrounds. In a stump speech that he was still honing, Romney, dressed in a navy suit and a blue tie, decried a system in which politicians are "unable to actually act -- they talk and the debate goes on forever. The ball is kicked down the field, but nothing actually gets done."

In a subtle swing at Sen. John McCain (Ariz.), his major Republican rival, Romney continued: "I don't believe Washington can get transformed by someone from the inside, by someone who has been part of politics through their entire life, who's made all the deals, who's done all the arrangements that have to be done, who's had all the entanglements. I think you have to have somebody from outside."

Still, he said, this is not the time for a president who has "never run a corner store, let alone the largest enterprise in the world."

A Mormon father of five, Romney, 59, brings personal wealth, dashing looks and business credentials to a race that is relatively open. Although McCain has led the Republicans in the early stages, he has been met with skepticism by the socially conservative wing of the party, leaving room for a challenge from the right.

Romney took the stage in Michigan as supporters waved blue-and-white signs that simply said "Mitt Romney." He was joined by his children and grandchildren, buttressing his wholesome image as he jumps into the fray against two Republicans, McCain and former New York mayor Rudolph W. Giuliani, who both have been divorced and are viewed with some suspicion by the party's conservative base.

Romney comes to the campaign trail with an impressive pedigree and personal record: Raised in a political family in Michigan, he watched his father, George, win three terms as governor, only to stumble in the 1968 presidential race when he said he had supported the Vietnam War because he had been "brainwashed" on an official visit there three years before. Romney's mother, Lenore, later ran unsuccessfully for the U.S. Senate.

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Romney, one of four children, spent the early part of his career at Bain & Co., a management consulting firm in Boston, before co-founding Bain Capital, a private equity firm. He ran unsuccessfully against Sen. Edward M. Kennedy (D-Mass.) in 1994; years later, Olympic officials tapped Romney to restore the scandal-marred institution's good name before the 2002 Winter Games in Salt Lake City. He won the Massachusetts governorship in November 2002.

While Romney focused Tuesday on his executive experience over the past decade and a half, his political evolution during that time is proving problematic: A significant obstacle is his history as a self-described moderate Republican during his 1994 Senate campaign. On issues such as abortion and gay rights, Romney has made sizable shifts since then, exposing himself to charges of inconsistency and political opportunism.

He spoke directly about social issues in his announcement in Dearborn, held at the Henry Ford Museum to underscore his faith in American ingenuity. "I believe that the family is the foundation of America -- and that it needs to be protected and strengthened," Romney said.

"I believe in the sanctity of human life," he said. "I believe that we are overtaxed and government is overfed. I believe that homeland security begins with securing our borders. And I believe that our best days are before us, because I believe in America."

The emphasis contrasted with his words in 1994, when he at one point argued that the "gay community needs more support from the Republican Party" and presented himself as the candidate to make that happen.

After one term as Massachusetts governor, he says that he no longer favors a federal nondiscrimination law for gay men and lesbians, and that he would not support allowing them to serve in the military. He has also altered his stance on abortion, saying he would now support overturning the Supreme Court's 1973 Roe v. Wade decision, which legalized abortion nationwide.

As a member of the Church of Jesus Christ of Latter-day Saints, Romney also faces questions about his faith. In a Washington Post-ABC News poll in December, 35 percent of respondents said they would be less likely to vote for a candidate because he or she is a Mormon, vs. 3 percent who said they would be more likely to vote for someone of that faith. Among Republicans, Romney appeared to face an even more uphill battle: 39 percent said they would be less likely to vote for a Mormon.

With the war in Iraq proving an increasingly important fault line in the presidential race, Romney said little about his plan for ending the occupation or quelling the violence, and he left himself room to maneuver if President Bush's troop increase fails to calm the strife. "I believe that so long as there is a reasonable prospect of success, our wisest course is to seek stability in Iraq, with additional troops to secure the civilian population," Romney said in his opening address.

Can Romney Appeal To Base? (WSJ)

By Jackie Calmes

The Wall Street Journal, February 14, 2007

DES MOINES, Iowa -- Former Massachusetts Gov. Mitt Romney formally launched his presidential quest in an awkward position -- on the defensive.

To social conservatives who will play a big role determining the Republican party nominee, he is suspect for his prior stances on abortion and gay rights. Among the broader electorate overwhelmingly opposed to the Iraq war, he faces questions about his support for President Bush's handling of the conflict.

One consolation for Mr. Romney: The same challenges confront his main rivals, Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani.

This double threat -- of a dispirited party base and, more broadly, an alienated electorate -- suggests why many Republicans approach the 2008 presidential contest with pessimism. While Democrats likewise face a costly fight to pick a nominee, their pack of candidates appears generally agreed on the main issues, including opposition to the war. And the party's voters are energized to seize the White House, after taking control of Congress in last fall's midterm elections.

"A lot can change in two years, but right now it's going to be a tough, uphill battle for any Republican," said former longtime Iowa Gov. Terry Branstad. He, along with former Republican Gov. Robert Ray, attended Mr. Romney's rally at Iowa's state fairgrounds yesterday, though they haven't endorsed anyone.

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Mr. Romney nonetheless exuded optimism on his first official day as a candidate, after a campaign buildup of more than a year. He began with a morning announcement in Michigan, which holds an early presidential primary. Mr. Romney grew up in the state, and his late father, George, was governor. Then he headed here to Iowa, before returning to Michigan for a fund-raiser. Today his announcement tour continues in two states with the earliest nominating contests, South Carolina and New Hampshire, ending with a rally tomorrow back home in Boston.

The 59-year-old Mr. Romney, who recently finished one term as governor of heavily Democratic Massachusetts, cited his record there, in business and as the leader who rescued the 2002 Winter Olympics in Salt Lake City after an ethics scandal. "If ever there was a time when innovation and transformation were needed in government, it is now," he said.

Mr. Romney said the site of his announcement -- the Henry Ford Museum in Dearborn -- was chosen to illustrate American innovation. His audiences there and later in Iowa numbered several hundred, in contrast with the thousands at events for Democratic Sens. Hillary Clinton of New York and Barack Obama of Illinois.

Despite Republicans' election defeat in November, Mr. Romney said, "We've lost faith in government, not in just one party." Like Mr. Obama at his own candidacy announcement over the weekend, Mr. Romney depicted himself as a Washington outsider poised to lead a generational movement for change, even using the same word -- transformation -- repeatedly. "I do not believe Washington can be transformed from within by lifelong politicians," he said.

For months, Mr. Romney has struggled to persuade conservatives that he opposes abortion and gay rights, despite videotaped comments to the contrary from his past campaigns in more liberal Massachusetts. Yesterday, he struck the notes that Christian conservatives listen for.

"I believe in God," said Mr. Romney, whose Mormon faith is a problem for some evangelical Christians who are uneasy with the religion because Mormons follow not only the Bible's teachings but the Book of Mormon. "I believe in the sanctity of human life," he added. Judges shouldn't make law, said Mr. Romney, who as governor went to court to fight a 2003 Massachusetts Supreme Court decision legalizing gay marriage. He emphasized family; prominent at the announcement were his wife of 37 years, Ann, five sons, their wives and 10 grandchildren.

Mr. Giuliani has a tougher challenge than Mr. Romney with social conservatives, given his past advocacy of civil unions for gay couples and abortion rights. Mr. McCain, though he has an antiabortion voting record, remains anathema to many Christian conservatives for his disparaging comments during his 2000 presidential campaign, for his opposition to a constitutional amendment banning gay marriage and for the campaign-finance limits he passed into law, which some conservative groups say infringe on political free speech.

Two other Republicans -- Kansas Sen. Sam Brownback and former Arkansas Gov. Mike Huckabee -- offer socially conservative records, but many Republicans say neither could beat the Democrat they most fear: Mrs. Clinton.

"What I keep hearing is that the value voters must pick a candidate that can beat Hillary," says Phil Burress, a Christian conservative leader based in Ohio. While Mr. Giuliani or Sen. McCain are cited as potentially best able to prevail in a general election, he said, "the value voters will not work for or support either of those candidates. Even Romney is hanging by a thread."

On the war, Mr. Romney nodded to "our desire to bring our troops home." But he warned that the consequences of leaving now could be "all-out civil war" in Iraq and a destabilized Mideast that would drag the U.S. in deeper. Yet he also seemed to condition his support for Mr. Bush's proposed troop "surge" on signs of progress: "So long as there is a reasonable prospect of success," he said, "our wisest course is to seek stability in Iraq, with additional troops to secure the civilian population."

Claiming Outsider Status, Romney Says He'll Seek White House (NYT)

By Adam Nagourney

The New York Times, February 14, 2007

DEARBORN, Mich., Feb. 13 — Mitt Romney, the former governor of Massachusetts, came to a state where he has not lived for 41 years to declare his candidacy for the Republican presidential nomination Tuesday, becoming the latest presidential candidate to position himself as an outsider running against Washington.

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"We are weary of the bickering and bombast; we're fatigued by the posturing and self-promotion," Mr. Romney said, standing at the Henry Ford Museum here. "For even as America faces a new generation of challenges, the halls of government are clogged with petty politics and stuffed with peddlers of influence."

"I do not believe Washington can be transformed from within by a lifelong politician," he said. "There have been too many deals, too many favors, too many entanglements and too little real world experience managing, guiding, leading."

With his 20-minute announcement here in Michigan, Mr. Romney, 59, took the latest step in his transformation from a Republican who won election as governor of Massachusetts, one of the most Democratic states in the nation, to a candidate trying to capture his party's presidential nod in a nominating process dominated by social conservatives. He has spent much of the past two years trying to move away from positions he embraced as a candidate in Massachusetts — he no longer supports abortion rights and has championed efforts to bar same-sex marriage — and now appears moving to play down his ties to the state itself.

In the contest for the Republican nomination, Mr. Romney faces two candidates who also have problems with the party's conservative wing: Senator John McCain of Arizona and former Mayor Rudolph W. Giuliani of New York. Several Republicans said Mr. Romney had enjoyed some success in his effort to convince voters that he is a more reliable social conservative than those two rivals, though he still faces challenges from other Republicans, including Senator Sam Brownback of Kansas and former Gov. Mike Huckabee of Arkansas, both of whom claim strong conservative credentials.

"He's had a very good year," said Rich Bond, a former Republican National Committee chairman who is supporting Mr. McCain. "He clearly has gone to school on the conservative wing of the Republican Party and built impressive relationships with many of the principals there. His outreach has been phenomenal to those folks."

Rick Beltram, the Republican County chairman in Spartanburg, S.C., one of the most conservative parts of the country, said: "The party activists who have been participating have no doubt that Governor Romney is a true conservative."

Still, Republicans suggested that Mr. Romney was vulnerable to charges of political opportunism, including his evolution on issues and his choice of location for his announcement. And Mr. McCain's advisers said they would hammer Mr. Romney and try to portray him the same way Republicans portrayed the last Massachusetts politician who ran for president, John Kerry, as a flip-flopper.

"That's clearly an issue people are going after him on," said Saul Anuzis, the chairman of the Michigan Republican Party, who has not endorsed a candidate.

Notably, Mr. Romney made only passing mention to abortion and gay rights and used the kind of coded language that would be recognized by people familiar with the debate, in what appeared to be an accommodation to the larger audience a candidate faces when announcing. And he dropped a description of Americans as "God-fearing" that was included in his prepared text. "I believe family is the foundation of America — and that it needs to be protected and strengthened," he said. "I believe in the sanctity of human life."

Mr. Romney is seeking to become the first Mormon president. His speech drew a relatively small and subdued crowd, particularly in comparison with the crowd at the announcement speech by Senator Barack Obama, the Illinois Democrat, on Saturday in Springfield. Mr. Romney spoke nearly seven minutes before drawing a round of applause. He rushed through much of the speech, finishing in 20 minutes, before heading for a plane for Iowa.

One name was conspicuously missing in Mr. Romney's speech: George W. Bush. But he did draw applause when he affirmed Mr. Bush's Iraq policy — including the increase in troops — saying the alternative was chaos in the Middle East.

Mr. Romney did take what appeared to be a jab, without naming him, at Mr. Obama, who presented his candidacy as "the vehicle of your hopes and dreams."

"Our hopes and dreams will inspire us, for Americans are an optimistic people," Mr. Romney said. "But hope alone is just crossing fingers, when what we need is industrious hands. It is time for hope and action. It is time to do, as well as to dream."

Mr. Romney is hardly the first candidate to try to get to Washington by running against it. Indeed, much of his speech, with its harsh words about the culture in Washington, echoed what Mr. Obama said in Springfield on Saturday.

In this case, though, Mr. Romney argued that he had the necessary experience from years outside of government — he ran the 2002 Winter Olympics in Salt Lake City — to bring "innovation and transformation" to Washington.

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Mr. Romney's decision to come to this state — a place where the Romney name remains famous because his father, George, served three terms as governor — was one notable thing about his announcement. The other was holding it at the Henry Ford Museum; Ford's history of anti-Semitism was seized on by the National Jewish Democratic Council, which criticized Mr. Romney for his choice.

Mr. Romney's press secretary, Kevin Madden, dismissed that as "absurd criticism. The venue is a museum, a center of learning and technological innovation."

Romney Officially Launches Presidential Bid (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 14, 2007

Former Massachusetts Gov. Mitt Romney formally launched his bid for president Tuesday, joining a crowd of candidates in both parties denouncing Washington and the political status quo.

"It is time for innovation and transformation," the Republican hopeful said. "I do not believe Washington can be transformed from within by a lifelong politician. There have been too many deals, too many favors, too many entanglements and too little real-world experience managing, guiding, leading."

The 59-year-old venture capitalist turned politician made his announcement in Michigan, where he was born and his father served as a popular governor in the 1960s. The locale gave him some distance from both Washington and the heavily Democratic state where Romney served a single term as governor that ended last month and compiled a record that has already proved problematic in his White House bid.

Romney spoke of God, family and morality in his 20-minute speech, delivered at the Henry Ford Museum outside Detroit, but made only passing mention of abortion and gay rights, two issues on which his views have shifted in recent years toward a far more conservative stance.

"I believe the family is the foundation of America and that we must fight to protect and strengthen it," Romney said in a nod to social conservatives, who hold tremendous sway in the Republican nominating process. "I believe in the sanctity of human life."

Romney, who is vying to become the nation's first Mormon president, made no mention of his church. Nor did he mention President Bush, though he reiterated his support for the White House plan to increase U.S. forces in Iraq.

An "all-out civil war" could destabilize the Middle East and draw the U.S. even deeper into the region, resulting in "far more loss of human life," Romney said. "For these reasons, I believe that so long as there is a reasonable prospect of success, our wisest course is to seek stability in Iraq, with additional troops endeavoring to secure the civilian population."

With his wealth, good looks and an impressive business resume, including a role as savior of the bribery-tainted 2002 Winter Olympics, Romney enters the GOP race as one of three top-tier candidates. The two front-runners are generally considered to be Sen. John McCain of Arizona — who sought to step on Romney's announcement Tuesday by releasing a list of Michigan endorsements — and former New York City Mayor Rudolph W. Giuliani. The two have also endorsed Bush's troop surge.

Romney, who fashioned a liberal-to-moderate image when he ran for office in Massachusetts, hewed closely to conservative orthodoxy in his announcement speech. Without offering specifics, he called for tough border enforcement, lower taxes and greater fiscal restraint. "We must transform our government," he said, "to become a government that is smaller and less bureaucratic, one with fewer regulations and more freedom for our people."

The props Romney chose for the event — a white Rambler on one side of him, a green Ford hybrid on the other and a DC-3 airplane overhead — were meant to illustrate the "innovation and transformation" he pledged to bring to government.

He offered a subtler message with the family tableau presented at Tuesday's announcement. Joining Romney and his wife of nearly 40 years, Ann, were the couple's five sons, five daughters-in-law and 10 grandchildren. McCain and Giuliani both have divorced and remarried, the latter more recently under messy circumstances detailed in New York's tabloid newspapers.

Romney also seemed to take a swipe at Sen. Barack Obama of Illinois, who entered the race Saturday on the Democratic side, offering himself as a vehicle for the hopes of Americans soured on politics as usual.

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"Hope alone is just crossing fingers, when what we need is industrious hands," Romney said. "It is time for hope and action. It is time to do, as well as dream."

After his announcement, Romney flew to Iowa, the first stop in a tour of early-voting states that was due to finish later this week with a major fundraiser in Boston.

Here Comes Newt (HILL)

The Hill, February 14, 2007

To echo the famous Negro League pitcher Satchel Paige: "Don't look back, Newt Gingrich might be gaining on you." Newt, consigned by many observers to Elizabeth Dole or Dan Quayle status in this GOP nominating process, appears to be moving up into contention, overtaking former Massachusetts Gov. Mitt Romney and battling to be the conservative alternative to either former New York Mayor Rudy Giuliani or Arizona Sen. John McCain.

To grasp what's happening, don't think of states like New Hampshire or Iowa or worry whether it's too early or too late. The key to following the Republican presidential nominating process this year is to recognize its essential similarity to the tennis's U.S. Open at Forest Hills. There are quarter-finals, semi-finals, and finals.

In the quarter-finals, the center and the right each sort out the nominees to choose their candidate. On center court, Giuliani seems to be gaining a decisive lead over McCain's impoverished presidential campaign. But on the right-hand court, unnoticed by most pundits, Gingrich seems to be building a lead over Romney and a host of conservative wannabes. The ultimate winner of the Giuliani/McCain quarter-final will face the winner of the Gingrich/Romney match-up in the semi-finals.

As McCain drops in the polls — he's down to 22 percent while Rudy is up at 34 percent in the latest Fox News poll — some conservatives seem eager for a "real Republican" to challenge for the nomination. Their first choice, former Virginia Sen. George Allen, lies a-moldering in the grave and his runner-up, former Senate Majority Leader Bill Frist, has gone home to Tennessee.

Most observers assumed that Romney would fill the void. But he doesn't seem to have been able to do so. It may be a racist refusal to vote for a Mormon or, more charitably, Romney's flip-flop-flip from pro-life to pro-choice to pro-life, or it may have been his inconsistency on gay issues, but Mitt seems to be going the way of his father — out of contention. The Fox News poll, which recorded a surge to up to 8 percent of the GOP vote in its Dec. 5-6 tally, now has Romney dropping back to only 3 percent of the vote.

Enter Newt. Hungry for new ideas and desperate after losing Congress, Republican voters seem to be rallying to the only real genius in the race — the former Speaker. The statute of limitations seems to have expired on his personal scandals and Gingrich is striking a responsive chord among conservatives.

Fox News's Jan. 30-31 survey had Newt leaving Romney way behind and challenging McCain for second place. The former Speaker's vote share was 15 percent, giving him third place in the current standings.

Episodically, I just addressed a 450-person Lincoln Day dinner of the Lane County Republican Party in Eugene, Ore. A show of hands brought these results: Giuliani, 50 percent; Gingrich, 30 percent; McCain, 6 percent; Romney, 4 percent. A few days before, a speech to an Orlando investors group produced similar results.

But, as the slogan of the New York State Lottery goes: "You can't win if you don't play." Newt's current posture of waiting until the fall of 2007 to see how the process sorts itself out won't work. The process abhors a vacuum. If Gingrich doesn't move out to respond to the affection of the GOP base, one of the minor-leaguers — Huckabee, Brownback, Gilmore, Thompson, Hunter or Tancredo — will.

The irony of the GOP field at the moment is that while most Republicans are conservatives, the two frontrunners — Rudy and McCain — are moderates. And this isn't Nelson Rockefeller's Republican Party anymore! Gingrich is filling a real political need and if he moves out smartly and files his paperwork, takes his announcement bows, and journeys to Iowa and New Hampshire as a candidate, he might well be a contender.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Poll Shows Clinton, Giuliani Pull Ahead As Campaigns Start (USAT)

DOJ_NMG_0131967

By Susan Page

USA Today, February 14, 2007

WASHINGTON — New York Sen. Hillary Rodham Clinton and former New York mayor Rudy Giuliani have widened leads over their rivals in recent weeks as they began to openly campaign for the Democratic and Republican presidential nominations, according to the USA TODAY/Gallup Poll.

The survey taken Friday through Sunday — nearly a year before the first presidential primaries are held — shows Clinton with a 19-percentage-point edge over Illinois Sen. Barack Obama among Democrats and Giuliani with a 16-point margin over Arizona Sen. John McCain among Republicans.

A month earlier, Clinton had led by 11 points and Giuliani by 4.

While Clinton and Obama have faced questions about whether the nation is ready to elect the first woman or African-American as president, the poll finds that other traits seem to pose higher hurdles.

More than four in 10 say they wouldn't vote for a "generally well-qualified person" for president who was 72 years old — the age McCain will reach in August 2008. Three in 10 say they wouldn't vote for someone who had been married three times, as has Giuliani.

In contrast, just 11% rule out voting for a woman and 5% for a black.

John Weaver, McCain's top strategist, says poll findings so far before an election should be taken "with a big grain of salt" and adds that the senator's "vigorous" campaign will address any questions about his age: "He's not concerned about that, and his 95-year-old mother is not concerned about that."

Giuliani spokeswoman Katie Levinson says voters will choose a candidate "based on who is best qualified to lead the country."

In general-election matchups, Giuliani leads Obama by 9 points and Clinton by 2 points, within the survey's 3-point margin of error.

McCain ties Obama and trails Clinton by 3 percentage points.

The findings underscore the groundbreaking nature of the 2008 contest, which includes the most diverse field in terms of race, ethnicity and gender in U.S. history. McCain would be the oldest person to be elected president and Giuliani would be the first to have been married more than twice.

A half-century ago, in 1958, 54% of Americans said they wouldn't vote for a black president; now just 5% express that view. In 1960, when John Kennedy was running for president, one in five Americans said they wouldn't vote for a Catholic; now 4% say that.

"America is different than it was," says Vincent Hutchings, a University of Michigan political scientist — though he cautions polls understate resistance to black candidates. "It is more tolerant with regard to the kinds of people who are accepted as leaders … and that is being reflected in the kinds of people currently running with some credibility for the presidency."

However, hurdles remain — including for former Massachusetts governor Mitt Romney, who formally announced his candidacy Tuesday. When his father, then Michigan governor, led the Republican presidential field in 1967, 17% said they wouldn't vote for a Mormon for president. Now, 24% do.

Hillary Clinton Leads Pack Of '08 Hopefuls, Poll Indicates (WSJ)

The Wall Street Journal, February 14, 2007

Sen. Hillary Clinton (D., N.Y.) is leading the pack of presidential hopefuls as the campaign for the 2008 election begins, a new poll indicates.

The Harris Interactive poll, which was conducted online Feb. 2-8, among 3,423 adults, shows that 20% of U.S. adults would most likely vote for Ms. Clinton if they had to choose one candidate from a list of those who may run. Ten percent of those surveyed said they would vote for Sen. Barack Obama (D., Ill.) and 8% said they would choose former New York City mayor Rudolph Giuliani.

Take a look at who2 is in the running for the 2008 presidential election, who's out and who's somewhere in the middle.

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The poll indicates that for 45% of respondents, their first choice for president would be a Democratic candidate, while 31% would choose a Republican candidate.

When asked to pick from a list of leaders they would consider for president, 45% said they would consider voting for Hillary Clinton, while 37% said they would consider Mr. Obama, 32% said they would consider Colin Powell and 29% said they would consider Mr. Giuliani.

Forty-one percent of Republicans polled indicated they would consider a Democratic leader for president, while 35% of Democrats said they would consider a Republican candidate.

Here are full results of the poll: "

Giuliani's Iraq Views May Provide Cover (NYT)

By Richard Pérez-peña

The New York Times, February 14, 2007

In every speech he makes, Rudolph W. Giuliani talks about Iraq and makes clear that he sides with President Bush, endorsing the war and the deployment of 21,500 more troops.

His chief rivals for the Republican presidential nomination in 2008, Senator John McCain of Arizona and former Gov. Mitt Romney of Massachusetts, take the same stances. But in discussing the deployment of more troops, Mr. Giuliani has been alone in saying that such a strategy may not succeed, potentially providing him cover should the situation in Iraq deteriorate further. And he has put the strategy in a broader context that plays down the importance of Iraq.

Terrorists "are going to continue to be at war with us, no matter what the outcome in Iraq," Mr. Giuliani said recently in New Hampshire. The night before, he said that "there are no sure things," and that if the United States fails in Iraq, "we have to be ready for that, too." In California a few days later, speaking of "the danger of focusing on Iraq too much," he said that complete success there would not win the fight against terrorism, and that failure there would not lose it.

Most Republicans still back the president's strategy, but over all, polls show, most Americans oppose the war and the troop increase. Political analysts say Mr. Giuliani and his rivals need to perform a difficult balancing act: avoid alienating pro-war voters to win the Republican nomination, then avoid alienating antiwar voters to win the presidency in a general election, and avoid taking the blame if the war continues to go badly.

"Giuliani may be in the best position of any of the Republican primary candidates on this because he uses very strong language in support of the war and its goals, but he doesn't have to take simple up-or-down votes, like McCain does," said Dan Schnur, a Republican political consultant who worked for Mr. McCain in 2000 but said he expected to sit out 2008. "He can voice the same ambivalence the voters feel."

Polls suggest that Mr. Giuliani, far more than Mr. Romney, has credibility on terrorism and national security questions, and he and his aides see it as a central part of his appeal. When he speaks of possible setbacks in Iraq and a long fight against terrorists, analysts say, Mr. Giuliani enhances that image, sounding tough but realistic.

"I think it's an effective pitch," said Charles R. Black Jr., a Republican consultant who is not involved in the 2008 campaign. "The idea that the war on terror will go on for a generation plays to his strength."

During a swing through California last weekend, Mr. Giuliani compared Mr. Bush's plight with the war in Iraq to Lincoln's during the Civil War, noting how Lincoln persisted despite setbacks.

"He had the ability to look forward," Mr. Giuliani said of Lincoln. "He had the ability that a leader has, a leader like George Bush, a leader like Ronald Reagan, to look into the future."

"This war on terror is more like the cold war than it is like the Second World War," in that it's a long slog with setbacks rather than a climactic confrontation, he said. "Part of this war is military, but there's a much bigger part of this war that's about ideas."

Mr. McCain has likewise been an outspoken supporter of the war and an early advocate of sending more troops. And though he has criticized the conduct of the war, he is more closely identified with the Bush troop deployment plan than Mr. Giuliani. And that, too, may be to the former New York mayor's advantage, analysts say.

"People think Bush is driving over the cliff, and they're starting to believe McCain is in that car, that he'll agree with whatever Bush does, and that hurts him," said Dick Bennett, president of the nonpartisan polling firm American Research Group. "Giuliani

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gives the impression that he sees the cliff, he knows what's going on, so he can take the president's side and maybe not be hurt by it."

In the past, Mr. Giuliani has often injected notes of pessimism into his comments on security, or warned of a protracted struggle. Campaigning for Republicans around the country last year, he often said that it was inevitable that the United States would be attacked again, and that the nation had no choice but to be at war with terrorists for many years.

But for Mr. Giuliani to admit that Iraq might not work out — even as the president continues to insist that it will — is new. Mr. Giuliani leaves the impression that he would be prepared to try a new approach, whatever that might be.

Several Republicans who have run campaigns say that for now, at least, they see no opening for an antiwar Republican to win presidential primaries, even with the pro-war vote split among the current three main candidates for the nomination. So it would be hard for any of the presumed front-runners to make a serious turn away from the commitment to Iraq.

But analysts say it could be easier for Mr. Giuliani than for Mr. McCain, who has voiced such certainty about the need to continue there, or Mr. Romney, who has already been accused of changing his positions on issues for political convenience.

Even so, all the wiggle room in the world might not help if the war takes a further turn for the worse.

"If Iraq goes badly," Mr. Black said, "that's going to be bad for any Republican."

Giuliani Stumps In Central Valley (LAT)

By Michael Finnegan

The Los Angeles Times, February 14, 2007

TULARE, CALIF. — Farmers from around the nation gathered on acres of dusty flats in this Central Valley town on Tuesday to ponder displays of shiny new tractors, plows and dairy machines.

For a trade-show crowd accustomed to swapping ideas on crops and livestock, the topic of Rudolph W. Giuliani's breakfast speech was a sober diversion: terrorism.

"This desire of these terrorists to come here and kill us is going to continue, and we've got to focus on how we're going to protect ourselves," the former New York City mayor told several hundred farmers from a makeshift stage in a giant shed.

So it goes in the nascent presidential campaign of the Republican whose fading political career sprang back to life in the aftermath of the terrorist strikes of Sept. 11. In five days of campaigning in California, Giuliani has made terrorism his paramount focus — that and his story of a New York turnaround on his watch at City Hall.

At stops in Sacramento, Santa Clara, Fresno and Tulare, Giuliani also outlined a business-friendly agenda for the country, though he was light on details.

But what drew crowds of autograph seekers was the man who led New York through Sept. 11, and for Giuliani, every campaign venue was suitable for invoking memories of the attacks.

"Most of the first hour was just reacting quickly," he recalled Monday in a speech to Silicon Valley business leaders. "When you get attacked like that," he told the farmers at the World Ag Expo on Tuesday, "there's a period of time when you feel really isolated."

He has also shared his recollections of the twin towers attacks in paid speeches around the world, and plans do so again today at a private event in San Diego. (A spokeswoman declined to say who would pay him or how much.) But now those stories are central to his core campaign theme: America, he says, must stay on offense against terrorists.

"For a long part of my life, my job was law enforcement, so I've known about terrorism for quite some time," the former federal prosecutor told farmers.

In Santa Clara, he opened his speech by imitating Marlon Brando's gravelly voice in "The Godfather," an old Giuliani gag that now serves to remind voters that he prosecuted mobsters in the 1980s.

His California tour has erased any doubt that Giuliani would seek his party's 2008 White House nomination. "Yes, I am running," he said Tuesday.

But while testing themes, he has stuck to tightly controlled events that minimize his exposure to tough questions on the Iraq war, domestic policy or the private business deals and speeches that have made him wealthy.

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A supporter of President Bush's troop buildup, Giuliani has framed Iraq as a battle in the war on terrorism without addressing questions on its original rationale. "If we succeed in Iraq, or if we fail in Iraq, the terrorists are still going to be at war with us, and we have to keep reminding ourselves this is much broader than Iraq," he told the crowd in Santa Clara. "It's also Iran and Syria and getting Afghanistan right."

Beyond terrorism, Giuliani has tried to spotlight his pro-business leanings. In Sacramento, he told a Jewish Republican group that he would "preserve the essence" of the nation's healthcare system but cut malpractice judgments and give consumers incentives to buy insurance. "We can't move toward socialized medicine," he said.

At the Tulare farm show, the Brooklyn native conceded he was "not a big expert on agriculture policy," but added: "I will be by the time we finish this campaign. And I promise you I will be if I'm president of the United States."

In Santa Clara, Giuliani said the country must "do something" about global warming. But he showed little inclination to break with Bush or his Republican congressional allies, who have resisted new pollution restraints on industry. Asked about California's landmark law mandating carbon emission cuts to combat global warming, Giuliani said he was unfamiliar with it. He called for more nuclear power, expanded ethanol production and cleaner coal mining.

"There is a special interest to stop every one of those new technologies — either special conflicting economic interest, or a special interest that has exaggerated things beyond proportion, like the fear of nuclear power," he said. "We've had nuclear power in this country for a long time. We've never had a fatality."

Campaigning a few hours later at a Mimi's Cafe in Fresno, Giuliani declined to say whether the U.S. should tighten automotive mileage standards. He also acknowledged, in response to a question, that his consulting and law clients included power companies that would benefit from the steps he advocated.

But he said that his views on energy were largely driven by the idea that "America needs to exploit and develop a lot more energy, and you have to get to be energy independent."

For the most part, Giuliani has limited himself to questions from friendly interviewers — such as Sean Hannity of Fox News last week — or local TV reporters. "What's the neatest thing you've seen so far?" he was asked at the World Ag Expo.

"Well, the milk machines were real neat," Giuliani replied from a podium adorned with crates of lemons and oranges.

Giuliani also displayed some of the expertise gained in decades of sparring with New York's media. He used a question on his support for gun control — a potential obstacle to the Republican nomination — to hail the drop in crime during his mayoralty, due in part, he said, to weapons seizures.

"It's very, very hard to even think about this — calculate the number of lives saved, the number of people alive that wouldn't have been alive if New York City had continued the level of murder when I came into office," he said.

Giuliani also has faced questions on illegal immigrants. He favors putting them on a path to citizenship as long as they learn English and wait their turn behind lawful immigrants — another stand that puts him at odds with many of the conservatives who dominate Republican primaries. But each time the topic arose, Giuliani returned the focus to terrorism.

"We have to know who's in the country," he said as news crews followed him through the dinner crowd at the Fresno restaurant. "We have to be able to identify them. It's always been important, but it became a lot more important after Sept. 11, so that we don't allow terrorists, drug dealers and others to victimize us."

By and large, crowds responded favorably. After listening to him in Tulare, Rita Goping, 66, a Republican dairy farmer from Sheboygan, Wis., said she was "glad he's for keeping the war going."

"That's the only way you're going to fight them," she said. "If we leave, it will just make the terrorists believe we're cowards."

In 1993 Memo, Giuliani Staff Gave Harsh Assessment Of Flaws (WP)

By Howard Kurtz

The Washington Post, February 14, 2007

Sometimes in politics, the most damaging accusations come from your own staff.

Rudolph W. Giuliani learned that lesson again yesterday when a "vulnerability study," including warnings about his "weirdness factor" and other perceived liabilities, surfaced from his second campaign for New York mayor, 14 years ago.

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Last month, the New York Daily News obtained a secret blueprint for Giuliani's expected Republican presidential bid that detailed concerns such as his liberal views on social issues and his messy divorce from his second wife, Donna Hanover.

The 1993 report by two aides in Giuliani's mayoral campaign was obtained by Village Voice reporter Wayne Barrett for a book on Giuliani and was posted on the Smoking Gun Web site. Giuliani went on to defeat incumbent David N. Dinkins (D) in a rematch that year and won a second term four years later.

Tony Carbonetti, a senior political adviser to Giuliani, said last night that the report was not "relevant" because of the former mayor's record of reducing crime and welfare rolls. "He made New York City not only governable but livable once again," Carbonetti said. "I have no concern over a pre-campaign strategy book because Rudy's going to be judged on his record."

The "weirdness" question involved Giuliani's first marriage, to his second cousin. He had his 14-year union with Regina Peruggi annulled on grounds that the Roman Catholic Church had never properly approved the marriage. The 1993 memo said that Giuliani had given a "wide array of conflicting answers" about his personal life, bringing "the soundness of his judgment" into question, but that any attempt to question the marriage or his fidelity "should be deflected as a shameless act of negative campaigning."

In an echo of Giuliani's current quandary -- that his support for abortion and gay rights may alienate many conservative voters -- the 1993 memo declared: "He doesn't really fit in with the Republicans. Too liberal." Giuliani's aides were also concerned that, as a former Democrat, he would be painted as a flip-flopper, and that his tenure as an official in Ronald Reagan's Justice Department was an albatross for a liberal city. "There is not a minute to waste in inoculating against the Reagan Republican moniker," the memo said, adding that the candidate should emphasize his "independence from traditional national Republican policies."

Giuliani was deemed "vulnerable to charges of insensitivity toward racial minorities," the memo said, in urging him to soften his image. "Rudy Giuliani can -- and should -- be redefined for all voters, but especially minority voters." Giuliani had strained relations with black leaders and communities during his two terms as mayor.

Although some opponents painted him as "antigay," the report said, "gay marriage really is the only issue where Giuliani opposes the gay agenda."

While a supporter of abortion rights, Giuliani had stumbled badly on the issue in his 1989 mayoral campaign, sounding like "just another pro-life male politician trying to explain how he wasn't anti-woman," the memo said. The advisers said Giuliani could "win over undecided pro-choice activists" by being more "succinct" about his support for the procedure and for public financing of abortions.

The memo also reported the "charge" that "Giuliani received special treatment from a friendly federal judge to avoid military service during the Vietnam War," and later "hypocritically prosecuted draft dodgers." Giuliani, who was dropped by an Air Force ROTC program because of a hearing problem, received a rare occupational deferment in 1969 after a federal judge wrote a letter about the importance of his duties as a law clerk.

Edwards Blogger Quits (NYT/AP)

By The Associated Press

The New York Times, February 14, 2007

RALEIGH, N.C., Feb. 13 (AP) — A second blogger working for the Democratic presidential campaign of former Senator John Edwards quit Tuesday under pressure from conservative critics.

The blogger, Melissa McEwan, wrote on her personal blog, Shakespeare's Sister, that she had made the decision to quit "with the campaign's reluctant support, because my remaining the focus of sustained ideological attacks was inevitably making me a liability to the campaign." On Monday, another blogger, Amanda Marcotte, left the Edwards staff, also after being accused of religious bigotry for earlier writings.

Senators Eye No. 2 Spot (RC)

By Erin P. Billings

Roll Call, February 14, 2007

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While the national spotlight focuses on the handful of Senators actively considering presidential bids in 2008, another high-powered job may be attracting an even greater share of Senators' interest — the vice presidency.

Talk of the No. 2 White House slot may be on the public's back burner, but Senators and political operatives alike concede that the vice presidential nomination is prominent on many Members' minds. And as the Senate increasingly becomes a launching pad for executive branch campaigns, more and more Senators inevitably view themselves as viable running mates to their party's ultimate presidential nominees.

"My guess is every Senator looks in the mirror each morning and sees a president or a vice president," quipped Sen. Byron Dorgan (D-N.D.).

"I know this: Somebody has got to stay in the Senate," added Sen. Lindsey Graham (R-S.C.). "I may be one of three Senators left. We can't all be running for president or vice president."

At least seven Senators are weighing or are engaged in a 2008 presidential run. On the Democratic side, Sens. Joseph Biden (Del.), Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.) and Barack Obama (Ill.) are all in the hunt. Republican Sens. Sam Brownback (Kan.), John McCain (Ariz.) and possibly Chuck Hagel (Neb.) are mounting bids.

Any of those Senators also could be a vice presidential pick if unsuccessful in their respective campaigns to sit atop the 2008 ticket. But beyond that group, a handful of other Senate Democrats and Republicans could be attractive No. 2 picks for their party's presidential candidates.

"There's definitely a bench, a very worthy bench," said a Senate Democratic political operative.

Democrats and Republicans alike predicted that the 2008 presidential nominees are more likely than ever to pluck their running mates from the Senate. Not only are there at least seven would-be presidents to choose from, Senators also have a unique understanding of U.S. foreign policy at a time when the Iraq War continues to be the top electoral issue.

"Senators have vast experience on a variety of war-related issues," Graham noted.

"Congress is a natural place that you look," said Sen. Debbie Stabenow (D-Mich.). "The bench is pretty wide."

The Senate has long served as a breeding ground for vice presidential hopefuls, given Senators already enjoy national profiles, have been tested under political fire, have a grasp of the weighty issues facing the presidency and can help raise large sums money.

Senators' cache may be even greater if the presidential nominee is a governor or other elected official looking for a ticket that balances experience, political ideology, geography and electoral college votes, gender or religion.

Still, an all-Senator presidential ticket isn't unheard of, either. In 2004, Democratic nominee John Kerry, the junior Senator from Massachusetts, teamed up with then-Sen. John Edwards (N.C.) in their failed bid to unseat President Bush. And the Democratic Senate operative suggested that with the new political emphasis on national security matters, Senators may have a bigger draw than ever.

"The idea that Senators can't be president doesn't exist anymore," the source said. "As a result, the two-Senator ticket isn't a liability it used to be."

Others aren't so sure the country is ready to elevate a pair of Senators to the White House, even with national security atop voters' priorities. A senior GOP Senate aide said the odds are more than long that a Senator as the presidential nominee would follow Kerry's 2004 lead and tap a colleague in 2008.

"It's not going to happen," the Republican staffer said. "It's hard enough for one Senator" to get on the ticket.

Still, a GOP political operative agreed that with the number of Senators running for president in 2008, it is inevitable that the Senate will serve as a primary pool for the vice presidency. This Republican insider noted that of the Senators running for the top slot "not everyone can win and those who don't get the brass ring fall into the tier of making good vice presidential candidates."

And whether it's one of the current cast of seven, or another Senator, the operative said one thing is clear: "You've got to find someone who is going to be comfortable protecting the candidate and can serve as an articulate spokesman for the campaign, and someone who doesn't mind

going to Syracuse rather than New York."

Beyond the obvious selections of Clinton, Obama, Dodd and Biden, the names of several other Democratic Senators have surfaced for the 2008 vice presidential contest.

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Among them are: Sens. Evan Bayh (Ind.), the affable Midwesterner who himself was briefly a 2008 presidential candidate; Dianne Feinstein, the experienced, steady Democrat from the electoral-rich state of California; Dick Durbin, the No. 2 Senate leader and strong party loyalist; Jack Reed (R.I.), a West Point graduate and point man for the Democrats on military matters; Jim Webb (Va.), the freshman Democratic rising star whose national security credentials are difficult to match; Ken Salazar (Colo.), a Westerner with a law enforcement background as state attorney general; and Blanche Lincoln (Ark.), a well-versed and well-liked Southerner.

Senate Republicans have picks on their side as well, beginning unsurprisingly with presidential hopefuls Brownback, Hagel and McCain, who is viewed by many as the frontrunner for the Republican nomination and certainly would be considered a leading No. 2 pick.

Beyond that trio, other GOP Senators likely to get strong consideration include Sens. John Thune (S.D.), the telegenic first-term Senator who knocked off then-Minority Leader Tom Daschle (D) in 2004; Kay Bailey Hutchison (Texas), the conservative Republican Policy Committee chairwoman who has hinted at a possible interest in the job; Lamar Alexander (Tenn.), a one-time presidential hopeful himself; Judd Gregg (N.H.), the wonky Easterner who has become one of his party's most loyal attack dogs; and David Vitter, the conservative Louisianan whose work on behalf of Hurricane Katrina recovery could play heavily in his favor.

Lincoln shrugged off suggestions that she would be on any 2008 short lists, but acknowledged the Senate is an obvious place to look for either party's vice presidential nominee. "There are tremendous resources up here — there are a lot of folks who feel passionately about this country and the issues America faces and our place in the global community," Lincoln said.

Alexander, who ran unsuccessfully for president in 1996, said "the chances are pretty good" that the next round of vice presidential picks will come from the Senate, given the country's recent penchant for selecting governors as their presidential nominee. But Alexander said the type of Senator chosen would depend entirely on who gets top billing on the ticket — and what the ultimate presidential hopeful needs to shore up general-election appeal.

All those variables aside, Alexander insisted that one thing is certain: "Whoever runs for it almost certainly won't get it."

A New Hampshire Ghost (WP)

By Harold Meyerson

The Washington Post, February 14, 2007

A specter was haunting Hillary Clinton as she campaigned in New Hampshire this weekend: the specter of Ed Muskie.

As the ancient or merely studious among us will recall, the Democratic senator from Maine, who'd been Hubert Humphrey's running mate in 1968, entered his party's presidential contest in 1972 as the front-runner. His prospects were dashed in the New Hampshire snows, however. As popular memory has it, an indignant Muskie started crying while refuting a silly attack on him (though whether he was genuinely upset or merely sniffling during a frigid outdoor news conference was never authoritatively resolved). Muskie's more serious problem, however, was the Vietnam War, which he opposed.

His opposition, though, had none of the fervor or long-term consistency of another Democratic senator and presidential aspirant, George McGovern. By 1972, seven years had elapsed since the United States had sent ground forces to Vietnam, and Richard Nixon, through his invasion of Cambodia and stepped-up bombing campaigns, had made clear that the road to de-escalation would entail periodic escalations, at least as long as he was president. The Democratic base was in no mood for temporizing on Vietnam.

Party voters wanted out, and they wanted a nominee who'd been right on the war (almost) from the start: McGovern. Sic transit gloria Muskie.

Today, Hillary Clinton seems almost uncannily positioned to become the Ed Muskie of 2008. She opposes the U.S. military presence in Iraq but not with the specificity, fervor or bona fides of her leading Democratic rivals. As Muskie did with Vietnam, she supported the legislation enabling the U.S. invasion of Iraq, and she has been slower and more inconstant than her party rivals in coming around to opposing the continued U.S. occupation.

Entering the race, Clinton has institutional advantages that Muskie could scarcely have dreamed of -- an unparalleled network of financial and political supporters, a universal level of public recognition. But, like Muskie, she is out of sync with her party's -- to some extent, her country's -- voters on the major issue of the day. In a Gallup Poll released Monday, the public

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favored, by 63 percent to 35 percent, Congress setting a timetable for withdrawing all U.S. forces from Iraq by the end of next year. The public's position is thus aligned more closely with those of Barack Obama and John Edwards than with that of Clinton, who has yet to commit to a timetable for withdrawal.

Indeed, so strong is support for a withdrawal that Edwards and Obama would by no means face the general election wipeout that was McGovern's fate. (Besides, Nixon ran against the antiwar movement and the fomenters of social tumult. Today, while opposition to the war is widespread, there isn't really an antiwar movement -- not one resembling what emerged in the '60s, anyway -- for hawks or Republicans to run against.) And should Americans still be fighting and dying in Iraq when the next election rolls around, the Democrats probably could win with Dennis Kucinich as their nominee.

I can understand some of the political calculations behind Clinton's reticence on the war -- chiefly, that a female candidate must seem as ready to use force as her male counterparts. That leaves the whole Democratic presidential pack, however, freer to lash out at the bloody absurdity of President Bush's war than she. And it leaves Clinton locked into a reckless cautiousness at a time when the electorate is looking for a decisive change.

What Clinton and her strategists would do well to remember is that it was Nixon -- by his escalations of the war even as he was withdrawing U.S. ground forces -- who was chiefly responsible for driving Democrats toward the candidate who most clearly repudiated the war. And that Nixon was a model of dovish flexibility in Vietnam compared to Bush's unyielding determination to keep U.S. soldiers in Iraq long past the point where anyone can articulate their mission. Bush will drive the nation toward the Democrats, and the Democrats toward their most credible champions of ending the U.S. occupation. Hillary Clinton is not high on that list, and that, as Ed Muskie could attest, is the chief obstacle to her winning her party's presidential nod.

Obama, Legally Blonde? (NYT)

By Maureen Dowd

The New York Times, February 14, 2007

IOWA FALLS

Barack Obama looked as if he needed a smoke and he needed it bad.

Everyone knows you're not supposed to make two big changes at once. But Michelle Obama's price for letting her husband run was that he quit.

So there he was, trying to meet the deep, inexhaustible needs of both Iowa activists and the global press behemoth on his first swing across the state, while giving up cigarettes.

He was a tad testy. Traipsing around desolate stretches of snowy — and extremely white — Iowa to go into living rooms and high school gyms and take questions like "Are you willing to stand up for independent family farmers?" makes me want to sneak out for a drag, too, and I don't even smoke.

"I've been chewing Nicorette all day long," he told reporters at a press conference in Ames on Sunday, where he was getting irritated at suggestions that he lacked substance and at the specter of his vanishing privacy. And, oh yes, at the accusation by the Australian prime minister (sounding two sheep short of a paddock) that Mr. Obama's deadline to get out of Iraq made him Al Qaeda's dream candidate.

The Illinois senator didn't have on an implacable mask of amiability, as Hillary did in Iowa. He didn't look happily in his element, like Bill Clinton. But he certainly didn't look as if he was straining to survive the Q .& A.'s, as W. did in the beginning.

Beyond his smooth-jazz façade, the reassuring baritone and that ensorcelling smile, the 45-year-old had moments of looking conflicted.

In the lobby of the AmericInn in Iowa Falls on Saturday night, he seemed a bit dazed by his baptism into the big-time. He was left munching trail mix all day while, he said, "the press got fed before me."

Everything was a revelation for him: The advance team acronym RON, for Rest Overnight. Women squealing. "I saw a hat," he noted with a grin, "that said, 'Obama, clean and articulate.' "

Senator Obama's body language was loose — and he's so slender his wedding band looked as if it was slipping off — but there was a wariness in his dark eyes.

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He is backed up by a strong, smart wife and a professional campaign team, but he doesn't have a do-whatever-it-takes family firm with contract killers and debt collectors, like Bush Inc. and Clinton Inc.

He was eloquent, if not as inspiring as his advance billing had prepared audiences to expect. He made his first Swift-boat-able slip when he had to apologize for talking about soldiers' lives "wasted" in Iraq. He sounded self-consciously pristine at times, as if he was too refined for the muck of politics. That's not how you beat anybody but Alan Keyes.

After talking to high school journalists, he took a sniffy shot at the loutish reporters who were merely whispering where's the beef: "Take some notes, guys, that's how it's done."

No fewer than three times last week, Mr. Obama got indignant about the beach-babe attention given to a shot of him in the Hawaiian surf.

Using the dreaded third person that some candidates slip into, he told the press that one of their favorite narratives boiled down to "Obama has pretty good style, he can deliver a pretty good speech, but he seems to prioritize rhetoric over substance." After an ode to his own specificity, he tut-tutted, "You've been reporting on how I look in a swimsuit."

He poses for the cover of Men's Vogue and then gets huffy when people don't treat him as Hannah Arendt.

For some of us, it's hard to fathom being upset at getting accused of looking great in a bathing suit. But his friends say it played into this Harvard grad's fear of being seen as "a dumb blond." He has been known to privately mock "pretty boys" (read John Edwards, the Breck Girl of 2004).

He doesn't lack confidence, but he's so hung up on being seen as thoughtful that he sometimes comes across as too emotionally detached and cerebral with crowds yearning for an electric, visceral connection. J.F.K. mixed cool with fire.

For a man who couldn't wait to inject himself into the national arena, and who has spent so much time writing books about himself, the senator is oddly put off by press inquisitiveness.

When The Times's Jeff Zeleny asked him on his plane whether he'd had a heater in his podium during his announcement speech in subzero Springfield, Mr. Obama hesitated. He shot Jeff a look that said, "Are you from People magazine?" before conceding that, unlike Abe Lincoln, he'd had a heater.

Take some notes, senator, that's how it's done.

Van Hollen Targeting N.J. Seats, But State GOP Officials Unafraid (HILL)

By Sam Youngman

The Hill, February 14, 2007

Even though Rep. Chris Van Hollen (D-Md.), the new chairman of the Democratic Congressional Campaign Committee (DCCC), is targeting Republican-held seats in New Jersey, state GOP consultants say if Democrats couldn't capitalize on their own party's electoral successes last year, then those seats aren't attainable in 2008.

Van Hollen, in an interview with The Hill, said that in addition to seats in Michigan and Connecticut, seats in blue New Jersey present "some opportunities" for pick-ups, though he didn't specify which seats the committee is targeting.

Perhaps the most vulnerable of those seats is Rep. Mike Ferguson (R), who narrowly defeated state Assemblywoman Linda Stender (D), winning by just more than 1 percent in the wake of press reports alleging inappropriate conduct with a female college student at a Georgetown bar in 2004.

Ferguson, who denied the allegations, did not comment for this article.

Stender told The Hill this week she is "looking seriously" at going up against Ferguson again in 2008, and she will make a decision by "late summer, early fall."

Stender said she has spoken with Van Hollen and former DCCC Chairman Rep. Rahm Emanuel (D-Ill.) about the possibility of another showdown with Ferguson.

"I am talking to them, and obviously they are interested in a rematch because the district now looks winnable," Stender said.

But Ed Traz, a GOP consulting heavyweight in the Garden State, said taking on Ferguson in 2008 would be a "waste" of the DCCC's money in light of the large number of resources the committee will need to devote to defending freshman incumbents in Republican districts.

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"[For] Mike Ferguson, the time to get him was this past cycle," Traz said. "You're not going to catch him. I can't see it ever being worse than it was in Jersey [last] year."

Another high-level consultant familiar with New Jersey politics said that the additional two years Ferguson will be able to put between himself and the Georgetown incident will allow him time to regroup with voters who soured on him.

"2006 put a scare in him, I think," the consultant said.

But Stender said she would begin another bid stronger than she was in 2006, having boosted her name recognition in the close race. Hopefully, she said, this would enable her to nullify some of Ferguson's fundraising advantages.

Summit Mayor Jordan Glatt has also been mentioned as a possible challenger. Glatt did not return phone calls to his office by press time.

Rep. Frank LoBiondo (R) is another possible target, but only if Assemblyman Jefferson Van Drew (D) can be persuaded to make a run, according to reports.

LoBiondo was never in danger in 2006, beating Democrat Viola Thomas-Hughes with 62 percent of the vote.

The only thing that might change that is the entrance of Van Drew, whom Traz regards as too "pragmatic" a politician to challenge the powerful LoBiondo this cycle.

"The only way Frank LoBiondo leaves Congress is when he decides he doesn't want to do it anymore," Traz said.

Van Drew did not return calls to his cell phone.

LoBiondo said he was "surprised" to see reports saying the DCCC is targeting him, given his margin of victory and the fact that he finished the race with about $1.3 million cash on hand in an environment hostile to Republicans across the country.

"Those numbers aren't too shabby," he said. "I'm not sure what they're looking at.

"I'm not sure of a lot of things, but one of the things that I am sure of is I will not be caught asleep at the switch."

In the state's 5th district, Republican Rep. Scott Garrett should, by all traditional measures, be in significant trouble heading into 2008.

Garrett won last year with 55 percent of the vote, and a consultant familiar with the district said he has continued to be successful largely because of historically Republican Bergen County, part of which Garrett represents.

The problem, or problems, for Garrett lie in a county GOP that was once consolidated and strong, but in recent years has fallen into near-total disarray — the Rothenberg Report recently noted the party's county headquarters was padlocked earlier this year because of failure to pay rent.

The phones at the county headquarters are apparently disconnected; repeated calls to the number listed on its website were met with an operator's message.

That "collapse," as the consultant put it, could lead to a primary challenge for Garrett, opening the door to an early-funded Democrat riding the strength of a county Democratic Party that has grown in influence.

Welfare State Stasis (WP)

By Robert J. Samuelson

The Washington Post, February 13, 2007

Spend a moment studying the adjacent table. It illuminates why another of our annual budget battles -- begun last week, when President Bush submitted his fiscal 2008 proposal -- seems so fruitless and (yes) repetitious. Every year we hear complaints about accounting gimmicks and unrealistic assumptions. There's a ferocious crossfire of charges and countercharges. Hardly anything ever gets resolved. Budgets almost always remain in deficit (41 out of 47 years since 1960).

The table shows the rise of the American welfare state. In 1956, defense dominated the budget; the Cold War buildup was in full swing. The welfare state, which is what "payments to individuals" signifies, was modest. Now everything is reversed. Despite the war in Iraq, defense spending is only a fifth of the budget; so-called entitlement payments to individuals are almost 60 percent -- and rising. In fiscal 2006, the federal government spent almost $2.7 trillion. Social Security ($544 billion), Medicare ($374 billion) and Medicaid ($181 billion) dominated. There was $199 billion more for payments to the poor, including the earned-income tax credit and food stamps.

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Almost no one wants to slash these programs. They have huge constituencies; they're popular. Paradoxically, their invulnerability and size also protect much of the rest of the budget. Look again at the table. After payments to individuals, defense spending and interest on the debt (which must be paid), only about a seventh of the budget remains. Many of these remaining programs are widely supported. Does anyone really want to end the National Institutes of Health at $28 billion? Or how about the $41 billion we spend to support federal courts, prosecutors and police (the FBI, DEA, Border Patrol)?

Of course, some programs are wasteful, ineffective or outmoded. My favorite example is Amtrak, which serves a tiny number of passengers, is concentrated in the Northeast and costs $1.3 billion annually. But politically, ending such programs is hardly worth the trouble. The bad publicity of antagonizing aggrieved advocates -- here, railroad buffs and maybe environmentalists -- is too high for the small savings. In a nearly $3 trillion budget, even 10 Amtraks are a footnote.

The welfare state has made budgeting an exercise in futility. Both liberals and conservatives, in their own ways, peddle phony solutions. Cut waste, say conservatives. Well, network news reports of $20 million federal programs that don't work may seem -- and be -- scandalous, but like Amtrak they're usually mere blips in the total budget. For its 2008 budget, the Bush administration brags it would end or sharply reduce 141 programs. But most are microscopic; total savings would be $12 billion, or 0.4 percent of spending. Worse, Congress has previously rejected some of these cuts.

Liberals have their own cures. Cut defense, some say. Okay. In 2006, military spending (including the war in Iraq) totaled $520 billion, slightly less than Social Security. If it had been halved, the savings would have just covered the deficit ($248 billion). Little would be left for new programs. Raise taxes on the richest 1 percent, say some. Okay. The richest 1 percent pay about a quarter of all federal taxes. In 2006, that was about $600 billion. To cover the deficit would require about a 40 percent tax increase. Needless to say, neither proposal is politically plausible.

Annual budget debates are sterile -- long on rhetoric, short on action -- because each side blames the other for a situation that neither chooses to change. To cut spending significantly, conservatives would have to go after popular welfare programs, including Social Security and Medicare. To raise taxes significantly, liberals would have to go after the upper middle class, a constituency they covet (two-thirds of all federal taxes come from the richest fifth). Deficits persist, because neither side risks its popularity, and, indeed, both sides pursue popularity with new spending programs and tax breaks.

It might help if Americans called welfare programs -- current benefits for select populations, paid for by current taxes -- by their proper name, rather than by the soothing (and misleading) labels of "entitlements" and "social insurance." That way, we might ask ourselves who deserves welfare and why.

We could consider all of federal spending and not just small bits of it. But most Americans don't want to admit that they are current or prospective welfare recipients. They prefer to think that they automatically deserve whatever they've been promised simply because the promises were made. Americans do not want to pose the basic questions, and their political leaders mirror that reluctance. This makes the welfare state immovable and the budget situation intractable.

Pact With North Korea Draws Fire From A Wide Range Of Critics In U.S. (NYT)

By Helene Cooper And Jim Yardley

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The deal that could lead North Korea to shut its main nuclear reactor came under criticism from both ends of the political spectrum immediately after it was announced on Tuesday.

From the right, hardliners argued that the United States should have held out until North Korea agreed to fully declare and dismantle its entire nuclear program.

From the left, Democrats argued that the deal was no better than one they said the United States could have gotten four years ago, before North Korea tested a nuclear bomb.

If the agreement holds — pacts with North Korea have a history of falling through — it could put the United States and Japan on a path toward normalizing relations with the isolated nation, which President Bush identified as part of an “axis of evil” in 2002, and which tested a nuclear device just four months ago.

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Under the pact, North Korea agreed to freeze its production of plutonium at its five-megawatt nuclear facility in Yongbyon, and to allow international inspectors to monitor and verify its compliance. In return, the United States, China, South Korea and Russia agreed to provide North Korea with food and fuel aid.

The pact kicks down the road three much tougher issues: complete denuclearization of the Korean Peninsula; a complete declaration from North Korea of all its nuclear activities; and the future of North Korea's existing plutonium program.

The North would for now hold on to an arsenal that American intelligence officials say may contain as many as a half-dozen nuclear bombs or the fuel to make them.

Still, the deal represented a bureaucratic victory for Secretary of State Condoleezza Rice, who has pushed for a more diplomatic approach with North Korea than more hawkish administration officials would have liked. In the end, it was Ms. Rice who convinced President Bush to sign onto the pact, administration officials said.

"These talks represent the best opportunity to use diplomacy to address North Korea's nuclear programs," President Bush said in a statement Tuesday morning. "They reflect the common commitment of the participants to a Korean Peninsula that is free of nuclear weapons."

The broad criticism demonstrated the awkward place in which the administration has found itself on North Korea. Senator Joseph R. Biden Jr. of Delaware, the Democratic chairman of the Senate Foreign Relations committee, said the deal "takes us back to the future."

"The good news is that it freezes in place North Korea's nuclear program," said Mr. Biden, who has declared his intention to run for president. "The bad news is that North Korea's program is more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing."

From the other end of the spectrum, John R. Bolton, who until December served under Ms. Rice as the United States ambassador to the United Nations, criticized the pact as too weak, telling CNN that it "contradicts fundamental premises" of the administration's approach to North Korea during the past six years. Mr. Bolton, when in the administration, had argued in favor of a hard-line approach to North Korea.

Asked if she thought there was any substance to Mr. Bolton's criticism, Ms. Rice said at a news conference in Washington on Tuesday: "No, I don't." She added: "I just think he's wrong."

According to administration officials, a turning point came on Jan. 17, when Ms. Rice met in Berlin with Christopher R. Hill, an assistant secretary of state who has been the lead American negotiator with North Korea.

Mr. Hill was in Germany for meetings with the North Korean representatives; Ms. Rice was making a stop there on her way home from talks with Arab leaders in Kuwait.

According to the officials' account, Mr. Hill gave Ms. Rice a one-page description of what the North Koreans had agreed to do. Ms. Rice made two telephone calls to Washington — first to Stephen J. Hadley, the national security adviser, and then to President Bush. "Do you think we should proceed on this basis?" Ms. Rice asked President Bush. His reply was yes, the administration officials said.

Still, in the intense negotiations in Beijing that followed, the agreement seemed on the verge of collapse several times, as North Korea sought more aid. So fragile was the tentative accord reached Monday that Ms. Rice said she called Mr. Hill in Beijing, at 4:15 A.M. Tuesday in Washington, to make sure the agreement had held.

Under the deal, the United States and its partner nations agreed to provide roughly $400 million in various kinds of aid in return for the North starting a permanent disabling of its nuclear facilities and allowing inspectors into the country.

In return, the United States agreed to begin the process of removing North Korea from its designation as a terror-sponsoring state, a step that is bound to meet opposition in Congress. The United States also agreed to discuss with the North, within 30 days, terms for ending financial sanctions.

Of the five countries negotiating with North Korea, Japan — which had been seeking a tougher stance — did not agree to the aid package, saying that it first needs to work out the issue of North Korea's past abductions of Japanese citizens.

But Japan joined the United States in agreeing to discuss normalizing relations with North Korea, another potentially big step that could begin when Ms. Rice sits down for a meeting with her North Korean counterpart in 60 days as part of a next set of meetings mandated by the pact.

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Some experts previously critical of the Bush administration approach praised the accord as a turn to the pragmatic. “We were in a weak bargaining position and the Bush administration deserves credit for achieving a more limited agreement, rather than holding out for a more maximalist, but unachievable, objective,” said Gary Samore, a North Korea expert at the Council on Foreign Relations who helped to negotiate a 1994 agreement the Clinton administration struck with the North.

For her part, Ms. Rice contended that under the terms of the agreement, 50,000 tons of heavy fuel oil which North Korea would receive in the first 60 days was an “actually modest” amount; another 950,000 tons of heavy fuel oil would not be forwarded to North Korea until it disabled the reactor and declared all its nuclear programs.

Experts who have followed the long haggling over the North Korean program said there are bound to be problems when the time comes for the North to disclose all of its nuclear facilities and dismantle its program. In perhaps a sign of things to come, North Korea’s state press agency released a statement that described the Yongbyon shutdown as a “temporary suspension.”

In Beijing, Mr. Hill responded quickly. “The North Koreans agreed to shut down their reactors and seal them for the purpose of abandoning them,” he said. “Any action to restart the reactors would be a violation of the agreement.”

N. Korea Accord Gets Faint Praise (WT)

By S.a. Miller

The Washington Times, February 14, 2007

Senate Democrats -- long opposed to President Bush's six-nation talks with North Korea -- yesterday offered faint praise for a new agreement to halt the rogue regime's nuclear program.

"This is a first step, but still can't fix the mess this administration has created by ignoring North Korea for the past five years," said Senate Majority Leader Harry Reid, Nevada Democrat.

"We need to see more active diplomacy from the Bush administration in North Korea and throughout the world."

Sen. John Kerry of Massachusetts, who as the Democratic presidential nominee in 2004 demanded "bilateral talks" with North Korea, also called the agreement a "good first step."

"Under the Bush administration, North Korea has gone from possessing enough fuel to build one or two nuclear weapons to enough for 10," he said.

"Unless the Bush administration continues to engage North Korea -- and stays focused on working diplomatically to find long-term solutions -- we are likely to be dealing with this issue again in 12 months."

Under the agreement, which has yet to be ratified by the six nations, North Korea -- which rattled the world in December when it tested a nuclear bomb -- would shut down its main nuclear plant in Yongbyon in exchange for tons of heavy oil, humanitarian aid and normalized diplomatic relations with the United States and Japan.

The agreement also drew criticism from the right. Mr. Bush's former ambassador to the United Nations, John R. Bolton, said it's too close to the 1994 deal that Pyongyang eventually ignored.

Mr. Bush's press secretary, Tony Snow, said the agreement may "represent the best opportunity to use diplomacy to address North Korea's nuclear programs."

He also stressed the importance of the negotiations' six-way framework, in which China, Russia, Japan and South Korea join the United States in talks with North Korea.

"One thing that [Pyongyang] discovered is that this is no longer the two-party process with the United States and North Koreans, where the North Koreans can try to leverage the United States against allies in the region," he told reporters at a White House briefing.

In June 2005 -- a year after the six-way talks started -- Mr. Reid and other Senate Democrats sent a letter to the president charging that "no real progress has been made" and calling for a direct U.S. dialogue with North Korea.

Mr. Reid said yesterday that his view of the talks had not changed.

"Diplomacy works," he said.

On the campaign trail in 2004, Mr. Kerry said the six-nation negotiations had failed.

"I want bilateral talks," he said in a September 2004 debate with Mr. Bush at the University of Miami.

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Mr. Bush replied, "I can't tell you how big a mistake I think that is, to have bilateral talks with North Korea. That's precisely what [North Korean dictator] Kim Jong-il wants."

Bush Welcomes North Korea Agreement (AP)

By Anne Gearan

AP, February 14, 2007

The Bush administration called a deal to begin dismantling North Korea's nuclear weapons program a breakthrough, but the North's history of broken promises kept the celebrations to a minimum.

There was worry, too, that accommodation of North Korea would encourage brinksmanship by Iran or other would-be nuclear states.

The bargain among six nations gives North Korea energy, food and other aid in exchange for shuttering its main nuclear reactor. It does not expressly require the North to give up existing weapons or testing now, and the agreement does not spell out how negotiators will resolve issues that have derailed previous pacts.

President Bush, who once labeled North Korea part of an "axis of evil," said the bargain is a promising first step toward getting rid of the North's nuclear weapons.

"These talks represent the best opportunity to use diplomacy to address North Korea's nuclear programs," Bush said in a cautious statement that stressed North Korea's obligations while saying little about what the United States would do.

Secretary of State Condoleezza Rice repeatedly urged patience.

"This is not the end of the story," Rice told reporters.

Skepticism was wide and criticism swift, focusing on the troubled history of negotiations with the reclusive and unpredictable communist regime, and on what lessons Iran or any other countries with nuclear programs could draw.

On the right, a former top Bush aide joined conservative commentators in calling the deal Pollyannaish.

Former U.N. Ambassador John Bolton said the agreement rewards North Korea for bad behavior while encouraging Iran to ignore international demands that it roll back its nuclear program and hold out for a better deal.

"I will be the saddest man in Washington" if Bush goes along with the agreement, Bolton told reporters. "I think the agreement is fundamentally flawed."

At the conservative Heritage Foundation, analyst Bruce Klingner said the deal "reflects America's abandonment of several previously intractable negotiating positions. "

North Korean leader Kim Jong Il "used his characteristic mixture of military provocations, brinksmanship and crisis diplomacy to gain benefits for a return to the status quo ante and promises of future steps," Klingner said.

On the left, critics said Bush could have had the same deal years ago if he had not been so rigid in his approach to the North.

"This deal takes us back to the future," said Sen. Joe Biden, D-Del. "The good news is that it freezes in place North Korea's nuclear program. The bad news is that North Korea's program is much more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing."

Analysts say that at the start of the Bush administration North Korea probably had enough material to build one or two weapons, and now probably could produce at least 10.

North Korea stunned the world when it set off an underground nuclear test last October, proving its claim to possess weapons. The North also test-fired a long-range missile last summer, showing that it has the theoretical ability to deliver nuclear weapons as far as the U.S. West Coast.

"The deal announced today essentially freezes the North Korean weapons program, but it does nothing to actually force the country's leaders to give up any of the gains they've made in recent years," Sen. John Kerry, D-Mass., said. "Unless the Bush administration continues to engage North Korea and stays focused on working diplomatically to find long-term solutions, we are likely to be dealing with this issue again in 12 months."

The nearly 15-year history of efforts to head off North Korean nuclear weapons is best described as one step forward, two steps back. Both Republican and Democratic administrations have struck deals that the North sidestepped, ignored or boycotted.

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After the North threw out international inspectors and threatened to quit the nuclear Nonproliferation Treaty, President Clinton cut a deal in 1994. The Bush administration has said the North cheated on that deal almost from the start.

Leery of previous offers and determined not to let the North use one-on-one talks with the U.S. as a foil, the Bush administration banded with four other nations — Russia, China, Japan and North Korea — to launch new talks in 2003.

That process lagged while the North stepped up nuclear development, and seemed all but dead when the North announced in Feb. 2005 that it had built a weapon. In September of that year, however, the Bush administration was hailing an agreement on paper to renounce all weapons.

That's the agreement that Pyongyang boycotted for more than a year, before six-way talks resumed last fall. Tuesday's deal begins to put some of the September 2005 deal in force, although the North's tests and continued development of nuclear material make the stakes much higher.

U.S. Flexibility Credited In Nuclear Deal With N. Korea (WP)

By Glenn Kessler And Edward Cody

The Washington Post, February 14, 2007

The six-nation deal to shut down North Korea's nuclear facility, four months after Pyongyang conducted its first nuclear test, was reached yesterday largely because President Bush was willing to give U.S. negotiators new flexibility to reach an agreement, U.S. officials and Asian diplomats said yesterday.

Ever since the North Korean nuclear crisis erupted in 2002 after the discovery of a clandestine nuclear program, the Bush administration has insisted that North Korea should not be rewarded for its bad behavior -- and many of the U.S. offers have required Pyongyang to give up a lot before it could receive anything in return.

Now Bush has signed off on a deal that accepts North Korea's original position -- a "freeze" of its Yongbyon nuclear facility -- and requires Washington to move first by unfreezing some North Korean bank accounts. The agreement leaves until later dealing with such vexing issues as the dismantlement of the facility, North Korea's stash of weapons-grade plutonium and even North Korea's admission of the nuclear program that started the crisis in the first place.

As a result, the agreement came under attack yesterday, with conservatives labeling it a betrayal and Democrats charging that Bush allowed North Korea to become a nuclear-weapon state without gaining much improvement over a Clinton-era deal that collapsed during Bush's first term. But Bush pronounced himself "pleased" with the accord, and Secretary of State Condoleezza Rice, a prime architect of the accord, said it is just the beginning of a long process. "This is not the end of the story," she said, calling it the result of "patient, creative and tough diplomacy."

North Korea has a long history of brinkmanship and breaking international agreements, giving pause even to supporters of this diplomatic effort. Bush privately told a group of visiting North Korea experts in October, shortly after North Korea conducted its test, that he did not think any dictator would give up nuclear weapons but that he still saw no alternative to a diplomatic process. Administration officials say it actually became easier to win an agreement after the test because China, North Korea's main patron, was so shocked and embarrassed by Pyongyang's behavior that it became a driving force in the talks.

This deal came as the administration has struggled for some sort of diplomatic victory and as hard-liners who had opposed concessions -- such as former defense secretary Donald H. Rumseld and former ambassador to the United Nations John R. Bolton -- have left the administration.

The chief U.S. negotiator, Assistant Secretary of State Christopher R. Hill, had over time been viewed with suspicion by administration hawks. But, in recent weeks, he worked closely with a White House aide, Victor Cha, who has conservative bona fides on North Korea. Informal talks Cha had with the North Koreans -- including a chance encounter in the Beijing airport in December -- helped lead to the unusual negotiations Hill and Cha held with North Korean counterparts in Berlin last month, officials said.

Those bilateral talks -- which sketched out the parameters of the final deal -- were personally approved by Bush after he had insisted for four years that he would not allow direct U.S.-North Korean negotiations.

Under the agreement, North Korea will close and "seal" its main nuclear reactor at Yongbyon within 60 days in return for 50,000 tons of fuel oil, as a first step in its abandonment of all nuclear weapons and research programs.

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North Korea also reaffirmed a commitment to disable the reactor in an undefined next phase of denuclearization, and to discuss with the United States and other nations its plutonium fuel reserves and other nuclear programs that "would be abandoned." In return for taking those further steps, the accord said, North Korea would receive additional "economic, energy and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil."

The pledges -- cited in an agreement reached in Beijing by North and South Korea, China, Russia, Japan and the United States after six days of lengthy negotiations -- marked North Korea's first concrete commitment to implement an agreement in principle, dating to September 2005, to relinquish its entire nuclear program. In the view of U.S. and allied diplomats, they also amounted to a down payment on the establishment of a nuclear-free Korean Peninsula and of new relations among Northeast Asian countries.

Since the talks began in August 2003, the environment for negotiations has become significantly more dangerous. North Korea exploded a nuclear test device in October and declared itself a nuclear power, giving it a status it did not have four years ago, or even when the agreement in principle was reached in September 2005.

For its part, the United States reiterated an earlier promise to discuss normalizing relations with the Pyongyang government, a long-standing goal of North Korea.

Separately, Hill said, the United States pledged to North Korea and to China, the chair of the six-party process, that it will resolve within 30 days a dispute over U.S. charges that Banco Delta Asia in Macau has been laundering illicit money from North Korea. This represented a retreat for Washington, which had previously insisted that the banking dispute was a law-enforcement matter that should be treated separately from the nuclear diplomacy. The United States is expected to unfreeze as much as a third of $24 million in North Korean accounts, deeming that money to be legitimate, U.S. officials said.

The accord left for future negotiations the question of what to do with North Korea's declared nuclear weapons, estimated to be as many as 10 bombs from a stockpile of perhaps 50 kilograms of plutonium. In a harbinger of the potential difficulties ahead, the official North Korean news agency said the agreement requires only a temporary suspension of the country's nuclear facilities. "At the talks, the parties decided to offer economic and energy aid equivalent to 1 million tons of heavy fuel oil in connection with the DPRK's [North Korea's] temporary suspension of the operation of its nuclear facilities," it said.

Administration officials stressed that the agreement was an improvement over a bilateral deal reached in 1994 under then-President Bill Clinton, which collapsed after the Bush administration accused North Korea of conducting the clandestine uranium program. Under that agreement, North Korea froze the Yongbyon facility and agreed to "eventually dismantle" it in exchange for fuel oil and light-water reactors. Bush administration officials noted yesterday that the new agreement was signed by all of North Korea's neighbors, which they said would make it more difficult to break. Any suggestion of building light-water reactors for North Korea has been pushed far into the future.

Still, critics and supporters said that they were surprised by the extent of the administration's shift.

"All of us have been arguing -- engage, engage, engage," said John W. Lewis, a Stanford University professor who has repeatedly visited North Korea, most recently in November. "It had to begin with something like this, and it has gone far beyond what anyone expected. It is really quite astonishing."

At the conservative Heritage Foundation, analyst Bruce Klingner said in a report that "the Bush Administration will be vulnerable to criticism that it has not only abandoned its principles, but that it did so while allowing North Korea to augment its nuclear weapons inventory." North Korean leader Kim Jong Il "used his characteristic mixture of military provocations, brinksmanship and crisis diplomacy to gain benefits for a return to the status quo ante and promises of future steps," Klingner wrote.

Cody reported from Beijing.

N. Korea Nuclear Pact Marks Major Shift For Bush (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, February 14, 2007

The administration accepts a deal similar to one it rejected in 2002.

DOJ_NMG_0131983

WASHINGTON — The tentative international nuclear agreement with North Korea marks a fundamental shift in direction for the Bush administration, which for years had sternly demanded that the country's leadership abandon its nuclear program before receiving any rewards.

In his first term, President Bush rejected Clinton administration attempts to win North Korean cooperation with aid, and declared that only after "complete, verified, irreversible dismantlement" of its nuclear program could the autocratic regime in Pyongyang, the capital, receive American help.

But as the White House held fast to its hard-line approach, Kim Jong Il's rickety government built an estimated eight to 10 bombs, experimented with missile launches, conducted a nuclear test, and seemed poised to continue the buildup with impunity.

The agreement reached Tuesday would bring Pyongyang back to the bargaining table, with pledges to freeze its primary nuclear reactor and to discuss dismantling its entire nuclear infrastructure. It was hailed by Secretary of State Condoleezza Rice as a "breakthrough."

But the deal also gives the impoverished regime an immediate 50,000 tons of fuel oil and other aid and commits the United States to the kind of direct talks with the North Koreans that the White House had long ruled out.

The deal provoked outrage from conservative allies of the administration who said it flatly contradicted Bush's previous policy. Some former Clinton administration officials termed it a step in the right direction but questioned why it took Bush so long.

Many observers acknowledged that the White House had few choices at this point.

"They recognized that they had to adopt a practical approach," said Gary Samore, a National Security Council official during the Clinton administration who is at the Council on Foreign Relations. "They had to do something to stabilize the situation, or they would face a full-blown crisis on the Korean peninsula."

Just the first step

The pending accord reached Tuesday is only a first step toward a negotiated end to North Korea's nuclear program, U.S. officials acknowledged. It calls for the regime to shut down and seal its primary nuclear facilities, at Yongbyon, and to allow the return of United Nations nuclear inspectors to verify the process. Then the North Koreans are to begin a complex series of talks with the United States, South Korea, Japan, China and Russia.

If North Korea discloses all of its nuclear programs, and disables all facilities, it will be entitled to additional aid, including 950,000 tons of heavy fuel oil. The process also promises North Korea a chance to reach two other goals: normalized relations with the United States and removal from the American list of government sponsors of terrorism.

Yet U.S. officials acknowledge that there are a number of issues that could derail a process that has faltered repeatedly since 1993.

"This is the first quarter, not the fourth," Rice cautioned.

Some critics of the administration were quick to charge that the deal had gotten the White House only back to where it was at the beginning of Bush's first term.

"This deal takes us back to the future," said Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee. "The good news is that it freezes in place North Korea's nuclear program. The bad news is that North Korea's program is much more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing."

From a conservative perspective, Bruce Klingner of Heritage Foundation said the deal "sends a dangerously accommodating signal not only to North Korea but also to Iran and any other aspiring nuclear weapons state."

Rice, defending the deal, said the United States was entering these talks in a much better position than it had during the days of the so-called Agreed Framework negotiations initiated in 1994 by the Clinton administration. Bush abandoned those talks in November 2002, amid signs that Pyongyang was carrying on a secret uranium-based bomb program.

Rice said the difference now is that the United States has greater leverage with North Korea because of the influence of the four other countries that also will be at the negotiating table. China, North Korea's primary energy source and chief trading partner, has brought pressure on Pyongyang since its nuclear test in October, U.S. officials say.

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Rice also asserted that the upfront aid that Pyongyang receives for coming back to the table is "modest" — only a fraction of the 2 million tons of heavy fuel oil it was demanding.

Some experts who analyzed the deal agreed.

"Fifty thousand tons is a small amount," said L. Gordon Flake, a longtime Korea watcher at the Mansfield Foundation in Washington. "It's basically a face-saving gesture for the North Koreans."

Although the deal dramatically illustrates how far the administration has come, there have been signs for some time that the United States was open to a more flexible approach.

One such sign was in early 2005, when Rice named Christopher Hill, a veteran dealmaker who helped negotiate the Bosnia peace settlement, to be assistant secretary of State for East Asia, making him the State Department's top negotiator on North Korea.

Hill has worked with Rice and Bush as hard-liners such as former U.N. Ambassador John R. Bolton and Robert G. Joseph, the State Department's top proliferation official, were leaving the administration.

Bolton on Tuesday branded the agreement a charade and said it "contradicts fundamental premises of the president's policy."

Last month, Hill met with North Korean officials in Berlin and began talking of a new "bilateral" approach, despite the administration's formal insistence that negotiations must be through meetings of all six countries involved in the discussions.

Another sign of a possible change was Bush's State of the Union address in January. Unlike the speeches of previous years, in which the president berated North Korea, Bush mentioned North Korea only once, doing so to point out that his team was "pursuing intensive diplomacy" to eliminate nuclear weapons from the Korean peninsula.

Iran and Iraq play part

One factor in the change of the administration's approach was its desire to show another country believed to have nuclear weapon ambitions, Iran, that there could be benefits to giving up a program, U.S. officials said.

Some outside analysts believe it also reflects the administration's desire in its last two years to try to achieve progress on halting nuclear proliferation, at a time when most of its energies are being poured into the effort in Iraq.

"They've been feeling the need to make progress on proliferation, and they felt they hadn't done everything they could," said Derek Mitchell, a former Clinton administration defense official who is with the Center for Strategic and International Studies in Washington.

Some analysts see the deal as the latest sign that the Bush administration has been forced to turn to compromise solutions that would have had far less appeal in its early days when it appeared that it had more choices.

"This demonstrates something that we've seen overall, that in its waning days, with its options and resources limited by Iraq, more and more it is turning to these practical policy options," said Samore, who is director of research for the Council on Foreign Relations. "You see it in the Middle East, you see it in East Asia. This is a trend that will continue."

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What Drove The North Korea Deal (WSJ)

By Neil King Jr. And Evan Ramstad

The Wall Street Journal, February 14, 2007

Fading options for the U.S. and North Korea led to a landmark agreement designed to shut down Pyongyang's nuclear program. But the follow-through needed to reach the goal of a denuclearized Korean peninsula could be thwarted by the same problems that plagued earlier deals.

The deal reached yesterday in Beijing reflects, in part, a desire within the Bush administration to show diplomatic progress on one front at a time of ebbing support at home and upheaval in the Middle East. For North Korea, the pact offers a way out of its harsh economic and political isolation four months after it tested a nuclear weapon.

President Bush praised the deal, reached after months of arduous negotiations and signed as well by North Korea's four neighbors, as a "first step" toward achieving a nuclear-weapons-free peninsula. The agreement lays out the first concrete steps for disarming North Korea since the U.S., China, Russia, Japan and South Korea began to engage Pyongyang in August 2003.

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Other top U.S. officials cautioned that the way forward will present plenty of challenges. Pyongyang has made no overt pledges to surrender any nuclear weapons it now has. Verifying and monitoring its disarmament moves will be tough. And missteps by any of the six parties could trip up the entire process.

The agreement marks a stark about-face for the Bush administration, which, having labeled North Korea part of an "axis of evil," abandoned a similar Clinton administration arrangement and said it would offer no incentives until North Korea took visible steps to scrap its nuclear program. Hawks within the administration, centered on the office of Vice President Dick Cheney, continued to argue until last fall that the U.S. should use economic and other pressures to try to topple North Korean leader Kim Jong Il, who they said couldn't be trusted to uphold any promises, according to current and former U.S. officials.

But after Democrats emerged victorious in November's congressional elections, and with the departure of several administration hard-liners, Mr. Bush and Secretary of State Condoleezza Rice decided to make a run at a deal. They found a receptive audience among their partners in Asia -- most important, Beijing. The deal was a victory for China, which has sought to take a higher profile in global diplomacy and has played a major role in spearheading the talks.

Harder to divine are North Korea's motives. Senior U.S. officials involved in the latest talks said China's decision to get tough on Pyongyang after its October nuclear test, combined with a U.S.-led effort to squeeze the Kim regime's access to outside finance, may have tipped the balance.

Under the agreement, North Korea will shut down within two months its lone nuclear reactor at Yongbyon, which is chiefly used to provide fuel for atomic weapons. In return, it will receive 50,000 tons of heavy fuel oil, most likely from South Korea and China.

If the 60-day deadline is met, the six countries that participated in the talks would begin the next phase, under which North Korea must dismantle and seal the reactor, effectively preventing it from ever working again. For that, North Korea would receive a further 950,000 tons of oil, about equal to what the country consumes in a year and, at today's prices, valued at about $400 million.

The six countries would later negotiate the disposal of North Korea's existing nuclear weapons and weapons material. They also aim to keep working toward a bigger goal of ending the antagonism that has lingered on the Korean peninsula since the Korean War of the 1950s. The parties created five groups to work on details for such things as paving the way for North Korea to open diplomatic relations with the U.S. and Japan.

The arc of events that brought the U.S. and North Korea to the current state of affairs suggests there could be plenty of pitfalls ahead.

The Bush administration came into office in 2001 determined to chart a tougher course on North Korea than the Clinton administration. In 2002, Washington accused Pyongyang of developing a secret uranium-enrichment program and violating a 1994 deal in which the U.S. agreed to provide it with light-water reactors and fuel oil in exchange for a freeze of its nuclear program.

North Korea reacted by expelling international inspectors, reopening the Yongbyon facility and plunging back into plutonium-enrichment work. The U.S. then helped launch the six-country talks in 2003. Two years later, in September 2005, all parties agreed to a joint statement meant to lead toward a full-denuclearization deal.

That tentative agreement was almost immediately derailed when the Treasury Department accused North Korea of engaging in rampant counterfeiting of U.S. currency.

In July, North Korea tested at least six long-range missiles, then conducted its first nuclear-test explosion three months later. The moves raised the possibility that the North could develop an offensive nuclear capability -- or sell nuclear technology to others.

The nuclear test galvanized international support for sanctions on North Korea and prompted China, in an unprecedented move, to back a United Nations resolution to punish its erstwhile ally.

The turning point for the U.S. came in November, when Ms. Rice sat down with ministers on the sidelines of a regional forum in Vietnam. With pressure building at home to change course in Iraq and to reach out to Iran, the administration decided to make a push on North Korea by offering a phased set of rewards.

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The North agreed to revive the six-party talks several weeks later in Beijing, but those foundered on its insistence that Washington open a door to lifting the 2005 banking restrictions. On the night that round of talks ended, the U.S. envoy to the talks, Christopher Hill, sent an aide to visit the North Korean Embassy with a message: He would meet the North Korean envoy in another city at a time of his choosing. That represented an apparent compromise for the U.S., which previously had said it wouldn't engage in one-on-one discussions with Pyongyang.

A few days later, North Korea notified the U.S. that its envoy, Kim Kye Gwan, would like to meet in Berlin in January. Mr. Hill checked with Ms. Rice, who agreed they should meet. Over three days of meetings at the U.S. and North Korean embassies, the two men wrote what one U.S. official described as the "clear outlines of an agreement," which formed the backbone of the deal signed yesterday.

The U.S. insists the key to the latest deal is that it is backed by China and South Korea. Ms. Rice cautioned that it marks only a first step toward a much larger and more elusive goal of weaning North Korea off nuclear weapons permanently. No country that has developed nuclear weapons has ever agreed to give them up.

Many experts who have worked on the North Korea issue, including several former Clinton aides, applauded the deal as long overdue. Some Democrats in Congress, which would have to approve any aid to North Korea, offered similar praise.

But the arrangement came under immediate attack from prominent conservatives -- above all John Bolton, the administration's recently departed ambassador to the U.N.

"It is really regrettable that we have reverted to a policy that has failed in the past," said Mr. Bolton, who served as Mr. Bush's top arms-control official until 2005. "This sends such a message of weakness to countries like Iran that so long as you hold out, this is the sort of reward you can expect."

Deal To Halt N. Korea Nukes OK'd (WT)

By Ed Lanfranco

The Washington Times, February 14, 2007

BEIJING -- The next 60 days will determine whether the new document to halt and eventually eliminate North Korea's nuclear programs will create the momentum to ease tensions in Northeast Asia or will become just another diplomatic chapter in a series of broken promises.

The document was crafted by China and signed yesterday by the representatives of all nations involved in the six-party talks.

The text of the accord, titled "Initial Actions for the Implementation of the Joint Statement," was approved by the United States, North and South Korea, Japan and Russia following six days of protracted and intense negotiations in the Chinese capital. It calls for the implementation of an agreement in principle by the same parties in September 2005 to denuclearize the Korean Peninsula.

The new accord requires North Korea to shut and seal its Yongbyon nuclear facility, allow members of the International Atomic Energy Agency (IAEA) to conduct monitoring and verification, and calls on North Korea to draw up a list of all its nuclear programs.

It also calls for separate bilateral talks with the United States and Japan to normalize ties with North Korea.

Lastly, it calls for China, Russia, South Korea and the United States to provide "emergency energy assistance" to North Korea in the form of 50,000 tons of heavy fuel oil within the 60-day time frame. Japan will not participate until the issue of its citizens kidnapped by North Korea is resolved.

In his opening remarks to reporters after the deal was signed, Assistant Secretary of State Christopher Hill, the head of the U.S. delegation, said it was important because "we're moving off the pages" of the September 2005 statement "on to the ground and real implementation."

"Obviously we have a long way to go, but we are pleased with this agreement. It's a very, very solid step forward," he added.

Mr. Hill fielded a battery of questions on whether North Korea will live up to its end of the deal.

On the question of IAEA inspectors being allowed into all North Korean nuclear facilities or just Yongbyon, he said, "As we go deeper into the process, we'll need additional international monitoring, but in the set of initial actions it is just the Yongbyon site."

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Mr. Hill said there were "considerable" discussions on the uranium issue.

North Korea did not confirm having a heavy uranium program, but told the U.S. team "they were prepared to sit and discuss it."

That issue, namely that North Korea was pushing a uranium program at the same time it was under obligation to shelve its plutonium program, was raised by the United States in 2003.

It formed the basis of a dispute that served to shelve the so-called Agreed Framework on nuclear suspension drawn up in 1994.

Mr. Hill said fissile material production had to be a part of North Korea's complete declaration and needed to be "brought under international control" as part of the denuclearization process.

"Certainly initial actions must be understood as initial so just stopping the further production of plutonium doesn't end the problem because there's already plutonium that's been produced," he noted.

According to some estimates, North Korea has 110 pounds of weapons-grade plutonium. Mr. Hill said inspectors "will be able to work that out with much greater precision when they look more closely at the reactor."

The joint statement does not specifically mention anything about North Korea's possession of nuclear weapons. Mr. Hill stated "absolutely" when asked if Pyongyang was required to declare how many it had.

"I think it's important that [North Korea] reaffirm their commitment to the September 2005 agreement which calls for complete denuclearization, which of course includes nuclear weapons," he said.

Mr. Hill said the initial two-month period involved discussing a list of nuclear programs to be abandoned, including the plutonium processed from fuel rods. He noted in the follow-on stage North Korea needed to provide a declaration, "but we don't want a declaration that hasn't been arrived at in an iterative manner, that is with a process."

"We hope in this process of discussing their list we can get at a clear understanding of what they have, so that when we do get to the declaration, it will be accurate," the envoy said.

Mr. Hill said the U.S. team had "a glimpse on what the next phase will be and we'll be developing timelines as soon as we can do that."

He said he thinks the six-party talks are a "negotiated process" and American diplomats "will just have to continue to work."

"But we're not going to rest until we complete the job."

Many Questions On North Korea Accord (LAT)

By Mark Magnier

The Los Angeles Times, February 14, 2007

BEIJING — A central premise of the ambitious nuclear deal with North Korea announced here Tuesday is that Pyongyang will shutter and then permanently dismantle its nuclear weapons operations in exchange for fuel oil, humanitarian aid, diplomatic recognition and an end to economic sanctions.

But within hours, huge potential pitfalls facing the agreement became apparent as North Korean state media referred in a terse dispatch to a "temporary suspension" of its nuclear facilities without mentioning comprehensive disarmament.

It's too early to tell whether the mercurial North is already edging away from its commitments or simply conditioning its citizens for a turnaround after months of extolling the glories of its nuclear weapons program.

The questions over the communist regime's motives are but one in a list of problems that must be overcome to reach the goal of a Korean peninsula free of nuclear weapons. These include the future of the North's suspected uranium enrichment program and existing plutonium stockpiles, how much access international monitors will enjoy, issues with Tokyo over Pyongyang's abduction of several Japanese citizens and the potential message the deal sends to other nuclear proliferators.

"Obviously, we have a long way to go, but we're very pleased with this solid step forward," a tired but satisfied Christopher Hill, the lead U.S. negotiator, said Tuesday. "This is not the end of the process. It's the end of the beginning of the process."

Under the first phase of the deal outlined this week, North Korea agreed to shut down and seal plutonium production and reprocessing activities at its main nuclear complex at Yongbyon within 60 days, allow international inspectors back into the country, participate in working groups and begin assembling a comprehensive list of its nuclear weapons and energy programs.

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In return, North Korea will receive 50,000 tons of fuel oil, about a month's worth of the North's energy needs, and a pledge by the United States to lift financial sanctions within a month affecting a Macao bank that is holding about $24 million in North Korean assets.

Washington and Pyongyang will also start the process of removing the North from the U.S. list of nations that are said to sponsor terrorism, with the intention of establishing full diplomatic relations. The U.S. will initiate steps to eliminate sanctions under its Trading With the Enemy Act.

In a second, more protracted phase, the North stands to receive 950,000 tons of fuel oil or its equivalent in aid provided it agrees to dismantle the Yongbyon facility, compile a complete declaration of all its nuclear programs and disable all existing nuclear facilities, including reactors and reprocessing plants.

Test spurred action

Autocratic North Korea conducted a test of a nuclear device Oct. 9, resulting in a swift vote by the United Nations to enforce sanctions and, subsequently, a scramble to get negotiations back on track.

"I am pleased with the agreements reached today at the six-party talks in Beijing," President Bush said in a statement read by Press Secretary Tony Snow.

Others said it will take time to build trust and circumvent impediments. "This is still the first quarter, there is still a lot of time to go on the clock," Secretary of State Condoleezza Rice said.

Japan expressed cautious praise for the agreement along with frustration that Tokyo's primary concern, the North's kidnapping of Japanese citizens beginning in the 1970s, received no mention in the final draft. The world's second-largest economy has balked at funding early assistance, hoping the promise of future aid will spur bilateral negotiations.

"But no one here is optimistic about the probability that North Korea will denuclearize or resolve the abduction issue," said Tomohiko Taniguchi, a spokesman for Japan's Foreign Ministry. "North Korea is notorious for cheating on its agreements, even with the Chinese."

In Israel, Vice Premier Shimon Peres said the aid-for-disarmament deal showed that sanctions could work, and he urged the international community to put similar pressure on Iran to drop its nuclear development program.

"Economic sanctions can really be effective, as evidenced by the change in the policy of North Korea," he told Israel's Army Radio.

The six negotiating partners agreed to meet for another round of talks March 19.

The price tag for the 1 million tons of fuel or its equivalent is estimated at about $300 million, a cost that would be borne equally by the United States, China, South Korea and Russia, with Japan remaining on the sidelines.

"I should say North Korea secured a pretty high price this time," said Xia Liping, a professor with the Shanghai Institute for International Studies. "It's worth it, though. It will certainly cost something to make North Korea drop its nuclear program."

Others questioned why the Bush administration waited six years to drop its hard-line stance with the North and try diplomacy.

"It's certainly better late than never," said retired Army Lt. Gen. Robert Gard Jr. with Washington's Center for Arms Control and Non-Proliferation, an independent think tank. "But what were they thinking?"

Though the deal obliges North Korea to halt the production of new plutonium, it doesn't immediately address its existing plutonium stockpile, which some estimate may be enough to make a dozen nuclear bombs. Hill acknowledged the lingering issue but said halting new production seemed like a good place to start, a view shared by others.

"You have to stop the program before you can reverse it," said Mitchell Reiss, chief U.S. negotiator with North Korea from 1995 to 1999.

Another major concern is whether the North will allow inspectors from the International Atomic Energy Agency, the U.N.'s nuclear watchdog, into areas other than Yongbyon and whether it will fully disclose its nuclear activities, including a covert uranium enrichment program it has denied exists.

"We need to ensure that we know precisely the status of that," Hill said.

Washington accused North Korea in late 2002 of having the uranium program in violation of a 1994 agreement, sparking the current nuclear crisis.

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The big payoff if the deal's many impediments can be bridged will be a North Korea less threatening and more integrated with the outside world.

"North Korea needs to open up and reform its economy to really ease tension on the Korean peninsula," said Xia, the Shanghai professor.

Five working groups are to convene within 30 days to address denuclearization of the peninsula, normalization of North Korea-U.S. and North Korea-Japan relations, economic and energy cooperation and Northeast Asian security issues.

The breakthrough began to emerge in December after North Korea arrived in Beijing for talks but refused to negotiate, a U.S. official close to the process said.

On the last night of the talks a few days before Christmas, the U.S. sent an envoy to North Korea's embassy in Beijing with a message that the U.S. was open to a bilateral meeting on lifting the financial sanctions.

A few days later, North Korea sent word back through New York channels that it was interested. This led to a three-day bilateral meeting in Berlin in mid-January in which the basic points of Tuesday's deal were hammered out.

Suddenly, new demands

When the six nations sat down last week, however, North Korea made a variety of new demands, including an end to U.S. military exercises on the Korean peninsula.

It also insisted on huge grants of fuel oil or electricity, with the amount known in advance and stated publicly, rather than arranged in technical sessions under a confidential addendum, as originally envisioned.

As frustration mounted, Hill paid a visit Monday morning to the North Korean delegation. Using the metaphor of a traditional Korean ceramic cup that drains completely if you try to fill it too much, he urged the other side not to overreach.

"You have to be careful what you're asking for here," Hill told the North's envoys, according to a senior U.S. official close to the negotiations.

This, combined with Hill's growing readiness to walk out of the talks, may have convinced the North Korean team to back away from its extreme position, a senior U.S. official said.

"With North Korea, you're never quite sure exactly what they want, although finally I got the impression they needed to see the 1 million [tons of fuel] figure," Hill said.

Ultimately, the impasse helped pave the way for a more comprehensive two-stage deal, however, Hill said, involving 50,000 tons upfront and 950,000 tons in a second phase that covered genuine disarmament, potentially giving Pyongyang more incentives to go the distance.

By late Monday, an agreement had crystallized, leading to a final marathon session that stretched into early Tuesday morning.

Hill rejected the idea that the agreement sends an encouraging message to other proliferators.

U.S. hard-liners such as former U.N. Ambassador John R. Bolton have assailed the deal as encouraging to Iran.

"With nuclear weapons, [the North Koreans] do not buy prestige," Hill said. "They do not buy influence. Frankly, they buy a lot of isolation."

Tenuous Deal For North Korea (CSM)

By Peter Ford

The Christian Science Monitor, February 14, 2007

BEIJING AND SEOUL, SOUTH KOREA

If North Korea holds to the pledges it made Tuesday to fulfill its promise to abandon nuclear weapons, chief US negotiator Christopher Hill thinks he knows why.

Other attempts to stop Pyongyang going nuclear have failed. This series of six-party talks has several times seemed on the verge of collapse. But diplomacy's tentative triumph Tuesday held out the prospect of victory for a multiparty, political approach to reining in Asia's pariah states. Secretary of State Condoleezza Rice stated the deal should serve as a message to Iran that the global community will unite to stop the spread of nuclear weapons.

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After North Korea agreed to start dismantling its nuclear program in return for oil and economic aid, Mr. Hill, in Beijing, noted that "the first difference" between this deal and earlier failed efforts "is to make this really a multilateral effort."

But that optimism, analysts warn, is tempered by a history of broken promises that are driving the effort now to verify compliance.

"This agreement is a good sign for nuclear disarmament," says Ryoo Gil Jae of South Korea's University of North Korean Studies, "but maybe we will have trouble in the future" when the US raises the issue of the uranium program.

Others share similar doubts.

David Straub, former Korea desk chief at the State Department, warns that "a very great risk is that North Korea is using this as a way to avoid sanctions, obtain aid, and drag out the nuclear issue until the international community is accustomed to its being a declared nuclear state."

The deal, coming four months and four days after Pyongyang exploded its first nuclear device, requires North Korea to shut down and seal the nuclear facility that produces the plutonium used in its bombs within 60 days.

North Korea also agreed to provide a list of all its nuclear programs, and to allow international inspectors to monitor the closure of the nuclear plant at Yongbyon. In return, the United States and other countries involved in the negotiations will provide the struggling state with 50,000 tons of fuel oil, or its equivalent in economic aid, over the next two months.

Hill stressed that Washington does not "want anyone to think these initial actions are an end in themselves. After 60 days, we are not going to stop for a couple of years," he said. "We are going to keep right on going with the second phase," when North Korea will be required to disable all nuclear facilities in return for another 950,000 tons of oil.

Some observers suggest that this agreement could either resolve years of conflict or collapse amid more conflict, crisis, and rhetoric as has happened so often since the division of the Korean peninsula at the end of World War II.

"It will be the beginning of a new era between North Korea and the United States," says Cheong Seong Chang, a noted scholar of North Korean affairs, who is optimistic about the new deal. "North Korea will be able to begin new reform and a new opening policy."

The promise of such a breakthrough – distant though it may be – is held in the creation of five working groups agreed to on Tuesday. Those groups will tackle issues ranging from denuclearizing the peninsula to normalizing Pyongyang's relations with Washington and Tokyo and setting up a "Northeast Asia Peace and Security Mechanism."

Those provisions make Tuesday's agreement potentially far broader than its failed predecessor, the 1994 Geneva Framework Agreement.

The political context "would provide stronger and more stable grounding for anything in the agreement," says Denny Roy, researcher at the Asia Pacific Center for Security Studies in Honolulu. "But that would be much harder to achieve."

Given the history of failure in dealing with North Korea, Dr. Roy is skeptical of the new agreement.

"Seeing this followed through each of the steps, with both sides agreeing that they have been fulfilled, is a much harder task than simply reaching the agreement," he cautions.

North Korean state media Tuesday reported that the agreement required only the "temporary suspension of the country's nuclear activities," raising doubts about the government's interpretation of the deal.

"It is hard to judge North Korea's behavior this time," says Zhang Liangui, a North Korea expert at the Chinese Communist Party School in Beijing. "It is hard to say if they have made a definitive decision to give up nuclear weapons, or whether this is just another way to deal with the pressure."

One potential sticking point is North Korea's denial that it has a program to enrich uranium separate from the plutonium-producing reactor at Yongbyon. US officials have insisted that program does exist, since Mr. Hill's predecessor, James Kelly, said Pyongyang admitted it to him in 2002.

North Korean chief delegate Kim Kye Gwan said that his government "was prepared to sit with us and discuss it and reach a mutually satisfactory conclusion," Hill said of the allegations. "We need to know precisely what is involved."

Notably absent from the agreement was any mention of the US blacklisting of a Macao bank that holds North Korean assets. That sanction was the reason that North Korea gave for leaving the last round of six-party talks.

Hill said that he had pledged to the North Koreans that the Macao issue would be "resolved" within 30 days.

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One of the working groups, which will meet within 30 days, will also take up Pyongyang's demand to be removed from Washington's list of states sponsoring terrorism.

Another working group is to take up normalization of relations between Japan and North Korea – a forum in which Japan can demand that North Korea account for all Japanese kidnapped to North Korea. Japan, alone among the participants at the talks, balked at providing aid to North Korea, with Japan's Prime Minister Shinzo Abe insisting first on resolution of the kidnapping issue.

Other working groups are to discuss resolving regional conflicts and a peace treaty to replace the truce that ended the Korean War in 1953 – a longstanding North Korean demand that the North has linked to demands for withdrawal of American troops from South Korea.

N Korea Is Being Lured Back Into The Fold (FT)

By Anna Fifield

Financial Times, February 14, 2007

For more than a decade, attempts to cajole, coerce or cold-shoulder the North Korean regime into relinquishing its nuclear ambitions foundered, as successive administrations in Washington demanded either too little or too much from Pyongyang.

While its neighbours in north-east Asia fretted throughout that period, it took a provocative nuclear missile test unleashed last October by the administration of Kim Jong-il, the North's despotic leader, to prompt the US and others to try again to put a lid on his atomic capabilities. Only four months on, there is a deal – indeed, one that could represent a turning point in the long-running crisis.

Diplomats and analysts alike are cautious about the prospects for implementing the six-party accord forged in Beijing on Tuesday, given North Korea's historical difficulty in keeping its promises. Others detect in it a partial capitulation by a weakened administration of US President George W. Bush, badly in need of a diplomatic breakthrough to set against his Middle East troubles. Nonetheless, the negotiators' handshakes will fuel hopes that steps will finally be taken to dismantle the rogue state's nuclear facilities.

"There will be lots of problems but this deal is a positive sign," says Kim Tae-woo, a nuclear specialist at the south's Korea Institute for Defence Analyses. "So far North Korea has been relatively free to produce plutonium and nuclear weapons, but it looks like that is coming to an end."

Under the deal (see panel), steps towards the abandonment of Pyong-yang's nuclear installations will begin rapidly. Inspectors are to arrive within two months to monitor the shutdown of the five nuclear facilities at Yongbyon, north of Pyongyang, from which plutonium was extracted to make October's nuclear device.

This will set in train the vaguely worded joint statement of principles agreed among the parties – China, Japan, Russia, the US and the two Koreas – in September 2005. Under that pact, North Korea made a general pledge to abandon the development of nuclear weapons in return for unspecified aid and security assurances.

But all too soon, the process was disrupted when hawks in the Bush administration, who bristle at the idea of talking to a regime they consider part of the "axis of evil", sought to undermine the apparent breakthrough. The US Treasury instigated a crackdown on North Korean-linked bank accounts that led to Pyongyang being frozen out of the international financial system and severely hindered its ability to earn hard currency. The crackdown and the pressure it put on Mr Kim's regime – which struggles to provide heat, light and food for its 23m populace – was widely seen as a main trigger for last year's nuclear test.

Despite this unpromising backdrop, the six-party process resumed at Beijing's elaborate Diaoyutai state guesthouse in the most optimistic mood to have pervaded the talks in years, following unprecedented consultations between Christopher Hill, the US negotiator, and Kim Kye-gwan, his North Korean counterpart.

After it became clear that North Korea could not move on the nuclear issue while the financial sanctions remained in place, Mr Hill met the North Koreans in Berlin last month to thrash out a hypothetical agreement. However, North Korea was still insisting on large amounts of heavy fuel oil so the South Korean negotiator, Chun Yung-woo, came up with the idea of providing greater assistance in return for further steps towards denuclearisation from the North Koreans.

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The Americans thought they had the basis for the agreement, until everyone showed up in Beijing last week and the North Korean negotiators "threw in everything but the kitchen sink", according to an insider. The negotiators struggled to make any headway.

So on Monday, Mr Hill took aside Mr Kim, the North Korean negotiator, and told him about the ceramic Korean cup on his desk in Washington, a gift from his time as ambassador to Seoul. "If you try to pour too much liquid into the cup, it just tips over and you lose everything," Mr Hill is said to have told his counterpart.

At 3am local time Tuesday, a weary-looking Mr Hill announced that the parties had, against the odds, reached an agreement. North Korea will shut down and seal its main nuclear facilities at Yongbyon within 60 days and allow international inspectors to verify the process. In return, it will receive food aid and fuel oil.

Pyongyang must then provide a complete list of its nuclear activities and disable existing facilities. That will bring it greatly increased supplies of fuel oil in a step-by-step process that has yet to be detailed. The US and South Korea also agreed to work towards a peace treaty to formally end the Korean War with the North. This has been a key demand of North Korea's for some time, but Mr Bush has also recently cited it as a goal.

Attention will therefore now turn to the practical implementation of the deal, particularly whether the parties can move beyond an interim freeze – as outlined in a 1994 "agreed framework" with the then administration of Bill Clinton and subsequently belittled by the Bush team – to a more permanent arrangement. "We have no intention of freezing things," says Mr Hill, who is understood to have been reluctant to bargain over fuel oil, conscious of comparisons with 1994. "'Freeze' suggests 'freeze-thaw-freeze'. We're interested in a one-way process."

In addition to the 30- and 60-day deadlines set in the agreement, diplomats are already planning further rounds of the six-party talks in March and April. But the difficulties in securing this week's deal augur ill for the even greater tasks that lie ahead. Not only is the issue complicated by the continuing financial sanctions and Japan's grievance over North Korea's abduction of a number of its citizens several decades ago, but the outcome is likely to be unpopular in certain circles in both Washington and Pyongyang.

American hawks are unhappy with the similarities between the 1994 framework and the new deal, saying that it offers North Korea compensation for a mere freeze – a step Pyongyang has already shown can be easily reversed – and rewards it for defiance. John Bolton, the hard-line former US ambassador to the United Nations, has said he was "very disturbed" by the deal, which could encourage countries such as Iran to follow in North Korea's footsteps. "It sends exactly the wrong signal to would-be proliferators around the world," he told CNN. "[It says] 'If we hold out long enough, wear down the State Department negotiators, eventually you get rewarded'."

When Pyongyang signed the "agreed framework" deal with the Clinton administration in 1994, resolving the first nuclear crisis, North Korea pledged to freeze its nuclear programme in exchange for heavy fuel oil and two proliferation-proof light water reactors. However, that unravelled in 2002 when the Bush administration, which took a much harder line against North Korea, accused Pyong-yang of running a secret uranium enrichment programme, the allegation that sparked the second nuclear crisis.

Oil shipments and the light water reactor project were suspended. Pyongyang responded by expelling international inspectors, withdrawing from the nuclear Non-Proliferation Treaty and resuming the reprocessing of plutonium. Its success in that endeavour was demonstrated by having the plutonium to spare for last October's nuclear test.

But some argue that the Bush administration's "fixation" with its perceived axis of evil left it no choice but to soften its approach to North Korea. "Obviously Iraq and Iran are not going well so North Korea is their only hope for some kind of success in dealing with the axis of evil," says Peter Beck of the International Crisis Group.

The waning of the hard line influence in Washington is demonstrated by how little mention there has been of late about of clandestine uranium enrichment by the North Koreans, accusations which torpedoed the 1994 framework in 2002 and led to the current crisis. Jack Pritchard, who served as George W. Bush's special envoy on North Korea between 2001 and 2003, says it is "bizarre to say the least" that the uranium issue disappeared: "It's what triggered all of this in October 2002, so I'm very curious about how they're going to get around answering the [uranium] question."

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The information that led to the allegations was probably flawed, says physicist David Albright, president of the Institute for Science and International Security. "Non-proliferation analysts are starting to agree that there probably was no large-scale centrifuge facility but Bush wanted to kill the agreed framework."

Many analysts say current agreement highlights the failures of the Bush administration's hardline approach towards the problem. Jon Wolfsthal, a non-proliferation expert at the Centre for Strategic and International Studies in Washington who lived in North Korea while working for the US Department of Energy, says Pyongyang has come out ahead because it will receive the assistance it was promised until 2002 but has also demonstrated it is a nuclear state.

"Meanwhile, the US has been in a scramble to get back to 2002," Mr Wolfsthal says. "Anyone who supported the agreed framework should recognise the benefits of this deal but no one should think we are in a better position than before the Bush administration went through with this policy."

Mr Pritchard adds: "It's been a case of failed diplomacy and wasted opportunities up until now, anything that leads to winding back the process that was unleashed four years ago is a good step, a necessary step, but it's not a breakthrough."

Still, one key difference between the 1994 and 2007 agreements – its multilateral nature – should help compliance this time. "The six parties are safeguarding the agreement and that makes it much more difficult for one party to renege if it's going to be five against one," says a South Korean official. "If inspectors go back to Pyongyang and something goes wrong, North Korea will find it harder to kick them out, because there will be repercussions not only with the IAEA [International Atomic Energy Agency] but with all parties, including us."

However, the question of whether North Korea has made the strategic decision to give up its nuclear weapons programme remains unclear: there is a chance that hardliners in Pyongyang could try to scupper the deal.

That is a possibility of which Mr Hill is all too aware. "There are some people in the DPRK who understand that these weapons have done more to isolate and endanger and impoverish the DPRK than to protect it," says Mr Hill, calling the state by its official name – the Democratic People's Republic of Korea. "Alas I don't think that this is a universal view in the DPRK."

Isis's Mr Albright, who had high-level meetings in Pyongyang in the week before these six-party talks, says North Korea could relinquish its new-found nuclear prowess.

"I think this will take security assurances, economic assurances – and time. They will shut down the reactor and allow inspectors to go in, get the energy in return and then discuss the next step," he says, adding that the other parties would have to discuss restarting the light water reactor as part of any deal.

However, Mr Pritchard doubts that enough trust exists between the Bush administration and the Pyongyang regime to get to the finish line. "When one side has described wanting to change the regime of the other, it's difficult to believe that we could come back to a neutral path where everyone trusts each other unless proven otherwise," he says.

Mr Albright agrees up to a point. "North Korea feels that shutting down the reactor would be a major step beyond a freeze – it would be permanent – so North Korea probably feels they can make a better agreement with the next administration." That view suggests the North Korean problem might still be around to confront Mr Bush's White House successor too.

Outside Pressures Snapped Korean Deadlock (NYT)

By David E. Sanger

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — It is hard to imagine that either George W. Bush or Kim Jong-il would have agreed even a year ago to the kind of deal they have now approved. The pact, announced Tuesday, would stop, seal and ultimately disable North Korea's nuclear facilities, as part of a grand bargain that the administration has previously shunned as overly generous to a repressive country — especially one that has not yet said when or if it will give up its nuclear arsenal.

But in the past few months, the world has changed for both Mr. Bush and Mr. Kim, two men who have made clear how deeply they detest each other. Both are beset by huge problems, and both needed some kind of breakthrough.

For Mr. Bush, bogged down in Iraq, his authority undercut by the November elections, any chance to show progress in peacefully disarming a country that detonated a nuclear test just four months ago could no longer be passed up. As one senior

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administration official said over the weekend, the prospect that Mr. Bush might leave Iraq, Iran, Afghanistan and North Korea more dangerous places than he found them "can't be very appealing."

Still, the accord came under fast criticism from right and left that it was both too little and too late. [Page A10.]

For years, Mr. Bush's administration has been paralyzed by an ideological war, between those who wanted to bring down North Korea and those who thought it was worth one more try to lure the country out of isolation. In embracing this deal, Mr. Bush sided with those who have counseled engagement, notably his secretary of state, Condoleezza Rice, and her chief negotiator, Christopher R. Hill. Mr. Bush took the leap in the hope that in a few months, he will be able to declare that North Korea can no longer produce fuel for new nuclear weapons, even if it has not yet turned over its old ones.

For Mr. Kim, the nuclear explosion — more of a fizzle — that he set off in the mountains not far from the Chinese border in October turned out to be a strategic mistake. The Chinese, who spent six decades protecting the Kim family dynasty, responded by cutting off his military aid, and helping Washington crack down on the banks that financed the Cognac-and-Mercedes lifestyle of the North Korean leadership.

"As a political statement, their test was a red flare for everyone," said Robert Gallucci, who under President Clinton was the chief negotiator of the 1994 agreement with North Korea, which collapsed four years ago. "It gave President Bush and the Chinese some leverage."

Mr. Gallucci and other nuclear experts agree that the hardest bargaining with world's most reclusive, often paranoid, government remains ahead.

Over the next year, under the pact, the North must not only disable its nuclear reactors and reprocessing facilities, it must lead inspectors to its weapons and a suspected second nuclear weapons program. And to get to the next phase of the agreement, the one that gives "disarmament" meaning, North Korea will have to be persuaded to give away the country's crown jewels: the weapons that make the world pay attention to it.

But before the administration faces off against Mr. Kim in Pyongyang, it will have to confront the many critics of the deal here at home. As the White House took credit on Tuesday for what it called a "first step," it found itself pilloried by conservatives who attacked the administration for folding in negotiations with a charter member of what Mr. Bush called the "axis of evil," and for replicating key elements of Mr. Clinton's agreement with North Korea.

At the same time, Mr. Bush's advisers were being confronted by barbs from veterans of the Clinton administration, who argued that the same deal struck Tuesday had been within reach several years and a half-dozen weapons ago, had only Mr. Bush chosen to negotiate with the North rather than fixate on upending its government.

In fact, elements of the new decision closely resemble the Clinton deal, called the Agreed Framework. As it did in that accord, the North agrees to "freeze" its operations at Yongbyon, its main nuclear facility, and to allow inspections there. And like that agreement, the new one envisions the North's ultimately giving up all of its nuclear material.

In two respects, however, the new accord is different: North Korea does not receive the incentives the West has offered — in this case, about a year's supply of heavy fuel oil and other aid — until it "disables" its equipment at Yongbyon and declares where it has hidden its bombs, nuclear fuel and other nuclear facilities. And the deal is not only with Washington, but with Beijing, Moscow, Seoul and Tokyo.

"We're building a set of relationships," Ms. Rice argued Tuesday, saying that the deal would not have been possible if she and President Bush had not been able to swing the Chinese over to their side. Mr. Bush has told colleagues that he believes the turning point came in his own blunt conversations with President Hu Jintao of China, in which, the American president has said, he explained in stark terms that a nuclear North Korea was more China's problem than America's.

But the administration was clearly taken aback on Tuesday by the harshness of the critique from the right, led by its recently departed United Nations ambassador, John R. Bolton, who charged that the deal "undercuts the sanctions resolution" against the North that he pushed through the Security Council four months ago.

Democrats, in contrast, were caught between enjoying watching Mr. Bush change course and declaring that the agreement amounted to disarmament-lite. "It gives the illusion of moving more rapidly to disarmament, but it doesn't really require anything to happen in the second phase," said Joel Wit, who was the coordinator of the 1994 agreement.

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The Bush administration is counting on the lure of future benefits to the North — fuel oil, the peace treaty ending the Korean War it has long craved, an end to other sanctions — to force Mr. Kim to disclose where his nuclear weapons and fuel are stored.

Mr. Bush's big worry now is that Mr. Kim is playing the administration for time. Many experts think he is betting that by the time the first big deliveries of oil and aid are depleted, America will be distracted by a presidential election.

But Mr. Bush could also end up with a diplomatic triumph, one he needs desperately. To get there, he appears to have changed course. Asked in 2004 about North Korea, he said, "I don't think you give timelines to dictators and tyrants."

Now he appears to have concluded that sometimes the United States has to negotiate with dictators and odious rulers, because the other options — military force, sanctions or watching an unpredictable nation gain a nuclear arsenal — seem even worse.

North Korea Vows Nuke Program Halt (CHIT)

By Bay Fang And Evan Osnos

Chicago Tribune, February 14, 2007

WASHINGTON -- Four months after North Korea defied the world by testing a nuclear device, its pledge Tuesday to close its main nuclear reactor in exchange for $400 million in aid leaves unresolved how it would abandon the rest of its nuclear facilities, weapons and atomic fuel stockpiles.

The deal, announced in a joint statement by the U.S. and four other nations, does not immediately require Kim Jong Il's regime to give up any existing nuclear bombs but lays out a first deadline for key steps toward disarmament and normalized diplomatic relations.

North Korea pledged to shut down its Yongbyon nuclear reactor and permit international atomic inspectors to return to the country within 60 days. In turn, it will receive 50,000 tons of heavy fuel oil or equivalent "emergency assistance," a down payment on a promised million tons of oil or equivalent aid when it ultimately disarms.

President Bush welcomed the nuclear deal, a rare foreign policy victory at a time when the U.S. faces severe difficulties in Iraq and elsewhere. But administration officials also tempered expectations as some critics noted that the White House previously criticized such overtures to a country the president once branded part of "the axis of evil."

"This is still the first quarter," said Secretary of State Condoleezza Rice. "There is still a lot of time to go on the clock. But the six parties have now taken a promising step in the right direction."

The fate of the deal may rest on whether North Korea is fundamentally prepared to renounce nuclear arms after years of delays and defiance. Pyongyang has reneged on previous agreements, and has been accused of developing its uranium-based weapons program even while freezing a plutonium-based one.

In fact, the announcement of the deal by North Korea's official news agency said merely that the country was receiving 1 million tons of oil for a "temporary suspension" of its nuclear facilities — without mentioning the full disarmament for which the agreement calls.

Meeting that 60-day deadline will be a key benchmark of North Korea's commitment to the process, but it will take more time to determine whether the communist nation is prepared to see the process to conclusion, say veterans of American and multilateral negotiations with the North Koreans.

The plan drew harsh criticism from John Bolton, who until December was the U.S. ambassador to the United Nations. Bolton said the agreement ran counter to the Bush administration's counter-proliferation policy of not rewarding bad behavior.

"It's a bad, disappointing deal, and the best thing you can say about it is that it will probably fall apart," Bolton said in an interview. "The only reason they were back at the negotiating table was because of the pressure we put on them through financial sanctions. Now we're about to release that pressure."

The terms of the deal require North Korea to provide a full declaration of all harvested plutonium from spent nuclear fuel rods, which is estimated to be enough to have produced at least six nuclear weapons.

Mike Green, former senior director for Asian affairs on the Bush administration's National Security Council and one who has participated in the North Korean negotiations, said, "We won't really know if the North Koreans have changed their basic stance and are really serious about giving up their nuclear program" until we see what they do with the harvested plutonium.

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In later phases, a timeline will be set for full disabling of all nuclear facilities in the country, at which time the 1 million tons of oil or equivalent aid will be handed to the North Koreans. Green said it will cost South Korea, Japan, Russia, China and the U.S. about $80 million apiece.

The tentative agreement awaits the approval of the administrations of all nations involved. The U.S. contribution to fuel shipments must be approved by Congress, which could bring challenges from both Democrats and Republicans.

"I think it's going to be attacked from the right, because it doesn't provide for a date certain for the elimination of North Korea's capabilities," said Robert Einhorn, former assistant secretary of state for nonproliferation in the Clinton administration, who sat across a negotiating table from Kim in 2000. "It's also going to be attacked from the left for getting a deal that could have been possible years ago, before North Korea developed its nuclear weapons."

Sen. Joseph Biden (D-Del.), chairman of the Senate Foreign Relations Committee, criticized the plan as being too little, too late.

"North Korea's program is much more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing," he said.

The deal effectively restarts a process that had been nearing collapse since September 2005, when the six parties agreed that North Korea would give up nuclear arms in exchange for energy and security guarantees.

Within hours of that announcement, North Korean spokesmen were downplaying the terms to domestic audiences, and over the months that followed, the North test-fired missiles and eventually conducted its first atomic test Oct. 9.

Bush said the latest agreement underscores the power of international cooperation.

"These talks represent the best opportunity to use diplomacy to address North Korea's nuclear programs," Bush said in a written statement.

To strike the deal, the Bush administration broke with its longstanding opposition to providing aid to the North Koreans as an incentive for promises of denuclearization. Bush had previously criticized a similar deal struck by former President Bill Clinton's administration.

White House press secretary Tony Snow said the current agreement differs from the Clinton-era deal because it relies on verifiable "performance benchmarks," and because other major powers have signed on to the deal.

To be sure, analysts say the deal was unlikely to have been reached without heavy intervention by China, which has emerged as a key broker in dealings with North Korea.

After years of dutifully supporting its erratic neighbor and ally, China changed course last summer after Kim's regime ignored China's warnings not to conduct missile tests. Beijing has since pressured its neighbor by reducing vital oil shipments and expressing rare public discontent.

Tribune national correspondent Mark Silva contributed to this report from Washington. Bay Fang reported from Washington and Evan Osnos from Bangkok.

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Analysis: Making N. Korea Stick To Deal (AP)

By Charles Hutzler

AP, February 14, 2007

The negotiation that yielded Tuesday's landmark agreement for North Korea to abandon its nuclear weapons programs now gives way to a more arduous phase: making sure the communist country keeps its promises. Secretive, belligerent and with a reputation for skirting past deals, North Korea makes a rough prospect for arms control inspectors, experts said. It allegedly set up a secret nuclear weapons program, even as it shut down a different program a decade ago and put it under U.N. inspection.

Its mountainous terrain is pockmarked with tunnels and bunkers ideal for hiding bombs, materials and production lines. U.S. technical crews visited a suspected North Korean underground nuclear site, once in 1999 and again in 2000, only to find a suspiciously empty tunnel complex.

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"How much nuclear material it has, how much it has produced and whether they've hidden any, we have our estimates. But no one can say for certain," said Liu Gongliang, a nuclear physicist who has tried to track North Korea's nuclear program for the Chinese government.

As the United States, China and other regional partners look to enforce their hard won agreement, getting past North Korea's usual intransigence is critical. Success in ridding North Korea of all its nuclear weapons programs would make the country a model of disarmament, like South Africa in the 1990s and Libya this decade.

Failure risks stoking tensions anew in often hostile Northeast Asia where U.S. troops are stationed to defend allies Japan and South Korea against a huge North Korean military.

North Korea has refined enough plutonium from its main, known facility — a 5-megawatt reactor based on a Soviet design and its associated processing plant in Yongbyon — to make from four to 13 nuclear bombs, according to the Institute for Science and International Security, a disarmament think tank in Washington.

Under Tuesday's accord, North Korea committed to first shutting down Yongbyon, accounting for all its nuclear facilities and eventually dismantling them all. But though the Yongbyon reactor was put under International Atomic Energy Agency inspection as part of 1994 deal with the United States, the entire facility has never been opened for inspection.

That deal unraveled after Washington accused Pyongyang in 2002 of running a parallel weapons project enriching uranium, a program the new agreement has assigned to a working group to resolve later. North Korea may have other undeclared and unknown facilities and materials, experts said.

Ultimately there is the question of whether Kim Jong Il, dictator of an impoverished and politically isolated country, intends to relinquish his nuclear weapons.

Jin Linbo, a North Korean watcher at China's Institute for International Studies, said North Korean Vice Foreign Minister Kim Kye Gwan was quoted last December as telling South Korean and Japanese reporters, "Do you believe we developed and sustained our nuclear weapons programs for so long just to give them up?"

Other governments have developed nuclear weapons for political popularity, diplomacy or security, Jin said. "But North Korea is not like other countries. They need it for food, they need it for fuel, for clothing to wear" and cannot afford to bargain it away cheaply, he said. "So I'm very pessimistic."

Cooperation is considered critical for a successful disarmament. Inspectors had trouble uncovering the extent of South Africa's program even with assistance from the government. North Korea is suspected of having hidden some of its processed plutonium despite allowing in the U.N. inspectors under the 1994 agreement, said Liu, the Chinese physicist.

"South Africa was a model," Liu said. "Without that kind of cooperation it's extremely tough. If you say 'we think you have more fuel,' they won't acknowledge it, and if you think you've got it all, they'll keep any remaining materials for later."

Pact Involved Unusual Give-and-take By Bush Administration (MCT)

By Warren P. Strobel

McClatchy Newspapers, February 14, 2007

WASHINGTON - When President Bush took office six years ago, his hard-edged foreign policy was sometimes described by the initials "ABC," which stood for "anything but Clinton."

Nowadays, "a bit like Clinton" might be more apt.

The North Korean nuclear deal that Bush and Secretary of State Condoleezza Rice approved Tuesday blossomed from the sort of diplomatic give-and-take with an adversary that the White House had rejected until recently.

Two senior State Department officials said the deal reflected, in part, Rice's desire for a visible foreign-policy victory to offset setbacks across the Middle East, from Iraq to Iran and Lebanon. It also reflects a changed power balance within the Bush administration, with Rice at the forefront and Vice President Dick Cheney's influence diminished, at least on this issue and for now.

Rice on Tuesday called the agreement a breakthrough that came from "patient, creative and tough diplomacy."

"That's about as far away as you can get from `Either you're for us or against us,'" one of the senior officials said, referring to the president's defiant and undiplomatic rhetoric in the days after the Sept. 11, 2001, terrorist attacks.

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This official and others requested anonymity to speak more openly.

When Bush entered the White House in 2001, he rebuffed pleas from then-South Korean President Kim Dae-jung to support Kim's effort to engage North Korea and declined to continue President Clinton's policy of negotiating with Pyongyang. He appeared to question the North Korean regime's legitimacy, including it with Iraq and Iran in an "axis of evil."

In October 2002, the Bush administration alleged that North Korea had a covert program to produce uranium for nuclear weapons. The next month, the United States, Japan and South Korea stopped shipping heavy fuel oil to North Korea, dooming a 1994 accord called the Agreed Framework, which had frozen North Korea's plutonium-producing reactor at Yongbyon. North Korea responded by restarting the reactor and expelling international inspectors.

Critics charge that Bush wasted six crucial years - in which North Korea expanded its nuclear arsenal and tested a nuclear weapon - and now has blessed a deal that's little better than the Agreed Framework was.

The agreement announced early Tuesday at six-nation talks in Beijing commits North Korea to "shut down and seal" the Yongbyon reactor within 60 days and allow international inspectors to verify its compliance. In return, the energy-starved nation would get an initial 50,000 tons of heavy fuel oil.

North Korea will receive much more aid - the equivalent of 1 million tons of heavy fuel oil - if it takes further steps toward denuclearizing, including providing a complete list of its nuclear programs and disabling all nuclear facilities.

The United States pledged to begin talks on normalizing relations with North Korea, to start the process of removing it from a U.S. list of countries that sponsor terrorism and to resolve a dispute over alleged illicit financial activities by North Korea.

Reporters pressed Rice on Tuesday as to how the new agreement differs from the 1994 one.

She said the initial aid to North Korea was modest; that five countries - including China, Japan, Russia and South Korea - would monitor the agreement's implementation, rather than the United States alone; and that, in contrast to the Agreed Framework, North Korea wouldn't receive nuclear reactors for civilian energy production until it had dismantled its nuclear weapons complex.

"So this is a different agreement," Rice said.

"It looks to me like a carbon copy" of the Agreed Framework, John Bolton, a former Bush administration undersecretary of state and U.N. ambassador, said in a telephone interview. "I think it's a bad deal."

"This is like what Secretary (of State Colin) Powell was pursuing in 2001, until the president steered him away from it," said Bolton, who's now with the American Enterprise Institute, a conservative policy-research center.

Nuclear-proliferation expert David Albright, who traveled to North Korea two weeks ago, said the eventual outcome would be little changed from the Agreed Framework.

"It's all going to be the same," said Albright, the president of the Washington-based Institute for Science and International Security, a private nuclear-arms watchdog group.

The difference is "now they have more nuclear weapons" as well as an estimated 40 to 50 kilograms of plutonium, which will be very difficult to eliminate verifiably, he said. "I think we've lost a lot of time, and now the job is harder."

The deal with North Korea already has disappointed and angered conservatives in Bush's political party, who see it as an abandonment of the president's principles and a return to Clinton-era deal-making.

Senior officials said that Bush and Rice, working through U.S. envoy Christopher Hill, were determined to get an agreement if they could. To do so, Bush overruled or softened objections from the Treasury Department and some government nuclear-proliferation specialists.

US Welcomes N Korea Nuclear Deal (FT)

By Anna Fifield And Daniel Dombey

Financial Times, February 14, 2007

The Bush administration on Tuesday began moving towards normal relations with North Korea – a country it had labelled part of the “axis of evil” – in a sweeping and potentially historic deal over Pyongyang’s nuclear weapons programme.

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Under the early-morning deal, which cemented China's emergence as a significant power-broker on the world stage, North Korea agreed to close down its main nuclear reactor within two months and allow international inspectors to verify the process.

The deal also paves the way for the end of North Korea's official designation in the US as a state sponsor of terror, the resolution of the financial dispute that has shut Kim Jong-il's regime out of the international banking system and the formal end of the 1950-53 Korean war.

"Obviously we have a long way to go but we are very pleased with this agreement. We feel it is a very solid step forward," Christopher Hill, chief US nuclear negotiator, said lon Tuesday night after China, Japan, Russia, the US and the two Koreas ratified the agreement.

North Korea has a history of reneging on agreements but analysts said the deal could prove to be the turning point in the arduous effort to convince Pyongyang to disarm.

Within 60 days, North Korea has agreed to shut down and seal its main nuclear facilities at Yongbyon, north of Pyongyang, under the supervision of International Atomic Energy Agency inspectors. In return, it is due to receive 50,000 tonnes of heavy fuel oil as well as food and other aid.

To continue towards full "abandonment", North Korea will provide a complete list of its nuclear programmes and disable all existing nuclear facilities, for which it will receive an additional 950,000 tonnes of fuel oil in instalments along the way.

In an indication that the deal could lead to a "grand bargain" between the US and North Korea, the agreement commits the two sides to "bilateral talks...moving toward full diplomatic relations". The text of the deal adds that "the US will begin the process of removing the designation of [North Korea] as a state-sponsor of terrorism".

Diplomats and analysts said China played a crucial role in brokering the deal.

"China decided that they had to deliver on this," said Jonathan Eyal, at the Royal United Services Institute in London. Beijing is North Korea's biggest trading partner. He said the deal represented "agreement on the conditions for a grand bargain".

Under the accord, the US will also "resolve" within 30 days the dispute over $24m in North Korea-linked accounts frozen 18 months ago as part of a Washington-led crackdown on counterfeiting and money laundering.

Tokyo will begin talks with Pyongyang to normalise their thorny relations – complicated by North Korea's abduction of Japanese citizens several decades ago. However, Japan was already voicing doubts about the deal last night and indicated it would not join in giving aid to North Korea.

Condoleezza Rice, US secretary of state, said the agreement should be "seen as a message to Iran that the international community is able to bring together its resources".

But Mr Eyal said there was little prospect that the US would apply the same approach to the dispute over Iran's nuclear programme, partly because it considered Tehran a greater threat in a region of vital concern.

Bolton Hits Agreement As 'Bad Signal' To Iran (WT)

By Bill Gertz

The Washington Times, February 14, 2007

The deal reached in Beijing on North Korea's nuclear program is being criticized for making too many concessions to the hard-line government that violated a past accord, and gives up key U.S. leverage that blocked illicit financial activities by Pyongyang in the past.

"It is rewarding bad behavior of the North Koreans by promising fuel oil," said former U.S. ambassador to the United Nations, John R. Bolton, who emerged as an outspoken critic of the nuclear accord.

"It's a bad signal to North Korea and it's a bad signal to Iran," Mr. Bolton said in an interview, noting that the message to would-be arms proliferators around the world is that "if you hold out long enough and wear down the State Department negotiators, eventually you get rewarded."

Also, giving up financial leverage on North Korea after further talks by agreeing to lift banking sanctions is a "huge" mistake, Mr. Bolton said. "That leverage is what brought them to the table. ... The Chinese were paying them to come to the talks. Now we're paying them."

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The Beijing agreement, announced yesterday, involves supplying some $400 million in aid, including 1 million tons of fuel oil, to the communist regime that set off its first underground nuclear blast in October, despite an agreement since 1994 to freeze its nuclear program.

Under the announced terms of the accord, North Korea will received an immediate shipment of 50,000 tons of fuel oil in the next two months, with further shipments and other concessions if it then agrees to shut down its nuclear facility at Yongbyon. An additional 950,000 tons of fuel will then be provided.

Problems with interpretation of the accord already surfaced yesterday.

White House press secretary Tony Snow said the agreement requires North Korea to "permanently" disable all nuclear facilities.

However, North Korea's state-run news organ, the Korean Central News Agency, announced the shutdown of reactors at Yongbyon would be "temporary."

Chuck Downs, a North Korea affairs specialist, said the administration's most damaging concession was agreeing to Pyongyang's demand to lift Treasury Department banking restrictions on Banco Delta Asia in Macao that was found to be laundering North Korean counterfeit $100 bills to finance the regime.

"We had the North Koreans on the ropes" with the banking restrictions, Mr. Downs said. "We're losing all of that real leverage once we open the door to identifying legitimate funds there."

The banking restrictions are to be lifted in 30 days under the accord.

Critics of the agreement also say it is similar to the failed 1994 Agreed Framework that called for North Korea to freeze its nuclear program in exchange for aid. North Korea violated that agreement and then admitted to having a secret uranium enrichment program in 2003. The North Koreans then refused to reveal or end the uranium program.

Six-nation talks including the United States, North Korea, South Korea, Japan, Russia and China have been under way for several years with limited success. The new accord will implement a September 2005 agreement that called on North Korea to give up its nuclear program.

The Beijing accord contains no reference to the uranium program, only that North Korea has agreed to discuss all its nuclear arms programs in further talks.

"The danger of this kind of agreement is that it's a charade, it's a hollow agreement," Mr. Bolton said. "And it will give people the illusion of security when it won't actually produce it. And even worse, it will say to countries like Iran and other would-be proliferators, if you have just have enough patience, if you just have enough persistence, you'll wear the United States down. They'll give up on point after point after point."

Henry Sokolski, a former defense official in former President George Bush's administration, said the concessions made to North Korea likely will undermine efforts to prompt Iran to limit its nuclear program.

"It is going to be harder to get everybody to be tough on Iran to the extent that we push this diplomatic effort on North Korea," Mr. Sokolski said.

"The Bush administration thinks it can succeed where Clinton administration failed because it can be trusted and is more vigilant," Mr. Sokolski said. "All of this remains to be seen. It's not a sure thing. This, again, is 'Trust us.' "

The accord will lead to more talks with the North Koreans and the other five parties but the prospect of reaching actual nuclear disarmament is slim, he said. "If what you want is more talks, this is indeed a major success," Mr. Sokolski said. "As for disarming the North Koreans, you'd be crazy not to be a skeptic."

South Korea will be required to pay for most of the aid to North Korea, thus locking Seoul into its current pro-North Korea policy, which has been a problem for the United States in the past, Mr. Sokolski said.

South Korea's Chosun Ilbo newspaper stated in an editorial the agreement has no mechanism for preventing North Korea from restarting its nuclear program and that South Korea will "bear a much higher portion of the burden."

China, which has close ties to North Korea, also will head one of the five working groups set up under the agreement and will be in charge of overseeing the nuclear dismantlement, raising questions about whether verification is possible.

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In China, official state-run press praised the diplomatic breakthrough but some experts voiced skepticism. Shi Yinhong, a specialist at the People's University in Beijing, told the Deutsche Presse-Agentur news service that "we should not read too much into" the agreement.

North Korea's motives are not clear "because now we do not have any evidence or logic to convince us that [North Korea] has set the course of denuclearization and why it would choose this course at this moment," Mr. Shi said.

Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control, also said the announced agreement "looks a lot like 1994."

"It's strikes me that the North Koreans really haven't changed their position significantly, while we have," Mr. Milhollin said. "All the concessions are from our side. It's hard to see any concessions on their side."

The White House sought to put the best face on the weaknesses of the agreement. Asked what happens if North Korea violates it, Mr. Snow told reporters, "Well, if the North Koreans cheat on the agreement, they are still liable to Chapter VII sanctions under U.N. Security Council resolutions."

Mr. Snow also said the agreement is structured so that if North Korea fails to take steps to close current facilities and reveal all nuclear operations, "they're not going to get the full benefit of potential diplomatic or economic relations until they, in fact, demonstrate that they're up to performing."

"The people of North Korea are the most oppressed people on the face of the earth, and through this agreement the administration is giving $400 million for 90 days of promises," Mr. Downs said, noting that North Korea already promised in the past to give up its nuclear programs and failed to do so.

Private Talks Held In Berlin Spurred Sides To Reach Deal (NYT)

By Jim Yardley

The New York Times, February 14, 2007

BEIJING, Wednesday, Feb. 14 — On a Friday night in late December, the tortuous three-year diplomatic effort to end North Korea's nuclear weapons program finally seemed dead. Two months earlier, North Korea had conducted its first nuclear weapons test, and five days of talks in Beijing had just ended in failure and acrimony.

But that evening, the American team sent a messenger to the gated North Korean Embassy. Would the North be interested in a private, bilateral meeting outside Beijing? A few days later, the North agreed and chose a location — Berlin.

The Berlin meeting in January was critical in resuscitating the talks and in shaping the agreement reached Tuesday in Beijing, according to a senior United States official familiar with the American negotiating team. The official briefed a handful of reporters to provide an inside perspective on the events that led to the Tuesday deal. He spoke only on the condition of anonymity.

In Berlin, the two envoys, Christopher R. Hill and Kim Kye-gwan, held their first private discussions outside the framework of the six-nation negotiations in Beijing. It was the sort of bilateral setting once forbidden by the Bush administration, but the two negotiators used it to hash out differences. "We basically teed up an agreement — what you saw today," the official said.

Or so they thought.

Mr. Kim raised the issue of energy assistance and North Korea's need for heavy fuel oil. The envoys decided that the North would receive oil shipments but quibbled over timing. Mr. Hill said oil could be shipped as long as the North Koreans agreed to close and seal their Yongbyon nuclear reactor and processing center within 45 days. Mr. Kim countered with 90 days. They settled on 60.

The American official said the envoys agreed that the precise amount of oil would be left undetermined until working groups were established. The Americans left Berlin, and Mr. Hill briefed South Korea, Japan and China, the host of the nuclear talks. On Jan. 30, China announced that the talks would resume in February.

"Beijing should have been a fairly straightforward exercise," the American official said.

But once the talks opened last Thursday, North Korea made clear its unhappiness with allowing the amount of oil to be determined by a working group.

"The problem was the North Koreans wanted an overall number, and they wanted the overall number public," the official said.

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Last Friday, Mr. Kim unleashed a tirade against the Americans on a range of issues, including the fuel oil. Reports leaked into the Asian news media that North Korea had thrown a fit. But eventually, the official said, all the issues faded away, except the oil.

North Korea wanted a big payoff. Unnamed officials told the Japanese and South Korean news media that the North wanted two million tons of fuel oil and two million kilowatts of electricity a year. In fact, the North Koreans had not been that specific, but the parties ultimately decided on one million tons of fuel oil — roughly a one-year supply for the entire country.

The South Korean envoy, Chun Yung-woo, helped shaped the discussions about the amount of oil and also suggested "more oil for deeper denuclearization." This link became essential for the Americans, who were distrustful of any deal that provided North Korea with oil without linking it to disarmament. A sequence emerged that withheld all but 50,000 tons of the oil until North Korea had disabled its nuclear arsenal, step by step.

Mr. Kim often called back to Pyongyang, the capital, for instructions as North Korea continued to resist the wording of the oil provision. The American official said that at one point on Monday, Mr. Hill visited the North Koreans and mentioned a ceramic Korean cup he kept on his desk. He cited a Korean proverb about how pouring too much liquid into the cup causes it to drain out, leaving nothing.

The message — do not get too greedy — was not lost on North Korea, but negotiations continued into early Tuesday morning. Finally, the six delegations — the United States, North Korea, China, Japan, Russia and South Korea — committed themselves to the agreement. A text was sent to the respective capitals. The only mystery was whether Pyongyang would sign off on the deal.

Later on Tuesday, it did.

Imperfect Progress (WSJ)

By George Perkovich

The Wall Street Journal, February 14, 2007

In the apparent nuclear deal with North Korea, the Bush administration has stopped letting the (unattainable) perfect be the enemy of the (doable) OK. For a heavy price in fuel oil and sanctions relief, Pyongyang will stop exacerbating the nuclear dangers it poses. If all goes according to plan, it will shut down the reactor in which it has been producing bomb fuel, and will allow international inspectors to verify this.

Presumably, North Korea also has agreed not to conduct further nuclear tests; but U.S. and other diplomats are strangely silent on this. If there is no such understanding, the deal is less good, or more imperfect. More likely, North Korea has agreed implicitly to eschew further tests as long as it is satisfied with the diplomatic process.

The North Koreans have not agreed to verifiably eliminate their stockpile of nuclear weapons and bomb materials. Rather than an operational commitment to disarm, the U.S. has extracted from North Korea a willingness to negotiate further a series of quid pro quos, which ultimately would require the dismantling of its nuclear weapons capabilities.

There is no reason to believe that any North Korean dictatorship will ever actually implement the final steps of verifiable disarmament. Nuclear bombs and plutonium are the best assets to trade for economic assistance; once the stuff is gone, why would the world keep paying the dictatorship off? Similarly, bombs and plutonium are the regime's best insurance against regime change: If you invade, we bomb South Korea or sell plutonium to terrorists.

The Bush administration, for six years, ignored the reality that the North Koreans would not trade away all their nuclear levers. The U.S. refused to negotiate on anything less than the unachievable optimum of complete, verifiable disarmament. Meanwhile, North Korea quintupled its stockpile of plutonium and tested one of its nuclear weapons. The administration patted itself on the back for not compromising with an evil regime, but meanwhile, the world became more dangerous.

When history recurs, it is for a reason. Ever since International Atomic Energy Agency inspectors discovered in 1992 that North Korea had secretly produced weapons-grade plutonium beginning in 1989, Presidents Bush, Clinton and Bush demanded that Pyongyang give up this material, and verifiably abandon all nuclear-weapon activities. North Korea has demurred, delayed and defied accommodation. It has stopped short of inciting warfare or complete economic isolation, but it also has shown no real interest in surrendering all its nuclear assets.

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On the brink of war in 1994, the Clinton administration and North Korea negotiated a framework agreement much like the one announced yesterday. North Korea would cease work in its plutonium production complex, allow international inspections and, in a step-by-step process over many years, account for and remove all of the plutonium it had produced. All parties were imperfect in fulfilling their terms, and North Korea secretly acquired uranium enrichment capabilities from Pakistan, which could in theory have substituted for plutonium. But North Korea did not produce more bomb material in this period or conduct a nuclear test.

If the current deal keeps North Korea from producing more bomb material and conducting more nuclear tests, it will be a good thing. If further pay-offs can induce Pyongyang to reduce the stockpile and reassure us that security and control procedures minimize the risks that nuclear materials or bombs could be transferred to terrorists, we should haggle over the price. Progress in nuclear security is worth paying for, even if it is imperfect.

Republicans and Democrats should now spare each other and the world the sanctimony of denouncing such dealmaking. Both parties have made imperfect deals with an impure North Korean regime. The focus now should be on consolidating the North Korean commitment not to make things worse.

More ambitiously, Republicans and Democrats should urge extending the six-party negotiating forum into a broader exploration of steps to prevent instability in Northeast Asia. Japan has fraught relations with both North and South Korea, and worries about China's rising power. China fears that Japan could someday convert its peaceful plutonium stockpile into weapons, and that the U.S. could someday use a unified Korea as a base for containing China. Everyone sees the prospect of Korean unification differently. These issues go to the core of global security in the 21st century. By broadening the agenda, this modest nuclear deal can become the start of something bigger.

Mr. Perkovich directs the nonproliferation program at the Carnegie Endowment for International Peace.

Faith-Based Nonproliferation (WSJ)

The Wall Street Journal, February 14, 2007

So after a couple of decades of broken promises, missile launches and nuclear tests, North Korea's Kim Jong Il has finally decided to give up his nuclear ambitions in return for diplomatic recognition and foreign aid. The Bush Administration will no doubt be praised with scorn for finally being "reasonable" and recognizing "reality," but the exercise strikes us as something close to faith-based nonproliferation.

Perhaps the best thing we can say about the deal is that it is marginally better than the "Agreed Framework," the 1994 accord in which the Clinton Administration agreed to hand over two light-water reactors and 500,000 tons of fuel oil a year in exchange for North Korea's promise to freeze its plutonium program. Pyongyang pocketed the oil, only to demand more compensation within a few years while secretly enriching uranium in a separate nuclear program that it only acknowledged in 2002.

This time there are no nuclear reactors on offer, and North Korea will get only 5% of the promised one million tons of fuel oil and humanitarian assistance up front. The remaining 95% is contingent upon North Korea providing a full accounting of all of its nuclear programs within 60 days, and ultimately agreeing to dismantle the works. That includes nuclear bombs, spent fuel and the clandestine uranium program -- which it now denies having but that the Bush Administration insists does exist.

The other difference from 1994 is that China is a party to this accord. Beijing has by far the most leverage of any country on Pyongyang, as its political patron and supplier of most of its energy needs. China was instrumental in getting Pyongyang back to the negotiating table after a three-year absence, and the U.S. is counting on it to help ensure the North's cooperation.

A senior Administration official tells us that there has been a "sea change" in the Chinese attitude toward North Korea since last summer's missile launch -- read: Beijing is furious -- and that Beijing is now "heavily invested" in making sure that the deal succeeds. We can only hope this is so.

However, Kim has proven he can stand up to China before, and the dictator's habit is to strike an agreement and then try to renegotiate it along the way for better terms. He will have many chances to do so under yesterday's accord, because the commitments and timetables are vague to say the least. His one important specific promise is to shut down his plutonium facility, at Yongbyon, within 60 days.

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The accord makes no mention of the plutonium his regime has produced, nor of the eight or more nuclear bombs he is thought to possess. Nor does it refer to his uranium enrichment program, much less specify that international inspectors will be able to roam the country's vast network of underground installations for evidence of where that program might be. Bush Administration officials say that they believe that all of Kim's nuclear activities are covered under the agreement, and that Kim will be expected to come clean in his 60-day declaration.

But if he doesn't? One danger of this accord is that it will start a traditional "arms control" process in which Kim can stall and protest, and the U.S. will be pressured to make even further concessions. We can already see the lineup of South Koreans, Chinese, American media and State Department officials all suggesting that the Bush Administration is being obstinate and "unrealistic" if it insists on intrusive inspections, or on recovering all of Kim's plutonium.

Meanwhile, the immediate effect of the fuel assistance and promises of diplomatic recognition will sustain Kim's regime, allowing him to sell the deal at home as a victory for his missile and nuclear blackmail. The timing is especially ironic given that Kim's position arguably has never been more precarious thanks to U.S.-imposed financial measures against the North's international banking activities.

Treasury's blacklisting of Banco Delta Asia in Macau in September 2005 -- and the demonstration effect on other banks that did business with the North -- essentially shut down Pyongyang's access to the global banking system. The U.S. is now promising to review its Banco Delta Asia action within 30 days. If that results in the government of Macau releasing some portion of the $24 million in BNA's North Korean accounts, it's yet another prop for the regime.

All of which is to say that this is far from the nonproliferation model set by Libya's Moammar Gadhafi in the wake of Saddam Hussein's ouster in 2003. Gadhafi relinquished his entire nuclear program up front, and only later -- once compliance was verified and the nuclear materials removed from the country -- did the U.S. take Libya off the terror list and provide other rewards.

Perhaps Mr. Bush feels this is the best he can do in the waning days of his Administration. Or perhaps, in the most favorable interpretation, he wants to clear the decks of this issue in order to have more political capital to control Iran's nuclear ambitions. Iran may look at this deal, however, and conclude it has little to lose by raising the nuclear stakes. We'd like to believe this will turn out better, but history doesn't support such faith.

The Lesson Of North Korea (NYT)

The New York Times, February 14, 2007

It is welcome news that North Korea has agreed to move toward dismantling its nuclear weapons program in exchange for fuel oil and international acceptance — including the hope of eventual recognition by the United States. When dealing with Pyongyang (and for that matter, the Bush administration), a lot can slip betwixt the cup and the lip. But if all goes as agreed, the world will be safer.

The obvious question to ask is: What took so long? And even more important: Will President Bush learn from this belated success? Will he finally allow his diplomats to try negotiation and even compromise with other bad and undeniably dangerous governments?

Mr. Bush could probably have gotten this deal years ago, except that he decided he didn't have to talk to anyone he didn't like. So long as the White House refused to talk, North Korea churned out plutonium. And once American negotiators were finally allowed to mix their sanctions with sanity and seriously negotiate, they struck a deal.

We'll overlook the irony of this administration, which considers the word multilateral an epithet, insisting yesterday that Mr. Bush had not compromised on anything because the Chinese, Japanese, South Koreans and Russians were also involved.

There are still a lot of negotiations to come before North Korea disarms — and no guarantees. If the past is prelude, it will try to reopen the bidding or try to squirrel away a few nuclear weapons or their makings. Its closest neighbors, China and South Korea, which have been enabling Pyongyang for years, will try to excuse any backsliding. So the Bush administration will have to be the deal's lead enforcer. For that, its behavior needs to be above reproach. Mr. Bush should start by ordering his aides (and his vice president) to embrace the triumph of diplomacy, no matter how much it pains them.

As for the lessons to be learned, there are a lot of other bad actors out there with whom Mr. Bush is still refusing to speak. Iran is resisting the White House's saber rattling and bullying. Mr. Bush could test Tehran by including it in a regional conference

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to discuss how to contain Iraq's chaos. And it would certainly enliven the discussion on Iran's nuclear program if the White House suggested that it would drop its plans for regime change once and for all and move toward diplomatic recognition if Tehran would control its nuclear appetites.

And there are others, like Syria, which might — with the right incentives — be persuaded to rethink its ill-begotten friendships with Hezbollah and Tehran. Or Cuba, preferably before Castro goes and the Cuban people decide their only choices are violence or remaining frozen in Communist amber for another generation. We are not saying that all of these governments will respond, even to a cold calculation of their own interests. But this administration has not tried to find out.

There will be a lot of talk in Washington about Mr. Bush salvaging a failing presidency. We don't want to take away from the glow. But there are a lot of other dangers out there. And we hope that Mr. Bush learns the most basic lesson of this week's deal: sometimes you really do have to talk to your enemies, even if you have to grit your teeth.

Nuclear Bargaining (WP)

The Washington Post, February 14, 2007

THE "ACTION PLAN" on North Korea's denuclearization issued yesterday by the "six-party" talks in Beijing offers the advantage of focusing, initially, on a single and relatively modest exchange. Within 60 days, the North Korean regime is to shut down its Yongbyon nuclear reactor and reprocessing plant under the monitoring of international inspectors, who would return to the country after a four-year absence. In exchange the North is to receive 50,000 tons of fuel oil, the "resolution" of U.S. banking sanctions and the beginning of bilateral talks on the normalization of U.S.-North Korean relations. If the shutdown takes place, North Korean production of plutonium for nuclear weapons will also stop -- a welcome if very limited step forward.

Unlike the failed "Agreed Framework" between the Clinton administration and North Korea, the new deal is not open-ended: North Korea will get no more than the one-time "emergency" supply of oil, worth about $12 million, unless it takes further action. This accord also includes China, South Korea, Japan and Russia, whose involvement raises the chance that Pyongyang will comply and demonstrates that the six-party approach the Bush administration embraced more than three years ago can produce results. In that sense it is wrong to argue that the administration has simply reverted to the Clinton-era arrangement that it repudiated in 2002, and if it is rewarding North Korea's misbehavior, the bribe is a small one.

The drawback is that North Korea keeps, for now, the weapons and plutonium stockpile it has amassed. Also, as Secretary of State Condoleezza Rice acknowledged yesterday, the first real test of whether dictator Kim Jong Il will give up his nukes lies in a less clearly defined future. According to the plan, North Korea is to permanently disable the Yongbyon facilities and provide a "complete declaration of all nuclear programs" in exchange for the equivalent of 950,000 more barrels of oil. How and when it will accomplish the disablement, how its disclosure will be verified and what else it might receive in exchange remain to be worked out; among the many difficulties is the North's refusal to acknowledge a secret uranium enrichment program. As Ms. Rice said, those steps would be "a sign that the North Koreans may, in fact, be ready to make a strategic choice" to give up nuclear weapons.

Along with many experts on North Korea, we're skeptical that Mr. Kim would choose to give up nuclear weapons unless he were convinced that the survival of his regime depended on it. Administration officials say they have been encouraged to believe that China, which controls North Korea's lifelines of fuel and food, has made the regime's disarmament a priority since its nuclear test last fall; recently enacted U.N. sanctions may also help. Trying to push Mr. Kim into a permanent shutdown of plutonium production over the next year is certainly worthwhile. Yesterday's announcement was a start, but as the football-loving Ms. Rice said, "This is still the first quarter."

Multilateralism Works On North Korea (LAT)

The Los Angeles Times, February 14, 2007

IN AN INCREASINGLY scary world, score one small point for pragmatism and global sanity: North Korea has agreed in principle to a nuclear disarmament deal.

The very tentative one-page agreement struck in Beijing on Tuesday is only a shaky first step after years of paralysis. It could well collapse within its first 60 days, when the famously erratic Pyongyang government has a deadline to seal up its plutonium-producing Yongbyon nuclear plant, make a full declaration of its nuclear activities and allow international inspectors

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back into the country. It doesn't guarantee that North Korea will take the next, crucial step of placing its plutonium — whether raw or already fashioned into warheads — under international safeguards. It doesn't deal with the enriched-uranium program that Pyongyang now denies. And yes, North Korea will receive a bit of fuel oil to sweeten the deal, something the Bush administration had long viewed as anathema.

Conservatives, predictably, are hollering betrayal. The Bush administration's once preeminent hawk, former U.N. Ambassador John R. Bolton, said the deal "contradicts fundamental premises of the president's policy he's been following for the past six years."

Bolton is right. President Bush has changed course — abandoning a failed policy in favor of one that might have a prayer of succeeding. For years, hard-liners insisted that providing any incentives, including direct U.S. contacts with Pyongyang, would reward North Korea's bad behavior. "I don't do carrots," Bolton once remarked. Instead, the administration sought to enlist North Korea's neighbors in isolating Kim Jong Il until he capitulated.

But that theory proved unworkable when China and South Korea refused to apply sufficient pressure, then blamed the stalemated negotiations on White House inflexibility. Only when Bush acceded to the other countries' desire to include the fuel component in the deal did the talks get unblocked. This is what multilateralism looks like.

The tactical shift doesn't mean that the U.S. has abandoned its principles; the White House still needs to be prepared to abort this deal if it ultimately proves as hollow as previous accords. But if North Korea reneges on its promises this time, it will be double-crossing its last sympathizers, China and South Korea, as well as Russia, Japan and the United States.

So conservatives have little to fear; if North Korea scuttles the deal, the shared responsibility would make it all the easier to ratchet up international sanctions if necessary. The administration deserves recognition, not scorn, for helping to make even this tentative bit of hope possible.

Israel, Palestinians To Meet With Rice (AP)

By Josef Federman

AP, February 14, 2007

Israeli and Palestinian officials said Tuesday they have vastly different agendas for next week's meeting between their leaders and Secretary of State Condoleezza Rice, raising serious doubt about the summit's prospects.

The Palestinians want to jump to talks on a final peace agreement at the Feb. 19 meeting, while Israel said it will not discuss "substantial issues" until it learns more about Palestinian President Mahmoud Abbas' power-sharing agreement with the Hamas militant group.

Abbas, a moderate who leads the Fatah movement, reached the deal at a summit in the Saudi city of Mecca last week with Hamas, ending months of infighting and political deadlock.

Abbas has tried to persuade the West that the deal shows Hamas has softened its militantly anti-Israel ideology enough to allow him to restart peace talks with Israel. The Palestinians also hope the deal will bring an end to months of painful economic sanctions imposed on the current Hamas-led government.

Palestinian Prime Mini

ster Ismail Haniyeh of Hamas warned that key issues remain unresolved.

Returning home Monday to Gaza from the Mecca summit, Haniyeh said his government will resign in the coming days, a formality to allow appointment of the new unity government. But first the disagreements must be worked out — especially over control over the disparate armed forces.

Hamas and Fatah have not yet decided who will get the key post of interior minister, controlling most security forces. Wrangling over such control helped spark the deadly factional violence that has killed more than 130 Palestinians.

The deal also did not settle the fate of Hamas' 5,600-member militia, which was formed last year over Abbas' objections.

Israel and the "Quartet" of Mideast mediators — the U.S., EU, Russia and U.N. — have demanded that Hamas renounce violence, recognize Israel's right to exist and accept past peace agreements.

The Saudi-brokered deal agrees to "respect" past peace deals, but is otherwise vague on the international conditions.

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The Quartet and Israel have so far withheld judgment on the Palestinian unity deal, saying they want more details on its final platform. But privately, Israeli and U.S. officials have expressed disappointment. Hamas and Fatah hope to finalize the new government within weeks.

With so many questions unanswered, Israeli Prime Minister Ehud Olmert's spokeswoman, Miri Eisin, said the time is not ripe for full-fledged peace talks.

"We're not talking about the substantial issues, we're just talking about the political horizon," Eisin said. But she said Israel expects any future Palestinian government to accept the international conditions.

"We're waiting to see when the new Palestinian government is put together, because it hasn't been finalized, what the new government policies are," she said.

Palestinian negotiator Saeb Erekat said the Palestinians are eager to resume talks on a final peace agreement with Israel. After more than six years of Israeli-Palestinian fighting, a growing number of Israeli and Palestinian moderates have suggested "final-status" talks might provide a way out of the deadlock.

But Erekat — who was in Washington in recent days trying to market the Palestinian unity deal — acknowledged the agenda for the Feb. 19 meeting remains undetermined.

"So far we have not been able to agree with the Israelis on the agenda. The main thing is to see if we can engage in this process," he said.

In other developments Tuesday, Israeli soldiers killed a Palestinian militant in a clash along the Gaza-Israel border, the Israeli army and a Palestinian militant group said.

The Al Aqsa Martyrs' Brigades, a militant group affiliated with Abbas' Fatah movement, confirmed one of its men was killed and said another was wounded.

Abu Khassan, an Al Aqsa commander, told The Associated Press that the group's gunmen detonated a bomb when an Israeli patrol passed, blowing a hole in the border fence. He claimed one of the Israeli jeeps was damaged and set on fire by the blast, and that Israeli soldiers were wounded.

The army denied that any soldiers had been wounded. Soldiers along the border spotted two Palestinian militants planting a bomb along the fence and opened fire, the army said, and one of the Palestinians was killed in the exchange of fire. It declined to say whether the border fence was damaged.

Israel and Palestinian militants have been observing a truce in Gaza since late November. The truce has been marred by sporadic shootings along the border fence and by nearly daily Palestinian rocket fire into Israel.

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Associated Press reporter Karin Laub in Ramallah, West Bank, contributed to this article.

Jordan, Russia Discuss Mideast Peace (AP)

By Jamal Halaby And Dale Gavlak

AP, February 14, 2007

Jordan's King Abdullah II and Russian President Vladimir Putin on Tuesday called for a stronger international push for lasting Mideast peace and urged for a diplomatic solution to Iran's nuclear standoff.

Putin told reporters during a joint news conference with Abdullah that "support is growing" for a Russian proposal for a wide-scale Middle East peace conference that also would tackle ways to "conquer international terrorism."

Abdullah, a key U.S. ally whose country has diplomatic relations with Israel, said he and Putin also "agreed that negotiations for the establishment of a viable Palestinian state should be accelerated." The Jordanian monarch called the Palestinian-Israeli conflict the "core conflict" in the Middle East.

Putin, whose Mideast tour also included stops in Saudi Arabia and Qatar, later met with visiting Palestinian leader Mahmoud Abbas urging him to set up an "efficient" government that would be taken seriously by Israel to reach a final peace settlement. Abbas and his Fatah faction reached an agreement last week with the ruling militant Hamas to form a coalition Palestinian government.

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Abdullah also said he and Putin discussed Iran's nuclear standoff with the West and "continue to believe that a diplomatic solution to this crisis must be found."

Last month, Abdullah said he wanted to develop Jordan's nuclear capabilities for peaceful purposes — a direct message to Iran that its own nuclear pursuits will not go unchecked. Washington has indicated it had no objection to a peaceful Jordanian nuclear program.

Also Tuesday, Putin renewed his criticism of the United States, suggesting the U.S. administration is wrongly portraying Russia as a threat in order to bolster requests for defense spending, Russian news agencies reported.

"It has come to the stage where under the pretext of a nonexistent Russian threat, they have begun to obtain resources in Congress for military needs for the operations in Iraq and Afghanistan, for the deployment of a missile defense system," ITAR-Tass quoted him as saying.

Putin, who lashed out at U.S. foreign policy Saturday in some of his harshest criticism of Moscow's Cold War foe, told reporters he hoped that following his weekend comments the United States will begin to pursue relations with Russia on "an equal, friendly basis."

He criticized the "mentoring" tone the West has taken with Russia since the 1991 Soviet collapse — a reference to U.S. and European advice on issues ranging from democracy and energy development — and said he is convinced that "the actions of many of our partners are aimed only at achieving their own interests."

U.S. Defense Secretary Robert Gates raised Russian hackles last week when he identified the country as a potential threat. Putin issued a sharp criticism of U.S. foreign policy on Saturday, saying the United States "has overstepped its national borders in every way" and complaining of the "almost uncontained ... use of force in international relations."

Putin said Tuesday that other countries have similar views and that he was just being honest.

"Russia is a country that should not thumb its nose at someone behind his back or harbor a secret grudge," he said in comments shown on Russian television.

Russia has become increasingly assertive on the world stage under Putin, who has presided over oil-fueled economic growth that has restored confidence and a measure of the clout it lost with the Soviet collapse.

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Associated Press writer Steve Gutterman in Moscow contributed to this report.

Security Hurdles Remain For Abbas (WT)

By Joshua Mitnick

The Washington Times, February 14, 2007

TEL AVIV -- As Palestinian Authority President Mahmoud Abbas seeks international support for a Hamas-Fatah power-sharing agreement, Palestinian observers warn that formidable obstacles remain, including who will control the security forces.

The agreement reached in Mecca, Saudi Arabia, last week lays out principles for cooperation, but implementation still must be worked out amid longstanding mistrust between Mr. Abbas and Hamas Prime Minister Ismail Haniyeh.

"When the CEOs of two major companies agree to merge, they leave the details to their staff; that is what happened in Mecca," said Elias Zananiri, a former interior ministry spokesman under Mr. Abbas.

"The devil is always in the details. Everything on paper is clean and nice, but when it comes to implementation, that is the real test."

The most sensitive problem will be overhauling the Palestinian security forces to incorporate thousands of members of a controversial Hamas unit, and the appointment of an interior minister to oversee the job.

Though the Mecca agreement calls for dismantling Hamas' recently formed Executive Force, it doesn't say who will command the gunmen.

Mr. Abbas and Mr. Haniyeh must also agree on the appointment of an interior minister, who will have responsibility for three separate security forces. Turf battles for control over the security forces have been a major factor behind the escalating clashes of recent months.

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Speculation in recent days has pointed to Hamouda Jerwan, a one-time judge in the Palestine Liberation Organization's military courts.

Former Gaza security chief Mohammad Dahlan told the London Arabic daily Al Hayat that the fate of the agreement would depend on Hamas' implementation of the deal. He reportedly questioned whether Hamas gunmen could work under Fatah commanders after the recent clashes.

Mr. Dahlan, who has been mentioned as a possible deputy prime minister in the new government, added that the security forces will be controlled by a national security council, whose role is to ease tensions between the Palestinian president and prime minister.

Palestinians have reacted to the Mecca agreement with relief that after months of failed negotiations, Fatah and Hamas may finally have figured out a way to coexist in the same government.

"The most important thing is that they agreed. That means no civil war. It is having a positive effect on the general politic al atmosphere," said Omar Shaban, a Gaza political analyst. "There's no violence in the streets. But until when, no one knows."

Mr. Shaban said Hamas and Fatah have yet to decide what to do about hundreds of public servants hired by Hamas but who were never approved by Mr. Abbas. That's just one example of the sometimes murky division of powers in the governing structure of the 11-year-old Palestinian Authority.

Nashat Aqtash, a former communications consultant on Hamas' winning parliamentary campaign a year ago, suggested that the bigger threat to the unity government's stability would come from the continued pressure of an international economic boycott.

The European Union said Monday it would lift sanctions against the Palestinian Authority only if the new government met three international demands -- that it recognize Israel, honor previous peace treaties and forswear violence.

Bombs Kill 3 In Lebanon On Day Before Memorial (NYT)

By Michael Slackman

The New York Times, February 14, 2007

BEIRUT, Lebanon, Feb. 13 — A day before Lebanon prepared to mark the second anniversary of the assassination of its former prime minister, Rafik Hariri, three people were killed and about 23 others wounded when two minibuses were bombed as they ferried passengers to work, to shopping and to Bible study classes.

In a country so fragile and on edge because of its internal political struggles, the bombers managed to heighten tensions, but not by attacking government ministers or the politically outspoken. Instead the targets were passengers who paid about 80 cents to pile into a minibus for the half-hour ride to Beirut.

It was the first such attack — directed at ordinary civilians, not public figures — since the end of Lebanon's 15-year civil war in 1990. It caught people like Nidal Ashkar, 45, who was on her way to Bible study. She lost a leg. And Leila Gemayel, 39, who was going shopping with a friend. The friend was killed, and Mrs. Gemayel suffered serious burns on both legs.

The names may be meaningful only to the friends and relatives who crowded into the halls and waiting areas of the tiny Serhal Hospital along a beautiful mountain road just north of Beirut. But that — apparently — was the point.

"The message is clear," said Jihad Nasr, at the hospital bedside of Mrs. Gemayel, his sister-in-law. "There was no politics between these people. These are normal people. Employees. They don't even have cars."

The message, the victims and their visitors said, was to spread fear beyond the rich and powerful into everyday homes.

It worked. "How am I ever going to ride a bus again?" said Rata Kuosoumati, 48, a maid who was in the first bus when the bomb went off but was not badly hurt.

Officials said bombs had been planted inside the buses, which are more like oversized minivans, as they made their morning runs. Every 10 minutes in the early morning, these privately owned buses take people between the Metn district, a primarily Christian area in the mountains, and Beirut.

In the hospital, friends and relatives said they took the attack as an act of intimidation, aimed at making people afraid to attend the Hariri memorial planned for Wednesday.

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In Lebanon public memorials are never just about grieving; they are also political statements, so the anniversary was to be a chance for the pro-government forces — locked in a political battle with the Iranian- and Syrian-backed opposition, led by Hezbollah — to rally their allies.

And then came the randomness of the attack.

"It means, 'Don't come to the demonstration tomorrow,' " said Timur Guksel, former spokesman for the United Nations forces in Lebanon. "It has no meaning except to tell people, 'Don't come tomorrow.' "

Leaders of the governing coalition said that despite the attack, they planned to go forward with the memorial for Mr. Hariri.

The first minibus carried about 24 passengers, mostly women, according to witnesses. As it rounded a turn, passing a vista of snowcapped mountains and hillside villages, a bomb in the back blew up. With blood, body parts, smoke and screams filling the road, a second bus slowed and then stopped. Some of the passengers got out to see the mess, and as the driver opened his door, that bus blew up too.

The first bus was a twisted wreck. The second nearly disintegrated, its roof, doors, walls and windows gone. A heavy rainfall tamped down the smoke and quickly washed the road clean of blood.

"Why are we dying in Lebanon?" said Tania Hayek, 43, who was a few feet away in a cliffside cafe called Chez George when the first bomb went off. "We want to live. We are normal people. We just want to live."

Politics — local and global — have been making that increasingly difficult for the Lebanese. Locally there is a battle for power, fueled by foreign sponsors. On one side is the Shiite group Hezbollah and its alliance with Syria and Iran. The government and the March 14 coalition are on the other side with the United States, Sunni Arab leaders and Europe.

At least six attacks have occurred since Mr. Hariri died, killing or maiming officials or prominent journalists. But the attack on Tuesday came as Lebanon confronts its worst political crisis since the end of the civil war.

Hezbollah and its allies want the ability to veto all government actions and want the government to back off supporting the international tribunal being set up by the United Nations to hear evidence in the assassination. The government has refused both demands. The investigation has implicated top Syrian officials.

That is a rough outline of what politicians have been fighting over since the Hezbollah alliance began an open-ended protest in the center of Beirut in December.

Until Tuesday, that was not really part of Dr. Michel Saliba's world, he said. Then his wife woke him to tell him the news. His brother, Shady, 25, was the driver of the second bus. Dr. Saliba, 40, bought the bus for his brother so he could support his wife and year-old son.

Dr. Saliba said he rushed to the hospital as other passengers arrived. "Butchered" was how he described them.

"I saw a woman who lost both legs, someone with no hands," he said. Then he went into surgery to repair his own brother's damaged skull. Later he sat outside his brother's room for hours as investigators tried to get the brother to remember details of who might have planted the bomb in the bus.

But he did not remember much.

"Welcome to the new Iraq," said Dr. Saliba. "I thought they would only bomb ministers and political people. We are not even part of a party. And still we are the target of this."

Bombs Kill 3 On Lebanese Commuter Buses (WP)

By Anthony Shadid

The Washington Post, February 14, 2007

BEIRUT, Feb. 13 -- Bombs tore through two commuter buses plying a mountain road to Beirut clogged with rush-hour traffic Tuesday, killing three people and wounding 20. The attacks, spaced 10 minutes apart in a Christian region, appeared to mark a new chapter in Lebanon's months-old crisis, with the aim shorn of any apparent political objective beyond killing civilians.

Within minutes, radio and television stations began airing statements by Lebanese leaders casting blame in as many directions as the country's myriad divisions: Syria, its Lebanese allies, inter-Christian rivals or murky forces bent on frustrating what some Lebanese see as a coming resolution of the country's political standoff.

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But along the road, slick with rain that quickly washed away pools of blood, many residents simply shrugged over the culprit's identity, a seeming gesture of weariness over a crisis that has brought Lebanon perilously close to civil war.

"We're just people who want to live. We want to eat, we want to drink, and we want to live," said Tanya Hayek, 44, who rushed from her house to help victims in the first bus. Inside, she saw a woman sprawled in a tan seat, her intestines falling out.

The second bomb then detonated, shearing off the roof of the other bus and hurling a severed arm and leg onto a road lined with stately pine trees.

"Who has the right to take my life?" Hayek said, starting to sob. "Only God has that right!"

Down the road, Naji Qusayir watched Red Cross ambulances barrel up the road, navigating past knots of soldiers.

"Why would someone target civilians? There was no one else except civilians," he said. "Shame on them!"

The attacks came a day before a planned mass demonstration organized by government supporters to mark the anniversary of the 2005 car bomb assassination of former prime minister Rafiq al-Hariri, an event seen as a turning point in Lebanon's political landscape.

Like most events these days in Lebanon, the demonstration has been perceived through the lens of the crisis that has followed Hariri's death, now pitting an opposition led by Hezbollah, supported by Iran and Syria, and a government and its allies, backed by the United States and France. Government supporters planned to gather near Hariri's tomb in downtown Martyrs' Square, a site that is just feet away, albeit separated by coiled barbed wire, from a two-month-long sit-in by Hezbollah supporters.

Both sides have insisted that the event will proceed peacefully, though the plans have inspired weeks of anxiety in a country where widespread violence between government supporters and foes has erupted twice this year in the capital.

"Whatever they do, they're not going to frighten us away," said Fadi Gemayel, 42, standing outside the Sarhal Hospital, where his 39-year-old wife, Leila, was recovering from wounds she suffered in the attack.

"Tomorrow I'm going to go to the commemoration," he said. "And if my wife is okay, she's going to come with me."

The attacks were carried out in Ain Alaq, near the town of Bikfaya, the traditional Christian stronghold of the Phalange Party, led by Amin Gemayel. A Lebanese president in the 1980s, during the civil war, Gemayel returned last week from a visit to Washington, where he met with President Bush. His son, Pierre Gemayel, a government minister, was assassinated in November.

The minibuses were running a regular route from the capital's mountainous hinterland to the coastal road, overcast by a driving winter storm. On board were 34 people, among them a group of women attending religious lessons in Antelias, two Sri Lankan women planning to buy a plane ticket home, a student at Lebanese University and women planning to shop. The first bomb detonated at about 9 a.m., shattering the bus windows, crumpling the roof and tearing its side like an opened can.

Sitting at home, Hayek said she thought it was thunder, then heard survivors screaming for their parents and children. She and her 64-year-old mother, Genevieve, ran to help as Red Cross workers began arriving.

The driver of the second bus, Chadi Saliba, stopped about 30 yards behind, thinking there had been an accident. The second bomb then detonated, and Hayek turned to see the explosion propel the roof of the other bus into the sky. She and her mother said they ran, fearing even more bombs.

Behind the wreckage of the second bus was a Lebanese flag, soaked by rain, waving limply in a gusting wind.

"The blood was washing down the street," the elder Hayek said.

"It's only something you'd see on television," her daughter said. "I've never seen that with my own eyes."

The latest round of Lebanon's crisis began Dec. 1, when hundreds of thousands of supporters of the Shiite Hezbollah and Amal movements and an allied Christian leader converged on downtown Beirut in a bid to force the resignation of the government of Prime Minister Fouad Siniora, which draws support from the country's Sunni Muslim and Druze communities, along with a Christian faction.

Since then, the crisis has taken on the language of a civil war without the violence: the dead called martyrs, talk of a truce, warnings of escalation and suggestions of a coup d'etat. Television stations with opposing political views deride each other's supporters as militias. At each turn of the crisis, leaders have warned that the other side is pushing Lebanon toward an Iraq-like scenario.

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In past days, speculation has risen that a deal is possible, with Iranian and Saudi Arabian blessing. But in a visit Monday to Syria, Arab League Secretary General Amr Moussa said "complications" remained. Rumors swirled Tuesday over whose aims the bombings would serve, and some suggested that foreign powers opposed to a deal might have played a role.

"At a time when we're getting ready to enter a stage of mutual understanding, wiping out our differences and restoring confidence, this crime comes today as an attempt to keep the general situation, and especially the security situation, in a state of confusion and anxiety," said Nabih Berri, the speaker of parliament and a powerful Shiite ally of Hezbollah.

American Is Charged In U.S. For Activities In Somalia (WP/AP)

The Washington Post, February 14, 2007

HOUSTON, Feb. 13 -- A former Houston man has been charged in Texas with teaming with al-Qaeda in the East African country of Somalia to fight the internationally recognized government there and establish an Islamic state.

Daniel Joseph Maldonado, 28, also known as Daniel Aljughaifi, was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

Arrested in Kenya last month, Maldonado was returned to the United States on Monday night and appeared Tuesday before Magistrate Judge Calvin Botley, the U.S. Attorney's Office in Houston said.

Intelligence officials have said that significant numbers of foreign fighters went to Somalia last year to support the radical Islamic Courts movement, which was confronting a weak, U.N.-backed government. Ethiopian troops took the capital, Mogadishu, from the Islamic movement in December and scattered the group's fighters. Many appear to have crossed into Kenya.

Maldonado is the first American to be prosecuted on suspicion of joining terrorists in Somalia, Assistant Attorney General Kenneth L. Wainstein said in a statement. Four British citizens captured in Kenya after fleeing Somalia were returned to Britain on Tuesday, the Bloomberg news agency reported.

According to the criminal complaint, Maldonado traveled from Houston to Cairo in November 2005. In November last year, the complaint says, he landed at Mogadishu airport and joined with the Islamic Courts movement and elements of al-Qaeda.

The complaint says that in interviews with FBI agents in Kenya, Maldonado recounted being issued an AK-47 assault rifle, military fatigues and combat boots and attending military training camps where members of al-Qaeda were present.

He described spending time with a bomb maker and learning assembly techniques, according to the complaint. He also said he wanted to take part in combat, but did not do so because he contracted malaria.

Treasury Chief Hones Effort On China Ties (WSJ)

By Michael M. Phillips

The Wall Street Journal, February 14, 2007

WASHINGTON -- Treasury Secretary Henry Paulson, under pressure from impatient China-bashers on Capitol Hill, unveiled specific areas where he hopes the Bush administration's economic dialogue with Beijing will show concrete results in the coming months.

In an interview, Mr. Paulson said he is seeking quick action from Beijing in opening Chinese financial markets to foreign firms, employing cleaner Western environmental services and products, enforcing patent and copyright protections and creating domestic pension and health-care benefits that will let ordinary Chinese spend more on consumer goods.

"We're going to start making progress" by May, when the next round of talks takes place in Washington, Mr. Paulson said yesterday. His comments came as he named a former drug-industry lobbyist and former deputy U.S. trade representative, Alan Holmer, to coordinate the strategic dialogue. The secretary picked Mr. Holmer, the ex-president of Pharmaceutical Research & Manufacturers of America, in large part because of his negotiating experience, a Treasury spokeswoman said.

Mr. Paulson and Chinese Vice Premier Wu Yi announced the dialogue in September to address a menu of touchy issues, from intellectual-property disputes to disagreements over China's currency policy. Mr. Paulson, a former head of Goldman Sachs, has made it clear that his tenure at the Treasury Department would rise or fall on his China policy. Nonetheless, he has struggled to staff the project.

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Mr. Paulson's initial pick to lead the China talks quit just a month after coming aboard. The duties then largely fell to Timothy Adams, Treasury undersecretary for international affairs. Mr. Adams coordinated the first formal round of talks in Beijing in December, but he resigned last week, as China was eclipsing other issues in his international portfolio.

Nicholas Lardy, an Asia expert at the Institute for International Economics, a Washington think tank, called it a "good move" to appoint a single individual whose sole task will be to deal with China. "My only question is, 'Why did they wait so long?'"

Meantime, House lawmakers said they plan to introduce legislation today that would make it easier for the U.S. to retaliate against China for its currency practices. U.S. manufacturers argue that Beijing keeps the yuan artificially weak against the dollar, making its exports cheaper and giving China an unfair advantage over American goods. The Chinese authorities "increased the rate of appreciation, but it's still not fast enough," Mr. Paulson said.

Nonetheless, he suggested that the most likely progress in talks would be in areas other than the currency. He plans a speech in Shanghai early next month to "make the case for the Chinese as to why strong financial markets are in their interests." Chinese law restricts foreign ownership of banks, insurance companies, asset managers and law firms, and Mr. Paulson said that leaves the Chinese economy less efficient than it could be.

Mr. Paulson also suggested Beijing and Washington -- perhaps through the World Trade Organization -- could reduce barriers to trade in environmental services and products. And the secretary hopes the U.S. can help China improve its safety net for ordinary citizens; the Chinese economy is highly dependent on exports -- a sore point with the U.S. -- in part because worried Chinese save a good portion of their income for the future, he said.

Lastly, the secretary said Congress and American companies expect him to prod China to step up enforcement of intellectual-property rights. At the Pharmaceutical Research and Manufacturers of America, Mr. Holmer championed the pharmaceutical industry's concerns about protecting drug patents in China and elsewhere.

"I don't know what progress we'll be able to make between now and May, but I know we need to have concrete evidence of progress," Mr. Paulson said.

U.S. Giving Up On Improved Ties With Venezuela's Chavez (MCT)

By Pablo Bachelet

McClatchy Newspapers, February 14, 2007

WASHINGTON - The Bush administration has abandoned efforts to reach out to Venezuelan President Hugo Chavez, blaming Caracas for showing little interest in taking up U.S. overtures.

But even as U.S. officials harden their criticism of Chavez, they say the doors are still open to dialogue.

After Chavez won a big re-election victory in December, Washington seemed to reach out to the feisty socialist leader who routinely lashes out at President Bush as the main cause of the world's ills.

The U.S. ambassador in Caracas, William Brownfield, met with Venezuelan Foreign Minister Nicolas Maduro. The top U.S. diplomat to Latin America, Thomas Shannon, later said the administration would "look for ways to engage with the government of Venezuela to underscore the pacific nature of our relationship."

Now the tough talk is back.

In recent weeks, U.S. officials have stepped up their criticism of Chavez's latest moves, such as nationalizing the phone and electricity companies and securing a law so that he may pass legislation without congressional approval.

Secretary of State Condoleezza Rice told a House of Representatives panel last week that Chavez was "really destroying his own country economically, politically."

At a briefing Tuesday, Nicholas Burns, the undersecretary of state for political affairs, said of Chavez, "If he continues to nationalize, if he continues to wall himself off, it goes against the grain where the rest of the world is going."

Burns and Shannon were in Argentina and Brazil last week to discuss everything from energy collaboration to dealing with nations such as Venezuela and Cuba. The trip also laid the groundwork for Bush's trip next month to Brazil, Uruguay, Colombia, Mexico and Guatemala. Burns called 2007 "a year of engagement" with Latin America.

U.S. officials say they want to talk with Venezuelan authorities but that there appears to be little enthusiasm on the other side.

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"We're still open to dialogue," Shannon said at Tuesday's briefing. "We still believe that the rhetoric that we hear from Caracas does not accurately reflect the potential of the relationship and that there are important areas where dialogue could be fruitful. But ultimately, dialogue requires two. We can't talk to ourselves."

After bashing Chavez, Rice told lawmakers that Washington didn't want to get into a tit-for-tat confrontation with him.

"One thing that we want to avoid is to get into a rhetorical contest with the president of Venezuela," she said, "because, frankly, it takes the spotlight off of our very positive agenda in Latin America."

Putin Pushes Back (NYT)

By Thomas L. Friedman

The New York Times, February 14, 2007

Foreign policy experts are still trying to parse Vladimir Putin's weekend blast against America, which he described as a brutish country that "has overstepped its national borders, in every area." But rather than asking what exactly motivated Mr. Putin to lash out at the U.S. in this way, the question we should be asking is: why do remarks like these play so well in Russia today?

I've just returned from Moscow and I can tell you what analysts there told me, what even Russian liberals reminded me of: NATO expansion. We need to stop kidding ourselves. After the end of the cold war and the dissolution of the Warsaw Pact in 1991, the Bush I and Clinton administrations decided to build a new security alliance — an expanded NATO — and told Russia it could not be a member.

And let's not forget that the Russia we told to stay out in the cold was the Russia of Boris Yeltsin and his liberal reformist colleagues. They warned us at the time that this would undercut them. But the Clinton folks told us: "Don't worry, Russia is weak; Yeltsin will swallow hard and accept NATO expansion. There will be no cost."

So, Hungary, Poland and the Czech Republic were invited to join NATO in 1997, and Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia followed in 2002. Lately, there has been talk of Ukraine and Georgia also joining.

I believe that one reason Mr. Putin, a former K.G.B. officer and cold warrior, was able to come to power after Mr. Yeltsin was partly due to the negative vibes of NATO expansion. We told Russia: Swallow your pride, it's a new world. We get to have spheres of influence and you don't — and ours will go right up to your front door.

But now that high oil and gas prices have made Russia powerful again — the gasman of Europe — Mr. Putin is shoving Russia's resurgent pride right back in our face. In effect, he is saying to America: "Oh, you talkin' to me? You thought you could tell me that the cold war was over and that NATO expansion was not directed at Russia — but we couldn't be members anyway. Did you really think we were going to believe that? Well, now I'm talkin' to you. Get out of my face."

Mr. Putin was only slightly more diplomatic in his Munich remarks, where he said: "The process of NATO expansion has nothing to do with modernization of the alliance. We have the right to ask, 'Against whom is this expansion directed?' " We all know the answer: it's directed against Russia. O.K., fine, we were ready to enrage Russia to expand NATO, but what have we gotten out of it? The Czech Navy?

For those of us who opposed NATO expansion, the point was simple: there is no major geopolitical issue, especially one like Iran, that we can resolve without Russia's help. So why not behave in a way that maximizes Russia's willingness to work with us and strengthens its democrats, rather than expanding NATO to countries that can't help us and are not threatened anymore by Russia, and whose democracies are better secured by joining the European Union?

I got an earful on this from Russians. "NATO expansion was not necessary," Vladimir Ryzhkov, one of the last liberal Duma members who is ready to openly criticize the Putin government, said to me: "In the current world, Russia is not a military danger for any neighbor. It was the wrong concept. You need another architecture."

Aleksei Pushkov, who has a foreign policy news show on Russian TV, said: "NATO expansion was a message to Russia that you are on your own. Russians were unhappy. We said: 'The cold war is over, so what is this? They are moving a military alliance toward Russia's border.'

"At the time of NATO expansion, I was running around the world saying one thing: 'Don't do it, or, if you do, stop with the Baltic states because you are losing Russia,' " Mr. Pushkov added. "And the answer I got was fantastic: 'What can Russia do? What measures can you take?' I said, 'We can't take any measures. You are losing an ally. Because there is a deep tectonic shift

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in the Russian psyche that says, 'These guys are about exploiting Russia's weakness. They don't want it as an ally, but as a junior partner that will be like a little dog doing whatever they say.' "

I'm not here to defend an iron-fisted autocrat like Mr. Putin. But history is prologue. The fact is, we helped to create a mood in Russia hospitable to a conservative cold warrior like Mr. Putin by forcing NATO on a liberal democrat like Mr. Yeltsin. It was a bad decision and one that keeps on giving. Just when we need to be getting Russia's help, we're getting its revenge.

Putin's Moment To Seize (WP)

By David Ignatius

Washington Post, February 14, 2007

MOSCOW -- Vladimir Putin made headlines last weekend when he blasted the Bush administration for its "almost uncontained hyper-use of force" that has created a world where "no one feels safe." If he had been a Democratic presidential candidate, it would have been a standard stump speech. But coming from a Russian president, his remarks had pundits ruminating about a new Cold War.

I was in the audience in Munich when Putin made his speech, and the tone seemed to me more one of resentment than belligerence. He was proud, prickly, defiant -- a leader with all the Russian chips on his shoulder. You could hear his inner voice: We let you dismantle the Berlin Wall. We folded the Warsaw Pact. We dissolved the Soviet Union -- all on your promises that you wouldn't take advantage of our weakness. And what did we get? Nothing! You surrounded us with NATO weapons.

Putin's comments may be jarring to Americans, but they express a bitterness that's widespread here. His generation of Russians grew up in a country that claimed the status of "superpower," and they don't like being taken for granted. Putin, a former KGB officer with a black belt in judo, has been pugnacious in standing up for his country's interests, and Russians seem to like that. In the latest opinion polls, his popularity is well above 70 percent.

I met with one of Putin's top aides yesterday in a building that once housed the headquarters of the Soviet Communist Party. "We want to work together with you," he explained. "But please open your eyes. We will never accept that the sole power in the world will be the U.S."

Russia is back. That's the real lesson I take from Putin's blunt comments. A country that was near collapse after the fall of Soviet communism has regained enough confidence and stability to take a verbal shot at its old rival. "We are emerging from nothing," the Putin aide told me. To explain the Putin phenomenon, the Kremlin's chief ideologue, Vladislav Surkov, recently compared him to Franklin Delano Roosevelt, another president who brought his country back from economic disaster and restored its pride. Like FDR, Putin is using "presidential power to the maximum degree for the sake of overcoming the crisis," Surkov said.

Visiting here for the first time since 1990, I am struck by how everything in Russia is different, and everything is the same. Driving in from the airport, you see the familiar monument marking the farthest German advance in World War II -- a testament to the Red Army's fierce resistance to foreign invasion. And next to it is the Mega Mall with its huge Ikea showroom -- a foreign invasion that, in the end, proved unstoppable.

In Red Square, the somber stones of Lenin's tomb are a reminder of Soviet power. But across the way, in what used to be the drab GUM department store, are glittering displays of the latest fashions from Vuitton and Dior.

What hasn't changed is Russia's neurotic relationship with the West. Russian friends tell me the country feels unloved and unappreciated -- a political doormat that Western powers think they can walk on at will. That's the frustration that surfaced in Putin's speech in Munich.

By Russian standards, this is something of a golden age. Putin recently touted some of the country's achievements: Russian average incomes increased 10 percent in 2006 over the previous year; the economy grew by about 6.7 percent; inflation was in single digits for the first time in many years. Russia's currency reserves rose to $303 billion, the third-largest in the world, and its "stabilization fund" of energy profits was nearly $100 billion. All this in a nation that in 1998, on the eve of Putin's presidency, was essentially bankrupt.

The new Russia has a moment of opportunity. America, far from the "unipolar" superpower Putin describes, is weakened by the Iraq war and is badly in need of allies. If Putin is wise, he can play a pivotal role in resolving the Iranian nuclear crisis -- and

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thereby restore some of Russia's lost diplomatic clout. Or he can keep complaining that nobody appreciates his country -- and let his old rival struggle a while longer in the Iraq quagmire.

Was Putin's Munich manifesto an "invitation to dialogue," as one of his aides told me? Or was it a warning shot from a newly confident Russia that is rather enjoying America's troubles? If Putin wants to play a role in stabilizing the post-Iraq world, he is pushing on an open door. But does he have the vision and political will to seize the moment?

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues.

Without Citing Russia, Bodman Warns Of Gas Cartel (WSJ)

By John J. Fialka

Wall Street Journal, February 14, 2007

Energy Secretary Samuel Bodman says the U.S. should continue to develop the infrastructure to import and use liquefied natural gas and warns against the possibility that producing countries could form a cartel to control the price of natural gas.

In a speech prepared for delivery Wednesday at an energy conference in Houston, Bodman said that "initiatives, new or old, which seek to control the flow of energy supplies to the market" and set prices "are contrary to the long term interests of both producers and consumers."

He didn't mention any countries, but it just so happens that his remarks coincide with Russian President Vladimir Putin's visit to the Middle East, where he is talking up an international natural gas cartel.

Bodman said that free global markets can shelter consumers against energy supply disruptions because they "eliminate the possibility that any one single nation or entity can control them over time." The U.S., he urged, should protect itself by accelerating the development of oil shale, tar sands, and the technology to produce liquid fuels from coal — three fuel sources the U.S. has in great abundance.

"Roughly two thirds of the world's oil and gas reserves," he noted, "are in countries that provide limited access or are completely closed to foreign investment." The biggest threat to the security of world energy resources will be the lack of sufficient investment to create a diverse fuel supply that includes development of alternative energy resources, he said.

Secretary General Faces A Backlash (WP)

By Colum Lynch

The Washington Post, February 14, 2007

UNITED NATIONS -- When U.N. Secretary General Ban Ki Moon paid his first official visit to Washington last month, he received the White House version of a seal of approval: a presidential pat on the back and an invitation to phone President Bush whenever he needs help in responding to an international crisis.

Ban's warm reception appeared to signal an end to an era of U.S. confrontation with the United Nations that was marked by quarrels over the Iraq war, Republican-led corruption hearings on Capitol Hill and relentless threats of funding cuts.

But such a turn of fortune in Washington comes at a price: Ban is facing a diplomatic backlash from developing nations, which suspect the former South Korean foreign minister of seeking to reshape the United Nations to accommodate U.S. interests and the desires of other wealthy member nations. They have stonewalled his early attempt to reorganize the U.N. bureaucracy.

The standoff has weakened Ban barely a month into the job, as he faces one of the top challenges confronting every U.N. leader: how to strike a balance between the organization's most powerful member and an influential bloc of developing countries that instinctively resist policies that appear to track with U.S. interests.

"There is always suspicion no matter what the U.S. does because it is such an overwhelmingly powerful player," said Munir Akram, Pakistan's ambassador to the United Nations and chairman of the influential Group of 77, a Third World bloc. "I think that's a natural function of being a big power, of being the biggest power."

Developing nations have already quashed a proposal to broaden the powers of the United Nations' chief diplomatic arm, the Department of Political Affairs. The proposal generated fierce opposition after it was reported that the department might be headed by an American, former ambassador to Indonesia B. Lynn Pascoe, for the first time in a generation. The United Nations on Friday announced Pascoe's appointment, along with those of other senior officials from China, Egypt and Japan.

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Another powerful Third World bloc -- the Non-Aligned Movement, currently chaired by Cuba -- is taking aim at Ban's plans for disarmament and peacekeeping. The secretary general proposed reorganizing the expanding U.N. peacekeeping department to better handle the largest increase in peacekeeping missions in the organization's history while downgrading the disarmament department.

The latter office is particularly popular among poor countries concerned with the nuclear arsenals of powerful nations.

"There is a lack of clarity," Akram said of Ban's initiatives. He said it is unlikely that the General Assembly, in which every member nation has a vote, would move quickly to take action on Ban's initiatives.

"It's quite natural the secretary general wants to get his reform or restructuring proposals done as soon as he can," Akram said, "but I think the processes in the General Assembly are such that do not lend themselves to fast-track decisions."

Alejandro D. Wolff, acting U.S. ambassador to the United Nations, said international fears that Ban is doing Washington's bidding are baseless and are hampering sincere efforts to carry out "concrete and practical and apolitical" reforms. But it has been difficult to counter the perception, he added.

"The conspiracy theorists out there are convinced this is an American agenda and that this is a secretary general who is essentially responding to American demands," Wolff said.

To assuage such concerns, Ban moved early to assign key administrative posts to officials from the developing world, including a Tanzanian deputy secretary general, an Indian chief of staff and a Mexican management chief.

He also backtracked from a pledge to carry out a broad inquiry into the financial practices of most of the U.N. development and relief agencies, a move that was popular in Washington but unpopular within the Group of 77.

But those gestures have done little to counter the perception that Ban's most important policymakers are recruited from the United States and Europe or that he is undercutting the influence of the United Nations' Third World blocs.

"He is, either accidentally or by design, taking on a lot of reform issues that pinch the NAM [Non-Aligned Movement] rather than ones that pinch the United States," said Michael Doyle, a visiting professor at Yale University who served as an adviser to Kofi Annan, Ban's predecessor. "We don't know yet whether he's going to turn around and pursue with equal vigor the kinds of reforms that are not that popular in Washington."

In Washington, political leaders have welcomed Ban with open arms and heeded his calls to step up financial support for the organization. Sen. Joseph R. Biden Jr. (D-Del.), the chairman of the Foreign Relations Committee, has introduced a bill that would lift a congressionally imposed spending limit on U.S. funding for U.N. peacekeeping operations, a move that could cost U.S. taxpayers more than $100 million a year. The State Department, meanwhile, committed more than $70 million annually over the next five years to fund the renovation of the United Nations' gleaming Manhattan headquarters.

"Everyone wants him to succeed," said Rep. Tom Lantos (D-Calif.), chairman of the House Committee on Foreign Affairs, who held a gala reception and a breakfast to introduce Ban to Washington.

One senior U.S. official cautioned that there is a danger that the United Nations could overestimate the change in mood; some congressional leaders suggest that the Bush administration has already sent mixed signals to Ban with a budget request that fails to meet U.S. financial commitments toward U.N. peacekeeping.

Others recalled that congressional enthusiasm for previous U.N. leaders, including Annan, proved fickle.

Lantos said that sustained U.S. support for Ban will "depend on whether he can become a voice of moral authority rather than the distilled voice of 192 countries, some good number of which are totalitarian police states."

Rep. Ileana Ros-Lehtinen (Fla.), the ranking Republican on the Foreign Affairs Committee, said that Ban is "mouthing all the right words." But she said the secretary general's cool reaction to Bush's plea for more support in Iraq "is most unhelpful," adding: "To say it's too dangerous is unacceptable. We have a right to expect more."

U.S. Evangelist, A Critic Of Islam, Reaches Out To Sudan's President (WP)

By Stephanie McCrummen

The Washington Post, February 14, 2007

KHARTOUM, Sudan, Feb. 13 -- The first time that Omar Hassan al-Bashir, the Muslim president of Sudan, met Franklin Graham, the prominent evangelical Christian, the conversation came to a kind of standoff.

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Graham, who has called Islam an "evil and wicked" religion, told Bashir in the 2003 meeting that he wanted to persuade him to become a Christian. Bashir, at the time fighting a civil war in the southern region of the country, told Graham that he wanted to make him a Muslim, Graham recalled.

In a meeting between the two men here Monday night, the semi-serious proselytizing continued.

This time, though, Graham said he came away thinking that Bashir, who now stands accused of presiding over the killing of at least 200,000 people in the Darfur region in the country's west, deserves credit for signing the peace agreement with rebels in the south in 2005.

Although human rights activists and some U.S. officials are counseling tougher measures against Bashir's government to end the violence in Darfur -- and to more fully implement a faltering peace agreement with the south -- Graham said that a softer approach is needed.

"I'm not a politician, but I think our government does need to recognize some steps he's taken and reward this government in some way to show them we appreciate what they have done" regarding southern Sudan, said Graham, the son of famed evangelist Billy Graham and head of the international Christian relief group Samaritan's Purse. "I think we can do more when we're engaged."

Evangelical groups have for years rallied around the cause of southern Sudan, where a 20-year civil war was waged largely over oil fields along a disputed border between north and south. The conflict also had religious and ethnic dimensions; the government is made up mostly of Arabs and Muslims, while southerners are black Africans, around 30 percent of whom practice Christianity, with most of the rest practicing indigenous religions.

Graham, who has been criticized by other U.S. evangelical leaders for his comments about Islam, was in the region touring his group's projects in Kenya, Uganda and Sudan. He was accompanied by former Senate majority leader Bill Frist (R-Tenn.).

Earlier in the day, the group flew two hours southwest for a brief visit to Otash, a sprawling camp for some of the 2.5 million people displaced by the fighting in Darfur, the scene of what the United States has described as genocide. At the airport in the town of Nyala, about 550 miles from Khartoum, three government attack helicopters and three Soviet-made fighter jets were parked on the tarmac.

Aid workers said that 5,000 people had made their way to the camp, just outside Nyala, in the last week alone. Although some people on Tuesday were receiving their initial allotment of bamboo sticks and tarps for shelter, others have been at the camp for more than two years, and by now many have built mud-brick homes and even surrounded them with straw fencing.

One elderly man had tears in his eyes as he told Graham that he had been at the camp for nine months. "This land in Darfur is our right," he said. "If it belongs to the Arabs, then let us die, all."

Later in the evening, Graham met with Bashir, who had refused to see Frist, presumably because of his criticism of the Sudanese government.

Graham, for his part, was warmly welcomed, even though he told the Raleigh News and Observer newspaper in October that Islam is a religion that seeks to "persecute" others until they convert, with the ultimate goal of "total domination."

Asked Tuesday after the meeting whether his views of Islam had changed, Graham said "no."

In the meeting, Graham said, he urged the president to work toward a resolution in Darfur, but focused mostly on issues of religious freedom across the country.

While the south is a semiautonomous secular state, the north is governed according to Islamic law. Christian groups there complain that they are blocked from building churches and are not allowed to buy television airtime for religious programming, among other problems.

Graham said Bashir pledged to allow groups to build their churches and to look into Graham's other requests, including one for $15 million to help rebuild at least 600 churches in the south destroyed during the war.

Although Samaritan's Purse is a humanitarian organization that receives U.S. government funding and is not allowed by law to engage in religious activity, Graham was unapologetic about the ultimate goal of his work.

"I would like to convert every person I meet," he said. "I don't want to force them. It's through persuasion."

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Terror Suspect's Claim: Too Traumatized For Trial (USAT)

By Laura Parker, Usa Today

USA Today, February 14, 2007

The prisoner lived in isolation in a cell with only a steel slab for a bed. At times chained to the floor, he was deprived of light, sleep, a clock and heat. His interrogators injected him with "truth serum" drugs to try to loosen his tongue and threatened him with execution.

That's how Jose Padilla, a U.S. citizen held without charge as an "enemy combatant," was treated for three years and eight months at the Navy brig in Charleston, S.C., his attorneys allege. In court papers, they say Padilla — initially accused of plotting to detonate a radioactive "dirty bomb" — was treated so severely that it amounted to torture and rendered him mentally incompetent to now stand trial on terrorism charges that could bring him life in prison.

That provocative claim — disputed by the government, which says Padilla was not abused and is fit for trial — will be the focus of a mental competency hearing for Padilla, scheduled for Feb. 22 in a federal court in Miami.

The long-shot effort to have him declared unfit for trial is the latest turn in a case that has become a test of how far the U.S. government can go in limiting the civil liberties of an American in the name of national security.

It pits Padilla — the first American since the Civil War to be held by the military solely on the president's orders — against a government that, under persistent legal challenges, has taken the case on an unusual journey from military detention to the U.S. Supreme Court and then to a federal trial court.

"I don't think there is anything to compare to this case," says Michael Perlin, a professor at New York Law School who specializes in mental health and the law. "This is an extraordinarily singular case."

Government lawyers decline to give details about how Padilla has been treated, but they flatly dispute the defense's version. "It has no merit whatsoever," prosecutors say in papers filed in the court where Padilla is scheduled for trial April 16. He is charged with conspiring to support terrorism overseas as part of a North American terror cell.

The government has said that however it handled the Brooklyn-born Padilla, 36, its actions were necessary to try to learn more about terrorism.

Civil libertarians have waged a marathon court battle challenging Padilla's detention, beginning two days after he was locked up in Charleston in June 2002. He was not allowed to talk with a lawyer until March 2004, 21 months into his confinement.

The accusations against Padilla have evolved as his case has shifted to different courts. Then-attorney general John Ashcroft initially linked him to a "dirty bomb" plot. The Justice Department later tied him to an alleged plot to blow up high-rise apartments in the USA.

However, the charges pending against Padilla mention none of that. He faces three counts that include conspiring to murder, kidnap and maim people overseas, and conspiring to support terrorism by supplying money and materials.

Focus for now is on fitness

For now, the focus is on whether Padilla is mentally fit to stand trial.

At next week's hearing, U.S. District Judge Marcia Cooke will examine competing assessments of Padilla's mental state by the defense and prosecution. In court documents filed last Friday, prosecutors Russell Killinger and Stephanie Pell cite an analysis by the U.S. Bureau of Prisons in arguing that Padilla is fit for trial. Defense attorneys say the bureau's findings are inaccurate.

Padilla's attorneys plan to call as witnesses civilian and military members of the brig staff who expressed concerns about the effects of extended isolation on Padilla's mental health.

Andrew Patel, one of Padilla's attorneys, describes his own conversations with staff members in court papers. Patel says they told him Padilla was so "docile and inactive that his behavior was like that of 'a piece of furniture.' "

Prosecutors say details about Padilla's detention should be kept out of the trial. They say in court papers that such information could "distract and inflame" jurors. It is unclear how much information Cooke will allow into next week's hearing.

Padilla's attorneys argue that the government's treatment of Padilla "injured" his brain and left him incompetent to understand the proceedings against him. The attorneys have asked Cooke to dismiss the charges, calling Padilla's treatment at the brig so "outrageous, it shocks the conscience."

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According to court documents, two mental health experts who examined Padilla for the defense concluded that he suffers from post-traumatic stress disorder, triggered by his time in the brig. They said he is unable to watch videos of his interrogations or read transcripts of wiretapped conversations that likely will be used against him in court.

Padilla suffers from memory gaps, is unable to place events in chronological order and has difficulty concentrating, according to Patricia Zapf, a New York psychologist, and Angela Hegarty, a New York psychiatrist. Padilla also suspects his attorneys are federal agents posing as lawyers in order to interrogate him, court papers say.

Padilla told his attorneys and the mental health experts that while he was at the brig he was placed in stress positions, assaulted and told that he would be sent to "an even worse" fate at the U.S. military's prison at Guantanamo Bay, Cuba, where hundreds of foreign terrorism suspects have been held indefinitely. "The torture took myriad forms, each designed to cause pain, anguish, depression and ultimately the loss of will to live," Padilla's attorneys say in court papers.

The defense attorneys also allege that Padilla was injected with LSD or PCP as a sort of "truth serum." Padilla was denied "the most personal shreds of human dignity," his attorneys argue, when he was not allowed to bathe for weeks at a time. "One would have to revisit the history of the Tower of London to find more oppressive pretrial incarceration," the attorneys say.

Navy Cmdr. Jeffrey Gordon, a Pentagon spokesman, won't discuss Padilla's specific claims. But he says, "The government, in the strongest terms, denies Padilla's allegations — allegations made without support and without citing a shred of record evidence. It is and always has been our policy to treat detainees humanely."

Padilla's odyssey

Padilla was born in 1970, the second of five children. His widowed Puerto Rican mother moved the family to Chicago when he was in preschool, defense court papers say. By age 15, Padilla was in a juvenile detention facility. He later moved with his family to Florida, where he converted to Islam.

In 1998, Padilla went to Egypt. The defense papers say Padilla moved there to study Islam. The U.S. government contends in court papers that Padilla traveled to the region as a recruit to fight a holy war and made his way to a terrorist training camp in Afghanistan.

He did not return to the USA until May 8, 2002, when he was arrested at Chicago's O'Hare International Airport after stepping off a flight from Zurich. He was taken to New York and held as a material witness in connection with a grand jury investigation of the Sept. 11, 2001, terrorist attacks.

On June 9, 2002, President Bush declared Padilla an "enemy combatant," a designation created by the administration for those it aimed to detain indefinitely during the war on terrorism. Padilla then was transferred to the Navy brig.

For the next 21 months, Padilla had little human contact except with his interrogators, court papers filed by the defense say. Guards delivered food through a slot in the door of his cell. In December 2002, a federal judge in New York ordered the government to give Padilla access to an attorney. The government complied 15 months later.

Urging the judge to reconsider, the government argued in court papers in 2003: "Providing him access to counsel … would break, probably irreparably, the sense of dependency and trust the interrogators are attempting to create."

Patel and his co-counsel, Donna Newman, visited Padilla at the brig for the first time in March 2004. There, they learned he was the only occupant in a unit with 10 cells, court papers say. He was kept, sometimes in shackles and manacles, in a 9-by-7-foot cell. The cell's windows were blackened so that no natural light came through.

The legal challenge to the government's right to hold a U.S. citizen without charges moved through federal courts in New York, South Carolina and Virginia, and twice went to the U.S. Supreme Court. Then, in November 2005 — just as the Supreme Court was about to take its second look at the case — the government abruptly shifted course.

Padilla was moved out of military control and into a federal court in Miami. On Nov. 17, he was indicted with four other men accused as operatives in a terror support cell.

The indictment accuses Adham Amin Hassoun, a Lebanese national, and Kifah Wael Jayyousi, a Jordanian and naturalized U.S. citizen, of recruiting Padilla as a mujahedin fighter. It accuses the group of giving money and supplies for undisclosed terrorist activities in Bosnia, Kosovo, Somalia and Chechnya. Two other defendants, Mohamed Youssef and Kassem Daher, are held at unspecified sites overseas.

The indictment does not directly allege that Padilla went to a training camp in Afghanistan, but it cites wiretapped conversations describing him as having gone to Afghanistan "to be as Usama's," an apparent reference to al-Qaeda leader Osama bin Laden. The indictment says Padilla filled out a "Mujahideen (sic) Data Form," a camp application, in July 2000. In court papers, prosecutors say the form was found in Afghanistan in 2001. Padilla's attorneys are challenging its authenticity.

A month after the indictment, U.S. appeals court Judge Michael Luttig blasted the Bush administration for citing an alleged "dirty bomb" plot to justify holding Padilla at the brig — and then using "less serious" allegations to try to get a grand jury in Miami to indict him. Luttig wrote that the administration has risked "credibility before the courts."

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Last July, Cooke, whom Bush appointed to the federal bench in 2003, called the government's case "light on facts" and asked prosecutors to offer more evidence. In August, she threw out the most serious charge against Padilla — conspiracy to murder, kidnap and maim — calling it redundant. It is the only charge that carries a life sentence; the other two each carry a sentence of up to 15 years. Prosecutors appealed, and an appeals court reinstated the charge Jan. 30.

Low standard for competency

Legal scholars disagree about the strength of the charges against Padilla. However, they agree that Padilla's attorneys are unlikely to prevail in their efforts to have him deemed mentally unfit for trial.

"The standard for competency in the U.S. is very low, so it's a tough hurdle for anybody," says Edward MacMahon, who defended Zacarias Moussaoui, a French citizen convicted of conspiracy charges as an al-Qaeda terrorist in 2005. Moussaoui's attorneys conceded he was mentally competent even though a defense psychiatrist testified he was a paranoid schizophrenic.

To be found mentally incompetent to stand trial, a defendant must be unable to understand the legal proceeding against him and be unable to help attorneys prepare his defense. "Does Padilla understand he's on trial for criminal violations?" MacMahon asks. "That's almost the entire test."

Zapf, who examined Padilla for the defense in October, says in her report that Padilla understands the proceedings against him and their consequences. "He has a factual and rational understanding of his case," she wrote.

Zapf added in her notes: "He does believe that he is being persecuted by the government, and he does demonstrate some paranoia about the government, but this does not appear to be delusional."

Hegarty, who examined Padilla for the defense in June and September, concluded that Padilla identifies with his interrogators more than his attorneys. After his attorneys cross-examined FBI agents about their interrogation of him in Chicago, Padilla felt the "proceedings were unfair" to the agents, Hegarty reported.

She said Padilla expressed concern that telling what happened to him in the brig "would cause great harm to the government."

Ex-Texan Charged With Aiding Terrorists (NSDY/AP)

By Joe Stinebaker, Associated Press Writer

Long Island Newsday, February 14, 2007

HOUSTON -- A former Houston man arrested in Kenya last month has been charged in Texas with teaming with al-Qaida to overthrow the Somali government and form an Islamic state there.

Daniel Joseph Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

Maldonado was returned to the United States on Monday night and appeared Tuesday before U.S. Magistrate Judge Calvin Botley, the U.S. attorney's office in Houston said. A detention hearing is set for next week.

Maldonado's arrest marks the first criminal prosecution of an American suspected of joining terrorists in Somalia, Assistant Attorney General Kenneth Wainstein said in a statement.

According to the criminal complaint, Maldonado, a Boston native, traveled from Houston to Africa in November 2005. By December 2006, the complaint says, he was in Somalia and had joined with the Islamic Courts Union and elements of al-Qaida to fight in a rebellion designed to overthrow the Somali government and install an Islamic state.

The complaint says Maldonado was issued an AK-47 rifle and attended two military training camps at which members of al-Qaida were present.

Maldonado was captured by the Kenyan military on Jan. 21 as he fled Ethiopian and Somali forces. He was expelled by Kenya and turned over to U.S. officials for his return to Houston.

It wasn't clear Tuesday whether Maldonado had a lawyer.

Maldonado told FBI agents in Kenya that he went to Somalia to fight "jihad," or holy war, for a true Islamic government, according to the complaint.

"I would be fighting the Somali militia, and that turned into fighting the Ethiopians, and if Americans came, I would fight them, too," he is accused of telling the agents. He also told the agents he had "no problem" with killing Americans or with the Sept. 11, 2001, attacks, the complaint says.

Somalia's last effective national government fell in 1991, when clan-based warlords overthrew dictator Mohamed Siad Barre and then turned on one another. A transitional government was formed in 2004 with U.N. help.

American Citizen Charged With Training In Somalia With Al Qaeda, Learning To Become Homicide Bomber (FOX)

Fox News, February 14, 2007

An American citizen charged with receiving terrorist training at an Al Qaeda camp in Somalia — including classes in how to become a homicide bomber and "wage violent jihad" — was taken into custody by FBI agents and returned to the U.S. Monday night night, Justice Department officials told FOX News.

An indictment unsealed Tuesday by the U.S. Attorney's Office in Houston charges Daniel Joseph Maldanado, 28, a.k.a Daniel Aljughaifi, whose last known address was in Houston, with receiving training from a foreign terrorist organization and conspiring to use an explosive device outside the United States.

Maldonado was captured by the Kenyan military on January 21 as he fled to avoid capture by Ethiopian and Somali government forces battling Al Qaeda-backed rebels, Justice Department officials said.

He was turned over to U.S. law enforcement officials last weekend, and flown to Houston on Monday night accompanied by special agents of the FBI. He appeared Tuesday afternoon before U.S. Magistrate Judge Calvin Botley, who ordered him detained without bond pending a detention hearing on Feb. 20.

If convicted, Maldanado could face life imprisonment on the bomb-making charge, while receiving military training from a terrorist organization carries a maximum punishment of 10 years, the Justice Department said.

"Any who seek to aid terrorists in their mission to threaten our national security will be held to account for such serious criminal conduct," said Don DeGabrielle, U.S. Attorney for the Southern District in Houston. The investigation included elements of the Joint Terrorism Task Force and the Houston Police Department.

According to criminal allegations in the complaint, Maldonado traveled from Houston, Texas, to Africa in November, 2005 and then on to Somalia in December, 2006. At that point, he joined the Islamic Courts Union (ICU) and elements of Al Qaeda to fight "jihad" against the Transitional Federal Government to establish of an independent Islamic State in Somalia.

In the fall of 2006, the ICU used suicide bombers and vehicles containing improvised explosive devices to target the leadership of the Transitional Federal Government of Somalia, the complaint said.

While in Somalia, Maldonado was, according to the complaint, provided an AK-47, equipped with military combat uniforms and boots in Mogadishu, and participated in training camps in Kismaayo and Jilib, Somalia.

The camps included physical fitness, firearms and explosives training all in preparation to go to the front to fight for the ICU.

Al Qaeda members were allegedly present at the training camp. During the course of his training, the complaint alleges Maldonado spoke to an individual about his willingness to become a suicide bomber if he was wounded, and also observed the making and testing of bombs with the group's bomb-maker, the complaint said.

"This case represents the first criminal prosecution of an American suspected of joining forces with Islamic extremist fighters in Somalia," said Kenneth L. Wainstein, Assistant Attorney General for the Justice Department's National Security Division. "The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad."

Joseph Billy, Assistant Director of the FBI Counterterrorism Division, said, "The FBI is working closely with our law enforcement and intelligence community partners in this country and around the world to bring all necessary resources to bear to protect Americans and its allies from terrorist attacks."

FOX News' Ian McCaleb contributed to this report.

Former Houston Man Charged With Aiding Terrorists (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 14, 2007

A former Houston resident allegedly living in terrorist camps overseas now sits in Houston's federal detention center, accused of training to fight with al-Qaida.

Daniel Joseph Maldonado, 28, is the first American to be charged with joining Islamic extremist fighters in Somalia, an east African coastal nation where violence and instability has been commonplace since a transitional government took power in 2004 and warlords have fought to gain control.

The federal criminal complaint filed today against Maldonado alleges that, from September until January, he trained with the terrorist group and studied bomb-making with a man who assembled and produced explosives in Somalia.

Al-Qaida is blamed for the Sept. 11, 2001, attacks that killed nearly 3,000 people at the World Trade Center in New York City and the Pentagon.

Maldonado is a Massachusetts-born Muslim convert also known as Daniel Aljughaifi who moved from Boston to Houston in August 2005 and lived here for at least two months.

He last resided at the Sovereign Townhomes in the 9800 block of United Drive in southwest Houston, the complaint says, and came to the attention of federal investigators during that time.

Assistant U.S. Attorney Abran "Abe" Martinez, who leads the special prosecutions unit in the U.S. Attorney's Office, which includes anti-terrorism, said the investigation originated in Houston, but declined to talk about what brought Maldonado here.

Maldonado's return trip to the U.S. began in Nairobi, Kenya. He was accompanied by FBI agents on a plane that landed at Houston's Ellington Field about 7:30 p.m. Monday, Martinez said.

Maldonado is charged with receiving training from a foreign terrorist organization and conspiring to use a weapon of mass destruction outside the U.S. He faces up to life in prison if convicted on the bomb charge and as long as 10 years for the training count.

Kenyan soldiers captured Maldonado on Jan. 21 as he tried to flee Somalia, according to the criminal complaint prepared by an FBI special agent. During several interviews with FBI officials in Kenya, Maldonado explained how he ended up living in Africa.

He decided to go to Somalia to wage jihad, which he described during an interview, as the act of "raising the word of Allah, uppermost, by speaking and fighting against all those who are against the Islamic State." He chose to help Somalia because he believed it was the only legitimate Islamic state.

"If Americans came, I would fight them too," Maldonado allegedly said.

He would have "no problem" killing Americans or fighting Americans nor had a problem with the Sept. 11 attacks. He also allegedly said he would be willing to become a suicide bomber if he was wounded.

Maldonado said he never completed his physical training because he contracted malaria. He also is credited with saying that he participated in nightly gatherings where a Yemeni who personally knew Osama bin Laden would tell stories about the al-Qaida leader.

In a news release, Kenneth L. Wainstein, assistant attorney general for the Justice Department's National Security Division, noted the arrest as the first linked to Somalia.

"The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad," Wainstein said.

According to the State Department, al-Qaida poses a threat to the United States and to the stability of Somalia.

While in Mogadishu, the Somali capital, Maldonado was outfitted with an AK-47 assault rifle, ammunition, military combat uniforms, boots and rocket-propelled grenade launchers, the complaint says.

At training camps in Kismaayo and Jilib, southern Somali towns , where al-Qaida members allegedly were present, Maldonado received firearms and explosives training to prepare to go to the front to fight for the Islamic Courts Union, a rebel group.

Pentagon officials have acknowledged that in early January, U.S. airships targeted al-Qaida leaders in southern Somalia, the region where Maldonado is accused of living and training with al-Qaida forces.

Maldonado, who has wavy, shoulder-length brown hair, a mustache and long chin hairs, stood still as he listened to U.S. Magistrate Judge Calvin Botley at an initial hearing this afternoon.

Maldonado asked about being detained closer to his parents and children, who reside in or near New Hampshire, he said.

Botley said Maldonado will be held at the Houston federal detention center without bond pending a detention hearing Feb. 20.

Mass. Native Held In Terror Case (BOS)

By Raja Mishra, Globe Staff

The Boston Globe, February 14, 2007

Accused of aiding Qaeda in Somalia

Spurred by radical Islamic beliefs, Massachusetts native Daniel J. Maldonado journeyed from the streets of Boston to the frenzied civil war in Somalia, where he allegedly conspired with Al Qaeda militants to establish a fundamentalist regime, only to end up in the custody of FBI agents when his insurgent efforts unraveled, according to court papers released yesterday.

The 28-year-old was ordered held without bail yesterday in Houston on charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

A conviction could mean life in prison.

Maldonado, also known as Daniel Aljughaifi , is the first American citizen to stand accused of terrorist activity in Somalia, where US troops recently conducted strikes on suspected terrorists in the wake of an Islamic insurrection there.

"Any who seek to aid terrorists in their mission to threaten our national security will be held to account for such serious criminal conduct," said US Attorney Don DeGabrielle in a statement.

Maldonado appeared in federal court in Houston yesterday after being flown to Texas from Africa by federal agents. His next court hearing is Feb. 20.

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Maldonado, a Muslim convert who said in court he had also lived in New Hampshire, lived in the Boston area until August 2005, when he moved to Houston, prosecutors said.

He traveled to Cairo in November 2005, then to Somalia a year later, "in search of a country where he could practice true Islam," according to an FBI affidavit released yesterday that lays out the government's investigation.

On Jan. 21, he was captured by soldiers of the Kenyan military as he fled Somalia, where civil conflict between the government, aided by Ethiopian forces, and Islamic militias had broken out.

He was given over to FBI agents in Kenya. Maldonado told them he had been conducting jihad in Somalia, according to court papers.

"I would be fighting the Somali militia, and that turned into fighting the Ethiopians, and if Americans came, I would fight them, too," he is quoted as telling his FBI interrogators. He had "no problem" with the Sept. 11, 2001, terrorist attacks, he said.

Maldonado also said he was prepared to become a suicide bomber if he was wounded or unable to fight.

Maldonado said he was given firearms, explosives, and combat training by Islamic groups in Mogadishu, the capital of Somalia. He said he was provided with an AK-47 assault rifle, ammunition, camouflage uniforms, and rocket-propelled grenade launchers. He was then taken to the city of Kismaayo, a stronghold for rebel Islamic militias. While there, he helped forcibly interrogate an alleged spy against the rebels, a flight attendant who was later reported killed.

But in Kismaayo, he contracted malaria, delaying his deployment, court papers say. Still, he managed to train with a bomb maker. During this time, Maldonado said, he came into contact with members of Al Qaeda.

He said one Al Qaeda member from Yemen would regale nighttime gatherings with tales about Osama bin Laden. The group discussed taking over Somalia, Ethiopia, and Egypt, and making them into fundamentalist Islamic states.

But when Ethiopian forces attacked their encampment, the group fled, taking a boat to another town, then traipsing through the woods for two or three days before Kenya authorities caught up with them.

A witness, identified by prosecutors as "Daniel a.k.a. Abu Mohammed," identified Maldonado from a six-man photo array as someone who attended the terrorist camp in Somalia. He also confirmed that Maldonado had engaged in weapons and bomb training.

US Man Charged With Training To Fight Jihad In Somalia (AFP)

AFP, February 14, 2007

A 28-year-old US man who converted to Islam was charged with training to fight a jihad in Somalia and accused of offering himself as a suicide bomber, the Department of Justice said.

Daniel Joseph Maldonado, 28, is accused of leaving his Houston, Texas home in 2005 "in search of a country where he could practice true Islam," according to FBI documents.

A year later, he joined the Islamic Courts Union and elements of Al Qaeda to fight for the establishment of an independent Islamic state in Somalia, the criminal complaint alleged.

During the course of his training, the complaint added, Maldonado spoke about his willingness to become a suicide bomber if he was wounded, and also observed how bombs were made and tested with the group's bomb-maker.

He was captured by the Kenyan military on January 21 as he fled to avoid Ethiopian and Somalian forces. At the weekend, he was handed over to US authorities and escorted back to Houston.

"This case represents the first criminal prosecution of an American suspected of joining forces with Islamic extremist fighters in Somalia," said Kenneth Wainstein, assistant attorney general for the Justice Department's National Security Division.

"The prosecution of Mr. Maldonado demonstrates the scope of our laws and serves as a warning to others who would travel overseas to wage violent jihad."

Maldonado was ordered detained without bond at an initial hearing Tuesday, the justice department said.

Charged with conspiring to use a destructive device and receiving military training from a terrorist organization, Maldonado faces up to life in prison.

Bill Would Restore Detainees' Rights, Define 'Combatant' (WP)

By Josh White

The Washington Post, February 14, 2007

A group of Senate Democrats introduced legislation yesterday that would restore habeas corpus rights to all detainees in U.S. custody and would narrowly define what it means to be an "enemy combatant" against the United States, a measure designed to challenge laws ushered in by the Republican-controlled Congress last year.

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The bill, titled the "Restoring the Constitution Act of 2007," strikes at the core of the Military Commissions Act of 2006 by giving detainees access to U.S. courts. It was introduced by Sen. Christopher J. Dodd (Conn.), a candidate for the Democratic presidential nomination.

The bill would also prevent the executive branch from making blanket determinations about who is an enemy combatant and would restrict the president's authority to interpret when certain human rights standards apply to detainees. The legislation would limit the label "enemy combatant" to a person "who directly participates in hostilities in a zone of active combat against the United States" or who took part in the terrorist attacks of Sept. 11, 2001.

Should such language become law, it could change the status of numerous detainees who were picked up in U.S. counterterrorism efforts.

The bill would also restore to the detainees numerous rights they lost under the Military Commissions Act, including the right, under a habeas corpus petition, to challenge their detention in federal court.

"I take a backseat to no one when it comes to protecting the country from terrorists," Dodd said in an e-mail statement yesterday. "But there is a right way to do this and a wrong way to do this. . . . In taking away their legal rights, the rights first codified in our country's Constitution, we're taking away our own moral compass, as well."

The Military Commissions Act was originally designed to fix problems in the wartime trial process for detainees in U.S. custody after the Supreme Court struck down the Bush administration's first set of rules. But the act also denied access to U.S. courts to those accused of being foreign enemy combatants.

In a panel discussion Monday night after the screening of an HBO movie about the Abu Ghraib prison abuse, Sen. Lindsey O. Graham (R-S.C.), a leading proponent of the Military Commissions Act, said he stands behind the existing law and believes that it will stand up to Supreme Court scrutiny.

The newly proposed legislation, however, has the potential to undercut last year's law before challenges reach the Supreme Court. There is bipartisan support in Congress for restoring the habeas corpus rights of detainees, many of whom have filed court cases with the help of civilian lawyers.

Elisa Massimino, Washington director of Human Rights First, said the new bill would remedy several legal problems her organization has identified in the Military Commissions Act, particularly in the area of habeas corpus rights. She said the definition of "enemy combatant" is "hugely important" because it would draw a line between actual combat and the Bush administration's ambiguous "global war on terror."

"It would go to the question of whether the whole of our counterterrorism effort is going to be considered an actual and legal war," Massimino said. "Congress hasn't taken that issue head-on."

British Panel Urges Police To Apologize To Muslims For Raid (WP)

By Mary Jordan

The Washington Post, February 14, 2007

LONDON, Feb. 13 -- London police should publicly apologize to two Muslim families caught up in a mistaken anti-terrorist raid in which a man was shot, an independent oversight panel said Tuesday.

The Independent Police Complaints Commission was investigating the dramatic dawn raid of two homes in East London last June by about 250 officers, some in chemical protective suits. Police officials later said they believed that "a highly dangerous explosive device that could be set off remotely" was being made there.

Two men, Mohammed Abdul Kahar, 23, and his brother Abul Koyair, 20, were arrested, and Abdul Kahar was accidentally shot in the shoulder during the scuffle. A week later, after an extensive search of the houses, both men were released without charge.

Nine family members, including children and elderly, were also hauled into the police station, where DNA samples and fingerprints where taken, actions the panel called "insensitive and unnecessary."

Although it admonished the police for some of their procedures, the panel did not recommend disciplinary action in connection with the raid, which soured relations between police and many Muslims.

Alf Hitchcock, a deputy assistant police commissioner, told reporters that police had already apologized three times for the raid and would do so again.

The so-called Forest Gate raid, named for the neighborhood where it occurred, is frequently cited by Muslim leaders, who say that many of the nearly 2 million Muslims in Britain feel under siege and presumed guilty by police.

Between Sept. 11, 2001, and the end of last September, police arrested 1,140 people for alleged terror-related offenses and released 631 without charge, according to Home Office statistics. Only 38 have been convicted of terrorism offenses, and 98 are currently on trial, according to the government.

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Police say they have been under extraordinary pressure to stop attacks that could kill large numbers of people, especially after suicide bombers killed themselves and 52 other passengers on London trains and a bus in July 2005.

Last August, police arrested 25 people in an alleged plot to blow up transatlantic jets; eight were later released without charge. Last month, nine Muslim men were arrested in an alleged plot to kidnap and behead a Muslim serving in the British army; three have been released without charge.

Muslim leaders are increasingly calling police intelligence faulty and say officers are routinely picking up the wrong people. Also, they say, the whole Muslim community is tarred when police swoop in with massive force rather than quietly pulling people in for questioning.

Massoud Shadjareh, chairman of the London-based Islamic Human Rights Commission, said in an interview that the huge numbers of arrests of Muslims that result in no charges "are devastating individuals" and making many Muslims "extremely angry."

He said cases such as the Forest Gate raid are becoming typical, citing the lasting damage done to the Muslim community by publicity about Abdul Kahar and Koyair making a chemical bomb, even though they turned out to be innocent.

Shadjareh called Tuesday's official finding that police should apologize to the families "too little, too late."

Abdul Kahar told the BBC he was disappointed by the commission's findings. He said nothing justified the way police officers handled members of his family, including his 60-year-old father. "He was half naked, and they were beating him on the floor," Abdul Kahar said.

In all, the two families filed more than 150 complaints against the police. Deborah Glass, the panel's commissioner, dismissed nearly all of them but agreed that police should have handled the family members and the two men's accommodation in detention better.

"I've concluded that the police were right to take no chances with public safety," Glass said. But she added, "They must also plan more realistically for the possibility that their intelligence is wrong."

PATRIOT ACT:

FBI Tracks Secret 'wiretaps' With Multilevel Security (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, February 14, 2007

The FBI has launched an application that monitors the preparation of requests for secret wiretaps under the Foreign Intelligence Surveillance Act by using several levels of classification, ranked by the security level of the user.

The Foreign Intelligence Surveillance Act of 1978 created the FIS Court (FISC). The court, which meets in secret, is formed of 12 judges who serve in rotating three-judge panels, sit continuously and review requests for electronic surveillance three days a week, according to various public reports and records.

An FBI special agent recently recounted the state of affairs regarding executive branch requests to the FISC for national-security wiretaps when FBI director Robert Mueller took office in August 2001.

“The director asked how many [FISA requests] were pending,” the FBI official said. “The answer was, ‘The FBI didn’t know.’ He asked, ‘How long does it take to approve one?’ We didn’t know. He asked, ‘What’s the holdup [main delaying factor]?’ We didn’t know.”

Information contained in the surveillance requests largely is classified at the secret or top-secret levels, the official said. Surveillance requests often come from the foreign intelligence groups in each of the bureau’s 56 field offices. “All of this information is coming in at different classification levels,” the official said.

“Because of the sensitivity of these things, they are some of the most reviewed documents in the government,” the official added.

The Justice Department prepares the final version of each surveillance request after it has been repeatedly vetted. Only a handful of federal officials are authorized to provide the final approval. They include the FBI director, the deputy director of national intelligence, the secretary of state and the national security adviser.

“These are not the kind of people where you just come into their office with a stack of documents and say, ‘Here’s a stack of documents for you to sign,’ ” the official said.

When Mueller joined the FBI, officials transmitted FISA requests among agencies by sneakernet. Various networks played a part in the process, including FBI, Justice Department and Pentagon systems.

Regarding Justice’s system, the FBI official said, “To give you an idea of their idea of connectivity, it was called Oasis [and wasn’t connected to anything].”

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To manage the information coming into the system at various levels of classification, the bureau turned to High Performance Technologies Inc. of Reston, Va.

"We have a system that takes information from the secret level and puts it up to top secret," the FBI official said.

The application, known as the FISA System, allows users to access information it holds based on the security clearances they hold, the official said. "The technicians don't need to see the secret and top-secret levels," he said.

Automating the system speeded the approval process from 120 days to 60 days, the official said. It also provides an audit trail of system activity, generates reminders about pending requests and has room to grow, the official said.

Federal officials have the right to launch a wiretap or electronic surveillance and seek retroactive court approval in urgent cases, according to various reports.

The Bush administration's decision to launch some surveillance operations without any court approval at all led to the resignation of one FISC judge and a flap over whether the rogue White House wiretaps would jeopardize other cases.

FISC has its hand full. From a workload of 932 FISA orders in 2001, the annual caseload reached 2,005 requests in 2005, the official said.

HOMELAND RESPONSE:

Israel, Palestinians Disagree On Agenda (NSDY/AP)

By Karin Laub, Associated Press Writer

Long Island Newsday, February 14, 2007

RAMALLAH, West Bank -- Palestinian and Israeli officials disagreed sharply Tuesday over whether next week's Mideast summit with Secretary of State Condoleezza Rice should help relaunch peace talks, dimming hopes the session will produce results.

Israel will not talk about issues of substance until it learns more about the power-sharing deal reached last week between Palestinian President Mahmoud Abbas and the Islamic militant Hamas, said government spokeswoman Miri Eisin.

Israel's prime minister, defense minister and foreign minister met Tuesday evening to discuss the summit, Army Radio reported, but no decisions were announced.

The agreement falls short of international demands that a new Palestinian government, a coalition of Hamas and Abbas' Fatah movement, explicitly recognize Israel's right to exist.

Abbas has been trying to market the vaguely worded deal as the only way to co-opt Hamas, end deadly Palestinian infighting, and renew peace talks with Israel.

International reaction also has been vague, and the summit would be the clearest test yet of the Israeli and U.S. positions.

Nabil Amr, a senior Abbas aide who took part in the negotiations, said the agenda dispute with Israel does not bode well for winning international acceptance of the agreement.

"I think we will face a tough situation to convince Israel" to deal with a future Hamas-Fatah coalition, Amr said. "But what can we do? This is what we achieved in Mecca."

Amr said he had few expectations for the Feb. 19 summit in Jerusalem with Abbas, Rice and Israeli Prime Minister Ehud Olmert.

Eisin said the time is not ripe for full-fledged peace talks.

"We're not talking about the substantial issues, we're just talking about the political horizon," Eisin said. But she said Israel expects any future Palestinian government to accept the international conditions.

"We're waiting to see when the new Palestinian government is put together, because it hasn't been finalized, what the new government policies are," she said.

In announcing the summit last month, Rice only said it should help restore confidence between the two sides, and that "we'll see what comes after that."

Alvaro De Soto, the U.N. special coordinator for the Mideast peace process, cautioned Tuesday that "excessive expectations should not be placed" on the summit.

A summit without achievements could weaken Abbas as he tries wrap up negotiations with Hamas.

He is heading to Gaza on Thursday for talks with Prime Minister Ismail Haniyeh of Hamas. The Hamas-led Cabinet is to resign by Thursday, a formality that would leave Haniyeh five weeks to put together a new Cabinet, said Ghazi Hamad, a government spokesman.

The agreement between the two sides only settled two issues: the government's program, including a vague reference to "respecting" peace deals with Israel, and the distribution of Cabinet positions between Hamas and Fatah.

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Hamas leader Khaled Mashaal wrote Tuesday that the unity government would support the establishment of a Palestinian state in the West Bank, Gaza and east Jerusalem.

Hamas leaders have previously said they would support a temporary state in the lands Israel captured in 1967, but have not said they would give up the fight to take over all of historic Palestine. Nevertheless, the statement was seen as a concession by the militant group.

"The national Palestinian agreement ... confirms establishing a Palestinian state with full sovereignty and independence on all the lands occupied in 1967 and its capital Jerusalem," Mashaal wrote in a commentary in the London-based daily Al Quds Al Arabi.

"When a chance is given for this vision to be translated into reality, it will form an important step toward achieving peace in the region," he wrote.

Abbas has called for establishing a Palestinian state alongside Israel.

Other disputes between Hamas and Fatah remain, including control over the security forces.

In other developments Tuesday, senior members of the violent Islamic Jihad group warned in Gaza City that American citizens could be in danger if any harm comes to their leader, Ramadan Shallah. The vague threats were made after Washington offered up to $5 million for his capture.

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Associated Press Writer Diaa Hadid in Gaza City and Alexandra Olson at the United Nations contributed to this report.

Judge Orders Deportation Of Driving Student (PROJO)

By Tom Mooney, Journal Staff Writer

The Providence Journal, February 14, 2007

BOSTON — A federal judge yesterday ordered an Indian national whose behavior at a Smithfield trucking school spawned a nationwide antiterrorism investigation be deported.

Mohammed Yousuf Mullawala la "is not the person who he claims to be," said U.S. Immigration Judge Matthew J. D'Angelo, as a shackled Mullawala listened a few feet away at the court room's defense table.

While Mullawala's "ultimate intentions and motives have not yet been revealed in full," the judge said, "this court reaches a finding that mirrors the grave concern expressed by the Joint Terrorism Task Force, The Rhode Island State Police and the Rhode Island Fusion Center" — which spearheads local homeland security matters.

D'Angelo ordered that Mullawala, 28, remain in the custody of Homeland Security officials while officials there continue investigating his alleged suspicious behavior.

Mullawala will not appeal the judge's order, said his lawyer, June Beack; "He just wants to go back to his home country." By law, she said, Mullawala is entitled to two case review hearings, after 90 days and in six months, during which federal officials must explain why they are still holding him. It's feasible, however, that the government could deport him before then.

Mullawala has been held since Dec. 5 at the Suffolk County House of Correction in Boston, on a civil violation of his student visa. No criminal charges have been filed against him; however, the Rhode Island Department of the Attorney General had issued a criminal extradition warrant alleging he submitted a false document to the Rhode Island Division of Motor Vehicles in order to obtain a Rhode Island driver's license. That charge, however, is expected to be dropped if Mullawala is deported.

He has been under investigation since Nov. 29, after an instructor at the Nationwide Tractor-Trailer Driving School became suspicious of him and contacted authorities. According to court papers, Mullawala's lack of interest in learning how to back up a tractor-trailer, his request to buy software on hazardous materials and his queries on whether fingerprinting would be required for a commercial driver's license raised concerns with the instructor.

Six days after the investigation began, Mullawala walked into the state police headquarters in Scituate to file a harassment complaint against a detective who called him on his cell phone. After questioning, he was taken into custody on a student visa violation.

During an immigration hearing last month Mullawala admitted he lied to the state police, as well as on applications for permanent residency, admission to colleges, driver's licenses and the trucking school. But he denied being a criminal or a threat to anyone.

Mullawala appeared unfazed by the judge's quick summary from the bench yesterday of the 13-page decision he had rendered in the case. Beack said she was uncertain if he understood what the judge was saying.

In his written decision, D'Angelo said he was unimpressed by Mullawala's testimony.

"The respondent's admission to submitting false information was by no means rehabilitated by his testimony.

"Rather than fully responding to questions posed to him, the respondent's testimony was instead vague and evasive and attributed any discrepancies in his testimony or documentation to other individuals."

The explanations that Mullawala did provide, D'Angelo wrote, "were implausible and appeared to be those of an individual struggling to fabricate a cover rather than of one who truly wishes to explain his or her actions."

For example, said D'Angelo, when asked why he changed residences so frequently — 11 different places in four states since his arrival from India in 2002, and some in New York City where he stayed for only a month — Mullawala explained it was because he had "difficulty finding parking."

"While it is admittedly difficult to find parking in New York and other major metropolitan areas, it seems highly unlikely that one would change residences on what appears to be an almost-monthly basis simply to secure better parking."

D'Angelo said he also found "implausible" Mullawala's explanation for why he withdrew from Johnson & Wales University, where he was majoring in computer science, and transferred to the University of Bridgeport. Mullawala said he transferred — even though Johnson & Wales offered him a "substantial" scholarship — because the Providence-based school didn't offer computer engineering as a major.

Yet, the judge said, Mullawala described the two majors as "essentially the same."

"Not only was the respondent's testimony rife with vague, farfetched, evasive and implausible statements," D'Angelo wrote, "but the written documentation he submitted to both [the Department of Homeland Security] and various state government agencies contained numerous inconsistencies and outright falsehoods."

For example, in Mullawala's application for the Nationwide Driving School, he indicated he had lived in Providence for five years and listed an individual named "Jahdish" as one of his character references.

Later Mullawala admitted the application was a lie, the judge said: "… at the time he submitted his application, he had not even resided in the United States for five years and [admitted] that Jahdish was a 'fake character witness.' "

Mullawala's deportation could ban him from reentering the country for at least 10 years.

Appeals Court Upholds Terrorist Designation For Islamic Charity (AP)

By Sam Hananel

AP, February 14, 2007

WASHINGTON - A federal appeals court on Tuesday upheld the government's decision to freeze the assets of a Missouri-based Islamic charity with alleged links to a foreign group that supports terrorism.

The Treasury Department claims the Islamic American Relief Agency-USA, of Columbia, Mo., is an affiliate of a Sudanese charity - the similarly named Islamic African Relief Agency - accused of financing al-Qaida and other terrorist organizations.

The U.S. Court of Appeals for the District of Columbia Circuit agreed with a lower court's 2005 decision finding that the charity is a branch of the Sudanese-based agency.

Records describe the Missouri charity as an "affiliate" and a "partner" of the Sudanese group, and the charity sought permission to transfer funds to the group, the appeals court said.

The Missouri charity did not contest the terrorist designation of the Sudanese group, but claims the organizations have independent leaders and separate bank accounts. The Missouri-based group was founded by a Sudanese immigrant in 1985 to raise money for humanitarian activities around the world.

In 2004, federal agents raided the group's headquarters in Columbia, Mo., as part of a criminal investigation. No criminal charges have been filed against the charity or its employees.

While the court found the unclassified evidence was "not overwhelming," the three-judge panel noted that its review of national security cases is "extremely deferential" to the government. The court said classified records show more extensive evidence of a connection between the two groups.

The appeals court also rejected the charity's argument that blocking its assets violated its rights under the Constitution.

The law is clear that "there is no constitutional right to fund terrorism," the court said. "Where an organization is found to have supported terrorism, government actions to suspend that support are not unconstitutional."

Justice Department spokesman Andrew Ames said the government is pleased the decision "upholding the government's ability to freeze assets that may be used to support terrorism."

Shereef Akeel, the Michigan attorney representing the charity, did not return a call seeking comment.

ON THE NET

U.S. Court of Appeals for the District of Columbia Circuit:

http://www.cadc.uscourts.gov/bin/opinions/allopinions.asp

Columbia Charity Loses Appeal In Terrorism Case (KCS)

By Mark Morris

The Kansas City Star, February 14, 2007

The U.S. Treasury Department properly froze the assets of a Columbia charity that authorities contend was linked to terrorism, a federal appeals court ruled today.

The ruling from a three-judge panel affirmed an order from a Washington D.C. federal judge, who found that the Islamic American Relief Agency-USA had financed terrorism.

Lawyers for the Missouri charity have denied any link to terrorism. Federal authorities have said the Columbia group was affiliated with a Sudanese organization, the Islamic African Relief Agency, which Treasury officials have designated a supporter of global terrorism. IARA-USA's lawyers have said the Missouri charity is entirely separate.

The FBI raided the group's office on Oct. 13, 2004, the same day Treasury agents labeled the group a terrorist supporter and froze its assets.

Malls Emerge As Another Front In Terror War (NSDY)

By Carol Eisenberg, Carol.eisenberg@newsday.com

Long Island Newsday, February 14, 2007

WASHINGTON -- The mall security guard scrutinizes the black backpack lying by the garbage bin. Should he open it? Ignore it? Call police?

In a world increasingly vulnerable to terrorism and random acts of violence like the rampage in a Salt Lake City mall Monday, security experts say that low-paid private security worker may be the front line of protection in one of the nation's most heavily trafficked places. And they question the adequacy of his training -- or of the malls' security measures -- to detect or deter an attack.

"For suburban America, the mall is the gathering place," said Mitchell Moss of New York University's Center for Catastrophe Preparedness and Response. "It's much more than just a place to shop. It's where huge numbers of people gather to go to the movies, eat and socialize -- therefore, making it a potential terror target."

Roosevelt Field, the state's largest mall, may draw as many as 100,000 people a day at holiday peak -- one reason Nassau police conducted a training exercise there a year after 9/11, based on the scenario of a plane crashing into the mall's food court.

The Department of Homeland Security has repeatedly warned that malls are potentially attractive targets for terrorists, although officials say there is no credible intelligence of imminent plots.

It cites al-Qaida training manuals that identify "places of amusement" and "vital economic centers" as targets and a pattern of such attacks worldwide. A Rand Corp. survey documented over 60 attacks since 1998 on shopping centers in places as diverse as Russia, Turkey and Israel.

This country has seen only lone-wolf attacks -- one of the bloodiest Monday night when an 18-year-old Bosnian refugee opened fire on shoppers in a Salt Lake City mall, killing five and wounding four before being gunned down by an off-duty police officer. Police are still investigating his motive.

But such cases underscore how potentially vulnerable the nation's malls and shopping centers are to acts of violence, according to a recent Justice Department report, which found that while many malls have tightened security since September 2001, much more could be done. The report cited inadequate training for low-paid, high-turnover security workers, as well as insufficient drilling and coordination between mall security and first responders.

"Turnover in private security is huge," said author Robert Davis, citing rates as high as 100 percent in some places. "So even if you have a good program and people are trained in it, chances are that at any given moment, half your staff won't know what the plan is."

But that assessment is disputed by the company that provides security to some of the area's biggest malls, all of which declined to participate in the survey, citing concerns about how the information might be used.

"The large developers -- the Roosevelt Fields, the Smith Haven Malls -- are far ahead in terms of quality of personnel and caliber of training," said Jon Lusher, senior vice president of IPC International Corp. of Illinois.

"Nine-eleven was a wake-up call," said Lusher, whose company provides security for 400 malls, including Roosevelt Field, The Source, Walt Whitman and Smith Haven malls"There have been many, many changes, both in training and in our liaison with law enforcement and the sharing of information."

Nonetheless, he acknowledged that malls balance the risk of terror against the costs of added security, and the economic imperative to be welcoming to shoppers.

He doubted, for instance, that most Americans would be willing to go through a metal detector and a bag search before entering a mall, as Israel shoppers do -- one of the few things that would have stopped the Salt Lake City shooter.

"Clearly, there are business decisions made, in terms of how realistic it is that a certain shopping center is going to be attacked," he said.

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How big is the threat? And how much security are Americans willing to put up with?

While some prophecies potentially apocalyptic scenarios -- former National Security Adviser Richard Clarke predicted multiple attacks on malls and amusement parks in an article in The Atlantic two years ago -- others are frankly skeptical.

"Despite the ease of killing Americans in shopping malls and schools, it hasn't happened," said political scientist Ian Lustick, author of "Trapped in the War on Terror."

"The effort to master the unlimited catastrophes we can imagine by mobilizing scarce resources will drain our economy, divert and distort military, intelligence, and law enforcement resources, undermine faith in our institutions, and fundamentally disturb our way of life," Lustick said.

U.S. Homeland Security spokesman William Knocke said that the government has advised local officials to be vigilant, although "there is no credible intelligence to suggest any imminent threat."

Most mall owners, including the Simon Property Group, which owns several Long Island malls, refuse to talk publicly about risk assessments. But police, security contractors and trade groups say that since 9/11, local malls have expanded closed-circuit television systems, redesigned entrances to block car bombers, and bolstered training for private security.

Members of the International Council of Shopping Centers -- including Simon -- spent $1.8 million to develop a terror prevention course that they expect to put 20,000 security workers through by spring, said spokesman Malachy Kavanagh.

Designed by the Homeland Security Institute at George Washington University, the 14-hour course includes video simulations of security guards confronting scenarios such as an abandoned backpack.

Guards are drilled to move shoppers away and to notify police -- and to avoid opening the pack or using a walkie-talkie close by because of the chance of setting off hidden explosives.

"The idea is not to turn security workers into G.I. Joes," said Paul Maniscalco at the Homeland Security Institute. "We're starting with the baseline education that the Department of Homeland Security has established for first responders, and customizing it to the shopping center environment."

What can they do about a man brandishing a shotgun?

Even Maniscalco acknowledged there are no good options, especially for mostly unarmed private guards.

"As soon as they see someone who's a hostile actor, they're trained to make immediate notification to law enforcement, and then to get people out of the facility as quickly as possible," he said.

But while no one disagrees that more rigorous anti-terror training is needed, some say that training alone is insufficient.

"By not providing a living wage, mall security will continue to be compromised by high turnover and inexperienced officers," said Local 32BJ Spokesman Matt Nerzig, who said that median pay for security workers in the metropolitan area is $11.56 an hour.

Lusher declined to say how much his company pays its guards. But he acknowledged that turnover -- between 30 and 40 percent nationally atIPC -- "makes training more difficult, more time-consuming and more costly. That's exactly the reason you do more."

IPC's guards undergo a mandatory 48-hour training, plus two additional hours every month, he said.

Local police stress that beyond private guards, Long Island's malls have an active police presence, both in uniform and plain clothes. Roosevelt Field, for instance, has a police substation in the mall. And both Nassau and Suffolk also have instituted systems to share information back and forth with area retailers.

They also plan to do more simulations like the one at Roosevelt Field four years ago.

"Could we increase training and make things better still?" asked Nassau Police Insp. Matthew Simeone. "Yes, I think we could. Do we need to go the route of the invasive security checks done in Israel? I don't think we're at that point.

"Of course, events here and around the world may change that, in which case, attitudes are likely to change."

Chertoff Defends Real ID Mandate (WT)

By Audrey Hudson

The Washington Times, February 14, 2007

Homeland Security Secretary Michael Chertoff yesterday defended the federalization of driver's licenses and asked a Senate panel not to block the Real ID law, but he urged members to make security changes in the visa waiver program.

Mr. Chertoff said he is "pretty adamant" that the new identification for all U.S. citizens go into effect May 2008.

"We don't want to keep kicking the can down the road," Mr. Chertoff told the Senate Homeland Security and Governmental Affairs Committee.

Sen. Susan Collins, Maine Republican and ranking member, will sponsor an amendment giving states more time to comply with the Real ID Act.

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"It has been two years since the Real ID Act passed, and yet we don't have detailed regulations or guidance from the department setting forth the standards that the states are going to have to follow," Miss Collins said.

Sen. John W. Warner, Virginia Republican, said that if states are mandated to follow federal guidelines, the federal government should carry the cost.

"I can understand the need to get some delay if they were not going to fund it," Mr. Warner said.

The regulations will be issued later this month and will be subject to a comment period before being finalized.

"I do want to make it clear that one of the reasons it's taking awhile is we have actually done quite a bit of consultation even in the preliminary stage with state officials and privacy advocates and other folks," Mr. Chertoff said.

He also said the Senate should legislate changes in the visa waiver program to secure international flights and ensure foreign visitors are not terrorist threats or do not overstay.

"We are not going to sacrifice security for the sake of facilitating travel among our allies," Mr. Chertoff said.

The waiver program allows visitors from most European countries to travel to the U.S. without a visa for up to 90 days. About 18 million visitors enter the U.S. every year under the program.

"We know that terrorists study our screening and entry procedures and look for ways to do an end-run around these systems," Mr. Chertoff said.

Officials from the Homeland Security Department want information on travelers before they board airplanes, and countries that comply would be fast-tracked into the waiver program.

Mr. Chertoff said Congress should require participating countries to accept repatriation of its citizens who are ordered to leave the U.S., and encourage those countries to operate an air marshal program.

"Air marshals are our last line of defense against terrorists who manage to board an aircraft, and too few foreign countries have such programs," Mr. Chertoff said.

Sen. George V. Voinovich, Ohio Republican, said the additional measures will be incorporated into legislation.

"Our public diplomacy probably is at the lowest it has ever been, and modifying this program will mean a great deal to these countries, because every time I talk to an ambassador or foreign minister, they're up in arms about this thing. They don't think they're being treated fairly," Mr. Voinovich said.

A Shameful Prosecution (NYT)

The New York Times, February 14, 2007

An immigration court judge's dismissal of 20-year-old deportation proceedings against two Palestinian men — and his criticism of the government's abusive conduct in the case — ought to prick the conscience of the homeland security secretary, Michael Chertoff. Rather than reflexively pursuing an appeal, Mr. Chertoff, a former federal judge, should see the wisdom of finally declaring an end to this sorry legal tale, which has become a big source of distrust in the Arab and Muslim community.

The two legal American residents at the center of the controversy, Khader Musa Hamide and Michel Ibrahim Shehadeh, are the sole remaining defendants in a Reagan-era cause célèbre known as the L.A. 8 case. They were arrested in Los Angeles and marked for deportation along with six others because of allegations that they supported the Popular Front for the Liberation of Palestine, which is classified as a terrorist group.

The charges against the two have shifted repeatedly. Originally, they were charged under the 1952 McCarran-Walter Act, a cold war relic that allowed the deportation of noncitizens linked to any group advocating "world communism." A federal court declared those provisions unconstitutional and Congress repealed them, but the government's obsession only seemed to grow. At least twice, government lawyers pressed Congress for statutory changes, then tried to apply them retroactively.

What makes this pursuit so bizarre is that the government long ago conceded it had no evidence that the two men had ever been involved in any terrorist act, or any criminal act. Had they been United States citizens, they could not have been arrested. The key allegation — that two decades ago the men distributed a magazine published by the Popular Front and raised money for lawful charitable institutions somehow connected to the group — suggests that the government's real motive all along has been to punish the exercise of free speech.

In dismissing the case, an immigration judge, Bruce Einhorn, cited the government's "gross failure" to comply with his instructions to produce potentially exculpatory and other relevant information. He fittingly denounced the 20-year pursuit as "an embarrassment to the rule of law."

Mr. Chertoff has until Feb. 28 to file an appeal. The only decent thing to do is to drop the case.

Top Senators Agree On Anti-terror Bill (AP)

By Beverley Lumpkin

The AP, February 13, 2007

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WASHINGTON - Top senators prepared an anti-terrorism bill Tuesday that could spark future clashes with the House, proposing more homeland security money for smaller and rural states and dropping requirements for tougher cargo inspections.

The Senate version of legislation implementing the remaining recommendations of the 9/11 Commission was introduced by the chairman of the Homeland Security Committee, Sen. Joe Lieberman, I-Conn., and the panel's top Republican, Sen. Susan Collins, R-Maine. Their panel was scheduled to vote on the measure on Thursday.

The Senate measure would drop House-passed provisions requiring that all containers on U.S.-bound vessels be screened in foreign ports for radiation, and that all cargo loaded onto U.S. airliners be screened for explosives.

Both were strongly opposed by the Bush administration on grounds that they are too costly and require the use of technology that does not exist.

However, the Senate Commerce Committee on Tuesday passed an aviation security bill that has a similar provision regarding screening of all air cargo.

The bipartisan 9/11 Commission investigated the terrorist attacks of Sept. 11, 2001, and in its final report in 2004 made numerous recommendations on improving the nation's security.

Congressional budget analysts have estimated the House bill's cost at $21 billion over the next five years. The Senate bill does not yet have an overall cost estimate.

A fundamental difference exists between the two houses of Congress on the percentage of grants to states and localities that must be distributed according to risk factors rather than equally divided among states.

The House version places more emphasis on rating the risk factor - a formula that considers the intelligence threat, the locality's vulnerability and the consequences to its population and critical infrastructure of a terrorist attack. Such a formula tends to favor larger and more urban states.

The Senate version also considers risk but would spread the funds more broadly. For example, a program aimed at the urban areas considered most at risk - 46 such areas received funds for the current fiscal year - would allow the 100 largest urban areas in the country to apply for grants.

The minimum guaranteed amount to each state would also be higher in the Senate bill, 0.75 percent of the total to each state. The Senate's grants would cost $3.105 billion for each of the next three years.

The Senate version also contains a provision not in the House bill that would change a program that allows citizens of 27 countries considered close U.S. allies to enter the country without a visa.

The program has been criticized since the 9/11 attacks, however, and the administration has promised to strengthen its security and open it to additional allies, particularly Eastern European countries now aiding the U.S. effort in Iraq.

At a hearing on his department's 2008 budget request, Homeland Security Secretary Michael Chertoff on Tuesday warned committee members that the program's membership must be expanded to help solve "what is shaping up as a fairly ugly dispute" with several nations.

There is also a significant difference between the two houses of Congress concerning a privacy and civil liberties board. The House bill would make the board an independent agency and give it full subpoena power, while the Senate bill would keep the board inside the White House and permit it only to ask the attorney general to issue subpoenas on its behalf.

The White House signaled its strong opposition to the House version, asserting it would be an unconstitutional infringement of the president's powers.

Committee plans for a smooth process could be upended by Sen. Tom Coburn, R-Okla., who has introduced nearly 200 amendments to the measure.

Coburn's spokesman, John Hart, said that in addition to his concern about the process being rushed, the senator believes some of the bill's provisions are unnecessary and duplicative of existing programs.

Coburn wrote to Lieberman on Monday, asking that he delay consideration of the measure until after the Presidents' Day recess, when the Senate is due to return Feb. 26.

Subway Security Devices Fail Tests (USAT)

By Thomas Frank

USA Today, February 14, 2007

An ambitious test of machines for checking subway and rail passengers for bombs failed to find a technology that can reliably stop terrorists such as those who attacked trains in Madrid and London, according to a Homeland Security Department assessment.

The $7 million government program tested futuristic screening equipment in major rail systems last year and found that each of the technologies had significant problems.

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Many machines triggered excessive false alarms, some took too long to screen passengers, and one "could not consistently locate the item that caused the alarm," according to the report, which was not made public but was presented at a recent rail-security conference in Arlington, Va.

The effort to screen rail passengers "needs significant investment," the assessment concludes. Democrats in Congress have recently pledged to boost spending on subway security systems by billions.

"There's no plan to put any of the technology that was tested in the pilot in broad-based use. We want to continue to do more research," said Robert Jamison, deputy administrator of the Transportation Security Administration (TSA).

The test indicates the limited role that technology can play for now in securing the nearly 12 million people who ride subway and rail systems each weekday. That contrasts with aviation, where 8,800 bomb detectors installed quickly in airports after 9/11 screen 535 million pieces of luggage a year.

"We're years away from any technological solution," said Brian Jenkins, director of the National Transportation Security Center in California.

The only near-term solutions are metal detectors and X-rays, as well as bomb-sniffing dogs, the report says. It says dogs tested in an Atlanta subway had to rest after 45 minutes and needed air flow to smell explosives. "Using canines for person screening is still a developing technology," the report says.

Both methods are costly. Using the machines or dogs in the New York City subway would cost about 40 cents per passenger trip. The cost in Cleveland subways, which have 19,000 passengers a day compared with New York's 6 million, would be $3.45 per trip.

The technological limitations are forcing the Homeland Security Department to find other ways to secure rail systems. "We're heavily pushing the visible, unpredictable deterrents," such as teams of dogs, transit inspectors and marshals, Jamison said. Passengers and rail workers are encouraged to report suspicious activity, and emergency responders get training in handling a rail bombing.

That emphasis "is the result of tests like this that show even this advanced technology is not really ready, and there are other things we can do better right now," said TSA chief Kip Hawley.

Former New York police commissioner Howard Safir advocates random passenger searches like those in the New York subways. "The fact that they're checking is going to be a deterrent," he said.

NFL Rejects Border Patrol Ad (WT)

By Stephen Dinan And Jerry Seper

The Washington Times, February 14, 2007

The National Football League refused to run a recruitment ad for the U.S. Border Patrol in last week's Super Bowl program, saying it was "controversial" because it mentioned duties such as fighting terrorism and stopping drugs and illegal aliens at the border.

"The ad that the department submitted was specific to Border Patrol, and it mentioned terrorism. We were not comfortable with that," said Greg Aiello, a spokesman for the NFL. "The borders, the immigration debate is a very controversial issue, and we were sensitive to any perception we were injecting ourselves into that."

The NFL's rejection didn't sit well with Border Patrol agents, who called it a snub of their role in homeland security and said it was "more than a little puzzling."

"The NFL missed a golden opportunity to reach countless patriotic citizens who want to answer the call to help prevent another terrorist attack on American soil," said T.J. Bonner, president of the National Border Patrol Council, the union that represents the agency's nonsupervisory personnel.

Border Patrol agents are assigned to protect the country's borders with Mexico and Canada between the ports of entry. The agency is trying to boost its force to 18,000, a goal President Bush outlined last year in a prime-time Oval Office address to the nation.

Other major leagues have had no problems running the ad, a Border Patrol spokesman said. It has been accepted to run in programs for the upcoming NBA All Star Game and the NCAA Final Four, as well as in Pro BullRider magazine, the spokesman said.

The NFL's snub came to light last week during Homeland Security Secretary Michael Chertoff's testimony before a congressional panel. Mr. Chertoff said the ad was rejected, "much to my chagrin."

Mr. Aiello said that the NFL offered the department a chance to run a generic recruiting ad, similar to ads the U.S. military runs, but that the league never heard back from it.

"We proposed a more generic recruiting ad for the department that didn't highlight the borders, which brings up the immigration issue and the immigration debate. That's controversial," he said.

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That position stands in stark contrast to the ongoing debate in Congress, where among all the thorny issues related to immigration, the one that wins near-unanimous agreement is the need for more boots on the ground.

"Since almost every American favors securing our borders and the overwhelming majority of legislators on both sides of the immigration debate support significant increases in the number of Border Patrol agents, it is extremely difficult to imagine how those issues could be perceived as controversial," Mr. Bonner said.

He said the NFL's decision appeared to be an attempt to try to avoid upsetting the emerging market of football fans in Latin America.

The Super Bowl program is produced by the NFL, which printed about 200,000 copies this year, Mr. Aiello said.

The Border Patrol ad asks for "the right men and women to help protect America's southwest borders." It lists duties as preventing "the entry of terrorists and their weapons," blocking "unlawful entry of undocumented aliens" and "stopping drug smuggling."

The ad does not mention the ongoing immigration debate in Washington or touch on contentious subjects such as amnesty, a guest-worker program or legalization.

Mr. Bush has promised to double the size of the Border Patrol, which stood at 9,000 when he took office. His budget proposal calls for funding for 3,000 new agents in fiscal 2008 alone.

Customs and Border Protection Commissioner W. Ralph Basham, who oversees the Border Patrol, told The Washington Times last year that an aggressive recruiting effort by the agency had resulted in "no want for applicants."

Mr. Basham said the ongoing attrition rate for the Border Patrol of about 4 percent was significantly down from previous years and meant that 6,800 new agents would have to be hired and trained to fill the 6,000 slots sought to boost the agency's numbers to 18,000 and to make up for losses from attrition.

To meet the president's goal, Mr. Basham -- who once led the federal law-enforcement training center -- said the agency had reduced the total number of days trainees attend the academy, "but not the training they receive." He said the overall training schedule was reduced in October from 92 to 81 days.

Security Projects Get Review (WSJ)

By Jonathan Karp

The Wall Street Journal, February 14, 2007

Problems in a $24 billion Coast Guard ship and aircraft program that have given black eyes to Lockheed Martin Corp. and Northrop Grumman Corp. underscore broader concerns about the government's use of private contractors to oversee vital homeland security programs.

Congress this week is scheduled to hold its third and fourth hearings in less than a month to review the Deepwater project, an ambitious modernization effort by the Department of Homeland Security's Coast Guard arm that has been dogged by delays and design flaws. Lawmakers are also scrutinizing SBInet, a Boeing Co.-led project to build a high-tech border surveillance system. The Government Accountability Office, Congress's investigative arm, is to release a report card tomorrow assessing the Department of Homeland Security's plan for keeping Boeing accountable for a project initially valued at $8 billion.

The common theme for the two programs: Congress's new Democratic leadership's concern that the government has relinquished too much control to contractors, and fears that costs will grow.

In both big contracts, "the government is relying on private contractors to design the program, build them and even conduct oversight over them," Rep. Henry Waxman, chairman of the House Committee on Oversight and Government Reform, said at a hearing last week focused on potential waste, fraud and abuse.

For contractors, the concern is that political pressure could prompt Homeland Security to revise contracts on less favorable terms. Coast Guard chief Adm. Thad Allen confirmed yesterday that the service will change the "structure" and "contractual relationship" with the Lockheed-Northrop joint venture, though details have yet to be worked out.

Lockheed and Northrop defend their work on Deepwater and say they are committed to fulfilling the Coast Guard's evolving requirements. Boeing says SBInet is progressing as planned.

The Deepwater program was awarded to Integrated Coast Guard Systems, a Lockheed-Northrop joint venture, in 2002. It aims to upgrade the service's cutters, patrol boats, airplanes and helicopters. Deepwater began as a $17 billion, 20-year effort, but was expanded to a $24 billion, 30-year program after the Sept. 11, 2001, attacks.

In November, the Coast Guard suspended from service eight cutters modified under the program because their hulls buckled in rough seas. Homeland Security's inspector general recently reported that the biggest new ship model under development, the 418-foot National Security Cutter, has design flaws that may limit its life. A separate inspector general report raises concerns about contractor conduct and the Coast Guard's technical ability to oversee the program after improper cables were installed in some ships.

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A fresh Pentagon study delivered to the Coast Guard last week found that the Lockheed-Northrop team has wider latitude and more lenient cost terms than major defense acquisition programs, and the Coast Guard has a shortage of government acquisition and engineering experts, among other shortcomings. It recommended changing the program so that it "does not rely on a single industry entity or contract to produce or support all or the majority" of Coast Guard capabilities.

The Pentagon report also noted that new Coast Guard leaders are taking steps to improve its acquisition team. A Coast Guard spokeswoman said yesterday that the service is reviewing the report's recommendations.

The companies deny there are design flaws to the new big cutter, and note there have been numerous successes in other areas of the complex program.

Coast Guard Chief Announces Plans To Overhaul The Service (NYT)

By Eric Lipton

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Acknowledging that the Coast Guard has failed to keep up with changing times, its commandant, Adm. Thad Allen, unveiled a plan Tuesday to restructure its management radically and expand its surveillance efforts along the nation's coasts.

The overhaul is intended to address mounting criticism of a $24 billion equipment program known as Deepwater, which is replacing or rebuilding most of the service's large ships, planes and helicopters.

But it is much broader, including revamping the way the Coast Guard manages its response to natural disasters and terrorist attacks, supervises its Atlantic and Pacific fleets, maintains its aircraft and ships and handles its payroll and financial systems.

Some of Admiral Allen's proposals could be felt by boat owners. He is advocating the mandatory use of devices like the automated identification beacons that are on large ships on smaller commercial fishing vessels and at least some pleasure boats.

The plan reflects changes that have already taken place at the service since 2001 when it assumed a broader antiterrorism mission and has had its budget grow by 50 percent, to $8.6 billion this year.

"We have been running some parts of the Coast Guard like a small business when we are a Fortune 500 company," Admiral Allen said in a speech on Tuesday to several hundred Coast Guard officials. "We need to evolve with changing times."

Instead of operating separate Pacific and Atlantic fleets, Admiral Allen said, all 35,000 active duty Coast Guard personnel on the service's nearly 250 large ships, 1,700 smaller boats, 200 aircraft and 750 shore-side units will now report to a single commander.

A hundred-person operations group will coordinate how specially trained Coast Guard units respond to terror attacks, natural disasters, chemical or oil spills and its war-time assignments with the Department of Defense.

A new deputy commandant for mission support will oversee the design, acquisition and construction of new ships and aircraft and the maintenance of the fleet once they are built, functions that are now managed separately.

That will allow the Coast Guard to avoid giving so much authority for design and construction choices to contractors, like Lockheed Martin and Northrop Grumman, which renovated the first eight trouble-plagued ships in the Deepwater program.

The speech by Admiral Allen was in advance of the release of another scathing report by the Department of Homeland Security's inspector general on the Coast Guard's management of its ship procurement program.

The newest report, a copy of which was obtained by The New York Times, confirmed safety complaints that had been filed by a former Lockheed employee, who was so frustrated that his observations had gone unheeded that he posted a Web video to detail them.

The report says that as the former employee, Michael DeKort, had asserted, Coast Guard contractors installed hundreds of cables on 123-foot patrol boats that could cause toxic smoke if they caught fire. The ships are now out of service because of hull breaches. The contractors also installed electronics equipment that was prone to failure in open-sea conditions.

Since 2001, the Coast Guard has become much more of an extension of the military, instead of a service that primarily focuses on safety, with law enforcement playing a secondary role.

"This is not my father's Coast Guard," Admiral Allen said. "And my father is in the room." Admiral Allen's father, Clyde Allen, served in the Coast Guard and was in the hotel ballroom to hear his son's speech.

It will be several years before all the changes are made, officials said, but the plan won early praise Tuesday. James L. Hested, the former commanding officer of the Coast Guard yard, said the service needed to go on a bureaucrat diet.

"You will have fewer fiefdoms," Mr. Hested said.

Representative Elijah E. Cummings, Democrat of Maryland and chairman of the House panel that oversees Coast Guard operations, said he hoped that Admiral Allen had time to complete the work before his four-year tour of duty ended in 2010.

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"He has laid out for himself a very tall order," said Mr. Cummings, who attended the speech. "But I think he can do it."

Freedom For Sale? (WSJ)

The Wall Street Journal, February 14, 2007

The Freedom Tower at Ground Zero in Manhattan still isn't much to look at -- a handful of beams rising from the pit roughly to ground level. But this week has brought the welcome news that private-equity funds and other investors are asking if its owner might be willing to sell the building that is supposed to replace the fallen twin towers. The Port Authority of New York and New Jersey has also hired a broker to shop the still-unbuilt tower.

A sale is far from certain. The rebuilding has been delayed by years of contentious negotiations with Larry Silverstein, who leased the entire World Trade Center site from the Port Authority weeks before the 9/11 attacks. But as a private investor, Mr. Silverstein is the only party so far who has managed to rebuild anything at the Trade Center. And he was able to do so because control over the site of 7 World Trade, just north of Ground Zero, was undivided, unlike the mess of interests that have delayed the development of the rest of the site. So putting the Freedom Tower into private hands would decrease the risks of further delay.

As part of the deal that finally got construction moving, the Port Authority agreed to retake control of the Freedom Tower from Mr. Silverstein. But the Port's record as a property manager is spotty at best, and taxpayers are not well-served by taking on the $1 billion or more that the Port would need to borrow to finish the tower.

The twin towers were underoccupied and underutilized for at least two decades after their construction. Letting private capital take on the risks of turning a profit on the new 2.6 million-square-foot, 1,776-foot tower would ensure that history does not repeat itself at taxpayer expense.

WAR NEWS:

Parties Put Their Vets Out Front For Iraq Debate (USAT)

By Kathy Kiely

USA Today, February 14, 2007

WASHINGTON — Democrats offered a display of military force Tuesday as the House began three days of debate on a resolution expressing disapproval of President Bush's decision to commit 21,500 more troops to the war in Iraq.

Eleven military veterans, whose service stretched from World War II to the current conflict in Iraq, were among Democrats speaking in favor of the resolution. They ranged from Rep. John Dingell of Michigan, a soldier during World War II and the longest-serving member of the House, to newly elected Rep. Joe Sestak of Pennsylvania, a former three-star admiral whose aircraft carrier battle group conducted operations in the Afghan and Iraqi conflicts.

Sestak questioned "the continuing use of our national treasure in what is an inconclusive, open-ended involvement." Dingell was more blunt, saying that the debate over Iraq boils down to whether "there will be more deaths if we leave or more deaths if we stay."

Republicans will counter on Thursday, when Rep. Sam Johnson of Texas leads a group of GOP veterans speaking against the resolution.

Johnson spent nearly seven years as a prisoner of war in North Vietnam after his plane was shot down; he was released 34 years ago this week. At a news conference Tuesday, he cited his experience in warning about the effects that debate could have on troops.

"Our captors would blare horrible recordings over the loudspeaker of Americans protesting back home, tales of Americans spitting on Vietnam veterans when they came home," he said. "And I promised myself many things I would do when I returned home safely to my family, and one was that I would fight to ensure America never lets our troops down in harm's way again. And that is what this is about."

By letting combat veterans take a lead role on the opening day of the debate, Democrats were directly confronting Republican accusations that any debate about the war will undercut U.S. servicemembers. "Our troops in the field, as long as they are in the field, will have our 100% support," vowed House Majority Leader Steny Hoyer, D-Md.

The debate Tuesday was the first the House has held on the war since it passed a resolution Oct. 10, 2002, authorizing the use of force in Iraq. That 296-133 vote included 81 Democrats voting in favor. Many of them are now expressing regrets about the war.

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"We find ourselves to be in the middle of what I consider to be a great American tragedy," said House Armed Services Chairman Ike Skelton, D-Mo., a co-sponsor of the current resolution who voted to authorize the use of force in 2002. "The mission of this Congress must be to change our course."

The intensity of the debate reflected the political significance of the non-binding Iraq resolution. Rep. David Dreier, R-Calif., argued that a vote in favor of the measure would amount to "a vote of no confidence in our troops" and would "dishonor those who made the ultimate sacrifice." Meanwhile, Minority Leader John Boehner, R-Ohio, called it "a political charade" that demonstrated that Democrats lack the courage to go further.

House Speaker Nancy Pelosi said that the pending resolution was only the beginning of congressional steps to try to change Iraq war policy. "A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor," she said.

All 435 House members will have a chance to speak for five minutes for or against the resolution before the vote Friday. The resolution states that lawmakers "will continue to support and protect" troops in Iraq but that the House "disapproves" of the president's plan to send more.

House Democrats' New Strategy: Force Slow End To War (POL)

By John Bresnahan

The Politico, February 14, 2007

Top House Democrats, working in concert with anti-war groups, have decided against using congressional power to force a quick end to U.S. involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options.

Led by Rep. John P. Murtha, D-Pa., and supported by several well-funded anti-war groups, the coalition's goal is to limit or sharply reduce the number of U.S. troops available for the Iraq conflict, rather than to openly cut off funding for the war itself.

The legislative strategy will be supplemented by a multimillion-dollar TV ad campaign designed to pressure vulnerable GOP incumbents into breaking with President Bush and forcing the administration to admit that the war is politically unsustainable.

As described by participants, the goal is crafted to circumvent the biggest political vulnerability of the anti-war movement -- the accusation that it is willing to abandon troops in the field. That fear is why many Democrats have remained timid in challenging Bush, even as public support for the president and his Iraq policies have plunged.

Murtha and House Speaker Nancy Pelosi, D-Calif., have decided that they must take the lead in pressuring not only Republicans but also cautious Senate Democrats to take steps more aggressive than nonbinding resolutions in challenging the Bush administration.

The House strategy is being crafted quietly, even as the chamber is immersed this week in an emotional, albeit mostly symbolic, debate over a resolution expressing opposition to Bush's plan to "surge" 21,500 more troops into Iraq.

Murtha, the powerful chairman of the defense subcommittee of the House Appropriations Committee, will seek to attach a provision to an upcoming $93 billion supplemental spending bill for Iraq and Afghanistan. It would restrict the deployment of troops to Iraq unless they meet certain levels adequate manpower, equipment and training to succeed in combat. That's a standard Murtha believes few of the units Bush intends to use for the surge would be able to meet.

In addition, Murtha, acting with the backing of the House Democratic leadership, will seek to limit the time and number of deployments by soldiers, Marines and National Guard units to Iraq, making it tougher for Pentagon officials to find the troops to replace units that are scheduled to rotate out of the country. Additional funding restrictions are also being considered by Murtha, such as prohibiting the creation of U.S. military bases inside Iraq, dismantling the notorious Abu Ghraib prison and closing the American detention facility in Guantanamo Bay, Cuba.

"There's a D-Day coming in here, and it's going to start with the supplemental and finish with the '08 [defense] budget," said Rep. Neil Abercrombie, D-Hawaii, who chairs the Air and Land Forces subcommittee of the House Armed Services Committee.

Pelosi and other top Democrats are not yet prepared for an open battle with the White House over ending funding for the war, and they are wary of Republican claims that Democratic leaders would endanger the welfare of U.S. troops. The new approach of first reducing the number of troops available for the conflict, while maintaining funding levels for units already in the field, gives political cover to conservative House Democrats who are nervous about appearing "anti-military" while also mollifying the anti-war left, which has long been agitating for Pelosi and Senate Majority Leader Harry Reid, D-Nev., to be more aggressive.

"What we have staked out is a campaign to stop the war without cutting off funding" for the troops, said Tom Mazzie of Americans Against Escalation of the War in Iraq. "We call it the 'readiness strategy.'"

Murtha's proposal, which has been kept under tight wraps, is likely to pass the House next month or in early April as part of the supplemental spending bill, Democratic insiders said, if the language remains tightly focused and does not threaten funding

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levels for combat forces already in the field. The battle will then shift to the Senate. Anti-war groups like Mazzie's are prepared to spend at least $6.5 million on a TV ad campaign and at least $2 million more on a grass-roots lobbying effort. Vulnerable GOP incumbents like Sens. Norm Coleman of Minnestoa, Susan Collins of Maine, Gordon Smith of Oregon and John Sununu of New Hampshire will be targeted by the anti-war organizations, according to Mazzie and former Rep. Tom Andrews, D-Maine, head of the Win Without War Coalition.

Mazzie also said anti-war groups would field primary and general election challengers to Democratic lawmakers who do not support proposals to end the war, a direct challenge to conservative incumbents who are attempting to straddle the political line between their pro- and anti-war constituents.

If the Senate does not approve these new funding restrictions, or if Senate Republicans filibuster the supplemental bill, Pelosi and the House Democratic leadership would then be able to ratchet up the political pressure on the White House to accede to their demands by "slow-walking" the supplemental bill. Additionally, House Democrats could try to insert the Murtha provisions into the fiscal 2008 defense authorization and spending bills, which are scheduled to come to the floor later in the year.

"We will set benchmarks for readiness," said a top Democratic leadership aide, speaking on the condition of anonymity. If enacted, these provisions would have the effect of limiting the number of troops available for the Bush surge plan, while blunting the GOP charge that Democrats are cutting funding for the troops. "We are not cutting funding for any [unit] in Iraq," said the aide, who admitted the Democratic maneuver would not prevent the president from sending some additional forces to Baghdad. "We want to limit the number who can go ... We're trying to build a case that the president needs to change course."

Mazzie, though, suggested that Democrats ought to directly rebut the Republican charge that Democrats are threatening the safety of American forces in the field by pushing restrictions on war funding. "Cutting off funding as described by the media and White House is a caricature," Mazzie said. "It has never happened in U.S. history, and it won't happen now."

Andrews, who met with Murtha on Tuesday to discuss legislative strategy, acknowledged "there is a relationship" with the House Democratic leadership and the anti-war groups, but added, "It is important for our members that we not be seen as an arm of the Democratic Caucus or the Democratic Party. We're not hand in glove."

Andrews's group has launched a new Web site, MoveCongress.org, and he has already posted an interview with Rep. Lynn Woolsey, D-Calif., one of the founders of the "Out of Iraq Caucus" in the House. An interview with Murtha on his legislative strategy will be posted on the site Thursday.

"I don't know how you vote against Murtha," said Andrews. "It's kind of an ingenious thing."

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by mayflower on 02.14.2007 at 12:47 AM

Good report.

by Obvi on 02.13.2007 at 11:51 PM

I am sorry to have to say this Danae, but you are wrong. When determing the best means to fight terrorism, one must determine the roots of it. Terrorism is spawned and aided by the West's continued intervention and presence in the Middle East. By merely being in Iraq, the U.S. is creating a greater threat to its homeland.

One of the best ways to combat terrorism would be to stop giving them reasons and motivation to recruit new martyrs and suicide bombers to their cause. One way of doing this is by pulling out of Iraq as fast as possible. Please do not call me a coward or point out that I suggest 'cutting and running.' This is ridiculous rhetoric that is the only semblance of an argument against continued loss of American lives in Iraq, the siphoning of billions of U.S. dollars into a lost cause, and standing in the middle of a civil war. The only way we "win" the War in Iraq is if we stay there for another two decades and poor a couple trillion dollars into the stabilization of Iraq.

This is impractical and, for lack of a better word, stupid. The neocon arguments of staying in Iraq are feeble and play the 'patriotism' card when really, if they had America's best interests at heart, and understood the problem fully, would suggest that the U.S.'s war in Iraq is only increasing the threat of terrorism.

The terrorists who claim to desire jihad on the West are a minority in the Middle East, but continued intervention and presence in their region might turn them into a majority (one of the reasons that fueled Osama bin Laden's hatred for the West was U.S. troops in Saudi Arabia during the First Gulf War). Recent studies and polling data would suggest that the younger citizens of most Middle Eastern states see their job, the economy, and their family more important than religious ideology. Religious extremism is not in the minds of Muslims, until the U.S. gives reason for it to be.

The U.S. should leave as quickly as possible to retain what resources it has

by Obvi on 02.13.2007 at 11:43 PM

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I am sorry to have to say this Danae, but you have no clue what you are talking about. Recent polling data from the Gulf states and other Middle Eastern states would suggest that the younger generations favor economic stability, their jobs, and their family moreso than religious propaganda.

With this taken into consideration, our mere presence in Iraq is fueling terrorism. If one is to answer 'how do we win the war on terror,' one must ask why spawns terrorism. The simple answer to that is western intervention in the Middle East.

Do you think that radical Islamists will be better able to recruit new suicide bombers and martyrs if we are no longer directly antagonizing them?

The Islamists that would plan an attack on U.S. soil are in a small minority, and would only become smaller if the U.S. were to stop giving them reasons to hate us. Our mere presence in Iraq is one of those reasons why they hate us.

Osama bin Laden originally was upset with the U.S. because we stationed troopes in Saudi Arabia during the First Gulf War. Obviously if we remain there, all we are going to do is get caught in a civil war with no end in sight, billions siphoned to a lost cauuse, and a greater threat of terrorism.

The terrorists will not follow us back home if we leave Iraq because their cause will only be hindered by doing so.

by Danae on 02.13.2007 at 11:11 PM

John Murtha is a CRIMINAL, an Un-indicted co-conspirator. That he is still in office is repugnant. The man is not only a coward, he's a criminal. In other words, a Star in the Democratic Party. Go look it up. John Murtha is SLIME squared.

by Danae on 02.13.2007 at 11:05 PM

SeriousBob:

Here ya go:

THEY SAY IT THEMSELVES! The IslamoFacists say Iraq is the FRONT LINE in the war against the West, the war THEY declared against US. Think its gonna end unless we DEFEAT THEM UTTERLY??? Then you are a moronic fool that deserves to be buyin a shiny new prayer Mat and Prayin to Mecca 5 times a day. READ what comes out of the Middle Eastern Newspapers, their TV their PROPAGANDA. They want to KILL you or force you to pray to Allah! There is NO middle ground with them. Welcome to the Crusades. Pray to Allah or die. Any Questions?

I choose to fight, I choose to support an Administration that recognizes this danger and will fight it to bloody well WIN. Liberals just want to roll over and hope that these Muslims will just let them be. Well, here's a news flash: Go buy a Prayer rug and a Koran if the Liberals win the Whitehouse, they don't have the balls to fight and the Muslims KNOW IT. They support Democratic United States Candidates for a REASON, they know that you are defeated already.

by SeriousBob on 02.13.2007 at 10:39 PM

Will SOMEONE in the PRESS please do a story- The story is... the folks who keep claiming if we leave Irag the terrorists will follow us home- are merely asked, to explain how that works exactly?? simply ask them to spell it out.

All the Republican candidtates repeat this absurd concept and the press repeats it and no one seems to care that it makes no sense. NONE.

Are we expected to believe that if al-Qaeda had a choice to attack st louis - they would not because we are still in Iraq?. Whats the connection?. Trust me the number one priority is to attack us here... and whether we are in iraq or not, the number one priority is still to attack the US. By staying in Iraq the terrorist are not interested in us here? . insane.

I would argue that we are less safe here by being so strectched over there. But please someone -do a story and force these talking heads to explain how it decreases the chance that we will be attacked here by staying in iraq. Please debunk this insane and repeated claim that if we leave Iraq they will follow us home.... it is infuriating

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by KrisW on 02.13.2007 at 10:23 PM

Yep, the Democrats seem to be playing 'cut and run'. They know they don't have the votes to cut off spending (yet), so they they force four days of debate on an umammendable 'non-binding resolution' that serves no real purpose.

I like what Mike Pence had to say today...."What happens if the surge works?"

by Steve Slatten on 02.13.2007 at 10:20 PM

Intrepid -- i hate to burst your right-wing bubble, but not all of us who are against the war and against Bush are crazy lefties. I'm a registered Independent, a gun-owner, church-goer, meat-eater, etc. I still think Bush is a terrible president and that his war is a joke.

by walkman56 on 02.13.2007 at 10:05 PM

JOHN MURTHA IS THE ONLY ONE WHO TOOK AN INITAL STAND AGAINST IRAQ. HE IS A COMBAT VET,MUCH THE OPPOSITE OF THE DRAFT DODGERS SENDING OTHER PEOPLES' KIDS TO GET KILLED IN THEIR QUEST FOR OIL.ANYTHING HE AND NANCY PELOSI CAN DO TO CUT THE WASTED MONEY AND LIVES IN THAT SWAMP IN IRAQ, IS LONG OVERDUE. THE NEXT LOGICAL STEP IS TO CUT FUNDING COMPLETELY. WE LOST OUR CREDIBILITY IN THE WORLD,OUR FOCUS ON BIN LADEN,WHILE BUSH CONTINUES TO CHIRP ABOUT THE "WAR ON TERROR IS IN IRAQ". THE LIES AND DECEIT FROM THESE PEOPLE IN THE WHITE HOUSE IS REPULSIVE.WHY IMPEACHMENT HEARINGS HAVE NOT YET BEGUN,IS BEYOND ME.

by call me biff on 02.13.2007 at 10:02 PM

The article by Bresnihan provides considerable facts and insights into the politicking over the ?troop surge.? The focus is clearly on the democrat party?s predictable, yet bizarre, change in strategy. My take is that they are simply hedging their bets.

SS: ?He?s got it coming.? Interesting line. I am having a hard time understanding how you conclude, or at least imply, that the slow bleed will lead to President Bush?s impeachment.

Capt D: For sure you?re no Shakespeare. I can actually understand what you write. But if the politicians worked to solve the problems in Iraq, they wouldn?t be politicians! Seriously, what I really want to know is, who are the sexy pundits?

by jameskbachman on 02.13.2007 at 09:43 PM

Yes, yes, yes, we want defeat. We want defeat of the ill-conceived war plan, not the surge, which was allowable under the Iraq Study Group report. After a few months, or whatever is reasonably considered a "short term" surge (no later than November), have the U.S. troops disengage from sectarian combat in Baghdad, and help those thousands of people there who have become refugees. Pressure the government to follow through on their plan for new housing for refugees. If the Sunnis and Shias are in safe areas, where they are each in the majority, and can rely on their own militias like the one in Kurdistan, there will be some kind of peace in Iraq. The U.S. can remain to deal with Al-Quaeda, which is the real enemy.

by tnproud2b on 02.13.2007 at 09:06 PM

PS

Don't hold you breath for an impeachment. At least not until Dubya boinks a chubby intern and lies about it.

by tnproud2b on 02.13.2007 at 09:04 PM

So the Democrats' plan for victory in Iraq is to chart a course for slow defeat.

by Steve Slatten on 02.13.2007 at 08:35 PM

CaptainDiv -- Someone's been reading too much Shakespeare. Forsooth from whence to be shamed... well, you know the rest. Anyway, yeah, you're pretty much dead-on when you say the Dems are slowly going to bleed Bush dry.

But then, he's got it coming. Bush took his crazy-right agenda and tried to ram it down the country's throat for six years. I know Republicans don't like compromise because they think they're right about everything, but you cannot govern as if the other party does not exist, the way Bush did for his first five years. The other party will always get ya in the end. Just ask Bill Clinton. He also acted like he had a mandate in '92 and like the Republicans didn't exist. Again, you know the rest of the story.

So, settle in and get ready for a niiiiiice lonnnnng impeachment hearing. I hope to have a front row seat (or at least C-Span and some popcorn). Like I said, he's got it coming.

by Intrepid1 on 02.13.2007 at 08:31 PM

Notice how the anti-war groups are firmly entreched in these acts of sedition. Remember how the Dems ran against lobbyists and special interests prior to the election? Well this proves they are much bigger special interest sluts than the GOP ever was.MoveOn and the other American Communist Workers Party commrades are the Dems puppet masters lol.

by Captain Div on 02.13.2007 at 08:23 PM

Is anyone actually fooled by this? The only reason the democrats are interested in crafting a "slow bleed" policy is because they know if they cut and bail right now, they're the ones who will be held responsible for the chaos that ensues. They want to win big in '08. They won't do that.

Instead, the idea here is to do as much as possible to ensure that the Bush administration's efforts are as handicapped as possible without actually forcing it to pull out. By ensuring that Bush slowly twists in the wind for the next couple of years, by ensuring that the state of things in Iraq stays the same and does not improve, they can improve their odds of winning the presidency in '08.

And there are those who will say that's just fine - the ends justifies the means. Shame! If only we could put politics aside and look at actually solving the problems in Iraq - first of all by listening to General Petreaus and giving him what he needs to win, instead of listening to the sexy pundits on TV. . .

But, politics are politics, and in the lust for power, ideology always wins over reason.

Shame!

by Danae on 02.13.2007 at 07:34 PM

"Hey! We are gonna talk a whole LOT and DO absolutely NOTHING! Hehe We are gonna SPEND SPEND SPEND your tax dollars and give you nothing but senseless and murderous rhetoric!!! Hehe We are going to undermine and demoralize our troops to make it easier for terrorists and insurgents to kill as many people as possible! Hehehe We are gonna encourage em to kill more! Hehe We are going to try and get the United States OUT of Iraq so that MILLIONS of worthless NON-Americans can die! Watch those Babies get blown up! Hehehe After all it isn't OUR problem! Hehe We don't need to keep our word! We don't need allies in the Middle East! Muslims will LOVE us if we leave! They won't attack us here in the US if we leave! Hehe...."

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House Begins Debate On War (WP)

By Jonathan Weisman

The Washington Post, February 14, 2007

The House plunged into a heated, partisan debate yesterday on President Bush's war policy, with Democrats challenging lawmakers to take a stand against the deployment of more troops to Iraq while Republicans accused their political foes of emboldening the enemy with their symbolic resolution.

Democrats won control of Congress last fall in a political backlash against Bush's Iraq policy, and yesterday they decried a war they said was illegitimately launched and has been badly managed, with devastating consequences. They were helped by three newly elected Democratic lawmakers who were propelled into politics by their military experience in Iraq.

"We stand together to tell this administration that we are against the escalation, and to say with one voice that Congress will no longer be a blank check to the president's failed policies," said freshman Rep. Patrick J. Murphy (D-Pa.), who was a captain with the 82nd Airborne Division in Baghdad. "The president's plan to send more of our best and bravest to die refereeing a civil war in Iraq is wrong."

Republicans focused on loftier themes, warning darkly about ceding Iraq to Islamic radicals who are bent on destroying not only the Middle East but also the American way of life. "We are engaged in a global war now for our very way of life," said House Minority Leader John A. Boehner (R-Ohio). "And every drop of blood that's been spilled in defense of liberty and freedom from the American Revolution to this very moment is for nothing if we're unwilling to stand up and fight this threat."

Scores of Democratic and Republican lawmakers took to the floor on the first of what is likely to be three days of intense debate on a tightly worded resolution opposing Bush's decision to deploy more than 20,000 additional U.S. combat troops to Iraq.

The resolution affirms Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq" before breaking with the president's new strategy.

The debate is expected to extend late into the night today and tomorrow before culminating in a House vote Friday. It is not the first extended House debate on the war, but it is the first since the invasion of Iraq nearly four years ago that is likely to conclude with a vote against the president.

"In a few days and in fewer than 100 words, we will take our country in a new direction on Iraq," pledged House Speaker Nancy Pelosi (D-Calif.). "Friday's vote will signal whether the House has heard the American people: No more blank checks for President Bush on Iraq."

The House debate unfolded in an orderly, dignified fashion, in stark contrast to last week's tumult in the Senate, where Republicans blocked even a debate on the war resolution. Under House rules that heavily favor the majority, Democrats set the terms of the debate and even denied Republicans the opportunity to introduce an alternative measure. By the end of the week, only the Democratic resolution will come to a vote in the House, despite party leaders' pledges last week to give Republicans at least one vote.

The Democratic resolution is not binding on the administration, and both sides of the debate agreed that the real fight will come next month, when Democrats are to move to attach to a $100 billion war spending bill binding language that would limit future deployments to Iraq and begin to bring troops home.

Still, passage of the resolution this week would be a stinging repudiation of Bush's strategy to try to put down sectarian violence in Baghdad by bolstering troop levels, and Republicans struggled to discredit the importance of the measure.

Boehner denounced it "a political charade lacking both the seriousness and the gravity of the issue that it's meant to represent," even as he called the resolution "the first step toward abandoning Iraq."

House Republican Conference Chairman Adam Putnam (Fla.) decried "a rather toothless 97 words" that "does nothing to help win the war" and "doesn't do anything to help stop it, either." Yet minutes later, he warned that its passage "puts us one day closer to handing militant Islamists a safe haven the size of California."

In a formal letter to GOP colleagues, Reps. Peter Hoekstra (Mich.) and John Shadegg (Ariz.) encouraged lawmakers to avoid discussing the resolution and focus instead on a wider war against Islamic radicals.

"This debate should not be about the surge or its details," they wrote. "This debate should not even be about the Iraq war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

Democrats, torn between their liberal wing wanting binding action to stop the war and their more cautious conservatives, were no less conflicted. Foreign Affairs Committee Chairman Tom Lantos (Calif.) promised that passage of the resolution would be only a first step toward ending what he called "this nightmare." But he also put Friday's vote in the starkest possible terms.

"This simple resolution will establish the first marker," Lantos said. "Those who want to draw down the U.S. presence will be on one side of that marker. Those who want to take further steps into the quagmire will be on the other."

Democratic leaders showcased the three veterans of the Iraq war in a bid to enhance the credibility of their case. Rep. Joe Sestak (D-Pa.) brought to the debate the credentials of a retired admiral who commanded an aircraft-carrier battle group in Iraq. He condemned "the continuing use of our national treasure in what is an inconclusive, open-ended involvement within a country where the long-term benefits do not match what we need to reap."

Rep. Tim Walz (D-Minn.) fretted over the National Guardsmen he taught in high school and then trained for deployment to the war.

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Said Murphy: "We often hear from our colleagues on the other side that the only way to support the troops is to blindly support the president. I ask anyone to look at Admiral Joe Sestak, a man who was responsible for the safety and security of 15,000 sailors and Marines, and tell him that he does not support the troops. I ask anyone to look at Sergeant Major Tim Walz -- a man who served his country for 24 years in the Minnesota National Guard as a noncommissioned officer, the backbone of our Army -- and tell him he does not support our troops."

"We are the troops," he concluded, "and we oppose the president's escalation of troops."

Staff writer Shailagh Murray contributed to this report.

House Debate: Prelude To A Faceoff? (LAT)

By Noam N. Levey And Nicole Gaouette

The Los Angeles Times, February 14, 2007

WASHINGTON — One by one they stepped to the front of the House chamber Tuesday, where lawmakers have debated every major U.S. military conflict since the Civil War.

There was the Iraq veteran elected to Congress in November who is pushing for an end to a war he said was "immoral." From the other side came the stepmother of a Marine pilot who warned that any retreat in Iraq would aid only "the suicide bombers, the leaders of Al Qaeda [and] the rulers of Iran."

Deep into the night, a parade of lawmakers from both parties drew on philosophers, generals and former presidents to make their points. They talked of wars long over and those that haven't begun. It was the opening act in a weeklong rhetorical battle over a resolution renouncing President Bush's latest proposal to quell the violence in Iraq.

The measure is expected to pass in the Democratic-controlled House, but it will not have a direct effect on the president's plans to deploy 21,500 more troops in Iraq, in what has been billed as a last bid to restore order to Baghdad and other parts of the country.

The two-sentence, nonbinding resolution expresses "support" for U.S. forces and "disapproval" of the White House plan; Bush has said he will ignore it.

Still, Congress' first full-scale debate on the war since Democrats won control of Capitol Hill has been cast as the prelude to a looming faceoff over concrete efforts to end the U.S. involvement in Iraq.

In making their case for the resolution, Democrats on Tuesday said it would help end what Rep. Ike Skelton of Missouri called a "great American tragedy" that was destroying the military and weakening the nation.

Republican after Republican countered that the resolution represented what Rep. Duncan Hunter of El Cajon termed "the first sign of retreat" by America in the war on global terrorism.

Dozens of speakers from both sides of the aisle aired their views. Dozens more will be heard from today. And by the time of Friday's scheduled vote, most of the 434 members of the House are expected to have said their piece — a rarity that underscores the importance of the topic.

Many Democrats, including Iraq war veteran Patrick Murphy of Pennsylvania, made clear that they wanted to follow the resolution vote with binding steps to force the Pentagon to begin withdrawing the more than 135,000 U.S. forces now in Iraq.

"Walking in my own combat boots, I saw firsthand this administration's failed policy," Murphy said in his floor speech. "It is immoral to send young Americans to fight and die in a conflict without a real strategy for success."

Murphy is pushing legislation with California Rep. Mike Thompson of St. Helena, a Vietnam veteran, that calls for a phased withdrawal. So too are Democrats Lynn Woolsey of Petaluma, Barbara Lee of Oakland and Maxine Waters of Los Angeles, the leaders of the congressional "out of Iraq" caucus.

Rep. John P. Murtha of Pennsylvania — a Vietnam veteran whose call for a withdrawal more than a year ago helped energize Democratic opposition to the war — has said he plans to use congressional authority over the Pentagon budget to limit Bush's planned troop buildup.

"We must be mindful of the sacrifices our military personnel are being asked to make in this war and the toll it is taking on them, on their families and on our veterans," House Speaker Nancy Pelosi (D-San Francisco) said as she opened debate on the resolution Tuesday.

"In the spirit of responsibility for our troops and the patriotism we all share, let us consider whether the president's escalation proposal will lessen the violence in Iraq and bring the troops home," said Pelosi, who sought to focus the debate over the resolution on the well-being of the U.S. military.

Republicans have long tagged Democratic opposition to the war as an attack on the military.

On Tuesday, Rep. Sam Johnson (R-Texas) — a Vietnam veteran who 34 years ago Monday was released after seven years in a North Vietnamese prisoner of war camp — called the Democratic resolution a "first step for them to cut funding for our troops in harm's way."

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Johnson made his remarks to reporters; he and other Republican war veterans plan to deliver their House speeches opposing the resolution on Thursday.

Many GOP lawmakers who spoke Tuesday adhered to a message delivered by Minority Leader John A. Boehner of Ohio, who cast the Democratic measure as a road to surrender.

"We know what Al Qaeda thinks when America retreats from the battlefield," he said. "They think we can't stomach a fight. This is why they haven't been afraid to strike us whenever they've had the opportunity."

Invoking President Lincoln's perseverance during the Civil War, Boehner said: "History does not long entrust the care of freedom to the weak or the timid."

Two other Republican lawmakers sent their colleagues a letter that made a similar point.

"The debate should not be about the [troop] surge or its details. This debate should not even be about the Iraq war to date," Reps. John Shadegg of Arizona and Peter Hoekstra of Michigan wrote.

"Rather the debate must be about the global threat of the radical Islamist movement…. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

Several Republican lawmakers — including Rep. Walter B. Jones of North Carolina, who is cosponsoring the resolution — have broken with their party over the war. Those voices were not heard Tuesday, however, and it remains uncertain whether the measure will attract a significant number of GOP votes.

Typical of the Republican message that emerged Tuesday were comments by Rep. Ileana Ros-Lehtinen of Florida. Her stepson and his wife are Marine pilots, and she expressed concern that they would face a more determined enemy if the resolution were adopted.

"If we run, [terrorists] will pursue," she said, standing in front of large photos her two loved ones in uniform. "If we cower, they will strike."

Ros-Lehtinen closed by saying she was worried that her daughter-in-law, who is about to be deployed to Afghanistan, "could face a more deadly enemy" depending on what House lawmakers do this week.

In the Senate last week, another nonbinding resolution opposing the troop buildup was cut short when Democrats failed to gather enough GOP support to debate the measure. But Senate Majority Leader Harry Reid (D-Nev.) said Tuesday he would bring up the House measure for discussion later this month.

Pelosi: Iraq Resolution Is Just The Beginning (HILL)

By Klaus Marre And Mike Soraghan

The Hill, February 14, 2007

House Speaker Nancy Pelosi (D-Calif.) told her colleagues and the country yesterday that the non-binding resolution disapproving of President Bush's troop surge is only the first step in congressional action on Iraq, and Senate Majority Leader Harry Reid (D-Nev.) said he is taking steps to bring the same measure to a vote in the upper chamber.

"In a few days and in fewer than 100 words, we will take our country in a new direction on Iraq," Pelosi said in her floor speech on the measure. "A vote of disapproval will set the stage for additional Iraq legislation which will be coming to the House floor."

Meantime, Reid said he prefers the House resolution to a bipartisan compromise that had been crafted in his own chamber.

"I think it's so much more direct: We support the troops; we're opposed to the surge. Perfect," Reid told reporters, adding, "I support what the House does. I'm very happy with what they're doing, and I like the way they're doing it."

While Democrats want to portray the debate as a referendum on the president and his Iraq strategy, House Minority Leader John Boehner (R-Ohio) said the resolution is "criticizing the latest efforts by American forces to win in Iraq."

His remarks follow a "Dear Colleague" letter that Reps. John Shadegg (R-Ariz.) and Pete Hoekstra (R-Mich.) sent to Republicans yesterday, asking them not to debate the resolution on the Democrats' terms.

"The debate should not be on the surge or its details," the lawmakers said. "This debate should not even be about the war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

Shadegg and Hoekstra attached to their letter a map showing where across the world terrorists had attacked since 2002, and they encouraged Republicans to ask the Democrats "the essential question: If we do not defeat radical Islam in Iraq, then where will we do so?"

Democrats, worried about being viewed as unpatriotic or disloyal to the troops, went out of their way to take any opportunity to praise the soldiers in Iraq. In addition, the Democratic lineup on the first of three days of debates on the resolution was laden with veterans of several wars.

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Rep. Joe Sestak (D-Pa.), a retired general, began the debate by saying he is "opposed to a troop surge that doubles down on a bad military bet that has been tried already."

Iraq war veteran Rep. Patrick Murphy (D-Pa.), who served in Iraq until the beginning of 2004, said he saw "firsthand this administration's failed policy in Iraq," adding that more troops were needed four years ago, not now."

Republicans countered by saying passage of the resolution would hurt morale among U.S. forces while boosting it for the country's enemies.

Boehner called the measure a "political charade," adding that "non-binding means non-leadership. It's not accountable. And I don't think it's the right message for our troops."

House Minority Whip Roy Blunt (R-Mo.) said the country should "see this move for what it really is: a political first step to cutting off funding for the dangerous mission our troops face."

Rep. Sam Johnson (R-Texas) wanted the House to also vote on an amendment that would have put members on the record that they would not cut funding for combat troops. It was rejected during a Rules Committee hearing Monday night.

When Republicans spoke to reporters yesterday to express their disappointment with the closed rule, Boehner began to cry when Johnson described how he learned of a cut to Vietnam War funding after he had spent seven years as a prisoner of war.

The resolution voicing support for the troops and disapproval of the troop surge is expected to be passed Friday. A vast majority of Democrats is expected to support it, as are several Republicans.

House Majority Leader Steny Hoyer (D-Md.) yesterday declined to predict how many GOP members would support the resolution.

"I don't want to be an oracle in this case," he said, adding that he expects Republicans to be subjected to White House arm-twisting.

Hoyer continued to defend the Democratic leadership's decision to nix consideration of a competing Republican resolution. He admitted that "it sounds like we're not doing what we said we were going to do" because Democrats had promised a more open process.

"This is the only way to make a very clear, unambiguous statement," Hoyer said. "This is in response to a Republican president who's made a proposal."

House Begins Full Debate On The Iraq War (NYT)

By Jeff Zeleny And Michael Luo

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The House opened a full-throated debate on Tuesday over the Iraq war as lawmakers began considering a resolution to denounce President Bush's plan to add troops. Democratic leaders said the debate was the first step in using Congressional authority to intervene in the conflict.

"There is no end in sight," Speaker Nancy Pelosi said. "The American people have lost faith in President Bush's course of action in Iraq, and they are demanding a new course of action."

In the first hours, Democrats sought to present their case through the voices of veterans who are in Congress, offering a narrative running from World War II battlefields to Iraqi deserts.

The debate on the nonbinding resolution, scheduled to end on Friday, is the first substantive war deliberation since the Democrats won control of Congress last year.

Republicans said at least 24 members of their party might join the rebuke of Mr. Bush, and party leaders forcefully defended the Iraq strategy. The resolution would not only send a disturbing message to American troops, they said, but also endanger America.

"This is a political charade lacking both the seriousness and the gravity of the issue that it's meant to represent," said Representative John A. Boehner, the Ohio Republican who is minority leader. "The question is. 'Do we have the resolve necessary to defeat our terrorist enemies?' "

After negotiations over competing proposals faltered last week in the Senate, the House picked up the discussion and boiled down its resolution to express support for American forces and disapproval for the plan to add 20,000 troops in Iraq.

On its face, several Republicans conceded, the resolution was difficult to oppose. Two Republicans, John Shadegg of Arizona and Peter Hoekstra of Michigan, instructed their colleagues to make the debate about the fight against terrorism.

"If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose," they wrote in a letter.

Many Republicans who spoke on Tuesday appeared to heed that message, framing the war as an important battleground in a global struggle against militant Islam.

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"It's not George Bush's war," Representative J. Gresham Barrett, Republican of South Carolina, said. "This is our war. There is only one way out of this war — victory."

With Democrats controlling the chamber for the first time since the war began, they did not allow Republicans to present amendments to the resolution. The tactic drew objections from Republicans, including Representative David Dreier of California, who said, "Our Democratic colleagues are running roughshod over our national security."

Democrats dismissed the criticism, but sought to temper the tone of the debate, and the scope of the resolution, to avoid alienating all Republicans. Democratic leaders also distributed information sheets to help respond to Republican criticisms and shape floor speeches. Each representative is allotted at least five minutes for the floor speeches.

The debate, which was scheduled to proceed to midnight for three days in a row, was tightly choreographed. Democrats started with the war veterans, leaving many of the fiercest war critics until later. Representative Dennis J. Kucinich of Ohio, for example, did not speak until after the dinner hour.

"My experience during World War II was much different than the hell our men and women in Iraq now must face," said Representative John D. Dingell, Democrat of Michigan. "Sixty years ago, we knew our mission. We knew the outcome, and we knew the battle lines."

Representative Patrick J. Murphy, Democrat of Pennsylvania, is the lone Iraq veteran in Congress. Before winning election in November, he was a captain in the 82nd Airborne. He was awarded a Bronze Star for his Iraq service from 2003 to 2004.

"The president's plan to send more of our best and bravest to die refereeing a civil war in Iraq is wrong," said Mr. Murphy, who recalled leading convoys up what was known as Ambush Alley in Baghdad. "The president's current strategy is not resolute. It is reckless."

Off the floor, both parties monitored the debate, particularly its ramifications for new members who could be vulnerable in the next elections. Shortly after Mr. Murphy finished speaking, Republican strategists sent an e-mail message to reporters highlighting a quotation from 2004 when he spoke highly of the administration's Iraq plan.

Republican leaders and administration officials worked behind the scenes to prevent a wide defection. The White House arranged a briefing for selected members, linking them by secure satellite to Maj. Gen. William B. Caldwell IV in Baghdad, who spoke of the need for a troop increase.

Ambassadors from several Middle East countries met several Republicans and warned them of the consequences of withdrawing troops.

Representative Ileana Ros-Lehtinen of Florida, ranking Republican on the House International Relations Committee, seized on that argument and suggested that a rebuke to the president would resonate far beyond the Capitol and make the United States look weak.

As Ms. Ros-Lehtinen spoke, she pointed to photographs of two family members in uniform who have served in Iraq.

"Our words will be heard by our friends, but also by our enemies," she said. "No weakness of ours will go unnoticed."

The discussion foreshadowed an intense debate as Democrats prepare to assert authority over war spending. To fight accusations that they are failing to support the troops, Democratic leaders are leaning toward attaching conditions to money, not simply blocking it for financing the Iraq and Afghanistan operations.

The conditions could include barring the financing of permanent military bases in Iraq and limiting deployments of National Guard troops to no more than two tours of duty.

As the debate proceeded, the rumblings of the far more complicated debate on financing began to surface from several Democrats who are urging the party to consider reduced war financing. Such a step is precarious, particularly for lawmakers outside Democratic strongholds.

Not so for Representative Maxine Waters of California, who leads the 75-member Out of Iraq caucus. Ms Waters called the resolution a first step in "reining in this president and his misguided policies."

As her voice rose, she said she had no choice but to oppose continuing to funnel money to this "war giant whose appetite cannot be satisfied."

Republicans Rip House Surge Resolution (WT)

By Jon Ward And Charles Hurt

The Washington Times, February 14, 2007

Republicans yesterday criticized the House resolution condemning President Bush's plan to send reinforcement troops to Iraq, saying it sends a message to America's enemies that Congress is not willing to fight the war on terror.

"This is not the time to shrink from the battle," Minority Leader John A. Boehner, Ohio Republican, said at a morning press conference. "We're going to embolden our enemies, and they will in fact follow us home to America."

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House Republicans made a concerted effort to begin, in their words, "elevating the debate" on Iraq, with the goal of emphasizing that Iraq is the central front in a global struggle against radical Islamic terrorism.

House Democrats, however, released an internal Republican memo that showed the minority party was also trying to avoid debating the specifics of the president's plan.

There are currently about 141,000 American troops in Iraq and 27,000 in Afghanistan. Mr. Bush is planning to send 21,500 more troops to Iraq, a move intended to secure Baghdad and give the nascent Iraqi government some breathing room.

"The debate should not be about the surge or its details. This debate should not even be about the Iraq war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose," Reps. John Shadegg, Arizona Republican, and Peter Hoekstra, Michigan Republican, wrote in a letter to their House Republican colleagues.

"Rather, the debate must be about the global threat of the radical Islamist movement," the letter stated.

Republicans repeatedly emphasized that theme yesterday, with Mr. Boehner saying that a withdrawal and retreat from Iraq -- which Republicans view as the Democrats' eventual goal -- would "jeopardize the safety of Americans tomorrow and for decades to come."

Rep. Rahm Emanuel, chairman of the House Democratic Caucus, criticized the Republicans for "avoiding" the debate.

"Republicans want to do anything but debate Iraq or this new policy of escalation," Mr. Emanuel said.

"Democrats are absolutely committed to winning the war against those who would employ terrorism to hurt our people and to put at risk our country, period," said House Majority Leader Steny H. Hoyer.

All 435 House members have been offered the chance to speak for five minutes on the president's "surge" policy in Iraq. Mr. Hoyer said he does not expect all of them to take him up on that offer, but has still scheduled debate from noon until midnight for today and tomorrow, after the same amount of debate yesterday.

Mr. Hoyer declined to end debate early yesterday, even though the rest of the federal government shut down at 2 p.m. because of inclement weather. A vote on the nonbinding resolution is scheduled for Friday.

House Speaker Nancy Pelosi, California Democrat, said the U.S. military is fighting a war with "no end in sight."

"The American people have lost faith in President Bush's course of action in Iraq and have demanded a new direction," Mrs. Pelosi said.

Rep. Tom Lantos denied any connection between terrorism and the battle in Iraq. "We are not fighting against terrorism in Iraq," the California Democrat said. "We are attempting to referee a religiously based civil war, which saps our strength."

Mrs. Pelosi said the resolution will pave the way for Democrats to begin restricting the White House's use of funds for the war, with an eye to gradually ending U.S. involvement in Iraq.

"In a few days, and in fewer than 100 words, we will take our country in a new direction on Iraq," she said, in a six-minute speech that began the 36 hours of debate just after noon. "A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor."

And yesterday, Senate Majority Leader Harry Reid, Nevada Democrat, said he will try to bring the House resolution over to the Senate for a vote on Feb. 27.

Analysis: Dems Barricade Iraq Debate (AP)

By Julie Hirschfeld Davis

AP, February 14, 2007

Rep. Joe Donnelly is one of a clutch of freshmen Democrats who snagged victories over Republican incumbents last fall amid public discontent over the war in Iraq. Now, as his party prepares to register its opposition to President Bush's plan to boost troop levels, Donnelly is on the fence.

"The most important part of this to me is standing up for the troops and making sure we have full funding for them," Donnelly said Tuesday, after a weekend meeting with veterans' groups and constituents back home in his conservative north-central Indiana district. "I haven't made up my mind yet."

The concerns of members like Donnelly are behind Democrats' strategy for this week's Iraq debate, which was carefully calibrated to bar votes on a GOP alternative that could expose a potentially messy divide within Democratic ranks over whether to cut off or restrict funding for troops on the ground.

Determined to send an unambiguous and bipartisan message of disapproval for the troop buildup, Democrats moved Monday night to block Republicans from proposing any alternative, including one that would have guaranteed funding for U.S. forces in Iraq.

The approach reflects the dilemma facing Democrats on the war, which figured prominently in their rise to power. There is broad support for the Democratic-written resolution opposing Bush's plan to add 21,500 troops. But many rank-and-file members

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— particularly moderate newcomers who rode to Congress on a wave of public discontent about Iraq — are wary of casting any vote that could be construed as ending funding for the mission.

Army Lt. "General (David) Petraeus is over there, and I want to give him every opportunity to succeed and all the funding and resources that would make that possible," Donnelly said, but he added that he was concerned that a troop increase could amount to "simply providing 21,000 more targets to the Iraqis."

House Republicans assailed Democrats Tuesday for barring them from offering their own Iraq resolution, accusing them of stifling votes on a vital issue.

Rep. David Dreier of California, the senior Rules Committee Republican, said the constraints rendered the 36-hour debate that opened Tuesday morning "really little more than a joke."

Democratic leaders had said earlier that Republicans would have a chance to offer their own measure, but quickly reversed course, and the leadership-controlled Rules Committee voted Monday night to deny the minority the option.

"It became clear to us that the only way we could give to the American people a very clear indication of where the Congress stood as it related to the president's proposal was this process," Majority Leader Steny Hoyer of Maryland said.

The tightly controlled approach to running the House is becoming a habit with Democrats, who complained bitterly during their dozen years in the minority about similar Republican tactics. When Rep. John Boehner of Ohio, the Republican leader, groused about it on NBC's "Meet the Press" Sunday, Hoyer shot back sarcastically, "Poor John."

On Iraq, the new House leaders' strategy is particularly important to holding together a newly shaped Democratic Caucus that includes several moderate newcomers who unseated Republicans amid public dissatisfaction with the war, but whose conservative constituents might balk at the notion of setting deadlines or spending constraints on troops in harm's way.

It also echoes the tack Senate Democrats took earlier this month, when they sought to head off a Republican-written measure declaring that Congress should not cut off funding for troops in the field.

Rep. Ed Perlmutter, D-Colo., a first-termer who said he plans to back his party's measure rejecting the troop increase, said he would be inclined to support a resolution committing Congress to funding U.S. troops.

"I don't want to cut off funding. Our troops are performing magnificently," Perlmutter said. But he added that a funding debate was premature, and said Republicans were trying to "trip us up" by proposing such a measure now, realizing there is "no consensus on funding" among Democrats

"What we are trying to achieve as a caucus is unanimity. We're pretty spread out in terms of where we are," said another freshman Democrat, Rep. Michael Arcuri of New York. "We feel that we want to do what is best for the troops, but we have some differences in terms of how you do that."

Will Marshall of the center-left Democratic Leadership Council has consulted with freshman Democrats on Iraq. He said there is "broad unity on the fact that we have to start winding the occupation down, not doubling down on it, but after that, I think it's harder to find consensus."

The dilemma is especially profound for newer members.

"They're in marginal districts, competitive districts, almost by definition, so most of them would be leery of voting to cut off funding for the troops. It would be too easy to be caricatured by the Republicans as turning against the troops in the middle of a mission," Marshall said.

Democrats concede that by flexing their muscles to constrain the minority, they risk becoming what they criticized during last year's elections.

"We're going to run a fair House, but we're not going to be naive about it." said Stacey Farnen Bernards, Hoyer's spokeswoman. "We're just trying to give the American people a clear debate and a clear answer" on Iraq.

For Democrats like Donnelly, however, this week's vote is more complex. The Indianan said he's been consulting with other wavering members of his party, although he wouldn't name any.

"We're all trying to talk to each other and work through it," Donnelly said.

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EDITOR'S NOTE — Julie Hirschfeld Davis has covered Congress and the White House since 1997.

House Plunges Into Debate On Iraq War (AP)

By David Espo

AP, February 14, 2007

Democrats relentlessly assailed President Bush's policy in Iraq as a catastrophic failure Tuesday as the House plunged into momentous debate on a war that has lost public support and cost more than 3,100 U.S. troops their lives. "No more blank checks," declared Speaker Nancy Pelosi.

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"This battle is the most visible part of a global war" against terrorists, countered the Republican leader, Rep. John Boehner, hoping to limit GOP defections on what loomed as an extraordinary wartime rebuke to the commander in chief. "If we leave, they will follow us home. It's that simple."

The Democratic leadership set aside most of the week for the historic debate, expected to culminate in a vote on Friday on a bare-bones, nonbinding resolution that "disapproves of the decision of President George W. Bush ... to deploy more than 20,000 additional United States combat troops to Iraq."

The 95-word measure adds that "Congress and the American people will continue to support and protect the members of the United States armed forces who are serving or who have served bravely and honorably in Iraq."

The debate was Congress' first on Iraq since Democrats gained control of the House and Senate in midterm elections shadowed by voter opposition to the war. Decorum carried the day in the chamber — where catcalls are part of near-daily discourse — as Democrats and Republicans took their five-minute speaking turns across the hours.

Passage was a virtually certainty. Democratic leaders said they expected no more than one or two members of their rank-and-file to oppose the resolution. Republicans said that despite quiet lobbying by the White House, they expected at least two dozen GOP lawmakers to swing behind the measure, suggesting that it would command the votes of at least 250 or 260 votes in the 435-member House.

Across the Capitol, Senate Majority Leader Harry Reid said he would attempt to pass an identical measure later this month. Republicans blocked debate on a different proposal critical of the troop increase earlier this winter, after Democrats refused to give equal treatment to a GOP-backed alternative.

Democrats made clear the nonbinding measure was the beginning of a longer campaign to bring the war to an end.

"A vote of disapproval will set the stage for additional Iraq legislation, which will be coming to the House floor," said Speaker Pelosi of California, who underscored the significance of the debate by delivering the first speech.

"In a few weeks, the war in Iraq will enter its fifth year, causing thousands of deaths, tens of thousands of casualties, costing hundreds of billions of dollars and damaging the standing of the United States in the international community. And there is no end in sight," she said.

Boehner followed her to the well of the House seconds later, the first Republican to speak.

"There is no question that the war in Iraq has been difficult. All Americans are frustrated we haven't seen more success more quickly," he conceded. Pivoting quickly, he called the Iraq War the latest in a string of conflicts dating to the founding of the nation more than two centuries ago.

"Every drop of blood that has been spilt in defense of freedom and liberty — from the American Revolution to this very moment — is for nothing if we are unwilling to stand against this threat," he said.

Republican congressional aides said the White House was working against the measure, although presidential press secretary Tony Snow, asked if that was the case, said "no."

"We've made our views known, in terms of what people have to keep in mind. But members of the House and members of the Senate have the freedom to go ahead and write their resolutions and do what they want with them," he said.

Additionally, ambassadors from Saudi Arabia, Egypt, Jordan and Qatar met with several Republican lawmakers during the day and warned them of the consequences of a precipitous U.S. withdrawal from Iraq. Rep. Todd Akin, R-Mo., said one ambassador compared the U.S. involvement in Iraq to open-heart surgery — requiring the surgeon to stay until the job was finished.

One by one, Democrats cast the war in starkly different terms.

"The administration's policy on Iraq has failed. It failed yesterday, it's failing today, and it will fail tomorrow," said Rep. Peter Welch of Vermont, serving his first term in Congress after winning his seat last fall. "These failures have left America weakened, not strengthened."

Rep. John Dingell of Michigan, who served in World War II and has been in Congress since 1955, joined the chorus of critics. "When faced with a choice of approving of the president's policy or giving a vote of no confidence, the choice is easy," he said. "I cannot support, nor will I condone, any policy that continues the long train of failure that brought us to this point."

Republican supporters of the administration countered, but were urged to do so carefully.

"If we let Democrats force us into a debate on the surge (in troops) or the current situation in Iraq, we lose," Reps. John Shadegg of Arizona and Pete Hoekstra of Michigan said in a letter to fellow Republicans.

"As in the Cold War, our current struggle is one of survival," Rep. Ileana Ros-Lehtinen, R-Fla., said in floor debate. "The enemy does not mean merely to chase us away. The goal of the Islamist extremist radicals is to destroy us. If we run, they will pursue. If we cower, they will strike."

"The world is watching. The radical jihadists who oppose us are watching," said Shadegg, warning against anything that could signal weakness on the part of the United States.

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Republicans had sought to offer an alternative measure, drafted by Rep. Sam Johnson, R-Texas, that would have prohibited Congress from cutting off funds for the troops. Johnson was a prisoner of war during Vietnam, and Boehner teared up before reporters as he listened to the Texan describe his reaction at the time when he learned of anti-war protests back in the United States.

But Democrats decided not to allow a vote on the GOP proposal, and the House decided, 227-197, to uphold the rejection. Republicans said if it had been allowed to come to a vote, their measure would have exposed divisions among Democrats, some of whom have said they will not vote for any more money for the war.

Majority Leader Steny Hoyer, D-Md., echoing the remarks of other party leaders, said Democrats would protect the members of the armed forces in harm's way. "There will be no defunding which will cause any risk to the troops," he told a news conference.

Numerous Democrats have expressed a determination to withdraw combat forces from Iraq, but they also say they would do so in a way that did not expose the troops to additional danger.

Iraq War Debated In House (CHIT)

By Aamer Madhani

Chicago Tribune, February 14, 2007

WASHINGTON -- The House began a heated debate Tuesday on President Bush's plan to send 21,500 additional combat troops to Iraq as Democrats pushed a resolution that would mark the strongest and most formal rebuke of the administration's conduct of the war.

The resolution crafted by the Democrats is a sparely worded measure stipulating that Congress supports the forces already serving in Iraq but disapproves of Bush's plan to send more troops into the conflict.

Previous attempts by Democrats to influence war policy, including bills calling for a phased withdrawal of troops and the cutting of war funding, have drawn little support. But this non-binding House resolution is expected to pass on Friday, adding momentum to the opposition against the administration's war policy.

"At the end of the debate, we will vote on a straightforward proposition: Whether we support the president's plan or oppose it," said House Speaker Nancy Pelosi (D-Calif.). "That vote will signal whether the House has heard the message the American people have sent about this war. The current policies have not worked, will not work and must be changed."

Each of the 434 representatives and five non-voting delegates has been allotted five minutes of floor time for the debate, which will be Congress' most extensive discussion of the war since it began four years ago.

House Republicans pushed an alternate resolution that would have encouraged the White House to implement the recommendations of the bipartisan Iraq Study Group, including talks with Iran and Syria. But the Democratic leadership turned away the GOP measure.

The resolution is designed to attract support from Republicans, many of whom have expressed concern about the troop buildup. The House measure comes a little more than a week after Republicans blocked debate on a lengthier Senate resolution disapproving of the war.

Senate Majority Leader Harry Reid (D-Nev.) said he plans to call the House resolution for a vote in his chamber Feb. 27.

House Republicans complained that Democrats were pushing the resolution through under a rule that bars amendments or substitute language.

'A political charade'

House Minority Leader John Boehner (R-Ohio) said the resolution would embolden the terrorists. He also criticized the Democratic leadership for not giving the Bush plan a chance to work, and said the resolution was "a political charade lacking the seriousness or the gravity" of the situation it affects.

The troop buildup has begun in Iraq, with two extra brigades—one Iraqi and one U.S.—already deployed to Baghdad. A brigade is made up of several thousand troops. The Iraqi brigade, however, has already been plagued by high absenteeism.

Dozens of GOP House members are expected to break ranks and vote in favor of the resolution. The White House downplayed the significance of the resolution, although historians say congressional admonition of a president during wartime may be unprecedented.

Stories from back home

White House spokesman Tony Snow said, "Members of the House and members of the Senate have the freedom to go ahead and write their resolutions, and do what they want with them. We do expect those who say they're going to support the troops to support them."

In the first day of 36 hours of scheduled debate, supporters of the resolution accused the president of being misguided in escalating the war, while opponents said the measure was unhelpful to the troops in the field.

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Both Democrats and Republicans stood on the House floor and told harrowing stories from constituents in their districts to explain their positions.

Rep. Peter King of New York, the ranking Republican on the Homeland Security Committee, said the war in Iraq is part of the struggle against "militant Islamists" and referred to the hundreds of friends and constituents who died in the Sept. 11 attacks on New York.

Rep. John Conyers (D-Mich.) relayed a conversation he had with the mother of a soldier who was killed in a helicopter crash.

Rep. Patrick Murphy (D-Pa.), a freshman congressman and Iraq war veteran, said he had witnessed first-hand the failure of Bush's policy.

"The time for more troops was more than four years ago," Murphy said. "The president's plan to send more of our best and bravest to referee a civil war is wrong."

But Republicans said Democrats were being shortsighted with the resolution.

"What if the 'surge' ... and our brave men and women in Iraq succeed?" asked Rep. Mike Pence (R-Ind.). "My Democratic colleagues would do well to reflect on this truth: The American people hate losers, but they hate quitters even more."

Democrats have framed the resolution as part of their effort to reduce the involvement of U.S. forces in Iraq and to send a stern message to Iraqi leaders that they must address serious problems plaguing their country. But it remains unclear what other steps the Democrats may take to try to stop Bush's troop buildup.

Obama, Feingold measures

Sen. Barack Obama (D-Ill.) has introduced legislation calling for an immediate troop cap and withdrawal of all U.S. combat troops by March 2008. Sen. Russell Feingold (D-Wis.) has introduced legislation to cut funding, and a similar measure has been floated in the House.

But the Democratic leadership is wary of being seen as against the troops, and such legislation has gained little traction. House Majority Leader Steny Hoyer (D-Md.) told reporters Tuesday that the Democrats would not cut off troop funding.

Democrats, however, have discussed the possibility of attaching conditions to the supplemental appropriation for the wars in Iraq and Afghanistan, requiring changes in the conduct of the wars in exchange for continued funding.

Veterans Take The Lead In House Debate Over Iraq War (MCT)

By Margaret Talev

McClatchy Newspapers, February 14, 2007

WASHINGTON -Veterans from World War II through the current conflict in Iraq led off debate Tuesday as the House of Representatives took up a resolution to oppose President Bush's troop increase for Iraq.

"Walking in my own combat boots, I saw firsthand this administration's failed policy in Iraq," said Rep. Patrick Murphy, D-Pa., a 33-year-old freshman and the first Iraq combat veteran to serve in Congress.

Rep. Duncan Hunter, 58, a California Republican and Vietnam veteran, argued a widely held opposing view, that the resolution signals "the first sound of retreat in the world battle against extremists and terrorists."

With the nonbinding resolution expected to clear the House on Friday, Senate Majority Leader Harry Reid, D-Nev., said he'll attempt to pass the same language in the Senate at the end of this month, after Congress returns from a weeklong recess. The Senate deadlocked last week on a wordier resolution; the House's is 97 words.

Bush has said he doesn't plan to watch the debate. He said he intends to pursue the troop buildup whatever Congress says.

Even as the nonbinding debate goes on, lawmakers on both sides are looking ahead to binding legislation that Democratic leaders might push through next.

The real wrangling begins next month when the House and Senate tackle Bush's $93.4 billion extra spending request for the current year's fighting in Iraq and Afghanistan. This summer Congress will debate another $623 billion in spending on defense, including the wars, for the coming fiscal year.

It's on these war-spending measures that Democrats, especially in the House, will attempt to set conditions on which troops may be sent, when troops must come home or where they should be deployed.

On Tuesday, opponents of Bush's 21,500-troop increase called on World War II, Korea and Vietnam vets, but ultimately they looked to Murphy to personalize the debate.

"I led convoys up and down Ambush Alley in a Humvee without doors," Murphy said. "The time for more troops was four years ago. Congress will no longer give the president a blank check."

Murphy told colleagues that his parents named him after a Vietnam veteran, Patrick Ward, who had a Philadelphia park named in his honor after being killed in action.

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"How many more street-corner memorials are we going to have for this war?" Murphy said. The president's plan "sends more of our best and bravest to die refereeing a civil war."

Some Republican veterans who disagree with the resolution, including Rep. Sam Johnson of Texas, who was tortured in Vietnam as a prisoner of war, won't speak until later in the week.

Others argued Tuesday that the resolution would demoralize U.S. troops and is the first step toward Democrats cutting off funds for the war.

Rep. Dan Burton, R-Ind., an Army veteran from the 1950s and `60s, said any sign of weakness by the United States would embolden Iran to develop nuclear weapons and ratchet up prospects of a bigger war in the Middle East against Islamic fundamentalism.

"When you see people die in combat, you just can't hardly stand it," Burton said. "War is hell. But sometimes it's necessary."

Lawmakers for and against the resolution say the debate could serve as a turning point in Congress' support for the war. But the opening hours of debate were marked by a lack of urgency.

The House chamber was largely empty as Speaker Nancy Pelosi, D-Calif., delivered the opening remarks. She left the chamber in the middle of comments from Minority Leader John Boehner, R-Ohio.

Dozens of Republicans are contemplating joining the near-unanimous Democrats in the final vote for the resolution.

One will be Rep. Steven LaTourette, R-Ohio, who made up his mind weeks ago. "I don't happen to believe escalation is the way to go," he said in an interview Tuesday. "It should be a matter of redeployment."

Although the White House dispatched national security adviser Stephen Hadley to advise any lawmakers who wanted to listen, LaTourette said neither Republican congressional leaders nor the White House was twisting arms.

"The attitude is, it's a vote of conscience," LaTourette said.

Pelosi and Boehner each offered unlikely analogies in their floor speeches.

Pelosi tipped her hat to mid-20th-century Sen. Robert A. Taft, a Republican from Ohio whose isolationism and opposition to World War II helped dash his chance to be president. But she recalled approvingly his line shortly after Pearl Harbor: "Criticism in a time of war is essential to the maintenance of a democratic government."

Boehner suggested that Congress' splits over how to counter Islamic terrorism are as divisive as the rift over slavery during the Civil War era. Invoking President Lincoln's line, he said, "A house divided against itself cannot stand."

Staff writer Renee Schoof contributed to this report.

Bush Stays Out Of Fight, Opts For Lighter Fare (WP)

By Peter Baker

The Washington Post, February 14, 2007

While the House of Representatives debated weighty matters of war and peace yesterday, President Bush headed to the YMCA.

In a brightly lighted basement gym, he visited children bending paperclips into different shapes and urged Americans to volunteer as mentors. He talked not of armies in Iraq but of "armies of compassion" at home. Even the kids seemed confused. One asked why he came. "I came to see you," the president responded. As the cameras clicked away, a 7-year-old boy made peace signs. "Put your hands down," Bush chided playfully.

That was the most extensive case made yesterday by the commander in chief against the growing antiwar sentiment gripping Congress and the nation. As lawmakers joust over the wisdom of his decision to send 21,500 more U.S. troops to Iraq, Bush is publicly ignoring the clash -- a display that is part strategy and part concession to reality.

By not engaging in the debate, Bush sends the signal that it does not matter to him what Congress says in a nonbinding resolution, hoping to minimize the impact of what the White House considers the inevitable outcome. And according to strategists in both parties, he has limited influence on Capitol Hill at this point, even among fellow Republicans.

Bush has opted to focus on policies and issues that may seem small by comparison. In recent weeks, he has participated in events focused on childhood obesity and national parks. He hosted photo opportunities with last year's Stanley Cup and NASCAR champions. And this week, he is meeting with three foreign heads of state -- the presidents of Lithuania, Liberia and Panama -- representing a combined population smaller than that of Michigan.

"I don't think he's going to be able to change the subject," said Rep. Jack Kingston (R-Ga.), who supports the troop increase as a last chance to turn around the situation in Iraq. "The subject of politics right now is Iraq. Every single person out there running for president, Republican or Democrat, is going to be talking about it. The White House needs to be talking about it every day, too."

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Bush has scheduled one speech this week on the war on terror. It is set for Thursday at the American Enterprise Institute, and he will address Iraq at that time. But he made clear in an interview with C-SPAN this week that he does not see a need to talk about Iraq every day. And given that a resolution seems likely to pass, the White House has concluded that maybe it is good for lawmakers to vent frustration in a political but intangible way.

White House press secretary Tony Snow shrugged his shoulders when asked at his daily briefing if the president's team is working to stop the House resolution. "No," Snow said. "I mean, we've made our views known in terms of what people have to keep in mind. But members of the House and members of the Senate have the freedom to go ahead and write their resolutions and do what they want with them. The one thing we do expect is we do expect those who say they're going to support the troops to support the troops."

That suggests the White House is holding back for what could be the more significant battle if Democrats try to limit funding for the troop increase or require forces to be withdrawn by next year, as proposed by Sen. Barack Obama (Ill.), a Democratic presidential candidate. "They seem to be saving their energy for that," said Robert Walker, a Republican lobbyist and former congressman. Allowing the current debate to become "a real confrontation between the House of Representatives and the White House on something that has no real impact, that serves the Democrats' purposes, not his," he said.

A USA Today-Gallup Poll released yesterday found that Americans are eager for stronger action than the House is now contemplating. Although 51 percent support a nonbinding resolution condemning the troop increase, 57 percent want a cap on troop levels and 63 percent favor a timetable to withdraw all U.S. forces by the end of the year. At the same time, cutting funding is more controversial, with 58 percent against denying money for the additional forces Bush wants.

"He's in real trouble in many ways," said Tom Andrews, a former Democratic congressman from Maine who now serves as national director of a coalition called Win Without War. Andrews suggested that the president is trying to ignore the current debate "because perhaps if too much attention is paid to it, it will be another step toward the end of his policy."

Bush's newfound zeal for small-bore initiatives is reminiscent of President Clinton's tactical switch after his party's midterm congressional election defeat in 1994. Clinton tacked against an opposition Congress by turning to micro-policies that polled well with the public, such as school uniforms and mobile phones for neighborhood-watch programs.

Gene Sperling, a top adviser to Clinton, said those policies had meaning. "If you can show that you are waking up every day focused on getting things done, even modest measures that people really care about outside the Beltway, it can be a positive sign," he said. "If it just looks like you're trying to change the subject and do symbolic things, it doesn't work."

Bush tested that thesis by navigating his motorcade across a snowy city to the YMCA Anthony Bowen Center. Protesters outside held up signs with messages such as "Bush Lied" and "Peace Surge."

"The reason I'm here is that we're heralding volunteerism in America," Bush said. "No better place to come where volunteers are doing their work."

He observed four activity stations where youngsters were being guided by adult mentors, including one station where they disemboweled a computer. As Bush chatted with some children, other youngsters were overheard by a pool reporter.

"He's my favorite president," one said.

"My favorite president is President Obama," another replied.

"Who's that?"

"He's the first black president."

For The GOP, Taking The War Out Of The War Debate (WP)

By Dana Milbank

The Washington Post, February 14, 2007

Rep. Adam Putnam of Florida, the man in charge of Republican strategy in this week's great debate on Iraq, was a study in nervous energy as he waited to speak on the House floor yesterday.

He paced behind the back row. He cracked his neck to the left and right. He wrung his hands. He buttoned, unbuttoned and rebuttoned his suit jacket. He cracked his neck some more, checked his BlackBerry, rocked on his heels, coughed, stroked his chin, folded and unfolded his arms, coughed, scratched behind his ear, swallowed heavily, and coughed again.

There was good reason for this anxiety. As head of the House Republican Conference, the 32-year-old redhead is leading his caucus into a public-opinion meat grinder: supporting President Bush's increase of U.S. troops in Iraq, against the wishes of more than 60 percent of Americans. Worse, he is leading them with a pair of somewhat contradictory arguments: (a) that the Democrats' resolution opposing Bush's Iraq buildup is a meaningless gesture, and (b) that the Democrats' resolution will cause the end of civilization as we know it.

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"This is a rather toothless 97 words," Putnam began in his floor speech, calling the proposal "a narrow nonbinding resolution that misses the bigger picture." Minutes later, he changed his view. "The majority would have us consider a resolution that puts us one day closer to handing militant Islamists a safe haven the size of California."

So which one is it: toothless or catastrophic?

Minority Leader John Boehner (Ohio) wasn't sure. In his floor speech, he called the resolution "nonbinding" six times, labeling the resolution "a political charade lacking both the seriousness and the gravity of the issue that it's meant to represent." And yet, he also thought the resolution "is the first step toward abandoning Iraq by cutting off funding for our troops that are in harm's way."

Neither had Minority Whip Roy Blunt (Mo.) found harmony between the competing talking points. "This resolution just says enough not to say anything at all," he judged. In another breath, however, he called it a "first step to cutting off funding for the dangerous mission our troops face" and a debate that "bolsters those radical terrorists whose sole goal is to destroy America."

The Republican complaints brought to mind the Woody Allen joke about two old ladies at a Catskills resort. "One of 'em says, 'Boy, the food at this place is really terrible.' The other one says, 'Yeah, I know, and such small portions.' "

Republicans knew they had a weak hand to play as the House began its three-day debate on Iraq and whether to support Bush's 20,000-troop "surge." "The debate should not be about the surge or its details," Republican Reps. Peter Hoekstra (Mich.) and John Shadegg (Ariz.) wrote to colleagues in a letter intercepted by Democrats. "This debate should not even be about the Iraq war to date, mistakes that have been made, or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

To help Republicans with the task of conducting an Iraq debate without talking about Iraq, Putnam set up a "war room" in the Longworth office building to provide research and debate material, parliamentary experts, and a "rapid response system."

But when two reporters arrived at the war room yesterday afternoon, the occupants were deep in a bunker. "I apologize," the receptionist announced after checking with the war room. "They just started a meeting."

Ah, a "meeting." The reporters found a back door to the war room that was open. Inside, four men sat quietly at their desks, watching the debate on TV.

The bunker mentality went beyond the war room. While Republicans from competitive districts watched on television, their colleagues from safe seats did battle with Democrats on the House floor. Of the first 16 Republican speakers, only three won reelection in 2006 with less than 60 percent of the vote, and none won with less than 56 percent.

Those who did brave the hostile climate to come to the House floor preferred to talk of wars other than the one underway in Iraq.

Blunt (67 percent of the vote in November) chose Vietnam. "President Johnson was criticized a generation ago, and still today, for choosing bombing sites in Vietnam," he argued. "But his actions made infinitely more sense than this."

Boehner (64 percent) opted for the Civil War. "Surrounded by personal and political rivals, Lincoln could have given up," the minority leader said. "He could have recalled the Union forces and sent them home. But he didn't."

Like many speakers, Rep. Ileana Ros-Lehtinen of Florida (62 percent) saw echoes of the Second World War. "The threat of Hitler did not appear suddenly out of a vacuum," she said, in front of a poster of a pilot in uniform.

Putnam (69 percent) opted for the war in the Pacific. "It's easy enough to go back and list all the disappointments we've had in Iraq," he said. "But it's like focusing on one jungle, on one atoll on the march to Tokyo over 60 years ago."

A dazzling debate it wasn't. At the start, there were 75 members of Congress on the floor. By the time Putnam spoke about half an hour later, the number was down to 36; before long, the chamber returned to its usual, depopulated state.

But Putnam, host of the war room, had only begun to fight. He called a news conference in the Capitol basement with Boehner and distributed orange juice made with fruit his family had grown in Florida. Sipping the juice, he repeated his dueling points: (a) "This is just the first step to defunding troops in harm's way," and (b) "This week's resolution is really just a stunt."

The Post's Jonathan Weisman asked for a clarification. "Is this resolution a meaningless stunt or is it very consequential?"

Boehner struggled through an answer about "two levels and two different points." Putnam frowned but said nothing.

Voices From The House Floor (WP)

The Washington Post, February 14, 2007

Speaker Nancy Pelosi (D-Calif.)

"In order to succeed in Iraq, there must be diplomatic and political initiatives. There has been no sustained and effective effort to engage Iraq's neighbors diplomatically, and there has been no sustained and effective effort to engage Iraqi factions politically. . . . President Bush's escalation proposal will not make America safer, will not make our military stronger and will not make the region more stable. And it will not have my support."Minority Leader John A. Boehner (R-Ohio)

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"War is never easy and almost never goes according to plan. Al-Qaeda and their supporters in the region have been steadfast. . . . But because they cannot defeat Americans on the battlefield, al-Qaeda and terrorist sympathizers around the world are trying to divide us here at home. Over the next few days we have an opportunity to show our enemies that we will not take the bait."Rep. Ike Skelton (D-Mo.), chairman of the Armed Services Committee

"We are here to say [the Iraq policy is] not a good idea. The series of irretrievable mistakes is a serious list: the skewed intelligence; . . . the postwar phase of conflict that did not have sufficient planning; . . . allowing the uncontrolled looting and the breakdown of law early on after the occupation began; the dismissal of the Iraqi army; . . . the de-Baathification that put so many thousands of people . . . out of work. . . . The administration has consistently refused to adjust its overall strategy."Rep. Duncan Hunter (R-Calif.), ranking GOP member of Armed Services

"This resolution by the Democrat leadership sends a message to three parties: America's enemies, America's friends and America's troops. And I think it's going to be received by friend and foe alike as the first sound of retreat in the world battle against extremists and terrorists. . . . It's the wrong message, because this nation has been for the last 60 years involved in spreading freedom."Rep. Patrick J. Murphy (D-Pa.), Iraq veteran

I rise to give a voice to the . . . veterans across the globe who are deeply troubled by the president's plan to escalate the number of American troops in Iraq. I served in Baghdad from June of 2003 to January of 2004. I saw firsthand this administration's failed policies in Iraq. . . . The time for more troops was four years ago, but this president ignored the military experts. . . . Now . . . our president is ignoring military leaders again. . . . The president's plan to send more of our best and bravest to die refereeing a civil war in Iraq is wrong."Rep. Peter Hoekstra (R-Mich.)

"Do any of us really believe that the resolution in front of us today is a serious piece of legislation? Does it properly recognize all of America's military and other national security professionals who defend us day and night? . . . This resolution is all about staying the course. It says, support our troops and don't engage in new tactic. Just keep going down the same path. That's not good enough. There are people who hate us enough to want to kill."

Give New Strategy A Chance (WT)

By Mike Pence

The Washington Times, February 14, 2007

Last month, President Bush delivered a speech to the nation outlining a new way forward in Iraq. It has since met with resistance from both parties on Capitol Hill. I support the president's call for reinforcements and a change of our strategy because we must do everything in our power to see freedom prevail in Iraq.

A few days before the president addressed the nation, I was invited to the White House to discuss his plan to increase troop levels in Iraq. What I found most persuasive was that the president didn't just lay out a plan for more troops for more troops sake. He laid out a new strategy, including new tactics, new rules of engagement on the ground, and a plan to work alongside Iraqi military forces to give priority to securing Baghdad. This was first recommended by the Iraq Study Group and I believe we owe it to our military and Iraq's people to give it a chance to work.

This is not to say I never had my doubts about the president's new strategy. I went into the meeting very skeptical of the "surge." During my four trips to Iraq, our military commanders told me a large American military footprint in Iraq would be counterproductive to our interests there and to the interests of freedom.

At that time, there was a general consensus among our military leaders that we ought to move toward a smaller American military presence, to ensure the Iraqi military would step up and the Iraqi government would take responsibility for the country. But that was then, this is now.

That advice predated the extraordinary increase in violence that began in late summer 2006. Then it became clear our strategy and tactics were not working. That is why I believe the president's change in strategy along with the addition of six brigades to support an Iraqi-led effort to quell violence in Baghdad is an idea whose time has come.

Given that reinforcements will strengthen the hand of the U.S. military in Iraq and give us more leverage in the region, I find it curious that many in Congress in both parties are taking a wait-and-see approach or openly oppose the president's plan.

Ironically, most of my colleagues who oppose the president's plan say they still support the troops and want to see us succeed in Iraq. However, the alternative strategies they have put forward will do nothing but promote withdrawal and defeat. It is hard to understand how legislators can claim to support our troops while advocating abandonment of all they fought and died to accomplish.

History leaves little doubt that fundamental disagreements between the president and Congress over strategic decisions are not new. Many members of the legislative branch disagreed with wartime decisions of Abraham Lincoln and Franklin Roosevelt. In fact, in a bit of irony, some Republicans complained Roosevelt was focusing too much on Europe rather than the enemy in the Pacific who attacked us.

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However, the roles of Congress and the president are clearly defined in the Constitution. Under Article I of the Constitution, Congress has the authority to declare war, prescribe rules governing military discipline and regulate the capture of enemy property and appropriate funds for the military.

Under Article II of the Constitution, the president is the commander in chief of the Armed Forces and is responsible for tactical, operational and strategic decisions involved in war fighting. The Supreme Court has reaffirmed these functions and the president has had this role ever since George Washington was entrusted as our nation's first commander in chief. Our Founders expressly rejected vesting Congress with warmaking power, fearful as they were of ineffective "war-by-committee."

Each branch of national government has a clearly defined role in the declaration and conduct of war. As such, while Congress has a role in formulating military policy, it is constitutionally questionable for Congress to impose timetables, benchmarks or tactical decisions on our commander in chief or our troops in the field.

There is no question that even in the heartland of America, people are troubled with our lack of progress in Iraq. I understand the temptation of many in Congress to go backward but I disagree with it. The temptation to retreat must be ignored. Winston Churchill gave us this counsel: "One ought never to turn one's back on a threat in danger and try to run away from it. If you do that, you will double the danger. But if you meet it promptly and without flinching, you will reduce the danger by half."

It is time for an unflinching American response. I support our commander in chief. I support our new way forward. We must come together as a nation and choose to see freedom prevail in Iraq.

Mike Pence, Indiana Republican, is the ranking member of the House Foreign Affairs Middle East and South Asia Subcommittee.

Democratic Lawmakers Denounce Troop Surge With A Passionate Letter To Capitol Hill (WP)

By Maryland Notebook

The Washington Post, February 14, 2007

As Congress debates President Bush's plan for a troop buildup in Iraq, Democrats in the Maryland legislature are weighing in with a resounding no.

A one-page letter signed by 83 lawmakers and sent yesterday to the delegation on Capitol Hill starts: "The people of Maryland have not been shielded from the horrors taking place in Iraq."

"When will it end?" the passionate letter continues, urging the delegation of eight Democrats and two Republicans to oppose the president's proposed surge of 20,000 troops. "It is a scandal to spend hundreds of billions of dollars on prolonging a reckless and futile war."

State legislatures don't traditionally dip their toes into matters of foreign policy. But on the Iraq war, the General Assembly has a lot of company: Twelve other states, including California, Illinois, New Jersey and New Mexico, have gone even further this year, approving formal resolutions of opposition.

"People have said, 'Should the state legislatures be weighing in on this?' " said freshman Sen. Jamie Raskin (D-Montgomery), who wrote the letter with Sen. Paul G. Pinsky (D-Prince George's). "The answer is yes." At a news conference yesterday, a dozen other Democrats expressed their distaste for a troop buildup, saying that their constituents have spoken.

Pinsky said he approached several Republicans to sign the letter but was rebuffed. He opted for a letter instead of a resolution so that it would arrive in time for this week's congressional debate. When the country went to war four years ago, he was one of 11 Democrats to sign a letter opposing the invasion, prompting an emotional debate on the Senate floor. "It got pretty ugly," Pinsky recalled.

-- Lisa Rein

Clean Cars Bill Moves Forward

Legislation to require the automobile industry to sell cars that create less pollution cleared a House of Delegates committee yesterday.

The Clean Cars bill, sponsored by Del. Elizabeth Bobo (D-Howard), would slash the carbon dioxide emissions that contribute to greenhouse gases, requiring new cars to be more fuel-efficient. The measure, backed by top General Assembly leaders and Gov. Martin O'Malley (D), could be the signature environmental policy the legislature passes this year.

The mostly party-line vote in the House Environmental Matters Committee was 17 to 4, with Democrats in favor.

Automakers lobbied hard to strip key provisions but were unsuccessful. The industry says the changes would force higher prices on car buyers and make it difficult to buy large vehicles, which are less fuel-efficient than smaller cars. The bill could reach the House floor this week.

-- Lisa Rein

Health-Care Measure Squelched

DOJ_NMG_0132061

Sen. Thomas M. Middleton (D-Charles) says he's making health care a priority this year. The Finance Committee chairman said late Monday that he planned to file a bill to expand coverage to some of the 780,000 uninsured in Maryland using revenue from a $1-a-pack cigarette tax increase.

"I'm 100 percent engaged in expanding medical coverage," he said. The bill would mirror a measure sponsored by Del. Peter A. Hammen (D-Baltimore) and backed by House Speaker Michael E. Busch (D-Anne Arundel). Middleton said he was submitting the bill on behalf of the Greater Baltimore Committee, a regional business association.

But by yesterday, the bill was nowhere to be found, even after Middleton's office released a lengthy fax with the details. It seems Senate President Thomas V. Mike Miller Jr. (D-Calvert) put the kibosh on it. Miller is cool to a tobacco tax unless it is used to help close the state's looming budget deficit. And Middleton is one of a handful of senators vying for Miller's job when he retires in three years.

"He knows what we can afford to do and what we can't," Miller said. "I did indicate that it was kind of inconsistent with where we need to be next year."

-- Lisa Rein

Concerns Over Early Voting

Republicans stalled two bills yesterday that would establish early voting in Maryland, raising questions about how the measures would work.

The bills, which are on the legislative fast track and are being sponsored by Senate President Thomas V. Mike Miller Jr. (D-Calvert) and House Speaker Michael E. Busch (D-Anne Arundel), would allow voters to decide whether to amend the state Constitution to allow ballots to be cast in the week before the election. If the bills are approved, voters would decide whether to change the Constitution in 2008.

The General Assembly approved legislation to allow early voting, but the law was deemed unconstitutional by the state's highest court.

On the Senate floor, Minority Whip Allan H. Kittleman (Howard) asked whether the early voting law that was approved by the General Assembly earlier would automatically go into effect, and Minority Leader David R. Brinkley (Frederick) asked where voters would be able to cast their ballots.

Sen. Roy P. Dyson (D-St. Mary's) said new legislation would have to be enacted.

House Minority Leader Anthony J. O'Donnell (Calvert) said Republicans want to ensure that some "partisan" provisions of last year's bill are stripped out, particularly locations of specific polling places for early voting.

"They gave partisan advantage to Democrats," O'Donnell said. In his district, for example, Waldorf, a Democratic-leaning area, was on the list instead of La Plata, the county seat. The House is expected to take up the bill again today.

Sen. Dolores G. Kelley (D-Baltimore County) said those details could be worked out "down the road."

-- Ovetta Wiggins

Calif. Senate OKs Resolution Against Iraq (LAT)

By Robert Salladay

The Los Angeles Times, February 14, 2007

SACRAMENTO — Amid accusations that it would give comfort to America's enemies, the California Senate approved a resolution Tuesday calling for a halt to boosting the number of troops in Iraq or spending any more taxpayer dollars on the war without explicit approval from Congress.

The resolution was introduced by state Sen. Carole Midgen (D-San Francisco). She said she would amend the resolution, approved 22 to 14, before it reached the state Assembly to include a stronger message of support for the troops. Democrats nevertheless said the Iraq war had been a failure and no longer appeared to be a "just cause."

Republicans stood to oppose the resolution, which expresses the opinion of the Legislature but is legally meaningless.

One said the Democratic Party should be ashamed of supporting terrorists, who could soon be attacking California cities.

"This resolution emboldens our enemies," said Sen. Dennis Hollingsworth (R-Murrieta). "This resolution simply tells Al Qaeda and other state sponsors of terrorism, 'We've got the Americans on the run. First, we had the election in November and now ... all we have to do is hold out a while longer. They are crumbling in Washington and they are crumbling in state legislatures all over the country.' "

"I am 56 years old and in all my years I have yet to experience a situation like this, where a legislative body has taken it upon itself to pass resolutions to support and enhance the morale of our enemies," said Sen. Dave Cogdill (R-Modesto).

Sen. Sheila Kuehl, a Santa Monica Democrat, responded: "Balderdash. If anything is supporting and emboldening our enemies, it is this war…. This war was a mistake, and the rest of the world knows it."

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Iraq Unveils Baghdad Security Moves (LAT)

By Borzou Daragahi,

The Los Angeles Times, February 14, 2007

Some border crossings will be closed for 72 hours, and residents will lose more freedoms. The killings continue.

BAGHDAD — The Iraqi government on Tuesday launched a plan to secure a capital descending deeper into chaos, even as violence claimed the lives of more Iraqis, including people waiting in line for food handouts.

Lt. Gen. Abud Qanbar, the former naval officer appointed by Prime Minister Nouri Maliki to oversee the much-vaunted Baghdad security plan, announced a 72-hour closure of some border crossings along the Iranian and Syrian frontiers, restrictions on civil liberties, and the suspension of all weapons licenses except for those issued to authorized security officials and contractors.

"Legal procedures will be taken and strict penalties will be imposed against all those who violate the rules," Qanbar said, reading from a lengthy statement broadcast over state television.

It was unclear how some of the security provisions differed from measures already in place. Observers questioned why Maliki left the announcement to a surrogate. The prime minister spent much of the day visiting a university in the city of Hillah, about 60 miles south of the capital.

The plan includes a tightening of the few remaining liberties left for Iraqis in the jittery capital, including an earlier nighttime curfew and closer scrutiny of packages, mail and electronic communications. It imposes unspecified restrictions on gatherings in public places, clubs, companies and organizations "in order to protect citizens and those working in these places."

The plan's supporters defended the restrictive elements as necessary.

"The government has a right to take any procedure to provide security for the people," said Qusai Abdul-Wahab, a Shiite Muslim lawmaker loyal to radical cleric Muqtada Sadr. "People are demanding security first and last."

Under the plan, Qanbar said, his commanders will be authorized to interrogate and arrest all individuals, inspect private property and seize any weapons, presumably without seeking the approval of courts or political leaders. It wasn't clear whether the new provisions changed the existing rules, which allow each Iraqi family to keep one weapon at home.

The plan calls for restrictions on the movements of vehicles and individuals as well as for surprise sweeps of roadways, Qanbar said. It includes tougher laws for those who commit violence or harbor alleged terrorists and special court sessions to speed up trials.

The plan also addresses the explosive issue of displaced Iraqis, demanding that squatters in the homes of families who fled their neighborhoods out of fear of sectarian violence vacate the properties within 15 days.

The announcement did not detail how the edict would be enforced, but it called for the establishment of "specialized committees" to audit property deeds. Officials also acknowledged that many of the people who fled after horrific acts by their neighbors might not want to come back. "This matter will be dealt with later," said Hamid Moalla, a Shiite lawmaker.

The plan also bars vehicles with tinted windows or without license plates from traveling the city's streets. Such vehicles have long been illegal but ubiquitous, often escorting the very political leaders now advocating the security plan.

Some details of the plan raised more questions than they provided answers. For example, few people believe that insurgents and militiamen use the legitimate border crossings closed as of today, because they can ferry weapons and personnel into Iraq at many places along the porous and poorly guarded borders. Maliki supporters acknowledged the logistical challenges but said the effort would be stepped up.

The very act of making such an announcement might have an effect. "One of the methods of this plan is using the psychological war against the terrorist," lawmaker Abdul-Wahab said.

Shiite militias, including Sadr's Al Mahdi, have apparently decided to lie low during the coming crackdown, which began at 6 p.m. Tuesday. Sunni Muslim insurgents, on the other hand, have stepped up attacks on Shiite civilian targets.

This month, an insurgent group led by a successor to Abu Musab Zarqawi, the slain leader of Al Qaeda in Iraq, vowed to sabotage any effort to secure the capital, which Sunni Arab extremists have declared part of a future Islamic state.

"We will extend our battlefields," the group said in a Feb. 2 message posted on a website frequently used by insurgent groups. "Burn the ground under the Jews and their allies. Eliminate their forces and destroy their vehicles. Down their airplanes. Burn their flesh with car bombs. Cut their bodies with [roadside bombs] and take out their hearts with snipers. The best way to defend is to attack."

U.S. and Iraqi officials hope their Baghdad security plan will stem the country's slide deeper into civil war and lawlessness. The U.S. has begun a move to buttress forces in the city, where it will eventually add 16,000 troops. Iraqis have also moved additional forces into the capital.

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Still, more than three dozen Iraqis were killed or found dead in the capital Tuesday. At least 18 were killed and 38 were injured in a suicide bombing in a mostly Shiite neighborhood where people were waiting in line for monthly rations of flour, sugar and cooking oil. A car bomb in east Baghdad killed four boys near a high school. Four civilians were injured in the attack.

Iraqi police found the bodies of at least 20 people shot dead and dumped in west Baghdad.

The offices of a weekly newspaper in the northern city of Kirkuk burned down under mysterious circumstances. At least one employee was killed.

Gunmen in the southern city of Samawa killed an alleged former member of Saddam Hussein's security forces. Authorities in Hillah found the body of a man tied to a palm tree trunk.

The U.S. military announced that a soldier was killed Sunday in Al Anbar province.

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Times staff writer Saif Hameed and special correspondents in Baghdad, Hillah, Kirkuk and Samawa contributed to this report.

New Baghdad Crackdown Is Announced (NYT)

By Marc Santora

The New York Times, February 14, 2007

BAGHDAD, Feb. 13 — The Iraqi government on Tuesday ordered tens of thousands of Baghdad residents to leave homes they are occupying illegally, in a surprising and highly challenging effort to reverse the tide of sectarian cleansing that has left the capital bloodied and Balkanized.

In a televised speech, Lt. Gen. Aboud Qanbar, who is leading the new crackdown, also announced the closing of Iraq's borders with Iran and Syria, an extension of the curfew in Baghdad by an hour, and the setup of new checkpoints run by the Defense and Interior Ministries, both of which General Qanbar said he now controlled.

He said the government would break into homes and cars it deemed dangerous, open mail and eavesdrop on phone calls.

General Qanbar did not mention the role American forces would play in the crackdown, but his remarks were clearly timed to coincide with more aggressive efforts by American troops on the streets of Baghdad. The Americans have been establishing outposts — called joint security stations — to work alongside the Iraqi Army and police to end the sectarian bloodletting.

On Tuesday, senior American officers expressed surprise about the plan to resettle people who had moved from their homes amid sectarian cleansing. But they declined to be identified, saying they did not want to contradict the Iraqi general.

General Qanbar indicated that the plan would be carried out evenly across Baghdad. But critics said Prime Minister Nuri Kamal al-Maliki, who has come under intense criticism for pursuing a sectarian Shiite agenda, might be trying to appease his detractors and may not actually carry out the plan. Some feared that his government might not apply the same pressure to residents of Shiite areas.

Since the bombing of a sacred Shiite shrine in Samarra a year ago, the sectarian map of Baghdad has been almost completely redrawn, as Shiites pushed Sunnis from neighborhood after neighborhood.

The general faces a monumental task. Even without the daily violence, continuing sectarian killings and a lack of security forces to perform basic policing tasks, there is no system in place to investigate the veracity of people's claims. In addition, thousands of people took over homes immediately after the invasion, claiming basic squatters' rights.

Under the general's plan, people who have illegally occupied homes will have 15 days to leave. While they are there, he said, they must protect the home, not steal from it or damage it.

"Anyone who does not follow this law will be treated according to the antiterrorism laws," he said, adding that the government would set up committees to determine ownership.

General Qanbar, wearing a camouflage uniform and a red staff commander's beret, made it clear that he reported only to the prime minister. Mr. Maliki appointed him as the overall Iraqi commander for forces in Baghdad in January. With the extraordinary powers he claimed, an increasing amount of authority is now consolidated in the prime minister's office.

At least 10 formerly mixed neighborhoods in Baghdad are now almost entirely Shiite. East Baghdad, vulnerable to attack from Shiites in the Sadr City stronghold, is almost entirely under Shiite control. West Baghdad, where there are still fierce sectarian clashes, is a war zone of divided neighborhoods, where crossing from a Shiite enclave to a Sunni enclave without the right identification, or the other way around, can mean death.

The Iraqi cabinet proposed a plan last year to create space in West Baghdad for some 3,000 Sunni families who had been displaced, but nothing came of it.

It is impossible to know exactly how many people have been forced from their homes, but estimates by Iraqi and American officials range from tens of thousands to as high as 200,000.

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Samantha Power, a public policy professor at the John F. Kennedy School of Government who has written widely on genocide, described the plan as either a public relations ploy that would never be enforced, or worse, a prelude to more sectarian cleansing and catastrophe.

"To do this in the middle of a war when tempers have been inflamed and militarization is ubiquitous seems to be putting the cart before the horse," she said. "You haven't stopped the willingness to ethnically cleanse, but you're imposing the moral hazard of ethnic cleansing on the cleansee? Unless you create security first, you are paving the way for a potential massacre of returnees."

General Qanbar did not explain how the houses would be checked except to say that people in homes that did not belong to them must have currently dated letters from the owners.

Apart from the resettlement issue, he promised swift justice for law breakers.

"All the people who have done terrorist operations or major crimes like killing, stealing, rape, kidnapping, bombing public or private buildings and who have bought, sold or made weapons or bullets, we will hand them over to the Major Crimes Court, which will hold emergency trials," he said.

The general also said all convoys — even those from the government — would be subject to search at the checkpoints. Government security forces have been infiltrated by criminals, militants and Shiite militias.

If they refuse to stop, he said, "They will be treated as illegals."

Only hours before he spoke, there was more carnage on the streets of Baghdad.

In one attack, a suicide bomber killed 17 people and wounded 40 more at a Trade Ministry food warehouse in a poor Shiite neighborhood. At the site of the blast, there was little faith in the promises of politicians.

"I think the situation will get worse, and we can tell in advance that the security plan is a failure," said Muhammad Saadi, 28, a worker at the warehouse. "The government can do nothing to stop the suicide bombers."

Around him, the white foam of a fire extinguisher mingled with pools of blood, as moaning voices filled the air.

In recent days, new checkpoints have appeared around the city with tanks and heavy weapons meant to demonstrate a powerful show of force.

But residents expressed skepticism that checkpoints could provide any real security.

"These checkpoints are useless," said Ahmed Aboud, 45. "You can bribe them with 5,000 Iraqi dinars and bring in all the explosives you want."

New Tape from Qaeda Figure

CAIRO, Feb. 13 (AP) — Al Qaeda's second in command, Ayman al-Zawahri, said President Bush was an alcoholic and a lying gambler who wagered on Iraq and lost, according to a new audiotape released Tuesday.

Mr. Zawahri said in the tape that Mr. Bush has been forced to admit his failure in Iraq after he repeated the "lie, which he became addicted to, that he is winning" in Iraq and Afghanistan.

"Bush suffers from an addictive personality and was an alcoholic," he said.

"I don't know his present condition," Mr. Zawahri added, "but the one who examines his personality finds that he is addicted to two other faults — lying and gambling."

Mr. Bush, who is 60, has acknowledged that he had a problem with drinking but has said he gave up alcohol when he was 40.

The 41-minute audiotape could not immediately be authenticated; The Associated Press found it on a Web site commonly used by insurgent groups, and it carried the logo of the multimedia arm of Al Qaeda.

Iraq To Seal Borders With Syria And Iran (WT/AP)

By Qassim Abdul-zahra

The Washington Times, February 14, 2007

BAGHDAD -- The Iraqi commander of the Baghdad security crackdown announced yesterday that Iraq will close its borders with Syria and Iran for 72 hours as part of the drive to end the violence that has threatened to divide the capital along sectarian lines.

Ahead of the crackdown, anti-American cleric Muqtada al-Sadr fled Iraq for Iran some weeks ago and is thought to be in Tehran, where he has family, a senior U.S. official said yesterday.

Addressing the nation on behalf of Prime Minister Nouri al-Maliki, Lt. Gen. Abboud Gambar also said that Baghdad's nighttime curfew would be expanded by an hour and that permits allowing civilians to carry weapons in public would be suspended during the operation, which he suggested could last weeks.

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Gen. Gambar made the announcement hours after a suicide truck bomber struck a government warehouse in a mainly Shi'ite Muslim neighborhood of the capital, killing at least 15 persons and wounding 27, police and hospital officials said. A parked car bomb exploded near a bakery in another Shi'ite area, killing four persons and wounding four, police said.

The U.S. military announced that an American soldier died in combat Sunday in the volatile Anbar province, west of Baghdad, raising to 42 the number of U.S. personnel killed this month.

The general did not say when the borders would close, but another official said it was expected within two days. The official, who spoke on the condition of anonymity because he was not authorized to speak to journalists, added that the borders would reopen only partly after the 72-hour closing.

The United States has long charged that Iran and Syria let extremists use their territory to slip into Iraq to attack U.S. and Iraqi forces as well as civilians.

Iraqi authorities have routinely echoed the U.S. charges against Syria, but they rarely make that accusation against Iran, with which Iraq's Shi'ite-led government has close relations.

Gen. Gambar said Baghdad's nighttime curfew would be extended by one hour when the security drive kicks off fully, running from 8 p.m. to 6 a.m.

The U.S. military announced last week that the clampdown had begun, although Iraqis have seen little evidence of that. President Bush has committed 21,500 more Americans to the operation, which is expected to involve 90,000 Iraqi and U.S. troops.

Gen. Gambar said he would report to Mr. al-Maliki weekly to discuss progress in the operation.

His address suggested that Iraqi authorities plan to exercise wide powers while waging the crackdown. A criminal court, for example, will hold emergency hearings on cases involving killing, theft, rape, kidnapping, damage to public property, and possession and transfer of arms and ammunition, he said.

Gen. Gambar, a Shi'ite and a veteran of the 1991 Persian Gulf War under Saddam Hussein, said security forces also plan to monitor mail, parcels, telegrams and wireless communication devices during the operation.

He said security forces would try to avoid intruding in places of worship but added that they would do so in "cases of extreme emergencies when it is feared that these places pose a threat to the lives of citizens or if they are used for unlawful purposes." U.S. and Iraqi authorities have said that Sunni Arab insurgents use mosques to store arms or fire at troops.

Iraq Plans To Suspend Checkpoints At Syria, Iran Borders (WP)

By Ernesto Londo?o

The Washington Post, February 14, 2007

BAGHDAD, Feb. 13 -- Iraqi officials on Tuesday announced the temporary closure of checkpoints at the Syrian and Iranian borders, as well as an expanded nighttime curfew in the capital, as part of the new Baghdad security plan.

In a televised address, Lt. Gen. Abboud Gambar, who is in charge of the security plan, said the border will be closed for 72 hours, but he did not specify when. There are two main crossing points connecting Iraq and Syria, and four checkpoints along the border with Iran.

Iraqi officials have said many weapons and insurgents waging attacks in Iraq enter the country through Iran and Syria. U.S. officials said Sunday that they have linked to Iran deadly armor-piercing explosives used against American forces. Iraq's borders with Saudi Arabia and Turkey will remain unaffected.

The curfew, which currently bars transit in Baghdad from 9 p.m. to 6 a.m., will begin an hour earlier, the general said.

Many Iraqis have criticized the government for not taking drastic steps sooner to tighten security in the capital, which has been battered in recent weeks by large-scale bombings and other violence.

Some have questioned whether the armed forces charged with carrying out the plan are properly trained, equipped and committed to make a dent in the violence.

As part of the plan, Iraqi and U.S. soldiers will patrol 10 areas of the city from posts that are designed to function much like police stations, giving officials time to get to know the area and gain the trust of citizens.

Gambar also announced a crackdown on weapons in Baghdad, where many people drive around with rifle barrels sticking out of vehicle windows. U.S. military personnel, the Iraqi armed forces and police, and licensed members of certain private security companies will still be allowed to carry weapons.

The general announced wide powers for authorities to detain and interrogate suspects as well as search property -- powers that Iraqi and U.S. forces have long exercised.

The general also said official convoys, which have largely avoided searches at checkpoints, will now be stopped and searched routinely.

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More lawbreakers will be charged, the general announced, as Iraq's criminal court expands its caseload capability. Currently, Iraqi and U.S. officials are holding tens of thousands of people who have not been charged.

"The Iraqi Central Criminal Court will hold exceptional sessions to deal with this situation," the general said.

The general also said the government intends to crack down on squatters, many of whom have occupied homes abandoned by people who left neighborhoods for fear of being killed by groups who target members of a rival sect.

Also Tuesday, a senior U.S. official in Washington who spoke on condition of anonymity said that anti-U.S. cleric Moqtada al-Sadr had fled the country some weeks ago for neighboring Iran, according to the Associated Press.

The official said that the Shiite cleric's departure, which was reported by several television networks, is not believed to be permanent. Sadr left his Baghdad stronghold possibly because of fractures in his political and militia operations, AP cited the official as saying. Sadr heads the Mahdi Army, a powerful Shiite militia.

Aides to Sadr in Iraq would not confirm the report, which was not possible to independently verify.

Meanwhile, a car bomb exploded near warehouses that belong to Iraq's Interior Ministry in western Baghdad, killing at least 18 people, according to a ministry spokesman.

Also Tuesday, the U.S. military disclosed the death of an American soldier Sunday in Anbar province in western Iraq.

Special correspondent Waleed Saffar contributed to this report.

Iraqi Troop Levels Pass Key Test (WT)

By Pamela Hess

The Washington Times, February 14, 2007

BAGHDAD -- Iraqi troops have passed a key test by showing up at 70 percent strength or better for President Bush's "surge" in Baghdad, a senior U.S. general said.

"This movement of these three brigades and two separate battalions into Baghdad to our way of looking at it has gone very well," Lt. Gen. Martin Dempsey, commander of the Multi-National Security Transition Command-Iraq, said in an interview.

"We've also learned more lessons from this one, and in future deployments, we'll make it even better," added Gen. Dempsey, the top American in charge of building up Iraq's security forces.

Defense Secretary Robert M. Gates told a Senate committee in January that the arrival of those Iraqi brigades by mid-February would be a litmus test of whether the Iraqi government was serious about securing its capital city.

Gen. Dempsey said three brigades had shown up with between 70 percent and 75 percent of their soldiers. While a Kurdish unit from Sulaimaniyah and Kirkuk arrived with only 56 percent of its expected troops, he said, other inbound units from the Kurdish north were expected to arrive with 70 percent of their troops or more.

A battalion has 759 soldiers at full strength. A brigade is three battalions plus 200 soldiers, about 2,500.

Though those percentages would be dismal by American standards for a deploying unit, a different calculus applies in Iraq. At any given time, one-quarter of an Iraqi unit is on leave, taking their pay home to their families because there is no functioning banking system. An additional 10 percent of the units remain behind to guard their garrison buildings.

"So when you do all the math, we are a little concerned and remain so about one of those brigades," Gen. Dempsey said, referring to the Sulaimaniyah unit.

"We know that about 17 percent of that unit chose not to deploy, and those soldiers will be dismissed from the service, and we'll replenish the ranks," he said.

The Baghdad security plan envisions Iraqi units rotating into the city for three months at a time and then being replaced by another unit. The total deployment is six months, including two months of initial training and then one month to redeploy back to their home stations.

The deployment to Baghdad demonstrates real progress, he said. Last September the Iraqi government promised but failed to provide three battalions. "None of them showed up," he said.

The deployment then was presented as open-ended; a return date was not outlined. There was no monetary incentive like combat pay, and the units did not receive any additional training for the operation.

"You couldn't find a less well-coordinated activity," Gen. Dempsey said. "We learned from it."

Now the soldiers draw an additional $120 on top of their $300 base salary and $100 hazardous-duty pay as soon as they are notified of their deployment. They get two weeks of training in their home station, followed by another two weeks of collective training on a range near Baghdad.

Iraqi Insurgency Hits Home (LAT)

By Said Rifai

The Los Angeles Times, February 14, 2007

DOJ_NMG_0132067

I'm dialing my family home in west Baghdad.

The phone rings, but no one picks up.

I know that someone is living in our house.

But it's not my family.

Last summer, my mother went to Jordan to escape the violence in Iraq. In September, my father followed. I stayed behind. Although I am educated as an architect, I work as an interpreter for The Times.

I don't live in my childhood home, but with my parents gone, I keep an eye on the modest stucco house that was designed by a pioneer of Iraqi postmodernism, Mehdi Hassani.

In early January, I went on an assignment outside Baghdad. When I got back two weeks later, my mother sent me a text message from Jordan, telling me to check on our house. When I called our neighbor, Abu Adil, he told me armed men had come through the neighborhood telling everyone to leave or be "slaughtered."

"Can you ask the Americans to intervene?" he begged.

I could not. The gunmen took over our house, Abu Adil's and others in the neighborhood. A few days later, Abu Adil's 22-year-old son went to his family's house. He argued with the insurgents. They killed him, dumping his body in the street.

When I told my mother what happened, it took awhile for it to sink in. So much blood has been spilled, and we are becoming numb. I asked her not to tell my father, who is bedridden, ill from diabetes. I feared the news might weaken him. I talked to my sister, trying to calm her.

I care less for the house than its contents: my mother's crystal, china and silver cutlery, her $5,000 mink coat — worn only twice. And there are objects with more sentimental value: boxes stuffed with family pictures and 8-millimeter footage of my parents' wedding, 50 years of family history. There are my school yearbooks, academic certificates and awards, swimming and basketball trophies — all would-be kindling for a fire to warm the squatters during these cold winter months.

Where I live now, the landlady was visibly shocked when she heard that our home had been "house-jacked."

"What are you going to do?" she asked.

I contemplated my choices. Should I contact U.S. forces through friends who work for them? The neighborhood is controlled by a notorious Sunni Arab politician who may have sanctioned the takeover. I decided contacting the Americans would be too risky. I didn't want to draw unwanted attention to myself: My father is Sunni but my mother is Shiite. Besides, I fear U.S. troops wouldn't do anything.

I quickly dismissed the idea of alerting Iraqi police. A year and a half ago, attackers invaded our home. They used electricity to torture my parents and youngest brother and stole many valuables. The police didn't do anything then, and it's unlikely they would do anything now.

I decided to contact local Sunni politicians and ask for help. I found a number for someone affiliated with their office. A man told me to call back later but was suddenly unreachable, his phone switched off. After a few days, a friend reached our Sunni contact. He said I should check on the house, but provided no more information.

The thought of visiting the house is disconcerting.

For years, I've had a premonition that one day I would go to my house, searching for the AK-47 I kept hidden near the entrance. In the hallway, I would see someone pointing my weapon at me.

I shook off the thought. But premonitions aside, getting to the house is easier said than done.

In the old days, a driver could traverse Baghdad east to west in 20 minutes. Now the roads are perilous, filled with Iraqi security forces and gunmen of unknown loyalties — all potential killers. No taxi driver wants to travel to my old neighborhood, which is now known as a hot spot for trouble.

My cars are in the shop. Friends offer to let me use their cars, but I fear being pulled over by police in a vehicle that doesn't belong to me.

So I'm stuck with the phone, imagining the gunmen lounging on our couches, using our bathrooms and going through our stuff. I see them sitting in the kitchen, where we used to gather with friends and family.

A few days ago, my landlady's father was kidnapped by Shiite militias. While I was working on arrangements for his ransom and eventual release, Abu Adil called to say that U.S. forces had raided my house. They arrested the gunmen and discovered a car bomb in the garage.

The raid was good news, but the problem was now more complex. I worry that U.S. troops will think my family harbored insurgents. After all, we owned the house.

I fear that the Americans will share their information with Iraqi Interior Ministry officials, who have connections to death squads.

I think the house is empty now.

But who knows?

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I dialed the house again yesterday.

The phone rang, but no one picked up.

U.S. Says Powerful Iraqi Cleric Is Living In Iran (NYT)

By Mark Mazzetti

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The powerful Shiite cleric Moktada al-Sadr has left Iraq and has been living in Iran for the past several weeks, senior Bush administration officials said Tuesday.

With fresh American forces arriving in Baghdad as part of the White House plan to stabilize the capital, officials in Washington suggested that Mr. Sadr might have fled Iraq to avoid being captured or killed during the crackdown.

But officials also said that Mr. Sadr, who has family in Iran, had gone to Tehran in the past and that it was unclear why he had chosen to leave Iraq at this time. Mr. Sadr's departure from Iraq was first reported Tuesday night by ABC News.

Neutralizing the power of Mr. Sadr, whose Mahdi Army has sporadically battled American forces for the past four years, has been a particular concern for American officials as they try to rein in powerful Shiite militias in Baghdad.

With the new American offensive in Baghdad still in its early days, American commanders have focused operations in the eastern part of the city, a predominantly Shiite area that has long been the Mahdi Army's power base.

If Mr. Sadr had indeed fled, his absence would create a vacuum that could allow even more radical elements of the Shiite group to take power.

Last year's election of Nuri Kamal al-Maliki as prime minister enhanced Mr. Sadr's political stature inside Iraq. Mr. Maliki was elected with the backing of a political bloc led by Mr. Sadr.

American and Iraqi officials have said that recent intelligence points to signs of fracturing within the Mahdi Army, and that radical splinter groups who are not under Mr. Sadr's control could be carrying out commando-style raids and assassinations.

Officials have suggested that these splinter groups could be receiving orders from officials in Iran, but have not offered direct evidence to back up their claims.

An aide to Mr. Sadr, reached by telephone on Tuesday night, denied that Mr. Sadr had left Iraq and said that the cleric was planning a televised address in the next several says.

Last week, during a raid in Diyala Province, Iraqi forces killed an aide of Mr. Sadr's who American military officials said had been leading "rogue" elements of the Mahdi Army and fomenting violence against Iraqi civilians and police.

Three days later, Iraqi and American troops arrested the second-highest-ranking official in the Health Ministry, who they said was running a Mahdi Army splinter group and funneling millions of dollars to rogue Shiite militants.

The raids were carried out after Mr. Maliki dropped his protection of Mr. Sadr.

American officials said Tuesday that Mr. Sadr may have seen these operations coming and fled the country to avoid his own arrest.

But military officials in Iraq have also been wary of moving directly against Mr. Sadr, fearing that capturing or killing the militant cleric would further stoke the sectarian violence inside Iraq and turn more Shiites against the Maliki government.

In 2004, American forces arrested several of Mr. Sadr's top aides and shut down a newspaper allied with the Mahdi Army, setting off bloody clashes in eastern Baghdad and the Shiite holy city of Najaf.

The news of Mr. Sadr's departure from Iraq came amid an escalating war of words between the Bush administration and top Iranian officials. In recent days, White House and military officials have accused the Iranian government of supplying Shiite militias with the materials to make deadly roadside bombs.

Iranian officials have denied the charges.

Officials: Cleric Al-Sadr Leaves Iraq, Heads To Iran (USAT)

By David Jackson

USA Today, February 14, 2007

WASHINGTON — Radical Shiite cleric Muqtada al-Sadr has left his base in Iraq for Iran, two Bush administration officials said Tuesday.

The officials, speaking on condition of anonymity because they were discussing intelligence activities, cited the new Iraqi security crackdown as a reason for the departure of al-Sadr, who leads one of the largest ethnic militias in Iraq.

Al-Sadr has strong family ties in Iran. It was unknown whether he was on a personal visit or on business there rather than seeking a safe haven, as suggested by the Bush officials.

The leader of the Mahdi Army, al-Sadr has been an outspoken critic of what he calls the American occupation in Iraq and has repeatedly called for withdrawal of U.S. forces.

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While and he and his followers have been linked to much of the sectarian violence in Iraq, al-Sadr has in recent months engaged in political negotiations.

Meanwhile, Lt. Gen. Abboud Gambar, an Iraqi commander, announced Tuesday that Iraq will close its borders with Syria and Iran for 72 hours as part of an effort to reduce sectarian violence.

During a televised address, Gambar also ordered people living illegally in the homes of displaced Baghdad residents to evacuate them within 15 days.

Officials Linked To Al-Sadr Deny He Fled (AP)

By Qassim Abdul-zahra,

AP, February 14, 2007

Officials linked to Muqtada al-Sadr denied Wednesday that the radical Shiite cleric had fled to Iran ahead of a security crackdown in Baghdad.

An Iraqi government official said al-Sadr was in the Shiite holy city of Najaf Tuesday night, when he received delegates from several government departments. The official, who is familiar with one of those meetings, spoke on condition of anonymity because he has no authority to disclose information on his department's activities.

The denials came after a senior U.S. official said Tuesday that al-Sadr left his Baghdad stronghold some weeks ago and is believed to be in Tehran, where he has family.

The official, who also spoke on condition of anonymity to discuss U.S. monitoring activities, said fractures in al-Sadr's political and militia operations may be part of the reason for his departure. The move is not believed to be permanent, the official said.

A close aide who meets regularly with al-Sadr said the cleric was not in Tehran, claiming that the reports were part of a deliberate policy by his office to spread disinformation about his whereabouts.

An official in al-Sadr's main office in Najaf also said the cleric had decided not to appear publicly during the current month of Muharam, one of four holy months in the Islamic calendar.

"The leader Muqtada al-Sadr is inside Iraq now," he said.

Both officials also declined to be identified because they weren't authorized to disclose the information.

The black turbaned cleric rarely appears in public or announces his movements and his Mahdi Army militia has mostly been keeping a low profile ahead of the security sweep.

Al-Sadr was reportedly going to make a speech on Monday in Najaf to mark the anniversary of the bombing of an important Shiite shrine north of Baghdad, but he did not do so. The anniversary fell on Monday, according to the Islamic lunar calendar.

While the Mahdi Army has its stronghold in the Shiite district of Sadr City in Baghdad, al-Sadr has his headquarters in Najaf, 100 miles south of Baghdad.

Questions Arise About Iran Bomb Claims (AP)

By Pauline Jelinek

AP, February 14, 2007

The Bush administration struggled Tuesday to explain what it knows about alleged Iranian interference in Iraq after the Pentagon's top general appeared to contradict a recently released military dossier on the subject.

At issue was a weekend briefing in Baghdad at which three senior U.S. military officials said that the "highest levels" of the Iranian government had ordered the smuggling into Iraq of high-tech roadside bombs that have been killing American soldiers.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, told reporters in the Indonesian capital, Jakarta, that U.S. forces have arrested Iranians in Iraq and some of the materials used in roadside bombs had been made in Iran.

"That does not translate that the Iranian government per se, for sure, is directly involved in doing this," Pace said.

The assertion of Tehran's involvement, made by U.S. officers who spoke on condition of anonymity Sunday in Baghdad, had already drawn skeptical responses from some lawmakers and other critics still wary of an administration that based the invasion of Iraq on faulty intelligence.

Those doubts increased Tuesday after Pace said the link between the bomb materials and the government had not been definitively proven.

Defense experts said Pace's comments — and the way the dossier had been presented to reporters anonymously — cast doubt on how solid the administration case is against Iran. Some suggested the apparent mixed messages were meant to keep Tehran off guard.

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Michael O'Hanlon, an analyst with the Brookings Institution, a liberal-leaning think tank, called Pace's comments "close to a contradiction" of what briefers said Sunday in Baghdad.

"Obviously, they can talk their way around it ... but these guys are not naive about how words are interpreted, and the guys in Baghdad knew what impression they wanted to leave listeners with," O'Hanlon said.

John Hutson, a retired former Navy judge advocate general and dean of the Franklin Pierce Law School, said, "I think we have to take away from it a huge dose of caution."

"If we have disagreement within the military about the role of the Iranians, we have to proceed very cautiously," he added.

Defense Department spokesman Bryan Whitman said Tuesday he could not explain the apparent contradiction and referred questions to Pace's office and to American forces in Baghdad.

A military official on Pace's staff said the general stands by his comments. The official spoke on condition of anonymity because he was not authorized to speak on the record.

Asked if Pace had vetted the information that went into Sunday's briefing, the official said that Pace was aware of what was going to be presented in Baghdad but that the comment about involvement at the highest levels of Iranian government was not included in the material Pace was given.

Asked in a CNN interview whether he believed Iranians were shipping weapons to Iraq, the top commander in the Middle East said Tuesday he didn't know. "I have no idea who may be actually with hands-on in this stuff, but I do know that this is not helpful to the situation in Iraq," said Navy Adm. William Fallon.

White House spokesman Tony Snow said that he had phoned Pace on Tuesday and that there was no disagreement.

He said Pace agreed with the basic scenario spelled out by U.S. military officials on Sunday and then backed up by the White House — that weapons are moving into Iraq through the Iran's Revolutionary Guards elite Quds Force.

"The Quds Force is, in fact, an official arm of the Iranian government and, as such, the government bears responsibility and accountability for its actions, as you would expect of any sovereign government," Snow told White House reporters.

"I think a lot of people are trying to whomp up a fight here that doesn't exist," Snow said.

U.S. officials have claimed for years that weapons were entering the country from Iran but had stopped short of alleging involvement by top Iranian leaders.

Sunday's briefing had been some time in the making. The administration moved to put together its information after Tehran demanded the United States present evidence of its allegations. Defense officials in Baghdad had first put together a larger dossier, but it was rejected by Defense Secretary Robert Gates and other administration officials who questioned some of the information in it.

"Questions remain, questions have not been answered," said Christopher Preble, an analyst at the CATO Institute, a libertarian research group, also noting the unidentified sources at Sunday's briefing. "At some level, that just seems not very credible to me."

Disputes Emerge On Iran And Roadside Bombs (NYT)

By Mark Mazzetti And Michael R. Gordon

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Bush administration officials, intelligence analysts and some leading Democrats in Congress all agree that a particularly lethal class of roadside bomb is killing American troops at an increasing rate. But fissures have emerged as to whether senior leaders of Iran's government are directly involved in the attacks.

The disagreements have laid bare a fundamental tension in intelligence analysis: how and when to draw firm conclusions from battlefield intelligence about the motivations of foreign leaders.

Based on evidence gathered inside Iraq, American intelligence analysts have concluded that a branch of the Iranian Revolutionary Guard Corps known as the Quds Force is supplying Shiite groups with Iranian-designed weapons, called explosively formed penetrators.

Because the Quds Force, which operates outside Iran, has historically fallen under the command of Iran's senior religious leaders, intelligence agencies have concluded that top leaders in Tehran are directing the attacks. Adding to that view is the assertion by intelligence officials that Iran has been arming and training Shiite militants for several years.

"Based on our understanding of the Iranian system and the history of I.R.G.C. operations, the intelligence community assesses that activity this extensive on the part of the Quds Force would not be conducted without approval from top leaders in Iran," a senior intelligence official said, referring to the Islamic Revolutionary Guard Corps. Intelligence officials have cast this view as an "assessment," a logical inference based on years of studying the Revolutionary Guard.

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But some senior American officials are hesitant to make this deductive leap. Twice during his recent trip through Asia, Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, broke with military officials in Baghdad and said he was not ready to conclude that Iran's top leaders were behind the attacks.

During a stopover in Jakarta, Indonesia, General Pace told reporters that American forces had confirmed that some bomb materials found inside Iraq were made in Iran, but "that does not translate that the Iranian government, per se, for sure, is directly involved in doing this," he said, The Associated Press reported.

There is a larger lesson about the way intelligence analysis is carried out. Intelligence officials say that while forensic analysis can determine how a weapon is engineered and where its components are manufactured, the hardest task they face is discerning the strategy and intent of a hostile government.

Last month, Senator John D. Rockefeller IV of West Virginia, the Democratic chairman of the Senate Intelligence Committee, said during an interview that the United States still had far too few intelligence resources inside Iran to draw any conclusions about the intent of senior Iranian leaders.

Still, American intelligence agencies have concluded that over the past year the Iranian government had adopted a new policy of directly confronting the United States inside Iraq. The policy, officials assess, is aimed partly at raising the cost of American involvement in the Middle East, teaching the Bush administration a lesson about the cost of regime change and putting pressure on American forces to leave.

But another reason, they say, is to dissuade the Bush administration from taking a more confrontational policy toward Tehran by sending a message that Iran can ratchet up the attacks on American forces in Iraq.

The assertion that senior Iranian leaders are linked to roadside bombings in Iraq carries echoes of American assessments of Iran's role in the 1996 bombing of a housing complex in Saudi Arabia, an attack that killed 19 American servicemen.

Government investigators said then that they had collected damning evidence linking Iran to the attack, and in 2001 Attorney General John Ashcroft said that Iranian officials "inspired, supported and supervised members of Saudi Hezbollah" in the attack. But in the end, the American prosecutors stopped short of charging any Iranian officials in the attack.

Regarding the current situation in Iraq, a Pentagon official who supports the allegations of Iranian activity in Iraq sought to dispel the notion that the analysis of American intelligence agencies and the views of the nation's top military officer were fundamentally at odds.

The official said intelligence on the extent of Quds Force activity in Iraq suggested that the Iranian operatives had not been freelancing or conducting rogue operations. But while he said that it was reasonable to assume that the Iranian authorities had been aware of the Quds Force operations, he said it was not clear what level of the Iranian government was involved.

A variety of senior intelligence and military officials have discussed the findings in the past few days, but always on condition of anonymity.

Tony Snow, the White House spokesman, tried to paper over the apparent disagreement on Tuesday. Mr. Snow disclosed that he had called General Pace on the matter and that he and the general were "on the same page" with regard to Iran's role in the roadside bomb attacks in Iraq.

"Do we have a signed piece of paper from Mr. Khamenei or from President Ahmadinejad signing off on this?" Mr. Snow asked, referring to Ayatollah Ali Khamenei, Iran's supreme leader, and Mahmoud Ahmadinejad, Iran's president. "No. But are the Quds Forces part of the army — part of the government? The answer is yes."

General Takes Softer Line On Tehran Role In Attacks (FT)

By Demetri Sevastopulo And John Aglionby

Financial Times, February 14, 2007

The top general in the US military yesterday cast doubt on claims that the Iranian government was sponsoring insurgent attacks on US soldiers in Iraq.

In recent months, the Bush administration has criticised Iran for allegedly supplying militias in Iraq with bomb-making technology used in attacks on US soldiers.

Over the weekend in Baghdad, US military officers presented the US evidence against Iran, which included serial numbers and fragments of so-called "explosively formed projectiles", which are capable of piercing heavily armoured vehicles. The officers asserted that people at the top levels of the Iranian regime were involved in providing the technology, which was responsible for killing more than 170 US soldiers.

But General Peter Pace, the chairman of the joint chiefs, yesterday played down suggestions that Iran had sponsored the attacks. During a visit to Indonesia, Gen Pace said the US had captured some Iranians in operations to find those planting roadside bombs, and that some components of the devices had been made in Iran. But, he said: "That does not translate into that the Iranian government, per se, for sure, is directly involved in doing this.

"What it does mean is that things made in Iran are being used in Iraq to kill coalition soldiers and that some Iranians have been captured in the process of our troops going after the networks that built them."

Gen Pace's comments appear at odds with the White House, which on Monday repeated the line that the Iranian government was involved. Tony Snow, the White House press secretary, said: "There is not a whole lot of freelancing in the Iranian government, especially when it comes to something like that."

While some parts of the Bush administration have been raising the rhetorical pressure on Iran, others appear to be toning down the war of words.

Robert Gates, the defence secretary, said last week in Seville there was "pretty good" evidence that Iran was providing groups in Iraq with bomb-making technology. He also attempted to lower the aggressive tone, stressing that the US had no intention of attacking Iran.

When asked about statements from Iranian supreme leader Ayatollah Ali Khamenei that Tehran would hit back against the US if military action were taken, he brushed the remarks aside as "just another day in the Persian Gulf"

Pentagon Denies Politics Behind Claims Iran Supplying Weapons (USAT)

By Jim Michaels

USA Today, February 14, 2007

BAGHDAD — The U.S. military said Tuesday that its decision to go public with allegations that Iran is providing militants in Iraq with weapons was not politically motivated or orchestrated by the White House.

Maj. Gen. William Caldwell, the U.S. command's top spokesman, said the decision to air the allegations against Iran on Sunday was made by the U.S. military and stemmed from concerns that Iran has been supplying militias with a deadly type of roadside bomb that could pierce thick armor.

"Our decision to publicly release this information was conceived, coordinated, and ultimately decided here at the (U.S. military headquarters in Baghdad)" Caldwell said in an e-mail message.

On Tuesday, Caldwell repeated charges first aired at a Sunday background briefing at which unnamed military officials said Iran was supplying the armor-piercing roadside bombs and other munitions to radical Shiite militias.

Caldwell said the weapons were provided by the al-Quds Brigade, a branch of Iran's Revolutionary Guards. Iran has denied the allegation. "We chose to release the information in response to a clear and growing threat to our forces here in Iraq," Caldwell said.

The timing of the briefing has drawn criticism from some Democrats, who say the Bush administration is attempting to hype the Iranian threat. The Bush administration was widely criticized after the U.S.-led invasion of Iraq for flawed intelligence that alleged Saddam Hussein had weapons of mass destruction.

"I am deeply troubled by this administration's escalating rhetoric against Iran, especially intelligence from unnamed officials that is not fully documented," Sen. Chris Dodd, D-Conn., said in a statement Tuesday. "It is frighteningly reminiscent of the pattern we saw in the drumbeat that led to the war with Iraq."

White House spokesman Tony Snow denied the administration was using the briefing to bolster arguments for attacking Iran. "I don't know how much clearer we can be: We're not getting ready for war in Iran," he said. "But what we are doing is, we're protecting our own people."

Judith Yaphe, a Middle East expert at the National Defense University, said the Bush administration is raising these charges now to shore up political support for its decision to send an additional 21,500 U.S. troops to Iraq. "They need to shift the public debate from the issue of the surge and spread the blame" for the spreading chaos, she said.

Caldwell defended the timing of the briefing. The armor-piercing roadside bombs, called explosively formed penetrators, or EFPs, first surfaced in Iraq in 2004, but he said the problem became acute recently. "In spite of our best efforts militarily and diplomatically, in the last few months we have actually seen a dramatic increase in employment of these devices against our forces," he said.

Iranian President Mahmoud Ahmadinejad denied Monday that Tehran is providing militias with high-powered weapons. "The U.S. administration and Bush are used to accusing others," he said in an interview with ABC's Good Morning America.

At the briefing Sunday, the U.S. military said the EFPs have killed 170 American and coalition troops in Iraq.

The military produced mortar rounds and other munitions that it said had been produced in Iran as recently as last year.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the evidence is not conclusive about direct Iranian government involvement. "That does not translate that the Iranian government per se, for sure, is directly involved in doing this," Pace said. "What it does say is that things made in Iran are being used in Iraq to kill coalition soldiers."

US Aim In Prodding Iran: Negotiation? (CSM)

DOJ_NMG_0132073

By Peter Grier
The Christian Science Monitor, February 14, 2007
WASHINGTON

The US may be trying to achieve a difficult balance regarding Iran: pushing the Iranians hard enough so they will negotiate over their nuclear program, yet not so hard as to increase tensions in a part of the world that's already aflame.

That's the conclusion some experts draw from the recent US attempt to lay out evidence that officials say links Iran to attacks against US troops in Iraq.

For weeks the White House had promised that it would present proof that Tehran is meddling in Iraq by providing arms and training to Shiite militias. Yet when the presentation came, it was somewhat low-key. It took place in Baghdad, not Washington. It focused almost entirely on a type of dangerous roadside bomb that Iran is allegedly supplying to its Iraqi allies.

Washington "is not claiming this is decisive, and they're not blaming the [Iraqi] insurgency on Iran," says George Perkovich, a nuclear nonproliferation scholar at the Carnegie Endowment for International Peace. "This is part of a bigger diplomatic strategy, which is genuinely designed to try to put more pressure on Iran so it will want to negotiate, and will be more forthcoming when it does."

The presentation last weekend involved three US officials who briefed reporters on the condition they not be identified. They said that since June 2004, more than 170 US troops have been killed by a special type of bomb called an "explosively formed projectile."

These weapons are capable of blowing a hole in a heavily armored M-1 Abrams tank, according to the officials. US intelligence believes the bombs are made in Iran and that they are smuggled into Iraq by rogue elements of the Shiite Mahdi Army.

The smuggling routes pass through the Iranian border city of Meran, Amareh, Iraq, and the southern Iraqi region around Basra, according to the officials.

Officials at the Baghdad briefing claimed these deliveries are sanctioned by the highest levels of the Iranian government. However, on Tuesday the top US uniformed military officer said that he was not sure that Iranian leaders were behind the shipments.

"That does not translate that the Iranian government per se, for sure, is directly involved in doing this," said Gen. Peter Pace, chairman of the Joint Chiefs of Staff in comments to reporters while traveling in Indonesia. "What it does say is that things made in Iran are being used in Iraq to kill coalition soldiers."

Critics of the administration's policies in the region generally were unconvinced by the evidence that Iran is playing a substantial role in the Iraq conflict.

That Iranian weapons are found in Iraq is unsurprising, some said. After all, Iran is next door to a hot war, has longstanding ties with some of the combatants, and fears a collapse of the government of Prime Minister Nouri al-Maliki as much as does the US.

But establishing the complicity of Iranian leaders such as President Mahmoud Ahmadinejad or Ayatollah Ali Khamenei, Iran's supreme leader, is another matter.

"Some of it is true," says Vali Nasr, a professor at the Naval Postgraduate School and author of a new book on the Shiite revival, of the US allegations.

Considering the scale of the violence in Iraq, however, Iranian involvement might be considered something of a sideshow, in military terms, says Mr. Nasr.

"Where do the weapons that bring down the US helicopters come from?" he asks. "Not Iran."

Iranian aid surely is not a decisive issue in Iraq, agrees Mr. Perkovich. Even if Iran did not exist, the violence in Iraq would be much the same as it is today.

Nor are the US allegations part of a plan to justify the administration's refusal to enter into talks with Iran over Iraq's future, according to Perkovich. The recent report of the Iraq Study Group suggested that the White House open talks with Iran and Syria as a way to quell the violence.

Not that the Iranians necessarily want to talk to the US about Iraq.

"The Iranians may not want to work with us on Iraq," says Perkovich. "If they negotiate, they will get pushed to make things better, and they know they don't have too much control there."

Instead, the US presentation of evidence perhaps should be seen as part of the larger effort by Washington to manage its relations with Tehran, especially in light of Iran's apparent intention to press ahead with a uranium- enrichment program.

"This is all about pushing back on the Iranians, shining light on them in ways that can engender debate in Tehran," says Perkovich.

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Reportedly, the evidence presented over the weekend represented a pared-down version of a military briefing that details allegations of wider Iranian activities inside Iraq's borders.

Mindful of charges that intelligence about Iraq's alleged weapons of mass destruction was inflated for political reasons prior to the Iraq war, the administration may have decided that a low-key approach was the best way to go.

"We're not getting ready for war in Iran, but what we are doing is we're protecting our own people," said White House spokesman Tony Snow on Monday.

2003 Memo Says Iranian Leaders Backed Talks (WP)

By Glenn Kessler

The Washington Post, February 14, 2007

The Swiss ambassador to Iran informed U.S. officials in 2003 that an Iranian proposal for comprehensive talks with the United States had been reviewed and approved by Iran's supreme religious leader, Ayatollah Ali Khamenei; then-President Mohammad Khatami; and then-Foreign Minister Kamal Kharrazi, according to a copy of the cover letter to the Iranian document.

"I got the clear impression that there is a strong will of the regime to tackle the problem with the U.S. now and to try it with this initiative," Tim Guldimann, the ambassador, wrote in a cover letter that was faxed to the State Department on May 4, 2003. Guldimann attached a one-page Iranian document labeled "Roadmap" that listed U.S. and Iranian aims for potential negotiations, putting on the table such issues as an end to Iran's support for anti-Israeli militants, action against terrorist groups on Iranian soil and acceptance of Israel's right to exist.

The cover letter, which had not been previously disclosed, was provided by a source who felt its contents were mischaracterized by State Department officials. Switzerland serves as a diplomatic channel for communications between Tehran and Washington because the two countries broke off relations after the 1979 seizure of U.S. Embassy personnel.

Guldimann's two-page fax prompted a debate among foreign policy professionals on whether the Bush administration missed an opportunity four years ago to strike a "grand bargain" with Iran at a time when Washington appeared at the height of its power after the invasion of Iraq and Iran had not mastered uranium enrichment. Secretary of State Condoleezza Rice was questioned about the document on Capitol Hill last week. She said she did not recall seeing it when she was national security adviser. "I just don't remember ever seeing any such thing," she said.

Former deputy secretary of state Richard L. Armitage is quoted in this week's issue of Newsweek saying that the administration "couldn't determine what was the Iranians' and what was the Swiss ambassador's" in the proposal, adding that his impression at the time was that the Iranians "were trying to put too much on the table" for effective negotiations. Guldimann wrote that he had several long discussions with Sadegh Kharrazi, Iran's ambassador to France -- and also nephew to the foreign minister and brother-in-law to Khamenei's son. According to Guldimann, Sadegh Kharrazi reported going "through every word of this paper" with Khamenei, Khatami and the foreign minister. "The question is dealt with in high secrecy. Therefore no one else has been informed," Kharrazi added.

The supreme leader had reservations on some points but agreed with 85 to 90 percent of the road map, and "everything can be negotiated," Kharrazi said, noting any reservations could be discussed at the first bilateral meeting. Kharrazi added: "There is a clear interest to tackle the problem of our relations with the U.S. I told them, this is a golden opportunity." Guldimann noted that the "lack of trust in the U.S. imposes them to proceed very carefully and very confidentially." Kharrazi proposed that Armitage represent the United States at the first meeting because he had made positive comments on Iranian democracy. Guldimann reported that he thought that was impossible, and he told Kharrazi that the Iranians should aim for a lower-level official.

"This document did not come through official channels but rather was a creative exercise on the part of the Swiss ambassador," State Department spokesman Tom Casey said yesterday. "The last 30 years are filled with examples of individuals claiming to represent Iranian views. We have offered to Iran a chance to sit across the table from us and discuss their nuclear issue and anything else they would like, should they simply, verifiably suspend their uranium-enrichment activities."

Iran President Tones Down Israel Attack (AP)

AP, February 14, 2007

Iranian President Mahmoud Ahmadinejad, toning down verbal attacks on Israel, said in an interview that aired Tuesday that Palestinians should be allowed to determine a resolution to the conflict with the Jewish state.

Ahmadinejad's comments were the latest in which the hard-line leader has sought to show a relatively more moderate face toward the West, including over Iran's controversial nuclear program.

In the interview with ABC's "Good Morning America," Ahmadinejad was asked if he stuck by his past calls for Israel to be "wiped off the face of the map."

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Ahmadinejad stopped short of addressing whether Iran would recognize Israel but said any decision the Palestinians make should be respected.

"We say that based on the charter of the U.N., we say that based on the current international regulations, let Palestinians decide," Ahmadinejad said, according to ABC's translation of his Farsi comments.

Israeli Foreign Ministry spokesman Mark Regev said he though Ahmadinejad was being "disengenous."

"Iran gives support to the most extremist and anti-peace of Palestinian groups; Islamic Jihad, Hamas and others, and has made every attempt to destabilize the situation and encourage violence," Regev said.

Ahmadinejad has taken a less confrontational tone in recent days at a time when the United States has sharply stepped up its pressure on Iran, increasing its military presence in the Gulf and accusing Iran of providing sophisticated explosives to militants in Iraq.

The hard-line Iranian leader also has come under pressure at home where reformists and fellow conservatives have criticized his diplomacy tactics, saying he spends too much time slamming the West and not enough on domestic problems including Iran's slumping economy.

In December, Ahmadinejad's rivals nearly swept local municipal elections, which were widely seen as a referendum on his support.

Ahmadinejad raised outrage in the West when he said in an October 2005 speech that Israel's "Zionist regime should be wiped off the map." Supporters of the president and some independent analysts have argued recently that his words were mistranslated from the Farsi — they argue it is better translated "vanish from the pages of time," implying it would vanish on its own rather be destroyed.

In the ABC interview, Ahmadinejad compared Israel to the Soviet Union, saying, "What happened to the former Soviet Union? It disappeared, disappeared from the face of the Earth. Was it because of war? No. It was through the decision of the people."

Tough Questions We Were Right To Ask (WP)

By Douglas J. Feith

The Washington Post, February 14, 2007

Promoters of the "Bush Lied, People Died" line claim that the recent Pentagon inspector general's report concerning my former office's work on Iraq intelligence supports their cause. What the IG actually said is a different story.

The IG, Thomas Gimble, focused on a single Pentagon briefing from 2002 -- a critique of the CIA's work on the Iraq-al-Qaeda relationship. His report concluded that the work my office generated was entirely lawful and authorized, and that Sen. Carl Levin was wrong to allege that we misled Congress.

Gimble made Levin happy, however, by calling the Pentagon briefing "inappropriate," a word the senator has whipped into a political lather. At issue is a simple but critical question: whether policy officials should be free to raise questions about CIA work. In Gimble's opinion, apparently, the answer is no. I disagree.

The CIA has a hard job. Some of its work has been good; some has been famously and disastrously bad, as everyone familiar with the Iraqi weapons of mass destruction fiasco knows. Intelligence is inherently sketchy and speculative -- and historically often wrong. It is improved when policy officials freely probe and challenge it.

In evaluating our policy toward Iraq after Sept. 11, 2001, my office realized that CIA analysts were suppressing some of their information. They excluded reports conflicting with their favored theory: that the secular Iraqi Baathist regime would not cooperate with al-Qaeda jihadists. (We now face a strategic alliance of jihadists and former Baathists in Iraq.) Pentagon officials did not buy that theory, and in 2002 they gave a briefing that reflected their skepticism. Their aim was not to enthrone a different theory, but to urge the CIA not to exclude any relevant information from what it provided to policymakers. Only four top-level government officials received the briefing: Donald Rumsfeld, George Tenet, and (together) Stephen Hadley and I. Lewis "Scooter" Libby.

A 2004 Senate intelligence committee report praised the quality of the Pentagon's Iraq-al-Qaeda work -- the critical briefing and the related Pentagon-CIA dialogue. The policy officials "played by [intelligence community] rules" and asked questions that "actually improved the Central Intelligence Agency's products," it said. Levin and Sen. Jay Rockefeller both endorsed that judgment.

The recent inspector general's report argues that policy officials "undercut" the CIA by pointing out " 'fundamental problems' with the way the Intelligence Community was assessing information" on the issue of Iraq-al-Qaeda relations -- even though Gimble last week said at a Senate hearing: "Again, I need to just remind everyone, we didn't make an assessment on the validity of either side of this issue." He labeled the Pentagon briefing "inappropriate" not because of any errors in it but because he

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viewed it as an "intelligence activity" that "varied" from "the intelligence community consensus." The Pentagon officials told the IG, however, that the briefing was a policy activity -- a critique of an intelligence product.

If this report hadn't become part of a political battle, Gimble's position would be scoffed at across the political spectrum. Sensible people recognize the importance of vigorous questioning of intelligence by the CIA's "customers." In bipartisan, unanimous reports on Iraq intelligence, both the Senate intelligence committee and the Silberman-Robb WMD commission called for more such questioning.

Specifically on the Pentagon's criticism of Iraq-al-Qaeda intelligence, the 2004 Senate report noted that our challenges were helpful: Intelligence analysts "stated that the questions had forced them to go back and review the intelligence reporting, and that during this exercise they came across information they had overlooked in initial readings."

In his Senate testimony, Gimble said his report -- and therefore all related claims that my office "manipulated intelligence" -- concerned only this single briefing. His whole argument rests on the claim that the briefing was "disseminated" as "an intelligence product" rather than a policy product. But he acknowledged that neither Rumsfeld nor Tenet could have mistaken the briefers for intelligence community spokesmen. His objections applied solely to the briefing that Hadley and Libby received in September 2002.

Astonishingly, the IG acknowledged that his office had not interviewed either of these officials to ask whether they thought the briefing was an intelligence product. Knowing well that the briefers worked for me, neither could have believed that Pentagon policy officials were speaking for the intelligence community. One of the briefing slides was "Fundamental Problems With How the Intelligence Community Is Assessing Information." Gimble had no basis to say the briefing was seen as an intelligence activity.

In his report, Gimble wrote that the Pentagon briefing was not the "most accurate analysis of intelligence." This has been taken to suggest it was false or deceptive. But the IG said he meant only that the briefing was at "variance with the consensus of the Intelligence Community." Of course it was at variance! It was a critique. That's why it was prepared in the first place.

Gimble's characterization is absurdly circular. Cheered on by the chairmen of the Senate intelligence and armed services committees, he is giving bad advice based on incomplete fact-finding and poor logic. He is discouraging tough questioning of intelligence. Our government needs more such questioning, not less.

The author was undersecretary of defense for policy from July 2001 until August 2005.

Al-Qaeda's Deputy Says Bush Bet On Iraq And Lost (WP/AP)

The Washington Post, February 14, 2007

CAIRO, Feb. 13 -- Al-Qaeda's deputy leader said President Bush was an alcoholic and a lying gambler who wagered on Iraq and lost, according to a new audiotape released Tuesday by a U.S. group that tracks extremist messages.

"Bush suffers from an addictive personality and was an alcoholic," Ayman al-Zawahiri said in the audiotape, a transcript of which was released by the Washington-based SITE Institute. "I don't know his present condition . . . but the one who examines his personality finds that he is addicted to two other faults -- lying and gambling."

Bush, 60, has acknowledged he had a problem with drinking but said he gave up alcohol when he was 40.

On the tape, Zawahiri said Bush has gone down in history as one of the world's "most notorious liars."

It was the fourth message by Osama bin Laden's deputy since the beginning of the year. The last was on Jan. 22, when he mocked Bush's plan to send an additional 21,500 troops to Iraq.

More Iraqi Refugees Are Headed To U.S. (NYT)

By Rachel L. Swarns And Katherine Zoepf

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Moving to address the flood of refugees fleeing war-torn Iraq, the Bush administration and the United Nations have developed a plan that would bring several thousand of them to the United States over the next 10 months, officials familiar with discussions of the plan say.

Under the plan, which is expected to be formally unveiled this week, the United Nations began its first large-scale screening this month of Iraqis who have fled to Syria and Jordan since the American-led invasion of Iraq in 2003. It hopes to register 135,000 to 200,000 of them to determine which Iraqis have fled persecution at home and would be eligible for refugee status.

The United Nations expects 13,000 to 20,000 Iraqis to be deemed eligible for resettlement abroad. The United States hopes to resettle at least 5,000 of that group this year, with the first arriving in late spring or summer. United Nations and Bush administration officials emphasize that those figures may change if conditions change in Iraq and neighboring countries.

Advocates for the refugees welcomed the plan but said too few people would be helped.

The Bush administration has recently moved to blunt sharp criticism from American lawmakers and advocates for refugee who have said it has failed to provide a haven for Iraqis fleeing the war.

Last week, the State Department announced the creation of a task force to coordinate efforts to resettle Iraqi refugees in the United States and to help those living elsewhere.

On Wednesday, Secretary of State Condoleezza Rice is expected to meet with António Guterres, the United Nations high commissioner for refugees, to discuss the Iraqi refugee crisis.

Mr. Guterres and Paula J. Dobriansky, the under secretary of state for democracy and global affairs, are expected to outline the refugee plan this week at a news conference here. The officials who described the plan on Tuesday spoke on the condition of anonymity because they did not want to pre-empt the conference.

Mr. Guterres, when he was in Syria last week to assess the refugee crisis, told reporters that it was time "to clearly change the way the international community is handling this problem."

He called it "a humanitarian cause that must mobilize us all."

The United Nations estimates that two million Iraqis have fled the country and that 1.7 million are displaced in Iraq. Of those, roughly 500,000 have been displaced since February 2006, with 40,000 to 50,000 additional Iraqis fleeing their homes each month.

The United States, however, has admitted only 466 Iraqi refugees since the invasion.

The first Iraqi refugees to arrive in the United States under the new plan are likely to come from Turkey; most of them fled Iraq under Saddam Hussein. The second group is expected to come from Syria, followed by others from Jordan. They are expected to include Iraqis who have been identified for retribution for working with American authorities.

"It's a step we welcome," Kristele Younes, an advocate for Refugees International, said of the new plan. "But the numbers remain low compared to what the needs are."

Senator Edward M. Kennedy, Democrat of Massachusetts, echoed those concerns, warning that the United States "can no longer ignore the plight of Iraqi refugees."

Mr. Kennedy, who convened a Senate hearing on the issue last month, said, "We can't solve the problem alone, but we obviously bear a heavy responsibility for the crisis."

In Damascus, Syria, where the United Nations began registering displaced Iraqis this month, more than 5,000 people lined up this week to apply for refugee status, officials said.

Until recently, Iraqis have been allowed to enter Syria freely. But in January, Iraqi refugees living in Syria said, the country began requiring entering Iraqis to obtain 15-day visitor visas, which may then be exchanged for three-month visas that may be renewed only once.

Though the Syrian government has made no public statement confirming the new measures, Iraqis have flocked to register for official refugee status, fearful that they may soon be sent home.

The United Nations, which has appealed for $60 million to help displaced Iraqis, has set up three telephone numbers for a hot line for Iraqis who face deportation from Syria. It plans to send more workers to the region and to open additional registration sites in Syria and Jordan to meet the demand.

But those efforts have yet to ease the anxieties of many frantic families.

Dozens of Iraqis gathered at the Sheraton Hotel in Damascus, where Mr. Guterres addressed reporters on Friday. As reporters began leaving, several Iraqis burst into the briefing room, shouting that they had a message for the United Nations.

Sami al-Hashim, an engineer from Baghdad, held his 2-year-old son, Abdul Rahman, as he shouted at the United Nations employees and journalists to "look at this example of an Iraqi refugee in Syria."

As Mr. Guterres left the stage, Mr. Hashim, 49, seemed to fight back tears.

"I heard that the head of the U.N. would be here today, and I wanted to give him a message," he said. "I have 10 children, and I don't know what to do. If they send us back to Iraq, we will all be killed."

To Root Out Taliban, Pakistan To Expel 2.4 Million Afghans (CSM)

By David Montero

The Christian Science Monitor, February 14, 2007

JALOZAI, PAKISTAN

Like more than 100,000 Afghans, Maulana Mohammed Afzal has lived in the mud-baked lanes of this refugee camp ever since he fled war-ravaged Afghanistan 26 years ago. The camp is home for his family, but Pakistan's government says it's a threat to national security.

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In its most recent effort to clamp down on Taliban activity within its borders, Pakistan has announced that all 2.4 million Afghan refugees, most living in camps, must return home by 2009. This and three other camps near the Afghan border, which together hold 230,000 refugees, are scheduled to be closed by the end of August.

"The problem of cross-border militancy is closely related to the presence of ... Afghan refugees in Pakistan," Munir Akram, Pakistan's Permanent Representative to the United Nations, wrote recently to the UN Security Council. "These camps have often given rise to complaints that they provide shelter to undesirable elements and Taliban."

Many disagree, however, saying Pakistan's Afghan refugees, most of whom are Pashtun and share the same tribal ethnicity as the Taliban movement, are only being made a scapegoat.

The debate comes as Robert Gates, in his first visit to Pakistan as US secretary of Defense, met with President Musharraf in Islamabad this week to discuss the Taliban's expected spring offensive in Afghanistan.

As pressure mounts on Pakistan, analysts say the fate of the Afghan refugee community – the world's largest – is an important piece in the puzzle of regional militancy. Simply shifting them across the border could flame tensions.

"[T]he Afghan government is not capable ... of providing for their rehabilitation. It will be a source of more conflict inside Afghanistan," says Aimal Khan, a political analyst at the Sustainable Development Policy Institute in Islamabad, which recently completed a study of Afghan refugees.

Violence draws new attention

Set against such a backdrop, a recent burst of violence radiating from Pakistan's tribal zone, including two attacks in the capital, Islamabad, has placed renewed attention on refugee camps as potential hotbeds, though no Afghan suspects have been identified.

The Jalozai camp, 18 miles from Peshawar in northwestern Pakistan, looks like a small, bustling city, with a mile-long bazaar offering a wealth of goods. But a cloud of controversy hangs over its dirt lanes. According to Western media reports, the camp has incubated several high-profile terrorists, including Ramzi Yousef, the mastermind of the first attacks on the World Trade Center in 1993, and Khalid Sheikh Mohammed, the mastermind of the 9/11 attacks. FBI agents raided the camp in October 2002, arresting four Afghans they said were connected to Al-Qaeda.

Today Jalozai and other refugee camps, which are spread throughout the Northwest Frontier Province and Balochistan, help fuel the Taliban resurgence, the government says.

Repatriation could create new issues

Closing down the camps may ease the building pressure on Pakistan to combat militancy within its borders, but observers say the move could cause more problems than it solves.

An exodus of poor Afghans is likely to exacerbate existing social and economic problems inside Afghanistan. Moreover, refugees without a home or means to support themselves could fall in with the Taliban, either out of resentment or a practical need to survive.

"They're made a scapegoat," says Behroz Khan, a prominent journalist in Peshawar. "If these families are sent back by force ... these people will turn toward those forces that are against Pakistan."

Some 2.8 million Afghans have already voluntarily repatriated since 2002. Those who remain in camps feel they would be vulnerable if they return to Afghanistan, mostly because they are without land or shelter.

"I want to stay here. The government [in Afghanistan] is not in a favorable position. We have no residence in Afghanistan," says Mr. Afzal, originally from Kunduz Province in Afghanistan.

Better life in camps than back home

While conditions are poor in the Jalozai camp, many Afghans live better here than they would in Afghanistan, with well-built mud houses and well-kept schools. UNHCR, the UN refugee agency, provides mobile health-care centers and water, amenities they may lack in a land many of them barely know.

Whether the largely Pashtun refugee population stays or goes, many in Washington say that assisting them is crucial in stemming the tide of Taliban militancy.

"[W]e need programs that address the grievances, the aspirations of the Pashtun population on both sides of that border," James Dobbins, an analyst at the RAND Corporation, told a recent Congressional hearing about Afghanistan's security.

Last week, a tripartite meeting of officials from Pakistan, Afghanistan, and UNHCR decided that refugees in the four camps scheduled to be closed this year will be given a choice: either to repatriate with assistance from UNHCR or to move to other camps that will remain open until 2009. In addition, more than 2 million Afghans recently registered with the government under a UNHCR program, granting them temporary resident status in Pakistan for three years.

Finding a solution to the problem is likely to be difficult, observers agree. Pakistan is not a signatory to the UN's 1951 Refugee Convention or its subsequent protocols, meaning there is no clear-cut policy on how to handle refugees here.

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Many hope alternative solutions can be agreed upon. "We believe there should be a number of options. We have to look at ... how to address those who can't go home," says Vivian Tan, UNHCR's senior regional public information officer in Islamabad.

Afghanistan, The Forgotten War (POL)

By Ryan Grim

The Politico, February 14, 2007

At Tuesday's Armed Services Committee hearing, even the Code Pink protesters seemed less than transfixed by America's other war. And with almost no press to watch them protest, who can blame them?

As the House spent most of its energy debating the resolution condemning President Bush's troop surge plan for Iraq, the House Armed Service Committee's hearing on the war in Afghanistan drew only the weakest of spotlights.

Yet the speakers were no collection of mid-level bureaucrats or professors. The star witness was Gen. Karl Eikenberry, the outgoing commander of all NATO troops in Afghanistan.

At 10 a.m., as the hearing was set to begin, the only member of the media on hand to hear Eikenberry was a camera guy from CNN doing a pool report. A reporter from Talk Radio News Service had signed the press sheet as well but was nowhere to be seen.

And even that small klatch of reporters seemed to be more than the committee could handle. Lara Battles, an Armed Services Committee spokeswoman, asked the pool reporter to move to make room for the public. "I thought I was the public," he said, sounding miffed. "I'll have to call the pool office and tell them we won't have audio." Battles shrugged.

Asked how much press she was expecting for the hearing, Battles she said she wasn't sure. "I haven't spoken to anyone," she said.

Instead, the media area was mostly populated by Frazer and Brenda Dealy, the proud parents of committee staffer Lauren Dealy. "We haven't been to one of these since she's been in the majority," confided Brenda Frazer.

Committee Chairman Ike Skelton, D-Mo., began by blaming the light turnout of committee members on the snow that had begun to fall. He then gave the microphone to the ranking member, Rep. Duncan Hunter, R-Calif. "This is an excellent hearing, very timely," he said, though the timing couldn't be worse.

Hunter followed with his own plan for success in Afghanistan: replacing poppy crops with orchards. "It would make sense if you have an almond crop or a pecan crop," said Hunter. "Farmers are going to be much less likely to chain saw their trees to plant poppies."

After wrapping up with the suggestion that State Department and U.S. Agency for International Development employees be swapped for agricultural experts, he asked Skelton for a few more minutes to address the two protesters near the door.

"At the last hearing," when Defense Secretary Robert Gates testified, Hunter said, "some of the folks who don't like the Iraq program were standing and whispering derogatory comments while (Gates) testified … I would ask our guests -- all of our guests -- to be seated. It's proper decorum."

A tall young person with a pink headband and long blond hair and a shorter, middle-aged woman in a T-shirt stared back at him, refusing to sit. Security spoke to them but allowed them to stay on their feet.

Early in the hearing, the pair turned their backs on the committee, causing Skelton to scold them. "The chair is tolerant," he said, tolerating their presence as long as they'd face forward. Unless they did so, he said, they'd get the boot. "Do you understand?"

The woman nodded. By 10:40, though, the two seemed to lose interest and took turns sitting in the chair. By shortly after 11, they were both gone.

With the prospect of excitement over, the buzzer signaling four upcoming votes sounded. Skelton passed the gavel to Rep. Jim Marshall, D-Ga., who adjourned the meeting a few minutes later.

"I think Mr. Skelton intends that we get back together," said Marshall, unsure. "I don't know how many people will be coming back," he added.

Gen. Eikenberry, lingering in the empty room, said he wasn't sure why the hearing had gotten so little attention. "You'll have to ask your media colleagues why they're not here," he said.

General Warns Of Perils In Afghanistan (WP)

By Ann Scott Tyson

The Washington Post, February 14, 2007

A senior U.S. military commander urged Pakistan yesterday to crack down on an entrenched network of senior Taliban and al-Qaeda leaders, training camps and recruiting grounds -- a sanctuary from which fighters have tripled cross-border attacks since September and are preparing an anticipated major spring offensive in southern and eastern Afghanistan.

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Army Lt. Gen. Karl W. Eikenberry, the outgoing top U.S. commander in Afghanistan, also warned that an even greater threat than the resurgent Taliban is the possibility that the government of President Hamid Karzai will suffer an irreversible loss of legitimacy among the Afghan population.

In response to the rising security threats, the Pentagon is expected to announce soon that it will keep U.S. troop levels in Afghanistan at a minimum of 27,000 into 2008, extending a temporary increase of 3,200 combat troops ordered last month.

"Al-Qaeda and Taliban leadership presence inside of Pakistan remains a very significant problem," Eikenberry testified before the House Armed Services Committee, warning of the "growing threat of Talibanization" inside Pakistan.

"A steady, direct attack against the command and control in Pakistan in sanctuary areas is essential for us to achieve success," Eikenberry said, joining other U.S. officials in publicly pressuring the Islamabad government to crack down on the safe havens in its frontier regions.

Taliban forces in Pakistan's North Waziristan have staged mass attacks on U.S. border camps, including a strike in recent days that saw the U.S. military respond with artillery fire into Pakistan.

Eikenberry, who has spent two of the past four years in Afghanistan, offered a forthright assessment not only of the progress in the Central Asian nation but also of the stark challenges ahead.

"The long-term threat to campaign success . . . is the potential irretrievable loss of legitimacy of the government of Afghanistan," he said.

"The accumulated effects of violent terrorist insurgent attacks, corruption, insufficient social resources and growing income disparities, all overlaid by a major international presence, are taking their toll on Afghan government legitimacy," he said. "A point could be reached at which the government of Afghanistan becomes irrelevant to its people, and the goal of establishing a democratic, moderate, self-sustaining state could be lost forever."

A critical question, Eikenberry said, is whether the Afghan government is "winning." "In several critical areas -- corruption, justice, law enforcement and counter-narcotics -- it is not," he said. He called Afghan government institutions "extraordinarily weak."

Greater U.S. and international efforts are urgently needed to build a court and corrections system in Afghanistan, and to strengthen efforts to train an Afghanistan police force, which he said is "several years behind" compared with the development of the Afghan army. The Pentagon is seeking $5.9 billion this year and $2.7 billion in 2008 to build up Afghan security forces, including the police.

Eikenberry stressed that Taliban forces -- though making gains in relatively lawless regions of southern Afghanistan, which had few coalition troops until last summer -- have not been able to retake areas where the Afghan government and security forces have established a presence.

The decision to dispatch more U.S. forces is intended to bolster NATO's total contingent of 36,000 troops and to allow NATO to go on the offensive against a resurgent Taliban, Eikenberry said. NATO, which now has military oversight over all of Afghanistan, has provided only about 85 to 90 percent of the promised troops and other resources, and it faces shortages of infantry, military intelligence, helicopters and fixed-wing aircraft, Eikenberry said. "NATO must do more," Mary Beth Long, principal deputy assistant secretary of defense for international security, testified in the same House hearing.

The Taliban resurgence has been supported by a strengthened command-and-control structure that moved across the border into Pakistan after U.S. forces toppled the Taliban government in 2001. Today, Eikenberry said, senior Taliban leaders from the ousted regime are collaborating with al-Qaeda leaders, as well as with other groups led by the warlord Gulbuddin Hekmatyar and the Haqqani clan of an ethnically Pashtun tribe.

The United States is "terribly concerned" about the Taliban and al-Qaeda leadership in Quetta, Pakistan, and other regions that direct attacks, conduct training in camps with the help of foreign fighters, and recruit from Islamic schools known as madrassas. "Action against those will be needed," Long said.

Pakistan's government in September struck a peace agreement that halted military raids in North Waziristan's Federally Administered Tribal Areas, but since then the number of cross-border attacks has as much as tripled, Eikenberry said. "There've been problems with" the agreement, he said.

Taliban Commander Vows Biggest Ever Offensive In Afghanistan (AFP)

AFP, February 14, 2007

A purported Taliban commander has said the militia is ready for its "biggest ever" offensive in Afghanistan this year, while a boosted NATO-led force says it also plans significant operations.

The first weeks of 2007 have already seen intense fighting, mainly in the southern province of Helmand where the Taliban have held a small town for a fortnight, and the year is shaping up to be as violent as 2006 -- the worst in the insurgency.

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A man claiming to be a Taliban commander in Helmand told AFP Tuesday he had up to 10,000 men ready for action once spring arrives in March.

"We will launch a very big offensive -- the biggest ever seen -- this spring," Mullah Abdul Rahim told AFP in a telephone interview.

"Our troops are ready to go after the enemy. They are waiting for the spring (and) the leaves to appear on the trees," he said in a telephone interview arranged by Taliban spokesman Yousuf Ahmadi.

"We have between 8,000 to 10,000 armed men. They're awaiting orders to launch the attack."

His role in the Islamist militia and his claims could not be independently verified.

The NATO-led International Security Assistance Force (ISAF) has scoffed at such talk, labelling it rhetoric and propaganda, but the US military has warned this year's Taliban "spring offensive" could be particularly intense.

US Defense Secretary Robert Gates visited Pakistan on Monday to seek support for military activity on the Afghan border in coming months, saying that Pakistani and international forces have a "real opportunity this spring."

The 37-nation ISAF, which came under the command of a US general two weeks ago, is making its own plans, spokesman Colonel Tom Collins told AFP Tuesday.

"In the coming months, ISAF will conduct significant operations as part of a continued offensive to extend the writ of government and facilitate reconstruction and development," he said.

The previous ISAF chief, British General David Richards, said before his departure the "conditions have been set" for a decisive push this year against Taliban rebels, said to be backed by extremists in Pakistan.

This included promoting reconstruction in the insurgency-hit areas of the south to win over local support in what ISAF has called a "winter offensive."

Winter has also seen the establishment of an Afghan, ISAF and Pakistan intelligence-sharing centre in Kabul and the training of nearly 3,400 "auxiliary police" to support their regular colleagues.

ISAF has meanwhile swollen to more than 35,000 troops, with the United States extending the tour of duty of about 3,500 soldiers for more than four months, and it is putting in place the first "rapid reaction unit."

"I think we will have what we need this year not just to contain it but to deal with it very aggressively," US ambassador Ronald Neumann told AFP Tuesday, adding though that he expected "very hard fighting this year."

The effort could be maintained even if NATO countries ignored pleas to send more troops to the force, he said. NATO's military command has said ISAF is about 10 percent short of what it needs.

This year's worst fighting has been in Helmand, Afghanistan's number one opium producer and where most of a British deployment of about 5,200 troops is based.

Helmand governor Assadullah Wafa said Sunday about 700 foreign militants, whom he linked to Al-Qaeda, had infiltrated the province from Pakistan.

There have been regular clashes around the Kajaki hydropower dam and ISAF is poised for action to take back the town of Musa Qala, captured by Taliban two weeks ago, if talks fail.

Rahim, the purported Taliban commander in Helmand, said the rebel force built itself up during the winter months. He claimed his men had forced out government troops from seven districts.

"We have shown that we're able to defeat the enemy in the areas under our control," he told AFP from an undisclosed location in southern Afghanistan.

Ahmed Rashid, an expert on the Taliban, said the militia controls about two-thirds of Helmand.

"The perception in the south of the country is certainly that the Taliban are coming back. And perceptions play a big part in this country," he told AFP.

Taliban Spring (WSJ)

The Wall Street Journal, February 14, 2007

American and NATO military planners in Afghanistan are bracing for what they anticipate will be a major Taliban offensive this spring. Expect more terrorism in Kabul, attacks on positions in and around the key Pashtun city of Kandahar, ambushes on vehicles and attacks on European and Canadian forces, which the Taliban consider, with good reason, to be the weak link in the NATO chain. Expect, too, for the Taliban to be decisively defeated.

The year 2006 was a bad one for Afghanistan. The rate of suicide bombings throughout the country soared. The Taliban found sanctuary in Pakistan's Waziristan province and, thanks to their "truce" with Islamabad, more than doubled the number of raids into Afghanistan. Entire provinces in the country had almost no military or police presence to speak of. And NATO was unable to secure further troop commitments from its non-U.S. members.

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Now the picture is brightening. A year ago there were no Afghan troops and no more than 150 U.S. special forces in the southern province of Helmand. Today, there is an Afghan infantry battalion and a British air-assault brigade. The U.S. is deploying thousands of soldiers from the 82nd Airborne Division while extending the deployment of the Tenth Mountain Infantry brigade in anticipation of the spring offensive. That brings total U.S. troop levels in Afghanistan to 24,000, roughly 6,000 more than this time last year. So much for the idea that the surge in Iraq is starving our efforts in Afghanistan.

The situation with the Afghan military is also improving, though a senior U.S. military official describes the process as a "steep uphill climb." In 2005, the desertion rate was 25%. Today it is 10%. It helps that the Afghan soldier has now had a raise, to about $100 a month. It helps, too, that the U.S. is now investing $8.6 billion over two years to better equip and train the army, and to double its size to 70,000.

Where the U.S. still has significant problems is with its partners in the region. The fighting capabilities of European, Canadian and even British forces continue to lag far behind America's, as does their willingness to fight. Italian Prime Minister Romano Prodi has been under intense political pressure to withdraw Italy's 1,800-man contingent in Afghanistan. This week, a Canadian senate committee recommended withdrawing their forces if other NATO countries don't increase theirs.

More problematic is Pakistan. President Pervez Musharraf's recent proposal to mine the border with Afghanistan along the so-called "Durand line" is probably not serious, but if it were it would not be helpful. And while it's true that the Pakistan army lost some 400 soldiers in fighting against the Taliban, it's also true that their September truce represents an abdication of their sovereign responsibility to control their borders.

Still, the combination of more troops and a keen appreciation of last year's mistakes puts the U.S. and Afghanistan in a better position than a year ago to repulse the Taliban's expected spring offensive. We hope our wavering NATO allies feel the same way. After all, isn't Afghanistan supposed to be the "good war" in the broader war on terror?

In Philippines, U.S. Making Progress In War On Terror (USAT)

By Paul Wiseman

USA Today, February 14, 2007

CAMP BAUTISTA, Philippines — Thousands of miles from the bazaars of Iraq and the mountains of Afghanistan, U.S. military forces are quietly helping defeat terrorists in the jungles of the southern Philippines, a forgotten front in the global war on terrorism.

Working behind the scenes with a rejuvenated Philippine military, U.S. special forces have helped kill, capture or rout hundreds of Abu Sayyaf guerrillas who have links to the Islamic terror groups Jemaah Islamiyah and al-Qaeda, Philippine and U.S. military commanders say.

The Abu Sayyaf, responsible for 16 years of bombings, kidnappings and beheadings in the southern Philippines, has been forced to flee into the mountainous terrain here on Jolo island in the remote Sulu Archipelago.

But its numbers are dwindling and its leadership almost wiped out, says Brig. Gen. Ruperto Pabustan, commander of Philippine special forces on Jolo.

"They are on the run," Pabustan says. "They are evading our troops now, and they are short of ammunition. … We are slowly neutralizing Abu Sayyaf."

American officials agree.

"I've felt a turn in the tide," says Kristie Kenney, U.S. ambassador to the Philippines. "There are a lot of good things going on."

Backed by U.S. intelligence, equipment and training, Philippine forces have killed or captured 200 of the 400 Abu Sayyaf fighters on Jolo since they began Operation Ultimatum last August, Pabustan says. Among the dead are Abu Sayyaf leader Khadafi Janjalani, whose corpse was identified in January, four months after he suffered fatal wounds in a firefight with Philippine forces. Abu Sayyaf military planner Abu Solaiman was killed by Philippine special forces Jan. 16.

"They've been kicking some butt," says U.S. Army Maj. Kevin Brown, a member of the Utah National Guard based at this Philippine military camp on Jolo. "I think they're close to breaking this thing open."

Abu Sayyaf is the most notorious of several militant groups fighting to create a fundamentalist Muslim state in the Philippines. It mutated over time into a criminal gang, engaged mostly in lucrative kidnappings. Hiding on Jolo with the Abu Sayyaf survivors are a handful — fewer than 10 — members of Jemaah Islamiyah, including two suspects in the 2002 Bali bombing in Indonesia, the Philippine government says.

U.S. forces have maintained a low profile in the southern Philippines since early 2002. Numbers fluctuate, but there are now about 450 — more than half of them members of the special forces.

The U.S. force is split between Jolo and Zamboanga city on the large island of Mindanao, says U.S. Air Force Maj. John Redfield, U.S. military spokesman in Zamboanga. In 2002 they helped drive Abu Sayyaf off the island of Basilan.

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"The U.S. has done much better than the critics expected," says Philippines specialist Kit Collier, visiting fellow at Australian National University. "Five years ago, when U.S. troops were first sent to Basilan, many predicted 'a new Afghanistan.' Instead, the security environment there has been transformed."

The U.S. role is controversial. The Philippine Constitution forbids foreign troops from establishing bases in the Philippines and, by many interpretations, bars them from combat. So U.S. forces have played a limited role in areas such as:

·Fostering goodwill among the predominantly Muslim communities by conducting medical missions, paving roads and refurbishing schools.

·Using satellite imagery and other technology to help the Armed Forces of the Philippines (AFP) track Abu Sayyaf.

·Equipping Philippine soldiers with night-vision goggles and other gear to give them an edge on the battlefield.

·Training Philippine troops, whose efforts to subdue Abu Sayyaf had failed.

"We have provided some assistance, but the AFP is doing the heavy lifting," says U.S. Army Col. David Maxwell, commander of the U.S. military task force in the southern Philippines.

Critics say military operations and aid projects aren't enough. The Muslims of the southern Philippines — a minority in a majority Christian country — have long-standing grievances. They are among the poorest people in the Philippines. They have long been ignored by the Christian political elite in Manila. Promised development money rarely arrives.

"I don't care how many medical missions the Americans do," says Astrid Tuminez, researcher with the U.S. Institute of Peace, a government-funded organization trying to help arrange a peace deal between the Muslim separatists and the government. "Those grievances are still there."

Qaeda Affiliate In Algeria Kills 6 As Bombs Strike Police Stations (NYT)

By Craig S. Smith

The New York Times, February 14, 2007

Seven bombs exploded almost simultaneously in Algeria yesterday, killing six people and wounding more than a dozen in the worst attack in months by North Africa's most active terrorist group, which says it has allied itself with Al Qaeda.

The bombs, including at least five powerful car or truck bombs, went off before dawn, pulverizing police stations in six towns in mountainous areas east of the capital, Algiers.

A group calling itself the Qaeda Organization in the Islamic Maghreb claimed responsibility for the attacks in a telephone call to the Morocco offices of the Arabic-language satellite broadcaster Al Jazeera. The name was recently adopted by the Salafist Group for Preaching and Combat, which has operated in Algeria since 1996.

Agence France-Presse reported that the group also claimed responsibility on a Web site.

It was formed as an offshoot of the Armed Islamic Group, which along with other Islamist guerrilla armies fought a brutal decadelong civil war after the Algerian military canceled the second round of parliamentary elections in early 1992 after an Islamist party overwhelmingly won the first round and was poised to win the second.

The Salafist group advocates a religious theocracy in Algeria and the rest of North Africa.

After suffering years of dwindling membership because of a government amnesty program, its core membership, estimated at hundreds, has recently vowed to expand operations across North Africa and into Europe.

In October the group detonated nearly simultaneous truck bombs at two police stations near Algiers, killing three people. On Dec. 10 it attacked a convoy carrying employees of a Halliburton joint venture in a suburb of the capital, killing two people and wounding eight.

The Interior Ministry said in a statement carried by the official Algeria Press Service that two members of the security forces had been among those killed in yesterday's attacks and that another 13 people had been wounded, including 10 police officers. It said five of the seven bombs had been in vehicles.

At least four of the bombs went off near police stations in the district of Boumerdes in the mountains roughly 30 miles east of Algiers, according to the ministry. Others took place in the Tizi Ouzou district farther east.

Both districts are part of the Kabylia region, a mountainous, traditionally Berber area that has long been resistant to government control. The region was the scene of some of the worst fighting during Algeria's struggle against French colonial rule in the 1950s and was a center of Islamist resistance during the civil war in the 1990s. It has been a base for the Salafist group for years.

Counterterrorism officials fear that the group is attracting militants from across the region and could inspire attacks elsewhere. Last month its current leader, Abdelmalek Droukdel, called on followers to "fight the nationals of France and the agents of the crusaders occupying our land."

Mr. Droukdel, also known as Abu Mussab Abdelwadoud, said he was waiting for guidance from Al Qaeda for the next step.

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Lam's 4 Top Aides Interviewed For Interim U.S. Attorney Post (SDUT)

By Kelly Thornton, Union-tribune Staff Writer

The San Diego Union-Tribune, February 14, 2007

With U.S. Attorney Carol Lam's departure imminent, the Justice Department has interviewed four of her top advisers for the position of interim chief while a committee searches for a long-term replacement.

Among the short-term candidates interviewed within the last two weeks are Lam's second-in-command, Stephen Clark, her third-in-command, Karen Hewitt, plus Narcotics Chief Tim Coughlin and Appeals Chief Bruce Castetter.

All are career prosecutors hand-picked by Lam who have supported her priorities of prosecuting corruption and white-collar crimes rather than routine immigration cases, which, according to Justice Department officials, led to Lam's ouster.

Lam was targeted for dismissal because of "performance-related" issues after the Justice Department received complaints from members of Congress about her handling of immigration enforcement cases, said Deputy Attorney General Paul McNulty.

Before statements, sources told The San Diego Union-Tribune that Lam, a political independent, was asked to step down because of declining prosecutions of gun, smuggling and drug cases.

Though initially staying mum, the Justice Department confirmed under pressure from lawmakers that it recently asked at least seven U.S. attorneys, including Lam, to resign. Officials said the dismissals weren't politically motivated and were generally based on job performance.

The interviews of potential temporary replacements for Lam were conducted via video conference calls by Justice Department officials in Washington, D.C. The candidates did not seek the position but were invited to be interviewed.

An announcement is not expected until Lam's final day in office Thursday. An office party is scheduled for that day so colleagues can wish her well. Lam has declined to discuss reasons for her departure or her future plans.

Members of the legal community said whoever is appointed as interim U.S. attorney could end up staying until a new president takes office in January 2009.

They said it was unlikely many qualified lawyers would be interested in the post for a term that would last less than two years. And many qualified candidates may not be interested in forfeiting lucrative salaries in the private sector or positions at big firms for such a short stint.

Each interim candidate declined comment.

Clark won convictions in the 1996 corruption case against three Superior Court judges and an attorney and in a billing fraud case against former La Jolla eye surgeon Jeffrey Rutgard in 1995. He also handled the 1989 fraud and tax-evasion trial of Nancy Hoover Hunter.

Hewitt joined the San Diego office in 2000 and prosecuted civil fraud cases before she was appointed Executive Assistant U.S. attorney a year ago. Before coming to San Diego, she was a lawyer in the Justice Department's civil division in Washington, where she specialized in constitutional law and civil rights cases for about eight years.

Coughlin is known for his prosecutions of drug lords from the Arellano Felix cartel, the Mexican Mafia and others. Castetter, a 32-year veteran of the office, has held several leadership positions during his long tenure, including chief of the appellate, criminal and general crimes divisions.

Lam's forced departure after 4½ years has drawn fire from Democrats and other critics who accused Attorney General Alberto Gonzales of politicizing the process of choosing top prosecutors.

The critics have speculated that Lam is being removed to cripple an investigation into corruption in Congress. Lam's office prosecuted former Congressman Randy "Duke" Cunningham, and that case has led to investigations of other lawmakers.

Critics say Gonzales is planning to use a little-known provision included in last year's reauthorization of the Patriot Act to appoint U.S. attorneys without Senate approval.

The Senate will consider legislation, perhaps as early as this week, to limit the attorney general's appointment of interim U.S. attorneys to 120 days. Justice Department officials have said they plan to replace Lam with a presidential nominee who will not bypass the Senate confirmation process.

Historically, such candidates are recommended by senators from the state where the vacancy exists. Because both of California's senators are Democrats, a committee of three Republican lawyers in each of the four judicial districts in the state interviews candidates and makes recommendations to Gerald Parsky, a prominent Republican and Bush friend who then evaluates the picks before suggesting them to the White House.

The San Diego committee, which includes Meryl Young, John Davies and former federal Judge Lawrence Irving, is accepting applications and so far has received a few. It could be four to five months before a permanent replacement is confirmed by the Senate.

CORPORATE SCANDALS:

J&J Acts To Push Its Reputation Back Into Joint (FT)

By Christopher Bowe, Salamander Davoudi And Stephanie Kirchgaessner

Financial Times, February 14, 2007

Carved in stone in the lobby of its US headquarters is Johnson & Johnson's credo, displaying its guiding principles and symbol for what the healthcare conglomerate regards as its most preciously preserved commodity - its reputation.

But J&J also prizes is decentralised structure - with managers nimbly running separate businesses ranging from pharmaceuticals to medical devices to consumer brands such as its iconic Band-Aid and baby shampoo. These two ideals at J&J have clashed, and now the group is trying to minimise the damage to its reputation following revelations of improper payments overseas that could violate US anti-bribery laws.

Late on Monday, J&J said it had notified the US legal authorities and securities regulators that it had found "improper payments in the connection of medical devices in two small-market countries."

J&J was not under investigation for these payments and voluntarily notified the US Department of Justice and Securities and Exchange Commission. It said the payments could violate the US Foreign Corrupt Practices Act (FCPA), and that a senior executive had stepped down as a result. J&J declined to name the countries or the type of payments involved.

Nevertheless, J&J said Michael Dormer, 55, would retire as worldwide chairman of three of its medical device businesses - Ethicon Endosurgery, Depuy orthopaedic implants and Ortho diagnostics unit.

J&J said Mr Dormer would retire, after he cited the internal review of the payments and that he had "ultimate responsibility" for those subsidiaries.

As a result of his exit, J&J has consolidated all its main medical device and diagnostics businesses under 50-year-old Nicholas Valeriani, who previously oversaw only three, including Cordis stents.

J&J is moving quickly to try to the minimise the dent to its highly regarded corporate reputation. The company's challenge is to manage a highly decentralised corporate structure, which prides itself on managers making local decisions quickly.

Last year, medical devices and diagnostics had $20.3bn in sales, or 38 per cent of J&J's total sales of $53.3bn.

Mr Valeriani must also oversee an industry that has attracted ongoing government scrutiny of its US marketing practices, and now problems overseas.

The J&J case underscores that the medical device industry is particularly vulnerable to charges under the US FCPA, an anti-bribery statute that makes it illegal to make payments or offer anything of value to a foreign government official in order to obtain business.

One analyst said: "In countries with centralised health schemes you could also end up dealing with government officials. I am not surprised that in some places you have to lubricate the wheels. I would be surprised if such practices only went on at Johnson & Johnson."

Indictments of companies can carry a heavy price in the US, including a potential ban on doing business with the government, a huge buyer of health products and services. Around the world, companies like J&J sell products to hospitals and other healthcare facilities that are often government-owned, increasing the risk that payments to healthcare officials can be considered bribes to government officials. Bribes between parties in the private sector are not covered under the FCPA.

Experts say the Justice Department has markedly stepped up its enforcement of FCPA violations, forcing companies to be more vigilant about any types of payments it makes to individuals or entities that may be deemed to be government controlled.

Last year marked one of the busiest years in enforcement by the Justice Department of the FCPA. According to research by Gibson, Dunn & Crutcher, a Washington law firm, 17 of 20 known probes by the DoJ and SEC into alleged FCPA violations emerged after the companies self-reported the questionable payments following internal investigations.

Assistant attorney-general Alice Fisher last year said that while the result of a voluntary disclosure is uncertain, it will result in "real tangible benefit".

Additional reporting by Salamander Davoudi in London

Cyberonics Regains Nasdaq Compliance (AP)

AP, February 14, 2007

DOJ_NMG_0132086

Cyberonics in Compliance With Nasdaq Rules; Has Filed All Past Reports With SEC

HOUSTON (AP) -- Cyberonics Inc. said Tuesday it received a letter from the Nasdaq Stock Market confirming that the medical device maker is in compliance with all the exchange's rules, and its stock will continue to be listed.

The company also said that with last week's filing of its quarterly report for the period ended Oct. 27, it has now filed all previously delinquent reports to the Securities and Exchange Commission.

Cyberonics had received letters from the Nasdaq warning that the company was subject to delisting for failing to meet its filing requirements.

"This is an important milestone in our efforts to refocus attention on our business following an exhaustive, five-month investigation by the audit committee of our board of directors into the company's stock option grants, practices and procedures," Reese S. Terry, Jr., the firm's interim chief executive, said in a release.

Cyberonics in November said it would restate financial results from 2000 through January 2006 to correct improper stock options accounting, resulting in $10 million in non-cash expenses. The company's CEO and chief financial officer resigned later that month.

Cyberonics is one of 106 companies currently under SEC or Justice Department scrutiny over its stock-option grants, and at least 94 other firms have launched or completed internal reviews into their stock options practices, according to an AP review.

Shares of Cyberonics added 34 cents to $21.04 in afternoon trading on the Nasdaq.

Aflac Plans To Allow Shareholders To Vote On Pay For Top Executives (USAT)

By Del Jones

USA Today, February 14, 2007

Responding to the uproar against soaring executive compensation, Aflac today will announce a move to become the first major U.S. company to let shareholders vote on executive pay packages.

On Tuesday, Aflac's board approved allowing shareholders to vote on the pay of the insurer's top five executives. Although the vote will be non-binding, it would be hard for Aflac to ignore the wishes of a majority of shareholders, says analyst Dawn Wolfe at Boston Common Asset Management.

Other companies are under similar pressure. Shareholder proposals to approve executive pay are on ballots this year at about 50 companies, many introduced by the American Federation of State, County and Municipal Employees (AFSCME) union, which is a powerful institutional investor.

Aflac, probably best known for the ubiquitous duck in its TV ads, had received a shareholder proposal from Boston Common, but the money management firm withdrew it when Aflac promised to make the move voluntarily. Aflac plans to announce today that shareholders will begin voting in 2009, the first time there will be three years of complete pay data in proxy tables under new Securities and Exchange Commission disclosure rules.

Aflac CEO Dan Amos said in an interview that a key concern is the chance of an "emotional vote" if Aflac's stock is depressed going into the annual shareholders meeting.

Similar shareholder proposals at other major companies have never passed, says Richard Ferlauto, director of pension and benefit policy at AFSCME. However, he says proposals at companies such as Sun Microsystems were supported by 40% or more of shareholders.

Others will follow Aflac's lead, Ferlauto says. "The only question is not when or if, but how many."

This will force companies to better align CEO pay with performance, Wolfe says. She says that in the United Kingdom, which requires such non-binding votes, CEO pay tends to be in more in line with performance, so shareholders rarely vote pay packages down.

Amos, who owns 9% of Aflac stock, says a vote would make a difference even if it's non-binding. If shareholders voted against his pay, "We would go back to our big shareholders and ask: 'Why did you vote against? What was it you didn't like?' From there, we'd make adjustments," he says.

Amos made $3.7 million in salary and bonus plus $2.5 million in restricted stock in 2005, the most recent year his pay was reported. The package was second highest among a group of 16 insurance CEOs, Wolfe says. While Aflac stock has been flat for more than a year, since Amos became CEO in 1990, its total return is roughly 2,770%, vs. 515% for the Standard & Poor's 500.

Congress Probes Timely Sale Of Sallie Stock (WP)

By Amit R. Paley

The Washington Post, February 14, 2007

DOJ_NMG_0132087

Congressional investigators are looking into Sallie Mae Chairman Albert L. Lord's sale of $18.3 million worth of company stock this month, just days before President Bush proposed a huge cut in subsidies to the lending industry that caused Sallie Mae shares to nosedive.

The chairmen of the House Financial Services and Education committees sent letters yesterday to the White House counsel, the education secretary and Sallie Mae, asking for detailed information on all contact between the Reston-based student lending giant and the Bush administration over the past three months.

"Given the timing of the Sallie Mae stock sale and the release of the President's budget, the committee is seeking more information as a matter of routine oversight," Rep. George Miller (D-Calif.), chairman of the House Education Committee, said in a statement.

Sen. Edward M. Kennedy (D-Mass.) sent a letter yesterday to the Securities and Exchange Commission calling on it to investigate the transaction. The Senate Education Committee, which is chaired by Kennedy, is also looking into the sale, said Melissa Wagoner, a spokeswoman for Kennedy.

Lord sold 400,000 shares of Sallie Mae stock on Feb. 1 and Feb. 2. Three days later, Bush announced a budget that would cut subsidies to the student-lending industry by about $19 billion over five years, which caused Sallie Mae's stock to plummet about 9 percent that day, to its lowest closing price in more than two years.

Tom Joyce, a spokesman for Sallie Mae, said last week that Lord had no prior knowledge that the Bush administration would propose such cuts and called the timing of the sale "completely coincidental." He said Lord had told the company about his plans to sell the stock nine days before the sale.

"We look forward to responding to any questions that members of Congress may have on this transaction," Joyce said yesterday.

The House began looking into the sale after The Washington Post reported Saturday that Lord would have received about $1.4 million less from the transaction if he had sold his shares at the closing price on the day Bush unveiled his budget.

The letters from Miller and Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee, asked Sallie Mae and the Bush administration for a response within 10 days.

Board Silly (NYT)

By Guhan Subramanian

The New York Times, February 14, 2007

Cambridge, Mass.

SLOWLY but surely, corporate America is giving up the staggered board.

Some businesses are responding to corporate governance rating agencies, which penalize companies that do not elect all of the directors each year. Some are responding to shareholder resolutions or to behind-the-scenes pressure from large shareholders. Georgeson Shareholder Services reports there were more than 90 resolutions among S.&P. 1500 companies in 2006 to abolish staggered boards, half proposed by the companies and half by shareholders. More are expected in the 2007 proxy season, and some corporate governance experts are urging companies not to fight the issue.

This would be a mistake. What shareholders object to is not staggered boards themselves, but how staggered boards block takeovers.

Let me explain. Most corporations have adopted or can easily adopt a “poison pill,” a takeover defense that forbids a hostile bidder from directly purchasing a controlling interest in a target company. If the target has a staggered board, a bidder must win two proxy contests, conducted more than a year apart, to gain control of the board and jettison the poison pill. No bidder in the modern era of takeovers has had the patience and persistence to do this, so the staggered board combined with the pill presents a potent roadblock to shareholders who want to accept a hostile offer.

But there is a way to give shareholders exactly what they want without eliminating the staggered board: shift the staggered board from the charter to the bylaws. That would allow a hostile bidder to dismantle the staggered board through a bylaw amendment and put its offer to shareholders in a single proxy contest. For the 99.5 percent of United States public companies that are not subject to a hostile takeover bid in a given year, directors would continue to be elected to staggered, three-year terms.

Staggered boards offer many benefits over unitary boards: greater stability, improved independence of outside directors and a longer-term perspective — things shareholders should want, too. A bylaws-based staggered board would provide directors with three-year terms but allow shareholders to “recall” them in the event of a hostile takeover bid that a majority of shareholders want to accept. This is the norm in many European countries, where directors can be elected to six-year terms but shareholders retain the right to remove them from office at any time.

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Skeptics might contend that unitary boards are pretty stable too, because the vast majority of board elections are uncontested. But because companies are increasingly requiring that board candidates win a majority of votes cast, directors would value the right to face election only every three years rather than every year.

The stakes are high. If directors surrender on the question of staggered boards, we risk further short-termism in boardrooms and no internal counterweight to managers focused on quarterly earnings. But if they hold firm, approximately half of the nation's public companies will remain heavily insulated from the socially desirable "disciplinary" effect provided by the threat of a hostile takeover. Rather than forcing an all-or-nothing showdown, boards should respond to shareholder demands to end staggering with the counter-offer of a bylaws-based staggered board.

Shareholders rightly decided that they did not like the anti-takeover effect of staggered boards, but their campaign unnecessarily casts the baby out with the bathwater. A bylaws-based staggered board meets the interests of all sides.

CRIMINAL LAW:

Former CIA Official, Contractor Indicted (AP)

By Allison Hoffman

AP, February 14, 2007

SAN DIEGO (AP) — The CIA's former No. 3 official was charged Tuesday with accepting lavish vacations, private jet flights and a job offer from his best friend, a defense contractor who in return is suspected of getting inside information that helped him win agency contracts.

A federal grand jury returned 11 counts of fraud, conspiracy and money laundering against Kyle "Dusty" Foggo, executive director of the CIA until he resigned in May, and San Diego defense contractor Brent Wilkes.

Foggo is the highest-ranking CIA officer to be charged with crimes allegedly committed while working for the agency. The charges grew from the bribery scandal that landed former U.S. Rep. Randy "Duke" Cunningham in prison.

According to the indictment, Wilkes offered Foggo a high-paying position and reserved him an office in the executive suite when he built the new headquarters of the Wilkes Corp. in late 2002.

Wilkes is also accused of paying for Foggo and his family to join Wilkes and his family on a vacation in Scotland in August 2003, doling out $12,000 for private jet flights, $4,000 for a helicopter ride to play golf and $44,000 for a stay at an estate.

In addition, Wilkes spent more than $1,600 on prostitutes for himself and Cunningham at a Hawaiian resort in August 2003, the indictment alleges.

Foggo is accused of arranging that fall for one of Wilkes' companies to be a middleman in selling bottled water to the CIA. In December 2003, Wilkes introduced Foggo at a party at Wilkes' headquarters in Poway, Calif., as a future executive.

Foggo and Wilkes, both 52, are accused of making illegal money transfers of $815,000 in government contract funds from a Virginia shell company to Wilkes' companies.

Foggo and Wilkes could each be punished by up to 20 years in prison if convicted.

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," said U.S. Attorney Carol Lam.

The charges are a blow to the CIA, whose director, Michael Hayden, wrote to employees Tuesday that the agency continues to cooperate with the investigation.

In a separate indictment, Wilkes was charged with 25 counts of conspiracy, bribery, money laundering and unlawful monetary transactions to Cunningham in return for government contracts.

A man who was described as a co-conspirator in Cunningham's 2005 plea agreement, mortgage banker John T. Michael, faces one count of obstructing justice.

Wilkes could be sentenced to up to 20 years in prison if convicted on the second indictment. Michael faces up to five years if convicted.

Mark MacDougall, an attorney for Foggo, and Mark Geragos, an attorney for Wilkes, did not return calls seeking comment. A message seeking comment from Michael was also not returned.

The charges came 20 months after the FBI opened an investigation into Cunningham, who served on key House committees with oversight of government contracts. He pleaded guilty in November 2005 to taking $2.4 million in bribes from defense contractors and was sentenced to more than eight years in prison.

Investigators quickly turned to Foggo and Wilkes, who played high school football together. After graduating in 1972, they roomed together at San Diego State University, were best men at each others' weddings, and named their sons after each other.

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Foggo was named executive director of the CIA in 2004. He resigned in May under investigation by the FBI, the Internal Revenue Service, the Pentagon's Defense Criminal Investigative Service, the CIA's inspector general and the U.S. attorney's office in San Diego.

In the past two months, Wilkes' wife has filed for legal separation, and he defaulted on a $7.5 million personal loan.

Associated Press writer Katherine Shrader in Washington contributed to this report.

Former No. 3 CIA Official Indicted (USAT)

By Matt Kelley

USA Today, February 14, 2007

Federal prosecutors have indicted the former No. 3 official at the CIA, accusing him of conspiring to steer lucrative contracts to companies run by a longtime friend who is accused of bribing a congressman.

Kyle "Dusty" Foggo is indicted in a corruption probe that sent former Republican congressman Randy "Duke" Cunningham to federal prison. Foggo's indictment Tuesday by a federal grand jury in San Diego says Foggo took luxury vacations, expensive meals and other perks from his friend, Brent Wilkes.

Wilkes, the head of a web of San Diego-based government contracting firms, is accused of bribing Foggo to get contracts, including one to supply bottled water to CIA operatives. Wilkes is charged in a separate indictment of bribing Cunningham with more than $700,000 in cash, travel, meals and prostitute services.

Cunningham is serving an eight-year prison term after pleading guilty in 2005 to taking more than $2.4 million from Wilkes and businessman Mitchell Wade in exchange for steering Pentagon and intelligence contracts to their companies. Wade has pleaded guilty and remains free while cooperating in the ongoing investigation.

Wilkes' lawyer, Mark Geragos, said all the charges were "demonstrably false" but refused to give specifics. Geragos said Wilkes plans to plead not guilty in a court appearance today.

Foggo's lawyer, Mark MacDougall, did not return messages left Tuesday evening.

Foggo and Wilkes, both 52, met in high school in the San Diego suburbs. From 2001 to 2004, Foggo was based in Germany and oversaw CIA support operations in areas that included Iraq. He was promoted to executive director of the CIA in November 2004 under then-director Porter Goss. He resigned last May amid news reports about the federal investigation.

The indictment says Foggo steered contracts worth hundreds of thousands of dollars to Wilkes' companies. Wilkes took Foggo to Scotland and Hawaii, paid for dinners costing as much as $1,100 and gave him a $2,300 cigar humidor, the indictment says.

The other indictment details the perks Cunningham allegedly received for help in steering contracts to another Wilkes company, ADCS Inc. Those perks included a Hawaii vacation during which Wilkes used company money to pay for prostitutes for himself and Cunningham.

Federal Grand Jury Indicts Foggo, Wilkes (SDUT)

By Kelly Thornton And Debbi Farr Baker, Union-tribune Breaking News Team

The San Diego Union-Tribune, February 14, 2007

SAN DIEGO – Poway defense contractor Brent Wilkes and former high-ranking CIA official Kyle “Dusty” Foggo, childhood friends from San Diego who got entangled in the Randy “Duke” Cunningham corruption scandal, were indicted Tuesday by a federal grand jury.

U.S. Attorney Carol Lam announced the indictments at an afternoon press conference, calling the charges against the two men “breathtaking in scope.”

The jury returned 11 counts against Foggo and Wilkes that include conspiracy, wire fraud, conflict of interest and money laundering. It charges Foggo with using his seniority and influence within the CIA to direct the awarding of contracts to Wilkes, his lifelong friend.

A second indictment, which included 26 counts, names Wilkes and New York-based mortgage banker John T. Michael, who co-owned a mortgage company that provided loans to Cunningham. It charges Wilkes with conspiracy, wire fraud, bribery of a public official and money laundering.

The investigation began after a June 12, 2005, report by Copley News Service reporter Marcus Stern that detailed Cunningham's sale of his Del Mar Heights home to a defense contractor for hundred of thousand of dollars more than it was worth.

Within nine months of that first report of corruption, Cunningham was convicted and jailed.

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Court documents allege that Wilkes provided more than $700,000 to Cunningham in exchange for the former congressman corruptly influencing the appropriation of funds and the execution of government contracts to benefit Wilkes' company, Poway-based ADCS Inc.

Associated Press

United States' Attorney Carol Lam announces a new round of indictments stemming from corruption of convicted U.S. Congressman Randall "Duke" Cunningham in San Diego, Tuesday. Lam is flanked by FBI agent Stewart Roberts

Michael, 35, is charged with a single charge of obstructing justice. He is accused of trying to influence and impede a federal grand jury investigation by providing misleading and false testimony regarding Wilkes' role in paying off the $500,000 second mortgage on Cunningham's Rancho Santa Fe home.

Michael is the nephew of the wife of Thomas Kontogiannis, a Long Island developer who sought Cunningham's help in seeking a presidential pardon for a conviction in a New York schools bribery scandal. Ultimately, Kontogiannis decided not to pursue the pardon.

Advertisement

Kontogiannis was named a co-conspirator in the Cunningham case and, according to court records, he gave the former congressman $328,000, most of it through an overpayment for a boat. He has not been charged.

The indictment alleges that Wilkes paid bribes to Cunningham in the form of cash, checks, lavish meals, trips, lodging, corporate jet travel, boats and prostitution.

The indictment says that on two occasions Wilkes provided prostitutes for himself and the congressman on two consecutive evenings on a lavish Hawaiian trip.

Court documents also allege that Foggo and Wilkes, both 52, schemed to conceal Foggo's conflict of interest and corrupt intent by using shell companies and straw men, and laundered the proceeds of their fraud.

Foggo accepted tens of thousands of dollars in meals, gifts and vacations, and a standing offer of a senior executive position with ADCS. Foggo disclosed none of this to the CIA, according to the indictment.

Prosecutors are asking for forfeiture of $12 million from Wilkes and Michael.

“These two indictments describe patterns of self-dealing and corruption that spanned years and reached deep into our country's systems of procurement in the defense industry,” Lam said.

“The allegations in the indictments describe undisclosed personal and financial relationships between government officials and individuals seeking lucrative defense contracts. These personal and financial relationships led to benefits totalling thousands, even millions of dollars, being bestowed on government officials and millions of dollars in defense contracts flowing back in the other direction.”

Kenneth J. Hines, special agent in charge of IRS' Criminal Investigation unit, said Wilkes and Foggo went to great lengths to circumvent the law to personally enrich themselves and that this kind of behavior will not be tolerated.

“There's no doubt that the victims in the case truly are the American taxpayer and the money that is lost with this deceptive practice,” he said.

Stewart Roberts, assistant special agent in charge of the FBI's San Diego office, said that “although the perpetrators of these types of crimes involved in corruption may believe that their self dealing is a victimless event, we know that these types of crimes do have victims.”

“The American public has a right to expect that their public officials and the contractors they enlist to do the government's work, will be acting with the best interest of the public in mind and not just their best interest in mind,” Roberts said.

Wilkes and Foggo are expected to surrender at an arraignment in federal court Wednesday.

Foggo quit his post as No. 3 at the CIA after his office was raided by San Diego-based federal agents.

Wilkes was a big contributor to Republican lawmakers who developed a series of businesses that specialized in landing federal contracts, with ADCS as his flagship.

ADCS received more than $100 million in government contracts between 1995 and 2005, partly with the help of Cunningham, who sat on the influential House Appropriations Committee.

Wilkes and Foggo have been friends for years, back to when they both attended Hilltop High School in Chula Vista and San Diego State University.

Cunningham, a Republican who represented much of San Diego's North County in Congress for 15 years, pleaded guilty to conspiracy and tax evasion charges in November 2005 and was sentenced last March to eight years and four months in federal prison.

He is now in a minimum-security work camp in Tucson.

As part of his criminal case, Cunningham admitted accepting more than $2.4 million in bribes and, in exchange, routing contracts worth millions of contracts to businesses that were controlled by Wilkes and another businessman, Mitchell Wade.

Wade once worked for Wilkes, then became his business rival with a company that obtained more than $100 million in contracts while Wade was plying Cunningham with cash, trips and fine furniture, according to court records.

Wade has pleaded guilty to conspiracy and is awaiting his sentencing.

2 Charged In Cunningham Bribe Case (LAT)

By Tony Perry

The Los Angeles Times, February 14, 2007

SAN DIEGO — A defense contractor and a former top-ranking CIA official were indicted Tuesday on corruption charges in a case that also involved bribes to disgraced ex-congressman Randy "Duke" Cunningham.

Brent R. Wilkes was charged with bribing Cunningham (R-Rancho Santa Fe) and Kyle Dustin "Dusty" Foggo to get contracts for his San Diego companies. Until he resigned in May amid a federal investigation, Foggo was the CIA's third highest-ranking official, directing the spy agency's daily operations.

Wilkes, according to the indictment, provided Cunningham with prostitutes, vacations, corporate jet travel, limousine service, cash, meals, furniture and equipment for his boat. The value of the alleged bribes was put at $700,000.

The contractor reportedly provided Foggo, a childhood friend, with meals, gifts, private jet flights, a helicopter ride and a weeklong stay at a Scottish castle valued at $44,000. Wilkes also paid for Foggo to join him on Hawaiian vacations, the indictment said.

Officials said that Wilkes and Foggo, both 52, were expected to surrender today for arraignment.

Cunningham, who resigned from office after pleading guilty to corruption charges, is serving an eight-year prison term. He admitted to taking $2.4 million in bribes from defense contractors and others and evading more than $1 million in taxes.

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," U.S. Atty. Carol Lam said in announcing the indictment. "The public trust is not for sale."

She declined to say whether Cunningham provided information to the grand jury.

Except for a contract to provide water for U.S. personnel in the Middle East, the indictment does not detail exactly what kind of contracts Foggo and Cunningham allegedly pressured the Defense Department and CIA into awarding to Wilkes' companies.

In Washington, CIA Director Michael V. Hayden sent an e-mail asking agency employees not to publicly comment on the case to protect classified information and CIA contacts.

Hayden said that the allegations against Foggo first surfaced within the CIA and that the agency's inspector general launched an investigation that later became linked to the San Diego probe.

If convicted of all counts, Wilkes and Foggo could face prison sentences in the "hundreds of months," prosecutors said.

The indictment also seeks to force Wilkes to return $12 million to the federal government.

Foggo allegedly used his CIA position to pressure subordinates into awarding the contracts and to hide Wilkes' financial interest in certain ventures. In turn, Wilkes promised to hire Foggo when he retired from the CIA, the indictment says.

Prosecutors allege that Foggo and Cunningham helped Wilkes obtain more than $100 million in contracts. Cunningham, a retired Navy fighter pilot, was a member of House committees that dealt with the defense budget.

The indictment included e-mails from Foggo to Wilkes — including one from May 14, 2003, in which the CIA official seemed to be assuring his friend that he was close to landing him some lucrative contracts.

"I have been throwing millions at his company [a CIA contractor] for about 18 months — and I'm thinking we should be able to leverage some Wilkes Group contacts."

Former Top CIA Official Indicted (WP)

By R. Jeffrey Smith

The Washington Post, February 14, 2007

The CIA's former executive director and a defense contractor were indicted yesterday by a San Diego grand jury for allegedly corrupting the intelligence agency's contracts, marking one of the first criminal cases to reach into the CIA's clandestine operations in Europe and the Middle East.

Kyle "Dusty" Foggo, a longtime logistics officer who was the CIA's top administrator from November 2004 until last May, was accused of using his seniority and influence at a prior CIA job in Europe to steer business deals to his longtime friend Brent R. Wilkes, a California businessman and top Republican fundraiser.

The 11-count indictment states that Wilkes subsidized meals and lavish vacations for Foggo and his family in Washington, Hawaii and Scotland and promised to employ Foggo after his retirement from the CIA. It also accuses Foggo -- a former ethics

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official in two divisions at the CIA -- of improperly providing classified information to Wilkes about the CIA, his contracting competitors and "other matters."

The indictment is the latest development in a lengthy federal criminal probe into the dark side of a budget process known as "earmarking," in which lawmakers have directed federal contracts to favored designees who were either friends or campaign contributors. Last year the probe led to a prison sentence for one lawmaker, Rep. Randy "Duke" Cunningham -- who, the government said yesterday, used two prostitutes financed by Wilkes.

While the probe has threatened to sweep in other members of Congress, some uncertainty surrounds it. A key U.S. attorney involved in it -- Carol C. Lam in San Diego -- has been fired by the administration for unspecified "performance-related" deficiencies along with a handful of other federal prosecutors. Lam oversaw the Foggo investigation and is to leave Thursday. The head of the local FBI field office praised Lam's performance and said her firing appeared to be "political," an accusation that the Justice Department has denied.

The case involving Foggo is unusual because all of the contracts at issue are classified. But the indictment makes it clear that the agency was allegedly bilked when it wound up paying 60 percent more than it should have for water supplied by a company affiliated with Wilkes to CIA outposts in Afghanistan and northern Iraq.

The evidence against Foggo included e-mails in which he promised to introduce a Wilkes subordinate to his CIA colleagues and helped arrange advance payments on a $1.69 million contract. Even after arriving at CIA headquarters as a top appointee of then-Director Porter J. Goss, he continued to press for more rapid payments to a Wilkes-affiliated firm identified in the indictment as "Shell Company No. 1," earning Wilkes's thanks, the document states.

It formally charges the two men -- who witnesses have said periodically played poker with lawmakers and others in a rented suite at the Watergate Hotel -- with conspiracy to commit honest services fraud and money laundering.

Foggo's attorney, Mark MacDougall, said through an aide yesterday that he had no comment on the indictment. A lawyer previously retained by Foggo, William G. Hundley, had argued that Foggo had no idea the contracts were benefiting Wilkes, but the indictment says that Foggo deliberately "concealed material facts" from his colleagues at the CIA and used "shell companies and straw men" to hide their role in the contracts.

Wilkes's attorney, Mark J. Geragos, called the indictment "unfortunate" and said "we welcome the chance to refute these accusations." He declined to elaborate.

CIA Director Michael V. Hayden, who replaced Goss last May, told employees in a memo yesterday that they should not talk about the matter "out of respect for the legal proceedings that are underway, and to ensure the protection of classified information and agency equities." Hayden noted that the allegations against Foggo first surfaced inside the CIA, which he said cooperated closely with the Justice Department on the probe.

Additional legal troubles yesterday enveloped Wilkes, a Republican Party "Pioneer" who raised more than $100,000 for President Bush's reelection in 2004 and donated -- in concert with his business colleagues -- $656,396 to 64 other Republican lawmakers and the national Republican Party committees in Washington from 1995 through the third quarter of 2005.

A second 25-count indictment disclosed yesterday in San Diego alleges that Wilkes separately obtained a stream of Defense Department contracts from 1996 to 2004 by providing then-Rep. Cunningham with cash and other bribes valued at more than $700,000.

Cunningham pleaded guilty in 2005 to taking bribes worth more than $1 million from Mitchell Wade, a business associate of Wilkes, and drew an eight-year prison sentence. But the second Wilkes indictment contains new details of how Wade and Wilkes allegedly worked together to profit from contracts and how Cunningham -- sitting on the Appropriations defense subcommittee -- browbeat defense officials on their behalf.

It said that Wilkes paid a company called Shirlington Limousine to chauffeur Cunningham around Washington. He also allegedly financed lavish meals and vacations for Cunningham, flew him around on the company jet, bought him tickets to the Super Bowl, and paid for two prostitutes for the lawmaker on Aug. 15 and 16, 2003, at the Hapuna Beach Prince Hotel in Hawaii.

"Pursuant to Cunningham's request," the indictment states, "Wilkes arranged for the Congressman to get a different prostitute for the second evening."

Staff writer Dan Eggen and staff researchers Madonna Lebling and Rena Kirsch contributed to this report.

CIA Ex-Officer, Contractor Indicted In Corruption Probe (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 14, 2007

A federal grand jury indicted a former senior official of the Central Intelligence Agency and a defense contractor, raising the stakes in the investigation of corrupt federal contracting for the Bush administration and several lawmakers.

Two indictments were returned by a federal grand jury in San Diego. One accused Kyle "Dusty" Foggo, the CIA's former third-ranking official, and defense contractor Brent Wilkes, a close friend of his, of committing conspiracy and other charges stemming from CIA contracts that Mr. Foggo allegedly arranged for Mr. Wilkes. The other indictment charged Mr. Wilkes and another businessman with paying bribes to former Rep. Randy "Duke" Cunningham. Mr. Cunningham pleaded guilty in November 2005 to soliciting bribes from Mr. Wilkes and others and is serving a federal prison sentence.

The indictments indicate the prosecution of corruption in federal contracting is in full swing, despite the recent dismissal of at least one federal prosecutor involved in the inquiries.

The indictments also represent something of an embarrassment to the Bush White House, which helped put Mr. Foggo in his senior CIA position. President Bush chose former Rep. Porter Goss to be CIA director in 2004, and Mr. Goss, in turn, plucked Mr. Foggo from his position as a midlevel CIA manager to be the agency's executive director, in charge of day-to-day operations.

The indictment alleges that Mr. Foggo had secretly steered contracts to Mr. Wilkes, who used "shell companies" and "straw men" to profit from the contracts. Mr. Foggo allegedly failed to disclose the relationship and involvement with the contracts to the CIA, according to the indictments. Mr. Foggo is accused of accepting from Mr. Wilkes -- and not disclosing -- expensive gifts, including vacations in Hawaii and Scotland, meals and cigars. Mr. Wilkes also allegedly promised Mr. Foggo a high-paying job with one of his companies once Mr. Foggo left the CIA.

One of the main contracts involved providing water to CIA personnel in the Middle East. Mr. Foggo allegedly pressured a businessman, not named in the indictment, who already had CIA contracts, to take Mr. Wilkes's companies on as subcontractors.

Mark Geragos, Mr. Wilkes's lawyer, said the indictment pins down publicly the charges he faces and means "we will finally be able to confront them head on in the courtroom."

Mr. Foggo's lawyer, Mark MacDougall, didn't return several phone calls seeking comment. In the past, Mr. MacDougall has said that Mr. Foggo committed no crime.

The indictments come two days before U.S. attorney Carol Lam is to leave office in San Diego. Ms. Lam recently pressed for the indictments to be returned before she steps down. In an unusual move during the middle of a president's term, the Bush administration recently demanded her resignation and those of at least six other U.S. attorneys around the country. Congressional Democrats have charged that the changes were motivated by politics and may interfere with pending investigations. The Justice Department has denied any intent to interfere with investigations.

Mr. Goss left the CIA in May, under pressure from the White House, and Mr. Foggo quickly followed. Federal agents last year searched Mr. Foggo's CIA office and home.

In a written statement, CIA Inspector General John Helgerson said his office had participated in the investigation.

The indictment of Mr. Wilkes for allegedly bribing Mr. Cunningham says he funneled $700,000 in bribes to the lawmaker in exchange for Mr. Cunningham's help in obtaining $100 million in government contracts. It also alleges that Mr. Wilkes in 2003 rented a $6,600-per-night suite in a Hawaiian hotel, with Mr. Cunningham and an unnamed individual as guests. It charges that on two successive nights Mr. Wilkes paid for the use of three prostitutes in the suite by Mr. Cunningham and himself. The Wall Street Journal had reported in 2006 that Mr. Wilkes was under investigation for providing Mr. Cunningham with prostitutes.

The indictment and its details would seem to heighten the risk to other members of Congress still under investigation; Mr. Wilkes also had dealings with several of them.

A separate federal criminal investigation of Rep. Jerry Lewis, the California Republican who until January 2006 was chairman of the House Appropriations Committee, is continuing in Los Angeles. Prosecutors in that case are looking at Mr. Lewis's relationship with Mr. Wilkes, which included campaign contributions from Mr. Wilkes and associates and the hiring by Mr. Wilkes of a lobbying firm founded by one of Mr. Lewis's closest friends, former Rep. Bill Lowery.

Messrs. Lewis and Lowery have denied wrongdoing. The indictment has only passing references to other lawmakers, none of whom it names, and doesn't make any allegations against them.

Write to Scot J. Paltrow at scot.paltrow@wsj.com1

Wilkes Indicted For Illegal Gifts (RC)

By Rachel Van Dongen

Roll Call, February 14, 2007

With just two days remaining in her tenure, San Diego U.S. Attorney Carol Lam on Tuesday announced the indictment of a key figure in the probe of ex-Rep. Duke Cunningham (R-Calif.), signaling that the wide-ranging investigation continues and could yet ensnare other high-profile targets.

Lam charged California defense contractor Brent Wilkes with providing Cunningham with more than $700,000 in varied gifts from 1996 through 2005 in exchange for help in securing federal contracts. The bribes included personal checks, corporate

jet travel, meals, the purchase of a yacht, and an August 2003 Hawaiian vacation in which the Congressman allegedly enjoyed two nights of prostitution services at the Hapuna Beach Prince Hotel.

Wilkes firm, ADCS, which converted electronic military documents to paper form, allegedly received more than $100 million in federal contracts with Cunningham's help. Cunningham sat on the Appropriations and Intelligence committees during that time, and his prodding of Defense Department officials is detailed in the indictment.

Named as a co-conspirator in the Wilkes indictment, Cunningham pleaded guilty in November 2005 to accepting more than $2.4 million in bribes from defense contractors in exchange for official acts. He currently is serving a sentence of more than eight years in prison.

Mitchell Wade, the former president of MZM Inc., also is named as a co-conspirator. Wade pleaded guilty to charges of conspiracy and is awaiting sentencing.

Simultaneously on Tuesday, Lam announced the indictment by a federal grand jury of Wilkes and Dusty Foggo, a former CIA executive director and childhood friend of Wilkes. In this second indictment, Foggo was charged with using his influence and position in the CIA to award contracts to Wilkes' companies.

Lam secured the indictments two days before she is slated to leave office after being fired by the Bush administration in December along with six other U.S. attorneys, causing Democrats to charge their firings were improper and political. Deputy U.S. Attorney General Paul McNulty is slated to brief Judiciary Committee Senators today in a closed-door session on the prosecutors' personnel records.

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," Lam said in a statement. "The public trust is not for sale."

The indictment of Wilkes, in particular, could cause a headache for one other California Congressman: Rep. Jerry Lewis (R), the ranking member of the House Appropriations Committee.

The Wall Street Journal recently reported that the U.S. attorney in Los Angeles was investigating whether Lewis improperly steered federal contracts or earmarks to some of Wilkes' companies.

The prosecutors are probing Lewis' relationship with the lobbying firm of ex-Rep. Bill Lowery (R-Calif.), which was once called Copeland Lowery Jacquez Denton & White. One of Wilkes' defense firms, ADCS, was a former client of the lobbying firm.

Lewis is not mentioned in the indictment.

The 42-page indictment of Wilkes is wide-ranging and charges a variety of criminal activities. It also names John Michael Thomas, the president and part owner of New York-based mortgage company Coastal Capital Corp., with helping Cunningham obtain a fraudulent mortgage.

Lam lays out 150 examples of Wilkes, Wade and other co-conspirators providing gifts to Cunningham, or instances of Cunningham soliciting official actions on their behalf.

They include: the purchase by Wilkes' company on July 30, 1997, of a "yellow Sea-Doo Speedster" boat at a cost of $11,255; an $821 flight to Las Vegas paid for by Wilkes for Cunningham and his chief of staff on Dec. 18, 1999, and their hotel stay there; an "inflatable jet dock" for Cunningham's boat provided by Wilkes on Sept. 13, 1999, at a cost of $7,101.16; and April 20, 2000, tickets to a Jimmy Buffet concert in Chula Vista, Calif.

Also given to the former House Member by Wilkes, according to the indictment, were two personal checks in the amounts of $70,000 and $30,000 on May 1, 2000, and an in-flight meal consisting of a "cold seafood platter, grilled chicken or filet mignon, a side salad and six bottles of Silver Oak chardonnay" on Feb, 26, 2001. On March 13, 2001, Wilkes allegedly directed an ADCS employee to install a GPS system on Cunningham's boat.

Also noteworthy were charges that Wilkes provided Cunningham with two nights with prostitutes and a $6,600 Hawaiian hotel suite in August 2003.

2 Indicted In Cunningham Corruption Inquiry (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 14, 2007

A former top CIA official and his longtime friend, a leading defense contractor, were indicted yesterday by a federal grand jury in San Diego on fraud and conspiracy charges in a corruption investigation that sent former Rep. Randy "Duke" Cunningham to prison for eight years.

Kyle "Dusty" Foggo, the CIA's executive director, or No. 3 official, until his resignation in May, and San Diego contractor Brent R. Wilkes, both 52, were named in a multimillion-dollar scheme to supply bottled water and first-aid supplies to CIA operatives in Iraq.

Mr. Foggo, according to an 11-count indictment, was accused of accepting lavish vacations, helicopter rides and private jet flights from Mr. Wilkes as part of the conspiracy. He was charged with fraud, conspiracy and money laundering.

Mr. Wilkes was named in a separate 25-count indictment, charged with conspiracy, bribery, money laundering and unlawful monetary transactions to Cunningham in return for government contracts. The indictment included three counts of laundering more than $12 million.

According to the indictment, Mr. Foggo arranged for one of Mr. Wilkes' companies to be a middleman in selling bottled water to the CIA. In December 2003, it says, Mr. Wilkes introduced Mr. Foggo at a party at Mr. Wilkes' headquarters in Poway, Calif., as a future executive.

It also said Mr. Wilkes paid $32,000 for Mr. Foggo to join him on a vacation to Hawaii in December 2003 and January 2004.

Mr. Foggo, who announced his resignation within days of his CIA office and his Vienna, Va., home being searched by federal agents, had been the focus of an investigation by the FBI, the CIA's Office of Inspector General, the Internal Revenue Service and the Defense Criminal Investigative Service. His ties were questioned to Mr. Wilkes, who was named as a co-conspirator but not charged in the Cunningham case.

Cunningham pleaded guilty in November to taking $2.4 million in bribes in return for federal contracts and was sentenced to eight years in prison.

Mr. Foggo was named to his post in November 2004 by CIA Director Porter J. Goss. He oversaw the agency's day-to-day operations. He had been an undercover operative for more than 20 years in postings in Honduras, Austria and Germany.

In the Cunningham case, court documents said an unindicted co-conspirator gave the former congressman $525,000 in bribes in return for $6 million in government contracts. The co-conspirator has been identified as Mr. Wilkes.

Investigators focused on Mr. Foggo's role in the award of a $2.4 million contract to Mr. Wilkes to provide water, first-aid supplies and household items to CIA agents operating in war zones, including Afghanistan and Iraq.

Cunningham, an eight-term congressman and former Navy "top gun" pilot, pleaded guilty to accepting bribes to help a Washington-based defense contractor get business. He admitted to charges of mail fraud, wire fraud and income tax evasion, also acknowledging he underreported his income in 2004.

Former CIA No. 3 Indicted For Steering Contracts To Friend (CNN)

By From Kelli Arena And Terry Frieden, Cnn Washington Bureau

CNN.com, February 14, 2007

SAN DIEGO, California (CNN) -- The CIA's former third-ranking official and a California defense contractor have been indicted on corruption charges in the same bribery probe that sent former congressman Randy "Duke" Cunningham to prison, federal prosecutors announced Tuesday.

Kyle "Dusty" Foggo quit his post as the CIA's executive director in May 2006 after prosecutors began looking into his ties with longtime friend Brent Wilkes.

On Tuesday, prosecutors alleged that Foggo, in exchange for lavish gifts, pressured subordinates to award water and procurement services contracts to Wilkes and his company, ADCS Inc.

"Among the gifts that are provided are these lavish overseas gifts, including a $44,000, one-week stay at a Scottish castle," Assistant U.S. Attorney Sanjay Bhandari said. "Beyond that, there's a pattern of promises of future gifts -- a job at Wilkes' company."

The indictment alleges Wilkes paid for private jets, limousines, antiques and prostitutes for Cunningham.

Wilkes has been charged with bribery, conspiracy, money laundering, wire fraud and depriving taxpayers of honest services in a 35-count indictment. In addition to counts relating to Foggo, he is accused of bribing Cunningham -- now serving an eight-year prison term -- to the tune of $700,000 to get the congressman to steer government contracts his way.

Foggo faces an 11-count indictment charging him with conspiracy, wire fraud, depriving taxpayers of honest services, conflict of interest and money laundering. He "affirmatively hid" the gifts from his superiors at the CIA before his resignation, U.S. Attorney Carol Lam told reporters.

"These two indictments describe patterns of self-dealing and corruption that spanned years and reached deep into our country's system of procurement for the defense industry," Lam said.

Efforts to contact lawyers for Wilkes and Foggo were unsuccessful Tuesday evening. Lam said the two men are expected to surrender Wednesday morning.

Prosecutors will also try to reclaim $12 million in profits they say Wilkes received as a result of the schemes, Lam said.

A third man, New York mortgage banker John Michael, was charged with obstruction of justice. Prosecutors said he lied to a grand jury about Wilkes' role in paying off a half-million-dollar second mortgage on Cunningham's home.

The indictments stem from an ongoing corruption probe of Cunningham, a decorated Navy veteran who held seats on the House Intelligence Committee and the appropriations subcommittee that oversaw Pentagon spending. The Republican pled guilty in November 2005 to accepting $2.4 million in bribes from defense contractor Mitchell Wade.

Wade has been cooperating with prosecutors. Lam would not say whether Cunningham would testify during trials for Foggo or Wilkes.

Foggo was named to the executive director's post, which runs the spy agency's day-to-day operations, by then-Director Porter Goss. He resigned a week after Goss was forced out by widespread criticism of his management, and federal agents raided Foggo's home days later.

Goss has not been accused of wrongdoing in the case. His replacement, Michael Hayden, said Tuesday that the CIA has cooperated with the investigation, and "that cooperation continues today."

Wilkes' indictment states that the contractor paid for Cunningham's limousine travel around Washington; bought a $14,000 speedboat and a $1,500 laptop computer for the congressman; and flew him to and from his San Diego, California, district to Washington on a private jet.

The indictment also accuses Wilkes of picking up the tab for all or part of Cunningham's outings to Idaho; the Florida Keys; Palm Springs, California; and Hawaii, where the document states Wilkes had an employee line up prostitutes for him and the congressman on two consecutive nights.

In October, a House Intelligence Committee report concluded that Cunningham used his committee seats to steer more than $70 million in federal contracts to Wilkes and Wade before his indictment. Lam, who is being replaced as San Diego's U.S. attorney, subpoenaed records from three House committees in December.

Lam's removal is one of several that raised eyebrows on Capitol Hill, where Senate Democrats questioned the Justice Department's motives for replacing several federal prosecutors with interim appointees who don't have to face Senate confirmation.

But in a January hearing before a Senate committee, Attorney General Alberto Gonzales said there was nothing sinister about the shakeup, which he called "a sign of good management."

Lam did not address the controversy during her news conference Tuesday, but said she did not speed up the investigation in order to bring charges against Wilkes and Foggo before leaving office.

CNN's Paul Vercammen contributed to this report.

Ex CIA Number-three Indicted For Fraud In Corruption Probe (AFP)

AFP, February 14, 2007

The former number-three official in the CIA and a defense contractor were indicted in a corruption probe that led to the jailing of a prominent US lawmaker.

Kyle "Dusty" Foggo, the CIA's Executive Director until his resignation last year, and San Diego contractor Brent Wilkes were both charged with fraud in connection with the investigation into former representative Randall "Duke" Cunningham.

A statement from the Department of Justice said Wilkes had been indicted for providing more than 700,000 dollars to Cunningham in exchange for the politician's help in winning lucrative government defense contracts.

Cunningham, a decorated Vietnam war fighter pilot and a member of the House Defense Appropriations Subcommittee, was jailed for eight years in March last year after admitting taking bribes.

According to a justice department statement, Wilkes showered Cunningham with "cash, checks, meals, limousine service, corporate jet travel, lodging, furnishings, boats, prostitution services, vacations and entertainment."

In return for the bribes, the indictment alleged that Cunningham used his public office to influence the awarding of more than 100 million dollars' worth of defense contracts to Wilkes.

Foggo and Wilkes were both charged in a second indictment of conspiring to defraud the United States.

The indictment alleges that Foggo used his seniority within the CIA to influence the awarding of contracts to Wilkes, a life-long friend.

The charges allege that Foggo and Wilkes created shell companies to launder the proceeds of their scheme.

The indictments allege Foggo concealed his knowledge and the involvement of Wilkes in several deals as well as his receipt of "tens of thousands of dollars'" worth of meals, gifts, and vacations.

Foggo also failed to disclose the offer of a "senior executive position with Wilkes's company, ADCS, Inc."

"High government positions and powerful connections should not be tickets to corrupt self-enrichment," US Attorney Carol Lam said in a statement. "The public trust is not for sale."

The investigation is continuing.

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Libby Needs New Headliner In Leak Trial (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 14, 2007

WASHINGTON -- Former White House aide I. Lewis "Scooter" Libby needs a new star witness.

Libby, the former chief of staff to Vice President Dick Cheney, had been portrayed in court documents for months as his own best defense against perjury and obstruction charges in the CIA leak trial.

He was going to testify that he never lied to investigators. He would explain that he was so focused on national security issues, he simply forgot details about his conversations regarding CIA officer Valerie Plame.

Defense attorney Theodore Wells reversed course Tuesday and said Libby won't take the stand after all. Cheney, the other big-name Bush administration official on Libby's potential witness list, also won't testify, Wells said.

That spares the defense team two dangerous bouts with cross-examination. But it also forces Libby to look elsewhere for someone to make the memory defense for him.

John Hannah, who served as Libby's deputy and replaced him as Cheney's national security adviser, helped in that effort Tuesday. He described Libby as someone responsible for the nation's most sensitive intelligence but whose memory was notoriously spotty.

Libby also wants three CIA briefers to testify Wednesday about the classified national security briefings he received each morning in mid-2003.

"Mr. Hannah gave the overview and that was significant. We needed that," attorney John Cline said in court. "But the briefers will give the specifics, the real day-to-day intelligence."

U.S. District Judge Reggie B. Walton said the briefings could be used as evidence, but that was when Libby was going to testify about how that intelligence weighed on his mind. Now, Special Prosecutor Patrick Fitzgerald says that testimony shouldn't be allowed.

Without Libby's testimony, jurors won't know how important Libby viewed the classified briefings, Fitzgerald said. Fitzgerald argues that Libby was consumed with debunking war criticism by former Ambassador Joseph Wilson and told reporters that Wilson's wife worked for the CIA.

Libby was not the source for Robert Novak's column that outed Plame and triggered an FBI investigation. But prosecutors said Libby feared repercussions because he did discuss Plame with reporters. Fearing his job and reputation were at stake, Libby lied to investigators about those conversations, Fitzgerald contends.

Most of the defense witnesses were reporters who said they talked to Libby around the same time Plame's name was being leaked. All said Libby did not talk about Plame to them. If Libby wanted to out her, defense attorneys argue, why wouldn't he take the opportunity with some of the nation's most well-known journalists?

Walton said he will decide Wednesday whether to let the CIA briefers testify. Defense attorneys said they plan to rest their case Wednesday. Closing arguments are expected early next week.

Libby Defense To Rest Without Testimony By Him Or Cheney (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 14, 2007

Attorneys for I. Lewis "Scooter" Libby said yesterday that he and Vice President Cheney, his former boss, will not testify in Libby's perjury trial, leaving the defense preparing to rest its case today after barely more than two days of testimony.

The defense's announcement in court, partway through the fifth week of the celebrated trial of the vice president's former chief of staff, represented an abrupt shift from the witness strategy that Libby's lawyers laid out in hearings and court papers during the months leading up to the trial.

The defense's central theory is that Libby suffered from a notoriously bad memory and misspoke to investigators about his role in the Bush administration's disclosure of the identity of undercover CIA officer Valerie Plame. The decision to foreshorten the case means that jurors will hear little testimony and see scant evidence to back that contention. Yesterday, John Hannah, a former deputy to Libby for national security matters, provided the sole support for the idea, testifying that "on certain things, Scooter just had an awful memory."

The decision also means that the defense will not call any witnesses to explicitly buttress a dramatic assertion by lawyer Theodore V. Wells Jr. in his opening statement to the jury: that Libby was scapegoated by his White House colleagues when the leak investigation began.

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Outside legal specialists said that Libby's attorneys appear to have concluded that the risks of exposing the defendant and the vice president to cross-examination on the witness stand outweighed the benefits they could provide in establishing Libby's innocence. Cheney would have been the first sitting vice president to testify in a criminal trial in at least a century.

"You can't control how things are going to go," said Randall Eliason, a former chief prosecutor of white-collar crimes for the U.S. Attorney's Office in Washington. Eliason said that Special Counsel Patrick J. Fitzgerald could have grilled Libby about any conflicting statements he had made.

Eliason and Carl Tobias, a University of Richmond law professor, said that Libby's defense team is experienced and must be confident that it has established reasonable doubt in cross-examination of prosecution witnesses. In closing arguments, they predicted, defense lawyers may remind jurors about holes they poked in other witnesses' accounts -- and what they may portray as a lack of clear evidence that Libby deliberately lied.

"It's a pretty tepid defense that's been mounted, and I wouldn't even say mounted," Tobias said. "There was all this information to suggest the defense was going to put on more of a defense than we saw."

Libby's attorneys did not publicly explain why they decided that the two men should not testify. For the past several days, however, they had been laying groundwork for a possible change in course, filing court papers and repeatedly asking U.S. District Judge Reggie B. Walton to permit them to preserve the faulty-memory defense even if they chose not to call Libby as a witness.

Yesterday afternoon, just before the jury was excused for the day early because of an approaching winter storm, Wells told Walton that the defense team had just decided that it would "release" Cheney as a possible witness.

Wells also said that he and Libby's defense team had just recommended to Libby that he not testify on his own behalf. After conferring with his wife, also a lawyer, Libby accepted his counsel's advice, Wells said.

Walton then asked Libby whether he was certain that he wanted to forgo his right to testify. "Yes, sir," he replied in a quiet, steady voice, speaking in court for the first time since his trial began.

Libby is charged with five felonies: two counts of making false statements to FBI agents, two counts of perjury before a grand jury and one count of obstructing the CIA leak investigation. He is not charged with the leak itself.

Prosecutors contend that Libby lied to obscure the fact that he had improperly shared classified information with reporters as he played a key role in an effort by the Bush administration to discredit Plame's husband. The CIA officer is married to former ambassador Joseph C. Wilson IV, who was sent to Niger by the CIA in 2002 to explore reports that Iraq had sought to buy nuclear material there. He concluded that the reports were not true.

Early in the summer of 2003, Wilson wrote a stinging critique of President Bush and the Iraq war, accusing the White House of twisting his conclusions to justify the invasion. Prosecutors contend that Libby told several reporters that Wilson's wife worked at the CIA to suggest that he had been sent on the mission as a result of nepotism, not because of his expertise.

The defense counters that when Libby met with FBI agents and grand jurors, he innocently misremembered his conversations with journalists, because they were insignificant amid his pressing work on national security matters.

Since shortly after Libby's October 2005 indictment, friends and political allies have raised at least $3.5 million to defend him, said a source close to Libby who spoke on the condition of anonymity because the fund is private.

The other defense witnesses to appear so far were a former State Department official and seven journalists. Six of the reporters testified Monday that Libby had not told them about Plame.

Yesterday, Hannah, now the vice president's national security adviser, highlighted points that Cheney and Libby might have offered if they had testified. Hannah said that Libby essentially had two full-time jobs and, under questioning by defense attorney John Cline, gave the jury a tour of complex and sensitive foreign-policy issues in which Libby was immersed from May 2003 to March 2004. That period is significant, because it began when Cheney first told Libby about Plame and ended with his appearances before the grand jury investigating the leak of her identity.

Like Libby, Cheney faced the possibility of awkward questions from prosecutors had he appeared as a witness. Several prosecutors -- and Libby himself in his grand jury testimony -- have portrayed Cheney as deeply involved in the White House effort to discredit Wilson. Jurors have heard audiotape of Libby telling the grand jury that he and Cheney may have discussed whether to mention Plame to reporters but that he was not certain.

From the start, the defense repeatedly said that Libby and Cheney probably would take the stand. Potential jurors were asked their opinion of Cheney, and those with strongly negative views of him were not chosen. Before the trial, defense lawyers had told Walton that Libby would testify, and that persuaded the judge to let the defense note during the trial the crush of national security issues Libby was handling.

At various points in the trial, defense attorneys indicated that they might call as witnesses several other people they later decided to abandon. They include Karl Rove, the White House senior adviser; Dan Bartlett, counselor to the president; Jack

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Eckenrode, the former FBI agent in charge of the case; Colin L. Powell, former secretary of state; and Eric Edelman, Libby's former deputy.

After announcing that Libby and Cheney would not testify, defense attorneys said their last witnesses today would be CIA employees who regularly briefed Libby about national security matters and could amplify Hannah's testimony about the world crises Libby was juggling around the time of the CIA leak. Prosecutors are seeking to block the briefers' testimony.

Libby, Cheney Will Stay Off The Stand (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 14, 2007

WASHINGTON — Abruptly reversing course, lawyers for I. Lewis "Scooter" Libby announced Tuesday that neither the defendant nor Vice President Dick Cheney would testify at Libby's trial on charges of lying to federal investigators — a high-wire maneuver that drastically reduces the opportunity for presenting defense evidence and means the case will go to the jury early next week.

In a surprise disclosure in federal court, Libby's lawyer Theodore Wells Jr. said that he would finish his defense today, after three days of testimony.

The decision not to call Libby or his former boss, Cheney, deprives the trial of its most widely anticipated witnesses. It also rules out any major effort to buttress a key element of Libby's defense: that any misstatements he made to federal agents probing a leak of classified information sprang from his preoccupation with major policy matters, not from a desire to mislead.

The move apparently reflects a decision by Libby's legal team that exposing Cheney and his former chief of staff to crossexamination could do more harm than good.

Both men were facing difficult questions about their leading role — disclosed in new and graphic detail during the trial — in a White House campaign in summer 2003 to strike back at a critic of the Bush administration's rationale for invading Iraq.

The war critic was Joseph C. Wilson IV, a former U.S. diplomat who publicly challenged White House claims that then-Iraqi President Saddam Hussein had tried to obtain nuclear material from the West African nation of Niger. Wilson based his attack on a government-ordered fact-finding trip he had made to Africa, during which he concluded no such attempt had been made.

In hoping to discredit Wilson, government officials leaked to several reporters the fact that Wilson's wife was CIA operative Valerie Plame. The officials sought to suggest Plame had arranged Wilson's trip as a boondoggle.

Wells told the court Tuesday that he informed a lawyer for Cheney over the lunch hour that he would not be calling the vice president, who had been scheduled to testify Thursday.

At the same time, Wells disclosed that he had advised Libby that he did not believe his client should testify and that, after consulting his wife, Libby "has indicated to us that it is his intention to follow our advice."

"We will rest his case tomorrow," Wells said Tuesday.

U.S. District Judge Reggie B. Walton briefly quizzed the defendant about the decision, and Libby acknowledged that he understood he had a right to testify.

Walton set closing arguments for Tuesday. After that, the 12-person jury will deliberate on the fate of the former vice presidential aide, the highest administration official prosecuted in more than a decade.

Wells and other members of the defense team had indicated for months that both Libby and Cheney would take the stand and play an important part in the courtroom drama.

The decision for Libby not to testify could be risky. His defense against perjury charges has been that he had memory lapses stemming from a proliferation of official duties.

Although jurors are customarily told not to hold it against defendants who choose not to testify, Libby's decision not to take the stand may leave a question in some jurors' minds about why he did not present his version of events.

But his lawyers apparently concluded that a potentially embarrassing cross-examination would be more damaging than what support either Libby or Cheney could add to the defense.

"I think they made a strategic decision that the downside of an extensive defense case far outweighed the upside," said Dan Richman, a professor at Fordham law school and a former federal prosecutor.

Other parts of Libby's case also appeared to be problematic, Richman said, including a claim by Wells during his opening statement last month that Libby thought the White House was attempting to make him a scapegoat.

"The idea that he is someone who really can easily be victimized by powerful people is a little bit belied by the centrality of his role in the administration that the testimony revealed," Richman said.

Libby was the only person charged in connection with a three-year federal probe into how the identity of Plame, a CIA arms-proliferation analyst, became public in July 2003. Plame was first identified by syndicated newspaper columnist Robert

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Novak eight days after her husband published an opinion piece in the New York Times that criticized the administration for twisting prewar intelligence in Iraq.

Several administration figures — including former Deputy Secretary of State Richard L. Armitage, White House political strategist Karl Rove, and former presidential spokesman Ari Fleischer — have acknowledged speaking with reporters about Wilson's wife, although they were not charged with crimes.

Libby was charged with perjury and obstruction of justice for essentially attempting to cover his tracks after he allegedly leaked information about Wilson's wife to reporters.

The government called 10 witnesses, including former officials with the State Department and CIA who testified that they had given information to Libby about Wilson's wife sooner than Libby told investigators he had learned about her.

The government also called two journalists to testify that, contrary to his statements, Libby leaked them information about Wilson's wife. A third journalist, NBC's "Meet the Press" moderator Tim Russert, rebutted a separate claim that Libby was making that it was Russert who had first disclosed information to him about Plame.

The defense has tried to poke holes in the prosecution's case by raising questions about the credibility of government witnesses, including some who were revealed to have had trouble recalling key events.

On Monday, Libby's lawyers called a half-dozen well-known journalists, including Washington Post editor Bob Woodward of Watergate fame. They all declared that — though they talked with Libby around the time Plame was exposed — he did not disclose her identity to them.

On Tuesday, Libby's former right-hand man, John Hannah, testified that Libby had "an awful memory," evidence that could buttress his busy-man defense.

"He was good at remembering ideas and concepts and arguments, and very bad in figuring out where those arguments may have come from," Hannah testified. On occasions "too many to count," the aide said, Libby would claim credit for an idea that Hannah had submitted to him just hours before.

Hannah, who succeeded Libby as Cheney's national security advisor, also testified that Libby was constantly immersed in high-level and high-stakes issues — including the war in Iraq, nuclear proliferation in Iran, and potential terrorist attacks in the U.S.

But Special Prosecutor Patrick J. Fitzgerald got Hannah to admit that Libby was not too busy in the summer of 2003 to take time out to track the doings of Wilson.

The defense decision not to call Libby appeared to harden feelings a bit with the prosecution team.

Before the trial, the government had given Libby and his lawyers extensive access to summaries of classified information that Libby had seen while working for Cheney and had said were crucial to defending himself.

Fitzgerald said the information was given with the understanding that it would be used exclusively by Libby while he testified to show the size and sensitive nature of his workload.

Tuesday, after defense lawyers said that Libby would not testify but that they planned to introduce some of that information during the testimony of three CIA employees today, Fitzgerald objected.

He accused the defense of engineering "a bait-and-switch." Walton deferred a ruling.

Libby And Cheney Will Not Testify, Says The Defense (NYT)

By Neil A. Lewis And Scott Shane

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — Lawyers defending I. Lewis Libby Jr. against perjury charges surprised the courtroom on Tuesday by saying that they would rest their case this week and do so without putting on the stand either Mr. Libby or Vice President Dick Cheney.

Mr. Libby was Mr. Cheney's chief of staff.

The decision means that Mr. Libby's defense, which will formally end on Wednesday, will have spanned barely three days. Mr. Libby's chief defense lawyer, Theodore V. Wells Jr., told Judge Reggie B. Walton that Mr. Libby had accepted the defense team's recommendation to end their presentation swiftly and send the case to the jury by next week.

The decision could be viewed as a sign that Mr. Libby's lawyers are confident that the prosecution failed to make its case.

Mr. Wells had earlier signaled strongly that he intended to call Mr. Libby and Mr. Cheney to testify, which suggests that the defense team recently analyzed the costs and benefits of putting them on the stand and concluded that their testimony would not, on balance, help Mr. Libby.

One likely factor in that calculation is that putting Mr. Libby on the stand would expose him to a cross-examination by Patrick J. Fitzgerald, the chief prosecutor, that could be withering. Mr. Fitzgerald complained that the defense had engaged in a "bait and switch" tactic by keeping Mr. Libby off the stand after repeatedly suggesting that he would testify.

Mr. Cheney's testimony, which was much anticipated, would have set a precedent as the first appearance of a sitting vice president as a witness at a criminal trial. It was also expected to bolster a major part of Mr. Libby's defense: that he was so consumed by the crush of high-stakes issues like global terrorism and Iraq that he might not have remembered all the details of his conversations.

But the trial threw up numerous instances in which Mr. Cheney took a personal role in managing the White House response to accusations from Joseph C. Wilson IV, a prominent critic of the Iraq war, that the evidence for going to war had been knowingly overstated. Mr. Cheney could have been exposed during cross-examination to uncomfortable questions about his close involvement in trying to undermine Mr. Wilson's criticisms.

Mr. Wilson also said the identity of his wife as a Central Intelligence Agency operative was purposely leaked to the press in retaliation for his criticism. Mr. Libby is charged with lying to a grand jury and to F.B.I. agents investigating that leak.

The jury is expected to hear final arguments from both sides beginning next Tuesday.

Although the jury will not hear Mr. Libby in person, during the trial, prosecutors played eight hours of audiotapes in which Mr. Fitzgerald questioned him before the grand jury. The jury heard Mr. Libby giving his version calmly in the first two-thirds of the tapes and then seeming to become uneasy and less confident as Mr. Fitzgerald bore in.

Prosecutors have said Mr. Libby learned of the identity of Mr. Wilson's wife, Valerie Wilson, from fellow administration officials in the summer of 2003 and discussed her with reporters. Mr. Libby swore that he had not discussed Ms. Wilson with reporters and believed that he had learned about her in a conversation on July 10 or 11 with Tim Russert of NBC News.

Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine, testified for the prosecution that Mr. Libby had discussed Ms. Wilson with them. Mr. Russert testified that he never discussed Ms. Wilson with Mr. Libby.

The defense has argued that the three reporters have remembered their conversations incorrectly. And, if Mr. Libby testified incorrectly, it was because his memory was faulty because of the press of official business.

Mr. Libby's lawyers were able to glean what would have been some of the benefits of Mr. Cheney's testimony through another witness on Tuesday.

The witness, John Hannah, a former deputy to Mr. Libby who is now a national security adviser to Mr. Cheney, took the jurors on a tour of Mr. Libby's concerns in the summer of 2003, including the Iraq war, Islamic extremists' threat of a biological attack, Iranian and North Korean nuclear capabilities and diplomatic crises with Liberia and Turkey.

In Mr. Hannah's account, Mr. Libby had barely time to draw an extra breath, starting with an early morning C. I. A. briefing "that covers the waterfront of the world."

Mr. Hannah also provided testimony for another defense argument when he said Mr. Libby had a notoriously bad memory. "On certain things, Scooter just had an awful memory," he said, using Mr. Libby's nickname.

He said that on occasion Mr. Libby would tell him some idea in the afternoon, having forgotten that he, Mr. Hannah, had given him the idea in the morning. Mr. Libby, sitting at the defense table, laughed. Mr. Hannah said in response to a question from a juror — an unusual procedure used by Judge Walton — that Mr. Libby had a good memory for ideas and concepts.

Although Mr. Hannah testified for the defense for nearly two hours, the prosecutor, Mr. Fitzgerald, seemed to cut down much of the significance of his testimony in five minutes of cross-examination. Noting that Mr. Hannah had testified that he could usually have a few minutes alone with Mr. Libby only in the evening after the crush of business, Mr. Fitzgerald suggested that Mr. Libby would have devoted time only to matters of great concern to him in the week of July 6, 2003.

"If he gave something an hour or two that week, it would be something Mr. Libby thought was important, right?" asked Mr. Fitzgerald.

"Well, with regard to me, yes," Mr. Hannah replied.

Left unsaid in the exchange was undisputed testimony that Mr. Libby spent nearly two hours on Tuesday, July 8, with Ms. Miller, then a Times reporter. Ms. Miller has testified that Mr. Libby told her in detail about Ms. Wilson at the meeting. Mr. Libby acknowledged meeting Ms. Miller to counter Mr. Wilson's accusations, but said he did not discuss Ms. Wilson.

Underlying Mr. Hannah's testimony was a fierce legal battle between the defense team and prosecutors over how much the jury should be told of Mr. Libby's busy schedule now that he is not going to testify. One of his lawyers, John Cline, said, "We want to show he was caught in a tornado of information."

Judge Walton ruled that without Mr. Libby's live testimony he would not allow Mr. Wells to argue in his closing that the issue of Ms. Wilson was far less important than the national security issues on his agenda.

"I've said that relative importance is not going to be an issue on the table if Mr. Libby doesn't testify," he said.

Jill Abramson, managing editor of The New York Times, testified earlier on Tuesday that she could not remember a conversation with Ms. Miller after the July 8 meeting with Mr. Libby. Ms. Miller had testified earlier in the trial that she had suggested to Ms. Abramson that day that The Times assign someone to look into the role of the Wilsons.

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Ms. Abramson, who was on the witness stand for less than five minutes, said, “It’s possible I occasionally tuned her out,” but said she had no recollection of the conversation.

Ex-senator Questions Fitzgerald's Case (AP)

AP, February 14, 2007

Former Sen. Fred Thompson, R-Tenn., criticized Special Counsel Patrick Fitzgerald's handling of the CIA leak investigation Tuesday, saying the prosecutor had to have known from the start that it was not a crime to disclose Valerie Plame's identity as an agent.

A fund-raiser for the defense of I. Lewis "Scooter" Libby, Thompson depicted Fitzgerald as out of control, telling ABC News there was "no brake and no check and no balance" on the prosecutor.

Thompson's objections are the same ones Democratic politicians made in the 1990s about independent counsel Kenneth Starr, who spent six years investigating President Clinton and first lady Hillary Rodham Clinton.

In the same fashion, Republicans complained about the six-year investigation by independent counsel Lawrence Walsh into the Iran-Contra scandal of the Reagan years and the first Bush administration.

Congress allowed the independent counsel statute to expire in 1998.

"When you put too much power in the hands of unelected, unaccountable people who have every incentive to focus massive resources onto one particular person — who gets the plaudits in the media for doing so — it's a bad thing," Thompson told ABC.

Unlike Starr, who was appointed by a panel of federal appeals court judges, Fitzgerald's Justice Department superiors appointed him to look into the CIA leak scandal. He has continued his duties as U.S. attorney in Chicago while investigating the Valerie Plame affair.

Thompson, who plays a prosecuting attorney in NBC's "Law & Order," pointed out that no one has been charged with leaking Plame's identity, saying no law had been broken. "The Justice Department knew that early on. The CIA should have known that early on," Thompson said. "Special Counsel Patrick Fitzgerald had to have known that at the very beginning."

With information provided by two Bush administration officials, conservative columnist Robert Novak revealed Plame as a CIA agent in July 2003. The CIA asked for a Justice Department inquiry into possible violation of the Intelligence Identities Protection Act, which led to the five-count indictment charging Libby with perjury and obstruction of the FBI investigation.

Subpoena Fighters Go To Court As Corzine Repeats Call For Records (NSL)

By Josh Margolin And Ted Sherman, Star-Ledger Staff

Newark Star-Ledger, February 14, 2007

Federal prosecutors and attorneys for the state Legislature are due to square off today in an increasingly political fight over the confidentiality of legislative records being sought in a criminal corruption probe.

The closed-door hearing in U.S. District Court in Trenton comes after Gov. Jon Corzine reiterated his call yesterday for the release of documents being sought by U.S. Attorney Christopher Christie in an expanding investigation into lawmakers' possible conflicts of interest.

"I think we ought to comply with the law and respond to the subpoena," Corzine said. "We ought to be taking those steps that give the public the assurance that we're getting our house in order with regard to ethics."

Republicans, the minority in the Legislature, also have been calling for release of the records and have requested an internal inquiry into who authorized hiring an outside attorney to challenge the federal subpoena.

"It is incomprehensible that the nonpartisan Office of Legislative Services would secretly hire outside counsel to fight subpoenas," said Sen. Anthony Bucco (R-Morris), a member of the Legislative Services Commission, which oversees the OLS.

Separately, attorneys for state Sen. Wayne Bryant (D-Camden), whose no-show job with the University of Medicine and Dentistry of New Jersey initially sparked the interest of the U.S. attorney, moved to intervene in the court hearing, according to sources familiar with the proceedings.

The federal investigation into Bryant led to at least three subpoenas that were served on the OLS, the state Senate and the state Treasury Department last fall, attorneys for the Senate Democrats confirmed at the time.

The subpoenas served on the Senate and the Treasury Department sought budget-related documents, which were quickly produced. However the OLS balked at providing the information, citing attorney-client privilege.

In addition to serving as the nonpartisan research and operations arm of the Legislature, the OLS acts as counsel to the Legislature and its members.

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Democratic leaders of the Legislature said yesterday they believed the scope of the OLS subpoena was narrowly focused and not necessarily indicative of a broader investigation into the Legislature itself. But they admitted they had neither reviewed the subpoena nor been briefed by the U.S. attorney.

In their first public comments on the matter amid the growing political fallout, the Democrats said they have fully complied with all requests from Christie's office.

Senate President Richard Codey (D-Essex) and Assembly Speaker Joseph Roberts (D-Camden) said they were "unaware of a broad-ranging investigation as has been reported in the media."

In a joint statement, the two said: "What apparently is in dispute is a narrow issue that the Office of Legislative Services believes to be of constitutional significance, and ultimately it will be up to the court to decide the matter."

That issue is whether communications between attorneys for the Legislature and its members are presumed to be confidential -- an argument that was shot down nearly a decade ago during the investigation of President Bill Clinton, when independent counsel Kenneth Starr successfully argued that government lawyers work for the public.

Codey said if individual members of the Legislature had been the subject of any subpoena, they would have been notified.

"I don't know anybody that has been notified," he said.

It is clear, though, that Christie is not confining his questions to Bryant. Several legislative officers and budget officials have been interviewed by the FBI in recent weeks regarding the awarding of millions of dollars in special discretionary funds.

The confidentiality argument due to play out today in the courtroom of U.S. District Court Judge Mary Cooper would affect any subpoenas served on the Legislature.

The hearing will be closed and its proceedings sealed because the matter is part of an ongoing grand jury investigation.

Officials within the Office of Legislative Services would not discuss the matter. A spokesman for the U.S. attorney declined comment.

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Reputed Mob Boss 'Joey The Clown' Could Face Fresh Charges (AP)

By Mike Robinson
AP, February 14, 2007

CHICAGO - Reputed mob boss Joseph "Joey the Clown" Lombardo and another man could face new charges for going on the lam after a major indictment against them was unsealed, a federal prosecutor said Tuesday.

"We may seek to add charges to the indictment based on their fugitive status," Assistant U.S. Attorney Mitchell A. Mars told federal Judge James B. Zagel at a hearing in a racketeering case known as Operation Family Secrets.

Fourteen alleged mobsters and mob associates were charged in the indictment alleging that leaders of the Chicago Outfit were involved in 18 murders, including that of Tony "The Ant" Spilotro, the mob's onetime top man in Las Vegas who was killed and buried in an Indiana corn field.

Joe Pesci played a character based on Tony Spilotro in the 1995 Martin Scorsese film "Casino."

Lombardo, 77, was captured by FBI agents in a suburban Elmwood Park alley in January 2006 after nine months on the run.

The other runaway defendant, alleged mob enforcer Frank "The German" Schweihs, 76, was captured by FBI agents in December 2005, hiding in the hills of Kentucky south of Lexington.

Lombardo attorney Rick Halprin said that an unlawful flight to escape prosecution charge would add little to the case compared to the racketeering count his client is charged with.

"Given the breadth and scope of the case, I don't believe I'm going to lose any sleep over it," he said. Schweihs attorney Ellen R. Domph had no comment.

Zagel told attorneys Tuesday that he likely would order a hearing to determine exactly what jurors might hear from prospective government witness James Wagner, a former FBI mob investigator who now is president of the Chicago Crime Commission.

Prosecutors want Wagner to tell the jury the story of the Chicago Outfit based on his decades of experience investigating the mob.

Halprin has asked Zagel to limit what Wagner would be allowed to say. Zagel told Mars to provide the court with a written explanation of what the former agent would tell the jury.

Lawyer Surrenders In '78 Stolen Art Case (BOS)

By Stephen Kurkjian And Shelley Murphy, Globe Staff

The Boston Globe, February 14, 2007

Will face charges in attempted sale

A retired Watertown lawyer surrendered to federal authorities yesterday after returning from France to face charges he attempted to sell millions of dollars worth of paintings, including a major work by Cezanne, that were stolen from a home in the Berkshires in 1978.

Robert M. Mardirosian , 72, who gave up a successful criminal law practice to become a sculptor and painter more than a decade ago, appeared in federal court 90 minutes after being arrested at Logan International Airport by arrangement with the US attorney's office. He was charged with taking possession of the seven paintings months after they were allegedly stolen by one of his clients. The theft was long regarded as the largest burglary from a private residence in Massachusetts history.

Mardirosian will be arraigned March 2 on the charges, which carry a maximum 10-year sentence upon conviction. He was released on $500,000 bail by US Magistrate Marianne B. Bowler. Both Mardirosian and his attorney, Michael F. Hanley, declined to comment following the hearing.

"It is extremely disheartening that an attorney charged with upholding the law . . . would disregard that duty and for decades conceal the whereabouts of priceless works of art for no other reason than greed," US Attorney Michael P. Sullivan said in a statement.

In an interview with the Globe in January 2006, Mardirosian acknowledged that he had taken possession of the paintings and held them for more than 20 years after his client, David T. Colvin of Pittsfield, had stashed them, unbeknownst to Mardirosian, in a large plastic bag in the attic of his Watertown law office. Mardirosian said he represented Colvin on an unrelated criminal case when Colvin told him he was headed to Florida to fence the stolen paintings.

"He was going to bring them to Florida to fence them, but I told him that if he ever got caught with them with the other case hanging over his head, he'd be in real trouble," Mardirosian said in the 2006 Globe interview.

Colvin was killed the following year, and it was only then, Mardirosian said, that he realized the paintings were in his office attic.

According to the federal complaint against him, Mardirosian held onto the paintings until 1988 when he moved them to Monaco and later to a Swiss bank for safekeeping. He said he intended to return the paintings to their owner, Michael P. Bakwin of Stockbridge, in exchange for a finder's fee or 10 percent of their value, according to the complaint. But he took no such action.

Finally, in 1999, using a shell company he set up in Panama called Erie Trading International, Mardirosian tried to arrange for the auction of the most valuable painting, Cezanne's "Bouilloire et Fruits," at Sotheby's in London. However, the Art Loss Register, which tracks stolen artwork, notified Sotheby's that the painting had been stolen and stopped the sale.

Within months, Bakwin and the Art Loss Register signed an agreement with Erie's lawyers to turn over ownership of the other six paintings if the Cezanne was returned to Bakwin. But shortly after he completed the deal, Julian Radcliffe, president of the Art Loss Register, contended that the deal was not legally binding since Bakwin had, in effect, been coerced to sign it to get his stolen property back.

Mardirosian's possession of the paintings and his presidency of Erie Trading was not known until last year when, according to the complaint, he tried again to auction four of the remaining six stolen paintings at Sotheby's.

This time, according to an affidavit filed by FBI Special Agent Geoffrey J. Kelly, he persuaded Paul Palandjian of Belmont, the son of a former close friend, to arrange the sale. Palandjian, who was granted immunity for his testimony, told federal authorities that he agreed to the deal in exchange for a commission.

However, Bakwin stopped the auction by bringing suit in a London court, which began the federal investigation and ended with Mardirosian's arrest.

Although he was not asked to provide any defense at the hearing, Mardirosian may argue that he did not know Bakwin was the owner of the paintings until he began negotiating with him over ownership of the paintings.

At yesterday's hearing, Assistant US Attorney Jonathan F. Mitchell said a recent search of Mardirosian's home in Falmouth in conjunction with the investigation had uncovered several firearms, 53 pounds of marijuana, and a stash of cocaine.

Mardirosian has been living in the south of France since last year, and the house has been occupied by one of his two sons, Mitchell said.

Mass. Lawyer Charged In Stolen Art Case (NSDY/AP)

By Jesse Harlan Alderman, Associated Press Writer

Long Island Newsday, February 14, 2007

BOSTON -- A retired lawyer who federal authorities say negotiated to sell paintings allegedly stolen by a former client, including a $30 million Cezanne still life, was arrested Tuesday at Logan Airport as he got off a plane from France.

Robert R. Mardirosian, 72, of Falmouth, Mass., and St. Paule de Vence, France, was charged in U.S. District Court with possessing, concealing, storing, and attempting to sell stolen goods, U.S. Attorney Michael J. Sullivan announced.

"People seem to get away with all kinds of stuff when it comes to art robbery," said Michael Bakwin, the paintings' owner and a former inn keeper in Stockbridge, Mass., now living in Suffolk, Va. "I don't know if there is any closure, but it's nice to see that people who break the law don't get away with it."

In 1978, Bakwin returned to his home in the Berkshire mountains to find seven paintings missing from the dining room walls. "Pitcher and Fruits," a painting by French impressionist Paul Cezanne, was among them.

Nearly 30 years later, authorities allege in a complaint unsealed Tuesday in federal court that Mardirosian hauled the paintings on a bizarre circuit from his Watertown, Mass., law office to Swiss banks and London auction houses, all under the cover of a Panamanian shell company he created to sell the works.

"It is extremely disheartening that an attorney charged with upholding the law, as the defendant was in this case, would disregard that duty and for decades conceal the whereabouts of priceless works of art for no other reason than greed," Sullivan said in a written statement.

Last year, Mardirosian told The Boston Globe that the paintings' alleged thief, David Colvin, left the pieces at his law office in Watertown. He told the newspaper he represented Colvin in an unrelated case.

"He was going to bring them to Florida to fence them, but I told him that if he ever got caught with them with the other case hanging over his head, he'd be in real trouble," he told The Globe.

In 1979, a year after the artwork went missing, Colvin was killed in Pittsfield, Mass., over a gambling debt.

In 1988, Mardirosian moved the paintings to Monaco, thinking he might have a legal claim to ownership or a 10 percent "finder's fee," according to a May 2006 affidavit from FBI Special Agent Geoffrey Kelly, also unsealed Tuesday.

Lloyd's of London was contacted in 1999 by an unknown person about insuring the paintings before sale, the affidavit says, and discovered they were listed with the database Art Loss Register as having been stolen. It says Julian Radcliffe, chairman of Art Loss Register, determined that the paintings were being sold by a Panamanian corporation called Erie International Trading Company, later found to be registered to Mardirosian.

Radcliffe contacted Bakwin and brokered a deal with unnamed agents of Erie, who agreed to return the Cezanne in exchange for the other six paintings. Two months after retrieving the Cezanne, Bakwin auctioned it through Sotheby's in London for $29.3 million.

As part of the contract, the owner of Erie agreed to disclose his identity in a sealed envelope. A British judge later ruled the contract void because Bakwin "signed it under duress." He ordered the envelope unsealed, revealing Erie's owner as Robert Mardirosian, and ordered the lawyer to pay Bakwin $3 million.

Bakwin said four paintings, which authorities say Mardirosian tried to sell through Sotheby's in 2004, will be returned to him in Virginia. He said he did not plan to auction them.

"I have a fairly large home, so I'll display them where they fit," he said.

Investigators believe the two remaining paintings, both Jansen works, are being held by a Swiss friend of Mardirosian.

Three lawyers for Mardirosian did not return calls or e-mails from The Associated Press.

A spokeswoman for the U.S. Attorney's office did not return an after-hours call. The Cape Cod Times reported on its Web site that Mardirosian was released on $500,000 bail and ordered to stay at his son's home in Belmont.

Prisoner Who Killed Cell Mate With Towel Gets Death Penalty (DPHR/AP)

By The Associated Press

Daily Press, February 14, 2007

ROANOKE, Va. -- A federal inmate who killed his cell mate by strangling him with a bath towel has been sentenced to death, officials said Tuesday.

Carlos Caro, 39, was a prisoner at the federal penitentiary in Lee County in December 2003 when he killed Robert Sandoval, U.S. Attorney John L. Brownlee's office said in a statement.

Caro later told an FBI agent that Sandoval had cursed Caro and threatened to eat his breakfast, the statement said. He also admitted killing Sandoval with the towel, Brownlee's office said.

Caro was convicted on Feb. 1 by a federal jury in Abingdon. He will be formally sentenced March 9.

"Mr. Caro continues to commit violent crimes even while incarcerated," Brownlee said in the statement. "The jury agreed that Mr. Caro had to be punished for this crime and that more prison time was not a deterrent for Mr. Caro."

Verdict For Execution In Reservoir Case (AP)

By Greg Risling

DOJ_NMG_0132106

AP, February 14, 2007

LOS ANGELES - A jury imposed the death penalty Tuesday on the ringleaders of a kidnapping-for-ransom scheme targeting rich Russian immigrants whose bodies were found in a Northern California reservoir.

Jurors deliberated less than a day before reaching their vote on sentences for Iouri Mikhel, 41, and Jurijus Kadamovas, 40. Last month, the federal jury convicted both men of three counts of hostage-taking resulting in death and three counts of conspiracy.

The death penalty verdict is binding on U.S. District Judge Dickran Tevrizian, who is scheduled to formally sentence the two men March 12. The case will be automatically appealed, as in all federal death penalty prosecutions.

"They got what they deserved," said Ruven Umansky, whose son Alexander was among those killed. "It's a relief."

Said U.S. Attorney Susan DeWitt: "These were good people who didn't deserve the fate that befell them. We felt a tremendous responsibility to the victims' families."

Defense attorney Dale Rubin called the jury's decision "a revenge verdict."

"They lost sight of what their job was," Rubin said.

Prosecutors said the two men led a group that sought to build a fortune by kidnapping affluent Russian immigrants from Los Angeles in late 2001 and early 2002 and extorting money from their families and friends. About $1.2 million was collected in ransom.

Defense attorneys said the accomplices who cut deals with prosecutors for lesser prison sentences were the group's leaders.

Five victims were killed regardless of whether the ransoms were paid, prosecutors said. The bodies were tied with weights and dumped in the New Melones Reservoir near Yosemite National Park.

(Corrects that jury's verdict is binding on judge, and not a recommendation; corrects that sentencing is on March 12, not March 7.)

Study Predicts Rise In Inmate Populations (USAT)

By Kevin Johnson

USA Today, February 14, 2007

WASHINGTON — The number of inmates in U.S. prisons likely will rise nearly 13% during the next five years, costing states up to $27.5 billion in new operating and construction expenses, according to a new analysis by the Pew Charitable Trusts.

The Pew report, to be released today, projects the nation's prison population will be about 1.72 million by 2011, up from an estimated 1.53 million at the end of last year. Such an increase would roughly equal the current population of the federal prison system.

Pew analysts said the growth is being fueled by mandatory minimum sentences that have stretched prison terms for many criminals, declines in inmates granted parole and other policies that states have passed in recent years to crack down on crime.

In some states, the study said, high rates of repeat offenders also have been a factor in boosting prison populations.

Montana, Arizona, Alaska, Idaho and Vermont could see their prison systems grow by one-third or more if there are no changes to the states' sentencing and release policies, the study said.

"The projected growth is phenomenal," says Sue Urahn, managing director of Pew's state policy programs. "But whether it comes to this is up to the states. They determine who goes to prison and for how long."

Pew, a Philadelphia-based philanthropic organization that funds research into a variety of issues, based its findings on population forecasts gathered from the federal Bureau of Prisons and 42 states.

Researchers calculated estimates for the eight states that did not provide projections, based on the states' most recent prison admission and release data.

The report estimated the projected prison costs over the next five years as a "staggering" $27.5 billion — nearly half the amount now spent on American prisons each year.

The report also predicted that the number of female inmates will rise at a faster rate (16%) than males (12%). "Don't picture this parade of prisoners as an exclusively male group," it said. Among the report's other findings:

·By 2011, Florida's prison system is expected to become the third state system to surpass 100,000 inmates, joining California and Texas. California's projected inmate population for 2011 is 188,772; Texas' is 166,327.

·In Louisiana, which has the nation's highest rate of incarceration with 835 prisoners per 100,000 residents, the incarceration rate is projected to reach 859 by 2011.

·Nearly two-thirds of the more than 600,000 people admitted to prison each year have failed to satisfy terms of probation or parole.

Richard Berk, a professor of criminology and statistics at the University of Pennsylvania who reviewed Pew's analysis, called it a "cautious" attempt to forecast and account for the dramatic growth in prison populations.

The Pew report highlights recent crime problems and state responses that have helped increase prison populations, including the prosecution of methamphetamine-related offenses and sex offenders.

In Montana, which is projected to have the nation's largest percentage in inmates — 41% — over the next five years, at least half of all new prison admissions today are for meth-related crimes, Montana Department of Corrections spokesman Bob Anez says.

One in four prisoners in Montana's 2,812-inmate system is a sex offender and 46% of inmates have a mental illness, Anez says. Montana is examining alternative sentencing and treatment programs to handle the increasing population, he says.

Later this year, two meth treatment centers — an 80-bed facility for men and a 40-bed one for women — are scheduled to open. Montana's Legislature is considering a proposal for a 120-bed treatment center for mentally ill offenders.

The state also has added 169 beds to its halfway houses in the past two years to try to better prepare released offenders for life outside prison and reduce a recidivism rate in which nearly half of all offenders have are returning to prison.

"We're at the end of the pipeline here," Anez says.

"Once they get here, we have to think about things we can do to prepare them so they don't come back."

Owner Of D.C. Dental Clinic Sentenced, Must Pay Fine (WASHBIZ)

Washington Business Journal, February 14, 2007

The owner of a D.C. dental clinic who recently pled guilty to health care fraud has been sentenced to six months community confinement, six months of home detention and was ordered to pay restitution of $164,000 and a fine of $40,000 for submitting false claims for payment to private insurers, according to the U.S. Attorney's Office for D.C.

Afsaneh Tehrani, owner and president of DC Dentistry at 1712 Eye St. NW, was sentenced by Judge Henry Kennedy in the U.S. District Court for the District of Columbia.

DC Dentistry employs licensed dentists to perform dental procedures and to provide dental services to patients.

In November, Tehrani, a McLean resident who is not a dentist, pled guilty to the charge of health-care fraud. She operates and manages the clinic, makes appointments, collects payments from patients, performs billing to private insurance companies for services and pays the clinic's expenses, including the payroll, according to the U.S. Attorney's Office.

Between 2000 and 2004, Tehrani submitted or caused to be submitted false claims for payment to private insurance companies, including Aetna and Metlife, for dental work performed or allegedly performed by dentists of DC Dentistry on patients of the clinic.

These claims were false because they asserted that dental procedures had been performed on patients when, in fact, no such procedures were performed, or because they sought payment for the same procedures that had already been billed to and paid by another insurance company.

Last August, Tehrani was charged with health-care fraud and making false statements. At that time, she denied the charges, calling them "ridiculous." The charges resulted from an investigation by the U.S. Attorney for the District, the FBI's Washington field office, the D.C. Department of Health and the D.C. Department of Insurance, Securities and Banking.

Shareholder In Tech Co. Sues Rep. Jefferson (RC)

By Rachel Van Dongen, Roll Call Staff

Roll Call, February 14, 2007

A former shareholder of a technology firm is suing Rep. William Jefferson (D-La.) and his wife to recoup his losses, arguing that they helped to run the company into bankruptcy.

Daniel Cadle, a stockholder in the now-defunct firm iGate, filed a lawsuit seeking unspecified damages Tuesday in U.S. District Court for the Eastern District of Kentucky.

The lawsuit alleges that Jefferson, his wife, Andrea, and the former president of iGate, Vernon Jackson, “acted in concert and conspired to use the funds of iGate” to solicit and deliver bribes from individuals and businesses in Africa and the United States.

The suit charges Jefferson with soliciting and accepting nearly $400,000 in bribes from Jackson to promote iGate’s services in the U.S. and abroad. It further alleges that Jackson transferred 30,775,000 shares of iGate stock to Jefferson from 2001 to 2005.

The firm is now out of business. Jackson pleaded guilty to paying hundreds of thousands of dollars in bribes to Jefferson in exchange for help advancing his business. He was sentenced to seven years in prison.

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Cadle charged that the bribes were paid “without the consent or knowledge of iGate’s shareholders” and did not lead to “valid or legal consideration” by iGate as reimbursement.

“The wrongful and tortious conduct of the Defendants not only put iGate out of business to the direct detriment of its shareholders, but also dissipated hundreds of thousands of dollars of the shareholders’ collective investment, for illegal purposes of which the shareholders of iGate were not aware,” the suit states.

A resident of Trumbull County, Ohio, Cadle purchased 327,500 shares of iGate’s Class A common stock around May 31, 2000.

The suit largely tracks a continuing federal probe into Jefferson and his allegedly illegal business transactions.

But the Louisiana Congressman, who won re-election in 2006, has not been charged with any wrongdoing. Nonetheless, questions swirl about why the FBI found $90,000 in the freezer of the Democrat’s New Orleans home.

Jefferson’s attorney, Robert Trout, is out of town and unavailable for comment.

Child Porn Defendant Gets 5 Years In Prison (AP)

Associated Press

AP, February 14, 2007

NEW HAVEN, Conn. -- A man who traded images of child pornography and sexual abuse on the Internet was sentenced Tuesday to five years in prison after pleading for mercy, saying his effeminate appearance would make him vulnerable to abuse behind bars.

David Cuozzo, 42, of New Haven had amassed a collection of 1,780 files of child pornography involving at least 30 children, including images that portrayed sadistic or masochistic conduct or other depictions of violence and the rape of young children, authorities said.

"This defendant used the Internet to trade some of the most disturbing images of infant and toddler child pornography and sexual abuse that law enforcement has seen," said U.S. Attorney Kevin O'Connor. "Federal laws that target the child pornography trade, and the strict terms of imprisonment to which offenders are exposed, exist to eliminate the victimization of children all over the world, as those who possess child pornography help to create the market for this insidious practice."

Cuozzo, who pleaded guilty last year to transportation of child pornography, sought a sentence less than the more than 17 to nearly 22 years he faced under federal guidelines. He must report to prison April 3.

"I wish I could turn back the clock and start over," Cuozzo said Tuesday during his sentencing hearing in U.S. District Court. "I apologize not only to the victims but their friends and families. Their lives have been forever ruined because of my actions and for that I am truly sorry."

U.S. District Judge Ellen Bree Burns said that though the offense was serious, the guidelines were excessive in Cuozzo's case. She cited several factors, including his poor health and lack of a criminal record, for imposing the lower sentence.

Cuozzo, who must register as a sex offender, said he has Klinefelter Syndrome, a genetic defect that leads to feminine traits such as sparse or absent facial hair and a high-pitched voice.

"David Cuozzo plainly fits the profile of a vulnerable inmate," his attorneys wrote in court papers. "He is at a high risk of physical as well as sexual violence. He is a white man with an effeminate appearance and extremely effeminate mannerisms. He is gay and most people who meet him immediately identify his sexual orientation without him disclosing it."

But the mother of a girl who was repeatedly abused to produce images traded over the Internet called for the maximum sentence.

"Without a market to receive and trade those images, without the encouragement of those who wanted to acquire the images, I truly believe this abuse would not have occurred," the mother wrote. "I've watched my daughter transformed from a buoyant, cheerful child full of energy and enthusiasm to an anxious and fretful shadow of her former self."

The woman, who is not identified in court papers, said the experience left her daughter distrustful of any touch. She washes her hands repeatedly, trying to feel "clean."

"Each person who callously passes on those sickening pictures is exposing my daughter to further shame and humiliation," the woman wrote.

Prosecutors rejected Cuozzo's claim that he would be vulnerable in prison, saying he is nearly 6 feet tall and that the argument was based on alleged abuse of effeminate men in state prisons, not federal facilities where he would be housed.

"The trading of pornographic images of known young children on the Internet acts as repeated violations of these children each time an image is viewed," prosecutors wrote. "Perhaps as important is the concern that the bartering or distribution of disturbing images of abuse may fuel the appetite of those disturbed individuals who would act on such imagery."

O'Connor said the prosecution was part of the U.S. Department of Justice Project Safe Childhood Initiative, designed to protect children from online exploitation and abuse.

Acquitted Man: 'That's 10 Years They Can Never Replace' (USAT)

By Laura Parker

USA Today, February 14, 2007

James Thomas spent almost 10 years in jail in Louisiana, waiting to be tried for a murder he said he didn't commit.

When the case finally was tried, it took jurors 80 minutes to agree with him. After a five-day trial, they acquitted Thomas in the 1996 shooting death of a Baton Rouge man. Thomas, 36, almost fainted in the packed courtroom as the verdict was read out.

"I was shocked. I praised the Lord," Thomas said Tuesday in his first interview since his acquittal Friday. "As long as I live, I'll never forget this. That's 10 years they can never replace."

Thomas' case, profiled in a USA TODAY story in 2005, symbolized problems in the nation's public defender system that result in tens of thousands of poor people in the USA going to jail every year without talking to a lawyer. An American Bar Association study concluded two years ago that the system was "mired in crisis," crippled by funding inadequacies that led to excessive caseloads and inexperienced lawyers being assigned to cases beyond their expertise.

Since the report, public defender programs have been improved in several states, says Bill Whitehurst, an Austin lawyer who headed the ABA's panel on indigent defense. But "there's no question it's still mired in crisis."

Thomas' wait for a trial began Aug. 27, 1996, when he was arrested with three others in the slaying of Dennis "Doc" Scruggs, 19.

There were several delays in Thomas' case. He was in jail for three years while authorities sought enough public defenders qualified to handle the death penalty case. Because he and his co-defendants were charged with first-degree capital murder, they each were entitled to two public defenders under state law.

The charges later were reduced to second-degree murder, which carries a sentence of up to life in prison without parole. The district attorney was elected to the legislature and withdrew from the case. It was reassigned to the state Attorney General's Office. Other lawyers came and went; Thomas' alibi witness died of kidney disease.

When Thomas' case was first reported by USA TODAY, he was 8½ years into his wait for a trial. He was out of jail because a state court had thrown out the charge as too old to try. Louisiana's Supreme Court later reinstated it, and Thomas returned to jail. He was out on bail while his attorney, Chris Alexander, appealed to the U.S. Supreme Court, arguing that Thomas had been denied his right to a speedy trial. In January, the court declined to hear the case.

Scruggs was fatally shot in a robbery, court papers say. Another defendant, James Ross, said in 1996 that Thomas was the gunman. Ross later recanted and testified that Thomas was not involved. Ross is the only defendant to be convicted. Another died in an unrelated shooting; the other is awaiting trial.

Better Business Bureau Tangled In E-Mail Scam (WP)

By Annys Shin

The Washington Post, February 14, 2007

The Better Business Bureau network was the target of a "spoofing" scam yesterday in which thousands of businesses in the United States and Canada received e-mails encouraging them to download what is thought to be a computer virus.

The e-mails, using the name of the 95-year-old network of nonprofit groups that looks into consumer complaints, told businesses that they were the subject of a complaint and included a link to view related documents. Clicking on the link, however, accessed the address book of an infected computer and distributed the counterfeit e-mail to more recipients, said Steve Cox, spokesman for the Council of Better Business Bureaus.

The council is the umbrella group for the system's 129 local branches, which are funded by member businesses.

BBB members and nonmembers received the e-mail.

Confused business owners began calling the council's offices in Arlington at 6 a.m. yesterday, Cox said. By mid-morning, the organization had confirmed the attack was systemwide.

"It is the first time in recent memory where we've had an attack on this scale," Cox said.

The counterfeit e-mails were traced to an advertising firm in Kennesaw, Ga., that had had its computer system hacked into Monday night, Cox said. The agency had no prior affiliation with the BBB.

'Shoot The Burglar' Law Advances In One State (AP)

By Dale Wetzel, Associated Press Writer

AP, February 14, 2007

DOJ_NMG_0132110

(AP) - BISMARCK, North Dakota-A proposed law that would let people shoot a burglar or carjacker without fear of facing arrest or a lawsuit is moving forward in one state, and the National Rifle Association is promoting it in others.

"This bill is simply a citizen's version of homeland security," said North Dakota state Representative Ron Carlisle.

The proposal would erase language that says retreat is better than deadly force, and it says a person is presumed to be justified if he or she shoots a burglar or carjacker in his or her home, workplace or vehicle.

Police and county prosecutors object to the proposal, saying that trying to disprove a shooter's self-defense argument would be more difficult. The law protects a shooter from arrest unless police have probable cause to believe the shooting was not justified.

State Representative Kenton Onstad said the proposal amounted to a declaration of "shoot first and ask questions later."

It now goes to the state Senate for a vote.

Ashley Varner, an NRA spokeswoman, said 15 states, including South Dakota, have versions of the law. This year, it has been offered in legislatures in five other states.

CIVIL LAW:

Speaking Up For The Whistle-Blowers (WP)

By Stephen Barr

The Washington Post, February 14, 2007

They have job duties taken away, so they are marginalized in the office. They get stripped of their security clearances, so they can't work. They are blacklisted, so they can't find employment. They are reassigned to new locations, so they have to choose between moving or losing their jobs.

Those are typical forms of retaliation carried out against federal employees who blow the whistle on waste, fraud and abuse at their agencies.

Yesterday, advocates for whistle-blowers urged Congress to strengthen protections for federal employees who suffer reprisal in the workplace. The advocates were greeted with bipartisan support at a hearing held by the House Oversight and Government Reform Committee.

"Federal employees are on the inside," Henry A. Waxman (D-Calif.), the committee chairman, said. "They see when taxpayer dollars are wasted. They are often the first to see the signals of corrupt or incompetent management. Yet without adequate protection, they cannot step forward to blow the whistle."

Waxman said the committee's bill would for the first time extend whistle-blower rights to those who work at the FBI and in intelligence agencies, and to people employed by federal contractors. The bill would also extend protection to passenger and baggage screeners at the Transportation Security Administration and to federal scientists who report political interference with their work, he said.

Thomas M. Davis III (R-Va.), the ranking minority member on the committee, said the bill would clarify congressional intent as to what type of whistle-blowing is protected. He said "the most significant reform" in the bill would guarantee federal employees a right to a jury trial in federal district court if the Merit Systems Protection Board, a federal agency that hears complaints from whistle-blowers, did not take action on a whistle-blower's claim in 180 days.

Although Congress has passed laws to protect federal employees from reprisals when they speak up, whistle-blower advocates contend that the U.S. Court of Appeals for the Federal Circuit, which has sole jurisdiction over federal whistle-blower cases, has interpreted the laws in a way that makes it almost impossible for federal employees to defend themselves.

At yesterday's hearing, advocates for whistle-blowers -- William G. Weaver, an associate professor at the University of Texas at El Paso; Nick Schwellenbach, an investigator with the Project on Government Oversight; Tom Devine, legal director for the Government Accountability Project; and Mark Zaid, a lawyer and executive director of the James Madison Project -- testified in support of the Waxman bill.

"Whistle-blowers risk their professional survival to challenge abuses of power that betray the public trust," Devine said. "This is freedom of speech when it counts."

He cited several whistle-blowers who spoke out on vital issues of public concern, including a law enforcement officer who sought improvements in the federal air-marshal program and was then was investigated and assigned to desk duty.

Although the committee members at the hearing, including Todd R. Platts (R-Pa.) and Christopher Shays (R-Conn.), signaled support for the bill, its prospects are uncertain.

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Previous legislative efforts have faltered, largely because the Justice Department has objected to expanding whistle-blower rights. Department officials have contended that more protection for whistle-blowers could hinder agency operations and compromise classified information.

Platts sponsored a whistle-blower bill last year that was approved by the committee on a 34 to 1 vote but did not reach the floor. Daniel K. Akaka (D-Hawaii) moved a whistle-blower measure through the Senate as part of a defense bill, only to see it dropped during House-Senate negotiations.

Akaka, joined by Sen. Susan Collins (R-Maine), reintroduced whistle-blower legislation in January. The bill, which has a more limited scope that Waxman's measure, is pending before the Senate Homeland Security and Governmental Affairs Committee.

Waxman plans to put his bill before the House committee today, if weather permits, for amendments and debate.

CIVIL RIGHTS:

Md. Police Unit Free Of U.S. Oversight (WP)

By Ruben Castaneda

The Washington Post, February 14, 2007

The Prince George's County police canine unit, which in recent years operated under a Justice Department consent decree because of allegations of excessive force and lack of accountability, has improved to the point that the oversight is no longer necessary, a federal judge in Maryland has ruled.

U.S. District Judge Roger W. Titus on Monday granted a motion filed jointly by the Justice Department, the county and the police department to end the federal oversight that began in 2004, Prince George's officials said.

The judge's order means the department has succeeded in reforming the canine unit by dramatically reducing the number of bites inflicted by police dogs, beefing up supervision of canine teams, instituting reviews of biting incidents and improving documentation of such encounters, county officials said.

"Something must be working, because I haven't heard any complaints about dogs biting," Titus said in court Monday.

The oversight will formally end March 11.

A separate agreement between county officials and the Justice Department, which was negotiated to end a Justice investigation into allegations of excessive force by county police, is still operative. The department is in substantial compliance with the terms of that agreement, which calls for broad reforms regarding use of force, training and other issues, said Sharon Taylor, a spokeswoman for the police department.

The end of the canine consent decree "is absolutely good news. This department has worked really hard to get to this place," said Police Chief Melvin C. High. "I am very proud of the members of our canine unit and the efforts they have made."

County resident Redmond Barnes, a member of a group that advocates for police accountability, said he hopes the positive changes in the canine unit signal the beginning of broader police reforms.

"Federal intervention seems to be having an impact, and we can only hope it will have a greater impact," said Barnes, a member of the People's Coalition for Police Accountability.

On a practical level, the end of the consent decree means police officials will no longer undergo periodic Justice Department reviews and will no longer be required to file detailed reports to Justice officials.

However, the canine unit reforms will continue, Taylor said.

The county police department has 11 canine teams, each consisting of a police dog and its officer handler. The unit includes Labrador retrievers as well as Belgian Malinois canines, which resemble German shepherds but are slightly smaller. Both sniff out bombs and drugs; the Belgian Malinois dogs also chase suspects.

Canine unit reforms have resulted in dramatically fewer injuries to suspects and other people.

During a seven-year period from the mid-1980s to the early 1990s, county police dogs were involved in nearly 800 biting incidents, according to an internal police report included in a federal civil lawsuit against a police canine handler. Most of the bite victims were people suspected of petty, nonviolent crimes. Some were bitten multiple times and suffered grave, debilitating injuries.

Last year, county police dogs apprehended 55 suspects without biting them, and they bit eight suspects, police officials said. The previous year, the police canines bit five people and apprehended 36 suspects without inflicting injury, police said.

For decades, county police dogs were trained to catch suspects by biting and holding them. In May 1999, police officials announced they were shifting to a new approach in which their police dogs would be trained to hold suspects at bay by barking at them, attacking only if the person attacked or tried to flee.

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The 1999 policy change came six weeks after the FBI opened an investigation into whether the county canine unit was engaging in a pattern of excessive force.

That investigation led to the 2001 conviction in federal court of former canine officer Stephanie C. Mohr. A jury convicted Mohr of a federal civil rights violation for releasing her canine on an unarmed, unresisting homeless man who was surrounded by pistol-wielding police officers. Mohr is serving a 10-year prison sentence.

Ga. County Declines To Act On '46 Death (AP)

By Elliott Minor

AP, February 14, 2007

BUTLER, Ga. - A rural county's leaders declined to take action Tuesday on a request from two civil rights groups to support a federal probe into the unsolved 1946 killing of a black World War II veteran.

The groups and surviving relatives of Maceo Snipes, the first registered black voter in Taylor County, wanted the county commission's support before they mailed their request to U.S. Attorney General Alberto Gonzales.

But the relatives and activists stormed out to protest the line of questioning of an official who said local residents resent outsiders telling them what to do, and the commission did not act.

"I'm disappointed at the outcome. We didn't come to fight," said a cousin, Felix Snipes, 66, of Atlanta.

Commission member Patty Carson-James later said the state NAACP and the Prison & Jail Project did not need the commission's support for the probe.

"We're here trying to pave roads, get jobs and help our sheriff get drugs off the street," Carson-James said.

The activists and Snipes' relatives knew going into the meeting that there could be some tension. Some locals resent protests over courthouse plaques that segregate by race the names of area veterans.

At one point during the meeting, Carson-James, who is black and who has defended the segregated plaques, asked Snipes' relatives whether they were members of the National Association for the Advancement of Colored People.

John Cole Vodicka, leader of the Prison & Jail Project, objected, and a commission member ordered the sheriff to escort Vodicka out of the meeting. Vodicka, state NAACP president Edward DuBose and the family members left soon after.

Carson-James later said that she is a member of the local NAACP branch but that locals resent outsiders telling them what to do. She said residents support a commission plan to keep the segregated plaques for historic purposes, and install a new plaque that includes all the veterans' names.

DuBose called the commission response to the investigation request "the worst display of disrespect for citizens."

Maceo Snipes, who served most of his two-year Army hitch in the Pacific, was shot in the back by four white men in 1946 - a day after the 37-year-old voted for the first time, relatives say. He collapsed in the doorway of his farmhouse about 90 miles south of Atlanta and died two days later.

While his death certificate says he died of "gunshot wound by homicide," there is no evidence of a criminal probe into the killing, and no one was arrested.

Lawyers Defend Christian Prison Program In Iowa (NYT)

By Diana B. Henriques

The New York Times, February 14, 2007

Lawyers for Prison Fellowship Ministries and its affiliate, the Inner8Change Freedom Initiative, appeared before the United States Court of Appeals for the Eighth Circuit in St. Louis yesterday to defend the constitutionality of an evangelical Christian rehabilitation program they operate in a state prison in Iowa.

A federal judge ruled last June that the program, built around Bible study and prayer, violated the First Amendment's ban on government-sponsored religious indoctrination. Although inmates volunteered for the program, the judge, Robert W. Pratt of Federal District Court, found that they had been induced to join it to get safer housing and more accessible treatment options. Judge Pratt also found that they had been penalized if they dropped out or failed to fully participate in mandatory religious activities.

The prison program's lawyers emphasized the voluntary nature of the program, and the State of Iowa, a co-defendant, argued that it got valuable secular services for its money. The program is continuing during the appeal, lawyers for the state said.

Most of the appellate panel's questions focused on Judge Pratt's order that the prison ministry repay the estimated $1.5 million it got from Iowa, a step that the ministry's lawyers said would deter other faith-based groups from seeking government contracts.

A lawyer for Americans United for Separation of Church and State, the plaintiffs, argued that restitution was warranted because the ministry had ignored clear warnings that it was on shaky constitutional grounds.

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One judge hearing the case found her own Supreme Court opinions cited by both sides. The judge, Sandra Day O'Connor, who as an associate justice shaped some significant First Amendment opinions before retiring in 2005, continues to serve as a substitute judge in appellate cases, as she did yesterday.

ANTITRUST:

Four Brands In Car Rental May Merge (NYT)

By Andrew Ross Sorkin

The New York Times, February 14, 2007

A deal to combine four of the nation's largest car rental brands — National, Alamo, Thrifty and Dollar — is being discussed as the industry continues to consolidate.

Dollar Thrifty Automotive Group, a unit of DaimlerChrysler, is in early talks to merge with Vanguard Car Rental, of Tulsa, Okla., which owns National and Alamo, in a deal valued at more than $3 billion, according to people involved in the discussions.

The negotiations, which have been taking place on and off for several months, are at a particularly delicate stage, these people said, and may still collapse.

If completed, a deal would create the third-largest rental car company in the United States behind leaders Enterprise Rent-a-Car and Hertz Global Holdings, but outpacing Avis Budget Group in terms of revenue.

A deal could push rental car rates higher. Prices have already risen 10 percent to 20 percent in the last year as the Detroit automakers have tried to move away from providing discounted fleet vehicles to rental car companies and focus on higher-margin retail customers.

The average rental price of a midsize car has risen to about $57 a day this year, from $52 last year, according to Neil Abrams, president of Abrams Consulting Group in Purchase, N.Y., which follows the rental car business. A merger would make sense, he said, noting that "margins are flat." A combined company could probably squeeze millions of dollars in savings by eliminating back offices while continuing to operate all four brands as a way to segment the market.

"The only question," Mr. Abrams added, "is whether they are both chasing after the same customer."

And a deal would face antitrust scrutiny from regulators.

Fred Fleischner, a spokesman for Dollar Thrifty, declined to comment, citing the company's policy "not to comment on rumors."

J. J. Rissi, a spokeswoman for Cerberus Capital Management, which owns Vanguard, also declined to comment.

A merger would be the latest in a flurry of deals in the car rental business. Hertz was bought from Ford Motor in December 2005 by a consortium of private equity firms. In November, Hertz went public at $15 a share. (It closed yesterday at $20.36.) Avis Budget Group was recently spun off in the breakup of the Cendant Corporation.

Last week, Dollar Thrifty, a publicly held company with a market value of $1.13 billion, may have signaled to the market that it is considering a deal. In a regulatory filing, the company said that it had amended its employment agreement with its chief executive, Gary L. Paxton, and with other top employees. The amendment redefined a change-of-control provision to more than 60 percent of the company, up from more than 50 percent. The changes also included how long employees had to wait before leaving the company with compensation.

A deal with Vanguard would most likely be a reverse merger, so that Vanguard would be the controlling shareholder.

Vanguard has tried to go public before. Last year it filed for an initial public offering, saying that it had earned $105.3 million in income from $2.89 billion in revenue in 2005. It said that it held a 20.5 percent market share in the top 125 airport markets where it operated, behind the Avis Budget Group, then controlled by Cendant, and Hertz. Vanguard paid a $122.6 million special dividend last June.

In that same filing, Vanguard said it had about 3,800 locations in 82 countries as of last June. Its fleet numbered about 300,000, the filing said. The company said it buys its fleet from General Motors and DaimlerChrysler, and had agreements with other manufacturers like Toyota and Kia.

Cerberus Capital Management acquired Vanguard out of bankruptcy for $240.1 million in cash when it was called the ANC Rental Corporation.

The National car rental brand first entered use in 1947, while Alamo emerged in 1973. In the mid-1990s, H. Wayne Huizenga's Republic Industries acquired both, combining them into ANC. Republic Industries, now known as AutoNation, spun off ANC in 2000. By 2001, ANC had filed for bankruptcy.

Dollar was founded in 1965 in Los Angeles and acquired by the Chrysler Corporation in 1990, making it part of the carmaker's Pentastar Transportation Group, alongside Thrifty. Chrysler filed for an initial public offering of the rental car unit in

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November 1997. The company has 400 locations worldwide, including 260 locations in the United States, and a fleet of 188,000 cars worldwide, mostly DaimlerChrysler models.

Judge Delays Caremark Vote (WSJ)

By Dennis K. Berman And David Armstrong

The Wall Street Journal, February 14, 2007

Ruling on CVS Offer Will Let Express Clarify Its Antitrust Questions

A Delaware judge waded into the thick of the two-way takeover struggle for Caremark Rx Inc., postponing a shareholder vote on CVS Corp.'s bid, while nudging Caremark to begin negotiations with rival Express Scripts Inc.

The rare step to enjoin -- or delay -- the vote gave a much-needed boost to Express, whose $27.3 billion bid for Caremark has been repeatedly rebuffed by Caremark's board.

Coincidentally or not, Delaware Chancellor William B. Chandler III delayed the vote until at least March 9 from Feb. 20. The March date is the day after Express is supposed to receive government notice about the length of an antitrust review, a factor that has long loomed over the merger saga.

Mr. Chandler questioned Caremark's insistence that it can't speak to Express because such a deal would likely run afoul of antitrust laws. He noted that Caremark appeared to have no such concerns when it reviewed potential transactions with Express in 2001, 2003 and 2005. The judge chided Caremark for disclosing those past discussions on Monday -- just eight days before the scheduled shareholder vote.

A shareholder might want more time to weigh his vote, Mr. Chandler wrote, "in the face of Caremark's present protestations that antitrust difficulties loom so large as to prevent the board of directors from even discussing" the Express offer.

"This Caremark board keeps leaving money on the table," said Stuart Grant, a partner of law firm Grant & Eisenhofer, who filed for the delay on behalf of a Louisiana police retirement fund. "How much more money do we have to see them leaving on the table?"

Antitrust worries are nonetheless a big part of any Express-Caremark combination, which would unite the country's second- and third-largest managers of pharmacy benefits. It is still quite possible that federal authorities could seek a "second request" for information that would be a big blow to Express's ambitions.

"Is the ruling good for us? No," said one person who is advocating a CVS-Caremark tie-up. "But it will flush out whether the antitrust risk is real."

CVS and Caremark have suffered a number of setbacks in recent days, after several proxy advisory firms recommended Caremark shareholders reject the CVS offer.

EXPRESS SCRIPTS' RESPONSE

Express Scripts said CVS's improved offer "can't paper over a flawed process." Read the full text8 of the statement.

Earlier yesterday, CVS boosted its bid for Caremark by increasing a special cash dividend offered to Caremark shareholders to $6 a share from $2 a share. This was the second time CVS had sweetened its bid for Caremark in the face of the richer deal offered by Express Scripts, raising the total deal price by some $2.6 billion.

At the close of trading yesterday, the CVS deal was worth $59.53 for each Caremark share, while Express's cash-and-stock offer was valued at $61.37. In 4 p.m. New York Stock Exchange composite trading, Caremark traded higher than both offers, at $62.88, up $1.97.

Caremark said it will seek shareholder "approval as soon as possible," but it didn't indicate a new date for such a meeting.

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Judge Delays Caremark Shareholder Vote (AP)

By Rose French, Associated Press Writer

AP, February 14, 2007

NASHVILLE, Tenn. - A Delaware judge ordered Caremark Rx Inc. to delay a shareholder vote on a proposed acquisition by CVS Corp. just hours after the drugstore operator tripled the special cash dividend it proposes to pay as part of the deal.

CVS, of Woonsocket, R.I., is competing with a hostile offer from pharmacy benefits manager Express Scripts Inc. to buy Caremark, though the Caremark board favors the CVS bid.

CVS said it would raise the dividend payment to Caremark shareholders from $2 per share to $6 after several shareholders and proxy advisers called the CVS offer too low. Analysts said the move likely is aimed at trying to win over Caremark shareholders before they vote next Tuesday.

The increased dividend will add about $1.7 billion in value to the CVS deal, previously estimated at $24 billion. That brings it roughly into line with the Express Scripts bid worth about $26 billion.

Caremark shares rose $2.19, or 3.5 percent, to $63.19 on the New York Stock Exchange where CVS shares fell 39 cents, or 1.1 percent, to $32.10. Express Scripts stock rose 96 cents to $75.69 on the Nasdaq Stock Market.

The CVS offer has already won antitrust approval. But the offer from Express Scripts of Maryland Heights, Mo., has yet to receive antitrust clearance. Express Scripts is the third-largest pharmacy benefits manager and Caremark is No. 2.

Investment advisory firms Glass, Lewis & Co., CtW Investment Group and Institutional Shareholder Services have said that Caremark's board has not succeeded in getting the best deal for its shareholders and urged before the latest dividend increase that Caremark shareholders reject the CVS bid.

"When this thing was first announced, shareholders were only getting around $50 per share. It's come a long way," Speller said. "Right now it seems to be all about the price and the price relative to the risk."

"This increased offer is a desperate move to salvage the deal," Garland said. "Frankly what happened today reinforces shareholder concerns here. It was a terribly flawed process the Caremark board went through that failed to maximize value for Caremark shareholders.

Institutional Shareholder Services is continuing to recommend a vote against the Caremark and CVS merger, spokeswoman Sarah Cohn said.

Representatives with Glass, Lewis & Co. in San Francisco could not be immediately reached for comment.

Express Scripts said in news release that Caremark shareholders should vote against the proposed merger of CVS and Caremark to "send a message to the (Caremark) board that it is time to level the playing field."

"It is time for the Board to allow a full and fair process to determine what is in the best interests of Caremark stockholders," the company said.

Judge Delays Caremark-CVS Vote (SLPD)

By Mary Jo Feldstein, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 14, 2007

Express Scripts Inc. on Tuesday got more time to charm Caremark Rx shareholders when a judge delayed a vote on whether the company should merge with CVS Corp.

The judge delayed the Caremark shareholders' vote until at least March 9, giving them more time to evaluate a higher CVS offer made public Tuesday as well as disclosures about the deal that surfaced in a Securities and Exchange Commission filing on Monday.

The delay also gives Express Scripts, based in Maryland Heights, a chance to win regulatory approval for its bid before the shareholders' vote.

Express Scripts should learn by March 8 whether the Federal Trade Commission would approve a Caremark—Express Scripts deal or whether regulators require a lengthy investigation to decide the matter. Express Scripts' lack of FTC approval has hurt its ability to gain the support of Caremark's shareholders.

CVS, the nation's No. 2 retail drug chain, announced in November its plan to combine with Caremark, based in Nashville, Tenn. Its bid was a $21 billion, all-stock offer that it said would create a new dynamic in the pharmaceutical industry.

Express Scripts is the nation's No. 3 pharmacy-benefits manager. In December, it countered CVS's bid for Caremark with a cash-and-stock offer valued at $26 billion and a vision of a larger, stronger pharmacy-benefits management company.

CVS first sweetened its bid in January, saying it would pay Caremark shareholders a special cash dividend of $2 a share when the deal closed. CVS raised its offer for Caremark again on Tuesday, tripling the special dividend to $6 a share.

The higher bid came a day after several shareholder groups — including Institutional Shareholder Services, the nation's largest investment adviser — opposed the CVS offer, saying Caremark shareholders could do better.

Using Tuesday's closing prices, the revised CVS offer of $59.59 a share trailed the Express Scripts bid of $61.37 and Caremark's share price of $62.88, up $1.97 in trading Tuesday. Shares of Express Scripts gained 68 cents to close at $75.41, while shares of CVS lost 40 cents to close at $32.09.

Meanwhile, analysts said Express Scripts and CVS might need to push their offers higher if they want to secure the support of Caremark's shareholders.

"Our analysis suggests that Express Scripts can possibly raise its bid to about $65," Arthur I. Henderson, an analyst with Jefferies & Co. in Nashville. "Beyond that price, we wouldn't be surprised if Express Scripts walks away from its acquisition offer and initiates its $1 billion accelerated buyback" of its own shares.

Negotiations with Express Scripts might yield a higher price, but Caremark's board has been unwilling to talk. Caremark has said the CVS offer is strategically superior, but its board's refusal to negotiate with Express Scripts has led to questions about whether it is acting in the shareholders' best interest.

A large group of Caremark shareholders on Tuesday pushed hard for a delay on the merger vote, saying they did not have enough time to consider the revised offer from CVS. The judge agreed.

"Caremark shareholders face irreparable harm if they are forced to make their decision without adequate time to consider relevant information revealed by defendants almost on the eve of a vote," Chancellor William B. Chandler III, the judge in Delaware overseeing the case, said in a letter to lawyers.

Express Scripts praised the delay, saying it is "time for the Caremark board to engage in a full and fair process to determine" the shareholders' best interest. Caremark said it would inform shareholders of the delay as soon as possible and that it looks forward to closing the deal with CVS as soon as possible.

Chandler said the revised offer, coupled with disclosures filed Monday with the SEC, convinced him that Caremark shareholders needed more time.

Caremark said Monday that on at least three occasions it has considered deals with Express Scripts. Shareholders might consider this "highly relevant," Chandler said.

"This is particularly true in the face of Caremark's present protestations that antitrust difficulties loom so large as to prevent the board of directors from even discussing an (Express Scripts) offer with an admittedly higher dollar value," Chandler said.

Caremark's directors are being investigated by the SEC in connection with possible options backdating. Related shareholder lawsuits could be void if Caremark merges with another company, Caremark said Monday. Chandler said that development also could "significantly" alter whether Caremark shareholders would agree to a merger.

While Caremark shareholders have been slow to embrace the deal with CVS, they haven't run toward Express Scripts either.

So far, Express Scripts has obtained 4.3 million shares, or about 1 percent of Caremark's stock, through its tender offer. On Tuesday, it extended the expiration date of its offer to March 16.

Siemens And ABB Offices Raided In EU Cartel Probe (FT)

By Tobias Buck In Brussels And Richard Milne In Frankfurt

Financial Times, February 14, 2007

The antitrust problems that have engulfed Siemens and several of its engineering rivals deepened yesterday when the European Commission raided the offices of several manufacturers in Germany, France and Austria in connection with a cartel probe.

The Commission refused to identify the companies targeted in the raids but Siemens and ABB confirmed that their offices had been searched.

Brussels said the groups were suspected of forming a price-fixing cartel in the market for transformers, key components in the power grid in controlling the voltage. Siemens said in a statement that the Brussels antitrust watchdog was investigating five companies, and added: "The EU Commission is investigating collusion in the area of power transformers in Germany, Austria and the Netherlands between 1999 and 2003."

The Commission refused to confirm the precise extent of its probe.

The raids are deeply troubling for the groups involved, coming weeks after Siemens, ABB, Alstom and other engineering companies were found guilty of operating another cartel in the market for electricity transmission systems. The groups were together fined a record €751m ($978m), with Siemens alone accounting for €397m of the total.

Companies that are found guilty of operating a cartel face fines of up to 10 per cent of their global annual turnover. The Commission is particularly tough on repeat offenders and, under new rules introduced last year, Siemens and its peers could find their fines being double the normal level should they be found guilty in any new case resulting from this month's raids.

The German engineering group said yesterday it had suspended three employees in connection with the probe at the power transmission division.

Udo Niehage, the president of Siemens' power transmission and distribution group, said: "Isolated incidents of this nature cast a bad light on the strong achievements of all other employees. This cannot be tolerated."

Siemens' latest woes come on top of a €420m bribery scandal that has tainted Siemens' image and raised questions about the competence of the German industrial group's controls and management.

The scandal has focused mainly on the telecoms division.

Siemens has denied wrongdoing and blamed a group of rogue employees.

In the cartel case, the Commission is likely to spend months, if not years, sifting the evidence and drawing up formal charges against the groups which will then get the chance to defend themselves in a hearing in Brussels before the Commission reaches its final verdict.

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A spokesman for Neelie Kroes, the EU competition commissioner, stressed that the raids in themselves did not prejudge the outcome of the investigation.

For Aluminum Companies, A Crush Of Consolidation? (WSJ)

By Patrick Barta And Paul Glader

The Wall Street Journal, February 14, 2007

Aluminum companies may be next in line for consolidation as mining conglomerates scour for takeover targets.

Speculation is building that BHP Billiton Ltd., Rio Tinto PLC or another mining titan could bid to buy one of the world's aluminum heavyweights, particularly Pittsburgh's Alcoa Inc. or Alcan Inc. of Montreal.

Doing so would enable BHP or Rio Tinto to consolidate its position in the growing aluminum market, while preventing competitors from snatching up the few remaining blue-chip players at a time of accelerating consolidation in the natural-resources sector.

Speculation about a possible transaction involving Alcoa yesterday boosted the Dow Jones Industrial Average, of which Alcoa is one of the 30 member stocks. Alcoa climbed $2.10, or 6.4%, to $35 on the New York Stock Exchange. Alcan was up $2.56, or 4.9%, to $54.75, also on the Big Board.

In London trading, BHP shares rose 2.6% to £10.76 ($20.95), while Rio Tinto rose 2.5% to £27.53. The two companies also have shares traded in Sydney, Australia, where they both declined slightly.

The price of aluminum, which is used to make everything from soda cans to airplane parts, has lagged behind some other metals in the recent commodity boom. In part, that is because China -- a driver of demand -- produces significant quantities of its own, diminishing the need for imports. Still, analysts believe global demand will continue to rise.

Rumors of a large aluminum deal have floated for more than a year, heating up again in recent days, after the Times of London reported that BHP and Rio Tinto had both "drawn up plans" for a $40 billion takeover of Alcoa. Rio Tinto and BHP declined to comment on the speculation, and Alcoa officials have played down the report. "We view this as rumors and rumors only," said Kevin Lowery, a spokesman for Alcoa.

Some analysts say they believe the rumors of interest from Rio Tinto and BHP are credible, though they remain far from certain a deal will occur, in part because they think the $40 billion price might be too high.

There are good reasons why a big aluminum deal might be attractive. Mining companies have struggled in recent years to find and develop new sources of raw-material supplies, and many of them believe it is safer to pick up assets through acquisitions than attempting higher-risk exploration projects.

Also, mining companies are awash in cash on profits earned since the commodity boom took off four years ago. Shareholders are clamoring for the companies to find new ways of spending that money to ensure they have strong growth prospects in the next decade.

Despite a somewhat uncertain outlook for commodity prices this year, long-term aluminum demand is expected to remain strong world-wide, with global consumption doubling to 60.6 million metric tons by 2020, according to Alcoa estimates. A metric ton is equal to 2,204.62 pounds.

There also are important reasons why a deal might not come together. Consolidating more aluminum output under one roof could raise hackles with antitrust regulators, especially since BHP and Rio Tinto already have sizable aluminum assets.

Alcoa and Alcan also come with significant "downstream" assets, such as smelters, that mining companies typically prefer to unload as they focus their businesses on the work of digging ore and minerals out of the ground rather than making that ore into metal.

Most big mining companies prefer to spread their risk over a number of basic commodities, and absorbing the bauxite and alumina assets of either Alcoa or Alcan could make them too reliant on a product already in their portfolio whose price growth might not match other commodities, analysts say. If BHP acquired Alcoa, for example, roughly 25% of its earnings would come from aluminum, compared with about 8% today, says Mark Pervan, an analyst at Daiwa Securities in Australia.

He reckons an offer from Rio Tinto is somewhat more likely.

Some analysts believe there is another, perhaps even more likely, suitor for an aluminum company such as Alcoa or Alcan: Xstrata PLC. The Swiss company has expanded through acquisitions, and some analysts believe it is keen to cement its place among the world's diversified mining titans before the good times end. That group includes not only BHP Billiton and Rio Tinto but also Companhia Vale do Rio Doce of Brazil and Anglo American PLC of London.

Xstrata said it couldn't comment on any merger speculation.

It also is possible mining companies will wind up preferring Alcan over Alcoa. Although Alcoa has overshadowed Alcan by many business measurements for years, that dynamic may be starting to reverse. After a 2003 acquisition of French aluminum company Pechiney SA and a reorganization, Alcan found itself on par with Alcoa in terms of some divisions and assets, though

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Alcoa remains the larger company, with a market value of $27 billion compared with Alcan's $18 billion. Alcan stock was up 19% in the past three years, while Alcoa's was down 15%, before yesterday's stock jump. "You can say Alcan has done better, period," says John Tumazos, a metals analyst with Prudential Securities in New York.

Google Said To Violate Copyright Laws (NYT)

By Thomas Crampton

The New York Times, February 14, 2007

PARIS, Feb. 13 — A Brussels court ruled Tuesday that Google had violated copyright laws by publishing links to articles from Belgian newspapers without permission. Legal experts said the case could have broad implications in Europe for the news indexes provided by search engines.

The ruling, which Google said it would appeal, was hailed by some newspaper industry representatives and may also have an impact on a lawsuit against Google by the news service Agence France-Presse.

"As the first decision to condemn a search engine for indexing news articles, you can be sure publishers around the world are paying attention," said Cyril Fabre, a lawyer in Paris at Alexen, a law firm specializing in Internet law and intellectual property. "The implications in Europe are particularly strong since copyright law is so uniform across the Continent."

The Brussels court ruled that Google, which operates the dominant Internet search engine, must pay 25,000 euros, or $32,600, for each day it displayed content from the plaintiff publications in violation of copyright. The court scaled back a September ruling that called for damages of up to 1 million euros a day and required Google to publish the judgment on its home page.

The group that brought the case, Copiepresse, manages copyright issues for more than one dozen Belgian newspapers, most published in French. It said it had also asked the French division of Yahoo to stop showing the group's news reports.

"Today we celebrate a victory for content producers," said Margaret Boribon, secretary-general of Copiepresse. "We showed that Google cannot make profit for free from the credibility of our newspaper brands, hard work of our journalists and skill of our photographers."

Google carries advertising on its general Belgian site, Google.be, but not in its news index. Links to the publications represented by Copiepresse have already been removed from both.

The lawsuit, filed shortly after Google introduced the Belgian news site in January 2006, originally included two organizations representing journalists and photographers, but they reached a deal with the search engine. Google said the accord involved making use of content in new ways, but would not elaborate.

"Google also tried to offer us a deal, but it was ridiculously small compared with the deals the others got," Ms. Boribon said. She indicated that the publishers were seeking a revenue-sharing arrangement.

Yoram Elkaim, a lawyer in Paris for Google, said, "I am not aware of any such discussions with the Copiepresse folks."

Google believes that pointing to content on the Web is legal under copyright law, Mr. Elkaim added. "We have always explained that any licensing agreements Google does with content providers is for use that goes beyond indexing or referencing," he said.

Jessica Powell, a spokeswoman in London for Google, said the main complaints in the case — making reference to articles without prior permission, and the continued availability of articles in Google's database after newspapers have restricted access to them — are issues easily rectified without legal action.

"This is an isolated case, and it would be inaccurate to portray Google News as standing in conflict with the publishing industry," she said.

Legal experts in the United States said the decision would have no direct impact there. But if upheld, they said, it could result in headaches for Google on both sides of the Atlantic.

"It could set up a chain reaction, especially in European countries, where the authors' rights are stronger," said Pamela Samuelson, a law professor at the University of California, Berkeley, and the co-director of the Berkeley Center for Law and Policy. "If a Belgian court causes Google to change its ways, by preventing links from happening or forcing it to pay, other countries and other newspapers and other entities that have put things on the Web could say 'me too.' "

Still, she said, "I think that argument that linking is an infringement is not a particularly strong argument."

Some newspaper representatives hailed the ruling. "Today was a victory for copyright protection," said Larry Kilman, a spokesman in Paris for the World Association of Newspapers. "Search engines cannot unilaterally decide what happens to content."

Yet Mr. Kilman added that Google and newspapers have clear benefits from working with each other. Google uses the content to attract users, and newspapers use the traffic to increase readership.

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The case on which the court decision will probably have the most direct impact is a lawsuit filed against Google in February 2005 in France by Agence France-Presse. The initial briefs have been exchanged for the case, which awaits a trial date before the Paris commercial court. A.F.P. has a separate case against Google in the United States.

"We are making many of the same legal arguments as Copiepresse," said Asim Singh, a lawyer at Sokolow, Carreras & Partners, which represents A.F.P. in the French lawsuit. "And there is no jurisdiction closer to French law than Belgium."

A Google Loss In Europe May Spur Other Lawsuits (WSJ)

By Aaron O. Patrick In London And Anne Jolis In Brussels

The Wall Street Journal, February 14, 2007

As media companies around the globe grapple with how they are compensated when their material is shared online, a Belgian court said Google Inc. can't post news articles from local newspapers on its Web sites in Belgium.

In a closely watched ruling, the Brussels Court of First Instance said Google can't offer any links to articles or post any articles or photographs from French- and German-language Belgian newspapers. (No Dutch-language Belgian newspapers participated in the suit.) The judgment upheld the court's initial ruling in September, which the Internet-search firm had challenged.

A Google spokeswoman said the Mountain View, Calif., company plans to appeal. "We believe Google News is entirely legal," she said. The company has always argued that the use by Google News of headlines and introductory paragraphs from articles published on the Web doesn't breach copyrights.

The ruling may provide ammunition for other news associations. Already, Agence France Presse, the French wire service, is suing Google in U.S. District Court in Washington, accusing it of violating AFP's copyright by using its headlines, photographs and story fragments in Google News. AFP is demanding payment when Google uses excerpts of its articles and photographs in the U.S.

Also in the U.S., the Authors Guild and a group of major publishers backed by the Association of American Publishers have brought two separate suits against Google in U.S. District Court in Manhattan, alleging Google is abusing their copyright by digitizing books without permission in order to make their contents searchable on the Web. Google has denied wrongdoing in all three cases; all are still pending.

Copiepresse s.c.c.r.l, a group that collects copyright fees for publishers and represented the Belgian newspapers, said it is open to letting its stories appear on Google, as long as Google pays for them, said Margaret Boribon, secretary-general of Copiepresse.

The court decision stops Google News, a site featuring summaries of articles published on the Web, and www.google.be, Belgium's most popular Internet-search engine, from publishing even snippets of stories as well as full stories and photographs.

In Google's favor, the court reduced the fine for copyright violation set in September to $30,000 a day from $1.3 million a day. It is unclear how big a penalty Google faces, since it removed links to the newspapers after the initial ruling.

While Belgium's media market is tiny, lawyers said the decision could trigger similar litigation in France, Italy, Spain and Germany, especially if Google's appeal fails. "I would expect in other European countries there will be copycat suits," said Thomas Vinje, an Internet lawyer at London law firm Clifford Chance LLP, who isn't involved in the case.

But Denis Bouchez, director of the French National Newspaper Association, said, "We're not going to sue them for the time being."

Earlier this week, News Corp., Viacom Inc., Sony Corp., General Electric Co.'s NBC Universal, Time Warner Inc. and Walt Disney Co. accused Google of supporting two Web sites offering access to illegal movie downloads. In response, Google said it prohibits its advertisers from selling copyright-infringing materials.

In Belgium, Copiepresse also is pursuing other Internet-search engines and sent letters to Yahoo Inc. and Microsoft Corp. Copiepresse said it demanded the search engines remove its members' material from their news sites until they agree to ask permission and pay before using it, or face fines.

Yahoo spokesman Alex Laity said Yahoo has temporarily removed the links, though he said that "our activity complies with all legal requirements." Microsoft declined to comment.

Mills Spurns Earlier Suitor For Higher Bid (WP/AP)

The Washington Post, February 14, 2007

Mills Corp., the troubled Chevy Chase mall developer, said yesterday that it favored a $1.6 billion offer from Simon Property Group and hedge fund Farallon Capital Management instead of an earlier takeover agreement with Brookfield Asset Management.

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Mills said its board of directors concluded that the Simon-Farallon offer, $24 per share, was "superior" to Brookfield's proposed deal of $21 per share, valued at $1.35 billion. The board authorized Mills to end the deal with Brookfield. When it was offered in January, Brookfield's bid represented an 18 percent premium over the price of Mills stock, but the share price has since jumped on news of a possible merger.

Mills, which owns 38 shopping centers nationwide, including Potomac Mills and Arundel Mills, said in a statement that it would give Brookfield three days to top its previous offer, however, before it breaks the agreement signed Jan. 17. The company said it was "ready and willing to negotiate such an amendment" with Brookfield, which is headquartered in Toronto.

Katherine Vyse, a spokeswoman for Brookfield, declined to comment.

Along with the higher price, Mills said its board preferred the Simon-Farallon deal because it could be closed more quickly. If it ends the Brookfield agreement, Mills would likely absorb a $40 million breakup fee, but some Wall Street analysts said that was not a considerable amount.

Mill shares closed yesterday at 26.24, up 49 cents, or about 2 percent.

Mills, one of the first developers of oversize malls known as mega-malls, has struggled in the past year with accounting problems and heavy debt that the company said in January could push it into bankruptcy.

The Securities and Exchange Commission is investigating Mills's accounting missteps, which the company said were widespread and could cost shareholders up to $352 million in equity. Mills has yet to file its 2005 annual earnings report and plans to restate earnings as far back as 2001.

To prepare for a sale, Mills has shed major assets, including its stake in the $2 billion Meadowlands Xanadu mall project in northern New Jersey and replaced almost all of its top management.

Had Brookfield acquired Mills, it would have been its first venture into North American retail real estate. It has timber and power holdings, along with commercial real estate that includes the World Financial Center in New York.

ENVIRONMENT:

Plant Death Costs Honeywell $12 Million (AP)

AP, February 14, 2007

Honeywell Agrees to Pay $12 Million to Settle Chemical Plant Death Charge

BATON ROUGE, La. (AP) -- Honeywell International Inc. has agreed to pay $12 million in fines and restitution resulting from a fatal accident at its Baton Rouge chemical plant in 2003, the Justice Department said Tuesday.

Honeywell agreed to plead guilty to violating the federal Clean Air Act, U.S. Attorney David Dugas said in a news release. A court date for formally entering the plea has not been set.

The charge stemmed from an accident at the plant on July 29, 2003. A plant worker, Delvin Henry, was doused by a corrosive material after opening a vat that had been labeled as containing a benign refrigerant. He died from his injuries the next day.

Through the plea agreement, Henry's three children will receive $2 million. The company also will pay an $8 million criminal fine, $750,000 to the Louisiana Department of Environmental Quality, $750,000 to the Louisiana State Police hazardous materials unit and $500,000 to the state police emergency operations center.

Dugas said much of the alleged negligent conduct contained in the charge occurred during the 1990s involving many people who no longer work for the company.

Honeywell cooperated fully and has implemented changes at the plant since the accidents, prosecutors said.

Peter Dalpe, a spokesman for Morris Township, N.J.-based Honeywell, said that, over the past several years, the company has "made substantial investments in expertise, equipment and personnel at the Baton Rouge facility and have significantly improved safety performance there."

Shares of Honeywell rose 42 cents Tuesday to close at $46.51 on the New York Stock Exchange.

U.S. Agency Violated Law In Seed Case, Judge Rules (NYT)

By Andrew Pollack

The New York Times, February 14, 2007

A federal judge ruled yesterday that the Agriculture Department violated the law by failing to adequately assess possible environmental impacts before approving Monsanto's genetically engineered alfalfa.

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Judge Charles R. Breyer of Federal District Court in San Francisco said the agency had been “cavalier” in deciding that a full environmental impact statement was not needed because the potential environmental and economic effects of the crop were not significant.

Plaintiffs in the case — some alfalfa seed companies and environmental and farm advocacy groups — said they would push to stop the sales and planting of the alfalfa, which is resistant to Monsanto’s Roundup herbicide.

Joseph Mendelson, legal director of the Center for Food Safety, a Washington advocacy group that organized the lawsuit, said the decision by itself could block commercial sales of genetically engineered alfalfa seeds but that the plaintiffs would ask for an injunction to make sure. Judge Breyer asked the parties to meet and propose remedies to him by Feb. 26.

Christopher R. Horner, a spokesman for Monsanto, said the company had not seen the decision but thought it would not affect its business. Monsanto was not named in the suit, which was filed against the Agriculture Department.

Calls to several spokesmen for the Agriculture Department were not returned. A recording in the department’s communications office said the government closed early yesterday because of expected bad weather in Washington.

A federal judge in Washington said last week that the Agriculture Department had not done adequate assessments before approving field trials of genetically engineered grass. And last August a federal judge in Hawaii, in a case involving field trials of crops engineered to produce pharmaceuticals, ruled that the Agriculture Department had not adequately assessed the possible impact on endangered species.

Mr. Mendelson of the Center for Food Safety said yesterday’s decision could set a precedent that would require the Agriculture Department to do full impact statements for other biotech crops before they are approved.

The Roundup Ready alfalfa was deregulated by the Agriculture Department in June 2005, meaning it could be grown outside of field trials. It was the first approval in years of a new genetically engineered crop. Because alfalfa is the fourth most widely planted crop in the United States, the action presented a big opportunity for Monsanto.

The Agriculture Department had first done an environmental assessment, which concluded that a longer and more detailed environmental impact statement was not needed. This was in part, the agency said, because the implanted gene conferring herbicide resistance was harmless to people and livestock.

But Judge Breyer, in his 20-page opinion, said that the agency had not adequately considered the possibility that the gene could be transferred by pollen to organic or conventional alfalfa, hurting sales of organic farmers or exports to countries like Japan that did not want the genetically engineered variety.

“An action which potentially eliminates or at least greatly reduces the availability of a particular plant — here, nonengineered alfalfa — has a significant effect on the human environment,” he wrote.

The judge also said that the Agriculture Department had too easily dismissed the possibility that planting Roundup-resistant alfalfa would lead to wider use of Roundup, which in turn would contribute to the development of weeds resistant to the popular herbicide. That is particularly a risk, he said, because many other crops like soybeans and corn are also resistant to Roundup, which is known generically as glyphosate.

“One would expect that some federal agency is considering whether there is some risk to engineering all of America’s crops to include the gene that confers resistance to glyphosate,” he wrote.

Energy CEOs Encourage Emissions Caps (LAT)

By Richard Simon

The Los Angeles Times, February 14, 2007

WASHINGTON — Corporate CEOs do not usually come to Capitol Hill to lobby for more government regulation. But that's what a group of executives did Tuesday, urging Congress to cap emissions blamed for global warming.

Peter Darbee, chairman and chief executive officer of PG&E Corp. — parent of California's largest utility, Pacific Gas and Electric Co. — called for the United States to be "at the forefront of addressing global climate change" by approving a mandatory program to reduce greenhouse gases.

Charles O. Holliday Jr., chairman and chief executive of DuPont Co., added that he believed "voluntary efforts alone will not solve the problem."

Proponents of a mandatory program for reducing greenhouse gas emissions see support from such businessmen as crucial to getting legislation through the narrowly divided Congress and past President Bush's veto pen.

The executives were invited to appear at the Senate Environment and Public Works Committee hearing by its chairwoman, Sen. Barbara Boxer (D-Calif.), who has made passage of legislation addressing global warming her top priority.

The testimony from the executives, including Steve Elbert, vice chairman of BP America, was intended to rebut arguments that mandatory caps on emissions of carbon dioxide and other gases would be bad for business and drive up costs.

The CEOs impressed at least one Republican. "You got my attention," Sen. John W. Warner (R-Va.) told them.

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Still, he remained noncommittal on whether he would support a mandatory-cap bill.

Some other committee Republicans, however, dismissed the CEOs' testimony, underscoring the challenge facing proponents of emission caps.

Sen. James M. Inhofe of Oklahoma, perhaps Congress' leading skeptic of human activity as a cause of global warming, accused the executives of advocating limits in order to boost investments by their companies in cleaner energy sources, such as solar power.

Sen. Christopher S. Bond (R-Mo.) contended that mandatory caps would lead to higher energy costs in his state, which is heavily dependent on coal-fired power. Coal-fired power plants are a major source of carbon dioxide emissions.

Sen. Lamar Alexander (R-Tenn.), who is sponsoring a bill that would cap emissions from power plants, acknowledged that there was "not much Republican support" for such measures. But he said that he thought there would be more support after the CEOs' testimony.

The hearing was one of four on climate change held Tuesday on Capitol Hill. Several more are scheduled in the weeks ahead, including one featuring former Vice President Al Gore, an outspoken advocate of taking steps to curb global warming.

Other supporters of such efforts have been heartened by the attention being devoted to the issue in the Democratic-controlled Congress.

The executives who testified Tuesday are part of a coalition of companies and environmental groups that have called for a "cap and trade" program that would allow companies that reduce emissions to below a level set by the federal government to sell credits to companies that exceed the cap. Its backers say the program is designed to ensure that the overall emission level is met, without seriously hindering some businesses.

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Exxon Chief Cautions Against Rapid Action To Cut Carbon Emissions (NYT)

By Clifford Krauss And Jad Mouawad

New York Times, February 14, 2007

HOUSTON, Feb. 13 — The chief executive of Exxon Mobil, Rex W. Tillerson, warned Tuesday that governments should not rush into policies that could damage the global economy in order to limit carbon emissions.

In a speech at a major industry gathering, Mr. Tillerson acknowledged that the planet was warming while carbon dioxide levels were increasing, suggesting a more accommodating position than the hard-nosed stance Exxon had held.

But in the same speech, Mr. Tillerson, who leads the world's largest publicly traded company, gave an unalloyed defense of the oil industry and predicted that hydrocarbons would dominate the world's transportation as energy demand grows by an expected 40 percent by 2030.

There is no significant alternative to oil in coming decades and Exxon will continue to make oil and natural gas its primary products, he said.

"The scale advantages of oil and natural gas across a broad array of applications provide economic value unmatched by any alternative," he said.

Mr. Tillerson's tone, if not the substance of his remarks, at times broke with the rigid positions of his predecessor, Lee Raymond, who has long been considered a skeptic in the global warming debate.

"That's Exxon-speak," said Barbara Shook, an analyst for Energy Intelligence Group, a publishing and information services company. "It's their own dialect, but if you look at where Exxon was one and a half years ago they may not have shifted their position 180 degrees, but they are moving."

Mr. Tillerson's remarks were his first formal and extensive comments since the publication of a report two weeks ago by the Intergovernmental Panel on Climate Change, a leading panel of international scientists and reviewers, concluding that there is 90 percent certainty that human activity is decisive in changing the global climate.

Mr. Tillerson told reporters that he had not read the report but said, "My understanding is there's not a clear 100 percent conclusion drawn." He added: "Nobody can conclusively 100 percent know how this is going to play out. I think that's important."

Taken together, his statements suggested that Exxon was navigating between positions defending oil as an energy source and its core business, and showing sensitivity to growing public concerns about a warming climate.

President Bush has called for increasing development and use of biofuels. And Democrats now controlling Congress have said they favor higher taxes on oil companies to pay for research in alternative energy.

Mr. Tillerson acknowledged a small role for alternative fuels in the future, saying he thought that ethanol and other types of biofuels have "an important role to play" given the projected growth in energy demand.

He poked fun, however, at ethanol, calling it "moonshine."

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"I am not an expert on biofuels," he said. "I am not an expert on farming. I don't have a lot of technology to add to moonshine."

But it was on the subject of global warming that Mr. Tillerson drew the most interest from energy leaders at the conference, which was organized by the energy consulting firm Cambridge Energy Research Associates.

"The risks to society and ecosystems from climate change could prove to be significant," Mr. Tillerson said. "So, despite the uncertainties, it is prudent to develop and implement sensible strategies that address these risks."

But at the end of speechmaking and answering questions, Mr. Tillerson expressed concern that policy makers could damage the world economy with precipitous environmental policies. He warned that future generations could be sorry for hasty policies taken today without more careful study.

"This is a centuries-long kind of problem, and we are going to learn more as we go," he said.

He noted that some scientific reports describing models of climate change concluded with a "range of potential outcomes." He added: "A range implies a certain degree of uncertainty. Policy decisions need to accommodate that uncertainty."

Exxon, which has had record earnings the last two years, has been a target of environmental groups for financing organizations that have questioned climate science and for its business activities around the world. Much of the emissions of greenhouse gases blamed for global warming come from the burning of fossil fuels like gasoline and natural gas.

Mr. Tillerson said his company supported breakthrough research in cellulosic ethanol, which is made from grasses and woodchips, and he was clear about Exxon's role. "There is really nothing I see Exxon can bring to this," he said. "We don't see a direct role for ourselves."

The report by the panel on climate change was widely considered the most authoritative study on the subject. It said for the first time that global warming was unequivocal and concluded that human activity had very likely caused most of the rise in temperatures since 1950. The report said that global warming could be blunted by prompt action.

Mr. Tillerson defended the energy industry as being environmentally responsible. "The footprint required of our activities is getting smaller and more efficient," he said, "proving that energy production and environmental protection need not be a zero-sum."

FBI/DEA/ATF/USMS:

Coke Dealer Gets 24 Years In Prison (PHI)

By Kitty Caparella

The Philadelphia Inquirer, February 14, 2007

Mario Luis Rojas Jr., 39, a fugitive for 7 ½ years, a $3-million con man and bigtime cocaine trafficker, officially closed the family business Friday.

His new life begins in a federal prison, where he'll serve a 24-year sentence thanks to U.S. District Judge Bruce Kauffman. Rojas earlier pleaded guilty to conspiracy and three counts of distribution of cocaine.

Assistant U.S. Attorney Ewald Zittlau had asked for a 27-year-term, but suggested that Rojas receive credit for his time in custody here and in Mexico.

The Colombian drug trafficker, who hired his brother and two sisters and a family friend for his drug ring, admitted importing 750 kilos of cocaine to Philadelphia in the late 1990s in shipments of 104 kilos, 295 kilos and 351 kilos.

His saga began on Sept. 1, 1998, when he was arrested with 104 kilos of cocaine in the Northeast by city and Bucks County authorities and state troopers. Rojas agreed to cooperate.

So the state put Rojas up in the now-closed Adams Mark Hotel, at Monument Road and City Avenue, where he was debriefed with round-the-clock troopers in the next room.

Within 12 days, he had bribed a high school buddy, state trooper Antonio Romero, Jr., with a promise of a $3 million payday in return for a key to escape.

Rojas then reneged on the $3 million and his deal to cooperate and fled to Mexico, where he resumed shipping cocaine to Philadelphia, said Zittlau.

During an investigation of the escape, the FBI conducted a "reverse sting" and supplied the trooper's cousin, Jose L. Davila, with five kilograms of "sham" cocaine as if it were a partial payment of the $3 million owed by Rojas.

The FBI arrested Davila, who quickly turned on his cousin and taped Romero, an 11-year trooper assigned to the Belmont barracks, giving the go-ahead to sell the coke.

Investigators also learned that Romero had been stealing small amounts of marijuana evidence for a year, between 1997 and 1998.

After his arrest, Romero admitted his role in the escape and to giving nearly 50 pounds of weed to Davila to sell and the two split the profits.

At sentencing, a tearful Romero asked for mercy, but was slammed with eight years in prison and five years supervised release on drug and extortion charges, while troopers, agents and cops who worked with him glared at the turncoat.

Davila was sentenced to a year and a day, five years' supervised release and a $1,200 fine.

Meantime, the U.S. Department of Justice notified Mexico of the warrant for Rojas' arrest. Authorities arrested him in Mexico City on Sept. 23, 1999.

For 5 ½ years, Rojas fought extradition to the U.S., then complained at his sentencing that he suffered cruel and unusual punishment because he was cooped up with 17 inmates in one Mexican cell.

Asked why he fought extradition if conditions were so bad, his attorney, Dennis Cogan, told the court that Rogas fought extradition on the advice of his Mexican attorneys.

At sentencing, Rojas apologized to his parents and a sister for getting two sisters, Marilyn and Naydia Rojas, 33, and 34, respectively, and his little brother, Mauricio Rojas, 29, involved in the drug business, as well as a family friend, Jorge Aldea, 35.

His brother and both sisters each received 10-year federal prison terms, and his friend, Aldea, was sentenced to 20 years.

More Medical Pot Needed For Science, Judge Says (MCT)

McClatchy Newspapers, February 13, 2007

Washington - Medical researchers need more marijuana sources because government supplies aren't meeting scientific demand, a federal judge has ruled.

In an emphatic but nonbinding opinion, the Drug Enforcement Administration's own judge is recommending that a University of Massachusetts professor be allowed to grow a legal pot crop. The real winners could be those suffering from painful and wasting diseases, proponents believe.

"The existing supply of marijuana is not adequate," Administrative Law Judge Mary Ellen Bittner ruled.

The federal government's 12-acre marijuana plot at the University of Mississippi provides neither the quantity nor quality scientists need, researchers contend.

The DEA isn't required to follow Bittner's 88-page opinion, and the Bush administration's anti-drug stance may make it unlikely that the pot-growing rules will loosen. A decision is still months away, the DEA said.

The American Civil Liberties Union's Drug Law Reform Project has been representing University of Massachusetts scientist Lyle Craker. Since 2001, Craker has been confronting numerous bureaucratic and legal obstacles in his request for permission to grow marijuana for research in such areas as developing vaporizers that can efficiently deliver pot smoke.

The latest research made public this week indicated that marijuana provided more pain relief for AIDS patients than prescription drugs did.

The Bush administration quickly dismissed those findings as a "smoke screen," and it has remained hostile to Craker's research efforts.

More Medical Marijuana Needed (FB)

Fresno Bee, February 13, 2007

WASHINGTON - Medical researchers need more marijuana because government supplies aren't meeting scientific demand, a federal judge has ruled.

In an emphatic but non-binding opinion, the Drug Enforcement Administration's own judge is recommending that a University of Massachusetts professor be allowed to grow his own legal pot crop. The real winners could be those suffering from painful diseases, proponents believe.

"The existing supply of marijuana is not adequate," Administrative Law Judge Mary Ellen Bittner ruled.

The federal government's sole marijuana farm at the University of Mississippi produces neither the quantity nor the quality of marijuana that scientists need, researchers contend. While Bittner did not embrace those criticisms, she agreed the current system for producing and distributing research marijuana is flawed.

"Competition in the manufacture of marijuana for research purposes is inadequate," Bittner determined.

The DEA is not required to follow Judge Bittner's 88-page opinion, and the Bush administration's anti-drug stance may make it unlikely that the grass-growing rules will loosen. Both sides will now get a chance to file comments on the opinion before DEA administrators make their ruling.

"We could still be months away from a final decision," DEA spokesman Garrison Courtney said Tuesday afternoon, adding that "obviously, we're going to take the judge's opinion into consideration."

Still, the ruling issued late Monday and made public Tuesday is resonating in both labs and the worlds of civil libertarians.

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"(The) ruling is an important step toward allowing medical marijuana patients to get their medicine from a pharmacy just like everyone else," said Allen Hopper, an attorney with the American Civil Liberties Union.

Based in California's seaside town of Santa Cruz, the ACLU's Drug Law Reform Project has been representing University of Massachusetts scientist Lyle Craker in the marijuana case. Since 2001, Craker has been confronting numerous bureaucratic and legal obstacles in his request for permission to grow research-grade marijuana.

"This ruling is a victory for science, medicine and the public good," Craker stated. "I hope that the DEA abides by the decision and grants me the opportunity to do my job unimpeded by drug war politics."

An agronomist with a doctorate from the University of Minnesota, Craker had been asked to grow bulk marijuana by a small group called the Multidisciplinary Approach for Psychedelic Studies. The latter group wants to conduct research in areas like developing vaporizers that can efficiently deliver pot smoke.

The latest research made public this week, quickly disputed by the White House, indicated that marijuana provided more pain relief than prescriptions drugs for AIDS patients.

"People have a right to know more about what might help them in their suffering and pain or illness, whatever it might be," former California legislator John Vasconcellos testified, in words repeated within Bittner's opinion. "The more research, the better."

The University of Mississippi has had a 12-acre outdoor plot and a monopoly on growing government-grade marijuana since 1968. The university sub-contracts with North Carolina's Research Triangle Institute, which runs a machine that can roll up to 1,000 finished marijuana cigarettes in an hour.

The government-grown pot is too "harsh," filled with stems and seeds and low in potency, some researchers testified.

"The material was of such poor quality, we did not deem it to be representative of medical cannibas," researcher Dr. Ethan Russo asserted.

Judge Sides With Botanist On Pot Supply (SFC)

San Francisco Chronicle, February 13, 2007

A Massachusetts botanist should be allowed to grow marijuana for medical study, a hearing officer said Monday in a ruling that would end a longtime government requirement that all federally approved researchers get their pot supplies from the University of Mississippi.

Because of the monopoly arrangement, in effect since 1968, "there is currently an inadequate supply of marijuana available for research purposes," said Mary Ellen Bittner, a Drug Enforcement Administration administrative law judge. She said the application by Lyle Craker, a University of Massachusetts professor of plant biology, "would be in the public interest."

The ruling is actually only a recommendation to the DEA, which supports the current policy. Agency spokesman Garrison Courtney said a deputy administrator would make the final decision after reviewing arguments from lawyers for the DEA staff and for Craker. The agency's decision could be appealed to a federal court in Washington, D.C.

"It's going to be a hard case to win," said Anjuli Verna of the American Civil Liberties Union's drug law reform project, which represents Craker. She said the court could overturn a DEA veto of Bittner's ruling only if it was found that the agency was acting arbitrarily.

Currently, all researchers on marijuana in the United States must obtain licenses and get their drug supplies from the National Institute on Drug Abuse, which has had an exclusive contract with the University of Mississippi for more than 38 years.

The government and the university project overseer say they supply high-quality marijuana, with varying potencies, to all researchers with a legitimate need, and currently provide the drug to nearly 500 patients in clinical trials. An exclusive contract is necessary, the DEA contends, to prevent diversion of the "most heavily abused" of drugs in the government's list of dangerous substances.

But the ACLU's Verna said many researchers have complained that the Mississippi marijuana is "very low-grade, low-potency," requiring increased usage -- with potential health problems -- to get the desired effect.

"Research is simply stymied," Verna said. She said government-approved researchers in other drugs, such as LSD and cocaine, can get their supplies from a number of laboratories.

Bittner said in her ruling that the quality of the government-supplied marijuana was "generally adequate," despite some problems. But she said some researchers with approved projects have been unable to obtain marijuana because of the federal policy. She also found little risk that marijuana grown by Craker would be diverted to illegal uses.

Craker's application, first filed in 2001, was sponsored by an organization called the Multidisciplinary Association for Psychedelic Studies, which proposed to fund his indoor cultivation and provide the marijuana to federally approved researchers. Both of Massachusetts' senators, Democrats Edward Kennedy and John Kerry, have written to the DEA in support of Craker.

The agency turned Craker down in 2003, saying there was no need for additional research supplies.

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DEA Judge Supports Medical Marijuana Research (NCG)

North County Gazette, February 13, 2007

WASHINGTON - The American Civil Liberties Union applauded a ruling issued by a U.S. Drug Enforcement Administration judge that recommends ending the federal government's 65- year monopoly on the supply of marijuana available for Food and Drug Administration-approved medical research.

The ACLU represents University of Massachusetts-Amherst Professor Lyle Craker, who petitioned the Drug Enforcement Administration (DEA) for a license to grow research-grade marijuana for use in privately-funded studies that aim to develop the plant into a legal, prescription medicine. The DEA judge ruled that it is in the public interest to end the federal National Institute on Drug Abuse (NIDA) monopoly on the supply of marijuana that can be used in Food and Drug Administration (FDA)-approved research.

"For too long the DEA has inappropriately inserted politics into a regulatory process that should be left to the FDA and medical science," said Allen Hopper, an attorney with the ACLU Drug Law Reform Project. "We are pleased that the judge has recommended an end to the federal government's blockade of medical marijuana research."

The DEA must now either accept or reject the court's recommendation, and scientists, doctors and medical marijuana patients nationwide joined the ACLU in urging the agency to comply with the court's finding and halt federal obstruction of medical marijuana research.

"This ruling is a victory for science, medicine and the public good," said Professor Craker. "I hope that the DEA abides by the decision and allows the work to go forward unimpeded by drug war politics." The ruling issued Monday, Feb. 12 by U.S. Department of Justice-appointed Administrative Law Judge Mary Ellen Bittner marks a major step forward in the six year struggle by Professor Craker to gain a DEA license to grow research-grade marijuana for use by other scientists in privately funded, government-approved studies.

Following nine days of hearings, testimony and evidence from both sides, including from researchers who reported that the government denied their requests for marijuana for use in FDA-approved research protocols, Judge Bittner concluded, "that there is currently an inadequate supply of marijuana available for research purposes…" and that, "Respondent's registration to cultivate marijuana would be in the public interest."

Thirty-eight members of Congress and a broad range of scientific and medical organizations have joined Professor Craker in challenging the federal government's policy of blocking administrative channels and obstructing research that could lead to the development of marijuana as a prescription medicine. These organizations include the Lymphoma Foundation of America, the National Association for Public Health Policy, the Multiple Sclerosis Foundation, as well as several state medical and nurses' associations.

Marijuana is the only Schedule I drug that DEA has prohibited from being produced by private laboratories for scientific research. Other controlled substances, including LSD, MDMA (also known as "Ecstasy"), heroin and cocaine, are available to researchers from DEA-licensed private laboratories, such as the one Professor Craker plans to establish.

In contrast, NIDA has remained scientists' sole source of marijuana, despite criticism over the agency's refusal to make marijuana available for all FDA-approved research into the plant's potential medical value. The ACLU and others point out that such research conflicts with NIDA's mission to study the harmful effects of drugs of abuse. In addition, researchers report that marijuana available through NIDA is of low quality and variety and is not optimized to meet FDA standards for prescription drug development.

Professor Craker's proposed facility to grow high-quality medical marijuana for research purposes will be funded by the Multidisciplinary Association for Psychedelic Studies (MAPS), a non-profit pharmaceutical company with plans to develop marijuana into a fully legal, prescription medication.

"For decades, we've been told by the politicians that marijuana has no proven medical value while scientists have been denied the ability to prove otherwise," said Rick Doblin, Ph.D., president and founder of MAPS. "Hopefully, today's decision marks a shift towards science, not politics, guiding medicine in America." Despite federal prohibition, 12 states have enacted legislation protecting patients who use medical marijuana with a physician's recommendation from prosecution under state law, and national polls consistently find that roughly 75 percent of Americans support the use of medical marijuana.

"Today's ruling is an important step toward allowing medical marijuana patients to get their medicine from a pharmacy just like everyone else," added the ACLU's Hopper. "That would clear up the controversies surrounding state medical marijuana laws."

The ACLU is co-counsel in the case, In the Matter of Lyle Craker, with Julie Carpenter at the Washington D.C. law firm Jenner & Block, LLP and is assisted by Steptoe & Johnson, LLP.

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Judge Bittner's ruling in support of Professor Craker's petition is available at: www.aclu.org/drugpolicy/medmarijuana/28341lgl20070212.html

Complete background on the case, including client profiles, hearing transcripts, a full selection of legal documents, and letters of support from lawmakers and scientists can be found at: www.aclu.org/drugpolicy/medicalmarijuanafeature/index.html 2-13-07

Meth Kingpin's 22 Felonies Bring Life Prison Sentence (ADS)

Arizona Daily Star, February 13, 2007

The ringleader of one of Tucson's largest methamphetamine organizations was sentenced to life in prison Monday.

Timothy Owens, 50, was convicted last month on 22 felony counts following a three-week trial in Pima County Superior Court.

According to Deputy Pima County Attorney Richard Wintory, Owens and Donna Greenwell, 51, ran a large methamphetamine ring in the middle of Tucson for about 18 months.

Owens was responsible for obtaining the methamphetamine and Greenwell was responsible for selling the drug or exchanging it for stolen property.

A ledger found in Greenwell's possession showed that during a seven-month period, Greenwell sold more than 20 pounds of methamphetamine for $245,000 in cash, plus an additional $200,000 in tools, guns, cars and other property, Wintory said.

Owens and Greenwell were indicted along with 39 other people in August 2005, but the investigation into the case began in the fall of 2004, Wintory said.

The Counter Narcotics Alliance was asked by the Tucson Police Department for help in investigating the burgeoning methamphetamine business in Midtown, Wintory said.

It was soon afterward that Rich Kivi, a special agent with the U.S. Drug Enforcement Administration, discovered that many of the same people were being arrested again and again on drug-related charges only to be released to commit new crimes while awaiting trial.

Included on the list of repeat offenders were Owens and Greenwell, Wintory said.

Kivi learned that in July 2004, Greenwell had been arrested by Tucson police officers after a routine traffic stop turned up several bags of methamphetamine and cocaine in her car.

When Kivi looked into the case further, he discovered that locked up in an evidence locker was a ledger seized along with the drugs.

To his surprise, inside the ledger was a list of seven month's worth of drug transactions, Wintory said.

Kivi and other members of the task force were investigating information from the ledger when another break in the case occurred in January 2005, Wintory said.

Because Owens was caught sneaking into the United States with one pound of methamphetamine, he had decided the organization needed to learn how to cook its own methamphetamine, Wintory said.

Owens orchestrated the kidnapping of a methamphetamine cook and the burglary of a meth lab, Wintory said.

Unfortunately for Owens, Wintory said, he and six others were caught in the process.

Despite Owens being confined in the Pima County jail, Wintory said Owens didn't stop his criminal activity there.

Over the next few months, Owens unsuccessfully tried to recruit three men to kill five people — three who could testify against him at trial and two others who owed the ring drug debts, Wintory said.

Jail officials monitoring Owens' phone calls overheard the phone calls and taped them, Wintory said.

When Owens went to trial last month, the phone calls were played in court for jurors, Wintory said. Jurors also learned of other phone calls in which Owens arranged for drug debts to be collected, for new dealers to be recruited, for robberies to be committed and for witnesses to be intimidated.

They also learned Owens and other members of the ring regularly called their friends and family members from jail to tell them what to say to Pretrial Service officers to ensure they would be able to bond out of jail, Wintory said. The friends and family members would regularly lie about where the suspects were living and working so they wouldn't look likely to flee if released from jail.

Owens was convicted of illegal control of an enterprise, use of an electronic communication device in drug transactions, solicitation to commit murder and kidnapping, and a variety of drug charges.

On Monday, Pima County Superior Court Judge Michael Cruikshank sentenced Owens to a mix of concurrent and consecutive sentences.

Owens is eligible for parole after 25 years on the life sentence, but if he is paroled he'll start a 25-year sentence, Wintory said.

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Greenwell, 51, pleaded guilty to 16 counts last month immediately after opening statements in her trial.

She, too, is facing a life sentence.

Convicted Leader Of Tucson Drug Ring Gets Life Sentence (AP)

AP, February 14, 2007

TUCSON, Ariz. -- The leader of a ring that distributed large amounts of methamphetamine in Tucson has been sentenced to life in prison.

Timothy Owens, 50, was convicted of 22 felony counts last month following a three-week trial in Pima County Superior Court.

Owens was sentenced Monday for his role in obtaining more than 20 pounds of meth that was later sold by Donna Greenwell, 51, who pleaded guilty to 16 counts at the start of her trial last month. She also faces a life sentence.

Owens and Greenwell ran a large methamphetamine ring for more than 18 months, said Deputy Pima County Attorney Richard Wintory.

The case came to investigators' attention when a U.S. Drug Enforcement Administration agent reviewing files discovered that many of the same people were being arrested on drug-related charges only to be released to commit new crimes while awaiting trial.

Included on the list of repeat offenders were Owens and Greenwell, Wintory said. The agent learned that in July 2004, Greenwell had been arrested by Tucson police officers after a routine traffic stop turned up several bags of methamphetamine and cocaine in her car. He reviewed a ledger seized from Greenwell in an evidence locker and found records detailing the sale of 20 pounds of meth over a six-month period.

In January 2005, Owens was caught sneaking into the United States with one pound of methamphetamine, and decided the organization needed to learn how to cook its own methamphetamine, Wintory said.

Owens orchestrated the kidnapping of a methamphetamine cook and the burglary of a meth lab, Wintory said. But he and six others were caught in the process. While confined to jail in the following months, Owens unsuccessfully tried to recruit three men to kill five people. Jail officials monitoring Owens' phone calls taped them, Wintory said.

The calls were played for the jury during his trial. He was convicted of illegal control of an enterprise, use of an electronic communication device in drug transactions, solicitation to commit murder and kidnapping, and a variety of drug charges.

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Information from: Arizona Daily Star

Former N.Y. Trooper Admits Posing As DEA Man In Bizarre 'Raid' (NSL)

By Jeff Whelan, Star-ledger Staff

Newark Star-Ledger, February 14, 2007

Michael Gluchowski had all the trappings of a bona fide DEA agent when he showed up at a home on a quiet block in suburban Bergen County and announced he was investigating the residence as a drug house.

He flashed a silver badge and sported a Drug Enforcement Administration raid jacket. He also carried two loaded semi-automatic handguns in his holster and waistband.

But even after he said he had the wrong place and left, the resident, David Cheung, was suspicious. Why would a DEA agent show up for a bust alone? He called the local police in Demarest.

"It didn't seem right," Cheung recalled in a telephone interview. He said he was home doing paperwork for his video production company when Gluchowski arrived. "Even if he was undercover, he didn't look altogether there. He had a beard. He was very frail."

Cheung's suspicions proved correct: Gluchowski, a retired New York state trooper, pleaded guilty to impersonating a federal agent yesterday before U.S. District Judge Faith Hochberg in Newark.

Before retiring in 2001, Gluchowski, 49, was assigned to a DEA task force for more than a decade, his attorney said. Years ago, he had investigated the house where Cheung now lives as a "stash house," where drugs and money were kept, authorities said.

Gluchowski returned to the house on Sept. 6, 2006, and authorities suspect he wanted to steal contraband but abandoned his plot after realizing the previous residents had moved out and Cheung had moved in.

"He was up to no good, to say the least," said Gerard McAleer, special agent in charge of the DEA's New Jersey division. "We're just grateful it didn't go to the next level."

Police put out a bulletin with a description of Gluchowski's SUV, and he was pulled over in Fort Lee. In addition to the two pistols, police found a 12-gauge shotgun and hollow-point bullets in his car, according to court papers.

John Yauch, the public defender representing Gluchowski, had a more innocent explanation for his client's actions: He was doing research for a book about his years with the DEA.

"It was nothing nefarious," Yauch said. Asked why his client was so heavily armed, he said, "He was involved with a lot of very bad people when he was with the DEA."

Yauch said a psychologist who has been treating Gluchowski since his arrest last year diagnosed him with post-traumatic stress disorder.

Prosecutors noted a month after his arrest, Gluchowski was pulled over in his hometown of Brewster, N.Y., and arrested after a search turned up crack cocaine and a crack pipe.

"Individuals need money to feed drug habits," Assistant U.S. Attorney Sharon Ashe wrote in court papers.

Yauch denied his client had a drug problem, saying, "he worked and gave a good part of his life in his effort fight the war on drugs."

Gluchowski could face up to three years in prison and a $250,000 fine. Federal sentencing guidelines recommend a prison term of zero to six months under his plea agreement. The sentencing date has not been set.

Cheung, the homeowner, said he was glad he wouldn't have to testify. He said he had been taken aback when Gluchowski showed up at his home, but he was never scared because he knows karate.

"He wasn't a big, threatening person," Cheung said. "If he would have pulled a gun out, it would have been taken away from him."

The Lawmakers: Fewer Anti-meth Bills Are Expected This Year (MB)

By Michael Doyle

Modesto Bee, February 13, 2007

WASHINGTON — The House meth caucus is bigger than ever. Anti-meth bills are proliferating, their titles more elaborate by the day.

But none of this means the 110th Congress will do something new about the drug.

Instead, 2007 may turn out to be a year for consolidation, as lawmakers evaluate results from their most recent anti-meth package signed by President Bush in March.

"I want to see what happens," Democratic Sen. Dianne Feinstein said. "I'm open to what the needs are, but we're going to try and answer the question of how well the last bill is working."

Feinstein, D-Calif., was one of the chief sponsors of the 2006 Combat Meth Act, passed as part of a larger anti-terrorism bill. Cold medicines take the biggest hit in the law, which kicked in Sept. 30.

In hopes of denying meth producers a key ingredient, the law moves cold medicines containing pseudoephedrine behind the counter. It limits individual monthly purchases to 9 grams, or about 300 cold pills, and it requires signatures and identification for purchases.

"The bill introduces common-sense safeguards," Bush said.

Some provisions take effect automatically. Others do not, and their impact is contingent on future congressional action.

The 2006 legislation, for instance, author-izes $99 million a year for meth-related enforcement, training and research. Next year, though, lawmakers must decide how much money to actually provide. Meth needs will be competing against other law enforcement priorities.

A test arrived this month, when the Bush administration released its proposed fiscal 2008 budget. Bush disappointed lawmakers again by proposing to cut funds for certain law enforcement programs, including the Community Oriented Policing Services grants used by many Central Valley cities.

"This budget reflects the misplaced priorities of the Bush administration," Feinstein said. "It once again squeezes many of the programs that matter most to Americans."

Lawmakers this year also must decide how much money will be devoted to the High Intensity Drug Trafficking Areas, such as the Fresno-based program targeting the valley methamphetamine trade.

"We always have a meth objective in the beginning of the year," said Rep. Devin Nunes, R-Visalia. "The biggest one will be increasing funding for the HIDTA."

Mariposa Republican George Radanovich agreed that "we're focused on making sure the HIDTAs are funded." With 28 such regional organizations nationwide — covering 43 percent of all U.S. counties — Radanovich added that competition for funding has increased.

Politically, a spreading problem is a mixed blessing.

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The Congressional Caucus to Fight and Control Methamphetamine grew to 144 members in the recently expired 109th Congress. That translates to broader clout. It also means, though, that other states have a growing claim on the federal anti-meth investment.

For instance, Feinstein's co-sponsor on the 2006 meth bill was from Missouri. The same lawmaker, Republican Sen. James Talent, helped usher through a congressional resolution resulting in National Methamphetamine Awareness Day, which was recognized Nov. 30.

The symbolism of a special day set aside for meth awareness is matched by the unrelenting marketing that goes into the naming of bills. In the 109th Congress, for instance, lawmakers sponsored the likes of the Clean, Learn, Education, Abolish, Neutralize and Undermine Production (CLEAN-UP) of Methamphetamines Act, the Arrest Methamphetamine Act and the Exile Meth Act.

These bills included some overlapping proposals, such as new state grants, that ultimately were included in the bill passed by Congress and signed by Bush.

Former Customs Officer Gets 9 Years In Drug Case (ADS)

Arizona Daily Star, February 14, 2007

A former customs officer was sentenced to nine years in prison Tuesday after he knowingly allowed a vehicle with 440 pounds of cocaine inside to come into the United States.

Fernando Arango, 52, was working for U.S. Customs and Border Protection at the port of entry in Nogales when he decided to counsel a person who he believed to be a drug trafficker on how to purchase an RV and have it altered to smuggle drugs into the country, according to a news release from the U.S. Attorney's Office in Arizona.

On Oct. 1, 2005, Arango, who lives in Rio Rico, inspected the vehicle and it was driven through the port of entry by the drug trafficker, who was really an undercover officer, the release said.

Arango was given $50,000 by the officer and was then arrested.

Former Border Patrol Official Sentenced In Cocaine Case (AR)

Arizona Republic, February 13, 2007

A former border patrol official was sentenced in Tucson today to nine years in prison for trying to distribute cocaine.

Fernando Arango, 52, pleaded guilty last October to attempting to possess with intent to distribute cocaine. Arango, of Rio Rico, was formerly a U.S. Customs and Border Protection officer at a port of entry in Nogales.

While he still worked for the Border Patrol Arango taught a person, whom he believed was a drug smuggler, how to have a vehicle altered with a hidden compartment to smuggle drugs into the United States, officials said.

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After the vehicle was rigged Arango inspected the vehicle and made sure it was allowed to pass through the U.S. port of entry. Arango believed the vehicle contained 200 kilograms of cocaine when he helped it cross the border on October 1, 2005.

Arango was paid $50,000 by a person working with law enforcement and then arrested, officials said.

The residing judge told Arango, that he betrayed his position of trust and that his sentence was to punish him as well as deter other, according to a press release.

Ex-customs Agent Gets Nine Years For Taking Bribe (AP)

AP, February 14, 2007

TUCSON, Ariz. A former federal Customs and Border Protection agent faces nine years in prison for taking a bribe.The feds say 52-year-old Fernando Arango of Rio Rico allowed a motor home packed with 440 pounds of cocaine to pass through his checkpoint at the Mariposa Port of Entry at Nogales.The U-S Attorney's Office says Arango faced a maximum sentence of life in prison and a four (m) million dollar fine.Arango had plead guilty to a charge of attempting to possess with intention to distribute cocaine in October.Arango was caught in a sting operation in October, 2005 when a law enforcement informant met him and paid him for his help.In other meetings with the informant, the feds say Arango advised him to buy an R-V.Arango then taught the informant how to build a false compartment to hold the smuggled cocaine.

IMMIGRATION:

Banking On Illegal Immigrants (LAT)

By E. Scott Reckard, David Streitfeld And Adrian G. Uribarri, Times Staff Writers

DOJ_NMG_0132131

The Los Angeles Times, February 14, 2007

A move to issue credit cards to people without Social Security numbers draws anger and praise.

Bank of America said Tuesday that it was issuing credit cards to Spanish-speaking immigrants who may not have Social Security numbers, triggering complaints that the nation's largest retail bank is tacitly endorsing illegal immigration.

The bank described the program as a pilot, limited for now to 51 branches in Los Angeles County, and said it could go national this year.

The credit cards are not aimed specifically at illegal immigrants, a bank spokeswoman said, but instead people who lack solid credit histories. Even so, the bank was bombarded with angry phone calls.

On Capitol Hill, Rep. Tom Tancredo (R-Colo.) accused the lender of aiding terrorists, while the Department of Homeland Security worried that the program could be exploited by criminals.

"At face value the program seems to be problematic," said Russ Knocke, a department spokesman. "It seems to be lending itself to possibilities of perpetrating identity theft or creating more risk for money laundering."

The bank's program may be controversial, but it also vividly demonstrates that businesses view the country's estimated 12 million illegal immigrants not as lawbreakers but as customers.

Other major banks including Wells Fargo & Co. and Citibank have launched similar initiatives to gain customers in the burgeoning Latino community.

Wells Fargo began a pilot program last year in Los Angeles and Orange counties to offer home mortgages to immigrants who have lived in the United States for at least two years. The customers are allowed to identify themselves using taxpayer numbers issued by the Internal Revenue Service instead of Social Security numbers. That's the same type of identification number an immigrant can use to obtain a credit card under Bank of America's pilot program.

Wells Fargo may follow Bank of America's lead on credit cards.

"We are also looking at the possibility of offering unsecured credit cards to customers who may not have Social Security numbers," Wells Fargo spokeswoman Mary Trigg said.

Although important for all major banks, the immigrant market is especially key for Bank of America. Though now based in North Carolina, the bank, once headquartered in San Francisco, still has its largest retail operation in California, home to a huge Latino population.

"Bank of America is the biggest bank for Hispanics in the country, and it made a decision a couple of years ago to keep pushing that market," including buying a 25% stake in a Mexican bank, said Richard Bove, a banking analyst for investment firm Punk, Ziegel & Co.

The emphasis may pay off, but "the political backlash is going to be substantial," he said.

That prediction seemed to be borne out Tuesday, after the program was reported in the Wall Street Journal.

"It helps to further embed illegal immigrants into American society," said Steven Camarota, research director for the Center for Immigration Studies in Washington, which backs stricter enforcement of immigration laws. "It makes amnesty a fait accompli."

Tancredo said he sent a letter to U.S. Atty. Gen. Alberto R. Gonzales and Department of Homeland Security Secretary Michael Chertoff asking them to look into the program.

"I hope the administration will shut down this reckless and illegal program before Bank of America extends a line of credit to a potential terrorist," said Tancredo, a hard- line foe of illegal immigration.

A Justice Department official declined to comment on the legality of the program.

Bank of America spokeswoman Alexandra C. Trower said the company complied fully with all banking and anti-terrorism laws governing customer identification, which she said permitted the use of taxpayer ID numbers instead of Social Security numbers.

Bank executives said participants needed another form of identification, such as ID cards issued by foreign consulates. Applicants must also have had a Bank of America checking account for at least three months.

William P. Cook, former general counsel of the U.S. Immigration and Naturalization Service, said the bank's program was neither illegal nor problematic.

"It's sad that such a forward-thinking move is being mischaracterized as if it were an improper activity," said Cook, who is now in private practice.

There's a serious issue behind the flap, said Gordon H. Hanson, an economist and immigration expert at UC San Diego. The federal government has been stalemated on the immigration issue for years, abdicating its role in defining rights for 12 million people, and Bank of America moved into the breach, he said. It couldn't make immigrants citizens, but it could make them customers.

"Are we undermining civil society?" Hanson asked. "That's an entirely valid question."

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Robert Gnaizda of the Greenlining Institute, which lobbies for improved financial services in low-income neighborhoods, called the program "excellent news."

Immigrants with scant credit histories can buy houses only with high-interest loans. Getting a bank card helps them establish their credit and qualify for better mortgage rates, he said.

Potential customers also liked the idea.

Lionel Archila, 51, is a Guatemala native who arrived in Los Angeles after a dozen years in Canada. A former accountant, he works odd jobs as a handyman and construction worker. He sometimes goes days without pay.

"It's magnificent from a financial point of view," Archila, waiting for a bus in downtown L.A., said about the prospect for getting a credit card. "But I would use it for my basic needs. I wouldn't get caught in the trap of buying the latest TV."

Roberto Flores, a 55-year-old Angeleno who moved to the United States from Michoacan, Mexico, in 1975, long ago got comfortable with credit accounts. He has at least two: one at La Curacao, a department store catering to Latinos, and another at Home Depot.

He said life without credit could be difficult for struggling immigrants.

"Anything helps," he said.

Despite Bank of America's compelling interest in Latino markets, it was arch-rival Wells Fargo that kicked off the competition in 2001, when it became the first U.S. bank to accept identification cards from Mexican consulates to open an account.

Since then, Wells has opened more than 1 million accounts for Mexicans using the consular card. It also accepts Guatemalan, Argentine and Colombian identity cards. The assumption is that most immigrants using the cards to identify themselves are here illegally, Wells Fargo spokeswoman Trigg said, but the bank doesn't ask.

Citibank already issues credit cards to some immigrants without Social Security numbers if they have taxpayer identification numbers, spokeswoman Janis Tarter said. The bank issues such cards under its own brand and the brand of its subsidiary, Banamex USA.

Citibank began issuing the cards nearly three years ago. Tarter said she couldn't recall anyone complaining.

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Feinstein Questions Treatment Of Border Agents (WT)

By Jerry Seper

The Washington Times, February 14, 2007

A senior Democratic senator and longtime border security advocate wants the Departments of Justice and Homeland Security to explain the "extreme" prison sentences two U.S. Border Patrol agents received for shooting a fleeing drug-smuggling suspect.

Sen. Dianne Feinstein of California said in letters to Attorney General Alberto R. Gonzales and Homeland Security Secretary Michael Chertoff that the government's prosecution had a "chilling effect" on the ability of other agents to carry out their duties and had significantly affected their morale.

Given the circumstances of the cases and the fact that neither agent had prior convictions or "any other aggravating circumstances to warrant particularly harsh treatment under the law," Mrs. Feinstein said they were given "sentences that some individuals who are convicted of murder wouldn't receive."

"Border Patrol agents have a difficult and often dangerous job in guarding our nation's borders," she said. "I believe that aggressive prosecution of Border Patrol agents has a chilling effect on their ability to carry out their duties and on the morale of all agents.

"I also believe that if wrong doing does occur, ensuring fair and safe treatment is essential," she said. "I am extremely concerned about how this case continues to unfold."

A senior member of the Senate Judiciary Committee, Mrs. Feinstein also encouraged the Justice Department to "move forward promptly" in its review of the case in the wake of the recent beating of one of the agents at the Federal Detention Center in Yazoo, Miss. She said a prompt review could put President Bush "in a position, if necessary, to timely evaluate pardon or clemency petitions that are filed."

Ignacio Ramos, 37, and Jose Alonso Compean, 28, were sentenced in October to 11- and 12-year prison terms, respectively, for shooting Osvaldo Aldrete-Davila in the buttocks as he fled back into Mexico. The Mexican national had abandoned a van containing 743 pounds of marijuana and was shot during an attempt to avoid apprehension.

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"I strongly believe the sentences in this case are too extreme given the criminal background of Mr. Aldrete-Davila and his possession of large quantities of drugs, and given the fact that Mr. Aldrete-Davila had physically resisted at least one attempt by Agents Ramos and Compean to bring him into custody," Mrs. Feinstein said.

Mrs. Feinstein has been given approval by Judicial Committee Chairman Sen. Patrick J. Leahy, Vermont Democrat, for hearings on the matter before the subcommittee on terrorism, technology and homeland security, which she heads.

In her letters, Mrs. Feinstein asked Mr. Gonzales for specific information concerning the sentences the agents received and the beating of Ramos in federal prison. She asked Mr. Chertoff for additional information on a heavily redacted Office of Inspector General report on the case released last week.

In a separate letter to Federal Bureau of Prisons Director Harley G. Lappin, Mrs. Feinstein requested information on the treatment of the agents in prison and details about the assault on Ramos while in federal custody. She also asked Mr. Lappin to explain why the agents were not being adequately protected.

"It is not hard to predict that two federal agents would be targeted in a prison population and that special precautions should have been employed to ensure their safety," she said.

Mrs. Feinstein also questioned Mr. Gonzales about why prosecutors originally indicted the agents on three criminal charges, but then expanded the indictment on three separate occasions, adding new charges each time. She asked who within Justice approved each set of charges.

She asked Mr. Chertoff why the Inspector General's Office reported that at least three other Border Patrol agents participated in a cover-up of the shooting, but redacted their names from a final report on the incident.

"Please explain why society benefited most by absolving these agents entirely and keeping them on the force so that they could testify in a criminal prosecution against Agents Ramos and Compean," she said.

TAX:

Tax Plan Aims To Show Prices Of Stock 'Buys' (WSJ)

By Deborah Solomon

The Wall Street Journal, February 14, 2007

Seeking to raise government revenues without raising taxes, a bipartisan group of lawmakers will join President Bush today in supporting a plan to require securities brokers, mutual funds and others to report the original purchase price that an investor paid for stocks, bonds and other securities, and thus cut down on underreporting of capital gains.

The proposal, to be introduced in the House and Senate, aims to help close the "tax gap" -- the difference between what the government collects in revenue each year and what it believes it is entitled to collect.

Internal Revenue Service researchers estimate the gap at about $290 billion a year, and lawmakers -- as well as Mr. Bush -- would like to tap into that money to help pay for other priorities.

Members of Congress and the Bush administration both say investors, either intentionally or not, often underreport the amount of money they make when they sell a stock by misstating the original purchase price. Both Mr. Bush's plan and the proposed legislation would seek to correct that by requiring brokerage firms and others to track the purchase price and -- when an investor sells a stock, bond or mutual fund -- report the "adjusted-cost basis" to the taxpayer and the IRS.

The adjusted-cost basis factors in the purchase and sale price, plus any intervening corporate action that affects value, such as reinvested dividends, stock splits or mergers.

Mr. Bush's budget assumes the change, if enacted, would bring in about $6.7 billion over 10 years, while the lawmakers assume about $7 billion.

The legislation, which is being lead by Sens. Evan Bayh (D., Ind.) and Tom Coburn (R., Okla.) and Reps. Rahm Emanuel (D., Ill.) and Walter Jones (R., N.C.) is similar to a bill introduced by Mr. Bayh last year that never made it out of Congress. Democrats now control Congress, so the legislation is seen as having a better chance of success.

The proposal could run into resistance from brokerage firms and others in the securities industry, which complained in the past about the amount of paperwork required in tracking purchase prices.

CONGRESS-ADMINISTRATION:

Truth And Credibility (WP)

By Al Kamen

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The Washington Post, February 14, 2007

The 12 jurors in I. Lewis "Scooter" Libby's trial will soon be sifting through the evidence, trying to determine whether the prosecution proved, beyond a reasonable doubt, that Libby lied to investigators about conversations with reporters in the Valerie Plame affair.

As a former president famously said: "Perjury is a hard rap to prove." And the jurors' job may well be difficult.

If only they could take advantage of the Pentagon's new "Polygraph and Credibility Assessment Program." That, Deputy Secretary of Defense Gordon England writes in a Jan. 25 directive, is a whole new way to see if someone is lying, by combining lie detectors with "credibility assessment" -- CA for short.

CA is a "multi-disciplinary field of existing as well as potential techniques and procedures to assess truthfulness" -- or at least truthiness -- "that relies on physiological reactions and behavioral measures to test the agreement between an individual's memories and statements," England said in the directive, unearthed by Secrecy News. Critics have said polygraphs are unreliable and suggested other factors be used for employee screening.

The new program will be overseen by the undersecretary of defense for intelligence, who will be, once he's confirmed, retired Air Force Lt. Gen. James R. Clapper Jr., who is to succeed Stephen Cambone.Bushism on the Agenda

Speaking of Libby, a colleague notes that his schedule for June 10, 2003, which was introduced at his trial, notes: "6:00pm -- Strategery Meeting." This would be a jovial nod to comedian Will Ferrell of "Saturday Night Live" fame, and his made-up Bushism as he impersonated President Bush wrestling with the English language.

The scheduled meeting apparently was of White House counselor Karl Rove's Office of Strategic Initiatives.Cheney Taking Questions

Meanwhile, reporters covering the Libby trial doubtless were crushed by news yesterday that neither he nor his former boss, Vice President Cheney, would be taking the stand. But that doesn't mean Cheney is trying to avoid a sharp grilling.

In fact, Cheney is this very morning appearing for what is likely to be a tough session at a National Association of Manufacturers "Q&A, issue breakfast," our invite says, with about "300 manufacturers from around the nation."

Wanna bet there won't be any questions about Valerie Plame?Foley Makes Himself Scarce

Let's have a hearty, albeit temporary, Loop Welcome Back for former congressman Mark Foley (R-Fla.), who is in town this week apparently to move out of his home on the famed GOP enclave on D Street SE on Capitol Hill.

Foley was at his old house yesterday, a Loop Fan reports, overseeing the movers clearing it out. He was spotted about 6:30 a.m., fussing with a garbage bag in the front yard and ducking back into the house when he saw a neighbor walking her dog.Second KBR Driver Killed

A couple of weeks ago, we reported the death in Baghdad of a garbage-truck driver working for KBR who was shot Jan. 13 by Australian and U.S. military guards at a checkpoint near a hospital in the Green Zone. Now another KBR truck driver has been killed -- and another person in the truck was wounded -- Feb. 5 at Camp Anaconda, an air base about 50 miles north of Baghdad, according to the Associated Press.

A military spokesman said the shooting came in "an escalation-of-force incident," which often means that a driver approaching a checkpoint did not respond to an order to move slowly and stop. The driver's name was not released.

But the wire service cited a Web site posting from a funeral home in Chesaning, Mich., that said KBR driver Donald Tolfree, of nearby Owosso, had been killed Monday in Balad, Iraq, which is near Camp Anaconda. A KBR spokeswoman said the shooting is under investigation.Back Home at State

Condoleezza Rice, no longer home alone. The Senate on Monday confirmed former national intelligence director John Negroponte as deputy secretary of state, a post vacant since July. Negroponte, former ambassador to the United Nations, and to Iraq, Honduras, Mexico and the Philippines, said yesterday at a welcoming ceremony at State that he was "delighted that one of my first acts is going to be this afternoon to declare this a snow day."

Negroponte's portfolio as deputy was expected to include the pesky North Korea nuke problem. But Assistant Secretary of State Christopher Hill appears to have hammered out an agreement on that. Maybe it was because the North Koreans heard Negroponte was coming?Khalilzad on the Somewhat Fast Track

Also on the personnel front . . . The White House has sent up to the Senate the nomination of Zalmay Khalilzad, now our man in Baghdad, to be ambassador to the United Nations. The move Monday came nearly two months after his selection was announced. We're told the Senate, barring some unforeseen fracas, may confirm him in early March.

Foreign policy veteran Tom Graham, who was, until Friday, National Security Council senior director for Russia, is heading to the private sector to work with Kissinger McLarty Associates. Graham, who did two tours in Moscow as a Foreign Service officer in the embassy, is credited with coining the name "oligarchs" for the avaricious tycoons that snapped up state assets during the early years following the collapse of the Soviet Union.

Ford M. Fraker, an investment banker and former head of banking at Saudi International Bank, is President Bush's pick to be ambassador to Saudi Arabia. Fraker founded and now chairs the London-based Trinity Group and is a consultant to Intercontinental Real Estate in Boston.

Lt. Gen. Dell L. Dailey, now director of the center for special operations at MacDill Air Force Base, has been tapped to be the State Department's coordinator for counterterrorism.

Lack Of Black Bench Nominees Criticized (LAW)

By Pamela A. Maclean

National Law Journal, February 14, 2007

In nine of 11 Southern states, President George W. Bush has never nominated an African-American for any of 62 openings for federal trial court judgeships, according to federal court data.

In his home state of Texas, the president has not nominated a single black judge to the federal bench in 18 nominations sent to the Senate during the past six years, according to Leslie Proll, director of the NAACP Legal Defense and Education Fund's Washington office.

The lack of black nominees has caused some African-American lawyers to express concern that retiring black judges appointed years ago will leave a new crop of Southern lawyers who may never see a black judge on the federal bench.

Mississippi and Alabama have not had a black judge appointed in more than 20 years, a situation Proll called, "very egregious. So many of the Carter judges are leaving the court through death or retirement. Generations are changing on the bench, and nobody is following them," she said.

In Alabama, where all nine Bush nominees have been white, U.S. Rep. Artur Davis, D-Ala., said, "It is inconceivable to me that there has not been a black judge of caliber to serve on the federal bench in the last 20 years.

"The first thing you hear is they can't find anyone qualified. That is not plausible, given the number of black lawyers in the state," Davis said.

PROBLEM IN CIRCUITS

The more powerful federal appellate courts of the 4th, 5th and 11th U.S. circuit courts of appeals have fared little better with black nominations. Of 14 nominees, no blacks have been proposed for the 5th or 11th circuits.

Bush has nominated three blacks to the 4th Circuit -- Claude Allen of Virginia, who later withdrew in the face of Democratic opposition; Judge Roger Gregory, originally a recess appointment by President Clinton renominated by Bush in 2001; and Judge Allyson Duncan of North Carolina, confirmed in 2003.

Presidents typically consider judicial recommendations by senators from the state affected. In the 5th Circuit, Sen. Trent Lott, R-Miss., put the only black federal judge in the state on a short list of recommendations for the 5th Circuit in 2004 and 2007, according to Susan Irby, Lott's communication director. But Chief Judge Henry T. Wingate, a 1985 Reagan appointee to Mississippi's Southern District, was passed over both times in favor of white candidates: Charles Pickering, who left in 2004 when his controversial recess appointment expired, and Leslie Southwick, nominated on Jan. 9.

Irby said Lott "casts a wide net" when seeking potential judicial recommendations. "I can't give you specifics, but he has reached out to a diverse group of folks," she said.

Carlton Reeves, president-elect of the Magnolia Bar Association, which represents black lawyers, said Lott, "has never, to my knowledge, consulted with the Magnolia Bar, and we have been in existence since 1955."

Irby said she "took umbrage" at not including the recent nomination of Halil Ozerden, whose family came from Turkey, as "putting diversity on the court. It is unfair not to note that he is not Caucasian," she said, in apparent reference to his nationality rather than ethnicity.

In 11 Southern states of the 4th, 5th and 11th circuits, 75 trial court nominations produced no blacks in Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas, Virginia or West Virginia, according to the Administrative Office of the U.S. Courts and NAACP Legal Defense Fund.

Bush did nominate one African-American in Florida, Marcia Cooke, and one in Maryland, William Quarles. In addition, he has nominated 11 Hispanics to district courts in Texas, Florida and Mississippi and one Hispanic to the 5th Circuit.

National Bar Association President Linnes Finney of Stuart, Fla., said that while the number of black nominees is "disappointing," the "White House general counsels have been receptive to meeting with us to discuss appointment of African-Americans to the federal judiciary."

The White House did not respond to repeated requests for comment on its nominations, nor did Sens. Kay Bailey Hutchinson, R-Texas.; John Cornyn, R-Texas; Thad Cochran, R-Miss.; or Senate Judiciary Committee member Jeff Sessions, R-Ala.

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Nationwide, Bush has appointed 18 black judges out of 263 appointments to all federal courts during his six years in office, according to the Senate Judiciary Committee and federal judiciary data.

CBC Prepping For Rare Bush Meeting (RC)

By Jennifer Yachnin

Roll Call, February 14, 2007

Members of the Congressional Black Caucus said Tuesday they weren't getting their hopes up in advance of this week's private meeting with President Bush, the first such planned encounter in two years.

Even as many of the group's 44 lawmakers confirmed they plan to attend Thursday's White House meeting, acknowledging the event's importance, Members offered doubt that the session would yield any tangible results.

"It's only logical that we have to consider what has happened in the past at these meetings," said Rep. Elijah Cummings (D-Md.).

Although those sessions, most recently in January 2005, have produced "good discussions," Cummings asserted: "Quite often it was hard to see significant actions taken as a result of the meetings."

The Maryland lawmaker added that given that history, Members remain understandably apprehensive about the upcoming meeting.

"One of the things you always wonder about with President Bush is whether this is a photo-op," Cummings said.

Rep. Artur Davis (Ala.), who attended a December meeting with Bush as a member of the centrist New Democrat Coalition, said he also remains doubtful that the commander in chief is actively reaching out to lawmakers, as opposed to simply seeking support for his own agenda.

"The president is frankly not so eager to hear about other agendas out there," Davis said. "Bipartisanship isn't just Democrats agreeing with him. He has to listen to Democrats."

Rep. John Conyers (D-Mich.) asserted that even the power-switch that put Democrats in control of Congress — although nonpartisan, the CBC's membership includes no Republicans — will have little impact on the session's outcome.

"I expect nothing from the president," said Conyers, who chairs the House Judiciary Committee.

"We had an election. He didn't change his course in Iraq," Conyers added, citing the president's recent proposal to deploy more than 21,500 additional troops to Iraq, a measure that Democrats have condemned in a nonbinding resolution under debate on the House floor this week. "I don't hold out any hope that he will be any more helpful to us."

Nevertheless, Conyers said he plans to attend the meeting and raise issues related to the ongoing restoration efforts from Hurricane Katrina.

CBC Chairwoman Carolyn Cheeks Kilpatrick (D-Mich.), who requested the White House meeting, declined to discuss which topics will be raised at the summit, stating that the Caucus will address those specifics at its weekly meeting today.

But CBC lawmakers said issues including the Iraq War and Katrina likely will dominate the meeting, along with subjects highlighted on the group's agenda such as disparities in education and health care.

"It's important to have a dialogue," acknowledged Cummings, himself a former CBC chairman. "There may be some things we can do together."

In particular, Cummings suggested that lawmakers will raise the Gulf Coast cleanup, and some of the bureaucratic hurdles residents continue to face as they seek to rebuild their homes and communities.

"Can he use the power of the presidency to cut the red tape?" Cummings said.

In addition, the Maryland lawmaker said he will focus on the Iraq War, constructing a list of a half-dozen questions, including concerns over whether troops are being properly trained before being deployed to Iraq and Afghanistan, as well as whether they are equipped during their service.

Despite anticipated disagreements on issues including Iraq, Cummings said he views the meeting as an opportunity to "plant the seeds" of their proposals with the president.

"We have to try to appeal to his conscience," Cummings said.

At least a few lawmakers said they are optimistic about the meeting.

Rep. Albert Wynn (D-Md.) said he believes the Democrats' new status as the House majority will give the CBC more leverage in the discussion "and a bigger voice in the conversation."

"He will probably be listening with a keener ear," Wynn added.

Rep. Mel Watt (D-N.C.), who served as CBC chairman when the organization last met with Bush, said: "The president understands that Democrats are in the majority and that does create a difference dynamic."

But Watt remained cautious, stating that he could not predict "whether that results in anything concrete."

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Former CBC Executive Director Paul Brathwaite asserted that one measure of the success of Thursday's meeting would be whether lawmakers and the White House make a commitment to meet regularly to gauge progress on their common goals.

"The key has always been what comes next, what about the follow-up," said Brathwaite, who characterized past meetings with the Bush and lawmakers as substantive, although he declined to discuss details of those private discussions.

"Are there ways to measure progress on any of the things that we've talked about, whether it's Katrina or Iraq or the budget?" added Brathwaite. "There needs to be some sort of benchmark as to whether or not we're making progress."

ABA Supports Federal Judge Pay Raise (AP)

By Mark Sherman, The Associated Press

AP, February 14, 2007

The 420,000-member American Bar Association came to the defense of judges during its Miami meeting, expressing support for a pay raise for federal judges and pledging to defend aggressively against ballot measures that compromise judicial independence.

ABA President Karen Mathis told her membership Monday that district judges, who earn $165,200 a year, certainly should be paid more than first-year lawyers at New York City firms. Starting annual salaries there now are $160,000.

Former Federal Reserve Chairman Paul Volcker recently wrote that district judges would be making roughly $100,000 a year more today had their pay risen at the same pace as U.S. salaries generally.

Chief Justice John Roberts also highlighted judicial pay in his year-end report, noting that judges were leaving their lifetime-tenure jobs at an alarming rate for much better-paying jobs in the private sector.

Measure On Security Reviews Of Investments Draws Criticism (WSJ)

By Greg Hitt

The Wall Street Journal, February 14, 2007

WASHINGTON -- A House committee voted to curb the government's ability to reopen reviews into how foreign investments in U.S. companies might affect national security. But some business leaders said the proposed change doesn't go far enough.

At issue is the Bush administration's decision to reserve the right to revisit -- and potentially unwind -- foreign-led deals, even after they have been cleared by the U.S. government. The Bush administration insisted on including such an "evergreen authority" clause as part of its approval in November of the $11.6 billion purchase of Lucent Technologies Inc. by France's Alcatel SA. Business, concerned about the uncertainty added by such a clause, has lobbied Congress over the issue.

Under U.S. regulations, certain foreign-investment deals must undergo a review by, and receive approval from, the Committee on Foreign Investment in the U.S., before going ahead. The secretive panel was set up in 1975 and is represented by 12 government departments and agencies, led by the Treasury Department.

The House Financial Services Committee, acting on an amendment advanced by its chairman, Rep. Barney Frank (D., Mass.), yesterday approved a measure requiring that any decision to expose business deals to additional security reviews be triggered at the most senior levels of the government. Under the proposal, only officials who are ranked third or higher in any department -- undersecretaries and above -- could trigger a reopening of a case. They would be authorized to do so only in situations where there is a perceived breach by the foreign company of a past agreement with the U.S. government.

"The burden would be on the undersecretary to find a material breach," Mr. Frank said. "We raise the level under which it happens."

But Todd Malan, president of the Organization for International Investment, a group representing American subsidiaries of foreign companies, urged that the so-called evergreen authority be made even more difficult to invoke, if not taken away from the administration entirely. He said the authority acts as "a cloud on clear title" in deals involving foreign companies.

Mr. Frank's proposal was folded into a broader bill, which Mr. Malan said his group supports, designed to raise U.S. scrutiny of the security implications of foreign-led deals. That bill cleared the House Financial Services Committee by voice vote, and is expected to garner wide support on the House floor when it is considered, possibly in the final week of February. Senate leaders have also vowed to take on the issue.

The House committee also approved, by a 40-29 vote, an amendment requiring a presidential decision in transactions involving companies from countries deemed by the U.S. to be sponsors of terrorism.

Bush Budget Plan's Drug Fees Attacked (USAT)

By Julie Schmit

USA Today, February 14, 2007

DOJ_NMG_0132138

President Bush's proposed budget will create new industry fees to help finance the Food and Drug Administration, tying it more closely to the businesses it regulates.

The FDA says fees help it get good products to market faster, but critics say they give business too much influence. At a congressional hearing Tuesday on the FDA's drug-review record, Rep. Bart Stupak, D-Mich., said the drug-review fees already in place have helped compromise the FDA's ability to ensure a safe drug supply.

Of the FDA's proposed $2.1 billion budget for fiscal 2008, 21.3% would come from user fees paid mostly by drug, medical device and food companies. That's about the same as in last year's proposed budget.

The FDA first required drugmakers in 1993 to pay fees to help fund reviews of new human drugs before they are approved for sale. User fees for animal-drug reviews began in 2003 and for medical-device reviews in 2002.

Now, the FDA seeks fees for generic-drug reviews, for food and animal-feed exporters seeking FDA certification, and for re-inspections of FDA-regulated facilities, including manufacturing plants, that fail a first FDA check. Drugmakers will pay the bulk of the $444 million in fees the FDA expects to raise in the fiscal year starting Oct. 1.

In addition to criticism from some members of Congress, the drug industry is questioning the growth of user fees, too. In the next fiscal year, drugmakers will fund almost 60% of the FDA's reviews of human-drug applications, estimates the Pharmaceutical Research and Manufacturers of America. That's up from about 40% 10 years ago. "There's concern about it getting this high," says Alan Goldhammer, PhRMA deputy vice president for regulatory affairs.

The Biotechnology Industry Association says user fees should fund no more than half the FDA's drug-review budget. The fees started because companies wanted faster drug reviews, but they were never envisioned to get this big, says James Greenwood, the association's CEO.

He says user fees have not compromised the FDA's independence in drug reviews. But he adds that the level of fees gives ammunition to FDA and industry critics.

The administration says generic-drug fees are needed to defray the costs of a soaring number of reviews.

The president's budget includes $81 billion in new user fees for numerous industries over five years — double the level proposed last year — according to Rep. John Spratt, D-S.C., chairman of the House Budget Committee. In an analysis, Spratt said Congress has rejected many new fees in the past and "is likely to do so again."

Senators Take Health Plan To Bush (AP)

By Kevin Freking, Associated Press Writer

AP, February 14, 2007

A group of 10 senators — five Republicans and five Democrats — told President Bush on Tuesday that they have agreed on a blueprint for increasing health insurance coverage, and they would like to work with him on it.

The White House, hoping to generate some positive momentum for the president's domestic agenda, quickly took the lawmakers up on their offer. Spokesman Tony Fratto said the senator's letter was unique in the current political climate and he hoped that meetings with the senators' staff could begin soon.

"It's a letter we'd love to get on Social Security," Fratto said. "Tell me of another letter like this on an important issue, that's bipartisan, and says let's try to work on a common problem."

The senators said they disagreed that the Senate is too divided to pass comprehensive health care legislation. Their blueprint, while vague on many points, contains two proposals that are essential, said Sen. Ron Wyden, D-Ore.

The first point was a "big lift" for Republicans, he said. It acknowledges that legislation should ensure that all Americans have affordable, quality health insurance, while protecting current government programs such as Medicare and Medicaid.

The second point required compromise from Democrats, he said, because they agreed with Bush that the current federal tax rules for health insurance disproportionately favor the rich while promoting inefficiency.

Bush has proposed a major shift in tax policy that would, for the first time, treat health insurance costs as taxable income. The result is that workers' taxable wages would shoot up dramatically.

But then the president calls for a standard tax deduction for those who buy health insurance — $15,000 for family coverage and $7,500 for individual coverage. The result is that most people would see a tax break at first.

Wyden said the lawmakers were not endorsing the president's tax proposal. They only acknowledged that the current tax rules were problematic.

Allan Hubbard, director of the National Economic Council, said Bush was committed to working with the lawmakers.

"The president put his health care proposal forward in the State of the Union. These senators are taking that proposal seriously, and we look forward to working with them to find common ground," Hubbard said.

However, many Democratic leaders have criticized the president's tax proposal, and many have predicted little chance of major health care legislation passing before the next election.

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In a joint statement two weeks ago, House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid said that health care is a crisis when it comes to costs and coverage "and the president's plan will make both fronts worse for millions of Americans."

The 10 senators who wrote Bush were Democratic Sens. Kent Conrad of North Dakota, Ken Salazar of Colorado, Maria Cantwell of Washington, Herb Kohl of Wisconsin, and Wyden, and Republican Sens. Jim DeMint of South Carolina, Robert Bennett of Utah, Mike Crapo of Idaho, Trent Lott of Mississippi and John Thune of South Dakota.

Adding Up The Reasons For Expensive Health Care (WP)

By Steven Pearlstein

The Washington Post, February 14, 2007

It's hardly an original point, but now that health-care reform is back on the political agenda, it's worth emphasizing: The reason the system has been so resistant to change is that lots of powerful interests do very nicely with things just the way they are.

Or, put another way: Although doctors, hospitals, insurers and drug companies say they, too, want things to change, any comprehensive reform would reduce their incomes and their profits.

All this becomes quite clear from a new study on the U.S. health-care system released without fanfare last month by McKinsey Global Institute, the independent research arm of the giant consulting firm, which counts many health-industry giants among it clients.

The study aimed to determine why the United States spends nearly double the average of other industrialized countries on health care -- with no better, and in some cases inferior, medical outcomes. Even after adjusting for wealth, population mix and higher levels of some diseases, McKinsey calculated that we spend $477 billion a year more on health care than would be expected if the United States fit the spending pattern of 13 other advanced countries. That staggering waste of money works out to 3.6 percent of the nation's entire economic output, or $1,645 per person, every year.

In laying out with remarkable clarity how and where we overpay, the McKinsey report punctures myths, exposes common misconceptions and highlights realities long ignored in the health-care debate.

Let's start with one the American Medical Association hopes no one will notice, which is that American doctors make a lot more money than doctors elsewhere -- roughly twice as much. The average incomes of $274,000 for specialists and $173,000 for general practitioners are, respectively, 6.6 and 4.2 times those of the average patient. The rate in the other countries is 4 and 3.2.

According to McKinsey, the difference works out to $58 billion a year. What drives it is not how much doctors charge per procedure, but how many procedures they perform and how many patients they see -- a volume of business 60 percent higher here than elsewhere.

Included in the income figures is $8 billion physicians earn as investors in diagnostic labs and outpatient surgical clinics. The good news is that those private facilities charge 20 to 30 percent less than hospitals for what they do. But McKinsey found that they don't save the system any money because the doctors who invest in them wind up ordering more tests and surgeries than doctors who don't -- in the case of tests, two to eight times more.

What we have here is pretty good circumstantial evidence of Pearlstein's First Law of Health Economics, which holds that if you pay doctors on the basis of how many procedures they do, and you leave it to doctors and their insured patients to decide how much health care they get, consumption of health services will rise to whatever level is necessary for doctors to earn as much as the lawyers who sue them.

Don't be distracted by arguments that American doctors need to make more because they have to pay $20 billion a year in malpractice insurance premiums forced on them by a hostile legal system, or an equal amount for all the paperwork required by our private insurance system. The $58 billion in what the study defines as excess physician income is calculated after those expenses are paid.

And McKinsey gives the back of its hand to the argument that American doctors deserve to earn more because of all the loans they take out while going through medical school and residency. Comparing median lifetime annual salary to median educational debt at graduation, McKinsey found that doctors do better than those in other professions requiring advanced degrees.

While higher volume is the story behind higher physician costs in the United States, the culprit for spending on hospitals and drugs is higher prices.

While Americans spend fewer days in the hospital than people elsewhere, that efficiency is more than offset by a higher average cost per day -- $1,666, four times the industrial-country average. There are multiple causes for this $224 billion in annual overspending on hospital services -- everything from more serious illnesses to more nurses per bed to extraordinary overhead

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and capital costs. The hospitals will whine about all their free care for the uninsured. McKinsey concludes that is a relatively minor factor in an industry that has managed to rack up hefty operating profits in recent years, even at supposedly nonprofit hospitals.

Despite all that annoying drug advertising on TV, Americans pop fewer pills than people elsewhere. But, according to McKinsey, we still manage to spend $57 billion a year more for drugs than other developed countries. Some of that is because the newest and most expensive drugs are typically available here 18 months before most other places. But the much bigger reason, McKinsey found, is that drug companies are able to charge, on average, 60 to 70 percent more for branded prescription drugs.

We can debate whether drug companies really need the extraordinary returns they get to sustain the level of innovation they produce; one can certainly point to other innovative high-tech industries that manage to thrive on more reasonable returns. But the industry's vast lobbying apparatus has yet to come up with a credible reason for why such a disproportionate share of that return has to come from Americans.

Proponents of a government-run "single-payer" system will certainly home in on the $84 billion a year that McKinsey found that Americans spend to administer the private sector portion of its health system -- a cost that national health plans largely avoid. But as long as Americans continue to reject a government-run health system, a private system will require something close to the $30 billion a year in after-tax profits earned by health insurance companies. What may not be necessary, McKinsey suggests, is the $32 billion that the industry spends each year on marketing and figuring out the premium for each individual or group customer in each state. Insurance-market reform could eliminate much of that expense.

Of course, any effort to reduce these excess costs faces determined opposition from well-financed lobbies, which is why many reformers prefer to focus on the goal of extending coverage to the 47 million Americans who don't have health insurance. But doing the one without the other, the McKinsey researchers warn, would be economic folly. Offering universal coverage without reining in costs would add another $77 billion each year in unnecessary and unproductive health spending.

Senate To Move On $464B Spending Bill (AP)

By Andrew Taylor

AP, February 14, 2007

The Senate is poised to send President Bush a huge spending bill that strikes a balance between Democrats controlling Congress and Republicans whose budget work stalled last year.

The catchall $464 billion measure would fund 13 Cabinet agencies covering foreign aid and every domestic agency save for the Homeland Security Department. A final vote is slated for Wednesday after Democrats on Tuesday won a key vote to limit debate by a lopsided 71-26 margin.

The measure will be the first major bill to work its way through both the House and Senate since the Democratic takeover, but it also has support from Bush because it sticks within the overall budget limit he and congressional Republicans set last year.

At the same time, the bill reflects the priorities of its Democratic authors, who shifted funds from Bush's requests for foreign aid and military base projects to popular programs such as health research, law enforcement and low-income housing, among others.

The vote to cut off debate — forcing a final vote Wednesday — split Republicans, with conservatives protesting hardball tactics by Majority Leader Harry Reid, D-Nev., and pragmatists preferring to move on with the budget and avoid any possible confrontation over a partial government shutdown.

Republicans found little to criticize in the bill itself, and many senior GOP lawmakers helped write the measure.

Bush has signaled he will sign the bill, even though Democrats drained $3 billion from his budget for construction and closure of military bases. And he appears willing to accept several billion dollars added to the bill through bookkeeping maneuvers such as tapping a crime victims fund and claiming phantom savings from highway programs.

Most of the resulting spending offered small but welcome funding increases to agencies limping along at or below last year's funding levels. Agencies such as the FBI faced furloughs, while the Veterans Affairs Department needed $3.6 billion above last year for its health care programs.

State governments in particular were anxious for additional highway construction funds instead of seeing them frozen at 2006 levels.

All of the budgeting work was supposed to have been completed months ago, but Republicans didn't want to make some of the tough choices before the election and made no serious effort to complete the work after it. The leftovers required weeks of negotiations to clean up, and since Senate Republicans were deeply involved in the talks, the bill had considerable momentum when reaching the floor last week.

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The bill also provides increases for underperforming schools and community health centers, and grants to state and local law enforcement agencies.

Lawmakers were especially pleased with a $260 boost, to $4,310, in the maximum Pell Grant for low-income college students, and with a 40 percent increase, to $4.5 billion, for fighting AIDS, malaria and tuberculosis overseas.

On the other hand, Bush did not get as much for NASA as he desired, and Republicans blasted Democrats for cutting $3 billion from Bush's request to implement a 2005 round of military base closings and consolidations. They said the budget cuts would slow the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases such as Fort Leavenworth, Kan., and also delay funding for communities to prepare closed bases for other uses.

Senate Appropriations Committee Chairman Robert Byrd, D-W.Va., promised the military base funding would be provided in a $100 billion-plus Iraq war funding bill expected to advance next month — though GOP critics say such a maneuver would amount to budgetary trick that would use the Iraq funding bill to get around funding limits.

The bill is free of congressional "earmarks" — the projects lawmakers like to slip into spending bills, such as grants for local governments, homestate universities, hospitals and roads. Such projects exploded in number under Republican control of Congress over the last 12 years.

Spending Bill Headed To Final Vote In Senate (WT/AP)

The Washington Times, February 14, 2007

Democrats won a key test vote yesterday as the Senate prepares to send a massive $464 billion catchall spending bill to President Bush's desk.

The bill would wrap up budget business left unfinished last year after Congress failed to complete work on nine spending bills covering foreign aid and every domestic agency save for the Department of Homeland Security.

The measure will be the first major bill to work its way through both the House and Senate since the Democratic takeover last month. It has support from the president because it sticks within the overall budget limit set by him and congressional Republicans last year.

The Senate voted 71-26 to limit debate on the bill, clearing the way for a final vote in time to beat a midnight deadline tomorrow. Republicans agreed despite frustration with hardball tactics employed by Majority Leader Harry Reid, Nevada Democrat, who denied rank-and-file lawmakers any chance to amend the measure.

That is ordinarily the kind of move that incites the minority party to filibuster. But with much in the bill to please senators, including senior Republicans on the Appropriations Committee, Republicans didn't have the stomach to hold up the bill.

The bill reflects the priorities of its authors, the Democratic chairmen of the House and Senate Appropriations committees, who shifted funds from Mr. Bush's requests for foreign aid and military base projects to popular programs such as health research, law enforcement and low-income housing.

Most of the funding shifts were small but were needed to avoid furloughs or other problems at agencies such as the FBI that are limping along at or below last year's funding levels. State governments in particular are eager for additional highway-construction funds instead of having them frozen at 2006 levels.

All of the budgeting work was supposed to have been completed months ago, but the Republican-led Congress made no serious effort to complete the work before the midterm elections in November.

Republicans criticized the measure for cutting $3 billion from Mr. Bush's request to implement a 2005 round of military base closings and consolidations. They said the budget cuts would slow the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases such as Fort Leavenworth, Kan., and also delay funding for communities to prepare closed bases for other uses.

Senate Appropriations Committee Chairman Robert C. Byrd, West Virginia Democrat, promised that the military base funding would be provided in a $100 billion-plus Iraq war funding bill expected to advance next month -- though Republican critics say such a maneuver would amount to budgetary trick that would use the Iraq funding bill to circumvent funding limits.

Sen. Tom Coburn, Oklahoma Republican, took to the floor yesterday to criticize Democrats for failing to fund a $30 million program he authored to test newborns for the AIDS virus. The National Alliance of State and Territorial AIDS Directors opposed Mr. Coburn's amendment because it would cut funding in other AIDS prevention programs.

Spending Plan Nears Passage; House Clears Way For Iraq Debate (WSJ)

By David Rogers

Wall Street Journal, February 14, 2007

WASHINGTON -- Congress is poised to send President Bush a $463.5 billion spending bill that bears the imprint of the new Democratic majority and presages budget battles over defense and domestic priorities.

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Veterans' medical services, education and health care will see spending increases even as $3.1 billion is cut from Mr. Bush's 2007 request for military-construction funds to accommodate base closings overseas.

Senate Republicans had protested the cut, but 23 of them joined Democrats on a 71-26 procedural vote that sealed passage of the bill, which will dictate spending for the final eight months of this fiscal year ending Sept. 30.

The Senate vote came as the House began debate on a resolution challenging Mr. Bush's decision to send at least 21,500 more U.S. troops to try to curb sectarian violence in Iraq. The twin events underscore how central defense spending will be to the 2008 budget debate this spring, and how emotions over the Iraq war can make the debate more difficult for both parties.

The administration's $481.1 billion defense budget represents an 11.3% increase, not counting an additional $141.7 billion for costs of the Iraq war and other overseas military operations, such as Afghanistan. By comparison, Mr. Bush's promises just a 1% increase in domestic non-defense appropriations; with passage of the bill now and the resulting effect on 2007 spending, the White House concedes that increase will be half what it said a week ago or 0.5%.

In shaping their budget, Democrats will surely trim from the president's defense request to pay for domestic priorities. The debate is more complicated this year because of the emotions of Iraq, changes in the defense industry, and pressure for emergency funds to meet demands from Gulf Coast states still recovering from Hurricane Katrina.

Senate Budget Committee Chairman Kent Conrad (D., N.D.) must navigate in a chamber divided by Iraq, and with only a one-vote majority in the absence of Sen. Tim Johnson (D., S.D.), who is recovering from a stroke.

"I've got a 50-49 majority until Senator Johnson gets back," Mr. Conrad says. "Can you imagine holding those 50 on the war costs alone?"

The huge expenditures for Iraq have reflected a major government investment not in the high profile ships, fighters and tanks of past military buildups, but more in trucks, body armor, and communications equipment needed for a mobile Army in this type of war.

For example, Wisconsin's Oshkosh Truck Corp. saw its defense sales rise to $1.3 billion in 2006 from $774 million in fiscal 2004, a 68% increase. As midlevel defense contractors have commanded a greater share of the budget, there is potential competition with larger players such as Lockheed Martin Corp., which takes the lead in new weapons systems such as the F-35 Joint Strike Fighter, which the U.S. Air Force is trying to fund in part through the president's latest Iraq war supplemental request.

A third pressure point is the aftermath of Katrina, and Democratic promises to do more to help states facing huge reconstruction costs. The administration has opened the door by incorporating some domestic disaster aid into its Iraq supplemental, and that also sets up competition with defense funds.

House Majority Leader Steny Hoyer (D., Md.) said Katrina would be a priority this spring, and housing issues affecting Gulf Coast states reflect larger pent-up demand for more federal action on low-income housing elsewhere.

Antipoverty groups have supported provisions in the bill that would redistribute $460 million in housing assistance, and while some cities will be net losers, supporters argue in many cases idle funds will be put to work.

"The old approach shorted hundreds of local agencies and caused them to cut their programs, even as other agencies piled up millions of dollars in unspent funds," said Bob Greenstein, of the Center on Budget and Policy Priorities in Washington. "Under the new approach, such cuts will be avoided and more families in need will be served, because the funds will be distributed far more efficiently."

Democrats Prove Accounting Gimmicks Are Bipartisan (MCT)

By James Rosen

McClatchy Newspapers, February 14, 2007

WASHINGTON - When President Bush sent Congress his 2008 budget last week, Democratic lawmakers accused him of using accounting gimmicks to appear fiscally responsible and intent on reducing the federal deficit.

Turns out, the Democrats have some accounting tricks of their own.

A massive spending bill to fund the government through September contains billions of dollars in savings that exist only on paper, but which free up real money to spend on discretionary programs Bush has sought to cut.

"It's a way of finding some money to reassert Democratic priorities without being labeled big spenders," said Tim Penny, a former Democratic congressman from Minnesota.

The House of Representatives passed the $463.5 billion appropriations legislation Jan. 31, and the Senate took it up Tuesday.

While the Bush budget looks ahead, the appropriations measure covers the current fiscal year.

Budget experts from both parties, including current and former lawmakers and senior aides, said the Democrats' legislation relies on various types of creative accounting and side deals in order for it to appear to avoid new deficit spending.

Among the examples:

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-The measure provides $2.49 billion for the ongoing realignment and closing of military bases, less than half the amount authorized by the last Congress. There is bipartisan agreement to make up the difference - $3.14 billion - in subsequent "emergency" supplemental appropriations.

-The measure eliminates $3.5 billion in "contract authority" for federal highway projects, but it doesn't decrease "obligation limitations" by an equivalent amount. Congress uses "contract authority" to set how much money states can seek in highway grants, but it doesn't determine how much money they actually get. Appropriators make those decisions each year by setting "obligation limitations," and those limitations must be lowered in order for the actual spending to be decreased.

-The bill puts a $625 million cap on the amount of money to be distributed from the Crime Victims Fund, which Congress created in 1984 to help the victims of heinous crimes. The cap saves $1.25 billion on paper, but the government is required by previous law to pay the crime victims, so there will be no corresponding reduction in spending.

Democrats now running Congress needed to craft the giant spending bill because Republicans voted out of power in November had appropriated money only for the Defense and Homeland Security departments.

A temporary measure providing discretionary funds for the rest of the government expires Thursday, so Congress must approve the current bill by then. The House passed it 286-140, and the Senate is expected to approve it.

Sen. Robert Byrd of West Virginia and Rep. David Obey of Wisconsin, the new Democratic chairmen of the Senate and House appropriations committees, put the measure together without hearings. Lawmakers cannot offer amendments.

"We're very proud of this bill because this is the cleanest bill that has passed Congress in a long time," said Kirstin Brost, a spokeswoman for Obey. "We got rid of all the earmarks. We got rid of all kinds of gimmicks that the president had proposed."

Byrd, well known for using arcane budget procedures to bring federal windfalls back home to West Virginia, didn't respond to interview requests.

Some of the beneficiaries of the extra money freed up by the Democrats' maneuvers are state and local police, the Army Corps of Engineers and Amtrak.

"Republican appropriators did this, too," said Rep. Paul Ryan of Wisconsin, senior Republican on the House Budget Committee. "These guys add up their priorities, find out they're over (budget limits) by $10 billion or $12 billion, then they come up with these gimmicks to massage the numbers. I hate to say it, but both parties do it."

Such bookkeeping maneuvers are so well known on Capitol Hill that lawmakers and aides jokingly call them "Enron accounting rules," after the Houston energy company that collapsed because of phony fiscal schemes that sent several senior executives to prison.

William Hoagland, who served as a Senate Budget Committee staff director for 20 years, was former Majority Leader Bill Frist's point man on fiscal matters from 2003 through last year.

"These pay shifts, these delays, these advance appropriations are not unusual," Hoagland said. "They're not big in the grand scheme of things, but they can make a difference in whether you can fund a program at $100 million versus $200 million. In the average American's world, that's a lot of money."

Sen. Jim DeMint, a South Carolina Republican, said he would vote against the bill, despite having led a successful drive to prevent it from having new earmarks, secret, anonymous funding for lawmakers' pet projects.

"All in all, I feel like this represents some progress, even though there are still a lot of budgetary games stuck in here," DeMint said.

Hoagland acknowledged that the former GOP congressional leaders bequeathed a financial muddle to their Democratic successors, who now need to get 2007 funding behind them and focus on appropriations for the 2008 fiscal year that begins Oct. 1.

"One could claim that this is just cleaning up the mess we (Republicans) left behind," Hoagland said.

Business Seeks To Defeat Bill On Unions (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 14, 2007

WASHINGTON -- Business interests are bracing for their first clash with the Democratic Congress, raising millions of dollars to defeat a proposal to ease labor-organizing efforts.

A House committee is set to begin work today on the Employee Free Choice Act, which would give greater legal protection for union organizers and would let workers choose to organize simply by signing pro-union cards rather than holding a federally supervised election.

Labor leaders made enactment of such a law a priority, after spending heavily in last year's elections to help their Democratic allies win control of Congress.

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The AFL-CIO and other labor groups say that having the ability to organize workers through a card-signing process will help them to stem the multidecade decline in union representation. The percentage of wage and salaried workers in unions last year was 12%, compared with 20% in 1983. More union members may translate into greater political influence and clout at the bargaining table.

Lining up against the bill is the Coalition for a Democratic Workplace, including trade groups such as the U.S. Chamber of Commerce as well as retailers and the National Federation of Independent Business. The group plans to run television ads in several states and House districts, targeting Democrats and Republicans.

"We will make sure that there is some pain associated with voting for this," said coalition spokesman Todd Harris.

Their efforts parallel those of the Center for Union Facts, which also is rallying companies to oppose the law and spent between $2 million and $3 million last year on television and other ads against it.

Business leaders say the law could allow unions to organize all or a portion of a company's work force before management became aware of the campaign.

Small franchise owners "could wake up one day, and they'd be organized. This is so efficient for unions, it makes it possible to organize on a very small scale," said David French of the International Franchise Association.

Labor leaders say a federally supervised organizing election remains an option if one-third of the workers want it. The use of organizing cards is important, they say, because union advocates and workers have faced retaliation in some workplaces as balloting approaches.

Supporters say they can get the bill through the House, where it has bipartisan support, but business groups hope to gain ground in the more narrowly divided Senate, particularly among Republicans who could try to block it with a filibuster.

That is where both sides expect a showdown. The business community "realizes that they have the advantage right now in terms of how the law is implemented," said AFL-CIO President John Sweeney.

Even if the bill fails, labor leaders want recorded votes in both chambers so they have a record for the 2008 elections.

Business, Labor Brace For Battle (RC)

By Tory Newmyer

Roll Call, February 14, 2007

In what is set to be their first major showdown since Democrats took control of Congress, business and labor interests are poised for a multimillion-dollar clash over a measure to make it easier for workers to unionize.

Deep-pocketed corporate lobbying groups have joined together to defeat the proposal, today announcing the launch of a new coalition to coordinate their activities. The effort, called the Coalition for a Democratic Workplace, has the backing of the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business, among others.

Facing them is an informal alliance of labor groups, headed by the AFL-CIO and the breakaway Change to Win unions, working across a divide in the labor movement to advance the measure. They also have the backing of Americans United, a liberal group closely aligned with Congressional Democrats.

At issue in the fight is the Employee Free Choice Act. A top priority for labor unions and Democratic leadership, the bill would allow employees at a workplace to organize once a majority sign cards indicating they want to join a union.

Labor officials say the issue is about economic fairness, arguing corporate intimidation has contributed to a decades-long slide in union membership, which in turn has frozen workers out of improving economic conditions. Businesses counter that replacing the current system of secret-ballot votes will violate workers' privacy and expose them to bullying by union organizers.

With union membership continuing to drop — it fell to 12 percent of all workers last year from 12.5 the year before — the issue is gaining urgency in the labor movement. Labor unions, which provide critical help funding Democratic electoral efforts, reportedly signed up 150,000 new members last year using the card-check elections.

Under the bill, workers could pick whether to unionize through card checks or secret-ballot elections, and their employers would be bound to recognize the result.

The bill, set for markup today in the House Education and Labor Committee, is expected to cruise to House passage next month. It already claims 234 cosponsors, including seven Republicans.

Senate Health, Education, Labor and Pensions Chairman Edward Kennedy (D-Mass.) hopes to introduce it early next month, and labor lobbyists said they are already working to line up a majority of Senators to sign on. But even though they got a jumpstart pushing the bill — kicking off their drive in December with a Capitol Hill press event featuring Kennedy and House labor panel chairman George Miller (D-Calif.) — labor lobbyists acknowledge they face tough odds.

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For starters, rounding up the 60 votes needed to end a filibuster could be difficult. “It’s a challenge,” said Bill Samuel, director of legislation for the AFL-CIO. “We hope that a strong House vote will convince Senators this is the right thing to do.” Even then, President Bush is expected to veto the measure.

The battle will be joined next week when lawmakers head home for the Presidents Day recess.

The AFL-CIO plans to target 90 Congressional districts, mostly to shore up support for lawmakers who have indicated they will back the measure. About a dozen of their targets will be Republicans so far undecided or opposed.

Americans United will take on an additional 15 to 20 GOPers who have lined up against the bill, spokesman Brad Woodhouse said. “Our view is that the folks within the labor community can hug their targets,” he said. “On the other hand, we want to thump those that don’t do the right thing.”

Officials with the Coalition for a Democratic Workplace declined to discuss specifics of their plans for the break, but said they will tap the state affiliates of their member groups to start reaching out to members. “We’re going to be very active in the field over the next few weeks. And we’ll begin the education campaign as Members return home,” said Danielle Ringwood, a member of the coalition’s management committee and lobbyist for the Associated Builders and Contractors.

The business-backed group launches today with a Web site (www.myprivateballot.com) and polling information supporting their position. At the House markup today, coalition representatives will hand out fliers featuring a photo of a toilet, and inset, a voting booth, with the tagline: “Some things are designed for privacy. Here are two of them.”

The group has tapped Todd Harris, a partner with the all-Republican firm DC Navigators and a former aide to former Florida Gov. Jeb Bush (R) and Sen. John McCain (R-Ariz.), to head up its media and lobbying strategy.

In the face of the daunting tally of co-sponsors, coalition leaders said they are not going to concede the House vote. Instead, they are aiming to find signers whose support is soft. “A lot of Members have signed onto this bill without really grasping what they’ve co-sponsored. Our task as a coalition is to educate them and help them understand they’ve been sold a bill of goods,” said David French, another coalition manager and lobbyist with the International Franchise Association.

But a House Republican aide said for GOPers and their allies, the best hope “is to extract as much blood as possible through the debate, and then let the Senate weigh in from there.”

The foes are concentrating on field work for the meantime, but both sides said they plan to be on the air with ads as the fight moves to the Senate. And they each pledged they have the resources to keep up the fight for a long time — into next year and beyond if necessary.

For support, Americans United is calling on groups that lent money and organizational strength to its Change America Now campaign, which backed up the economic pieces of House Democrats’ “100 hours” agenda. That group is still focused on final passage of a minimum wage hike, but with House Democrats pivoting to regular order, Woodhouse said the employee card-check bill will become a top priority.

“It fits nicely into the broad spectrum of issues we’re pushing to relieve the middle class squeeze and create a better balance in the economy between the most productive workforce in the world and corporate executives and managers,” he said. “This may be a longer-term process. But if Republicans obstruct this, then part of what we do is make sure they pay a price with the public.”

Harris said his group is just getting started.

“We’re literally in the process of getting the curtain open on this thing. Over the next six months to a year, you’re going to see the coalition highlighting not only the impressive group of organizations that are supporting us but making sure people understand that underneath this fight in Washington are real lives, and real workers whose right to privacy is going to be stripped away should this bill pass,” he said.

Letters (WSJ)

WSJ – Sweeney letter, February 12, 2007

LETTERS

If the Big Six Want to Talk About CO2 Emissions, California Will Listen

In response to your Feb. 6 editorial "Legal Hot Air":

The world's six largest automakers are crying foul about a recent case filed by California seeking redress for CO2-induced damage. They argue that courts are not the proper place for this kind of "global" issue. This sudden aversion to litigation is perplexing, given that these same companies have sued states repeatedly, in numerous jurisdictions, insisting that the courts must overturn all state laws dealing with greenhouse gas emissions. The companies hew to this path of complete resistance despite the fact that the vast majority of climate scientists believe that the world is facing a potential catastrophe.

Let me be clear: I also would prefer to reach solutions outside of the courthouse. Litigation can be expensive and time consuming. That is why I asked for a meeting with each of the CEOs of the car companies to find practical solutions to global

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warming. If they want to sideline the lawyers and talk about solutions, I am all for it. Meantime, they shouldn't call California's lawsuit "frivolous" while maintaining so many lawsuits of their own.

California's public nuisance case is well grounded in precedent. For more than 100 years the Supreme Court has allowed states to take legal action to prevent the destruction of their air and natural resources. In a case called Georgia v. Tennessee Copper, Justice Oliver Wendell Holmes -- not a man known for indulging frivolous claims -- wrote, "It is a fair and reasonable demand on the part of a sovereign that the air over its territory should not be polluted on a great scale . . . or threatened by the act of persons beyond its control. . . ." More recently, the Supreme Court declared, "Air pollution is, of course, one of the most notorious types of public nuisance in modern experience."

The Big Six automakers generate 20% of all of the human-made carbon dioxide emissions in the U.S., and at least 30% of such emissions in California. Yet they oppose any federal action to curtail greenhouse gases. To date, their intense lobbying has been very successful: Congress has not improved fuel efficiency standards in 15 years, President Bush steadfastly refuses to consider caps on greenhouse gases, and the Environmental Protection Agency says that the Clean Air Act does not apply to CO2.

Meanwhile, California, with more than one thousand miles of coastline and a Sierra snow pack containing one third of the state's annual water supply, faces rising sea levels and rapidly melting snow. This threatens levees, flood control systems and California's irrigated agriculture. Already, spring snow melt occurs a week earlier, with greater flooding, than it did 30 years ago. The U.N. Intergovernmental Panel on Climate Change just warned us again that the threats from global warming are mounting. It is time to act.

Under our tripartite system of government, courts have an essential role to play, even in issues as complex as global warming. Justice Holmes could be speaking directly to the automakers, when he wrote: "This is a suit by a state for an injury to it in its capacity of quasi-sovereign. In that capacity the state has an interest independent of . . . its citizens, in all the earth and air within its domain. It has the last word as to whether its mountains shall be stripped of their forests and its inhabitants shall breathe pure air." And, we can add, whether emissions of greenhouse gases can harm its economy and environment.

Global warming is a serious, unavoidable challenge and we need to face it. The path of litigation, first taken up by the auto companies, is not my preference. But a legal cease fire requires that both sides lay down their arms. We should use our considerable joint resources to help fashion a common sense and practical approach. I stand ready to do so.

Edmund G. Brown Jr.

Attorney General of California

Sacramento

Required Health Plans Ethically Impossible

We read of health-care plan after plan that in some manner "require" all people to purchase health insurance ("The Budget and Your Wallet -- How Plans to Expand Health Coverage Could Affect Insured," Personal Journal, Feb. 6). Exactly what are we to do with the person who doesn't purchase health insurance (thus, breaking the law), and then who shows up at the door of the ER with chest pains?

Until we are willing to let people die on the steps of the hospital, an approach that I don't support, any law "requiring" the purchase of coverage, without active enforcement and without penalties for non-compliance, will quickly be written off by the uncovered masses as a law without teeth. "Requiring" coverage is just a feel-good phrase.

Mark McAllister

Johnston, Iowa

Gutter Snipes or Savvy Businessmen?

Friday's piece on strippers and Super Bowl Sunday ("Wardrobe Malfunctions, Inc.," Weekend Journal, Feb. 2) was certainly funny, but the sound of my own chuckles had the fortunate effect of bringing me to my senses. I remembered how our popular culture continues to slide into the gutter without much of a splash or any apparent resistance from those who know better.

Who but a sanctimonious prude would question another man's decision to amuse his friends at half time by paying a stranger to remove her clothing right there in the den among the nachos, chicken wings and Little League trophies? To call it sleazy or dishonorable seems too harsh and uncomfortably judgmental.

And that's my point. Hiring a stripper is sleazy and dishonorable, but I get the sense that, by an unspoken rule among us men, we're all supposed to keep our mouths shut about it and just have a few laughs. The tone of this story, even its publication, suggests that the Journal has, on some level, adopted that unspoken rule. We should all know better. Why not some dissent for a change?

John Mulcahy

Philadelphia

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Sam Walker wrote a really terrific article. I administer a class at the University of Arizona designed to encourage science students to become entrepreneurs, and only days ago did we discuss supply-chain management and distribution. When I read this piece, I was delighted how he exposed the business side of this industry and articulated the need for superb supply-chain management and customer-needs analysis to sustain and grow these businesses. The article reinforced a guiding principle I emphasize in my class: The fundamentals of operation, sustainability, growth and expansion of any business are universal across industry lines. The distribution techniques that bring triumph to the "exotic dancing" industry can also bring success in biotechnology and optics. The article serves as a great case study. You can learn a lot from any victorious business, and I hope my students got this message from the piece as much as I did.

Director of Special Projects
College of Science
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What Mean Means

Dr. Robert Myers, in his Feb. 1 Letter to the Editor responding to Charles Murray's three-part editorial-page series "On Education," compounds Mr. Murray's original error regarding definitions of mathematical mean vs. mathematical median. Mr. Murray stated that half of all children in the U.S. are below average intelligence; Dr. Myers stated that Mr. Murray should have written below the mean, not the average.

The mean and the average are the same thing. What both authors should have said is median. The median, by definition, is the value below which exactly half of the sample points fall. Though for many common statistical distributions the mean, a.k.a. average, and the median are close, sometimes equal, they are not necessarily so.

Arthur H.M. Ross, Ph.D.
Laguna Niguel, Calif.

Senator Seeks to Focus The War on al Qaeda

Kimberley A. Strassel's Feb. 2 Potomac Watch column "Senator Feingold's Sin" was right to single out the senator's "honesty" and "backbone" for his effort to require that U.S. troops be redeployed from Iraq. But to say that "the Wisconsin pacifist might not understand the importance of winning in Iraq" misunderstands Sen. Feingold and his effort, which is based on strengthening U.S. national security above all else.

The senator called for redeploying our troops from Iraq because our massive, indefinite presence there is weakening our ability to fight the terrorist networks that threaten this country around the world. He voted to go to war in Afghanistan precisely because he wanted U.S. forces to eliminate the Taliban and destroy a safe haven for terrorist networks that threaten our country.

As your editorial noted, Congress has the power to end a war. Sen. Feingold wants Congress to use that power to end U.S. involvement in this disastrous war in Iraq, so that we can fight al Qaeda and other global threats more aggressively and effectively. That doesn't sound like a pacifist, does it?

Georgia Congressman Norwood Dies At 65 (AP)

By Ben Evans
AP, February 14, 2007

Rep. Charles Norwood Jr., a blunt-spoken Georgia Republican who sold his dental practice and ran for Congress at age 52, died Tuesday after battling cancer and lung disease.

Norwood, 65, died at his home in Augusta, Ga., his spokesman said. House members debating the war in Iraq interrupted proceedings for two moments of silence in his honor.

President Bush, in a statement, described Norwood as "a good friend and a strong, spirited legislator who always stuck to his principles."

Georgia Gov. Sonny Perdue called Norwood an "incredible example of strength and dedication" and ordered flags to be lowered at all state buildings.

The vacancy created by his death will be filled by a special election.

A feisty, tobacco-chewing conservative who loved to hunt and who railed against government bureaucracy, he beat Democratic incumbent Don Johnson in 1994 to become the first Republican to represent his eastern Georgia district since shortly after the Civil War.

Norwood had a dry wit and rarely settled for diplomatic language. When a Democrat complained that Norwood cut off questioning at a mine safety hearing last year, Norwood responded: "When you get in charge, you get to run the damn thing. Right now, you're not."

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He wasn't afraid to criticize his own party when he thought it was veering off course. Last year he called Republicans who backed compromise immigration legislation "turncoats."

Norwood's passion was health care. Taking on insurance companies, he spent much of his political career pressing for a "patients' bill of rights" aimed at giving consumers better access to care, including greater ability to sue insurers.

More recently, he focused on the issue of immigration, saying the country faces a "true invasion" and calling for nearly 40,000 troops on the border. He was one of just 33 House members to vote against renewing the Voting Rights Act last year, arguing that it discriminates against Southern states over long-past racial transgressions.

Norwood prided himself on serving his district, touting his success in cutting through federal regulations a decade ago to allow a constituent to bring home a stuffed polar bear he had killed on a hunting trip in Canada.

Born in Valdosta, Ga., on July 27, 1941, he attended public schools before going off to boarding school at Baylor School, a military academy in Chattanooga, Tenn.

While there, Norwood shot and killed a close friend while playing quick-draw with what they thought was an unloaded pistol. An advocate for gun rights, he said the accident convinced him that education and training are the best gun control.

He married his wife, Gloria, in 1962 while at Georgia Southern College. He earned a doctorate in dental surgery from Georgetown University in Washington, volunteered for the Army and served a combat tour in Vietnam in 1968, earning two Bronze Stars.

He is survived by his wife, two sons, Charles and Carlton, and four grandchildren.

The family scheduled a public visitation Wednesday and public memorial service Thursday, both in Augusta.

Special House Election Looms (RC)

By Lauren W. Whittington

Roll Call, February 14, 2007

As politicians from Capitol Hill to Atlanta mourned the death of Rep. Charlie Norwood (R-Ga.) on Tuesday, calculations and preparations already were under way for a special election to fill the vacancy in the Augusta-based 10th district.

Among the local GOP lawmakers considered most likely to run to succeed Norwood are state Rep. Barry Fleming and state Sens. Ralph Hudgens and Jim Whitehead.

Former state Sen. Brian Kemp (R) and state Rep. Ben Harbin (R) also have been mentioned as possible candidates. However, Harbin's perch as chairman of the Appropriations Committee is a powerful incentive for him to stay put.

In Georgia, state lawmakers must resign their seats once they qualify to run in a special election — a requirement that could severely limit what otherwise would be a large field of candidates.

Georgia Gov. Sonny Perdue (R) now has 10 days to issue a writ of election, which will allow the Georgia secretary of state's office to set the date for the special election. The contest, which must occur 30 days after the writ of election is issued, will be an all-party primary in which the first-place finisher must get more than 50 percent of the vote to avoid a runoff.

If a runoff is necessary, it will occur four weeks after the special election.

Although some Georgia municipalities are holding elections on March 20, neither of the 10th district's largest cities has local elections already scheduled for that date.

One of the biggest questions that remains to be answered is whether Norwood, who had been hospitalized almost since the beginning of the year while he received cancer treatments, had a preferred successor in mind.

As his health deteriorated his refusal to relinquish the seat he had held for a dozen years had led to speculation that he may have been laying the groundwork for the candidate of his choice to succeed him.

There also has been quiet talk about whether the Congressman's widow, Gloria Norwood, may play in role in the race to succeed her husband.

The 10th district covers the northeast corner of the state, anchored by the population centers of Augusta and Athens.

The district heavily favors Republicans, although slightly less so now than it did at the beginning of the previous Congress. When GOP state lawmakers redrew Congressional boundaries in 2005, they put Democratic-friendly Athens back in the district and also slightly increased the black population in an effort to make the neighboring 12th district more vulnerable to a Republican takeover.

About 16 percent of registered voters in the 10th district are black.

Hudgens, chairman of the state Senate Insurance and Labor Committee, said last week that he would run if there was a vacancy.

He has run for Congress several times before, with his most recent race being the 1994 GOP primary that he lost to Norwood.

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Fleming, meanwhile, is viewed as one of the Legislature's rising stars. First elected in 2002, he currently is House Majority Whip and is a former chairman of the Columbia County Commission. He introduced a resolution this week honoring Norwood.

Whitehead, a businessman who was elected to the state Senate in 2004, is well-respected and has personal wealth he could devote to a Congressional run.

Fleming and Whitehead both represent Norwood's base in suburban Augusta, while Hudgens represents territory near Athens.

Kemp, meanwhile, also is from Athens and represented a swing state Senate district until the beginning of this year.

In 2006, he lost a primary bid for state agriculture commissioner, but he still is young and observers say his political career is far from over. He would appear to have the least to lose in gambling on a Congressional run because he doesn't have a legislative seat that he would be forced to relinquish.

Former Rep. Max Burns (R-Ga.), who represented the 12th district for a single term in Congress before being defeated in 2004, also has been mentioned as possibly interested in running for Norwood's seat. Burns narrowly lost a rematch with Rep. John Barrow (D) in 2006. While his home is far outside of the 10th district boundaries, Burns did represent Athens and some of the territory in the current 10th district when he was in Congress.

Several Democrats have been mentioned as possible candidates in the race to succeed Norwood, although the strong Republican nature of the district and recent political trends in the state make it appear unlikely that the party could take control of the seat.

The list of Democrats mentioned include Athens Mayor Doc Eldridge, state Reps. Jeanette Jamieson and Alan Powell and former state Sen. Carol Jackson.

Tenth district Democratic Party Chairman Terry Holley, the nominee against Norwood in 2006, also is interested in running again.

Norwood won re-election to a seventh term in November with 67 percent of the vote.

If the GOP field is crowded and Democrats are able to coalesce behind a top candidate, it might be possible to force the leading Republican candidate into a runoff. But it would be an uphill battle for the Democrat to win in a two-person contest.

Bush Offers A Rare Look At Relations With Father (NYT)

By Jim Rutenberg

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — It was a moment of public sentimentality that seemed almost un-Bush-like.

Speaking on C-Span on Monday, President Bush said of his father, "I am actually more concerned about him than I have ever been in my life, because he's paying too much attention to the news."

Mr. Bush continued: "I understand how difficult it is for a person who loves somebody to see them out in the political process and to kind of endure the criticism. My answer to him is, 'Look, don't pay attention to it. I'm doing fine.' "

His comments were a rare window into a complicated father-son relationship that has been a source of endless fascination in Washington and promises to fascinate future historians no less.

Mr. Bush has often spoken with pride of his father, and even made the case to invade Iraq in 2002 by once saying of Saddam Hussein, "After all, this is the guy who tried to kill my dad." Yet Mr. Bush, who is more frequently likened to his strong-willed mother than his more sentimental father, has at times seemed to run his administration based on what he and his aides view as his father's mistakes.

He had regularly referred to the former president's broken "no new taxes" pledge when emphasizing he has no plans to reverse course on taxes himself; his aides have often spoken about what they see as his father's error in failing to take out Saddam Hussein in the first war in the Persian Gulf. Their criticism of past United States policy in the Middle East as seeking "stability" at the expense of democracy has often been taken as a rebuke, in part, of his father's approach.

Tension between their camps has seemed especially acute in recent months, with some of Mr. Bush's aides and political associates scoffing at the approach to Iraq suggested in part by his father's old hand, James A. Baker III. Mr. Baker was a co-chairman of the Iraq Study Group and is considered something of an emissary for the so-called 41 crowd. But there are new signs that Mr. Bush, who once needed to establish a political identity distinct from his father's, is now more willing to embrace his father's political legacy.

Asked by C-Span to name presidents from whom he draws inspiration, Mr. Bush, who has often harkened to Harry S. Truman and Abraham Lincoln, said, "Well, first of all it's the obvious and that would be my dad." Asked to name the most underrated presidents, he named his father again, saying, "He followed President Reagan, who was such a really strong president that people have yet to take a look at my dad."

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It has never been clear how much advice Mr. Bush receives from his father or how often they compare notes. But the two men share the bond of experiencing the intense scrutiny and criticism that only a president can know.

The former president has spoken of it. In an interview with Larry King on CNN in October, Mr. Bush, 82, described how he had taken to yelling at the television when his son's critics sounded off, though, he conceded, "It doesn't do any good."

"On some predictable critics, I sit there and talk back at the TV," Mr. Bush said. "Look at that stupid guy on there again saying ugly things about my son."

Rich Bond, a former chief of staff to the former president, said the elder Mr. Bush's more vocal concern for his son seemed to stem from "a combination of the big heart, his age and the unbelievably bad coverage George is getting."

At a political leadership forum held by his son Jeb in his last days as governor of Florida in December, the former president sobbed as he recalled Jeb's failed 1994 campaign for governor, saying, "A true measure of a man is how you handle victory and how you handle defeat."

Peggy Noonan, a former speechwriter for Ronald Reagan and the elder Mr. Bush, wrote in The Wall Street Journal, "No one who knows George H. W. Bush thinks that moment was only about Jeb."

Rather, Ms. Noonan said, "It would more likely have been about a number of things, and another son, and more than him."

Rep. Ellison Calls The Cops To Snuff Tancredo's Cigar (HILL)

By Betsy Rothstein

The Hill, February 14, 2007

Rep. Keith Ellison (D-Minn.) believes it is his right as a Muslim to be sworn into Congress with the Quran. But apparently, the freshman lawmaker doesn't believe it's Rep. Tom Tancredo's (R-Colo.) right to smoke a cigar in his congressional office.

Ellison's office called the Capitol Hill Police on Tancredo last Wednesday night as Tancredo was in his office smoking a cigar. The lawmakers have neighboring offices on the first floor of the Longworth House Office Building.

Tancredo was still stunned a day later. "It's very bizarre," said Tancredo, who has never met Ellison. "Seemed to me not a good way to say hello."

And let's face it. Calling the cops on a colleague takes the cake for the nerviest behavior so far among members of this year's freshman class of Congress.

This is how it all went down. On Wednesday evening, around 6 p.m., Tancredo was preparing for his trip to Mississippi. And as he so often does, he was unwinding with a cigar.

Soon enough, however, a police officer walked in to check on the smoke. The officer told Tancredo that the officer came because he was required to do so and not because the officer wanted to. The officer had already told Ellison that Tancredo was permitted to smoke in his office. The visit was more a formality.

Tancredo said he would not stop smoking in his office. "Heck, no!" he said. "If he [Ellison] would have [had] the courtesy to say something I'm sure I would have been more accommodating to his wishes."

To help keep his office free of impurities, Tancredo has three air purifiers. And he has no plans to meet Ellison anytime soon. "I'm sure we will, but I'm not going to make a point [of it]," the presidential hopeful said, adding that he supported Ellison's right to be sworn in with the Quran.

Ellison's press secretary, Rick Jauert, made the call to the Superintendent's office when he noticed the smoke. "I called because the smoke was coming through the walls," Jauert said, adding that the Superintendent's office referred him to the Capitol Police.

Jauert said he then informed his boss what he had done. He said "fine," Jauert said. "He's complained of the smoke before."

Congress And Self-Reform (NYT)

The New York Times, February 14, 2007

Taxpayers have been slowly discovering the bad, the ugly and, lately, a touch of good in Congress's tight relations with the lobbying industry. Last November's candidates promised all manner of reform, and the good was the enactment of a long-overdue ban on lobbyists' currying insider clout by taking lawmakers on freebie vacations and other junkets. But the bad remains to be dealt with: the practice of lawmakers creating secondary "leadership" kitties to sock away extra money from lobbyists and other special-interest donors beyond the usual campaign committees.

What's ugly are the crass ways members routinely press lobbyists for leadership donations — for things like $5,000 hunting and fishing trips, and a face-to-face cup of designer coffee that costs a donor $2,500. They use the money to cross-pollinate fellow politicians' campaigns and, more and more, as a V.I.P. slush fund to pay for extra trips and other indulgences that are hardly the stuff of leadership.

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Critics in Congress know the free-flowing PAC's, as the next big scandal waiting in the wings, should be banned under campaign finance law. The leaders of the House Democratic campaign committee, in fact, have already canceled the committee's annual ski weekend for lobbyists. Members should follow suit and ban the grossly misnamed leadership PACs as a step toward serious campaign finance reform.

"Only a moron would sell a vote for a $2,000 contribution," said one typical House member preoccupied with fund-raising. The comment unfortunately raises the question of what more tempting price might eventually emerge.

OTHER NEWS:

U.S. Trade Deficit Hits New High For Fifth Year In A Row (USAT)

By David J. Lynch

USA Today, February 14, 2007

WASHINGTON — Here's a news flash: The U.S. trade deficit set a record last year.

If that seems pretty much like a dog-bites-man story, maybe it's because 2006 marked the fifth-consecutive year that the trade deficit hit a new high. The U.S. last ran an annual trade surplus in 1975 as the Vietnam War wound down and Saturday Night Live made its television debut.

The Census Bureau reported Tuesday that the U.S. incurred a $763.6 billion trade gap last year, including a worse-than-expected monthly deficit in December of $61.2 billion. As a result of the new monthly reading, the Commerce Department is expected to revise downward its estimate that the U.S. economy expanded at an annual rate of 3.5% in the fourth quarter.

There's hope, however, that the U.S. trade imbalance with the rest of the world in goods and services may have peaked. "It's going to get a bit better," says Nigel Gault, chief U.S. economist at Global Insight.

The trade deficit last year was about $47 billion larger than in 2005, but almost all of that deterioration ($42 billion) was due to higher oil prices. With oil now well below its 2006 peak of $75 per barrel, Gault says the U.S. can expect to spend about $40 billion less on foreign oil in 2007.

Robust export performance also offers reason for optimism. In 2006, exports hit $1.4 billion, up 12.8% compared with 2005. This year, foreign sales are expected to post additional gains amid continued strong demand from customers in Europe and Japan.

If so, the 2007 trade deficit would shrink to about $680 billion, Gault says. Others, such as Brad Setser of Roubini Global Economics, expect the deficit to plateau. The U.S. trade gap with Europe already is narrowing, though trade with Asia remains far out of balance.

Some iconoclasts think the trade figures aren't worth the attention. Noting that the U.S. economy enjoyed remarkable growth over the past quarter century, even as the trade deficit ballooned, Russell Roberts, an economics professor at George Mason University in Fairfax, Va., calls trade worries "greatly overblown."

Still, the issue carries enormous political weight, and Democrats Tuesday were quick to hammer the Bush administration for the rising deficit. House Speaker Nancy Pelosi of California called for a "fundamental shift" in policy in a letter to President Bush that blamed stagnant wages and factory job losses on his trade strategy.

Bush is seeking an extension of his authority to negotiate trade deals, setting up a major skirmish with congressional Democrats. Another target for lawmakers will be China, which has the most unbalanced U.S. trade relationship. The Sino-U.S. trade deficit climbed 15% last year to $232.5 billion.

But China also has emerged as a major U.S. customer. In 2006, China, now the fourth-largest market for U.S. exporters, bought more U.S. goods than goods from India, France and Brazil combined.

Trade Gap Widens, Yet Outlook Is Upbeat (WSJ)

By Elizabeth Price

The Wall Street Journal, February 14, 2007

WASHINGTON -- Even as the U.S. trade gap widened in December for the first time in four months, economists said trade is likely to contribute to growth in coming months, as exports continue on an uptrend and oil prices, which surged in December, fall back.

Economists have long predicted that as economic demand among top U.S. trading partners caught up with rapid U.S. economic growth, the U.S. trade deficit would shrink.

"The wider gap in December does not overturn the view that the deficit has peaked," said Nigel Gault, an economist at consulting firm Global Insight.

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The U.S. deficit in trade of goods and services in December grew 5.3% from the previous month to $61.18 billion, the Commerce Department reported yesterday. That marked the first monthly widening of the deficit since August. The shortfall for all of 2006 grew 6.5% to a high of $763.59 billion. It was the trade deficit's fifth yearly record in a row.

The deficit with China, by far the largest U.S. trading partner, also hit a record for the year at $232.55 billion, sparking calls for action from the Democratic-controlled Congress.

In a letter to President Bush yesterday, Democratic congressional leaders urged the administration to get tougher in persuading China, Japan, and the European Union to lower barriers to U.S. goods, such as by using U.S. trade laws to penalize China and Japan for alleged currency manipulation.

In December, the U.S.'s monthly deficits with its trade partners mostly narrowed, however.

The gap with China shrank to $19 billion from November's $22.92 billion. The trade deficit with Canada rose, while deficits with Mexico and the European Union narrowed.

"Our exports for the year" were up strongly, "almost 13%, which is very significant growth," Commerce Secretary Carlos Gutierrez said yesterday.

But during December, a 2.1% gain in imports outpaced a 0.6% rise in the value of U.S. exports. Oil accounted for much of the import gain, as the average price per barrel rose $1.59 to $53.84 for the month. Lower oil prices helped trim the trade deficit last fall. But a surprise decision by the Organization of Petroleum Exporting Countries in December to cut production, together with the onset of colder weather, helped push up prices, boosting U.S. oil imports in dollar terms. Oil prices fell in January, and are expected to stay lower this year than in the first half of 2006.

The December trade gap was wider than the Commerce Department calculated last month when it said the U.S. economy grew 3.5% in the fourth quarter. Following yesterday's report, economists on Wall Street said the government later this month would likely lower its final growth estimate sharply for the fourth quarter.

Lou Crandall, an economist at New York economic research firm Wrightson ICAP, said he shaved a half-point from his forecast for fourth-quarter growth to just 2.2%. Still, he said trade would probably contribute to U.S. output in the months ahead, as exports are on a rising trend and oil prices softened in January.

U.S. demand for foreign-made autos and imports of industrial supplies together added more than $3 billion to the deficit. Imports of consumer goods were up, while imports of capital goods, like computers and electronic equipment fell.

U.S. exports rose to a record $125.56 billion in December, lifted by American wheat, fruit and other agriculture products. Exports of consumer goods rose, while U.S. sales of high-value aircraft eased, following a big jump in November.

For 5th Year, Trade Gap Hits Record (NYT)

By Steven R. Weisman

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The United States ran a record trade deficit in 2006 for the fifth consecutive year, the Census Bureau reported Tuesday in an announcement that quickly reignited the dispute between the Bush administration and Democrats over the value of past and future deals lowering trade barriers.

The bureau said that the trade deficit, or gap between what the United States sells abroad and what it imports, reached a new high of $763.3 billion last year, a 6.5 percent increase over the year before. The deficit was fueled by the continuing American need for foreign oil and imports of consumer goods from China and other countries.

The record trade deficit was no surprise, since it had been foreshadowed in monthly figures over the last year. But in the current tense political climate in Washington, it was seized upon by both the Bush administration and its critics. It also seemed certain to become a factor in the accelerating presidential race.

Leading Bush administration officials noted that although the deficit had reached new levels, exports of American products were also growing at record rates, in many cases to the countries with which the United States had signed trade deals in the last six years.

“Our exports for the last year are up by nearly 13 percent,” Carlos M. Gutierrez, the commerce secretary, said in a telephone interview. “We’ve said all along that our strategy is to grow exports and ensure that companies know about the trade agreements we have, rather than a protectionist strategy of cutting off imports.”

Mr. Gutierrez, who interrupted a trip to India to discuss the trade figures, is one of several officials pushing Congress to approve pending trade deals with Panama, Colombia and Peru, and to extend President Bush’s authority to negotiate future trade deals and get an up-or-down vote in Congress for them. That authority expires June 30.

Democrats used the latest trade numbers to demand what the House speaker, Nancy Pelosi, called “a new direction” in trade policies, placing more emphasis on opening foreign markets to American goods, protecting American products from piracy and counterfeiting, and helping American industry become more competitive.

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"The consequences of these persistent and massive trade deficits include not only failed businesses, displaced workers, lower real wages, and rising inequality, but also permanent devastation of our communities," Ms. Pelosi said in a letter to Mr. Bush signed by other House Democrats.

Ms. Pelosi and the House Democratic leaders said they supported future trade deals, including efforts to conclude a global trade accord in talks sponsored by the World Trade Organization, but that these deals needed to include more-open markets abroad and efforts at home to help workers displaced by imports.

The Democratic response from the House was notable, however, for its basic embrace of the principle of negotiating trade deals and its openness to renewing the president's negotiating authority, which is known as fast track because of the provision allowing for one up-or-down vote.

A much tougher stance was taken by consumer, environmental and labor groups. They called on Congress to let the president's negotiating authority expire and to reject the various pending trade deals and the philosophy of free trade that led to past accords like the North American Free Trade Agreement, or Nafta, with Mexico and Canada.

"The 2006 midterm elections showed that members of Congress bear the political liability for this failed trade policy," said Lori Wallach, director of Public Citizen's Global Trade Watch, a group affiliated with the consumer advocate Ralph Nader. She called on Congress to respond by "permanently burying" the fast-track approach.

Put together, these statements suggested that a gap remains among liberals and within the Democratic Party in Congress foreshadowing what could be a similar disagreement among Democratic presidential candidates over the issue of trade.

Since the election in November, in which Democrats captured Congress, many lawmakers predicted that trade deals negotiated by the Bush administration would have a harder time winning approval. Several Democrats, like Sherrod Brown, now a senator from Ohio, ran on platforms promising to block trade deals.

But since arriving in January, several Democratic leaders have gone out of their way to say that they would be receptive to approving trade deals, and to giving Mr. Bush extended authority to negotiate them, provided the administration agrees to certain provisions, particularly providing help for workers hurt by cheap imports.

Many political analysts note, for instance, that the Democrats raised considerable funds for their election victory last year on Wall Street and among figures in the chip-making, computer and entertainment industries of the West Coast, all of which depend on export markets for their products.

On the other hand, Richard Trumka, secretary treasurer of the A.F.L.-C.I.O., said Tuesday that the new trade figures meant that extending trade negotiating authority was "the last thing we need to do" and that the labor organization would fight "any extension" this year. His comments thus set up a possible collision between labor and the Democratic leadership in Congress.

Both Senator Max Baucus, a Montana Democrat who is chairman of the Senate Finance Committee, and Representative Charles B. Rangel, a New York Democrat who is chairman of the House Ways and Means Committee, have said they want to work with the Bush administration on future trade deals.

The trade statistics Tuesday came as the administration is juggling a three-part challenge in trade. The most immediate is the future of three bilateral trade deals with Peru, Colombia and Panama.

The second is overextending the president's negotiating authority, which in turn depends on a third issue, the possible conclusion of negotiations on a global trade deal in the so-called Doha round, named after the capital of Qatar, where talks began several years ago.

Whether Congress approves any trade deals will probably depend on the Bush administration's willingness to incorporate other elements into trade deals, including requirements that trading partners adhere to certain labor standards accepted by the International Labor Organization, a division of the United Nations.

Negotiations are under way now over whether the administration is willing to add labor standards and also possibly environmental standards, getting trading partners to live up to certain environmental laws in the deals involving Peru, Colombia and Panama.

Democrats say that if deals can be worked out on environmental and labor standards, and on helping workers who might lose their jobs, they could become a "template" for future deals that might win favor even in a Democratic-led Congress.

Most Democrats are expected to oppose such trade deals, but administration vote-counters are hoping that as many as 90 or 100 Democrats might support them in concert with most Republicans and help win Congressional approval.

Mr. Gutierrez said the new trade figures showed the importance of approving these deals. He said that the dozen or so countries with which the United States had negotiated bilateral trade deals since 2006 accounted for 40 percent of American exports, even though they represented only 7 percent of the world economy.

A separate deal negotiated with Central American countries, which was barely approved by Congress in 2005, led to a surge in exports, Mr. Gutierrez said. Commerce Department officials said that the new trade figures showed that exports grew

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faster than imports last year for the first time in a decade. The reason the deficit still grew in the last year, they said, was because exports were growing from a lower base.

Commerce officials say that American companies are selling high technology machinery, airplanes, automobile parts, precious metals, farm goods and computer chips but that these items are overwhelmed by imports of oil and inexpensive consumer goods, from shoes to clothing to automobiles.

Another argument made by the Bush administration is that the loss of American jobs is not just because of cheap imports but because technology changes have let manufacturers produce goods with fewer people.

Paulson's New Aide on China

The Treasury secretary, Henry M. Paulson Jr., has named Alan Holmer, a former drug industry lobbyist and trade official under President Ronald Reagan, as the department's top aide on dealing with China.

Mr. Holmer will be the lead organizer of the United States-China Strategic Economic Dialogue, a twice-a-year process started in December. The appointment yesterday follows the Feb. 2 decision to leave by Timothy D. Adams, the Treasury's under secretary for international affairs. The second meeting of the China dialogue is scheduled for May in Washington.

Mr. Holmer retired as president and chief executive of the Pharmaceutical Research and Manufacturers of America in January 2005.

Oil Prices, Imported Goods Push Trade Gap To Record (WP)

By Peter S. Goodman And Nell Henderson

The Washington Post, February 14, 2007

The U.S. trade deficit climbed to a record high for the fifth straight year, with 2006 imports exceeding exports by $764 billion, the Commerce Department reported yesterday. The gap reflects higher oil prices, which increased the nation's import bill, and American consumers' rising appetite for foreign-made goods.

The figures raised tensions in Washington, unleashing criticism on Capitol Hill of the Bush administration's pursuit of new trade deals. They also provoked a fresh round of demands for action against China, whose trade surplus with the United States swelled to a record $233 billion last year, according to the Commerce Department.

The data also prompted some economists to cut their economic growth projections. Several private analysts said the trade figures, combined with other indicators such as the prolonged slump in the housing market, imply the economy grew at a modest annual rate of 2.2 percent in the last three months of 2006 -- well below the 3.5 percent pace estimated earlier this month by the Commerce Department in a preliminary report.

Wall Street, as it often does, took cheer from bad news. Stocks rallied yesterday as the prospect of slower growth eased concerns that the Federal Reserve might bump up interest rates to fight inflation, and revived hopes in some quarters that the Fed might cut rates soon. But slower growth could also make businesses more cautious about expanding, meaning higher unemployment for U.S. workers.

In Congress, the new Democratic leadership used the record deficit to accuse the Bush administration of selling out the interests of American workers in pursuit of trade deals. In a letter to President Bush, top Democrats, including House Speaker Nancy Pelosi (D-Calif.) and Rep. Charles B. Rangel (D-N.Y.), chairman of the Ways and Means Committee, called the trade deficit "unsustainable," listing among its consequences "failed businesses, displaced workers, lower real wages and rising inequality."

The House leaders called on the president to submit an action plan within 90 days aimed at shrinking the deficit by removing barriers to U.S. exports and eradicating trading practices they regard as unfair.

A White House spokesman, Tony Fratto, said the letter was "not the most helpful approach." But he added that the White House would "work with Congress" in seeking approval for new trade deals.

"Trade is good for America," Fratto said. "There are dislocations for people when you trade. A factory closes, those are real people. But the benefits that accrue to all Americans are clear."

Increasing the pressure on Beijing, a bipartisan group of senators introduced legislation yesterday that would revoke China's permanent normal trade relations with the United States. That would restore the system, in place until 2001, that forced China to pass congressional review of its trade practices each year to maintain unhindered access to the American market.

The Bush administration is scrambling to stay ahead of congressional demands for action on China. Earlier this month, the administration announced that it would pursue a case against China at the World Trade Organization for allegedly subsidizing exports, a process that could eventually allow the United States to impose retaliatory tariffs.

Yesterday, U.S. Treasury Secretary Henry M. Paulson Jr. named a former Reagan administration deputy U.S. trade representative, Alan F. Holmer, as his special envoy to China for a dialogue on economic issues he launched last year.

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Paulson has been under pressure to show results in his campaign to persuade China to allow the value of its currency, the yuan, to float freely. Manufacturers and labor unions in the United States accuse China of keeping the yuan artificially low to make its goods unfairly cheap on world markets, thereby taking jobs from Americans.

China asserts that it has been made a scapegoat for the loss of U.S. manufacturing jobs. Many of China's exports are produced in factories owned by U.S. firms for shipment to American stores, said Zhang Erzhen, a trade expert at Nanjing University.

Zhang echoed contentions from Beijing that China's trade surplus with the United States would be smaller if Washington relented on national-security restrictions that bar Chinese companies from purchasing some U.S.-made high-technology goods.

Despite the gap, the trade figures confirmed a trend the Bush administration has been highlighting as it seeks congressional approval for trade pacts with Colombia, Peru and Panama: In 2006, U.S. exports grew faster than imports, slightly limiting the growth of the trade deficit.

"Our booming export numbers show the competitiveness of American workers and companies," Commerce Secretary Carlos M. Gutierrez said in a statement from New Delhi, where he was meeting with Indian leaders in talks aimed at boosting trade. "Our nation's prosperity is dependent on engaging and winning in international markets." Gutierrez noted that American exports to China grew by 32 percent last year compared with 2005.

The Bush administration has pointed to robust exports as it seeks to persuade Congress to renew the administration's authority to negotiate trade deals and submit them to Congress for a simple up-or-down vote without amendments. That authority, known as "fast-track," is set to expire at the end of June, leaving uncertain both the fate of pending deals and the long-stalled trade talks known as the Doha round, which are aimed at lowering tariffs around the world.

"Trade agreements mean more exports," U.S. Trade Representative Susan C. Schwab said during a speech Monday at the National Press Club, as she urged Congress to extend the president's trade authority. "More exports mean better jobs."

But labor groups, lobbying against an extension of the president's trade authority, noted that imports dwarf exports so much that the recent gains are essentially a trifle.

In 2006, the United States exported $1.4 trillion of goods and services, 12.7 percent more than in 2005, according to the Commerce Department. But imports climbed 10.5 percent to $2.2 trillion, leaving the $764 billion deficit. Since 2001, the trade deficit has jumped 110 percent, from $363 billion that year.

"If President Bush deserves blank-check trade negotiating authority from Congress with this record, then Paris Hilton deserves to be Girl Scout of the Year," declared Alan Tonelson, a research fellow at the U.S. Business and Industry Council, an advocacy group that opposes the administration's trade policies.

Though a record trade deficit had been expected, an the acceleration in December caught economists by surprise, leading to the revision of growth forecasts. A bigger trade deficit means more U.S. demand for goods and services was satisfied by imports rather than by domestic firms.

"The economy is on the soft side," said Jan Hatzius, chief U.S. economist for Goldman Sachs. He forecasts below-average growth this year, with a rise in unemployment.

Some analysts fret that the trade deficit's continuing climb raises the possibility of a precipitous drop in the dollar. For now, China, Japan and many oil-producing countries are plowing the proceeds of their exports to the United States back into the country by buying U.S. Treasury bills, propping up the dollar and allowing the Fed to keep interest rates low. But if these nations get spooked by the size of the trade deficit and reduce their dollar purchases, the value of the U.S. currency could plunge, forcing interest rates higher and hurting the economy.

"Instead of producing products, we're just printing money," said Peter Schiff, president of Euro Pacific Capital, a brokerage firm in Darien, Conn. "We're in serious trouble."

Correspondent Ariana Eunjung Cha in Shanghai contributed to this report.

Dow's Biggest Gain Of 2007 Ushers In Bernanke Testimony (WSJ)

By E.s. Browning

The Wall Street Journal, February 14, 2007

Stocks came storming back after a three-session pullback, with the Dow Jones Industrial Average pushing to within 20 points of a record.

Logging their biggest gain this year in both point and percentage terms, the industrials rose 102.30 points, or 0.81%, to 12654.85. The blue-chip average is up 1.5% for 2007. The last record close was 12673.68, on Feb. 1.

Explaining the advances, traders pointed to a Times of London report that Alcoa could get a takeover bid, to an analyst upgrade of General Motors and to a 3M plan to buy back shares.

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Investors turned hopeful that Federal Reserve Chairman Ben Bernanke will play down the chances of a Fed interest-rate increase when he testifies before the Senate Banking Committee today.

Every time stocks have pulled back in the past seven months, they have fallen less than 2% and quickly rebounded. That just happened again. New money appears to be coming in, notably from overseas, where governments, oil companies and exporters have dollars to invest.

"There is a lot of money from oil producers and from emerging economies out there. It is finding its way into our marketplace," said Doug Johnston, head of trading at Boston brokerage house Canaccord Adams.

Investors learned that the U.S. trade deficit was wider than expected in December, which ordinarily would be bad news. But it suggests that U.S. economic growth was slower than expected, putting less pressure on the Fed to raise rates.

The day's stock rises came despite a $1.25 jump in crude-oil-futures prices to $59.06 a barrel. Oil traders blamed the current winter storm, an oil-refinery fire and an International Energy Agency report forecasting higher demand.

The Standard & Poor's 500-stock index rose 0.76%, or 10.89 points, to 1444.26, up 1.8% in 2007. The Nasdaq Composite Index advanced 0.39%, or 9.50 points, to 2459.88, leaving it up 1.8% for the year.

Investors liked seeing the Dow Jones Transportation Average and the Dow Jones Utility Average both set records yesterday -- 5011.87 on the transports and 475.10 on the utilities. Indexes of small and midsize stocks neared records. Having so many indexes at or near records suggests that the advances are broad.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.68%, or 1.67 points, to 248.83.

In major U.S. market action:

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 2.6 billion shares, as 2,409 stocks rose and 922 fell.

Bond prices declined2. The 10-year Treasury note fell 3/32, or 94 cents for each $1,000 invested, pushing the yield up to 4.814%. The 30-year bond was down 8/32 to yield 4.901%.

The dollar weakened3. Late in New York, it traded at 121.17 yen, down from 121.94, while the euro rose against the dollar to $1.3037 from $1.2964.

Big Deficit, But No Retreat (WP)

By Tomoeh Murakami Tse

The Washington Post, February 14, 2007

Wall Street stocks jumped yesterday after the Commerce Department reported record trade deficits and reports circulated about a possible takeover bid for aluminum giant Alcoa.

The Dow Jones industrial average posted steady gains throughout the day, closing at 12,654.85, up 102.30, or 0.8 percent. The broader Standard & Poor's 500-stock index rose 0.8 percent, while the tech-heavy Nasdaq composite index added 0.4 percent.

"It's going to take a lot to move this market down," said John F. O'Donoghue, co-head of equity trading at Cowen. "The world is basically awash in cash right now."

Alcoa shares jumped after reports that BHP Billiton and Rio Tinto were contemplating $40 billion bids, which investors took as a sign that the market was still very much in buying mode.

Chris Low, chief economist at FTN Financial, said investors were also heartened by the decision of a Merrill Lynch analyst to upgrade the firm's rating on GM to "buy" from "sell," saying the auto company is expected to make better use of its liquidity.

Some analysts said the markets were due for a rally with investors sitting on the sidelines with cash after last week's correction, when the Dow fell 0.45 percent due to concern that inflation would affect interest rates.

"This is the way good markets act; we had a good January, we were due for a pause," said Al Goldman, chief market strategist at A.G. Edwards. "There was modest pullback, and yet it was enough to excite sideline cash. It indicates the market still has upside momentum."

Investors seem to be emboldened by continued growth in corporate profits, with the financial services sector reporting strong fourth-quarter earnings.

Stocks also rallied as the prospect of slower growth eased worries that the Federal Reserve might raise interest rates to fight inflation. But slow growth could lead business to invest less and unemployment rates to rise.

Low said recent data have been "going the right way," but he did not rule out the possibility of another bump in the benchmark interest rate, which stands at 5.25 percent.

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"Inflation is slowing down. If he wants to, he can certainly take a more friendly tone," Low said, referring to Federal Reserve Chairman Ben S. Bernanke. "The only reason I'm a little nervous is that there were speeches by three or four members of the Open Market Committee last week and they were very nervous about inflation."

Bernanke is scheduled to testify about the economy before Congress today and Thursday.

The Commerce Department yesterday reported that the U.S. trade deficit grew to $764 billion in 2006, fifth consecutive annual record.

Alan F. Skrainka, chief market strategist at Edward Jones, said investors should proceed cautiously, keeping in mind the cyclical nature of the markets. For seven months, he said, the Dow has not had a correction larger than 2 percent, the longest rally without such a decline in 50 years.

"I would say the bulls are in charge and focused on the blue chip sector, recognizing good value," he said. "Investors should be optimistic but at the same time recognize that a correction is possible at any time. It's been so long since we had one."

More than four stocks rose for every one that dropped on the New York Stock Exchange yesterday. Shares of energy companies were also up, helped by oil's gain of $1.25 a barrel.Movers

GM rose 2.5 percent, to $36.59.

3M gained 2.5 percent, to $76.43, on news it would buy back up to $7 billion shares.

Alcoa rose $2.10, or 6.4 percent, to $35.00.

TODAY'S AGENDA Bernanke To Lay Out His View Of Economy (WSJ)

The Wall Street Journal, February 14, 2007

Federal Reserve Chairman Ben Bernanke begins his two-day semiannual economic report to Congress, with financial markets braced for hawkish signals on interest rates. The economy continues to chug along despite the drag from the slower housing market, and investors are concerned that a future rate increase is still on the table. Mr. Bernanke's testimony on Capitol Hill begins at 10 a.m. EST.

Chrysler to Cut Jobs, Plant in Revamping

DaimlerChrysler is set to unveil a major restructuring plan for its loss-plagued U.S. operations, with at least one plant closure and the ax coming down on about 10,000 workers. Chrysler, which needs to cut costs and boost per-vehicle profit margins, is expected to pull back on gas-guzzling SUVs and put more emphasis on passenger cars. For CEO Zetsche, the turnaround plan could be the last chance to prove the wisdom behind the DaimlerChrysler merger. (See related article1.)

January Retail Sales May Show Slight Gain

Retail sales for January, as measured by the government, are expected to rise modestly on the month, but not as sharply as the 0.9% jump recorded in December. Interest rates, weather, gift cards and gas prices will all factor into consumer spending patterns. Most forecasts call for a gain in the range of 0.3% to 0.5%. Stripping out autos, retail sales are projected to rise in the range of 0.4% to 0.6%. Commerce Department report at 8:30 a.m. EST.

What's Up With The Slow Growth In Workers' Pay? (USAT)

By Barbara Hagenbaugh

USA Today, February 14, 2007

WASHINGTON — When Federal Reserve Chairman Ben Bernanke testifies on Capitol Hill today and Thursday he will likely be peppered with questions about why wages are not rising at a more rapid pace.

But he may have to leave lawmakers guessing.

That's because economists aren't sure why wages haven't increased at a faster pace even though the labor market is tight. A tight labor market is often a precursor to a big pickup in pay as employers enter into bidding wars to attract and retain workers.

Adjusted for inflation, average hourly earnings for non-supervisory workers rose 1.7% in December from a year earlier, according to the government. While earnings rose five consecutive months through December and are rising at the fastest rate in years, economists say they aren't sure why the gains haven't been larger given the jobless rate, at 4.5% in December, is near a five-year low.

"It has been curious in this cycle why wage growth has lagged," ClearView Economics head Ken Mayland says.

Bernanke likely will be asked about the slow growth in workers' wages when he delivers his twice-yearly testimony on the economy to lawmakers. A number of Democrats, including Senate Banking Committee Chairman Chris Dodd, D-Conn., have promised to make workers' wages, particularly the divide between the haves and the have-nots, a focus of the hearings. Bernanke is scheduled to testify to the Senate today and to the House on Thursday.

Two theories why wages haven't risen faster:

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·Globalization. Technological innovation and increased trade have meant jobs that used to only be able to be performed in the USA can now be done abroad. That means that for many professions, a low jobless rate in the USA may not result in higher wages if there is surplus of available workers worldwide.

"A large portion of Americans have a job, but that's not true in the rest of the world," OppenheimerFunds chief economist Jerry Webman says.

·Benefits. Big increases in the cost of benefits, particularly for health care, have given employers less money to increase wages. Benefits account for 30% of total compensation given to workers, according to the Labor Department.

Employer costs for health insurance premiums rose 7.7% in 2006, according to the Kaiser Family Foundation. Although that was the smallest gain since 1999, it was still far larger than the overall inflation rate.

Health care costs are factored into what employers view as workers' total compensation, which has risen. But that's little consolation for employees who have seen only paltry raises in recent years, Mayland says.

Questioning Bernanke about the slow wage growth and divide between rich and poor is likely barking up the wrong tree, argue some economists, including First Trust Advisors chief economist Brian Wesbury.

"Productivity, not the Fed, determines the sustainable trend for real wages," Lehman Bros. chief U.S. economist Ethan Harris said in a recent note to clients.

A Portrait Of The Economy (WSJ)

By Brian S. Wesbury

Wall Street Journal, February 14, 2007

It's the best of times. It's the scariest of times. Last year, U.S. exports, industrial production, real hourly compensation, corporate profits, federal tax revenues, retail sales, GDP, productivity, the number of people with jobs, the number of students in college, airline passenger traffic and the Dow Jones Industrial Average all hit record levels. For the third consecutive year, global growth was strong, continuing to lift (and hold) millions of people out of poverty. From 30,000 feet, heck from 1,000 feet, it sure looks like the best of times.

In relative terms, the first five years of the current recovery have been much better than the first five years of the 1990s recovery. But all this has not softened the pessimism of many pundits and politicians who are either unimpressed or expect the whole thing to come crashing down any minute. That is, unless the government firmly grabs the reins of the global economy and steers it clear of disaster.

Many believe that the debate is over on global warming, nationalized health care, tax hikes, rich-versus-poor, the trade deficit and "obscene" oil company profits. Forgotten in this rush to pass judgment on capitalism is the fact that the last two times government seriously tried to control the U.S. economy -- in the 1930s and in the 1970s -- they made a terrible mess of it.

In the 1930s, the Smoot-Hawley Tariff Act caused a collapse in global trade, while the Fed allowed the money supply to shrink by one-third. Government regulation in the 1920s prevented banks from branching, which caused more than 10,000 to fail in the 1930s, deepening and prolonging the Great Depression. Herbert Hoover's tax hikes were icing on the cake, capping off a perfect storm of D.C. policy mistakes.

It took another 35 years, and a nice run of prosperity, but Washington finally gathered the courage to try this again. Between 1965 and 1981, Great Society welfare and health-care programs, wage and price controls, inflationary Fed policy, 70% marginal tax rates, 50% capital-gains tax rates, and highly regulated energy, airline, banking and trucking industries created severe problems. The Misery Index (calculated by adding inflation and unemployment) rose to 21.9% in 1980 (today it is 7.2%).

One of the worst mistakes of the 1970s was a National Energy Plan. On April 18, 1977, in a nationally televised speech, President Carter said, "World oil production can probably keep going up for another six or eight years. But some time in the 1980s it can't go up much more. Demand will overtake production."

President Carter's White House economists worried about "environmental damage and the risks to national security and to future economic activity posed by energy imports." To fix these problems, the Department of Energy (DOE) was created while the Congress and president pushed forward windfall profits taxes, price caps, subsidies for solar energy, tax breaks for using coal, and direct spending on synthetic fuels.

Not only did all of this fail to stop imports or the use of fossil fuels, it was also the source of economic pain. Part of the problem was faulty forecasts. Rather than peaking in the mid-1980s, the latest DOE estimates predict peak oil production no earlier than 2021, but possibly as late as 2037, 2067 or 2112, depending on assumptions.

The cost of government intervention is always underestimated in the midst of political battles, while the benefits are always overestimated. Impeding the free market alters the course of economic activity in ways that cannot fully be understood in advance. For example, tax subsidies for using existing solar technology diminish incentives for research and development, just

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like welfare payments undermine the willingness of many recipients to work or go to school. Why give up a sure thing for a future that is uncertain?

The U.S. is subsidizing ethanol, which pulls billions of dollars of investment capital away from other areas of the economy. When government picks what it thinks should be the winner, it saps resources from other ideas and potential advancements. In the 1960s, the U.K. picked coal and steel, while Japan picked consumer electronics, motor vehicles and exports. The U.K. was wrong. The Japanese got it right. But the odds of any government picking the right strategy, industry or technology are no greater than that of a single company or individual.

The power of a free market is that the odds of success are increased. With tens, or hundreds, of thousands of different entities researching, inventing, producing and distributing, successes not only multiply, but their profits generate resources that allow the economy to absorb the cost of mistakes and failure. It's called diversification. When one company fails, those closely involved are hurt, but not the entire economy. When government is wrong, millions suffer.

Unfortunately, the government reacts to market failure by creating more regulation. Think Sarbanes-Oxley. But the costs of this regulation are almost always greater than the benefits; and Congress tends toward denial when it comes to government failure.

One would think that the unbelievably dramatic turnaround in the economy from the malaise of the 1970s to the boom of the past 24 years would prevent the return of big government. But it appears that a growing number of American politicians, journalists and their constituents have forgotten the awful reality of the 1970s economy. Part of the problem is that people younger than 45 don't have even the slightest idea of how bad it was, or what caused it. They also have no idea that when Margaret Thatcher and Ronald Reagan turned away from socialism in the late 1970s and early 1980s, continental Europe (Germany, France and Italy) kept going. Then while the U.S and U.K. boomed, continental Europe fell behind.

Moreover, many of the more acute economic problems supposedly facing the U.S. are evaporating quickly. My models of the federal budget forecast a $115 billion dollar deficit this year, just 0.8% of GDP, less than half the size expected by the White House, and $57 billion less than the Congressional Budget Office (CBO). Next year, I expect a deficit of $35 billion. A budget surplus in 2009 is likely.

With tax rates low, profits and incomes rising, and strong non-withheld income tax revenues (from IRA withdrawals and capital gains), forecasts of a significant slowdown in revenue growth appear too pessimistic. Many argue that the cost of fixing the Alternative Minimum Tax will reduce revenue growth, but the AMT has been "fixed" in each of the past three years and revenue growth has consistently exceeded expectations. The wild card is spending. My forecast expects $40 billion more in spending than CBO estimates this year, mostly for the Iraq war. But gridlock in Congress should help spending growth to remain in check for the next few years.

Surpluses will change the calculus on tax hikes in dramatic fashion. Any argument to repeal the Bush tax cuts will face a strong headwind. This is great news for investors and the economy. In addition, with unemployment down to 4.6%, and real GDP excluding housing up 4.3% in the past year, many industries face labor shortages. Wages are being bid higher and much like the second half of the 1990s recovery, wage growth should continue to accelerate sharply in the months and years ahead. Data show that this process has already begun.

The economy is still riding a wave of productivity growth, built on the winds of technological change. Computer chips are still getting faster, cheaper and more efficient. Software is becoming more powerful and telecommunication advances are moving at warp speed.

Free-market capitalism is not perfect. But it remains the single most efficient and powerful system for creating wealth, reducing poverty and developing less wasteful ways of organizing output and consuming resources.

With the U.S. seemingly at a political turning point, the next few years are very important. At a similar juncture in 1929, and again in 1965, the U.S. moved toward bigger government. After World War II, and again in the early 1980s, Washington chose less intrusive government. The results speak for themselves. Good times or scary times: It's our choice.

Mr. Wesbury is the chief economist at First Trust Advisors L.P. in Lisle, Ill.

Romney Joins 2008 Presidential Race (AP)

By Liz Sidoti

AP, February 14, 2007

Mitt Romney, a lesser-known Republican in a jam-packed presidential field, embarked on his White House bid Tuesday casting himself as a political outsider with the managerial skills necessary to fix a flawed Washington.

"We have lost faith in government," Romney said in his native state as he formally entered the 2008 race. "It is time for innovation and transformation in Washington. It is what our country needs. It is what our people deserve."

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His political resume thin — he served just one term as Massachusetts governor — Romney sought to turn that potential weakness into a strength, portraying himself as the best candidate to meet the country's challenges given his venture capitalist background and proven leadership in the public, private and volunteer sectors.

In doing so, he attempted to draw a stark distinction between his qualifications and those of his top Republican rival, four-term Sen. John McCain of Arizona, who is widely considered the GOP candidate to beat after losing to George W. Bush in 2000. The senator, for his part, is planning to formally announce his candidacy sometime next month.

"I don't believe Washington can be transformed from within by lifetime politicians," Romney said, an obvious swipe at McCain without mentioning his name. "There have been too many deals, too many favors, too many entanglements — and too little real world experience managing, guiding, leading."

"I don't believe Washington can be transformed by someone who has never tried doing such a thing before, in any setting, by someone who has never run a corner store, let alone the largest enterprise in the world," said Romney, who added: "Talk is easy, talk is cheap. It is the doing that's hard."

Although he is not well-known nationally and hardly registers in public opinion polls, Romney is considered a serious candidate in the same tier as McCain and former two-term New York City mayor Rudy Giuliani. Both political celebrities rank at the top of most polls. All three are expected to be able to raise the millions needed for a strong bid.

Yet, all three also have taken positions that don't necessarily sit well with the GOP's conservative base that is pivotal in deciding the outcome of the Republican primaries. Romney also faces doubts among some religious conservatives because if elected, he would be the first Mormon president.

Romney, who ran as a moderate in a failed 1994 Senate campaign and his winning gubernatorial campaign eight years later, is trying to convince the party faithful that he is a solid conservative and sincere in his opposition to abortion and gay marriage, two issues critical to the GOP base.

As he tries to runs to the right of McCain and Giuliani, Romney wants to avoid being seen as a Massachusetts liberal flip-flopper, a label that led to the downfall of 2004 Democratic presidential nominee John Kerry in his race against President Bush.

Hours after announcing his candidacy, Romney addressed some 300 people who braved the snow to see the candidate at the state fairgrounds in Iowa, the first stop on a campaign tour of the early voting states that will end with a major fundraiser in Boston.

Romney's shift on some issues didn't bother at least one voter.

"I know he's changed his views, but I'm satisfied," said David Bowen, who works at an agriculture seed company in Grimes, Iowa. "He has more solid social views than anyone, including the other Republicans."

Romney, 59, was a businessman who spent years amassing a fortune by helping found a venture capitalist firm that invested in fledgling businesses and guided them to grow into healthy corporations.

In 2002, he triumphantly turned the scandal-plagued Olympic Winter Games in Salt Lake City into a success. As governor, he led Massachusetts out of fiscal woes without raising taxes and pushed through a comprehensive overhaul of the health insurance system.

He hopes his record of accomplishment across those sectors will trump any uneasiness conservatives may have about his right-flank credentials and any skepticism they may feel about his Mormon faith.

Some 24 percent in a USA Today-Gallup poll released Tuesday said they would not vote for a Mormon. Almost half in a recent Newsweek poll said the nation is not ready to elect a Mormon president.

In a coming-out of sorts, Romney announced his long-expected candidacy in Michigan, the place of his birth and upbringing as well as an important stop on the path to the GOP nomination.

Just outside of Detroit, Romney laid out his campaign themes before several hundred sign-waving supporters at the sprawling Henry Ford Museum in Dearborn. It was a site chosen for its emphasis on ingenuity that dramatically transformed the nation.

The past meeting the present, Romney spoke from a podium in front of an American Motors Corp., Rambler from yesteryear and a Ford Escape Hybrid in the airport-hangar-like museum. He invoked the memory of his late father, George, who served as governor in the 1960s and made an unsuccessful bid for president.

Romney's wife, Ann, his five grown sons, five daughters-in-law and 10 grandchildren sat off to the side of the main stage as he spoke of the need to strengthen families.

"America can't continue to lead the family of nations if we fail the families at home," he said, adding that values and morals are "under constant attack" and promoting families where a mother and a father are in each child's life.

At home, Romney called for reining in government, making it smaller and less bureaucratic with fewer regulations, and giving power and freedom back to the people, in part, in the form of lower taxes, better schools and more available health care.

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On Iraq, Romney reiterated his support for Bush's policy in the nearly four-year-old war, although he did not name the president, and said that failure in Iraq "could be devastating" for the United States and could mean a future with far more military involvement and far more loss of American life.

Romney Kicks Off White House Run (USAT)

By Jill Lawrence

USA Today, February 14, 2007

DEARBORN, Mich. — Only one Republican presidential candidate has run a business, governed a state and turned an ailing Olympics into a success story. That record, Mitt Romney said Tuesday, makes him uniquely qualified to transcend Washington's "petty politics" and deliver change.

The former Massachusetts governor and venture-capital CEO, kicking off his campaign, said the country needs "innovation and transformation." He said "life-long politicians" won't make it happen.

"I do not believe Washington can be transformed … by someone who's never run a corner store, let alone the largest enterprise in the world," Romney told supporters at the Henry Ford Museum in the state where he was born and raised.

Romney reprised his message later for about 300 people at the Iowa State Fairgrounds in Des Moines. South Carolina and New Hampshire, weather permitting, were on his itinerary today. All four states have early primaries or caucuses. The Michigan primary is tentatively set for Feb. 5.

The Michigan launch allowed Romney to focus on his Midwestern roots rather than the liberal state he governed until last month. But he said he has the same goals for the nation as he had for Massachusetts, including strong families, lower taxes and affordable, portable health care.

In foreign policy, Romney said "America must regain our standing in the world" and define its international role "not only in terms of our might, but also by our willingness to lead, to serve and to share." He said he would forge closer partnerships with other nations to support moderate Muslims and block Iran's nuclear ambitions.

On Iraq, Romney stuck with President Bush — for now. "So long as there is a reasonable prospect of success, our wisest course is to seek stability in Iraq, with additional troops to secure the civilian population," he said.

Romney, 59, is trailing former New York mayor Rudy Giuliani and Arizona Sen. John McCain in national polls. But he has fundraising clout — he raised $6.5 million in one day last month — and other strengths that political experts say make him a contender.

"We elect governors for president, not senators and mayors of cities," says Ed Sarpolus, an independent pollster based in Lansing. "Romney is very well positioned. He has a good organization. He is not divorced. And he's got a record."

Romney's challenges include his Mormon religion and changing positions on issues such as abortion, gay rights, emergency contraception and stem cell research. He has moved to the right on all of them.

He said Tuesday that "I believe in the sanctity of human life." He also said that "unelected judges" should not make laws. Gay marriage is legal in Massachusetts as a result of a state court ruling. Romney pushed for and won passage of a bill that puts gay marriage on the ballot.

Romney and his Democratic legislature enacted the country's first statewide, universal health-coverage plan. It treats health insurance like auto insurance — individuals must have policies. People with low incomes will pay less for coverage.

Walter Schmidt, 58, a Lutheran minister from Grosse Pointe Woods, called Romney "a good middle-of-the-road Republican. Traditional, but not a far-right fundamentalist. That's what I think we need." He added, "I would prefer that he wasn't Mormon," but "the family values that he reflects are more important" than his faith.

Romney's wife, Ann, his five sons and their families were onstage with him here. He talked of his Michigan childhood and his late father George's careers as an auto executive and governor.

Romney attended Harvard law and business schools. He lost a 1994 Senate race to Sen. Edward Kennedy. In 1999, he became CEO of the struggling 2002 Winter Olympics in Salt Lake City. He averted financial ruin and ran an extensive security operation for the Games shortly after 9/11.

Romney Uses Broad Strokes In Officially Declaring For President (POL)

By Jonathan Martin

The Politico, February 14, 2007

DEARBORN, Mich. -- Seeking to capture the can-do spirit of the heartland that he was raised in, former Massachusetts Gov. Mitt Romney came to his native Michigan Tuesday to make official his bid for the presidency in a speech that touched broadly on themes of American ingenuity but offered little in the way of substance.

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Along with two of his siblings, his wife, five sons and daughters-in-law and a bevy of grandchildren, the son of an automobile executive-turned-Michigan governor spoke to about 600 people crowded into the Henry Ford Museum in tones meant to evoke the optimistic vision that turned Detroit into Motown.

"This place is not just about automobiles," said Romney, standing between a new Ford Hybrid and the Nash Rambler that his father designed. "It is about innovation, innovation that transformed an industry, gave Americans a way of life our grandparents could never have dreamed possible."

Pivoting into his campaign message, the former venture capitalist declared in his 20-minute speech that "if there ever was a time when innovation and transformation were needed in government, it is now."

Romney would return again and again to those buzzwords. He used "innovation" 10 times and "transformation" eight times. He did it in separating himself from some of his opponents (Washington "can't be transformed by a lifelong politician"), in discussing foreign policy (the United States must "transform our role in the world") and in detailing his own career ("I have pursued innovation and transformation").

But as much as his remarks were tailored to present himself as, well, an innovator and transformer, they were also part of an attempt to begin to tell a more personal story.

A handsome millionaire with three homes and an attractive family to match his material wealth, Romney must cast himself in a manner that Americans with less-idyllic circumstances can relate to.

So he told of a father who "came from humble roots," and who, in his youth, worked with his hands and "never graduated from college."

"But like many other Americans, he made his dreams come true," Romney said of his father, George, Michigan's governor from 1963 to 1969. He died in 1995.

Indeed, family was central to Romney's address. His wife, Ann, introduced him and the two called one another "sweetheart" more than once. As soon as he delivered his remarks, he quickly picked up a young grandchild in his arms.

There was no apple pie (or, this being Michigan, cherry pie) being served, but the red, white and blue signal was sent: Faith, Freedom and Family.

Romney did touch on some issues pleasing to the ears of his Republican audience ("sanctity of human life" and "unelected judges"), but largely kept to platitudes here. When he did talk about Iraq, Romney slipped from his prepared text and alluded to the "debate about our future course in Iran."

Later, before a much smaller crowd gathered in snow-covered Des Moines, the Republican talked a bit further about the war.

"Boy, we want them home," Romney said about the troops in Iraq to about 175 supporters at the Iowa state fairgrounds.

But to bring them home now, he continued, would result in a "full-out civil war" with even more American lives lost.

"I support the president's plan to stabilize the population in Iraq," he declared before crowd members rose to their feet and drowned out his affirmation of "the surge" with applause.

The day was not without its flaws, though. The audience in Dearborn was padded with dozens of schoolchildren, and Romney's introductory music blared back on for a moment during his remarks. And in Iowa, there were rows of unfilled seats.

Still, the always-ebullient Romney was pleased. So pleased, in fact, that after he delivered his conversational speech in Des Moines and the crowd cheered and a Tom Petty tune came on, he held onto the microphone and gave a five-minute postscript reiterating his message and thanking the hearty Iowans for coming out in the snow. "Did you get here last night?"

Romney Enters Presidential Race (CHIT)

By Rick Pearson

Chicago Tribune, February 14, 2007

DES MOINES -- Former Massachusetts Gov. Mitt Romney formally joined the race for the Republican presidential nomination Tuesday, saying he had the innovative skills of an outsider whose conservatism would lead the nation past the "talk and dithering" that preoccupies Washington.

"If there ever was a time when innovation and transformation were needed in government, it's now," Romney said in arriving in the nation's first caucus state after launching his candidacy earlier in the day in his native Michigan.

But as Romney attempts to cast himself as an outsider not beholden to the ways of Washington, he also finds his candidacy questioned by some on the Republican right who ask whether he has become a recent convert to conservatism on social issues such as abortion and gay rights after previously holding more moderate positions.

Romney's religious faith, Mormonism, also may prove to be an issue for some voters, according to a new survey on religion, race and gender issues.

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Romney, 59, has worked to promote a resume of a successful businessman who gained entry onto the national stage by turning around a scandal and debt-ridden 2002 Salt Lake City Olympics. But he also has a Midwestern political heritage as the son of the late George Romney, the three-term governor of Michigan, a 1968 White House hopeful and former CEO of American Motors Corp.

In entering the presidential contest, Romney sought to differentiate himself from potential rivals such as Sen. John McCain (R-Ariz.), who hold a much longer political pedigree than his one-term tenure as governor.

"I don't believe Washington can get transformed by someone from the inside, by someone who has been part of politics throughout their entire life, who's made all the deals," he said. "To have government change and transform, to have innovation come into government, you've got to have somebody who spent their lifetime innovating and transforming."

Though he didn't mention Democratic Sen. Barack Obama (D-Ill.) or any other candidates by name, Romney also said voters should not be content with candidates who make broad appeals to voters' hopes.

"Our hopes and dreams are going to inspire us, because we are an optimistic people," he said. "But let me tell you, just hoping is simply crossing your fingers. What we really need are hands that will go to work. It's time for hope and action. It's time that we do as well as dream."

Citing international competition in technology, dependence upon foreign oil, disappointment in education and a failing health system, Romney said: "This is not a time for more talk and dithering in Washington. This is a time for action."

Romney expressed support for President Bush's move to increase troop strength in Iraq. He said a pullout would lead to civil war and create a danger that could lead to the need for a U.S. troop return that could cost even more lives.

Standing inside a building at the Iowa State Fairgrounds containing the campaign staples of a John Deere tractor and hay bales, Romney was greeted by a crowd of a couple of hundred supporters—including former GOP Govs. Robert Ray and Terry Branstad—on a chilly, snow-blown day that one aide likened to "caucus-type weather."

Though Iowa's caucuses won't be held until the middle of next January, organizing a political infrastructure and other campaign events held much sooner will help dictate how far Romney can go in a state that relies heavily on the virtues of retail politics rather than a well-funded blast of television advertising.

Still, Romney's business connections have helped his initial efforts. Last month, in Boston, he gathered together a group of well-heeled party and business leaders to make fundraising calls and generated $7 million, according to one supporter familiar with the recent effort.

Using a hand-held microphone in an in-the-round setting, Romney said he would be among leaders "who strive to demonstrate enduring values and morality."

But conservative critics maintain Romney's present opposition to abortion and gay rights represent a sharp about face from positions he adopted in an unsuccessful 1994 bid for the U.S. Senate against Sen. Ted Kennedy (D-Mass.) and from his 2002 run to be governor of a traditionally liberal Democratic state.

Romney, himself, has acknowledged some of his views have matured and, in recently trying to grab the mantle of Ronald Reagan, his supporters have noted that Reagan was originally a Democratic union leader.

But with Republicans knowing that the conservative base plays a strong role in deciding the GOP's presidential nominee in the early caucus and primary states, even some of Romney's rivals are questioning his conservative credentials.

At a local Republican fundraiser in Springfield, Ill., on Monday, supporters of McCain passed among themselves an 11-page sheet entitled "The Real Mitt Romney" that noted Romney's previous views in support of abortion, gay rights and gun control, as well as other issues in earlier campaigns.

"Romney: A Proud Republican?" questioned one page.

"Today, candidate Romney says his political hero is Ronald Reagan, but in 1994, he said, 'I'm not trying to return to Reagan-Bush.' He admitted he was an independent during (the) Reagan Revolution and voted for Democrat Paul Tsongas in the 1992 presidential primary. Romney publicly opposed the Contract With America in 1994," the document says, citing news reports from the time.

But Michael Carver, a commercial real estate broker from Urbandale and a Romney supporter, said he believed the way Romney has conducted himself has made him a role model and that he was not troubled by the criticism.

"I'm a Catholic and I'm very strong pro-life," Carver said. "To me, some people have this litmus test that unless you're perfect on these issues that somehow you don't qualify. I just don't ascribe to that kind of thinking. I think it takes a lot to make a person a good candidate for president."

Still, Romney may need to discuss his Mormon faith more directly with potential voters. A new USA Today/Gallup Poll found 72 percent of voters saying they would vote for a qualified nominee who is Mormon, compared to 94 percent for a black nominee and 88 percent for a female nominee.

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Invoking American Dream, Romney Begins Run (BOS)

By Scott Helman

The Boston Globe, February 14, 2007

DEARBORN, Mich. -- Promising to build "a new American dream," Mitt Romney launched his bid to become the nation's 44th president yesterday by casting himself as an optimistic and forward-thinking Washington outsider with the experience and vision to lead the country into a new age of innovation.

Despite the bloody war in Iraq, a growing nuclear threat from Iran, and the ongoing specter of terrorism, he said, Americans should be bullish about their future. But he warned that the country would overcome its challenges only by adhering to traditional Republican values of limited government, lower taxes, military power, and strong families.

"Our hopes and dreams will inspire us, for Americans are an optimistic people," Romney said to friends, family, and supporters gathered at the Henry Ford Museum, which celebrates the automotive pioneer. "But hope alone is just crossing fingers, when what we need is industrious hands. It's time for hope and action. It's time to do, as well as to dream."

The event, which Romney's campaign said drew 800 people, was rich in symbolism and nostalgia for Romney, who grew up in the nearby suburb of Bloomfield Hills and whose father, George, was an auto executive and three-term Michigan governor. Parked behind Romney on the stage was a white 1960s-era Nash Rambler, which his father introduced as America's first economy car.

Romney's sanguinity may have been reminiscent of the man he now cites as a political hero, former president Ronald W. Reagan, but he was also channeling his father, who made a run at the presidency in 1968. Like his father, Romney, 59, used his announcement speech to call for greater personal responsibility and for reining in federal spending.

"It's time for innovation and transformation in Washington," he said. "It's what our country needs. It's what our people deserve."

Romney, who touted his business experience and stewardship of the 2002 Winter Olympics in Salt Lake City, also offered a pointed indictment of the Beltway world, saying, "the halls of government are clogged with petty politics and stuffed with peddlers of influence."

"I don't believe Washington can be transformed from within by lifelong politicians," he said, a veiled critique of presidential rivals such as Senator John McCain of Arizona, a Republican. "I don't believe Washington can be transformed by someone . . . who's never even managed a corner store, let alone the largest enterprise in the world."

In launching his campaign, Romney joins one of the most wide-open presidential contests in decades. His Republican challengers, aside from McCain, include former mayor Rudolph W. Giuliani of New York City, Senator Sam Brownback of Kansas, and former governor Mike Huckabee of Arkansas.

Even with the soaring language, Romney, dressed in a blue suit and blue-and-white tie, at times struck an uncharacteristically subdued tone, especially in the beginning of his address. The crowd also missed some applause lines, making for some awkward pauses. ("Hi, Mommy!" a boy said loudly into a television camera at one point, causing a brief distraction.) Romney got more forceful deeper into his 20-minute speech.

Despite the penchant for stagecraft, Romney's announcement lacked the vigor of some of his past campaign appearances, including his well-choreographed day long fund-raiser a month ago in Boston that netted more than $6.5 million. But Romney aides made sure the soundtrack -- with songs by Tom Petty and John Mellencamp and patriotic anthems played by Dearborn's Divine Child High School marching band -- reflected the man-from-the- Heartland image that Romney seeks to project.

The only people who spoke before Romney were a minister, former Michigan House speaker Craig DeRoche, and Romney's wife, Ann. "Today, Michigan gets to reclaim Mitt Romney, a man ready to lead this country," DeRoche said.

To supporters in the crowd, Romney's decision to make his announcement in Michigan instead of the more liberal Massachusetts, where he has clashed with political leaders and the media over his shifts to the right on social issues, was a smart one.

"It's the best place in the world to be," said Shelley Murphy, from nearby Livonia, who worked on George Romney's political campaigns in the 1960s when her father was chairman of the state Republican party. "This represents America."

Shelley Taub, a former Michigan state representative who's known Romney's family for years, said many of the those at yesterday's announcement were not people typically active in politics.

"They're here to support Mitt. They've known Mitt their entire life," she said.

Romney offered few specific policy prescriptions in his speech, preferring to stick to broad themes. But he did warn that a premature withdrawal from Iraq would bring chaos, and he reaffirmed his support for President Bush's decision to add 21,500 troops to help secure Baghdad.

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It's been clear for more than two years that Romney was preparing a run for the presidency. He created a political action committee in 2004 to help finance his early politicking around the country, and since then he's showered local GOP candidates and organizations with campaign contributions, carefully crafted his speeches and public appearances to appeal to national GOP audiences, and built deep grass-roots organizations in key primary states.

But the pageantry of a formal announcement event has become an essential part of modern presidential campaigns. Romney's friends and family seemed to revel in it, as the candidate hoisted his grandson Parker Mitt ("Parker Mitty" to the family) in the air after his remarks. Even Bob White, a longtime friend of Romney's who can see him anytime he wants, was snapping digital photographs of the former governor as he was dogged by television cameras and people seeking autographs after the announcement. A small group of supporters shook signs and chanted "We want Mitt!"

The Michigan event launched Romney's multistate announcement tour, which also took him to snowy Des Moines, where he addressed supporters in a more intimate setting at the Iowa State Fairgrounds. Perched on a small riser in front of a John Deere tractor, Romney made a similar pitch as supporters held signs with slogans such as "Farmers 4 Mitt" and "Team Romney." The Iowa crowd was smaller -- 300 people, according to the campaign -- but more boisterous than in Michigan.

"It may be cold outside, but it sure is warm here, wow," Romney said at one point in acknowledging the cheers, adding later, "This is gonna be a lot of fun."

Romney's rivals, meanwhile, sought to distract from his big day. Brownback, who is challenging Romney for the conservative primary vote, issued a press release accusing Romney's Michigan field director of circulating a misleading e-mail about Brownback's record on abortion. The staff member, Brownback's campaign said, tried to paint him as an abortion-rights supporter in the past, when he has always opposed abortion rights.

McCain's campaign trumpeted the support of three members of the Michigan House who had originally signed on to Romney's Michigan steering committee.

Romney was headed back to the Henry Ford Museum last night for a fund-raiser with more than 400 people; his campaign hoped the event would bring in between $500,000 and $1 million. Today, Romney is scheduled to make stops in South Carolina and New Hampshire before hosting a fund-raiser in Boston tomorrow night and heading to Florida on Friday.

After the Michigan kick off yesterday, Ann Romney spoke briefly to reporters about how the family would handle the campaign. She said they had been reading letters that Romney's parents wrote about their experience about four decades ago, and they would prepare the best they could.

"The opportunity's there, the door's open, and we're going to go through it," she said.

Romney Joins The 2008 Race (WP)

By Anne E. Kornblut

The Washington Post, February 14, 2007

DES MOINES, Feb. 13 -- With a call for "innovation and transformation in Washington," Mitt Romney formally stepped into the Republican presidential field on Tuesday morning, portraying himself as both a political outsider and an experienced executive who would bring efficiency to the White House.

Romney, who until last month served as governor of Massachusetts, launched his campaign in Michigan, the state where he was born and where his father was governor in the 1960s. He then flew here to Iowa, where next January's caucus will be a key test of whether the former governor of a state that Republicans like to depict as synonymous with liberalism can make inroads with conservatives.

He was met by a relatively small group of supporters who battled snow to greet him at the Iowa fairgrounds. In a stump speech that he was still honing, Romney, dressed in a navy suit and a blue tie, decried a system in which politicians are "unable to actually act -- they talk and the debate goes on forever. The ball is kicked down the field, but nothing actually gets done."

In a subtle swing at Sen. John McCain (Ariz.), his major Republican rival, Romney continued: "I don't believe Washington can get transformed by someone from the inside, by someone who has been part of politics through their entire life, who's made all the deals, who's done all the arrangements that have to be done, who's had all the entanglements. I think you have to have somebody from outside."

Still, he said, this is not the time for a president who has "never run a corner store, let alone the largest enterprise in the world."

A Mormon father of five, Romney, 59, brings personal wealth, dashing looks and business credentials to a race that is relatively open. Although McCain has led the Republicans in the early stages, he has been met with skepticism by the socially conservative wing of the party, leaving room for a challenge from the right.

Romney took the stage in Michigan as supporters waved blue-and-white signs that simply said "Mitt Romney." He was joined by his children and grandchildren, buttressing his wholesome image as he jumps into the fray against two Republicans,

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McCain and former New York mayor Rudolph W. Giuliani, who both have been divorced and are viewed with some suspicion by the party's conservative base.

Romney comes to the campaign trail with an impressive pedigree and personal record: Raised in a political family in Michigan, he watched his father, George, win three terms as governor, only to stumble in the 1968 presidential race when he said he had supported the Vietnam War because he had been "brainwashed" on an official visit there three years before. Romney's mother, Lenore, later ran unsuccessfully for the U.S. Senate.

Romney, one of four children, spent the early part of his career at Bain & Co., a management consulting firm in Boston, before co-founding Bain Capital, a private equity firm. He ran unsuccessfully against Sen. Edward M. Kennedy (D-Mass.) in 1994; years later, Olympic officials tapped Romney to restore the scandal-marred institution's good name before the 2002 Winter Games in Salt Lake City. He won the Massachusetts governorship in November 2002.

While Romney focused Tuesday on his executive experience over the past decade and a half, his political evolution during that time is proving problematic: A significant obstacle is his history as a self-described moderate Republican during his 1994 Senate campaign. On issues such as abortion and gay rights, Romney has made sizable shifts since then, exposing himself to charges of inconsistency and political opportunism.

He spoke directly about social issues in his announcement in Dearborn, held at the Henry Ford Museum to underscore his faith in American ingenuity. "I believe that the family is the foundation of America -- and that it needs to be protected and strengthened," Romney said.

"I believe in the sanctity of human life," he said. "I believe that we are overtaxed and government is overfed. I believe that homeland security begins with securing our borders. And I believe that our best days are before us, because I believe in America."

The emphasis contrasted with his words in 1994, when he at one point argued that the "gay community needs more support from the Republican Party" and presented himself as the candidate to make that happen.

After one term as Massachusetts governor, he says that he no longer favors a federal nondiscrimination law for gay men and lesbians, and that he would not support allowing them to serve in the military. He has also altered his stance on abortion, saying he would now support overturning the Supreme Court's 1973 Roe v. Wade decision, which legalized abortion nationwide.

As a member of the Church of Jesus Christ of Latter-day Saints, Romney also faces questions about his faith. In a Washington Post-ABC News poll in December, 35 percent of respondents said they would be less likely to vote for a candidate because he or she is a Mormon, vs. 3 percent who said they would be more likely to vote for someone of that faith. Among Republicans, Romney appeared to face an even more uphill battle: 39 percent said they would be less likely to vote for a Mormon.

With the war in Iraq proving an increasingly important fault line in the presidential race, Romney said little about his plan for ending the occupation or quelling the violence, and he left himself room to maneuver if President Bush's troop increase fails to calm the strife. "I believe that so long as there is a reasonable prospect of success, our wisest course is to seek stability in Iraq, with additional troops to secure the civilian population," Romney said in his opening address.

Can Romney Appeal To Base? (WSJ)

By Jackie Calmes

The Wall Street Journal, February 14, 2007

DES MOINES, Iowa -- Former Massachusetts Gov. Mitt Romney formally launched his presidential quest in an awkward position -- on the defensive.

To social conservatives who will play a big role determining the Republican party nominee, he is suspect for his prior stances on abortion and gay rights. Among the broader electorate overwhelmingly opposed to the Iraq war, he faces questions about his support for President Bush's handling of the conflict.

One consolation for Mr. Romney: The same challenges confront his main rivals, Arizona Sen. John McCain and former New York City Mayor Rudy Giuliani.

This double threat -- of a dispirited party base and, more broadly, an alienated electorate -- suggests why many Republicans approach the 2008 presidential contest with pessimism. While Democrats likewise face a costly fight to pick a nominee, their pack of candidates appears generally agreed on the main issues, including opposition to the war. And the party's voters are energized to seize the White House, after taking control of Congress in last fall's midterm elections.

"A lot can change in two years, but right now it's going to be a tough, uphill battle for any Republican," said former longtime Iowa Gov. Terry Branstad. He, along with former Republican Gov. Robert Ray, attended Mr. Romney's rally at Iowa's state fairgrounds yesterday, though they haven't endorsed anyone.

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Mr. Romney nonetheless exuded optimism on his first official day as a candidate, after a campaign buildup of more than a year. He began with a morning announcement in Michigan, which holds an early presidential primary. Mr. Romney grew up in the state, and his late father, George, was governor. Then he headed here to Iowa, before returning to Michigan for a fund-raiser. Today his announcement tour continues in two states with the earliest nominating contests, South Carolina and New Hampshire, ending with a rally tomorrow back home in Boston.

The 59-year-old Mr. Romney, who recently finished one term as governor of heavily Democratic Massachusetts, cited his record there, in business and as the leader who rescued the 2002 Winter Olympics in Salt Lake City after an ethics scandal. "If ever there was a time when innovation and transformation were needed in government, it is now," he said.

Mr. Romney said the site of his announcement -- the Henry Ford Museum in Dearborn -- was chosen to illustrate American innovation. His audiences there and later in Iowa numbered several hundred, in contrast with the thousands at events for Democratic Sens. Hillary Clinton of New York and Barack Obama of Illinois.

Despite Republicans' election defeat in November, Mr. Romney said, "We've lost faith in government, not in just one party." Like Mr. Obama at his own candidacy announcement over the weekend, Mr. Romney depicted himself as a Washington outsider poised to lead a generational movement for change, even using the same word -- transformation -- repeatedly. "I do not believe Washington can be transformed from within by lifelong politicians," he said.

For months, Mr. Romney has struggled to persuade conservatives that he opposes abortion and gay rights, despite videotaped comments to the contrary from his past campaigns in more liberal Massachusetts. Yesterday, he struck the notes that Christian conservatives listen for.

"I believe in God," said Mr. Romney, whose Mormon faith is a problem for some evangelical Christians who are uneasy with the religion because Mormons follow not only the Bible's teachings but the Book of Mormon. "I believe in the sanctity of human life," he added. Judges shouldn't make law, said Mr. Romney, who as governor went to court to fight a 2003 Massachusetts Supreme Court decision legalizing gay marriage. He emphasized family; prominent at the announcement were his wife of 37 years, Ann, five sons, their wives and 10 grandchildren.

Mr. Giuliani has a tougher challenge than Mr. Romney with social conservatives, given his past advocacy of civil unions for gay couples and abortion rights. Mr. McCain, though he has an antiabortion voting record, remains anathema to many Christian conservatives for his disparaging comments during his 2000 presidential campaign, for his opposition to a constitutional amendment banning gay marriage and for the campaign-finance limits he passed into law, which some conservative groups say infringe on political free speech.

Two other Republicans -- Kansas Sen. Sam Brownback and former Arkansas Gov. Mike Huckabee -- offer socially conservative records, but many Republicans say neither could beat the Democrat they most fear: Mrs. Clinton.

"What I keep hearing is that the value voters must pick a candidate that can beat Hillary," says Phil Burress, a Christian conservative leader based in Ohio. While Mr. Giuliani or Sen. McCain are cited as potentially best able to prevail in a general election, he said, "the value voters will not work for or support either of those candidates. Even Romney is hanging by a thread."

On the war, Mr. Romney nodded to "our desire to bring our troops home." But he warned that the consequences of leaving now could be "all-out civil war" in Iraq and a destabilized Mideast that would drag the U.S. in deeper. Yet he also seemed to condition his support for Mr. Bush's proposed troop "surge" on signs of progress: "So long as there is a reasonable prospect of success," he said, "our wisest course is to seek stability in Iraq, with additional troops to secure the civilian population."

Claiming Outsider Status, Romney Says He'll Seek White House (NYT)

By Adam Nagourney

The New York Times, February 14, 2007

DEARBORN, Mich., Feb. 13 — Mitt Romney, the former governor of Massachusetts, came to a state where he has not lived for 41 years to declare his candidacy for the Republican presidential nomination Tuesday, becoming the latest presidential candidate to position himself as an outsider running against Washington.

"We are weary of the bickering and bombast; we're fatigued by the posturing and self-promotion," Mr. Romney said, standing at the Henry Ford Museum here. "For even as America faces a new generation of challenges, the halls of government are clogged with petty politics and stuffed with peddlers of influence."

"I do not believe Washington can be transformed from within by a lifelong politician," he said. "There have been too many deals, too many favors, too many entanglements and too little real world experience managing, guiding, leading."

With his 20-minute announcement here in Michigan, Mr. Romney, 59, took the latest step in his transformation from a Republican who won election as governor of Massachusetts, one of the most Democratic states in the nation, to a candidate trying to capture his party's presidential nod in a nominating process dominated by social conservatives. He has spent much of the past two years trying to move away from positions he embraced as a candidate in Massachusetts — he no longer supports

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abortion rights and has championed efforts to bar same-sex marriage — and now appears moving to play down his ties to the state itself.

In the contest for the Republican nomination, Mr. Romney faces two candidates who also have problems with the party's conservative wing: Senator John McCain of Arizona and former Mayor Rudolph W. Giuliani of New York. Several Republicans said Mr. Romney had enjoyed some success in his effort to convince voters that he is a more reliable social conservative than those two rivals, though he still faces challenges from other Republicans, including Senator Sam Brownback of Kansas and former Gov. Mike Huckabee of Arkansas, both of whom claim strong conservative credentials.

"He's had a very good year," said Rich Bond, a former Republican National Committee chairman who is supporting Mr. McCain. "He clearly has gone to school on the conservative wing of the Republican Party and built impressive relationships with many of the principals there. His outreach has been phenomenal to those folks."

Rick Beltram, the Republican County chairman in Spartanburg, S.C., one of the most conservative parts of the country, said: "The party activists who have been participating have no doubt that Governor Romney is a true conservative."

Still, Republicans suggested that Mr. Romney was vulnerable to charges of political opportunism, including his evolution on issues and his choice of location for his announcement. And Mr. McCain's advisers said they would hammer Mr. Romney and try to portray him the same way Republicans portrayed the last Massachusetts politician who ran for president, John Kerry, as a flip-flopper.

"That's clearly an issue people are going after him on," said Saul Anuzis, the chairman of the Michigan Republican Party, who has not endorsed a candidate.

Notably, Mr. Romney made only passing mention to abortion and gay rights and used the kind of coded language that would be recognized by people familiar with the debate, in what appeared to be an accommodation to the larger audience a candidate faces when announcing. And he dropped a description of Americans as "God-fearing" that was included in his prepared text. "I believe family is the foundation of America — and that it needs to be protected and strengthened," he said. "I believe in the sanctity of human life."

Mr. Romney is seeking to become the first Mormon president. His speech drew a relatively small and subdued crowd, particularly in comparison with the crowd at the announcement speech by Senator Barack Obama, the Illinois Democrat, on Saturday in Springfield. Mr. Romney spoke nearly seven minutes before drawing a round of applause. He rushed through much of the speech, finishing in 20 minutes, before heading for a plane for Iowa.

One name was conspicuously missing in Mr. Romney's speech: George W. Bush. But he did draw applause when he affirmed Mr. Bush's Iraq policy — including the increase in troops — saying the alternative was chaos in the Middle East.

Mr. Romney did take what appeared to be a jab, without naming him, at Mr. Obama, who presented his candidacy as "the vehicle of your hopes and dreams."

"Our hopes and dreams will inspire us, for Americans are an optimistic people," Mr. Romney said. "But hope alone is just crossing fingers, when what we need is industrious hands. It is time for hope and action. It is time to do, as well as to dream."

Mr. Romney is hardly the first candidate to try to get to Washington by running against it. Indeed, much of his speech, with its harsh words about the culture in Washington, echoed what Mr. Obama said in Springfield on Saturday.

In this case, though, Mr. Romney argued that he had the necessary experience from years outside of government — he ran the 2002 Winter Olympics in Salt Lake City — to bring "innovation and transformation" to Washington.

Mr. Romney's decision to come to this state — a place where the Romney name remains famous because his father, George, served three terms as governor — was one notable thing about his announcement. The other was holding it at the Henry Ford Museum; Ford's history of anti-Semitism was seized on by the National Jewish Democratic Council, which criticized Mr. Romney for his choice.

Mr. Romney's press secretary, Kevin Madden, dismissed that as "absurd criticism. The venue is a museum, a center of learning and technological innovation."

Romney Officially Launches Presidential Bid (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 14, 2007

Former Massachusetts Gov. Mitt Romney formally launched his bid for president Tuesday, joining a crowd of candidates in both parties denouncing Washington and the political status quo.

"It is time for innovation and transformation," the Republican hopeful said. "I do not believe Washington can be transformed from within by a lifelong politician. There have been too many deals, too many favors, too many entanglements and too little real-world experience managing, guiding, leading."

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The 59-year-old venture capitalist turned politician made his announcement in Michigan, where he was born and his father served as a popular governor in the 1960s. The locale gave him some distance from both Washington and the heavily Democratic state where Romney served a single term as governor that ended last month and compiled a record that has already proved problematic in his White House bid.

Romney spoke of God, family and morality in his 20-minute speech, delivered at the Henry Ford Museum outside Detroit, but made only passing mention of abortion and gay rights, two issues on which his views have shifted in recent years toward a far more conservative stance.

"I believe the family is the foundation of America and that we must fight to protect and strengthen it," Romney said in a nod to social conservatives, who hold tremendous sway in the Republican nominating process. "I believe in the sanctity of human life."

Romney, who is vying to become the nation's first Mormon president, made no mention of his church. Nor did he mention President Bush, though he reiterated his support for the White House plan to increase U.S. forces in Iraq.

An "all-out civil war" could destabilize the Middle East and draw the U.S. even deeper into the region, resulting in "far more loss of human life," Romney said. "For these reasons, I believe that so long as there is a reasonable prospect of success, our wisest course is to seek stability in Iraq, with additional troops endeavoring to secure the civilian population."

With his wealth, good looks and an impressive business resume, including a role as savior of the bribery-tainted 2002 Winter Olympics, Romney enters the GOP race as one of three top-tier candidates. The two front-runners are generally considered to be Sen. John McCain of Arizona — who sought to step on Romney's announcement Tuesday by releasing a list of Michigan endorsements — and former New York City Mayor Rudolph W. Giuliani. The two have also endorsed Bush's troop surge.

Romney, who fashioned a liberal-to-moderate image when he ran for office in Massachusetts, hewed closely to conservative orthodoxy in his announcement speech. Without offering specifics, he called for tough border enforcement, lower taxes and greater fiscal restraint. "We must transform our government," he said, "to become a government that is smaller and less bureaucratic, one with fewer regulations and more freedom for our people."

The props Romney chose for the event — a white Rambler on one side of him, a green Ford hybrid on the other and a DC-3 airplane overhead — were meant to illustrate the "innovation and transformation" he pledged to bring to government.

He offered a subtler message with the family tableau presented at Tuesday's announcement. Joining Romney and his wife of nearly 40 years, Ann, were the couple's five sons, five daughters-in-law and 10 grandchildren. McCain and Giuliani both have divorced and remarried, the latter more recently under messy circumstances detailed in New York's tabloid newspapers.

Romney also seemed to take a swipe at Sen. Barack Obama of Illinois, who entered the race Saturday on the Democratic side, offering himself as a vehicle for the hopes of Americans soured on politics as usual.

"Hope alone is just crossing fingers, when what we need is industrious hands," Romney said. "It is time for hope and action. It is time to do, as well as dream."

After his announcement, Romney flew to Iowa, the first stop in a tour of early-voting states that was due to finish later this week with a major fundraiser in Boston.

Here Comes Newt (HILL)

The Hill, February 14, 2007

To echo the famous Negro League pitcher Satchel Paige: “Don’t look back, Newt Gingrich might be gaining on you.” Newt, consigned by many observers to Elizabeth Dole or Dan Quayle status in this GOP nominating process, appears to be moving up into contention, overtaking former Massachusetts Gov. Mitt Romney and battling to be the conservative alternative to either former New York Mayor Rudy Giuliani or Arizona Sen. John McCain.

To grasp what’s happening, don’t think of states like New Hampshire or Iowa or worry whether it’s too early or too late. The key to following the Republican presidential nominating process this year is to recognize its essential similarity to the tennis’s U.S. Open at Forest Hills. There are quarter-finals, semi-finals, and finals.

In the quarter-finals, the center and the right each sort out the nominees to choose their candidate. On center court, Giuliani seems to be gaining a decisive lead over McCain’s impoverished presidential campaign. But on the right-hand court, unnoticed by most pundits, Gingrich seems to be building a lead over Romney and a host of conservative wannabes. The ultimate winner of the Giuliani/McCain quarter-final will face the winner of the Gingrich/Romney match-up in the semi-finals.

As McCain drops in the polls — he’s down to 22 percent while Rudy is up at 34 percent in the latest Fox News poll — some conservatives seem eager for a “real Republican” to challenge for the nomination. Their first choice, former Virginia Sen. George Allen, lies a-moldering in the grave and his runner-up, former Senate Majority Leader Bill Frist, has gone home to Tennessee.

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Most observers assumed that Romney would fill the void. But he doesn't seem to have been able to do so. It may be a racist refusal to vote for a Mormon or, more charitably, Romney's flip-flop-flip from pro-life to pro-choice to pro-life, or it may have been his inconsistency on gay issues, but Mitt seems to be going the way of his father — out of contention. The Fox News poll, which recorded a surge to up to 8 percent of the GOP vote in its Dec. 5-6 tally, now has Romney dropping back to only 3 percent of the vote.

Enter Newt. Hungry for new ideas and desperate after losing Congress, Republican voters seem to be rallying to the only real genius in the race — the former Speaker. The statute of limitations seems to have expired on his personal scandals and Gingrich is striking a responsive chord among conservatives.

Fox News's Jan. 30-31 survey had Newt leaving Romney way behind and challenging McCain for second place. The former Speaker's vote share was 15 percent, giving him third place in the current standings.

Episodically, I just addressed a 450-person Lincoln Day dinner of the Lane County Republican Party in Eugene, Ore. A show of hands brought these results: Giuliani, 50 percent; Gingrich, 30 percent; McCain, 6 percent; Romney, 4 percent. A few days before, a speech to an Orlando investors group produced similar results.

But, as the slogan of the New York State Lottery goes: "You can't win if you don't play." Newt's current posture of waiting until the fall of 2007 to see how the process sorts itself out won't work. The process abhors a vacuum. If Gingrich doesn't move out to respond to the affection of the GOP base, one of the minor-leaguers — Huckabee, Brownback, Gilmore, Thompson, Hunter or Tancredo — will.

The irony of the GOP field at the moment is that while most Republicans are conservatives, the two frontrunners — Rudy and McCain — are moderates. And this isn't Nelson Rockefeller's Republican Party anymore! Gingrich is filling a real political need and if he moves out smartly and files his paperwork, takes his announcement bows, and journeys to Iowa and New Hampshire as a candidate, he might well be a contender.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Poll Shows Clinton, Giuliani Pull Ahead As Campaigns Start (USAT)

By Susan Page

USA Today, February 14, 2007

WASHINGTON — New York Sen. Hillary Rodham Clinton and former New York mayor Rudy Giuliani have widened leads over their rivals in recent weeks as they began to openly campaign for the Democratic and Republican presidential nominations, according to the USA TODAY/Gallup Poll.

The survey taken Friday through Sunday — nearly a year before the first presidential primaries are held — shows Clinton with a 19-percentage-point edge over Illinois Sen. Barack Obama among Democrats and Giuliani with a 16-point margin over Arizona Sen. John McCain among Republicans.

A month earlier, Clinton had led by 11 points and Giuliani by 4.

While Clinton and Obama have faced questions about whether the nation is ready to elect the first woman or African-American as president, the poll finds that other traits seem to pose higher hurdles.

More than four in 10 say they wouldn't vote for a "generally well-qualified person" for president who was 72 years old — the age McCain will reach in August 2008. Three in 10 say they wouldn't vote for someone who had been married three times, as has Giuliani.

In contrast, just 11% rule out voting for a woman and 5% for a black.

John Weaver, McCain's top strategist, says poll findings so far before an election should be taken "with a big grain of salt" and adds that the senator's "vigorous" campaign will address any questions about his age: "He's not concerned about that, and his 95-year-old mother is not concerned about that."

Giuliani spokeswoman Katie Levinson says voters will choose a candidate "based on who is best qualified to lead the country."

In general-election matchups, Giuliani leads Obama by 9 points and Clinton by 2 points, within the survey's 3-point margin of error.

McCain ties Obama and trails Clinton by 3 percentage points.

The findings underscore the groundbreaking nature of the 2008 contest, which includes the most diverse field in terms of race, ethnicity and gender in U.S. history. McCain would be the oldest person to be elected president and Giuliani would be the first to have been married more than twice.

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A half-century ago, in 1958, 54% of Americans said they wouldn't vote for a black president; now just 5% express that view. In 1960, when John Kennedy was running for president, one in five Americans said they wouldn't vote for a Catholic; now 4% say that.

"America is different than it was," says Vincent Hutchings, a University of Michigan political scientist — though he cautions polls understate resistance to black candidates. "It is more tolerant with regard to the kinds of people who are accepted as leaders … and that is being reflected in the kinds of people currently running with some credibility for the presidency."

However, hurdles remain — including for former Massachusetts governor Mitt Romney, who formally announced his candidacy Tuesday. When his father, then Michigan governor, led the Republican presidential field in 1967, 17% said they wouldn't vote for a Mormon for president. Now, 24% do.

Hillary Clinton Leads Pack Of '08 Hopefuls, Poll Indicates (WSJ)

The Wall Street Journal, February 14, 2007

Sen. Hillary Clinton (D., N.Y.) is leading the pack of presidential hopefuls as the campaign for the 2008 election begins, a new poll indicates.

The Harris Interactive poll, which was conducted online Feb. 2-8, among 3,423 adults, shows that 20% of U.S. adults would most likely vote for Ms. Clinton if they had to choose one candidate from a list of those who may run. Ten percent of those surveyed said they would vote for Sen. Barack Obama (D., Ill.) and 8% said they would choose former New York City mayor Rudolph Giuliani.

Take a look at who2 is in the running for the 2008 presidential election, who's out and who's somewhere in the middle.

The poll indicates that for 45% of respondents, their first choice for president would be a Democratic candidate, while 31% would choose a Republican candidate.

When asked to pick from a list of leaders they would consider for president, 45% said they would consider voting for Hillary Clinton, while 37% said they would consider Mr. Obama, 32% said they would consider Colin Powell and 29% said they would consider Mr. Giuliani.

Forty-one percent of Republicans polled indicated they would consider a Democratic leader for president, while 35% of Democrats said they would consider a Republican candidate.

Here are full results of the poll: "

Giuliani's Iraq Views May Provide Cover (NYT)

By Richard Pérez-peña

The New York Times, February 14, 2007

In every speech he makes, Rudolph W. Giuliani talks about Iraq and makes clear that he sides with President Bush, endorsing the war and the deployment of 21,500 more troops.

His chief rivals for the Republican presidential nomination in 2008, Senator John McCain of Arizona and former Gov. Mitt Romney of Massachusetts, take the same stances. But in discussing the deployment of more troops, Mr. Giuliani has been alone in saying that such a strategy may not succeed, potentially providing him cover should the situation in Iraq deteriorate further. And he has put the strategy in a broader context that plays down the importance of Iraq.

Terrorists "are going to continue to be at war with us, no matter what the outcome in Iraq," Mr. Giuliani said recently in New Hampshire. The night before, he said that "there are no sure things," and that if the United States fails in Iraq, "we have to be ready for that, too." In California a few days later, speaking of "the danger of focusing on Iraq too much," he said that complete success there would not win the fight against terrorism, and that failure there would not lose it.

Most Republicans still back the president's strategy, but over all, polls show, most Americans oppose the war and the troop increase. Political analysts say Mr. Giuliani and his rivals need to perform a difficult balancing act: avoid alienating pro-war voters to win the Republican nomination, then avoid alienating antiwar voters to win the presidency in a general election, and avoid taking the blame if the war continues to go badly.

"Giuliani may be in the best position of any of the Republican primary candidates on this because he uses very strong language in support of the war and its goals, but he doesn't have to take simple up-or-down votes, like McCain does," said Dan Schnur, a Republican political consultant who worked for Mr. McCain in 2000 but said he expected to sit out 2008. "He can voice the same ambivalence the voters feel."

Polls suggest that Mr. Giuliani, far more than Mr. Romney, has credibility on terrorism and national security questions, and he and his aides see it as a central part of his appeal. When he speaks of possible setbacks in Iraq and a long fight against terrorists, analysts say, Mr. Giuliani enhances that image, sounding tough but realistic.

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"I think it's an effective pitch," said Charles R. Black Jr., a Republican consultant who is not involved in the 2008 campaign. "The idea that the war on terror will go on for a generation plays to his strength."

During a swing through California last weekend, Mr. Giuliani compared Mr. Bush's plight with the war in Iraq to Lincoln's during the Civil War, noting how Lincoln persisted despite setbacks.

"He had the ability to look forward," Mr. Giuliani said of Lincoln. "He had the ability that a leader has, a leader like George Bush, a leader like Ronald Reagan, to look into the future."

"This war on terror is more like the cold war than it is like the Second World War," in that it's a long slog with setbacks rather than a climactic confrontation, he said. "Part of this war is military, but there's a much bigger part of this war that's about ideas."

Mr. McCain has likewise been an outspoken supporter of the war and an early advocate of sending more troops. And though he has criticized the conduct of the war, he is more closely identified with the Bush troop deployment plan than Mr. Giuliani. And that, too, may be to the former New York mayor's advantage, analysts say.

"People think Bush is driving over the cliff, and they're starting to believe McCain is in that car, that he'll agree with whatever Bush does, and that hurts him," said Dick Bennett, president of the nonpartisan polling firm American Research Group. "Giuliani gives the impression that he sees the cliff, he knows what's going on, so he can take the president's side and maybe not be hurt by it."

In the past, Mr. Giuliani has often injected notes of pessimism into his comments on security, or warned of a protracted struggle. Campaigning for Republicans around the country last year, he often said that it was inevitable that the United States would be attacked again, and that the nation had no choice but to be at war with terrorists for many years.

But for Mr. Giuliani to admit that Iraq might not work out — even as the president continues to insist that it will — is new. Mr. Giuliani leaves the impression that he would be prepared to try a new approach, whatever that might be.

Several Republicans who have run campaigns say that for now, at least, they see no opening for an antiwar Republican to win presidential primaries, even with the pro-war vote split among the current three main candidates for the nomination. So it would be hard for any of the presumed front-runners to make a serious turn away from the commitment to Iraq.

But analysts say it could be easier for Mr. Giuliani than for Mr. McCain, who has voiced such certainty about the need to continue there, or Mr. Romney, who has already been accused of changing his positions on issues for political convenience.

Even so, all the wiggle room in the world might not help if the war takes a further turn for the worse.

"If Iraq goes badly," Mr. Black said, "that's going to be bad for any Republican."

Giuliani Stumps In Central Valley (LAT)

By Michael Finnegan

The Los Angeles Times, February 14, 2007

TULARE, CALIF. — Farmers from around the nation gathered on acres of dusty flats in this Central Valley town on Tuesday to ponder displays of shiny new tractors, plows and dairy machines.

For a trade-show crowd accustomed to swapping ideas on crops and livestock, the topic of Rudolph W. Giuliani's breakfast speech was a sober diversion: terrorism.

"This desire of these terrorists to come here and kill us is going to continue, and we've got to focus on how we're going to protect ourselves," the former New York City mayor told several hundred farmers from a makeshift stage in a giant shed.

So it goes in the nascent presidential campaign of the Republican whose fading political career sprang back to life in the aftermath of the terrorist strikes of Sept. 11. In five days of campaigning in California, Giuliani has made terrorism his paramount focus — that and his story of a New York turnaround on his watch at City Hall.

At stops in Sacramento, Santa Clara, Fresno and Tulare, Giuliani also outlined a business-friendly agenda for the country, though he was light on details.

But what drew crowds of autograph seekers was the man who led New York through Sept. 11, and for Giuliani, every campaign venue was suitable for invoking memories of the attacks.

"Most of the first hour was just reacting quickly," he recalled Monday in a speech to Silicon Valley business leaders. "When you get attacked like that," he told the farmers at the World Ag Expo on Tuesday, "there's a period of time when you feel really isolated."

He has also shared his recollections of the twin towers attacks in paid speeches around the world, and plans do so again today at a private event in San Diego. (A spokeswoman declined to say who would pay him or how much.) But now those stories are central to his core campaign theme: America, he says, must stay on offense against terrorists.

"For a long part of my life, my job was law enforcement, so I've known about terrorism for quite some time," the former federal prosecutor told farmers.

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In Santa Clara, he opened his speech by imitating Marlon Brando's gravelly voice in "The Godfather," an old Giuliani gag that now serves to remind voters that he prosecuted mobsters in the 1980s.

His California tour has erased any doubt that Giuliani would seek his party's 2008 White House nomination. "Yes, I am running," he said Tuesday.

But while testing themes, he has stuck to tightly controlled events that minimize his exposure to tough questions on the Iraq war, domestic policy or the private business deals and speeches that have made him wealthy.

A supporter of President Bush's troop buildup, Giuliani has framed Iraq as a battle in the war on terrorism without addressing questions on its original rationale. "If we succeed in Iraq, or if we fail in Iraq, the terrorists are still going to be at war with us, and we have to keep reminding ourselves this is much broader than Iraq," he told the crowd in Santa Clara. "It's also Iran and Syria and getting Afghanistan right."

Beyond terrorism, Giuliani has tried to spotlight his pro-business leanings. In Sacramento, he told a Jewish Republican group that he would "preserve the essence" of the nation's healthcare system but cut malpractice judgments and give consumers incentives to buy insurance. "We can't move toward socialized medicine," he said.

At the Tulare farm show, the Brooklyn native conceded he was "not a big expert on agriculture policy," but added: "I will be by the time we finish this campaign. And I promise you I will be if I'm president of the United States."

In Santa Clara, Giuliani said the country must "do something" about global warming. But he showed little inclination to break with Bush or his Republican congressional allies, who have resisted new pollution restraints on industry. Asked about California's landmark law mandating carbon emission cuts to combat global warming, Giuliani said he was unfamiliar with it. He called for more nuclear power, expanded ethanol production and cleaner coal mining.

"There is a special interest to stop every one of those new technologies — either special conflicting economic interest, or a special interest that has exaggerated things beyond proportion, like the fear of nuclear power," he said. "We've had nuclear power in this country for a long time. We've never had a fatality."

Campaigning a few hours later at a Mimi's Cafe in Fresno, Giuliani declined to say whether the U.S. should tighten automotive mileage standards. He also acknowledged, in response to a question, that his consulting and law clients included power companies that would benefit from the steps he advocated.

But he said that his views on energy were largely driven by the idea that "America needs to exploit and develop a lot more energy, and you have to get to be energy independent."

For the most part, Giuliani has limited himself to questions from friendly interviewers — such as Sean Hannity of Fox News last week — or local TV reporters. "What's the neatest thing you've seen so far?" he was asked at the World Ag Expo.

"Well, the milk machines were real neat," Giuliani replied from a podium adorned with crates of lemons and oranges.

Giuliani also displayed some of the expertise gained in decades of sparring with New York's media. He used a question on his support for gun control — a potential obstacle to the Republican nomination — to hail the drop in crime during his mayoralty, due in part, he said, to weapons seizures.

"It's very, very hard to even think about this — calculate the number of lives saved, the number of people alive that wouldn't have been alive if New York City had continued the level of murder when I came into office," he said.

Giuliani also has faced questions on illegal immigrants. He favors putting them on a path to citizenship as long as they learn English and wait their turn behind lawful immigrants — another stand that puts him at odds with many of the conservatives who dominate Republican primaries. But each time the topic arose, Giuliani returned the focus to terrorism.

"We have to know who's in the country," he said as news crews followed him through the dinner crowd at the Fresno restaurant. "We have to be able to identify them. It's always been important, but it became a lot more important after Sept. 11, so that we don't allow terrorists, drug dealers and others to victimize us."

By and large, crowds responded favorably. After listening to him in Tulare, Rita Goping, 66, a Republican dairy farmer from Sheboygan, Wis., said she was "glad he's for keeping the war going."

"That's the only way you're going to fight them," she said. "If we leave, it will just make the terrorists believe we're cowards."

In 1993 Memo, Giuliani Staff Gave Harsh Assessment Of Flaws (WP)

By Howard Kurtz

The Washington Post, February 14, 2007

Sometimes in politics, the most damaging accusations come from your own staff.

Rudolph W. Giuliani learned that lesson again yesterday when a "vulnerability study," including warnings about his "weirdness factor" and other perceived liabilities, surfaced from his second campaign for New York mayor, 14 years ago.

Last month, the New York Daily News obtained a secret blueprint for Giuliani's expected Republican presidential bid that detailed concerns such as his liberal views on social issues and his messy divorce from his second wife, Donna Hanover.

The 1993 report by two aides in Giuliani's mayoral campaign was obtained by Village Voice reporter Wayne Barrett for a book on Giuliani and was posted on the Smoking Gun Web site. Giuliani went on to defeat incumbent David N. Dinkins (D) in a rematch that year and won a second term four years later.

Tony Carbonetti, a senior political adviser to Giuliani, said last night that the report was not "relevant" because of the former mayor's record of reducing crime and welfare rolls. "He made New York City not only governable but livable once again," Carbonetti said. "I have no concern over a pre-campaign strategy book because Rudy's going to be judged on his record."

The "weirdness" question involved Giuliani's first marriage, to his second cousin. He had his 14-year union with Regina Peruggi annulled on grounds that the Roman Catholic Church had never properly approved the marriage. The 1993 memo said that Giuliani had given a "wide array of conflicting answers" about his personal life, bringing "the soundness of his judgment" into question, but that any attempt to question the marriage or his fidelity "should be deflected as a shameless act of negative campaigning."

In an echo of Giuliani's current quandary -- that his support for abortion and gay rights may alienate many conservative voters -- the 1993 memo declared: "He doesn't really fit in with the Republicans. Too liberal." Giuliani's aides were also concerned that, as a former Democrat, he would be painted as a flip-flopper, and that his tenure as an official in Ronald Reagan's Justice Department was an albatross for a liberal city. "There is not a minute to waste in inoculating against the Reagan Republican moniker," the memo said, adding that the candidate should emphasize his "independence from traditional national Republican policies."

Giuliani was deemed "vulnerable to charges of insensitivity toward racial minorities," the memo said, in urging him to soften his image. "Rudy Giuliani can -- and should -- be redefined for all voters, but especially minority voters." Giuliani had strained relations with black leaders and communities during his two terms as mayor.

Although some opponents painted him as "antigay," the report said, "gay marriage really is the only issue where Giuliani opposes the gay agenda."

While a supporter of abortion rights, Giuliani had stumbled badly on the issue in his 1989 mayoral campaign, sounding like "just another pro-life male politician trying to explain how he wasn't anti-woman," the memo said. The advisers said Giuliani could "win over undecided pro-choice activists" by being more "succinct" about his support for the procedure and for public financing of abortions.

The memo also reported the "charge" that "Giuliani received special treatment from a friendly federal judge to avoid military service during the Vietnam War," and later "hypocritically prosecuted draft dodgers." Giuliani, who was dropped by an Air Force ROTC program because of a hearing problem, received a rare occupational deferment in 1969 after a federal judge wrote a letter about the importance of his duties as a law clerk.

Edwards Blogger Quits (NYT/AP)

By The Associated Press

The New York Times, February 14, 2007

RALEIGH, N.C., Feb. 13 (AP) — A second blogger working for the Democratic presidential campaign of former Senator John Edwards quit Tuesday under pressure from conservative critics.

The blogger, Melissa McEwan, wrote on her personal blog, Shakespeare's Sister, that she had made the decision to quit "with the campaign's reluctant support, because my remaining the focus of sustained ideological attacks was inevitably making me a liability to the campaign." On Monday, another blogger, Amanda Marcotte, left the Edwards staff, also after being accused of religious bigotry for earlier writings.

Senators Eye No. 2 Spot (RC)

By Erin P. Billings

Roll Call, February 14, 2007

While the national spotlight focuses on the handful of Senators actively considering presidential bids in 2008, another high-powered job may be attracting an even greater share of Senators' interest — the vice presidency.

Talk of the No. 2 White House slot may be on the public's back burner, but Senators and political operatives alike concede that the vice presidential nomination is prominent on many Members' minds. And as the Senate increasingly becomes a launching pad for executive branch campaigns, more and more Senators inevitably view themselves as viable running mates to their party's ultimate presidential nominees.

"My guess is every Senator looks in the mirror each morning and sees a president or a vice president," quipped Sen. Byron Dorgan (D-N.D.).

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"I know this: Somebody has got to stay in the Senate," added Sen. Lindsey Graham (R-S.C.). "I may be one of three Senators left. We can't all be running for president or vice president."

At least seven Senators are weighing or are engaged in a 2008 presidential run. On the Democratic side, Sens. Joseph Biden (Del.), Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.) and Barack Obama (Ill.) are all in the hunt. Republican Sens. Sam Brownback (Kan.), John McCain (Ariz.) and possibly Chuck Hagel (Neb.) are mounting bids.

Any of those Senators also could be a vice presidential pick if unsuccessful in their respective campaigns to sit atop the 2008 ticket. But beyond that group, a handful of other Senate Democrats and Republicans could be attractive No. 2 picks for their party's presidential candidates.

"There's definitely a bench, a very worthy bench," said a Senate Democratic political operative.

Democrats and Republicans alike predicted that the 2008 presidential nominees are more likely than ever to pluck their running mates from the Senate. Not only are there at least seven would-be presidents to choose from, Senators also have a unique understanding of U.S. foreign policy at a time when the Iraq War continues to be the top electoral issue.

"Senators have vast experience on a variety of war-related issues," Graham noted.

"Congress is a natural place that you look," said Sen. Debbie Stabenow (D-Mich.). "The bench is pretty wide."

The Senate has long served as a breeding ground for vice presidential hopefuls, given Senators already enjoy national profiles, have been tested under political fire, have a grasp of the weighty issues facing the presidency and can help raise large sums money.

Senators' cache may be even greater if the presidential nominee is a governor or other elected official looking for a ticket that balances experience, political ideology, geography and electoral college votes, gender or religion.

Still, an all-Senator presidential ticket isn't unheard of, either. In 2004, Democratic nominee John Kerry, the junior Senator from Massachusetts, teamed up with then-Sen. John Edwards (N.C.) in their failed bid to unseat President Bush. And the Democratic Senate operative suggested that with the new political emphasis on national security matters, Senators may have a bigger draw than ever.

"The idea that Senators can't be president doesn't exist anymore," the source said. "As a result, the two-Senator ticket isn't a liability it used to be."

Others aren't so sure the country is ready to elevate a pair of Senators to the White House, even with national security atop voters' priorities. A senior GOP Senate aide said the odds are more than long that a Senator as the presidential nominee would follow Kerry's 2004 lead and tap a colleague in 2008.

"It's not going to happen," the Republican staffer said. "It's hard enough for one Senator" to get on the ticket.

Still, a GOP political operative agreed that with the number of Senators running for president in 2008, it is inevitable that the Senate will serve as a primary pool for the vice presidency. This Republican insider noted that of the Senators running for the top slot "not everyone can win and those who don't get the brass ring fall into the tier of making good vice presidential candidates."

And whether it's one of the current cast of seven, or another Senator, the operative said one thing is clear: "You've got to find someone who is going to be comfortable protecting the candidate and can serve as an articulate spokesman for the campaign, and someone who doesn't mind

going to Syracuse rather than New York."

Beyond the obvious selections of Clinton, Obama, Dodd and Biden, the names of several other Democratic Senators have surfaced for the 2008 vice presidential contest.

Among them are: Sens. Evan Bayh (Ind.), the affable Midwesterner who himself was briefly a 2008 presidential candidate; Dianne Feinstein, the experienced, steady Democrat from the electoral-rich state of California; Dick Durbin, the No. 2 Senate leader and strong party loyalist; Jack Reed (R.I.), a West Point graduate and point man for the Democrats on military matters; Jim Webb (Va.), the freshman Democratic rising star whose national security credentials are difficult to match; Ken Salazar (Colo.), a Westerner with a law enforcement background as state attorney general; and Blanche Lincoln (Ark.), a well-versed and well-liked Southerner.

Senate Republicans have picks on their side as well, beginning unsurprisingly with presidential hopefuls Brownback, Hagel and McCain, who is viewed by many as the frontrunner for the Republican nomination and certainly would be considered a leading No. 2 pick.

Beyond that trio, other GOP Senators likely to get strong consideration include Sens. John Thune (S.D.), the telegenic first-term Senator who knocked off then-Minority Leader Tom Daschle (D) in 2004; Kay Bailey Hutchison (Texas), the conservative Republican Policy Committee chairwoman who has hinted at a possible interest in the job; Lamar Alexander (Tenn.), a one-time presidential hopeful himself; Judd Gregg (N.H.), the wonky Easterner who has become one of his party's most loyal attack dogs; and David Vitter, the conservative Louisianan whose work on behalf of Hurricane Katrina recovery could play heavily in his favor.

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Lincoln shrugged off suggestions that she would be on any 2008 short lists, but acknowledged the Senate is an obvious place to look for either party's vice presidential nominee. "There are tremendous resources up here — there are a lot of folks who feel passionately about this country and the issues America faces and our place in the global community," Lincoln said.

Alexander, who ran unsuccessfully for president in 1996, said "the chances are pretty good" that the next round of vice presidential picks will come from the Senate, given the country's recent penchant for selecting governors as their presidential nominee. But Alexander said the type of Senator chosen would depend entirely on who gets top billing on the ticket — and what the ultimate presidential hopeful needs to shore up general-election appeal.

All those variables aside, Alexander insisted that one thing is certain: "Whoever runs for it almost certainly won't get it."

A New Hampshire Ghost (WP)

By Harold Meyerson

The Washington Post, February 14, 2007

A specter was haunting Hillary Clinton as she campaigned in New Hampshire this weekend: the specter of Ed Muskie.

As the ancient or merely studious among us will recall, the Democratic senator from Maine, who'd been Hubert Humphrey's running mate in 1968, entered his party's presidential contest in 1972 as the front-runner. His prospects were dashed in the New Hampshire snows, however. As popular memory has it, an indignant Muskie started crying while refuting a silly attack on him (though whether he was genuinely upset or merely sniffling during a frigid outdoor news conference was never authoritatively resolved). Muskie's more serious problem, however, was the Vietnam War, which he opposed.

His opposition, though, had none of the fervor or long-term consistency of another Democratic senator and presidential aspirant, George McGovern. By 1972, seven years had elapsed since the United States had sent ground forces to Vietnam, and Richard Nixon, through his invasion of Cambodia and stepped-up bombing campaigns, had made clear that the road to de-escalation would entail periodic escalations, at least as long as he was president. The Democratic base was in no mood for temporizing on Vietnam.

Party voters wanted out, and they wanted a nominee who'd been right on the war (almost) from the start: McGovern. Sic transit gloria Muskie.

Today, Hillary Clinton seems almost uncannily positioned to become the Ed Muskie of 2008. She opposes the U.S. military presence in Iraq but not with the specificity, fervor or bona fides of her leading Democratic rivals. As Muskie did with Vietnam, she supported the legislation enabling the U.S. invasion of Iraq, and she has been slower and more inconstant than her party rivals in coming around to opposing the continued U.S. occupation.

Entering the race, Clinton has institutional advantages that Muskie could scarcely have dreamed of -- an unparalleled network of financial and political supporters, a universal level of public recognition. But, like Muskie, she is out of sync with her party's -- to some extent, her country's -- voters on the major issue of the day. In a Gallup Poll released Monday, the public favored, by 63 percent to 35 percent, Congress setting a timetable for withdrawing all U.S. forces from Iraq by the end of next year. The public's position is thus aligned more closely with those of Barack Obama and John Edwards than with that of Clinton, who has yet to commit to a timetable for withdrawal.

Indeed, so strong is support for a withdrawal that Edwards and Obama would by no means face the general election wipeout that was McGovern's fate. (Besides, Nixon ran against the antiwar movement and the fomenters of social tumult. Today, while opposition to the war is widespread, there isn't really an antiwar movement -- not one resembling what emerged in the '60s, anyway -- for hawks or Republicans to run against.) And should Americans still be fighting and dying in Iraq when the next election rolls around, the Democrats probably could win with Dennis Kucinich as their nominee.

I can understand some of the political calculations behind Clinton's reticence on the war -- chiefly, that a female candidate must seem as ready to use force as her male counterparts. That leaves the whole Democratic presidential pack, however, freer to lash out at the bloody absurdity of President Bush's war than she. And it leaves Clinton locked into a reckless cautiousness at a time when the electorate is looking for a decisive change.

What Clinton and her strategists would do well to remember is that it was Nixon -- by his escalations of the war even as he was withdrawing U.S. ground forces -- who was chiefly responsible for driving Democrats toward the candidate who most clearly repudiated the war. And that Nixon was a model of dovish flexibility in Vietnam compared to Bush's unyielding determination to keep U.S. soldiers in Iraq long past the point where anyone can articulate their mission. Bush will drive the nation toward the Democrats, and the Democrats toward their most credible champions of ending the U.S. occupation. Hillary Clinton is not high on that list, and that, as Ed Muskie could attest, is the chief obstacle to her winning her party's presidential nod.

Obama, Legally Blonde? (NYT)

By Maureen Dowd

DOJ_NMG_0132177

The New York Times, February 14, 2007

IOWA FALLS

Barack Obama looked as if he needed a smoke and he needed it bad.

Everyone knows you're not supposed to make two big changes at once. But Michelle Obama's price for letting her husband run was that he quit.

So there he was, trying to meet the deep, inexhaustible needs of both Iowa activists and the global press behemoth on his first swing across the state, while giving up cigarettes.

He was a tad testy. Traipsing around desolate stretches of snowy — and extremely white — Iowa to go into living rooms and high school gyms and take questions like "Are you willing to stand up for independent family farmers?" makes me want to sneak out for a drag, too, and I don't even smoke.

"I've been chewing Nicorette all day long," he told reporters at a press conference in Ames on Sunday, where he was getting irritated at suggestions that he lacked substance and at the specter of his vanishing privacy. And, oh yes, at the accusation by the Australian prime minister (sounding two sheep short of a paddock) that Mr. Obama's deadline to get out of Iraq made him Al Qaeda's dream candidate.

The Illinois senator didn't have on an implacable mask of amiability, as Hillary did in Iowa. He didn't look happily in his element, like Bill Clinton. But he certainly didn't look as if he was straining to survive the Q .& A.'s, as W. did in the beginning.

Beyond his smooth-jazz façade, the reassuring baritone and that ensorcelling smile, the 45-year-old had moments of looking conflicted.

In the lobby of the AmericInn in Iowa Falls on Saturday night, he seemed a bit dazed by his baptism into the big-time. He was left munching trail mix all day while, he said, "the press got fed before me."

Everything was a revelation for him: The advance team acronym RON, for Rest Overnight. Women squealing. "I saw a hat," he noted with a grin, "that said, 'Obama, clean and articulate.' "

Senator Obama's body language was loose — and he's so slender his wedding band looked as if it was slipping off — but there was a wariness in his dark eyes.

He is backed up by a strong, smart wife and a professional campaign team, but he doesn't have a do-whatever-it-takes family firm with contract killers and debt collectors, like Bush Inc. and Clinton Inc.

He was eloquent, if not as inspiring as his advance billing had prepared audiences to expect. He made his first Swift-boat-able slip when he had to apologize for talking about soldiers' lives "wasted" in Iraq. He sounded self-consciously pristine at times, as if he was too refined for the muck of politics. That's not how you beat anybody but Alan Keyes.

After talking to high school journalists, he took a sniffy shot at the loutish reporters who were merely whispering where's the beef: "Take some notes, guys, that's how it's done."

No fewer than three times last week, Mr. Obama got indignant about the beach-babe attention given to a shot of him in the Hawaiian surf.

Using the dreaded third person that some candidates slip into, he told the press that one of their favorite narratives boiled down to "Obama has pretty good style, he can deliver a pretty good speech, but he seems to prioritize rhetoric over substance." After an ode to his own specificity, he tut-tutted, "You've been reporting on how I look in a swimsuit."

He poses for the cover of Men's Vogue and then gets huffy when people don't treat him as Hannah Arendt.

For some of us, it's hard to fathom being upset at getting accused of looking great in a bathing suit. But his friends say it played into this Harvard grad's fear of being seen as "a dumb blond." He has been known to privately mock "pretty boys" (read John Edwards, the Breck Girl of 2004).

He doesn't lack confidence, but he's so hung up on being seen as thoughtful that he sometimes comes across as too emotionally detached and cerebral with crowds yearning for an electric, visceral connection. J.F.K. mixed cool with fire.

For a man who couldn't wait to inject himself into the national arena, and who has spent so much time writing books about himself, the senator is oddly put off by press inquisitiveness.

When The Times's Jeff Zeleny asked him on his plane whether he'd had a heater in his podium during his announcement speech in subzero Springfield, Mr. Obama hesitated. He shot Jeff a look that said, "Are you from People magazine?" before conceding that, unlike Abe Lincoln, he'd had a heater.

Take some notes, senator, that's how it's done.

Van Hollen Targeting N.J. Seats, But State GOP Officials Unafraid (HILL)

By Sam Youngman

The Hill, February 14, 2007

DOJ_NMG_0132178

Even though Rep. Chris Van Hollen (D-Md.), the new chairman of the Democratic Congressional Campaign Committee (DCCC), is targeting Republican-held seats in New Jersey, state GOP consultants say if Democrats couldn't capitalize on their own party's electoral successes last year, then those seats aren't attainable in 2008.

Van Hollen, in an interview with The Hill, said that in addition to seats in Michigan and Connecticut, seats in blue New Jersey present "some opportunities" for pick-ups, though he didn't specify which seats the committee is targeting.

Perhaps the most vulnerable of those seats is Rep. Mike Ferguson (R), who narrowly defeated state Assemblywoman Linda Stender (D), winning by just more than 1 percent in the wake of press reports alleging inappropriate conduct with a female college student at a Georgetown bar in 2004.

Ferguson, who denied the allegations, did not comment for this article.

Stender told The Hill this week she is "looking seriously" at going up against Ferguson again in 2008, and she will make a decision by "late summer, early fall."

Stender said she has spoken with Van Hollen and former DCCC Chairman Rep. Rahm Emanuel (D-Ill.) about the possibility of another showdown with Ferguson.

"I am talking to them, and obviously they are interested in a rematch because the district now looks winnable," Stender said.

But Ed Traz, a GOP consulting heavyweight in the Garden State, said taking on Ferguson in 2008 would be a "waste" of the DCCC's money in light of the large number of resources the committee will need to devote to defending freshman incumbents in Republican districts.

"[For] Mike Ferguson, the time to get him was this past cycle," Traz said. "You're not going to catch him. I can't see it ever being worse than it was in Jersey [last] year."

Another high-level consultant familiar with New Jersey politics said that the additional two years Ferguson will be able to put between himself and the Georgetown incident will allow him time to regroup with voters who soured on him.

"2006 put a scare in him, I think," the consultant said.

But Stender said she would begin another bid stronger than she was in 2006, having boosted her name recognition in the close race. Hopefully, she said, this would enable her to nullify some of Ferguson's fundraising advantages.

Summit Mayor Jordan Glatt has also been mentioned as a possible challenger. Glatt did not return phone calls to his office by press time.

Rep. Frank LoBiondo (R) is another possible target, but only if Assemblyman Jefferson Van Drew (D) can be persuaded to make a run, according to reports.

LoBiondo was never in danger in 2006, beating Democrat Viola Thomas-Hughes with 62 percent of the vote.

The only thing that might change that is the entrance of Van Drew, whom Traz regards as too "pragmatic" a politician to challenge the powerful LoBiondo this cycle.

"The only way Frank LoBiondo leaves Congress is when he decides he doesn't want to do it anymore," Traz said.

Van Drew did not return calls to his cell phone.

LoBiondo said he was "surprised" to see reports saying the DCCC is targeting him, given his margin of victory and the fact that he finished the race with about $1.3 million cash on hand in an environment hostile to Republicans across the country.

"Those numbers aren't too shabby," he said. "I'm not sure what they're looking at.

"I'm not sure of a lot of things, but one of the things that I am sure of is I will not be caught asleep at the switch."

In the state's 5th district, Republican Rep. Scott Garrett should, by all traditional measures, be in significant trouble heading into 2008.

Garrett won last year with 55 percent of the vote, and a consultant familiar with the district said he has continued to be successful largely because of historically Republican Bergen County, part of which Garrett represents.

The problem, or problems, for Garrett lie in a county GOP that was once consolidated and strong, but in recent years has fallen into near-total disarray — the Rothenberg Report recently noted the party's county headquarters was padlocked earlier this year because of failure to pay rent.

The phones at the county headquarters are apparently disconnected; repeated calls to the number listed on its website were met with an operator's message.

That "collapse," as the consultant put it, could lead to a primary challenge for Garrett, opening the door to an early-funded Democrat riding the strength of a county Democratic Party that has grown in influence.

Welfare State Stasis (WP)

By Robert J. Samuelson

The Washington Post, February 13, 2007

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Spend a moment studying the adjacent table. It illuminates why another of our annual budget battles -- begun last week, when President Bush submitted his fiscal 2008 proposal -- seems so fruitless and (yes) repetitious. Every year we hear complaints about accounting gimmicks and unrealistic assumptions. There's a ferocious crossfire of charges and countercharges. Hardly anything ever gets resolved. Budgets almost always remain in deficit (41 out of 47 years since 1960).

The table shows the rise of the American welfare state. In 1956, defense dominated the budget; the Cold War buildup was in full swing. The welfare state, which is what "payments to individuals" signifies, was modest. Now everything is reversed. Despite the war in Iraq, defense spending is only a fifth of the budget; so-called entitlement payments to individuals are almost 60 percent -- and rising. In fiscal 2006, the federal government spent almost $2.7 trillion. Social Security ($544 billion), Medicare ($374 billion) and Medicaid ($181 billion) dominated. There was $199 billion more for payments to the poor, including the earned-income tax credit and food stamps.

Almost no one wants to slash these programs. They have huge constituencies; they're popular. Paradoxically, their invulnerability and size also protect much of the rest of the budget. Look again at the table. After payments to individuals, defense spending and interest on the debt (which must be paid), only about a seventh of the budget remains. Many of these remaining programs are widely supported. Does anyone really want to end the National Institutes of Health at $28 billion? Or how about the $41 billion we spend to support federal courts, prosecutors and police (the FBI, DEA, Border Patrol)?

Of course, some programs are wasteful, ineffective or outmoded. My favorite example is Amtrak, which serves a tiny number of passengers, is concentrated in the Northeast and costs $1.3 billion annually. But politically, ending such programs is hardly worth the trouble. The bad publicity of antagonizing aggrieved advocates -- here, railroad buffs and maybe environmentalists -- is too high for the small savings. In a nearly $3 trillion budget, even 10 Amtraks are a footnote.

The welfare state has made budgeting an exercise in futility. Both liberals and conservatives, in their own ways, peddle phony solutions. Cut waste, say conservatives. Well, network news reports of $20 million federal programs that don't work may seem -- and be -- scandalous, but like Amtrak they're usually mere blips in the total budget. For its 2008 budget, the Bush administration brags it would end or sharply reduce 141 programs. But most are microscopic; total savings would be $12 billion, or 0.4 percent of spending. Worse, Congress has previously rejected some of these cuts.

Liberals have their own cures. Cut defense, some say. Okay. In 2006, military spending (including the war in Iraq) totaled $520 billion, slightly less than Social Security. If it had been halved, the savings would have just covered the deficit ($248 billion). Little would be left for new programs. Raise taxes on the richest 1 percent, say some. Okay. The richest 1 percent pay about a quarter of all federal taxes. In 2006, that was about $600 billion. To cover the deficit would require about a 40 percent tax increase. Needless to say, neither proposal is politically plausible.

Annual budget debates are sterile -- long on rhetoric, short on action -- because each side blames the other for a situation that neither chooses to change. To cut spending significantly, conservatives would have to go after popular welfare programs, including Social Security and Medicare. To raise taxes significantly, liberals would have to go after the upper middle class, a constituency they covet (two-thirds of all federal taxes come from the richest fifth). Deficits persist, because neither side risks its popularity, and, indeed, both sides pursue popularity with new spending programs and tax breaks.

It might help if Americans called welfare programs -- current benefits for select populations, paid for by current taxes -- by their proper name, rather than by the soothing (and misleading) labels of "entitlements" and "social insurance." That way, we might ask ourselves who deserves welfare and why.

We could consider all of federal spending and not just small bits of it. But most Americans don't want to admit that they are current or prospective welfare recipients. They prefer to think that they automatically deserve whatever they've been promised simply because the promises were made. Americans do not want to pose the basic questions, and their political leaders mirror that reluctance. This makes the welfare state immovable and the budget situation intractable.

Pact With North Korea Draws Fire From A Wide Range Of Critics In U.S. (NYT)

By Helene Cooper And Jim Yardley

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — The deal that could lead North Korea to shut its main nuclear reactor came under criticism from both ends of the political spectrum immediately after it was announced on Tuesday.

From the right, hardliners argued that the United States should have held out until North Korea agreed to fully declare and dismantle its entire nuclear program.

From the left, Democrats argued that the deal was no better than one they said the United States could have gotten four years ago, before North Korea tested a nuclear bomb.

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If the agreement holds — pacts with North Korea have a history of falling through — it could put the United States and Japan on a path toward normalizing relations with the isolated nation, which President Bush identified as part of an "axis of evil" in 2002, and which tested a nuclear device just four months ago.

Under the pact, North Korea agreed to freeze its production of plutonium at its five-megawatt nuclear facility in Yongbyon, and to allow international inspectors to monitor and verify its compliance. In return, the United States, China, South Korea and Russia agreed to provide North Korea with food and fuel aid.

The pact kicks down the road three much tougher issues: complete denuclearization of the Korean Peninsula; a complete declaration from North Korea of all its nuclear activities; and the future of North Korea's existing plutonium program.

The North would for now hold on to an arsenal that American intelligence officials say may contain as many as a half-dozen nuclear bombs or the fuel to make them.

Still, the deal represented a bureaucratic victory for Secretary of State Condoleezza Rice, who has pushed for a more diplomatic approach with North Korea than more hawkish administration officials would have liked. In the end, it was Ms. Rice who convinced President Bush to sign onto the pact, administration officials said.

"These talks represent the best opportunity to use diplomacy to address North Korea's nuclear programs," President Bush said in a statement Tuesday morning. "They reflect the common commitment of the participants to a Korean Peninsula that is free of nuclear weapons."

The broad criticism demonstrated the awkward place in which the administration has found itself on North Korea. Senator Joseph R. Biden Jr. of Delaware, the Democratic chairman of the Senate Foreign Relations committee, said the deal "takes us back to the future."

"The good news is that it freezes in place North Korea's nuclear program," said Mr. Biden, who has declared his intention to run for president. "The bad news is that North Korea's program is more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing."

From the other end of the spectrum, John R. Bolton, who until December served under Ms. Rice as the United States ambassador to the United Nations, criticized the pact as too weak, telling CNN that it "contradicts fundamental premises" of the administration's approach to North Korea during the past six years. Mr. Bolton, when in the administration, had argued in favor of a hard-line approach to North Korea.

Asked if she thought there was any substance to Mr. Bolton's criticism, Ms. Rice said at a news conference in Washington on Tuesday: "No, I don't." She added: "I just think he's wrong."

According to administration officials, a turning point came on Jan. 17, when Ms. Rice met in Berlin with Christopher R. Hill, an assistant secretary of state who has been the lead American negotiator with North Korea.

Mr. Hill was in Germany for meetings with the North Korean representatives; Ms. Rice was making a stop there on her way home from talks with Arab leaders in Kuwait.

According to the officials' account, Mr. Hill gave Ms. Rice a one-page description of what the North Koreans had agreed to do. Ms. Rice made two telephone calls to Washington — first to Stephen J. Hadley, the national security adviser, and then to President Bush. "Do you think we should proceed on this basis?" Ms. Rice asked President Bush. His reply was yes, the administration officials said.

Still, in the intense negotiations in Beijing that followed, the agreement seemed on the verge of collapse several times, as North Korea sought more aid. So fragile was the tentative accord reached Monday that Ms. Rice said she called Mr. Hill in Beijing, at 4:15 A.M. Tuesday in Washington, to make sure the agreement had held.

Under the deal, the United States and its partner nations agreed to provide roughly $400 million in various kinds of aid in return for the North starting a permanent disabling of its nuclear facilities and allowing inspectors into the country.

In return, the United States agreed to begin the process of removing North Korea from its designation as a terror-sponsoring state, a step that is bound to meet opposition in Congress. The United States also agreed to discuss with the North, within 30 days, terms for ending financial sanctions.

Of the five countries negotiating with North Korea, Japan — which had been seeking a tougher stance — did not agree to the aid package, saying that it first needs to work out the issue of North Korea's past abductions of Japanese citizens.

But Japan joined the United States in agreeing to discuss normalizing relations with North Korea, another potentially big step that could begin when Ms. Rice sits down for a meeting with her North Korean counterpart in 60 days as part of a next set of meetings mandated by the pact.

Some experts previously critical of the Bush administration approach praised the accord as a turn to the pragmatic. "We were in a weak bargaining position and the Bush administration deserves credit for achieving a more limited agreement, rather than holding out for a more maximalist, but unachievable, objective," said Gary Samore, a North Korea expert at the Council on Foreign Relations who helped to negotiate a 1994 agreement the Clinton administration struck with the North.

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For her part, Ms. Rice contended that under the terms of the agreement, 50,000 tons of heavy fuel oil which North Korea would receive in the first 60 days was an “actually modest” amount; another 950,000 tons of heavy fuel oil would not be forwarded to North Korea until it disabled the reactor and declared all its nuclear programs.

Experts who have followed the long haggling over the North Korean program said there are bound to be problems when the time comes for the North to disclose all of its nuclear facilities and dismantle its program. In perhaps a sign of things to come, North Korea’s state press agency released a statement that described the Yongbyon shutdown as a “temporary suspension.”

In Beijing, Mr. Hill responded quickly. “The North Koreans agreed to shut down their reactors and seal them for the purpose of abandoning them,” he said. “Any action to restart the reactors would be a violation of the agreement.”

N. Korea Accord Gets Faint Praise (WT)

By S.a. Miller

The Washington Times, February 14, 2007

Senate Democrats -- long opposed to President Bush's six-nation talks with North Korea -- yesterday offered faint praise for a new agreement to halt the rogue regime's nuclear program.

"This is a first step, but still can't fix the mess this administration has created by ignoring North Korea for the past five years," said Senate Majority Leader Harry Reid, Nevada Democrat.

"We need to see more active diplomacy from the Bush administration in North Korea and throughout the world."

Sen. John Kerry of Massachusetts, who as the Democratic presidential nominee in 2004 demanded "bilateral talks" with North Korea, also called the agreement a "good first step."

"Under the Bush administration, North Korea has gone from possessing enough fuel to build one or two nuclear weapons to enough for 10," he said.

"Unless the Bush administration continues to engage North Korea -- and stays focused on working diplomatically to find long-term solutions -- we are likely to be dealing with this issue again in 12 months."

Under the agreement, which has yet to be ratified by the six nations, North Korea -- which rattled the world in December when it tested a nuclear bomb -- would shut down its main nuclear plant in Yongbyon in exchange for tons of heavy oil, humanitarian aid and normalized diplomatic relations with the United States and Japan.

The agreement also drew criticism from the right. Mr. Bush's former ambassador to the United Nations, John R. Bolton, said it's too close to the 1994 deal that Pyongyang eventually ignored.

Mr. Bush's press secretary, Tony Snow, said the agreement may "represent the best opportunity to use diplomacy to address North Korea's nuclear programs."

He also stressed the importance of the negotiations' six-way framework, in which China, Russia, Japan and South Korea join the United States in talks with North Korea.

"One thing that [Pyongyang] discovered is that this is no longer the two-party process with the United States and North Koreans, where the North Koreans can try to leverage the United States against allies in the region," he told reporters at a White House briefing.

In June 2005 -- a year after the six-way talks started -- Mr. Reid and other Senate Democrats sent a letter to the president charging that "no real progress has been made" and calling for a direct U.S. dialogue with North Korea.

Mr. Reid said yesterday that his view of the talks had not changed.

"Diplomacy works," he said.

On the campaign trail in 2004, Mr. Kerry said the six-nation negotiations had failed.

"I want bilateral talks," he said in a September 2004 debate with Mr. Bush at the University of Miami.

Mr. Bush replied, "I can't tell you how big a mistake I think that is, to have bilateral talks with North Korea. That's precisely what [North Korean dictator] Kim Jong-il wants."

Bush Welcomes North Korea Agreement (AP)

By Anne Gearan

AP, February 14, 2007

The Bush administration called a deal to begin dismantling North Korea's nuclear weapons program a breakthrough, but the North's history of broken promises kept the celebrations to a minimum.

There was worry, too, that accommodation of North Korea would encourage brinksmanship by Iran or other would-be nuclear states.

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The bargain among six nations gives North Korea energy, food and other aid in exchange for shuttering its main nuclear reactor. It does not expressly require the North to give up existing weapons or testing now, and the agreement does not spell out how negotiators will resolve issues that have derailed previous pacts.

President Bush, who once labeled North Korea part of an "axis of evil," said the bargain is a promising first step toward getting rid of the North's nuclear weapons.

"These talks represent the best opportunity to use diplomacy to address North Korea's nuclear programs," Bush said in a cautious statement that stressed North Korea's obligations while saying little about what the United States would do.

Secretary of State Condoleezza Rice repeatedly urged patience.

"This is not the end of the story," Rice told reporters.

Skepticism was wide and criticism swift, focusing on the troubled history of negotiations with the reclusive and unpredictable communist regime, and on what lessons Iran or any other countries with nuclear programs could draw.

On the right, a former top Bush aide joined conservative commentators in calling the deal Pollyannaish.

Former U.N. Ambassador John Bolton said the agreement rewards North Korea for bad behavior while encouraging Iran to ignore international demands that it roll back its nuclear program and hold out for a better deal.

"I will be the saddest man in Washington" if Bush goes along with the agreement, Bolton told reporters. "I think the agreement is fundamentally flawed."

At the conservative Heritage Foundation, analyst Bruce Klingner said the deal "reflects America's abandonment of several previously intractable negotiating positions. "

North Korean leader Kim Jong Il "used his characteristic mixture of military provocations, brinksmanship and crisis diplomacy to gain benefits for a return to the status quo ante and promises of future steps," Klingner said.

On the left, critics said Bush could have had the same deal years ago if he had not been so rigid in his approach to the North.

"This deal takes us back to the future," said Sen. Joe Biden, D-Del. "The good news is that it freezes in place North Korea's nuclear program. The bad news is that North Korea's program is much more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing."

Analysts say that at the start of the Bush administration North Korea probably had enough material to build one or two weapons, and now probably could produce at least 10.

North Korea stunned the world when it set off an underground nuclear test last October, proving its claim to possess weapons. The North also test-fired a long-range missile last summer, showing that it has the theoretical ability to deliver nuclear weapons as far as the U.S. West Coast.

"The deal announced today essentially freezes the North Korean weapons program, but it does nothing to actually force the country's leaders to give up any of the gains they've made in recent years," Sen. John Kerry, D-Mass., said. "Unless the Bush administration continues to engage North Korea and stays focused on working diplomatically to find long-term solutions, we are likely to be dealing with this issue again in 12 months."

The nearly 15-year history of efforts to head off North Korean nuclear weapons is best described as one step forward, two steps back. Both Republican and Democratic administrations have struck deals that the North sidestepped, ignored or boycotted.

After the North threw out international inspectors and threatened to quit the nuclear Nonproliferation Treaty, President Clinton cut a deal in 1994. The Bush administration has said the North cheated on that deal almost from the start.

Leery of previous offers and determined not to let the North use one-on-one talks with the U.S. as a foil, the Bush administration banded with four other nations — Russia, China, Japan and North Korea — to launch new talks in 2003.

That process lagged while the North stepped up nuclear development, and seemed all but dead when the North announced in Feb. 2005 that it had built a weapon. In September of that year, however, the Bush administration was hailing an agreement on paper to renounce all weapons.

That's the agreement that Pyongyang boycotted for more than a year, before six-way talks resumed last fall. Tuesday's deal begins to put some of the September 2005 deal in force, although the North's tests and continued development of nuclear material make the stakes much higher.

U.S. Flexibility Credited In Nuclear Deal With N. Korea (WP)

By Glenn Kessler And Edward Cody

The Washington Post, February 14, 2007

The six-nation deal to shut down North Korea's nuclear facility, four months after Pyongyang conducted its first nuclear test, was reached yesterday largely because President Bush was willing to give U.S. negotiators new flexibility to reach an agreement, U.S. officials and Asian diplomats said yesterday.

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Ever since the North Korean nuclear crisis erupted in 2002 after the discovery of a clandestine nuclear program, the Bush administration has insisted that North Korea should not be rewarded for its bad behavior -- and many of the U.S. offers have required Pyongyang to give up a lot before it could receive anything in return.

Now Bush has signed off on a deal that accepts North Korea's original position -- a "freeze" of its Yongbyon nuclear facility -- and requires Washington to move first by unfreezing some North Korean bank accounts. The agreement leaves until later dealing with such vexing issues as the dismantlement of the facility, North Korea's stash of weapons-grade plutonium and even North Korea's admission of the nuclear program that started the crisis in the first place.

As a result, the agreement came under attack yesterday, with conservatives labeling it a betrayal and Democrats charging that Bush allowed North Korea to become a nuclear-weapon state without gaining much improvement over a Clinton-era deal that collapsed during Bush's first term. But Bush pronounced himself "pleased" with the accord, and Secretary of State Condoleezza Rice, a prime architect of the accord, said it is just the beginning of a long process. "This is not the end of the story," she said, calling it the result of "patient, creative and tough diplomacy."

North Korea has a long history of brinkmanship and breaking international agreements, giving pause even to supporters of this diplomatic effort. Bush privately told a group of visiting North Korea experts in October, shortly after North Korea conducted its test, that he did not think any dictator would give up nuclear weapons but that he still saw no alternative to a diplomatic process. Administration officials say it actually became easier to win an agreement after the test because China, North Korea's main patron, was so shocked and embarrassed by Pyongyang's behavior that it became a driving force in the talks.

This deal came as the administration has struggled for some sort of diplomatic victory and as hard-liners who had opposed concessions -- such as former defense secretary Donald H. Rumseld and former ambassador to the United Nations John R. Bolton -- have left the administration.

The chief U.S. negotiator, Assistant Secretary of State Christopher R. Hill, had over time been viewed with suspicion by administration hawks. But, in recent weeks, he worked closely with a White House aide, Victor Cha, who has conservative bona fides on North Korea. Informal talks Cha had with the North Koreans -- including a chance encounter in the Beijing airport in December -- helped lead to the unusual negotiations Hill and Cha held with North Korean counterparts in Berlin last month, officials said.

Those bilateral talks -- which sketched out the parameters of the final deal -- were personally approved by Bush after he had insisted for four years that he would not allow direct U.S.-North Korean negotiations.

Under the agreement, North Korea will close and "seal" its main nuclear reactor at Yongbyon within 60 days in return for 50,000 tons of fuel oil, as a first step in its abandonment of all nuclear weapons and research programs.

North Korea also reaffirmed a commitment to disable the reactor in an undefined next phase of denuclearization, and to discuss with the United States and other nations its plutonium fuel reserves and other nuclear programs that "would be abandoned." In return for taking those further steps, the accord said, North Korea would receive additional "economic, energy and humanitarian assistance up to the equivalent of 1 million tons of heavy fuel oil."

The pledges -- cited in an agreement reached in Beijing by North and South Korea, China, Russia, Japan and the United States after six days of lengthy negotiations -- marked North Korea's first concrete commitment to implement an agreement in principle, dating to September 2005, to relinquish its entire nuclear program. In the view of U.S. and allied diplomats, they also amounted to a down payment on the establishment of a nuclear-free Korean Peninsula and of new relations among Northeast Asian countries.

Since the talks began in August 2003, the environment for negotiations has become significantly more dangerous. North Korea exploded a nuclear test device in October and declared itself a nuclear power, giving it a status it did not have four years ago, or even when the agreement in principle was reached in September 2005.

For its part, the United States reiterated an earlier promise to discuss normalizing relations with the Pyongyang government, a long-standing goal of North Korea.

Separately, Hill said, the United States pledged to North Korea and to China, the chair of the six-party process, that it will resolve within 30 days a dispute over U.S. charges that Banco Delta Asia in Macau has been laundering illicit money from North Korea. This represented a retreat for Washington, which had previously insisted that the banking dispute was a law-enforcement matter that should be treated separately from the nuclear diplomacy. The United States is expected to unfreeze as much as a third of $24 million in North Korean accounts, deeming that money to be legitimate, U.S. officials said.

The accord left for future negotiations the question of what to do with North Korea's declared nuclear weapons, estimated to be as many as 10 bombs from a stockpile of perhaps 50 kilograms of plutonium. In a harbinger of the potential difficulties ahead, the official North Korean news agency said the agreement requires only a temporary suspension of the country's nuclear facilities. "At the talks, the parties decided to offer economic and energy aid equivalent to 1 million tons of heavy fuel oil in connection with the DPRK's [North Korea's] temporary suspension of the operation of its nuclear facilities," it said.

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Administration officials stressed that the agreement was an improvement over a bilateral deal reached in 1994 under then-President Bill Clinton, which collapsed after the Bush administration accused North Korea of conducting the clandestine uranium program. Under that agreement, North Korea froze the Yongbyon facility and agreed to "eventually dismantle" it in exchange for fuel oil and light-water reactors. Bush administration officials noted yesterday that the new agreement was signed by all of North Korea's neighbors, which they said would make it more difficult to break. Any suggestion of building light-water reactors for North Korea has been pushed far into the future.

Still, critics and supporters said that they were surprised by the extent of the administration's shift.

"All of us have been arguing -- engage, engage, engage," said John W. Lewis, a Stanford University professor who has repeatedly visited North Korea, most recently in November. "It had to begin with something like this, and it has gone far beyond what any one expected. It is really quite astonishing."

At the conservative Heritage Foundation, analyst Bruce Klingner said in a report that "the Bush Administration will be vulnerable to criticism that it has not only abandoned its principles, but that it did so while allowing North Korea to augment its nuclear weapons inventory." North Korean leader Kim Jong Il "used his characteristic mixture of military provocations, brinksmanship and crisis diplomacy to gain benefits for a return to the status quo ante and promises of future steps," Klingner wrote.

Cody reported from Beijing.

N. Korea Nuclear Pact Marks Major Shift For Bush (LAT)

By Paul Richter, Times Staff Writer

The Los Angeles Times, February 14, 2007

The administration accepts a deal similar to one it rejected in 2002.

WASHINGTON — The tentative international nuclear agreement with North Korea marks a fundamental shift in direction for the Bush administration, which for years had sternly demanded that the country's leadership abandon its nuclear program before receiving any rewards.

In his first term, President Bush rejected Clinton administration attempts to win North Korean cooperation with aid, and declared that only after "complete, verified, irreversible dismantlement" of its nuclear program could the autocratic regime in Pyongyang, the capital, receive American help.

But as the White House held fast to its hard-line approach, Kim Jong Il's rickety government built an estimated eight to 10 bombs, experimented with missile launches, conducted a nuclear test, and seemed poised to continue the buildup with impunity.

The agreement reached Tuesday would bring Pyongyang back to the bargaining table, with pledges to freeze its primary nuclear reactor and to discuss dismantling its entire nuclear infrastructure. It was hailed by Secretary of State Condoleezza Rice as a "breakthrough."

But the deal also gives the impoverished regime an immediate 50,000 tons of fuel oil and other aid and commits the United States to the kind of direct talks with the North Koreans that the White House had long ruled out.

The deal provoked outrage from conservative allies of the administration who said it flatly contradicted Bush's previous policy. Some former Clinton administration officials termed it a step in the right direction but questioned why it took Bush so long.

Many observers acknowledged that the White House had few choices at this point.

"They recognized that they had to adopt a practical approach," said Gary Samore, a National Security Council official during the Clinton administration who is at the Council on Foreign Relations. "They had to do something to stabilize the situation, or they would face a full-blown crisis on the Korean peninsula."

Just the first step

The pending accord reached Tuesday is only a first step toward a negotiated end to North Korea's nuclear program, U.S. officials acknowledged. It calls for the regime to shut down and seal its primary nuclear facilities, at Yongbyon, and to allow the return of United Nations nuclear inspectors to verify the process. Then the North Koreans are to begin a complex series of talks with the United States, South Korea, Japan, China and Russia.

If North Korea discloses all of its nuclear programs, and disables all facilities, it will be entitled to additional aid, including 950,000 tons of heavy fuel oil. The process also promises North Korea a chance to reach two other goals: normalized relations with the United States and removal from the American list of government sponsors of terrorism.

Yet U.S. officials acknowledge that there are a number of issues that could derail a process that has faltered repeatedly since 1993.

"This is the first quarter, not the fourth," Rice cautioned.

Some critics of the administration were quick to charge that the deal had gotten the White House only back to where it was at the beginning of Bush's first term.

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"This deal takes us back to the future," said Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee. "The good news is that it freezes in place North Korea's nuclear program. The bad news is that North Korea's program is much more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing."

From a conservative perspective, Bruce Klingner of Heritage Foundation said the deal "sends a dangerously accommodating signal not only to North Korea but also to Iran and any other aspiring nuclear weapons state."

Rice, defending the deal, said the United States was entering these talks in a much better position than it had during the days of the so-called Agreed Framework negotiations initiated in 1994 by the Clinton administration. Bush abandoned those talks in November 2002, amid signs that Pyongyang was carrying on a secret uranium-based bomb program.

Rice said the difference now is that the United States has greater leverage with North Korea because of the influence of the four other countries that also will be at the negotiating table. China, North Korea's primary energy source and chief trading partner, has brought pressure on Pyongyang since its nuclear test in October, U.S. officials say.

Rice also asserted that the upfront aid that Pyongyang receives for coming back to the table is "modest" — only a fraction of the 2 million tons of heavy fuel oil it was demanding.

Some experts who analyzed the deal agreed.

"Fifty thousand tons is a small amount," said L. Gordon Flake, a longtime Korea watcher at the Mansfield Foundation in Washington. "It's basically a face-saving gesture for the North Koreans."

Although the deal dramatically illustrates how far the administration has come, there have been signs for some time that the United States was open to a more flexible approach.

One such sign was in early 2005, when Rice named Christopher Hill, a veteran dealmaker who helped negotiate the Bosnia peace settlement, to be assistant secretary of State for East Asia, making him the State Department's top negotiator on North Korea.

Hill has worked with Rice and Bush as hard-liners such as former U.N. Ambassador John R. Bolton and Robert G. Joseph, the State Department's top proliferation official, were leaving the administration.

Bolton on Tuesday branded the agreement a charade and said it "contradicts fundamental premises of the president's policy."

Last month, Hill met with North Korean officials in Berlin and began talking of a new "bilateral" approach, despite the administration's formal insistence that negotiations must be through meetings of all six countries involved in the discussions.

Another sign of a possible change was Bush's State of the Union address in January. Unlike the speeches of previous years, in which the president berated North Korea, Bush mentioned North Korea only once, doing so to point out that his team was "pursuing intensive diplomacy" to eliminate nuclear weapons from the Korean peninsula.

Iran and Iraq play part

One factor in the change of the administration's approach was its desire to show another country believed to have nuclear weapon ambitions, Iran, that there could be benefits to giving up a program, U.S. officials said.

Some outside analysts believe it also reflects the administration's desire in its last two years to try to achieve progress on halting nuclear proliferation, at a time when most of its energies are being poured into the effort in Iraq.

"They've been feeling the need to make progress on proliferation, and they felt they hadn't done everything they could," said Derek Mitchell, a former Clinton administration defense official who is with the Center for Strategic and International Studies in Washington.

Some analysts see the deal as the latest sign that the Bush administration has been forced to turn to compromise solutions that would have had far less appeal in its early days when it appeared that it had more choices.

"This demonstrates something that we've seen overall, that in its waning days, with its options and resources limited by Iraq, more and more it is turning to these practical policy options," said Samore, who is director of research for the Council on Foreign Relations. "You see it in the Middle East, you see it in East Asia. This is a trend that will continue."

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What Drove The North Korea Deal (WSJ)

By Neil King Jr. And Evan Ramstad

The Wall Street Journal, February 14, 2007

Fading options for the U.S. and North Korea led to a landmark agreement designed to shut down Pyongyang's nuclear program. But the follow-through needed to reach the goal of a denuclearized Korean peninsula could be thwarted by the same problems that plagued earlier deals.

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The deal reached yesterday in Beijing reflects, in part, a desire within the Bush administration to show diplomatic progress on one front at a time of ebbing support at home and upheaval in the Middle East. For North Korea, the pact offers a way out of its harsh economic and political isolation four months after it tested a nuclear weapon.

President Bush praised the deal, reached after months of arduous negotiations and signed as well by North Korea's four neighbors, as a "first step" toward achieving a nuclear-weapons-free peninsula. The agreement lays out the first concrete steps for disarming North Korea since the U.S., China, Russia, Japan and South Korea began to engage Pyongyang in August 2003.

Other top U.S. officials cautioned that the way forward will present plenty of challenges. Pyongyang has made no overt pledges to surrender any nuclear weapons it now has. Verifying and monitoring its disarmament moves will be tough. And missteps by any of the six parties could trip up the entire process.

The agreement marks a stark about-face for the Bush administration, which, having labeled North Korea part of an "axis of evil," abandoned a similar Clinton administration arrangement and said it would offer no incentives until North Korea took visible steps to scrap its nuclear program. Hawks within the administration, centered on the office of Vice President Dick Cheney, continued to argue until last fall that the U.S. should use economic and other pressures to try to topple North Korean leader Kim Jong Il, who they said couldn't be trusted to uphold any promises, according to current and former U.S. officials.

But after Democrats emerged victorious in November's congressional elections, and with the departure of several administration hard-liners, Mr. Bush and Secretary of State Condoleezza Rice decided to make a run at a deal. They found a receptive audience among their partners in Asia -- most important, Beijing. The deal was a victory for China, which has sought to take a higher profile in global diplomacy and has played a major role in spearheading the talks.

Harder to divine are North Korea's motives. Senior U.S. officials involved in the latest talks said China's decision to get tough on Pyongyang after its October nuclear test, combined with a U.S.-led effort to squeeze the Kim regime's access to outside finance, may have tipped the balance.

Under the agreement, North Korea will shut down within two months its lone nuclear reactor at Yongbyon, which is chiefly used to provide fuel for atomic weapons. In return, it will receive 50,000 tons of heavy fuel oil, most likely from South Korea and China.

If the 60-day deadline is met, the six countries that participated in the talks would begin the next phase, under which North Korea must dismantle and seal the reactor, effectively preventing it from ever working again. For that, North Korea would receive a further 950,000 tons of oil, about equal to what the country consumes in a year and, at today's prices, valued at about $400 million.

The six countries would later negotiate the disposal of North Korea's existing nuclear weapons and weapons material. They also aim to keep working toward a bigger goal of ending the antagonism that has lingered on the Korean peninsula since the Korean War of the 1950s. The parties created five groups to work on details for such things as paving the way for North Korea to open diplomatic relations with the U.S. and Japan.

The arc of events that brought the U.S. and North Korea to the current state of affairs suggests there could be plenty of pitfalls ahead.

The Bush administration came into office in 2001 determined to chart a tougher course on North Korea than the Clinton administration. In 2002, Washington accused Pyongyang of developing a secret uranium-enrichment program and violating a 1994 deal in which the U.S. agreed to provide it with light-water reactors and fuel oil in exchange for a freeze of its nuclear program.

North Korea reacted by expelling international inspectors, reopening the Yongbyon facility and plunging back into plutonium-enrichment work. The U.S. then helped launch the six-country talks in 2003. Two years later, in September 2005, all parties agreed to a joint statement meant to lead toward a full-denuclearization deal.

That tentative agreement was almost immediately derailed when the Treasury Department accused North Korea of engaging in rampant counterfeiting of U.S. currency.

In July, North Korea tested at least six long-range missiles, then conducted its first nuclear-test explosion three months later. The moves raised the possibility that the North could develop an offensive nuclear capability -- or sell nuclear technology to others.

The nuclear test galvanized international support for sanctions on North Korea and prompted China, in an unprecedented move, to back a United Nations resolution to punish its erstwhile ally.

The turning point for the U.S. came in November, when Ms. Rice sat down with ministers on the sidelines of a regional forum in Vietnam. With pressure building at home to change course in Iraq and to reach out to Iran, the administration decided to make a push on North Korea by offering a phased set of rewards.

The North agreed to revive the six-party talks several weeks later in Beijing, but those foundered on its insistence that Washington open a door to lifting the 2005 banking restrictions. On the night that round of talks ended, the U.S. envoy to the

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talks, Christopher Hill, sent an aide to visit the North Korean Embassy with a message: He would meet the North Korean envoy in another city at a time of his choosing. That represented an apparent compromise for the U.S., which previously had said it wouldn't engage in one-on-one discussions with Pyongyang.

A few days later, North Korea notified the U.S. that its envoy, Kim Kye Gwan, would like to meet in Berlin in January. Mr. Hill checked with Ms. Rice, who agreed they should meet. Over three days of meetings at the U.S. and North Korean embassies, the two men wrote what one U.S. official described as the "clear outlines of an agreement," which formed the backbone of the deal signed yesterday.

The U.S. insists the key to the latest deal is that it is backed by China and South Korea. Ms. Rice cautioned that it marks only a first step toward a much larger and more elusive goal of weaning North Korea off nuclear weapons permanently. No country that has developed nuclear weapons has ever agreed to give them up.

Many experts who have worked on the North Korea issue, including several former Clinton aides, applauded the deal as long overdue. Some Democrats in Congress, which would have to approve any aid to North Korea, offered similar praise.

But the arrangement came under immediate attack from prominent conservatives -- above all John Bolton, the administration's recently departed ambassador to the U.N.

"It is really regrettable that we have reverted to a policy that has failed in the past," said Mr. Bolton, who served as Mr. Bush's top arms-control official until 2005. "This sends such a message of weakness to countries like Iran that so long as you hold out, this is the sort of reward you can expect."

Deal To Halt N. Korea Nukes OK'd (WT)

By Ed Lanfranco

The Washington Times, February 14, 2007

BEIJING -- The next 60 days will determine whether the new document to halt and eventually eliminate North Korea's nuclear programs will create the momentum to ease tensions in Northeast Asia or will become just another diplomatic chapter in a series of broken promises.

The document was crafted by China and signed yesterday by the representatives of all nations involved in the six-party talks.

The text of the accord, titled "Initial Actions for the Implementation of the Joint Statement," was approved by the United States, North and South Korea, Japan and Russia following six days of protracted and intense negotiations in the Chinese capital. It calls for the implementation of an agreement in principle by the same parties in September 2005 to denuclearize the Korean Peninsula.

The new accord requires North Korea to shut and seal its Yongbyon nuclear facility, allow members of the International Atomic Energy Agency (IAEA) to conduct monitoring and verification, and calls on North Korea to draw up a list of all its nuclear programs.

It also calls for separate bilateral talks with the United States and Japan to normalize ties with North Korea.

Lastly, it calls for China, Russia, South Korea and the United States to provide "emergency energy assistance" to North Korea in the form of 50,000 tons of heavy fuel oil within the 60-day time frame. Japan will not participate until the issue of its citizens kidnapped by North Korea is resolved.

In his opening remarks to reporters after the deal was signed, Assistant Secretary of State Christopher Hill, the head of the U.S. delegation, said it was important because "we're moving off the pages" of the September 2005 statement "on to the ground and real implementation."

"Obviously we have a long way to go, but we are pleased with this agreement. It's a very, very solid step forward," he added.

Mr. Hill fielded a battery of questions on whether North Korea will live up to its end of the deal.

On the question of IAEA inspectors being allowed into all North Korean nuclear facilities or just Yongbyon, he said, "As we go deeper into the process, we'll need additional international monitoring, but in the set of initial actions it is just the Yongbyon site."

Mr. Hill said there were "considerable" discussions on the uranium issue.

North Korea did not confirm having a heavy uranium program, but told the U.S. team "they were prepared to sit and discuss it."

That issue, namely that North Korea was pushing a uranium program at the same time it was under obligation to shelve its plutonium program, was raised by the United States in 2003.

It formed the basis of a dispute that served to shelve the so-called Agreed Framework on nuclear suspension drawn up in 1994.

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Mr. Hill said fissile material production had to be a part of North Korea's complete declaration and needed to be "brought under international control" as part of the denuclearization process.

"Certainly initial actions must be understood as initial so just stopping the further production of plutonium doesn't end the problem because there's already plutonium that's been produced," he noted.

According to some estimates, North Korea has 110 pounds of weapons-grade plutonium. Mr. Hill said inspectors "will be able to work that out with much greater precision when they look more closely at the reactor."

The joint statement does not specifically mention anything about North Korea's possession of nuclear weapons. Mr. Hill stated "absolutely" when asked if Pyongyang was required to declare how many it had.

"I think it's important that [North Korea] reaffirm their commitment to the September 2005 agreement which calls for complete denuclearization, which of course includes nuclear weapons," he said.

Mr. Hill said the initial two-month period involved discussing a list of nuclear programs to be abandoned, including the plutonium processed from fuel rods. He noted in the follow-on stage North Korea needed to provide a declaration, "but we don't want a declaration that hasn't been arrived at in an iterative manner, that is with a process."

"We hope in this process of discussing their list we can get at a clear understanding of what they have, so that when we do get to the declaration, it will be accurate," the envoy said.

Mr. Hill said the U.S. team had "a glimpse on what the next phase will be and we'll be developing timelines as soon as we can do that."

He said he thinks the six-party talks are a "negotiated process" and American diplomats "will just have to continue to work."

"But we're not going to rest until we complete the job."

Many Questions On North Korea Accord (LAT)

By Mark Magnier

The Los Angeles Times, February 14, 2007

BEIJING — A central premise of the ambitious nuclear deal with North Korea announced here Tuesday is that Pyongyang will shutter and then permanently dismantle its nuclear weapons operations in exchange for fuel oil, humanitarian aid, diplomatic recognition and an end to economic sanctions.

But within hours, huge potential pitfalls facing the agreement became apparent as North Korean state media referred in a terse dispatch to a "temporary suspension" of its nuclear facilities without mentioning comprehensive disarmament.

It's too early to tell whether the mercurial North is already edging away from its commitments or simply conditioning its citizens for a turnaround after months of extolling the glories of its nuclear weapons program.

The questions over the communist regime's motives are but one in a list of problems that must be overcome to reach the goal of a Korean peninsula free of nuclear weapons. These include the future of the North's suspected uranium enrichment program and existing plutonium stockpiles, how much access international monitors will enjoy, issues with Tokyo over Pyongyang's abduction of several Japanese citizens and the potential message the deal sends to other nuclear proliferators.

"Obviously, we have a long way to go, but we're very pleased with this solid step forward," a tired but satisfied Christopher Hill, the lead U.S. negotiator, said Tuesday. "This is not the end of the process. It's the end of the beginning of the process."

Under the first phase of the deal outlined this week, North Korea agreed to shut down and seal plutonium production and reprocessing activities at its main nuclear complex at Yongbyon within 60 days, allow international inspectors back into the country, participate in working groups and begin assembling a comprehensive list of its nuclear weapons and energy programs.

In return, North Korea will receive 50,000 tons of fuel oil, about a month's worth of the North's energy needs, and a pledge by the United States to lift financial sanctions within a month affecting a Macao bank that is holding about $24 million in North Korean assets.

Washington and Pyongyang will also start the process of removing the North from the U.S. list of nations that are said to sponsor terrorism, with the intention of establishing full diplomatic relations. The U.S. will initiate steps to eliminate sanctions under its Trading With the Enemy Act.

In a second, more protracted phase, the North stands to receive 950,000 tons of fuel oil or its equivalent in aid provided it agrees to dismantle the Yongbyon facility, compile a complete declaration of all its nuclear programs and disable all existing nuclear facilities, including reactors and reprocessing plants.

Test spurred action

Autocratic North Korea conducted a test of a nuclear device Oct. 9, resulting in a swift vote by the United Nations to enforce sanctions and, subsequently, a scramble to get negotiations back on track.

"I am pleased with the agreements reached today at the six-party talks in Beijing," President Bush said in a statement read by Press Secretary Tony Snow.

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Others said it will take time to build trust and circumvent impediments. "This is still the first quarter, there is still a lot of time to go on the clock," Secretary of State Condoleezza Rice said.

Japan expressed cautious praise for the agreement along with frustration that Tokyo's primary concern, the North's kidnapping of Japanese citizens beginning in the 1970s, received no mention in the final draft. The world's second-largest economy has balked at funding early assistance, hoping the promise of future aid will spur bilateral negotiations.

"But no one here is optimistic about the probability that North Korea will denuclearize or resolve the abduction issue," said Tomohiko Taniguchi, a spokesman for Japan's Foreign Ministry. "North Korea is notorious for cheating on its agreements, even with the Chinese."

In Israel, Vice Premier Shimon Peres said the aid-for-disarmament deal showed that sanctions could work, and he urged the international community to put similar pressure on Iran to drop its nuclear development program.

"Economic sanctions can really be effective, as evidenced by the change in the policy of North Korea," he told Israel's Army Radio.

The six negotiating partners agreed to meet for another round of talks March 19.

The price tag for the 1 million tons of fuel or its equivalent is estimated at about $300 million, a cost that would be borne equally by the United States, China, South Korea and Russia, with Japan remaining on the sidelines.

"I should say North Korea secured a pretty high price this time," said Xia Liping, a professor with the Shanghai Institute for International Studies. "It's worth it, though. It will certainly cost something to make North Korea drop its nuclear program."

Others questioned why the Bush administration waited six years to drop its hard-line stance with the North and try diplomacy.

"It's certainly better late than never," said retired Army Lt. Gen. Robert Gard Jr. with Washington's Center for Arms Control and Non-Proliferation, an independent think tank. "But what were they thinking?"

Though the deal obliges North Korea to halt the production of new plutonium, it doesn't immediately address its existing plutonium stockpile, which some estimate may be enough to make a dozen nuclear bombs. Hill acknowledged the lingering issue but said halting new production seemed like a good place to start, a view shared by others.

"You have to stop the program before you can reverse it," said Mitchell Reiss, chief U.S. negotiator with North Korea from 1995 to 1999.

Another major concern is whether the North will allow inspectors from the International Atomic Energy Agency, the U.N.'s nuclear watchdog, into areas other than Yongbyon and whether it will fully disclose its nuclear activities, including a covert uranium enrichment program it has denied exists.

"We need to ensure that we know precisely the status of that," Hill said.

Washington accused North Korea in late 2002 of having the uranium program in violation of a 1994 agreement, sparking the current nuclear crisis.

The big payoff if the deal's many impediments can be bridged will be a North Korea less threatening and more integrated with the outside world.

"North Korea needs to open up and reform its economy to really ease tension on the Korean peninsula," said Xia, the Shanghai professor.

Five working groups are to convene within 30 days to address denuclearization of the peninsula, normalization of North Korea-U.S. and North Korea-Japan relations, economic and energy cooperation and Northeast Asian security issues.

The breakthrough began to emerge in December after North Korea arrived in Beijing for talks but refused to negotiate, a U.S. official close to the process said.

On the last night of the talks a few days before Christmas, the U.S. sent an envoy to North Korea's embassy in Beijing with a message that the U.S. was open to a bilateral meeting on lifting the financial sanctions.

A few days later, North Korea sent word back through New York channels that it was interested. This led to a three-day bilateral meeting in Berlin in mid-January in which the basic points of Tuesday's deal were hammered out.

Suddenly, new demands

When the six nations sat down last week, however, North Korea made a variety of new demands, including an end to U.S. military exercises on the Korean peninsula.

It also insisted on huge grants of fuel oil or electricity, with the amount known in advance and stated publicly, rather than arranged in technical sessions under a confidential addendum, as originally envisioned.

As frustration mounted, Hill paid a visit Monday morning to the North Korean delegation. Using the metaphor of a traditional Korean ceramic cup that drains completely if you try to fill it too much, he urged the other side not to overreach.

"You have to be careful what you're asking for here," Hill told the North's envoys, according to a senior U.S. official close to the negotiations.

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This, combined with Hill's growing readiness to walk out of the talks, may have convinced the North Korean team to back away from its extreme position, a senior U.S. official said.

"With North Korea, you're never quite sure exactly what they want, although finally I got the impression they needed to see the 1 million [tons of fuel] figure," Hill said.

Ultimately, the impasse helped pave the way for a more comprehensive two-stage deal, however, Hill said, involving 50,000 tons upfront and 950,000 tons in a second phase that covered genuine disarmament, potentially giving Pyongyang more incentives to go the distance.

By late Monday, an agreement had crystallized, leading to a final marathon session that stretched into early Tuesday morning.

Hill rejected the idea that the agreement sends an encouraging message to other proliferators.

U.S. hard-liners such as former U.N. Ambassador John R. Bolton have assailed the deal as encouraging to Iran.

"With nuclear weapons, [the North Koreans] do not buy prestige," Hill said. "They do not buy influence. Frankly, they buy a lot of isolation."

Tenuous Deal For North Korea (CSM)

By Peter Ford

The Christian Science Monitor, February 14, 2007

BEIJING AND SEOUL, SOUTH KOREA

If North Korea holds to the pledges it made Tuesday to fulfill its promise to abandon nuclear weapons, chief US negotiator Christopher Hill thinks he knows why.

Other attempts to stop Pyongyang going nuclear have failed. This series of six-party talks has several times seemed on the verge of collapse. But diplomacy's tentative triumph Tuesday held out the prospect of victory for a multiparty, political approach to reining in Asia's pariah states. Secretary of State Condoleezza Rice stated the deal should serve as a message to Iran that the global community will unite to stop the spread of nuclear weapons.

After North Korea agreed to start dismantling its nuclear program in return for oil and economic aid, Mr. Hill, in Beijing, noted that "the first difference" between this deal and earlier failed efforts "is to make this really a multilateral effort."

But that optimism, analysts warn, is tempered by a history of broken promises that are driving the effort now to verify compliance.

"This agreement is a good sign for nuclear disarmament," says Ryoo Gil Jae of South Korea's University of North Korean Studies, "but maybe we will have trouble in the future" when the US raises the issue of the uranium program.

Others share similar doubts.

David Straub, former Korea desk chief at the State Department, warns that "a very great risk is that North Korea is using this as a way to avoid sanctions, obtain aid, and drag out the nuclear issue until the international community is accustomed to its being a declared nuclear state."

The deal, coming four months and four days after Pyongyang exploded its first nuclear device, requires North Korea to shut down and seal the nuclear facility that produces the plutonium used in its bombs within 60 days.

North Korea also agreed to provide a list of all its nuclear programs, and to allow international inspectors to monitor the closure of the nuclear plant at Yongbyon. In return, the United States and other countries involved in the negotiations will provide the struggling state with 50,000 tons of fuel oil, or its equivalent in economic aid, over the next two months.

Hill stressed that Washington does not "want anyone to think these initial actions are an end in themselves. After 60 days, we are not going to stop for a couple of years," he said. "We are going to keep right on going with the second phase," when North Korea will be required to disable all nuclear facilities in return for another 950,000 tons of oil.

Some observers suggest that this agreement could either resolve years of conflict or collapse amid more conflict, crisis, and rhetoric as has happened so often since the division of the Korean peninsula at the end of World War II.

"It will be the beginning of a new era between North Korea and the United States," says Cheong Seong Chang, a noted scholar of North Korean affairs, who is optimistic about the new deal. "North Korea will be able to begin new reform and a new opening policy."

The promise of such a breakthrough – distant though it may be – is held in the creation of five working groups agreed to on Tuesday. Those groups will tackle issues ranging from denuclearizing the peninsula to normalizing Pyongyang's relations with Washington and Tokyo and setting up a "Northeast Asia Peace and Security Mechanism."

Those provisions make Tuesday's agreement potentially far broader than its failed predecessor, the 1994 Geneva Framework Agreement.

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The political context "would provide stronger and more stable grounding for anything in the agreement," says Denny Roy, researcher at the Asia Pacific Center for Security Studies in Honolulu. "But that would be much harder to achieve."

Given the history of failure in dealing with North Korea, Dr. Roy is skeptical of the new agreement.

"Seeing this followed through each of the steps, with both sides agreeing that they have been fulfilled, is a much harder task than simply reaching the agreement," he cautions.

North Korean state media Tuesday reported that the agreement required only the "temporary suspension of the country's nuclear activities," raising doubts about the government's interpretation of the deal.

"It is hard to judge North Korea's behavior this time," says Zhang Liangui, a North Korea expert at the Chinese Communist Party School in Beijing. "It is hard to say if they have made a definitive decision to give up nuclear weapons, or whether this is just another way to deal with the pressure."

One potential sticking point is North Korea's denial that it has a program to enrich uranium separate from the plutonium-producing reactor at Yongbyon. US officials have insisted that program does exist, since Mr. Hill's predecessor, James Kelly, said Pyongyang admitted it to him in 2002.

North Korean chief delegate Kim Kye Gwan said that his government "was prepared to sit with us and discuss it and reach a mutually satisfactory conclusion," Hill said of the allegations. "We need to know precisely what is involved."

Notably absent from the agreement was any mention of the US blacklisting of a Macao bank that holds North Korean assets. That sanction was the reason that North Korea gave for leaving the last round of six-party talks.

Hill said that he had pledged to the North Koreans that the Macao issue would be "resolved" within 30 days.

One of the working groups, which will meet within 30 days, will also take up Pyongyang's demand to be removed from Washington's list of states sponsoring terrorism.

Another working group is to take up normalization of relations between Japan and North Korea – a forum in which Japan can demand that North Korea account for all Japanese kidnapped to North Korea. Japan, alone among the participants at the talks, balked at providing aid to North Korea, with Japan's Prime Minister Shinzo Abe insisting first on resolution of the kidnapping issue.

Other working groups are to discuss resolving regional conflicts and a peace treaty to replace the truce that ended the Korean War in 1953 – a longstanding North Korean demand that the North has linked to demands for withdrawal of American troops from South Korea.

N Korea Is Being Lured Back Into The Fold (FT)

By Anna Fifield

Financial Times, February 14, 2007

For more than a decade, attempts to cajole, coerce or cold-shoulder the North Korean regime into relinquishing its nuclear ambitions foundered, as successive administrations in Washington demanded either too little or too much from Pyongyang.

While its neighbours in north-east Asia fretted throughout that period, it took a provocative nuclear missile test unleashed last October by the administration of Kim Jong-il, the North's despotic leader, to prompt the US and others to try again to put a lid on his atomic capabilities. Only four months on, there is a deal – indeed, one that could represent a turning point in the long-running crisis.

Diplomats and analysts alike are cautious about the prospects for implementing the six-party accord forged in Beijing on Tuesday, given North Korea's historical difficulty in keeping its promises. Others detect in it a partial capitulation by a weakened administration of US President George W. Bush, badly in need of a diplomatic breakthrough to set against his Middle East troubles. Nonetheless, the negotiators' handshakes will fuel hopes that steps will finally be taken to dismantle the rogue state's nuclear facilities.

"There will be lots of problems but this deal is a positive sign," says Kim Tae-woo, a nuclear specialist at the south's Korea Institute for Defence Analyses. "So far North Korea has been relatively free to produce plutonium and nuclear weapons, but it looks like that is coming to an end."

Under the deal (see panel), steps towards the abandonment of Pyong-yang's nuclear installations will begin rapidly. Inspectors are to arrive within two months to monitor the shutdown of the five nuclear facilities at Yongbyon, north of Pyongyang, from which plutonium was extracted to make October's nuclear device.

This will set in train the vaguely worded joint statement of principles agreed among the parties – China, Japan, Russia, the US and the two Koreas – in September 2005. Under that pact, North Korea made a general pledge to abandon the development of nuclear weapons in return for unspecified aid and security assurances.

But all too soon, the process was disrupted when hawks in the Bush administration, who bristle at the idea of talking to a regime they consider part of the "axis of evil", sought to undermine the apparent breakthrough. The US Treasury instigated a

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crackdown on North Korean-linked bank accounts that led to Pyongyang being frozen out of the international financial system and severely hindered its ability to earn hard currency. The crackdown and the pressure it put on Mr Kim's regime – which struggles to provide heat, light and food for its 23m populace – was widely seen as a main trigger for last year's nuclear test.

Despite this unpromising backdrop, the six-party process resumed at Beijing's elaborate Diaoyutai state guesthouse in the most optimistic mood to have pervaded the talks in years, following unprecedented consultations between Christopher Hill, the US negotiator, and Kim Kye-gwan, his North Korean counterpart.

After it became clear that North Korea could not move on the nuclear issue while the financial sanctions remained in place, Mr Hill met the North Koreans in Berlin last month to thrash out a hypothetical agreement. However, North Korea was still insisting on large amounts of heavy fuel oil so the South Korean negotiator, Chun Yung-woo, came up with the idea of providing greater assistance in return for further steps towards denuclearisation from the North Koreans.

The Americans thought they had the basis for the agreement, until everyone showed up in Beijing last week and the North Korean negotiators "threw in everything but the kitchen sink", according to an insider. The negotiators struggled to make any headway.

So on Monday, Mr Hill took aside Mr Kim, the North Korean negotiator, and told him about the ceramic Korean cup on his desk in Washington, a gift from his time as ambassador to Seoul. "If you try to pour too much liquid into the cup, it just tips over and you lose everything," Mr Hill is said to have told his counterpart.

At 3am local time Tuesday, a weary-looking Mr Hill announced that the parties had, against the odds, reached an agreement. North Korea will shut down and seal its main nuclear facilities at Yongbyon within 60 days and allow international inspectors to verify the process. In return, it will receive food aid and fuel oil.

Pyongyang must then provide a complete list of its nuclear activities and disable existing facilities. That will bring it greatly increased supplies of fuel oil in a step-by-step process that has yet to be detailed. The US and South Korea also agreed to work towards a peace treaty to formally end the Korean War with the North. This has been a key demand of North Korea's for some time, but Mr Bush has also recently cited it as a goal.

Attention will therefore now turn to the practical implementation of the deal, particularly whether the parties can move beyond an interim freeze – as outlined in a 1994 "agreed framework" with the then administration of Bill Clinton and subsequently belittled by the Bush team – to a more permanent arrangement. "We have no intention of freezing things," says Mr Hill, who is understood to have been reluctant to bargain over fuel oil, conscious of comparisons with 1994. "'Freeze' suggests 'freeze-thaw-freeze'. We're interested in a one-way process."

In addition to the 30- and 60-day deadlines set in the agreement, diplomats are already planning further rounds of the six-party talks in March and April. But the difficulties in securing this week's deal augur ill for the even greater tasks that lie ahead. Not only is the issue complicated by the continuing financial sanctions and Japan's grievance over North Korea's abduction of a number of its citizens several decades ago, but the outcome is likely to be unpopular in certain circles in both Washington and Pyongyang.

American hawks are unhappy with the similarities between the 1994 framework and the new deal, saying that it offers North Korea compensation for a mere freeze – a step Pyongyang has already shown can be easily reversed – and rewards it for defiance. John Bolton, the hard-line former US ambassador to the United Nations, has said he was "very disturbed" by the deal, which could encourage countries such as Iran to follow in North Korea's footsteps. "It sends exactly the wrong signal to would-be proliferators around the world," he told CNN. "[It says] 'If we hold out long enough, wear down the State Department negotiators, eventually you get rewarded'."

When Pyongyang signed the "agreed framework" deal with the Clinton administration in 1994, resolving the first nuclear crisis, North Korea pledged to freeze its nuclear programme in exchange for heavy fuel oil and two proliferation-proof light water reactors. However, that unravelled in 2002 when the Bush administration, which took a much harder line against North Korea, accused Pyong-yang of running a secret uranium enrichment programme, the allegation that sparked the second nuclear crisis.

Oil shipments and the light water reactor project were suspended. Pyongyang responded by expelling international inspectors, withdrawing from the nuclear Non-Proliferation Treaty and resuming the reprocessing of plutonium. Its success in that endeavour was demonstrated by having the plutonium to spare for last October's nuclear test.

But some argue that the Bush administration's "fixation" with its perceived axis of evil left it no choice but to soften its approach to North Korea. "Obviously Iraq and Iran are not going well so North Korea is their only hope for some kind of success in dealing with the axis of evil," says Peter Beck of the International Crisis Group.

The waning of the hard line influence in Washington is demonstrated by how little mention there has been of late about of clandestine uranium enrichment by the North Koreans, accusations which torpedoed the 1994 framework in 2002 and led to the current crisis. Jack Pritchard, who served as George W. Bush's special envoy on North Korea between 2001 and 2003, says it is

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"bizarre to say the least" that the uranium issue disappeared: "It's what triggered all of this in October 2002, so I'm very curious about how they're going to get around answering the [uranium] question."

The information that led to the allegations was probably flawed, says physicist David Albright, president of the Institute for Science and International Security. "Non-proliferation analysts are starting to agree that there probably was no large-scale centrifuge facility but Bush wanted to kill the agreed framework."

Many analysts say current agreement highlights the failures of the Bush administration's hardline approach towards the problem. Jon Wolfsthal, a non-proliferation expert at the Centre for Strategic and International Studies in Washington who lived in North Korea while working for the US Department of Energy, says Pyongyang has come out ahead because it will receive the assistance it was promised until 2002 but has also demonstrated it is a nuclear state.

"Meanwhile, the US has been in a scramble to get back to 2002," Mr Wolfsthal says. "Anyone who supported the agreed framework should recognise the benefits of this deal but no one should think we are in a better position than before the Bush administration went through with this policy."

Mr Pritchard adds: "It's been a case of failed diplomacy and wasted opportunities up until now, anything that leads to winding back the process that was unleashed four years ago is a good step, a necessary step, but it's not a breakthrough."

Still, one key difference between the 1994 and 2007 agreements – its multilateral nature – should help compliance this time. "The six parties are safeguarding the agreement and that makes it much more difficult for one party to renege if it's going to be five against one," says a South Korean official. "If inspectors go back to Pyongyang and something goes wrong, North Korea will find it harder to kick them out, because there will be repercussions not only with the IAEA [International Atomic Energy Agency] but with all parties, including us."

However, the question of whether North Korea has made the strategic decision to give up its nuclear weapons programme remains unclear: there is a chance that hardliners in Pyongyang could try to scupper the deal.

That is a possibility of which Mr Hill is all too aware. "There are some people in the DPRK who understand that these weapons have done more to isolate and endanger and impoverish the DPRK than to protect it," says Mr Hill, calling the state by its official name – the Democratic People's Republic of Korea. "Alas I don't think that this is a universal view in the DPRK."

Isis's Mr Albright, who had high-level meetings in Pyongyang in the week before these six-party talks, says North Korea could relinquish its new-found nuclear prowess.

"I think this will take security assurances, economic assurances – and time. They will shut down the reactor and allow inspectors to go in, get the energy in return and then discuss the next step," he says, adding that the other parties would have to discuss restarting the light water reactor as part of any deal.

However, Mr Pritchard doubts that enough trust exists between the Bush administration and the Pyongyang regime to get to the finish line. "When one side has described wanting to change the regime of the other, it's difficult to believe that we could come back to a neutral path where everyone trusts each other unless proven otherwise," he says.

Mr Albright agrees up to a point. "North Korea feels that shutting down the reactor would be a major step beyond a freeze – it would be permanent – so North Korea probably feels they can make a better agreement with the next administration." That view suggests the North Korean problem might still be around to confront Mr Bush's White House successor too.

Outside Pressures Snapped Korean Deadlock (NYT)

By David E. Sanger

The New York Times, February 14, 2007

WASHINGTON, Feb. 13 — It is hard to imagine that either George W. Bush or Kim Jong-il would have agreed even a year ago to the kind of deal they have now approved. The pact, announced Tuesday, would stop, seal and ultimately disable North Korea's nuclear facilities, as part of a grand bargain that the administration has previously shunned as overly generous to a repressive country — especially one that has not yet said when or if it will give up its nuclear arsenal.

But in the past few months, the world has changed for both Mr. Bush and Mr. Kim, two men who have made clear how deeply they detest each other. Both are beset by huge problems, and both needed some kind of breakthrough.

For Mr. Bush, bogged down in Iraq, his authority undercut by the November elections, any chance to show progress in peacefully disarming a country that detonated a nuclear test just four months ago could no longer be passed up. As one senior administration official said over the weekend, the prospect that Mr. Bush might leave Iraq, Iran, Afghanistan and North Korea more dangerous places than he found them "can't be very appealing."

Still, the accord came under fast criticism from right and left that it was both too little and too late. [Page A10.]

For years, Mr. Bush's administration has been paralyzed by an ideological war, between those who wanted to bring down North Korea and those who thought it was worth one more try to lure the country out of isolation. In embracing this deal, Mr. Bush sided with those who have counseled engagement, notably his secretary of state, Condoleezza Rice, and her chief

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negotiator, Christopher R. Hill. Mr. Bush took the leap in the hope that in a few months, he will be able to declare that North Korea can no longer produce fuel for new nuclear weapons, even if it has not yet turned over its old ones.

For Mr. Kim, the nuclear explosion — more of a fizzle — that he set off in the mountains not far from the Chinese border in October turned out to be a strategic mistake. The Chinese, who spent six decades protecting the Kim family dynasty, responded by cutting off his military aid, and helping Washington crack down on the banks that financed the Cognac-and-Mercedes lifestyle of the North Korean leadership.

"As a political statement, their test was a red flare for everyone," said Robert Gallucci, who under President Clinton was the chief negotiator of the 1994 agreement with North Korea, which collapsed four years ago. "It gave President Bush and the Chinese some leverage."

Mr. Gallucci and other nuclear experts agree that the hardest bargaining with world's most reclusive, often paranoid, government remains ahead.

Over the next year, under the pact, the North must not only disable its nuclear reactors and reprocessing facilities, it must lead inspectors to its weapons and a suspected second nuclear weapons program. And to get to the next phase of the agreement, the one that gives "disarmament" meaning, North Korea will have to be persuaded to give away the country's crown jewels: the weapons that make the world pay attention to it.

But before the administration faces off against Mr. Kim in Pyongyang, it will have to confront the many critics of the deal here at home. As the White House took credit on Tuesday for what it called a "first step," it found itself pilloried by conservatives who attacked the administration for folding in negotiations with a charter member of what Mr. Bush called the "axis of evil," and for replicating key elements of Mr. Clinton's agreement with North Korea.

At the same time, Mr. Bush's advisers were being confronted by barbs from veterans of the Clinton administration, who argued that the same deal struck Tuesday had been within reach several years and a half-dozen weapons ago, had only Mr. Bush chosen to negotiate with the North rather than fixate on upending its government.

In fact, elements of the new decision closely resemble the Clinton deal, called the Agreed Framework. As it did in that accord, the North agrees to "freeze" its operations at Yongbyon, its main nuclear facility, and to allow inspections there. And like that agreement, the new one envisions the North's ultimately giving up all of its nuclear material.

In two respects, however, the new accord is different: North Korea does not receive the incentives the West has offered — in this case, about a year's supply of heavy fuel oil and other aid — until it "disables" its equipment at Yongbyon and declares where it has hidden its bombs, nuclear fuel and other nuclear facilities. And the deal is not only with Washington, but with Beijing, Moscow, Seoul and Tokyo.

"We're building a set of relationships," Ms. Rice argued Tuesday, saying that the deal would not have been possible if she and President Bush had not been able to swing the Chinese over to their side. Mr. Bush has told colleagues that he believes the turning point came in his own blunt conversations with President Hu Jintao of China, in which, the American president has said, he explained in stark terms that a nuclear North Korea was more China's problem than America's.

But the administration was clearly taken aback on Tuesday by the harshness of the critique from the right, led by its recently departed United Nations ambassador, John R. Bolton, who charged that the deal "undercuts the sanctions resolution" against the North that he pushed through the Security Council four months ago.

Democrats, in contrast, were caught between enjoying watching Mr. Bush change course and declaring that the agreement amounted to disarmament-lite. "It gives the illusion of moving more rapidly to disarmament, but it doesn't really require anything to happen in the second phase," said Joel Wit, who was the coordinator of the 1994 agreement.

The Bush administration is counting on the lure of future benefits to the North — fuel oil, the peace treaty ending the Korean War it has long craved, an end to other sanctions — to force Mr. Kim to disclose where his nuclear weapons and fuel are stored.

Mr. Bush's big worry now is that Mr. Kim is playing the administration for time. Many experts think he is betting that by the time the first big deliveries of oil and aid are depleted, America will be distracted by a presidential election.

But Mr. Bush could also end up with a diplomatic triumph, one he needs desperately. To get there, he appears to have changed course. Asked in 2004 about North Korea, he said, "I don't think you give timelines to dictators and tyrants."

Now he appears to have concluded that sometimes the United States has to negotiate with dictators and odious rulers, because the other options — military force, sanctions or watching an unpredictable nation gain a nuclear arsenal — seem even worse.

North Korea Vows Nuke Program Halt (CHIT)

By Bay Fang And Evan Osnos

Chicago Tribune, February 14, 2007

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WASHINGTON -- Four months after North Korea defied the world by testing a nuclear device, its pledge Tuesday to close its main nuclear reactor in exchange for $400 million in aid leaves unresolved how it would abandon the rest of its nuclear facilities, weapons and atomic fuel stockpiles.

The deal, announced in a joint statement by the U.S. and four other nations, does not immediately require Kim Jong Il's regime to give up any existing nuclear bombs but lays out a first deadline for key steps toward disarmament and normalized diplomatic relations.

North Korea pledged to shut down its Yongbyon nuclear reactor and permit international atomic inspectors to return to the country within 60 days. In turn, it will receive 50,000 tons of heavy fuel oil or equivalent "emergency assistance," a down payment on a promised million tons of oil or equivalent aid when it ultimately disarms.

President Bush welcomed the nuclear deal, a rare foreign policy victory at a time when the U.S. faces severe difficulties in Iraq and elsewhere. But administration officials also tempered expectations as some critics noted that the White House previously criticized such overtures to a country the president once branded part of "the axis of evil."

"This is still the first quarter," said Secretary of State Condoleezza Rice. "There is still a lot of time to go on the clock. But the six parties have now taken a promising step in the right direction."

The fate of the deal may rest on whether North Korea is fundamentally prepared to renounce nuclear arms after years of delays and defiance. Pyongyang has reneged on previous agreements, and has been accused of developing its uranium-based weapons program even while freezing a plutonium-based one.

In fact, the announcement of the deal by North Korea's official news agency said merely that the country was receiving 1 million tons of oil for a "temporary suspension" of its nuclear facilities — without mentioning the full disarmament for which the agreement calls.

Meeting that 60-day deadline will be a key benchmark of North Korea's commitment to the process, but it will take more time to determine whether the communist nation is prepared to see the process to conclusion, say veterans of American and multilateral negotiations with the North Koreans.

The plan drew harsh criticism from John Bolton, who until December was the U.S. ambassador to the United Nations. Bolton said the agreement ran counter to the Bush administration's counter-proliferation policy of not rewarding bad behavior.

"It's a bad, disappointing deal, and the best thing you can say about it is that it will probably fall apart," Bolton said in an interview. "The only reason they were back at the negotiating table was because of the pressure we put on them through financial sanctions. Now we're about to release that pressure."

The terms of the deal require North Korea to provide a full declaration of all harvested plutonium from spent nuclear fuel rods, which is estimated to be enough to have produced at least six nuclear weapons.

Mike Green, former senior director for Asian affairs on the Bush administration's National Security Council and one who has participated in the North Korean negotiations, said, "We won't really know if the North Koreans have changed their basic stance and are really serious about giving up their nuclear program" until we see what they do with the harvested plutonium.

In later phases, a timeline will be set for full disabling of all nuclear facilities in the country, at which time the 1 million tons of oil or equivalent aid will be handed to the North Koreans. Green said it will cost South Korea, Japan, Russia, China and the U.S. about $80 million apiece.

The tentative agreement awaits the approval of the administrations of all nations involved. The U.S. contribution to fuel shipments must be approved by Congress, which could bring challenges from both Democrats and Republicans.

"I think it's going to be attacked from the right, because it doesn't provide for a date certain for the elimination of North Korea's capabilities," said Robert Einhorn, former assistant secretary of state for nonproliferation in the Clinton administration, who sat across a negotiating table from Kim in 2000. "It's also going to be attacked from the left for getting a deal that could have been possible years ago, before North Korea developed its nuclear weapons."

Sen. Joseph Biden (D-Del.), chairman of the Senate Foreign Relations Committee, criticized the plan as being too little, too late.

"North Korea's program is much more dangerous to us now than it was in 2002, when President Bush rejected virtually the same deal he is now embracing," he said.

The deal effectively restarts a process that had been nearing collapse since September 2005, when the six parties agreed that North Korea would give up nuclear arms in exchange for energy and security guarantees.

Within hours of that announcement, North Korean spokesmen were downplaying the terms to domestic audiences, and over the months that followed, the North test-fired missiles and eventually conducted its first atomic test Oct. 9.

Bush said the latest agreement underscores the power of international cooperation.

"These talks represent the best opportunity to use diplomacy to address North Korea's nuclear programs," Bush said in a written statement.

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To strike the deal, the Bush administration broke with its longstanding opposition to providing aid to the North Koreans as an incentive for promises of denuclearization. Bush had previously criticized a similar deal struck by former President Bill Clinton's administration.

White House press secretary Tony Snow said the current agreement differs from the Clinton-era deal because it relies on verifiable "performance benchmarks," and because other major powers have signed on to the deal.

To be sure, analysts say the deal was unlikely to have been reached without heavy intervention by China, which has emerged as a key broker in dealings with North Korea.

After years of dutifully supporting its erratic neighbor and ally, China changed course last summer after Kim's regime ignored China's warnings not to conduct missile tests. Beijing has since pressured its neighbor by reducing vital oil shipments and expressing rare public discontent.

Tribune national correspondent Mark Silva contributed to this report from Washington. Bay Fang reported from Washington and Evan Osnos from Bangkok.

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Analysis: Making N. Korea Stick To Deal (AP)

By Charles Hutzler

AP, February 14, 2007

The negotiation that yielded Tuesday's landmark agreement for North Korea to abandon its nuclear weapons programs now gives way to a more arduous phase: making sure the communist country keeps its promises. Secretive, belligerent and with a reputation for skirting past deals, North Korea makes a rough prospect for arms control inspectors, experts said. It allegedly set up a secret nuclear weapons program, even as it shut down a different program a decade ago and put it under U.N. inspection.

Its mountainous terrain is pockmarked with tunnels and bunkers ideal for hiding bombs, materials and production lines. U.S. technical crews visited a suspected North Korean underground nuclear site, once in 1999 and again in 2000, only to find a suspiciously empty tunnel complex.

"How much nuclear material it has, how much it has produced and whether they've hidden any, we have our estimates. But no one can say for certain," said Liu Gongliang, a nuclear physicist who has tried to track North Korea's nuclear program for the Chinese government.

As the United States, China and other regional partners look to enforce their hard won agreement, getting past North Korea's usual intransigence is critical. Success in ridding North Korea of all its nuclear weapons programs would make the country a model of disarmament, like South Africa in the 1990s and Libya this decade.

Failure risks stoking tensions anew in often hostile Northeast Asia where U.S. troops are stationed to defend allies Japan and South Korea against a huge North Korean military.

North Korea has refined enough plutonium from its main, known facility — a 5-megawatt reactor based on a Soviet design and its associated processing plant in Yongbyon — to make from four to 13 nuclear bombs, according to the Institute for Science and International Security, a disarmament think tank in Washington.

Under Tuesday's accord, North Korea committed to first shutting down Yongbyon, accounting for all its nuclear facilities and eventually dismantling them all. But though the Yongbyon reactor was put under International Atomic Energy Agency inspection as part of 1994 deal with the United States, the entire facility has never been opened for inspection.

That deal unraveled after Washington accused Pyongyang in 2002 of running a parallel weapons project enriching uranium, a program the new agreement has assigned to a working group to resolve later. North Korea may have other undeclared and unknown facilities and materials, experts said.

Ultimately there is the question of whether Kim Jong Il, dictator of an impoverished and politically isolated country, intends to relinquish his nuclear weapons.

Jin Linbo, a North Korean watcher at China's Institute for International Studies, said North Korean Vice Foreign Minister Kim Kye Gwan was quoted last December as telling South Korean and Japanese reporters, "Do you believe we developed and sustained our nuclear weapons programs for so long just to give them up?"

Other governments have developed nuclear weapons for political popularity, diplomacy or security, Jin said. "But North Korea is not like other countries. They need it for food, they need it for fuel, for clothing to wear" and cannot afford to bargain it away cheaply, he said. "So I'm very pessimistic."

Cooperation is considered critical for a successful disarmament. Inspectors had trouble uncovering the extent of South Africa's program even with assistance from the government. North Korea is suspected of having hidden some of its processed plutonium despite allowing in the U.N. inspectors under the 1994 agreement, said Liu, the Chinese physicist.

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"South Africa was a model," Liu said. "Without that kind of cooperation it's extremely tough. If you say 'we think you have more fuel,' they won't acknowledge it, and if you think you've got it all, they'll keep any remaining materials for later."

Pact Involved Unusual Give-and-take By Bush Administration (MCT)

By Warren P. Strobel

McClatchy Newspapers, February 14, 2007

WASHINGTON - When President Bush took office six years ago, his hard-edged foreign policy was sometimes described by the initials "ABC," which stood for "anything but Clinton."

Nowadays, "a bit like Clinton" might be more apt.

The North Korean nuclear deal that Bush and Secretary of State Condoleezza Rice approved Tuesday blossomed from the sort of diplomatic give-and-take with an adversary that the White House had rejected until recently.

Two senior State Department officials said the deal reflected, in part, Rice's desire for a visible foreign-policy victory to offset setbacks across the Middle East, from Iraq to Iran and Lebanon. It also reflects a changed power balance within the Bush administration, with Rice at the forefront and Vice President Dick Cheney's influence diminished, at least on this issue and for now.

Rice on Tuesday called the agreement a breakthrough that came from "patient, creative and tough diplomacy."

"That's about as far away as you can get from `Either you're for us or against us,'" one of the senior officials said, referring to the president's defiant and undiplomatic rhetoric in the days after the Sept. 11, 2001, terrorist attacks.

This official and others requested anonymity to speak more openly.

When Bush entered the White House in 2001, he rebuffed pleas from then-South Korean President Kim Dae-jung to support Kim's effort to engage North Korea and declined to continue President Clinton's policy of negotiating with Pyongyang. He appeared to question the North Korean regime's legitimacy, including it with Iraq and Iran in an "axis of evil."

In October 2002, the Bush administration alleged that North Korea had a covert program to produce uranium for nuclear weapons. The next month, the United States, Japan and South Korea stopped shipping heavy fuel oil to North Korea, dooming a 1994 accord called the Agreed Framework, which had frozen North Korea's plutonium-producing reactor at Yongbyon. North Korea responded by restarting the reactor and expelling international inspectors.

Critics charge that Bush wasted six crucial years - in which North Korea expanded its nuclear arsenal and tested a nuclear weapon - and now has blessed a deal that's little better than the Agreed Framework was.

The agreement announced early Tuesday at six-nation talks in Beijing commits North Korea to "shut down and seal" the Yongbyon reactor within 60 days and allow international inspectors to verify its compliance. In return, the energy-starved nation would get an initial 50,000 tons of heavy fuel oil.

North Korea will receive much more aid - the equivalent of 1 million tons of heavy fuel oil - if it takes further steps toward denuclearizing, including providing a complete list of its nuclear programs and disabling all nuclear facilities.

The United States pledged to begin talks on normalizing relations with North Korea, to start the process of removing it from a U.S. list of countries that sponsor terrorism and to resolve a dispute over alleged illicit financial activities by North Korea.

Reporters pressed Rice on Tuesday as to how the new agreement differs from the 1994 one.

She said the initial aid to North Korea was modest; that five countries - including China, Japan, Russia and South Korea - would monitor the agreement's implementation, rather than the United States alone; and that, in contrast to the Agreed Framework, North Korea wouldn't receive nuclear reactors for civilian energy production until it had dismantled its nuclear weapons complex.

"So this is a different agreement," Rice said.

"It looks to me like a carbon copy" of the Agreed Framework, John Bolton, a former Bush administration undersecretary of state and U.N. ambassador, said in a telephone interview. "I think it's a bad deal."

"This is like what Secretary (of State Colin) Powell was pursuing in 2001, until the president steered him away from it," said Bolton, who's now with the American Enterprise Institute, a conservative policy-research center.

Nuclear-proliferation expert David Albright, who traveled to North Korea two weeks ago, said the eventual outcome would be little changed from the Agreed Framework.

"It's all going to be the same," said Albright, the president of the Washington-based Institute for Science and International Security, a private nuclear-arms watchdog group.

The difference is "now they have more nuclear weapons" as well as an estimated 40 to 50 kilograms of plutonium, which will be very difficult to eliminate verifiably, he said. "I think we've lost a lot of time, and now the job is harder."

The deal with North Korea already has disappointed and angered conservatives in Bush's political party, who see it as an abandonment of the president's principles and a return to Clinton-era deal-making.

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Senior officials said that Bush and Rice, working through U.S. envoy Christopher Hill, were determined to get an agreement if they could. To do so, Bush overruled or softened objections from the Treasury Department and some government nuclear-proliferation specialists.

US Welcomes N Korea Nuclear Deal (FT)

By Anna Fifield And Daniel Dombey

Financial Times, February 14, 2007

The Bush administration on Tuesday began moving towards normal relations with North Korea – a country it had labelled part of the "axis of evil" – in a sweeping and potentially historic deal over Pyongyang's nuclear weapons programme.

Under the early-morning deal, which cemented China's emergence as a significant power-broker on the world stage, North Korea agreed to close down its main nuclear reactor within two months and allow international inspectors to verify the process.

The deal also paves the way for the end of North Korea's official designation in the US as a state sponsor of terror, the resolution of the financial dispute that has shut Kim Jong-il's regime out of the international banking system and the formal end of the 1950-53 Korean war.

"Obviously we have a long way to go but we are very pleased with this agreement. We feel it is a very solid step forward," Christopher Hill, chief US nuclear negotiator, said lon Tuesday night after China, Japan, Russia, the US and the two Koreas ratified the agreement.

North Korea has a history of reneging on agreements but analysts said the deal could prove to be the turning point in the arduous effort to convince Pyongyang to disarm.

Within 60 days, North Korea has agreed to shut down and seal its main nuclear facilities at Yongbyon, north of Pyongyang, under the supervision of International Atomic Energy Agency inspectors. In return, it is due to receive 50,000 tonnes of heavy fuel oil as well as food and other aid.

To continue towards full "abandonment", North Korea will provide a complete list of its nuclear programmes and disable all existing nuclear facilities, for which it will receive an additional 950,000 tonnes of fuel oil in instalments along the way.

In an indication that the deal could lead to a "grand bargain" between the US and North Korea, the agreement commits the two sides to "bilateral talks...moving toward full diplomatic relations". The text of the deal adds that "the US will begin the process of removing the designation of [North Korea] as a state-sponsor of terrorism".

Diplomats and analysts said China played a crucial role in brokering the deal.

"China decided that they had to deliver on this," said Jonathan Eyal, at the Royal United Services Institute in London. Beijing is North Korea's biggest trading partner. He said the deal represented "agreement on the conditions for a grand bargain".

Under the accord, the US will also "resolve" within 30 days the dispute over $24m in North Korea-linked accounts frozen 18 months ago as part of a Washington-led crackdown on counterfeiting and money laundering.

Tokyo will begin talks with Pyongyang to normalise their thorny relations – complicated by North Korea's abduction of Japanese citizens several decades ago. However, Japan was already voicing doubts about the deal last night and indicated it would not join in giving aid to North Korea.

Condoleezza Rice, US secretary of state, said the agreement should be "seen as a message to Iran that the international community is able to bring together its resources".

But Mr Eyal said there was little prospect that the US would apply the same approach to the dispute over Iran's nuclear programme, partly because it considered Tehran a greater threat in a region of vital concern.

Bolton Hits Agreement As 'Bad Signal' To Iran (WT)

By Bill Gertz

The Washington Times, February 14, 2007

The deal reached in Beijing on North Korea's nuclear program is being criticized for making too many concessions to the hard-line government that violated a past accord, and gives up key U.S. leverage that blocked illicit financial activities by Pyongyang in the past.

"It is rewarding bad behavior of the North Koreans by promising fuel oil," said former U.S. ambassador to the United Nations, John R. Bolton, who emerged as an outspoken critic of the nuclear accord.

"It's a bad signal to North Korea and it's a bad signal to Iran," Mr. Bolton said in an interview, noting that the message to would-be arms proliferators around the world is that "if you hold out long enough and wear down the State Department negotiators, eventually you get rewarded."

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Also, giving up financial leverage on North Korea after further talks by agreeing to lift banking sanctions is a "huge" mistake, Mr. Bolton said. "That leverage is what brought them to the table. ... The Chinese were paying them to come to the talks. Now we're paying them."

The Beijing agreement, announced yesterday, involves supplying some $400 million in aid, including 1 million tons of fuel oil, to the communist regime that set off its first underground nuclear blast in October, despite an agreement since 1994 to freeze its nuclear program.

Under the announced terms of the accord, North Korea will received an immediate shipment of 50,000 tons of fuel oil in the next two months, with further shipments and other concessions if it then agrees to shut down its nuclear facility at Yongbyon. An additional 950,000 tons of fuel will then be provided.

Problems with interpretation of the accord already surfaced yesterday.

White House press secretary Tony Snow said the agreement requires North Korea to "permanently" disable all nuclear facilities.

However, North Korea's state-run news organ, the Korean Central News Agency, announced the shutdown of reactors at Yongbyon would be "temporary."

Chuck Downs, a North Korea affairs specialist, said the administration's most damaging concession was agreeing to Pyongyang's demand to lift Treasury Department banking restrictions on Banco Delta Asia in Macao that was found to be laundering North Korean counterfeit $100 bills to finance the regime.

"We had the North Koreans on the ropes" with the banking restrictions, Mr. Downs said. "We're losing all of that real leverage once we open the door to identifying legitimate funds there."

The banking restrictions are to be lifted in 30 days under the accord.

Critics of the agreement also say it is similar to the failed 1994 Agreed Framework that called for North Korea to freeze its nuclear program in exchange for aid. North Korea violated that agreement and then admitted to having a secret uranium enrichment program in 2003. The North Koreans then refused to reveal or end the uranium program.

Six-nation talks including the United States, North Korea, South Korea, Japan, Russia and China have been under way for several years with limited success. The new accord will implement a September 2005 agreement that called on North Korea to give up its nuclear program.

The Beijing accord contains no reference to the uranium program, only that North Korea has agreed to discuss all its nuclear arms programs in further talks.

"The danger of this kind of agreement is that it's a charade, it's a hollow agreement," Mr. Bolton said. "And it will give people the illusion of security when it won't actually produce it. And even worse, it will say to countries like Iran and other would-be proliferators, if you have just have enough patience, if you just have enough persistence, you'll wear the United States down. They'll give up on point after point after point."

Henry Sokolski, a former defense official in former President George Bush's administration, said the concessions made to North Korea likely will undermine efforts to prompt Iran to limit its nuclear program.

"It is going to be harder to get everybody to be tough on Iran to the extent that we push this diplomatic effort on North Korea," Mr. Sokolski said.

"The Bush administration thinks it can succeed where Clinton administration failed because it can be trusted and is more vigilant," Mr. Sokolski said. "All of this remains to be seen. It's not a sure thing. This, again, is 'Trust us.' "

The accord will lead to more talks with the North Koreans and the other five parties but the prospect of reaching actual nuclear disarmament is slim, he said. "If what you want is more talks, this is indeed a major success," Mr. Sokolski said. "As for disarming the North Koreans, you'd be crazy not to be a skeptic."

South Korea will be required to pay for most of the aid to North Korea, thus locking Seoul into its current pro-North Korea policy, which has been a problem for the United States in the past, Mr. Sokolski said.

South Korea's Chosun Ilbo newspaper stated in an editorial the agreement has no mechanism for preventing North Korea from restarting its nuclear program and that South Korea will "bear a much higher portion of the burden."

China, which has close ties to North Korea, also will head one of the five working groups set up under the agreement and will be in charge of overseeing the nuclear dismantlement, raising questions about whether verification is possible.

In China, official state-run press praised the diplomatic breakthrough but some experts voiced skepticism. Shi Yinhong, a specialist at the People's University in Beijing, told the Deutsche Presse-Agentur news service that "we should not read too much into" the agreement.

North Korea's motives are not clear "because now we do not have any evidence or logic to convince us that [North Korea] has set the course of denuclearization and why it would choose this course at this moment," Mr. Shi said.

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Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control, also said the announced agreement "looks a lot like 1994."

"It's strikes me that the North Koreans really haven't changed their position significantly, while we have," Mr. Milhollin said. "All the concessions are from our side. It's hard to see any concessions on their side."

The White House sought to put the best face on the weaknesses of the agreement. Asked what happens if North Korea violates it, Mr. Snow told reporters, "Well, if the North Koreans cheat on the agreement, they are still liable to Chapter VII sanctions under U.N. Security Council resolutions."

Mr. Snow also said the agreement is structured so that if North Korea fails to take steps to close current facilities and reveal all nuclear operations, "they're not going to get the full benefit of potential diplomatic or economic relations until they, in fact, demonstrate that they're up to performing."

"The people of North Korea are the most oppressed people on the face of the earth, and through this agreement the administration is giving $400 million for 90 days of promises," Mr. Downs said, noting that North Korea already promised in the past to give up its nuclear programs and failed to do so.

Private Talks Held In Berlin Spurred Sides To Reach Deal (NYT)

By Jim Yardley

The New York Times, February 14, 2007

BEIJING, Wednesday, Feb. 14 — On a Friday night in late December, the tortuous three-year diplomatic effort to end North Korea's nuclear weapons program finally seemed dead. Two months earlier, North Korea had conducted its first nuclear weapons test, and five days of talks in Beijing had just ended in failure and acrimony.

But that evening, the American team sent a messenger to the gated North Korean Embassy. Would the North be interested in a private, bilateral meeting outside Beijing? A few days later, the North agreed and chose a location — Berlin.

The Berlin meeting in January was critical in resuscitating the talks and in shaping the agreement reached Tuesday in Beijing, according to a senior United States official familiar with the American negotiating team. The official briefed a handful of reporters to provide an inside perspective on the events that led to the Tuesday deal. He spoke only on the condition of anonymity.

In Berlin, the two envoys, Christopher R. Hill and Kim Kye-gwan, held their first private discussions outside the framework of the six-nation negotiations in Beijing. It was the sort of bilateral setting once forbidden by the Bush administration, but the two negotiators used it to hash out differences. "We basically teed up an agreement — what you saw today," the official said.

Or so they thought.

Mr. Kim raised the issue of energy assistance and North Korea's need for heavy fuel oil. The envoys decided that the North would receive oil shipments but quibbled over timing. Mr. Hill said oil could be shipped as long as the North Koreans agreed to close and seal their Yongbyon nuclear reactor and processing center within 45 days. Mr. Kim countered with 90 days. They settled on 60.

The American official said the envoys agreed that the precise amount of oil would be left undetermined until working groups were established. The Americans left Berlin, and Mr. Hill briefed South Korea, Japan and China, the host of the nuclear talks. On Jan. 30, China announced that the talks would resume in February.

"Beijing should have been a fairly straightforward exercise," the American official said.

But once the talks opened last Thursday, North Korea made clear its unhappiness with allowing the amount of oil to be determined by a working group.

"The problem was the North Koreans wanted an overall number, and they wanted the overall number public," the official said.

Last Friday, Mr. Kim unleashed a tirade against the Americans on a range of issues, including the fuel oil. Reports leaked into the Asian news media that North Korea had thrown a fit. But eventually, the official said, all the issues faded away, except the oil.

North Korea wanted a big payoff. Unnamed officials told the Japanese and South Korean news media that the North wanted two million tons of fuel oil and two million kilowatts of electricity a year. In fact, the North Koreans had not been that specific, but the parties ultimately decided on one million tons of fuel oil — roughly a one-year supply for the entire country.

The South Korean envoy, Chun Yung-woo, helped shaped the discussions about the amount of oil and also suggested "more oil for deeper denuclearization." This link became essential for the Americans, who were distrustful of any deal that provided North Korea with oil without linking it to disarmament. A sequence emerged that withheld all but 50,000 tons of the oil until North Korea had disabled its nuclear arsenal, step by step.

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Mr. Kim often called back to Pyongyang, the capital, for instructions as North Korea continued to resist the wording of the oil provision. The American official said that at one point on Monday, Mr. Hill visited the North Koreans and mentioned a ceramic Korean cup he kept on his desk. He cited a Korean proverb about how pouring too much liquid into the cup causes it to drain out, leaving nothing.

The message — do not get too greedy — was not lost on North Korea, but negotiations continued into early Tuesday morning. Finally, the six delegations — the United States, North Korea, China, Japan, Russia and South Korea — committed themselves to the agreement. A text was sent to the respective capitals. The only mystery was whether Pyongyang would sign off on the deal.

Later on Tuesday, it did.

Imperfect Progress (WSJ)

By George Perkovich

The Wall Street Journal, February 14, 2007

In the apparent nuclear deal with North Korea, the Bush administration has stopped letting the (unattainable) perfect be the enemy of the (doable) OK. For a heavy price in fuel oil and sanctions relief, Pyongyang will stop exacerbating the nuclear dangers it poses. If all goes according to plan, it will shut down the reactor in which it has been producing bomb fuel, and will allow international inspectors to verify this.

Presumably, North Korea also has agreed not to conduct further nuclear tests; but U.S. and other diplomats are strangely silent on this. If there is no such understanding, the deal is less good, or more imperfect. More likely, North Korea has agreed implicitly to eschew further tests as long as it is satisfied with the diplomatic process.

The North Koreans have not agreed to verifiably eliminate their stockpile of nuclear weapons and bomb materials. Rather than an operational commitment to disarm, the U.S. has extracted from North Korea a willingness to negotiate further a series of quid pro quos, which ultimately would require the dismantling of its nuclear weapons capabilities.

There is no reason to believe that any North Korean dictatorship will ever actually implement the final steps of verifiable disarmament. Nuclear bombs and plutonium are the best assets to trade for economic assistance; once the stuff is gone, why would the world keep paying the dictatorship off? Similarly, bombs and plutonium are the regime's best insurance against regime change: If you invade, we bomb South Korea or sell plutonium to terrorists.

The Bush administration, for six years, ignored the reality that the North Koreans would not trade away all their nuclear levers. The U.S. refused to negotiate on anything less than the unachievable optimum of complete, verifiable disarmament. Meanwhile, North Korea quintupled its stockpile of plutonium and tested one of its nuclear weapons. The administration patted itself on the back for not compromising with an evil regime, but meanwhile, the world became more dangerous.

When history recurs, it is for a reason. Ever since International Atomic Energy Agency inspectors discovered in 1992 that North Korea had secretly produced weapons-grade plutonium beginning in 1989, Presidents Bush, Clinton and Bush demanded that Pyongyang give up this material, and verifiably abandon all nuclear-weapon activities. North Korea has demurred, delayed and defied accommodation. It has stopped short of inciting warfare or complete economic isolation, but it also has shown no real interest in surrendering all its nuclear assets.

On the brink of war in 1994, the Clinton administration and North Korea negotiated a framework agreement much like the one announced yesterday. North Korea would cease work in its plutonium production complex, allow international inspections and, in a step-by-step process over many years, account for and remove all of the plutonium it had produced. All parties were imperfect in fulfilling their terms, and North Korea secretly acquired uranium enrichment capabilities from Pakistan, which could in theory have substituted for plutonium. But North Korea did not produce more bomb material in this period or conduct a nuclear test.

If the current deal keeps North Korea from producing more bomb material and conducting more nuclear tests, it will be a good thing. If further pay-offs can induce Pyongyang to reduce the stockpile and reassure us that security and control procedures minimize the risks that nuclear materials or bombs could be transferred to terrorists, we should haggle over the price. Progress in nuclear security is worth paying for, even if it is imperfect.

Republicans and Democrats should now spare each other and the world the sanctimony of denouncing such dealmaking. Both parties have made imperfect deals with an impure North Korean regime. The focus now should be on consolidating the North Korean commitment not to make things worse.

More ambitiously, Republicans and Democrats should urge extending the six-party negotiating forum into a broader exploration of steps to prevent instability in Northeast Asia. Japan has fraught relations with both North and South Korea, and worries about China's rising power. China fears that Japan could someday convert its peaceful plutonium stockpile into weapons, and that the U.S. could someday use a unified Korea as a base for containing China. Everyone sees the prospect of Korean

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unification differently. These issues go to the core of global security in the 21st century. By broadening the agenda, this modest nuclear deal can become the start of something bigger.

Mr. Perkovich directs the nonproliferation program at the Carnegie Endowment for International Peace.

Faith-Based Nonproliferation (WSJ)

The Wall Street Journal, February 14, 2007

So after a couple of decades of broken promises, missile launches and nuclear tests, North Korea's Kim Jong Il has finally decided to give up his nuclear ambitions in return for diplomatic recognition and foreign aid. The Bush Administration will no doubt be praised with scorn for finally being "reasonable" and recognizing "reality," but the exercise strikes us as something close to faith-based nonproliferation.

Perhaps the best thing we can say about the deal is that it is marginally better than the "Agreed Framework," the 1994 accord in which the Clinton Administration agreed to hand over two light-water reactors and 500,000 tons of fuel oil a year in exchange for North Korea's promise to freeze its plutonium program. Pyongyang pocketed the oil, only to demand more compensation within a few years while secretly enriching uranium in a separate nuclear program that it only acknowledged in 2002.

This time there are no nuclear reactors on offer, and North Korea will get only 5% of the promised one million tons of fuel oil and humanitarian assistance up front. The remaining 95% is contingent upon North Korea providing a full accounting of all of its nuclear programs within 60 days, and ultimately agreeing to dismantle the works. That includes nuclear bombs, spent fuel and the clandestine uranium program -- which it now denies having but that the Bush Administration insists does exist.

The other difference from 1994 is that China is a party to this accord. Beijing has by far the most leverage of any country on Pyongyang, as its political patron and supplier of most of its energy needs. China was instrumental in getting Pyongyang back to the negotiating table after a three-year absence, and the U.S. is counting on it to help ensure the North's cooperation.

A senior Administration official tells us that there has been a "sea change" in the Chinese attitude toward North Korea since last summer's missile launch -- read: Beijing is furious -- and that Beijing is now "heavily invested" in making sure that the deal succeeds. We can only hope this is so.

However, Kim has proven he can stand up to China before, and the dictator's habit is to strike an agreement and then try to renegotiate it along the way for better terms. He will have many chances to do so under yesterday's accord, because the commitments and timetables are vague to say the least. His one important specific promise is to shut down his plutonium facility, at Yongbyon, within 60 days.

The accord makes no mention of the plutonium his regime has produced, nor of the eight or more nuclear bombs he is thought to possess. Nor does it refer to his uranium enrichment program, much less specify that international inspectors will be able to roam the country's vast network of underground installations for evidence of where that program might be. Bush Administration officials say that they believe that all of Kim's nuclear activities are covered under the agreement, and that Kim will be expected to come clean in his 60-day declaration.

But if he doesn't? One danger of this accord is that it will start a traditional "arms control" process in which Kim can stall and protest, and the U.S. will be pressured to make even further concessions. We can already see the lineup of South Koreans, Chinese, American media and State Department officials all suggesting that the Bush Administration is being obstinate and "unrealistic" if it insists on intrusive inspections, or on recovering all of Kim's plutonium.

Meanwhile, the immediate effect of the fuel assistance and promises of diplomatic recognition will sustain Kim's regime, allowing him to sell the deal at home as a victory for his missile and nuclear blackmail. The timing is especially ironic given that Kim's position arguably has never been more precarious thanks to U.S.-imposed financial measures against the North's international banking activities.

Treasury's blacklisting of Banco Delta Asia in Macau in September 2005 -- and the demonstration effect on other banks that did business with the North -- essentially shut down Pyongyang's access to the global banking system. The U.S. is now promising to review its Banco Delta Asia action within 30 days. If that results in the government of Macau releasing some portion of the $24 million in BNA's North Korean accounts, it's yet another prop for the regime.

All of which is to say that this is far from the nonproliferation model set by Libya's Moammar Gadhafi in the wake of Saddam Hussein's ouster in 2003. Gadhafi relinquished his entire nuclear program up front, and only later -- once compliance was verified and the nuclear materials removed from the country -- did the U.S. take Libya off the terror list and provide other rewards.

Perhaps Mr. Bush feels this is the best he can do in the waning days of his Administration. Or perhaps, in the most favorable interpretation, he wants to clear the decks of this issue in order to have more political capital to control Iran's nuclear

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ambitions. Iran may look at this deal, however, and conclude it has little to lose by raising the nuclear stakes. We'd like to believe this will turn out better, but history doesn't support such faith.

The Lesson Of North Korea (NYT)

The New York Times, February 14, 2007

It is welcome news that North Korea has agreed to move toward dismantling its nuclear weapons program in exchange for fuel oil and international acceptance — including the hope of eventual recognition by the United States. When dealing with Pyongyang (and for that matter, the Bush administration), a lot can slip betwixt the cup and the lip. But if all goes as agreed, the world will be safer.

The obvious question to ask is: What took so long? And even more important: Will President Bush learn from this belated success? Will he finally allow his diplomats to try negotiation and even compromise with other bad and undeniably dangerous governments?

Mr. Bush could probably have gotten this deal years ago, except that he decided he didn't have to talk to anyone he didn't like. So long as the White House refused to talk, North Korea churned out plutonium. And once American negotiators were finally allowed to mix their sanctions with sanity and seriously negotiate, they struck a deal.

We'll overlook the irony of this administration, which considers the word multilateral an epithet, insisting yesterday that Mr. Bush had not compromised on anything because the Chinese, Japanese, South Koreans and Russians were also involved.

There are still a lot of negotiations to come before North Korea disarms — and no guarantees. If the past is prelude, it will try to reopen the bidding or try to squirrel away a few nuclear weapons or their makings. Its closest neighbors, China and South Korea, which have been enabling Pyongyang for years, will try to excuse any backsliding. So the Bush administration will have to be the deal's lead enforcer. For that, its behavior needs to be above reproach. Mr. Bush should start by ordering his aides (and his vice president) to embrace the triumph of diplomacy, no matter how much it pains them.

As for the lessons to be learned, there are a lot of other bad actors out there with whom Mr. Bush is still refusing to speak. Iran is resisting the White House's saber rattling and bullying. Mr. Bush could test Tehran by including it in a regional conference to discuss how to contain Iraq's chaos. And it would certainly enliven the discussion on Iran's nuclear program if the White House suggested that it would drop its plans for regime change once and for all and move toward diplomatic recognition if Tehran would control its nuclear appetites.

And there are others, like Syria, which might — with the right incentives — be persuaded to rethink its ill-begotten friendships with Hezbollah and Tehran. Or Cuba, preferably before Castro goes and the Cuban people decide their only choices are violence or remaining frozen in Communist amber for another generation. We are not saying that all of these governments will respond, even to a cold calculation of their own interests. But this administration has not tried to find out.

There will be a lot of talk in Washington about Mr. Bush salvaging a failing presidency. We don't want to take away from the glow. But there are a lot of other dangers out there. And we hope that Mr. Bush learns the most basic lesson of this week's deal: sometimes you really do have to talk to your enemies, even if you have to grit your teeth.

Nuclear Bargaining (WP)

The Washington Post, February 14, 2007

THE "ACTION PLAN" on North Korea's denuclearization issued yesterday by the "six-party" talks in Beijing offers the advantage of focusing, initially, on a single and relatively modest exchange. Within 60 days, the North Korean regime is to shut down its Yongbyon nuclear reactor and reprocessing plant under the monitoring of international inspectors, who would return to the country after a four-year absence. In exchange the North is to receive 50,000 tons of fuel oil, the "resolution" of U.S. banking sanctions and the beginning of bilateral talks on the normalization of U.S.-North Korean relations. If the shutdown takes place, North Korean production of plutonium for nuclear weapons will also stop -- a welcome if very limited step forward.

Unlike the failed "Agreed Framework" between the Clinton administration and North Korea, the new deal is not open-ended: North Korea will get no more than the one-time "emergency" supply of oil, worth about $12 million, unless it takes further action. This accord also includes China, South Korea, Japan and Russia, whose involvement raises the chance that Pyongyang will comply and demonstrates that the six-party approach the Bush administration embraced more than three years ago can produce results. In that sense it is wrong to argue that the administration has simply reverted to the Clinton-era arrangement that it repudiated in 2002, and if it is rewarding North Korea's misbehavior, the bribe is a small one.

The drawback is that North Korea keeps, for now, the weapons and plutonium stockpile it has amassed. Also, as Secretary of State Condoleezza Rice acknowledged yesterday, the first real test of whether dictator Kim Jong Il will give up his nukes lies in a less clearly defined future. According to the plan, North Korea is to permanently disable the Yongbyon facilities and provide a "complete declaration of all nuclear programs" in exchange for the equivalent of 950,000 more barrels of oil. How and when it will

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accomplish the disablement, how its disclosure will be verified and what else it might receive in exchange remain to be worked out; among the many difficulties is the North's refusal to acknowledge a secret uranium enrichment program. As Ms. Rice said, those steps would be "a sign that the North Koreans may, in fact, be ready to make a strategic choice" to give up nuclear weapons.

Along with many experts on North Korea, we're skeptical that Mr. Kim would choose to give up nuclear weapons unless he were convinced that the survival of his regime depended on it. Administration officials say they have been encouraged to believe that China, which controls North Korea's lifelines of fuel and food, has made the regime's disarmament a priority since its nuclear test last fall; recently enacted U.N. sanctions may also help. Trying to push Mr. Kim into a permanent shutdown of plutonium production over the next year is certainly worthwhile. Yesterday's announcement was a start, but as the football-loving Ms. Rice said, "This is still the first quarter."

Multilateralism Works On North Korea (LAT)

The Los Angeles Times, February 14, 2007

IN AN INCREASINGLY scary world, score one small point for pragmatism and global sanity: North Korea has agreed in principle to a nuclear disarmament deal.

The very tentative one-page agreement struck in Beijing on Tuesday is only a shaky first step after years of paralysis. It could well collapse within its first 60 days, when the famously erratic Pyongyang government has a deadline to seal up its plutonium-producing Yongbyon nuclear plant, make a full declaration of its nuclear activities and allow international inspectors back into the country. It doesn't guarantee that North Korea will take the next, crucial step of placing its plutonium — whether raw or already fashioned into warheads — under international safeguards. It doesn't deal with the enriched-uranium program that Pyongyang now denies. And yes, North Korea will receive a bit of fuel oil to sweeten the deal, something the Bush administration had long viewed as anathema.

Conservatives, predictably, are hollering betrayal. The Bush administration's once preeminent hawk, former U.N. Ambassador John R. Bolton, said the deal "contradicts fundamental premises of the president's policy he's been following for the past six years."

Bolton is right. President Bush has changed course — abandoning a failed policy in favor of one that might have a prayer of succeeding. For years, hard-liners insisted that providing any incentives, including direct U.S. contacts with Pyongyang, would reward North Korea's bad behavior. "I don't do carrots," Bolton once remarked. Instead, the administration sought to enlist North Korea's neighbors in isolating Kim Jong Il until he capitulated.

But that theory proved unworkable when China and South Korea refused to apply sufficient pressure, then blamed the stalemated negotiations on White House inflexibility. Only when Bush acceded to the other countries' desire to include the fuel component in the deal did the talks get unblocked. This is what multilateralism looks like.

The tactical shift doesn't mean that the U.S. has abandoned its principles; the White House still needs to be prepared to abort this deal if it ultimately proves as hollow as previous accords. But if North Korea reneges on its promises this time, it will be double-crossing its last sympathizers, China and South Korea, as well as Russia, Japan and the United States.

So conservatives have little to fear; if North Korea scuttles the deal, the shared responsibility would make it all the easier to ratchet up international sanctions if necessary. The administration deserves recognition, not scorn, for helping to make even this tentative bit of hope possible.

Israel, Palestinians To Meet With Rice (AP)

By Josef Federman

AP, February 14, 2007

Israeli and Palestinian officials said Tuesday they have vastly different agendas for next week's meeting between their leaders and Secretary of State Condoleezza Rice, raising serious doubt about the summit's prospects.

The Palestinians want to jump to talks on a final peace agreement at the Feb. 19 meeting, while Israel said it will not discuss "substantial issues" until it learns more about Palestinian President Mahmoud Abbas' power-sharing agreement with the Hamas militant group.

Abbas, a moderate who leads the Fatah movement, reached the deal at a summit in the Saudi city of Mecca last week with Hamas, ending months of infighting and political deadlock.

Abbas has tried to persuade the West that the deal shows Hamas has softened its militantly anti-Israel ideology enough to allow him to restart peace talks with Israel. The Palestinians also hope the deal will bring an end to months of painful economic sanctions imposed on the current Hamas-led government.

Palestinian Prime Mini

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ster Ismail Haniyeh of Hamas warned that key issues remain unresolved.

Returning home Monday to Gaza from the Mecca summit, Haniyeh said his government will resign in the coming days, a formality to allow appointment of the new unity government. But first the disagreements must be worked out — especially over control over the disparate armed forces.

Hamas and Fatah have not yet decided who will get the key post of interior minister, controlling most security forces. Wrangling over such control helped spark the deadly factional violence that has killed more than 130 Palestinians.

The deal also did not settle the fate of Hamas' 5,600-member militia, which was formed last year over Abbas' objections.

Israel and the "Quartet" of Mideast mediators — the U.S., EU, Russia and U.N. — have demanded that Hamas renounce violence, recognize Israel's right to exist and accept past peace agreements.

The Saudi-brokered deal agrees to "respect" past peace deals, but is otherwise vague on the international conditions.

The Quartet and Israel have so far withheld judgment on the Palestinian unity deal, saying they want more details on its final platform. But privately, Israeli and U.S. officials have expressed disappointment. Hamas and Fatah hope to finalize the new government within weeks.

With so many questions unanswered, Israeli Prime Minister Ehud Olmert's spokeswoman, Miri Eisin, said the time is not ripe for full-fledged peace talks.

"We're not talking about the substantial issues, we're just talking about the political horizon," Eisin said. But she said Israel expects any future Palestinian government to accept the international conditions.

"We're waiting to see when the new Palestinian government is put together, because it hasn't been finalized, what the new government policies are," she said.

Palestinian negotiator Saeb Erekat said the Palestinians are eager to resume talks on a final peace agreement with Israel. After more than six years of Israeli-Palestinian fighting, a growing number of Israeli and Palestinian moderates have suggested "final-status" talks might provide a way out of the deadlock.

But Erekat — who was in Washington in recent days trying to market the Palestinian unity deal — acknowledged the agenda for the Feb. 19 meeting remains undetermined.

"So far we have not been able to agree with the Israelis on the agenda. The main thing is to see if we can engage in this process," he said.

In other developments Tuesday, Israeli soldiers killed a Palestinian militant in a clash along the Gaza-Israel border, the Israeli army and a Palestinian militant group said.

The Al Aqsa Martyrs' Brigades, a militant group affiliated with Abbas' Fatah movement, confirmed one of its men was killed and said another was wounded.

Abu Khassan, an Al Aqsa commander, told The Associated Press that the group's gunmen detonated a bomb when an Israeli patrol passed, blowing a hole in the border fence. He claimed one of the Israeli jeeps was damaged and set on fire by the blast, and that Israeli soldiers were wounded.

The army denied that any soldiers had been wounded. Soldiers along the border spotted two Palestinian militants planting a bomb along the fence and opened fire, the army said, and one of the Palestinians was killed in the exchange of fire. It declined to say whether the border fence was damaged.

Israel and Palestinian militants have been observing a truce in Gaza since late November. The truce has been marred by sporadic shootings along the border fence and by nearly daily Palestinian rocket fire into Israel.

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Associated Press reporter Karin Laub in Ramallah, West Bank, contributed to this article.

Jordan, Russia Discuss Mideast Peace (AP)

By Jamal Halaby And Dale Gavlak

AP, February 14, 2007

Jordan's King Abdullah II and Russian President Vladimir Putin on Tuesday called for a stronger international push for lasting Mideast peace and urged for a diplomatic solution to Iran's nuclear standoff.

Putin told reporters during a joint news conference with Abdullah that "support is growing" for a Russian proposal for a wide-scale Middle East peace conference that also would tackle ways to "conquer international terrorism."

Abdullah, a key U.S. ally whose country has diplomatic relations with Israel, said he and Putin also "agreed that negotiations for the establishment of a viable Palestinian state should be accelerated." The Jordanian monarch called the Palestinian-Israeli conflict the "core conflict" in the Middle East.

Putin, whose Mideast tour also included stops in Saudi Arabia and Qatar, later met with visiting Palestinian leader Mahmoud Abbas urging him to set up an "efficient" government that would be taken seriously by Israel to reach a final peace

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settlement. Abbas and his Fatah faction reached an agreement last week with the ruling militant Hamas to form a coalition Palestinian government.

Abdullah also said he and Putin discussed Iran's nuclear standoff with the West and "continue to believe that a diplomatic solution to this crisis must be found."

Last month, Abdullah said he wanted to develop Jordan's nuclear capabilities for peaceful purposes — a direct message to Iran that its own nuclear pursuits will not go unchecked. Washington has indicated it had no objection to a peaceful Jordanian nuclear program.

Also Tuesday, Putin renewed his criticism of the United States, suggesting the U.S. administration is wrongly portraying Russia as a threat in order to bolster requests for defense spending, Russian news agencies reported.

"It has come to the stage where under the pretext of a nonexistent Russian threat, they have begun to obtain resources in Congress for military needs for the operations in Iraq and Afghanistan, for the deployment of a missile defense system," ITAR-Tass quoted him as saying.

Putin, who lashed out at U.S. foreign policy Saturday in some of his harshest criticism of Moscow's Cold War foe, told reporters he hoped that following his weekend comments the United States will begin to pursue relations with Russia on "an equal, friendly basis."

He criticized the "mentoring" tone the West has taken with Russia since the 1991 Soviet collapse — a reference to U.S. and European advice on issues ranging from democracy and energy development — and said he is convinced that "the actions of many of our partners are aimed only at achieving their own interests."

U.S. Defense Secretary Robert Gates raised Russian hackles last week when he identified the country as a potential threat. Putin issued a sharp criticism of U.S. foreign policy on Saturday, saying the United States "has overstepped its national borders in every way" and complaining of the "almost uncontained ... use of force in international relations."

Putin said Tuesday that other countries have similar views and that he was just being honest.

"Russia is a country that should not thumb its nose at someone behind his back or harbor a secret grudge," he said in comments shown on Russian television.

Russia has become increasingly assertive on the world stage under Putin, who has presided over oil-fueled economic growth that has restored confidence and a measure of the clout it lost with the Soviet collapse.

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Associated Press writer Steve Gutterman in Moscow contributed to this report.

Security Hurdles Remain For Abbas (WT)

By Joshua Mitnick

The Washington Times, February 14, 2007

TEL AVIV -- As Palestinian Authority President Mahmoud Abbas seeks international support for a Hamas-Fatah power-sharing agreement, Palestinian observers warn that formidable obstacles remain, including who will control the security forces.

The agreement reached in Mecca, Saudi Arabia, last week lays out principles for cooperation, but implementation still must be worked out amid longstanding mistrust between Mr. Abbas and Hamas Prime Minister Ismail Haniyeh.

"When the CEOs of two major companies agree to merge, they leave the details to their staff; that is what happened in Mecca," said Elias Zananiri, a former interior ministry spokesman under Mr. Abbas.

"The devil is always in the details. Everything on paper is clean and nice, but when it comes to implementation, that is the real test."

The most sensitive problem will be overhauling the Palestinian security forces to incorporate thousands of members of a controversial Hamas unit, and the appointment of an interior minister to oversee the job.

Though the Mecca agreement calls for dismantling Hamas' recently formed Executive Force, it doesn't say who will command the gunmen.

Mr. Abbas and Mr. Haniyeh must also agree on the appointment of an interior minister, who will have responsibility for three separate security forces. Turf battles for control over the security forces have been a major factor behind the escalating clashes of recent months.

Speculation in recent days has pointed to Hamouda Jerwan, a one-time judge in the Palestine Liberation Organization's military courts.

Former Gaza security chief Mohammad Dahlan told the London Arabic daily Al Hayat that the fate of the agreement would depend on Hamas' implementation of the deal. He reportedly questioned whether Hamas gunmen could work under Fatah commanders after the recent clashes.

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Mr. Dahlan, who has been mentioned as a possible deputy prime minister in the new government, added that the security forces will be controlled by a national security council, whose role is to ease tensions between the Palestinian president and prime minister.

Palestinians have reacted to the Mecca agreement with relief that after months of failed negotiations, Fatah and Hamas may finally have figured out a way to coexist in the same government.

"The most important thing is that they agreed. That means no civil war. It is having a positive effect on the general political atmosphere," said Omar Shaban, a Gaza political analyst. "There's no violence in the streets. But until when, no one knows."

Mr. Shaban said Hamas and Fatah have yet to decide what to do about hundreds of public servants hired by Hamas but who were never approved by Mr. Abbas. That's just one example of the sometimes murky division of powers in the governing structure of the 11-year-old Palestinian Authority.

Nashat Aqtash, a former communications consultant on Hamas' winning parliamentary campaign a year ago, suggested that the bigger threat to the unity government's stability would come from the continued pressure of an international economic boycott.

The European Union said Monday it would lift sanctions against the Palestinian Authority only if the new government met three international demands -- that it recognize Israel, honor previous peace treaties and forswear violence.

Bombs Kill 3 In Lebanon On Day Before Memorial (NYT)

By Michael Slackman

The New York Times, February 14, 2007

BEIRUT, Lebanon, Feb. 13 — A day before Lebanon prepared to mark the second anniversary of the assassination of its former prime minister, Rafik Hariri, three people were killed and about 23 others wounded when two minibuses were bombed as they ferried passengers to work, to shopping and to Bible study classes.

In a country so fragile and on edge because of its internal political struggles, the bombers managed to heighten tensions, but not by attacking government ministers or the politically outspoken. Instead the targets were passengers who paid about 80 cents to pile into a minibus for the half-hour ride to Beirut.

It was the first such attack — directed at ordinary civilians, not public figures — since the end of Lebanon's 15-year civil war in 1990. It caught people like Nidal Ashkar, 45, who was on her way to Bible study. She lost a leg. And Leila Gemayel, 39, who was going shopping with a friend. The friend was killed, and Mrs. Gemayel suffered serious burns on both legs.

The names may be meaningful only to the friends and relatives who crowded into the halls and waiting areas of the tiny Serhal Hospital along a beautiful mountain road just north of Beirut. But that — apparently — was the point.

"The message is clear," said Jihad Nasr, at the hospital bedside of Mrs. Gemayel, his sister-in-law. "There was no politics between these people. These are normal people. Employees. They don't even have cars."

The message, the victims and their visitors said, was to spread fear beyond the rich and powerful into everyday homes.

It worked. "How am I ever going to ride a bus again?" said Rata Kuosoumati, 48, a maid who was in the first bus when the bomb went off but was not badly hurt.

Officials said bombs had been planted inside the buses, which are more like oversized minivans, as they made their morning runs. Every 10 minutes in the early morning, these privately owned buses take people between the Metn district, a primarily Christian area in the mountains, and Beirut.

In the hospital, friends and relatives said they took the attack as an act of intimidation, aimed at making people afraid to attend the Hariri memorial planned for Wednesday.

In Lebanon public memorials are never just about grieving; they are also political statements, so the anniversary was to be a chance for the pro-government forces — locked in a political battle with the Iranian- and Syrian-backed opposition, led by Hezbollah — to rally their allies.

And then came the randomness of the attack.

"It means, 'Don't come to the demonstration tomorrow,' " said Timur Guksel, former spokesman for the United Nations forces in Lebanon. "It has no meaning except to tell people, 'Don't come tomorrow.' "

Leaders of the governing coalition said that despite the attack, they planned to go forward with the memorial for Mr. Hariri.

The first minibus carried about 24 passengers, mostly women, according to witnesses. As it rounded a turn, passing a vista of snowcapped mountains and hillside villages, a bomb in the back blew up. With blood, body parts, smoke and screams filling the road, a second bus slowed and then stopped. Some of the passengers got out to see the mess, and as the driver opened his door, that bus blew up too.

The first bus was a twisted wreck. The second nearly disintegrated, its roof, doors, walls and windows gone. A heavy rainfall tamped down the smoke and quickly washed the road clean of blood.

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“Why are we dying in Lebanon?” said Tania Hayek, 43, who was a few feet away in a cliffside cafe called Chez George when the first bomb went off. “We want to live. We are normal people. We just want to live.”

Politics — local and global — have been making that increasingly difficult for the Lebanese. Locally there is a battle for power, fueled by foreign sponsors. On one side is the Shiite group Hezbollah and its alliance with Syria and Iran. The government and the March 14 coalition are on the other side with the United States, Sunni Arab leaders and Europe.

At least six attacks have occurred since Mr. Hariri died, killing or maiming officials or prominent journalists. But the attack on Tuesday came as Lebanon confronts its worst political crisis since the end of the civil war.

Hezbollah and its allies want the ability to veto all government actions and want the government to back off supporting the international tribunal being set up by the United Nations to hear evidence in the assassination. The government has refused both demands. The investigation has implicated top Syrian officials.

That is a rough outline of what politicians have been fighting over since the Hezbollah alliance began an open-ended protest in the center of Beirut in December.

Until Tuesday, that was not really part of Dr. Michel Saliba’s world, he said. Then his wife woke him to tell him the news. His brother, Shady, 25, was the driver of the second bus. Dr. Saliba, 40, bought the bus for his brother so he could support his wife and year-old son.

Dr. Saliba said he rushed to the hospital as other passengers arrived. “Butchered” was how he described them.

“I saw a woman who lost both legs, someone with no hands,” he said. Then he went into surgery to repair his own brother’s damaged skull. Later he sat outside his brother’s room for hours as investigators tried to get the brother to remember details of who might have planted the bomb in the bus.

But he did not remember much.

“Welcome to the new Iraq,” said Dr. Saliba. “I thought they would only bomb ministers and political people. We are not even part of a party. And still we are the target of this.”

Bombs Kill 3 On Lebanese Commuter Buses (WP)

By Anthony Shadid

The Washington Post, February 14, 2007

BEIRUT, Feb. 13 -- Bombs tore through two commuter buses plying a mountain road to Beirut clogged with rush-hour traffic Tuesday, killing three people and wounding 20. The attacks, spaced 10 minutes apart in a Christian region, appeared to mark a new chapter in Lebanon's months-old crisis, with the aim shorn of any apparent political objective beyond killing civilians.

Within minutes, radio and television stations began airing statements by Lebanese leaders casting blame in as many directions as the country's myriad divisions: Syria, its Lebanese allies, inter-Christian rivals or murky forces bent on frustrating what some Lebanese see as a coming resolution of the country's political standoff.

But along the road, slick with rain that quickly washed away pools of blood, many residents simply shrugged over the culprit's identity, a seeming gesture of weariness over a crisis that has brought Lebanon perilously close to civil war.

"We're just people who want to live. We want to eat, we want to drink, and we want to live," said Tanya Hayek, 44, who rushed from her house to help victims in the first bus. Inside, she saw a woman sprawled in a tan seat, her intestines falling out.

The second bomb then detonated, shearing off the roof of the other bus and hurling a severed arm and leg onto a road lined with stately pine trees.

"Who has the right to take my life?" Hayek said, starting to sob. "Only God has that right!"

Down the road, Naji Qusayir watched Red Cross ambulances barrel up the road, navigating past knots of soldiers.

"Why would someone target civilians? There was no one else except civilians," he said. "Shame on them!"

The attacks came a day before a planned mass demonstration organized by government supporters to mark the anniversary of the 2005 car bomb assassination of former prime minister Rafiq al-Hariri, an event seen as a turning point in Lebanon's political landscape.

Like most events these days in Lebanon, the demonstration has been perceived through the lens of the crisis that has followed Hariri's death, now pitting an opposition led by Hezbollah, supported by Iran and Syria, and a government and its allies, backed by the United States and France. Government supporters planned to gather near Hariri's tomb in downtown Martyrs' Square, a site that is just feet away, albeit separated by coiled barbed wire, from a two-month-long sit-in by Hezbollah supporters.

Both sides have insisted that the event will proceed peacefully, though the plans have inspired weeks of anxiety in a country where widespread violence between government supporters and foes has erupted twice this year in the capital.

"Whatever they do, they're not going to frighten us away," said Fadi Gemayel, 42, standing outside the Sarhal Hospital, where his 39-year-old wife, Leila, was recovering from wounds she suffered in the attack.

"Tomorrow I'm going to go to the commemoration," he said. "And if my wife is okay, she's going to come with me."

The attacks were carried out in Ain Alaq, near the town of Bikfaya, the traditional Christian stronghold of the Phalange Party, led by Amin Gemayel. A Lebanese president in the 1980s, during the civil war, Gemayel returned last week from a visit to Washington, where he met with President Bush. His son, Pierre Gemayel, a government minister, was assassinated in November.

The minibuses were running a regular route from the capital's mountainous hinterland to the coastal road, overcast by a driving winter storm. On board were 34 people, among them a group of women attending religious lessons in Antelias, two Sri Lankan women planning to buy a plane ticket home, a student at Lebanese University and women planning to shop. The first bomb detonated at about 9 a.m., shattering the bus windows, crumpling the roof and tearing its side like an opened can.

Sitting at home, Hayek said she thought it was thunder, then heard survivors screaming for their parents and children. She and her 64-year-old mother, Genevieve, ran to help as Red Cross workers began arriving.

The driver of the second bus, Chadi Saliba, stopped about 30 yards behind, thinking there had been an accident. The second bomb then detonated, and Hayek turned to see the explosion propel the roof of the other bus into the sky. She and her mother said they ran, fearing even more bombs.

Behind the wreckage of the second bus was a Lebanese flag, soaked by rain, waving limply in a gusting wind.

"The blood was washing down the street," the elder Hayek said.

"It's only something you'd see on television," her daughter said. "I've never seen that with my own eyes."

The latest round of Lebanon's crisis began Dec. 1, when hundreds of thousands of supporters of the Shiite Hezbollah and Amal movements and an allied Christian leader converged on downtown Beirut in a bid to force the resignation of the government of Prime Minister Fouad Siniora, which draws support from the country's Sunni Muslim and Druze communities, along with a Christian faction.

Since then, the crisis has taken on the language of a civil war without the violence: the dead called martyrs, talk of a truce, warnings of escalation and suggestions of a coup d'etat. Television stations with opposing political views deride each other's supporters as militias. At each turn of the crisis, leaders have warned that the other side is pushing Lebanon toward an Iraq-like scenario.

In past days, speculation has risen that a deal is possible, with Iranian and Saudi Arabian blessing. But in a visit Monday to Syria, Arab League Secretary General Amr Moussa said "complications" remained. Rumors swirled Tuesday over whose aims the bombings would serve, and some suggested that foreign powers opposed to a deal might have played a role.

"At a time when we're getting ready to enter a stage of mutual understanding, wiping out our differences and restoring confidence, this crime comes today as an attempt to keep the general situation, and especially the security situation, in a state of confusion and anxiety," said Nabih Berri, the speaker of parliament and a powerful Shiite ally of Hezbollah.

American Is Charged In U.S. For Activities In Somalia (WP/AP)

The Washington Post, February 14, 2007

HOUSTON, Feb. 13 -- A former Houston man has been charged in Texas with teaming with al-Qaeda in the East African country of Somalia to fight the internationally recognized government there and establish an Islamic state.

Daniel Joseph Maldonado, 28, also known as Daniel Aljughaifi, was ordered held without bail Tuesday on federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

Arrested in Kenya last month, Maldonado was returned to the United States on Monday night and appeared Tuesday before Magistrate Judge Calvin Botley, the U.S. Attorney's Office in Houston said.

Intelligence officials have said that significant numbers of foreign fighters went to Somalia last year to support the radical Islamic Courts movement, which was confronting a weak, U.N.-backed government. Ethiopian troops took the capital, Mogadishu, from the Islamic movement in December and scattered the group's fighters. Many appear to have crossed into Kenya.

Maldonado is the first American to be prosecuted on suspicion of joining terrorists in Somalia, Assistant Attorney General Kenneth L. Wainstein said in a statement. Four British citizens captured in Kenya after fleeing Somalia were returned to Britain on Tuesday, the Bloomberg news agency reported.

According to the criminal complaint, Maldonado traveled from Houston to Cairo in November 2005. In November last year, the complaint says, he landed at Mogadishu airport and joined with the Islamic Courts movement and elements of al-Qaeda.

The complaint says that in interviews with FBI agents in Kenya, Maldonado recounted being issued an AK-47 assault rifle, military fatigues and combat boots and attending military training camps where members of al-Qaeda were present.

He described spending time with a bomb maker and learning assembly techniques, according to the complaint. He also said he wanted to take part in combat, but did not do so because he contracted malaria.

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Treasury Chief Hones Effort On China Ties (WSJ)

By Michael M. Phillips

The Wall Street Journal, February 14, 2007

WASHINGTON -- Treasury Secretary Henry Paulson, under pressure from impatient China-bashers on Capitol Hill, unveiled specific areas where he hopes the Bush administration's economic dialogue with Beijing will show concrete results in the coming months.

In an interview, Mr. Paulson said he is seeking quick action from Beijing in opening Chinese financial markets to foreign firms, employing cleaner Western environmental services and products, enforcing patent and copyright protections and creating domestic pension and health-care benefits that will let ordinary Chinese spend more on consumer goods.

"We're going to start making progress" by May, when the next round of talks takes place in Washington, Mr. Paulson said yesterday. His comments came as he named a former drug-industry lobbyist and former deputy U.S. trade representative, Alan Holmer, to coordinate the strategic dialogue. The secretary picked Mr. Holmer, the ex-president of Pharmaceutical Research & Manufacturers of America, in large part because of his negotiating experience, a Treasury spokeswoman said.

Mr. Paulson and Chinese Vice Premier Wu Yi announced the dialogue in September to address a menu of touchy issues, from intellectual-property disputes to disagreements over China's currency policy. Mr. Paulson, a former head of Goldman Sachs, has made it clear that his tenure at the Treasury Department would rise or fall on his China policy. Nonetheless, he has struggled to staff the project.

Mr. Paulson's initial pick to lead the China talks quit just a month after coming aboard. The duties then largely fell to Timothy Adams, Treasury undersecretary for international affairs. Mr. Adams coordinated the first formal round of talks in Beijing in December, but he resigned last week, as China was eclipsing other issues in his international portfolio.

Nicholas Lardy, an Asia expert at the Institute for International Economics, a Washington think tank, called it a "good move" to appoint a single individual whose sole task will be to deal with China. "My only question is, 'Why did they wait so long?'"

Meantime, House lawmakers said they plan to introduce legislation today that would make it easier for the U.S. to retaliate against China for its currency practices. U.S. manufacturers argue that Beijing keeps the yuan artificially weak against the dollar, making its exports cheaper and giving China an unfair advantage over American goods. The Chinese authorities "increased the rate of appreciation, but it's still not fast enough," Mr. Paulson said.

Nonetheless, he suggested that the most likely progress in talks would be in areas other than the currency. He plans a speech in Shanghai early next month to "make the case for the Chinese as to why strong financial markets are in their interests." Chinese law restricts foreign ownership of banks, insurance companies, asset managers and law firms, and Mr. Paulson said that leaves the Chinese economy less efficient than it could be.

Mr. Paulson also suggested Beijing and Washington -- perhaps through the World Trade Organization -- could reduce barriers to trade in environmental services and products. And the secretary hopes the U.S. can help China improve its safety net for ordinary citizens; the Chinese economy is highly dependent on exports -- a sore point with the U.S. -- in part because worried Chinese save a good portion of their income for the future, he said.

Lastly, the secretary said Congress and American companies expect him to prod China to step up enforcement of intellectual-property rights. At the Pharmaceutical Research and Manufacturers of America, Mr. Holmer championed the pharmaceutical industry's concerns about protecting drug patents in China and elsewhere.

"I don't know what progress we'll be able to make between now and May, but I know we need to have concrete evidence of progress," Mr. Paulson said.

U.S. Giving Up On Improved Ties With Venezuela's Chavez (MCT)

By Pablo Bachelet

McClatchy Newspapers, February 14, 2007

WASHINGTON - The Bush administration has abandoned efforts to reach out to Venezuelan President Hugo Chavez, blaming Caracas for showing little interest in taking up U.S. overtures.

But even as U.S. officials harden their criticism of Chavez, they say the doors are still open to dialogue.

After Chavez won a big re-election victory in December, Washington seemed to reach out to the feisty socialist leader who routinely lashes out at President Bush as the main cause of the world's ills.

The U.S. ambassador in Caracas, William Brownfield, met with Venezuelan Foreign Minister Nicolas Maduro. The top U.S. diplomat to Latin America, Thomas Shannon, later said the administration would "look for ways to engage with the government of Venezuela to underscore the pacific nature of our relationship."

Now the tough talk is back.

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In recent weeks, U.S. officials have stepped up their criticism of Chavez's latest moves, such as nationalizing the phone and electricity companies and securing a law so that he may pass legislation without congressional approval.

Secretary of State Condoleezza Rice told a House of Representatives panel last week that Chavez was "really destroying his own country economically, politically."

At a briefing Tuesday, Nicholas Burns, the undersecretary of state for political affairs, said of Chavez, "If he continues to nationalize, if he continues to wall himself off, it goes against the grain where the rest of the world is going."

Burns and Shannon were in Argentina and Brazil last week to discuss everything from energy collaboration to dealing with nations such as Venezuela and Cuba. The trip also laid the groundwork for Bush's trip next month to Brazil, Uruguay, Colombia, Mexico and Guatemala. Burns called 2007 "a year of engagement" with Latin America.

U.S. officials say they want to talk with Venezuelan authorities but that there appears to be little enthusiasm on the other side.

"We're still open to dialogue," Shannon said at Tuesday's briefing. "We still believe that the rhetoric that we hear from Caracas does not accurately reflect the potential of the relationship and that there are important areas where dialogue could be fruitful. But ultimately, dialogue requires two. We can't talk to ourselves."

After bashing Chavez, Rice told lawmakers that Washington didn't want to get into a tit-for-tat confrontation with him.

"One thing that we want to avoid is to get into a rhetorical contest with the president of Venezuela," she said, "because, frankly, it takes the spotlight off of our very positive agenda in Latin America."

Putin Pushes Back (NYT)

By Thomas L. Friedman

The New York Times, February 14, 2007

Foreign policy experts are still trying to parse Vladimir Putin's weekend blast against America, which he described as a brutish country that "has overstepped its national borders, in every area." But rather than asking what exactly motivated Mr. Putin to lash out at the U.S. in this way, the question we should be asking is: why do remarks like these play so well in Russia today?

I've just returned from Moscow and I can tell you what analysts there told me, what even Russian liberals reminded me of: NATO expansion. We need to stop kidding ourselves. After the end of the cold war and the dissolution of the Warsaw Pact in 1991, the Bush I and Clinton administrations decided to build a new security alliance — an expanded NATO — and told Russia it could not be a member.

And let's not forget that the Russia we told to stay out in the cold was the Russia of Boris Yeltsin and his liberal reformist colleagues. They warned us at the time that this would undercut them. But the Clinton folks told us: "Don't worry, Russia is weak; Yeltsin will swallow hard and accept NATO expansion. There will be no cost."

So, Hungary, Poland and the Czech Republic were invited to join NATO in 1997, and Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia followed in 2002. Lately, there has been talk of Ukraine and Georgia also joining.

I believe that one reason Mr. Putin, a former K.G.B. officer and cold warrior, was able to come to power after Mr. Yeltsin was partly due to the negative vibes of NATO expansion. We told Russia: Swallow your pride, it's a new world. We get to have spheres of influence and you don't — and ours will go right up to your front door.

But now that high oil and gas prices have made Russia powerful again — the gasman of Europe — Mr. Putin is shoving Russia's resurgent pride right back in our face. In effect, he is saying to America: "Oh, you talkin' to me? You thought you could tell me that the cold war was over and that NATO expansion was not directed at Russia — but we couldn't be members anyway. Did you really think we were going to believe that? Well, now I'm talkin' to you. Get out of my face."

Mr. Putin was only slightly more diplomatic in his Munich remarks, where he said: "The process of NATO expansion has nothing to do with modernization of the alliance. We have the right to ask, 'Against whom is this expansion directed?' " We all know the answer: it's directed against Russia. O.K., fine, we were ready to enrage Russia to expand NATO, but what have we gotten out of it? The Czech Navy?

For those of us who opposed NATO expansion, the point was simple: there is no major geopolitical issue, especially one like Iran, that we can resolve without Russia's help. So why not behave in a way that maximizes Russia's willingness to work with us and strengthens its democrats, rather than expanding NATO to countries that can't help us and are not threatened anymore by Russia, and whose democracies are better secured by joining the European Union?

I got an earful on this from Russians. "NATO expansion was not necessary," Vladimir Ryzhkov, one of the last liberal Duma members who is ready to openly criticize the Putin government, said to me: "In the current world, Russia is not a military danger for any neighbor. It was the wrong concept. You need another architecture."

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Aleksei Pushkov, who has a foreign policy news show on Russian TV, said: “NATO expansion was a message to Russia that you are on your own. Russians were unhappy. We said: ‘The cold war is over, so what is this? They are moving a military alliance toward Russia’s border.’

“At the time of NATO expansion, I was running around the world saying one thing: ‘Don’t do it, or, if you do, stop with the Baltic states because you are losing Russia,’ ” Mr. Pushkov added. “And the answer I got was fantastic: ‘What can Russia do? What measures can you take?’ I said, ‘We can’t take any measures. You are losing an ally. Because there is a deep tectonic shift in the Russian psyche that says, ‘These guys are about exploiting Russia’s weakness. They don’t want it as an ally, but as a junior partner that will be like a little dog doing whatever they say.’ ”

I’m not here to defend an iron-fisted autocrat like Mr. Putin. But history is prologue. The fact is, we helped to create a mood in Russia hospitable to a conservative cold warrior like Mr. Putin by forcing NATO on a liberal democrat like Mr. Yeltsin. It was a bad decision and one that keeps on giving. Just when we need to be getting Russia’s help, we’re getting its revenge.

Putin's Moment To Seize (WP)

By David Ignatius

Washington Post, February 14, 2007

MOSCOW -- Vladimir Putin made headlines last weekend when he blasted the Bush administration for its "almost uncontained hyper-use of force" that has created a world where "no one feels safe." If he had been a Democratic presidential candidate, it would have been a standard stump speech. But coming from a Russian president, his remarks had pundits ruminating about a new Cold War.

I was in the audience in Munich when Putin made his speech, and the tone seemed to me more one of resentment than belligerence. He was proud, prickly, defiant -- a leader with all the Russian chips on his shoulder. You could hear his inner voice: We let you dismantle the Berlin Wall. We folded the Warsaw Pact. We dissolved the Soviet Union -- all on your promises that you wouldn't take advantage of our weakness. And what did we get? Nothing! You surrounded us with NATO weapons.

Putin's comments may be jarring to Americans, but they express a bitterness that's widespread here. His generation of Russians grew up in a country that claimed the status of "superpower," and they don't like being taken for granted. Putin, a former KGB officer with a black belt in judo, has been pugnacious in standing up for his country's interests, and Russians seem to like that. In the latest opinion polls, his popularity is well above 70 percent.

I met with one of Putin's top aides yesterday in a building that once housed the headquarters of the Soviet Communist Party. "We want to work together with you," he explained. "But please open your eyes. We will never accept that the sole power in the world will be the U.S."

Russia is back. That's the real lesson I take from Putin's blunt comments. A country that was near collapse after the fall of Soviet communism has regained enough confidence and stability to take a verbal shot at its old rival. "We are emerging from nothing," the Putin aide told me. To explain the Putin phenomenon, the Kremlin's chief ideologue, Vladislav Surkov, recently compared him to Franklin Delano Roosevelt, another president who brought his country back from economic disaster and restored its pride. Like FDR, Putin is using "presidential power to the maximum degree for the sake of overcoming the crisis," Surkov said.

Visiting here for the first time since 1990, I am struck by how everything in Russia is different, and everything is the same. Driving in from the airport, you see the familiar monument marking the farthest German advance in World War II -- a testament to the Red Army's fierce resistance to foreign invasion. And next to it is the Mega Mall with its huge Ikea showroom -- a foreign invasion that, in the end, proved unstoppable.

In Red Square, the somber stones of Lenin's tomb are a reminder of Soviet power. But across the way, in what used to be the drab GUM department store, are glittering displays of the latest fashions from Vuitton and Dior.

What hasn't changed is Russia's neurotic relationship with the West. Russian friends tell me the country feels unloved and unappreciated -- a political doormat that Western powers think they can walk on at will. That's the frustration that surfaced in Putin's speech in Munich.

By Russian standards, this is something of a golden age. Putin recently touted some of the country's achievements: Russian average incomes increased 10 percent in 2006 over the previous year; the economy grew by about 6.7 percent; inflation was in single digits for the first time in many years. Russia's currency reserves rose to $303 billion, the third-largest in the world, and its "stabilization fund" of energy profits was nearly $100 billion. All this in a nation that in 1998, on the eve of Putin's presidency, was essentially bankrupt.

The new Russia has a moment of opportunity. America, far from the "unipolar" superpower Putin describes, is weakened by the Iraq war and is badly in need of allies. If Putin is wise, he can play a pivotal role in resolving the Iranian nuclear crisis --

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and thereby restore some of Russia's lost diplomatic clout. Or he can keep complaining that nobody appreciates his country -- and let his old rival struggle a while longer in the Iraq quagmire.

Was Putin's Munich manifesto an "invitation to dialogue," as one of his aides told me? Or was it a warning shot from a newly confident Russia that is rather enjoying America's troubles? If Putin wants to play a role in stabilizing the post-Iraq world, he is pushing on an open door. But does he have the vision and political will to seize the moment?

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues.

Without Citing Russia, Bodman Warns Of Gas Cartel (WSJ)

By John J. Fialka

Wall Street Journal, February 14, 2007

Energy Secretary Samuel Bodman says the U.S. should continue to develop the infrastructure to import and use liquefied natural gas and warns against the possibility that producing countries could form a cartel to control the price of natural gas.

In a speech prepared for delivery Wednesday at an energy conference in Houston, Bodman said that “initiatives, new or old, which seek to control the flow of energy supplies to the market” and set prices “are contrary to the long term interests of both producers and consumers.”

He didn’t mention any countries, but it just so happens that his remarks coincide with Russian President Vladimir Putin’s visit to the Middle East, where he is talking up an international natural gas cartel.

Bodman said that free global markets can shelter consumers against energy supply disruptions because they “eliminate the possibility that any one single nation or entity can control them over time.” The U.S., he urged, should protect itself by accelerating the development of oil shale, tar sands, and the technology to produce liquid fuels from coal — three fuel sources the U.S. has in great abundance.

“Roughly two thirds of the world’s oil and gas reserves,” he noted, “are in countries that provide limited access or are completely closed to foreign investment.” The biggest threat to the security of world energy resources will be the lack of sufficient investment to create a diverse fuel supply that includes development of alternative energy resources, he said.

Secretary General Faces A Backlash (WP)

By Colum Lynch

The Washington Post, February 14, 2007

UNITED NATIONS -- When U.N. Secretary General Ban Ki Moon paid his first official visit to Washington last month, he received the White House version of a seal of approval: a presidential pat on the back and an invitation to phone President Bush whenever he needs help in responding to an international crisis.

Ban's warm reception appeared to signal an end to an era of U.S. confrontation with the United Nations that was marked by quarrels over the Iraq war, Republican-led corruption hearings on Capitol Hill and relentless threats of funding cuts.

But such a turn of fortune in Washington comes at a price: Ban is facing a diplomatic backlash from developing nations, which suspect the former South Korean foreign minister of seeking to reshape the United Nations to accommodate U.S. interests and the desires of other wealthy member nations. They have stonewalled his early attempt to reorganize the U.N. bureaucracy.

The standoff has weakened Ban barely a month into the job, as he faces one of the top challenges confronting every U.N. leader: how to strike a balance between the organization's most powerful member and an influential bloc of developing countries that instinctively resist policies that appear to track with U.S. interests.

"There is always suspicion no matter what the U.S. does because it is such an overwhelmingly powerful player," said Munir Akram, Pakistan's ambassador to the United Nations and chairman of the influential Group of 77, a Third World bloc. "I think that's a natural function of being a big power, of being the biggest power."

Developing nations have already quashed a proposal to broaden the powers of the United Nations' chief diplomatic arm, the Department of Political Affairs. The proposal generated fierce opposition after it was reported that the department might be headed by an American, former ambassador to Indonesia B. Lynn Pascoe, for the first time in a generation. The United Nations on Friday announced Pascoe's appointment, along with those of other senior officials from China, Egypt and Japan.

Another powerful Third World bloc -- the Non-Aligned Movement, currently chaired by Cuba -- is taking aim at Ban's plans for disarmament and peacekeeping. The secretary general proposed reorganizing the expanding U.N. peacekeeping department to better handle the largest increase in peacekeeping missions in the organization's history while downgrading the disarmament department.

The latter office is particularly popular among poor countries concerned with the nuclear arsenals of powerful nations.

"There is a lack of clarity," Akram said of Ban's initiatives. He said it is unlikely that the General Assembly, in which every member nation has a vote, would move quickly to take action on Ban's initiatives.

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"It's quite natural the secretary general wants to get his reform or restructuring proposals done as soon as he can," Akram said, "but I think the processes in the General Assembly are such that do not lend themselves to fast-track decisions."

Alejandro D. Wolff, acting U.S. ambassador to the United Nations, said international fears that Ban is doing Washington's bidding are baseless and are hampering sincere efforts to carry out "concrete and practical and apolitical" reforms. But it has been difficult to counter the perception, he added.

"The conspiracy theorists out there are convinced this is an American agenda and that this is a secretary general who is essentially responding to American demands," Wolff said.

To assuage such concerns, Ban moved early to assign key administrative posts to officials from the developing world, including a Tanzanian deputy secretary general, an Indian chief of staff and a Mexican management chief.

He also backtracked from a pledge to carry out a broad inquiry into the financial practices of most of the U.N. development and relief agencies, a move that was popular in Washington but unpopular within the Group of 77.

But those gestures have done little to counter the perception that Ban's most important policymakers are recruited from the United States and Europe or that he is undercutting the influence of the United Nations' Third World blocs.

"He is, either accidentally or by design, taking on a lot of reform issues that pinch the NAM [Non-Aligned Movement] rather than ones that pinch the United States," said Michael Doyle, a visiting professor at Yale University who served as an adviser to Kofi Annan, Ban's predecessor. "We don't know yet whether he's going to turn around and pursue with equal vigor the kinds of reforms that are not that popular in Washington."

In Washington, political leaders have welcomed Ban with open arms and heeded his calls to step up financial support for the organization. Sen. Joseph R. Biden Jr. (D-Del.), the chairman of the Foreign Relations Committee, has introduced a bill that would lift a congressionally imposed spending limit on U.S. funding for U.N. peacekeeping operations, a move that could cost U.S. taxpayers more than $100 million a year. The State Department, meanwhile, committed more than $70 million annually over the next five years to fund the renovation of the United Nations' gleaming Manhattan headquarters.

"Everyone wants him to succeed," said Rep. Tom Lantos (D-Calif.), chairman of the House Committee on Foreign Affairs, who held a gala reception and a breakfast to introduce Ban to Washington.

One senior U.S. official cautioned that there is a danger that the United Nations could overestimate the change in mood; some congressional leaders suggest that the Bush administration has already sent mixed signals to Ban with a budget request that fails to meet U.S. financial commitments toward U.N. peacekeeping.

Others recalled that congressional enthusiasm for previous U.N. leaders, including Annan, proved fickle.

Lantos said that sustained U.S. support for Ban will "depend on whether he can become a voice of moral authority rather than the distilled voice of 192 countries, some good number of which are totalitarian police states."

Rep. Ileana Ros-Lehtinen (Fla.), the ranking Republican on the Foreign Affairs Committee, said that Ban is "mouthing all the right words." But she said the secretary general's cool reaction to Bush's plea for more support in Iraq "is most unhelpful," adding: "To say it's too dangerous is unacceptable. We have a right to expect more."

U.S. Evangelist, A Critic Of Islam, Reaches Out To Sudan's President (WP)

By Stephanie McCrummen

The Washington Post, February 14, 2007

KHARTOUM, Sudan, Feb. 13 -- The first time that Omar Hassan al-Bashir, the Muslim president of Sudan, met Franklin Graham, the prominent evangelical Christian, the conversation came to a kind of standoff.

Graham, who has called Islam an "evil and wicked" religion, told Bashir in the 2003 meeting that he wanted to persuade him to become a Christian. Bashir, at the time fighting a civil war in the southern region of the country, told Graham that he wanted to make him a Muslim, Graham recalled.

In a meeting between the two men here Monday night, the semi-serious proselytizing continued.

This time, though, Graham said he came away thinking that Bashir, who now stands accused of presiding over the killing of at least 200,000 people in the Darfur region in the country's west, deserves credit for signing the peace agreement with rebels in the south in 2005.

Although human rights activists and some U.S. officials are counseling tougher measures against Bashir's government to end the violence in Darfur -- and to more fully implement a faltering peace agreement with the south -- Graham said that a softer approach is needed.

"I'm not a politician, but I think our government does need to recognize some steps he's taken and reward this government in some way to show them we appreciate what they have done" regarding southern Sudan, said Graham, the son of famed evangelist Billy Graham and head of the international Christian relief group Samaritan's Purse. "I think we can do more when we're engaged."

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Evangelical groups have for years rallied around the cause of southern Sudan, where a 20-year civil war was waged largely over oil fields along a disputed border between north and south. The conflict also had religious and ethnic dimensions; the government is made up mostly of Arabs and Muslims, while southerners are black Africans, around 30 percent of whom practice Christianity, with most of the rest practicing indigenous religions.

Graham, who has been criticized by other U.S. evangelical leaders for his comments about Islam, was in the region touring his group's projects in Kenya, Uganda and Sudan. He was accompanied by former Senate majority leader Bill Frist (R-Tenn.).

Earlier in the day, the group flew two hours southwest for a brief visit to Otash, a sprawling camp for some of the 2.5 million people displaced by the fighting in Darfur, the scene of what the United States has described as genocide. At the airport in the town of Nyala, about 550 miles from Khartoum, three government attack helicopters and three Soviet-made fighter jets were parked on the tarmac.

Aid workers said that 5,000 people had made their way to the camp, just outside Nyala, in the last week alone. Although some people on Tuesday were receiving their initial allotment of bamboo sticks and tarps for shelter, others have been at the camp for more than two years, and by now many have built mud-brick homes and even surrounded them with straw fencing.

One elderly man had tears in his eyes as he told Graham that he had been at the camp for nine months. "This land in Darfur is our right," he said. "If it belongs to the Arabs, then let us die, all."

Later in the evening, Graham met with Bashir, who had refused to see Frist, presumably because of his criticism of the Sudanese government.

Graham, for his part, was warmly welcomed, even though he told the Raleigh News and Observer newspaper in October that Islam is a religion that seeks to "persecute" others until they convert, with the ultimate goal of "total domination."

Asked Tuesday after the meeting whether his views of Islam had changed, Graham said "no."

In the meeting, Graham said, he urged the president to work toward a resolution in Darfur, but focused mostly on issues of religious freedom across the country.

While the south is a semiautonomous secular state, the north is governed according to Islamic law. Christian groups there complain that they are blocked from building churches and are not allowed to buy television airtime for religious programming, among other problems.

Graham said Bashir pledged to allow groups to build their churches and to look into Graham's other requests, including one for $15 million to help rebuild at least 600 churches in the south destroyed during the war.

Although Samaritan's Purse is a humanitarian organization that receives U.S. government funding and is not allowed by law to engage in religious activity, Graham was unapologetic about the ultimate goal of his work.

"I would like to convert every person I meet," he said. "I don't want to force them. It's through persuasion."

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TERRORISM NEWS:

US Offers $5 Million Reward For Hamadei, Shallah. On its Web site, US News & World Report (2/14, Kaplan) named Mohammed Ali Hamadei and Ramadan Abdullah Mohammad Shallah its "Bad Guys of the Week," noting, "Although both men have figured on U.S. wanted lists for years, they now join 32 other terrorist fugitives in the rewards program, which typically offers up to $5 million for tips leading to arrests. Hamadei has been on the FBI's wanted list since his 1985 indictment for the infamous hijacking of TWA Flight 847." Meanwhile, "Shallah is no street thug: He has a Ph.D. in banking and economics from a British university and has worked as a professor in several countries. He's wanted by the FBI for running Islamic Jihad 'through a pattern of racketeering activities such as bombings, murders, extortions, and money laundering.'"

EU Report Criticizes Member States For Helping CIA Flights. The Washington Post (2/15, A14, Moore, 690K) reports the European Parliament Wednesday approved a report "admonishing 15 European countries and Turkey for helping the CIA transport terrorism suspects held in secret or for failing to cooperate in the parliament's investigation of the practice." The report "said many member states have been 'turning a blind eye' to the CIA-operated flights carrying prisoners who were subjected to 'incommunicado detention and torture' during interrogations, violating EU human rights standards." The body "criticized" the CIA renditions "as an illegal instrument used by the USA in the fight against terrorism" and condemned the "acceptance and concealing of the practices by the secret services and governmental authorities of certain European countries."

Al-Arian Transferred To Virginia Prison Hospital During Hunger Strike. The AP (2/15, Barakat) reports, "A former university professor who pleaded guilty last year to supporting a Palestinian terror group was transferred to a medical prison (in McLean, VA) Wednesday as he entered the fourth week of a hunger strike." The AP continues, "Sami al-Arian, 49, began the hunger strike Jan. 22 to protest efforts to force him to testify in front of a grand jury investigating a group of Muslim charities in Virginia. He said a plea bargain with U.S. prosecutors last year frees him from any obligation to cooperate with the government. … Nikki Credic, a spokeswoman for the U.S. Marshals Service, said prison officials have been monitoring his health daily." The AP adds, "Prosecutors obtained a court order late last week approving the transfer, al-Arian's lawyer said, adding that the real motivation may have been to move al-Arian to a more isolated location. … Al-Arian's daughter Laila said her father fainted and hit his head Tuesday, and that he has lost 30 pounds since beginning the hunger strike, during which he is only drinking four glasses of water a day. … 'We're definitely worried about him, but we respect why he chose to go on a hunger strike,' she said. 'You understand it when you sort of feel like you're cornered and you feel like the legal system is failing you.' … Al-Arian was a prominent Palestinian activist who met with U.S. President George W. Bush and other political leaders in the years before he was charged. … Al-Arian has said he believes the effort to bring him in front of the grand jury is merely a trap by an overzealous U.S. prosecutor. … But two U.S. judges have sided with prosecutors and said al-Arian must testify."

WPost Urges Congress To Restore Habeas Corpus For Foreign Prisoners. The Washington Post (2/15, A26, 690K) editorializes that Democrats in Congress now have an opportunity to undo the "serious breach of liberty" that occurred when the Bush administration was granted "broad powers to detain, interrogate and try 'enemy combatants' in the war on terrorism." One option, "a bipartisan measure" backed by Sens. Patrick J. Leahy and Arlen Specter, "would simply and straightforwardly restore the habeas right…for all foreign prisoners in US jurisdiction." Though it "was narrowly defeated" in the Senate last year, "supporters believe a comfortable majority is within reach" with this year's numbers. Meanwhile, Sen. Christopher J. Dodd's "much broader" Restoring the Constitution Act "would correct many other problems with the military commissions law." The Post states that many of the "badly needed" reforms in Dodd's bill "could be addressed through the courts if the habeas right were restored." The Post continues that "Congress needs to put the federal court system back into the process," and "can do so by guaranteeing detainees the basic human right to appeal their imprisonment."

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HOMELAND RESPONSE:

New Demands Complicate DP World Sale Of US Port Holdings. The Wall Street Journal (2/15, A2, King, Machalaba, 2.04M) reports that in the "11th-hour" of Dubai Ports World's effort "to sell off its extensive US port holdings," the Port Authority of New York and New Jersey "has thrown up a number of unexpected objections and conditions." DP World's proposed sale of its port-management contract to AIG Global Investment Group has been approved "at all of the other facilities it operates in the US, but the Port Authority is demanding that the company pay as much as $84 million in order to approve the lease transfer," according "people familiar with the deal." The Port Authority's "demands have cast the overall transaction into jeopardy by greatly increasing the transaction cost for DP World."

State Farm To Stop Offering New Home, Commercial Policies In Mississippi. USA Today (2/15, 1A, Chu, 2.27M) reports, "State Farm's decision Wednesday to stop writing new home and commercial policies throughout Mississippi could prompt other insurers to retreat further from the Katrina-battered region, industry groups and legal experts say." The "move underscores the precarious nature of the region's insurance," where "insurers have cut back on homeowner policies in affected coastal areas" since the 2005 hurricane season. "The decision Wednesday is one State Farm came to 'reluctantly,' says company spokesman Phil Supple, partly because of the torrent of lawsuits and rulings in Mississippi since Katrina and the uncertainty of pending legal battles."

WAR NEWS:

Bush Says Iran's Revolutionary Guards Have Helped To Arm Iraqi Insurgents. In what press accounts characterized as an effort to present a unified Administration front on Iran, ABC World News (2/14, story 5, 2:20, Gibson, 8.78M) reported, "President Bush held a news conference…and said over and over that he has no doubt an elite unit of Iran's Revolutionary Guards, the Quds Force, has given lethal roadside bombs to militants in Iraq. We've not heard much about the Quds Force, but US officials say it has a long record of backing terrorism." However, ABC (Ross) added, "But less clear, as President Bush conceded today, is who in the Iranian government may have sent them."

NBC Nightly News (2/14, story 3, Williams, Gregory, 9.87M) also said Bush "stepped up the charge" against Iran, but "stopped short of the conclusion reached by military officials over the weekend, who claimed Iran's leaders were indeed responsible for the attacks. Pressed about these competing claims, the President dismissed the idea that his Administration was trying to provoke Iran."

On its front page, the New York Times (2/15, A1, Stolberg, Santora, 1.16M) says Bush's remarks "amounted to his most specific accusation to date that Iran was undermining security in Iraq." They were also seen as "part of a concerted effort by the White House to present a clearer, more direct case that Iran was supplying the potent weapons -- and to push back against criticism that the intelligence used in reaching the conclusions was not credible." While American intelligence officials "have said they think that top leaders in Iran must have approved of the attacks on the American forces," Bush aides, "mindful of the criticism about its use of intelligence before the Iraq war, said the White House wanted to be careful not to make that kind of accusation without hard proof." Also Wednesday, in a Baghdad briefing US military spokesman Maj. Gen. William B. Caldwell "was also careful not to link the actions of the Quds Force directly to Iran's top leaders." The Times say the "coordinated messages" out of Baghdad and Washington were "an effort by the White House to tamp down reports of divisions" within the Administration.

The AP (2/15, Hunt) says Iran was "a dominant theme of reporters' questions because of conflicting statements about US intelligence in Iran and recurring speculation that Bush is looking for an excuse to attack." Noting comments made earlier this week by Gen. Peter Pace, chairman of the Joint Chiefs of Staff, the AP notes that "there have been mixed signals in the Administration about Iran's involvement" in Iraq. Similarly, under the headline "Bush Backs Off Key Charge Against Iran," AFP (2/15, Knox) reports Bush "said he was unsure whether top Iranian leaders" were involved, "undercutting a volatile US charge leveled just days ago."

The Washington Post (2/15, A1, Baker, 690K) says Bush "spent much of the hour-long televised session in the East Room addressing skepticism about his government's assertions regarding Iran and fears of a widening regional conflict." Bush "rejected suggestions that his administration has provided conflicting accounts" of the Iranian leadership's

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involvement in arming Iraqi extremists. The Financial Times (2/15, Luce) also says Bush "played down apparent contradictions between recent US military briefings."

USA Today (2/15, 8A, Jackson, 2.27M) says "Bush's uncertainty…contrasted with an assessment by the US military in Iraq," who said "Iran's government was involved in the shipments of powerful roadside bombs to radical Shiite militias."

The Washington Times/AP (2/15, A1, Dinan) says Bush "sought to split the difference," between statements made this week by US military officials in Baghdad and Gen. Peter Pace, "saying either way it is a dangerous situation."

The Los Angeles Times (2/15, A1, Daragahi, Gerstenzang, 850K), meanwhile, headlines its report "Tehran's Iraq Role Unclear, US Now Says," and says "US officials from…Bush to a top general in Iraq said Wednesday that there was no solid evidence that top officials in Iran" were involved, "backing away from claims made at a Baghdad presentation by military and intelligence officials earlier this week." However, Bush "continued to maintain an aggressive posture toward Tehran."

Skeptics Question Timing Of Charges Against Iran. The New York Times (2/15, A16, Gordon, 1.16M) notes that "one of the questions posed by skeptics about the Bush administration assertions about Iran's meddling in Iraq is why the charges are coming to light only now, when American officials say the shipment of lethal weapons from Iran to Shiite militias was first detected several years ago." Among possible explanations "is that the White House is making its assertions now in an effort to blame Iran for the deteriorating situation in Iraq, or that President Bush is trying to lay a legal and political groundwork for a military strike against the government in Tehran." However, "In recent interviews and in a military briefing on Wednesday in Baghdad, American officials have offered a more direct explanation for the timetable: attacks with the device have increased sharply in recent months, prompting the United States to react, and then to justify its actions."

Iraq Intelligence Blunders "Haunt" US Policy On Iran. On its front page, the Washington Post (2/15, A1, DeYoung, 690K) reports "skeptical members of Congress have questioned" the Administration's charges against Tehran and President Bush's "insistence that his plans for dealing with Iran remain purely diplomatic." The so-called "Iraq Syndrome has become an ever-present undercurrent in Washington," the Post writes, and at yesterday's news conference, "Bush grappled with the issue head-on."

Bush Said To Have Avoided Answering Questions. The Washington Post's (2/15, A2) Dana Milbank writes, "Bush has always supported a faith-based initiative, but his recitation of beliefs in the East Room yesterday -- he listed no fewer than 18 principles he holds to be true -- sounded less like a question-and-answer session than a reading of the Nicene Creed. The only thing the president did not believe in was answering the questions he was asked."

Bush's "Tough" Rhetoric Sparks Worries. The CBS Evening News (2/14, story 5, 2:00, Axelrod, 7.66M) said Bush "saved his toughest warning for Iran…stepping up his charge that Iran's government is behind attacks on American troops in Iraq." Although President Bush warned the US was "going to do something about it, pure and simple," CBS said, "But do what exactly? The President was quick to say he isn't talking about attacking or invading Iran," but his "tough talk may have the opposite effect," raising concerns "that Iranian pushback will come in the form of more resistance to dismantling its nuclear program."

The Washington Post (2/15, A1, Baker, 690K) says Bush "tried to quiet talk that he is heading down the same road with Iran that he did with its neighbor four years ago."

Under the headline "Bush Sends Ambiguous Signals About His Intentions On Iran," McClatchy (2/15, Hutcheson, Talev) says the President's "recent focus on Iranian involvement in Iraq has raised new concerns that the Iraq conflict could spread." While US officials "have been trying for days to tamp down fears of war with Iran even as they pressure Tehran to behave," Bush's comments "left some ambiguity about his intentions. Although he said he favors a peaceful resolution and isn't trying to provoke Iran, he didn't rule out military action."

House Speaker Nancy Pelosi said on PBS' NewsHour (2/14, Lehrer), "The President has told us over and over on the subject of Iran that he is committed to robust diplomacy there, and I take him at his word. We must prevent Iran from becoming a nuclear state, but we have to do it in an international, global way, with all nations weighing in. And so I believe him when he says he is not looking for a pretext to war."

Clinton Warns Bush About Action In Iran Without Approval. The AP (2/15, Barrett) reports presidential hopeful Hillary Rodham Clinton "warned President Bush on Wednesday not to take any military action against Iran without

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getting congressional approval first." In an address of the Senate floor, Clinton said, "If the administration believes that any, any use of force against Iran is necessary, the president must come to Congress to seek that authority."

The President's contention that Iran is supplying weapons to Iraqi insurgents was extensively covered by local TV, with most local newscasts highlighting Clinton's words. Some examples: WOI-TV Des Moines (2/14, 10:07 pm) reported Bush "says he's certain Iran is supplying new sophisticated weapons to insurgents in Iraq. He says they've killed dozens of US troops." Bush "reiterated that he will not engage in one-on-one talks" with Iran. That "is something Democratic Senator Hillary Clinton attacked. She's also warning that President Bush must get the okay from Congress before taking any military action against Iran." KJCT-TV Grand Junction, CO (2/14, 10:06 pm) said Clinton "attacked the President's unwillingness to hold direct talks" with Iran. Clinton's criticism of the President on the Iran issue was noted by many other stations in various parts of the country, including WGGB-TV Springfield, MA (2/14, 11:15 pm), KDKF-TV Medford, OR (2/14, 11:03 pm), WFLD-TV Chicago (2/14, 9:20 pm), and KMVT-TV Twin Falls, ID (2/14, 6:09 pm).

Sen. John Kerry echoed Clinton's remarks on MSNBC's Hardball (2/14, Matthews). Asked whether regarding Iraq and Iran we are "facing a wider war as we did with Vietnam and Cambodia back in your day," Kerry said, "I hope not, and the President should be served notice that he does not have the authority to move, except in an emergency or in direct response to an attack on our troops. I think that it would be very dangerous at this point in time, dangerous to our troops and to our interests in the region, to be provocative with respect to Iran. ... There are no doubts that Iran is making mischief for us, but most of the experts believe that Iran does not want complete chaos in Iraq. They are happy to see us bogged down. They are happy to sort of create a level of mischief, but they don't want complete chaos."

Iran Sees North Korean Accord As Model For Own Deal. The Los Angeles Times (2/15, Murphy, 850K) reports Iran is "quietly accelerating efforts to negotiate a deal on its nuclear program, using this week's agreement to freeze North Korea's program as a model." The Administration's "willingness to" provide provides "significant incentives to North Korea" seems "likely to harden Iran's demands that it, too, should receive tangible benefits as part of any agreement," analysts say. At the same time, "some hard-liners in Iran appear to want to use North Korea's example as an opportunity to toughen Iran's demands in the expectation that the US will eventually be obligated to meet them."

Car Bomb Kills Members Of Iran's Revolutionary Guards. The New York Times (2/15, A11, Fathi, 1.16M) reports that a car "loaded with explosives blew up on Wednesday in front of a bus carrying members of Iran's Revolutionary Guards in the southeastern city of Zahedan, killing at least 11 people and wounding 34 others," the state news media reported. The "semiofficial" Fars news agency reported that the opposition group, the Jondollah Organization of Iran, claimed responsibility for the attack.

Bush Warns Congress Not To Try To Cut Off Iraq Funding. The CBS Evening News (2/14, story 5, 2:00, Couric, 7.66M) reported that as the House debates a non-binding resolution against his Iraq strategy, the President "had some tough words for…Congress." CBS (Axelrod) added, "The President said House members could have all the non-binding resolutions they want, but when it comes to votes that might cut off funding for the war in Iraq, he was explicit: Don't even think about it."

NBC Nightly News (2/14, story 3, 3:05, Gregory, 9.87M) said the President "shrugged off the debate going on in Congress going on about the war, saying that what matters now is that even critics vote to provide the war funding he is requesting." Bush also uttered an "admonition to Congress" not to " prejudge the outcome of his plan before giving it a chance to work." The Chicago Tribune (2/15, Silva, Madhani, 617K) notes Bush said of the House debate, "People are prejudging the outcome of this. … My hope, however, is that this non-binding resolution doesn't try to turn into a binding policy that prevents our troops from doing that which I have asked them to do."

The New York Times (2/15, Zeleny, 1.16M) reports that during his remarks, Bush also "said that there would be more violence" in Iraq, but that "the plan would provide breathing space to the Iraqi government as it worked to stabilize the country." Another New York Times story (2/15, Oppel, Cave) notes Bush said "the new plan, fueled by the addition of more American troops, was 'beginning to take shape' and that the goal was 'relative peace,' though he did not refer to any specific operations. But he warned against high expectations. 'I say relative peace,' he said, 'because if it's, like, zero car bombings, it never will happen that way.'"

The Los Angeles Times (2/14, Spiegel, 850K) notes Bush also said that "he does not believe the morale of troops

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in Iraq has declined because of repeated deployments to the war zone, saying his commanders would have informed him if any problems existed." Asked "whether critics who opposed his buildup of troops were undermining morale, Bush said he did not believe so." Said the President, "I think you can be against my decision and support the troops, absolutely. … Somebody who doesn't agree with my policy is just as patriotic a person as I am."

Democrats Will Seek To Limit Bush's Ability To Use War Funds. The Washington Post (2/15, A4, Weisman, 690K) reports "Democratic leaders have rallied around a strategy that would fully fund the president's $100 billion request for the wars in Iraq and Afghanistan but would limit his ability to use the money." Rep. John P. Murtha, chairman of the House Appropriations subcommittee on defense, "will formally outline the Democrats' plan today to antiwar groups agitating for binding action against the war. Rep. James P. Moran Jr. (D-Va.), a subcommittee member who helped arrange the Internet event, said the plan is aimed at tamping down calls from the Democrats' liberal wing for Congress to simply end funding for the war." The Post adds, "The Murtha plan, based on existing military guidelines, includes a stipulation that Army troops who have already served in Iraq must be granted two years at home before an additional deployment, Marines must be given 14 months at home, and any troops sent to Iraq must be those deemed fully trained and equipped under existing military standards. The idea is to slowly choke off the war by stopping the deployment of troops from units that have been badly degraded by four years of combat." The Democrats also "intend to shut down the military prisons at Guantanamo Bay, Cuba, and at Abu Ghraib near Baghdad by denying them funds, and to bar funds that would be used to establish permanent military bases in Iraq." That "is a fight Republicans appear to relish."

The Los Angeles Times (2/15, Simon, Gerstenzang, 850K) says "Murtha's proposal is aimed at countering Bush's build-up plan without exposing Democrats to accusations of undercutting troops in the field."

Meanwhile, the Washington Times (2/15, Ward, 88K), meanwhile, says "Democratic leadership yesterday sought to quell voices within their own party who want to 'defund' the war in Iraq, while Republicans said that is exactly what the majority party intends to do. … 'Some assert that this resolution is a first step to defunding our troops in the field. This is categorically false,' said Majority Leader Steny H. Hoyer, Maryland Democrat. 'While the new majority will explore other opportunities to affect Iraq policy, our commitment to our men and women in harm's way is unwavering.'" Minority Leader John A. Boehner "sent reporters a video montage of nine Democrats who, in various forms on Tuesday, called for a cutoff of funds for the war in Iraq. 'Congress must deny any more funds for the war,' said Rep. Dennis J. Kucinich of Ohio. 'The real test for this Congress will be whether or not we continue to fund this war,' said Rep. Maxine Waters of California, the founder and chairman of the Out of Iraq Congressional Caucus." The "Republican-produced video, available publicly at YouTube.com, ended with a warning: 'Does anyone really believe Democrats don't plan to cut off funding for America's troops?'"

Woolsey, Lee, Waters Say Vote "Just The Beginning" If Bush Doesn't Alter Course. Reps. Lynn Woolsey and Barbara Lee, co-chairs the Congressional Progressive Caucus, and Rep. Maxine Waters, who chairs the Out of Iraq Caucus, write in Roll Call this morning (2/15), "Contrary to Republican claims that Democrats have no alternative plan for Iraq, there are in fact several on the table. Our own comprehensive bill, the Bring Our Troops Home and Sovereignty of Iraq Restoration Act, would complete a fully funded military withdrawal from Iraq within six months while ensuring that our troops and contractors leave safely and accelerate the training of Iraqi security forces." In addition, "our bill would remove the specter of an endless occupation by preventing the establishment of permanent military bases and reiterate our commitment, at the invitation of the Iraqi government, to working with the international community to assist Iraq in its reconstruction and reconciliation efforts." The lawmakers add, "If the president doesn't change course, if he persists in his contempt for the electoral verdict rendered in November, then this week's resolution will be just the beginning."

40 To 60 Republicans Expected To Come Out Against Surge Today. The AP (2/15, Espo) reports, "Breaking ranks, a small band of House Republicans declared their opposition to a troop buildup in Iraq on Wednesday." There appear to be "fewer than a dozen Republicans…behind the measure. … By early evening, only one Democrat, Rep. Jim Marshall of Georgia, had announced he would vote in opposition." While the degree of Democratic cohesion was expected, media reports earlier this week suggested the number of GOP defections would be far larger. The Washington Post (2/15, A4, Weisman, 690K)

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says the "11 Republicans who publicly broke with Bush were long-time opponents of the war…could be just the tip of the iceberg. One Republican lawmaker close to the leadership, who spoke on the condition of anonymity, said GOP leaders have 50 to 60 Republicans on their watch list, with between 40 and 60 expected to break with the White House tomorrow."

As USA Today (2/15, Kiely, 2.27M) reports, "the extent of the Republican opposition to Bush's plan is the only suspense left in the debate." USA Today also notes Rep. Wayne Gilchrest, "a Maryland Republican who spoke against Bush's policy Wednesday," predicted in an interview that "there will be between 20 and 40 Republican defectors when the roll is called. In 2002, six Republicans (along with 126 Democrats) voted against giving the president the power to go to war." Reporting on yesterday's debate, USA Today also says Democrats "now control the House, but for two hours Wednesday, they took a back seat as Republicans argued amongst themselves over President Bush's Iraq policy." Rep. Walter Jones, "a Republican whose North Carolina district includes the Marine Corps' Camp Lejeune, led a dozen GOP lawmakers who spoke against the president's plan to commit 21,500 more troops to Iraq. Several said they were doing so despite their personal affection and admiration for the president. 'I am personally very high on President Bush, but on the matter of the troop escalation, I am not in agreement,' said Rep. Howard Coble, R-N.C."

The Wall Street Journal (2/15, Rogers, 2.04M) reports "Republican divisions over the Iraq war broke into the open on the House floor Wednesday as Democrats stepped aside for two hours and let the minority air its differences." The "remarkable situation developed after…Jones was given an hour's debate time to control as the lead Republican cosponsor of a nonbinding resolution disapproving of the troop surge. … The result was a two-hour snapshot of a growing party split that poses the most serious threat to the White House as it tries to sustain long-term support for the war." The Los Angeles Times (2/15, Simon, Gerstenzang, 850K) runs a similar story under the headline "11 More Republicans Get Behind Iraq Rebuke,"

Local TV coverage of the House debate was widespread, with many newscasts pointing out that some Republicans are beginning to signal their intention to vote in favor of the resolution. Some examples: WBZ-TV Boston (2/14, 11:07 pm) said early on its 11 o'clock news program that "in Washington today, a growing number of Republicans are now breaking ranks. They're opposing the troop surge. A House vote on a non-binding resolution is set for Friday." KPLC-TV Lake Charles, LA (2/14, 10:10 pm) said "dozens of Republicans are expected to join Democrats and vote disapproval." The station showed Republican Rep. Howard Coble of North Carolina saying, "I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement.'" Many other stations also took note of the Republican dissent, including WGHP-TV Greensboro (2/14, 10:09 pm), WILX-TV Lansing (2/14, 6:07 pm), and WTVC-TV Chattanooga (2/14, 5:19 pm).

The New York Times (2/15, Zeleny, 1.16M) reports that "even though most Republicans oppose" the resolution, "the testimony from a handful of Republicans on Wednesday suggested that the deliberations were no longer unfolding along partisan lines." The Times also notes that "holding a sheet of paper, Mr. Jones quoted Karen Hughes, a chief adviser to Mr. Bush, who declared, 'If we're going to commit more troops, we want to be sure they have a clear exit strategy.' The message, Mr. Jones argued, could apply to the current Iraq debate."

Stuart Rothenberg, writing in Roll Call (2/15), addresses the fact that, so far, a significant number of Republicans continues to back the White House's strategy. Rothenberg writes, "For months now, President Bush's poll ratings have been in the toilet. His performance is the single most important reason why Republicans lost the House and Senate, and the president's standing shows no sign of turning around between now and Election Day 2008. So shouldn't Republican officeholders simply do whatever they have to in order to distance themselves from the president? And shouldn't they go even further in establishing their independence by piling on Bush to show how much they disagree with him, as much as Nebraska Sen. Chuck Hagel (R) has been doing for months on Iraq? Well, as the November elections demonstrated, it isn't that simple." Bush "defines what his party stands for as long as he is in office, and efforts by individual Republican Members of Congress to separate themselves from their party weren't very effective in 2006." However, adds Rothenberg, Bush "remains in office for another two years, and unfortunately for him and his party, the public appears to have permanently soured on him."

Pelosi "Proud" Of House Debate. House Speaker Nancy Pelosi said on PBS' NewsHour (2/14, Lehrer), "The President, on the one hand, says that this is just a resolution that doesn't really mean that much, and, on the other hand, the White House is working very hard to stop Republicans

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from voting for it. The fact is, is we've had four surges, four escalations, and none of them has worked. In fact, they have made matters worse. They've only escalated the violence in the region. So I'm very proud of the debate -- in a bipartisan way, Democrats and Republicans alike -- speaking out to support our troops and disapprove of the course of action that the President is putting forth."

More Commentary. The Wall Street Journal (2/15, 2.04M) editorializes, "Congress has rarely been distinguished by its moral courage. But even grading on a curve, we can only describe this week's House debate on a vote of no-confidence in the mission in Iraq as one of the most shameful moments in the institution's history. … The motion at issue is plainly dishonest, in that exquisitely Congressional way of trying to have it both ways. … The resolution purports to 'support' the troops even as it disapproves of their mission." The Journal adds, "History is likely to remember the roll as well. A newly confirmed commander is about to lead 20,000 American soldiers on a dangerous and difficult mission to secure Baghdad, risking their lives for their country. And the message their elected Representatives will send them off to battle with is a vote declaring their inevitable defeat."

The New York Times (2/15, 1.16M) writes in an editorial, "How do you explain to the thousands of American troops now being poured into Baghdad that they will have to wait until the summer for the protective armor that could easily mean the difference between life and death? It's bad enough that these soldiers are being asked to risk their lives without…Bush demanding that Iraq's leaders take any political risks that might give the military mission at least an outside chance of success. But according to an article in The Washington Post this week, at least some of the troops will be sent out in Humvees not yet equipped with FRAG Kit 5 armor. That's an advanced version designed to reduce deaths from roadside bombs, which now account for about 70 percent of United States casualties in Iraq. … That's a shame, if not an outright scandal, because up-to-date armor is essential for saving American lives."

In the Wall Street Journal (2/15, 2.04M), Daniel Henninger writes, "The most striking impression from the debate is the most obvious: The nation is polarized. Of what I saw, there was no common ground between the two parties, none. Mainly, it was Blue America (Massachusetts, New York, cities, blue California) versus Red America (Florida, Texas, suburbs, red California)." Henninger adds that "the conventional wisdom now is that the 'independent' vote is ascendant," but "if Iraq is hot next year, the presidential runners will have to turn the trick of surviving the cauldrons of their boiling blue and red primaries and then purporting in the general election that they've emerged from them a lovely, independent pink."

In an "Editorial Observer," Francis Clines writes in the New York Times (2/15, 1.16M), "What the House is calling a three-day 'debate' over the Iraq war is decisively settling at least two points. It's nowhere close to a real debate. And…Pelosi missed a good bet when she rejected cable television's plea to open the floor to roving cameras that could reach beyond wooden shots of stationary orators. A freer C-Span perspective could have helped the nation see what a nondebate is at the heart of this spectacle of serial talking heads, Ping-Ponged in partisan time calibrations and slotted in 12-hour slabs over three days."

New Iraq Security Plan Gets Underway. ABC World News (2/14, story 4, :25, Gibson, 8.78M) reported, "US and Iraqi forces swept into three Baghdad neighborhoods, launching first major operation of the long-promised offensive against militants. In central Baghdad, new checkpoints were put up, cars searched and weapons confiscated, creating large traffic jams. The US announced last week the clamp down had begun, but Iraqis had seen little evidence before today." The CBS Evening News (2/14, story 4, :15, Couric, 7.66M), meanwhile, noted "six more American deaths were reported" as "thousands of US troops fanned out across three Baghdad neighborhoods."

The New York Times (2/15, Oppel, Cave, 1.16M) reports the American troops "little resistance during what commanders described as the first major sweep of the new security plan for the capital." The push "into the neighborhoods of Shaab, Bayda and Ur, on the northern edge of Sadr City, came a day after the top Iraqi general claimed broad powers to search, detain and move residents from their homes. But even though an Iraqi announced the new phase of the security plan, it was clearly an American-led operation: only 200 Iraqi police officers and soldiers were involved, commanders said, working alongside about 2,500 Americans." Col. Steve Townsend, commander of the Third Stryker Brigade Combat Team, "said the operation in northeastern Baghdad had been pushed up a day because of a request from Iraq's Shiite-led government." Prime Minister Nuri Kamal al-Maliki "has received blistering criticism for what some Iraqis have described as dangerous delays in

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setting the plan in motion. On Wednesday, he seemed determined to show some sign of action, even if the relatively low number of Iraqi troops involved was likely to add to concerns about the government's ability to provide the troops it has promised."

The Washington Times/AP (2/15, Juhi) reports, "As the new checkpoints were set up in the city of 6 million people, huge traffic jams developed and cars were forced to zigzag through soldiers' positions and barricades. … Despite the stepped-up security, a parked car bomb exploded in a predominantly Shi'ite district elsewhere in central Baghdad, killing four civilians and wounding 10, police said." And "in the western city of Ramadi, a suicide car bomber struck a police station, killing at least eight policemen and wounding seven, police said. A suicide car bomber also targeted an Iraqi army patrol in the northern city of Mosul, killing one soldier and four civilians, police said."

The Washington Post (2/15, A22, Londoño, Partlow, 690K) reports "the security plan is nowhere near full throttle, officials said, and results should not be expected overnight. The 21,500 Americans that constitute the troop surge are not all expected until at least late May, a military spokesman said Wednesday. And the training and equipping of Iraq's security forces will be a long-term endeavor."

Sadr Supporters Deny Cleric Has Fled To Iran. USA Today (2/15, 2A, Dorell, 2.27M) reports, "Supporters of Muqtada al-Sadr insisted the Shiite militia leader was still in Iraq on Wednesday, denying US claims that he is in Iran. Al-Sadr 'would never leave his people in this difficult time, as the Americans want to make people think,' said Abdul Razaq al-Nidawi, a spokesman for al-Sadr. He said al-Sadr was in the city of Najaf, where he lives, but declined to provide further details."

But on CNN's The Situation Room (2/14, Blitzer), Maj. Gen. William Caldwell, chief spokesman for the Multi-National Forces in Iraq, said of Muqtada al-Sadr, "We know he is not in Iraq and all indications are he's in Iran right now. ... But the exact reasons why, we really haven't gone talking public yet about, because it's still supposition at this time."

Optimistic Assumptions In 2002 Franks Planning Section Made Public. The New York Times (2/15, Gordon, 1.16M) reports, "When Gen. Tommy R. Franks and his top officers gathered in August 2002 to review an invasion plan for Iraq, it reflected a decidedly upbeat vision of what the country would look like four years after Saddam Hussein was ousted from power. A broadly representative Iraqi government would be in place. The Iraqi Army would be working to keep the peace. And the United States would have as few as 5,000 troops in the country." The Times adds, "Military slides obtained by the National Security Archive under the Freedom of Information Act outline the command's PowerPoint projection of the stable, pro-American and democratic Iraq that was to be." The "general optimism and some details of General Franks's planning session have been disclosed in the copious postwar literature. But the slides from the once classified briefing provide a firsthand look at how far the violent reality of Iraq today has deviated from assumptions that once laid the basis for an exercise in pre-emptive war. The archive, an independent research institute at George Washington University, has posted the slides on its Web site, www.nsarchive.org."

Feith Taught At Defense Department Graduate School Briefly. The New York Times (2/15, Cloud, 1.16M) reports that "last June, Douglas J. Feith, a former top Pentagon official involved in planning the Iraq war, was hired by a Defense Department graduate school for military officers and diplomats, with a four-year contract that was to pay him half a million dollars, Pentagon records show." Given the title of "distinguished professor," Feith was responsible for "team-teaching a course and producing a report on ways to 'organize the United States better for the long war on terrorism.'" Although, Feith's teaching position at the National Defense University "did not last long; the contract was terminated about a month later" by "mutual decision" according to the university, and only "three days after a reporter for The New York Times contacted" a school official "with questions about the university's ties to Mr. Feith." "Some of Mr. Feith's former colleagues at the Pentagon said they were puzzled by the university's decision to consider hiring him to lecture military officers on strategy for the fight against terrorism" when according to one, "I find it bizarre that they would pick a guy whose performance has been generally maligned and ask him to teach the subject." Adding, that the university's decision to terminate his contract "shows somebody has some sense over there."

Senate Democrats Question Recent Intelligence Estimate On Iraq. The Washington Post (2/15, A5, Pincus, 690K) reports that "Democrats on the

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Senate Select Committee on Intelligence have questioned whether the recent National Intelligence Estimate on Iraq gave political advantage to the Bush administration by making 'rapid withdrawal' of U.S. troops the only alternative military option the NIE explored." Democrats also questioned the report's definition of "rapid" in the estimate when it "judged that rapid withdrawal of coalition forces from Iraq would 'almost certainly' increase sectarian violence" and could potentially, according to President Bush's national security advisor, Stephen J. Hadley, give "al-Qaeda a safe haven in Iraq, result in risk and threats to the United States." Sen. Russell Feingold "put a hold on the Senate confirmation vote on Negroponte's appointment as deputy secretary of state" over the issue. Then "in a rapid reply to Feingold's concerns, Negroponte…explained that intelligence estimates do not 'evaluate policy options or alternative military strategies.' … Instead, he said, the goal 'is to identify the most likely course of events and variables that might change' them." Feingold stated that the estimate was still an "oversimplified assessment of one course of action without considering any elements of a redeployment strategy, including shifts in mission, stay-behind counterterrorism or training capabilities or regional diplomatic initiatives."

State Department Official Defends Diplomats' Role In Iraq. In a letter to the editor of the New York Times (2/15, 1.16M), George M. Staples, director general of the Foreign Service and director of human resources at the State Department, writes, "I take exception to your characterization of the attitude of State Department personnel toward our mission in Iraq and the experience level of the officers serving there." Staples notes that "as Secretary of State Condoleezza Rice testified to Congress, midlevel Foreign Service officers make up a substantial number of our personnel in Iraq." He goes on to notes that since 2003, "more than 11 percent of our Foreign Service personnel have served in Iraq, as well as more than 200 of our Civil Service employees. It is unfortunate that your article did not acknowledge the considerable experience of our brave volunteers serving in Iraq. They deserve better."

State Department Announces Plan To Take In More Iraqi Refugees. ABC World News (2/14, story 6, 3:00, Gibson, 8.78M) reported, "Today, the Bush administration said that 7,000 Iraqis will be allowed to settle in America over the next year. Not an earthshattering announcement on its face, but for many Iraqis helping US forces it could well save their lives."

The CBS Evening News (2/14, story 6, 3:05, Couric, 7.66M) said the number represents "just a tiny percentage of the two million who have fled their country," but "for some Iraqis, the chance to come to the United States is literally a matter of life and death." NBC Nightly News (2/14, story 4, 0:25, Williams, 9.87M) notes the move comes after the "has been criticized for only allowing 466 Iraqis into the US since the war started back in 2003."

The New York Times (2/15, A18, Swarns, 1.16M) says the legislation "would allow Iraqis who have been singled out as collaborators for working or associating with American officials to come to the United States on special immigrant visas or through other programs." State Department officials said at a news conference Wednesday that "they hoped to finalize work on the legislation soon." Assistant Secretary of State Ellen Sauerbrey "said that several thousand Iraqis had worked for the United States in Iraq, but added that it was unclear how many would be interested in resettling here." Also at the news conference, Under Secretary of State Paula J. Dobriansky "announced that the United States planned to resettle 7,000 Iraqi refugees," with half of them arriving by Sept. 30.

The Washington Post (2/15, A22, Boustany, Partlow, 690K) says the Department also announced it will contribute $18 million to the U.N. High Commissioner for Refugees' appeal for Iraq.

The Wall Street Journal (2/15, A4, McKinnon, 2.04M) says the move follows "bipartisan complaints in Congress that the Administration wasn't doing enough to help them." Initially, the Journal says the Bush administration "did little to welcome Iraqi refugees, in part to avoid acknowledging that instability in the country had become a long-term phenomenon."

The Washington Times/AP (2/15, Gearan) reports U.N. High Commissioner for Refugees Antonio Guterres called the US pledge "a relevant contribution," but when asked if the US contribution was, "in essence, too little too late," Guterres was "diplomatic" in his response, saying, "The problem is so huge that nothing is, any time, enough. But I think it's very good stuff -- a very good step in the right direction."

Meanwhile Bill Frelick, the refugee policy director for Human Rights Watch, writes in the Wall Street Journal (2/15, A19, 2.04M), "While Washington debates the surge of troops to Iraq, it has only recently begun to acknowledge the surge in

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refugees leaving Iraq. … While America has a special obligation to rescue Iraqis who have been specifically persecuted because they helped US troops or Americans working in Iraq, it is central to US interests to address the destabilizing effects and humanitarian needs in the region of a much larger group of refugees -- Sunnis and Shiites fleeing mixed areas, members of the professional classes, religious minorities, and people perceived as Western in orientation."

Translator With False Identity Pleads Guilty To Downloading Classified Documents. The Washington Post (2/15, A3, White, 690K) reports that a man who authorities only know by an alias of "Abu Hakim" was "an Arabic translator who used an assumed identity to get work as a contractor for the US Army in Iraq pleaded guilty yesterday to federal charges of possessing classified national defense documents, including sensitive material about the insurgency that he took from an 82nd Airborne Division intelligence group in 2004." After obtaining a false identity, the translator secured a position "with Titan Corp., which supplied translators to the US military to aid in fighting the war in Iraq. The man then used his false identity to get secret and top-secret clearances -- access to extremely sensitive material that is supposed to be given only after thorough background checks -- Justice Department officials said."

British Military Drops Charges In Iraqi Abuse Court-Martial Trial. The New York Times (2/15, Cowell, 1.16M) reports that "a court-martial on Wednesday dropped charges against four of seven soldiers accused of mistreating Iraqi civilians, an unexpected twist in a politically charged trial that jeopardized the reputation of the British military. It also dropped the remaining charges against a fifth soldier who had already pleaded guilty." Although "the abuse charges against British troops have not been as graphic or as sweeping as those leveled…against American forces at the Abu Ghraib…they have nonetheless played into the deeply divisive debate here about whether Britain should have joined an unpopular war as the United States' main ally." In this court-martial, events occurred in Basra "when, prosecutors said, nine Iraqi detainees were hooded, handcuffed, deprived of sleep and beaten for a 36-hour period before interrogation." In England, "opposition politicians said the judge's action showed that the government had been overzealous in seeking to appease Iraqi public opinion by putting a high-ranking officer on trial."

Soldier Made Healing Iraqi Boy His Final Mission. The Washington Post (2/15, A1, Londano, 690K) reports that Capt. Brian S. Freeman, 31, had made getting a life-saving heart transplant for an 11-year-old Iraqi boy his mission in Iraq, with an effort lasting "nearly six months of overcoming financial and bureaucratic hurdles in a war zone." The boy's thankful father hugged and posed in joyful photographs with Freeman just hours before on "Jan. 20, armed men in GMC trucks stormed into the government building in Karbala" where "they killed an American soldier, handcuffed Freeman and three other U.S. soldiers, hauled them into the vehicles and drove off. Freeman and the other abducted soldiers were later slain by the attackers." According to his friends, "Freeman's time in Iraq made him reexamine what he wanted to do with his life" by pondering "going to graduate school after finishing his tour and talked of starting a nonprofit organization to get Iraqi children medical care abroad. … His eagerness to help Ali Abdulameer, a boy he never met, was an effort to make meaningful contributions in a devastated country."

Pentagon Finds Hope For Iraq In Progress Achieved In Philippines. The Christian Science Monitor (2/15, Montlake, 59K) reports that recent anti-terrorism "developments in the southern Philippines offer a degree of hope to Pentagon planners." In the Philippines, the "Muslim community is a 'center of gravity' that can be swayed with targeted projects…'It's not the amount of people that you affect. It's who you affect,'" says one civil-affairs officer. The Pentagon finds new hope for the war on terror in the Middle East by these positive developments in Muslim dominated areas in southern Philippines, which "also show the complexity of waging war in a contested, chaotic area, as well as the long slog needed to stand up a national army equal to sure-footed militants." Here US forces have helped Philippine forces root out radical terrorists and criminal gangs by assisting in a supportive role in an area that "was widely considered to be the global war on terror's 'second front' after Afghanistan." "After five years of substantial military aid" the effort is considered "'a Philippines success story. They're the one doing…the fighting and helping the people and we're providing support,' says Col. David Maxwell, commander of the joint taskforce, who led the 2002 Basilan operation." According to Scott Harrison, a security consultant and a former CIA officer, "You can wipe out the entire leadership…but unless you solve the underlying root

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problems like poverty and corruption, you've still got a witch's brew to create another generation of fanatics."

Experts Fear Afghanistan Could Become Next Iraq. McClatchy (2/15, Hutcheson) reports, "While President Bush and Congress argue over Iraq, experts warn that Afghanistan could slip back into chaos." In "a sign of the administration's concern," President Bush will deliver a speech Thursday to the American Enterprise Institute "highlighting plans for a dramatic increase in military and economic aid, but skeptics fear that the renewed focus on Afghanistan may be too little and too late." Rep. Joe Sestak (D-PA) said, "We have our finger in the dike because our resources and attention were turned toward Iraq." However, Assistant Secretary of State for the region, Richard Boucher, insists the US is "taking a comprehensive approach. It's a question of building the security, but also building the government and building the economy."

Afghan Officials Press Congress On Drug Policy, Ambassador's Nomination. The Hill (2/15, Tiron) reports Afghan officials in Washington are "redoubling their advocacy efforts to capitalize on Congress and the Bush administration's renewed focus on their country -- and to prevent their country from slipping back into Taliban hands." Embassy officials are calling the Bush administration's drug-eradication policy in Afghanistan "a flawed solution to the problem and are speculating on how a new US ambassador to their country will influence the struggle against the narcotics trade and how the US will change the management of foreign aid there." Embassy counselor, Masood Aziz, said, "It is a mistake to think that you will solve the drug issue through spraying" the poppy cultures, which he says "has devastating effects on the poor." The embassy is also "watching closely William Wood's nomination to become the new US ambassador to Afghanistan."

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Senators Mull Changes To Replacement Process For US Attorneys. The AP (2/15, Kellman) reports, "Congressional Democrats and some Republicans are trying to change part of the USA Patriot Act that allows the Bush administration to fire and replace federal prosecutors indefinitely without Senate confirmation." The AP continues, "Freshly briefed by the Justice Department on the forced resignations of some of the seven U.S. attorneys since the act took effect, Senate Democrats planned to bring a bill to the floor Thursday that would impose a 120-day deadline on the amount of time a replacement could serve without Senate confirmation. … After that, an interim replacement would be named by a U.S. District Court, a policy Attorney General Alberto Gonzales and some Republicans say could lead to the appointments of prosecutors for reasons other than their qualifications." The AP adds, "Democrats say that's just the problem with the policy under the terror-fighting law that went into effect in March. … Since then, seven U.S. attorneys have been fired, some without cause, Deputy Attorney General Paul J. McNulty told the Senate Judiciary Committee. Democrats contend that prosecutors were forced to resign to make way for Republican political allies, and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments. … Congress passed the reauthorization with overwhelming bipartisan support, but many lawmakers say they were unaware of the provision. The president appoints federal prosecutors, who are subject to Senate confirmation." The AP notes, "Gonzales has said he intends to submit every newly appointed interim prosecutor to the Senate confirmation process and denied that his choices were politically motivated. He also has pointed out that U.S. attorneys serve at the president's pleasure and can be fired for any reason or no reason at all. … Nonetheless, Senate Majority Leader Harry Reid of Nevada is expected to try to bring the bill up for a vote Thursday, which also is the last day on the job of one of the fired prosecutors, Carol Lam of San Diego. … McNulty briefed senators behind closed doors Wednesday night on the cases of the seven fired prosecutors. Attending the meeting were Republicans Kyl and Arlen Specter of Pennsylvania and Democrats Chuck Schumer of New York, Dianne Feinstein of California and Patty Murray of Washington."

DOJ Answers About US Attorney Dismissals Leave Sen. Murray Unsatisfied. The AP (2/15, Johnson) reports from Seattle, "Sen. Patty Murray said after sitting in on a closed-door Senate Judiciary Committee hearing Wednesday she heard nothing to suggest that John McKay deserved to be fired as U.S. attorney. … 'I heard nothing from Department of Justice officials that changed my mind about John McKay's performance,' Murray, D-Wash., said in a telephone interview from Washington, D.C. … She said she was not at liberty to comment further." The AP continues, "McKay, a Republican appointed by President Bush in 2001, was forced to resign as Western Washington's top federal

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prosecutor last month. He was one of seven U.S. attorneys fired around the country. … Earlier this month, Deputy Attorney General Paul McNulty told the committee that most of the seven had been fired for 'performance-related' reasons, and that one in Arkansas had been cleared out to make way for a former aide to White House adviser Karl Rove. … But McKay and others had received glowing performance reviews and were not told of performance issues before they were fired, prompting further investigation by the committee. … McNulty briefed the committee privately Wednesday." The AP notes, "Lawyers, judges and public officials - Republican and Democratic - have objected to McKay's firing, speculating that it was done because he was not conservative enough for the Bush administration. … U.S. District Judge Robert Lasnik in Seattle said McKay was a 'superb U.S. attorney. For the Justice Department to suggest otherwise is just not fair.'"

Former DC Federal Prosecutor Charged With Misconduct In Gang Cases. The Legal Times (2/15, Smith) reports, "Before last week, former federal prosecutor G. Paul Howes had only suffered blows to his reputation for his misconduct in a witness-payment scandal. … But now, Howes, a former Assistant U.S. Attorney in the District, faces serious ethics charges from the D.C. Bar Counsel that could trigger sanctions -- including disbarment." The Times continues, "The charges stem from Howes' improper disbursement of more than $140,000 in federal witness vouchers to 132 people during several high-profile drug trials while he was a prosecutor at the U.S. Attorney's Office in the District in the 1990s. The misconduct, which wasn't noticed until a tip came from one of Howes' informants, resulted in dramatically reduced prison sentences for nine defendants convicted in those trials." The Times adds, "On Feb. 1, the D.C. Bar Counsel filed eight charges against Howes after a four-year investigation, accusing him of violating bar ethics rules by committing criminal acts, making false statements in court, offering prohibited payments to witnesses, and interfering with the administration of justice. … 'Prosecuting a [former] U.S. Attorney is not something we do very often. It is pretty, pretty rare,' D.C. Bar Counsel Wallace 'Gene' Shipp Jr. says. 'Charges that include dishonesty are always serious. They are very serious allegations.'" The Times notes, "Howes, now a partner in the San Diego office of Lerach Coughlin Stoia Geller Rudman & Robbins, didn't return telephone calls seeking comment. His attorney, D.C. defense lawyer Plato Cacheris, also did not return calls. … The Bar Counsel investigation mirrors many of the findings of an internal Justice Department probe completed in 1998, but the Bar Counsel goes beyond that investigation's report in its charge of criminal acts by Howes, including false statements and false certifications. … The Justice Department began a two-year investigation of Howes in 1996, a year after he resigned from the U.S. Attorney's Office, where he spent 11 years as a prosecutor. The report found that Howes used witness vouchers as a personal slush fund that 'went so far beyond the limits of appropriate conduct as to constitute flagrant abuse of the system.'"

CORPORATE SCANDALS:

Former Monster.com Counsel To Plead Guilty In Options Probe. ABC News (2/14, Ross, Esposito) reports, "The former top lawyer for the Internet job search site Monster.com is expected to enter a guilty plea tomorrow growing out of his role in backdating stock options at the company, federal officials involved in the case tell ABC News." ABC continues, "Officials say Myron Olesnyckyj, the former general counsel of Monster, has agreed to plead guilty to charges of securities fraud in federal court in New York city, as part of a deal to cooperate with prosecutors. … Olesnyckyj is expected to provide testimony about his former boss, Andrew McKelvey, the founder and former CEO of Monster.com, the officials say." ABC adds, "The plea deal comes as dozens of former CEOs and other corporate officials face possible indictment as the Department of Justice presses its investigation of the backdating of billions of dollars of stock options. … The FBI, IRS and U.S. Postal Inspectors are working on at least 60 active criminal investigations, and federal officials tell ABC News at least a half dozen are now in the final phases of investigation. … 'This is a major initiative of the President's Corporate Fraud Task Force,' said Justice Department spokesman Brian Sierra." ABC notes, "Dozens of CEOs and other top officials have already resigned over the practice of 'stealth compensation,' in which executive pay packages have been enhanced by granting executives the right to buy stock at favorably low 'strike prices' set by acting as if the options were granted earlier than they were, resulting in a larger potential profit."

The Wall Street Journal (2/15, A4, Forelle, Bandler, Scannell) reports, "Prosecutors are moving forward with more

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criminal charges over stock-option manipulation." The Journal continues, "Yesterday, the founder of video-game maker Take-Two Interactive Software Inc. pleaded guilty to a state felony charge in connection with an options-backdating scheme. Today, federal prosecutors in New York are expected to announce a plea deal with a former executive of Monster Worldwide Inc. in another options case, according to people familiar with the matter." The Journal adds, "Ryan A. Brant, founder and former chief executive officer of Take-Two, entered a guilty plea in state court in New York City, striking a deal that requires millions in payments but will likely spare him prison time. It was the first criminal case brought over backdating since last August, when federal prosecutors charged executives of another New York company, Comverse Technology Inc. … In the Monster case, the company's former general counsel, Myron Olesnyckyj, has agreed to cooperate with federal prosecutors in Manhattan and is expected to describe the role of founder Andrew McKelvey and others in stock-options practices at Monster." The Journal notes, "Mr. Olesnyckyj was fired by the company last year. Mr. McKelvey quit rather than be interviewed by company lawyers examining Monster's options problems. … According to people familiar with Monster's email traffic, Mr. Olesnyckyj was the author of several damaging messages, including one in which he advised an executive not to discuss the company's practice of backdating grants to new employees in writing because it might be seen by auditors. The Securities and Exchange Commission is expected to file civil charges against Mr. Olesnyckyj as soon as today, people familiar with the matter say. A separate agreement between Mr. Olesnyckyj and the SEC could come later."

UnitedHealth's Legal Problems Expected To Last Through The Year. The Minneapolis Star Tribune (2/15, Phelps) reports, "It became clear Wednesday that the legal woes of UnitedHealth Group will not be resolved anytime soon. … Lawyers for the Minnetonka company said in federal court it will take up to five months to determine whether shareholder lawsuits against it are valid. The suits are over the purported backdating of stock options for senior executives, which led to the ouster last year of longtime Chief Executive William McGuire. … Also unknown is when federal regulators will complete their investigation into the issue, a pace referred to by U.S. District Judge James Rosenbaum as 'glacial.'" The Tribune continues, "Rosenbaum said he has no intention to dismiss the shareholder lawsuits, as sought by UnitedHealth, 'at least not yet.' … And should the shareholder lawsuits eventually go to trial, Rosenbaum said he can't fit them in his calendar until late autumn or after the first of the year. … 'There's a lot of brush to be hacked through here,' Rosenbaum told lawyers for the company and the shareholders during a hearing Wednesday." The Tribune adds, "Rosenbaum said he would rule later on the company's motion to dismiss the lawsuits on the basis that the board of directors formed a 'Special Litigation Committee' to review lawsuits against the company or to stay the proceedings in the case until the committee completes its work."

SEC Will Not Charge Gradient Analytics. The Wall Street Journal (2/15, A11, Burns) reports, "The Securities and Exchange Commission has ended an investigation into Gradient Analytics Inc. without bringing any charges against the stock-research firm." The Journal continues, "Regulators were investigating charges of market manipulation and collusion between the Scottsdale, Ariz., independent research firm and its hedge-fund clients. Marc Fagel, associate district administrator in the SEC's San Francisco office, said no charges were recommended and that the case is now closed." The Journal adds, "Gradient Analytics President and Chief Executive Brad Forst said the company cooperated fully with the SEC and wasn't surprised by its decision. "We believe our business conduct has always been conducted with integrity,' he said." The Journal notes, "Canadian pharmaceutical company Biovail Corp. last year brought a $4.6 billion lawsuit alleging that Gradient and others, including hedge fund SAC Capital Management, schemed to manipulate Biovail's stock. Gradient and SAC denied the allegations. … Overstock.com Inc., a Salt Lake City online discount retailer, also is suing Gradient and other defendants in California for alleged stock manipulation. Overstock's charges were aired at a Senate Judiciary Committee hearing last summer when a former Gradient employee, Demetrios Anifantis, testified that he was fired for questioning company practices and management's ties to hedge funds."

SEC's Pursuit Of Civil Case Against Ex-McAfee GC Delaying Criminal Charges. The California Recorder (2/15, Scheck) reports, "Thanks to cross-country coordination efforts between two federal agencies, the first Silicon Valley lawyer to come under government scrutiny for stock options problems is getting one more reprieve before being indicted." The Recorder continues,

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"While it has been clear for nine months that Kent Roberts, the former general counsel of McAfee Inc., is in trouble, there's been a string of delays in his case. The latest, said people with knowledge of the case, is because the Washington, D.C.-based SEC lawyers want to file civil charges at the same time -- and they're not ready yet." The Recorder adds, "Roberts was fired by the company in May after its own investigation found options improprieties. Since then, he has become the focus of a federal criminal inquiry, and press reports over the past two months -- including several this week -- have said an indictment is imminent for actions relating to a stock options grant he received in 2000. … Stephen Neal, the Cooley Godward Kronish partner representing Roberts, wouldn't say whether he expects his client to be charged." The Recorder notes, "The SEC typically seeks to coordinate its charges with those filed by criminal prosecutors, said attorneys working on options investigations. … Speaking generally about options cases -- but not about McAfee specifically -- ex-federal prosecutor Jeffrey Bornstein said the government 'is in part motivated by how things are perceived publicly. So there is this motivation to have a joint press conference.' … Bornstein, who left the San Francisco U.S. attorney's office in 2005 to join Kirkpatrick & Lockhart Preston Gates Ellis, said there's often concern within the SEC that, if its civil charges follow on the tail of the indictment, they'll be ignored by the public. … 'From the defense perspective, it's so they get the maximum prejudicial publicity that they can,' he said."

Aflac To Allow Advisory Shareholder Votes On Executive Pay. The Washington Post (2/15, D1, Tse) reports, "Aflac said yesterday that it would become the first major U.S. company to give shareholders an advisory vote on executive compensation packages, bolstering investor groups that have vowed to push companies to change their governance practices at annual shareholder meetings this spring." The Post continues, "Aflac, the world's largest seller of supplemental health insurance, said it would allow shareholders a nonbinding vote on its corporate pay practices beginning in 2009 -- the first year that the company's proxy statement will contain the three years of compensation data required by the Securities and Exchange Commission's new disclosure rules. Aflac made its announcement after a proposal last year by one shareholder, Boston Common Asset Management. … 'They're an early adopter,' said Richard Ferlauto, director of investment policy at the American Federation of State, County and Municipal Employees, which supports the so-called say-on-pay resolutions. 'We expect others will follow.'" The Post adds, "Such proposals are among the most controversial of the hundreds this year by major shareholders, who are emboldened by public furor over outsized executive compensation. Proponents say that even though the votes would be nonbinding, they would pressure companies to change compensation policy. … At least 50 companies will have votes on say-on-pay at shareholder meetings, up from seven last year, according to Institutional Shareholder Services, a proxy advisory firm in Rockville. … Other closely watched resolutions include a proposal to allow shareholders to run opposing board candidates and another to tie executive pay more directly to corporate performance. Many of the companies targeted are in the hot seat over executives' salaries or the practice of back-dating options."

Germany Struggling With Increasing Corporate Corruption. The New York Times (2/15, Dougherty) reports, "Wolfgang Schaupensteiner has never been so busy. … From an office in downtown Frankfurt that is decorated with cartoons about corruption, Mr. Schaupensteiner has headed the tiny financial crime unit for this city, Germany's financial capital, since 1993. These days, his backlog of bribery, fraud and other white-collar crime cases runs into the hundreds, and he says he has a simple explanation as to why." The Times continues, "Corporate profits have surged across sectors ranging from finance to autos to energy, as German executives have turned the country into one of the world's largest exporters over the last five years. Illicit dealings helped create their success, he asserts, and that in turn has encouraged many executives to believe that crime does pay." The Times adds, "On Wednesday, prosecutors in the southern city of Nuremburg raided multiple locations of the offices of Siemens, one of the country's most prominent companies, on suspicion that certain bribes may have been concealed as payments for services that were never provided. … In recent months, DaimlerChrysler, BMW and Volkswagen have also been raided, put under investigation or even had employees taken into custody." The Times notes, "Mr. Schaupensteiner and anticorruption activists argue that as profits earned abroad have increased, employees of German companies may have become more tempted to accept bribes and also to give bribes to win business. Europe only recently banned such practices. … This is in contrast to the foreign bribery laws in

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the United States, which, for 30 years, have restricted all American employees, regardless of where they conduct business. … At the very least, there has been a marked rise in the number of high-profile cases being prosecuted recently, and some of those have reached into the executive offices at the most prominent German companies."

CRIMINAL LAW:

Libby Defense Rests Without Calling Additional Witnesses. The AP (2/15, Sniffen) reports, "Once expected to rival the courtroom dramas of Watergate and Iran-Contra, the trial of former White House aide I. Lewis 'Scooter' Libby neared a quick, unsensational close Wednesday. Libby's attorneys rested a truncated defense after the judge barred much of their classified evidence because Libby decided not to testify in his perjury trial. Special Prosecutor Patrick Fitzgerald wrapped up the government's rebuttal in minutes. On Tuesday, the jury will return to hear closing arguments." The AP notes, "Defense attorneys decided not to call the two biggest witnesses they had dangled in pretrial proceedings: Libby and his former boss Cheney. … Nevertheless, testimony showed that Cheney was intimately involved on a daily basis in July 2003 in rebutting Wilson's allegations that President Bush had lied about intelligence to push the nation into war with Iraq."

The Los Angeles Times (2/15, Schmitt, 850K) adds that Libby's "so-called busy-man defense suffered a blow Wednesday when Walton rejected a defense bid to have admitted into evidence summaries of classified materials by CIA employees who had regularly briefed Libby on intelligence matters." US District Judge Reggie B. Walton "said it would be unfair to the government to now allow the jury to hear the evidence without giving prosecutors the opportunity to cross-examine the former White House aide about it." The New York Times (2/15, Lewis, 1.16M) notes that before the ruling on the summaries, "Judge Walton said he 'believed all along in the process that Mr. Libby was going to testify' and that his lawyers were now 'playing games with the process.'" Libby lawyer Theodore Wells "will be permitted to tell the jury that Mr. Libby had 'a lot on his plate,' Judge Walton said. But…Wells cannot argue that those issues were of greater importance in Mr. Libby's mind 'as compared to the issue of Valerie Plame and Ambassador Wilson.'"

The Washington Post (2/15, A3, Goldstein, Leonnig, 690K) reports that before resting their case, "defense attorney John Cline read jurors a lengthy list, approved by both sides, of the issues that CIA briefer Craig Schmall shared with Libby on the morning of June 14, 2003. Schmall testified earlier in the trial that his notes indicate that was the day Libby mentioned Wilson to him. … Another defense attorney read jurors portions of a Wall Street Journal editorial and two National Review articles that were in Libby's files. All three reinforced the defense's contention that Libby did not regard Plame's identity as secret. A third defense attorney read parts of a report on an interview with Tim Russert…conducted by the FBI agent who once headed the leak investigation. The report contained nuances that differed from the testimony last week of Russert, the prosecution's most pivotal witness."

Trial Provided Inside Look At Symbiotic Relationship Between Media, Officials. The Los Angeles Times (2/15, Miller, 850K) reports that the "Libby trial has provided an unprecedented look into the transactions between reporters and government officials. … The testimony is supposed to help jurors reach a verdict on whether Libby lied to investigators about his role in leaking the name of a clandestine CIA officer to the media. But in many ways, the trial has shed more light on the ways of Washington, exposing the often messy means by which reporters gather information, and the sometimes ignoble motives of those who provide it."

Liberal Bloggers Flocked To Libby Trial. The New York Times (2/15, Shane, 1.16M) reports that during the trial, no media group "has fielded a bigger team — or was more openly crushed by the defense decision this week not to put Mr. Cheney and Mr. Libby on the stand — than Firedoglake.com. … A collective of liberal bloggers, fueled by online donations and a fanatical devotion to the intricacies of the Libby case, Firedoglake has offered intensive trial coverage, using some six contributors in rotation." The Times adds, "For blogs, the Libby trial marks a courthouse coming of age," and they "are a throwback to a journalistic style of decades ago, when many reporters made no pretense of political neutrality. Compared with the sober, neutral drudges of the establishment press, the bloggers are class clowns and crusaders, satirists and scolds."

US Attorney Spars With New Jersey Legislature Over Budget Records. The New York Times (2/15, Smothers) reports, "For almost a half-dozen years, Christopher J. Christie, the United States attorney for New Jersey, has scoured the state, taking on one

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elected official after another. Now he is wrangling with an arm of the State Legislature, but what he wants and whether he will get it are being argued behind locked doors and cloaked in grand jury secrecy." The Times continues, "On Wednesday, the latest skirmish between Mr. Christie and the Office of Legislative Services, which serves as the Legislature's counsel and administrative arm, over a federal subpoena for records related to budget items was played out in a closed hearing in Federal District Court here. … Lawyers for both sides emerged poker-faced and tight-lipped from the 75-minute session before Judge Mary L. Cooper, saying that they could not comment on the hearing because it involved grand jury secrecy." The Times adds, "What is generally known about the federal investigation is that it revolves around the dealings of State Senator Wayne R. Bryant, a Democrat from Camden who was chairman of the Budget and Appropriations Committee until he stepped down last year under pressure from fellow Democrats. … The investigation, according to lawyers familiar with the case, may involve Mr. Bryant's legislative role as well as a $38,000-a-year job he held with the University of Medicine and Dentistry of New Jersey. … It is believed that investigators are trying to determine whether Mr. Bryant improperly steered millions of dollars in state grants to the university in exchange for what a federal monitor says was virtually a nonexistent job. … But the Office of Legislative Services is challenging the subpoena, contending that it violates the attorney-client privilege that it says exists between the office and the lawmakers it serves. The office is run by a bipartisan panel of 16 members, 8 each from the Senate and Assembly, and its professional staff is banned from political activity."

The AP (2/15, Delli Santi) reports New Jersey GOP "lawmakers ramped up pressure on the Legislature to hand over documents subpoenaed in a federal corruption investigation on Wednesday, as the U.S. Attorney's Office went to court to force the material to be released. During a 75-minute hearing in Federal District Court, Judge Mary L. Cooper heard arguments on whether the Legislature's legal and research arm should be forced to turn over memos, e-mails and other documents that the U.S. Attorney's Office has subpoenaed and the Office of Legislative Services has refused to release. … It was not immediately clear what, if any, ruling the judge had made." In a Wednesday letter to US Attorney Christopher Christie, "Assembly Republican leader Alex DeCroce said all 31 Assembly Republicans oppose the decision to refuse to comply with the federal subpoena."

The Newark Star-Ledger (2/15, Margolin, Schwaneberg) reports New Jersey Republicans also "were continuing to push for a special meeting today of the Legislative Services Commission to look into the growing controversy over the subpoena. The hearing before…Cooper came after the nonpartisan Office of Legislative Services rebuffed a subpoena for information in an investigation…that began with a probe into the activities of state Sen. Wayne Bryant (D-Camden). A federal monitor found that Bryant had a $35,000-a-year 'no- work job' created for him at the University of Medicine and Dentistry of New Jersey." The Star-Ledger notes, "Several legislative officials and budget officers, meanwhile, have been interviewed by the FBI in re cent weeks." Gannett (2/15, Volpe) also reports briefly on yesterday's court hearing.

Former CIA Official, Contractor Plead Not Guilty To Bribery Charges. In a widely-distributed story, the AP (2/15, Hoffman) reports, "As the CIA's executive director, Kyle 'Dusty' Foggo had access to the spy agency's most sensitive secrets. On Wednesday, Foggo…pleaded not guilty to federal charges that he used that information to direct classified supply deals to his best friend, San Diego defense contractor Brent Wilkes." The AP notes, "Both men surrendered Wednesday at FBI offices in San Diego after a 20-month investigation that has already sent former U.S. Rep. Randy 'Duke' Cunningham to prison. … Foggo, who wore an American flag pin on his lapel, was released on $200,000 bail; Wilkes was released on $2 million bail."

The Washington Post (2/15, A25, Smith, 690K) reports that Tuesday's indictments "contain fresh details" about Wilkes' alleged bribery of Foggo, and "include a long list of gifts and other illegal benefits that were allegedly exchanged." The Post notes, "Wilkes's office walls still bear photos showing him shaking hands with Vice President Cheney, presidential adviser Karl Rove, California Gov. Arnold Schwarzenegger and former House majority leader Tom DeLay. But all his employees are gone, his wife is seeking a divorce, and his tax arrears and other debts -- according to a tally by the San Diego Union-Tribune -- total nearly $1.7 million." The Post goes on to list the many "expensive favors" Wilkes allegedly provided to Foggo and Cunningham.

The San Diego Union-Tribune (2/15, Soto, Kucher) reports, "U.S. Attorney Carol Lam, who leaves office Thursday, called the charges against the two men 'breathtaking in scope.' … The indictment details the lavish gifts Wilkes

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bestowed on Cunningham so he would steer federal government contracts toward his flagship company, ADCS Inc. The gifts included cash, vacations, computers, meals, tickets to a Super Bowl game and prostitutes. In all, Wilkes gave Cunningham more than $700,000 in gifts." The Union-Tribune adds, "During Wednesday's hearing, prosecutor Phil Halpern told U.S. District Judge Larry Burns that the case against Foggo was a little complicated because it involves some classified information. … Halpern also said the witnesses and evidence in the two cases largely overlaps that used in the prosecution of Cunningham. … Another defendant, John T. Michael, a 35-year-old New York mortgage banker, also entered his not guilty plea Wednesday. He's accused of obstructing justice by providing false testimony to the grand jury about Wilkes' role in paying off the $500,000 second mortgage on Cunningham's Rancho Santa Fe home."

FBI Probing Nevada Governor Over Military Contracts. The Wall Street Journal (2/15, A1, Wilke) reports, "Federal prosecutors are investigating whether Nevada Gov. Jim Gibbons accepted unreported gifts or payments from a company that was awarded secret military contracts when Mr. Gibbons served in Congress." The Journal continues, "The Federal Bureau of Investigation is examining whether any gifts or payments violated federal contracting rules or were offered in exchange for official acts by Mr. Gibbons, people briefed on the investigation said. Mr. Gibbons, a Republican, represented Nevada for five terms in Congress, where he served on the House Intelligence and Armed Services committees. He was sworn in last month as governor of the nation's fastest-growing state." The Journal adds, "The close ties between the congressman and the contractor, Warren Trepp, were disclosed in a Nov. 1 Wall Street Journal article, which revealed that Mr. Gibbons accepted private jet flights and a Caribbean cruise from the software-company owner. Mr. Gibbons says accepting the cruise and flight didn't violate House ethics rules. … New evidence has emerged that includes emails to Mr. Trepp -- the majority owner of eTreppid Technologies LLC and the former chief trader for convicted junk-bond dealer Michael Milken -- discussing a payment or gift to then-Rep. Gibbons. They also show Mr. Gibbons repeatedly using his congressional office to help the firm seek classified military and civilian contracts." The Journal notes, "The emails show that since at least 2003, Mr. Trepp maintained close ties to Mr. Gibbons, who helped eTreppid get no-bid software contracts from the Air Force, U.S. Special Operations Command and Central Intelligence Agency. The software was used in video tracking of military targets and other, classified applications. … Messrs. Trepp and Gibbons have denied any wrongdoing, and no charges have been filed; indeed, such investigations sometimes end without official action. … The FBI declined to comment on the investigation, which appears to be in a preliminary stage. The bureau has stepped up its pursuit of public-corruption cases, and says it now has about 620 agents working on federal, state and local cases, compared with 260 in 2002."

North Carolina Lawmaker Resigns, Will Plead Guilty To Federal Corruption Charge. The Raleigh (NC) News & Observer (2/15, Kane, Curliss, Bonner) reports, "Former House Speaker Jim Black, once one of the state's most powerful officials, quit the legislature Wednesday as he prepared to plead guilty today to a felony public corruption charge in federal court. … 'With both sadness and anticipation, I hereby resign from the House of Representatives on February 14, 2007,' Black said in a short letter read to House members as they began their floor session. Black was not there to read it in person." The N&O continues, "Black's letter did not mention the reason for his resignation. At 1 p.m. today, Black is expected to plead guilty to a federal crime of accepting illegal gratuities. The felony, which carries a 10-year maximum prison sentence, would bar him from continuing to serve in the House. … House Speaker Joe Hackney, an Orange County Democrat, said he spoke with Black midday Tuesday and learned that Black would resign and plead guilty to the crime." The N&O adds, "Black, 71, a Mecklenburg County Democrat, could not be reached for comment. His attorney, Kenneth Bell, has not returned phone calls to The News & Observer for weeks, but confirmed the guilty plea to The Charlotte Observer on Tuesday. … Republicans and Democrats said the resignation and expected guilty plea mark a dark period for the legislature and one of the biggest falls from grace in recent state history. As speaker, Black was one of the most powerful elected officials in North Carolina, and he held the position for a record-tying four terms." The N&O notes, "Legislators differed as to the seriousness of Black's criminal behavior, and as to whether anything would be learned from the various scandals that erupted around him over the past two years. … Former Rep. Sam Ellis, a Raleigh Republican

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who lost his seat in 2004 after Black added more Democrats to his district, said the plea deal only scratches the surface. The deal would have been reached with federal prosecutors who work for U.S. Attorney George Holding, a Republican appointed to the position last year by President Bush. … The scandals involving Black included behind-the-scenes deals to help a major lottery company win the right to run North Carolina's new lottery; $50,000 in cash and campaign checks given to former Rep. Michael Decker, who switched parties and backed Black for speaker; and a lobbyist, Meredith Norris, whose clients gained extraordinary access to Black's staff because she also served as his unpaid political director."

The Charlotte (NC) Observer (2/15, Ingram, Johnson) reports, "In the letter, Black appeared to defend his decision to stay in office for the last 1 1/2 years, even after the State Board of Elections ruled that he broke campaign laws and while a federal grand jury heard testimony from his staff and closest political allies. … 'It was important for me to help ensure a smooth transition during the last several months, which has occurred,' the letter reads. … 'Now it is time for me to move forward with my life and attend to the health and welfare of my family. With both sadness and anticipation, I hereby resign from the House of Representatives on Feb. 14, 2007.'" The Observer adds, "The reality of Black's descent, from the pinnacle of legislative power to the precipice of a federal felony, permeated the halls of the legislature Wednesday. Even though lawmakers had anticipated such an outcome for months, as unsavory tidbits of the investigation dribbled out, the confirmation was no less unsettling. … Following a two-year state and federal investigation, Black is expected to plead guilty today in a Raleigh federal courtroom to one felony count of accepting illegal gratuities. Black's lawyer, Kenneth Bell of Charlotte, confirmed the expected plea Tuesday. … Black faces a maximum sentence of 10 years in prison and a $250,000 fine." The Observer notes, "The plea is expected to be entered around 1 p.m. today. Neither Bell nor federal authorities have given details of the plea or of how it might relate to the larger investigation. … So far, the investigation has led to the conviction of five of Black's associates, including a former lawmaker who said he took a $50,000 bribe to switch parties and support Black. .. Another guilty plea from Black, in state court, could come as soon as next week."

Defense Attacks Credibility Of Key Witness In Florida Corruption Trial. The Miami Herald (2/15, Clark, 286K) reports, "With the death last year of former Monroe County Mayor John L. 'Jack' London, the federal public corruption trial of a former county attorney primarily hinges on the believability of a political consultant nicknamed 'the Prince of Darkness.' For the past three days, the political consultant, Miami Beach-based Randall Hilliard, has testified under immunity against defendant James Hendrick," saying "Hendrick was a major player in a 1996 bribery scheme involving a stalled Marathon hotel development. Hilliard also testified that Hendrick orchestrated an attempted coverup, concocting explanations for how a $29,000 bribe payment London received could have come from 'legitimate business.'" The Herald notes Hendrick lawyer Edward Shohat "went after Hilliard's credibility, portraying him as a perennial liar and backstabbing friend who recorded private conversations for the FBI in exchange for immunity. Shohat said Hendrick's conversations on those tapes were simply an attorney trying to advise a good friend who also had been a client."

Grand Jury Returns New Pellicano Probe Indictment. The Los Angeles Times (2/15, Krikorian, 850K) reports, "The latest and perhaps final federal indictment in the long-running Anthony Pellicano investigation raised new allegations Wednesday about how the onetime Hollywood private eye conspired with attorney Terry Christensen to wiretap the ex-wife of billionaire Kirk Kerkorian. While it did not charge any new defendants, the grand jury indictment named two new victims of Pellicano's alleged racketeering. Included is well-known entertainment attorney John LaViolette, who was chief negotiator in a bitter battle between the German company Intertainment AG and its onetime producing partner, the now-bankrupt Franchise Pictures. … The new allegations center on a March 18, 2002, conversation between Pellicano and Christensen in relation to his representation of Kirk Kerkorian in a child support case with his estranged wife, Lisa Bonder Kerkorian. Prosecutors contend Christensen paid the investigator $100,000 to eavesdrop on Bonder Kerkorian's phone calls to her attorneys and pass on information to Christensen." The Times notes, "In an interview Wednesday, LaViolette said he was told more than two years ago…that the FBI had found phone records at Pellicano's offices suggesting that their conversations had been bugged. 'The implication was that our calls were tapped, but [FBI agents] didn't give much more

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information than that,' LaViolette said, adding that the FBI never interviewed him."

The AP (2/15, Risling) reports, "Over a two-month period in 2002, according to court documents, Pellicano was instructed by Christensen to find out who the child's father was. 'One of the criteria is that no name ever surfaces anywhere' because 'the people related to me don't want to do this,' Christensen said. Later, Pellicano tells Christensen that he has heard conversations between Bonder Kerkorian and her lawyers and 'if we continue to get this kind of information with their strategy, we're really killing 'em,' court documents said."

"G-Sting" Bag Man Sentenced To Six Years For Bribery. In a widely-distributed story, the AP (2/15, Ritter) reports, "An outraged federal judge sentenced a former Clark County commissioner to six years in federal prison Wednesday for doling out hundreds of thousands of dollars of a strip club owner's cash to bribe politicians in Las Vegas and San Diego. 'If there ever needs to be a message with regards to political corruption, it is this case,' U.S. District Judge Larry Hicks said of the case dubbed 'Operation G-Sting.' In a scathing rebuke, Hicks branded Lance Malone the recruiter, organizer, manager and leader of what he called 'probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted.'" The AP notes, "The judge increased a recommended 41-month sentence to 72 months in the Las Vegas case, after saying he was convinced by testimony that Malone accepted money for a new car from strip club owner Michael Galardi while Malone still served on the Clark County commission."

Rep. Davis Blasts DOJ's Berger Probe. The Washington Times (2/15, Seper) reports, "The Justice Department gave former National Security Adviser Samuel R. Berger a 'free pass' in its investigation into his removal of documents from the National Archives, says a senior Republican lawmaker, who yesterday called for a House committee to investigate the matter instead." The Times continues, "Rep. Thomas M. Davis III, Virginia Republican and ranking member on the House Oversight and Government Reform Committee, said the department was 'unacceptably incurious' about Mr. Berger's visits to the archives in May 2002 and July 2003 and never told the September 11 commission that he removed original, uninventoried documents. … Mr. Davis also said the department failed to administer a polygraph examination, despite the test being part of a plea agreement Mr. Berger made with the government in exchange for a lesser sentence. … 'In investigating Mr. Berger, the Justice Department apparently gave him a free pass due to his stature as a famous former White House official,' Mr. Davis said in a letter to committee Chairman Rep. Henry A. Waxman, California Democrat. … 'The department's investigation came up lacking in a number of areas,' he said. 'Our committee, the 9/11 commission and the public have a right to a full account from Mr. Berger and the Justice Department. This can only be accomplished by further investigation.' … The letter was signed by 15 House Republicans." The Times notes, "Mr. Berger, President Clinton's national security adviser from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the Clinton administration's knowledge of terrorist threats to the U.S. … He was fined $50,000 and barred from access to classified material for three years. Facing a year in prison and a $100,000 fine, the plea bargain with the Justice Department reduced the fine and kept him out of prison."

Prison Costs On The Rise As Incarcerations Increase. The Washington Times (2/15, Harper) reports, "America may not be able to afford its burgeoning prison system unless policy-makers overhaul their views about criminal justice, according to an analysis released yesterday by the Pew Charitable Trusts. … 'It's a tempting leap of logic to assume the more people behind bars, the less crime there will be,' said the report, which Pew described as the first such study to address both state and federal prison populations. 'But despite public expectations to the contrary, there is no clear cause and effect.'" The Times continues, "The report suggests public officials weigh the benefits of incarceration as well as "evidence-based alternatives" that could save money but still protect public safety. … Big investments in prisons may not be 'the most effective and economical way of combating crime,' said Susan Urahn, director of state policy research at Pew. … But the state and federal prison population grew from 190,000 in 1970 to 1.5 million by 2005 -- an increase of 700 percent. By 2011, the prison census will be about 1.7 million -- or one out of every 178 Americans. Inmates will outnumber the residents of Atlanta, Baltimore and Denver combined. … 'The U.S. imprisons significantly

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more people than any other nation,' just beating China, which has imprisoned 1.5 million, the report said. … Total spending on local, state and federal corrections jumped from $9 billion in 1980 to $61 billion by 2003, with a 'staggering' $27.5 billion increase expected by 2011, the report said, emphasizing the hard choices at stake."

Head Of Florida Condo Development Project Hit With Bankruptcy, Fraud Charges. The Wall Street Journal (2/15, A1, Frangos) reports from Kissimmee, FL, "The condominium boom that ended last year made a lot of developers very rich. Aleem Hussain, a journeyman property salesman with a winsome personality, wanted to be one of them. … He formed his real-estate company in 2004, calling it Main Street USA, after a nearby Disney World attraction. He bought a complex of 27 aging, two-story apartment houses in Orlando and set out to convert them into condos. His timing looked favorable. That year, for the first time, the average price of a condo in the U.S. exceeded that of a single-family home, and in the Orlando area, condo and house prices jumped 15%. … But not much has gone as planned for Mr. Hussain, 42 years old, nor has it for his hundreds of investors, who include a bunch of local sheriff's deputies. Today, Mr. Hussain's company is being liquidated by a federal bankruptcy court, and he is residing in the Seminole County jail, charged with 23 counts of federal mail and wire fraud." The Journal continues, "Mr. Hussain's rise and fall illustrates one of the hazards of a frothy property market: inexperienced developers get in over their heads and drag unsophisticated investors down with them. 'Schoolteachers, cops, doctors, priests, everyone thought they were Donald Trump,' says Lewis Freeman, the court-appointed trustee administering Main Street's bankruptcy proceeding. Mr. Hussain's company, he contends, was a 'microcosm of the total market. You had a lot of unqualified people getting easy money and able to go into businesses in which they didn't know what they were doing.'" The Journal notes, "Mr. Hussain's 300 or so investors face potential losses of up to $400,000 apiece. Alan Cayo, 76, a retired Army officer who says he invested his 'entire life savings' of $280,000 with Mr. Hussain, conjectures that the developer crossed the legal line only after financial problems began mounting. 'It was incompetence, fraud, plus the market going down -- a triple whammy,' he says."

Banks Balk At Anti-Money Laundering Compliance Rules. The Miami Herald (2/15, Bussey) reports, "Banks -- facing the rising burden of complying with anti-money laundering rules -- often ask why federal officials are picking on them. … 'Where are the criminals going to place their proceeds? At some point in banks,' said Justice Department lawyer Lester M. Joseph, borrowing from Willie Sutton's purported quip that he robbed banks because that is where the money is." The Herald continues, "Joseph, principal deputy chief in the Justice Department's asset forfeiture and money-laundering section, spoke Wednesday at the Florida International Bankers Association's annual Anti-Money Laundering Compliance Conference. … He said investigators simply follow the money and sometime end up targeting a bank for criminal enforcement if they discover it didn't have 'a serious compliance program' in place." The Herald adds, "Under the Bank Secrecy Act and the USA Patriot Act, banks must report suspicious activity and know their customers -- and that includes knowing whether those they do business with are drug traffickers, corrupt government officials or even an official's mistress. … Anti-money laundering consultant Brett Wolf said that the cost of implementing reporting programs was rising to the point where an anti-money laundering compliance officer can cost a bank half a million dollars. … Throughout the three-day conference at the Radisson Miami Hotel, Washington officials emphasized the need to impose reporting requirements to counter drug trafficking and terrorist financing but also acknowledged the need to strike a balance. … They promised to listen, especially to concerns that stringent reporting rules are driving Latin American financial transactions away from Miami and to financial centers in Europe and elsewhere."

Former DC Engineer Charged With Bribery. The Washington Times (2/15, McElhatton) reports, "Federal authorities have filed bribery charges against a former D.C. Department of Consumer and Regulatory Affairs worker accused of paying off an inspector to reduce thousands of dollars in building code fines. … Yaw Oteng-Agipong faces up to 15 years in prison if convicted." The Times continues, "Mr. Oteng-Agipong, working as a private structural engineer, in September attempted to bribe a D.C. government inspector in connection with a construction project on Fifth Street Northwest, according to charging documents. … A spokeswoman for the Department of Consumer and

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Regulatory Affairs said yesterday that Mr. Oteng-Agipong retired in 2005 and hasn't worked for the city since. … Spokeswoman Linda Argo said agency officials cooperated in the investigation, which she said was handled by the FBI and the D.C. Office of the Inspector General." The Times adds, "Mr. Oteng-Agipong was employed with the District from 1982 to April 2005, when he took voluntary retirement. Before retiring, he was a supervisory structural engineer. … According to charging documents filed Friday in federal court, Mr. Oteng-Agipong offered $2,000 in cash to a city inspector in hopes of lifting a stop-work order on the project because it violated provisions of a building permit."

Three In Southern California Charged With Medicare Fraud. The AP (2/15) reports that "a man who posed as a doctor was accused billing Medicare for more than $500,000 in phony or unnecessary services he provided to patients from three counties." Betros Garabet of Glendale, Calif., "was not licensed to practice medicine when he opened a Pomona clinic and he was accused of using another person's doctor's license in order to file Medicare claims for patients brought in from Los Angeles, San Bernardino and Riverside counties, the U.S. attorney's office said." The AP notes, "Garabet and three other people are charged with health care fraud. Garabet remained at large but the others were arrested Wednesday. One defendant also was charged with making a false statement to the FBI."

Doctors Accused Of Cheating Medicaid Of $12 Million. The AP (2/14) reported, "Doctors and others filed phony Medicare claims that bilked the government out of more than $12 million, according to charges filed Wednesday. A federal grand jury in Orange County returned indictments accusing 18 people of billing the government for respiratory therapy for Southern California patients - services that either were not needed or never performed, the U.S. attorney's office said in a statement. The two indictments alleged conspiracy, money laundering and 68 counts of health care fraud against nine doctors and others, including several administrators of board-and-care homes."

US Neteller Customers Face Continued Wait For Frozen Funds. USA Today (2/15, Swartz, 2.27M) reports, "The waiting game for thousands of U.S. patrons with money tied up in an online payment service under federal investigation just got longer. The U.S. Attorney's Office for the Southern District of New York late Wednesday said it extended the deadline until March 16 to decide whether to indict" Neteller co-founders Stephen Lawrence and John Lefebvre. "FBI agent Neil Donovan has said funds are being held in court as potential evidence. He did not provide a timetable on when customers may get their money back."

Wisconsin Man Pleads Guilty To Selling Counterfeit Goods Over Internet. The Milwaukee Journal Sentinel (2/15, Doege, 255K) reports, "A Brookfield man charged with using the Internet to traffic counterfeit clothing and defraud people around the country and in Germany pleaded guilty Wednesday in federal court to wire fraud." Steven M. Weber "was arrested in September after an investigation involving the FBI, Brookfield police and an area cyber-crimes task force, in which undercover agents bought counterfeit clothing from Weber and made clear to him in e-mails that they wanted counterfeit clothing."

DC Robberies, Armed Assaults Increase 50 Percent Over 2006. The Washington Times (2/15, Taylor) reports, "The number of violent crimes committed with guns in the first six weeks of the year has increased by 50 percent compared with the same period last year, according to Metropolitan Police Department statistics." The Times continues, "Preliminary statistics indicate that 267 gun-involved robberies and assaults have been reported this year through Tuesday, compared with 181 in the year-ago period. … 'It's a big concern,' 4th District Cmdr. Hilton Burton said yesterday. 'We've definitely seen an increase in robberies since the beginning of the year.'" The Times adds, "Robberies involving guns jumped from 17 last year to 25 in the 4th District, which lies in Northwest east of Rock Creek Park. Assaults with guns have increased from five to 13 this year. … Such increases are sometimes due to a few criminals who go on crime sprees, Cmdr. Burton said. … The biggest increase in robberies involving guns occurred in the 1st District, where such incidents jumped from 10 last year to 31. Assaults with guns went from seven last year to 10."

Family Members On Trial For Killing South Carolina Officers. The New York Times (2/15, Nossiter) reports from Abbeville, SC, "It was a dispute over 20 feet of mean-looking land, a deadly squeeze of the trigger three years ago backed by pure conviction and an unwavering motto. … The Bixby family refused to budge for a highway-widening project, out of belief. 'Live free or die,' cried

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Steve Bixby, bespectacled and rigged out in camouflage and guns the day of the shooting, in a challenge to the authorities, witnesses said." The Times continues, "Mr. Bixby, 39, and his father, Arthur, 77, are accused of murder in the fatal shootings of two law enforcement officers who were trying to seize the land on behalf of the State of South Carolina. Both men face the death penalty. Mr. Bixby's mother, Rita, 74, was indicted as an accessory. … Now, with the opening Wednesday of Mr. Bixby's trial in the murder of Deputy Sheriff Danny Wilson, 37, and Donnie Ouzts, 63, a state constable, this Old South town with its intense Confederate heritage is reliving the winter's day in 2003 when the reclusive Bixbys held off the local police for 14 hours, after the shootings of Mr. Wilson and Mr. Ouzts." The Times adds, "The town is doing so gingerly. There were no supporters of the Bixbys on hand Wednesday as a jury sat in judgment over what the authorities say was Mr. Bixby's deadly act of resistance to authority. He is reviled in Abbeville, and the prosecutor had to pick his jury 160 miles away. … What the authorities said was Mr. Bixby's armed refusal to give up a small piece of his land for the widening of Highway 72 — 'We will protect it to our last breath,' he is reported to have proclaimed — is regarded here as senseless. Guns at the ready, Mr. Bixby was primed and waiting for his face-off with the police, witnesses said. … On the other hand, symbols of resistance to central authority, some of the South's most hallowed, abound here, lovingly tended in the quaint little town billing itself for passing tourists as the 'Birthplace and Deathbed of the Confederacy.'"

Studies Show Success Of Red-Light Cameras. USA Today (2/15, 1A, Copeland) reports, "Surveillance cameras at major intersections dramatically reduce the number of drivers who barrel through red lights, two new research reports say. … The findings come as debate about the controversial devices continues a decade after they were introduced. The battles include a proposal to ban the cameras here in Georgia, litigation in at least three states and legislative efforts to permit them in six other states." TUSA continues, "The cameras automatically photograph vehicles that drive into intersections after the light turns red. Vehicle owners are then mailed citations instructing them to pay a fine or sign an affidavit that they weren't driving at the time. … More than 850 people die and about 170,000 are injured each year in crashes caused by drivers running red lights, the National Highway Traffic Safety Administration says." USA adds, "Researchers studied the effectiveness of red-light cameras in Philadelphia and Virginia Beach. … The Philadelphia study, conducted by the Insurance Institute for Highway Safety (IIHS), an industry group, examined red-light violations using a two-step approach. First, researchers found that violations dropped by 36% after yellow lights were extended to give drivers more warning that the light was about to turn red. After red-light cameras were added, remaining violations dropped by 96%. … The Virginia Beach study, conducted by Old Dominion University, examined signal violations at four intersections before red-light cameras were installed, while they were operating and after they were removed in 2005. Violations more than tripled by August 2006."

Judge Clears MySpace Of Liability In Sexual Assault Case. The Los Angeles Times (2/15, Chmielewski, Puzzanghera) reports, "Whose fault is it that 13-year-old Julie Doe lied about her age, met a guy on MySpace and was sexually assaulted by him in a Texas parking lot? … Not MySpace's, a federal judge said in a decision released Wednesday." The Times continues, "The ruling appears to be the first time a federal court has extended to social-networking sites the same free-speech protections granted to Internet service providers. It could prove pivotal, coming as educators, lawmakers and states' attorneys general are leaning on News Corp.-owned MySpace to protect young users from online predators." The Times adds, "Authorities in Travis County, Texas, charged a 19-year-old man with sexual assault in connection with the Julie Doe case. The girl's parents sued News Corp. for $30 million, saying MySpace didn't do enough to protect its members from harm. At least four similar cases are pending in Los Angeles Superior Court. MySpace is based in Beverly Hills. … 'If anyone had a duty to protect Julie Doe, it was her parents, not MySpace,' Judge Sam Sparks wrote in a ruling dismissing the case. … Sparks, of U.S. District Court in Austin, said MySpace couldn't be held liable for the actions of its users any more than Yahoo Inc. is responsible for what people write on its message boards. … The judge also said MySpace should not be punished for the failure of its safety measures -- if it were, the judge said, Internet companies would stop trying."

CIVIL LAW:

Improvements To FOIA Process Urged. National Journal's Technology Daily (2/15, Noyes) reports,

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"Civil libertarians and national security experts told lawmakers Wednesday that the longstanding law that lets citizens request full or partial disclosure of previously unreleased government documents is essential for government accountability." Tech Daily continues, "Caroline Fredrickson, the American Civil Liberties Union's top lobbyist, said in prepared congressional testimony that the Freedom of Information Act is 'democracy's X-ray' and is a priceless tool for revealing government waste, fraud, abuse and corruption. … Recent documents uncovered by the ACLU thanks to FOIA showed that the government has been spying on peace groups and torturing detainees in Guantanamo Bay, Cuba, Afghanistan and Iraq, she told the House Government Reform and Oversight Information Policy Subcommittee in a mid-afternoon session. … But Fredrickson said in her statement that FOIA's effectiveness has been undermined by the Bush administration, specifically through an October 2001 directive by then-Attorney General John Ashcroft for agencies to adopt a policy of non-disclosure." Tech Daily adds, "The current White House is 'intentionally and improperly shielding itself from public view, using "national security" as a barrier to prevent Americans from seeing what's happening inside our government,' Fredrickson said. She urged Congress to rescind the Ashcroft memorandum and emphasize the presumption toward disclosure." Tech Daily notes, "Meredith Fuchs, general counsel for the National Security Archive, said in her testimony that plenty of good comes from FOIA, but the process is 'plagued by inefficiency, delay and sometimes outright obstruction.'"

CIVIL RIGHTS:

Two Charged In Desecration Of New York Temple. The Lockport (NY) Union-Sun & Journal (2/15, Pfeiffer) reports, "They marked their territory like dogs, urinating on the doors of the temple. … They scarred the doors with the initials of their group and Nazi swastikas. … Now, two members of a 'skakeboard club' known as DNA, are behind bars and charged with hate crimes. The arrests follow an investigation by local and federal law enforcement into a continuing series of acts of vandalism at Temple Beth Israel Conservative on College Avenue." The Journal continues, "Shawn Michael Blount, 18, and a 14-year-old boy, whose name is being withheld because of his age, were picked up Wednesday morning by Falls Police Juvenile Division detectives and an agent from the FBI's Joint Terrorism Task Force. Blount will be arraigned later today on charges in Falls City Court, while the juvenile appeared in Niagara County Family Court late Wednesday afternoon. … Blunt has been charged with third-degree criminal mischief and second-degree harassment as felony hate crimes. He also faces charges of third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti, possession of graffiti instruments and unlawfully posting advertisements. … The juvenile was charged with second-degree menacing, second-degree aggravated harassment and third-degree criminal mischief as felony hate crimes. He was also charged with third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti, possession of graffiti instruments and unlawfully posting advertisements." The Journal adds, "The trouble at the temple has been going on for the last two years, but escalated dramatically over the summer and into the fall of 2006. The most recent incident at the temple occurred on Jan. 12, when duct tape was used to spell out the message 'Kill the Jews' on a temple door. … After the duct tape incident in January, (Dr. Lawrence Wolfgang, president of the temple congregation) met with agents from the Buffalo office of the FBI and the local Joint Terrorism Task Force. Niagara County Sheriff's Department Investigator and JTTF Agent Mike Messina joined forces with Falls Police Juvenile Division Detective Shawn Larabee to look for leads in the case. … U.S. Attorney Terrance Flynn had considered filing federal hate crime charges against Blount and the juvenile, but decided it was better to keep the case in New York state courts."

Election Officials Manipulate Polling Locations. The AP (2/15, Stinebaker) reports, "Officials in two Houston-area elections recently manipulated polling locations to clear the path for their supporters to vote and to toss numerous roadblocks before their opponents." The AP continues, "Sponsors of a local community college bond election tried last year to put all their polling locations on their campuses, making voting easy for students and employees — a natural support base — but less convenient for opponents. That move prompted the U.S. Department of Justice to step in, and the election was postponed. … And officials with a suburban school district scheduled their bond election on the same day as the state's general election in November — and then spent $64,000 extra to set up separate polling places.

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State law would normally bar such a move, but a large loophole allows such maneuvers in the Houston area only. … 'I'm sort of astonished that election law in Texas allows somebody to buy their way onto a different ballot,' said Henry Brady, a political scientist at the University of California, Berkeley. 'It's just astonishing to me.' … Such maneuvers go on to a lesser degree all over the country." The AP adds, "Some Minnesota schools hold bond elections in frigid January. Fire departments pushing bond elections in New Jersey routinely place their polling booths in remote fire stations. And elections officials in Ohio and California have been accused of uneven distribution of voting machines, causing long lines in neighborhoods that support one party and a quick passthrough for supporters of the other party. … Such machinations allow government officials to assist their favored candidate or to help pass bond issues — and their resulting property tax increases — without mounting expensive campaigns. Controlling the location of polls allows supporters to turn out in their usual numbers, while opponents have to drive farther, or to several places, to vote. … But election experts said that unless there are clear civil-rights violations against a minority group, federal authorities are unlikely to step in. Polling place manipulation doesn't fall under the Voting Rights Act, so the Justice Department is not authorized to police such moves."

Bill Barring Genetic Discrimination Moving Through Congress. The Wall Street Journal (2/15, A11, Zhang, 2.04M) reports a bill "barring discrimination by employers and insurers based on genetic information is moving swiftly through Congress, drawing praise from privacy advocates and objections from business groups that the measure is too broad." The legislation "would be the first federal law prohibiting health insurers from denying coverage or charging higher premiums based solely on genetic information. It also would forbid employers from using the information to make hiring, firing and other job-placement decisions."

Los Angeles Suburb Seeks Probe Of Police Misconduct. The Los Angeles Times (2/15, Becerra) reports, "Allegations of sexual misconduct, racism and brutality are roiling the Police Department in the small suburb of Maywood, prompting the City Council this week to request an immediate investigation by the state attorney general's office." The Times continues, "The request for the probe comes after years of accusation from residents and activists that the Police Department has mistreated Latino immigrants, who make up the vast majority of the 30,000 residents. … The council called for the probe late Wednesday at the urging of Assembly Speaker Fabian Nunez, who in a letter to the council called the growing catalog of alleged misdeeds deeply concerning." The Times adds, "One of the allegations the attorney general would examine is that the Police Department enforced a policy of afternoon sobriety checks that was actually designed to nab unlicensed illegal immigrants and generate money for the city. … Nearly 2,000 cars a year have been impounded from immigrants. Residents have also come forward with allegations that officers beat up people for no reason. Several woman claim that officers stalked and sexually abused them, while parents claim that their teenage daughter was groped by an officer, according to a document listing the allegations obtained by The Times."

ANTITRUST:

Microsoft Settles Iowa Antitrust Suit. Bloomberg (2/15, Van Voris) reports, "Microsoft Corp., the world's biggest software maker, reached an undisclosed settlement in a lawsuit claiming it used its monopoly position to overcharge Iowa consumers for software products including Windows and Word." Bloomberg continues, "Microsoft reached the deal with a statewide class of consumers who had purchased Microsoft products since 1994. The plaintiffs claimed the company violated Iowa antitrust law to charge inflated prices by taking advantage of its monopolies in personal computer operating systems and software applications. … 'I think everyone in the courtroom is a little stunned,' Roxanne Conlin, a lawyer for the consumers, told an Iowa state judge and jurors today in Des Moines after announcing the accord." Bloomberg adds, "The settlement, which must be approved by the judge, ends a trial that began in December and resolves one of the last private antitrust cases Microsoft hasn't settled or persuaded judges to dismiss. The Iowa customers claimed $329 million in damages, which could have been tripled under Iowa law. … Judge Scott Rosenberg ordered both sides to keep details of the settlement secret until they file papers formally asking him to grant initial approval of the settlement, expected in April. Similar cases that settled have provided class members with vouchers for discounted software. … The case, and a similar

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suit in Mississippi, are the last of dozens filed by groups of consumers following an antitrust case against Microsoft filed by the U.S. government and several states, including Iowa, in 1998."

The AP (2/15, Pitt) reports, "The lawsuit sought more than $330 million from Microsoft for allegedly engaging in monopolistic and anticompetitive conduct that caused customers to pay more for software than they would have if there had been competition. … Microsoft denied the allegations, saying Iowa customers received quality products at fair prices." The AP adds, "The world's largest software maker has faced 206 class-action lawsuits across the United States since 2000. The company said 108 were consolidated in a federal antitrust case and 96 remained in state courts. … Most were dismissed or settled before trial. … Only two, the Iowa case and one in Minnesota, went to trial. The Minnesota case was settled after about two months into the trial."

Columnist Urges Debate On File-Sharing. In a column for the Washington Post (2/15, D1), Rob Pegoraro writes, "Customers might not like the idea of technology that allows some uses of music (like copying iTunes downloads to their iPods) but forbids others (like copying the same song to another kind of music player). But until recently, it didn't seem to bother the executives behind these anti-piracy systems. … They all agreed that anybody selling downloadable music and movies needed to police what customers did with their purchases." Pegoraro continues, >"Last week, however, the person responsible for the most successful copy-control software in the music market, Apple chief executive Steve Jobs, ruffled feathers with the question: Do we need any of this in the first place? … In an essay called 'Thoughts on Digital Music' on Apple's site, Jobs wrote that his company's iTunes Store used copy-control software called FairPlay only because major record labels insisted on it. Those same labels' demands made it impossible for Apple to share its technology, he said. So his proposed solution to the 'this download will only play on my iPod' problem is to abolish copy-control software altogether." Pegoraro adds, "Since that remarkably blunt piece of writing hit the Web, the debate over whether technology can curb illegal file sharing has come back to life. That's good. But in the process, a lot of old myths are resurfacing -- and believing them will stop you from understand the deeper problems with the digital-media market. … In the music industry, a growing number of outlets beyond the big-name companies, from tiny indie-rock operations to the Philadelphia Orchestra and the Smithsonian Institution's Folkways label, have realized the futility of copy-restriction software and now sell digital downloads in open, unrestricted formats. … At this point, this all amounts to little more than expensive psychotherapy for Hollywood executives. It's the height of arrogance for them to keep sending us the bill."

ENVIRONMENT:

Senior DOJ Official Bought Vacation Home With Conoco Lobbyist. In a front-page story, the Washington Post (2/15, A1, Schmidt, Grimaldi) reports, "A senior Justice Department official who recently resigned her post bought a nearly $1 million vacation home with a lobbyist for ConocoPhillips months before approving consent decrees that would give the oil company more time to pay millions of dollars in fines and meet pollution-cleanup rules at some of its refineries. Sue Ellen Wooldridge, former assistant attorney general in charge of environment and natural resources, bought a $980,000 home on Kiawah Island, S.C., last March with ConocoPhillips lobbyist Don R. Duncan. A third owner of the house is J. Steven Griles, a former deputy interior secretary, who has been informed he is a target in the federal investigation of Jack Abramoff's lobbying activities." The Post adds, "A spokeswoman for the Justice Department said yesterday that Wooldridge sought and received approval from a career ethics official in her office before buying the vacation property. Wooldridge's lawyer and officials at ConocoPhillips said that Duncan had no role in negotiating the consent decrees and never lobbied Wooldridge."

The Washington Post/AP (2/15, Heilprin) reports, "Nine months before agreeing to let ConocoPhillips delay a half-billion-dollar pollution cleanup, the government's top environmental prosecutor bought a $1 million vacation home with the company's top lobbyist. … Also in on the Kiawah Island, S.C., house deal was former Deputy Interior Secretary J. Steven Griles, the highest-ranking Bush administration official targeted for criminal prosecution in the Jack Abramoff corruption probe." The AP continues, "Just before resigning last month, Assistant Attorney General Sue Ellen Wooldridge signed two proposed consent decrees with ConocoPhillips: one giving the company as much as two to three more years to install $525 million in pollution controls at nine refineries and the other dealing with a Superfund toxic waste cleanup. … Last April, Wooldridge, ConocoPhillips Vice President

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Donald R. Duncan and Griles had gone together on a $980,000 home in a gated community at Kiawah Island. Records from the Charleston County Auditor's office obtained by The Associated Press list Duncan as a 50 percent owner of the home and Wooldridge and Griles as 25 percent owners." The AP adds, "The deed is filed under Duncan's name, but the mailing address for the South Carolina property -- tucked among pines, palmettos, a pool, golf course and tennis club several hundred yards from the beach -- is Griles' home in Virginia. He and Wooldridge jointly own a condo there." The AP notes, "The House Oversight and Government Reform Committee said Wednesday night it will open an inquiry and request documents into the real estate transaction and consent agreements. … 'There appears to be a breakdown of ethics at the Justice Department,' said the committee's chairman, Rep. Henry Waxman, D-Calif. 'Senior Justice Department officials should not be handling cases that affect their close friends and investment partners.' … ConocoPhillips said in a statement Wednesday night that Duncan had no involvement in negotiating the consent agreements. … 'We object to the suggestion that the real estate transaction involving Don Duncan, which was cleared in advance by the ethics office of the Department of Justice, had any impact whatsoever on the consent decrees entered into by ConocoPhillips or the recent SEC filing amending ConocoPhillips code of ethics,' company officials said. 'Any savings resulting from these delays are expected to be offset by the cost of additional and stricter controls agreed to in the amended agreement.'"

Wooldridge Told She Is Not Target Of Abramoff Probe. The New York Times (2/15, Shenon) reports, "The government's former top environmental prosecutor has been told by Justice Department officials that she does not face charges in the corruption investigation centered on the lobbyist Jack Abramoff, her lawyer said Wednesday." The Times continues, "The former prosecutor, Sue Ellen Wooldridge, stepped down last month as an assistant attorney general and head of the department's environment and natural resources division. … Her lawyer, Stephen W. Grafman, said Ms. Wooldridge had cooperated fully in the investigation of Mr. Abramoff's lobbying operation and ties to lawmakers and senior officials in the Bush administration. Among the officials was J. Steven Griles, the former No. 2 official in the Interior Department, with whom Ms. Wooldridge has had a romantic relationship. … 'We have been advised by Justice Department officials on several occasions that she is not now, nor has ever been, a target of the grand jury,' Mr. Grafman said in an interview, responding to what he said were false news reports suggesting that Ms. Wooldridge was under scrutiny in a criminal matter." The Times notes, "Mr. Griles was notified by the Justice Department last month that he was probably going to be indicted on charges that he had lied to federal investigators about his relationship with Mr. Abramoff. … Mr. Abramoff's records show he repeatedly sought Mr. Griles's help at the Interior Department."

Industries Seek To Shape Carbon Emissions Regime. The Wall Street Journal (2/15, A12, Ball, 2.04M) reports, "With mandatory curbs on U.S. global-warming emissions looking increasingly likely in the next several years, industries are starting to argue over who will pay for the cleanup. One thing is clear: Whatever the cost, it will get passed along to consumers." A report from the Electric Power Research Institute "says the U.S. utility sector could ratchet back its global-warming emissions to 1990 levels by 2030. ... But Congress is unlikely to boost taxpayer-funded energy research by enough to develop the necessary technologies, says Jeffry Sterba, chairman of the institute ... . One option he said utilities are considering proposing: that the government allow them to tack an additional modest charge onto consumers' electric bills to raise roughly $2 billion a year to cover the cost." The Journal adds that "industry heavyweights are changing their stance" on global warming. The Edison Electric Institute "announced last week that it is dropping its longstanding opposition to mandatory emission limits. The corporate change is a concession to political reality. Even if they would prefer not to have an emissions limit, industries targeted by regulators are angling to shape whatever they get slapped with to minimize their portion of the bill."

Oil Trading Company To Pay Ivory Coast $200 Million In Toxic Dumping Settlement. The New York Times (2/15, Polgreen, Simons) reports, "An oil trading company based in the Netherlands has agreed to pay almost $200 million to the government of Ivory Coast to settle claims that it illegally dumped toxic petrochemical waste in Abidjan last August. The company, Trafigura, said the payment was not an admission of fault by any party. It said the money would help pay for a new waste disposal plant, a new hospital and an audit to determine the cause and effects of the dumping." The Times adds, "At least 10 people died

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and thousands more were sickened in Abidjan after hundreds of tons of toxic sludge, pumped from the hold of a ship named the Probo Koala, was dumped at more than a dozen sites, some of them densely populated. About 100,000 people sought medical treatment, swamping the country's health care system, and public outrage at the suspicion that corrupt government officials had allowed the dumping led to the resignation of the entire cabinet, though much of it was later reinstated."

Judge Rules More Study Of Genetically Engineered Alfalfa Needed. USA Today (2/15, 10D, Weise) reports, "The government was premature in deregulating production of alfalfa that is genetically engineered to resist a weed-killing herbicide, a federal judge ruled Wednesday." USA continues, "The U.S. Department of Agriculture should not have acted as it did in 2005 without assessing the environmental effect of crops genetically modified to resist the herbicide Roundup, ruled U.S. District Court Judge Charles Breyer of the Northern District of California. The suit against the USDA was filed by the anti-biotech Center for Food Safety, the Sierra Club and organic alfalfa (hay) farmers. It accused the USDA of violating federal law by not requiring the environmental assessment." USA adds, "Opponents of biotech crops, which are genetically engineered to have certain qualities, such as resistance to weed killers, have expressed concerns that they could interbreed with wild plants and create herbicide-resistant weeds. … Alfalfa is the nation's fourth-largest crop and is fed to farm animals, especially dairy cattle." USA notes, "The Roundup Ready alfalfa cited in the suit was developed and sold by Forge Genetics of Minnesota, using technology from Monsanto. It allows growers to spray fields with Monsanto's Roundup herbicide, in which the chemical glyphosate is the active ingredient, killing weeds without hurting the alfalfa. .. Monsanto submitted a detailed environmental analysis of the alfalfa to USDA, says company spokesman Chris Horner."

FBI/DEA/ATF/USMS:

Attorney To Plead Guilty To BALCO Leaks. The San Francisco Chronicle (2/14, Egelko) reports, "A lawyer admitted in court documents Wednesday that he provided a Chronicle reporter with transcripts of confidential grand jury testimony by Barry Bonds and other athletes about steroid use, and federal authorities said they would drop their effort to send the reporter and a colleague to prison for 18 months for refusing to disclose their source." The Chronicle continues, "The lawyer, Troy Ellerman, 44, who once represented the founder and another executive of the Bay Area Laboratory Co-Operative, agreed in court documents to plead guilty to four charges of disclosing the transcripts in violation of a judge's order. The plea agreement calls for a sentence of up to two years in prison and a fine of up to $250,000." The Chronicle adds, "The agreement must be approved by a federal judge, and Ellerman can withdraw his admissions and go to trial if the judge rejects the two-year sentence or any of the other terms of the deal. No court date has been set. … Ellerman admitted allowing a Chronicle reporter, Mark Fainaru-Wada, to take verbatim notes of grand jury testimony by Bonds, fellow baseball players Jason Giambi and Gary Sheffield, and sprinter Tim Montgomery in his Sacramento office in June and November 2004. … Articles in 2004 by Fainaru-Wada and Lance Williams quoted Giambi and Montgomery as admitting they used performance-enhancing drugs. Bonds and Sheffield both testified they didn't knowingly take steroids, but the substances they described taking matched prosecutors' descriptions of steroids supplied by BALCO."

The San Jose Mercury News (2/15, De Sá) reports, "According to an agreement filed in San Francisco's U.S. District Court…Ellerman…who counseled two key figures in the steroids probe, will plead guilty to the 2004 leak, as well as lying about it, obstructing justice and disobeying a court order not to disclose grand jury information. The agreement freed the reporters -- awaiting an appeal of their case -- from having to serve time on contempt of court charges. The subpoenas seeking to force the reporters to reveal their source will be withdrawn once the plea is formally entered, a Justice Department spokesman said." The News continues, "Federal prosecutors, searching for the source of the leaks, early on set their sights on Mark Fainaru-Wada and Lance Williams, who wrote in December 2004 that Bonds testified he might have unwittingly used steroid-laced substances. Bonds later denied using steroids, claiming he thought the substances were flaxseed oil and a legal ointment." The News adds, "The case of the two threatened reporters had taken on broader significance as yet another example of the federal government using tough tactics to coax reporters into spilling their sources amid high-profile investigations. Journalists must often promise sources confidentiality in

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order to get critical information to the public -- especially when the stakes are high."

The New York Times (2/15, McKinley) reports, "As part of the plea, the Justice Department will withdraw subpoenas issued to the reporters Lance Williams and Mark Fainaru-Wada, who had been held in contempt by a federal judge since September for refusing to say who their sources were for a series of Chronicle articles and their 2006 book, 'Game of Shadows.' … 'The government believes that Ellerman's guilty pleas alleviate the need for the reporters to testify,' the statement read." The Times notes, "Ellerman faces up to two years in prison and a $250,000 fine, said Douglas M. Miller, one of the prosecutors in the case. … Ellerman, who did not return a call to his cellphone for comment, had once represented Victor Conte Jr., the founder of the Bay Area Laboratory Co-Operative, the company from Burlingame, Calif., at the center of a continuing federal investigation into steroids in sports. Ellerman had also represented James J. Valente, the vice president of Balco."

The Los Angeles Times (2/15, Mozingo, Silverstein) reports, "The case was seen as a tipping point in a series of court battles between journalists and federal prosecutors seeking to unmask their sources. This week, a procession of reporters has filed into a Washington courtroom to testify about who leaked the name of CIA agent Valerie Plame. … Media advocates, however, contended that unlike the Plame matter, the BALCO case did not involve sensitive security issues and the reporters performed an important public service by exposing drug abuse in national sports." The Times notes, "Attorneys for the Chronicle argued before U.S. District Judge Jeffrey S. White that forcing journalists to disclose their sources would undercut the 1st Amendment and ability of the media to gather news. … But White agreed with the prosecutors, who argued that letting people get away with violating a judge's order to keep information confidential would deeply erode the system of justice. … And according to the plea agreement, Ellerman very much flouted that system in 2004 as his client, James Valente, was headed to trial for allegedly illegally distributing steroids."

FBI Rules Out Terrorism In Utah Mall Shootings. The AP (2/15, Foy) reports from Salt Lake City, "The FBI said Wednesday it has no reason to believe the shooting spree that killed five people in a shopping mall was an act of Islamic terrorism, leaving a young Bosnian immigrant's motives a mystery. … 'It's just unexplainable,' FBI agent Patrick Kiernan said. 'He was just walking around and shooting everybody he saw.'" The AP continues, "Sulejman Talovic, 18, fired randomly at shoppers Monday, killing five and leaving four others injured before he was shot dead by police. … 'We are Muslims, but we are not terrorists,' the boy's aunt, Ajka Omerovic, said Wednesday at the family's house. She rejected any religious motive for the shooting and said the family cannot explain it." The AP notes, "The Talovic family fled war-torn Bosnia for Utah in 1998 'to be free,' she said. … Talovic's parents do not speak English and are not answering knocks on their door. Omerovic said the boy's mother is distraught and that the father normally works 'dusk to dawn' in construction. … Authorities are investigating how Talovic acquired one of his weapons, a .38-caliber pistol, which is illegal for a teenager to possess, said Lori Dyer, in charge of the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. … Those efforts were delayed Wednesday when an East Coast storm shut down ATF offices, she said."

FBI Awards National Data Exchange Contract To Raytheon. Government Computer News (2/14, Dizard) reported, "The FBI has awarded a contract to the Raytheon Co. of Waltham, Mass., to build out the National Data Exchange (N-Dex) law enforcement information-sharing system, sources said. According to a bureau official, FBI systems specialists expect to meet with their Raytheon counterparts within the next two weeks to plan the IT work leading up to the N-Dex system rollout." GCN noted, "N-Dex is intended to facilitate data analysis and the detection of links among people and places, as well as events such as crimes, objects such as weapons, drugs and currency, and gangs to help intelligence analysis. The project has progressed for about six years under the auspices of the bureau's National Criminal Information Services Division," and "FBI officials have worked with their counterparts in many federal agencies as well as states and cities to create the framework and standards for the system. … The official said N-Dex likely would begin full-scale operation in about a year."

Film Offers New Perspective On Hanssen, But His Motivation Remains Unclear. The Washington Post (2/15, C1, Thomson, 690K) reports, "Why did the FBI's top spy hunter -- a Cold War warrior who repeatedly professed his love of God, family, country and J. Edgar Hoover -- sell his nation's most sensitive secrets to the

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Russians? It's a question that hangs unanswered over Washington, the city where Robert Hanssen was arrested on Feb. 18, 2001, for the worst security breach in the FBI's history." The Post adds that "a new movie brings that perplexing question back into play with a previously undisclosed story -- that of Eric O'Neill, the 27-year-old surveillance operative whose job it was to closely monitor Hanssen while the FBI maneuvered to ensnare him. O'Neill's story does not appear in any of several books written about Hanssen since his capture because -- until recently -- the FBI forbade him to speak publicly. Directed by Billy Ray, 'Breach' offers no 'Rosebud' revelations to explain Hanssen's treason. But it places audiences in the same unnerving situation O'Neill…found himself in in January 2001." The Post goes on to recount the details of Hanssen's treachery, and interviews O'Neill and Ray about their perceptions of him.

Federal Judge Reconsidering Bail For Alleged Drug Kingpin. The Knoxville News Sentinel (TN) (2/15, Satterfield) reports, "Locked down in solitary confinement in an already tightly secured jail, forced to suffer from an untreated hernia and isolated from his wife and children - that has been the unfair life of Vicente Corona since he was alleged by authorities to be the top dog of a massive mail-order drug distribution network, his attorney argued Wednesday. … But, wait. Call Assistant U.S. Attorney Mike Winck crazy, but he's thinking all that extra security might stem from Corona's alleged threat to escape, kill a witness and slay an accused conspirator. … 'The defendant has communicated to a person in the Blount County Jail his intent to escape,' Winck told U.S. District Judge Thomas Phillips at a hearing Wednesday. 'He was going to use his brother, Roberto, to help him escape (during) his hernia operation. … The defendant also communicated he intended to have one of the witnesses killed,' Winck continued. 'The defendant communicated he would have had another co-conspirator killed.'" The Sentinel continues, "Winck said authorities have proof to show that Corona's brother rented a hotel room in the area around the time of the alleged escape attempt. … It was only because the U.S. Marshals Service got wind of the alleged plot that security was beefed up. Corona waseventually allowed to have his hernia operation under heavy guard, Winck said." The Sentinel adds, "Corona is an illegal immigrant caught in California with fake identification. He is alleged to be the kingpin of a mail-order drug business that shipped more than a half-ton of marijuana and a quarter-ton of cocaine from California to Knoxville in just three years. … He has three prior felony drug convictions, which Winck contends makes his punishment a mandatory life term if he is convicted. His wife and children live in California. He has no relatives in the Knoxville area, although he has a few in Chattanooga."

North Dakota's Congressional Delegation Said To Be Staying Out Of Industrial Hemp Debate. The AP (2/15) reports North Dakota legislators "are urging Congress to make it easier for farmers around the country to grow hemp. But the state's congressional delegation won't be rushing to help. Sens. Kent Conrad and Byron Dorgan and Rep. Earl Pomeroy, all Democrats, are staying out of the congressional debate over industrial hemp. At issue is whether it should be treated in the same way as marijuana or whether commercial hemp production should be allowed." In an interview, Pomeroy "said he does not want to interfere in discussions between the DEA and the commercial hemp industry." The AP notes that Garrison Courtney "said the agency will give full consideration to the North Dakota [industrial hemp] applications. 'It's still in the very beginning stages,' he said. 'It would be premature to speculate on what our decision is going to be down the road.'" The AP story was used by the Bismarck Tribune.

Afghanistan's Security Linked To Opium Trade. In the Washington Times (2/15), Ileana Ros-Lehtinen of Florida, the ranking Republican member of the House Foreign Affairs Committee, writes, "The deteriorating security in Afghanistan has been made possible by the opium crop's skyrocketing expansion. Much of the money is used to buy sophisticated weapons for the Taliban and warlords, pay their fighters, purchase supplies, bribe Afghan and Pakistani officials and provide an impoverished population with the means to earn a living and thereby secure their allegiance and support. … Our anti-narcotics policy has long been hobbled by conflicting views and bureaucratic battles between the various players, including the Departments of Defense and State, the Drug Enforcement Administration (DEA), and other U.S. agencies, along with our NATO allies, especially the British. There is little prospect these long-entrenched divisions will be reconciled by themselves."

Walters Raises Concerns About Prescription Drug Abuse Among Teens. In New York, the AP

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(2/14) reported information released Wednesday by John Walters "found while U.S. teenagers' use of marijuana is declining, their abuse of prescription drugs is holding steady or in some cases increasing. 'The drug dealer is us,' said Walters." Walters "said that many teenagers are obtaining drugs over the Internet, getting them free from friends or taking them from someone's medicine cabinet. According to an analysis of national surveys prepared by Walters' office, 2.1 million teenagers abused prescription drugs in 2005, the most recent year for which figures are available." Walters "said adults should keep track of prescription drugs and throw them out when they expire." There are more than 100 media references to Walters releasing the report, with most news outlets using the AP story, including ABC News, CBS News, CNN, FOX News, MSN Money, Newsweek, BusinessWeek, USA Today, the New York Times, Washington Post, Houston Chronicle, and Boston Herald.

On its Web site, CBS News (2/14) reports Walters "said in some cases teens use the Internet to obtain drugs or to visit Web sites that provide what purport to be instructions for taking safe amounts of various prescription drugs. Victoria Winebarger, a therapist at the Pathway Family Center in Southfield, Mich., said some of her clients have also used the Internet to research symptoms of conditions including depression and attention deficit hyperactivity disorder so that they can get a doctor to prescribe drugs for them. … Winebarger told CBS News correspondent Sharyn Alfonsi that all but four of the kids in her classroom abused prescription drugs."

The New York Sun (2/15) reports more teenagers in New York "are getting high on prescription drugs than street drugs, according to a study released yesterday. The trend replicates a nationwide increase in prescription drug abuse, according to the study, conducted by the White House Office of National Drug Control Policy. According to the study, nearly one in five teenagers nationwide reported abusing prescription medications, making prescription drugs the second most commonly abused illegal drugs among teenagers, after marijuana. 'This is attractive to young people, we found in the study, because they think it's safer' …Walters said during a videoconference with reporters convened in Manhattan."

The New York Press (2/14) wrote that Walters "is urging parents to be wary of just about everyone, especially your family, since stereotypical drug dealers are not typically the culprits in such prescription drug abuse. 'Parents need to know that teens are turning away from street drugs and increasingly abusing prescription drugs to get high. They should also be aware that suppliers of these drugs might not be sinister characters on the street corner, but are more likely close friends or relatives,' said Walters."

Metro in New York (2/15) reports Walters, who "released the report in New York via satellite from Washington, said 57 percent of respondents acquired the drugs without cost, typically from friends or from a medicine cabinet. They're readily available and often perceived as safer than street drugs such as cocaine. 'Because these are medicines and not polluted street drugs, young people have the false view ... that this is safe,' he said. 'It's not.'"

Colombia Seeks US Backing For New Anti-Drug Plan, Trade Agreement. The McClatchy Newspapers (2/14) reported top Colombian officials "have hit Washington in recent weeks in a stepped-up effort to lobby Congress for a new multibillion-dollar anti-drug trafficking plan and a free trade agreement that has run into fierce opposition among the Democratic majority in Congress. Colombian Vice President Francisco Santos met with key Democratic and Republican lawmakers and Bush administration officials during a two-day trip that ended Wednesday. … Many Democrats seem supportive of Plan Colombia, they want Bogota to include stronger labor provisions in the free trade deal. Vice President Santos says the Colombians are willing to make concessions once they know exactly what the Democrats want." The Kansas City Star, Seattle Times, and Myrtle Beach Sun News used the McClatchy story.

IMMIGRATION:

Fewer Illegal Crossings Reported Along US-Mexico Border. The Christian Science Monitor (2/15, Bowers, 59K) reports from Yuma, Arizona, where the phrase "nothing happening" "sums up both the chief achievement and complaint of National Guard soldiers and airmen" who have been posted to help protect the US border. It is "good news for Operation Jumpstart," as the increased in troops along the border appears "to be discouraging people from trying to cross illegally." In addition to the increase in troops, announced by President Bush last May, "some 500 additional border patrol agents have bolstered the efforts in the Yuma sector this past year, as have added infrastructure – National

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Guard helicopters, miles of triple fences, lights, cameras, and sensors. Still, it's the highly visible National Guard troops that most here say are having the biggest deterrent effect."

Democrats Oppose Proposed Increases In Immigration Fees. The Washington Times (2/15, Dinan, 88K) reports Rep. John Conyers joined other Democrats yesterday in saying that "the fee increases for naturalized citizenship and visas proposed by the Bush administration amount to a 'citizenship tax' and vowed to fight it, saying taxpayers should pick up the bill for many immigrants." The lawmakers "said the fee increases, proposed last month by US Citizenship and Immigration Services, will hurt poor immigrants and could force some of them to try coming to the country illegally." The Times added, however, that the "Democrats' options are limited. The proposed increases are in the form of an administration regulation, which means once they are tweaked and finalized by the agency some time this summer they will take effect unless both houses of Congress pass a measure blocking it."

GOP Lawmakers Concerned With Bank Of America's New Credit Card Program. Fox News (2/15) reports, "Lawmakers are lashing out at Bank of America Corp. over its new program to offer credit cards to customers without Social Security numbers, saying it creates a dangerous loophole for terrorists and illegal immigrants." Fox News continues, "Rep. Tom Tancredo, R-Colo., called for a federal investigation of the program on Wednesday, sending Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff a letter requesting a review of the program. … 'After September 11, we were told that money was the lifeblood of terrorists, and that we should do everything possible to block their access to financial resources,' Tancredo said in a statement. 'Today we are hearing a far different message: Bank of America, it's everywhere terrorists want to be.'" Fox News adds, "The program welcomes applicants without a Social Security number and credit history if they have held a checking account with the bank for three months without an overdraft, The Wall Street Journal first reported in Tuesday editions. … Another Republican lawmaker criticized the program, saying it should be stopped to avoid security risks with illegal immigrant members of the program. … 'If an individual wants to get a credit card, they can get that in their home country,' Rep. Marsha Blackburn, R-Tenn., told FOX News. … 'This is something that is of deep concern to me, that Bank of America would choose to market to those that have chosen to break U.S. law to enter this country and then they would give credit to them,' Blackburn said." Fox News notes, "Bank of America stands by its program, saying that it complies with all U.S. banking and anti-terrorism laws. Rep. Ed Royce, R-Calif., said a loophole in a Treasury regulation allows Bank of America to act within the law."

Advocates Say Virginia Immigration Bill Would Hurt Those Most In Need. Nancy Lyall, legal coordinator for the Woodbridge Workers Committee, and Teresita Jacinto, the committee's education coordinator, in an op-ed in the Washington Post (2/15, A27, Lyall, Jacinto, 690K) write that if Virginia enacts House Bill 2937, which states "that no organization receiving state or local funds 'shall use those funds to provide benefits or assistance to ineligible persons such as undocumented immigrants,'" immigrants in the area will "suffer" and "the organizations that try to help them also will be compromised." Lyall and Jacinto go on to describe immigrants who would be adversely affected by the bill and continue that it is "scandalous" that the bill's sponsors "would be so callous when it comes to hungry children, those with urgent health-care needs and others who are struggling in this brutal winter."

TAX:

Merck To Settle Tax Disputes With IRS For $2.3 Billion. The AP (2/15, Johnson) reports, "Merck & Co., mired in multibillion-litigation over its withdrawn painkiller Vioxx, has eliminated another legal headache, resolving several tax disputes with the Internal Revenue Service by agreeing to a $2.3 billion settlement." The AP continues, "In announcing the agreement Wednesday, the Whitehouse Station, N.J.-based company said the settlement resolves all outstanding tax disputes with the IRS, covering the years 1993 through 2006. Merck had faced potential taxes, interest and penalties totaling as much as $3.8 billion, but the agreement apparently reduced that amount. … Neither Merck nor the IRS would discuss the reduction." The AP adds, "The IRS said in its own statement that the settlement resolves all issues in dispute for the years 1993-2001. … 'It can't be seen as anything but positive' for Merck to resolve the case, said analyst Steve Brozak of WPP Securities. … Merck still has a $1.76 billion tax dispute with Canadian authorities and has

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filed an appeal with the Canada Revenue Agency that is expected to be reviewed this year, spokesman Raymond Kerins said." The AP notes, "Merck had disclosed both tax cases in November in a routine filing with the U.S. Securities and Exchange Commission. Merck said the Canadian dispute 'related to certain intercompany pricing matters.' … Tax and accounting analyst Robert Willens of Lehman Brothers said in such cases drugmakers generally sell medicines at low cost to subsidiaries in countries with lower tax rates, which can then mark up the price and keep more profit after taxes."

The Wall Street Journal (2/15, A4, Drucker) reports, "The agreement is the latest such high-profile settlement between the IRS and a corporate taxpayer as part of a general crackdown on tax shelters. In the fall, the IRS announced a $3.4 billion deal with GlaxoSmithKline PLC to settle a dispute over the tax treatment of transactions between the British drug maker and its U.S. subsidiary. And the government has notched court victories in the past year against General Electric Co., Black & Decker Corp. and aerospace-products maker Coltec Industries Inc. over the use of tax shelters. … The agreement between Merck and the government covers taxes, interest and some penalties, settling three separate disputes spanning from 1993 to 2006 that could have totaled at least $3.8 billion, according to Merck's filings with the Securities and Exchange Commission."

KPMG Boss Steering Firm Through Tax-Shelter Crisis. The Wall Street Journal (2/15, A1, Reilly) reports, "Timothy Flynn, a top executive at KPMG LLP, was driving to a nephew's graduation in May 2005 when he got a phone call from the chairman: The firm faced imminent criminal indictment over tax shelters it used to sell. … Then a different sort of shock. One week later, the chairman, Eugene O'Kelly, learned he had a brain tumor that left him just months to live. Mr. Flynn, a down-to-earth accountant who once led KPMG's human-resources department, was suddenly thrust into its top job, where he faced an urgent task: to somehow persuade the government not to indict. He knew that criminal charges against the firm would probably kill it, as they did Arthur Andersen after the Enron scandal." The Journal continues, "Mr. Flynn took a gamble. KPMG had for years stoutly denied any impropriety, calling its tax advice legal. But days after taking the helm, Mr. Flynn met with Justice Department officials and acknowledged that KPMG had engaged in wrongdoing. … He got no promises in return, and the admission could have sunk the firm. Instead, it provided flexibility to the prosecutors, who were aware that the collapse of one of only four remaining accounting giants could harm the financial markets. Two months later, the government gave KPMG a deferred-prosecution deal, holding off indicting if KPMG paid a $456 million penalty and met other conditions." The Journal adds, "KPMG now is emerging from what some at the firm call a near-death experience. Last month a judge, satisfied with the firm's reforms so far, dismissed the deferred criminal charge. Mr. Flynn has put in place stronger controls, and a former federal judge now oversees KPMG's ethics and compliance efforts. Mr. Flynn also banned a type of incentive pay that many believe helped fuel the sale of improper tax shelters. For the most part, he has managed to retain partners and clients. In November, he was able to report that the firm's revenue had grown 2% in the fiscal year ended Sept. 30. … KPMG isn't out of the woods. It still faces lawsuits from tax-shelter clients. And though the firm hasn't been indicted, some of its former executives have, and their trial in September could cast the firm in a harsh light. Defense attorneys plan to argue that the shelters had approval from top management. … A government-appointed monitor of KPMG gives Mr. Flynn a vote of confidence. He has proved to be 'the right person at the right time,' says the monitor, Richard Breeden, a former chairman of the Securities and Exchange Commission."

CONGRESS-ADMINISTRATION:

Cheney Promotes Trade Authority, Says Bush Would Veto Union Measure. The AP (2/15, Riechmann) reports, "Vice President Dick Cheney on Wednesday urged the nation's manufacturers to lobby Congress in what he said would be a difficult battle to extend President Bush's special trade authority. The authority, which expires on July 1, allows the president to negotiate trade agreements that must be considered by Congress on an expedited basis that bars any amendments." In a speech to the National Association of Manufacturers, Cheney said, "I think it's going to be a tough fight. … We're strongly supportive of it. It's very important for us to continue to have that authority, but we're going to need help on Capitol Hill." Cheney also said "the president would veto legislation that would make it easier to form unions. Labor activists have said they believe they can get the Employee Free Choice Act through the

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Democratic-controlled Congress. But they have acknowledged that it might not be signed into law under the current administration."

The Washington Post (2/15, D1, Goodman, 690K) reports, "Democrats, eager not to be painted as protectionists, have in recent weeks toned down their rhetoric, with leaders saying repeatedly that they want to see a new round of trade pacts approved. T he Bush administration, keen to win congressional approval for recently negotiated pacts with Peru, Colombia and Panama and intent on securing deals with Korea and Malaysia, has been speaking of compromise on labor protections, the most contentious issue of the debate." But "beneath that amiable talk, substantial disagreement remains over details, according to sources in the administration and on Capitol Hill and as evidenced by the sometimes sharp exchanges during yesterday's hearing."

Senate Passes Spending Bill. The New York Times/AP (2/15, Taylor) reports, "The Senate on Wednesday passed a $464 billion spending bill that closes out last year's unfinished budget business while providing clues about how the new Democratic Congress and President Bush will do business." The bill, passed 81-15, "sticks to Bush's overall budget caps but finds numerous ways around them to add to programs favored by lawmakers, such as education, health care, food inspection and mine safety. The mammoth bill pulls together nine unfinished spending bills funding foreign aid and every domestic agency budget except the Homeland Security Department." The "bill provides small but welcome funding increases to agencies that have been limping along at or below last year's funding levels in the four months since the budget year started Oct. 1. Without the measure, food inspectors, FBI agents and air traffic controllers faced furloughs, while more than 200,000 low-income people could have lost housing subsidies." The Washington Times (2/15, 88K) runs the same AP story.

The Wall Street Journal (2/15, A13, Rogers, 2.04M) says the measure "bears the imprint of the new Democratic majority and presages budget battles over defense and domestic priorities. Veterans' medical services, education and health care will see spending increases even as $3.1 billion is cut from Mr. Bush's 2007 request for military-construction funds to accommodate base closings overseas." Senate Republicans "had protested the cut, but 23 of them joined Democrats on a 71-26 procedural vote Tuesday that sealed passage of the bill, which will dictate spending for the final eight months of this fiscal year ending Sept. 30."

The Washington Post (2/15, A10, Kane, 690K) reports Republicans "had threatened to block" the bill "out of pique for being denied a chance to offer amendments. In the end, Republicans gave in and overwhelmingly supported the spending bill, which funds a litany of popular domestic programs through Sept. 30." Before the vote, Sen. Trent Lott "said that his fellow Republicans were not willing to risk a partial government shutdown over complaints about how Democrats were running the chamber." The Post adds, "That acquiescence by Republicans puts off until next month the first big showdown between the White House and Democrats on spending, which will come as part of deliberations over President Bush's anticipated request for additional funds for the war in Iraq."

In his syndicated column, running in this morning Washington Post (2/15, A27, 690K), Robert Novak writes, "The Senate Republican leadership met behind closed doors this week to ponder Majority Leader Harry Reid's audacious power grab on the massive catchall appropriations bill." They "decided they could not filibuster the bill for fear of being blamed for closing down the government, but they still wanted enough votes opposing cloture to make an impression. That would seem a formula for defeat, and indeed it was." The bill "was not really a CR. It was an omnibus appropriations bill changing money levels."

Bush Steps Up Outreach To Congress. Roll Call (2/15, Billings) reports that even as Congress "debates President Bush's controversial proposal to increase U.S. troops in Iraq, the White House has been quietly negotiating with key lawmakers to try to advance some of its leading domestic priorities with the hope of rounding out a legacy now defined by an unpopular war." Bush has "dispatched Cabinet officials to Capitol Hill in recent weeks to kick off talks with both Democratic and Republican Senators and House Members on immigration reform, health care legislation, energy proposals, No Child Left Behind reauthorization and Social Security and entitlement revisions. The campaign began in earnest after Bush's Jan. 23 State of the Union address." A "knowledgeable White House official this week said the administration is lobbying lawmakers more intensely than in recent years, not only because Democrats now control the Congressional agenda but because the window is narrowing to pass Bush's priorities with just two years

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remaining in his second term." Bush officials "also recognize that this year is their best hope to advance controversial bills such as immigration reform, given the politics of the 2008 presidential election already is taking hold." Roll Call adds while "some Congressional Democrats say any increase in outreach by Bush is welcome, they have yet to be convinced that the White House truly is negotiating in good faith."

Kondracke Says Bush, Democrats Should Discuss Entitlement Reform. In his Roll Call column (2/15), Morton Kondracke says it is "time for the Bush administration and Democratic Congressional leaders to stop talking about talking about entitlement reform — and actually start talking about reform itself." There is "agreement on both sides that beginning soon, the costs of Social Security, Medicare and Medicaid benefits for the baby boom generation will put unsustainable burdens on taxpayers and the economy — and that something must be done about it." Democrats "do feel they've conceded upfront — Conrad told me in an interview that 'it is going to take more savings on the spending side than on the revenue side' to solve the problem — but that the administration is refusing to concede in advance that "revenue" has to be increased."

Senate Republicans To Unveil Agenda. Roll Call (2/15, Billings) reports Senate Republicans "will unveil their legislative blueprint for the 110th Congress, a seven-point agenda laden with traditional GOP initiatives from tax cuts to a stronger national security designed to redefine them as the party of reform." They "are hoping the agenda will help guide them back into the majority in just two years. Republicans believe that they lost control of the House and Senate in the 2006 elections because they lost sight of the party's principles and failed to follow through on articulating their vision to the electorate." Republican leaders "will lay out seven "challenges" Congress must address over the next two years, beginning with the war on terror and including fiscal restraint, tax relief, health care, energy security, judicial nominations and immigration reform. Senators do not intend to tick off specific bills they plan to introduce but will discuss their general goals and how to meet them, sources said."

White House Considers Simplifying Security Clearance Process. USA Today (2/15, Willing, 2.27M) reports, "The White House is considering making it easier for people to obtain top-secret security clearances by eliminating some time-consuming background checks, says the Bush administration's point man on clearances. The goal, says Clay Johnson III, deputy director of the Office of Management and Budget, is to speed up a process that, according to a series of government reports, wastes millions of dollars and endangers public safety by leaving thousands of defense, homeland security and intelligence jobs unfilled for more than a year." Johnson "plans to report to Congress today that the executive branch is making "significant progress" toward clearing a backlog of uncompleted clearance applications that government contractors and others say exceeds 350,000."

Justice Kennedy Supports Higher Judge's Pay, Opposes Court Cameras. The Legal Times (2/15, Mauro) reports, "In a rare appearance Wednesday before the Senate Judiciary Committee, Supreme Court Justice Anthony Kennedy made an impassioned plea for increasing judicial salaries and against allowing cameras in the Court." The Times continues, "The failure of Congress to give federal judges meaningful raises in recent years is 'threatening the excellence of the judiciary,' Kennedy said, adding that the traditional linkage between the salaries of judges and members of Congress 'has hurt the judiciary very badly.'" The Times adds, "The Judiciary Committee says Kennedy's appearance marked the first time 'in modern history' that a sitting justice has testified before the committee on legislative matters. … As for cameras in the Court, Kennedy said more than once, 'We don't want it!' to the committee, whose ranking Republican, Sen. Arlen Specter of Pennsylvania, introduced a bill last month that would require cameras at Court proceedings. 'Please, senator,' Kennedy continued, pointedly urging the Senate not to introduce the 'insidious temptation' for justices to shape their comments and questions from the bench into catchy sound bites." The Times notes, "Kennedy has made similar points in the past, but his impassioned tone before the senators reached a level he usually reserves for students he lectures about the rule of law. The topic for the hearing was billed as 'judicial security and independence,' but the two-hour session ranged far and wide in subject matter."

NBC Nightly News (2/14, story 7, 1:10, Williams, 9.87M) reported, "In this era of video, of everything available everywhere, the US Supreme Court is one of the last great unknowns. Some in Congress want to televise the court's live oral arguments as it is now and it has always been, you have to be in that chamber to see those nine justices at work.

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Today Justice Anthony Kennedy made it clear to Congress he would like to keep it that way." Justice Anthony Kennedy, US Supreme Court: "Please, Senator, don't introduce into the dynamics that I have with my colleagues the temptation, the insidious temptation to think that one of my colleagues is trying to get a sound bite for the television. We don't want that. Please don't introduce this into our inter-collegial deliberations. We don't want it." Williams: "Yet another justice goes one step further. Justice David Souter has said in the past that cameras would be allowed into the Supreme Court chamber over his dead body."

Security Concerns To Boost Federal Work Force. The Federal Times (2/15, Hemingway) reports, "The ranks of federal employees will grow again under President Bush's proposed 2008 budget. In all, the budget proposes a net increase of 13,000 employees in 2008." The Times continues, "Much of the hiring would be for homeland and national security programs: border protection, intelligence, military support and counterterrorism, among others. … The Homeland Security Department's Customs and Border Patrol would get money to hire an additional 3,000 Border Patrol agents. … And Customs and Border Patrol would get 300 more CBP officers to manage ports of entry. That number should be several thousand higher to meet staffing needs at ports of entry, said Colleen Kelley, president of the National Treasury Employees Union. … 'The relative handful of additional positions for CBP officers contained in this budget proposal pales in comparison to the pressing need for more staffing at the nation's land, air and sea ports of entry,' she said in a statement." The Times adds, "Homeland Security's Citizenship and Immigration Services is seeking an additional 600 adjudication and support employees to process applications for immigration benefits and services. There also are increases for aviation and transportation security. … The Commerce Department has plans to hire 3,400 employees. Of those, 985 would go to the Patent and Trademark Office to help reduce the time it takes to process patent and trademark applications, which has been increasing. And the Census Bureau would boost its ranks by 2,200 as it prepares for a practice census in 2008 and begins opening field offices for the 2010 census. … The Health and Human Services Department is seeking more than 400 additional employees for the Food and Drug Administration's program on generic-drug safety, another 400-plus employees to fight bioterrorism and prepare for pandemic influenza at the Centers for Disease Control and Prevention, and another 100 staff at health care facilities run by the Indian Health Service. … The Justice Department asks for 231 new FBI counterterrorism and intelligence agents, but the overall department work force will decline, mostly at the FBI and federal prison system."

Legislative Proposals Could Empower Generic Drugmakers. Financial Times (2/15, Kirchgaessner, Bowe) reports, "Big pharmaceutical companies are facing a barrage of legislative proposals that could have a dramatic impact on the industry's future earnings power and open doors to one of its biggest threats: generic drug manufacturers." Among them, a proposal by New York Sen. Hillary Clinton (D) and "a bipartisan group of lawmakers" to "allow generic drugmakers to manufacture cheaper versions of biotechnology drugs produced by companies such as Amgen and Genentech." It would allow the FDA "to approve the generic versions of biotech drugs, also known as follow-on biologics." Meanwhile, "[o]pponents, led by the Biotechnology Industry Organisation (Bio), say the proposal raises safety questions and threatens to hamper the willingness of branded biotechnology companies to innovate." Financial Times adds, "A separate effort by a bipartisan group of lawmakers in the Senate that would prohibit big branded drugmakers from paying generic rivals to stay out of their markets is also gaining traction."

USA Today (2/15, Schmit, 2.27M) reports, "Legislation introduced Wednesday in the House and Senate would give the Food and Drug Administration the ability to approve cheaper copies of biotech drugs. Biologics, such as insulin and cancer drug Herceptin, are based on living cells, while traditional drugs are made from chemicals. The FDA approves generic versions of traditional drugs once they lose patent protection. But biologics have been immune from generic competition partly because the FDA doesn't have authority to approve copies."

GAO Criticizes SBA Disaster Preparedness. USA Today (2/15, Wolf, 2.27M) reports a GAO report on the Small Business Administration's disaster preparedness "cited recent improvements under new Administrator Steven Preston but said the SBA still lacks a timetable for completing a disaster management plan. It scolded the agency for not relying more on simulations and models of catastrophes. … The SBA came under heavy criticism in the months after

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Hurricane Katrina struck New Orleans and the Gulf Coast on Aug. 29, 2005. Small businesses, homeowners, members of Congress and even some agency employees complained about a computer system that broke down repeatedly and restricted access to a small number of staff even when it was running." Preston said the agency had made "vast improvements" to the computer system and had "2,200 staffers in its disaster loan program, compared with about 800 before Katrina."

NBC Nightly News (2/14, story 9, 2:00, Williams, 9.87M) reported small business owners told lawmakers today that the help they received following Hurricane Katrina "was too little and came too late." NBC (Myers) continued, "Today the head of the SBA told a House committee there have been problems, but that 73% of loan money now has been sent out." Preston was shown saying, "When we look at our back logs and timelines, we are, for the most part, being responsive to those people." Myers: "The SBA seems much more efficient at trying to collect loans." NBC cites a couple whose first payment on the full amount of a loan that "they have not received" is due in May.

Only Handful Of Congressional Women Have Young Children. The Washington Post (2/15, A25, Romano, 690K) reports that in the "new, kid-centric House of Pelosi, Rep. Debbie Wasserman-Schultz is not a bit self-conscious about trying to raise her young family from afar while serving in Congress." Although "a record 87 women serve in Congress today, there are still only a handful who are faced with balancing the pressures of politics and mothering young children. House Speaker Nancy Pelosi did not run for Congress until her children were grown, often the case with women who have served in Congress. The House floor may have been packed with kids on the day the members were sworn in, but most were the offspring of the gentlemen of the House." Among the "few female members with little ones: Freshman Rep. Kirsten Gillibrand (D-N.Y.) resolved her balancing act by moving her 3-year-old son to Washington, where he attends the House child-care center. Rep. Deborah Pryce (R-Ohio), a single mom, opted to leave her 4-year-old daughter back in Ohio, where extended family can care for the girl, a spokeswoman said." Wasserman-Schultz, 40 "and in her second term, may have it the roughest, trying to be hands-on mother 1,000 miles away to three children -- 7-year-old twins and a 3-year-old."

Lawmakers Making Headlines For Smoking. The Washington Times (2/15, Bellantoni, 88K) reports, "Who is, who isn't, and where the lawmakers puff -- closeted or not -- are among the whispers in the hallways and on the presidential campaign trail." There have been "at least 35 news reports about Sen. Barack Obama's long battle with a cigarette habit, and how the Illinois Democrat has been chewing Nicorette to kick that habit as he runs for president." In the "latest installment, staffers for Rep. Keith Ellison tattled to Capitol Police that Rep. Tom Tancredo was smoking a cigar inside his congressional office." An officer "investigating the report informed Mr. Ellison, Minnesota Democrat, that smoking is allowed in the private offices, the Hill newspaper first reported yesterday."

OPM Directors' Decision On Government Weather Closings Often Second-Guessed. The Washington Post's (2/15, D4, Barr) "Federal Diary" column reports this morning, "Washington weather has long vexed the directors of the Office of Personnel Management and yesterday's gray icy slush was no exception." OPM director Linda M. Springer "began sorting out her options at 9 pm Tuesday after she received her first reports on the sleet and ice storm moving into the region. That same day, the OPM had closed the government early, at 2 pm, after weather forecasts showed it might be wise to get as many employees as possible off roads before dark." The Post adds, "The judgment on whether to open or close the government can be easily second-guessed by employees, especially when schools close," and the "OPM cannot make weather-related decisions lightly because of economic and workforce productivity concerns. The federal payroll is about $76 million a day in the Washington area, and some companies and nonprofit groups take their cues from the OPM on when to open for business."

NYTimes Prefers House Minimum Wage Bill. The New York Times (2/15, 1.16M) says in an editorial, "In the coming week, the House is expected to pass a bipartisan bill aimed at scaling down the unwise tax cuts that the Senate has demanded in exchange for raising the federal minimum wage. The House measure contains only modest tax cuts, worth $1.3 billion over the next 10 years, and is focused on the small businesses that are most likely to be harmed by a higher minimum wage, like mom-and-pop restaurants. We would have preferred a straightforward minimum wage

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increase. But the House bill is a reasonable response to the Senate's refusal to move forward without tax cuts."

NYTimes, WPost Call For Strengthening No Child Left Behind Act. The New York Times (2/15, 1.16M) writes in an editorial that the No Child Left Behind Act "is unlikely to succeed unless Congress strengthens the law and puts a lot more money behind it when it moves to reauthorize No Child Left Behind later this year." It praises the Aspen Institute's Commission on No Child Left Behind for producing "a list of 75 specific and much needed suggestions" specifically noting its request for "an additional $100 million" for state data systems and its suggestion that "teachers…be evaluated…on how effectively their students learn." The Times discerns a "growing and welcome consensus that No Child Left Behind, and the quest to improve public schooling for all children, are here to stay. What remains is for Congress to write some of these important new provisions into law and to put enough money behind them to make them work."

The Washington Post (2/15, A26, 690K) in an editorial denounces the "fraud" being conducted by states who administer "weak tests" under NCLB in order to produce a "misleading picture of how well schools and their students are doing." The Post argues "it's time for the United States to move in the direction taken by other countries in formulating and administering a national test" because "children's rights trumps states' rights, and geography should not matter in how well prepared students are." So, "as Congress begins to debate the reauthorization of No Child Left Behind, it should ask this question: Why wouldn't the nation want, finally, to know how well all of its students perform?"

OTHER NEWS:

Bernanke Offers Upbeat View Of US Economy. The AP (2/15, Aversa) reports, "Federal Reserve Chairman Ben Bernanke offered a mostly upbeat assessment of the economy Wednesday, citing improvements in inflation and housing in comments suggesting the Fed will leave interest rates alone for a while." Said the Fed chairman, "Overall, the US economy seems likely to expand at a moderate pace this year and next, with growth strengthening somewhat as the drag from housing diminishes."

NBC Nightly News (2/14, story 6, :25, Williams, 9.87M) reported Bernanke "shrugged off trouble in the auto industry and housing market and said the economy will grow this year."

The Los Angeles Times (2/15, Havemann, 850K) reports that "in portraying the best of all possible economies, Bernanke suggested that the Fed would leave interest rates alone until it sees some warning signs of either inflation or a turndown in economic growth." The Wall Street Journal (2/15, A2, Ip, 2.04M) also reports that Bernanke also said he "remained concerned that tight labor markets and limited spare capacity could yet force inflation higher -- suggesting that interest-rate cuts are not yet being contemplated." USA Today (2/15, Hagenbaugh, 2.27M), New York Times (2/15, Peters, 1.16M), Washington Post (2/15, D1, Henderson, Tse, 690K) and Financial Times (2/15, Guha) run similar reports.

USA Today (2/15, 3B, Kirchhoff, 2.27M), meanwhile, says "despite tight labor markets and rising wages, some economists caution that consumers are likely to pare their spending ahead." The debate "was highlighted by Wednesday's report that US retail sales were flat in January, though December figures were revised somewhat higher. Auto sales fell last month, while department store sales were bolstered by redemption of holiday gift cards."

The Washington Times (2/15, Hill, 88K), meanwhile, notes Bernanke "urged action yesterday to balance the budget and curb income inequality through better education, saying such goals should take priority over tax cuts. 'I can't speak to the overall combination of taxes and spending, other than to say that they should be in balance. But I will go so far as to say that I think that there's a significant return to investing in young kids,' the Fed chairman told Sen. Bob Casey, Pennsylvania Democrat, in response to a question about whether Congress should vote to extend tax cuts or increase funding for the Head Start program for poor children."

Fueled By Bernanke's Comments, Dow Reaches New Record. The CBS Evening News (2/14, story 2, :15, Couric, 7.66M) reported, "The Dow picked up 87 points to close at an all time high [at 12,741.86]. The NASDAQ gained more than 28 [to close at 2488.38]. The market got a boost from the Chairman of the Federal Reserve, who said he expects inflation to ease." The Wall Street Journal (2/15, C1, McKay, 2.04M) notes the "broad Standard & Poor's 500-stock index rallied 11.04 points, or 0.8%, to 1455.30, up 2.6% this year." USA Today (2/15, 1B, Shell, 2.27M), meanwhile, says "the record-setting run on Wall Street is starting to add up to

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real money. The Dow Jones Wilshire 5000 index, the broadest measure of the U.S. stock market, has recouped all of its dollar losses suffered in the 2000-02 bear market. As of Wednesday, it had rebounded 100% and regained $8.8 trillion in market value -- more than the combined annual GDP of Japan, Germany and the United Kingdom -- since its Oct. 9, 2002, low."

McCain Has Already Topped His '00 Total Of Endorsements From GOP Senators. The Politico (12/15, Martin, Reilly) reports that during his 2000 bid for president, Arizona Sen. John McCain (R) netted "a grand total of four endorsements from GOP senators." But early in his 2008 quest for the White House, "McCain has already outpaced his 2000 total. He has six endorsements, and his campaign promises more soon. That McCain is already on the way to doubling his 2000 take is a vivid illustration of the onetime maverick's ability to make amends with colleagues and the conservative establishment that many of them represent. A Politico survey among the 49 Republican senators also found three senators backing former Massachusetts Gov. Mitt Romney for president." Though "McCain is winning more support than before, interviews with senators and key aides showed he continues to confront deep ambivalence among many colleagues." McCain, in an interview, said, "I know…I am not the most popular guy with many on the Appropriations Committee because of our different views on earmarks and that whole process."

Romney's Predecessor Endorses McCain. The AP (2/15, Donald) reports Republican Jane Swift, "the Massachusetts governor who preceded Mitt Romney, is endorsing one of his top rivals for the party's presidential nomination - Sen. John McCain." In a statement issued by McCain's exploratory committee, Swift said, "Senator John McCain is a principled leader whose unwavering determination to improve the lives of Americans is admirable." The AP adds Swift, "then lieutenant governor of Massachusetts, became acting governor in 2001 after Paul Cellucci resigned to become U.S. ambassador to Canada. She had been planning her own gubernatorial campaign in 2002 when Romney returned to Massachusetts from the Olympic Winter Games in Utah and made clear he planned to seek the GOP nomination."

Giuliani Criticizes Bush On Iraq. The New York Times (2/15, Pérez-Peña, 1.16M) reports that ex-New York City Mayor Rudy Giuliani (R) on Wednesday "removed any lingering doubts that he was running for president, and, without mentioning President Bush by name, offered pointed criticism on how the Iraq war has been handled. He said that the United States went to war with far too few forces and was wrong to dismantle Saddam Hussein's military and government, and he conceded that if more information had been available about Iraq's weapons, Congress never would have approved the war." During an appearance "on 'Larry King Live' on CNN yesterday, Mr. Giuliani twice said, 'Yes, I'm running,' according to a transcript provided by CNN. … Asked if he would make a formal announcement of the kind favored by other candidates, he said, 'I guess you do.'" On the topic of Iraq, "Giuliani used the interview to offer a harsh assessment of the Bush administration's decision-making," aligning himself "more closely" with GOP rival Arizona Sen. John McCain (R), "who has supported the war, as Mr. Giuliani does, but has criticized its conduct. 'I would remove Saddam Hussein again,' Mr. Giuliani said. 'I just hope we'd do it better and we'd do it in a different way.' Most important, he added, the United States, which has had 120,000 to 160,000 troops at a time in Iraq, should have gone in with 'maybe 100,000 to 130,000 more.'"

Long Island Newsday (2/15, Gordon, 414K) runs a short article noting that Giuliani told CNN host Larry King, "Yes, I'm running," and goes on to say, "So the only suspense now is about the where and when of a full-fledged announcement. Democrat Hillary Rodham Clinton used a Web video. Barack Obama traveled to the land of Abraham Lincoln on Saturday and addressed supporters in freezing temperatures. Republican Mitt Romney went to Michigan -- plenty far from Washington (he's running as an outsider). John McCain hasn't declared. At least one politico has suggested Ground Zero, certainly a central part of Giuliani's campaign but also politically risky, looking too much like politicizing the nation's worst tragedy."

Giuliani Camp Will Seek Guidance From FEC On Speaking Fees. The Washington Post (2/15, A8, Solomon, Mosk, 690K) reports that Giuliani "has continued to make paid speeches at a standard fee of $100,000 since forming his presidential exploratory committee last November, mixing personal business with campaigning in a way many of his rivals in the race cannot. Presidential candidates who are not federal officeholders are allowed to take money for speeches, as long as they are not raising campaign money at the event, distributing campaign material or delivering an overtly

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political speech. But campaign aides said yesterday he will wait to collect his fee for a speech he gave last night until his campaign has discussed the arrangement with the Federal Election Commission and determined how best to handle a handful of speaking engagements already scheduled through the spring. Giuliani, who has filed an official statement of candidacy with the FEC but has not formally entered the race, spoke in San Diego at a seminar. … His talk was titled 'Courage Without Compromise.' Giuliani's aides said he will not accept any more requests for paid speeches."

Brooks Says Liberal Call For Clinton Apology Is Bogus. In his New York Times column (2/15), David Brooks says, "Far be it from me to get in the middle of a liberal purge, but would anybody mind if I pointed out that the calls for Hillary Clinton to apologize for her support of the Iraq war are almost entirely bogus?" If they "went back and read what Senator Clinton was saying before the war, they'd be surprised, as I was, by her approach. And they'd learn something, as I did, about what kind of president she would make." When you "look back at Clinton's thinking, you don't see a classic war supporter. You see a person who was trying to seek balance between opposing arguments. You also see a person who deferred to the office of the presidency. You see a person who, as president, would be fox to Bush's hedgehog: who would see problems in their complexities rather than in their essentials; who would elevate procedural concerns over philosophical ones; who would postpone decision points for as long as possible; and who would make distinctions few heed. Today, the liberal wing of the Democratic Party believes that the world, and Hillary Clinton in particular, owes it an apology. If she apologizes, she'll forfeit her integrity. She will be apologizing for being herself."

Some Suggest California Could Be In Play For '08 GOP Nominee. The Politico (2/15, Allen), noting that Giuliani has been on a "a swing through Northern California this week" and that next week, Arizona Sen. John McCain (R) "will appear in the Los Angeles area with Gov. Arnold Schwarzenegger to promote his climate-change policies and talk about how they can be taken national," relates, "Both stops are precursors of a seismic shift taking shape in presidential politics -- California as a top priority for Republicans." The Politico reports, "In the four general elections since 1992, the Republican presidential nominee has lost California every time, by 11 to 13 percentage points. … This year though, the state suddenly looks alluring to" GOP presidential hopefuls "for two reasons: * California is poised to move its presidential primary from June, when it was irrelevant, up to Feb. 5, creating a potential jackpot near the start of the nominating contests. * Giuliani and McCain are pro-business candidates with moderate images in the mold of Schwarzenegger, a Republican who easily won re-election in November. Golden State experts say that if either one heads the GOP ticket, he could put the state in play for the general election -- a seismic change in an electoral map where the same states get disproportionate attention in election after election."

Clyburn Won't Make Endorsement For Democratic Primary. The AP (2/15, Donald) reports, "House Majority Whip Jim Clyburn, one of the most powerful Democrats in South Carolina politics, will not endorse a presidential candidate during the 2008 primaries as part of a promise made months ago to party leaders." Clyburn said, "I'm staying out of it." The AP adds Clyburn "did much of the arm twisting that landed South Carolina's January 2008 primary ahead of every other state except Iowa, New Hampshire and Nevada." Clyburn said, "I used a lot of political capital keeping that primary in South Carolina when two other states went after that. I promised people at that time that if they were to come to South Carolina and participate in that primary I would not participate in any effort."

Edwards Offers Specific Proposals For Iraq Withdrawal. The Hill (2/15, Schor) reports ex-North Carolina Sen. John Edwards (D) "jumped back into the Iraq debate with more specifics on how the U.S. should extricate itself from the region, casting himself as the 2008 presidential contender most opposed to the war. Edwards called on his former colleagues to go further than their non-binding criticism of President Bush's 'surge' plan, recommended a lower troop ceiling than other Democrats have and charged that the original congressional authorization no longer applies to the war." Edwards, "who supports a funding cutoff for the Iraq 'surge,' also said he would not support such a cut-off for existing operations." Edwards said, "I believe we need to end the war in Iraq, but I believe it should be done in an orderly way, a smart way, so that we increase the chances of stability as we're leaving. So I'm not for immediate and total withdrawal." His "latest plan for Iraq includes a readiness

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standard similar to one House Democrats and anti-war groups are drafting as a follow-up to this week's non-binding resolution. Under the Edwards proposal, Congress would block troops from leaving for Iraq without adequate training and equipment."

Kaine To Endorse Obama This Weekend. The Washington Post (2/15, A8, Shear, 690K) reports Virginia Gov. Timothy M. Kaine (D) "plans to endorse Sen. Barack Obama for president Saturday, pledging early support from a Southern Democrat as the Illinois senator begins his campaign for the White House." Kaine will "sign onto Obama's presidential team ahead of the senator's appearance at the Virginia Democratic Party's annual fundraiser Saturday night, according to sources familiar with Kaine's decision. The sources spoke on condition of anonymity because they do not want to preempt the formal announcement."

Obama Media Consultant Profiled. The Washington Post (2/15, C1, Montgomery, 690K) profiles Democratic political strategist David Axelrod, "a former newspaper reporter who has worked on past campaigns for no fewer than five of the Democrats racing to the White House, a form of political ubiquity that only enhances his reputation. This time, he's with Obama." A "measure of his status in the top tier of Democratic spinners, scripters and fixers is that when his peers detect something subtle and good, they presume Axelrod must have had a hand in it."

Illinois Abortion Opponents Target Obama. The Hill (2/15, Youngman) reports that of the "thousands of people who gathered in the plaza of the Old State Capitol in Springfield, Ill., for Sen. Barack Obama's presidential campaign announcement last Saturday, only a handful were protesters rather than supporters." There were "50 or so waving signs and chanting, 'No abortion, no Obama.' Their voices might become a consistent presence as the senator makes his way around the country in his bid to win the White House." Abortion foes "in Illinois, following the lead of registered nurse Jill Stanek, are targeting Obama (D-Ill.) for a number of 'present' and 'no' votes he cast on anti-abortion legislation during his time in the Illinois state Senate." It is "hardly unusual that a Democratic candidate would receive unfavorable attention from anti-abortion groups. But Stanek and other anti-abortion crusaders in Illinois are targeting Obama because he voted on a package of legislation collectively known as the Illinois Born Alive Infants Protection Act."

Reagan Library To Host GOP Primary Debate. The AP (2/15, Donald) reports, "Always fond of invoking Ronald Reagan, the 2008 crop of Republican candidates will get a prime chance to associate themselves with the Gipper's legacy. Former first lady Nancy Reagan said Wednesday she was inviting the leading GOP candidates to the first-ever debate at her husband's library in Simi Valley." The Ronald Reagan Presidential Library "plans to host the debate on May 3. It will feature questions submitted through a Web site."

Hunter Seeks Conservative Niche Among GOP Field. In his Washington Post column (2/15, A27), George Will profiles Republican Rep. Duncan Hunter, who "hopes to be seen as the most conservative Republican candidate, as he understands conservatism. He is pro-life, an expert on defense issues, a hawk on border security (he authored the legislation that mandates 854 miles of fences across the major southern border routes used by smugglers of narcotics and people) and a skeptic about free trade." Hunter "chaired the Armed Services Committee in the previous two Congresses and believes that the principal issue for the foreseeable future will be national security -- not just Iraq and terrorism but also the rise of China's military (perhaps nine submarines under construction, with five more to come; the purchase of Russian-built destroyers designed to attack U.S. aircraft carriers with very fast and sophisticated missiles; upward of 800 medium-range ballistic missiles deployed). He believes U.S. forces can pacify Iraq, where his son served two tours as a Marine." Will adds, "One-third of new businesses fail within two years; 50 to 70 percent of new products that make it to market fail. Hunter, a burly, rumpled political product seeking a market niche, probably will fail. But as Goldwater said when he entered politics in Phoenix in 1949, 'It ain't for life, and it may be fun.'"

Franken To Run For Senate In Minnesota. The AP (2/15, Condon) reports Al Franken "announced Wednesday that he will run for the Senate in 2008, making it clear that the comedian and author of 'Rush Limbaugh Is A Big Fat Idiot' wants to be taken seriously as a political figure." Franken said "he would seek the Democratic nomination to challenge Republican incumbent Norm Coleman and immediately acknowledged the doubts voters may have about

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electing a former 'Saturday Night Live' performer.'" Franken said in a video posted to his Website, "Minnesotans have a right to be skeptical about whether I'm ready for this challenge, and to wonder how seriously I would take the responsibility that I'm asking you to give me." The AP adds Franken's "decision instantly makes him a serious contender and brings national attention to the race. He said he supports universal health care, greater efforts to find alternative energy sources and stronger congressional oversight of the executive branch." Franken is "likely to be well-funded, but he's expected to be challenged by several other Democrats, including wealthy trial attorney Mike Ciresi."

The Washington Post (2/15, A8, Goldfarb, 690K) reports Franken's announcement gives "Democrats the possibility of a celebrity candidate to face Sen. Norm Coleman, considered one of the most vulnerable Republicans in 2008." In the 2006 midterm elections, Franken's Midwest Values political action committee "raised more than $1 million to benefit Democratic candidates. Cementing relationships for a future Senate run, Franken traveled the state to entertain at candidate rallies."

Davis May Run For Senate Or Retire. Roll Call (2/15, Davis, Whittington) reports most politicians "tend to be wary of discussing their own futures. But Rep. Tom Davis (R-Va.) is remarkably candid about the crossroads he is approaching in Congress." In a Tuesday interview, Davis "said unambiguously that he will run for the Senate in 2008 if five-term Sen. John Warner (R-Va.) decides to retire." David said, "It is safe to say that I would run. But if he does run, I would stand out front and take a bullet for him. I think the world of John. I would not do anything to undermine that." Roll Call adds Davis "also acknowledged that this could be his last term in Congress. He views 2008 as his best opportunity for a Senate run, and regardless of Warner's decision he has doubts about seeking an eighth term in the House." But Davis "also knows that opening up a Democratic-trending seat like the one that he holds won't be helpful to the GOP's cause to make up ground lost in 2006." Fairfax County Board of Supervisors Chairman Gerry Connelly (D) "is viewed as likely to run for Davis' seat. Davis used the same board position as a springboard to Congress in 1994 and Connelly would be a strong contender." While Davis "said he would not abandon his seat without lining up a top-flight candidate — one who would undoubtedly fit the Congressman's same moderate ideological mold — it also isn't likely that conservatives in the district would pass up the opportunity to nominate one of their own."

California Appeals Court Hears Stem Cell Institute Challenge. The Los Angeles Times (2/15, 850K) reports the California Court of Appeal in San Francisco "heard oral arguments Wednesday in the 2-year-old dispute that has kept the state's voter-created stem-cell institute from issuing any of the $3 billion in bonds approved under Proposition 71, the 2004 stem-cell research initiative." Attorneys for the plaintiffs – "the People's Advocate, National Tax Limitation Foundation and California Family Bioethics Council -- argued again that Proposition 71 was unconstitutional because it created a taxpayer-funded entity that is not under the direct management and control of the state. They also argued that the proposition violated the single-subject rule for such measures and that the citizen board has conflicts of interest."

Fresh Crop Of Lobbyists Rises With Democratic Majority. The Wall Street Journal (2/15, A9, Cummings, 2.04M) reports after Democrats "took over Congress earlier this year, they set new limits on lobbyists, aiming to reduce their influence on Capitol Hill." But the "launch of a new firm, Heather Podesta+Partners, shows that, rather than diminishing the clout of Democratic lobbyists, the new Congress has led to the creation of a fresh crop, whose sway could grow even more as the 2008 presidential campaign heats up." Ms. Podesta's "tale illustrates how hard it is to cut the link between lobbyists and politicians. These relationships often forged at the start of careers, when working together on Capitol Hill as low-level staff or while knocking on doors along the campaign trail." During the "first week of the new Congress, freshly sworn-in House leader Nancy Pelosi was in the Capitol's speaker's lobby one evening greeting Ms. Podesta with a kiss on the cheek." Podesta was "there to pose in the official swearing-in photo for California Democratic Rep. Ellen Tauscher, a long-time friend who had advised Ms. Podesta on setting up her firm -- an enterprise she launched based on her confidence in maneuvering the reshaped corridors of power." Podesta's ties to the Democratic leaders helped "build a roster of clients -- such as software provider SAP Americas, which has an interest in new patent legislation, as well as HealthSouth Corp. and health-care provider Cigna Corp., which are concerned by talk of cuts in Medicare payments."

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Roll Call (2/15, Newmyer) reports that as congressional Democrats "firm their grip on power, they are opening a regular channel of communication with corporate lobbyists." Leaders from "the new majorities in both chambers have begun meeting twice a month with K Street allies to keep them apprised of their agenda and strategy. The huddles, organized by the centrist think tank Third Way, are bringing together as many as 80 lobbyists to hear updates from Democratic leadership aides." Lobbyists "familiar with the meetings said they are becoming a hot ticket as Democrats wrap up work on their '100 hours' agenda and turn their focus toward formulating plans for the rest of the year." Unlike their "predecessors in the GOP, Democratic leaders face the challenge of juggling two key but regularly conflicting constituencies: business and labor. While members of those two camps found a few areas of agreement during the previous Congress — most notably on pension and immigration reform — they are ramping up for battles on big-ticket items this year. They already have locked horns on a minimum-wage hike and foresee major clashes over health care, trade and union-organizing measures."

Bush Rejects Criticisms Of Korean Nuclear Accord. The Financial Times (2/15, Luce) reports President Bush Wednesday "angrily rejected criticisms of Tuesday's six-party agreement on North Korea's nuclear programme while singing the praises of multilateral diplomacy." The President's backing of the deal has attracted "fierce attacks," including those from former Ambassador John Bolton. Bush, however, said he "strongly disagree[s] with [Bolton's] assessment," insisting that "the best diplomacy is where there is more than one voice sitting down with an equity in the issue...the assessment made by some that this is a bad deal is flat wrong."

AFP (2/15, Parameswaran) says Bush "defended the deal against critics, including from his key conservative base, who said that offering aid and other guarantees to North Korea in return for disbanding its nuclear network was rewarding 'bad behavior' and a sign of US weakness." Bush also spoke Wednesday by telephone with Japanese Prime Minister Abe and South Korean President Roh, who "agreed on the importance of close coordination on North Korea," said SNC spokesman Gordon Johndroe.

On its front page, the Washington Post (2/15, A1, Kessler, 690K) reports the White House yesterday "found itself fending off a conservative revolt over the North Korea nuclear deal, even scrambling to mollify one of its own top officials who expressed sharp disagreement with a provision that could spring Pyongyang from the list of countries that sponsor terrorism," US officials said yesterday. Elliott Abrams, a deputy national security adviser, "fired off e-mails expressing bewilderment over the agreement and demanding to know why North Korea would not have to first prove it had stopped sponsoring terrorism before being rewarded with removal from the list, according to officials who reviewed the messages." Meanwhile, the National Review, "a conservative bastion," yesterday "slammed" the agreement "as essentially the same one negotiated by President Bill Clinton in 1994." The Post says the comments "reflected deep concerns among conservatives that the agreement could turn out to be an important and troubling turning point" following the departure of Defense Secretary Donald Rumsfeld, who "was often seen as a counterweight to" the State Department.

Pelosi Welcomes Deal. On PBS' NewsHour (2/14, Lehrer), House Speaker Nancy Pelosi said of the North Korea agreement, "I think it's good news. It's not new news. It's pretty much what President Clinton had in place when he was in the White House that had been sort of set aside when the Bush people came in, but it's fine. … Let's just see where we go from here. It's going to take some verification to make sure the North Koreans do what they have to do, but I commend the President."

South Korea, Japan Split On North Korea Pact. The New York Times (2/15, A10, Onishi, 1.16M) reports the deal "has had immediate ripple effects in Japan and South Korea, apparently freeing South Korea's hands and tying Japan's." A day after the accord was brokered, Seoul "invited North Korea to resume ministerial talks," but in Tokyo, Prime Minister Shinzo Abe "came under attack from members of the opposition and his own party for his government's refusal to provide assistance to the North over what it says are unresolved cases of Japanese abducted by North Korean agents."

China Praised For Role In Brokering Deal. The Financial Times (2/15, McGregor, Fifield) says, "In the wake of the latest breakthrough in the long-running negotiations to end North Korea's rogue nuclear programme China has again won plaudits for muscling its recalcitrant neighbour to the table and brokering a deal." However, the Times notes "far from solidifying Beijing's role on the diplomatic stage, the talks underlined its variable approach to global disputes. While Beijing has become Washington's indispensable

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partner in North Korea, it has consistently refused to sign on to the western agenda to end the killings in Darfur, Sudan, and so far reluctantly gone along with limited sanctions against Iran."

Expert Says Agreement Falls Short. Bruce Klingner, senior research fellow at The Heritage Foundation, writes in a USA Today (2/15, 10A, 2.27M) op-ed that the deal "has significant shortfalls that will hinder efforts to denuclearize North Korea." For example, "Its vague provisions and deferred requirements provide Pyongyang with loopholes that it will seek to exploit. Moreover, the accord sends a dangerously accommodating signal not only to North Korea, but also to Iran and other aspiring nuclear weapons states."

Meanwhile, in an accompanying editorial, USA Today (2/15, 10A, 2.27M) praises the deal, saying "one of the most important things President Bush could achieve before leaving office would be to persuade North Korea to follow Libya's path by giving up its nuclear weapons program." Although it is "a tall order," USA Today says "progress seems more possible than at any other time since Bush took office."

Abbas Cancels Speech In Sign Of Continued Tension With Hamas. The New York Times (2/15, Erlanger, 1.16M) reports under the headline "Canceled TV Speech Points To Hamas And Fatah Split," that in "another sign of tension with Hamas over a possible national unity government," Palestinian President Mahmoud Abbas canceled a televised speech scheduled for Thursday night, his aides said Wednesday. In the speech, Abbas "was to have told Palestinians about his talks with Hamas leaders in Mecca," but "many details" have been left "unresolved, including who would fill key posts like interior minister."

Ross Says Rice Must Have Arab Backing For Mideast Accord. Former special Middle East coordinator under President Bill Clinton, Dennis Ross, writes in the Washington Post (2/15, A27, 690K) that ahead of next week's summit between Secretary of State Condoleezza Rice, Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert, that the leaders "should be willing to accept the necessary hard compromises and end the Palestinian conflict (or show how it can be ended) so Iran can no longer exploit the conflict to build its following and put the region's moderates on the defensive." He urges the parties to accept a "comprehensive cease-fire," which he says "won't be hammered out without intensive US brokering." He continues, "Even Rice's more ambitious desire for a political horizon need not be surrendered. But to accomplish it, she must get the Saudis, Egyptians and Jordanians to publicly embrace basic trade-offs on the core issues, even if Arab leaders must get out in front of Abbas and Olmert on stating their acceptance of the compromises," because both Abbas and Olmert "are politically weak." Absent that, Ross says, "Rice will need to change her horizon for what is possible in the Middle East."

Hariri Anniversary Highlights Lebanon's "Deep Divisions." The New York Times (2/15, A12, Slackman, 1.16M) reports the Lebanese military Wednesday "rolled out acres of razor wire and fashioned a no man's land to separate the hundreds of thousands of government supporters who poured into" Beirut to mark the second anniversary of the assassination of the former prime minister Rafik Hariri. Although both sides "called for unity among all Lebanese, the day's events illustrated the deep divisions and tensions that keep this country on the edge of civil conflict."

US, UK Ranked Lowest In UN Report On Children. The Los Angeles Times (2/15, Farley, 850K) reports the United States and Great Britain "ranked as the worst places to be a child among 21 wealthy nations," according to a report by UNICEF released Wednesday. UNICEF ranked the countries according to "material well-being, health, education, relationships, behaviors and risks, and young people's sense of happiness." The highest ranking for the United States was for education, but was "at the bottom in health and safety, mostly because of its high rates of child mortality and accidental deaths."

Gutierrez Urges India To Open Markets. In an interview with the Wall Street Journal (2/15, Venkat, 2.04M), Commerce Secretary Carlos Gutierrez said the US "is willing to cut farm subsidies further if other countries reciprocate by improving access to their markets and reducing tariffs." He "said India holds the key to the successful conclusion" of the Doha round of WTO talks. Gutierrez, who is on a two-day visit to India aimed at boosting bilateral trade, said the US would like to see "movement" in terms of India cutting tariffs on agricultural products and providing greater market access for industrial goods from other countries.

Professionals Exit Venezuela As Chavez Expands Control Of Economy. The Wall Street Journal (2/15, A10, Millard, 2.04M) reports Venezuela "has

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experienced the kind of economic boom in recent years that should be flush with job opportunities. But an increasing number of professionals, many of them from the oil industry, are looking abroad for work, driven away by President Hugo Chávez's effort to extend state control over the economy, and by inflation verging on 20%." For example, "At the US Embassy call center for visas in Caracas, the lines have been jammed since Mr. Chávez announced in early January the nationalization of the electricity industry and Venezuela's largest telecommunications firm." As a result, the number of Venezuelans receiving US legal permanent residence "more than doubled from 2000 to 2005."

Kremlin Limits Candidates, Parties In Russian Local Elections. The New York Times (2/15, Myers, 1.16M) reports that in Russia's local elections scheduled for March, "as on the national level," President Vladimir Putin's "Kremlin has left little to chance or surprise." At the Kremlin's urging, "Putin foes and independent analysts say, Parliament has raised the threshold for parties to win seats, eliminated minimum turnout requirements, abolished district elections in favor of party lists, and eliminated the option of voting 'against all.'" In addition, the Kremlin has also "made it more difficult for political parties to form and register."

UN Commander In Kosovo Resigns After Protests. The New York Times (2/15, A5, Wood, 1.16M) reports the commander of the United Nations police in Kosovo resigned Wednesday, "days after violent clashes between the police and demonstrators left two protesters dead and another critically injured." The commander, Stephen Curtis, a former British police officer, "resigned under pressure from the mission's most senior official, Joachim Rücker." The UN mission has "come under substantial pressure to accept responsibility for the handling of the demonstration," the Times notes.

Development Aid By Rogue States Criticized. Moisés Naím, editor in chief of Foreign Policy magazine, writes in the New York Times (2/15, 1.16M) that "states like China, Iran, Saudi Arabia and Venezuela have the cash and the will to reshape the world into a place very unlike the one where we want to live. By pushing their alternative development model, such states effectively price responsible aid programs out of the market exactly where they are needed most. In place of those programs, rogue donors offer to underwrite a world that is more corrupt, chaotic and authoritarian. That sort of aid is in no one's interest, except the rogues."

Former Ambassadors Say Doha Is Africa's "Last Best Chance." Former US Ambassadors Richard Holbrooke and Stuart Eizenstat write in the Wall Street Journal (2/15, A18, 2.04M) that the long-stalled Doha round of trade talks, "if a successful agreement is reached, it will be especially good news for Africa." Failure, conversely, they says, "would have tragic consequences for the continent," by leading the US and the EU to negotiate "more bilateral free-trade agreements with key countries, but not with sub-Saharan Africa and other poor countries."

Nobel Prize Winner Says Governments Should Provide Economic Opportunities. Nobel Prize for Economics winner Edward C. Prescott writes in a Wall Street Journal (2/15, A19, 2.04M) op-ed that the "notion that society is better off if some industries are allowed to wither, their workers lose their jobs, and investors lose their capital -- all in the name of the greater glory of globalization" is "counterintuitive to many people (politicians among them), because they view it the government's economic responsibility to protect US industry, employment and wealth against the forces of foreign competition." Instead, Prescott says "government has a higher calling in this country (and others like the United States), which is to provide the opportunity for people to seek their livelihood on their own terms, in open international markets, with as little interference from government as possible."

WSJournal Urges European Countries To Reduce Unemployment. In an editorial, the Wall Street Journal (2/15, A18, 2.04M) writes, "Europe just got its best jobless report in a very long time. The bad news: In a decade when record numbers of people found work in the rich world, Europe's best is an unemployment rate of 7.5%, significantly higher than America's 4.6% or that of any other developed economy." However, the Journal says "new governments in Italy and Germany and a soon-to-be new president in France have a chance to catch up with other developed economies on getting their citizens into jobs. The recipe isn't complicated: Reduce taxes to reduce wage costs, tighten rules on government benefits, loosen up employment

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protection laws. Come to think of it, the new majority in the US Congress could stand to read the OECD report, too."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Tehran's Iraq Role Unclear, U.S. Now says."
"Post-Katrina, New Orleans Still Awash In Violence."
"Kaiser Has Aches, Pains Going Digital."
"For Dodgers, Spring Is In The Arizona Air."
"Soldiers' Daughter Is On Duty At Home."
"Auto Merger At End Of The Road?"

USA Today:
"Research: Red-Light Cameras Work."
"'The Most Dangerous Spot I Could Find'."
"State Farm Retreats In Gulf."

New York Times:
"Bush Declares Iran's Arms Role In Iraq Is Certain."
"Troops Sweep 3 Shiite Areas In Baghdad Push."
"Detroit's Slump Could Break Up Chrysler Group."
"For Liberal Bloggers, Libby Trial Is Fun And Fodder."
"Russians To Vote, But Some Parties Lose In Advance."
"In Old Files, Fading Hopes Of Anne Frank's Family."

Washington Post:
"Iranians Aid Iraq Militants, Bush Says."
"Across Area, A Gusty Wintry Wallop."
"Skepticism Over Iraq Haunts U.S. Iran Policy."
"Conservatives Assail North Korea Accord."
"Quest To Heal Iraqi Boy Became A Final Mission."
'Justice Official Bought Vacation Home With Oil Lobbyist."

Washington Times:
"Bush Certain Iranian Unit Tied To Arms."
"Bernanke Frowns At Tax Cuts."
"Democrats Hit Visa, Citizenship Fee Raise."
"There's Much Huffing Over Puffing On Hill."
"Heads She's Homely: Tails He's Ugly."

Detroit Free Press:
"Is Daimler Ready To Sell Chrysler?"
"Zetsche's Sudden Change Of Time Rattles Nerves."
"Road To October Glory Starts In Lakeland."

Atlanta Journal-Constitution:
"Bush Has Warning For Iran."
"A Titantic Chunk Of History."
"$6.2 Billion Loss By Delta Really A Gain In Recovery."
"It's A Bird, It's A Plane, It's…Collision."

Houston Chronicle:
"Clean Air Quest Knows No Limits."
"Solutions Murky For Tainted Water."
"Buzz Over Eckels' Exit Generates A Hot Ticket."
"Deadly Work Shooting Shatters Valentine Plan."
"taking The Long Way To Freedom."

Story Lineup From Last Night's Network News:
ABC: Winter Weather; Flight Delays; Chrysler Jobs Lost; Securing Baghdad; Quds Force Threat; Iraqi Translators; State Farm Insurance-Mississippi; Aflac-Shareholders; NASCAR Scandal; Valentines Dates.
CBS: Winter Weather; Stock Markets; Chrysler Job Cuts; Iraq Violence; Bush-Iraq Resolution; Iraq-US Translators; Food Safety; Nascar Cheating Scandal; Teens-Prescription Drug Abuse; Welsh Farmers-Valentines.
NBC: Winter Weather; Flight Delays; Bush Press Briefing; Iraqi Refugees; Chrysler Jobs Lost; Stock Market; Supreme Court-Television; State Farm Insurance-Mississippi; SBA Loans; Caring For The Elderly; Valentines Day-Troops; Valentines Day-Troops.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US-Winter Storm; Iraq-US KIAs; Al Sadr-Iran; House-Iraq Resolution; FL-Hearing On What To Do With Anna Nicole Smith's Body; Daytona 500 Suspensions; Salmonella Outbreak-Peter Pan Peanut Butter; TX-Lawsuit Against MySpace Dismissed; US Mint-Dollar Coins; Tokyo Stock Exchange.
CBS: US Winter Storm; Iraq-Security Crackdown; Al Sadr-Iran; Saudi Al Qaeda Group Calling For Attacks On US Oil Suppliers; Libby Trial.
NPR: House-Iraq Resolution; Salt Lake City-Mall Shooting; Lawyer Admits Leaking US Steroid Case Testimony; UNICEF Survey-Child Welfare; North And South Korea To Resume Negotiations; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks on the war on terrorism, Mayflower Hotel.

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VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH —Participates in a Compassion in Action Roundtable to discuss malaria control in Africa, sponsored by the White House Office of Faith-Based and Community Initiatives, Room 450, Eisenhower EOB.

US Senate: 9 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 342, Dirksen.

9:15 a.m. FOREIGN RELATIONS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 628, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on readiness of the Army and Marine Corps. Army Chief of Staff Gen. Peter Schoomaker; Marine Corps Commandant Gen. James Conway. Location: Room 216, Hart.

9:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Operations, Safety, and Security Subcommittee. Hearing on reauthorization of the FAA. FAA Adminsitrator Marion Blakey. Location: Room 253, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the FY08 Interior Department budget. Secretary Kempthorne. Location: Room 366, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on the 2007 trade agenda. USTR Susan Schwab. Location: Room 215, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Meeting to act on pending nominations and legislation. Location: Room 226, Dirksen.

10 a.m. SPECIAL AGING _ Full Committe. Hearing on FY08 budget and programs. SSA Commissioner Michael Astrue; CMMS Acting Administrator Leslie Norwalk; Josefina Carbonell, Administration on Aging; Assistant HUD secretary Brian Montgomery. Location: Room 562, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on the warrantless surveillance program. Location: Room 219, Hart.

3 p.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. Hearing on reorganization of the office of the undersecretary of Defense for policy. Location: Room 232A, Russell.

9:30 p.m. INDIAN AFFAIRS _ Full Committee. Hearing on the FY08 budget for Indian tribal programs. Location: Room 485, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Continued consideration of the Iraq War Resolution, and possible consideration of H.R. 976 - Small Business Tax Relief bill.

9 a.m. HOMELAND SECURITY _ Full Committee. Hearing on ``Lessons Learned and Grading Goals: The Department of Homeland Security of 2007." DHS Deputy Secretary Michael Jackson. Location: Room 311, Cannon.

9:30 a.m. APPROPRIATIONS _ Labor, Health and Human Services, Education and Related Agencies Subcommittee. Oversight hearing on the future of America's workers and education for the 21st century. President Kati Haycock of the Education Trust; Donald Heller, Penn State University; retired Martin Lockheed Martin Corp. CEO Norman Augustine; President Lawrence Mishel, Economic Policy Institute. Location: Room 2212, Rayburn.

9:45 a.m. FOREIGN AFFAIRS _ Full Committee. Markup of legislation and resolutions. Location: Room 2172, Rayburn.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the FY07 supplemental appropriations for the Defense Deparrment. Secretary Gates. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on Coast Guard operations in Iraq, port security and Deepwater. Commandant Adm. Thad Allen; Steve Cladwell, GAO. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Hearing on long-term challenges to military health care. Stephen Heffler, CMMS; A. Bruce Steinwald, GAO; Allison Percy, CBO. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on the USDA budget. Secretary Johanns. Location: Room 2362A, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on ``Covering the Uninsured Through the Eyes of a Child." Lolita M. McDavid, Child Advocacy and Protection, Cleveland; Jay E. Berkelhamer, American Academy of Pediatrics; Joseph F. Vitale, New Jersey Senate; Kathryn G. Allen, GAO. Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on monetary policy and the state of the economy.

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Federal Reserve Board Chairman Ben Bernanke. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Afghanistan. Retired Lt. Gen. David Barno of the Near Easat South Asia Center for Strategic Studies; Peter Bergen of the New America Foundation, Anthony Cordesman, CSIS. Location: Room 2172, Rayburn.

10 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on youth violence and gang interventions that work. Jeffrey Butts, University of Chicago; Delbert Elliott, University of Colorado; Mai Fernandez, Latin American Youth Center; Teny Gross, Institute for the Study and Practice of Nonviolence, Providence, R.I.; David Kennedy, John Jay College of Criminal Justice; Paul Logli, National District Attorneys Association; Lawrence W. Sherman, University of Pennsylvania. Location: Room 2141, Rayburn.

10 a.m. OVERSIGHT AND INVESTIGATIONS _ Full Committee. Hearing to give an overview of the Iraq reconstruction. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Technology and Innovation Subcommitte. Hearing on NIST's role in supporting economic competitiveness in the 21st century. William Jeffrey, Director, NIST; Stan Williams, Sr., Hewlett-Packard Laboratories; Peter Murray, Welch Allyn, Inc.; Michael Borrus, X/Seed Capital; Mike Ryan, TUG Technologies Corp. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on short-sea shipping. Maritime Administrator Sean Connaughton; St. Lawarence Seaway Development Corp. Administrator Collister Johnson, Jr.; Gregg Ward of the Detroit-Windsor Truck Ferry; Mark Yonge of Maritime Transport and Logistics; James Barket of Interlake Steamship Co.; Stephen Flott of Seabridge, Inc.; Anastassis Margaronis of Santa Maria Shipping. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Hearing on Filipino veterans. House Speaker Nancy Pelosi, other members of Congress; Gen. Tagumpay Nanadiego,former head, Office of Veterans Affairs, Embassy of the Philippines; retired Lt. Col. Edwin Ramsey; retired Col. Emmanuel de Ocampo, president, Veterans Federation of the Philippines; others. Location: Room 334, Cannon.

10 a.m. WAYS AND MEANS _ Trade Subcommittee. Hearing on U.S.-China trade. Dan Glickman, chairman and CEO, Motion Picture Association of America; Patricia Schroeder, president and CEO, Association of American Publishers; Geralyn Ritter, Pharmaceutical Research and Manufacturers Association; Peter Baranay ABRO Industries, South Bend, Ind.; John H. Goodish, U.S. Steel; Franklin J. Vargo, National Association of Manufacturers; John D. Bassett III, Vaughan-Bassett Furniture Co., Galax, Va.; James C. Tyrone, NewPage Corp., Dayton, Ohio; Peter Navarro, University of California, Irvine, Calif.; Karan K. Bhatia, deputy U.S. Trade Representative. Location: Room 1100, Longworth.

10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Oversight hearing on the FCC. Location: Room 2123, Rayburn.

1 p.m. VETERANS AFFAIRS _ Military Construction, Veterans Administration and Related Agencies Subcommittee. Hearing on FY08 appropriations for the VA. Secretary Nicholson. Location: Room 2358, Rayburn.

1 p.m. VETERANS AFFAIRS _ Oversight and Investigations Subcommittee. Hearing ona the FY08 budget for the Veterans Affairs Department Inspector General. IG George Opfer. Location: Room 334, Cannon.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on FY07 supplemental budget for Iraq and Afghanistan security forces. Maj. Gen. Robert Durbin, commander, Combined Security Transition Command-Afghanistan; Peter Rodman, assistant secretary of Defense; Brig. Gen. Michael D. Jones, deputy director for politico-military affairs, the Joint Staff. Location: Room H-140, Capitol.

1:30 p.m. FOREIGN AFFAIRS _ Asia, the Pacific and the Global Environment Subcommittee. Hearing on Japanese ``comfort women" during World War II. Rep. Mike Honda, D-Calif.; Yong Soo Lee - surviving Comfort Woman, Korean Council for the Women Drafted for Military Sexual Slavery; Jan Ruff O'Herne, surviving Comfort Woman, Friends of Comfort Women in Australia; Koon Ja Kim, surviving Comfort Woman, National Korean American Service and Education Consortium; Mindy Kotler, director, Asia Policy Point; Ok Cha Soh, president, Washington Coalition for Comfort Women Issues. Location: Room 2172, Rayburn. Notes: Rep. Mike Honda, D-Calif., will hold a media availability following his testimony.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Oversight hearing on

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health care access and the aging of America. Reed Tuckson, Robert Wood Johnson Foundation; Ron Pollack, Families USA; Mary Jane Koren, Commonwealth Fund. Location: Rpoom 2359, Rayburn.

2 p.m. BUDGET _ Full Committee. Hearing on the FY08 agriculture budget. Secretary Johanns, Deborah Frank, Boston Medical Center; Denise Holland, Harvest Hope Food Bank, Columbia, SC. Location: Room 210, Cannon.

2 p.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Oversight hearing on the patent system. Adam B. Jaffe, Brandeis University; Suzanne Michel, FTC; Mark Myers, National Academy of Sciences; Daniel B. Ravicher, Public Patent Foundation. Location: Room 2141, Rayburn.

Other: INDIAN HEALTH-BUDGET _ 8:30 a.m. News conference on President Bush's proposed FY08 budget for the Indian Health Service. Jacqueline Johnson, executive director, Natl. Congress of American Indians; Geoff Roth, executive director, Natl. Council of Urban Indian Affiars; Sally Smith, chairwoman, Natl. Indian Health Board; others. Location: 101 Constitution Ave., NW, 9th Floor.

CONTRACTING REFORM _ 12 p.m. Democratic Senators Dorgan, Leahy, Kerry and others announce the introduction of legislation to reform Federal contracting rules. Location: Senate Radio-TV Gallery.

TOBACCO LEGISLATION _ 1:30 p.m. News conference to introduce the Family Smoking Prevention and Tobacco Control Act. Rep. Davis, R-Va.; Rep. Waxman, D-Calif.; Sen. Kennedy, D-Mass.; Sen. Jon Cornyn, R-Texas; John Kirkwood, president, American Lung Association; Dan Smith, president, American Cancer Society Cancer Action Network; and Matt Myers, president, Campaign for Tobacco-Free Kids. Location: Room S-207, Capitol.

DRUG ABUSE PREVENTION _ Community Anti-Drug Coalitions of America (CADCA) hosts its National Leadership Forum XVII, focusing on prescription and over-the-counter medicine abuse among teens. Highlights: 9 a.m. - 10:30 a.m. Federal Partner Town Hall Session with Robert Flores, administrator, Office of Juvenile Justice and Delinquency Prevention, Office of Justice Programs; others. 10:30 a.m. News conference to unveil a new partnership by CADCA and the Consumer Healthcare Products Association to tackle OTC cough medicine among youth. 1:30 p.m. Former White House Office of National Drug Policy Director Barry McCaffrey gives the keynote address. Note: media availability follows. Location: Washington Convention Center.

AARP MEETING _ AARP's Board of Directors holds its annual public policy meeting. Highlights: 8:30 a.m. Sen. Ron Wyden. 9 a.m. Sen. Jeff Sessions. 10 a.m. Howard Frumkin, Director, National Center for Environmental Health of the CDC. 11 a.m. Sen. Joseph Biden. 11:30 a.m. Sen. Kent Conrad. 12:15 p.m. Rep. Jo Ann Emerson. Location: Polaris Room, Reagan Trade Building.

CLIMATE CHANGE _ The Global Legislators for a Balanced Environment group holds a two-day forum on climate change, as part of the G+5 Climate Change Dialogue. Highlights: 9 a.m. Session on technology transfer and international agreements, with Sen. Larry Craig, Undersecretary of State Paula Dobriansky, President Michael Morris of American Electric Power. 11:30 a.m. Session on the post 2012 framework, with Sen. Joseph Biden President Eileen Claussen of the Pew Center on Global Climate Change, others. 1:30 p.m. News conference. 2:15 p.m. Keynote address - World Bank Vice President Katherine Sierra discussing financing a low carbon economy. Location: Room 325, Russell.

BIOETHICS _ The President's Council on Bioethics holds a two-day meeting. Thursday's agenda deals with organ transplantion issues. A report on the issue will be published later this year. Friday will begin with a discussion on the ``Genomic Revolution and the Practice of Medicine" by Francis Collins and end with a discussion on the meaning of ``Human Dignity and Bioethics," with Council members responding to essays written by Gilbert Meilaender and Daniel Dennett. A volume, consisting of a selection of essays on the topic from a broad range of views, will be published later this year. Highlights: 9 a.m. Session 1: On the Body and Transplantation: Philosophical and Legal Context. Staff Discussion Paper - Setting the Stage for Council Consideration and Possible Action on Policy Options and Proposals. 10:30 a.m. Session 2: The Ethics of Organ Allocation: Policy Questions Concerning Geography, Age, and Net Benefit. Staff Discussion Paper - Policy Options for Council Consideration and Possible Action. 2 p.m. Session 3: Caring for Living Donors and Transplant Recipients: Five Policy Proposals. Staff Discussion Paper - Policy Proposals for Council Consideration and Possible Action. 3:30 p.m. Session 4: Increasing the Supply of Human Organs: Three Policy Proposals. Staff Discussion Paper - Policy Proposals for Council Consideration and Possible Action. Location: Hamilton Crowne Plaza Hotel, 1001 14th St. NW.

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STEM CELL RESEARCH _ 9 a.m. The Center for American Progress holds a panel discussion on the promise of stem cell research, with Reps. Diana DeGette and Mike Castle, Chad Cowan of Harvard Medical School, Jeanne Loring of NIH, others. Location: 10th floor, 1333 H St. NW.

CHILDREN-INTERNET _ 10 a.m. The National Center for Missing and Exploited Children and the Qwest Foundation announce a free, first-of-its-kind resource for parents and guardians to help keep Americas children safer on the Internet. Participants include Sens. Blanche Lincoln, Lisa Murkowski and Amy Klobuchar, and Reps. Bud Cramer and Nick Lampson. Location: Room S-207, Capitol.

ANTI-WAR PROTEST _ 10:30 a.m.Former Maryland Senate candidate Kevin Zeese participates in a civil disobedience on Sen. Barbara Mikulski's continued funding for the Iraq war. Location: Mikulski's office, Room 503, Hart.

HEALTH CARE-MILITARY _ 11 a.m. Sens. Frank Lautenberg and Chuck Hagel introduce a bill to place reasonable and affordable caps on health care costs for active military, National Guard, Reserves, retirees and their families. Location: Room SC-4, Capitol.

IRAQ STRATEGY-MURTHA _ 11 a.m. In a video-taped interview, Rep. Jack Murtha, D-Pa., will outline new details of a strategy to use the House Appropriations Subcommittee on Defense to oppose the war in Iraq. Location: Online at www.MoveCongress.org.

MIDDLE CLASS TAX CUTS _ 11:30 a.m. Sen. Charles Schumer and members of the freshman Democratic class announce plans for a middle class tax cut. Location: Senate Radio-TV Gallery.

TAX POLICY _ 12 p.m. Assistant Treasury Secretary Eric Solomon speaks on developments in tax policy at the winter meeting of the National Foreign Trade Council. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

WILLIAMS _ 12 p.m. The National Economists Club holds a luncheon with Roberton Williams of the Tax Policy Center discussing the administration's health insurance proposal. Location: Chinatown Garden Restaurant, 618 H St. NW.

GI BILL _ 12:15 p.m. A bipartisan group of lawmakers holds a press conference to unveil their plan to modernize the Montgomery G.I. Bill. Location: Room G-11, Dirksen.

BIDEN _ 1:30 p.m. Brookings Institution holds a conversation on Iraq with Sen. Joseph Biden. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

CUBA-TRADE _ 1:30 p.m. Reps. Jerry Moran, Jo Ann Emerson, Stephanie Herseth and Mike Ross hold an event with agricultural organizations to announce legislation to ease agricultural trade restrictions with Cuba. Location: Room 1302, Longworth.

IRAQ _ 1:30 p.m. Rep. Tom Lantos, House veterans, Vote Vets and Iraq war veterans hold a press conference in opposition to the President's escalation of the war in Iraq. Location: Room HC-7, Capitol.

US-LIBERIA _ 5 p.m. USTR Susan Schwab participates in the US-Liberia TIFA signing. Location: 1100 H St. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, FEBRUARY 15, 2007 7:45 AM EST

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TERRORISM NEWS:

US Offers $5 Million Reward For Hamadei, Shallah. On its Web site, US News & World Report (2/14, Kaplan) named Mohammed Ali Hamadei and Ramadan Abdullah Mohammad Shallah its "Bad Guys of the Week," noting, "Although both men have figured on U.S. wanted lists for years, they now join 32 other terrorist fugitives in the rewards program, which typically offers up to $5 million for tips leading to arrests. Hamadei has been on the FBI's wanted list since his 1985 indictment for the infamous hijacking of TWA Flight 847." Meanwhile, "Shallah is no street thug: He has a Ph.D. in banking and economics from a British university and has worked as a professor in several countries. He's wanted by the FBI for running Islamic Jihad 'through a pattern of racketeering activities such as bombings, murders, extortions, and money laundering.'"

EU Report Criticizes Member States For Helping CIA Flights. The Washington Post (2/15, A14, Moore, 690K) reports the European Parliament Wednesday approved a report "admonishing 15 European countries and Turkey for helping the CIA transport terrorism suspects held in secret or for failing to cooperate in the parliament's investigation of the practice." The report "said many member states have been 'turning a blind eye' to the CIA-operated flights carrying prisoners who were subjected to 'incommunicado detention and torture' during interrogations, violating EU human rights standards." The body "criticized" the CIA renditions "as an illegal instrument used by the USA in the fight against terrorism" and condemned the "acceptance and concealing of the practices by the secret services and governmental authorities of certain European countries."

Al-Arian Transferred To Virginia Prison Hospital During Hunger Strike. The AP (2/15, Barakat) reports, "A former university professor who pleaded guilty last year to supporting a Palestinian terror group was transferred to a medical prison (in McLean, VA) Wednesday as he entered the fourth week of a hunger strike." The AP continues, "Sami al-Arian, 49, began the hunger strike Jan. 22 to protest efforts to force him to testify in front of a grand jury investigating a group of Muslim charities in Virginia. He said a plea bargain with U.S. prosecutors last year frees him from any obligation to cooperate with the government. … Nikki Credic, a spokeswoman for the U.S. Marshals Service, said prison officials have been monitoring his health daily." The AP adds, "Prosecutors obtained a court order late last week approving the transfer, al-Arian's lawyer said, adding that the real motivation may have been to move al-Arian to a more isolated location. … Al-Arian's daughter Laila said her father fainted and hit his head Tuesday, and that he has lost 30 pounds since beginning the hunger strike, during which he is only drinking four glasses of water a day. … 'We're definitely worried about him, but we respect why he chose to go on a hunger strike,' she said. 'You understand it when you sort of feel like you're cornered and you feel like the legal system is failing you.' … Al-Arian was a prominent Palestinian activist who met with U.S. President George W. Bush and other political leaders in the years before he was charged. … Al-Arian has said he believes the effort to bring him in front of the grand jury is merely a trap by an overzealous U.S. prosecutor. … But two U.S. judges have sided with prosecutors and said al-Arian must testify."

WPost Urges Congress To Restore Habeas Corpus For Foreign Prisoners. The Washington Post (2/15, A26, 690K) editorializes that Democrats in Congress now have an opportunity to undo the "serious breach of liberty" that occurred when the Bush administration was granted "broad powers to detain, interrogate and try 'enemy combatants' in the war on terrorism." One option, "a bipartisan measure" backed by Sens. Patrick J. Leahy and Arlen Specter, "would simply and straightforwardly restore the habeas right…for all foreign prisoners in US jurisdiction." Though it "was narrowly defeated" in the Senate last year, "supporters believe a comfortable majority is within reach" with this year's numbers. Meanwhile, Sen. Christopher J. Dodd's "much broader" Restoring the Constitution Act "would correct many other problems with the military commissions law." The Post states that many of the "badly needed" reforms in Dodd's bill "could be addressed through the courts if the habeas right were restored." The Post continues that "Congress needs to put the federal court system back into the process," and "can do so by guaranteeing detainees the basic human right to appeal their imprisonment."

HOMELAND RESPONSE:

New Demands Complicate DP World Sale Of US Port Holdings. The Wall Street Journal (2/15, A2, King, Machalaba, 2.04M) reports that in the "11th-hour" of Dubai Ports World's effort "to sell off its extensive US port holdings," the Port Authority of New York and New Jersey "has thrown up a number of unexpected objections and conditions." DP World's proposed sale of its port-management contract to AIG Global Investment Group has been approved "at all of the other facilities it operates in the

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US, but the Port Authority is demanding that the company pay as much as $84 million in order to approve the lease transfer," according "people familiar with the deal." The Port Authority's "demands have cast the overall transaction into jeopardy by greatly increasing the transaction cost for DP World."

State Farm To Stop Offering New Home, Commercial Policies In Mississippi. USA Today (2/15, 1A, Chu, 2.27M) reports, "State Farm's decision Wednesday to stop writing new home and commercial policies throughout Mississippi could prompt other insurers to retreat further from the Katrina-battered region, industry groups and legal experts say." The "move underscores the precarious nature of the region's insurance," where "insurers have cut back on homeowner policies in affected coastal areas" since the 2005 hurricane season. "The decision Wednesday is one State Farm came to 'reluctantly,' says company spokesman Phil Supple, partly because of the torrent of lawsuits and rulings in Mississippi since Katrina and the uncertainty of pending legal battles."

WAR NEWS:

Bush Says Iran's Revolutionary Guards Have Helped To Arm Iraqi Insurgents. In what press accounts characterized as an effort to present a unified Administration front on Iran, ABC World News (2/14, story 5, 2:20, Gibson, 8.78M) reported, "President Bush held a news conference…and said over and over that he has no doubt an elite unit of Iran's Revolutionary Guards, the Quds Force, has given lethal roadside bombs to militants in Iraq. We've not heard much about the Quds Force, but US officials say it has a long record of backing terrorism." However, ABC (Ross) added, "But less clear, as President Bush conceded today, is who in the Iranian government may have sent them."

NBC Nightly News (2/14, story 3, Williams, Gregory, 9.87M) also said Bush "stepped up the charge" against Iran, but "stopped short of the conclusion reached by military officials over the weekend, who claimed Iran's leaders were indeed responsible for the attacks. Pressed about these competing claims, the President dismissed the idea that his Administration was trying to provoke Iran."

On its front page, the New York Times (2/15, A1, Stolberg, Santora, 1.16M) says Bush's remarks "amounted to his most specific accusation to date that Iran was undermining security in Iraq." They were also seen as "part of a concerted effort by the White House to present a clearer, more direct case that Iran was supplying the potent weapons -- and to push back against criticism that the intelligence used in reaching the conclusions was not credible." While American intelligence officials "have said they think that top leaders in Iran must have approved of the attacks on the American forces," Bush aides, "mindful of the criticism about its use of intelligence before the Iraq war, said the White House wanted to be careful not to make that kind of accusation without hard proof." Also Wednesday, in a Baghdad briefing US military spokesman Maj. Gen. William B. Caldwell "was also careful not to link the actions of the Quds Force directly to Iran's top leaders." The Times say the "coordinated messages" out of Baghdad and Washington were "an effort by the White House to tamp down reports of divisions" within the Administration.

The AP (2/15, Hunt) says Iran was "a dominant theme of reporters' questions because of conflicting statements about US intelligence in Iran and recurring speculation that Bush is looking for an excuse to attack." Noting comments made earlier this week by Gen. Peter Pace, chairman of the Joint Chiefs of Staff, the AP notes that "there have been mixed signals in the Administration about Iran's involvement" in Iraq. Similarly, under the headline "Bush Backs Off Key Charge Against Iran," AFP (2/15, Knox) reports Bush "said he was unsure whether top Iranian leaders" were involved, "undercutting a volatile US charge leveled just days ago."

The Washington Post (2/15, A1, Baker, 690K) says Bush "spent much of the hour-long televised session in the East Room addressing skepticism about his government's assertions regarding Iran and fears of a widening regional conflict." Bush "rejected suggestions that his administration has provided conflicting accounts" of the Iranian leadership's involvement in arming Iraqi extremists. The Financial Times (2/15, Luce) also says Bush "played down apparent contradictions between recent US military briefings."

USA Today (2/15, 8A, Jackson, 2.27M) says "Bush's uncertainty…contrasted with an assessment by the US military in Iraq," who said "Iran's government was involved in the shipments of powerful roadside bombs to radical Shiite militias."

The Washington Times/AP (2/15, A1, Dinan) says Bush "sought to split the difference," between statements made this week by US military officials in Baghdad and Gen. Peter Pace, "saying either way it is a dangerous situation."

The Los Angeles Times (2/15, A1, Daragahi, Gerstenzang, 850K), meanwhile, headlines its report "Tehran's Iraq Role Unclear, US Now Says," and says "US officials from…Bush to a top general in Iraq said Wednesday that there was no solid evidence that top officials in Iran" were involved, "backing away from claims made at a Baghdad presentation by military and intelligence officials earlier this week." However, Bush "continued to maintain an aggressive posture toward Tehran."

Skeptics Question Timing Of Charges Against Iran. The New York Times (2/15, A16, Gordon, 1.16M) notes that "one of the questions posed by skeptics about the Bush administration assertions about Iran's meddling in Iraq is why

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the charges are coming to light only now, when American officials say the shipment of lethal weapons from Iran to Shiite militias was first detected several years ago." Among possible explanations "is that the White House is making its assertions now in an effort to blame Iran for the deteriorating situation in Iraq, or that President Bush is trying to lay a legal and political groundwork for a military strike against the government in Tehran." However, "In recent interviews and in a military briefing on Wednesday in Baghdad, American officials have offered a more direct explanation for the timetable: attacks with the device have increased sharply in recent months, prompting the United States to react, and then to justify its actions."

Iraq Intelligence Blunders "Haunt" US Policy On Iran. On its front page, the Washington Post (2/15, A1, DeYoung, 690K) reports "skeptical members of Congress have questioned" the Administration's charges against Tehran and President Bush's "insistence that his plans for dealing with Iran remain purely diplomatic." The so-called "Iraq Syndrome has become an ever-present undercurrent in Washington," the Post writes, and at yesterday's news conference, "Bush grappled with the issue head-on."

Bush Said To Have Avoided Answering Questions. The Washington Post's (2/15, A2) Dana Milbank writes, "Bush has always supported a faith-based initiative, but his recitation of beliefs in the East Room yesterday -- he listed no fewer than 18 principles he holds to be true -- sounded less like a question-and-answer session than a reading of the Nicene Creed. The only thing the president did not believe in was answering the questions he was asked."

Bush's "Tough" Rhetoric Sparks Worries. The CBS Evening News (2/14, story 5, 2:00, Axelrod, 7.66M) said Bush "saved his toughest warning for Iran…stepping up his charge that Iran's government is behind attacks on American troops in Iraq." Although President Bush warned the US was "going to do something about it, pure and simple," CBS said, "But do what exactly? The President was quick to say he isn't talking about attacking or invading Iran," but his "tough talk may have the opposite effect," raising concerns "that Iranian pushback will come in the form of more resistance to dismantling its nuclear program."

The Washington Post (2/15, A1, Baker, 690K) says Bush "tried to quiet talk that he is heading down the same road with Iran that he did with its neighbor four years ago."

Under the headline "Bush Sends Ambiguous Signals About His Intentions On Iran," McClatchy (2/15, Hutcheson, Talev) says the President's "recent focus on Iranian involvement in Iraq has raised new concerns that the Iraq conflict could spread." While US officials "have been trying for days to tamp down fears of war with Iran even as they pressure Tehran to behave," Bush's comments "left some ambiguity about his intentions. Although he said he favors a peaceful resolution and isn't trying to provoke Iran, he didn't rule out military action."

House Speaker Nancy Pelosi said on PBS' NewsHour (2/14, Lehrer), "The President has told us over and over on the subject of Iran that he is committed to robust diplomacy there, and I take him at his word. We must prevent Iran from becoming a nuclear state, but we have to do it in an international, global way, with all nations weighing in. And so I believe him when he says he is not looking for a pretext to war."

Clinton Warns Bush About Action In Iran Without Approval. The AP (2/15, Barrett) reports presidential hopeful Hillary Rodham Clinton "warned President Bush on Wednesday not to take any military action against Iran without getting congressional approval first." In an address of the Senate floor, Clinton said, "If the administration believes that any, any use of force against Iran is necessary, the president must come to Congress to seek that authority."

The President's contention that Iran is supplying weapons to Iraqi insurgents was extensively covered by local TV, with most local newscasts highlighting Clinton's words. Some examples: WOI-TV Des Moines (2/14, 10:07 pm) reported Bush "says he's certain Iran is supplying new sophisticated weapons to insurgents in Iraq. He says they've killed dozens of US troops." Bush "reiterated that he will not engage in one-on-one talks" with Iran. That "is something Democratic Senator Hillary Clinton attacked. She's also warning that President Bush must get the okay from Congress before taking any military action against Iran." KJCT-TV Grand Junction, CO (2/14, 10:06 pm) said Clinton "attacked the President's unwillingness to hold direct talks" with Iran. Clinton's criticism of the President on the Iran issue was noted by many other stations in various parts of the country, including WGGB-TV Springfield, MA (2/14, 11:15 pm), KDKF-TV Medford, OR (2/14, 11:03 pm), WFLD-TV Chicago (2/14, 9:20 pm), and KMVT-TV Twin Falls, ID (2/14, 6:09 pm).

Sen. John Kerry echoed Clinton's remarks on MSNBC's Hardball (2/14, Matthews). Asked whether regarding Iraq and Iran we are "facing a wider war as we did with Vietnam and Cambodia back in your day," Kerry said, "I hope not, and the President should be served notice that he does not have the authority to move, except in an emergency or in direct response to an attack on our troops. I think that it would be very dangerous at this point in time, dangerous to our troops and to our interests in the region, to be provocative with respect to Iran. ... There are no doubts that Iran is making mischief for us, but most of the experts believe that Iran does not want complete chaos in Iraq. They are happy to see us bogged down. They are happy to sort of create a level of mischief, but they don't want complete chaos."

Iran Sees North Korean Accord As Model For Own Deal. The Los Angeles Times (2/15, Murphy, 850K) reports

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Iran is "quietly accelerating efforts to negotiate a deal on its nuclear program, using this week's agreement to freeze North Korea's program as a model." The Administration's "willingness to" provide provides "significant incentives to North Korea" seems "likely to harden Iran's demands that it, too, should receive tangible benefits as part of any agreement," analysts say. At the same time, "some hard-liners in Iran appear to want to use North Korea's example as an opportunity to toughen Iran's demands in the expectation that the US will eventually be obligated to meet them."

Car Bomb Kills Members Of Iran's Revolutionary Guards. The New York Times (2/15, A11, Fathi, 1.16M) reports that a car "loaded with explosives blew up on Wednesday in front of a bus carrying members of Iran's Revolutionary Guards in the southeastern city of Zahedan, killing at least 11 people and wounding 34 others," the state news media reported. The "semiofficial" Fars news agency reported that the opposition group, the Jondollah Organization of Iran, claimed responsibility for the attack.

Bush Warns Congress Not To Try To Cut Off Iraq Funding. The CBS Evening News (2/14, story 5, 2:00, Couric, 7.66M) reported that as the House debates a non-binding resolution against his Iraq strategy, the President "had some tough words for…Congress." CBS (Axelrod) added, "The President said House members could have all the non-binding resolutions they want, but when it comes to votes that might cut off funding for the war in Iraq, he was explicit: Don't even think about it."

NBC Nightly News (2/14, story 3, 3:05, Gregory, 9.87M) said the President "shrugged off the debate going on in Congress going on about the war, saying that what matters now is that even critics vote to provide the war funding he is requesting." Bush also uttered an "admonition to Congress" not to " prejudge the outcome of his plan before giving it a chance to work." The Chicago Tribune (2/15, Silva, Madhani, 617K) notes Bush said of the House debate, "People are prejudging the outcome of this. … My hope, however, is that this non-binding resolution doesn't try to turn into a binding policy that prevents our troops from doing that which I have asked them to do."

The New York Times (2/15, Zeleny, 1.16M) reports that during his remarks, Bush also "said that there would be more violence" in Iraq, but that "the plan would provide breathing space to the Iraqi government as it worked to stabilize the country." Another New York Times story (2/15, Oppel, Cave) notes Bush said "the new plan, fueled by the addition of more American troops, was 'beginning to take shape' and that the goal was 'relative peace,' though he did not refer to any specific operations. But he warned against high expectations. 'I say relative peace,' he said, 'because if it's, like, zero car bombings, it never will happen that way.'"

The Los Angeles Times (2/14, Spiegel, 850K) notes Bush also said that "he does not believe the morale of troops in Iraq has declined because of repeated deployments to the war zone, saying his commanders would have informed him if any problems existed." Asked "whether critics who opposed his buildup of troops were undermining morale, Bush said he did not believe so." Said the President, "I think you can be against my decision and support the troops, absolutely. … Somebody who doesn't agree with my policy is just as patriotic a person as I am."

Democrats Will Seek To Limit Bush's Ability To Use War Funds. The Washington Post (2/15, A4, Weisman, 690K) reports "Democratic leaders have rallied around a strategy that would fully fund the president's $100 billion request for the wars in Iraq and Afghanistan but would limit his ability to use the money." Rep. John P. Murtha, chairman of the House Appropriations subcommittee on defense, "will formally outline the Democrats' plan today to antiwar groups agitating for binding action against the war. Rep. James P. Moran Jr. (D-Va.), a subcommittee member who helped arrange the Internet event, said the plan is aimed at tamping down calls from the Democrats' liberal wing for Congress to simply end funding for the war." The Post adds, "The Murtha plan, based on existing military guidelines, includes a stipulation that Army troops who have already served in Iraq must be granted two years at home before an additional deployment, Marines must be given 14 months at home, and any troops sent to Iraq must be those deemed fully trained and equipped under existing military standards. The idea is to slowly choke off the war by stopping the deployment of troops from units that have been badly degraded by four years of combat." The Democrats also "intend to shut down the military prisons at Guantanamo Bay, Cuba, and at Abu Ghraib near Baghdad by denying them funds, and to bar funds that would be used to establish permanent military bases in Iraq." That "is a fight Republicans appear to relish."

The Los Angeles Times (2/15, Simon, Gerstenzang, 850K) says "Murtha's proposal is aimed at countering Bush's build-up plan without exposing Democrats to accusations of undercutting troops in the field."

Meanwhile, the Washington Times (2/15, Ward, 88K), meanwhile, says "Democratic leadership yesterday sought to quell voices within their own party who want to 'defund' the war in Iraq, while Republicans said that is exactly what the majority party intends to do. … 'Some assert that this resolution is a first step to defunding our troops in the field. This is categorically false,' said Majority Leader Steny H. Hoyer, Maryland Democrat. 'While the new majority will explore other opportunities to affect Iraq policy, our commitment to our men and women in harm's way is unwavering.'" Minority Leader John A. Boehner "sent reporters a video montage of nine Democrats who, in various forms on Tuesday, called for a cutoff of funds for the war in

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Iraq. 'Congress must deny any more funds for the war,' said Rep. Dennis J. Kucinich of Ohio. 'The real test for this Congress will be whether or not we continue to fund this war,' said Rep. Maxine Waters of California, the founder and chairman of the Out of Iraq Congressional Caucus." The "Republican-produced video, available publicly at YouTube.com, ended with a warning: 'Does anyone really believe Democrats don't plan to cut off funding for America's troops?'"

Woolsey, Lee, Waters Say Vote "Just The Beginning" If Bush Doesn't Alter Course. Reps. Lynn Woolsey and Barbara Lee, co-chairs the Congressional Progressive Caucus, and Rep. Maxine Waters, who chairs the Out of Iraq Caucus, write in Roll Call this morning (2/15), "Contrary to Republican claims that Democrats have no alternative plan for Iraq, there are in fact several on the table. Our own comprehensive bill, the Bring Our Troops Home and Sovereignty of Iraq Restoration Act, would complete a fully funded military withdrawal from Iraq within six months while ensuring that our troops and contractors leave safely and accelerate the training of Iraqi security forces." In addition, "our bill would remove the specter of an endless occupation by preventing the establishment of permanent military bases and reiterate our commitment, at the invitation of the Iraqi government, to working with the international community to assist Iraq in its reconstruction and reconciliation efforts." The lawmakers add, "If the president doesn't change course, if he persists in his contempt for the electoral verdict rendered in November, then this week's resolution will be just the beginning."

40 To 60 Republicans Expected To Come Out Against Surge Today. The AP (2/15, Espo) reports, "Breaking ranks, a small band of House Republicans declared their opposition to a troop buildup in Iraq on Wednesday." There appear to be "fewer than a dozen Republicans…behind the measure. … By early evening, only one Democrat, Rep. Jim Marshall of Georgia, had announced he would vote in opposition." While the degree of Democratic cohesion was expected, media reports earlier this week suggested the number of GOP defections would be far larger. The Washington Post (2/15, A4, Weisman, 690K) says the "11 Republicans who publicly broke with Bush were long-time opponents of the war…could be just the tip of the iceberg. One Republican lawmaker close to the leadership, who spoke on the condition of anonymity, said GOP leaders have 50 to 60 Republicans on their watch list, with between 40 and 60 expected to break with the White House tomorrow."

As USA Today (2/15, Kiely, 2.27M) reports, "the extent of the Republican opposition to Bush's plan is the only suspense left in the debate." USA Today also notes Rep. Wayne Gilchrest, "a Maryland Republican who spoke against Bush's policy Wednesday," predicted in an interview that "there will be between 20 and 40 Republican defectors when the roll is called. In 2002, six Republicans (along with 126 Democrats) voted against giving the president the power to go to war." Reporting on yesterday's debate, USA Today also says Democrats "now control the House, but for two hours Wednesday, they took a back seat as Republicans argued amongst themselves over President Bush's Iraq policy." Rep. Walter Jones, "a Republican whose North Carolina district includes the Marine Corps' Camp Lejeune, led a dozen GOP lawmakers who spoke against the president's plan to commit 21,500 more troops to Iraq. Several said they were doing so despite their personal affection and admiration for the president. 'I am personally very high on President Bush, but on the matter of the troop escalation, I am not in agreement,' said Rep. Howard Coble, R-N.C."

The Wall Street Journal (2/15, Rogers, 2.04M) reports "Republican divisions over the Iraq war broke into the open on the House floor Wednesday as Democrats stepped aside for two hours and let the minority air its differences." The "remarkable situation developed after…Jones was given an hour's debate time to control as the lead Republican cosponsor of a nonbinding resolution disapproving of the troop surge. … The result was a two-hour snapshot of a growing party split that poses the most serious threat to the White House as it tries to sustain long-term support for the war." The Los Angeles Times (2/15, Simon, Gerstenzang, 850K) runs a similar story under the headline "11 More Republicans Get Behind Iraq Rebuke,"

Local TV coverage of the House debate was widespread, with many newscasts pointing out that some Republicans are beginning to signal their intention to vote in favor of the resolution. Some examples: WBZ-TV Boston (2/14, 11:07 pm) said early on its 11 o'clock news program that "in Washington today, a growing number of Republicans are now breaking ranks. They're opposing the troop surge. A House vote on a non-binding resolution is set for Friday." KPLC-TV Lake Charles, LA (2/14, 10:10 pm) said "dozens of Republicans are expected to join Democrats and vote disapproval." The station showed Republican Rep. Howard Coble of North Carolina saying, "I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement.'" Many other stations also took note of the Republican dissent, including WGHP-TV Greensboro (2/14, 10:09 pm), WILX-TV Lansing (2/14, 6:07 pm), and WTVC-TV Chattanooga (2/14, 5:19 pm).

The New York Times (2/15, Zeleny, 1.16M) reports that "even though most Republicans oppose" the resolution, "the testimony from a handful of Republicans on Wednesday suggested that the deliberations were no longer unfolding along partisan lines." The Times also notes that "holding a sheet of paper, Mr. Jones quoted Karen Hughes, a chief adviser to Mr. Bush, who declared, 'If we're going to commit more troops, we want to be sure they have a clear exit

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strategy.' The message, Mr. Jones argued, could apply to the current Iraq debate."

Stuart Rothenberg, writing in Roll Call (2/15), addresses the fact that, so far, a significant number of Republicans continues to back the White House's strategy. Rothenberg writes, "For months now, President Bush's poll ratings have been in the toilet. His performance is the single most important reason why Republicans lost the House and Senate, and the president's standing shows no sign of turning around between now and Election Day 2008. So shouldn't Republican officeholders simply do whatever they have to in order to distance themselves from the president? And shouldn't they go even further in establishing their independence by piling on Bush to show how much they disagree with him, as much as Nebraska Sen. Chuck Hagel (R) has been doing for months on Iraq? Well, as the November elections demonstrated, it isn't that simple." Bush "defines what his party stands for as long as he is in office, and efforts by individual Republican Members of Congress to separate themselves from their party weren't very effective in 2006." However, adds Rothenberg, Bush "remains in office for another two years, and unfortunately for him and his party, the public appears to have permanently soured on him."

Pelosi "Proud" Of House Debate. House Speaker Nancy Pelosi said on PBS' NewsHour (2/14, Lehrer), "The President, on the one hand, says that this is just a resolution that doesn't really mean that much, and, on the other hand, the White House is working very hard to stop Republicans from voting for it. The fact is, is we've had four surges, four escalations, and none of them has worked. In fact, they have made matters worse. They've only escalated the violence in the region. So I'm very proud of the debate -- in a bipartisan way, Democrats and Republicans alike -- speaking out to support our troops and disapprove of the course of action that the President is putting forth."

More Commentary. The Wall Street Journal (2/15, 2.04M) editorializes, "Congress has rarely been distinguished by its moral courage. But even grading on a curve, we can only describe this week's House debate on a vote of no-confidence in the mission in Iraq as one of the most shameful moments in the institution's history. … The motion at issue is plainly dishonest, in that exquisitely Congressional way of trying to have it both ways. … The resolution purports to 'support' the troops even as it disapproves of their mission." The Journal adds, "History is likely to remember the roll as well. A newly confirmed commander is about to lead 20,000 American soldiers on a dangerous and difficult mission to secure Baghdad, risking their lives for their country. And the message their elected Representatives will send them off to battle with is a vote declaring their inevitable defeat."

The New York Times (2/15, 1.16M) writes in an editorial, "How do you explain to the thousands of American troops now being poured into Baghdad that they will have to wait until the summer for the protective armor that could easily mean the difference between life and death? It's bad enough that these soldiers are being asked to risk their lives without…Bush demanding that Iraq's leaders take any political risks that might give the military mission at least an outside chance of success. But according to an article in The Washington Post this week, at least some of the troops will be sent out in Humvees not yet equipped with FRAG Kit 5 armor. That's an advanced version designed to reduce deaths from roadside bombs, which now account for about 70 percent of United States casualties in Iraq. … That's a shame, if not an outright scandal, because up-to-date armor is essential for saving American lives."

In the Wall Street Journal (2/15, 2.04M), Daniel Henninger writes, "The most striking impression from the debate is the most obvious: The nation is polarized. Of what I saw, there was no common ground between the two parties, none. Mainly, it was Blue America (Massachusetts, New York, cities, blue California) versus Red America (Florida, Texas, suburbs, red California)." Henninger adds that "the conventional wisdom now is that the 'independent' vote is ascendant," but "if Iraq is hot next year, the presidential runners will have to turn the trick of surviving the cauldrons of their boiling blue and red primaries and then purporting in the general election that they've emerged from them a lovely, independent pink."

In an "Editorial Observer," Francis Clines writes in the New York Times (2/15, 1.16M), "What the House is calling a three-day 'debate' over the Iraq war is decisively settling at least two points. It's nowhere close to a real debate. And…Pelosi missed a good bet when she rejected cable television's plea to open the floor to roving cameras that could reach beyond wooden shots of stationary orators. A freer C-Span perspective could have helped the nation see what a nondebate is at the heart of this spectacle of serial talking heads, Ping-Ponged in partisan time calibrations and slotted in 12-hour slabs over three days."

New Iraq Security Plan Gets Underway. ABC World News (2/14, story 4, :25, Gibson, 8.78M) reported, "US and Iraqi forces swept into three Baghdad neighborhoods, launching first major operation of the long-promised offensive against militants. In central Baghdad, new checkpoints were put up, cars searched and weapons confiscated, creating large traffic jams. The US announced last week the clamp down had begun, but Iraqis had seen little evidence before today." The CBS Evening News (2/14, story 4, :15, Couric, 7.66M), meanwhile, noted "six more American deaths were reported" as "thousands of US troops fanned out across three Baghdad neighborhoods."

The New York Times (2/15, Oppel, Cave, 1.16M) reports the American troops "little resistance during what commanders described as the first major sweep of the new

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security plan for the capital." The push "into the neighborhoods of Shaab, Bayda and Ur, on the northern edge of Sadr City, came a day after the top Iraqi general claimed broad powers to search, detain and move residents from their homes. But even though an Iraqi announced the new phase of the security plan, it was clearly an American-led operation: only 200 Iraqi police officers and soldiers were involved, commanders said, working alongside about 2,500 Americans." Col. Steve Townsend, commander of the Third Stryker Brigade Combat Team, "said the operation in northeastern Baghdad had been pushed up a day because of a request from Iraq's Shiite-led government." Prime Minister Nuri Kamal al-Maliki "has received blistering criticism for what some Iraqis have described as dangerous delays in setting the plan in motion. On Wednesday, he seemed determined to show some sign of action, even if the relatively low number of Iraqi troops involved was likely to add to concerns about the government's ability to provide the troops it has promised."

The Washington Times/AP (2/15, Juhi) reports, "As the new checkpoints were set up in the city of 6 million people, huge traffic jams developed and cars were forced to zigzag through soldiers' positions and barricades. … Despite the stepped-up security, a parked car bomb exploded in a predominantly Shi'ite district elsewhere in central Baghdad, killing four civilians and wounding 10, police said." And "in the western city of Ramadi, a suicide car bomber struck a police station, killing at least eight policemen and wounding seven, police said. A suicide car bomber also targeted an Iraqi army patrol in the northern city of Mosul, killing one soldier and four civilians, police said."

The Washington Post (2/15, A22, Londoño, Partlow, 690K) reports "the security plan is nowhere near full throttle, officials said, and results should not be expected overnight. The 21,500 Americans that constitute the troop surge are not all expected until at least late May, a military spokesman said Wednesday. And the training and equipping of Iraq's security forces will be a long-term endeavor."

Sadr Supporters Deny Cleric Has Fled To Iran. USA Today (2/15, 2A, Dorell, 2.27M) reports, "Supporters of Muqtada al-Sadr insisted the Shiite militia leader was still in Iraq on Wednesday, denying US claims that he is in Iran. Al-Sadr 'would never leave his people in this difficult time, as the Americans want to make people think,' said Abdul Razaq al-Nidawi, a spokesman for al-Sadr. He said al-Sadr was in the city of Najaf, where he lives, but declined to provide further details."

But on CNN's The Situation Room (2/14, Blitzer), Maj. Gen. William Caldwell, chief spokesman for the Multi-National Forces in Iraq, said of Muqtada al-Sadr, "We know he is not in Iraq and all indications are he's in Iran right now. ... But the exact reasons why, we really haven't gone talking public yet about, because it's still supposition at this time."

Optimistic Assumptions In 2002 Franks Planning Section Made Public. The New York Times (2/15, Gordon, 1.16M) reports, "When Gen. Tommy R. Franks and his top officers gathered in August 2002 to review an invasion plan for Iraq, it reflected a decidedly upbeat vision of what the country would look like four years after Saddam Hussein was ousted from power. A broadly representative Iraqi government would be in place. The Iraqi Army would be working to keep the peace. And the United States would have as few as 5,000 troops in the country." The Times adds, "Military slides obtained by the National Security Archive under the Freedom of Information Act outline the command's PowerPoint projection of the stable, pro-American and democratic Iraq that was to be." The "general optimism and some details of General Franks's planning session have been disclosed in the copious postwar literature. But the slides from the once classified briefing provide a firsthand look at how far the violent reality of Iraq today has deviated from assumptions that once laid the basis for an exercise in pre-emptive war. The archive, an independent research institute at George Washington University, has posted the slides on its Web site, www.nsarchive.org."

Feith Taught At Defense Department Graduate School Briefly. The New York Times (2/15, Cloud, 1.16M) reports that "last June, Douglas J. Feith, a former top Pentagon official involved in planning the Iraq war, was hired by a Defense Department graduate school for military officers and diplomats, with a four-year contract that was to pay him half a million dollars, Pentagon records show." Given the title of "distinguished professor," Feith was responsible for "team-teaching a course and producing a report on ways to 'organize the United States better for the long war on terrorism.'" Although, Feith's teaching position at the National Defense University "did not last long; the contract was terminated about a month later" by "mutual decision" according to the university, and only "three days after a reporter for The New York Times contacted" a school official "with questions about the university's ties to Mr. Feith." "Some of Mr. Feith's former colleagues at the Pentagon said they were puzzled by the university's decision to consider hiring him to lecture military officers on strategy for the fight against terrorism" when according to one, "I find it bizarre that they would pick a guy whose performance has been generally maligned and ask him to teach the subject." Adding, that the university's decision to terminate his contract "shows somebody has some sense over there."

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Senate Democrats Question Recent Intelligence Estimate On Iraq. The Washington Post (2/15, A5, Pincus, 690K) reports that "Democrats on the Senate Select Committee on Intelligence have questioned whether the recent National Intelligence Estimate on Iraq gave political advantage to the Bush administration by making 'rapid withdrawal' of U.S. troops the only alternative military option the NIE explored." Democrats also questioned the report's definition of "rapid" in the estimate when it "judged that rapid withdrawal of coalition forces from Iraq would 'almost certainly' increase sectarian violence" and could potentially, according to President Bush's national security advisor, Stephen J. Hadley, give "al-Qaeda a safe haven in Iraq, result in risk and threats to the United States." Sen. Russell Feingold "put a hold on the Senate confirmation vote on Negroponte's appointment as deputy secretary of state" over the issue. Then "in a rapid reply to Feingold's concerns, Negroponte…explained that intelligence estimates do not 'evaluate policy options or alternative military strategies.' … Instead, he said, the goal 'is to identify the most likely course of events and variables that might change' them." Feingold stated that the estimate was still an "oversimplified assessment of one course of action without considering any elements of a redeployment strategy, including shifts in mission, stay-behind counterterrorism or training capabilities or regional diplomatic initiatives."

State Department Official Defends Diplomats' Role In Iraq. In a letter to the editor of the New York Times (2/15, 1.16M), George M. Staples, director general of the Foreign Service and director of human resources at the State Department, writes, "I take exception to your characterization of the attitude of State Department personnel toward our mission in Iraq and the experience level of the officers serving there." Staples notes that "as Secretary of State Condoleezza Rice testified to Congress, midlevel Foreign Service officers make up a substantial number of our personnel in Iraq." He goes on to notes that since 2003, "more than 11 percent of our Foreign Service personnel have served in Iraq, as well as more than 200 of our Civil Service employees. It is unfortunate that your article did not acknowledge the considerable experience of our brave volunteers serving in Iraq. They deserve better."

State Department Announces Plan To Take In More Iraqi Refugees. ABC World News (2/14, story 6, 3:00, Gibson, 8.78M) reported, "Today, the Bush administration said that 7,000 Iraqis will be allowed to settle in America over the next year. Not an earthshattering announcement on its face, but for many Iraqis helping US forces it could well save their lives."

The CBS Evening News (2/14, story 6, 3:05, Couric, 7.66M) said the number represents "just a tiny percentage of the two million who have fled their country," but "for some Iraqis, the chance to come to the United States is literally a matter of life and death." NBC Nightly News (2/14, story 4, 0:25, Williams, 9.87M) notes the move comes after the "has been criticized for only allowing 466 Iraqis into the US since the war started back in 2003."

The New York Times (2/15, A18, Swarns, 1.16M) says the legislation "would allow Iraqis who have been singled out as collaborators for working or associating with American officials to come to the United States on special immigrant visas or through other programs." State Department officials said at a news conference Wednesday that "they hoped to finalize work on the legislation soon." Assistant Secretary of State Ellen Sauerbrey "said that several thousand Iraqis had worked for the United States in Iraq, but added that it was unclear how many would be interested in resettling here." Also at the news conference, Under Secretary of State Paula J. Dobriansky "announced that the United States planned to resettle 7,000 Iraqi refugees," with half of them arriving by Sept. 30.

The Washington Post (2/15, A22, Boustany, Partlow, 690K) says the Department also announced it will contribute $18 million to the U.N. High Commissioner for Refugees' appeal for Iraq.

The Wall Street Journal (2/15, A4, McKinnon, 2.04M) says the move follows "bipartisan complaints in Congress that the Administration wasn't doing enough to help them." Initially, the Journal says the Bush administration "did little to welcome Iraqi refugees, in part to avoid acknowledging that instability in the country had become a long-term phenomenon."

The Washington Times/AP (2/15, Gearan) reports U.N. High Commissioner for Refugees Antonio Guterres called the US pledge "a relevant contribution," but when asked if the US contribution was, "in essence, too little too late," Guterres was "diplomatic" in his response, saying, "The problem is so huge that nothing is, any time, enough. But I think it's very good stuff -- a very good step in the right direction."

Meanwhile Bill Frelick, the refugee policy director for Human Rights Watch, writes in the Wall Street Journal (2/15, A19, 2.04M), "While Washington debates the surge of troops to Iraq, it has only recently begun to acknowledge the surge in refugees leaving Iraq. … While America has a special obligation to rescue Iraqis who have been specifically persecuted because they helped US troops or Americans working in Iraq, it is central to US interests to address the destabilizing effects and humanitarian needs in the region of a much larger group of refugees -- Sunnis and Shiites fleeing mixed areas, members of the professional classes, religious minorities, and people perceived as Western in orientation."

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Translator With False Identity Pleads Guilty To Downloading Classified Documents. The Washington Post (2/15, A3, White, 690K) reports that a man who authorities only know by an alias of "Abu Hakim" was "an Arabic translator who used an assumed identity to get work as a contractor for the US Army in Iraq pleaded guilty yesterday to federal charges of possessing classified national defense documents, including sensitive material about the insurgency that he took from an 82nd Airborne Division intelligence group in 2004." After obtaining a false identity, the translator secured a position "with Titan Corp., which supplied translators to the US military to aid in fighting the war in Iraq. The man then used his false identity to get secret and top-secret clearances -- access to extremely sensitive material that is supposed to be given only after thorough background checks -- Justice Department officials said."

British Military Drops Charges In Iraqi Abuse Court-Martial Trial. The New York Times (2/15, Cowell, 1.16M) reports that "a court-martial on Wednesday dropped charges against four of seven soldiers accused of mistreating Iraqi civilians, an unexpected twist in a politically charged trial that jeopardized the reputation of the British military. It also dropped the remaining charges against a fifth soldier who had already pleaded guilty." Although "the abuse charges against British troops have not been as graphic or as sweeping as those leveled…against American forces at the Abu Ghraib…they have nonetheless played into the deeply divisive debate here about whether Britain should have joined an unpopular war as the United States' main ally." In this court-martial, events occurred in Basra "when, prosecutors said, nine Iraqi detainees were hooded, handcuffed, deprived of sleep and beaten for a 36-hour period before interrogation." In England, "opposition politicians said the judge's action showed that the government had been overzealous in seeking to appease Iraqi public opinion by putting a high-ranking officer on trial."

Soldier Made Healing Iraqi Boy His Final Mission. The Washington Post (2/15, A1, Londano, 690K) reports that Capt. Brian S. Freeman, 31, had made getting a life-saving heart transplant for an 11-year-old Iraqi boy his mission in Iraq, with an effort lasting "nearly six months of overcoming financial and bureaucratic hurdles in a war zone." The boy's thankful father hugged and posed in joyful photographs with Freeman just hours before on "Jan. 20, armed men in GMC trucks stormed into the government building in Karbala" where "they killed an American soldier, handcuffed Freeman and three other U.S. soldiers, hauled them into the vehicles and drove off. Freeman and the other abducted soldiers were later slain by the attackers." According to his friends, "Freeman's time in Iraq made him reexamine what he wanted to do with his life" by pondering "going to graduate school after finishing his tour and talked of starting a nonprofit organization to get Iraqi children medical care abroad. … His eagerness to help Ali Abdulameer, a boy he never met, was an effort to make meaningful contributions in a devastated country."

Pentagon Finds Hope For Iraq In Progress Achieved In Philippines. The Christian Science Monitor (2/15, Montlake, 59K) reports that recent anti-terrorism "developments in the southern Philippines offer a degree of hope to Pentagon planners." In the Philippines, the "Muslim community is a 'center of gravity' that can be swayed with targeted projects…'It's not the amount of people that you affect. It's who you affect,'" says one civil-affairs officer. The Pentagon finds new hope for the war on terror in the Middle East by these positive developments in Muslim dominated areas in southern Philippines, which "also show the complexity of waging war in a contested, chaotic area, as well as the long slog needed to stand up a national army equal to sure-footed militants." Here US forces have helped Philippine forces root out radical terrorists and criminal gangs by assisting in a supportive role in an area that "was widely considered to be the global war on terror's 'second front' after Afghanistan." "After five years of substantial military aid" the effort is considered "'a Philippines success story. They're the one doing…the fighting and helping the people and we're providing support,' says Col. David Maxwell, commander of the joint taskforce, who led the 2002 Basilan operation." According to Scott Harrison, a security consultant and a former CIA officer, "You can wipe out the entire leadership…but unless you solve the underlying root problems like poverty and corruption, you've still got a witch's brew to create another generation of fanatics."

Experts Fear Afghanistan Could Become Next Iraq. McClatchy (2/15, Hutcheson) reports, "While President Bush and Congress argue over Iraq, experts warn that Afghanistan could slip back into chaos." In "a sign of the administration's concern," President Bush will deliver a speech Thursday to the American Enterprise Institute "highlighting plans for a dramatic increase in military and economic aid, but skeptics fear that the renewed focus on Afghanistan may be too little and too late." Rep. Joe Sestak (D-PA) said, "We have our finger in the dike because our resources and attention were turned toward Iraq." However, Assistant Secretary of State for the region, Richard Boucher, insists the US is "taking a comprehensive approach. It's a question of building the security, but also building the government and building the economy."

Afghan Officials Press Congress On Drug Policy, Ambassador's Nomination. The Hill (2/15, Tiron) reports

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Afghan officials in Washington are "redoubling their advocacy efforts to capitalize on Congress and the Bush administration's renewed focus on their country -- and to prevent their country from slipping back into Taliban hands." Embassy officials are calling the Bush administration's drug-eradication policy in Afghanistan "a flawed solution to the problem and are speculating on how a new US ambassador to their country will influence the struggle against the narcotics trade and how the US will change the management of foreign aid there." Embassy counselor, Masood Aziz, said, "It is a mistake to think that you will solve the drug issue through spraying" the poppy cultures, which he says "has devastating effects on the poor." The embassy is also "watching closely William Wood's nomination to become the new US ambassador to Afghanistan."

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Senators Mull Changes To Replacement Process For US Attorneys. The AP (2/15, Kellman) reports, "Congressional Democrats and some Republicans are trying to change part of the USA Patriot Act that allows the Bush administration to fire and replace federal prosecutors indefinitely without Senate confirmation." The AP continues, "Freshly briefed by the Justice Department on the forced resignations of some of the seven U.S. attorneys since the act took effect, Senate Democrats planned to bring a bill to the floor Thursday that would impose a 120-day deadline on the amount of time a replacement could serve without Senate confirmation. … After that, an interim replacement would be named by a U.S. District Court, a policy Attorney General Alberto Gonzales and some Republicans say could lead to the appointments of prosecutors for reasons other than their qualifications." The AP adds, "Democrats say that's just the problem with the policy under the terror-fighting law that went into effect in March. … Since then, seven U.S. attorneys have been fired, some without cause, Deputy Attorney General Paul J. McNulty told the Senate Judiciary Committee. Democrats contend that prosecutors were forced to resign to make way for Republican political allies, and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments. … Congress passed the reauthorization with overwhelming bipartisan support, but many lawmakers say they were unaware of the provision. The president appoints federal prosecutors, who are subject to Senate confirmation." The AP notes, "Gonzales has said he intends to submit every newly appointed interim prosecutor to the Senate confirmation process and denied that his choices were politically motivated. He also has pointed out that U.S. attorneys serve at the president's pleasure and can be fired for any reason or no reason at all. … Nonetheless, Senate Majority Leader Harry Reid of Nevada is expected to try to bring the bill up for a vote Thursday, which also is the last day on the job of one of the fired prosecutors, Carol Lam of San Diego. … McNulty briefed senators behind closed doors Wednesday night on the cases of the seven fired prosecutors. Attending the meeting were Republicans Kyl and Arlen Specter of Pennsylvania and Democrats Chuck Schumer of New York, Dianne Feinstein of California and Patty Murray of Washington."

DOJ Answers About US Attorney Dismissals Leave Sen. Murray Unsatisfied. The AP (2/15, Johnson) reports from Seattle, "Sen. Patty Murray said after sitting in on a closed-door Senate Judiciary Committee hearing Wednesday she heard nothing to suggest that John McKay deserved to be fired as U.S. attorney. … 'I heard nothing from Department of Justice officials that changed my mind about John McKay's performance,' Murray, D-Wash., said in a telephone interview from Washington, D.C. … She said she was not at liberty to comment further." The AP continues, "McKay, a Republican appointed by President Bush in 2001, was forced to resign as Western Washington's top federal prosecutor last month. He was one of seven U.S. attorneys fired around the country. … Earlier this month, Deputy Attorney General Paul McNulty told the committee that most of the seven had been fired for 'performance-related' reasons, and that one in Arkansas had been cleared out to make way for a former aide to White House adviser Karl Rove. … But McKay and others had received glowing performance reviews and were not told of performance issues before they were fired, prompting further investigation by the committee. … McNulty briefed the committee privately Wednesday." The AP notes, "Lawyers, judges and public officials - Republican and Democratic - have objected to McKay's firing, speculating that it was done because he was not conservative enough for the Bush administration. … U.S. District Judge Robert Lasnik in Seattle said McKay was a 'superb U.S. attorney. For the Justice Department to suggest otherwise is just not fair.'"

Former DC Federal Prosecutor Charged With Misconduct In Gang Cases. The Legal Times (2/15, Smith) reports, "Before last week, former federal prosecutor G. Paul Howes had only suffered blows to his reputation for his misconduct in a witness-payment scandal. … But now, Howes, a former Assistant U.S. Attorney in the District, faces serious ethics charges from the D.C. Bar Counsel that could trigger sanctions -- including disbarment." The Times continues, "The charges stem from Howes' improper disbursement of more than $140,000 in federal witness vouchers to 132 people during several high-profile drug trials while he was a prosecutor at the U.S. Attorney's Office in the District in the 1990s. The misconduct, which wasn't noticed

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until a tip came from one of Howes' informants, resulted in dramatically reduced prison sentences for nine defendants convicted in those trials." The Times adds, "On Feb. 1, the D.C. Bar Counsel filed eight charges against Howes after a four-year investigation, accusing him of violating bar ethics rules by committing criminal acts, making false statements in court, offering prohibited payments to witnesses, and interfering with the administration of justice. … 'Prosecuting a [former] U.S. Attorney is not something we do very often. It is pretty, pretty rare,' D.C. Bar Counsel Wallace 'Gene' Shipp Jr. says. 'Charges that include dishonesty are always serious. They are very serious allegations.'" The Times notes, "Howes, now a partner in the San Diego office of Lerach Coughlin Stoia Geller Rudman & Robbins, didn't return telephone calls seeking comment. His attorney, D.C. defense lawyer Plato Cacheris, also did not return calls. … The Bar Counsel investigation mirrors many of the findings of an internal Justice Department probe completed in 1998, but the Bar Counsel goes beyond that investigation's report in its charge of criminal acts by Howes, including false statements and false certifications. … The Justice Department began a two-year investigation of Howes in 1996, a year after he resigned from the U.S. Attorney's Office, where he spent 11 years as a prosecutor. The report found that Howes used witness vouchers as a personal slush fund that 'went so far beyond the limits of appropriate conduct as to constitute flagrant abuse of the system.'"

CORPORATE SCANDALS:

Former Monster.com Counsel To Plead Guilty In Options Probe. ABC News (2/14, Ross, Esposito) reports, "The former top lawyer for the Internet job search site Monster.com is expected to enter a guilty plea tomorrow growing out of his role in backdating stock options at the company, federal officials involved in the case tell ABC News." ABC continues, "Officials say Myron Olesnyckyj, the former general counsel of Monster, has agreed to plead guilty to charges of securities fraud in federal court in New York city, as part of a deal to cooperate with prosecutors. … Olesnyckyj is expected to provide testimony about his former boss, Andrew McKelvey, the founder and former CEO of Monster.com, the officials say." ABC adds, "The plea deal comes as dozens of former CEOs and other corporate officials face possible indictment as the Department of Justice presses its investigation of the backdating of billions of dollars of stock options. … The FBI, IRS and U.S. Postal Inspectors are working on at least 60 active criminal investigations, and federal officials tell ABC News at least a half dozen are now in the final phases of investigation. … 'This is a major initiative of the President's Corporate Fraud Task Force,' said Justice Department spokesman Brian Sierra." ABC notes, "Dozens of CEOs and other top officials have already resigned over the practice of 'stealth compensation,' in which executive pay packages have been enhanced by granting executives the right to buy stock at favorably low 'strike prices' set by acting as if the options were granted earlier than they were, resulting in a larger potential profit."

The Wall Street Journal (2/15, A4, Forelle, Bandler, Scannell) reports, "Prosecutors are moving forward with more criminal charges over stock-option manipulation." The Journal continues, "Yesterday, the founder of video-game maker Take-Two Interactive Software Inc. pleaded guilty to a state felony charge in connection with an options-backdating scheme. Today, federal prosecutors in New York are expected to announce a plea deal with a former executive of Monster Worldwide Inc. in another options case, according to people familiar with the matter." The Journal adds, "Ryan A. Brant, founder and former chief executive officer of Take-Two, entered a guilty plea in state court in New York City, striking a deal that requires millions in payments but will likely spare him prison time. It was the first criminal case brought over backdating since last August, when federal prosecutors charged executives of another New York company, Comverse Technology Inc. … In the Monster case, the company's former general counsel, Myron Olesnyckyj, has agreed to cooperate with federal prosecutors in Manhattan and is expected to describe the role of founder Andrew McKelvey and others in stock-options practices at Monster." The Journal notes, "Mr. Olesnyckyj was fired by the company last year. Mr. McKelvey quit rather than be interviewed by company lawyers examining Monster's options problems. … According to people familiar with Monster's email traffic, Mr. Olesnyckyj was the author of several damaging messages, including one in which he advised an executive not to discuss the company's practice of backdating grants to new employees in writing because it might be seen by auditors. The Securities and Exchange Commission is expected to file civil charges against Mr. Olesnyckyj as soon as today, people familiar with the matter say. A separate agreement between Mr. Olesnyckyj and the SEC could come later."

UnitedHealth's Legal Problems Expected To Last Through The Year. The Minneapolis Star Tribune (2/15, Phelps) reports, "It became clear Wednesday that the legal woes of UnitedHealth Group will not be resolved anytime soon. … Lawyers for the Minnetonka company said in federal court it will take up to five months to determine whether shareholder lawsuits against it are valid. The suits are over the purported backdating of stock options for senior executives, which led to the ouster last year of longtime Chief Executive William McGuire. … Also unknown is when federal regulators will complete their investigation into the issue, a pace referred to by U.S. District Judge James Rosenbaum as

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'glacial.'" The Tribune continues, "Rosenbaum said he has no intention to dismiss the shareholder lawsuits, as sought by UnitedHealth, 'at least not yet.' … And should the shareholder lawsuits eventually go to trial, Rosenbaum said he can't fit them in his calendar until late autumn or after the first of the year. … 'There's a lot of brush to be hacked through here,' Rosenbaum told lawyers for the company and the shareholders during a hearing Wednesday." The Tribune adds, "Rosenbaum said he would rule later on the company's motion to dismiss the lawsuits on the basis that the board of directors formed a 'Special Litigation Committee' to review lawsuits against the company or to stay the proceedings in the case until the committee completes its work."

SEC Will Not Charge Gradient Analytics. The Wall Street Journal (2/15, A11, Burns) reports, "The Securities and Exchange Commission has ended an investigation into Gradient Analytics Inc. without bringing any charges against the stock-research firm." The Journal continues, "Regulators were investigating charges of market manipulation and collusion between the Scottsdale, Ariz., independent research firm and its hedge-fund clients. Marc Fagel, associate district administrator in the SEC's San Francisco office, said no charges were recommended and that the case is now closed." The Journal adds, "Gradient Analytics President and Chief Executive Brad Forst said the company cooperated fully with the SEC and wasn't surprised by its decision. "We believe our business conduct has always been conducted with integrity,' he said." The Journal notes, "Canadian pharmaceutical company Biovail Corp. last year brought a $4.6 billion lawsuit alleging that Gradient and others, including hedge fund SAC Capital Management, schemed to manipulate Biovail's stock. Gradient and SAC denied the allegations. … Overstock.com Inc., a Salt Lake City online discount retailer, also is suing Gradient and other defendants in California for alleged stock manipulation. Overstock's charges were aired at a Senate Judiciary Committee hearing last summer when a former Gradient employee, Demetrios Anifantis, testified that he was fired for questioning company practices and management's ties to hedge funds."

SEC's Pursuit Of Civil Case Against Ex-McAfee GC Delaying Criminal Charges. The California Recorder (2/15, Scheck) reports, "Thanks to cross-country coordination efforts between two federal agencies, the first Silicon Valley lawyer to come under government scrutiny for stock options problems is getting one more reprieve before being indicted." The Recorder continues, "While it has been clear for nine months that Kent Roberts, the former general counsel of McAfee Inc., is in trouble, there's been a string of delays in his case. The latest, said people with knowledge of the case, is because the Washington, D.C.-based SEC lawyers want to file civil charges at the same time -- and they're not ready yet." The Recorder adds, "Roberts was fired by the company in May after its own investigation found options improprieties. Since then, he has become the focus of a federal criminal inquiry, and press reports over the past two months -- including several this week -- have said an indictment is imminent for actions relating to a stock options grant he received in 2000. … Stephen Neal, the Cooley Godward Kronish partner representing Roberts, wouldn't say whether he expects his client to be charged." The Recorder notes, "The SEC typically seeks to coordinate its charges with those filed by criminal prosecutors, said attorneys working on options investigations. … Speaking generally about options cases -- but not about McAfee specifically -- ex-federal prosecutor Jeffrey Bornstein said the government 'is in part motivated by how things are perceived publicly. So there is this motivation to have a joint press conference.' … Bornstein, who left the San Francisco U.S. attorney's office in 2005 to join Kirkpatrick & Lockhart Preston Gates Ellis, said there's often concern within the SEC that, if its civil charges follow on the tail of the indictment, they'll be ignored by the public. … 'From the defense perspective, it's so they get the maximum prejudicial publicity that they can,' he said."

Aflac To Allow Advisory Shareholder Votes On Executive Pay. The Washington Post (2/15, D1, Tse) reports, "Aflac said yesterday that it would become the first major U.S. company to give shareholders an advisory vote on executive compensation packages, bolstering investor groups that have vowed to push companies to change their governance practices at annual shareholder meetings this spring." The Post continues, "Aflac, the world's largest seller of supplemental health insurance, said it would allow shareholders a nonbinding vote on its corporate pay practices beginning in 2009 -- the first year that the company's proxy statement will contain the three years of compensation data required by the Securities and Exchange Commission's new disclosure rules. Aflac made its announcement after a proposal last year by one shareholder, Boston Common Asset Management. … 'They're an early adopter,' said Richard Ferlauto, director of investment policy at the American Federation of State, County and Municipal Employees, which supports the so-called say-on-pay resolutions. 'We expect others will follow.'" The Post adds, "Such proposals are among the most controversial of the hundreds this year by major shareholders, who are emboldened by public furor over outsized executive compensation. Proponents say that even though the votes would be nonbinding, they would pressure companies to change compensation policy. … At least 50 companies will have votes on say-on-pay at shareholder meetings, up from seven last year, according to Institutional Shareholder

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Services, a proxy advisory firm in Rockville. … Other closely watched resolutions include a proposal to allow shareholders to run opposing board candidates and another to tie executive pay more directly to corporate performance. Many of the companies targeted are in the hot seat over executives' salaries or the practice of back-dating options."

Germany Struggling With Increasing Corporate Corruption. The New York Times (2/15, Dougherty) reports, "Wolfgang Schaupensteiner has never been so busy. … From an office in downtown Frankfurt that is decorated with cartoons about corruption, Mr. Schaupensteiner has headed the tiny financial crime unit for this city, Germany's financial capital, since 1993. These days, his backlog of bribery, fraud and other white-collar crime cases runs into the hundreds, and he says he has a simple explanation as to why." The Times continues, "Corporate profits have surged across sectors ranging from finance to autos to energy, as German executives have turned the country into one of the world's largest exporters over the last five years. Illicit dealings helped create their success, he asserts, and that in turn has encouraged many executives to believe that crime does pay." The Times adds, "On Wednesday, prosecutors in the southern city of Nuremburg raided multiple locations of the offices of Siemens, one of the country's most prominent companies, on suspicion that certain bribes may have been concealed as payments for services that were never provided. … In recent months, DaimlerChrysler, BMW and Volkswagen have also been raided, put under investigation or even had employees taken into custody." The Times notes, "Mr. Schaupensteiner and anticorruption activists argue that as profits earned abroad have increased, employees of German companies may have become more tempted to accept bribes and also to give bribes to win business. Europe only recently banned such practices. … This is in contrast to the foreign bribery laws in the United States, which, for 30 years, have restricted all American employees, regardless of where they conduct business. … At the very least, there has been a marked rise in the number of high-profile cases being prosecuted recently, and some of those have reached into the executive offices at the most prominent German companies."

CRIMINAL LAW:

Libby Defense Rests Without Calling Additional Witnesses. The AP (2/15, Sniffen) reports, "Once expected to rival the courtroom dramas of Watergate and Iran-Contra, the trial of former White House aide I. Lewis 'Scooter' Libby neared a quick, unsensational close Wednesday. Libby's attorneys rested a truncated defense after the judge barred much of their classified evidence because Libby decided not to testify in his perjury trial. Special Prosecutor Patrick Fitzgerald wrapped up the government's rebuttal in minutes. On Tuesday, the jury will return to hear closing arguments." The AP notes, "Defense attorneys decided not to call the two biggest witnesses they had dangled in pretrial proceedings: Libby and his former boss Cheney. … Nevertheless, testimony showed that Cheney was intimately involved on a daily basis in July 2003 in rebutting Wilson's allegations that President Bush had lied about intelligence to push the nation into war with Iraq."

The Los Angeles Times (2/15, Schmitt, 850K) adds that Libby's "so-called busy-man defense suffered a blow Wednesday when Walton rejected a defense bid to have admitted into evidence summaries of classified materials by CIA employees who had regularly briefed Libby on intelligence matters." US District Judge Reggie B. Walton "said it would be unfair to the government to now allow the jury to hear the evidence without giving prosecutors the opportunity to cross-examine the former White House aide about it." The New York Times (2/15, Lewis, 1.16M) notes that before the ruling on the summaries, "Judge Walton said he 'believed all along in the process that Mr. Libby was going to testify' and that his lawyers were now 'playing games with the process.'" Libby lawyer Theodore Wells "will be permitted to tell the jury that Mr. Libby had 'a lot on his plate,' Judge Walton said. But…Wells cannot argue that those issues were of greater importance in Mr. Libby's mind 'as compared to the issue of Valerie Plame and Ambassador Wilson.'"

The Washington Post (2/15, A3, Goldstein, Leonnig, 690K) reports that before resting their case, "defense attorney John Cline read jurors a lengthy list, approved by both sides, of the issues that CIA briefer Craig Schmall shared with Libby on the morning of June 14, 2003. Schmall testified earlier in the trial that his notes indicate that was the day Libby mentioned Wilson to him. … Another defense attorney read jurors portions of a Wall Street Journal editorial and two National Review articles that were in Libby's files. All three reinforced the defense's contention that Libby did not regard Plame's identity as secret. A third defense attorney read parts of a report on an interview with Tim Russert…conducted by the FBI agent who once headed the leak investigation. The report contained nuances that differed from the testimony last week of Russert, the prosecution's most pivotal witness."

Trial Provided Inside Look At Symbiotic Relationship Between Media, Officials. The Los Angeles Times (2/15, Miller, 850K) reports that the "Libby trial has provided an unprecedented look into the transactions between reporters and government officials. … The testimony is supposed to help jurors reach a verdict on whether Libby lied to investigators about his role in leaking the name of a clandestine CIA officer to the media. But in many ways, the trial has shed more light on the ways of

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Washington, exposing the often messy means by which reporters gather information, and the sometimes ignoble motives of those who provide it."

Liberal Bloggers Flocked To Libby Trial. The New York Times (2/15, Shane, 1.16M) reports that during the trial, no media group "has fielded a bigger team — or was more openly crushed by the defense decision this week not to put Mr. Cheney and Mr. Libby on the stand — than Firedoglake.com. … A collective of liberal bloggers, fueled by online donations and a fanatical devotion to the intricacies of the Libby case, Firedoglake has offered intensive trial coverage, using some six contributors in rotation." The Times adds, "For blogs, the Libby trial marks a courthouse coming of age," and they "are a throwback to a journalistic style of decades ago, when many reporters made no pretense of political neutrality. Compared with the sober, neutral drudges of the establishment press, the bloggers are class clowns and crusaders, satirists and scolds."

US Attorney Spars With New Jersey Legislature Over Budget Records. The New York Times (2/15, Smothers) reports, "For almost a half-dozen years, Christopher J. Christie, the United States attorney for New Jersey, has scoured the state, taking on one elected official after another. Now he is wrangling with an arm of the State Legislature, but what he wants and whether he will get it are being argued behind locked doors and cloaked in grand jury secrecy." The Times continues, "On Wednesday, the latest skirmish between Mr. Christie and the Office of Legislative Services, which serves as the Legislature's counsel and administrative arm, over a federal subpoena for records related to budget items was played out in a closed hearing in Federal District Court here. … Lawyers for both sides emerged poker-faced and tight-lipped from the 75-minute session before Judge Mary L. Cooper, saying that they could not comment on the hearing because it involved grand jury secrecy." The Times adds, "What is generally known about the federal investigation is that it revolves around the dealings of State Senator Wayne R. Bryant, a Democrat from Camden who was chairman of the Budget and Appropriations Committee until he stepped down last year under pressure from fellow Democrats. … The investigation, according to lawyers familiar with the case, may involve Mr. Bryant's legislative role as well as a $38,000-a-year job he held with the University of Medicine and Dentistry of New Jersey. … It is believed that investigators are trying to determine whether Mr. Bryant improperly steered millions of dollars in state grants to the university in exchange for what a federal monitor says was virtually a nonexistent job. … But the Office of Legislative Services is challenging the subpoena, contending that it violates the attorney-client privilege that it says exists between the office and the lawmakers it serves. The office is run by a bipartisan panel of 16 members, 8 each from the Senate and Assembly, and its professional staff is banned from political activity."

The AP (2/15, Delli Santi) reports New Jersey GOP "lawmakers ramped up pressure on the Legislature to hand over documents subpoenaed in a federal corruption investigation on Wednesday, as the U.S. Attorney's Office went to court to force the material to be released. During a 75-minute hearing in Federal District Court, Judge Mary L. Cooper heard arguments on whether the Legislature's legal and research arm should be forced to turn over memos, e-mails and other documents that the U.S. Attorney's Office has subpoenaed and the Office of Legislative Services has refused to release. … It was not immediately clear what, if any, ruling the judge had made." In a Wednesday letter to US Attorney Christopher Christie, "Assembly Republican leader Alex DeCroce said all 31 Assembly Republicans oppose the decision to refuse to comply with the federal subpoena."

The Newark Star-Ledger (2/15, Margolin, Schwaneberg) reports New Jersey Republicans also "were continuing to push for a special meeting today of the Legislative Services Commission to look into the growing controversy over the subpoena. The hearing before…Cooper came after the nonpartisan Office of Legislative Services rebuffed a subpoena for information in an investigation…that began with a probe into the activities of state Sen. Wayne Bryant (D-Camden). A federal monitor found that Bryant had a $35,000-a-year 'no- work job' created for him at the University of Medicine and Dentistry of New Jersey." The Star-Ledger notes, "Several legislative officials and budget officers, meanwhile, have been interviewed by the FBI in re cent weeks." Gannett (2/15, Volpe) also reports briefly on yesterday's court hearing.

Former CIA Official, Contractor Plead Not Guilty To Bribery Charges. In a widely-distributed story, the AP (2/15, Hoffman) reports, "As the CIA's executive director, Kyle 'Dusty' Foggo had access to the spy agency's most sensitive secrets. On Wednesday, Foggo…pleaded not guilty to federal charges that he used that information to direct classified supply deals to his best friend, San Diego defense contractor Brent Wilkes." The AP notes, "Both men surrendered Wednesday at FBI offices in San Diego after a 20-month investigation that has already sent former U.S. Rep. Randy 'Duke' Cunningham to prison. … Foggo, who wore an American flag pin on his lapel, was released on $200,000 bail; Wilkes was released on $2 million bail."

The Washington Post (2/15, A25, Smith, 690K) reports that Tuesday's indictments "contain fresh details" about Wilkes' alleged bribery of Foggo, and "include a long list of gifts and other illegal benefits that were allegedly exchanged."

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The Post notes, "Wilkes's office walls still bear photos showing him shaking hands with Vice President Cheney, presidential adviser Karl Rove, California Gov. Arnold Schwarzenegger and former House majority leader Tom DeLay. But all his employees are gone, his wife is seeking a divorce, and his tax arrears and other debts -- according to a tally by the San Diego Union-Tribune -- total nearly $1.7 million." The Post goes on to list the many "expensive favors" Wilkes allegedly provided to Foggo and Cunningham.

The San Diego Union-Tribune (2/15, Soto, Kucher) reports, "U.S. Attorney Carol Lam, who leaves office Thursday, called the charges against the two men 'breathtaking in scope.' … The indictment details the lavish gifts Wilkes bestowed on Cunningham so he would steer federal government contracts toward his flagship company, ADCS Inc. The gifts included cash, vacations, computers, meals, tickets to a Super Bowl game and prostitutes. In all, Wilkes gave Cunningham more than $700,000 in gifts." The Union-Tribune adds, "During Wednesday's hearing, prosecutor Phil Halpern told U.S. District Judge Larry Burns that the case against Foggo was a little complicated because it involves some classified information. … Halpern also said the witnesses and evidence in the two cases largely overlaps that used in the prosecution of Cunningham. … Another defendant, John T. Michael, a 35-year-old New York mortgage banker, also entered his not guilty plea Wednesday. He's accused of obstructing justice by providing false testimony to the grand jury about Wilkes' role in paying off the $500,000 second mortgage on Cunningham's Rancho Santa Fe home."

FBI Probing Nevada Governor Over Military Contracts. The Wall Street Journal (2/15, A1, Wilke) reports, "Federal prosecutors are investigating whether Nevada Gov. Jim Gibbons accepted unreported gifts or payments from a company that was awarded secret military contracts when Mr. Gibbons served in Congress." The Journal continues, "The Federal Bureau of Investigation is examining whether any gifts or payments violated federal contracting rules or were offered in exchange for official acts by Mr. Gibbons, people briefed on the investigation said. Mr. Gibbons, a Republican, represented Nevada for five terms in Congress, where he served on the House Intelligence and Armed Services committees. He was sworn in last month as governor of the nation's fastest-growing state." The Journal adds, "The close ties between the congressman and the contractor, Warren Trepp, were disclosed in a Nov. 1 Wall Street Journal article, which revealed that Mr. Gibbons accepted private jet flights and a Caribbean cruise from the software-company owner. Mr. Gibbons says accepting the cruise and flight didn't violate House ethics rules. … New evidence has emerged that includes emails to Mr. Trepp -- the majority owner of eTreppid Technologies LLC and the former chief trader for convicted junk-bond dealer Michael Milken -- discussing a payment or gift to then-Rep. Gibbons. They also show Mr. Gibbons repeatedly using his congressional office to help the firm seek classified military and civilian contracts." The Journal notes, "The emails show that since at least 2003, Mr. Trepp maintained close ties to Mr. Gibbons, who helped eTreppid get no-bid software contracts from the Air Force, U.S. Special Operations Command and Central Intelligence Agency. The software was used in video tracking of military targets and other, classified applications. … Messrs. Trepp and Gibbons have denied any wrongdoing, and no charges have been filed; indeed, such investigations sometimes end without official action. … The FBI declined to comment on the investigation, which appears to be in a preliminary stage. The bureau has stepped up its pursuit of public-corruption cases, and says it now has about 620 agents working on federal, state and local cases, compared with 260 in 2002."

North Carolina Lawmaker Resigns, Will Plead Guilty To Federal Corruption Charge. The Raleigh (NC) News & Observer (2/15, Kane, Curliss, Bonner) reports, "Former House Speaker Jim Black, once one of the state's most powerful officials, quit the legislature Wednesday as he prepared to plead guilty today to a felony public corruption charge in federal court. … 'With both sadness and anticipation, I hereby resign from the House of Representatives on February 14, 2007,' Black said in a short letter read to House members as they began their floor session. Black was not there to read it in person." The N&O continues, "Black's letter did not mention the reason for his resignation. At 1 p.m. today, Black is expected to plead guilty to a federal crime of accepting illegal gratuities. The felony, which carries a 10-year maximum prison sentence, would bar him from continuing to serve in the House. … House Speaker Joe Hackney, an Orange County Democrat, said he spoke with Black midday Tuesday and learned that Black would resign and plead guilty to the crime." The N&O adds, "Black, 71, a Mecklenburg County Democrat, could not be reached for comment. His attorney, Kenneth Bell, has not returned phone calls to The News & Observer for weeks, but confirmed the guilty plea to The Charlotte Observer on Tuesday. … Republicans and Democrats said the resignation and expected guilty plea mark a dark period for the legislature and one of the biggest falls from grace in recent state history. As speaker, Black was one of the most powerful elected officials in North Carolina, and he held the position for a record-tying four terms." The N&O notes, "Legislators differed as to the seriousness of Black's criminal behavior, and as to whether anything would be learned from the various scandals that erupted around him over the past two years. … Former

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Rep. Sam Ellis, a Raleigh Republican who lost his seat in 2004 after Black added more Democrats to his district, said the plea deal only scratches the surface. The deal would have been reached with federal prosecutors who work for U.S. Attorney George Holding, a Republican appointed to the position last year by President Bush. … The scandals involving Black included behind-the-scenes deals to help a major lottery company win the right to run North Carolina's new lottery; $50,000 in cash and campaign checks given to former Rep. Michael Decker, who switched parties and backed Black for speaker; and a lobbyist, Meredith Norris, whose clients gained extraordinary access to Black's staff because she also served as his unpaid political director."

The Charlotte (NC) Observer (2/15, Ingram, Johnson) reports, "In the letter, Black appeared to defend his decision to stay in office for the last 1 1/2 years, even after the State Board of Elections ruled that he broke campaign laws and while a federal grand jury heard testimony from his staff and closest political allies. … 'It was important for me to help ensure a smooth transition during the last several months, which has occurred,' the letter reads. … 'Now it is time for me to move forward with my life and attend to the health and welfare of my family. With both sadness and anticipation, I hereby resign from the House of Representatives on Feb. 14, 2007.'" The Observer adds, "The reality of Black's descent, from the pinnacle of legislative power to the precipice of a federal felony, permeated the halls of the legislature Wednesday. Even though lawmakers had anticipated such an outcome for months, as unsavory tidbits of the investigation dribbled out, the confirmation was no less unsettling. … Following a two-year state and federal investigation, Black is expected to plead guilty today in a Raleigh federal courtroom to one felony count of accepting illegal gratuities. Black's lawyer, Kenneth Bell of Charlotte, confirmed the expected plea Tuesday. … Black faces a maximum sentence of 10 years in prison and a $250,000 fine." The Observer notes, "The plea is expected to be entered around 1 p.m. today. Neither Bell nor federal authorities have given details of the plea or of how it might relate to the larger investigation. … So far, the investigation has led to the conviction of five of Black's associates, including a former lawmaker who said he took a $50,000 bribe to switch parties and support Black. .. Another guilty plea from Black, in state court, could come as soon as next week."

Defense Attacks Credibility Of Key Witness In Florida Corruption Trial. The Miami Herald (2/15, Clark, 286K) reports, "With the death last year of former Monroe County Mayor John L. 'Jack' London, the federal public corruption trial of a former county attorney primarily hinges on the believability of a political consultant nicknamed 'the Prince of Darkness.' For the past three days, the political consultant, Miami Beach-based Randall Hilliard, has testified under immunity against defendant James Hendrick," saying "Hendrick was a major player in a 1996 bribery scheme involving a stalled Marathon hotel development. Hilliard also testified that Hendrick orchestrated an attempted coverup, concocting explanations for how a $29,000 bribe payment London received could have come from 'legitimate business.'" The Herald notes Hendrick lawyer Edward Shohat "went after Hilliard's credibility, portraying him as a perennial liar and backstabbing friend who recorded private conversations for the FBI in exchange for immunity. Shohat said Hendrick's conversations on those tapes were simply an attorney trying to advise a good friend who also had been a client."

Grand Jury Returns New Pellicano Probe Indictment. The Los Angeles Times (2/15, Krikorian, 850K) reports, "The latest and perhaps final federal indictment in the long-running Anthony Pellicano investigation raised new allegations Wednesday about how the onetime Hollywood private eye conspired with attorney Terry Christensen to wiretap the ex-wife of billionaire Kirk Kerkorian. While it did not charge any new defendants, the grand jury indictment named two new victims of Pellicano's alleged racketeering. Included is well-known entertainment attorney John LaViolette, who was chief negotiator in a bitter battle between the German company Intertainment AG and its onetime producing partner, the now-bankrupt Franchise Pictures. … The new allegations center on a March 18, 2002, conversation between Pellicano and Christensen in relation to his representation of Kirk Kerkorian in a child support case with his estranged wife, Lisa Bonder Kerkorian. Prosecutors contend Christensen paid the investigator $100,000 to eavesdrop on Bonder Kerkorian's phone calls to her attorneys and pass on information to Christensen." The Times notes, "In an interview Wednesday, LaViolette said he was told more than two years ago…that the FBI had found phone records at Pellicano's offices suggesting that their conversations had been bugged. 'The implication was that our calls were tapped, but [FBI agents] didn't give much more information than that,' LaViolette said, adding that the FBI never interviewed him."

The AP (2/15, Risling) reports, "Over a two-month period in 2002, according to court documents, Pellicano was instructed by Christensen to find out who the child's father was. 'One of the criteria is that no name ever surfaces anywhere' because 'the people related to me don't want to do this,' Christensen said. Later, Pellicano tells Christensen that he has heard conversations between Bonder Kerkorian and her lawyers and 'if we continue to get this kind of information

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with their strategy, we're really killing 'em,' court documents said."

"G-Sting" Bag Man Sentenced To Six Years For Bribery. In a widely-distributed story, the AP (2/15, Ritter) reports, "An outraged federal judge sentenced a former Clark County commissioner to six years in federal prison Wednesday for doling out hundreds of thousands of dollars of a strip club owner's cash to bribe politicians in Las Vegas and San Diego. 'If there ever needs to be a message with regards to political corruption, it is this case,' U.S. District Judge Larry Hicks said of the case dubbed 'Operation G-Sting.' In a scathing rebuke, Hicks branded Lance Malone the recruiter, organizer, manager and leader of what he called 'probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted.'" The AP notes, "The judge increased a recommended 41-month sentence to 72 months in the Las Vegas case, after saying he was convinced by testimony that Malone accepted money for a new car from strip club owner Michael Galardi while Malone still served on the Clark County commission."

Rep. Davis Blasts DOJ's Berger Probe. The Washington Times (2/15, Seper) reports, "The Justice Department gave former National Security Adviser Samuel R. Berger a 'free pass' in its investigation into his removal of documents from the National Archives, says a senior Republican lawmaker, who yesterday called for a House committee to investigate the matter instead." The Times continues, "Rep. Thomas M. Davis III, Virginia Republican and ranking member on the House Oversight and Government Reform Committee, said the department was 'unacceptably incurious' about Mr. Berger's visits to the archives in May 2002 and July 2003 and never told the September 11 commission that he removed original, uninventoried documents. … Mr. Davis also said the department failed to administer a polygraph examination, despite the test being part of a plea agreement Mr. Berger made with the government in exchange for a lesser sentence. … 'In investigating Mr. Berger, the Justice Department apparently gave him a free pass due to his stature as a famous former White House official,' Mr. Davis said in a letter to committee Chairman Rep. Henry A. Waxman, California Democrat. … 'The department's investigation came up lacking in a number of areas,' he said. 'Our committee, the 9/11 commission and the public have a right to a full account from Mr. Berger and the Justice Department. This can only be accomplished by further investigation.' … The letter was signed by 15 House Republicans." The Times notes, "Mr. Berger, President Clinton's national security adviser from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the Clinton administration's knowledge of terrorist threats to the U.S. … He was fined $50,000 and barred from access to classified material for three years. Facing a year in prison and a $100,000 fine, the plea bargain with the Justice Department reduced the fine and kept him out of prison."

Prison Costs On The Rise As Incarcerations Increase. The Washington Times (2/15, Harper) reports, "America may not be able to afford its burgeoning prison system unless policy-makers overhaul their views about criminal justice, according to an analysis released yesterday by the Pew Charitable Trusts. … 'It's a tempting leap of logic to assume the more people behind bars, the less crime there will be,' said the report, which Pew described as the first such study to address both state and federal prison populations. 'But despite public expectations to the contrary, there is no clear cause and effect.'" The Times continues, "The report suggests public officials weigh the benefits of incarceration as well as "evidence-based alternatives" that could save money but still protect public safety. … Big investments in prisons may not be 'the most effective and economical way of combating crime,' said Susan Urahn, director of state policy research at Pew. … But the state and federal prison population grew from 190,000 in 1970 to 1.5 million by 2005 -- an increase of 700 percent. By 2011, the prison census will be about 1.7 million -- or one out of every 178 Americans. Inmates will outnumber the residents of Atlanta, Baltimore and Denver combined. … 'The U.S. imprisons significantly more people than any other nation,' just beating China, which has imprisoned 1.5 million, the report said. … Total spending on local, state and federal corrections jumped from $9 billion in 1980 to $61 billion by 2003, with a 'staggering' $27.5 billion increase expected by 2011, the report said, emphasizing the hard choices at stake."

Head Of Florida Condo Development Project Hit With Bankruptcy, Fraud Charges. The Wall Street Journal (2/15, A1, Frangos) reports from Kissimmee, FL, "The condominium boom that ended last year made a lot of developers very rich. Aleem Hussain, a journeyman property salesman with a winsome personality, wanted to be one of them. … He formed his real-estate company in 2004, calling it Main Street USA, after a nearby Disney World attraction. He bought a complex of 27 aging, two-story apartment houses in Orlando and set out to convert them into condos. His timing looked favorable. That year, for the first time, the average price of a condo in the U.S. exceeded that of a single-family home, and in the Orlando area, condo and house prices jumped 15%. … But not much has gone as planned for Mr. Hussain, 42 years old, nor has it for his hundreds of investors, who include a bunch of local sheriff's

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deputies. Today, Mr. Hussain's company is being liquidated by a federal bankruptcy court, and he is residing in the Seminole County jail, charged with 23 counts of federal mail and wire fraud." The Journal continues, "Mr. Hussain's rise and fall illustrates one of the hazards of a frothy property market: inexperienced developers get in over their heads and drag unsophisticated investors down with them. 'Schoolteachers, cops, doctors, priests, everyone thought they were Donald Trump,' says Lewis Freeman, the court-appointed trustee administering Main Street's bankruptcy proceeding. Mr. Hussain's company, he contends, was a 'microcosm of the total market. You had a lot of unqualified people getting easy money and able to go into businesses in which they didn't know what they were doing.'" The Journal notes, "Mr. Hussain's 300 or so investors face potential losses of up to $400,000 apiece. Alan Cayo, 76, a retired Army officer who says he invested his 'entire life savings' of $280,000 with Mr. Hussain, conjectures that the developer crossed the legal line only after financial problems began mounting. 'It was incompetence, fraud, plus the market going down -- a triple whammy,' he says."

Banks Balk At Anti-Money Laundering Compliance Rules. The Miami Herald (2/15, Bussey) reports, "Banks -- facing the rising burden of complying with anti-money laundering rules -- often ask why federal officials are picking on them. … 'Where are the criminals going to place their proceeds? At some point in banks,' said Justice Department lawyer Lester M. Joseph, borrowing from Willie Sutton's purported quip that he robbed banks because that is where the money is." The Herald continues, "Joseph, principal deputy chief in the Justice Department's asset forfeiture and money-laundering section, spoke Wednesday at the Florida International Bankers Association's annual Anti-Money Laundering Compliance Conference. … He said investigators simply follow the money and sometime end up targeting a bank for criminal enforcement if they discover it didn't have 'a serious compliance program' in place." The Herald adds, "Under the Bank Secrecy Act and the USA Patriot Act, banks must report suspicious activity and know their customers -- and that includes knowing whether those they do business with are drug traffickers, corrupt government officials or even an official's mistress. … Anti-money laundering consultant Brett Wolf said that the cost of implementing reporting programs was rising to the point where an anti-money laundering compliance officer can cost a bank half a million dollars. … Throughout the three-day conference at the Radisson Miami Hotel, Washington officials emphasized the need to impose reporting requirements to counter drug trafficking and terrorist financing but also acknowledged the need to strike a balance. … They promised to listen, especially to concerns that stringent reporting rules are driving Latin American financial transactions away from Miami and to financial centers in Europe and elsewhere."

Former DC Engineer Charged With Bribery. The Washington Times (2/15, McElhatton) reports, "Federal authorities have filed bribery charges against a former D.C. Department of Consumer and Regulatory Affairs worker accused of paying off an inspector to reduce thousands of dollars in building code fines. … Yaw Oteng-Agipong faces up to 15 years in prison if convicted." The Times continues, "Mr. Oteng-Agipong, working as a private structural engineer, in September attempted to bribe a D.C. government inspector in connection with a construction project on Fifth Street Northwest, according to charging documents. … A spokeswoman for the Department of Consumer and Regulatory Affairs said yesterday that Mr. Oteng-Agipong retired in 2005 and hasn't worked for the city since. … Spokeswoman Linda Argo said agency officials cooperated in the investigation, which she said was handled by the FBI and the D.C. Office of the Inspector General." The Times adds, "Mr. Oteng-Agipong was employed with the District from 1982 to April 2005, when he took voluntary retirement. Before retiring, he was a supervisory structural engineer. … According to charging documents filed Friday in federal court, Mr. Oteng-Agipong offered $2,000 in cash to a city inspector in hopes of lifting a stop-work order on the project because it violated provisions of a building permit."

Three In Southern California Charged With Medicare Fraud. The AP (2/15) reports that "a man who posed as a doctor was accused billing Medicare for more than $500,000 in phony or unnecessary services he provided to patients from three counties." Betros Garabet of Glendale, Calif., "was not licensed to practice medicine when he opened a Pomona clinic and he was accused of using another person's doctor's license in order to file Medicare claims for patients brought in from Los Angeles, San Bernardino and Riverside counties, the U.S. attorney's office said." The AP notes, "Garabet and three other people are charged with health care fraud. Garabet remained at large but the others were arrested Wednesday. One defendant also was charged with making a false statement to the FBI."

Doctors Accused Of Cheating Medicaid Of $12 Million. The AP (2/14) reported, "Doctors and others filed phony Medicare claims that bilked the government out of more than $12 million, according to charges filed Wednesday. A federal grand jury in Orange County returned indictments accusing 18 people of billing the government for respiratory therapy for Southern California patients - services that either were not needed or never performed, the U.S. attorney's office said in a statement. The two indictments alleged conspiracy, money laundering and 68 counts of

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health care fraud against nine doctors and others, including several administrators of board-and-care homes."

US Neteller Customers Face Continued Wait For Frozen Funds. USA Today (2/15, Swartz, 2.27M) reports, "The waiting game for thousands of U.S. patrons with money tied up in an online payment service under federal investigation just got longer. The U.S. Attorney's Office for the Southern District of New York late Wednesday said it extended the deadline until March 16 to decide whether to indict" Neteller co-founders Stephen Lawrence and John Lefebvre. "FBI agent Neil Donovan has said funds are being held in court as potential evidence. He did not provide a timetable on when customers may get their money back."

Wisconsin Man Pleads Guilty To Selling Counterfeit Goods Over Internet. The Milwaukee Journal Sentinel (2/15, Doege, 255K) reports, "A Brookfield man charged with using the Internet to traffic counterfeit clothing and defraud people around the country and in Germany pleaded guilty Wednesday in federal court to wire fraud." Steven M. Weber "was arrested in September after an investigation involving the FBI, Brookfield police and an area cyber-crimes task force, in which undercover agents bought counterfeit clothing from Weber and made clear to him in e-mails that they wanted counterfeit clothing."

DC Robberies, Armed Assaults Increase 50 Percent Over 2006. The Washington Times (2/15, Taylor) reports, "The number of violent crimes committed with guns in the first six weeks of the year has increased by 50 percent compared with the same period last year, according to Metropolitan Police Department statistics." The Times continues, "Preliminary statistics indicate that 267 gun-involved robberies and assaults have been reported this year through Tuesday, compared with 181 in the year-ago period. … 'It's a big concern,' 4th District Cmdr. Hilton Burton said yesterday. 'We've definitely seen an increase in robberies since the beginning of the year.'" The Times adds, "Robberies involving guns jumped from 17 last year to 25 in the 4th District, which lies in Northwest east of Rock Creek Park. Assaults with guns have increased from five to 13 this year. … Such increases are sometimes due to a few criminals who go on crime sprees, Cmdr. Burton said. … The biggest increase in robberies involving guns occurred in the 1st District, where such incidents jumped from 10 last year to 31. Assaults with guns went from seven last year to 10."

Family Members On Trial For Killing South Carolina Officers. The New York Times (2/15, Nossiter) reports from Abbeville, SC, "It was a dispute over 20 feet of mean-looking land, a deadly squeeze of the trigger three years ago backed by pure conviction and an unwavering motto. … The Bixby family refused to budge for a highway-widening project, out of belief. 'Live free or die,' cried Steve Bixby, bespectacled and rigged out in camouflage and guns the day of the shooting, in a challenge to the authorities, witnesses said." The Times continues, "Mr. Bixby, 39, and his father, Arthur, 77, are accused of murder in the fatal shootings of two law enforcement officers who were trying to seize the land on behalf of the State of South Carolina. Both men face the death penalty. Mr. Bixby's mother, Rita, 74, was indicted as an accessory. … Now, with the opening Wednesday of Mr. Bixby's trial in the murder of Deputy Sheriff Danny Wilson, 37, and Donnie Ouzts, 63, a state constable, this Old South town with its intense Confederate heritage is reliving the winter's day in 2003 when the reclusive Bixbys held off the local police for 14 hours, after the shootings of Mr. Wilson and Mr. Ouzts." The Times adds, "The town is doing so gingerly. There were no supporters of the Bixbys on hand Wednesday as a jury sat in judgment over what the authorities say was Mr. Bixby's deadly act of resistance to authority. He is reviled in Abbeville, and the prosecutor had to pick his jury 160 miles away. … What the authorities said was Mr. Bixby's armed refusal to give up a small piece of his land for the widening of Highway 72 — 'We will protect it to our last breath,' he is reported to have proclaimed — is regarded here as senseless. Guns at the ready, Mr. Bixby was primed and waiting for his face-off with the police, witnesses said. … On the other hand, symbols of resistance to central authority, some of the South's most hallowed, abound here, lovingly tended in the quaint little town billing itself for passing tourists as the 'Birthplace and Deathbed of the Confederacy.'"

Studies Show Success Of Red-Light Cameras. USA Today (2/15, 1A, Copeland) reports, "Surveillance cameras at major intersections dramatically reduce the number of drivers who barrel through red lights, two new research reports say. … The findings come as debate about the controversial devices continues a decade after they were introduced. The battles include a proposal to ban the cameras here in Georgia, litigation in at least three states and legislative efforts to permit them in six other states." TUSA continues, "The cameras automatically photograph vehicles that drive into intersections after the light turns red. Vehicle owners are then mailed citations instructing them to pay a fine or sign an affidavit that they weren't driving at the time. … More than 850 people die and about 170,000 are injured each year in crashes caused by drivers running red lights, the National Highway Traffic Safety Administration says." USA adds, "Researchers studied the effectiveness of red-light cameras in Philadelphia and Virginia Beach. … The Philadelphia study, conducted by the Insurance Institute for Highway Safety (IIHS), an industry group, examined red-light violations using a two-step approach. First, researchers found

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that violations dropped by 36% after yellow lights were extended to give drivers more warning that the light was about to turn red. After red-light cameras were added, remaining violations dropped by 96%. … The Virginia Beach study, conducted by Old Dominion University, examined signal violations at four intersections before red-light cameras were installed, while they were operating and after they were removed in 2005. Violations more than tripled by August 2006."

Judge Clears MySpace Of Liability In Sexual Assault Case. The Los Angeles Times (2/15, Chmielewski, Puzzanghera) reports, "Whose fault is it that 13-year-old Julie Doe lied about her age, met a guy on MySpace and was sexually assaulted by him in a Texas parking lot? … Not MySpace's, a federal judge said in a decision released Wednesday." The Times continues, "The ruling appears to be the first time a federal court has extended to social-networking sites the same free-speech protections granted to Internet service providers. It could prove pivotal, coming as educators, lawmakers and states' attorneys general are leaning on News Corp.-owned MySpace to protect young users from online predators." The Times adds, "Authorities in Travis County, Texas, charged a 19-year-old man with sexual assault in connection with the Julie Doe case. The girl's parents sued News Corp. for $30 million, saying MySpace didn't do enough to protect its members from harm. At least four similar cases are pending in Los Angeles Superior Court. MySpace is based in Beverly Hills. … 'If anyone had a duty to protect Julie Doe, it was her parents, not MySpace,' Judge Sam Sparks wrote in a ruling dismissing the case. … Sparks, of U.S. District Court in Austin, said MySpace couldn't be held liable for the actions of its users any more than Yahoo Inc. is responsible for what people write on its message boards. … The judge also said MySpace should not be punished for the failure of its safety measures -- if it were, the judge said, Internet companies would stop trying."

CIVIL LAW:

Improvements To FOIA Process Urged. National Journal's Technology Daily (2/15, Noyes) reports, "Civil libertarians and national security experts told lawmakers Wednesday that the longstanding law that lets citizens request full or partial disclosure of previously unreleased government documents is essential for government accountability." Tech Daily continues, "Caroline Fredrickson, the American Civil Liberties Union's top lobbyist, said in prepared congressional testimony that the Freedom of Information Act is 'democracy's X-ray' and is a priceless tool for revealing government waste, fraud, abuse and corruption. … Recent documents uncovered by the ACLU thanks to FOIA showed that the government has been spying on peace groups and torturing detainees in Guantanamo Bay, Cuba, Afghanistan and Iraq, she told the House Government Reform and Oversight Information Policy Subcommittee in a mid-afternoon session. … But Fredrickson said in her statement that FOIA's effectiveness has been undermined by the Bush administration, specifically through an October 2001 directive by then-Attorney General John Ashcroft for agencies to adopt a policy of non-disclosure." Tech Daily adds, "The current White House is 'intentionally and improperly shielding itself from public view, using "national security" as a barrier to prevent Americans from seeing what's happening inside our government,' Fredrickson said. She urged Congress to rescind the Ashcroft memorandum and emphasize the presumption toward disclosure." Tech Daily notes, "Meredith Fuchs, general counsel for the National Security Archive, said in her testimony that plenty of good comes from FOIA, but the process is 'plagued by inefficiency, delay and sometimes outright obstruction.'"

CIVIL RIGHTS:

Two Charged In Desecration Of New York Temple. The Lockport (NY) Union-Sun & Journal (2/15, Pfeiffer) reports, "They marked their territory like dogs, urinating on the doors of the temple. … They scarred the doors with the initials of their group and Nazi swastikas. … Now, two members of a 'skakeboard club' known as DNA, are behind bars and charged with hate crimes. The arrests follow an investigation by local and federal law enforcement into a continuing series of acts of vandalism at Temple Beth Israel Conservative on College Avenue." The Journal continues, "Shawn Michael Blount, 18, and a 14-year-old boy, whose name is being withheld because of his age, were picked up Wednesday morning by Falls Police Juvenile Division detectives and an agent from the FBI's Joint Terrorism Task Force. Blount will be arraigned later today on charges in Falls City Court, while the juvenile appeared in Niagara County Family Court late Wednesday afternoon. … Blunt has been charged with third-degree criminal mischief and second-degree harassment as felony hate crimes. He also faces charges of third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti, possession of graffiti instruments and unlawfully posting advertisements. … The juvenile was charged with second-degree menacing, second-degree aggravated harassment and third-degree criminal mischief as felony hate crimes. He was also charged with third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti,

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possession of graffiti instruments and unlawfully posting advertisements." The Journal adds, "The trouble at the temple has been going on for the last two years, but escalated dramatically over the summer and into the fall of 2006. The most recent incident at the temple occurred on Jan. 12, when duct tape was used to spell out the message 'Kill the Jews' on a temple door. … After the duct tape incident in January, (Dr. Lawrence Wolfgang, president of the temple congregation) met with agents from the Buffalo office of the FBI and the local Joint Terrorism Task Force. Niagara County Sheriff's Department Investigator and JTTF Agent Mike Messina joined forces with Falls Police Juvenile Division Detective Shawn Larabee to look for leads in the case. … U.S. Attorney Terrance Flynn had considered filing federal hate crime charges against Blount and the juvenile, but decided it was better to keep the case in New York state courts."

Election Officials Manipulate Polling Locations. The AP (2/15, Stinebaker) reports, "Officials in two Houston-area elections recently manipulated polling locations to clear the path for their supporters to vote and to toss numerous roadblocks before their opponents." The AP continues, "Sponsors of a local community college bond election tried last year to put all their polling locations on their campuses, making voting easy for students and employees — a natural support base — but less convenient for opponents. That move prompted the U.S. Department of Justice to step in, and the election was postponed. … And officials with a suburban school district scheduled their bond election on the same day as the state's general election in November — and then spent $64,000 extra to set up separate polling places. State law would normally bar such a move, but a large loophole allows such maneuvers in the Houston area only. … 'I'm sort of astonished that election law in Texas allows somebody to buy their way onto a different ballot,' said Henry Brady, a political scientist at the University of California, Berkeley. 'It's just astonishing to me.' … Such maneuvers go on to a lesser degree all over the country." The AP adds, "Some Minnesota schools hold bond elections in frigid January. Fire departments pushing bond elections in New Jersey routinely place their polling booths in remote fire stations. And elections officials in Ohio and California have been accused of uneven distribution of voting machines, causing long lines in neighborhoods that support one party and a quick passthrough for supporters of the other party. … Such machinations allow government officials to assist their favored candidate or to help pass bond issues — and their resulting property tax increases — without mounting expensive campaigns. Controlling the location of polls allows supporters to turn out in their usual numbers, while opponents have to drive farther, or to several places, to vote. … But election experts said that unless there are clear civil-rights violations against a minority group, federal authorities are unlikely to step in. Polling place manipulation doesn't fall under the Voting Rights Act, so the Justice Department is not authorized to police such moves."

Bill Barring Genetic Discrimination Moving Through Congress. The Wall Street Journal (2/15, A11, Zhang, 2.04M) reports a bill "barring discrimination by employers and insurers based on genetic information is moving swiftly through Congress, drawing praise from privacy advocates and objections from business groups that the measure is too broad." The legislation "would be the first federal law prohibiting health insurers from denying coverage or charging higher premiums based solely on genetic information. It also would forbid employers from using the information to make hiring, firing and other job-placement decisions."

Los Angeles Suburb Seeks Probe Of Police Misconduct. The Los Angeles Times (2/15, Becerra) reports, "Allegations of sexual misconduct, racism and brutality are roiling the Police Department in the small suburb of Maywood, prompting the City Council this week to request an immediate investigation by the state attorney general's office." The Times continues, "The request for the probe comes after years of accusation from residents and activists that the Police Department has mistreated Latino immigrants, who make up the vast majority of the 30,000 residents. … The council called for the probe late Wednesday at the urging of Assembly Speaker Fabian Nunez, who in a letter to the council called the growing catalog of alleged misdeeds deeply concerning." The Times adds, "One of the allegations the attorney general would examine is that the Police Department enforced a policy of afternoon sobriety checks that was actually designed to nab unlicensed illegal immigrants and generate money for the city. … Nearly 2,000 cars a year have been impounded from immigrants. Residents have also come forward with allegations that officers beat up people for no reason. Several woman claim that officers stalked and sexually abused them, while parents claim that their teenage daughter was groped by an officer, according to a document listing the allegations obtained by The Times."

ANTITRUST:

Microsoft Settles Iowa Antitrust Suit. Bloomberg (2/15, Van Voris) reports, "Microsoft Corp., the world's biggest software maker, reached an undisclosed settlement in a lawsuit claiming it used its monopoly position to overcharge Iowa consumers for software products including Windows and Word." Bloomberg continues, "Microsoft reached the deal

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with a statewide class of consumers who had purchased Microsoft products since 1994. The plaintiffs claimed the company violated Iowa antitrust law to charge inflated prices by taking advantage of its monopolies in personal computer operating systems and software applications. … 'I think everyone in the courtroom is a little stunned,' Roxanne Conlin, a lawyer for the consumers, told an Iowa state judge and jurors today in Des Moines after announcing the accord." Bloomberg adds, "The settlement, which must be approved by the judge, ends a trial that began in December and resolves one of the last private antitrust cases Microsoft hasn't settled or persuaded judges to dismiss. The Iowa customers claimed $329 million in damages, which could have been tripled under Iowa law. … Judge Scott Rosenberg ordered both sides to keep details of the settlement secret until they file papers formally asking him to grant initial approval of the settlement, expected in April. Similar cases that settled have provided class members with vouchers for discounted software. … The case, and a similar suit in Mississippi, are the last of dozens filed by groups of consumers following an antitrust case against Microsoft filed by the U.S. government and several states, including Iowa, in 1998."

The AP (2/15, Pitt) reports, "The lawsuit sought more than $330 million from Microsoft for allegedly engaging in monopolistic and anticompetitive conduct that caused customers to pay more for software than they would have if there had been competition. … Microsoft denied the allegations, saying Iowa customers received quality products at fair prices." The AP adds, "The world's largest software maker has faced 206 class-action lawsuits across the United States since 2000. The company said 108 were consolidated in a federal antitrust case and 96 remained in state courts. … Most were dismissed or settled before trial. … Only two, the Iowa case and one in Minnesota, went to trial. The Minnesota case was settled after about two months into the trial."

Columnist Urges Debate On File-Sharing. In a column for the Washington Post (2/15, D1), Rob Pegoraro writes, "Customers might not like the idea of technology that allows some uses of music (like copying iTunes downloads to their iPods) but forbids others (like copying the same song to another kind of music player). But until recently, it didn't seem to bother the executives behind these anti-piracy systems. … They all agreed that anybody selling downloadable music and movies needed to police what customers did with their purchases." Pegoraro continues, >"Last week, however, the person responsible for the most successful copy-control software in the music market, Apple chief executive Steve Jobs, ruffled feathers with the question: Do we need any of this in the first place? … In an essay called 'Thoughts on Digital Music' on Apple's site, Jobs wrote that his company's iTunes Store used copy-control software called FairPlay only because major record labels insisted on it. Those same labels' demands made it impossible for Apple to share its technology, he said. So his proposed solution to the 'this download will only play on my iPod' problem is to abolish copy-control software altogether." Pegoraro adds, "Since that remarkably blunt piece of writing hit the Web, the debate over whether technology can curb illegal file sharing has come back to life. That's good. But in the process, a lot of old myths are resurfacing -- and believing them will stop you from understand the deeper problems with the digital-media market. … In the music industry, a growing number of outlets beyond the big-name companies, from tiny indie-rock operations to the Philadelphia Orchestra and the Smithsonian Institution's Folkways label, have realized the futility of copy-restriction software and now sell digital downloads in open, unrestricted formats. … At this point, this all amounts to little more than expensive psychotherapy for Hollywood executives. It's the height of arrogance for them to keep sending us the bill."

ENVIRONMENT:

Senior DOJ Official Bought Vacation Home With Conoco Lobbyist. In a front-page story, the Washington Post (2/15, A1, Schmidt, Grimaldi) reports, "A senior Justice Department official who recently resigned her post bought a nearly $1 million vacation home with a lobbyist for ConocoPhillips months before approving consent decrees that would give the oil company more time to pay millions of dollars in fines and meet pollution-cleanup rules at some of its refineries. Sue Ellen Wooldridge, former assistant attorney general in charge of environment and natural resources, bought a $980,000 home on Kiawah Island, S.C., last March with ConocoPhillips lobbyist Don R. Duncan. A third owner of the house is J. Steven Griles, a former deputy interior secretary, who has been informed he is a target in the federal investigation of Jack Abramoff's lobbying activities." The Post adds, "A spokeswoman for the Justice Department said yesterday that Wooldridge sought and received approval from a career ethics official in her office before buying the vacation property. Wooldridge's lawyer and officials at ConocoPhillips said that Duncan had no role in negotiating the consent decrees and never lobbied Wooldridge."

The Washington Post/AP (2/15, Heilprin) reports, "Nine months before agreeing to let ConocoPhillips delay a half-billion-dollar pollution cleanup, the government's top environmental prosecutor bought a $1 million vacation home with the company's top lobbyist. … Also in on the Kiawah Island, S.C., house deal was former Deputy Interior Secretary J. Steven Griles, the highest-ranking Bush administration official targeted for criminal prosecution in the Jack Abramoff corruption probe." The AP continues, "Just before resigning

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last month, Assistant Attorney General Sue Ellen Wooldridge signed two proposed consent decrees with ConocoPhillips: one giving the company as much as two to three more years to install $525 million in pollution controls at nine refineries and the other dealing with a Superfund toxic waste cleanup. … Last April, Wooldridge, ConocoPhillips Vice President Donald R. Duncan and Griles had gone together on a $980,000 home in a gated community at Kiawah Island. Records from the Charleston County Auditor's office obtained by The Associated Press list Duncan as a 50 percent owner of the home and Wooldridge and Griles as 25 percent owners." The AP adds, "The deed is filed under Duncan's name, but the mailing address for the South Carolina property -- tucked among pines, palmettos, a pool, golf course and tennis club several hundred yards from the beach -- is Griles' home in Virginia. He and Wooldridge jointly own a condo there." The AP notes, "The House Oversight and Government Reform Committee said Wednesday night it will open an inquiry and request documents into the real estate transaction and consent agreements. … 'There appears to be a breakdown of ethics at the Justice Department,' said the committee's chairman, Rep. Henry Waxman, D-Calif. 'Senior Justice Department officials should not be handling cases that affect their close friends and investment partners.' … ConocoPhillips said in a statement Wednesday night that Duncan had no involvement in negotiating the consent agreements. … 'We object to the suggestion that the real estate transaction involving Don Duncan, which was cleared in advance by the ethics office of the Department of Justice, had any impact whatsoever on the consent decrees entered into by ConocoPhillips or the recent SEC filing amending ConocoPhillips code of ethics,' company officials said. 'Any savings resulting from these delays are expected to be offset by the cost of additional and stricter controls agreed to in the amended agreement.'"

Wooldridge Told She Is Not Target Of Abramoff Probe. The New York Times (2/15, Shenon) reports, "The government's former top environmental prosecutor has been told by Justice Department officials that she does not face charges in the corruption investigation centered on the lobbyist Jack Abramoff, her lawyer said Wednesday." The Times continues, "The former prosecutor, Sue Ellen Wooldridge, stepped down last month as an assistant attorney general and head of the department's environment and natural resources division. … Her lawyer, Stephen W. Grafman, said Ms. Wooldridge had cooperated fully in the investigation of Mr. Abramoff's lobbying operation and ties to lawmakers and senior officials in the Bush administration. Among the officials was J. Steven Griles, the former No. 2 official in the Interior Department, with whom Ms. Wooldridge has had a romantic relationship. … 'We have been advised by Justice Department officials on several occasions that she is not now, nor has ever been, a target of the grand jury,' Mr. Grafman said in an interview, responding to what he said were false news reports suggesting that Ms. Wooldridge was under scrutiny in a criminal matter." The Times notes, "Mr. Griles was notified by the Justice Department last month that he was probably going to be indicted on charges that he had lied to federal investigators about his relationship with Mr. Abramoff. … Mr. Abramoff's records show he repeatedly sought Mr. Griles's help at the Interior Department."

Industries Seek To Shape Carbon Emissions Regime. The Wall Street Journal (2/15, A12, Ball, 2.04M) reports, "With mandatory curbs on U.S. global-warming emissions looking increasingly likely in the next several years, industries are starting to argue over who will pay for the cleanup. One thing is clear: Whatever the cost, it will get passed along to consumers." A report from the Electric Power Research Institute "says the U.S. utility sector could ratchet back its global-warming emissions to 1990 levels by 2030. ... But Congress is unlikely to boost taxpayer-funded energy research by enough to develop the necessary technologies, says Jeffry Sterba, chairman of the institute ... . One option he said utilities are considering proposing: that the government allow them to tack an additional modest charge onto consumers' electric bills to raise roughly $2 billion a year to cover the cost." The Journal adds that "industry heavyweights are changing their stance" on global warming. The Edison Electric Institute "announced last week that it is dropping its longstanding opposition to mandatory emission limits. The corporate change is a concession to political reality. Even if they would prefer not to have an emissions limit, industries targeted by regulators are angling to shape whatever they get slapped with to minimize their portion of the bill."

Oil Trading Company To Pay Ivory Coast $200 Million In Toxic Dumping Settlement. The New York Times (2/15, Polgreen, Simons) reports, "An oil trading company based in the Netherlands has agreed to pay almost $200 million to the government of Ivory Coast to settle claims that it illegally dumped toxic petrochemical waste in Abidjan last August. The company, Trafigura, said the payment was not an admission of fault by any party. It said the money would help pay for a new waste disposal plant, a new hospital and an audit to determine the cause and effects of the dumping." The Times adds, "At least 10 people died and thousands more were sickened in Abidjan after hundreds of tons of toxic sludge, pumped from the hold of a ship named the Probo Koala, was dumped at more than a dozen sites, some of them densely populated. About 100,000 people sought medical treatment, swamping the country's health care system, and public outrage at the suspicion that corrupt government officials had allowed the dumping led to the

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resignation of the entire cabinet, though much of it was later reinstated."

Judge Rules More Study Of Genetically Engineered Alfalfa Needed. USA Today (2/15, 10D, Weise) reports, "The government was premature in deregulating production of alfalfa that is genetically engineered to resist a weed-killing herbicide, a federal judge ruled Wednesday." USA continues, "The U.S. Department of Agriculture should not have acted as it did in 2005 without assessing the environmental effect of crops genetically modified to resist the herbicide Roundup, ruled U.S. District Court Judge Charles Breyer of the Northern District of California. The suit against the USDA was filed by the anti-biotech Center for Food Safety, the Sierra Club and organic alfalfa (hay) farmers. It accused the USDA of violating federal law by not requiring the environmental assessment." USA adds, "Opponents of biotech crops, which are genetically engineered to have certain qualities, such as resistance to weed killers, have expressed concerns that they could interbreed with wild plants and create herbicide-resistant weeds. … Alfalfa is the nation's fourth-largest crop and is fed to farm animals, especially dairy cattle." USA notes, "The Roundup Ready alfalfa cited in the suit was developed and sold by Forge Genetics of Minnesota, using technology from Monsanto. It allows growers to spray fields with Monsanto's Roundup herbicide, in which the chemical glyphosate is the active ingredient, killing weeds without hurting the alfalfa. .. Monsanto submitted a detailed environmental analysis of the alfalfa to USDA, says company spokesman Chris Horner."

FBI/DEA/ATF/USMS:

Attorney To Plead Guilty To BALCO Leaks. The San Francisco Chronicle (2/14, Egelko) reports, "A lawyer admitted in court documents Wednesday that he provided a Chronicle reporter with transcripts of confidential grand jury testimony by Barry Bonds and other athletes about steroid use, and federal authorities said they would drop their effort to send the reporter and a colleague to prison for 18 months for refusing to disclose their source." The Chronicle continues, "The lawyer, Troy Ellerman, 44, who once represented the founder and another executive of the Bay Area Laboratory Co-Operative, agreed in court documents to plead guilty to four charges of disclosing the transcripts in violation of a judge's order. The plea agreement calls for a sentence of up to two years in prison and a fine of up to $250,000." The Chronicle adds, "The agreement must be approved by a federal judge, and Ellerman can withdraw his admissions and go to trial if the judge rejects the two-year sentence or any of the other terms of the deal. No court date has been set. … Ellerman admitted allowing a Chronicle reporter, Mark Fainaru-Wada, to take verbatim notes of grand jury testimony by Bonds, fellow baseball players Jason Giambi and Gary Sheffield, and sprinter Tim Montgomery in his Sacramento office in June and November 2004. … Articles in 2004 by Fainaru-Wada and Lance Williams quoted Giambi and Montgomery as admitting they used performance-enhancing drugs. Bonds and Sheffield both testified they didn't knowingly take steroids, but the substances they described taking matched prosecutors' descriptions of steroids supplied by BALCO."

The San Jose Mercury News (2/15, De Sá) reports, "According to an agreement filed in San Francisco's U.S. District Court…Ellerman…who counseled two key figures in the steroids probe, will plead guilty to the 2004 leak, as well as lying about it, obstructing justice and disobeying a court order not to disclose grand jury information. The agreement freed the reporters -- awaiting an appeal of their case -- from having to serve time on contempt of court charges. The subpoenas seeking to force the reporters to reveal their source will be withdrawn once the plea is formally entered, a Justice Department spokesman said." The News continues, "Federal prosecutors, searching for the source of the leaks, early on set their sights on Mark Fainaru-Wada and Lance Williams, who wrote in December 2004 that Bonds testified he might have unwittingly used steroid-laced substances. Bonds later denied using steroids, claiming he thought the substances were flaxseed oil and a legal ointment." The News adds, "The case of the two threatened reporters had taken on broader significance as yet another example of the federal government using tough tactics to coax reporters into spilling their sources amid high-profile investigations. Journalists must often promise sources confidentiality in order to get critical information to the public -- especially when the stakes are high."

The New York Times (2/15, McKinley) reports, "As part of the plea, the Justice Department will withdraw subpoenas issued to the reporters Lance Williams and Mark Fainaru-Wada, who had been held in contempt by a federal judge since September for refusing to say who their sources were for a series of Chronicle articles and their 2006 book, 'Game of Shadows.' … 'The government believes that Ellerman's guilty pleas alleviate the need for the reporters to testify,' the statement read." The Times notes, "Ellerman faces up to two years in prison and a $250,000 fine, said Douglas M. Miller, one of the prosecutors in the case. … Ellerman, who did not return a call to his cellphone for comment, had once represented Victor Conte Jr., the founder of the Bay Area Laboratory Co-Operative, the company from Burlingame, Calif., at the center of a continuing federal investigation into steroids in sports. Ellerman had also represented James J. Valente, the vice president of Balco."

The Los Angeles Times (2/15, Mozingo, Silverstein) reports, "The case was seen as a tipping point in a series of

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court battles between journalists and federal prosecutors seeking to unmask their sources. This week, a procession of reporters has filed into a Washington courtroom to testify about who leaked the name of CIA agent Valerie Plame. … Media advocates, however, contended that unlike the Plame matter, the BALCO case did not involve sensitive security issues and the reporters performed an important public service by exposing drug abuse in national sports." The Times notes, "Attorneys for the Chronicle argued before U.S. District Judge Jeffrey S. White that forcing journalists to disclose their sources would undercut the 1st Amendment and ability of the media to gather news. … But White agreed with the prosecutors, who argued that letting people get away with violating a judge's order to keep information confidential would deeply erode the system of justice. … And according to the plea agreement, Ellerman very much flouted that system in 2004 as his client, James Valente, was headed to trial for allegedly illegally distributing steroids."

FBI Rules Out Terrorism In Utah Mall Shootings. The AP (2/15, Foy) reports from Salt Lake City, "The FBI said Wednesday it has no reason to believe the shooting spree that killed five people in a shopping mall was an act of Islamic terrorism, leaving a young Bosnian immigrant's motives a mystery. … 'It's just unexplainable,' FBI agent Patrick Kiernan said. 'He was just walking around and shooting everybody he saw.'" The AP continues, "Sulejman Talovic, 18, fired randomly at shoppers Monday, killing five and leaving four others injured before he was shot dead by police. … 'We are Muslims, but we are not terrorists,' the boy's aunt, Ajka Omerovic, said Wednesday at the family's house. She rejected any religious motive for the shooting and said the family cannot explain it." The AP notes, "The Talovic family fled war-torn Bosnia for Utah in 1998 'to be free,' she said. … Talovic's parents do not speak English and are not answering knocks on their door. Omerovic said the boy's mother is distraught and that the father normally works 'dusk to dawn' in construction. … Authorities are investigating how Talovic acquired one of his weapons, a .38-caliber pistol, which is illegal for a teenager to possess, said Lori Dyer, in charge of the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. … Those efforts were delayed Wednesday when an East Coast storm shut down ATF offices, she said."

FBI Awards National Data Exchange Contract To Raytheon. Government Computer News (2/14, Dizard) reported, "The FBI has awarded a contract to the Raytheon Co. of Waltham, Mass., to build out the National Data Exchange (N-Dex) law enforcement information-sharing system, sources said. According to a bureau official, FBI systems specialists expect to meet with their Raytheon counterparts within the next two weeks to plan the IT work leading up to the N-Dex system rollout." GCN noted, "N-Dex is intended to facilitate data analysis and the detection of links among people and places, as well as events such as crimes, objects such as weapons, drugs and currency, and gangs to help intelligence analysis. The project has progressed for about six years under the auspices of the bureau's National Criminal Information Services Division," and "FBI officials have worked with their counterparts in many federal agencies as well as states and cities to create the framework and standards for the system. … The official said N-Dex likely would begin full-scale operation in about a year."

Film Offers New Perspective On Hanssen, But His Motivation Remains Unclear. The Washington Post (2/15, C1, Thomson, 690K) reports, "Why did the FBI's top spy hunter -- a Cold War warrior who repeatedly professed his love of God, family, country and J. Edgar Hoover -- sell his nation's most sensitive secrets to the Russians? It's a question that hangs unanswered over Washington, the city where Robert Hanssen was arrested on Feb. 18, 2001, for the worst security breach in the FBI's history." The Post adds that "a new movie brings that perplexing question back into play with a previously undisclosed story -- that of Eric O'Neill, the 27-year-old surveillance operative whose job it was to closely monitor Hanssen while the FBI maneuvered to ensnare him. O'Neill's story does not appear in any of several books written about Hanssen since his capture because -- until recently -- the FBI forbade him to speak publicly. Directed by Billy Ray, 'Breach' offers no 'Rosebud' revelations to explain Hanssen's treason. But it places audiences in the same unnerving situation O'Neill…found himself in in January 2001." The Post goes on to recount the details of Hanssen's treachery, and interviews O'Neill and Ray about their perceptions of him.

Federal Judge Reconsidering Bail For Alleged Drug Kingpin. The Knoxville News Sentinel (TN) (2/15, Satterfield) reports, "Locked down in solitary confinement in an already tightly secured jail, forced to suffer from an untreated hernia and isolated from his wife and children - that has been the unfair life of Vicente Corona since he was alleged by authorities to be the top dog of a massive mail-order drug distribution network, his attorney argued Wednesday. … But, wait. Call Assistant U.S. Attorney Mike Winck crazy, but he's thinking all that extra security might stem from Corona's alleged threat to escape, kill a witness and slay an accused conspirator. … 'The defendant has communicated to a person in the Blount County Jail his intent to escape,' Winck told U.S. District Judge Thomas Phillips at a hearing Wednesday. 'He was going to use his brother, Roberto, to help him escape (during) his hernia operation. …

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The defendant also communicated he intended to have one of the witnesses killed,' Winck continued. 'The defendant communicated he would have had another co-conspirator killed.'" The Sentinel continues, "Winck said authorities have proof to show that Corona's brother rented a hotel room in the area around the time of the alleged escape attempt. … It was only because the U.S. Marshals Service got wind of the alleged plot that security was beefed up. Corona waseventually allowed to have his hernia operation under heavy guard, Winck said." The Sentinel adds, "Corona is an illegal immigrant caught in California with fake identification. He is alleged to be the kingpin of a mail-order drug business that shipped more than a half-ton of marijuana and a quarter-ton of cocaine from California to Knoxville in just three years. … He has three prior felony drug convictions, which Winck contends makes his punishment a mandatory life term if he is convicted. His wife and children live in California. He has no relatives in the Knoxville area, although he has a few in Chattanooga."

North Dakota's Congressional Delegation Said To Be Staying Out Of Industrial Hemp Debate. The AP (2/15) reports North Dakota legislators "are urging Congress to make it easier for farmers around the country to grow hemp. But the state's congressional delegation won't be rushing to help. Sens. Kent Conrad and Byron Dorgan and Rep. Earl Pomeroy, all Democrats, are staying out of the congressional debate over industrial hemp. At issue is whether it should be treated in the same way as marijuana or whether commercial hemp production should be allowed." In an interview, Pomeroy "said he does not want to interfere in discussions between the DEA and the commercial hemp industry." The AP notes that Garrison Courtney "said the agency will give full consideration to the North Dakota [industrial hemp] applications. 'It's still in the very beginning stages,' he said. 'It would be premature to speculate on what our decision is going to be down the road.'" The AP story was used by the Bismarck Tribune.

Afghanistan's Security Linked To Opium Trade. In the Washington Times (2/15), Ileana Ros-Lehtinen of Florida, the ranking Republican member of the House Foreign Affairs Committee, writes, "The deteriorating security in Afghanistan has been made possible by the opium crop's skyrocketing expansion. Much of the money is used to buy sophisticated weapons for the Taliban and warlords, pay their fighters, purchase supplies, bribe Afghan and Pakistani officials and provide an impoverished population with the means to earn a living and thereby secure their allegiance and support. … Our anti-narcotics policy has long been hobbled by conflicting views and bureaucratic battles between the various players, including the Departments of Defense and State, the Drug Enforcement Administration (DEA), and other U.S. agencies, along with our NATO allies, especially the British. There is little prospect these long-entrenched divisions will be reconciled by themselves."

Walters Raises Concerns About Prescription Drug Abuse Among Teens. In New York, the AP (2/14) reported information released Wednesday by John Walters "found while U.S. teenagers' use of marijuana is declining, their abuse of prescription drugs is holding steady or in some cases increasing. 'The drug dealer is us,' said Walters." Walters "said that many teenagers are obtaining drugs over the Internet, getting them free from friends or taking them from someone's medicine cabinet. According to an analysis of national surveys prepared by Walters' office, 2.1 million teenagers abused prescription drugs in 2005, the most recent year for which figures are available." Walters "said adults should keep track of prescription drugs and throw them out when they expire." There are more than 100 media references to Walters releasing the report, with most news outlets using the AP story, including ABC News, CBS News, CNN, FOX News, MSN Money, Newsweek, BusinessWeek, USA Today, the New York Times, Washington Post, Houston Chronicle, and Boston Herald.

On its Web site, CBS News (2/14) reports Walters "said in some cases teens use the Internet to obtain drugs or to visit Web sites that provide what purport to be instructions for taking safe amounts of various prescription drugs. Victoria Winebarger, a therapist at the Pathway Family Center in Southfield, Mich., said some of her clients have also used the Internet to research symptoms of conditions including depression and attention deficit hyperactivity disorder so that they can get a doctor to prescribe drugs for them. … Winebarger told CBS News correspondent Sharyn Alfonsi that all but four of the kids in her classroom abused prescription drugs."

The New York Sun (2/15) reports more teenagers in New York "are getting high on prescription drugs than street drugs, according to a study released yesterday. The trend replicates a nationwide increase in prescription drug abuse, according to the study, conducted by the White House Office of National Drug Control Policy. According to the study, nearly one in five teenagers nationwide reported abusing prescription medications, making prescription drugs the second most commonly abused illegal drugs among teenagers, after marijuana. 'This is attractive to young people, we found in the study, because they think it's safer' …Walters said during a videoconference with reporters convened in Manhattan."

The New York Press (2/14) wrote that Walters "is urging parents to be wary of just about everyone, especially your family, since stereotypical drug dealers are not typically the culprits in such prescription drug abuse. 'Parents need to

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know that teens are turning away from street drugs and increasingly abusing prescription drugs to get high. They should also be aware that suppliers of these drugs might not be sinister characters on the street corner, but are more likely close friends or relatives,' said Walters."

Metro in New York (2/15) reports Walters, who "released the report in New York via satellite from Washington, said 57 percent of respondents acquired the drugs without cost, typically from friends or from a medicine cabinet. They're readily available and often perceived as safer than street drugs such as cocaine. 'Because these are medicines and not polluted street drugs, young people have the false view ... that this is safe,' he said. 'It's not.'"

Colombia Seeks US Backing For New Anti-Drug Plan, Trade Agreement. The McClatchy Newspapers (2/14) reported top Colombian officials "have hit Washington in recent weeks in a stepped-up effort to lobby Congress for a new multibillion-dollar anti-drug trafficking plan and a free trade agreement that has run into fierce opposition among the Democratic majority in Congress. Colombian Vice President Francisco Santos met with key Democratic and Republican lawmakers and Bush administration officials during a two-day trip that ended Wednesday. … Many Democrats seem supportive of Plan Colombia, they want Bogota to include stronger labor provisions in the free trade deal. Vice President Santos says the Colombians are willing to make concessions once they know exactly what the Democrats want." The Kansas City Star, Seattle Times, and Myrtle Beach Sun News used the McClatchy story.

IMMIGRATION:

Fewer Illegal Crossings Reported Along US-Mexico Border. The Christian Science Monitor (2/15, Bowers, 59K) reports from Yuma, Arizona, where the phrase "nothing happening" "sums up both the chief achievement and complaint of National Guard soldiers and airmen" who have been posted to help protect the US border. It is "good news for Operation Jumpstart," as the increased in troops along the border appears "to be discouraging people from trying to cross illegally." In addition to the increase in troops, announced by President Bush last May, "some 500 additional border patrol agents have bolstered the efforts in the Yuma sector this past year, as have added infrastructure – National Guard helicopters, miles of triple fences, lights, cameras, and sensors. Still, it's the highly visible National Guard troops that most here say are having the biggest deterrent effect."

Democrats Oppose Proposed Increases In Immigration Fees. The Washington Times (2/15, Dinan, 88K) reports Rep. John Conyers joined other Democrats yesterday in saying that "the fee increases for naturalized citizenship and visas proposed by the Bush administration amount to a 'citizenship tax' and vowed to fight it, saying taxpayers should pick up the bill for many immigrants." The lawmakers "said the fee increases, proposed last month by US Citizenship and Immigration Services, will hurt poor immigrants and could force some of them to try coming to the country illegally." The Times added, however, that the "Democrats' options are limited. The proposed increases are in the form of an administration regulation, which means once they are tweaked and finalized by the agency some time this summer they will take effect unless both houses of Congress pass a measure blocking it."

GOP Lawmakers Concerned With Bank Of America's New Credit Card Program. Fox News (2/15) reports, "Lawmakers are lashing out at Bank of America Corp. over its new program to offer credit cards to customers without Social Security numbers, saying it creates a dangerous loophole for terrorists and illegal immigrants." Fox News continues, "Rep. Tom Tancredo, R-Colo., called for a federal investigation of the program on Wednesday, sending Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff a letter requesting a review of the program. … 'After September 11, we were told that money was the lifeblood of terrorists, and that we should do everything possible to block their access to financial resources,' Tancredo said in a statement. 'Today we are hearing a far different message: Bank of America, it's everywhere terrorists want to be.'" Fox News adds, "The program welcomes applicants without a Social Security number and credit history if they have held a checking account with the bank for three months without an overdraft, The Wall Street Journal first reported in Tuesday editions. … Another Republican lawmaker criticized the program, saying it should be stopped to avoid security risks with illegal immigrant members of the program. … 'If an individual wants to get a credit card, they can get that in their home country,' Rep. Marsha Blackburn, R-Tenn., told FOX News. … 'This is something that is of deep concern to me, that Bank of America would choose to market to those that have chosen to break U.S. law to enter this country and then they would give credit to them,' Blackburn said." Fox News notes, "Bank of America stands by its program, saying that it complies with all U.S. banking and anti-terrorism laws. Rep. Ed Royce, R-Calif., said a loophole in a Treasury regulation allows Bank of America to act within the law."

Advocates Say Virginia Immigration Bill Would Hurt Those Most In Need. Nancy Lyall, legal coordinator for the Woodbridge Workers Committee, and

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Teresita Jacinto, the committee's education coordinator, in an op-ed in the Washington Post (2/15, A27, Lyall, Jacinto, 690K) write that if Virginia enacts House Bill 2937, which states "that no organization receiving state or local funds 'shall use those funds to provide benefits or assistance to ineligible persons such as undocumented immigrants,'" immigrants in the area will "suffer" and "the organizations that try to help them also will be compromised." Lyall and Jacinto go on to describe immigrants who would be adversely affected by the bill and continue that it is "scandalous" that the bill's sponsors "would be so callous when it comes to hungry children, those with urgent health-care needs and others who are struggling in this brutal winter."

TAX:

Merck To Settle Tax Disputes With IRS For $2.3 Billion. The AP (2/15, Johnson) reports, "Merck & Co., mired in multibillion-litigation over its withdrawn painkiller Vioxx, has eliminated another legal headache, resolving several tax disputes with the Internal Revenue Service by agreeing to a $2.3 billion settlement." The AP continues, "In announcing the agreement Wednesday, the Whitehouse Station, N.J.-based company said the settlement resolves all outstanding tax disputes with the IRS, covering the years 1993 through 2006. Merck had faced potential taxes, interest and penalties totaling as much as $3.8 billion, but the agreement apparently reduced that amount. … Neither Merck nor the IRS would discuss the reduction." The AP adds, "The IRS said in its own statement that the settlement resolves all issues in dispute for the years 1993-2001. … 'It can't be seen as anything but positive' for Merck to resolve the case, said analyst Steve Brozak of WPP Securities. … Merck still has a $1.76 billion tax dispute with Canadian authorities and has filed an appeal with the Canada Revenue Agency that is expected to be reviewed this year, spokesman Raymond Kerins said." The AP notes, "Merck had disclosed both tax cases in November in a routine filing with the U.S. Securities and Exchange Commission. Merck said the Canadian dispute 'related to certain intercompany pricing matters.' … Tax and accounting analyst Robert Willens of Lehman Brothers said in such cases drugmakers generally sell medicines at low cost to subsidiaries in countries with lower tax rates, which can then mark up the price and keep more profit after taxes."

The Wall Street Journal (2/15, A4, Drucker) reports, "The agreement is the latest such high-profile settlement between the IRS and a corporate taxpayer as part of a general crackdown on tax shelters. In the fall, the IRS announced a $3.4 billion deal with GlaxoSmithKline PLC to settle a dispute over the tax treatment of transactions between the British drug maker and its U.S. subsidiary. And the government has notched court victories in the past year against General Electric Co., Black & Decker Corp. and aerospace-products maker Coltec Industries Inc. over the use of tax shelters. … The agreement between Merck and the government covers taxes, interest and some penalties, settling three separate disputes spanning from 1993 to 2006 that could have totaled at least $3.8 billion, according to Merck's filings with the Securities and Exchange Commission."

KPMG Boss Steering Firm Through Tax-Shelter Crisis. The Wall Street Journal (2/15, A1, Reilly) reports, "Timothy Flynn, a top executive at KPMG LLP, was driving to a nephew's graduation in May 2005 when he got a phone call from the chairman: The firm faced imminent criminal indictment over tax shelters it used to sell. … Then a different sort of shock. One week later, the chairman, Eugene O'Kelly, learned he had a brain tumor that left him just months to live. Mr. Flynn, a down-to-earth accountant who once led KPMG's human-resources department, was suddenly thrust into its top job, where he faced an urgent task: to somehow persuade the government not to indict. He knew that criminal charges against the firm would probably kill it, as they did Arthur Andersen after the Enron scandal." The Journal continues, "Mr. Flynn took a gamble. KPMG had for years stoutly denied any impropriety, calling its tax advice legal. But days after taking the helm, Mr. Flynn met with Justice Department officials and acknowledged that KPMG had engaged in wrongdoing. … He got no promises in return, and the admission could have sunk the firm. Instead, it provided flexibility to the prosecutors, who were aware that the collapse of one of only four remaining accounting giants could harm the financial markets. Two months later, the government gave KPMG a deferred-prosecution deal, holding off indicting if KPMG paid a $456 million penalty and met other conditions." The Journal adds, "KPMG now is emerging from what some at the firm call a near-death experience. Last month a judge, satisfied with the firm's reforms so far, dismissed the deferred criminal charge. Mr. Flynn has put in place stronger controls, and a former federal judge now oversees KPMG's ethics and compliance efforts. Mr. Flynn also banned a type of incentive pay that many believe helped fuel the sale of improper tax shelters. For the most part, he has managed to retain partners and clients. In November, he was able to report that the firm's revenue had grown 2% in the fiscal year ended Sept. 30. … KPMG isn't out of the woods. It still faces lawsuits from tax-shelter clients. And though the firm hasn't been indicted, some of its former executives have, and their trial in September could cast the firm in a harsh light. Defense attorneys plan to argue that the shelters had approval from top management. … A government-appointed monitor of KPMG gives Mr. Flynn a

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vote of confidence. He has proved to be 'the right person at the right time,' says the monitor, Richard Breeden, a former chairman of the Securities and Exchange Commission."

CONGRESS-ADMINISTRATION:

Cheney Promotes Trade Authority, Says Bush Would Veto Union Measure. The AP (2/15, Riechmann) reports, "Vice President Dick Cheney on Wednesday urged the nation's manufacturers to lobby Congress in what he said would be a difficult battle to extend President Bush's special trade authority. The authority, which expires on July 1, allows the president to negotiate trade agreements that must be considered by Congress on an expedited basis that bars any amendments." In a speech to the National Association of Manufacturers, Cheney said, "I think it's going to be a tough fight. … We're strongly supportive of it. It's very important for us to continue to have that authority, but we're going to need help on Capitol Hill." Cheney also said "the president would veto legislation that would make it easier to form unions. Labor activists have said they believe they can get the Employee Free Choice Act through the Democratic-controlled Congress. But they have acknowledged that it might not be signed into law under the current administration."

The Washington Post (2/15, D1, Goodman, 690K) reports, "Democrats, eager not to be painted as protectionists, have in recent weeks toned down their rhetoric, with leaders saying repeatedly that they want to see a new round of trade pacts approved. T he Bush administration, keen to win congressional approval for recently negotiated pacts with Peru, Colombia and Panama and intent on securing deals with Korea and Malaysia, has been speaking of compromise on labor protections, the most contentious issue of the debate." But "beneath that amiable talk, substantial disagreement remains over details, according to sources in the administration and on Capitol Hill and as evidenced by the sometimes sharp exchanges during yesterday's hearing."

Senate Passes Spending Bill. The New York Times/AP (2/15, Taylor) reports, "The Senate on Wednesday passed a $464 billion spending bill that closes out last year's unfinished budget business while providing clues about how the new Democratic Congress and President Bush will do business." The bill, passed 81-15, "sticks to Bush's overall budget caps but finds numerous ways around them to add to programs favored by lawmakers, such as education, health care, food inspection and mine safety. The mammoth bill pulls together nine unfinished spending bills funding foreign aid and every domestic agency budget except the Homeland Security Department." The "bill provides small but welcome funding increases to agencies that have been limping along at or below last year's funding levels in the four months since the budget year started Oct. 1. Without the measure, food inspectors, FBI agents and air traffic controllers faced furloughs, while more than 200,000 low-income people could have lost housing subsidies." The Washington Times (2/15, 88K) runs the same AP story.

The Wall Street Journal (2/15, A13, Rogers, 2.04M) says the measure "bears the imprint of the new Democratic majority and presages budget battles over defense and domestic priorities. Veterans' medical services, education and health care will see spending increases even as $3.1 billion is cut from Mr. Bush's 2007 request for military-construction funds to accommodate base closings overseas." Senate Republicans "had protested the cut, but 23 of them joined Democrats on a 71-26 procedural vote Tuesday that sealed passage of the bill, which will dictate spending for the final eight months of this fiscal year ending Sept. 30."

The Washington Post (2/15, A10, Kane, 690K) reports Republicans "had threatened to block" the bill "out of pique for being denied a chance to offer amendments. In the end, Republicans gave in and overwhelmingly supported the spending bill, which funds a litany of popular domestic programs through Sept. 30." Before the vote, Sen. Trent Lott "said that his fellow Republicans were not willing to risk a partial government shutdown over complaints about how Democrats were running the chamber." The Post adds, "That acquiescence by Republicans puts off until next month the first big showdown between the White House and Democrats on spending, which will come as part of deliberations over President Bush's anticipated request for additional funds for the war in Iraq."

In his syndicated column, running in this morning Washington Post (2/15, A27, 690K), Robert Novak writes, "The Senate Republican leadership met behind closed doors this week to ponder Majority Leader Harry Reid's audacious power grab on the massive catchall appropriations bill." They "decided they could not filibuster the bill for fear of being blamed for closing down the government, but they still wanted enough votes opposing cloture to make an impression. That would seem a formula for defeat, and indeed it was." The bill "was not really a CR. It was an omnibus appropriations bill changing money levels."

Bush Steps Up Outreach To Congress. Roll Call (2/15, Billings) reports that even as Congress "debates President Bush's controversial proposal to increase U.S. troops in Iraq, the White House has been quietly negotiating with key lawmakers to try to advance some of its leading domestic priorities with the hope of rounding out a legacy now defined by an unpopular war." Bush has "dispatched Cabinet officials to Capitol Hill in recent weeks to kick off talks with both Democratic and Republican Senators and House

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Members on immigration reform, health care legislation, energy proposals, No Child Left Behind reauthorization and Social Security and entitlement revisions. The campaign began in earnest after Bush's Jan. 23 State of the Union address." A "knowledgeable White House official this week said the administration is lobbying lawmakers more intensely than in recent years, not only because Democrats now control the Congressional agenda but because the window is narrowing to pass Bush's priorities with just two years remaining in his second term." Bush officials "also recognize that this year is their best hope to advance controversial bills such as immigration reform, given the politics of the 2008 presidential election already is taking hold." Roll Call adds while "some Congressional Democrats say any increase in outreach by Bush is welcome, they have yet to be convinced that the White House truly is negotiating in good faith."

Kondracke Says Bush, Democrats Should Discuss Entitlement Reform. In his Roll Call column (2/15), Morton Kondracke says it is "time for the Bush administration and Democratic Congressional leaders to stop talking about talking about entitlement reform — and actually start talking about reform itself." There is "agreement on both sides that beginning soon, the costs of Social Security, Medicare and Medicaid benefits for the baby boom generation will put unsustainable burdens on taxpayers and the economy — and that something must be done about it." Democrats "do feel they've conceded upfront — Conrad told me in an interview that 'it is going to take more savings on the spending side than on the revenue side' to solve the problem — but that the administration is refusing to concede in advance that "revenue" has to be increased."

Senate Republicans To Unveil Agenda. Roll Call (2/15, Billings) reports Senate Republicans "will unveil their legislative blueprint for the 110th Congress, a seven-point agenda laden with traditional GOP initiatives from tax cuts to a stronger national security designed to redefine them as the party of reform." They "are hoping the agenda will help guide them back into the majority in just two years. Republicans believe that they lost control of the House and Senate in the 2006 elections because they lost sight of the party's principles and failed to follow through on articulating their vision to the electorate." Republican leaders "will lay out seven "challenges" Congress must address over the next two years, beginning with the war on terror and including fiscal restraint, tax relief, health care, energy security, judicial nominations and immigration reform. Senators do not intend to tick off specific bills they plan to introduce but will discuss their general goals and how to meet them, sources said."

White House Considers Simplifying Security Clearance Process. USA Today (2/15, Willing, 2.27M) reports, "The White House is considering making it easier for people to obtain top-secret security clearances by eliminating some time-consuming background checks, says the Bush administration's point man on clearances. The goal, says Clay Johnson III, deputy director of the Office of Management and Budget, is to speed up a process that, according to a series of government reports, wastes millions of dollars and endangers public safety by leaving thousands of defense, homeland security and intelligence jobs unfilled for more than a year." Johnson "plans to report to Congress today that the executive branch is making "significant progress" toward clearing a backlog of uncompleted clearance applications that government contractors and others say exceeds 350,000."

Justice Kennedy Supports Higher Judge's Pay, Opposes Court Cameras. The Legal Times (2/15, Mauro) reports, "In a rare appearance Wednesday before the Senate Judiciary Committee, Supreme Court Justice Anthony Kennedy made an impassioned plea for increasing judicial salaries and against allowing cameras in the Court." The Times continues, "The failure of Congress to give federal judges meaningful raises in recent years is 'threatening the excellence of the judiciary,' Kennedy said, adding that the traditional linkage between the salaries of judges and members of Congress 'has hurt the judiciary very badly.'" The Times adds, "The Judiciary Committee says Kennedy's appearance marked the first time 'in modern history' that a sitting justice has testified before the committee on legislative matters. … As for cameras in the Court, Kennedy said more than once, 'We don't want it!' to the committee, whose ranking Republican, Sen. Arlen Specter of Pennsylvania, introduced a bill last month that would require cameras at Court proceedings. 'Please, senator,' Kennedy continued, pointedly urging the Senate not to introduce the 'insidious temptation' for justices to shape their comments and questions from the bench into catchy sound bites." The Times notes, "Kennedy has made similar points in the past, but his impassioned tone before the senators reached a level he usually reserves for students he lectures about the rule of law. The topic for the hearing was billed as 'judicial security and independence,' but the two-hour session ranged far and wide in subject matter."

NBC Nightly News (2/14, story 7, 1:10, Williams, 9.87M) reported, "In this era of video, of everything available everywhere, the US Supreme Court is one of the last great unknowns. Some in Congress want to televise the court's live oral arguments as it is now and it has always been, you have to be in that chamber to see those nine justices at work. Today Justice Anthony Kennedy made it clear to Congress he would like to keep it that way." Justice Anthony Kennedy, US Supreme Court: "Please, Senator, don't introduce into the dynamics that I have with my colleagues the temptation, the insidious temptation to think that one of my colleagues is

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trying to get a sound bite for the television. We don't want that. Please don't introduce this into our inter-collegial deliberations. We don't want it." Williams: "Yet another justice goes one step further. Justice David Souter has said in the past that cameras would be allowed into the Supreme Court chamber over his dead body."

Security Concerns To Boost Federal Work Force. The Federal Times (2/15, Hemingway) reports, "The ranks of federal employees will grow again under President Bush's proposed 2008 budget. In all, the budget proposes a net increase of 13,000 employees in 2008." The Times continues, "Much of the hiring would be for homeland and national security programs: border protection, intelligence, military support and counterterrorism, among others. … The Homeland Security Department's Customs and Border Patrol would get money to hire an additional 3,000 Border Patrol agents. … And Customs and Border Patrol would get 300 more CBP officers to manage ports of entry. That number should be several thousand higher to meet staffing needs at ports of entry, said Colleen Kelley, president of the National Treasury Employees Union. … 'The relative handful of additional positions for CBP officers contained in this budget proposal pales in comparison to the pressing need for more staffing at the nation's land, air and sea ports of entry,' she said in a statement." The Times adds, "Homeland Security's Citizenship and Immigration Services is seeking an additional 600 adjudication and support employees to process applications for immigration benefits and services. There also are increases for aviation and transportation security. … The Commerce Department has plans to hire 3,400 employees. Of those, 985 would go to the Patent and Trademark Office to help reduce the time it takes to process patent and trademark applications, which has been increasing. And the Census Bureau would boost its ranks by 2,200 as it prepares for a practice census in 2008 and begins opening field offices for the 2010 census. … The Health and Human Services Department is seeking more than 400 additional employees for the Food and Drug Administration's program on generic-drug safety, another 400-plus employees to fight bioterrorism and prepare for pandemic influenza at the Centers for Disease Control and Prevention, and another 100 staff at health care facilities run by the Indian Health Service. … The Justice Department asks for 231 new FBI counterterrorism and intelligence agents, but the overall department work force will decline, mostly at the FBI and federal prison system."

Legislative Proposals Could Empower Generic Drugmakers. Financial Times (2/15, Kirchgaessner, Bowe) reports, "Big pharmaceutical companies are facing a barrage of legislative proposals that could have a dramatic impact on the industry's future earnings power and open doors to one of its biggest threats: generic drug manufacturers." Among them, a proposal by New York Sen. Hillary Clinton (D) and "a bipartisan group of lawmakers" to "allow generic drugmakers to manufacture cheaper versions of biotechnology drugs produced by companies such as Amgen and Genentech." It would allow the FDA "to approve the generic versions of biotech drugs, also known as follow-on biologics." Meanwhile, "[o]pponents, led by the Biotechnology Industry Organisation (Bio), say the proposal raises safety questions and threatens to hamper the willingness of branded biotechnology companies to innovate." Financial Times adds, "A separate effort by a bipartisan group of lawmakers in the Senate that would prohibit big branded drugmakers from paying generic rivals to stay out of their markets is also gaining traction."

USA Today (2/15, Schmit, 2.27M) reports, "Legislation introduced Wednesday in the House and Senate would give the Food and Drug Administration the ability to approve cheaper copies of biotech drugs. Biologics, such as insulin and cancer drug Herceptin, are based on living cells, while traditional drugs are made from chemicals. The FDA approves generic versions of traditional drugs once they lose patent protection. But biologics have been immune from generic competition partly because the FDA doesn't have authority to approve copies."

GAO Criticizes SBA Disaster Preparedness. USA Today (2/15, Wolf, 2.27M) reports a GAO report on the Small Business Administration's disaster preparedness "cited recent improvements under new Administrator Steven Preston but said the SBA still lacks a timetable for completing a disaster management plan. It scolded the agency for not relying more on simulations and models of catastrophes. … The SBA came under heavy criticism in the months after Hurricane Katrina struck New Orleans and the Gulf Coast on Aug. 29, 2005. Small businesses, homeowners, members of Congress and even some agency employees complained about a computer system that broke down repeatedly and restricted access to a small number of staff even when it was running." Preston said the agency had made "vast improvements" to the computer system and had "2,200 staffers in its disaster loan program, compared with about 800 before Katrina."

NBC Nightly News (2/14, story 9, 2:00, Williams, 9.87M) reported small business owners told lawmakers today that the help they received following Hurricane Katrina "was too little and came too late." NBC (Myers) continued, "Today the head of the SBA told a House committee there have been problems, but that 73% of loan money now has been sent out." Preston was shown saying, "When we look at our back logs and timelines, we are, for the most part, being responsive to those people." Myers: "The SBA seems much more efficient at trying to collect loans." NBC cites a couple

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whose first payment on the full amount of a loan that "they have not received" is due in May.

Only Handful Of Congressional Women Have Young Children. The Washington Post (2/15, A25, Romano, 690K) reports that in the "new, kid-centric House of Pelosi, Rep. Debbie Wasserman-Schultz is not a bit self-conscious about trying to raise her young family from afar while serving in Congress." Although "a record 87 women serve in Congress today, there are still only a handful who are faced with balancing the pressures of politics and mothering young children. House Speaker Nancy Pelosi did not run for Congress until her children were grown, often the case with women who have served in Congress. The House floor may have been packed with kids on the day the members were sworn in, but most were the offspring of the gentlemen of the House." Among the "few female members with little ones: Freshman Rep. Kirsten Gillibrand (D-N.Y.) resolved her balancing act by moving her 3-year-old son to Washington, where he attends the House child-care center. Rep. Deborah Pryce (R-Ohio), a single mom, opted to leave her 4-year-old daughter back in Ohio, where extended family can care for the girl, a spokeswoman said." Wasserman-Schultz, 40 "and in her second term, may have it the roughest, trying to be hands-on mother 1,000 miles away to three children -- 7-year-old twins and a 3-year-old."

Lawmakers Making Headlines For Smoking. The Washington Times (2/15, Bellantoni, 88K) reports, "Who is, who isn't, and where the lawmakers puff -- closeted or not -- are among the whispers in the hallways and on the presidential campaign trail." There have been "at least 35 news reports about Sen. Barack Obama's long battle with a cigarette habit, and how the Illinois Democrat has been chewing Nicorette to kick that habit as he runs for president." In the "latest installment, staffers for Rep. Keith Ellison tattled to Capitol Police that Rep. Tom Tancredo was smoking a cigar inside his congressional office." An officer "investigating the report informed Mr. Ellison, Minnesota Democrat, that smoking is allowed in the private offices, the Hill newspaper first reported yesterday."

OPM Directors' Decision On Government Weather Closings Often Second-Guessed. The Washington Post's (2/15, D4, Barr) "Federal Diary" column reports this morning, "Washington weather has long vexed the directors of the Office of Personnel Management and yesterday's gray icy slush was no exception." OPM director Linda M. Springer "began sorting out her options at 9 pm Tuesday after she received her first reports on the sleet and ice storm moving into the region. That same day, the OPM had closed the government early, at 2 pm, after weather forecasts showed it might be wise to get as many employees as possible off roads before dark." The Post adds, "The judgment on whether to open or close the government can be easily second-guessed by employees, especially when schools close," and the "OPM cannot make weather-related decisions lightly because of economic and workforce productivity concerns. The federal payroll is about $76 million a day in the Washington area, and some companies and nonprofit groups take their cues from the OPM on when to open for business."

NYTimes Prefers House Minimum Wage Bill. The New York Times (2/15, 1.16M) says in an editorial, "In the coming week, the House is expected to pass a bipartisan bill aimed at scaling down the unwise tax cuts that the Senate has demanded in exchange for raising the federal minimum wage. The House measure contains only modest tax cuts, worth $1.3 billion over the next 10 years, and is focused on the small businesses that are most likely to be harmed by a higher minimum wage, like mom-and-pop restaurants. We would have preferred a straightforward minimum wage increase. But the House bill is a reasonable response to the Senate's refusal to move forward without tax cuts."

NYTimes, WPost Call For Strengthening No Child Left Behind Act. The New York Times (2/15, 1.16M) writes in an editorial that the No Child Left Behind Act "is unlikely to succeed unless Congress strengthens the law and puts a lot more money behind it when it moves to reauthorize No Child Left Behind later this year." It praises the Aspen Institute's Commission on No Child Left Behind for producing "a list of 75 specific and much needed suggestions" specifically noting its request for "an additional $100 million" for state data systems and its suggestion that "teachers…be evaluated…on how effectively their students learn." The Times discerns a "growing and welcome consensus that No Child Left Behind, and the quest to improve public schooling for all children, are here to stay. What remains is for Congress to write some of these important new provisions into law and to put enough money behind them to make them work."

The Washington Post (2/15, A26, 690K) in an editorial denounces the "fraud" being conducted by states who administer "weak tests" under NCLB in order to produce a "misleading picture of how well schools and their students are doing." The Post argues "it's time for the United States to move in the direction taken by other countries in formulating and administering a national test" because "children's rights trumps states' rights, and geography should not matter in how well prepared students are." So, "as Congress begins to debate the reauthorization of No Child Left Behind, it should ask this question: Why wouldn't the nation want, finally, to know how well all of its students perform?"

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OTHER NEWS:

Bernanke Offers Upbeat View Of US Economy. The AP (2/15, Aversa) reports, "Federal Reserve Chairman Ben Bernanke offered a mostly upbeat assessment of the economy Wednesday, citing improvements in inflation and housing in comments suggesting the Fed will leave interest rates alone for a while." Said the Fed chairman, "Overall, the US economy seems likely to expand at a moderate pace this year and next, with growth strengthening somewhat as the drag from housing diminishes."

NBC Nightly News (2/14, story 6, :25, Williams, 9.87M) reported Bernanke "shrugged off trouble in the auto industry and housing market and said the economy will grow this year."

The Los Angeles Times (2/15, Havemann, 850K) reports that "in portraying the best of all possible economies, Bernanke suggested that the Fed would leave interest rates alone until it sees some warning signs of either inflation or a turndown in economic growth." The Wall Street Journal (2/15, A2, Ip, 2.04M) also reports that Bernanke also said he "remained concerned that tight labor markets and limited spare capacity could yet force inflation higher -- suggesting that interest-rate cuts are not yet being contemplated." USA Today (2/15, Hagenbaugh, 2.27M), New York Times (2/15, Peters, 1.16M), Washington Post (2/15, D1, Henderson, Tse, 690K) and Financial Times (2/15, Guha) run similar reports.

USA Today (2/15, 3B, Kirchhoff, 2.27M), meanwhile, says "despite tight labor markets and rising wages, some economists caution that consumers are likely to pare their spending ahead." The debate "was highlighted by Wednesday's report that US retail sales were flat in January, though December figures were revised somewhat higher. Auto sales fell last month, while department store sales were bolstered by redemption of holiday gift cards."

The Washington Times (2/15, Hill, 88K), meanwhile, notes Bernanke "urged action yesterday to balance the budget and curb income inequality through better education, saying such goals should take priority over tax cuts. 'I can't speak to the overall combination of taxes and spending, other than to say that they should be in balance. But I will go so far as to say that I think that there's a significant return to investing in young kids,' the Fed chairman told Sen. Bob Casey, Pennsylvania Democrat, in response to a question about whether Congress should vote to extend tax cuts or increase funding for the Head Start program for poor children."

Fueled By Bernanke's Comments, Dow Reaches New Record. The CBS Evening News (2/14, story 2, :15, Couric, 7.66M) reported, "The Dow picked up 87 points to close at an all time high [at 12,741.86]. The NASDAQ gained more than 28 [to close at 2488.38]. The market got a boost from the Chairman of the Federal Reserve, who said he expects inflation to ease." The Wall Street Journal (2/15, C1, McKay, 2.04M) notes the "broad Standard & Poor's 500-stock index rallied 11.04 points, or 0.8%, to 1455.30, up 2.6% this year." USA Today (2/15, 1B, Shell, 2.27M), meanwhile, says "the record-setting run on Wall Street is starting to add up to real money. The Dow Jones Wilshire 5000 index, the broadest measure of the U.S. stock market, has recouped all of its dollar losses suffered in the 2000-02 bear market. As of Wednesday, it had rebounded 100% and regained $8.8 trillion in market value -- more than the combined annual GDP of Japan, Germany and the United Kingdom -- since its Oct. 9, 2002, low."

McCain Has Already Topped His '00 Total Of Endorsements From GOP Senators. The Politico (12/15, Martin, Reilly) reports that during his 2000 bid for president, Arizona Sen. John McCain (R) netted "a grand total of four endorsements from GOP senators." But early in his 2008 quest for the White House, "McCain has already outpaced his 2000 total. He has six endorsements, and his campaign promises more soon. That McCain is already on the way to doubling his 2000 take is a vivid illustration of the onetime maverick's ability to make amends with colleagues and the conservative establishment that many of them represent. A Politico survey among the 49 Republican senators also found three senators backing former Massachusetts Gov. Mitt Romney for president." Though "McCain is winning more support than before, interviews with senators and key aides showed he continues to confront deep ambivalence among many colleagues." McCain, in an interview, said, "I know…I am not the most popular guy with many on the Appropriations Committee because of our different views on earmarks and that whole process."

Romney's Predecessor Endorses McCain. The AP (2/15, Donald) reports Republican Jane Swift, "the Massachusetts governor who preceded Mitt Romney, is endorsing one of his top rivals for the party's presidential nomination - Sen. John McCain." In a statement issued by McCain's exploratory committee, Swift said, "Senator John McCain is a principled leader whose unwavering determination to improve the lives of Americans is admirable." The AP adds Swift, "then lieutenant governor of Massachusetts, became acting governor in 2001 after Paul Cellucci resigned to become U.S. ambassador to Canada. She had been planning her own gubernatorial campaign in 2002 when Romney returned to Massachusetts from the Olympic Winter Games in Utah and made clear he planned to seek the GOP nomination."

Giuliani Criticizes Bush On Iraq. The New York Times (2/15, Pérez-Peña, 1.16M) reports that ex-New York City Mayor Rudy Giuliani (R) on Wednesday "removed any

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lingering doubts that he was running for president, and, without mentioning President Bush by name, offered pointed criticism on how the Iraq war has been handled. He said that the United States went to war with far too few forces and was wrong to dismantle Saddam Hussein's military and government, and he conceded that if more information had been available about Iraq's weapons, Congress never would have approved the war." During an appearance "on 'Larry King Live' on CNN yesterday, Mr. Giuliani twice said, 'Yes, I'm running,' according to a transcript provided by CNN. … Asked if he would make a formal announcement of the kind favored by other candidates, he said, 'I guess you do.'" On the topic of Iraq, "Giuliani used the interview to offer a harsh assessment of the Bush administration's decision-making," aligning himself "more closely" with GOP rival Arizona Sen. John McCain (R), "who has supported the war, as Mr. Giuliani does, but has criticized its conduct. 'I would remove Saddam Hussein again,' Mr. Giuliani said. 'I just hope we'd do it better and we'd do it in a different way.' Most important, he added, the United States, which has had 120,000 to 160,000 troops at a time in Iraq, should have gone in with 'maybe 100,000 to 130,000 more.'"

Long Island Newsday (2/15, Gordon, 414K) runs a short article noting that Giuliani told CNN host Larry King, "Yes, I'm running," and goes on to say, "So the only suspense now is about the where and when of a full-fledged announcement. Democrat Hillary Rodham Clinton used a Web video. Barack Obama traveled to the land of Abraham Lincoln on Saturday and addressed supporters in freezing temperatures. Republican Mitt Romney went to Michigan -- plenty far from Washington (he's running as an outsider). John McCain hasn't declared. At least one politico has suggested Ground Zero, certainly a central part of Giuliani's campaign but also politically risky, looking too much like politicizing the nation's worst tragedy."

Giuliani Camp Will Seek Guidance From FEC On Speaking Fees. The Washington Post (2/15, A8, Solomon, Mosk, 690K) reports that Giuliani "has continued to make paid speeches at a standard fee of $100,000 since forming his presidential exploratory committee last November, mixing personal business with campaigning in a way many of his rivals in the race cannot. Presidential candidates who are not federal officeholders are allowed to take money for speeches, as long as they are not raising campaign money at the event, distributing campaign material or delivering an overtly political speech. But campaign aides said yesterday he will wait to collect his fee for a speech he gave last night until his campaign has discussed the arrangement with the Federal Election Commission and determined how best to handle a handful of speaking engagements already scheduled through the spring. Giuliani, who has filed an official statement of candidacy with the FEC but has not formally entered the race, spoke in San Diego at a seminar. … His talk was titled 'Courage Without Compromise.' Giuliani's aides said he will not accept any more requests for paid speeches."

Brooks Says Liberal Call For Clinton Apology Is Bogus. In his New York Times column (2/15), David Brooks says, "Far be it from me to get in the middle of a liberal purge, but would anybody mind if I pointed out that the calls for Hillary Clinton to apologize for her support of the Iraq war are almost entirely bogus?" If they "went back and read what Senator Clinton was saying before the war, they'd be surprised, as I was, by her approach. And they'd learn something, as I did, about what kind of president she would make." When you "look back at Clinton's thinking, you don't see a classic war supporter. You see a person who was trying to seek balance between opposing arguments. You also see a person who deferred to the office of the presidency. You see a person who, as president, would be fox to Bush's hedgehog: who would see problems in their complexities rather than in their essentials; who would elevate procedural concerns over philosophical ones; who would postpone decision points for as long as possible; and who would make distinctions few heed. Today, the liberal wing of the Democratic Party believes that the world, and Hillary Clinton in particular, owes it an apology. If she apologizes, she'll forfeit her integrity. She will be apologizing for being herself."

Some Suggest California Could Be In Play For '08 GOP Nominee. The Politico (2/15, Allen), noting that Giuliani has been on a "a swing through Northern California this week" and that next week, Arizona Sen. John McCain (R) "will appear in the Los Angeles area with Gov. Arnold Schwarzenegger to promote his climate-change policies and talk about how they can be taken national," relates, "Both stops are precursors of a seismic shift taking shape in presidential politics -- California as a top priority for Republicans." The Politico reports, "In the four general elections since 1992, the Republican presidential nominee has lost California every time, by 11 to 13 percentage points. … This year though, the state suddenly looks alluring to" GOP presidential hopefuls "for two reasons: * California is poised to move its presidential primary from June, when it was irrelevant, up to Feb. 5, creating a potential jackpot near the start of the nominating contests. * Giuliani and McCain are pro-business candidates with moderate images in the mold of Schwarzenegger, a Republican who easily won re-election in November. Golden State experts say that if either one heads the GOP ticket, he could put the state in play for the general election -- a seismic change in an electoral map where the same states get disproportionate attention in election after election."

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Clyburn Won't Make Endorsement For Democratic Primary. The AP (2/15, Donald) reports, "House Majority Whip Jim Clyburn, one of the most powerful Democrats in South Carolina politics, will not endorse a presidential candidate during the 2008 primaries as part of a promise made months ago to party leaders." Clyburn said, "I'm staying out of it." The AP adds Clyburn "did much of the arm twisting that landed South Carolina's January 2008 primary ahead of every other state except Iowa, New Hampshire and Nevada." Clyburn said, "I used a lot of political capital keeping that primary in South Carolina when two other states went after that. I promised people at that time that if they were to come to South Carolina and participate in that primary I would not participate in any effort."

Edwards Offers Specific Proposals For Iraq Withdrawal. The Hill (2/15, Schor) reports ex-North Carolina Sen. John Edwards (D) "jumped back into the Iraq debate with more specifics on how the U.S. should extricate itself from the region, casting himself as the 2008 presidential contender most opposed to the war. Edwards called on his former colleagues to go further than their non-binding criticism of President Bush's 'surge' plan, recommended a lower troop ceiling than other Democrats have and charged that the original congressional authorization no longer applies to the war." Edwards, "who supports a funding cutoff for the Iraq 'surge,' also said he would not support such a cut-off for existing operations." Edwards said, "I believe we need to end the war in Iraq, but I believe it should be done in an orderly way, a smart way, so that we increase the chances of stability as we're leaving. So I'm not for immediate and total withdrawal." His "latest plan for Iraq includes a readiness standard similar to one House Democrats and anti-war groups are drafting as a follow-up to this week's non-binding resolution. Under the Edwards proposal, Congress would block troops from leaving for Iraq without adequate training and equipment."

Kaine To Endorse Obama This Weekend. The Washington Post (2/15, A8, Shear, 690K) reports Virginia Gov. Timothy M. Kaine (D) "plans to endorse Sen. Barack Obama for president Saturday, pledging early support from a Southern Democrat as the Illinois senator begins his campaign for the White House." Kaine will "sign onto Obama's presidential team ahead of the senator's appearance at the Virginia Democratic Party's annual fundraiser Saturday night, according to sources familiar with Kaine's decision. The sources spoke on condition of anonymity because they do not want to preempt the formal announcement."

Obama Media Consultant Profiled. The Washington Post (2/15, C1, Montgomery, 690K) profiles Democratic political strategist David Axelrod, "a former newspaper reporter who has worked on past campaigns for no fewer than five of the Democrats racing to the White House, a form of political ubiquity that only enhances his reputation. This time, he's with Obama." A "measure of his status in the top tier of Democratic spinners, scripters and fixers is that when his peers detect something subtle and good, they presume Axelrod must have had a hand in it."

Illinois Abortion Opponents Target Obama. The Hill (2/15, Youngman) reports that of the "thousands of people who gathered in the plaza of the Old State Capitol in Springfield, Ill., for Sen. Barack Obama's presidential campaign announcement last Saturday, only a handful were protesters rather than supporters." There were "50 or so waving signs and chanting, 'No abortion, no Obama.' Their voices might become a consistent presence as the senator makes his way around the country in his bid to win the White House." Abortion foes "in Illinois, following the lead of registered nurse Jill Stanek, are targeting Obama (D-Ill.) for a number of 'present' and 'no' votes he cast on anti-abortion legislation during his time in the Illinois state Senate." It is "hardly unusual that a Democratic candidate would receive unfavorable attention from anti-abortion groups. But Stanek and other anti-abortion crusaders in Illinois are targeting Obama because he voted on a package of legislation collectively known as the Illinois Born Alive Infants Protection Act."

Reagan Library To Host GOP Primary Debate. The AP (2/15, Donald) reports, "Always fond of invoking Ronald Reagan, the 2008 crop of Republican candidates will get a prime chance to associate themselves with the Gipper's legacy. Former first lady Nancy Reagan said Wednesday she was inviting the leading GOP candidates to the first-ever debate at her husband's library in Simi Valley." The Ronald Reagan Presidential Library "plans to host the debate on May 3. It will feature questions submitted through a Web site."

Hunter Seeks Conservative Niche Among GOP Field. In his Washington Post column (2/15, A27), George Will profiles Republican Rep. Duncan Hunter, who "hopes to be seen as the most conservative Republican candidate, as he understands conservatism. He is pro-life, an expert on defense issues, a hawk on border security (he authored the legislation that mandates 854 miles of fences across the major southern border routes used by smugglers of narcotics and people) and a skeptic about free trade." Hunter "chaired the Armed Services Committee in the previous two Congresses and believes that the principal issue for the foreseeable future will be national security -- not just Iraq and terrorism but also the rise of China's military (perhaps nine submarines under construction, with five more to come; the purchase of Russian-built destroyers designed to attack U.S.

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aircraft carriers with very fast and sophisticated missiles; upward of 800 medium-range ballistic missiles deployed). He believes U.S. forces can pacify Iraq, where his son served two tours as a Marine." Will adds, "One-third of new businesses fail within two years; 50 to 70 percent of new products that make it to market fail. Hunter, a burly, rumpled political product seeking a market niche, probably will fail. But as Goldwater said when he entered politics in Phoenix in 1949, 'It ain't for life, and it may be fun.'"

Franken To Run For Senate In Minnesota. The AP (2/15, Condon) reports Al Franken "announced Wednesday that he will run for the Senate in 2008, making it clear that the comedian and author of 'Rush Limbaugh Is A Big Fat Idiot' wants to be taken seriously as a political figure." Franken said "he would seek the Democratic nomination to challenge Republican incumbent Norm Coleman and immediately acknowledged the doubts voters may have about electing a former 'Saturday Night Live' performer.'" Franken said in a video posted to his Website, "Minnesotans have a right to be skeptical about whether I'm ready for this challenge, and to wonder how seriously I would take the responsibility that I'm asking you to give me." The AP adds Franken's "decision instantly makes him a serious contender and brings national attention to the race. He said he supports universal health care, greater efforts to find alternative energy sources and stronger congressional oversight of the executive branch." Franken is "likely to be well-funded, but he's expected to be challenged by several other Democrats, including wealthy trial attorney Mike Ciresi."

The Washington Post (2/15, A8, Goldfarb, 690K) reports Franken's announcement gives "Democrats the possibility of a celebrity candidate to face Sen. Norm Coleman, considered one of the most vulnerable Republicans in 2008." In the 2006 midterm elections, Franken's Midwest Values political action committee "raised more than $1 million to benefit Democratic candidates. Cementing relationships for a future Senate run, Franken traveled the state to entertain at candidate rallies."

Davis May Run For Senate Or Retire. Roll Call (2/15, Davis, Whittington) reports most politicians "tend to be wary of discussing their own futures. But Rep. Tom Davis (R-Va.) is remarkably candid about the crossroads he is approaching in Congress." In a Tuesday interview, Davis "said unambiguously that he will run for the Senate in 2008 if five-term Sen. John Warner (R-Va.) decides to retire." David said, "It is safe to say that I would run. But if he does run, I would stand out front and take a bullet for him. I think the world of John. I would not do anything to undermine that." Roll Call adds Davis "also acknowledged that this could be his last term in Congress. He views 2008 as his best opportunity for a Senate run, and regardless of Warner's decision he has doubts about seeking an eighth term in the House." But Davis "also knows that opening up a Democratic-trending seat like the one that he holds won't be helpful to the GOP's cause to make up ground lost in 2006." Fairfax County Board of Supervisors Chairman Gerry Connelly (D) "is viewed as likely to run for Davis' seat. Davis used the same board position as a springboard to Congress in 1994 and Connelly would be a strong contender." While Davis "said he would not abandon his seat without lining up a top-flight candidate — one who would undoubtedly fit the Congressman's same moderate ideological mold — it also isn't likely that conservatives in the district would pass up the opportunity to nominate one of their own."

California Appeals Court Hears Stem Cell Institute Challenge. The Los Angeles Times (2/15, 850K) reports the California Court of Appeal in San Francisco "heard oral arguments Wednesday in the 2-year-old dispute that has kept the state's voter-created stem-cell institute from issuing any of the $3 billion in bonds approved under Proposition 71, the 2004 stem-cell research initiative." Attorneys for the plaintiffs – "the People's Advocate, National Tax Limitation Foundation and California Family Bioethics Council -- argued again that Proposition 71 was unconstitutional because it created a taxpayer-funded entity that is not under the direct management and control of the state. They also argued that the proposition violated the single-subject rule for such measures and that the citizen board has conflicts of interest."

Fresh Crop Of Lobbyists Rises With Democratic Majority. The Wall Street Journal (2/15, A9, Cummings, 2.04M) reports after Democrats "took over Congress earlier this year, they set new limits on lobbyists, aiming to reduce their influence on Capitol Hill." But the "launch of a new firm, Heather Podesta+Partners, shows that, rather than diminishing the clout of Democratic lobbyists, the new Congress has led to the creation of a fresh crop, whose sway could grow even more as the 2008 presidential campaign heats up." Ms. Podesta's "tale illustrates how hard it is to cut the link between lobbyists and politicians. These relationships often forged at the start of careers, when working together on Capitol Hill as low-level staff or while knocking on doors along the campaign trail." During the "first week of the new Congress, freshly sworn-in House leader Nancy Pelosi was in the Capitol's speaker's lobby one evening greeting Ms. Podesta with a kiss on the cheek." Podesta was "there to pose in the official swearing-in photo for California Democratic Rep. Ellen Tauscher, a long-time friend who had advised Ms. Podesta on setting up her firm -- an enterprise she launched based on her confidence in maneuvering the reshaped corridors of power." Podesta's

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ties to the Democratic leaders helped "build a roster of clients -- such as software provider SAP Americas, which has an interest in new patent legislation, as well as HealthSouth Corp. and health-care provider Cigna Corp., which are concerned by talk of cuts in Medicare payments."

Roll Call (2/15, Newmyer) reports that as congressional Democrats "firm their grip on power, they are opening a regular channel of communication with corporate lobbyists." Leaders from "the new majorities in both chambers have begun meeting twice a month with K Street allies to keep them apprised of their agenda and strategy. The huddles, organized by the centrist think tank Third Way, are bringing together as many as 80 lobbyists to hear updates from Democratic leadership aides." Lobbyists "familiar with the meetings said they are becoming a hot ticket as Democrats wrap up work on their '100 hours' agenda and turn their focus toward formulating plans for the rest of the year." Unlike their "predecessors in the GOP, Democratic leaders face the challenge of juggling two key but regularly conflicting constituencies: business and labor. While members of those two camps found a few areas of agreement during the previous Congress — most notably on pension and immigration reform — they are ramping up for battles on big-ticket items this year. They already have locked horns on a minimum-wage hike and foresee major clashes over health care, trade and union-organizing measures."

Bush Rejects Criticisms Of Korean Nuclear Accord. The Financial Times (2/15, Luce) reports President Bush Wednesday "angrily rejected criticisms of Tuesday's six-party agreement on North Korea's nuclear programme while singing the praises of multilateral diplomacy." The President's backing of the deal has attracted "fierce attacks," including those from former Ambassador John Bolton. Bush, however, said he "strongly disagree[s] with [Bolton's] assessment," insisting that "the best diplomacy is where there is more than one voice sitting down with an equity in the issue...the assessment made by some that this is a bad deal is flat wrong."

AFP (2/15, Parameswaran) says Bush "defended the deal against critics, including from his key conservative base, who said that offering aid and other guarantees to North Korea in return for disbanding its nuclear network was rewarding 'bad behavior' and a sign of US weakness." Bush also spoke Wednesday by telephone with Japanese Prime Minister Abe and South Korean President Roh, who "agreed on the importance of close coordination on North Korea," said SNC spokesman Gordon Johndroe.

On its front page, the Washington Post (2/15, A1, Kessler, 690K) reports the White House yesterday "found itself fending off a conservative revolt over the North Korea nuclear deal, even scrambling to mollify one of its own top officials who expressed sharp disagreement with a provision that could spring Pyongyang from the list of countries that sponsor terrorism," US officials said yesterday. Elliott Abrams, a deputy national security adviser, "fired off e-mails expressing bewilderment over the agreement and demanding to know why North Korea would not have to first prove it had stopped sponsoring terrorism before being rewarded with removal from the list, according to officials who reviewed the messages." Meanwhile, the National Review, "a conservative bastion," yesterday "slammed" the agreement "as essentially the same one negotiated by President Bill Clinton in 1994." The Post says the comments "reflected deep concerns among conservatives that the agreement could turn out to be an important and troubling turning point" following the departure of Defense Secretary Donald Rumsfeld, who "was often seen as a counterweight to" the State Department.

Pelosi Welcomes Deal. On PBS' NewsHour (2/14, Lehrer), House Speaker Nancy Pelosi said of the North Korea agreement, "I think it's good news. It's not new news. It's pretty much what President Clinton had in place when he was in the White House that had been sort of set aside when the Bush people came in, but it's fine. … Let's just see where we go from here. It's going to take some verification to make sure the North Koreans do what they have to do, but I commend the President."

South Korea, Japan Split On North Korea Pact. The New York Times (2/15, A10, Onishi, 1.16M) reports the deal "has had immediate ripple effects in Japan and South Korea, apparently freeing South Korea's hands and tying Japan's." A day after the accord was brokered, Seoul "invited North Korea to resume ministerial talks," but in Tokyo, Prime Minister Shinzo Abe "came under attack from members of the opposition and his own party for his government's refusal to provide assistance to the North over what it says are unresolved cases of Japanese abducted by North Korean agents."

China Praised For Role In Brokering Deal. The Financial Times (2/15, McGregor, Fifield) says, "In the wake of the latest breakthrough in the long-running negotiations to end North Korea's rogue nuclear programme China has again won plaudits for muscling its recalcitrant neighbour to the table and brokering a deal." However, the Times notes "far from solidifying Beijing's role on the diplomatic stage, the talks underlined its variable approach to global disputes. While Beijing has become Washington's indispensable partner in North Korea, it has consistently refused to sign on to the western agenda to end the killings in Darfur, Sudan, and so far reluctantly gone along with limited sanctions against Iran."

Expert Says Agreement Falls Short. Bruce Klingner, senior research fellow at The Heritage Foundation, writes in a USA Today (2/15, 10A, 2.27M) op-ed that the deal "has significant shortfalls that will hinder efforts to denuclearize

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North Korea." For example, "Its vague provisions and deferred requirements provide Pyongyang with loopholes that it will seek to exploit. Moreover, the accord sends a dangerously accommodating signal not only to North Korea, but also to Iran and other aspiring nuclear weapons states."

Meanwhile, in an accompanying editorial, USA Today (2/15, 10A, 2.27M) praises the deal, saying "one of the most important things President Bush could achieve before leaving office would be to persuade North Korea to follow Libya's path by giving up its nuclear weapons program." Although it is "a tall order," USA Today says "progress seems more possible than at any other time since Bush took office."

Abbas Cancels Speech In Sign Of Continued Tension With Hamas. The New York Times (2/15, Erlanger, 1.16M) reports under the headline "Canceled TV Speech Points To Hamas And Fatah Split," that in "another sign of tension with Hamas over a possible national unity government," Palestinian President Mahmoud Abbas canceled a televised speech scheduled for Thursday night, his aides said Wednesday. In the speech, Abbas "was to have told Palestinians about his talks with Hamas leaders in Mecca," but "many details" have been left "unresolved, including who would fill key posts like interior minister."

Ross Says Rice Must Have Arab Backing For Mideast Accord. Former special Middle East coordinator under President Bill Clinton, Dennis Ross, writes in the Washington Post (2/15, A27, 690K) that ahead of next week's summit between Secretary of State Condoleezza Rice, Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert, that the leaders "should be willing to accept the necessary hard compromises and end the Palestinian conflict (or show how it can be ended) so Iran can no longer exploit the conflict to build its following and put the region's moderates on the defensive." He urges the parties to accept a "comprehensive cease-fire," which he says "won't be hammered out without intensive US brokering." He continues, "Even Rice's more ambitious desire for a political horizon need not be surrendered. But to accomplish it, she must get the Saudis, Egyptians and Jordanians to publicly embrace basic trade-offs on the core issues, even if Arab leaders must get out in front of Abbas and Olmert on stating their acceptance of the compromises," because both Abbas and Olmert "are politically weak." Absent that, Ross says, "Rice will need to change her horizon for what is possible in the Middle East."

Hariri Anniversary Highlights Lebanon's "Deep Divisions." The New York Times (2/15, A12, Slackman, 1.16M) reports the Lebanese military Wednesday "rolled out acres of razor wire and fashioned a no man's land to separate the hundreds of thousands of government supporters who poured into" Beirut to mark the second anniversary of the assassination of the former prime minister Rafik Hariri. Although both sides "called for unity among all Lebanese, the day's events illustrated the deep divisions and tensions that keep this country on the edge of civil conflict."

US, UK Ranked Lowest In UN Report On Children. The Los Angeles Times (2/15, Farley, 850K) reports the United States and Great Britain "ranked as the worst places to be a child among 21 wealthy nations," according to a report by UNICEF released Wednesday. UNICEF ranked the countries according to "material well-being, health, education, relationships, behaviors and risks, and young people's sense of happiness." The highest ranking for the United States was for education, but was "at the bottom in health and safety, mostly because of its high rates of child mortality and accidental deaths."

Gutierrez Urges India To Open Markets. In an interview with the Wall Street Journal (2/15, Venkat, 2.04M), Commerce Secretary Carlos Gutierrez said the US "is willing to cut farm subsidies further if other countries reciprocate by improving access to their markets and reducing tariffs." He "said India holds the key to the successful conclusion" of the Doha round of WTO talks. Gutierrez, who is on a two-day visit to India aimed at boosting bilateral trade, said the US would like to see "movement" in terms of India cutting tariffs on agricultural products and providing greater market access for industrial goods from other countries.

Professionals Exit Venezuela As Chavez Expands Control Of Economy. The Wall Street Journal (2/15, A10, Millard, 2.04M) reports Venezuela "has experienced the kind of economic boom in recent years that should be flush with job opportunities. But an increasing number of professionals, many of them from the oil industry, are looking abroad for work, driven away by President Hugo Chávez's effort to extend state control over the economy, and by inflation verging on 20%." For example, "At the US Embassy call center for visas in Caracas, the lines have been jammed since Mr. Chávez announced in early January the nationalization of the electricity industry and Venezuela's largest telecommunications firm." As a result, the number of Venezuelans receiving US legal permanent residence "more than doubled from 2000 to 2005."

Kremlin Limits Candidates, Parties In Russian Local Elections. The New York Times (2/15, Myers, 1.16M) reports that in Russia's local elections scheduled for March, "as on the national level," President Vladimir Putin's "Kremlin has left little to chance or surprise." At the Kremlin's urging, "Putin foes and independent analysts say, Parliament has raised the threshold for parties to win seats, eliminated

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minimum turnout requirements, abolished district elections in favor of party lists, and eliminated the option of voting 'against all.'" In addition, the Kremlin has also "made it more difficult for political parties to form and register."

UN Commander In Kosovo Resigns After Protests. The New York Times (2/15, A5, Wood, 1.16M) reports the commander of the United Nations police in Kosovo resigned Wednesday, "days after violent clashes between the police and demonstrators left two protesters dead and another critically injured." The commander, Stephen Curtis, a former British police officer, "resigned under pressure from the mission's most senior official, Joachim Rücker." The UN mission has "come under substantial pressure to accept responsibility for the handling of the demonstration," the Times notes.

Development Aid By Rogue States Criticized. Moisés Naím, editor in chief of Foreign Policy magazine, writes in the New York Times (2/15, 1.16M) that "states like China, Iran, Saudi Arabia and Venezuela have the cash and the will to reshape the world into a place very unlike the one where we want to live. By pushing their alternative development model, such states effectively price responsible aid programs out of the market exactly where they are needed most. In place of those programs, rogue donors offer to underwrite a world that is more corrupt, chaotic and authoritarian. That sort of aid is in no one's interest, except the rogues."

Former Ambassadors Say Doha Is Africa's "Last Best Chance." Former US Ambassadors Richard Holbrooke and Stuart Eizenstat write in the Wall Street Journal (2/15, A18, 2.04M) that the long-stalled Doha round of trade talks, "if a successful agreement is reached, it will be especially good news for Africa." Failure, conversely, they says, "would have tragic consequences for the continent," by leading the US and the EU to negotiate "more bilateral free-trade agreements with key countries, but not with sub-Saharan Africa and other poor countries."

Nobel Prize Winner Says Governments Should Provide Economic Opportunities. Nobel Prize for Economics winner Edward C. Prescott writes in a Wall Street Journal (2/15, A19, 2.04M) op-ed that the "notion that society is better off if some industries are allowed to wither, their workers lose their jobs, and investors lose their capital -- all in the name of the greater glory of globalization" is "counterintuitive to many people (politicians among them), because they view it the government's economic responsibility to protect US industry, employment and wealth against the forces of foreign competition." Instead, Prescott says "government has a higher calling in this country (and others like the United States), which is to provide the opportunity for people to seek their livelihood on their own terms, in open international markets, with as little interference from government as possible."

WSJournal Urges European Countries To Reduce Unemployment. In an editorial, the Wall Street Journal (2/15, A18, 2.04M) writes, "Europe just got its best jobless report in a very long time. The bad news: In a decade when record numbers of people found work in the rich world, Europe's best is an unemployment rate of 7.5%, significantly higher than America's 4.6% or that of any other developed economy." However, the Journal says "new governments in Italy and Germany and a soon-to-be new president in France have a chance to catch up with other developed economies on getting their citizens into jobs. The recipe isn't complicated: Reduce taxes to reduce wage costs, tighten rules on government benefits, loosen up employment protection laws. Come to think of it, the new majority in the US Congress could stand to read the OECD report, too."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Tehran's Iraq Role Unclear, U.S. Now says."
"Post-Katrina, New Orleans Still Awash In Violence."
"Kaiser Has Aches, Pains Going Digital."
"For Dodgers, Spring Is In The Arizona Air."
"Soldiers' Daughter Is On Duty At Home."
"Auto Merger At End Of The Road?"

USA Today:
"Research: Red-Light Cameras Work."
"'The Most Dangerous Spot I Could Find'."
"State Farm Retreats In Gulf."

New York Times:
"Bush Declares Iran's Arms Role In Iraq Is Certain."
"Troops Sweep 3 Shiite Areas In Baghdad Push."
"Detroit's Slump Could Break Up Chrysler Group."
"For Liberal Bloggers, Libby Trial Is Fun And Fodder."
"Russians To Vote, But Some Parties Lose In Advance."
"In Old Files, Fading Hopes Of Anne Frank's Family."

Washington Post:
"Iranians Aid Iraq Militants, Bush Says."
"Across Area, A Gusty Wintry Wallop."
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"Conservatives Assail North Korea Accord."
"Quest To Heal Iraqi Boy Became A Final Mission."
'Justice Official Bought Vacation Home With Oil Lobbyist."

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Washington Times:
"Bush Certain Iranian Unit Tied To Arms."
"Bernanke Frowns At Tax Cuts."
"Democrats Hit Visa, Citizenship Fee Raise."
"There's Much Huffing Over Puffing On Hill."
"Heads She's Homely: Tails He's Ugly."

Detroit Free Press:
"Is Daimler Ready To Sell Chrysler?"
"Zetsche's Sudden Change Of Time Rattles Nerves."
"Road To October Glory Starts In Lakeland."

Atlanta Journal-Constitution:
"Bush Has Warning For Iran."
"A Titantic Chunk Of History."
"$6.2 Billion Loss By Delta Really A Gain In Recovery."
"It's A Bird, It's A Plane, It's…Collision."

Houston Chronicle:
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"Solutions Murky For Tainted Water."
"Buzz Over Eckels' Exit Generates A Hot Ticket."
"Deadly Work Shooting Shatters Valentine Plan."
"taking The Long Way To Freedom."

Story Lineup From Last Night's Network News:
ABC: Winter Weather; Flight Delays; Chrysler Jobs Lost; Securing Baghdad; Quds Force Threat; Iraqi Translators; State Farm Insurance-Mississippi; Aflac-Shareholders; NASCAR Scandal; Valentines Dates.
CBS: Winter Weather; Stock Markets; Chrysler Job Cuts; Iraq Violence; Bush-Iraq Resolution; Iraq-US Translators; Food Safety; Nascar Cheating Scandal; Teens-Prescription Drug Abuse; Welsh Farmers-Valentines.
NBC: Winter Weather; Flight Delays; Bush Press Briefing; Iraqi Refugees; Chrysler Jobs Lost; Stock Market; Supreme Court-Television; State Farm Insurance-Mississippi; SBA Loans; Caring For The Elderly; Valentines Day-Troops; Valentines Day-Troops.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: US-Winter Storm; Iraq-US KIAs; Al Sadr-Iran; House-Iraq Resolution; FL-Hearing On What To Do With Anna Nicole Smith's Body; Daytona 500 Suspensions; Salmonella Outbreak-Peter Pan Peanut Butter; TX-Lawsuit Against MySpace Dismissed; US Mint-Dollar Coins; Tokyo Stock Exchange.
CBS: US Winter Storm; Iraq-Security Crackdown; Al Sadr-Iran; Saudi Al Qaeda Group Calling For Attacks On US Oil Suppliers; Libby Trial.
NPR: House-Iraq Resolution; Salt Lake City-Mall Shooting; Lawyer Admits Leaking US Steroid Case Testimony; UNICEF Survey-Child Welfare; North And South Korea To Resume Negotiations; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Speaks on the war on terrorism, Mayflower Hotel.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH —Participates in a Compassion in Action Roundtable to discuss malaria control in Africa, sponsored by the White House Office of Faith-Based and Community Initiatives, Room 450, Eisenhower EOB.

US Senate: 9 a.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Full Committee. Markup of pending legislation. Location: Room 342, Dirksen.

9:15 a.m. FOREIGN RELATIONS _ Full Committee. Confirmation hearing on pending nominations. Location: Room 628, Dirksen.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on readiness of the Army and Marine Corps. Army Chief of Staff Gen. Peter Schoomaker; Marine Corps Commandant Gen. James Conway. Location: Room 216, Hart.

9:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Aviation Operations, Safety, and Security Subcommittee. Hearing on reauthorization of the FAA. FAA Adminsitrator Marion Blakey. Location: Room 253, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the FY08 Interior Department budget. Secretary Kempthorne. Location: Room 366, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on the 2007 trade agenda. USTR Susan Schwab. Location: Room 215, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Meeting to act on pending nominations and legislation. Location: Room 226, Dirksen.

10 a.m. SPECIAL AGING _ Full Committe. Hearing on FY08 budget and programs. SSA Commissioner Michael Astrue; CMMS Acting Administrator Leslie Norwalk; Josefina Carbonell, Administration on Aging; Assistant HUD secretary Brian Montgomery. Location: Room 562, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on the warrantless surveillance program. Location: Room 219, Hart.

3 p.m. ARMED SERVICES _ Emerging Threats and Capabilities Subcommittee. Hearing on reorganization of the office of the undersecretary of Defense for policy. Location: Room 232A, Russell.

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9:30 p.m. INDIAN AFFAIRS _ Full Committee. Hearing on the FY08 budget for Indian tribal programs. Location: Room 485, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: Continued consideration of the Iraq War Resolution, and possible consideration of H.R. 976 - Small Business Tax Relief bill.

9 a.m. HOMELAND SECURITY _ Full Committee. Hearing on ``Lessons Learned and Grading Goals: The Department of Homeland Security of 2007." DHS Deputy Secretary Michael Jackson. Location: Room 311, Cannon.

9:30 a.m. APPROPRIATIONS _ Labor, Health and Human Services, Education and Related Agencies Subcommittee. Oversight hearing on the future of America's workers and education for the 21st century. President Kati Haycock of the Education Trust; Donald Heller, Penn State University; retired Martin Lockheed Martin Corp. CEO Norman Augustine; President Lawrence Mishel, Economic Policy Institute. Location: Room 2212, Rayburn.

9:45 a.m. FOREIGN AFFAIRS _ Full Committee. Markup of legislation and resolutions. Location: Room 2172, Rayburn.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the FY07 supplemental appropriations for the Defense Deparrment. Secretary Gates. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on Coast Guard operations in Iraq, port security and Deepwater. Commandant Adm. Thad Allen; Steve Cladwell, GAO. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Hearing on long-term challenges to military health care. Stephen Heffler, CMMS; A. Bruce Steinwald, GAO; Allison Percy, CBO. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on the USDA budget. Secretary Johanns. Location: Room 2362A, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on ``Covering the Uninsured Through the Eyes of a Child." Lolita M. McDavid, Child Advocacy and Protection, Cleveland; Jay E. Berkelhamer, American Academy of Pediatrics; Joseph F. Vitale, New Jersey Senate; Kathryn G. Allen, GAO. Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on monetary policy and the state of the economy. Federal Reserve Board Chairman Ben Bernanke. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Afghanistan. Retired Lt. Gen. David Barno of the Near Easat South Asia Center for Strategic Studies; Peter Bergen of the New America Foundation, Anthony Cordesman, CSIS. Location: Room 2172, Rayburn.

10 a.m. JUDICIARY _ Crime, Terrorism and Homeland Security Subcommittee. Hearing on youth violence and gang interventions that work. Jeffrey Butts, University of Chicago; Delbert Elliott, University of Colorado; Mai Fernandez, Latin American Youth Center; Teny Gross, Institute for the Study and Practice of Nonviolence, Providence, R.I.; David Kennedy, John Jay College of Criminal Justice; Paul Logli, National District Attorneys Association; Lawrence W. Sherman, University of Pennsylvania. Location: Room 2141, Rayburn.

10 a.m. OVERSIGHT AND INVESTIGATIONS _ Full Committee. Hearing to give an overview of the Iraq reconstruction. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Technology and Innovation Subcommitte. Hearing on NIST's role in supporting economic competitiveness in the 21st century. William Jeffrey, Director, NIST; Stan Williams, Sr., Hewlett-Packard Laboratories; Peter Murray, Welch Allyn, Inc.; Michael Borrus, X/Seed Capital; Mike Ryan, TUG Technologies Corp. Location: Room 2318, Rayburn.

10 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Coast Guard and Maritime Transportation Subcommittee. Hearing on short-sea shipping. Maritime Administrator Sean Connaughton; St. Lawarence Seaway Development Corp. Administrator Collister Johnson, Jr.; Gregg Ward of the Detroit-Windsor Truck Ferry; Mark Yonge of Maritime Transport and Logistics; James Barket of Interlake Steamship Co.; Stephen Flott of Seabridge, Inc.; Anastassis Margaronis of Santa Maria Shipping. Location: Room 2167, Rayburn.

10 a.m. VETERANS AFFAIRS _ Hearing on Filipino veterans. House Speaker Nancy Pelosi, other members of Congress; Gen. Tagumpay Nanadiego,former head, Office of Veterans Affairs, Embassy of the Philippines; retired Lt. Col. Edwin Ramsey; retired Col. Emmanuel de Ocampo, president, Veterans Federation of the Philippines; others. Location: Room 334, Cannon.

10 a.m. WAYS AND MEANS _ Trade Subcommittee. Hearing on U.S.-China trade. Dan Glickman, chairman and CEO, Motion Picture Association of America; Patricia Schroeder, president and CEO, Association of American Publishers; Geralyn Ritter, Pharmaceutical Research and Manufacturers Association; Peter Baranay ABRO Industries, South Bend, Ind.; John H. Goodish, U.S. Steel; Franklin J. Vargo, National Association of Manufacturers; John D. Bassett III, Vaughan-Bassett Furniture Co., Galax, Va.; James C. Tyrone, NewPage Corp., Dayton, Ohio; Peter Navarro, University of California, Irvine, Calif.; Karan K. Bhatia, deputy U.S. Trade Representative. Location: Room 1100, Longworth.

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10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Oversight hearing on the FCC. Location: Room 2123, Rayburn.

1 p.m. VETERANS AFFAIRS _ Military Construction, Veterans Administration and Related Agencies Subcommittee. Hearing on FY08 appropriations for the VA. Secretary Nicholson. Location: Room 2358, Rayburn.

1 p.m. VETERANS AFFAIRS _ Oversight and Investigations Subcommittee. Hearing ona the FY08 budget for the Veterans Affairs Department Inspector General. IG George Opfer. Location: Room 334, Cannon.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on FY07 supplemental budget for Iraq and Afghanistan security forces. Maj. Gen. Robert Durbin, commander, Combined Security Transition Command-Afghanistan; Peter Rodman, assistant secretary of Defense; Brig. Gen. Michael D. Jones, deputy director for politico-military affairs, the Joint Staff. Location: Room H-140, Capitol.

1:30 p.m. FOREIGN AFFAIRS _ Asia, the Pacific and the Global Environment Subcommittee. Hearing on Japanese ``comfort women'' during World War II. Rep. Mike Honda, D-Calif.; Yong Soo Lee - surviving Comfort Woman, Korean Council for the Women Drafted for Military Sexual Slavery; Jan Ruff O'Herne, surviving Comfort Woman, Friends of Comfort Women in Australia; Koon Ja Kim, surviving Comfort Woman, National Korean American Service and Education Consortium; Mindy Kotler, director, Asia Policy Point; Ok Cha Soh, president, Washington Coalition for Comfort Women Issues. Location: Room 2172, Rayburn. Notes: Rep. Mike Honda, D-Calif., will hold a media availability following his testimony.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Oversight hearing on health care access and the aging of America. Reed Tuckson, Robert Wood Johnson Foundation; Ron Pollack, Families USA; Mary Jane Koren, Commonwealth Fund. Location: Rpoom 2359, Rayburn.

2 p.m. BUDGET _ Full Committee. Hearing on the FY08 agriculture budget. Secretary Johanns, Deborah Frank, Boston Medical Center; Denise Holland, Harvest Hope Food Bank, Columbia, SC. Location: Room 210, Cannon.

2 p.m. JUDICIARY _ Courts, the Internet and Intellectual Property Subcommittee. Oversight hearing on the patent system. Adam B. Jaffe, Brandeis University; Suzanne Michel, FTC; Mark Myers, National Academy of Sciences; Daniel B. Ravicher, Public Patent Foundation. Location: Room 2141, Rayburn.

Other: INDIAN HEALTH-BUDGET _ 8:30 a.m. News conference on President Bush's proposed FY08 budget for the Indian Health Service. Jacqueline Johnson, executive director, Natl. Congress of American Indians; Geoff Roth, executive director, Natl. Council of Urban Indian Affiars; Sally Smith, chairwoman, Natl. Indian Health Board; others. Location: 101 Constitution Ave., NW, 9th Floor.

CONTRACTING REFORM _ 12 p.m. Democratic Senators Dorgan, Leahy, Kerry and others announce the introduction of legislation to reform Federal contracting rules. Location: Senate Radio-TV Gallery.

TOBACCO LEGISLATION _ 1:30 p.m. News conference to introduce the Family Smoking Prevention and Tobacco Control Act. Rep. Davis, R-Va.; Rep. Waxman, D-Calif.; Sen. Kennedy, D-Mass.; Sen. Jon Cornyn, R-Texas; John Kirkwood, president, American Lung Association; Dan Smith, president, American Cancer Society Cancer Action Network; and Matt Myers, president, Campaign for Tobacco-Free Kids. Location: Room S-207, Capitol.

DRUG ABUSE PREVENTION _ Community Anti-Drug Coalitions of America (CADCA) hosts its National Leadership Forum XVII, focusing on prescription and over-the-counter medicine abuse among teens. Highlights: 9 a.m. - 10:30 a.m. Federal Partner Town Hall Session with Robert Flores, administrator, Office of Juvenile Justice and Delinquency Prevention, Office of Justice Programs; others. 10:30 a.m. News conference to unveil a new partnership by CADCA and the Consumer Healthcare Products Association to tackle OTC cough medicine among youth. 1:30 p.m. Former White House Office of National Drug Policy Director Barry McCaffrey gives the keynote address. Note: media availability follows. Location: Washington Convention Center.

AARP MEETING _ AARP's Board of Directors holds its annual public policy meeting. Highlights: 8:30 a.m. Sen. Ron Wyden. 9 a.m. Sen. Jeff Sessions. 10 a.m. Howard Frumkin, Director, National Center for Environmental Health of the CDC. 11 a.m. Sen. Joseph Biden. 11:30 a.m. Sen. Kent Conrad. 12:15 p.m. Rep. Jo Ann Emerson. Location: Polaris Room, Reagan Trade Building.

CLIMATE CHANGE _ The Global Legislators for a Balanced Environment group holds a two-day forum on climate change, as part of the G+5 Climate Change Dialogue. Highlights: 9 a.m. Session on technology transfer and international agreements, with Sen. Larry Craig, Undersecretary of State Paula Dobriansky, President Michael Morris of American Electric Power. 11:30 a.m. Session on the post 2012 framework, with Sen. Joseph Biden President Eileen Claussen of the Pew Center on Global Climate Change, others. 1:30 p.m. News conference. 2:15 p.m. Keynote address - World Bank Vice President Katherine Sierra discussing financing a low carbon economy. Location: Room 325, Russell.

BIOETHICS _ The President's Council on Bioethics holds a two-day meeting. Thursday's agenda deals with organ transplantion issues. A report on the issue will be published later this year. Friday will begin with a discussion

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on the ``Genomic Revolution and the Practice of Medicine'' by Francis Collins and end with a discussion on the meaning of ``Human Dignity and Bioethics,'' with Council members responding to essays written by Gilbert Meilaender and Daniel Dennett. A volume, consisting of a selection of essays on the topic from a broad range of views, will be published later this year. Highlights: 9 a.m. Session 1: On the Body and Transplantation: Philosophical and Legal Context. Staff Discussion Paper - Setting the Stage for Council Consideration and Possible Action on Policy Options and Proposals. 10:30 a.m. Session 2: The Ethics of Organ Allocation: Policy Questions Concerning Geography, Age, and Net Benefit. Staff Discussion Paper - Policy Options for Council Consideration and Possible Action. 2 p.m. Session 3: Caring for Living Donors and Transplant Recipients: Five Policy Proposals. Staff Discussion Paper - Policy Proposals for Council Consideration and Possible Action. 3:30 p.m. Session 4: Increasing the Supply of Human Organs: Three Policy Proposals. Staff Discussion Paper - Policy Proposals for Council Consideration and Possible Action. Location: Hamilton Crowne Plaza Hotel, 1001 14th St. NW.

STEM CELL RESEARCH _ 9 a.m. The Center for American Progress holds a panel discussion on the promise of stem cell research, with Reps. Diana DeGette and Mike Castle, Chad Cowan of Harvard Medical School, Jeanne Loring of NIH, others. Location: 10th floor, 1333 H St. NW.

CHILDREN-INTERNET _ 10 a.m. The National Center for Missing and Exploited Children and the Qwest Foundation announce a free, first-of-its-kind resource for parents and guardians to help keep Americas children safer on the Internet. Participants include Sens. Blanche Lincoln, Lisa Murkowski and Amy Klobuchar, and Reps. Bud Cramer and Nick Lampson. Location: Room S-207, Capitol.

ANTI-WAR PROTEST _ 10:30 a.m.Former Maryland Senate candidate Kevin Zeese participates in a civil disobedience on Sen. Barbara Mikulski's continued funding for the Iraq war. Location: Mikulski's office, Room 503, Hart.

HEALTH CARE-MILITARY _ 11 a.m. Sens. Frank Lautenberg and Chuck Hagel introduce a bill to place reasonable and affordable caps on health care costs for active military, National Guard, Reserves, retirees and their families. Location: Room SC-4, Capitol.

IRAQ STRATEGY-MURTHA _ 11 a.m. In a video-taped interview, Rep. Jack Murtha, D-Pa., will outline new details of a strategy to use the House Appropriations Subcommittee on Defense to oppose the war in Iraq. Location: Online at www.MoveCongress.org.

MIDDLE CLASS TAX CUTS _ 11:30 a.m. Sen. Charles Schumer and members of the freshman Democratic class announce plans for a middle class tax cut. Location: Senate Radio-TV Gallery.

TAX POLICY _ 12 p.m. Assistant Treasury Secretary Eric Solomon speaks on developments in tax policy at the winter meeting of the National Foreign Trade Council. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

WILLIAMS _ 12 p.m. The National Economists Club holds a luncheon with Roberton Williams of the Tax Policy Center discussing the administration's health insurance proposal. Location: Chinatown Garden Restaurant, 618 H St. NW.

GI BILL _ 12:15 p.m. A bipartisan group of lawmakers holds a press conference to unveil their plan to modernize the Montgomery G.I. Bill. Location: Room G-11, Dirksen.

BIDEN _ 1:30 p.m. Brookings Institution holds a conversation on Iraq with Sen. Joseph Biden. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

CUBA-TRADE _ 1:30 p.m. Reps. Jerry Moran, Jo Ann Emerson, Stephanie Herseth and Mike Ross hold an event with agricultural organizations to announce legislation to ease agricultural trade restrictions with Cuba. Location: Room 1302, Longworth.

IRAQ _ 1:30 p.m. Rep. Tom Lantos, House veterans, Vote Vets and Iraq war veterans hold a press conference in opposition to the President's escalation of the war in Iraq. Location: Room HC-7, Capitol.

US-LIBERIA _ 5 p.m. USTR Susan Schwab participates in the US-Liberia TIFA signing. Location: 1100 H St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bad Guys Of The Week: Hezbollah's Hamadei, Islamic Jihad's Shallah (USNEWS)

U.S. News and World Report, February 15, 2007

Add two more Middle Eastern terrorists to the $5 million club. The State Department this week put Mohammed Ali Hamadei, an alleged leader of Lebanon's Hezbollah militia, and Ramadan Abdullah Mohammad Shallah, a founder of Palestinian Islamic Jihad, in its Rewards for Justice program.

Although both men have figured on U.S. wanted lists for years, they now join 32 other terrorist fugitives in the rewards program, which typically offers up to $5 million for tips leading to arrests.

Hamadei has been on the FBI's wanted list since his 1985 indictment for the infamous hijacking of TWA Flight 847, a 17-day ordeal during which terrorists brutalized passengers and murdered U.S. Navy diver Robert Stethem. Nabbed by German authorities in 1987, he was given a life sentence and tossed into prison. But in December 2005, in what the Counterterrorism Blog's Andrew Cochran calls "a unique act of cowardice and weakness," German officials paroled him–despite U.S. protests–and he quickly fled to Lebanon.

The other fellow, Shallah, has served since 1985 as secretary general of Palestinian Islamic Jihad, a small but hyperviolent offshoot of the Muslim Brotherhood. Based in Damascus, Syria, the group has claimed responsibility for scores of terrorist attacks against Israel since 2000, killing U.S. citizens along with Israelis. Shallah's leadership has earned him a place on the U.S. terrorist blacklist since 1995.

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Shallah is no street thug: He has a Ph.D. in banking and economics from a British university and has worked as a professor in several countries. He's wanted by the FBI for running Islamic Jihad "through a pattern of racketeering activities such as bombings, murders, extortions, and money laundering."

E.U. Report Faults 16 Nations In Probe Of Secret CIA Flights (WP)

By Molly Moore

The Washington Post, February 15, 2007

PARIS, Feb. 14 -- The European Parliament on Wednesday approved a report admonishing 15 European countries and Turkey for helping the CIA transport terrorism suspects held in secret or for failing to cooperate in the parliament's investigation of the practice.

The legislative body for the European Union's 27 countries said many member states have been "turning a blind eye" to the CIA-operated flights carrying prisoners who were subjected to "incommunicado detention and torture" during interrogations, violating E.U. human rights standards.

"We have opened up a closed door and there is even more behind this," said parliament member Giovanni Claudio Fava, an Italian Socialist who drafted the report. It was approved by a 382 to 256 vote, with 74 abstentions.

The parliament criticized the CIA renditions -- an extralegal tactic by which alleged terrorists have been abducted and interrogated at secret sites overseas -- "as an illegal instrument used by the USA in the fight against terrorism" and condemned the "acceptance and concealing of the practices by the secret services and governmental authorities of certain European countries."

The parliament deleted some of the toughest sections of the report, however, including recommendations for sanctions against some countries for human rights violations. It softened criticisms of some governments, including those of Britain, Germany and Spain, after intense lobbying from those states.

The vote came after a divisive debate among members.

Parliament member Jas Gawronski of Italy criticized the final report as "a blanket condemnation of the secret services" and said it was "predicated on the assumption that there is one chief guilty party and that is the USA."

President Bush acknowledged last September that the CIA used secret prisons to interrogate some terrorism suspects overseas. He did not say where the prisons were located.

A parliamentary committee spent a year investigating the allegations and interviewed more than 200 witnesses, including E.U., NATO and U.S. State Department officials as well as individuals who alleged they had been kidnapped by CIA agents in Europe and held in secret U.S. prisons.

The report criticized the E.U. foreign policy chief, Javier Solana, for "omissions" in his testimony before the parliamentary panel.

The report, which repeated basic findings made in a draft released last year, admonished 11 countries for having a role in CIA flights: Germany, Sweden, Spain, Ireland, Greece, Cyprus, Denmark, Turkey, Macedonia, Bosnia and Romania. The report also cited Britain, Austria, Italy, Poland and Portugal as uncooperative in the probe.

The report said its investigators had received no information to "contradict any of the allegations" that the CIA ran a secret prison in Romania and said the parliament could not "acknowledge or deny" that any of the secret facilities had been set up in Poland. Those two countries have denied hosting CIA prisons.

Separately, the Swiss government on Wednesday authorized a criminal investigation into a February 2003 CIA flight that reportedly carried Egyptian cleric Hassan Mustafa Osama Nasr, known as Abu Omar, from Italy, where he was allegedly kidnapped, to Ramstein Air Base in Germany, crossing Swiss airspace. Nasr was then taken to Cairo.

Al-Arian Transferred To Prison Hospital Amid 24-day Hunger Strike (AP)

By Matthew Barakat, Associated Press Writer

AP, February 15, 2007

(AP) - McLEAN, Virginia-A former university professor who pleaded guilty last year to supporting a Palestinian terror group was transferred to a medical prison Wednesday as he entered the fourth week of a hunger strike.

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Sami al-Arian, 49, began the hunger strike Jan. 22 to protest efforts to force him to testify in front of a grand jury investigating a group of Muslim charities in Virginia. He said a plea bargain with U.S. prosecutors last year frees him from any obligation to cooperate with the government.

Nikki Credic, a spokeswoman for the U.S. Marshals Service, said prison officials have been monitoring his health daily.

Prosecutors obtained a court order late last week approving the transfer, al-Arian's lawyer said, adding that the real motivation may have been to move al-Arian to a more isolated location.

Al-Arian's daughter Laila said her father fainted and hit his head Tuesday, and that he has lost 30 pounds (13.5 kilograms) since beginning the hunger strike, during which he is only drinking four glasses of water a day.

"We're definitely worried about him, but we respect why he chose to go on a hunger strike," she said. "You understand it when you sort of feel like you're cornered and you feel like the legal system is failing you."

Al-Arian was a prominent Palestinian activist who met with U.S. President George W. Bush and other political leaders in the years before he was charged.

Al-Arian has said he believes the effort to bring him in front of the grand jury is merely a trap by an overzealous U.S. prosecutor.

"I think it's just a pretext to hold me either in contempt or charge me with perjury, because whatever I'm going to say, they're going to say, 'You lied,'" al-Arian said in a jailhouse interview earlier this month with Democracy Now!, an independent media outlet.

But two U.S. judges have sided with prosecutors and said al-Arian must testify.

Because a judge has found al-Arian in contempt, every day he serves on the contempt charge extends his release date on a 57-month prison term handed down as part the plea for providing support to members of the Palestinian Islamic Jihad (PIJ).

Prosecutors had sought to prove al-Arian was a leader of PIJ, a terrorist group that has carried out suicide bombings against Israel. The trial ended with acquittal on some charges and a hung jury on the rest.

Al-Arian's lawyer, Peter Erlinder, said his client's fear of a perjury trap is valid given the aggressive tactics employed by federal prosecutors in Alexandria, who have handled numerous high-profile terrorism cases in recent years.

Just two weeks ago, prosecutors won a perjury conviction against Sabri Benkahla, 31.

Benkahla had been one of just two defendants to win acquittal among more than a dozen who faced terror-related charges at the Alexandria courthouse since Sept. 11, 2001. Shortly after his acquittal in 2004, prosecutors said he lied in grand jury testimony about his training with a Pakistani militant group and charged him with perjury. He now faces up to 25 years in prison.

The civil contempt sentence al-Arian is now serving could run through June, or until the judge decides that further incarceration is unlikely to coerce al-Arian's testimony. But even then, prosecutors can seek another six-month term if they extend the grand jury and subpoena al-Arian again.

"It just feels like an endless nightmare," Laila al-Arian said. "It feels like purgatory." 2007-02-14T23:00:17Z

Restoring A Right (WP)

The Washington Post, February 15, 2007

LAST SEPTEMBER, President Bush used the leverage of a midterm election to pressure Congress into granting his administration broad powers to detain, interrogate and try "enemy combatants" in the war on terrorism. The hastily considered bill had many flaws, but perhaps the most serious was a provision stripping foreign detainees of the right of habeas corpus, by which they could appeal their detentions, their treatment or the fairness of their trials to U.S. courts. With Congress under their control, Democrats have the chance to correct this serious breach of liberty. They should move quickly.

Two substantial pieces of legislation have been introduced in the Senate so far. One is a bipartisan measure backed by Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and his predecessor as chairman, Sen. Arlen Specter (R-Pa.). Their bill would simply and straightforwardly restore the habeas right -- which is spelled out in Article I of the Constitution and has been a fundamental guarantor of freedom in Anglo-Saxon common law since the 12th century -- for all foreign prisoners in U.S. jurisdiction. The measure was narrowly defeated last year in the Senate by a vote of 51 to 48. Since then the elections have

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changed the arithmetic, and supporters believe a comfortable majority is within reach, though some compromises may be necessary to overcome a filibuster.

A much broader bill was introduced Tuesday by a group of Democrats led by Sen. Christopher J. Dodd (D-Conn.), who is a candidate for president. In addition to affirming the habeas right, the Restoring the Constitution Act would correct many other problems with the military commissions law. It would prevent the administration from introducing evidence at the trials that was obtained through coercion; close loopholes that might allow the CIA to use abusive interrogation techniques; and improve the appeals process. The measure would also narrow -- in our view excessively -- the current law's overly broad definition of who can be defined as an "enemy combatant" subject to trial by a military commission. At present, even legal residents of the United States who do no more than "support" a terrorist group could be tried as enemy combatants; under Mr. Dodd's bill, only al-Qaeda members connected to the Sept. 11, 2001, attacks and fighters captured in "a zone of active combat against the United States" would be covered.

Most of the Dodd bill's reforms are badly needed. But many could be addressed through the courts if the habeas right were restored. Over the past several years, court supervision has proved essential to curbing the Bush administration's excesses in holding and interrogating prisoners at Guantanamo Bay and elsewhere. Court rulings or the imminent prospect of them have caused prisoners held incommunicado to be granted attorneys and hearings, trial procedures to be improved and abusive treatment to be curbed. There is much still to do to reform foreign detentions; Congress needs to put the federal court system back into the process. It can do so by guaranteeing detainees the basic human right to appeal their imprisonment.

HOMELAND RESPONSE:

Dubai Firm's Sale Of U.S. Ports Hits A Snag (WSJ)

By Neil King Jr. And Daniel Machalaba

The Wall Street Journal, February 15, 2007

The long-running effort by Dubai Ports World to sell off its extensive U.S. port holdings has hit an 11th-hour snag over squabbles with the Port Authority of New York and New Jersey.

The Port Authority has thrown up a number of unexpected objections and conditions to DP World's proposed sale of its port-management contract to AIG Global Investment Group, people familiar with the deal said.

DP World has received approval for the sale at all of the other facilities it operates in the U.S., but the Port Authority is demanding that the company pay as much as $84 million in order to approve the lease transfer, the people said. The Port Authority has also demanded access to sensitive business information, which both DP World and AIG Global, the investment arm of insurance giant American International Group Inc., have been reluctant to turn over.

The new demands have cast the overall transaction into jeopardy by greatly increasing the transaction cost for DP World. "The entire deal could fall apart," said one person familiar with details of the transaction. Another official involved in the deal said the demand amounted to a "departure fee" for DP World, which has been forced by political pressures to divest itself of its U.S. holdings.

The Dubai-based ports company, which is owned by the Persian Gulf emirate of Dubai in the United Arab Emirates, found itself at the center of a political furor a year ago, after the Bush administration signed off on its acquisition of a British ports company that had long managed operations at six U.S. ports, including the port of New York/New Jersey, which is owned by the Port Authority.

Amid an outcry in Congress over perceived national-security concerns related to the deal, the Bush administration urged DP World to sell off its newly acquired U.S. assets, which also included contracts to run marine terminals in Philadelphia, Baltimore, Miami, Tampa, Florida and New Orleans, as well as smaller stevedoring operations in around a dozen other U.S. locations.

In December, DP World said it had found a buyer in AIG Global, a New York-based asset-management company with more than $680 billion in assets. The terms of the sale haven't been disclosed.

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AIG spokesman Chris Winans declined to comment on the negotiations with the Port Authority, but said "we remain excited about the possibility of acquiring this business." DP World also declined to comment.

Port Authority spokesman Steve Sigmund said the Port Authority is "having productive discussions" with AIG and hopes to reach an agreement in "short order." He said the Port Authority is trying to get commitments from AIG to invest in infrastructure improvements to wharves and other facilities and expansion of railroad tracks to move cargo. "We are not using it to extract cash," Mr. Sigmund said. "We are trying to ensure that the ports are run safely and responsibly."

Were the New York/New Jersey portion of the deal to fall apart, that would jeopardize the entire transaction, possibly requiring DP World to find another buyer. DP World agreed with the administration last spring that it would turn over its U.S. port holdings to a U.S.-owned company, but it took months to find a buyer willing to pay the right price.

State Farm Retreats In Gulf (USAT)

By Kathy Chu

USA Today, February 15, 2007

State Farm's decision Wednesday to stop writing new home and commercial policies throughout Mississippi could prompt other insurers to retreat further from the Katrina-battered region, industry groups and legal experts say.

State Farm — which insures about one of every three Mississippi homes — is the first company since Hurricane Katrina to stop offering new policies throughout a state in the Gulf Coast area. Its move underscores the precarious nature of the region's insurance. Since the hurricane, insurers have cut back on homeowner policies in affected coastal areas.

The decision Wednesday is one State Farm came to "reluctantly," says company spokesman Phil Supple, partly because of the torrent of lawsuits and rulings in Mississippi since Katrina and the uncertainty of pending legal battles. The move doesn't affect existing policyholders, at least for now. State Farm is the largest insurer of homes in the USA, as well as in Mississippi. Last year, the company wrote about 29,000 new homeowner policies in the state.

The insurer's "extraordinary step" could affect companies facing similar legal issues, says Robert Hartwig of the Insurance Information Institute. "I can't rule out that other insurers might make similar legal decisions."

Mike Siemienas, a spokesman for Allstate, another large insurer, says his company "can't speculate on what we'll do," but when it makes coverage decisions, "we review the entire situation" in the state.

Insurers are still grappling with thousands of homeowners' lawsuits related to Katrina damage. At issue is whether homes reduced to slab were damaged by wind or water. Homeowner policies cover wind damage, but only federal flood policies cover flooding.

In Mississippi, State Farm has agreed to settle 640 individual lawsuits and to pay at least $50 million to reopen up to 35,000 hurricane-related homeowners' claims. A federal judge, though, has suspended part of the settlement in question, seeking more information. A hearing on the settlement is set for late February.

Matthew Steffey, a professor at Mississippi College School of Law, believes the timing of State Farm's announcement — weeks before the federal court hearing — isn't coincidental. "I think the message is if we can't settle these cases favorably, then we will quit doing (new) business in your state, and the fear is that other insurers" will pull out, he says.

Supple, of State Farm, notes, "There is no good timing for this announcement."

The bad news for homeowners, says Birny Birnbaum of the Center for Economic Justice, a consumer-advocacy group, is that "other insurers are probably going to follow suit (in pulling back on homeowners' coverage in the region) because they want to apply political pressure" like State Farm.

WAR NEWS:

Bush Declares Iran's Arms Role In Iraq Is Certain (NYT)

By Sheryl Gay Stolberg And Marc Santora

The New York Times, February 15, 2007

DOJ_NMG_0132323

WASHINGTON, Feb. 14 — President Bush said Wednesday that he was certain that factions within the Iranian government had supplied Shiite militants in Iraq with deadly roadside bombs that had killed American troops. But he said he did not know whether Iran's highest officials had directed the attacks.

Mr. Bush's remarks amounted to his most specific accusation to date that Iran was undermining security in Iraq. They appeared to be part of a concerted effort by the White House to present a clearer, more direct case that Iran was supplying the potent weapons — and to push back against criticism that the intelligence used in reaching the conclusions was not credible.

Speaking at a news conference in the East Room of the White House, Mr. Bush dismissed as "preposterous" the contention by some skeptics that the United States was drawing unwarranted conclusions about Iran's role. He publicly endorsed assertions that had until now been presented only by anonymous military and intelligence officials, who have said that an elite branch of Iran's Islamic Revolutionary Guard Corps known as the Quds Force has provided Shiite militias in Iraq with the sophisticated weapons that have been responsible for killing at least 170 American soldiers and wounding more than 600.

"I can say with certainty that the Quds Force, a part of the Iranian government, has provided these sophisticated I.E.D.'s that have harmed our troops," Mr. Bush said, using the abbreviation for improvised explosive device. "And I'd like to repeat, I do not know whether or not the Quds Force was ordered from the top echelons of the government. But my point is, what's worse, them ordering it and it happening, or them not ordering it and its happening?"

The House of Representatives is debating a resolution disapproving of Mr. Bush's plan to send more than 20,000 additional troops to Iraq. [Page A16.] And so Mr. Bush used his appearance to defend that decision as necessary in the face of deteriorating security in Baghdad. Asked about a possible American response to Iranian interference, he said, "We will continue to protect our troops." With skeptics asking why the intelligence about Iran's meddling is coming to light now, a number of possibilities have been raised, including the increase in attacks and American casualties in recent months. [Page A16.]

American intelligence officials have said they think that top leaders in Iran must have approved of the attacks on the American forces, in part because the Quds Force has historically reported to the country's top religious leaders. But aides to Mr. Bush, mindful of the criticism about its use of intelligence before the Iraq war, said the White House wanted to be careful not to make that kind of accusation without hard proof.

As Mr. Bush discussed Iran in Washington, the chief American military spokesman in Baghdad provided a more detailed, on-the-record account of how the administration believed the weapons, particularly lethal explosive devices known as explosively formed penetrators, or E.F.P.'s, got to Iraq. The spokesman, Maj. Gen. William B. Caldwell IV, was also careful not to link the actions of the Quds Force directly to Iran's top leaders. He said American assertions about a link between the weapons and the force were based on information obtained from people, including Iranians, detained in Iraq in the past 60 days.

"They in fact have told us that the Quds Force provides support to extremist groups here in Iraq in the forms of both money and weaponry," General Caldwell said. He added: "They have talked about how there are extremist elements that are given this material in Iran and then it is smuggled into Iraq. We have in fact stopped some at the border and discovered it there, coming from Iran into Iraq."

The coordinated messages out of Baghdad and Washington were an effort by the White House to tamp down reports of divisions within the American government about who in Iran should be held responsible for the weapons shipments. A senior Defense analyst said at a briefing in Baghdad over the weekend that the effort was being directed "from the highest levels of the Iranian government." But Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, offered a contradictory account this week, telling The Associated Press that while some bomb materials were made in Iran, "that does not translate that the Iranian government, per se, for sure, is directly involved in doing this."

At Wednesday's news conference, Mr. Bush suggested that it did not matter whether senior leaders were involved. "What matters is, is that we're responding," Mr. Bush said. He said that if the United States found either networks or individuals "who are moving these devices into Iraq, we will deal with them."

Some experts said the question of Iran's responsibility remained important. "There's a big difference between saying that there is a rogue element doing things and then asking the Iranian government to rein it in, as opposed to saying this is a calculated deliberate strategy of the Iranian government," said Vali Nasr, a Middle East scholar at the Council on Foreign Relations. "That has very different implications in terms of how do you hold Iran culpable."

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The administration's claims about Iran have been met with intense skepticism, from Democrats in Congress and from experts like David Kay, who led the search for illicit weapons in Iraq. Some critics have said the White House is using Iran as a scapegoat for its problems in Iraq, and some have suggested that the administration, which has been trying to pressure Iran into abandoning its nuclear program, is laying the foundation for another war.

On Wednesday, a leading contender for the Democratic nomination for president, Senator Hillary Rodham Clinton of New York, took to the Senate floor to call on Mr. Bush to seek authorization for any military action against Iran. "We cannot and we must not allow recent history to repeat itself," she said.

Mr. Bush has said that he has no intention of invading Iran and that any suggestion that he was trying to provoke Iran "is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way." But experts say that the ratcheting up of accusations could provoke a confrontation. Gary Sick, an expert on Iran at Columbia University, said there was a "danger of accidental war." He said, "If anything goes wrong, if something happens, there's an unexplained explosion and we kidnap an Iranian, and the Iranians respond to that somehow, this could get out of control."

Mr. Bush has also refused to meet with Iran's leaders, and he said Wednesday that he did not believe that it would be an effective way of persuading the Iranians to give up their nuclear goals. "This is a world in which people say, 'Meet! Sit down and meet!' " he said. "And my answer is, if it yields results, that's what I'm interested in."

Bush: Iran Is Source Of Deadly Weapons (AP)

By Terence Hunt

AP, February 15, 2007

Challenged on the accuracy of U.S. intelligence, President Bush said Wednesday there is no doubt the Iranian government is providing armor-piercing weapons to kill American soldiers in Iraq. But he backed away from claims the top echelon of Iran's government was responsible.

Bush, at a news conference, also said he would fight any attempt by the Democratic-controlled Congress to cut off money for the war. "They need to fund our troops and the need to make sure we have the flexibility necessary to get the job done," he said.

The House is expected to vote Friday on a nonbinding resolution opposing Bush's decision to send 21,500 additional troops to Iraq.

The meeting with reporters in the East Room was Bush's first news conference since Dec. 20 and the first since he announced the troop buildup in Iraq. The four-year-old war hangs heavily on his presidency, and Bush's approval rating in an Associated Press-Ipsos poll in February matched an all-time low of 32 percent.

Iran was a dominant theme of reporters' questions because of conflicting statements about U.S. intelligence in Iran and recurring speculation that Bush is looking for an excuse to attack the Islamic republic, which is believed by Washington and its allies to be seeking nuclear weapons.

Defending U.S. intelligence that has pinpointed Iran as a hostile arms supplier in Iraq, Bush said, "Does this mean you're trying to have a pretext for war? No. It means I'm trying to protect our troops."

There have been mixed signals in the administration about Iran's involvement in supplying Shiite groups in Iraq with a particularly lethal type of roadside bombs known as explosively formed penetrators.

Three senior U.S. military officials, at a weekend briefing in Baghdad, said the highest levels of the Iranian government had ordered the weapons smuggled into Iraq. They based their claim on the belief the weapons are moving into Iraq through the Iran's Revolutionary Guards elite Quds Force.

But Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said later he was not ready to conclude that Iran's top leaders were behind the attacks. Some lawmakers also have questioned the administration's statements.

Wading into the debate, Bush said the Quds Force was instrumental in supplying the weapons — "we know that," he said — and that the Quds Force was part of the Iranian government. "That's a known," he said. "What we don't know is whether or not the head leaders of Iran ordered the Quds Force to do what they did."

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Pressed again on the subject, Bush displayed some irritation and said, "Whether (Iranian President Mahmoud) Ahmadinejad ordered the Quds Force to do this, I don't think we know. But we do know that they're there and I intend to do something about it. And I've asked our commanders to do something about it. And we're going to protect our troops." Ahmadinejad has denied Iran was behind the attacks.

Democrats on the Senate Armed Services Committee emerged from a classified briefing Wednesday saying they wanted more information about Iran. The committee chairman, Sen. Carl Levin, said it was unclear to him precisely what the administration knows about the Tehran government's ties to the weapons found in Iraq.

"There seems to be some disarray," said Levin, D-Mich. He said he eventually hopes to see some declassified information on the subject.

Bush came into the news conference after receiving a briefing from Baghdad by Gen. David Petraeus, the new commander of U.S. forces in Iraq.

Bush said he talked with Petraeus about coordination between Iraqi and coalition forces, and that while it seemed to be good, more work was needed on developing an efficient command-and-control structure.

Bush responded carefully when asked about Russian President Vladimir Putin's accusations Saturday that the United States was undermining global security and provoking a nuclear arms race. The depth of Putin's criticism surprised U.S. officials.

Bush said Putin was "the same strong-willed person" he has known since 2001 and there is a "complicated relationship" between Washington and Moscow.

On other matters, Bush said:

_The agreement announced Tuesday to shut down North Korea's nuclear program in exchange for fuel assistance was "a good first step." He said he strongly disagreed with former U.N. Ambassador John Bolton that it was a bad deal.

_He will not comment on the 2008 presidential race. "I will resist all temptation to become the pundit-in-chief."

_He will not comment on whether he authorized members of his administration to leak the identity of Valerie Plame, a one-time CIA officer whose husband, former ambassador Joseph Wilson, criticized the administration's case for the Iraq war. Similarly, Bush refused to say whether he might pardon I. Lewis "Scooter Libby, the former aide to Vice President Dick Cheney. Libby is on trial on charges of lying and obstructing the investigation into the Plame's identity.

Bush Backs Off Key Charge Against Iran (AFP)

By Olivier Knox

AFP, February 15, 2007

US President George W. Bush said he was unsure whether top Iranian leaders were behind arms shipments to anti-US fighters in Iraq, undercutting a volatile US charge levelled just days ago.

But he said there was no doubt that the elite Al-Qods Force of the Iranian Revolutionary Guards Corps was behind powerful new improvised explosive devices (IEDS) killing US soldiers in Iraq and vowed he would "do something about it."

"Whether (Iranian President Mahmoud) Ahmadinejad ordered the Qods Force to do this, I don't think we know. But we do know that they're there," Bush told his first press conference since December 20.

Bush, who also dismissed as "preposterous" any suggestion that Washington was fabricating charges against Tehran, ruled out direct bilateral talks for now with the Islamic republic.

"If I thought we could achieve success, I would sit down. But I don't think we can achieve success right now," he said, stressing that he believed the ongoing multilateral approach to Iran's nuclear programs was paying off.

"That's a more effective way of convincing the Iranians to give up their nuclear weapons ambitions," he said. "And I believe we are making good progress toward solving this issue peacefully."

"If they want us at the table, we're more than willing to come, but there must be a verifiable suspension of this weapons program that is causing such grave concern," he said. Tehran denies seeking nuclear weapons.

Three days after anonymous US officials in Baghdad told a roomful of reporters that "the senior levels of the Iranian government" had approved weapons shipments to Iraqi fighters, Bush said he could not vouch for it.

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"I can say with certainty that the Qods force, a part of the Iranian government, has provided these sophisticated IEDs that have harmed our troops," he said.

"I do not know whether or not the Qods force was ordered from the top echelons of government. But my point is what's worse -- them ordering it and it happening, or them not ordering it and it happening?

His comments came after the chairman of the US Joint Chiefs of Staff, Marine General Peter Pace, cast doubt on the allegation that the highest levels of Iran's government were directing the weapons flows.

Pace told Voice of America radio that the explosives were made in Iran but added: "What I would not say is that the Iranian government, per se, knows about this."

Pace's apparent break with the briefing in Baghdad added fuel to criticisms that the Bush administration was exaggerating the case against Iran and recalled the bitter debate over the flawed case for invading Iraq.

"The idea that somehow we're manufacturing the idea that the Iranians are providing IEDs is preposterous," countered Bush.

"When we find the networks that are enabling these weapons to end up in Iraq, we will deal with them. If we find agents who are moving these devices into Iraq, we will deal with them," said the US president.

"We know they're there, we know they're provided by the Qods force. We know the Qods force is a part of the Iranian government. I don't think we know who picked up the phone and said to the Qods force, go do this, but we know it's a vital part of the Iranian government," said Bush.

The US president spoke hours after the US military in Baghdad formally repeated the charges made at the weekend briefing, where officials spoke on condition that they not be named and recording devices were banned.

Major General William Caldwell repeated the bulk of the charges -- but backtracked from Sunday's claim that the shipments initiated at "the highest level" of the Iranian government, calling that an analysts' "inference".

Iranians Aid Iraq Militants, Bush Alleges (WP)

By Peter Baker

The Washington Post, February 15, 2007

President Bush bluntly accused Iranian agents yesterday of providing sophisticated explosives to kill U.S. troops in Iraq but said he did not know whether they were acting on orders of the Islamic republic's leaders and denied using the allegations as a pretext to go to war with Tehran.

As the House entered its second day of debate over the Iraq war, Bush tried to quiet talk that he is heading down the same road with Iran that he did with its neighbor four years ago. At his first news conference since announcing that he will send more troops to Iraq, Bush said he sees fresh progress in Baghdad and warned Congress not to cut off funding or set timetables for withdrawal.

The president spent much of the hour-long televised session in the East Room addressing skepticism about his government's assertions regarding Iran and fears of a widening regional conflict. "The idea that somehow we're manufacturing the idea that the Iranians are providing [explosives] is preposterous," Bush said. Repeating a reporter's question, he added: "Does this mean you're trying to have a pretext for war? No. It means I'm trying to protect our troops."

Bush rejected suggestions that his administration has provided conflicting accounts of the Iranian leadership's involvement in arming Iraqi extremists. On Sunday, U.S. military officials briefing reporters in Baghdad on the condition of anonymity said that the "highest levels" of Iran's government are involved, but Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, later said he would not say the Iranian government is complicit.

"There's no contradiction that the weapons are there and they were provided by the Quds Force," an Iranian paramilitary unit, Bush said. He added: "We know that. And we also know that the Quds Force is a part of the Iranian government. That's a known. What we don't know is whether or not the head leaders of Iran ordered the Quds Force to do what they did."

The administration has long asserted that Iran has been fomenting trouble in Iraq, but the issue has taken on new urgency in recent weeks as Bush dispatched an additional aircraft carrier to the Persian Gulf and confirmed orders to capture or kill

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Iranian agents caught in Iraq. Democrats and other critics have accused Bush of exaggerating the situation to justify new military action.

Sen. Hillary Rodham Clinton (N.Y.), the early Democratic presidential front-runner, went to the Senate floor after Bush's news conference to insist that he ask Congress for permission before attacking Iran. "It would be a mistake of historical proportion if the administration thought that the 2002 resolution authorizing force against Iraq was a blank check for the use of force against Iran without further congressional authorization," she said.

The president's news conference demonstrated how much the three countries Bush dubbed an "axis of evil" continue to dominate his presidency five years after he coined the term. With the war in Iraq still mired in violence and the confrontation with Iran growing, Bush was able to cite North Korea as a bright spot. U.S. negotiators reached agreement this week in six-party talks with Pyongyang to shut down its nuclear weapons program in exchange for food and energy.

"This is progress," Bush said. "It is a good first step. There's a lot of work to be done to make sure that the commitments made in this agreement become reality, but I believe it's an important step in the right direction."

The deal has come under fire from figures on the left and the right, who complain that it rewards bad behavior and gives away too much without certainty that North Korea will live up to its end. Bush bristled at the criticism, saying: "The assessment made by some that this is not a good deal is just flat wrong."

The Iran issue has inflamed the already emotional debate on the House floor, as lawmakers consider a nonbinding resolution denouncing Bush's decision to order 21,500 more U.S. troops to Iraq. The president had largely stayed out of that debate in recognition that it seems certain to pass with even some Republican support and that it is only symbolic. But he signaled a willingness, even an eagerness, to fight any attempt to tangibly tie his hands.

"My hope . . . is that this nonbinding resolution doesn't try to turn into a binding policy that prevents our troops from doing that which I have asked them to do," Bush said. A few moments later, he added: "I'm going to make it very clear to the members of Congress, starting now, that they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done."

Bush arrived for his meeting with reporters after receiving a briefing from Gen. David H. Petraeus, who recently took over as the top U.S. commander in Iraq. The president expressed optimism that the Iraqi government is beginning to meet certain benchmarks, noting that it has set aside $10 billion of its own money for reconstruction as promised and is moving toward a distribution deal on oil proceeds and new rules allowing some lower-level members of Saddam Hussein's Baath Party back into the government.

He sought to lower expectations for what constitutes success, however, describing his goal as "relative peace" in Iraq, because "if it's like zero car bombings, it never will happen that way." Bush continued to reject the notion that the conflict in Iraq is now a civil war, despite a new U.S. intelligence conclusion that the term "accurately describes key elements" of the strife, though not its entire complexity.

His comments triggered more criticism among Democrats. "This stubborn refusal to face reality has led this administration into blunder after blunder in Iraq and is now behind the president's misguided plan to send American troops into the crossfire," said Sen. Edward M. Kennedy (Mass.), urging colleagues to block the troop increase.

The debate over Iraq and the anxiety over Iran have played out against the backdrop of I. Lewis "Scooter" Libby's perjury trial, where the origins of the war have been revisited. Defense lawyers for Vice President Cheney's former chief of staff rested their case yesterday after weeks of testimony that confirmed that three administration officials other than Libby -- Bush adviser Karl Rove, then-Deputy Secretary of State Richard L. Armitage and then-White House press secretary Ari Fleischer -- leaked the identity of undercover CIA officer Valerie Plame.

Plame's husband, former ambassador Joseph C. Wilson IV, had become a vocal critic of the handling of Iraq intelligence. Bush once promised to fire anyone who had leaked Plame's name to the media. But he would not say yesterday whether he had authorized any of the three to leak it. "I'm not going to talk about any of it," he said. And he refused to rule out pardoning Libby.

On another recent foreign flash point, Bush offered a gentle response to Russian President Vladimir Putin, who last weekend accused him of undermining global peace and provoking a new arms race. Bush declined to reevaluate his 2001

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assessment about seeing Putin's soul: "I think the person who I was referring to in 2001 is the same strong-willed person. He is a person with whom I have had agreements and disagreements throughout the course of my presidency and his."

Bush Rejects Critics While Talking Up Diplomacy (FT)

By Edward Luce

Financial Times, February 15, 2007

George W. Bush yesterday angrily rejected criticisms of Tuesday's six-party agreement on North Korea's nuclear programme while singing the praises of multilateral diplomacy.

The US president's backing of the deal has attracted fierce attacks. John Bolton, the former US ambassador to the United Nations, called it a "charade" and a "hollow agreement".

"I strongly disagree with his assessment," said Mr Bush when asked about Mr Bolton's comments yesterday. "The best diplomacy is where there is more than one voice sitting down with an equity in the issue . . . the assessment made by some that this is a bad deal is flat wrong."

The deal has been attacked by former neoconservative allies, who see it as evidence that the president has caved into a "realist" foreign policy. It has also been taken as a sign that Condoleezza Rice, the US secretary of state, is driving US diplomacy.

Senior officials say that Christopher Hill, the chief US negotiator close to Ms Rice, was given great latitude to negotiate a deal that could work in practice. Ms Rice reportedly cut out senior State Department non-proliferation officials from the North Korea talks.

Danielle Pletka, a neoconservative at the American Enterprise Institute, said the deal was worse than the "general framework" agreement negotiated by the Clinton administration in 1994, which fell apart in 2002.

"The Clinton administration had a view that we should accommodate the bad guys and then deal with the problem later," said Ms Pletka. "We disagreed with his approach but it had the merit of at least being coherent. I see no strategy whatsoever behind the Bush administration's current approach to North Korea. Anyone who believes Pyongyang will honour the agreement needs their head examining."

Ms Pletka and other neoconservatives also say that the deal will send the wrong signal to Iran, which will interpret North Korea's success as having directly flowed from its decision to test a nuclear device last October. "The message is that Iran should accelerate its nuclear programme then it will get more concessions," she said.

Mr Bush yesterday reiterated his aversion to talks with Iran while it refuses to suspend its uranium enrichment programme. He also played down apparent contradictions between recent US military briefings over whether the Iranian government was directly supplying improvised explosive devices to terrorist groups in Iraq.

Mr Bush said that it did not matter whether or not Tehran ordered Quds - a unit of Iran's revolutionary guard corps - to supply the bombs. "What we do know is the Quds force is instrumental in providing these deadly IEDs to networks inside of Iraq," he said. "What we don't know is whether or not the head leaders of Iran ordered the Quds force to do what they did."

Bush Insists That Iran Provides Weapons For Iraq (USAT)

By David Jackson

USA Today, February 15, 2007

WASHINGTON — President Bush said Wednesday that he is sure bombs supplied by Iran are killing U.S. troops in Iraq, but doesn't know if Iran's top leaders are complicit.

Bush's uncertainty, expressed at his first White House news conference this year, contrasted with an assessment by the U.S. military in Iraq. Military officials said Sunday that Iran's government was involved in the shipments of powerful roadside bombs to radical Shiite militias.

Bush said it is known that the al-Quds Force, an elite branch of the Iranian Revolutionary Guard, is providing Shiite groups in Iraq with weapons, known as explosively formed penetrators. "I don't think we know who picked up the phone and said to the Quds Force, 'Go do this,' " Bush said during a session dominated by the topics of Iraq and Iran.

AUDIO ON ... : Iraq resolution | North Korea deal | Multi-lateral approach to Iran

The president said the point is that the weapons exist. He vowed to "continue to protect our troops."

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In Baghdad on Wednesday, the top U.S. military spokesman said Sunday's briefing was not designed to accuse the Iranian government but to present evidence of its role in Iraq's violence. The briefer "was responding to questions and trying to be informative," said Maj. Gen. William Caldwell.

Iranian President Mahmoud Ahmadinejad has denied the Bush administration's charges.

Democrats such as Sen. Hillary Rodham Clinton of New York have expressed skepticism of the intelligence on Iran, citing unfounded claims about weapons of mass destruction before the U.S.-led invasion of Iraq in 2003. "We must be on guard that we never again make decisions on the basis of intelligence that turns out to be faulty," said Clinton, a 2008 presidential candidate.

Bush has said the faulty Iraq intelligence has raised questions about the credibility of all U.S. intelligence gathering. The president also told reporters he is not making new charges against Iran as a "pretext" for war. "To say it is provoking Iran is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way," he said.

In the hour-long news conference, the president also addressed the House debate on a non-binding resolution opposing his plan to boost U.S. troop levels in Iraq. The measure is expected to pass on Friday, with some Republicans joining the Democratic majority.

Challenging anti-war Republicans as well as Democrats, Bush said his critics need to prove they support the troops by voting on emergency funding: "You can be against my decision and support the troops, absolutely, but the proof will be whether or not you provide them the money necessary to do the mission."

On other topics:

•Russia. Bush said he and Russian President Vladimir Putin have a "complicated relationship" but also have "common interests." Last weekend, the Russian leader accused Bush of pursuing an aggressive foreign policy that undermines global security.

•Korea. The president said he "strongly" disagrees with criticism by his former United Nations ambassador John Bolton of a deal with North Korea on nuclear weapons. Bush said the deal reached among the United States, North Korea and four other nations "is a good first step" and represents a "breakthrough."

•2008 presidential campaign. Bush declined to handicap the candidates in the 2008 election or discuss how the campaign might affect the Iraq debate. "I will resist all temptation to become the pundit-in-chief," Bush said.

Bush Certain Iranian Unit Tied To Arms (WT)

By Stephen Dinan

The Washington Times, February 15, 2007

President Bush yesterday said he knows an elite Iranian military unit is supplying arms to insurgents in Iraq, though he acknowledged he can't say if they were sent on the orders of Iran's top officials.

"Here's my point: Either they knew or didn't know, and what matters is, is that they're there," he said of the Quds force, a branch of the Iranian Revolutionary Guard Corps, during a morning press conference at the White House. "What's worse -- that the government knew or that the government didn't know?"

On Iraq, Mr. Bush called for Americans to give his new strategy time to work, saying it would give the Iraqis "political breathing space" to get their own affairs settled. And he said while Congress can express itself through nonbinding resolutions, they must not withdraw funding from the troops.

"I'm going to make it very clear to the members of Congress, starting now, that they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done," he said.

But Iran dominated the foreign-policy-heavy, hourlong press conference, with Mr. Bush saying he is working on several levels to try to engage that country.

U.S. officials, speaking on the condition they not be named, told reporters in Baghdad over the weekend that Iran was supplying mortars and roadside bombs called explosively formed penetrators (EFPs) to insurgents to be used against U.S. troops trying to create peace in Iraq. One official said the direction was "coming from the highest level of the Iranian government."

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That official, though, was contradicted this week by Gen. Peter Pace, chairman of the Joint Chiefs of Staff. He said the arms transfer "does not translate that the Iranian government per se, for sure, is directly involved in doing this."

Mr. Bush yesterday sought to split the difference, saying either way it is a dangerous situation.

"We do know that they're there, and I intend to do something about it," he said. "And I've asked our commanders to do something about it. And we're going to protect our troops."

It's a thorny issue because it comes five years after Congress, citing intelligence reports now known to be faulty, voted to go to war in Iraq to disarm Saddam Hussein's regime of weapons of mass destruction (WMDs).

Sen. Robert C. Byrd, West Virginia Democrat, said Mr. Bush is being too confrontational with Iran.

"Instead of hyping intelligence that our nation's top military leader has called into question, instead of trying to scare the American people and bully the Iranian government, the Bush administration ought to cool its rhetoric and redouble its diplomatic efforts with Iran," said Mr. Byrd, the Senate's senior Democrat.

He said Mr. Bush must come back to Congress before going on the offensive against Iran.

"Show the proof. Make the case. Level with the country," Mr. Byrd said. "Any benefit of doubt that this administration may have once deserved disappeared with the vanishing WMDs in 2002 and the twisting of intelligence to build the case for war against Iraq."

Mr. Bush said the idea that he is manufacturing intelligence to go to war with Iran is "preposterous."

The president weighed in on the nonbinding resolution the House is debating this week that disapproves of his plan to increase troops in Iraq, saying Congress may speak its piece but must not interfere with the actual policy.

He portrayed the resolution vote as less important than the Senate's vote last month to confirm Lt. Gen. David Petraeus to lead U.S. forces in Iraq, and the upcoming vote on his $100 billion emergency-spending request to fund the war on terrorism.

Mr. Bush also defended the deal the United States and four other nations struck this week with North Korea, which ties incentives to the rogue nation's halting its nuclear weapons development program.

The president shrugged and smiled a little when asked how he responded to his former top nonproliferation official and ambassador to the United Nations, John R. Bolton, who said this week that the North Korea agreement was a bad deal.

"This is a good first step," he said. "It will be a great deal for the North Korean people if their government follows through with the agreement."

Tehran's Iraq Role Unclear, U.S. Now Says (LAT)

By Borzou Daragahi And James Gerstenzang, Times Staff Writers

The Los Angeles Times, February 15, 2007

But Bush calls it irrelevant that no solid evidence links Iranian officials to alleged weapons aid.

WASHINGTON — U.S. officials from President Bush to a top general in Baghdad said Wednesday that there was no solid evidence that high-ranking officials in Iran had ordered deadly weapons to be sent to Iraq for use against American troops, backing away from claims made by military and intelligence officials in Baghdad this week.

But Bush continued to maintain an aggressive posture toward Tehran, saying elite Iranian Quds Force operatives were supplying weapons to insurgents in Iraq.

"What we don't know is whether or not the head leaders of Iran ordered the Quds Force to do what they did," he said.

"What matters is that they're there," Bush said, adding, "What's worse: that the government knew or that the government didn't know?"

Bush then issued a threat that hinted at a direct clash with Iranian units.

"When we find the networks that are enabling these weapons to end up in Iraq," he said at a late-morning White House news conference, "we will deal with them."

The Quds Force is a special unit of the Revolutionary Guard, which is a force separate from Iran's military, created to safeguard and spread the 1979 revolution that established Shiite clerical rule in the country.

Critics have accused the Bush administration in recent days of overstating claims of official Iranian involvement in Iraq's violence.

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On Sunday, U.S. officials in Baghdad who spoke on condition of anonymity alleged that Iranian officials at the "highest levels" of the government, including supreme leader Ayatollah Ali Khamenei, were behind the smuggling of a deadly type of explosive device used against U.S. forces.

But during news conferences Wednesday in Washington and Baghdad, Bush and Army Maj. Gen. William B. Caldwell IV, the chief military spokesman in Iraq, appeared to step back from that claim, just as Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, did in interviews this week.

Caldwell characterized the recent statements about Iranian weapons in Iraq as a diplomatic endeavor to persuade Iranians to stop the flow of such weapons.

"We want to tell [the Iranians], 'You need to stop,' " he said. " 'We need your assistance.' "

The controversy surrounding the claims revolves around the nature of wartime intelligence work, which often requires making conclusions based on classified information, confidential sources, circumstantial inferences and historical patterns rather than the type of evidence that could prove a court case.

At a presentation Sunday in Baghdad, U.S. officials showed reporters weapons found in Iraq that they said had been made in Iran. They spoke on condition of anonymity and barred reporters from bringing in cameras or recorders. The unusual secrecy, amid several Washington investigations of abuses of intelligence in the run-up to the Iraq war, led critics to question the administration's motives.

U.S. officials removed some of the secrecy Wednesday and allowed photographers to scrutinize the weapons. The arms included rockets with recent date marks that officials said could be traced to munitions factories in Iran, as well as an Explosively Formed Penetrator, a sophisticated roadside bomb that can pierce an armored vehicle.

Officials claimed that the projectiles have been used by Shiite Muslim militias with long-standing ties to Iran. On Sunday they said the penetrators had caused the deaths of about 170 U.S.-led forces in Iraq,

Also on display Wednesday were identification cards seized from Iranians allegedly linked to the Quds Force. One, belonging to a graying, middle-aged man in military uniform, says he worked for the intelligence branch of the Revolutionary Guard, which mostly is involved in domestic Iranian security matters.

"We're not trying to hype this," Caldwell said.

In Washington, Bush bristled when asked whether he was using such displays to provoke Iran, much as critics say he used intelligence about Iraq's alleged weapons of mass destruction and ties to Al Qaeda that turned out to be flawed.

"To say it is 'provoking Iran' is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way," the president said.

"The idea that somehow we're manufacturing the idea that the Iranians are providing IEDs is preposterous," Bush said, referring to improvised explosive devices. "My job is to protect our troops. And when we find devices that are in that country that are hurting our troops, we're going to do something about it, pure and simple."

Some analysts have suggested that even if the weapons did come from Iran, the degree of government involvement and the motivation remain unclear. Iran may have supplied weapons to Shiite militias primarily to arm them against Sunni forces in the nation's sectarian warfare, they say.

Even the issue of where the weapons were manufactured is cloudy. A U.S. military explosives expert at the news conference in Baghdad acknowledged that there was no forensic evidence or labels linking the canister-shaped weapons to munitions plants in Iran.

Rather, Army Maj. Marty Weber said, the weapons were similar to those that the Iranian-backed Hezbollah militia used against Israeli forces during Israel's late-1990s occupation of southern Lebanon.

The link to Iran was based on "historical knowledge of these types of weapons, having first seen their use by an Iranian surrogate terrorist group in 1998," Weber said.

The Iranian government has denied that it is sending weapons to Iran to kill U.S. troops or seeking to stir up trouble in Iraq, which is run by longtime Shiite and Kurdish allies.

Asked what assurances he could give about the accuracy of the intelligence on the Iranian explosives, Bush said: "We know they're there. We know they're provided by the Quds Force. We know the Quds Force is a part of the Iranian government. I

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don't think we know who picked up the phone and said to the Quds Force, 'Go do this,' but we know it's a vital part of the Iranian government."

Caldwell appeared to suggest at times during his briefing that the simultaneous presence of Quds Force operatives and the Explosively Formed Penetrators in Iraq indicated that Iranians were involved in the smuggling of the deadly weapons into the country.

"We have physical evidence of munitions being supplied to extremists," he said. "We have in custody Quds Force officers who are, at a minimum, here illegally in Iraq.

"There's no question that Quds Force elements are involved in this," he said.

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Daragahi reported from Baghdad and Gerstenzang from Washington. Times staff writers Julian E. Barnes, Paul Richter and Peter Spiegel in Washington contributed to this report.

Why Accuse Iran Of Meddling Now? U.S. Officials Explain (NYT)

By Michael R. Gordon

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — One of the questions posed by skeptics about the Bush administration assertions about Iran's meddling in Iraq is why the charges are coming to light only now, when American officials say the shipment of lethal weapons from Iran to Shiite militias was first detected several years ago.

Among possible explanations for the timetable, some critics have suggested, is that the White House is making its assertions now in an effort to blame Iran for the deteriorating situation in Iraq, or that President Bush is trying to lay a legal and political groundwork for a military strike against the government in Tehran, which he singled out in 2002 as a member of the "axis of evil."

In recent interviews and in a military briefing on Wednesday in Baghdad, American officials have offered a more direct explanation for the timetable: attacks with the device have increased sharply in recent months, prompting the United States to react, and then to justify its actions.

According to one military official, reports of the "explosively formed penetrator," as the weapon is known, first surfaced in late 2003. But attacks with the device have steadily increased since then. The last quarter of 2006 was a particularly dangerous period in terms of attacks with the device, with a new high reached in December.

As the attacks have gone up, so have the American casualties. Since 2004, at least 170 Americans have been killed and 620 wounded in attacks with the device. But a significant number of those casualties occurred in the last part of 2006.

Faced with stepped-up attacks, military officials said they began to carry out raids to try to disrupt efforts to train and equip Shiite militants with the weapon. That led to the detention of Iranian officials — and questions from the Iraqi government, the public and the press about why the American military was capturing and detaining Iranians, including some officials who said they were diplomats.

American officials assert that the raids produced additional evidence implicating a branch of Iran's Islamic Revolutionary Guard Corps, known as the Quds Force, in supplying the devices, a charge Iran has denied.

Even so, the decision by American military officials to put forward the evidence in a full-scale briefing was not an easy call, according to Maj. Gen. William B. Caldwell IV, the American military spokesman in Iraq. One concern was that discussing the weapon would let adversaries know how effective it is.

After concluding that efforts to warn the Iranians through diplomatic channels not to send the weapons components were not producing results, Bush administration officials and military commanders in Baghdad decided to organize a briefing and present some of the evidence in a session last Sunday.

"The intent of the press conference was to talk about a force protection issue, not politics," General Caldwell said on Wednesday.

Skepticism Over Iraq Haunts U.S. Iran Policy (WP)

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By Karen DeYoung

The Washington Post, February 15, 2007

The specter of the war in Iraq -- a war the Bush administration denied it was planning, supported by evidence that turned out to be false -- looms large over administration policy toward Iran.

Skeptical members of Congress have questioned administration charges of Tehran's support for Iraqi insurgents and President Bush's insistence that his plans for dealing with Iran remain purely diplomatic. The administration, conscious of its low credibility, believes it has gone out of its way to convince doubters that Iran is not Iraq all over again.

"No, no, no, no," White House spokesman Tony Snow said Monday in response to questions about whether the administration embellished evidence against Iran in a U.S. military briefing in Baghdad the previous day. "I'm almost ready to hit my head on the microphone."

Much as the Vietnam Syndrome dogged the foreign and military policies of a generation of U.S. presidents, the Iraq Syndrome has become an ever-present undercurrent in Washington. "Everyone is reliving the whole thing again in everything we do," said one administration official, referring to the tumultuous months surrounding the U.S. invasion in March 2003.

"In the old days, if the U.S. government had come out and said, 'We've got this, here's our assessment,' reasonable people would have taken it at face value," the official said of the Baghdad briefing. "That's never going to happen again."

In yesterday's White House news conference, Bush grappled with the issue head-on. "What makes you so certain," a reporter asked Bush, of the military's charge that "the highest levels of Tehran's government" are responsible for shipments of lethal weapons to Iraq for use against U.S. troops?

Bush contradicted the military's account, saying, "We don't know . . . whether the head leaders of Iran ordered" it.

"But here's my point," he added. "Either they knew or didn't know, and what matters is, is that [the weapons] they're there."

Yet, as questions that have peppered senior officials all week suggest, what matters in the post-Iraq invasion era is whether the administration can prove it.

The bottom line for many congressional Democrats and an increasing number of Republicans was reflected Tuesday by Rep. Bob Etheridge (D-N.C.) during the House debate on the Iraq war. "The president said Saddam Hussein was in cahoots with al-Qaeda terrorists," Etheridge said. "I took the president at his word."

Burdened by its troubles in Iraq, the Bush administration is being doubly scrutinized over its policy toward Tehran. For weeks, despite occasional saber rattling, officials from the president on down have insisted there are no plans to attack Iran. Instead, they have said they are fully committed to a peaceful resolution of all outstanding grievances, including Iran's nuclear weapons activities, support for terrorists in Lebanon and support for insurgents in Iraq.

"We've been very careful in what we've said over the last few weeks," Undersecretary of State R. Nicholas Burns, the administration's point man on Iran, said in an appearance yesterday at the Brookings Institution.

Asked about the "highest levels" charge, Burns replied: "The president . . . did not claim that today. We are not claiming that today."

That was precisely what the military asserted in its Baghdad briefing for reporters Sunday, a secretive session in which no cameras or tape recorders were allowed and no names were given for the speakers.

The charge was that Tehran's operatives were supplying explosive devices to Iraqi Shiites who are killing U.S. troops. Proof was laid out on a table: Iranian-made weapons and copies of false identity cards found on captured agents said to be members of the Quds Force of Iran's elite Revolutionary Guards.

"The Quds Force," a senior defense analyst then explained, "on paper reports to the IRGC, the Islamic Revolutionary Guards Corps. In reality, they really report directly to the supreme leader," Ayatollah Ali Khamenei. "So the activities that the IRGC Quds Force are conducting in Iraq, we assess, are coming from the highest levels of the Iranian government."

(Although the briefer emphasized that he was referring to Khamenei and not to President Mahmoud Ahmadinejad, Bush cited the Iranian president at yesterday's news conference. "Whether Ahmadinejad ordered the Quds Force to do this, I don't think we know," he said.) The briefer's comments Sunday shifted the focus of a lengthy presentation that had been planned for more than a month. Several media accounts Monday morning noted that no proof had been offered for the "highest levels" charge. "The process fumbled what should be an easy story to tell," one administration official said ruefully.

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Controversy grew Monday over reports that the Joint Chiefs of Staff chairman, Marine Gen. Peter Pace, had told reporters in Australia that while he knew the weapons were Iranian-made, "I would not say by what I know that the Iranian government clearly knows or is complicit."

Frantic telephone calls from Washington to Pace's traveling party ensued. Snow and his counterpart at the State Department, Sean McCormack, were pummeled in daily briefings and directed questions to the Pentagon.

On Tuesday, even as Snow told reporters in Washington he had spoken with Pace and they were on the same page, the general reiterated his view. The discovery of the explosives, Pace said during a news conference in Jakarta, "could not translate to the Iranian government per se is directly involved in doing this."

At another contentious White House briefing, Snow said that he would "push all evidentiary questions to the DNI" -- the director of national intelligence.

The intelligence community, still licking its wounds over faulty prewar intelligence on Iraq, displayed an air of "I told you so" this week and insisted that the Baghdad briefers had gone beyond vetted information.

A senior intelligence official Tuesday offered carefully parsed written guidance he said had been provided to the briefers in Baghdad. "The Qods Force -- a special element of Iran's Islamic Revolutionary Guard . . . -- is involved in providing lethal support to select groups of Shia militants in Iraq. Based on our understanding of the Iranian system and the history of IRGC operations, the IC [intelligence community] assesses that activity this extensive on the part of the Qods Force would not be conducted without approval from top leaders in Iran."

The distinction was important, the official said. The Baghdad briefer's verbal use of "highest levels" went beyond what the intelligence community had suggested. The "top officials" wording, the official said, better reflected administration knowledge.

In Baghdad yesterday, a U.S. military spokesman, Maj. Gen. William B. Caldwell, tried to clarify, saying the intent of the news conference was not to talk about who had authorized Iranian arms shipments: "This is about the fact that American forces . . . are being killed by munitions and weaponry that are being produced in Iran."

A Man Of Many Beliefs Gives A News Conference With Few Answers (WP)

By Dana Milbank

The Washington Post, February 15, 2007

President Bush must have heard that National Public Radio was reviving the 1950s program "This I Believe," because his news conference yesterday sounded like an audition.

On Iran: "I believe Iran is an unbelievably vital nation."

On his Iraq plan: "I believe that success in Baghdad will have success in helping us secure the homeland."

On his Middle East policy: "I believe it's going to yield the peace that we all want."

On the North Korea agreement: "I believe it's an important step in the right direction."

On tensions with Russia: "I firmly believe NATO is a stabilizing influence for the good."

On immigration: "I strongly believe that we need to enforce our borders."

Bush has always supported a faith-based initiative, but his recitation of beliefs in the East Room yesterday -- he listed no fewer than 18 principles he holds to be true -- sounded less like a question-and-answer session than a reading of the Nicene Creed. The only thing the president did not believe in was answering the questions he was asked.

When ABC News's Martha Raddatz asked whether he shares the intelligence community's view that Iraq is in a civil war, the Great Believer grew suddenly agnostic. "We've got people on the ground who don't believe it's a civil war," he dodged.

"Do you believe it's a civil war, sir?" Raddatz pressed.

"It's hard for me, you know, living in this beautiful White House, to give you a firsthand assessment," he punted.

The Post's Peter Baker asked about three members of Bush's administration who leaked the identity of a CIA officer; Bush had promised to fire anybody who did.

"I'm not going to talk about it --," Bush said before the question was finished. "I'm not going to talk about any of it."

"They're not under investigation, though," Baker pointed out.

"Peter," Bush said, reproachfully. "I'm not going to talk about any of it."

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Baker asked whether Bush might offer pardons in the case. Bush arched his eyebrows and said, as if handling a recalcitrant child: "Not going to talk about it, Peter."

The president even announced that he was not going to answer a question he hadn't been asked. ABC's Ann Compton asked about possible briefings on Iraq for presidential candidates. "I thought for a minute you were going to try to get me to comment on the presidential race," Bush said. "I will resist all temptation to become the pundit in chief." He must have liked the pundit-in-chief line, because he repeated it twice more.

The president seemed petulant in his refusal to answer questions; he was, after all, the one who summoned reporters to the White House for the purpose of questioning him. Probably, it was the tone of the questions that set him off: While Bush freely voiced his beliefs, the reporters seemed disinclined to accept his statements of faith.

Steve Holland of Reuter asked about Iranian weapons in Iraq. "What makes you so certain that the highest levels of Tehran's government is responsible?"

Bush admitted he doesn't know "whether or not the head leaders of Iran" were involved. "But here's my point: Either they knew or didn't know."

NBC's David Gregory wasn't buying. "Critics say that you are using the same quality of intelligence about Iran that you used to make the case for war in Iraq," he noted.

Bush said he is "confident" Iran's Quds force was involved in sending weapons to Iraq.

But CNN's Ed Henry still didn't share Bush's confidence. "What assurances can you give the American people that the intelligence this time will be accurate?" he asked.

"Ed," Bush vouched, "we know they're there."

The skepticism about Bush's beliefs was not confined to Iran. The AP's Terry Hunt asked Bush whether the increasingly autocratic Russian president is "the same Vladimir Putin whose soul you looked into and found to be trustworthy."

Bush acknowledged that "it's a complicated relationship."

The president's discomfort was evident in his verbal tics. Asked about Iran, he stated that "we have a comprehensive strategy to deal with Iraq." Eleven times he used the phrase "in other words" to magnify his points ("Money trumps peace sometimes; in other words, commercial interests are very powerful").

Ultimately, Bush found it more comfortable to ask the reporters questions. CBS's Jim Axelrod dropped his BlackBerry. "You dropped?" the commander in chief asked. NBC's Gregory consulted his watch. "What are you looking at?" the president inquired. "Checking the time?"

Late in the hour-long session, he turned to White House reporter Mike Allen, who had just started his sixth job in a decade, joining a Capitol Hill newspaper and Web site.

"Michael, who do you work for?" Bush needled.

"Mr. President, I work for Politico.com," Allen reported.

"Pardon me? Politico.com?"

"Yes, sir -- today," Allen quipped.

"You want a moment to explain to the American people exactly what --"

Allen did not. "Thank you for the question," he demurred.

"Quit being so evasive," Bush said.

Bush Sends Ambiguous Signals About His Intentions On Iran (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, February 15, 2007

WASHINGTON - President Bush on Wednesday accused Iran of contributing to American deaths in Iraq and said, "I intend to do something about it." But he insisted that he isn't looking for another war in the Middle East.

Bush also acknowledged that he doesn't know whether Iranian President Mahmoud Ahmadinejad or other top Iranian officials have authorized the shipment of roadside bombs to Iraq. The sophisticated munitions, known as "explosively formed penetrators," are one of the deadliest weapons that Iraqi insurgents use.

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Bush outlined the circumstantial evidence against Iran at a White House news conference dominated by questions on Iraq. He defended his handling of the war as about a dozen House Republicans spoke out against his plan for more troops.

The president's recent focus on Iranian involvement in Iraq has raised new concerns that the Iraq conflict could spread.

"When we find the networks that are enabling these weapons to end up in Iraq, we will deal with them. If we find agents who are moving these devices into Iraq, we will deal with them," Bush said. "We're going to do something about it, pure and simple."

U.S. officials have been trying for days to tamp down fears of war with Iran even as they pressure Tehran to behave, but Bush's comments left some ambiguity about his intentions. Although he said he favors a peaceful resolution and isn't trying to provoke Iran, he didn't rule out military action.

He also seemed to shrug off the lack of evidence tying top Iranian officials to the weapons shipments. Bush said the munitions were sent to Iraq by the Quds Force, an elite unit with close ties to the top levels of the Iranian government.

"What's worse, that the government knew or that the government didn't know?" Bush asked. "Whether Ahmadinejad ordered the Quds Force to do this, I don't think we know. But we know that they're there."

Bush held his first news conference of the year as lawmakers in the House of Representatives debated a nonbinding resolution denouncing his plans to send more troops to Iraq. The president said lawmakers "have every right" to criticize his strategy as long as they continue to fund it.

Backers of the resolution opposing the troop increase predict that roughly two dozen House Republicans will support the measure when it comes to a vote on Friday. Virtually all Democrats support it, ensuring its passage.

"Interjecting more young American troops into the crosshairs of an Iraqi civil war is simply not the right approach," said Rep. Ric Keller, R-Fla.

Rep. Howard Coble, R-N.C., took issue with suggestions that lawmakers who oppose Bush favor a cut-and-run strategy.

"If we had removed Saddam (Hussein), which most Iraqis wanted, and then withdrew four or five weeks later, or even four or five months later, that would have constituted cutting and running. But we've been there four years. The time has come, in my opinion, for the baton to be handed to the Iraqis."

Rep. Tom Davis, R-Va., called the escalation plan "the status quo on steroids."

With the resolution headed for passage, Bush focused his attention on the next flash point - his request for another $174 billion to fund the war through 2008. The additional funding would push the war's total cost to more than $500 billion.

Congress will consider the next installment for Iraq next month when it takes up Bush's request for $99.6 billion in emergency funding for Iraq and Afghanistan. The rest of the Iraq money is in the president's proposed 2008 budget, which probably won't face votes until summer.

While Bush seemed resigned to the likelihood of a rhetorical rebuke from the House, he warned against any effort to restrict war funding. Congressional Democrats, under pressure from anti-war activists to stand up to the White House, have said that funding restrictions could be the next step.

"They have every right to express their opinion. ... I think you can be against my decision and support the troops, absolutely. But the proof will be whether or not you provide them the money necessary," Bush said.

On another topic, Bush hailed the new agreement with North Korea as a vital step toward dismantling its nuclear weapons program. The Tuesday agreement calls on North Korea to abandon its nuclear programs in return for economic assistance.

Turning to domestic politics, Bush said he is "intrigued" by the 2008 presidential campaign, but he issued a blanket "no comment" on the candidates vying to succeed him.

"I'd just like to establish some ground rules here with those of you who are stuck following me for the next little less than two years: I will resist all temptation to become the pundit-in-chief," he said.

Clinton Warns Bush About Action In Iran (AP)

By Devlin Barrett

AP, February 15, 2007

Democratic presidential candidate Hillary Rodham Clinton warned President Bush on Wednesday not to take any military action against Iran without getting congressional approval first.

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"If the administration believes that any, any use of force against Iran is necessary, the president must come to Congress to seek that authority," Clinton said in a Senate speech.

Clinton, a member of the Armed Services Committee, voted in 2002 to give Bush the authority to use military force in Iraq — a vote that has prompted some Democrats to demand that she repudiate.

Since then, the New York senator has become an outspoken critic of Bush's handling of the war. She said the new Democratic Congress must not let him make similar mistakes in the increasingly tense relationship with Iran.

"It would be a mistake of historical proportion if the administration thought that the 2002 resolution authorizing force against Iraq was a blank check for the use of force against Iran without further congressional authorization," Clinton said.

She also insisted the resolution authorizing force against those responsible for the Sept. 11, 2001 terrorist attacks did not allow for U.S. action now against Iran.

Clinton, who has come under fire from anti-war Democrats, excoriated the previous Republican-controlled Congress for not questioning the administration over the past six years.

"We continue to experience the consequences of unchecked presidential action," she said, later adding: "This president was allowed for too long to commit blunder after blunder under cover of darkness provided by an allied Republican Congress."

Clinton spoke shortly after President Bush said he was certain the Iranian government is supplying deadly weapons used by fighters in Iraq against U.S. troops, even if he can't prove that the orders came from top Iranian leaders.

"I'm going to do something about it," Bush pledged, displaying apparent irritation at being repeatedly asked about mixed administration signals on who was behind the weaponry. He said the United States is pursuing diplomatic solutions with Iran about its nuclear program and said he was not seeking a pretext for war.

U.S. officials have said that Iran is behind attacks against troops in Iraq, an assertion denied by Iran's president, Mahmoud Ahmadinejad.

Iran Eyeing North Korean Model (LAT)

By Kim Murphy

The Los Angeles Times, February 15, 2007

TEHRAN, Iran -- Iran is quietly accelerating efforts to negotiate a deal on its nuclear program, using this week's agreement to freeze North Korea's program as a model.

In this week's pact, the Bush administration signed a deal that provides significant incentives to North Korea even before that country completely stepped back from its nuclear weapons program. The administration's willingness to do that seems likely to harden Iran's demands that it, too, should receive tangible benefits as part of any agreement, analysts here say.

Those benefits could include guarantees for the security of Iran's government, an end to years of economic sanctions and the right to continue developing modern, peaceful nuclear technology.

At the same time, some hard-liners in Iran appear to want to use North Korea's example as an opportunity to toughen Iran's demands in the expectation that the U.S. will eventually be obligated to meet them.

Some U.S. conservatives have criticized the deal with North Korea, predicting it would encourage Iran and other nations that are considering nuclear programs. In a news conference Wednesday, President Bush dismissed such criticism by his former U.N. ambassador, John R. Bolton.

"I strongly disagree. Strongly disagree with his assessment," Bush said. "I have told the American people, like the Iranian issue, I wanted to solve the Korean issue -- North Korean issue -- peacefully, and that the president has an obligation to try all diplomatic means necessary to do so."

"So the assessment made by some that this is not a good deal is just flat wrong."

But the debate here now appears to focus on how hard Iran should push for favorable terms. "The hard-liners, perhaps impressed by North Korea's achievement, are now inclined to be more resilient and more uncompromising," Sadegh Zibakalam, professor of politics at Tehran University, said Wednesday.

"They say if North Korea could do it, why shouldn't we? Why should we let the United States dictate to us, rather than negotiate with us?"

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Until this week's pact, U.S. officials had insisted that North Korea dismantle all its nuclear programs and fully disarm before any deal could be reached. But in the end, North Korea agreed only to begin disabling its nuclear facilities in exchange for about $400 million in aid and other incentives. For now, the North Koreans will keep the nuclear material they already have, which U.S. officials believe is enough to make 8 to 10 bombs.

North Korea's situation is different from Iran's in several respects. North Korea has built and tested a nuclear bomb. Iran insists its program is strictly for civilian power generation. While U.S. and other international leaders doubt that Iranian claim, most intelligence officials believe Iran is at least two years away from being able to build a nuclear weapon.

A U.N. Security Council resolution passed in December with strong backing from the U.S. demands a full halt to Iran's uranium-enrichment activities.

Iran has signaled it might be willing to compromise on enrichment, either by limiting it, temporarily suspending it, or operating its centrifuges for a time with an inert gas, rather than uranium. Iranian negotiators insist real movement can be achieved only through open negotiations without preconditions.

But while hard-liners believe Iran can tough it out against the U.S., a broad range of the political elite in Iran is now behind an effort by Iran's chief nuclear negotiator, Ali Larijani, to reach a compromise.

"This scenario has been at the back of the minds of some Iranian leaders: that if we reach a stage that we would be respected as an equal partner, then we could do real negotiations and reach a deal over our nuclear program," Zibakalam said.

A source familiar with the negotiations said Iran has a four-part package that includes security guarantees, continued access to nuclear technology, and certain "political and economic" guarantees.

Nonproliferation experts suggested that these would include a demand for dropping the U.N. sanctions and possibly the unilateral sanctions which the U.S. has had in place against Iran since shortly after the 1979 Islamic revolution.

In an interview Wednesday, Mohammad Kazem Anbarlouee, head of a conservative Islamic faction in the parliament and editor of Resalat, a hard-line newspaper, said Iran must also insist on return of $19 billion in Iranian funds intended for purchase of U.S. weapons during the Shah's regime and never returned after the revolution.

"We don't have any conditions right now, and we don't accept any preconditions. Because everything they asked us, we met. For example, they asked us to suspend our activities, we did that (in the past). They asked us for U.N. supervision and visits, and we accepted this. We have nothing left. So Mr. Larijani will have some suggestions, not conditions," Anbarlouee said.

"If they have some conditions, for example, about giving them some guarantees about not having nuclear weapons, they can tell us that. But if they want to ask us to suspend our nuclear activities for peaceful purposes, no, we are not ready for that," he said.

Times staff writer Rich Simon in Washington contributed to this story.

Car Bomb In Iran Destroys A Bus Carrying Revolutionary Guards (NYT)

By Nazila Fathi

The New York Times, February 15, 2007

TEHRAN, Feb. 14 — A car loaded with explosives blew up on Wednesday in front of a bus carrying members of Iran's Revolutionary Guards in the southeastern city of Zahedan, killing at least 11 people and wounding 34 others, the state news media reported.

The governor of Zahedan, Hassan Ali Nouri, told state-run television that the car exploded at 6:37 a.m. as the bus taking members of the Revolutionary Guards to work approached.

Television news reports showed videotape of the mangled bus, with all its windows shattered.

One official told the ISNA news agency that six people had been arrested.

The explosion was the largest in this troubled region along the Afghan and Pakistani borders since last March, when an attack on a convoy in the same province, Sistan-Baluchistan, killed 22 officials.

In December 2005, a car carrying President Mahmoud Ahmadinejad was ambushed when he was on a visit in the same province. The attack, near the city of Zabol, killed one of his bodyguards and wounded another. Further details of that attack have not been disclosed.

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The semiofficial Fars news agency reported that a Baluchi group opposed to the government, the Jondollah Organization of Iran, claimed responsibility for the attack on Wednesday.

Hossein Ali Shahriari, the representative from Zahedan in Parliament, said the attack had been carried out by "insurgents and smugglers who are led by the world imperialism," a common reference to the United States and Britain. Iranian officials have repeatedly accused the United States and Britain of provoking ethnic unrest in Iran and of supporting opposition groups.

Zahedan, the capital of Sistan-Baluchistan, is home to many ethnic Baluchis, who are Sunni Muslims. A majority of Iranians are Shiites.

The region has also been a major gateway for drug traffickers from Pakistan and Afghanistan. Iran has built a security trench at the border, but says more than 3,300 security force members have died in fighting drug smugglers since the country's Islamic revolution in 1979.

There has been increasing unrest in the province in the past year. The Baluchis accuse the government of discriminatory and repressive policies.

Iran has said that Jondollah and its leader, Abdolmalek Rigi, have ties to Al Qaeda and drug traffickers. However, the group denied the accusation in a letter that was published in the newspaper The Guardian in Britain in October.

Jondollah claimed responsibility for the attack last March that killed the 22 officials and wounded six others. The group has also claimed responsibility for kidnapping soldiers in the province.

The government has stepped up punishing those behind ethnic unrest. ISNA reported that two men accused of kidnapping and hostage-taking were hanged in Zahedan last June.

Bush To Congress: Give New Iraq Strategy A Chance To Work (CHIT)

By Mark Silva And Aamer Madhani

Chicago Tribune, February 15, 2007

WASHINGTON -- President Bush, facing a congressional vote of protest over his escalation of military force in Iraq, confronted a growing challenge to his presidency with complaints Wednesday that members of Congress are pressing for a symbolic vote without allowing his new strategy a chance to restore security inside Iraq.

As an emotional floor debate played out on Capitol Hill, the president cautioned Congress that whatever non-binding resolution is adopted, lawmakers must not jeopardize any of the added money that he is seeking for the support of the war effort—an additional $100 billion this year for war in Iraq and Afghanistan, plus a further $145 billion next year.

"People are prejudging the outcome of this," Bush said of a House resolution opposing his deployment of 21,500 additional troops. "My hope, however, is that this non-binding resolution doesn't try to turn into a binding policy that prevents our troops from doing that which I have asked them to do."

Ex-admiral: 'A bad military bet'

On the House floor, in the second day of a marathon debate, Rep. Joe Sestak (D-Pa.), a retired Navy admiral who is sponsor of a binding measure calling for redeployment of most troops by the end of the year, called Iraq a "tragic misadventure."

"My experience says don't double-down on a bad military bet," Sestak said.

The president, confronting the non-binding resolution of the Democratic-led House as a fait accompli, employed the forum of an East Room White House news conference—his first of the year—to lay down his marker before the House vote, expected Friday.

The Senate, meanwhile, is torn over its own vote on a war resolution, offering the president an uncertain moment when yet another plea for patience with the nearly 4-year-old war could buy his newest security strategy some time.

"I find it interesting that there is a declaration about a plan that they have not given a chance to work," said Bush, suggesting that members of Congress as well as candidates for the presidency in 2008 can debate it all they want, but "what really is going to matter is what happens, ultimately," in Iraq.

Yet what happens in Washington is of equal concern to the White House, which won congressional authorization for the use of military force in Iraq in 2002 and now is seeking to avert any binding congressional vote that could restrict war funding.

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William Howell, a political scientist at the University of Chicago and co-author of a book on congressional limits on presidential war powers, said: "If this latest surge doesn't succeed and the president continues to push the way he is pushing … I think it's quite likely that we'll see a real showdown, where there will be discussions about cutting funding, setting caps."

Democrats are maneuvering to attach language to a bill limiting future deployments or perhaps even bringing troops home. Separately, Sen. Barack Obama (D-Ill.) has filed a bill calling for an immediate troop cap and for redeployment of combat forces by spring 2008.

Some insist that any troop cap is unconstitutional.

David Rivkin Jr., a constitutional law expert who served in the Justice Department under Presidents Ronald Reagan and George H.W. Bush, maintains that the commander in chief holds a unique responsibility and that capping the number of troops that he has deployed is tantamount to "emasculating" the executive branch.

"If you take it to its logical conclusion, a well-crafted appropriations bill with enough conditions can pretty much tell the president what to do from early morning until late night, and there is nothing left for him to exercise any discretion," Rivkin said.

While this week's symbolic debate could be a precursor to a fight over Bush's war spending request, some are warning the House against a retreat. Rep. Jim Saxton (R-N.J.), recalled the U.S. withdrawal from Lebanon precipitated by the 1983 suicide bombing of a Marines barrack that left 241 military personnel dead, and the lack of action following the Battle of Mogadishu in 1993 in which 18 U.S. service members were killed.

Still others complain of empty symbolism. Rep. Jim Marshall (D-Ga.), a Vietnam veteran who has long called for drawing down the U.S. military presence in Iraq, said he would not support the resolution because it amounts to sitting out when disagreeing with a coach's calls.

U.S. claim questioned

The president also has asserted that an agency of the Iranian government is supplying weaponry being used against U.S. forces inside Iraq—while brushing aside questions about the quality of intelligence about Iraq's own weaponry that was invoked as cause for the U.S.-led invasion of Iraq in 2003.

"The idea that somehow we're manufacturing the idea that the Iranians are providing [weapons] is preposterous," he said.

The only question, Bush said, is how much the leaders of the Iranian government know about what is going on.

"I can't say it more plainly," Bush said after repeated questions about the reliability of U.S. intelligence. "There are weapons in Iraq that are harming U.S. troops because of the Quds force. …

"Whether [Iranian President Mahmoud] Ahmadinejad ordered the Quds force to do this, I don't think we know," he said, calling it irrelevant.

Bush insisted this will not require direct conflict with Iran.

While the House debates, the troop deployment is under way.

Those troops "will be arriving on time," the president vowed, having just spoken with Gen. David Petraeus, the new American commander in Iraq, who assured him that the new security plan that Bush announced in January is "beginning to take shape."

That plan involves an additional 17,500 U.S. soldiers embedded with Iraqi-commanded units in Baghdad in a bid to gain control over sectarian violence as well as the deployment of 4,000 additional Marines in western Anbar province.

Asked about a recent National Intelligence Estimate reporting that some of the conflicts in Iraq amount to civil war, Bush avoided use of the term.

"It's hard for me, living in this beautiful White House, to give you an assessment, firsthand assessment. I haven't been there," said Bush, who has visited Baghdad's Green Zone, headquarters for U.S. military and the Iraqi government, and the Baghdad airport but has not traveled beyond.

12 Republicans Break Ranks On Iraq Resolution (NYT)

By Jeff Zeleny

The New York Times, February 15, 2007

DOJ_NMG_0132341

WASHINGTON, Feb. 14 — A dozen Republicans arrived in the House chamber on Wednesday to set aside their party allegiances and lend their names to a resolution intended to rebuke President Bush for his Iraq policy.

Representative Howard Coble of North Carolina said that Iraqis had their chance at freedom, but chose civil war. Representative Steven C. LaTourette of Ohio argued that troop buildup was a tactic that had already failed. And Representative John J. Duncan Jr. of Tennessee suggested that military contractors had profited mightily at the expense of the American treasury.

As they spoke in the capital on the second day of an extensive debate over the Iraq war, Mr. Bush called a White House news conference to defend his plan to send more troops to Baghdad. He said that there would be more violence, but that the plan would provide breathing space to the Iraqi government as it worked to stabilize the country.

"They have every right to express their opinion," Mr. Bush said of the debate in Congress. Yet he warned lawmakers against taking additional steps to limit war financing when they considered his military budget request next month, saying, "They need to fund our troops."

Democratic leaders, even as they condemn the president's Iraq strategy, have vowed not to cut financing for the troops already in Iraq. But pressure is increasing inside the party for more scrutiny on war spending when the administration's military budget request is considered by Congress next month.

The proceedings on Capitol Hill foreshadowed challenges to come in both parties as Republicans seek to persuade fiscal conservatives to invest more money in the war and as Democrats determine whether they intend to take a stand to limit financing of the war.

"I insist that we do not maintain an eternal presence in Iraq," Mr. Coble said, "if for no other reason than the cost to taxpayers, which has been astronomically unbelievable."

Congressional debate this week is largely revolving around a resolution intended to express support for troops and oppose the president's plan to expand the military operation in Iraq. Even though most Republicans oppose the proposal, the testimony from a handful of Republicans on Wednesday suggested that the deliberations were no longer unfolding along partisan lines.

Representative Walter B. Jones of North Carolina opened the debate on Wednesday by reading a newspaper clipping from before Mr. Bush was elected. It was 1999, and the topic was a Congressional debate over military escalation in Bosnia, which Republicans sought to quash by sending a nonbinding resolution to President Clinton.

Holding a sheet of paper, Mr. Jones quoted Karen Hughes, a chief adviser to Mr. Bush, who declared, "If we're going to commit more troops, we want to be sure they have a clear exit strategy." The message, Mr. Jones argued, could apply to the current Iraq debate.

For a time on Wednesday, an unusual scene played out on the House floor, with some Republicans coming forward one by one to speak against the Iraq policy while fellow party members argued against them.

"We need to tell all these defense contractors that the time for this Iraqi gravy train, with their obscene profits, is over," said Mr. Duncan, the congressman from Tennessee. "It is certainly no criticism of our troops to say that this was a very unnecessary war. This war went against every conservative position I have ever known."

Representative Ric Keller, a Florida Republican who said he was simply passing along common-sense advice from his constituents, compared the Iraqi government to an ungrateful next-door neighbor.

"Imagine your next-door neighbor refuses to mow his lawn and the weeds are all the way up to his waist, so you decide you're going to mow his lawn for him every single week," Mr. Keller said. "The neighbor never says thank you, he hates you and sometimes he takes out a gun and shoots you. Under these circumstances, do you keep mowing his lawn for ever?

"Do you send even more of your family members over to mow his lawn?" he added. "Or do you say to that neighbor, you better step it up and mow your own lawn or there's going to be serious consequences for you."

A majority of House Republicans have assertively defended the administration during the Iraq debate, accusing their Democratic rivals of being a weak link in the fight against terrorism. Those accusations seemed to soften a bit on Wednesday, when suddenly the person on the other side of the argument was another Republican.

Representative Heather Wilson, a New Mexico Republican, said she opposed the troop increase in Iraq but declined to support the resolution. She infuriated Democrats when she hinted that their party was considering plans to limit war financing.

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"What about the five brigades of young Americans who are now preparing their families and packing their gear to deploy?" Ms. Wilson said. "What about them? What are you saying to them? Will we buy body armor for them? Will we have armored Humvees for them?"

Representative Steny H. Hoyer of Maryland, the Democratic majority leader, rushed to the House chamber and delivered a sharp rebuttal to Ms. Wilson. "If the commander in chief has sent them there, we will support them," he said.

The House is scheduled to conclude the debate Friday. The Senate intends to consider a similar resolution when it returns from next week's Congressional recess. Republican Senators Chuck Hagel of Nebraska and Olympia J. Snowe of Maine urged Senate leaders late Wednesday to cancel the recess so the Iraq debate could proceed.

Earlier this month, when the Senate had intended to take up an Iraq resolution, a procedural and political stalemate stymied debate. As deliberations stretched on into the night, the themes of the debate carried a familiar ring as each member of Congress was given at least five minutes to speak. Nearly every Democratic speaker rose to assail Mr. Bush, while Republicans came to his aid. Even Mr. Coble, who delivered one of the day's most stinging assessments of the administration's Iraq policy, said he liked Mr. Bush.

"Some Americans — and some in this body — oppose the Iraqi operation because they dislike President Bush," Mr. Coble said. "I, however, do not march to that drum. I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement."

Troops Sweep 3 Shiite Areas In Baghdad Push (NYT)

By Richard A. Oppel Jr. And Damien Cave

The New York Times, February 15, 2007

BAGHDAD, Feb. 14 — Thousands of American troops in armored Stryker vehicles swarmed three mostly Shiite neighborhoods of northeastern Baghdad on Wednesday, encountering little resistance during what commanders described as the first major sweep of the new security plan for the capital.

The push into the neighborhoods of Shaab, Bayda and Ur, on the northern edge of Sadr City, came a day after the top Iraqi general claimed broad powers to search, detain and move residents from their homes. But even though an Iraqi announced the new phase of the security plan, it was clearly an American-led operation: only 200 Iraqi police officers and soldiers were involved, commanders said, working alongside about 2,500 Americans.

Col. Steve Townsend, commander of the Third Stryker Brigade Combat Team, said the operation in northeastern Baghdad had been pushed up a day because of a request from Iraq's Shiite-led government.

Prime Minister Nuri Kamal al-Maliki has received blistering criticism for what some Iraqis have described as dangerous delays in setting the plan in motion. On Wednesday, he seemed determined to show some sign of action, even if the relatively low number of Iraqi troops involved was likely to add to concerns about the government's ability to provide the troops it has promised.

"We've started a new phase today, the phase of building the state on the basis of two ideas," he said at a news conference in the southern city of Karbala. "The basis of reconciliation — to include all those who want to support the country — and the basis of striking hard at those who want to rebel."

At the White House, President Bush said that the new plan, fueled by the addition of more American troops, was "beginning to take shape" and that the goal was "relative peace," though he did not refer to any specific operations. But he warned against high expectations.

"I say relative peace," he said, "because if it's, like, zero car bombings, it never will happen that way."

Although the sweep in the three Shiite neighborhoods on Wednesday was the biggest operation in the capital, other efforts were felt across the city. Armored vehicles were set up on the border of Sadr City and Ur. Jets thundered overhead for much of the day and night.

In the southeastern neighborhood of Dora, two airstrikes killed 15 suspected insurgents as they defended a building and tried to set roadside bombs, the United States military said in a statement. To the northeast, in the Sunni enclave of Adhamiya, American troops arrested a suspected Sunni insurgent leader and searched house to house for weapons, military officials said.

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The military said that four soldiers died of wounds during combat operations in Diyala Province, and that another soldier died Wednesday after being attacked by small-arms fire a day earlier while patrolling an area north of Baghdad. A soldier died Tuesday in a noncombat-related incident that the military said it was still investigating.

In Baghdad, traffic also snarled more than usual as Iraqi forces narrowed wide boulevards and bridges into a trickle, searching trunks and climbing aboard trucks for searches.

Bombs, mortar shells and gunfights left at least eight people dead across the city — fewer than most days since the security plan was announced a month ago.

For some Iraqis in Ur and in other neighborhoods searched in recent days, the question was whether such gains could last. The current security plan is the third major effort to bring peace to Baghdad, and in each case, initial progress was supplanted with a return to chaos.

"If the Americans keep doing it, they can make a difference," said Ali Muhammad, 37, an ice cream shop owner who lives in Ur. "But they have to stay. Otherwise it will never work."

The sweep through Shaab, Ur and Bayda began at dawn with three battalions of American troops from the Third Stryker Brigade Combat Team, part of the Second Infantry Division, and a fourth battalion from the Second Brigade, 82nd Airborne Division.

Despite the low number of Iraqi troops and security forces on Wednesday, Colonel Townsend said that more Iraqis would eventually flow into the area. "You've got to remember that our surge plans are ahead of the Iraqis'," he said. "The Iraqis are still getting set."

In Ur, as the sun rose, American troops clustered on corners in 19-ton armored Stryker vehicles. Soldiers poured out of the vehicles, knocking on doors and searching empty lots and two- to three-story brick homes. Gunmen from the Mahdi Army, the pervasive Shiite militia that claims loyalty to the cleric Moktada al-Sadr, were believed to have made the area a base of operations. But residents said most of the fighters left several days ago; some of their leaders are thought to have fled to Iran, and the American government and military say Mr. Sadr has done so, as well.

About 7 a.m., one company of troops from the Third Stryker Brigade Combat Team reached a two-story warehouse in eastern Ur, near the border with Sadr City, and found three empty, rusted missile launchers that were more than 10 feet tall. The soldiers determined that they had not been used in a very long time, and no missiles were found.

The only sign of enemy contact on Wednesday morning came later, when an explosion blew out a few tires on one squad's vehicle.

"The information we had was that Moktada al-Sadr told all the JAM folks to lay low and not resist," said Colonel Townsend, using a common acronym for Jaish al-Mahdi, Arabic for the Mahdi Army. "And so far we're not really seeing much resistance."

Maj. Jesse Pearson, a battalion operations officer in the Third Stryker Brigade Combat Team, said the militia seemed uninterested in fighting. Echoing the view of many Iraqi officials, he said: "They are taking the strategic view, which is smart. They can wait us out."

The goal in Ur and the other areas has been laid out for weeks: flush out the militias, confiscate weapons and then set up small security precincts in the heart of the neighborhood where American soldiers and Iraqi security forces can live and work together. At least six of these so-called joint security sites have already been established in the mostly Sunni areas of western Baghdad.

But for the people of Ur, it was still not clear whether the new neighborhood bases would be enough to distinguish the current plan from past operations that failed to stanch the city's relentless violence.

Late Wednesday morning, Major Pearson's battalion commander, Lt. Col. Avanulas Smiley, met with a former Iraqi Army officer, a Shiite who said he was worried about the loyalties of the Iraqi security forces. As an American helicopter gunship thundered overhead, the former officer said that many of the Iraqi policemen were criminals.

"You really don't know what's inside them," he said.

At the border of Shaab and Ur, American troops encountered a warmer reception. Some residents in both areas seemed hopeful. Mustafa Jasim, 27, a Sunni, said that the idea of bases in the neighborhood convinced him that the Americans would not leave immediately. "With them here, now I can feel safe," he said.

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American officers and soldiers described the Iraqi security forces, or I.S.F., as eager, even brave. But they acknowledged that full competence would be harder for them to achieve.

"The challenge we have is getting the I.S.F. to the point that when we de-surge, we can get the I.S.F. to where they can do the job on their own," Colonel Smiley said.

But other soldiers, like Staff Sgt. Kenley Beazer, 35, worried about what would happen when the Iraqis were in charge. "As far taking over the whole city by themselves, it will never happen," Sergeant Beazer said. "They rely too much on U.S. forces. As soon as we pull out, I give it six months, then it goes back to as bad as it was before."

Bush: Redeployments To Iraq Don't Hurt Troop Morale (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, February 15, 2007

The president doesn't believe redeployments to Iraq are taking a toll.

WASHINGTON — President Bush said Wednesday that he did not believe morale of troops in Iraq had declined because of repeated deployments to the war zone, saying his commanders on the ground would have informed him if any problems existed.

The issue of troop morale has bubbled up repeatedly during the debate on Capitol Hill over legislation that would criticize the administration's decision to increase troop levels in Iraq. Some backers of the Bush plan say any congressional resolution condemning the buildup would undermine morale.

The issue also emerged in surveys of active-duty troops, whose opinion of Bush's handling of the war has plummeted in the last year. Among military personnel, only 35% approved of Bush's handling of the war during 2006, down from 54% a year earlier, polls by the independent Military Times newspaper found.

But speaking at a White House news conference, Bush said that though commanders were concerned about how soldiers' families were bearing up under the strain of deployments that have seen soldiers in combat zones one year out of every two, no mention had been made of any problems within military units.

"What I hear from commanders is that the place where there is concern is with the family members," Bush said. "Our troops who have volunteered to serve the country are willing to go into combat multiple times, but [their] concern is with the people on the home front."

Asked whether those who opposed his buildup of troops were undermining morale, Bush said he did not believe so.

"I think you can be against my decision and support the troops, absolutely," Bush said. "Somebody who doesn't agree with my policy is just as patriotic a person as I am."

peter.spiegel@latimes.com

GOP Looks Beyond War Measure To Fight On Funding (WP)

By Jonathan Weisman

The Washington Post, February 15, 2007

With Republicans speaking out against President Bush's war policy on the House floor yesterday, GOP leaders and the White House conceded defeat on a resolution opposing sending additional U.S. troops to Iraq and began looking toward the coming battle over the war's funding.

On the second day of a four-day showdown over the nonbinding resolution, Democrats looked on as Republican dissidents denounced what they called Bush's ill-conceived plan to put 21,500 more combat troops in the middle of a sectarian civil war.

Some of the 11 Republicans who publicly broke with Bush were long-time opponents of the war, such as Reps. Walter B. Jones (N.C.) and Ron Paul (Tex.). But others, such as Reps. Fred Upton (Mich.) and Jim Ramstad (Minn.), had never sought the limelight and were almost apologetic in their speeches.

Rep. Ric Keller (Fla.), a reliable conservative vote, prefaced his statement with an affirmation of support for Bush personally. But, he said, a "surge" of troops had already been attempted in Baghdad. "The benefits were temporary," he said. "The body bags were permanent."

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Those 11 could be just the tip of the iceberg. One Republican lawmaker close to the leadership, who spoke on the condition of anonymity, said GOP leaders have 50 to 60 Republicans on their watch list, with between 40 and 60 expected to break with the White House tomorrow.

Even the president conceded yesterday that the House will deliver a bipartisan rebuke tomorrow, when it votes on a resolution opposing the deployment of additional troops to Iraq, while affirming Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq." But, he warned, Congress must not meddle with the funds needed to support those troops.

"I think you can be against my decision and support the troops, absolutely. But the proof will be whether or not you provide them the money necessary to do the mission," he said at a White House news conference.

Republicans think the funding debate will unite their party and expose deep fissures among the Democrats, some of whom want immediate action to deny funding to the war effort. But Democratic leaders have rallied around a strategy that would fully fund the president's $100 billion request for the wars in Iraq and Afghanistan but would limit his ability to use the money.

Rep. John P. Murtha (D-Pa.), chairman of the House Appropriations subcommittee on defense, will formally outline the Democrats' plan today to antiwar groups agitating for binding action against the war. Rep. James P. Moran Jr. (D-Va.), a subcommittee member who helped arrange the Internet event, said the plan is aimed at tamping down calls from the Democrats' liberal wing for Congress to simply end funding for the war.

The Murtha plan, based on existing military guidelines, includes a stipulation that Army troops who have already served in Iraq must be granted two years at home before an additional deployment, Marines must be given 14 months at home, and any troops sent to Iraq must be those deemed fully trained and equipped under existing military standards. The idea is to slowly choke off the war by stopping the deployment of troops from units that have been badly degraded by four years of combat.

"They won't be able to deploy troops unless they extend troops overseas. And if we limit the extension, then it'll be very difficult for them to continue this surge, which the American people are against and the Iraqis don't want," Murtha said yesterday on National Public Radio.

The Democrats also intend to shut down the military prisons at Guantanamo Bay, Cuba, and at Abu Ghraib near Baghdad by denying them funds, and to bar funds that would be used to establish permanent military bases in Iraq.

That is a fight Republicans appear to relish. Republicans continued to argue yesterday that the Democrats' nonbinding resolution would demoralize U.S. troops and embolden the enemy, and virtually every Republican speaking against the resolution added a warning that Democrats intend to "defund" the war.

"There is going to be a real battle some time in March over defunding our troops that are in harm's way or somehow shackling the military's ability to fight," said House Minority Leader John A. Boehner (R-Ohio).

When Rep. Heather A. Wilson (R-N.M.) charged that the resolution offers no support for troops not yet deployed to the battlefield, House Majority Leader Steny H. Hoyer (D-Md.) showed just how sensitive Democrats are to the charge.

"No one ought to hide behind the troops. No one ought to come to this floor and say that this Congress, 435 of us, will not support whatever soldier or sailor or Marine is deployed to Iraq," Hoyer said angrily. "Whether it is today or tomorrow, they will have our support."

Republicans have been less successful at ruffling Democratic feathers over the issue at hand -- the deployment of additional troops. Republican leaders have put up an energetic rapid-response center to try to debunk Democratic arguments against Bush's war plan. Rank-and-file Republicans have met with national security adviser Stephen J. Hadley, as well as representatives from the embassies of Jordan, Egypt and Saudi Arabia. But GOP efforts to hold their lawmakers off the Democratic resolution appeared to falter yesterday.

As Bush conducted his news conference, the House floor was turning into a fratricidal showdown in a split-screen visual that even Republicans had to admire. "It was a good strategic move," one GOP lawmaker said.

"The resolution authorizing the use of force in Iraq that we passed in fall of 2002 was never intended to authorize the use of American troops to police a civil war," Ramstad said.

Rep. Thomas M. Davis III (R-Va.) lamented that "these are purely political statements, and the debate we should be having is the most apolitical subject of all -- national security in a time of peril." He then announced that he will vote for the resolution.

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In the Senate, meanwhile, Republicans Olympia J. Snowe (Maine) and Chuck Hagel (Neb.) threatened to block a planned week-long recess unless Democratic and Republican leaders first agree on terms for bringing to a vote a bipartisan resolution opposing the troop buildup.

11 More Republicans Get Behind Iraq Rebuke (LAT)

By Richard Simon And James Gerstenzang

The Los Angeles Times, February 15, 2007

WASHINGTON — In a striking display of dissension, a group of Republican lawmakers broke ranks with the White House on Wednesday and embraced a resolution opposing more U.S. troops in Iraq — airing their criticism even as President Bush publicly defended his plan.

Bush questioned the message that expected House approval of the nonbinding resolution would send, saying at a news conference: "People are watching what happens here in America. The enemy listens to what's happening. The Iraqi people listen to the words…. They're wondering about our commitment to this cause."

Undaunted, 11 GOP lawmakers, including normally staunch Bush allies who represent districts he carried in his presidential campaigns, took to the House floor to express their support for a Democratic-sponsored resolution renouncing Bush's decision to add 21,500 troops to the roughly 135,000 already in Iraq.

The Republicans complained that the U.S. military finds itself in the middle of a civil war, that the Iraqis haven't done enough to make their country safe and that a "surge" in diplomacy — not troops — is needed.

"The Iraqis don't want us there," said Rep. Fred Upton (R-Mich.). "We're viewed as part of the problem, not the solution."

Rep. Ric Keller (R-Fla.) likened the U.S. mission in Iraq to dealing with a neighbor who refuses to mow his lawn.

"You mow his lawn for him every single week. The neighbor never says thank you, he hates you, and sometimes he takes out a gun and shoots at you," he said. "Under these circumstances, would you keep mowing his lawn forever?"

The House is scheduled to vote Friday on the resolution, which is likely to pass with virtually unanimous support from the chamber's 233 Democrats and backing from 20 to 30 — and perhaps more — of its 201 Republicans. What remains unclear is how many GOP war critics will get behind the next step in the debate — Democratic efforts to go beyond symbolic opposition to Bush's pursuit of his Iraq policy.

Rep. John P. Murtha (D-Pa.) is set today to announce a strategy for imposing limits on Bush's ability to carry out the troop increase.

Murtha, chairman of the appropriations defense subcommittee, is expected to propose tying funding for the deployment to requiring that every unit sent to Iraq meet strict readiness standards of training and equipment — standards often sidestepped now, at a time when the military has been stretched thin.

Murtha's proposal is aimed at countering Bush's build-up plan without exposing Democrats to accusations of undercutting troops in the field.

Also, Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.) served notice that the administration's request for an additional $93 billion to pay for military operations in Iraq and Afghanistan would face tough scrutiny before his panel.

With the lion's share of the money slated for Iraq, Byrd said he feared the request "cements a policy of more of the same — more hunkering down, more forcing our troops to stay pinned in the middle of a civil war."

Bush has made little effort to influence the House's consideration of its nonbinding resolution, saying he planned to ignore it. But at his White House news conference, the president made clear he would more aggressively fight efforts to stymie his troop-increase plan.

"People are prejudging the outcome" of the new strategy, he complained. And Bush said he hoped the House's symbolic measure would not "turn into a binding policy that prevents our troops from doing what I have asked them to do."

As he has done continually in the face of growing U.S. discontent with the situation in Iraq, Bush warned that stepping back from the fight "would have disastrous consequences for our people in America."

"The Iraqi government would collapse; chaos would spread," he said. "There would be a vacuum. Into the vacuum would flow more extremists, more radicals, people who have stated intent to hurt our people."

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But even as Bush spoke, the fractures within his own party over Iraq were spotlighted as the House engaged in a second, full day of debate on the resolution opposing his troop increase.

Unlike the first day, which featured Democrats pressing the case for the measure and Republicans decrying it, part of Wednesday's discussion featured GOP lawmakers arguing with one another. Although those lining up behind the measure represented a small fraction of the House's GOP caucus, their willingness to make their speeches reflected the rising anxiety within the party over the nearly 4-year-old war. It is a conflict that many GOP politicians single out as the main reason the party lost its majorities on Capitol Hill in November's election.

Nine of the 11 Republicans who criticized Bush's troop-buildup plan voted for the 2002 resolution authorizing the use of military force against Iraq; the two dissenters were Reps. John J. "Jimmy" Duncan Jr. of Tennessee and Ron Paul of Texas.

Other Republican supporters of the resolution included Reps. Wayne T. Gilchrest of Maryland, a decorated Vietnam veteran, and Howard Coble of North Carolina, who represents a district Bush won with 69% of the vote in 2004.

"I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement," Coble said.

He added that mail and calls to his office are running 10 to 1 in support of his position.

Rep. Upton said he decided to oppose Bush's plan after e-mailing soldiers he had met during visits to Iraq who told him that sending more troops would increase the threats to U.S. personnel.

The president's allies, while refraining from attacking their fellow Republicans, were just as passionate in their support for the new Iraq strategy. And they assailed the Democratic resolution for offering no alternative.

The measure "says only what some members are against; nothing about what we are for," said Rep. Thomas M. Davis III (R-Va.).

Some Republicans who plan to vote against the resolution acknowledged mounting frustration over the situation in Iraq.

"Even those of us like me who will oppose [the measure] need to see results," Rep. Mary Bono of Palm Springs said.

The 53-member California delegation is expected to split along party lines on the resolution, with its 33 Democrats voting "yes" and its 19 Republicans voting "no."

Brian Kennedy, a spokesman for House Republican leader John A. Boehner of Ohio, said that regardless of the number of GOP lawmakers who support the resolution, the caucus "will stand firm" against any Democratic efforts to deny Bush troop funding.

"That's where you'll see a line drawn," Kennedy said.

As Wednesday's session wrapped up about midnight, roughly 200 House members had participated in the debate; each has been allotted five minutes to give their views.

Democrats Try To Stifle Calls To 'Defund' War (WT)

By Jon Ward

The Washington Times, February 15, 2007

Democratic leadership yesterday sought to quell voices within their own party who want to "defund" the war in Iraq, while Republicans said that is exactly what the majority party intends to do.

The House continued its three-day, 36-hour debate on a nonbinding resolution to oppose President Bush's plan to send more than 21,000 additional U.S. troops to Iraq.

"Some assert that this resolution is a first step to defunding our troops in the field. This is categorically false," said Majority Leader Steny H. Hoyer, Maryland Democrat. "While the new majority will explore other opportunities to affect Iraq policy, our commitment to our men and women in harm's way is unwavering."

House Republicans accused Democrats of providing encouragement to the nation's terrorist enemies and emphasized statements from the more liberal anti-war wing of the Democratic Party that are at odds with the leadership's position.

Minority Leader John A. Boehner, Ohio Republican, sent reporters a video montage of nine Democrats who, in various forms on Tuesday, called for a cutoff of funds for the war in Iraq.

"Congress must deny any more funds for the war," said Rep. Dennis J. Kucinich of Ohio.

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"The real test for this Congress will be whether or not we continue to fund this war," said Rep. Maxine Waters of California, the founder and chairman of the Out of Iraq Congressional Caucus.

The Republican-produced video, available publicly at YouTube.com, ended with a warning: "Does anyone really believe Democrats don't plan to cut off funding for America's troops?"

Boehner spokesman Kevin Smith said Republicans will win the public opinion battle if Democrats cut off funds.

"The American people will not tolerate Democrats who attempt to undermine our troops when they are in harm's way," Mr. Smith said.

The Democratic leadership appeared determined to take a less politically risky route: reducing U.S. involvement in Iraq gradually.

House Speaker Nancy Pelosi, California Democrat, and Mr. Hoyer reportedly are working with Rep. John P. Murtha, Pennsylvania Democrat, on a plan to attach restrictions to supplemental appropriations for the Defense Department.

Mr. Murtha, chairman of the Appropriations defense subcommittee, is exploring ways to restrict the use of funds allocated for troop increases. One measure would require combat training certification for all troops; another would require adequate equipment. Anti-war Democrats hope these criteria will hamstring deployment of more troops.

Mr. Murtha is set to announce his strategy in an interview with former Rep. Tom Andrews, Maine Democrat, at 11 a.m. today on MoveCongress.org, an anti-war Web site started by Mr. Andrews.

Mrs. Pelosi and Senate Majority Leader Harry Reid, Nevada Democrat, sent a letter to Mr. Bush yesterday demanding adequate equipment for U.S. troops.

"Mr. President, it is wrong to deploy troops to the Iraqi theater until they have the up-armored Humvees, equipment, lodging, training and other support required to carry out their mission. We hope you will work with us to make sure that they do," the letter said.

The Democratic Senatorial Campaign Committee plans to run ads against Republicans -- starting with Sens. John E. Sununu of New Hampshire and Gordon H. Smith of Oregon -- who have supported Mr. Bush and are vulnerable in the 2008 elections. The goal is to put indirect pressure on the White House to withdraw from Iraq.

Congress Has No Choice But To Act On Iraq (RC)

By Reps. Lynn Woolsey, Barbara Lee And Maxine Waters

Roll Call, February 15, 2007

As leaders of the Congressional Progressive Caucus and Out of Iraq Caucus, we are proud that the House has begun to take up the moral dilemma of our times — our continued military occupation of Iraq. Congress finally will have the opportunity to express its disapproval of President Bush's escalation plan, a flawed strategy piled on a 4-year-old failed policy.

By deepening our engagement, escalation will further stoke the fires of civil war in Iraq while increasing the cost to Americans in lives, limbs and treasure.

The political battle lines are clear: On one side we have a bipartisan Congressional majority, roughly two-thirds of the American people, the Joint Chiefs of Staff, the Iraq Study Group and former military leaders such as Colin Powell. On the other: an unpopular, lame-duck president; too many Congressional Republicans; and the editors of The Weekly Standard — all of whom are willing to accept more American casualties in the name of a policy that is making us less secure and damages our standing in the world.

Last month, in announcing his decision to raise the ante in Iraq, the president announced that "America's commitment is not open-ended." So we hold out hope that Friday's vote of no confidence will compel him to re-evaluate his Iraq policy and heed the calls of the American people. But if not, Congress must be prepared to go beyond nonbinding resolutions. We will not be content with a statement of disapproval that is limited to the escalation gambit. Continuing the current policy is unacceptable, as is escalating the war. Maintaining more than 130,000 brave Americans in Iraq as it plunges deeper into chaos and mayhem is simply unconscionable. If the president will not take steps to end this war, Congress must take responsible action.

Contrary to Republican claims that Democrats have no alternative plan for Iraq, there are in fact several on the table. Our own comprehensive bill, the Bring Our Troops Home and Sovereignty of Iraq Restoration Act, would complete a fully funded

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military withdrawal from Iraq within six months while ensuring that our troops and contractors leave safely and accelerate the training of Iraqi security forces.

In addition, our bill would remove the specter of an endless occupation by preventing the establishment of permanent military bases and reiterate our commitment, at the invitation of the Iraqi government, to working with the international community to assist Iraq in its reconstruction and reconciliation efforts. We also would stand ready, if asked by the Iraqis, to participate in an international stabilization force. Our bill also ensures health benefits for all of our military personnel.

House Foreign Affairs Chairman Tom Lantos (D-Calif.) has indicated that he will hold hearings on various legislative proposals on Iraq, including our bill, next month. The nation certainly will benefit from a robust debate on alternatives to the president's failed stay-the-course policy.

It has been a long road from marginalization to the mainstream for those of us who oppose this war and always have. While the temptation of an extended "we told you so" is there, it is suffice to say that the anti-war position turned out to be the correct one. We are focused solely on bringing our troops home.

If the president doesn't change course, if he persists in his contempt for the electoral verdict rendered in November, then this week's resolution will be just the beginning. A bloody military entanglement that does not enjoy popular support is ultimately unsustainable, and Congress would be derelict if it did not assert its legitimate war powers as a coequal branch of government. Using our authority to challenge and even forestall the Iraq occupation is not only constitutionally appropriate; it is a moral imperative.

Reps. Lynn Woolsey (D-Calif.) and Barbara Lee (D-Calif.) co-chair the Congressional Progressive Caucus. Rep. Maxine Waters (D-Calif.) chairs the Out of Iraq Caucus.

GOP Opposition To Bush Plan Forms (AP)

By David Espo

AP, February 15, 2007

Breaking ranks, a small band of House Republicans declared their opposition to a troop buildup in Iraq on Wednesday, and President Bush appeared resigned to passage of a nonbinding measure disapproving of his decision.

"I'm going to make it very clear to the members of Congress, starting now, that they need to fund our troops," the president said, looking past this week's debate toward congressional action next month on his request for nearly $100 billion for the military.

Bush spoke at a White House news conference timed — coincidentally or not — for the hour that Republican critics of his war policies took their turn in a marathon debate on the House floor.

"I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement," said Republican Rep. Howard Coble of North Carolina.

"I insist that we do not maintain an eternal presence in Iraq, if for no other reason than the cost to the taxpayers, which has been astronomically unbelievable," he said. He also noted the war has cost more than 3,100 U.S. troops their lives.

Coble was one of fewer than a dozen Republicans to swing behind the measure. It declares that Congress "disapproves of the decision of President George W. Bush ... to deploy more than 20,000 additional United States combat troops to Iraq."

The 95-word measure adds that "Congress and the American people will continue to support and protect the members of the United States armed forces who are serving or who have served bravely and honorably in Iraq."

By early evening, only one Democrat, Rep. Jim Marshall of Georgia, had announced he would vote in opposition.

Approval is expected on Friday. Senate Majority Leader Harry Reid, D-Nev., has announced plans to try for a vote on an identical bill in the next few weeks. Prospects there are uncertain because Republicans have said they will also demand a vote on an alternative measure that says Congress should neither cut nor eliminate funds for troops in the field.

Democrats took control of Congress after elections last fall that were shaped in large measure by public opposition to the war. House Speaker Nancy Pelosi, D-Calif., has described the nonbinding measure as the first step in a longer campaign to end U.S. participation in the nearly four-year-old conflict.

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Several Democrats have said they favor cutting off money as a way to accomplish that, and Bush was eager to lay down a marker on that issue.

"They have every right to express their opinion, and it is a nonbinding resolution," he said of the measure before the House. But looking ahead, he added that Congress soon "is going to be able to vote on a piece of legislation that is binding, a bill providing emergency funding for our troops. ... We have a responsibility, all of us here in Washington, to make sure that our men and women in uniform have the resources and flexibility they need to prevail."

Pelosi and Reid sent Bush a letter citing reports the Army lacks enough advanced armored kits to protect all Humvees from roadside bombs. "In addition, we understand that existing shortages of trucks and other crucial equipment such as jamming devices, radios and other gear will only be exacerbated by the surge," they wrote.

The lawmakers raised the issue later with the president at a White House meeting. One aide suggested afterward that Bush's spending request could be rewritten to require that any troops deployed to Iraq be fully equipped.

Rep. John Murtha, D-Pa., who heads a House subcommittee that controls defense spending, has said he intends to require that any units headed to Iraq meet the Army's highest readiness level. Congress also could try to slow the deployment of additional troops by curtailing the Pentagon's practice of extending the duty tours of personnel who have reached the end of their scheduled time in the war zone.

Republican leaders predict that as many as two dozen or so GOP member could vote for the nonbinding repudiation of the troop increase. Rep. Walter Jones of North Carolina led the GOP rebels during debate on the House floor.

Jones, a seventh-term lawmaker whose district includes the Marines' Camp Lejeune, said he had spoken out four years ago against the plan to invade Iraq. "I now regret that I did not more openly challenge those who were determined to invade a country whose actions were peripheral to the real threat, al-Qaida," he said.

"For young men and women who are brave enough to go into Iraq and Afghanistan, then we as members of Congress must be brave enough and informed to start a dialogue in Damascus, in Tehran, in the entire region to hasten peace," said Rep. Wayne Gilchrist, R-Md., calling for a diplomatic effort along the lines recommended by the Iraq Study Group that recently issued a gloomy report on the state of affairs in Iraq.

"I will support this resolution because I believe that the surge will be unsuccessful without a comprehensive, diplomatic strategy to engage the international community and turn responsibility over to the Iraqi government," added Rep. Mike Castle, R-Del.

In a criticism of House Democratic leaders, though, Castle quickly added he was disappointed they had denied lawmakers a chance to vote on an alternative measure drafted by Republicans.

The GOP leadership had sought a vote on a measure opposing any efforts to cut off money for the war. Democratic leaders initially said they would allow them to proceed. They changed their minds, though, in what Republicans said was an attempt to hide a deep divide on the money issue among Democrats.

Democrats did not deny that would have been the case. But they said Republicans will be able to put all lawmakers on record on the issue when the $100 billion military spending bill comes to the House in March.

Rep. Heather Wilson, R-N.M., provoked a sharp response from Democrats when she said she opposes the increase in troops but would not support the measure criticizing it. She said that while it pledges to protect the troops in Iraq and those who have gone, it makes no mention of the thousands yet to be deployed.

"What about the five brigades of young Americans who are now preparing their families and packing their gear to deploy? What about them? What are you saying to them? Will we buy body armor for them? Will we have armored Humvees for them?" she asked.

Wilson's comments brought Majority Leader Steny Hoyer, D-Md., to the House chamber for a hurried rebuttal.

"If the commander in chief has sent them there, we will support them," he said.

GOP Vs. GOP In House Iraq Debate (USAT)

By Kathy Kiely, Usa Today

USA Today, February 15, 2007

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WASHINGTON — The Democrats now control the House, but for two hours Wednesday, they took a back seat as Republicans argued amongst themselves over President Bush's Iraq policy.

Rep. Walter Jones, a Republican whose North Carolina district includes the Marine Corps' Camp Lejeune, led a dozen GOP lawmakers who spoke against the president's plan to commit 21,500 more troops to Iraq. Several said they were doing so despite their personal affection and admiration for the president.

"I am personally very high on President Bush, but on the matter of the troop escalation, I am not in agreement," said Rep. Howard Coble, R-N.C. "The Iraqi people were given a choice between freedom and civil war. Unfortunately, they chose the latter."

At the same time, the president took to the airwaves to try to sell his policy at a televised news conference.

The extent of the Republican opposition to Bush's plan is the only suspense left in the debate. Drafted by Jones and two senior Democrats, the resolution states support for the soldiers, but opposition to a troop increase. The resolution is all but certain to win approval on Friday.

"We will lose some," conceded House Republican leader John Boehner of Ohio.

Rep. Wayne Gilchrest, a Maryland Republican who spoke against Bush's policy Wednesday, predicted in an interview that there will be between 20 and 40 Republican defectors when the roll is called. In 2002, six Republicans (along with 126 Democrats) voted against giving the president the power to go to war.

The Republican critiques of the Bush policy were at times pointed. "More of the same on steroids," is how Rep. Tom Davis, R-Va., described it. They demonstrated how deeply disillusionment has set in since the heady days when lawmakers celebrated the massive turnout for Iraq's first free elections.

"Unfortunately, it seems that the Americans want a unified and secure Iraq more than the Iraqis do," said Rep. Ric Keller, R-Fla.

The Republican opposition also prompted sharp retorts from colleagues who support the president's policy.

"Whose side are you on?" said Rep. Marsha Blackburn, R-Tenn. "Are you on the side of freedom or are you on the side of allowing the terrorists to get the upper hand?"

Rep. Zach Wamp, R-Tenn., said the troop increase is necessary to "the defense of liberty and our way of life."

"This is a religious conflict," Wamp said. "We're at war with Islamic jihadists."

The Republicans favoring the resolution run the political gamut. Centrists argued that diplomatic and political initiatives would be a better alternative to a troop increase.

"I believe that surges will continue to be unsuccessful without a comprehensive diplomatic strategy," said Rep. Mike Castle, R-Del.

Fiscal conservatives questioned how the nation will pay its bills "if we keep trying to run the whole world," as Rep. John Duncan, R-Tenn., said.

Some Republicans who oppose the troop increase, including Rep. Phil English, R-Pa., expressed frustration that Democratic congressional leaders did not allow them to offer amendments. "I will vote in favor of the resolution as offered as narrow and inadequate as it is; but I can't help but express my frustration that the Democrat leadership has squandered an opportunity to allow a full and fair debate with real amendments," English said.

That may cost the resolution some Republican support. Rep. Heather Wilson, R-N.M., a former Air Force captain and the only female veteran in Congress, said Wednesday that even though she is "skeptical of the Baghdad mission" she will vote against the resolution because it "leave unanswered the question of whether we will fund the bullets and body armor for troops who are not there yet but are going."

Wilson's comments prompted an unscheduled appearance on the House floor by an agitated Majority Leader Steny Hoyer, D-Md. He insisted that soldiers in battle will have funds and armaments available.

"No one in this Congress will not support them," Hoyer said.

Some House Republicans Break Ranks On Bush's Troop Buildup (WSJ)

By David Rogers

DOJ_NMG_0132352

The Wall Street Journal, February 15, 2007

WASHINGTON -- Republican divisions over the Iraq war broke into the open on the House floor Wednesday as Democrats stepped aside for two hours and let the minority air its differences over President Bush's plan to add 21,500 troops over the coming months.

The remarkable situation developed after North Carolina Rep. Walter Jones was given an hour's debate time to control as the lead Republican cosponsor of a nonbinding resolution disapproving of the troop surge. Mr. Jones, a member of the House Armed Services Committee, then yielded to a succession of like-minded Republicans whose speeches against the troop increase were interspersed with remarks by Republicans supportive of administration's policy.

The result was a two-hour snapshot of a growing party split that poses the most serious threat to the White House as it tries to sustain long-term support for the war. Those opposing the president included Reps. Phil English (R., Pa.) and Fred Upton (R., Mich.) with coveted seats on leadership committees such as Ways and Means and Energy and Commerce. Mr. Jones later predicted that 30 Republicans may yet support the resolution of disapproval when it comes to a House vote, most likely on Friday.

It's a very different landscape from last June, when only three House Republicans broke with the party leadership on a 256-153 vote supportive of the administration's war policy. Intervening setbacks in Iraq and the November elections have changed the tone.

"If you oppose the surge, the troops will be demoralized, we're told," said Rep. Howard Coble (R., N.C.) "I think not. I believe they would more readily be demoralized if we were willy-nilly, rubber stamping every issue confronting us."

"We need a massive diplomatic initiative that brings together the parties in the region," said Mr. English in a later interview, and the same theme was sounded by Mr. Upton, a former Ronald Reagan aide who said he had emailed soldiers he has met to solicit their views on the support for the surge.

"Bringing in more Americans will force us into more confrontational roles. This is not the way to win,'" Mr. Upton said, reading from an answer he received from an Army captain in Iraq.

Most of the Republican dissenters pledged to oppose any effort to cut funding for the war, but the huge costs have clearly begun to take a toll. "There is nothing fiscally conservative about this war," said Rep. John Duncan (R., Tenn.). "Our Constitution does not give us the authority to run another country as we have been doing in Iraq with a [U.S.] national debt of $9 trillion."

House Democrats have their own dissenters. "It is akin to sitting in the stands and booing while the team is out there executing the play," said Rep. Jim Marshall (D., Ga.), who will vote against the resolution. But it is a measure of the Democratic confidence that the leadership gave Mr. Marshall time to speak and didn't make him go the Republican side.

Mr. Marshall, a Vietnam veteran and former law professor, ended his remarks with a touching message to troops in Iraq, urging them not to be worried about the debate.

"When I was fighting insurgents in Vietnam, our country was torn by antiwar protests and debate," Mr. Marshall said, speaking to the House cameras. "I didn't worry about that. You shouldn't either."

"I didn't let it discourage me. You shouldn't let it discourage you. You should simply do your duty and be proud of the fact that you've done it…Let others, the president and Congress debate of what that duty actually is. There are legitimate differences of opinion in the United States among the leadership concerning the best way forward in Iraq, how to get the best possible result."

For Republicans, Bush Bashing Is Not An Appealing Option (RC)

By Stuart Rothenberg

Roll Call, February 15, 2007

For months now, President Bush's poll ratings have been in the toilet. His performance is the single most important reason why Republicans lost the House and Senate, and the president's standing shows no sign of turning around between now and Election Day 2008.

So shouldn't Republican officeholders simply do whatever they have to in order to distance themselves from the president? And shouldn't they go even further in establishing their independence by piling on Bush to show how much they disagree with him, as much as Nebraska Sen. Chuck Hagel (R) has been doing for months on Iraq?

Well, as the November elections demonstrated, it isn't that simple.

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Bush defines what his party stands for as long as he is in office, and efforts by individual Republican Members of Congress to separate themselves from their party weren't very effective in 2006.

I still remember something that a Democratic consultant told me more than a half-dozen years ago, during then-President Bill Clinton's problems: The lower the president's poll numbers fall, the worse things are for Democrats, including those Democrats who were intent on distancing themselves from the occupant of the Oval Office.

In beating up on Clinton, the astute student of politics said back then, Democrats only would be adding to their own headaches by highlighting his problems, conveying a sense of chaos within the Democratic Party and diminishing the leader of their party. The same holds true for Republicans who would like to criticize Bush now.

Bush remains in office for another two years, and unfortunately for him and his party, the public appears to have permanently soured on him.

A mid-January CNN/Opinion Research Corp. survey found that a mere 32 percent of those polled said policies proposed by Bush would move the country in the right direction, while 61 percent said those policies would move the country in the "wrong direction."

Those numbers mirrored the president's job performance numbers, which will need to improve if he is going to help his party and his party's candidates in 2008. But if the Republicans beat up on Bush to distance themselves from him, they guarantee that his ratings will remain low. (They may remain low in any case, of course.)

The problem for Republicans is that, while they would like to act as if the president is now largely irrelevant, there simply is no way that they can move past him. He is still the president, and he's still making policy. And that means that he's still an easy target for Democrats.

The Iraq War remains the top issue of the day, and it is inextricably linked to Bush. It is almost impossible for GOP Members of Congress to talk about Iraq — about what is happening on the ground and about what to do about it — without being drawn into a discussion of the president and his policies.

Even more than that, Republicans will have to figure out what they'll do about — and with — the president when their national convention rolls around 18 months from now.

Does anybody really believe that Republicans will be able to put together a convention that ignores the president of the United States? And no matter what kind of role Bush gets at the 2008 GOP convention in Minnesota, unless the public's perception of the president changes between now and August 2008, can his presence do anything but aid a Democratic argument for change?

Clinton, who had his share of problems during his second term in the White House, but who had much better job approval numbers than Bush now does, spoke to the 2000 Democratic convention on Monday night, Aug. 14, the first day of the convention. Bush likely will do the same thing, but he won't be able to avoid the elephant in the room.

"Mr. Clinton made no allusions to the personal scandals he has weathered," wrote Rick Berke of The New York Times about the president's 3,888-word speech on that opening night. Can anyone imagine Bush not mentioning his albatross, the Iraq War, during his speech to the GOP convention?

Obviously, a lot can happen over the next year and a half. But unless things change dramatically, Republicans will find themselves stuck between a rock and a hard place. If they criticize their president, they add to their own party's woes. And if they try to defend him, they also add to their party's woes.

No wonder many Democrats think they'll have an edge in the 2008 race, even against a Republican nominee who tries to separate himself from Bush and the current administration's policies. "Time for a change" may not work as well in 2008 as it did in 2006, but it still figures to be an effective message for the next Democratic presidential nominee.

Awaiting The Dishonor Roll (WSJ)

The Wall Street Journal, February 15, 2007

Congress has rarely been distinguished by its moral courage. But even grading on a curve, we can only describe this week's House debate on a vote of no-confidence in the mission in Iraq as one of the most shameful moments in the institution's history.

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On present course, the Members will vote on Friday to approve a resolution that does nothing to remove American troops from harm's way in Iraq but that will do substantial damage to their morale and that of their Iraqi allies while emboldening the enemy. The only real question is how many Republicans will also participate in this disgrace in the mistaken belief that their votes will put some distance between themselves and the war most of them voted to authorize in 2002.

The motion at issue is plainly dishonest, in that exquisitely Congressional way of trying to have it both ways. (We reprint the text nearby.) The resolution purports to "support" the troops even as it disapproves of their mission. It praises their "bravery," while opposing the additional forces that both President Bush and General David Petreaus, the new commanding general in Iraq, say are vital to accomplishing that mission. And it claims to want to "protect" the troops even as its practical impact will be to encourage Iraqi insurgents to believe that every roadside bomb brings them closer to their goal.

As for how "the troops" themselves feel, we refer readers to Richard Engel's recent story on NBC News quoting Specialist Tyler Johnson in Iraq: "People are dying here. You know what I'm saying . . . You may [say] 'oh we support the troops.' So you're not supporting what they do. What they's (sic) here to sweat for, what we bleed for and we die for." Added another soldier: "If they don't think we're doing a good job, everything we've done here is all in vain." In other words, the troops themselves realize that the first part of the resolution is empty posturing, while the second is deeply immoral.

All the more so because if Congress feels so strongly about the troops, it arguably has the power to start removing them from harm's way by voting to cut off the funds they need to operate in Iraq. But that would make Congress responsible for what followed -- whether those consequences are Americans killed in retreat, or ethnic cleansing in Baghdad, or the toppling of the elected Maliki government by radical Shiite or military forces. The one result Congress fears above all is being accountable.

We aren't prone to quoting the young John Kerry, but this week's vote reminds us of the comment the antiwar veteran told another cut-and-run Congress in the early 1970s: "How do you ask a man to be the last man to die for a mistake?" The difference this time is that Speaker Nancy Pelosi and John Murtha expect men and women to keep dying for something they say is a mistake but also don't have the political courage to help end.

Instead, they'll pass this "non-binding resolution," to be followed soon by attempts at micromanagement that would make the war all but impossible to prosecute -- and once again without taking responsibility. Mr. Murtha is already broadcasting his strategy, which the new Politico Web site described yesterday as "a slow-bleed strategy designed to gradually limit the administration's options."

In concert with antiwar groups, the story reported, Mr. Murtha's "goal is crafted to circumvent the biggest political vulnerability of the antiwar movement -- the accusation that it is willing to abandon troops in the field." So instead of cutting off funds, Mr. Murtha will "slow-bleed" the troops with "readiness" restrictions or limits on National Guard forces that will make them all but impossible to deploy. These will be attached to appropriations bills that will also purport to "support the troops."

"There's a D-Day coming in here, and it's going to start with the supplemental and finish with the '08 [defense] budget," Congressman Neil Abercrombie (D., Hawaii) told the Web site. He must mean D-Day as in Dunkirk.

All of this is something that House Republicans should keep in mind as they consider whether to follow this retreat. The GOP leadership has been stalwart, even eloquent, this week in opposing the resolution. But some Republicans figure they can use this vote to distance themselves from Mr. Bush and the war while not doing any real harm. They should understand that the Democratic willingness to follow the Murtha "slow-bleed" strategy will depend in part on how many Republicans follow them in this vote. The Democrats are themselves divided on how to proceed, and they want a big GOP vote to give them political cover. However "non-binding," this is a vote that Republican partisans will long remember.

History is likely to remember the roll as well. A newly confirmed commander is about to lead 20,000 American soldiers on a dangerous and difficult mission to secure Baghdad, risking their lives for their country. And the message their elected Representatives will send them off to battle with is a vote declaring their inevitable defeat.

Not Supporting Our Troops (NYT)

The New York Times, February 15, 2007

How do you explain to the thousands of American troops now being poured into Baghdad that they will have to wait until the summer for the protective armor that could easily mean the difference between life and death?

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It's bad enough that these soldiers are being asked to risk their lives without President Bush demanding that Iraq's leaders take any political risks that might give the military mission at least an outside chance of success. But according to an article in The Washington Post this week, at least some of the troops will be sent out in Humvees not yet equipped with FRAG Kit 5 armor. That's an advanced version designed to reduce deaths from roadside bombs, which now account for about 70 percent of United States casualties in Iraq.

The more flexible materials used in the FRAG Kit 5 make it particularly helpful in containing the damage done by the especially deadly weapon the Bush administration is now most concerned about: those explosively formed penetrators that Washington accuses Iran of supplying to Shiite militias for use against American troops.

Older versions of Humvee armor are shattered by these penetrators, showering additional shrapnel in the direction of a Humvee's occupants. The FRAG Kit 5 helps slow the incoming projectile and contains some of the shrapnel, giving the soldiers a better chance of survival.

Armor upgrades like this have become a feature of the Iraq war, as the Pentagon struggles to keep up with the constantly more powerful weapons and sophisticated tactics of the various militia and insurgent forces attacking American troops. But the Army, the National Guard and the Marine Corps have been caught constantly behind the curve.

Unglamorous and relatively inexpensive staples of ground combat, like armor, have never really captured the imagination and attention of military contractors and Pentagon budget-makers the way that "Top Gun" fighter jets, stealthy warships and "Star Wars" missile interceptors generally do.

The Army says it is now accelerating its production of FRAG Kit 5 armor and handing it out to Baghdad-bound units on a priority basis. But it acknowledges that the armor upgrading project will not be completed until summer. Right now, it's February, and the new American drive in Baghdad has already begun.

That's a shame, if not an outright scandal, because up-to-date armor is essential for saving American lives.

The House Debates Iraq (WSJ)

By Daniel Henninger

The Wall Street Journal, February 15, 2007

It's not likely that Hillary Clinton, Barack Obama, John McCain or Rudy Giuliani took time this week from the rigors of presidential trajectory to watch the House floor debate on Iraq. Too bad. They would have learned something useful.

Whatever its gerrymandered imperfections, the Founders' "house of the people" is born biannually from 435 congressional districts. The House leadership scheduled time for debate on the Democrats' famous "97-word" resolution unto midnight on Tuesday and Wednesday and into evening today, with a vote scheduled for tonight or tomorrow.

That debate -- seen mainly by beat reporters and C-Span's hyperpartisans -- spread before us a political inkblot on Iraq and the war on terror that is at least as accurate as the opinion polls that substitute for actual views of the electorate. Each member stood amid the chamber's polished wood and gave the nation the sum of his or her political calculation and personal belief.

The most striking impression from the debate is the most obvious: The nation is polarized. Of what I saw, there was no common ground between the two parties, none. Mainly, it was Blue America (Massachusetts, New York, cities, blue California) versus Red America (Florida, Texas, suburbs, red California).

The conventional wisdom now is that the "independent" vote is ascendant. But if Iraq is hot next year, the presidential runners will have to turn the trick of surviving the cauldrons of their boiling blue and red primaries and then purporting in the general election that they've emerged from them a lovely, independent pink. On foreign policy, that won't be easy, especially for Hillary and Barack.

Both need to find a worldview somewhere, because their party doesn't have one that extends beyond the suburbs of Baghdad.

In the House debate, it was the calculation of Speaker Pelosi and her leadership to keep the focus on the poll-proven unpopularity of the Iraq war and the 21st century's most famous bogeyman, "George Bush." The GOP calculation was to move the debate off Iraq and onto the broader war on terror.

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Politics aside, the result on public view was a Democratic side that looked small, mired in talk of American "failure," while a number of senior Republicans -- John Boehner, Pete Hoekstra, Ileana Ros-Lehtinen, even Peter King -- produced almost stirring speeches on the substance and meaning of the global threat.

Pete Hoekstra, recently chairman of the intelligence committee, gave what must be the severest attack on radical Islam ever by a U.S. public figure. Forget Pope Benedict; there was nary a genuflection to Muslim sensibilities in Mr. Hoekstra's argument that the enemy is not some vague thing called terrorism: "We are not at war with a tactic. We are at war with a group of militant Islamists who hate us and who hate much of the rest of the world."

John Boehner reviewed each Islamic terrorist act directed at the U.S. dating to the Iran hostage-taking of 1979. "Too bad it took so long to open our eyes," he said, "but they are open now." Ileana Ros-Lehtinen quoted the famous blueprint of al Qaeda No. 2 Ayman al-Zawahiri: "The first stage: expel the Americans from Iraq." Rep. Charles Boustany said plausibly that other Arab nations could never help with a political settlement if the region is engulfed in violence after a U.S. exit.

So one may ask: Where were you guys when we needed you? Republicans lost the election because most of them foxholed the past two years when the going got tough. Instead of this Kissingerian geopolitical vision, they let one guy carry the burden (they would reply that the "one guy" never asked for their help).

Sens. Clinton and Obama should take a long look at Tuesday's videotape of the Democratic House now shaping the party's foreign policy. Is this where they'll want to be next year?

Even allowing for the politics of the Iraq-only script, it got a little weird watching speaker after speaker (excepting freshman and former Navy admiral Joe Sestak) pretend that the world and all its troubles can be telescoped down to the Sunni Triangle. Rep. Tom Lantos, chairman of the foreign affairs committee and nominally responsible for a larger view, simply wrote off Iraq's government -- "They have made minimal and cosmetic efforts" -- and the entire Iraqi people: "Iraqis themselves don't seem to want it."

The more difficult political problem, though, is still Vietnam. All the while the Democratic members were withdrawing support for the U.S. commitment in Iraq, they were at pains to inoculate themselves against their toxic experience with Vietnam. So horrifying are the famous images in the 1970s of what presumably were not evangelicals spitting on GIs coming home from Vietnam, that House Democrats, with every second intake of breath, spoke of the troops and their families ("their wonderful families" -- Rep. Ike Skelton). History may view this as progress.

Then there is the matter of the also-famous 1975 decision to withhold appropriations for the war in Vietnam. Democrats insist they won't pull the plug on the troops in Iraq, preferring what they call, with no apparent irony, a "fully funded withdrawal." Still, several invoked the "power of the purse" (Messrs. Conyers and McGovern), referring to next month's vote on an appropriations supplemental. And Rep. Jim McDermott said he'd duplicate the 1971 Hatfield-McGovern amendment to bring the troops home.

It will be the job of Speaker Pelosi and candidates Clinton and Obama to convince the wider world that these hell-no, we'll-never-go compulsions aren't simply bred into the party's genetic code after 30 years. Starting with why so many House Democrats, led by Ms. Pelosi, called the Bush surge an "escalation," from the hallowed anti-Vietnam lexicon.

The debate offered the inevitable amusements of politicians in full throat. Both sides (Rep. Gregory Meeks of New York on the left, Pete Sessions of Texas on the right) claimed that the Iraq Study Group proved their positions, driving the final stake into the corpse of "bipartisanship." Colin Powell and Gen. John Abizaid were raised up more than once as heroes of the Democratic opposition (still not too late to disown the honor). And after the House chamber had filled with learned references to Robert Frost, Douglas MacArthur and John Stuart Mill, came Rep. Jim Pascrell (D., N.J.) that "Iranians are ethnically of Indo-European descent; their language is similar in structure to classical Latin." Over this, I believe, there was bipartisan head-scratching.

The New Congress Confronts Iraq In 12-Hour Swatches (NYT)

By Francis X. Clines

The New York Times, February 15, 2007

DOJ_NMG_0132357

What the House is calling a three-day "debate" over the Iraq war is decisively settling at least two points. It's nowhere close to a real debate. And Speaker Nancy Pelosi missed a good bet when she rejected cable television's plea to open the floor to roving cameras that could reach beyond wooden shots of stationary orators.

A freer C-Span perspective could have helped the nation see what a nondebate is at the heart of this spectacle of serial talking heads, Ping-Ponged in partisan time calibrations and slotted in 12-hour slabs over three days.

At times, the scene seems as much a symptom of the disconnect in Washington about the war's tragedy that voters underlined last November, rather than an antidote for it. Steady viewers find no evidence that the speakers actually bother to listen to one another after recording their apportioned sound bites.

What is clearly occurring is a postelection freeing up of vital but fiercely repressed rhetoric, which was not allowed to escape in the previous Congress, which was controlled by the Republicans and intent on protecting President Bush from criticism of his war's failure.

The polemics are tinged with passion, especially from Democrats who are finally unbottled to rail against the administration's downward spiral in Baghdad: "Chaos, not democracy, has taken root!" And from the Republican side, where President Bush's name is rarely being uttered, there's the insistent message that American troops should be outraged by the policy criticism finally being voiced in the people's debating chamber: "Fortunately for us and the free world, [the troops] don't sit around and watch C-Span and what silly politicians do."

There's nothing silly, though, about the points made in this nondebate, wherever the nation's attention may wander. As a Bush critic in the House tried to put the war in human terms for cable watchers ("There's 16,000 single moms serving in Iraq — 16,000!"), a prime-time surfer found news channels consumed with stories of sex shows in Amsterdam, the looming "nightmare" of a winter storm and rich servings of Anna Nicole Smith. Back to C-Span, where a Bush defender insisted that the war was moral: "It represents the goodness of the American people."

Some House soliloquies bordered on haiku: "The coalition of the willing no longer is." Others on Prufrockian wonder: "Are we going to leave this mess for the next president?" And bromides: "Time was when politics stopped at the water's edge." A groping for metaphor: "Iraq is a hall of mirrors." And regretful allusions to history: "We haven't really won a war since World War II."

Republicans complain that the new majority, after years in the polemical wilderness, foiled their wish for a real debate by allowing no topic but the up-or-down question of the president's sending in more troops.

Democrats counter that the House's nonbinding resolution is a mere prelude to concrete things to come: "We're not done!"

President Bush picked up on that theme across town at a news conference yesterday, certifying the bipartisan rising of critics as absolutely "patriotic people who care about our country." But the proof of their patriotism, Mr. Bush suggested, will be whether his critics vote for a mandatory resolution "that prevents our troops from doing that which I have asked them to do."

C-Span viewers are onto that, and whatever else comes next in the Democrats' initiative to vent the public's war frustrations. A visiting congressman, prepping for the second 12-hour marathon, could only agree with C-Span callers that America at large has long been at the water cooler debating the war: "The only place it wasn't happening was on the floor of Congress."

On the floor, few members were present to hear a pro-Bush nondebater channel Robert Frost: "The best way out is always through." On the other hand, not many heard the caution of that earlier authority on the Middle East, Omar Khayyam:

"The Moving Finger writes; and, having writ,
Moves on: nor all your Piety nor Wit
Shall lure it back to cancel half a Line."

Troops Increase Checkpoints In Baghdad (WT/AP)

By Bushra Juhi

The Washington Times, February 15, 2007

BAGHDAD -- U.S. and Iraqi troops yesterday stepped up patrols in Baghdad, establishing new checkpoints and randomly searching cars to stop the violence in the capital.

Prime Minister Nouri al-Maliki said the sweep, part of a new security crackdown code-named Operation Imposing Law, would target those "who want to continue with rebellion."

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There were conflicting reports, meanwhile, about the whereabouts of Muqtada al-Sadr, whose militia has been blamed for some of the worst sectarian killings in the past year, after a U.S. official said the radical Shi'ite cleric had fled to Iran ahead of the security operation.

Maj. Gen. William Caldwell, the chief U.S. military spokesman, insisted that Sheik al-Sadr had left the country, although he declined to comment on the reasons or give other details.

"We will acknowledge that he is not in the country and all indications are in fact that he is in Iran," Gen. Caldwell told reporters in Baghdad.

But several of the cleric's supporters denied the reports, with one official saying the cleric had met with government officials late Tuesday in the Shi'ite holy city of Najaf, where he has his headquarters.

Lawmaker Nassar al-Rubaie, the head of Sadrist bloc in parliament, also insisted that Sheik al-Sadr had not left the country.

"The news is not accurate because Muqtada al-Sadr is still in Iraq and he did not visit any country," Mr. al-Rubaie said.

Also yesterday, CNN reported that a Shi'ite militant group had issued a video of Iraqi-born U.S. Army translator Ahmed Qusai al-Taayie, a 41-year-old reserve soldier from Ann Arbor, Mich., who was abducted by gunmen on Oct. 23.

Gen. Caldwell said officials were aware of the video and were analyzing a copy of it.

A U.S. soldier died yesterday after coming under small arms fire a day earlier from insurgents while on patrol north of Baghdad, the military said. Separately, another soldier died Tuesday in a non-combat-related incident that is under investigation, it said.

The U.S. military announced last week that the security clampdown in Baghdad had begun, but Iraqis had seen little evidence of that before yesterday.

As the new checkpoints were set up in the city of 6 million people, huge traffic jams developed and cars were forced to zigzag through soldiers' positions and barricades.

Mr. al-Maliki discussed the security plan during a meeting with officials in the Shi'ite holy city of Karbala, 50 miles south of Baghdad.

"We have started today the new security plan. And we warn everyone who runs against it: Now we are ready to impose law on all those who want to continue with rebellion," he said. "Baghdad operations started today under code name 'Imposing Law.' "

He gave the pep talk a day after the Iraqi commander of the Baghdad security crackdown, Lt. Gen. Abboud Qanbar, announced that Iraq will close its borders with Syria and Iran and ordered the return of unlawfully seized homes as part of the drive to end the violence that has threatened to divide the capital along sectarian lines.

Despite the stepped-up security, a parked car bomb exploded in a predominantly Shi'ite district elsewhere in central Baghdad, killing four civilians and wounding 10, police said.

In the western city of Ramadi, a suicide car bomber struck a police station, killing at least eight policemen and wounding seven, police said. A suicide car bomber also targeted an Iraqi army patrol in the northern city of Mosul, killing one soldier and four civilians, police said.

Armed Iraqis Wary Of Security Plan (WP)

By Ernesto Londoño And Joshua Partlow

The Washington Post, February 15, 2007

BAGHDAD, Feb. 14 -- At least once a week inside his stationery shop, Ali al-Yousef stacks up old notebooks in the back room and fires his pistol at them.

"Target practice," Yousef said. "We don't like guns, but we have to have them. I think every house should have a gun."

As the contours of the Baghdad security plan start to solidify, Yousef, 55, like millions of other Iraqis, is trying to assess whether measures such as the newly announced ban on civilians carrying weapons are more likely to keep him safe than the 9mm pistol he carries on the seat between his legs, safety off, for the drive home.

The U.S. military announced Wednesday the formal start of the security plan, dubbed Operation Law and Order, saying in a statement that troops cleared several areas of the capital in "intelligence-focused searches."

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But the security plan is nowhere near full throttle, officials said, and results should not be expected overnight. The 21,500 Americans that constitute the troop surge are not all expected until at least late May, a military spokesman said Wednesday. And the training and equipping of Iraq's security forces will be a long-term endeavor.

"The Iraqi forces still suffer from deficiencies of leadership, logistics, intelligence and, in some cases, loyalty," Maj. Gen. William B. Caldwell, a military spokesman, said Wednesday. "It will take more than two months to solve these problems."

Government officials also must grapple with numerous variables -- including the reported departure of radical Shiite cleric Moqtada al-Sadr, the leader of the powerful Mahdi Army militia, and relentless attacks on U.S. forces -- as they attempt to restore order in Iraq.

But signs of tighter security began to emerge this week in Iraq's largely lawless capital. Fighter jets circled over Baghdad on Wednesday as more, and more thorough, checkpoints clogged already saturated streets.

Officials are planning to beef up security along the Iranian and Syrian borders, which will be sealed soon for 72 hours while authorities upgrade security measures. And the countless squatters who have reshaped the city have been put on notice: Abandon illegally occupied homes within two weeks or face eviction.

Meanwhile, in shops and homes and on street corners, the debate raged: Will it work this time? Can this government be trusted?

Behind the counter, Yousef's daughter, Ruqiyah, 25, carries a tiny Italian-made Tanfoglio Giuseppe 5mm pistol. "For girls," he explained.

In shops in the Karrada neighborhood, owners defended their need for weapons to protect themselves from Baghdad's violence. As part of the security plan, the government said it will limit the use of weapons in public places to official forces and licensed security guards.

Caldwell said Wednesday that U.S. officials believe that Sadr is in Iran, which Sadr's supporters have denied. A U.S. military intelligence official who specializes in the Middle East and spoke on condition of anonymity said Sadr is likely regrouping with Iraqi and Iranian supporters.

"I believe that he went to Iran for a strategic session" with the Revolutionary Guard "and Iran's other proxies in Iraq to determine actually how they will undermine America's plans," the official said. Another source, an intelligence official in Washington, said Sadr is believed to have been in Iran for several weeks. The source, who also spoke on condition of anonymity, said speculation about the timing of his reported departure on the eve of the security plan might be overblown. "There could be any number of reasons for a trip there," the source said, noting that Sadr has traveled to Iran before. "He's got contacts and family in Iran."

Also Wednesday, Caldwell said a transport helicopter that crashed near Baghdad on Feb. 7 was apparently downed by a "sophisticated piece of weaponry." Military officials previously said the CH-46 Sea Knight experienced mechanical difficulties before crashing.

A militant Shiite group posted a brief video on a Web site that purported to show an American soldier kidnapped in Baghdad in October. U.S. Army interpreter Ahmed Qusai al-Taayie, 41, was abducted Oct. 23 while visiting his wife's relatives in Baghdad's Karrada neighborhood. Caldwell said U.S. officials are reviewing the video.

The military also disclosed the deaths of four Task Force Lightning soldiers attacked Wednesday in Diyala province, north of Baghdad. Three died "following explosions near their vehicles," the military said in a statement. A fourth soldier died later at a medical facility.

Also Wednesday, the military disclosed that a U.S. soldier was fatally shot Tuesday in Baghdad.

Al-Sadr's Supporters Deny U.S. Claims He Is In Iran (USAT)

By Oren Dorell

USA Today, February 15, 2007

BAGHDAD — Supporters of Muqtada al-Sadr insisted the Shiite militia leader was still in Iraq on Wednesday, denying U.S. claims that he is in Iran.

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Al-Sadr "would never leave his people in this difficult time, as the Americans want to make people think," said Abdul Razaq al-Nidawi, a spokesman for al-Sadr. He said al-Sadr was in the city of Najaf, where he lives, but declined to provide further details.

An Iraqi-U.S. security plan that was launched this month focuses on disarming the radical Shiite cleric's Mahdi Army. The U.S. military accuses the militia of setting roadside bombs, infiltrating government ministries and conducting mass kidnappings and murders. Several Mahdi Army leaders have been arrested in recent weeks.

"Our reporting shows that al-Sadr is out of the country and is in Iran," said Lt. Col. Christopher Garver, a U.S. military spokesman in Baghdad.

Nasser al-Rubaie, head of the group of legislators loyal to al-Sadr in the parliament, called the claim "fabrications and lies."

Al-Sadr became a national figure in the weeks after the U.S. invasion in March 2003. His anti-American rhetoric and emphasis on his Arab ancestry — he claims to be a descendant of the prophet Mohammed — have earned him the support of young and underprivileged Shiites across Iraq.

The cleric often drops out of sight for weeks or even months at a time. His last public appearance was on Jan. 3 at a mosque in Najaf, about 100 miles south of Baghdad.

In its quarterly report released in December, the Pentagon said al-Sadr's militia has replaced al-Qaeda in Iraq as "the most dangerous accelerant of potentially self-sustaining sectarian violence in Iraq."

Al-Sadr led two uprisings against U.S. forces in 2004. He is a major influence of the United Iraqi Alliance, the largest bloc in the parliament, which was key to appointing fellow Shiite Nouri al-Maliki as prime minister.

Meanwhile, U.S. and Iraqi forces intensified their security crackdown in Baghdad, setting up new checkpoints and conducting door-to-door searches of homes.

Huge traffic jams developed in Baghdad and cars were forced to zigzag through soldiers' positions and barricades. Dozens of people left their buses to cross the central Sinak Bridge on foot rather than wait for the vehicles to move through the jams. At one checkpoint, Iraqi troops stopped a convoy of three white SUVs, which are commonly used by Iraqi government officials, and checked the occupants' identification.

Also Wednesday:

•Four U.S. soldiers were killed and two others were wounded during fighting northeast of Baghdad, the military said. The soldiers were attacked while conducting combat operations in Diyala province, where U.S. and Iraqi forces have been battling insurgents for months. A fifth U.S. soldier died after coming under small-arms fire from insurgents north of Baghdad.

•Maj. Gen. William Caldwell, the chief U.S. military spokesman, said a U.S. Marine transport helicopter that crashed last week northwest of Baghdad "was probably brought down by some sophisticated piece of weaponry." He did not give further details.

Pentagon officials initially had blamed mechanical problems for the crash of the CH-46 Sea Knight, which went down Feb. 7, killing all seven servicemembers aboard. On Tuesday, the Marines said further investigation confirmed the helicopter was brought down by hostile fire.

•A Shiite militant group released a video of a kidnapped Iraqi-American soldier, the first time he has been seen alive since he was abducted four months ago in Baghdad, said the soldier's uncle, Entifadh Qanbar.

U.S. Army translator Ahmed Qusai al-Taayie, a 41-year-old reservist who was born in Iraq and who lives in Ann Arbor, Mich., was seized by gunmen on Oct. 23 while visiting his Iraqi wife's family in Baghdad.

A previously unknown Shiite militant group called Ahl al-Bayt Brigades posted a 10-second video on the Internet on Tuesday showing al-Taayie in front of a greenish, flat surface. He had dark, cropped hair and was wearing a dark green shirt, said the SITE Institute, a U.S. group that monitors extremist messages. The video had no sound.

A Prewar Slide Show Cast Iraq In Rosy Hues (NYT)

By Michael R. Gordon

The New York Times, February 15, 2007

DOJ_NMG_0132361

WASHINGTON, Feb. 14 — When Gen. Tommy R. Franks and his top officers gathered in August 2002 to review an invasion plan for Iraq, it reflected a decidedly upbeat vision of what the country would look like four years after Saddam Hussein was ousted from power.

A broadly representative Iraqi government would be in place. The Iraqi Army would be working to keep the peace. And the United States would have as few as 5,000 troops in the country.

Military slides obtained by the National Security Archive under the Freedom of Information Act outline the command's PowerPoint projection of the stable, pro-American and democratic Iraq that was to be.

The general optimism and some details of General Franks's planning session have been disclosed in the copious postwar literature. But the slides from the once classified briefing provide a firsthand look at how far the violent reality of Iraq today has deviated from assumptions that once laid the basis for an exercise in pre-emptive war.

The archive, an independent research institute at George Washington University, has posted the slides on its Web site, www.nsarchive.org.

August 2002 was an important time for developing the strategy. President Bush had yet to go to the United Nations to declare Saddam Hussein's supposed weapons programs a menace to international security, but the war planning was well under way. The tumultuous upheaval that would follow the toppling of the Hussein government was known antiseptically in planning sessions as "Phase IV." As is clear from the slides, it was the least defined part of the strategy.

General Franks had told his officers that it was his supposition that the State Department would have the primary responsibility for rebuilding Iraq's political institutions.

"D.O.S. will promote creation of a broad-based, credible provisional government — prior to D-Day," noted a slide on "key planning assumptions." That was military jargon for the notion that the Department of State would assemble a viable Iraqi governing coalition before the invasion even began.

"It was a way of forcing the discussion, to get clarity of how we and State were going to deal with the governance issue," Col. John Agoglia, a Central Command planner at the time, said in an interview.

As it turned out, it was months before the command's planners began to receive some of the clarification they were hoping for. The Bush administration put aside the idea of establishing a prewar provisional government for fear it would marginalize Iraqi leaders who had not gone into exile. Colonel Agoglia said he did not begin to get a sense of what the postwar arrangements would be until Jay Garner, a retired three-star general, was tapped by the Bush administration in January 2003 to serve as the first civilian administrator in postwar Iraq.

Another assumption spelled out in the PowerPoint presentation was that "co-opted" Iraqi Army units would heed the American appeals to stay in their garrisons and later help United States to secure the country.

Based on this and other hopeful suppositions, the command's planners projected what the American occupation of Iraq might look like. After the main fighting was over, there was to be a two- to three-month "stabilization" phase, then an 18- to 24-month "recovery" phase.

That was to be followed by a 12- to 18-month "transition" phase. At the end of this stage — 32 to 45 months after the invasion began — it was projected that the United States would have only 5,000 troops in Iraq.

Now, those projections seem startlingly unrealistic given the current troop buildup, in which the United States currently has about 132,000 troops in Iraq and is adding about 20,000 more. But the projections, former military planners say, were intended to send the message to civilian policymakers that the invasion of Iraq would be a multiyear proposition, not an easy in-and-out war.

As it turned out, the assumptions on Iraqi and American forces were quickly overturned, partly as a result of new American policy decisions. Instead of staying in garrisons, many of the Iraqi soldiers fled after the war began. Senior American commanders hoped to quickly recall the Iraqi troops to duty anyway, but that option vanished in May 2003 when L. Paul Bremer III, Mr. Garner's successor, issued an edict formally disbanding the Iraqi Army.

The message that the United States should gird itself for a substantial multiyear occupation seemed to be superseded when General Franks issued new guidance to his commanders a week after the fall of Baghdad on April 9 that they should be prepared to reduce the American troops in Iraq to a little more than a division by September 2003 — some 30,000 troops.

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A series of ad hoc decisions and strategy changes followed as the insurgency grew and security deteriorated. A new military plan is now being put into effect, which the White House asserts may yet salvage a positive outcome. Almost four years after the invasion, however, the "stable democratic Iraqi government" the United States once hoped for seems to exist only in the command's old planning slides.

Iraq War Planner Was Hired By Military University, Briefly (NYT)

By David S. Cloud

The New York Times, February 15, 2007

WASHINGTON, Feb. 13 — Last June, Douglas J. Feith, a former top Pentagon official involved in planning the Iraq war, was hired by a Defense Department graduate school for military officers and diplomats, with a four-year contract that was to pay him half a million dollars, Pentagon records show.

His duties as a "distinguished professor" at the National Defense University, a 30-year-old institution on the Washington waterfront financed by the Pentagon, included team-teaching a course and producing a report on ways to "organize the United States better for the long war on terrorism," according to the documents.

The hiring of Mr. Feith, whose role in helping to make the case for the Iraq invasion is still a matter of intense scrutiny a year and a half after he left the Pentagon, had never been announced.

And the job did not last long; the contract was terminated about a month later, records show.

Mr. Feith said in an interview that university officials asked him to reconsider the contract after a new president took over last summer and began a budget review.

"I said, 'Fine, we'll put this thing off,' " Mr. Feith said Tuesday, adding that he agreed to the cancellation because he was still working on a book that was taking up much of his time.

David Thomas, a university spokesman, said the contract was canceled by "mutual decision" on Aug. 28 last year. That was three days after a reporter for The New York Times contacted Mr. Thomas with questions about the university's ties to Mr. Feith.

Mr. Thomas declined to comment further on why the contract was terminated, which occurred soon after Lt. Gen. Frances C. Wilson of the Marine Corps took over as president, replacing Lt. Gen. Michael M. Dunn of the Air Force.

Mr. Feith left the Pentagon in August 2005 and took a job teaching at Georgetown, where he had graduated from law school. The offer to join the National Defense University came nearly a year later. The New York Times obtained the contract documents in December after filing a Freedom of Information Act request.

The university has become a popular place with former Pentagon officials who served under former Defense Secretary Donald H. Rumsfeld. Gen. Richard B. Myers, who is retired from the Air Force and was chairman of the Joint Chiefs of Staff under Mr. Rumsfeld, holds an endowed chair at the university. Former Deputy Defense Secretary Paul D. Wolfowitz and Mr. Feith have deposited copies of their official papers there, and Mr. Rumsfeld is considering doing the same, according to two Pentagon aides.

Some of Mr. Feith's former colleagues at the Pentagon said they were puzzled by the university's decision to consider hiring him to lecture military officers on strategy for the fight against terrorism.

Just last week, the acting inspector general of the Pentagon, Thomas F. Gimble, said that while Mr. Feith was under secretary of defense for policy, his office had inappropriately asserted that there were links between Saddam Hussein and Al Qaeda, conclusions that differed from formal findings of the Central Intelligence Agency and other agencies.

Thomas White, who was secretary of the Army during President Bush's first term, said, "I find it bizarre that they would pick a guy whose performance has been generally maligned and ask him to teach the subject." He added that the decision to terminate the contract "shows somebody has some sense over there."

The way the contract was put out for bid, though, made it difficult for the university to choose anyone other than Mr. Feith.

The "distinguished professor" had to have been a senior policymaker or consultant in the government in the past four years and to have worked on revamping America's global defense posture, its security relationships in Central Asia and South Asia, its strategy for the campaign against terrorism, and several other major issues, the contract solicitation said.

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In a June 2006 application for the job labeled “Proposal of Douglas J. Feith,” Mr. Feith explained that his work as the top policy official in the Pentagon had covered all the required areas.

“I was the principal author of the briefings that became the foundation for the National Military Strategic Plan for the War on Terrorism,” he noted in a five-page résumé summarizing his accomplishments over four years at the Pentagon.

Responding to a requirement that candidates have experience with the “NATO Response Force,” Mr. Feith wrote that he had worked with Mr. Rumsfeld to “develop the concept.”

Likewise, on the defense posture item, he noted that he had advised Mr. Rumsfeld on “realigning our global defense posture” as well as on relations with “Central Asia and Asia.”

With respect to the need to have worked on training and equipping foreign forces, he said he “had helped create the Defense Department programs for training and equipping armies in Afghanistan, Colombia, Georgia, Iraq, Pakistan, Philippines and Yemen.”

He concluded, “I have the experience to meet and perform the government’s statement of work,” and he listed his salary requirement for an initial year and three option years as $501,774.

A month later, he was awarded the contract for the precise amount, according to Defense Department documents, which give no indication that anyone else had been considered. The initial payment, covering July to September of last year, was specified at $37,375. Mr. Thomas, the university spokesman, said he received no payments.

Some of Mr. Feith’s accomplishments at the Pentagon were assessed differently by Mr. Gimble at a Senate Armed Services Committee hearing last week.

Mr. Gimble said that while Mr. Feith’s intelligence activities had not violated the law, they were “inappropriate” because senior officials, including Mr. Rumsfeld and Stephen J. Hadley, then deputy national security adviser, were briefed on the findings without being told that intelligence agencies disagreed with many of the conclusions about a relationship between Al Qaeda and Iraq.

Assertions similar to those made in the briefings by Mr. Feith were later made publicly by Mr. Bush, Vice President Dick Cheney and other top officials.

Democrats Criticize Lack Of Alternatives In Intelligence Estimate (WP)

By Walter Pincus

The Washington Post, February 15, 2007

Democrats on the Senate Select Committee on Intelligence have questioned whether the recent National Intelligence Estimate on Iraq gave political advantage to the Bush administration by making "rapid withdrawal" of U.S. troops the only alternative military option the NIE explored.

The estimate judged that rapid withdrawal of coalition forces from Iraq would "almost certainly" increase sectarian violence, intensify Sunni resistance, possibly cause the Iraqi Security Forces to dissolve and allow al-Qaeda to seek a sanctuary to plan attacks inside and outside the country. That assessment came just days before the Senate and House prepared to debate nonbinding resolutions opposing increased troop levels in Iraq.

On Feb. 2, the day the estimate was released, President Bush's national security adviser, Stephen J. Hadley, told reporters that the document showed that "an American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq, but also the region, and could potentially, by giving al-Qaeda a safe haven in Iraq, result in risk and threats to the United States."

And in the House debate on the Iraq resolution Tuesday, Rep. Ileana Ros-Lehtinen (R-Fla.) cited the NIE judgment on the effects of rapid withdrawal and said, "Iraq would become, as one of my Democratic colleagues said in December of 2005, a 'snakepit for terrorists.' "

At a closed briefing about the NIE on Feb. 7, several committee Democrats asked why the key judgments laid out many adverse results of rapid withdrawal while other military options -- such as the redeployment of forces discussed by the Iraq Study Group or even a buildup of U.S. troops -- were not considered. They were told at the briefing that Director of National Intelligence John D. Negroponte had requested that the NIE include a discussion of consequences of a coalition withdrawal.

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Sen. Russell Feingold (D-Wis.), a panel member, wrote Negroponte on Feb. 8: "Setting up a false choice between indefinite military involvement and a rapid, unplanned withdrawal distorts the current debate in Congress and in the country about how best to defend our national security interests in Iraq." He added that such an approach "does, however, closely align with the administration's efforts to justify an unsustainable military involvement as the only option."

Sen. John D. "Jay" Rockefeller IV (D-W.Va.), the intelligence panel's chairman, said last week that he, too, was concerned because there was no definition for "rapid" and it was unclear why the topic had been included in the estimate. In a July 26, 2006, letter from Rockefeller and others to Negroponte, setting out questions for an NIE, the closest item was listed as: "U.S. Force Posture: In what ways is the large-scale presence of multi-national forces helping or hindering Iraqis' chances of success?"

"Nowhere did anyone ask about sudden withdrawal," Rockefeller said in an interview last week. He said he worried the new NIE "took us back to days we are trying to get away from," when the White House was accused of misusing intelligence.

Feingold was so exercised over the issue that last week he put a hold on the Senate confirmation vote on Negroponte's appointment as deputy secretary of state. But in a rapid reply to Feingold's concerns, Negroponte on Friday explained that intelligence estimates do not "evaluate policy options or alternative military strategies." Instead, he said, the goal "is to identify the most likely course of events and variables that might change" them.

The decision to look at rapid withdrawal, Negroponte wrote in a letter to Feingold, was not his own. Instead it came from analysts developing the questions to be explored through the NIE, including whether the presence of coalition troops was a major cause of violence in Iraq. "What happens if you remove this factor -- coalition troops -- from the equation?" he wrote. He explained that the analysts were not evaluating a policy option; instead they were "examining the effect of removing what some had hypothesized to be a critical variable."

Noting that Democratic senators who had requested the NIE had wanted to know if the large number of U.S. and coalition forces help or hurt prospects for success in Iraq, Negroponte said the estimate found that current forces provide some stability and that the situation could deteriorate if they were removed. In that way, Negroponte wrote Feingold, the NIE answered both questions, "indicating the specific contributions coalition forces make . . . and what would happen if they were withdrawn."

These answers satisfied Feingold. He released his hold on Negroponte's nomination, and it was later approved by the Senate. Feingold said he appreciated the NIE's "critically important assessment of the conditions in Iraq," but emphasized that the document did evaluate policy approaches. "Framing the analysis in terms of 'rapid withdrawal,' " he wrote, "presented an oversimplified assessment of one course of action without considering any elements of a redeployment strategy, including shifts in mission, stay-behind counterterrorism or training capabilities or regional diplomatic initiatives."

The Other Brave Volunteers In Iraq: The Envoys (NYT)

The New York Times, February 15, 2007

To the Editor:

Re "You Want Me to Go Where? Few Veteran Diplomats Accept Mission to Iraq" (Diplomatic Memo, Feb. 8):

I take exception to your characterization of the attitude of State Department personnel toward our mission in Iraq and the experience level of the officers serving there.

As Secretary of State Condoleezza Rice testified to Congress, midlevel Foreign Service officers make up a substantial number of our personnel in Iraq. Of the 57 generalist Foreign Service officers assigned there, 16 are entry-level officers, 6 are senior Foreign Service and the remaining 35 are midlevel — about the average distribution in other large posts.

The senior officers in this group include five former ambassadors who have led embassies in trouble spots like Sudan, Syria and Guinea. Over all, 85 percent of our Foreign Service personnel in Iraq have eight years or more experience in the department.

We have staffed the existing Provincial Reconstruction Teams with capable, qualified officers, and as Secretary Rice said on Capitol Hill, senior-level officers will be leaving in the next 60 days to lead the nine new Provincial Reconstruction Teams in Baghdad and Anbar Province as part of the president's "New Way Forward."

Over all, volunteers have already been assigned to almost 90 percent of the Iraq positions that open this summer. We expect to decide assignments for the remaining jobs soon.

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Since 2003, more than 11 percent of our Foreign Service personnel have served in Iraq, as well as more than 200 of our Civil Service employees. It is unfortunate that your article did not acknowledge the considerable experience of our brave volunteers serving in Iraq. They deserve better.

George M. Staples

Washington, Feb. 12, 2007

The writer is director general of the Foreign Service and director of human resources, Department of State.

U.S. Considers Broader Visa Plan For Iraqis (NYT)

By Rachel L. Swarns

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — The Bush administration is considering legislation that would allow Iraqis who have been singled out as collaborators for working or associating with American officials to come to the United States on special immigrant visas or through other programs, officials said Wednesday.

The program would be broader than the current special visa for translators, which now provides 50 visas each year for translators who have worked for the American military in Iraq and Afghanistan. That program already has a six-year waiting list, according to Senator Edward M. Kennedy, the Massachusetts Democrat, who convened a hearing on Iraqi refugees last month.

Under the legislation being considered, Iraqis who have worked for the United States government in various capacities or have associated with American officials would be eligible for a special immigrant visa or a form of humanitarian parole that would include the benefits typically provided to refugees.

State Department officials, who described the program at a news conference on Wednesday, said they hoped to finalize work on the legislation soon. Ellen Sauerbrey, an assistant secretary of state, said that several thousand Iraqis had worked for the United States in Iraq, but added that it was unclear how many would be interested in resettling here.

She said the United States Embassy in Baghdad would be working with the United Nations to identify such individuals, who may now be living in Syria or Jordan, so that they can be given priority for refugee status.

Also at the news conference, Paula J. Dobriansky, the under secretary of state for democracy and global affairs, announced that the United States planned to resettle 7,000 Iraqi refugees. Officials say they hope that half of them will arrive by Sept. 30, the end of the fiscal year, and that more will arrive by the end of 2007.

U.S. Agrees To Resettle Refugees From Iraq (WP)

By Nora Boustany And Joshua Partlow

The Washington Post, February 15, 2007

The United States will accelerate the resettlement of about 7,000 Iraqis referred by the U.N. High Commissioner for Refugees and will contribute $18 million to the agency's appeal for Iraq, about one-third of the total, Undersecretary of State Paula J. Dobriansky said Wednesday.

Plans call for the paperwork allowing the Iraqis to enter the United States to be completed by the end of September, said Dobriansky, appearing at a news conference in Washington with U.N. High Commissioner for Refugees Ant?nio Guterres, and Assistant Secretary of State Ellen Sauerbrey.

The 7,000 have left Iraq and are waiting in third countries, such as Jordan and Syria. A U.S. team is scheduled to go to Amman, Jordan, on Feb. 26 to begin processing them. Department of Homeland Security officials will conduct interviews, followed by health screenings.

Dobriansky said the Bush administration is working with Congress to develop legislation to allow in other Iraqis who are at special risk in Iraq because of their close association with the U.S. government. As violence there continues unabated, about 2 million Iraqis have fled the country, mostly to Jordan, Syria and Lebanon, while 1.7 million are displaced inside Iraq, according to the United Nations. Refugees International, a Washington-based advocacy group, has called the swelling migration "the fastest-growing humanitarian crisis in the world."

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In an interview, Sauerbrey said that from 2003 to last September, a total of 466 Iraqis were resettled in the United States as refugees, 202 of them in the last fiscal year. "People ask, 'Why weren't there more?' " she said. "Until last year, we were resettling people back to Iraq. People wanted to go home."

In the briefing, she said it was not until after the bombing of a Shiite shrine in Samarra last February that sectarian violence triggered "a significant outward movement."

In Baghdad, Iraq's immigration minister, Abdul-Samad Sultan, called on neighboring countries to end "oppressive measures" restricting entry and services to Iraqis fleeing violence.

In a recent interview, Sultan criticized Iraq's neighbors for issuing only brief residency visas to Iraqi refugees, if allowing entrance at all, and for preventing Iraqi students from attending public schools and subjecting refugees to repeated searches and denigrating treatment. Sultan did not identify the countries, but other officials said Syria and Jordan, with the largest number of displaced Iraqis, were the biggest concern.

Jordan now bars Iraqi men ages 17 to 35 from entering, U.S. officials have said. Many Iraqis have trouble placing their children in public or private schools in neighboring countries. Syria has begun to issue 15-day residency permits to Iraqis and after that is treating them as illegal immigrants, Iraqi officials said.

"They are getting more strict," said Bill Frelick, refugee policy director for Human Rights Watch, a New York-based advocacy group. "I think that given the situation inside Iraq, it's clear that people are fleeing because their lives are in danger, they are therefore refugees, and they should be protected as such."

An Iraqi government official said Denmark is considering deporting about 600 of the 25,000 Iraqi refugees living there. The British government also has considered sending Iraqis home, said the official, who spoke on condition of anonymity.

In Washington, Dobriansky said the United States is committed to help the Baghdad government create a safe environment so Iraqis can return home. "At the same time, we have a responsibility to respond to the immediate needs of Iraqis who have fled violence and persecution."

Dobriansky said she has been asked by Secretary of State Condoleezza Rice to lead a task force to respond to the situation.

Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate Judiciary subcommittee on immigration, last week welcomed the creation of the task force to deal with "this massive humanitarian crisis in Iraq and neighboring countries."

Sen. Ben Nelson (D-Neb.), who traveled to the Middle East in December, said at a recent briefing at the Council on Foreign Relations that he had told Syrian President Bashar al-Assad that it was in his best interest to help stabilize Iraq and curb insurgent activity to stem the flow of Iraqi refugees into Syria.

An official of an Arab government, speaking on condition of anonymity, said Syria is allowing insurgents to slip across its borders into Iraq while ignoring the transfer of funds to Iraqi insurgents through its territory from Iran and from radical Sunni individuals in Saudi Arabia.

Guterres, who has visited the region, told reporters Wednesday that Syria and Jordan, though not signatories to the 1951 U.N. convention on refugees, were bearing the brunt of Iraq's refugee crisis "based on their own Arab hospitality tradition." He suggested that the generosity of the past few years was taking a toll on those countries.

The influx of hundreds of thousands of refugees is burdening their infrastructures, education and health systems and raising concerns about security, Guterres added.

He visited Saudi Arabia, Kuwait, Syria and Jordan before coming to Washington to discuss how protection and assistance can be provided to Iraqi refugees.

Dobriansky said Washington would fully support a conference by the U.N. refugee agency to be held in Geneva in April to secure pledges from international donors. The $18 million U.S. pledge to the agency will be in addition to more than $76 million it has provided for worldwide operations over the last four years.

Guterres said that the 7,000 refugees to be resettled in the United States would be the first of 20,000 who will eventually be resettled in third countries.

U.S. To Take More Iraqi Refugees (WSJ)

By John D. McKinnon

DOJ_NMG_0132367

The Wall Street Journal, February 15, 2007

WASHINGTON -- The Bush administration said it would allow about 7,000 Iraqi refugees into the U.S., following bipartisan complaints in Congress that the administration wasn't doing enough to help them.

But while the White House tried to tamp down criticism of one aspect of its Iraq policy, new political troubles emerged over plans to add 21,500 troops to the effort, as Republican fissures appeared in the House yesterday during floor debate on the conflict.

According to the United Nations, more than two million Iraqis -- many of whom worked with U.S. efforts there -- have fled the country. Most have found their way to camps in Jordan and Syria; both countries have taken steps to curb the influx.

Initially, the Bush administration did little to welcome Iraqi refugees, in part to avoid acknowledging that instability in the country had become a long-term phenomenon. Fewer than 500 Iraqis have been admitted to the U.S. as refugees since 2003, officials said at a recent Senate hearing.

U.S. lawmakers and even some military leaders say more should be done to help Iraqi refugees, especially those who have assisted the U.S. war effort. Of particular concern are the Iraqi interpreters whom soldiers and Marines often depend on for information. About 5,000 have served; more than 250 have been killed and many others injured. They often wind up with refugees who have headed to Jordan, among other countries. Seeing themselves as combat veterans, most would like to emigrate to the U.S., but often must return to Iraq, where they and their families face heightened risk because of their American affiliation.

The U.S. plan also envisions giving special treatment to Iraqis still in the country whose cooperation with the U.S. puts them at risk of reprisal. The U.S. plans to contribute about $18 million for a world-wide resettlement and relief program.

The refugee announcement came as the House continued a nonbinding debate on Iraq, in which Democrats stepped aside for two hours, while the minority aired its differences with the White House.

The remarkable situation developed after North Carolina Rep. Walter Jones was given an hour's debate time to control as the lead Republican co-sponsor of a nonbinding resolution of disapproval challenging the troop surge. Mr. Jones, a member of the House Armed Services Committee, then yielded to a succession of like-minded Republicans whose speeches against the troop increase were interspersed with remarks by Republicans supporting the administration's policy.

The result was a two-hour snapshot of a growing party split that poses the most serious threat to the White House as it tries to sustain long-term support for the war. Those opposing the president include Reps. Phil English (R., Pa.) and Fred Upton (R., Mich.) with coveted seats on leadership committees such as Ways and Means, and Energy and Commerce. Mr. Jones later predicted 30 Republicans may yet support the resolution of disapproval when it comes to a House vote, most likely tomorrow.

The landscape has changed significantly from June, when only three House Republicans broke with the party leadership on a 256-153 vote supportive of the administration's war policy. "If you oppose the surge, the troops will be demoralized, we're told," said Rep. Howard Coble (R., N.C.) "I think not. I believe they would more readily be demoralized if we were willy-nilly, rubber stamping every issue confronting us."

At a news conference earlier in the day, Mr. Bush played down the significance of the House debate, saying "they have every right to express their opinion, and it is a nonbinding resolution." But he warned Congress against trying to cut funds in future votes, saying: "We have a responsibility, all of us here in Washington, to make sure that our men and women in uniform have the resources and flexibility they need to prevail."

7,000 Iraqi Refugees Allowed To Enter U.S. (WT/AP)

By Anne Gearan

The Washington Times, February 15, 2007

The United States agreed yesterday to allow up to 7,000 Iraqi refugees to enter the country, greatly expanding the number allowed until now. It also agreed to pay more to help Iraq's Arab neighbors cope with the human tide fleeing increasing violence and economic hardship in their country.

The decision for this fiscal year came after mounting political and diplomatic pressure on the Bush administration to do more to remedy the consequences of a war it largely started. Only 202 Iraqis were allowed in last year.

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The administration also said it will immediately contribute $18 million for a worldwide resettlement and relief program. The United Nations has asked for $60 million from nations around the world.

Although the United Nations estimates that 3.8 million Iraqis have fled their homes since the war began nearly four years ago, Washington has allowed only about 600 to settle in the United States.

The U.S. proposal also includes plans to offer special treatment for Iraqis still in their country whose cooperation with the U.S. puts them at risk. Expanding visa programs for those Iraqis would require legislation in Congress, State Department Undersecretary Paula J. Dobriansky said yesterday.

Some 2 million Iraqis have left their country, and an additional 1.8 million are thought to have relocated inside Iraq. The refugee flow has increased sharply as sectarian violence has increased over the past year. The numbers have overwhelmed the hospitality of Arab neighbors such as Syria and Jordan.

The United Nations says most of those who have been uprooted have no desire to come to the United States, and want to return to their homes in Iraq when fighting stops.

But allies, U.N. diplomats and lawmakers of both parties have recently told the administration that the small number of Iraqis the U.S. has allowed in looks bad.

Sen. Richard G. Lugar, Indiana Republican, told Secretary of State Condoleezza Rice at a hearing last week that the United States could bring in 7,000 Iraqis this year -- exactly the number announced yesterday.

The move is a step in the right direction, considering the United States is a "chief cause" of the refugee problem, said Carolyn Saour, an Iraqi-American Christian living in Houston. Still, 7,000 "is severely low for the amount of damage that's been done over the years," she said.

The United Nations wants to resettle 20,000 of the most vulnerable refugees this year. U.N. High Commissioner for Refugees Antonio Guterres called the U.S. pledge "a relevant contribution."

Mr. Guterres has implicitly criticized the United States in the past for allowing other nations to shoulder so much of the burden. He met with Miss Rice yesterday, and afterward described the session as a "very frank and very positive discussion on how to work better."

Asked if the U.S. contribution was, in essence, too little too late, Mr. Guterres said "the dimension of the problem is so large" that no effort could really be enough.

The U.N. estimates that 40,000 to 50,000 people flee Iraq each month with dwindling options of where to go. Most have fled to Syria and Jordan, both of which have recently tried to restrict the influx.

Other Iraqis relocate inside their country, with some leaving neighborhoods that were once mixed among Sunnis and Shi'ites and resettling where their sect is more concentrated. Unlike most of the movement to other countries, some of the internal relocations will probably be permanent.

The U.N. says some 500,000 fled their homes to other parts of Iraq in 2006 alone and the number could reach 2.3 million -- nearly one in 10 Iraqis -- by the end of 2007.

This month, Mr. Guterres' Geneva-based agency made an emergency appeal for $60 million to help fleeing Iraqis.

"Unremitting violence in Iraq will likely mean continued mass internal and external displacement affecting much of the surrounding region," it said.

U.S. diplomats have discussed the refugee problem directly with the Jordanian and Syrian governments in recent days, Mrs. Dobriansky said. That is notable because of the administration's reluctance to engage Syria in high-level discussions about security in Iraq.

Syria has taken in an estimated 1 million Iraqis. It was the last Arab country to take in large numbers.

Although Jordan is a key U.S. ally, the chief government spokesman in Amman minimized the U.S. pledge yesterday.

Nasser Judeh said 7,000 is still a small number compared with the 700,000 Jordan has had to accommodate. The U.S. number "is just 1 percent of the number we have," Mr. Judeh said.

Iraq's Other Surge (WSJ)

By Bill Frelick

DOJ_NMG_0132369

The Wall Street Journal, February 15, 2007

Najah worked as an interpreter for the U.S. military at the Falcon base in Baghdad. One day as he left base, a car sprayed him with bullets, hitting him in both legs and his abdomen. Najah left the hospital after two days, fearing insurgents would find him there and kill him: "After the shooting, everyone knew I was working for the Americans." After recovering sufficiently, he fled to Jordan, where he is stuck without papers, and could be deported at any time.

While Washington debates the surge of troops to Iraq, it has only recently begun to acknowledge the surge in refugees leaving Iraq. The U.N. High Commissioner for Refugees estimates that 50,000 per month are fleeing Iraq and that their numbers in neighboring countries may soon reach two million. Yet last year the U.S. admitted only 202 Iraqi refugees, and has done next to nothing since the war began to assist neighboring countries to bear the refugee burden. Condoleezza Rice unveiled a new plan on Wednesday to resettle 7,000 Iraqi refugees. After three years of ignoring the refugee fallout from the war, this is a welcome first step. But will it be enough to convince Syria and Jordan to keep doors open?

While America has a special obligation to rescue Iraqis who have been specifically persecuted because they helped U.S. troops or Americans working in Iraq, it is central to U.S. interests to address the destabilizing effects and humanitarian needs in the region of a much larger group of refugees -- Sunnis and Shiites fleeing mixed areas, members of the professional classes, religious minorities, and people perceived as Western in orientation.

This week the crisis worsened when Syria tightened residency rules for a million Iraqi refugees there, raising fears that mass deportations will begin. Jordan has started barring single men between 17 and 35 at the border and is unwilling to recognize 700,000 Iraqis living there as refugees. Neither country has received more than token assistance from the international community that might convince them to keep their doors open. International donors provided only $14 million of UNHCR's $29 million request last year for refugees in the region. The U.S. provided 27%.

First, the U.S. needs to make sure that neighboring countries have resources to provide for the refugees' basic needs. The total UNHCR request of $60 million for this year is what the U.S. spends every five hours to fight the war. The U.S. shouldn't waste precious weeks quibbling with the Europeans on their contributions. The sum is modest, part of the price of the war: Just pay it. Second, assistance should have strings attached. Jordan and Syria must keep their doors open to refugees. They must allow Iraqi children to go to school. Humanitarian aid should enable refugees to stay in the region in conditions of safety and dignity until it is safe for them to go home.

Finally, the U.S. needs to move quickly to resettle significant numbers of Iraqi refugees, particularly those who risked their lives to help Americans, who cannot go home. Resettlement not only fulfills a moral responsibility with deep roots -- Hungary, the Bay of Pigs, Vietnam. It also shows the Middle East that the U.S. is committed to helping with the most difficult part of any refugee emergency -- where to put the people themselves. Resettlement ultimately shows solidarity both with the people who put their lives on the line in the U.S. war effort and with the countries who need to be convinced that they will not be left to bear the burden alone.

Mr. Frelick is the refugee policy director for Human Rights Watch.

Translator Who Faked Identity Pleads Guilty To Having Secret Data (WP)

By Josh White

The Washington Post, February 15, 2007

An Arabic translator who used an assumed identity to get work as a contractor for the U.S. Army in Iraq pleaded guilty yesterday to federal charges of possessing classified national defense documents, including sensitive material about the insurgency that he took from an 82nd Airborne Division intelligence group in 2004.

The translator obtained U.S. citizenship under a false identity before securing a job in August 2003 with Titan Corp., which supplied translators to the U.S. military to aid in fighting the war in Iraq. The man then used his false identity to get secret and top-secret clearances -- access to extremely sensitive material that is supposed to be given only after thorough background checks -- Justice Department officials said.

Authorities said yesterday in a news release that they do not even know the translator's real name and that they refer to him in court documents under several of his aliases, including "Abu Hakim" and "Abdulhakeem Nour."

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The man pleaded guilty yesterday in federal court in New York to having several documents in his Brooklyn apartment after two deployments to Iraq. He earlier pleaded guilty to charges of using a false identity to obtain U.S. citizenship and to gain access to classified military material.

U.S. District Judge Edward R. Korman could sentence him to up to 60 years in prison.

The man's federal public defender did not return calls to her office yesterday.

According to court papers, the translator illegally downloaded classified documents that "detail the 82nd Airborne's mission in Iraq in regard to insurgent activity, such as coordinates of insurgent locations upon which the U.S. Army was preparing to fire in January 2004," as well as plans for protecting Sunnis on their pilgrimage to Mecca that same month. Government lawyers also said that he photographed a classified battle map at a base near Najaf.

Officials did not say what the translator hoped to do with the information, but officials considered his efforts a dangerous breach.

Mark J. Mershon, assistant director in charge of the FBI's New York field office, said in a statement yesterday that the man has been consistent in his lies.

"Through serial deception, an eminently untrustworthy person inveigled his way into a position of trust, and he abused that trust," Mershon said.

The man had worked for Titan Corp., which in late summer 2005 became L-3 Titan Group, a subsidiary of New York-based L-3 Communications. The company has held a significant contract for linguistic services in Iraq and company officials say they have more than 5,000 linguists under contract in Iraq until mid-March. A Washington-area consortium unseated L-3 in December when it was awarded a five-year Army contract worth up to $4.6 billion to provide the linguists beginning in March.

Evan Goetz, a spokesman for L-3, declined to discuss the case involving the translator, saying, "The company doesn't comment on legal matters."

British Court-Martial Drops Charges In Iraq Abuse Case (NYT)

By Alan Cowell

The New York Times, February 15, 2007

LONDON, Feb. 14 — A court-martial on Wednesday dropped charges against four of seven soldiers accused of mistreating Iraqi civilians, an unexpected twist in a politically charged trial that jeopardized the reputation of the British military. It also dropped the remaining charges against a fifth soldier who had already pleaded guilty.

The four soldiers included Col. Jorge Mendonca, 43, who had been the highest-ranking British officer to face prosecution related to the accusations against the British soldiers involved in the American-led military effort in Iraq.

While the abuse charges against British troops have not been as graphic or as sweeping as those leveled, for example, against American forces at the Abu Ghraib prison near Baghdad, they have nonetheless played into the deeply divisive debate here about whether Britain should have joined an unpopular war as the United States' main ally.

The court-martial revolves around events in Basra, in southern Iraq, during a period of high tension in September 2003, when, prosecutors said, nine Iraqi detainees were hooded, handcuffed, deprived of sleep and beaten for a 36-hour period before interrogation. One of the nine Iraqi men, a hotel receptionist named Baha Musa, died of multiple injuries in a British Army barracks. The other eight were released without being charged. They had been rounded up as British troops looked for Iraqis said to be responsible for killing British military personnel.

The case has had a high profile from its beginning last September when one defendant, Cpl. Donald Payne, 35, pleaded guilty to treating the detainees inhumanely, the first British soldier to admit to an offense defined under international law as a war crime. He has not yet been sentenced.

But on Wednesday, Judge Stuart McKinnon ruled that prosecutors had produced insufficient evidence to bring charges against four of the seven men, as well as two additional charges against Corporal Payne. The judge said he made his decision in part because the Iraqi civilians were hooded and could not physically identify the soldiers who beat them.

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Judge McKinnon dropped charges that Colonel Mendonca, a highly decorated officer, had performed his duties negligently. Assault charges against Sgt. Kelvin Stacey, 30, were dropped, while Lance Cpl. Wayne Crowcroft, 22, and Private Darren Fallon, 23, were cleared of treating Iraqis inhumanely.

The judge did not drop charges of negligence against Maj. Michael Peebles, 35, and Warrant Officer Mark Davies, 37, and their trial is set to continue on Monday. Judge McKinnon did not give any reasons for his action. He had spent a week considering his decision and then instructed the panel of seven army officers hearing the case to acquit the five soldiers, The Press Association news agency reported.

Some opposition politicians said the judge's action showed that the government had been overzealous in seeking to appease Iraqi public opinion by putting a high-ranking officer on trial.

"A whiff of political correctness hangs heavy over the case against Colonel Mendonca, with law officers determined to have military officers prosecuted," said Liam Fox, the opposition Conservative Party's spokesman on defense issues. "There is no doubt that episodes like this have caused deep resentment and a loss of confidence across the British Army."

But the judge's decision was also likely to inspire criticism by the families of the Iraqis whose treatment in custody led to the charges. In a statement, the Ministry of Defense said, "Where evidence is found to support prosecutions, as in this case, those involved will face appropriate actions."

The prosecution in the case had said the soldiers suspected that the Iraqis they had detained had been implicated in killing six British military police officers and a British soldier. The defendants, it said, found weapons and ammunition at a hotel they raided.

Ahmad Taha Musa al-Matari, a part-owner of the hotel, was the only Iraq detainee to testify at the court-martial. He testified that the men were held in baking temperatures and that the accused soldiers had laughed and taken bets as they beat a prisoner.

Quest To Heal Iraqi Boy Became A Final Mission (WP)

By Ernesto Londoã±o

The Washington Post, February 15, 2007

Hours before getting killed the way he feared most, Capt. Brian S. Freeman looked up and smiled when Abu Ali dropped by his office.

After nearly six months of overcoming financial and bureaucratic hurdles in a war zone, Freeman told the Iraqi man, there were promising signs that a pair of U.S. visas -- the last big step in getting Abu Ali's 11-year-old son to the United States for lifesaving heart surgery -- would be issued soon.

The Iraqi was speechless. He asked an interpreter to express his gratitude to the tall American soldier who had made saving the child's life an unofficial mission. Then he pulled out his camera, swung his arm around Freeman's broad shoulders and posed for three photographs.

Hours later, shortly before sunset Jan. 20, armed men in GMC trucks stormed into the government building in Karbala, in southern Iraq. They killed an American soldier, handcuffed Freeman and three other U.S. soldiers, hauled them into the vehicles and drove off. Freeman and the other abducted soldiers were later slain by the attackers.

Freeman, 31, a West Point graduate and Army Reservist, left his young wife and two toddlers in Temecula, Calif., last spring to deploy to Iraq.

He was unenthusiastic about the war, but once his uniform was on, friends said, Freeman embarked on his mission with the optimism and stamina that defined him.

"Most of us here understand the politics of war," said Capt. Matthew Lawton, one of Freeman's close friends in Iraq. "Brian didn't really agree with the war, I think. But he understood, going to West Point, going to the military -- that was the right thing to do."

The local police chief pulled Freeman aside one day in late April and told him about the ailing boy.

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The second of five children, Ali Abdulameer was born with a debilitating heart condition that gradually restricted his blood flow. Barring surgery, his father said, the boy's chances of making it to adulthood were slim. Physicians in Karbala and Baghdad offered bleak prognoses.

"Baghdad doctors always gave me promises, but nothing ever happened," Abu Ali said.

After hearing about the case, Freeman got online and typed the words "Iraqi kids heart surgery" into the Google search query. The name of a fellow civil affairs soldier he didn't know popped up. He sent her a note asking for help.

Staff Sgt. Marikay Satryano, an Army Reservist from Tarrytown, N.Y., had become something of an expert in cutting through red tape to get Iraqi children abroad for critical medical care. Stationed at the U.S. Embassy in Amman, Jordan, Satryano wrote back outlining how to get the process started.

"Here's the hard part: funding," she wrote. "We are penniless here. No budget, no pot of gold." As soldiers, they were barred from soliciting money directly, she explained. "But we CAN make people aware of this child, SO if you know persons that are interested in saving this child, the magic number is $8,000 USD. Yup. That'll do it."

Freeman spent the next few months collecting medical records and contacting charity organizations. His wife, Charlotte, helped out, making calls and sending e-mails.

Freeman e-mailed the chairman of Gift of Life International, a New York-based nonprofit organization that connects low-income children suffering from serious heart ailments with top-notch hospitals. Cases that originate in Iraq are among the toughest the foundation tackles because errands that are complicated anywhere have become an odyssey in Iraq.

Freeman had to get Ali Abdulameer's medical records to doctors in New York and apply for U.S. visas at the consulate in Amman. The Iraqis had to obtain new passports with enhanced security features now required for visa applicants from the Middle East. And they had to provide documentation to prove that the child was stable enough for the 13-hour flight to New York.

Gradually, the pieces began coming together. Schneider Children's Hospital in New York agreed to perform the operation at a reduced fee and Gift of Life took the case.

"A child is a common dominator between all of us," said Robert Donno, Gift of Life chairman. "The person in Iraq and the person in Amman and the person in New Jersey understand what this child means to his father."

Freeman sent a flurry of e-mails each week to get status reports and answer questions. He mailed medical records, set up appointments and helped with passport and visa errands.

Before heading to California for a vacation in December, Freeman stopped by the U.S. Embassy in Baghdad, left his home phone number and personal e-mail and asked the embassy officials who had been tracking the case to keep him updated.

He returned to Karbala in January. Near the end of the week of Jan. 14, he checked in with Satryano. He always was positive and polite, she said, but they both worried that a problem with the visa application that might set them back several weeks, while Ali Abdulameer's condition deteriorated.

"We had been touching base all week," Satryano said. "How's it going, how's it going? You know how bugs in the summer call to each other."

Freeman's time in Iraq made him reexamine what he wanted to do with his life, friends said. He thought about going to graduate school after finishing his tour and talked of starting a nonprofit organization to get Iraqi children medical care abroad. "Vets for Kids," they could call it, he told a fellow soldier. His eagerness to help Ali Abdulameer, a boy he never met, was an effort to make meaningful contributions in a devastated country.

"It may have started with a program we saw on Doctors Without Borders," his wife, Charlotte, said in a telephone interview. "He was very moved by the fact that these people went to dangerous situations and helped out, and their philosophy was that's how you let people around the world know there are good people who will help. That was his vision."

On Jan. 20, Freeman went online and tried to get a new case off the ground. He had come across the medical file of a critically ill girl younger than Ali Abdulameer. Again, he set out to beat the odds.

"These are very poor and do not have a G-Series passport," Freeman wrote in an e-mail to a colleague at the military's National Iraqi Assistance Center in Baghdad, referring to passports with enhanced security features. "A trip to Baghdad might be out of their reach financially. If we get close to something happening on this, I can raise the money."

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That evening a group of English-speaking armed men wearing what looked like American military uniforms and badges drove up to the building in a convoy of at least six GMC trucks.

The men stormed into the building and detonated sound bombs and grenades. Freeman was in his office and didn't get to his weapon in time. He and three of the soldiers who reported to him were abducted at gunpoint.

It was among his biggest fears. The conventional wisdom among soldiers had it that they'd save their last bullet for themselves rather than fall into the hands the enemy alive.

"We all talked about that," said Capt. Henry Domeracki, one of Freeman's close friends in Iraq. "You know what they do -- cut off our heads, burn us."

The attackers drove into neighboring Babil province, several miles away.

"That is the hardest thing when I think about Brian," Domeracki said. "We know that he was in the car with the cuffs on. We know he was praying, asking God to look after his kids."

The gunmen abandoned five of the vehicles. Iraqi soldiers later found the bodies of two soldiers handcuffed together in the back of one of the vehicles. Freeman's body was left on the ground. All three had been fatally shot. The fourth soldier was found alive, but died en route to the hospital.

Abu Ali was notified the following day by an interpreter who worked with the soldier. He was crushed, but understood he needed to mourn in silence.

"I could not express myself openly," said Abu Ali, who asked that his full name not be published out of concern for his safety. "If I were to express myself openly they'd know I deal with Americans and if they knew I deal with Americans they'd call me a traitor."

Freeman's group of close friends in Iraq -- "The Dirty Dozen," they called themselves -- were inconsolable.

"The first three days, all of us cried," Domeracki said. "All of us cried for three days."

The following night, Satryano was working late. She dropped by the consulate, where the woman tracking the pair's visas was still at her desk.

"Actually, that came in today," the consulate official told her, referring to the approval notices.

Elated, Satryano called her counterpart in Baghdad. Capt. Lance Carr sounded awful. She didn't understand.

"We lost a civil affairs soldier," he told her.

"I heard," she responded. "Do you know who it was?"

"Captain Freeman," he said.

"No way!" she said. "This is his kid! I just talked to him yesterday, like at 12."

He was one of the good guys, she thought to herself that night. Why did they have to kill one of the good guys?

Freeman was buried Feb. 1. He left behind two children, Gunnar, who will turn 3 next month, and Ingrid, a 1-year-old who began taking her first steps while he was home for Christmas.

Ali Abdulameer and his father are expected to arrive in New York this week. After the surgery, they hope to meet Freeman's widow.

"I want to be there for the father," Charlotte said. "I'm sure he has a need to meet me just as I feel the need to meet him."

Staff writer Ann Scott Tyson in Washington contributed to this report.

Where US Is Helping To Make Gains Against Terrorism (CSM)

By Simon Montlake

The Christian Science Monitor, February 15, 2007

It's the kind of item that doesn't show up in defense budget audits: A $200 tin-roofed communal outhouse, or "comfort room," tucked behind the village market. To US Army Capt. Steve Battle, who split the construction cost with his Philippine counterparts, it's money well spent.

Gaining the trust of residents in Panamao, a stricken village on the edge of a combat zone, is why US and Philippine troops are dug in here. In counterterrorism jargon, this Muslim community is a "center of gravity" that can be swayed with targeted

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projects – a new well, a school classroom, or a toilet. "It's not the amount of people that you affect. It's who you affect," says Captain Battle, a civil-affairs officer.

At a time when success stories in the US-led war on terror have been all but eclipsed by failures in Iraq, recent developments in the southern Philippines offer a degree of hope to Pentagon planners. But they also show the complexity of waging war in a contested, chaotic area, as well as the long slog needed to stand up a national army equal to sure-footed militants.

Five years after Philippine troops, supplied and advised by US soldiers, drove Islamic militants from the island of Basilan, a major offensive is under way on Jolo Island, where the militants regrouped. The goal is to deny sanctuary to the remaining members of Abu Sayyaf, one of several insurgent groups who have been fighting for a separate Islamist state. Since August, elite Philippine units have killed or captured as many as half of an estimated 400 Abu Sayyaf on Jolo Island, including their slain leader Khadaffy Janjalani and several other senior operatives.

Philippine commanders on Jolo say they are confident their 7,000-strong troops can finish the job. "They lack ammunition, they're on the run, and we're continually pressuring them. They are in a position to be neutralized," says Army Gen. Ruperto Pabustan of the local militia.

If so, the Philippine military would end a reign of terror by a group that was founded by Osama bin Laden's brother-in-law in the early 1990s. Abu Sayyaf later morphed into a kidnapping racket that became almost indistinguishable from the criminal gangs that plague the Philippines' remote regions. While that makes Abu Sayyaf something of a footnote to the global war on terror, it is no less a spoiler in the Philippine government's efforts to build a lasting peace on troubled Mindanao.

Shortly after 9/11, the southern Philippines was widely considered to be the global war on terror's "second front" after Afghanistan. Philippine President Gloria Arroyo, a staunch US ally, invited American troops to assist in the fight against Abu Sayyaf, but ruled out any combat role for them. A joint US military taskforce was created to equip and train Philippine troops deploying on Basilan Island, where Abu Sayyaf then held sway.

At the same time, US and Philippine Army engineers fanned out across Basilan to build roads and bridges, trying to drive a wedge between Abu Sayyaf and local sympathizers. It largely worked, but tactical blunders allowed militant leaders to escape and regroup.

Today, the US military is using the same formula on Jolo, a kidney-shaped island convulsed by decades of Muslim rebellion against the Christian-dominated Philippine government. Advised by US Special Forces, Philippine troops have closed in on Abu Sayyaf, while naval patrols have cut off escape routes to other islands.

Even after five years of substantial military aid, US officers are quick to give credit to their allies for the victories.

"It's a Philippines success story. They're the one doing the heavy lifting and doing the fighting and helping the people and we're providing support," says Col. David Maxwell, commander of the joint taskforce, who led the 2002 Basilan operation.

Frontline troops have also won plaudits from their political masters in Manila, as well as pledges of more money and equipment. But similar promises have in the past failed to reach soldiers in the field, fuelling complaints of embezzlement by top brass. In 2003, junior officers serving in Mindanao staged a brief mutiny in Manila to protest such graft. Troops have also been accused of selling weapons and colluding with kidnappers and rebels, undermining trust among local residents.

Perhaps most acute is the need to channel funds into poor communities like Panamao, where schoolteachers say they haven't been paid for over a year. Analysts argue that without a strong focus on social development and civic leadership, any military victory on Jolo could be short-lived.

"Once the money and the Americans go, how far will the Philippines be able to keep up the community development?" says Scott Harrison, a security consultant and a former CIA officer.

"You can wipe out the entire leadership of Abu Sayyaf and [Jemaah Islamiyah], but unless you solve the underlying root problems like poverty and corruption, you've still got a witch's brew to create another generation of fanatics," he says.

Experts Fear Afghanistan Could Become The Next Iraq (MCT)

By Ron Hutcheson

McClatchy Newspapers, February 15, 2007

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WASHINGTON - While President Bush and Congress argue over Iraq, experts warn that Afghanistan could slip back into chaos.

U.S. commanders are bracing for a spring offensive by Taliban insurgents that'll test the staying power of the fragile U.S.-backed Afghan government.

In a sign of the administration's concern, President Bush will deliver a speech Thursday highlighting plans for a dramatic increase in military and economic aid, but skeptics fear that the renewed focus on Afghanistan may be too little and too late.

"We have our finger in the dike because our resources and attention were turned toward Iraq," said Rep. Joe Sestak, D-Pa., a former Navy admiral who served in both conflicts. "This is the real front in the war on terrorism. It's a daunting task, more daunting than it had to be because we let the opportunity almost slip away."

Administration officials and U.S. military commanders agree that Afghanistan is grappling with potentially crippling challenges. Five years after U.S. troops ousted the Taliban regime and its al-Qaida allies in retaliation for the Sept. 11 attacks, Afghanistan is still embroiled in war, terrorism, drug trafficking and instability.

The government of President Hamid Karzai has a shaky hold on power; the Taliban and al-Qaida continue to launch attacks from their haven along the Afghan-Pakistan border; and opium production has increased dramatically. Attacks by Islamic extremists spiked last year, making 2006 the deadliest year since the U.S. invasion.

"A point could be reached at which the government of Afghanistan becomes irrelevant to its people, and the goal of establishing a democratic, moderate, self-sustaining state could be lost forever," Lt. Gen. Karl Eikenberry, the former top U.S. commander in Afghanistan, told the House Armed Services Committee on Tuesday.

Government officials and outside experts agree that the biggest threat isn't a Taliban military takeover, it's the possibility that the Karzai government could collapse and leave a void for Islamic extremists.

"The Taliban are not going to roll on a tank column into Kabul. They are weak militarily. But the government is very weak politically. Even some small symbolic victories by the Taliban could lead to a political crisis," said Barnett Rubin, an Afghanistan expert at New York University.

The crucial test could come this spring as the thaw opens snow-packed mountain passes. This year, U.S. officials want to meet the annual Taliban offensive with their own, to shore up Karzai's government.

Bush has asked Congress for $6.7 billion in emergency funding to help train Afghan security forces and rebuild the country, the first installment in a $10.6 billion package for Afghanistan over the next two years.

Until now, U.S. aid to Afghanistan has averaged less than $3 billion a year.

The Pentagon also plans to add about 3,200 more troops by delaying the planned departure of units that had been scheduled to come home. Administration officials are also pressuring NATO allies and Pakistan to do more to help protect the fledgling Afghan government.

The United States has about 27,000 troops in Afghanistan, with about 16,000 assigned to a multinational NATO force. U.S. allies have contributed about 20,000 troops, but many of them are under restrictions that prevent combat operations.

The president will promote his plans Thursday to the American Enterprise Institute, a conservative think tank.

"We're taking a comprehensive approach. It's a question of building the security, but also building the government and building the economy," said Richard Boucher, the assistant secretary of state for the region.

Afghanistan Officials Question Drug-eradication, Nomination (HILL)

By Roxana Tiron

The Hill, February 15, 2007

Afghan officials in Washington are redoubling their advocacy efforts to capitalize on Congress and the Bush administration's renewed focus on their country — and to prevent their country from slipping back into Taliban hands.

Embassy officials are calling the Bush administration's drug-eradication policy in Afghanistan a flawed solution to the problem and are speculating on how a new U.S. ambassador to their country will influence the struggle against the narcotics trade and how the U.S. will change the management of foreign aid there.

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"It is a mistake to think that you will solve the drug issue through spraying" the poppy cultures, a counselor at the embassy, Masood Aziz, said. "If you start spraying you lose the hearts and minds of the population. Spraying has devastating effects on the poor."

Similarly, a London-based drug-policy research group, the Senlis Council, has reported that drug eradication by itself ruins small farmers and drives them toward the Taliban who, in turn, provide loans and protection.

While rushing to counter such policies, the embassy is watching closely William Wood's nomination to become the new U.S. ambassador to Afghanistan. Wood previously served as U.S. ambassador to Colombia.

"We hope that with the new ambassador the focus won't be the wrong focus," Aziz said, implying that the strategies of the Colombian war on drugs would fail in Afghanistan.

Poppies, which have been a more lucrative cash crop than wheat or other alternatives, sustain about 2 million small farmers and their families, in a country with a population of about 31 million.

Without offering alternative sources of income and long-term assistance to poppy growers, Afghanistan could be hard-pressed to kick its drug problem. Some estimate that nearly 50 percent of Afghanistan's GDP comes from poppy cultures.

Afghan officials want to influence how the narcotics trade is fought, and seek to ensure that international aid is spent effectively, which so far has proved a challenge.

Attaining, or even defining, success in Afghanistan is a tall order, acknowledged Ashraf Haidari, a political counselor at the Embassy of Afghanistan.

"We need time and resources," he said. "We do not want 70 percent of Afghan people to be farmers. It may take up to 30 years to rid Afghanistan of its drug problem and institute alternative livelihood," he explained.

Assistance has to be spread across all regions, not only given to those who rely on narcotics for their livelihood. Already, citizens of regions that did not grow poppy in other years have started to do so because they had no other support, Haidari said.

Afghanistan also considers developing government capacity critical to quashing the narcotics trade and building up the country.

To that end, officials are eyeing the reauthorization of the Afghanistan Freedom Support Act of 2002 in hopes that aid can be channeled to build up the Afghanistan's now-minimal governmental capacity. The country has no effective judicial establishment and weak law enforcement, Haidari said.

"The face of the government is the judicial system," he added.

Afghanistan's advocacy is not falling on deaf ears in Congress.

House Foreign Affairs chairman Tom Lantos (D-Calif.) has expressed keen interest in reauthorizing titles I and II of the Afghanistan Freedom Support Act, which address assistance and security for the country. The reauthorization could increase focus on drug interdiction and destruction, according to sources.

"Counter-narcotics is absolutely an issue that is fundamental to change the society in Afghanistan," a congressional source said.

The House and the Senate Foreign Relations Committees together soon will discuss a comprehensive strategy for Afghanistan, the aide added.

The source said Congress will consider a much more "holistic" approach on Afghanistan, but ultimately it is the administration's call to implement it.

"We are sensitive to over-legislating and over-prescribing because that would encumber the administration, but we want to pressure the administration," the source said.

While the Bush administration has a five-tier plan for Afghanistan, partly focused on fostering alternative livelihoods, it has primarily concentrated on building roads and infrastructure, the congressional source said.

The rationale is "we are building roads because where the road ends the Taliban begins," the source said. "But that is not to say that if you build infrastructure the Taliban will go away."

Haidari takes a similar view. "Afghanistan is singular in all its problem and needs a singular solution," he said. "Afghanistan is a country that we need to start building from scratch."

But to do that officials there want to ensure funds are spent on the right priorities.

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"We are certainly extremely appreciative of the money allocated and committed, but the issue of the money not being effectively spent is a tremendous problem," Aziz said, adding that Afghanistan will need about $30 billion in aid over the next seven to 10 years. The United States alone has given $14 billion to Afghanistan since 2001.

While the disbursement rate of the money has been steady, if often has not reached the targeted beneficiaries through the Afghani government and other institutions.

Channeled instead through non-governmental organizations and contractors, overhead absorbed most of the money. Only a fraction actually reached the country, Haidari said.

"We want to see results," Haidari said. "We want action not just words. The problems in Iraq make Afghanistan look like a success, but Afghan lives have not changed."

Afghanistan's pitch to Capitol Hill may come at a critical time. The embassy's priorities, which could shore up support for the government, fall against the backdrop of the possibility of a renewed Taliban offensive this spring. U.S. and international forces are expanding in preparation for potential attacks.

Poverty has helped to boost Taliban ranks. The radical Islamic movement lately has been able to recruit new fighters — including those who do not believe in its mission, according to Haidari — by offering to pay about $300 a month to support their families versus a per capita income of roughly $300 per year.

DOJ:

Senators Oppose Effort To Replace Federal Prosecutors (AP)

By Laurie Kellman

AP, February 15, 2007

WASHINGTON - Congressional Democrats and some Republicans are trying to change part of the USA Patriot Act that allows the Bush administration to fire and replace federal prosecutors indefinitely without Senate confirmation.

Freshly briefed by the Justice Department on the forced resignations of some of the seven U.S. attorneys since the act took effect, Senate Democrats planned to bring a bill to the floor Thursday that would impose a 120-day deadline on the amount of time a replacement could serve without Senate confirmation.

After that, an interim replacement would be named by a U.S. District Court, a policy Attorney General Alberto Gonzales and some Republicans say could lead to the appointments of prosecutors for reasons other than their qualifications.

Democrats say that's just the problem with the policy under the terror-fighting law that went into effect in March.

Since then, seven U.S. attorneys have been fired, some without cause, Deputy Attorney General Paul J. McNulty told the Senate Judiciary Committee. Democrats contend that prosecutors were forced to resign to make way for Republican political allies, and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments.

Congress passed the reauthorization with overwhelming bipartisan support, but many lawmakers say they were unaware of the provision. The president appoints federal prosecutors, who are subject to Senate confirmation.

Gonzales has said he intends to submit every newly appointed interim prosecutor to the Senate confirmation process and denied that his choices were politically motivated. He also has pointed out that U.S. attorneys serve at the president's pleasure and can be fired for any reason or no reason at all.

Nonetheless, Senate Majority Leader Harry Reid of Nevada is expected to try to bring the bill up for a vote Thursday, which also is the last day on the job of one of the fired prosecutors, Carol Lam of San Diego.

Sen. Jon Kyl, R-Ariz., said last week he would try to block the bill unless Reid agreed to strip out the appointment power of the U.S. District Court.

McNulty briefed senators behind closed doors Wednesday night on the cases of the seven fired prosecutors. Attending the meeting were Republicans Kyl and Arlen Specter of Pennsylvania and Democrats Chuck Schumer of New York, Dianne Feinstein of California and Patty Murray of Washington.

Afterward, Murray said she heard nothing to suggest that the U.S. attorney in her state, John McKay, deserved to be fired. She and other participants refused to comment further.

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Earlier this month, McNulty told the committee that most of the seven had been fired for "performance-related" reasons, and that one in Arkansas, Bud Cummins, had been cleared out to make way for a former aide to White House adviser Karl Rove.

However, McKay and others had received glowing performance reviews and were not told of performance issues before they were fired, prompting further investigation by the committee.

Murray Not Satisfied With Answers About U.S. Attorney's Firing (AP)

By Gene Johnson

AP, February 15, 2007

SEATTLE - Sen. Patty Murray said after sitting in on a closed-door Senate Judiciary Committee hearing Wednesday she heard nothing to suggest that John McKay deserved to be fired as U.S. attorney.

"I heard nothing from Department of Justice officials that changed my mind about John McKay's performance," Murray, D-Wash., said in a telephone interview from Washington, D.C.

She said she was not at liberty to comment further.

McKay, a Republican appointed by President Bush in 2001, was forced to resign as Western Washington's top federal prosecutor last month. He was one of seven U.S. attorneys fired around the country.

Earlier this month, Deputy Attorney General Paul McNulty told the committee that most of the seven had been fired for "performance-related" reasons, and that one in Arkansas had been cleared out to make way for a former aide to White House adviser Karl Rove.

But McKay and others had received glowing performance reviews and were not told of performance issues before they were fired, prompting further investigation by the committee.

McNulty briefed the committee privately Wednesday.

Lawyers, judges and public officials - Republican and Democratic - have objected to McKay's firing, speculating that it was done because he was not conservative enough for the Bush administration.

U.S. District Judge Robert Lasnik in Seattle said McKay was a "superb U.S. attorney. For the Justice Department to suggest otherwise is just not fair."

A 90-page review of McKay's office, completed by Justice Department staff last April, found him to be "an effective, well-regarded and capable leader," according to a copy obtained by The Associated Press. Though overwhelmingly complimentary, the report raised a few areas of concern, such as making sure prosecutors in the office document all of their overtime and keep records of any cases where they seek sentences below guideline ranges.

U.S. attorneys serve at the pleasure of the president and can be fired at any time. A provision in the reauthorization of the Patriot Act allows the attorney general to appoint U.S. attorneys indefinitely without Senate confirmation; several senators are seeking to revoke that provision.

McKay's chief criminal deputy, Jeff Sullivan, was named interim U.S. attorney following his resignation.

Former Prosecutor Charged With Misconduct In Gang Cases (LAW)

By Brendan Smith, Legal Times

Legal Times, February 15, 2007

Before last week, former federal prosecutor G. Paul Howes had only suffered blows to his reputation for his misconduct in a witness-payment scandal.

But now, Howes, a former Assistant U.S. Attorney in the District, faces serious ethics charges from the D.C. Bar Counsel that could trigger sanctions -- including disbarment.

The charges stem from Howes' improper disbursement of more than $140,000 in federal witness vouchers to 132 people during several high-profile drug trials while he was a prosecutor at the U.S. Attorney's Office in the District in the 1990s. The misconduct, which wasn't noticed until a tip came from one of Howes' informants, resulted in dramatically reduced prison sentences for nine defendants convicted in those trials.

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On Feb. 1, the D.C. Bar Counsel filed eight charges against Howes after a four-year investigation, accusing him of violating bar ethics rules by committing criminal acts, making false statements in court, offering prohibited payments to witnesses, and interfering with the administration of justice.

"Prosecuting a [former] U.S. Attorney is not something we do very often. It is pretty, pretty rare," D.C. Bar Counsel Wallace "Gene" Shipp Jr. says. "Charges that include dishonesty are always serious. They are very serious allegations."

Howes, now a partner in the San Diego office of Lerach Coughlin Stoia Geller Rudman & Robbins, didn't return telephone calls seeking comment. His attorney, D.C. defense lawyer Plato Cacheris, also did not return calls.

The Bar Counsel investigation mirrors many of the findings of an internal Justice Department probe completed in 1998, but the Bar Counsel goes beyond that investigation's report in its charge of criminal acts by Howes, including false statements and false certifications.

The Justice Department began a two-year investigation of Howes in 1996, a year after he resigned from the U.S. Attorney's Office, where he spent 11 years as a prosecutor. The report found that Howes used witness vouchers as a personal slush fund that "went so far beyond the limits of appropriate conduct as to constitute flagrant abuse of the system."

Both the Justice and Bar Counsel investigations found that Howes made improper witness-voucher payments to witnesses, friends and relatives of witnesses, incarcerated government witnesses, and former police officers.

Howes authorized the payments -- apparently without oversight from the U.S. Attorney's Office, which, at the time, was headed by Eric Holder Jr. -- in the 1994 federal trial of Newton Street Crew members on drug, murder and racketeering charges and in another D.C. Superior Court homicide trial stemming from the District's crack-cocaine wars.

The Justice Department's Office of Professional Responsibility found intentional misconduct by Howes but decided not to press criminal charges of making false statements, false claims and false certifications because of doubts about convincing a jury of Howes' guilt.

"He undoubtedly would portray himself to a jury, as he has to us, as a beleaguered lone wolf battling a stifling and uncomprehending bureaucracy," the report states.

The U.S. Attorney's Office fought for years to keep the Justice Department report confidential, but ultimately, it was released by a federal judge in 2003.

The Justice Department completed its investigation of Howes in February 1998, but did not refer its findings to the D.C. Bar Counsel until October 2002. Shipp would not comment on why it took the Bar Counsel another four years to investigate and charge Howes.

The Bar Counsel will make disciplinary recommendations after a hearing committee reviews Howes' case, which is scheduled for April 11.

If the committee finds ethics violations, the case will be referred to the Board on Professional Responsibility, and ultimately to the D.C. Court of Appeals if the board recommends censure, suspension or disbarment of Howes.

A QUESTION OF RECIPROCITY

The Justice report was forwarded to attorney-discipline boards in New Mexico and California, where Howes is also licensed. Those bodies have not reported any disciplinary action against Howes from the witness-voucher investigation and are likely awaiting the outcome of the D.C. case, Shipp says. Under reciprocal discipline rules, both states could take action against Howes' law licenses based on any discipline imposed in the District.

Howes, who joined the D.C. federal prosecutor's office in 1984, did not receive his D.C. law license until 1992. Under federal law, he was allowed to practice as a federal prosecutor in the District for more than eight years under his New Mexico law license.

In 1997, the New Mexico Supreme Court publicly censured Howes in a case referred from the District for communicating directly with a defendant without the defense attorney's consent during a murder case in D.C. Superior Court in 1988. Howes also induced a D.C. police detective to talk with the defendant.

After leaving the U.S. Attorney's Office, Howes was licensed in California in 1997, and he has not been publicly disciplined there in any ethics cases, according to California Bar records.

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In a 2004 interview with Legal Times about the D.C. Bar Counsel case, Cacheris laid out his strategy for defending Howes, which hinges on two findings of the Justice Department report. The report found no evidence of witness testimony that was altered because of Howes' misconduct and no clear witness-voucher policy at that time in the U.S. Attorney's Office. Cacheris said Howes also cooperated with Justice investigators and "went and bared his soul for three days, as far as I was told."

Howes, who received his law degree from the University of Virginia, has had a long and varied career, including Marine Corps service during the Vietnam War and a stint as tympanist for the New Mexico Symphony Orchestra. Howes later worked as a special assistant to former FBI Director William Webster and as a Washington correspondent for ABC News before being hired by the U.S. Attorney's Office, according to his biography at Lerach Coughlin.

At Lerach Coughlin, Howes has represented the University of California as the lead plaintiff in a federal class action against Enron Corp. in Texas over lost investments.

After the Justice report on Howes' misconduct was made public, the U.S. Attorney's Office instituted new controls and training about witness-voucher payments in 2004. Office spokesman Channing Phillips said last week he is not aware of any witness-voucher abuse after those changes.

Phillips wouldn't comment on the Bar Counsel charges or whether Howes was disciplined by the U.S. Attorney's Office before his resignation.

Fallout from the Howes incident is still being felt, with the U.S. Attorney's Office using him last year to shore up another D.C. murder conviction being challenged over allegations of misconduct by Howes. As part of a government brief asking that the conviction be upheld, Howes filed an affidavit last November in D.C. Superior Court, stating that there were "no undisclosed side agreements or secret promises to any witness" in that 1989 trial.

But Howes' reputation isn't so highly regarded within the U.S. Attorney's Office, according to Amy Jeffress, deputy chief of the office's Organized Crime and Narcotics Trafficking Section. She referred to Howes -- though not by name -- during a Jan. 31 debate on the power of prosecutors at American University, Washington College of Law.

"He actually left the office and moved all the way across the country to San Diego to escape his shame and his bad reputation," Jeffress said, according to a recording of the debate. "He basically became a pariah in our office. His name is a synonym around our office for no-no. You don't want to do what he did."

CORPORATE SCANDALS:

Monster Of A Case: New Wave Of Corporate Indictments Expected (ABC)

By Brian Ross And Richard Esposito

ABC News, February 15, 2007

The former top lawyer for the Internet job search site Monster.com is expected to enter a guilty plea tomorrow growing out of his role in backdating stock options at the company, federal officials involved in the case tell ABC News.

Officials say Myron Olesnyckyj, the former general counsel of Monster, has agreed to plead guilty to charges of securities fraud in federal court in New York city, as part of a deal to cooperate with prosecutors.

Olesnyckyj is expected to provide testimony about his former boss, Andrew McKelvey, the founder and former CEO of Monster.com, the officials say.

Olesnyckyj's attorneys Lisa Caldwell and Robert Romano told ABC News, "We have no comment," on their client's expected guilty plea.

A spokesman for Monster.com said the company was also cooperating but would not comment further.

The plea deal comes as dozens of former CEOs and other corporate officials face possible indictment as the Department of Justice presses its investigation of the backdating of billions of dollars of stock options.

The FBI, IRS and U.S. Postal Inspectors are working on at least 60 active criminal investigations, and federal officials tell ABC News at least a half dozen are now in the final phases of investigation.

"This is a major initiative of the President's Corporate Fraud Task Force," said Justice Department spokesman Brian Sierra.

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Dozens of CEOs and other top officials have already resigned over the practice of "stealth compensation," in which executive pay packages have been enhanced by granting executives the right to buy stock at favorably low "strike prices" set by acting as if the options were granted earlier than they were, resulting in a larger potential profit.

Prosecutors say the failure to disclose the backdating can constitute securities fraud.

More than 140 companies are under investigation by the Securities and Exchange Commission, and federal prosecutors are known to be considering criminal indictments in a number of the SEC cases.

The chairman of Apple Computer, Steve Jobs, has also been questioned by federal investigators in San Francisco about the backdating of stock options at the company. Apple says an internal investigation by its board cleared Jobs and all members of the company's current management of any wrongdoing and says there has been no indication that Jobs is considered a target of any criminal investigation.

"We've given all this information to the SEC," Jobs told ABC News last month. "And I think things are gonna be just fine," he said.

Jobs' role in granting stock options at a second company, Pixar, is also under investigation, according to published reports.

"The Wall Street Journal" reported last week that prosecutors are investigating stock options granted in 2001 by the animated film company Pixar, Inc., to its top film director, John Lasseter, as part of a new 10-year contract.

According to the paper, Lasseter, the director of "Toy Story," received one million stock options at the lowest share price of the year, a date that was three months before his new contract was signed. The backdating resulted in a potential gain for Lasseter of $6.4 million, the paper said.

Pixar was bought last year by Walt Disney Co., the parent company of ABC. Disney officials say the value of Lasseter's options was fully disclosed, although not the fact that they were back dated.

Disney says its board began an independent review of the transaction last November, but Disney CEO Robert Iger says the issue will not likely have any effect on Disney.

"We aren't aware of any basis under which stock options issued by Pixar would have a material impact on our financial statement," Iger said in a statement. Jobs is Disney's single largest shareholder.

"The Wall Street Journal" reported that prosecutors are awaiting the outcome of the Disney board's review before making any decisions on the case.

Two criminal case are already in the federal court system. One involves Comverse Technology of New York, where one executive fled the country and another has entered a guilty plea.

The chief financial officer of Comverse, David Kreinberg, entered a plea in October to charges of securities fraud. He now faces up to 15 years in prison.

His former boss, Comverse CEO Kobi Alexander, fled to the African country of Namibia, where he is currently fighting U.S. extradition efforts.

Prosecutors Advance In Stock-Option Cases (WSJ)

By Charles Forelle, James Bandler And Kara Scannell

The Wall Street Journal, February 15, 2007

Prosecutors are moving forward with more criminal charges over stock-option manipulation.

Yesterday, the founder of video-game maker Take-Two Interactive Software Inc. pleaded guilty to a state felony charge in connection with an options-backdating scheme. Today, federal prosecutors in New York are expected to announce a plea deal with a former executive of Monster Worldwide Inc. in another options case, according to people familiar with the matter.

Ryan A. Brant, founder and former chief executive officer of Take-Two, entered a guilty plea in state court in New York City, striking a deal that requires millions in payments but will likely spare him prison time. It was the first criminal case brought over backdating since last August, when federal prosecutors charged executives of another New York company, Comverse Technology Inc.

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In the Monster case, the company's former general counsel, Myron Olesnyckyj, has agreed to cooperate with federal prosecutors in Manhattan and is expected to describe the role of founder Andrew McKelvey and others in stock-options practices at Monster.

Mr. Olesnyckyj was fired by the company last year. Mr. McKelvey quit rather than be interviewed by company lawyers examining Monster's options problems.

According to people familiar with Monster's email traffic, Mr. Olesnyckyj was the author of several damaging messages, including one in which he advised an executive not to discuss the company's practice of backdating grants to new employees in writing because it might be seen by auditors. The Securities and Exchange Commission is expected to file civil charges against Mr. Olesnyckyj as soon as today, people familiar with the matter say. A separate agreement between Mr. Olesnyckyj and the SEC could come later.

Robert Romano, a lawyer for Mr. Olesnyckyj, didn't respond to a request for comment. Mr. McKelvey's lawyer, Andrew DeVore, declined to comment.

Mr. Brant, 35, the impresario behind Take-Two's catalog of violently controversial games, which includes the Grand Theft Auto series, is the first CEO to be convicted of a crime in the options-backdating scandal and the ninth individual charged by authorities. All told, about 140 companies are under investigation.

Federal prosecutors have charged two former CEOs in the backdating scandal: Gregory Reyes, of Brocade Communications Systems Inc.; and Kobi Alexander, of Comverse. Mr. Reyes has pleaded not guilty, and Mr. Alexander, who decamped to the African nation of Namibia before being charged, is free on bail there while fighting extradition to the U.S.

Under his plea deal with prosecutors and a parallel settlement of civil charges with the SEC, Mr. Brant will pay $7.3 million in disgorgement, fines and other penalties. He could face a prison term of up to four years for the charge of filing false records, but New York prosecutors agreed to recommend that he serve probation.

In a statement, Manhattan District Attorney Robert Morgenthau said "CEOs and other executives who deliberately skew their books to hide the full extent of their compensation are engaged in a fraud on their stockholders and creditors."

It isn't Mr. Brant's first experience with the SEC. In 2005, the agency charged him and others with an accounting fraud. He paid more than $3 million in disgorgement and other penalties in that case. He left the company last October after several months on disability leave.

United's Legal Woes May Last Into 2008 (MINNST)

By David Phelps, Star Tribune

Minneapolis Star Tribune, February 15, 2007

Months of uncertainty lie ahead with shareholder lawsuits against UnitedHealth Group.

It became clear Wednesday that the legal woes of UnitedHealth Group will not be resolved anytime soon.

Lawyers for the Minnetonka company said in federal court it will take up to five months to determine whether shareholder lawsuits against it are valid. The suits are over the purported backdating of stock options for senior executives, which led to the ouster last year of longtime Chief Executive William McGuire.

Also unknown is when federal regulators will complete their investigation into the issue, a pace referred to by U.S. District Judge James Rosenbaum as "glacial."

Rosenbaum said he has no intention to dismiss the shareholder lawsuits, as sought by UnitedHealth, "at least not yet."

And should the shareholder lawsuits eventually go to trial, Rosenbaum said he can't fit them in his calendar until late autumn or after the first of the year.

"There's a lot of brush to be hacked through here," Rosenbaum told lawyers for the company and the shareholders during a hearing Wednesday.

Rosenbaum said he would rule later on the company's motion to dismiss the lawsuits on the basis that the board of directors formed a "Special Litigation Committee" to review lawsuits against the company or to stay the proceedings in the case until the committee completes its work.

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Barbara Berens, a lawyer representing the special litigation committee, said the two-member panel -- consisting of retired Minnesota Supreme Court justices Kathleen Blatz and Edward Stringer -- hoped to meet a court-imposed July 30 deadline for determining the validity of shareholder lawsuits.

Berens said the committee needs the time partly because the company is in the process of restating 11 years of financial reports to account for backdated options and partly because of ongoing inquiries by the Internal Revenue Service, Justice Department, Securities and Exchange Commission and Minnesota attorney general's office.

Peter Carter, UnitedHealth's lead attorney, agreed with Rosenbaum that the company is legally stuck in neutral until the special committee makes its decision on the shareholder lawsuits.

Karl Cambronne, lead counsel for the shareholders, told Rosenbaum that the investors would be "marginalized" if the case were stayed and the plaintiffs could not proceed with discovery and see the documents that regulators are reviewing.

"If we're put on ice, we'll be perceived as not having anything to add to the discussion," Cambronne said. "Our hands are tied."

SEC Declines To Bring Charges After Probe Of Gradient Analytics (WSJ)

By Judith Burns

The Wall Street Journal, February 15, 2007

WASHINGTON -- The Securities and Exchange Commission has ended an investigation into Gradient Analytics Inc. without bringing any charges against the stock-research firm.

Regulators were investigating charges of market manipulation and collusion between the Scottsdale, Ariz., independent research firm and its hedge-fund clients. Marc Fagel, associate district administrator in the SEC's San Francisco office, said no charges were recommended and that the case is now closed.

Gradient Analytics President and Chief Executive Brad Forst said the company cooperated fully with the SEC and wasn't surprised by its decision. "We believe our business conduct has always been conducted with integrity," he said.

Canadian pharmaceutical company Biovail Corp. last year brought a $4.6 billion lawsuit alleging that Gradient and others, including hedge fund SAC Capital Management, schemed to manipulate Biovail's stock. Gradient and SAC denied the allegations.

Overstock.com Inc., a Salt Lake City online discount retailer, also is suing Gradient and other defendants in California for alleged stock manipulation. Overstock's charges were aired at a Senate Judiciary Committee hearing last summer when a former Gradient employee, Demetrios Anifantis, testified that he was fired for questioning company practices and management's ties to hedge funds.

Mr. Anifantis said the firm, then known as Camelback Research, would issue negative research reports on companies such as Overstock at the request of hedge-fund clients who had short positions in those companies. Short sellers sell borrowed shares that they replace later, profiting if stock prices decline.

Gradient executives declined to testify at last year's Senate hearing, citing the litigation with Overstock, but disputed the claims.

Overstock itself is under SEC investigation for its accounting practices, and Biovail faces a similar probe by U.S. and Canadian securities regulators.

Perrie Weiner, a partner at the law firm DLA Piper in Los Angeles who represented Gradient in the SEC investigation, said he believes the SEC "reached the right conclusion" in not bringing charges. "We look at it as the SEC giving a clean bill of health to Gradient."

SEC Blamed For Delay In Indictment Of Former McAfee General Counsel (LAW)

By Justin Scheck, The Recorder

California Recorder, February 15, 2007

Thanks to cross-country coordination efforts between two federal agencies, the first Silicon Valley lawyer to come under government scrutiny for stock options problems is getting one more reprieve before being indicted.

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While it has been clear for nine months that Kent Roberts, the former general counsel of McAfee Inc., is in trouble, there's been a string of delays in his case. The latest, said people with knowledge of the case, is because the Washington, D.C.-based SEC lawyers want to file civil charges at the same time -- and they're not ready yet.

Roberts was fired by the company in May after its own investigation found options improprieties. Since then, he has become the focus of a federal criminal inquiry, and press reports over the past two months -- including several this week -- have said an indictment is imminent for actions relating to a stock options grant he received in 2000.

Stephen Neal, the Cooley Godward Kronish partner representing Roberts, wouldn't say whether he expects his client to be charged.

The SEC typically seeks to coordinate its charges with those filed by criminal prosecutors, said attorneys working on options investigations.

Speaking generally about options cases -- but not about McAfee specifically -- ex-federal prosecutor Jeffrey Bornstein said the government "is in part motivated by how things are perceived publicly. So there is this motivation to have a joint press conference."

Bornstein, who left the San Francisco U.S. attorney's office in 2005 to join Kirkpatrick & Lockhart Preston Gates Ellis, said there's often concern within the SEC that, if its civil charges follow on the tail of the indictment, they'll be ignored by the public.

"From the defense perspective, it's so they get the maximum prejudicial publicity that they can," he said.

McAfee has a rich history of legal problems.

The company's former CFO was charged in 2004 with scheming to inflate revenues, and faces a criminal trial in March. And early last year, McAfee agreed to pay a $50 million fine to the SEC for manipulating its books.

The latter case was investigated by a team of SEC lawyers based in Washington, D.C. -- a sore point for local SEC lawyers, said people familiar with the situation -- and they continued to probe the company when its options problems came to light. Reached Wednesday, one of the D.C. lawyers, Paul Lane, said he's not permitted to speak to the press.

But others familiar with the case said the D.C. team coordinated closely with the San Francisco U.S. attorney's office in the early stages of the investigation. And -- as The Recorder first reported in December -- they concluded last fall that there was enough evidence to move forward with an indictment of Roberts, even as they continued their investigation of other aspects of the company's options issues.

Soon after, the U.S. attorney's office experienced a first delay: Christopher Steskal, the lawyer who had been handling the case, announced that he'd be leaving for private practice.

Reached Tuesday, Steskal wouldn't comment on any options probes, including McAfee, nor would the spokesman for the office.

After assigning another prosecutor to the case, the office continued its investigation of Roberts, and earlier this month they seemed ready to charge Roberts.

It's unclear exactly why the SEC isn't ready. Kathleen Bisaccia, the former enforcement chief for the agency's San Francisco office -- and now a private investigator at Kroll -- said several aspects of joint investigations can lead to delays.

For example, she said, the SEC can't file charges without a vote by its commissioners, and that can take time.

But, Bisaccia added, it's not always the SEC that is lagging. "The usual scenario is the other way around," she said, with prosecutors being forced to ask the SEC to wait for them.

So far, the only options backdating case to move through the courts has been the prosecution of two former Brocade Communications executives. And the fireworks there have been a direct result of the SEC-DOJ coordination.

In that case, San Francisco federal Judge Charles Breyer has refused to take the common step of staying the SEC civil case until the criminal prosecution is done.

That created a frazzle of legal issues straddling both proceedings, including a recent blowup over witnesses who gave testimony to the SEC and prosecutors under a temporary immunity agreement but, when subpoenaed by defense lawyers, invoked the Fifth Amendment.

Richard Marmaro, the Skadden, Arps, Slate, Meagher & Flom partner representing ex-Brocade CEO Gregory Reyes, says the close coordination abuses the government's immunity power, and argues that the agencies should act more independently.

But he doesn't expect that to happen. "They can turn these things for maximum publicity, and that's what they do," he said.

Score One For Dissent (WP)

By Tomoeh Murakami Tse

The Washington Post, February 15, 2007

Aflac said yesterday that it would become the first major U.S. company to give shareholders an advisory vote on executive compensation packages, bolstering investor groups that have vowed to push companies to change their governance practices at annual shareholder meetings this spring.

Aflac, the world's largest seller of supplemental health insurance, said it would allow shareholders a nonbinding vote on its corporate pay practices beginning in 2009 -- the first year that the company's proxy statement will contain the three years of compensation data required by the Securities and Exchange Commission's new disclosure rules. Aflac made its announcement after a proposal last year by one shareholder, Boston Common Asset Management.

"They're an early adopter," said Richard Ferlauto, director of investment policy at the American Federation of State, County and Municipal Employees, which supports the so-called say-on-pay resolutions. "We expect others will follow."

Such proposals are among the most controversial of the hundreds this year by major shareholders, who are emboldened by public furor over outsized executive compensation. Proponents say that even though the votes would be nonbinding, they would pressure companies to change compensation policy.

At least 50 companies will have votes on say-on-pay at shareholder meetings, up from seven last year, according to Institutional Shareholder Services, a proxy advisory firm in Rockville.

Other closely watched resolutions include a proposal to allow shareholders to run opposing board candidates and another to tie executive pay more directly to corporate performance. Many of the companies targeted are in the hot seat over executives' salaries or the practice of back-dating options.

Home Depot, still smarting from controversy surrounding the lucrative exit package given to its former chief executive, last week invited an activist shareholder to join its board, helping to avert a potentially nasty proxy fight. And dozens of prominent companies, including Lehman Brothers, Honeywell and Wells Fargo, have agreed to change how directors are elected.

ISS said that since 2003, when investors began pushing for election by a majority of shareholder votes, about 200 companies have adopted some form of majority voting.

"I think 2007 represents something of a tipping point," said Stephen M. Davis, a fellow at the Yale University's center for corporate governance. "Smart companies see the writing on the wall."

Still, some corporations remain unyielding. So far this year, companies have successfully sought the SEC's approval to keep at least 40 of the 630 corporate governance-related proposals submitted by shareholders from coming to votes, according to ISS. Dozens more are trying.

Companies say though they have worked with investor groups to ensure best corporate governance practices, some proposals focus on narrow agendas that are costly and distracting to board members.

"It goes counter to what should be the fundamental question: What are the systems of governance in place that assure companies can grow and create more jobs and create greater shareholder value?" said John J. Castellani, president of Business Roundtable, an association in the District of chief executives of major U.S. companies. "We would rather have shareholders focus on shareholder value."

Hewlett-Packard, the computer maker under investigation for using private investigators to obtain personal phone records, has satisfied shareholder concerns about disclosure of political contributions but tried to exclude a proposal that would allow dissident shareholders to run board candidates. The SEC recently declined to act on HP's request to keep the measure off the ballot, and shareholders are scheduled to vote on it at a March 14 meeting.

An HP spokesman declined to comment. In the company's proxy statement, the board of directors recommends a vote against the proposal, in part because its approval could lead to "the election of 'special interest directors' who represent the interests of the stockholders who nominated them, not the interests of all HP stockholders."

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AT&T has sought guidance from the SEC about omitting from its proxy ballot a proposal to allow an advisory vote on corporate compensation practices. The SEC has not yet responded, said spokeswoman McCall Butler, who said that the company planned to keep the resolution off the ballot. Butler said the company is having dialogue with shareholders, and that a "blanket 'yes' or 'no' " vote on compensation would not provide useful feedback for the board.

Nonetheless, as the negotiations reach their peak before the annual shareholder meetings, compensation consultants and investor groups say the shift in the climate has altered the dynamic between boardrooms and shareholders.

One reason activist shareholder groups -- mainly pension funds and labor groups -- will walk into the meetings with a bit more swagger this year is that new SEC rules require companies to offer more information about pay. Such disclosures would give shareholders a better idea of the total compensation granted to senior management, and could show that $200 million packages such as the one former Home Depot chairman and chief executive Robert L. Nardelli got last month are in place at dozens of companies, some corporate governance experts said.

"Boards are realizing that they need to step up and change their standards," said Ed Durkin, director of corporate affairs for the United Brotherhood of Carpenters and Joiners. "The way people may express their anger at some of those numbers is to vote on resolutions that relate to compensation."

Rep. Barney Frank (D-Mass.), chairman of the House Committee on Financial Services, said yesterday that he will hold a hearing March 8 on strengthening the role of shareholders in setting executive compensation.

Maryland state Sens. Paul Pinsky and Richard S. Madaleno Jr. last week introduced a bill that would prohibit a company from deducting executive compensation as a business expense if it was more than 30 times the pay of its lowest-paid employee. President Bush told a group of business executives on Wall Street recently that they "need to pay attention to the executive compensation packages that you approve."

All this, investor groups say, could motivate companies to avoid public votes on controversial proposals by cutting deals with investors before the meetings.

Durkin's group has made more than 120 proposals, 72 of them on majority voting. He expects to have settled more than half by the start of proxy season, up from the 25 percent settlement rate on the issue last year.

"There's significant engagement with companies now," said Ferlauto, the AFSCME official. "Companies are realizing the disclosures that they'll be making and are meeting with shareholders early on to try to explain away the outsize compensation payments of CEOs."

Germany Battling Rising Tide Of Corporate Corruption (NYT)

By Carter Dougherty

The New York Times, February 15, 2007

FRANKFURT, Feb. 14 — Wolfgang Schaupensteiner has never been so busy.

From an office in downtown Frankfurt that is decorated with cartoons about corruption, Mr. Schaupensteiner has headed the tiny financial crime unit for this city, Germany's financial capital, since 1993. These days, his backlog of bribery, fraud and other white-collar crime cases runs into the hundreds, and he says he has a simple explanation as to why.

Corporate profits have surged across sectors ranging from finance to autos to energy, as German executives have turned the country into one of the world's largest exporters over the last five years. Illicit dealings helped create their success, he asserts, and that in turn has encouraged many executives to believe that crime does pay.

On Wednesday, prosecutors in the southern city of Nuremburg raided multiple locations of the offices of Siemens, one of the country's most prominent companies, on suspicion that certain bribes may have been concealed as payments for services that were never provided.

In recent months, DaimlerChrysler, BMW and Volkswagen have also been raided, put under investigation or even had employees taken into custody.

"Globalization has become a motor for corruption in Germany," asserted Mr. Schaupensteiner, 58. "It creates dangerous potential if you do not control it." Exports drove the German trade surplus to record levels in 2006, helping push up the country's benchmark stock index, the DAX, almost 20 percent over the last year. Rising corporate profits have meant higher tax receipts for

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a money-starved government in Berlin, but little of that money is helping Mr. Schaupensteiner tackle the corruption he says is also increasing with all this financial success.

Mr. Schaupensteiner and anticorruption activists argue that as profits earned abroad have increased, employees of German companies may have become more tempted to accept bribes and also to give bribes to win business. Europe only recently banned such practices.

This is in contrast to the foreign bribery laws in the United States, which, for 30 years, have restricted all American employees, regardless of where they conduct business.

At the very least, there has been a marked rise in the number of high-profile cases being prosecuted recently, and some of those have reached into the executive offices at the most prominent German companies.

In the fall, an employee of the luxury automaker BMW was jailed for accepting bribes from an auto parts supplier. And American authorities are investigating whether DaimlerChrysler employees made improper payments in Africa and Asia.

Germany's federal police service, BKA, registered nearly 90,000 cases of such crime in 2005, a 10 percent increase over the previous year, and a survey by the auditing giant KPMG concluded that 80 percent of all crimes in Germany go unreported.

Siemens, the engineering conglomerate based in Munich, is facing one of the worst bribery scandals in its history. Marc Langendorf, a Siemens spokesman in Munich, said the raid Wednesday involved "a new case" beyond the Munich investigation, but declined to provide further details.

But German prosecutors in Munich, along with the Securities and Exchange Commission and the Justice Department in the United States, are investigating a number of Siemens employees for possible crimes that include the suspected creation of about 400 million euros ($520 million) in slush funds for bribes to secure commercial contracts abroad.

"Corruption between buyers and sellers in Germany and bribery abroad is probably on the rise," said Hansjörg Elshorst, director of the German chapter of Transparency International, the anticorruption group.

It is not clear, though, that Germany is markedly different from its European peers, experts say. On a 2006 index compiled by Transparency International that measures perceptions of how corrupt countries are, Germany ranks 16th, suggesting it is more corrupt than Austria, Sweden or Britain.

Another index showed that those surveyed — principally business executives — see German companies as less likely to pay bribes than their colleagues in France or Spain.

But anticorruption activists and prosecutors also say that this recent wave of corruption cases may reflect lax legal compliance rules at the companies. Others say that the rising number of cases may simply reflect more aggressive prosecution.

"The number of cases is bound to go up the closer you look," said Mark Pieth, a professor of criminology at the University of Basel who specializes in bribery prevention, and runs a study group on the subject for the Organization for Economic Cooperation and Development. "There has to be a phase until you get over the hill, a phase in which you are constantly finding new cases."

Since the creation of the 1997 treaty against foreign bribery by private companies, the Paris-based O.E.C.D. has monitored investigations in this specific area. The United States alone has about 50 cases running, reflecting the fact that it has had such rules for 30 years in the Foreign Corrupt Practices Act.

All of Europe, by contrast, has only about 100 cases under way, according to the O.E.C.D.

Only in 1997 did Germany pass laws giving prosecutors discretion to bring cases themselves. A few years later, with the negotiation of the O.E.C.D. convention on acts of bribery abroad, Mr. Schaupensteiner and his team obtained a new legal means to prosecute such cases of bribery conducted abroad by German companies similar to the longstanding American law.

That rule change made all the difference for Mr. Schaupensteiner, who had never touched a dossier on economic crime until he founded the Frankfurt office in 1993. Previously, he had been a judge specializing in antitrust cases. But even then his four-member team was not allowed to prosecute a case until the company itself referred it to them.

That was a "rare event," he notes, wryly.

Now, German prosecutors and judges agree that they have enough resources to highlight individual cases, but not enough resources to prosecute all the cases fully. The German attorney general recently surveyed prosecutors and found the response overwhelming: they need more hands on deck.

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Law enforcement officials hope the current spate of scandals will prompt a serious, systematic effort by German companies to impose more stringent internal controls and systems of legal compliance to stop corruption from happening in the first place.

"Experience tells us that after the headlines go away and the excitement dies down, it's back to business," Mr. Schaupensteiner said.

There are some precedents for success, though. The chemical giant BASF was caught participating in a huge conspiracy to fix the prices of vitamins — a reaction to cheap competition from Asia — and paid half a billion dollars in fines to governments on both sides of the Atlantic.

"It generated some very serious thoughts about how to do compliance," said Michael Grabicki, a BASF spokesman. "That led to a serious program."

Now, BASF has a compliance program that Transparency International has praised. In 2003, it appointed one of the first chief compliance officers in Germany, and now trains certain employees about a range of legal issues that include money laundering and bribery.

Still, anticorruption experts say that throughout Europe, BASF stands out as more the exception than the rule.

"The giants have to understand they have to rewrite their compliance systems and train people," Mr. Pieth, the Basel professor, said, "but many of them are very slow to realize this."

The publicity, however, helps the campaign against corruption because it could prompt companies to increase internal scrutiny and prosecutors to be vigilant. Hansjörg Elshorst, director of the German chapter of Transparency International, says the discussion about new laws to fight corruption, and a few examples of it, might be just what the country needs.

"In the last five years, the notion that we need to prosecute economic criminality took on an entirely new dynamic," Mr. Elshorst said. "Every society has moments in time where they wake up to the presence of corruption. That has happened here, too."

CRIMINAL LAW:

Libby Ends Abbreviated Defense Testimony (NSDY/AP)

By Associated Press

Long Island Newsday, February 15, 2007

Libby's attorneys rested a trimmed down defense Wednesday after the judge barred much of their classified evidence because Libby decided not to testify in his perjury trial.

Special Prosecutor Patrick Fitzgerald wrapped up the government's rebuttal in minutes.

That clears the way for the jury to hear closing arguments next Tuesday over whether the former chief of staff to Cheney lied to the FBI and a grand jury about whether he leaked to reporters in 2003 that Valerie Plame, the wife of prominent Iraq war critic Joseph Wilson, worked for the CIA.

In 14 days of testimony, the trial never filled an overflow courtroom, with a video hookup, to handle the crowds expected -- particularly for the cross-examination of Libby and Cheney.

Nevertheless, testimony showed that Cheney was intimately involved on a daily basis in July 2003 in rebutting Wilson's allegations that President Bush had lied about intelligence to push the nation into war with Iraq.

Cheney was described by his own aides as particularly upset that Wilson suggested the vice president knew one key justification -- that Iraq was seeking uranium in Africa for nuclear weapons -- had been debunked by Wilson in 2002.

The defense put in a handwritten note in which Cheney told the White House press secretary to exonerate Libby in the leak and not sacrifice him to protect Bush's top political adviser, Karl Rove.

The trial also brought top-level Washington reporters, including five Pulitzer Prize winners, and some of their usually unidentified government sources into the courtroom. The defense, with limited direct evidence to rebut the government's case, used these witnesses to raise questions about the memory, techniques and ethics of reporters who had testified against Libby.

In the process, they illuminated the interactions between top reporters and officials.

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The government case marched chronologically through the tumultuous spring and summer of 2003, when the administration was embarrassed that U.S. forces in Iraq had not found any of the weapons of mass destruction that Bush had used to justify the war.

Fitzgerald's goal was to render Libby's statements to the FBI and the grand jury unbelievable.

Libby acknowledged that he was first told of Plame's CIA job by Cheney on June 12, 2003, but he claims that he forgot it amid the many national security issues he dealt with. Libby told investigators that he thought he was hearing about her job for the first time on July 10 from NBC Washington bureau chief Tim Russert and thereafter only told reporters he had heard about the job from other journalists.

Russert testified he and Libby never talked about Plame at all.

An undersecretary of state, a CIA official and Cheney's own top press aide all testified they told Libby about Plame's job between June 11 and July 6. Another CIA official said Libby discussed her job with him before the Russert call.

Former White House press secretary Ari Fleischer testified that Libby told him about Plame's job just three days before the Russert conversation.

Then former New York Times reporter Judith Miller and former Time magazine reporter Matt Cooper testified Libby told them that Wilson's wife worked at the CIA and had the idea for sending Wilson on a trip to Africa to investigate the uranium report. Wilson had suggested Cheney's questions were the reason for his trip.

Finally the prosecution called an FBI agent to testify about Libby's denials of leaking and played eight hours of his grand jury testimony denying he leaked.

The defense called six reporters who talked to Libby in that period but didn't recall hearing anything about Plame from him. None, however, could recall specifically asking about her.

They introduced evidence of memory flaws on the part of Miller and Russert, and questioned whether Russert had it in for Libby because the case got Russert subpoenaed to discuss confidential sources. One defense witness, Washington Post reporter Walter Pincus, testified Fleischer leaked Plame's job to him, directly contradicting Fleischer's denial of that under oath. An FBI agent recalled that Russert wasn't able to completely rule out that he and Libby discussed Plame.

Judge Deals Setbacks To Libby Defense (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 15, 2007

WASHINGTON — I. Lewis "Scooter" Libby's decision not to testify in his perjury case backfired today when a federal judge ruled that his lawyers could not introduce once-classified details of his workload without Libby taking the witness stand.

The ruling by U.S. District Judge Reggie B. Walton was one of two setbacks for the defense as it finished presenting evidence in the case without calling any additional witnesses. Walton set closing arguments for Tuesday, and said the jury would likely start deliberating next Wednesday.

Offering barely two days of testimony, the defense strategy appeared to reflect a hope and belief among Libby's lawyers that the government had failed to meet its burden of proving their client's guilt beyond a reasonable doubt.

Libby is charged with covering up his role in leaking information about the wife of a Bush Administration critic to journalists in summer 2003. He has conceded he may have misspoken to authorities but says that is because he was consumed with more important duties as the chief of staff to Vice President Dick Cheney.

During the trial, his lawyers have shown that some government witnesses had memory problems of their own, and that information about CIA operative Valerie Plame, the wife of former envoy Joseph C. Wilson IV, was known to other journalists, who got the information from sources other than Libby.

But the so-called busy-man defense suffered a blow today when Walton rejected a defense bid to have admitted into evidence summaries of classified materials by CIA employees who had regularly briefed Libby on intelligence matters.

The summaries were meant to buttress the argument that the weighty issues Libby was handling fogged his ability to recall details about Wilson and Plame. The materials were prepared before the trial after months of sensitive negotiations between Walton and the lawyers and intelligence authorities about what could become public.

Walton said today that he always understood that the information could become public only if Libby testified. The judge said it would be unfair to the government to now allow the jury to hear the evidence without giving prosecutors the opportunity to cross-examine Libby.

Libby's lawyer, Theodore Wells Jr., who announced Tuesday that neither Libby nor Cheney would be called as witnesses in the trial, said in court today that the information should still be permitted. He asserted that, by requiring Libby to take the stand in his own behalf as a condition for introducing the evidence, the judge was putting an "impermissible burden" on the client's right under the Constitution to a fair defense.

But Walton said to allow that would encourage gamesmanship.

"If the court of appeals wants to tell me that this kind of process can occur ... I think we turn this whole process into a game. It's too much of a game now," the judge said.

"If I get reversed on that one, maybe I need to hang up my spurs," Walton added. "I am convinced that is not a winning position."

The defense rested today without calling the CIA witnesses but with a lawyer reading a list of some of the matters that Libby was dealing with at a time when the government says he was focused on rebutting Wilson.

The lawyers also introduced articles from the Wall Street Journal and National Review, which included criticism of the three-year federal probe that led to Libby being charged.

Wilson wrote an op-ed in the New York Times on July 6, 2003, which accused the Bush Administration of twisting pre-war intelligence in Iraq. Plame was identified eight days later in a newspaper column by syndicated columnist Robert Novak.

The trial has turned up new details of the involvement of both Cheney and Libby in discrediting Wilson, which likely would have subjected them to tough questions by prosecutors had they testified.

Walton also rejected a defense request to raise further questions about the credibility of "Meet the Press" moderator Tim Russert. Russert is one of three journalists who had conversations with Libby that authorities say Libby subsequently lied about when speaking to investigators. Libby has asserted that it was Russert who first gave him information about Plame, an assertion that Russert denied in court last week.

The defense has claimed that Russert received special treatment from the government because he was allowed to give a statement under oath in his lawyer's office rather than appear before the grand jury.

Wells asked Russert last week about whether he knew whether lawyers were permitted to accompany their clients into the grand jury room. Russert responded that he did not know.

Wells said this week that he had uncovered three videotapes of Russert appearing to know full well that lawyers were barred from the grand jury, including a television appearance he made relating to the Monica Lewinsky case during the Clinton Administration. Wells said he wanted to show them to the jury to discredit Russert.

Walton declined to permit it, saying that the apparent contradiction did not go to the heart of the testimony that Russert offered, including discussions he had with Libby.

Saying He Was Misled By Defense, Judge In Libby Case Puts Some Evidence Off-Limits (NYT)

By Neil A. Lewis

The New York Times, February 14, 2007

The lawyers defending I. Lewis Libby Jr. against perjury charges rested their case on Wednesday, but not before suffering a series of defeats in rulings by the presiding judge.

The judge, Reggie B. Walton, expressed in the strongest terms yet that he had been misled by the defense team about whether Mr. Libby would take the stand in his own defense.

Judge Walton said he “believed all along in the process that Mr. Libby was going to testify” and that his lawyers were now “playing games with the process.”

He made his remarks out with the jury out of the courtroom as he ruled that the defense would no longer be able to use some evidence, including something the jury had already heard: a statement the government agreed to saying Mr. Libby, as chief

of staff and national security adviser to Vice President Dick Cheney, "worked long hours, received daily intelligence briefings and attended many meetings concerning important matters of national security."

Mr. Libby faces five felony charges that he lied to a grand jury and F.B.I. agents investigating the leak of the identity of a C.I.A. operative, Valerie Wilson, to reporters in the summer of 2003 .

Mr. Libby denied under oath that he had passed information to reporters about Ms. Wilson, and his lawyers have put forward as a part of his defense the assertion that he was too preoccupied with the crush of vital national security issues to have remembered any conversation about Ms. Wilson or her husband, Joseph C. Wilson IV, a former ambassador.

Judge Walton said his ruling meant that the chief defense lawyer, Theodore V. Wells Jr., would not be able to make that argument to the jury. Mr. Wells will be permitted to tell the jury that Mr. Libby had "a lot on his plate," Judge Walton said. But because Mr. Libby is not testifying, Mr. Wells cannot argue that those issues were of greater importance in Mr. Libby's mind "as compared to the issue of Valerie Plame and Ambassador Wilson."

The identity of Ms. Wilson, who is also known by her maiden name, Valerie Plame, first became public in July 2003 after The New York Times published an Op-Ed article by Mr. Wilson saying the White House had distorted intelligence to justify invading Iraq.

The conclusion of the defense case means the jury will hear closing arguments when they return on Tuesday and will probably begin deliberating Wednesday after instructions from the judge.

Before the jurors departed on Wednesday afternoon, they filed into the courtroom, all but one wearing bright red T-shirts with a white valentine heart over their clothes, to the uncertain laughter of many in the courtroom.

But as one juror, a retired North Carolina schoolteacher, rose to speak, Judge Walton became visibly anxious that the juror might say something inappropriate that could threaten the trial. Jurors are not supposed to speak and are supposed to make any concerns known through notes to the bench.

The juror said they were wearing the shirts to express their fondness for the judge and the court staff on Valentine's Day. He then added, to the judge's growing discomfort, that they were unanimous in this sentiment, but they would all be independent in judging the evidence in the Libby case.

The sole juror who apparently declined to wear the shirt was a woman who had been a curator at the Metropolitan Museum of Art.

In their three-day presentation that concluded on Wednesday, defense lawyers offered a spare and indirect attack on the prosecution's case. In addition to keeping Mr. Libby off the stand, they announced they would not present Mr. Cheney as a witness. The possibility of Mr. Cheney's taking the stand was strongly suggested by the Libby team as well and was greatly anticipated as the first time a sitting vice president was to testify in a criminal trial.

The prosecution, beginning three weeks ago, presented testimony from Mr. Cheney's former communications director, a senior state department officials and two C.I.A. officials who said they had told Mr. Libby about Ms. Wilson. They also presented the testimony of two reporters who said Mr. Libby had discussed Ms. Wilson with them.

The testimony of a third reporter, Tim Russert of NBC News, was a pivotal part of the prosecution case, and defense lawyers tried in vain on Wednesday to persuade Judge Walton to have him recalled in order to challenge his credibility.

The judge ruled against two motions for Mr. Russert's recall. Mr. Russert, in his testimony, said he had not told Mr. Libby about Ms. Wilson, as Mr. Libby had asserted.

Mr. Wells had argued that Mr. Russert may have been biased in favor of the government because of an agreement his lawyer reached with prosecutors. Before Mr. Russert agreed to testify for the government, he challenged the subpoena from Patrick J. Fitzgerald, the chief prosecutor, arguing that his testimony would violate deeply-held principles that a reporter should not discuss his confidential conversations.

But at the time, Mr. Russert had already talked with the F.B.I. about his conversations with Mr. Libby, and Mr. Wells asserted that Mr. Fitzgerald had agreed not to raise the matter because it would have exposed Mr. Russert as a hypocrite, undercutting his television statements that he was standing up for the First Amendment.

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Judge Walton took the unusual step of questioning Mr. Russert's lawyer, Lee Levine, who said he and Mr. Russert had never discussed the agreement with the prosecutor not to raise the conversation with the F.B.I. agent. Judge Walton then ruled it was irrelevant to the case.

Mr. Libby's lawyers vigorously protested Judge Walton's rulings, intent on creating an appeals record if Mr. Libby is convicted.

Judge Walton said he would be shocked if he were reversed on appeal over his rulings about Mr. Libby's not testifying.

If that happens, he said, "I'll hang up my spurs."

Defense Attorneys Rest Libby's Case (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 15, 2007

Attorneys for I. Lewis "Scooter" Libby rested their defense in his perjury trial yesterday after giving jurors a stripped-down version of their case that the vice president's then-chief of staff was too preoccupied with sensitive national security issues in 2003 to remember conversations he had about undercover CIA officer Valerie Plame.

Shortly before testimony ended in the five-week trial, the presiding judge blocked defense attorneys from presenting the testimony of their proposed final witnesses -- CIA employees who briefed Libby each day on crises and terrorist threats around the world.

Defense attorneys wanted the briefers to provide the jury with vivid details of the confidential intelligence on foreign affairs that Libby was juggling. Their testimony, which would have relied on classified information that the judge had approved for admission at the trial, was intended to reinforce the central argument of Libby's defense: that he did not deliberately lie to investigators about his role in the disclosure of Plame's identity to journalists but inaccurately remembered it because it was trivial in comparison with the weighty issues before him.

But U.S. District Judge Reggie B. Walton sided with prosecutors, who argued that it would be unfair to allow such testimony because Libby had decided not to testify and could not be cross-examined.

"With him not testifying, I think the landscape has changed . . . significantly," Walton said outside the presence of the jury. "I don't think it would be appropriate in any way" for jurors to hear about Libby's briefings unless prosecutors can quiz the defendant about their significance to him, Walton said.

Libby is charged with lying to investigators about his role in the leak of Plame's name. Prosecutors contend that he deliberately obscured his role in a White House campaign to discredit Plame's husband, former ambassador Joseph C. Wilson IV, by suggesting that nepotism was the reason the CIA dispatched Wilson to Africa in 2002.

Wilson was sent to Niger to investigate reports that Iraq had tried to buy nuclear material there. He concluded that the reports were false and later accused President Bush of twisting his findings to justify the war in Iraq.

Libby's attorneys contend that Libby merely suffered from a faulty memory.

Instead of putting the briefers on the stand, defense attorney John Cline read jurors a lengthy list, approved by both sides, of the issues that CIA briefer Craig Schmall shared with Libby on the morning of June 14, 2003. Schmall testified earlier in the trial that his notes indicate that was the day Libby mentioned Wilson to him.

Cline also read jurors a list of the national security issues confronting Libby between May 2003, when Vice President Cheney first told him about Plame, and March 2004, when Libby appeared before a federal grand jury investigating the leak of her identity.

Another defense attorney read jurors portions of a Wall Street Journal editorial and two National Review articles that were in Libby's files. All three reinforced the defense's contention that Libby did not regard Plame's identity as secret.

A third defense attorney read parts of a report on an interview with Tim Russert, NBC News's Washington bureau chief, conducted by the FBI agent who once headed the leak investigation. The report contained nuances that differed from the testimony last week of Russert, the prosecution's most pivotal witness.

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The defense ended its case less than three days after it began. The prosecution completed its rebuttal case within minutes. On Tuesday, Libby's attorneys announced that they would not call the two men they had indicated would be their star witnesses: Libby and Cheney.

Walton told jurors that prosecutors and defense attorneys are scheduled to deliver the closing arguments in the case on Tuesday and that the jury probably will begin its deliberations the next day.

Libby Trial Reveals The Politics Of Reporting (LAT)

By Greg Miller

The Los Angeles Times, February 15, 2007

WASHINGTON — In the trial of former White House aide I. Lewis "Scooter" Libby, the nation's capital comes across as a landscape dominated by high-ranking government officials trying to leak news and high-profile reporters trying to get news.

They are codependent breeds, each expert at manipulating the other. And yet both sides often fail.

One of the signature moments in the case came this week, when veteran Washington Post reporter Walter Pincus was asked about the difficulty of getting top government officials to talk to him.

"Well, they'll talk to me," Pincus testified. "They just won't give me information."

The 2-week-old Libby trial has provided an unprecedented look into the transactions between reporters and government officials. Jurors have heard detailed testimony on — and sometimes audiotapes of — conversations between reporters and sources that were supposed to have been conducted in secret. They have been given impromptu tutorials on the arcane rules of sourcing, learning the subtle differences between "off the record" and "deep background."

The testimony is supposed to help jurors reach a verdict on whether Libby lied to investigators about his role in leaking the name of a clandestine CIA officer to the media. But in many ways, the trial has shed more light on the ways of Washington, exposing the often messy means by which reporters gather information, and the sometimes ignoble motives of those who provide it.

"I don't think there has ever been a trial in which you had a parade of the most famous journalists in the country basically being put on the stand and told to talk about the way they do their jobs," said Alex Jones, head of the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard University. "What's been described is the way that Washington works."

Or doesn't.

The lament from Pincus was one of dozens of complaints lodged over the last few weeks by reporters and government officials over their inability to get the other side to cooperate.

Syndicated columnist Robert Novak, who triggered the criminal investigation by publishing the identity of a CIA officer married to a critic of the Bush administration, testified about his cozy relationship with such Republican higher-ups as White House advisor Karl Rove.

But at the same time, he said he had spent three fruitless years trying to land a single interview with former Deputy Secretary of State Richard L. Armitage.

"He had not only declined," Novak said, "but indicated it wasn't because he was too busy. He just didn't want to see me."

Armitage finally came through in 2003 — long after, Novak said, he had given up. Almost out of the blue, Novak said, the top aide to then-Secretary of State Colin L. Powell called the conservative columnist to help blunt mounting criticism of the Bush administration's claim that Iraq had sought to purchase uranium in Africa with designs on developing nuclear weapons.

During his conversation with Novak, Armitage revealed that the administration critic, former U.S. diplomat Joseph C. Wilson IV, was married to a CIA operative.

Even Bob Woodward, whose fame and influence in the capital have only grown since he became known for his lead role in uncovering the Watergate scandal for the Washington Post 35 years ago, admitted under oath that sometimes he struck out. While researching a book that was largely complimentary of the White House, Woodward said, he had scheduled an interview with Vice President Dick Cheney in late 2003.

But Cheney backed out at the last minute after Woodward submitted three pages of questions. "I had overplayed my hand and sent him too many," Woodward said.

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From the other side, former White House Press Secretary Ari Fleischer voiced frustration earlier in the trial with his struggles to get reporters to listen.

In particular, Fleischer testified about trying to counter the attacks of Wilson, who had traveled to Africa to investigate claims that Iraq had sought to purchase uranium there. Fleischer said he told reporters that Wilson had been sent on the mission by his wife, who worked at the CIA. The reporters barely raised an eyebrow.

"It was a big 'so what,' " Fleischer said. "It was like a lot of things that I said to the press. It had no impact."

Some experts expressed concern that the trial's repercussions could go beyond damaged reputations. In particular, they worry that the success lawyers in the case have had in compelling testimony from reporters could undermine journalists' ability to cultivate sources and cover important issues.

"This has really devolved into a demonstration that you can put journalists on the stand and force them to testify," Jones said. "That's not in the best interests of this country."

Reporters rarely have been compelled to testify or reveal their sources in criminal trials. But on Monday, six journalists took the stand in rapid succession, each disclosing details of conversations they had had with sources who spoke on condition of anonymity.

Aware of the stakes, almost every reporter who has testified has offered a nuanced explanation seemingly aimed more at potential sources than at sitting jurors. Several dwelt on their efforts to get a "personal waiver" from Libby or other sources, meaning permission to violate the initial terms of the interview.

At one point, Woodward interrupted one of the lawyers in the case so that he could recite his rationale for testifying.

"Mr. Armitage has released me and said I can testify about it," Woodward said. "He's gone so far as to request that I testify and offer information."

In one of the more remarkable moments of the trial, defense attorneys played portions of an audiotape Woodward had made of his interview with Armitage in June 2003, in which the senior State Department official disclosed the identity of Wilson's wife, Valerie Plame, during an exchange that was edited for jurors, deleting expletives.

Like most of the encounters described during the trial, the Armitage interview was initially conducted on "background," a term that generally means the reporter is allowed to use the information, but cannot attribute it to the source by name.

Reporters were also frequently asked to explain to jurors other journalistic terms of art, including "off the record" and "deep background." Underscoring the extent to which journalists rely on the ability to grant anonymity to their sources, Washington Post reporter Glenn Kessler testified that his job would be nearly impossible to do under any other circumstances.

"Almost every single conversation I have in Washington is on background," Kessler said.

For Liberal Bloggers, Libby Trial Is Fun And Fodder (NYT)

By Scott Shane

The New York Times, February 15, 2007

The perjury trial of I. Lewis Libby Jr., former top aide to Vice President Dick Cheney, has drawn every major news organization in the country to the federal courthouse in Washington. But none has fielded a bigger team — or was more openly crushed by the defense decision this week not to put Mr. Cheney and Mr. Libby on the stand — than Firedoglake.com.

Even the Web-savvy may ask, Fire dog what? A collective of liberal bloggers, fueled by online donations and a fanatical devotion to the intricacies of the Libby case, Firedoglake has offered intensive trial coverage, using some six contributors in rotation. They include a former prosecutor, a current defense lawyer, a Ph.D. business consultant and a movie producer, all of whom lodge at a Washington apartment rented for the duration of the trial.

All day long during the trial, one Firedoglake blogger is on duty to beam to the Web from the courthouse media room a rough, real-time transcript of the testimony. With no audio or video feed permitted, the Firedoglake “live blog” has offered the fullest, fastest public report available. Many mainstream journalists use it to check on the trial.

But the bloggers’ fun is almost over. Mr. Libby’s lawyers rested their case yesterday shortly after the judge said he had been misled about whether Mr. Libby would take the stand. [Page A27.]

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For blogs, the Libby trial marks a courthouse coming of age. It is the first federal case for which independent bloggers have been given official credentials along with reporters from the traditional news media, said Robert A. Cox, president of the Media Bloggers Association. Mr. Cox negotiated access for the bloggers.

"My goal is to get judges to think of bloggers as citizen journalists who should get the same protections as other journalists get," Mr. Cox said.

He acknowledged that the Libby case had vividly illustrated the limits on those protections, as one reporter, Judith Miller, formerly of The New York Times, went to jail and others were forced to testify about once-confidential sources.

With a yeasty mix of commentary, invective and inside jokes, Fire-doglake has seen its audience grow steadily during the trial, reaching 200,000 visitors and requiring an additional computer server on its busiest days — like Tuesday, with the revelation that Mr. Cheney would not appear.

"After all that, Shooter lets me down," wrote Jane Hamsher, creator of Firedoglake and organizer of its trial team. Mr. Cheney is nicknamed on the blog for his infamous hunting accident, which handily rhymes with the nickname for his former aide, Scooter.

At Firedoglake and other sites on the left, Patrick J. Fitzgerald, the prosecutor, comes across as a righteous avenger, exposing the perfidy of Mr. Libby in particular and the Bush White House in general.

Over on the right, meanwhile, conservative bloggers portray Mr. Fitzgerald's case against Mr. Libby as a gratuitous exercise that is slowly coming apart. At American Thinker, Clarice Feldman has repeatedly taken aim at the prosecution's most important witness, the host of NBC's Meet the Press.

"Tim Russert has some explaining to do," Ms. Feldman, a lawyer sitting in on the trial this week, wrote of the host in her blog.

Sheldon L. Snook, the court official in charge of the news media, said the decision to admit bloggers — 5 to 10 of about 100 reporters present on busy trial days — has worked out well.

"It seems they can provide legal analysis and a level of detail that might not be of interest to the general public but certainly has an audience," Mr. Snook said.

Even as they exploit the newest technologies, the Libby trial bloggers are a throwback to a journalistic style of decades ago, when many reporters made no pretense of political neutrality. Compared with the sober, neutral drudges of the establishment press, the bloggers are class clowns and crusaders, satirists and scolds.

"They're putting in a lot more opinion and a lot more color than the traditional reporters," said Mr. Cox, adding that the bloggers were challenging "the theory of objective journalism."

Like the newspaper and network reporters, the bloggers have alternated between sitting in on testimony in Courtroom 16 and watching the video feed to the media room, where laptops are allowed.

In the courthouse, the old- and new-media groups have mixed warily at times. Mainstream reporters have shushed the bloggers when their sarcastic comments on the testimony drowned out the audio feed. But traditional reporters have also called on the bloggers on occasion to check a quote or an obscure detail from the investigation.

Some bloggers at the trial have seen their skepticism about mainstream reporting confirmed.

"It's shown me the degree to which journalists work together to define the story," said Marcy Wheeler, author of a book on the case, "Anatomy of Deceit," and the woman usually in the Firedoglake live-blogger seat.

Ms. Wheeler, a business consultant from Michigan who writes under the nom-de-blog "emptywheel," believes that some trial revelations have been underplayed in the conventional media because "once the narrative is set on a story, there's no deviating from it."

Ms. Hamsher, 47, created Firedoglake on a shoestring — its major expense is a $200-a-month charge for Web hosting. Online donors are paying trial coverage costs, including the travel expenses of the bloggers and the $3,500 a month rent on the Washington apartment, dubbed Plame House after Valerie Plame, the maiden name of the C.I.A. operative whose exposure led to the criminal investigation and Mr. Libby's indictment.

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The bloggers, some of whom are taking vacation or have flexible work schedules, are all unpaid. Ms. Hamsher describes the blog as "a collective watering hole" where contributors with diverse expertise "scour every possible source for information and then pool their resources."

Its name is easily explained, she said: "I like lying in front of the fire with my dogs and watching the Lakers."

A movie producer best known for "Natural Born Killers," Ms. Hamsher, who recently moved to Middletown, Conn., from California, arrived at the trial just days after cancer surgery and is scheduled for chemotherapy after the verdict.

"I wasn't going to miss this," she said. Along with bloggers from the likes of Huffington Post and Daily Kos, Ms. Hamsher also does daily trial reports for politicsTV.com.

Last year, while working for the Democratic Senate candidate Ned Lamont in Connecticut, she publicly apologized after posting on the Huffington Post blog a doctored photo of Senator Joseph I. Lieberman, Mr. Lamont's opponent, in blackface. But she said that while she still worked on film projects, blogging was what really engaged her.

"There's a snarky, get-under-the-surface-of-things quality to it that's really me," Ms. Hamsher said.

In New Jersey, A Fight Over Budget Records Is Played Out In Secrecy (NYT)

By Ronald Smothers

The New York Times, February 15, 2007

TRENTON, Feb. 14 — For almost a half-dozen years, Christopher J. Christie, the United States attorney for New Jersey, has scoured the state, taking on one elected official after another. Now he is wrangling with an arm of the State Legislature, but what he wants and whether he will get it are being argued behind locked doors and cloaked in grand jury secrecy.

On Wednesday, the latest skirmish between Mr. Christie and the Office of Legislative Services, which serves as the Legislature's counsel and administrative arm, over a federal subpoena for records related to budget items was played out in a closed hearing in Federal District Court here.

Lawyers for both sides emerged poker-faced and tight-lipped from the 75-minute session before Judge Mary L. Cooper, saying that they could not comment on the hearing because it involved grand jury secrecy.

What is generally known about the federal investigation is that it revolves around the dealings of State Senator Wayne R. Bryant, a Democrat from Camden who was chairman of the Budget and Appropriations Committee until he stepped down last year under pressure from fellow Democrats.

The investigation, according to lawyers familiar with the case, may involve Mr. Bryant's legislative role as well as a $38,000-a-year job he held with the University of Medicine and Dentistry of New Jersey.

It is believed that investigators are trying to determine whether Mr. Bryant improperly steered millions of dollars in state grants to the university in exchange for what a federal monitor says was virtually a nonexistent job.

But the Office of Legislative Services is challenging the subpoena, contending that it violates the attorney-client privilege that it says exists between the office and the lawmakers it serves. The office is run by a bipartisan panel of 16 members, 8 each from the Senate and Assembly, and its professional staff is banned from political activity.

It is the bipartisan nature of the panel that has added a new wrinkle to New Jersey's latest political parlor game. A lawyer for Assembly Republicans, who in recent days have sharply criticized Democrats over what they say is a lack of cooperation with a possible corruption investigation, showed up in court on Wednesday.

The lawyer, Mark Sheridan, said he was there to try to intervene on behalf of Republicans who had not been consulted on the challenge to the subpoena. If attorney-client privilege was at issue, he said, Assembly Republicans should be part of the proceedings.

But Mr. Sheridan, who has represented the Republican Party in disputes over election law and other matters, left the locked courtroom five minutes after the hearing started. He declined to comment on how the judge had ruled on his request.

Democratic lawmakers, who control both houses of the Legislature, continue to insist, at least in private, that they are not generally opposing the subpoena. In fact, some noted that weeks ago legislative leaders complied with requests from the same grand jury for "budget-related" documents.

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And one lawmaker, speaking on the condition of anonymity, emphasized that the subpoena issued to the leadership was not aimed at individual legislators or at specific communications from them.

Indeed, trying to put their best possible face forward, Senate President Richard J. Codey and Assembly Speaker Joseph J. Roberts issued a joint statement on Tuesday saying that efforts by Mr. Christie's office "to root out corruption in this state should be applauded." They maintained that the challenge to the subpoena involved a "narrow issue" — which no one wants to talk about — that the office believed to be of constitutional significance.

Jeremy D. Frey, a former assistant United States attorney in New Jersey who is now in private practice in Philadelphia, said that one possible constitutional concern of the office was whether a subpoena from an agency of the executive branch to a legislative body might be a violation of the doctrine establishing separation of powers.

In the past, Mr. Frey said, when the Justice Department has sought documents from the Congressional Budget Office — a somewhat analogous situation — the issues have been worked out between the parties involved.

As for the legal ground that the Democrats in New Jersey are standing on, he said: "There are limits to what a grand jury can seek, but it is generally very broad, and there is a high threshold in challenging them. They can usually get whatever they need to investigate a possible crime or even to reassure themselves that no crime has been committed."

Gov. Jon S. Corzine seems to share that position. In comments on Monday, he said the Office of Legislative Services should waive the attorney-client privilege it was claiming and comply with the subpoena. And on Tuesday he asked Stuart J. Rabner, his attorney general and a former federal prosecutor in Mr. Christie's office, for a legal opinion on the issue.

According to David Wald, Mr. Rabner's spokesman, the attorney general demurred, saying that he had a conflict of interest because his office and Mr. Christie's had worked closely on corruption investigations and therefore was not neutral.

Legal Battle Over Subpoenaed Political Records Plays Out (NSDY/AP)

By Angela Delli Santi, Associated Press Writer

Long Island Newsday, February 15, 2007

TRENTON, N.J. -- Republican lawmakers ramped up pressure on the Legislature to hand over documents subpoenaed in a federal corruption investigation on Wednesday, as the U.S. Attorney's Office went to court to force the material to be released.

During a 75-minute hearing in Federal District Court, Judge Mary L. Cooper heard arguments on whether the Legislature's legal and research arm should be forced to turn over memos, e-mails and other documents that the U.S. Attorney's Office has subpoenaed and the Office of Legislative Services has refused to release.

The hearing was closed to the public and its contents sealed, and those involved in the case are barred from discussing what happened. It was not immediately clear what, if any, ruling the judge had made.

Prosecutors Josh Drew and William Fitzpatrick emerged from the courtroom saying they could not discuss the case, followed by Office of Legislative Services lawyer Edward Dauber, who also refused to talk to reporters.

Mark Sheridan, a lawyer for the Republicans, emerged part-way through the hearing saying he could not comment on what was happening inside the closed courtroom.

U.S. Attorney Christopher Christie said Tuesday he could not discuss any case that may be part of a grand jury proceeding.

Republicans, meanwhile, continued to urge Democrats to voluntarily release the documents Christie wants. They also demanded an accounting of the decision to fight the federal subpoena.

In a letter to Christie on Wednesday, Assembly Republican leader Alex DeCroce said all 31 Assembly Republicans oppose the decision to refuse to comply with the federal subpoena.

"After checking with every member of my caucus, I want the U.S. Attorney to know Assembly Republicans are united in the belief that the decision by the Office of Legislative Services to retain special counsel and challenge the federal subpoena in court is a colossal mistake," DeCroce said.

DeCroce also continued to call for an emergency meeting of the Legislative Services Commission, the 16 lawmakers who oversee OLS. Republicans are seeking an accounting of who decided to fight the subpoena rather than comply and who authorized the hiring of outside counsel.

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All eight Republican members of the group have called for the meeting, but a ninth member _ a Democrat _ needs to join the call before an emergency session can be called.

The U.S. Attorney is reportedly investigating whether any elected officials improperly directed money to select organizations. The current $30.8 billion state budget contains more than $270 million in "Christmas tree items," last-minute add-ons inserted mostly by members of the controlling Democratic Party.

The issue may have come to prosecutors' attention after a federal monitor accused state Sen. Wayne Bryant of steering millions in grants to the University of Medicine and Dentistry, where he held a no-show job. Bryant was head of the powerful Senate budget panel before stepping down last fall.

GOP Separates Itself From Battle Over Records (NSL)

By Josh Margolin And Robert Schwaneberg, Star-Ledger Staff

Newark Star-Ledger, February 15, 2007

Democrats' refusal to comply with subpoena called 'colossal mistake'

Republican Assembly leaders tried to distance themselves yesterday from efforts to keep confidential records out of the hands of the U.S. attorney in an ongoing federal corruption investigation.

The Assembly's GOP caucus at tempted to intervene in a closed- door hearing before a U.S. District Court judge in Trenton, where federal prosecutors were arguing to compel the Legislature to comply with a grand jury subpoena seeking internal documents.

At the same time, Republicans were continuing to push for a special meeting today of the Legislative Services Comm ission to look into the growing controversy over the subpoena.

The hearing before U.S. District Court Judge Mary Cooper came after the nonpartisan Office of Legislative Services rebuffed a subpoena for information in an investigation by U.S. Attorney Christopher Christie that began with a probe into the activities of state Sen. Wayne Bryant (D-Camden).

A federal monitor found that Bryant had a $35,000-a-year "no- work job" created for him at the University of Medicine and Dentistry of New Jersey. The monitor said Bryant performed little or no work and spent less than the minimum one day per week that he was required to be at the institution, while helping direct millions in additional state funding to the university.

Sources familiar with the investigation say it is not confined to Bryant.

Other subpoenas in connection with the investigation were served on the state Treasury Department and the Senate in October, attor neys for the Senate Democrats confirmed at the time. While Senate and Treasury officials had complied with the requests, the OLS maintained that the information being sought was privileged, and retained outside counsel to fight re lease of the documents.

The OLS, in addition to serving as a research and operations arm of the Assembly and Senate, also acts as counsel to the Legislature and its members.

Assembly Republican Leader Alex DeCroce (R-Morris) said yesterday all 31 members of his caucus op posed the decision not to comply with a federal subpoena.

"Assembly Republicans are united in the belief that the decision by the Office of Legislative Services to retain special counsel and challenge the federal subpoena in court is a colossal mistake," De Croce said. "It was done without our knowledge or support."

However, the attorney for the caucus, Mark Sheridan, left Cooper's fifth-floor courtroom yesterday just 15 minutes after the 2:15 p.m. hearing began -- an indication that the Republicans may have been denied their request to intervene.

"I cannot say anything at this point," Sheridan told nine reporters outside the courtroom. "The proceeding is sealed."

An hour later, Deputy U.S. At torney William Fitzpatrick and at torney Edward Dauber, the special counsel representing OLS, also left the courtroom but had little more to say.

"I can't discuss anything," Fitzpatrick said.

The proceedings are under seal because they are part of a grand jury investigation.

Democratic legislative leaders say they believe the scope of the OLS subpoena remains narrowly focused, and may not suggest a broader investigation into the Legislature itself -- although they have not seen the subpoena, nor been briefed by the U.S. attorney.

Several legislative officials and budget officers, meanwhile, have been interviewed by the FBI in re cent weeks.

Staff writer Ted Sherman contributed to his report.

Hearing Concludes Over OLS-rebuffed Subpoena (APP)

By GREGORY J. VOLPE, GANNETT STATE BUREAU

Asbury Park (NJ) Press, February 15, 2007

Lawyers decline comment after closed-door session

TRENTON -- Lawyers for the U.S. Attorney's Office and the state Office of

Legislative Services left after a one-hour, twenty-minute hearing today before a federal judge without saying anything about the federal subpoena that OLS is reportedly blocking.

The two sides met before U.S. District Judge Mary Cooper concerning a subpoena

related to a grand jury investigation of whether lawmakers used their positions to

illegally steer state grants to entities for personal or political profit.

Two assistant United States attorneys based in Camden, an FBI agent and two lawyers representing OLS left the hearing saying they could not comment.

Lawyers for Assembly Republicans, who say they have been improperly denied

information about the investigation and have called for OLS to reveal the documents in question, tried to intervene in the proceeding but were escorted from the courtroom after 15 minutes, declining comment.

A message left at the office of OLS Executive Director Albert Porroni was not immediately returned.

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Ex-CIA Official Charged With Fraud (NSDY/AP)

By Allison Hoffman

Long Island Newsday, February 15, 2007

SAN DIEGO -- As the CIA's executive director, Kyle "Dusty" Foggo had access to the spy agency's most sensitive secrets.

On Wednesday, Foggo, now retired, pleaded not guilty to federal charges that he used that inform ation to direct classified supply deals to his best friend, San Diego defense contractor Brent Wilkes. According to a federal indictment, Wilkes reciprocated by paying for their lavish vacations and promised Foggo a job.

Both men surrendered Wednesday at FBI offices in San Diego after a 20-month investigation that has already sent former U.S. Rep. Randy "Duke" Cunningham to prison.

"Not guilty, your honor," each told U.S. District Judge Larry Burns in loud, clear voices.

Foggo, who wore an American flag pin on his lapel, was released on $200,000 bail; Wilkes was released on $2 million bail.

The 11-count indictment returned Tuesday charges the lifelong friends, both 52, with fraud, conspiracy and money laundering, crimes punishable by up to 20 years in prison.

In a separate indictment, Wilkes was charged with 25 counts of conspiracy, bribery, money laundering and unlawful monetary transactions of more than $700,000.

Cunningham pleaded guilty in November 2005 to taking more than $2.4 million in bribes from defe nse contractors and was sentenced to more than eight years in prison. Wilkes faces up to 20 years in prison if convicted of those charges.

Mark Geragos, Wilkes' attorney, said he looked forward to defending his client.

"After 18 months of what has been, for lack of a better word, an unrelenting campaign of leaks, innuendo and unfounded rumors, we welcome the opportunity to be in the courtroom," Geragos told reporters.

In a statement later, Wilkes said he was innocent and called the investigation "tawdry" and "sordid."

"I guarantee you, I will be vindicated," Wilkes wrote.

He said Foggo was as close to him as a brother and defended his innocence against allegations "as cowardly as they are false."

Foggo and his attorney did not comment to reporters as they left the courthouse. Foggo is the highest-ranking CIA officer to be charged with crimes allegedly committed while working for the agency.

Wilkes, whose firms got $100 million in government contracts, showered Foggo with expensive dinners, fancy cigar humidors and extravagant trips to Scotland and Hawaii, prosecutors say. When Wilkes built a new headquarters, he reserved an office for Foggo, and introduced him to employees as a future executive of Wilkes Corp.

In return, Foggo was "corruptly influenced in his performance of his official duties," the indictment says, steering classified government contracts worth more than $1.7 million to Wilkes' companies while concealing the depth of their friendship.

Bribery Indictments Include Long List Of Expensive Favors (WP)

By R. Jeffrey Smith

The Washington Post, February 15, 2007

Two indictments issued Tuesday by a federal grand jury in San Diego contain fresh details related to alleged efforts by Brent R. Wilkes, a California businessman, to bribe a member of Congress and a senior CIA official. The goal, prosecutors charge, was to get the officials to steer lucrative federal contracts to companies Wilkes controlled.

The indictments include a long list of gifts and other illegal benefits that were allegedly exchanged.

Wilkes, a former accounting student at San Diego State University, got rich from those contracts in the mid-1990s. He built an $11 million high-tech company headquarters and became a sought-after big-money donor to important Republican lawmakers.

Wilkes's contracting empire is now virtually defunct after an 18-month federal probe led to this week's charges of conspiracy to commit bribery, honest services fraud and money laundering. Wilkes and Kyle "Dusty" Foggo, the former third-ranking official at the CIA, pleaded not guilty yesterday in San Diego

Wilkes's office walls still bear photos showing him shaking hands with Vice President Cheney, presidential adviser Karl Rove, California Gov. Arnold Schwarzenegger and former House majority leader Tom DeLay. But all his employees are gone, his wife is seeking a divorce, and his tax arrears and other debts -- according to a tally by the San Diego Union-Tribune -- total nearly $1.7 million.

While his businesses were run from California, the crimes he allegedly committed occurred in Washington, and fall under the rubric of corrupt influence-buying. The government says Wilkes, like his former business partner and defense contractor Mitchell Wade, lavished gifts and a taste of high living on two key contacts -- former congressman Randy "Duke" Cunningham (R-Calif.) and Foggo -- to help procure federal funds.

Cunningham resigned in 2005 after pleading guilty to taking bribes from Wade. He is serving a prison term of as much as eight years. His attorney declined to comment yesterday.

Foggo has denied knowingly steering contracts to Wilkes. Wilkes has persistently denied wrongdoing, though he has also boasted of targeting selected Republican lawmakers with campaign funds to gain entree.

The indictment details how Cunningham allegedly hectored defense officials to pay Wilkes -- even when his companies had not done work to their satisfaction. The lawmaker called a defense official in Wilkes's presence and berated the official for slow payments, he pressured a principal deputy undersecretary of defense, he demanded the removal of an assistant deputy undersecretary of defense, he wrote letters to other defense officials, and he pressed his congressional aides into helping him reward Wilkes.

What was in it for Cunningham? The indictment lists the following among "more than $700,000 in payments, perquisites, and benefits" allegedly provided by Wilkes and his subordinates:

Â· Thousands of dollars in meals at the Capital Grille, the Palm, Ozio's, P.F. Chang's, Mr. K's, the Serbian Crown and the Confucius Cafe.

Â· The services of Shirlington Limousine in and around Washington.

Â· Two Sea-Doo Speedster watercraft, priced at $11,255 and $14,496.

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Â· Catered dinners for Cunningham on his yacht.

Â· An NEC laptop computer and a computer desk.

Â· An inflatable dock.

Â· A visit to the Four Seasons Hotel in Las Vegas and a $4,043 meal there.

Â· Tickets to the January 2003 Super Bowl and a Jimmy Buffett concert.

Â· Private jet flights "to various locations in the United States," including lavish in-flight meals.

Â· Payments on the mortgage for Cunningham's yacht, a Global Positioning System device and associated software for the yacht.

Â· Two vacations in Coeur d'Alene, Idaho, including a "fully automatic machine gun shooting session" and $800 worth of golf equipment.

Â· A vacation in Key Largo, Fla., including a fishing tournament and diving trip.

Â· A vacation stay in a $6,600-per-night suite at the Hapuna Beach Prince Hotel in Hawaii, including a diving trip, golf tournament and the services of two prostitutes on successive nights.

Â· A $525,000 payment on Cunningham's home mortgage.

Wilkes separately provided Foggo with the following benefits, the government alleges, in exchange for Foggo's assistance in obtaining several CIA contracts:

Â· An offer of a "high-level, high-paying" job in Wilkes's companies.

Â· A joint family vacation in Scotland aboard a private jet, a $4,000 helicopter ride to a round of golf and more than $44,000 in lodging expenses at an estate with a seven-person staff.

Â· A joint vacation at a Hawaiian estate, costing $32,000.

Â· A cigar humidor.

Â· Meals at the Capital Grille, Ruth's Chris Steak House and the Serbian Crown.

Bribery Figures Wilkes, Foggo Plead Not Guilty (SDUT)

By Onell Soto and Karen Kucher

The San Diego Union-Tribune, February 15, 2007

SAN DIEGO – Poway defense contractor Brent Wilkes and former CIA official Kyle "Dusty" Foggo began their legal proceedings in San Diego's federal court Wednesday.

After arriving at the downtown courthouse amid cameras and flanked by their attorneys, the two men entered not guilty pleas to charges of conspiracy, money laundering and defrauding the public of the honest services of a public official.

Wilkes also pleaded not guilty to a charge of bribing of a public official.

He is to remain free on $2 million bond, which will be secured by equity in his home and the homes of two of his brothers and a $500,000 bond. Foggo was required to post a $200,000 bond.

After the brief hearing, the two men were fingerprinted and photographed by U.S. marshals in the basement of the federal courthouse.

When Foggo left the courthouse shortly before 10:30 a.m., he did not respond to a reporter's question about whether he had sold out the government.

Wilkes also refused to answer reporters' questions when he left fifteen minutes later. His attorney, Mark Geragos, said Wilkes would be issuing a statement later in the day.

Geragos told reporters that after 18 months of an "unrelenting campaign of leaks," that he and his client were looking forward to answering formal charges.

"We do welcome the opportunity now to be in the courtroom," he said.

After walking through a throng of reporters and cameras, Geragos and Wilkes climbed into a black Ford Excursion and drove away.

On Tuesday, a San Diego federal grand jury handed down indictments against the two men, who became enmeshed in the congressional corruption scandal involving Randy "Duke" Cunningham, R-Rancho Santa Fe.

U.S. Attorney Carol Lam, who leaves office Thursday, called the charges against the two men “breathtaking in scope.”

The indictment details the lavish gifts Wilkes bestowed on Cunningham so he would steer federal government contracts toward his flagship company, ADCS Inc. The gifts included cash, vacations, computers, meals, tickets to a Super Bowl game and prostitutes. In all, Wilkes gave Cunningham more than $700,000 in gifts.

A separate indictment details what authorities called the corruption of Foggo, who held the No. 3 spot at the Central Intelligence Agency before he resigned.

Prosecutors say Foggo failed to disclose to the agency that he had a close relationship with Wilkes, his lifelong friend, and that Wilkes gave him with gifts, expensive dinners and trips. The indictment also says Wilkes promised Foggo a job at his company, which he also failed to disclose.

If convicted, Wilkes and Foggo, both 52, could face up to 20 years in prison. The government is seeking $12 million in restitution from the defendants.

During Wednesday's hearing, prosecutor Phil Halpern told U.S. District Judge Larry Burns that the case against Foggo was a little complicated because it involves some classified information.

Halpern also said the witnesses and evidence in the two cases largely overlaps that used in the prosecution of Cunningham.

Another defendant, John T. Michael, a 35-year-old New York mortgage banker, also entered his not guilty plea Wednesday. He's accused of obstructing justice by providing false testimony to the grand jury about Wilkes' role in paying off the $500,000 second mortgage on Cunningham's Rancho Santa Fe home.

Michael was freed on $250,000 bond.

The trio are scheduled to be back in court on April 2.

Nevada Governor Faces FBI Probe Into Contracts (WSJ)

By John R. Wilke

The Wall Street Journal, February 15, 2007

Focus Is Gifts Gibbons Got While in Congress; 'Black Budget' Missions

Federal prosecutors are investigating whether Nevada Gov. Jim Gibbons accepted unreported gifts or payments from a company that was awarded secret military contracts when Mr. Gibbons served in Congress.

The Federal Bureau of Investigation is examining whether any gifts or payments violated federal contracting rules or were offered in exchange for official acts by Mr. Gibbons, people briefed on the investigation said. Mr. Gibbons, a Republican, represented Nevada for five terms in Congress, where he served on the House Intelligence and Armed Services committees. He was sworn in last month as governor of the nation's fastest-growing state.

The close ties between the congressman and the contractor, Warren Trepp, were disclosed in a Nov. 1 Wall Street Journal article1, which revealed that Mr. Gibbons accepted private jet flights and a Caribbean cruise from the software-company owner. Mr. Gibbons says accepting the cruise and flight didn't violate House ethics rules.

New evidence has emerged that includes emails to Mr. Trepp -- the majority owner of eTreppid Technologies LLC and the former chief trader for convicted junk-bond dealer Michael Milken -- discussing a payment or gift to then-Rep. Gibbons. They also show Mr. Gibbons repeatedly using his congressional office to help the firm seek classified military and civilian contracts.

The emails show that since at least 2003, Mr. Trepp maintained close ties to Mr. Gibbons, who helped eTreppid get no-bid software contracts from the Air Force, U.S. Special Operations Command and Central Intelligence Agency. The software was used in video tracking of military targets and other, classified applications.

Messrs. Trepp and Gibbons have denied any wrongdoing, and no charges have been filed; indeed, such investigations sometimes end without official action.

'Hit the Ground Running'

In a Sept. 25, 2003, email to Mr. Trepp after Mr. Gibbons had been particularly helpful on a recent contract, eTreppid executive Len Glogauer reports that "Jim really hit the ground running on that one." He adds, "we need to take care of him like we discussed." It isn't clear what Mr. Glogauer meant, and he declined to comment.

A second email, cited in court filings by Mr. Trepp's former partner, was more explicit. On March 22, 2005, days before Mr. Trepp and his wife embarked on the Caribbean cruise with the congressman and his family, Jalé Trepp sent a reminder to her husband. "Please don't forget to bring the money you promised Jim and Dawn," referring to Mr. and Mrs. Gibbons.

Minutes later, Mr. Trepp responds, "Don't you ever send this kind of message to me! Erase this message from your computer right now!" Mr. Gibbons failed to disclose the cruise and travel on Mr. Trepp's leased private jet, as required by House ethics rules. He later asked the House Ethics Committee for an exemption, but left office before any action was taken.

The eTreppid emails include dozens to and from then-Rep. Gibbons. In one of the first such exchanges, on Sept. 23, 2003, Mr. Gibbons said he was "greatly impressed" with the technology and that he asked a military aide on his staff to set up a meeting with the National Security Agency to demonstrate the company's products. "No doubt, the Agency will be just as impressed," Mr. Gibbons wrote. He also tells an eTreppid executive to begin using a private email address that is "a direct link to my desk and does not go through anyone else."

In later exchanges, Mr. Gibbons discusses his efforts to set up meetings with the Department of Homeland Security, and arranges meetings with several Pentagon officials, including a top defense intelligence official. An eTreppid executive responds, "now if we can get into the Navy, it would be great."

In a statement yesterday, a spokesman for the governor said Mr. Gibbons has "consistently stated that he and Warren Trepp have a longstanding friendship." Mr. Gibbons, the statement continued, is proud of his efforts "to highlight the good work of Nevada companies as part of his duties to represent his constituents. However, he held no special power in awarding defense contracts, which go through a multilevel approval process."

Mr. Trepp didn't return phone calls or emails seeking comment. His attorney, Steven Peek, said yesterday, "Warren has had no inquires or questions from any federal officials about his relationship with Jim Gibbons." Mr. Peek said Mr. Trepp continues to talk to the FBI "about the theft of his company's intellectual property" by his former partner, the crux of continuing legal disputes between the two men. Mr. Peek also said Mr. Trepp "unequivocally denies that he wrote any emails regarding any payments to Jim Gibbons, and questions their authenticity."

Preliminary Stage

The FBI declined to comment on the investigation, which appears to be in a preliminary stage. The bureau has stepped up its pursuit of public-corruption cases, and says it now has about 620 agents working on federal, state and local cases, compared with 260 in 2002. On Tuesday, former senior CIA official Kyle "Dusty" Foggo was indicted on fraud, conspiracy and money-laundering charges for allegedly accepting jet flights and a vacation from a contractor, Brent Wilkes, who was indicted on related charges. Both pleaded not guilty yesterday. The indictments arose from a continuing FBI investigation of former Republican Rep. Randy "Duke" Cunningham of California, who last year began serving a prison sentence for accepting bribes.

The Cunningham case and claims made against Mr. Gibbons have drawn attention to alleged congressional abuse of the classified or "black" portion of the federal budget, which covers CIA, NSA and other secret government activities and has grown to at least $30 billion. New limits on special-interest spending known as earmarks were enacted by Congress last month, including rules meant to restrict earmarks in the classified budget.

The Nevada case is being watched closely in Washington: John Negroponte, former director of national intelligence, warned in a court filing of "exceptionally grave damage" to national security if details of the secret contracts are disclosed.

The new federal probe follows a Nevada investigation of the dispute over ownership of eTreppid software used in secret government programs. That investigation was initially focused on Dennis Montgomery, the former partner of Mr. Trepp who designed the software on which eTreppid was founded in 1998. The men have accused each other of trade-secret theft, among other claims, and have been battling in court for more than a year.

The new emails and internal documents would appear to support some of the claims made in legal proceedings filed by Mr. Montgomery, who in court papers has alleged that Mr. Trepp gave at least $100,000 in cash and casino chips to Mr. Gibbons. Public records show Mr. Trepp gave $90,000 to the governor's campaign through a series of separate companies, avoiding a $10,000 limit on individual or corporate contributions.

Defamation Suit

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In court filings, Mr. Trepp has denied Mr. Montgomery's claims. He also filed a defamation suit against the chairman of the Nevada Democratic Party, Tom Collins, over published comments about the business dispute before last year's election. He cites "false testimony" by Mr. Montgomery, who he says "engaged in a campaign to spread falsehoods...which led up to a story published in the Wall Street Journal." The Journal isn't a defendant in the libel suit, which is pending in state court in Reno.

The Nov. 1 page-one story in the Journal reported that Mr. Gibbons and his family accompanied Mr. Trepp on a Caribbean cruise and that the congressman had helped Mr. Trepp win federal contracts. Mr. Gibbons at the time said his assistance to Mr. Trepp's company was simply intended to promote promising technology, and that the cruise and jet flights didn't violate House ethics rules because of his "close personal friendship" with Mr. Trepp.

Mr. Montgomery has accused Messrs. Trepp and Gibbons of using their political clout to get local FBI agents to raid his home and investigate him. In December, a federal magistrate found flagrant constitutional violations in the FBI raid, according to people briefed on her ruling, which remains under seal. The court found that the local FBI and U.S. attorney's office had effectively acted as armed enforcers for eTreppid's wealthy owner in a private business dispute with a former partner.

Mr. Peek, Mr. Trepp's attorney, said, "If the magistrate decided the search was improper, I'm disappointed in the decision, but without knowing the basis, I can't comment."

In his court filings, Mr. Montgomery alleges that Mr. Gibbons himself called in local federal officials at the behest of Mr. Trepp, who is one of Mr. Gibbons's biggest campaign contributors. In an interview last year with The Wall Street Journal, Mr. Gibbons's wife, Dawn, acknowledged that Mr. Trepp's wife had called her about the dispute. In response, Mr. Peek said: "Any citizen has a right to report a crime like a theft of intellectual property and computer equipment, and the government should rightfully act on the report of a crime regardless of who reports it."

Black Resigns, Will Plead Today (RN&O)

By Dan Kane, J. Andrew Curliss And Lynn Bonner, Staff Writers

Raleigh (NC) News & Observer, February 15, 2007

Former House speaker's expected guilty plea may shed light on the future of the investigation

Former House Speaker Jim Black, once one of the state's most powerful officials, quit the legislature Wednesday as he prepared to plead guilty today to a felony public corruption charge in federal court.

"With both sadness and anticipation, I hereby resign from the House of Representatives on February 14, 2007," Black said in a short letter read to House members as they began their floor session. Black was not there to read it in person.

Black's letter did not mention the reason for his resignation. At 1 p.m. today, Black is expected to plead guilty to a federal crime of accepting illegal gratuities. The felony, which carries a 10-year maximum prison sentence, would bar him from continuing to serve in the House.

House Speaker Joe Hackney, an Orange County Democrat, said he spoke with Black midday Tuesday and learned that Black would resign and plead guilty to the crime.

Black, 71, a Mecklenburg County Democrat, could not be reached for comment. His attorney, Kenneth Bell, has not returned phone calls to The News & Observer for weeks, but confirmed the guilty plea to The Charlotte Observer on Tuesday.

Republicans and Democrats said the resignation and expected guilty plea mark a dark period for the legislature and one of the biggest falls from grace in recent state history. As speaker, Black was one of the most powerful elected officials in North Carolina, and he held the position for a record-tying four terms.

Legislators differed as to the seriousness of Black's criminal behavior, and as to whether anything would be learned from the various scandals that erupted around him over the past two years.

"I think most people feel like if he has to go to jail then the punishment doesn't fit the crime," said House Majority Leader Hugh Holliman, a Lexington Democrat. "Most of the things that I hear is that he was never accused of putting money in his own pocket, and he doesn't deserve prison because of that."

Republicans angry

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Former Rep. Sam Ellis, a Raleigh Republican who lost his seat in 2004 after Black added more Democrats to his district, said the plea deal only scratches the surface. The deal would have been reached with federal prosecutors who work for U.S. Attorney George Holding, a Republican appointed to the position last year by President Bush.

"I'm disappointed that what he's pleading guilty to is so minimal compared to the level of corruption that I believe he brought to North Carolina," Ellis said.

The scandals involving Black included behind-the-scenes deals to help a major lottery company win the right to run North Carolina's new lottery; $50,000 in cash and campaign checks given to former Rep. Michael Decker, who switched parties and backed Black for speaker; and a lobbyist, Meredith Norris, whose clients gained extraordinary access to Black's staff because she also served as his unpaid political director.

Rep. John Blust, a Greensboro Republican who has been a frequent critic of Black's control over the House, said the latest developments should send a message to House members that they have to dilute the power at the top.

"It's harder to corrupt 61 instead of one," said Blust, referring to the simple majority needed in a House of 120 members.

A call for term limits

Sen. Phil Berger, a Republican from Eden, said allowing the leaders of the House and Senate to stay in those jobs indefinitely creates conditions for potential abuses. He said it would make sense to limit House speakers and Senate leaders to two two-year terms.

Black ran the House for eight years. Senate leader Marc Basnight, a Manteo Democrat, was elected this year to a record eighth term as president pro tem of the Senate.

Black Resigns House Seat (CO)

By David Ingram And Mark Johnson

The Charlotte Observer, February 15, 2007

RALEIGH - Former House Speaker Jim Black resigned his seat in the General Assembly on Wednesday, a day before he is expected to plead guilty to public corruption.

Black, six weeks into his 11th term in the House, did not appear there with colleagues. His front-row seat was empty. Instead, he sent a letter to new House Speaker Joe Hackney, Gov. Mike Easley and the clerk of the House, Denise Weeks.

In the letter, Black appeared to defend his decision to stay in office for the last 1 1/2 years, even after the State Board of Elections ruled that he broke campaign laws and while a federal grand jury heard testimony from his staff and closest political allies.

"It was important for me to help ensure a smooth transition during the last several months, which has occurred," the letter reads.

"Now it is time for me to move forward with my life and attend to the health and welfare of my family. With both sadness and anticipation, I hereby resign from the House of Representatives on Feb. 14, 2007."

The reality of Black's descent, from the pinnacle of legislative power to the precipice of a federal felony, permeated the halls of the legislature Wednesday. Even though lawmakers had anticipated such an outcome for months, as unsavory tidbits of the investigation dribbled out, the confirmation was no less unsettling.

Following a two-year state and federal investigation, Black is expected to plead guilty today in a Raleigh federal courtroom to one felony count of accepting illegal gratuities. Black's lawyer, Kenneth Bell of Charlotte, confirmed the expected plea Tuesday.

Black faces a maximum sentence of 10 years in prison and a $250,000 fine.

A clerk read Black's resignation letter aloud to a hushed House chamber shortly after 2 p.m. Minutes earlier, House chaplain Jim Harry offered a prayer based on Black's expected guilty plea.

"Today's news has an absolute and immediate effect on the men and women of this chamber -- indeed, in all of government, for that matter," Harry said. "We have the capability, and yes, we have the power, to set the tone for politics, not only for this session but for future sessions as well. More so, now than ever, the eyes of the people are upon us and upon the way we do business."

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Harry also prayed for restraint and compassion -- sentiments that many fellow House members and Democrats echoed in widely describing Wednesday as a "sad day." Black remains popular among them because, they say, he was loyal and committed to building consensus among Democrats.

"I only wish the very best for a man who has done so much for the state," said Senate leader Marc Basnight, D-Dare, who often negotiated legislation directly with Black. "The emotions for myself and anyone who has known Jim Black are ones of concern for his family and for Jim Black and all of us in elected government."

In a statement, Linda Daves of the N.C. Republican Party asked House Democrats and the N.C. Democratic Party to apologize for contributing to "unprecedented corruption."

"America is a nation of laws. When men or women disregard the rule of law, a day of accounting usually comes. That day seems to have arrived for Jim Black," said Daves of Charlotte.

Democratic leaders, who avoided criticizing Black during the state and federal investigations, expressed little or no regret over not calling for his resignation earlier.

"I think all that was handled appropriately," Hackney told reporters.

Lt. Gov. Beverly Perdue, a Democrat, said, "You can't second-guess decisions that are made. That's yesterday's story. I believe, at the end of the day, justice wins."

Easley, a Democrat, remained publicly silent Wednesday on Black's resignation and expected plea.

The plea is expected to be entered around 1 p.m. today. Neither Bell nor federal authorities have given details of the plea or of how it might relate to the larger investigation.

So far, the investigation has led to the conviction of five of Black's associates, including a former lawmaker who said he took a $50,000 bribe to switch parties and support Black.

Another guilty plea from Black, in state court, could come as soon as next week.

Corruption Trial Depends On 'Prince Of Darkness' Witness (MH)

By Cammy Clark

The Miami Herald, February 15, 2007

KEY WEST - With the death last year of former Monroe County Mayor John L. "Jack" London, the federal public corruption trial of a former county attorney primarily hinges on the believability of a political consultant nicknamed ``the Prince of Darkness."

For the past three days, the political consultant, Miami Beach-based Randall Hilliard, has testified under immunity against defendant James Hendrick, his former good friend.

After the prosecution began by establishing that its key witness was not a devil worshiper, Hilliard testified that Hendrick was a major player in a 1996 bribery scheme involving a stalled Marathon hotel development.

Hilliard also testified that Hendrick orchestrated an attempted coverup, concocting explanations for how a $29,000 bribe payment London received could have come from ``legitimate business."

Hendrick, who served as Monroe County attorney from 1995 to 2000, is charged with conspiracy to obstruct justice, obstruction of justice and witness tampering.

No one involved in the bribery scheme -- to which London confessed and pleaded guilty on tax evasion -- could be prosecuted for bribery. The five-year federal statute of limitations had expired when the FBI learned of it, the prosecution said.

CREDIBILITY ATTACKS

Hendrick's Miami-based attorney, Edward Shohat, went after Hilliard's credibility, portraying him as a perennial liar and backstabbing friend who recorded private conversations for the FBI in exchange for immunity. Shohat said Hendrick's conversations on those tapes were simply an attorney trying to advise a good friend who also had been a client.

Seven recordings offered into evidence began in July of 2003. They included phone conversations and meetings at a clothing-optional bar in Key West, at Hendrick's Key West home, at developer Pritam Singh's 50th birthday party in Vermont and during a walk in the quaint village of Woodstock, Vt.

In the first recording, Hendrick is heard telling Hilliard: ``Don't tell me anything you don't want John Doe or the world to know because as far as I know, my phone is tapped and so is yours."

Shortly after Hilliard got a subpoena to appear before a grand jury, he called Hendrick on March 5, 2004. On the recording, Hendrick told Hilliard: ``You just have to be very, very careful. And I should not be speaking with you and you and Jack should not be speaking."

Three days later, Hilliard and Hendrick met at Hendrick's home in Key West. During that recording, Hendrick told Hilliard: ``I'm sure no one would counsel me to sit here and talk with you because it would be considered witness tampering."

`POLITICAL PROBLEM'

Developer Marvin Rappaport has testified that after years of frustration in getting county approval to develop a 79-room hotel called Hall's Resort in Marathon, the then-county mayor London told Rappaport that Rappaport had a ``political problem."

A half-hour later, Rappaport said, he got a call from Hilliard. An agreement soon was worked out in which Rappaport would pay Hilliard $82,500 for consulting fees. Hilliard testified that the terms were given to him by ``Jimmy and Jack."

The Halls Project was approved a couple of months later. London eventually received $29,000 for his influence in the project. Prosecutors said in opening arguments that Hendrick's motive for being part of the bribe was not for money, but for power. Hilliard was financially desperate and said he spent the initial $57,000 paid to him by Rappaport. After more than a year had passed, London became financially desperate as well. Prosecutors said he was about to lose his second home in Corks, Ireland.

Hilliard testified that in November of 1997, London arrived intoxicated at his pink home, located at the former fairgrounds in Key West.

"He told me he wanted his money and called me a welsher and threatened me," Hilliard said.

Hilliard testified that he sent London's lawyers in Ireland three cashier checks totaling $29,000 to satisfy the lien. On the DHL bills, he used his name on one, London's on the second, and London's wife Elaine's on the third.

When asked why, Hilliard said: ``If I was going to be doing all this madness, I wanted all of our necks to be in the same noose."

Hilliard testified he kept the incriminating documents as an ``insurance policy."

Allegations Leveled In Pellicano Case (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 15, 2007

A grand jury indictment identifies new details and victims in the investigation of alleged wiretapping by the Hollywood private eye.

The latest and perhaps final federal indictment in the long-running Anthony Pellicano investigation raised new allegations Wednesday about how the onetime Hollywood private eye conspired with attorney Terry Christensen to wiretap the ex-wife of billionaire Kirk Kerkorian.

While it did not charge any new defendants, the grand jury indictment named two new victims of Pellicano's alleged racketeering. Included is well-known entertainment attorney John LaViolette, who was chief negotiator in a bitter battle between the German company Intertainment AG and its onetime producing partner, the now-bankrupt Franchise Pictures.

The 111-count indictment, coming more than a year after federal prosecutors first charged Pellicano and six others with a litany of crimes, was immediately assailed by defense attorneys as a meaningless addendum to what they characterize as an overblown case.

"These are not even new charges," said Pellicano's attorney, Steven F. Gruel. "And what upsets me the most about it is that instead of providing discovery so we can contest the existing charges, it seems to me that they are wasting their time before the grand jury bringing meaningless accusations against Mr. Pellicano."

Christensen's attorney, Terree Bowers, was equally critical, suggesting the U.S. attorney's office brought the indictment in retaliation for the sharp criticism leveled at its tactics by defense attorneys.

"The prosecutors have made a huge mistake in their attempt to strike back at Terry Christensen for his recent charges of misconduct and disorganization against the government," Bowers said.

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He contends that the details of that conversation "will actually clearly prove Terry's innocence if this matter is ever aired before a jury."

The U.S. attorney's office, as is its custom in pending cases, did not respond to the accusations of the defense attorneys.

The new allegations center on a March 18, 2002, conversation between Pellicano and Christensen in relation to his representation of Kirk Kerkorian in a child support case with his estranged wife, Lisa Bonder Kerkorian. Prosecutors contend Christensen paid the investigator $100,000 to eavesdrop on Bonder Kerkorian's phone calls to her attorneys and pass on information to Christensen.

The new indictment asserts that Christensen told Pellicano "one of the criteria" of arranging the illegal wiretap "is that no name ever surfaces anywhere" because "the people related to me don't want to do this."

The next month, the indictment adds, Pellicano allegedly told the attorney that "if we continue to get this kind of information with their strategy, we're really killing 'em."

And later in April 2002, according to the indictment, Pellicano allegedly told Christensen that he had 80 intercepted telephone calls to review "just from today."

The latest indictment also identifies attorney LaViolette as a victim of alleged wiretapping in 2001. On March 15 of that year, the attorney was involved in a negotiation between Intertainment and Franchise Pictures, then owned by Hollywood producer Elie Samaha and onetime actor Andrew Stevens.

In an interview Wednesday, LaViolette said he was told more than two years ago by his client, an Intertainment executive in Los Angeles, that the FBI had found phone records at Pellicano's offices suggesting that their conversations had been bugged. "The implication was that our calls were tapped, but [FBI agents] didn't give much more information than that," LaViolette said, adding that the FBI never interviewed him.

The indictment is the fourth issued by a grand jury that was impaneled in February 2005 and is expected to disband. It also names Los Angeles art dealer Paul Rusconi as a wiretap victim.

To date, seven people, including a former Beverly Hills police officer and film director John McTiernan, have pleaded guilty in the case.

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Times research librarian John Jackson contributed to this report.

New Indictment Released In Hollywood Wiretapping Scandal (AP)

By Greg Risling

AP, February 15, 2007

LOS ANGELES - A federal grand jury on Wednesday returned a revised indictment in a Hollywood wiretapping scandal that chronicles further conversations between private investigator Anthony Pellicano and an attorney representing billionaire Kirk Kerkorian.

The new indictment comes more than a year after initial charges were filed in the case and six months before trial is expected to begin. Prosecutors promised another indictment was forthcoming but no new defendants and charges were included in the latest version.

It does include detailed discussions between Pellicano, 62, and Terry Christensen, an attorney who represented Kirkorian in a child-support battle with his ex-wife.

Prosecutors accused Christensen of paying Pellicano at least $100,000 to illegally listen in on private conversations between Lisa Bonder Kerkorian and her attorneys to gain a tactical advantage in litigation. At issue was whether Kerkorian had fathered her then 4-year-old daughter.

Over a two-month period in 2002, according to court documents, Pellicano was instructed by Christensen to find out who the child's father was.

"One of the criteria is that no name ever surfaces anywhere" because "the people related to me don't want to do this," Christensen said.

Later, Pellicano tells Christensen that he has heard conversations between Bonder Kerkorian and her lawyers and "if we continue to get this kind of information with their strategy, we're really killing 'em," court documents said.

Kerkorian had a decade-long romantic relationship with Bonder Kerkorian, a former tennis pro, but they were married for only a month in 1999.

Bonder Kerkorian sought $320,000 a month from Kerkorian to support her child but later admitted that she faked a DNA paternity test by using saliva she obtained from Kerkorian's adult daughter.

Christensen, 65, has denied wrongdoing and has pleaded not guilty to one count of conspiracy and one count of intercepting wire communications.

"They have chosen to add brazenly false references to a conversation on March 18, 2002, that will actually clearly prove Terry's innocence if this matter is ever aired before a jury," Christensen's attorney Terree Bowers said.

Pellicano faces numerous charges and also has pleaded not guilty. Kerkorian, who will turn 90 in June, has not been accused of any wrongdoing in the 111-count indictment.

The conversations between Christensen and Pellicano also are the subject of a federal leak investigation. The New York Times published a story last month that had excerpts from audio recordings between the two men.

The recordings reveal Christensen stopped short of saying he told Kerkorian that Pellicano was using wiretaps to monitor Bonder Kerkorian.

U.S. District Judge Dale Fischer issued a protective order to prevent the release of evidence, but the Times has printed several articles that quote sealed FBI interview reports in the case.

The latest indictment also includes more victims including entertainment attorney John LaViolette and film producer Charles Roven.

Prosecutors contend that Pellicano illegally wiretapped the phones of Hollywood stars such as Sylvester Stallone and bribed police officers to run the names of more than 60 people, including comedians Garry Shandling and Kevin Nealon, through government databases.

Fourteen people have been charged in the case, with seven pleading guilty. One person has been acquitted but has since had new charges filed against her.

Ex-commissioner, Strip Club 'bag Man' Gets 6 Years In Las Vegas (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, February 15, 2007

LAS VEGAS (AP) - An outraged federal judge sentenced a former Clark County commissioner to six years in federal prison Wednesday for doling out hundreds of thousands of dollars of a strip club owner's cash to bribe politicians in Las Vegas and San Diego.

"If there ever needs to be a message with regards to political corruption, it is this case," U.S. District Judge Larry Hicks said of the case dubbed "Operation G-Sting."

In a scathing rebuke, Hicks branded Lance Malone the recruiter, organizer, manager and leader of what he called "probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted."

The judge blamed Malone, 45, for serving as "bag man" lobbyist in the distribution of at least $550,000 worth of bribes to former county commission colleagues and San Diego City Council members from 2000 to 2003.

"This has undoubtedly caused a loss of public confidence in local government that probably cannot be measured," Hicks said.

The judge increased a recommended 41-month sentence to 72 months in the Las Vegas case, after saying he was convinced by testimony that Malone accepted money for a new car from strip club owner Michael Galardi while Malone still served on the Clark County commission. Malone, a former police officer, went to work for Galardi as a lobbyist after losing a re-election bid.

Malone previously was convicted by a San Diego jury on charges that he delivered Galardi's bribes to councilmen Ralph Inzunza and Michael Zucchet.

Zucchet's conviction was later overturned by the federal judge who heard that case. He ruled the evidence of fraud and extortion was insufficient. Inzunza was sentenced to 21 months in prison.

Hicks made the Las Vegas sentence concurrent with the three years in federal prison that Malone received in San Diego, and added a fine of $100,000.

Hicks acknowledged that all money came from Galardi, who has pleaded guilty and awaits sentencing.

"Pocket change" to Galardi, the judge said, "but big dollars, with regard to political corruption in Clark County."

The judge called Malone's relationships with his former commission colleagues essential to Galardi's attempts to buy votes and expand his empire of three strip clubs in the Las Vegas area and one club near San Diego.

However, Hicks rejected prosecutor Daniel Schiess' attempts to enter new evidence tying Malone to allegations of bribery involving a Las Vegas city councilman and to claims that a Canadian developer offered $250,000 to Malone and an indicted Las Vegas businessman to curry support for a casino project just outside Las Vegas.

Malone's lawyer, Dominic Gentile, said he would study Hicks' decision for grounds for appeal.

But he noted that Malone waived his right to appeal when he pleaded guilty in September to one count of conspiracy under the federal Racketeer Influenced Corrupt Organizations, or RICO Act. That plea avoided trial in Las Vegas, and made Malone the fifth person convicted in the sensational southern Nevada case that included blue velvet Crown Royal bags stuffed with cash and Galardi's strip club employees trading sex for votes.

On Wednesday, Malone, 45, told Hicks that he had been greedy, and pleaded for leniency.

"I did start with good intentions, and those intentions went horribly, horribly wrong," said Malone, who Schiess said started accepting $300 a day from Galardi in October 1999.

His voice choking, the divorced father of two said the hardest thing he'd ever done was tell his young sons that he was going to prison.

"I did things that I regret and I wish I could take back, but I cannot," he said.

Malone was ordered to report to prison by April 9. The judge said will decide how much personal property Malone will be ordered to forfeit. But he put the figure at about $410,000, including assets the judge accused Malone of trying to "insulate from the system" by turning them over to his wife when they divorced shortly before his San Diego trial.

Malone declined to comment as he left court with his arm around his mother.

He becomes the third person sentenced in the corruption case that grew from years of FBI wiretaps.

Former Clark County commissioner Dario Herrera, 33, is serving four years and two months in prison. Mary Kincaid-Chauncey, 68, is serving 30 months. Erin Kenny, 46, pleaded guilty and testified against them last year. She awaits sentencing.

Galardi, 45, faces no more than five years in prison for his guilty plea and cooperation in the case.

The powerful seven-member commission wields control over a wide area of southern Nevada, including the Las Vegas Strip.

GOP Lawmaker Rips Justice's Berger Probe (WT)

By Jerry Seper

The Washington Times, February 15, 2007

The Justice Department gave former National Security Adviser Samuel R. Berger a "free pass" in its investigation into his removal of documents from the National Archives, says a senior Republican lawmaker, who yesterday called for a House committee to investigate the matter instead.

Rep. Thomas M. Davis III, Virginia Republican and ranking member on the House Oversight and Government Reform Committee, said the department was "unacceptably incurious" about Mr. Berger's visits to the archives in May 2002 and July 2003 and never told the September 11 commission that he removed original, uninventoried documents.

Mr. Davis also said the department failed to administer a polygraph examination, despite the test being part of a plea agreement Mr. Berger made with the government in exchange for a lesser sentence.

"In investigating Mr. Berger, the Justice Department apparently gave him a free pass due to his stature as a famous former White House official," Mr. Davis said in a letter to committee Chairman Rep. Henry A. Waxman, California Democrat.

"The department's investigation came up lacking in a number of areas," he said. "Our committee, the 9/11 commission and the public have a right to a full account from Mr. Berger and the Justice Department. This can only be accomplished by further investigation."

The letter was signed by 15 House Republicans.

Mr. Waxman's office did not return calls for comment.

Mr. Berger, President Clinton's national security adviser from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the Clinton administration's knowledge of terrorist threats to the U.S.

He was fined $50,000 and barred from access to classified material for three years. Facing a year in prison and a $100,000 fine, the plea bargain with the Justice Department reduced the fine and kept him out of prison.

The material was removed while Mr. Berger was preparing to testify before the National Commission on Terrorist Attacks Upon the United States, which was investigating intelligence and security failures. This raised questions about whether he was attempting to cover up the Clinton administration's counterterrorism policies and actions.

Last month, the National Archives Office of Inspector General said Mr. Berger left the building unescorted for a break and placed the papers "in an accessible construction area outside" the main Archives building.

Lanny Breuer, Mr. Berger's attorney, has said the case was thoroughly investigated by the Justice Department for more than two years and has been closed for more than a year. He said his client cooperated with the government's investigation and has moved on.

"It's time for the new congressional minority to do the same," he said.

The Justice Department has said there is "no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Prison Costs Spiral Upward As More Are Incarcerated (WT)

By Jennifer Harper

The Washington Times, February 15, 2007

America may not be able to afford its burgeoning prison system unless policy-makers overhaul their views about criminal justice, according to an analysis released yesterday by the Pew Charitable Trusts.

"It's a tempting leap of logic to assume the more people behind bars, the less crime there will be," said the report, which Pew described as the first such study to address both state and federal prison populations. "But despite public expectations to the contrary, there is no clear cause and effect."

The report suggests public officials weigh the benefits of incarceration as well as "evidence-based alternatives" that could save money but still protect public safety.

Big investments in prisons may not be "the most effective and economical way of combating crime," said Susan Urahn, director of state policy research at Pew.

But the state and federal prison population grew from 190,000 in 1970 to 1.5 million by 2005 -- an increase of 700 percent. By 2011, the prison census will be about 1.7 million -- or one out of every 178 Americans. Inmates will outnumber the residents of Atlanta, Baltimore and Denver combined.

"The U.S. imprisons significantly more people than any other nation," just beating China, which has imprisoned 1.5 million, the report said.

Total spending on local, state and federal corrections jumped from $9 billion in 1980 to $61 billion by 2003, with a "staggering" $27.5 billion increase expected by 2011, the report said, emphasizing the hard choices at stake.

"Every additional dollar spent on prisons is one dollar less that can go for preparing for the next Hurricane Katrina, educating young people, providing health care to the elderly or repairing roads and bridges," the report stated.

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The report highlighted a number of trends. Finding and retaining qualified corrections officers and other personnel is a major challenge in many states; all face a changing prison population. The number of female inmates will increase by 16 percent by 2011; the male population will increase by 12 percent, the report said.

The current yearly cost of tending the average prisoner? It ranges from a low of $13,009 in Louisiana to a high of $44,860 in Rhode Island.

The report based its projections and other information primarily on statistics from the Department of Justice, the Bureau of Prisons and state resources. It is available online at www.pewtrusts.com.

"The bottom line is that the American correctional system is getting tough on criminals. But it is also getting tough on taxpayers," project director Adam Gelb said. "Our sense is that there is more bipartisan agreement about sentencing and corrections than there has been in 25 years. Led by both Republicans and Democrats, states are taking a hard look at costs and starting to make tough decisions about who needs to go for prison, and for how long."

Mr. Gelb added, "We're fairly optimistic, given the level of concern and the openness to new approaches. There's been an explosion of research about what works in the past decade. It's starting to reach both the public and elected officials."

FEVER PITCH For One Condo Developer, Boom Ends With Arrest (WSJ)

By Alex Frangos

The Wall Street Journal, February 15, 2007

KISSIMMEE, Fla. -- The condominium boom that ended last year made a lot of developers very rich. Aleem Hussain, a journeyman property salesman with a winsome personality, wanted to be one of them.

He formed his real-estate company in 2004, calling it Main Street USA, after a nearby Disney World attraction. He bought a complex of 27 aging, two-story apartment houses in Orlando and set out to convert them into condos. His timing looked favorable. That year, for the first time, the average price of a condo in the U.S. exceeded that of a single-family home, and in the Orlando area, condo and house prices jumped 15%.

But not much has gone as planned for Mr. Hussain, 42 years old, nor has it for his hundreds of investors, who include a bunch of local sheriff's deputies. Today, Mr. Hussain's company is being liquidated by a federal bankruptcy court, and he is residing in the Seminole County jail, charged with 23 counts of federal mail and wire fraud.

Mr. Hussain's rise and fall illustrates one of the hazards of a frothy property market: inexperienced developers get in over their heads and drag unsophisticated investors down with them. "Schoolteachers, cops, doctors, priests, everyone thought they were Donald Trump," says Lewis Freeman, the court-appointed trustee administering Main Street's bankruptcy proceeding. Mr. Hussain's company, he contends, was a "microcosm of the total market. You had a lot of unqualified people getting easy money and able to go into businesses in which they didn't know what they were doing."

Mr. Hussain's 300 or so investors face potential losses of up to $400,000 apiece. Alan Cayo, 76, a retired Army officer who says he invested his "entire life savings" of $280,000 with Mr. Hussain, conjectures that the developer crossed the legal line only after financial problems began mounting. "It was incompetence, fraud, plus the market going down -- a triple whammy," he says.

• The Situation: A first-time condominium converter in Florida faces federal fraud charges related to his dealings with investors.

• What's at Stake: With his company in bankruptcy court, his 300 or so investors face potential losses of up to $400,000 each.

• The Bottom Line: The abrupt end to the national run-up in condo prices has been rough for some inexperienced developers and their often unsophisticated investors.

Mr. Hussain's lawyer, James Lenihan of White Plains, N.Y., describes his client as "someone with good intentions who made bad judgments and got overextended." He says others at the company were also responsible for what went wrong. Mr. Hussain has pleaded not guilty.

Mr. Hussain was born in the South American nation of Guyana in 1964, according to a résumé recovered from his computer by investigators. In the 1980s and 1990s, he worked in real-estate sales in Pennsylvania, New Jersey and Costa Rica.

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When he settled in Orlando about three years ago, the city was the epicenter of a national boom of conversions of rental apartments to condominiums. In 2005 and 2006, 24,550 apartments in the Orlando metro area, or 18% of the total in 2004, were taken off the rental market to convert, a greater number than in any other metropolitan area in the U.S., according to Reis Inc., a New York real-estate information firm.

The converters were attracted by rising prices. Between 2001 to 2004, the median resale price of existing condos nationwide jumped 57%, compared with a 25% increase for single-family houses, according to the National Association of Realtors. Real-estate experts say demand was boosted by baby boomers downsizing their homes upon retirement, and young people who were moving to cities. In addition, investors who had soured on the stock market had begun buying and selling condos.

Mr. Hussain envisioned Main Street USA, which is located south of Orlando near Gatorland amusement park, as a residential real-estate conglomerate. Its main business would be condo conversions. He and his partners formed "No-Fee Realty" to broker condo sales, and two subsidiaries, "USA Mortgage" and "Main Street USA Mortgage," to broker mortgages and home-equity loans, in some cases to enable property owners to invest in condos.

Former associates describe Mr. Hussain as charismatic and beguiling. He would demonstrate for employees his formidable sales skills by buttonholing potential home-financing customers at supermarkets and persuading them to fill out applications, which involved disclosing their Social Security numbers, recalls former employee Michael Lombardo.

To build trust with the local real-estate community, he took on a partner, Alan Randel, a real-estate broker who had worked in the area for several decades. Mr. Randel, the company's president, hasn't been charged in the case and declines to comment.

First, Mr. Hussain had to raise money to buy apartment buildings. His pitch to investors: Main Street would buy properties, convert them into condos, then sell them at a profit. He said he would set up a private real-estate investment trust to help finance the deals. Investors in the REIT, he said, would get steady, attractive dividends. Those who wanted higher, quicker returns, he said, could co-invest directly in the conversion projects.

In early 2005, he recruited Bernard Presha, who was retiring as public-information officer for the Orange County Sheriff's Department, to join as a vice president in charge of recruiting investors. Mr. Presha and others persuaded at least 10 sheriff's deputies to invest, according to bankruptcy-court documents. Jim Hanton, one of the deputies who invested, was put on a $25,000-a-year retainer. Bryan Margeson, a sheriff's department employee who taught criminal justice at a local community college, introduced Mr. Hussain at investment seminars and talked about how he thought Orlando's boom would continue for years.

Mr. Presha, who has filed a bankruptcy-court claim to recoup $305,000 he invested, says he quit after a couple of months because he wasn't good at persuading investors. Mr. Margeson, who says he lost $100,000, says Mr. Hussain "used me for some credibility, which I didn't realize they lacked."

"Jim [Hanton] said being a drug-enforcement cop, he was super skeptical when his wife suggested they invest," says Mr. Cayo, the retired Army man. "But after a luncheon with Aleem, he was convinced." Mr. Cayo says Mr. Hanton's involvement reassured him. "He was Anglo -- excuse me, but Aleem Hussain could be cousins with Saddam Hussein, so having Jim involved" was comforting.

Mr. Hanton, Main Street's vice president of operations, says he wasn't involved in condo sales or in company finances. He says he lost $130,000, and calls the situation "embarrassing."

In August 2005, Mr. Hussain held a dinner for prospective investors at the Citrus Club, an elite private establishment. According to several who attended, he projected a 100% return in 120 days or less for those who invested directly in a Main Street project.

Magic Marketing Deal

That summer, Mr. Hussain cut a deal with the Orlando Magic, the National Basketball Association franchise. For $350,000, Main Street secured the right to use the team's name in advertising, and to use head coach Brian Hill in a marketing video. Fans could register on the Magic's Web site to attend Main Street investment seminars at the team's practice facility. Attendees could spin a raffle wheel for a shot at free game tickets.

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An Orlando Magic spokesman describes the pact as "a traditional team marketing agreement," and says the video was one of 20 the head coach recorded one day for various sponsors. He says the team conducts reference checks on its marketing partners and has never had a problem before.

Mark Pilkington, a counterterrorism official at the sheriff's department who invested $300,000, says the Magic marketing deal reassured him. "We realized there was a frenzy in condos. They were selling like crazy," he says. "I figure, why would he rip me off for $300,000 if he's involved with the Magic?"

In September 2005, with $10 million from about 200 investors, Mr. Hussain moved to buy the 27 apartment houses known as Waldengreen. The complex contained 278 units ranging in size from 517 to 1,079 square feet. His $18.5 million winning bid, financed by a private lender, was a "damn good price for the seller," says Hal Warren, senior director with brokerage Cushman & Wakefield Inc., who represented the South Florida investors who sold. Nevertheless, Mr. Hussain figured he'd turn a substantial profit. He paid $67,000 per unit; he intended to sell them for an average of $150,000.

Mr. Hanton, the sheriff's deputy, alerted him to an 18-acre lakefront estate for sale in Winter Garden, which county records show was owned by Khalil bin Laden, a brother of Osama bin Laden. Mr. Hussain planned to refurbish the Spanish-colonial-style mansion and to add houses, condominiums or stores on the grounds, company documents indicate.

Before Mr. Hussain and a business partner left for Dubai, where the two sides planned to finalize the deal, the company had lined up financing for a $5 million bid, says Jim O'Neil, a former Main Street mortgage processor. In Dubai, after being persuaded by the seller that values had risen, Mr. Hussain agreed to pay $7 million. "We gave Aleem a line not to go over and he jumped over it," says Mr. O'Neil.

Mr. Hussain began renovating the apartment complex, which he renamed Villas at Waldengreen, and his sales team began peddling the planned condominiums. Prospective buyers were invited to seminars conducted by Messrs. Hussain and Margeson of the sheriff's department.

Anthony Cortes, an airline mechanic and father of two, says Mr. Hussain and a retired sheriff's deputy made him an attractive offer: If he put 10% down to buy a condo at Waldengreen, Main Street would make his mortgage payments for two years during the renovations. In February 2006, Mr. Cortes put $14,000 down for a $140,000 unit and took out a mortgage for the rest.

Linda Paralitici, a 50-year-old mother of five who worked for Main Street as a sales broker, bought one unit and persuaded her brother to buy one. "We were not allowed to see the property," she says.

Lack of Experience

Inside the company, Mr. Hussain's lack of experience was showing. Former employees say the operation was disorganized from day one. "The whole thing was a disaster," says Mr. Lombardo, the former employee, who was hired to originate mortgage loans even though he had no experience at it. Piles of mortgage applications by condo buyers who had put down $5,000 deposits, he recalls, languished on the desks of co-workers who were supposed to find financing.

In 2005, signs began emerging that the flood of new condominiums was more than the market could bear. That July, price appreciation for condos nationwide slipped below that of single-family homes. Converters stopped purchasing new properties and smart speculators got spooked.

Main Street sold only 100 of Waldengreen's 278 units. Renovation was haphazard, former employees say. Rather than try to move renters out of one building at a time to allow for the conversions, Main Street tore apart single apartments all over the complex. Several contractors quit because they weren't paid.

Buyers who were told that Main Street would cover two years of mortgage payments began hearing from their lenders that they were in danger of default. Mr. Cortes says he took a second job as a home inspector to take on the $1,200 monthly payment on his unit.

When Colleen Sharkey joined Main Street as a senior vice president in mid-2006, she says, Mr. Hussain told her: "I need to hire you because we've grown so fast and I have no credibility with the bankers and business community." It took her three weeks to understand the books, which were a mess, she says. She says she concluded the company was nearly bankrupt.

By August, the company was out of cash, bankruptcy-court documents indicate. It had lost $3.6 million in deposits on two other apartment complexes it had tried to buy. Dividend payments to the REIT investors, which had been steady, stopped. On Sept. 23, several of those investors confronted Mr. Hussain at Main Street's offices, according to a claim one of them filed in

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bankruptcy court, and Mr. Hussain responded by writing on a legal pad: "It is our intention to repay all principal investment and interest promised to the above referenced clients at such time as we refinance or sell our assets to provide the necessary funds to accomplish this."

On Sept. 29, Main Street sought bankruptcy-court protection in Orlando. By then, several investors, including some sheriff's deputies, had contacted federal prosecutors to report that REIT dividend payments had stopped and that Mr. Hussain had refused to return their original investments, as promised by the investment documents.

In October, Mr. Hussain rented a car and drove to Atlanta to catch a flight to Costa Rica. U.S. Marshals, alerted by federal investigators in Orlando, met him at the gate and arrested him.

A federal grand jury indicted him on 23 counts of mail and wire fraud. Among the accusations: He falsely represented to investors that their money would be kept in the REIT, when in reality there was no REIT and the money sat in a checking account. And he told investors their dividend payments came from investment profits, when he actually was paying them from money invested by others.

Investigators also say Main Street sold condos at inflated prices to Mr. Hussain's friends or relatives to generate misleading appraisals that justified the higher prices paid by outside buyers.

Mr. Hussain's lawyer, Mr. Lenihan, says his client wasn't trying to flee the country, but was going to Costa Rica and Nicaragua for business and charity purposes. He argues that prosecutors have singled out his client, in part because of his Middle Eastern sounding name, when others at the company were also responsible. "This thing was not set up as a scheme to defraud people," he says. "This is what happens to good people with a good idea and lousy timing who get into trouble." Mr. Hussain's trial is scheduled for April.

Investors and others have filed $19 million of claims in bankruptcy court. Mr. Cayo says he has defaulted on the three condos he bought because broken pipes have made them unrentable. Mr. Cortes continues to make payments on his unit.

The Waldengreen complex, which fell into disrepair last fall, has been taken over by the group that financed Main Street's purchase of it. A new manager has been hired and the units are once again for rent.

The company's remaining assets are being liquidated by the court. It is unlikely that investors will recoup much of their money, according to several people involved in the case.

Mr. Margeson, the sheriff's deputy, refers to the affair as his "$100,000 lesson." He notes that he "never saw people strong-armed to invest. The sad part is people lined up to invest their money. It was the whole furor of the real-estate market."

Anti-money Laundering Compliance Sparks Debate (MH)

By Jane Bussey

The Miami Herald, February 15, 2007

Banks -- facing the rising burden of complying with anti-money laundering rules -- often ask why federal officials are picking on them.

"Where are the criminals going to place their proceeds? At some point in banks," said Justice Department lawyer Lester M. Joseph, borrowing from Willie Sutton's purported quip that he robbed banks because that is where the money is.

Joseph, principal deputy chief in the Justice Department's asset forfeiture and money-laundering section, spoke Wednesday at the Florida International Bankers Association's annual Anti-Money Laundering Compliance Conference.

He said investigators simply follow the money and sometime end up targeting a bank for criminal enforcement if they discover it didn't have "a serious compliance program" in place.

Under the Bank Secrecy Act and the USA Patriot Act, banks must report suspicious activity and know their customers -- and that includes knowing whether those they do business with are drug traffickers, corrupt government officials or even an official's mistress.

Anti-money laundering consultant Brett Wolf said that the cost of implementing reporting programs was rising to the point where an anti-money laundering compliance officer can cost a bank half a million dollars.

"What everyone is concerned about is how do you balance the need for information with the compliance burden," said Wolf, anti-money laundering editor with Complinet, a New York company.

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Throughout the three-day conference at the Radisson Miami Hotel, Washington officials emphasized the need to impose reporting requirements to counter drug trafficking and terrorist financing but also acknowledged the need to strike a balance.

They promised to listen, especially to concerns that stringent reporting rules are driving Latin American financial transactions away from Miami and to financial centers in Europe and elsewhere.

THE EURO FACTOR

Martin Redrado, the president of Argentina's Central Bank, said some of the hurdles and higher costs mean U.S. banks are losing business as Latin American banks simply decide to take their transactions to Europe and do business in euros.

"For a policy to be effective, you need to build consensus. It cannot be imposed," Redrado said.

Banks from the United States and Latin America are meeting in Cartagena, Colombia from April 18-20 to discuss the challenges of enforcing anti-money laundering rules across borders.

Washington officials attending the FIBA meeting, however, made it clear that while the government is trying to modify its approach, anti-money laundering safeguards are here to stay.

"It is even more relevant as we have collectively watched the world becoming more dangerous," William F. Baity, acting director of the Financial Crimes Enforcement Network, said Wednesday, the final day of the conference.

Further complicating the panorama for banks are 2005 rules that require them to carry out due diligence on all their correspondent banks, which adds an extra burden on South Florida banks that do business with hundreds of counterparts in Latin America and the Caribbean.

Although Redrado, the Argentine official, said he did not believe there was "any possibility of modifying" the anti-money laundering rules, he pointed out there are many gray areas that need to be cleared up to ease compliance. "Be specific," he said.

ACCRUING INTEREST

Interest in anti-money laundering compliance is on the rise. Some 1,100 people attended this year's FIBA conference compared to around 700 people last year, and about 40 vendors participated, offering software and other services to help banks with their compliance requirements.

This year there was also a significant increase in the number of domestic bank representatives attending the conference. "You can see all of the [anti-money laundering] regimen is being spread out all over," said Clemente Vasquez-Bello, an attorney from Gunster Yoakley and the conference chairman. ``In the past it was [just] applied to big money center banks and international bankers."

Ex-D.C. Engineer Charged With Bribing Inspector (WT)

By Jim Mcelhatton

The Washington Times, February 15, 2007

Federal authorities have filed bribery charges against a former D.C. Department of Consumer and Regulatory Affairs worker accused of paying off an inspector to reduce thousands of dollars in building code fines.

Yaw Oteng-Agipong faces up to 15 years in prison if convicted.

Mr. Oteng-Agipong, working as a private structural engineer, in September attempted to bribe a D.C. government inspector in connection with a construction project on Fifth Street Northwest, according to charging documents.

Mr. Oteng-Agipong declined to comment when reached by phone.

A spokeswoman for the Department of Consumer and Regulatory Affairs said yesterday that Mr. Oteng-Agipong retired in 2005 and hasn't worked for the city since.

Spokeswoman Linda Argo said agency officials cooperated in the investigation, which she said was handled by the FBI and the D.C. Office of the Inspector General.

"This is, as far as we know, an isolated incident," Miss Argo said.

Mr. Oteng-Agipong was employed with the District from 1982 to April 2005, when he took voluntary retirement. Before retiring, he was a supervisory structural engineer.

According to charging documents filed Friday in federal court, Mr. Oteng-Agipong offered $2,000 in cash to a city inspector in hopes of lifting a stop-work order on the project because it violated provisions of a building permit.

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The inspector also had issued $6,000 in fines, authorities said.

Mr. Oteng-Agipong offered the bribe to "lift the stop work order and reduce the fine," according to the U.S. attorney's office.

SoCal Doctors Charged In Alleged $12-million Medicare Fraud (MERCN)

The San Jose Mercury News, February 15, 2007

LOS ANGELES - Doctors and others filed phony Medicare claims that bilked the government out of more than $12 million, according to charges filed Wednesday.

A federal grand jury in Orange County returned indictments accusing 18 people of billing the government for respiratory therapy for Southern California patients - services that either were not needed or never performed, the U.S. attorney's office said in a statement.

The two indictments alleged conspiracy, money laundering and 68 counts of health care fraud against nine doctors and others, including several administrators of board-and-care homes.

Prosecutors contend that the doctors paid people known as "cappers" and board-and-care operators to recruit "elderly, infirm and mentally ill patients" for respiratory therapy.

"The therapists were ordered to entice the residents to undergo the treatments with gifts, such as sodas, candy and doughnuts," federal prosecutors said.

If convicted, the defendants could be sentenced to a maximum of 10 years in federal prison for each count of health care fraud, 20 years for money laundering and five years for conspiracy.

In an unrelated case, a man who posed as a doctor was accused billing Medicare for more than $500,000 in phony or unnecessary services he provided to patients from three counties.

Betros Garabet, 40, of Glendale, was not licensed to practice medicine when he opened a Pomona clinic and he was accused of using another person's doctor's license in order to file Medicare claims for patients brought in from Los Angeles, San Bernardino and Riverside counties, the U.S. attorney's office said.

He hired cappers to recruit Medicare recipients, who were paid kickbacks to go to Garabet's clinic, according to a Feb. 7 indictment.

Garabet and three other people are charged with health care fraud. Garabet remained at large but the others were arrested Wednesday.

One defendant also was charged with making a false statement to the FBI.

Garabet could not immediately be reached for comment. There was no telephone listing for him in Glendale.

SoCal Doctors Charged In Alleged $12-million Medicare Fraud (MHCA)

Monterey (CA) Herald, February 15, 2007

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Neteller Patrons To See Longer Wait For Money (USAT)

By Jon Swartz, Usa Today

USA Today, February 15, 2007

SAN FRANCISCO — The waiting game for thousands of U.S. patrons with money tied up in an online payment service under federal investigation just got longer.

The U.S. Attorney's Office for the Southern District of New York late Wednesday said it extended the deadline until March 16 to decide whether to indict the co-founders of Neteller, an Internet money-transfer service popular among gamblers. Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling

For U.S. customers of the site, it was another delay in their efforts to recoup their money, which remains in Neteller accounts until the legal matter is resolved.

Neteller says U.S. authorities have frozen access to about $55 million in U.S.-based accounts.

"As a result of the restrictions placed by third parties, court-ordered seizures and related legal concerns, (Neteller) is unable to make payments to U.S. customers," says a posting on the company's website.

FBI agent Neil Donovan has said funds are being held in court as potential evidence. He did not provide a timetable on when customers may get their money back.

Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business.

A law signed by President Bush in October bans the use of credit cards, checks and electronic fund transfers for Internet gaming. U.S. residents place more than half of all bets to major offshore casinos in an estimated $10.6 billion industry. However, most online gaming sites are based offshore, outside the reach of American law enforcement.

With Neteller's financial future teetering in the balance, consumers might choose less reliable money-transfer services instead, says Ken Dreifach, an Internet attorney.

Man Pleads Guilty In Scam (MJS)

By David Doege

Milwaukee Journal Sentinel, February 15, 2007

Clothing scheme may bring 20 years

A Brookfield man charged with using the Internet to traffic counterfeit clothing and defraud people around the country and in Germany pleaded guilty Wednesday in federal court to wire fraud.

Steven M. Weber told U.S. District Judge Charles Clevert that his scam began innocently under his parents' roof when he found a way to make money by connecting small-business people with clothing suppliers.

"I tried to go into business, tried to be an entrepreneur," Weber explained. "I started around 2004, right after high school."

But after realizing that he was passing on counterfeit designer clothing because customers complained and the suppliers were charging prices too good to be true, Weber said he continued in the trade anyway.

"I foolishly knew that it was counterfeit," Weber told Clevert, adding that he kept some buyers' money without sending them their merchandise.

Documents filed in state and federal court during the 2 1/2 years that Weber was under investigation say that he persisted in illegal Internet activities after warnings from police, the seizures of his car and two computers from his home, the freezing of a bank account, and prosecutors' statement in open court that Weber had become the focus of a federal investigation.

Weber was arrested in September after an investigation involving the FBI, Brookfield police and an area cyber-crimes task force, in which undercover agents bought counterfeit clothing from Weber and made clear to him in e-mails that they wanted counterfeit clothing.

The agents connected with Weber after investigating complaints from customers in several states and Germany, who said they sent him thousands of dollars for large lots of designer clothing that they never received.

According to the plea agreement in the case, investigators linked Weber to at least 22 victims who were defrauded of at least $213,000.

Weber, who is under house arrest, is to be sentenced June 8. The charge carries up to 20 years in prison.

Buy a link here

Robberies, Assaults With Guns Increase 50% From '06 (WT)

By Daniel Taylor

The Washington Times, February 15, 2007

The number of violent crimes committed with guns in the first six weeks of the year has increased by 50 percent compared with the same period last year, according to Metropolitan Police Department statistics.

Preliminary statistics indicate that 267 gun-involved robberies and assaults have been reported this year through Tuesday, compared with 181 in the year-ago period.

"It's a big concern," 4th District Cmdr. Hilton Burton said yesterday. "We've definitely seen an increase in robberies since the beginning of the year."

Robberies involving guns jumped from 17 last year to 25 in the 4th District, which lies in Northwest east of Rock Creek Park. Assaults with guns have increased from five to 13 this year.

Such increases are sometimes due to a few criminals who go on crime sprees, Cmdr. Burton said.

"Generally, we find it's the same group of individuals that may be hitting over and over again," he said. "One, maybe two arrests will generally close out most of the cases."

But he has noticed that the recent robberies haven't been limited to one area.

"It's all across the 4th District," he said.

The biggest increase in robberies involving guns occurred in the 1st District, where such incidents jumped from 10 last year to 31. Assaults with guns went from seven last year to 10.

Cmdr. Diane Groomes, who heads the 1st District, said she isn't sure what is causing the increase. Her district -- which includes much of the downtown core -- showed the largest increase, with a 140 percent jump in gun-related assaults and robberies.

She attributed much of the increase to juveniles "going around in vans and jumping out on people."

The 7th District, located entirely in Southeast, showed a 200 percent increase in robberies with guns, going from 10 cases through mid-February last year to 30 cases. On Tuesday, an off-duty police officer was shot while being robbed by two men in that district.

Reports of assaults and robberies involving guns increased in every police district except the 6th District, which includes parts of Southeast and Northeast. That district showed no significant change.

There were 408 robberies, including those in which guns were not used, this year, compared with 404 last year.

Overall assaults have declined from 347 last year to 301.

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The only substantial decline in gun-involved robberies occurred in the 3rd District, which recorded a drop from 35 last year to 31. However, gun-involved assaults in the 3rd District, which encompasses Columbia Heights and Mount Pleasant in Northwest, went from eight last year to 20.

Council member Jim Graham, a Democrat who represents Ward 1, which largely overlaps the 3rd District, said the increase in violence is "an extreme concern."

"The 3rd District has been experiencing a continuing spike, and that has worried me very much," he said.

Charles H. Ramsey, the former police chief, had declared a crime emergency in July after a wave of armed robberies and assaults. Homicides and robberies dipped in the months after the emergency.

Council member Phil Mendelson, at-large Democrat, said he also was concerned about gun-crime levels in the District, but he cautioned that the statistics only cover six weeks.

Mr. Mendelson, who heads the Committee on Public Safety and the Judiciary, which has oversight of the police department, said the main concern remains the amount of guns in the city.

"It's a continuing problem," he said. "There are far too many guns."

An Outsider's Murder Trial Shakes A Southern Town (NYT)

By Adam Nossiter

The New York Times, February 15, 2007

ABBEVILLE, S.C., Feb. 14 — It was a dispute over 20 feet of mean-looking land, a deadly squeeze of the trigger three years ago backed by pure conviction and an unwavering motto.

The Bixby family refused to budge for a highway-widening project, out of belief. "Live free or die," cried Steve Bixby, bespectacled and rigged out in camouflage and guns the day of the shooting, in a challenge to the authorities, witnesses said.

Mr. Bixby, 39, and his father, Arthur, 77, are accused of murder in the fatal shootings of two law enforcement officers who were trying to seize the land on behalf of the State of South Carolina. Both men face the death penalty. Mr. Bixby's mother, Rita, 74, was indicted as an accessory.

Now, with the opening Wednesday of Mr. Bixby's trial in the murder of Deputy Sheriff Danny Wilson, 37, and Donnie Ouzts, 63, a state constable, this Old South town with its intense Confederate heritage is reliving the winter's day in 2003 when the reclusive Bixbys held off the local police for 14 hours, after the shootings of Mr. Wilson and Mr. Ouzts.

The town is doing so gingerly. There were no supporters of the Bixbys on hand Wednesday as a jury sat in judgment over what the authorities say was Mr. Bixby's deadly act of resistance to authority. He is reviled in Abbeville, and the prosecutor had to pick his jury 160 miles away.

What the authorities said was Mr. Bixby's armed refusal to give up a small piece of his land for the widening of Highway 72 — "We will protect it to our last breath," he is reported to have proclaimed — is regarded here as senseless. Guns at the ready, Mr. Bixby was primed and waiting for his face-off with the police, witnesses said.

On the other hand, symbols of resistance to central authority, some of the South's most hallowed, abound here, lovingly tended in the quaint little town billing itself for passing tourists as the "Birthplace and Deathbed of the Confederacy."

Up the street from the mellow brick courthouse is the white-columned mansion where Jefferson Davis had his last cabinet meeting; nearby, one of the first rallies demanding secession was held in 1860. The monument to the Confederate dead outside the courthouse proclaims that "the soldiers who wore the gray and died with Lee were in the right;" the Confederate flag flies high above the highway; and a bookstore off the old brick square sells titles like "The South Was Right" and "Myths of Slavery."

The Southern Poverty Law Center, a civil rights organization in Montgomery, Ala., says the Abbeville area, in the western part of the state, has attracted others like the Bixbys — fanatics about property rights and resistance to authority who find the Confederate heritage nourishing. "We've pointed out that that area is one of the hotbeds," said Mark Potok, a staff director at the center.

Residents deny that there is any connection between the region's Confederate heritage and a violent property-rights ideology.

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"I have no clue why the Bixbys moved here," said the man running the bookstore, Robert Hayes, who also is the state director for the League of the South, a neo-Confederate group still pushing for Southern independence. "He could have picked any place in South Carolina."

Indeed, one the first things people here say about the Bixbys is that they were "outsiders," as Mr. Hayes put it, "not us." About 10 years ago they moved from New Hampshire, where they were involved with an anti-tax/anti-zoning group, and had had run-ins with a judge.

Why the family chose Abbeville is, people here say, a mystery. "Abbeville is just not like that," said Cheri Standridge, executive director of the Chamber of Commerce.

Amanda Dean, who runs a coffee shop on the square, said the family had the wrong idea about the town. "This is a good, strong family town," Ms. Dean said. "It's just such a shame. They could feel like they're coming to their homeland, and that's what's so sad."

The Bixbys may have warmed to Abbeville, but the feeling was not reciprocated by the genteel town. Steve Bixby, heavy-set and marginally employed in construction and food-concession vending, a sometime karaoke singer at a local bar, remained an outsider, while he and his parents fulminated together in the modest little clapboard house about the horrors of government interference. It is still pock-marked with bullet holes.

Indeed, the culture clash between the Yankee Bixbys and their reluctant Southern hosts was on vivid display in the trial's opening testimony Wednesday. Several witnesses — plain-talking highway engineers who had encountered the Bixbys in the days before the shootings on Dec. 8, 2003 — testified with shock about the family's propensity for profanity.

"During all this they continued to cuss," said Drew McCaffrey of the South Carolina Department of Transportation. "There was a lot of cussing from Steve and Rita," Mr. McCaffrey said.

"They were cussing an awful lot, him and his mom," said Mr. McCaffrey's colleague Dale Williams, who recalled the "No Government Agents" sign in the front yard. Michael Hannah, another department employee, recalled, "They basically started making some threats, and there was cussing."

The verbal violence — "ranting and raving," Mr. Williams called it — presaged the physical, the witnesses said. A chilling scene confronted him when he drove by on the morning of the shooting: Steve Bixby, framed by his house, "a pistol in his right hand and a long gun in his left." The witness added soberly, "I knew at that time the officer was in trouble." Mr. Wilson was shot in the chest and Mr. Ouzts in the back, at the doorstep.

Both men were well-known and well-liked; a young man, asked if he knew them, bit his lip and ducked his head as he hurried out of the coffee shop on the square. "They want to put it behind them," said Bill Greene, a retired electrical technician, of the townspeople. "Lot of times, people move into these little towns, they think they can have things their way. But you have to obey the laws."

Research: Red-light Cameras Work (USAT)

By Larry Copeland

USA Today, February 15, 2007

ATLANTA — Surveillance cameras at major intersections dramatically reduce the number of drivers who barrel through red lights, two new research reports say.

The findings come as debate about the controversial devices continues a decade after they were introduced. The battles include a proposal to ban the cameras here in Georgia, litigation in at least three states and legislative efforts to permit them in six other states.

The cameras automatically photograph vehicles that drive into intersections after the light turns red. Vehicle owners are then mailed citations instructing them to pay a fine or sign an affidavit that they weren't driving at the time.

More than 850 people die and about 170,000 are injured each year in crashes caused by drivers running red lights, the National Highway Traffic Safety Administration says.

Researchers studied the effectiveness of red-light cameras in Philadelphia and Virginia Beach.

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The Philadelphia study, conducted by the Insurance Institute for Highway Safety (IIHS), an industry group, examined red-light violations using a two-step approach. First, researchers found that violations dropped by 36% after yellow lights were extended to give drivers more warning that the light was about to turn red. After red-light cameras were added, remaining violations dropped by 96%.

"There's a dramatic change in driver behavior when red-light cameras are used," says Richard Retting, senior transportation safety engineer for IIHS. "The jury is in on that question."

The Virginia Beach study, conducted by Old Dominion University, examined signal violations at four intersections before red-light cameras were installed, while they were operating and after they were removed in 2005. Violations more than tripled by August 2006.

"That's a huge jump," says lead researcher Bryan Porter, an associate professor of psychology at Old Dominion. "The rate of red-light running was actually higher" than before the cameras were installed.

The popularity of the cameras is growing rapidly despite opposition that centers on constitutional grounds. About 250 communities around the USA use the devices, according to the Insurance Institute. Just 10 years ago, only New York and San Francisco had them.

Opponents say the cameras deny drivers their right to confront their accusers in court and are a ploy by local governments to raise revenue.

"There is a lot of money to be made with them," says Howard Bass, a Minnesota attorney who successfully challenged Minneapolis' red-light camera system in a case that will be argued before the state Supreme Court next month. "Ultimately, this is an issue that may have to be decided in the court of public opinion rather than courts of law. It's a public policy issue of how much surveillance creep we will tolerate in the 21st century."

MySpace Cleared In Sexual Assault Case (LAT)

By Dawn C. Chmielewski And Jim Puzzanghera

The Los Angeles Times, February 15, 2007

Whose fault is it that 13-year-old Julie Doe lied about her age, met a guy on MySpace and was sexually assaulted by him in a Texas parking lot?

Not MySpace's, a federal judge said in a decision released Wednesday.

The ruling appears to be the first time a federal court has extended to social-networking sites the same free-speech protections granted to Internet service providers. It could prove pivotal, coming as educators, lawmakers and states' attorneys general are leaning on News Corp.-owned MySpace to protect young users from online predators.

"A lot of people are angry about what kids are doing and what's happening on the Internet," said Parry Aftab, a leading Internet child safety expert. "That's fine. But it is not MySpace's role to raise your child."

Authorities in Travis County, Texas, charged a 19-year-old man with sexual assault in connection with the Julie Doe case. The girl's parents sued News Corp. for $30 million, saying MySpace didn't do enough to protect its members from harm. At least four similar cases are pending in Los Angeles Superior Court. MySpace is based in Beverly Hills.

"If anyone had a duty to protect Julie Doe, it was her parents, not MySpace," Judge Sam Sparks wrote in a ruling dismissing the case.

Sparks, of U.S. District Court in Austin, said MySpace couldn't be held liable for the actions of its users any more than Yahoo Inc. is responsible for what people write on its message boards.

The judge also said MySpace should not be punished for the failure of its safety measures -- if it were, the judge said, Internet companies would stop trying.

Since News Corp. acquired it in July 2005, MySpace has worked to counter its image as a haven for unsavory characters. The site hired a former federal prosecutor as chief safety officer, ran public service announcements on its site and TV channels warning children to be cautious of strangers online and began working on parental control software.

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"MySpace has always been concerned about what happened to Julie Doe, because we take the safety and security of our community very seriously," the site said in a statement. "However, a lawsuit against MySpace was not the appropriate way to redress any harm to her."

In his ruling, Sparks applied the 1996 Communications Decency Act, in which Congress said Internet service providers should not be held liable for content posted on their sites by third parties. A year later, the Supreme Court struck down online censorship provisions that sought to protect minors from obscene and indecent material but left intact the immunity for ISPs.

"The concept is basically the same," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a public interest research group in Washington, D.C. "The exact same things were happening in AOL chat rooms as are now happening on Facebook and MySpace and elsewhere -- people are exchanging information and meeting each other in online environments."

In the past decade, Rotenberg said, courts have interpreted that immunity broadly out of "recognition that, if ISPs became responsible for editorial content of anyone who participated in online chat, it would be impossible to host a site."

According to the court documents, the 13-year-old girl known as Julie Doe listed her age as 18 when she joined MySpace. In April 2006, she was contacted through the site by college freshman Pete Solis. The two exchanged e-mail and phone calls, then went out for dinner and a movie. Police say he then sexually assaulted her in a parking lot.

Austin lawyer Adam J. Loewy, who represented the girl, said they were disappointed in the ruling and plan to appeal.

"We were prepared for a very long battle in this," Loewy said. "This is simply the opening round. ... We feel MySpace does have a duty to protect the children on the site."

Bipartisan legislation was proposed last month to require sexual offenders to register their e-mail addresses with authorities and passed on to social networking sites.

Last year, the House overwhelmingly passed legislation that would have prohibited schools and libraries that receive federal funds from allowing minors to access social networking sites. The legislation never came up in the Senate, but last month Sen. Ted Stevens, R-Alaska, incorporated it in a proposed bill to protect children online.

CIVIL LAW:

Advocates Urge Improvements To FOIA Process (TECHD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, February 15, 2007

Civil libertarians and national security experts told lawmakers Wednesday that the longstanding law that lets citizens request full or partial disclosure of previously unreleased government documents is essential for government accountability.

Caroline Fredrickson, the American Civil Liberties Union's top lobbyist, said in prepared congressional testimony that the Freedom of Information Act is "democracy's X-ray" and is a priceless tool for revealing government waste, fraud, abuse and corruption.

Recent documents uncovered by the ACLU thanks to FOIA showed that the government has been spying on peace groups and torturing detainees in Guantanamo Bay, Cuba, Afghanistan and Iraq, she told the House Government Reform and Oversight Information Policy Subcommittee in a mid-afternoon session.

But Fredrickson said in her statement that FOIA's effectiveness has been undermined by the Bush administration, specifically through an October 2001 directive by then-Attorney General John Ashcroft for agencies to adopt a policy of non-disclosure.

The current White House is "intentionally and improperly shielding itself from public view, using 'national security' as a barrier to prevent Americans from seeing what's happening inside our government," Fredrickson said. She urged Congress to rescind the Ashcroft memorandum and emphasize the presumption toward disclosure.

Meredith Fuchs, general counsel for the National Security Archive, said in her testimony that plenty of good comes from FOIA, but the process is "plagued by inefficiency, delay and sometimes outright obstruction."

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FOIA requires agencies to process requests within 20 business days, but a 2003 archive audit identified unprocessed requests as old as 16 years, she said. The examination was repeated two years ago with similar findings.

According to Fuchs' testimony, addressing the delays requires better reporting so problems are identified promptly; improved leadership and tracking of requests by agencies; more resources to handle FOIA requests; and penalties for departments that do not answer requests within the required timeframe.

Clark Hoyt, who testified on behalf of the Sunshine in Government Initiative, also had some recommendations. He said a FOIA ombudsman should be created within the federal government to serve as a "champion for FOIA training and compliance [and] a place where individuals seeking to exercise their rights under FOIA can go for help short of filing a lawsuit."

Hoyt's group consists of 10 media groups committed to openness in government. "FOIA has become an essential tool for journalists attempting to find out for the public what the vast and complex federal government is up to," he said.

Subcommittee Chairman William Lacy Clay, D-Mo., called FOIA "one of the cornerstones of our democracy" and said a bill introduced last session provided a "practical and measured approach to remedying problems identified by the requester community."

That measure would have reduced the number of disputed FOIA requests through mediation and improved the information reported by agencies, he said. The bill is "an excellent starting point for legislation this Congress," Clay said.

Linda Koontz, director of information management for the Government Accountability Office, and Melanie Ann Pustay, acting director for the Justice Department's office of information and privacy, also were expected to testify at the hearing.

CIVIL RIGHTS:

NIAGARA FALLS: Arrests Made In Temple Vandalism Case (LOCKUSJ)

By Rick Pfeiffer

Lockport (NY) Union-Sun & Journal, February 15, 2007

Two teenage skaters are charged with hate crimes

They marked their territory like dogs, urinating on the doors of the temple.

They scarred the doors with the initials of their group and Nazi swastikas.

Now, two members of a “skakeboard club” known as DNA, are behind bars and charged with hate crimes. The arrests follow an investigation by local and federal law enforcement into a continuing series of acts of vandalism at Temple Beth Israel Conservative on College Avenue.

Shawn Michael Blount, 18, and a 14-year-old boy, whose name is being withheld because of his age, were picked up Wednesday morning by Falls Police Juvenile Division detectives and an agent from the FBI’s Joint Terrorism Task Force. Blount will be arraigned later today on charges in Falls City Court, while the juvenile appeared in Niagara County Family Court late Wednesday afternoon.

Blunt has been charged with third-degree criminal mischief and second-degree harassment as felony hate crimes. He also faces charges of third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti, possession of graffiti instruments and unlawfully posting advertisements.

The juvenile was charged with second-degree menacing, second-degree aggravated harassment and third-degree criminal mischief as felony hate crimes. He was also charged with third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti, possession of graffiti instruments and unlawfully posting advertisements.

In addition, police charged the juvenile with second-degree assault and resisting arrest after he fought with detectives as they tried to take him into custody. Two detectives suffered minor injuries in the scuffle.

“(The juvenile) has an awful lot of anger and hate in him,” Falls Police Captain John DeMarco said. “He didn’t want to go (with cops), but he did (go).”

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The trouble at the temple has been going on for the last two years, but escalated dramatically over the summer and into the fall of 2006. The most recent incident at the temple occurred on Jan. 12, when duct tape was used to spell out the message "Kill the Jews" on a temple door.

Other acts of vandalism included spraying painting "DNA" on the concrete steps of the synagogue, destroying fencing and peppering the walls of the temple with eggs and paintballs.

The use of the temple property for skateboarding apparently began DNA's interest in the property. Having established their turf, the group refused to leave.

"They wouldn't go," said Dr. Lawrence Wolfgang, president of the temple congregation. "They wouldn't leave no matter who told them to go. They'd even bring out the skateboard ramp (as temple representatives told them to leave their property)."

On one occasion, Wolfgang said he confronted Blount and the juvenile outside the temple, as they were skateboarding. He said the confrontation was scary.

"They responded with a string of four letter words, right in your face," he said. "I'm kind of lucky they didn't hit me. These are big kids, bigger than me. They were scary to talk to. They had no respect for the property or for (temple members) as individuals."

After the duct tape incident in January, Wolfgang met with agents from the Buffalo office of the FBI and the local Joint Terrorism Task Force. Niagara County Sheriff's Department Investigator and JTTF Agent Mike Messina joined forces with Falls Police Juvenile Division Detective Shawn Larabee to look for leads in the case.

"We did a neighborhood canvas and that yielded some results," Messina said. "We were then able to identify (Blount and the juvenile)."

However, the intimidation of Blount, the juvenile and others made the investigation anything but easy.

"Every person we spoke to was afraid to call the police, because they were afraid of retaliation," Larabee said.

Larabee and Messina said they were able to eventually build a strong enough case to arrest Blount and the juvenile and they said they will continue to keep a close watch on DNA and its members.

"We were able to gather intelligence that didn't necessarily lead to arrests, but will show us who to watch," Larabee said.

Falls Police Superintendent John Chella said he and other law enforcement officials met with Wolfgang on Tuesday to let him know the arrests were coming.

"Myself, the United States Attorney and district attorney met with Dr. Wolfgang to pledge our support and to make sure that not only is justice done in this case, but going forward we will protect the synagogue," Chella said.

U.S. Attorney Terrance Flynn had considered filing federal hate crime charges against Blount and the juvenile, but decided it was better to keep the case in New York state courts.

"The federal charges are more focused on adults. Below 18, runs into a problem," Wolfgang said. "(Flynn) felt it would be better to handle (the cases) in one place. I know (Flynn) did consult with (U.S. Justice Department officials) in Washington, D.C., so they took this very, very seriously."

The temple leader praised the work of local police in cracking the case.

"I really have to say the city police tried really hard to solve this problem over the last two years," Wolfgang said. "They are keeping a close eye on this group. I'm hopeful (the vandalism is over). These seem to be the two main perpetrators or leaders."

Officials Manipulate Elections With Polling Location (AP)

By Joe Stinebaker, Associated Press Writer

AP, February 15, 2007

HOUSTON — Officials in two Houston-area elections recently manipulated polling locations to clear the path for their supporters to vote and to toss numerous roadblocks before their opponents.

Sponsors of a local community college bond election tried last year to put all their polling locations on their campuses, making voting easy for students and employees — a natural support base — but less convenient for opponents. That move prompted the U.S. Department of Justice to step in, and the election was postponed.

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And officials with a suburban school district scheduled their bond election on the same day as the state's general election in November — and then spent $64,000 extra to set up separate polling places. State law would normally bar such a move, but a large loophole allows such maneuvers in the Houston area only.

"I'm sort of astonished that election law in Texas allows somebody to buy their way onto a different ballot," said Henry Brady, a political scientist at the University of California, Berkeley. "It's just astonishing to me."

Such maneuvers go on to a lesser degree all over the country.

Some Minnesota schools hold bond elections in frigid January. Fire departments pushing bond elections in New Jersey routinely place their polling booths in remote fire stations. And elections officials in Ohio and California have been accused of uneven distribution of voting machines, causing long lines in neighborhoods that support one party and a quick passthrough for supporters of the other party.

Such machinations allow government officials to assist their favored candidate or to help pass bond issues — and their resulting property tax increases — without mounting expensive campaigns. Controlling the location of polls allows supporters to turn out in their usual numbers, while opponents have to drive farther, or to several places, to vote.

But election experts said that unless there are clear civil-rights violations against a minority group, federal authorities are unlikely to step in. Polling place manipulation doesn't fall under the Voting Rights Act, so the Justice Department is not authorized to police such moves.

"These are things that can often fly beneath the radar," said Dan Tokaji, a professor specializing in elections law at Ohio State University. "Unless somebody notices it and makes a big stink through the ordinary political process, you're not going to hear a lot about that. And it's very easy for these sorts of decisions to slip through without detection."

The North Harris-Montgomery Community College District, in Houston's northern suburbs, planned a $250 million bond and board of trustees election in May. But instead of joining with other jurisdictions holding elections, district officials chose to hold a separate election. Citing budget concerns, officials cut the number of polling places from 80 to 12 — all on district campuses — and left some voters up to 20 miles from a polling place. The League of United Latin American Citizens and other critics accused district officials of trying to dilute Hispanic voting strength and limit voter turnout to those who work and study at the college.

"The reasoning behind the eliminating of voting locations is to eliminate voters," Fred Blanton, an unsuccessful board candidate, said.

The Justice Department ultimately intervened in the community college election, and the district ended up postponing it until November and offering dozens of polling places throughout the area. The bond proposal failed by 12 percentage points.

In Pearland, where the campaign to replace former House Majority Leader Tom DeLay guaranteed a higher-than-usual turnout in the general election, school district officials scheduled a $115.6 million bond election for the same day.

But consultant Richard Murray, a political scientist at the University of Houston, advised the district that they would be "much more at risk" if the bond issue was on the same ballot as the general election.

"It might cost you 10 points if you have everybody voting," he told school board members. "They know less about the bonds. If somebody emerged that was publicly opposing the bonds, an ad hoc group, they could make a lot more headway."

So the Pearland schools spent an extra $64,000 to hold a separate election, meaning people would have to make two stops to complete voting.

It worked. Forty percent of Pearland voters turned out for the general election, but only 9 percent turned out for the bond election, most of those in early voting.

The bond proposal passed with 70 percent of the vote.

Pearland schools Superintendent Bonny Cain said the election was held independently to accommodate early voting.

"It wasn't a perfect decision," Cain said. "We just felt like we were following through with a long tradition of bringing the voting booth to the voting public."

But the area elections administrator, Janice Evans, estimated that four times as many bond-issue voters would have turned out had the bond election been held along with the general election at the usual polling places.

Brady called the Pearland election "bizarre."

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"The notion that you could buy your way out and have a separate ballot, I mean start thinking about what that would mean," Brady said. "It's pretty astonishing. ... It's pretty easy to put polling places in the right places and to therefore discourage some people and encourage others."

In California, local officials rely on their local voter registrar to fend off several obviously partisan attempts to manipulate voting sites. Alameda County's "voting bus" — a van stripped of passenger seats and equipped with electronic voting machines — is sent to areas around the county in an effort to boost voter turnout and help disabled voters reach the polls.

Alameda County officials were bombarded with requests from partisan groups wanting the bus to visit sites with a disproportionate numbers of voters from one party or another.

Election law experts said such tactics could result in trouble if registrars aren't careful about where they place the alternative polls.

Many states, Texas included, require that local governments holding elections on the same day as a November general election use the same polling locations as the general election. But the Houston area — Harris County and seven surrounding counties — is exempt.

Republican state Rep. Dan Gattis, who wrote the law, said he stripped the eight counties out of his original bill at the request of a Houston-area legislator who threatened to organize opposition to kill the bill.

"I believe the constituents of Harris County and those seven surrounding counties are being ill served by not being under the same rules and regulations as the rest of the state," Gattis said. "It is pure manipulation that is going on with some of these elections."

Tokaji agrees.

"I do think that there's a great potential for manipulation of elections," he said, "and it's probably something that should get a lot more attention than it's received so far."

Associated Press Writer Rachel Konrad in San Jose, Calif., contributed to this report.

Genetic-Discrimination Ban Nears Congressional Approval (WSJ)

By Jane Zhang

The Wall Street Journal, February 15, 2007

WASHINGTON -- A bill barring discrimination by employers and insurers based on genetic information is moving swiftly through Congress, drawing praise from privacy advocates and objections from business groups that the measure is too broad.

The legislation would be the first federal law prohibiting health insurers from denying coverage or charging higher premiums based solely on genetic information. It also would forbid employers from using the information to make hiring, firing and other job-placement decisions.

The bill was approved by the House Committee on Education and Labor yesterday and is expected to pass the full House. The Senate, which previously passed the legislation twice, is expected to vote on it within two weeks, and President Bush has indicated he will sign it. The legislation has been debated for a decade but was opposed by House Republican leaders.

Rep. Louise Slaughter (D., N.Y.), the bill's co-author in the House, said the legislation will "encourage Americans to seek out preventive health care and participate in clinical trials critical to finding cures for some of our most deadly genetic-based diseases."

Genetic testing has increased over the past decade, and tests for about 1,000 diseases are available clinically, according to the Genetics and Public Policy Center in Washington. These tests can help diagnose, predict diseases and guide treatment, but the lack of a federal antidiscrimination law, advocates say, has made some consumers reluctant to participate in genetic research. Many states bar discrimination based on genetic tests, but the protections vary widely.

Some business groups, including the U.S. Chamber of Commerce, oppose the legislation. Michael Eastman, the group's executive director of labor policy, said the bill would encourage employees to file discrimination lawsuits. He said the bill would affect how employers collect health information in general because the line between genetic and other health information isn't always clear.

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"We think it's really based on the politics of fear and anecdote and not on reality and reason," said Neil Trautwein, a vice president at the National Retail Federation.

International Business Machines Corp., which includes genetic nondiscrimination in its employment policy, supports the bill, according to testimony prepared for a recent hearing of the House Education and Labor Committee. But the company also said Congress should monitor implementation to prevent "expansive interpretations."

Francis Collins, director of the National Human Genome Research Institute at the National Institutes of Health, said the legislation would encourage more people to participate in genetic testing for risks such as colon cancer. "All of us are at risk for genetic discrimination if protections are not put in place because there are no perfect human specimens," he said.

Maywood Suburb Wants Investigation Of Police Misconduct (LAT)

By Hector Becerra

The Los Angeles Times, February 15, 2007

Allegations of sexual misconduct, racism and brutality are roiling the Police Department in the small suburb of Maywood, prompting the City Council this week to request an immediate investigation by the state attorney general's office.

The request for the probe comes after years of accusation from residents and activists that the Police Department has mistreated Latino immigrants, who make up the vast majority of the 30,000 residents.

The council called for the probe late Wednesday at the urging of Assembly Speaker Fabian Nunez, who in a letter to the council called the growing catalog of alleged misdeeds deeply concerning.

One of the allegations the attorney general would examine is that the Police Department enforced a policy of afternoon sobriety checks that was actually designed to nab unlicensed illegal immigrants and generate money for the city.

Nearly 2,000 cars a year have been impounded from immigrants. Residents have also come forward with allegations that officers beat up people for no reason. Several woman claim that officers stalked and sexually abused them, while parents claim that their teenage daughter was groped by an officer, according to a document listing the allegations obtained by The Times.

Even top city and police officials admit there is a problem. "Do I feel some of the residents have valid points? Yes, I do," said Maywood Police Chief Richard Lyons.

Two officers have been suspended pending internal investigations, Lyons said, and other officers are under investigation. "There's a handful of renegade cops out there we need to build cases on," said Councilman Sam Pena.

Maywood garnered national headlines last year when a new pro-immigration council majority was elected and declared the city a "sanctuary" for illegal immigrants.

That issue has polarized the city. Felipe Aguirre, the councilman who pushed for the sanctuary movement, was later the target of death threats by City Clerk Hector Duarte, who opposed the new direction of the city. Duarte pleaded guilty to the death threat allegation.

ANTITRUST:

Microsoft Settles Iowa Consumer Antitrust Lawsuit (Update5) (BLOOM)

By Bob Van Voris

Bloomberg, February 15, 2007

Feb. 14 (Bloomberg) -- Microsoft Corp., the world's biggest software maker, reached an undisclosed settlement in a lawsuit claiming it used its monopoly position to overcharge Iowa consumers for software products including Windows and Word.

Microsoft reached the deal with a statewide class of consumers who had purchased Microsoft products since 1994. The plaintiffs claimed the company violated Iowa antitrust law to charge inflated prices by taking advantage of its monopolies in personal computer operating systems and software applications.

``I think everyone in the courtroom is a little stunned," Roxanne Conlin, a lawyer for the consumers, told an Iowa state judge and jurors today in Des Moines after announcing the accord.

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The settlement, which must be approved by the judge, ends a trial that began in December and resolves one of the last private antitrust cases Microsoft hasn't settled or persuaded judges to dismiss. The Iowa customers claimed $329 million in damages, which could have been tripled under Iowa law.

Judge Scott Rosenberg ordered both sides to keep details of the settlement secret until they file papers formally asking him to grant initial approval of the settlement, expected in April. Similar cases that settled have provided class members with vouchers for discounted software.

Last of Dozens

The case, and a similar suit in Mississippi, are the last of dozens filed by groups of consumers following an antitrust case against Microsoft filed by the U.S. government and several states, including Iowa, in 1998.

Microsoft, based in Redmond, Washington, claimed it didn't limit competition and said the company is successful because it offers high-quality software at low prices.

``We're happy to have this matter behind us so we can focus on the future," Rich Wallis, a Microsoft associate general counsel, said in a joint statement issued by the parties.

The case settled during the consumers' part of the six-month trial, before Microsoft would present its defense. The company's lawyers said they had planned to call as witnesses Microsoft Chairman Bill Gates and Chief Executive Officer Steve Ballmer. Conlin showed jurors a tape of Gates's testimony in the Department of Justice case.

After they were excused from the courtroom today, members of the 11-member jury could be heard whooping and cheering in the jury room.

`Digital Divide'

In an interview after the proceeding, Conlin said the settlement includes a program to ``close the digital divide" by ensuring that every Iowa student graduates high school with necessary computer skills. She declined to say how much the program will cost, citing the judge's order. Conlin said serious settlement talks began on Feb. 11 and a deal was reached by 6 p.m. yesterday.

During the trial, many internal Microsoft documents were made public for the first time.

In a 2004 e-mail to Gates and Ballmer disclosed during the trial, Windows chief Jim Allchin said ``we have lost our way" and ``I would buy a Mac today if I was not working at Microsoft."

In another e-mail, a Microsoft executive said he wanted to ``whack" computer maker Dell Inc. over its relationship with Linux software distributor Red Hat Inc., the same week in 2002 a federal judge ordered the company not to retaliate against competitors.

Class Action

The Iowa case was filed in 2000 by Joe Comes, a Des Moines businessman. It was certified in 2003 as a class action, or group lawsuit, on behalf of indirect purchasers of Microsoft software from May 1994 to June 2006. The consumers, including individuals and businesses, bought computers loaded with Microsoft software, or purchased the software from sources other than the company.

Conlin claimed that Microsoft's monopoly allowed it to raise the price of Windows by an average of $42.49, and $10.55 for Word.

In addition to settling the lawsuit by the U.S. government, Microsoft has reached accords in antitrust cases in 18 states and the District of Columbia, it said in a Jan. 25 filing with the U.S. Securities and Exchange Commission.

Under those settlements, consumers get vouchers for rebates on computers and software. The value of the deals depends on how many vouchers are redeemed. Microsoft estimates the total cost will be from $1.5 billion to $1.8 billion.

In 2004, Microsoft settled a Minnesota case during trial, the only other private antitrust suit against it that went to a jury.

Monopoly Power

Shares of Microsoft rose 37 cents to $29.40 in Nasdaq Stock Market trading. They have risen 11 percent in the past 12 months.

Before the trial, Rosenberg adopted many of the findings from the Justice Department trial, including the conclusion that Microsoft held illegal monopoly power in the market for Intel Corp.-compatible personal computer operating systems before June 1999.

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Microsoft, whose Windows operating system runs almost 95 percent of the world's personal computers, released its new Windows Vista operating system in stores Jan. 30.

The case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County (Des Moines).

Microsoft Settles Iowa Antitrust Case (AP)

By David Pitt, Ap Business Writer

AP, February 15, 2007

Microsoft Corp. on Wednesday settled a class-action lawsuit filed on behalf of thousands of Iowans who bought the company's programs between 1994 and 2006. Terms of the deal were not immediately disclosed.

The lawsuit sought more than $330 million from Microsoft for allegedly engaging in monopolistic and anticompetitive conduct that caused customers to pay more for software than they would have if there had been competition.

Microsoft denied the allegations, saying Iowa customers received quality products at fair prices.

On Wednesday, Polk County District Court Judge Scott Rosenberg ordered attorneys to refrain from disclosing details of the settlement until April.

"The court will be advised of the terms of the settlement in April and there will be a hearing on April 20 for preliminary approval and if all goes as scheduled there will be a hearing for final approval on Aug. 31," said Microsoft attorney Rich Wallis.

The world's largest software maker has faced 206 class-action lawsuits across the United States since 2000. The company said 108 were consolidated in a federal antitrust case and 96 remained in state courts.

Most were dismissed or settled before trial.

Only two, the Iowa case and one in Minnesota, went to trial. The Minnesota case was settled after about two months into the trial.

Attorneys Roxanne Conlin and Rich Hagstrom filed the Iowa lawsuit in 2000.

"It was a mutual decision to settle and you kind of have to see the cards lay down. That's part of what happens for both sides," Conlin said. "You have to assess your risk and you have to assess what's in the best interest of your clients."

Both sides agreed the settlement will include making money available to buy computers and software for Iowa schools.

"We're going to take half of the unclaimed amount and use that to close the digital divide in Iowa," Conlin said.

Conlin would not say whether the settlement would take the form of cash or vouchers for computer equipment. Previously, she said she would refuse to accept vouchers.

In the Minnesota case, the lawyers sought more than $300 million from the company. During trial, the case settled for $174.5 million. Lawyer fees were about $59.4 million, according to court documents. The six plaintiffs who brought the case forward received $5,000 each

Time To Face The Music On File Sharing (WP)

By Rob Pegoraro

The Washington Post, February 15, 2007

Customers might not like the idea of technology that allows some uses of music (like copying iTunes downloads to their iPods) but forbids others (like copying the same song to another kind of music player). But until recently, it didn't seem to bother the executives behind these anti-piracy systems.

They all agreed that anybody selling downloadable music and movies needed to police what customers did with their purchases.

Last week, however, the person responsible for the most successful copy-control software in the music market, Apple chief executive Steve Jobs, ruffled feathers with the question: Do we need any of this in the first place?

In an essay called "Thoughts on Digital Music" on Apple's site, Jobs wrote that his company's iTunes Store used copy-control software called FairPlay only because major record labels insisted on it. Those same labels' demands made it impossible for Apple to share its technology, he said. So his proposed solution to the "this download will only play on my iPod" problem is to abolish copy-control software altogether.

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Since that remarkably blunt piece of writing hit the Web, the debate over whether technology can curb illegal file sharing has come back to life. That's good. But in the process, a lot of old myths are resurfacing -- and believing them will stop you from understand the deeper problems with the digital-media market. The myths include:

Â· "Apple can't share FairPlay with other companies, because the technology could get leaked and eventually prompt the labels to pull their catalogues from the iTunes store."

That's not necessarily so.

You can't completely dismiss Apple's contention; only Apple knows the fine print of its deals with the record labels. We don't. But the simple way Apple's copy-control system works should make it relatively easy for outsiders to join the FairPlay game.

FairPlay assigns the police work to the iTunes program on your Mac or PC, not the iPod. As a result, you can plug a friend's iPod into your computer and copy your iTunes purchases to it, even if that iPod is already loaded with your pal's iTunes downloads.

Plus, Apple has already taken a baby step toward putting FairPlay in other companies' hardware, in the form of Motorola cellphones that include a miniaturized version of iTunes. If the iTunes Store survived that experiment, it should be able to live through the addition of FairPlay compatibility to other playback-only devices, such as handheld organizers or car stereos.

It would be different if Apple were to let somebody design a competitor to iTunes. A lot more would be at stake in that case.

Â· "Microsoft solved the compatibility problem years ago when it created its PlaysForSure standard."

That depends on how you define "solved."

Microsoft can point to dozens of PlaysForSure devices from various companies, not including its own incompatible Zune. Even users of Palm organizers and smartphones can join the fun, by using NormSoft's Pocket Tunes. But when it comes to anything more complex than a handheld gadget, Microsoft takes a different stance.

Although the company allows other people to develop Window Media-compatible programs for other operating systems, such as Telestream's Flip4Mac for Mac OS X, it won't let them add PlaysForSure support.

When asked why PlaysForSure should be confined to Windows, Microsoft says it would be too difficult to keep that software secure on another operating system. That's almost the same excuse Jobs used in his online essay, except that Apple still managed to ship a Windows version of iTunes.

Either Microsoft needs to upgrade its understanding of competing operating systems, or it should admit that promoting Windows outweighs living up to its own talking points.

Â· "This is the price we have to pay to stop illegal file sharing."

Just try to prove that.

First, as Jobs noted in his essay, the vast majority of music sold today comes on audio CDs that impose no copying restrictions. DVDs include copying controls, but they were breached years ago.

Even if you abolished these old formats in favor of media locked up with technologies like FairPlay or PlaysForSure, you'd still have no bar to music file sharing. Both Apple and Microsoft's systems allow buyers of a song to burn it to an audio CD that can then be copied back to a computer in an unrestricted format.

The side effect: It only took a few minutes with a file-sharing program to find MP3 copies of songs sold only on iTunes. And even without the audio-CD workaround, hackers have repeatedly dismantled the defenses of FairPlay and PlaysForSure.

Either way, all you need is one unprotected copy loose in the wild; that copy can then be duplicated endlessly. And no existing anti-piracy system can stop people from downloading and playing those copies.

The technology can still serve a role in online music or movie rental services, which have drawn far fewer customers than stores like iTunes, but for purchases it does too little to justify its costs. In practice, it only stops copying by the unmotivated, the over-scheduled or the inexperienced -- the people most likely to buy a song or movie online as long as they can do so quickly, easily and cheaply.

In the music industry, a growing number of outlets beyond the big-name companies, from tiny indie-rock operations to the Philadelphia Orchestra and the Smithsonian Institution's Folkways label, have realized the futility of copy-restriction software and now sell digital downloads in open, unrestricted formats.

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At this point, this all amounts to little more than expensive psychotherapy for Hollywood executives. It's the height of arrogance for them to keep sending us the bill.

Living with technology, or trying to? E-mail Rob Pegoraro atrobp@washpost.com.

ENVIRONMENT:

Justice Official Bought Vacation Home With Oil Lobbyist (WP)

By Susan Schmidt And James V. Grimaldi

Washington Post, February 15, 2007

A senior Justice Department official who recently resigned her post bought a nearly $1 million vacation home with a lobbyist for ConocoPhillips months before approving consent decrees that would give the oil company more time to pay millions of dollars in fines and meet pollution-cleanup rules at some of its refineries.

Sue Ellen Wooldridge, former assistant attorney general in charge of environment and natural resources, bought a $980,000 home on Kiawah Island, S.C., last March with ConocoPhillips lobbyist Don R. Duncan. A third owner of the house is J. Steven Griles, a former deputy interior secretary, who has been informed he is a target in the federal investigation of Jack Abramoff's lobbying activities.

A spokeswoman for the Justice Department said yesterday that Wooldridge sought and received approval from a career ethics official in her office before buying the vacation property. Wooldridge's lawyer and officials at ConocoPhillips said that Duncan had no role in negotiating the consent decrees and never lobbied Wooldridge.

Wooldridge, who earlier served in senior positions at the Interior Department, lives with Griles in Virginia. Her investment with Griles and the oil lobbyist took place on March 13, 2006, property records show, during a wide-ranging Justice Department criminal investigation that involves Griles and lobbyists at Interior. The joint purchase and Wooldridge's role in the consent decrees were reported yesterday by the Associated Press.

Stephen Grafman, an attorney for Wooldridge, said his client owns a 25 percent share of the vacation property. "She used her own money," Grafman said. He said that Wooldridge was called in November before a grand jury investigating Abramoff and Griles but that she is not under investigation.

In November 2006, ConocoPhillips reached proposed consent decrees with the federal government and four states that would modify an agreement the company had reached with the Environmental Protection Agency in 2005 to settle charges it was violating the Clean Air Act. The proposed changes, which must be approved by a federal judge overseeing the case, would give the company more time to install equipment and processes that would cost an estimated $525 million to cut emissions at some refineries.

Wooldridge, as head of the Justice Department's environmental division, signed the agreements on behalf of the federal government.

In lobbying disclosure forms filed last year, Duncan -- ConocoPhillips's vice president for federal and international affairs -- said he lobbied Congress on revisions to the Clean Air Act. He did not report lobbying the Justice Department or other federal agencies.

Duncan "was not involved at all" in the consent decrees, said ConocoPhillips spokeswoman Kristi Desjarlaif, who said the negotiations were handled by company lawyers. Nevertheless, Duncan sought approval from the company's legal division last year when he sought to invest with Griles and Wooldridge. "Our legal division said she needed to get clearance from DOJ ethics officials," said Desjarlaif, something she said Wooldridge was already pursuing.

Wooldridge submitted her resignation from Justice last month, three days after Griles's lawyer was informed by the department's criminal division that Griles faces potential criminal charges in connection with his dealings with Abramoff. A Justice spokeswoman has said that Wooldridge returned to the private sector and that her departure was voluntary.

Wooldridge and Griles "do own a small condo together," said Griles's attorney, Barry M. Hartman. Of the South Carolina property, he said: "This is a shared investment among people who have been close personal friends for years. What exactly is wrong with three close personal friends sharing a vacation/rental home?"

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Griles, who resigned his deputy's job in 2005 and now is a mining and energy lobbyist, was a lightning rod for criticism during his four years at Interior. Sources close to the federal probe have said he is being investigated for making possibly false statements about a job offer from Abramoff, who lobbied Interior heavily on behalf of Indian tribal clients with casinos.

Griles was harshly criticized in a 2004 report from Interior's inspector general for maintaining ties to lobbying clients who had business before the department. Inspector General Earl E. Devaney found that Griles had used his official position in dealings with clients of his former firm even as he continued to receive payments from the firm amounting to more than $1 million. His report did not draw conclusions about whether Griles broke any law or ethics rules. The Office of Government Ethics, in reviewing the findings, said that, with two possible exceptions, Griles did not violate ethics rules.

Wooldridge, who was deputy chief of staff to the interior secretary and later became solicitor at Interior, provided ethics advice to Griles and advised then-Secretary Gale A. Norton on how she should handle the inspector general's allegations. She did not tell the inspector general of her personal relationship with Griles, according to sources familiar with the investigation. About August 2002, according to the inspector general's report, Wooldridge replaced Griles's special assistant as his ethics screener, a role in which she helped him determine when he should recuse himself from matters that posed a conflict of interest. After Griles's departure from Interior, Wooldridge disclosed to investigators in the Abramoff probe that she and Griles began dating in February 2003, sources familiar with the probe said.

Wooldridge and Griles both filed amended financial disclosure reports late last year that reported thousands of dollars in gifts and trips they gave one another in 2003. During that time and afterward, Wooldridge was contacting investigators, answering questions and writing a memorandum defending Griles's activities as deputy at Interior.

The memo, dated Feb. 8, 2004, concerned Griles involvement with a bid by some former clients to gain concessions to extract coal-bed methane in the Powder River basin of Wyoming and Montana. Griles had contacted EPA officials to urge that a dispute over an environmental study not delay the project.

In the memo, Wooldridge argued to the inspector general and to the Office of Government Ethics that Griles's actions were not a violation because they were not a "particular matter involving specific parties."

Norton took no action against Griles at the time of the inspector general's report and declared that he had been "cleared" of any wrongdoing.

Norton's handling of the matter angered members of Congress, including Sen. Joseph I. Lieberman (I-Conn.), who had initiated one aspect of the investigation. Lieberman said the report had painted a "disturbing picture of repeated questionable conduct."

Lobbyist, Fed Lawyer Share Vacation Home (WP/AP)

By John Heilprin, The Associated Press

The Washington Post, February 15, 2007

WASHINGTON -- Nine months before agreeing to let ConocoPhillips delay a half-billion-dollar pollution cleanup, the government's top environmental prosecutor bought a $1 million vacation home with the company's top lobbyist.

Also in on the Kiawah Island, S.C., house deal was former Deputy Interior Secretary J. Steven Griles, the highest-ranking Bush administration official targeted for criminal prosecution in the Jack Abramoff corruption probe.

Just before resigning last month, Assistant Attorney General Sue Ellen Wooldridge signed two proposed consent decrees with ConocoPhillips: one giving the company as much as two to three more years to install $525 million in pollution controls at nine refineries and the other dealing with a Superfund toxic waste cleanup.

Last April, Wooldridge, ConocoPhillips Vice President Donald R. Duncan and Griles had gone together on a $980,000 home in a gated community at Kiawah Island. Records from the Charleston County Auditor's office obtained by The Associated Press list Duncan as a 50 percent owner of the home and Wooldridge and Griles as 25 percent owners.

The deed is filed under Duncan's name, but the mailing address for the South Carolina property _ tucked among pines, palmettos, a pool, golf course and tennis club several hundred yards from the beach _ is Griles' home in Virginia. He and Wooldridge jointly own a condo there.

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The House Oversight and Government Reform Committee said Wednesday night it will open an inquiry and request documents into the real estate transaction and consent agreements.

"There appears to be a breakdown of ethics at the Justice Department, said the committee's chairman, Rep. Henry Waxman, D-Calif. "Senior Justice Department officials should not be handling cases that affect their close friends and investment partners."

ConocoPhillips said in a statement Wednesday night that Duncan had no involvement in negotiating the consent agreements.

"We object to the suggestion that the real estate transaction involving Don Duncan, which was cleared in advance by the ethics office of the Department of Justice, had any impact whatsoever on the consent decrees entered into by ConocoPhillips or the recent SEC filing amending ConocoPhillips code of ethics," company officials said. "Any savings resulting from these delays are expected to be offset by the cost of additional and stricter controls agreed to in the amended agreement."

Griles, now an oil and gas lobbyist, began dating Wooldridge while he was her boss at Interior. He was the department's No. 2 official from July 2001 to January 2005, behind only former Secretary Gale Norton. He and Duncan, a ConocoPhillips vice president who runs the company's Washington office, both served on President Bush's presidential transition team, Griles for the Interior Department, Duncan for the Energy Department.

Duncan has played a major role in getting the Bush administration's backing for a proposed $25 billion natural gas pipeline reaching from Alaska to Midwest markets.

Wooldridge and Griles have known each other at least since the first year of the Bush administration in 2001, when Wooldridge became deputy chief of staff and counselor to then-Secretary Norton. Bush used a recess appointment to make Wooldridge the department's solicitor _ its top lawyer _ in June 2004.

After she became solicitor, Wooldridge told the department's ethics office she and Griles had begun dating, an Interior spokesman said.

From 2001 through 2004 Duncan was lobbying the department on a wide range of issues. The topics, according to his lobbying records on file with the government, included oil leases in the eastern Gulf of Mexico, coal-bed methane in the San Juan Basin of New Mexico and the Powder River Basin in Wyoming, and permits for the proposed Alaska natural gas pipeline.

After Griles resigned from Interior, Bush appointed Wooldridge to head the Justice Department's 600-employee environment division, representing virtually every federal agency on cases related to pollution, natural resources, wildlife, some Indian issues and land condemnation. She began work at Justice in November 2005. The division is now handling about 6,800 cases nationwide.

Griles, meanwhile, had signed up as lobbying clients the American Petroleum Institute, Newmont Mining Corp. and other energy and mining clients with a broad range of legal and financial interests before the government.

As for the vacation home, Stephen W. Grafman, Wooldridge's attorney, said she paid for her share and was told by the Justice Department's ethics office a month before the sale went through "that the purchase was not a problem."

"There was no need to recuse herself from ConocoPhillips since she was advised by the appropriate ethics officials that there was not a conflict," Grafman said. "Mr. Duncan invested in the property as an individual and friend. He has no business before the environment division. He never lobbied Ms Wooldridge on an issue on behalf of himself. In point of fact, he never lobbied her on behalf of ConocoPhillips."

A Justice Department spokeswoman, Cynthia Magnuson, confirmed that Wooldridge "sought the advice of ethics officials who informed her that the purchase did not raise ethical issues."

Magnuson said the consent decrees with ConocoPhillips "were approved through the normal management channels and were presented to Sue Ellen with the unanimous recommendations of her career staff as well as those of the EPA."

Griles' lawyer, Barry M. Hartman, called the home "a shared investment among people who have been close personal friends for years. What exactly is wrong with three close personal friends sharing a vacation/rental home?"

Wooldridge submitted her resignation letter to the Justice Department on Jan. 8, three days after other prosecutors in the department met with Griles to outline criminal charges they are seeking against him. She said in the letter she wanted to return to work in the private sector.

The federal task force heading the Abramoff corruption probe also has become interested in Wooldridge and her connections to Griles, people familiar with the investigation said on condition of anonymity, citing the issue's sensitivity.

Paul Light, a professor at New York University's Wagner School of Public Service and an expert on presidential appointees, said Wooldridge's participation in the Kiawah Island partnership and the ConocoPhillips settlement "creates the impression of favoritism, or favors due."

"From an appearance standpoint it's awful, and from a legal standpoint it's questionable," Light said Wednesday. "Political appointees have been indicted for less."

Wooldridge's last day at Justice was Jan. 19. All of the other parties to the ConocoPhillips agreement _ four states, the Environmental Protection Agency, a local pollution control agency in Washington state, and the company _ signed it in November.

Wooldridge's signature is not dated, but the document with it as well as the other signatures weren't submitted to the U.S. District Court in Houston, where ConocoPhillips is headquartered, until Jan. 11. It was published in the Federal Register on Jan. 25, triggering a 30-day public comment period before U.S. District Judge Sim Lake can decide whether to approve or reject it.

One of the proposed agreements would change the terms of a major air pollution settlement announced with fanfare in 2005 by Wooldridge's predecessor at the Justice Department, Thomas Sansonetti. In addition to installing a half-billion dollars in new pollution controls, ConocoPhillips agreed to pay a $4.5 million fine to settle charges of Clean Air Act violations.

The new agreement Wooldridge signed delays many of the deadlines the government had imposed on the company _ some by two to three years _ for cutting emissions of chemicals from its refineries that cause smog and soot. It also postponed by more than a year some potential penalties and pollution reporting requirements. The agreement cited damage to a refinery in Belle Chasse, La., from Hurricane Katrina as justification for some of the delays. EPA referred all comment to the Justice Department.

Wooldridge did not list her purchase of the South Carolina resort community home with Griles and ConocoPhillips' Duncan in a financial disclosure report she submitted a month after the real estate deal. That report covered calendar 2005 and Wooldridge resigned before having to submit a financial disclosure report covering 2006.

The other refineries covered in the consent decree are in the Los Angeles and San Francisco areas in California, Roxana, Ill., Linden, N.J., Trainer, Pa., Borger and Old Ocean, Texas, and Ferndale, Wash.

Wooldridge also put her undated signature on a proposed consent decree filed in January involving ConocoPhillips and a Superfund toxic waste site. The agreement calls for nearly 100 companies to pay $500,000 in damages and up to $10 million to clean up an 8-acre former solvent recycling facility in Elkton, Md., that closed in 1988.

Separately, Justice Department prosecutors notified Griles by letter last month that he faces possible criminal charges of lying to Congress and fraud under a 1988 law that says citizens are entitled to "honest services" from public officials.

The charges involve questions about whether Griles passed on information from Abramoff to other Interior officials and falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire him away from Interior. Abramoff is serving about six years in prison for a fraudulent deal to buy a fleet of casino ships in Florida and awaits sentencing in Washington after pleading guilty to corrupting government officials and their staff members with bribes.

Duncan had no comment.

On Monday, ConocoPhillips notified the Securities and Exchange Commission of changes in its bylaws and ethics code. The company reiterated its policy that the "promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate company policy but could also be a criminal offense."

Ex-Official Is Not Target Of Abramoff Inquiry (NYT)

By Philip Shenon

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — The government's former top environmental prosecutor has been told by Justice Department officials that she does not face charges in the corruption investigation centered on the lobbyist Jack Abramoff, her lawyer said Wednesday.

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The former prosecutor, Sue Ellen Wooldridge, stepped down last month as an assistant attorney general and head of the department's environment and natural resources division.

Her lawyer, Stephen W. Grafman, said Ms. Wooldridge had cooperated fully in the investigation of Mr. Abramoff's lobbying operation and ties to lawmakers and senior officials in the Bush administration. Among the officials was J. Steven Griles, the former No. 2 official in the Interior Department, with whom Ms. Wooldridge has had a romantic relationship.

"We have been advised by Justice Department officials on several occasions that she is not now, nor has ever been, a target of the grand jury," Mr. Grafman said in an interview, responding to what he said were false news reports suggesting that Ms. Wooldridge was under scrutiny in a criminal matter.

Mr. Griles was notified by the Justice Department last month that he was probably going to be indicted on charges that he had lied to federal investigators about his relationship with Mr. Abramoff.

Mr. Abramoff's records show he repeatedly sought Mr. Griles's help at the Interior Department.

The Associated Press reported Wednesday that Ms. Wooldridge, Mr. Griles and a lobbyist for the oil company ConocoPhillips had jointly bought a $980,000 vacation home in South Carolina last year, about nine months before Ms. Wooldridge signed two major consent decrees that allowed ConocoPhillips to delay environmental cleanup projects.

Cynthia J. Magnuson, a Justice Department spokeswoman, said that Ms. Wooldridge's purchase of the home with the lobbyist had been cleared last year by the department's ethics office, and that she had not been barred from contacts with ConocoPhillips.

Ms. Magnuson said that Ms. Wooldridge had signed the consent decrees after they had been recommended to her unanimously by career officials at the Justice Department and by the Environmental Projection Agency.

Ms. Magnuson said she could not comment on the status of the criminal investigation.

Mr. Griles, who left the Interior Department to return to a career as a corporate lobbyist, has denied wrongdoing and insisted that he did no special favors for Mr. Abramoff. A spokesman for ConocoPhillips declined to comment on Wednesday.

Mr. Abramoff entered prison last year after pleading guilty to conspiring to corrupt public officials.

Climate Change's Cold Economics (WSJ)

By Jeffrey Ball

Wall Street Journal, February 15, 2007

With mandatory curbs on U.S. global-warming emissions looking increasingly likely in the next several years, industries are starting to argue over who will pay for the cleanup. One thing is clear: Whatever the cost, it will get passed along to consumers.

A new report from the utility industry's think tank, the Electric Power Research Institute, says the U.S. utility sector could ratchet back its global-warming emissions to 1990 levels by 2030. That would be a major feat, given that emissions are projected to rise significantly over the next few decades.

But Congress is unlikely to boost taxpayer-funded energy research by enough to develop the necessary technologies, says Jeffry Sterba, chairman of the institute, who is expected to present the study today at an energy-industry conference. One option he said utilities are considering proposing: that the government allow them to tack an additional modest charge onto consumers' electric bills to raise roughly $2 billion a year to cover the cost.

As the Democrats who now control Congress start pushing for federal global-warming regulations, industry heavyweights are changing their stance on the issue. Exxon Mobil Corp., which has long opposed emission constraints, now is talking about how such rules should be structured. And the Edison Electric Institute, the electric-utility industry's chief trade group, announced last week that it is dropping its longstanding opposition to mandatory emission limits.

The corporate change is a concession to political reality. Even if they would prefer not to have an emissions limit, industries targeted by regulators are angling to shape whatever they get slapped with to minimize their portion of the bill.

The Electric Power Research Institute's study estimates some of the potential costs of an effort to curb U.S. global-warming emissions and puts a lengthy timeline on the task. It reflects a message likely to be heard increasingly from heavily emitting industries: They are confident they will be able to develop technologies to reduce global-warming emissions, if politicians, consumers and certain other industries are willing to foot the bill.

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That "if" shows how the global-warming debate is moving beyond political rhetoric to questions of economic reality.

Achieving that emissions cut in the power industry -- the nation's biggest source of global-warming emissions -- would require aggressively rolling out a broad array of technologies, some of which aren't yet economically proven, the study says. Among those technologies: energy-efficiency improvements, for instance in buildings and appliances, to slow the projected growth in electricity demand; increases in the penetration of renewable and nuclear power; higher-efficiency coal-fired power plants; and capturing the carbon dioxide emitted from power plants and storing the global-warming gas underground.

Developing the necessary technologies so they could be widely deployed will require roughly $2 billion more in annual low-carbon-energy research spending in the U.S., the EPRI says. That's money beyond the approximately $3 billion the institute says the federal government currently invests each year in that area.

The power industry could raise the roughly $2 billion a year for new clean-energy research by increasing the average U.S. electric customer's rate by 0.05 cent a kilowatt hour, said Mr. Sterba, who stressed the utility industry hasn't yet proposed such a fee. That would increase the average American's monthly electric bill about 0.5%, to $89.07 from $88.60, according to government data.

EPRI officials believe the $2 billion collected would advance the technologies to a point where they are economically competitive with conventional technologies. The expectation is that private investors then would be willing to finance deployment of the technologies, because then they could earn an attractive profit, the officials said.

Mr. Sterba, the chairman and chief executive of PNM Resources, a New Mexico utility, says the study suggests that the cost of addressing global warming is significant but not insurmountable. "I'm concerned we may be being a little bit naive" about the likely costs, he said. "At the same time, I think there are people who may be being a bit too gloom-and-doom."

The study also marks an attempt by the utility industry to deflect regulators' attention to other sectors of the economy that utilities argue are ripe for emission cuts themselves. Utilities will need decades to develop technologies to significantly cut their emissions, Mr. Sterba said, but other industries capable of reducing their emissions more quickly and cheaply should be asked to do their share.

Among the technologies the study proposes to bring 2030 emissions back down to 1990 levels, for instance, is the widespread sale of so-called "plug-in" hybrid vehicles. Plug-in hybrids would get even better fuel economy than today's gasoline-and-electric hybrid cars because they would get more of their power from their electrical system, requiring the cars to be plugged into electrical outlets to be recharged. But deploying plug-in hybrids widely would require big shifts by auto makers.

In addition, taking steps to preserve more trees and inducing farmers to change the way they till their land would be lower-cost and quicker ways to begin reducing emissions than relying solely on the utility sector for the bulk of the cuts, Mr. Sterba said. Trees and soil absorb carbon dioxide, the main greenhouse gas.

Other studies are coming to similar conclusions. A new report by consultant McKinsey & Co. argues that the least-expensive options to curb global-warming emissions are some of the most basic: improving the energy efficiency of buildings, air conditioners and lights, for instance, and planting more trees. Such moves will be cheaper than some higher-technology methods, such as capturing the CO2 that is emitted from power plants and then burying that CO2 underground, McKinsey says.

The cheaper options do present a political hurdle, the McKinsey report notes. They involve "billions of small emitters -- often consumers -- rather than a limited number of big companies already subject to heavy regulation."

Oil Company To Pay $200 Million In Toxic Dumping In Ivory Coast (NYT)

By Lydia Polgreen And Marlise Simons

New York Times, February 15, 2007

CONAKRY, Guinea, Feb. 14 — An oil trading company based in the Netherlands has agreed to pay almost $200 million to the government of Ivory Coast to settle claims that it illegally dumped toxic petrochemical waste in Abidjan last August.

The company, Trafigura, said the payment was not an admission of fault by any party. It said the money would help pay for a new waste disposal plant, a new hospital and an audit to determine the cause and effects of the dumping.

At least 10 people died and thousands more were sickened in Abidjan after hundreds of tons of toxic sludge, pumped from the hold of a ship named the Probo Koala, was dumped at more than a dozen sites, some of them densely populated.

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About 100,000 people sought medical treatment, swamping the country's health care system, and public outrage at the suspicion that corrupt government officials had allowed the dumping led to the resignation of the entire cabinet, though much of it was later reinstated.

In announcing the settlement on Tuesday, Trafigura said in a prepared statement that three of its employees, who had been held since September, had been released.

Trafigura had leased the Probo Koala, a Greek-owned tanker flying a Panamanian flag, to transport petrochemical products. It arrived in Amsterdam on July 2, on its way to Estonia, to unload what the company said was 250 tons of "regular slops," wash water from a ship's holds, which is normally laced with oil, gas, caustic soda or other chemicals.

But when Amsterdam port workers began pumping out the tanker, they noticed that the liquid was thicker than normal and smelled foul; they refused to finish the job for the agreed-upon price, about $15,000, telling the company that safe disposal in Europe would cost about $300,000. (Trafigura said that with the extra cost of the delays, the amount could have been twice that.)

The waste was eventually shipped to West Africa, where it was dumped by an Ivorian company called Tommy for $20,000. An inquiry by the Ivorian government later said that the company might have been created just to dump the waste, and that it had "neither the qualifications, the competence or the technical ability to treat this waste."

President Laurent Gbagbo of Ivory Coast described the settlement as a "a good agreement that will allow the state to compensate the victims," according to The Associated Press.

But environmental activists said the incident highlighted how toxic waste often ended up on the doorstep of the world's poorest people.

Greenpeace called the deal premature and inadequate. "It does not do justice to the facts because the full liability and the damages have yet to be assessed," said Helen Perivier, a spokeswoman for Greenpeace International. She said she feared the government might absolve Trafigura of liability for the waste transport. The incident prompted a number of other investigations. A class action suit on behalf of thousands of victims is before a British court. In the Netherlands, a criminal investigation into the ship's moves while in Amsterdam's port is in progress, a spokesman for the Dutch government said. And there is a criminal investigation under way in Estonia, where the ship loaded cargo and left unhindered.

Achim Steiner, director of the United Nations Environment Program, told reporters on Wednesday that the incident had drawn attention to what he called "a whole unregulated and often illegal trade in toxic hazardous waste. This is not just some minor problem."

Effects Of Genetically Engineered Alfalfa Cultivate A Debate (USAT)

By Elizabeth Weise

USA Today, February 15, 2007

SAN FRANCISCO — The government was premature in deregulating production of alfalfa that is genetically engineered to resist a weed-killing herbicide, a federal judge ruled Wednesday.

The U.S. Department of Agriculture should not have acted as it did in 2005 without assessing the environmental effect of crops genetically modified to resist the herbicide Roundup, ruled U.S. District Court Judge Charles Breyer of the Northern District of California. The suit against the USDA was filed by the anti-biotech Center for Food Safety, the Sierra Club and organic alfalfa (hay) farmers. It accused the USDA of violating federal law by not requiring the environmental assessment.

Opponents of biotech crops, which are genetically engineered to have certain qualities, such as resistance to weed killers, have expressed concerns that they could interbreed with wild plants and create herbicide-resistant weeds.

Alfalfa is the nation's fourth-largest crop and is fed to farm animals, especially dairy cattle.

"There's potential for these crops to contaminate non-genetically engineered alfalfa," says Will Rostov, senior attorney for the Center for Food Safety. This is particularly a concern for organic farmers, because genetically engineered plants cannot be sold as organic.

The Roundup Ready alfalfa cited in the suit was developed and sold by Forge Genetics of Minnesota, using technology from Monsanto. It allows growers to spray fields with Monsanto's Roundup herbicide, in which the chemical glyphosate is the active ingredient, killing weeds without hurting the alfalfa.

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Monsanto submitted a detailed environmental analysis of the alfalfa to USDA, says company spokesman Chris Horner. "Reading the ruling, it's unclear how much of that was taken into consideration." All weeds built up resistance to herbicides over time, he says.

Breyer ruled that both sides must sit down together and propose remedies to him by Feb. 26.

Rostov says his group plans to push for an injunction on the planting, sale and distribution of Roundup Ready alfalfa until the USDA has done an impact assessment.

Only about 197,600 acres of the 22 million acres of the alfalfa grown in the USA in 2006 was genetically engineered, according to the International Service for the Acquisition of Agri-Biotech Applications.

The USDA is "very committed to protecting the environment" and is evaluating the ruling, says spokeswoman Rachel Iadicicco.

However, even if the USDA does an environmental assessment, it's unclear that it would have any effect on whether or not Roundup Ready alfalfa can be sold.

The judge ruled that under the National Environmental Policy Act, the USDA must do an assessment if there was the potential for "a significant environmental impact."

But under the Plant Protection Act, the basis for USDA's regulatory authority, it can adopt regulations only to prevent the introduction and dissemination of plant pests.

"If they find that the only thing it does is cause organic farmers harm, that may be an environmental impact, but under the Plant Protection Act, it may not be something that (USDA) can take into consideration," says Greg Jaffe, director of the Center for Science in the Public Interest's biotechnology project.

FBI/DEA/ATF/USMS:

Attorney To Plead Guilty To Leaking BALCO Testimony (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, February 14, 2007

A lawyer admitted in court documents Wednesday that he provided a Chronicle reporter with transcripts of confidential grand jury testimony by Barry Bonds and other athletes about steroid use, and federal authorities said they would drop their effort to send the reporter and a colleague to prison for 18 months for refusing to disclose their source.

The lawyer, Troy Ellerman, 44, who once represented the founder and another executive of the Bay Area Laboratory Co-Operative, agreed in court documents to plead guilty to four charges of disclosing the transcripts in violation of a judge's order. The plea agreement calls for a sentence of up to two years in prison and a fine of up to $250,000.

The agreement must be approved by a federal judge, and Ellerman can withdraw his admissions and go to trial if the judge rejects the two-year sentence or any of the other terms of the deal. No court date has been set.

Ellerman admitted allowing a Chronicle reporter, Mark Fainaru-Wada, to take verbatim notes of grand jury testimony by Bonds, fellow baseball players Jason Giambi and Gary Sheffield, and sprinter Tim Montgomery in his Sacramento office in June and November 2004.

Articles in 2004 by Fainaru-Wada and Lance Williams quoted Giambi and Montgomery as admitting they used performance-enhancing drugs. Bonds and Sheffield both testified they didn't knowingly take steroids, but the substances they described taking matched prosecutors' descriptions of steroids supplied by BALCO.

While he was secretly leaking the transcripts, Ellerman acknowledged Wednesday, he was publicly complaining to a federal judge about the leaks, and even filed a motion in October 2004 to dismiss charges against BALCO's founder, Victor Conte, arguing that the disclosures made a fair trial "practically impossible."

Based on those admissions, he agreed to plead guilty to obstruction of justice and making a false declaration, in addition to two counts of contempt of court for leaking the transcripts.

Once U.S. District Judge Jeffrey White accepts Ellerman's guilty plea, grand jury subpoenas to Fainaru-Wada and Williams will be withdrawn, the Justice Department said.

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The subpoenas, received last May, demanded that the reporters identify the source or sources of the grand jury testimony, and that The Chronicle turn over any documents that might reveal the source.

When Fainaru-Wada and Williams refused to testify, White held them in contempt last September, saying a 1972 U.S. Supreme Court ruling had established that journalists have no special privilege to withhold evidence from a grand jury.

The judge ordered the reporters imprisoned for up to 18 months, unless they agreed to testify earlier, and also fined The Chronicle $1,000 a day for defying its subpoena.

The penalties have been suspended while the reporters and the newspaper appeal to the Ninth U.S. Circuit Court of Appeals, which had scheduled a hearing for March 7.

Their lawyers have argued that a 1996 Supreme Court ruling opened the door for federal judges to recognize a journalist's right to protect confidential sources when the value of the reporting to the public outweighed any harm caused by the leak.

House Speaker Nancy Pelosi, D-San Francisco, and several other congressional leaders have urged the Justice Department to withdraw the subpoenas and have expressed support for a federal "shield law" for journalists, similar to laws in effect in California and most other states.

Fainaru-Wada, Williams and The Chronicle all withheld comment on Ellerman. Eve Burton, a lawyer for the reporters and the newspaper, said, "As we have said throughout, we do not discuss issues involving confidential sources."

Ellerman's admission does not end the BALCO case, which has already resulted in guilty pleas from Conte and four other defendants, congressional hearings on steroids in sports, and a new steroid-testing policy for professional baseball.

The question that still looms over the case is whether a separate grand jury, convened last year, will indict Bonds for perjury in his 2003 testimony that he never knowingly took steroids. Bonds' former trainer, Greg Anderson, who pleaded guilty to drug distribution in the BALCO case, has been in prison since August for refusing to testify against Bonds.

Bonds' lawyer, Michael Rains, said Wednesday he thinks Fainaru-Wada and Williams should be prosecuted on charges of conspiring with Ellerman to disclose the grand jury transcripts.

"I think they're co-conspirators in a criminal enterprise with Troy Ellerman ... a deceitful attempt to undermine orders of a federal judge," said Rains, who unsuccessfully sued the reporters, the publisher of their book about BALCO, "Game of Shadows," and The Chronicle on similar grounds last year. "They bragged about getting these materials. They knew they were secret grand jury materials."

But a news media advocate was relieved.

"In a sense, the system worked," said Peter Scheer, executive director of the California First Amendment Coalition. "The reporters honored their promise of confidentiality to their source, which is both their right and their responsibility to the First Amendment." And ultimately, he said, the government uncovered the leaker on its own.

Another media advocate was uneasy, however, about the prosecution of Ellerman.

While the reporters deserve applause for not revealing their source, "someone who may be thinking about leaking information to the press may think twice if he knows he's going to go to jail," said Mark Feldstein, a journalism historian and associate professor of media and public affairs at George Washington University. That could keep important information from coming to light, he said.

Ellerman, of Woodland Park, Colo., represented Conte and BALCO vice president James Valente at different stages of the case. His name surfaced publicly in December when Yahoo.com quoted a former defense investigator, Larry McCormack, who was once fired from his job by Ellerman, as saying that the lawyer was the reporters' source.

Prosecutors said in a news release Wednesday that "a previously unknown witness" had approached the FBI last fall offering to help prove that Ellerman was the source.

On Dec. 13, prosecutors said, FBI agents confronted Ellerman at his home and he "made admissions that could be used to prove his guilt."

But nine days later, prosecutors filed a brief urging the appeals court to uphold the contempt-of-court orders against the two reporters and send them to prison. In an apparent reference to Ellerman, prosecutors said they were also submitting sealed documents to the court with new information about their efforts to identify the reporters' sources.

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Ellerman's lawyer contacted the U.S. attorney's office about three weeks ago and said his client was prepared to admit disclosing the grand jury testimony, leading to negotiations that produced Wednesday's plea agreement, prosecutors said.

The development comes amid other controversies about reporters and sources.

In Washington, D.C., the trial of former vice presidential aide Lewis "Scooter" Libby, on charges of lying about disclosing a CIA agent's name to the press, has included testimony from a series of reporters, including Judith Miller of the New York Times, who spent 85 days in prison until she got permission to identify Libby as her source.

In San Francisco, blogger Josh Wolf has spent nearly six months in prison -- the longest incarceration of a journalist in U.S. history -- for refusing to surrender a videotape of a July 2005 anarchist protest to federal authorities.

Chronicle staff writer Joe Garofoli contributed to this report.

Balco Source Confesses, Likely Sparing Reporters From Prison Terms (MERCN)

By Karen De Sá

The San Jose Mercury News, February 15, 2007

A defense attorney Wednesday agreed to plead guilty to leaking secret grand jury testimony in the Balco steroids probe to the media, likely sparing two San Francisco Chronicle reporters from an 18-month prison term for refusing to disclose their source's name. The reporters had used the leaked testimony to expose alleged steroid use among big-name athletes, including baseball players Barry Bonds and Jason Giambi.

According to an agreement filed in San Francisco's U.S. District Court, Troy Ellerman, 44, who counseled two key figures in the steroids probe, will plead guilty to the 2004 leak, as well as lying about it, obstructing justice and disobeying a court order not to disclose grand jury information. The agreement freed the reporters -- awaiting an appeal of their case -- from having to serve time on contempt of court charges. The subpoenas seeking to force the reporters to reveal their source will be withdrawn once the plea is formally entered, a Justice Department spokesman said.

Federal prosecutors, searching for the source of the leaks, early on set their sights on Mark Fainaru-Wada and Lance Williams, who wrote in December 2004 that Bonds testified he might have unwittingly used steroid-laced substances. Bonds later denied using steroids, claiming he thought the substances were flaxseed oil and a legal ointment.

Williams said Wednesday that he had dashed out of the office early to pick up Valentine's Day flowers for his wife when a television reporter called with the news. He's reluctant to get too exuberant, he said, until the agreement is approved.

``If we're not going to jail, of course that's great," Williams said. ``But it will take a little while to sort that out."

The case of the two threatened reporters had taken on broader significance as yet another example of the federal government using tough tactics to coax reporters into spilling their sources amid high-profile investigations. Journalists must often promise sources confidentiality in order to get critical information to the public -- especially when the stakes are high.

Peter Scheer, executive director of the California First Amendment Coalition, praised the recent development in the Balco case but noted that Wednesday's agreement does not mean the larger issue has been resolved. With the ``Scooter" Libby CIA leak trial ongoing and the pending case against freelance journalist Josh Wolf -- now in a Dublin jail for refusing to turn over videotape of a 2005 political protest in San Francisco -- reporting freedom remains in jeopardy, he said.

``There's tension between the press and the government. The government tries to keep secrets, and the press tries to get those secrets and report on them," Scheer said. ``The Balco case is one example, but better examples very recently include warrantless wiretapping by the National Security Agency or the CIA's extraordinary rendition program in Europe and elsewhere."

The steroid scandal involving the Bay Area laboratory not only raised fundamental issues of press freedom, but it also tarnished the reputations of adored athletes, from Bonds and Giambi to sprinter Tim Montgomery -- once billed as the world's fastest man.

But now it's Ellerman -- a former rodeo cowboy and the commissioner of the Professional Rodeo Cowboys Association -- who is in the spotlight. His expected guilty pleas to four charges of disclosing confidential transcripts in violation of a federal judge's order calls for a prison sentence of up to two years and a $250,000 fine.

Ellerman met Balco President Victor Conte Jr. in 1997, after helping one of Conte's daughters with legal problems. When investigators raided Balco in September 2003, Conte called Ellerman for help. The broad-shouldered lawyer with a shaved head

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eventually represented Jim Valente, Balco's vice president. Both Conte and Valente were among five men convicted for giving elite athletes illegal performance-enhancing drugs.

Ellerman, who lives in Colorado and worked as a criminal defense lawyer in Sacramento until 2005, often blamed the government for the leaks.

He did not return calls seeking comment Wednesday night, but he's spoken with the Mercury News in the past. In March 2004, he told the newspaper that the prosecution's request for a trial within 70 days, while turning 34,000 pages of documents and evidence over to the defense, ``smacks of a political agenda."

``Bush wants to have a summit on steroids," Ellerman said of the Balco case.

Conte, the Balco mastermind who had been accused in court papers of being the source of the leak, said Wednesday he was happy to have his name cleared and called Ellerman's actions outrageous.

``I'm shocked at this news," he wrote in an e-mail. ``This man was an officer of the court who was highly paid to provide the services of a criminal defense attorney. Instead, he chose to serve his own agenda and act in a way that was damaging to his own clients."

Reporters Avoid Jail In Balco Case (NYT)

By Jesse Mckinley

The New York Times, February 15, 2007

SAN FRANCISCO, Feb. 14 — Two reporters from The San Francisco Chronicle who wrote a best-selling book about steroid use in baseball will avoid jail time after a defense lawyer agreed Wednesday to plead guilty to leaking them secret federal court documents, prosecutors said.

The lawyer, Troy L. Ellerman, will plead guilty to two counts of contempt, as well as one count each of obstruction of justice and filing false statements in a federal court, according to a statement from the United States Attorney's Office in Los Angeles.

As part of the plea, the Justice Department will withdraw subpoenas issued to the reporters Lance Williams and Mark Fainaru-Wada, who had been held in contempt by a federal judge since September for refusing to say who their sources were for a series of Chronicle articles and their 2006 book, "Game of Shadows."

"The government believes that Ellerman's guilty pleas alleviate the need for the reporters to testify," the statement read.

Ellerman faces up to two years in prison and a $250,000 fine, said Douglas M. Miller, one of the prosecutors in the case.

Ellerman, who did not return a call to his cellphone for comment, had once represented Victor Conte Jr., the founder of the Bay Area Laboratory Co-Operative, the company from Burlingame, Calif., at the center of a continuing federal investigation into steroids in sports. Ellerman had also represented James J. Valente, the vice president of Balco.

Conte and Valente served time in prison in connection to distributing steroids through their company, whose client list included some of the biggest names in sports, including Barry Bonds, the San Francisco Giants slugger; Tim Montgomery, the Olympic sprinter; and the baseball stars Gary Sheffield and Jason Giambi.

All four athletes testified in front of a grand jury in 2003, and court documents filed Wednesday show that Ellerman admitted that he had allowed the Chronicle reporters to see transcripts of each of the men's testimony in 2004 in violation of a court order.

Defense In Steroid Case Admits Leak (LAT)

By Joe Mozingo And Stuart Silverstein, Times Staff Writers

The Los Angeles Times, February 15, 2007

Attorney's action will spare San Francisco Chronicle reporters from prison for contempt in refusing to reveal source.

A defense attorney in the BALCO steroid scandal has admitted that he revealed secret grand jury testimony from Major League Baseball players to two San Francisco Chronicle reporters, ending a constitutional standoff between federal prosecutors and the press, and eliminating the threat of prison for the journalists.

Troy Ellerman, 44, who represented the vice president of the Bay Area Laboratory Cooperative, agreed to plead guilty to two counts of contempt of court, one count of obstruction of justice and one count of filing a false declaration with a federal court, according to an 18-page plea agreement filed in U.S. District Court in San Francisco on Wednesday.

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Once he enters his plea, the U.S. Justice Department intends to withdraw the grand jury subpoenas issued to reporters Mark Fainaru-Wada and Lance Williams, who had been sentenced to prison on contempt charges for refusing to comply with the subpoenas, a government spokesman said. Fainaru-Wada, 41, and Williams, 57, had remained free while appealing the sentence.

"The government believes that Ellerman's guilty pleas will alleviate the need for the reporters to testify before the grand jury," Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, which investigated the leak, said in a news release.

Williams, reached by phone, said Wednesday's news caught him and Fainaru-Wada by surprise. He declined to confirm that Ellerman was their confidential source.

"The whole point of our situation is that we're not going to give our sources to anyone as long as we have a confidentiality agreement in place, and we do," Williams added.

At the same time, Williams said if the prospect of prison is removed, "Of course, that's great."

The case was seen as a tipping point in a series of court battles between journalists and federal prosecutors seeking to unmask their sources. This week, a procession of reporters has filed into a Washington courtroom to testify about who leaked the name of CIA agent Valerie Plame.

Media advocates, however, contended that unlike the Plame matter, the BALCO case did not involve sensitive security issues and the reporters performed an important public service by exposing drug abuse in national sports.

Attorneys for the Chronicle argued before U.S. District Judge Jeffrey S. White that forcing journalists to disclose their sources would undercut the 1st Amendment and ability of the media to gather news.

But White agreed with the prosecutors, who argued that letting people get away with violating a judge's order to keep information confidential would deeply erode the system of justice.

And according to the plea agreement, Ellerman very much flouted that system in 2004 as his client, James Valente, was headed to trial for allegedly illegally distributing steroids.

Ellerman allegedly invited the reporters on two occasions to his law offices to take verbatim notes of the testimony given by baseball stars Barry Bonds, Jason Giambi and Gary Sheffield and sprinter Tim Montgomery.

When the Chronicle's subsequent stories connecting the athletes to the steroid ring rocked the sports world, Ellerman blamed the government in a court hearing for the leaks, according to the plea agreement. He then filed a motion to dismiss the charges, saying that the media coverage of the confidential testimony made "fair trial practically impossible anywhere in the country," the plea agreement said.

For misleading the court, Ellerman was charged with obstruction of justice. Although he could face up to 15 years in prison and fines of $500,000, the U.S. attorney's office has agreed that he should be sentenced to no more than two years, and he could get probation. If the judge decides to give him more time than the agreement stipulates, Ellerman can withdraw the plea.

"The government acknowledges that Ellerman's decision to plead guilty has saved future government resources by resolving the leak investigation now, has saved the 9th Circuit Court of Appeals from having to consider and rule on the appeal filed by the reporters and the Chronicle, and has avoided the potential that Fainaru-Wada and Williams would serve time in prison," Mrozek said.

The BALCO case began in 2003, when agents raided the Burlingame laboratory that produced performance-enhancing drugs and a grand jury probe was begun.

As professional athletes were called before the grand jury, reporters scrambled to learn the names of those who got illegal drugs from the firm.

But when indictments were announced in February 2004 against four defendants — including Valente and BALCO founder Victor Conte — prosecutors had removed the athletes' names.

The transcripts of the grand jury testimony, revealing the athletes' names, were distributed to the defendants and their attorneys. Judge Susan Illston made the parties sign a protective order not to disseminate them to the press.

About four months later, however, Ellerman "willfully disobeyed" Illston's order and invited Fainaru-Wada to his Sacramento law offices to take verbatim notes from Montgomery's sealed testimony, according to the plea agreement.

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The June 24 headlines were: "Sprinter admitted use of BALCO 'magic potion' " and "Track star's testimony linked Bonds to steroid use." Illston asked the Justice Department to investigate the leak.

Ellerman expressed outrage about the leak in court. In mid-July, he filed a declaration under penalty of perjury stating that he "had no idea who provided the information to the media concerning Mr. Montgomery's grand jury testimony nor why it was done." He wrote that the leak was "very damaging to [the defendant's] right to a fair trial."

In October, he made the motion to dismiss while subsequently inviting Fainaru-Wada back to his offices to take notes from the testimony of Giambi, Bonds and Sheffield. The resulting stories caused an international uproar over the use of steroids by top stars in professional sports.

This fall, according to Mrozek, a "previously unknown witness approached the FBI offering to help prove that Ellerman was the source of the leaks." The FBI secretly taped Ellerman admitting that he was the source of the grand jury transcripts, according to the plea agreement.

Media advocates were delighted to hear that Williams and Fainaru-Wada would avoid prison.

Lucie Morillon, the Washington director of Reporters Without Borders, said the whole episode still damaged journalists' ability to dig up information.

"This source has been forced to come forward and this does not help to instill trust between reporters and their sources," she said.

Traditionally, the Justice Department has opted to subpoena reporters in only the most extreme circumstances, such as to protect national security or public safety, but critics said that changed under the Bush administration. Eve Burton, corporate counsel for the Hearst Corp., which owns the Chronicle, said the number of media subpoenas has increased markedly in recent years, according to research the company did to prepare for this case. Of 91 federal subpoenas issued to journalists since 1991, 41 have been filed since January 2003, she said.

The Justice Department has said it does not have a tally of the total number of subpoenas issued to reporters.

Fred Brown, vice chair of the ethics committee of the Society of Professional Journalists, said the case also raises ethical issues for journalists who grant confidentiality to sources whose motives for releasing the information might be questionable.

"I think it shows you don't make that promise unconditionally," Brown said. "You should leave yourself an out if your source does something unethical."

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Times staff writer Maria La Ganga contributed to this report.

FBI Rules Out Terrorism In Shootings By Young Bosnian Immigrant (AP)

By Paul Foy, Associated Press Writer

AP, February 15, 2007

(AP) - SALT LAKE CITY-The FBI said Wednesday it has no reason to believe the shooting spree that killed five people in a shopping mall was an act of Islamic terrorism, leaving a young Bosnian immigrant's motives a mystery.

"It's just unexplainable," FBI agent Patrick Kiernan said. "He was just walking around and shooting everybody he saw."

Sulejman Talovic, 18, fired randomly at shoppers Monday, killing five and leaving four others injured before he was shot dead by police.

"We are Muslims, but we are not terrorists," the boy's aunt, Ajka Omerovic, said Wednesday at the family's house. She rejected any religious motive for the shooting and said the family cannot explain it.

The Talovic family fled war-torn Bosnia for Utah in 1998 "to be free," she said.

Talovic's parents do not speak English and are not answering knocks on their door. Omerovic said the boy's mother is distraught and that the father normally works "dusk to dawn" in construction.

Authorities are investigating how Talovic acquired one of his weapons, a .38-caliber pistol, which is illegal for a teenager to possess, said Lori Dyer, in charge of the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

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Those efforts were delayed Wednesday when an East Coast storm shut down ATF offices, she said.

Talovic was heavily armed with ammunition and a shotgun as well.

"You can buy long guns at 18. That's not a problem. The handgun he shouldn't have had, so obviously we're going to look at where he got that gun," Dyer said.

Omerovic said Talovic never displayed any guns. "We want to know, who sold these guns to him," she said.

Meanwhile, less than 48 hours after the killings, the mall reopened.

Salt Lake City Police Chief Chris Burbank said the rampage could have been even worse if not for the quick actions of an off-duty officer, Ken Hammond, who engaged Talovic in a shootout before other officers arrived.

Investigators knew little about Talovic, except that he lived in Salt Lake City with his mother. He was enrolled in numerous city schools before withdrawing in 2004.

He was a legal U.S. resident, arriving with family members as war refugees in 1998, said Virginia Kice, a spokeswoman with U.S. Immigration and Customs Enforcement.

At 16, Talovic was taken out of high school by his mother to work, Salt Lake City school district spokesman Jason Olsen said Wednesday. He was employed at Aramark Uniform Services, where managers refused to comment.

Talovic was only 4 when he and his mother fled their village of Talovici on foot after Serbian forces overran it in 1993, people close to the family told The Associated Press in Bosnia-Herzegovina.

He lived as a refugee in Bosnia from 1993 to 1998, when his family moved to the United States, they said.

During that period, he spent some time in Srebrenica, the northeastern enclave where up to 8,000 Muslim men and boys were slaughtered in 1995 by Serb forces.

Talovic left Srebrenica two years before the massacre, but acquaintances suggested it may have left an indelible mark on the quiet little boy they knew.

"That's why I'm convinced the war did this in Utah," said Murat Avdic, a friend of the family. "There cannot be any other reason."

The four people injured remained in hospitals, with two in critical condition and two listed as serious.

Associated Press writers Debbie Hummel in Salt Lake City and Aida Cerkez-Robinson in Sarajevo contributed to this story. 2007-02-14T19:55:32Z

FBI Taps Raytheon For Info-sharing System (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, February 15, 2007

The FBI has awarded a contract to the Raytheon Co. of Waltham, Mass., to build out the National Data Exchange (N-Dex) law enforcement information-sharing system, sources said.

According to a bureau official, FBI systems specialists expect to meet with their Raytheon counterparts within the next two weeks to plan the IT work leading up to the N-Dex system rollout.

N-Dex uses advanced information sharing that harmonizes data entered into various types of law enforcement systems for common search, acquisition and analysis. N-Dex acts as a counterpart to R-Dex, a regional data exchange system that provides a “pointer” to the location of specific information held by other law enforcement agencies.

Technical descriptions of the N-Dex project emphasize its use of standards such as the Global Justice XML Data Model and the National Information Exchange Model to foster information sharing.

The Justice Department likely will provide funds for N-Dex during 2007 and 2008, and the FBI will assume funding responsibility in 2009 and later, sources said.

N-Dex is intended to facilitate data analysis and the detection of links among people and places, as well as events such as crimes, objects such as weapons, drugs and currency, and gangs to help intelligence analysis. The project has progressed for about six years under the auspices of the bureau’s National Criminal Information Services Division in Clarksburg, W.Va. FBI officials have worked with their counterparts in many federal agencies as well as states and cities to create the framework and standards for the system.

Raytheon declined to comment. FBI officials were not immediately available for comment.

An FBI official close to the project noted that the bureau had structured the acquisition as a performance-based contract. The official said N-Dex likely would begin full-scale operation in about a year.

A Walk In The Dark (WP)

By Desson Thomson, Washington Post Staff Writer

The Washington Post, February 15, 2007

'Breach' Draws a Fresh Angle on the Story of the FBI Mole, But the Mystery of Why He Did It Endures Six Years Later

Why did the FBI's top spy hunter -- a Cold War warrior who repeatedly professed his love of God, family, country and J. Edgar Hoover -- sell his nation's most sensitive secrets to the Russians?

It's a question that hangs unanswered over Washington, the city where Robert Hanssen was arrested on Feb. 18, 2001, for the worst security breach in the FBI's history.

Ever since, it has confounded not only his family, friends and colleagues, but also untold numbers of authors, forensic psychologists, criminologists and intelligence analysts. And that question is further compounded by the enigma of Hanssen himself -- a counterintelligence officer who passed classified materials to the Soviet and Russian governments undetected for 22 years; a devotee of the Catholic order of Opus Dei who encouraged a friend to secretly observe him having sex with his wife; who bought a Mercedes-Benz for a Washington stripper; and who was obsessed with pornography.

Six years, virtually to the day, after Hanssen's capture, a new movie brings that perplexing question back into play with a previously undisclosed story -- that of Eric O'Neill, the 27-year-old surveillance operative whose job it was to closely monitor Hanssen while the FBI maneuvered to ensnare him. O'Neill's story does not appear in any of several books written about Hanssen since his capture because -- until recently -- the FBI forbade him to speak publicly.

Directed by Billy Ray, "Breach" offers no "Rosebud" revelations to explain Hanssen's treason. But it places audiences in the same unnerving situation O'Neill (played by Ryan Phillippe) found himself in in January 2001 -- posing as office assistant to Hanssen (Chris Cooper), securing his trust and reporting his every move until the double agent made the crucial mistake that led to his apprehension. Hanssen was arrested a month later, after stashing a trash bag full of classified materials under a footbridge in Fairfax County's Foxstone Park -- a spy's "dead drop" intended for his Russian handlers.

"There are, I'd say, 500 stories that could be told about Hanssen," Ray acknowledges. "After all, there were 500 officers working on that case. But out of the 500, there was only one who was locked in a room with that guy every day -- Eric."

Hanssen, who turns 63 in April, is spending the rest of his life at the Supermax federal prison in Florence, Colo. Only after he pleaded guilty in 2002 -- and after most of the half-dozen or so books about the case had been published -- was O'Neill finally cleared to tell his story. He pitched the "Breach" project to Hollywood.

Which is to explain how the real Eric O'Neill and Ray come to be sitting in a lunchroom -- right across the street from FBI headquarters -- and revisiting the baffling conundrum that is Robert Hanssen.

Both acknowledge they are telling only one small corner of the story and both agree that, in terms of explaining Hanssen's motivation, "Breach" can only offer informed conjecture. But that's as close as anyone can expect to evoke the man, insists Ray, who has read all the available research on Hanssen and can reel off the prevailing theories about him.

"His father told him he was a loser," Ray begins. "He didn't want to look bad in front of his wife. He was mad at being passed over for promotion. The Russians treated him like James Bond and that really got him going."

But Ray, whose 2003 film "Shattered Glass" probed the motives of another Washington schemer, journalistic fabricator Stephen Glass, has his own interpretation.

"The truth is, we just don't know him," says Ray, 43, boyish and gentle-voiced. "And ultimately, does it matter why he did what he did? His wife's going to have to think about why he did what he did. But I didn't spend a lot of time thinking about it. I imagine Chris Cooper spent some time thinking about it. Why did Stephen Glass write all those [false] articles? I can give you 50 reasons -- all totally valid. But at the end of the day, he did it. And I think, ultimately, you are what you do."

For Ray, the bottom line was this: Hanssen "had an absence of a moral rudder. He didn't have that part of the gut that says: 'Don't do this. It's illegal, immoral, dangerous and wrong.' "

"I believe that moral rudder was there, but it was just ignored," counters O'Neill, a clean-cut, bright-eyed man of 33, now a government contracts lawyer in Washington. "He knew the right things to do but he made excuses for himself. And because his religion was so central to his life -- and he knew he was doing immoral things, hurting people -- he believed himself evil and doomed."

"Breach" is also fascinating, ironically, for what it doesn't tell, and how those stories -- found in numerous articles and such nonfiction books as David Wise's "Spy: The Inside Story of How the FBI's Robert Hanssen Betrayed America" and David A. Vise's "The Bureau and the Mole" -- yield even more perplexing questions about Hanssen.

"Ultimately, who knows the heart of a double agent?" asks "Spy" author Wise. "Does a spy even know what drives him to betray everything -- his wife, his country, himself? It's a complicated business."

In the case of Hanssen, the more that these writers uncover, it seems, the darker and more elusive he becomes.

In a 2001 article, intelligence affairs author James Bamford, who came to know Hanssen personally, remembered that Hanssen "would much rather talk about the immorality of abortion and the dangers of Planned Parenthood than the latest draft picks." And when Bamford finally agreed, at Hanssen's request, to attend one of his Opus Dei meetings, the FBI man "reveled in that closed society of true believers, like a fraternity brother exchanging a secret handshake."

But "hidden deep behind that pious, anti-Communist facade," Bamford wrote in the New York Times Magazine, "was a disturbing, bifurcated psyche. A Dr. Jekyll and Mr. Hanssen."

A tall, brooding loner -- nicknamed "the mortician" for the dark suits and clothes he always wore -- Hanssen pursued a shadowy double role in virtually every facet of his life. As the head of the Soviet unit at the FBI, he was in charge of catching enemy spies but, according to court documents, books and published reports, received an estimated $1.4 million over 22 years for passing classified materials to the Soviet and Russian regimes.

(Those materials included details of the U.S. government's contingency plan for surviving a nuclear attack, identities of Soviet agents working for Washington and the existence of a multimillion-dollar spy tunnel built under the Soviet embassy here.)

Hanssen would duck out of work early so he could attend antiabortion rallies, yet had no compunction about sending three young men to their deaths -- Russian double agents whose identities he sold to Moscow. And according to Vise's book, Hanssen was never too busy working for his country's enemies to feed the media damning information about the Clinton administration's purported cover-up of financial contributions from communist China.

"You have to understand he was a compartmentalizer," Vise says. "How else could he be married and a father and go to church every day and, at the same time, commit treason?"

According to Wise and Vise's books and others, Hanssen spent his share of secular time at "gentleman's clubs" in downtown Washington. He befriended several strippers, including Priscilla Sue Galey, on whom he lavished several thousands of dollars in cash and jewelry. (She was the one for whom he bought the Mercedes -- used.)

On one occasion, he took Galey on a free trip to Hong Kong, while he attended an FBI conference there. Yet to her surprise, Hanssen never attempted to have sex with her. He was, he told her, trying to bring her closer to God. He neglected, however, to inform his wife, Bonnie, of his missionary work.

As the movie only alludes to, but most Hanssen books recount, Hanssen reserved the worst betrayal of all for his wife, Bonnie -- who, by the terms of her pension arrangement, cannot comment about her husband to the media. He ostensibly revered her, yet disseminated material about their sexual relationship on the Internet, and even rigged a secret surveillance camera in their bedroom -- unbeknown to her -- so a childhood friend could watch their lovemaking when he came to visit.

This highly secretive man also wanted to be discovered, maintains Vise; "otherwise, in his eyes, the world would never have had the chance to see how devilishly clever he was -- eluding detection for two decades."

That seemed clear to O'Neill on that January day in 2001 when he moved into Hanssen's office to begin his clandestine assignment. As the movie shows, his new boss immediately lectured him on the kind of spies to be on the lookout for: They would be in "the worst possible place," trying to do the most possible damage and for the best financial gain.

"There he was," O'Neill says. "Across the desk, sitting in that worst possible place, with access to everything. So we began our relationship with me thinking, 'Is it cat and mouse? Who's the cat and who's the mouse? Is he just being a mentor or is he saying: 'I know what's going on. See if you can catch me. You can't because you're a stupid, low-level clerk.' "

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But O'Neill had the last word in that crucible of a relationship. On the day of Hanssen's impending arrest, knowing he'd never see Hanssen free again, O'Neill had a special farewell to make.

"I said 'Boss?' He turned and said, 'Yeah?' I said, 'I'll catch you later.' "

Judge To Reconsider Bail For Alleged Drug Kingpin (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 15, 2007

Thrice-convicted felon flight risk, prosecutor says

Dang, that sounds harsh.

Locked down in solitary confinement in an already tightly secured jail, forced to suffer from an untreated hernia and isolated from his wife and children - that has been the unfair life of Vicente Corona since he was alleged by authorities to be the top dog of a massive mail-order drug distribution network, his attorney argued Wednesday.

But, wait. Call Assistant U.S. Attorney Mike Winck crazy, but he's thinking all that extra security might stem from Corona's alleged threat to escape, kill a witness and slay an accused conspirator.

"The defendant has communicated to a person in the Blount County Jail his intent to escape," Winck told U.S. District Judge Thomas Phillips at a hearing Wednesday. "He was going to use his brother, Roberto, to help him escape (during) his hernia operation.

"The defendant also communicated he intended to have one of the witnesses killed," Winck continued. "The defendant communicated he would have had another co-conspirator killed."

Winck said authorities have proof to show that Corona's brother rented a hotel room in the area around the time of the alleged escape attempt.

It was only because the U.S. Marshals Service got wind of the alleged plot that security was beefed up. Corona waseventually allowed to have his hernia operation under heavy guard, Winck said.

Johnson countered that Winck was telling tales he couldn't back up.

"I would note for the court he's relying on someone who is an inmate at the Blount County Jail who is unidentified," Johnson said of the alleged source of Winck's information.

It was a pretty bold move on Johnson's part Wednesday to ask Phillips to reconsider an earlier ruling by U.S. District Magistrate Judge Bruce Guyton that Corona should be locked up pending trial.

Consider the facts Guyton relied on:

Corona is an illegal immigrant caught in California with fake identification. He is alleged to be the kingpin of a mail-order drug business that shipped more than a half-ton of marijuana and a quarter-ton of cocaine from California to Knoxville in just three years.

He has three prior felony drug convictions, which Winck contends makes his punishment a mandatory life term if he is convicted. His wife and children live in California. He has no relatives in the Knoxville area, although he has a few in Chattanooga.

"Persons who continually violate the (federal drug laws) are a danger to our community," Winck said. "Because he's facing a term of imprisonment of life, I also submit he is a risk of flight."

Johnson counters that it is unduly harsh to keep Corona locked up in the Blount County Jail, where inmates cannot even watch television.

"Pretrial detention in a county jail is, I submit, the harshest alternative," Johnson said.

Phillips said he would issue a written ruling on the issue. He also is set to decide Johnson's bid to have the case tossed out for trial delays. The odds are not good given that Phillips called Johnson's bluff with an offer to move up the July trial date if Johnson would drop pending motions. Johnson declined.

Jamie Satterfield may be reached at 865-342-6308.

Congressional Delegation Staying Out Of Hemp Debate (AP)

AP, February 15, 2007

DOJ_NMG_0132449

WASHINGTON North Dakota legislators are urging Congress to make it easier for farmers around the country to grow hemp. But the state's congressional delegation won't be rushing to help.

Sens. Kent Conrad and Byron Dorgan and Rep. Earl Pomeroy, all Democrats, are staying out of the congressional debate over industrial hemp. At issue is whether it should be treated in the same way as marijuana or whether commercial hemp production should be allowed.

The North Dakota House passed two resolutions on the issue this week, urging Congress and the federal Drug Enforcement Administration to allow farmers to grow the crop. The state last week issued the nation's first licenses to two farmers seeking to grow industrial hemp.

Congress has tentatively waded into the debate, with pro-hemp legislation introduced by Texas Republican Rep. Ron Paul. Pomeroy is not signing on.

In an interview, Pomeroy said he does not want to interfere in discussions between the DEA and the commercial hemp industry.

"At this point in time, I'd like to leave this to the experts, and no one has ever accused Congress of being that group," Pomeroy said.

He has not decided how he feels about the issue, he said.

"I haven't reached a conclusion. I am watching with interest," he said. "I am learning from North Dakota's experience."

Spokesmen for Conrad and Dorgan said neither senator would be sponsoring or co-sponsoring legislation dealing with hemp. They did not say whether the two senators support making it easier for farmers to grow it.

Conrad spokesman Chris Thorne said Conrad worries the Bush administration will object.

"At this point, we don't see much room for success there," he said.

North Dakota Agriculture Commissioner Roger Johnson met with DEA officials earlier this week to try to persuade them to accept the two state licenses. The farmers must get approval from the agency, which has not allowed commercial hemp production but has said it would consider applications to grow it.

"I felt that we've got a long ways to go with DEA," Johnson said after the meeting. "They made it quite clear that they still do not understand or believe the distinction between industrial hemp and marijuana. That's a pretty fundamental issue."

He said he would rather see the DEA change its rules than try for a controversial battle in a busy Congress.

Garrison Courtney, a spokesman for the DEA, said the agency will give full consideration to the North Dakota applications.

"It's still in the very beginning stages," he said. "It would be premature to speculate on what our decision is going to be down the road."

Hemp is a cousin of marijuana that contains trace amounts of the chemical that causes a marijuana high, though hemp does not produce the same effects. The sturdy, fibrous plant is used to make an assortment of products including paper, rope, clothing and cosmetics.

Industrial hemp cultivation is legal in Canada and other countries but is banned in the United States. Law enforcement officials worry that industrial hemp can shield the growing of marijuana, although hemp supporters say that fear is unfounded.

North Dakota is one of seven states that have authorized industrial hemp farming. The others are Hawaii, Kentucky, Maine, Maryland, Montana and West Virginia, according to Vote Hemp, an industrial hemp advocacy organization based in Bedford, Mass.

Losing Afghanistan To Opium? (WT)

By Ileana Ros-Lehtinen

The Washington Times, February 15, 2007

The spring opium harvest will soon begin in Afghanistan. So will a murderous spring offensive by the Taliban and its allies against U.S. and coalition troops. The two events are directly related, for the Taliban and the warlords are funded by the billions of dollars deriving from the massive, illegal opium trade.

The deteriorating security in Afghanistan has been made possible by the opium crop's skyrocketing expansion. Much of the money is used to buy sophisticated weapons for the Taliban and warlords, pay their fighters, purchase supplies, bribe Afghan and

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Pakistani officials and provide an impoverished population with the means to earn a living and thereby secure their allegiance and support.

Seen in this context, it is clear that U.S. and coalition forces in Afghanistan are battling more than merely a few thousand militants. They are at war with an expanding narco-state that extends throughout the country. Without this support, our enemies would be hard-pressed to operate, much less continue increasing their numbers and firepower. Given this reality, the odds against success are lengthening.

After five years of sustained U.S. effort in Afghanistan, it should be apparent to all that our strategy has not succeeded. Yet as a new approach is about to be rolled out, it does not appear that those formulating this new proposal fully understand that the Taliban and its allies cannot be defeated without also targeting their principal source of financing -- the illegal drug trade.

Our anti-narcotics policy has long been hobbled by conflicting views and bureaucratic battles between the various players, including the Departments of Defense and State, the Drug Enforcement Administration (DEA), and other U.S. agencies, along with our NATO allies, especially the British. There is little prospect these long-entrenched divisions will be reconciled by themselves.

To encourage the administration to focus on this central problem, I and four of my colleagues on the House Foreign Affairs Committee recently sent a letter to Secretary of State Condoleezza Rice and Defense Secretary Robert Gates recommending a number of steps be taken immediately, including:

• Appointing a high-level coordinator of Afghan narco-terrorism policy to create and lead a unified campaign against drugs and terror that utilizes all U.S. agencies, assets and assistance, as we are doing successfully in Colombia.

• Implementing a new DEA "ride-along" policy with the International Security Assistance Force (ISAF) and our own military forces on the ground in Afghanistan in order to combine ongoing U.S. and NATO military operations when these overlap with those of the DEA.

• Extraditing to the U.S. major drug kingpins and drug warlords, using a new narco-terrorism provision in the USA PATRIOT Act that makes the use of illicit drugs to support acts of terrorism or foreign terrorist organizations a federal crime. Extradition has worked well in Colombia, and can work in Afghanistan.

• Expediting training by the Colombian National Police's elite anti-narcotics unit, which visited Afghanistan last year, of their Afghan counterparts. We were pleased to see Gen. Peter Pace, chairman of the Joint Chiefs of Staff, note recently the key role our Colombian allies, and U.S. experience in Colombia, can play in the fight against illicit drugs in Afghanistan.

• Helping develop and facilitate trade promotion and increased trade-building capacity for Afghan products and industries in order to increase exports and create legitimate livelihoods in place of illicit opium farming and production today.

Of course, these recommendations must be part of a much broader effort that includes a greatly enhanced effort by Pakistan to secure its tribal areas and the president's proposals to increase funding for roads, rural electrification, alternative livelihood programs, and training for security forces. But without a comprehensive counternarcotics policy, these efforts by themselves are unlikely to succeed.

The problem with our strategy in Afghanistan is not primarily one of resources, but of policy. Our enemies draw their strength not merely from their weapons and their fanaticism, but from the opium in the fields as well.

Ileana Ros-Lehtinen of Florida is the ranking Republican member of the House Foreign Affairs Committee.

Report: Teens Using Prescription Drugs (AP)

By Karen Matthews

AP, February 14, 2007

NEW YORK (AP)— Junior's been helping himself to Mother's little helper. That's the conclusion of a report released Wednesday by White House drug czar John Walters that found while U.S. teenagers' use of marijuana is declining, their abuse of prescription drugs is holding steady or in some cases increasing.

"The drug dealer is us," said Walters, the national drug policy director.

Walters said that many teenagers are obtaining drugs over the Internet, getting them free from friends or taking them from someone's medicine cabinet.

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According to an analysis of national surveys prepared by Walters' office, 2.1 million teenagers abused prescription drugs in 2005, the most recent year for which figures are available.

While their use of marijuana declined from 30.1 percent to 25.8 percent from 2002 to 2006, use of OxyContin, a painkiller, increased from 2.7 percent to 3.5 percent over the same period. Use of Vicodin, another painkiller, increased slightly from 6 percent to 6.3 percent.

Teens are also abusing stimulants like Adderall and anti-anxiety drugs like Xanax because they are readily available and perceived as safer than street drugs, Walters said.

Walters said adults should keep track of prescription drugs and throw them out when they expire.

"People just aren't aware that they need to be careful, and so they leave prescriptions in the medicine cabinet and they don't think anything about it," he said.

The report is based on the 2005 National Survey on Drug Use and Health, a survey of 68,308 families, and the 2005 Monitoring the Future Survey of 50,000 eighth-, 10th- and 12th-graders conducted by the University of Michigan.

Dr. Terry Horton, the medical director of Phoenix House, which operates nearly 100 substance abuse programs in nine states, said the belief that prescription drugs are safer than street drugs is false.

"These medicines cause dependence and addiction when misused and have the potential to cause death," he said. "We're talking about medicines that are related, pharmacologically, to heroin and have very similar effects."

(Corrects that period measuring marijuana use ended 2005, sted 2006.)

Drug Czar Warns Of Teen Rx Drug Abuse (CBS/AP)

CBS News/AP, February 14, 2007

(CBS/AP) Junior's been helping himself to Mother's little helper.

That's the conclusion of a report released Wednesday by White House drug czar John Walters that found while teenagers' use of marijuana is declining, their abuse of prescription drugs is holding steady or in some cases increasing.

"The drug dealer is us," said Walters, the national drug policy director, who released the report Wednesday at a news conference in New York. "We have to have a response that keeps that very important fact in mind."

Teens who are being treated for prescription drug addiction agreed.

"It's available and you can get high off of it," said Michael Robin, a 17-year-old who is being treated for addiction to drugs, including Xanax and OxyContin, at a Phoenix House facility on Long Island.

Walters said in some cases teens use the Internet to obtain drugs or to visit Web sites that provide what purport to be instructions for taking safe amounts of various prescription drugs.

Victoria Winebarger, a therapist at the Pathway Family Center in Southfield, Mich., said some of her clients have also used the Internet to research symptoms of conditions including depression and attention deficit hyperactivity disorder so that they can get a doctor to prescribe drugs for them. "That's not uncommon," she said.

Winebarger told CBS News correspondent Sharyn Alfonsi that all but four of the kids in her classroom abused prescription drugs.

"These kids think they're cleaner because of the package they're in," she said.

According to an analysis of national drug surveys prepared by Walters' office, 2.1 million teenagers abused prescription drugs in 2005, the last year for which figures are available.

While their use of marijuana declined from 30.1 percent to 25.8 percent from 2002 to 2006, use of OxyContin, a painkiller, increased from 2.7 percent to 3.5 percent over the same period. Use of Vicodin, another pain reliever, increased slightly from 6 percent to 6.3 percent.

Teens are abusing pain relievers as well as stimulants like Adderall and anti-anxiety drugs like Xanax because they are readily available and perceived as safer than street drugs, Walters said.

"Fifty-seven percent of them say they get them free from friends or they take them out of somebody's medicine cabinet," Walters said in a telephone interview Tuesday.

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The report is based on the 2005 National Survey on Drug Use and Health, a survey of 68,308 families, and the 2005 Monitoring the Future Survey of 50,000 eighth, 10th and 12th graders conducted by the University of Michigan.

According to the National Survey on Drug Use and Health, marijuana use is still more common than prescription drug abuse among youths 12 to 17 years old.

Three percent, or 840,000, of 12-to-17-year-olds said they had abused prescription drugs in the past month, compared with 7 percent who had used marijuana.

The Monitoring the Future Survey found that the list of drugs abused by 12th graders was headed by marijuana, with 31.5 percent reporting they had used it in the past year. The rest of the top five were prescription drugs — Vicodin, amphetamines, cough medicine, sedatives and tranquilizers.

Teenagers and drug counselors said the popularity of prescription drugs is fed by the belief that they are less risky than street drugs.

"It seemed a lot safer because I knew what they were putting in them," said Sara Johnson, a 16-year-old who is being treated for drug addiction at the Pathway Family Center in Southfield, Mich.

Johnson, who planned to attend Wednesday's news conference, said she abused drugs including Xanax and Adderall before bottoming out and going into treatment.

"I would ask people, 'Oh, do your parents have any painkillers at the house?'" she said. "'Or do they use Adderall?' It was really easy after a while."

Dr. Terry Horton, the medical director of Phoenix House, which operates nearly 100 substance abuse programs in nine states, said the belief that prescription drugs are safer than street drugs is false.

"These medicines cause dependence and addiction when misused and have the potential to cause death," he said. "We're talking about medicines that are related, pharmacologically, to heroin and have very similar effects."

Walters said adults should keep track of prescription drugs and throw them out when they expire.

"People just aren't aware that they need to be careful, and so they leave prescriptions in the medicine cabinet and they don't think anything about it," he said. "Once you tell them there is a hazard here, there are easy steps to take to put these things in a safe place, to monitor them and also to toss them once you've used them."

A Shift In Teenage Drug Abuse (NYS)

New York Sun, February 15, 2007

More teenagers in New York are getting high on prescription drugs than street drugs, according to a study released yesterday.

The trend replicates a nationwide increase in prescription drug abuse, according to the study, conducted by the White House Office of National Drug Control Policy. According to the study, nearly one in five teenagers nationwide reported abusing prescription medications, making prescription drugs the second most commonly abused illegal drugs among teenagers, after marijuana.

"This is attractive to young people, we found in the study, because they think it's safer," the director of the Office of National Drug Control Policy, John Walters, said during a videoconference with reporters convened in Manhattan.

Officials said abuse of prescription drugs among teenagers in New York is most popular upstate. The majority of teenagers steal drugs from medicine cabinets at home or get drugs from friends. In New York City, the three most popular prescription drugs sold on the street are Elavil, Xanax, and Vicodin.

"It's a dangerous epidemic," the editor-in-chief of Seventeen magazine, Ann Shoket, said. Seventeen, which featured a teenager who died from a prescription drug overdose on the cover of its March issue, partnered with the White House to release the study.

Teen Drug Preferences Turn From Street To Scrip (NYP)

New York Press, February 14, 2007

Lock up the medicine cabinet.

DOJ_NMG_0132453

A new report from the White House indicates that teenagers no longer prefer marijuana and other illegal street drugs when it's time to get high, showing an increasing preference for prescription pills. Director of National Drug Control Policy John P. Walters is urging parents to be wary of just about everyone, especially your family, since stereotypical drug dealers are not typically the culprits in such prescription drug abuse.

"Parents need to know that teens are turning away from street drugs and increasingly abusing prescription drugs to get high. They should also be aware that suppliers of these drugs might not be sinister characters on the street corner, but are more likely close friends or relatives," said Walters. "Too many young people see popping pills as a painless high."

The report does note that overall teen drug use has dropped 23% over five years, so it's not all suspicious glances at distant cousins.

'The Drug Dealer Is Us' (MET)

Metro, February 15, 2007

MIDTOWN. For Michael Robin, a Long Island teen receiving treatment for his addiction to Xanax and OxyContin, getting the drugs was as simple as a trip to the bathroom.

"It was just everywhere, unfortunately," the 17-year-old said. "You could go to a friend's house and look in their medicine cabinet and you could find something."

Robin, of Oceanside, said he was one of the 2.1 million teenagers who abused prescription drugs in 2005, the last year for which figures are available. A report released yesterday by White House drug czar John Walters found that while use of marijuana is declining, abuse of medications is on the rise. From 2002 to 2006, marijuana use by teens declined from 30.1 percent to 25.8 percent as abuse of powerful painkillers such as OxyContin increased from 2.7 percent to 3.5 percent.

In New York, where the average for overall prescription drug use among teens (7 percent) is below the national mark (9 percent), roughly 181,000 youth ages 12 to 17 reported current use of illicit drugs and one out of every 14 reported abusing prescription drugs in the past year. The problem is even bigger upstate, according to the report, where more than 156,000 teens, or 19 percent, have used pills to get high.

Robin, who is now being treated at a Phoenix House facility on Long Island, said it took an overdose of OxyContin for him to realize he had a problem.

"I actually purchased it from somebody I met after a while of getting it through friends," he said. "It became something that I felt was essential to my life. I became addicted to it."

Walters, who released the report in New York via satellite from Washington, said 57 percent of respondents acquired the drugs without cost, typically from friends or from a medicine cabinet. They're readily available and often perceived as safer than street drugs such as cocaine.

"Because these are medicines and not polluted street drugs, young people have the false view ... that this is safe," he said. "It's not."

Walters urged parents to monitor prescription drugs in the home and to throw them out when they expire.

"The drug dealer is us," he said.

Other findings

• Next to marijuana, the most common illegal drugs are prescription medications.

• The most common sold on city streets are Elavil (anti-depressant), Xanax and Vicodin.

• 11.9 percent of respond-ents said they've used prescription pills to get high.

Colombia Seeks U.S. Funds For Anti-drug Trafficking Effort (MCT)

McClatchy Newspapers, February 14, 2007

WASHINGTON - For the closest U.S. ally in Latin America, crunch time is near.

Top Colombian officials have hit Washington in recent weeks in a stepped-up effort to lobby Congress for a new multibillion-dollar anti-drug trafficking plan and a free trade agreement that has run into fierce opposition among the Democratic majority in Congress.

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Colombian Vice President Francisco Santos met with key Democratic and Republican lawmakers and Bush administration officials during a two-day trip that ended Wednesday. Earlier this month, Defense Minister Juan Manuel Santos was in Washington.

Both officials pushed a massive $44 billion anti-drug trafficking effort, informally known as Plan Colombia II. The United States contributed $4 billion in the first Plan Colombia, unveiled in 1999. And now Bogota hopes to obtain a similar amount from Washington for the successor program, Francisco Santos told The Miami Herald Wednesday.

The Colombians have been telling lawmakers the initiatives are crucial to a democratic U.S. ally that has embraced open markets at a time when socialist Venezuelan President Hugo Chavez blasts U.S. initiatives as imperialistic.

But though many Democrats seem supportive of Plan Colombia, they want Bogota to include stronger labor provisions in the free trade deal. Vice President Santos says the Colombians are willing to make concessions once they know exactly what the Democrats want.

"(The Democrats) tell us labor is an important issue but they don't say how," he said. "The truth is it feels like we're chasing ghosts ... Colombia is willing to do what it takes to ease the concerns of the Democrats."

A text on the free trade deal must be submitted to Congress by March 31 if it is to be approved under a special trade promotion authority, which gives Congress the power to pass or reject free trade agreements but not amend them. Peru and Panama are also awaiting ratification.

Santos said that under Plan Colombia II, Washington would provide money for the security side and the Colombians would focus on reforming the judiciary and promoting alternate crops to coca farming.

He said the first Plan Colombia succeeded in bringing down violence in Colombia, which is battling several armed insurgent groups. Kidnappings are down ten-fold in the past four years and the annual murder rate has dropped from 28,000 to 17,000, he said.

The second phase seeks to consolidate those gains, he said. Drug trafficking is still widespread in places like southern Caqueta and Putumayo provinces, where leftwing insurgents are strong.

Colombia also faces a tough sell on some aspects of its counter-insurgency efforts.

Critics say aggressive herbicide fumigation campaigns under Plan Colombia has displaced coca farming to more remote areas but not stopped it, and that the reach of right-wing paramilitary groups and drug traffickers is still too pervasive in state institutions.

A government "peace and justice" program to disarm paramilitary fighters has come under fire from rights organizations that say the terms are too lenient, and that former paramilitary units are resurfacing under a new guise.

Santos says the plan has disarmed 30,000 paramilitary fighters and that the new groups that are taking their place are small and more "gangster-like" than an organized political or military force.

IMMIGRATION:

On US-Mexico Border, Illegal Crossings Drop (CSM)

By Faye Bowers

The Christian Science Monitor, February 15, 2007

YUMA, ARIZ.

One phrase sums up both the chief achievement and complaint of National Guard soldiers and airmen posted along this dusty strip of border with Mexico: "Nothing happening."

That's good news for Operation Jumpstart, President Bush's eight-month-old initiative to reinforce America's southern border with National Guard troops until enough border patrol agents are trained. The extra troops appear to be discouraging people from trying to cross illegally.

Apprehensions of illegal immigrants in the Yuma sector – one of the busiest for the past two years and a top target for the operation – have dropped 62 percent in the last four months compared with the same period a year ago. That's the biggest drop

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of all nine border patrol sectors on the frontier with Mexico and double the average decline. The amount of marijuana seized in the Yuma sector fell 36 percent for the same period.

The figures for the entire southern border – a 27 decline in apprehensions and a 51 percent increase in marijuana seized – are encouraging, experts say.

"If those numbers hold [for the entire fiscal year], that would indeed represent a significant drop," says Luis Cabrera, an expert on transnational justice issues at Arizona State University in Tempe. "We're pretty sure there's a deterrence effect."

President Bush visited this busy crossing point last May to introduce his program to supplement US border patrol agents with National Guard soldiers and airmen for two years (6,000 the first year, 3,000 the next).

Of those, 2,400 are posted in Arizona, which has the two top-priority sectors in the operation – Tucson and Yuma.

"We have had 49 states participate in the border mission in Arizona, with 7,758 [troops] coming through Arizona," says Maj. Paul Aguirre, spokesman for Operation Jumpstart in Arizona. "Roughly 40 percent of the effort is in Arizona."

Moreover, some 500 additional border patrol agents have bolstered the efforts in the Yuma sector this past year, as have added infrastructure – National Guard helicopters, miles of triple fences, lights, cameras, and sensors.

Still, it's the highly visible National Guard troops that most here say are having the biggest deterrent effect. With their limited support roles (they can't apprehend nor arrest individuals), they are freeing border patrol agents from routine duties, such as fence-building and repair, so they can spend more time nabbing illegal infiltrators.

Watching the smugglers watch them

A few miles from town along the dusty levee between the Colorado River and the Salinity Canal, two National Guard soldiers man a station. (The media can no longer identify the soldiers because border patrol intelligence officers have learned that smugglers have placed a $30,000 to $50,000 bounty on their heads.) The two Guardsmen from North Carolina are dressed in camouflage fatigues. They carry M-16 rifles and high-powered binoculars that enable them to see clearly across to Mexico – often to see smugglers looking back at them through their binoculars.

They stand in front of a Chevy Blazer painted in camouflage next to their tent. Their shifts vary, but they are mainly deployed in groups of four for 48 to 72 hours. Two stand watch for four- or six-hour shifts while the other two sleep in the tent.

The North Carolina men, who were previously deployed to Iraq, have been posted here for the entire time.

The days "start to run into each other after a while. We basically observe and let border patrol know what we see," says one.

In the entire four months they've stood here, watching and waiting, they've seen only two families – four or five people in each group – attempting to cross. One of the men says it is difficult to report these people. "I wonder what would make me do that – climb into that icy cold river holding my child above my head? You can be compassionate, but you have to do your job, report them."

In both cases where the Guardsmen observed people attempting to cross, they called the border patrol who arrived within 15 minutes and apprehended the illegal immigrants.

A little farther down the dirt road is another outpost, one of 20 to 60 such sites strategically located according to intelligence gleaned from smugglers at various spots along the Yuma sector's 125-mile border section.

The two Guardsmen manning this post, also previously deployed in Iraq, are from Washington State. These two men – dressed similarly and toting the same weapons – have been here since October.

"We haven't seen anybody in a long time – maybe since November," says the more talkative of the two. "But there's always stuff to do, like we make Crystal Light, sanitize our hands, make sun tea. Talk to the BP and get their input when they stop.

"They," he says, pointing to border patrol senior agent Chris Van Wagenen, "have to put up with driving and air conditioning. We don't."

Mr. Van Wagenen responds that it's because of these highly visible men that the Yuma sector is now apprehending about only 100 illegal immigrants per day, compared with 500 to 600 a year ago.

The Washington Guardsmen's boredom is briefly interrupted by Rosita's catering truck from San Luis, a nearby town. This is the fourth day of servicing the National Guardsmen, according to John Anguian, the driver. These men – and several others along the levy – are thrilled to eat tostadas and refried beans rather than their MREs (meals ready to eat).

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Overall, the Guardsmen say they are content with their roles and even praise it as a mission providing good training for Iraq – "We're staying in a tent in the dust – it's a lot like over there."

His partner pipes in. "But we're here in the good old U.S. of A., and we haven't been shot at."

Close calls with smugglers

There have, however, been some close calls. border patrol agents say that one of the indicators that Operation Jumpstart is successful is that violent attacks on officers are up at the border (a 28 percent increase in the Yuma sector alone).

"We are definitely putting a dent in their pocketbooks," says Van Wagenen, "and they are going to try to intimidate you, resort to violence."

Most assaults are rock-throwing incidents, but there have been other, more-serious incidents. In early January, for example, four armed men from Mexico approached an Arizona observation post manned by a team of four National Guard soldiers, armed with M-16s.

The National Guard left the post as the Mexican gunmen closed in, as their rules of engagement require. The gunmen disappeared back into Mexico before border patrol agents arrived.

The incident has been controversial in that many politicians in Arizona, especially, are calling for the National Guard to become more proactive.

Still, many believe the initiative is beneficial, but wonder how long the operation can be maintained and what will happen if and when the National Guard leaves.

"Once the resources are brought in, you have to not only make the change, but those resources have to stay there to maintain the change," says Doris Meissner, a senior fellow at the Migration Policy Institute in Washington, D.C., and former commissioner of the Immigration and Naturalization Service. "You can't simply do an interruption and go back to the status quo ante and expect that it is going to hold."

Professor Cabrera agrees: "To truly gain operational control of the border – to stop unauthorized immigration in the way people speak about – will resemble a major military operation in cost and size of undertaking."

Democrats Hit Visa, Citizenship Fee Raise (WT)

By Stephen Dinan

The Washington Times, February 15, 2007

Democrats yesterday said the fee increases for naturalized citizenship and visas proposed by the Bush administration amount to a "citizenship tax" and vowed to fight it, saying taxpayers should pick up the bill for many immigrants.

Some Democrats also proposed a means-tested type of system, where those with higher incomes would pay more for citizenship or other benefits.

"Many in the immigrant community see the increase for what it is -- increasing the cost of the American dream, telling those least fortunate among us they probably need not apply," said Rep. John Conyers Jr., Michigan Democrat.

He and fellow Democrats said the fee increases, proposed last month by U.S. Citizenship and Immigration Services, will hurt poor immigrants and could force some of them to try coming to the country illegally.

"Don't you provide them an incentive to do an end-around and come here illegally?" Rep. Artur Davis, Alabama Democrat, told USCIS Director Emilio Gonzalez during a hearing held by the House Judiciary immigration subcommittee on the proposed increases.

But Democrats' options are limited. The proposed increases are in the form of an administration regulation, which means once they are tweaked and finalized by the agency some time this summer they will take effect unless both houses of Congress pass a measure blocking it.

The debate goes to the heart of the nation's legal immigration system.

USCIS' budget comes mostly from fees paid by those seeking a visa or citizenship, though Congress has appropriated some money to help with specific projects. Democrats, though, say it's time to consider changing that and having Congress spend money to cover general operations.

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Mr. Gonzalez rejected that, saying a fixed appropriation would tie his hands while collecting fees allows him to be flexible -- if more people apply, he gets more fees.

He said immigrants will see almost immediate improvements in services with the higher fees, while without them the agency will return to the days with application backlogs in the millions.

"We're simply not going to be able to keep up with our workload," said Mr. Gonzalez, adding that would hurt the agency's core mission. "We're going to be suffering from a national security perspective."

Under the changes, applying for naturalized citizenship would cost $595, up from $330, and the cost for processing fingerprints and other biometric information would increase $10, to $80. The cost of some complicated applications would jump by more than $1,000.

On the other side of the ledger, Mr. Gonzalez has proposed eliminating the fee for applying for a visa as a victim of human trafficking.

Republicans generally seemed to support the increases, saying citizenship or the chance to work in America is worth it.

Rep. Lamar Smith, Texas Republican, called citizenship "one of the greatest values in the world," and Rep. Dan Lungren, California Republican, said those who are applying should be the ones who pay.

"Maybe I'm old-fashioned, but I believe one of the marks of responsibility is people pay for what they get," Mr. Lungren said.

Mr. Conyers told Mr. Gonzalez he is not likely to see any money from Congress this year because there are so many needs competing for limited dollars.

But Republicans said Mr. Conyers showed a misunderstanding of the process because USCIS isn't seeking a large congressional appropriation this year. In fact, Mr. Lungren said, Mr. Conyers' argument about competing federal needs makes the argument for why USCIS needs fee increases.

Democrats were also concerned about the effect on poorer applicants, and proposed to keep down the costs on them by charging high-income applicants much larger fees.

Rep. Bill Delahunt put forward the case of a hypothetical wealthy German businessman making $2 million a year.

"I don't mind whacking him," the Massachusetts Democrat said.

Mr. Gonzalez said USCIS already allows a waiver for applicants making less then 125 percent of the poverty level. He said 85 percent of those who apply are granted one.

GOP Lawmakers Peeved At New Bank Of America Credit Card Program (FOX)

Fox News, February 15, 2007

WASHINGTON — Lawmakers are lashing out at Bank of America Corp. over its new program to offer credit cards to customers without Social Security numbers, saying it creates a dangerous loophole for terrorists and illegal immigrants.

Rep. Tom Tancredo, R-Colo., called for a federal investigation of the program on Wednesday, sending Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff a letter requesting a review of the program.

"After September 11, we were told that money was the lifeblood of terrorists, and that we should do everything possible to block their access to financial resources," Tancredo said in a statement. "Today we are hearing a far different message: Bank of America, it's everywhere terrorists want to be."

The program welcomes applicants without a Social Security number and credit history if they have held a checking account with the bank for three months without an overdraft, The Wall Street Journal first reported in Tuesday editions.

Another Republican lawmaker criticized the program, saying it should be stopped to avoid security risks with illegal immigrant members of the program.

"If an individual wants to get a credit card, they can get that in their home country," Rep. Marsha Blackburn, R-Tenn., told FOX News.

"This is something that is of deep concern to me, that Bank of America would choose to market to those that have chosen to break U.S. law to enter this country and then they would give credit to them," Blackburn said.

Bank of America stands by its program, saying that it complies with all U.S. banking and anti-terrorism laws. Rep. Ed Royce, R-Calif., said a loophole in a Treasury regulation allows Bank of America to act within the law.

"It's risking our security and it's happening because the administration and Democrats in Congress won't close this loophole," Royce told FOX News.

In 2004, Royce unsuccessfully tried to close the loophole, a provision in the Patriot Act that allows banks to use unsecured forms of identification — like the easily obtained matricula consular cards issued by the Mexican government — to open bank accounts, transfer funds and do other transactions.

"The American public should demand that this loophole be closed," Royce said, calling it a controversial flaw that allows banks to take advantage of U.S. law.

Sen. Evan Bayh, D-Ind., said the program should be reviewed but he's a "little skeptical" that the program will threaten U.S. security.

"I think it bears looking into and obviously if there's something being done to make it easier for terrorists to strike America, we need to close that down," Bayh said. "I think we ought to not be hysterical about it until we get the facts."

The program was tested last year at five Bank of America branches in Los Angeles. It was expanded to 51 branches in Los Angeles County last week.

In Virginia, The Harm Of An Anti-Immigrant Bill (WP)

By Nancy Lyall And Teresita Jacinto

The Washington Post, February 15, 2007

A young mother who wants to support her first-grader and get a better-paying job. A man in his late 50s who has diabetes but no access to health care. A 16-year-old day laborer who is hungry and needs winter clothes. These and thousands of others like them are the people who will be most harmed if Virginia enacts House Bill 2937.

Last month, the House of Delegates voted 70 to 29 that no organization receiving state or local funds "shall use those funds to provide benefits or assistance to ineligible persons such as undocumented immigrants." As volunteers with the Woodbridge Workers Committee in Prince William County, we regularly work with members of the immigrant community and know the disastrous effects a cutoff of state money could have for new immigrants who may lack official residency paperwork.

The immigrant population in Prince William has risen significantly in the past five years in response to the need for construction labor. Because no jobs were available back home, many immigrants are here trying to provide for their loved ones. The growing Northern Virginia economy not only thrives on their labor but also would collapse without it.

Current federal immigration policy provides no legal avenue for their presence, so many immigrant workers cross the border without authorization. Most of these people are hardworking and focused on supporting their families. But if this bill becomes law, not only will immigrants suffer but the organizations that try to help them also will be compromised.

Let's look at the lives of some undocumented immigrants:

One gentleman in his late 50s has diabetes and had no access to health care. We referred him to the Family Health Connections mobile clinic of Potomac Hospital, where he was given advice and medicine to correct his failing health. Family Health Connections is funded by public-private partnerships but also receives significant state funding. Under the House bill, this man would have been denied care and probably become seriously ill. He might have ended up in an emergency room with his care ultimately paid for by Virginia taxpayers.

Then there's the young mother with limited income who wanted to support her first-grader's education and get a better-paying job. She found year-around English classes right in her neighborhood through which she could learn to communicate with her child's school, help her child complete assignments and read simple books. She became a committed student, attending class twice a week. Under the House bill, the group that sponsors the classes would have to deny this mother services or risk losing its nonprofit status.

A 16-year-old Totonac Indian with limited Spanish skills recently arrived from his village in Puebla, Mexico. This young man had no winter clothes and hadn't eaten in three days. We referred him to the Hilda Barg Homeless Shelter, where he was fed and given warm clothes. The Hilda Barg center, which currently provides assistance to all without question, plans to discontinue clothing and food distributions if the House bill becomes law. This would be catastrophic for all who count on the shelter for help, not just undocumented immigrants.

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Organizations such as Prince William Action in Community Through Service and the Salvation Army are among those that could be affected if the House bill becomes law. Although the Woodbridge Workers Committee is staffed entirely by volunteers and has never sought or received state funding, this bill would directly affect our work. Churches and other not-for-profit community groups that assist us may withdraw their support. Some of these groups themselves operate soup kitchens, participate in clothing drives, provide transportation or housing, or otherwise assist immigrants. Most community service organizations don't have the resources to implement the onerous regulations required by this legislation. Although the bill stipulates that it would affect only people over age 19, it would surely hurt children the most, as their parents would be denied any assistance.

It is scandalous to us that Del. Jackson Miller, who sponsored this bill, and others would be so callous when it comes to hungry children, those with urgent health-care needs and others who are struggling in this brutal winter. This is the opposite of good public policy. We hope the Senate will rise above the House's cynical political opportunism and soundly reject HB 2937.

Nancy Lyall is legal coordinator for the Woodbridge Workers Committee. Teresita Jacinto is the committee's education coordinator.

TAX:

Merck Agrees To Pay IRS $2.3 Billion To Settle Tax Disputes (AP)

By Linda A. Johnson, The Associated Press

AP, February 15, 2007

Merck & Co., mired in multibillion-litigation over its withdrawn painkiller Vioxx, has eliminated another legal headache, resolving several tax disputes with the Internal Revenue Service by agreeing to a $2.3 billion settlement.

In announcing the agreement Wednesday, the Whitehouse Station, N.J.-based company said the settlement resolves all outstanding tax disputes with the IRS, covering the years 1993 through 2006. Merck had faced potential taxes, interest and penalties totaling as much as $3.8 billion, but the agreement apparently reduced that amount.

Neither Merck nor the IRS would discuss the reduction.

The IRS said in its own statement that the settlement resolves all issues in dispute for the years 1993-2001.

"It can't be seen as anything but positive" for Merck to resolve the case, said analyst Steve Brozak of WPP Securities.

Merck still has a $1.76 billion tax dispute with Canadian authorities and has filed an appeal with the Canada Revenue Agency that is expected to be reviewed this year, spokesman Raymond Kerins said.

Merck had disclosed both tax cases in November in a routine filing with the U.S. Securities and Exchange Commission. Merck said the Canadian dispute "related to certain intercompany pricing matters."

Tax and accounting analyst Robert Willens of Lehman Brothers said in such cases drugmakers generally sell medicines at low cost to subsidiaries in countries with lower tax rates, which can then mark up the price and keep more profit after taxes.

"This is a constant tug-of-war between the IRS" and companies, Willens said.

He said Merck paid a very high percentage of the amount of taxes in dispute -- about 60 percent -- far higher than the one-third or so that is typical.

"That would suggest Merck must have felt it had a fairly weak case," Willens said.

Merck said the IRS settlement is not expected to materially affect its profit for 2007 because it had previously reserved money to cover those costs. Kerins declined to say how much was reserved and when that was done.

Wall Street showed little reaction to the news. Shares rose 11 cents to $44.06 on the New York Stock Exchange.

Brozak said the stock price likely did not shift much because the tax dispute is not as significant as other problems Merck is juggling. Those include looming generic competition to key drugs, a limited number of new ones coming to market and more than 27,400 personal injury lawsuits alleging harm from Vioxx -- the former blockbuster arthritis pill it pulled from the market in September 2004 after finding in increased risk of heart attack and stroke.

"How many things can you focus on at one given time?" Brozak said.

Merck said the IRS settlement was in the company's best interests given the uncertainty and cost of potential litigation.

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The settlement relates to a subsidiary Merck set up in 1993 in tax-friendly Bermuda with a third-party investor as a way to raise capital.

Merck's November SEC filing states the IRS had notified the company it was proposing adjustments to tax returns related to the partnership; IRS was planning to disallow deductions for royalties and other expenses and to designate as taxable income money Merck reported as loans from foreign subsidiaries, among other things.

In its statement, the IRS called the Merck settlement one of its largest in recent years.

Another drug company, Britain's GlaxoSmithKline PLC, agreed in September to pay the IRS $3.4 billion in what was the largest tax settlement ever.

Associated Press Writer Andrew Bridges in Washington, D.C., contributed to this report.

Merck To Pay $2.3 Billion In Tax Case (WSJ)

By Jesse Drucker

The Wall Street Journal, February 15, 2007

Merck & Co. will pay the federal government $2.3 billion to resolve roughly a decade of disputed back taxes, in one of the largest publicly disclosed settlements between a U.S. corporation and the Internal Revenue Service.

The agreement is the latest such high-profile settlement between the IRS and a corporate taxpayer as part of a general crackdown on tax shelters. In the fall, the IRS announced a $3.4 billion deal with GlaxoSmithKline PLC to settle a dispute over the tax treatment of transactions between the British drug maker and its U.S. subsidiary. And the government has notched court victories in the past year against General Electric Co., Black & Decker Corp. and aerospace-products maker Coltec Industries Inc. over the use of tax shelters.

The agreement between Merck and the government covers taxes, interest and some penalties, settling three separate disputes spanning from 1993 to 2006 that could have totaled at least $3.8 billion, according to Merck's filings with the Securities and Exchange Commission.

The biggest of the disputes involved a complicated transaction dating back to 1993. At the time, Merck set up a Bermuda-based subsidiary with a unit of British bank Abbey National PLC, to which it transferred two lucrative patents for its cholesterol-lowering drugs Zocor and Mevacor. Merck then paid the subsidiary to use those patents. The payment stream allowed Merck to allocate taxable income to Abbey within the partnership, while not comparably reducing the income it reported to shareholders under accounting rules. Because of differences between U.S. and United Kingdom tax laws, Abbey never had to pay taxes on most of that income either, effectively permitting it to disappear between different tax jurisdictions.

The arrangement, internally code named "Project Ryland," for a restaurant near Merck's Whitehouse Station, N.J., headquarters, was the subject of a September page-one article in The Wall Street Journal.

The settlement announced by Merck could be bad news for Dow Chemical Co., which is in litigation with the government in U.S. district court in Baton Rouge, La., over its use of a nearly identical partnership deal. There, the IRS and U.S. Department of Justice claim the company improperly lowered its taxes by roughly $130 million by shifting income to a consortium of European banks. Dow says the arrangement was legitimate financing and is suing the government to retain the money. Dow didn't return a call requesting comment.

Merck said the $2.3 billion settlement represents its expected "final net cash cost" from the pact. The agreement is actually for $2.9 billion, the company said, but $1.2 billion is interest, and therefore tax-deductible, and $200 million had already been paid to the government. Of the total settlement, $100 million represents penalties, which prompted some observers to point out that Merck will still come out ahead.

"It's a huge settlement," said David Weisbach, a tax-law professor at the University of Chicago. But the tiny portion devoted to penalties "means there remains a strong incentive to engage in shelters even if they end up not working. Without effective penalties, they might as well take risky positions."

In an interview, IRS Commissioner Mark Everson defended the agency's approach. Although he wouldn't comment on the Merck case specifically, he said: "Any credible observer would admit that we've strengthened our enforcement in the corporate

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arena and high-income individuals." He added: "It's not cheap to keep litigating something year after year....You could go for broke on each and every case and litigate it until the end, but that is not sound tax administration."

In a statement, Merck said it decided to settle "so as to remove the uncertainty and cost of potential litigation."

Merck previously booked reserves for the items. It said it doesn't expect the settlement to have a material impact on 2007 earnings, or to take any charges related to the settlement.

NARROW ESCAPE How A Chastened KPMG Got By Tax-Shelter Crisis (WSJ)

By David Reilly

The Wall Street Journal, February 15, 2007

Timothy Flynn, a top executive at KPMG LLP, was driving to a nephew's graduation in May 2005 when he got a phone call from the chairman: The firm faced imminent criminal indictment over tax shelters it used to sell.

Then a different sort of shock. One week later, the chairman, Eugene O'Kelly, learned he had a brain tumor that left him just months to live. Mr. Flynn, a down-to-earth accountant who once led KPMG's human-resources department, was suddenly thrust into its top job, where he faced an urgent task: to somehow persuade the government not to indict. He knew that criminal charges against the firm would probably kill it, as they did Arthur Andersen after the Enron scandal.

Mr. Flynn took a gamble. KPMG had for years stoutly denied any impropriety, calling its tax advice legal. But days after taking the helm, Mr. Flynn met with Justice Department officials and acknowledged that KPMG had engaged in wrongdoing.

He got no promises in return, and the admission could have sunk the firm. Instead, it provided flexibility to the prosecutors, who were aware that the collapse of one of only four remaining accounting giants could harm the financial markets. Two months later, the government gave KPMG a deferred-prosecution deal, holding off indicting if KPMG paid a $456 million penalty and met other conditions.

KPMG now is emerging from what some at the firm call a near-death experience. Last month a judge, satisfied with the firm's reforms so far, dismissed the deferred criminal charge. Mr. Flynn has put in place stronger controls, and a former federal judge now oversees KPMG's ethics and compliance efforts. Mr. Flynn also banned a type of incentive pay that many believe helped fuel the sale of improper tax shelters. For the most part, he has managed to retain partners and clients. In November, he was able to report that the firm's revenue had grown 2% in the fiscal year ended Sept. 30.

KPMG isn't out of the woods. It still faces lawsuits from tax-shelter clients. And though the firm hasn't been indicted, some of its former executives have, and their trial in September could cast the firm in a harsh light. Defense attorneys plan to argue that the shelters had approval from top management. KPMG says, "There's no evidence whatsoever to suggest that the management committee was aware that there was fraudulent conduct involved in the sale of tax shelters."

A government-appointed monitor of KPMG gives Mr. Flynn a vote of confidence. He has proved to be "the right person at the right time," says the monitor, Richard Breeden, a former chairman of the Securities and Exchange Commission.

Mr. Flynn grew up in a tightknit family with six children in the Minneapolis suburb of Bloomington. An Eagle Scout and high-school wrestler, he attended the nearby College of St. Thomas, his father's alma mater, and, along with two brothers, followed his father into accounting.

In 1979 he took a $13,700-a-year job in the local office of Peat Marwick & Co., a predecessor of KPMG, eventually impressing superiors with his technical accounting skills and management knack. Frequently described by those who meet him as earnest, Mr. Flynn, says former SEC Chairman Arthur Levitt, is like "the parish priest who became pope."

Test of Skills

A test of his skills came in 2002. As Arthur Andersen was imploding after an obstruction-of-justice indictment, accounting firms rushed to snap up its clients and partners. KPMG initially fell behind in this scramble. Mr. Flynn and Jack Taylor, then vice chairmen of KPMG's audit business, refocused the effort. First, they made a priority of signing up Andersen partners, figuring clients would follow their auditors. Then, dividing the country between them, they spent the next three months on the road, meeting with about 1,000 Andersen partners in all.

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One, Dan Doherty, recalls the approach. While executives from other accounting firms simply left messages at his home, he says, Mr. Flynn took the time to talk to his wife and showed a "clear empathy for the circumstance we were in." It "wasn't just this mad rush of recruiting.... I never felt I was in the back of the line," he says.

Mr. Doherty joined KPMG. In all, about 200 Andersen partners did. KPMG snagged 395 Andersen clients, second only to Ernst & Young's haul, according to research firm AuditAnalytics Inc.

But soon, KPMG had troubles of its own. The once-staid accounting world had changed, with big firms using their audit relationships with companies to pitch more-lucrative services. Among them were tax shelters: elaborate sets of financial transactions designed to shield income from taxation.

For example, some shelters created paper losses on foreign currencies, which wealthy individuals who bought the shelters could use to offset taxable gains -- despite having never really put any money at risk. KPMG developed a sophisticated marketing operation, including a cold-call center in Fort Wayne, Ind., to push its tax products, according to a 2003 Senate report.

As the Internal Revenue Service stepped up probes of such shelters early in this decade, KPMG's accounting-firm rivals stopped offering them and settled with the government. KPMG sold shelters longer than others and insisted there was nothing wrong with its products, a stance that angered the IRS, the Justice Department and some senators.

Shifting Strategy

KPMG began to shift strategy in early 2004. Under Justice Department investigation, it forced out people who worked on the shelters and started to work toward a resolution with the government. But as the process dragged on, in late May 2005 the U.S. attorney in Manhattan sent KPMG a letter saying an indictment was imminent.

Then came the shock of Mr. O'Kelly's tumor. He stepped down, and the firm promoted Mr. Flynn, now 50 years old. He took over as chairman just three days before a meeting with Justice Department officials set for Monday, June 13.

At 7 a.m. the Saturday before, executives huddled in the Washington offices of law firm Skadden, Arps, Slate, Meagher & Flom. Among those there to plot strategy were Mr. Flynn, new deputy chairman John Veihmeyer, and a former federal judge who'd recently joined KPMG, Sven Holmes. KPMG still hadn't made a final decision on whether to admit wrongdoing, or, if so, what form an admission would take.

One adviser, Mr. Flynn recalls, warned that an admission, once made, couldn't be rescinded. Others raised the risk of civil liability. But Mr. Holmes says he told Mr. Flynn bold action was called for, because "you only get one chance to make a first impression in a meeting like this."

All were aware Arthur Andersen had faced a similar decision in 2002. Andersen later had its conviction overturned -- in one sense, a vindication of its defiance. It was a Pyrrhic victory, as by then, partners and clients had fled and Andersen was out of business.

"I think we have to just admit wrongdoing and accept responsibility," Mr. Flynn says he finally told the KPMG group. The firm agreed that, as an executive with no direct involvement in the shelter sales, Mr. Flynn was the right person to deliver the message. Though he was on the management committee when KPMG was selling shelters, Mr. Flynn was at human resources during much of the period and was never a tax partner.

On Monday morning, he attended the meeting with the Justice officials and -- sharply changing KPMG's position -- admitted it had sold shelters that helped people evade taxes. Justice officials basically just listened.

Later that week, after a Wall Street Journal report that the Justice Department was weighing an indictment, KPMG issued a statement taking "full responsibility" for "unlawful conduct by former KPMG partners" in offering tax services. Not long afterward, Justice Department lawyers let the KPMG side know they were willing to discuss a settlement.

Now KPMG had to fight to retain clients. Executives took to the road for long stretches. Mr. Veihmeyer's wife sent clothes to him by courier as he traveled. Over the summer of 2005, Messrs. Flynn and Holmes contacted more than 100 audit clients.

One was General Electric Co., KPMG's biggest audit client and one that paid it more than $109 million in fees that year, according to AuditAnalytics. Mr. Flynn met with GE directors. According to a person who attended, his message amounted to: "There's some stuff here, it's really ugly, it happened, and here's what we're going to try to do with this situation."

GE stuck with KPMG. A spokesman for GE says it is "pleased that KPMG and its leadership have aggressively addressed the compliance issues raised in the government's tax case."

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KPMG was lucky in one way. Midsummer is late in the year for big companies to make auditor switches, because it can take months to negotiate terms of an audit engagement.

Clients weren't the only concern. Many KPMG partners were angry. Any exodus of partners would make it harder to keep audit clients.

Then in early August, a memo purporting to be from unnamed current and former KPMG board members circulated. Saying Mr. Flynn lacked "backbone," it blasted management for admitting wrongdoing and abandoning partners involved. "While the leadership may believe the path to pursue is the survival of the firm at all costs, we don't," the memo said. "The actions being taken will probably result in the demise of the firm anyway."

Mr. Flynn says the memo was "hurtful" and its claims were "lies." To calm partners, he personally reached out to hundreds of them, often singling out younger ones. Michael R. Gervasio, a young tax partner in Chicago, says he was impressed as much by Mr. Flynn's persistence as by what he said. Mr. Flynn phoned eight times over two days before finally connecting with Mr. Gervasio at home at 10 one night. "We really want you to stay," Mr. Gervasio recalls being told. He did.

Later that month, August 2005, KPMG won a new lease on life: The Justice Department announced a deferred-prosecution agreement. Besides the $456 million penalty, it required KPMG to stop selling prepackaged tax products, stop doing tax returns for most individuals, shed its benefits and compensation practice, and submit to federal monitoring through September 2008.

Special Meeting

Mr. Flynn called a special meeting of partners. Such sessions typically were staged. This time, Messrs. Flynn and Mr. Veihmeyer set up computer kiosks so people could submit questions anonymously.

"Why should we trust you guys now?" asked one question at the meeting in Dallas, which had drawn nearly all of the then-1,607 partners. Others asked why the penalty shouldn't be paid just by tax partners. Mr. Flynn said they all had to "sink or swim" together, and a big fine was the price they must pay to "get their firm back."

The firm says that from June 1 to Sept. 30, 2005, just 18 partners left, excluding normal retirements and some forced out because of the tax shelters. One thing that helped keep people aboard was a post-Enron boom in auditing. Auditors now had to do more and take more responsibility -- and they demanded bigger fees to do it.

KPMG also kept most of its clients. From June 2005 through the end of the year, it lost just three companies with stock-market values above $1 billion, according to AuditAnalytics.

Mr. Flynn set about changing how the firm was run. He scrapped an incentive-pay system blamed for encouraging partners to push the tax shelters.

In a two-day January 2006 board meeting, he urged directors to rethink KPMG's governance, and they crafted 14 changes. The head of legal and compliance, currently former Judge Holmes, is now one of the firm's top four executives. The chairman and deputy chairman no longer sit on the nominating committee, limiting their ability to fill the board with their allies. The board now has a lead director who is a counterweight to the chairman.

Mr. Breeden, the monitor, says KPMG has developed a good governance system, "but it needs more seasoning to be sure that it works as well in practice as it should in theory."

Although KPMG reached a $154 million settlement with investors it sold tax shelters to, it still faces suits from several dozen investors who opted out of the settlement. It has been quietly settling some of these.

KPMG remains in a wrangle over its refusal to pay legal fees for former executives who were indicted. In that and other cases, lawyers opposing KPMG say it is a sharp-elbowed litigator, as antagonistic as ever. Michael Avenatti, who represents tax-shelter investors suing KPMG, says, "They interpret court orders in the narrowest sense and to the utmost extreme to benefit their positions." KPMG says it defends itself "as appropriate and in a professional manner."

One former critic is impressed with changes at KPMG. Former SEC Chairman Levitt once called KPMG a "rogue operation." Mr. Levitt, who has offered informal counsel to Mr. Flynn, says that the chairman "stepped into a troubled situation and by sheer strength of personality and character saved that firm from destruction."

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CONGRESS-ADMINISTRATION:

Cheney Urges Firms To Lobby Free Trade (AP)

By Deb Riechmann

AP, February 15, 2007

Vice President Dick Cheney on Wednesday urged the nation's manufacturers to lobby Congress in what he said would be a difficult battle to extend President Bush's special trade authority.

The authority, which expires on July 1, allows the president to negotiate trade agreements that must be considered by Congress on an expedited basis that bars any amendments.

"I think it's going to be a tough fight," Cheney said in a speech to the National Association of Manufacturers. "We're strongly supportive of it. It's very important for us to continue to have that authority, but we're going to need help on Capitol Hill."

On another business topic, Cheney said the president would veto legislation that would make it easier to form unions. Labor activists have said they believe they can get the Employee Free Choice Act through the Democratic-controlled Congress. But they have acknowledged that it might not be signed into law under the current administration.

The legislation would require formation of a union after a majority of workers signed authorization cards. Under current law, 30 percent of workers can request an election to form a union, a process that usually takes from six weeks to six months, said AFL-CIO organizing director Stewart Acuff. Currently, a company would have to agree to allow a union to be formed based on a majority signing authorization cards.

The proposal, which was to come up for a vote Wednesday in the House Education and Labor Committee, would also impose stronger penalties on employers who violate labor laws and allow for arbitration to settle first contract disputes. Leading business lobbies such as the U.S. Chamber of Commerce oppose the legislation, saying workers should vote on forming unions by secret ballot rather than signing cards or petitions.

AFL-CIO President John Sweeney said employers routinely threaten and coerce employees when they try to form unions.

"The Employee Free Choice Act levels the playing field to give workers a fighting chance to have a union and bargain for better wages and benefits," Sweeney said. "It puts in place real penalties for employers that violate workers' freedom to make their own choice about a union."

In Cheney's brief speech, which was followed by a question-and-answer session, the vice president said the administration was making inroads in a dispute over China's currency policy. U.S. manufacturers contend the Chinese yuan is undervalued by as much as 40 percent, making Chinese goods cheaper in the United States and U.S. products more expensive in China.

Cheney called on the Democratic Congress to make tax cuts permanent, saying it's time for skeptics to acknowledge that tax relief has driven U.S. economic growth. He pushed the president's energy, immigration and health care initiatives that were outlined in last month's State of the Union address, and pledged to work with Congress to reduce the use of earmarks — a common Capitol Hill practice of slipping pet projects into spending bills.

The group of businessmen were especially receptive to his comments on trade.

The administration won passage of the Central America Free Trade Agreement in 2005. But, Cheney said, it was one of the hardest votes he has been involved in during his six years as vice president.

The 217-215 House vote on CAFTA showed how tough it has become to get a trade deal through Congress. It required personal appearances on Capitol Hill by Bush and Cheney and — with Democrats united in opposition — some arm-twisting of wavering Republicans to avert what would have been a devastating defeat.

"Our ability to move forward and to continue to advance the trade agenda that we've had in the past is dependent on having trade promotion authority extended," Cheney said.

Democrats, White House Clash On Trade (WP)

By Peter S. Goodman

The Washington Post, February 15, 2007

DOJ_NMG_0132465

For a time yesterday, it seemed as if a new bipartisan spirit was flowering between the Bush administration and Democratic leaders on Capitol Hill over trade policy. Until, that is, flowers themselves entered the conversation during a Valentine's Day hearing.

The U.S. trade representative, Susan C. Schwab, told the House Ways and Means Committee that she was eager to find a compromise that would satisfy Democrats demanding stricter labor protections in proposed trade deals with Colombia, Peru and Panama. She cited the benefits of expanded trade, noting that U.S. exports are booming, the economy is growing and unemployment is low.

The chairman of the committee, Rep. Charles B. Rangel (D-N.Y.) praised Schwab for agreeing to discuss the labor issue, adding his hopes that Congress would soon pass the trade deals.

But then Rep. Sander M. Levin (D-Mich.), who chairs the trade subcommittee, chided Schwab for focusing exclusively on U.S. exports: What about imports? What about the people losing factory jobs as cheap goods flow in from countries where workers, he said, are exploited?

"Imports do matter," Schwab assured him. "They matter to people who went out and bought roses today for their sweetheart, where they were able to buy inexpensive flowers at Safeway or Costco, where maybe a few years ago it would have been much more expensive to buy long-stemmed roses. That's trade."

Rep. Bill Pascrell Jr. (D-N.J.) took no comfort from Schwab's point. "Those very flowers come from countries that have child labor and forced labor, and that's why the prices are cheaper," he said. "And if we don't concern ourselves about that, then we are not the country we pretend to be."

That exchange illustrated the significant divide that remains over trade policy, even as Bush administration officials meet behind closed doors with House leaders to try to hash out a compromise.

Democrats, eager not to be painted as protectionists, have in recent weeks toned down their rhetoric, with leaders saying repeatedly that they want to see a new round of trade pacts approved. The Bush administration, keen to win congressional approval for recently negotiated pacts with Peru, Colombia and Panama and intent on securing deals with Korea and Malaysia, has been speaking of compromise on labor protections, the most contentious issue of the debate.

But beneath that amiable talk, substantial disagreement remains over details, according to sources in the administration and on Capitol Hill and as evidenced by the sometimes sharp exchanges during yesterday's hearing.

Previous trade deals, such as the North American Free Trade Agreement, have included side letters that say countries must not tolerate forced or child labor and must allow labor groups to form unions. But much to the consternation of U.S. labor unions, those conditions have been subject to a more lenient enforcement standard than applies to other parts of the pacts, such as those governing the lowering of tariffs.

Democratic leaders have long insisted that trade deals include core labor standards enunciated by the International Labor Organization, an arm of the United Nations: the abolition of child and forced labor, no discrimination in employment, and the right to collective bargaining.

The administration has sought to finesse the issue, discussing with congressional staff members the possibility of adding language in which governments promise to abide by similar standards but with a different kind of enforcement mechanism.

In an interview yesterday, Levin, the trade subcommittee chairman, said that would not fly: "Now, we're in the majority, and they have to step up to the plate," he said. "They haven't so far."

When, during the hearing, Rep. Lloyd Doggett (D-Tex.) pressed Schwab to embrace ILO standards, she demurred. "I have made a commitment to this committee to try to bridge the divide on labor standards," she said.

Schwab said the committee should be "upbeat" about data released by the Commerce Department on Tuesday showing that the U.S. trade deficit reached a record $764 billion in 2006. Looking beyond that headline, she said, will show that exports are booming to countries with which the United States has trade deals, creating jobs for Americans.

"Upbeat," Doggett repeated scornfully. "You believe that we just need to stay the course."

Rep. Stephanie Tubbs Jones (D-Ohio) dismissed talk of low unemployment, asserting that parts of her district have a jobless rate pushing 14 percent.

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"In Ohio, workers -- fact or fiction -- believe that their jobs are gone because of the trade policies of our government," she said. What, she asked, was Schwab doing to "ease their worry"?

Schwab acknowledged a perception problem, adding that the majority of Americans have benefited from trade.

"There is a reality," Tubbs Jones replied. "People have lost jobs because of trade."

Just In Time, Senate Passes Spending Bill (NYT/AP)

By The Associated Press

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 (AP) — The Senate on Wednesday passed a $464 billion spending bill that closes out last year's unfinished budget business while providing clues about how the new Democratic Congress and President Bush will do business.

The bill, passed 81 to 15, sticks to Mr. Bush's overall budget caps but finds numerous ways around them to add money for education, health care, food inspection, mine safety and other programs favored by Democrats and many Republicans.

It pulls together nine unfinished spending bills for foreign aid and every domestic agency budget except the Homeland Security Department. Its passage winds up work that should have been completed months ago for the budget year that started on Oct. 1.

In the interim, Congress passed several stopgap measures to keep the government running.

The Democratic chairmen of the appropriations committees led House-Senate negotiations over the first several weeks of the year to produce the bill, which freezes most agencies at 2006 levels.

If Congress had not acted this week, food inspectors, Federal Bureau of Investigation agents and air traffic controllers faced furloughs, while more than 200,000 low-income people could have lost housing subsidies.

The measure now heads to Mr. Bush, who has signaled that he will sign it even though it does not include $3 billion needed for a 2005 round of military base closings. The money would help pay for the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases and to prepare closed bases for development.

Democrats want to debate that spending next month when Congress considers a White House request for $100 billion for the Afghanistan and Iraq wars. They also want to tack on extras, like $4 billion or so in farm disaster aid, when the appropriations committees debate the measure.

The White House, meanwhile, wants to keep the Iraq spending bill as free as possible from such add-ons, but it is likely to have to accept some Democratic priorities as the price of getting the bill passed.

Then will come the fiscal 2008 appropriations cycle, during which Democrats are certain to transfer some of the proposed $50-billion-plus increase requested for the Pentagon budget, not including war costs, to domestic programs, which are almost frozen under Mr. Bush's budget proposal.

Among the beneficiaries of the measure approved Wednesday is the National Institutes of Health, which would receive a $620 million budget increase, or about 2 percent. The F.B.I. would get a modest $200 million increase in its $6 billion budget, while the maximum Pell Grant for college students would increase by $260, to $4,310.

The rapidly growing veterans health care budget got a 13 percent increase. And United States contributions to fighting AIDS, malaria and tuberculosis overseas would rise 40 percent, to $4.5 billion.

The bill provides increases for underperforming schools and community health centers, and grants to state and local law enforcement agencies. Amtrak's budget would be frozen at $1.3 billion instead of having to absorb a $400 million cut proposed by President Bush.

Senate OKs $464 Billion Spending Bill (WT/AP)

The Washington Times, February 15, 2007

ASSOCIATED PRESS

The Senate yesterday passed a $464 billion spending bill that closes out last year's unfinished budget business while providing clues about how the new Democratic Congress and President Bush will do business.

The bill, passed 81-15, sticks to Mr. Bush's overall budget caps but finds numerous ways around them to add to programs favored by lawmakers, such as education, health care, food inspection and mine safety.

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The mammoth bill pulls together nine unfinished spending bills funding foreign aid and every domestic agency budget except the Department of Homeland Security.

The bill provides small but welcome funding increases to agencies that have been limping along at or below last year's funding levels in the four months since the budget year started Oct. 1. Without the measure, food inspectors, FBI agents and air traffic controllers faced furloughs, while more than 200,000 low-income people could have lost housing subsidies.

Democrats put off some costs, chiefly $3 billion to implement a 2005 round of military base closings, for a $100-billion-plus war-funding bill to be debated next month.

The measure now heads to Mr. Bush, who has signaled he will sign it despite unease over the temporary cuts to the base-closing program. The money would help pay for the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases and to prepare closed bases for economic-development projects and other uses.

The base-closing cuts amount to a shift from the Pentagon budget to domestic accounts, and they are a sign of things to come as Democrats move ahead on the budget front.

Next up is Mr. Bush's $100 billion Iraq and Afghanistan war-funding request, which is widely expected to draw Democratic extras such as $4 billion or so in farm disaster aid when the appropriations committees debate it next month. The White House wants to keep the Iraq funding bill as free as possible from such add-ons, but it is likely to have to accept some Democratic priorities as the price of getting the bill to Mr. Bush's desk.

Then will come the fiscal 2008 appropriations cycle, during which Democrats are certain to transfer some of the proposed $50 billion-plus increase for the Pentagon budget -- not including war costs -- to domestic programs, which are almost frozen under Mr. Bush's budget.

The bill passed yesterday clears away budget work that should have been completed months ago but was delayed because of election-year pressures.

Among the beneficiaries in the spending bill is the National Institutes of Health, which would receive a $620 million budget increase. The FBI would get a modest $200 million increase in its $6 billion budget, while the maximum Pell Grant for lower-income college students would increase by $260 to $4,310.

The rapidly growing veterans health care budget got a 13 percent boost. U.S. contributions to fight AIDS, malaria and tuberculosis overseas would rise 40 percent, to $4.5 billion.

The bill provides increases for underperforming schools and community health centers, and grants to state and local law-enforcement agencies. Amtrak's budget would be frozen at $1.3 billion instead of absorbing a $400 million cut.

Congress Passes Spending Bill; House Clears Way For Iraq Debate (WSJ)

By David Rogers

The Wall Street Journal, February 15, 2007

WASHINGTON -- Congress cleared and sent President Bush a $463.5 billion spending bill that bears the imprint of the new Democratic majority and presages budget battles over defense and domestic priorities.

Veterans' medical services, education and health care will see spending increases even as $3.1 billion is cut from Mr. Bush's 2007 request for military-construction funds to accommodate base closings overseas.

Senate Republicans had protested the cut, but 23 of them joined Democrats on a 71-26 procedural vote Tuesday that sealed passage of the bill, which will dictate spending for the final eight months of this fiscal year ending Sept. 30.

The final Senate vote came late today as the House continued debate on a resolution challenging Mr. Bush's decision to send at least 21,500 more U.S. troops to try to curb sectarian violence in Iraq. The twin events underscore how central defense spending will be to the 2008 budget debate this spring, and how emotions over the Iraq war can make the debate more difficult for both parties.

The administration's $481.1 billion defense budget represents an 11.3% increase, not counting an additional $141.7 billion for costs of the Iraq war and other overseas military operations, such as Afghanistan. By comparison, Mr. Bush's promises just a 1% increase in domestic non-defense appropriations; with passage of the bill now and the resulting effect on 2007 spending, the White House concedes that increase will be half what it said a week ago or 0.5%.

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In shaping their budget, Democrats will surely trim from the president's defense request to pay for domestic priorities. The debate is more complicated this year because of the emotions of Iraq, changes in the defense industry, and pressure for emergency funds to meet demands from Gulf Coast states still recovering from Hurricane Katrina.

Senate Budget Committee Chairman Kent Conrad (D., N.D.) must navigate in a chamber divided by Iraq, and with only a one-vote majority in the absence of Sen. Tim Johnson (D., S.D.), who is recovering from a stroke.

"I've got a 50-49 majority until Senator Johnson gets back," Mr. Conrad says. "Can you imagine holding those 50 on the war costs alone?"

The huge expenditures for Iraq have reflected a major government investment not in the high profile ships, fighters and tanks of past military buildups, but more in trucks, body armor, and communications equipment needed for a mobile Army in this type of war.

For example, Wisconsin's Oshkosh Truck Corp. saw its defense sales rise to $1.3 billion in 2006 from $774 million in fiscal 2004, a 68% increase. As midlevel defense contractors have commanded a greater share of the budget, there is potential competition with larger players such as Lockheed Martin Corp., which takes the lead in new weapons systems such as the F-35 Joint Strike Fighter, which the U.S. Air Force is trying to fund in part through the president's latest Iraq war supplemental request.

A third pressure point is the aftermath of Katrina, and Democratic promises to do more to help states facing huge reconstruction costs. The administration has opened the door by incorporating some domestic disaster aid into its Iraq supplemental, and that also sets up competition with defense funds.

House Majority Leader Steny Hoyer (D., Md.) said Katrina would be a priority this spring, and housing issues affecting Gulf Coast states reflect larger pent-up demand for more federal action on low-income housing elsewhere.

Antipoverty groups have supported provisions in the bill that would redistribute $460 million in housing assistance, and while some cities will be net losers, supporters argue in many cases idle funds will be put to work.

"The old approach shorted hundreds of local agencies and caused them to cut their programs, even as other agencies piled up millions of dollars in unspent funds," said Bob Greenstein, of the Center on Budget and Policy Priorities in Washington. "Under the new approach, such cuts will be avoided and more families in need will be served, because the funds will be distributed far more efficiently."

Senate Belatedly Passes Spending Bill For 2007 (WP)

By Paul Kane

The Washington Post, February 15, 2007

Four and a half months after the legal deadline, the Senate gave final approval to a 2007 spending plan that funds almost half the federal government and averts any chance of a government shutdown.

By an 81 to 15 vote, the Senate approved a $463.5 billion measure that Republicans had threatened to block out of pique for being denied a chance to offer amendments. In the end, Republicans gave in and overwhelmingly supported the spending bill, which funds a litany of popular domestic programs through Sept. 30.

Before the vote, Sen. Trent Lott (R-Miss.) said that his fellow Republicans were not willing to risk a partial government shutdown over complaints about how Democrats were running the chamber.

"This is funding for about half the government," he said. "We've got to get it done and move on."

That acquiescence by Republicans puts off until next month the first big showdown between the White House and Democrats on spending, which will come as part of deliberations over President Bush's anticipated request for additional funds for the war in Iraq.

Congressional Democrats blame Republicans for leaving them a fiscal mess from last year, when Congress approved just two of the 11 appropriations bills and forced them to craft an omnibus bill that would fund a large chunk of the government for the remainder of fiscal 2007.

"Today's action is another step towards cleaning up the fiscal mess left by the 109th Congress," said Senate Majority Leader Harry M. Reid (D-Nev.).

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The fiscal year began on Oct. 1, a deadline that Congress almost always misses, but both Democrats and Republicans acknowledge that mid-February is a particularly late time to pass the remaining spending bills. Bush is expected to sign the measure by Friday, when a temporary spending bill expires.

Sen. Robert C. Byrd (D-W.Va.) and Rep. David R. Obey (D-Wis.), chairmen of the Senate and House Appropriations committees, reached agreement on the $463.5 billion bill that would eliminate billions of dollars worth of earmarks, the special-interest provisions inserted into appropriations bills usually with no oversight.

The spending plan would maintain funding for most federal agencies at their 2006 level, but it would add billions of dollars in funding for Democratic priorities such as veterans' health care and Pell grants for higher education.

The additional funding for Pell grants would mean an increase of $260 per year, up to $4,310, for students, according to congressional estimates. The National Institutes of Health will have an additional 500 research grants to administer because of almost $620 million in increased funding.

The spending bill does not include the standard cost-of-living adjustment in congressional pay, leaving a rank-and-file member's salary at $165,800.

When the House recently passed what is called a continuing resolution, the Republican leadership protested vehemently that they were not allowed to offer any amendments to the spending measure.

Senate Republicans made similar protests last week when they took up the bill.

Though they backed down on the spending bill, Lott warned that Reid would face an insurrection if he continued to disallow GOP amendments.

"He's trying to turn the Senate into a mini-House," said Lott, a Republican leader.

A Lack Of Will (WP)

By Robert D. Novak

The Washington Post, February 15, 2007

The Senate Republican leadership met behind closed doors this week to ponder Majority Leader Harry Reid's audacious power grab on the massive catchall appropriations bill. They decided they could not filibuster the bill for fear of being blamed for closing down the government, but they still wanted enough votes opposing cloture to make an impression. That would seem a formula for defeat, and indeed it was.

The cloture vote to end debate on the bill Tuesday was 71 to 26, with 23 Republicans -- including the party's two leaders -- voting with Reid. The GOP was accepting a bill that perpetuates earmarks, masks additional domestic spending under the disguise of fiscal responsibility and establishes a precedent of prohibiting the opposition party from amending an appropriations bill.

The Republican defeat would have been a plausible outcome if Democrats held a commanding Senate majority, even as large as their edge in the House. In fact, the Senate divide is 51 to 49, with Sen. Tim Johnson of South Dakota hospitalized and Sen. Joe Lieberman of Connecticut barely a Democrat. What ails Senate Republicans is lack of principle and lack of will, two reasons they lost the 2006 elections.

At issue are nine appropriations bills, totaling $465 billion, left over from the Republican-controlled Congress. Democrats claimed to propose a continuing resolution (CR) -- keeping spending level while beginning work on a new round of money bills for the next fiscal year.

But it was not really a CR. It was an omnibus appropriations bill changing money levels.

After the bill passed the House under procedures that prevented any serious attempts at amendment, Republican Tom Coburn of Oklahoma went to the floor as the Senate's leading spending watchdog. He said that "to make the claim that there are no earmarks in this bill is an outright falsehood that the American people should not accept." He added: "There's no transparency with these earmarks. Most Americans will never know how they got there. The lobbyists will know, the members [of Congress] will know, the campaign checks that come from them will know, but the regular American Joe won't know."

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Earmarks aside, Coburn declared that it is "a lie" that "we stay within the budget" in the omnibus bill because $3.1 billion in defense funds have been transferred to domestic programs. He correctly predicted that this money will be appropriated for defense again in the next supplemental money bill "for things that absolutely have to happen with our troops."

So, the omnibus actually represents a spending increase.

Finally, an HIV testing program for pregnant women, sponsored by Coburn, a physician, has been eliminated. That looks like vindictiveness toward Coburn, whose campaign against excessive spending has antagonized colleagues on both sides of the aisle. To call his broad-based "baby AIDS testing" program an earmark betrays animus.

But a proposal to restore money for popular HIV testing or any other amendment cannot be offered because of a parliamentary ploy by Reid.

The arcane technique of "filling the tree" with superfluous amendments, first used a quarter-century ago by a Republican majority leader (Howard Baker), prevents any changes from being offered on the Senate floor and has contributed to the degeneration of the Senate as a deliberative body. In his brief tenure as majority leader, Reid has filled the amendment tree twice -- first on the Iraq resolution and now on the omnibus money bill. Never before had this been done on an appropriations bill.

That left Republicans with these options: bow to Reid, or block the money bill with a filibuster as today's deadline for funding the government approached. But Republicans have never quite recovered from their political disaster in the 1995 shutdown of government and do not want a repetition. Thus, Minority Leader Mitch McConnell and Minority Whip Trent Lott, while deploring Reid's tactics, voted for cloture on Tuesday -- the white flag of surrender.

Republican sources say the leadership did not want to hurt senators facing uphill reelection contests in 2008 by risking a government shutdown. That is an admission of weakness by the Republican minority as the new Congress faces its first legislative tests. With only 49 unadulterated Democrats in their seats, Harry Reid showed he could stare down the GOP.

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Bush Steps Up Hill Lobbying (RC)

By Erin P. Billings

Roll Call, February 15, 2007

Even as Congress debates President Bush's controversial proposal to increase U.S. troops in Iraq, the White House has been quietly negotiating with key lawmakers to try to advance some of its leading domestic priorities with the hope of rounding out a legacy now defined by an unpopular war.

Bush has dispatched Cabinet officials to Capitol Hill in recent weeks to kick off talks with both Democratic and Republican Senators and House Members on immigration reform, health care legislation, energy proposals, No Child Left Behind reauthorization and Social Security and entitlement revisions. The campaign began in earnest after Bush's Jan. 23 State of the Union address.

A knowledgeable White House official this week said the administration is lobbying lawmakers more intensely than in recent years, not only because Democrats now control the Congressional agenda but because the window is narrowing to pass Bush's priorities with just two years remaining in his second term. Bush officials also recognize that this year is their best hope to advance controversial bills such as immigration reform, given the politics of the 2008 presidential election already is taking hold.

"It's a harder environment, and there is less goodwill," the White House official acknowledged. "Therefore you have to do more outreach, more hand-holding. And, you don't get as much for it."

Many of the now-majority party Democrats in Congress remain skeptical of the administration, especially after six years of virtual neglect on legislative deal making. And while some Congressional Democrats say any increase in outreach by Bush is welcome, they have yet to be convinced that the White House truly is negotiating in good faith.

"They are beginning to relearn the art of compromise," one Democratic Senate aide said. "But don't expect Capitol Hill to throw open its arms. Bush has burned too many bridges with Democrats."

The obvious skepticism doesn't appear to be deterring the Bush administration, however.

Among those spearheading the discussions with the Hill are Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff on immigration reform; Energy Secretary Samuel Bodman and Transportation Secretary

Mary Peters on energy and climate change initiatives; Treasury Secretary Henry Paulson and Office of Management and Budget Director Rob Portman on budget and entitlement and Social Security reform; and Health and Human Services Secretary Mike Leavitt and National Economic Council Director Al Hubbard on health care initiatives.

"They get an A for effort, especially in the last few months," said Sen. Lamar Alexander (R-Tenn.). "I've had more Cabinet members in my office since the first of the year than in the last four years, which I appreciate."

Sources indicate the administration's outreach has touched both sides of the Capitol, but given the political landscape on the Hill, the Senate may provide a better opportunity than the House for White House initiatives given the compromising nature of the chamber, and the narrow political margins that could provide better opportunities for a deal.

Sen. Ron Wyden (D-Ore.) said Bush officials have a short period of time to work with Democrats and advance a truly bipartisan domestic agenda this Congress. Wyden has been leading a group of Democratic and Republican Senators trying to negotiate with the White House on reforming the nation's health care system, a move he acknowledges will require tough compromise on both sides.

"There's a real window between now and say late October for bipartisan work on key domestic issues," Wyden said. "But the White House is going to have to move and Democrats and Republicans are open to it."

Bush spent a large share of his annual State of the Union address on his domestic agenda, a break from recent years when he has focused almost entirely on the war on terrorism and the Iraq War. At the time, the administration got mixed reviews from Congress, with some calling his proposals dead on arrival and others offering hope for success.

Even so, the focus on the home front did little to distract a Congress almost entirely centered on the state of Iraq, and Bush's plan to deploy 21,500 more troops to the region. Bush's public approval ratings have continued to hover in the 30 percent range, largely because of his policies related to the conflict, and even members of his own party have criticized his Iraq policies.

The White House official said that even with Iraq dominating the headlines and Congress' attention of late, "the Cabinet can quietly work this other stuff."

Jim Manley, spokesman to Senate Majority Leader Harry Reid (D-Nev.), acknowledged that Cabinet secretaries have been making the rounds on the Hill, but said the president has yet to follow through and play an active enough role working with Congress and its new leadership. Manley said while Bush may have a chance to move some priorities like immigration reform, he will have a tough time finding a welcome audience for some of his other proposals such as health care and Social Security reform.

"There are different conversations going on over different areas, but there's no significant increase in overall outreach to the Hill," Manley said.

Reid was one of a handful of Senators and House Members who went to the White House on Wednesday afternoon to meet with Bush — a session at which Reid and Speaker Nancy Pelosi (D-Calif.) planned to discuss the president's proposed supplemental spending request for the war, as well as the future of immigration reform and the Democrats' technology and innovation agenda. Reid also was expected to make clear that he wants and expects Bush to provide regular face time with Hill leaders, and wants substantive meetings that invite an exchange of ideas, Manley said.

Sen. Judd Gregg (R-N.H.), ranking member on the Budget Committee, said he doesn't know what degree of success Bush will have for his domestic agenda this Congress, but he agreed officials "certainly have been communicating." He said he's had several White House Cabinet and sub-cabinet secretary meetings in recent weeks, and also has been engaged in talks on entitlement reform with the administration and Budget Chairman Kent Conrad (D-N.D.).

"Efforts are being made, I know that," Gregg said.

At least on the Bush administration's hopes for overhauling Social Security and entitlement programs this Congress, there may be a heavy lift ahead. Despite the recent outreach, Conrad in a recent hearing with Portman expressed frustration over the state of the White House talks, saying "there will not be a conclusion because then you are only asking one side fundamentally to compromise."

"If both sides aren't prepared to compromise, there will not be resolution during this administration, and that would be a tragedy," Conrad told Portman.

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But Sen. Mel Martinez (R-Fla.) said that at least one of Bush's proposals is likely to move this year, saying he believes immigration reform — with the White House's recent lobbying — may have its best shot yet at winning the Congressional nod. Martinez, who on Tuesday was en route to a meeting with Chertoff on immigration, said the administration's newfound attention to its domestic priorities gives him confidence that "we can pull together on a common vision for where we want to go."

"They are more engaged than they have been at any time than they were last year," Martinez said. "They are out and about."

Democrats, Bush Should Take 'Yes' For Answer, Start Entitlement Talks (RC)

By Morton M. Kondracke

Roll Call, February 15, 2007

It's time for the Bush administration and Democratic Congressional leaders to stop talking about talking about entitlement reform — and actually start talking about reform itself.

There's agreement on both sides that beginning soon, the costs of Social Security, Medicare and Medicaid benefits for the baby boom generation will put unsustainable burdens on taxpayers and the economy — and that something must be done about it.

Top administration officials including Treasury Secretary Henry Paulson, Office of Management and Budget Director Rob Portman and White House Chief of Staff Josh Bolten all have told Congressional Democrats they want to hold talks on entitlement reform "without preconditions."

A half-dozen specific proposals have been made for bipartisan negotiations on the problem. In fact, a meeting between Senate Majority Leader Harry Reid (D-Nev.) and President Bush was scheduled for Jan. 17 to begin work on a plan hatched by Sens. Kent Conrad (D-N.D.) and Judd Gregg (R-N.H.).

But the meeting was postponed when House Democrats "got skittish," one insider said. And then Vice President Cheney made statements on "Fox News Sunday" on Jan. 14 that Democrats took to mean the administration was ruling out tax increases as part of the solution, and the meeting wasn't rescheduled.

On top of that, Bush — who said back in 2005 that he was "open" to raising the income cap on payroll taxes — said in an interview with ABC on Jan. 30 that "I've got a veto that will prevent [Democrats] from raising taxes." That only confirmed to Democrats that the administration does have preconditions.

This whole situation reminds me of a major turning point during the Cuban Missile Crisis of 1962. On the brink of World War III, President John F. Kennedy got two conflicting messages from Soviet leader Nikita Khrushchev —one private and conciliatory, one public and hostile. Kennedy decided to take "yes" for an answer, leading to a stand-down.

Democrats ought to take the "everything's on the table" messages they're getting — and keep getting, in public and private — from Paulson, Portman, Bolten and Bush as a "yes" and get on with actual talks about what everyone agrees is an impending crisis that can only be dealt with on a bipartisan basis.

Democrats do feel they've conceded upfront — Conrad told me in an interview that "it is going to take more savings on the spending side than on the revenue side" to solve the problem — but that the administration is refusing to concede in advance that "revenue" has to be increased.

At the same time, while Bush resists raising taxes, Democrats are just as hostile to his proposal for private investment accounts in Social Security. That's even more of a "precondition" on the Democratic side.

Besides distrust and ideology, talks may be complicated by disagreements about the scope and order of talks — and perhaps the shape of the table.

In the House, Ways and Means Chairman Charlie Rangel (D-N.Y.) is said to be enthusiastic about broad-gauge entitlement reforms, but Budget Chairman John Spratt (D-S.C.) wants to start with shorter-term budget issues.

In the Senate, Conrad thinks that Medicare, Medicaid, Social Security and health care reform all have to be considered as part of the negotiations even though Social Security reform is conceptually the easiest.

"To me, it just doesn't work" to do Social Security first, Conrad told me. "You can't give people a sense of urgency because the system doesn't go broke until 2017 or 2018 and, frankly, if economic growth continues to be strong, 80 percent of the problem goes away."

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It's true that Medicare and Medicare represent five times the fiscal burden of Social Security. On the other hand, if negotiators could agree on a Social Security compromise this year, it could set the stage for more difficult agreements later.

Sens. Lindsey Graham (R-S.C.) and Joe Lieberman (ID-Conn.) are preparing a Social Security proposal that includes middle-ground answers to that "third rail" controversy — some additional revenues, a private savings system operating on top of (not in place of) guaranteed Social Security benefits, and reducing benefits for future retirees by indexing based on longevity and income.

It's significant that the seniors' lobby, AARP, has declared that it understands Social Security can't be secured without some reduction in future benefits. That's a major new concession that Congress should take advantage of this year.

In 2006, Bush proposed establishment of a bipartisan entitlement commission — an idea Democrats rejected. Now, Sens. George Voinovich (R-Ohio), Pete Domenici (R-N.M.) and Dianne Feinstein (D-Calif.) and Rep. Frank Wolf (R-Va.) are back with commission proposals, but Gregg and Conrad prefer direct talks between Congress and the administration.

So there is still some need for talks about talks, but the main thing is to get on with real talks. Sen. Reid, call the White House.

Senate GOP Offers Its Agenda (RC)

By Erin P. Billings

Roll Call, February 15, 2007

Senate Republicans today will unveil their legislative blueprint for the 110th Congress, a seven-point agenda laden with traditional GOP initiatives from tax cuts to a stronger national security designed to redefine them as the party of reform.

GOP Senators, in the minority for the first time in practically 12 years, are hoping the agenda will help guide them back into the majority in just two years. Republicans believe that they lost control of the House and Senate in the 2006 elections because they lost sight of the party's principles and failed to follow through on articulating their vision to the electorate.

Republican leaders will lay out seven "challenges" Congress must address over the next two years, beginning with the war on terror and including fiscal restraint, tax relief, health care, energy security, judicial nominations and immigration reform. Senators do not intend to tick off specific bills they plan to introduce but will discuss their general goals and how to meet them, sources said.

GOP Senators have been working to put together their agenda since early January when they held their first closed-door retreat in the aftermath of losing control of Congress. Republican Conference Chairman Jon Kyl (Ariz.) spent the past two months surveying Senators about priority legislation, hoping to set an outline to guide the party as it seeks to reclaim the gavel in 2008.

"Looking forward, Republicans will once again become the party of big ideas to help solve America's problems at home and abroad," Kyl and Conference Vice Chairman John Cornyn (Texas) wrote in a letter to be circulated to their colleagues today. "We will immediately begin to pursue our agenda and will reach out to Democrats in a bipartisan way whenever possible to accomplish them."

Republican Senators will call for "redoubling our efforts" to maintain a safe homeland and find victory against terrorism. The agenda also calls for restoring smart spending and eliminating wasteful spending, preventing tax increases and continuing tax relief, and expanding health care insurance opportunities and choice. The Republicans also pledge to promote energy security through production, conservation and alternative resources, renew a commitment to fair and timely votes on judicial nominations, and reform the nation's immigration policies by securing the border and restoring "the rule of law."

Sources familiar with the platform said all the GOP Senators had a hand in developing it, released both privately and publicly heading into the first weeklong recess of the Congressional session. Republican leaders anticipate Senators will discuss the new agenda with their constituents over the break and think about specific legislation they'd like to incorporate into the overarching document.

Democrats hold a razor thin 51-49 hold on the chamber, a margin that requires bipartisan buy-in on controversial matters.

With that in mind, Kyl and Cornyn give their Conference high marks for holding firm on their priorities so far this Congress, saying: "We have worked cooperatively with majority Democrats while sticking to our principles and ensuring that the legislation that passes the Senate is based on what is best for the American people, not just narrow partisan interests."

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White House Looks For Faster Top-secret Clearances (USAT)

By Richard Willing

USA Today, February 15, 2007

WASHINGTON — The White House is considering making it easier for people to obtain top-secret security clearances by eliminating some time-consuming background checks, says the Bush administration's point man on clearances.

The goal, says Clay Johnson III, deputy director of the Office of Management and Budget, is to speed up a process that, according to a series of government reports, wastes millions of dollars and endangers public safety by leaving thousands of defense, homeland security and intelligence jobs unfilled for more than a year.

Johnson plans to report to Congress today that the executive branch is making "significant progress" toward clearing a backlog of uncompleted clearance applications that government contractors and others say exceeds 350,000.

Three million federal workers now require security clearances for jobs ranging from routine computer system maintenance to sensitive analysis of spy satellite photos. All require at least a background check of personal and work history, foreign travel and finances. Top-secret clearance currently requires interviews with neighbors, references and current and former spouses.

A committee is considering eliminating interviews with neighbors and character references in cases where a candidate is cleared by other parts of the investigation, such as checks of criminal and financial records, Johnson says. "Do we really need to talk to five neighbors (of a candidate)? Do we really need all the colleges (the candidate attended)?" he asks.

Change 'overdue'

Clearances are "long overdue" for an overhaul, says Rep. Tom Davis, of Virginia, the top Republican on the House Oversight and Government Reform Committee. Davis' district in the Washington suburbs includes thousands of government workers and contractors.

The delays in approving security clearances cost taxpayers "millions and millions," Davis says, as work goes undone and civilian contractors who already have clearances command higher salaries and big hiring bonuses.

Johnson's report today is required by a December 2004 intelligence-reform law that said 80% of clearance applications should be investigated, granted or rejected within 120 days.

Despite Johnson's claim of significant progress, contractors who supply workers for jobs that require clearances aren't seeing much improvement, says Stan Soloway, president of the Professional Services Council, an industry group. Evan Lesser, whose website, ClearanceJobs.com, caters to workers with clearances, says the backlog of uncleared applications is about 350,000 — virtually unchanged over the past two years.

"The system continues to be something that needs adult supervision," Davis says.

David Alston agrees.

Alston, 47, an information specialist from Iselin, N.J., outside New York City, thought he had landed a job late last year working on an Air Force e-mail system.

Alston had experience in the system the Air Force used. He didn't, however, have a current security clearance. To get one would take a year or more, the Air Force contractor who posted the job told Alston. Sorry, the contractor said, he would keep looking.

"It's maddening, unbelievably frustrating," says Alston, who has found temporary work as a limousine driver. "There are a ton of good (government) jobs out there. But if you don't already have a clearance or unlimited time to get one, you can pretty much forget about it."

Contractors pay a premium for workers with current clearances, often offering higher salaries and signing bonuses. That can cost an extra $10,000 to $40,000 per employee per year, all of which gets passed on to taxpayers, Davis says.

Delays in clearances are harming national security, Davis says. As more government departments have hired private contractors to do added work after 9/11, delays often mean some jobs don't get done.

One Pentagon office, the National Geospatial-Intelligence Agency, has a more than 540-day backlog, according to a report filed last month by the Senate Intelligence Committee. Congressional and outside panels have criticized the agency, which analyzes images from spy satellites, for previous intelligence failures

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Unless they bring a security clearance with them, contractors set to work for any agency also have to get in line. "There's no way (the backlog) doesn't impact on security," Davis says.

Outdated procedures

Critics of the clearance backlog say outdated security requirements are partly to blame.

World War II and Cold War-era rules still require extensive background checks for recruits who were born outside the USA or who have close family members overseas, says Tim Roemer, a Democratic former House member who was on the commission that studied pre-9/11 intelligence failures.

Those rules make it difficult for intelligence agencies to tap first-generation Americans with families in the Middle East, South Asia and other places where background checks are difficult, Roemer says.

"The intelligence community has to go from a risk-averse (clearance) system to a risk-management system," says Roemer, now president of the Center for National Policy in Washington.

The rush to clear the backlog, however, may be producing problems of its own.

Last year, the Government Accountability Office examined a random sample of 50 background investigations for top-secret clearances and found that 47 lacked one or more pieces of key documentation. In one case, investigators failed to pursue information suggesting that one applicant had had extramarital affairs and defaulted on "several thousand dollars" in loans.

In another case, an applicant who was known to have visited relatives "in an Asian country" was unable to supply their names or, in one case, a relative's home city. There was no record that the investigator followed up.

Justice Kennedy: Yes To Judicial Pay Hikes, No To Cameras At High Court (LAW)

By Tony Mauro, Legal Times

Legal Times, February 15, 2007

In a rare appearance Wednesday before the Senate Judiciary Committee, Supreme Court Justice Anthony Kennedy made an impassioned plea for increasing judicial salaries and against allowing cameras in the Court.

The failure of Congress to give federal judges meaningful raises in recent years is "threatening the excellence of the judiciary," Kennedy said, adding that the traditional linkage between the salaries of judges and members of Congress "has hurt the judiciary very badly."

The Judiciary Committee says Kennedy's appearance marked the first time "in modern history" that a sitting justice has testified before the committee on legislative matters.

As for cameras in the Court, Kennedy said more than once, "We don't want it!" to the committee, whose ranking Republican, Sen. Arlen Specter of Pennsylvania, introduced a bill last month that would require cameras at Court proceedings. "Please, senator," Kennedy continued, pointedly urging the Senate not to introduce the "insidious temptation" for justices to shape their comments and questions from the bench into catchy sound bites.

Kennedy has made similar points in the past, but his impassioned tone before the senators reached a level he usually reserves for students he lectures about the rule of law. The topic for the hearing was billed as "judicial security and independence," but the two-hour session ranged far and wide in subject matter.

Kennedy said that when the committee first asked Chief Justice John Roberts Jr. if a justice could testify, it gave the Court "some pause." But the justices decided it was worth doing. "This is an important time for the judiciary," Kennedy said, making it clear that the salary issue was foremost.

While recognizing "the intangible rewards of public service," Kennedy said the current salaries are undermining the ability to recruit judges from "the finest ranks of the practicing bar." Current pay for federal district court judges is $165,200, appeals judges are paid $175,100, associate justices earn $203,000, and the chief justice gets $212,100 a year. He angrily noted that Supreme Court law clerks often earn more than justices the first year after they leave the Court.

Justice Stephen Breyer, Kennedy said, told him recently that the ability to teach was another intangible benefit of being a federal judge. But Kennedy said that, ironically, judges -- whose pay used to exceed that of professors -- are being lured off the bench into academia. Without mentioning his name, Kennedy cited David Levi, who announced in January that he will be leaving his post as the chief judge of the Eastern District of California to become dean of the Duke University School of Law.

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Committee Chairman Sen. Patrick Leahy, D-Vt., said he had already introduced a bill calling for a cost-of-living increase for judges, and he agreed with Kennedy that congressional reluctance to give judges raises without also enacting raises for themselves should end. "The courts should not be held hostage to Congress," Leahy said.

Specter also pledged that legislation to fix the pay situation would pass in this session of Congress.

Specter went on to urge Kennedy -- and through him, the full Court -- to see the wisdom of requiring cameras in the Court, telling the justice that "the court's functions ought to be better understood." But Specter also linked his campaign for cameras with his longstanding grievances about the Court's recent run of overturning acts of Congress. Specter singled out, as he often does, the Court's 2000 decision in United States v. Morrison, in which the Court struck down a part of the Violence Against Women Act. Allowing cameras to broadcast oral arguments, Specter suggested, might help the public comprehend rulings like Morrison.

In his reply, Kennedy, with remarkable frankness, pushed back against Specter's point, telling him that linking the Morrison case with the need for cameras was "a non sequitur . ... It doesn't follow."

Kennedy acknowledged that the Court "probably should do more in the way of teaching" about its workings but said camera access was not the way to do it. With fervor, Kennedy said oral arguments are "a way of using the attorney to have a conversation with ourselves and with the attorney" -- a dynamic that would be ruined by the presence of cameras.

"We are judged by what we write," Kennedy said, not by questioning during oral argument.

Specter seemed taken aback by Kennedy's strong resistance. If Congress did pass his bill, Specter said in a conciliatory tone, "it would be our opinion," which could then be overtaken by "your opinion." Specter did not explain the comment.

On another subject, Specter asked Kennedy to account for the Court's reduced docket of argued cases -- 75 to 80 per term, or roughly half the number it was deciding 20 years ago. Kennedy said he was somewhat mystified himself why the Court was not agreeing to resolve more conflicts between the circuit courts of appeal. But he said the dearth in recent years of new and complex federal statutes -- which often generate multiple cases -- is one possible explanation for the smaller docket. Another, he said, is that "we understand the boundaries of the administrative state," requiring fewer decisions on deference to executive agencies and other administrative law issues.

Kennedy did note that the Court had recently granted review in a batch of new cases, which he said signifies that "we're climbing back" toward a docket closer to 100 cases per term.

Security Needs Swell Federal Work Force (FEDTIMES)

By M.Z. HEMINGWAY

Federal Times, February 15, 2007

The ranks of federal employees will grow again under President Bush's proposed 2008 budget. In all, the budget proposes a net increase of 13,000 employees in 2008.

Much of the hiring would be for homeland and national security programs: border protection, intelligence, military support and counterterrorism, among others.

The Homeland Security Department's Customs and Border Patrol would get money to hire an additional 3,000 Border Patrol agents.

And Customs and Border Patrol would get 300 more CBP officers to manage ports of entry. That number should be several thousand higher to meet staffing needs at ports of entry, said Colleen Kelley, president of the National Treasury Employees Union.

"The relative handful of additional positions for CBP officers contained in this budget proposal pales in comparison to the pressing need for more staffing at the nation's land, air and sea ports of entry," she said in a statement.

Homeland Security's Citizenship and Immigration Services is seeking an additional 600 adjudication and support employees to process applications for immigration benefits and services. There also are increases for aviation and transportation security.

The Commerce Department has plans to hire 3,400 employees. Of those, 985 would go to the Patent and Trademark Office to help reduce the time it takes to process patent and trademark applications, which has been increasing. And the Census

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Bureau would boost its ranks by 2,200 as it prepares for a practice census in 2008 and begins opening field offices for the 2010 census.

The Health and Human Services Department is seeking more than 400 additional employees for the Food and Drug Administration's program on generic-drug safety, another 400-plus employees to fight bioterrorism and prepare for pandemic influenza at the Centers for Disease Control and Prevention, and another 100 staff at health care facilities run by the Indian Health Service.

The Justice Department asks for 231 new FBI counterterrorism and intelligence agents, but the overall department work force will decline, mostly at the FBI and federal prison system.

The Transportation Department's Federal Aviation Administration plans to bring on an additional 400 personnel for the air traffic control and safety work forces and to help with contract oversight.

But some agencies would lose employees. The biggest loss would be at the Agriculture Department, which would lose about 4,700 staff positions.

The Forest Service would lose 2,126 staff, a cut of $363 million. "We'll most likely manage reduction through natural attrition and by not bringing on seasonal workers," said Forest Service budget director Lenise Lago.

Bush proposed a cut of 2,000 full-time employee equivalents at the Natural Resources Conservation Service. But agency spokesman Terry Bish said the numbers reflect the lack of a new farm bill, through which the agency is funded. The current farm bill expires this year.

"We need to have a farm bill before we can put a real [employment] number out there, and it's in negotiation right now," Bish said.

Generic Drugs Law Plans Threaten Makers (FT)

By Stephanie Kirchgaessner And Christopher Bowe

Financial Times, February 15, 2007

Big pharmaceutical companies are facing a barrage of legislative proposals that could have a dramatic impact on the industry's future earnings power and open doors to one of its biggest threats: generic drug manufacturers.

A proposal set to be unveiled on Wednesday by Hillary Clinton, the Democratic presidential hopeful, and a bipartisan group of lawmakers would allow generic drugmakers to manufacture cheaper versions of biotechnology drugs produced by companies such as Amgen and Genentech.

The proposal, which aims to cut the cost of high-priced biotech drugs, would empower the Food and Drug Administration, the US chief drug regulator, to approve the generic versions of biotech drugs, also known as follow-on biologics. Opponents, led by the Biotechnology Industry Organisation (Bio), say the proposal raises safety questions and threatens to hamper the willingness of branded biotechnology companies to innovate.

"I think it is natural that those who pay for healthcare – whether it is the government or insurance plans or individuals or employers – are looking for savings. What we have to be careful about is that we don't put the savings cart before the safety horse," says Jim Greenwood, chief executive of Bio.

Although the proposal was introduced and failed to pass under the Republican-controlled Congress, some analysts say increasing pressure from voters about the high cost of drugs could give new impetus to proposals that might strengthen the generic industry and lead to cheaper drugs.

A separate effort by a bipartisan group of lawmakers in the Senate that would prohibit big branded drugmakers from paying generic rivals to stay out of their markets is also gaining traction. If passed, the law would close the door on a practice that some regulators have complained allows branded drugmakers to thwart competition and keep drug prices artificially high.

The fight between branded drugmakers, including biotechnology groups, and generic drugmakers centres around two issues: the requirements determining how quickly a so-called biogeneric is approved, and what exactly constitutes a generic version of a biotech drug.

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Both issues stem from branded drugmakers' argument that biologic drugs are reproductions of human proteins, whose structures are complex, never clearly defined and dangerously variable in their production from company to company. Biologics are made by using living cells that are genetically triggered to produce a specific protein identified to help an illness.

The generic drug industry counters that it is not as complex as biotech drugmakers contend and that they can safely produce their own "generic" versions of the branded biologics to treat disease. However, they add that in order to be able to offer them at lower-cost generic prices the US regulators must give them a fast-track approval process.

Generic versions of traditional pharmaceuticals are approved without the need for long, expensive clinical trials, but biotech drugmakers argue that the variability in producing proteins from live cells warrants that generic drugmakers should prove in expensive clinical trials that their protein is equivalent.

Last year, European regulators laid guidelines for approval of follow-on biologics. But without new legislation in the US, many analysts estimated that biogenerics might not reach the world's biggest drug market until at least 2010 as the FDA carefully worked to codify rules on how to approve follow-ons to biotech treatments.

Legislation Calls For Cheaper Biotech Drugs (USAT)

By Julie Schmit

USA Today, February 15, 2007

Congressional support is building to bring generic competition to life-saving biotech drugs that can cost thousands of dollars a year.

Legislation introduced Wednesday in the House and Senate would give the Food and Drug Administration the ability to approve cheaper copies of biotech drugs. Biologics, such as insulin and cancer drug Herceptin, are based on living cells, while traditional drugs are made from chemicals.

The FDA approves generic versions of traditional drugs once they lose patent protection.

But biologics have been immune from generic competition partly because the FDA doesn't have authority to approve copies.

Sponsors of the legislation include Sen. Hillary Rodham Clinton, D-N.Y.; Sen. Charles Schumer, D-N.Y.; and Rep. Henry Waxman, D-Calif.

The proposal is likely to face opposition from biotech companies. They say true generics aren't possible because biologics come from complicated living organisms. Small manufacturing changes can also produce significant changes in final products, they add.

Biotech supporters also say that the FDA should require generic makers to do rigorous testing to prove to the agency that the copies are safe and effective. That usually isn't required for generic versions of traditional drugs. Such tests make up the bulk of the estimated $1 billion needed to bring a biologic to market, says James Greenwood, CEO of the Biotechnology Industry Organization.

The legislation says the FDA could approve "comparable" copies without rigorous testing if the FDA is satisfied that they would produce the same effects in patients.

Despite the measure's bipartisan backers, Citigroup analyst Paul Heldman said in a research note Wednesday that its passage in 2009 is more likely than this year.

Even with a new law, biologic copies are not likely to be as cheap as traditional generics, says Eric Bolesh of consulting firm Cutting Edge Information.

Small Business Administration Scolded For Katrina Response, Disaster Plan (USAT)

By Richard Wolf

USA Today, February 15, 2007

WASHINGTON — Poor planning, staff training and logistics hampered the Small Business Administration's response to the 2005 Gulf Coast hurricanes, resulting in a backlog that reached more than 200,000 loan applications, the Government Accountability Office said Wednesday.

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In a 41-page report on the beleaguered agency, the GAO cited recent improvements under new Administrator Steven Preston but said the SBA still lacks a timetable for completing a disaster management plan. It scolded the agency for not relying more on simulations and models of catastrophes.

Asked if the SBA is prepared for the next big disaster, the GAO's William Shear told the House Small Business Committee, "We don't know yet."

The SBA came under heavy criticism in the months after Hurricane Katrina struck New Orleans and the Gulf Coast on Aug. 29, 2005. Small businesses, homeowners, members of Congress and even some agency employees complained about a computer system that broke down repeatedly and restricted access to a small number of staff even when it was running. Former administrator Hector Barreto resigned in April.

Preston said Wednesday that vast improvements have been made to the computer system. He said the agency has 2,200 staffers in its disaster loan program, compared with about 800 before Katrina. Another 750 are trained and able to respond within 48 hours.

The average processing time has been reduced from 74 days to 14, and 98% of approved applicants have received low-interest loans or chosen not to borrow, thanks in part to a streamlined case-management system. "We are now able to connect a loan and a document to a face and a story," Preston said.

That was disputed by Donna Colosino, co-owner with her husband, Matt, of a small power equipment company in New Orleans. Their company was swamped by more than 12 feet of water when a nearby levee failed after Hurricane Katrina. She said they have received only $10,000 of their approved $250,000 loan but must provide receipts up to the full amount and will soon be required to make payments on it.

In New Orleans, she said, such a story "wouldn't raise an eyelash." Lawmakers, however, said they would demand answers from the SBA within two weeks. Her story, said Rep. Charles Gonzalez, D-Texas, "could be very, very representative of what's going on out there."

"They're still being passed from one case manager to the next," said Rep. Nydia Velázquez, D-N.Y.

The SBA has approved 160,000 of 422,000 applications for a total of $10.8 billion, with about 22,000 still pending. More than half the applicants were turned down, mostly because of poor credit or projected inability to repay. In most of the pending cases, homeowners or businesses haven't decided on their next move, Preston said.

Even so, local banks are getting more business from storm victims who have given up on the SBA. Their interest rates are higher than the SBA's usual 3%, but "The businesses need the cash more than they need the low cost of capital to survive," said Edward Francis, chief commercial officer of Hancock Holding of Gulfport, Miss.

Colosino could have gotten a bank loan "within weeks after the storm," Francis said.

Serving In The House And Keeping Up With A Household (WP)

By Lois Romano

The Washington Post, February 15, 2007

In this new, kid-centric House of Pelosi, Rep. Debbie Wasserman-Schultz is not a bit self-conscious about trying to raise her young family from afar while serving in Congress.

It didn't faze the Florida Democrat, for instance, to be pulled out of a meeting with Majority Leader Steny Hoyer (D-Md.) in order to arrange a ride for her son to baseball practice -- in Florida. (She got her dad to do it.) Nor when she conducted Saturday business meetings at her daughter's dance studio.

Not even when she volunteered to lead her daughter's Brownie troop -- and then planned all the meetings around the congressional schedule.

Although a record 87 women serve in Congress today, there are still only a handful who are faced with balancing the pressures of politics and mothering young children. House Speaker Nancy Pelosi did not run for Congress until her children were grown, often the case with women who have served in Congress. The House floor may have been packed with kids on the day the members were sworn in, but most were the offspring of the gentlemen of the House.

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Among the few female members with little ones: Freshman Rep. Kirsten Gillibrand (D-N.Y.) resolved her balancing act by moving her 3-year-old son to Washington, where he attends the House child-care center. Rep. Deborah Pryce (R-Ohio), a single mom, opted to leave her 4-year-old daughter back in Ohio, where extended family can care for the girl, a spokeswoman said.

Wasserman-Schultz, 40 and in her second term, may have it the roughest, trying to be hands-on mother 1,000 miles away to three children -- 7-year-old twins and a 3-year-old. She says her husband, a banker, does heroic work to hold the family together -- but an enormous amount of logistical planning falls to her.

She is running the Brownie meetings, she said, because "I don't want my kids to feel I didn't make every effort." And she says her children have indeed noticed that the House is now working a five-day week and that she's around even less.

Wasserman-Schultz was forced to defend her choices when she first ran for Congress in 2004 and her female opponent suggested that Wasserman-Schultz should not be elected because she would not have enough time to devote to Congress because of her children.

"She was trying to make me look bad," Wasserman-Schultz said.

Her conservative opponent, a divorced mother of grown children, complained to a reporter when Wasserman-Schultz couldn't find a pen and took notes with a crayon.

Now Wasserman-Schultz proudly incorporates her response to the complaint in her speeches: "I may not always have a pen in my purse, but I always have crayons."Taking Up the Torch for the Late Lawmaker

The day before Rep. Charlie Norwood (R-Ga.) died of cancer this week, he reintroduced legislation commonly known as a "Patients Bill of Rights" with Rep. John Dingell (D-Mich.), six years after their last alliance on the issue went up in flames.

Norwood -- long a proponent of giving patients the right to sue health plans -- first introduced the measure in 1998. In 2001, he teamed up with Dingell on a different version of the bill, but it lost Democratic House support when Norwood abruptly jumped ship and agreed to a GOP compromise to avoid a presidential veto.

Dingell said yesterday that Norwood "was a friend and a decent guy, and if this is what he wants, I'm going to try and do it for him."

Last month, Norwood wrote an opinion piece published in Georgia weekly newspapers stating: "There is no reason we can't pass the original, uncompromised bill with a veto-proof majority. . . . If the Democrats can use their new majority to pull that off, they will and should score big with the public."Frankly, Never Short on Quips

Rep. Barney Frank (D), the outspoken liberal congressman from Massachusetts, last week got a little personal with North Carolina conservative Rep. Patrick McHenry (R) -- with whom he has clashed before.

In a tense exchange on the House floor about whether Pelosi should get a government plane to commute to California, McHenry demanded to know why Congress should allow "one person to use a 737 for a $300,000 transcontinental flight." As an angry Rep. Bart Gordon (D-Tenn.) stepped up to defend Pelosi, Frank unexpectedly went to a microphone and shouted out a reference to the old TV show "Fantasy Island" and its 3-foot-11 character, Tattoo.

"I just wanted to explain I hadn't really been expecting to be here," Frank bellowed to startled members. "But as I was walking by I thought I heard someone yelling, 'Da plane, boss, da plane,' " Frank said, mimicking what Tattoo would shout on the show.

The floor broke into distinct but uneasy laughter, as many realized Frank was referring to McHenry's diminutive height. A spokesman for McHenry later called Frank one of the "sharpest minds on Capitol Hill" and said he was sure Frank was just trying to lighten the moment.

Frank explained: "When I invoked one of the great moments in American cultural history . . . I did have Mr. McHenry in mind. I was inspired by his total persona and all of its aspects."Fighting Global Warming, One Office at a Time

Not to be left out of the current Hill eco-conscious frenzy, freshman Rep. Peter Welch (D-Vt.) says he will make his congressional offices in Vermont and Washington "carbon-neutral" -- which is different from "carbon-free" but nonetheless a very popular form of eco-activism these days.

Here's how it works: By contributing $642 to two renewable-energy projects in his home state, Welch will offset his offices' use of old-fashioned energy -- and therefore, theoretically, make no net contribution to greenhouse gases.

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Welch figured energy used at his offices necessitated the emission of 56 metric tons of carbon a year (the equivalent of 10 cars on the road) and calculated the cost to offset the emissions.

Since he is forbidden to use funds from his federal office budgets, Welch will pay the $642 out of pocket. "We're prohibited from having expenditures that would clean the air," said the lawmaker who aims to fix that.

Welch has introduced legislation to authorize congressional offices and federal agencies to account for their environmental impact through such offset programs.Honoring Young Ted at 75

Hard to imagine: The youngest of the Kennedy clan, the scion who glided into Congress in 1962 at age 30 to complete the term of his brother who was elected president, will turn 75 this month. To celebrate, 750 former aides and politicos will honor (and roast) Sen. Ted Kennedy tomorrow night at the reunion of sorts in Russell Building's Caucus Room. This is only the second time the staff has gotten together -- first for his 25th anniversary in the Senate, now for his 45th.A Catering Lawyer Who Can Parse House Ethics Rules

Just when you thought there couldn't be any more exceptions to the new House ethics rules, comes the "toothpick" caveat -- and a business to capitalize on it.

While members and staff are prohibited from receiving gifts or meals from lobbyists or those who employ them, they may accept "food or refreshments of a nominal value" such as the kinds of food offered at receptions. Sean Clancy, a tax lawyer at Patton Boggs who owns a year-old catering business, quickly sent an e-mail last weekend to 1,000 prospective clients touting Just Fresh Bakery Cafe & Catering, and its "toothpick rule-compliant" menu.

"We don't stick a toothpick in a sandwich and say it's not a meal," he explains. "These are bite-size pieces. We want to stay within the letter of the law, and at the same time point out the ridiculousness of it all."

There's Much Huffing Over Puffing On Hill (WT)

By Christina Bellantoni

The Washington Times, February 15, 2007

Smoking has become the hot topic on Capitol Hill.

Who is, who isn't, and where the lawmakers puff -- closeted or not -- are among the whispers in the hallways and on the presidential campaign trail.

There have been at least 35 news reports about Sen. Barack Obama's long battle with a cigarette habit, and how the Illinois Democrat has been chewing Nicorette to kick that habit as he runs for president.

And in the latest installment, staffers for Rep. Keith Ellison tattled to Capitol Police that Rep. Tom Tancredo was smoking a cigar inside his congressional office.

"We already have the biggest air-purifying unit you can get, and I would be happy to try to make sure that it's even less odiferous around here, but I'm not going to stop because we still have the right to do so," Mr. Tancredo, Colorado Republican, told The Washington Times.

An officer investigating the report informed Mr. Ellison, Minnesota Democrat, that smoking is allowed in the private offices, the Hill newspaper first reported yesterday.

Calling his office in the Longworth building "our own little castle," Mr. Tancredo said he would have preferred a personal visit from his next-door neighbor.

Mr. Tancredo, seeking the 2008 Republican nomination for president, added, "He can get an air-purifying system for his office."

Mr. Ellison's office did not respond to calls for comment yesterday, but spokesman Rick Jauert told the Hill that he first called the Capitol superintendent when he noticed smoke "coming through the walls." That office referred Mr. Jauert to the police, and he informed his boss that he had made the report.

Mr. Tancredo said he has never met Mr. Ellison, who has gotten his fair share of headlines.

In November, Mr. Ellison became the first Muslim in recent times to be elected to Congress. Then, Rep. Virgil H. Goode Jr., Virginia Republican, protested Mr. Ellison's use of the Koran for his swearing-in. In a letter to constituents, Mr. Goode complained that if strict immigration laws are not enacted, "more Muslims" will be elected and will demand "the use of the Koran."

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The dust-up created national headlines and highlighted philosophical differences on immigration policy.

Mr. Tancredo noted that the only time he has even referenced Mr. Ellison was to defend his use of the Koran.

But the Colorado congressman has a friend in Mr. Goode, who delivered a gift to Mr. Tancredo's office after learning of the cigar incident.

Mr. Tancredo said that he knew the envelope from Mr. Goode contained a cigar, but that he hadn't yet read the letter. He opened the note and read it to a reporter for The Times.

"We have a policy in my office of allowing one to smoke from tobacco country if he or she so chooses," Mr. Tancredo read from the letter, pausing to stifle laughter. "We extend this courtesy to an outstanding presidential candidate. Hope you can use it in your office. If you can't, come on up to mine."

Others, including Minority Leader John A. Boehner, have felt like pariahs lately, especially since Speaker Nancy Pelosi banned puffing in the Speaker's Lobby off the House floor.

Mr. Boehner, a chain-smoking Ohio Republican, told reporters gathered for the Washington Press Club Foundation dinner last week that he isn't fond of Mrs. Pelosi's decision.

"We can still smoke out on the balcony. But, Nancy, it was 20 degrees out there. I think I want a seat on your global warming committee," he told the California Democrat.

As for Mr. Obama, reporters seem obsessed with him kicking the habit.

Maureen Dowd of the New York Times opened her latest column thus: "Barack Obama looked as if he needed a smoke and he needed it bad."

After a long Chicago Tribune story about Mr. Obama's smoking, ABC News did a piece on its Web site about Michelle Obama demanding that her husband quit those Marlboros before embarking on a rigorous campaign for the White House. Both articles quoted numerous health advocates and pundits analyzing whether a candidate should admit to such vices.

Reporters trailing Mr. Obama to Iowa last weekend made sure to note this comment by the presidential hopeful: "I've been chewing Nicorette all day long."

An article on Slate.com last month even speculated that should Mr. Obama quit, he would lose his trademark deep voice -- identified by the Web site as "authoritative but comforting, rich and resonant and wise."

FEDERAL DIARY; Working, Or Not, With Everyone's Safety In Mind (WP)

By Stephen Barr

Washington Post, February 15, 2007

Washington weather has long vexed the directors of the Office of Personnel Management and yesterday's gray icy slush was no exception.

Linda M. Springer, the OPM director, was up at 4 a.m., listening to a last round of reports on the weather, road and mass-transit conditions. As with her predecessors through the years, she was trying to look out for federal employees and keep the government open for business.

"When will it be safe for federal workers to commute into their offices? That is the bottom-line question for me," Springer said yesterday.

Springer began sorting out her options at 9 p.m. Tuesday after she received her first reports on the sleet and ice storm moving into the region. That same day, the OPM had closed the government early, at 2 p.m., after weather forecasts showed it might be wise to get as many employees as possible off roads before dark.

After the Tuesday night call, Springer asked the staff at the OPM's situation room to develop information that would help her choose among three options for the next day: open the government on time, but with an unscheduled leave policy in effect; open late with unscheduled leave; or not open. (Unscheduled leave is a way for employees to take time off without prior approval from a supervisor.)

Early yesterday, she chose to open the government after a two-hour delay, after hearing predictions on the path of the storm and assurances that roads and mass transit "would be in much better shape than at the normal start time."

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With a two-hour delay, many employees were more likely to have safer commutes, she decided. "We're saying you [the public] can count on normal functions and services after that two-hour delay, but individuals can recognize their own individual situations at their residence and their commute area to make a decision to take a day of leave," Springer said.

Although federal agencies did not have head counts of how many employees came to work yesterday, officials acknowledged that some offices were thinly staffed.

"It's quiet," Nicol Andrews, a spokeswoman for the Agriculture Department, said. "But there are plenty of us around to make sure the trains are still running."

The judgment on whether to open or close the government can be easily second-guessed by employees, especially when schools close. Yesterday, on Federal Diary Live at washingtonpost.com, employees posted messages saying their commuter buses had been canceled or were running only on emergency routes. Others said that downtown streets were not properly cleared for morning commutes and that slippery streets were sometimes dangerous to cross.

With about 300,000 federal employees in a region that stretches from southern Maryland to West Virginia, the OPM cannot make weather-related decisions lightly because of economic and workforce productivity concerns. The federal payroll is about $76 million a day in the Washington area, and some companies and nonprofit groups take their cues from the OPM on when to open for business.

February, in particular, seems to be a troublesome month for OPM directors.

In 2003, a huge snowstorm, measured at 16 inches to 24 inches, walloped the region over the President's Day weekend, closing federal offices for a day. In 2005, the government opened on time Feb. 24, only to close at 1:15 p.m., after road conditions took a turn for the worse as a storm dumped six inches of snow in some parts of the region.

As the then-acting OPM director, Dan G. Blair, said: "I wish it was a pure science, but it is not. It's always a best guesstimate."Whistle-Blower Bill Approved

A bill that would expand whistle-blower protection rights to federal employees in intelligence agencies and federal contractors was approved yesterday by the House Oversight and Government Reform Committee. The vote to send the measure to the House floor was 28 to 0.

Parts of the bill are designed to clarify congressional intent as to what type of whistle-blowing is protected. An amendment, approved on voice vote, would permit whistle-blowers to take their cases to the U.S. appeals court in their area, ending the sole jurisdiction of the U.S. Court of Appeals for the Federal Circuit, not far from the White House.

Advocates for whistle-blowers argue that the federal circuit court has interpreted the laws in a way that makes it almost impossible for federal employees to defend themselves from reprisals when speaking out on waste, fraud and abuse.

"The Government Reform Committee lived up to its name today," said Tom Devine, legal director for the Government Accountability Project, an advocacy group. "Now it is up to the House leadership to do the same thing."

Minimum Wage, Minimum Tax Cuts (NYT)

The New York Times, February 15, 2007

In the coming week, the House is expected to pass a bipartisan bill aimed at scaling down the unwise tax cuts that the Senate has demanded in exchange for raising the federal minimum wage. The House measure contains only modest tax cuts, worth $1.3 billion over the next 10 years, and is focused on the small businesses that are most likely to be harmed by a higher minimum wage, like mom-and-pop restaurants. We would have preferred a straightforward minimum wage increase. But the House bill is a reasonable response to the Senate's refusal to move forward without tax cuts.

Whether senators will find the moral clarity to see it that way is another matter.

In Round 1 of this year's effort to raise the minimum wage, the House passed a clean bill, raising the wage from the pitiful $5.15 an hour, where it has been stuck for 10 years, to $7.25 by 2009. In Round 2, the Senate refused to follow the House's lead. Acting as if the midterm elections had never happened, it passed a bill that pairs the wage increase with special-interest tax cuts priced at $8.3 billion over the next 10 years.

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The ultimate cost would probably be much higher because most of the proposed tax cuts were designated as "temporary." If those temporary measures were renewed — and temporary tax cuts are almost always renewed— the 10-year cost of the Senate's bill would reach $47.5 billion.

And that's not the only way the Senate bill is objectionable. Many of the Senate's proposed tax cuts would do more for big business, which is largely unaffected by a rise in the minimum wage, than for the typical small business. Big chain stores and big landlords would be the hands-down winners from proposed tax breaks for building new retail stores and new restaurants, and for improving existing structures.

Moreover, the tax cuts that small businesses may be able to latch onto are overly broad, rather than narrowly targeted. As such, they conflict with many senators' recent pledges to close the tax gap, the estimated $300 billion in taxes that are owed but unpaid. It's common knowledge that much of the gap is due to unreported cash and overstated deductions from self-employed people, family businesses and family farms. It makes no sense to grant broad tax cuts to taxpayers in that group until lawmakers find ways to ensure that they are paying their fair share to begin with.

Needed Fixes For No Child Left Behind (NYT)

The New York Times, February 15, 2007

The No Child Left Behind Act of 2002 — which requires states to close the achievement gap between rich and poor students in exchange for more federal dollars — is the most far-reaching educational reform since the country embraced compulsory education in the early 20th century.

But it is unlikely to succeed unless Congress strengthens the law and puts a lot more money behind it when it moves to reauthorize No Child Left Behind later this year.

The bipartisan Commission on No Child Left Behind, financed by several private foundations to evaluate the law's effect, has come up with a list of 75 specific and much needed suggestions on how to improve teaching, learning and student performance, and on what the states need to do better to help schools meet the law's requirements.

The report calls for the development of rigorous, voluntary national standards that would more effectively prepare students for success at college and in the workplace. The report also points out glaring problems with the way states collect data on both school and student performance. Those systems appear to be in chaos, where they exist at all. The report calls on the federal government to pony up an additional $100 million to help states build such systems.

The commission also argues that the reform effort will not get anywhere until the country manages to train, hire and retain far more high-quality teachers. In a departure from the past, the report calls for teachers to be evaluated not just based on their educational credentials, but also on how effectively their students learn.

In a suggestion that's long overdue, the report recommends that colleges and universities, which rely on federal funds, be required to increase the number of graduates qualified to teach in underserved areas like math and science. At the same time, it suggests that school districts with high turnover rates be required to develop plans to train and retain their best teachers.

This report reflects the growing and welcome consensus that No Child Left Behind, and the quest to improve public schooling for all children, are here to stay. What remains is for Congress to write some of these important new provisions into law and to put enough money behind them to make them work.

Cheating On Tests (WP)

The Washington Post, February 15, 2007

EDUCATORS who are successful in turning around troubled schools say the first step is collecting reliable data. A true measure of performance is the only way to identify problems and map improvement. Yet, five years into the No Child Left Behind Act and its mandate for accountability, too many states are still gaming the system by administering weak tests. They boast about high scores, but their claims are as phony as the performance of their students.

Ending this fraud is among the reforms being pushed by a blue-ribbon commission on No Child Left Behind. The group, led by former health and human services secretary Tommy G. Thompson (R) and former Georgia governor Roy E. Barnes (D), points out that setting intentionally low test standards allows students to post better results and lets states escape sanctions under the law. It also makes comparing the performance of students between states impossible and presents a misleading picture of

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how well schools and their students are doing. This hypocrisy has become an annual event in which states post the results of achievement tests that in many cases differ widely from the results of benchmark tests given by the National Assessment of Educational Progress.

Although the commission correctly diagnosed the problem, it has fallen short with its call for the federal government to require tougher tests from the states or for states to voluntarily use a national model. It's time for the United States to move in the direction taken by other countries in formulating and administering a national test. All students, no matter where they live, should have to show proficiency in certain skills and knowledge. The reason no such test exists has more to with politics than with education. Presidents George H.W. Bush and Bill Clinton both tried to get national standards introduced, but their efforts were quashed by conservatives committed to local control of schools and by liberals averse to more testing. Children's rights trumps states' rights, and geography should not matter in how well prepared students are. Shouldn't reading in the third grade be the same in Mississippi as in Maryland? Even more urgent, given the competition the United States faces in a global economy, shouldn't an eighth-grader from Georgia or Pennsylvania have the same math skills as any counterpart in Singapore or Denmark?

There are other good reasons for introducing a national test, including the economic (money would be saved in the development and use of one test) and the pragmatic (switching the debate from what to test to how to teach). The arguments for a national test are so strong that some states are looking to form partnerships with others in developing common tests. As Congress begins to debate the reauthorization of No Child Left Behind, it should ask this question: Why wouldn't the nation want, finally, to know how well all of its students perform?

OTHER NEWS:

Fed Chairman Optimistic About Economy (AP)

By Jeannine Aversa

AP, February 15, 2007

Federal Reserve Chairman Ben Bernanke offered a mostly upbeat assessment of the economy Wednesday, citing improvements in inflation and housing in comments suggesting the Fed will leave interest rates alone for a while.

Wall Street liked the message and propelled stocks sharply higher. The Dow Jones industrials gained 87.01 points to close at a new high of 12,741.86.

Bernanke said that at present, interest rates are at a level that is "likely to foster sustainable economic growth and a gradual ebbing of core inflation."

"Overall, the U.S. economy seems likely to expand at a moderate pace this year and next, with growth strengthening somewhat as the drag from housing diminishes," he said as he delivered the Fed's economic report for the first time to a Democrat-controlled Congress.

The Fed has held a key interest rate steady at 5.25 percent since August, giving borrowers a reprieve.

Before that, the central bank steadily had raised rates for two years, the longest ever stretch of increases, to fend off inflation.

Many economists said Bernanke's testimony to the Senate Banking, Housing and Urban Affairs Committee buttressed their belief that the Fed will continue to hold rates steady for much of this year.

Still, Bernanke was not prepared to declare victory over inflation just yet. Thus, he did not close the door on the possibility of further rate increases down the road.

The Fed chief was careful to hedge his bets and pointed out risks that could upset the generally good economic outlook.

One is that inflation might flare, which is why the Fed is keeping open the option of a rate increase.

It will "be some time before we can be confident that underlying inflation is moderating as anticipated," Bernanke said. If inflation does not wane as the Fed expects, policymakers are "prepared to take action," he said.

On the other hand, there is the risk that a deeper than expected residential real-estate bust could yet unfold, which could hurt overall economic growth, Bernanke said.

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A former college professor, Bernanke marked his one-year anniversary at the Fed on Feb. 1. President Bush tapped him to succeed Alan Greenspan, who rose to iconic status in his 18-plus years as chairman.

The committee chairman, Sen. Christopher Dodd, D-Conn., a 2008 presidential hopeful, and some colleagues said they thought Bernanke was doing a good job in managing the world's largest economy.

Even so, Democrats were vocal about their concerns about the middle class.

"So while some in this country might believe that our economy is chugging along quite well .... there seems to be an increasing gap between the average citizen and those at the top of our economic ladder," said Sen. Robert Menendez, D-N.J. "And the disparity that continues to grow in my mind is widening at an alarming rate."

Democrats, who are in control of Congress for the first time in 12 years, accuse Bush of not doing enough to narrow economic inequality. Finding ways to close that gap between low- and high-income workers is a Democratic priority.

Bernanke said bolstering education and helping workers acquire new skills should help the situation.

On trade, Bernanke said he is not happy with the United States' record-high deficits but suggested erecting protectionist barriers would do more harm than good.

China, he said, needs to do more to move to a flexible currency policy. Critics contend that Beijing is keeping its currency artificially low, hurting U.S. exports and contributing to the loss of U.S. factory jobs.

When asked about Japan, a huge competitive force for the troubled U.S. auto sector, Bernanke said the Fed has seen no evidence that Japan is manipulating the yen to keep its value low.

Bernanke refused to weigh in on tax policy, much to the dismay of Sen. Charles Schumer, D-N.Y. "I think you are ducking it, in all due respect," Schumer said.

When Bernanke took over last year, there was debate about whether the central bank could get the economy to slow sufficiently to thwart inflation, but not so much as to fall into recession.

"You inherited an economy that was approaching a tipping point, and so far you have managed not to push it over," said Sen. Jim Bunning, R-Ky. Bunning was the only senator who had voted against Bernanke's nomination as Fed chief.

In its latest economic projections, the Fed said that it expects the economy this year to grow between 2.5 percent and 3 percent — as measured from the fourth quarter of last year to the fourth quarter of this year. That would be slower than a previous Fed forecast and less than the 3.4 percent growth logged for all of 2006.

"Core" inflation, meanwhile, should ease to between 2 percent to 2.25 percent, which would be down from 2.3 percent last year. Core inflation excludes the more volatile categories of energy and food.

The unemployment rate may rise to a high of 4.75 percent, which would still be low by historical standards.

Fed Chairman Remains Optimistic About Economy (LAT)

By Joel Havemann

The Los Angeles Times, February 15, 2007

WASHINGTON — Federal Reserve Chairman Ben S. Bernanke told Congress today that the Fed is generally satisfied with the state of the economy and is more worried about inflation than sagging economic growth.

But in portraying the best of all possible economies, Bernanke suggested that the Fed would leave interest rates alone until it sees some warning signs of either inflation or a turndown in economic growth.

The stock markets, apparently reading Bernanke's testimony as a sign that the Fed's next move on rates would be down rather than up, reacted positively. The Dow Jones Industrial Average marched ahead nearly 100 points as he began his testimony.

The Fed last raised its benchmark short-term rate in June, the last of 17 consecutive policy meetings in which its Federal Open Market Committee raised rates by 0.25 percentage points. Starting in mid-2004, rates rose from 1% to their present 5.25%.

Delivering his semi-annual message on the state of the economy to the Senate Banking Committee, Bernanke acknowledged that the Fed's most closely watched measure of inflation was running higher than its informal 1% to 2% "comfort zone."

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But he said the Fed predicted that this measure — the price index for personal consumption expenditures excluding food and energy — would decline to a rate of 2% to 2.25% this year and to 1.75% to 2% next year.

But after its most recent meeting last month, Bernanke pointed out, the Open Market Committee "indicated that its predominant policy concern is the risk that inflation will fail to ease as expected and that it is prepared to take action to address inflation risks if developments warrant." On the whole, Bernanke painted a picture of the best of all possible economies.

Economic growth, propelled by strong consumer spending, was solid despite the collapse of the housing market, he said. As for housing, he said home sales have leveled off after months of declines, and mortgage applications have picked up.

The housing sector's decline would probably mean that consumers could no longer be able to borrow against the increasing values of their homes to spend more than they earned.

But he still predicted that "consumer expenditures appear likely to expand solidly in coming months." Analysts said Bernanke's testimony, while emphasizing the risks of inflation over those of sagging economic growth, was marginally less hawkish on inflation than some of the Fed chairman's recent statements.

"The Fed is in its usual late-cycle stance," said Ian Shepherdson, chief U.S. economist for High-Frequency Economics, "fretting about inflation risks but waiting for the unemployment rate to turn up, giving the green light for lower rates. We don't think this represents a real change in stance."

Bernanke Calms Worries Over Rates (WSJ)

By Greg Ip

The Wall Street Journal, February 15, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke alleviated recent fears of higher interest rates by signaling growing confidence that inflation is headed lower as economic growth remains moderate.

But Mr. Bernanke, speaking before the Senate Banking, Housing and Urban Affairs Committee, said yesterday that he remained concerned that tight labor markets and limited spare capacity could yet force inflation higher -- suggesting that interest-rate cuts are not yet being contemplated.

Markets had expected more-hawkish testimony -- that is, more concern about inflation -- in part because several Fed policy makers last week suggested rates could rise again. The more-balanced tone of Mr. Bernanke, whose opinion counts considerably more, sent both stock and bond prices sharply higher. The Dow Jones Industrial Average jumped 87.01 points to a new record close of 12,741.86 and the 10-year Treasury bond yield, which moves in the opposite direction to price, fell to 4.73%.

"There are some indications that inflation pressures are beginning to diminish," Mr. Bernanke said. "A waning of the temporary factors that boosted inflation in recent years will probably help foster a continued edging down of core inflation," which excludes food and energy.

Two factors in particular should nudge down core inflation, he said. Oil prices have dropped, and that will, indirectly, relieve some cost pressure on a range of goods and services. Second, tenant rents, which determine both renters' and homeowners' shelter costs in the main inflation measures, should rise more slowly as demand shifts to homes from apartments and the supply of rental units rises.

Bernanke testifies before Congress11, saying he's prepared to take action to prevent inflation. 12

Plus, WSJ's Phil Kuntz and Greg Ip discuss13 Federal Reserve Chairman Ben Bernanke and what can be gleaned from his testimony today.

The forecasts of the members of the Federal Open Market Committee, which sets interest rates, also displayed greater confidence about inflation. They see core inflation, as measured by the price index of personal-consumption expenditures, falling to between 2% and 2.25% by the end of this year from 2.2% in December, and then further, to between 1.75% and 2%, by the end of 2008. That's at, or below, the 2% level that many policy makers consider stable prices, and within the 1% to 2% "comfort zone" other policy makers prefer.

In spite of this, Mr. Bernanke said the Fed "has continued to view the risk that inflation will not moderate as expected as the predominant policy concern." He didn't explicitly say that that concern could yet lead to higher interest rates. But by reiterating the bias to worry about higher inflation rather than weak growth, Mr. Bernanke also indicated that rates are unlikely to be cut anytime

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soon. The Fed has kept its short-term interest rate target at 5.25% since last June and markets expect it to stay there through the middle of this year. After Mr. Bernanke spoke, futures markets priced in a higher probability that the Fed would cut its rate target to 5% by December.

Despite the more-sanguine inflation forecast, Mr. Bernanke suggested that the Fed must remain vigilant on inflation because the economy is operating close to, and possibly above, its normal capacity. "Upward pressure on inflation could materialize if final demand were to exceed the underlying productive capacity of the economy for a sustained period," he said. "The high level of resource utilization remains an important upside risk to continued progress on inflation."

That said, FOMC members actually expect slower growth this year, at 2.5% to 3% in the 12 months through the fourth quarter, than they did last July, when their forecast was for 3% to 3.25%. Mr. Bernanke attributed this to a larger-than-expected decline in homebuilding. He suggested that homebuilding could remain a drag on growth through the end of 2008, telling one senator that it could take that long to bring the inventory of unsold homes down to normal levels.

Bernanke Doesn't Expect Interest Rate Change Soon (USAT)

By Barbara Hagenbaugh

USA Today, February 15, 2007

WASHINGTON — The Federal Reserve is unlikely to change interest rates anytime soon, Fed Chairman Ben Bernanke suggested Wednesday, striking an upbeat tone about the economy, but he voiced continued concern about inflation.

Bernanke said the economy is likely to grow at a "moderate pace" in 2007 and 2008. That comes despite a dramatic slowing in housing that has so far had little dampening effect on consumers, the lifeblood of the economy, Bernanke told the Senate Banking Committee on the first two days of his twice-yearly testimony on the economy.

"There are some indications that inflation pressures are beginning to diminish," he said during the more than three-hour hearing. "The monthly data are noisy, however, and it will consequently be some time before we can be confident that underlying inflation is moderating as anticipated."

Bernanke's comments strengthened expectations that Fed policymakers are in a wait-and-see mode. The Fed's view of ebbing inflation means further interest rate rises are unneeded, while a strong economy suggests rate cuts aren't necessary at this time, either.

"The Fed is, at this point, comfortable to sit on the sidelines," Daniel Jester, an economist at Moody's Economy.com, said in a note to clients. The economic consulting firm anticipates the Fed will leave interest rates unchanged for the rest of the year.

The Fed last month left its target for short-term interest rates, which influence the cost of borrowing for everything from mortgages to credit cards, unchanged at 5.25%, the highest in six years. The Fed has left rates alone for five consecutive meetings after raising them 17 times from June 2004 to June 2006.

Bernanke said the decline in inflationary pressures was in part because of an easing in oil prices, which he noted were "notoriously difficult to predict," making them a "key source of uncertainty to the inflation outlook."

He also said tightness in the labor market suggests wage pressures could accelerate as businesses seek to attract and retain talent from a limited pool of workers. If companies respond to higher payrolls by raising prices, rather than absorbing the added costs, inflationary pressures would rise.

Regarding housing, the Fed chairman repeated that there were "tentative signs of stabilization." But even if the slide in housing demand is over, efforts by home builders to reduce inventories will "weigh on economic growth over the next few quarters," he said.

Bernanke called housing a key risk to the economy, noting it is hard to forecast the future course of the market and its effects on consumers. So far, consumers have been resilient in the face of the housing slowdown, Bernanke said.

Fed Chief Suggests Rates Will Hold Steady (NYT)

By Jeremy W. Peters

The New York Times, February 15, 2007

Ben S. Bernanke, the Federal Reserve chairman, said today that inflation is improving as the economy expands at a moderate but manageable pace — the balancing point that the Fed tries to hit as it regulates interest rates.

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Mr. Bernanke's remarks, delivered this morning to the Senate Banking, Housing and Urban Affairs Committee, indicated that the central bank is likely to hold its benchmark interest rate steady for some time.

Wall Street cheered his words. Shortly after the prepared text of the speech was released at 10 a.m., traders began a rally that gained strength throughout the day. The Dow Jones industrial average rose 87 points to 12,741.86, its highest closing level ever. Bond prices also rose.

Mr. Bernanke said that recent readings on the strength of the economy suggest that the Fed's current policy "is likely to foster sustainable economic growth and a gradual ebbing of core inflation." The Fed has left short-term interest rates at 5.25 percent since August.

Still, Mr. Bernanke noted that runaway inflation remains the Fed's primary concern, and he asserted that it "is prepared to take action to address inflation risks if developments warrant."

In recent weeks, the Fed has slightly shifted its tone on inflation. The language in the regular statements the central bank issues when it votes on interest rates has become somewhat softer since the summer. While Mr. Bernanke and other Fed officials still express concern about rising prices, their words have become less cautionary.

In its most recent statement, issued late last month, the Fed demonstrated a growing confidence that inflationary pressures were easing. "Readings on core inflation have improved modestly, and inflation pressures seem likely to moderate over time," the Fed's statement said.

As long as inflation continues to stabilize, the Fed has little reason to raise or lower interest rates. After the January statement, analysts speculated that the Fed would remain on hold for much of the year.

"Bernanke struck a firm and reassuring tone," said Peter E. Kretzmer, senior economist with Bank of America. "For the present, we believe the Fed remains comfortably on hold."

Nothing in Mr. Bernanke's testimony today hinted that the Fed would soon change its posture. He spoke of a robust and expanding economy that has so far appeared to avoid any widespread damage from a collapse.

"The U.S. economy appears to be making a transition from the rapid rate of expansion experienced over the preceding several years to a more sustainable average pace of growth," he said, according to a prepared text of his remarks. "However, the weakness in housing market activity and the slower appreciation of house prices do not seem to have spilled over to any significant extent to other sectors of the economy. Consumer spending has continued to expand at a solid rate, and the demand for labor has remained strong."

Looking ahead, Mr. Bernanke struck an optimistic tone about both inflation and the prospect for growth. "Over all, the U.S. economy seems likely to expand at a moderate pace this year and next, with growth strengthening somewhat as the drag from housing diminishes," he said. "The projections of the members of the Board of Governors and the presidents of the Federal Reserve Banks are for inflation to continue to ebb over this year and next."

But in typical Fed fashion, he added numerous caveats to the forecast. "The risks to this outlook are significant," he said, referring to the Fed's projections for growth. He added: "It will consequently be some time before we can be confident that underlying inflation is moderating as anticipated."

He briefly touched on the growing trade imbalance the United States has with the rest of the world, remarking during a question-and-answer session after his prepared remarks that he believes the current level of the trade gap to be unacceptable. "I'm not happy with it," he said. Yesterday, the Commerce Department said that the trade imbalance — the difference between what Americans import and what they export — reached a record for the fifth consecutive year. The biggest chunk of the $763.3 billion deficit last year was because Americans purchased far more goods and services from China than the Chinese purchased from the United States.

When asked whether he was satisfied with Chinese trade policies, and in particular how the way that nation sets the value of its currency, Mr. Bernanke said, "They've moved in the right direction, but, no, I don't think that they've done enough."

Mr. Bernanke was one of several senior government officials who traveled to China late last year to press for less restrictive trade policies. One of the top issues the United States has pressed with China is the value of its currency, which many economists say is understated. An undervalued Chinese yuan makes foreign goods more expensive there.

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Bernanke Says Fed Unlikely To Alter Rates (WP)

By Nell Henderson And Tomoeh Murakami Tse

The Washington Post, February 15, 2007

Federal Reserve Chairman Ben S. Bernanke indicated yesterday that the central bank is likely to hold interest rates steady, prompting a rally on Wall Street that pushed the Dow Jones industrial average to a record high.

The Fed chief told the Senate Banking Committee that he and his colleagues believe inflation is too high and that they're concerned it might stay that way. But it's more likely, Bernanke said, that a cooling economy will dampen price pressures this year.

Therefore, Fed policymakers don't think they will have to hike rates further to bring inflation down this year and next, Bernanke said. Conversely, they don't think they need to cut rates anytime soon to spur growth.

"The current stance of policy is likely to foster sustainable economic growth and a gradual ebbing of core inflation," Bernanke said, presenting the Fed's first economic report to Congress this year.

Those words were "music to the ears of both stock and bond investors," said Stuart Hoffman, chief economist for PNC Financial Services Group. "The Fed doesn't see the economy in any real trouble."

The Dow closed at 12,741.86, up 87.01 points, or 0.69 percent, on top of a 102-point gain Tuesday. Yesterday's close beat the record set Feb. 1.

Bernanke outlined expectations of a "Goldilocks" economy -- not too hot, not too cold, with moderating inflation -- said Arthur Hogan, chief market analyst at Jefferies. "The general theme of his testimony was on the neutral side. . . . I think that's what the markets have been celebrating."

Democratic and Republican senators also welcomed Bernanke's message, and praised his performance since succeeding Alan Greenspan as Fed chairman a year ago.

"I believe that you have done a very good job in gaining the respect and confidence of the markets and your colleagues on the Federal Reserve Board," the committee chairman, Christopher J. Dodd (D-Conn.), told Bernanke. "The Fed's monetary policy, most notably its decision to stop raising interest rates in June, has played a very important role in some recent positive economic developments."

Fed policymakers have held their benchmark short-term interest rate steady at 5.25 percent since June. Many analysts predict the rate will stay at that level through the rest of the year.

However, after the Commerce Department reported yesterday that retail sales were flat last month, some traders boosted their bets that the Fed will cut interest rates by the end of the year to boost growth. The sales figures added to other recent data showing the economy entered the new year with less momentum than previously thought.

Many analysts now estimate that the economy grew at a sluggish pace in the last three months of the year, close to a 2 percent annual rate -- well below the robust 3.5 percent pace estimated recently by the Commerce Department. The agency will update its estimate at the end of this month.

Bernanke indicated he is comfortable with the latest news, as it fits with the Fed's forecast that a period of moderate economic growth will force inflation lower.

"The U.S. economy appears to be making a transition from the rapid rate of expansion experienced over the preceding several years to a more sustainable average pace of growth," he said.

The economy has grown more than 3 percent a year for the last three years. This year, the economy will grow 2.5 to 3 percent, the Fed's top policymakers forecast in their report to Congress.

They predicted this slowdown would cause core inflation, which excludes volatile food and energy prices, to drift gradually from 2.2 percent last year to below 2 percent by 2008. The Fed has no formal target, but Bernanke and several of his colleagues have said they prefer to hold core inflation within a "comfort zone" of 1 to 2 percent.

Fed policymakers also foresee unemployment edging up a bit but remaining low this year and next. The jobless rate was 4.5 percent at the end of last year. The Fed expects it to average 4.5 to 4.75 percent at the end of this year, and to stay about there in 2008.

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Bernanke attributed most of the slowdown to the housing slump. But he said that weakness does "not seem to have spilled over to any significant extent to other sectors of the economy."

Indeed, the economy is following the Fed's script so well, Bernanke "might want to do a touchdown dance at their next meeting," said Ethan S. Harris, chief economist at Lehman Bros.

Fed Sees Soft Landing For Economy (FT)

By Krishna Guha

Financial Times, February 15, 2007

Stocks and bonds jumped on Wednesday after Ben Bernanke laid out a fundamentally benign analysis of the US economy in his twice-annual testimony to Congress.

The Federal Reserve chairman painted a picture of recovering growth, moderating inflation and reduced economic risks that evoked memories of the "Goldilocks" economy of the late 1990s – so-called because it was neither too hot nor too cold.

Mr Bernanke struck a temperate tone on inflation, reiterating the Fed's view that it was still a bigger risk than growth but he made no effort to prepare the ground for another interest rate rise.

Instead, he dropped a heavy hint that rates might stay on hold at 5.25 per cent for some time, saying: "The current stance of policy is likely to foster sustainable economic growth and a gradual ebbing of core inflation".

The absence of more hawkish language on inflation and interest rates, and recognition of the continued risks to growth from housing, was greeted with relief by investors, who had been troubled by recent talk from some Fed officials.

The S&P 500 index rose 0.76 per cent to 1,455.30 on Wednesday, while Treasury bonds also moved higher, with 10-year yields falling 7.6 basis points to 4.736 per cent.

The futures market priced in a greater chance of a rate cut this year, while the dollar fell 0.7 per cent against the euro, 0.8 per cent against sterling and 0.2 per cent against the yen.

Earlier, Mr Bernanke's UK counterpart, Mervyn King, struck a tougher tone as he released the Bank of England's quarterly inflation report, which forecast that inflation would overshoot its target at the two-year forecast horizon unless it raised rates again.

"Just as 3 per cent inflation [in December] didn't mean that the end of the world was nigh, so 2.7 per cent [in January] does not mean we can ignore concerns about inflation ahead," he said.

Mr Bernanke was showered with praise by senators from both parties, who credited his decision to halt the Fed's rate-tightening cycle after the last increase in June 2006 with engineering a soft landing.

"You are getting good grades from everyone, and I concur," said Chuck Schumer, Democratic senator for New York.

The Fed chairman told senators that the tendency of forecasts prepared by Fed policymakers was for growth between 2.5 per cent and 3 per cent this year, and 2.75 per cent and 3 per cent next, with core inflation on its preferred measure of 2 per cent to 2.25 per cent this year and 1.75 per cent to 2 per cent next – a level most policymakers would probably be comfortable with.

Mr Bernanke said a "waning of the temporary factors that boosted inflation in recent years" – including pressure from higher oil prices and rising rents – would "probably help foster a continued edging down of core inflation". But he said the high level of resource utilisation remained "an upside risk to continued progress on inflation".

The Fed chairman said he was following closely signs of distress in the high-risk mortgage market but said: "I do not think at this point it has implications for the aggregate economy."

Probed on the US trade deficit, he said: "I am not happy with it."

Additional reporting by Richard Beales in New York and Chris Giles in London

Economists Differ Over Consumers (USAT)

By Sue Kirchhoff

USA Today, February 15, 2007

WASHINGTON — Despite tight labor markets and rising wages, some economists caution that consumers are likely to pare their spending ahead.

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The debate was highlighted by Wednesday's report that U.S. retail sales were flat in January, though December figures were revised somewhat higher. Auto sales fell last month, while department store sales were bolstered by redemption of holiday gift cards.

"The 2006 holiday selling season was a good one. But by virtue of all that selling, consumers have set a high hurdle," Ken Mayland, of Clearview Economics, told clients. "The consumer sector of the economy faces some 'challenges.' "

Consumer spending, which accounts for about two-thirds of the economy, has proved remarkably resilient in the past several years, despite terrorist attacks and high energy prices. One big aid was a five-year boom in the housing market, letting Americans tap into home equity for extra cash.

More recently, consumers have been buoyed by a low 4.6% unemployment rate, which helped push wages up, and a dip in energy prices. Prices have been edging back up, however, with crude oil rising from about $50 a barrel on Jan. 18 to $58 a barrel Wednesday.

Still, in testimony to Congress Wednesday, Federal Reserve Chairman Ben Bernanke gave an upbeat outlook for consumer spending, noting it expanded at a brisk 3.5% rate in the second half of 2006, a figure he called even more striking given the fall in the housing market.

Bernanke said consumer spending should expand solidly, though a little less rapidly than income, if consumers "respond to the slow pace of home-equity appreciation by saving more."

Bill Hampel, chief economist at the Credit Union National Association, notes that savings growth at credit unions grew unexpectedly. "For much of the year we'd been telling credit unions, 'It looks like we're on track for the slowest growth year at credit unions since World War II.' The last quarter of the year, it picked up," he says.

Scott Hoyt of Moody's Economy.com expects a decline in consumer spending growth and a "small and gradual increase in the savings rate" as consumers are less able to rely on home price appreciation to meet their immediate needs or long-term wealth goals.

While spending could slow, economists aren't predicting the demise of the consumer.

Stephen Stanley, chief economist at RBS Greenwich Capital, says consumer spending gains will probably decelerate. But with the tight job market "and if gasoline prices stay where they are today, consumers should muddle through the next few quarters."

An Deloitte Research index of consumer spending fell this month. The index looks at taxes, jobless claims, home prices and wages.

Bernanke Frowns On Tax Cuts (WT)

By Patrice Hill

The Washington Times, February 15, 2007

Federal Reserve Chairman Ben S. Bernanke urged action yesterday to balance the budget and curb income inequality through better education, saying such goals should take priority over tax cuts.

"I can't speak to the overall combination of taxes and spending, other than to say that they should be in balance. But I will go so far as to say that I think that there's a significant return to investing in young kids," the Fed chairman told Sen. Bob Casey, Pennsylvania Democrat, in response to a question about whether Congress should vote to extend tax cuts or increase funding for the Head Start program for poor children.

Mr. Bernanke said taxes have an "important" role to play in narrowing the widening income gap between rich and poor through income-transfer programs, and Congress needs to balance that goal against the desirability of tax incentives that spur innovation.

"The tax code has an important role to play in generating more equality," he said, although "entrepreneurs and the people who take risks -- we have to give them incentives to take risks" as well.

He said the benefits from raising revenues by letting President Bush's tax cuts expire in 2010 must be weighed against the growth impact from higher taxes. He strongly urged Congress to strive to improve the government's balance sheet and said his biggest worry is the government is not prepared to finance baby boomers' retirement starting in 2011.

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Mr. Bernanke's remarks before the Senate banking committee were received warmly by Democrats and were his most forceful testimony on political matters since he took office a year ago.

He was praised by committee members for adroitly steering the economy to a "soft landing" that has maintained robust growth with lower inflation. His willingness to go further in recommending action against income inequality and other economic problems appeared to reflect increased confidence after a successful year in office.

At the urging of nearly every Democrat on the committee, Mr. Bernanke elaborated on a speech he gave last week outlining the reasons for the increasing income gap between wealthy Americans and most wage earners.

Like his predecessor, Alan Greenspan, Mr. Bernanke blamed the gap primarily on differences in education and skill, with the most-successful workers those who can employ advanced technology and education to compete in the global marketplace.

"The very important drivers of economic growth and prosperity in this country include free and open trade and technological progress. It's very important to allow those forces to continue to operate in our economy," he said. "However, we do have to recognize ... they may create greater income possibilities for some than others.

"To retain support for policies of free trade, open borders, technological change, flexible labor markets, we need to make sure that the gains and benefits from these powerful growth-producing forces are broadly shared and that people understand that these things are good for the American economy and good for people generally in the economy."

Mr. Bernanke endorsed setting minimum international labor standards in trade agreements, such as banning child or slave labor. But he questioned whether increased unionization would reduce the income gap and said Congress should focus most of its efforts on ensuring equal access to good quality education and job skills.

"My wife is a teacher. I've been in education for a long time. I was on the school board for many years," he said. "We've been worrying about educational quality for a long time, and it's a difficult thing to achieve."

While the U.S. maintains a "substantial leadership" position in college-level education and research and development, he said, it is falling short at providing adequate education at lower levels, especially in math and science.

In discussing risks to the economy, Mr. Bernanke said the substantial drop in housing last year had less of an impact than expected. "We've not seen substantial spillovers from the housing slowdown to consumer spending or to other parts of the economy," but "it's early to say that this problem is over."

A "significant concern" is recent "distress in the subprime area" of the mortgage market, where default levels have surged to recession levels, he said.

"I'm obviously following it very carefully, both in terms of the impact it has on the borrowers and also, you know, see what effects it has on lenders as well. I don't think that it has at this point implications for the aggregate economy in terms of the ongoing expansion, but as I said, it is an important issue for those sectors."

Referring to recent announcements of losses in mortgage trading and lending at HSBC Bank and the New Century Corp., a major subprime lender, Mr. Bernanke said: "Evidently, there are some loans that have been made that are not turning out well and to the detriment of both the lenders and the borrowers. We will certainly be watching that carefully and trying to provide guidance and oversight to minimize that risk going forward."

Dow Trifecta Spins A Rare Day Of Stock Records (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 15, 2007

Soothed by Federal Reserve Chairman Benjamin Bernanke's suggestion that interest-rate increases aren't in the offing soon, investors bid up the Dow Jones Industrial Average to another record.

The Dow Jones Transportation Average and the Dow Jones Utility Average also hit records, the first time since 1998 they have done so on the same day as a record close for the industrial average. Before yesterday, such a Dow-averages trifecta had happened only 19 times since 1929.

The Dow industrials rallied 87.01 points, or 0.7%, to 12741.86, for a 190-point jump in two days. The industrials are up 2.2% this year. It was 28th record close for the blue chips since the start of October and the second record this month.

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The trifecta of records reflects the breadth of the recent stock rally. Most analysts see that as a sign that the gains can continue, with the economy just strong enough to buoy corporate profits at an array of companies, but not in danger of overheating.

The broad Standard & Poor's 500-stock index rallied 11.04 points, or 0.8%, to 1455.30, up 2.6% this year. The tech-stock-heavy Nasdaq Composite Index gained 28.50 points, or 1.2%, to 2488.38, up 3% on the year.

The market has faced a conundrum lately, with disagreement on Wall Street about whether the Fed's next move would be a rate cut to spur economic expansion or a rate increase in response to data showing some areas of surprising strength, such as job growth and rising wages, which could lead to inflation.

In testimony to the Senate Banking Committee yesterday, Mr. Bernanke said the Fed's current rate policy likely will foster "a gradual ebbing of core inflation" in the months ahead. For many investors, his comments marked the clearest sign yet that the Fed won't raise borrowing costs to rein in spending by consumers, businesses and investors, which would hurt stocks.

"I think the direction of the Fed's next move should be settled by now," said Merrill Lynch economist David Rosenberg, who says the central bank is likely to cut rates in the second half. "It's just a matter of the timing and magnitude of the next move, not the direction."

As the Dow industrials rose, the transportation average rallied 105.40 points, or 2.1%, to 5117.27, while the utility average gained 1.97 points, or 0.4%, to 477.07.

Bond prices also rallied, pushing down yields, as is often the case when investors become less afraid of inflation, which erodes the value of the interest payments they receive.

A drop in oil prices also aided the stock market's rally. Oil futures for March delivery dropped $1.06, or 1.8%, to $58 a barrel, off 5% this year on the New York Mercantile Exchange, after the federal Energy Information Administration released weekly data showing unexpectedly robust stockpiles.

Strategist Bob Hoye of the Vancouver research firm Institutional Advisors said the stock market will face a big challenge beginning in the spring as weather warms and families begin to take more car trips. That will increase fuel demand and, potentially, commodity prices as well, which could renew inflation fears.

Yesterday's stock rally "may be a news item for the day, but it's only part of a longer cyclical rally in bonds and stocks, Mr. Hoye said. "We're going to see that rally tested."

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.66 billion shares.

Bond prices rose2. The 10-year note gained 21/32 point, or $6.5625 for each $1,000 invested, pushing the yield down to 4.731%. The 30-year bond rose 1 5/32 to yield 4.827%.

The dollar weakened3. The dollar fell to 120.74 yen from 121.17 yen. The euro rose to $1.3129 from $1.3037.

Gangbuster Market Made $8.8 Trillion Recovery (USAT)

By Adam Shell

USA Today, February 15, 2007

NEW YORK — The record-setting run on Wall Street is starting to add up to real money.

The Dow Jones Wilshire 5000 index, the broadest measure of the U.S. stock market, has recouped all of its dollar losses suffered in the 2000-02 bear market. As of Wednesday, it had rebounded 100% and regained $8.8 trillion in market value — more than the combined annual GDP of Japan, Germany and the United Kingdom — since its Oct. 9, 2002, low.

Confirming the strength of this so-called U.S. "wealth" measure were the record highs set Wednesday by a swath of other domestic stock market indexes. For the first time since March 17, 1998, the Dow Jones industrial, transportation and utilities averages all set records on the same day, suggesting that the economy is in good shape.

And further confirmation of the market's broad, inclusive participation came in the form of a record close for the NYSE composite index, which measures the performance of all U.S. common stocks, foreign shares and real estate investment trusts listed on the New York Stock Exchange.

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"Each time you see another index hit a new high, it validates what is going on and confirms that the rally is, indeed, broad-based," says Steven Foresti, managing director and head of investment research at Wilshire Consulting.

The broad U.S. stock market has risen four consecutive years after losing nearly half of its value from 2000 to 2002. The continued gains on Wall Street, however, are worrisome to some because the market is now enjoying its second-longest streak ever without either a 2% or 10% correction from a prior high. There is also growing concern that investors may be getting overly optimistic about the market's moneymaking abilities.

"A correctionless market breeds complacency," says James Stack, president of InvesTech Research.

But even Stack admits that the market continues to defy skeptics and move higher because all the ingredients of a bull market remain in place. The big drivers — stable interest rates and a not-too-hot, not-too-cold economy — were reinforced Wednesday by Federal Reserve Chairman Ben Bernanke in testimony on Capitol Hill.

"Investors have deciphered all the economic data and have given a thumbs up across the board," says Timothy Vick, senior portfolio manager at Sanibel Captiva Trust. He says investors are now more confident that the Fed will not raise short-term interest rates this year, which makes stocks far more attractive.

McCain Leads Chase For Senate Support (POL)

By Jonathan Martin And Daniel W. Reilly

The Politico, February 15, 2007

In 2000, it was easier to troll for favorable quotes about John McCain among his Democratic colleagues than to find Republican senators ready to say nice things about a man they had served with for years. In the end, McCain snared a grand total of four endorsements from GOP senators for his presidential campaign.

Almost a year until the first primary, McCain has already outpaced his 2000 total. He has six endorsements, and his campaign promises more soon.

That McCain is already on the way to doubling his 2000 take is a vivid illustration of the onetime maverick's ability to make amends with colleagues and the conservative establishment that many of them represent.

A Politico survey among the 49 Republican senators also found three senators backing former Massachusetts Gov. Mitt Romney for president.

Meanwhile, Sen. Sam Brownback enjoys the support of his fellow Kansan, Sen. Pat Roberts. Former New York City Mayor Rudy Giuliani has been late in starting the courting process, but an aide said to "stay tuned for some upcoming announcements" of support from the Senate.

Thirty-two Republican senators said they were still undecided on whom to support, and four said they expected to sit out the primary process.

While McCain is winning more support than before, interviews with senators and key aides showed he continues to confront deep ambivalence among many colleagues. Some remain resentful over personal clashes through the years; then there are McCain's views in favor of campaign finance reform and against spending on local projects backed by home-state senators.

"I know … I am not the most popular guy with many on the Appropriations Committee because of our different views on earmarks and that whole process," McCain acknowledged in an interview.

His political strategist, John Weaver, agreed that McCain remains a tough sell for some Senate colleagues. "That's just the way life is," Weaver noted, saying McCain was running "a reality-based campaign" for the backing of fellow Republicans. Attempting to turn the tables on Romney's camp, however, Weaver added that there are "a number of governors who won't support one candidate or the other."

When it comes to endorsements, the inevitable question in modern presidential politics is: Who cares? In earlier generations, endorsements from high-profile politicians often meant delegates and organizational support, something that is no longer the case. Still, McCain may have more of a stake than most in this year's endorsement derby. As someone eyed warily by many conservative activists at the state and local level, he can benefit from the blessing of more-trusted figures.

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Among the more notable people pulling an about-face on McCain is Senate Minority Whip Trent Lott, R-Miss. In 2000, Lott was a sometimes caustic opponent. This year, he was an early arrival in McCain's camp and is part of a small inner circle of pro-McCain senators who meet to plot strategy.

"Times change, things change and experiences change people," explained the man who lost his hold on the majority leader post after some key senators and the White House defected in the wake of Lott's racial comments at the 100th birthday party of former Sen. Strom Thurmond in 2002.

"When you've come back up out of the valley you're different," Lott said in an interview. "I believe in resurrection."

Lott also believes in his ability to count votes, as demonstrated by his audacious bid to regain a Senate leadership post after last year's elections. As with that campaign, Lott said his task whipping up support for McCain is challenging but bears promise. Like Weaver, he admitted that some in the body can't bring themselves to support their sometimes-prickly colleague, but adds that "you'd be surprised at some of those who may be rising above."

Lott wouldn't reveal names but said with a smile that "some of them may even be appropriators."

There's a couple of those whom McCain definitely won't be getting.

On Thursday, Romney's campaign announced that Sen. Larry Craig, R-Idaho, and Sen. Bob Bennett, R-Utah, will serve as the former governor's chief liaisons to the Senate. Both Craig and Bennett serve on the Appropriations Committee.

The powerful spending panel also includes many of the GOP's most politically important senators, including Minority Leader Mitch McConnell of Kentucky, New Hampshire's Judd Gregg, Alabama's Richard Shelby and Kay Bailey Hutchison of Texas.

Another conservative not helping the McCain cause will be Sen. Jim DeMint of South Carolina. Though just a freshman, DeMint has already carved out a name for himself in the body for his outspokenness, particularly on fiscal issues. He came out for Romney last month and has been lobbying his fellow conservatives, including other junior senators like Tom Coburn of Oklahoma and John Cornyn of Texas, on the former governor's behalf.

A Senate Republican aide with knowledge of the endorsement derby said Romney's wooing has been based more on his ideas and policy vision while McCain's team has focused on "the inevitability factor" and it being McCain's "turn."

Craig echoed these sentiments, praising Romney for "having many of the right thoughts for a conservative like myself."

"We are making headway," Craig said of his efforts to woo his Senate colleagues. "I am not going to talk numbers, but I am very pleased with the reception I am getting."

Craig said that he already has a good number of commitments from fellow senators and that he thinks "we will have a good number (of Romney supporters) here in the final analysis."

One Romney adviser off the Hill went so far as to predict that the Romney camp would have "as many or more endorsements from the Senate as McCain."

Bennett and Craig are hoping to reel in more of their colleagues when Romney attends a small gathering of senators in March.

One senator who Romney would love to have in hand by then is Gregg. Though endorsements haven't traditionally counted for much among the proudly independent Granite State electorate (Gregg's support for Bush in 2000 did nothing to stem his 18-point loss), the backing of New Hampshire's senior senator would serve as another indicator that Romney is consolidating the Anybody But McCain vote.

Despite buzz around Capitol Hill that it's only a matter of time before his boss gets behind Romney, Gregg's chief of staff and top political adviser Joel Maiola said the rumors "continue not to be true."

Gregg, Maiola said, has had discussions with a number of candidates, including McCain and Romney, and many of these people are "still in play."

"He's another month away," from an endorsement, Maiola said.

Facing his own tough 2008 re-election, New Hampshire's junior senator, John Sununu, won't weigh in on the White House contest.

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With DeMint out for Romney and Sen. Lindsey Graham of South Carolina again behind McCain, Sen. Chuck Grassley of Iowa is the only other Republican senator from an early primary state who is still uncommitted. He told Iowa reporters last week that he would likely not make an endorsement anytime soon.

Grassley isn't alone in keeping his powder dry in the early running.

"I think the dust needs to settle on the issues," said Sen. Jeff Sessions, an Alabaman who previously has tangled with McCain. "We need to find out what these (guys) are going to fight for and die for."

Other senators said the role of endorsements in the Senate is overinflated.

"My biggest role in all of this is that I will have one vote in the Louisiana Republican primary," said Louisiana Sen. David Vitter, who has yet to make a decision on whom to support.

Still, Vitter didn't mind handicapping the race. "I think the nomination race is going to be focused on McCain and someone who will be the alternative to McCain," Vitter said. "And Romney has made a lot of headway towards becoming that alternative."

This is exactly, of course, what the Romney camp wants to hear.

Still, it recognizes the inherent strengths in the upper chamber, even for a senator whose had as many run-ins with colleagues as McCain.

"This is very much like 1988 where (former Sen.) Bob Dole was very much the Senate insider and any other candidate will have a hard time (picking up) endorsements," said a Republican strategist supporting Romney. The former governor, this source said, "is taking the George H.W. Bush role, trying to line up lots of House support," recognizing that those in the upper chamber are "either on McCain's side or frozen into neutrality."

Weaver, McCain's strategist, responded that they were also "well on track in the House" and "working it very, very hard." He also hinted that Romney's early cultivation of support from House members was more about perception than anything else.

"We're more concerned not so much as to influence the chattering class in Washington, but to influence voters."

Still, Weaver couldn't resist one dig at the former chief executive and chair of the Republican Governors Association. "How well are they doing among governors?" he asked of Romney's campaign.

To date, Romney has the support of only one of the nation's 22 GOP governors.

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by Paradise on 02.14.2007 at 10:55 PM

Senate endorsement don't mean very much to anyone but those inside the beltway. Most republicans have lost confidence in Senate republicans, and aren't going to look to any Senator for leadership on who to back for President.

by tashi on 02.14.2007 at 10:42 PM

He's done. Wishy washy guy who allowed himself to be swiftboated when the Bushies said his wife was a drug addict and adopted Bengladeshi daughter was really a black love child in 2000. Right, Mr. Integrity and straight talk? Mr. Wimp. Now he's just a lowbrow arsecreecher (German for brown noser, but more active. He actually wiggles around in there). And then ther eis his temper. Why didn't he express it when he had a right to be angry?

by Kasey on 02.14.2007 at 09:40 PM

McCain is getting to cozy with the far right. He had amazing lefty support in 2000 that has disappeared.

by polarbear on 02.14.2007 at 07:52 PM

Senate endorsements are more important during the primary season, and perhaps more important for Republicans. Still, thinking about the order in which things have to occur, McCain cannot win the Republican primary without securing the support of the Republican base. But then, McCain cannot win the general election without attracting substantial crossover votes from Democrats. Especially in this election cycle, the more successful he is at one, the less successful he will be at the other. McCain's support for the surge would have to be rewarded by events for McCain to attact many crossover votes.

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Reagan Library To Host GOP Debate In May (AP)

By Brooke Donald

AP, February 15, 2007

(AP) Always fond of invoking Ronald Reagan, the 2008 crop of Republican candidates will get a prime chance to associate themselves with the Gipper's legacy. Former first lady Nancy Reagan said Wednesday she was inviting the leading GOP candidates to the first-ever debate at her husband's library in Simi Valley.

The Ronald Reagan Presidential Library plans to host the debate on May 3. It will feature questions submitted through a Web site.

"Ronnie always hoped the library would be a place where policymakers will debate the future," Nancy Reagan said in a statement. "This presidential debate provides the opportunity to fulfill his wishes."

Debate participants were not immediately announced. Nearly a dozen Republicans have announced their candidacies or have indicated they are considering a bid for the nation's top job. The early front-runners include Arizona Sen. John McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney.

The debate will be moderated by MSNBC and aired on the cable news channel, as well as simulcast online through the Web site of The Politico newspaper, Politico.com.

People watching online will be able to submit questions to the candidates via the site, according to a release on Politico.com.

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COLUMBIA, S.C. (AP) _ House Majority Whip Jim Clyburn, one of the most powerful Democrats in South Carolina politics, will not endorse a presidential candidate during the 2008 primaries as part of a promise made months ago to party leaders.

"I'm staying out of it," Clyburn told The Associated Press this week as several Democratic White House hopefuls prepared to visit his home state.

Clyburn did much of the arm twisting that landed South Carolina's January 2008 primary ahead of every other state except Iowa, New Hampshire and Nevada.

"I used a lot of political capital keeping that primary in South Carolina when two other states went after that," Clyburn said. "I promised people at that time that if they were to come to South Carolina and participate in that primary I would not participate in any effort." He said he wanted to ensure all candidates "have a fair shot at winning the state."

An endorsement from the former chairman of the Congressional Black Caucus and the state's senior member of Congress could carry a lot of weight in South Carolina, where 49 percent of primary voters are black. In 2004, Clyburn endorsed Dick Gephardt before his longtime colleague quit the race; he then backed John Kerry. Former Sen. John Edwards, a South Carolina native, won the state primary.

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WASHINGTON (AP) _ Democratic presidential candidate John Edwards said Wednesday that he would immediately pull about a third of U.S. combat troops out of Iraq if he were president.

Congress should also cut military funding to force President Bush to do so, Edwards said.

Edwards is going a step farther than rivals Hillary Rodham Clinton and Barack Obama, who want to cap the number of troops in Iraq to prevent Bush's increase, but are reluctant to cut funding while soldiers are on the ground.

"At this point, the escalation is under way, so blocking it is not enough," Edwards told reporters in a conference call. "So what I'm doing today is calling on Congress to take the next step, which is to cap funding."

Edwards spoke as the Democratic-controlled House of Representatives debated a measure opposing Bush's decision to send 21,500 troops to Iraq to help the 130,000 that were already there at the beginning of the year. Edwards said the non-binding resolution being debated is not enough.

Edwards proposed capping troops at 100,000 and says all combat forces should be out of Iraq within 12-18 months.

However, Edwards said he would not go as far as another Democratic primary rival, former Iowa Gov. Tom Vilsack, who wants Congress to cut off funds to end the war. Edwards said the war needs to end in a "smart, orderly way."

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WASHINGTON (AP) _ Illinois Sen. Barack Obama has a staunch defender for his presidential bid in his wife, Michelle, who won't stand for any criticism of her husband.

Michelle Obama says it's his time to run, even though others have questioned whether a first-term senator is ready to be president.

"We've heard this spewed from the lips of rivals," the candidate's wife told about 1,000 donors at a Chicago fundraiser Sunday night. "Every phase of our journey, he is not experienced enough, he should wait his turn. He is too young, he is not black enough, he is not white enough ... he is too articulate.

"Don't be fooled by these claims because they are mere distractions," she continued. "Distractions to keep us focused once again on what is not possible. Distractions that keep us mired in fear so that we are unable to focus on the real issues that are dragging us down as a nation. What we need right now is a leader. And a leader is more than a set of finite experiences."

She said that only in politics would insiders look at her husband's resume _ a Harvard-trained lawyer, best-selling author and former state senator _ "and dare to have the audacity to say he is not ready."

Mrs. Obama said she is excited about the campaign and aware that "politics is a full contact sport."

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BOSTON (AP) _ Republican Jane Swift, the Massachusetts governor who preceded Mitt Romney, is endorsing one of his top rivals for the party's presidential nomination _ Sen. John McCain.

"Senator John McCain is a principled leader whose unwavering determination to improve the lives of Americans is admirable," Swift said of the Arizona Republican in a statement issued by his presidential exploratory committee.

Swift, then lieutenant governor of Massachusetts, became acting governor in 2001 after Paul Cellucci resigned to become U.S. ambassador to Canada. She had been planning her own gubernatorial campaign in 2002 when Romney returned to Massachusetts from the Olympic Winter Games in Utah and made clear he planned to seek the GOP nomination.

A year earlier, he had said he would not challenge Swift, labeling her the party's "standard-bearer."

Down in the polls, Swift ended up stepping aside after political missteps that included using aides to baby-sit and a high-profile clash over a proposed highway toll increase.

Romney was the fourth in a series of Republican governors who led Massachusetts from 1991 through 2006. The first, former Gov. William F. Weld, has endorsed Romney. Cellucci has endorsed former New York mayor Rudy Giuliani.

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VIRGINIA BEACH, Va. (AP) _ Republican presidential candidate Mitt Romney will speak at the commencement at Regent University, the school founded by religious broadcaster Pat Robertson.

Romney will address the graduates on May 5.

Robertson has not endorsed Romney, and Regent University does not endorse political candidates, Regent spokeswoman Sherri Stocks said.

"At Regent, we often invite a variety of leaders to speak to our campus," Stocks said.

Founded in 1978, Regent has some 5,000 students studying on campuses in Virginia Beach and Washington, D.C., and also via online distance education.

Last year, Sen. John McCain, another Republican hopeful, spoke at Jerry Falwell's Liberty University.

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Giuliani, Saying He Is Running For President, Offers His Views On The War In Iraq (NYT)

By Richard Pérez-peña

The New York Times, February 15, 2007

Rudolph W. Giuliani yesterday removed any lingering doubts that he was running for president, and, without mentioning President Bush by name, offered pointed criticism on how the Iraq war has been handled.

He said that the United States went to war with far too few forces and was wrong to dismantle Saddam Hussein's military and government, and he conceded that if more information had been available about Iraq's weapons, Congress never would have approved the war.

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Mr. Giuliani has behaved like a presidential candidate for months, forming an exploratory committee, raising money, building a campaign staff and making appearances around the country. But until now, he has repeatedly stopped short of a definitive statement of his intentions — even joking about his nondeclarations in recent days.

Republican activists and consultants, citing his early withdrawal from the 2000 Senate race, said he needed to put to rest fears that he might not follow through. But in characteristic fashion, Mr. Giuliani said he would do things on his own timetable.

But on "Larry King Live" on CNN yesterday, Mr. Giuliani twice said, "Yes, I'm running," according to a transcript provided by CNN before the interview was broadcast. Asked if he would make a formal announcement of the kind favored by other candidates, he said, "I guess you do."

On the issue that looms largest over the campaign, Iraq, Mr. Giuliani used the interview to offer a harsh assessment of the Bush administration's decision-making. His comments more closely aligned him with his chief rival in Republican primary polls, Senator John McCain of Arizona, who has supported the war, as Mr. Giuliani does, but has criticized its conduct.

"I would remove Saddam Hussein again," Mr. Giuliani said. "I just hope we'd do it better and we'd do it in a different way."

Most important, he added, the United States, which has had 120,000 to 160,000 troops at a time in Iraq, should have gone in with "maybe 100,000 to 130,000 more."

In addition, "I would have us not disband" the Iraqi military or purge the government of Baath Party members, because "that meant getting rid of the entire civil service," he said, adding: "The country had no infrastructure."

"There was a real doubt as to whether we could do this nation building," he said, and as it has turned out, "we're not going to do it."

Mr. Giuliani has often stood closely by the president on national security issues since the attacks of Sept. 11, 2001, and yesterday declined to blame the administration or any official by name. "Of course there were mistakes," he said. "Lincoln made mistakes. Roosevelt made mistakes. Eisenhower made mistakes."

Mr. King asked if Mr. Giuliani would agree that the Senate would have voted unanimously against the war if it were known that Mr. Hussein did not have weapons of mass destruction.

"Yes, I guess," he said, but he added that such a vote would say nothing about whether the war was right.

Leaving Iraq now would give neighboring Iran "a major, major ability to expand their activities," he said.

He added, "Two Shiite countries right next to each other, slaughtering, you know, where one group at least is slaughtering Sunnis."

Western intelligence services have attributed most of the violence in Iraq — against both Americans and other Iraqis — to Sunnis, although the role of Shiite militias has grown.

Campaigning for other Republicans last year, Mr. Giuliani offered a full-throated defense of the war and said that Democrats simply did not understand the threat posed by terrorists. As recently as last weekend, speaking to the California Republican Party, he said that the nation was fortunate to have a leader as decisive as Mr. Bush, who Mr. Giuliani said understood what was at stake.

But in the last month, Mr. Giuliani has tempered that support by saying that Americans must be prepared for the idea that the war will not go well, even with the president's recent addition of 21,500 more troops.

"I'm not confident it's all going to turn around," he said yesterday. "Who knows that? I mean, you never know that in the middle of the war. I'm confident that we have to try to make a turnaround and we just can't walk out."

Most Republicans still support the war, polls show — as do their party's three leading presidential candidates, Mr. McCain, Mr. Giuliani and Mitt Romney, the former Massachusetts governor — but most independent voters and Democrats oppose it.

Mr. Giuliani's warnings of setbacks and criticism of war planning could serve him well politically if things continue to go badly in Iraq.

On abortion, an issue that sets him apart from much of his party, he declined to say whether it would bother him if the Supreme Court were to overturn the landmark decision Roe v. Wade.

"I don't think it would hurt me or help me," said Mr. Giuliani, who has long said he favored keeping abortion legal. "It would be a matter of states making decisions."

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He has said lately that he would appoint “strict constructionists” to the bench, a phrase taken by many conservatives — and, yesterday, by Mr. King — to mean judges who would not support the Roe decision.

“I don’t know that,” he said. “You don’t know that.”

When Mr. King asked him to define what a strict constructionist is, Mr. Giuliani said, “There are a lot of ways to explain that,” and did not elaborate.

Rudy Confirms: 'I'm Running' (NSDY)

By Craig Gordon

Long Island Newsday, February 15, 2007

WASHINGTON -- All that's left now to make it official is a throng of sign-waving supporters in a made-for-TV setting.

Rudolph Giuliani Wednesday night finally gave the two-word confirmation he had resisted for a week -- "I'm running" -- for president, that is.

Even veteran broadcaster Larry King wasn't exactly sure what he heard, since Giuliani had come up with several different formulations in the last week that came oh-so-close to saying the same thing.

"So, you're running?" King asked for a third time.

"Yes, I'm running," Giuliani said.

So the only suspense now is about the where and when of a full-fledged announcement.

Democrat Hillary Rodham Clinton used a Web video. Barack Obama traveled to the land of Abraham Lincoln on Saturday and addressed supporters in freezing temperatures. Republican Mitt Romney went to Michigan -- plenty far from Washington (he's running as an outsider). John McCain hasn't declared.

At least one politico has suggested Ground Zero, certainly a central part of Giuliani's campaign but also politically risky, looking too much like politicizing the nation's worst tragedy.

Giuliani To Seek Advice From FEC About Speaking Fees (WP)

By John Solomon And Matthew Mosk

The Washington Post, February 15, 2007

Former New York mayor Rudolph W. Giuliani has continued to make paid speeches at a standard fee of $100,000 since forming his presidential exploratory committee last November, mixing personal business with campaigning in a way many of his rivals in the race cannot.

Presidential candidates who are not federal officeholders are allowed to take money for speeches, as long as they are not raising campaign money at the event, distributing campaign material or delivering an overtly political speech.

But campaign aides said yesterday he will wait to collect his fee for a speech he gave last night until his campaign has discussed the arrangement with the Federal Election Commission and determined how best to handle a handful of speaking engagements already scheduled through the spring.

Giuliani, who has filed an official statement of candidacy with the FEC but has not formally entered the race, spoke in San Diego at a seminar also headlined by famed motivational speaker Zig Ziglar and football coach Marty Schottenheimer. His talk was titled "Courage Without Compromise." Giuliani's aides said he will not accept any more requests for paid speeches.

"Mayor Giuliani is committed to traveling across the country to talk to voters about his vision for the future of the country," campaign spokeswoman Katie Levinson said. "All decisions about his schedule will be made based on what makes sense as he moves toward making an official announcement about a run for the presidency."

Past speechmaking by presidential candidates has attracted the attention of election regulators. In 2003, Democrat Wesley K. Clark returned money for motivational speeches after published reports questioned whether the payments amounted to improper campaign contributions.

Clark said yesterday that he believed his speech fees were legal but ultimately gave them back to avoid giving opponents an issue, and that he worries that putting such fees off limits only hurts candidates who are not wealthy or members of Congress.

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"I don't have any problem with Rudy Giuliani giving paid speeches, and I think it is important for America to have a way for people to run for national office without being independently wealthy or taking time out from their constituents. And earning a living with paid speeches is one way to do it," he said. "I just lived off savings, and every month the bank balance went down."

Senators in the presidential field, such as Hillary Rodham Clinton (D-N.Y.), John McCain (R-Ariz.) and Barack Obama (D-Ill.), are prohibited by Senate ethics rules from accepting speaking fees.

"Federal officeholders have the ethics rules and honoraria restrictions that apply to them. And state officeholders often face strict limits on accepting fees. So it is true that those people who are in private sector have more latitude to speak in private settings," Michael Toner, an FEC commissioner, said yesterday.

Former Massachusetts governor Mitt Romney (R) and former senator John Edwards (D-N.C.), who like Giuliani are private citizens, have not accepted speaking fees since joining the presidential race, their campaigns said.

Edwards, "actually canceled a paid appearance that had been scheduled long before he became a candidate," spokeswoman Kate Bedingfield said.

Yesterday's San Diego speech came at the end of a five-day campaign swing though California. The event was closed to the news media, though the public could attend for as little as $4.90 a ticket, according to the promotional materials.

Two weeks ago, Giuliani gave a similar speech in Atlanta at a seminar that also featured former secretary of state Colin L. Powell. In coming weeks, Giuliani is scheduled to speak in Delaware, Houston and several other venues, according to Internet advertisements released by his promoter, Get Motivated Seminars.

The former New York mayor has made a profitable career of speaking at seminars around the world. Eric Money, a recent Oklahoma State University graduate, arranged to bring Giuliani to the school last March for $100,000 and, as is customary, agreed to fly the mayor to town on a corporate jet, for an additional $47,000.

"He cost a lot of money, obviously, and some people were surprised at that, and a little taken aback," Money said yesterday. "But he's a big name and was a possible presidential contender, and in the end, I thought his whole leadership message was very appealing."

Money said his only regret about the speech was that Giuliani did not shed any light on his presidential ambitions, or about his views of the 2008 campaign.

No Apology Needed (NYT)

By David Brooks

The New York Times, February 15, 2007

Far be it from me to get in the middle of a liberal purge, but would anybody mind if I pointed out that the calls for Hillary Clinton to apologize for her support of the Iraq war are almost entirely bogus?

I mean, have the people calling for her apology actually read the speeches she delivered before the war? Have they read her remarks during the war resolution debate, when she specifically rejected a pre-emptive, unilateral attack on Saddam? Did they read the passages in which she called for a longer U.N. inspections regime and declared, “I believe international support and legitimacy are crucial”?

If they went back and read what Senator Clinton was saying before the war, they’d be surprised, as I was, by her approach. And they’d learn something, as I did, about what kind of president she would make.

The Iraq war debate began in earnest in September 2002. At that point Clinton was saying in public what Colin Powell was saying in private: emphasizing the need to work through the U.N. and build a broad coalition to enforce inspections.

She delivered her Senate resolution speech on Oct. 10. It was Clintonian in character. On the one hand, she rejected the Bush policy of pre-emptive war. On the other hand, she also rejected the view that the international community “should only resort to force if and when the United Nations Security Council approves it.” Drawing on the lessons of Bosnia, she said sometimes the world had to act, even if the big powers couldn’t agree.

She sought a third way: more U.N. resolutions, more inspections, more diplomacy, with the threat of force reserved as a last resort. She was triangulating, but the Senate resolution offered her a binary choice. She voted yes in order to give Powell bipartisan leverage at the U.N.

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This is how she's always explained that vote, and I confess that until now, I've regarded her explanation as a transparent political dodge. Didn't everyone know this was a war resolution? But now, having investigated her public comments, I think diplomatic leverage really was on her mind. I also know, from a third person, that she was spending a lot of time with Powell and wanted to help.

On Nov. 8, 2002, the Security Council passed a unanimous resolution threatening Saddam with "serious consequences" if he didn't disarm.

The next crucial period came in March 2003, as the U.S. battled France over the second Security Council resolution. Clinton's argument at this point was that inspections were working and should be given more time. "It is preferable that we do this in a peaceful manner through coercive inspection," she said on March 3, but went on, "At some point we have to be willing to uphold the United Nations resolutions." Then she added, "This is a very delicate balancing act."

On March 17, Bush gave Saddam 48 hours to disarm or face attack. Clinton tried to be critical of the Bush policy while being deferential to the office of the presidency. She clearly had doubts about Bush's timing, but she kept emphasizing that from her time in the White House, she knew how unhelpful it was for senators to be popping off in public on foreign policy.

At one press event in New York, she nodded when Charles Rangel said Bush had failed at the U.N. But when reporters asked Clinton to repeat what Rangel had just said, she bit her tongue. On March 17, as U.S. troops mobilized, she issued her strongest statement in support of the effort.

Clinton's biggest breach with the liberal wing actually opened up later, in the fall of 2003. Most liberals went into full opposition, wanting to see Bush disgraced. Clinton — while an early critic of the troop levels, the postwar plans and all the rest — tried to stay constructive. She wanted to see America and Iraq succeed, even if Bush was not disgraced.

When you look back at Clinton's thinking, you don't see a classic war supporter. You see a person who was trying to seek balance between opposing arguments. You also see a person who deferred to the office of the presidency. You see a person who, as president, would be fox to Bush's hedgehog: who would see problems in their complexities rather than in their essentials; who would elevate procedural concerns over philosophical ones; who would postpone decision points for as long as possible; and who would make distinctions few heed.

Today, the liberal wing of the Democratic Party believes that the world, and Hillary Clinton in particular, owes it an apology. If she apologizes, she'll forfeit her integrity. She will be apologizing for being herself.

GOP Hopes To Catch A Wave In California (POL)

By Mike Allen

The Politico, February 15, 2007

During a swing through Northern California this week that included a close encounter with a mechanical milker, former New York Mayor Rudy Giuliani snitched a bite of blackened chicken quesadilla off a woman's plate at Mimi's Diner in Fresno.

In Southern California next week, Sen. John McCain, R-Ariz., will appear in the Los Angeles area with Gov. Arnold Schwarzenegger to promote his climate-change policies and talk about how they can be taken national.

Both stops are precursors of a seismic shift taking shape in presidential politics -- California as a top priority for Republicans.

The nation's largest state has always been a sunny ATM for presidential candidates of both parties. In 2004, President Bush got 10 percent of his campaign funds there and Sen. John F. Kerry, D-Mass., got 20 percent, according to the Center for Responsive Politics.

But at the polls, the Golden State has been resoundingly Democratic. In the four general elections since 1992, the Republican presidential nominee has lost California every time, by 11 to 13 percentage points. Bush campaigned there vigorously in 2000 and 2004, with his strategist Karl Rove telling reporters, "If you play in the state, all kind of things are possible."

Still, no one would call California a swing state.

This year though, the state suddenly looks alluring to Republicans -- and not just for the cash or dreams. The Republican presidential campaigns are suddenly giving the state intense attention for two reasons:

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* California is poised to move its presidential primary from June, when it was irrelevant, up to Feb. 5, creating a potential jackpot near the start of the nominating contests.

* Giuliani and McCain are pro-business candidates with moderate images in the mold of Schwarzenegger, a Republican who easily won re-election in November. Golden State experts say that if either one heads the GOP ticket, he could put the state in play for the general election -- a seismic change in an electoral map where the same states get disproportionate attention in election after election.

McCain's chief strategist, John Weaver, sees California as "a golden opportunity for the GOP to reclaim the national mantle," and asserts that Arizona senator "is the one guy who can do this while holding the base together."

McCain has been lobbying state legislators to move up the primary and has hired top members of his strategy, field, advertising and communications teams from Schwarzenegger's re-election campaign last fall.

McCain's backers believe his Western philosophy, appeal to Hispanics and rapport with military families and retirees will pay off as well.

"Even if the Democrats just had to battle it out and spend dramatic resources and time out there, that would be a psychological victory," said a Republican strategist familiar with McCain's plans. "But that's not why we would do that. We want to win it."

He'll have to become the nominee first, though, and California could be decisive in the primaries.

Giuliani just finished a four-day swing through the state, drawing a giddy reception from 850 Republicans at the state party's convention and making Iowa-like retail stops, including a stroll through a farm equipment show with the reigning Dairy Princess.

California is already a milestone in his campaign, because it was there that he told reporters offhandedly last weekend that he was "committed" to the race, his most definitive comment yet about his presidential intentions.

The man known as "America's mayor" will have field directors and a political director just for California and is already announcing endorsements, including Rep. David Dreier, R-Calf., who until January was chairman of the House Rules Committee and has tentacles throughout the state.

"The response to the mayor's message has been nothing short of exciting," said Katie Levinson, communications director for Giuliani's exploratory committee. "There is a sense of enthusiasm about him as a candidate that has really been fantastic."

Both McCain and Giuliani are working hard in high-tech Silicon Valley and the agricultural Central Valley. "The key is that California is fundamentally a Western state, except for Los Angeles and Hollywood," said a Republican strategist following the race closely.

A notable exception, however, is California voters' overwhelmingly support for abortion rights. If Schwarzenegger had been anti-abortion, analysts agree, he probably would not have been elected.

Polls in California, like everywhere this early, are mostly a reflection of name recognition. A poll of 600 likely California Republican primary voters, conducted by American Research Group from Jan. 11 to 17, placed Giuliani at 33 percent, former House Speaker Newt Gingrich of Georgia at 19 percent and McCain at 18 percent. Former Massachusetts Gov. Mitt Romney was at just 3 percent. The margin of error was plus or minus 4 percentage points.

Undaunted by the poll, Romney's press secretary, Kevin Madden, vowed that the former governor will "have the organization established and the financial resources required to compete successfully in every district across California."

The state moved closer to center stage Tuesday when its Senate passed a bill moving the primaries for both parties to Feb. 5, very shortly after the Iowa caucuses on Jan. 14 and the New Hampshire primary on Jan. 22. Assembly Speaker Fabian Nunez said he expects to get the measure to the governor's desk within 10 days. And Schwarzenegger, a strong backer of the earlier primary, has vowed to provide local election officials with the additional resources they'll need.

"We hope all the candidates will come to California and do more than just take our money," said Bruce Cain, director of the Institute of Governmental Studies at the University of California at Berkeley. And looking toward the general election, the professor added: "A socially moderate Republican, under the right conditions, could be very competitive in California."

New York legislative leaders are also talking about moving their primary up a month to Feb. 5, and New Jersey officials are talking about doing the same, meaning that a Mongo Tuesday could be in the works.

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In California, Cain said the biggest challenge for the GOP in the general election would be Iraq, and McCain's outreach to Christian conservatives could hurt him in a state never particularly beholden to the religious right. But the professor said Giuliani would have a strong shot if he follows the Schwarzenegger playbook.

"California is a blue state, but it's light blue," Cain said. "We know where the middle of the spectrum is in California."

He warned, though, that California has so many expensive television markets that the winnowing process may be faster and more brutal than in the traditional opening-round states. "Candidates will assess whether they have any chance whatsoever in California and not invest money if they don't," Cain said.

And Mark DiCamillo, director of the California-based Field Poll, provides a reality check by noting that Republican candidates have typically done 10 to 12 percentage points worse in California than nationally.

"If there's momentum for the Republican and weakness for the Democrat in California, it would be exhibited even more across the country," DiCamillo said. "California would be the least of the Democrats' concerns."

Click here to read about the upcoming MSNBC/Politico.Com GOP Debate at Reagan Library.

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by Hugh E. Scott on 02.14.2007 at 09:28 PM

If Rudy wins the GOP nomination (don't hold your breath), Hillary will beat him in Sunny C, my home state.

Why? Because to become the Republican candidate, Rudy will have to move too far right for most Californians, a lesson learned by Arnold after he became governor.

On the other hand, no matter what position John McCain takes on the issues, he will crush Slick Willie's slick understudy. It's all about INTEGRITY -- not exactly her long suit (or Rudy's, for that matter).

Hugh E. Scott, Vietnam veteran, ex-USAF pilot, lifelong registered Republican, Goldwater conservative, McCain supporter in 2008, author of "George Dub-ya Bush, THE PHONY FIGHTER PILOT" and the creator/editor of the investigative website, www.King-George.biz

by agberg on 02.14.2007 at 08:07 PM

If Mr. Giuliani fails to win the GOP nomination, I think George Bush would do well to consider sending him as a special envoy to Baghdad.

Rudy obviously relishes -- and seems to cultivate -- his reputation as an urban tough guy. What better way to see if this reputation is deserved?

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Edwards Stakes Out His Turf On Iraq Policy (HILL)

By Elana Schor

The Hill, February 15, 2007

Former Sen. John Edwards (D-N.C.) yesterday jumped back into the Iraq debate with more specifics on how the U.S. should extricate itself from the region, casting himself as the 2008 presidential contender most opposed to the war.

Edwards called on his former colleagues to go further than their non-binding criticism of President Bush's "surge" plan, recommended a lower troop ceiling than other Democrats have and charged that the original congressional authorization no longer applies to the war.

In an Iraq debate increasingly directed by sitting members and 2008 contenders such as Sens. Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.), the 2004 vice presidential candidate, who supports a funding cutoff for the Iraq "surge," also said he would not support such a cut-off for existing operations.

"I believe we need to end the war in Iraq, but I believe it should be done in an orderly way, a smart way, so that we increase the chances of stability as we're leaving," Edwards told reporters. "So I'm not for immediate and total withdrawal."

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Edwards's latest plan for Iraq includes a readiness standard similar to one House Democrats and anti-war groups are drafting as a follow-up to this week's non-binding resolution. Under the Edwards proposal, Congress would block troops from leaving for Iraq without adequate training and equipment.

The Carolinian has "done a good job articulating his critique," according to Tom Matzzie of MoveOn.org Washington, a leader of the anti-war coalition marshaling support for the readiness standard. Yet Matzzie said Edwards faces significant challenges in aiming to influence policy on which he cannot vote: "Most people are focused like a laser on the fight in Congress. … Democrats have this narrow hold on power that we want to leverage."

Edwards's strategy earned a rapid rejoinder from ex-Iowa Gov. Tom Vilsack's (D) campaign, which interpreted the opposition to ending the war through immediate de-funding — Vilsack's preference — as a compliment.

"Sen. Edwards bluntly acknowledged today that Tom Vilsack has the strongest plan to end the war in Iraq," Vilsack spokesman Josh Earnest said in a statement. "Capping troop levels in Iraq is nothing more than staying the course with a Bush-led military strategy that has failed our troops and failed our country."

Clinton, Obama, Sen. Chris Dodd (D-Conn.) and other Democratic White House aspirants have proposed a pre-surge-level troop cap of about 130,000 soldiers to prevent Bush from deploying more combat forces. Edwards yesterday said added forces already have begun work in Iraq, diminishing the impact of such caps. He suggested a troop ceiling of 100,000.

That number is consistent with a previous vow Edwards made to withdraw immediately about 40,000 troops should he win the presidency. He also contended that the 2002 war authorization, for which he voted but has since apologized for approving, no longer covers Bush's continued presence in Iraq.

Democrats should force Bush "to come back to Congress to seek additional authority, which I don't think he'll get," Edwards said. He said that removing Saddam Hussein from power and disarming weapons of mass destruction — which Iraq did not possess — were the missions that lawmakers authorized in 2002.

By contrast, Clinton last week characterized her own vote to authorize as a granting of leverage for weapons inspectors to enter Iraq, but not an approval of preemptive conflict. In a speech last month, she proposed requiring a new congressional authorization if the Bush administration does not meet a broad set of benchmarks for stability in Iraq.

Dodd and Sen. Edward Kennedy (D-Mass.), whom Edwards name-checked yesterday, previously had asserted that the 2002 authorization does not apply to the current mission in Iraq, as had Rep. Tom Allen (D-Maine), who is considering a challenge to Sen. Susan Collins (R-Maine).

"The original mission Congress authorized … is no longer operative," Allen said during a floor speech last week.

Kaine To Back Obama's Bid For Democratic Nomination (WP)

By Michael D. Shear

The Washington Post, February 15, 2007

RICHMOND, Feb. 14 -- Virginia Gov. Timothy M. Kaine (D) plans to endorse Sen. Barack Obama for president Saturday, pledging early support from a Southern Democrat as the Illinois senator begins his campaign for the White House.

Kaine will sign onto Obama's presidential team ahead of the senator's appearance at the Virginia Democratic Party's annual fundraiser Saturday night, according to sources familiar with Kaine's decision. The sources spoke on condition of anonymity because they do not want to preempt the formal announcement.

Kaine's press secretary, Kevin Hall, declined to confirm the governor's intentions. A spokesman for Obama was not immediately available for comment Wednesday. Asked about Obama, Kaine grinned and said, "It's going to be a great day Saturday."

Kaine, who like Obama is a Harvard-educated civil rights lawyer, has made no secret of his admiration for the senator. Obama campaigned for Kaine in 2005 and joined him on the stump last year on behalf of U.S. Sen. James Webb (D). Obama's mother was from Kansas, where Kaine grew up.

In an interview with Washington Post editors and reporters last month, Kaine praised the other Democrats running for the 2008 presidential nomination as being part of "a deep field." He spoke effusively about Obama's personal charisma and abilities.

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"Sen. Obama is just in a completely different category than anybody I've ever stood on a stage with," Kaine said in the Jan. 31 interview. "There is just a feeling of, you know, kind of a projection of hope on him from an audience that is just unreal. It's unreal."

Kaine said his time on the campaign trail with Obama has convinced him the first-term senator "is a person who has been through experiences that have given him sound judgment."

Shaun Kenney, a spokesman for the Republican Party of Virginia, said Kaine's endorsement of Obama would be in keeping with the political principles of both men.

"I don't think it's surprising that a governor who has proposed billion-dollar tax increases will endorse one of the most liberal members of the United States Senate," Kenney said Wednesday.

For Obama, an endorsement by Kaine on Saturday is an early victory in the competition for critical support among the nation's governors and in the South.

Virginia has for years been a Republican bastion for presidential candidates. But the victories of Kaine, Webb and former governor Mark R. Warner (D) have convinced many in the party that the state could be up for grabs in the 2008 election.

"Pundits might not say it's a complete tossup," Kaine said. "I just don't think it's a state to be taken for granted. And I don't think any smart presidential candidate will take it for granted."

Kaine had declared his intention to support Warner's presidential bid before his predecessor bowed out of the race late last year. In the recent Post interview, Kaine joked that Warner's decision opened the floodgates of interest from Democratic candidates.

"I had a complete pass and nobody was bugging me as long as Mark was running," Kaine said. "Since Mark got out, yeah, people have called me."

Kaine's decision to declare his intentions about Obama's candidacy almost a year before the first presidential primaries departs from recent tradition in Virginia. Warner endorsed Sen. John F. Kerry (D-Mass.) just a few days before the Virginia presidential primary, which Kerry won.

Also, it sets him at odds with some of his former political advisers. Kaine's 2005 campaign manager, Mike Henry, is the deputy campaign manager for Sen. Hillary Rodham Clinton's presidential bid. Mo Elleithee, who was communications director for Kaine's campaign, is also working for Clinton (D-N.Y.).

Making the announcement Saturday allows Kaine to tap into Obama's popularity among Virginia's Democratic activists.

Obama's speech at the Jefferson-Jackson Day dinner is expected to attract more than 3,000 Democrats to the Greater Richmond Convention Center, more than double the record for the event's history, according to state party officials.

Barack Obama's On-Point Message Man (WP)

By David Montgomery

The Washington Post, February 15, 2007

On Saturday in the Lincolnesque setting of Springfield, Ill., when Barack Obama delivered his full-throated appeal to the ideals of a new generation, a lot of sharp players of the political game thought they detected something Axelrodesque.

All those "Let us" sentences in the middle, as in, "Let us be the generation . . . " -- "That's Axelrod," thought political strategist Donna Brazile.

The clever rhetorical judo of Obama's oft-quoted line, "I know that I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change!" -- "That seemed very classic Axelrod," said David Wilhelm, former chairman of the Democratic National Committee.

Nineteen months to the presidential election, and already the campaign has an A-Rod!

He is David Axelrod, a former newspaper reporter who has worked on past campaigns for no fewer than five of the Democrats racing to the White House, a form of political ubiquity that only enhances his reputation. This time, he's with Obama.

A measure of his status in the top tier of Democratic spinners, scripters and fixers is that when his peers detect something subtle and good, they presume Axelrod must have had a hand in it.

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Of course Axelrod won't take credit for specific lines. Consultants are supposed to stay in the background. "One thing I came to realize early in the process of working with Barack was, he was always going to be the best writer in the room," Axelrod says. "If you appreciate words and the power of them, he's a wonderful person to work with. . . . I'd say 80 percent of what he did on that platform on Saturday was in that initial draft," which Obama had e-mailed to Axelrod at about 4 a.m. Thursday.

"It's more a matter of riffing back and forth than it is of my delivering any particular piece of this," Axelrod says.

Spoken like a true consultant: Indispensable, invisible.

A candidate's media consultant is the resident storyteller, the finicky language guy, the message masseur. His job is to convey the candidate to the world. Television advertising is still king, but nowadays there are so many channels of presentation, from choreographed speeches and less formal jousting with reporters -- "You've been reporting on how I look in a swimsuit," scolded Obama -- to Internet pitches designed to make each voter at home in his pajamas feel special.

Campaigns are narratives annotated with policy discursions. Every candidate tells a story about who he is and why he runs. The consultant's job is to take that story and make it so engrossing that the voters won't be able to put it down.

"I wanted to win or lose based on who I am and not some concoction that somebody told me the public wanted," says Deval Patrick, whom Axelrod served in his successful race to become the first African American governor of Massachusetts last year, Patrick's first campaign. "I talked to a lot of different media consultants and so forth who were brought to me by some one who knew there was such a thing as a media consultant. Of all of them, David seemed to me to be the one most determined to respect my commitment to be myself."

"What he brings to the table," says Brazile, who watched Axelrod in action on Eleanor Holmes Norton's 1990 campaign for the District's delegate to Congress, "is the ability to help a candidate not only find their voice but also their roots. Their soul. David understands how to push through all the paper to get to the person."

Axelrod, 51, says he found a story he believed and thought voters would, too, when he and Obama, 45, became friends years ago, when the recent Harvard Law School graduate was in Chicago for a voter registration drive. He worked on Obama's 2004 Senate race.

Meanwhile, over the years Axelrod also made issue ads during Hillary Clinton's 2000 New York Senate race; served Tom Vilsack's 1998 and 2002 races for governor of Iowa; worked on Sen. Christopher Dodd's (D-Conn.) 2004 reelection; and worked on John Edwards's 2004 presidential race.

"I like each one of them," Axelrod says. The Edwards experience was a little awkward when Axelrod lost responsibility for making ads but continued as a campaign spokesman. Axelrod says there were tensions not with Edwards but with others inside the campaign whom he declined to identify. A spokesman for Edwards said he had nothing further to add to Axelrod's account.

After the heady blur of Obama's three-day "announcement tour" in Illinois, Iowa and New Hampshire, with those made-for-TV images of the candidate in all his fired-up handsomeness addressing adoring crowds -- Can any campaign ever match the horizonless possibilities of Announcement Day? -- a more difficult phase has begun.

The media are already getting cranky, clamoring for programmatic specifics, seizing on the gaffe about "wasted" lives of soldiers killed in Iraq.

Axelrod skipped the New Hampshire leg of the tour and returned to his Chicago office to edit videos from the tour for uploading to the candidate's Web site.

The former Chicago Tribune newsman says he still appreciates the role of the media. But he is also helping to guide a campaign that is finding ways to sidestep the media in ways that Richard Nixon and Bill Clinton could only fantasize about. Like his rivals, Obama is using the Internet ever more elaborately, inviting supporters to blog, interact and create their own "my.barackobama.com."

"There's an awareness that we have this channel, and we can talk in a direct and unfiltered way to our supporters," Axelrod says. "We're just in many ways introducing Barack to the American people." And then, purposely or unconsciously, he reveals that the storytelling is a battle: "We will be deploying all the possible avenues for doing that."

* * *

Media consultants, like their candidates, have their personal narratives. Axelrod's goes something like this:

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He grew up middle class in New York City, where he remembers being 5 years old and hoisted onto a mailbox to watch John F. Kennedy at a campaign rally for president. At 9 he handed out leaflets for Bobby Kennedy's New York Senate run. He remembers the thump of the newspaper landing outside his apartment door.

He attended the University of Chicago because he could think of no better political town.

While he was in college, his father, Joseph, a psychologist who at the age of 9 had helped other children escape the pogroms of Eastern Europe, committed suicide.

Two days after graduation, he started at the Chicago Tribune. He became a political writer, columnist and city hall bureau chief, feasting on the brash shenanigans of his adopted home town. In one column he observed, "Insults have always been a staple of Chicago politics. The town has a rich history of name-calling. Charges of thievery, homosexuality and dementia all have been part of the high-level political debate in recent years."

But he felt the "sense of mission" draining out of journalism in the 1980s, and a business mentality beginning to take hold. Also, "I thought I might tire of chasing people down the hall to get them to tell me what I already knew." He watched the bow-tied idealist Paul Simon emerging as a Senate candidate in 1984, and thought, "This is the kind of guy who inspired me."

After that first campaign, which he co-managed with Wilhelm, he worked on Harold Washington's reelection campaign for Chicago mayor. One of his steady clients is current mayor Richard M. Daley, expected to win easy reelection to a sixth term later this month despite a City Hall corruption scandal in which Daley has not been implicated.

In the Obama race, Axelrod watchers detect a man on a mission. That is classic Axelrod as well.

"He has fairly strong feelings about why he's in politics and an idealistic streak that we consultants like to think we can keep," says Anita Dunn, a Democratic political strategist. "I think he has kept it."

Not that Axelrod is a softy. "He goes negative when negative is required," says Wilhelm.

In his 1996 memoir "Bare Knuckles and Back Rooms," Ed Rollins, the Republican strategist, put Axelrod at the head of a list of "Guys I Never Want to See Lobbing Grenades at Me Again."

In the tough 1999 race for mayor of Philadelphia, when Axelrod represented John Street against Sam Katz, an attack ad Axelrod oversaw was criticized in a Philadelphia Inquirer analysis for being "filled with unsubstantiated assumptions" that were "probably misleading." Axelrod says he remains "really comfortable with the attack we made." Street won the election.

Axelrod is conflicted about the profession he left journalism to enter. "I believe there is nobility in politics," he says. "I believe there is great good that can be done."

But in the next breath he adds: "I know my business and the technology of politics and polling and focus groups, all of what we do, in some ways contributes to an atmosphere of cynicism. I try to fight that. I can't say I'm totally blameless. I think everyone in this business has a hand on that bloody dagger."

Over the years he developed a sub-specialty in urban politics, particularly representing African American mayoral candidates, including Street, Anthony Williams in Washington, Dennis Archer in Detroit, Michael White of Cleveland and Lee Brown of Houston.

Through all the national political work, Axelrod says he was never tempted to leave Chicago, where he and his wife, Susan, raised their three children, now adults. He likes to quote Wilhelm saying upon leaving Washington, "I'm going back to Chicago where at least they stab you in the front."

Now he is charged, along with one of his partners, David Plouffe, Obama's campaign manager, with helping to convey another African American candidate to a wider public. Brazile says Axelrod has a gift for that sometimes delicate task.

"He understands the African American community must see themselves in the candidate, not just their successes, but also their struggle," Brazile says. "And David gets that. I think he spends a lot of time on the basketball court with brothers, because he understands the language and how to connect."

Indeed, Axelrod is a devoted pickup hoops player, with an excellent outside shot, but "don't pass to him if you ever expect to see the ball again," Wilhelm says.

The night Obama won his 2004 Senate primary, Axelrod checked the returns. Obama won the very same precinct where in 1983, a hostile mob of whites protested a visit to a Catholic church by Washington and presidential candidate Walter Mondale.

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"I said to [Obama] that Harold Washington is smiling down on us for the progress we've made," Axelrod recalled. "I'm not naive, I'm not Pollyanna-ish, I understand we still have racial tensions and divisions in our country. . . . One of the qualities that he brings is the ability to transcend some of these divisions, and I think America is ready for that."

Listen for that line as the story continues.

Abortion Foes Target Obama Because Of His Vote Record On Illinois Legislation (HILL)

By Sam Youngman

The Hill, February 15, 2007

Of the thousands of people who gathered in the plaza of the Old State Capitol in Springfield, Ill., for Sen. Barack Obama's presidential campaign announcement last Saturday, only a handful were protesters rather than supporters.

But there were 50 or so waving signs and chanting, "No abortion, no Obama." Their voices might become a consistent presence as the senator makes his way around the country in his bid to win the White House.

Abortion foes in Illinois, following the lead of registered nurse Jill Stanek, are targeting Obama (D-Ill.) for a number of "present" and "no" votes he cast on anti-abortion legislation during his time in the Illinois state Senate.

It is hardly unusual that a Democratic candidate would receive unfavorable attention from anti-abortion groups. But Stanek and other anti-abortion crusaders in Illinois are targeting Obama because he voted on a package of legislation collectively known as the Illinois Born Alive Infants Protection Act.

The legislation came about after Stanek, then a nurse at Christ Hospital in the Chicago suburb of Oak Lawn, witnessed late-term abortions "where babies were being aborted alive and shelved to die in the soiled utility room" of the hospital, in her words.

Stanek, who said she held one of those infants until it died after about 45 minutes, began reaching out to public officials, testifying before both state and national lawmakers.

From 2001 to 2002, Obama voted either "present" or "no" on the legislation. In his floor speeches at the time, he cited in particular his concerns about the constitutionality of the definition of a "born alive infant" and the inclusion of potential civil and criminal penalties for doctors in these situations. He also warned that the bill might compromise the relationship between a woman and her doctor.

The measure failed in the Illinois statehouse in both 2001 and 2002.

In one speech in the spring of 2001, Obama said he agreed in principle with the need to protect infants, but argued that the measure went too far in its definitions of fetal viability.

"This is an area where potentially we might have compromised and … arrived at a bill that dealt with the narrow concerns about how … a pre-viable fetus or child was treated by a hospital," Obama said at the time.

At the same time, similar legislation made its way through the federal process and was eventually signed into law by President Bush in August 2002 in Pittsburgh. Stanek, now a columnist for WorldNetDaily.com, attended the signing and was mentioned by Bush.

Separately, a Senate amendment to protect infants born alive during abortion was offered by then-Sen. Rick Santorum (R-Pa.) in 2001. It passed the Senate 98-0 with all current Democratic presidential hopefuls who were in the Senate at the time voting in favor, including Sens. Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.), Joseph Biden (Del.) and then-Sen. John Edwards (N.C.).

Sen. Barbara Boxer (D-Calif.) spoke on the measure on the Senate floor, saying, "I, as being a pro-choice senator on this side, representing my colleagues here, have no problem whatsoever with this amendment.

"I feel good about that," Boxer said. "I feel good that we can, in fact, vote for this together. It is very rare that we can."

Obama's campaign did not return calls for comment, but Pam Sutherland, president of the Illinois Planned Parenthood Council, said the Illinois legislation was misleading and a far cry from the Senate's legislation. Obama was aware of this difference, she added.

Sutherland noted that every medical group in the state was opposed to the state legislation, which would have opened the door to "civil suits and criminal charges" for doctors and led directly to an overall ban on abortions.

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"The legislation was written to ban abortion, plain and simple," she said. "Sen. Obama saw the legislation, when he was there, for what it was."

On the narrower issue of "born alive" infants, Sutherland said, Planned Parenthood of Illinois worked last year with the anti-abortion group, the Illinois Federation of Right to Life, to pass legislation that protects infants that survive abortion procedures.

But Stanek said Obama was the only state senator to speak out on the legislation, and his actions there are "just one demonstration of how liberal he is."

"Everybody in the pro-life movement is completely aware of what Obama stands for — how bad he is," she said.

Stanek, who was one of the protesters present at Obama's announcement, said she thinks anti-abortionists "may be more up in arms" over Obama's positions "than even Hillary Clinton's" because of "his extreme position" on this specific issue. But she said she knows of no concerted effort to single Obama out for his support of abortion rights.

Joseph Scheidler, the founder of the Chicago-based Pro-Life Action League who helped lead the protests in Springfield last Saturday, took a similar line. He said that while his group "won't concentrate on Obama," he wanted to cut through a "ga-ga" media following to ensure that voters know the senator's position on the issue.

"The others are all very clear about being pro-abortion," he said. "Obama has been clever enough … to keep voters confused."

Scheidler said anti-abortion groups around the country would make their presence known at campaign events for the Democratic candidates, and they might not reserve their criticisms for Democrats alone this year.

Scheidler said among the Republican candidates, only Sen. Sam Brownback (Kan.) is "the one we find to be pretty pure."

He questioned former Massachusetts Gov. Mitt Romney's "complete turnaround" on the abortion debate and Sen. John McCain's (R-Ariz.) leadership on the issue. He also described former New York Mayor Rudy Giuliani as "a nice guy" who is solidly in support of abortion rights, making him unqualified to lead the country, in his eyes.

Niche Marketing (WP)

By George F. Will

The Washington Post, February 15, 2007

When Bob Hunter, a Riverside, Calif., businessman, would hear of a conservative's campaign that needed volunteers, he would pile his family into the station wagon and drive off to ring doorbells. Hunter's son Duncan grew up believing in retail politics.

When Hunter returned home after serving as an alternate Goldwater delegate at the 1964 Republican convention in San Francisco, he told Duncan about chatting with another alternate, an amiable fellow, some actor, named Reagan. Who two years later was elected governor. Duncan learned early on about rapid upward mobility in politics.

In 1969, he dropped out of college, joined the Army and was sent to Vietnam. From there he mailed his pay to a friend who purchased for him an island in Idaho's Snake River, where Duncan farmed after his discharge. Then another friend said a San Diego law school would admit him without a college degree. In 1980, he was a lawyer with a storefront office in San Diego's Hispanic community when his father walked in and told him he could be a congressman. Never mind, his father said, that this district was only 29 percent Republican. Reagan was at the top of the ticket.

Duncan says his Baptist minister, respecting the separation of church and state, told parishioners they should vote for the Reagan of their choice. They distributed 400,000 Duncan brochures. Today, Duncan Hunter is in his 14th term representing eastern San Diego County. Three weeks ago he formally launched his presidential candidacy.

Why does he think he can become the first House member elected president since James Garfield in 1880? Why does he think he can do better than the two strongest House candidates in recent elections? In 1976, Arizona Rep. Mo Udall finished second to Jimmy Carter in the New Hampshire primary (28.4 percent to 22.7 percent), then narrowly lost Wisconsin (Carter 36.6, Udall 35.6). In 1988, Missouri Rep. Dick Gephardt won Iowa, finished second to Michael Dukakis in New Hampshire, then ran out of money.

"For some candidates," Hunter says, "the conservative constituency is an inconvenience. For me, it is my hope." He hopes to be seen as the most conservative Republican candidate, as he understands conservatism. He is pro-life, an expert on defense

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issues, a hawk on border security (he authored the legislation that mandates 854 miles of fences across the major southern border routes used by smugglers of narcotics and people) and a skeptic about free trade.

He chaired the Armed Services Committee in the previous two Congresses and believes that the principal issue for the foreseeable future will be national security -- not just Iraq and terrorism but also the rise of China's military (perhaps nine submarines under construction, with five more to come; the purchase of Russian-built destroyers designed to attack U.S. aircraft carriers with very fast and sophisticated missiles; upward of 800 medium-range ballistic missiles deployed). He believes U.S. forces can pacify Iraq, where his son served two tours as a Marine.

Asked what his wife said when he told her he was running for president, he pauses, then says, smiling: "She's happy now." She seems remarkably resilient. Not long after a wildfire consumed his house, he asked her, "Honey, can you do a fundraiser in two weeks?" She said, "Sure. My son is in Fallujah, my house has burned down, how many people do you want to invite?"

"God bless New Hampshire," Hunter says, noting that its population (1.3 million) is less than half that of San Diego County. But he almost certainly overestimates the power of retail politics in a nominating process that is becoming increasingly compressed. California, Illinois, New Jersey and Florida might move their primaries to Feb. 5. If they do, both parties' nominees might be known a year from now. Hunter won what might have been the first contest of this presidential cycle -- the Maricopa County (Phoenix) straw poll. It's a start. He says he has $300,000 "in pledges," a sum that could be a rounding error in the McCain campaign's accounts. But he says, "I kind of know what I stand for" so "I don't need consultants, and that saves a lot of money." He has produced some commercials -- just talking to the camera -- for $200.

One-third of new businesses fail within two years; 50 to 70 percent of new products that make it to market fail. Hunter, a burly, rumpled political product seeking a market niche, probably will fail. But as Goldwater said when he entered politics in Phoenix in 1949, "It ain't for life, and it may be fun."

Al Franken Enters Minnesota Senate Race (AP)

By Patrick Condon

AP, February 15, 2007

Al Franken announced Wednesday that he will run for the Senate in 2008, making it clear that the comedian and author of "Rush Limbaugh Is A Big Fat Idiot" wants to be taken seriously as a political figure.

Franken said he would seek the Democratic nomination to challenge Republican incumbent Norm Coleman and immediately acknowledged the doubts voters may have about electing a former "Saturday Night Live" performer.

"Minnesotans have a right to be skeptical about whether I'm ready for this challenge, and to wonder how seriously I would take the responsibility that I'm asking you to give me," Franken said in a video on his Web site.

"I want you to know: Nothing means more to me than making government work better for the working families of this state, and over the next 20 months, I look forward to proving to you that I take these issues seriously," he said.

Franken's announcement came on the final day of his show on the liberal radio network Air America. His decision instantly makes him a serious contender and brings national attention to the race. He said he supports universal health care, greater efforts to find alternative energy sources and stronger congressional oversight of the executive branch.

Franken had been considering a run since 2003. He said several weeks ago that he would leave Air America and privately told prominent Democrats about his plans to seek office.

His name is well-known, and Franken is likely to be well-funded, but he's expected to be challenged by several other Democrats, including wealthy trial attorney Mike Ciresi. Franken said he would abandon his campaign if Democratic activists decide to support another candidate in the primary.

The race will be important to Democratic efforts to retain the slim Senate majority they secured last year.

His candidacy will also test whether Minnesotans are in the mood for another celebrity-turned-politician, after the 1999-2003 governorship of former pro wrestler Jesse Ventura. Ventura's fame and occasionally outrageous behavior regularly brought national attention to the state but wore on the patience of many Minnesotans.

Stephen Hess, a professor of political science at George Washington University, said Franken's bid is serious. "He's not doing this as some folks have done it to give them better gigs on the Borscht circuit."

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Coleman is viewed as vulnerable because of a Democratic resurgence in Minnesota and President Bush's unpopularity. But his proven skills as a campaigner and fundraiser make him a formidable opponent.

State GOP Chairman Ron Carey suggested Franken moved back to Minnesota when he smelled opportunity and will have a tough time connecting with voters.

Franken is "going to have to explain to Minnesota how he represents his values when he spent pretty much all of his adult life in New York and Hollywood," Carey said.

Franken, 55, was born in New York City but grew up in the Minneapolis suburb of St. Louis Park. He graduated from Harvard University in 1973, and in 1975 joined the writing staff of "Saturday Night Live" during its first season. He soon began appearing in sketches and remained a fixture on the show well into the 1990s.

In 1996, Franken took his career in a political direction when he wrote "Rush Limbaugh Is A Big Fat Idiot and Other Observations," a broadside against the conservative radio host and other figures on the right. He's since published several other books critical of Republicans.

In his latest book, "The Truth (with jokes)," Franken criticized Coleman for his leadership of the Permanent Subcommittee on Investigations, saying Coleman had not held a single hearing on Iraq war corruption.

Franken planned to make his first public appearance as a candidate Thursday at a Minneapolis clinic.

No Joke, Al Franken Is Running For Senate (WP)

By Zachary A. Goldfarb

The Washington Post, February 15, 2007

Comedian Al Franken said yesterday that he will run for the Senate in Minnesota, giving Democrats the possibility of a celebrity candidate to face Sen. Norm Coleman, considered one of the most vulnerable Republicans in 2008.

"Minnesotans have a right to be skeptical about whether I'm ready for this challenge, and to wonder how seriously I would take the responsibility that I'm asking you to give me," Franken said in a video on his Web site. "I want you to know: Nothing means more to me than making government work better for the working families of this state, and over the next 20 months, I look forward to proving to you that I take these issues seriously," he said.

In the 2006 midterm elections, Franken's Midwest Values political action committee raised more than $1 million to benefit Democratic candidates. Cementing relationships for a future Senate run, Franken traveled the state to entertain at candidate rallies.

Franken, 55, is also likely to have access to wealthy fundraisers in Hollywood to fund his campaign.

Coleman, a first-term senator, has faced backlash in Minnesota over his party's support for the Iraq war.

Last year, he told The Washington Post that Franken's "liberal base and Hollywood supporters have supplied him with tens of thousands of dollars to promote his extreme view."

First, Franken will probably have to square off against other Democratic contenders, including Mike Ciresi, a well-known trial lawyer who spent millions on a 2000 primary campaign for Senate but lost by a small margin.Romney's Predecessor Backs McCain

Mitt Romney's predecessor as governor of Massachusetts endorsed one of Romney's rivals for the Republican nomination yesterday, a day after Romney officially announced his candidacy.

Republican Jane Swift said she was backing Sen. John McCain (Ariz.), according to his exploratory committee. "McCain is a principled leader whose unwavering determination to improve the lives of Americans is admirable," she said in a statement.

Swift was the Massachusetts lieutenant governor and in 2001 succeeded Paul Cellucci as governor when Cellucci resigned to become U.S. ambassador to Canada. The next year, Romney challenged her for the gubernatorial nomination and won.

For Davis, It May Be Up Or Out (RC)

By Susan Davis And Lauren W. Whittington

Roll Call, February 15, 2007

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Most politicians tend to be wary of discussing their own futures. But Rep. Tom Davis (R-Va.) is remarkably candid about the crossroads he is approaching in Congress.

In a Tuesday interview, Davis said unambiguously that he will run for the Senate in 2008 if five-term Sen. John Warner (R-Va.) decides to retire.

"It is safe to say that I would run," Davis said. "But if he does run, I would stand out front and take a bullet for him. I think the world of John. I would not do anything to undermine that."

Davis also acknowledged that this could be his last term in Congress. He views 2008 as his best opportunity for a Senate run, and regardless of Warner's decision he has doubts about seeking an eighth term in the House.

"I've talked to most of [the Virginia GOP delegation] and they all understand what I want to do at this point if [the Senate seat] opens. If it doesn't open then that would probably be my last shot at doing anything state-wide," he conceded, adding that he has little to no interest in other statewide offices such as the governorship.

Speculation abounded in the 109th Congress that Davis was mulling retirement, particularly as word surfaced in late 2005 that his name was floated to head up the powerful National Federation of Independent Business.

He is one Republican whose minority status would be unlikely to hurt his chances to land a lucrative job on K Street or elsewhere in the private sector, as he has built a reputation around his ability to work with Democrats.

Davis admitted that he considered retiring last year, but opted to run again in part because he believed the poor political climate would have led to Democrats picking up his Northern Virginia-based seat.

Davis, a former two-term chairman of the National Republican Congressional Committee, is known as a cerebral tactician, and he often appears more comfortable talking about district demographics and historic electoral trends than the issues of the day.

"I think had I left last year, which we contemplated doing, [the seat] would have gone. I don't think there's any way you would have held the seat last year, but I don't know that in 2008 we couldn't hold the seat with the right candidate," he said, adding that his leaving would depend greatly on his confidence that a Republican will take the seat.

"I haven't made any decisions on anything at this point, but if I were to leave I'll make sure we had a strong candidate lined up," he said. "I've spent too much time building majorities as campaign chairman to just desert this seat."

Had Republicans not lost the majority in November, Davis currently would be in his third, and last, term as chairman of the Oversight and Government Reform Committee. If Republicans were to win a majority in 2008, Davis would lay claim to the gavel for one more term, which he noted is "not an irrelevant consideration" in weighing the pros of staying in the House.

Yet Davis' tenure as chairman, coupled with his willingness to buck the party on certain issues, has sometimes made him the target of ire from his GOP colleagues. Heading into the 2006 election cycle, Davis was one of the more prominent Republicans publicly conceding that the majority was lost and the GOP was headed to a 30-seat loss, at a minimum — a pronouncement that did not engender good will from the rank-and-file or his own leadership.

He sent warning signals to the NRCC and then-Speaker Dennis Hastert (R-Ill.) in private memos last year advising the leadership to take certain legislative steps to head off losses, including enacting stronger lobbying and ethics reforms, that largely went unheeded.

An Independent Chairman

More than most GOP chairmen, Davis demonstrated a willingness to scrutinize the Bush administration, and his solid working relationship with his Democratic counterpart, Rep. Henry Waxman (Calif.), on the committee sometimes aggravated more partisan GOP lawmakers.

"Being a committee chairman does not mean being negative all the time, that's just not my style. When we think the Democratic majority is doing the wrong thing we're going to be the first to blow the whistle on that," he said. Democrats "are not wrong in everything they do, and we still have to move bills and shape bills and the like."

Davis noted that he already has opposed the new Democratic majority on a number of policy issues, including a recent energy bill and legislation to raise the minimum wage. "I'm hardly a shill for them, but they are not wrong on everything."

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Now Waxman wields the gavel and Davis says the two continue to share a solid working relationship and regularly communicate on committee business. He said their shared stewardship over the committee's controversial hearings in the 109th Congress over steroid use in professional baseball forged a strong bond.

"Everybody was against us when we did that, but we stayed together on that and it was good team-building for the committee. Nobody wanted to touch us when we started this thing. The president didn't like it, [Sen. John McCain (R-Ariz.)] didn't like it, but they all came around," he said. "You don't go through a team-building experience like that without building some rapport."

He also inflamed his colleagues, GOP leaders, and the White House when he and Waxman released a committee report only weeks before the midterm election already tainted by GOP scandals that detailed disgraced lobbyist Jack Abramoff's contacts with the administration and ultimately led to the resignation of Susan Ralston, a top aide to White House adviser Karl Rove.

Davis acknowledged Wednesday that there was blow-back from the decision to release the report so close to Election Day, but was he unapologetic about the move.

"There's never good timing for an Abramoff investigation," Davis said. "Look, this was the largest scandal to invoke Congress in 20 years and you didn't want to say 'Republicans aren't doing anything.' In fact, I feel a little bit vindicated because after [Rep. Mark Foley (R-Fla.)] and stuff, all this became blown up and lack of oversight became a major charge."

As for the House's current debate, Davis plans to join several of his moderate GOP colleagues this week by voting in favor of the Democratic resolution disapproving of President Bush's Iraq strategy.

The Political Junkie

Despite Davis' independent streak, his colleagues continue to rely on his prowess as a political tactician. NRCC Chairman Tom Cole (Okla.) asked Davis to serve as his No. 2 for the upcoming 2008 election cycle as chairman of the executive committee.

Despite rumors last year, Davis denied that he ever considered another bid for the chairmanship. "If I really wanted to take a leadership role I would have run again for the chairmanship," he said. "Tom Cole is a very good guy, a very smart guy, and I'm only doing it because he asked me. It's nothing I would have volunteered for."

Davis said there is no guarantee Republicans can regain a majority in one election cycle. "Nobody can answer that at this point because we don't have any idea what the issue matrix will be, where the war will be, who the presidential candidates will be, but those are the major variables," he said. "Having said that, looking at broad outlines, we have a number of Democrats who were carried in last time who were not first-tier candidates who will probably be vulnerable to a strong Republican challenge."

Davis said there were "six to eight" seats that Republicans have a very strong chance to reclaim in 2008, including the seats formerly held by GOP Reps. Tom DeLay (Texas), Richard Pombo (Calif.) and Don Sherwood (Pa.), as well as Foley and Bob Ney (Ohio).

The Virginian

But Davis also knows that opening up a Democratic-trending seat like the one that he holds won't be helpful to the GOP's cause to make up ground lost in 2006.

Fairfax County Board of Supervisors Chairman Gerry Connelly (D) is viewed as likely to run for Davis' seat. Davis used the same board position as a springboard to Congress in 1994 and Connelly would be a strong contender.

While Davis said he would not abandon his seat without lining up a top-flight candidate — one who would undoubtedly fit the Congressman's same moderate ideological mold — it also isn't likely that conservatives in the district would pass up the opportunity to nominate one of their own.

If that happens, the fight for Davis' seat could become an important junction in the larger struggle now facing Virginia Republicans, who rose to political dominance in the state in the mid-to-late 1990s.

Republicans have lost the past two statewide elections in the Commonwealth, and Northern Virginia is expected to be the epicenter of Democratic efforts to pick up state legislative seats this fall. Davis' wife, state Sen. Jeannemarie Devolites Davis (R), is among those facing a tough re-election contest.

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Davis has been a vocal critic of his party's growing reliance on catering to the needs of its conservative base, and if he does get the opportunity to seek statewide office it will be a test of whether party elders have been listening to his sermons.

He argues that Republicans' old formula for getting elected — managing losses in Northern Virginia and then making it up with large margins in the rest of the state — is outdated and that his party will continue to lose if it does not accept that.

"The last Republican to be nominated from Northern Virginia was 1981 when it was 15 percent of the vote, now it's doubled, and growing," he said. "So I think anybody can do the math and say we need to bring it into the coalition. That means an acceptance sometimes of candidates that are going to have a little bit different issue matrix than people from southern Virginia."

As a start, one of Davis' constituents recently became state Republican Party chairman. Ed Gillespie, a lobbyist and former Republican National Committee chairman, took the reins of the party recently, although Davis said that his new position requires paying more attention to the party base.

If Warner does retire, Davis hardly would have the GOP field to himself. Former Virginia Gov. Jim Gilmore (R), who already has launched a quixotic 2008 presidential bid, has indicated interest in another statewide run and several of Davis' House colleagues have Senate ambitions as well.

Davis has been the most aggressive in laying the groundwork for a 2008 run, spending part of the previous cycle traveling around the state.

But Davis also spent the bulk of his campaign war chest in 2006 not taking anything for granted in his race against an unknown and underfunded Democratic challenger.

He spent $3.3 million on his re-election , including more than $105,000 for polling despite the fact that he was not viewed as particularly vulnerable.

The survey data — much of which looked far beyond his own House race — is just one indication of how intimately involved Davis is in the local politics of his 11th district, which takes in most of Fairfax County and portions of Prince William County.

In the previous cycle he donated $45,000 to the Fairfax County Republican Committee, $45,000 to the Republican Party of Virginia and $180,000 to the NRCC.

The Congressman — who once coached a Little League team with now-Sen. Jim Webb (D-Va.) — also knows the importance of the grass roots.

In the previous cycle he also gave $7,300 to Little League teams in his district.

Appellate Court Hears Dispute On Stem-cell Initiative (LAT)

The Los Angeles Times, February 15, 2007

The California Court of Appeal in San Francisco heard oral arguments Wednesday in the 2-year-old dispute that has kept the state's voter-created stem-cell institute from issuing any of the $3 billion in bonds approved under Proposition 71, the 2004 stem-cell research initiative.

The plaintiffs in the two consolidated lawsuits are appealing a decision by the Alameda County Superior Court in April that upheld the constitutionality of the institute and its citizen oversight committee.

Attorneys for the plaintiffs -- the People's Advocate, National Tax Limitation Foundation and California Family Bioethics Council -- argued again that Proposition 71 was unconstitutional because it created a taxpayer-funded entity that is not under the direct management and control of the state. They also argued that the proposition violated the single-subject rule for such measures and that the citizen board has conflicts of interest.

The three-judge panel, whose members interrupted the plaintiff's arguments numerous times, has 90 days to rule but is expected to do so relatively quickly. Both sides have said they would appeal to the California Supreme Court. Meanwhile, the stem-cell institute plans to award $24 million in research grants Friday, drawing on a state loan and private donations. The institute last year awarded $12 million in training grants to 16 California institutions.

New Congress, New Lobbyists (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 15, 2007

DOJ_NMG_0132517

WASHINGTON -- After Democrats took over Congress earlier this year, they set new limits on lobbyists, aiming to reduce their influence on Capitol Hill.

But the launch of a new firm, Heather Podesta+Partners, shows that, rather than diminishing the clout of Democratic lobbyists, the new Congress has led to the creation of a fresh crop, whose sway could grow even more as the 2008 presidential campaign heats up.

Ms. Podesta's tale illustrates how hard it is to cut the link between lobbyists and politicians. These relationships often forged at the start of careers, when working together on Capitol Hill as low-level staff or while knocking on doors along the campaign trail.

During the first week of the new Congress, freshly sworn-in House leader Nancy Pelosi was in the Capitol's speaker's lobby one evening greeting Ms. Podesta with a kiss on the cheek. Ms. Podesta was there to pose in the official swearing-in photo for California Democratic Rep. Ellen Tauscher, a long-time friend who had advised Ms. Podesta on setting up her firm -- an enterprise she launched based on her confidence in maneuvering the reshaped corridors of power.

After Democrats' victory in November, Ms. Podesta's friends on Capitol Hill suddenly were more powerful -- and her links to them more valuable to clients seeking to influence Congress. That helped Ms. Podesta to build a roster of clients -- such as software provider SAP Americas, which has an interest in new patent legislation, as well as HealthSouth Corp. and health-care provider Cigna Corp., which are concerned by talk of cuts in Medicare payments.

"There will never be a better time to do this," Ms. Podesta said, about launching her firm.

Capitol Hill Career

Ms. Podesta, 37 years old, has worked on and off as a Capitol Hill staffer and lawyer since graduating from the University of California at Berkeley. She worked as an aide to the late Rep. Bob Matsui (D., Calif.), an ally of then-Minority Whip Pelosi. That job gave her a seat at Ms. Pelosi's strategy sessions.

In 2003, she married Tony Podesta, a Democratic lobbyist and brother of former Clinton White House Chief of Staff John Podesta.

Ms. Podesta left Capitol Hill in 2004 to become a lawyer and lobbyist at Blank Rome LLP., a rare Democrat in a Republican-leaning firm, and eventually became a major Democratic fund-raiser. The Podestas estimate they raised $1 million for Democratic candidates in last year's congressional campaign.

For Washington Sen. Maria Cantwell, Ms. Podesta flew in four female chefs from Seattle to prepare one course each for a fund-raiser. She had Alice Waters, founder of California's Chez Panisse, prepares meals at an event for Michigan Sen. Debbie Stabenow event. After the election, Blank Rome offered to make her an equity partner while other firms tried to recruit her away. It was a turning point: "I had to decide if I wanted to invest in the firm or in me," she recalls.

On Dec. 15, she chose the latter. She turned for advice to Ms. Tauscher, a former Wall Street executive poised to lead the moderate New Democrat Coalition. Ms. Tauscher, who was elected in 1996, became friends with Ms. Podesta after working with her on Capitol Hill and socializing at Democratic events. Their first topic: the firm's name. Ms. Podesta leaned dramatic: "Butterfly-Sting Strategies" and "Velvet Steel Strategies." Ms. Tauscher nixed the word "strategies" and urged a name with a clear message.

Before opening her firm Jan. 1, Ms. Podesta persuaded all her Blank Rome clients to shift at least some of their business to her new shop. She scrambled to have business cards ready by Jan. 3, the opening of the new Congress.

Setting Up Shop

On the morning of Jan. 4, she headed to the Senate Rules Committee room for the swearing-in reception for Maryland Democratic Sen. Ben Cardin, whose campaign she helped with three events raising more than $100,000. Sporting a "Madame Speaker 2007" pin she had received at the previous day's Pelosi tea party, Ms. Podesta positioned herself in Sen. Cardin's path.

"Hi, Heather. Thank you," he said, amid a hug from another well-wisher. Ms. Podesta offered congratulations and departed. "That's a twofer. Done," she says, noting he recognized her and remembered her support.

After a taxi ride -- during which she made a pitch about her firm's lobbying services on her cellphone to HealthSouth -- she caught Independent-Democrat Connecticut Sen. Joe Lieberman, as he arrived for lunch in a ballroom across town. Mr. Lieberman called, "Heather, you look marvelous."

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By day's end, Ms. Podesta had given away dozens of business cards, cornered several executives at parties, and greeted almost every new Democratic senator.

In addition to HealthSouth, Cigna and SAP, clients on her first lobbyist disclosure report filed last week, include Michigan's Thomas M. Cooley Law School; Aramark Corp., a food and uniform provider; and the Casey Family Foundation, which provides foster-care services and prepares studies circulated on Capitol Hill. Her fees range from $15,000 to $35,000 a month. Ms. Podesta estimated her monthly business income at the end of January at about $100,000.

Ms. Podesta says she isn't concerned the new lobbying rules will hurt her ability to represent clients on Capitol Hill. She says she doesn't need to pay for politicians' lunches or plane rides to get access.

Ms. Tauscher says she can remain friends with Ms. Podesta without being unduly influenced. "My job is to listen to everybody and then make decisions that can be supported by facts," she says.

Looking to 2008

Nadeam Elshami, a spokesman for Ms. Pelosi, downplays the significance of the speaker's interactions with Ms. Podesta saying: "The Democratic majority broke the link between lobbyists and legislators by passing bipartisan landmark reforms to restore accountability, honesty, and openness to the House of Representatives."

In the midst of pitching clients and filing corporate organizing papers, Ms. Podesta also has been sought after as a fund-raiser by Democratic presidential hopefuls Connecticut Sen. Christopher Dodd, New Mexico Gov. Bill Richardson, and New York Sen. Hillary Clinton. She has known all of them for years.

On Feb. 1, Ms. Podesta decided to join the Clinton camp. "Hillary's in and so am I," Ms. Podesta said, in a telephone call with the campaign's finance director, Jonathan Mantz.

Mr. Mantz outlined the campaign's plans to set up a regional fund-raising network spanning the country. Ms. Podesta agreed to try to generate $250,000 for the Clinton campaign. "The maximum I can do is $4,600," Ms. Podesta confirms, committing to the top amount permitted from an individual for the primary and general election. "I'm going to do that today," she adds.

"Beautiful," Mr. Mantz says.

Majority Formalizes K St. Ties (RC)

By Tory Newmyer

Roll Call, February 15, 2007

As Congressional Democrats firm their grip on power, they are opening a regular channel of communication with corporate lobbyists.

Leaders from the new majorities in both chambers have begun meeting twice a month with K Street allies to keep them apprised of their agenda and strategy.

The huddles, organized by the centrist think tank Third Way, are bringing together as many as 80 lobbyists to hear updates from Democratic leadership aides.

Lobbyists familiar with the meetings said they are becoming a hot ticket as Democrats wrap up work on their “100 hours” agenda and turn their focus toward formulating plans for the rest of the year.

“The pivot to regular order means that everybody is really focused on how to start putting together the coalitions to get things done, and how to find ways to work with the business community so there isn’t a constant battle,” said one Democratic lobbyist with ties to leadership.

Unlike their predecessors in the GOP, Democratic leaders face the challenge of juggling two key but regularly conflicting constituencies: business and labor. While members of those two camps found a few areas of agreement during the previous Congress — most notably on pension and immigration reform — they are ramping up for battles on big-ticket items this year. They already have locked horns on a minimum-wage hike and foresee major clashes over health care, trade and union-organizing measures.

And while Democratic leaders are keeping corporate interests attuned to their plans, they are closely coordinating with labor unions, whose backing helped restore the party to power. On Wednesday, presidents of about a half-dozen major unions

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met with majority leaders in both chambers to discuss their priorities. Twenty-two Senators, including Majority Leader Harry Reid (D-Nev.) and Majority Whip Dick Durbin (D-Ill.), turned out for one meeting. Union officials got a separate audience with a full complement of leaders on the other side of the Capitol, including Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.), according to those in attendance.

"There was a recognition that we won't get everything we want done this year, but [Democratic leaders] expressed their happiness at being in the majority, and everybody from the union side shared that opinion," said one source at the meetings.

The gathering of corporate lobbyists, meanwhile, revives an irregular meeting with Senate Democrats that Third Way initiated late last year.

The organization started the event to replace one founded by Senate Democratic aides. The original meeting, informally known as the Monday Group, was shuttered early last year when Democrats on Capitol Hill grew nervous about appearances while seeking to make ethics reform a central campaign message.

While the crowd at the new meeting claims many familiar faces and is still held on alternating Mondays, there are some differences. It has moved from its original location at the Democratic Senatorial Campaign Committee to a rented conference room in the Hall of States Building on North Capitol Street. House aides are now looped in. And the ranks of K Streeters in attendance have grown, including some Republicans.

"The list is large and very inclusive. We've got nothing to hide," said Matt Bennett, Third Way's vice president for public affairs and a co-chairman of the meeting.

He said fundraising pitches from leadership are off-limits, as are lobbying pitches from the crowd. Instead, the session provides an opportunity for information sharing on the issue of the day. A meeting on Jan. 22, the day before the State of the Union address, focused on the Democratic response to the president's speech. Another, earlier this month, centered on the Iraq War debate in the Senate and a report from the House Democrats' retreat.

"There's so much misinformation in this town. It's like a game of telephone: When you get two steps removed, the information gets less accurate," said Jonathon Jones, who co-founded the original meetings as chief of staff to Sen. Tom Carper (D-Del.). Now a lobbyist with Johnson, Madigan, Peck, Boland & Stewart, Jones co-hosts the meetings with Bennett. "This is an opportunity for leadership to communicate directly with people downtown and give them the facts."

One lobbyist in regular attendance added, "There is no such thing as too much information being put out to the public, no such thing as too much dialogue."

The next meeting, scheduled for Feb. 26, will feature two top Reid aides — Penny Lee, senior adviser for communications, and Mark Wetjen, counsel and senior policy adviser — and, from the House, Gina Mahoney, Hoyer's senior policy adviser, according to an invitation.

Bush Rejects Criticism Over Korean Nuclear Deal (AFP)

By P. Parameswaran

AFP, February 15, 2007

US President George W. Bush has rejected criticism of a breakthrough nuclear deal with North Korea and launched a personal bid to press Pyongyang to live up to its commitments.

Bush telephoned Japanese Prime Minister Shinzo Abe and South Korean President Roh Moo-hyun and they agreed to work together to ensure North Korea kept its side of the pact adopted at six-nation talks in Beijing this week.

Speaking at a White House press conference, the US leader said the agreement aimed at halting North Korea's nuclear weapons was a "good first step" but added "there is a lot of work to be done to make sure that the commitments made in this agreement become a reality."

Bush defended the deal against critics, including from his key conservative base, who said that offering aid and other guarantees to North Korea in return for disbanding its nuclear network was rewarding "bad behavior" and a sign of US weakness.

Among the agreement's vocal critics was Washington's former envoy to the United Nations, John Bolton, who called it "a very bad deal" that shows US weakness at a time when Washington is challenging Iran over its controversial nuclear program.

It also "undercuts" UN sanctions resolutions against North Korea, Bolton said.

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"I strongly disagree, strongly disagree with his assessment," Bush said, however.

The US leader said he wanted to solve the North Korean nuclear crisis peacefully and that he had "an obligation to try all diplomatic means necessary to do so.

"I changed the dynamic on the North Korean issue by convincing other people to be at the table with us on the theory that the best diplomacy is diplomacy in which there is more than one voice that has got an equity in the issue speaking," he explained.

"Now, those who say the North Koreans have got to prove themselves by actually following through in the deal are right, and I'm one," he said.

Under the accord, North Korea will be given 50,000 tonnes of fuel aid for closing their key Yongbyon nuclear facility north of Pyongyang and allowing UN nuclear inspectors back into the country.

The hardline Stalinist state would eventually receive one million tonnes if the accord advances as planned and it permanently disables key facilities.

The United States, for its part, would begin the process of delisting the North as a sponsor of terrorism and normalizing relations with a country with which it is still technically at war, dating back to the 1950s Korean conflict.

Bush on Wednesday telephoned Japanese Prime Minister Abe and South Korean President Roh, who "agreed on the importance of close coordination on North Korea," said US National Security Council spokesman Gordon Johndroe.

Bush said the accord "has provided a way forward for North Korea, but that North Korea must live up to its commitments. The Japanese and South Korean leaders pledged to make sure that North Korea does so," Johndroe added.

Roh's spokesman and a Japanese press agency confirmed that the allies had agreed to keep pressure on Pyongyang to abide by the terms of the agreement unveiled Tuesday.

Bush said China and Russia together with US military allies South Korea and Japan had played a crucial role in moving to end the nuclear crisis afflicting the Korean peninsula.

"Perhaps the most significant voice that had been added to the table was China," he said.

Bush also promised to step up food aid to impoverished North Korea if Kim Jong-Il's regime took "verifiable measures" to end its nuclear weapons program.

On the question of US financial sanctions on North Korea, Bush said it should be treated "separate" from the nuclear weapons issue, even though US chief negotiator Christopher Hill said Monday that Washington intended to resolve the matter within 30 days.

Accusing Pyongyang of money laundering and counterfeiting, the United States imposed the sanctions in 2005, effectively freezing 24 million dollars in North Korean funds in Macau-based Banco Delta Asia.

Meanwhile Russian Foreign Minister Sergei Lavrov told Russian journalists that Moscow plans a "radical reduction" in the debt it is owed by North Korea.

"We are discussing settling the debt," he said. "Conditions can vary but in any event it will be a radical reduction in the North Korean debt.

On Thursday officials from the two Koreas prepared to hold talks aimed at reviving a high-level dialogue and possibly open the way for major aid shipments.

Seoul's delegation, led by Lee Kwan-Se, an assistant unification minister, left for Kaesong early Thursday for the one-day working-level talks, Yonhap news agency reported.

"We hope to make substantive progress not only in a solution to the North's nuclear weapons programme, but also in the government's policy of peace and prosperity by resuming the cabinet-level talks," Unification Minister Lee Jae-Joung told the team.

Conservatives Assail North Korea Accord (WP)

By Glenn Kessler

The Washington Post, February 15, 2007

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The White House yesterday found itself fending off a conservative revolt over the North Korea nuclear deal, even scrambling to mollify one of its own top officials who expressed sharp disagreement with a provision that could spring Pyongyang from the list of countries that sponsor terrorism, U.S. officials said yesterday.

Elliott Abrams, a deputy national security adviser, fired off e-mails expressing bewilderment over the agreement and demanding to know why North Korea would not have to first prove it had stopped sponsoring terrorism before being rewarded with removal from the list, according to officials who reviewed the messages.

John R. Bolton, former U.S. ambassador to the United Nations, called the agreement -- in which North Korea would freeze its main nuclear facility in exchange for an initial supply of fuel oil -- "a bad deal" that violated principles that were closely held in the beginning of the Bush administration.

And the National Review, a conservative bastion, yesterday slammed the agreement as essentially the same one negotiated by President Bill Clinton in 1994 -- a charge the Bush administration rejects. "When exactly did Kim Jong Il become trustworthy?" the magazine's editors asked. The Wall Street Journal editorial page, normally a Bush supporter, also condemned the accord yesterday as "faith-based nonproliferation."

Bolton's comments, the barbs from conservative publications and the Abrams e-mails reflected deep concerns among conservatives that the agreement could turn out to be an important and troubling turning point. Current and former Bush officials said they fear that after six years they are losing control of foreign policy to more pragmatic forces. The shift, they said, has become especially apparent with the departure of Donald H. Rumsfeld, who as defense secretary was often seen as a counterweight to State.

More specifically, conservatives said, they worry that the administration's willingness to bend on North Korea does not bode well for hard-line policies toward Iran, the Palestinians or other issues. Indeed, Russian Foreign Minister Sergey Lavrov yesterday called on the United States to demonstrate "the same flexibility, a sensible flexibility" toward Iran's nuclear program.

At a news conference yesterday, Bush appeared irritated by criticism from Bolton, once a leader of the administration's conservatives. When a reporter mentioned that Bolton, whom Bush championed, had called it a bad deal, Bush smiled ruefully. "I strongly disagree, strongly disagree with his assessment," Bush said.

Abrams, a legendary bureaucratic infighter and outspoken neoconservative, is responsible for policies aimed at promoting democracy overseas. Officials who reviewed his e-mails on the nuclear deal would not quote from them but described the messages because they agreed with the concerns and wanted to make public the depth of disagreement within the administration. They said Abrams appeared frustrated because so many key decisions had been made at the highest levels without much vetting by officials scattered across the government.

Abrams, they said, was especially concerned about a section of the agreement that stated: "The U.S. will begin the process of removing the designation of the DPRK as a state-sponsor of terrorism, and advance the process of terminating the application of the Trading with the Enemy Act with respect to the DPRK." DPRK is the abbreviation of North Korea's official name, the Democratic People's Republic of Korea. Countries that are on the U.S. terrorism list are subject to trade and other sanctions.

In an e-mail that Abrams sent to officials involved in Asia policy and nonproliferation policy, he reminded the recipients that, in a deal with Libya on abandoning weapons of mass destruction, the United States said it would start a "delisting" process only if Libya ended its support for terrorism -- and that the terrorism track was separate from the weapons deal.

When one of the Asia experts replied that the process was young, Abrams shot back that he thought that section of the deal was bad.

Gordon Johndroe, a National Security Council spokesman, did not dispute this account but said: "Initial press reports on the six-party-talks agreement sparked a discussion among staff that were seeking clarification of some of the deal's aspects. All has been clarified, and we look forward to implementation."

The provision that irritated Abrams has also sparked concern in Japan, which fears that the United States will remove North Korea from the terrorism list before North Korea has come clean on its kidnappings of Japanese citizens decades ago. Bush tried to mollify those concerns in a phone call yesterday with Japanese Prime Minister Shinzo Abe. The State Department says North Korea has not committed a terrorist act since the 1987 bombing of a Korean Air Lines flight.

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Bush defended the nuclear agreement as a "unique deal," in part because of his decision to bring in other nations, such as China.

"I changed the dynamic on the North Korean issue by convincing other people to be at the table with us on the theory that the best diplomacy is diplomacy in which there is more than one voice," Bush said.

Bolton later stood by his criticism. "I'm very sad about the president's change in policy," he said in an interview. "The policy as originally articulated and implemented in the first term was exactly right. There's no need to change it. The pressure was what brought North Korea to the table originally. Why get rid of the pressure?"

Asked if he felt disloyal to Bush, who stood by him through a long and ultimately unsuccessful Senate confirmation fight, Bolton said: "I didn't say anything for a good long time, and I wouldn't have said anything if they hadn't changed the policy. I'm loyal to the original policy."

South Korea And Japan Split On North Korea Pact (NYT)

By Norimitsu Onishi

The New York Times, February 15, 2007

TOKYO, Feb. 14 — The deal to freeze North Korea's nuclear program has had immediate ripple effects in Japan and South Korea, apparently freeing South Korea's hands and tying Japan's.

A day after the accord was brokered, requiring the North to shut its main nuclear reactor in return for food and fuel assistance, the South Korean government invited North Korea to resume ministerial talks suspended after its nuclear test last October. Seoul announced that officials from both sides had agreed to meet Thursday in Kaesong, just north of the demilitarized zone.

"What is very important about the agreement is that it not only resolves the North Korea nuclear issue itself," South Korea's president, Roh Moo-hyun, said, "but, in a further step, it includes a clause for discussions, negotiations on establishing a permanent peace regime on the Korean Peninsula."

But in Tokyo, Prime Minister Shinzo Abe came under attack from members of the opposition and his own party for his government's refusal to provide assistance to the North over what it says are unresolved cases of Japanese abducted by North Korean agents. Critics said Tokyo's narrow focus on this issue, seemingly at the expense of regional stability, would leave it isolated.

"We must not be isolated and we are not in fact isolated," Mr. Abe said in Parliament. "Other countries understood our decision not to provide oil unless progress is made in the abduction issue."

South Korea, by contrast, appeared set to resume its economic and diplomatic engagement of the North, a policy that had long strained its relations with the Bush administration. "It will be easier for President Roh to carry out his engagement policy now, maybe even further than he ever had," said Shin Jung-wha, a political scientist at Dongseo University in Pusan, South Korea.

The deal also made it more unlikely that South Korea would alter its policy even if the conservative opposition were to win in next December's presidential election. "Many Koreans feel that President Roh has been too lenient on North Korea," Ms. Shin said. "But there is a national consensus on the engagement policy, and, if the conservatives gain power next December, there might be a few tweaks but no fundamental change in the policy."

In Japan's case, Mr. Abe's government tied the nuclear talks to the cases of Japanese abducted by the North in the 1970s. The North has acknowledged kidnapping a dozen Japanese and it returned five survivors four years ago, saying the rest had died. But Japan says more survivors remain in the North.

Mr. Abe made his political career by championing the abduction issue, which critics say he has exploited to stir nationalist sentiments. Analysts say it would be difficult for Mr. Abe, whose approval ratings have plummeted after a series of scandals and gaffes, to compromise on the issue.

At the same time, refusing to assist North Korea in keeping with the accord could lead to charges that Japan was putting regional stability at risk over a domestic issue that has little resonance outside Japan.

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"Japan should be conducting diplomacy with a broader perspective," said Makoto Taniguchi, president of Iwate Prefectural University in Japan and a former senior diplomat. "It should be thinking of Asian security and peace. If Japan thinks narrowly, only of its relations with the United States at the expense of its relations with its neighbors, it will find itself excluded.

"Japanese diplomacy has, so to speak, been abducted by the abduction issue," Mr. Taniguchi added.

The Japanese government said it hoped to address the abduction issue in a working group established under the accord and aimed at normalizing relations between Japan and North Korea. Tokyo has said it would not normalize relations with the North and provide it with reparations for its colonial rule unless the abducted Japanese were accounted for.

But Japan's emphasis on the abductions in the working group is likely to bring forth a long list of historical grievances on North Korea's part. A North Korean Foreign Ministry official, Ri Pyong-dok, told the Kyodo news agency in Japan that the North's focus in the working group would be on Japan's colonial rule.

"The settlement of crimes committed by Japan is a priority," Mr. Ri said. "Without that, there will be no normalization of relations between the two countries."

China Wins Praise Over N Korea Deal (FT)

By Richard McGregor And Anna Fifield

Financial Times, February 15, 2007

In the wake of the latest breakthrough in the long-running negotiations to end North Korea's rogue nuclear programme China has again won plaudits for muscling its recalcitrant neighbour to the table and brokering a deal.

"China has done a great job of getting us together," Christopher Hill, the chief US negotiator, said after the first day of talks in what became a mantra he repeated throughout the week.

When the agreement was announced on Tuesday, Mr Hill stressed it could not have been done without Beijing and praised his Chinese counterpart, Wu Dawei.

But far from solidifying Beijing's role on the diplomatic stage, the talks underlined its variable approach to global disputes. While Beijing has become Washington's indispensable partner in North Korea, it has consistently refused to sign on to the western agenda to end the killings in Darfur, Sudan, and so far reluctantly gone along with limited sanctions against Iran.

Local experts in international relations have also taken a more nuanced view of Chinese activism than Mr Hill, with some suggesting that Beijing's role was diminished in the latest talks.

Shi Yinhong, of Renmin University in Beijing, said that the deal had mostly been hammered out in bilateral meetings between the US and North Korea in Berlin in January.

"Generally, the US and North Korea bypassed the other countries [in the six-party talks]. China's role has been reduced," he said on Wednesday. "North Korea has taken a hostile attitude to China since last year. They have slapped China in the face again and again."

China has long had a fraught relationship with its fraternal neighbour. Pyongyang relies on Beijing for vital fuel and food aid but resents China's role in marshalling international pressure on its nuclear programme and also its market economy.

The bilateral relationship hit new lows last year when Pyongyang conducted missile tests and then later exploded a nuclear device, in defiance of Beijing's wishes.

Beijing has always walked a tightrope in calculating its interests in the six-party talks. On the one hand, it wants them to succeed, but not at the expense of ceding influence in North Korea to the US.

Shen Dingli, of Fudan University in Shanghai, gave China more credit for this week's deal, saying its assertiveness was important in pushing North Korea into signing.

Delegates to the talks supported this view, saying the Chinese had taken the draft agreement forged in Berlin and worked it into a joint statement, shuttling be-tween the numerous bilateral meetings to hone the deal.

They said China ran the meeting with an iron fist, adding that it was Mr Wu's decision to impose the Monday deadline to inject the stagnating talks with some momentum.

Beijing's officials were then "banging heads together" during the 16-hour marathon talks that resulted in an agreement all sides could put their signatures on, delegates said.

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But Mr Shen reflected the pessimistic mood about the talks' future in Chinese circles, saying he did not believe Pyongyang was ready to give up the nuclear weapons it had worked so hard to acquire. "A nuclear state like this will not abandon its weapons without regime change," he said.

Zhang Liangui, a professor at the Central Party School, a training ground for senior officials, said this week's agreement was superior in many ways to the one struck by the Clinton administration in 1994, because of the stricter timelines.

But the suggestion that the agreement will bring closer relations between the US and North Korea, if it came to pass, would not necessarily be favourable for Beijing.

"North Korea is trying to replace the six-party talks with the Berlin model, where the agreement made in bilateral talks could later be sent to the six-party talks for approval," Mr Zhang said. "China could be sidelined, as the six-party talks become a rubber stamp." ¦ The two Koreas will meet today to discuss resuming stalled high-level talks, officials said, in a sign of warmer relations, AP reports from Seoul.

Cabinet-level talks were suspended last year amid chilled relations following North Korea's missile launches in July and nuclear test in October.

Agreement Falls Short (USAT)

By Bruce Klingner

USA Today, February 15, 2007

The six-party agreement announced in Beijing Tuesday has significant shortfalls that will hinder efforts to denuclearize North Korea. Its vague provisions and deferred requirements provide Pyongyang with loopholes that it will seek to exploit. Moreover, the accord sends a dangerously accommodating signal not only to North Korea, but also to Iran and other aspiring nuclear weapons states.

Conspicuously absent is any direct reference to North Korea's uranium-based weapons program, which was the catalyst for both sides abrogating a 1994 agreement. The accord doesn't address the steps by which North Korea must divest itself of nuclear weapons it has. Nor does it provide assurances that Pyongyang will agree to verification measures sufficient to allay international concerns over past cheating. The Beijing agreement defers settlement of most of the significant issues to five working groups.

It may still be possible to salvage the results. Doing so, however, requires insisting upon stricter measures in follow-on negotiations to ensure that North Korea divests itself of nuclear weapons expeditiously and in a rigorously verifiable manner.

During these subsequent negotiations, the six party countries must: ensure that the uranium-based nuclear weapons program is subject to the agreement; require verifiable dismantlement of all nuclear weapons and programs; and make progress in providing security reassurances, a permanent peace treaty and formal diplomatic recognition conditional on North Korean behavior and satisfactory resolution of the Japanese and South Korean abductee issue.

At the same time, the United States should maintain pressure on Pyongyang, including taking action against any North Korean entities engaged in illicit activities; pressing countries to comply with United Nations sanctions against North Korea's weapons of mass destruction and missile programs; and continuing efforts to deter North Korean proliferation of WMD or missiles.

Washington should underscore that its willingness to continue discussions is not an open-ended commitment and recommend a deadline. Doing so would prevent Pyongyang from dragging out negotiations and solidifying international de facto recognition of North Korea as a nuclear weapons state. We must not lower the bar for success.

Bruce Klingner is senior research fellow for Northeast Asia at The Heritage Foundation.

Deal Or No Deal? Bush Makes Right Pick On North Korea (USAT)

USA Today, February 15, 2007

One of the most important things President Bush could achieve before leaving office would be to persuade North Korea to follow Libya's path by giving up its nuclear weapons program.

That's a tall order, given that North Korea's eccentric leader, Kim Jong Il, has been making nuclear weapons, has carried out his first nuclear test, and may have continued selling nuclear parts and technology. But this week, progress seems more

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possible than at any other time since Bush took office (and subsequently took a hard-line approach to North Korea). Under a new "action plan" announced Tuesday, North Korea will get energy aid and direct talks with the United States in exchange for shutting down its main nuclear reactor within 60 days. In return, the administration is easing a financial squeeze that had begun to cut off Kim's favorite luxury goods.

The deal, though welcome, is no cause for starry-eyed optimism. North Korea gets to keep its declared nuclear weapons — perhaps 10 — pending future negotiations. Further, the secretive nation has a history of deceit. A 1994 deal collapsed eight years later when North Korea admitted it was cheating. This time, it might well be trying to con the outside world into giving it aid and fuel.

Nevertheless, the deal is notable on two counts. It is a "first step," as President Bush put it. A baby step, perhaps, but one without which no others would be possible. And it is an interesting measure of how far the debacle in Iraq has moved Bush toward pragmatic diplomacy and away from the hard-liners who favored the war and who rushed to attack Tuesday's agreement with North Korea. As in Iraq, they would prefer to make threats and dictate terms.

Instead, the deal is a toehold for talks with the bizarrely isolated North Koreans and a way to get nuclear inspectors into the country. At best, North Korea could follow the Libya pattern. At worst, little is lost.

One reason the new agreement might last longer than the 1994 deal is that it involves China, Russia, South Korea and Japan in addition to the United States and North Korea. China's role was particularly significant. Part of its reluctance to use its leverage with its Stalinist former ally North Korea, which depends on Beijing for energy and food, was its fear of a flood of North Korean refugees. But China toughened up after North Korea carried out a nuclear test four months ago, embarrassing Beijing and sparking fears of a nuclear arms race in the region.

The deal is attracting criticism from the right and left. Conservatives are outraged at how vague the action plan is beyond the initial freeze, in contrast to the 1994 agreement: no mention of destroying nuclear weapons North Korea has, or of its parallel uranium enrichment program. Liberals wonder what took so long when a similar agreement might have curbed North Korea's nuclear ambitions sooner.

Both critiques have some merit. At this point, however, even a shaky deal is better than no deal. Ever since Bush called Iran, Iraq and North Korea an "axis of evil" in 2002, all three have become more dangerous places. This agreement has potential to ratchet down tensions on the Korean peninsula.

Belatedly trying diplomatic pragmatism in North Korea is worth the effort — and could provide a model for Iran. Clearly, there's a long way to go. But, as an old Chinese proverb would have it, the journey of a thousand miles begins with a single step.

Canceled TV Speech Points To Hamas And Fatah Split (NYT)

By Steven Erlanger

The New York Times, February 15, 2007

JERUSALEM, Feb. 14 — In another sign of tension with Hamas over a possible national unity government, the Palestinian Authority's president, Mahmoud Abbas of the Fatah faction, canceled a televised speech scheduled for Thursday night, his aides said Wednesday.

In the speech, Mr. Abbas was to have told Palestinians about his talks with Hamas leaders in Mecca, Saudi Arabia. But those talks, which ended last Thursday with a proclamation of success, left many details unresolved, including who would fill key posts like interior minister, which controls the Hamas-dominated parallel police force, known as the Executive Force. The details of a political program for the new government are also unclear.

European and American officials have not been convinced by Mr. Abbas that a new government will meet international conditions for resuming direct budgetary aid to the Palestinian Authority. Washington and Israel insist that a new government recognize the right of Israel to exist, forswear violence and terrorism and accept all previous Israeli-Palestinian agreements.

Mr. Abbas's aides argue that all these conditions are met implicitly and that the Mecca accord means significant movement from Hamas, but in fact, in the agreement there is no mention of Israel at all and no rejection of violence against Israel.

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On Wednesday evening, Nabil Abu Rudeineh, a close aide to Mr. Abbas, told Palestinian television that the president would postpone his speech until he could have further talks with Hamas in Gaza.

[A news agency] reported that another Abbas aide, who was not identified, said: "Hamas has made several unacceptable conditions that cannot be implemented. The Mecca agreement cannot be reinterpreted and must be implemented immediately without any conditions." This aide said that Hamas was putting new conditions on who will fill the jobs of interior and foreign ministers, which are supposed to go to independents approved by Hamas.

The Art Of The Possible Peace (WP)

By Dennis Ross

The Washington Post, February 15, 2007

Secretary of State Condoleezza Rice will travel to the Middle East this weekend and hold a meeting with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas. Her stated purpose is to discuss permanent-status issues with an eye toward producing an agreement on a political horizon for ending the conflict. For many, such a political horizon has been long overdue; with it, they argue, both Israelis and Palestinians will know how the conflict ends and find it easier to confront those who oppose peace.

Many, including Rice, see Saudi, Israeli, Egyptian and Jordanian leaders as sharing a perception of Iran as a threat. With such common fears, the thinking goes, the leaders should be willing to accept the necessary hard compromises and end the Palestinian conflict (or show how it can be ended) so Iran can no longer exploit the conflict to build its following and put the region's moderates on the defensive.

The assessment of the common threat perception is correct. But basing policy only on this misses an important regional reality. Priorities differ on how best to respond to the Iranian threat. For the Saudis, weaning Hamas away from Iran and producing intra-Palestinian peace is more important than trying to forge peace between Palestinians and Israelis. For the Israelis, however, an intra-Palestinian peace that entails accommodating Hamas (and that does not require Hamas to change its hostile posture toward Israel) is hardly a basis for reaching out to Palestinians in a way that would satisfy the Saudis, Egyptians and Jordanians.

And one sure way to threaten intra-Palestinian peace is to push now for a political horizon that inevitably will mean Palestinian compromises on core issues such as refugees. Will Hamas accommodate giving up the Palestinian right of return? A political horizon that purports to outline the endgame will require such a concession, and Hamas is not going to accept it or a process likely to produce it.

Of course, the compromises won't be one-sided. But is Israel likely to contemplate excruciating concessions on Jerusalem or territory with a Palestinian government led in part by those who refuse to acknowledge its existence or renounce terrorism? My point is that the political options available for peacemaking between Israelis and Palestinians have been reduced. And Rice's efforts have to be guided by what is possible, not by what is most desirable.

In Middle Eastern terms, what is logical and possible is intra-Palestinian peace and Palestinian-Israeli calm. That would argue for a comprehensive cease-fire to be negotiated between Abbas and Olmert. A deal would require all Palestinian attacks against Israelis to stop and all smuggling of weapons into Gaza or the West Bank to end. In return, the Israelis would stop all incursions, targeted killings and arrests. As Palestinians demonstrate that they are fulfilling their responsibilities, checkpoints would be lifted and crossing points opened, making economic revitalization possible.

This agreement would differ from previous cease-fires in that it would be negotiated with clear understandings of what constitutes a violation and penalties for violations. Israel might be willing to accept such a deal because Hamas would have to enforce the cease-fire -- not merely observe it. Hamas's readiness to enforce it would mean for the first time that Hamas was acting to prevent "resistance," which would signal that its fundamental credo might be changed.

Hamas might be willing to accept such a cease-fire for two reasons: First, it needs a respite. Second, in an atmosphere where life is improving and conflict with Israel is deferred, Hamas is likely to believe its superior organization will allow it to supplant Fatah and dominate Palestinian society.

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For his part, Abbas has long favored a comprehensive cease-fire, and he, too, might believe that Hamas would be transformed by having to fulfill responsibilities.

In any case, a comprehensive cease-fire could change the atmosphere between Israelis and Palestinians and lead to a negotiation designed to pursue the vision that Olmert originally campaigned on -- an extensive Israeli withdrawal from the West Bank. Only this withdrawal would not be unilateral and would depend on Palestinian performance on security obligations.

A comprehensive cease-fire won't be hammered out without intensive U.S. brokering. Even Rice's more ambitious desire for a political horizon need not be surrendered. But to accomplish it, she must get the Saudis, Egyptians and Jordanians to publicly embrace basic trade-offs on the core issues, even if Arab leaders must get out in front of Abbas and Olmert on stating their acceptance of the compromises. Both leaders are politically weak; Abbas needs Arab political cover if he is to accept historic concessions on refugees and security, while Olmert must show that the Arab world has adopted unprecedented compromises if he is to justify crossing historic thresholds on Jerusalem and borders. Absent that, Rice will need to change her horizon for what is possible in the Middle East.

The writer was director for policy planning in the State Department under President George H.W. Bush and special Middle East coordinator under President Bill Clinton. He is counselor of the Washington Institute for Near East Policy.

Rival Groups Kept Apart In Beirut (NYT)

By Michael Slackman

The New York Times, February 15, 2007

BEIRUT, Lebanon, Feb. 14 — The military on Wednesday rolled out acres of razor wire and fashioned a no man's land to separate the hundreds of thousands of government supporters who poured into the center of this city from the hundreds of opposition supporters who have camped downtown since December.

The occasion was the second anniversary of the assassination of the former prime minister Rafik Hariri. Although people on both sides of the no man's land called for unity among all Lebanese, the day's events illustrated the deep divisions and tensions that keep this country on the edge of civil conflict.

"We are against sectarianism," a group of people chanted as they marched toward the memorial ceremony. "And God is with the Sunnis."

Lebanon is caught up in a dangerous political battle between the former prime minister's allies, who control the government, and their opponents, who want more power.

The conflict has deepened sectarian tensions in a country where power is divided among sects. In this fight, the Sunnis are primarily on the government side, Shiites are primarily in the opposition, and Christians are split.

The two competing sides regularly call for unity as a preamble to listing their non-negotiable demands. On Wednesday, the pattern held.

"We are here to say that we want to have dialogue with all Lebanese and we want national unity," Saad Hariri, the former prime minister's son and leader of the largest bloc in Parliament, said in a speech to the crowd. He also said the majority, known as the March 14 Coalition, would not back down on the creation of an international tribunal to hear evidence in Rafik Hariri's death and other political assassinations. Opposition leaders have insisted that the creation of the court be at least delayed.

The day was preceded by an increase in violence. On Tuesday, three people were killed when two minibuses were blown up. It was the first attack on ordinary citizens — not the politically outspoken — in two decades, and it raised fears of a slide into civil war.

By Wednesday morning, the attack had been absorbed into the collective experience, added to the list of bombings and killings and wars that have defined the years since Mr. Hariri was killed. People moved on, and waited for the next incident.

Buses, cars, minivans, mopeds and long lines of marchers began pouring into the center of the city early in the morning. It was in all corners a joyful procession with horns honking and banners waving.

The people snaked their way through intensified security, with the security forces frisking people and checking bags and cars. Armed security men lined the roofs surrounding the square where Mr. Hariri's grave has become a rallying site for the government.

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The anniversary offered the government one day, at least, to take control of the city from the opposition, which has shut the center of town with an open-ended sit-in.

"We are the true Lebanese!" Hussein Hashem, 26, shouted as he thrust his finger toward the opposition supporters on the other side of the razor wire. "They are not Lebanese."

Najla Housheimi, 50, said she attended the rally to show defiance.

"Bombs don't scare us, we are ready to present our blood," Ms. Housheimi said as she waved the flag of Lebanon.

The heaviest security was dispatched to keep the crowds of government supporters out of the tent city that has become the center for the opposition's efforts to bring down the government. It was quiet in the tented area. The protesters had turned off their loudspeakers, which had been blaring nonstop since early December, and relinquished the moment to their adversaries.

"Of course they are not our enemies," said Ali Mahmud, 19, a Hezbollah supporter from the south of Lebanon as he sat in a plastic lawn chair beside a tent spiked into the blacktop. "What is common between us is Lebanon. We are all Lebanese."

Then, looking at the legions of heavily armed men separating the two groups, his friend Muhammad Ali, 25, said: "We did not divide the country. It is not us who are irresponsible. They divided the country."

The fight is intensified because it also involves regional players who see the outcome of the events here as important to their national interests. Syria and Iran are with the opposition. The United States, Sunni Arab governments and Europe are with the government.

The international tribunal has, for example, become a flashpoint even as all sides say, in theory, they support it. Syrian officials have been implicated in the preliminary investigation into Mr. Hariri's death, and their allies in Lebanon have worked to slow its establishment.

That reality led to more calls for unity on Wednesday, followed by denunciations certain not to foster unity with the opposition.

"Whoever fights against what is right will be knocked out," Samir Geagea, leader of the Lebanese Forces, a Christian party and member of the governing coalition, said in a speech. "The international tribunal will certainly be created."

U.S., Britain Fare Poorly In Children Report (LAT)

By Maggie Farley

The Los Angeles Times, February 15, 2007

UNITED NATIONS — The United States and Britain ranked as the worst places to be a child among 21 wealthy nations, according to a report by UNICEF released Wednesday. The Netherlands was the best, it said, followed by Sweden and Denmark.

UNICEF's Innocenti Research Centre in Italy ranked the countries in material well-being, health, education, relationships, behaviors and risks, and young people's sense of happiness.

The finding that the children in the richest countries are not necessarily the best-off surprised many, said Marta Santos Pais, the study director. The Czech Republic, for example, ranked above countries with a higher per capita income, such as Austria, France, U.S. and Britain, in part because of a more equal distribution of wealth and higher relative investment in education and public health.

Some of the wealthier countries' lower rankings were a result of less spending on social programs and "dog eat dog" competition in jobs that led to adults spending less time with their children and heightened alienation among peers, said one of the report's authors, Jonathan Bradshaw, at a televised news conference in London.

"The findings that we got today are a consequence of long-term underinvestment in children," said Bradshaw, who is a professor of social policy at York University in England.

The highest ranking for the United States was for education, where it placed 12th. But the U.S. and U.K. landed in the lowest third for five of the six categories measured.

The United States was at the bottom in health and safety, mostly because of its high rates of child mortality and accidental deaths. It was next to last in family and peer relationships and risk-taking behavior. The U.S. has the highest proportion of children living in single-family homes, which the study defined as an indicator for increased risk of poverty and poor health,

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though it "may seem unfair and insensitive," it said. The U.S. was close to the bottom of the scale for children who eat and talk frequently with their families.

Britain had the highest rate of children involved in activities that endangered their welfare: 31 percent of those studied said they had been drunk at least twice by the age of 15, and 38 percent had had sexual intercourse by that age. Canada had the highest rate of children who had smoked marijuana by age 15 -- 40.4 percent. Japan ranked the worst on "subjective well being," with 30 percent of children agreeing with the statement, "I am lonely."

Children in the Netherlands, Spain and Greece said they were the happiest, and those in Spain, Portugal and the Netherlands spent the most time with their families and friends.

Because of a lack of internationally comparable data, the study did not address children's exposure to domestic violence, both as victims and as witnesses, and children's mental and emotional health.

The report acknowledges that some assessment scales have "weak spots."

The study, for example, measured relative affluence by asking if a family owned a vehicle, a computer, if children had their own bedroom and how often the family traveled on holiday. Some answers might depend on the quality of public transportation and real estate prices, making the average child in New York's affluent areas seem equal to one in a less developed country because of the constraints of city living.

The authors acknowledge the study is "a work in progress in need of improved definitions and better data." But they say it is a first step in providing benchmarks for comparing countries and highlighting poor performance in otherwise rich nations.

"All countries have weaknesses to be addressed," Santos Pais said.

U.S. Envoy Urges India To Open Up (WSJ)

By P.r. Venkat

The Wall Street Journal, February 15, 2007

NEW DELHI -- The U.S. is willing to cut farm subsidies further if other countries reciprocate by improving access to their markets and reducing tariffs, the U.S. commerce secretary said.

"We would be willing to take the lead on subsidies, but we can't do it unilaterally," Carlos Gutierrez said in an interview yesterday.

He said India holds the key to the successful conclusion of the long-running World Trade Organization talks under the Doha round of negotiations. Mr. Gutierrez is on a two-day visit to India aimed at boosting bilateral trade. The U.S. is India's largest trading partner. Last year, two-way trade hit $32 billion, Mr. Gutierrez said.

He said the U.S. would like to see "movement" in terms of India cutting tariffs on agricultural products and providing greater market access for industrial goods from other countries. "India is a leader among developing nations, and developing nations look to India to see how India makes its decisions" on WTO issues, he said.

Asked about the U.S. farm bill, which many see as crucial for WTO negotiations, Mr. Gutierrez said: "The farm bill is a domestic matter; the WTO talks are separate from the farm bill."

Started in 2001, the Doha round is meant to help poor countries gain access to the developed world's markets by cutting subsidies and tariffs in rich markets -- especially in agriculture. In return, wealthy nations would win access to important markets for services such as banking and insurance. Talks collapsed in July after hitting numerous roadblocks.

At the World Economic Forum meetings in Davos last month, representatives of many countries said they wanted negotiations to resume.

The U.S. farm bill, still to be approved by Congress, would cut farm spending by $18 billion, to $87 billion, over the next five years. Many countries have said the cut isn't steep enough.

The European Union has said it is prepared to make deeper cuts to its own subsidies if others, including the U.S., also make large cuts.

"We believe that getting an agreement as soon as possible is important," Mr. Gutierrez said. "However, the real important objective is to get a good agreement."

Mr. Gutierrez said India needs to open its market further to attract investment and maintain the pace of economic growth.

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"Every country in the world is competing for capital, and capital will go to those markets that welcome investment," he said.

U.S. companies want India to liberalize the retail, insurance and pension sectors, thus opening up opportunities for foreign firms.

Professionals Exit Venezuela (WSJ)

By Peter Millard

Wall Street Journal, February 15, 2007

CARACAS, Venezuela -- Oil-rich Venezuela has experienced the kind of economic boom in recent years that should be flush with job opportunities. But an increasing number of professionals, many of them from the oil industry, are looking abroad for work, driven away by President Hugo Chávez's effort to extend state control over the economy, and by inflation verging on 20%.

Since his re-election in December, Mr. Chávez has pursued an agenda of "21st Century Socialism," painting a future of "communal cities" and state-run cooperatives dedicated to production, not profit.

"Chavez's electoral triumph and the radicalized discourse has increased the desire to emigrate," said Luis Vicente Leon, the head of Datanalisis, a Caracas polling firm.

Not everyone is dissatisfied. Mr. Chávez, who first took office in 1999, has gained a broad base of popular support among Venezuela's poor, largely by spending billions of dollars on social programs. And a newly rich class of Venezuelans with close connections to the government is likely to stick around as long as they can continue to profit from Mr. Chávez's rise.

Still, at the U.S. Embassy call center for visas in Caracas, the lines have been jammed since Mr. Chávez announced in early January the nationalization of the electricity industry and Venezuela's largest telecommunications firm. "It doubled practically overnight," said a U.S. diplomat.

The number of Venezuelans receiving U.S. legal permanent residence more than doubled from 2000 to 2005, when 10,870 got their green cards. In that period the overall number of green cards increased by a third. During that period the number of Venezuelan-born U.S. residents increased 42%, to 151,743, according to the U.S. Census Bureau.

The oil industry appears to be taking notice of the available talent. Qatar Petroleum has run ads in local papers this year, offering tax-free salaries for geologists, reservoir engineers and geophysicists.

Canadian immigration law firm Benchetrit & Associates recently held four days of seminars in Caracas on living and working in Canada. "A plan for your life," read an advertisement for the seminars.

A Canadian embassy spokesman said oil companies are the main recruiters on the ground in Caracas. Canada is developing extra-heavy oil reserves that are comparable to those in Venezuela's Orinoco river basin, providing a ready job market for current and former staffers at Venezuela's state oil company, Petroleos de Venezuela SA, or PdVSA. The number of work visas Canada granted Venezuelans more than doubled last year, to 340.

Any opposition-minded oil workers still left at PdVSA face a difficult environment. During the presidential campaign last year, PdVSA President Rafael Ramirez told company executives to join Mr. Chávez's political movement or hit the road. In 2003, Mr. Chávez sacked around 20,000 PdVSA staffers -- about half the company's work force -- for walking off the job, calling them "terrorists." A majority of them were the managers, accountants and field engineers who turned the state oil venture into a world-class oil company during a period of robust expansion in the 1990s.

Many found work elsewhere, including in Mexico, Canada and Saudi Arabia, at a time of high demand for experienced oil workers.

The lost expertise has taken a toll on PdVSA, the country's largest single employer. Its share of the global market for crude oil supply is shrinking, and accidents and outages are on the rise. Analysts say the cost to PdVSA of producing a barrel of oil has nearly doubled in the past five years to more than $4.50.

White-collar executives at Electricidad de Caracas, which provides 10% of the country's power, and CANTV, the leading telephone company, also are bracing for a politicized workplace after Mr. Chávez finishes nationalizing the two firms by the end of March. Employees there say many staffers are seeking early retirement and expect management to discourage political opposition to Mr. Chávez. In January, Mr. Chávez floated the idea of capping salaries for state employees, giving the most valuable technicians and managers at these firms another reason to move on.

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This isn't the first time Venezuelan professionals have rushed for the exits. A multitude of professionals fled the country in 2003 after a nationwide general strike failed to remove Mr. Chávez from office.

According to Datanalisis, the number of Venezuelans who said they were interested in emigrating peaked at around 44% during the 2002-2003 political crisis, which saw the country run out of gasoline for two months. Interest in emigration started declining as the economy rebounded, but Datanalisis expects another spike this year.

Russians To Vote, But Some Parties Lose In Advance (NYT)

By Steven Lee Myers

The New York Times, February 15, 2007

ST. PETERSBURG, Russia — Two candidates in local elections here in March, a soccer star and figure skating champion, have no known intention of giving up sports for legislative politics. If they win, as they almost certainly will, their Kremlin-friendly parties, not the voters, will choose the candidates to fill their seats.

An opposition party was kicked off the ballot for forging signatures but given little chance to prove otherwise. Government-controlled television has effectively barred parties except those loyal to President Vladimir V. Putin from the airwaves.

The elections here on March 11, like those in 13 other regions, will preview coming national elections in which voters' choices will be severely limited at best. "Democracy?" asked Vladimir I. Fyodorov, a leader of the Communist Party here, which faces an uphill task of winning any seats to the city's 50-member legislature. "I would not call the process under way in our country democracy."

Here, as on the national level, Mr. Putin's Kremlin has left little to chance or surprise.

At the Kremlin's urging, Putin foes and independent analysts say, Parliament has raised the threshold for parties to win seats, eliminated minimum turnout requirements, abolished district elections in favor of party lists, and eliminated the option of voting "against all." A new law on extremism would ban a candidate from criticizing his or her opponent, or anyone actually in office.

The Kremlin has also made it more difficult for political parties to form and register. According to officials, the Justice Ministry refused to qualify 15 of the 32 that applied last year, and other, largely inactive, parties faded into history.

That measure, like most of the others, has an ostensibly reasonable and democratic purpose: to simplify and clarify the rules of elective politics. To critics, though, the Kremlin has simply assured the smooth re-election of pro-presidential parties.

"It would be like if California had an election and only five Republican Parties could run," said Maksim L. Reznik, head of the St. Petersburg branch of Yabloko, a liberal party.

The city election commission disqualified it after declaring that a sample of the 40,000 signatures on the party's voter registration application contained forgeries. The party was given two days to disprove a handwriting expert's conclusions by producing signed affidavits and copies of passports for hundreds of would-be voters.

By early February, with the elections barely a month away, Yabloko had also been barred from the ballot in two other regions, Orel in west central Russia and Leningrad, which surrounds St. Petersburg, in what party officials called an attempt by the Kremlin to weaken it further.

Another liberal party, the Union of Right Forces, was knocked off the ballot in Vologda, Pskov and Samara. The Communist Party faced challenges in several regions, including Tyumen and Dagestan, but ultimately qualified after protests.

In all, parties were denied registration in 17 instances. The only three parties that faced no problems were United Russia, Just Russia and the Liberal Democratic Party, all pro-presidential.

In Russia, as elsewhere, all politics is local. Yabloko's leaders argue that their banishment here in St. Petersburg resulted from their opposition to the city's governor, Valentina I. Matviyenko, a devoted supporter of Mr. Putin.

Yabloko's three members in the city legislature were the only ones who voted against Mr. Putin's reappointment of her as governor in December. They have also led a public challenge to plans by Ms. Matviyenko and Gazprom, the energy giant, to build a skyscraper on the banks of the Neva River.

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Party officials and political analysts, though, have detected a national trend in the pressure on opposition parties. "They would like to reduce uncertainty as much as possible," said Vladimir Y. Gelman, a political scientist at the European University at St. Petersburg.

The goal, he and others said, is to bolster United Russia, which now controls the lower house of Parliament and is called "the party of power," by forcing out smaller parties like Yabloko. At the same time, the Kremlin hopes to create a loyal counterweight in Just Russia, a party created by the merger of three smaller parties and led by a staunch Putin supporter, Sergei M. Mironov.

"Just Russia is the only real opposition currently," Mr. Mironov said recently, campaigning in the icy cold at a small park here, where he unveiled a new merry-go-round. "The others are just playthings."

Oleg A. Nilov, the party's regional chairman, acknowledged that political debate had withered in Russia since the emergence of United Russia. Just Russia, he said, will become a populist challenger, taking the side of the poor, the pensioners and the workers who have shared far less of Russia's new energy-fueled boom than most. That stance, though, extends only to the local legislature and the lower house of Parliament, the State Duma.

"We are saying that on the level of the State Duma there should be real competition," he said in an interview in the party's headquarters, which displays large portraits of Mr. Putin. "The executive power exists on the next level."

On that level, he added, "there should be unity."

Vadim A. Tulpanov, the incumbent chairman of St. Petersburg's legislature, dismissed criticism of Yabloko's registration troubles, calling them self-inflicted. He said the election simply reflected the natural evolution of Russia's young democracy, with the old parties like Yabloko and the Communists losing their popular appeal.

"Gradually in Russia, as I understand it, a two-party system is being created, like in America," he said.

For now, the two main parties have distinct advantages: access to the airwaves, which are government controlled, and to campaign financing. Private donations to parties became risky after the prosecution of Mikhail B. Khodorkovsky, the former chairman of Yukos Oil, after he openly supported political parties in the Duma.

A result of the uneven resources is visible on the streets here: posters and billboards of United Russia and Just Russia are ubiquitous, the others largely absent. Another advantage of incumbency has been the city's refusal to allow Yabloko and other parties to hold protests or other rallies.

Roman S. Mogilevsky, a sociologist and pollster with the independent Agency for Social Information, said he found optimism in Russia's development. "I don't think there are many who are against elections," he said, as though the question of holding them at all remained in doubt. "Even in the Soviet Union there were elections. The level of freedom, though, depends on whom you ask."

Opposition Candidate Shot

MAKHACHKALA, Russia, Feb. 14 (Agence France-Presse) — A local legislative candidate was shot in the head Wednesday in the southern Russian region of Dagestan less than an hour after making a campaign speech on television here, a police spokeswoman said.

Eduard Khidirov, the head of the Dagestani branch of the nationalist party Patriots of Russia, was in serious condition, the spokeswoman said.

U.N. Commander In Kosovo Resigns After Demonstrators' Deaths (NYT)

By Nicholas Wood

The New York Times, February 15, 2007

LJUBLJANA, Slovenia, Feb. 14 — The commander of the United Nations police in Kosovo resigned Wednesday, days after violent clashes between the police and demonstrators left two protesters dead and another critically injured.

The commander, Stephen Curtis, a former British police officer, resigned under pressure from the mission's most senior official, Joachim Rücker.

On Tuesday, autopsy reports showed that the two protesters, both men, had been killed by rubber-coated bullets. Television pictures of the demonstration on Saturday in the center of Pristina, the regional capital, showed members of a

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Romanian riot squad attached to the United Nations firing rubber bullets into the crowd. A third man remains in critical condition in a military hospital, United Nations officials said.

Mr. Rücker said the commissioner's resignation "would follow the principle of political accountability." He also appointed an international prosecutor to lead the investigation into the men's deaths.

The United Nations mission has come under substantial pressure to accept responsibility for the handling of the demonstration, which was held in protest of terms set out in a United Nations plan for Kosovo. In the plan, Kosovo is granted de facto statehood — an army, a constitution and a flag — but it would still be protected by NATO and overseen by the international community for the indefinite future.

Agim Ceku, prime minister of Kosovo's government, which is dominated by ethnic Albanians, has described the police measures as "excessive," and Interior Minister Fatmir Rexhepi resigned Monday, saying he felt morally responsible for the men's deaths, although the police officers implicated in the shooting were not under his command.

The shootings left many people in Kosovo shocked, and took place at a critical juncture.

The United Nations is planning to withdraw from the region by the end of summer and grant the province substantial self-rule, subject to approval by the Security Council. The mission first took over administration of the province in June 1999, after a 78-day NATO-led bombing campaign drove out the Serbian-dominated security forces who were accused of widespread atrocities against the ethnic Albanian population that forms the majority of Kosovo.

The plan benefits the Albanian majority, but a small number of Albanians complain that it gives too many rights to the Serb minority, and that the international authorities are trying to retain a hold over the province.

In a show of political unity, all main Serbian parties on Wednesday rejected the United Nations proposal, [a news agency] reported. In its first act since inconclusive elections on Jan. 21, Serbia's new Parliament overwhelmingly endorsed a resolution rejecting key aspects of the plan.

Vetevendosja, the group behind the demonstration on Saturday, has called for further protests next Monday.

Help Not Wanted (NYT)

By Moisés Naím

The New York Times, February 15, 2007

Washington

MY friend was visibly shaken. He had just learned that he had lost one of his clients to Chinese competitors. "It's amazing," he told me. "The Chinese have completely priced us out of the market. We can't compete with what they're able to offer."

There's nothing surprising about that, of course; manufacturing jobs are lost to China every day. But my friend is not in manufacturing. He works in foreign aid.

His story is about Nigeria's trains. The Nigerian government operates three railways, which are notoriously corrupt and inefficient. They are also falling apart. The World Bank — where my friend works — proposed a project based on the commonsense observation that there was no point in lending the Nigerians money without also tackling the corruption that had crippled the railways. After months of negotiation, the bank and Nigeria's government agreed on a $5 million project that would allow private companies to come in and help clean up the railways.

But just as the deal was about to be signed, the Chinese government offered Nigeria $9 billion to rebuild the entire rail network — no bids, no conditions and no need to reform. That was when my friend packed his suitcase and went to the airport.

It is not an isolated case. In recent years, wealthy nondemocratic regimes have begun to undermine development policy through their own activist aid programs. Call it rogue aid. It is development assistance that is nondemocratic in origin and nontransparent in practice, and its effect is typically to stifle real progress while hurting ordinary citizens.

China is actively backing such deals throughout Africa; its financing of roads, electrical plants, ports and the like boomed from $700 million in 2003 to nearly $3 billion for each of the past two years. Indeed, it is a worldwide strategy. Beijing has agreed to expand Indonesia's electrical grid in a matter of months. Too bad the deal calls for building several plants that use a highly polluting, coal-based Chinese technology. No international agency would have signed off on such an environmentally unfriendly deal.

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In the Philippines, the Asian Development Bank, which lends money at low interest rates to poor countries, had agreed to finance Manila's new aqueduct. It, too, was suddenly told that its money was no longer needed. China was offering cheaper rates, faster approval and fewer questions.

What's behind this sudden Chinese drive to do good around the world? The three short answers are money, international politics and access to raw materials. China's central bank has the world's largest foreign exchange reserves, totaling $1.06 trillion. Beijing is increasingly leveraging this cash to ensure its access to raw materials and to advance China's growing global influence. What better than a generous foreign-aid program to ensure the good will of a petro-power like Nigeria or a natural-resource-rich neighbor like Indonesia?

China is not the first country to make aid a tool in advancing its interests abroad. The Soviet Union and the United States spent decades giving development aid to dictators in exchange for their allegiance. Even today, American largess to Egypt and Pakistan is rooted in geopolitical calculation.

But beginning in the 1990s, foreign aid had begun to slowly improve. Scrutiny by the news media shamed many developed countries into curbing their bad practices. Today, the projects of organizations like the World Bank are meticulously inspected by watchdog groups. Although the system is far from perfect, it is certainly more transparent than it was when foreign aid routinely helped ruthless dictators stay in power.

Nor is China the only regime offering rogue aid. President Hugo Chávez has not been shy in using his nation's oil money to recruit allies abroad. Indeed, Venezuela's ambassador to Nicaragua, explaining his country's large aid packages in the region, bluntly announced, "We want to infect Latin America with our model."

Mr. Chávez's financial aid to Cuba far exceeds what the island used to get from Leonid Brezhnev during the heyday of Soviet communism, and it has dashed hopes for Cuba's opening as a result of Fidel Castro's demise and the island's bankruptcy. Because of Mr. Chávez's artificial lifeline, Cubans will be forced to wait even longer for the indispensable reforms that will bring their society opportunities for true prosperity and freedom.

Iranian aid to Hamas in Palestine and Hezbollah in Lebanon may have increased Iran's influence in the region, but it is damaging to the people in those countries for the same reason that Venezuelan aid hurts Cubans. The same can be said of Saudi Arabia's sponsorship, in countries like Pakistan, of religious schools that fail to equip students with the skills they need to get jobs.

One could argue that students are surely better off going to any school than being in the streets. But why should these be the only options? Why can't the Saudis finance education, the Chinese pay for railroads and electric grids, and the Venezuelans help Cuba's economy without also hurting poor Pakistanis, Nigerians and Cubans? Because the goal of these donors is not to help other countries develop. Rather, they seek to further their own national interests, advance an ideological agenda or even line their own pockets. Rogue aid providers couldn't care less about the long-term well-being of the population of the countries they aid.

States like China, Iran, Saudi Arabia and Venezuela have the cash and the will to reshape the world into a place very unlike the one where we want to live. By pushing their alternative development model, such states effectively price responsible aid programs out of the market exactly where they are needed most. In place of those programs, rogue donors offer to underwrite a world that is more corrupt, chaotic and authoritarian. That sort of aid is in no one's interest, except the rogues.

Africa's Last Best Chance (WSJ)

By Richard Holbrooke And Stuart Eizenstat

The Wall Street Journal, February 15, 2007

The long-stalled Doha round of trade talks recently had, in the words of WTO Director-General Pascal Lamy, a jolt of "new energy" after the recent meeting of key trade ministers in Davos. What is not clearly understood is that if a successful agreement is reached, it will be especially good news for Africa.

Failure, conversely, would have tragic consequences for the continent. It would lead the United States and the European Union to negotiate more bilateral free-trade agreements with key countries, but not with sub-Saharan Africa and other poor

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countries, which offer few attractive markets for developed countries' manufactured goods and services. Africa, which has seen its share of world trade shrink in recent years, would fall even further behind.

Developing countries felt that previous multilateral trade negotiations like the Kennedy round, the Tokyo round and the Uruguay round primarily benefited the highly developed nations. While they undertook costly obligations to protect developed countries' intellectual property and impose sanitary and phytosanitary standards, the developed countries did not significantly open their markets to the labor-intensive manufactured goods and agricultural products of developing countries.

For the Doha round launched in 2001, however, there is a development agenda. At its heart is agriculture -- a politically sensitive sector in the EU and the U.S. but the largest employer in low-income countries, accounting for about 60% of their labor force and 25% of their GDP. The World Bank estimates that these agricultural products face what former U.S. Trade Representative Robert Portman observed is a practically insurmountable global average tariff rate of 62%, and that 93% of the benefits from a successful Doha round would come from improved market access for developing nations' agricultural products.

Farmers represent less than 5% of the labor force in industrial countries, but they have very substantial political power in the U.S., EU and Japan. These political forces, especially in the EU, led to the eventual derailment of the Doha round last summer. But as the Doha talks take on new life, Congress and the Bush administration need to stay true to the commitments of the Doha Development Agenda, especially in agriculture.

Two weeks ago the administration proposed ending subsidies for 80,000 wealthy farmers, substituting trade-distorting subsidies with cash payments to farmers, and trimming traditional agriculture programs by $4.5 billion over the next decade. These proposals, if approved, would directly benefit some of the poorest people on earth, save lives and ultimately reduce American foreign aid, while helping Susan Schwab, the U.S trade representative, put wind in the sails of the ministers' pledge in Davos to restart serious talks.

The promise for developing countries, and particularly the poorest African nations, is huge. In particular, Africa stands to gain significantly if sensitive product exclusions do not disproportionately target key African exports. Peter Mandelson, the EU trade commissioner, pledged recently that Europe will significantly improve its previous tariff reduction offer; he needs to make good on that promise. But even the current U.S. and EU proposals on the table far surpass those offered in previous multilateral trade rounds and offer real gains for developing countries:

• WTO members have agreed to provide duty-free/quota-free market access to the least developed countries for at least 97% of their products.

• An agreement has been reached to end the direct EU and U.S. export subsidies by 2013 that have squeezed out the products of farmers in Africa, Asia and Latin America.

• Assistance will be given to help poor countries streamline their customs procedures to help with the red tape and corruption that historically impeded engagement in significant international trade.

Developing nations also must make serious commitments to complete the Doha round. A growing percentage of trade is between developing nations, with more than 70% of the duties paid by developing countries to other developing countries. This makes no sense.

The World Bank has found a significant increase in per capita income of developing countries that lower their own trade barriers, and concluded that totally eliminating global trade barriers could lift 300 to 500 million of the world's poor out of poverty -- growing their economies by $259 billion by 2015. Opening their trade arteries to manufactured goods and services is also important. It will help developing nations trade with each other, which is growing 50% faster than world trade overall, but where levels of protection on goods are four times higher than levels of protection in rich countries. Intraregional trade in Africa was only 5.3% of GDP in 2002, in part due to self-destructive trade barriers between African countries.

As trade ministers make an effort to reach a Doha deal, they should recognize that it is the poorest nations, particularly those in Africa, that would be the biggest losers if Doha collapses. We hope this will be understood by everyone, on a bipartisan basis, as this crucial negotiation heads into its final phase. For Africa, this may be the last best chance.

Mr. Holbrooke is a former U.S. ambassador to the U.N. and vice chairman of Perseus, LLC. Mr. Eizenstat held several senior positions in the Clinton administration, including U.S. ambassador to the EU, and heads the international practice at Covington & Burling, LLP.

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'Competitive Cooperation' (WSJ)

By Edward C. Prescott

The Wall Street Journal, February 15, 2007

Of all the thankless jobs that economists set for themselves when it comes to educating people about economics, the notion that society is better off if some industries are allowed to wither, their workers lose their jobs, and investors lose their capital -- all in the name of the greater glory of globalization -- surely ranks near the top. This is counterintuitive to many people (politicians among them), because they view it the government's economic responsibility to protect U.S. industry, employment and wealth against the forces of foreign competition. If the government has any economic role at all, surely this must be it.

Actually, no. Government has a higher calling in this country (and others like the United States), which is to provide the opportunity for people to seek their livelihood on their own terms, in open international markets, with as little interference from government as possible. That doesn't mean we shouldn't provide short-term social insurance policies to aid those displaced by foreign competition, but the purpose of that aid should be to prepare workers, not protect them.

Also, just because a country is open to international competition doesn't mean that it won't meddle in international markets. Complexities (and hypocrisies) abound when countries establish international trade agreements. In this regard, the U.S. and its free-trade friends are deserving of no small amount of shame. But broadly speaking -- and these broad operating principles matter -- those countries that open their borders to international competition are those countries with the highest per capita income.

This is more than mere correlation. Competitive openness is the key to bringing developing nations up to the standard of living enjoyed by citizens of wealthier countries. I am not speaking here of those countries faced with extreme poverty amid the ills of war, civil unrest, disease and famine. Those are countries with big problems and special needs, beyond the bounds of much economic theory. But I am talking about the majority of the world's population, who reside in countries with the opportunity for growth but who are stifled by protectionist policies and anti-competitive institutions.

Let's review some historical facts. With the signing of the Treaty of Rome in 1957, France, Italy, Belgium, West Germany, Luxembourg and the Netherlands formed what would eventually become the European Union. For six decades prior to the treaty, those countries were about 55% as productive as the U.S. But over the following 25 years, those countries essentially caught up to the U.S. in terms of productivity.

When that historic economic treaty was signed, three countries were roughly on par with those original six -- Denmark, Ireland and the United Kingdom. However, a funny thing happened in subsequent years -- those three countries started falling behind their former peers. So in 1973 they joined the original group and their economic fortunes improved. It took time, but the U.K. now is as productive as Germany.

The story continues in the 1980s, when Spain, Portugal and Greece joined the club. Spain has essentially caught up with the pack, and Portugal and Greece have narrowed the gap. By 1995, Austria, Sweden and Finland joined and have shown improvement relative to the group, after having fallen behind prior to signing. How about the 10 countries that joined in 2004? It's still early, but signs of positive movement are already apparent.

How to explain this phenomenon? The answer lies predominantly with competition -- aided by an attendant drop in transportation costs -- that industries had to face from their new member states. With regard to Europe, it is useful to consider the example of the U.S., which, from its early days, created wealth from the healthy competition among businesses and industries in its member states. This competitive cooperation was not a foregone conclusion during this country's formation, but its establishment has left an institutional legacy that has guaranteed the increasing standards of living that we all now enjoy.

This same competitive cooperation has been firing the economic engine of Europe for 50 years, when those first six countries took the historic step of uniting their economic fortunes. And there is other evidence throughout the world for the benefit of international openness. Like the U.S., Australia is also a tale of competition among member states; in addition, Australia had to reform once the U.K. joined the EU. The five wealthy countries of Eastern Asia -- Taiwan, Singapore, Japan, South Korea and Hong Kong -- were not so well off just a few decades ago, but their subsequent commitment to export markets and international competition put them on an upward trajectory that has improved the lives of millions of people.

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And what of Latin America? Unfortunately, the region provides a case study in the perils of protectionism. Recent research by my Minneapolis Fed colleagues, Lee Ohanian and Jim Schmitz, and two co-authors, shows that from 1950 to 2001, per capita GDP for Europe increased 68% relative to the U.S.; Asia increased by 244%, while Latin America decreased by 21%. This is all the more striking when we realize that Latin America's per capita GDP actually exceeded Asia's by 75% in 1950.

The authors provide much evidence to support their claim that competitive barriers are to blame for Latin America's retarded growth. But there is hope. Microlevel examples of industries that have opened to foreign competition -- the Chilean copper industry and Brazilian iron ore industry, for example -- reveal that Latin American producers can match the high productivity levels of their Western counterparts.

Of course, many other factors account for marginal differences in productivity and wealth among countries that are already wealthy -- tax rates being key among those factors -- but they are comparative "frosting on the cake," and the cake in this case is the institutional commitment to international competition. The day when Latin American countries have joined the ranks of wealthy countries and are competing on the basis of marginal tax rates will be a happy day, indeed.

Protectionism is seductive, but countries that succumb to its allure will soon have their economic hearts broken. Conversely, countries that commit to competitive borders will ensure a brighter economic future for their citizens. This lesson should not be lost on the U.S., the paragon of competitive growth, where politicians and policy makers are contemplating whether to construct more protective barriers. It is openness that gives people the opportunity to use their entrepreneurial talents to create social surplus, rather than using those talents to protect what they already have (or to protect rents, as economists like to say). Social surplus begets a rising standard of living, which begets growth, which begets social surplus, and so on. Rent protection stops growth cold and keeps people poor.

People in all countries are motivated to improve their condition, and all countries have their share of talented risk-takers, but without the promise that a competitive system brings, that motivation and those talents will only lie dormant. The 50th anniversary of the Treaty of Rome is a good time to reflect on the benefits that competitive cooperation can bring to people. Here's hoping that more citizens of the world will reap similar benefits over the next 50 years and beyond.

Mr. Prescott is senior monetary adviser at the Federal Reserve Bank of Minneapolis and professor of economics at the W.P. Carey School of Business, Arizona State University. He is a winner of the 2004 Nobel Prize in Economics.

Freedom And Labor (WSJ)

The Wall Street Journal, February 15, 2007

Europe just got its best jobless report in a very long time. The bad news: In a decade when record numbers of people found work in the rich world, Europe's best is an unemployment rate of 7.5%, significantly higher than America's 4.6% or that of any other developed economy.

The Old World offers a useful model of what not to do. Its largest economies -- Germany, France and Italy -- have shunned a policy mix that has enabled English-speaking and Nordic countries to reduce their jobless rolls. In its annual "Going for Growth" report released Tuesday, the OECD argues that deregulated labor and other markets are the best route to full employment. That's hardly man-bites-dog news, but the study draws on a decade's worth of empirical data to make the case.

Before a French politician gets upset, let's be clear that no one's calling for an end to the welfare state. The OECD study shows that a social safety net can coexist with strong growth and low unemployment, notwithstanding other social and economic costs. But the kind of safety net matters.

Look at the welfare-besotted Nordics, in particular Denmark, which has recently found tough love. Its "flexisecurity" system combines generous jobless benefits, strong incentives to get new work fast and lenient hiring and firing rules. This encourages Danish employers to create jobs and pushes beneficiaries back into the work pool. The result: Unemployment fell to 4.8% in 2005 from 8% in 1994 (see nearby chart).

Rigid job protection laws have the perverse effect of keeping people out of work. Germany and France are generous with benefits, lax about getting the unemployed off the dole and inflexible on hiring and firing. Such laws discourage companies from hiring and they discriminate against the jobless by raising the bar to enter the workforce; women and minorities are disproportionately hit.

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In France, the overall jobless rate is a still high 8.5% today, down from 12.3% in 1994. But the youth jobless rate is three times higher. Even after its poor minority young rioted in late 2005, France did nothing to make it easier for these kids to get jobs. Unemployment in Germany rose to 10.3% in 2005, from 8.4% in 1994. After Berlin tightened eligibility rules for unemployment insurance on the margins, without touching hiring and firing rules, the rate has since gone down -- marginally -- to 9.5%. That's still a long way from Denmark or the U.S.

As the OECD study shows, countries with low jobless rates not only have the most open labor markets but also the freest product markets. These are, in descending order, the U.S., Britain, Australia, Canada, New Zealand and Denmark. Except for the U.S., all these countries abandoned statist policies and opened up their economies in the past decade or two. The result: more growth and jobs. By the way, half the one-percentage-point decrease in euro-zone unemployment in the past decade comes from Spain, where market reforms got the jobless rate down to 8.5% today from 24% in 1994.

The OECD report also points out the often-overlooked benefits of deregulation to job creation. Freer competition in product and service markets reduces prices. That in turn relaxes wage demands and lets companies hire more workers. Financial deregulation, for example, tends to bring down interest rates, enabling companies to expand. In this virtuous circle, it's then theoretically easier to fix bad labor laws in a growing economy.

New governments in Italy and Germany and a soon-to-be new president in France have a chance to catch up with other developed economies on getting their citizens into jobs. The recipe isn't complicated: Reduce taxes to reduce wage costs, tighten rules on government benefits, loosen up employment protection laws. Come to think of it, the new majority in the U.S. Congress could stand to read the OECD report, too.

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TERRORISM NEWS:

Bad Guys Of The Week: Hezbollah's Hamadei, Islamic Jihad's Shallah (USNEWS)

U.S. News and World Report, February 15, 2007

Add two more Middle Eastern terrorists to the $5 million club. The State Department this week put Mohammed Ali Hamadei, an alleged leader of Lebanon's Hezbollah militia, and Ramadan Abdullah Mohammad Shallah, a founder of Palestinian Islamic Jihad, in its Rewards for Justice program.

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Although both men have figured on U.S. wanted lists for years, they now join 32 other terrorist fugitives in the rewards program, which typically offers up to $5 million for tips leading to arrests.

Hamadei has been on the FBI's wanted list since his 1985 indictment for the infamous hijacking of TWA Flight 847, a 17-day ordeal during which terrorists brutalized passengers and murdered U.S. Navy diver Robert Stethem. Nabbed by German authorities in 1987, he was given a life sentence and tossed into prison. But in December 2005, in what the Counterterrorism Blog's Andrew Cochran calls "a unique act of cowardice and weakness," German officials paroled him–despite U.S. protests–and he quickly fled to Lebanon.

The other fellow, Shallah, has served since 1985 as secretary general of Palestinian Islamic Jihad, a small but hyperviolent offshoot of the Muslim Brotherhood. Based in Damascus, Syria, the group has claimed responsibility for scores of terrorist attacks against Israel since 2000, killing U.S. citizens along with Israelis. Shallah's leadership has earned him a place on the U.S. terrorist blacklist since 1995.

Shallah is no street thug: He has a Ph.D. in banking and economics from a British university and has worked as a professor in several countries. He's wanted by the FBI for running Islamic Jihad "through a pattern of racketeering activities such as bombings, murders, extortions, and money laundering."

E.U. Report Faults 16 Nations In Probe Of Secret CIA Flights (WP)

By Molly Moore

The Washington Post, February 15, 2007

PARIS, Feb. 14 -- The European Parliament on Wednesday approved a report admonishing 15 European countries and Turkey for helping the CIA transport terrorism suspects held in secret or for failing to cooperate in the parliament's investigation of the practice.

The legislative body for the European Union's 27 countries said many member states have been "turning a blind eye" to the CIA-operated flights carrying prisoners who were subjected to "incommunicado detention and torture" during interrogations, violating E.U. human rights standards.

"We have opened up a closed door and there is even more behind this," said parliament member Giovanni Claudio Fava, an Italian Socialist who drafted the report. It was approved by a 382 to 256 vote, with 74 abstentions.

The parliament criticized the CIA renditions -- an extralegal tactic by which alleged terrorists have been abducted and interrogated at secret sites overseas -- "as an illegal instrument used by the USA in the fight against terrorism" and condemned the "acceptance and concealing of the practices by the secret services and governmental authorities of certain European countries."

The parliament deleted some of the toughest sections of the report, however, including recommendations for sanctions against some countries for human rights violations. It softened criticisms of some governments, including those of Britain, Germany and Spain, after intense lobbying from those states.

The vote came after a divisive debate among members.

Parliament member Jas Gawronski of Italy criticized the final report as "a blanket condemnation of the secret services" and said it was "predicated on the assumption that there is one chief guilty party and that is the USA."

President Bush acknowledged last September that the CIA used secret prisons to interrogate some terrorism suspects overseas. He did not say where the prisons were located.

A parliamentary committee spent a year investigating the allegations and interviewed more than 200 witnesses, including E.U., NATO and U.S. State Department officials as well as individuals who alleged they had been kidnapped by CIA agents in Europe and held in secret U.S. prisons.

The report criticized the E.U. foreign policy chief, Javier Solana, for "omissions" in his testimony before the parliamentary panel.

The report, which repeated basic findings made in a draft released last year, admonished 11 countries for having a role in CIA flights: Germany, Sweden, Spain, Ireland, Greece, Cyprus, Denmark, Turkey, Macedonia, Bosnia and Romania. The report also cited Britain, Austria, Italy, Poland and Portugal as uncooperative in the probe.

The report said its investigators had received no information to "contradict any of the allegations" that the CIA ran a secret prison in Romania and said the parliament could not "acknowledge or deny" that any of the secret facilities had been set up in Poland. Those two countries have denied hosting CIA prisons.

Separately, the Swiss government on Wednesday authorized a criminal investigation into a February 2003 CIA flight that reportedly carried Egyptian cleric Hassan Mustafa Osama Nasr, known as Abu Omar, from Italy, where he was allegedly kidnapped, to Ramstein Air Base in Germany, crossing Swiss airspace. Nasr was then taken to Cairo.

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Al-Arian Transferred To Prison Hospital Amid 24-day Hunger Strike (AP)

By Matthew Barakat, Associated Press Writer

AP, February 15, 2007

(AP) - McLEAN, Virginia-A former university professor who pleaded guilty last year to supporting a Palestinian terror group was transferred to a medical prison Wednesday as he entered the fourth week of a hunger strike.

Sami al-Arian, 49, began the hunger strike Jan. 22 to protest efforts to force him to testify in front of a grand jury investigating a group of Muslim charities in Virginia. He said a plea bargain with U.S. prosecutors last year frees him from any obligation to cooperate with the government.

Nikki Credic, a spokeswoman for the U.S. Marshals Service, said prison officials have been monitoring his health daily.

Prosecutors obtained a court order late last week approving the transfer, al-Arian's lawyer said, adding that the real motivation may have been to move al-Arian to a more isolated location.

Al-Arian's daughter Laila said her father fainted and hit his head Tuesday, and that he has lost 30 pounds (13.5 kilograms) since beginning the hunger strike, during which he is only drinking four glasses of water a day.

"We're definitely worried about him, but we respect why he chose to go on a hunger strike," she said. "You understand it when you sort of feel like you're cornered and you feel like the legal system is failing you."

Al-Arian was a prominent Palestinian activist who met with U.S. President George W. Bush and other political leaders in the years before he was charged.

Al-Arian has said he believes the effort to bring him in front of the grand jury is merely a trap by an overzealous U.S. prosecutor.

"I think it's just a pretext to hold me either in contempt or charge me with perjury, because whatever I'm going to say, they're going to say, 'You lied,'" al-Arian said in a jailhouse interview earlier this month with Democracy Now!, an independent media outlet.

But two U.S. judges have sided with prosecutors and said al-Arian must testify.

Because a judge has found al-Arian in contempt, every day he serves on the contempt charge extends his release date on a 57-month prison term handed down as part the plea for providing support to members of the Palestinian Islamic Jihad (PIJ).

Prosecutors had sought to prove al-Arian was a leader of PIJ, a terrorist group that has carried out suicide bombings against Israel. The trial ended with acquittal on some charges and a hung jury on the rest.

Al-Arian's lawyer, Peter Erlinder, said his client's fear of a perjury trap is valid given the aggressive tactics employed by federal prosecutors in Alexandria, who have handled numerous high-profile terrorism cases in recent years.

Just two weeks ago, prosecutors won a perjury conviction against Sabri Benkahla, 31.

Benkahla had been one of just two defendants to win acquittal among more than a dozen who faced terror-related charges at the Alexandria courthouse since Sept. 11, 2001. Shortly after his acquittal in 2004, prosecutors said he lied in grand jury testimony about his training with a Pakistani militant group and charged him with perjury. He now faces up to 25 years in prison.

The civil contempt sentence al-Arian is now serving could run through June, or until the judge decides that further incarceration is unlikely to coerce al-Arian's testimony. But even then, prosecutors can seek another six-month term if they extend the grand jury and subpoena al-Arian again.

"It just feels like an endless nightmare," Laila al-Arian said. "It feels like purgatory." 2007-02-14T23:00:17Z

Restoring A Right (WP)

The Washington Post, February 15, 2007

LAST SEPTEMBER, President Bush used the leverage of a midterm election to pressure Congress into granting his administration broad powers to detain, interrogate and try "enemy combatants" in the war on terrorism. The hastily considered bill had many flaws, but perhaps the most serious was a provision stripping foreign detainees of the right of habeas corpus, by which they could appeal their detentions, their treatment or the fairness of their trials to U.S. courts. With Congress under their control, Democrats have the chance to correct this serious breach of liberty. They should move quickly.

Two substantial pieces of legislation have been introduced in the Senate so far. One is a bipartisan measure backed by Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) and his predecessor as chairman, Sen. Arlen Specter (R-Pa.). Their bill would simply and straightforwardly restore the habeas right -- which is spelled out in Article I of the Constitution and has been a fundamental guarantor of freedom in Anglo-Saxon common law since the 12th century -- for all foreign prisoners in U.S. jurisdiction. The measure was narrowly defeated last year in the Senate by a vote of 51 to 48. Since then the elections have changed the arithmetic, and supporters believe a comfortable majority is within reach, though some compromises may be necessary to overcome a filibuster.

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A much broader bill was introduced Tuesday by a group of Democrats led by Sen. Christopher J. Dodd (D-Conn.), who is a candidate for president. In addition to affirming the habeas right, the Restoring the Constitution Act would correct many other problems with the military commissions law. It would prevent the administration from introducing evidence at the trials that was obtained through coercion; close loopholes that might allow the CIA to use abusive interrogation techniques; and improve the appeals process. The measure would also narrow -- in our view excessively -- the current law's overly broad definition of who can be defined as an "enemy combatant" subject to trial by a military commission. At present, even legal residents of the United States who do no more than "support" a terrorist group could be tried as enemy combatants; under Mr. Dodd's bill, only al-Qaeda members connected to the Sept. 11, 2001, attacks and fighters captured in "a zone of active combat against the United States" would be covered.

Most of the Dodd bill's reforms are badly needed. But many could be addressed through the courts if the habeas right were restored. Over the past several years, court supervision has proved essential to curbing the Bush administration's excesses in holding and interrogating prisoners at Guantanamo Bay and elsewhere. Court rulings or the imminent prospect of them have caused prisoners held incommunicado to be granted attorneys and hearings, trial procedures to be improved and abusive treatment to be curbed. There is much still to do to reform foreign detentions; Congress needs to put the federal court system back into the process. It can do so by guaranteeing detainees the basic human right to appeal their imprisonment.

HOMELAND RESPONSE:

Dubai Firm's Sale Of U.S. Ports Hits A Snag (WSJ)

By Neil King Jr. And Daniel Machalaba

The Wall Street Journal, February 15, 2007

The long-running effort by Dubai Ports World to sell off its extensive U.S. port holdings has hit an 11th-hour snag over squabbles with the Port Authority of New York and New Jersey.

The Port Authority has thrown up a number of unexpected objections and conditions to DP World's proposed sale of its port-management contract to AIG Global Investment Group, people familiar with the deal said.

DP World has received approval for the sale at all of the other facilities it operates in the U.S., but the Port Authority is demanding that the company pay as much as $84 million in order to approve the lease transfer, the people said. The Port Authority has also demanded access to sensitive business information, which both DP World and AIG Global, the investment arm of insurance giant American International Group Inc., have been reluctant to turn over.

The new demands have cast the overall transaction into jeopardy by greatly increasing the transaction cost for DP World. "The entire deal could fall apart," said one person familiar with details of the transaction. Another official involved in the deal said the demand amounted to a "departure fee" for DP World, which has been forced by political pressures to divest itself of its U.S. holdings.

The Dubai-based ports company, which is owned by the Persian Gulf emirate of Dubai in the United Arab Emirates, found itself at the center of a political furor a year ago, after the Bush administration signed off on its acquisition of a British ports company that had long managed operations at six U.S. ports, including the port of New York/New Jersey, which is owned by the Port Authority.

Amid an outcry in Congress over perceived national-security concerns related to the deal, the Bush administration urged DP World to sell off its newly acquired U.S. assets, which also included contracts to run marine terminals in Philadelphia, Baltimore, Miami, Tampa, Florida and New Orleans, as well as smaller stevedoring operations in around a dozen other U.S. locations.

In December, DP World said it had found a buyer in AIG Global, a New York-based asset-management company with more than $680 billion in assets. The terms of the sale haven't been disclosed.

AIG spokesman Chris Winans declined to comment on the negotiations with the Port Authority, but said "we remain excited about the possibility of acquiring this business." DP World also declined to comment.

Port Authority spokesman Steve Sigmund said the Port Authority is "having productive discussions" with AIG and hopes to reach an agreement in "short order." He said the Port Authority is trying to get commitments from AIG to invest in infrastructure improvements to wharves and other facilities and expansion of railroad tracks to move cargo. "We are not using it to extract cash," Mr. Sigmund said. "We are trying to ensure that the ports are run safely and responsibly."

Were the New York/New Jersey portion of the deal to fall apart, that would jeopardize the entire transaction, possibly requiring DP World to find another buyer. DP World agreed with the administration last spring that it would turn over its U.S. port holdings to a U.S.-owned company, but it took months to find a buyer willing to pay the right price.

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State Farm Retreats In Gulf (USAT)

By Kathy Chu

USA Today, February 15, 2007

State Farm's decision Wednesday to stop writing new home and commercial policies throughout Mississippi could prompt other insurers to retreat further from the Katrina-battered region, industry groups and legal experts say.

State Farm — which insures about one of every three Mississippi homes — is the first company since Hurricane Katrina to stop offering new policies throughout a state in the Gulf Coast area. Its move underscores the precarious nature of the region's insurance. Since the hurricane, insurers have cut back on homeowner policies in affected coastal areas.

The decision Wednesday is one State Farm came to "reluctantly," says company spokesman Phil Supple, partly because of the torrent of lawsuits and rulings in Mississippi since Katrina and the uncertainty of pending legal battles. The move doesn't affect existing policyholders, at least for now. State Farm is the largest insurer of homes in the USA, as well as in Mississippi. Last year, the company wrote about 29,000 new homeowner policies in the state.

The insurer's "extraordinary step" could affect companies facing similar legal issues, says Robert Hartwig of the Insurance Information Institute. "I can't rule out that other insurers might make similar legal decisions."

Mike Siemienas, a spokesman for Allstate, another large insurer, says his company "can't speculate on what we'll do," but when it makes coverage decisions, "we review the entire situation" in the state.

Insurers are still grappling with thousands of homeowners' lawsuits related to Katrina damage. At issue is whether homes reduced to slab were damaged by wind or water. Homeowner policies cover wind damage, but only federal flood policies cover flooding.

In Mississippi, State Farm has agreed to settle 640 individual lawsuits and to pay at least $50 million to reopen up to 35,000 hurricane-related homeowners' claims. A federal judge, though, has suspended part of the settlement in question, seeking more information. A hearing on the settlement is set for late February.

Matthew Steffey, a professor at Mississippi College School of Law, believes the timing of State Farm's announcement — weeks before the federal court hearing — isn't coincidental. "I think the message is if we can't settle these cases favorably, then we will quit doing (new) business in your state, and the fear is that other insurers" will pull out, he says.

Supple, of State Farm, notes, "There is no good timing for this announcement."

The bad news for homeowners, says Birny Birnbaum of the Center for Economic Justice, a consumer-advocacy group, is that "other insurers are probably going to follow suit (in pulling back on homeowners' coverage in the region) because they want to apply political pressure" like State Farm.

WAR NEWS:

Bush Declares Iran's Arms Role In Iraq Is Certain (NYT)

By Sheryl Gay Stolberg And Marc Santora

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — President Bush said Wednesday that he was certain that factions within the Iranian government had supplied Shiite militants in Iraq with deadly roadside bombs that had killed American troops. But he said he did not know whether Iran's highest officials had directed the attacks.

Mr. Bush's remarks amounted to his most specific accusation to date that Iran was undermining security in Iraq. They appeared to be part of a concerted effort by the White House to present a clearer, more direct case that Iran was supplying the potent weapons — and to push back against criticism that the intelligence used in reaching the conclusions was not credible.

Speaking at a news conference in the East Room of the White House, Mr. Bush dismissed as "preposterous" the contention by some skeptics that the United States was drawing unwarranted conclusions about Iran's role. He publicly endorsed assertions that had until now been presented only by anonymous military and intelligence officials, who have said that an elite branch of Iran's Islamic Revolutionary Guard Corps known as the Quds Force has provided Shiite militias in Iraq with the sophisticated weapons that have been responsible for killing at least 170 American soldiers and wounding more than 600.

"I can say with certainty that the Quds Force, a part of the Iranian government, has provided these sophisticated I.E.D.'s that have harmed our troops," Mr. Bush said, using the abbreviation for improvised explosive device. "And I'd like to repeat, I do not know whether or not the Quds Force was ordered from the top echelons of the government. But my point is, what's worse, them ordering it and it happening, or them not ordering it and its happening?"

The House of Representatives is debating a resolution disapproving of Mr. Bush's plan to send more than 20,000 additional troops to Iraq. [Page A16.] And so Mr. Bush used his appearance to defend that decision as necessary in the face of

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deteriorating security in Baghdad. Asked about a possible American response to Iranian interference, he said, "We will continue to protect our troops." With skeptics asking why the intelligence about Iran's meddling is coming to light now, a number of possibilities have been raised, including the increase in attacks and American casualties in recent months. [Page A16.]

American intelligence officials have said they think that top leaders in Iran must have approved of the attacks on the American forces, in part because the Quds Force has historically reported to the country's top religious leaders. But aides to Mr. Bush, mindful of the criticism about its use of intelligence before the Iraq war, said the White House wanted to be careful not to make that kind of accusation without hard proof.

As Mr. Bush discussed Iran in Washington, the chief American military spokesman in Baghdad provided a more detailed, on-the-record account of how the administration believed the weapons, particularly lethal explosive devices known as explosively formed penetrators, or E.F.P.'s, got to Iraq. The spokesman, Maj. Gen. William B. Caldwell IV, was also careful not to link the actions of the Quds Force directly to Iran's top leaders. He said American assertions about a link between the weapons and the force were based on information obtained from people, including Iranians, detained in Iraq in the past 60 days.

"They in fact have told us that the Quds Force provides support to extremist groups here in Iraq in the forms of both money and weaponry," General Caldwell said. He added: "They have talked about how there are extremist elements that are given this material in Iran and then it is smuggled into Iraq. We have in fact stopped some at the border and discovered it there, coming from Iran into Iraq."

The coordinated messages out of Baghdad and Washington were an effort by the White House to tamp down reports of divisions within the American government about who in Iran should be held responsible for the weapons shipments. A senior Defense analyst said at a briefing in Baghdad over the weekend that the effort was being directed "from the highest levels of the Iranian government." But Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, offered a contradictory account this week, telling The Associated Press that while some bomb materials were made in Iran, "that does not translate that the Iranian government, per se, for sure, is directly involved in doing this."

At Wednesday's news conference, Mr. Bush suggested that it did not matter whether senior leaders were involved. "What matters is, is that we're responding," Mr. Bush said. He said that if the United States found either networks or individuals "who are moving these devices into Iraq, we will deal with them."

Some experts said the question of Iran's responsibility remained important. "There's a big difference between saying that there is a rogue element doing things and then asking the Iranian government to rein it in, as opposed to saying this is a calculated deliberate strategy of the Iranian government," said Vali Nasr, a Middle East scholar at the Council on Foreign Relations. "That has very different implications in terms of how do you hold Iran culpable."

The administration's claims about Iran have been met with intense skepticism, from Democrats in Congress and from experts like David Kay, who led the search for illicit weapons in Iraq. Some critics have said the White House is using Iran as a scapegoat for its problems in Iraq, and some have suggested that the administration, which has been trying to pressure Iran into abandoning its nuclear program, is laying the foundation for another war.

On Wednesday, a leading contender for the Democratic nomination for president, Senator Hillary Rodham Clinton of New York, took to the Senate floor to call on Mr. Bush to seek authorization for any military action against Iran. "We cannot and we must not allow recent history to repeat itself," she said.

Mr. Bush has said that he has no intention of invading Iran and that any suggestion that he was trying to provoke Iran "is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way." But experts say that the ratcheting up of accusations could provoke a confrontation. Gary Sick, an expert on Iran at Columbia University, said there was a "danger of accidental war." He said, "If anything goes wrong, if something happens, there's an unexplained explosion and we kidnap an Iranian, and the Iranians respond to that somehow, this could get out of control."

Mr. Bush has also refused to meet with Iran's leaders, and he said Wednesday that he did not believe that it would be an effective way of persuading the Iranians to give up their nuclear goals. "This is a world in which people say, 'Meet! Sit down and meet!' " he said. "And my answer is, if it yields results, that's what I'm interested in."

Bush: Iran Is Source Of Deadly Weapons (AP)

By Terence Hunt

AP, February 15, 2007

Challenged on the accuracy of U.S. intelligence, President Bush said Wednesday there is no doubt the Iranian government is providing armor-piercing weapons to kill American soldiers in Iraq. But he backed away from claims the top echelon of Iran's government was responsible.

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Bush, at a news conference, also said he would fight any attempt by the Democratic-controlled Congress to cut off money for the war. "They need to fund our troops and the need to make sure we have the flexibility necessary to get the job done," he said.

The House is expected to vote Friday on a nonbinding resolution opposing Bush's decision to send 21,500 additional troops to Iraq.

The meeting with reporters in the East Room was Bush's first news conference since Dec. 20 and the first since he announced the troop buildup in Iraq. The four-year-old war hangs heavily on his presidency, and Bush's approval rating in an Associated Press-Ipsos poll in February matched an all-time low of 32 percent.

Iran was a dominant theme of reporters' questions because of conflicting statements about U.S. intelligence in Iran and recurring speculation that Bush is looking for an excuse to attack the Islamic republic, which is believed by Washington and its allies to be seeking nuclear weapons.

Defending U.S. intelligence that has pinpointed Iran as a hostile arms supplier in Iraq, Bush said, "Does this mean you're trying to have a pretext for war? No. It means I'm trying to protect our troops."

There have been mixed signals in the administration about Iran's involvement in supplying Shiite groups in Iraq with a particularly lethal type of roadside bombs known as explosively formed penetrators.

Three senior U.S. military officials, at a weekend briefing in Baghdad, said the highest levels of the Iranian government had ordered the weapons smuggled into Iraq. They based their claim on the belief the weapons are moving into Iraq through the Iran's Revolutionary Guards elite Quds Force.

But Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said later he was not ready to conclude that Iran's top leaders were behind the attacks. Some lawmakers also have questioned the administration's statements.

Wading into the debate, Bush said the Quds Force was instrumental in supplying the weapons — "we know that," he said — and that the Quds Force was part of the Iranian government. "That's a known," he said. "What we don't know is whether or not the head leaders of Iran ordered the Quds Force to do what they did."

Pressed again on the subject, Bush displayed some irritation and said, "Whether (Iranian President Mahmoud) Ahmadinejad ordered the Quds Force to do this, I don't think we know. But we do know that they're there and I intend to do something about it. And I've asked our commanders to do something about it. And we're going to protect our troops." Ahmadinejad has denied Iran was behind the attacks.

Democrats on the Senate Armed Services Committee emerged from a classified briefing Wednesday saying they wanted more information about Iran. The committee chairman, Sen. Carl Levin, said it was unclear to him precisely what the administration knows about the Tehran government's ties to the weapons found in Iraq.

"There seems to be some disarray," said Levin, D-Mich. He said he eventually hopes to see some declassified information on the subject.

Bush came into the news conference after receiving a briefing from Baghdad by Gen. David Petraeus, the new commander of U.S. forces in Iraq.

Bush said he talked with Petraeus about coordination between Iraqi and coalition forces, and that while it seemed to be good, more work was needed on developing an efficient command-and-control structure.

Bush responded carefully when asked about Russian President Vladimir Putin's accusations Saturday that the United States was undermining global security and provoking a nuclear arms race. The depth of Putin's criticism surprised U.S. officials.

Bush said Putin was "the same strong-willed person" he has known since 2001 and there is a "complicated relationship" between Washington and Moscow.

On other matters, Bush said:

_The agreement announced Tuesday to shut down North Korea's nuclear program in exchange for fuel assistance was "a good first step." He said he strongly disagreed with former U.N. Ambassador John Bolton that it was a bad deal.

_He will not comment on the 2008 presidential race. "I will resist all temptation to become the pundit-in-chief."

_He will not comment on whether he authorized members of his administration to leak the identity of Valerie Plame, a one-time CIA officer whose husband, former ambassador Joseph Wilson, criticized the administration's case for the Iraq war. Similarly, Bush refused to say whether he might pardon I. Lewis "Scooter Libby, the former aide to Vice President Dick Cheney. Libby is on trial on charges of lying and obstructing the investigation into the Plame's identity.

Bush Backs Off Key Charge Against Iran (AFP)

By Olivier Knox

AFP, February 15, 2007

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US President George W. Bush said he was unsure whether top Iranian leaders were behind arms shipments to anti-US fighters in Iraq, undercutting a volatile US charge levelled just days ago.

But he said there was no doubt that the elite Al-Qods Force of the Iranian Revolutionary Guards Corps was behind powerful new improvised explosive devices (IEDS) killing US soldiers in Iraq and vowed he would "do something about it."

"Whether (Iranian President Mahmoud) Ahmadinejad ordered the Qods Force to do this, I don't think we know. But we do know that they're there," Bush told his first press conference since December 20.

Bush, who also dismissed as "preposterous" any suggestion that Washington was fabricating charges against Tehran, ruled out direct bilateral talks for now with the Islamic republic.

"If I thought we could achieve success, I would sit down. But I don't think we can achieve success right now," he said, stressing that he believed the ongoing multilateral approach to Iran's nuclear programs was paying off.

"That's a more effective way of convincing the Iranians to give up their nuclear weapons ambitions," he said. "And I believe we are making good progress toward solving this issue peacefully."

"If they want us at the table, we're more than willing to come, but there must be a verifiable suspension of this weapons program that is causing such grave concern," he said. Tehran denies seeking nuclear weapons.

Three days after anonymous US officials in Baghdad told a roomful of reporters that "the senior levels of the Iranian government" had approved weapons shipments to Iraqi fighters, Bush said he could not vouch for it.

"I can say with certainty that the Qods force, a part of the Iranian government, has provided these sophisticated IEDs that have harmed our troops," he said.

"I do not know whether or not the Qods force was ordered from the top echelons of government. But my point is what's worse -- them ordering it and it happening, or them not ordering it and it happening?

His comments came after the chairman of the US Joint Chiefs of Staff, Marine General Peter Pace, cast doubt on the allegation that the highest levels of Iran's government were directing the weapons flows.

Pace told Voice of America radio that the explosives were made in Iran but added: "What I would not say is that the Iranian government, per se, knows about this."

Pace's apparent break with the briefing in Baghdad added fuel to criticisms that the Bush administration was exaggerating the case against Iran and recalled the bitter debate over the flawed case for invading Iraq.

"The idea that somehow we're manufacturing the idea that the Iranians are providing IEDs is preposterous," countered Bush.

"When we find the networks that are enabling these weapons to end up in Iraq, we will deal with them. If we find agents who are moving these devices into Iraq, we will deal with them," said the US president.

"We know they're there, we know they're provided by the Qods force. We know the Qods force is a part of the Iranian government. I don't think we know who picked up the phone and said to the Qods force, go do this, but we know it's a vital part of the Iranian government," said Bush.

The US president spoke hours after the US military in Baghdad formally repeated the charges made at the weekend briefing, where officials spoke on condition that they not be named and recording devices were banned.

Major General William Caldwell repeated the bulk of the charges -- but backtracked from Sunday's claim that the shipments initiated at "the highest level" of the Iranian government, calling that an analysts' "inference".

Iranians Aid Iraq Militants, Bush Alleges (WP)

By Peter Baker

The Washington Post, February 15, 2007

President Bush bluntly accused Iranian agents yesterday of providing sophisticated explosives to kill U.S. troops in Iraq but said he did not know whether they were acting on orders of the Islamic republic's leaders and denied using the allegations as a pretext to go to war with Tehran.

As the House entered its second day of debate over the Iraq war, Bush tried to quiet talk that he is heading down the same road with Iran that he did with its neighbor four years ago. At his first news conference since announcing that he will send more troops to Iraq, Bush said he sees fresh progress in Baghdad and warned Congress not to cut off funding or set timetables for withdrawal.

The president spent much of the hour-long televised session in the East Room addressing skepticism about his government's assertions regarding Iran and fears of a widening regional conflict. "The idea that somehow we're manufacturing the idea that the Iranians are providing [explosives] is preposterous," Bush said. Repeating a reporter's question, he added: "Does this mean you're trying to have a pretext for war? No. It means I'm trying to protect our troops."

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Bush rejected suggestions that his administration has provided conflicting accounts of the Iranian leadership's involvement in arming Iraqi extremists. On Sunday, U.S. military officials briefing reporters in Baghdad on the condition of anonymity said that the "highest levels" of Iran's government are involved, but Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, later said he would not say the Iranian government is complicit.

"There's no contradiction that the weapons are there and they were provided by the Quds Force," an Iranian paramilitary unit, Bush said. He added: "We know that. And we also know that the Quds Force is a part of the Iranian government. That's a known. What we don't know is whether or not the head leaders of Iran ordered the Quds Force to do what they did."

The administration has long asserted that Iran has been fomenting trouble in Iraq, but the issue has taken on new urgency in recent weeks as Bush dispatched an additional aircraft carrier to the Persian Gulf and confirmed orders to capture or kill Iranian agents caught in Iraq. Democrats and other critics have accused Bush of exaggerating the situation to justify new military action.

Sen. Hillary Rodham Clinton (N.Y.), the early Democratic presidential front-runner, went to the Senate floor after Bush's news conference to insist that he ask Congress for permission before attacking Iran. "It would be a mistake of historical proportion if the administration thought that the 2002 resolution authorizing force against Iraq was a blank check for the use of force against Iran without further congressional authorization," she said.

The president's news conference demonstrated how much the three countries Bush dubbed an "axis of evil" continue to dominate his presidency five years after he coined the term. With the war in Iraq still mired in violence and the confrontation with Iran growing, Bush was able to cite North Korea as a bright spot. U.S. negotiators reached agreement this week in six-party talks with Pyongyang to shut down its nuclear weapons program in exchange for food and energy.

"This is progress," Bush said. "It is a good first step. There's a lot of work to be done to make sure that the commitments made in this agreement become reality, but I believe it's an important step in the right direction."

The deal has come under fire from figures on the left and the right, who complain that it rewards bad behavior and gives away too much without certainty that North Korea will live up to its end. Bush bristled at the criticism, saying: "The assessment made by some that this is not a good deal is just flat wrong."

The Iran issue has inflamed the already emotional debate on the House floor, as lawmakers consider a nonbinding resolution denouncing Bush's decision to order 21,500 more U.S. troops to Iraq. The president had largely stayed out of that debate in recognition that it seems certain to pass with even some Republican support and that it is only symbolic. But he signaled a willingness, even an eagerness, to fight any attempt to tangibly tie his hands.

"My hope . . . is that this nonbinding resolution doesn't try to turn into a binding policy that prevents our troops from doing that which I have asked them to do," Bush said. A few moments later, he added: "I'm going to make it very clear to the members of Congress, starting now, that they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done."

Bush arrived for his meeting with reporters after receiving a briefing from Gen. David H. Petraeus, who recently took over as the top U.S. commander in Iraq. The president expressed optimism that the Iraqi government is beginning to meet certain benchmarks, noting that it has set aside $10 billion of its own money for reconstruction as promised and is moving toward a distribution deal on oil proceeds and new rules allowing some lower-level members of Saddam Hussein's Baath Party back into the government.

He sought to lower expectations for what constitutes success, however, describing his goal as "relative peace" in Iraq, because "if it's like zero car bombings, it never will happen that way." Bush continued to reject the notion that the conflict in Iraq is now a civil war, despite a new U.S. intelligence conclusion that the term "accurately describes key elements" of the strife, though not its entire complexity.

His comments triggered more criticism among Democrats. "This stubborn refusal to face reality has led this administration into blunder after blunder in Iraq and is now behind the president's misguided plan to send American troops into the crossfire," said Sen. Edward M. Kennedy (Mass.), urging colleagues to block the troop increase.

The debate over Iraq and the anxiety over Iran have played out against the backdrop of I. Lewis "Scooter" Libby's perjury trial, where the origins of the war have been revisited. Defense lawyers for Vice President Cheney's former chief of staff rested their case yesterday after weeks of testimony that confirmed that three administration officials other than Libby -- Bush adviser Karl Rove, then-Deputy Secretary of State Richard L. Armitage and then-White House press secretary Ari Fleischer -- leaked the identity of undercover CIA officer Valerie Plame.

Plame's husband, former ambassador Joseph C. Wilson IV, had become a vocal critic of the handling of Iraq intelligence. Bush once promised to fire anyone who had leaked Plame's name to the media. But he would not say yesterday whether he had authorized any of the three to leak it. "I'm not going to talk about any of it," he said. And he refused to rule out pardoning Libby.

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On another recent foreign flash point, Bush offered a gentle response to Russian President Vladimir Putin, who last weekend accused him of undermining global peace and provoking a new arms race. Bush declined to reevaluate his 2001 assessment about seeing Putin's soul: "I think the person who I was referring to in 2001 is the same strong-willed person. He is a person with whom I have had agreements and disagreements throughout the course of my presidency and his."

Bush Rejects Critics While Talking Up Diplomacy (FT)

By Edward Luce

Financial Times, February 15, 2007

George W. Bush yesterday angrily rejected criticisms of Tuesday's six-party agreement on North Korea's nuclear programme while singing the praises of multilateral diplomacy.

The US president's backing of the deal has attracted fierce attacks. John Bolton, the former US ambassador to the United Nations, called it a "charade" and a "hollow agreement".

"I strongly disagree with his assessment," said Mr Bush when asked about Mr Bolton's comments yesterday. "The best diplomacy is where there is more than one voice sitting down with an equity in the issue . . . the assessment made by some that this is a bad deal is flat wrong."

The deal has been attacked by former neoconservative allies, who see it as evidence that the president has caved into a "realist" foreign policy. It has also been taken as a sign that Condoleezza Rice, the US secretary of state, is driving US diplomacy.

Senior officials say that Christopher Hill, the chief US negotiator close to Ms Rice, was given great latitude to negotiate a deal that could work in practice. Ms Rice reportedly cut out senior State Department non-proliferation officials from the North Korea talks.

Danielle Pletka, a neoconservative at the American Enterprise Institute, said the deal was worse than the "general framework" agreement negotiated by the Clinton administration in 1994, which fell apart in 2002.

"The Clinton administration had a view that we should accommodate the bad guys and then deal with the problem later," said Ms Pletka. "We disagreed with his approach but it had the merit of at least being coherent. I see no strategy whatsoever behind the Bush administration's current approach to North Korea. Anyone who believes Pyongyang will honour the agreement needs their head examining."

Ms Pletka and other neoconservatives also say that the deal will send the wrong signal to Iran, which will interpret North Korea's success as having directly flowed from its decision to test a nuclear device last October. "The message is that Iran should accelerate its nuclear programme then it will get more concessions," she said.

Mr Bush yesterday reiterated his aversion to talks with Iran while it refuses to suspend its uranium enrichment programme. He also played down apparent contradictions between recent US military briefings over whether the Iranian government was directly supplying improvised explosive devices to terrorist groups in Iraq.

Mr Bush said that it did not matter whether or not Tehran ordered Quds - a unit of Iran's revolutionary guard corps - to supply the bombs. "What we do know is the Quds force is instrumental in providing these deadly IEDs to networks inside of Iraq," he said. "What we don't know is whether or not the head leaders of Iran ordered the Quds force to do what they did."

Bush Insists That Iran Provides Weapons For Iraq (USAT)

By David Jackson

USA Today, February 15, 2007

WASHINGTON — President Bush said Wednesday that he is sure bombs supplied by Iran are killing U.S. troops in Iraq, but doesn't know if Iran's top leaders are complicit.

Bush's uncertainty, expressed at his first White House news conference this year, contrasted with an assessment by the U.S. military in Iraq. Military officials said Sunday that Iran's government was involved in the shipments of powerful roadside bombs to radical Shiite militias.

Bush said it is known that the al-Quds Force, an elite branch of the Iranian Revolutionary Guard, is providing Shiite groups in Iraq with weapons, known as explosively formed penetrators. "I don't think we know who picked up the phone and said to the Quds Force, 'Go do this,' " Bush said during a session dominated by the topics of Iraq and Iran.

AUDIO ON ... : Iraq resolution | North Korea deal | Multi-lateral approach to Iran

The president said the point is that the weapons exist. He vowed to "continue to protect our troops."

In Baghdad on Wednesday, the top U.S. military spokesman said Sunday's briefing was not designed to accuse the Iranian government but to present evidence of its role in Iraq's violence. The briefer "was responding to questions and trying to be informative," said Maj. Gen. William Caldwell.

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Iranian President Mahmoud Ahmadinejad has denied the Bush administration's charges.

Democrats such as Sen. Hillary Rodham Clinton of New York have expressed skepticism of the intelligence on Iran, citing unfounded claims about weapons of mass destruction before the U.S.-led invasion of Iraq in 2003. "We must be on guard that we never again make decisions on the basis of intelligence that turns out to be faulty," said Clinton, a 2008 presidential candidate.

Bush has said the faulty Iraq intelligence has raised questions about the credibility of all U.S. intelligence gathering. The president also told reporters he is not making new charges against Iran as a "pretext" for war. "To say it is provoking Iran is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way," he said.

In the hour-long news conference, the president also addressed the House debate on a non-binding resolution opposing his plan to boost U.S. troop levels in Iraq. The measure is expected to pass on Friday, with some Republicans joining the Democratic majority.

Challenging anti-war Republicans as well as Democrats, Bush said his critics need to prove they support the troops by voting on emergency funding: "You can be against my decision and support the troops, absolutely, but the proof will be whether or not you provide them the money necessary to do the mission."

On other topics:

·Russia. Bush said he and Russian President Vladimir Putin have a "complicated relationship" but also have "common interests." Last weekend, the Russian leader accused Bush of pursuing an aggressive foreign policy that undermines global security.

·Korea. The president said he "strongly" disagrees with criticism by his former United Nations ambassador John Bolton of a deal with North Korea on nuclear weapons. Bush said the deal reached among the United States, North Korea and four other nations "is a good first step" and represents a "breakthrough."

·2008 presidential campaign. Bush declined to handicap the candidates in the 2008 election or discuss how the campaign might affect the Iraq debate. "I will resist all temptation to become the pundit-in-chief," Bush said.

Bush Certain Iranian Unit Tied To Arms (WT)

By Stephen Dinan

The Washington Times, February 15, 2007

President Bush yesterday said he knows an elite Iranian military unit is supplying arms to insurgents in Iraq, though he acknowledged he can't say if they were sent on the orders of Iran's top officials.

"Here's my point: Either they knew or didn't know, and what matters is, is that they're there," he said of the Quds force, a branch of the Iranian Revolutionary Guard Corps, during a morning press conference at the White House. "What's worse -- that the government knew or that the government didn't know?"

On Iraq, Mr. Bush called for Americans to give his new strategy time to work, saying it would give the Iraqis "political breathing space" to get their own affairs settled. And he said while Congress can express itself through nonbinding resolutions, they must not withdraw funding from the troops.

"I'm going to make it very clear to the members of Congress, starting now, that they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done," he said.

But Iran dominated the foreign-policy-heavy, hourlong press conference, with Mr. Bush saying he is working on several levels to try to engage that country.

U.S. officials, speaking on the condition they not be named, told reporters in Baghdad over the weekend that Iran was supplying mortars and roadside bombs called explosively formed penetrators (EFPs) to insurgents to be used against U.S. troops trying to create peace in Iraq. One official said the direction was "coming from the highest level of the Iranian government."

That official, though, was contradicted this week by Gen. Peter Pace, chairman of the Joint Chiefs of Staff. He said the arms transfer "does not translate that the Iranian government per se, for sure, is directly involved in doing this."

Mr. Bush yesterday sought to split the difference, saying either way it is a dangerous situation.

"We do know that they're there, and I intend to do something about it," he said. "And I've asked our commanders to do something about it. And we're going to protect our troops."

It's a thorny issue because it comes five years after Congress, citing intelligence reports now known to be faulty, voted to go to war in Iraq to disarm Saddam Hussein's regime of weapons of mass destruction (WMDs).

Sen. Robert C. Byrd, West Virginia Democrat, said Mr. Bush is being too confrontational with Iran.

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"Instead of hyping intelligence that our nation's top military leader has called into question, instead of trying to scare the American people and bully the Iranian government, the Bush administration ought to cool its rhetoric and redouble its diplomatic efforts with Iran," said Mr. Byrd, the Senate's senior Democrat.

He said Mr. Bush must come back to Congress before going on the offensive against Iran.

"Show the proof. Make the case. Level with the country," Mr. Byrd said. "Any benefit of doubt that this administration may have once deserved disappeared with the vanishing WMDs in 2002 and the twisting of intelligence to build the case for war against Iraq."

Mr. Bush said the idea that he is manufacturing intelligence to go to war with Iran is "preposterous."

The president weighed in on the nonbinding resolution the House is debating this week that disapproves of his plan to increase troops in Iraq, saying Congress may speak its piece but must not interfere with the actual policy.

He portrayed the resolution vote as less important than the Senate's vote last month to confirm Lt. Gen. David Petraeus to lead U.S. forces in Iraq, and the upcoming vote on his $100 billion emergency-spending request to fund the war on terrorism.

Mr. Bush also defended the deal the United States and four other nations struck this week with North Korea, which ties incentives to the rogue nation's halting its nuclear weapons development program.

The president shrugged and smiled a little when asked how he responded to his former top nonproliferation official and ambassador to the United Nations, John R. Bolton, who said this week that the North Korea agreement was a bad deal.

"This is a good first step," he said. "It will be a great deal for the North Korean people if their government follows through with the agreement."

Tehran's Iraq Role Unclear, U.S. Now Says (LAT)

By Borzou Daragahi And James Gerstenzang, Times Staff Writers

The Los Angeles Times, February 15, 2007

But Bush calls it irrelevant that no solid evidence links Iranian officials to alleged weapons aid.

WASHINGTON — U.S. officials from President Bush to a top general in Baghdad said Wednesday that there was no solid evidence that high-ranking officials in Iran had ordered deadly weapons to be sent to Iraq for use against American troops, backing away from claims made by military and intelligence officials in Baghdad this week.

But Bush continued to maintain an aggressive posture toward Tehran, saying elite Iranian Quds Force operatives were supplying weapons to insurgents in Iraq.

"What we don't know is whether or not the head leaders of Iran ordered the Quds Force to do what they did," he said.

"What matters is that they're there," Bush said, adding, "What's worse: that the government knew or that the government didn't know?"

Bush then issued a threat that hinted at a direct clash with Iranian units.

"When we find the networks that are enabling these weapons to end up in Iraq," he said at a late-morning White House news conference, "we will deal with them."

The Quds Force is a special unit of the Revolutionary Guard, which is a force separate from Iran's military, created to safeguard and spread the 1979 revolution that established Shiite clerical rule in the country.

Critics have accused the Bush administration in recent days of overstating claims of official Iranian involvement in Iraq's violence.

On Sunday, U.S. officials in Baghdad who spoke on condition of anonymity alleged that Iranian officials at the "highest levels" of the government, including supreme leader Ayatollah Ali Khamenei, were behind the smuggling of a deadly type of explosive device used against U.S. forces.

But during news conferences Wednesday in Washington and Baghdad, Bush and Army Maj. Gen. William B. Caldwell IV, the chief military spokesman in Iraq, appeared to step back from that claim, just as Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, did in interviews this week.

Caldwell characterized the recent statements about Iranian weapons in Iraq as a diplomatic endeavor to persuade Iranians to stop the flow of such weapons.

"We want to tell [the Iranians], 'You need to stop,' " he said. " 'We need your assistance.' "

The controversy surrounding the claims revolves around the nature of wartime intelligence work, which often requires making conclusions based on classified information, confidential sources, circumstantial inferences and historical patterns rather than the type of evidence that could prove a court case.

At a presentation Sunday in Baghdad, U.S. officials showed reporters weapons found in Iraq that they said had been made in Iran. They spoke on condition of anonymity and barred reporters from bringing in cameras or recorders. The unusual secrecy,

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amid several Washington investigations of abuses of intelligence in the run-up to the Iraq war, led critics to question the administration's motives.

U.S. officials removed some of the secrecy Wednesday and allowed photographers to scrutinize the weapons. The arms included rockets with recent date marks that officials said could be traced to munitions factories in Iran, as well as an Explosively Formed Penetrator, a sophisticated roadside bomb that can pierce an armored vehicle.

Officials claimed that the projectiles have been used by Shiite Muslim militias with long-standing ties to Iran. On Sunday they said the penetrators had caused the deaths of about 170 U.S.-led forces in Iraq,

Also on display Wednesday were identification cards seized from Iranians allegedly linked to the Quds Force. One, belonging to a graying, middle-aged man in military uniform, says he worked for the intelligence branch of the Revolutionary Guard, which mostly is involved in domestic Iranian security matters.

"We're not trying to hype this," Caldwell said.

In Washington, Bush bristled when asked whether he was using such displays to provoke Iran, much as critics say he used intelligence about Iraq's alleged weapons of mass destruction and ties to Al Qaeda that turned out to be flawed.

"To say it is 'provoking Iran' is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way," the president said.

"The idea that somehow we're manufacturing the idea that the Iranians are providing IEDs is preposterous," Bush said, referring to improvised explosive devices. "My job is to protect our troops. And when we find devices that are in that country that are hurting our troops, we're going to do something about it, pure and simple."

Some analysts have suggested that even if the weapons did come from Iran, the degree of government involvement and the motivation remain unclear. Iran may have supplied weapons to Shiite militias primarily to arm them against Sunni forces in the nation's sectarian warfare, they say.

Even the issue of where the weapons were manufactured is cloudy. A U.S. military explosives expert at the news conference in Baghdad acknowledged that there was no forensic evidence or labels linking the canister-shaped weapons to munitions plants in Iran.

Rather, Army Maj. Marty Weber said, the weapons were similar to those that the Iranian-backed Hezbollah militia used against Israeli forces during Israel's late-1990s occupation of southern Lebanon.

The link to Iran was based on "historical knowledge of these types of weapons, having first seen their use by an Iranian surrogate terrorist group in 1998," Weber said.

The Iranian government has denied that it is sending weapons to Iran to kill U.S. troops or seeking to stir up trouble in Iraq, which is run by longtime Shiite and Kurdish allies.

Asked what assurances he could give about the accuracy of the intelligence on the Iranian explosives, Bush said: "We know they're there. We know they're provided by the Quds Force. We know the Quds Force is a part of the Iranian government. I don't think we know who picked up the phone and said to the Quds Force, 'Go do this,' but we know it's a vital part of the Iranian government."

Caldwell appeared to suggest at times during his briefing that the simultaneous presence of Quds Force operatives and the Explosively Formed Penetrators in Iraq indicated that Iranians were involved in the smuggling of the deadly weapons into the country.

"We have physical evidence of munitions being supplied to extremists," he said. "We have in custody Quds Force officers who are, at a minimum, here illegally in Iraq.

"There's no question that Quds Force elements are involved in this," he said.

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Daragahi reported from Baghdad and Gerstenzang from Washington. Times staff writers Julian E. Barnes, Paul Richter and Peter Spiegel in Washington contributed to this report.

Why Accuse Iran Of Meddling Now? U.S. Officials Explain (NYT)

By Michael R. Gordon

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — One of the questions posed by skeptics about the Bush administration assertions about Iran's meddling in Iraq is why the charges are coming to light only now, when American officials say the shipment of lethal weapons from Iran to Shiite militias was first detected several years ago.

Among possible explanations for the timetable, some critics have suggested, is that the White House is making its assertions now in an effort to blame Iran for the deteriorating situation in Iraq, or that President Bush is trying to lay a legal and

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political groundwork for a military strike against the government in Tehran, which he singled out in 2002 as a member of the "axis of evil."

In recent interviews and in a military briefing on Wednesday in Baghdad, American officials have offered a more direct explanation for the timetable: attacks with the device have increased sharply in recent months, prompting the United States to react, and then to justify its actions.

According to one military official, reports of the "explosively formed penetrator," as the weapon is known, first surfaced in late 2003. But attacks with the device have steadily increased since then. The last quarter of 2006 was a particularly dangerous period in terms of attacks with the device, with a new high reached in December.

As the attacks have gone up, so have the American casualties. Since 2004, at least 170 Americans have been killed and 620 wounded in attacks with the device. But a significant number of those casualties occurred in the last part of 2006.

Faced with stepped-up attacks, military officials said they began to carry out raids to try to disrupt efforts to train and equip Shiite militants with the weapon. That led to the detention of Iranian officials — and questions from the Iraqi government, the public and the press about why the American military was capturing and detaining Iranians, including some officials who said they were diplomats.

American officials assert that the raids produced additional evidence implicating a branch of Iran's Islamic Revolutionary Guard Corps, known as the Quds Force, in supplying the devices, a charge Iran has denied.

Even so, the decision by American military officials to put forward the evidence in a full-scale briefing was not an easy call, according to Maj. Gen. William B. Caldwell IV, the American military spokesman in Iraq. One concern was that discussing the weapon would let adversaries know how effective it is.

After concluding that efforts to warn the Iranians through diplomatic channels not to send the weapons components were not producing results, Bush administration officials and military commanders in Baghdad decided to organize a briefing and present some of the evidence in a session last Sunday.

"The intent of the press conference was to talk about a force protection issue, not politics," General Caldwell said on Wednesday.

Skepticism Over Iraq Haunts U.S. Iran Policy (WP)

By Karen DeYoung

The Washington Post, February 15, 2007

The specter of the war in Iraq -- a war the Bush administration denied it was planning, supported by evidence that turned out to be false -- looms large over administration policy toward Iran.

Skeptical members of Congress have questioned administration charges of Tehran's support for Iraqi insurgents and President Bush's insistence that his plans for dealing with Iran remain purely diplomatic. The administration, conscious of its low credibility, believes it has gone out of its way to convince doubters that Iran is not Iraq all over again.

"No, no, no, no," White House spokesman Tony Snow said Monday in response to questions about whether the administration embellished evidence against Iran in a U.S. military briefing in Baghdad the previous day. "I'm almost ready to hit my head on the microphone."

Much as the Vietnam Syndrome dogged the foreign and military policies of a generation of U.S. presidents, the Iraq Syndrome has become an ever-present undercurrent in Washington. "Everyone is reliving the whole thing again in everything we do," said one administration official, referring to the tumultuous months surrounding the U.S. invasion in March 2003.

"In the old days, if the U.S. government had come out and said, 'We've got this, here's our assessment,' reasonable people would have taken it at face value," the official said of the Baghdad briefing. "That's never going to happen again."

In yesterday's White House news conference, Bush grappled with the issue head-on. "What makes you so certain," a reporter asked Bush, of the military's charge that "the highest levels of Tehran's government" are responsible for shipments of lethal weapons to Iraq for use against U.S. troops?

Bush contradicted the military's account, saying, "We don't know . . . whether the head leaders of Iran ordered" it.

"But here's my point," he added. "Either they knew or didn't know, and what matters is, is that [the weapons] they're there."

Yet, as questions that have peppered senior officials all week suggest, what matters in the post-Iraq invasion era is whether the administration can prove it.

The bottom line for many congressional Democrats and an increasing number of Republicans was reflected Tuesday by Rep. Bob Etheridge (D-N.C.) during the House debate on the Iraq war. "The president said Saddam Hussein was in cahoots with al-Qaeda terrorists," Etheridge said. "I took the president at his word."

Burdened by its troubles in Iraq, the Bush administration is being doubly scrutinized over its policy toward Tehran. For weeks, despite occasional saber rattling, officials from the president on down have insisted there are no plans to attack Iran.

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Instead, they have said they are fully committed to a peaceful resolution of all outstanding grievances, including Iran's nuclear weapons activities, support for terrorists in Lebanon and support for insurgents in Iraq.

"We've been very careful in what we've said over the last few weeks," Undersecretary of State R. Nicholas Burns, the administration's point man on Iran, said in an appearance yesterday at the Brookings Institution.

Asked about the "highest levels" charge, Burns replied: "The president . . . did not claim that today. We are not claiming that today."

That was precisely what the military asserted in its Baghdad briefing for reporters Sunday, a secretive session in which no cameras or tape recorders were allowed and no names were given for the speakers.

The charge was that Tehran's operatives were supplying explosive devices to Iraqi Shiites who are killing U.S. troops. Proof was laid out on a table: Iranian-made weapons and copies of false identity cards found on captured agents said to be members of the Quds Force of Iran's elite Revolutionary Guards.

"The Quds Force," a senior defense analyst then explained, "on paper reports to the IRGC, the Islamic Revolutionary Guards Corps. In reality, they really report directly to the supreme leader," Ayatollah Ali Khamenei. "So the activities that the IRGC Quds Force are conducting in Iraq, we assess, are coming from the highest levels of the Iranian government."

(Although the briefer emphasized that he was referring to Khamenei and not to President Mahmoud Ahmadinejad, Bush cited the Iranian president at yesterday's news conference. "Whether Ahmadinejad ordered the Quds Force to do this, I don't think we know," he said.) The briefer's comments Sunday shifted the focus of a lengthy presentation that had been planned for more than a month. Several media accounts Monday morning noted that no proof had been offered for the "highest levels" charge. "The process fumbled what should be an easy story to tell," one administration official said ruefully.

Controversy grew Monday over reports that the Joint Chiefs of Staff chairman, Marine Gen. Peter Pace, had told reporters in Australia that while he knew the weapons were Iranian-made, "I would not say by what I know that the Iranian government clearly knows or is complicit."

Frantic telephone calls from Washington to Pace's traveling party ensued. Snow and his counterpart at the State Department, Sean McCormack, were pummeled in daily briefings and directed questions to the Pentagon.

On Tuesday, even as Snow told reporters in Washington he had spoken with Pace and they were on the same page, the general reiterated his view. The discovery of the explosives, Pace said during a news conference in Jakarta, "could not translate to the Iranian government per se is directly involved in doing this."

At another contentious White House briefing, Snow said that he would "push all evidentiary questions to the DNI" -- the director of national intelligence.

The intelligence community, still licking its wounds over faulty prewar intelligence on Iraq, displayed an air of "I told you so" this week and insisted that the Baghdad briefers had gone beyond vetted information.

A senior intelligence official Tuesday offered carefully parsed written guidance he said had been provided to the briefers in Baghdad. "The Qods Force -- a special element of Iran's Islamic Revolutionary Guard . . . -- is involved in providing lethal support to select groups of Shia militants in Iraq. Based on our understanding of the Iranian system and the history of IRGC operations, the IC [intelligence community] assesses that activity this extensive on the part of the Qods Force would not be conducted without approval from top leaders in Iran."

The distinction was important, the official said. The Baghdad briefer's verbal use of "highest levels" went beyond what the intelligence community had suggested. The "top officials" wording, the official said, better reflected administration knowledge.

In Baghdad yesterday, a U.S. military spokesman, Maj. Gen. William B. Caldwell, tried to clarify, saying the intent of the news conference was not to talk about who had authorized Iranian arms shipments: "This is about the fact that American forces . . . are being killed by munitions and weaponry that are being produced in Iran."

A Man Of Many Beliefs Gives A News Conference With Few Answers (WP)

By Dana Milbank

The Washington Post, February 15, 2007

President Bush must have heard that National Public Radio was reviving the 1950s program "This I Believe," because his news conference yesterday sounded like an audition.

On Iran: "I believe Iran is an unbelievably vital nation."

On his Iraq plan: "I believe that success in Baghdad will have success in helping us secure the homeland."

On his Middle East policy: "I believe it's going to yield the peace that we all want."

On the North Korea agreement: "I believe it's an important step in the right direction."

On tensions with Russia: "I firmly believe NATO is a stabilizing influence for the good."

On immigration: "I strongly believe that we need to enforce our borders."

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Bush has always supported a faith-based initiative, but his recitation of beliefs in the East Room yesterday -- he listed no fewer than 18 principles he holds to be true -- sounded less like a question-and-answer session than a reading of the Nicene Creed. The only thing the president did not believe in was answering the questions he was asked.

When ABC News's Martha Raddatz asked whether he shares the intelligence community's view that Iraq is in a civil war, the Great Believer grew suddenly agnostic. "We've got people on the ground who don't believe it's a civil war," he dodged.

"Do you believe it's a civil war, sir?" Raddatz pressed.

"It's hard for me, you know, living in this beautiful White House, to give you a firsthand assessment," he punted.

The Post's Peter Baker asked about three members of Bush's administration who leaked the identity of a CIA officer; Bush had promised to fire anybody who did.

"I'm not going to talk about it --," Bush said before the question was finished. "I'm not going to talk about any of it."

"They're not under investigation, though," Baker pointed out.

"Peter," Bush said, reproachfully. "I'm not going to talk about any of it."

Baker asked whether Bush might offer pardons in the case. Bush arched his eyebrows and said, as if handling a recalcitrant child: "Not going to talk about it, Peter."

The president even announced that he was not going to answer a question he hadn't been asked. ABC's Ann Compton asked about possible briefings on Iraq for presidential candidates. "I thought for a minute you were going to try to get me to comment on the presidential race," Bush said. "I will resist all temptation to become the pundit in chief." He must have liked the pundit-in-chief line, because he repeated it twice more.

The president seemed petulant in his refusal to answer questions; he was, after all, the one who summoned reporters to the White House for the purpose of questioning him. Probably, it was the tone of the questions that set him off: While Bush freely voiced his beliefs, the reporters seemed disinclined to accept his statements of faith.

Steve Holland of Reuter asked about Iranian weapons in Iraq. "What makes you so certain that the highest levels of Tehran's government is responsible?"

Bush admitted he doesn't know "whether or not the head leaders of Iran" were involved. "But here's my point: Either they knew or didn't know."

NBC's David Gregory wasn't buying. "Critics say that you are using the same quality of intelligence about Iran that you used to make the case for war in Iraq," he noted.

Bush said he is "confident" Iran's Quds force was involved in sending weapons to Iraq.

But CNN's Ed Henry still didn't share Bush's confidence. "What assurances can you give the American people that the intelligence this time will be accurate?" he asked.

"Ed," Bush vouched, "we know they're there."

The skepticism about Bush's beliefs was not confined to Iran. The AP's Terry Hunt asked Bush whether the increasingly autocratic Russian president is "the same Vladimir Putin whose soul you looked into and found to be trustworthy."

Bush acknowledged that "it's a complicated relationship."

The president's discomfort was evident in his verbal tics. Asked about Iran, he stated that "we have a comprehensive strategy to deal with Iraq." Eleven times he used the phrase "in other words" to magnify his points ("Money trumps peace sometimes; in other words, commercial interests are very powerful").

Ultimately, Bush found it more comfortable to ask the reporters questions. CBS's Jim Axelrod dropped his BlackBerry. "You dropped?" the commander in chief asked. NBC's Gregory consulted his watch. "What are you looking at?" the president inquired. "Checking the time?"

Late in the hour-long session, he turned to White House reporter Mike Allen, who had just started his sixth job in a decade, joining a Capitol Hill newspaper and Web site.

"Michael, who do you work for?" Bush needled.

"Mr. President, I work for Politico.com," Allen reported.

"Pardon me? Politico.com?"

"Yes, sir -- today," Allen quipped.

"You want a moment to explain to the American people exactly what --"

Allen did not. "Thank you for the question," he demurred.

"Quit being so evasive," Bush said.

Bush Sends Ambiguous Signals About His Intentions On Iran (MCT)

By Ron Hutcheson And Margaret Talev

McClatchy Newspapers, February 15, 2007

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WASHINGTON - President Bush on Wednesday accused Iran of contributing to American deaths in Iraq and said, "I intend to do something about it." But he insisted that he isn't looking for another war in the Middle East.

Bush also acknowledged that he doesn't know whether Iranian President Mahmoud Ahmadinejad or other top Iranian officials have authorized the shipment of roadside bombs to Iraq. The sophisticated munitions, known as "explosively formed penetrators," are one of the deadliest weapons that Iraqi insurgents use.

Bush outlined the circumstantial evidence against Iran at a White House news conference dominated by questions on Iraq. He defended his handling of the war as about a dozen House Republicans spoke out against his plan for more troops.

The president's recent focus on Iranian involvement in Iraq has raised new concerns that the Iraq conflict could spread.

"When we find the networks that are enabling these weapons to end up in Iraq, we will deal with them. If we find agents who are moving these devices into Iraq, we will deal with them," Bush said. "We're going to do something about it, pure and simple."

U.S. officials have been trying for days to tamp down fears of war with Iran even as they pressure Tehran to behave, but Bush's comments left some ambiguity about his intentions. Although he said he favors a peaceful resolution and isn't trying to provoke Iran, he didn't rule out military action.

He also seemed to shrug off the lack of evidence tying top Iranian officials to the weapons shipments. Bush said the munitions were sent to Iraq by the Quds Force, an elite unit with close ties to the top levels of the Iranian government.

"What's worse, that the government knew or that the government didn't know?" Bush asked. "Whether Ahmadinejad ordered the Quds Force to do this, I don't think we know. But we know that they're there."

Bush held his first news conference of the year as lawmakers in the House of Representatives debated a nonbinding resolution denouncing his plans to send more troops to Iraq. The president said lawmakers "have every right" to criticize his strategy as long as they continue to fund it.

Backers of the resolution opposing the troop increase predict that roughly two dozen House Republicans will support the measure when it comes to a vote on Friday. Virtually all Democrats support it, ensuring its passage.

"Interjecting more young American troops into the crosshairs of an Iraqi civil war is simply not the right approach," said Rep. Ric Keller, R-Fla.

Rep. Howard Coble, R-N.C., took issue with suggestions that lawmakers who oppose Bush favor a cut-and-run strategy.

"If we had removed Saddam (Hussein), which most Iraqis wanted, and then withdrew four or five weeks later, or even four or five months later, that would have constituted cutting and running. But we've been there four years. The time has come, in my opinion, for the baton to be handed to the Iraqis."

Rep. Tom Davis, R-Va., called the escalation plan "the status quo on steroids."

With the resolution headed for passage, Bush focused his attention on the next flash point - his request for another $174 billion to fund the war through 2008. The additional funding would push the war's total cost to more than $500 billion.

Congress will consider the next installment for Iraq next month when it takes up Bush's request for $99.6 billion in emergency funding for Iraq and Afghanistan. The rest of the Iraq money is in the president's proposed 2008 budget, which probably won't face votes until summer.

While Bush seemed resigned to the likelihood of a rhetorical rebuke from the House, he warned against any effort to restrict war funding. Congressional Democrats, under pressure from anti-war activists to stand up to the White House, have said that funding restrictions could be the next step.

"They have every right to express their opinion. ... I think you can be against my decision and support the troops, absolutely. But the proof will be whether or not you provide them the money necessary," Bush said.

On another topic, Bush hailed the new agreement with North Korea as a vital step toward dismantling its nuclear weapons program. The Tuesday agreement calls on North Korea to abandon its nuclear programs in return for economic assistance.

Turning to domestic politics, Bush said he is "intrigued" by the 2008 presidential campaign, but he issued a blanket "no comment" on the candidates vying to succeed him.

"I'd just like to establish some ground rules here with those of you who are stuck following me for the next little less than two years: I will resist all temptation to become the pundit-in-chief," he said.

Clinton Warns Bush About Action In Iran (AP)

By Devlin Barrett

AP, February 15, 2007

Democratic presidential candidate Hillary Rodham Clinton warned President Bush on Wednesday not to take any military action against Iran without getting congressional approval first.

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"If the administration believes that any, any use of force against Iran is necessary, the president must come to Congress to seek that authority," Clinton said in a Senate speech.

Clinton, a member of the Armed Services Committee, voted in 2002 to give Bush the authority to use military force in Iraq — a vote that has prompted some Democrats to demand that she repudiate.

Since then, the New York senator has become an outspoken critic of Bush's handling of the war. She said the new Democratic Congress must not let him make similar mistakes in the increasingly tense relationship with Iran.

"It would be a mistake of historical proportion if the administration thought that the 2002 resolution authorizing force against Iraq was a blank check for the use of force against Iran without further congressional authorization," Clinton said.

She also insisted the resolution authorizing force against those responsible for the Sept. 11, 2001 terrorist attacks did not allow for U.S. action now against Iran.

Clinton, who has come under fire from anti-war Democrats, excoriated the previous Republican-controlled Congress for not questioning the administration over the past six years.

"We continue to experience the consequences of unchecked presidential action," she said, later adding: "This president was allowed for too long to commit blunder after blunder under cover of darkness provided by an allied Republican Congress."

Clinton spoke shortly after President Bush said he was certain the Iranian government is supplying deadly weapons used by fighters in Iraq against U.S. troops, even if he can't prove that the orders came from top Iranian leaders.

"I'm going to do something about it," Bush pledged, displaying apparent irritation at being repeatedly asked about mixed administration signals on who was behind the weaponry. He said the United States is pursuing diplomatic solutions with Iran about its nuclear program and said he was not seeking a pretext for war.

U.S. officials have said that Iran is behind attacks against troops in Iraq, an assertion denied by Iran's president, Mahmoud Ahmadinejad.

Iran Eyeing North Korean Model (LAT)

By Kim Murphy

The Los Angeles Times, February 15, 2007

TEHRAN, Iran -- Iran is quietly accelerating efforts to negotiate a deal on its nuclear program, using this week's agreement to freeze North Korea's program as a model.

In this week's pact, the Bush administration signed a deal that provides significant incentives to North Korea even before that country completely stepped back from its nuclear weapons program. The administration's willingness to do that seems likely to harden Iran's demands that it, too, should receive tangible benefits as part of any agreement, analysts here say.

Those benefits could include guarantees for the security of Iran's government, an end to years of economic sanctions and the right to continue developing modern, peaceful nuclear technology.

At the same time, some hard-liners in Iran appear to want to use North Korea's example as an opportunity to toughen Iran's demands in the expectation that the U.S. will eventually be obligated to meet them.

Some U.S. conservatives have criticized the deal with North Korea, predicting it would encourage Iran and other nations that are considering nuclear programs. In a news conference Wednesday, President Bush dismissed such criticism by his former U.N. ambassador, John R. Bolton.

"I strongly disagree. Strongly disagree with his assessment," Bush said. "I have told the American people, like the Iranian issue, I wanted to solve the Korean issue -- North Korean issue -- peacefully, and that the president has an obligation to try all diplomatic means necessary to do so."

"So the assessment made by some that this is not a good deal is just flat wrong."

But the debate here now appears to focus on how hard Iran should push for favorable terms. "The hard-liners, perhaps impressed by North Korea's achievement, are now inclined to be more resilient and more uncompromising," Sadegh Zibakalam, professor of politics at Tehran University, said Wednesday.

"They say if North Korea could do it, why shouldn't we? Why should we let the United States dictate to us, rather than negotiate with us?"

Until this week's pact, U.S. officials had insisted that North Korea dismantle all its nuclear programs and fully disarm before any deal could be reached. But in the end, North Korea agreed only to begin disabling its nuclear facilities in exchange for about $400 million in aid and other incentives. For now, the North Koreans will keep the nuclear material they already have, which U.S. officials believe is enough to make 8 to 10 bombs.

North Korea's situation is different from Iran's in several respects. North Korea has built and tested a nuclear bomb. Iran insists its program is strictly for civilian power generation. While U.S. and other international leaders doubt that Iranian claim, most intelligence officials believe Iran is at least two years away from being able to build a nuclear weapon.

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A U.N. Security Council resolution passed in December with strong backing from the U.S. demands a full halt to Iran's uranium-enrichment activities.

Iran has signaled it might be willing to compromise on enrichment, either by limiting it, temporarily suspending it, or operating its centrifuges for a time with an inert gas, rather than uranium. Iranian negotiators insist real movement can be achieved only through open negotiations without preconditions.

But while hard-liners believe Iran can tough it out against the U.S., a broad range of the political elite in Iran is now behind an effort by Iran's chief nuclear negotiator, Ali Larijani, to reach a compromise.

"This scenario has been at the back of the minds of some Iranian leaders: that if we reach a stage that we would be respected as an equal partner, then we could do real negotiations and reach a deal over our nuclear program," Zibakalam said.

A source familiar with the negotiations said Iran has a four-part package that includes security guarantees, continued access to nuclear technology, and certain "political and economic" guarantees.

Nonproliferation experts suggested that these would include a demand for dropping the U.N. sanctions and possibly the unilateral sanctions which the U.S. has had in place against Iran since shortly after the 1979 Islamic revolution.

In an interview Wednesday, Mohammad Kazem Anbarlouee, head of a conservative Islamic faction in the parliament and editor of Resalat, a hard-line newspaper, said Iran must also insist on return of $19 billion in Iranian funds intended for purchase of U.S. weapons during the Shah's regime and never returned after the revolution.

"We don't have any conditions right now, and we don't accept any preconditions. Because everything they asked us, we met. For example, they asked us to suspend our activities, we did that (in the past). They asked us for U.N. supervision and visits, and we accepted this. We have nothing left. So Mr. Larijani will have some suggestions, not conditions," Anbarlouee said.

"If they have some conditions, for example, about giving them some guarantees about not having nuclear weapons, they can tell us that. But if they want to ask us to suspend our nuclear activities for peaceful purposes, no, we are not ready for that," he said.

Times staff writer Rich Simon in Washington contributed to this story.

Car Bomb In Iran Destroys A Bus Carrying Revolutionary Guards (NYT)

By Nazila Fathi

The New York Times, February 15, 2007

TEHRAN, Feb. 14 — A car loaded with explosives blew up on Wednesday in front of a bus carrying members of Iran's Revolutionary Guards in the southeastern city of Zahedan, killing at least 11 people and wounding 34 others, the state news media reported.

The governor of Zahedan, Hassan Ali Nouri, told state-run television that the car exploded at 6:37 a.m. as the bus taking members of the Revolutionary Guards to work approached.

Television news reports showed videotape of the mangled bus, with all its windows shattered.

One official told the ISNA news agency that six people had been arrested.

The explosion was the largest in this troubled region along the Afghan and Pakistani borders since last March, when an attack on a convoy in the same province, Sistan-Baluchistan, killed 22 officials.

In December 2005, a car carrying President Mahmoud Ahmadinejad was ambushed when he was on a visit in the same province. The attack, near the city of Zabol, killed one of his bodyguards and wounded another. Further details of that attack have not been disclosed.

The semiofficial Fars news agency reported that a Baluchi group opposed to the government, the Jondollah Organization of Iran, claimed responsibility for the attack on Wednesday.

Hossein Ali Shahriari, the representative from Zahedan in Parliament, said the attack had been carried out by "insurgents and smugglers who are led by the world imperialism," a common reference to the United States and Britain. Iranian officials have repeatedly accused the United States and Britain of provoking ethnic unrest in Iran and of supporting opposition groups.

Zahedan, the capital of Sistan-Baluchistan, is home to many ethnic Baluchis, who are Sunni Muslims. A majority of Iranians are Shiites.

The region has also been a major gateway for drug traffickers from Pakistan and Afghanistan. Iran has built a security trench at the border, but says more than 3,300 security force members have died in fighting drug smugglers since the country's Islamic revolution in 1979.

There has been increasing unrest in the province in the past year. The Baluchis accuse the government of discriminatory and repressive policies.

Iran has said that Jondollah and its leader, Abdolmalek Rigi, have ties to Al Qaeda and drug traffickers. However, the group denied the accusation in a letter that was published in the newspaper The Guardian in Britain in October.

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Jondollah claimed responsibility for the attack last March that killed the 22 officials and wounded six others. The group has also claimed responsibility for kidnapping soldiers in the province.

The government has stepped up punishing those behind ethnic unrest. ISNA reported that two men accused of kidnapping and hostage-taking were hanged in Zahedan last June.

Bush To Congress: Give New Iraq Strategy A Chance To Work (CHIT)

By Mark Silva And Aamer Madhani

Chicago Tribune, February 15, 2007

WASHINGTON -- President Bush, facing a congressional vote of protest over his escalation of military force in Iraq, confronted a growing challenge to his presidency with complaints Wednesday that members of Congress are pressing for a symbolic vote without allowing his new strategy a chance to restore security inside Iraq.

As an emotional floor debate played out on Capitol Hill, the president cautioned Congress that whatever non-binding resolution is adopted, lawmakers must not jeopardize any of the added money that he is seeking for the support of the war effort—an additional $100 billion this year for war in Iraq and Afghanistan, plus a further $145 billion next year.

"People are prejudging the outcome of this," Bush said of a House resolution opposing his deployment of 21,500 additional troops. "My hope, however, is that this non-binding resolution doesn't try to turn into a binding policy that prevents our troops from doing that which I have asked them to do."

Ex-admiral: 'A bad military bet'

On the House floor, in the second day of a marathon debate, Rep. Joe Sestak (D-Pa.), a retired Navy admiral who is sponsor of a binding measure calling for redeployment of most troops by the end of the year, called Iraq a "tragic misadventure."

"My experience says don't double-down on a bad military bet," Sestak said.

The president, confronting the non-binding resolution of the Democratic-led House as a fait accompli, employed the forum of an East Room White House news conference—his first of the year—to lay down his marker before the House vote, expected Friday.

The Senate, meanwhile, is torn over its own vote on a war resolution, offering the president an uncertain moment when yet another plea for patience with the nearly 4-year-old war could buy his newest security strategy some time.

"I find it interesting that there is a declaration about a plan that they have not given a chance to work," said Bush, suggesting that members of Congress as well as candidates for the presidency in 2008 can debate it all they want, but "what really is going to matter is what happens, ultimately," in Iraq.

Yet what happens in Washington is of equal concern to the White House, which won congressional authorization for the use of military force in Iraq in 2002 and now is seeking to avert any binding congressional vote that could restrict war funding.

William Howell, a political scientist at the University of Chicago and co-author of a book on congressional limits on presidential war powers, said: "If this latest surge doesn't succeed and the president continues to push the way he is pushing … I think it's quite likely that we'll see a real showdown, where there will be discussions about cutting funding, setting caps."

Democrats are maneuvering to attach language to a bill limiting future deployments or perhaps even bringing troops home. Separately, Sen. Barack Obama (D-Ill.) has filed a bill calling for an immediate troop cap and for redeployment of combat forces by spring 2008.

Some insist that any troop cap is unconstitutional.

David Rivkin Jr., a constitutional law expert who served in the Justice Department under Presidents Ronald Reagan and George H.W. Bush, maintains that the commander in chief holds a unique responsibility and that capping the number of troops that he has deployed is tantamount to "emasculating" the executive branch.

"If you take it to its logical conclusion, a well-crafted appropriations bill with enough conditions can pretty much tell the president what to do from early morning until late night, and there is nothing left for him to exercise any discretion," Rivkin said.

While this week's symbolic debate could be a precursor to a fight over Bush's war spending request, some are warning the House against a retreat. Rep. Jim Saxton (R-N.J.), recalled the U.S. withdrawal from Lebanon precipitated by the 1983 suicide bombing of a Marines barrack that left 241 military personnel dead, and the lack of action following the Battle of Mogadishu in 1993 in which 18 U.S. service members were killed.

Still others complain of empty symbolism. Rep. Jim Marshall (D-Ga.), a Vietnam veteran who has long called for drawing down the U.S. military presence in Iraq, said he would not support the resolution because it amounts to sitting out when disagreeing with a coach's calls.

U.S. claim questioned

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The president also has asserted that an agency of the Iranian government is supplying weaponry being used against U.S. forces inside Iraq—while brushing aside questions about the quality of intelligence about Iraq's own weaponry that was invoked as cause for the U.S.-led invasion of Iraq in 2003.

"The idea that somehow we're manufacturing the idea that the Iranians are providing [weapons] is preposterous," he said.

The only question, Bush said, is how much the leaders of the Iranian government know about what is going on.

"I can't say it more plainly," Bush said after repeated questions about the reliability of U.S. intelligence. "There are weapons in Iraq that are harming U.S. troops because of the Quds force. …

"Whether [Iranian President Mahmoud] Ahmadinejad ordered the Quds force to do this, I don't think we know," he said, calling it irrelevant.

Bush insisted this will not require direct conflict with Iran.

While the House debates, the troop deployment is under way.

Those troops "will be arriving on time," the president vowed, having just spoken with Gen. David Petraeus, the new American commander in Iraq, who assured him that the new security plan that Bush announced in January is "beginning to take shape."

That plan involves an additional 17,500 U.S. soldiers embedded with Iraqi-commanded units in Baghdad in a bid to gain control over sectarian violence as well as the deployment of 4,000 additional Marines in western Anbar province.

Asked about a recent National Intelligence Estimate reporting that some of the conflicts in Iraq amount to civil war, Bush avoided use of the term.

"It's hard for me, living in this beautiful White House, to give you an assessment, firsthand assessment. I haven't been there," said Bush, who has visited Baghdad's Green Zone, headquarters for U.S. military and the Iraqi government, and the Baghdad airport but has not traveled beyond.

12 Republicans Break Ranks On Iraq Resolution (NYT)

By Jeff Zeleny

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — A dozen Republicans arrived in the House chamber on Wednesday to set aside their party allegiances and lend their names to a resolution intended to rebuke President Bush for his Iraq policy.

Representative Howard Coble of North Carolina said that Iraqis had their chance at freedom, but chose civil war. Representative Steven C. LaTourette of Ohio argued that troop buildup was a tactic that had already failed. And Representative John J. Duncan Jr. of Tennessee suggested that military contractors had profited mightily at the expense of the American treasury.

As they spoke in the capital on the second day of an extensive debate over the Iraq war, Mr. Bush called a White House news conference to defend his plan to send more troops to Baghdad. He said that there would be more violence, but that the plan would provide breathing space to the Iraqi government as it worked to stabilize the country.

“They have every right to express their opinion,” Mr. Bush said of the debate in Congress. Yet he warned lawmakers against taking additional steps to limit war financing when they considered his military budget request next month, saying, “They need to fund our troops.”

Democratic leaders, even as they condemn the president’s Iraq strategy, have vowed not to cut financing for the troops already in Iraq. But pressure is increasing inside the party for more scrutiny on war spending when the administration’s military budget request is considered by Congress next month.

The proceedings on Capitol Hill foreshadowed challenges to come in both parties as Republicans seek to persuade fiscal conservatives to invest more money in the war and as Democrats determine whether they intend to take a stand to limit financing of the war.

“I insist that we do not maintain an eternal presence in Iraq,” Mr. Coble said, “if for no other reason than the cost to taxpayers, which has been astronomically unbelievable.”

Congressional debate this week is largely revolving around a resolution intended to express support for troops and oppose the president’s plan to expand the military operation in Iraq. Even though most Republicans oppose the proposal, the testimony from a handful of Republicans on Wednesday suggested that the deliberations were no longer unfolding along partisan lines.

Representative Walter B. Jones of North Carolina opened the debate on Wednesday by reading a newspaper clipping from before Mr. Bush was elected. It was 1999, and the topic was a Congressional debate over military escalation in Bosnia, which Republicans sought to quash by sending a nonbinding resolution to President Clinton.

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Holding a sheet of paper, Mr. Jones quoted Karen Hughes, a chief adviser to Mr. Bush, who declared, "If we're going to commit more troops, we want to be sure they have a clear exit strategy." The message, Mr. Jones argued, could apply to the current Iraq debate.

For a time on Wednesday, an unusual scene played out on the House floor, with some Republicans coming forward one by one to speak against the Iraq policy while fellow party members argued against them.

"We need to tell all these defense contractors that the time for this Iraqi gravy train, with their obscene profits, is over," said Mr. Duncan, the congressman from Tennessee. "It is certainly no criticism of our troops to say that this was a very unnecessary war. This war went against every conservative position I have ever known."

Representative Ric Keller, a Florida Republican who said he was simply passing along common-sense advice from his constituents, compared the Iraqi government to an ungrateful next-door neighbor.

"Imagine your next-door neighbor refuses to mow his lawn and the weeds are all the way up to his waist, so you decide you're going to mow his lawn for him every single week," Mr. Keller said. "The neighbor never says thank you, he hates you and sometimes he takes out a gun and shoots you. Under these circumstances, do you keep mowing his lawn for ever?

"Do you send even more of your family members over to mow his lawn?" he added. "Or do you say to that neighbor, you better step it up and mow your own lawn or there's going to be serious consequences for you."

A majority of House Republicans have assertively defended the administration during the Iraq debate, accusing their Democratic rivals of being a weak link in the fight against terrorism. Those accusations seemed to soften a bit on Wednesday, when suddenly the person on the other side of the argument was another Republican.

Representative Heather Wilson, a New Mexico Republican, said she opposed the troop increase in Iraq but declined to support the resolution. She infuriated Democrats when she hinted that their party was considering plans to limit war financing.

"What about the five brigades of young Americans who are now preparing their families and packing their gear to deploy?" Ms. Wilson said. "What about them? What are you saying to them? Will we buy body armor for them? Will we have armored Humvees for them?"

Representative Steny H. Hoyer of Maryland, the Democratic majority leader, rushed to the House chamber and delivered a sharp rebuttal to Ms. Wilson. "If the commander in chief has sent them there, we will support them," he said.

The House is scheduled to conclude the debate Friday. The Senate intends to consider a similar resolution when it returns from next week's Congressional recess. Republican Senators Chuck Hagel of Nebraska and Olympia J. Snowe of Maine urged Senate leaders late Wednesday to cancel the recess so the Iraq debate could proceed.

Earlier this month, when the Senate had intended to take up an Iraq resolution, a procedural and political stalemate stymied debate. As deliberations stretched on into the night, the themes of the debate carried a familiar ring as each member of Congress was given at least five minutes to speak. Nearly every Democratic speaker rose to assail Mr. Bush, while Republicans came to his aid. Even Mr. Coble, who delivered one of the day's most stinging assessments of the administration's Iraq policy, said he liked Mr. Bush.

"Some Americans — and some in this body — oppose the Iraqi operation because they dislike President Bush," Mr. Coble said. "I, however, do not march to that drum. I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement."

Troops Sweep 3 Shiite Areas In Baghdad Push (NYT)

By Richard A. Oppel Jr. And Damien Cave

The New York Times, February 15, 2007

BAGHDAD, Feb. 14 — Thousands of American troops in armored Stryker vehicles swarmed three mostly Shiite neighborhoods of northeastern Baghdad on Wednesday, encountering little resistance during what commanders described as the first major sweep of the new security plan for the capital.

The push into the neighborhoods of Shaab, Bayda and Ur, on the northern edge of Sadr City, came a day after the top Iraqi general claimed broad powers to search, detain and move residents from their homes. But even though an Iraqi announced the new phase of the security plan, it was clearly an American-led operation: only 200 Iraqi police officers and soldiers were involved, commanders said, working alongside about 2,500 Americans.

Col. Steve Townsend, commander of the Third Stryker Brigade Combat Team, said the operation in northeastern Baghdad had been pushed up a day because of a request from Iraq's Shiite-led government.

Prime Minister Nuri Kamal al-Maliki has received blistering criticism for what some Iraqis have described as dangerous delays in setting the plan in motion. On Wednesday, he seemed determined to show some sign of action, even if the relatively low number of Iraqi troops involved was likely to add to concerns about the government's ability to provide the troops it has promised.

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"We've started a new phase today, the phase of building the state on the basis of two ideas," he said at a news conference in the southern city of Karbala. "The basis of reconciliation — to include all those who want to support the country — and the basis of striking hard at those who want to rebel."

At the White House, President Bush said that the new plan, fueled by the addition of more American troops, was "beginning to take shape" and that the goal was "relative peace," though he did not refer to any specific operations. But he warned against high expectations.

"I say relative peace," he said, "because if it's, like, zero car bombings, it never will happen that way."

Although the sweep in the three Shiite neighborhoods on Wednesday was the biggest operation in the capital, other efforts were felt across the city. Armored vehicles were set up on the border of Sadr City and Ur. Jets thundered overhead for much of the day and night.

In the southeastern neighborhood of Dora, two airstrikes killed 15 suspected insurgents as they defended a building and tried to set roadside bombs, the United States military said in a statement. To the northeast, in the Sunni enclave of Adhamiya, American troops arrested a suspected Sunni insurgent leader and searched house to house for weapons, military officials said.

The military said that four soldiers died of wounds during combat operations in Diyala Province, and that another soldier died Wednesday after being attacked by small-arms fire a day earlier while patrolling an area north of Baghdad. A soldier died Tuesday in a noncombat-related incident that the military said it was still investigating.

In Baghdad, traffic also snarled more than usual as Iraqi forces narrowed wide boulevards and bridges into a trickle, searching trunks and climbing aboard trucks for searches.

Bombs, mortar shells and gunfights left at least eight people dead across the city — fewer than most days since the security plan was announced a month ago.

For some Iraqis in Ur and in other neighborhoods searched in recent days, the question was whether such gains could last. The current security plan is the third major effort to bring peace to Baghdad, and in each case, initial progress was supplanted with a return to chaos.

"If the Americans keep doing it, they can make a difference," said Ali Muhammad, 37, an ice cream shop owner who lives in Ur. "But they have to stay. Otherwise it will never work."

The sweep through Shaab, Ur and Bayda began at dawn with three battalions of American troops from the Third Stryker Brigade Combat Team, part of the Second Infantry Division, and a fourth battalion from the Second Brigade, 82nd Airborne Division.

Despite the low number of Iraqi troops and security forces on Wednesday, Colonel Townsend said that more Iraqis would eventually flow into the area. "You've got to remember that our surge plans are ahead of the Iraqis'," he said. "The Iraqis are still getting set."

In Ur, as the sun rose, American troops clustered on corners in 19-ton armored Stryker vehicles. Soldiers poured out of the vehicles, knocking on doors and searching empty lots and two- to three-story brick homes. Gunmen from the Mahdi Army, the pervasive Shiite militia that claims loyalty to the cleric Moktada al-Sadr, were believed to have made the area a base of operations. But residents said most of the fighters left several days ago; some of their leaders are thought to have fled to Iran, and the American government and military say Mr. Sadr has done so, as well.

About 7 a.m., one company of troops from the Third Stryker Brigade Combat Team reached a two-story warehouse in eastern Ur, near the border with Sadr City, and found three empty, rusted missile launchers that were more than 10 feet tall. The soldiers determined that they had not been used in a very long time, and no missiles were found.

The only sign of enemy contact on Wednesday morning came later, when an explosion blew out a few tires on one squad's vehicle.

"The information we had was that Moktada al-Sadr told all the JAM folks to lay low and not resist," said Colonel Townsend, using a common acronym for Jaish al-Mahdi, Arabic for the Mahdi Army. "And so far we're not really seeing much resistance."

Maj. Jesse Pearson, a battalion operations officer in the Third Stryker Brigade Combat Team, said the militia seemed uninterested in fighting. Echoing the view of many Iraqi officials, he said: "They are taking the strategic view, which is smart. They can wait us out."

The goal in Ur and the other areas has been laid out for weeks: flush out the militias, confiscate weapons and then set up small security precincts in the heart of the neighborhood where American soldiers and Iraqi security forces can live and work together. At least six of these so-called joint security sites have already been established in the mostly Sunni areas of western Baghdad.

But for the people of Ur, it was still not clear whether the new neighborhood bases would be enough to distinguish the current plan from past operations that failed to stanch the city's relentless violence.

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Late Wednesday morning, Major Pearson's battalion commander, Lt. Col. Avanulas Smiley, met with a former Iraqi Army officer, a Shiite who said he was worried about the loyalties of the Iraqi security forces. As an American helicopter gunship thundered overhead, the former officer said that many of the Iraqi policemen were criminals.

"You really don't know what's inside them," he said.

At the border of Shaab and Ur, American troops encountered a warmer reception. Some residents in both areas seemed hopeful. Mustafa Jasim, 27, a Sunni, said that the idea of bases in the neighborhood convinced him that the Americans would not leave immediately. "With them here, now I can feel safe," he said.

American officers and soldiers described the Iraqi security forces, or I.S.F., as eager, even brave. But they acknowledged that full competence would be harder for them to achieve.

"The challenge we have is getting the I.S.F. to the point that when we de-surge, we can get the I.S.F. to where they can do the job on their own," Colonel Smiley said.

But other soldiers, like Staff Sgt. Kenley Beazer, 35, worried about what would happen when the Iraqis were in charge. "As far taking over the whole city by themselves, it will never happen," Sergeant Beazer said. "They rely too much on U.S. forces. As soon as we pull out, I give it six months, then it goes back to as bad as it was before."

Bush: Redeployments To Iraq Don't Hurt Troop Morale (LAT)

By Peter Spiegel, Times Staff Writer

The Los Angeles Times, February 15, 2007

The president doesn't believe redeployments to Iraq are taking a toll.

WASHINGTON — President Bush said Wednesday that he did not believe morale of troops in Iraq had declined because of repeated deployments to the war zone, saying his commanders on the ground would have informed him if any problems existed.

The issue of troop morale has bubbled up repeatedly during the debate on Capitol Hill over legislation that would criticize the administration's decision to increase troop levels in Iraq. Some backers of the Bush plan say any congressional resolution condemning the buildup would undermine morale.

The issue also emerged in surveys of active-duty troops, whose opinion of Bush's handling of the war has plummeted in the last year. Among military personnel, only 35% approved of Bush's handling of the war during 2006, down from 54% a year earlier, polls by the independent Military Times newspaper found.

But speaking at a White House news conference, Bush said that though commanders were concerned about how soldiers' families were bearing up under the strain of deployments that have seen soldiers in combat zones one year out of every two, no mention had been made of any problems within military units.

"What I hear from commanders is that the place where there is concern is with the family members," Bush said. "Our troops who have volunteered to serve the country are willing to go into combat multiple times, but [their] concern is with the people on the home front."

Asked whether those who opposed his buildup of troops were undermining morale, Bush said he did not believe so.

"I think you can be against my decision and support the troops, absolutely," Bush said. "Somebody who doesn't agree with my policy is just as patriotic a person as I am."

peter.spiegel@latimes.com

GOP Looks Beyond War Measure To Fight On Funding (WP)

By Jonathan Weisman

The Washington Post, February 15, 2007

With Republicans speaking out against President Bush's war policy on the House floor yesterday, GOP leaders and the White House conceded defeat on a resolution opposing sending additional U.S. troops to Iraq and began looking toward the coming battle over the war's funding.

On the second day of a four-day showdown over the nonbinding resolution, Democrats looked on as Republican dissidents denounced what they called Bush's ill-conceived plan to put 21,500 more combat troops in the middle of a sectarian civil war.

Some of the 11 Republicans who publicly broke with Bush were long-time opponents of the war, such as Reps. Walter B. Jones (N.C.) and Ron Paul (Tex.). But others, such as Reps. Fred Upton (Mich.) and Jim Ramstad (Minn.), had never sought the limelight and were almost apologetic in their speeches.

Rep. Ric Keller (Fla.), a reliable conservative vote, prefaced his statement with an affirmation of support for Bush personally. But, he said, a "surge" of troops had already been attempted in Baghdad. "The benefits were temporary," he said. "The body bags were permanent."

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Those 11 could be just the tip of the iceberg. One Republican lawmaker close to the leadership, who spoke on the condition of anonymity, said GOP leaders have 50 to 60 Republicans on their watch list, with between 40 and 60 expected to break with the White House tomorrow.

Even the president conceded yesterday that the House will deliver a bipartisan rebuke tomorrow, when it votes on a resolution opposing the deployment of additional troops to Iraq, while affirming Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq." But, he warned, Congress must not meddle with the funds needed to support those troops.

"I think you can be against my decision and support the troops, absolutely. But the proof will be whether or not you provide them the money necessary to do the mission," he said at a White House news conference.

Republicans think the funding debate will unite their party and expose deep fissures among the Democrats, some of whom want immediate action to deny funding to the war effort. But Democratic leaders have rallied around a strategy that would fully fund the president's $100 billion request for the wars in Iraq and Afghanistan but would limit his ability to use the money.

Rep. John P. Murtha (D-Pa.), chairman of the House Appropriations subcommittee on defense, will formally outline the Democrats' plan today to antiwar groups agitating for binding action against the war. Rep. James P. Moran Jr. (D-Va.), a subcommittee member who helped arrange the Internet event, said the plan is aimed at tamping down calls from the Democrats' liberal wing for Congress to simply end funding for the war.

The Murtha plan, based on existing military guidelines, includes a stipulation that Army troops who have already served in Iraq must be granted two years at home before an additional deployment, Marines must be given 14 months at home, and any troops sent to Iraq must be those deemed fully trained and equipped under existing military standards. The idea is to slowly choke off the war by stopping the deployment of troops from units that have been badly degraded by four years of combat.

"They won't be able to deploy troops unless they extend troops overseas. And if we limit the extension, then it'll be very difficult for them to continue this surge, which the American people are against and the Iraqis don't want," Murtha said yesterday on National Public Radio.

The Democrats also intend to shut down the military prisons at Guantanamo Bay, Cuba, and at Abu Ghraib near Baghdad by denying them funds, and to bar funds that would be used to establish permanent military bases in Iraq.

That is a fight Republicans appear to relish. Republicans continued to argue yesterday that the Democrats' nonbinding resolution would demoralize U.S. troops and embolden the enemy, and virtually every Republican speaking against the resolution added a warning that Democrats intend to "defund" the war.

"There is going to be a real battle some time in March over defunding our troops that are in harm's way or somehow shackling the military's ability to fight," said House Minority Leader John A. Boehner (R-Ohio).

When Rep. Heather A. Wilson (R-N.M.) charged that the resolution offers no support for troops not yet deployed to the battlefield, House Majority Leader Steny H. Hoyer (D-Md.) showed just how sensitive Democrats are to the charge.

"No one ought to hide behind the troops. No one ought to come to this floor and say that this Congress, 435 of us, will not support whatever soldier or sailor or Marine is deployed to Iraq," Hoyer said angrily. "Whether it is today or tomorrow, they will have our support."

Republicans have been less successful at ruffling Democratic feathers over the issue at hand -- the deployment of additional troops. Republican leaders have put up an energetic rapid-response center to try to debunk Democratic arguments against Bush's war plan. Rank-and-file Republicans have met with national security adviser Stephen J. Hadley, as well as representatives from the embassies of Jordan, Egypt and Saudi Arabia. But GOP efforts to hold their lawmakers off the Democratic resolution appeared to falter yesterday.

As Bush conducted his news conference, the House floor was turning into a fratricidal showdown in a split-screen visual that even Republicans had to admire. "It was a good strategic move," one GOP lawmaker said.

"The resolution authorizing the use of force in Iraq that we passed in fall of 2002 was never intended to authorize the use of American troops to police a civil war," Ramstad said.

Rep. Thomas M. Davis III (R-Va.) lamented that "these are purely political statements, and the debate we should be having is the most apolitical subject of all -- national security in a time of peril." He then announced that he will vote for the resolution.

In the Senate, meanwhile, Republicans Olympia J. Snowe (Maine) and Chuck Hagel (Neb.) threatened to block a planned week-long recess unless Democratic and Republican leaders first agree on terms for bringing to a vote a bipartisan resolution opposing the troop buildup.

11 More Republicans Get Behind Iraq Rebuke (LAT)

By Richard Simon And James Gerstenzang
The Los Angeles Times, February 15, 2007

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WASHINGTON — In a striking display of dissension, a group of Republican lawmakers broke ranks with the White House on Wednesday and embraced a resolution opposing more U.S. troops in Iraq — airing their criticism even as President Bush publicly defended his plan.

Bush questioned the message that expected House approval of the nonbinding resolution would send, saying at a news conference: "People are watching what happens here in America. The enemy listens to what's happening. The Iraqi people listen to the words…. They're wondering about our commitment to this cause."

Undaunted, 11 GOP lawmakers, including normally staunch Bush allies who represent districts he carried in his presidential campaigns, took to the House floor to express their support for a Democratic-sponsored resolution renouncing Bush's decision to add 21,500 troops to the roughly 135,000 already in Iraq.

The Republicans complained that the U.S. military finds itself in the middle of a civil war, that the Iraqis haven't done enough to make their country safe and that a "surge" in diplomacy — not troops — is needed.

"The Iraqis don't want us there," said Rep. Fred Upton (R-Mich.). "We're viewed as part of the problem, not the solution."

Rep. Ric Keller (R-Fla.) likened the U.S. mission in Iraq to dealing with a neighbor who refuses to mow his lawn.

"You mow his lawn for him every single week. The neighbor never says thank you, he hates you, and sometimes he takes out a gun and shoots at you," he said. "Under these circumstances, would you keep mowing his lawn forever?"

The House is scheduled to vote Friday on the resolution, which is likely to pass with virtually unanimous support from the chamber's 233 Democrats and backing from 20 to 30 — and perhaps more — of its 201 Republicans. What remains unclear is how many GOP war critics will get behind the next step in the debate — Democratic efforts to go beyond symbolic opposition to Bush's pursuit of his Iraq policy.

Rep. John P. Murtha (D-Pa.) is set today to announce a strategy for imposing limits on Bush's ability to carry out the troop increase.

Murtha, chairman of the appropriations defense subcommittee, is expected to propose tying funding for the deployment to requiring that every unit sent to Iraq meet strict readiness standards of training and equipment — standards often sidestepped now, at a time when the military has been stretched thin.

Murtha's proposal is aimed at countering Bush's build-up plan without exposing Democrats to accusations of undercutting troops in the field.

Also, Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.) served notice that the administration's request for an additional $93 billion to pay for military operations in Iraq and Afghanistan would face tough scrutiny before his panel.

With the lion's share of the money slated for Iraq, Byrd said he feared the request "cements a policy of more of the same — more hunkering down, more forcing our troops to stay pinned in the middle of a civil war."

Bush has made little effort to influence the House's consideration of its nonbinding resolution, saying he planned to ignore it. But at his White House news conference, the president made clear he would more aggressively fight efforts to stymie his troop-increase plan.

"People are prejudging the outcome" of the new strategy, he complained. And Bush said he hoped the House's symbolic measure would not "turn into a binding policy that prevents our troops from doing what I have asked them to do."

As he has done continually in the face of growing U.S. discontent with the situation in Iraq, Bush warned that stepping back from the fight "would have disastrous consequences for our people in America."

"The Iraqi government would collapse; chaos would spread," he said. "There would be a vacuum. Into the vacuum would flow more extremists, more radicals, people who have stated intent to hurt our people."

But even as Bush spoke, the fractures within his own party over Iraq were spotlighted as the House engaged in a second, full day of debate on the resolution opposing his troop increase.

Unlike the first day, which featured Democrats pressing the case for the measure and Republicans decrying it, part of Wednesday's discussion featured GOP lawmakers arguing with one another. Although those lining up behind the measure represented a small fraction of the House's GOP caucus, their willingness to make their speeches reflected the rising anxiety within the party over the nearly 4-year-old war. It is a conflict that many GOP politicians single out as the main reason the party lost its majorities on Capitol Hill in November's election.

Nine of the 11 Republicans who criticized Bush's troop-buildup plan voted for the 2002 resolution authorizing the use of military force against Iraq; the two dissenters were Reps. John J. "Jimmy" Duncan Jr. of Tennessee and Ron Paul of Texas.

Other Republican supporters of the resolution included Reps. Wayne T. Gilchrest of Maryland, a decorated Vietnam veteran, and Howard Coble of North Carolina, who represents a district Bush won with 69% of the vote in 2004.

"I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement," Coble said.

He added that mail and calls to his office are running 10 to 1 in support of his position.

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Rep. Upton said he decided to oppose Bush's plan after e-mailing soldiers he had met during visits to Iraq who told him that sending more troops would increase the threats to U.S. personnel.

The president's allies, while refraining from attacking their fellow Republicans, were just as passionate in their support for the new Iraq strategy. And they assailed the Democratic resolution for offering no alternative.

The measure "says only what some members are against; nothing about what we are for," said Rep. Thomas M. Davis III (R-Va.).

Some Republicans who plan to vote against the resolution acknowledged mounting frustration over the situation in Iraq.

"Even those of us like me who will oppose [the measure] need to see results," Rep. Mary Bono of Palm Springs said.

The 53-member California delegation is expected to split along party lines on the resolution, with its 33 Democrats voting "yes" and its 19 Republicans voting "no."

Brian Kennedy, a spokesman for House Republican leader John A. Boehner of Ohio, said that regardless of the number of GOP lawmakers who support the resolution, the caucus "will stand firm" against any Democratic efforts to deny Bush troop funding.

"That's where you'll see a line drawn," Kennedy said.

As Wednesday's session wrapped up about midnight, roughly 200 House members had participated in the debate; each has been allotted five minutes to give their views.

Democrats Try To Stifle Calls To 'Defund' War (WT)

By Jon Ward

The Washington Times, February 15, 2007

Democratic leadership yesterday sought to quell voices within their own party who want to "defund" the war in Iraq, while Republicans said that is exactly what the majority party intends to do.

The House continued its three-day, 36-hour debate on a nonbinding resolution to oppose President Bush's plan to send more than 21,000 additional U.S. troops to Iraq.

"Some assert that this resolution is a first step to defunding our troops in the field. This is categorically false," said Majority Leader Steny H. Hoyer, Maryland Democrat. "While the new majority will explore other opportunities to affect Iraq policy, our commitment to our men and women in harm's way is unwavering."

House Republicans accused Democrats of providing encouragement to the nation's terrorist enemies and emphasized statements from the more liberal anti-war wing of the Democratic Party that are at odds with the leadership's position.

Minority Leader John A. Boehner, Ohio Republican, sent reporters a video montage of nine Democrats who, in various forms on Tuesday, called for a cutoff of funds for the war in Iraq.

"Congress must deny any more funds for the war," said Rep. Dennis J. Kucinich of Ohio.

"The real test for this Congress will be whether or not we continue to fund this war," said Rep. Maxine Waters of California, the founder and chairman of the Out of Iraq Congressional Caucus.

The Republican-produced video, available publicly at YouTube.com, ended with a warning: "Does anyone really believe Democrats don't plan to cut off funding for America's troops?"

Boehner spokesman Kevin Smith said Republicans will win the public opinion battle if Democrats cut off funds.

"The American people will not tolerate Democrats who attempt to undermine our troops when they are in harm's way," Mr. Smith said.

The Democratic leadership appeared determined to take a less politically risky route: reducing U.S. involvement in Iraq gradually.

House Speaker Nancy Pelosi, California Democrat, and Mr. Hoyer reportedly are working with Rep. John P. Murtha, Pennsylvania Democrat, on a plan to attach restrictions to supplemental appropriations for the Defense Department.

Mr. Murtha, chairman of the Appropriations defense subcommittee, is exploring ways to restrict the use of funds allocated for troop increases. One measure would require combat training certification for all troops; another would require adequate equipment. Anti-war Democrats hope these criteria will hamstring deployment of more troops.

Mr. Murtha is set to announce his strategy in an interview with former Rep. Tom Andrews, Maine Democrat, at 11 a.m. today on MoveCongress.org, an anti-war Web site started by Mr. Andrews.

Mrs. Pelosi and Senate Majority Leader Harry Reid, Nevada Democrat, sent a letter to Mr. Bush yesterday demanding adequate equipment for U.S. troops.

"Mr. President, it is wrong to deploy troops to the Iraqi theater until they have the up-armored Humvees, equipment, lodging, training and other support required to carry out their mission. We hope you will work with us to make sure that they do," the letter said.

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The Democratic Senatorial Campaign Committee plans to run ads against Republicans -- starting with Sens. John E. Sununu of New Hampshire and Gordon H. Smith of Oregon -- who have supported Mr. Bush and are vulnerable in the 2008 elections. The goal is to put indirect pressure on the White House to withdraw from Iraq.

Congress Has No Choice But To Act On Iraq (RC)

By Reps. Lynn Woolsey, Barbara Lee And Maxine Waters

Roll Call, February 15, 2007

As leaders of the Congressional Progressive Caucus and Out of Iraq Caucus, we are proud that the House has begun to take up the moral dilemma of our times — our continued military occupation of Iraq. Congress finally will have the opportunity to express its disapproval of President Bush's escalation plan, a flawed strategy piled on a 4-year-old failed policy.

By deepening our engagement, escalation will further stoke the fires of civil war in Iraq while increasing the cost to Americans in lives, limbs and treasure.

The political battle lines are clear: On one side we have a bipartisan Congressional majority, roughly two-thirds of the American people, the Joint Chiefs of Staff, the Iraq Study Group and former military leaders such as Colin Powell. On the other: an unpopular, lame-duck president; too many Congressional Republicans; and the editors of The Weekly Standard — all of whom are willing to accept more American casualties in the name of a policy that is making us less secure and damages our standing in the world.

Last month, in announcing his decision to raise the ante in Iraq, the president announced that "America's commitment is not open-ended." So we hold out hope that Friday's vote of no confidence will compel him to re-evaluate his Iraq policy and heed the calls of the American people. But if not, Congress must be prepared to go beyond nonbinding resolutions. We will not be content with a statement of disapproval that is limited to the escalation gambit. Continuing the current policy is unacceptable, as is escalating the war. Maintaining more than 130,000 brave Americans in Iraq as it plunges deeper into chaos and mayhem is simply unconscionable. If the president will not take steps to end this war, Congress must take responsible action.

Contrary to Republican claims that Democrats have no alternative plan for Iraq, there are in fact several on the table. Our own comprehensive bill, the Bring Our Troops Home and Sovereignty of Iraq Restoration Act, would complete a fully funded military withdrawal from Iraq within six months while ensuring that our troops and contractors leave safely and accelerate the training of Iraqi security forces.

In addition, our bill would remove the specter of an endless occupation by preventing the establishment of permanent military bases and reiterate our commitment, at the invitation of the Iraqi government, to working with the international community to assist Iraq in its reconstruction and reconciliation efforts. We also would stand ready, if asked by the Iraqis, to participate in an international stabilization force. Our bill also ensures health benefits for all of our military personnel.

House Foreign Affairs Chairman Tom Lantos (D-Calif.) has indicated that he will hold hearings on various legislative proposals on Iraq, including our bill, next month. The nation certainly will benefit from a robust debate on alternatives to the president's failed stay-the-course policy.

It has been a long road from marginalization to the mainstream for those of us who oppose this war and always have. While the temptation of an extended "we told you so" is there, it is suffice to say that the anti-war position turned out to be the correct one. We are focused solely on bringing our troops home.

If the president doesn't change course, if he persists in his contempt for the electoral verdict rendered in November, then this week's resolution will be just the beginning. A bloody military entanglement that does not enjoy popular support is ultimately unsustainable, and Congress would be derelict if it did not assert its legitimate war powers as a coequal branch of government. Using our authority to challenge and even forestall the Iraq occupation is not only constitutionally appropriate; it is a moral imperative.

Reps. Lynn Woolsey (D-Calif.) and Barbara Lee (D-Calif.) co-chair the Congressional Progressive Caucus. Rep. Maxine Waters (D-Calif.) chairs the Out of Iraq Caucus.

GOP Opposition To Bush Plan Forms (AP)

By David Espo

AP, February 15, 2007

Breaking ranks, a small band of House Republicans declared their opposition to a troop buildup in Iraq on Wednesday, and President Bush appeared resigned to passage of a nonbinding measure disapproving of his decision.

"I'm going to make it very clear to the members of Congress, starting now, that they need to fund our troops," the president said, looking past this week's debate toward congressional action next month on his request for nearly $100 billion for the military.

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Bush spoke at a White House news conference timed — coincidentally or not — for the hour that Republican critics of his war policies took their turn in a marathon debate on the House floor.

"I am personally very high on President Bush, but on the matter of troop escalation, I am not in agreement," said Republican Rep. Howard Coble of North Carolina.

"I insist that we do not maintain an eternal presence in Iraq, if for no other reason than the cost to the taxpayers, which has been astronomically unbelievable," he said. He also noted the war has cost more than 3,100 U.S. troops their lives.

Coble was one of fewer than a dozen Republicans to swing behind the measure. It declares that Congress "disapproves of the decision of President George W. Bush ... to deploy more than 20,000 additional United States combat troops to Iraq."

The 95-word measure adds that "Congress and the American people will continue to support and protect the members of the United States armed forces who are serving or who have served bravely and honorably in Iraq."

By early evening, only one Democrat, Rep. Jim Marshall of Georgia, had announced he would vote in opposition.

Approval is expected on Friday. Senate Majority Leader Harry Reid, D-Nev., has announced plans to try for a vote on an identical bill in the next few weeks. Prospects there are uncertain because Republicans have said they will also demand a vote on an alternative measure that says Congress should neither cut nor eliminate funds for troops in the field.

Democrats took control of Congress after elections last fall that were shaped in large measure by public opposition to the war. House Speaker Nancy Pelosi, D-Calif., has described the nonbinding measure as the first step in a longer campaign to end U.S. participation in the nearly four-year-old conflict.

Several Democrats have said they favor cutting off money as a way to accomplish that, and Bush was eager to lay down a marker on that issue.

"They have every right to express their opinion, and it is a nonbinding resolution," he said of the measure before the House. But looking ahead, he added that Congress soon "is going to be able to vote on a piece of legislation that is binding, a bill providing emergency funding for our troops. ... We have a responsibility , all of us here in Washington, to make sure that our men and women in uniform have the resources and flexibility they need to prevail."

Pelosi and Reid sent Bush a letter citing reports the Army lacks enough advanced armored kits to protect all Humvees from roadside bombs. "In addition, we understand that existing shortages of trucks and other crucial equipment such as jamming devices, radios and other gear will only be exacerbated by the surge," they wrote.

The lawmakers raised the issue later with the president at a White House meeting. One aide suggested afterward that Bush's spending request could be rewritten to require that any troops deployed to Iraq be fully equipped.

Rep. John Murtha, D-Pa., who heads a House subcommittee that controls defense spending, has said he intends to require that any units headed to Iraq meet the Army's highest readiness level. Congress also could try to slow the deployment of additional troops by curtailing the Pentagon's practice of extending the duty tours of personnel who have reached the end of their scheduled time in the war zone.

Republican leaders predict that as many as two dozen or so GOP member could vote for the nonbinding repudiation of the troop increase. Rep. Walter Jones of North Carolina led the GOP rebels during debate on the House floor.

Jones, a seventh-term lawmaker whose district includes the Marines' Camp Lejeune, said he had spoken out four years ago against the plan to invade Iraq. "I now regret that I did not more openly challenge those who were determined to invade a country whose actions were peripheral to the real threat, al-Qaida," he said.

"For young men and women who are brave enough to go into Iraq and Afghanistan, then we as members of Congress must be brave enough and informed to start a dialogue in Damascus, in Tehran, in the entire region to hasten peace," said Rep. Wayne Gilchrist, R-Md., calling for a diplomatic effort along the lines recommended by the Iraq Study Group that recently issued a gloomy report on the state of affairs in Iraq.

"I will support this resolution because I believe that the surge will be unsuccessful without a comprehensive, diplomatic strategy to engage the international community and turn responsibility over to the Iraqi government," added Rep. Mike Castle, R-Del.

In a criticism of House Democratic leaders, though, Castle quickly added he was disappointed they had denied lawmakers a chance to vote on an alternative measure drafted by Republicans.

The GOP leadership had sought a vote on a measure opposing any efforts to cut off money for the war. Democratic leaders initially said they would allow them to proceed. They changed their minds, though, in what Republicans said was an attempt to hide a deep divide on the money issue among Democrats.

Democrats did not deny that would have been the case. But they said Republicans will be able to put all lawmakers on record on the issue when the $100 billion military spending bill comes to the House in March.

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Rep. Heather Wilson, R-N.M., provoked a sharp response from Democrats when she said she opposes the increase in troops but would not support the measure criticizing it. She said that while it pledges to protect the troops in Iraq and those who have gone, it makes no mention of the thousands yet to be deployed.

"What about the five brigades of young Americans who are now preparing their families and packing their gear to deploy? What about them? What are you saying to them? Will we buy body armor for them? Will we have armored Humvees for them?" she asked.

Wilson's comments brought Majority Leader Steny Hoyer, D-Md., to the House chamber for a hurried rebuttal.

"If the commander in chief has sent them there, we will support them," he said.

GOP Vs. GOP In House Iraq Debate (USAT)

By Kathy Kiely, Usa Today

USA Today, February 15, 2007

WASHINGTON — The Democrats now control the House, but for two hours Wednesday, they took a back seat as Republicans argued amongst themselves over President Bush's Iraq policy.

Rep. Walter Jones, a Republican whose North Carolina district includes the Marine Corps' Camp Lejeune, led a dozen GOP lawmakers who spoke against the president's plan to commit 21,500 more troops to Iraq. Several said they were doing so despite their personal affection and admiration for the president.

"I am personally very high on President Bush, but on the matter of the troop escalation, I am not in agreement," said Rep. Howard Coble, R-N.C. "The Iraqi people were given a choice between freedom and civil war. Unfortunately, they chose the latter."

At the same time, the president took to the airwaves to try to sell his policy at a televised news conference.

The extent of the Republican opposition to Bush's plan is the only suspense left in the debate. Drafted by Jones and two senior Democrats, the resolution states support for the soldiers, but opposition to a troop increase. The resolution is all but certain to win approval on Friday.

"We will lose some," conceded House Republican leader John Boehner of Ohio.

Rep. Wayne Gilchrest, a Maryland Republican who spoke against Bush's policy Wednesday, predicted in an interview that there will be between 20 and 40 Republican defectors when the roll is called. In 2002, six Republicans (along with 126 Democrats) voted against giving the president the power to go to war.

The Republican critiques of the Bush policy were at times pointed. "More of the same on steroids," is how Rep. Tom Davis, R-Va., described it. They demonstrated how deeply disillusionment has set in since the heady days when lawmakers celebrated the massive turnout for Iraq's first free elections.

"Unfortunately, it seems that the Americans want a unified and secure Iraq more than the Iraqis do," said Rep. Ric Keller, R-Fla.

The Republican opposition also prompted sharp retorts from colleagues who support the president's policy.

"Whose side are you on?" said Rep. Marsha Blackburn, R-Tenn. "Are you on the side of freedom or are you on the side of allowing the terrorists to get the upper hand?"

Rep. Zach Wamp, R-Tenn., said the troop increase is necessary to "the defense of liberty and our way of life."

"This is a religious conflict," Wamp said. "We're at war with Islamic jihadists."

The Republicans favoring the resolution run the political gamut. Centrists argued that diplomatic and political initiatives would be a better alternative to a troop increase.

"I believe that surges will continue to be unsuccessful without a comprehensive diplomatic strategy," said Rep. Mike Castle, R-Del.

Fiscal conservatives questioned how the nation will pay its bills "if we keep trying to run the whole world," as Rep. John Duncan, R-Tenn., said.

Some Republicans who oppose the troop increase, including Rep. Phil English, R-Pa., expressed frustration that Democratic congressional leaders did not allow them to offer amendments. "I will vote in favor of the resolution as offered as narrow and inadequate as it is; but I can't help but express my frustration that the Democrat leadership has squandered an opportunity to allow a full and fair debate with real amendments," English said.

That may cost the resolution some Republican support. Rep. Heather Wilson, R-N.M., a former Air Force captain and the only female veteran in Congress, said Wednesday that even though she is "skeptical of the Baghdad mission" she will vote against the resolution because it "leave unanswered the question of whether we will fund the bullets and body armor for troops who are not there yet but are going."

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Wilson's comments prompted an unscheduled appearance on the House floor by an agitated Majority Leader Steny Hoyer, D-Md. He insisted that soldiers in battle will have funds and armaments available.

"No one in this Congress will not support them," Hoyer said.

Some House Republicans Break Ranks On Bush's Troop Buildup (WSJ)

By David Rogers

The Wall Street Journal, February 15, 2007

WASHINGTON -- Republican divisions over the Iraq war broke into the open on the House floor Wednesday as Democrats stepped aside for two hours and let the minority air its differences over President Bush's plan to add 21,500 troops over the coming months.

The remarkable situation developed after North Carolina Rep. Walter Jones was given an hour's debate time to control as the lead Republican cosponsor of a nonbinding resolution disapproving of the troop surge. Mr. Jones, a member of the House Armed Services Committee, then yielded to a succession of like-minded Republicans whose speeches against the troop increase were interspersed with remarks by Republicans supportive of administration's policy.

The result was a two-hour snapshot of a growing party split that poses the most serious threat to the White House as it tries to sustain long-term support for the war. Those opposing the president included Reps. Phil English (R., Pa.) and Fred Upton (R., Mich.) with coveted seats on leadership committees such as Ways and Means and Energy and Commerce. Mr. Jones later predicted that 30 Republicans may yet support the resolution of disapproval when it comes to a House vote, most likely on Friday.

It's a very different landscape from last June, when only three House Republicans broke with the party leadership on a 256-153 vote supportive of the administration's war policy. Intervening setbacks in Iraq and the November elections have changed the tone.

"If you oppose the surge, the troops will be demoralized, we're told," said Rep. Howard Coble (R., N.C.) "I think not. I believe they would more readily be demoralized if we were willy-nilly, rubber stamping every issue confronting us."

"We need a massive diplomatic initiative that brings together the parties in the region," said Mr. English in a later interview, and the same theme was sounded by Mr. Upton, a former Ronald Reagan aide who said he had emailed soldiers he has met to solicit their views on the support for the surge.

"Bringing in more Americans will force us into more confrontational roles. This is not the way to win,'" Mr. Upton said, reading from an answer he received from an Army captain in Iraq.

Most of the Republican dissenters pledged to oppose any effort to cut funding for the war, but the huge costs have clearly begun to take a toll. "There is nothing fiscally conservative about this war," said Rep. John Duncan (R., Tenn.). "Our Constitution does not give us the authority to run another country as we have been doing in Iraq with a [U.S.] national debt of $9 trillion."

House Democrats have their own dissenters. "It is akin to sitting in the stands and booing while the team is out there executing the play," said Rep. Jim Marshall (D., Ga.), who will vote against the resolution. But it is a measure of the Democratic confidence that the leadership gave Mr. Marshall time to speak and didn't make him go the Republican side.

Mr. Marshall, a Vietnam veteran and former law professor, ended his remarks with a touching message to troops in Iraq, urging them not to be worried about the debate.

"When I was fighting insurgents in Vietnam, our country was torn by antiwar protests and debate," Mr. Marshall said, speaking to the House cameras. "I didn't worry about that. You shouldn't either."

"I didn't let it discourage me. You shouldn't let it discourage you. You should simply do your duty and be proud of the fact that you've done it…Let others, the president and Congress debate of what that duty actually is. There are legitimate differences of opinion in the United States among the leadership concerning the best way forward in Iraq, how to get the best possible result."

For Republicans, Bush Bashing Is Not An Appealing Option (RC)

By Stuart Rothenberg

Roll Call, February 15, 2007

For months now, President Bush's poll ratings have been in the toilet. His performance is the single most important reason why Republicans lost the House and Senate, and the president's standing shows no sign of turning around between now and Election Day 2008.

So shouldn't Republican officeholders simply do whatever they have to in order to distance themselves from the president? And shouldn't they go even further in establishing their independence by piling on Bush to show how much they disagree with him, as much as Nebraska Sen. Chuck Hagel (R) has been doing for months on Iraq?

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Well, as the November elections demonstrated, it isn't that simple.

Bush defines what his party stands for as long as he is in office, and efforts by individual Republican Members of Congress to separate themselves from their party weren't very effective in 2006.

I still remember something that a Democratic consultant told me more than a half-dozen years ago, during then-President Bill Clinton's problems: The lower the president's poll numbers fall, the worse things are for Democrats, including those Democrats who were intent on distancing themselves from the occupant of the Oval Office.

In beating up on Clinton, the astute student of politics said back then, Democrats only would be adding to their own headaches by highlighting his problems, conveying a sense of chaos within the Democratic Party and diminishing the leader of their party. The same holds true for Republicans who would like to criticize Bush now.

Bush remains in office for another two years, and unfortunately for him and his party, the public appears to have permanently soured on him.

A mid-January CNN/Opinion Research Corp. survey found that a mere 32 percent of those polled said policies proposed by Bush would move the country in the right direction, while 61 percent said those policies would move the country in the "wrong direction."

Those numbers mirrored the president's job performance numbers, which will need to improve if he is going to help his party and his party's candidates in 2008. But if the Republicans beat up on Bush to distance themselves from him, they guarantee that his ratings will remain low. (They may remain low in any case, of course.)

The problem for Republicans is that, while they would like to act as if the president is now largely irrelevant, there simply is no way that they can move past him. He is still the president, and he's still making policy. And that means that he's still an easy target for Democrats.

The Iraq War remains the top issue of the day, and it is inextricably linked to Bush. It is almost impossible for GOP Members of Congress to talk about Iraq — about what is happening on the ground and about what to do about it — without being drawn into a discussion of the president and his policies.

Even more than that, Republicans will have to figure out what they'll do about — and with — the president when their national convention rolls around 18 months from now.

Does anybody really believe that Republicans will be able to put together a convention that ignores the president of the United States? And no matter what kind of role Bush gets at the 2008 GOP convention in Minnesota, unless the public's perception of the president changes between now and August 2008, can his presence do anything but aid a Democratic argument for change?

Clinton, who had his share of problems during his second term in the White House, but who had much better job approval numbers than Bush now does, spoke to the 2000 Democratic convention on Monday night, Aug. 14, the first day of the convention. Bush likely will do the same thing, but he won't be able to avoid the elephant in the room.

"Mr. Clinton made no allusions to the personal scandals he has weathered," wrote Rick Berke of The New York Times about the president's 3,888-word speech on that opening night. Can anyone imagine Bush not mentioning his albatross, the Iraq War, during his speech to the GOP convention?

Obviously, a lot can happen over the next year and a half. But unless things change dramatically, Republicans will find themselves stuck between a rock and a hard place. If they criticize their president, they add to their own party's woes. And if they try to defend him, they also add to their party's woes.

No wonder many Democrats think they'll have an edge in the 2008 race, even against a Republican nominee who tries to separate himself from Bush and the current administration's policies. "Time for a change" may not work as well in 2008 as it did in 2006, but it still figures to be an effective message for the next Democratic presidential nominee.

Awaiting The Dishonor Roll (WSJ)

The Wall Street Journal, February 15, 2007

Congress has rarely been distinguished by its moral courage. But even grading on a curve, we can only describe this week's House debate on a vote of no-confidence in the mission in Iraq as one of the most shameful moments in the institution's history.

On present course, the Members will vote on Friday to approve a resolution that does nothing to remove American troops from harm's way in Iraq but that will do substantial damage to their morale and that of their Iraqi allies while emboldening the enemy. The only real question is how many Republicans will also participate in this disgrace in the mistaken belief that their votes will put some distance between themselves and the war most of them voted to authorize in 2002.

The motion at issue is plainly dishonest, in that exquisitely Congressional way of trying to have it both ways. (We reprint the text nearby.) The resolution purports to "support" the troops even as it disapproves of their mission. It praises their "bravery,"

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while opposing the additional forces that both President Bush and General David Petreaus, the new commanding general in Iraq, say are vital to accomplishing that mission. And it claims to want to "protect" the troops even as its practical impact will be to encourage Iraqi insurgents to believe that every roadside bomb brings them closer to their goal.

As for how "the troops" themselves feel, we refer readers to Richard Engel's recent story on NBC News quoting Specialist Tyler Johnson in Iraq: "People are dying here. You know what I'm saying . . . You may [say] 'oh we support the troops.' So you're not supporting what they do. What they's (sic) here to sweat for, what we bleed for and we die for." Added another soldier: "If they don't think we're doing a good job, everything we've done here is all in vain." In other words, the troops themselves realize that the first part of the resolution is empty posturing, while the second is deeply immoral.

All the more so because if Congress feels so strongly about the troops, it arguably has the power to start removing them from harm's way by voting to cut off the funds they need to operate in Iraq. But that would make Congress responsible for what followed -- whether those consequences are Americans killed in retreat, or ethnic cleansing in Baghdad, or the toppling of the elected Maliki government by radical Shiite or military forces. The one result Congress fears above all is being accountable.

We aren't prone to quoting the young John Kerry, but this week's vote reminds us of the comment the antiwar veteran told another cut-and-run Congress in the early 1970s: "How do you ask a man to be the last man to die for a mistake?" The difference this time is that Speaker Nancy Pelosi and John Murtha expect men and women to keep dying for something they say is a mistake but also don't have the political courage to help end.

Instead, they'll pass this "non-binding resolution," to be followed soon by attempts at micromanagement that would make the war all but impossible to prosecute -- and once again without taking responsibility. Mr. Murtha is already broadcasting his strategy, which the new Politico Web site described yesterday as "a slow-bleed strategy designed to gradually limit the administration's options."

In concert with antiwar groups, the story reported, Mr. Murtha's "goal is crafted to circumvent the biggest political vulnerability of the antiwar movement -- the accusation that it is willing to abandon troops in the field." So instead of cutting off funds, Mr. Murtha will "slow-bleed" the troops with "readiness" restrictions or limits on National Guard forces that will make them all but impossible to deploy. These will be attached to appropriations bills that will also purport to "support the troops."

"There's a D-Day coming in here, and it's going to start with the supplemental and finish with the '08 [defense] budget," Congressman Neil Abercrombie (D., Hawaii) told the Web site. He must mean D-Day as in Dunkirk.

All of this is something that House Republicans should keep in mind as they consider whether to follow this retreat. The GOP leadership has been stalwart, even eloquent, this week in opposing the resolution. But some Republicans figure they can use this vote to distance themselves from Mr. Bush and the war while not doing any real harm. They should understand that the Democratic willingness to follow the Murtha "slow-bleed" strategy will depend in part on how many Republicans follow them in this vote. The Democrats are themselves divided on how to proceed, and they want a big GOP vote to give them political cover. However "non-binding," this is a vote that Republican partisans will long remember.

History is likely to remember the roll as well. A newly confirmed commander is about to lead 20,000 American soldiers on a dangerous and difficult mission to secure Baghdad, risking their lives for their country. And the message their elected Representatives will send them off to battle with is a vote declaring their inevitable defeat.

Not Supporting Our Troops (NYT)

The New York Times, February 15, 2007

How do you explain to the thousands of American troops now being poured into Baghdad that they will have to wait until the summer for the protective armor that could easily mean the difference between life and death?

It's bad enough that these soldiers are being asked to risk their lives without President Bush demanding that Iraq's leaders take any political risks that might give the military mission at least an outside chance of success. But according to an article in The Washington Post this week, at least some of the troops will be sent out in Humvees not yet equipped with FRAG Kit 5 armor. That's an advanced version designed to reduce deaths from roadside bombs, which now account for about 70 percent of United States casualties in Iraq.

The more flexible materials used in the FRAG Kit 5 make it particularly helpful in containing the damage done by the especially deadly weapon the Bush administration is now most concerned about: those explosively formed penetrators that Washington accuses Iran of supplying to Shiite militias for use against American troops.

Older versions of Humvee armor are shattered by these penetrators, showering additional shrapnel in the direction of a Humvee's occupants. The FRAG Kit 5 helps slow the incoming projectile and contains some of the shrapnel, giving the soldiers a better chance of survival.

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Armor upgrades like this have become a feature of the Iraq war, as the Pentagon struggles to keep up with the constantly more powerful weapons and sophisticated tactics of the various militia and insurgent forces attacking American troops. But the Army, the National Guard and the Marine Corps have been caught constantly behind the curve.

Unglamorous and relatively inexpensive staples of ground combat, like armor, have never really captured the imagination and attention of military contractors and Pentagon budget-makers the way that "Top Gun" fighter jets, stealthy warships and "Star Wars" missile interceptors generally do.

The Army says it is now accelerating its production of FRAG Kit 5 armor and handing it out to Baghdad-bound units on a priority basis. But it acknowledges that the armor upgrading project will not be completed until summer. Right now, it's February, and the new American drive in Baghdad has already begun.

That's a shame, if not an outright scandal, because up-to-date armor is essential for saving American lives.

The House Debates Iraq (WSJ)

By Daniel Henninger

The Wall Street Journal, February 15, 2007

It's not likely that Hillary Clinton, Barack Obama, John McCain or Rudy Giuliani took time this week from the rigors of presidential trajectory to watch the House floor debate on Iraq. Too bad. They would have learned something useful.

Whatever its gerrymandered imperfections, the Founders' "house of the people" is born biannually from 435 congressional districts. The House leadership scheduled time for debate on the Democrats' famous "97-word" resolution unto midnight on Tuesday and Wednesday and into evening today, with a vote scheduled for tonight or tomorrow.

That debate -- seen mainly by beat reporters and C-Span's hyperpartisans -- spread before us a political inkblot on Iraq and the war on terror that is at least as accurate as the opinion polls that substitute for actual views of the electorate. Each member stood amid the chamber's polished wood and gave the nation the sum of his or her political calculation and personal belief.

The most striking impression from the debate is the most obvious: The nation is polarized. Of what I saw, there was no common ground between the two parties, none. Mainly, it was Blue America (Massachusetts, New York, cities, blue California) versus Red America (Florida, Texas, suburbs, red California).

The conventional wisdom now is that the "independent" vote is ascendant. But if Iraq is hot next year, the presidential runners will have to turn the trick of surviving the cauldrons of their boiling blue and red primaries and then purporting in the general election that they've emerged from them a lovely, independent pink. On foreign policy, that won't be easy, especially for Hillary and Barack.

Both need to find a worldview somewhere, because their party doesn't have one that extends beyond the suburbs of Baghdad.

In the House debate, it was the calculation of Speaker Pelosi and her leadership to keep the focus on the poll-proven unpopularity of the Iraq war and the 21st century's most famous bogeyman, "George Bush." The GOP calculation was to move the debate off Iraq and onto the broader war on terror.

Politics aside, the result on public view was a Democratic side that looked small, mired in talk of American "failure," while a number of senior Republicans -- John Boehner, Pete Hoekstra, Ileana Ros-Lehtinen, even Peter King -- produced almost stirring speeches on the substance and meaning of the global threat.

Pete Hoekstra, recently chairman of the intelligence committee, gave what must be the severest attack on radical Islam ever by a U.S. public figure. Forget Pope Benedict; there was nary a genuflection to Muslim sensibilities in Mr. Hoekstra's argument that the enemy is not some vague thing called terrorism: "We are not at war with a tactic. We are at war with a group of militant Islamists who hate us and who hate much of the rest of the world."

John Boehner reviewed each Islamic terrorist act directed at the U.S. dating to the Iran hostage-taking of 1979. "Too bad it took so long to open our eyes," he said, "but they are open now." Ileana Ros-Lehtinen quoted the famous blueprint of al Qaeda No. 2 Ayman al-Zawahiri: "The first stage: expel the Americans from Iraq." Rep. Charles Boustany said plausibly that other Arab nations could never help with a political settlement if the region is engulfed in violence after a U.S. exit.

So one may ask: Where were you guys when we needed you? Republicans lost the election because most of them foxholed the past two years when the going got tough. Instead of this Kissingerian geopolitical vision, they let one guy carry the burden (they would reply that the "one guy" never asked for their help).

Sens. Clinton and Obama should take a long look at Tuesday's videotape of the Democratic House now shaping the party's foreign policy. Is this where they'll want to be next year?

Even allowing for the politics of the Iraq-only script, it got a little weird watching speaker after speaker (excepting freshman and former Navy admiral Joe Sestak) pretend that the world and all its troubles can be telescoped down to the Sunni Triangle.

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Rep. Tom Lantos, chairman of the foreign affairs committee and nominally responsible for a larger view, simply wrote off Iraq's government -- "They have made minimal and cosmetic efforts" -- and the entire Iraqi people: "Iraqis themselves don't seem to want it."

The more difficult political problem, though, is still Vietnam. All the while the Democratic members were withdrawing support for the U.S. commitment in Iraq, they were at pains to inoculate themselves against their toxic experience with Vietnam. So horrifying are the famous images in the 1970s of what presumably were not evangelicals spitting on GIs coming home from Vietnam, that House Democrats, with every second intake of breath, spoke of the troops and their families ("their wonderful families" -- Rep. Ike Skelton). History may view this as progress.

Then there is the matter of the also-famous 1975 decision to withhold appropriations for the war in Vietnam. Democrats insist they won't pull the plug on the troops in Iraq, preferring what they call, with no apparent irony, a "fully funded withdrawal." Still, several invoked the "power of the purse" (Messrs. Conyers and McGovern), referring to next month's vote on an appropriations supplemental. And Rep. Jim McDermott said he'd duplicate the 1971 Hatfield-McGovern amendment to bring the troops home.

It will be the job of Speaker Pelosi and candidates Clinton and Obama to convince the wider world that these hell-no, we'll-never-go compulsions aren't simply bred into the party's genetic code after 30 years. Starting with why so many House Democrats, led by Ms. Pelosi, called the Bush surge an "escalation," from the hallowed anti-Vietnam lexicon.

The debate offered the inevitable amusements of politicians in full throat. Both sides (Rep. Gregory Meeks of New York on the left, Pete Sessions of Texas on the right) claimed that the Iraq Study Group proved their positions, driving the final stake into the corpse of "bipartisanship." Colin Powell and Gen. John Abizaid were raised up more than once as heroes of the Democratic opposition (still not too late to disown the honor). And after the House chamber had filled with learned references to Robert Frost, Douglas MacArthur and John Stuart Mill, came Rep. Jim Pascrell (D., N.J.) that "Iranians are ethnically of Indo-European descent; their language is similar in structure to classical Latin." Over this, I believe, there was bipartisan head-scratching.

The New Congress Confronts Iraq In 12-Hour Swatches (NYT)

By Francis X. Clines

The New York Times, February 15, 2007

What the House is calling a three-day “debate” over the Iraq war is decisively settling at least two points. It’s nowhere close to a real debate. And Speaker Nancy Pelosi missed a good bet when she rejected cable television’s plea to open the floor to roving cameras that could reach beyond wooden shots of stationary orators.

A freer C-Span perspective could have helped the nation see what a nondebate is at the heart of this spectacle of serial talking heads, Ping-Ponged in partisan time calibrations and slotted in 12-hour slabs over three days.

At times, the scene seems as much a symptom of the disconnect in Washington about the war’s tragedy that voters underlined last November, rather than an antidote for it. Steady viewers find no evidence that the speakers actually bother to listen to one another after recording their apportioned sound bites.

What is clearly occurring is a postelection freeing up of vital but fiercely repressed rhetoric, which was not allowed to escape in the previous Congress, which was controlled by the Republicans and intent on protecting President Bush from criticism of his war’s failure.

The polemics are tinged with passion, especially from Democrats who are finally unbottled to rail against the administration’s downward spiral in Baghdad: “Chaos, not democracy, has taken root!” And from the Republican side, where President Bush’s name is rarely being uttered, there’s the insistent message that American troops should be outraged by the policy criticism finally being voiced in the people’s debating chamber: “Fortunately for us and the free world, [the troops] don’t sit around and watch C-Span and what silly politicians do.”

There’s nothing silly, though, about the points made in this nondebate, wherever the nation’s attention may wander. As a Bush critic in the House tried to put the war in human terms for cable watchers (“There’s 16,000 single moms serving in Iraq — 16,000!”), a prime-time surfer found news channels consumed with stories of sex shows in Amsterdam, the looming “nightmare” of a winter storm and rich servings of Anna Nicole Smith. Back to C-Span, where a Bush defender insisted that the war was moral: “It represents the goodness of the American people.”

Some House soliloquies bordered on haiku: “The coalition of the willing no longer is.” Others on Prufrockian wonder: “Are we going to leave this mess for the next president?” And bromides: “Time was when politics stopped at the water’s edge.” A groping for metaphor: “Iraq is a hall of mirrors.” And regretful allusions to history: “We haven’t really won a war since World War II.”

Republicans complain that the new majority, after years in the polemical wilderness, foiled their wish for a real debate by allowing no topic but the up-or-down question of the president’s sending in more troops.

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Democrats counter that the House's nonbinding resolution is a mere prelude to concrete things to come: "We're not done!"

President Bush picked up on that theme across town at a news conference yesterday, certifying the bipartisan rising of critics as absolutely "patriotic people who care about our country." But the proof of their patriotism, Mr. Bush suggested, will be whether his critics vote for a mandatory resolution "that prevents our troops from doing that which I have asked them to do."

C-Span viewers are onto that, and whatever else comes next in the Democrats' initiative to vent the public's war frustrations. A visiting congressman, prepping for the second 12-hour marathon, could only agree with C-Span callers that America at large has long been at the water cooler debating the war: "The only place it wasn't happening was on the floor of Congress."

On the floor, few members were present to hear a pro-Bush nondebater channel Robert Frost: "The best way out is always through." On the other hand, not many heard the caution of that earlier authority on the Middle East, Omar Khayyam:

"The Moving Finger writes; and, having writ,
Moves on: nor all your Piety nor Wit
Shall lure it back to cancel half a Line."

Troops Increase Checkpoints In Baghdad (WT/AP)

By Bushra Juhi

The Washington Times, February 15, 2007

BAGHDAD -- U.S. and Iraqi troops yesterday stepped up patrols in Baghdad, establishing new checkpoints and randomly searching cars to stop the violence in the capital.

Prime Minister Nouri al-Maliki said the sweep, part of a new security crackdown code-named Operation Imposing Law, would target those "who want to continue with rebellion."

There were conflicting reports, meanwhile, about the whereabouts of Muqtada al-Sadr, whose militia has been blamed for some of the worst sectarian killings in the past year, after a U.S. official said the radical Shi'ite cleric had fled to Iran ahead of the security operation.

Maj. Gen. William Caldwell, the chief U.S. military spokesman, insisted that Sheik al-Sadr had left the country, although he declined to comment on the reasons or give other details.

"We will acknowledge that he is not in the country and all indications are in fact that he is in Iran," Gen. Caldwell told reporters in Baghdad.

But several of the cleric's supporters denied the reports, with one official saying the cleric had met with government officials late Tuesday in the Shi'ite holy city of Najaf, where he has his headquarters.

Lawmaker Nassar al-Rubaie, the head of Sadrist bloc in parliament, also insisted that Sheik al-Sadr had not left the country.

"The news is not accurate because Muqtada al-Sadr is still in Iraq and he did not visit any country," Mr. al-Rubaie said.

Also yesterday, CNN reported that a Shi'ite militant group had issued a video of Iraqi-born U.S. Army translator Ahmed Qusai al-Taayie, a 41-year-old reserve soldier from Ann Arbor, Mich., who was abducted by gunmen on Oct. 23.

Gen. Caldwell said officials were aware of the video and were analyzing a copy of it.

A U.S. soldier died yesterday after coming under small arms fire a day earlier from insurgents while on patrol north of Baghdad, the military said. Separately, another soldier died Tuesday in a non-combat-related incident that is under investigation, it said.

The U.S. military announced last week that the security clampdown in Baghdad had begun, but Iraqis had seen little evidence of that before yesterday.

As the new checkpoints were set up in the city of 6 million people, huge traffic jams developed and cars were forced to zigzag through soldiers' positions and barricades.

Mr. al-Maliki discussed the security plan during a meeting with officials in the Shi'ite holy city of Karbala, 50 miles south of Baghdad.

"We have started today the new security plan. And we warn everyone who runs against it: Now we are ready to impose law on all those who want to continue with rebellion," he said. "Baghdad operations started today under code name 'Imposing Law.' "

He gave the pep talk a day after the Iraqi commander of the Baghdad security crackdown, Lt. Gen. Abboud Qanbar, announced that Iraq will close its borders with Syria and Iran and ordered the return of unlawfully seized homes as part of the drive to end the violence that has threatened to divide the capital along sectarian lines.

Despite the stepped-up security, a parked car bomb exploded in a predominantly Shi'ite district elsewhere in central Baghdad, killing four civilians and wounding 10, police said.

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In the western city of Ramadi, a suicide car bomber struck a police station, killing at least eight policemen and wounding seven, police said. A suicide car bomber also targeted an Iraqi army patrol in the northern city of Mosul, killing one soldier and four civilians, police said.

Armed Iraqis Wary Of Security Plan (WP)

By Ernesto Londoño And Joshua Partlow

The Washington Post, February 15, 2007

BAGHDAD, Feb. 14 -- At least once a week inside his stationery shop, Ali al-Yousef stacks up old notebooks in the back room and fires his pistol at them.

"Target practice," Yousef said. "We don't like guns, but we have to have them. I think every house should have a gun."

As the contours of the Baghdad security plan start to solidify, Yousef, 55, like millions of other Iraqis, is trying to assess whether measures such as the newly announced ban on civilians carrying weapons are more likely to keep him safe than the 9mm pistol he carries on the seat between his legs, safety off, for the drive home.

The U.S. military announced Wednesday the formal start of the security plan, dubbed Operation Law and Order, saying in a statement that troops cleared several areas of the capital in "intelligence-focused searches."

But the security plan is nowhere near full throttle, officials said, and results should not be expected overnight. The 21,500 Americans that constitute the troop surge are not all expected until at least late May, a military spokesman said Wednesday. And the training and equipping of Iraq's security forces will be a long-term endeavor.

"The Iraqi forces still suffer from deficiencies of leadership, logistics, intelligence and, in some cases, loyalty," Maj. Gen. William B. Caldwell, a military spokesman, said Wednesday. "It will take more than two months to solve these problems."

Government officials also must grapple with numerous variables -- including the reported departure of radical Shiite cleric Moqtada al-Sadr, the leader of the powerful Mahdi Army militia, and relentless attacks on U.S. forces -- as they attempt to restore order in Iraq.

But signs of tighter security began to emerge this week in Iraq's largely lawless capital. Fighter jets circled over Baghdad on Wednesday as more, and more thorough, checkpoints clogged already saturated streets.

Officials are planning to beef up security along the Iranian and Syrian borders, which will be sealed soon for 72 hours while authorities upgrade security measures. And the countless squatters who have reshaped the city have been put on notice: Abandon illegally occupied homes within two weeks or face eviction.

Meanwhile, in shops and homes and on street corners, the debate raged: Will it work this time? Can this government be trusted?

Behind the counter, Yousef's daughter, Ruqiyah, 25, carries a tiny Italian-made Tanfoglio Giuseppe 5mm pistol. "For girls," he explained.

In shops in the Karrada neighborhood, owners defended their need for weapons to protect themselves from Baghdad's violence. As part of the security plan, the government said it will limit the use of weapons in public places to official forces and licensed security guards.

Caldwell said Wednesday that U.S. officials believe that Sadr is in Iran, which Sadr's supporters have denied. A U.S. military intelligence official who specializes in the Middle East and spoke on condition of anonymity said Sadr is likely regrouping with Iraqi and Iranian supporters.

"I believe that he went to Iran for a strategic session" with the Revolutionary Guard "and Iran's other proxies in Iraq to determine actually how they will undermine America's plans," the official said. Another source, an intelligence official in Washington, said Sadr is believed to have been in Iran for several weeks. The source, who also spoke on condition of anonymity, said speculation about the timing of his reported departure on the eve of the security plan might be overblown. "There could be any number of reasons for a trip there," the source said, noting that Sadr has traveled to Iran before. "He's got contacts and family in Iran."

Also Wednesday, Caldwell said a transport helicopter that crashed near Baghdad on Feb. 7 was apparently downed by a "sophisticated piece of weaponry." Military officials previously said the CH-46 Sea Knight experienced mechanical difficulties before crashing.

A militant Shiite group posted a brief video on a Web site that purported to show an American soldier kidnapped in Baghdad in October. U.S. Army interpreter Ahmed Qusai al-Taayie, 41, was abducted Oct. 23 while visiting his wife's relatives in Baghdad's Karrada neighborhood. Caldwell said U.S. officials are reviewing the video.

The military also disclosed the deaths of four Task Force Lightning soldiers attacked Wednesday in Diyala province, north of Baghdad. Three died "following explosions near their vehicles," the military said in a statement. A fourth soldier died later at a medical facility.

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Also Wednesday, the military disclosed that a U.S. soldier was fatally shot Tuesday in Baghdad.

Al-Sadr's Supporters Deny U.S. Claims He Is In Iran (USAT)

By Oren Dorell

USA Today, February 15, 2007

BAGHDAD — Supporters of Muqtada al-Sadr insisted the Shiite militia leader was still in Iraq on Wednesday, denying U.S. claims that he is in Iran.

Al-Sadr "would never leave his people in this difficult time, as the Americans want to make people think," said Abdul Razaq al-Nidawi, a spokesman for al-Sadr. He said al-Sadr was in the city of Najaf, where he lives, but declined to provide further details.

An Iraqi-U.S. security plan that was launched this month focuses on disarming the radical Shiite cleric's Mahdi Army. The U.S. military accuses the militia of setting roadside bombs, infiltrating government ministries and conducting mass kidnappings and murders. Several Mahdi Army leaders have been arrested in recent weeks.

"Our reporting shows that al-Sadr is out of the country and is in Iran," said Lt. Col. Christopher Garver, a U.S. military spokesman in Baghdad.

Nasser al-Rubaie, head of the group of legislators loyal to al-Sadr in the parliament, called the claim "fabrications and lies."

Al-Sadr became a national figure in the weeks after the U.S. invasion in March 2003. His anti-American rhetoric and emphasis on his Arab ancestry — he claims to be a descendant of the prophet Mohammed — have earned him the support of young and underprivileged Shiites across Iraq.

The cleric often drops out of sight for weeks or even months at a time. His last public appearance was on Jan. 3 at a mosque in Najaf, about 100 miles south of Baghdad.

In its quarterly report released in December, the Pentagon said al-Sadr's militia has replaced al-Qaeda in Iraq as "the most dangerous accelerant of potentially self-sustaining sectarian violence in Iraq."

Al-Sadr led two uprisings against U.S. forces in 2004. He is a major influence of the United Iraqi Alliance, the largest bloc in the parliament, which was key to appointing fellow Shiite Nouri al-Maliki as prime minister.

Meanwhile, U.S. and Iraqi forces intensified their security crackdown in Baghdad, setting up new checkpoints and conducting door-to-door searches of homes.

Huge traffic jams developed in Baghdad and cars were forced to zigzag through soldiers' positions and barricades. Dozens of people left their buses to cross the central Sinak Bridge on foot rather than wait for the vehicles to move through the jams. At one checkpoint, Iraqi troops stopped a convoy of three white SUVs, which are commonly used by Iraqi government officials, and checked the occupants' identification.

Also Wednesday:

·Four U.S. soldiers were killed and two others were wounded during fighting northeast of Baghdad, the military said. The soldiers were attacked while conducting combat operations in Diyala province, where U.S. and Iraqi forces have been battling insurgents for months. A fifth U.S. soldier died after coming under small-arms fire from insurgents north of Baghdad.

·Maj. Gen. William Caldwell, the chief U.S. military spokesman, said a U.S. Marine transport helicopter that crashed last week northwest of Baghdad "was probably brought down by some sophisticated piece of weaponry." He did not give further details.

Pentagon officials initially had blamed mechanical problems for the crash of the CH-46 Sea Knight, which went down Feb. 7, killing all seven servicemembers aboard. On Tuesday, the Marines said further investigation confirmed the helicopter was brought down by hostile fire.

·A Shiite militant group released a video of a kidnapped Iraqi-American soldier, the first time he has been seen alive since he was abducted four months ago in Baghdad, said the soldier's uncle, Entifadh Qanbar.

U.S. Army translator Ahmed Qusai al-Taayie, a 41-year-old reservist who was born in Iraq and who lives in Ann Arbor, Mich., was seized by gunmen on Oct. 23 while visiting his Iraqi wife's family in Baghdad.

A previously unknown Shiite militant group called Ahl al-Bayt Brigades posted a 10-second video on the Internet on Tuesday showing al-Taayie in front of a greenish, flat surface. He had dark, cropped hair and was wearing a dark green shirt, said the SITE Institute, a U.S. group that monitors extremist messages. The video had no sound.

A Prewar Slide Show Cast Iraq In Rosy Hues (NYT)

By Michael R. Gordon

The New York Times, February 15, 2007

DOJ_NMG_0132579

WASHINGTON, Feb. 14 — When Gen. Tommy R. Franks and his top officers gathered in August 2002 to review an invasion plan for Iraq, it reflected a decidedly upbeat vision of what the country would look like four years after Saddam Hussein was ousted from power.

A broadly representative Iraqi government would be in place. The Iraqi Army would be working to keep the peace. And the United States would have as few as 5,000 troops in the country.

Military slides obtained by the National Security Archive under the Freedom of Information Act outline the command's PowerPoint projection of the stable, pro-American and democratic Iraq that was to be.

The general optimism and some details of General Franks's planning session have been disclosed in the copious postwar literature. But the slides from the once classified briefing provide a firsthand look at how far the violent reality of Iraq today has deviated from assumptions that once laid the basis for an exercise in pre-emptive war.

The archive, an independent research institute at George Washington University, has posted the slides on its Web site, www.nsarchive.org.

August 2002 was an important time for developing the strategy. President Bush had yet to go to the United Nations to declare Saddam Hussein's supposed weapons programs a menace to international security, but the war planning was well under way. The tumultuous upheaval that would follow the toppling of the Hussein government was known antiseptically in planning sessions as "Phase IV." As is clear from the slides, it was the least defined part of the strategy.

General Franks had told his officers that it was his supposition that the State Department would have the primary responsibility for rebuilding Iraq's political institutions.

"D.O.S. will promote creation of a broad-based, credible provisional government — prior to D-Day," noted a slide on "key planning assumptions." That was military jargon for the notion that the Department of State would assemble a viable Iraqi governing coalition before the invasion even began.

"It was a way of forcing the discussion, to get clarity of how we and State were going to deal with the governance issue," Col. John Agoglia, a Central Command planner at the time, said in an interview.

As it turned out, it was months before the command's planners began to receive some of the clarification they were hoping for. The Bush administration put aside the idea of establishing a prewar provisional government for fear it would marginalize Iraqi leaders who had not gone into exile. Colonel Agoglia said he did not begin to get a sense of what the postwar arrangements would be until Jay Garner, a retired three-star general, was tapped by the Bush administration in January 2003 to serve as the first civilian administrator in postwar Iraq.

Another assumption spelled out in the PowerPoint presentation was that "co-opted" Iraqi Army units would heed the American appeals to stay in their garrisons and later help United States to secure the country.

Based on this and other hopeful suppositions, the command's planners projected what the American occupation of Iraq might look like. After the main fighting was over, there was to be a two- to three-month "stabilization" phase, then an 18- to 24-month "recovery" phase.

That was to be followed by a 12- to 18-month "transition" phase. At the end of this stage — 32 to 45 months after the invasion began — it was projected that the United States would have only 5,000 troops in Iraq.

Now, those projections seem startlingly unrealistic given the current troop buildup, in which the United States currently has about 132,000 troops in Iraq and is adding about 20,000 more. But the projections, former military planners say, were intended to send the message to civilian policy makers that the invasion of Iraq would be a multiyear proposition, not an easy in-and-out war.

As it turned out, the assumptions on Iraqi and American forces were quickly overturned, partly as a result of new American policy decisions. Instead of staying in garrisons, many of the Iraqi soldiers fled after the war began. Senior American commanders hoped to quickly recall the Iraqi troops to duty anyway, but that option vanished in May 2003 when L. Paul Bremer III, Mr. Garner's successor, issued an edict formally disbanding the Iraqi Army.

The message that the United States should gird itself for a substantial multiyear occupation seemed to be superseded when General Franks issued new guidance to his commanders a week after the fall of Baghdad on April 9 that they should be prepared to reduce the American troops in Iraq to a little more than a division by September 2003 — some 30,000 troops.

A series of ad hoc decisions and strategy changes followed as the insurgency grew and security deteriorated. A new military plan is now being put into effect, which the White House asserts may yet salvage a positive outcome. Almost four years after the invasion, however, the "stable democratic Iraqi government" the United States once hoped for seems to exist only in the command's old planning slides.

Iraq War Planner Was Hired By Military University, Briefly (NYT)

By David S. Cloud

The New York Times, February 15, 2007

DOJ_NMG_0132580

WASHINGTON, Feb. 13 — Last June, Douglas J. Feith, a former top Pentagon official involved in planning the Iraq war, was hired by a Defense Department graduate school for military officers and diplomats, with a four-year contract that was to pay him half a million dollars, Pentagon records show.

His duties as a "distinguished professor" at the National Defense University, a 30-year-old institution on the Washington waterfront financed by the Pentagon, included team-teaching a course and producing a report on ways to "organize the United States better for the long war on terrorism," according to the documents.

The hiring of Mr. Feith, whose role in helping to make the case for the Iraq invasion is still a matter of intense scrutiny a year and a half after he left the Pentagon, had never been announced.

And the job did not last long; the contract was terminated about a month later, records show.

Mr. Feith said in an interview that university officials asked him to reconsider the contract after a new president took over last summer and began a budget review.

"I said, 'Fine, we'll put this thing off,' " Mr. Feith said Tuesday, adding that he agreed to the cancellation because he was still working on a book that was taking up much of his time.

David Thomas, a university spokesman, said the contract was canceled by "mutual decision" on Aug. 28 last year. That was three days after a reporter for The New York Times contacted Mr. Thomas with questions about the university's ties to Mr. Feith.

Mr. Thomas declined to comment further on why the contract was terminated, which occurred soon after Lt. Gen. Frances C. Wilson of the Marine Corps took over as president, replacing Lt. Gen. Michael M. Dunn of the Air Force.

Mr. Feith left the Pentagon in August 2005 and took a job teaching at Georgetown, where he had graduated from law school. The offer to join the National Defense University came nearly a year later. The New York Times obtained the contract documents in December after filing a Freedom of Information Act request.

The university has become a popular place with former Pentagon officials who served under former Defense Secretary Donald H. Rumsfeld. Gen. Richard B. Myers, who is retired from the Air Force and was chairman of the Joint Chiefs of Staff under Mr. Rumsfeld, holds an endowed chair at the university. Former Deputy Defense Secretary Paul D. Wolfowitz and Mr. Feith have deposited copies of their official papers there, and Mr. Rumsfeld is considering doing the same, according to two Pentagon aides.

Some of Mr. Feith's former colleagues at the Pentagon said they were puzzled by the university's decision to consider hiring him to lecture military officers on strategy for the fight against terrorism.

Just last week, the acting inspector general of the Pentagon, Thomas F. Gimble, said that while Mr. Feith was under secretary of defense for policy, his office had inappropriately asserted that there were links between Saddam Hussein and Al Qaeda, conclusions that differed from formal findings of the Central Intelligence Agency and other agencies.

Thomas White, who was secretary of the Army during President Bush's first term, said, "I find it bizarre that they would pick a guy whose performance has been generally maligned and ask him to teach the subject." He added that the decision to terminate the contract "shows somebody has some sense over there."

The way the contract was put out for bid, though, made it difficult for the university to choose anyone other than Mr. Feith.

The "distinguished professor" had to have been a senior policymaker or consultant in the government in the past four years and to have worked on revamping America's global defense posture, its security relationships in Central Asia and South Asia, its strategy for the campaign against terrorism, and several other major issues, the contract solicitation said.

In a June 2006 application for the job labeled "Proposal of Douglas J. Feith," Mr. Feith explained that his work as the top policy official in the Pentagon had covered all the required areas.

"I was the principal author of the briefings that became the foundation for the National Military Strategic Plan for the War on Terrorism," he noted in a five-page résumé summarizing his accomplishments over four years at the Pentagon.

Responding to a requirement that candidates have experience with the "NATO Response Force," Mr. Feith wrote that he had worked with Mr. Rumsfeld to "develop the concept."

Likewise, on the defense posture item, he noted that he had advised Mr. Rumsfeld on "realigning our global defense posture" as well as on relations with "Central Asia and Asia."

With respect to the need to have worked on training and equipping foreign forces, he said he "had helped create the Defense Department programs for training and equipping armies in Afghanistan, Colombia, Georgia, Iraq, Pakistan, Philippines and Yemen."

He concluded, "I have the experience to meet and perform the government's statement of work," and he listed his salary requirement for an initial year and three option years as $501,774.

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A month later, he was awarded the contract for the precise amount, according to Defense Department documents, which give no indication that anyone else had been considered. The initial payment, covering July to September of last year, was specified at $37,375. Mr. Thomas, the university spokesman, said he received no payments.

Some of Mr. Feith's accomplishments at the Pentagon were assessed differently by Mr. Gimble at a Senate Armed Services Committee hearing last week.

Mr. Gimble said that while Mr. Feith's intelligence activities had not violated the law, they were "inappropriate" because senior officials, including Mr. Rumsfeld and Stephen J. Hadley, then deputy national security adviser, were briefed on the findings without being told that intelligence agencies disagreed with many of the conclusions about a relationship between Al Qaeda and Iraq.

Assertions similar to those made in the briefings by Mr. Feith were later made publicly by Mr. Bush, Vice President Dick Cheney and other top officials.

Democrats Criticize Lack Of Alternatives In Intelligence Estimate (WP)

By Walter Pincus

The Washington Post, February 15, 2007

Democrats on the Senate Select Committee on Intelligence have questioned whether the recent National Intelligence Estimate on Iraq gave political advantage to the Bush administration by making "rapid withdrawal" of U.S. troops the only alternative military option the NIE explored.

The estimate judged that rapid withdrawal of coalition forces from Iraq would "almost certainly" increase sectarian violence, intensify Sunni resistance, possibly cause the Iraqi Security Forces to dissolve and allow al-Qaeda to seek a sanctuary to plan attacks inside and outside the country. That assessment came just days before the Senate and House prepared to debate nonbinding resolutions opposing increased troop levels in Iraq.

On Feb. 2, the day the estimate was released, President Bush's national security adviser, Stephen J. Hadley, told reporters that the document showed that "an American withdrawal or stepping back now would be a prescription for fast failure and a chaos that would envelop not only Iraq, but also the region, and could potentially, by giving al-Qaeda a safe haven in Iraq, result in risk and threats to the United States."

And in the House debate on the Iraq resolution Tuesday, Rep. Ileana Ros-Lehtinen (R-Fla.) cited the NIE judgment on the effects of rapid withdrawal and said, "Iraq would become, as one of my Democratic colleagues said in December of 2005, a 'snakepit for terrorists.' "

At a closed briefing about the NIE on Feb. 7, several committee Democrats asked why the key judgments laid out many adverse results of rapid withdrawal while other military options -- such as the redeployment of forces discussed by the Iraq Study Group or even a buildup of U.S. troops -- were not considered. They were told at the briefing that Director of National Intelligence John D. Negroponte had requested that the NIE include a discussion of consequences of a coalition withdrawal.

Sen. Russell Feingold (D-Wis.), a panel member, wrote Negroponte on Feb. 8: "Setting up a false choice between indefinite military involvement and a rapid, unplanned withdrawal distorts the current debate in Congress and in the country about how best to defend our national security interests in Iraq." He added that such an approach "does, however, closely align with the administration's efforts to justify an unsustainable military involvement as the only option."

Sen. John D. "Jay" Rockefeller IV (D-W.Va.), the intelligence panel's chairman, said last week that he, too, was concerned because there was no definition for "rapid" and it was unclear why the topic had been included in the estimate. In a July 26, 2006, letter from Rockefeller and others to Negroponte, setting out questions for an NIE, the closest item was listed as: "U.S. Force Posture: In what ways is the large-scale presence of multi-national forces helping or hindering Iraqis' chances of success?"

"Nowhere did anyone ask about sudden withdrawal," Rockefeller said in an interview last week. He said he worried the new NIE "took us back to days we are trying to get away from," when the White House was accused of misusing intelligence.

Feingold was so exercised over the issue that last week he put a hold on the Senate confirmation vote on Negroponte's appointment as deputy secretary of state. But in a rapid reply to Feingold's concerns, Negroponte on Friday explained that intelligence estimates do not "evaluate policy options or alternative military strategies." Instead, he said, the goal "is to identify the most likely course of events and variables that might change" them.

The decision to look at rapid withdrawal, Negroponte wrote in a letter to Feingold, was not his own. Instead it came from analysts developing the questions to be explored through the NIE, including whether the presence of coalition troops was a major cause of violence in Iraq. "What happens if you remove this factor -- coalition troops -- from the equation?" he wrote. He explained that the analysts were not evaluating a policy option; instead they were "examining the effect of removing what some had hypothesized to be a critical variable."

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Noting that Democratic senators who had requested the NIE had wanted to know if the large number of U.S. and coalition forces help or hurt prospects for success in Iraq, Negroponte said the estimate found that current forces provide some stability and that the situation could deteriorate if they were removed. In that way, Negroponte wrote Feingold, the NIE answered both questions, "indicating the specific contributions coalition forces make . . . and what would happen if they were withdrawn."

These answers satisfied Feingold. He released his hold on Negroponte's nomination, and it was later approved by the Senate. Feingold said he appreciated the NIE's "critically important assessment of the conditions in Iraq," but emphasized that the document did evaluate policy approaches. "Framing the analysis in terms of 'rapid withdrawal,' " he wrote, "presented an oversimplified assessment of one course of action without considering any elements of a redeployment strategy, including shifts in mission, stay-behind counterterrorism or training capabilities or regional diplomatic initiatives."

The Other Brave Volunteers In Iraq: The Envoys (NYT)

The New York Times, February 15, 2007

To the Editor:

Re "You Want Me to Go Where? Few Veteran Diplomats Accept Mission to Iraq" (Diplomatic Memo, Feb. 8):

I take exception to your characterization of the attitude of State Department personnel toward our mission in Iraq and the experience level of the officers serving there.

As Secretary of State Condoleezza Rice testified to Congress, midlevel Foreign Service officers make up a substantial number of our personnel in Iraq. Of the 57 generalist Foreign Service officers assigned there, 16 are entry-level officers, 6 are senior Foreign Service and the remaining 35 are midlevel — about the average distribution in other large posts.

The senior officers in this group include five former ambassadors who have led embassies in trouble spots like Sudan, Syria and Guinea. Over all, 85 percent of our Foreign Service personnel in Iraq have eight years or more experience in the department.

We have staffed the existing Provincial Reconstruction Teams with capable, qualified officers, and as Secretary Rice said on Capitol Hill, senior-level officers will be leaving in the next 60 days to lead the nine new Provincial Reconstruction Teams in Baghdad and Anbar Province as part of the president's "New Way Forward."

Over all, volunteers have already been assigned to almost 90 percent of the Iraq positions that open this summer. We expect to decide assignments for the remaining jobs soon.

Since 2003, more than 11 percent of our Foreign Service personnel have served in Iraq, as well as more than 200 of our Civil Service employees. It is unfortunate that your article did not acknowledge the considerable experience of our brave volunteers serving in Iraq. They deserve better.

George M. Staples

Washington, Feb. 12, 2007

The writer is director general of the Foreign Service and director of human resources, Department of State.

U.S. Considers Broader Visa Plan For Iraqis (NYT)

By Rachel L. Swarns

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — The Bush administration is considering legislation that would allow Iraqis who have been singled out as collaborators for working or associating with American officials to come to the United States on special immigrant visas or through other programs, officials said Wednesday.

The program would be broader than the current special visa for translators, which now provides 50 visas each year for translators who have worked for the American military in Iraq and Afghanistan. That program already has a six-year waiting list, according to Senator Edward M. Kennedy, the Massachusetts Democrat, who convened a hearing on Iraqi refugees last month.

Under the legislation being considered, Iraqis who have worked for the United States government in various capacities or have associated with American officials would be eligible for a special immigrant visa or a form of humanitarian parole that would include the benefits typically provided to refugees.

State Department officials, who described the program at a news conference on Wednesday, said they hoped to finalize work on the legislation soon. Ellen Sauerbrey, an assistant secretary of state, said that several thousand Iraqis had worked for the United States in Iraq, but added that it was unclear how many would be interested in resettling here.

She said the United States Embassy in Baghdad would be working with the United Nations to identify such individuals, who may now be living in Syria or Jordan, so that they can be given priority for refugee status.

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Also at the news conference, Paula J. Dobriansky, the under secretary of state for democracy and global affairs, announced that the United States planned to resettle 7,000 Iraqi refugees. Officials say they hope that half of them will arrive by Sept. 30, the end of the fiscal year, and that more will arrive by the end of 2007.

U.S. Agrees To Resettle Refugees From Iraq (WP)

By Nora Boustany And Joshua Partlow

The Washington Post, February 15, 2007

The United States will accelerate the resettlement of about 7,000 Iraqis referred by the U.N. High Commissioner for Refugees and will contribute $18 million to the agency's appeal for Iraq, about one-third of the total, Undersecretary of State Paula J. Dobriansky said Wednesday.

Plans call for the paperwork allowing the Iraqis to enter the United States to be completed by the end of September, said Dobriansky, appearing at a news conference in Washington with U.N. High Commissioner for Refugees Ant?nio Guterres, and Assistant Secretary of State Ellen Sauerbrey.

The 7,000 have left Iraq and are waiting in third countries, such as Jordan and Syria. A U.S. team is scheduled to go to Amman, Jordan, on Feb. 26 to begin processing them. Department of Homeland Security officials will conduct interviews, followed by health screenings.

Dobriansky said the Bush administration is working with Congress to develop legislation to allow in other Iraqis who are at special risk in Iraq because of their close association with the U.S. government. As violence there continues unabated, about 2 million Iraqis have fled the country, mostly to Jordan, Syria and Lebanon, while 1.7 million are displaced inside Iraq, according to the United Nations. Refugees International, a Washington-based advocacy group, has called the swelling migration "the fastest-growing humanitarian crisis in the world."

In an interview, Sauerbrey said that from 2003 to last September, a total of 466 Iraqis were resettled in the United States as refugees, 202 of them in the last fiscal year. "People ask, 'Why weren't there more?' " she said. "Until last year, we were resettling people back to Iraq. People wanted to go home."

In the briefing, she said it was not until after the bombing of a Shiite shrine in Samarra last February that sectarian violence triggered "a significant outward movement."

In Baghdad, Iraq's immigration minister, Abdul-Samad Sultan, called on neighboring countries to end "oppressive measures" restricting entry and services to Iraqis fleeing violence.

In a recent interview, Sultan criticized Iraq's neighbors for issuing only brief residency visas to Iraqi refugees, if allowing entrance at all, and for preventing Iraqi students from attending public schools and subjecting refugees to repeated searches and denigrating treatment. Sultan did not identify the countries, but other officials said Syria and Jordan, with the largest number of displaced Iraqis, were the biggest concern.

Jordan now bars Iraqi men ages 17 to 35 from entering, U.S. officials have said. Many Iraqis have trouble placing their children in public or private schools in neighboring countries. Syria has begun to issue 15-day residency permits to Iraqis and after that is treating them as illegal immigrants, Iraqi officials said.

"They are getting more strict," said Bill Frelick, refugee policy director for Human Rights Watch, a New York-based advocacy group. "I think that given the situation inside Iraq, it's clear that people are fleeing because their lives are in danger, they are therefore refugees, and they should be protected as such."

An Iraqi government official said Denmark is considering deporting about 600 of the 25,000 Iraqi refugees living there. The British government also has considered sending Iraqis home, said the official, who spoke on condition of anonymity.

In Washington, Dobriansky said the United States is committed to help the Baghdad government create a safe environment so Iraqis can return home. "At the same time, we have a responsibility to respond to the immediate needs of Iraqis who have fled violence and persecution."

Dobriansky said she has been asked by Secretary of State Condoleezza Rice to lead a task force to respond to the situation.

Sen. Edward M. Kennedy (D-Mass.), chairman of the Senate Judiciary subcommittee on immigration, last week welcomed the creation of the task force to deal with "this massive humanitarian crisis in Iraq and neighboring countries."

Sen. Ben Nelson (D-Neb.), who traveled to the Middle East in December, said at a recent briefing at the Council on Foreign Relations that he had told Syrian President Bashar al-Assad that it was in his best interest to help stabilize Iraq and curb insurgent activity to stem the flow of Iraqi refugees into Syria.

An official of an Arab government, speaking on condition of anonymity, said Syria is allowing insurgents to slip across its borders into Iraq while ignoring the transfer of funds to Iraqi insurgents through its territory from Iran and from radical Sunni individuals in Saudi Arabia.

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Guterres, who has visited the region, told reporters Wednesday that Syria and Jordan, though not signatories to the 1951 U.N. convention on refugees, were bearing the brunt of Iraq's refugee crisis "based on their own Arab hospitality tradition." He suggested that the generosity of the past few years was taking a toll on those countries.

The influx of hundreds of thousands of refugees is burdening their infrastructures, education and health systems and raising concerns about security, Guterres added.

He visited Saudi Arabia, Kuwait, Syria and Jordan before coming to Washington to discuss how protection and assistance can be provided to Iraqi refugees.

Dobriansky said Washington would fully support a conference by the U.N. refugee agency to be held in Geneva in April to secure pledges from international donors. The $18 million U.S. pledge to the agency will be in addition to more than $76 million it has provided for worldwide operations over the last four years.

Guterres said that the 7,000 refugees to be resettled in the United States would be the first of 20,000 who will eventually be resettled in third countries.

U.S. To Take More Iraqi Refugees (WSJ)

By John D. McKinnon

The Wall Street Journal, February 15, 2007

WASHINGTON -- The Bush administration said it would allow about 7,000 Iraqi refugees into the U.S., following bipartisan complaints in Congress that the administration wasn't doing enough to help them.

But while the White House tried to tamp down criticism of one aspect of its Iraq policy, new political troubles emerged over plans to add 21,500 troops to the effort, as Republican fissures appeared in the House yesterday during floor debate on the conflict.

According to the United Nations, more than two million Iraqis -- many of whom worked with U.S. efforts there -- have fled the country. Most have found their way to camps in Jordan and Syria; both countries have taken steps to curb the influx.

Initially, the Bush administration did little to welcome Iraqi refugees, in part to avoid acknowledging that instability in the country had become a long-term phenomenon. Fewer than 500 Iraqis have been admitted to the U.S. as refugees since 2003, officials said at a recent Senate hearing.

U.S. lawmakers and even some military leaders say more should be done to help Iraqi refugees, especially those who have assisted the U.S. war effort. Of particular concern are the Iraqi interpreters whom soldiers and Marines often depend on for information. About 5,000 have served; more than 250 have been killed and many others injured. They often wind up with refugees who have headed to Jordan, among other countries. Seeing themselves as combat veterans, most would like to emigrate to the U.S., but often must return to Iraq, where they and their families face heightened risk because of their American affiliation.

The U.S. plan also envisions giving special treatment to Iraqis still in the country whose cooperation with the U.S. puts them at risk of reprisal. The U.S. plans to contribute about $18 million for a world-wide resettlement and relief program.

The refugee announcement came as the House continued a nonbinding debate on Iraq, in which Democrats stepped aside for two hours, while the minority aired its differences with the White House.

The remarkable situation developed after North Carolina Rep. Walter Jones was given an hour's debate time to control as the lead Republican co-sponsor of a nonbinding resolution of disapproval challenging the troop surge. Mr. Jones, a member of the House Armed Services Committee, then yielded to a succession of like-minded Republicans whose speeches against the troop increase were interspersed with remarks by Republicans supporting the administration's policy.

The result was a two-hour snapshot of a growing party split that poses the most serious threat to the White House as it tries to sustain long-term support for the war. Those opposing the president include Reps. Phil English (R., Pa.) and Fred Upton (R., Mich.) with coveted seats on leadership committees such as Ways and Means, and Energy and Commerce. Mr. Jones later predicted 30 Republicans may yet support the resolution of disapproval when it comes to a House vote, most likely tomorrow.

The landscape has changed significantly from June, when only three House Republicans broke with the party leadership on a 256-153 vote supportive of the administration's war policy. "If you oppose the surge, the troops will be demoralized, we're told," said Rep. Howard Coble (R., N.C.) "I think not. I believe they would more readily be demoralized if we were willy-nilly, rubber stamping every issue confronting us."

At a news conference earlier in the day, Mr. Bush played down the significance of the House debate, saying "they have every right to express their opinion, and it is a nonbinding resolution." But he warned Congress against trying to cut funds in future votes, saying: "We have a responsibility, all of us here in Washington, to make sure that our men and women in uniform have the resources and flexibility they need to prevail."

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7,000 Iraqi Refugees Allowed To Enter U.S. (WT/AP)

By Anne Gearan

The Washington Times, February 15, 2007

The United States agreed yesterday to allow up to 7,000 Iraqi refugees to enter the country, greatly expanding the number allowed until now. It also agreed to pay more to help Iraq's Arab neighbors cope with the human tide fleeing increasing violence and economic hardship in their country.

The decision for this fiscal year came after mounting political and diplomatic pressure on the Bush administration to do more to remedy the consequences of a war it largely started. Only 202 Iraqis were allowed in last year.

The administration also said it will immediately contribute $18 million for a worldwide resettlement and relief program. The United Nations has asked for $60 million from nations around the world.

Although the United Nations estimates that 3.8 million Iraqis have fled their homes since the war began nearly four years ago, Washington has allowed only about 600 to settle in the United States.

The U.S. proposal also includes plans to offer special treatment for Iraqis still in their country whose cooperation with the U.S. puts them at risk. Expanding visa programs for those Iraqis would require legislation in Congress, State Department Undersecretary Paula J. Dobriansky said yesterday.

Some 2 million Iraqis have left their country, and an additional 1.8 million are thought to have relocated inside Iraq. The refugee flow has increased sharply as sectarian violence has increased over the past year. The numbers have overwhelmed the hospitality of Arab neighbors such as Syria and Jordan.

The United Nations says most of those who have been uprooted have no desire to come to the United States, and want to return to their homes in Iraq when fighting stops.

But allies, U.N. diplomats and lawmakers of both parties have recently told the administration that the small number of Iraqis the U.S. has allowed in looks bad.

Sen. Richard G. Lugar, Indiana Republican, told Secretary of State Condoleezza Rice at a hearing last week that the United States could bring in 7,000 Iraqis this year -- exactly the number announced yesterday.

The move is a step in the right direction, considering the United States is a "chief cause" of the refugee problem, said Carolyn Saour, an Iraqi-American Christian living in Houston. Still, 7,000 "is severely low for the amount of damage that's been done over the years," she said.

The United Nations wants to resettle 20,000 of the most vulnerable refugees this year. U.N. High Commissioner for Refugees Antonio Guterres called the U.S. pledge "a relevant contribution."

Mr. Guterres has implicitly criticized the United States in the past for allowing other nations to shoulder so much of the burden. He met with Miss Rice yesterday, and afterward described the session as a "very frank and very positive discussion on how to work better."

Asked if the U.S. contribution was, in essence, too little too late, Mr. Guterres said "the dimension of the problem is so large" that no effort could really be enough.

The U.N. estimates that 40,000 to 50,000 people flee Iraq each month with dwindling options of where to go. Most have fled to Syria and Jordan, both of which have recently tried to restrict the influx.

Other Iraqis relocate inside their country, with some leaving neighborhoods that were once mixed among Sunnis and Shi'ites and resettling where their sect is more concentrated. Unlike most of the movement to other countries, some of the internal relocations will probably be permanent.

The U.N. says some 500,000 fled their homes to other parts of Iraq in 2006 alone and the number could reach 2.3 million -- nearly one in 10 Iraqis -- by the end of 2007.

This month, Mr. Guterres' Geneva-based agency made an emergency appeal for $60 million to help fleeing Iraqis.

"Unremitting violence in Iraq will likely mean continued mass internal and external displacement affecting much of the surrounding region," it said.

U.S. diplomats have discussed the refugee problem directly with the Jordanian and Syrian governments in recent days, Mrs. Dobriansky said. That is notable because of the administration's reluctance to engage Syria in high-level discussions about security in Iraq.

Syria has taken in an estimated 1 million Iraqis. It was the last Arab country to take in large numbers.

Although Jordan is a key U.S. ally, the chief government spokesman in Amman minimized the U.S. pledge yesterday.

Nasser Judeh said 7,000 is still a small number compared with the 700,000 Jordan has had to accommodate. The U.S. number "is just 1 percent of the number we have," Mr. Judeh said.

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Iraq's Other Surge (WSJ)

By Bill Frelick

The Wall Street Journal, February 15, 2007

Najah worked as an interpreter for the U.S. military at the Falcon base in Baghdad. One day as he left base, a car sprayed him with bullets, hitting him in both legs and his abdomen. Najah left the hospital after two days, fearing insurgents would find him there and kill him: "After the shooting, everyone knew I was working for the Americans." After recovering sufficiently, he fled to Jordan, where he is stuck without papers, and could be deported at any time.

While Washington debates the surge of troops to Iraq, it has only recently begun to acknowledge the surge in refugees leaving Iraq. The U.N. High Commissioner for Refugees estimates that 50,000 per month are fleeing Iraq and that their numbers in neighboring countries may soon reach two million. Yet last year the U.S. admitted only 202 Iraqi refugees, and has done next to nothing since the war began to assist neighboring countries to bear the refugee burden. Condoleezza Rice unveiled a new plan on Wednesday to resettle 7,000 Iraqi refugees. After three years of ignoring the refugee fallout from the war, this is a welcome first step. But will it be enough to convince Syria and Jordan to keep doors open?

While America has a special obligation to rescue Iraqis who have been specifically persecuted because they helped U.S. troops or Americans working in Iraq, it is central to U.S. interests to address the destabilizing effects and humanitarian needs in the region of a much larger group of refugees -- Sunnis and Shiites fleeing mixed areas, members of the professional classes, religious minorities, and people perceived as Western in orientation.

This week the crisis worsened when Syria tightened residency rules for a million Iraqi refugees there, raising fears that mass deportations will begin. Jordan has started barring single men between 17 and 35 at the border and is unwilling to recognize 700,000 Iraqis living there as refugees. Neither country has received more than token assistance from the international community that might convince them to keep their doors open. International donors provided only $14 million of UNHCR's $29 million request last year for refugees in the region. The U.S. provided 27%.

First, the U.S. needs to make sure that neighboring countries have resources to provide for the refugees' basic needs. The total UNHCR request of $60 million for this year is what the U.S. spends every five hours to fight the war. The U.S. shouldn't waste precious weeks quibbling with the Europeans on their contributions. The sum is modest, part of the price of the war: Just pay it. Second, assistance should have strings attached. Jordan and Syria must keep their doors open to refugees. They must allow Iraqi children to go to school. Humanitarian aid should enable refugees to stay in the region in conditions of safety and dignity until it is safe for them to go home.

Finally, the U.S. needs to move quickly to resettle significant numbers of Iraqi refugees, particularly those who risked their lives to help Americans, who cannot go home. Resettlement not only fulfills a moral responsibility with deep roots -- Hungary, the Bay of Pigs, Vietnam. It also shows the Middle East that the U.S. is committed to helping with the most difficult part of any refugee emergency -- where to put the people themselves. Resettlement ultimately shows solidarity both with the people who put their lives on the line in the U.S. war effort and with the countries who need to be convinced that they will not be left to bear the burden alone.

Mr. Frelick is the refugee policy director for Human Rights Watch.

Translator Who Faked Identity Pleads Guilty To Having Secret Data (WP)

By Josh White

The Washington Post, February 15, 2007

An Arabic translator who used an assumed identity to get work as a contractor for the U.S. Army in Iraq pleaded guilty yesterday to federal charges of possessing classified national defense documents, including sensitive material about the insurgency that he took from an 82nd Airborne Division intelligence group in 2004.

The translator obtained U.S. citizenship under a false identity before securing a job in August 2003 with Titan Corp., which supplied translators to the U.S. military to aid in fighting the war in Iraq. The man then used his false identity to get secret and top-secret clearances -- access to extremely sensitive material that is supposed to be given only after thorough background checks -- Justice Department officials said.

Authorities said yesterday in a news release that they do not even know the translator's real name and that they refer to him in court documents under several of his aliases, including "Abu Hakim" and "Abdulhakeem Nour."

The man pleaded guilty yesterday in federal court in New York to having several documents in his Brooklyn apartment after two deployments to Iraq. He earlier pleaded guilty to charges of using a false identity to obtain U.S. citizenship and to gain access to classified military material.

U.S. District Judge Edward R. Korman could sentence him to up to 60 years in prison.

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The man's federal public defender did not return calls to her office yesterday.

According to court papers, the translator illegally downloaded classified documents that "detail the 82nd Airborne's mission in Iraq in regard to insurgent activity, such as coordinates of insurgent locations upon which the U.S. Army was preparing to fire in January 2004," as well as plans for protecting Sunnis on their pilgrimage to Mecca that same month. Government lawyers also said that he photographed a classified battle map at a base near Najaf.

Officials did not say what the translator hoped to do with the information, but officials considered his efforts a dangerous breach.

Mark J. Mershon, assistant director in charge of the FBI's New York field office, said in a statement yesterday that the man has been consistent in his lies.

"Through serial deception, an eminently untrustworthy person inveigled his way into a position of trust, and he abused that trust," Mershon said.

The man had worked for Titan Corp., which in late summer 2005 became L-3 Titan Group, a subsidiary of New York-based L-3 Communications. The company has held a significant contract for linguistic services in Iraq and company officials say they have more than 5,000 linguists under contract in Iraq until mid-March. A Washington-area consortium unseated L-3 in December when it was awarded a five-year Army contract worth up to $4.6 billion to provide the linguists beginning in March.

Evan Goetz, a spokesman for L-3, declined to discuss the case involving the translator, saying, "The company doesn't comment on legal matters."

British Court-Martial Drops Charges In Iraq Abuse Case (NYT)

By Alan Cowell

The New York Times, February 15, 2007

LONDON, Feb. 14 — A court-martial on Wednesday dropped charges against four of seven soldiers accused of mistreating Iraqi civilians, an unexpected twist in a politically charged trial that jeopardized the reputation of the British military. It also dropped the remaining charges against a fifth soldier who had already pleaded guilty.

The four soldiers included Col. Jorge Mendonca, 43, who had been the highest-ranking British officer to face prosecution related to the accusations against the British soldiers involved in the American-led military effort in Iraq.

While the abuse charges against British troops have not been as graphic or as sweeping as those leveled, for example, against American forces at the Abu Ghraib prison near Baghdad, they have nonetheless played into the deeply divisive debate here about whether Britain should have joined an unpopular war as the United States' main ally.

The court-martial revolves around events in Basra, in southern Iraq, during a period of high tension in September 2003, when, prosecutors said, nine Iraqi detainees were hooded, handcuffed, deprived of sleep and beaten for a 36-hour period before interrogation. One of the nine Iraqi men, a hotel receptionist named Baha Musa, died of multiple injuries in a British Army barracks. The other eight were released without being charged. They had been rounded up as British troops looked for Iraqis said to be responsible for killing British military personnel.

The case has had a high profile from its beginning last September when one defendant, Cpl. Donald Payne, 35, pleaded guilty to treating the detainees inhumanely, the first British soldier to admit to an offense defined under international law as a war crime. He has not yet been sentenced.

But on Wednesday, Judge Stuart McKinnon ruled that prosecutors had produced insufficient evidence to bring charges against four of the seven men, as well as two additional charges against Corporal Payne. The judge said he made his decision in part because the Iraqi civilians were hooded and could not physically identify the soldiers who beat them.

Judge McKinnon dropped charges that Colonel Mendonca, a highly decorated officer, had performed his duties negligently. Assault charges against Sgt. Kelvin Stacey, 30, were dropped, while Lance Cpl. Wayne Crowcroft, 22, and Private Darren Fallon, 23, were cleared of treating Iraqis inhumanely.

The judge did not drop charges of negligence against Maj. Michael Peebles, 35, and Warrant Officer Mark Davies, 37, and their trial is set to continue on Monday. Judge McKinnon did not give any reasons for his action. He had spent a week considering his decision and then instructed the panel of seven army officers hearing the case to acquit the five soldiers, The Press Association news agency reported.

Some opposition politicians said the judge's action showed that the government had been overzealous in seeking to appease Iraqi public opinion by putting a high-ranking officer on trial.

"A whiff of political correctness hangs heavy over the case against Colonel Mendonca, with law officers determined to have military officers prosecuted," said Liam Fox, the opposition Conservative Party's spokesman on defense issues. "There is no doubt that episodes like this have caused deep resentment and a loss of confidence across the British Army."

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But the judge's decision was also likely to inspire criticism by the families of the Iraqis whose treatment in custody led to the charges. In a statement, the Ministry of Defense said, "Where evidence is found to support prosecutions, as in this case, those involved will face appropriate actions."

The prosecution in the case had said the soldiers suspected that the Iraqis they had detained had been implicated in killing six British military police officers and a British soldier. The defendants, it said, found weapons and ammunition at a hotel they raided.

Ahmad Taha Musa al-Matari, a part-owner of the hotel, was the only Iraq detainee to testify at the court-martial. He testified that the men were held in baking temperatures and that the accused soldiers had laughed and taken bets as they beat a prisoner.

Quest To Heal Iraqi Boy Became A Final Mission (WP)

By Ernesto Londoã±o

The Washington Post, February 15, 2007

Hours before getting killed the way he feared most, Capt. Brian S. Freeman looked up and smiled when Abu Ali dropped by his office.

After nearly six months of overcoming financial and bureaucratic hurdles in a war zone, Freeman told the Iraqi man, there were promising signs that a pair of U.S. visas -- the last big step in getting Abu Ali's 11-year-old son to the United States for lifesaving heart surgery -- would be issued soon.

The Iraqi was speechless. He asked an interpreter to express his gratitude to the tall American soldier who had made saving the child's life an unofficial mission. Then he pulled out his camera, swung his arm around Freeman's broad shoulders and posed for three photographs.

Hours later, shortly before sunset Jan. 20, armed men in GMC trucks stormed into the government building in Karbala, in southern Iraq. They killed an American soldier, handcuffed Freeman and three other U.S. soldiers, hauled them into the vehicles and drove off. Freeman and the other abducted soldiers were later slain by the attackers.

Freeman, 31, a West Point graduate and Army Reservist, left his young wife and two toddlers in Temecula, Calif., last spring to deploy to Iraq.

He was unenthusiastic about the war, but once his uniform was on, friends said, Freeman embarked on his mission with the optimism and stamina that defined him.

"Most of us here understand the politics of war," said Capt. Matthew Lawton, one of Freeman's close friends in Iraq. "Brian didn't really agree with the war, I think. But he understood, going to West Point, going to the military -- that was the right thing to do."

The local police chief pulled Freeman aside one day in late April and told him about the ailing boy.

The second of five children, Ali Abdulameer was born with a debilitating heart condition that gradually restricted his blood flow. Barring surgery, his father said, the boy's chances of making it to adulthood were slim. Physicians in Karbala and Baghdad offered bleak prognoses.

"Baghdad doctors always gave me promises, but nothing ever happened," Abu Ali said.

After hearing about the case, Freeman got online and typed the words "Iraqi kids heart surgery" into the Google search query. The name of a fellow civil affairs soldier he didn't know popped up. He sent her a note asking for help.

Staff Sgt. Marikay Satryano, an Army Reservist from Tarrytown, N.Y., had become something of an expert in cutting through red tape to get Iraqi children abroad for critical medical care. Stationed at the U.S. Embassy in Amman, Jordan, Satryano wrote back outlining how to get the process started.

"Here's the hard part: funding," she wrote. "We are penniless here. No budget, no pot of gold." As soldiers, they were barred from soliciting money directly, she explained. "But we CAN make people aware of this child, SO if you know persons that are interested in saving this child, the magic number is $8,000 USD. Yup. That'll do it."

Freeman spent the next few months collecting medical records and contacting charity organizations. His wife, Charlotte, helped out, making calls and sending e-mails.

Freeman e-mailed the chairman of Gift of Life International, a New York-based nonprofit organization that connects low-income children suffering from serious heart ailments with top-notch hospitals. Cases that originate in Iraq are among the toughest the foundation tackles because errands that are complicated anywhere have become an odyssey in Iraq.

Freeman had to get Ali Abdulameer's medical records to doctors in New York and apply for U.S. visas at the consulate in Amman. The Iraqis had to obtain new passports with enhanced security features now required for visa applicants from the Middle East. And they had to provide documentation to prove that the child was stable enough for the 13-hour flight to New York.

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Gradually, the pieces began coming together. Schneider Children's Hospital in New York agreed to perform the operation at a reduced fee and Gift of Life took the case.

"A child is a common dominator between all of us," said Robert Donno, Gift of Life chairman. "The person in Iraq and the person in Amman and the person in New Jersey understand what this child means to his father."

Freeman sent a flurry of e-mails each week to get status reports and answer questions. He mailed medical records, set up appointments and helped with passport and visa errands.

Before heading to California for a vacation in December, Freeman stopped by the U.S. Embassy in Baghdad, left his home phone number and personal e-mail and asked the embassy officials who had been tracking the case to keep him updated.

He returned to Karbala in January. Near the end of the week of Jan. 14, he checked in with Satryano. He always was positive and polite, she said, but they both worried that a problem with the visa application that might set them back several weeks, while Ali Abdulameer's condition deteriorated.

"We had been touching base all week," Satryano said. "How's it going, how's it going? You know how bugs in the summer call to each other."

Freeman's time in Iraq made him reexamine what he wanted to do with his life, friends said. He thought about going to graduate school after finishing his tour and talked of starting a nonprofit organization to get Iraqi children medical care abroad. "Vets for Kids," they could call it, he told a fellow soldier. His eagerness to help Ali Abdulameer, a boy he never met, was an effort to make meaningful contributions in a devastated country.

"It may have started with a program we saw on Doctors Without Borders," his wife, Charlotte, said in a telephone interview. "He was very moved by the fact that these people went to dangerous situations and helped out, and their philosophy was that's how you let people around the world know there are good people who will help. That was his vision."

On Jan. 20, Freeman went online and tried to get a new case off the ground. He had come across the medical file of a critically ill girl younger than Ali Abdulameer. Again, he set out to beat the odds.

"These are very poor and do not have a G-Series passport," Freeman wrote in an e-mail to a colleague at the military's National Iraqi Assistance Center in Baghdad, referring to passports with enhanced security features. "A trip to Baghdad might be out of their reach financially. If we get close to something happening on this, I can raise the money."

That evening a group of English-speaking armed men wearing what looked like American military uniforms and badges drove up to the building in a convoy of at least six GMC trucks.

The men stormed into the building and detonated sound bombs and grenades. Freeman was in his office and didn't get to his weapon in time. He and three of the soldiers who reported to him were abducted at gunpoint.

It was among his biggest fears. The conventional wisdom among soldiers had it that they'd save their last bullet for themselves rather than fall into the hands the enemy alive.

"We all talked about that," said Capt. Henry Domeracki, one of Freeman's close friends in Iraq. "You know what they do -- cut off our heads, burn us."

The attackers drove into neighboring Babil province, several miles away.

"That is the hardest thing when I think about Brian," Domeracki said. "We know that he was in the car with the cuffs on. We know he was praying, asking God to look after his kids."

The gunmen abandoned five of the vehicles. Iraqi soldiers later found the bodies of two soldiers handcuffed together in the back of one of the vehicles. Freeman's body was left on the ground. All three had been fatally shot. The fourth soldier was found alive, but died en route to the hospital.

Abu Ali was notified the following day by an interpreter who worked with the soldier. He was crushed, but understood he needed to mourn in silence.

"I could not express myself openly," said Abu Ali, who asked that his full name not be published out of concern for his safety. "If I were to express myself openly they'd know I deal with Americans and if they knew I deal with Americans they'd call me a traitor."

Freeman's group of close friends in Iraq -- "The Dirty Dozen," they called themselves -- were inconsolable.

"The first three days, all of us cried," Domeracki said. "All of us cried for three days."

The following night, Satryano was working late. She dropped by the consulate, where the woman tracking the pair's visas was still at her desk.

"Actually, that came in today," the consulate official told her, referring to the approval notices.

Elated, Satryano called her counterpart in Baghdad. Capt. Lance Carr sounded awful. She didn't understand.

"We lost a civil affairs soldier," he told her.

"I heard," she responded. "Do you know who it was?"

"Captain Freeman," he said.

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"No way!" she said. "This is his kid! I just talked to him yesterday, like at 12."

He was one of the good guys, she thought to herself that night. Why did they have to kill one of the good guys?

Freeman was buried Feb. 1. He left behind two children, Gunnar, who will turn 3 next month, and Ingrid, a 1-year-old who began taking her first steps while he was home for Christmas.

Ali Abdulameer and his father are expected to arrive in New York this week. After the surgery, they hope to meet Freeman's widow.

"I want to be there for the father," Charlotte said. "I'm sure he has a need to meet me just as I feel the need to meet him."

Staff writer Ann Scott Tyson in Washington contributed to this report.

Where US Is Helping To Make Gains Against Terrorism (CSM)

By Simon Montlake

The Christian Science Monitor, February 15, 2007

It's the kind of item that doesn't show up in defense budget audits: A $200 tin-roofed communal outhouse, or "comfort room," tucked behind the village market. To US Army Capt. Steve Battle, who split the construction cost with his Philippine counterparts, it's money well spent.

Gaining the trust of residents in Panamao, a stricken village on the edge of a combat zone, is why US and Philippine troops are dug in here. In counterterrorism jargon, this Muslim community is a "center of gravity" that can be swayed with targeted projects – a new well, a school classroom, or a toilet. "It's not the amount of people that you affect. It's who you affect," says Captain Battle, a civil-affairs officer.

At a time when success stories in the US-led war on terror have been all but eclipsed by failures in Iraq, recent developments in the southern Philippines offer a degree of hope to Pentagon planners. But they also show the complexity of waging war in a contested, chaotic area, as well as the long slog needed to stand up a national army equal to sure-footed militants.

Five years after Philippine troops, supplied and advised by US soldiers, drove Islamic militants from the island of Basilan, a major offensive is under way on Jolo Island, where the militants regrouped. The goal is to deny sanctuary to the remaining members of Abu Sayyaf, one of several insurgent groups who have been fighting for a separate Islamist state. Since August, elite Philippine units have killed or captured as many as half of an estimated 400 Abu Sayyaf on Jolo Island, including their slain leader Khadaffy Janjalani and several other senior operatives.

Philippine commanders on Jolo say they are confident their 7,000-strong troops can finish the job. "They lack ammunition, they're on the run, and we're continually pressuring them. They are in a position to be neutralized," says Army Gen. Ruperto Pabustan of the local militia.

If so, the Philippine military would end a reign of terror by a group that was founded by Osama bin Laden's brother-in-law in the early 1990s. Abu Sayyaf later morphed into a kidnapping racket that became almost indistinguishable from the criminal gangs that plague the Philippines' remote regions. While that makes Abu Sayyaf something of a footnote to the global war on terror, it is no less a spoiler in the Philippine government's efforts to build a lasting peace on troubled Mindanao.

Shortly after 9/11, the southern Philippines was widely considered to be the global war on terror's "second front" after Afghanistan. Philippine President Gloria Arroyo, a staunch US ally, invited American troops to assist in the fight against Abu Sayyaf, but ruled out any combat role for them. A joint US military taskforce was created to equip and train Philippine troops deploying on Basilan Island, where Abu Sayyaf then held sway.

At the same time, US and Philippine Army engineers fanned out across Basilan to build roads and bridges, trying to drive a wedge between Abu Sayyaf and local sympathizers. It largely worked, but tactical blunders allowed militant leaders to escape and regroup.

Today, the US military is using the same formula on Jolo, a kidney-shaped island convulsed by decades of Muslim rebellion against the Christian-dominated Philippine government. Advised by US Special Forces, Philippine troops have closed in on Abu Sayyaf, while naval patrols have cut off escape routes to other islands.

Even after five years of substantial military aid, US officers are quick to give credit to their allies for the victories.

"It's a Philippines success story. They're the one doing the heavy lifting and doing the fighting and helping the people and we're providing support," says Col. David Maxwell, commander of the joint taskforce, who led the 2002 Basilan operation.

Frontline troops have also won plaudits from their political masters in Manila, as well as pledges of more money and equipment. But similar promises have in the past failed to reach soldiers in the field, fuelling complaints of embezzlement by top brass. In 2003, junior officers serving in Mindanao staged a brief mutiny in Manila to protest such graft. Troops have also been accused of selling weapons and colluding with kidnappers and rebels, undermining trust among local residents.

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Perhaps most acute is the need to channel funds into poor communities like Panamao, where schoolteachers say they haven't been paid for over a year. Analysts argue that without a strong focus on social development and civic leadership, any military victory on Jolo could be short-lived.

"Once the money and the Americans go, how far will the Philippines be able to keep up the community development?" says Scott Harrison, a security consultant and a former CIA officer.

"You can wipe out the entire leadership of Abu Sayyaf and [Jemaah Islamiyah], but unless you solve the underlying root problems like poverty and corruption, you've still got a witch's brew to create another generation of fanatics," he says.

Experts Fear Afghanistan Could Become The Next Iraq (MCT)

By Ron Hutcheson

McClatchy Newspapers, February 15, 2007

WASHINGTON - While President Bush and Congress argue over Iraq, experts warn that Afghanistan could slip back into chaos.

U.S. commanders are bracing for a spring offensive by Taliban insurgents that'll test the staying power of the fragile U.S.-backed Afghan government.

In a sign of the administration's concern, President Bush will deliver a speech Thursday highlighting plans for a dramatic increase in military and economic aid, but skeptics fear that the renewed focus on Afghanistan may be too little and too late.

"We have our finger in the dike because our resources and attention were turned toward Iraq," said Rep. Joe Sestak, D-Pa., a former Navy admiral who served in both conflicts. "This is the real front in the war on terrorism. It's a daunting task, more daunting than it had to be because we let the opportunity almost slip away."

Administration officials and U.S. military commanders agree that Afghanistan is grappling with potentially crippling challenges. Five years after U.S. troops ousted the Taliban regime and its al-Qaida allies in retaliation for the Sept. 11 attacks, Afghanistan is still embroiled in war, terrorism, drug trafficking and instability.

The government of President Hamid Karzai has a shaky hold on power; the Taliban and al-Qaida continue to launch attacks from their haven along the Afghan-Pakistan border; and opium production has increased dramatically. Attacks by Islamic extremists spiked last year, making 2006 the deadliest year since the U.S. invasion.

"A point could be reached at which the government of Afghanistan becomes irrelevant to its people, and the goal of establishing a democratic, moderate, self-sustaining state could be lost forever," Lt. Gen. Karl Eikenberry, the former top U.S. commander in Afghanistan, told the House Armed Services Committee on Tuesday.

Government officials and outside experts agree that the biggest threat isn't a Taliban military takeover, it's the possibility that the Karzai government could collapse and leave a void for Islamic extremists.

"The Taliban are not going to roll on a tank column into Kabul. They are weak militarily. But the government is very weak politically. Even some small symbolic victories by the Taliban could lead to a political crisis," said Barnett Rubin, an Afghanistan expert at New York University.

The crucial test could come this spring as the thaw opens snow-packed mountain passes. This year, U.S. officials want to meet the annual Taliban offensive with their own, to shore up Karzai's government.

Bush has asked Congress for $6.7 billion in emergency funding to help train Afghan security forces and rebuild the country, the first installment in a $10.6 billion package for Afghanistan over the next two years.

Until now, U.S. aid to Afghanistan has averaged less than $3 billion a year.

The Pentagon also plans to add about 3,200 more troops by delaying the planned departure of units that had been scheduled to come home. Administration officials are also pressuring NATO allies and Pakistan to do more to help protect the fledgling Afghan government.

The United States has about 27,000 troops in Afghanistan, with about 16,000 assigned to a multinational NATO force. U.S. allies have contributed about 20,000 troops, but many of them are under restrictions that prevent combat operations.

The president will promote his plans Thursday to the American Enterprise Institute, a conservative think tank.

"We're taking a comprehensive approach. It's a question of building the security, but also building the government and building the economy," said Richard Boucher, the assistant secretary of state for the region.

Afghanistan Officials Question Drug-eradication, Nomination (HILL)

By Roxana Tiron

The Hill, February 15, 2007

Afghan officials in Washington are redoubling their advocacy efforts to capitalize on Congress and the Bush administration's renewed focus on their country — and to prevent their country from slipping back into Taliban hands.

DOJ_NMG_0132592

Embassy officials are calling the Bush administration's drug-eradication policy in Afghanistan a flawed solution to the problem and are speculating on how a new U.S. ambassador to their country will influence the struggle against the narcotics trade and how the U.S. will change the management of foreign aid there.

"It is a mistake to think that you will solve the drug issue through spraying" the poppy cultures, a counselor at the embassy, Masood Aziz, said. "If you start spraying you lose the hearts and minds of the population. Spraying has devastating effects on the poor."

Similarly, a London-based drug-policy research group, the Senlis Council, has reported that drug eradication by itself ruins small farmers and drives them toward the Taliban who, in turn, provide loans and protection.

While rushing to counter such policies, the embassy is watching closely William Wood's nomination to become the new U.S. ambassador to Afghanistan. Wood previously served as U.S. ambassador to Colombia.

"We hope that with the new ambassador the focus won't be the wrong focus," Aziz said, implying that the strategies of the Colombian war on drugs would fail in Afghanistan.

Poppies, which have been a more lucrative cash crop than wheat or other alternatives, sustain about 2 million small farmers and their families, in a country with a population of about 31 million.

Without offering alternative sources of income and long-term assistance to poppy growers, Afghanistan could be hard-pressed to kick its drug problem. Some estimate that nearly 50 percent of Afghanistan's GDP comes from poppy cultures.

Afghan officials want to influence how the narcotics trade is fought, and seek to ensure that international aid is spent effectively, which so far has proved a challenge.

Attaining, or even defining, success in Afghanistan is a tall order, acknowledged Ashraf Haidari, a political counselor at the Embassy of Afghanistan.

"We need time and resources," he said. "We do not want 70 percent of Afghan people to be farmers. It may take up to 30 years to rid Afghanistan of its drug problem and institute alternative livelihood," he explained.

Assistance has to be spread across all regions, not only given to those who rely on narcotics for their livelihood. Already, citizens of regions that did not grow poppy in other years have started to do so because they had no other support, Haidari said.

Afghanistan also considers developing government capacity critical to quashing the narcotics trade and building up the country.

To that end, officials are eyeing the reauthorization of the Afghanistan Freedom Support Act of 2002 in hopes that aid can be channeled to build up the Afghanistan's now-minimal governmental capacity. The country has no effective judicial establishment and weak law enforcement, Haidari said.

"The face of the government is the judicial system," he added.

Afghanistan's advocacy is not falling on deaf ears in Congress.

House Foreign Affairs chairman Tom Lantos (D-Calif.) has expressed keen interest in reauthorizing titles I and II of the Afghanistan Freedom Support Act, which address assistance and security for the country. The reauthorization could increase focus on drug interdiction and destruction, according to sources.

"Counter-narcotics is absolutely an issue that is fundamental to change the society in Afghanistan," a congressional source said.

The House and the Senate Foreign Relations Committees together soon will discuss a comprehensive strategy for Afghanistan, the aide added.

The source said Congress will consider a much more "holistic" approach on Afghanistan, but ultimately it is the administration's call to implement it.

"We are sensitive to over-legislating and over-prescribing because that would encumber the administration, but we want to pressure the administration," the source said.

While the Bush administration has a five-tier plan for Afghanistan, partly focused on fostering alternative livelihoods, it has primarily concentrated on building roads and infrastructure, the congressional source said.

The rationale is "we are building roads because where the road ends the Taliban begins," the source said. "But that is not to say that if you build infrastructure the Taliban will go away."

Haidari takes a similar view. "Afghanistan is singular in all its problem and needs a singular solution," he said. "Afghanistan is a country that we need to start building from scratch."

But to do that officials there want to ensure funds are spent on the right priorities.

"We are certainly extremely appreciative of the money allocated and committed, but the issue of the money not being effectively spent is a tremendous problem," Aziz said, adding that Afghanistan will need about $30 billion in aid over the next seven to 10 years. The United States alone has given $14 billion to Afghanistan since 2001.

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While the disbursement rate of the money has been steady, if often has not reached the targeted beneficiaries through the Afghani government and other institutions.

Channeled instead through non-governmental organizations and contractors, overhead absorbed most of the money. Only a fraction actually reached the country, Haidari said.

"We want to see results," Haidari said. "We want action not just words. The problems in Iraq make Afghanistan look like a success, but Afghan lives have not changed."

Afghanistan's pitch to Capitol Hill may come at a critical time. The embassy's priorities, which could shore up support for the government, fall against the backdrop of the possibility of a renewed Taliban offensive this spring. U.S. and international forces are expanding in preparation for potential attacks.

Poverty has helped to boost Taliban ranks. The radical Islamic movement lately has been able to recruit new fighters — including those who do not believe in its mission, according to Haidari — by offering to pay about $300 a month to support their families versus a per capita income of roughly $300 per year.

DOJ:

Senators Oppose Effort To Replace Federal Prosecutors (AP)

By Laurie Kellman

AP, February 15, 2007

WASHINGTON - Congressional Democrats and some Republicans are trying to change part of the USA Patriot Act that allows the Bush administration to fire and replace federal prosecutors indefinitely without Senate confirmation.

Freshly briefed by the Justice Department on the forced resignations of some of the seven U.S. attorneys since the act took effect, Senate Democrats planned to bring a bill to the floor Thursday that would impose a 120-day deadline on the amount of time a replacement could serve without Senate confirmation.

After that, an interim replacement would be named by a U.S. District Court, a policy Attorney General Alberto Gonzales and some Republicans say could lead to the appointments of prosecutors for reasons other than their qualifications.

Democrats say that's just the problem with the policy under the terror-fighting law that went into effect in March.

Since then, seven U.S. attorneys have been fired, some without cause, Deputy Attorney General Paul J. McNulty told the Senate Judiciary Committee. Democrats contend that prosecutors were forced to resign to make way for Republican political allies, and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments.

Congress passed the reauthorization with overwhelming bipartisan support, but many lawmakers say they were unaware of the provision. The president appoints federal prosecutors, who are subject to Senate confirmation.

Gonzales has said he intends to submit every newly appointed interim prosecutor to the Senate confirmation process and denied that his choices were politically motivated. He also has pointed out that U.S. attorneys serve at the president's pleasure and can be fired for any reason or no reason at all.

Nonetheless, Senate Majority Leader Harry Reid of Nevada is expected to try to bring the bill up for a vote Thursday, which also is the last day on the job of one of the fired prosecutors, Carol Lam of San Diego.

Sen. Jon Kyl, R-Ariz., said last week he would try to block the bill unless Reid agreed to strip out the appointment power of the U.S. District Court.

McNulty briefed senators behind closed doors Wednesday night on the cases of the seven fired prosecutors. Attending the meeting were Republicans Kyl and Arlen Specter of Pennsylvania and Democrats Chuck Schumer of New York, Dianne Feinstein of California and Patty Murray of Washington.

Afterward, Murray said she heard nothing to suggest that the U.S. attorney in her state, John McKay, deserved to be fired. She and other participants refused to comment further.

Earlier this month, McNulty told the committee that most of the seven had been fired for "performance-related" reasons, and that one in Arkansas, Bud Cummins, had been cleared out to make way for a former aide to White House adviser Karl Rove.

However, McKay and others had received glowing performance reviews and were not told of performance issues before they were fired, prompting further investigation by the committee.

Murray Not Satisfied With Answers About U.S. Attorney's Firing (AP)

By Gene Johnson

AP, February 15, 2007

DOJ_NMG_0132594

SEATTLE - Sen. Patty Murray said after sitting in on a closed-door Senate Judiciary Committee hearing Wednesday she heard nothing to suggest that John McKay deserved to be fired as U.S. attorney.

"I heard nothing from Department of Justice officials that changed my mind about John McKay's performance," Murray, D-Wash., said in a telephone interview from Washington, D.C.

She said she was not at liberty to comment further.

McKay, a Republican appointed by President Bush in 2001, was forced to resign as Western Washington's top federal prosecutor last month. He was one of seven U.S. attorneys fired around the country.

Earlier this month, Deputy Attorney General Paul McNulty told the committee that most of the seven had been fired for "performance-related" reasons, and that one in Arkansas had been cleared out to make way for a former aide to White House adviser Karl Rove.

But McKay and others had received glowing performance reviews and were not told of performance issues before they were fired, prompting further investigation by the committee.

McNulty briefed the committee privately Wednesday.

Lawyers, judges and public officials - Republican and Democratic - have objected to McKay's firing, speculating that it was done because he was not conservative enough for the Bush administration.

U.S. District Judge Robert Lasnik in Seattle said McKay was a "superb U.S. attorney. For the Justice Department to suggest otherwise is just not fair."

A 90-page review of McKay's office, completed by Justice Department staff last April, found him to be "an effective, well-regarded and capable leader," according to a copy obtained by The Associated Press. Though overwhelmingly complimentary, the report raised a few areas of concern, such as making sure prosecutors in the office document all of their overtime and keep records of any cases where they seek sentences below guideline ranges.

U.S. attorneys serve at the pleasure of the president and can be fired at any time. A provision in the reauthorization of the Patriot Act allows the attorney general to appoint U.S. attorneys indefinitely without Senate confirmation; several senators are seeking to revoke that provision.

McKay's chief criminal deputy, Jeff Sullivan, was named interim U.S. attorney following his resignation.

Former Prosecutor Charged With Misconduct In Gang Cases (LAW)

By Brendan Smith, Legal Times

Legal Times, February 15, 2007

Before last week, former federal prosecutor G. Paul Howes had only suffered blows to his reputation for his misconduct in a witness-payment scandal.

But now, Howes, a former Assistant U.S. Attorney in the District, faces serious ethics charges from the D.C. Bar Counsel that could trigger sanctions -- including disbarment.

The charges stem from Howes' improper disbursement of more than $140,000 in federal witness vouchers to 132 people during several high-profile drug trials while he was a prosecutor at the U.S. Attorney's Office in the District in the 1990s. The misconduct, which wasn't noticed until a tip came from one of Howes' informants, resulted in dramatically reduced prison sentences for nine defendants convicted in those trials.

On Feb. 1, the D.C. Bar Counsel filed eight charges against Howes after a four-year investigation, accusing him of violating bar ethics rules by committing criminal acts, making false statements in court, offering prohibited payments to witnesses, and interfering with the administration of justice.

"Prosecuting a [former] U.S. Attorney is not something we do very often. It is pretty, pretty rare," D.C. Bar Counsel Wallace "Gene" Shipp Jr. says. "Charges that include dishonesty are always serious. They are very serious allegations."

Howes, now a partner in the San Diego office of Lerach Coughlin Stoia Geller Rudman & Robbins, didn't return telephone calls seeking comment. His attorney, D.C. defense lawyer Plato Cacheris, also did not return calls.

The Bar Counsel investigation mirrors many of the findings of an internal Justice Department probe completed in 1998, but the Bar Counsel goes beyond that investigation's report in its charge of criminal acts by Howes, including false statements and false certifications.

The Justice Department began a two-year investigation of Howes in 1996, a year after he resigned from the U.S. Attorney's Office, where he spent 11 years as a prosecutor. The report found that Howes used witness vouchers as a personal slush fund that "went so far beyond the limits of appropriate conduct as to constitute flagrant abuse of the system."

Both the Justice and Bar Counsel investigations found that Howes made improper witness-voucher payments to witnesses, friends and relatives of witnesses, incarcerated government witnesses, and former police officers.

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Howes authorized the payments -- apparently without oversight from the U.S. Attorney's Office, which, at the time, was headed by Eric Holder Jr. -- in the 1994 federal trial of Newton Street Crew members on drug, murder and racketeering charges and in another D.C. Superior Court homicide trial stemming from the District's crack-cocaine wars.

The Justice Department's Office of Professional Responsibility found intentional misconduct by Howes but decided not to press criminal charges of making false statements, false claims and false certifications because of doubts about convincing a jury of Howes' guilt.

"He undoubtedly would portray himself to a jury, as he has to us, as a beleaguered lone wolf battling a stifling and uncomprehending bureaucracy," the report states.

The U.S. Attorney's Office fought for years to keep the Justice Department report confidential, but ultimately, it was released by a federal judge in 2003.

The Justice Department completed its investigation of Howes in February 1998, but did not refer its findings to the D.C. Bar Counsel until October 2002. Shipp would not comment on why it took the Bar Counsel another four years to investigate and charge Howes.

The Bar Counsel will make disciplinary recommendations after a hearing committee reviews Howes' case, which is scheduled for April 11.

If the committee finds ethics violations, the case will be referred to the Board on Professional Responsibility, and ultimately to the D.C. Court of Appeals if the board recommends censure, suspension or disbarment of Howes.

A QUESTION OF RECIPROCITY

The Justice report was forwarded to attorney-discipline boards in New Mexico and California, where Howes is also licensed. Those bodies have not reported any disciplinary action against Howes from the witness-voucher investigation and are likely awaiting the outcome of the D.C. case, Shipp says. Under reciprocal discipline rules, both states could take action against Howes' law licenses based on any discipline imposed in the District.

Howes, who joined the D.C. federal prosecutor's office in 1984, did not receive his D.C. law license until 1992. Under federal law, he was allowed to practice as a federal prosecutor in the District for more than eight years under his New Mexico law license.

In 1997, the New Mexico Supreme Court publicly censured Howes in a case referred from the District for communicating directly with a defendant without the defense attorney's consent during a murder case in D.C. Superior Court in 1988. Howes also induced a D.C. police detective to talk with the defendant.

After leaving the U.S. Attorney's Office, Howes was licensed in California in 1997, and he has not been publicly disciplined there in any ethics cases, according to California Bar records.

In a 2004 interview with Legal Times about the D.C. Bar Counsel case, Cacheris laid out his strategy for defending Howes, which hinges on two findings of the Justice Department report. The report found no evidence of witness testimony that was altered because of Howes' misconduct and no clear witness-voucher policy at that time in the U.S. Attorney's Office. Cacheris said Howes also cooperated with Justice investigators and "went and bared his soul for three days, as far as I was told."

Howes, who received his law degree from the University of Virginia, has had a long and varied career, including Marine Corps service during the Vietnam War and a stint as tympanist for the New Mexico Symphony Orchestra. Howes later worked as a special assistant to former FBI Director William Webster and as a Washington correspondent for ABC News before being hired by the U.S. Attorney's Office, according to his biography at Lerach Coughlin.

At Lerach Coughlin, Howes has represented the University of California as the lead plaintiff in a federal class action against Enron Corp. in Texas over lost investments.

After the Justice report on Howes' misconduct was made public, the U.S. Attorney's Office instituted new controls and training about witness-voucher payments in 2004. Office spokesman Channing Phillips said last week he is not aware of any witness-voucher abuse after those changes.

Phillips wouldn't comment on the Bar Counsel charges or whether Howes was disciplined by the U.S. Attorney's Office before his resignation.

Fallout from the Howes incident is still being felt, with the U.S. Attorney's Office using him last year to shore up another D.C. murder conviction being challenged over allegations of misconduct by Howes. As part of a government brief asking that the conviction be upheld, Howes filed an affidavit last November in D.C. Superior Court, stating that there were "no undisclosed side agreements or secret promises to any witness" in that 1989 trial.

But Howes' reputation isn't so highly regarded within the U.S. Attorney's Office, according to Amy Jeffress, deputy chief of the office's Organized Crime and Narcotics Trafficking Section. She referred to Howes -- though not by name -- during a Jan. 31 debate on the power of prosecutors at American University, Washington College of Law.

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"He actually left the office and moved all the way across the country to San Diego to escape his shame and his bad reputation," Jeffress said, according to a recording of the debate. "He basically became a pariah in our office. His name is a synonym around our office for no-no. You don't want to do what he did."

CORPORATE SCANDALS:

Monster Of A Case: New Wave Of Corporate Indictments Expected (ABC)

By Brian Ross And Richard Esposito

ABC News, February 15, 2007

The former top lawyer for the Internet job search site Monster.com is expected to enter a guilty plea tomorrow growing out of his role in backdating stock options at the company, federal officials involved in the case tell ABC News.

Officials say Myron Olesnyckyj, the former general counsel of Monster, has agreed to plead guilty to charges of securities fraud in federal court in New York city, as part of a deal to cooperate with prosecutors.

Olesnyckyj is expected to provide testimony about his former boss, Andrew McKelvey, the founder and former CEO of Monster.com, the officials say.

Olesnyckyj's attorneys Lisa Caldwell and Robert Romano told ABC News, "We have no comment," on their client's expected guilty plea.

A spokesman for Monster.com said the company was also cooperating but would not comment further.

The plea deal comes as dozens of former CEOs and other corporate officials face possible indictment as the Department of Justice presses its investigation of the backdating of billions of dollars of stock options.

The FBI, IRS and U.S. Postal Inspectors are working on at least 60 active criminal investigations, and federal officials tell ABC News at least a half dozen are now in the final phases of investigation.

"This is a major initiative of the President's Corporate Fraud Task Force," said Justice Department spokesman Brian Sierra.

Dozens of CEOs and other top officials have already resigned over the practice of "stealth compensation," in which executive pay packages have been enhanced by granting executives the right to buy stock at favorably low "strike prices" set by acting as if the options were granted earlier than they were, resulting in a larger potential profit.

Prosecutors say the failure to disclose the backdating can constitute securities fraud.

More than 140 companies are under investigation by the Securities and Exchange Commission, and federal prosecutors are known to be considering criminal indictments in a number of the SEC cases.

The chairman of Apple Computer, Steve Jobs, has also been questioned by federal investigators in San Francisco about the backdating of stock options at the company. Apple says an internal investigation by its board cleared Jobs and all members of the company's current management of any wrongdoing and says there has been no indication that Jobs is considered a target of any criminal investigation.

"We've given all this information to the SEC," Jobs told ABC News last month. "And I think things are gonna be just fine," he said.

Jobs' role in granting stock options at a second company, Pixar, is also under investigation, according to published reports.

"The Wall Street Journal" reported last week that prosecutors are investigating stock options granted in 2001 by the animated film company Pixar, Inc., to its top film director, John Lasseter, as part of a new 10-year contract.

According to the paper, Lasseter, the director of "Toy Story," received one million stock options at the lowest share price of the year, a date that was three months before his new contract was signed. The backdating resulted in a potential gain for Lasseter of $6.4 million, the paper said.

Pixar was bought last year by Walt Disney Co., the parent company of ABC. Disney officials say the value of Lasseter's options was fully disclosed, although not the fact that they were back dated.

Disney says its board began an independent review of the transaction last November, but Disney CEO Robert Iger says the issue will not likely have any effect on Disney.

"We aren't aware of any basis under which stock options issued by Pixar would have a material impact on our financial statement," Iger said in a statement. Jobs is Disney's single largest shareholder.

"The Wall Street Journal" reported that prosecutors are awaiting the outcome of the Disney board's review before making any decisions on the case.

Two criminal case are already in the federal court system. One involves Comverse Technology of New York, where one executive fled the country and another has entered a guilty plea.

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The chief financial officer of Comverse, David Kreinberg, entered a plea in October to charges of securities fraud. He now faces up to 15 years in prison.

His former boss, Comverse CEO Kobi Alexander, fled to the African country of Namibia, where he is currently fighting U.S. extradition efforts.

Prosecutors Advance In Stock-Option Cases (WSJ)

By Charles Forelle, James Bandler And Kara Scannell

The Wall Street Journal, February 15, 2007

Prosecutors are moving forward with more criminal charges over stock-option manipulation.

Yesterday, the founder of video-game maker Take-Two Interactive Software Inc. pleaded guilty to a state felony charge in connection with an options-backdating scheme. Today, federal prosecutors in New York are expected to announce a plea deal with a former executive of Monster Worldwide Inc. in another options case, according to people familiar with the matter.

Ryan A. Brant, founder and former chief executive officer of Take-Two, entered a guilty plea in state court in New York City, striking a deal that requires millions in payments but will likely spare him prison time. It was the first criminal case brought over backdating since last August, when federal prosecutors charged executives of another New York company, Comverse Technology Inc.

In the Monster case, the company's former general counsel, Myron Olesnyckyj, has agreed to cooperate with federal prosecutors in Manhattan and is expected to describe the role of founder Andrew McKelvey and others in stock-options practices at Monster.

Mr. Olesnyckyj was fired by the company last year. Mr. McKelvey quit rather than be interviewed by company lawyers examining Monster's options problems.

According to people familiar with Monster's email traffic, Mr. Olesnyckyj was the author of several damaging messages, including one in which he advised an executive not to discuss the company's practice of backdating grants to new employees in writing because it might be seen by auditors. The Securities and Exchange Commission is expected to file civil charges against Mr. Olesnyckyj as soon as today, people familiar with the matter say. A separate agreement between Mr. Olesnyckyj and the SEC could come later.

Robert Romano, a lawyer for Mr. Olesnyckyj, didn't respond to a request for comment. Mr. McKelvey's lawyer, Andrew DeVore, declined to comment.

Mr. Brant, 35, the impresario behind Take-Two's catalog of violently controversial games, which includes the Grand Theft Auto series, is the first CEO to be convicted of a crime in the options-backdating scandal and the ninth individual charged by authorities. All told, about 140 companies are under investigation.

Federal prosecutors have charged two former CEOs in the backdating scandal: Gregory Reyes, of Brocade Communications Systems Inc.; and Kobi Alexander, of Comverse. Mr. Reyes has pleaded not guilty, and Mr. Alexander, who decamped to the African nation of Namibia before being charged, is free on bail there while fighting extradition to the U.S.

Under his plea deal with prosecutors and a parallel settlement of civil charges with the SEC, Mr. Brant will pay $7.3 million in disgorgement, fines and other penalties. He could face a prison term of up to four years for the charge of filing false records, but New York prosecutors agreed to recommend that he serve probation.

In a statement, Manhattan District Attorney Robert Morgenthau said "CEOs and other executives who deliberately skew their books to hide the full extent of their compensation are engaged in a fraud on their stockholders and creditors."

It isn't Mr. Brant's first experience with the SEC. In 2005, the agency charged him and others with an accounting fraud. He paid more than $3 million in disgorgement and other penalties in that case. He left the company last October after several months on disability leave.

United's Legal Woes May Last Into 2008 (MINNST)

By David Phelps, Star Tribune

Minneapolis Star Tribune, February 15, 2007

Months of uncertainty lie ahead with shareholder lawsuits against UnitedHealth Group.

It became clear Wednesday that the legal woes of UnitedHealth Group will not be resolved anytime soon.

Lawyers for the Minnetonka company said in federal court it will take up to five months to determine whether shareholder lawsuits against it are valid. The suits are over the purported backdating of stock options for senior executives, which led to the ouster last year of longtime Chief Executive William McGuire.

Also unknown is when federal regulators will complete their investigation into the issue, a pace referred to by U.S. District Judge James Rosenbaum as "glacial."

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Rosenbaum said he has no intention to dismiss the shareholder lawsuits, as sought by UnitedHealth, "at least not yet."

And should the shareholder lawsuits eventually go to trial, Rosenbaum said he can't fit them in his calendar until late autumn or after the first of the year.

"There's a lot of brush to be hacked through here," Rosenbaum told lawyers for the company and the shareholders during a hearing Wednesday.

Rosenbaum said he would rule later on the company's motion to dismiss the lawsuits on the basis that the board of directors formed a "Special Litigation Committee" to review lawsuits against the company or to stay the proceedings in the case until the committee completes its work.

Barbara Berens, a lawyer representing the special litigation committee, said the two-member panel -- consisting of retired Minnesota Supreme Court justices Kathleen Blatz and Edward Stringer -- hoped to meet a court-imposed July 30 deadline for determining the validity of shareholder lawsuits.

Berens said the committee needs the time partly because the company is in the process of restating 11 years of financial reports to account for backdated options and partly because of ongoing inquiries by the Internal Revenue Service, Justice Department, Securities and Exchange Commission and Minnesota attorney general's office.

Peter Carter, UnitedHealth's lead attorney, agreed with Rosenbaum that the company is legally stuck in neutral until the special committee makes its decision on the shareholder lawsuits.

Karl Cambronne, lead counsel for the shareholders, told Rosenbaum that the investors would be "marginalized" if the case were stayed and the plaintiffs could not proceed with discovery and see the documents that regulators are reviewing.

"If we're put on ice, we'll be perceived as not having anything to add to the discussion," Cambronne said. "Our hands are tied."

SEC Declines To Bring Charges After Probe Of Gradient Analytics (WSJ)

By Judith Burns

The Wall Street Journal, February 15, 2007

WASHINGTON -- The Securities and Exchange Commission has ended an investigation into Gradient Analytics Inc. without bringing any charges against the stock-research firm.

Regulators were investigating charges of market manipulation and collusion between the Scottsdale, Ariz., independent research firm and its hedge-fund clients. Marc Fagel, associate district administrator in the SEC's San Francisco office, said no charges were recommended and that the case is now closed.

Gradient Analytics President and Chief Executive Brad Forst said the company cooperated fully with the SEC and wasn't surprised by its decision. "We believe our business conduct has always been conducted with integrity," he said.

Canadian pharmaceutical company Biovail Corp. last year brought a $4.6 billion lawsuit alleging that Gradient and others, including hedge fund SAC Capital Management, schemed to manipulate Biovail's stock. Gradient and SAC denied the allegations.

Overstock.com Inc., a Salt Lake City online discount retailer, also is suing Gradient and other defendants in California for alleged stock manipulation. Overstock's charges were aired at a Senate Judiciary Committee hearing last summer when a former Gradient employee, Demetrios Anifantis, testified that he was fired for questioning company practices and management's ties to hedge funds.

Mr. Anifantis said the firm, then known as Camelback Research, would issue negative research reports on companies such as Overstock at the request of hedge-fund clients who had short positions in those companies. Short sellers sell borrowed shares that they replace later, profiting if stock prices decline.

Gradient executives declined to testify at last year's Senate hearing, citing the litigation with Overstock, but disputed the claims.

Overstock itself is under SEC investigation for its accounting practices, and Biovail faces a similar probe by U.S. and Canadian securities regulators.

Perrie Weiner, a partner at the law firm DLA Piper in Los Angeles who represented Gradient in the SEC investigation, said he believes the SEC "reached the right conclusion" in not bringing charges. "We look at it as the SEC giving a clean bill of health to Gradient."

SEC Blamed For Delay In Indictment Of Former McAfee General Counsel (LAW)

By Justin Scheck, The Recorder

California Recorder, February 15, 2007

DOJ_NMG_0132599

Thanks to cross-country coordination efforts between two federal agencies, the first Silicon Valley lawyer to come under government scrutiny for stock options problems is getting one more reprieve before being indicted.

While it has been clear for nine months that Kent Roberts, the former general counsel of McAfee Inc., is in trouble, there's been a string of delays in his case. The latest, said people with knowledge of the case, is because the Washington, D.C.-based SEC lawyers want to file civil charges at the same time -- and they're not ready yet.

Roberts was fired by the company in May after its own investigation found options improprieties. Since then, he has become the focus of a federal criminal inquiry, and press reports over the past two months -- including several this week -- have said an indictment is imminent for actions relating to a stock options grant he received in 2000.

Stephen Neal, the Cooley Godward Kronish partner representing Roberts, wouldn't say whether he expects his client to be charged.

The SEC typically seeks to coordinate its charges with those filed by criminal prosecutors, said attorneys working on options investigations.

Speaking generally about options cases -- but not about McAfee specifically -- ex-federal prosecutor Jeffrey Bornstein said the government "is in part motivated by how things are perceived publicly. So there is this motivation to have a joint press conference."

Bornstein, who left the San Francisco U.S. attorney's office in 2005 to join Kirkpatrick & Lockhart Preston Gates Ellis, said there's often concern within the SEC that, if its civil charges follow on the tail of the indictment, they'll be ignored by the public.

"From the defense perspective, it's so they get the maximum prejudicial publicity that they can," he said.

McAfee has a rich history of legal problems.

The company's former CFO was charged in 2004 with scheming to inflate revenues, and faces a criminal trial in March. And early last year, McAfee agreed to pay a $50 million fine to the SEC for manipulating its books.

The latter case was investigated by a team of SEC lawyers based in Washington, D.C. -- a sore point for local SEC lawyers, said people familiar with the situation -- and they continued to probe the company when its options problems came to light. Reached Wednesday, one of the D.C. lawyers, Paul Lane, said he's not permitted to speak to the press.

But others familiar with the case said the D.C. team coordinated closely with the San Francisco U.S. attorney's office in the early stages of the investigation. And -- as The Recorder first reported in December -- they concluded last fall that there was enough evidence to move forward with an indictment of Roberts, even as they continued their investigation of other aspects of the company's options issues.

Soon after, the U.S. attorney's office experienced a first delay: Christopher Steskal, the lawyer who had been handling the case, announced that he'd be leaving for private practice.

Reached Tuesday, Steskal wouldn't comment on any options probes, including McAfee, nor would the spokesman for the office.

After assigning another prosecutor to the case, the office continued its investigation of Roberts, and earlier this month they seemed ready to charge Roberts.

It's unclear exactly why the SEC isn't ready. Kathleen Bisaccia, the former enforcement chief for the agency's San Francisco office -- and now a private investigator at Kroll -- said several aspects of joint investigations can lead to delays.

For example, she said, the SEC can't file charges without a vote by its commissioners, and that can take time.

But, Bisaccia added, it's not always the SEC that is lagging. "The usual scenario is the other way around," she said, with prosecutors being forced to ask the SEC to wait for them.

So far, the only options backdating case to move through the courts has been the prosecution of two former Brocade Communications executives. And the fireworks there have been a direct result of the SEC-DOJ coordination.

In that case, San Francisco federal Judge Charles Breyer has refused to take the common step of staying the SEC civil case until the criminal prosecution is done.

That created a frazzle of legal issues straddling both proceedings, including a recent blowup over witnesses who gave testimony to the SEC and prosecutors under a temporary immunity agreement but, when subpoenaed by defense lawyers, invoked the Fifth Amendment.

Richard Marmaro, the Skadden, Arps, Slate, Meagher & Flom partner representing ex-Brocade CEO Gregory Reyes, says the close coordination abuses the government's immunity power, and argues that the agencies should act more independently.

But he doesn't expect that to happen. "They can turn these things for maximum publicity, and that's what they do," he said.

Score One For Dissent (WP)

By Tomoeh Murakami Tse

The Washington Post, February 15, 2007

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Aflac said yesterday that it would become the first major U.S. company to give shareholders an advisory vote on executive compensation packages, bolstering investor groups that have vowed to push companies to change their governance practices at annual shareholder meetings this spring.

Aflac, the world's largest seller of supplemental health insurance, said it would allow shareholders a nonbinding vote on its corporate pay practices beginning in 2009 -- the first year that the company's proxy statement will contain the three years of compensation data required by the Securities and Exchange Commission's new disclosure rules. Aflac made its announcement after a proposal last year by one shareholder, Boston Common Asset Management.

"They're an early adopter," said Richard Ferlauto, director of investment policy at the American Federation of State, County and Municipal Employees, which supports the so-called say-on-pay resolutions. "We expect others will follow."

Such proposals are among the most controversial of the hundreds this year by major shareholders, who are emboldened by public furor over outsized executive compensation. Proponents say that even though the votes would be nonbinding, they would pressure companies to change compensation policy.

At least 50 companies will have votes on say-on-pay at shareholder meetings, up from seven last year, according to Institutional Shareholder Services, a proxy advisory firm in Rockville.

Other closely watched resolutions include a proposal to allow shareholders to run opposing board candidates and another to tie executive pay more directly to corporate performance. Many of the companies targeted are in the hot seat over executives' salaries or the practice of back-dating options.

Home Depot, still smarting from controversy surrounding the lucrative exit package given to its former chief executive, last week invited an activist shareholder to join its board, helping to avert a potentially nasty proxy fight. And dozens of prominent companies, including Lehman Brothers, Honeywell and Wells Fargo, have agreed to change how directors are elected.

ISS said that since 2003, when investors began pushing for election by a majority of shareholder votes, about 200 companies have adopted some form of majority voting.

"I think 2007 represents something of a tipping point," said Stephen M. Davis, a fellow at the Yale University's center for corporate governance. "Smart companies see the writing on the wall."

Still, some corporations remain unyielding. So far this year, companies have successfully sought the SEC's approval to keep at least 40 of the 630 corporate governance-related proposals submitted by shareholders from coming to votes, according to ISS. Dozens more are trying.

Companies say though they have worked with investor groups to ensure best corporate governance practices, some proposals focus on narrow agendas that are costly and distracting to board members.

"It goes counter to what should be the fundamental question: What are the systems of governance in place that assure companies can grow and create more jobs and create greater shareholder value?" said John J. Castellani, president of Business Roundtable, an association in the District of chief executives of major U.S. companies. "We would rather have shareholders focus on shareholder value."

Hewlett-Packard, the computer maker under investigation for using private investigators to obtain personal phone records, has satisfied shareholder concerns about disclosure of political contributions but tried to exclude a proposal that would allow dissident shareholders to run board candidates. The SEC recently declined to act on HP's request to keep the measure off the ballot, and shareholders are scheduled to vote on it at a March 14 meeting.

An HP spokesman declined to comment. In the company's proxy statement, the board of directors recommends a vote against the proposal, in part because its approval could lead to "the election of 'special interest directors' who represent the interests of the stockholders who nominated them, not the interests of all HP stockholders."

AT&T has sought guidance from the SEC about omitting from its proxy ballot a proposal to allow an advisory vote on corporate compensation practices. The SEC has not yet responded, said spokeswoman McCall Butler, who said that the company planned to keep the resolution off the ballot. Butler said the company is having dialogue with shareholders, and that a "blanket 'yes' or 'no' " vote on compensation would not provide useful feedback for the board.

Nonetheless, as the negotiations reach their peak before the annual shareholder meetings, compensation consultants and investor groups say the shift in the climate has altered the dynamic between boardrooms and shareholders.

One reason activist shareholder groups -- mainly pension funds and labor groups -- will walk into the meetings with a bit more swagger this year is that new SEC rules require companies to offer more information about pay. Such disclosures would give shareholders a better idea of the total compensation granted to senior management, and could show that $200 million packages such as the one former Home Depot chairman and chief executive Robert L. Nardelli got last month are in place at dozens of companies, some corporate governance experts said.

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"Boards are realizing that they need to step up and change their standards," said Ed Durkin, director of corporate affairs for the United Brotherhood of Carpenters and Joiners. "The way people may express their anger at some of those numbers is to vote on resolutions that relate to compensation."

Rep. Barney Frank (D-Mass.), chairman of the House Committee on Financial Services, said yesterday that he will hold a hearing March 8 on strengthening the role of shareholders in setting executive compensation.

Maryland state Sens. Paul Pinsky and Richard S. Madaleno Jr. last week introduced a bill that would prohibit a company from deducting executive compensation as a business expense if it was more than 30 times the pay of its lowest-paid employee. President Bush told a group of business executives on Wall Street recently that they "need to pay attention to the executive compensation packages that you approve."

All this, investor groups say, could motivate companies to avoid public votes on controversial proposals by cutting deals with investors before the meetings.

Durkin's group has made more than 120 proposals, 72 of them on majority voting. He expects to have settled more than half by the start of proxy season, up from the 25 percent settlement rate on the issue last year.

"There's significant engagement with companies now," said Ferlauto, the AFSCME official. "Companies are realizing the disclosures that they'll be making and are meeting with shareholders early on to try to explain away the outsize compensation payments of CEOs."

Germany Battling Rising Tide Of Corporate Corruption (NYT)

By Carter Dougherty

The New York Times, February 15, 2007

FRANKFURT, Feb. 14 — Wolfgang Schaupensteiner has never been so busy.

From an office in downtown Frankfurt that is decorated with cartoons about corruption, Mr. Schaupensteiner has headed the tiny financial crime unit for this city, Germany's financial capital, since 1993. These days, his backlog of bribery, fraud and other white-collar crime cases runs into the hundreds, and he says he has a simple explanation as to why.

Corporate profits have surged across sectors ranging from finance to autos to energy, as German executives have turned the country into one of the world's largest exporters over the last five years. Illicit dealings helped create their success, he asserts, and that in turn has encouraged many executives to believe that crime does pay.

On Wednesday, prosecutors in the southern city of Nuremburg raided multiple locations of the offices of Siemens, one of the country's most prominent companies, on suspicion that certain bribes may have been concealed as payments for services that were never provided.

In recent months, DaimlerChrysler, BMW and Volkswagen have also been raided, put under investigation or even had employees taken into custody.

"Globalization has become a motor for corruption in Germany," asserted Mr. Schaupensteiner, 58. "It creates dangerous potential if you do not control it." Exports drove the German trade surplus to record levels in 2006, helping push up the country's benchmark stock index, the DAX, almost 20 percent over the last year. Rising corporate profits have meant higher tax receipts for a money-starved government in Berlin, but little of that money is helping Mr. Schaupensteiner tackle the corruption he says is also increasing with all this financial success.

Mr. Schaupensteiner and anticorruption activists argue that as profits earned abroad have increased, employees of German companies may have become more tempted to accept bribes and also to give bribes to win business. Europe only recently banned such practices.

This is in contrast to the foreign bribery laws in the United States, which, for 30 years, have restricted all American employees, regardless of where they conduct business.

At the very least, there has been a marked rise in the number of high-profile cases being prosecuted recently, and some of those have reached into the executive offices at the most prominent German companies.

In the fall, an employee of the luxury automaker BMW was jailed for accepting bribes from an auto parts supplier. And American authorities are investigating whether DaimlerChrysler employees made improper payments in Africa and Asia.

Germany's federal police service, BKA, registered nearly 90,000 cases of such crime in 2005, a 10 percent increase over the previous year, and a survey by the auditing giant KPMG concluded that 80 percent of all crimes in Germany go unreported.

Siemens, the engineering conglomerate based in Munich, is facing one of the worst bribery scandals in its history. Marc Langendorf, a Siemens spokesman in Munich, said the raid Wednesday involved "a new case" beyond the Munich investigation, but declined to provide further details.

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But German prosecutors in Munich, along with the Securities and Exchange Commission and the Justice Department in the United States, are investigating a number of Siemens employees for possible crimes that include the suspected creation of about 400 million euros ($520 million) in slush funds for bribes to secure commercial contracts abroad.

"Corruption between buyers and sellers in Germany and bribery abroad is probably on the rise," said Hansjörg Elshorst, director of the German chapter of Transparency International, the anticorruption group.

It is not clear, though, that Germany is markedly different from its European peers, experts say. On a 2006 index compiled by Transparency International that measures perceptions of how corrupt countries are, Germany ranks 16th, suggesting it is more corrupt than Austria, Sweden or Britain.

Another index showed that those surveyed — principally business executives — see German companies as less likely to pay bribes than their colleagues in France or Spain.

But anticorruption activists and prosecutors also say that this recent wave of corruption cases may reflect lax legal compliance rules at the companies. Others say that the rising number of cases may simply reflect more aggressive prosecution.

"The number of cases is bound to go up the closer you look," said Mark Pieth, a professor of criminology at the University of Basel who specializes in bribery prevention, and runs a study group on the subject for the Organization for Economic Cooperation and Development. "There has to be a phase until you get over the hill, a phase in which you are constantly finding new cases."

Since the creation of the 1997 treaty against foreign bribery by private companies, the Paris-based O.E.C.D. has monitored investigations in this specific area. The United States alone has about 50 cases running, reflecting the fact that it has had such rules for 30 years in the Foreign Corrupt Practices Act.

All of Europe, by contrast, has only about 100 cases under way, according to the O.E.C.D.

Only in 1997 did Germany pass laws giving prosecutors discretion to bring cases themselves. A few years later, with the negotiation of the O.E.C.D. convention on acts of bribery abroad, Mr. Schaupensteiner and his team obtained a new legal means to prosecute such cases of bribery conducted abroad by German companies similar to the longstanding American law.

That rule change made all the difference for Mr. Schaupensteiner, who had never touched a dossier on economic crime until he founded the Frankfurt office in 1993. Previously, he had been a judge specializing in antitrust cases. But even then his four-member team was not allowed to prosecute a case until the company itself referred it to them.

That was a "rare event," he notes, wryly.

Now, German prosecutors and judges agree that they have enough resources to highlight individual cases, but not enough resources to prosecute all the cases fully. The German attorney general recently surveyed prosecutors and found the response overwhelming: they need more hands on deck.

Law enforcement officials hope the current spate of scandals will prompt a serious, systematic effort by German companies to impose more stringent internal controls and systems of legal compliance to stop corruption from happening in the first place.

"Experience tells us that after the headlines go away and the excitement dies down, it's back to business," Mr. Schaupensteiner said.

There are some precedents for success, though. The chemical giant BASF was caught participating in a huge conspiracy to fix the prices of vitamins — a reaction to cheap competition from Asia — and paid half a billion dollars in fines to governments on both sides of the Atlantic.

"It generated some very serious thoughts about how to do compliance," said Michael Grabicki, a BASF spokesman. "That led to a serious program."

Now, BASF has a compliance program that Transparency International has praised. In 2003, it appointed one of the first chief compliance officers in Germany, and now trains certain employees about a range of legal issues that include money laundering and bribery.

Still, anticorruption experts say that throughout Europe, BASF stands out as more the exception than the rule.

"The giants have to understand they have to rewrite their compliance systems and train people," Mr. Pieth, the Basel professor, said, "but many of them are very slow to realize this."

The publicity, however, helps the campaign against corruption because it could prompt companies to increase internal scrutiny and prosecutors to be vigilant. Hansjörg Elshorst, director of the German chapter of Transparency International, says the discussion about new laws to fight corruption, and a few examples of it, might be just what the country needs.

"In the last five years, the notion that we need to prosecute economic criminality took on an entirely new dynamic," Mr. Elshorst said. "Every society has moments in time where they wake up to the presence of corruption. That has happened here, too."

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CRIMINAL LAW:

Libby Ends Abbreviated Defense Testimony (NSDY/AP)

By Associated Press

Long Island Newsday, February 15, 2007

Libby's attorneys rested a trimmed down defense Wednesday after the judge barred much of their classified evidence because Libby decided not to testify in his perjury trial.

Special Prosecutor Patrick Fitzgerald wrapped up the government's rebuttal in minutes.

That clears the way for the jury to hear closing arguments next Tuesday over whether the former chief of staff to Cheney lied to the FBI and a grand jury about whether he leaked to reporters in 2003 that Valerie Plame, the wife of prominent Iraq war critic Joseph Wilson, worked for the CIA.

In 14 days of testimony, the trial never filled an overflow courtroom, with a video hookup, to handle the crowds expected -- particularly for the cross-examination of Libby and Cheney.

Nevertheless, testimony showed that Cheney was intimately involved on a daily basis in July 2003 in rebutting Wilson's allegations that President Bush had lied about intelligence to push the nation into war with Iraq.

Cheney was described by his own aides as particularly upset that Wilson suggested the vice president knew one key justification -- that Iraq was seeking uranium in Africa for nuclear weapons -- had been debunked by Wilson in 2002.

The defense put in a handwritten note in which Cheney told the White House press secretary to exonerate Libby in the leak and not sacrifice him to protect Bush's top political adviser, Karl Rove.

The trial also brought top-level Washington reporters, including five Pulitzer Prize winners, and some of their usually unidentified government sources into the courtroom. The defense, with limited direct evidence to rebut the government's case, used these witnesses to raise questions about the memory, techniques and ethics of reporters who had testified against Libby.

In the process, they illuminated the interactions between top reporters and officials.

The government case marched chronologically through the tumultuous spring and summer of 2003, when the administration was embarrassed that U.S. forces in Iraq had not found any of the weapons of mass destruction that Bush had used to justify the war.

Fitzgerald's goal was to render Libby's statements to the FBI and the grand jury unbelievable.

Libby acknowledged that he was first told of Plame's CIA job by Cheney on June 12, 2003, but he claims that he forgot it amid the many national security issues he dealt with. Libby told investigators that he thought he was hearing about her job for the first time on July 10 from NBC Washington bureau chief Tim Russert and thereafter only told reporters he had heard about the job from other journalists.

Russert testified he and Libby never talked about Plame at all.

An undersecretary of state, a CIA official and Cheney's own top press aide all testified they told Libby about Plame's job between June 11 and July 6. Another CIA official said Libby discussed her job with him before the Russert call.

Former White House press secretary Ari Fleischer testified that Libby told him about Plame's job just three days before the Russert conversation.

Then former New York Times reporter Judith Miller and former Time magazine reporter Matt Cooper testified Libby told them that Wilson's wife worked at the CIA and had the idea for sending Wilson on a trip to Africa to investigate the uranium report. Wilson had suggested Cheney's questions were the reason for his trip.

Finally the prosecution called an FBI agent to testify about Libby's denials of leaking and played eight hours of his grand jury testimony denying he leaked.

The defense called six reporters who talked to Libby in that period but didn't recall hearing anything about Plame from him. None, however, could recall specifically asking about her.

They introduced evidence of memory flaws on the part of Miller and Russert, and questioned whether Russert had it in for Libby because the case got Russert subpoenaed to discuss confidential sources. One defense witness, Washington Post reporter Walter Pincus, testified Fleischer leaked Plame's job to him, directly contradicting Fleischer's denial of that under oath. An FBI agent recalled that Russert wasn't able to completely rule out that he and Libby discussed Plame.

Judge Deals Setbacks To Libby Defense (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 15, 2007

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WASHINGTON — I. Lewis "Scooter" Libby's decision not to testify in his perjury case backfired today when a federal judge ruled that his lawyers could not introduce once-classified details of his workload without Libby taking the witness stand.

The ruling by U.S. District Judge Reggie B. Walton was one of two setbacks for the defense as it finished presenting evidence in the case without calling any additional witnesses. Walton set closing arguments for Tuesday, and said the jury would likely start deliberating next Wednesday.

Offering barely two days of testimony, the defense strategy appeared to reflect a hope and belief among Libby's lawyers that the government had failed to meet its burden of proving their client's guilt beyond a reasonable doubt.

Libby is charged with covering up his role in leaking information about the wife of a Bush Administration critic to journalists in summer 2003. He has conceded he may have misspoken to authorities but says that is because he was consumed with more important duties as the chief of staff to Vice President Dick Cheney.

During the trial, his lawyers have shown that some government witnesses had memory problems of their own, and that information about CIA operative Valerie Plame, the wife of former envoy Joseph C. Wilson IV, was known to other journalists, who got the information from sources other than Libby.

But the so-called busy-man defense suffered a blow today when Walton rejected a defense bid to have admitted into evidence summaries of classified materials by CIA employees who had regularly briefed Libby on intelligence matters.

The summaries were meant to buttress the argument that the weighty issues Libby was handling fogged his ability to recall details about Wilson and Plame. The materials were prepared before the trial after months of sensitive negotiations between Walton and the lawyers and intelligence authorities about what could become public.

Walton said today that he always understood that the information could become public only if Libby testified. The judge said it would be unfair to the government to now allow the jury to hear the evidence without giving prosecutors the opportunity to cross-examine Libby.

Libby's lawyer, Theodore Wells Jr., who announced Tuesday that neither Libby nor Cheney would be called as witnesses in the trial, said in court today that the information should still be permitted. He asserted that, by requiring Libby to take the stand in his own behalf as a condition for introducing the evidence, the judge was putting an "impermissible burden" on the client's right under the Constitution to a fair defense.

But Walton said to allow that would encourage gamesmanship.

"If the court of appeals wants to tell me that this kind of process can occur ... I think we turn this whole process into a game. It's too much of a game now," the judge said.

"If I get reversed on that one, maybe I need to hang up my spurs," Walton added. "I am convinced that is not a winning position."

The defense rested today without calling the CIA witnesses but with a lawyer reading a list of some of the matters that Libby was dealing with at a time when the government says he was focused on rebutting Wilson.

The lawyers also introduced articles from the Wall Street Journal and National Review, which included criticism of the three-year federal probe that led to Libby being charged.

Wilson wrote an op-ed in the New York Times on July 6, 2003, which accused the Bush Administration of twisting pre-war intelligence in Iraq. Plame was identified eight days later in a newspaper column by syndicated columnist Robert Novak.

The trial has turned up new details of the involvement of both Cheney and Libby in discrediting Wilson, which likely would have subjected them to tough questions by prosecutors had they testified.

Walton also rejected a defense request to raise further questions about the credibility of "Meet the Press" moderator Tim Russert. Russert is one of three journalists who had conversations with Libby that authorities say Libby subsequently lied about when speaking to investigators. Libby has asserted that it was Russert who first gave him information about Plame, an assertion that Russert denied in court last week.

The defense has claimed that Russert received special treatment from the government because he was allowed to give a statement under oath in his lawyer's office rather than appear before the grand jury.

Wells asked Russert last week about whether he knew whether lawyers were permitted to accompany their clients into the grand jury room. Russert responded that he did not know.

Wells said this week that he had uncovered three videotapes of Russert appearing to know full well that lawyers were barred from the grand jury, including a television appearance he made relating to the Monica Lewinsky case during the Clinton Administration. Wells said he wanted to show them to the jury to discredit Russert.

Walton declined to permit it, saying that the apparent contradiction did not go to the heart of the testimony that Russert offered, including discussions he had with Libby.

Saying He Was Misled By Defense, Judge In Libby Case Puts Some Evidence Off-Limits (NYT)

By Neil A. Lewis

The New York Times, February 14, 2007

The lawyers defending I. Lewis Libby Jr. against perjury charges rested their case on Wednesday, but not before suffering a series of defeats in rulings by the presiding judge.

The judge, Reggie B. Walton, expressed in the strongest terms yet that he had been misled by the defense team about whether Mr. Libby would take the stand in his own defense.

Judge Walton said he "believed all along in the process that Mr. Libby was going to testify" and that his lawyers were now "playing games with the process."

He made his remarks out with the jury out of the courtroom as he ruled that the defense would no longer be able to use some evidence, including something the jury had already heard: a statement the government agreed to saying Mr. Libby, as chief of staff and national security adviser to Vice President Dick Cheney, "worked long hours, received daily intelligence briefings and attended many meetings concerning important matters of national security."

Mr. Libby faces five felony charges that he lied to a grand jury and F.B.I. agents investigating the leak of the identity of a C.I.A. operative, Valerie Wilson, to reporters in the summer of 2003 .

Mr. Libby denied under oath that he had passed information to reporters about Ms. Wilson, and his lawyers have put forward as a part of his defense the assertion that he was too preoccupied with the crush of vital national security issues to have remembered any conversation about Ms. Wilson or her husband, Joseph C. Wilson IV, a former ambassador.

Judge Walton said his ruling meant that the chief defense lawyer, Theodore V. Wells Jr., would not be able to make that argument to the jury. Mr. Wells will be permitted to tell the jury that Mr. Libby had "a lot on his plate," Judge Walton said. But because Mr. Libby is not testifying, Mr. Wells cannot argue that those issues were of greater importance in Mr. Libby's mind "as compared to the issue of Valerie Plame and Ambassador Wilson."

The identity of Ms. Wilson, who is also known by her maiden name, Valerie Plame, first became public in July 2003 after The New York Times published an Op-Ed article by Mr. Wilson saying the White House had distorted intelligence to justify invading Iraq.

The conclusion of the defense case means the jury will hear closing arguments when they return on Tuesday and will probably begin deliberating Wednesday after instructions from the judge.

Before the jurors departed on Wednesday afternoon, they filed into the courtroom, all but one wearing bright red T-shirts with a white valentine heart over their clothes, to the uncertain laughter of many in the courtroom.

But as one juror, a retired North Carolina schoolteacher, rose to speak, Judge Walton became visibly anxious that the juror might say something inappropriate that could threaten the trial. Jurors are not supposed to speak and are supposed to make any concerns known through notes to the bench.

The juror said they were wearing the shirts to express their fondness for the judge and the court staff on Valentine's Day. He then added, to the judge's growing discomfort, that they were unanimous in this sentiment, but they would all be independent in judging the evidence in the Libby case.

The sole juror who apparently declined to wear the shirt was a woman who had been a curator at the Metropolitan Museum of Art.

In their three-day presentation that concluded on Wednesday, defense lawyers offered a spare and indirect attack on the prosecution's case. In addition to keeping Mr. Libby off the stand, they announced they would not present Mr. Cheney as a witness. The possibility of Mr. Cheney's taking the stand was strongly suggested by the Libby team as well and was greatly anticipated as the first time a sitting vice president was to testify in a criminal trial.

The prosecution, beginning three weeks ago, presented testimony from Mr. Cheney's former communications director, a senior state department officials and two C.I.A. officials who said they had told Mr. Libby about Ms. Wilson. They also presented the testimony of two reporters who said Mr. Libby had discussed Ms. Wilson with them.

The testimony of a third reporter, Tim Russert of NBC News, was a pivotal part of the prosecution case, and defense lawyers tried in vain on Wednesday to persuade Judge Walton to have him recalled in order to challenge his credibility.

The judge ruled against two motions for Mr. Russert's recall. Mr. Russert, in his testimony, said he had not told Mr. Libby about Ms. Wilson, as Mr. Libby had asserted.

Mr. Wells had argued that Mr. Russert may have been biased in favor of the government because of an agreement his lawyer reached with prosecutors. Before Mr. Russert agreed to testify for the government, he challenged the subpoena from Patrick J. Fitzgerald, the chief prosecutor, arguing that his testimony would violate deeply-held principles that a reporter should not discuss his confidential conversations.

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But at the time, Mr. Russert had already talked with the F.B.I. about his conversations with Mr. Libby, and Mr. Wells asserted that Mr. Fitzgerald had agreed not to raise the matter because it would have exposed Mr. Russert as a hypocrite, undercutting his television statements that he was standing up for the First Amendment.

Judge Walton took the unusual step of questioning Mr. Russert's lawyer, Lee Levine, who said he and Mr. Russert had never discussed the agreement with the prosecutor not to raise the conversation with the F.B.I. agent. Judge Walton then ruled it was irrelevant to the case.

Mr. Libby's lawyers vigorously protested Judge Walton's rulings, intent on creating an appeals record if Mr. Libby is convicted.

Judge Walton said he would be shocked if he were reversed on appeal over his rulings about Mr. Libby's not testifying.

If that happens, he said, "I'll hang up my spurs."

Defense Attorneys Rest Libby's Case (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 15, 2007

Attorneys for I. Lewis "Scooter" Libby rested their defense in his perjury trial yesterday after giving jurors a stripped-down version of their case that the vice president's then-chief of staff was too preoccupied with sensitive national security issues in 2003 to remember conversations he had about undercover CIA officer Valerie Plame.

Shortly before testimony ended in the five-week trial, the presiding judge blocked defense attorneys from presenting the testimony of their proposed final witnesses -- CIA employees who briefed Libby each day on crises and terrorist threats around the world.

Defense attorneys wanted the briefers to provide the jury with vivid details of the confidential intelligence on foreign affairs that Libby was juggling. Their testimony, which would have relied on classified information that the judge had approved for admission at the trial, was intended to reinforce the central argument of Libby's defense: that he did not deliberately lie to investigators about his role in the disclosure of Plame's identity to journalists but inaccurately remembered it because it was trivial in comparison with the weighty issues before him.

But U.S. District Judge Reggie B. Walton sided with prosecutors, who argued that it would be unfair to allow such testimony because Libby had decided not to testify and could not be cross-examined.

"With him not testifying, I think the landscape has changed . . . significantly," Walton said outside the presence of the jury. "I don't think it would be appropriate in any way" for jurors to hear about Libby's briefings unless prosecutors can quiz the defendant about their significance to him, Walton said.

Libby is charged with lying to investigators about his role in the leak of Plame's name. Prosecutors contend that he deliberately obscured his role in a White House campaign to discredit Plame's husband, former ambassador Joseph C. Wilson IV, by suggesting that nepotism was the reason the CIA dispatched Wilson to Africa in 2002.

Wilson was sent to Niger to investigate reports that Iraq had tried to buy nuclear material there. He concluded that the reports were false and later accused President Bush of twisting his findings to justify the war in Iraq.

Libby's attorneys contend that Libby merely suffered from a faulty memory.

Instead of putting the briefers on the stand, defense attorney John Cline read jurors a lengthy list, approved by both sides, of the issues that CIA briefer Craig Schmall shared with Libby on the morning of June 14, 2003. Schmall testified earlier in the trial that his notes indicate that was the day Libby mentioned Wilson to him.

Cline also read jurors a list of the national security issues confronting Libby between May 2003, when Vice President Cheney first told him about Plame, and March 2004, when Libby appeared before a federal grand jury investigating the leak of her identity.

Another defense attorney read jurors portions of a Wall Street Journal editorial and two National Review articles that were in Libby's files. All three reinforced the defense's contention that Libby did not regard Plame's identity as secret.

A third defense attorney read parts of a report on an interview with Tim Russert, NBC News's Washington bureau chief, conducted by the FBI agent who once headed the leak investigation. The report contained nuances that differed from the testimony last week of Russert, the prosecution's most pivotal witness.

The defense ended its case less than three days after it began. The prosecution completed its rebuttal case within minutes. On Tuesday, Libby's attorneys announced that they would not call the two men they had indicated would be their star witnesses: Libby and Cheney.

Walton told jurors that prosecutors and defense attorneys are scheduled to deliver the closing arguments in the case on Tuesday and that the jury probably will begin its deliberations the next day.

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Libby Trial Reveals The Politics Of Reporting (LAT)

By Greg Miller

The Los Angeles Times, February 15, 2007

WASHINGTON — In the trial of former White House aide I. Lewis "Scooter" Libby, the nation's capital comes across as a landscape dominated by high-ranking government officials trying to leak news and high-profile reporters trying to get news.

They are codependent breeds, each expert at manipulating the other. And yet both sides often fail.

One of the signature moments in the case came this week, when veteran Washington Post reporter Walter Pincus was asked about the difficulty of getting top government officials to talk to him.

"Well, they'll talk to me," Pincus testified. "They just won't give me information."

The 2-week-old Libby trial has provided an unprecedented look into the transactions between reporters and government officials. Jurors have heard detailed testimony on — and sometimes audiotapes of — conversations between reporters and sources that were supposed to have been conducted in secret. They have been given impromptu tutorials on the arcane rules of sourcing, learning the subtle differences between "off the record" and "deep background."

The testimony is supposed to help jurors reach a verdict on whether Libby lied to investigators about his role in leaking the name of a clandestine CIA officer to the media. But in many ways, the trial has shed more light on the ways of Washington, exposing the often messy means by which reporters gather information, and the sometimes ignoble motives of those who provide it.

"I don't think there has ever been a trial in which you had a parade of the most famous journalists in the country basically being put on the stand and told to talk about the way they do their jobs," said Alex Jones, head of the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard University. "What's been described is the way that Washington works."

Or doesn't.

The lament from Pincus was one of dozens of complaints lodged over the last few weeks by reporters and government officials over their inability to get the other side to cooperate.

Syndicated columnist Robert Novak, who triggered the criminal investigation by publishing the identity of a CIA officer married to a critic of the Bush administration, testified about his cozy relationship with such Republican higher-ups as White House advisor Karl Rove.

But at the same time, he said he had spent three fruitless years trying to land a single interview with former Deputy Secretary of State Richard L. Armitage.

"He had not only declined," Novak said, "but indicated it wasn't because he was too busy. He just didn't want to see me."

Armitage finally came through in 2003 — long after, Novak said, he had given up. Almost out of the blue, Novak said, the top aide to then-Secretary of State Colin L. Powell called the conservative columnist to help blunt mounting criticism of the Bush administration's claim that Iraq had sought to purchase uranium in Africa with designs on developing nuclear weapons.

During his conversation with Novak, Armitage revealed that the administration critic, former U.S. diplomat Joseph C. Wilson IV, was married to a CIA operative.

Even Bob Woodward, whose fame and influence in the capital have only grown since he became known for his lead role in uncovering the Watergate scandal for the Washington Post 35 years ago, admitted under oath that sometimes he struck out. While researching a book that was largely complimentary of the White House, Woodward said, he had scheduled an interview with Vice President Dick Cheney in late 2003.

But Cheney backed out at the last minute after Woodward submitted three pages of questions. "I had overplayed my hand and sent him too many," Woodward said.

From the other side, former White House Press Secretary Ari Fleischer voiced frustration earlier in the trial with his struggles to get reporters to listen.

In particular, Fleischer testified about trying to counter the attacks of Wilson, who had traveled to Africa to investigate claims that Iraq had sought to purchase uranium there. Fleischer said he told reporters that Wilson had been sent on the mission by his wife, who worked at the CIA. The reporters barely raised an eyebrow.

"It was a big 'so what,' " Fleischer said. "It was like a lot of things that I said to the press. It had no impact."

Some experts expressed concern that the trial's repercussions could go beyond damaged reputations. In particular, they worry that the success lawyers in the case have had in compelling testimony from reporters could undermine journalists' ability to cultivate sources and cover important issues.

"This has really devolved into a demonstration that you can put journalists on the stand and force them to testify," Jones said. "That's not in the best interests of this country."

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Reporters rarely have been compelled to testify or reveal their sources in criminal trials. But on Monday, six journalists took the stand in rapid succession, each disclosing details of conversations they had had with sources who spoke on condition of anonymity.

Aware of the stakes, almost every reporter who has testified has offered a nuanced explanation seemingly aimed more at potential sources than at sitting jurors. Several dwelt on their efforts to get a "personal waiver" from Libby or other sources, meaning permission to violate the initial terms of the interview.

At one point, Woodward interrupted one of the lawyers in the case so that he could recite his rationale for testifying.

"Mr. Armitage has released me and said I can testify about it," Woodward said. "He's gone so far as to request that I testify and offer information."

In one of the more remarkable moments of the trial, defense attorneys played portions of an audiotape Woodward had made of his interview with Armitage in June 2003, in which the senior State Department official disclosed the identity of Wilson's wife, Valerie Plame, during an exchange that was edited for jurors, deleting expletives.

Like most of the encounters described during the trial, the Armitage interview was initially conducted on "background," a term that generally means the reporter is allowed to use the information, but cannot attribute it to the source by name.

Reporters were also frequently asked to explain to jurors other journalistic terms of art, including "off the record" and "deep background." Underscoring the extent to which journalists rely on the ability to grant anonymity to their sources, Washington Post reporter Glenn Kessler testified that his job would be nearly impossible to do under any other circumstances.

"Almost every single conversation I have in Washington is on background," Kessler said.

For Liberal Bloggers, Libby Trial Is Fun And Fodder (NYT)

By Scott Shane

The New York Times, February 15, 2007

The perjury trial of I. Lewis Libby Jr., former top aide to Vice President Dick Cheney, has drawn every major news organization in the country to the federal courthouse in Washington. But none has fielded a bigger team — or was more openly crushed by the defense decision this week not to put Mr. Cheney and Mr. Libby on the stand — than Firedoglake.com.

Even the Web-savvy may ask, Fire dog what? A collective of liberal bloggers, fueled by online donations and a fanatical devotion to the intricacies of the Libby case, Firedoglake has offered intensive trial coverage, using some six contributors in rotation. They include a former prosecutor, a current defense lawyer, a Ph.D. business consultant and a movie producer, all of whom lodge at a Washington apartment rented for the duration of the trial.

All day long during the trial, one Firedoglake blogger is on duty to beam to the Web from the courthouse media room a rough, real-time transcript of the testimony. With no audio or video feed permitted, the Firedoglake “live blog” has offered the fullest, fastest public report available. Many mainstream journalists use it to check on the trial.

But the bloggers’ fun is almost over. Mr. Libby’s lawyers rested their case yesterday shortly after the judge said he had been misled about whether Mr. Libby would take the stand. [Page A27.]

For blogs, the Libby trial marks a courthouse coming of age. It is the first federal case for which independent bloggers have been given official credentials along with reporters from the traditional news media, said Robert A. Cox, president of the Media Bloggers Association. Mr. Cox negotiated access for the bloggers.

“My goal is to get judges to think of bloggers as citizen journalists who should get the same protections as other journalists get,” Mr. Cox said.

He acknowledged that the Libby case had vividly illustrated the limits on those protections, as one reporter, Judith Miller, formerly of The New York Times, went to jail and others were forced to testify about once-confidential sources.

With a yeasty mix of commentary, invective and inside jokes, Fire-doglake has seen its audience grow steadily during the trial, reaching 200,000 visitors and requiring an additional computer server on its busiest days — like Tuesday, with the revelation that Mr. Cheney would not appear.

“After all that, Shooter lets me down,” wrote Jane Hamsher, creator of Firedoglake and organizer of its trial team. Mr. Cheney is nicknamed on the blog for his infamous hunting accident, which handily rhymes with the nickname for his former aide, Scooter.

At Firedoglake and other sites on the left, Patrick J. Fitzgerald, the prosecutor, comes across as a righteous avenger, exposing the perfidy of Mr. Libby in particular and the Bush White House in general.

Over on the right, meanwhile, conservative bloggers portray Mr. Fitzgerald’s case against Mr. Libby as a gratuitous exercise that is slowly coming apart. At American Thinker, Clarice Feldman has repeatedly taken aim at the prosecution’s most important witness, the host of NBC’s Meet the Press.

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"Tim Russert has some explaining to do," Ms. Feldman, a lawyer sitting in on the trial this week, wrote of the host in her blog.

Sheldon L. Snook, the court official in charge of the news media, said the decision to admit bloggers — 5 to 10 of about 100 reporters present on busy trial days — has worked out well.

"It seems they can provide legal analysis and a level of detail that might not be of interest to the general public but certainly has an audience," Mr. Snook said.

Even as they exploit the newest technologies, the Libby trial bloggers are a throwback to a journalistic style of decades ago, when many reporters made no pretense of political neutrality. Compared with the sober, neutral drudges of the establishment press, the bloggers are class clowns and crusaders, satirists and scolds.

"They're putting in a lot more opinion and a lot more color than the traditional reporters," said Mr. Cox, adding that the bloggers were challenging "the theory of objective journalism."

Like the newspaper and network reporters, the bloggers have alternated between sitting in on testimony in Courtroom 16 and watching the video feed to the media room, where laptops are allowed.

In the courthouse, the old- and new-media groups have mixed warily at times. Mainstream reporters have shushed the bloggers when their sarcastic comments on the testimony drowned out the audio feed. But traditional reporters have also called on the bloggers on occasion to check a quote or an obscure detail from the investigation.

Some bloggers at the trial have seen their skepticism about mainstream reporting confirmed.

"It's shown me the degree to which journalists work together to define the story," said Marcy Wheeler, author of a book on the case, "Anatomy of Deceit," and the woman usually in the Firedoglake live-blogger seat.

Ms. Wheeler, a business consultant from Michigan who writes under the nom-de-blog "emptywheel," believes that some trial revelations have been underplayed in the conventional media because "once the narrative is set on a story, there's no deviating from it."

Ms. Hamsher, 47, created Firedoglake on a shoestring — its major expense is a $200-a-month charge for Web hosting. Online donors are paying trial coverage costs, including the travel expenses of the bloggers and the $3,500 a month rent on the Washington apartment, dubbed Plame House after Valerie Plame, the maiden name of the C.I.A. operative whose exposure led to the criminal investigation and Mr. Libby's indictment.

The bloggers, some of whom are taking vacation or have flexible work schedules, are all unpaid. Ms. Hamsher describes the blog as "a collective watering hole" where contributors with diverse expertise "scour every possible source for information and then pool their resources."

Its name is easily explained, she said: "I like lying in front of the fire with my dogs and watching the Lakers."

A movie producer best known for "Natural Born Killers," Ms. Hamsher, who recently moved to Middletown, Conn., from California, arrived at the trial just days after cancer surgery and is scheduled for chemotherapy after the verdict.

"I wasn't going to miss this," she said. Along with bloggers from the likes of Huffington Post and Daily Kos, Ms. Hamsher also does daily trial reports for politicsTV.com.

Last year, while working for the Democratic Senate candidate Ned Lamont in Connecticut, she publicly apologized after posting on the Huffington Post blog a doctored photo of Senator Joseph I. Lieberman, Mr. Lamont's opponent, in blackface. But she said that while she still worked on film projects, blogging was what really engaged her.

"There's a snarky, get-under-the-surface-of-things quality to it that's really me," Ms. Hamsher said.

In New Jersey, A Fight Over Budget Records Is Played Out In Secrecy (NYT)

By Ronald Smothers

The New York Times, February 15, 2007

TRENTON, Feb. 14 — For almost a half-dozen years, Christopher J. Christie, the United States attorney for New Jersey, has scoured the state, taking on one elected official after another. Now he is wrangling with an arm of the State Legislature, but what he wants and whether he will get it are being argued behind locked doors and cloaked in grand jury secrecy.

On Wednesday, the latest skirmish between Mr. Christie and the Office of Legislative Services, which serves as the Legislature's counsel and administrative arm, over a federal subpoena for records related to budget items was played out in a closed hearing in Federal District Court here.

Lawyers for both sides emerged poker-faced and tight-lipped from the 75-minute session before Judge Mary L. Cooper, saying that they could not comment on the hearing because it involved grand jury secrecy.

What is generally known about the federal investigation is that it revolves around the dealings of State Senator Wayne R. Bryant, a Democrat from Camden who was chairman of the Budget and Appropriations Committee until he stepped down last year under pressure from fellow Democrats.

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The investigation, according to lawyers familiar with the case, may involve Mr. Bryant's legislative role as well as a $38,000-a-year job he held with the University of Medicine and Dentistry of New Jersey.

It is believed that investigators are trying to determine whether Mr. Bryant improperly steered millions of dollars in state grants to the university in exchange for what a federal monitor says was virtually a nonexistent job.

But the Office of Legislative Services is challenging the subpoena, contending that it violates the attorney-client privilege that it says exists between the office and the lawmakers it serves. The office is run by a bipartisan panel of 16 members, 8 each from the Senate and Assembly, and its professional staff is banned from political activity.

It is the bipartisan nature of the panel that has added a new wrinkle to New Jersey's latest political parlor game. A lawyer for Assembly Republicans, who in recent days have sharply criticized Democrats over what they say is a lack of cooperation with a possible corruption investigation, showed up in court on Wednesday.

The lawyer, Mark Sheridan, said he was there to try to intervene on behalf of Republicans who had not been consulted on the challenge to the subpoena. If attorney-client privilege was at issue, he said, Assembly Republicans should be part of the proceedings.

But Mr. Sheridan, who has represented the Republican Party in disputes over election law and other matters, left the locked courtroom five minutes after the hearing started. He declined to comment on how the judge had ruled on his request.

Democratic lawmakers, who control both houses of the Legislature, continue to insist, at least in private, that they are not generally opposing the subpoena. In fact, some noted that weeks ago legislative leaders complied with requests from the same grand jury for "budget-related" documents.

And one lawmaker, speaking on the condition of anonymity, emphasized that the subpoena issued to the leadership was not aimed at individual legislators or at specific communications from them.

Indeed, trying to put their best possible face forward, Senate President Richard J. Codey and Assembly Speaker Joseph J. Roberts issued a joint statement on Tuesday saying that efforts by Mr. Christie's office "to root out corruption in this state should be applauded." They maintained that the challenge to the subpoena involved a "narrow issue" — which no one wants to talk about — that the office believed to be of constitutional significance.

Jeremy D. Frey, a former assistant United States attorney in New Jersey who is now in private practice in Philadelphia, said that one possible constitutional concern of the office was whether a subpoena from an agency of the executive branch to a legislative body might be a violation of the doctrine establishing separation of powers.

In the past, Mr. Frey said, when the Justice Department has sought documents from the Congressional Budget Office — a somewhat analogous situation — the issues have been worked out between the parties involved.

As for the legal ground that the Democrats in New Jersey are standing on, he said: "There are limits to what a grand jury can seek, but it is generally very broad, and there is a high threshold in challenging them. They can usually get whatever they need to investigate a possible crime or even to reassure themselves that no crime has been committed."

Gov. Jon S. Corzine seems to share that position. In comments on Monday, he said the Office of Legislative Services should waive the attorney-client privilege it was claiming and comply with the subpoena. And on Tuesday he asked Stuart J. Rabner, his attorney general and a former federal prosecutor in Mr. Christie's office, for a legal opinion on the issue.

According to David Wald, Mr. Rabner's spokesman, the attorney general demurred, saying that he had a conflict of interest because his office and Mr. Christie's had worked closely on corruption investigations and therefore was not neutral.

Legal Battle Over Subpoenaed Political Records Plays Out (NSDY/AP)

By Angela Delli Santi, Associated Press Writer

Long Island Newsday, February 15, 2007

TRENTON, N.J. -- Republican lawmakers ramped up pressure on the Legislature to hand over documents subpoenaed in a federal corruption investigation on Wednesday, as the U.S. Attorney's Office went to court to force the material to be released.

During a 75-minute hearing in Federal District Court, Judge Mary L. Cooper heard arguments on whether the Legislature's legal and research arm should be forced to turn over memos, e-mails and other documents that the U.S. Attorney's Office has subpoenaed and the Office of Legislative Services has refused to release.

The hearing was closed to the public and its contents sealed, and those involved in the case are barred from discussing what happened. It was not immediately clear what, if any, ruling the judge had made.

Prosecutors Josh Drew and William Fitzpatrick emerged from the courtroom saying they could not discuss the case, followed by Office of Legislative Services lawyer Edward Dauber, who also refused to talk to reporters.

Mark Sheridan, a lawyer for the Republicans, emerged part-way through the hearing saying he could not comment on what was happening inside the closed courtroom.

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U.S. Attorney Christopher Christie said Tuesday he could not discuss any case that may be part of a grand jury proceeding.

Republicans, meanwhile, continued to urge Democrats to voluntarily release the documents Christie wants. They also demanded an accounting of the decision to fight the federal subpoena.

In a letter to Christie on Wednesday, Assembly Republican leader Alex DeCroce said all 31 Assembly Republicans oppose the decision to refuse to comply with the federal subpoena.

"After checking with every member of my caucus, I want the U.S. Attorney to know Assembly Republicans are united in the belief that the decision by the Office of Legislative Services to retain special counsel and challenge the federal subpoena in court is a colossal mistake," DeCroce said.

DeCroce also continued to call for an emergency meeting of the Legislative Services Commission, the 16 lawmakers who oversee OLS. Republicans are seeking an accounting of who decided to fight the subpoena rather than comply and who authorized the hiring of outside counsel.

All eight Republican members of the group have called for the meeting, but a ninth member _ a Democrat _ needs to join the call before an emergency session can be called.

The U.S. Attorney is reportedly investigating whether any elected officials improperly directed money to select organizations. The current $30.8 billion state budget contains more than $270 million in "Christmas tree items," last-minute add-ons inserted mostly by members of the controlling Democratic Party.

The issue may have come to prosecutors' attention after a federal monitor accused state Sen. Wayne Bryant of steering millions in grants to the University of Medicine and Dentistry, where he held a no-show job. Bryant was head of the powerful Senate budget panel before stepping down last fall.

GOP Separates Itself From Battle Over Records (NSL)

By Josh Margolin And Robert Schwaneberg, Star-Ledger Staff

Newark Star-Ledger, February 15, 2007

Democrats' refusal to comply with subpoena called 'colossal mistake'

Republican Assembly leaders tried to distance themselves yesterday from efforts to keep confidential records out of the hands of the U.S. attorney in an ongoing federal corruption investigation.

The Assembly's GOP caucus at tempted to intervene in a closed- door hearing before a U.S. District Court judge in Trenton, where federal prosecutors were arguing to compel the Legislature to comply with a grand jury subpoena seeking internal documents.

At the same time, Republicans were continuing to push for a special meeting today of the Legislative Services Commission to look into the growing controversy over the subpoena.

The hearing before U.S. District Court Judge Mary Cooper came after the nonpartisan Office of Legislative Services rebuffed a subpoena for information in an investigation by U.S. Attorney Christopher Christie that began with a probe into the activities of state Sen. Wayne Bryant (D-Camden).

A federal monitor found that Bryant had a $35,000-a-year "no- work job" created for him at the University of Medicine and Dentistry of New Jersey. The monitor said Bryant performed little or no work and spent less than the minimum one day per week that he was required to be at the institution, while helping direct millions in additional state funding to the university.

Sources familiar with the investigation say it is not confined to Bryant.

Other subpoenas in connection with the investigation were served on the state Treasury Department and the Senate in October, attor neys for the Senate Democrats confirmed at the time. While Senate and Treasury officials had complied with the requests, the OLS maintained that the information being sought was privileged, and retained outside counsel to fight re lease of the documents.

The OLS, in addition to serving as a research and operations arm of the Assembly and Senate, also acts as counsel to the Legislature and its members.

Assembly Republican Leader Alex DeCroce (R-Morris) said yesterday all 31 members of his caucus op posed the decision not to comply with a federal subpoena.

"Assembly Republicans are united in the belief that the decision by the Office of Legislative Services to retain special counsel and challenge the federal subpoena in court is a colossal mistake," De Croce said. "It was done without our knowledge or support."

However, the attorney for the caucus, Mark Sheridan, left Cooper's fifth-floor courtroom yesterday just 15 minutes after the 2:15 p.m. hearing began -- an indication that the Republicans may have been denied their request to intervene.

"I cannot say anything at this point," Sheridan told nine reporters outside the courtroom. "The proceeding is sealed."

An hour later, Deputy U.S. At torney William Fitzpatrick and at torney Edward Dauber, the special counsel representing OLS, also left the courtroom but had little more to say.

"I can't discuss anything," Fitzpatrick said.

The proceedings are under seal because they are part of a grand jury investigation.

Democratic legislative leaders say they believe the scope of the OLS subpoena remains narrowly focused, and may not suggest a broader investigation into the Legislature itself -- although they have not seen the subpoena, nor been briefed by the U.S. attorney.

Several legislative officials and budget officers, meanwhile, have been interviewed by the FBI in re cent weeks.

Staff writer Ted Sherman contributed to his report.

Hearing Concludes Over OLS-rebuffed Subpoena (APP)

By GREGORY J. VOLPE, GANNETT STATE BUREAU

Asbury Park (NJ) Press, February 15, 2007

Lawyers decline comment after closed-door session

TRENTON -- Lawyers for the U.S. Attorney's Office and the state Office of

Legislative Services left after a one-hour, twenty-minute hearing today before a federal judge without saying anything about the federal subpoena that OLS is reportedly blocking.

The two sides met before U.S. District Judge Mary Cooper concerning a subpoena

related to a grand jury investigation of whether lawmakers used their positions to

illegally steer state grants to entities for personal or political profit.

Two assistant United States attorneys based in Camden, an FBI agent and two lawyers representing OLS left the hearing saying they could not comment.

Lawyers for Assembly Republicans, who say they have been improperly denied

information about the investigation and have called for OLS to reveal the documents in question, tried to intervene in the proceeding but were escorted from the courtroom after 15 minutes, declining comment.

A message left at the office of OLS Executive Director Albert Porroni was not immediately returned.

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Ex-CIA Official Charged With Fraud (NSDY/AP)

By Allison Hoffman

Long Island Newsday, February 15, 2007

SAN DIEGO -- As the CIA's executive director, Kyle "Dusty" Foggo had access to the spy agency's most sensitive secrets.

On Wednesday, Foggo, now retired, pleaded not guilty to federal charges that he used that information to direct classified supply deals to his best friend, San Diego defense contractor Brent Wilkes. According to a federal indictment, Wilkes reciprocated by paying for their lavish vacations and promised Foggo a job.

Both men surrendered Wednesday at FBI offices in San Diego after a 20-month investigation that has already sent former U.S. Rep. Randy "Duke" Cunningham to prison.

"Not guilty, your honor," each told U.S. District Judge Larry Burns in loud, clear voices.

Foggo, who wore an American flag pin on his lapel, was released on $200,000 bail; Wilkes was released on $2 million bail.

The 11-count indictment returned Tuesday charges the lifelong friends, both 52, with fraud, conspiracy and money laundering, crimes punishable by up to 20 years in prison.

In a separate indictment, Wilkes was charged with 25 counts of conspiracy, bribery, money laundering and unlawful monetary transactions of more than $700,000.

Cunningham pleaded guilty in November 2005 to taking more than $2.4 million in bribes from defense contractors and was sentenced to more than eight years in prison. Wilkes faces up to 20 years in prison if convicted of those charges.

Mark Geragos, Wilkes' attorney, said he looked forward to defending his client.

"After 18 months of what has been, for lack of a better word, an unrelenting campaign of leaks, innuendo and unfounded rumors, we welcome the opportunity to be in the courtroom," Geragos told reporters.

In a statement later, Wilkes said he was innocent and called the investigation "tawdry" and "sordid."

"I guarantee you, I will be vindicated," Wilkes wrote.

He said Foggo was as close to him as a brother and defended his innocence against allegations "as cowardly as they are false."

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Foggo and his attorney did not comment to reporters as they left the courthouse. Foggo is the highest-ranking CIA officer to be charged with crimes allegedly committed while working for the agency.

Wilkes, whose firms got $100 million in government contracts, showered Foggo with expensive dinners, fancy cigar humidors and extravagant trips to Scotland and Hawaii, prosecutors say. When Wilkes built a new headquarters, he reserved an office for Foggo, and introduced him to employees as a future executive of Wilkes Corp.

In return, Foggo was "corruptly influenced in his performance of his official duties," the indictment says, steering classified government contracts worth more than $1.7 million to Wilkes' companies while concealing the depth of their friendship.

Bribery Indictments Include Long List Of Expensive Favors (WP)

By R. Jeffrey Smith

The Washington Post, February 15, 2007

Two indictments issued Tuesday by a federal grand jury in San Diego contain fresh details related to alleged efforts by Brent R. Wilkes, a California businessman, to bribe a member of Congress and a senior CIA official. The goal, prosecutors charge, was to get the officials to steer lucrative federal contracts to companies Wilkes controlled.

The indictments include a long list of gifts and other illegal benefits that were allegedly exchanged.

Wilkes, a former accounting student at San Diego State University, got rich from those contracts in the mid-1990s. He built an $11 million high-tech company headquarters and became a sought-after big-money donor to important Republican lawmakers.

Wilkes's contracting empire is now virtually defunct after an 18-month federal probe led to this week's charges of conspiracy to commit bribery, honest services fraud and money laundering. Wilkes and Kyle "Dusty" Foggo, the former third-ranking official at the CIA, pleaded not guilty yesterday in San Diego

Wilkes's office walls still bear photos showing him shaking hands with Vice President Cheney, presidential adviser Karl Rove, California Gov. Arnold Schwarzenegger and former House majority leader Tom DeLay. But all his employees are gone, his wife is seeking a divorce, and his tax arrears and other debts -- according to a tally by the San Diego Union-Tribune -- total nearly $1.7 million.

While his businesses were run from California, the crimes he allegedly committed occurred in Washington, and fall under the rubric of corrupt influence-buying. The government says Wilkes, like his former business partner and defense contractor Mitchell Wade, lavished gifts and a taste of high living on two key contacts -- former congressman Randy "Duke" Cunningham (R-Calif.) and Foggo -- to help procure federal funds.

Cunningham resigned in 2005 after pleading guilty to taking bribes from Wade. He is serving a prison term of as much as eight years. His attorney declined to comment yesterday.

Foggo has denied knowingly steering contracts to Wilkes. Wilkes has persistently denied wrongdoing, though he has also boasted of targeting selected Republican lawmakers with campaign funds to gain entree.

The indictment details how Cunningham allegedly hectored defense officials to pay Wilkes -- even when his companies had not done work to their satisfaction. The lawmaker called a defense official in Wilkes's presence and berated the official for slow payments, he pressured a principal deputy undersecretary of defense, he demanded the removal of an assistant deputy undersecretary of defense, he wrote letters to other defense officials, and he pressed his congressional aides into helping him reward Wilkes.

What was in it for Cunningham? The indictment lists the following among "more than $700,000 in payments, perquisites, and benefits" allegedly provided by Wilkes and his subordinates:

Â· Thousands of dollars in meals at the Capital Grille, the Palm, Ozio's, P.F. Chang's, Mr. K's, the Serbian Crown and the Confucius Cafe.

Â· The services of Shirlington Limousine in and around Washington.

Â· Two Sea-Doo Speedster watercraft, priced at $11,255 and $14,496.

Â· Catered dinners for Cunningham on his yacht.

Â· An NEC laptop computer and a computer desk.

Â· An inflatable dock.

Â· A visit to the Four Seasons Hotel in Las Vegas and a $4,043 meal there.

Â· Tickets to the January 2003 Super Bowl and a Jimmy Buffett concert.

Â· Private jet flights "to various locations in the United States," including lavish in-flight meals.

Â· Payments on the mortgage for Cunningham's yacht, a Global Positioning System device and associated software for the yacht.

Â· Two vacations in Coeur d'Alene, Idaho, including a "fully automatic machine gun shooting session" and $800 worth of golf equipment.

Â· A vacation in Key Largo, Fla., including a fishing tournament and diving trip.

Â· A vacation stay in a $6,600-per-night suite at the Hapuna Beach Prince Hotel in Hawaii, including a diving trip, golf tournament and the services of two prostitutes on successive nights.

Â· A $525,000 payment on Cunningham's home mortgage.

Wilkes separately provided Foggo with the following benefits, the government alleges, in exchange for Foggo's assistance in obtaining several CIA contracts:

Â· An offer of a "high-level, high-paying" job in Wilkes's companies.

Â· A joint family vacation in Scotland aboard a private jet, a $4,000 helicopter ride to a round of golf and more than $44,000 in lodging expenses at an estate with a seven-person staff.

Â· A joint vacation at a Hawaiian estate, costing $32,000.

Â· A cigar humidor.

Â· Meals at the Capital Grille, Ruth's Chris Steak House and the Serbian Crown.

Bribery Figures Wilkes, Foggo Plead Not Guilty (SDUT)

By Onell Soto and Karen Kucher

The San Diego Union-Tribune, February 15, 2007

SAN DIEGO – Poway defense contractor Brent Wilkes and former CIA official Kyle “Dusty” Foggo began their legal proceedings in San Diego's federal court Wednesday.

After arriving at the downtown courthouse amid cameras and flanked by their attorneys, the two men entered not guilty pleas to charges of conspiracy, money laundering and defrauding the public of the honest services of a public official.

Wilkes also pleaded not guilty to a charge of bribing of a public official.

He is to remain free on $2 million bond, which will be secured by equity in his home and the homes of two of his brothers and a $500,000 bond. Foggo was required to post a $200,000 bond.

After the brief hearing, the two men were fingerprinted and photographed by U.S. marshals in the basement of the federal courthouse.

When Foggo left the courthouse shortly before 10:30 a.m., he did not respond to a reporter's question about whether he had sold out the government.

Wilkes also refused to answer reporters' questions when he left fifteen minutes later. His attorney, Mark Geragos, said Wilkes would be issuing a statement later in the day.

Geragos told reporters that after 18 months of an “unrelenting campaign of leaks,” that he and his client were looking forward to answering formal charges.

“We do welcome the opportunity now to be in the courtroom,” he said.

After walking through a throng of reporters and cameras, Geragos and Wilkes climbed into a black Ford Excursion and drove away.

On Tuesday, a San Diego federal grand jury handed down indictments against the two men, who became enmeshed in the congressional corruption scandal involving Randy “Duke” Cunningham, R-Rancho Santa Fe.

U.S. Attorney Carol Lam, who leaves office Thursday, called the charges against the two men “breathtaking in scope.”

The indictment details the lavish gifts Wilkes bestowed on Cunningham so he would steer federal government contracts toward his flagship company, ADCS Inc. The gifts included cash, vacations, computers, meals, tickets to a Super Bowl game and prostitutes. In all, Wilkes gave Cunningham more than $700,000 in gifts.

A separate indictment details what authorities called the corruption of Foggo, who held the No. 3 spot at the Central Intelligence Agency before he resigned.

Prosecutors say Foggo failed to disclose to the agency that he had a close relationship with Wilkes, his lifelong friend, and that Wilkes gave him with gifts, expensive dinners and trips. The indictment also says Wilkes promised Foggo a job at his company, which he also failed to disclose.

If convicted, Wilkes and Foggo, both 52, could face up to 20 years in prison. The government is seeking $12 million in restitution from the defendants.

During Wednesday's hearing, prosecutor Phil Halpern told U.S. District Judge Larry Burns that the case against Foggo was a little complicated because it involves some classified information.

Halpern also said the witnesses and evidence in the two cases largely overlaps that used in the prosecution of Cunningham.

Another defendant, John T. Michael, a 35-year-old New York mortgage banker, also entered his not guilty plea Wednesday. He's accused of obstructing justice by providing false testimony to the grand jury about Wilkes' role in paying off the $500,000 second mortgage on Cunningham's Rancho Santa Fe home.

Michael was freed on $250,000 bond.

The trio are scheduled to be back in court on April 2.

Nevada Governor Faces FBI Probe Into Contracts (WSJ)

By John R. Wilke

The Wall Street Journal, February 15, 2007

Focus Is Gifts Gibbons Got While in Congress; 'Black Budget' Missions

Federal prosecutors are investigating whether Nevada Gov. Jim Gibbons accepted unreported gifts or payments from a company that was awarded secret military contracts when Mr. Gibbons served in Congress.

The Federal Bureau of Investigation is examining whether any gifts or payments violated federal contracting rules or were offered in exchange for official acts by Mr. Gibbons, people briefed on the investigation said. Mr. Gibbons, a Republican, represented Nevada for five terms in Congress, where he served on the House Intelligence and Armed Services committees. He was sworn in last month as governor of the nation's fastest-growing state.

The close ties between the congressman and the contractor, Warren Trepp, were disclosed in a Nov. 1 Wall Street Journal article1, which revealed that Mr. Gibbons accepted private jet flights and a Caribbean cruise from the software-company owner. Mr. Gibbons says accepting the cruise and flight didn't violate House ethics rules.

New evidence has emerged that includes emails to Mr. Trepp -- the majority owner of eTreppid Technologies LLC and the former chief trader for convicted junk-bond dealer Michael Milken -- discussing a payment or gift to then-Rep. Gibbons. They also show Mr. Gibbons repeatedly using his congressional office to help the firm seek classified military and civilian contracts.

The emails show that since at least 2003, Mr. Trepp maintained close ties to Mr. Gibbons, who helped eTreppid get no-bid software contracts from the Air Force, U.S. Special Operations Command and Central Intelligence Agency. The software was used in video tracking of military targets and other, classified applications.

Messrs. Trepp and Gibbons have denied any wrongdoing, and no charges have been filed; indeed, such investigations sometimes end without official action.

'Hit the Ground Running'

In a Sept. 25, 2003, email to Mr. Trepp after Mr. Gibbons had been particularly helpful on a recent contract, eTreppid executive Len Glogauer reports that "Jim really hit the ground running on that one." He adds, "we need to take care of him like we discussed." It isn't clear what Mr. Glogauer meant, and he declined to comment.

A second email, cited in court filings by Mr. Trepp's former partner, was more explicit. On March 22, 2005, days before Mr. Trepp and his wife embarked on the Caribbean cruise with the congressman and his family, Jalé Trepp sent a reminder to her husband. "Please don't forget to bring the money you promised Jim and Dawn," referring to Mr. and Mrs. Gibbons.

Minutes later, Mr. Trepp responds, "Don't you ever send this kind of message to me! Erase this message from your computer right now!" Mr. Gibbons failed to disclose the cruise and travel on Mr. Trepp's leased private jet, as required by House ethics rules. He later asked the House Ethics Committee for an exemption, but left office before any action was taken.

The eTreppid emails include dozens to and from then-Rep. Gibbons. In one of the first such exchanges, on Sept. 23, 2003, Mr. Gibbons said he was "greatly impressed" with the technology and that he asked a military aide on his staff to set up a meeting with the National Security Agency to demonstrate the company's products. "No doubt, the Agency will be just as impressed," Mr. Gibbons wrote. He also tells an eTreppid executive to begin using a private email address that is "a direct link to my desk and does not go through anyone else."

In later exchanges, Mr. Gibbons discusses his efforts to set up meetings with the Department of Homeland Security, and arranges meetings with several Pentagon officials, including a top defense intelligence official. An eTreppid executive responds, "now if we can get into the Navy, it would be great."

In a statement yesterday, a spokesman for the governor said Mr. Gibbons has "consistently stated that he and Warren Trepp have a longstanding friendship." Mr. Gibbons, the statement continued, is proud of his efforts "to highlight the good work of Nevada companies as part of his duties to represent his constituents. However, he held no special power in awarding defense contracts, which go through a multilevel approval process."

Mr. Trepp didn't return phone calls or emails seeking comment. His attorney, Steven Peek, said yesterday, "Warren has had no inquires or questions from any federal officials about his relationship with Jim Gibbons." Mr. Peek said Mr. Trepp continues to talk to the FBI "about the theft of his company's intellectual property" by his former partner, the crux of continuing

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legal disputes between the two men. Mr. Peek also said Mr. Trepp "unequivocally denies that he wrote any emails regarding any payments to Jim Gibbons, and questions their authenticity."

Preliminary Stage

The FBI declined to comment on the investigation, which appears to be in a preliminary stage. The bureau has stepped up its pursuit of public-corruption cases, and says it now has about 620 agents working on federal, state and local cases, compared with 260 in 2002. On Tuesday, former senior CIA official Kyle "Dusty" Foggo was indicted on fraud, conspiracy and money-laundering charges for allegedly accepting jet flights and a vacation from a contractor, Brent Wilkes, who was indicted on related charges. Both pleaded not guilty yesterday. The indictments arose from a continuing FBI investigation of former Republican Rep. Randy "Duke" Cunningham of California, who last year began serving a prison sentence for accepting bribes.

The Cunningham case and claims made against Mr. Gibbons have drawn attention to alleged congressional abuse of the classified or "black" portion of the federal budget, which covers CIA, NSA and other secret government activities and has grown to at least $30 billion. New limits on special-interest spending known as earmarks were enacted by Congress last month, including rules meant to restrict earmarks in the classified budget.

The Nevada case is being watched closely in Washington: John Negroponte, former director of national intelligence, warned in a court filing of "exceptionally grave damage" to national security if details of the secret contracts are disclosed.

The new federal probe follows a Nevada investigation of the dispute over ownership of eTreppid software used in secret government programs. That investigation was initially focused on Dennis Montgomery, the former partner of Mr. Trepp who designed the software on which eTreppid was founded in 1998. The men have accused each other of trade-secret theft, among other claims, and have been battling in court for more than a year.

The new emails and internal documents would appear to support some of the claims made in legal proceedings filed by Mr. Montgomery, who in court papers has alleged that Mr. Trepp gave at least $100,000 in cash and casino chips to Mr. Gibbons. Public records show Mr. Trepp gave $90,000 to the governor's campaign through a series of separate companies, avoiding a $10,000 limit on individual or corporate contributions.

Defamation Suit

In court filings, Mr. Trepp has denied Mr. Montgomery's claims. He also filed a defamation suit against the chairman of the Nevada Democratic Party, Tom Collins, over published comments about the business dispute before last year's election. He cites "false testimony" by Mr. Montgomery, who he says "engaged in a campaign to spread falsehoods...which led up to a story published in the Wall Street Journal." The Journal isn't a defendant in the libel suit, which is pending in state court in Reno.

The Nov. 1 page-one story in the Journal reported that Mr. Gibbons and his family accompanied Mr. Trepp on a Caribbean cruise and that the congressman had helped Mr. Trepp win federal contracts. Mr. Gibbons at the time said his assistance to Mr. Trepp's company was simply intended to promote promising technology, and that the cruise and jet flights didn't violate House ethics rules because of his "close personal friendship" with Mr. Trepp.

Mr. Montgomery has accused Messrs. Trepp and Gibbons of using their political clout to get local FBI agents to raid his home and investigate him. In December, a federal magistrate found flagrant constitutional violations in the FBI raid, according to people briefed on her ruling, which remains under seal. The court found that the local FBI and U.S. attorney's office had effectively acted as armed enforcers for eTreppid's wealthy owner in a private business dispute with a former partner.

Mr. Peek, Mr. Trepp's attorney, said, "If the magistrate decided the search was improper, I'm disappointed in the decision, but without knowing the basis, I can't comment."

In his court filings, Mr. Montgomery alleges that Mr. Gibbons himself called in local federal officials at the behest of Mr. Trepp, who is one of Mr. Gibbons's biggest campaign contributors. In an interview last year with The Wall Street Journal, Mr. Gibbons's wife, Dawn, acknowledged that Mr. Trepp's wife had called her about the dispute. In response, Mr. Peek said: "Any citizen has a right to report a crime like a theft of intellectual property and computer equipment, and the government should rightfully act on the report of a crime regardless of who reports it."

Black Resigns, Will Plead Today (RN&O)

By Dan Kane, J. Andrew Curliss And Lynn Bonner, Staff Writers

Raleigh (NC) News & Observer, February 15, 2007

Former House speaker's expected guilty plea may shed light on the future of the investigation

Former House Speaker Jim Black, once one of the state's most powerful officials, quit the legislature Wednesday as he prepared to plead guilty today to a felony public corruption charge in federal court.

"With both sadness and anticipation, I hereby resign from the House of Representatives on February 14, 2007," Black said in a short letter read to House members as they began their floor session. Black was not there to read it in person.

Black's letter did not mention the reason for his resignation. At 1 p.m. today, Black is expected to plead guilty to a federal crime of accepting illegal gratuities. The felony, which carries a 10-year maximum prison sentence, would bar him from continuing to serve in the House.

House Speaker Joe Hackney, an Orange County Democrat, said he spoke with Black midday Tuesday and learned that Black would resign and plead guilty to the crime.

Black, 71, a Mecklenburg County Democrat, could not be reached for comment. His attorney, Kenneth Bell, has not returned phone calls to The News & Observer for weeks, but confirmed the guilty plea to The Charlotte Observer on Tuesday.

Republicans and Democrats said the resignation and expected guilty plea mark a dark period for the legislature and one of the biggest falls from grace in recent state history. As speaker, Black was one of the most powerful elected officials in North Carolina, and he held the position for a record-tying four terms.

Legislators differed as to the seriousness of Black's criminal behavior, and as to whether anything would be learned from the various scandals that erupted around him over the past two years.

"I think most people feel like if he has to go to jail then the punishment doesn't fit the crime," said House Majority Leader Hugh Holliman, a Lexington Democrat. "Most of the things that I hear is that he was never accused of putting money in his own pocket, and he doesn't deserve prison because of that."

Republicans angry

Former Rep. Sam Ellis, a Raleigh Republican who lost his seat in 2004 after Black added more Democrats to his district, said the plea deal only scratches the surface. The deal would have been reached with federal prosecutors who work for U.S. Attorney George Holding, a Republican appointed to the position last year by President Bush.

"I'm disappointed that what he's pleading guilty to is so minimal compared to the level of corruption that I believe he brought to North Carolina," Ellis said.

The scandals involving Black included behind-the-scenes deals to help a major lottery company win the right to run North Carolina's new lottery; $50,000 in cash and campaign checks given to former Rep. Michael Decker, who switched parties and backed Black for speaker; and a lobbyist, Meredith Norris, whose clients gained extraordinary access to Black's staff because she also served as his unpaid political director.

Rep. John Blust, a Greensboro Republican who has been a frequent critic of Black's control over the House, said the latest developments should send a message to House members that they have to dilute the power at the top.

"It's harder to corrupt 61 instead of one," said Blust, referring to the simple majority needed in a House of 120 members.

A call for term limits

Sen. Phil Berger, a Republican from Eden, said allowing the leaders of the House and Senate to stay in those jobs indefinitely creates conditions for potential abuses. He said it would make sense to limit House speakers and Senate leaders to two two-year terms.

Black ran the House for eight years. Senate leader Marc Basnight, a Manteo Democrat, was elected this year to a record eighth term as president pro tem of the Senate.

Black Resigns House Seat (CO)

By David Ingram And Mark Johnson

The Charlotte Observer, February 15, 2007

RALEIGH - Former House Speaker Jim Black resigned his seat in the General Assembly on Wednesday, a day before he is expected to plead guilty to public corruption.

Black, six weeks into his 11th term in the House, did not appear there with colleagues. His front-row seat was empty. Instead, he sent a letter to new House Speaker Joe Hackney, Gov. Mike Easley and the clerk of the House, Denise Weeks.

In the letter, Black appeared to defend his decision to stay in office for the last 1 1/2 years, even after the State Board of Elections ruled that he broke campaign laws and while a federal grand jury heard testimony from his staff and closest political allies.

"It was important for me to help ensure a smooth transition during the last several months, which has occurred," the letter reads.

"Now it is time for me to move forward with my life and attend to the health and welfare of my family. With both sadness and anticipation, I hereby resign from the House of Representatives on Feb. 14, 2007."

The reality of Black's descent, from the pinnacle of legislative power to the precipice of a federal felony, permeated the halls of the legislature Wednesday. Even though lawmakers had anticipated such an outcome for months, as unsavory tidbits of the investigation dribbled out, the confirmation was no less unsettling.

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Following a two-year state and federal investigation, Black is expected to plead guilty today in a Raleigh federal courtroom to one felony count of accepting illegal gratuities. Black's lawyer, Kenneth Bell of Charlotte, confirmed the expected plea Tuesday.

Black faces a maximum sentence of 10 years in prison and a $250,000 fine.

A clerk read Black's resignation letter aloud to a hushed House chamber shortly after 2 p.m. Minutes earlier, House chaplain Jim Harry offered a prayer based on Black's expected guilty plea.

"Today's news has an absolute and immediate effect on the men and women of this chamber -- indeed, in all of government, for that matter," Harry said. "We have the capability, and yes, we have the power, to set the tone for politics, not only for this session but for future sessions as well. More so, now than ever, the eyes of the people are upon us and upon the way we do business."

Harry also prayed for restraint and compassion -- sentiments that many fellow House members and Democrats echoed in widely describing Wednesday as a "sad day." Black remains popular among them because, they say, he was loyal and committed to building consensus among Democrats.

"I only wish the very best for a man who has done so much for the state," said Senate leader Marc Basnight, D-Dare, who often negotiated legislation directly with Black. "The emotions for myself and anyone who has known Jim Black are ones of concern for his family and for Jim Black and all of us in elected government."

In a statement, Linda Daves of the N.C. Republican Party asked House Democrats and the N.C. Democratic Party to apologize for contributing to "unprecedented corruption."

"America is a nation of laws. When men or women disregard the rule of law, a day of accounting usually comes. That day seems to have arrived for Jim Black," said Daves of Charlotte.

Democratic leaders, who avoided criticizing Black during the state and federal investigations, expressed little or no regret over not calling for his resignation earlier.

"I think all that was handled appropriately," Hackney told reporters.

Lt. Gov. Beverly Perdue, a Democrat, said, "You can't second-guess decisions that are made. That's yesterday's story. I believe, at the end of the day, justice wins."

Easley, a Democrat, remained publicly silent Wednesday on Black's resignation and expected plea.

The plea is expected to be entered around 1 p.m. today. Neither Bell nor federal authorities have given details of the plea or of how it might relate to the larger investigation.

So far, the investigation has led to the conviction of five of Black's associates, including a former lawmaker who said he took a $50,000 bribe to switch parties and support Black.

Another guilty plea from Black, in state court, could come as soon as next week.

Corruption Trial Depends On 'Prince Of Darkness' Witness (MH)

By Cammy Clark

The Miami Herald, February 15, 2007

KEY WEST - With the death last year of former Monroe County Mayor John L. "Jack" London, the federal public corruption trial of a former county attorney primarily hinges on the believability of a political consultant nicknamed ``the Prince of Darkness."

For the past three days, the political consultant, Miami Beach-based Randall Hilliard, has testified under immunity against defendant James Hendrick, his former good friend.

After the prosecution began by establishing that its key witness was not a devil worshiper, Hilliard testified that Hendrick was a major player in a 1996 bribery scheme involving a stalled Marathon hotel development.

Hilliard also testified that Hendrick orchestrated an attempted coverup, concocting explanations for how a $29,000 bribe payment London received could have come from ``legitimate business."

Hendrick, who served as Monroe County attorney from 1995 to 2000, is charged with conspiracy to obstruct justice, obstruction of justice and witness tampering.

No one involved in the bribery scheme -- to which London confessed and pleaded guilty on tax evasion -- could be prosecuted for bribery. The five-year federal statute of limitations had expired when the FBI learned of it, the prosecution said.

CREDIBILITY ATTACKS

Hendrick's Miami-based attorney, Edward Shohat, went after Hilliard's credibility, portraying him as a perennial liar and backstabbing friend who recorded private conversations for the FBI in exchange for immunity. Shohat said Hendrick's conversations on those tapes were simply an attorney trying to advise a good friend who also had been a client.

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Seven recordings offered into evidence began in July of 2003. They included phone conversations and meetings at a clothing-optional bar in Key West, at Hendrick's Key West home, at developer Pritam Singh's 50th birthday party in Vermont and during a walk in the quaint village of Woodstock, Vt.

In the first recording, Hendrick is heard telling Hilliard: ``Don't tell me anything you don't want John Doe or the world to know because as far as I know, my phone is tapped and so is yours."

Shortly after Hilliard got a subpoena to appear before a grand jury, he called Hendrick on March 5, 2004. On the recording, Hendrick told Hilliard: ``You just have to be very, very careful. And I should not be speaking with you and you and Jack should not be speaking."

Three days later, Hilliard and Hendrick met at Hendrick's home in Key West. During that recording, Hendrick told Hilliard: ``I'm sure no one would counsel me to sit here and talk with you because it would be considered witness tampering."

`POLITICAL PROBLEM'

Developer Marvin Rappaport has testified that after years of frustration in getting county approval to develop a 79-room hotel called Hall's Resort in Marathon, the then-county mayor London told Rappaport that Rappaport had a ``political problem."

A half-hour later, Rappaport said, he got a call from Hilliard. An agreement soon was worked out in which Rappaport would pay Hilliard $82,500 for consulting fees. Hilliard testified that the terms were given to him by ``Jimmy and Jack."

The Halls Project was approved a couple of months later. London eventually received $29,000 for his influence in the project. Prosecutors said in opening arguments that Hendrick's motive for being part of the bribe was not for money, but for power. Hilliard was financially desperate and said he spent the initial $57,000 paid to him by Rappaport. After more than a year had passed, London became financially desperate as well. Prosecutors said he was about to lose his second home in Corks, Ireland.

Hilliard testified that in November of 1997, London arrived intoxicated at his pink home, located at the former fairgrounds in Key West.

"He told me he wanted his money and called me a welsher and threatened me," Hilliard said.

Hilliard testified that he sent London's lawyers in Ireland three cashier checks totaling $29,000 to satisfy the lien. On the DHL bills, he used his name on one, London's on the second, and London's wife Elaine's on the third.

When asked why, Hilliard said: ``If I was going to be doing all this madness, I wanted all of our necks to be in the same noose."

Hilliard testified he kept the incriminating documents as an ``insurance policy."

Allegations Leveled In Pellicano Case (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 15, 2007

A grand jury indictment identifies new details and victims in the investigation of alleged wiretapping by the Hollywood private eye.

The latest and perhaps final federal indictment in the long-running Anthony Pellicano investigation raised new allegations Wednesday about how the onetime Hollywood private eye conspired with attorney Terry Christensen to wiretap the ex-wife of billionaire Kirk Kerkorian.

While it did not charge any new defendants, the grand jury indictment named two new victims of Pellicano's alleged racketeering. Included is well-known entertainment attorney John LaViolette, who was chief negotiator in a bitter battle between the German company Intertainment AG and its onetime producing partner, the now-bankrupt Franchise Pictures.

The 111-count indictment, coming more than a year after federal prosecutors first charged Pellicano and six others with a litany of crimes, was immediately assailed by defense attorneys as a meaningless addendum to what they characterize as an overblown case.

"These are not even new charges," said Pellicano's attorney, Steven F. Gruel. "And what upsets me the most about it is that instead of providing discovery so we can contest the existing charges, it seems to me that they are wasting their time before the grand jury bringing meaningless accusations against Mr. Pellicano."

Christensen's attorney, Terree Bowers, was equally critical, suggesting the U.S. attorney's office brought the indictment in retaliation for the sharp criticism leveled at its tactics by defense attorneys.

"The prosecutors have made a huge mistake in their attempt to strike back at Terry Christensen for his recent charges of misconduct and disorganization against the government," Bowers said.

He contends that the details of that conversation "will actually clearly prove Terry's innocence if this matter is ever aired before a jury."

The U.S. attorney's office, as is its custom in pending cases, did not respond to the accusations of the defense attorneys.

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The new allegations center on a March 18, 2002, conversation between Pellicano and Christensen in relation to his representation of Kirk Kerkorian in a child support case with his estranged wife, Lisa Bonder Kerkorian. Prosecutors contend Christensen paid the investigator $100,000 to eavesdrop on Bonder Kerkorian's phone calls to her attorneys and pass on information to Christensen.

The new indictment asserts that Christensen told Pellicano "one of the criteria" of arranging the illegal wiretap "is that no name ever surfaces anywhere" because "the people related to me don't want to do this."

The next month, the indictment adds, Pellicano allegedly told the attorney that "if we continue to get this kind of information with their strategy, we're really killing 'em."

And later in April 2002, according to the indictment, Pellicano allegedly told Christensen that he had 80 intercepted telephone calls to review "just from today."

The latest indictment also identifies attorney LaViolette as a victim of alleged wiretapping in 2001. On March 15 of that year, the attorney was involved in a negotiation between Intertainment and Franchise Pictures, then owned by Hollywood producer Elie Samaha and onetime actor Andrew Stevens.

In an interview Wednesday, LaViolette said he was told more than two years ago by his client, an Intertainment executive in Los Angeles, that the FBI had found phone records at Pellicano's offices suggesting that their conversations had been bugged. "The implication was that our calls were tapped, but [FBI agents] didn't give much more information than that," LaViolette said, adding that the FBI never interviewed him.

The indictment is the fourth issued by a grand jury that was impaneled in February 2005 and is expected to disband. It also names Los Angeles art dealer Paul Rusconi as a wiretap victim.

To date, seven people, including a former Beverly Hills police officer and film director John McTiernan, have pleaded guilty in the case.

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Times research librarian John Jackson contributed to this report.

New Indictment Released In Hollywood Wiretapping Scandal (AP)

By Greg Risling

AP, February 15, 2007

LOS ANGELES - A federal grand jury on Wednesday returned a revised indictment in a Hollywood wiretapping scandal that chronicles further conversations between private investigator Anthony Pellicano and an attorney representing billionaire Kirk Kerkorian.

The new indictment comes more than a year after initial charges were filed in the case and six months before trial is expected to begin. Prosecutors promised another indictment was forthcoming but no new defendants and charges were included in the latest version.

It does include detailed discussions between Pellicano, 62, and Terry Christensen, an attorney who represented Kirkorian in a child-support battle with his ex-wife.

Prosecutors accused Christensen of paying Pellicano at least $100,000 to illegally listen in on private conversations between Lisa Bonder Kerkorian and her attorneys to gain a tactical advantage in litigation. At issue was whether Kerkorian had fathered her then 4-year-old daughter.

Over a two-month period in 2002, according to court documents, Pellicano was instructed by Christensen to find out who the child's father was.

"One of the criteria is that no name ever surfaces anywhere" because "the people related to me don't want to do this," Christensen said.

Later, Pellicano tells Christensen that he has heard conversations between Bonder Kerkorian and her lawyers and "if we continue to get this kind of information with their strategy, we're really killing 'em," court documents said.

Kerkorian had a decade-long romantic relationship with Bonder Kerkorian, a former tennis pro, but they were married for only a month in 1999.

Bonder Kerkorian sought $320,000 a month from Kerkorian to support her child but later admitted that she faked a DNA paternity test by using saliva she obtained from Kerkorian's adult daughter.

Christensen, 65, has denied wrongdoing and has pleaded not guilty to one count of conspiracy and one count of intercepting wire communications.

"They have chosen to add brazenly false references to a conversation on March 18, 2002, that will actually clearly prove Terry's innocence if this matter is ever aired before a jury," Christensen's attorney Terree Bowers said.

Pellicano faces numerous charges and also has pleaded not guilty. Kerkorian, who will turn 90 in June, has not been accused of any wrongdoing in the 111-count indictment.

The conversations between Christensen and Pellicano also are the subject of a federal leak investigation. The New York Times published a story last month that had excerpts from audio recordings between the two men.

The recordings reveal Christensen stopped short of saying he told Kerkorian that Pellicano was using wiretaps to monitor Bonder Kerkorian.

U.S. District Judge Dale Fischer issued a protective order to prevent the release of evidence, but the Times has printed several articles that quote sealed FBI interview reports in the case.

The latest indictment also includes more victims including entertainment attorney John LaViolette and film producer Charles Roven.

Prosecutors contend that Pellicano illegally wiretapped the phones of Hollywood stars such as Sylvester Stallone and bribed police officers to run the names of more than 60 people, including comedians Garry Shandling and Kevin Nealon, through government databases.

Fourteen people have been charged in the case, with seven pleading guilty. One person has been acquitted but has since had new charges filed against her.

Ex-commissioner, Strip Club 'bag Man' Gets 6 Years In Las Vegas (AP)

By Ken Ritter, ASSOCIATED PRESS

AP, February 15, 2007

LAS VEGAS (AP) - An outraged federal judge sentenced a former Clark County commissioner to six years in federal prison Wednesday for doling out hundreds of thousands of dollars of a strip club owner's cash to bribe politicians in Las Vegas and San Diego.

"If there ever needs to be a message with regards to political corruption, it is this case," U.S. District Judge Larry Hicks said of the case dubbed "Operation G-Sting."

In a scathing rebuke, Hicks branded Lance Malone the recruiter, organizer, manager and leader of what he called "probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted."

The judge blamed Malone, 45, for serving as "bag man" lobbyist in the distribution of at least $550,000 worth of bribes to former county commission colleagues and San Diego City Council members from 2000 to 2003.

"This has undoubtedly caused a loss of public confidence in local government that probably cannot be measured," Hicks said.

The judge increased a recommended 41-month sentence to 72 months in the Las Vegas case, after saying he was convinced by testimony that Malone accepted money for a new car from strip club owner Michael Galardi while Malone still served on the Clark County commission. Malone, a former police officer, went to work for Galardi as a lobbyist after losing a re-election bid.

Malone previously was convicted by a San Diego jury on charges that he delivered Galardi's bribes to councilmen Ralph Inzunza and Michael Zucchet.

Zucchet's conviction was later overturned by the federal judge who heard that case. He ruled the evidence of fraud and extortion was insufficient. Inzunza was sentenced to 21 months in prison.

Hicks made the Las Vegas sentence concurrent with the three years in federal prison that Malone received in San Diego, and added a fine of $100,000.

Hicks acknowledged that all money came from Galardi, who has pleaded guilty and awaits sentencing.

"Pocket change" to Galardi, the judge said, "but big dollars, with regard to political corruption in Clark County."

The judge called Malone's relationships with his former commission colleagues essential to Galardi's attempts to buy votes and expand his empire of three strip clubs in the Las Vegas area and one club near San Diego.

However, Hicks rejected prosecutor Daniel Schiess' attempts to enter new evidence tying Malone to allegations of bribery involving a Las Vegas city councilman and to claims that a Canadian developer offered $250,000 to Malone and an indicted Las Vegas businessman to curry support for a casino project just outside Las Vegas.

Malone's lawyer, Dominic Gentile, said he would study Hicks' decision for grounds for appeal.

But he noted that Malone waived his right to appeal when he pleaded guilty in September to one count of conspiracy under the federal Racketeer Influenced Corrupt Organizations, or RICO Act. That plea avoided trial in Las Vegas, and made Malone the fifth person convicted in the sensational southern Nevada case that included blue velvet Crown Royal bags stuffed with cash and Galardi's strip club employees trading sex for votes.

On Wednesday, Malone, 45, told Hicks that he had been greedy, and pleaded for leniency.

"I did start with good intentions, and those intentions went horribly, horribly wrong," said Malone, who Schiess said started accepting $300 a day from Galardi in October 1999.

His voice choking, the divorced father of two said the hardest thing he'd ever done was tell his young sons that he was going to prison.

"I did things that I regret and I wish I could take back, but I cannot," he said.

Malone was ordered to report to prison by April 9. The judge said will decide how much personal property Malone will be ordered to forfeit. But he put the figure at about $410,000, including assets the judge accused Malone of trying to "insulate from the system" by turning them over to his wife when they divorced shortly before his San Diego trial.

Malone declined to comment as he left court with his arm around his mother.

He becomes the third person sentenced in the corruption case that grew from years of FBI wiretaps.

Former Clark County commissioner Dario Herrera, 33, is serving four years and two months in prison. Mary Kincaid-Chauncey, 68, is serving 30 months. Erin Kenny, 46, pleaded guilty and testified against them last year. She awaits sentencing.

Galardi, 45, faces no more than five years in prison for his guilty plea and cooperation in the case.

The powerful seven-member commission wields control over a wide area of southern Nevada, including the Las Vegas Strip.

GOP Lawmaker Rips Justice's Berger Probe (WT)

By Jerry Seper

The Washington Times, February 15, 2007

The Justice Department gave former National Security Adviser Samuel R. Berger a "free pass" in its investigation into his removal of documents from the National Archives, says a senior Republican lawmaker, who yesterday called for a House committee to investigate the matter instead.

Rep. Thomas M. Davis III, Virginia Republican and ranking member on the House Oversight and Government Reform Committee, said the department was "unacceptably incurious" about Mr. Berger's visits to the archives in May 2002 and July 2003 and never told the September 11 commission that he removed original, uninventoried documents.

Mr. Davis also said the department failed to administer a polygraph examination, despite the test being part of a plea agreement Mr. Berger made with the government in exchange for a lesser sentence.

"In investigating Mr. Berger, the Justice Department apparently gave him a free pass due to his stature as a famous former White House official," Mr. Davis said in a letter to committee Chairman Rep. Henry A. Waxman, California Democrat.

"The department's investigation came up lacking in a number of areas," he said. "Our committee, the 9/11 commission and the public have a right to a full account from Mr. Berger and the Justice Department. This can only be accomplished by further investigation."

The letter was signed by 15 House Republicans.

Mr. Waxman's office did not return calls for comment.

Mr. Berger, President Clinton's national security adviser from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material, including documents outlining the Clinton administration's knowledge of terrorist threats to the U.S.

He was fined $50,000 and barred from access to classified material for three years. Facing a year in prison and a $100,000 fine, the plea bargain with the Justice Department reduced the fine and kept him out of prison.

The material was removed while Mr. Berger was preparing to testify before the National Commission on Terrorist Attacks Upon the United States, which was investigating intelligence and security failures. This raised questions about whether he was attempting to cover up the Clinton administration's counterterrorism policies and actions.

Last month, the National Archives Office of Inspector General said Mr. Berger left the building unescorted for a break and placed the papers "in an accessible construction area outside" the main Archives building.

Lanny Breuer, Mr. Berger's attorney, has said the case was thoroughly investigated by the Justice Department for more than two years and has been closed for more than a year. He said his client cooperated with the government's investigation and has moved on.

"It's time for the new congressional minority to do the same," he said.

The Justice Department has said there is "no evidence that Sandy Berger's actions deprived the 9/11 commission of documents, and we stand by our investigation of this matter."

Prison Costs Spiral Upward As More Are Incarcerated (WT)

DOJ_NMG_0132623

By Jennifer Harper

The Washington Times, February 15, 2007

America may not be able to afford its burgeoning prison system unless policy-makers overhaul their views about criminal justice, according to an analysis released yesterday by the Pew Charitable Trusts.

"It's a tempting leap of logic to assume the more people behind bars, the less crime there will be," said the report, which Pew described as the first such study to address both state and federal prison populations. "But despite public expectations to the contrary, there is no clear cause and effect."

The report suggests public officials weigh the benefits of incarceration as well as "evidence-based alternatives" that could save money but still protect public safety.

Big investments in prisons may not be "the most effective and economical way of combating crime," said Susan Urahn, director of state policy research at Pew.

But the state and federal prison population grew from 190,000 in 1970 to 1.5 million by 2005 -- an increase of 700 percent. By 2011, the prison census will be about 1.7 million -- or one out of every 178 Americans. Inmates will outnumber the residents of Atlanta, Baltimore and Denver combined.

"The U.S. imprisons significantly more people than any other nation," just beating China, which has imprisoned 1.5 million, the report said.

Total spending on local, state and federal corrections jumped from $9 billion in 1980 to $61 billion by 2003, with a "staggering" $27.5 billion increase expected by 2011, the report said, emphasizing the hard choices at stake.

"Every additional dollar spent on prisons is one dollar less that can go for preparing for the next Hurricane Katrina, educating young people, providing health care to the elderly or repairing roads and bridges," the report stated.

The report highlighted a number of trends. Finding and retaining qualified corrections officers and other personnel is a major challenge in many states; all face a changing prison population. The number of female inmates will increase by 16 percent by 2011; the male population will increase by 12 percent, the report said.

The current yearly cost of tending the average prisoner? It ranges from a low of $13,009 in Louisiana to a high of $44,860 in Rhode Island.

The report based its projections and other information primarily on statistics from the Department of Justice, the Bureau of Prisons and state resources. It is available online at www.pewtrusts.com.

"The bottom line is that the American correctional system is getting tough on criminals. But it is also getting tough on taxpayers," project director Adam Gelb said. "Our sense is that there is more bipartisan agreement about sentencing and corrections than there has been in 25 years. Led by both Republicans and Democrats, states are taking a hard look at costs and starting to make tough decisions about who needs to go for prison, and for how long."

Mr. Gelb added, "We're fairly optimistic, given the level of concern and the openness to new approaches. There's been an explosion of research about what works in the past decade. It's starting to reach both the public and elected officials."

FEVER PITCH For One Condo Developer, Boom Ends With Arrest (WSJ)

By Alex Frangos

The Wall Street Journal, February 15, 2007

KISSIMMEE, Fla. -- The condominium boom that ended last year made a lot of developers very rich. Aleem Hussain, a journeyman property salesman with a winsome personality, wanted to be one of them.

He formed his real-estate company in 2004, calling it Main Street USA, after a nearby Disney World attraction. He bought a complex of 27 aging, two-story apartment houses in Orlando and set out to convert them into condos. His timing looked favorable. That year, for the first time, the average price of a condo in the U.S. exceeded that of a single-family home, and in the Orlando area, condo and house prices jumped 15%.

But not much has gone as planned for Mr. Hussain, 42 years old, nor has it for his hundreds of investors, who include a bunch of local sheriff's deputies. Today, Mr. Hussain's company is being liquidated by a federal bankruptcy court, and he is residing in the Seminole County jail, charged with 23 counts of federal mail and wire fraud.

Mr. Hussain's rise and fall illustrates one of the hazards of a frothy property market: inexperienced developers get in over their heads and drag unsophisticated investors down with them. "Schoolteachers, cops, doctors, priests, everyone thought they were Donald Trump," says Lewis Freeman, the court-appointed trustee administering Main Street's bankruptcy proceeding. Mr. Hussain's company, he contends, was a "microcosm of the total market. You had a lot of unqualified people getting easy money and able to go into businesses in which they didn't know what they were doing."

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Mr. Hussain's 300 or so investors face potential losses of up to $400,000 apiece. Alan Cayo, 76, a retired Army officer who says he invested his "entire life savings" of $280,000 with Mr. Hussain, conjectures that the developer crossed the legal line only after financial problems began mounting. "It was incompetence, fraud, plus the market going down -- a triple whammy," he says.

· The Situation: A first-time condominium converter in Florida faces federal fraud charges related to his dealings with investors.

· What's at Stake: With his company in bankruptcy court, his 300 or so investors face potential losses of up to $400,000 each.

· The Bottom Line: The abrupt end to the national run-up in condo prices has been rough for some inexperienced developers and their often unsophisticated investors.

Mr. Hussain's lawyer, James Lenihan of White Plains, N.Y., describes his client as "someone with good intentions who made bad judgments and got overextended." He says others at the company were also responsible for what went wrong. Mr. Hussain has pleaded not guilty.

Mr. Hussain was born in the South American nation of Guyana in 1964, according to a résumé recovered from his computer by investigators. In the 1980s and 1990s, he worked in real-estate sales in Pennsylvania, New Jersey and Costa Rica.

When he settled in Orlando about three years ago, the city was the epicenter of a national boom of conversions of rental apartments to condominiums. In 2005 and 2006, 24,550 apartments in the Orlando metro area, or 18% of the total in 2004, were taken off the rental market to convert, a greater number than in any other metropolitan area in the U.S., according to Reis Inc., a New York real-estate information firm.

The converters were attracted by rising prices. Between 2001 to 2004, the median resale price of existing condos nationwide jumped 57%, compared with a 25% increase for single-family houses, according to the National Association of Realtors. Real-estate experts say demand was boosted by baby boomers downsizing their homes upon retirement, and young people who were moving to cities. In addition, investors who had soured on the stock market had begun buying and selling condos.

Mr. Hussain envisioned Main Street USA, which is located south of Orlando near Gatorland amusement park, as a residential real-estate conglomerate. Its main business would be condo conversions. He and his partners formed "No-Fee Realty" to broker condo sales, and two subsidiaries, "USA Mortgage" and "Main Street USA Mortgage," to broker mortgages and home-equity loans, in some cases to enable property owners to invest in condos.

Former associates describe Mr. Hussain as charismatic and beguiling. He would demonstrate for employees his formidable sales skills by buttonholing potential home-financing customers at supermarkets and persuading them to fill out applications, which involved disclosing their Social Security numbers, recalls former employee Michael Lombardo.

To build trust with the local real-estate community, he took on a partner, Alan Randel, a real-estate broker who had worked in the area for several decades. Mr. Randel, the company's president, hasn't been charged in the case and declines to comment.

First, Mr. Hussain had to raise money to buy apartment buildings. His pitch to investors: Main Street would buy properties, convert them into condos, then sell them at a profit. He said he would set up a private real-estate investment trust to help finance the deals. Investors in the REIT, he said, would get steady, attractive dividends. Those who wanted higher, quicker returns, he said, could co-invest directly in the conversion projects.

In early 2005, he recruited Bernard Presha, who was retiring as public-information officer for the Orange County Sheriff's Department, to join as a vice president in charge of recruiting investors. Mr. Presha and others persuaded at least 10 sheriff's deputies to invest, according to bankruptcy-court documents. Jim Hanton, one of the deputies who invested, was put on a $25,000-a-year retainer. Bryan Margeson, a sheriff's department employee who taught criminal justice at a local community college, introduced Mr. Hussain at investment seminars and talked about how he thought Orlando's boom would continue for years.

Mr. Presha, who has filed a bankruptcy-court claim to recoup $305,000 he invested, says he quit after a couple of months because he wasn't good at persuading investors. Mr. Margeson, who says he lost $100,000, says Mr. Hussain "used me for some credibility, which I didn't realize they lacked."

"Jim [Hanton] said being a drug-enforcement cop, he was super skeptical when his wife suggested they invest," says Mr. Cayo, the retired Army man. "But after a luncheon with Aleem, he was convinced." Mr. Cayo says Mr. Hanton's involvement reassured him. "He was Anglo -- excuse me, but Aleem Hussain could be cousins with Saddam Hussein, so having Jim involved" was comforting.

Mr. Hanton, Main Street's vice president of operations, says he wasn't involved in condo sales or in company finances. He says he lost $130,000, and calls the situation "embarrassing."

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In August 2005, Mr. Hussain held a dinner for prospective investors at the Citrus Club, an elite private establishment. According to several who attended, he projected a 100% return in 120 days or less for those who invested directly in a Main Street project.

Magic Marketing Deal

That summer, Mr. Hussain cut a deal with the Orlando Magic, the National Basketball Association franchise. For $350,000, Main Street secured the right to use the team's name in advertising, and to use head coach Brian Hill in a marketing video. Fans could register on the Magic's Web site to attend Main Street investment seminars at the team's practice facility. Attendees could spin a raffle wheel for a shot at free game tickets.

An Orlando Magic spokesman describes the pact as "a traditional team marketing agreement," and says the video was one of 20 the head coach recorded one day for various sponsors. He says the team conducts reference checks on its marketing partners and has never had a problem before.

Mark Pilkington, a counterterrorism official at the sheriff's department who invested $300,000, says the Magic marketing deal reassured him. "We realized there was a frenzy in condos. They were selling like crazy," he says. "I figure, why would he rip me off for $300,000 if he's involved with the Magic?"

In September 2005, with $10 million from about 200 investors, Mr. Hussain moved to buy the 27 apartment houses known as Waldengreen. The complex contained 278 units ranging in size from 517 to 1,079 square feet. His $18.5 million winning bid, financed by a private lender, was a "damn good price for the seller," says Hal Warren, senior director with brokerage Cushman & Wakefield Inc., who represented the South Florida investors who sold. Nevertheless, Mr. Hussain figured he'd turn a substantial profit. He paid $67,000 per unit; he intended to sell them for an average of $150,000.

Mr. Hanton, the sheriff's deputy, alerted him to an 18-acre lakefront estate for sale in Winter Garden, which county records show was owned by Khalil bin Laden, a brother of Osama bin Laden. Mr. Hussain planned to refurbish the Spanish-colonial-style mansion and to add houses, condominiums or stores on the grounds, company documents indicate.

Before Mr. Hussain and a business partner left for Dubai, where the two sides planned to finalize the deal, the company had lined up financing for a $5 million bid, says Jim O'Neil, a former Main Street mortgage processor. In Dubai, after being persuaded by the seller that values had risen, Mr. Hussain agreed to pay $7 million. "We gave Aleem a line not to go over and he jumped over it," says Mr. O'Neil.

Mr. Hussain began renovating the apartment complex, which he renamed Villas at Waldengreen, and his sales team began peddling the planned condominiums. Prospective buyers were invited to seminars conducted by Messrs. Hussain and Margeson of the sheriff's department.

Anthony Cortes, an airline mechanic and father of two, says Mr. Hussain and a retired sheriff's deputy made him an attractive offer: If he put 10% down to buy a condo at Waldengreen, Main Street would make his mortgage payments for two years during the renovations. In February 2006, Mr. Cortes put $14,000 down for a $140,000 unit and took out a mortgage for the rest.

Linda Paralitici, a 50-year-old mother of five who worked for Main Street as a sales broker, bought one unit and persuaded her brother to buy one. "We were not allowed to see the property," she says.

Lack of Experience

Inside the company, Mr. Hussain's lack of experience was showing. Former employees say the operation was disorganized from day one. "The whole thing was a disaster," says Mr. Lombardo, the former employee, who was hired to originate mortgage loans even though he had no experience at it. Piles of mortgage applications by condo buyers who had put down $5,000 deposits, he recalls, languished on the desks of co-workers who were supposed to find financing.

In 2005, signs began emerging that the flood of new condominiums was more than the market could bear. That July, price appreciation for condos nationwide slipped below that of single-family homes. Converters stopped purchasing new properties and smart speculators got spooked.

Main Street sold only 100 of Waldengreen's 278 units. Renovation was haphazard, former employees say. Rather than try to move renters out of one building at a time to allow for the conversions, Main Street tore apart single apartments all over the complex. Several contractors quit because they weren't paid.

Buyers who were told that Main Street would cover two years of mortgage payments began hearing from their lenders that they were in danger of default. Mr. Cortes says he took a second job as a home inspector to take on the $1,200 monthly payment on his unit.

When Colleen Sharkey joined Main Street as a senior vice president in mid-2006, she says, Mr. Hussain told her: "I need to hire you because we've grown so fast and I have no credibility with the bankers and business community." It took her three weeks to understand the books, which were a mess, she says. She says she concluded the company was nearly bankrupt.

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By August, the company was out of cash, bankruptcy-court documents indicate. It had lost $3.6 million in deposits on two other apartment complexes it had tried to buy. Dividend payments to the REIT investors, which had been steady, stopped. On Sept. 23, several of those investors confronted Mr. Hussain at Main Street's offices, according to a claim one of them filed in bankruptcy court, and Mr. Hussain responded by writing on a legal pad: "It is our intention to repay all principal investment and interest promised to the above referenced clients at such time as we refinance or sell our assets to provide the necessary funds to accomplish this."

On Sept. 29, Main Street sought bankruptcy-court protection in Orlando. By then, several investors, including some sheriff's deputies, had contacted federal prosecutors to report that REIT dividend payments had stopped and that Mr. Hussain had refused to return their original investments, as promised by the investment documents.

In October, Mr. Hussain rented a car and drove to Atlanta to catch a flight to Costa Rica. U.S. Marshals, alerted by federal investigators in Orlando, met him at the gate and arrested him.

A federal grand jury indicted him on 23 counts of mail and wire fraud. Among the accusations: He falsely represented to investors that their money would be kept in the REIT, when in reality there was no REIT and the money sat in a checking account. And he told investors their dividend payments came from investment profits, when he actually was paying them from money invested by others.

Investigators also say Main Street sold condos at inflated prices to Mr. Hussain's friends or relatives to generate misleading appraisals that justified the higher prices paid by outside buyers.

Mr. Hussain's lawyer, Mr. Lenihan, says his client wasn't trying to flee the country, but was going to Costa Rica and Nicaragua for business and charity purposes. He argues that prosecutors have singled out his client, in part because of his Middle Eastern sounding name, when others at the company were also responsible. "This thing was not set up as a scheme to defraud people," he says. "This is what happens to good people with a good idea and lousy timing who get into trouble." Mr. Hussain's trial is scheduled for April.

Investors and others have filed $19 million of claims in bankruptcy court. Mr. Cayo says he has defaulted on the three condos he bought because broken pipes have made them unrentable. Mr. Cortes continues to make payments on his unit.

The Waldengreen complex, which fell into disrepair last fall, has been taken over by the group that financed Main Street's purchase of it. A new manager has been hired and the units are once again for rent.

The company's remaining assets are being liquidated by the court. It is unlikely that investors will recoup much of their money, according to several people involved in the case.

Mr. Margeson, the sheriff's deputy, refers to the affair as his "$100,000 lesson." He notes that he "never saw people strong-armed to invest. The sad part is people lined up to invest their money. It was the whole furor of the real-estate market."

Anti-money Laundering Compliance Sparks Debate (MH)

By Jane Bussey

The Miami Herald, February 15, 2007

Banks -- facing the rising burden of complying with anti-money laundering rules -- often ask why federal officials are picking on them.

"Where are the criminals going to place their proceeds? At some point in banks," said Justice Department lawyer Lester M. Joseph, borrowing from Willie Sutton's purported quip that he robbed banks because that is where the money is.

Joseph, principal deputy chief in the Justice Department's asset forfeiture and money-laundering section, spoke Wednesday at the Florida International Bankers Association's annual Anti-Money Laundering Compliance Conference.

He said investigators simply follow the money and sometime end up targeting a bank for criminal enforcement if they discover it didn't have "a serious compliance program" in place.

Under the Bank Secrecy Act and the USA Patriot Act, banks must report suspicious activity and know their customers -- and that includes knowing whether those they do business with are drug traffickers, corrupt government officials or even an official's mistress.

Anti-money laundering consultant Brett Wolf said that the cost of implementing reporting programs was rising to the point where an anti-money laundering compliance officer can cost a bank half a million dollars.

"What everyone is concerned about is how do you balance the need for information with the compliance burden," said Wolf, anti-money laundering editor with Complinet, a New York company.

Throughout the three-day conference at the Radisson Miami Hotel, Washington officials emphasized the need to impose reporting requirements to counter drug trafficking and terrorist financing but also acknowledged the need to strike a balance.

They promised to listen, especially to concerns that stringent reporting rules are driving Latin American financial transactions away from Miami and to financial centers in Europe and elsewhere.

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THE EURO FACTOR

Martin Redrado, the president of Argentina's Central Bank, said some of the hurdles and higher costs mean U.S. banks are losing business as Latin American banks simply decide to take their transactions to Europe and do business in euros.

"For a policy to be effective, you need to build consensus. It cannot be imposed," Redrado said.

Banks from the United States and Latin America are meeting in Cartagena, Colombia from April 18-20 to discuss the challenges of enforcing anti-money laundering rules across borders.

Washington officials attending the FIBA meeting, however, made it clear that while the government is trying to modify its approach, anti-money laundering safeguards are here to stay.

"It is even more relevant as we have collectively watched the world becoming more dangerous," William F. Baity, acting director of the Financial Crimes Enforcement Network, said Wednesday, the final day of the conference.

Further complicating the panorama for banks are 2005 rules that require them to carry out due diligence on all their correspondent banks, which adds an extra burden on South Florida banks that do business with hundreds of counterparts in Latin America and the Caribbean.

Although Redrado, the Argentine official, said he did not believe there was "any possibility of modifying" the anti-money laundering rules, he pointed out there are many gray areas that need to be cleared up to ease compliance. "Be specific," he said.

ACCRUING INTEREST

Interest in anti-money laundering compliance is on the rise. Some 1,100 people attended this year's FIBA conference compared to around 700 people last year, and about 40 vendors participated, offering software and other services to help banks with their compliance requirements.

This year there was also a significant increase in the number of domestic bank representatives attending the conference. "You can see all of the [anti-money laundering] regimen is being spread out all over," said Clemente Vasquez-Bello, an attorney from Gunster Yoakley and the conference chairman. ``In the past it was [just] applied to big money center banks and international bankers."

Ex-D.C. Engineer Charged With Bribing Inspector (WT)

By Jim Mcelhatton

The Washington Times, February 15, 2007

Federal authorities have filed bribery charges against a former D.C. Department of Consumer and Regulatory Affairs worker accused of paying off an inspector to reduce thousands of dollars in building code fines.

Yaw Oteng-Agipong faces up to 15 years in prison if convicted.

Mr. Oteng-Agipong, working as a private structural engineer, in September attempted to bribe a D.C. government inspector in connection with a construction project on Fifth Street Northwest, according to charging documents.

Mr. Oteng-Agipong declined to comment when reached by phone.

A spokeswoman for the Department of Consumer and Regulatory Affairs said yesterday that Mr. Oteng-Agipong retired in 2005 and hasn't worked for the city since.

Spokeswoman Linda Argo said agency officials cooperated in the investigation, which she said was handled by the FBI and the D.C. Office of the Inspector General.

"This is, as far as we know, an isolated incident," Miss Argo said.

Mr. Oteng-Agipong was employed with the District from 1982 to April 2005, when he took voluntary retirement. Before retiring, he was a supervisory structural engineer.

According to charging documents filed Friday in federal court, Mr. Oteng-Agipong offered $2,000 in cash to a city inspector in hopes of lifting a stop-work order on the project because it violated provisions of a building permit.

The inspector also had issued $6,000 in fines, authorities said.

Mr. Oteng-Agipong offered the bribe to "lift the stop work order and reduce the fine," according to the U.S. attorney's office.

SoCal Doctors Charged In Alleged $12-million Medicare Fraud (MERCN)

The San Jose Mercury News, February 15, 2007

LOS ANGELES - Doctors and others filed phony Medicare claims that bilked the government out of more than $12 million, according to charges filed Wednesday.

A federal grand jury in Orange County returned indictments accusing 18 people of billing the government for respiratory therapy for Southern California patients - services that either were not needed or never performed, the U.S. attorney's office said in a statement.

The two indictments alleged conspiracy, money laundering and 68 counts of health care fraud against nine doctors and others, including several administrators of board-and-care homes.

Prosecutors contend that the doctors paid people known as "cappers" and board-and-care operators to recruit "elderly, infirm and mentally ill patients" for respiratory therapy.

"The therapists were ordered to entice the residents to undergo the treatments with gifts, such as sodas, candy and doughnuts," federal prosecutors said.

If convicted, the defendants could be sentenced to a maximum of 10 years in federal prison for each count of health care fraud, 20 years for money laundering and five years for conspiracy.

In an unrelated case, a man who posed as a doctor was accused billing Medicare for more than $500,000 in phony or unnecessary services he provided to patients from three counties.

Betros Garabet, 40, of Glendale, was not licensed to practice medicine when he opened a Pomona clinic and he was accused of using another person's doctor's license in order to file Medicare claims for patients brought in from Los Angeles, San Bernardino and Riverside counties, the U.S. attorney's office said.

He hired cappers to recruit Medicare recipients, who were paid kickbacks to go to Garabet's clinic, according to a Feb. 7 indictment.

Garabet and three other people are charged with health care fraud. Garabet remained at large but the others were arrested Wednesday.

One defendant also was charged with making a false statement to the FBI.

Garabet could not immediately be reached for comment. There was no telephone listing for him in Glendale.

SoCal Doctors Charged In Alleged $12-million Medicare Fraud (MHCA)

Monterey (CA) Herald, February 15, 2007

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Neteller Patrons To See Longer Wait For Money (USAT)

By Jon Swartz, Usa Today

USA Today, February 15, 2007

SAN FRANCISCO — The waiting game for thousands of U.S. patrons with money tied up in an online payment service under federal investigation just got longer.

The U.S. Attorney's Office for the Southern District of New York late Wednesday said it extended the deadline until March 16 to decide whether to indict the co-founders of Neteller, an Internet money-transfer service popular among gamblers. Stephen Lawrence and John Lefebvre were arrested in January on a charge of conspiracy to transfer funds with the intent to promote illegal gambling

For U.S. customers of the site, it was another delay in their efforts to recoup their money, which remains in Neteller accounts until the legal matter is resolved.

Neteller says U.S. authorities have frozen access to about $55 million in U.S.-based accounts.

"As a result of the restrictions placed by third parties, court-ordered seizures and related legal concerns, (Neteller) is unable to make payments to U.S. customers," says a posting on the company's website.

FBI agent Neil Donovan has said funds are being held in court as potential evidence. He did not provide a timetable on when customers may get their money back.

Though money-transfer companies such as Neteller do business with financial institutions and merchants, many also allow gambling companies to transfer money collected from U.S. gamblers to bank accounts outside the USA. Neteller last month closed its U.S. Internet gambling services, erasing about two-thirds of its business.

A law signed by President Bush in October bans the use of credit cards, checks and electronic fund transfers for Internet gaming. U.S. residents place more than half of all bets to major offshore casinos in an estimated $10.6 billion industry. However, most online gaming sites are based offshore, outside the reach of American law enforcement.

With Neteller's financial future teetering in the balance, consumers might choose less reliable money-transfer services instead, says Ken Dreifach, an Internet attorney.

Man Pleads Guilty In Scam (MJS)

By David Doege

Milwaukee Journal Sentinel, February 15, 2007

Clothing scheme may bring 20 years

A Brookfield man charged with using the Internet to traffic counterfeit clothing and defraud people around the country and in Germany pleaded guilty Wednesday in federal court to wire fraud.

Steven M. Weber told U.S. District Judge Charles Clevert that his scam began innocently under his parents' roof when he found a way to make money by connecting small-business people with clothing suppliers.

"I tried to go into business, tried to be an entrepreneur," Weber explained. "I started around 2004, right after high school."

But after realizing that he was passing on counterfeit designer clothing because customers complained and the suppliers were charging prices too good to be true, Weber said he continued in the trade anyway.

"I foolishly knew that it was counterfeit," Weber told Clevert, adding that he kept some buyers' money without sending them their merchandise.

Documents filed in state and federal court during the 2 1/2 years that Weber was under investigation say that he persisted in illegal Internet activities after warnings from police, the seizures of his car and two computers from his home, the freezing of a bank account, and prosecutors' statement in open court that Weber had become the focus of a federal investigation.

Weber was arrested in September after an investigation involving the FBI, Brookfield police and an area cyber-crimes task force, in which undercover agents bought counterfeit clothing from Weber and made clear to him in e-mails that they wanted counterfeit clothing.

The agents connected with Weber after investigating complaints from customers in several states and Germany, who said they sent him thousands of dollars for large lots of designer clothing that they never received.

According to the plea agreement in the case, investigators linked Weber to at least 22 victims who were defrauded of at least $213,000.

Weber, who is under house arrest, is to be sentenced June 8. The charge carries up to 20 years in prison.

Buy a link here

Robberies, Assaults With Guns Increase 50% From '06 (WT)

By Daniel Taylor

The Washington Times, February 15, 2007

The number of violent crimes committed with guns in the first six weeks of the year has increased by 50 percent compared with the same period last year, according to Metropolitan Police Department statistics.

Preliminary statistics indicate that 267 gun-involved robberies and assaults have been reported this year through Tuesday, compared with 181 in the year-ago period.

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"It's a big concern," 4th District Cmdr. Hilton Burton said yesterday. "We've definitely seen an increase in robberies since the beginning of the year."

Robberies involving guns jumped from 17 last year to 25 in the 4th District, which lies in Northwest east of Rock Creek Park. Assaults with guns have increased from five to 13 this year.

Such increases are sometimes due to a few criminals who go on crime sprees, Cmdr. Burton said.

"Generally, we find it's the same group of individuals that may be hitting over and over again," he said. "One, maybe two arrests will generally close out most of the cases."

But he has noticed that the recent robberies haven't been limited to one area.

"It's all across the 4th District," he said.

The biggest increase in robberies involving guns occurred in the 1st District, where such incidents jumped from 10 last year to 31. Assaults with guns went from seven last year to 10.

Cmdr. Diane Groomes, who heads the 1st District, said she isn't sure what is causing the increase. Her district -- which includes much of the downtown core -- showed the largest increase, with a 140 percent jump in gun-related assaults and robberies.

She attributed much of the increase to juveniles "going around in vans and jumping out on people."

The 7th District, located entirely in Southeast, showed a 200 percent increase in robberies with guns, going from 10 cases through mid-February last year to 30 cases. On Tuesday, an off-duty police officer was shot while being robbed by two men in that district.

Reports of assaults and robberies involving guns increased in every police district except the 6th District, which includes parts of Southeast and Northeast. That district showed no significant change.

There were 408 robberies, including those in which guns were not used, this year, compared with 404 last year.

Overall assaults have declined from 347 last year to 301.

The only substantial decline in gun-involved robberies occurred in the 3rd District, which recorded a drop from 35 last year to 31. However, gun-involved assaults in the 3rd District, which encompasses Columbia Heights and Mount Pleasant in Northwest, went from eight last year to 20.

Council member Jim Graham, a Democrat who represents Ward 1, which largely overlaps the 3rd District, said the increase in violence is "an extreme concern."

"The 3rd District has been experiencing a continuing spike, and that has worried me very much," he said.

Charles H. Ramsey, the former police chief, had declared a crime emergency in July after a wave of armed robberies and assaults. Homicides and robberies dipped in the months after the emergency.

Council member Phil Mendelson, at-large Democrat, said he also was concerned about gun-crime levels in the District, but he cautioned that the statistics only cover six weeks.

Mr. Mendelson, who heads the Committee on Public Safety and the Judiciary, which has oversight of the police department, said the main concern remains the amount of guns in the city.

"It's a continuing problem," he said. "There are far too many guns."

An Outsider's Murder Trial Shakes A Southern Town (NYT)

By Adam Nossiter

The New York Times, February 15, 2007

ABBEVILLE, S.C., Feb. 14 — It was a dispute over 20 feet of mean-looking land, a deadly squeeze of the trigger three years ago backed by pure conviction and an unwavering motto.

The Bixby family refused to budge for a highway-widening project, out of belief. "Live free or die," cried Steve Bixby, bespectacled and rigged out in camouflage and guns the day of the shooting, in a challenge to the authorities, witnesses said.

Mr. Bixby, 39, and his father, Arthur, 77, are accused of murder in the fatal shootings of two law enforcement officers who were trying to seize the land on behalf of the State of South Carolina. Both men face the death penalty. Mr. Bixby's mother, Rita, 74, was indicted as an accessory.

Now, with the opening Wednesday of Mr. Bixby's trial in the murder of Deputy Sheriff Danny Wilson, 37, and Donnie Ouzts, 63, a state constable, this Old South town with its intense Confederate heritage is reliving the winter's day in 2003 when the reclusive Bixbys held off the local police for 14 hours, after the shootings of Mr. Wilson and Mr. Ouzts.

The town is doing so gingerly. There were no supporters of the Bixbys on hand Wednesday as a jury sat in judgment over what the authorities say was Mr. Bixby's deadly act of resistance to authority. He is reviled in Abbeville, and the prosecutor had to pick his jury 160 miles away.

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What the authorities said was Mr. Bixby's armed refusal to give up a small piece of his land for the widening of Highway 72 — "We will protect it to our last breath," he is reported to have proclaimed — is regarded here as senseless. Guns at the ready, Mr. Bixby was primed and waiting for his face-off with the police, witnesses said.

On the other hand, symbols of resistance to central authority, some of the South's most hallowed, abound here, lovingly tended in the quaint little town billing itself for passing tourists as the "Birthplace and Deathbed of the Confederacy."

Up the street from the mellow brick courthouse is the white-columned mansion where Jefferson Davis had his last cabinet meeting; nearby, one of the first rallies demanding secession was held in 1860. The monument to the Confederate dead outside the courthouse proclaims that "the soldiers who wore the gray and died with Lee were in the right;" the Confederate flag flies high above the highway; and a bookstore off the old brick square sells titles like "The South Was Right" and "Myths of Slavery."

The Southern Poverty Law Center, a civil rights organization in Montgomery, Ala., says the Abbeville area, in the western part of the state, has attracted others like the Bixbys — fanatics about property rights and resistance to authority who find the Confederate heritage nourishing. "We've pointed out that that area is one of the hotbeds," said Mark Potok, a staff director at the center.

Residents deny that there is any connection between the region's Confederate heritage and a violent property-rights ideology.

"I have no clue why the Bixbys moved here," said the man running the bookstore, Robert Hayes, who also is the state director for the League of the South, a neo-Confederate group still pushing for Southern independence. "He could have picked any place in South Carolina."

Indeed, one the first things people here say about the Bixbys is that they were "outsiders," as Mr. Hayes put it, "not us." About 10 years ago they moved from New Hampshire, where they were involved with an anti-tax/anti-zoning group, and had had run-ins with a judge.

Why the family chose Abbeville is, people here say, a mystery. "Abbeville is just not like that," said Cheri Standridge, executive director of the Chamber of Commerce.

Amanda Dean, who runs a coffee shop on the square, said the family had the wrong idea about the town. "This is a good, strong family town," Ms. Dean said. "It's just such a shame. They could feel like they're coming to their homeland, and that's what's so sad."

The Bixbys may have warmed to Abbeville, but the feeling was not reciprocated by the genteel town. Steve Bixby, heavy-set and marginally employed in construction and food-concession vending, a sometime karaoke singer at a local bar, remained an outsider, while he and his parents fulminated together in the modest little clapboard house about the horrors of government interference. It is still pock-marked with bullet holes.

Indeed, the culture clash between the Yankee Bixbys and their reluctant Southern hosts was on vivid display in the trial's opening testimony Wednesday. Several witnesses — plain-talking highway engineers who had encountered the Bixbys in the days before the shootings on Dec. 8, 2003 — testified with shock about the family's propensity for profanity.

"During all this they continued to cuss," said Drew McCaffrey of the South Carolina Department of Transportation. "There was a lot of cussing from Steve and Rita," Mr. McCaffrey said.

"They were cussing an awful lot, him and his mom," said Mr. McCaffrey's colleague Dale Williams, who recalled the "No Government Agents" sign in the front yard. Michael Hannah, another department employee, recalled, "They basically started making some threats, and there was cussing."

The verbal violence — "ranting and raving," Mr. Williams called it — presaged the physical, the witnesses said. A chilling scene confronted him when he drove by on the morning of the shooting: Steve Bixby, framed by his house, "a pistol in his right hand and a long gun in his left." The witness added soberly, "I knew at that time the officer was in trouble." Mr. Wilson was shot in the chest and Mr. Ouzts in the back, at the doorstep.

Both men were well-known and well-liked; a young man, asked if he knew them, bit his lip and ducked his head as he hurried out of the coffee shop on the square. "They want to put it behind them," said Bill Greene, a retired electrical technician, of the townspeople. "Lot of times, people move into these little towns, they think they can have things their way. But you have to obey the laws."

Research: Red-light Cameras Work (USAT)

By Larry Copeland

USA Today, February 15, 2007

ATLANTA — Surveillance cameras at major intersections dramatically reduce the number of drivers who barrel through red lights, two new research reports say.

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The findings come as debate about the controversial devices continues a decade after they were introduced. The battles include a proposal to ban the cameras here in Georgia, litigation in at least three states and legislative efforts to permit them in six other states.

The cameras automatically photograph vehicles that drive into intersections after the light turns red. Vehicle owners are then mailed citations instructing them to pay a fine or sign an affidavit that they weren't driving at the time.

More than 850 people die and about 170,000 are injured each year in crashes caused by drivers running red lights, the National Highway Traffic Safety Administration says.

Researchers studied the effectiveness of red-light cameras in Philadelphia and Virginia Beach.

The Philadelphia study, conducted by the Insurance Institute for Highway Safety (IIHS), an industry group, examined red-light violations using a two-step approach. First, researchers found that violations dropped by 36% after yellow lights were extended to give drivers more warning that the light was about to turn red. After red-light cameras were added, remaining violations dropped by 96%.

"There's a dramatic change in driver behavior when red-light cameras are used," says Richard Retting, senior transportation safety engineer for IIHS. "The jury is in on that question."

The Virginia Beach study, conducted by Old Dominion University, examined signal violations at four intersections before red-light cameras were installed, while they were operating and after they were removed in 2005. Violations more than tripled by August 2006.

"That's a huge jump," says lead researcher Bryan Porter, an associate professor of psychology at Old Dominion. "The rate of red-light running was actually higher" than before the cameras were installed.

The popularity of the cameras is growing rapidly despite opposition that centers on constitutional grounds. About 250 communities around the USA use the devices, according to the Insurance Institute. Just 10 years ago, only New York and San Francisco had them.

Opponents say the cameras deny drivers their right to confront their accusers in court and are a ploy by local governments to raise revenue.

"There is a lot of money to be made with them," says Howard Bass, a Minnesota attorney who successfully challenged Minneapolis' red-light camera system in a case that will be argued before the state Supreme Court next month. "Ultimately, this is an issue that may have to be decided in the court of public opinion rather than courts of law. It's a public policy issue of how much surveillance creep we will tolerate in the 21st century."

MySpace Cleared In Sexual Assault Case (LAT)

By Dawn C. Chmielewski And Jim Puzzanghera

The Los Angeles Times, February 15, 2007

Whose fault is it that 13-year-old Julie Doe lied about her age, met a guy on MySpace and was sexually assaulted by him in a Texas parking lot?

Not MySpace's, a federal judge said in a decision released Wednesday.

The ruling appears to be the first time a federal court has extended to social-networking sites the same free-speech protections granted to Internet service providers. It could prove pivotal, coming as educators, lawmakers and states' attorneys general are leaning on News Corp.-owned MySpace to protect young users from online predators.

"A lot of people are angry about what kids are doing and what's happening on the Internet," said Parry Aftab, a leading Internet child safety expert. "That's fine. But it is not MySpace's role to raise your child."

Authorities in Travis County, Texas, charged a 19-year-old man with sexual assault in connection with the Julie Doe case. The girl's parents sued News Corp. for $30 million, saying MySpace didn't do enough to protect its members from harm. At least four similar cases are pending in Los Angeles Superior Court. MySpace is based in Beverly Hills.

"If anyone had a duty to protect Julie Doe, it was her parents, not MySpace," Judge Sam Sparks wrote in a ruling dismissing the case.

Sparks, of U.S. District Court in Austin, said MySpace couldn't be held liable for the actions of its users any more than Yahoo Inc. is responsible for what people write on its message boards.

The judge also said MySpace should not be punished for the failure of its safety measures -- if it were, the judge said, Internet companies would stop trying.

Since News Corp. acquired it in July 2005, MySpace has worked to counter its image as a haven for unsavory characters. The site hired a former federal prosecutor as chief safety officer, ran public service announcements on its site and TV channels warning children to be cautious of strangers online and began working on parental control software.

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"MySpace has always been concerned about what happened to Julie Doe, because we take the safety and security of our community very seriously," the site said in a statement. "However, a lawsuit against MySpace was not the appropriate way to redress any harm to her."

In his ruling, Sparks applied the 1996 Communications Decency Act, in which Congress said Internet service providers should not be held liable for content posted on their sites by third parties. A year later, the Supreme Court struck down online censorship provisions that sought to protect minors from obscene and indecent material but left intact the immunity for ISPs.

"The concept is basically the same," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a public interest research group in Washington, D.C. "The exact same things were happening in AOL chat rooms as are now happening on Facebook and MySpace and elsewhere -- people are exchanging information and meeting each other in online environments."

In the past decade, Rotenberg said, courts have interpreted that immunity broadly out of "recognition that, if ISPs became responsible for editorial content of anyone who participated in online chat, it would be impossible to host a site."

According to the court documents, the 13-year-old girl known as Julie Doe listed her age as 18 when she joined MySpace. In April 2006, she was contacted through the site by college freshman Pete Solis. The two exchanged e-mail and phone calls, then went out for dinner and a movie. Police say he then sexually assaulted her in a parking lot.

Austin lawyer Adam J. Loewy, who represented the girl, said they were disappointed in the ruling and plan to appeal.

"We were prepared for a very long battle in this," Loewy said. "This is simply the opening round. ... We feel MySpace does have a duty to protect the children on the site."

Bipartisan legislation was proposed last month to require sexual offenders to register their e-mail addresses with authorities and passed on to social networking sites.

Last year, the House overwhelmingly passed legislation that would have prohibited schools and libraries that receive federal funds from allowing minors to access social networking sites. The legislation never came up in the Senate, but last month Sen. Ted Stevens, R-Alaska, incorporated it in a proposed bill to protect children online.

CIVIL LAW:

Advocates Urge Improvements To FOIA Process (TECHD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, February 15, 2007

Civil libertarians and national security experts told lawmakers Wednesday that the longstanding law that lets citizens request full or partial disclosure of previously unreleased government documents is essential for government accountability.

Caroline Fredrickson, the American Civil Liberties Union's top lobbyist, said in prepared congressional testimony that the Freedom of Information Act is "democracy's X-ray" and is a priceless tool for revealing government waste, fraud, abuse and corruption.

Recent documents uncovered by the ACLU thanks to FOIA showed that the government has been spying on peace groups and torturing detainees in Guantanamo Bay, Cuba, Afghanistan and Iraq, she told the House Government Reform and Oversight Information Policy Subcommittee in a mid-afternoon session.

But Fredrickson said in her statement that FOIA's effectiveness has been undermined by the Bush administration, specifically through an October 2001 directive by then-Attorney General John Ashcroft for agencies to adopt a policy of non-disclosure.

The current White House is "intentionally and improperly shielding itself from public view, using 'national security' as a barrier to prevent Americans from seeing what's happening inside our government," Fredrickson said. She urged Congress to rescind the Ashcroft memorandum and emphasize the presumption toward disclosure.

Meredith Fuchs, general counsel for the National Security Archive, said in her testimony that plenty of good comes from FOIA, but the process is "plagued by inefficiency, delay and sometimes outright obstruction."

FOIA requires agencies to process requests within 20 business days, but a 2003 archive audit identified unprocessed requests as old as 16 years, she said. The examination was repeated two years ago with similar findings.

According to Fuchs' testimony, addressing the delays requires better reporting so problems are identified promptly; improved leadership and tracking of requests by agencies; more resources to handle FOIA requests; and penalties for departments that do not answer requests within the required timeframe.

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Clark Hoyt, who testified on behalf of the Sunshine in Government Initiative, also had some recommendations. He said a FOIA ombudsman should be created within the federal government to serve as a "champion for FOIA training and compliance [and] a place where individuals seeking to exercise their rights under FOIA can go for help short of filing a lawsuit."

Hoyt's group consists of 10 media groups committed to openness in government. "FOIA has become an essential tool for journalists attempting to find out for the public what the vast and complex federal government is up to," he said.

Subcommittee Chairman William Lacy Clay, D-Mo., called FOIA "one of the cornerstones of our democracy" and said a bill introduced last session provided a "practical and measured approach to remedying problems identified by the requester community."

That measure would have reduced the number of disputed FOIA requests through mediation and improved the information reported by agencies, he said. The bill is "an excellent starting point for legislation this Congress," Clay said.

Linda Koontz, director of information management for the Government Accountability Office, and Melanie Ann Pustay, acting director for the Justice Department's office of information and privacy, also were expected to testify at the hearing.

CIVIL RIGHTS:

NIAGARA FALLS: Arrests Made In Temple Vandalism Case (LOCKUSJ)

By Rick Pfeiffer

Lockport (NY) Union-Sun & Journal, February 15, 2007

Two teenage skaters are charged with hate crimes

They marked their territory like dogs, urinating on the doors of the temple.

They scarred the doors with the initials of their group and Nazi swastikas.

Now, two members of a “skakeboard club” known as DNA, are behind bars and charged with hate crimes. The arrests follow an investigation by local and federal law enforcement into a continuing series of acts of vandalism at Temple Beth Israel Conservative on College Avenue.

Shawn Michael Blount, 18, and a 14-year-old boy, whose name is being withheld because of his age, were picked up Wednesday morning by Falls Police Juvenile Division detectives and an agent from the FBI’s Joint Terrorism Task Force. Blount will be arraigned later today on charges in Falls City Court, while the juvenile appeared in Niagara County Family Court late Wednesday afternoon.

Blunt has been charged with third-degree criminal mischief and second-degree harassment as felony hate crimes. He also faces charges of third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti, possession of graffiti instruments and unlawfully posting advertisements.

The juvenile was charged with second-degree menacing, second-degree aggravated harassment and third-degree criminal mischief as felony hate crimes. He was also charged with third- and fourth-degree criminal mischief, first-degree aggravated harassment, fourth-degree criminal facilitation, fourth-degree stalking, making graffiti, possession of graffiti instruments and unlawfully posting advertisements.

In addition, police charged the juvenile with second-degree assault and resisting arrest after he fought with detectives as they tried to take him into custody. Two detectives suffered minor injuries in the scuffle.

“(The juvenile) has an awful lot of anger and hate in him,” Falls Police Captain John DeMarco said. “He didn’t want to go (with cops), but he did (go).”

The trouble at the temple has been going on for the last two years, but escalated dramatically over the summer and into the fall of 2006. The most recent incident at the temple occurred on Jan. 12, when duct tape was used to spell out the message “Kill the Jews” on a temple door.

Other acts of vandalism included spraying painting “DNA” on the concrete steps of the synagogue, destroying fencing and peppering the walls of the temple with eggs and paintballs.

The use of the temple property for skateboarding apparently began DNA’s interest in the property. Having established their turf, the group refused to leave.

“They wouldn’t go,” said Dr. Lawrence Wolfgang, president of the temple congregation. “They wouldn’t leave no matter who told them to go. They’d even bring out the skateboard ramp (as temple representatives told them to leave their property).”

On one occasion, Wolfgang said he confronted Blount and the juvenile outside the temple, as they were skateboarding. He said the confrontation was scary.

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"They responded with a string of four letter words, right in your face," he said. "I'm kind of lucky they didn't hit me. These are big kids, bigger than me. They were scary to talk to. They had no respect for the property or for (temple members) as individuals."

After the duct tape incident in January, Wolfgang met with agents from the Buffalo office of the FBI and the local Joint Terrorism Task Force. Niagara County Sheriff's Department Investigator and JTTF Agent Mike Messina joined forces with Falls Police Juvenile Division Detective Shawn Larabee to look for leads in the case.

"We did a neighborhood canvas and that yielded some results," Messina said. "We were then able to identify (Blount and the juvenile)."

However, the intimidation of Blount, the juvenile and others made the investigation anything but easy.

"Every person we spoke to was afraid to call the police, because they were afraid of retaliation," Larabee said.

Larabee and Messina said they were able to eventually build a strong enough case to arrest Blount and the juvenile and they said they will continue to keep a close watch on DNA and its members.

"We were able to gather intelligence that didn't necessarily lead to arrests, but will show us who to watch," Larabee said.

Falls Police Superintendent John Chella said he and other law enforcement officials met with Wolfgang on Tuesday to let him know the arrests were coming.

"Myself, the United States Attorney and district attorney met with Dr. Wolfgang to pledge our support and to make sure that not only is justice done in this case, but going forward we will protect the synagogue," Chella said.

U.S. Attorney Terrance Flynn had considered filing federal hate crime charges against Blount and the juvenile, but decided it was better to keep the case in New York state courts.

"The federal charges are more focused on adults. Below 18, runs into a problem," Wolfgang said. "(Flynn) felt it would be better to handle (the cases) in one place. I know (Flynn) did consult with (U.S. Justice Department officials) in Washington, D.C., so they took this very, very seriously."

The temple leader praised the work of local police in cracking the case.

"I really have to say the city police tried really hard to solve this problem over the last two years," Wolfgang said. "They are keeping a close eye on this group. I'm hopeful (the vandalism is over). These seem to be the two main perpetrators or leaders."

Officials Manipulate Elections With Polling Location (AP)

By Joe Stinebaker, Associated Press Writer

AP, February 15, 2007

HOUSTON — Officials in two Houston-area elections recently manipulated polling locations to clear the path for their supporters to vote and to toss numerous roadblocks before their opponents.

Sponsors of a local community college bond election tried last year to put all their polling locations on their campuses, making voting easy for students and employees — a natural support base — but less convenient for opponents. That move prompted the U.S. Department of Justice to step in, and the election was postponed.

And officials with a suburban school district scheduled their bond election on the same day as the state's general election in November — and then spent $64,000 extra to set up separate polling places. State law would normally bar such a move, but a large loophole allows such maneuvers in the Houston area only.

"I'm sort of astonished that election law in Texas allows somebody to buy their way onto a different ballot," said Henry Brady, a political scientist at the University of California, Berkeley. "It's just astonishing to me."

Such maneuvers go on to a lesser degree all over the country.

Some Minnesota schools hold bond elections in frigid January. Fire departments pushing bond elections in New Jersey routinely place their polling booths in remote fire stations. And elections officials in Ohio and California have been accused of uneven distribution of voting machines, causing long lines in neighborhoods that support one party and a quick passthrough for supporters of the other party.

Such machinations allow government officials to assist their favored candidate or to help pass bond issues — and their resulting property tax increases — without mounting expensive campaigns. Controlling the location of polls allows supporters to turn out in their usual numbers, while opponents have to drive farther, or to several places, to vote.

But election experts said that unless there are clear civil-rights violations against a minority group, federal authorities are unlikely to step in. Polling place manipulation doesn't fall under the Voting Rights Act, so the Justice Department is not authorized to police such moves.

"These are things that can often fly beneath the radar," said Dan Tokaji, a professor specializing in elections law at Ohio State University. "Unless somebody notices it and makes a big stink through the ordinary political process, you're not going to hear a lot about that. And it's very easy for these sorts of decisions to slip through without detection."

The North Harris-Montgomery Community College District, in Houston's northern suburbs, planned a $250 million bond and board of trustees election in May. But instead of joining with other jurisdictions holding elections, district officials chose to hold a separate election. Citing budget concerns, officials cut the number of polling places from 80 to 12 — all on district campuses — and left some voters up to 20 miles from a polling place. The League of United Latin American Citizens and other critics accused district officials of trying to dilute Hispanic voting strength and limit voter turnout to those who work and study at the college.

"The reasoning behind the eliminating of voting locations is to eliminate voters," Fred Blanton, an unsuccessful board candidate, said.

The Justice Department ultimately intervened in the community college election, and the district ended up postponing it until November and offering dozens of polling places throughout the area. The bond proposal failed by 12 percentage points.

In Pearland, where the campaign to replace former House Majority Leader Tom DeLay guaranteed a higher-than-usual turnout in the general election, school district officials scheduled a $115.6 million bond election for the same day.

But consultant Richard Murray, a political scientist at the University of Houston, advised the district that they would be "much more at risk" if the bond issue was on the same ballot as the general election.

"It might cost you 10 points if you have everybody voting," he told school board members. "They know less about the bonds. If somebody emerged that was publicly opposing the bonds, an ad hoc group, they could make a lot more headway."

So the Pearland schools spent an extra $64,000 to hold a separate election, meaning people would have to make two stops to complete voting.

It worked. Forty percent of Pearland voters turned out for the general election, but only 9 percent turned out for the bond election, most of those in early voting.

The bond proposal passed with 70 percent of the vote.

Pearland schools Superintendent Bonny Cain said the election was held independently to accommodate early voting.

"It wasn't a perfect decision," Cain said. "We just felt like we were following through with a long tradition of bringing the voting booth to the voting public."

But the area elections administrator, Janice Evans, estimated that four times as many bond-issue voters would have turned out had the bond election been held along with the general election at the usual polling places.

Brady called the Pearland election "bizarre."

"The notion that you could buy your way out and have a separate ballot, I mean start thinking about what that would mean," Brady said. "It's pretty astonishing. ... It's pretty easy to put polling places in the right places and to therefore discourage some people and encourage others."

In California, local officials rely on their local voter registrar to fend off several obviously partisan attempts to manipulate voting sites. Alameda County's "voting bus" — a van stripped of passenger seats and equipped with electronic voting machines — is sent to areas around the county in an effort to boost voter turnout and help disabled voters reach the polls.

Alameda County officials were bombarded with requests from partisan groups wanting the bus to visit sites with a disproportionate numbers of voters from one party or another.

Election law experts said such tactics could result in trouble if registrars aren't careful about where they place the alternative polls.

Many states, Texas included, require that local governments holding elections on the same day as a November general election use the same polling locations as the general election. But the Houston area — Harris County and seven surrounding counties — is exempt.

Republican state Rep. Dan Gattis, who wrote the law, said he stripped the eight counties out of his original bill at the request of a Houston-area legislator who threatened to organize opposition to kill the bill.

"I believe the constituents of Harris County and those seven surrounding counties are being ill served by not being under the same rules and regulations as the rest of the state," Gattis said. "It is pure manipulation that is going on with some of these elections."

Tokaji agrees.

"I do think that there's a great potential for manipulation of elections," he said, "and it's probably something that should get a lot more attention than it's received so far."

Associated Press Writer Rachel Konrad in San Jose, Calif., contributed to this report.

Genetic-Discrimination Ban Nears Congressional Approval (WSJ)

By Jane Zhang

The Wall Street Journal, February 15, 2007

DOJ_NMG_0132637

WASHINGTON -- A bill barring discrimination by employers and insurers based on genetic information is moving swiftly through Congress, drawing praise from privacy advocates and objections from business groups that the measure is too broad.

The legislation would be the first federal law prohibiting health insurers from denying coverage or charging higher premiums based solely on genetic information. It also would forbid employers from using the information to make hiring, firing and other job-placement decisions.

The bill was approved by the House Committee on Education and Labor yesterday and is expected to pass the full House. The Senate, which previously passed the legislation twice, is expected to vote on it within two weeks, and President Bush has indicated he will sign it. The legislation has been debated for a decade but was opposed by House Republican leaders.

Rep. Louise Slaughter (D., N.Y.), the bill's co-author in the House, said the legislation will "encourage Americans to seek out preventive health care and participate in clinical trials critical to finding cures for some of our most deadly genetic-based diseases."

Genetic testing has increased over the past decade, and tests for about 1,000 diseases are available clinically, according to the Genetics and Public Policy Center in Washington. These tests can help diagnose, predict diseases and guide treatment, but the lack of a federal antidiscrimination law, advocates say, has made some consumers reluctant to participate in genetic research. Many states bar discrimination based on genetic tests, but the protections vary widely.

Some business groups, including the U.S. Chamber of Commerce, oppose the legislation. Michael Eastman, the group's executive director of labor policy, said the bill would encourage employees to file discrimination lawsuits. He said the bill would affect how employers collect health information in general because the line between genetic and other health information isn't always clear.

"We think it's really based on the politics of fear and anecdote and not on reality and reason," said Neil Trautwein, a vice president at the National Retail Federation.

International Business Machines Corp., which includes genetic nondiscrimination in its employment policy, supports the bill, according to testimony prepared for a recent hearing of the House Education and Labor Committee. But the company also said Congress should monitor implementation to prevent "expansive interpretations."

Francis Collins, director of the National Human Genome Research Institute at the National Institutes of Health, said the legislation would encourage more people to participate in genetic testing for risks such as colon cancer. "All of us are at risk for genetic discrimination if protections are not put in place because there are no perfect human specimens," he said.

Maywood Suburb Wants Investigation Of Police Misconduct (LAT)

By Hector Becerra

The Los Angeles Times, February 15, 2007

Allegations of sexual misconduct, racism and brutality are roiling the Police Department in the small suburb of Maywood, prompting the City Council this week to request an immediate investigation by the state attorney general's office.

The request for the probe comes after years of accusation from residents and activists that the Police Department has mistreated Latino immigrants, who make up the vast majority of the 30,000 residents.

The council called for the probe late Wednesday at the urging of Assembly Speaker Fabian Nunez, who in a letter to the council called the growing catalog of alleged misdeeds deeply concerning.

One of the allegations the attorney general would examine is that the Police Department enforced a policy of afternoon sobriety checks that was actually designed to nab unlicensed illegal immigrants and generate money for the city.

Nearly 2,000 cars a year have been impounded from immigrants. Residents have also come forward with allegations that officers beat up people for no reason. Several woman claim that officers stalked and sexually abused them, while parents claim that their teenage daughter was groped by an officer, according to a document listing the allegations obtained by The Times.

Even top city and police officials admit there is a problem. "Do I feel some of the residents have valid points? Yes, I do," said Maywood Police Chief Richard Lyons.

Two officers have been suspended pending internal investigations, Lyons said, and other officers are under investigation. "There's a handful of renegade cops out there we need to build cases on," said Councilman Sam Pena.

Maywood garnered national headlines last year when a new pro-immigration council majority was elected and declared the city a "sanctuary" for illegal immigrants.

That issue has polarized the city. Felipe Aguirre, the councilman who pushed for the sanctuary movement, was later the target of death threats by City Clerk Hector Duarte, who opposed the new direction of the city. Duarte pleaded guilty to the death threat allegation.

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ANTITRUST:

Microsoft Settles Iowa Consumer Antitrust Lawsuit (Update5) (BLOOM)

By Bob Van Voris

Bloomberg, February 15, 2007

Feb. 14 (Bloomberg) -- Microsoft Corp., the world's biggest software maker, reached an undisclosed settlement in a lawsuit claiming it used its monopoly position to overcharge Iowa consumers for software products including Windows and Word.

Microsoft reached the deal with a statewide class of consumers who had purchased Microsoft products since 1994. The plaintiffs claimed the company violated Iowa antitrust law to charge inflated prices by taking advantage of its monopolies in personal computer operating systems and software applications.

``I think everyone in the courtroom is a little stunned," Roxanne Conlin, a lawyer for the consumers, told an Iowa state judge and jurors today in Des Moines after announcing the accord.

The settlement, which must be approved by the judge, ends a trial that began in December and resolves one of the last private antitrust cases Microsoft hasn't settled or persuaded judges to dismiss. The Iowa customers claimed $329 million in damages, which could have been tripled under Iowa law.

Judge Scott Rosenberg ordered both sides to keep details of the settlement secret until they file papers formally asking him to grant initial approval of the settlement, expected in April. Similar cases that settled have provided class members with vouchers for discounted software.

Last of Dozens

The case, and a similar suit in Mississippi, are the last of dozens filed by groups of consumers following an antitrust case against Microsoft filed by the U.S. government and several states, including Iowa, in 1998.

Microsoft, based in Redmond, Washington, claimed it didn't limit competition and said the company is successful because it offers high-quality software at low prices.

``We're happy to have this matter behind us so we can focus on the future," Rich Wallis, a Microsoft associate general counsel, said in a joint statement issued by the parties.

The case settled during the consumers' part of the six-month trial, before Microsoft would present its defense. The company's lawyers said they had planned to call as witnesses Microsoft Chairman Bill Gates and Chief Executive Officer Steve Ballmer. Conlin showed jurors a tape of Gates's testimony in the Department of Justice case.

After they were excused from the courtroom today, members of the 11-member jury could be heard whooping and cheering in the jury room.

`Digital Divide'

In an interview after the proceeding, Conlin said the settlement includes a program to ``close the digital divide" by ensuring that every Iowa student graduates high school with necessary computer skills. She declined to say how much the program will cost, citing the judge's order. Conlin said serious settlement talks began on Feb. 11 and a deal was reached by 6 p.m. yesterday.

During the trial, many internal Microsoft documents were made public for the first time.

In a 2004 e-mail to Gates and Ballmer disclosed during the trial, Windows chief Jim Allchin said ``we have lost our way" and ``I would buy a Mac today if I was not working at Microsoft."

In another e-mail, a Microsoft executive said he wanted to ``whack" computer maker Dell Inc. over its relationship with Linux software distributor Red Hat Inc., the same week in 2002 a federal judge ordered the company not to retaliate against competitors.

Class Action

The Iowa case was filed in 2000 by Joe Comes, a Des Moines businessman. It was certified in 2003 as a class action, or group lawsuit, on behalf of indirect purchasers of Microsoft software from May 1994 to June 2006. The consumers, including individuals and businesses, bought computers loaded with Microsoft software, or purchased the software from sources other than the company.

Conlin claimed that Microsoft's monopoly allowed it to raise the price of Windows by an average of $42.49, and $10.55 for Word.

In addition to settling the lawsuit by the U.S. government, Microsoft has reached accords in antitrust cases in 18 states and the District of Columbia, it said in a Jan. 25 filing with the U.S. Securities and Exchange Commission.

Under those settlements, consumers get vouchers for rebates on computers and software. The value of the deals depends on how many vouchers are redeemed. Microsoft estimates the total cost will be from $1.5 billion to $1.8 billion.

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In 2004, Microsoft settled a Minnesota case during trial, the only other private antitrust suit against it that went to a jury.

Monopoly Power

Shares of Microsoft rose 37 cents to $29.40 in Nasdaq Stock Market trading. They have risen 11 percent in the past 12 months.

Before the trial, Rosenberg adopted many of the findings from the Justice Department trial, including the conclusion that Microsoft held illegal monopoly power in the market for Intel Corp.-compatible personal computer operating systems before June 1999.

Microsoft, whose Windows operating system runs almost 95 percent of the world's personal computers, released its new Windows Vista operating system in stores Jan. 30.

The case is Comes v. Microsoft Corp., CL 82311, Iowa District Court, Polk County (Des Moines).

Microsoft Settles Iowa Antitrust Case (AP)

By David Pitt, Ap Business Writer

AP, February 15, 2007

Microsoft Corp. on Wednesday settled a class-action lawsuit filed on behalf of thousands of Iowans who bought the company's programs between 1994 and 2006. Terms of the deal were not immediately disclosed.

The lawsuit sought more than $330 million from Microsoft for allegedly engaging in monopolistic and anticompetitive conduct that caused customers to pay more for software than they would have if there had been competition.

Microsoft denied the allegations, saying Iowa customers received quality products at fair prices.

On Wednesday, Polk County District Court Judge Scott Rosenberg ordered attorneys to refrain from disclosing details of the settlement until April.

"The court will be advised of the terms of the settlement in April and there will be a hearing on April 20 for preliminary approval and if all goes as scheduled there will be a hearing for final approval on Aug. 31," said Microsoft attorney Rich Wallis.

The world's largest software maker has faced 206 class-action lawsuits across the United States since 2000. The company said 108 were consolidated in a federal antitrust case and 96 remained in state courts.

Most were dismissed or settled before trial.

Only two, the Iowa case and one in Minnesota, went to trial. The Minnesota case was settled after about two months into the trial.

Attorneys Roxanne Conlin and Rich Hagstrom filed the Iowa lawsuit in 2000.

"It was a mutual decision to settle and you kind of have to see the cards lay down. That's part of what happens for both sides," Conlin said. "You have to assess your risk and you have to assess what's in the best interest of your clients."

Both sides agreed the settlement will include making money available to buy computers and software for Iowa schools.

"We're going to take half of the unclaimed amount and use that to close the digital divide in Iowa," Conlin said.

Conlin would not say whether the settlement would take the form of cash or vouchers for computer equipment. Previously, she said she would refuse to accept vouchers.

In the Minnesota case, the lawyers sought more than $300 million from the company. During trial, the case settled for $174.5 million. Lawyer fees were about $59.4 million, according to court documents. The six plaintiffs who brought the case forward received $5,000 each

Time To Face The Music On File Sharing (WP)

By Rob Pegoraro

The Washington Post, February 15, 2007

Customers might not like the idea of technology that allows some uses of music (like copying iTunes downloads to their iPods) but forbids others (like copying the same song to another kind of music player). But until recently, it didn't seem to bother the executives behind these anti-piracy systems.

They all agreed that anybody selling downloadable music and movies needed to police what customers did with their purchases.

Last week, however, the person responsible for the most successful copy-control software in the music market, Apple chief executive Steve Jobs, ruffled feathers with the question: Do we need any of this in the first place?

In an essay called "Thoughts on Digital Music" on Apple's site, Jobs wrote that his company's iTunes Store used copy-control software called FairPlay only because major record labels insisted on it. Those same labels' demands made it impossible for Apple to share its technology, he said. So his proposed solution to the "this download will only play on my iPod" problem is to abolish copy-control software altogether.

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Since that remarkably blunt piece of writing hit the Web, the debate over whether technology can curb illegal file sharing has come back to life. That's good. But in the process, a lot of old myths are resurfacing -- and believing them will stop you from understand the deeper problems with the digital-media market. The myths include:

Â· "Apple can't share FairPlay with other companies, because the technology could get leaked and eventually prompt the labels to pull their catalogues from the iTunes store."

That's not necessarily so.

You can't completely dismiss Apple's contention; only Apple knows the fine print of its deals with the record labels. We don't. But the simple way Apple's copy-control system works should make it relatively easy for outsiders to join the FairPlay game.

FairPlay assigns the police work to the iTunes program on your Mac or PC, not the iPod. As a result, you can plug a friend's iPod into your computer and copy your iTunes purchases to it, even if that iPod is already loaded with your pal's iTunes downloads.

Plus, Apple has already taken a baby step toward putting FairPlay in other companies' hardware, in the form of Motorola cellphones that include a miniaturized version of iTunes. If the iTunes Store survived that experiment, it should be able to live through the addition of FairPlay compatibility to other playback-only devices, such as handheld organizers or car stereos.

It would be different if Apple were to let somebody design a competitor to iTunes. A lot more would be at stake in that case.

Â· "Microsoft solved the compatibility problem years ago when it created its PlaysForSure standard."

That depends on how you define "solved."

Microsoft can point to dozens of PlaysForSure devices from various companies, not including its own incompatible Zune. Even users of Palm organizers and smartphones can join the fun, by using NormSoft's Pocket Tunes. But when it comes to anything more complex than a handheld gadget, Microsoft takes a different stance.

Although the company allows other people to develop Window Media-compatible programs for other operating systems, such as Telestream's Flip4Mac for Mac OS X, it won't let them add PlaysForSure support.

When asked why PlaysForSure should be confined to Windows, Microsoft says it would be too difficult to keep that software secure on another operating system. That's almost the same excuse Jobs used in his online essay, except that Apple still managed to ship a Windows version of iTunes.

Either Microsoft needs to upgrade its understanding of competing operating systems, or it should admit that promoting Windows outweighs living up to its own talking points.

Â· "This is the price we have to pay to stop illegal file sharing."

Just try to prove that.

First, as Jobs noted in his essay, the vast majority of music sold today comes on audio CDs that impose no copying restrictions. DVDs include copying controls, but they were breached years ago.

Even if you abolished these old formats in favor of media locked up with technologies like FairPlay or PlaysForSure, you'd still have no bar to music file sharing. Both Apple and Microsoft's systems allow buyers of a song to burn it to an audio CD that can then be copied back to a computer in an unrestricted format.

The side effect: It only took a few minutes with a file-sharing program to find MP3 copies of songs sold only on iTunes. And even without the audio-CD workaround, hackers have repeatedly dismantled the defenses of FairPlay and PlaysForSure.

Either way, all you need is one unprotected copy loose in the wild; that copy can then be duplicated endlessly. And no existing anti-piracy system can stop people from downloading and playing those copies.

The technology can still serve a role in online music or movie rental services, which have drawn far fewer customers than stores like iTunes, but for purchases it does too little to justify its costs. In practice, it only stops copying by the unmotivated, the over-scheduled or the inexperienced -- the people most likely to buy a song or movie online as long as they can do so quickly, easily and cheaply.

In the music industry, a growing number of outlets beyond the big-name companies, from tiny indie-rock operations to the Philadelphia Orchestra and the Smithsonian Institution's Folkways label, have realized the futility of copy-restriction software and now sell digital downloads in open, unrestricted formats.

At this point, this all amounts to little more than expensive psychotherapy for Hollywood executives. It's the height of arrogance for them to keep sending us the bill.

Living with technology, or trying to? E-mail Rob Pegoraro atrobp@washpost.com.

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ENVIRONMENT:

Justice Official Bought Vacation Home With Oil Lobbyist (WP)

By Susan Schmidt And James V. Grimaldi

Washington Post, February 15, 2007

A senior Justice Department official who recently resigned her post bought a nearly $1 million vacation home with a lobbyist for ConocoPhillips months before approving consent decrees that would give the oil company more time to pay millions of dollars in fines and meet pollution-cleanup rules at some of its refineries.

Sue Ellen Wooldridge, former assistant attorney general in charge of environment and natural resources, bought a $980,000 home on Kiawah Island, S.C., last March with ConocoPhillips lobbyist Don R. Duncan. A third owner of the house is J. Steven Griles, a former deputy interior secretary, who has been informed he is a target in the federal investigation of Jack Abramoff's lobbying activities.

A spokeswoman for the Justice Department said yesterday that Wooldridge sought and received approval from a career ethics official in her office before buying the vacation property. Wooldridge's lawyer and officials at ConocoPhillips said that Duncan had no role in negotiating the consent decrees and never lobbied Wooldridge.

Wooldridge, who earlier served in senior positions at the Interior Department, lives with Griles in Virginia. Her investment with Griles and the oil lobbyist took place on March 13, 2006, property records show, during a wide-ranging Justice Department criminal investigation that involves Griles and lobbyists at Interior. The joint purchase and Wooldridge's role in the consent decrees were reported yesterday by the Associated Press.

Stephen Grafman, an attorney for Wooldridge, said his client owns a 25 percent share of the vacation property. "She used her own money," Grafman said. He said that Wooldridge was called in November before a grand jury investigating Abramoff and Griles but that she is not under investigation.

In November 2006, ConocoPhillips reached proposed consent decrees with the federal government and four states that would modify an agreement the company had reached with the Environmental Protection Agency in 2005 to settle charges it was violating the Clean Air Act. The proposed changes, which must be approved by a federal judge overseeing the case, would give the company more time to install equipment and processes that would cost an estimated $525 million to cut emissions at some refineries.

Wooldridge, as head of the Justice Department's environmental division, signed the agreements on behalf of the federal government.

In lobbying disclosure forms filed last year, Duncan -- ConocoPhillips's vice president for federal and international affairs -- said he lobbied Congress on revisions to the Clean Air Act. He did not report lobbying the Justice Department or other federal agencies.

Duncan "was not involved at all" in the consent decrees, said ConocoPhillips spokeswoman Kristi Desjarlaif, who said the negotiations were handled by company lawyers. Nevertheless, Duncan sought approval from the company's legal division last year when he sought to invest with Griles and Wooldridge. "Our legal division said she needed to get clearance from DOJ ethics officials," said Desjarlaif, something she said Wooldridge was already pursuing.

Wooldridge submitted her resignation from Justice last month, three days after Griles's lawyer was informed by the department's criminal division that Griles faces potential criminal charges in connection with his dealings with Abramoff. A Justice spokeswoman has said that Wooldridge returned to the private sector and that her departure was voluntary.

Wooldridge and Griles "do own a small condo together," said Griles's attorney, Barry M. Hartman. Of the South Carolina property, he said: "This is a shared investment among people who have been close personal friends for years. What exactly is wrong with three close personal friends sharing a vacation/rental home?"

Griles, who resigned his deputy's job in 2005 and now is a mining and energy lobbyist, was a lightning rod for criticism during his four years at Interior. Sources close to the federal probe have said he is being investigated for making possibly false statements about a job offer from Abramoff, who lobbied Interior heavily on behalf of Indian tribal clients with casinos.

Griles was harshly criticized in a 2004 report from Interior's inspector general for maintaining ties to lobbying clients who had business before the department. Inspector General Earl E. Devaney found that Griles had used his official position in dealings with clients of his former firm even as he continued to receive payments from the firm amounting to more than $1 million. His report did not draw conclusions about whether Griles broke any law or ethics rules. The Office of Government Ethics, in reviewing the findings, said that, with two possible exceptions, Griles did not violate ethics rules.

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Wooldridge, who was deputy chief of staff to the interior secretary and later became solicitor at Interior, provided ethics advice to Griles and advised then-Secretary Gale A. Norton on how she should handle the inspector general's allegations. She did not tell the inspector general of her personal relationship with Griles, according to sources familiar with the investigation. About August 2002, according to the inspector general's report, Wooldridge replaced Griles's special assistant as his ethics screener, a role in which she helped him determine when he should recuse himself from matters that posed a conflict of interest. After Griles's departure from Interior, Wooldridge disclosed to investigators in the Abramoff probe that she and Griles began dating in February 2003, sources familiar with the probe said.

Wooldridge and Griles both filed amended financial disclosure reports late last year that reported thousands of dollars in gifts and trips they gave one another in 2003. During that time and afterward, Wooldridge was contacting investigators, answering questions and writing a memorandum defending Griles's activities as deputy at Interior.

The memo, dated Feb. 8, 2004, concerned Griles involvement with a bid by some former clients to gain concessions to extract coal-bed methane in the Powder River basin of Wyoming and Montana. Griles had contacted EPA officials to urge that a dispute over an environmental study not delay the project.

In the memo, Wooldridge argued to the inspector general and to the Office of Government Ethics that Griles's actions were not a violation because they were not a "particular matter involving specific parties."

Norton took no action against Griles at the time of the inspector general's report and declared that he had been "cleared" of any wrongdoing.

Norton's handling of the matter angered members of Congress, including Sen. Joseph I. Lieberman (I-Conn.), who had initiated one aspect of the investigation. Lieberman said the report had painted a "disturbing picture of repeated questionable conduct."

Lobbyist, Fed Lawyer Share Vacation Home (WP/AP)

By John Heilprin, The Associated Press

The Washington Post, February 15, 2007

WASHINGTON -- Nine months before agreeing to let ConocoPhillips delay a half-billion-dollar pollution cleanup, the government's top environmental prosecutor bought a $1 million vacation home with the company's top lobbyist.

Also in on the Kiawah Island, S.C., house deal was former Deputy Interior Secretary J. Steven Griles, the highest-ranking Bush administration official targeted for criminal prosecution in the Jack Abramoff corruption probe.

Just before resigning last month, Assistant Attorney General Sue Ellen Wooldridge signed two proposed consent decrees with ConocoPhillips: one giving the company as much as two to three more years to install $525 million in pollution controls at nine refineries and the other dealing with a Superfund toxic waste cleanup.

Last April, Wooldridge, ConocoPhillips Vice President Donald R. Duncan and Griles had gone together on a $980,000 home in a gated community at Kiawah Island. Records from the Charleston County Auditor's office obtained by The Associated Press list Duncan as a 50 percent owner of the home and Wooldridge and Griles as 25 percent owners.

The deed is filed under Duncan's name, but the mailing address for the South Carolina property _ tucked among pines, palmettos, a pool, golf course and tennis club several hundred yards from the beach _ is Griles' home in Virginia. He and Wooldridge jointly own a condo there.

The House Oversight and Government Reform Committee said Wednesday night it will open an inquiry and request documents into the real estate transaction and consent agreements.

"There appears to be a breakdown of ethics at the Justice Department, said the committee's chairman, Rep. Henry Waxman, D-Calif. "Senior Justice Department officials should not be handling cases that affect their close friends and investment partners."

ConocoPhillips said in a statement Wednesday night that Duncan had no involvement in negotiating the consent agreements.

"We object to the suggestion that the real estate transaction involving Don Duncan, which was cleared in advance by the ethics office of the Department of Justice, had any impact whatsoever on the consent decrees entered into by ConocoPhillips or the recent SEC filing amending ConocoPhillips code of ethics," company officials said. "Any savings resulting from these delays are expected to be offset by the cost of additional and stricter controls agreed to in the amended agreement."

Griles, now an oil and gas lobbyist, began dating Wooldridge while he was her boss at Interior. He was the department's No. 2 official from July 2001 to January 2005, behind only former Secretary Gale Norton. He and Duncan, a ConocoPhillips vice president who runs the company's Washington office, both served on President Bush's presidential transition team, Griles for the Interior Department, Duncan for the Energy Department.

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Duncan has played a major role in getting the Bush administration's backing for a proposed $25 billion natural gas pipeline reaching from Alaska to Midwest markets.

Wooldridge and Griles have known each other at least since the first year of the Bush administration in 2001, when Wooldridge became deputy chief of staff and counselor to then-Secretary Norton. Bush used a recess appointment to make Wooldridge the department's solicitor _ its top lawyer _ in June 2004.

After she became solicitor, Wooldridge told the department's ethics office she and Griles had begun dating, an Interior spokesman said.

From 2001 through 2004 Duncan was lobbying the department on a wide range of issues. The topics, according to his lobbying records on file with the government, included oil leases in the eastern Gulf of Mexico, coal-bed methane in the San Juan Basin of New Mexico and the Powder River Basin in Wyoming, and permits for the proposed Alaska natural gas pipeline.

After Griles resigned from Interior, Bush appointed Wooldridge to head the Justice Department's 600-employee environment division, representing virtually every federal agency on cases related to pollution, natural resources, wildlife, some Indian issues and land condemnation. She began work at Justice in November 2005. The division is now handling about 6,800 cases nationwide.

Griles, meanwhile, had signed up as lobbying clients the American Petroleum Institute, Newmont Mining Corp. and other energy and mining clients with a broad range of legal and financial interests before the government.

As for the vacation home, Stephen W. Grafman, Wooldridge's attorney, said she paid for her share and was told by the Justice Department's ethics office a month before the sale went through "that the purchase was not a problem."

"There was no need to recuse herself from ConocoPhillips since she was advised by the appropriate ethics officials that there was not a conflict," Grafman said. "Mr. Duncan invested in the property as an individual and friend. He has no business before the environment division. He never lobbied Ms Wooldridge on an issue on behalf of himself. In point of fact, he never lobbied her on behalf of ConocoPhillips."

A Justice Department spokeswoman, Cynthia Magnuson, confirmed that Wooldridge "sought the advice of ethics officials who informed her that the purchase did not raise ethical issues."

Magnuson said the consent decrees with ConocoPhillips "were approved through the normal management channels and were presented to Sue Ellen with the unanimous recommendations of her career staff as well as those of the EPA."

Griles' lawyer, Barry M. Hartman, called the home "a shared investment among people who have been close personal friends for years. What exactly is wrong with three close personal friends sharing a vacation/rental home?"

Wooldridge submitted her resignation letter to the Justice Department on Jan. 8, three days after other prosecutors in the department met with Griles to outline criminal charges they are seeking against him. She said in the letter she wanted to return to work in the private sector.

The federal task force heading the Abramoff corruption probe also has become interested in Wooldridge and her connections to Griles, people familiar with the investigation said on condition of anonymity, citing the issue's sensitivity.

Paul Light, a professor at New York University's Wagner School of Public Service and an expert on presidential appointees, said Wooldridge's participation in the Kiawah Island partnership and the ConocoPhillips settlement "creates the impression of favoritism, or favors due."

"From an appearance standpoint it's awful, and from a legal standpoint it's questionable," Light said Wednesday. "Political appointees have been indicted for less."

Wooldridge's last day at Justice was Jan. 19. All of the other parties to the ConocoPhillips agreement _ four states, the Environmental Protection Agency, a local pollution control agency in Washington state, and the company _ signed it in November.

Wooldridge's signature is not dated, but the document with it as well as the other signatures weren't submitted to the U.S. District Court in Houston, where ConocoPhillips is headquartered, until Jan. 11. It was published in the Federal Register on Jan. 25, triggering a 30-day public comment period before U.S. District Judge Sim Lake can decide whether to approve or reject it.

One of the proposed agreements would change the terms of a major air pollution settlement announced with fanfare in 2005 by Wooldridge's predecessor at the Justice Department, Thomas Sansonetti. In addition to installing a half-billion dollars in new pollution controls, ConocoPhillips agreed to pay a $4.5 million fine to settle charges of Clean Air Act violations.

The new agreement Wooldridge signed delays many of the deadlines the government had imposed on the company _ some by two to three years _ for cutting emissions of chemicals from its refineries that cause smog and soot. It also postponed by more than a year some potential penalties and pollution reporting requirements. The agreement cited damage to a refinery in Belle Chasse, La., from Hurricane Katrina as justification for some of the delays. EPA referred all comment to the Justice Department.

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Wooldridge did not list her purchase of the South Carolina resort community home with Griles and ConocoPhillips' Duncan in a financial disclosure report she submitted a month after the real estate deal. That report covered calendar 2005 and Wooldridge resigned before having to submit a financial disclosure report covering 2006.

The other refineries covered in the consent decree are in the Los Angeles and San Francisco areas in California, Roxana, Ill., Linden, N.J., Trainer, Pa., Borger and Old Ocean, Texas, and Ferndale, Wash.

Wooldridge also put her undated signature on a proposed consent decree filed in January involving ConocoPhillips and a Superfund toxic waste site. The agreement calls for nearly 100 companies to pay $500,000 in damages and up to $10 million to clean up an 8-acre former solvent recycling facility in Elkton, Md., that closed in 1988.

Separately, Justice Department prosecutors notified Griles by letter last month that he faces possible criminal charges of lying to Congress and fraud under a 1988 law that says citizens are entitled to "honest services" from public officials.

The charges involve questions about whether Griles passed on information from Abramoff to other Interior officials and falsely testified in 2005 before the Senate Indian Affairs Committee about Abramoff's attempts to hire him away from Interior. Abramoff is serving about six years in prison for a fraudulent deal to buy a fleet of casino ships in Florida and awaits sentencing in Washington after pleading guilty to corrupting government officials and their staff members with bribes.

Duncan had no comment.

On Monday, ConocoPhillips notified the Securities and Exchange Commission of changes in its bylaws and ethics code. The company reiterated its policy that the "promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate company policy but could also be a criminal offense."

Ex-Official Is Not Target Of Abramoff Inquiry (NYT)

By Philip Shenon

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 — The government's former top environmental prosecutor has been told by Justice Department officials that she does not face charges in the corruption investigation centered on the lobbyist Jack Abramoff, her lawyer said Wednesday.

The former prosecutor, Sue Ellen Wooldridge, stepped down last month as an assistant attorney general and head of the department's environment and natural resources division.

Her lawyer, Stephen W. Grafman, said Ms. Wooldridge had cooperated fully in the investigation of Mr. Abramoff's lobbying operation and ties to lawmakers and senior officials in the Bush administration. Among the officials was J. Steven Griles, the former No. 2 official in the Interior Department, with whom Ms. Wooldridge has had a romantic relationship.

"We have been advised by Justice Department officials on several occasions that she is not now, nor has ever been, a target of the grand jury," Mr. Grafman said in an interview, responding to what he said were false news reports suggesting that Ms. Wooldridge was under scrutiny in a criminal matter.

Mr. Griles was notified by the Justice Department last month that he was probably going to be indicted on charges that he had lied to federal investigators about his relationship with Mr. Abramoff.

Mr. Abramoff's records show he repeatedly sought Mr. Griles's help at the Interior Department.

The Associated Press reported Wednesday that Ms. Wooldridge, Mr. Griles and a lobbyist for the oil company ConocoPhillips had jointly bought a $980,000 vacation home in South Carolina last year, about nine months before Ms. Wooldridge signed two major consent decrees that allowed ConocoPhillips to delay environmental cleanup projects.

Cynthia J. Magnuson, a Justice Department spokeswoman, said that Ms. Wooldridge's purchase of the home with the lobbyist had been cleared last year by the department's ethics office, and that she had not been barred from contacts with ConocoPhillips.

Ms. Magnuson said that Ms. Wooldridge had signed the consent decrees after they had been recommended to her unanimously by career officials at the Justice Department and by the Environmental Projection Agency.

Ms. Magnuson said she could not comment on the status of the criminal investigation.

Mr. Griles, who left the Interior Department to return to a career as a corporate lobbyist, has denied wrongdoing and insisted that he did no special favors for Mr. Abramoff. A spokesman for ConocoPhillips declined to comment on Wednesday.

Mr. Abramoff entered prison last year after pleading guilty to conspiring to corrupt public officials.

Climate Change's Cold Economics (WSJ)

By Jeffrey Ball

Wall Street Journal, February 15, 2007

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With mandatory curbs on U.S. global-warming emissions looking increasingly likely in the next several years, industries are starting to argue over who will pay for the cleanup. One thing is clear: Whatever the cost, it will get passed along to consumers.

A new report from the utility industry's think tank, the Electric Power Research Institute, says the U.S. utility sector could ratchet back its global-warming emissions to 1990 levels by 2030. That would be a major feat, given that emissions are projected to rise significantly over the next few decades.

But Congress is unlikely to boost taxpayer-funded energy research by enough to develop the necessary technologies, says Jeffry Sterba, chairman of the institute, who is expected to present the study today at an energy-industry conference. One option he said utilities are considering proposing: that the government allow them to tack an additional modest charge onto consumers' electric bills to raise roughly $2 billion a year to cover the cost.

As the Democrats who now control Congress start pushing for federal global-warming regulations, industry heavyweights are changing their stance on the issue. Exxon Mobil Corp., which has long opposed emission constraints, now is talking about how such rules should be structured. And the Edison Electric Institute, the electric-utility industry's chief trade group, announced last week that it is dropping its longstanding opposition to mandatory emission limits.

The corporate change is a concession to political reality. Even if they would prefer not to have an emissions limit, industries targeted by regulators are angling to shape whatever they get slapped with to minimize their portion of the bill.

The Electric Power Research Institute's study estimates some of the potential costs of an effort to curb U.S. global-warming emissions and puts a lengthy timeline on the task. It reflects a message likely to be heard increasingly from heavily emitting industries: They are confident they will be able to develop technologies to reduce global-warming emissions, if politicians, consumers and certain other industries are willing to foot the bill.

That "if" shows how the global-warming debate is moving beyond political rhetoric to questions of economic reality.

Achieving that emissions cut in the power industry -- the nation's biggest source of global-warming emissions -- would require aggressively rolling out a broad array of technologies, some of which aren't yet economically proven, the study says. Among those technologies: energy-efficiency improvements, for instance in buildings and appliances, to slow the projected growth in electricity demand; increases in the penetration of renewable and nuclear power; higher-efficiency coal-fired power plants; and capturing the carbon dioxide emitted from power plants and storing the global-warming gas underground.

Developing the necessary technologies so they could be widely deployed will require roughly $2 billion more in annual low-carbon-energy research spending in the U.S., the EPRI says. That's money beyond the approximately $3 billion the institute says the federal government currently invests each year in that area.

The power industry could raise the roughly $2 billion a year for new clean-energy research by increasing the average U.S. electric customer's rate by 0.05 cent a kilowatt hour, said Mr. Sterba, who stressed the utility industry hasn't yet proposed such a fee. That would increase the average American's monthly electric bill about 0.5%, to $89.07 from $88.60, according to government data.

EPRI officials believe the $2 billion collected would advance the technologies to a point where they are economically competitive with conventional technologies. The expectation is that private investors then would be willing to finance deployment of the technologies, because then they could earn an attractive profit, the officials said.

Mr. Sterba, the chairman and chief executive of PNM Resources, a New Mexico utility, says the study suggests that the cost of addressing global warming is significant but not insurmountable. "I'm concerned we may be being a little bit naive" about the likely costs, he said. "At the same time, I think there are people who may be being a bit too gloom-and-doom."

The study also marks an attempt by the utility industry to deflect regulators' attention to other sectors of the economy that utilities argue are ripe for emission cuts themselves. Utilities will need decades to develop technologies to significantly cut their emissions, Mr. Sterba said, but other industries capable of reducing their emissions more quickly and cheaply should be asked to do their share.

Among the technologies the study proposes to bring 2030 emissions back down to 1990 levels, for instance, is the widespread sale of so-called "plug-in" hybrid vehicles. Plug-in hybrids would get even better fuel economy than today's gasoline-and-electric hybrid cars because they would get more of their power from their electrical system, requiring the cars to be plugged into electrical outlets to be recharged. But deploying plug-in hybrids widely would require big shifts by auto makers.

In addition, taking steps to preserve more trees and inducing farmers to change the way they till their land would be lower-cost and quicker ways to begin reducing emissions than relying solely on the utility sector for the bulk of the cuts, Mr. Sterba said. Trees and soil absorb carbon dioxide, the main greenhouse gas.

Other studies are coming to similar conclusions. A new report by consultant McKinsey & Co. argues that the least-expensive options to curb global-warming emissions are some of the most basic: improving the energy efficiency of buildings, air conditioners and lights, for instance, and planting more trees. Such moves will be cheaper than some higher-technology methods, such as capturing the CO2 that is emitted from power plants and then burying that CO2 underground, McKinsey says.

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The cheaper options do present a political hurdle, the McKinsey report notes. They involve "billions of small emitters -- often consumers -- rather than a limited number of big companies already subject to heavy regulation."

Oil Company To Pay $200 Million In Toxic Dumping In Ivory Coast (NYT)

By Lydia Polgreen And Marlise Simons

New York Times, February 15, 2007

CONAKRY, Guinea, Feb. 14 — An oil trading company based in the Netherlands has agreed to pay almost $200 million to the government of Ivory Coast to settle claims that it illegally dumped toxic petrochemical waste in Abidjan last August.

The company, Trafigura, said the payment was not an admission of fault by any party. It said the money would help pay for a new waste disposal plant, a new hospital and an audit to determine the cause and effects of the dumping.

At least 10 people died and thousands more were sickened in Abidjan after hundreds of tons of toxic sludge, pumped from the hold of a ship named the Probo Koala, was dumped at more than a dozen sites, some of them densely populated.

About 100,000 people sought medical treatment, swamping the country's health care system, and public outrage at the suspicion that corrupt government officials had allowed the dumping led to the resignation of the entire cabinet, though much of it was later reinstated.

In announcing the settlement on Tuesday, Trafigura said in a prepared statement that three of its employees, who had been held since September, had been released.

Trafigura had leased the Probo Koala, a Greek-owned tanker flying a Panamanian flag, to transport petrochemical products. It arrived in Amsterdam on July 2, on its way to Estonia, to unload what the company said was 250 tons of "regular slops," wash water from a ship's holds, which is normally laced with oil, gas, caustic soda or other chemicals.

But when Amsterdam port workers began pumping out the tanker, they noticed that the liquid was thicker than normal and smelled foul; they refused to finish the job for the agreed-upon price, about $15,000, telling the company that safe disposal in Europe would cost about $300,000. (Trafigura said that with the extra cost of the delays, the amount could have been twice that.)

The waste was eventually shipped to West Africa, where it was dumped by an Ivorian company called Tommy for $20,000. An inquiry by the Ivorian government later said that the company might have been created just to dump the waste, and that it had "neither the qualifications, the competence or the technical ability to treat this waste."

President Laurent Gbagbo of Ivory Coast described the settlement as a "a good agreement that will allow the state to compensate the victims," according to The Associated Press.

But environmental activists said the incident highlighted how toxic waste often ended up on the doorstep of the world's poorest people.

Greenpeace called the deal premature and inadequate. "It does not do justice to the facts because the full liability and the damages have yet to be assessed," said Helen Perivier, a spokeswoman for Greenpeace International. She said she feared the government might absolve Trafigura of liability for the waste transport. The incident prompted a number of other investigations. A class action suit on behalf of thousands of victims is before a British court. In the Netherlands, a criminal investigation into the ship's moves while in Amsterdam's port is in progress, a spokesman for the Dutch government said. And there is a criminal investigation under way in Estonia, where the ship loaded cargo and left unhindered.

Achim Steiner, director of the United Nations Environment Program, told reporters on Wednesday that the incident had drawn attention to what he called "a whole unregulated and often illegal trade in toxic hazardous waste. This is not just some minor problem."

Effects Of Genetically Engineered Alfalfa Cultivate A Debate (USAT)

By Elizabeth Weise

USA Today, February 15, 2007

SAN FRANCISCO — The government was premature in deregulating production of alfalfa that is genetically engineered to resist a weed-killing herbicide, a federal judge ruled Wednesday.

The U.S. Department of Agriculture should not have acted as it did in 2005 without assessing the environmental effect of crops genetically modified to resist the herbicide Roundup, ruled U.S. District Court Judge Charles Breyer of the Northern District of California. The suit against the USDA was filed by the anti-biotech Center for Food Safety, the Sierra Club and organic alfalfa (hay) farmers. It accused the USDA of violating federal law by not requiring the environmental assessment.

Opponents of biotech crops, which are genetically engineered to have certain qualities, such as resistance to weed killers, have expressed concerns that they could interbreed with wild plants and create herbicide-resistant weeds.

Alfalfa is the nation's fourth-largest crop and is fed to farm animals, especially dairy cattle.

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"There's potential for these crops to contaminate non-genetically engineered alfalfa," says Will Rostov, senior attorney for the Center for Food Safety. This is particularly a concern for organic farmers, because genetically engineered plants cannot be sold as organic.

The Roundup Ready alfalfa cited in the suit was developed and sold by Forge Genetics of Minnesota, using technology from Monsanto. It allows growers to spray fields with Monsanto's Roundup herbicide, in which the chemical glyphosate is the active ingredient, killing weeds without hurting the alfalfa.

Monsanto submitted a detailed environmental analysis of the alfalfa to USDA, says company spokesman Chris Horner. "Reading the ruling, it's unclear how much of that was taken into consideration." All weeds built up resistance to herbicides over time, he says.

Breyer ruled that both sides must sit down together and propose remedies to him by Feb. 26.

Rostov says his group plans to push for an injunction on the planting, sale and distribution of Roundup Ready alfalfa until the USDA has done an impact assessment.

Only about 197,600 acres of the 22 million acres of the alfalfa grown in the USA in 2006 was genetically engineered, according to the International Service for the Acquisition of Agri-Biotech Applications.

The USDA is "very committed to protecting the environment" and is evaluating the ruling, says spokeswoman Rachel Iadicicco.

However, even if the USDA does an environmental assessment, it's unclear that it would have any effect on whether or not Roundup Ready alfalfa can be sold.

The judge ruled that under the National Environmental Policy Act, the USDA must do an assessment if there was the potential for "a significant environmental impact."

But under the Plant Protection Act, the basis for USDA's regulatory authority, it can adopt regulations only to prevent the introduction and dissemination of plant pests.

"If they find that the only thing it does is cause organic farmers harm, that may be an environmental impact, but under the Plant Protection Act, it may not be something that (USDA) can take into consideration," says Greg Jaffe, director of the Center for Science in the Public Interest's biotechnology project.

FBI/DEA/ATF/USMS:

Attorney To Plead Guilty To Leaking BALCO Testimony (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, February 14, 2007

A lawyer admitted in court documents Wednesday that he provided a Chronicle reporter with transcripts of confidential grand jury testimony by Barry Bonds and other athletes about steroid use, and federal authorities said they would drop their effort to send the reporter and a colleague to prison for 18 months for refusing to disclose their source.

The lawyer, Troy Ellerman, 44, who once represented the founder and another executive of the Bay Area Laboratory Co-Operative, agreed in court documents to plead guilty to four charges of disclosing the transcripts in violation of a judge's order. The plea agreement calls for a sentence of up to two years in prison and a fine of up to $250,000.

The agreement must be approved by a federal judge, and Ellerman can withdraw his admissions and go to trial if the judge rejects the two-year sentence or any of the other terms of the deal. No court date has been set.

Ellerman admitted allowing a Chronicle reporter, Mark Fainaru-Wada, to take verbatim notes of grand jury testimony by Bonds, fellow baseball players Jason Giambi and Gary Sheffield, and sprinter Tim Montgomery in his Sacramento office in June and November 2004.

Articles in 2004 by Fainaru-Wada and Lance Williams quoted Giambi and Montgomery as admitting they used performance-enhancing drugs. Bonds and Sheffield both testified they didn't knowingly take steroids, but the substances they described taking matched prosecutors' descriptions of steroids supplied by BALCO.

While he was secretly leaking the transcripts, Ellerman acknowledged Wednesday, he was publicly complaining to a federal judge about the leaks, and even filed a motion in October 2004 to dismiss charges against BALCO's founder, Victor Conte, arguing that the disclosures made a fair trial "practically impossible."

Based on those admissions, he agreed to plead guilty to obstruction of justice and making a false declaration, in addition to two counts of contempt of court for leaking the transcripts.

Once U.S. District Judge Jeffrey White accepts Ellerman's guilty plea, grand jury subpoenas to Fainaru-Wada and Williams will be withdrawn, the Justice Department said.

The subpoenas, received last May, demanded that the reporters identify the source or sources of the grand jury testimony, and that The Chronicle turn over any documents that might reveal the source.

When Fainaru-Wada and Williams refused to testify, White held them in contempt last September, saying a 1972 U.S. Supreme Court ruling had established that journalists have no special privilege to withhold evidence from a grand jury.

The judge ordered the reporters imprisoned for up to 18 months, unless they agreed to testify earlier, and also fined The Chronicle $1,000 a day for defying its subpoena.

The penalties have been suspended while the reporters and the newspaper appeal to the Ninth U.S. Circuit Court of Appeals, which had scheduled a hearing for March 7.

Their lawyers have argued that a 1996 Supreme Court ruling opened the door for federal judges to recognize a journalist's right to protect confidential sources when the value of the reporting to the public outweighed any harm caused by the leak.

House Speaker Nancy Pelosi, D-San Francisco, and several other congressional leaders have urged the Justice Department to withdraw the subpoenas and have expressed support for a federal "shield law" for journalists, similar to laws in effect in California and most other states.

Fainaru-Wada, Williams and The Chronicle all withheld comment on Ellerman. Eve Burton, a lawyer for the reporters and the newspaper, said, "As we have said throughout, we do not discuss issues involving confidential sources."

Ellerman's admission does not end the BALCO case, which has already resulted in guilty pleas from Conte and four other defendants, congressional hearings on steroids in sports, and a new steroid-testing policy for professional baseball.

The question that still looms over the case is whether a separate grand jury, convened last year, will indict Bonds for perjury in his 2003 testimony that he never knowingly took steroids. Bonds' former trainer, Greg Anderson, who pleaded guilty to drug distribution in the BALCO case, has been in prison since August for refusing to testify against Bonds.

Bonds' lawyer, Michael Rains, said Wednesday he thinks Fainaru-Wada and Williams should be prosecuted on charges of conspiring with Ellerman to disclose the grand jury transcripts.

"I think they're co-conspirators in a criminal enterprise with Troy Ellerman ... a deceitful attempt to undermine orders of a federal judge," said Rains, who unsuccessfully sued the reporters, the publisher of their book about BALCO, "Game of Shadows," and The Chronicle on similar grounds last year. "They bragged about getting these materials. They knew they were secret grand jury materials."

But a news media advocate was relieved.

"In a sense, the system worked," said Peter Scheer, executive director of the California First Amendment Coalition. "The reporters honored their promise of confidentiality to their source, which is both their right and their responsibility to the First Amendment." And ultimately, he said, the government uncovered the leaker on its own.

Another media advocate was uneasy, however, about the prosecution of Ellerman.

While the reporters deserve applause for not revealing their source, "someone who may be thinking about leaking information to the press may think twice if he knows he's going to go to jail," said Mark Feldstein, a journalism historian and associate professor of media and public affairs at George Washington University. That could keep important information from coming to light, he said.

Ellerman, of Woodland Park, Colo., represented Conte and BALCO vice president James Valente at different stages of the case. His name surfaced publicly in December when Yahoo.com quoted a former defense investigator, Larry McCormack, who was once fired from his job by Ellerman, as saying that the lawyer was the reporters' source.

Prosecutors said in a news release Wednesday that "a previously unknown witness" had approached the FBI last fall offering to help prove that Ellerman was the source.

On Dec. 13, prosecutors said, FBI agents confronted Ellerman at his home and he "made admissions that could be used to prove his guilt."

But nine days later, prosecutors filed a brief urging the appeals court to uphold the contempt-of-court orders against the two reporters and send them to prison. In an apparent reference to Ellerman, prosecutors said they were also submitting sealed documents to the court with new information about their efforts to identify the reporters' sources.

Ellerman's lawyer contacted the U.S. attorney's office about three weeks ago and said his client was prepared to admit disclosing the grand jury testimony, leading to negotiations that produced Wednesday's plea agreement, prosecutors said.

The development comes amid other controversies about reporters and sources.

In Washington, D.C., the trial of former vice presidential aide Lewis "Scooter" Libby, on charges of lying about disclosing a CIA agent's name to the press, has included testimony from a series of reporters, including Judith Miller of the New York Times, who spent 85 days in prison until she got permission to identify Libby as her source.

In San Francisco, blogger Josh Wolf has spent nearly six months in prison -- the longest incarceration of a journalist in U.S. history -- for refusing to surrender a videotape of a July 2005 anarchist protest to federal authorities.

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Chronicle staff writer Joe Garofoli contributed to this report.

Balco Source Confesses, Likely Sparing Reporters From Prison Terms (MERCN)

By Karen De Sá

The San Jose Mercury News, February 15, 2007

A defense attorney Wednesday agreed to plead guilty to leaking secret grand jury testimony in the Balco steroids probe to the media, likely sparing two San Francisco Chronicle reporters from an 18-month prison term for refusing to disclose their source's name. The reporters had used the leaked testimony to expose alleged steroid use among big-name athletes, including baseball players Barry Bonds and Jason Giambi.

According to an agreement filed in San Francisco's U.S. District Court, Troy Ellerman, 44, who counseled two key figures in the steroids probe, will plead guilty to the 2004 leak, as well as lying about it, obstructing justice and disobeying a court order not to disclose grand jury information. The agreement freed the reporters -- awaiting an appeal of their case -- from having to serve time on contempt of court charges. The subpoenas seeking to force the reporters to reveal their source will be withdrawn once the plea is formally entered, a Justice Department spokesman said.

Federal prosecutors, searching for the source of the leaks, early on set their sights on Mark Fainaru-Wada and Lance Williams, who wrote in December 2004 that Bonds testified he might have unwittingly used steroid-laced substances. Bonds later denied using steroids, claiming he thought the substances were flaxseed oil and a legal ointment.

Williams said Wednesday that he had dashed out of the office early to pick up Valentine's Day flowers for his wife when a television reporter called with the news. He's reluctant to get too exuberant, he said, until the agreement is approved.

``If we're not going to jail, of course that's great,'' Williams said. ``But it will take a little while to sort that out.''

The case of the two threatened reporters had taken on broader significance as yet another example of the federal government using tough tactics to coax reporters into spilling their sources amid high-profile investigations. Journalists must often promise sources confidentiality in order to get critical information to the public -- especially when the stakes are high.

Peter Scheer, executive director of the California First Amendment Coalition, praised the recent development in the Balco case but noted that Wednesday's agreement does not mean the larger issue has been resolved. With the ``Scooter'' Libby CIA leak trial ongoing and the pending case against freelance journalist Josh Wolf -- now in a Dublin jail for refusing to turn over videotape of a 2005 political protest in San Francisco -- reporting freedom remains in jeopardy, he said.

``There's tension between the press and the government. The government tries to keep secrets, and the press tries to get those secrets and report on them,'' Scheer said. ``The Balco case is one example, but better examples very recently include warrantless wiretapping by the National Security Agency or the CIA's extraordinary rendition program in Europe and elsewhere.''

The steroid scandal involving the Bay Area laboratory not only raised fundamental issues of press freedom, but it also tarnished the reputations of adored athletes, from Bonds and Giambi to sprinter Tim Montgomery -- once billed as the world's fastest man.

But now it's Ellerman -- a former rodeo cowboy and the commissioner of the Professional Rodeo Cowboys Association -- who is in the spotlight. His expected guilty pleas to four charges of disclosing confidential transcripts in violation of a federal judge's order calls for a prison sentence of up to two years and a $250,000 fine.

Ellerman met Balco President Victor Conte Jr. in 1997, after helping one of Conte's daughters with legal problems. When investigators raided Balco in September 2003, Conte called Ellerman for help. The broad-shouldered lawyer with a shaved head eventually represented Jim Valente, Balco's vice president. Both Conte and Valente were among five men convicted for giving elite athletes illegal performance-enhancing drugs.

Ellerman, who lives in Colorado and worked as a criminal defense lawyer in Sacramento until 2005, often blamed the government for the leaks.

He did not return calls seeking comment Wednesday night, but he's spoken with the Mercury News in the past. In March 2004, he told the newspaper that the prosecution's request for a trial within 70 days, while turning 34,000 pages of documents and evidence over to the defense, ``smacks of a political agenda.''

``Bush wants to have a summit on steroids,'' Ellerman said of the Balco case.

Conte, the Balco mastermind who had been accused in court papers of being the source of the leak, said Wednesday he was happy to have his name cleared and called Ellerman's actions outrageous.

``I'm shocked at this news,'' he wrote in an e-mail. ``This man was an officer of the court who was highly paid to provide the services of a criminal defense attorney. Instead, he chose to serve his own agenda and act in a way that was damaging to his own clients.''

Reporters Avoid Jail In Balco Case (NYT)

By Jesse Mckinley

The New York Times, February 15, 2007

SAN FRANCISCO, Feb. 14 — Two reporters from The San Francisco Chronicle who wrote a best-selling book about steroid use in baseball will avoid jail time after a defense lawyer agreed Wednesday to plead guilty to leaking them secret federal court documents, prosecutors said.

The lawyer, Troy L. Ellerman, will plead guilty to two counts of contempt, as well as one count each of obstruction of justice and filing false statements in a federal court, according to a statement from the United States Attorney's Office in Los Angeles.

As part of the plea, the Justice Department will withdraw subpoenas issued to the reporters Lance Williams and Mark Fainaru-Wada, who had been held in contempt by a federal judge since September for refusing to say who their sources were for a series of Chronicle articles and their 2006 book, "Game of Shadows."

"The government believes that Ellerman's guilty pleas alleviate the need for the reporters to testify," the statement read.

Ellerman faces up to two years in prison and a $250,000 fine, said Douglas M. Miller, one of the prosecutors in the case.

Ellerman, who did not return a call to his cellphone for comment, had once represented Victor Conte Jr., the founder of the Bay Area Laboratory Co-Operative, the company from Burlingame, Calif., at the center of a continuing federal investigation into steroids in sports. Ellerman had also represented James J. Valente, the vice president of Balco.

Conte and Valente served time in prison in connection to distributing steroids through their company, whose client list included some of the biggest names in sports, including Barry Bonds, the San Francisco Giants slugger; Tim Montgomery, the Olympic sprinter; and the baseball stars Gary Sheffield and Jason Giambi.

All four athletes testified in front of a grand jury in 2003, and court documents filed Wednesday show that Ellerman admitted that he had allowed the Chronicle reporters to see transcripts of each of the men's testimony in 2004 in violation of a court order.

Defense In Steroid Case Admits Leak (LAT)

By Joe Mozingo And Stuart Silverstein, Times Staff Writers

The Los Angeles Times, February 15, 2007

Attorney's action will spare San Francisco Chronicle reporters from prison for contempt in refusing to reveal source.

A defense attorney in the BALCO steroid scandal has admitted that he revealed secret grand jury testimony from Major League Baseball players to two San Francisco Chronicle reporters, ending a constitutional standoff between federal prosecutors and the press, and eliminating the threat of prison for the journalists.

Troy Ellerman, 44, who represented the vice president of the Bay Area Laboratory Cooperative, agreed to plead guilty to two counts of contempt of court, one count of obstruction of justice and one count of filing a false declaration with a federal court, according to an 18-page plea agreement filed in U.S. District Court in San Francisco on Wednesday.

Once he enters his plea, the U.S. Justice Department intends to withdraw the grand jury subpoenas issued to reporters Mark Fainaru-Wada and Lance Williams, who had been sentenced to prison on contempt charges for refusing to comply with the subpoenas, a government spokesman said. Fainaru-Wada, 41, and Williams, 57, had remained free while appealing the sentence.

"The government believes that Ellerman's guilty pleas will alleviate the need for the reporters to testify before the grand jury," Thom Mrozek, spokesman for the U.S. attorney's office in Los Angeles, which investigated the leak, said in a news release.

Williams, reached by phone, said Wednesday's news caught him and Fainaru-Wada by surprise. He declined to confirm that Ellerman was their confidential source.

"The whole point of our situation is that we're not going to give our sources to anyone as long as we have a confidentiality agreement in place, and we do," Williams added.

At the same time, Williams said if the prospect of prison is removed, "Of course, that's great."

The case was seen as a tipping point in a series of court battles between journalists and federal prosecutors seeking to unmask their sources. This week, a procession of reporters has filed into a Washington courtroom to testify about who leaked the name of CIA agent Valerie Plame.

Media advocates, however, contended that unlike the Plame matter, the BALCO case did not involve sensitive security issues and the reporters performed an important public service by exposing drug abuse in national sports.

Attorneys for the Chronicle argued before U.S. District Judge Jeffrey S. White that forcing journalists to disclose their sources would undercut the 1st Amendment and ability of the media to gather news.

But White agreed with the prosecutors, who argued that letting people get away with violating a judge's order to keep information confidential would deeply erode the system of justice.

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And according to the plea agreement, Ellerman very much flouted that system in 2004 as his client, James Valente, was headed to trial for allegedly illegally distributing steroids.

Ellerman allegedly invited the reporters on two occasions to his law offices to take verbatim notes of the testimony given by baseball stars Barry Bonds, Jason Giambi and Gary Sheffield and sprinter Tim Montgomery.

When the Chronicle's subsequent stories connecting the athletes to the steroid ring rocked the sports world, Ellerman blamed the government in a court hearing for the leaks, according to the plea agreement. He then filed a motion to dismiss the charges, saying that the media coverage of the confidential testimony made "fair trial practically impossible anywhere in the country," the plea agreement said.

For misleading the court, Ellerman was charged with obstruction of justice. Although he could face up to 15 years in prison and fines of $500,000, the U.S. attorney's office has agreed that he should be sentenced to no more than two years, and he could get probation. If the judge decides to give him more time than the agreement stipulates, Ellerman can withdraw the plea.

"The government acknowledges that Ellerman's decision to plead guilty has saved future government resources by resolving the leak investigation now, has saved the 9th Circuit Court of Appeals from having to consider and rule on the appeal filed by the reporters and the Chronicle, and has avoided the potential that Fainaru-Wada and Williams would serve time in prison," Mrozek said.

The BALCO case began in 2003, when agents raided the Burlingame laboratory that produced performance-enhancing drugs and a grand jury probe was begun.

As professional athletes were called before the grand jury, reporters scrambled to learn the names of those who got illegal drugs from the firm.

But when indictments were announced in February 2004 against four defendants — including Valente and BALCO founder Victor Conte — prosecutors had removed the athletes' names.

The transcripts of the grand jury testimony, revealing the athletes' names, were distributed to the defendants and their attorneys. Judge Susan Illston made the parties sign a protective order not to disseminate them to the press.

About four months later, however, Ellerman "willfully disobeyed" Illston's order and invited Fainaru-Wada to his Sacramento law offices to take verbatim notes from Montgomery's sealed testimony, according to the plea agreement.

The June 24 headlines were: "Sprinter admitted use of BALCO 'magic potion' " and "Track star's testimony linked Bonds to steroid use." Illston asked the Justice Department to investigate the leak.

Ellerman expressed outrage about the leak in court. In mid-July, he filed a declaration under penalty of perjury stating that he "had no idea who provided the information to the media concerning Mr. Montgomery's grand jury testimony nor why it was done." He wrote that the leak was "very damaging to [the defendant's] right to a fair trial."

In October, he made the motion to dismiss while subsequently inviting Fainaru-Wada back to his offices to take notes from the testimony of Giambi, Bonds and Sheffield. The resulting stories caused an international uproar over the use of steroids by top stars in professional sports.

This fall, according to Mrozek, a "previously unknown witness approached the FBI offering to help prove that Ellerman was the source of the leaks." The FBI secretly taped Ellerman admitting that he was the source of the grand jury transcripts, according to the plea agreement.

Media advocates were delighted to hear that Williams and Fainaru-Wada would avoid prison.

Lucie Morillon, the Washington director of Reporters Without Borders, said the whole episode still damaged journalists' ability to dig up information.

"This source has been forced to come forward and this does not help to instill trust between reporters and their sources," she said.

Traditionally, the Justice Department has opted to subpoena reporters in only the most extreme circumstances, such as to protect national security or public safety, but critics said that changed under the Bush administration. Eve Burton, corporate counsel for the Hearst Corp., which owns the Chronicle, said the number of media subpoenas has increased markedly in recent years, according to research the company did to prepare for this case. Of 91 federal subpoenas issued to journalists since 1991, 41 have been filed since January 2003, she said.

The Justice Department has said it does not have a tally of the total number of subpoenas issued to reporters.

Fred Brown, vice chair of the ethics committee of the Society of Professional Journalists, said the case also raises ethical issues for journalists who grant confidentiality to sources whose motives for releasing the information might be questionable.

"I think it shows you don't make that promise unconditionally," Brown said. "You should leave yourself an out if your source does something unethical."

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Times staff writer Maria La Ganga contributed to this report.

FBI Rules Out Terrorism In Shootings By Young Bosnian Immigrant (AP)

By Paul Foy, Associated Press Writer
AP, February 15, 2007

(AP) - SALT LAKE CITY-The FBI said Wednesday it has no reason to believe the shooting spree that killed five people in a shopping mall was an act of Islamic terrorism, leaving a young Bosnian immigrant's motives a mystery.

"It's just unexplainable," FBI agent Patrick Kiernan said. "He was just walking around and shooting everybody he saw."

Sulejman Talovic, 18, fired randomly at shoppers Monday, killing five and leaving four others injured before he was shot dead by police.

"We are Muslims, but we are not terrorists," the boy's aunt, Ajka Omerovic, said Wednesday at the family's house. She rejected any religious motive for the shooting and said the family cannot explain it.

The Talovic family fled war-torn Bosnia for Utah in 1998 "to be free," she said.

Talovic's parents do not speak English and are not answering knocks on their door. Omerovic said the boy's mother is distraught and that the father normally works "dusk to dawn" in construction.

Authorities are investigating how Talovic acquired one of his weapons, a .38-caliber pistol, which is illegal for a teenager to possess, said Lori Dyer, in charge of the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

Those efforts were delayed Wednesday when an East Coast storm shut down ATF offices, she said.

Talovic was heavily armed with ammunition and a shotgun as well.

"You can buy long guns at 18. That's not a problem. The handgun he shouldn't have had, so obviously we're going to look at where he got that gun," Dyer said.

Omerovic said Talovic never displayed any guns. "We want to know, who sold these guns to him," she said.

Meanwhile, less than 48 hours after the killings, the mall reopened.

Salt Lake City Police Chief Chris Burbank said the rampage could have been even worse if not for the quick actions of an off-duty officer, Ken Hammond, who engaged Talovic in a shootout before other officers arrived.

Investigators knew little about Talovic, except that he lived in Salt Lake City with his mother. He was enrolled in numerous city schools before withdrawing in 2004.

He was a legal U.S. resident, arriving with family members as war refugees in 1998, said Virginia Kice, a spokeswoman with U.S. Immigration and Customs Enforcement.

At 16, Talovic was taken out of high school by his mother to work, Salt Lake City school district spokesman Jason Olsen said Wednesday. He was employed at Aramark Uniform Services, where managers refused to comment.

Talovic was only 4 when he and his mother fled their village of Talovici on foot after Serbian forces overran it in 1993, people close to the family told The Associated Press in Bosnia-Herzegovina.

He lived as a refugee in Bosnia from 1993 to 1998, when his family moved to the United States, they said.

During that period, he spent some time in Srebrenica, the northeastern enclave where up to 8,000 Muslim men and boys were slaughtered in 1995 by Serb forces.

Talovic left Srebrenica two years before the massacre, but acquaintances suggested it may have left an indelible mark on the quiet little boy they knew.

"That's why I'm convinced the war did this in Utah," said Murat Avdic, a friend of the family. "There cannot be any other reason."

The four people injured remained in hospitals, with two in critical condition and two listed as serious.

Associated Press writers Debbie Hummel in Salt Lake City and Aida Cerkez-Robinson in Sarajevo contributed to this story.
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FBI Taps Raytheon For Info-sharing System (GCN)

By Wilson P. Dizard III, GCN Staff
Government Computer News, February 15, 2007

The FBI has awarded a contract to the Raytheon Co. of Waltham, Mass., to build out the National Data Exchange (N-Dex) law enforcement information-sharing system, sources said.

According to a bureau official, FBI systems specialists expect to meet with their Raytheon counterparts within the next two weeks to plan the IT work leading up to the N-Dex system rollout.

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N-Dex uses advanced information sharing that harmonizes data entered into various types of law enforcement systems for common search, acquisition and analysis. N-Dex acts as a counterpart to R-Dex, a regional data exchange system that provides a “pointer” to the location of specific information held by other law enforcement agencies.

Technical descriptions of the N-Dex project emphasize its use of standards such as the Global Justice XML Data Model and the National Information Exchange Model to foster information sharing.

The Justice Department likely will provide funds for N-Dex during 2007 and 2008, and the FBI will assume funding responsibility in 2009 and later, sources said.

N-Dex is intended to facilitate data analysis and the detection of links among people and places, as well as events such as crimes, objects such as weapons, drugs and currency, and gangs to help intelligence analysis. The project has progressed for about six years under the auspices of the bureau’s National Criminal Information Services Division in Clarksburg, W.Va. FBI officials have worked with their counterparts in many federal agencies as well as states and cities to create the framework and standards for the system.

Raytheon declined to comment. FBI officials were not immediately available for comment.

An FBI official close to the project noted that the bureau had structured the acquisition as a performance-based contract. The official said N-Dex likely would begin full-scale operation in about a year.

A Walk In The Dark (WP)

By Desson Thomson, Washington Post Staff Writer

The Washington Post, February 15, 2007

'Breach' Draws a Fresh Angle on the Story of the FBI Mole, But the Mystery of Why He Did It Endures Six Years Later

Why did the FBI's top spy hunter -- a Cold War warrior who repeatedly professed his love of God, family, country and J. Edgar Hoover -- sell his nation's most sensitive secrets to the Russians?

It's a question that hangs unanswered over Washington, the city where Robert Hanssen was arrested on Feb. 18, 2001, for the worst security breach in the FBI's history.

Ever since, it has confounded not only his family, friends and colleagues, but also untold numbers of authors, forensic psychologists, criminologists and intelligence analysts. And that question is further compounded by the enigma of Hanssen himself -- a counterintelligence officer who passed classified materials to the Soviet and Russian governments undetected for 22 years; a devotee of the Catholic order of Opus Dei who encouraged a friend to secretly observe him having sex with his wife; who bought a Mercedes-Benz for a Washington stripper; and who was obsessed with pornography.

Six years, virtually to the day, after Hanssen's capture, a new movie brings that perplexing question back into play with a previously undisclosed story -- that of Eric O'Neill, the 27-year-old surveillance operative whose job it was to closely monitor Hanssen while the FBI maneuvered to ensnare him. O'Neill's story does not appear in any of several books written about Hanssen since his capture because -- until recently -- the FBI forbade him to speak publicly.

Directed by Billy Ray, "Breach" offers no "Rosebud" revelations to explain Hanssen's treason. But it places audiences in the same unnerving situation O'Neill (played by Ryan Phillippe) found himself in in January 2001 -- posing as office assistant to Hanssen (Chris Cooper), securing his trust and reporting his every move until the double agent made the crucial mistake that led to his apprehension. Hanssen was arrested a month later, after stashing a trash bag full of classified materials under a footbridge in Fairfax County's Foxstone Park -- a spy's "dead drop" intended for his Russian handlers.

"There are, I'd say, 500 stories that could be told about Hanssen," Ray acknowledges. "After all, there were 500 officers working on that case. But out of the 500, there was only one who was locked in a room with that guy every day -- Eric."

Hanssen, who turns 63 in April, is spending the rest of his life at the Supermax federal prison in Florence, Colo. Only after he pleaded guilty in 2002 -- and after most of the half-dozen or so books about the case had been published -- was O'Neill finally cleared to tell his story. He pitched the "Breach" project to Hollywood.

Which is to explain how the real Eric O'Neill and Ray come to be sitting in a lunchroom -- right across the street from FBI headquarters -- and revisiting the baffling conundrum that is Robert Hanssen.

Both acknowledge they are telling only one small corner of the story and both agree that, in terms of explaining Hanssen's motivation, "Breach" can only offer informed conjecture. But that's as close as anyone can expect to evoke the man, insists Ray, who has read all the available research on Hanssen and can reel off the prevailing theories about him.

"His father told him he was a loser," Ray begins. "He didn't want to look bad in front of his wife. He was mad at being passed over for promotion. The Russians treated him like James Bond and that really got him going."

But Ray, whose 2003 film "Shattered Glass" probed the motives of another Washington schemer, journalistic fabricator Stephen Glass, has his own interpretation.

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"The truth is, we just don't know him," says Ray, 43, boyish and gentle-voiced. "And ultimately, does it matter why he did what he did? His wife's going to have to think about why he did what he did. But I didn't spend a lot of time thinking about it. I imagine Chris Cooper spent some time thinking about it. Why did Stephen Glass write all those [false] articles? I can give you 50 reasons -- all totally valid. But at the end of the day, he did it. And I think, ultimately, you are what you do."

For Ray, the bottom line was this: Hanssen "had an absence of a moral rudder. He didn't have that part of the gut that says: 'Don't do this. It's illegal, immoral, dangerous and wrong.' "

"I believe that moral rudder was there, but it was just ignored," counters O'Neill, a clean-cut, bright-eyed man of 33, now a government contracts lawyer in Washington. "He knew the right things to do but he made excuses for himself. And because his religion was so central to his life -- and he knew he was doing immoral things, hurting people -- he believed himself evil and doomed."

"Breach" is also fascinating, ironically, for what it doesn't tell, and how those stories -- found in numerous articles and such nonfiction books as David Wise's "Spy: The Inside Story of How the FBI's Robert Hanssen Betrayed America" and David A. Vise's "The Bureau and the Mole" -- yield even more perplexing questions about Hanssen.

"Ultimately, who knows the heart of a double agent?" asks "Spy" author Wise. "Does a spy even know what drives him to betray everything -- his wife, his country, himself? It's a complicated business."

In the case of Hanssen, the more that these writers uncover, it seems, the darker and more elusive he becomes.

In a 2001 article, intelligence affairs author James Bamford, who came to know Hanssen personally, remembered that Hanssen "would much rather talk about the immorality of abortion and the dangers of Planned Parenthood than the latest draft picks." And when Bamford finally agreed, at Hanssen's request, to attend one of his Opus Dei meetings, the FBI man "reveled in that closed society of true believers, like a fraternity brother exchanging a secret handshake."

But "hidden deep behind that pious, anti-Communist facade," Bamford wrote in the New York Times Magazine, "was a disturbing, bifurcated psyche. A Dr. Jekyll and Mr. Hanssen."

A tall, brooding loner -- nicknamed "the mortician" for the dark suits and clothes he always wore -- Hanssen pursued a shadowy double role in virtually every facet of his life. As the head of the Soviet unit at the FBI, he was in charge of catching enemy spies but, according to court documents, books and published reports, received an estimated $1.4 million over 22 years for passing classified materials to the Soviet and Russian regimes.

(Those materials included details of the U.S. government's contingency plan for surviving a nuclear attack, identities of Soviet agents working for Washington and the existence of a multimillion-dollar spy tunnel built under the Soviet embassy here.)

Hanssen would duck out of work early so he could attend antiabortion rallies, yet had no compunction about sending three young men to their deaths -- Russian double agents whose identities he sold to Moscow. And according to Vise's book, Hanssen was never too busy working for his country's enemies to feed the media damning information about the Clinton administration's purported cover-up of financial contributions from communist China.

"You have to understand he was a compartmentalizer," Vise says. "How else could he be married and a father and go to church every day and, at the same time, commit treason?"

According to Wise and Vise's books and others, Hanssen spent his share of secular time at "gentleman's clubs" in downtown Washington. He befriended several strippers, including Priscilla Sue Galey, on whom he lavished several thousands of dollars in cash and jewelry. (She was the one for whom he bought the Mercedes -- used.)

On one occasion, he took Galey on a free trip to Hong Kong, while he attended an FBI conference there. Yet to her surprise, Hanssen never attempted to have sex with her. He was, he told her, trying to bring her closer to God. He neglected, however, to inform his wife, Bonnie, of his missionary work.

As the movie only alludes to, but most Hanssen books recount, Hanssen reserved the worst betrayal of all for his wife, Bonnie -- who, by the terms of her pension arrangement, cannot comment about her husband to the media. He ostensibly revered her, yet disseminated material about their sexual relationship on the Internet, and even rigged a secret surveillance camera in their bedroom -- unbeknown to her -- so a childhood friend could watch their lovemaking when he came to visit.

This highly secretive man also wanted to be discovered, maintains Vise; "otherwise, in his eyes, the world would never have had the chance to see how devilishly clever he was -- eluding detection for two decades."

That seemed clear to O'Neill on that January day in 2001 when he moved into Hanssen's office to begin his clandestine assignment. As the movie shows, his new boss immediately lectured him on the kind of spies to be on the lookout for: They would be in "the worst possible place," trying to do the most possible damage and for the best financial gain.

"There he was," O'Neill says. "Across the desk, sitting in that worst possible place, with access to everything. So we began our relationship with me thinking, 'Is it cat and mouse? Who's the cat and who's the mouse? Is he just being a mentor or is he saying: 'I know what's going on. See if you can catch me. You can't because you're a stupid, low-level clerk.' "

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But O'Neill had the last word in that crucible of a relationship. On the day of Hanssen's impending arrest, knowing he'd never see Hanssen free again, O'Neill had a special farewell to make.

"I said 'Boss?' He turned and said, 'Yeah?' I said, 'I'll catch you later.' "

Judge To Reconsider Bail For Alleged Drug Kingpin (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 15, 2007

Thrice-convicted felon flight risk, prosecutor says

Dang, that sounds harsh.

Locked down in solitary confinement in an already tightly secured jail, forced to suffer from an untreated hernia and isolated from his wife and children - that has been the unfair life of Vicente Corona since he was alleged by authorities to be the top dog of a massive mail-order drug distribution network, his attorney argued Wednesday.

But, wait. Call Assistant U.S. Attorney Mike Winck crazy, but he's thinking all that extra security might stem from Corona's alleged threat to escape, kill a witness and slay an accused conspirator.

"The defendant has communicated to a person in the Blount County Jail his intent to escape," Winck told U.S. District Judge Thomas Phillips at a hearing Wednesday. "He was going to use his brother, Roberto, to help him escape (during) his hernia operation.

"The defendant also communicated he intended to have one of the witnesses killed," Winck continued. "The defendant communicated he would have had another co-conspirator killed."

Winck said authorities have proof to show that Corona's brother rented a hotel room in the area around the time of the alleged escape attempt.

It was only because the U.S. Marshals Service got wind of the alleged plot that security was beefed up. Corona waseventually allowed to have his hernia operation under heavy guard, Winck said.

Johnson countered that Winck was telling tales he couldn't back up.

"I would note for the court he's relying on someone who is an inmate at the Blount County Jail who is unidentified," Johnson said of the alleged source of Winck's information.

It was a pretty bold move on Johnson's part Wednesday to ask Phillips to reconsider an earlier ruling by U.S. District Magistrate Judge Bruce Guyton that Corona should be locked up pending trial.

Consider the facts Guyton relied on:

Corona is an illegal immigrant caught in California with fake identification. He is alleged to be the kingpin of a mail-order drug business that shipped more than a half-ton of marijuana and a quarter-ton of cocaine from California to Knoxville in just three years.

He has three prior felony drug convictions, which Winck contends makes his punishment a mandatory life term if he is convicted. His wife and children live in California. He has no relatives in the Knoxville area, although he has a few in Chattanooga.

"Persons who continually violate the (federal drug laws) are a danger to our community," Winck said. "Because he's facing a term of imprisonment of life, I also submit he is a risk of flight."

Johnson counters that it is unduly harsh to keep Corona locked up in the Blount County Jail, where inmates cannot even watch television.

"Pretrial detention in a county jail is, I submit, the harshest alternative," Johnson said.

Phillips said he would issue a written ruling on the issue. He also is set to decide Johnson's bid to have the case tossed out for trial delays. The odds are not good given that Phillips called Johnson's bluff with an offer to move up the July trial date if Johnson would drop pending motions. Johnson declined.

Jamie Satterfield may be reached at 865-342-6308.

Congressional Delegation Staying Out Of Hemp Debate (AP)

AP, February 15, 2007

WASHINGTON North Dakota legislators are urging Congress to make it easier for farmers around the country to grow hemp. But the state's congressional delegation won't be rushing to help.

Sens. Kent Conrad and Byron Dorgan and Rep. Earl Pomeroy, all Democrats, are staying out of the congressional debate over industrial hemp. At issue is whether it should be treated in the same way as marijuana or whether commercial hemp production should be allowed.

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The North Dakota House passed two resolutions on the issue this week, urging Congress and the federal Drug Enforcement Administration to allow farmers to grow the crop. The state last week issued the nation's first licenses to two farmers seeking to grow industrial hemp.

Congress has tentatively waded into the debate, with pro-hemp legislation introduced by Texas Republican Rep. Ron Paul. Pomeroy is not signing on.

In an interview, Pomeroy said he does not want to interfere in discussions between the DEA and the commercial hemp industry.

"At this point in time, I'd like to leave this to the experts, and no one has ever accused Congress of being that group," Pomeroy said.

He has not decided how he feels about the issue, he said.

"I haven't reached a conclusion. I am watching with interest," he said. "I am learning from North Dakota's experience."

Spokesmen for Conrad and Dorgan said neither senator would be sponsoring or co-sponsoring legislation dealing with hemp. They did not say whether the two senators support making it easier for farmers to grow it.

Conrad spokesman Chris Thorne said Conrad worries the Bush administration will object.

"At this point, we don't see much room for success there," he said.

North Dakota Agriculture Commissioner Roger Johnson met with DEA officials earlier this week to try to persuade them to accept the two state licenses. The farmers must get approval from the agency, which has not allowed commercial hemp production but has said it would consider applications to grow it.

"I felt that we've got a long ways to go with DEA," Johnson said after the meeting. "They made it quite clear that they still do not understand or believe the distinction between industrial hemp and marijuana. That's a pretty fundamental issue."

He said he would rather see the DEA change its rules than try for a controversial battle in a busy Congress.

Garrison Courtney, a spokesman for the DEA, said the agency will give full consideration to the North Dakota applications.

"It's still in the very beginning stages," he said. "It would be premature to speculate on what our decision is going to be down the road."

Hemp is a cousin of marijuana that contains trace amounts of the chemical that causes a marijuana high, though hemp does not produce the same effects. The sturdy, fibrous plant is used to make an assortment of products including paper, rope, clothing and cosmetics.

Industrial hemp cultivation is legal in Canada and other countries but is banned in the United States. Law enforcement officials worry that industrial hemp can shield the growing of marijuana, although hemp supporters say that fear is unfounded.

North Dakota is one of seven states that have authorized industrial hemp farming. The others are Hawaii, Kentucky, Maine, Maryland, Montana and West Virginia, according to Vote Hemp, an industrial hemp advocacy organization based in Bedford, Mass.

Losing Afghanistan To Opium? (WT)

By Ileana Ros-Lehtinen

The Washington Times, February 15, 2007

The spring opium harvest will soon begin in Afghanistan. So will a murderous spring offensive by the Taliban and its allies against U.S. and coalition troops. The two events are directly related, for the Taliban and the warlords are funded by the billions of dollars deriving from the massive, illegal opium trade.

The deteriorating security in Afghanistan has been made possible by the opium crop's skyrocketing expansion. Much of the money is used to buy sophisticated weapons for the Taliban and warlords, pay their fighters, purchase supplies, bribe Afghan and Pakistani officials and provide an impoverished population with the means to earn a living and thereby secure their allegiance and support.

Seen in this context, it is clear that U.S. and coalition forces in Afghanistan are battling more than merely a few thousand militants. They are at war with an expanding narco-state that extends throughout the country. Without this support, our enemies would be hard-pressed to operate, much less continue increasing their numbers and firepower. Given this reality, the odds against success are lengthening.

After five years of sustained U.S. effort in Afghanistan, it should be apparent to all that our strategy has not succeeded. Yet as a new approach is about to be rolled out, it does not appear that those formulating this new proposal fully understand that the Taliban and its allies cannot be defeated without also targeting their principal source of financing -- the illegal drug trade.

Our anti-narcotics policy has long been hobbled by conflicting views and bureaucratic battles between the various players, including the Departments of Defense and State, the Drug Enforcement Administration (DEA), and other U.S. agencies, along

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with our NATO allies, especially the British. There is little prospect these long-entrenched divisions will be reconciled by themselves.

To encourage the administration to focus on this central problem, I and four of my colleagues on the House Foreign Affairs Committee recently sent a letter to Secretary of State Condoleezza Rice and Defense Secretary Robert Gates recommending a number of steps be taken immediately, including:

· Appointing a high-level coordinator of Afghan narco-terrorism policy to create and lead a unified campaign against drugs and terror that utilizes all U.S. agencies, assets and assistance, as we are doing successfully in Colombia.

· Implementing a new DEA "ride-along" policy with the International Security Assistance Force (ISAF) and our own military forces on the ground in Afghanistan in order to combine ongoing U.S. and NATO military operations when these overlap with those of the DEA.

· Extraditing to the U.S. major drug kingpins and drug warlords, using a new narco-terrorism provision in the USA PATRIOT Act that makes the use of illicit drugs to support acts of terrorism or foreign terrorist organizations a federal crime. Extradition has worked well in Colombia, and can work in Afghanistan.

· Expediting training by the Colombian National Police's elite anti-narcotics unit, which visited Afghanistan last year, of their Afghan counterparts. We were pleased to see Gen. Peter Pace, chairman of the Joint Chiefs of Staff, note recently the key role our Colombian allies, and U.S. experience in Colombia, can play in the fight against illicit drugs in Afghanistan.

· Helping develop and facilitate trade promotion and increased trade-building capacity for Afghan products and industries in order to increase exports and create legitimate livelihoods in place of illicit opium farming and production today.

Of course, these recommendations must be part of a much broader effort that includes a greatly enhanced effort by Pakistan to secure its tribal areas and the president's proposals to increase funding for roads, rural electrification, alternative livelihood programs, and training for security forces. But without a comprehensive counternarcotics policy, these efforts by themselves are unlikely to succeed.

The problem with our strategy in Afghanistan is not primarily one of resources, but of policy. Our enemies draw their strength not merely from their weapons and their fanaticism, but from the opium in the fields as well.

Ileana Ros-Lehtinen of Florida is the ranking Republican member of the House Foreign Affairs Committee.

Report: Teens Using Prescription Drugs (AP)

By Karen Matthews

AP, February 14, 2007

NEW YORK (AP)— Junior's been helping himself to Mother's little helper. That's the conclusion of a report released Wednesday by White House drug czar John Walters that found while U.S. teenagers' use of marijuana is declining, their abuse of prescription drugs is holding steady or in some cases increasing.

"The drug dealer is us," said Walters, the national drug policy director.

Walters said that many teenagers are obtaining drugs over the Internet, getting them free from friends or taking them from someone's medicine cabinet.

According to an analysis of national surveys prepared by Walters' office, 2.1 million teenagers abused prescription drugs in 2005, the most recent year for which figures are available.

While their use of marijuana declined from 30.1 percent to 25.8 percent from 2002 to 2006, use of OxyContin, a painkiller, increased from 2.7 percent to 3.5 percent over the same period. Use of Vicodin, another painkiller, increased slightly from 6 percent to 6.3 percent.

Teens are also abusing stimulants like Adderall and anti-anxiety drugs like Xanax because they are readily available and perceived as safer than street drugs, Walters said.

Walters said adults should keep track of prescription drugs and throw them out when they expire.

"People just aren't aware that they need to be careful, and so they leave prescriptions in the medicine cabinet and they don't think anything about it," he said.

The report is based on the 2005 National Survey on Drug Use and Health, a survey of 68,308 families, and the 2005 Monitoring the Future Survey of 50,000 eighth-, 10th- and 12th-graders conducted by the University of Michigan.

Dr. Terry Horton, the medical director of Phoenix House, which operates nearly 100 substance abuse programs in nine states, said the belief that prescription drugs are safer than street drugs is false.

"These medicines cause dependence and addiction when misused and have the potential to cause death," he said. "We're talking about medicines that are related, pharmacologically, to heroin and have very similar effects."

(Corrects that period measuring marijuana use ended 2005, sted 2006.)

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Drug Czar Warns Of Teen Rx Drug Abuse (CBS/AP)

CBS News/AP, February 14, 2007

(CBS/AP) Junior's been helping himself to Mother's little helper.

That's the conclusion of a report released Wednesday by White House drug czar John Walters that found while teenagers' use of marijuana is declining, their abuse of prescription drugs is holding steady or in some cases increasing.

"The drug dealer is us," said Walters, the national drug policy director, who released the report Wednesday at a news conference in New York. "We have to have a response that keeps that very important fact in mind."

Teens who are being treated for prescription drug addiction agreed.

"It's available and you can get high off of it," said Michael Robin, a 17-year-old who is being treated for addiction to drugs, including Xanax and OxyContin, at a Phoenix House facility on Long Island.

Walters said in some cases teens use the Internet to obtain drugs or to visit Web sites that provide what purport to be instructions for taking safe amounts of various prescription drugs.

Victoria Winebarger, a therapist at the Pathway Family Center in Southfield, Mich., said some of her clients have also used the Internet to research symptoms of conditions including depression and attention deficit hyperactivity disorder so that they can get a doctor to prescribe drugs for them. "That's not uncommon," she said.

Winebarger told CBS News correspondent Sharyn Alfonsi that all but four of the kids in her classroom abused prescription drugs.

"These kids think they're cleaner because of the package they're in," she said.

According to an analysis of national drug surveys prepared by Walters' office, 2.1 million teenagers abused prescription drugs in 2005, the last year for which figures are available.

While their use of marijuana declined from 30.1 percent to 25.8 percent from 2002 to 2006, use of OxyContin, a painkiller, increased from 2.7 percent to 3.5 percent over the same period. Use of Vicodin, another pain reliever, increased slightly from 6 percent to 6.3 percent.

Teens are abusing pain relievers as well as stimulants like Adderall and anti-anxiety drugs like Xanax because they are readily available and perceived as safer than street drugs, Walters said.

"Fifty-seven percent of them say they get them free from friends or they take them out of somebody's medicine cabinet," Walters said in a telephone interview Tuesday.

The report is based on the 2005 National Survey on Drug Use and Health, a survey of 68,308 families, and the 2005 Monitoring the Future Survey of 50,000 eighth, 10th and 12th graders conducted by the University of Michigan.

According to the National Survey on Drug Use and Health, marijuana use is still more common than prescription drug abuse among youths 12 to 17 years old.

Three percent, or 840,000, of 12-to-17-year-olds said they had abused prescription drugs in the past month, compared with 7 percent who had used marijuana.

The Monitoring the Future Survey found that the list of drugs abused by 12th graders was headed by marijuana, with 31.5 percent reporting they had used it in the past year. The rest of the top five were prescription drugs — Vicodin, amphetamines, cough medicine, sedatives and tranquilizers.

Teenagers and drug counselors said the popularity of prescription drugs is fed by the belief that they are less risky than street drugs.

"It seemed a lot safer because I knew what they were putting in them," said Sara Johnson, a 16-year-old who is being treated for drug addiction at the Pathway Family Center in Southfield, Mich.

Johnson, who planned to attend Wednesday's news conference, said she abused drugs including Xanax and Adderall before bottoming out and going into treatment.

"I would ask people, 'Oh, do your parents have any painkillers at the house?'" she said. "'Or do they use Adderall?' It was really easy after a while."

Dr. Terry Horton, the medical director of Phoenix House, which operates nearly 100 substance abuse programs in nine states, said the belief that prescription drugs are safer than street drugs is false.

"These medicines cause dependence and addiction when misused and have the potential to cause death," he said. "We're talking about medicines that are related, pharmacologically, to heroin and have very similar effects."

Walters said adults should keep track of prescription drugs and throw them out when they expire.

"People just aren't aware that they need to be careful, and so they leave prescriptions in the medicine cabinet and they don't think anything about it," he said. "Once you tell them there is a hazard here, there are easy steps to take to put these things in a safe place, to monitor them and also to toss them once you've used them."

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A Shift In Teenage Drug Abuse (NYS)

New York Sun, February 15, 2007

More teenagers in New York are getting high on prescription drugs than street drugs, according to a study released yesterday.

The trend replicates a nationwide increase in prescription drug abuse, according to the study, conducted by the White House Office of National Drug Control Policy. According to the study, nearly one in five teenagers nationwide reported abusing prescription medications, making prescription drugs the second most commonly abused illegal drugs among teenagers, after marijuana.

"This is attractive to young people, we found in the study, because they think it's safer," the director of the Office of National Drug Control Policy, John Walters, said during a videoconference with reporters convened in Manhattan.

Officials said abuse of prescription drugs among teenagers in New York is most popular upstate. The majority of teenagers steal drugs from medicine cabinets at home or get drugs from friends. In New York City, the three most popular prescription drugs sold on the street are Elavil, Xanax, and Vicodin.

"It's a dangerous epidemic," the editor-in-chief of Seventeen magazine, Ann Shoket, said. Seventeen, which featured a teenager who died from a prescription drug overdose on the cover of its March issue, partnered with the White House to release the study.

Teen Drug Preferences Turn From Street To Scrip (NYP)

New York Press, February 14, 2007

Lock up the medicine cabinet.

A new report from the White House indicates that teenagers no longer prefer marijuana and other illegal street drugs when it's time to get high, showing an increasing preference for prescription pills. Director of National Drug Control Policy John P. Walters is urging parents to be wary of just about everyone, especially your family, since stereotypical drug dealers are not typically the culprits in such prescription drug abuse.

"Parents need to know that teens are turning away from street drugs and increasingly abusing prescription drugs to get high. They should also be aware that suppliers of these drugs might not be sinister characters on the street corner, but are more likely close friends or relatives," said Walters. "Too many young people see popping pills as a painless high."

The report does note that overall teen drug use has dropped 23% over five years, so it's not all suspicious glances at distant cousins.

'The Drug Dealer Is Us' (MET)

Metro, February 15, 2007

MIDTOWN. For Michael Robin, a Long Island teen receiving treatment for his addiction to Xanax and OxyContin, getting the drugs was as simple as a trip to the bathroom.

"It was just everywhere, unfortunately," the 17-year-old said. "You could go to a friend's house and look in their medicine cabinet and you could find something."

Robin, of Oceanside, said he was one of the 2.1 million teenagers who abused prescription drugs in 2005, the last year for which figures are available. A report released yesterday by White House drug czar John Walters found that while use of marijuana is declining, abuse of medications is on the rise. From 2002 to 2006, marijuana use by teens declined from 30.1 percent to 25.8 percent as abuse of powerful painkillers such as OxyContin increased from 2.7 percent to 3.5 percent.

In New York, where the average for overall prescription drug use among teens (7 percent) is below the national mark (9 percent), roughly 181,000 youth ages 12 to 17 reported current use of illicit drugs and one out of every 14 reported abusing prescription drugs in the past year. The problem is even bigger upstate, according to the report, where more than 156,000 teens, or 19 percent, have used pills to get high.

Robin, who is now being treated at a Phoenix House facility on Long Island, said it took an overdose of OxyContin for him to realize he had a problem.

"I actually purchased it from somebody I met after a while of getting it through friends," he said. "It became something that I felt was essential to my life. I became addicted to it."

Walters, who released the report in New York via satellite from Washington, said 57 percent of respondents acquired the drugs without cost, typically from friends or from a medicine cabinet. They're readily available and often perceived as safer than street drugs such as cocaine.

"Because these are medicines and not polluted street drugs, young people have the false view ... that this is safe," he said. "It's not."

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Walters urged parents to monitor prescription drugs in the home and to throw them out when they expire.
"The drug dealer is us," he said.
Other findings
· Next to marijuana, the most common illegal drugs are prescription medications.
· The most common sold on city streets are Elavil (anti-depressant), Xanax and Vicodin.
· 11.9 percent of respond-ents said they've used prescription pills to get high.

Colombia Seeks U.S. Funds For Anti-drug Trafficking Effort (MCT)

McClatchy Newspapers, February 14, 2007

WASHINGTON - For the closest U.S. ally in Latin America, crunch time is near.

Top Colombian officials have hit Washington in recent weeks in a stepped-up effort to lobby Congress for a new multibillion-dollar anti-drug trafficking plan and a free trade agreement that has run into fierce opposition among the Democratic majority in Congress.

Colombian Vice President Francisco Santos met with key Democratic and Republican lawmakers and Bush administration officials during a two-day trip that ended Wednesday. Earlier this month, Defense Minister Juan Manuel Santos was in Washington.

Both officials pushed a massive $44 billion anti-drug trafficking effort, informally known as Plan Colombia II. The United States contributed $4 billion in the first Plan Colombia, unveiled in 1999. And now Bogota hopes to obtain a similar amount from Washington for the successor program, Francisco Santos told The Miami Herald Wednesday.

The Colombians have been telling lawmakers the initiatives are crucial to a democratic U.S. ally that has embraced open markets at a time when socialist Venezuelan President Hugo Chavez blasts U.S. initiatives as imperialistic.

But though many Democrats seem supportive of Plan Colombia, they want Bogota to include stronger labor provisions in the free trade deal. Vice President Santos says the Colombians are willing to make concessions once they know exactly what the Democrats want.

"(The Democrats) tell us labor is an important issue but they don't say how," he said. "The truth is it feels like we're chasing ghosts ... Colombia is willing to do what it takes to ease the concerns of the Democrats."

A text on the free trade deal must be submitted to Congress by March 31 if it is to be approved under a special trade promotion authority, which gives Congress the power to pass or reject free trade agreements but not amend them. Peru and Panama are also awaiting ratification.

Santos said that under Plan Colombia II, Washington would provide money for the security side and the Colombians would focus on reforming the judiciary and promoting alternate crops to coca farming.

He said the first Plan Colombia succeeded in bringing down violence in Colombia, which is battling several armed insurgent groups. Kidnappings are down ten-fold in the past four years and the annual murder rate has dropped from 28,000 to 17,000, he said.

The second phase seeks to consolidate those gains, he said. Drug trafficking is still widespread in places like southern Caqueta and Putumayo provinces, where leftwing insurgents are strong.

Colombia also faces a tough sell on some aspects of its counter-insurgency efforts.

Critics say aggressive herbicide fumigation campaigns under Plan Colombia has displaced coca farming to more remote areas but not stopped it, and that the reach of right-wing paramilitary groups and drug traffickers is still too pervasive in state institutions.

A government "peace and justice" program to disarm paramilitary fighters has come under fire from rights organizations that say the terms are too lenient, and that former paramilitary units are resurfacing under a new guise.

Santos says the plan has disarmed 30,000 paramilitary fighters and that the new groups that are taking their place are small and more "gangster-like" than an organized political or military force.

IMMIGRATION:

On US-Mexico Border, Illegal Crossings Drop (CSM)

By Faye Bowers

The Christian Science Monitor, February 15, 2007

YUMA, ARIZ.

DOJ_NMG_0132661

One phrase sums up both the chief achievement and complaint of National Guard soldiers and airmen posted along this dusty strip of border with Mexico: "Nothing happening."

That's good news for Operation Jumpstart, President Bush's eight-month-old initiative to reinforce America's southern border with National Guard troops until enough border patrol agents are trained. The extra troops appear to be discouraging people from trying to cross illegally.

Apprehensions of illegal immigrants in the Yuma sector – one of the busiest for the past two years and a top target for the operation – have dropped 62 percent in the last four months compared with the same period a year ago. That's the biggest drop of all nine border patrol sectors on the frontier with Mexico and double the average decline. The amount of marijuana seized in the Yuma sector fell 36 percent for the same period.

The figures for the entire southern border – a 27 decline in apprehensions and a 51 percent increase in marijuana seized – are encouraging, experts say.

"If those numbers hold [for the entire fiscal year], that would indeed represent a significant drop," says Luis Cabrera, an expert on transnational justice issues at Arizona State University in Tempe. "We're pretty sure there's a deterrence effect."

President Bush visited this busy crossing point last May to introduce his program to supplement US border patrol agents with National Guard soldiers and airmen for two years (6,000 the first year, 3,000 the next).

Of those, 2,400 are posted in Arizona, which has the two top-priority sectors in the operation – Tucson and Yuma.

"We have had 49 states participate in the border mission in Arizona, with 7,758 [troops] coming through Arizona," says Maj. Paul Aguirre, spokesman for Operation Jumpstart in Arizona. "Roughly 40 percent of the effort is in Arizona."

Moreover, some 500 additional border patrol agents have bolstered the efforts in the Yuma sector this past year, as have added infrastructure – National Guard helicopters, miles of triple fences, lights, cameras, and sensors.

Still, it's the highly visible National Guard troops that most here say are having the biggest deterrent effect. With their limited support roles (they can't apprehend nor arrest individuals), they are freeing border patrol agents from routine duties, such as fence-building and repair, so they can spend more time nabbing illegal infiltrators.

Watching the smugglers watch them

A few miles from town along the dusty levee between the Colorado River and the Salinity Canal, two National Guard soldiers man a station. (The media can no longer identify the soldiers because border patrol intelligence officers have learned that smugglers have placed a $30,000 to $50,000 bounty on their heads.) The two Guardsmen from North Carolina are dressed in camouflage fatigues. They carry M-16 rifles and high-powered binoculars that enable them to see clearly across to Mexico – often to see smugglers looking back at them through their binoculars.

They stand in front of a Chevy Blazer painted in camouflage next to their tent. Their shifts vary, but they are mainly deployed in groups of four for 48 to 72 hours. Two stand watch for four- or six-hour shifts while the other two sleep in the tent.

The North Carolina men, who were previously deployed to Iraq, have been posted here for the entire time.

The days "start to run into each other after a while. We basically observe and let border patrol know what we see," says one.

In the entire four months they've stood here, watching and waiting, they've seen only two families – four or five people in each group – attempting to cross. One of the men says it is difficult to report these people. "I wonder what would make me do that – climb into that icy cold river holding my child above my head? You can be compassionate, but you have to do your job, report them."

In both cases where the Guardsmen observed people attempting to cross, they called the border patrol who arrived within 15 minutes and apprehended the illegal immigrants.

A little farther down the dirt road is another outpost, one of 20 to 60 such sites strategically located according to intelligence gleaned from smugglers at various spots along the Yuma sector's 125-mile border section.

The two Guardsmen manning this post, also previously deployed in Iraq, are from Washington State. These two men – dressed similarly and toting the same weapons – have been here since October.

"We haven't seen anybody in a long time – maybe since November," says the more talkative of the two. "But there's always stuff to do, like we make Crystal Light, sanitize our hands, make sun tea. Talk to the BP and get their input when they stop.

"They," he says, pointing to border patrol senior agent Chris Van Wagenen, "have to put up with driving and air conditioning. We don't."

Mr. Van Wagenen responds that it's because of these highly visible men that the Yuma sector is now apprehending about only 100 illegal immigrants per day, compared with 500 to 600 a year ago.

The Washington Guardsmen's boredom is briefly interrupted by Rosita's catering truck from San Luis, a nearby town. This is the fourth day of servicing the National Guardsmen, according to John Anguian, the driver. These men – and several others along the levy – are thrilled to eat tostadas and refried beans rather than their MREs (meals ready to eat).

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Overall, the Guardsmen say they are content with their roles and even praise it as a mission providing good training for Iraq – "We're staying in a tent in the dust – it's a lot like over there."

His partner pipes in. "But we're here in the good old U.S. of A., and we haven't been shot at."

Close calls with smugglers

There have, however, been some close calls. border patrol agents say that one of the indicators that Operation Jumpstart is successful is that violent attacks on officers are up at the border (a 28 percent increase in the Yuma sector alone).

"We are definitely putting a dent in their pocketbooks," says Van Wagenen, "and they are going to try to intimidate you, resort to violence."

Most assaults are rock-throwing incidents, but there have been other, more-serious incidents. In early January, for example, four armed men from Mexico approached an Arizona observation post manned by a team of four National Guard soldiers, armed with M-16s.

The National Guard left the post as the Mexican gunmen closed in, as their rules of engagement require. The gunmen disappeared back into Mexico before border patrol agents arrived.

The incident has been controversial in that many politicians in Arizona, especially, are calling for the National Guard to become more proactive.

Still, many believe the initiative is beneficial, but wonder how long the operation can be maintained and what will happen if and when the National Guard leaves.

"Once the resources are brought in, you have to not only make the change, but those resources have to stay there to maintain the change," says Doris Meissner, a senior fellow at the Migration Policy Institute in Washington, D.C., and former commissioner of the Immigration and Naturalization Service. "You can't simply do an interruption and go back to the status quo ante and expect that it is going to hold."

Professor Cabrera agrees: "To truly gain operational control of the border – to stop unauthorized immigration in the way people speak about – will resemble a major military operation in cost and size of undertaking."

Democrats Hit Visa, Citizenship Fee Raise (WT)

By Stephen Dinan

The Washington Times, February 15, 2007

Democrats yesterday said the fee increases for naturalized citizenship and visas proposed by the Bush administration amount to a "citizenship tax" and vowed to fight it, saying taxpayers should pick up the bill for many immigrants.

Some Democrats also proposed a means-tested type of system, where those with higher incomes would pay more for citizenship or other benefits.

"Many in the immigrant community see the increase for what it is -- increasing the cost of the American dream, telling those least fortunate among us they probably need not apply," said Rep. John Conyers Jr., Michigan Democrat.

He and fellow Democrats said the fee increases, proposed last month by U.S. Citizenship and Immigration Services, will hurt poor immigrants and could force some of them to try coming to the country illegally.

"Don't you provide them an incentive to do an end-around and come here illegally?" Rep. Artur Davis, Alabama Democrat, told USCIS Director Emilio Gonzalez during a hearing held by the House Judiciary immigration subcommittee on the proposed increases.

But Democrats' options are limited. The proposed increases are in the form of an administration regulation, which means once they are tweaked and finalized by the agency some time this summer they will take effect unless both houses of Congress pass a measure blocking it.

The debate goes to the heart of the nation's legal immigration system.

USCIS' budget comes mostly from fees paid by those seeking a visa or citizenship, though Congress has appropriated some money to help with specific projects. Democrats, though, say it's time to consider changing that and having Congress spend money to cover general operations.

Mr. Gonzalez rejected that, saying a fixed appropriation would tie his hands while collecting fees allows him to be flexible -- if more people apply, he gets more fees.

He said immigrants will see almost immediate improvements in services with the higher fees, while without them the agency will return to the days with application backlogs in the millions.

"We're simply not going to be able to keep up with our workload," said Mr. Gonzalez, adding that would hurt the agency's core mission. "We're going to be suffering from a national security perspective."

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Under the changes, applying for naturalized citizenship would cost $595, up from $330, and the cost for processing fingerprints and other biometric information would increase $10, to $80. The cost of some complicated applications would jump by more than $1,000.

On the other side of the ledger, Mr. Gonzalez has proposed eliminating the fee for applying for a visa as a victim of human trafficking.

Republicans generally seemed to support the increases, saying citizenship or the chance to work in America is worth it.

Rep. Lamar Smith, Texas Republican, called citizenship "one of the greatest values in the world," and Rep. Dan Lungren, California Republican, said those who are applying should be the ones who pay.

"Maybe I'm old-fashioned, but I believe one of the marks of responsibility is people pay for what they get," Mr. Lungren said.

Mr. Conyers told Mr. Gonzalez he is not likely to see any money from Congress this year because there are so many needs competing for limited dollars.

But Republicans said Mr. Conyers showed a misunderstanding of the process because USCIS isn't seeking a large congressional appropriation this year. In fact, Mr. Lungren said, Mr. Conyers' argument about competing federal needs makes the argument for why USCIS needs fee increases.

Democrats were also concerned about the effect on poorer applicants, and proposed to keep down the costs on them by charging high-income applicants much larger fees.

Rep. Bill Delahunt put forward the case of a hypothetical wealthy German businessman making $2 million a year.

"I don't mind whacking him," the Massachusetts Democrat said.

Mr. Gonzalez said USCIS already allows a waiver for applicants making less then 125 percent of the poverty level. He said 85 percent of those who apply are granted one.

GOP Lawmakers Peeved At New Bank Of America Credit Card Program (FOX)

Fox News, February 15, 2007

WASHINGTON — Lawmakers are lashing out at Bank of America Corp. over its new program to offer credit cards to customers without Social Security numbers, saying it creates a dangerous loophole for terrorists and illegal immigrants.

Rep. Tom Tancredo, R-Colo., called for a federal investigation of the program on Wednesday, sending Attorney General Alberto Gonzales and Homeland Security Secretary Michael Chertoff a letter requesting a review of the program.

"After September 11, we were told that money was the lifeblood of terrorists, and that we should do everything possible to block their access to financial resources," Tancredo said in a statement. "Today we are hearing a far different message: Bank of America, it's everywhere terrorists want to be."

The program welcomes applicants without a Social Security number and credit history if they have held a checking account with the bank for three months without an overdraft, The Wall Street Journal first reported in Tuesday editions.

Another Republican lawmaker criticized the program, saying it should be stopped to avoid security risks with illegal immigrant members of the program.

"If an individual wants to get a credit card, they can get that in their home country," Rep. Marsha Blackburn, R-Tenn., told FOX News.

"This is something that is of deep concern to me, that Bank of America would choose to market to those that have chosen to break U.S. law to enter this country and then they would give credit to them," Blackburn said.

Bank of America stands by its program, saying that it complies with all U.S. banking and anti-terrorism laws. Rep. Ed Royce, R-Calif., said a loophole in a Treasury regulation allows Bank of America to act within the law.

"It's risking our security and it's happening because the administration and Democrats in Congress won't close this loophole," Royce told FOX News.

In 2004, Royce unsuccessfully tried to close the loophole, a provision in the Patriot Act that allows banks to use unsecured forms of identification — like the easily obtained matricula consular cards issued by the Mexican government — to open bank accounts, transfer funds and do other transactions.

"The American public should demand that this loophole be closed," Royce said, calling it a controversial flaw that allows banks to take advantage of U.S. law.

Sen. Evan Bayh, D-Ind., said the program should be reviewed but he's a "little skeptical" that the program will threaten U.S. security.

"I think it bears looking into and obviously if there's something being done to make it easier for terrorists to strike America, we need to close that down," Bayh said. "I think we ought to not be hysterical about it until we get the facts."

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The program was tested last year at five Bank of America branches in Los Angeles. It was expanded to 51 branches in Los Angeles County last week.

In Virginia, The Harm Of An Anti-Immigrant Bill (WP)

By Nancy Lyall And Teresita Jacinto

The Washington Post, February 15, 2007

A young mother who wants to support her first-grader and get a better-paying job. A man in his late 50s who has diabetes but no access to health care. A 16-year-old day laborer who is hungry and needs winter clothes. These and thousands of others like them are the people who will be most harmed if Virginia enacts House Bill 2937.

Last month, the House of Delegates voted 70 to 29 that no organization receiving state or local funds "shall use those funds to provide benefits or assistance to ineligible persons such as undocumented immigrants." As volunteers with the Woodbridge Workers Committee in Prince William County, we regularly work with members of the immigrant community and know the disastrous effects a cutoff of state money could have for new immigrants who may lack official residency paperwork.

The immigrant population in Prince William has risen significantly in the past five years in response to the need for construction labor. Because no jobs were available back home, many immigrants are here trying to provide for their loved ones. The growing Northern Virginia economy not only thrives on their labor but also would collapse without it.

Current federal immigration policy provides no legal avenue for their presence, so many immigrant workers cross the border without authorization. Most of these people are hardworking and focused on supporting their families. But if this bill becomes law, not only will immigrants suffer but the organizations that try to help them also will be compromised.

Let's look at the lives of some undocumented immigrants:

One gentleman in his late 50s has diabetes and had no access to health care. We referred him to the Family Health Connections mobile clinic of Potomac Hospital, where he was given advice and medicine to correct his failing health. Family Health Connections is funded by public-private partnerships but also receives significant state funding. Under the House bill, this man would have been denied care and probably become seriously ill. He might have ended up in an emergency room with his care ultimately paid for by Virginia taxpayers.

Then there's the young mother with limited income who wanted to support her first-grader's education and get a better-paying job. She found year-around English classes right in her neighborhood through which she could learn to communicate with her child's school, help her child complete assignments and read simple books. She became a committed student, attending class twice a week. Under the House bill, the group that sponsors the classes would have to deny this mother services or risk losing its nonprofit status.

A 16-year-old Totonac Indian with limited Spanish skills recently arrived from his village in Puebla, Mexico. This young man had no winter clothes and hadn't eaten in three days. We referred him to the Hilda Barg Homeless Shelter, where he was fed and given warm clothes. The Hilda Barg center, which currently provides assistance to all without question, plans to discontinue clothing and food distributions if the House bill becomes law. This would be catastrophic for all who count on the shelter for help, not just undocumented immigrants.

Organizations such as Prince William Action in Community Through Service and the Salvation Army are among those that could be affected if the House bill becomes law. Although the Woodbridge Workers Committee is staffed entirely by volunteers and has never sought or received state funding, this bill would directly affect our work. Churches and other not-for-profit community groups that assist us may withdraw their support. Some of these groups themselves operate soup kitchens, participate in clothing drives, provide transportation or housing, or otherwise assist immigrants. Most community service organizations don't have the resources to implement the onerous regulations required by this legislation. Although the bill stipulates that it would affect only people over age 19, it would surely hurt children the most, as their parents would be denied any assistance.

It is scandalous to us that Del. Jackson Miller, who sponsored this bill, and others would be so callous when it comes to hungry children, those with urgent health-care needs and others who are struggling in this brutal winter. This is the opposite of good public policy. We hope the Senate will rise above the House's cynical political opportunism and soundly reject HB 2937.

Nancy Lyall is legal coordinator for the Woodbridge Workers Committee. Teresita Jacinto is the committee's education coordinator.

TAX:

Merck Agrees To Pay IRS $2.3 Billion To Settle Tax Disputes (AP)

DOJ_NMG_0132665

By Linda A. Johnson, The Associated Press

AP, February 15, 2007

Merck & Co., mired in multibillion-litigation over its withdrawn painkiller Vioxx, has eliminated another legal headache, resolving several tax disputes with the Internal Revenue Service by agreeing to a $2.3 billion settlement.

In announcing the agreement Wednesday, the Whitehouse Station, N.J.-based company said the settlement resolves all outstanding tax disputes with the IRS, covering the years 1993 through 2006. Merck had faced potential taxes, interest and penalties totaling as much as $3.8 billion, but the agreement apparently reduced that amount.

Neither Merck nor the IRS would discuss the reduction.

The IRS said in its own statement that the settlement resolves all issues in dispute for the years 1993-2001.

"It can't be seen as anything but positive" for Merck to resolve the case, said analyst Steve Brozak of WPP Securities.

Merck still has a $1.76 billion tax dispute with Canadian authorities and has filed an appeal with the Canada Revenue Agency that is expected to be reviewed this year, spokesman Raymond Kerins said.

Merck had disclosed both tax cases in November in a routine filing with the U.S. Securities and Exchange Commission. Merck said the Canadian dispute "related to certain intercompany pricing matters."

Tax and accounting analyst Robert Willens of Lehman Brothers said in such cases drugmakers generally sell medicines at low cost to subsidiaries in countries with lower tax rates, which can then mark up the price and keep more profit after taxes.

"This is a constant tug-of-war between the IRS" and companies, Willens said.

He said Merck paid a very high percentage of the amount of taxes in dispute -- about 60 percent -- far higher than the one-third or so that is typical.

"That would suggest Merck must have felt it had a fairly weak case," Willens said.

Merck said the IRS settlement is not expected to materially affect its profit for 2007 because it had previously reserved money to cover those costs. Kerins declined to say how much was reserved and when that was done.

Wall Street showed little reaction to the news. Shares rose 11 cents to $44.06 on the New York Stock Exchange.

Brozak said the stock price likely did not shift much because the tax dispute is not as significant as other problems Merck is juggling. Those include looming generic competition to key drugs, a limited number of new ones coming to market and more than 27,400 personal injury lawsuits alleging harm from Vioxx -- the former blockbuster arthritis pill it pulled from the market in September 2004 after finding in increased risk of heart attack and stroke.

"How many things can you focus on at one given time?" Brozak said.

Merck said the IRS settlement was in the company's best interests given the uncertainty and cost of potential litigation.

The settlement relates to a subsidiary Merck set up in 1993 in tax-friendly Bermuda with a third-party investor as a way to raise capital.

Merck's November SEC filing states the IRS had notified the company it was proposing adjustments to tax returns related to the partnership; IRS was planning to disallow deductions for royalties and other expenses and to designate as taxable income money Merck reported as loans from foreign subsidiaries, among other things.

In its statement, the IRS called the Merck settlement one of its largest in recent years.

Another drug company, Britain's GlaxoSmithKline PLC, agreed in September to pay the IRS $3.4 billion in what was the largest tax settlement ever.

Associated Press Writer Andrew Bridges in Washington, D.C., contributed to this report.

Merck To Pay $2.3 Billion In Tax Case (WSJ)

By Jesse Drucker

The Wall Street Journal, February 15, 2007

Merck & Co. will pay the federal government $2.3 billion to resolve roughly a decade of disputed back taxes, in one of the largest publicly disclosed settlements between a U.S. corporation and the Internal Revenue Service.

The agreement is the latest such high-profile settlement between the IRS and a corporate taxpayer as part of a general crackdown on tax shelters. In the fall, the IRS announced a $3.4 billion deal with GlaxoSmithKline PLC to settle a dispute over the tax treatment of transactions between the British drug maker and its U.S. subsidiary. And the government has notched court victories in the past year against General Electric Co., Black & Decker Corp. and aerospace-products maker Coltec Industries Inc. over the use of tax shelters.

The agreement between Merck and the government covers taxes, interest and some penalties, settling three separate disputes spanning from 1993 to 2006 that could have totaled at least $3.8 billion, according to Merck's filings with the Securities and Exchange Commission.

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The biggest of the disputes involved a complicated transaction dating back to 1993. At the time, Merck set up a Bermuda-based subsidiary with a unit of British bank Abbey National PLC, to which it transferred two lucrative patents for its cholesterol-lowering drugs Zocor and Mevacor. Merck then paid the subsidiary to use those patents. The payment stream allowed Merck to allocate taxable income to Abbey within the partnership, while not comparably reducing the income it reported to shareholders under accounting rules. Because of differences between U.S. and United Kingdom tax laws, Abbey never had to pay taxes on most of that income either, effectively permitting it to disappear between different tax jurisdictions.

The arrangement, internally code named "Project Ryland," for a restaurant near Merck's Whitehouse Station, N.J., headquarters, was the subject of a September page-one article in The Wall Street Journal.

The settlement announced by Merck could be bad news for Dow Chemical Co., which is in litigation with the government in U.S. district court in Baton Rouge, La., over its use of a nearly identical partnership deal. There, the IRS and U.S. Department of Justice claim the company improperly lowered its taxes by roughly $130 million by shifting income to a consortium of European banks. Dow says the arrangement was legitimate financing and is suing the government to retain the money. Dow didn't return a call requesting comment.

Merck said the $2.3 billion settlement represents its expected "final net cash cost" from the pact. The agreement is actually for $2.9 billion, the company said, but $1.2 billion is interest, and therefore tax-deductible, and $200 million had already been paid to the government. Of the total settlement, $100 million represents penalties, which prompted some observers to point out that Merck will still come out ahead.

"It's a huge settlement," said David Weisbach, a tax-law professor at the University of Chicago. But the tiny portion devoted to penalties "means there remains a strong incentive to engage in shelters even if they end up not working. Without effective penalties, they might as well take risky positions."

In an interview, IRS Commissioner Mark Everson defended the agency's approach. Although he wouldn't comment on the Merck case specifically, he said: "Any credible observer would admit that we've strengthened our enforcement in the corporate arena and high-income individuals." He added: "It's not cheap to keep litigating something year after year....You could go for broke on each and every case and litigate it until the end, but that is not sound tax administration."

In a statement, Merck said it decided to settle "so as to remove the uncertainty and cost of potential litigation."

Merck previously booked reserves for the items. It said it doesn't expect the settlement to have a material impact on 2007 earnings, or to take any charges related to the settlement.

NARROW ESCAPE How A Chastened KPMG Got By Tax-Shelter Crisis (WSJ)

By David Reilly

The Wall Street Journal, February 15, 2007

Timothy Flynn, a top executive at KPMG LLP, was driving to a nephew's graduation in May 2005 when he got a phone call from the chairman: The firm faced imminent criminal indictment over tax shelters it used to sell.

Then a different sort of shock. One week later, the chairman, Eugene O'Kelly, learned he had a brain tumor that left him just months to live. Mr. Flynn, a down-to-earth accountant who once led KPMG's human-resources department, was suddenly thrust into its top job, where he faced an urgent task: to somehow persuade the government not to indict. He knew that criminal charges against the firm would probably kill it, as they did Arthur Andersen after the Enron scandal.

Mr. Flynn took a gamble. KPMG had for years stoutly denied any impropriety, calling its tax advice legal. But days after taking the helm, Mr. Flynn met with Justice Department officials and acknowledged that KPMG had engaged in wrongdoing.

He got no promises in return, and the admission could have sunk the firm. Instead, it provided flexibility to the prosecutors, who were aware that the collapse of one of only four remaining accounting giants could harm the financial markets. Two months later, the government gave KPMG a deferred-prosecution deal, holding off indicting if KPMG paid a $456 million penalty and met other conditions.

KPMG now is emerging from what some at the firm call a near-death experience. Last month a judge, satisfied with the firm's reforms so far, dismissed the deferred criminal charge. Mr. Flynn has put in place stronger controls, and a former federal judge now oversees KPMG's ethics and compliance efforts. Mr. Flynn also banned a type of incentive pay that many believe helped fuel the sale of improper tax shelters. For the most part, he has managed to retain partners and clients. In November, he was able to report that the firm's revenue had grown 2% in the fiscal year ended Sept. 30.

KPMG isn't out of the woods. It still faces lawsuits from tax-shelter clients. And though the firm hasn't been indicted, some of its former executives have, and their trial in September could cast the firm in a harsh light. Defense attorneys plan to argue that the shelters had approval from top management. KPMG says, "There's no evidence whatsoever to suggest that the management committee was aware that there was fraudulent conduct involved in the sale of tax shelters."

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A government-appointed monitor of KPMG gives Mr. Flynn a vote of confidence. He has proved to be "the right person at the right time," says the monitor, Richard Breeden, a former chairman of the Securities and Exchange Commission.

Mr. Flynn grew up in a tightknit family with six children in the Minneapolis suburb of Bloomington. An Eagle Scout and high-school wrestler, he attended the nearby College of St. Thomas, his father's alma mater, and, along with two brothers, followed his father into accounting.

In 1979 he took a $13,700-a-year job in the local office of Peat Marwick & Co., a predecessor of KPMG, eventually impressing superiors with his technical accounting skills and management knack. Frequently described by those who meet him as earnest, Mr. Flynn, says former SEC Chairman Arthur Levitt, is like "the parish priest who became pope."

Test of Skills

A test of his skills came in 2002. As Arthur Andersen was imploding after an obstruction-of-justice indictment, accounting firms rushed to snap up its clients and partners. KPMG initially fell behind in this scramble. Mr. Flynn and Jack Taylor, then vice chairmen of KPMG's audit business, refocused the effort. First, they made a priority of signing up Andersen partners, figuring clients would follow their auditors. Then, dividing the country between them, they spent the next three months on the road, meeting with about 1,000 Andersen partners in all.

One, Dan Doherty, recalls the approach. While executives from other accounting firms simply left messages at his home, he says, Mr. Flynn took the time to talk to his wife and showed a "clear empathy for the circumstance we were in." It "wasn't just this mad rush of recruiting.... I never felt I was in the back of the line," he says.

Mr. Doherty joined KPMG. In all, about 200 Andersen partners did. KPMG snagged 395 Andersen clients, second only to Ernst & Young's haul, according to research firm AuditAnalytics Inc.

But soon, KPMG had troubles of its own. The once-staid accounting world had changed, with big firms using their audit relationships with companies to pitch more-lucrative services. Among them were tax shelters: elaborate sets of financial transactions designed to shield income from taxation.

For example, some shelters created paper losses on foreign currencies, which wealthy individuals who bought the shelters could use to offset taxable gains -- despite having never really put any money at risk. KPMG developed a sophisticated marketing operation, including a cold-call center in Fort Wayne, Ind., to push its tax products, according to a 2003 Senate report.

As the Internal Revenue Service stepped up probes of such shelters early in this decade, KPMG's accounting-firm rivals stopped offering them and settled with the government. KPMG sold shelters longer than others and insisted there was nothing wrong with its products, a stance that angered the IRS, the Justice Department and some senators.

Shifting Strategy

KPMG began to shift strategy in early 2004. Under Justice Department investigation, it forced out people who worked on the shelters and started to work toward a resolution with the government. But as the process dragged on, in late May 2005 the U.S. attorney in Manhattan sent KPMG a letter saying an indictment was imminent.

Then came the shock of Mr. O'Kelly's tumor. He stepped down, and the firm promoted Mr. Flynn, now 50 years old. He took over as chairman just three days before a meeting with Justice Department officials set for Monday, June 13.

At 7 a.m. the Saturday before, executives huddled in the Washington offices of law firm Skadden, Arps, Slate, Meagher & Flom. Among those there to plot strategy were Mr. Flynn, new deputy chairman John Veihmeyer, and a former federal judge who'd recently joined KPMG, Sven Holmes. KPMG still hadn't made a final decision on whether to admit wrongdoing, or, if so, what form an admission would take.

One adviser, Mr. Flynn recalls, warned that an admission, once made, couldn't be rescinded. Others raised the risk of civil liability. But Mr. Holmes says he told Mr. Flynn bold action was called for, because "you only get one chance to make a first impression in a meeting like this."

All were aware Arthur Andersen had faced a similar decision in 2002. Andersen later had its conviction overturned -- in one sense, a vindication of its defiance. It was a Pyrrhic victory, as by then, partners and clients had fled and Andersen was out of business.

"I think we have to just admit wrongdoing and accept responsibility," Mr. Flynn says he finally told the KPMG group. The firm agreed that, as an executive with no direct involvement in the shelter sales, Mr. Flynn was the right person to deliver the message. Though he was on the management committee when KPMG was selling shelters, Mr. Flynn was at human resources during much of the period and was never a tax partner.

On Monday morning, he attended the meeting with the Justice officials and -- sharply changing KPMG's position -- admitted it had sold shelters that helped people evade taxes. Justice officials basically just listened.

Later that week, after a Wall Street Journal report that the Justice Department was weighing an indictment, KPMG issued a statement taking "full responsibility" for "unlawful conduct by former KPMG partners" in offering tax services. Not long afterward, Justice Department lawyers let the KPMG side know they were willing to discuss a settlement.

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Now KPMG had to fight to retain clients. Executives took to the road for long stretches. Mr. Veihmeyer's wife sent clothes to him by courier as he traveled. Over the summer of 2005, Messrs. Flynn and Holmes contacted more than 100 audit clients.

One was General Electric Co., KPMG's biggest audit client and one that paid it more than $109 million in fees that year, according to AuditAnalytics. Mr. Flynn met with GE directors. According to a person who attended, his message amounted to: "There's some stuff here, it's really ugly, it happened, and here's what we're going to try to do with this situation."

GE stuck with KPMG. A spokesman for GE says it is "pleased that KPMG and its leadership have aggressively addressed the compliance issues raised in the government's tax case."

KPMG was lucky in one way. Midsummer is late in the year for big companies to make auditor switches, because it can take months to negotiate terms of an audit engagement.

Clients weren't the only concern. Many KPMG partners were angry. Any exodus of partners would make it harder to keep audit clients.

Then in early August, a memo purporting to be from unnamed current and former KPMG board members circulated. Saying Mr. Flynn lacked "backbone," it blasted management for admitting wrongdoing and abandoning partners involved. "While the leadership may believe the path to pursue is the survival of the firm at all costs, we don't," the memo said. "The actions being taken will probably result in the demise of the firm anyway."

Mr. Flynn says the memo was "hurtful" and its claims were "lies." To calm partners, he personally reached out to hundreds of them, often singling out younger ones. Michael R. Gervasio, a young tax partner in Chicago, says he was impressed as much by Mr. Flynn's persistence as by what he said. Mr. Flynn phoned eight times over two days before finally connecting with Mr. Gervasio at home at 10 one night. "We really want you to stay," Mr. Gervasio recalls being told. He did.

Later that month, August 2005, KPMG won a new lease on life: The Justice Department announced a deferred-prosecution agreement. Besides the $456 million penalty, it required KPMG to stop selling prepackaged tax products, stop doing tax returns for most individuals, shed its benefits and compensation practice, and submit to federal monitoring through September 2008.

Special Meeting

Mr. Flynn called a special meeting of partners. Such sessions typically were staged. This time, Messrs. Flynn and Mr. Veihmeyer set up computer kiosks so people could submit questions anonymously.

"Why should we trust you guys now?" asked one question at the meeting in Dallas, which had drawn nearly all of the then-1,607 partners. Others asked why the penalty shouldn't be paid just by tax partners. Mr. Flynn said they all had to "sink or swim" together, and a big fine was the price they must pay to "get their firm back."

The firm says that from June 1 to Sept. 30, 2005, just 18 partners left, excluding normal retirements and some forced out because of the tax shelters. One thing that helped keep people aboard was a post-Enron boom in auditing. Auditors now had to do more and take more responsibility -- and they demanded bigger fees to do it.

KPMG also kept most of its clients. From June 2005 through the end of the year, it lost just three companies with stock-market values above $1 billion, according to AuditAnalytics.

Mr. Flynn set about changing how the firm was run. He scrapped an incentive-pay system blamed for encouraging partners to push the tax shelters.

In a two-day January 2006 board meeting, he urged directors to rethink KPMG's governance, and they crafted 14 changes. The head of legal and compliance, currently former Judge Holmes, is now one of the firm's top four executives. The chairman and deputy chairman no longer sit on the nominating committee, limiting their ability to fill the board with their allies. The board now has a lead director who is a counterweight to the chairman.

Mr. Breeden, the monitor, says KPMG has developed a good governance system, "but it needs more seasoning to be sure that it works as well in practice as it should in theory."

Although KPMG reached a $154 million settlement with investors it sold tax shelters to, it still faces suits from several dozen investors who opted out of the settlement. It has been quietly settling some of these.

KPMG remains in a wrangle over its refusal to pay legal fees for former executives who were indicted. In that and other cases, lawyers opposing KPMG say it is a sharp-elbowed litigator, as antagonistic as ever. Michael Avenatti, who represents tax-shelter investors suing KPMG, says, "They interpret court orders in the narrowest sense and to the utmost extreme to benefit their positions." KPMG says it defends itself "as appropriate and in a professional manner."

One former critic is impressed with changes at KPMG. Former SEC Chairman Levitt once called KPMG a "rogue operation." Mr. Levitt, who has offered informal counsel to Mr. Flynn, says that the chairman "stepped into a troubled situation and by sheer strength of personality and character saved that firm from destruction."

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CONGRESS-ADMINISTRATION:

Cheney Urges Firms To Lobby Free Trade (AP)

By Deb Riechmann

AP, February 15, 2007

Vice President Dick Cheney on Wednesday urged the nation's manufacturers to lobby Congress in what he said would be a difficult battle to extend President Bush's special trade authority.

The authority, which expires on July 1, allows the president to negotiate trade agreements that must be considered by Congress on an expedited basis that bars any amendments.

"I think it's going to be a tough fight," Cheney said in a speech to the National Association of Manufacturers. "We're strongly supportive of it. It's very important for us to continue to have that authority, but we're going to need help on Capitol Hill."

On another business topic, Cheney said the president would veto legislation that would make it easier to form unions. Labor activists have said they believe they can get the Employee Free Choice Act through the Democratic-controlled Congress. But they have acknowledged that it might not be signed into law under the current administration.

The legislation would require formation of a union after a majority of workers signed authorization cards. Under current law, 30 percent of workers can request an election to form a union, a process that usually takes from six weeks to six months, said AFL-CIO organizing director Stewart Acuff. Currently, a company would have to agree to allow a union to be formed based on a majority signing authorization cards.

The proposal, which was to come up for a vote Wednesday in the House Education and Labor Committee, would also impose stronger penalties on employers who violate labor laws and allow for arbitration to settle first contract disputes. Leading business lobbies such as the U.S. Chamber of Commerce oppose the legislation, saying workers should vote on forming unions by secret ballot rather than signing cards or petitions.

AFL-CIO President John Sweeney said employers routinely threaten and coerce employees when they try to form unions.

"The Employee Free Choice Act levels the playing field to give workers a fighting chance to have a union and bargain for better wages and benefits," Sweeney said. "It puts in place real penalties for employers that violate workers' freedom to make their own choice about a union."

In Cheney's brief speech, which was followed by a question-and-answer session, the vice president said the administration was making inroads in a dispute over China's currency policy. U.S. manufacturers contend the Chinese yuan is undervalued by as much as 40 percent, making Chinese goods cheaper in the United States and U.S. products more expensive in China.

Cheney called on the Democratic Congress to make tax cuts permanent, saying it's time for skeptics to acknowledge that tax relief has driven U.S. economic growth. He pushed the president's energy, immigration and health care initiatives that were outlined in last month's State of the Union address, and pledged to work with Congress to reduce the use of earmarks — a common Capitol Hill practice of slipping pet projects into spending bills.

The group of businessmen were especially receptive to his comments on trade.

The administration won passage of the Central America Free Trade Agreement in 2005. But, Cheney said, it was one of the hardest votes he has been involved in during his six years as vice president.

The 217-215 House vote on CAFTA showed how tough it has become to get a trade deal through Congress. It required personal appearances on Capitol Hill by Bush and Cheney and — with Democrats united in opposition — some arm-twisting of wavering Republicans to avert what would have been a devastating defeat.

"Our ability to move forward and to continue to advance the trade agenda that we've had in the past is dependent on having trade promotion authority extended," Cheney said.

Democrats, White House Clash On Trade (WP)

By Peter S. Goodman

The Washington Post, February 15, 2007

For a time yesterday, it seemed as if a new bipartisan spirit was flowering between the Bush administration and Democratic leaders on Capitol Hill over trade policy. Until, that is, flowers themselves entered the conversation during a Valentine's Day hearing.

The U.S. trade representative, Susan C. Schwab, told the House Ways and Means Committee that she was eager to find a compromise that would satisfy Democrats demanding stricter labor protections in proposed trade deals with Colombia, Peru and Panama. She cited the benefits of expanded trade, noting that U.S. exports are booming, the economy is growing and unemployment is low.

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The chairman of the committee, Rep. Charles B. Rangel (D-N.Y.) praised Schwab for agreeing to discuss the labor issue, adding his hopes that Congress would soon pass the trade deals.

But then Rep. Sander M. Levin (D-Mich.), who chairs the trade subcommittee, chided Schwab for focusing exclusively on U.S. exports: What about imports? What about the people losing factory jobs as cheap goods flow in from countries where workers, he said, are exploited?

"Imports do matter," Schwab assured him. "They matter to people who went out and bought roses today for their sweetheart, where they were able to buy inexpensive flowers at Safeway or Costco, where maybe a few years ago it would have been much more expensive to buy long-stemmed roses. That's trade."

Rep. Bill Pascrell Jr. (D-N.J.) took no comfort from Schwab's point. "Those very flowers come from countries that have child labor and forced labor, and that's why the prices are cheaper," he said. "And if we don't concern ourselves about that, then we are not the country we pretend to be."

That exchange illustrated the significant divide that remains over trade policy, even as Bush administration officials meet behind closed doors with House leaders to try to hash out a compromise.

Democrats, eager not to be painted as protectionists, have in recent weeks toned down their rhetoric, with leaders saying repeatedly that they want to see a new round of trade pacts approved. The Bush administration, keen to win congressional approval for recently negotiated pacts with Peru, Colombia and Panama and intent on securing deals with Korea and Malaysia, has been speaking of compromise on labor protections, the most contentious issue of the debate.

But beneath that amiable talk, substantial disagreement remains over details, according to sources in the administration and on Capitol Hill and as evidenced by the sometimes sharp exchanges during yesterday's hearing.

Previous trade deals, such as the North American Free Trade Agreement, have included side letters that say countries must not tolerate forced or child labor and must allow labor groups to form unions. But much to the consternation of U.S. labor unions, those conditions have been subject to a more lenient enforcement standard than applies to other parts of the pacts, such as those governing the lowering of tariffs.

Democratic leaders have long insisted that trade deals include core labor standards enunciated by the International Labor Organization, an arm of the United Nations: the abolition of child and forced labor, no discrimination in employment, and the right to collective bargaining.

The administration has sought to finesse the issue, discussing with congressional staff members the possibility of adding language in which governments promise to abide by similar standards but with a different kind of enforcement mechanism.

In an interview yesterday, Levin, the trade subcommittee chairman, said that would not fly: "Now, we're in the majority, and they have to step up to the plate," he said. "They haven't so far."

When, during the hearing, Rep. Lloyd Doggett (D-Tex.) pressed Schwab to embrace ILO standards, she demurred. "I have made a commitment to this committee to try to bridge the divide on labor standards," she said.

Schwab said the committee should be "upbeat" about data released by the Commerce Department on Tuesday showing that the U.S. trade deficit reached a record $764 billion in 2006. Looking beyond that headline, she said, will show that exports are booming to countries with which the United States has trade deals, creating jobs for Americans.

"Upbeat," Doggett repeated scornfully. "You believe that we just need to stay the course."

Rep. Stephanie Tubbs Jones (D-Ohio) dismissed talk of low unemployment, asserting that parts of her district have a jobless rate pushing 14 percent.

"In Ohio, workers -- fact or fiction -- believe that their jobs are gone because of the trade policies of our government," she said. What, she asked, was Schwab doing to "ease their worry"?

Schwab acknowledged a perception problem, adding that the majority of Americans have benefited from trade.

"There is a reality," Tubbs Jones replied. "People have lost jobs because of trade."

Just In Time, Senate Passes Spending Bill (NYT/AP)

By The Associated Press

The New York Times, February 15, 2007

WASHINGTON, Feb. 14 (AP) — The Senate on Wednesday passed a $464 billion spending bill that closes out last year's unfinished budget business while providing clues about how the new Democratic Congress and President Bush will do business.

The bill, passed 81 to 15, sticks to Mr. Bush's overall budget caps but finds numerous ways around them to add money for education, health care, food inspection, mine safety and other programs favored by Democrats and many Republicans.

It pulls together nine unfinished spending bills for foreign aid and every domestic agency budget except the Homeland Security Department. Its passage winds up work that should have been completed months ago for the budget year that started on Oct. 1.

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In the interim, Congress passed several stopgap measures to keep the government running.

The Democratic chairmen of the appropriations committees led House-Senate negotiations over the first several weeks of the year to produce the bill, which freezes most agencies at 2006 levels.

If Congress had not acted this week, food inspectors, Federal Bureau of Investigation agents and air traffic controllers faced furloughs, while more than 200,000 low-income people could have lost housing subsidies.

The measure now heads to Mr. Bush, who has signaled that he will sign it even though it does not include $3 billion needed for a 2005 round of military base closings. The money would help pay for the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases and to prepare closed bases for development .

Democrats want to debate that spending next month when Congress considers a White House request for $100 billion for the Afghanistan and Iraq wars. They also want to tack on extras, like $4 billion or so in farm disaster aid, when the appropriations committees debate the measure.

The White House, meanwhile, wants to keep the Iraq spending bill as free as possible from such add-ons, but it is likely to have to accept some Democratic priorities as the price of getting the bill passed.

Then will come the fiscal 2008 appropriations cycle, during which Democrats are certain to transfer some of the proposed $50-billion-plus increase requested for the Pentagon budget, not including war costs, to domestic programs, which are almost frozen under Mr. Bush's budget proposal.

Among the beneficiaries of the measure approved Wednesday is the National Institutes of Health, which would receive a $620 million budget increase, or about 2 percent. The F.B.I. would get a modest $200 million increase in its $6 billion budget, while the maximum Pell Grant for college students would increase by $260, to $4,310.

The rapidly growing veterans health care budget got a 13 percent increase. And United States contributions to fighting AIDS, malaria and tuberculosis overseas would rise 40 percent, to $4.5 billion.

The bill provides increases for underperforming schools and community health centers, and grants to state and local law enforcement agencies. Amtrak's budget would be frozen at $1.3 billion instead of having to absorb a $400 million cut proposed by President Bush.

Senate OKs $464 Billion Spending Bill (WT/AP)

The Washington Times, February 15, 2007

ASSOCIATED PRESS

The Senate yesterday passed a $464 billion spending bill that closes out last year's unfinished budget business while providing clues about how the new Democratic Congress and President Bush will do business.

The bill, passed 81-15, sticks to Mr. Bush's overall budget caps but finds numerous ways around them to add to programs favored by lawmakers, such as education, health care, food inspection and mine safety.

The mammoth bill pulls together nine unfinished spending bills funding foreign aid and every domestic agency budget except the Department of Homeland Security.

The bill provides small but welcome funding increases to agencies that have been limping along at or below last year's funding levels in the four months since the budget year started Oct. 1. Without the measure, food inspectors, FBI agents and air traffic controllers faced furloughs, while more than 200,000 low-income people could have lost housing subsidies.

Democrats put off some costs, chiefly $3 billion to implement a 2005 round of military base closings, for a $100-billion-plus war-funding bill to be debated next month.

The measure now heads to Mr. Bush, who has signaled he will sign it despite unease over the temporary cuts to the base-closing program. The money would help pay for the redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases and to prepare closed bases for economic-development projects and other uses.

The base-closing cuts amount to a shift from the Pentagon budget to domestic accounts, and they are a sign of things to come as Democrats move ahead on the budget front.

Next up is Mr. Bush's $100 billion Iraq and Afghanistan war-funding request, which is widely expected to draw Democratic extras such as $4 billion or so in farm disaster aid when the appropriations committees debate it next month. The White House wants to keep the Iraq funding bill as free as possible from such add-ons, but it is likely to have to accept some Democratic priorities as the price of getting the bill to Mr. Bush's desk.

Then will come the fiscal 2008 appropriations cycle, during which Democrats are certain to transfer some of the proposed $50 billion-plus increase for the Pentagon budget -- not including war costs -- to domestic programs, which are almost frozen under Mr. Bush's budget.

The bill passed yesterday clears away budget work that should have been completed months ago but was delayed because of election-year pressures.

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Among the beneficiaries in the spending bill is the National Institutes of Health, which would receive a $620 million budget increase. The FBI would get a modest $200 million increase in its $6 billion budget, while the maximum Pell Grant for lower-income college students would increase by $260 to $4,310.

The rapidly growing veterans health care budget got a 13 percent boost. U.S. contributions to fight AIDS, malaria and tuberculosis overseas would rise 40 percent, to $4.5 billion.

The bill provides increases for underperforming schools and community health centers, and grants to state and local law-enforcement agencies. Amtrak's budget would be frozen at $1.3 billion instead of absorbing a $400 million cut.

Congress Passes Spending Bill; House Clears Way For Iraq Debate (WSJ)

By David Rogers

The Wall Street Journal, February 15, 2007

WASHINGTON -- Congress cleared and sent President Bush a $463.5 billion spending bill that bears the imprint of the new Democratic majority and presages budget battles over defense and domestic priorities.

Veterans' medical services, education and health care will see spending increases even as $3.1 billion is cut from Mr. Bush's 2007 request for military-construction funds to accommodate base closings overseas.

Senate Republicans had protested the cut, but 23 of them joined Democrats on a 71-26 procedural vote Tuesday that sealed passage of the bill, which will dictate spending for the final eight months of this fiscal year ending Sept. 30.

The final Senate vote came late today as the House continued debate on a resolution challenging Mr. Bush's decision to send at least 21,500 more U.S. troops to try to curb sectarian violence in Iraq. The twin events underscore how central defense spending will be to the 2008 budget debate this spring, and how emotions over the Iraq war can make the debate more difficult for both parties.

The administration's $481.1 billion defense budget represents an 11.3% increase, not counting an additional $141.7 billion for costs of the Iraq war and other overseas military operations, such as Afghanistan. By comparison, Mr. Bush's promises just a 1% increase in domestic non-defense appropriations; with passage of the bill now and the resulting effect on 2007 spending, the White House concedes that increase will be half what it said a week ago or 0.5%.

In shaping their budget, Democrats will surely trim from the president's defense request to pay for domestic priorities. The debate is more complicated this year because of the emotions of Iraq, changes in the defense industry, and pressure for emergency funds to meet demands from Gulf Coast states still recovering from Hurricane Katrina.

Senate Budget Committee Chairman Kent Conrad (D., N.D.) must navigate in a chamber divided by Iraq, and with only a one-vote majority in the absence of Sen. Tim Johnson (D., S.D.), who is recovering from a stroke.

"I've got a 50-49 majority until Senator Johnson gets back," Mr. Conrad says. "Can you imagine holding those 50 on the war costs alone?"

The huge expenditures for Iraq have reflected a major government investment not in the high profile ships, fighters and tanks of past military buildups, but more in trucks, body armor, and communications equipment needed for a mobile Army in this type of war.

For example, Wisconsin's Oshkosh Truck Corp. saw its defense sales rise to $1.3 billion in 2006 from $774 million in fiscal 2004, a 68% increase. As midlevel defense contractors have commanded a greater share of the budget, there is potential competition with larger players such as Lockheed Martin Corp., which takes the lead in new weapons systems such as the F-35 Joint Strike Fighter, which the U.S. Air Force is trying to fund in part through the president's latest Iraq war supplemental request.

A third pressure point is the aftermath of Katrina, and Democratic promises to do more to help states facing huge reconstruction costs. The administration has opened the door by incorporating some domestic disaster aid into its Iraq supplemental, and that also sets up competition with defense funds.

House Majority Leader Steny Hoyer (D., Md.) said Katrina would be a priority this spring, and housing issues affecting Gulf Coast states reflect larger pent-up demand for more federal action on low-income housing elsewhere.

Antipoverty groups have supported provisions in the bill that would redistribute $460 million in housing assistance, and while some cities will be net losers, supporters argue in many cases idle funds will be put to work.

"The old approach shorted hundreds of local agencies and caused them to cut their programs, even as other agencies piled up millions of dollars in unspent funds," said Bob Greenstein, of the Center on Budget and Policy Priorities in Washington. "Under the new approach, such cuts will be avoided and more families in need will be served, because the funds will be distributed far more efficiently."

Senate Belatedly Passes Spending Bill For 2007 (WP)

By Paul Kane

DOJ_NMG_0132673

The Washington Post, February 15, 2007

Four and a half months after the legal deadline, the Senate gave final approval to a 2007 spending plan that funds almost half the federal government and averts any chance of a government shutdown.

By an 81 to 15 vote, the Senate approved a $463.5 billion measure that Republicans had threatened to block out of pique for being denied a chance to offer amendments. In the end, Republicans gave in and overwhelmingly supported the spending bill, which funds a litany of popular domestic programs through Sept. 30.

Before the vote, Sen. Trent Lott (R-Miss.) said that his fellow Republicans were not willing to risk a partial government shutdown over complaints about how Democrats were running the chamber.

"This is funding for about half the government," he said. "We've got to get it done and move on."

That acquiescence by Republicans puts off until next month the first big showdown between the White House and Democrats on spending, which will come as part of deliberations over President Bush's anticipated request for additional funds for the war in Iraq.

Congressional Democrats blame Republicans for leaving them a fiscal mess from last year, when Congress approved just two of the 11 appropriations bills and forced them to craft an omnibus bill that would fund a large chunk of the government for the remainder of fiscal 2007.

"Today's action is another step towards cleaning up the fiscal mess left by the 109th Congress," said Senate Majority Leader Harry M. Reid (D-Nev.).

The fiscal year began on Oct. 1, a deadline that Congress almost always misses, but both Democrats and Republicans acknowledge that mid-February is a particularly late time to pass the remaining spending bills. Bush is expected to sign the measure by Friday, when a temporary spending bill expires.

Sen. Robert C. Byrd (D-W.Va.) and Rep. David R. Obey (D-Wis.), chairmen of the Senate and House Appropriations committees, reached agreement on the $463.5 billion bill that would eliminate billions of dollars worth of earmarks, the special-interest provisions inserted into appropriations bills usually with no oversight.

The spending plan would maintain funding for most federal agencies at their 2006 level, but it would add billions of dollars in funding for Democratic priorities such as veterans' health care and Pell grants for higher education.

The additional funding for Pell grants would mean an increase of $260 per year, up to $4,310, for students, according to congressional estimates. The National Institutes of Health will have an additional 500 research grants to administer because of almost $620 million in increased funding.

The spending bill does not include the standard cost-of-living adjustment in congressional pay, leaving a rank-and-file member's salary at $165,800.

When the House recently passed what is called a continuing resolution, the Republican leadership protested vehemently that they were not allowed to offer any amendments to the spending measure.

Senate Republicans made similar protests last week when they took up the bill.

Though they backed down on the spending bill, Lott warned that Reid would face an insurrection if he continued to disallow GOP amendments.

"He's trying to turn the Senate into a mini-House," said Lott, a Republican leader.

A Lack Of Will (WP)

By Robert D. Novak

The Washington Post, February 15, 2007

The Senate Republican leadership met behind closed doors this week to ponder Majority Leader Harry Reid's audacious power grab on the massive catchall appropriations bill. They decided they could not filibuster the bill for fear of being blamed for closing down the government, but they still wanted enough votes opposing cloture to make an impression. That would seem a formula for defeat, and indeed it was.

The cloture vote to end debate on the bill Tuesday was 71 to 26, with 23 Republicans -- including the party's two leaders -- voting with Reid. The GOP was accepting a bill that perpetuates earmarks, masks additional domestic spending under the disguise of fiscal responsibility and establishes a precedent of prohibiting the opposition party from amending an appropriations bill.

The Republican defeat would have been a plausible outcome if Democrats held a commanding Senate majority, even as large as their edge in the House. In fact, the Senate divide is 51 to 49, with Sen. Tim Johnson of South Dakota hospitalized and Sen. Joe Lieberman of Connecticut barely a Democrat. What ails Senate Republicans is lack of principle and lack of will, two reasons they lost the 2006 elections.

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At issue are nine appropriations bills, totaling $465 billion, left over from the Republican-controlled Congress. Democrats claimed to propose a continuing resolution (CR) -- keeping spending level while beginning work on a new round of money bills for the next fiscal year.

But it was not really a CR. It was an omnibus appropriations bill changing money levels.

After the bill passed the House under procedures that prevented any serious attempts at amendment, Republican Tom Coburn of Oklahoma went to the floor as the Senate's leading spending watchdog. He said that "to make the claim that there are no earmarks in this bill is an outright falsehood that the American people should not accept." He added: "There's no transparency with these earmarks. Most Americans will never know how they got there. The lobbyists will know, the members [of Congress] will know, the campaign checks that come from them will know, but the regular American Joe won't know."

Earmarks aside, Coburn declared that it is "a lie" that "we stay within the budget" in the omnibus bill because $3.1 billion in defense funds have been transferred to domestic programs. He correctly predicted that this money will be appropriated for defense again in the next supplemental money bill "for things that absolutely have to happen with our troops."

So, the omnibus actually represents a spending increase.

Finally, an HIV testing program for pregnant women, sponsored by Coburn, a physician, has been eliminated. That looks like vindictiveness toward Coburn, whose campaign against excessive spending has antagonized colleagues on both sides of the aisle. To call his broad-based "baby AIDS testing" program an earmark betrays animus.

But a proposal to restore money for popular HIV testing or any other amendment cannot be offered because of a parliamentary ploy by Reid.

The arcane technique of "filling the tree" with superfluous amendments, first used a quarter-century ago by a Republican majority leader (Howard Baker), prevents any changes from being offered on the Senate floor and has contributed to the degeneration of the Senate as a deliberative body. In his brief tenure as majority leader, Reid has filled the amendment tree twice -- first on the Iraq resolution and now on the omnibus money bill. Never before had this been done on an appropriations bill.

That left Republicans with these options: bow to Reid, or block the money bill with a filibuster as today's deadline for funding the government approached. But Republicans have never quite recovered from their political disaster in the 1995 shutdown of government and do not want a repetition. Thus, Minority Leader Mitch McConnell and Minority Whip Trent Lott, while deploring Reid's tactics, voted for cloture on Tuesday -- the white flag of surrender.

Republican sources say the leadership did not want to hurt senators facing uphill reelection contests in 2008 by risking a government shutdown. That is an admission of weakness by the Republican minority as the new Congress faces its first legislative tests. With only 49 unadulterated Democrats in their seats, Harry Reid showed he could stare down the GOP.

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Bush Steps Up Hill Lobbying (RC)

By Erin P. Billings

Roll Call, February 15, 2007

Even as Congress debates President Bush's controversial proposal to increase U.S. troops in Iraq, the White House has been quietly negotiating with key lawmakers to try to advance some of its leading domestic priorities with the hope of rounding out a legacy now defined by an unpopular war.

Bush has dispatched Cabinet officials to Capitol Hill in recent weeks to kick off talks with both Democratic and Republican Senators and House Members on immigration reform, health care legislation, energy proposals, No Child Left Behind reauthorization and Social Security and entitlement revisions. The campaign began in earnest after Bush's Jan. 23 State of the Union address.

A knowledgeable White House official this week said the administration is lobbying lawmakers more intensely than in recent years, not only because Democrats now control the Congressional agenda but because the window is narrowing to pass Bush's priorities with just two years remaining in his second term. Bush officials also recognize that this year is their best hope to advance controversial bills such as immigration reform, given the politics of the 2008 presidential election already is taking hold.

"It's a harder environment, and there is less goodwill," the White House official acknowledged. "Therefore you have to do more outreach, more hand-holding. And, you don't get as much for it."

Many of the now-majority party Democrats in Congress remain skeptical of the administration, especially after six years of virtual neglect on legislative deal making. And while some Congressional Democrats say any increase in outreach by Bush is welcome, they have yet to be convinced that the White House truly is negotiating in good faith.

"They are beginning to relearn the art of compromise," one Democratic Senate aide said. "But don't expect Capitol Hill to throw open its arms. Bush has burned too many bridges with Democrats."

The obvious skepticism doesn't appear to be deterring the Bush administration, however.

Among those spearheading the discussions with the Hill are Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff on immigration reform; Energy Secretary Samuel Bodman and Transportation Secretary Mary Peters on energy and climate change initiatives; Treasury Secretary Henry Paulson and Office of Management and Budget Director Rob Portman on budget and entitlement and Social Security reform; and Health and Human Services Secretary Mike Leavitt and National Economic Council Director Al Hubbard on health care initiatives.

"They get an A for effort, especially in the last few months," said Sen. Lamar Alexander (R-Tenn.). "I've had more Cabinet members in my office since the first of the year than in the last four years, which I appreciate."

Sources indicate the administration's outreach has touched both sides of the Capitol, but given the political landscape on the Hill, the Senate may provide a better opportunity than the House for White House initiatives given the compromising nature of the chamber, and the narrow political margins that could provide better opportunities for a deal.

Sen. Ron Wyden (D-Ore.) said Bush officials have a short period of time to work with Democrats and advance a truly bipartisan domestic agenda this Congress. Wyden has been leading a group of Democratic and Republican Senators trying to negotiate with the White House on reforming the nation's health care system, a move he acknowledges will require tough compromise on both sides.

"There's a real window between now and say late October for bipartisan work on key domestic issues," Wyden said. "But the White House is going to have to move and Democrats and Republicans are open to it."

Bush spent a large share of his annual State of the Union address on his domestic agenda, a break from recent years when he has focused almost entirely on the war on terrorism and the Iraq War. At the time, the administration got mixed reviews from Congress, with some calling his proposals dead on arrival and others offering hope for success.

Even so, the focus on the home front did little to distract a Congress almost entirely centered on the state of Iraq, and Bush's plan to deploy 21,500 more troops to the region. Bush's public approval ratings have continued to hover in the 30 percent range, largely because of his policies related to the conflict, and even members of his own party have criticized his Iraq policies.

The White House official said that even with Iraq dominating the headlines and Congress' attention of late, "the Cabinet can quietly work this other stuff."

Jim Manley, spokesman to Senate Majority Leader Harry Reid (D-Nev.), acknowledged that Cabinet secretaries have been making the rounds on the Hill, but said the president has yet to follow through and play an active enough role working with Congress and its new leadership. Manley said while Bush may have a chance to move some priorities like immigration reform, he will have a tough time finding a welcome audience for some of his other proposals such as health care and Social Security reform.

"There are different conversations going on over different areas, but there's no significant increase in overall outreach to the Hill," Manley said.

Reid was one of a handful of Senators and House Members who went to the White House on Wednesday afternoon to meet with Bush — a session at which Reid and Speaker Nancy Pelosi (D-Calif.) planned to discuss the president's proposed supplemental spending request for the war, as well as the future of immigration reform and the Democrats' technology and innovation agenda. Reid also was expected to make clear that he wants and expects Bush to provide regular face time with Hill leaders, and wants substantive meetings that invite an exchange of ideas, Manley said.

Sen. Judd Gregg (R-N.H.), ranking member on the Budget Committee, said he doesn't know what degree of success Bush will have for his domestic agenda this Congress, but he agreed officials "certainly have been communicating." He said he's had several White House Cabinet and sub-cabinet secretary meetings in recent weeks, and also has been engaged in talks on entitlement reform with the administration and Budget Chairman Kent Conrad (D-N.D.).

"Efforts are being made, I know that," Gregg said.

At least on the Bush administration's hopes for overhauling Social Security and entitlement programs this Congress, there may be a heavy lift ahead. Despite the recent outreach, Conrad in a recent hearing with Portman expressed frustration over the state of the White House talks, saying "there will not be a conclusion because then you are only asking one side fundamentally to compromise."

"If both sides aren't prepared to compromise, there will not be resolution during this administration, and that would be a tragedy," Conrad told Portman.

But Sen. Mel Martinez (R-Fla.) said that at least one of Bush's proposals is likely to move this year, saying he believes immigration reform — with the White House's recent lobbying — may have its best shot yet at winning the Congressional nod. Martinez, who on Tuesday was en route to a meeting with Chertoff on immigration, said the administration's newfound attention to its domestic priorities gives him confidence that "we can pull together on a common vision for where we want to go."

"They are more engaged than they have been at any time than they were last year," Martinez said. "They are out and about."

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Democrats, Bush Should Take 'Yes' For Answer, Start Entitlement Talks (RC)

By Morton M. Kondracke

Roll Call, February 15, 2007

It's time for the Bush administration and Democratic Congressional leaders to stop talking about talking about entitlement reform — and actually start talking about reform itself.

There's agreement on both sides that beginning soon, the costs of Social Security, Medicare and Medicaid benefits for the baby boom generation will put unsustainable burdens on taxpayers and the economy — and that something must be done about it.

Top administration officials including Treasury Secretary Henry Paulson, Office of Management and Budget Director Rob Portman and White House Chief of Staff Josh Bolten all have told Congressional Democrats they want to hold talks on entitlement reform "without preconditions."

A half-dozen specific proposals have been made for bipartisan negotiations on the problem. In fact, a meeting between Senate Majority Leader Harry Reid (D-Nev.) and President Bush was scheduled for Jan. 17 to begin work on a plan hatched by Sens. Kent Conrad (D-N.D.) and Judd Gregg (R-N.H.).

But the meeting was postponed when House Democrats "got skittish," one insider said. And then Vice President Cheney made statements on "Fox News Sunday" on Jan. 14 that Democrats took to mean the administration was ruling out tax increases as part of the solution, and the meeting wasn't rescheduled.

On top of that, Bush — who said back in 2005 that he was "open" to raising the income cap on payroll taxes — said in an interview with ABC on Jan. 30 that "I've got a veto that will prevent [Democrats] from raising taxes." That only confirmed to Democrats that the administration does have preconditions.

This whole situation reminds me of a major turning point during the Cuban Missile Crisis of 1962. On the brink of World War III, President John F. Kennedy got two conflicting messages from Soviet leader Nikita Khrushchev —one private and conciliatory, one public and hostile. Kennedy decided to take "yes" for an answer, leading to a stand-down.

Democrats ought to take the "everything's on the table" messages they're getting — and keep getting, in public and private — from Paulson, Portman, Bolten and Bush as a "yes" and get on with actual talks about what everyone agrees is an impending crisis that can only be dealt with on a bipartisan basis.

Democrats do feel they've conceded upfront — Conrad told me in an interview that "it is going to take more savings on the spending side than on the revenue side" to solve the problem — but that the administration is refusing to concede in advance that "revenue" has to be increased.

At the same time, while Bush resists raising taxes, Democrats are just as hostile to his proposal for private investment accounts in Social Security. That's even more of a "precondition" on the Democratic side.

Besides distrust and ideology, talks may be complicated by disagreements about the scope and order of talks — and perhaps the shape of the table.

In the House, Ways and Means Chairman Charlie Rangel (D-N.Y.) is said to be enthusiastic about broad-gauge entitlement reforms, but Budget Chairman John Spratt (D-S.C.) wants to start with shorter-term budget issues.

In the Senate, Conrad thinks that Medicare, Medicaid, Social Security and health care reform all have to be considered as part of the negotiations even though Social Security reform is conceptually the easiest.

"To me, it just doesn't work" to do Social Security first, Conrad told me. "You can't give people a sense of urgency because the system doesn't go broke until 2017 or 2018 and, frankly, if economic growth continues to be strong, 80 percent of the problem goes away."

It's true that Medicare and Medicare represent five times the fiscal burden of Social Security. On the other hand, if negotiators could agree on a Social Security compromise this year, it could set the stage for more difficult agreements later.

Sens. Lindsey Graham (R-S.C.) and Joe Lieberman (ID-Conn.) are preparing a Social Security proposal that includes middle-ground answers to that "third rail" controversy — some additional revenues, a private savings system operating on top of (not in place of) guaranteed Social Security benefits, and reducing benefits for future retirees by indexing based on longevity and income.

It's significant that the seniors' lobby, AARP, has declared that it understands Social Security can't be secured without some reduction in future benefits. That's a major new concession that Congress should take advantage of this year.

In 2006, Bush proposed establishment of a bipartisan entitlement commission — an idea Democrats rejected. Now, Sens. George Voinovich (R-Ohio), Pete Domenici (R-N.M.) and Dianne Feinstein (D-Calif.) and Rep. Frank Wolf (R-Va.) are back with commission proposals, but Gregg and Conrad prefer direct talks between Congress and the administration.

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So there is still some need for talks about talks, but the main thing is to get on with real talks. Sen. Reid, call the White House.

Senate GOP Offers Its Agenda (RC)

By Erin P. Billings

Roll Call, February 15, 2007

Senate Republicans today will unveil their legislative blueprint for the 110th Congress, a seven-point agenda laden with traditional GOP initiatives from tax cuts to a stronger national security designed to redefine them as the party of reform.

GOP Senators, in the minority for the first time in practically 12 years, are hoping the agenda will help guide them back into the majority in just two years. Republicans believe that they lost control of the House and Senate in the 2006 elections because they lost sight of the party's principles and failed to follow through on articulating their vision to the electorate.

Republican leaders will lay out seven "challenges" Congress must address over the next two years, beginning with the war on terror and including fiscal restraint, tax relief, health care, energy security, judicial nominations and immigration reform. Senators do not intend to tick off specific bills they plan to introduce but will discuss their general goals and how to meet them, sources said.

GOP Senators have been working to put together their agenda since early January when they held their first closed-door retreat in the aftermath of losing control of Congress. Republican Conference Chairman Jon Kyl (Ariz.) spent the past two months surveying Senators about priority legislation, hoping to set an outline to guide the party as it seeks to reclaim the gavel in 2008.

"Looking forward, Republicans will once again become the party of big ideas to help solve America's problems at home and abroad," Kyl and Conference Vice Chairman John Cornyn (Texas) wrote in a letter to be circulated to their colleagues today. "We will immediately begin to pursue our agenda and will reach out to Democrats in a bipartisan way whenever possible to accomplish them."

Republican Senators will call for "redoubling our efforts" to maintain a safe homeland and find victory against terrorism. The agenda also calls for restoring smart spending and eliminating wasteful spending, preventing tax increases and continuing tax relief, and expanding health care insurance opportunities and choice. The Republicans also pledge to promote energy security through production, conservation and alternative resources, renew a commitment to fair and timely votes on judicial nominations, and reform the nation's immigration policies by securing the border and restoring "the rule of law."

Sources familiar with the platform said all the GOP Senators had a hand in developing it, released both privately and publicly heading into the first weeklong recess of the Congressional session. Republican leaders anticipate Senators will discuss the new agenda with their constituents over the break and think about specific legislation they'd like to incorporate into the overarching document.

Democrats hold a razor thin 51-49 hold on the chamber, a margin that requires bipartisan buy-in on controversial matters.

With that in mind, Kyl and Cornyn give their Conference high marks for holding firm on their priorities so far this Congress, saying: "We have worked cooperatively with majority Democrats while sticking to our principles and ensuring that the legislation that passes the Senate is based on what is best for the American people, not just narrow partisan interests."

White House Looks For Faster Top-secret Clearances (USAT)

By Richard Willing

USA Today, February 15, 2007

WASHINGTON — The White House is considering making it easier for people to obtain top-secret security clearances by eliminating some time-consuming background checks, says the Bush administration's point man on clearances.

The goal, says Clay Johnson III, deputy director of the Office of Management and Budget, is to speed up a process that, according to a series of government reports, wastes millions of dollars and endangers public safety by leaving thousands of defense, homeland security and intelligence jobs unfilled for more than a year.

Johnson plans to report to Congress today that the executive branch is making "significant progress" toward clearing a backlog of uncompleted clearance applications that government contractors and others say exceeds 350,000.

Three million federal workers now require security clearances for jobs ranging from routine computer system maintenance to sensitive analysis of spy satellite photos. All require at least a background check of personal and work history, foreign travel and finances. Top-secret clearance currently requires interviews with neighbors, references and current and former spouses.

A committee is considering eliminating interviews with neighbors and character references in cases where a candidate is cleared by other parts of the investigation, such as checks of criminal and financial records, Johnson says. "Do we really need to talk to five neighbors (of a candidate)? Do we really need all the colleges (the candidate attended)?" he asks.

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Change 'overdue'

Clearances are "long overdue" for an overhaul, says Rep. Tom Davis, of Virginia, the top Republican on the House Oversight and Government Reform Committee. Davis' district in the Washington suburbs includes thousands of government workers and contractors.

The delays in approving security clearances cost taxpayers "millions and millions," Davis says, as work goes undone and civilian contractors who already have clearances command higher salaries and big hiring bonuses.

Johnson's report today is required by a December 2004 intelligence-reform law that said 80% of clearance applications should be investigated, granted or rejected within 120 days.

Despite Johnson's claim of significant progress, contractors who supply workers for jobs that require clearances aren't seeing much improvement, says Stan Soloway, president of the Professional Services Council, an industry group. Evan Lesser, whose website, ClearanceJobs.com, caters to workers with clearances, says the backlog of uncleared applications is about 350,000 — virtually unchanged over the past two years.

"The system continues to be something that needs adult supervision," Davis says.

David Alston agrees.

Alston, 47, an information specialist from Iselin, N.J., outside New York City, thought he had landed a job late last year working on an Air Force e-mail system.

Alston had experience in the system the Air Force used. He didn't, however, have a current security clearance. To get one would take a year or more, the Air Force contractor who posted the job told Alston. Sorry, the contractor said, he would keep looking.

"It's maddening, unbelievably frustrating," says Alston, who has found temporary work as a limousine driver. "There are a ton of good (government) jobs out there. But if you don't already have a clearance or unlimited time to get one, you can pretty much forget about it."

Contractors pay a premium for workers with current clearances, often offering higher salaries and signing bonuses. That can cost an extra $10,000 to $40,000 per employee per year, all of which gets passed on to taxpayers, Davis says.

Delays in clearances are harming national security, Davis says. As more government departments have hired private contractors to do added work after 9/11, delays often mean some jobs don't get done.

One Pentagon office, the National Geospatial-Intelligence Agency, has a more than 540-day backlog, according to a report filed last month by the Senate Intelligence Committee. Congressional and outside panels have criticized the agency, which analyzes images from spy satellites, for previous intelligence failures

Unless they bring a security clearance with them, contractors set to work for any agency also have to get in line. "There's no way (the backlog) doesn't impact on security," Davis says.

Outdated procedures

Critics of the clearance backlog say outdated security requirements are partly to blame.

World War II and Cold War-era rules still require extensive background checks for recruits who were born outside the USA or who have close family members overseas, says Tim Roemer, a Democratic former House member who was on the commission that studied pre-9/11 intelligence failures.

Those rules make it difficult for intelligence agencies to tap first-generation Americans with families in the Middle East, South Asia and other places where background checks are difficult, Roemer says.

"The intelligence community has to go from a risk-averse (clearance) system to a risk-management system," says Roemer, now president of the Center for National Policy in Washington.

The rush to clear the backlog, however, may be producing problems of its own.

Last year, the Government Accountability Office examined a random sample of 50 background investigations for top-secret clearances and found that 47 lacked one or more pieces of key documentation. In one case, investigators failed to pursue information suggesting that one applicant had had extramarital affairs and defaulted on "several thousand dollars" in loans.

In another case, an applicant who was known to have visited relatives "in an Asian country" was unable to supply their names or, in one case, a relative's home city. There was no record that the investigator followed up.

Justice Kennedy: Yes To Judicial Pay Hikes, No To Cameras At High Court (LAW)

By Tony Mauro, Legal Times

Legal Times, February 15, 2007

In a rare appearance Wednesday before the Senate Judiciary Committee, Supreme Court Justice Anthony Kennedy made an impassioned plea for increasing judicial salaries and against allowing cameras in the Court.

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The failure of Congress to give federal judges meaningful raises in recent years is "threatening the excellence of the judiciary," Kennedy said, adding that the traditional linkage between the salaries of judges and members of Congress "has hurt the judiciary very badly."

The Judiciary Committee says Kennedy's appearance marked the first time "in modern history" that a sitting justice has testified before the committee on legislative matters.

As for cameras in the Court, Kennedy said more than once, "We don't want it!" to the committee, whose ranking Republican, Sen. Arlen Specter of Pennsylvania, introduced a bill last month that would require cameras at Court proceedings. "Please, senator," Kennedy continued, pointedly urging the Senate not to introduce the "insidious temptation" for justices to shape their comments and questions from the bench into catchy sound bites.

Kennedy has made similar points in the past, but his impassioned tone before the senators reached a level he usually reserves for students he lectures about the rule of law. The topic for the hearing was billed as "judicial security and independence," but the two-hour session ranged far and wide in subject matter.

Kennedy said that when the committee first asked Chief Justice John Roberts Jr. if a justice could testify, it gave the Court "some pause." But the justices decided it was worth doing. "This is an important time for the judiciary," Kennedy said, making it clear that the salary issue was foremost.

While recognizing "the intangible rewards of public service," Kennedy said the current salaries are undermining the ability to recruit judges from "the finest ranks of the practicing bar." Current pay for federal district court judges is $165,200, appeals judges are paid $175,100, associate justices earn $203,000, and the chief justice gets $212,100 a year. He angrily noted that Supreme Court law clerks often earn more than justices the first year after they leave the Court.

Justice Stephen Breyer, Kennedy said, told him recently that the ability to teach was another intangible benefit of being a federal judge. But Kennedy said that, ironically, judges -- whose pay used to exceed that of professors -- are being lured off the bench into academia. Without mentioning his name, Kennedy cited David Levi, who announced in January that he will be leaving his post as the chief judge of the Eastern District of California to become dean of the Duke University School of Law.

Committee Chairman Sen. Patrick Leahy, D-Vt., said he had already introduced a bill calling for a cost-of-living increase for judges, and he agreed with Kennedy that congressional reluctance to give judges raises without also enacting raises for themselves should end. "The courts should not be held hostage to Congress," Leahy said.

Specter also pledged that legislation to fix the pay situation would pass in this session of Congress.

Specter went on to urge Kennedy -- and through him, the full Court -- to see the wisdom of requiring cameras in the Court, telling the justice that "the court's functions ought to be better understood." But Specter also linked his campaign for cameras with his longstanding grievances about the Court's recent run of overturning acts of Congress. Specter singled out, as he often does, the Court's 2000 decision in United States v. Morrison, in which the Court struck down a part of the Violence Against Women Act. Allowing cameras to broadcast oral arguments, Specter suggested, might help the public comprehend rulings like Morrison.

In his reply, Kennedy, with remarkable frankness, pushed back against Specter's point, telling him that linking the Morrison case with the need for cameras was "a non sequitur . ... It doesn't follow."

Kennedy acknowledged that the Court "probably should do more in the way of teaching" about its workings but said camera access was not the way to do it. With fervor, Kennedy said oral arguments are "a way of using the attorney to have a conversation with ourselves and with the attorney" -- a dynamic that would be ruined by the presence of cameras.

"We are judged by what we write," Kennedy said, not by questioning during oral argument.

Specter seemed taken aback by Kennedy's strong resistance. If Congress did pass his bill, Specter said in a conciliatory tone, "it would be our opinion," which could then be overtaken by "your opinion." Specter did not explain the comment.

On another subject, Specter asked Kennedy to account for the Court's reduced docket of argued cases -- 75 to 80 per term, or roughly half the number it was deciding 20 years ago. Kennedy said he was somewhat mystified himself why the Court was not agreeing to resolve more conflicts between the circuit courts of appeal. But he said the dearth in recent years of new and complex federal statutes -- which often generate multiple cases -- is one possible explanation for the smaller docket. Another, he said, is that "we understand the boundaries of the administrative state," requiring fewer decisions on deference to executive agencies and other administrative law issues.

Kennedy did note that the Court had recently granted review in a batch of new cases, which he said signifies that "we're climbing back" toward a docket closer to 100 cases per term.

Security Needs Swell Federal Work Force (FEDTIMES)

By M.Z. HEMINGWAY

Federal Times, February 15, 2007

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The ranks of federal employees will grow again under President Bush's proposed 2008 budget. In all, the budget proposes a net increase of 13,000 employees in 2008.

Much of the hiring would be for homeland and national security programs: border protection, intelligence, military support and counterterrorism, among others.

The Homeland Security Department's Customs and Border Patrol would get money to hire an additional 3,000 Border Patrol agents.

And Customs and Border Patrol would get 300 more CBP officers to manage ports of entry. That number should be several thousand higher to meet staffing needs at ports of entry, said Colleen Kelley, president of the National Treasury Employees Union.

"The relative handful of additional positions for CBP officers contained in this budget proposal pales in comparison to the pressing need for more staffing at the nation's land, air and sea ports of entry," she said in a statement.

Homeland Security's Citizenship and Immigration Services is seeking an additional 600 adjudication and support employees to process applications for immigration benefits and services. There also are increases for aviation and transportation security.

The Commerce Department has plans to hire 3,400 employees. Of those, 985 would go to the Patent and Trademark Office to help reduce the time it takes to process patent and trademark applications, which has been increasing. And the Census Bureau would boost its ranks by 2,200 as it prepares for a practice census in 2008 and begins opening field offices for the 2010 census.

The Health and Human Services Department is seeking more than 400 additional employees for the Food and Drug Administration's program on generic-drug safety, another 400-plus employees to fight bioterrorism and prepare for pandemic influenza at the Centers for Disease Control and Prevention, and another 100 staff at health care facilities run by the Indian Health Service.

The Justice Department asks for 231 new FBI counterterrorism and intelligence agents, but the overall department work force will decline, mostly at the FBI and federal prison system.

The Transportation Department's Federal Aviation Administration plans to bring on an additional 400 personnel for the air traffic control and safety work forces and to help with contract oversight.

But some agencies would lose employees. The biggest loss would be at the Agriculture Department, which would lose about 4,700 staff positions.

The Forest Service would lose 2,126 staff, a cut of $363 million. "We'll most likely manage reduction through natural attrition and by not bringing on seasonal workers," said Forest Service budget director Lenise Lago.

Bush proposed a cut of 2,000 full-time employee equivalents at the Natural Resources Conservation Service. But agency spokesman Terry Bish said the numbers reflect the lack of a new farm bill, through which the agency is funded. The current farm bill expires this year.

"We need to have a farm bill before we can put a real [employment] number out there, and it's in negotiation right now," Bish said.

Generic Drugs Law Plans Threaten Makers (FT)

By Stephanie Kirchgaessner And Christopher Bowe

Financial Times, February 15, 2007

Big pharmaceutical companies are facing a barrage of legislative proposals that could have a dramatic impact on the industry's future earnings power and open doors to one of its biggest threats: generic drug manufacturers.

A proposal set to be unveiled on Wednesday by Hillary Clinton, the Democratic presidential hopeful, and a bipartisan group of lawmakers would allow generic drugmakers to manufacture cheaper versions of biotechnology drugs produced by companies such as Amgen and Genentech.

The proposal, which aims to cut the cost of high-priced biotech drugs, would empower the Food and Drug Administration, the US chief drug regulator, to approve the generic versions of biotech drugs, also known as follow-on biologics. Opponents, led by the Biotechnology Industry Organisation (Bio), say the proposal raises safety questions and threatens to hamper the willingness of branded biotechnology companies to innovate.

"I think it is natural that those who pay for healthcare – whether it is the government or insurance plans or individuals or employers – are looking for savings. What we have to be careful about is that we don't put the savings cart before the safety horse," says Jim Greenwood, chief executive of Bio.

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Although the proposal was introduced and failed to pass under the Republican-controlled Congress, some analysts say increasing pressure from voters about the high cost of drugs could give new impetus to proposals that might strengthen the generic industry and lead to cheaper drugs.

A separate effort by a bipartisan group of lawmakers in the Senate that would prohibit big branded drugmakers from paying generic rivals to stay out of their markets is also gaining traction. If passed, the law would close the door on a practice that some regulators have complained allows branded drugmakers to thwart competition and keep drug prices artificially high.

The fight between branded drugmakers, including biotechnology groups, and generic drugmakers centres around two issues: the requirements determining how quickly a so-called biogeneric is approved, and what exactly constitutes a generic version of a biotech drug.

Both issues stem from branded drugmakers' argument that biologic drugs are reproductions of human proteins, whose structures are complex, never clearly defined and dangerously variable in their production from company to company. Biologics are made by using living cells that are genetically triggered to produce a specific protein identified to help an illness.

The generic drug industry counters that it is not as complex as biotech drugmakers contend and that they can safely produce their own "generic" versions of the branded biologics to treat disease. However, they add that in order to be able to offer them at lower-cost generic prices the US regulators must give them a fast-track approval process.

Generic versions of traditional pharmaceuticals are approved without the need for long, expensive clinical trials, but biotech drugmakers argue that the variability in producing proteins from live cells warrants that generic drugmakers should prove in expensive clinical trials that their protein is equivalent.

Last year, European regulators laid guidelines for approval of follow-on biologics. But without new legislation in the US, many analysts estimated that biogenerics might not reach the world's biggest drug market until at least 2010 as the FDA carefully worked to codify rules on how to approve follow-ons to biotech treatments.

Legislation Calls For Cheaper Biotech Drugs (USAT)

By Julie Schmit

USA Today, February 15, 2007

Congressional support is building to bring generic competition to life-saving biotech drugs that can cost thousands of dollars a year.

Legislation introduced Wednesday in the House and Senate would give the Food and Drug Administration the ability to approve cheaper copies of biotech drugs. Biologics, such as insulin and cancer drug Herceptin, are based on living cells, while traditional drugs are made from chemicals.

The FDA approves generic versions of traditional drugs once they lose patent protection.

But biologics have been immune from generic competition partly because the FDA doesn't have authority to approve copies.

Sponsors of the legislation include Sen. Hillary Rodham Clinton, D-N.Y.; Sen. Charles Schumer, D-N.Y.; and Rep. Henry Waxman, D-Calif.

The proposal is likely to face opposition from biotech companies. They say true generics aren't possible because biologics come from complicated living organisms. Small manufacturing changes can also produce significant changes in final products, they add.

Biotech supporters also say that the FDA should require generic makers to do rigorous testing to prove to the agency that the copies are safe and effective. That usually isn't required for generic versions of traditional drugs. Such tests make up the bulk of the estimated $1 billion needed to bring a biologic to market, says James Greenwood, CEO of the Biotechnology Industry Organization.

The legislation says the FDA could approve "comparable" copies without rigorous testing if the FDA is satisfied that they would produce the same effects in patients.

Despite the measure's bipartisan backers, Citigroup analyst Paul Heldman said in a research note Wednesday that its passage in 2009 is more likely than this year.

Even with a new law, biologic copies are not likely to be as cheap as traditional generics, says Eric Bolesh of consulting firm Cutting Edge Information.

Small Business Administration Scolded For Katrina Response, Disaster Plan (USAT)

By Richard Wolf

USA Today, February 15, 2007

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WASHINGTON — Poor planning, staff training and logistics hampered the Small Business Administration's response to the 2005 Gulf Coast hurricanes, resulting in a backlog that reached more than 200,000 loan applications, the Government Accountability Office said Wednesday.

In a 41-page report on the beleaguered agency, the GAO cited recent improvements under new Administrator Steven Preston but said the SBA still lacks a timetable for completing a disaster management plan. It scolded the agency for not relying more on simulations and models of catastrophes.

Asked if the SBA is prepared for the next big disaster, the GAO's William Shear told the House Small Business Committee, "We don't know yet."

The SBA came under heavy criticism in the months after Hurricane Katrina struck New Orleans and the Gulf Coast on Aug. 29, 2005. Small businesses, homeowners, members of Congress and even some agency employees complained about a computer system that broke down repeatedly and restricted access to a small number of staff even when it was running. Former administrator Hector Barreto resigned in April.

Preston said Wednesday that vast improvements have been made to the computer system. He said the agency has 2,200 staffers in its disaster loan program, compared with about 800 before Katrina. Another 750 are trained and able to respond within 48 hours.

The average processing time has been reduced from 74 days to 14, and 98% of approved applicants have received low-interest loans or chosen not to borrow, thanks in part to a streamlined case-management system. "We are now able to connect a loan and a document to a face and a story," Preston said.

That was disputed by Donna Colosino, co-owner with her husband, Matt, of a small power equipment company in New Orleans. Their company was swamped by more than 12 feet of water when a nearby levee failed after Hurricane Katrina. She said they have received only $10,000 of their approved $250,000 loan but must provide receipts up to the full amount and will soon be required to make payments on it.

In New Orleans, she said, such a story "wouldn't raise an eyelash." Lawmakers, however, said they would demand answers from the SBA within two weeks. Her story, said Rep. Charles Gonzalez, D-Texas, "could be very, very representative of what's going on out there."

"They're still being passed from one case manager to the next," said Rep. Nydia Velázquez, D-N.Y.

The SBA has approved 160,000 of 422,000 applications for a total of $10.8 billion, with about 22,000 still pending. More than half the applicants were turned down, mostly because of poor credit or projected inability to repay. In most of the pending cases, homeowners or businesses haven't decided on their next move, Preston said.

Even so, local banks are getting more business from storm victims who have given up on the SBA. Their interest rates are higher than the SBA's usual 3%, but "The businesses need the cash more than they need the low cost of capital to survive," said Edward Francis, chief commercial officer of Hancock Holding of Gulfport, Miss.

Colosino could have gotten a bank loan "within weeks after the storm," Francis said.

Serving In The House And Keeping Up With A Household (WP)

By Lois Romano

The Washington Post, February 15, 2007

In this new, kid-centric House of Pelosi, Rep. Debbie Wasserman-Schultz is not a bit self-conscious about trying to raise her young family from afar while serving in Congress.

It didn't faze the Florida Democrat, for instance, to be pulled out of a meeting with Majority Leader Steny Hoyer (D-Md.) in order to arrange a ride for her son to baseball practice -- in Florida. (She got her dad to do it.) Nor when she conducted Saturday business meetings at her daughter's dance studio.

Not even when she volunteered to lead her daughter's Brownie troop -- and then planned all the meetings around the congressional schedule.

Although a record 87 women serve in Congress today, there are still only a handful who are faced with balancing the pressures of politics and mothering young children. House Speaker Nancy Pelosi did not run for Congress until her children were grown, often the case with women who have served in Congress. The House floor may have been packed with kids on the day the members were sworn in, but most were the offspring of the gentlemen of the House.

Among the few female members with little ones: Freshman Rep. Kirsten Gillibrand (D-N.Y.) resolved her balancing act by moving her 3-year-old son to Washington, where he attends the House child-care center. Rep. Deborah Pryce (R-Ohio), a single mom, opted to leave her 4-year-old daughter back in Ohio, where extended family can care for the girl, a spokeswoman said.

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Wasserman-Schultz, 40 and in her second term, may have it the roughest, trying to be hands-on mother 1,000 miles away to three children -- 7-year-old twins and a 3-year-old. She says her husband, a banker, does heroic work to hold the family together -- but an enormous amount of logistical planning falls to her.

She is running the Brownie meetings, she said, because "I don't want my kids to feel I didn't make every effort." And she says her children have indeed noticed that the House is now working a five-day week and that she's around even less.

Wasserman-Schultz was forced to defend her choices when she first ran for Congress in 2004 and her female opponent suggested that Wasserman-Schultz should not be elected because she would not have enough time to devote to Congress because of her children.

"She was trying to make me look bad," Wasserman-Schultz said.

Her conservative opponent, a divorced mother of grown children, complained to a reporter when Wasserman-Schultz couldn't find a pen and took notes with a crayon.

Now Wasserman-Schultz proudly incorporates her response to the complaint in her speeches: "I may not always have a pen in my purse, but I always have crayons."Taking Up the Torch for the Late Lawmaker

The day before Rep. Charlie Norwood (R-Ga.) died of cancer this week, he reintroduced legislation commonly known as a "Patients Bill of Rights" with Rep. John Dingell (D-Mich.), six years after their last alliance on the issue went up in flames.

Norwood -- long a proponent of giving patients the right to sue health plans -- first introduced the measure in 1998. In 2001, he teamed up with Dingell on a different version of the bill, but it lost Democratic House support when Norwood abruptly jumped ship and agreed to a GOP compromise to avoid a presidential veto.

Dingell said yesterday that Norwood "was a friend and a decent guy, and if this is what he wants, I'm going to try and do it for him."

Last month, Norwood wrote an opinion piece published in Georgia weekly newspapers stating: "There is no reason we can't pass the original, uncompromised bill with a veto-proof majority. . . . If the Democrats can use their new majority to pull that off, they will and should score big with the public."Frankly, Never Short on Quips

Rep. Barney Frank (D), the outspoken liberal congressman from Massachusetts, last week got a little personal with North Carolina conservative Rep. Patrick McHenry (R) -- with whom he has clashed before.

In a tense exchange on the House floor about whether Pelosi should get a government plane to commute to California, McHenry demanded to know why Congress should allow "one person to use a 737 for a $300,000 transcontinental flight." As an angry Rep. Bart Gordon (D-Tenn.) stepped up to defend Pelosi, Frank unexpectedly went to a microphone and shouted out a reference to the old TV show "Fantasy Island" and its 3-foot-11 character, Tattoo.

"I just wanted to explain I hadn't really been expecting to be here," Frank bellowed to startled members. "But as I was walking by I thought I heard someone yelling, 'Da plane, boss, da plane,' " Frank said, mimicking what Tattoo would shout on the show.

The floor broke into distinct but uneasy laughter, as many realized Frank was referring to McHenry's diminutive height. A spokesman for McHenry later called Frank one of the "sharpest minds on Capitol Hill" and said he was sure Frank was just trying to lighten the moment.

Frank explained: "When I invoked one of the great moments in American cultural history . . . I did have Mr. McHenry in mind. I was inspired by his total persona and all of its aspects."Fighting Global Warming, One Office at a Time

Not to be left out of the current Hill eco-conscious frenzy, freshman Rep. Peter Welch (D-Vt.) says he will make his congressional offices in Vermont and Washington "carbon-neutral" -- which is different from "carbon-free" but nonetheless a very popular form of eco-activism these days.

Here's how it works: By contributing $642 to two renewable-energy projects in his home state, Welch will offset his offices' use of old-fashioned energy -- and therefore, theoretically, make no net contribution to greenhouse gases.

Welch figured energy used at his offices necessitated the emission of 56 metric tons of carbon a year (the equivalent of 10 cars on the road) and calculated the cost to offset the emissions.

Since he is forbidden to use funds from his federal office budgets, Welch will pay the $642 out of pocket. "We're prohibited from having expenditures that would clean the air," said the lawmaker who aims to fix that.

Welch has introduced legislation to authorize congressional offices and federal agencies to account for their environmental impact through such offset programs.Honoring Young Ted at 75

Hard to imagine: The youngest of the Kennedy clan, the scion who glided into Congress in 1962 at age 30 to complete the term of his brother who was elected president, will turn 75 this month. To celebrate, 750 former aides and politicos will honor (and roast) Sen. Ted Kennedy tomorrow night at the reunion of sorts in Russell Building's Caucus Room. This is only the second time the staff has gotten together -- first for his 25th anniversary in the Senate, now for his 45th.A Catering Lawyer Who Can Parse House Ethics Rules

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Just when you thought there couldn't be any more exceptions to the new House ethics rules, comes the "toothpick" caveat -- and a business to capitalize on it.

While members and staff are prohibited from receiving gifts or meals from lobbyists or those who employ them, they may accept "food or refreshments of a nominal value" such as the kinds of food offered at receptions. Sean Clancy, a tax lawyer at Patton Boggs who owns a year-old catering business, quickly sent an e-mail last weekend to 1,000 prospective clients touting Just Fresh Bakery Cafe & Catering, and its "toothpick rule-compliant" menu.

"We don't stick a toothpick in a sandwich and say it's not a meal," he explains. "These are bite-size pieces. We want to stay within the letter of the law, and at the same time point out the ridiculousness of it all."

There's Much Huffing Over Puffing On Hill (WT)

By Christina Bellantoni

The Washington Times, February 15, 2007

Smoking has become the hot topic on Capitol Hill.

Who is, who isn't, and where the lawmakers puff -- closeted or not -- are among the whispers in the hallways and on the presidential campaign trail.

There have been at least 35 news reports about Sen. Barack Obama's long battle with a cigarette habit, and how the Illinois Democrat has been chewing Nicorette to kick that habit as he runs for president.

And in the latest installment, staffers for Rep. Keith Ellison tattled to Capitol Police that Rep. Tom Tancredo was smoking a cigar inside his congressional office.

"We already have the biggest air-purifying unit you can get, and I would be happy to try to make sure that it's even less odiferous around here, but I'm not going to stop because we still have the right to do so," Mr. Tancredo, Colorado Republican, told The Washington Times.

An officer investigating the report informed Mr. Ellison, Minnesota Democrat, that smoking is allowed in the private offices, the Hill newspaper first reported yesterday.

Calling his office in the Longworth building "our own little castle," Mr. Tancredo said he would have preferred a personal visit from his next-door neighbor.

Mr. Tancredo, seeking the 2008 Republican nomination for president, added, "He can get an air-purifying system for his office."

Mr. Ellison's office did not respond to calls for comment yesterday, but spokesman Rick Jauert told the Hill that he first called the Capitol superintendent when he noticed smoke "coming through the walls." That office referred Mr. Jauert to the police, and he informed his boss that he had made the report.

Mr. Tancredo said he has never met Mr. Ellison, who has gotten his fair share of headlines.

In November, Mr. Ellison became the first Muslim in recent times to be elected to Congress. Then, Rep. Virgil H. Goode Jr., Virginia Republican, protested Mr. Ellison's use of the Koran for his swearing-in. In a letter to constituents, Mr. Goode complained that if strict immigration laws are not enacted, "more Muslims" will be elected and will demand "the use of the Koran."

The dust-up created national headlines and highlighted philosophical differences on immigration policy.

Mr. Tancredo noted that the only time he has even referenced Mr. Ellison was to defend his use of the Koran.

But the Colorado congressman has a friend in Mr. Goode, who delivered a gift to Mr. Tancredo's office after learning of the cigar incident.

Mr. Tancredo said that he knew the envelope from Mr. Goode contained a cigar, but that he hadn't yet read the letter. He opened the note and read it to a reporter for The Times.

"We have a policy in my office of allowing one to smoke from tobacco country if he or she so chooses," Mr. Tancredo read from the letter, pausing to stifle laughter. "We extend this courtesy to an outstanding presidential candidate. Hope you can use it in your office. If you can't, come on up to mine."

Others, including Minority Leader John A. Boehner, have felt like pariahs lately, especially since Speaker Nancy Pelosi banned puffing in the Speaker's Lobby off the House floor.

Mr. Boehner, a chain-smoking Ohio Republican, told reporters gathered for the Washington Press Club Foundation dinner last week that he isn't fond of Mrs. Pelosi's decision.

"We can still smoke out on the balcony. But, Nancy, it was 20 degrees out there. I think I want a seat on your global warming committee," he told the California Democrat.

As for Mr. Obama, reporters seem obsessed with him kicking the habit.

Maureen Dowd of the New York Times opened her latest column thus: "Barack Obama looked as if he needed a smoke and he needed it bad."

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After a long Chicago Tribune story about Mr. Obama's smoking, ABC News did a piece on its Web site about Michelle Obama demanding that her husband quit those Marlboros before embarking on a rigorous campaign for the White House. Both articles quoted numerous health advocates and pundits analyzing whether a candidate should admit to such vices.

Reporters trailing Mr. Obama to Iowa last weekend made sure to note this comment by the presidential hopeful: "I've been chewing Nicorette all day long."

An article on Slate.com last month even speculated that should Mr. Obama quit, he would lose his trademark deep voice -- identified by the Web site as "authoritative but comforting, rich and resonant and wise."

FEDERAL DIARY; Working, Or Not, With Everyone's Safety In Mind (WP)

By Stephen Barr

Washington Post, February 15, 2007

Washington weather has long vexed the directors of the Office of Personnel Management and yesterday's gray icy slush was no exception.

Linda M. Springer, the OPM director, was up at 4 a.m., listening to a last round of reports on the weather, road and mass-transit conditions. As with her predecessors through the years, she was trying to look out for federal employees and keep the government open for business.

"When will it be safe for federal workers to commute into their offices? That is the bottom-line question for me," Springer said yesterday.

Springer began sorting out her options at 9 p.m. Tuesday after she received her first reports on the sleet and ice storm moving into the region. That same day, the OPM had closed the government early, at 2 p.m., after weather forecasts showed it might be wise to get as many employees as possible off roads before dark.

After the Tuesday night call, Springer asked the staff at the OPM's situation room to develop information that would help her choose among three options for the next day: open the government on time, but with an unscheduled leave policy in effect; open late with unscheduled leave; or not open. (Unscheduled leave is a way for employees to take time off without prior approval from a supervisor.)

Early yesterday, she chose to open the government after a two-hour delay, after hearing predictions on the path of the storm and assurances that roads and mass transit "would be in much better shape than at the normal start time."

With a two-hour delay, many employees were more likely to have safer commutes, she decided. "We're saying you [the public] can count on normal functions and services after that two-hour delay, but individuals can recognize their own individual situations at their residence and their commute area to make a decision to take a day of leave," Springer said.

Although federal agencies did not have head counts of how many employees came to work yesterday, officials acknowledged that some offices were thinly staffed.

"It's quiet," Nicol Andrews, a spokeswoman for the Agriculture Department, said. "But there are plenty of us around to make sure the trains are still running."

The judgment on whether to open or close the government can be easily second-guessed by employees, especially when schools close. Yesterday, on Federal Diary Live at washingtonpost.com, employees posted messages saying their commuter buses had been canceled or were running only on emergency routes. Others said that downtown streets were not properly cleared for morning commutes and that slippery streets were sometimes dangerous to cross.

With about 300,000 federal employees in a region that stretches from southern Maryland to West Virginia, the OPM cannot make weather-related decisions lightly because of economic and workforce productivity concerns. The federal payroll is about $76 million a day in the Washington area, and some companies and nonprofit groups take their cues from the OPM on when to open for business.

February, in particular, seems to be a troublesome month for OPM directors.

In 2003, a huge snowstorm, measured at 16 inches to 24 inches, walloped the region over the President's Day weekend, closing federal offices for a day. In 2005, the government opened on time Feb. 24, only to close at 1:15 p.m., after road conditions took a turn for the worse as a storm dumped six inches of snow in some parts of the region.

As the then-acting OPM director, Dan G. Blair, said: "I wish it was a pure science, but it is not. It's always a best guesstimate."Whistle-Blower Bill Approved

A bill that would expand whistle-blower protection rights to federal employees in intelligence agencies and federal contractors was approved yesterday by the House Oversight and Government Reform Committee. The vote to send the measure to the House floor was 28 to 0.

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Parts of the bill are designed to clarify congressional intent as to what type of whistle-blowing is protected. An amendment, approved on voice vote, would permit whistle-blowers to take their cases to the U.S. appeals court in their area, ending the sole jurisdiction of the U.S. Court of Appeals for the Federal Circuit, not far from the White House.

Advocates for whistle-blowers argue that the federal circuit court has interpreted the laws in a way that makes it almost impossible for federal employees to defend themselves from reprisals when speaking out on waste, fraud and abuse.

"The Government Reform Committee lived up to its name today," said Tom Devine, legal director for the Government Accountability Project, an advocacy group. "Now it is up to the House leadership to do the same thing."

Minimum Wage, Minimum Tax Cuts (NYT)

The New York Times, February 15, 2007

In the coming week, the House is expected to pass a bipartisan bill aimed at scaling down the unwise tax cuts that the Senate has demanded in exchange for raising the federal minimum wage. The House measure contains only modest tax cuts, worth $1.3 billion over the next 10 years, and is focused on the small businesses that are most likely to be harmed by a higher minimum wage, like mom-and-pop restaurants. We would have preferred a straightforward minimum wage increase. But the House bill is a reasonable response to the Senate's refusal to move forward without tax cuts.

Whether senators will find the moral clarity to see it that way is another matter.

In Round 1 of this year's effort to raise the minimum wage, the House passed a clean bill, raising the wage from the pitiful $5.15 an hour, where it has been stuck for 10 years, to $7.25 by 2009. In Round 2, the Senate refused to follow the House's lead. Acting as if the midterm elections had never happened, it passed a bill that pairs the wage increase with special-interest tax cuts priced at $8.3 billion over the next 10 years.

The ultimate cost would probably be much higher because most of the proposed tax cuts were designated as "temporary." If those temporary measures were renewed — and temporary tax cuts are almost always renewed— the 10-year cost of the Senate's bill would reach $47.5 billion.

And that's not the only way the Senate bill is objectionable. Many of the Senate's proposed tax cuts would do more for big business, which is largely unaffected by a rise in the minimum wage, than for the typical small business. Big chain stores and big landlords would be the hands-down winners from proposed tax breaks for building new retail stores and new restaurants, and for improving existing structures.

Moreover, the tax cuts that small businesses may be able to latch onto are overly broad, rather than narrowly targeted. As such, they conflict with many senators' recent pledges to close the tax gap, the estimated $300 billion in taxes that are owed but unpaid. It's common knowledge that much of the gap is due to unreported cash and overstated deductions from self-employed people, family businesses and family farms. It makes no sense to grant broad tax cuts to taxpayers in that group until lawmakers find ways to ensure that they are paying their fair share to begin with.

Needed Fixes For No Child Left Behind (NYT)

The New York Times, February 15, 2007

The No Child Left Behind Act of 2002 — which requires states to close the achievement gap between rich and poor students in exchange for more federal dollars — is the most far-reaching educational reform since the country embraced compulsory education in the early 20th century.

But it is unlikely to succeed unless Congress strengthens the law and puts a lot more money behind it when it moves to reauthorize No Child Left Behind later this year.

The bipartisan Commission on No Child Left Behind, financed by several private foundations to evaluate the law's effect, has come up with a list of 75 specific and much needed suggestions on how to improve teaching, learning and student performance, and on what the states need to do better to help schools meet the law's requirements.

The report calls for the development of rigorous, voluntary national standards that would more effectively prepare students for success at college and in the workplace. The report also points out glaring problems with the way states collect data on both school and student performance. Those systems appear to be in chaos, where they exist at all. The report calls on the federal government to pony up an additional $100 million to help states build such systems.

The commission also argues that the reform effort will not get anywhere until the country manages to train, hire and retain far more high-quality teachers. In a departure from the past, the report calls for teachers to be evaluated not just based on their educational credentials, but also on how effectively their students learn.

In a suggestion that's long overdue, the report recommends that colleges and universities, which rely on federal funds, be required to increase the number of graduates qualified to teach in underserved areas like math and science. At the same time, it suggests that school districts with high turnover rates be required to develop plans to train and retain their best teachers.

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This report reflects the growing and welcome consensus that No Child Left Behind, and the quest to improve public schooling for all children, are here to stay. What remains is for Congress to write some of these important new provisions into law and to put enough money behind them to make them work.

Cheating On Tests (WP)

The Washington Post, February 15, 2007

EDUCATORS who are successful in turning around troubled schools say the first step is collecting reliable data. A true measure of performance is the only way to identify problems and map improvement. Yet, five years into the No Child Left Behind Act and its mandate for accountability, too many states are still gaming the system by administering weak tests. They boast about high scores, but their claims are as phony as the performance of their students.

Ending this fraud is among the reforms being pushed by a blue-ribbon commission on No Child Left Behind. The group, led by former health and human services secretary Tommy G. Thompson (R) and former Georgia governor Roy E. Barnes (D), points out that setting intentionally low test standards allows students to post better results and lets states escape sanctions under the law. It also makes comparing the performance of students between states impossible and presents a misleading picture of how well schools and their students are doing. This hypocrisy has become an annual event in which states post the results of achievement tests that in many cases differ widely from the results of benchmark tests given by the National Assessment of Educational Progress.

Although the commission correctly diagnosed the problem, it has fallen short with its call for the federal government to require tougher tests from the states or for states to voluntarily use a national model. It's time for the United States to move in the direction taken by other countries in formulating and administering a national test. All students, no matter where they live, should have to show proficiency in certain skills and knowledge. The reason no such test exists has more to with politics than with education. Presidents George H.W. Bush and Bill Clinton both tried to get national standards introduced, but their efforts were quashed by conservatives committed to local control of schools and by liberals averse to more testing. Children's rights trumps states' rights, and geography should not matter in how well prepared students are. Shouldn't reading in the third grade be the same in Mississippi as in Maryland? Even more urgent, given the competition the United States faces in a global economy, shouldn't an eighth-grader from Georgia or Pennsylvania have the same math skills as any counterpart in Singapore or Denmark?

There are other good reasons for introducing a national test, including the economic (money would be saved in the development and use of one test) and the pragmatic (switching the debate from what to test to how to teach). The arguments for a national test are so strong that some states are looking to form partnerships with others in developing common tests. As Congress begins to debate the reauthorization of No Child Left Behind, it should ask this question: Why wouldn't the nation want, finally, to know how well all of its students perform?

OTHER NEWS:

Fed Chairman Optimistic About Economy (AP)

By Jeannine Aversa

AP, February 15, 2007

Federal Reserve Chairman Ben Bernanke offered a mostly upbeat assessment of the economy Wednesday, citing improvements in inflation and housing in comments suggesting the Fed will leave interest rates alone for a while.

Wall Street liked the message and propelled stocks sharply higher. The Dow Jones industrials gained 87.01 points to close at a new high of 12,741.86.

Bernanke said that at present, interest rates are at a level that is "likely to foster sustainable economic growth and a gradual ebbing of core inflation."

"Overall, the U.S. economy seems likely to expand at a moderate pace this year and next, with growth strengthening somewhat as the drag from housing diminishes," he said as he delivered the Fed's economic report for the first time to a Democrat-controlled Congress.

The Fed has held a key interest rate steady at 5.25 percent since August, giving borrowers a reprieve.

Before that, the central bank steadily had raised rates for two years, the longest ever stretch of increases, to fend off inflation.

Many economists said Bernanke's testimony to the Senate Banking, Housing and Urban Affairs Committee buttressed their belief that the Fed will continue to hold rates steady for much of this year.

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Still, Bernanke was not prepared to declare victory over inflation just yet. Thus, he did not close the door on the possibility of further rate increases down the road.

The Fed chief was careful to hedge his bets and pointed out risks that could upset the generally good economic outlook.

One is that inflation might flare, which is why the Fed is keeping open the option of a rate increase.

It will "be some time before we can be confident that underlying inflation is moderating as anticipated," Bernanke said. If inflation does not wane as the Fed expects, policymakers are "prepared to take action," he said.

On the other hand, there is the risk that a deeper than expected residential real-estate bust could yet unfold, which could hurt overall economic growth, Bernanke said.

A former college professor, Bernanke marked his one-year anniversary at the Fed on Feb. 1. President Bush tapped him to succeed Alan Greenspan, who rose to iconic status in his 18-plus years as chairman.

The committee chairman, Sen. Christopher Dodd, D-Conn., a 2008 presidential hopeful, and some colleagues said they thought Bernanke was doing a good job in managing the world's largest economy.

Even so, Democrats were vocal about their concerns about the middle class.

"So while some in this country might believe that our economy is chugging along quite well .... there seems to be an increasing gap between the average citizen and those at the top of our economic ladder," said Sen. Robert Menendez, D-N.J. "And the disparity that continues to grow in my mind is widening at an alarming rate."

Democrats, who are in control of Congress for the first time in 12 years, accuse Bush of not doing enough to narrow economic inequality. Finding ways to close that gap between low- and high-income workers is a Democratic priority.

Bernanke said bolstering education and helping workers acquire new skills should help the situation.

On trade, Bernanke said he is not happy with the United States' record-high deficits but suggested erecting protectionist barriers would do more harm than good.

China, he said, needs to do more to move to a flexible currency policy. Critics contend that Beijing is keeping its currency artificially low, hurting U.S. exports and contributing to the loss of U.S. factory jobs.

When asked about Japan, a huge competitive force for the troubled U.S. auto sector, Bernanke said the Fed has seen no evidence that Japan is manipulating the yen to keep its value low.

Bernanke refused to weigh in on tax policy, much to the dismay of Sen. Charles Schumer, D-N.Y. "I think you are ducking it, in all due respect," Schumer said.

When Bernanke took over last year, there was debate about whether the central bank could get the economy to slow sufficiently to thwart inflation, but not so much as to fall into recession.

"You inherited an economy that was approaching a tipping point, and so far you have managed not to push it over," said Sen. Jim Bunning, R-Ky. Bunning was the only senator who had voted against Bernanke's nomination as Fed chief.

In its latest economic projections, the Fed said that it expects the economy this year to grow between 2.5 percent and 3 percent — as measured from the fourth quarter of last year to the fourth quarter of this year. That would be slower than a previous Fed forecast and less than the 3.4 percent growth logged for all of 2006.

"Core" inflation, meanwhile, should ease to between 2 percent to 2.25 percent, which would be down from 2.3 percent last year. Core inflation excludes the more volatile categories of energy and food.

The unemployment rate may rise to a high of 4.75 percent, which would still be low by historical standards.

Fed Chairman Remains Optimistic About Economy (LAT)

By Joel Havemann

The Los Angeles Times, February 15, 2007

WASHINGTON — Federal Reserve Chairman Ben S. Bernanke told Congress today that the Fed is generally satisfied with the state of the economy and is more worried about inflation than sagging economic growth.

But in portraying the best of all possible economies, Bernanke suggested that the Fed would leave interest rates alone until it sees some warning signs of either inflation or a turndown in economic growth.

The stock markets, apparently reading Bernanke's testimony as a sign that the Fed's next move on rates would be down rather than up, reacted positively. The Dow Jones Industrial Average marched ahead nearly 100 points as he began his testimony.

The Fed last raised its benchmark short-term rate in June, the last of 17 consecutive policy meetings in which its Federal Open Market Committee raised rates by 0.25 percentage points. Starting in mid-2004, rates rose from 1% to their present 5.25%.

Delivering his semi-annual message on the state of the economy to the Senate Banking Committee, Bernanke acknowledged that the Fed's most closely watched measure of inflation was running higher than its informal 1% to 2% "comfort zone."

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But he said the Fed predicted that this measure — the price index for personal consumption expenditures excluding food and energy — would decline to a rate of 2% to 2.25% this year and to 1.75% to 2% next year.

But after its most recent meeting last month, Bernanke pointed out, the Open Market Committee "indicated that its predominant policy concern is the risk that inflation will fail to ease as expected and that it is prepared to take action to address inflation risks if developments warrant." On the whole, Bernanke painted a picture of the best of all possible economies.

Economic growth, propelled by strong consumer spending, was solid despite the collapse of the housing market, he said. As for housing, he said home sales have leveled off after months of declines, and mortgage applications have picked up.

The housing sector's decline would probably mean that consumers could no longer be able to borrow against the increasing values of their homes to spend more than they earned.

But he still predicted that "consumer expenditures appear likely to expand solidly in coming months." Analysts said Bernanke's testimony, while emphasizing the risks of inflation over those of sagging economic growth, was marginally less hawkish on inflation than some of the Fed chairman's recent statements.

"The Fed is in its usual late-cycle stance," said Ian Shepherdson, chief U.S. economist for High-Frequency Economics, "fretting about inflation risks but waiting for the unemployment rate to turn up, giving the green light for lower rates. We don't think this represents a real change in stance."

Bernanke Calms Worries Over Rates (WSJ)

By Greg Ip

The Wall Street Journal, February 15, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke alleviated recent fears of higher interest rates by signaling growing confidence that inflation is headed lower as economic growth remains moderate.

But Mr. Bernanke, speaking before the Senate Banking, Housing and Urban Affairs Committee, said yesterday that he remained concerned that tight labor markets and limited spare capacity could yet force inflation higher -- suggesting that interest-rate cuts are not yet being contemplated.

Markets had expected more-hawkish testimony -- that is, more concern about inflation -- in part because several Fed policy makers last week suggested rates could rise again. The more-balanced tone of Mr. Bernanke, whose opinion counts considerably more, sent both stock and bond prices sharply higher. The Dow Jones Industrial Average jumped 87.01 points to a new record close of 12,741.86 and the 10-year Treasury bond yield, which moves in the opposite direction to price, fell to 4.73%.

"There are some indications that inflation pressures are beginning to diminish," Mr. Bernanke said. "A waning of the temporary factors that boosted inflation in recent years will probably help foster a continued edging down of core inflation," which excludes food and energy.

Two factors in particular should nudge down core inflation, he said. Oil prices have dropped, and that will, indirectly, relieve some cost pressure on a range of goods and services. Second, tenant rents, which determine both renters' and homeowners' shelter costs in the main inflation measures, should rise more slowly as demand shifts to homes from apartments and the supply of rental units rises.

Bernanke testifies before Congress11, saying he's prepared to take action to prevent inflation. 12

Plus, WSJ's Phil Kuntz and Greg Ip discuss13 Federal Reserve Chairman Ben Bernanke and what can be gleaned from his testimony today.

The forecasts of the members of the Federal Open Market Committee, which sets interest rates, also displayed greater confidence about inflation. They see core inflation, as measured by the price index of personal-consumption expenditures, falling to between 2% and 2.25% by the end of this year from 2.2% in December, and then further, to between 1.75% and 2%, by the end of 2008. That's at, or below, the 2% level that many policy makers consider stable prices, and within the 1% to 2% "comfort zone" other policy makers prefer.

In spite of this, Mr. Bernanke said the Fed "has continued to view the risk that inflation will not moderate as expected as the predominant policy concern." He didn't explicitly say that that concern could yet lead to higher interest rates. But by reiterating the bias to worry about higher inflation rather than weak growth, Mr. Bernanke also indicated that rates are unlikely to be cut anytime soon. The Fed has kept its short-term interest rate target at 5.25% since last June and markets expect it to stay there through the middle of this year. After Mr. Bernanke spoke, futures markets priced in a higher probability that the Fed would cut its rate target to 5% by December.

Despite the more-sanguine inflation forecast, Mr. Bernanke suggested that the Fed must remain vigilant on inflation because the economy is operating close to, and possibly above, its normal capacity. "Upward pressure on inflation could materialize if final demand were to exceed the underlying productive capacity of the economy for a sustained period," he said. "The high level of resource utilization remains an important upside risk to continued progress on inflation."

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That said, FOMC members actually expect slower growth this year, at 2.5% to 3% in the 12 months through the fourth quarter, than they did last July, when their forecast was for 3% to 3.25%. Mr. Bernanke attributed this to a larger-than-expected decline in homebuilding. He suggested that homebuilding could remain a drag on growth through the end of 2008, telling one senator that it could take that long to bring the inventory of unsold homes down to normal levels.

Bernanke Doesn't Expect Interest Rate Change Soon (USAT)

By Barbara Hagenbaugh

USA Today, February 15, 2007

WASHINGTON — The Federal Reserve is unlikely to change interest rates anytime soon, Fed Chairman Ben Bernanke suggested Wednesday, striking an upbeat tone about the economy, but he voiced continued concern about inflation.

Bernanke said the economy is likely to grow at a "moderate pace" in 2007 and 2008. That comes despite a dramatic slowing in housing that has so far had little dampening effect on consumers, the lifeblood of the economy, Bernanke told the Senate Banking Committee on the first two days of his twice-yearly testimony on the economy.

"There are some indications that inflation pressures are beginning to diminish," he said during the more than three-hour hearing. "The monthly data are noisy, however, and it will consequently be some time before we can be confident that underlying inflation is moderating as anticipated."

Bernanke's comments strengthened expectations that Fed policymakers are in a wait-and-see mode. The Fed's view of ebbing inflation means further interest rate rises are unneeded, while a strong economy suggests rate cuts aren't necessary at this time, either.

"The Fed is, at this point, comfortable to sit on the sidelines," Daniel Jester, an economist at Moody's Economy.com, said in a note to clients. The economic consulting firm anticipates the Fed will leave interest rates unchanged for the rest of the year.

The Fed last month left its target for short-term interest rates, which influence the cost of borrowing for everything from mortgages to credit cards, unchanged at 5.25%, the highest in six years. The Fed has left rates alone for five consecutive meetings after raising them 17 times from June 2004 to June 2006.

Bernanke said the decline in inflationary pressures was in part because of an easing in oil prices, which he noted were "notoriously difficult to predict," making them a "key source of uncertainty to the inflation outlook."

He also said tightness in the labor market suggests wage pressures could accelerate as businesses seek to attract and retain talent from a limited pool of workers. If companies respond to higher payrolls by raising prices, rather than absorbing the added costs, inflationary pressures would rise.

Regarding housing, the Fed chairman repeated that there were "tentative signs of stabilization." But even if the slide in housing demand is over, efforts by home builders to reduce inventories will "weigh on economic growth over the next few quarters," he said.

Bernanke called housing a key risk to the economy, noting it is hard to forecast the future course of the market and its effects on consumers. So far, consumers have been resilient in the face of the housing slowdown, Bernanke said.

Fed Chief Suggests Rates Will Hold Steady (NYT)

By Jeremy W. Peters

The New York Times, February 15, 2007

Ben S. Bernanke, the Federal Reserve chairman, said today that inflation is improving as the economy expands at a moderate but manageable pace — the balancing point that the Fed tries to hit as it regulates interest rates.

Mr. Bernanke's remarks, delivered this morning to the Senate Banking, Housing and Urban Affairs Committee, indicated that the central bank is likely to hold its benchmark interest rate steady for some time.

Wall Street cheered his words. Shortly after the prepared text of the speech was released at 10 a.m., traders began a rally that gained strength throughout the day. The Dow Jones industrial average rose 87 points to 12,741.86, its highest closing level ever. Bond prices also rose.

Mr. Bernanke said that recent readings on the strength of the economy suggest that the Fed's current policy "is likely to foster sustainable economic growth and a gradual ebbing of core inflation." The Fed has left short-term interest rates at 5.25 percent since August.

Still, Mr. Bernanke noted that runaway inflation remains the Fed's primary concern, and he asserted that it "is prepared to take action to address inflation risks if developments warrant."

In recent weeks, the Fed has slightly shifted its tone on inflation. The language in the regular statements the central bank issues when it votes on interest rates has become somewhat softer since the summer. While Mr. Bernanke and other Fed officials still express concern about rising prices, their words have become less cautionary.

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In its most recent statement, issued late last month, the Fed demonstrated a growing confidence that inflationary pressures were easing. “Readings on core inflation have improved modestly, and inflation pressures seem likely to moderate over time,” the Fed’s statement said.

As long as inflation continues to stabilize, the Fed has little reason to raise or lower interest rates. After the January statement, analysts speculated that the Fed would remain on hold for much of the year.

“Bernanke struck a firm and reassuring tone,” said Peter E. Kretzmer, senior economist with Bank of America. “For the present, we believe the Fed remains comfortably on hold.”

Nothing in Mr. Bernanke’s testimony today hinted that the Fed would soon change its posture. He spoke of a robust and expanding economy that has so far appeared to avoid any widespread damage from a collapse.

“The U.S. economy appears to be making a transition from the rapid rate of expansion experienced over the preceding several years to a more sustainable average pace of growth,” he said, according to a prepared text of his remarks. “However, the weakness in housing market activity and the slower appreciation of house prices do not seem to have spilled over to any significant extent to other sectors of the economy. Consumer spending has continued to expand at a solid rate, and the demand for labor has remained strong.”

Looking ahead, Mr. Bernanke struck an optimistic tone about both inflation and the prospect for growth. “Over all, the U.S. economy seems likely to expand at a moderate pace this year and next, with growth strengthening somewhat as the drag from housing diminishes,” he said. “The projections of the members of the Board of Governors and the presidents of the Federal Reserve Banks are for inflation to continue to ebb over this year and next.”

But in typical Fed fashion, he added numerous caveats to the forecast. “The risks to this outlook are significant,” he said, referring to the Fed’s projections for growth. He added: “It will consequently be some time before we can be confident that underlying inflation is moderating as anticipated.”

He briefly touched on the growing trade imbalance the United States has with the rest of the world, remarking during a question-and-answer session after his prepared remarks that he believes the current level of the trade gap to be unacceptable. “I’m not happy with it,” he said. Yesterday, the Commerce Department said that the trade imbalance — the difference between what Americans import and what they export — reached a record for the fifth consecutive year. The biggest chunk of the $763.3 billion deficit last year was because Americans purchased far more goods and services from China than the Chinese purchased from the United States.

When asked whether he was satisfied with Chinese trade policies, and in particular how the way that nation sets the value of its currency, Mr. Bernanke said, “They’ve moved in the right direction, but, no, I don’t think that they’ve done enough.”

Mr. Bernanke was one of several senior government officials who traveled to China late last year to press for less restrictive trade policies. One of the top issues the United States has pressed with China is the value of its currency, which many economists say is understated. An undervalued Chinese yuan makes foreign goods more expensive there.

Bernanke Says Fed Unlikely To Alter Rates (WP)

By Nell Henderson And Tomoeh Murakami Tse

The Washington Post, February 15, 2007

Federal Reserve Chairman Ben S. Bernanke indicated yesterday that the central bank is likely to hold interest rates steady, prompting a rally on Wall Street that pushed the Dow Jones industrial average to a record high.

The Fed chief told the Senate Banking Committee that he and his colleagues believe inflation is too high and that they're concerned it might stay that way. But it's more likely, Bernanke said, that a cooling economy will dampen price pressures this year.

Therefore, Fed policymakers don't think they will have to hike rates further to bring inflation down this year and next, Bernanke said. Conversely, they don't think they need to cut rates anytime soon to spur growth.

"The current stance of policy is likely to foster sustainable economic growth and a gradual ebbing of core inflation," Bernanke said, presenting the Fed's first economic report to Congress this year.

Those words were "music to the ears of both stock and bond investors," said Stuart Hoffman, chief economist for PNC Financial Services Group. "The Fed doesn't see the economy in any real trouble."

The Dow closed at 12,741.86, up 87.01 points, or 0.69 percent, on top of a 102-point gain Tuesday. Yesterday's close beat the record set Feb. 1.

Bernanke outlined expectations of a "Goldilocks" economy -- not too hot, not too cold, with moderating inflation -- said Arthur Hogan, chief market analyst at Jefferies. "The general theme of his testimony was on the neutral side. . . . I think that's what the markets have been celebrating."

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Democratic and Republican senators also welcomed Bernanke's message, and praised his performance since succeeding Alan Greenspan as Fed chairman a year ago.

"I believe that you have done a very good job in gaining the respect and confidence of the markets and your colleagues on the Federal Reserve Board," the committee chairman, Christopher J. Dodd (D-Conn.), told Bernanke. "The Fed's monetary policy, most notably its decision to stop raising interest rates in June, has played a very important role in some recent positive economic developments."

Fed policymakers have held their benchmark short-term interest rate steady at 5.25 percent since June. Many analysts predict the rate will stay at that level through the rest of the year.

However, after the Commerce Department reported yesterday that retail sales were flat last month, some traders boosted their bets that the Fed will cut interest rates by the end of the year to boost growth. The sales figures added to other recent data showing the economy entered the new year with less momentum than previously thought.

Many analysts now estimate that the economy grew at a sluggish pace in the last three months of the year, close to a 2 percent annual rate -- well below the robust 3.5 percent pace estimated recently by the Commerce Department. The agency will update its estimate at the end of this month.

Bernanke indicated he is comfortable with the latest news, as it fits with the Fed's forecast that a period of moderate economic growth will force inflation lower.

"The U.S. economy appears to be making a transition from the rapid rate of expansion experienced over the preceding several years to a more sustainable average pace of growth," he said.

The economy has grown more than 3 percent a year for the last three years. This year, the economy will grow 2.5 to 3 percent, the Fed's top policymakers forecast in their report to Congress.

They predicted this slowdown would cause core inflation, which excludes volatile food and energy prices, to drift gradually from 2.2 percent last year to below 2 percent by 2008. The Fed has no formal target, but Bernanke and several of his colleagues have said they prefer to hold core inflation within a "comfort zone" of 1 to 2 percent.

Fed policymakers also foresee unemployment edging up a bit but remaining low this year and next. The jobless rate was 4.5 percent at the end of last year. The Fed expects it to average 4.5 to 4.75 percent at the end of this year, and to stay about there in 2008.

Bernanke attributed most of the slowdown to the housing slump. But he said that weakness does "not seem to have spilled over to any significant extent to other sectors of the economy."

Indeed, the economy is following the Fed's script so well, Bernanke "might want to do a touchdown dance at their next meeting," said Ethan S. Harris, chief economist at Lehman Bros.

Fed Sees Soft Landing For Economy (FT)

By Krishna Guha

Financial Times, February 15, 2007

Stocks and bonds jumped on Wednesday after Ben Bernanke laid out a fundamentally benign analysis of the US economy in his twice-annual testimony to Congress.

The Federal Reserve chairman painted a picture of recovering growth, moderating inflation and reduced economic risks that evoked memories of the “Goldilocks” economy of the late 1990s – so-called because it was neither too hot nor too cold.

Mr Bernanke struck a temperate tone on inflation, reiterating the Fed’s view that it was still a bigger risk than growth but he made no effort to prepare the ground for another interest rate rise.

Instead, he dropped a heavy hint that rates might stay on hold at 5.25 per cent for some time, saying: “The current stance of policy is likely to foster sustainable economic growth and a gradual ebbing of core inflation”.

The absence of more hawkish language on inflation and interest rates, and recognition of the continued risks to growth from housing, was greeted with relief by investors, who had been troubled by recent talk from some Fed officials.

The S&P 500 index rose 0.76 per cent to 1,455.30 on Wednesday, while Treasury bonds also moved higher, with 10-year yields falling 7.6 basis points to 4.736 per cent.

The futures market priced in a greater chance of a rate cut this year, while the dollar fell 0.7 per cent against the euro, 0.8 per cent against sterling and 0.2 per cent against the yen.

Earlier, Mr Bernanke’s UK counterpart, Mervyn King, struck a tougher tone as he released the Bank of England’s quarterly inflation report, which forecast that inflation would overshoot its target at the two-year forecast horizon unless it raised rates again.

“Just as 3 per cent inflation [in December] didn’t mean that the end of the world was nigh, so 2.7 per cent [in January] does not mean we can ignore concerns about inflation ahead,” he said.

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Mr Bernanke was showered with praise by senators from both parties, who credited his decision to halt the Fed's rate-tightening cycle after the last increase in June 2006 with engineering a soft landing.

"You are getting good grades from everyone, and I concur," said Chuck Schumer, Democratic senator for New York.

The Fed chairman told senators that the tendency of forecasts prepared by Fed policymakers was for growth between 2.5 per cent and 3 per cent this year, and 2.75 per cent and 3 per cent next, with core inflation on its preferred measure of 2 per cent to 2.25 per cent this year and 1.75 per cent to 2 per cent next – a level most policymakers would probably be comfortable with.

Mr Bernanke said a "waning of the temporary factors that boosted inflation in recent years" – including pressure from higher oil prices and rising rents – would "probably help foster a continued edging down of core inflation". But he said the high level of resource utilisation remained "an upside risk to continued progress on inflation".

The Fed chairman said he was following closely signs of distress in the high-risk mortgage market but said: "I do not think at this point it has implications for the aggregate economy."

Probed on the US trade deficit, he said: "I am not happy with it."

Additional reporting by Richard Beales in New York and Chris Giles in London

Economists Differ Over Consumers (USAT)

By Sue Kirchhoff

USA Today, February 15, 2007

WASHINGTON — Despite tight labor markets and rising wages, some economists caution that consumers are likely to pare their spending ahead.

The debate was highlighted by Wednesday's report that U.S. retail sales were flat in January, though December figures were revised somewhat higher. Auto sales fell last month, while department store sales were bolstered by redemption of holiday gift cards.

"The 2006 holiday selling season was a good one. But by virtue of all that selling, consumers have set a high hurdle," Ken Mayland, of Clearview Economics, told clients. "The consumer sector of the economy faces some 'challenges.' "

Consumer spending, which accounts for about two-thirds of the economy, has proved remarkably resilient in the past several years, despite terrorist attacks and high energy prices. One big aid was a five-year boom in the housing market, letting Americans tap into home equity for extra cash.

More recently, consumers have been buoyed by a low 4.6% unemployment rate, which helped push wages up, and a dip in energy prices. Prices have been edging back up, however, with crude oil rising from about $50 a barrel on Jan. 18 to $58 a barrel Wednesday.

Still, in testimony to Congress Wednesday, Federal Reserve Chairman Ben Bernanke gave an upbeat outlook for consumer spending, noting it expanded at a brisk 3.5% rate in the second half of 2006, a figure he called even more striking given the fall in the housing market.

Bernanke said consumer spending should expand solidly, though a little less rapidly than income, if consumers "respond to the slow pace of home-equity appreciation by saving more."

Bill Hampel, chief economist at the Credit Union National Association, notes that savings growth at credit unions grew unexpectedly. "For much of the year we'd been telling credit unions, 'It looks like we're on track for the slowest growth year at credit unions since World War II.' The last quarter of the year, it picked up," he says.

Scott Hoyt of Moody's Economy.com expects a decline in consumer spending growth and a "small and gradual increase in the savings rate" as consumers are less able to rely on home price appreciation to meet their immediate needs or long-term wealth goals.

While spending could slow, economists aren't predicting the demise of the consumer.

Stephen Stanley, chief economist at RBS Greenwich Capital, says consumer spending gains will probably decelerate. But with the tight job market "and if gasoline prices stay where they are today, consumers should muddle through the next few quarters."

An Deloitte Research index of consumer spending fell this month. The index looks at taxes, jobless claims, home prices and wages.

Bernanke Frowns On Tax Cuts (WT)

By Patrice Hill

The Washington Times, February 15, 2007

Federal Reserve Chairman Ben S. Bernanke urged action yesterday to balance the budget and curb income inequality through better education, saying such goals should take priority over tax cuts.

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"I can't speak to the overall combination of taxes and spending, other than to say that they should be in balance. But I will go so far as to say that I think that there's a significant return to investing in young kids," the Fed chairman told Sen. Bob Casey, Pennsylvania Democrat, in response to a question about whether Congress should vote to extend tax cuts or increase funding for the Head Start program for poor children.

Mr. Bernanke said taxes have an "important" role to play in narrowing the widening income gap between rich and poor through income-transfer programs, and Congress needs to balance that goal against the desirability of tax incentives that spur innovation.

"The tax code has an important role to play in generating more equality," he said, although "entrepreneurs and the people who take risks -- we have to give them incentives to take risks" as well.

He said the benefits from raising revenues by letting President Bush's tax cuts expire in 2010 must be weighed against the growth impact from higher taxes. He strongly urged Congress to strive to improve the government's balance sheet and said his biggest worry is the government is not prepared to finance baby boomers' retirement starting in 2011.

Mr. Bernanke's remarks before the Senate banking committee were received warmly by Democrats and were his most forceful testimony on political matters since he took office a year ago.

He was praised by committee members for adroitly steering the economy to a "soft landing" that has maintained robust growth with lower inflation. His willingness to go further in recommending action against income inequality and other economic problems appeared to reflect increased confidence after a successful year in office.

At the urging of nearly every Democrat on the committee, Mr. Bernanke elaborated on a speech he gave last week outlining the reasons for the increasing income gap between wealthy Americans and most wage earners.

Like his predecessor, Alan Greenspan, Mr. Bernanke blamed the gap primarily on differences in education and skill, with the most-successful workers those who can employ advanced technology and education to compete in the global marketplace.

"The very important drivers of economic growth and prosperity in this country include free and open trade and technological progress. It's very important to allow those forces to continue to operate in our economy," he said. "However, we do have to recognize ... they may create greater income possibilities for some than others.

"To retain support for policies of free trade, open borders, technological change, flexible labor markets, we need to make sure that the gains and benefits from these powerful growth-producing forces are broadly shared and that people understand that these things are good for the American economy and good for people generally in the economy."

Mr. Bernanke endorsed setting minimum international labor standards in trade agreements, such as banning child or slave labor. But he questioned whether increased unionization would reduce the income gap and said Congress should focus most of its efforts on ensuring equal access to good quality education and job skills.

"My wife is a teacher. I've been in education for a long time. I was on the school board for many years," he said. "We've been worrying about educational quality for a long time, and it's a difficult thing to achieve."

While the U.S. maintains a "substantial leadership" position in college-level education and research and development, he said, it is falling short at providing adequate education at lower levels, especially in math and science.

In discussing risks to the economy, Mr. Bernanke said the substantial drop in housing last year had less of an impact than expected. "We've not seen substantial spillovers from the housing slowdown to consumer spending or to other parts of the economy," but "it's early to say that this problem is over."

A "significant concern" is recent "distress in the subprime area" of the mortgage market, where default levels have surged to recession levels, he said.

"I'm obviously following it very carefully, both in terms of the impact it has on the borrowers and also, you know, see what effects it has on lenders as well. I don't think that it has at this point implications for the aggregate economy in terms of the ongoing expansion, but as I said, it is an important issue for those sectors."

Referring to recent announcements of losses in mortgage trading and lending at HSBC Bank and the New Century Corp., a major subprime lender, Mr. Bernanke said: "Evidently, there are some loans that have been made that are not turning out well and to the detriment of both the lenders and the borrowers. We will certainly be watching that carefully and trying to provide guidance and oversight to minimize that risk going forward."

Dow Trifecta Spins A Rare Day Of Stock Records (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 15, 2007

Soothed by Federal Reserve Chairman Benjamin Bernanke's suggestion that interest-rate increases aren't in the offing soon, investors bid up the Dow Jones Industrial Average to another record.

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The Dow Jones Transportation Average and the Dow Jones Utility Average also hit records, the first time since 1998 they have done so on the same day as a record close for the industrial average. Before yesterday, such a Dow-averages trifecta had happened only 19 times since 1929.

The Dow industrials rallied 87.01 points, or 0.7%, to 12741.86, for a 190-point jump in two days. The industrials are up 2.2% this year. It was 28th record close for the blue chips since the start of October and the second record this month.

The trifecta of records reflects the breadth of the recent stock rally. Most analysts see that as a sign that the gains can continue, with the economy just strong enough to buoy corporate profits at an array of companies, but not in danger of overheating.

The broad Standard & Poor's 500-stock index rallied 11.04 points, or 0.8%, to 1455.30, up 2.6% this year. The tech-stock-heavy Nasdaq Composite Index gained 28.50 points, or 1.2%, to 2488.38, up 3% on the year.

The market has faced a conundrum lately, with disagreement on Wall Street about whether the Fed's next move would be a rate cut to spur economic expansion or a rate increase in response to data showing some areas of surprising strength, such as job growth and rising wages, which could lead to inflation.

In testimony to the Senate Banking Committee yesterday, Mr. Bernanke said the Fed's current rate policy likely will foster "a gradual ebbing of core inflation" in the months ahead. For many investors, his comments marked the clearest sign yet that the Fed won't raise borrowing costs to rein in spending by consumers, businesses and investors, which would hurt stocks.

"I think the direction of the Fed's next move should be settled by now," said Merrill Lynch economist David Rosenberg, who says the central bank is likely to cut rates in the second half. "It's just a matter of the timing and magnitude of the next move, not the direction."

As the Dow industrials rose, the transportation average rallied 105.40 points, or 2.1%, to 5117.27, while the utility average gained 1.97 points, or 0.4%, to 477.07.

Bond prices also rallied, pushing down yields, as is often the case when investors become less afraid of inflation, which erodes the value of the interest payments they receive.

A drop in oil prices also aided the stock market's rally. Oil futures for March delivery dropped $1.06, or 1.8%, to $58 a barrel, off 5% this year on the New York Mercantile Exchange, after the federal Energy Information Administration released weekly data showing unexpectedly robust stockpiles.

Strategist Bob Hoye of the Vancouver research firm Institutional Advisors said the stock market will face a big challenge beginning in the spring as weather warms and families begin to take more car trips. That will increase fuel demand and, potentially, commodity prices as well, which could renew inflation fears.

Yesterday's stock rally "may be a news item for the day, but it's only part of a longer cyclical rally in bonds and stocks, Mr. Hoye said. "We're going to see that rally tested."

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.66 billion shares.

Bond prices rose2. The 10-year note gained 21/32 point, or $6.5625 for each $1,000 invested, pushing the yield down to 4.731%. The 30-year bond rose 1 5/32 to yield 4.827%.

The dollar weakened3. The dollar fell to 120.74 yen from 121.17 yen. The euro rose to $1.3129 from $1.3037.

Gangbuster Market Made $8.8 Trillion Recovery (USAT)

By Adam Shell

USA Today, February 15, 2007

NEW YORK — The record-setting run on Wall Street is starting to add up to real money.

The Dow Jones Wilshire 5000 index, the broadest measure of the U.S. stock market, has recouped all of its dollar losses suffered in the 2000-02 bear market. As of Wednesday, it had rebounded 100% and regained $8.8 trillion in market value — more than the combined annual GDP of Japan, Germany and the United Kingdom — since its Oct. 9, 2002, low.

Confirming the strength of this so-called U.S. "wealth" measure were the record highs set Wednesday by a swath of other domestic stock market indexes. For the first time since March 17, 1998, the Dow Jones industrial, transportation and utilities averages all set records on the same day, suggesting that the economy is in good shape.

And further confirmation of the market's broad, inclusive participation came in the form of a record close for the NYSE composite index, which measures the performance of all U.S. common stocks, foreign shares and real estate investment trusts listed on the New York Stock Exchange.

"Each time you see another index hit a new high, it validates what is going on and confirms that the rally is, indeed, broad-based," says Steven Foresti, managing director and head of investment research at Wilshire Consulting.

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The broad U.S. stock market has risen four consecutive years after losing nearly half of its value from 2000 to 2002. The continued gains on Wall Street, however, are worrisome to some because the market is now enjoying its second-longest streak ever without either a 2% or 10% correction from a prior high. There is also growing concern that investors may be getting overly optimistic about the market's moneymaking abilities.

"A correctionless market breeds complacency," says James Stack, president of InvesTech Research.

But even Stack admits that the market continues to defy skeptics and move higher because all the ingredients of a bull market remain in place. The big drivers — stable interest rates and a not-too-hot, not-too-cold economy — were reinforced Wednesday by Federal Reserve Chairman Ben Bernanke in testimony on Capitol Hill.

"Investors have deciphered all the economic data and have given a thumbs up across the board," says Timothy Vick, senior portfolio manager at Sanibel Captiva Trust. He says investors are now more confident that the Fed will not raise short-term interest rates this year, which makes stocks far more attractive.

McCain Leads Chase For Senate Support (POL)

By Jonathan Martin And Daniel W. Reilly

The Politico, February 15, 2007

In 2000, it was easier to troll for favorable quotes about John McCain among his Democratic colleagues than to find Republican senators ready to say nice things about a man they had served with for years. In the end, McCain snared a grand total of four endorsements from GOP senators for his presidential campaign.

Almost a year until the first primary, McCain has already outpaced his 2000 total. He has six endorsements, and his campaign promises more soon.

That McCain is already on the way to doubling his 2000 take is a vivid illustration of the onetime maverick's ability to make amends with colleagues and the conservative establishment that many of them represent.

A Politico survey among the 49 Republican senators also found three senators backing former Massachusetts Gov. Mitt Romney for president.

Meanwhile, Sen. Sam Brownback enjoys the support of his fellow Kansan, Sen. Pat Roberts. Former New York City Mayor Rudy Giuliani has been late in starting the courting process, but an aide said to "stay tuned for some upcoming announcements" of support from the Senate.

Thirty-two Republican senators said they were still undecided on whom to support, and four said they expected to sit out the primary process.

While McCain is winning more support than before, interviews with senators and key aides showed he continues to confront deep ambivalence among many colleagues. Some remain resentful over personal clashes through the years; then there are McCain's views in favor of campaign finance reform and against spending on local projects backed by home-state senators.

"I know … I am not the most popular guy with many on the Appropriations Committee because of our different views on earmarks and that whole process," McCain acknowledged in an interview.

His political strategist, John Weaver, agreed that McCain remains a tough sell for some Senate colleagues. "That's just the way life is," Weaver noted, saying McCain was running "a reality-based campaign" for the backing of fellow Republicans. Attempting to turn the tables on Romney's camp, however, Weaver added that there are "a number of governors who won't support one candidate or the other."

When it comes to endorsements, the inevitable question in modern presidential politics is: Who cares? In earlier generations, endorsements from high-profile politicians often meant delegates and organizational support, something that is no longer the case. Still, McCain may have more of a stake than most in this year's endorsement derby. As someone eyed warily by many conservative activists at the state and local level, he can benefit from the blessing of more-trusted figures.

Among the more notable people pulling an about-face on McCain is Senate Minority Whip Trent Lott, R-Miss. In 2000, Lott was a sometimes caustic opponent. This year, he was an early arrival in McCain's camp and is part of a small inner circle of pro-McCain senators who meet to plot strategy.

"Times change, things change and experiences change people," explained the man who lost his hold on the majority leader post after some key senators and the White House defected in the wake of Lott's racial comments at the 100th birthday party of former Sen. Strom Thurmond in 2002.

"When you've come back up out of the valley you're different," Lott said in an interview. "I believe in resurrection."

Lott also believes in his ability to count votes, as demonstrated by his audacious bid to regain a Senate leadership post after last year's elections. As with that campaign, Lott said his task whipping up support for McCain is challenging but bears promise. Like Weaver, he admitted that some in the body can't bring themselves to support their sometimes-prickly colleague, but adds that "you'd be surprised at some of those who may be rising above."

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Lott wouldn't reveal names but said with a smile that "some of them may even be appropriators."

There's a couple of those whom McCain definitely won't be getting.

On Thursday, Romney's campaign announced that Sen. Larry Craig, R-Idaho, and Sen. Bob Bennett, R-Utah, will serve as the former governor's chief liaisons to the Senate. Both Craig and Bennett serve on the Appropriations Committee.

The powerful spending panel also includes many of the GOP's most politically important senators, including Minority Leader Mitch McConnell of Kentucky, New Hampshire's Judd Gregg, Alabama's Richard Shelby and Kay Bailey Hutchison of Texas.

Another conservative not helping the McCain cause will be Sen. Jim DeMint of South Carolina. Though just a freshman, DeMint has already carved out a name for himself in the body for his outspokenness, particularly on fiscal issues. He came out for Romney last month and has been lobbying his fellow conservatives, including other junior senators like Tom Coburn of Oklahoma and John Cornyn of Texas, on the former governor's behalf.

A Senate Republican aide with knowledge of the endorsement derby said Romney's wooing has been based more on his ideas and policy vision while McCain's team has focused on "the inevitability factor" and it being McCain's "turn."

Craig echoed these sentiments, praising Romney for "having many of the right thoughts for a conservative like myself."

"We are making headway," Craig said of his efforts to woo his Senate colleagues. "I am not going to talk numbers, but I am very pleased with the reception I am getting."

Craig said that he already has a good number of commitments from fellow senators and that he thinks "we will have a good number (of Romney supporters) here in the final analysis."

One Romney adviser off the Hill went so far as to predict that the Romney camp would have "as many or more endorsements from the Senate as McCain."

Bennett and Craig are hoping to reel in more of their colleagues when Romney attends a small gathering of senators in March.

One senator who Romney would love to have in hand by then is Gregg. Though endorsements haven't traditionally counted for much among the proudly independent Granite State electorate (Gregg's support for Bush in 2000 did nothing to stem his 18-point loss), the backing of New Hampshire's senior senator would serve as another indicator that Romney is consolidating the Anybody But McCain vote.

Despite buzz around Capitol Hill that it's only a matter of time before his boss gets behind Romney, Gregg's chief of staff and top political adviser Joel Maiola said the rumors "continue not to be true."

Gregg, Maiola said, has had discussions with a number of candidates, including McCain and Romney, and many of these people are "still in play."

"He's another month away," from an endorsement, Maiola said.

Facing his own tough 2008 re-election, New Hampshire's junior senator, John Sununu, won't weigh in on the White House contest.

With DeMint out for Romney and Sen. Lindsey Graham of South Carolina again behind McCain, Sen. Chuck Grassley of Iowa is the only other Republican senator from an early primary state who is still uncommitted. He told Iowa reporters last week that he would likely not make an endorsement anytime soon.

Grassley isn't alone in keeping his powder dry in the early running.

"I think the dust needs to settle on the issues," said Sen. Jeff Sessions, an Alabaman who previously has tangled with McCain. "We need to find out what these (guys) are going to fight for and die for."

Other senators said the role of endorsements in the Senate is overinflated.

"My biggest role in all of this is that I will have one vote in the Louisiana Republican primary," said Louisiana Sen. David Vitter, who has yet to make a decision on whom to support.

Still, Vitter didn't mind handicapping the race. "I think the nomination race is going to be focused on McCain and someone who will be the alternative to McCain," Vitter said. "And Romney has made a lot of headway towards becoming that alternative."

This is exactly, of course, what the Romney camp wants to hear.

Still, it recognizes the inherent strengths in the upper chamber, even for a senator whose had as many run-ins with colleagues as McCain.

"This is very much like 1988 where (former Sen.) Bob Dole was very much the Senate insider and any other candidate will have a hard time (picking up) endorsements," said a Republican strategist supporting Romney. The former governor, this source said, "is taking the George H.W. Bush role, trying to line up lots of House support," recognizing that those in the upper chamber are "either on McCain's side or frozen into neutrality."

Weaver, McCain's strategist, responded that they were also "well on track in the House" and "working it very, very hard." He also hinted that Romney's early cultivation of support from House members was more about perception than anything else.

DOJ_NMG_0132698

"We're more concerned not so much as to influence the chattering class in Washington, but to influence voters."

Still, Weaver couldn't resist one dig at the former chief executive and chair of the Republican Governors Association. "How well are they doing among governors?" he asked of Romney's campaign.

To date, Romney has the support of only one of the nation's 22 GOP governors.

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by Paradise on 02.14.2007 at 10:55 PM

Senate endorsement don't mean very much to anyone but those inside the beltway. Most republicans have lost confidence in Senate republicans, and aren't going to look to any Senator for leadership on who to back for President.

by tashi on 02.14.2007 at 10:42 PM

He's done. Wishy washy guy who allowed himself to be swiftboated when the Bushies said his wife was a drug addict and adopted Bengladeshi daughter was really a black love child in 2000. Right, Mr. Integrity and straight talk? Mr. Wimp. Now he's just a lowbrow arsecreecher (German for brown noser, but more active. He actually wiggles around in there). And then ther eis his temper. Why didn't he express it when he had a right to be angry?

by Kasey on 02.14.2007 at 09:40 PM

McCain is getting to cozy with the far right. He had amazing lefty support in 2000 that has disappeared.

by polarbear on 02.14.2007 at 07:52 PM

Senate endorsements are more important during the primary season, and perhaps more important for Republicans. Still, thinking about the order in which things have to occur, McCain cannot win the Republican primary without securing the support of the Republican base. But then, McCain cannot win the general election without attracting substantial crossover votes from Democrats. Especially in this election cycle, the more successful he is at one, the less successful he will be at the other. McCain's support for the surge would have to be rewarded by events for McCain to attact many crossover votes.

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Reagan Library To Host GOP Debate In May (AP)

By Brooke Donald

AP, February 15, 2007

(AP) Always fond of invoking Ronald Reagan, the 2008 crop of Republican candidates will get a prime chance to associate themselves with the Gipper's legacy. Former first lady Nancy Reagan said Wednesday she was inviting the leading GOP candidates to the first-ever debate at her husband's library in Simi Valley.

The Ronald Reagan Presidential Library plans to host the debate on May 3. It will feature questions submitted through a Web site.

"Ronnie always hoped the library would be a place where policymakers will debate the future," Nancy Reagan said in a statement. "This presidential debate provides the opportunity to fulfill his wishes."

Debate participants were not immediately announced. Nearly a dozen Republicans have announced their candidacies or have indicated they are considering a bid for the nation's top job. The early front-runners include Arizona Sen. John McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney.

The debate will be moderated by MSNBC and aired on the cable news channel, as well as simulcast online through the Web site of The Politico newspaper, Politico.com.

People watching online will be able to submit questions to the candidates via the site, according to a release on Politico.com.

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COLUMBIA, S.C. (AP) _ House Majority Whip Jim Clyburn, one of the most powerful Democrats in South Carolina politics, will not endorse a presidential candidate during the 2008 primaries as part of a promise made months ago to party leaders.

"I'm staying out of it," Clyburn told The Associated Press this week as several Democratic White House hopefuls prepared to visit his home state.

Clyburn did much of the arm twisting that landed South Carolina's January 2008 primary ahead of every other state except Iowa, New Hampshire and Nevada.

"I used a lot of political capital keeping that primary in South Carolina when two other states went after that," Clyburn said. "I promised people at that time that if they were to come to South Carolina and participate in that primary I would not participate in any effort." He said he wanted to ensure all candidates "have a fair shot at winning the state."

DOJ_NMG_0132699

An endorsement from the former chairman of the Congressional Black Caucus and the state's senior member of Congress could carry a lot of weight in South Carolina, where 49 percent of primary voters are black. In 2004, Clyburn endorsed Dick Gephardt before his longtime colleague quit the race; he then backed John Kerry. Former Sen. John Edwards, a South Carolina native, won the state primary.

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WASHINGTON (AP) _ Democratic presidential candidate John Edwards said Wednesday that he would immediately pull about a third of U.S. combat troops out of Iraq if he were president.

Congress should also cut military funding to force President Bush to do so, Edwards said.

Edwards is going a step farther than rivals Hillary Rodham Clinton and Barack Obama, who want to cap the number of troops in Iraq to prevent Bush's increase, but are reluctant to cut funding while soldiers are on the ground.

"At this point, the escalation is under way, so blocking it is not enough," Edwards told reporters in a conference call. "So what I'm doing today is calling on Congress to take the next step, which is to cap funding."

Edwards spoke as the Democratic-controlled House of Representatives debated a measure opposing Bush's decision to send 21,500 troops to Iraq to help the 130,000 that were already there at the beginning of the year. Edwards said the non-binding resolution being debated is not enough.

Edwards proposed capping troops at 100,000 and says all combat forces should be out of Iraq within 12-18 months.

However, Edwards said he would not go as far as another Democratic primary rival, former Iowa Gov. Tom Vilsack, who wants Congress to cut off funds to end the war. Edwards said the war needs to end in a "smart, orderly way."

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WASHINGTON (AP) _ Illinois Sen. Barack Obama has a staunch defender for his presidential bid in his wife, Michelle, who won't stand for any criticism of her husband.

Michelle Obama says it's his time to run, even though others have questioned whether a first-term senator is ready to be president.

"We've heard this spewed from the lips of rivals," the candidate's wife told about 1,000 donors at a Chicago fundraiser Sunday night. "Every phase of our journey, he is not experienced enough, he should wait his turn. He is too young, he is not black enough, he is not white enough ... he is too articulate.

"Don't be fooled by these claims because they are mere distractions," she continued. "Distractions to keep us focused once again on what is not possible. Distractions that keep us mired in fear so that we are unable to focus on the real issues that are dragging us down as a nation. What we need right now is a leader. And a leader is more than a set of finite experiences."

She said that only in politics would insiders look at her husband's resume _ a Harvard-trained lawyer, best-selling author and former state senator _ "and dare to have the audacity to say he is not ready."

Mrs. Obama said she is excited about the campaign and aware that "politics is a full contact sport."

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BOSTON (AP) _ Republican Jane Swift, the Massachusetts governor who preceded Mitt Romney, is endorsing one of his top rivals for the party's presidential nomination _ Sen. John McCain.

"Senator John McCain is a principled leader whose unwavering determination to improve the lives of Americans is admirable," Swift said of the Arizona Republican in a statement issued by his presidential exploratory committee.

Swift, then lieutenant governor of Massachusetts, became acting governor in 2001 after Paul Cellucci resigned to become U.S. ambassador to Canada. She had been planning her own gubernatorial campaign in 2002 when Romney returned to Massachusetts from the Olympic Winter Games in Utah and made clear he planned to seek the GOP nomination.

A year earlier, he had said he would not challenge Swift, labeling her the party's "standard-bearer."

Down in the polls, Swift ended up stepping aside after political missteps that included using aides to baby-sit and a high-profile clash over a proposed highway toll increase.

Romney was the fourth in a series of Republican governors who led Massachusetts from 1991 through 2006. The first, former Gov. William F. Weld, has endorsed Romney. Cellucci has endorsed former New York mayor Rudy Giuliani.

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VIRGINIA BEACH, Va. (AP) _ Republican presidential candidate Mitt Romney will speak at the commencement at Regent University, the school founded by religious broadcaster Pat Robertson.

Romney will address the graduates on May 5.

Robertson has not endorsed Romney, and Regent University does not endorse political candidates, Regent spokeswoman Sherri Stocks said.

"At Regent, we often invite a variety of leaders to speak to our campus," Stocks said.

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Founded in 1978, Regent has some 5,000 students studying on campuses in Virginia Beach and Washington, D.C., and also via online distance education.

Last year, Sen. John McCain, another Republican hopeful, spoke at Jerry Falwell's Liberty University.

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Giuliani, Saying He Is Running For President, Offers His Views On The War In Iraq (NYT)

By Richard Pérez-peña

The New York Times, February 15, 2007

Rudolph W. Giuliani yesterday removed any lingering doubts that he was running for president, and, without mentioning President Bush by name, offered pointed criticism on how the Iraq war has been handled.

He said that the United States went to war with far too few forces and was wrong to dismantle Saddam Hussein's military and government, and he conceded that if more information had been available about Iraq's weapons, Congress never would have approved the war.

Mr. Giuliani has behaved like a presidential candidate for months, forming an exploratory committee, raising money, building a campaign staff and making appearances around the country. But until now, he has repeatedly stopped short of a definitive statement of his intentions — even joking about his nondeclarations in recent days.

Republican activists and consultants, citing his early withdrawal from the 2000 Senate race, said he needed to put to rest fears that he might not follow through. But in characteristic fashion, Mr. Giuliani said he would do things on his own timetable.

But on "Larry King Live" on CNN yesterday, Mr. Giuliani twice said, "Yes, I'm running," according to a transcript provided by CNN before the interview was broadcast. Asked if he would make a formal announcement of the kind favored by other candidates, he said, "I guess you do."

On the issue that looms largest over the campaign, Iraq, Mr. Giuliani used the interview to offer a harsh assessment of the Bush administration's decision-making. His comments more closely aligned him with his chief rival in Republican primary polls, Senator John McCain of Arizona, who has supported the war, as Mr. Giuliani does, but has criticized its conduct.

"I would remove Saddam Hussein again," Mr. Giuliani said. "I just hope we'd do it better and we'd do it in a different way."

Most important, he added, the United States, which has had 120,000 to 160,000 troops at a time in Iraq, should have gone in with "maybe 100,000 to 130,000 more."

In addition, "I would have us not disband" the Iraqi military or purge the government of Baath Party members, because "that meant getting rid of the entire civil service," he said, adding: "The country had no infrastructure."

"There was a real doubt as to whether we could do this nation building," he said, and as it has turned out, "we're not going to do it."

Mr. Giuliani has often stood closely by the president on national security issues since the attacks of Sept. 11, 2001, and yesterday declined to blame the administration or any official by name. "Of course there were mistakes," he said. "Lincoln made mistakes. Roosevelt made mistakes. Eisenhower made mistakes."

Mr. King asked if Mr. Giuliani would agree that the Senate would have voted unanimously against the war if it were known that Mr. Hussein did not have weapons of mass destruction.

"Yes, I guess," he said, but he added that such a vote would say nothing about whether the war was right.

Leaving Iraq now would give neighboring Iran "a major, major ability to expand their activities," he said.

He added, "Two Shiite countries right next to each other, slaughtering, you know, where one group at least is slaughtering Sunnis."

Western intelligence services have attributed most of the violence in Iraq — against both Americans and other Iraqis — to Sunnis, although the role of Shiite militias has grown.

Campaigning for other Republicans last year, Mr. Giuliani offered a full-throated defense of the war and said that Democrats simply did not understand the threat posed by terrorists. As recently as last weekend, speaking to the California Republican Party, he said that the nation was fortunate to have a leader as decisive as Mr. Bush, who Mr. Giuliani said understood what was at stake.

But in the last month, Mr. Giuliani has tempered that support by saying that Americans must be prepared for the idea that the war will not go well, even with the president's recent addition of 21,500 more troops.

"I'm not confident it's all going to turn around," he said yesterday. "Who knows that? I mean, you never know that in the middle of the war. I'm confident that we have to try to make a turnaround and we just can't walk out."

Most Republicans still support the war, polls show — as do their party's three leading presidential candidates, Mr. McCain, Mr. Giuliani and Mitt Romney, the former Massachusetts governor — but most independent voters and Democrats oppose it.

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Mr. Giuliani's warnings of setbacks and criticism of war planning could serve him well politically if things continue to go badly in Iraq.

On abortion, an issue that sets him apart from much of his party, he declined to say whether it would bother him if the Supreme Court were to overturn the landmark decision Roe v. Wade.

"I don't think it would hurt me or help me," said Mr. Giuliani, who has long said he favored keeping abortion legal. "It would be a matter of states making decisions."

He has said lately that he would appoint "strict constructionists" to the bench, a phrase taken by many conservatives — and, yesterday, by Mr. King — to mean judges who would not support the Roe decision.

"I don't know that," he said. "You don't know that."

When Mr. King asked him to define what a strict constructionist is, Mr. Giuliani said, "There are a lot of ways to explain that," and did not elaborate.

Rudy Confirms: 'I'm Running' (NSDY)

By Craig Gordon

Long Island Newsday, February 15, 2007

WASHINGTON -- All that's left now to make it official is a throng of sign-waving supporters in a made-for-TV setting.

Rudolph Giuliani Wednesday night finally gave the two-word confirmation he had resisted for a week -- "I'm running" -- for president, that is.

Even veteran broadcaster Larry King wasn't exactly sure what he heard, since Giuliani had come up with several different formulations in the last week that came oh-so-close to saying the same thing.

"So, you're running?" King asked for a third time.

"Yes, I'm running," Giuliani said.

So the only suspense now is about the where and when of a full-fledged announcement.

Democrat Hillary Rodham Clinton used a Web video. Barack Obama traveled to the land of Abraham Lincoln on Saturday and addressed supporters in freezing temperatures. Republican Mitt Romney went to Michigan -- plenty far from Washington (he's running as an outsider). John McCain hasn't declared.

At least one politico has suggested Ground Zero, certainly a central part of Giuliani's campaign but also politically risky, looking too much like politicizing the nation's worst tragedy.

Giuliani To Seek Advice From FEC About Speaking Fees (WP)

By John Solomon And Matthew Mosk

The Washington Post, February 15, 2007

Former New York mayor Rudolph W. Giuliani has continued to make paid speeches at a standard fee of $100,000 since forming his presidential exploratory committee last November, mixing personal business with campaigning in a way many of his rivals in the race cannot.

Presidential candidates who are not federal officeholders are allowed to take money for speeches, as long as they are not raising campaign money at the event, distributing campaign material or delivering an overtly political speech.

But campaign aides said yesterday he will wait to collect his fee for a speech he gave last night until his campaign has discussed the arrangement with the Federal Election Commission and determined how best to handle a handful of speaking engagements already scheduled through the spring.

Giuliani, who has filed an official statement of candidacy with the FEC but has not formally entered the race, spoke in San Diego at a seminar also headlined by famed motivational speaker Zig Ziglar and football coach Marty Schottenheimer. His talk was titled "Courage Without Compromise." Giuliani's aides said he will not accept any more requests for paid speeches.

"Mayor Giuliani is committed to traveling across the country to talk to voters about his vision for the future of the country," campaign spokeswoman Katie Levinson said. "All decisions about his schedule will be made based on what makes sense as he moves toward making an official announcement about a run for the presidency."

Past speechmaking by presidential candidates has attracted the attention of election regulators. In 2003, Democrat Wesley K. Clark returned money for motivational speeches after published reports questioned whether the payments amounted to improper campaign contributions.

Clark said yesterday that he believed his speech fees were legal but ultimately gave them back to avoid giving opponents an issue, and that he worries that putting such fees off limits only hurts candidates who are not wealthy or members of Congress.

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"I don't have any problem with Rudy Giuliani giving paid speeches, and I think it is important for America to have a way for people to run for national office without being independently wealthy or taking time out from their constituents. And earning a living with paid speeches is one way to do it," he said. "I just lived off savings, and every month the bank balance went down."

Senators in the presidential field, such as Hillary Rodham Clinton (D-N.Y.), John McCain (R-Ariz.) and Barack Obama (D-Ill.), are prohibited by Senate ethics rules from accepting speaking fees.

"Federal officeholders have the ethics rules and honoraria restrictions that apply to them. And state officeholders often face strict limits on accepting fees. So it is true that those people who are in private sector have more latitude to speak in private settings," Michael Toner, an FEC commissioner, said yesterday.

Former Massachusetts governor Mitt Romney (R) and former senator John Edwards (D-N.C.), who like Giuliani are private citizens, have not accepted speaking fees since joining the presidential race, their campaigns said.

Edwards, "actually canceled a paid appearance that had been scheduled long before he became a candidate," spokeswoman Kate Bedingfield said.

Yesterday's San Diego speech came at the end of a five-day campaign swing though California. The event was closed to the news media, though the public could attend for as little as $4.90 a ticket, according to the promotional materials.

Two weeks ago, Giuliani gave a similar speech in Atlanta at a seminar that also featured former secretary of state Colin L. Powell. In coming weeks, Giuliani is scheduled to speak in Delaware, Houston and several other venues, according to Internet advertisements released by his promoter, Get Motivated Seminars.

The former New York mayor has made a profitable career of speaking at seminars around the world. Eric Money, a recent Oklahoma State University graduate, arranged to bring Giuliani to the school last March for $100,000 and, as is customary, agreed to fly the mayor to town on a corporate jet, for an additional $47,000.

"He cost a lot of money, obviously, and some people were surprised at that, and a little taken aback," Money said yesterday. "But he's a big name and was a possible presidential contender, and in the end, I thought his whole leadership message was very appealing."

Money said his only regret about the speech was that Giuliani did not shed any light on his presidential ambitions, or about his views of the 2008 campaign.

No Apology Needed (NYT)

By David Brooks

The New York Times, February 15, 2007

Far be it from me to get in the middle of a liberal purge, but would anybody mind if I pointed out that the calls for Hillary Clinton to apologize for her support of the Iraq war are almost entirely bogus?

I mean, have the people calling for her apology actually read the speeches she delivered before the war? Have they read her remarks during the war resolution debate, when she specifically rejected a pre-emptive, unilateral attack on Saddam? Did they read the passages in which she called for a longer U.N. inspections regime and declared, “I believe international support and legitimacy are crucial”?

If they went back and read what Senator Clinton was saying before the war, they’d be surprised, as I was, by her approach. And they’d learn something, as I did, about what kind of president she would make.

The Iraq war debate began in earnest in September 2002. At that point Clinton was saying in public what Colin Powell was saying in private: emphasizing the need to work through the U.N. and build a broad coalition to enforce inspections.

She delivered her Senate resolution speech on Oct. 10. It was Clintonian in character. On the one hand, she rejected the Bush policy of pre-emptive war. On the other hand, she also rejected the view that the international community “should only resort to force if and when the United Nations Security Council approves it.” Drawing on the lessons of Bosnia, she said sometimes the world had to act, even if the big powers couldn’t agree.

She sought a third way: more U.N. resolutions, more inspections, more diplomacy, with the threat of force reserved as a last resort. She was triangulating, but the Senate resolution offered her a binary choice. She voted yes in order to give Powell bipartisan leverage at the U.N.

This is how she’s always explained that vote, and I confess that until now, I’ve regarded her explanation as a transparent political dodge. Didn’t everyone know this was a war resolution? But now, having investigated her public comments, I think diplomatic leverage really was on her mind. I also know, from a third person, that she was spending a lot of time with Powell and wanted to help.

On Nov. 8, 2002, the Security Council passed a unanimous resolution threatening Saddam with “serious consequences” if he didn’t disarm.

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The next crucial period came in March 2003, as the U.S. battled France over the second Security Council resolution. Clinton's argument at this point was that inspections were working and should be given more time. "It is preferable that we do this in a peaceful manner through coercive inspection," she said on March 3, but went on, "At some point we have to be willing to uphold the United Nations resolutions." Then she added, "This is a very delicate balancing act."

On March 17, Bush gave Saddam 48 hours to disarm or face attack. Clinton tried to be critical of the Bush policy while being deferential to the office of the presidency. She clearly had doubts about Bush's timing, but she kept emphasizing that from her time in the White House, she knew how unhelpful it was for senators to be popping off in public on foreign policy.

At one press event in New York, she nodded when Charles Rangel said Bush had failed at the U.N. But when reporters asked Clinton to repeat what Rangel had just said, she bit her tongue. On March 17, as U.S. troops mobilized, she issued her strongest statement in support of the effort.

Clinton's biggest breach with the liberal wing actually opened up later, in the fall of 2003. Most liberals went into full opposition, wanting to see Bush disgraced. Clinton — while an early critic of the troop levels, the postwar plans and all the rest — tried to stay constructive. She wanted to see America and Iraq succeed, even if Bush was not disgraced.

When you look back at Clinton's thinking, you don't see a classic war supporter. You see a person who was trying to seek balance between opposing arguments. You also see a person who deferred to the office of the presidency. You see a person who, as president, would be fox to Bush's hedgehog: who would see problems in their complexities rather than in their essentials; who would elevate procedural concerns over philosophical ones; who would postpone decision points for as long as possible; and who would make distinctions few heed.

Today, the liberal wing of the Democratic Party believes that the world, and Hillary Clinton in particular, owes it an apology. If she apologizes, she'll forfeit her integrity. She will be apologizing for being herself.

GOP Hopes To Catch A Wave In California (POL)

By Mike Allen

The Politico, February 15, 2007

During a swing through Northern California this week that included a close encounter with a mechanical milker, former New York Mayor Rudy Giuliani snitched a bite of blackened chicken quesadilla off a woman's plate at Mimi's Diner in Fresno.

In Southern California next week, Sen. John McCain, R-Ariz., will appear in the Los Angeles area with Gov. Arnold Schwarzenegger to promote his climate-change policies and talk about how they can be taken national.

Both stops are precursors of a seismic shift taking shape in presidential politics -- California as a top priority for Republicans.

The nation's largest state has always been a sunny ATM for presidential candidates of both parties. In 2004, President Bush got 10 percent of his campaign funds there and Sen. John F. Kerry, D-Mass., got 20 percent, according to the Center for Responsive Politics.

But at the polls, the Golden State has been resoundingly Democratic. In the four general elections since 1992, the Republican presidential nominee has lost California every time, by 11 to 13 percentage points. Bush campaigned there vigorously in 2000 and 2004, with his strategist Karl Rove telling reporters, "If you play in the state, all kind of things are possible."

Still, no one would call California a swing state.

This year though, the state suddenly looks alluring to Republicans -- and not just for the cash or dreams. The Republican presidential campaigns are suddenly giving the state intense attention for two reasons:

* California is poised to move its presidential primary from June, when it was irrelevant, up to Feb. 5, creating a potential jackpot near the start of the nominating contests.

* Giuliani and McCain are pro-business candidates with moderate images in the mold of Schwarzenegger, a Republican who easily won re-election in November. Golden State experts say that if either one heads the GOP ticket, he could put the state in play for the general election -- a seismic change in an electoral map where the same states get disproportionate attention in election after election.

McCain's chief strategist, John Weaver, sees California as "a golden opportunity for the GOP to reclaim the national mantle," and asserts that Arizona senator "is the one guy who can do this while holding the base together."

McCain has been lobbying state legislators to move up the primary and has hired top members of his strategy, field, advertising and communications teams from Schwarzenegger's re-election campaign last fall.

McCain's backers believe his Western philosophy, appeal to Hispanics and rapport with military families and retirees will pay off as well.

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"Even if the Democrats just had to battle it out and spend dramatic resources and time out there, that would be a psychological victory," said a Republican strategist familiar with McCain's plans. "But that's not why we would do that. We want to win it."

He'll have to become the nominee first, though, and California could be decisive in the primaries.

Giuliani just finished a four-day swing through the state, drawing a giddy reception from 850 Republicans at the state party's convention and making Iowa-like retail stops, including a stroll through a farm equipment show with the reigning Dairy Princess.

California is already a milestone in his campaign, because it was there that he told reporters offhandedly last weekend that he was "committed" to the race, his most definitive comment yet about his presidential intentions.

The man known as "America's mayor" will have field directors and a political director just for California and is already announcing endorsements, including Rep. David Dreier, R-Calf., who until January was chairman of the House Rules Committee and has tentacles throughout the state.

"The response to the mayor's message has been nothing short of exciting," said Katie Levinson, communications director for Giuliani's exploratory committee. "There is a sense of enthusiasm about him as a candidate that has really been fantastic."

Both McCain and Giuliani are working hard in high-tech Silicon Valley and the agricultural Central Valley. "The key is that California is fundamentally a Western state, except for Los Angeles and Hollywood," said a Republican strategist following the race closely.

A notable exception, however, is California voters' overwhelmingly support for abortion rights. If Schwarzenegger had been anti-abortion, analysts agree, he probably would not have been elected.

Polls in California, like everywhere this early, are mostly a reflection of name recognition. A poll of 600 likely California Republican primary voters, conducted by American Research Group from Jan. 11 to 17, placed Giuliani at 33 percent, former House Speaker Newt Gingrich of Georgia at 19 percent and McCain at 18 percent. Former Massachusetts Gov. Mitt Romney was at just 3 percent. The margin of error was plus or minus 4 percentage points.

Undaunted by the poll, Romney's press secretary, Kevin Madden, vowed that the former governor will "have the organization established and the financial resources required to compete successfully in every district across California."

The state moved closer to center stage Tuesday when its Senate passed a bill moving the primaries for both parties to Feb. 5, very shortly after the Iowa caucuses on Jan. 14 and the New Hampshire primary on Jan. 22. Assembly Speaker Fabian Nunez said he expects to get the measure to the governor's desk within 10 days. And Schwarzenegger, a strong backer of the earlier primary, has vowed to provide local election officials with the additional resources they'll need.

"We hope all the candidates will come to California and do more than just take our money," said Bruce Cain, director of the Institute of Governmental Studies at the University of California at Berkeley. And looking toward the general election, the professor added: "A socially moderate Republican, under the right conditions, could be very competitive in California."

New York legislative leaders are also talking about moving their primary up a month to Feb. 5, and New Jersey officials are talking about doing the same, meaning that a Mongo Tuesday could be in the works.

In California, Cain said the biggest challenge for the GOP in the general election would be Iraq, and McCain's outreach to Christian conservatives could hurt him in a state never particularly beholden to the religious right. But the professor said Giuliani would have a strong shot if he follows the Schwarzenegger playbook.

"California is a blue state, but it's light blue," Cain said. "We know where the middle of the spectrum is in California."

He warned, though, that California has so many expensive television markets that the winnowing process may be faster and more brutal than in the traditional opening-round states. "Candidates will assess whether they have any chance whatsoever in California and not invest money if they don't," Cain said.

And Mark DiCamillo, director of the California-based Field Poll, provides a reality check by noting that Republican candidates have typically done 10 to 12 percentage points worse in California than nationally.

"If there's momentum for the Republican and weakness for the Democrat in California, it would be exhibited even more across the country," DiCamillo said. "California would be the least of the Democrats' concerns."

Click here to read about the upcoming MSNBC/Politico.Com GOP Debate at Reagan Library.

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by Hugh E. Scott on 02.14.2007 at 09:28 PM

If Rudy wins the GOP nomination (don't hold your breath), Hillary will beat him in Sunny C, my home state.

DOJ_NMG_0132705

Why? Because to become the Republican candidate, Rudy will have to move too far right for most Californians, a lesson learned by Arnold after he became governor.

On the other hand, no matter what position John McCain takes on the issues, he will crush Slick Willie's slick understudy. It's all about INTEGRITY -- not exactly her long suit (or Rudy's, for that matter).

Hugh E. Scott, Vietnam veteran, ex-USAF pilot, lifelong registered Republican, Goldwater conservative, McCain supporter in 2008, author of "George Dub-ya Bush, THE PHONY FIGHTER PILOT" and the creator/editor of the investigative website, www.King-George.biz

by agberg on 02.14.2007 at 08:07 PM

If Mr. Giuliani fails to win the GOP nomination, I think George Bush would do well to consider sending him as a special envoy to Baghdad.

Rudy obviously relishes -- and seems to cultivate -- his reputation as an urban tough guy. What better way to see if this reputation is deserved?

Before you start composing please note that you will need to be a registered user of Politico.com to "join the conversation". If you are not a member yet, what are you waiting for? Register Now!

Edwards Stakes Out His Turf On Iraq Policy (HILL)

By Elana Schor

The Hill, February 15, 2007

Former Sen. John Edwards (D-N.C.) yesterday jumped back into the Iraq debate with more specifics on how the U.S. should extricate itself from the region, casting himself as the 2008 presidential contender most opposed to the war.

Edwards called on his former colleagues to go further than their non-binding criticism of President Bush's "surge" plan, recommended a lower troop ceiling than other Democrats have and charged that the original congressional authorization no longer applies to the war.

In an Iraq debate increasingly directed by sitting members and 2008 contenders such as Sens. Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.), the 2004 vice presidential candidate, who supports a funding cutoff for the Iraq "surge," also said he would not support such a cut-off for existing operations.

"I believe we need to end the war in Iraq, but I believe it should be done in an orderly way, a smart way, so that we increase the chances of stability as we're leaving," Edwards told reporters. "So I'm not for immediate and total withdrawal."

Edwards's latest plan for Iraq includes a readiness standard similar to one House Democrats and anti-war groups are drafting as a follow-up to this week's non-binding resolution. Under the Edwards proposal, Congress would block troops from leaving for Iraq without adequate training and equipment.

The Carolinian has "done a good job articulating his critique," according to Tom Matzzie of MoveOn.org Washington, a leader of the anti-war coalition marshaling support for the readiness standard. Yet Matzzie said Edwards faces significant challenges in aiming to influence policy on which he cannot vote: "Most people are focused like a laser on the fight in Congress. … Democrats have this narrow hold on power that we want to leverage."

Edwards's strategy earned a rapid rejoinder from ex-Iowa Gov. Tom Vilsack's (D) campaign, which interpreted the opposition to ending the war through immediate de-funding — Vilsack's preference — as a compliment.

"Sen. Edwards bluntly acknowledged today that Tom Vilsack has the strongest plan to end the war in Iraq," Vilsack spokesman Josh Earnest said in a statement. "Capping troop levels in Iraq is nothing more than staying the course with a Bush-led military strategy that has failed our troops and failed our country."

Clinton, Obama, Sen. Chris Dodd (D-Conn.) and other Democratic White House aspirants have proposed a pre-surge-level troop cap of about 130,000 soldiers to prevent Bush from deploying more combat forces. Edwards yesterday said added forces already have begun work in Iraq, diminishing the impact of such caps. He suggested a troop ceiling of 100,000.

That number is consistent with a previous vow Edwards made to withdraw immediately about 40,000 troops should he win the presidency. He also contended that the 2002 war authorization, for which he voted but has since apologized for approving, no longer covers Bush's continued presence in Iraq.

Democrats should force Bush "to come back to Congress to seek additional authority, which I don't think he'll get," Edwards said. He said that removing Saddam Hussein from power and disarming weapons of mass destruction — which Iraq did not possess — were the missions that lawmakers authorized in 2002.

By contrast, Clinton last week characterized her own vote to authorize as a granting of leverage for weapons inspectors to enter Iraq, but not an approval of preemptive conflict. In a speech last month, she proposed requiring a new congressional authorization if the Bush administration does not meet a broad set of benchmarks for stability in Iraq.

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Dodd and Sen. Edward Kennedy (D-Mass.), whom Edwards name-checked yesterday, previously had asserted that the 2002 authorization does not apply to the current mission in Iraq, as had Rep. Tom Allen (D-Maine), who is considering a challenge to Sen. Susan Collins (R-Maine).

"The original mission Congress authorized … is no longer operative," Allen said during a floor speech last week.

Kaine To Back Obama's Bid For Democratic Nomination (WP)

By Michael D. Shear

The Washington Post, February 15, 2007

RICHMOND, Feb. 14 -- Virginia Gov. Timothy M. Kaine (D) plans to endorse Sen. Barack Obama for president Saturday, pledging early support from a Southern Democrat as the Illinois senator begins his campaign for the White House.

Kaine will sign onto Obama's presidential team ahead of the senator's appearance at the Virginia Democratic Party's annual fundraiser Saturday night, according to sources familiar with Kaine's decision. The sources spoke on condition of anonymity because they do not want to preempt the formal announcement.

Kaine's press secretary, Kevin Hall, declined to confirm the governor's intentions. A spokesman for Obama was not immediately available for comment Wednesday. Asked about Obama, Kaine grinned and said, "It's going to be a great day Saturday."

Kaine, who like Obama is a Harvard-educated civil rights lawyer, has made no secret of his admiration for the senator. Obama campaigned for Kaine in 2005 and joined him on the stump last year on behalf of U.S. Sen. James Webb (D). Obama's mother was from Kansas, where Kaine grew up.

In an interview with Washington Post editors and reporters last month, Kaine praised the other Democrats running for the 2008 presidential nomination as being part of "a deep field." He spoke effusively about Obama's personal charisma and abilities.

"Sen. Obama is just in a completely different category than anybody I've ever stood on a stage with," Kaine said in the Jan. 31 interview. "There is just a feeling of, you know, kind of a projection of hope on him from an audience that is just unreal. It's unreal."

Kaine said his time on the campaign trail with Obama has convinced him the first-term senator "is a person who has been through experiences that have given him sound judgment."

Shaun Kenney, a spokesman for the Republican Party of Virginia, said Kaine's endorsement of Obama would be in keeping with the political principles of both men.

"I don't think it's surprising that a governor who has proposed billion-dollar tax increases will endorse one of the most liberal members of the United States Senate," Kenney said Wednesday.

For Obama, an endorsement by Kaine on Saturday is an early victory in the competition for critical support among the nation's governors and in the South.

Virginia has for years been a Republican bastion for presidential candidates. But the victories of Kaine, Webb and former governor Mark R. Warner (D) have convinced many in the party that the state could be up for grabs in the 2008 election.

"Pundits might not say it's a complete tossup," Kaine said. "I just don't think it's a state to be taken for granted. And I don't think any smart presidential candidate will take it for granted."

Kaine had declared his intention to support Warner's presidential bid before his predecessor bowed out of the race late last year. In the recent Post interview, Kaine joked that Warner's decision opened the floodgates of interest from Democratic candidates.

"I had a complete pass and nobody was bugging me as long as Mark was running," Kaine said. "Since Mark got out, yeah, people have called me."

Kaine's decision to declare his intentions about Obama's candidacy almost a year before the first presidential primaries departs from recent tradition in Virginia. Warner endorsed Sen. John F. Kerry (D-Mass.) just a few days before the Virginia presidential primary, which Kerry won.

Also, it sets him at odds with some of his former political advisers. Kaine's 2005 campaign manager, Mike Henry, is the deputy campaign manager for Sen. Hillary Rodham Clinton's presidential bid. Mo Elleithee, who was communications director for Kaine's campaign, is also working for Clinton (D-N.Y.).

Making the announcement Saturday allows Kaine to tap into Obama's popularity among Virginia's Democratic activists.

Obama's speech at the Jefferson-Jackson Day dinner is expected to attract more than 3,000 Democrats to the Greater Richmond Convention Center, more than double the record for the event's history, according to state party officials.

Barack Obama's On-Point Message Man (WP)

By David Montgomery

DOJ_NMG_0132707

The Washington Post, February 15, 2007

On Saturday in the Lincolnesque setting of Springfield, Ill., when Barack Obama delivered his full-throated appeal to the ideals of a new generation, a lot of sharp players of the political game thought they detected something Axelrodesque.

All those "Let us" sentences in the middle, as in, "Let us be the generation . . . " -- "That's Axelrod," thought political strategist Donna Brazile.

The clever rhetorical judo of Obama's oft-quoted line, "I know that I haven't spent a lot of time learning the ways of Washington. But I've been there long enough to know that the ways of Washington must change!" -- "That seemed very classic Axelrod," said David Wilhelm, former chairman of the Democratic National Committee.

Nineteen months to the presidential election, and already the campaign has an A-Rod!

He is David Axelrod, a former newspaper reporter who has worked on past campaigns for no fewer than five of the Democrats racing to the White House, a form of political ubiquity that only enhances his reputation. This time, he's with Obama.

A measure of his status in the top tier of Democratic spinners, scripters and fixers is that when his peers detect something subtle and good, they presume Axelrod must have had a hand in it.

Of course Axelrod won't take credit for specific lines. Consultants are supposed to stay in the background. "One thing I came to realize early in the process of working with Barack was, he was always going to be the best writer in the room," Axelrod says. "If you appreciate words and the power of them, he's a wonderful person to work with. . . . I'd say 80 percent of what he did on that platform on Saturday was in that initial draft," which Obama had e-mailed to Axelrod at about 4 a.m. Thursday.

"It's more a matter of riffing back and forth than it is of my delivering any particular piece of this," Axelrod says.

Spoken like a true consultant: Indispensable, invisible.

A candidate's media consultant is the resident storyteller, the finicky language guy, the message masseur. His job is to convey the candidate to the world. Television advertising is still king, but nowadays there are so many channels of presentation, from choreographed speeches and less formal jousting with reporters -- "You've been reporting on how I look in a swimsuit," scolded Obama -- to Internet pitches designed to make each voter at home in his pajamas feel special.

Campaigns are narratives annotated with policy discursions. Every candidate tells a story about who he is and why he runs. The consultant's job is to take that story and make it so engrossing that the voters won't be able to put it down.

"I wanted to win or lose based on who I am and not some concoction that somebody told me the public wanted," says Deval Patrick, whom Axelrod served in his successful race to become the first African American governor of Massachusetts last year, Patrick's first campaign. "I talked to a lot of different media consultants and so forth who were brought to me by someone who knew there was such a thing as a media consultant. Of all of them, David seemed to me to be the one most determined to respect my commitment to be myself."

"What he brings to the table," says Brazile, who watched Axelrod in action on Eleanor Holmes Norton's 1990 campaign for the District's delegate to Congress, "is the ability to help a candidate not only find their voice but also their roots. Their soul. David understands how to push through all the paper to get to the person."

Axelrod, 51, says he found a story he believed and thought voters would, too, when he and Obama, 45, became friends years ago, when the recent Harvard Law School graduate was in Chicago for a voter registration drive. He worked on Obama's 2004 Senate race.

Meanwhile, over the years Axelrod also made issue ads during Hillary Clinton's 2000 New York Senate race; served Tom Vilsack's 1998 and 2002 races for governor of Iowa; worked on Sen. Christopher Dodd's (D-Conn.) 2004 reelection; and worked on John Edwards's 2004 presidential race.

"I like each one of them," Axelrod says. The Edwards experience was a little awkward when Axelrod lost responsibility for making ads but continued as a campaign spokesman. Axelrod says there were tensions not with Edwards but with others inside the campaign whom he declined to identify. A spokesman for Edwards said he had nothing further to add to Axelrod's account.

After the heady blur of Obama's three-day "announcement tour" in Illinois, Iowa and New Hampshire, with those made-for-TV images of the candidate in all his fired-up handsomeness addressing adoring crowds -- Can any campaign ever match the horizonless possibilities of Announcement Day? -- a more difficult phase has begun.

The media are already getting cranky, clamoring for programmatic specifics, seizing on the gaffe about "wasted" lives of soldiers killed in Iraq.

Axelrod skipped the New Hampshire leg of the tour and returned to his Chicago office to edit videos from the tour for uploading to the candidate's Web site.

The former Chicago Tribune newsman says he still appreciates the role of the media. But he is also helping to guide a campaign that is finding ways to sidestep the media in ways that Richard Nixon and Bill Clinton could only fantasize about. Like his rivals, Obama is using the Internet ever more elaborately, inviting supporters to blog, interact and create their own "my.barackobama.com."

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"There's an awareness that we have this channel, and we can talk in a direct and unfiltered way to our supporters," Axelrod says. "We're just in many ways introducing Barack to the American people." And then, purposely or unconsciously, he reveals that the storytelling is a battle: "We will be deploying all the possible avenues for doing that."

* * *

Media consultants, like their candidates, have their personal narratives. Axelrod's goes something like this:

He grew up middle class in New York City, where he remembers being 5 years old and hoisted onto a mailbox to watch John F. Kennedy at a campaign rally for president. At 9 he handed out leaflets for Bobby Kennedy's New York Senate run. He remembers the thump of the newspaper landing outside his apartment door.

He attended the University of Chicago because he could think of no better political town.

While he was in college, his father, Joseph, a psychologist who at the age of 9 had helped other children escape the pogroms of Eastern Europe, committed suicide.

Two days after graduation, he started at the Chicago Tribune. He became a political writer, columnist and city hall bureau chief, feasting on the brash shenanigans of his adopted home town. In one column he observed, "Insults have always been a staple of Chicago politics. The town has a rich history of name-calling. Charges of thievery, homosexuality and dementia all have been part of the high-level political debate in recent years."

But he felt the "sense of mission" draining out of journalism in the 1980s, and a business mentality beginning to take hold. Also, "I thought I might tire of chasing people down the hall to get them to tell me what I already knew." He watched the bow-tied idealist Paul Simon emerging as a Senate candidate in 1984, and thought, "This is the kind of guy who inspired me."

After that first campaign, which he co-managed with Wilhelm, he worked on Harold Washington's reelection campaign for Chicago mayor. One of his steady clients is current mayor Richard M. Daley, expected to win easy reelection to a sixth term later this month despite a City Hall corruption scandal in which Daley has not been implicated.

In the Obama race, Axelrod watchers detect a man on a mission. That is classic Axelrod as well.

"He has fairly strong feelings about why he's in politics and an idealistic streak that we consultants like to think we can keep," says Anita Dunn, a Democratic political strategist. "I think he has kept it."

Not that Axelrod is a softy. "He goes negative when negative is required," says Wilhelm.

In his 1996 memoir "Bare Knuckles and Back Rooms," Ed Rollins, the Republican strategist, put Axelrod at the head of a list of "Guys I Never Want to See Lobbing Grenades at Me Again."

In the tough 1999 race for mayor of Philadelphia, when Axelrod represented John Street against Sam Katz, an attack ad Axelrod oversaw was criticized in a Philadelphia Inquirer analysis for being "filled with unsubstantiated assumptions" that were "probably misleading." Axelrod says he remains "really comfortable with the attack we made." Street won the election.

Axelrod is conflicted about the profession he left journalism to enter. "I believe there is nobility in politics," he says. "I believe there is great good that can be done."

But in the next breath he adds: "I know my business and the technology of politics and polling and focus groups, all of what we do, in some ways contributes to an atmosphere of cynicism. I try to fight that. I can't say I'm totally blameless. I think everyone in this business has a hand on that bloody dagger."

Over the years he developed a sub-specialty in urban politics, particularly representing African American mayoral candidates, including Street, Anthony Williams in Washington, Dennis Archer in Detroit, Michael White of Cleveland and Lee Brown of Houston.

Through all the national political work, Axelrod says he was never tempted to leave Chicago, where he and his wife, Susan, raised their three children, now adults. He likes to quote Wilhelm saying upon leaving Washington, "I'm going back to Chicago where at least they stab you in the front."

Now he is charged, along with one of his partners, David Plouffe, Obama's campaign manager, with helping to convey another African American candidate to a wider public. Brazile says Axelrod has a gift for that sometimes delicate task.

"He understands the African American community must see themselves in the candidate, not just their successes, but also their struggle," Brazile says. "And David gets that. I think he spends a lot of time on the basketball court with brothers, because he understands the language and how to connect."

Indeed, Axelrod is a devoted pickup hoops player, with an excellent outside shot, but "don't pass to him if you ever expect to see the ball again," Wilhelm says.

The night Obama won his 2004 Senate primary, Axelrod checked the returns. Obama won the very same precinct where in 1983, a hostile mob of whites protested a visit to a Catholic church by Washington and presidential candidate Walter Mondale.

"I said to [Obama] that Harold Washington is smiling down on us for the progress we've made," Axelrod recalled. "I'm not naive, I'm not Pollyanna-ish, I understand we still have racial tensions and divisions in our country. . . . One of the qualities that he brings is the ability to transcend some of these divisions, and I think America is ready for that."

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Listen for that line as the story continues.

Abortion Foes Target Obama Because Of His Vote Record On Illinois Legislation (HILL)

By Sam Youngman

The Hill, February 15, 2007

Of the thousands of people who gathered in the plaza of the Old State Capitol in Springfield, Ill., for Sen. Barack Obama's presidential campaign announcement last Saturday, only a handful were protesters rather than supporters.

But there were 50 or so waving signs and chanting, "No abortion, no Obama." Their voices might become a consistent presence as the senator makes his way around the country in his bid to win the White House.

Abortion foes in Illinois, following the lead of registered nurse Jill Stanek, are targeting Obama (D-Ill.) for a number of "present" and "no" votes he cast on anti-abortion legislation during his time in the Illinois state Senate.

It is hardly unusual that a Democratic candidate would receive unfavorable attention from anti-abortion groups. But Stanek and other anti-abortion crusaders in Illinois are targeting Obama because he voted on a package of legislation collectively known as the Illinois Born Alive Infants Protection Act.

The legislation came about after Stanek, then a nurse at Christ Hospital in the Chicago suburb of Oak Lawn, witnessed late-term abortions "where babies were being aborted alive and shelved to die in the soiled utility room" of the hospital, in her words.

Stanek, who said she held one of those infants until it died after about 45 minutes, began reaching out to public officials, testifying before both state and national lawmakers.

From 2001 to 2002, Obama voted either "present" or "no" on the legislation. In his floor speeches at the time, he cited in particular his concerns about the constitutionality of the definition of a "born alive infant" and the inclusion of potential civil and criminal penalties for doctors in these situations. He also warned that the bill might compromise the relationship between a woman and her doctor.

The measure failed in the Illinois statehouse in both 2001 and 2002.

In one speech in the spring of 2001, Obama said he agreed in principle with the need to protect infants, but argued that the measure went too far in its definitions of fetal viability.

"This is an area where potentially we might have compromised and … arrived at a bill that dealt with the narrow concerns about how … a pre-viable fetus or child was treated by a hospital," Obama said at the time.

At the same time, similar legislation made its way through the federal process and was eventually signed into law by President Bush in August 2002 in Pittsburgh. Stanek, now a columnist for WorldNetDaily.com, attended the signing and was mentioned by Bush.

Separately, a Senate amendment to protect infants born alive during abortion was offered by then-Sen. Rick Santorum (R-Pa.) in 2001. It passed the Senate 98-0 with all current Democratic presidential hopefuls who were in the Senate at the time voting in favor, including Sens. Hillary Rodham Clinton (N.Y.), Chris Dodd (Conn.), Joseph Biden (Del.) and then-Sen. John Edwards (N.C.).

Sen. Barbara Boxer (D-Calif.) spoke on the measure on the Senate floor, saying, "I, as being a pro-choice senator on this side, representing my colleagues here, have no problem whatsoever with this amendment.

"I feel good about that," Boxer said. "I feel good that we can, in fact, vote for this together. It is very rare that we can."

Obama's campaign did not return calls for comment, but Pam Sutherland, president of the Illinois Planned Parenthood Council, said the Illinois legislation was misleading and a far cry from the Senate's legislation. Obama was aware of this difference, she added.

Sutherland noted that every medical group in the state was opposed to the state legislation, which would have opened the door to "civil suits and criminal charges" for doctors and led directly to an overall ban on abortions.

"The legislation was written to ban abortion, plain and simple," she said. "Sen. Obama saw the legislation, when he was there, for what it was."

On the narrower issue of "born alive" infants, Sutherland said, Planned Parenthood of Illinois worked last year with the anti-abortion group, the Illinois Federation of Right to Life, to pass legislation that protects infants that survive abortion procedures.

But Stanek said Obama was the only state senator to speak out on the legislation, and his actions there are "just one demonstration of how liberal he is."

"Everybody in the pro-life movement is completely aware of what Obama stands for — how bad he is," she said.

Stanek, who was one of the protesters present at Obama's announcement, said she thinks anti-abortionists "may be more up in arms" over Obama's positions "than even Hillary Clinton's" because of "his extreme position" on this specific issue. But she said she knows of no concerted effort to single Obama out for his support of abortion rights.

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Joseph Scheidler, the founder of the Chicago-based Pro-Life Action League who helped lead the protests in Springfield last Saturday, took a similar line. He said that while his group "won't concentrate on Obama," he wanted to cut through a "ga-ga" media following to ensure that voters know the senator's position on the issue.

"The others are all very clear about being pro-abortion," he said. "Obama has been clever enough … to keep voters confused."

Scheidler said anti-abortion groups around the country would make their presence known at campaign events for the Democratic candidates, and they might not reserve their criticisms for Democrats alone this year.

Scheidler said among the Republican candidates, only Sen. Sam Brownback (Kan.) is "the one we find to be pretty pure."

He questioned former Massachusetts Gov. Mitt Romney's "complete turnaround" on the abortion debate and Sen. John McCain's (R-Ariz.) leadership on the issue. He also described former New York Mayor Rudy Giuliani as "a nice guy" who is solidly in support of abortion rights, making him unqualified to lead the country, in his eyes.

Niche Marketing (WP)

By George F. Will

The Washington Post, February 15, 2007

When Bob Hunter, a Riverside, Calif., businessman, would hear of a conservative's campaign that needed volunteers, he would pile his family into the station wagon and drive off to ring doorbells. Hunter's son Duncan grew up believing in retail politics.

When Hunter returned home after serving as an alternate Goldwater delegate at the 1964 Republican convention in San Francisco, he told Duncan about chatting with another alternate, an amiable fellow, some actor, named Reagan. Who two years later was elected governor. Duncan learned early on about rapid upward mobility in politics.

In 1969, he dropped out of college, joined the Army and was sent to Vietnam. From there he mailed his pay to a friend who purchased for him an island in Idaho's Snake River, where Duncan farmed after his discharge. Then another friend said a San Diego law school would admit him without a college degree. In 1980, he was a lawyer with a storefront office in San Diego's Hispanic community when his father walked in and told him he could be a congressman. Never mind, his father said, that this district was only 29 percent Republican. Reagan was at the top of the ticket.

Duncan says his Baptist minister, respecting the separation of church and state, told parishioners they should vote for the Reagan of their choice. They distributed 400,000 Duncan brochures. Today, Duncan Hunter is in his 14th term representing eastern San Diego County. Three weeks ago he formally launched his presidential candidacy.

Why does he think he can become the first House member elected president since James Garfield in 1880? Why does he think he can do better than the two strongest House candidates in recent elections? In 1976, Arizona Rep. Mo Udall finished second to Jimmy Carter in the New Hampshire primary (28.4 percent to 22.7 percent), then narrowly lost Wisconsin (Carter 36.6, Udall 35.6). In 1988, Missouri Rep. Dick Gephardt won Iowa, finished second to Michael Dukakis in New Hampshire, then ran out of money.

"For some candidates," Hunter says, "the conservative constituency is an inconvenience. For me, it is my hope." He hopes to be seen as the most conservative Republican candidate, as he understands conservatism. He is pro-life, an expert on defense issues, a hawk on border security (he authored the legislation that mandates 854 miles of fences across the major southern border routes used by smugglers of narcotics and people) and a skeptic about free trade.

He chaired the Armed Services Committee in the previous two Congresses and believes that the principal issue for the foreseeable future will be national security -- not just Iraq and terrorism but also the rise of China's military (perhaps nine submarines under construction, with five more to come; the purchase of Russian-built destroyers designed to attack U.S. aircraft carriers with very fast and sophisticated missiles; upward of 800 medium-range ballistic missiles deployed). He believes U.S. forces can pacify Iraq, where his son served two tours as a Marine.

Asked what his wife said when he told her he was running for president, he pauses, then says, smiling: "She's happy now." She seems remarkably resilient. Not long after a wildfire consumed his house, he asked her, "Honey, can you do a fundraiser in two weeks?" She said, "Sure. My son is in Fallujah, my house has burned down, how many people do you want to invite?"

"God bless New Hampshire," Hunter says, noting that its population (1.3 million) is less than half that of San Diego County. But he almost certainly overestimates the power of retail politics in a nominating process that is becoming increasingly compressed. California, Illinois, New Jersey and Florida might move their primaries to Feb. 5. If they do, both parties' nominees might be known a year from now. Hunter won what might have been the first contest of this presidential cycle -- the Maricopa County (Phoenix) straw poll. It's a start. He says he has $300,000 "in pledges," a sum that could be a rounding error in the McCain campaign's accounts. But he says, "I kind of know what I stand for" so "I don't need consultants, and that saves a lot of money." He has produced some commercials -- just talking to the camera -- for $200.

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One-third of new businesses fail within two years; 50 to 70 percent of new products that make it to market fail. Hunter, a burly, rumpled political product seeking a market niche, probably will fail. But as Goldwater said when he entered politics in Phoenix in 1949, "It ain't for life, and it may be fun."

Al Franken Enters Minnesota Senate Race (AP)

By Patrick Condon

AP, February 15, 2007

Al Franken announced Wednesday that he will run for the Senate in 2008, making it clear that the comedian and author of "Rush Limbaugh Is A Big Fat Idiot" wants to be taken seriously as a political figure.

Franken said he would seek the Democratic nomination to challenge Republican incumbent Norm Coleman and immediately acknowledged the doubts voters may have about electing a former "Saturday Night Live" performer.

"Minnesotans have a right to be skeptical about whether I'm ready for this challenge, and to wonder how seriously I would take the responsibility that I'm asking you to give me," Franken said in a video on his Web site.

"I want you to know: Nothing means more to me than making government work better for the working families of this state, and over the next 20 months, I look forward to proving to you that I take these issues seriously," he said.

Franken's announcement came on the final day of his show on the liberal radio network Air America. His decision instantly makes him a serious contender and brings national attention to the race. He said he supports universal health care, greater efforts to find alternative energy sources and stronger congressional oversight of the executive branch.

Franken had been considering a run since 2003. He said several weeks ago that he would leave Air America and privately told prominent Democrats about his plans to seek office.

His name is well-known, and Franken is likely to be well-funded, but he's expected to be challenged by several other Democrats, including wealthy trial attorney Mike Ciresi. Franken said he would abandon his campaign if Democratic activists decide to support another candidate in the primary.

The race will be important to Democratic efforts to retain the slim Senate majority they secured last year.

His candidacy will also test whether Minnesotans are in the mood for another celebrity-turned-politician, after the 1999-2003 governorship of former pro wrestler Jesse Ventura. Ventura's fame and occasionally outrageous behavior regularly brought national attention to the state but wore on the patience of many Minnesotans.

Stephen Hess, a professor of political science at George Washington University, said Franken's bid is serious. "He's not doing this as some folks have done it to give them better gigs on the Borscht circuit."

Coleman is viewed as vulnerable because of a Democratic resurgence in Minnesota and President Bush's unpopularity. But his proven skills as a campaigner and fundraiser make him a formidable opponent.

State GOP Chairman Ron Carey suggested Franken moved back to Minnesota when he smelled opportunity and will have a tough time connecting with voters.

Franken is "going to have to explain to Minnesota how he represents his values when he spent pretty much all of his adult life in New York and Hollywood," Carey said.

Franken, 55, was born in New York City but grew up in the Minneapolis suburb of St. Louis Park. He graduated from Harvard University in 1973, and in 1975 joined the writing staff of "Saturday Night Live" during its first season. He soon began appearing in sketches and remained a fixture on the show well into the 1990s.

In 1996, Franken took his career in a political direction when he wrote "Rush Limbaugh Is A Big Fat Idiot and Other Observations," a broadside against the conservative radio host and other figures on the right. He's since published several other books critical of Republicans.

In his latest book, "The Truth (with jokes)," Franken criticized Coleman for his leadership of the Permanent Subcommittee on Investigations, saying Coleman had not held a single hearing on Iraq war corruption.

Franken planned to make his first public appearance as a candidate Thursday at a Minneapolis clinic.

No Joke, Al Franken Is Running For Senate (WP)

By Zachary A. Goldfarb

The Washington Post, February 15, 2007

Comedian Al Franken said yesterday that he will run for the Senate in Minnesota, giving Democrats the possibility of a celebrity candidate to face Sen. Norm Coleman, considered one of the most vulnerable Republicans in 2008.

"Minnesotans have a right to be skeptical about whether I'm ready for this challenge, and to wonder how seriously I would take the responsibility that I'm asking you to give me," Franken said in a video on his Web site. "I want you to know: Nothing

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means more to me than making government work better for the working families of this state, and over the next 20 months, I look forward to proving to you that I take these issues seriously," he said.

In the 2006 midterm elections, Franken's Midwest Values political action committee raised more than $1 million to benefit Democratic candidates. Cementing relationships for a future Senate run, Franken traveled the state to entertain at candidate rallies.

Franken, 55, is also likely to have access to wealthy fundraisers in Hollywood to fund his campaign.

Coleman, a first-term senator, has faced backlash in Minnesota over his party's support for the Iraq war.

Last year, he told The Washington Post that Franken's "liberal base and Hollywood supporters have supplied him with tens of thousands of dollars to promote his extreme view."

First, Franken will probably have to square off against other Democratic contenders, including Mike Ciresi, a well-known trial lawyer who spent millions on a 2000 primary campaign for Senate but lost by a small margin.Romney's Predecessor Backs McCain

Mitt Romney's predecessor as governor of Massachusetts endorsed one of Romney's rivals for the Republican nomination yesterday, a day after Romney officially announced his candidacy.

Republican Jane Swift said she was backing Sen. John McCain (Ariz.), according to his exploratory committee. "McCain is a principled leader whose unwavering determination to improve the lives of Americans is admirable," she said in a statement.

Swift was the Massachusetts lieutenant governor and in 2001 succeeded Paul Cellucci as governor when Cellucci resigned to become U.S. ambassador to Canada. The next year, Romney challenged her for the gubernatorial nomination and won.

For Davis, It May Be Up Or Out (RC)

By Susan Davis And Lauren W. Whittington

Roll Call, February 15, 2007

Most politicians tend to be wary of discussing their own futures. But Rep. Tom Davis (R-Va.) is remarkably candid about the crossroads he is approaching in Congress.

In a Tuesday interview, Davis said unambiguously that he will run for the Senate in 2008 if five-term Sen. John Warner (R-Va.) decides to retire.

“It is safe to say that I would run,” Davis said. “But if he does run, I would stand out front and take a bullet for him. I think the world of John. I would not do anything to undermine that.”

Davis also acknowledged that this could be his last term in Congress. He views 2008 as his best opportunity for a Senate run, and regardless of Warner’s decision he has doubts about seeking an eighth term in the House.

“I’ve talked to most of [the Virginia GOP delegation] and they all understand what I want to do at this point if [the Senate seat] opens. If it doesn’t open then that would probably be my last shot at doing anything state-wide,” he conceded, adding that he has little to no interest in other statewide offices such as the governorship.

Speculation abounded in the 109th Congress that Davis was mulling retirement, particularly as word surfaced in late 2005 that his name was floated to head up the powerful National Federation of Independent Business.

He is one Republican whose minority status would be unlikely to hurt his chances to land a lucrative job on K Street or elsewhere in the private sector, as he has built a reputation around his ability to work with Democrats.

Davis admitted that he considered retiring last year, but opted to run again in part because he believed the poor political climate would have led to Democrats picking up his Northern Virginia-based seat.

Davis, a former two-term chairman of the National Republican Congressional Committee, is known as a cerebral tactician, and he often appears more comfortable talking about district demographics and historic electoral trends than the issues of the day.

“I think had I left last year, which we contemplated doing, [the seat] would have gone. I don’t think there’s any way you would have held the seat last year, but I don’t know that in 2008 we couldn’t hold the seat with the right candidate,” he said, adding that his leaving would depend greatly on his confidence that a Republican will take the seat.

“I haven’t made any decisions on anything at this point, but if I were to leave I’ll make sure we had a strong candidate lined up,” he said. “I’ve spent too much time building majorities as campaign chairman to just desert this seat.”

Had Republicans not lost the majority in November, Davis currently would be in his third, and last, term as chairman of the Oversight and Government Reform Committee. If Republicans were to win a majority in 2008, Davis would lay claim to the gavel for one more term, which he noted is “not an irrelevant consideration” in weighing the pros of staying in the House.

Yet Davis’ tenure as chairman, coupled with his willingness to buck the party on certain issues, has sometimes made him the target of ire from his GOP colleagues. Heading into the 2006 election cycle, Davis was one of the more prominent

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Republicans publicly conceding that the majority was lost and the GOP was headed to a 30-seat loss, at a minimum — a pronouncement that did not engender good will from the rank-and-file or his own leadership.

He sent warning signals to the NRCC and then-Speaker Dennis Hastert (R-Ill.) in private memos last year advising the leadership to take certain legislative steps to head off losses, including enacting stronger lobbying and ethics reforms, that largely went unheeded.

An Independent Chairman

More than most GOP chairmen, Davis demonstrated a willingness to scrutinize the Bush administration, and his solid working relationship with his Democratic counterpart, Rep. Henry Waxman (Calif.), on the committee sometimes aggravated more partisan GOP lawmakers.

"Being a committee chairman does not mean being negative all the time, that's just not my style. When we think the Democratic majority is doing the wrong thing we're going to be the first to blow the whistle on that," he said. Democrats "are not wrong in everything they do, and we still have to move bills and shape bills and the like."

Davis noted that he already has opposed the new Democratic majority on a number of policy issues, including a recent energy bill and legislation to raise the minimum wage. "I'm hardly a shill for them, but they are not wrong on everything."

Now Waxman wields the gavel and Davis says the two continue to share a solid working relationship and regularly communicate on committee business. He said their shared stewardship over the committee's controversial hearings in the 109th Congress over steroid use in professional baseball forged a strong bond.

"Everybody was against us when we did that, but we stayed together on that and it was good team-building for the committee. Nobody wanted to touch us when we started this thing. The president didn't like it, [Sen. John McCain (R-Ariz.)] didn't like it, but they all came around," he said. "You don't go through a team-building experience like that without building some rapport."

He also inflamed his colleagues, GOP leaders, and the White House when he and Waxman released a committee report only weeks before the midterm election already tainted by GOP scandals that detailed disgraced lobbyist Jack Abramoff's contacts with the administration and ultimately led to the resignation of Susan Ralston, a top aide to White House adviser Karl Rove.

Davis acknowledged Wednesday that there was blow-back from the decision to release the report so close to Election Day, but was he unapologetic about the move.

"There's never good timing for an Abramoff investigation," Davis said. "Look, this was the largest scandal to invoke Congress in 20 years and you didn't want to say 'Republicans aren't doing anything.' In fact, I feel a little bit vindicated because after [Rep. Mark Foley (R-Fla.)] and stuff, all this became blown up and lack of oversight became a major charge."

As for the House's current debate, Davis plans to join several of his moderate GOP colleagues this week by voting in favor of the Democratic resolution disapproving of President Bush's Iraq strategy.

The Political Junkie

Despite Davis' independent streak, his colleagues continue to rely on his prowess as a political tactician. NRCC Chairman Tom Cole (Okla.) asked Davis to serve as his No. 2 for the upcoming 2008 election cycle as chairman of the executive committee.

Despite rumors last year, Davis denied that he ever considered another bid for the chairmanship. "If I really wanted to take a leadership role I would have run again for the chairmanship," he said. "Tom Cole is a very good guy, a very smart guy, and I'm only doing it because he asked me. It's nothing I would have volunteered for."

Davis said there is no guarantee Republicans can regain a majority in one election cycle. "Nobody can answer that at this point because we don't have any idea what the issue matrix will be, where the war will be, who the presidential candidates will be, but those are the major variables," he said. "Having said that, looking at broad outlines, we have a number of Democrats who were carried in last time who were not first-tier candidates who will probably be vulnerable to a strong Republican challenge."

Davis said there were "six to eight" seats that Republicans have a very strong chance to reclaim in 2008, including the seats formerly held by GOP Reps. Tom DeLay (Texas), Richard Pombo (Calif.) and Don Sherwood (Pa.), as well as Foley and Bob Ney (Ohio).

The Virginian

But Davis also knows that opening up a Democratic-trending seat like the one that he holds won't be helpful to the GOP's cause to make up ground lost in 2006.

Fairfax County Board of Supervisors Chairman Gerry Connelly (D) is viewed as likely to run for Davis' seat. Davis used the same board position as a springboard to Congress in 1994 and Connelly would be a strong contender.

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While Davis said he would not abandon his seat without lining up a top-flight candidate — one who would undoubtedly fit the Congressman's same moderate ideological mold — it also isn't likely that conservatives in the district would pass up the opportunity to nominate one of their own.

If that happens, the fight for Davis' seat could become an important junction in the larger struggle now facing Virginia Republicans, who rose to political dominance in the state in the mid-to-late 1990s.

Republicans have lost the past two statewide elections in the Commonwealth, and Northern Virginia is expected to be the epicenter of Democratic efforts to pick up state legislative seats this fall. Davis' wife, state Sen. Jeannemarie Devolites Davis (R), is among those facing a tough re-election contest.

Davis has been a vocal critic of his party's growing reliance on catering to the needs of its conservative base, and if he does get the opportunity to seek statewide office it will be a test of whether party elders have been listening to his sermons.

He argues that Republicans' old formula for getting elected — managing losses in Northern Virginia and then making it up with large margins in the rest of the state — is outdated and that his party will continue to lose if it does not accept that.

"The last Republican to be nominated from Northern Virginia was 1981 when it was 15 percent of the vote, now it's doubled, and growing," he said. "So I think anybody can do the math and say we need to bring it into the coalition. That means an acceptance sometimes of candidates that are going to have a little bit different issue matrix than people from southern Virginia."

As a start, one of Davis' constituents recently became state Republican Party chairman. Ed Gillespie, a lobbyist and former Republican National Committee chairman, took the reins of the party recently, although Davis said that his new position requires paying more attention to the party base.

If Warner does retire, Davis hardly would have the GOP field to himself. Former Virginia Gov. Jim Gilmore (R), who already has launched a quixotic 2008 presidential bid, has indicated interest in another statewide run and several of Davis' House colleagues have Senate ambitions as well.

Davis has been the most aggressive in laying the groundwork for a 2008 run, spending part of the previous cycle traveling around the state.

But Davis also spent the bulk of his campaign war chest in 2006 not taking anything for granted in his race against an unknown and underfunded Democratic challenger.

He spent $3.3 million on his re-election , including more than $105,000 for polling despite the fact that he was not viewed as particularly vulnerable.

The survey data — much of which looked far beyond his own House race — is just one indication of how intimately involved Davis is in the local politics of his 11th district, which takes in most of Fairfax County and portions of Prince William County.

In the previous cycle he donated $45,000 to the Fairfax County Republican Committee, $45,000 to the Republican Party of Virginia and $180,000 to the NRCC.

The Congressman — who once coached a Little League team with now-Sen. Jim Webb (D-Va.) — also knows the importance of the grass roots.

In the previous cycle he also gave $7,300 to Little League teams in his district.

Appellate Court Hears Dispute On Stem-cell Initiative (LAT)

The Los Angeles Times, February 15, 2007

The California Court of Appeal in San Francisco heard oral arguments Wednesday in the 2-year-old dispute that has kept the state's voter-created stem-cell institute from issuing any of the $3 billion in bonds approved under Proposition 71, the 2004 stem-cell research initiative.

The plaintiffs in the two consolidated lawsuits are appealing a decision by the Alameda County Superior Court in April that upheld the constitutionality of the institute and its citizen oversight committee.

Attorneys for the plaintiffs -- the People's Advocate, National Tax Limitation Foundation and California Family Bioethics Council -- argued again that Proposition 71 was unconstitutional because it created a taxpayer-funded entity that is not under the direct management and control of the state. They also argued that the proposition violated the single-subject rule for such measures and that the citizen board has conflicts of interest.

The three-judge panel, whose members interrupted the plaintiff's arguments numerous times, has 90 days to rule but is expected to do so relatively quickly. Both sides have said they would appeal to the California Supreme Court. Meanwhile, the stem-cell institute plans to award $24 million in research grants Friday, drawing on a state loan and private donations. The institute last year awarded $12 million in training grants to 16 California institutions.

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New Congress, New Lobbyists (WSJ)

By Jeanne Cummings

The Wall Street Journal, February 15, 2007

WASHINGTON -- After Democrats took over Congress earlier this year, they set new limits on lobbyists, aiming to reduce their influence on Capitol Hill.

But the launch of a new firm, Heather Podesta+Partners, shows that, rather than diminishing the clout of Democratic lobbyists, the new Congress has led to the creation of a fresh crop, whose sway could grow even more as the 2008 presidential campaign heats up.

Ms. Podesta's tale illustrates how hard it is to cut the link between lobbyists and politicians. These relationships often forged at the start of careers, when working together on Capitol Hill as low-level staff or while knocking on doors along the campaign trail.

During the first week of the new Congress, freshly sworn-in House leader Nancy Pelosi was in the Capitol's speaker's lobby one evening greeting Ms. Podesta with a kiss on the cheek. Ms. Podesta was there to pose in the official swearing-in photo for California Democratic Rep. Ellen Tauscher, a long-time friend who had advised Ms. Podesta on setting up her firm -- an enterprise she launched based on her confidence in maneuvering the reshaped corridors of power.

After Democrats' victory in November, Ms. Podesta's friends on Capitol Hill suddenly were more powerful -- and her links to them more valuable to clients seeking to influence Congress. That helped Ms. Podesta to build a roster of clients -- such as software provider SAP Americas, which has an interest in new patent legislation, as well as HealthSouth Corp. and health-care provider Cigna Corp., which are concerned by talk of cuts in Medicare payments.

"There will never be a better time to do this," Ms. Podesta said, about launching her firm.

Capitol Hill Career

Ms. Podesta, 37 years old, has worked on and off as a Capitol Hill staffer and lawyer since graduating from the University of California at Berkeley. She worked as an aide to the late Rep. Bob Matsui (D., Calif.), an ally of then-Minority Whip Pelosi. That job gave her a seat at Ms. Pelosi's strategy sessions.

In 2003, she married Tony Podesta, a Democratic lobbyist and brother of former Clinton White House Chief of Staff John Podesta.

Ms. Podesta left Capitol Hill in 2004 to become a lawyer and lobbyist at Blank Rome LLP., a rare Democrat in a Republican-leaning firm, and eventually became a major Democratic fund-raiser. The Podestas estimate they raised $1 million for Democratic candidates in last year's congressional campaign.

For Washington Sen. Maria Cantwell, Ms. Podesta flew in four female chefs from Seattle to prepare one course each for a fund-raiser. She had Alice Waters, founder of California's Chez Panisse, prepares meals at an event for Michigan Sen. Debbie Stabenow event. After the election, Blank Rome offered to make her an equity partner while other firms tried to recruit her away. It was a turning point: "I had to decide if I wanted to invest in the firm or in me," she recalls.

On Dec. 15, she chose the latter. She turned for advice to Ms. Tauscher, a former Wall Street executive poised to lead the moderate New Democrat Coalition. Ms. Tauscher, who was elected in 1996, became friends with Ms. Podesta after working with her on Capitol Hill and socializing at Democratic events. Their first topic: the firm's name. Ms. Podesta leaned dramatic: "Butterfly-Sting Strategies" and "Velvet Steel Strategies." Ms. Tauscher nixed the word "strategies" and urged a name with a clear message.

Before opening her firm Jan. 1, Ms. Podesta persuaded all her Blank Rome clients to shift at least some of their business to her new shop. She scrambled to have business cards ready by Jan. 3, the opening of the new Congress.

Setting Up Shop

On the morning of Jan. 4, she headed to the Senate Rules Committee room for the swearing-in reception for Maryland Democratic Sen. Ben Cardin, whose campaign she helped with three events raising more than $100,000. Sporting a "Madame Speaker 2007" pin she had received at the previous day's Pelosi tea party, Ms. Podesta positioned herself in Sen. Cardin's path.

"Hi, Heather. Thank you," he said, amid a hug from another well-wisher. Ms. Podesta offered congratulations and departed. "That's a twofer. Done," she says, noting he recognized her and remembered her support.

After a taxi ride -- during which she made a pitch about her firm's lobbying services on her cellphone to HealthSouth -- she caught Independent-Democrat Connecticut Sen. Joe Lieberman, as he arrived for lunch in a ballroom across town. Mr. Lieberman called, "Heather, you look marvelous."

By day's end, Ms. Podesta had given away dozens of business cards, cornered several executives at parties, and greeted almost every new Democratic senator.

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In addition to HealthSouth, Cigna and SAP, clients on her first lobbyist disclosure report filed last week, include Michigan's Thomas M. Cooley Law School; Aramark Corp., a food and uniform provider; and the Casey Family Foundation, which provides foster-care services and prepares studies circulated on Capitol Hill. Her fees range from $15,000 to $35,000 a month. Ms. Podesta estimated her monthly business income at the end of January at about $100,000.

Ms. Podesta says she isn't concerned the new lobbying rules will hurt her ability to represent clients on Capitol Hill. She says she doesn't need to pay for politicians' lunches or plane rides to get access.

Ms. Tauscher says she can remain friends with Ms. Podesta without being unduly influenced. "My job is to listen to everybody and then make decisions that can be supported by facts," she says.

Looking to 2008

Nadeam Elshami, a spokesman for Ms. Pelosi, downplays the significance of the speaker's interactions with Ms. Podesta saying: "The Democratic majority broke the link between lobbyists and legislators by passing bipartisan landmark reforms to restore accountability, honesty, and openness to the House of Representatives."

In the midst of pitching clients and filing corporate organizing papers, Ms. Podesta also has been sought after as a fund-raiser by Democratic presidential hopefuls Connecticut Sen. Christopher Dodd, New Mexico Gov. Bill Richardson, and New York Sen. Hillary Clinton. She has known all of them for years.

On Feb. 1, Ms. Podesta decided to join the Clinton camp. "Hillary's in and so am I," Ms. Podesta said, in a telephone call with the campaign's finance director, Jonathan Mantz.

Mr. Mantz outlined the campaign's plans to set up a regional fund-raising network spanning the country. Ms. Podesta agreed to try to generate $250,000 for the Clinton campaign. "The maximum I can do is $4,600," Ms. Podesta confirms, committing to the top amount permitted from an individual for the primary and general election. "I'm going to do that today," she adds.

"Beautiful," Mr. Mantz says.

Majority Formalizes K St. Ties (RC)

By Tory Newmyer

Roll Call, February 15, 2007

As Congressional Democrats firm their grip on power, they are opening a regular channel of communication with corporate lobbyists.

Leaders from the new majorities in both chambers have begun meeting twice a month with K Street allies to keep them apprised of their agenda and strategy.

The huddles, organized by the centrist think tank Third Way, are bringing together as many as 80 lobbyists to hear updates from Democratic leadership aides.

Lobbyists familiar with the meetings said they are becoming a hot ticket as Democrats wrap up work on their “100 hours” agenda and turn their focus toward formulating plans for the rest of the year.

“The pivot to regular order means that everybody is really focused on how to start putting together the coalitions to get things done, and how to find ways to work with the business community so there isn’t a constant battle,” said one Democratic lobbyist with ties to leadership.

Unlike their predecessors in the GOP, Democratic leaders face the challenge of juggling two key but regularly conflicting constituencies: business and labor. While members of those two camps found a few areas of agreement during the previous Congress — most notably on pension and immigration reform — they are ramping up for battles on big-ticket items this year. They already have locked horns on a minimum-wage hike and foresee major clashes over health care, trade and union-organizing measures.

And while Democratic leaders are keeping corporate interests attuned to their plans, they are closely coordinating with labor unions, whose backing helped restore the party to power. On Wednesday, presidents of about a half-dozen major unions met with majority leaders in both chambers to discuss their priorities. Twenty-two Senators, including Majority Leader Harry Reid (D-Nev.) and Majority Whip Dick Durbin (D-Ill.), turned out for one meeting. Union officials got a separate audience with a full complement of leaders on the other side of the Capitol, including Speaker Nancy Pelosi (D-Calif.) and Majority Leader Steny Hoyer (D-Md.), according to those in attendance.

“There was a recognition that we won’t get everything we want done this year, but [Democratic leaders] expressed their happiness at being in the majority, and everybody from the union side shared that opinion,” said one source at the meetings.

The gathering of corporate lobbyists, meanwhile, revives an irregular meeting with Senate Democrats that Third Way initiated late last year.

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The organization started the event to replace one founded by Senate Democratic aides. The original meeting, informally known as the Monday Group, was shuttered early last year when Democrats on Capitol Hill grew nervous about appearances while seeking to make ethics reform a central campaign message.

While the crowd at the new meeting claims many familiar faces and is still held on alternating Mondays, there are some differences. It has moved from its original location at the Democratic Senatorial Campaign Committee to a rented conference room in the Hall of States Building on North Capitol Street. House aides are now looped in. And the ranks of K Streeters in attendance have grown, including some Republicans.

"The list is large and very inclusive. We've got nothing to hide," said Matt Bennett, Third Way's vice president for public affairs and a co-chairman of the meeting.

He said fundraising pitches from leadership are off-limits, as are lobbying pitches from the crowd. Instead, the session provides an opportunity for information sharing on the issue of the day. A meeting on Jan. 22, the day before the State of the Union address, focused on the Democratic response to the president's speech. Another, earlier this month, centered on the Iraq War debate in the Senate and a report from the House Democrats' retreat.

"There's so much misinformation in this town. It's like a game of telephone: When you get two steps removed, the information gets less accurate," said Jonathon Jones, who co-founded the original meetings as chief of staff to Sen. Tom Carper (D-Del.). Now a lobbyist with Johnson, Madigan, Peck, Boland & Stewart, Jones co-hosts the meetings with Bennett. "This is an opportunity for leadership to communicate directly with people downtown and give them the facts."

One lobbyist in regular attendance added, "There is no such thing as too much information being put out to the public, no such thing as too much dialogue."

The next meeting, scheduled for Feb. 26, will feature two top Reid aides — Penny Lee, senior adviser for communications, and Mark Wetjen, counsel and senior policy adviser — and, from the House, Gina Mahoney, Hoyer's senior policy adviser, according to an invitation.

Bush Rejects Criticism Over Korean Nuclear Deal (AFP)

By P. Parameswaran

AFP, February 15, 2007

US President George W. Bush has rejected criticism of a breakthrough nuclear deal with North Korea and launched a personal bid to press Pyongyang to live up to its commitments.

Bush telephoned Japanese Prime Minister Shinzo Abe and South Korean President Roh Moo-hyun and they agreed to work together to ensure North Korea kept its side of the pact adopted at six-nation talks in Beijing this week.

Speaking at a White House press conference, the US leader said the agreement aimed at halting North Korea's nuclear weapons was a "good first step" but added "there is a lot of work to be done to make sure that the commitments made in this agreement become a reality."

Bush defended the deal against critics, including from his key conservative base, who said that offering aid and other guarantees to North Korea in return for disbanding its nuclear network was rewarding "bad behavior" and a sign of US weakness.

Among the agreement's vocal critics was Washington's former envoy to the United Nations, John Bolton, who called it "a very bad deal" that shows US weakness at a time when Washington is challenging Iran over its controversial nuclear program.

It also "undercuts" UN sanctions resolutions against North Korea, Bolton said.

"I strongly disagree, strongly disagree with his assessment," Bush said, however.

The US leader said he wanted to solve the North Korean nuclear crisis peacefully and that he had "an obligation to try all diplomatic means necessary to do so.

"I changed the dynamic on the North Korean issue by convincing other people to be at the table with us on the theory that the best diplomacy is diplomacy in which there is more than one voice that has got an equity in the issue speaking," he explained.

"Now, those who say the North Koreans have got to prove themselves by actually following through in the deal are right, and I'm one," he said.

Under the accord, North Korea will be given 50,000 tonnes of fuel aid for closing their key Yongbyon nuclear facility north of Pyongyang and allowing UN nuclear inspectors back into the country.

The hardline Stalinist state would eventually receive one million tonnes if the accord advances as planned and it permanently disables key facilities.

The United States, for its part, would begin the process of delisting the North as a sponsor of terrorism and normalizing relations with a country with which it is still technically at war, dating back to the 1950s Korean conflict.

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Bush on Wednesday telephoned Japanese Prime Minister Abe and South Korean President Roh, who "agreed on the importance of close coordination on North Korea," said US National Security Council spokesman Gordon Johndroe.

Bush said the accord "has provided a way forward for North Korea, but that North Korea must live up to its commitments. The Japanese and South Korean leaders pledged to make sure that North Korea does so," Johndroe added.

Roh's spokesman and a Japanese press agency confirmed that the allies had agreed to keep pressure on Pyongyang to abide by the terms of the agreement unveiled Tuesday.

Bush said China and Russia together with US military allies South Korea and Japan had played a crucial role in moving to end the nuclear crisis afflicting the Korean peninsula.

"Perhaps the most significant voice that had been added to the table was China," he said.

Bush also promised to step up food aid to impoverished North Korea if Kim Jong-Il's regime took "verifiable measures" to end its nuclear weapons program.

On the question of US financial sanctions on North Korea, Bush said it should be treated "separate" from the nuclear weapons issue, even though US chief negotiator Christopher Hill said Monday that Washington intended to resolve the matter within 30 days.

Accusing Pyongyang of money laundering and counterfeiting, the United States imposed the sanctions in 2005, effectively freezing 24 million dollars in North Korean funds in Macau-based Banco Delta Asia.

Meanwhile Russian Foreign Minister Sergei Lavrov told Russian journalists that Moscow plans a "radical reduction" in the debt it is owed by North Korea.

"We are discussing settling the debt," he said. "Conditions can vary but in any event it will be a radical reduction in the North Korean debt.

On Thursday officials from the two Koreas prepared to hold talks aimed at reviving a high-level dialogue and possibly open the way for major aid shipments.

Seoul's delegation, led by Lee Kwan-Se, an assistant unification minister, left for Kaesong early Thursday for the one-day working-level talks, Yonhap news agency reported.

"We hope to make substantive progress not only in a solution to the North's nuclear weapons programme, but also in the government's policy of peace and prosperity by resuming the cabinet-level talks," Unification Minister Lee Jae-Joung told the team.

Conservatives Assail North Korea Accord (WP)

By Glenn Kessler

The Washington Post, February 15, 2007

The White House yesterday found itself fending off a conservative revolt over the North Korea nuclear deal, even scrambling to mollify one of its own top officials who expressed sharp disagreement with a provision that could spring Pyongyang from the list of countries that sponsor terrorism, U.S. officials said yesterday.

Elliott Abrams, a deputy national security adviser, fired off e-mails expressing bewilderment over the agreement and demanding to know why North Korea would not have to first prove it had stopped sponsoring terrorism before being rewarded with removal from the list, according to officials who reviewed the messages.

John R. Bolton, former U.S. ambassador to the United Nations, called the agreement -- in which North Korea would freeze its main nuclear facility in exchange for an initial supply of fuel oil -- "a bad deal" that violated principles that were closely held in the beginning of the Bush administration.

And the National Review, a conservative bastion, yesterday slammed the agreement as essentially the same one negotiated by President Bill Clinton in 1994 -- a charge the Bush administration rejects. "When exactly did Kim Jong Il become trustworthy?" the magazine's editors asked. The Wall Street Journal editorial page, normally a Bush supporter, also condemned the accord yesterday as "faith-based nonproliferation."

Bolton's comments, the barbs from conservative publications and the Abrams e-mails reflected deep concerns among conservatives that the agreement could turn out to be an important and troubling turning point. Current and former Bush officials said they fear that after six years they are losing control of foreign policy to more pragmatic forces. The shift, they said, has become especially apparent with the departure of Donald H. Rumsfeld, who as defense secretary was often seen as a counterweight to State.

More specifically, conservatives said, they worry that the administration's willingness to bend on North Korea does not bode well for hard-line policies toward Iran, the Palestinians or other issues. Indeed, Russian Foreign Minister Sergey Lavrov yesterday called on the United States to demonstrate "the same flexibility, a sensible flexibility" toward Iran's nuclear program.

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At a news conference yesterday, Bush appeared irritated by criticism from Bolton, once a leader of the administration's conservatives. When a reporter mentioned that Bolton, whom Bush championed, had called it a bad deal, Bush smiled ruefully. "I strongly disagree, strongly disagree with his assessment," Bush said.

Abrams, a legendary bureaucratic infighter and outspoken neoconservative, is responsible for policies aimed at promoting democracy overseas. Officials who reviewed his e-mails on the nuclear deal would not quote from them but described the messages because they agreed with the concerns and wanted to make public the depth of disagreement within the administration. They said Abrams appeared frustrated because so many key decisions had been made at the highest levels without much vetting by officials scattered across the government.

Abrams, they said, was especially concerned about a section of the agreement that stated: "The U.S. will begin the process of removing the designation of the DPRK as a state-sponsor of terrorism, and advance the process of terminating the application of the Trading with the Enemy Act with respect to the DPRK." DPRK is the abbreviation of North Korea's official name, the Democratic People's Republic of Korea. Countries that are on the U.S. terrorism list are subject to trade and other sanctions.

In an e-mail that Abrams sent to officials involved in Asia policy and nonproliferation policy, he reminded the recipients that, in a deal with Libya on abandoning weapons of mass destruction, the United States said it would start a "delisting" process only if Libya ended its support for terrorism -- and that the terrorism track was separate from the weapons deal.

When one of the Asia experts replied that the process was young, Abrams shot back that he thought that section of the deal was bad.

Gordon Johndroe, a National Security Council spokesman, did not dispute this account but said: "Initial press reports on the six-party-talks agreement sparked a discussion among staff that were seeking clarification of some of the deal's aspects. All has been clarified, and we look forward to implementation."

The provision that irritated Abrams has also sparked concern in Japan, which fears that the United States will remove North Korea from the terrorism list before North Korea has come clean on its kidnappings of Japanese citizens decades ago. Bush tried to mollify those concerns in a phone call yesterday with Japanese Prime Minister Shinzo Abe. The State Department says North Korea has not committed a terrorist act since the 1987 bombing of a Korean Air Lines flight.

Bush defended the nuclear agreement as a "unique deal," in part because of his decision to bring in other nations, such as China.

"I changed the dynamic on the North Korean issue by convincing other people to be at the table with us on the theory that the best diplomacy is diplomacy in which there is more than one voice," Bush said.

Bolton later stood by his criticism. "I'm very sad about the president's change in policy," he said in an interview. "The policy as originally articulated and implemented in the first term was exactly right. There's no need to change it. The pressure was what brought North Korea to the table originally. Why get rid of the pressure?"

Asked if he felt disloyal to Bush, who stood by him through a long and ultimately unsuccessful Senate confirmation fight, Bolton said: "I didn't say anything for a good long time, and I wouldn't have said anything if they hadn't changed the policy. I'm loyal to the original policy."

South Korea And Japan Split On North Korea Pact (NYT)

By Norimitsu Onishi

The New York Times, February 15, 2007

TOKYO, Feb. 14 — The deal to freeze North Korea's nuclear program has had immediate ripple effects in Japan and South Korea, apparently freeing South Korea's hands and tying Japan's.

A day after the accord was brokered, requiring the North to shut its main nuclear reactor in return for food and fuel assistance, the South Korean government invited North Korea to resume ministerial talks suspended after its nuclear test last October. Seoul announced that officials from both sides had agreed to meet Thursday in Kaesong, just north of the demilitarized zone.

"What is very important about the agreement is that it not only resolves the North Korea nuclear issue itself," South Korea's president, Roh Moo-hyun, said, "but, in a further step, it includes a clause for discussions, negotiations on establishing a permanent peace regime on the Korean Peninsula."

But in Tokyo, Prime Minister Shinzo Abe came under attack from members of the opposition and his own party for his government's refusal to provide assistance to the North over what it says are unresolved cases of Japanese abducted by North Korean agents. Critics said Tokyo's narrow focus on this issue, seemingly at the expense of regional stability, would leave it isolated.

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"We must not be isolated and we are not in fact isolated," Mr. Abe said in Parliament. "Other countries understood our decision not to provide oil unless progress is made in the abduction issue."

South Korea, by contrast, appeared set to resume its economic and diplomatic engagement of the North, a policy that had long strained its relations with the Bush administration. "It will be easier for President Roh to carry out his engagement policy now, maybe even further than he ever had," said Shin Jung-wha, a political scientist at Dongseo University in Pusan, South Korea.

The deal also made it more unlikely that South Korea would alter its policy even if the conservative opposition were to win in next December's presidential election. "Many Koreans feel that President Roh has been too lenient on North Korea," Ms. Shin said. "But there is a national consensus on the engagement policy, and, if the conservatives gain power next December, there might be a few tweaks but no fundamental change in the policy."

In Japan's case, Mr. Abe's government tied the nuclear talks to the cases of Japanese abducted by the North in the 1970s. The North has acknowledged kidnapping a dozen Japanese and it returned five survivors four years ago, saying the rest had died. But Japan says more survivors remain in the North.

Mr. Abe made his political career by championing the abduction issue, which critics say he has exploited to stir nationalist sentiments. Analysts say it would be difficult for Mr. Abe, whose approval ratings have plummeted after a series of scandals and gaffes, to compromise on the issue.

At the same time, refusing to assist North Korea in keeping with the accord could lead to charges that Japan was putting regional stability at risk over a domestic issue that has little resonance outside Japan.

"Japan should be conducting diplomacy with a broader perspective," said Makoto Taniguchi, president of Iwate Prefectural University in Japan and a former senior diplomat. "It should be thinking of Asian security and peace. If Japan thinks narrowly, only of its relations with the United States at the expense of its relations with its neighbors, it will find itself excluded.

"Japanese diplomacy has, so to speak, been abducted by the abduction issue," Mr. Taniguchi added.

The Japanese government said it hoped to address the abduction issue in a working group established under the accord and aimed at normalizing relations between Japan and North Korea. Tokyo has said it would not normalize relations with the North and provide it with reparations for its colonial rule unless the abducted Japanese were accounted for.

But Japan's emphasis on the abductions in the working group is likely to bring forth a long list of historical grievances on North Korea's part. A North Korean Foreign Ministry official, Ri Pyong-dok, told the Kyodo news agency in Japan that the North's focus in the working group would be on Japan's colonial rule.

"The settlement of crimes committed by Japan is a priority," Mr. Ri said. "Without that, there will be no normalization of relations between the two countries."

China Wins Praise Over N Korea Deal (FT)

By Richard McGregor And Anna Fifield

Financial Times, February 15, 2007

In the wake of the latest breakthrough in the long-running negotiations to end North Korea's rogue nuclear programme China has again won plaudits for muscling its recalcitrant neighbour to the table and brokering a deal.

"China has done a great job of getting us together," Christopher Hill, the chief US negotiator, said after the first day of talks in what became a mantra he repeated throughout the week.

When the agreement was announced on Tuesday, Mr Hill stressed it could not have been done without Beijing and praised his Chinese counterpart, Wu Dawei.

But far from solidifying Beijing's role on the diplomatic stage, the talks underlined its variable approach to global disputes. While Beijing has become Washington's indispensable partner in North Korea, it has consistently refused to sign on to the western agenda to end the killings in Darfur, Sudan, and so far reluctantly gone along with limited sanctions against Iran.

Local experts in international relations have also taken a more nuanced view of Chinese activism than Mr Hill, with some suggesting that Beijing's role was diminished in the latest talks.

Shi Yinhong, of Renmin University in Beijing, said that the deal had mostly been hammered out in bilateral meetings between the US and North Korea in Berlin in January.

"Generally, the US and North Korea bypassed the other countries [in the six-party talks]. China's role has been reduced," he said on Wednesday. "North Korea has taken a hostile attitude to China since last year. They have slapped China in the face again and again."

China has long had a fraught relationship with its fraternal neighbour. Pyongyang relies on Beijing for vital fuel and food aid but resents China's role in marshalling international pressure on its nuclear programme and also its market economy.

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The bilateral relationship hit new lows last year when Pyongyang conducted missile tests and then later exploded a nuclear device, in defiance of Beijing's wishes.

Beijing has always walked a tightrope in calculating its interests in the six-party talks. On the one hand, it wants them to succeed, but not at the expense of ceding influence in North Korea to the US.

Shen Dingli, of Fudan University in Shanghai, gave China more credit for this week's deal, saying its assertiveness was important in pushing North Korea into signing.

Delegates to the talks supported this view, saying the Chinese had taken the draft agreement forged in Berlin and worked it into a joint statement, shuttling be-tween the numerous bilateral meetings to hone the deal.

They said China ran the meeting with an iron fist, adding that it was Mr Wu's decision to impose the Monday deadline to inject the stagnating talks with some momentum.

Beijing's officials were then "banging heads together" during the 16-hour marathon talks that resulted in an agreement all sides could put their signatures on, delegates said.

But Mr Shen reflected the pessimistic mood about the talks' future in Chinese circles, saying he did not believe Pyongyang was ready to give up the nuclear weapons it had worked so hard to acquire. "A nuclear state like this will not abandon its weapons without regime change," he said.

Zhang Liangui, a professor at the Central Party School, a training ground for senior officials, said this week's agreement was superior in many ways to the one struck by the Clinton administration in 1994, because of the stricter timelines.

But the suggestion that the agreement will bring closer relations between the US and North Korea, if it came to pass, would not necessarily be favourable for Beijing.

"North Korea is trying to replace the six-party talks with the Berlin model, where the agreement made in bilateral talks could later be sent to the six-party talks for approval," Mr Zhang said. "China could be sidelined, as the six-party talks become a rubber stamp." ¦ The two Koreas will meet today to discuss resuming stalled high-level talks, officials said, in a sign of warmer relations, AP reports from Seoul.

Cabinet-level talks were suspended last year amid chilled relations following North Korea's missile launches in July and nuclear test in October.

Agreement Falls Short (USAT)

By Bruce Klingner

USA Today, February 15, 2007

The six-party agreement announced in Beijing Tuesday has significant shortfalls that will hinder efforts to denuclearize North Korea. Its vague provisions and deferred requirements provide Pyongyang with loopholes that it will seek to exploit. Moreover, the accord sends a dangerously accommodating signal not only to North Korea, but also to Iran and other aspiring nuclear weapons states.

Conspicuously absent is any direct reference to North Korea's uranium-based weapons program, which was the catalyst for both sides abrogating a 1994 agreement. The accord doesn't address the steps by which North Korea must divest itself of nuclear weapons it has. Nor does it provide assurances that Pyongyang will agree to verification measures sufficient to allay international concerns over past cheating. The Beijing agreement defers settlement of most of the significant issues to five working groups.

It may still be possible to salvage the results. Doing so, however, requires insisting upon stricter measures in follow-on negotiations to ensure that North Korea divests itself of nuclear weapons expeditiously and in a rigorously verifiable manner.

During these subsequent negotiations, the six party countries must: ensure that the uranium-based nuclear weapons program is subject to the agreement; require verifiable dismantlement of all nuclear weapons and programs; and make progress in providing security reassurances, a permanent peace treaty and formal diplomatic recognition conditional on North Korean behavior and satisfactory resolution of the Japanese and South Korean abductee issue.

At the same time, the United States should maintain pressure on Pyongyang, including taking action against any North Korean entities engaged in illicit activities; pressing countries to comply with United Nations sanctions against North Korea's weapons of mass destruction and missile programs; and continuing efforts to deter North Korean proliferation of WMD or missiles.

Washington should underscore that its willingness to continue discussions is not an open-ended commitment and recommend a deadline. Doing so would prevent Pyongyang from dragging out negotiations and solidifying international de facto recognition of North Korea as a nuclear weapons state. We must not lower the bar for success.

Bruce Klingner is senior research fellow for Northeast Asia at The Heritage Foundation.

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Deal Or No Deal? Bush Makes Right Pick On North Korea (USAT)

USA Today, February 15, 2007

One of the most important things President Bush could achieve before leaving office would be to persuade North Korea to follow Libya's path by giving up its nuclear weapons program.

That's a tall order, given that North Korea's eccentric leader, Kim Jong Il, has been making nuclear weapons, has carried out his first nuclear test, and may have continued selling nuclear parts and technology. But this week, progress seems more possible than at any other time since Bush took office (and subsequently took a hard-line approach to North Korea). Under a new "action plan" announced Tuesday, North Korea will get energy aid and direct talks with the United States in exchange for shutting down its main nuclear reactor within 60 days. In return, the administration is easing a financial squeeze that had begun to cut off Kim's favorite luxury goods.

The deal, though welcome, is no cause for starry-eyed optimism. North Korea gets to keep its declared nuclear weapons — perhaps 10 — pending future negotiations. Further, the secretive nation has a history of deceit. A 1994 deal collapsed eight years later when North Korea admitted it was cheating. This time, it might well be trying to con the outside world into giving it aid and fuel.

Nevertheless, the deal is notable on two counts. It is a "first step," as President Bush put it. A baby step, perhaps, but one without which no others would be possible. And it is an interesting measure of how far the debacle in Iraq has moved Bush toward pragmatic diplomacy and away from the hard-liners who favored the war and who rushed to attack Tuesday's agreement with North Korea. As in Iraq, they would prefer to make threats and dictate terms.

Instead, the deal is a toehold for talks with the bizarrely isolated North Koreans and a way to get nuclear inspectors into the country. At best, North Korea could follow the Libya pattern. At worst, little is lost.

One reason the new agreement might last longer than the 1994 deal is that it involves China, Russia, South Korea and Japan in addition to the United States and North Korea. China's role was particularly significant. Part of its reluctance to use its leverage with its Stalinist former ally North Korea, which depends on Beijing for energy and food, was its fear of a flood of North Korean refugees. But China toughened up after North Korea carried out a nuclear test four months ago, embarrassing Beijing and sparking fears of a nuclear arms race in the region.

The deal is attracting criticism from the right and left. Conservatives are outraged at how vague the action plan is beyond the initial freeze, in contrast to the 1994 agreement: no mention of destroying nuclear weapons North Korea has, or of its parallel uranium enrichment program. Liberals wonder what took so long when a similar agreement might have curbed North Korea's nuclear ambitions sooner.

Both critiques have some merit. At this point, however, even a shaky deal is better than no deal. Ever since Bush called Iran, Iraq and North Korea an "axis of evil" in 2002, all three have become more dangerous places. This agreement has potential to ratchet down tensions on the Korean peninsula.

Belatedly trying diplomatic pragmatism in North Korea is worth the effort — and could provide a model for Iran. Clearly, there's a long way to go. But, as an old Chinese proverb would have it, the journey of a thousand miles begins with a single step.

Canceled TV Speech Points To Hamas And Fatah Split (NYT)

By Steven Erlanger

The New York Times, February 15, 2007

JERUSALEM, Feb. 14 — In another sign of tension with Hamas over a possible national unity government, the Palestinian Authority's president, Mahmoud Abbas of the Fatah faction, canceled a televised speech scheduled for Thursday night, his aides said Wednesday.

In the speech, Mr. Abbas was to have told Palestinians about his talks with Hamas leaders in Mecca, Saudi Arabia. But those talks, which ended last Thursday with a proclamation of success, left many details unresolved, including who would fill key posts like interior minister, which controls the Hamas-dominated parallel police force, known as the Executive Force. The details of a political program for the new government are also unclear.

European and American officials have not been convinced by Mr. Abbas that a new government will meet international conditions for resuming direct budgetary aid to the Palestinian Authority. Washington and Israel insist that a new government recognize the right of Israel to exist, forswear violence and terrorism and accept all previous Israeli-Palestinian agreements.

Mr. Abbas's aides argue that all these conditions are met implicitly and that the Mecca accord means significant movement from Hamas, but in fact, in the agreement there is no mention of Israel at all and no rejection of violence against Israel.

On Wednesday evening, Nabil Abu Rudeineh, a close aide to Mr. Abbas, told Palestinian television that the president would postpone his speech until he could have further talks with Hamas in Gaza.

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[A news agency] reported that another Abbas aide, who was not identified, said: "Hamas has made several unacceptable conditions that cannot be implemented. The Mecca agreement cannot be reinterpreted and must be implemented immediately without any conditions." This aide said that Hamas was putting new conditions on who will fill the jobs of interior and foreign ministers, which are supposed to go to independents approved by Hamas.

The Art Of The Possible Peace (WP)

By Dennis Ross

The Washington Post, February 15, 2007

Secretary of State Condoleezza Rice will travel to the Middle East this weekend and hold a meeting with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas. Her stated purpose is to discuss permanent-status issues with an eye toward producing an agreement on a political horizon for ending the conflict. For many, such a political horizon has been long overdue; with it, they argue, both Israelis and Palestinians will know how the conflict ends and find it easier to confront those who oppose peace.

Many, including Rice, see Saudi, Israeli, Egyptian and Jordanian leaders as sharing a perception of Iran as a threat. With such common fears, the thinking goes, the leaders should be willing to accept the necessary hard compromises and end the Palestinian conflict (or show how it can be ended) so Iran can no longer exploit the conflict to build its following and put the region's moderates on the defensive.

The assessment of the common threat perception is correct. But basing policy only on this misses an important regional reality. Priorities differ on how best to respond to the Iranian threat. For the Saudis, weaning Hamas away from Iran and producing intra-Palestinian peace is more important than trying to forge peace between Palestinians and Israelis. For the Israelis, however, an intra-Palestinian peace that entails accommodating Hamas (and that does not require Hamas to change its hostile posture toward Israel) is hardly a basis for reaching out to Palestinians in a way that would satisfy the Saudis, Egyptians and Jordanians.

And one sure way to threaten intra-Palestinian peace is to push now for a political horizon that inevitably will mean Palestinian compromises on core issues such as refugees. Will Hamas accommodate giving up the Palestinian right of return? A political horizon that purports to outline the endgame will require such a concession, and Hamas is not going to accept it or a process likely to produce it.

Of course, the compromises won't be one-sided. But is Israel likely to contemplate excruciating concessions on Jerusalem or territory with a Palestinian government led in part by those who refuse to acknowledge its existence or renounce terrorism? My point is that the political options available for peacemaking between Israelis and Palestinians have been reduced. And Rice's efforts have to be guided by what is possible, not by what is most desirable.

In Middle Eastern terms, what is logical and possible is intra-Palestinian peace and Palestinian-Israeli calm. That would argue for a comprehensive cease-fire to be negotiated between Abbas and Olmert. A deal would require all Palestinian attacks against Israelis to stop and all smuggling of weapons into Gaza or the West Bank to end. In return, the Israelis would stop all incursions, targeted killings and arrests. As Palestinians demonstrate that they are fulfilling their responsibilities, checkpoints would be lifted and crossing points opened, making economic revitalization possible.

This agreement would differ from previous cease-fires in that it would be negotiated with clear understandings of what constitutes a violation and penalties for violations. Israel might be willing to accept such a deal because Hamas would have to enforce the cease-fire -- not merely observe it. Hamas's readiness to enforce it would mean for the first time that Hamas was acting to prevent "resistance," which would signal that its fundamental credo might be changed.

Hamas might be willing to accept such a cease-fire for two reasons: First, it needs a respite. Second, in an atmosphere where life is improving and conflict with Israel is deferred, Hamas is likely to believe its superior organization will allow it to supplant Fatah and dominate Palestinian society.

For his part, Abbas has long favored a comprehensive cease-fire, and he, too, might believe that Hamas would be transformed by having to fulfill responsibilities.

In any case, a comprehensive cease-fire could change the atmosphere between Israelis and Palestinians and lead to a negotiation designed to pursue the vision that Olmert originally campaigned on -- an extensive Israeli withdrawal from the West Bank. Only this withdrawal would not be unilateral and would depend on Palestinian performance on security obligations.

A comprehensive cease-fire won't be hammered out without intensive U.S. brokering. Even Rice's more ambitious desire for a political horizon need not be surrendered. But to accomplish it, she must get the Saudis, Egyptians and Jordanians to publicly embrace basic trade-offs on the core issues, even if Arab leaders must get out in front of Abbas and Olmert on stating their acceptance of the compromises. Both leaders are politically weak; Abbas needs Arab political cover if he is to accept historic concessions on refugees and security, while Olmert must show that the Arab world has adopted unprecedented

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compromises if he is to justify crossing historic thresholds on Jerusalem and borders. Absent that, Rice will need to change her horizon for what is possible in the Middle East.

The writer was director for policy planning in the State Department under President George H.W. Bush and special Middle East coordinator under President Bill Clinton. He is counselor of the Washington Institute for Near East Policy.

Rival Groups Kept Apart In Beirut (NYT)

By Michael Slackman

The New York Times, February 15, 2007

BEIRUT, Lebanon, Feb. 14 — The military on Wednesday rolled out acres of razor wire and fashioned a no man's land to separate the hundreds of thousands of government supporters who poured into the center of this city from the hundreds of opposition supporters who have camped downtown since December.

The occasion was the second anniversary of the assassination of the former prime minister Rafik Hariri. Although people on both sides of the no man's land called for unity among all Lebanese, the day's events illustrated the deep divisions and tensions that keep this country on the edge of civil conflict.

"We are against sectarianism," a group of people chanted as they marched toward the memorial ceremony. "And God is with the Sunnis."

Lebanon is caught up in a dangerous political battle between the former prime minister's allies, who control the government, and their opponents, who want more power.

The conflict has deepened sectarian tensions in a country where power is divided among sects. In this fight, the Sunnis are primarily on the government side, Shiites are primarily in the opposition, and Christians are split.

The two competing sides regularly call for unity as a preamble to listing their non-negotiable demands. On Wednesday, the pattern held.

"We are here to say that we want to have dialogue with all Lebanese and we want national unity," Saad Hariri, the former prime minister's son and leader of the largest bloc in Parliament, said in a speech to the crowd. He also said the majority, known as the March 14 Coalition, would not back down on the creation of an international tribunal to hear evidence in Rafik Hariri's death and other political assassinations. Opposition leaders have insisted that the creation of the court be at least delayed.

The day was preceded by an increase in violence. On Tuesday, three people were killed when two minibuses were blown up. It was the first attack on ordinary citizens — not the politically outspoken — in two decades, and it raised fears of a slide into civil war.

By Wednesday morning, the attack had been absorbed into the collective experience, added to the list of bombings and killings and wars that have defined the years since Mr. Hariri was killed. People moved on, and waited for the next incident.

Buses, cars, minivans, mopeds and long lines of marchers began pouring into the center of the city early in the morning. It was in all corners a joyful procession with horns honking and banners waving.

The people snaked their way through intensified security, with the security forces frisking people and checking bags and cars. Armed security men lined the roofs surrounding the square where Mr. Hariri's grave has become a rallying site for the government.

The anniversary offered the government one day, at least, to take control of the city from the opposition, which has shut the center of town with an open-ended sit-in.

"We are the true Lebanese!" Hussein Hashem, 26, shouted as he thrust his finger toward the opposition supporters on the other side of the razor wire. "They are not Lebanese."

Najla Housheimi, 50, said she attended the rally to show defiance.

"Bombs don't scare us, we are ready to present our blood," Ms. Housheimi said as she waved the flag of Lebanon.

The heaviest security was dispatched to keep the crowds of government supporters out of the tent city that has become the center for the opposition's efforts to bring down the government. It was quiet in the tented area. The protesters had turned off their loudspeakers, which had been blaring nonstop since early December, and relinquished the moment to their adversaries.

"Of course they are not our enemies," said Ali Mahmud, 19, a Hezbollah supporter from the south of Lebanon as he sat in a plastic lawn chair beside a tent spiked into the blacktop. "What is common between us is Lebanon. We are all Lebanese."

Then, looking at the legions of heavily armed men separating the two groups, his friend Muhammad Ali, 25, said: "We did not divide the country. It is not us who are irresponsible. They divided the country."

The fight is intensified because it also involves regional players who see the outcome of the events here as important to their national interests. Syria and Iran are with the opposition. The United States, Sunni Arab governments and Europe are with the government.

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The international tribunal has, for example, become a flashpoint even as all sides say, in theory, they support it. Syrian officials have been implicated in the preliminary investigation into Mr. Hariri's death, and their allies in Lebanon have worked to slow its establishment.

That reality led to more calls for unity on Wednesday, followed by denunciations certain not to foster unity with the opposition.

"Whoever fights against what is right will be knocked out," Samir Geagea, leader of the Lebanese Forces, a Christian party and member of the governing coalition, said in a speech. "The international tribunal will certainly be created."

U.S., Britain Fare Poorly In Children Report (LAT)

By Maggie Farley

The Los Angeles Times, February 15, 2007

UNITED NATIONS — The United States and Britain ranked as the worst places to be a child among 21 wealthy nations, according to a report by UNICEF released Wednesday. The Netherlands was the best, it said, followed by Sweden and Denmark.

UNICEF's Innocenti Research Centre in Italy ranked the countries in material well-being, health, education, relationships, behaviors and risks, and young people's sense of happiness.

The finding that the children in the richest countries are not necessarily the best-off surprised many, said Marta Santos Pais, the study director. The Czech Republic, for example, ranked above countries with a higher per capita income, such as Austria, France, U.S. and Britain, in part because of a more equal distribution of wealth and higher relative investment in education and public health.

Some of the wealthier countries' lower rankings were a result of less spending on social programs and "dog eat dog" competition in jobs that led to adults spending less time with their children and heightened alienation among peers, said one of the report's authors, Jonathan Bradshaw, at a televised news conference in London.

"The findings that we got today are a consequence of long-term underinvestment in children," said Bradshaw, who is a professor of social policy at York University in England.

The highest ranking for the United States was for education, where it placed 12th. But the U.S. and U.K. landed in the lowest third for five of the six categories measured.

The United States was at the bottom in health and safety, mostly because of its high rates of child mortality and accidental deaths. It was next to last in family and peer relationships and risk-taking behavior. The U.S. has the highest proportion of children living in single-family homes, which the study defined as an indicator for increased risk of poverty and poor health, though it "may seem unfair and insensitive," it said. The U.S. was close to the bottom of the scale for children who eat and talk frequently with their families.

Britain had the highest rate of children involved in activities that endangered their welfare: 31 percent of those studied said they had been drunk at least twice by the age of 15, and 38 percent had had sexual intercourse by that age. Canada had the highest rate of children who had smoked marijuana by age 15 -- 40.4 percent. Japan ranked the worst on "subjective well being," with 30 percent of children agreeing with the statement, "I am lonely."

Children in the Netherlands, Spain and Greece said they were the happiest, and those in Spain, Portugal and the Netherlands spent the most time with their families and friends.

Because of a lack of internationally comparable data, the study did not address children's exposure to domestic violence, both as victims and as witnesses, and children's mental and emotional health.

The report acknowledges that some assessment scales have "weak spots."

The study, for example, measured relative affluence by asking if a family owned a vehicle, a computer, if children had their own bedroom and how often the family traveled on holiday. Some answers might depend on the quality of public transportation and real estate prices, making the average child in New York's affluent areas seem equal to one in a less developed country because of the constraints of city living.

The authors acknowledge the study is "a work in progress in need of improved definitions and better data." But they say it is a first step in providing benchmarks for comparing countries and highlighting poor performance in otherwise rich nations.

"All countries have weaknesses to be addressed," Santos Pais said.

U.S. Envoy Urges India To Open Up (WSJ)

By P.r. Venkat

The Wall Street Journal, February 15, 2007

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NEW DELHI -- The U.S. is willing to cut farm subsidies further if other countries reciprocate by improving access to their markets and reducing tariffs, the U.S. commerce secretary said.

"We would be willing to take the lead on subsidies, but we can't do it unilaterally," Carlos Gutierrez said in an interview yesterday.

He said India holds the key to the successful conclusion of the long-running World Trade Organization talks under the Doha round of negotiations. Mr. Gutierrez is on a two-day visit to India aimed at boosting bilateral trade. The U.S. is India's largest trading partner. Last year, two-way trade hit $32 billion, Mr. Gutierrez said.

He said the U.S. would like to see "movement" in terms of India cutting tariffs on agricultural products and providing greater market access for industrial goods from other countries. "India is a leader among developing nations, and developing nations look to India to see how India makes its decisions" on WTO issues, he said.

Asked about the U.S. farm bill, which many see as crucial for WTO negotiations, Mr. Gutierrez said: "The farm bill is a domestic matter; the WTO talks are separate from the farm bill."

Started in 2001, the Doha round is meant to help poor countries gain access to the developed world's markets by cutting subsidies and tariffs in rich markets -- especially in agriculture. In return, wealthy nations would win access to important markets for services such as banking and insurance. Talks collapsed in July after hitting numerous roadblocks.

At the World Economic Forum meetings in Davos last month, representatives of many countries said they wanted negotiations to resume.

The U.S. farm bill, still to be approved by Congress, would cut farm spending by $18 billion, to $87 billion, over the next five years. Many countries have said the cut isn't steep enough.

The European Union has said it is prepared to make deeper cuts to its own subsidies if others, including the U.S., also make large cuts.

"We believe that getting an agreement as soon as possible is important," Mr. Gutierrez said. "However, the real important objective is to get a good agreement."

Mr. Gutierrez said India needs to open its market further to attract investment and maintain the pace of economic growth.

"Every country in the world is competing for capital, and capital will go to those markets that welcome investment," he said.

U.S. companies want India to liberalize the retail, insurance and pension sectors, thus opening up opportunities for foreign firms.

Professionals Exit Venezuela (WSJ)

By Peter Millard

Wall Street Journal, February 15, 2007

CARACAS, Venezuela -- Oil-rich Venezuela has experienced the kind of economic boom in recent years that should be flush with job opportunities. But an increasing number of professionals, many of them from the oil industry, are looking abroad for work, driven away by President Hugo Chávez's effort to extend state control over the economy, and by inflation verging on 20%.

Since his re-election in December, Mr. Chávez has pursued an agenda of "21st Century Socialism," painting a future of "communal cities" and state-run cooperatives dedicated to production, not profit.

"Chavez's electoral triumph and the radicalized discourse has increased the desire to emigrate," said Luis Vicente Leon, the head of Datanalisis, a Caracas polling firm.

Not everyone is dissatisfied. Mr. Chávez, who first took office in 1999, has gained a broad base of popular support among Venezuela's poor, largely by spending billions of dollars on social programs. And a newly rich class of Venezuelans with close connections to the government is likely to stick around as long as they can continue to profit from Mr. Chávez's rise.

Still, at the U.S. Embassy call center for visas in Caracas, the lines have been jammed since Mr. Chávez announced in early January the nationalization of the electricity industry and Venezuela's largest telecommunications firm. "It doubled practically overnight," said a U.S. diplomat.

The number of Venezuelans receiving U.S. legal permanent residence more than doubled from 2000 to 2005, when 10,870 got their green cards. In that period the overall number of green cards increased by a third. During that period the number of Venezuelan-born U.S. residents increased 42%, to 151,743, according to the U.S. Census Bureau.

The oil industry appears to be taking notice of the available talent. Qatar Petroleum has run ads in local papers this year, offering tax-free salaries for geologists, reservoir engineers and geophysicists.

Canadian immigration law firm Benchetrit & Associates recently held four days of seminars in Caracas on living and working in Canada. "A plan for your life," read an advertisement for the seminars.

A Canadian embassy spokesman said oil companies are the main recruiters on the ground in Caracas. Canada is developing extra-heavy oil reserves that are comparable to those in Venezuela's Orinoco river basin, providing a ready job

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market for current and former staffers at Venezuela's state oil company, Petroleos de Venezuela SA, or PdVSA. The number of work visas Canada granted Venezuelans more than doubled last year, to 340.

Any opposition-minded oil workers still left at PdVSA face a difficult environment. During the presidential campaign last year, PdVSA President Rafael Ramirez told company executives to join Mr. Chávez's political movement or hit the road. In 2003, Mr. Chávez sacked around 20,000 PdVSA staffers -- about half the company's work force -- for walking off the job, calling them "terrorists." A majority of them were the managers, accountants and field engineers who turned the state oil venture into a world-class oil company during a period of robust expansion in the 1990s.

Many found work elsewhere, including in Mexico, Canada and Saudi Arabia, at a time of high demand for experienced oil workers.

The lost expertise has taken a toll on PdVSA, the country's largest single employer. Its share of the global market for crude oil supply is shrinking, and accidents and outages are on the rise. Analysts say the cost to PdVSA of producing a barrel of oil has nearly doubled in the past five years to more than $4.50.

White-collar executives at Electricidad de Caracas, which provides 10% of the country's power, and CANTV, the leading telephone company, also are bracing for a politicized workplace after Mr. Chávez finishes nationalizing the two firms by the end of March. Employees there say many staffers are seeking early retirement and expect management to discourage political opposition to Mr. Chávez. In January, Mr. Chávez floated the idea of capping salaries for state employees, giving the most valuable technicians and managers at these firms another reason to move on.

This isn't the first time Venezuelan professionals have rushed for the exits. A multitude of professionals fled the country in 2003 after a nationwide general strike failed to remove Mr. Chávez from office.

According to Datanalisis, the number of Venezuelans who said they were interested in emigrating peaked at around 44% during the 2002-2003 political crisis, which saw the country run out of gasoline for two months. Interest in emigration started declining as the economy rebounded, but Datanalisis expects another spike this year.

Russians To Vote, But Some Parties Lose In Advance (NYT)

By Steven Lee Myers

The New York Times, February 15, 2007

ST. PETERSBURG, Russia — Two candidates in local elections here in March, a soccer star and figure skating champion, have no known intention of giving up sports for legislative politics. If they win, as they almost certainly will, their Kremlin-friendly parties, not the voters, will choose the candidates to fill their seats.

An opposition party was kicked off the ballot for forging signatures but given little chance to prove otherwise. Government-controlled television has effectively barred parties except those loyal to President Vladimir V. Putin from the airwaves.

The elections here on March 11, like those in 13 other regions, will preview coming national elections in which voters' choices will be severely limited at best. "Democracy?" asked Vladimir I. Fyodorov, a leader of the Communist Party here, which faces an uphill task of winning any seats to the city's 50-member legislature. "I would not call the process under way in our country democracy."

Here, as on the national level, Mr. Putin's Kremlin has left little to chance or surprise.

At the Kremlin's urging, Putin foes and independent analysts say, Parliament has raised the threshold for parties to win seats, eliminated minimum turnout requirements, abolished district elections in favor of party lists, and eliminated the option of voting "against all." A new law on extremism would ban a candidate from criticizing his or her opponent, or anyone actually in office.

The Kremlin has also made it more difficult for political parties to form and register. According to officials, the Justice Ministry refused to qualify 15 of the 32 that applied last year, and other, largely inactive, parties faded into history.

That measure, like most of the others, has an ostensibly reasonable and democratic purpose: to simplify and clarify the rules of elective politics. To critics, though, the Kremlin has simply assured the smooth re-election of pro-presidential parties.

"It would be like if California had an election and only five Republican Parties could run," said Maksim L. Reznik, head of the St. Petersburg branch of Yabloko, a liberal party.

The city election commission disqualified it after declaring that a sample of the 40,000 signatures on the party's voter registration application contained forgeries. The party was given two days to disprove a handwriting expert's conclusions by producing signed affidavits and copies of passports for hundreds of would-be voters.

By early February, with the elections barely a month away, Yabloko had also been barred from the ballot in two other regions, Orel in west central Russia and Leningrad, which surrounds St. Petersburg, in what party officials called an attempt by the Kremlin to weaken it further.

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Another liberal party, the Union of Right Forces, was knocked off the ballot in Vologda, Pskov and Samara. The Communist Party faced challenges in several regions, including Tyumen and Dagestan, but ultimately qualified after protests.

In all, parties were denied registration in 17 instances. The only three parties that faced no problems were United Russia, Just Russia and the Liberal Democratic Party, all pro-presidential.

In Russia, as elsewhere, all politics is local. Yabloko's leaders argue that their banishment here in St. Petersburg resulted from their opposition to the city's governor, Valentina I. Matviyenko, a devoted supporter of Mr. Putin.

Yabloko's three members in the city legislature were the only ones who voted against Mr. Putin's reappointment of her as governor in December. They have also led a public challenge to plans by Ms. Matviyenko and Gazprom, the energy giant, to build a skyscraper on the banks of the Neva River.

Party officials and political analysts, though, have detected a national trend in the pressure on opposition parties. "They would like to reduce uncertainty as much as possible," said Vladimir Y. Gelman, a political scientist at the European University at St. Petersburg.

The goal, he and others said, is to bolster United Russia, which now controls the lower house of Parliament and is called "the party of power," by forcing out smaller parties like Yabloko. At the same time, the Kremlin hopes to create a loyal counterweight in Just Russia, a party created by the merger of three smaller parties and led by a staunch Putin supporter, Sergei M. Mironov.

"Just Russia is the only real opposition currently," Mr. Mironov said recently, campaigning in the icy cold at a small park here, where he unveiled a new merry-go-round. "The others are just playthings."

Oleg A. Nilov, the party's regional chairman, acknowledged that political debate had withered in Russia since the emergence of United Russia. Just Russia, he said, will become a populist challenger, taking the side of the poor, the pensioners and the workers who have shared far less of Russia's new energy-fueled boom than most. That stance, though, extends only to the local legislature and the lower house of Parliament, the State Duma.

"We are saying that on the level of the State Duma there should be real competition," he said in an interview in the party's headquarters, which displays large portraits of Mr. Putin. "The executive power exists on the next level."

On that level, he added, "there should be unity."

Vadim A. Tulpanov, the incumbent chairman of St. Petersburg's legislature, dismissed criticism of Yabloko's registration troubles, calling them self-inflicted. He said the election simply reflected the natural evolution of Russia's young democracy, with the old parties like Yabloko and the Communists losing their popular appeal.

"Gradually in Russia, as I understand it, a two-party system is being created, like in America," he said.

For now, the two main parties have distinct advantages: access to the airwaves, which are government controlled, and to campaign financing. Private donations to parties became risky after the prosecution of Mikhail B. Khodorkovsky, the former chairman of Yukos Oil, after he openly supported political parties in the Duma.

A result of the uneven resources is visible on the streets here: posters and billboards of United Russia and Just Russia are ubiquitous, the others largely absent. Another advantage of incumbency has been the city's refusal to allow Yabloko and other parties to hold protests or other rallies.

Roman S. Mogilevsky, a sociologist and pollster with the independent Agency for Social Information, said he found optimism in Russia's development. "I don't think there are many who are against elections," he said, as though the question of holding them at all remained in doubt. "Even in the Soviet Union there were elections. The level of freedom, though, depends on whom you ask."

Opposition Candidate Shot

MAKHACHKALA, Russia, Feb. 14 (Agence France-Presse) — A local legislative candidate was shot in the head Wednesday in the southern Russian region of Dagestan less than an hour after making a campaign speech on television here, a police spokeswoman said.

Eduard Khidirov, the head of the Dagestani branch of the nationalist party Patriots of Russia, was in serious condition, the spokeswoman said.

U.N. Commander In Kosovo Resigns After Demonstrators' Deaths (NYT)

By Nicholas Wood

The New York Times, February 15, 2007

LJUBLJANA, Slovenia, Feb. 14 — The commander of the United Nations police in Kosovo resigned Wednesday, days after violent clashes between the police and demonstrators left two protesters dead and another critically injured.

The commander, Stephen Curtis, a former British police officer, resigned under pressure from the mission's most senior official, Joachim Rücker.

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On Tuesday, autopsy reports showed that the two protesters, both men, had been killed by rubber-coated bullets. Television pictures of the demonstration on Saturday in the center of Pristina, the regional capital, showed members of a Romanian riot squad attached to the United Nations firing rubber bullets into the crowd. A third man remains in critical condition in a military hospital, United Nations officials said.

Mr. Rücker said the commissioner's resignation "would follow the principle of political accountability." He also appointed an international prosecutor to lead the investigation into the men's deaths.

The United Nations mission has come under substantial pressure to accept responsibility for the handling of the demonstration, which was held in protest of terms set out in a United Nations plan for Kosovo. In the plan, Kosovo is granted de facto statehood — an army, a constitution and a flag — but it would still be protected by NATO and overseen by the international community for the indefinite future.

Agim Ceku, prime minister of Kosovo's government, which is dominated by ethnic Albanians, has described the police measures as "excessive," and Interior Minister Fatmir Rexhepi resigned Monday, saying he felt morally responsible for the men's deaths, although the police officers implicated in the shooting were not under his command.

The shootings left many people in Kosovo shocked, and took place at a critical juncture.

The United Nations is planning to withdraw from the region by the end of summer and grant the province substantial self-rule, subject to approval by the Security Council. The mission first took over administration of the province in June 1999, after a 78-day NATO-led bombing campaign drove out the Serbian-dominated security forces who were accused of widespread atrocities against the ethnic Albanian population that forms the majority of Kosovo.

The plan benefits the Albanian majority, but a small number of Albanians complain that it gives too many rights to the Serb minority, and that the international authorities are trying to retain a hold over the province.

In a show of political unity, all main Serbian parties on Wednesday rejected the United Nations proposal, [a news agency] reported. In its first act since inconclusive elections on Jan. 21, Serbia's new Parliament overwhelmingly endorsed a resolution rejecting key aspects of the plan.

Vetevendosja, the group behind the demonstration on Saturday, has called for further protests next Monday.

Help Not Wanted (NYT)

By Moisés Naím

The New York Times, February 15, 2007

Washington

MY friend was visibly shaken. He had just learned that he had lost one of his clients to Chinese competitors. "It's amazing," he told me. "The Chinese have completely priced us out of the market. We can't compete with what they're able to offer."

There's nothing surprising about that, of course; manufacturing jobs are lost to China every day. But my friend is not in manufacturing. He works in foreign aid.

His story is about Nigeria's trains. The Nigerian government operates three railways, which are notoriously corrupt and inefficient. They are also falling apart. The World Bank — where my friend works — proposed a project based on the commonsense observation that there was no point in lending the Nigerians money without also tackling the corruption that had crippled the railways. After months of negotiation, the bank and Nigeria's government agreed on a $5 million project that would allow private companies to come in and help clean up the railways.

But just as the deal was about to be signed, the Chinese government offered Nigeria $9 billion to rebuild the entire rail network — no bids, no conditions and no need to reform. That was when my friend packed his suitcase and went to the airport.

It is not an isolated case. In recent years, wealthy nondemocratic regimes have begun to undermine development policy through their own activist aid programs. Call it rogue aid. It is development assistance that is nondemocratic in origin and nontransparent in practice, and its effect is typically to stifle real progress while hurting ordinary citizens.

China is actively backing such deals throughout Africa; its financing of roads, electrical plants, ports and the like boomed from $700 million in 2003 to nearly $3 billion for each of the past two years. Indeed, it is a worldwide strategy. Beijing has agreed to expand Indonesia's electrical grid in a matter of months. Too bad the deal calls for building several plants that use a highly polluting, coal-based Chinese technology. No international agency would have signed off on such an environmentally unfriendly deal.

In the Philippines, the Asian Development Bank, which lends money at low interest rates to poor countries, had agreed to finance Manila's new aqueduct. It, too, was suddenly told that its money was no longer needed. China was offering cheaper rates, faster approval and fewer questions.

What's behind this sudden Chinese drive to do good around the world? The three short answers are money, international politics and access to raw materials. China's central bank has the world's largest foreign exchange reserves, totaling $1.06

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trillion. Beijing is increasingly leveraging this cash to ensure its access to raw materials and to advance China's growing global influence. What better than a generous foreign-aid program to ensure the good will of a petro-power like Nigeria or a natural-resource-rich neighbor like Indonesia?

China is not the first country to make aid a tool in advancing its interests abroad. The Soviet Union and the United States spent decades giving development aid to dictators in exchange for their allegiance. Even today, American largess to Egypt and Pakistan is rooted in geopolitical calculation.

But beginning in the 1990s, foreign aid had begun to slowly improve. Scrutiny by the news media shamed many developed countries into curbing their bad practices. Today, the projects of organizations like the World Bank are meticulously inspected by watchdog groups. Although the system is far from perfect, it is certainly more transparent than it was when foreign aid routinely helped ruthless dictators stay in power.

Nor is China the only regime offering rogue aid. President Hugo Chávez has not been shy in using his nation's oil money to recruit allies abroad. Indeed, Venezuela's ambassador to Nicaragua, explaining his country's large aid packages in the region, bluntly announced, "We want to infect Latin America with our model."

Mr. Chávez's financial aid to Cuba far exceeds what the island used to get from Leonid Brezhnev during the heyday of Soviet communism, and it has dashed hopes for Cuba's opening as a result of Fidel Castro's demise and the island's bankruptcy. Because of Mr. Chávez's artificial lifeline, Cubans will be forced to wait even longer for the indispensable reforms that will bring their society opportunities for true prosperity and freedom.

Iranian aid to Hamas in Palestine and Hezbollah in Lebanon may have increased Iran's influence in the region, but it is damaging to the people in those countries for the same reason that Venezuelan aid hurts Cubans. The same can be said of Saudi Arabia's sponsorship, in countries like Pakistan, of religious schools that fail to equip students with the skills they need to get jobs.

One could argue that students are surely better off going to any school than being in the streets. But why should these be the only options? Why can't the Saudis finance education, the Chinese pay for railroads and electric grids, and the Venezuelans help Cuba's economy without also hurting poor Pakistanis, Nigerians and Cubans? Because the goal of these donors is not to help other countries develop. Rather, they seek to further their own national interests, advance an ideological agenda or even line their own pockets. Rogue aid providers couldn't care less about the long-term well-being of the population of the countries they aid.

States like China, Iran, Saudi Arabia and Venezuela have the cash and the will to reshape the world into a place very unlike the one where we want to live. By pushing their alternative development model, such states effectively price responsible aid programs out of the market exactly where they are needed most. In place of those programs, rogue donors offer to underwrite a world that is more corrupt, chaotic and authoritarian. That sort of aid is in no one's interest, except the rogues.

Africa's Last Best Chance (WSJ)

By Richard Holbrooke And Stuart Eizenstat

The Wall Street Journal, February 15, 2007

The long-stalled Doha round of trade talks recently had, in the words of WTO Director-General Pascal Lamy, a jolt of "new energy" after the recent meeting of key trade ministers in Davos. What is not clearly understood is that if a successful agreement is reached, it will be especially good news for Africa.

Failure, conversely, would have tragic consequences for the continent. It would lead the United States and the European Union to negotiate more bilateral free-trade agreements with key countries, but not with sub-Saharan Africa and other poor countries, which offer few attractive markets for developed countries' manufactured goods and services. Africa, which has seen its share of world trade shrink in recent years, would fall even further behind.

Developing countries felt that previous multilateral trade negotiations like the Kennedy round, the Tokyo round and the Uruguay round primarily benefited the highly developed nations. While they undertook costly obligations to protect developed countries' intellectual property and impose sanitary and phytosanitary standards, the developed countries did not significantly open their markets to the labor-intensive manufactured goods and agricultural products of developing countries.

For the Doha round launched in 2001, however, there is a development agenda. At its heart is agriculture -- a politically sensitive sector in the EU and the U.S. but the largest employer in low-income countries, accounting for about 60% of their labor force and 25% of their GDP. The World Bank estimates that these agricultural products face what former U.S. Trade Representative Robert Portman observed is a practically insurmountable global average tariff rate of 62%, and that 93% of the benefits from a successful Doha round would come from improved market access for developing nations' agricultural products.

Farmers represent less than 5% of the labor force in industrial countries, but they have very substantial political power in the U.S., EU and Japan. These political forces, especially in the EU, led to the eventual derailment of the Doha round last

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summer. But as the Doha talks take on new life, Congress and the Bush administration need to stay true to the commitments of the Doha Development Agenda, especially in agriculture.

Two weeks ago the administration proposed ending subsidies for 80,000 wealthy farmers, substituting trade-distorting subsidies with cash payments to farmers, and trimming traditional agriculture programs by $4.5 billion over the next decade. These proposals, if approved, would directly benefit some of the poorest people on earth, save lives and ultimately reduce American foreign aid, while helping Susan Schwab, the U.S trade representative, put wind in the sails of the ministers' pledge in Davos to restart serious talks.

The promise for developing countries, and particularly the poorest African nations, is huge. In particular, Africa stands to gain significantly if sensitive product exclusions do not disproportionately target key African exports. Peter Mandelson, the EU trade commissioner, pledged recently that Europe will significantly improve its previous tariff reduction offer; he needs to make good on that promise. But even the current U.S. and EU proposals on the table far surpass those offered in previous multilateral trade rounds and offer real gains for developing countries:

· WTO members have agreed to provide duty-free/quota-free market access to the least developed countries for at least 97% of their products.

· An agreement has been reached to end the direct EU and U.S. export subsidies by 2013 that have squeezed out the products of farmers in Africa, Asia and Latin America.

· Assistance will be given to help poor countries streamline their customs procedures to help with the red tape and corruption that historically impeded engagement in significant international trade.

Developing nations also must make serious commitments to complete the Doha round. A growing percentage of trade is between developing nations, with more than 70% of the duties paid by developing countries to other developing countries. This makes no sense.

The World Bank has found a significant increase in per capita income of developing countries that lower their own trade barriers, and concluded that totally eliminating global trade barriers could lift 300 to 500 million of the world's poor out of poverty -- growing their economies by $259 billion by 2015. Opening their trade arteries to manufactured goods and services is also important. It will help developing nations trade with each other, which is growing 50% faster than world trade overall, but where levels of protection on goods are four times higher than levels of protection in rich countries. Intraregional trade in Africa was only 5.3% of GDP in 2002, in part due to self-destructive trade barriers between African countries.

As trade ministers make an effort to reach a Doha deal, they should recognize that it is the poorest nations, particularly those in Africa, that would be the biggest losers if Doha collapses. We hope this will be understood by everyone, on a bipartisan basis, as this crucial negotiation heads into its final phase. For Africa, this may be the last best chance.

Mr. Holbrooke is a former U.S. ambassador to the U.N. and vice chairman of Perseus, LLC. Mr. Eizenstat held several senior positions in the Clinton administration, including U.S. ambassador to the EU, and heads the international practice at Covington & Burling, LLP.

'Competitive Cooperation' (WSJ)

By Edward C. Prescott

The Wall Street Journal, February 15, 2007

Of all the thankless jobs that economists set for themselves when it comes to educating people about economics, the notion that society is better off if some industries are allowed to wither, their workers lose their jobs, and investors lose their capital -- all in the name of the greater glory of globalization -- surely ranks near the top. This is counterintuitive to many people (politicians among them), because they view it the government's economic responsibility to protect U.S. industry, employment and wealth against the forces of foreign competition. If the government has any economic role at all, surely this must be it.

Actually, no. Government has a higher calling in this country (and others like the United States), which is to provide the opportunity for people to seek their livelihood on their own terms, in open international markets, with as little interference from government as possible. That doesn't mean we shouldn't provide short-term social insurance policies to aid those displaced by foreign competition, but the purpose of that aid should be to prepare workers, not protect them.

Also, just because a country is open to international competition doesn't mean that it won't meddle in international markets. Complexities (and hypocrisies) abound when countries establish international trade agreements. In this regard, the U.S. and its free-trade friends are deserving of no small amount of shame. But broadly speaking -- and these broad operating principles matter -- those countries that open their borders to international competition are those countries with the highest per capita income.

This is more than mere correlation. Competitive openness is the key to bringing developing nations up to the standard of living enjoyed by citizens of wealthier countries. I am not speaking here of those countries faced with extreme poverty amid the

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ills of war, civil unrest, disease and famine. Those are countries with big problems and special needs, beyond the bounds of much economic theory. But I am talking about the majority of the world's population, who reside in countries with the opportunity for growth but who are stifled by protectionist policies and anti-competitive institutions.

Let's review some historical facts. With the signing of the Treaty of Rome in 1957, France, Italy, Belgium, West Germany, Luxembourg and the Netherlands formed what would eventually become the European Union. For six decades prior to the treaty, those countries were about 55% as productive as the U.S. But over the following 25 years, those countries essentially caught up to the U.S. in terms of productivity.

When that historic economic treaty was signed, three countries were roughly on par with those original six -- Denmark, Ireland and the United Kingdom. However, a funny thing happened in subsequent years -- those three countries started falling behind their former peers. So in 1973 they joined the original group and their economic fortunes improved. It took time, but the U.K. now is as productive as Germany.

The story continues in the 1980s, when Spain, Portugal and Greece joined the club. Spain has essentially caught up with the pack, and Portugal and Greece have narrowed the gap. By 1995, Austria, Sweden and Finland joined and have shown improvement relative to the group, after having fallen behind prior to signing. How about the 10 countries that joined in 2004? It's still early, but signs of positive movement are already apparent.

How to explain this phenomenon? The answer lies predominantly with competition -- aided by an attendant drop in transportation costs -- that industries had to face from their new member states. With regard to Europe, it is useful to consider the example of the U.S., which, from its early days, created wealth from the healthy competition among businesses and industries in its member states. This competitive cooperation was not a foregone conclusion during this country's formation, but its establishment has left an institutional legacy that has guaranteed the increasing standards of living that we all now enjoy.

This same competitive cooperation has been firing the economic engine of Europe for 50 years, when those first six countries took the historic step of uniting their economic fortunes. And there is other evidence throughout the world for the benefit of international openness. Like the U.S., Australia is also a tale of competition among member states; in addition, Australia had to reform once the U.K. joined the EU. The five wealthy countries of Eastern Asia -- Taiwan, Singapore, Japan, South Korea and Hong Kong -- were not so well off just a few decades ago, but their subsequent commitment to export markets and international competition put them on an upward trajectory that has improved the lives of millions of people.

And what of Latin America? Unfortunately, the region provides a case study in the perils of protectionism. Recent research by my Minneapolis Fed colleagues, Lee Ohanian and Jim Schmitz, and two co-authors, shows that from 1950 to 2001, per capita GDP for Europe increased 68% relative to the U.S.; Asia increased by 244%, while Latin America decreased by 21%. This is all the more striking when we realize that Latin America's per capita GDP actually exceeded Asia's by 75% in 1950.

The authors provide much evidence to support their claim that competitive barriers are to blame for Latin America's retarded growth. But there is hope. Microlevel examples of industries that have opened to foreign competition -- the Chilean copper industry and Brazilian iron ore industry, for example -- reveal that Latin American producers can match the high productivity levels of their Western counterparts.

Of course, many other factors account for marginal differences in productivity and wealth among countries that are already wealthy -- tax rates being key among those factors -- but they are comparative "frosting on the cake," and the cake in this case is the institutional commitment to international competition. The day when Latin American countries have joined the ranks of wealthy countries and are competing on the basis of marginal tax rates will be a happy day, indeed.

Protectionism is seductive, but countries that succumb to its allure will soon have their economic hearts broken. Conversely, countries that commit to competitive borders will ensure a brighter economic future for their citizens. This lesson should not be lost on the U.S., the paragon of competitive growth, where politicians and policy makers are contemplating whether to construct more protective barriers. It is openness that gives people the opportunity to use their entrepreneurial talents to create social surplus, rather than using those talents to protect what they already have (or to protect rents, as economists like to say). Social surplus begets a rising standard of living, which begets growth, which begets social surplus, and so on. Rent protection stops growth cold and keeps people poor.

People in all countries are motivated to improve their condition, and all countries have their share of talented risk-takers, but without the promise that a competitive system brings, that motivation and those talents will only lie dormant. The 50th anniversary of the Treaty of Rome is a good time to reflect on the benefits that competitive cooperation can bring to people. Here's hoping that more citizens of the world will reap similar benefits over the next 50 years and beyond.

Mr. Prescott is senior monetary adviser at the Federal Reserve Bank of Minneapolis and professor of economics at the W.P. Carey School of Business, Arizona State University. He is a winner of the 2004 Nobel Prize in Economics.

Freedom And Labor (WSJ)

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The Wall Street Journal, February 15, 2007

Europe just got its best jobless report in a very long time. The bad news: In a decade when record numbers of people found work in the rich world, Europe's best is an unemployment rate of 7.5%, significantly higher than America's 4.6% or that of any other developed economy.

The Old World offers a useful model of what not to do. Its largest economies -- Germany, France and Italy -- have shunned a policy mix that has enabled English-speaking and Nordic countries to reduce their jobless rolls. In its annual "Going for Growth" report released Tuesday, the OECD argues that deregulated labor and other markets are the best route to full employment. That's hardly man-bites-dog news, but the study draws on a decade's worth of empirical data to make the case.

Before a French politician gets upset, let's be clear that no one's calling for an end to the welfare state. The OECD study shows that a social safety net can coexist with strong growth and low unemployment, notwithstanding other social and economic costs. But the kind of safety net matters.

Look at the welfare-besotted Nordics, in particular Denmark, which has recently found tough love. Its "flexisecurity" system combines generous jobless benefits, strong incentives to get new work fast and lenient hiring and firing rules. This encourages Danish employers to create jobs and pushes beneficiaries back into the work pool. The result: Unemployment fell to 4.8% in 2005 from 8% in 1994 (see nearby chart).

Rigid job protection laws have the perverse effect of keeping people out of work. Germany and France are generous with benefits, lax about getting the unemployed off the dole and inflexible on hiring and firing. Such laws discourage companies from hiring and they discriminate against the jobless by raising the bar to enter the workforce; women and minorities are disproportionately hit.

In France, the overall jobless rate is a still high 8.5% today, down from 12.3% in 1994. But the youth jobless rate is three times higher. Even after its poor minority young rioted in late 2005, France did nothing to make it easier for these kids to get jobs. Unemployment in Germany rose to 10.3% in 2005, from 8.4% in 1994. After Berlin tightened eligibility rules for unemployment insurance on the margins, without touching hiring and firing rules, the rate has since gone down -- marginally -- to 9.5%. That's still a long way from Denmark or the U.S.

As the OECD study shows, countries with low jobless rates not only have the most open labor markets but also the freest product markets. These are, in descending order, the U.S., Britain, Australia, Canada, New Zealand and Denmark. Except for the U.S., all these countries abandoned statist policies and opened up their economies in the past decade or two. The result: more growth and jobs. By the way, half the one-percentage-point decrease in euro-zone unemployment in the past decade comes from Spain, where market reforms got the jobless rate down to 8.5% today from 24% in 1994.

The OECD report also points out the often-overlooked benefits of deregulation to job creation. Freer competition in product and service markets reduces prices. That in turn relaxes wage demands and lets companies hire more workers. Financial deregulation, for example, tends to bring down interest rates, enabling companies to expand. In this virtuous circle, it's then theoretically easier to fix bad labor laws in a growing economy.

New governments in Italy and Germany and a soon-to-be new president in France have a chance to catch up with other developed economies on getting their citizens into jobs. The recipe isn't complicated: Reduce taxes to reduce wage costs, tighten rules on government benefits, loosen up employment protection laws. Come to think of it, the new majority in the U.S. Congress could stand to read the OECD report, too.

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In observance of the federal Presidents Day holiday, the Attorney General's News Briefing and Department of Justice News Clips will not be published on Monday, February 19. News from the holiday will be included in your Tuesday, February 20, briefing and clips.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Presidents Day holiday, the Department of Justice News Clips will not be published on Monday, February 19.

Spain Bitterly Divided As Terror Trial Begins In '04 Train Bombings (WP)

By John Ward Anderson And Pamela Rolfe

The Washington Post, February 16, 2007

MADRID, Feb. 15 -- Twenty-nine suspects went on trial Thursday for the March 11, 2004, bombings of four commuter trains in Madrid, but Spain's political parties and news media have turned the investigation of the attack into a partisan battle, fraying the country's traditional solidarity against terrorism and leaving Spaniards bitterly divided over who launched the attack and why.

The strongest evidence collected by investigators suggests that the bombings -- which killed 191 people and injured 1,824 in the worst terrorist attack ever carried out in continental Europe -- were the work of Islamic radicals inspired by al-Qaeda, principally in retaliation for the stationing of Spanish troops in Iraq.

But leaders of the conservative Popular Party continue to assert that the Basque separatist movement known as ETA had a central role in the bombings. Some independent terrorism experts accuse the Popular Party -- in power at the time of the attack and voted out of office in national elections three days later -- of spinning conspiracy theories to escape blame for the bombings and redeem itself with the public.

"The main success of the bombing was to introduce a deeply rooted division in the country, socially and politically, which is amazing in a country that had a history of being united against terror before March 11," said Fernando Reinares, an international terrorism expert at Madrid's Elcano Royal Institute. "After March 11, Spain started a blame game that is unending."

Some of the confusion over who committed the attack, and why, should be resolved during the trial, which began Thursday in a special high-security courthouse outside Madrid. The proceedings are expected to last until July, with more than 600 witnesses scheduled to take the stand. A verdict could come in October.

Reinares said he fears that the trial, rather than leading to national healing and catharsis, will deepen political rifts and further fray the long-standing Spanish consensus on fighting terrorism, forged during the nearly four-decade battle against ETA.

"We feel used" by political parties and the news media, said David Abad Quijada, an activist with an organization that helps victims of the bombings and their families, and whose 31-year-old sister was killed in the attack. The bombing investigation and trial have become "totally political," he said, adding, "It's been a disaster."

"I want a trial that does not take into account political or personal interests," he said. "I do not want it to be an example of a trial turned into a circus."

The Madrid bombings, the deadliest terrorist strike since the Sept. 11, 2001, attacks in New York and Washington, underscored Europeans' own vulnerability to attacks by Islamic extremists and prompted a tightening of laws, border controls and security coordination across the European Union.

The bombings became politically charged almost immediately. On the day of the blasts, the government of Prime Minister JosÃ© MarÃ-a Aznar said ETA was the prime suspect and repeated that assertion even as evidence mounted that Islamic extremists had carried out the attack.

When Spaniards went to the polls three days later, political analysts say, they voted against the Popular Party government not so much for pursuing policies that might have led to the attack -- such as sending Spanish troops to support the U.S. invasion of Iraq -- as for seemingly trying to cover up the role of Islamic extremists. Aznar's successor, Prime Minister JosÃ© Luis RodrÃ-guez Zapatero of the Socialist Workers' Party, pulled Spanish troops out of Iraq soon after taking office, and today Popular Party leaders accuse the Socialists of ignoring key evidence pointing to ETA involvement.

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The right-wing El Mundo newspaper, in particular, has conducted aggressive investigations fueling charges of coverups and evidence-tampering that the newspaper's editorial page said showed "intentional deceit" by government investigators. Surveys show that as many as a third of Spaniards believe ETA played a role in the bombings.

"We shouldn't rule them out," said Gustavo de Aristegui, the Popular Party's chief foreign policy spokesman in parliament, noting that some of the Spanish defendants who allegedly supplied explosives for the March 11 attacks had ties to ETA. But many of the attackers, he said, clearly were Islamic extremists trying to oust the Popular Party from power and wanted to send a signal to the rest of the world: "Submit or else."

Diego LÃ³pez Garrido, a Socialist party spokesman in Congress, said the Popular Party's insistence on an ETA connection was part of a "political line based on a theory that the bombing attack was meant to overthrow the former government, and so the Socialist government has a lack of legitimacy." Continuing to blame ETA was "a political strategy" not based on the facts, he said.

Some critics of the government have suggested that Zapatero's effort to negotiate a peace settlement with ETA was a political payoff. Those negotiations collapsed in December after a bomb, blamed on ETA, exploded at Madrid's airport, killing two people.

"There is no evidence pointing to ETA involvement in March 11 -- all we have is speculation and conspiracy theories," said Reinares, who used to advise Zapatero's Interior Ministry on counterterrorism. He said the March 11 investigation found that al-Qaeda leaders selected the targets and that "individuals connected to the al-Qaeda core" were involved in picking the date of the attack after a statement by Osama bin Laden was aired on al-Jazeera television in October 2003.

But much of the evidence is being ignored, Reinares said. At a time when Spain needs to revamp its security agencies and strengthen its policies for fighting al-Qaeda at home and abroad, he said, "the last thing we need is a lack of consensus on the matter."

A three-judge panel is hearing the case, based on a three-year investigation and a 1,471-page indictment issued by Judge Juan del Olmo last April. Twenty of the defendants are Arabs, mostly from Morocco, and nine are Spaniards, including one woman.

The seven main defendants are charged with murder and belonging to a terrorist group. They face hypothetical sentences of about 38,000 years if convicted, although under Spanish law the maximum prison term is 40 years. There is no death penalty in Spain.

Three are identified as organizers of the plot: Youssef Belhadj, 30, and Hassan el-Haski, 43, both of Morocco, and Rabei Osman Sayed Ahmed, 35, of Egypt. Three are accused of planting bombs: Jamal Zougam, 33, and Abdelmajid Bouchar, 24, both of Morocco, and Basel Ghalyoun, 26, of Syria. A Spaniard, JosÃ© Emilio SuÃ¡rez Trashorras, 30, is charged with supplying some of the explosives used in the attack, which he allegedly stole from a mine in northern Spain.

The remaining suspects face sentences of between four and 27 years on various charges, including collaborating with terrorists and trafficking in explosives. Seven other key suspects, who police believe were top operational and planning leaders, blew themselves up three weeks after the attack in an apartment outside Madrid when police tried to arrest them. Another suspect is believed to have died in a suicide attack in Iraq.

The only person to testify Thursday was the defendant Ahmed, also known as Mohamed the Egyptian, who was arrested in Milan three months after the Madrid bombings. Italian courts sentenced him last year to 10 years in prison for ties to terrorism. In secret police recordings in Italy, he reportedly told associates he was one of the planners of the Madrid attack.

On Thursday, after initially refusing to speak, Ahmed denied having "any ties with al-Qaeda or any other Islamic group."

"Obviously, I condemn these attacks emphatically and completely," he told the court. "Never, never have I had any relation whatsoever with these events in Madrid."

Was Jose Padilla Tortured By US Military? (CSM)

By Warren Richey

The Christian Science Monitor, February 16, 2007

MIAMI

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When suspected Al Qaeda operative Jose Padilla was taken into military custody in 2002, his interrogators set out to crush any hope he might have that a neutral judge or a defense lawyer would come to his aid.

It is difficult to convince a US citizen that legal protections guaranteed in the Constitution no longer exist for him. But that was the mission of US military interrogators ordered to extract as much intelligence as possible from Mr. Padilla.

"Only after such time as Padilla has perceived that help is not on the way can the United States reasonably expect to obtain all possible intelligence information from Padilla," explained Vice Adm. Lowell Jacoby in an affidavit to an inquiring federal judge.

The statement was made seven months into what became 21 months of strict isolation in a military brig without access to a lawyer or any other human contact besides Padilla's jailers and interrogators.

Now, Padilla is facing an April trial in federal court here on charges that he became a willing Al Qaeda recruit in a violent global jihad. But his lawyers complain that Padilla's harsh treatment during nearly four years of military detention and interrogation has left him so psychologically damaged that he is unable to help wage his own defense.

US District Judge Marcia Cooke is being asked to decide whether Padilla is mentally competent to stand trial.

In a hearing before Judge Cooke Friday, federal prosecutors are expected to urge the judge to ignore everything that took place during Padilla's military detention. They say his harsh treatment is irrelevant to whether he is mentally competent to stand trial.

Padilla's lawyers disagree. They say their client was tortured by the military and they are asking the judge to order the government to fully account for its treatment of Padilla.

"Mr. Padilla is suffering from mental defects stemming from his incarceration in the naval brig," writes Anthony Natale, an assistant federal public defender, in a brief to the court. "The effects of that incarceration ... have left Mr. Padilla in such a psychologically frail posture that he cannot bear to revisit his past and, hence, cannot assist counsel in defending him against the government's allegations."

Mr. Natale adds, "It is the government that is squarely to blame for his current mental state and his concomitant inability to assist counsel."

Federal prosecutors deny that Padilla was subject to torture or any other mistreatment while in military custody, and they point to a recent report by a Bureau of Prisons psychiatrist that finds Padilla is competent to stand trial.

The key issue, according to the government, is Padilla's present mental functioning. Since he is mentally competent today, there is no need to investigate his past treatment by the military, prosecutors say.

The issue of the scope of the judge's inquiry into Padilla's mental condition is important because it could open the door to the first detailed examination of torture allegations made by an alleged enemy combatant.

Was he tortured? Was he subjected to stress positions and forced hypothermia? Was he administered mind-altering drugs?

Defense lawyers alleged each of these abuses and more in a motion pending before Cooke to dismiss the entire case against Padilla because the government engaged in outrageous conduct during his military detention.

"What you have here is a battle of conflicting theories about the entire case," says Stephen Vladeck, a professor at the University of Miami Law School.

Federal prosecutors are trying to restrict the scope of any competency hearing. The difficulty from the government's perspective, analysts say, is that even if Cooke eventually rules Padilla is competent to stand trial, there is no guarantee that she might not also dismiss the case because of facts uncovered during a wide-ranging inquiry into Padilla's earlier treatment by the military.

"There is every reason to believe that the defense will improperly seek to use a competency hearing as a vehicle to engage the court in detailed fact-finding about the alleged conditions of Padilla's detention," writes Assistant US Attorney John Shipley in a brief to Cooke. "There is no reason for the court to head down that path."

But the government itself headed down that path when its psychiatrist contacted individuals and reviewed reports dating to Padilla's military detention.

Padilla's lawyers want the same access in part so they can cross-examine the government's psychiatrist in a competency hearing set for next week.

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Defense lawyers say the government's competency report suggests its psychiatrists were misled about the conditions of Padilla's confinement in the naval brig. And they want Cooke to find out what happened during a mysterious 72-hour gap in recordings of Padilla interrogations.

The lawyers say Padilla was subject to 24-hour video surveillance during his entire military detention – except for 72 hours of missing tape. "What could have been done to Mr. Padilla in those seventy-two, or so, hours that the government turned off the camera when for almost four years every one of Mr. Padilla's bowel movements were videotaped?" asks Natale in his brief.

HOMELAND RESPONSE:

C.I.A. Veteran Races Time To Rescue Fledgling Agency (NYT)

By Eric Lipton

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — A born contrarian, Charles E. Allen has spent an intelligence career immersed in wars, alarms and debacles, often seeing the world differently from his colleagues.

A Washington legend who is variously viewed as brilliant or weird, a nuisance or a Cassandra, a courtly Southern gentleman or an irascible workaholic, Mr. Allen is again looking at things from another perspective.

Over the last 17 months, Mr. Allen, 71, has taken on his latest difficult assignment — a job that virtually no one else wanted, to rescue a fledging intelligence operation that gets little respect and assumes a role doubters say is not even necessary.

Instead of retiring after a half-century at the Central Intelligence Agency, where he helped assess threats overseas, Mr. Allen now leads the intelligence unit at the Department of Homeland Security, which is trying to predict where terrorists might strike inside the United States.

In his effort to build a credible operation, Mr. Allen has muscled his way into meetings of the nation's top spy agency chiefs, claimed ground that the Federal Bureau of Investigation and the C.I.A. had already carved up, defended his efforts before Congress and forced rivals to make room — sometimes literally — for his department.

"The dirty four-letter word in government is spelled 'turf,' " said Representative Jane Harman, a California Democrat and the new chairwoman of the House subcommittee that oversees Homeland Security intelligence operations. "Nobody wanted interference from this newbie agency."

Beyond the outside frictions, Mr. Allen has plenty of problems from within.

The Department of Homeland Security has thousands of Border Patrol guards, airport screeners and Coast Guard officers who might identify possible terrorist threats, but Mr. Allen has met resistance from some of their leaders, over whom he has little direct authority.

And though he is working 15-hour days and his weary face is criss-crossed with creases, he knows he is short on time to improve counterterrorism efforts at a department long ridiculed for its color-coded terror alerts and advice that Americans arm themselves with duct tape.

"This is an extraordinarily challenging task because of the depth, breadth and the difficult elements involved," Mr. Allen said in a recent interview. "I am impatient. We need to drive this a lot harder."

Mr. Allen has unusual bipartisan support in Congress, but even some lawmakers who admire him are frustrated at the pace of progress at Homeland Security.

"We have been in this business for four years now," said Representative Bennie Thompson, Democrat of Mississippi, the chairman of the House Homeland Security Committee. "We should be a lot farther down the road."

And as he begins to make progress — sifting through data collected on Americans and foreign visitors by Homeland Security or local and state authorities — his labor is causing unease among civil libertarians who consider it domestic spying.

"They call it a 'seamless national intelligence system' " said John Reinstein, legal director at the American Civil Liberities Union in Massachusetts. "I call it a reason to be very concerned."

Some of Mr. Allen's friends believe his task is almost hopeless. "What we're doing is essentially setting a great man up for failure," said John Gannon, a former C.I.A. deputy director of intelligence.

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Mr. Allen is undeterred. He is again "breaking heads" and holding "Come to Jesus meetings" — his own description of his management style — and barking out demands to his staff.

"The country is at risk," he said. "It is a darker world."

The predawn telephone call is still seared into Mr. Allen's memory: it was Oct. 6,1973, at 3 a.m., and Golda Meir, the Israeli prime minister, had just told the White House that within hours her nation would be attacked by Syrian and Egyptian forces, which had been conducting drills along its borders.

The night before, Mr. Allen had approved the president's daily intelligence briefing, assuring President Richard M. Nixon that the military exercises were just a bluff.

"It takes the Israelis 48 hours to mobilize," he said, still wincing today over the consequences of his disastrously bad call. "There was nothing they could do."

From that day forward, Mr. Allen, who joined the C.I.A. immediately after graduating from the University of North Carolina, lived by new standards.

"Don't listen too much to what others are telling you," Mr. Allen said. "Constantly re-examine your assumptions."

Mr. Allen pushed himself and those around him to go deeper for information; Mr. Gannon calls him a "pile driver." Colleagues and bosses were often unwilling to accept his conclusions. But over the decades, Mr. Allen, whose C.I.A. posts included assistant director for collection and national intelligence officer for warning, compiled a remarkable record.

In the mid 1980s, he was the first to warn his C.I.A. superiors that a Marine officer named Oliver North appeared to be orchestrating a scheme in which profits from American weapons sales to Iran went to rebels fighting the government of Nicaragua.

In late July 1990, he warned that Iraq would invade Kuwait within days. Iraqi tanks rolled into Kuwait on Aug. 2.

After Al Qaeda's bombing of American embassies in East Africa, Mr. Allen pressed his superiors in 2000 and 2001 to send drones over Afghanistan to look for Osama bin Laden and his followers, a request that was delayed by disputes over financing. The 9/11 Commission, calling him the "indefatigable Charlie Allen," cited the missed opportunity.

And before the United States invaded Iraq in 2003, Mr. Allen led an effort to collect interviews of families of Iraqi scientists to ask about the country's secret weapons programs. The families said the programs had been halted, but Mr. Allen's bosses and the White House rejected that view.

Mr. Allen's critics label him a doomsayer, saying that his contrarian advice and strident warnings became so frequent that some at the C.I.A tuned him out.

But the critics are outnumbered by supporters of Mr. Allen. "Charlie is a national asset," said Paul Redmond, a former C.I.A. director of counterintelligence who briefly served as Homeland Security's intelligence chief. "He is not afraid to say, that's a bunch of nonsense."

When Homeland Security was created in 2003, its leaders could not even get the money or authorization for adequate office space.

From the start, the agency was pushed out of the leading role in assembling and tracking information on terror threats in the United States. With the blessing of the Bush administration, the C.I.A. and the F.B.I. in 2003 opened what is now known as the National Counterterrorism Center to do that job.

When Mr. Allen arrived at Homeland Security in 2005, he leaned on his intelligence contacts. Now his agency has a seat at the table when the six other leaders of the nation's top intelligence agencies meet with the director of national intelligence.

Mr. Allen recently checked out new office space at the National Counterterrorism Center in Northern Virginia, where his agency will soon take command of a new unit in charge of distributing information about terror threats to local and state officials, the private sector and other federal agencies.

He has also stepped up training for analysts at Homeland Security's six agencies with intelligence staffs, and begun recruiting at colleges.

He has installed analysts at a dozen so-called fusion centers set up by state and local police departments to coordinate reports of possible terror threats, and hopes to have his staff at all 35 centers nationwide by the end of next year. He has started units to look into homegrown terror threats and border security.

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To avoid civil liberties complaints, the teams are trained, he said, to ensure they collect information on Americans only if there is “reasonable suspicion” they represent a threat.

Building this network has required diplomacy. While visiting state and city police officers and chatting with members of Congress, he tries to convince them that Homeland Security has something to add, and is not simply creating another layer of bureaucracy.

“There are plenty of lanes to work in,” Mr. Allen frequently says. “And our lanes in the road I think are getting very well defined.”

Some local officials cite improvements. First Sgt. Lee Miller of the Virginia State Police said that when incidents occurred that might have a potential terror connection, his staff got answers faster than before.

But widespread skepticism about Mr. Allen’s operation remains.

Mr. Allen has had such a hard time recruiting a staff, nearly two-thirds of his analysts are contractors. Homeland Security’s own agencies — particularly Customs and Border Protection, and Immigration and Customs Enforcement — still often fail to share potentially important tips with other federal players, a failure that Mr. Allen says earned him a rebuke from John D. Negroponte, then the director of national intelligence.

“It’s your second year, Charlie,” he recalled being told. “You better do a better job.”

Some local agencies echo that concern.

“Information doesn’t get to me because they don’t believe I have a need to know,” Acting Police Chief Cathy L. Lanier of Washington said during a Senate hearing last month.

Richard A. Falkenrath, deputy commissioner for counterterrorism at the New York City Police Department, said that his department had a more valuable partnership with the F.B.I., which can not only warn of terror threats, but can also investigate and help prosecute them. The F.B.I. has about 100 counter-terrorism offices around the country.

Given the enormousness of the work ahead, Mr. Allen said he realized he would not complete the job. But during a recent late-afternoon interview in which his eyes seemed frequently almost to close, he said: “Right now, I’ll continue. There is much ahead.”

New Threat: Agro-Terrorism (CBS)

CBS News, February 16, 2007

Some Experts Warn That America's Food Chain Could Be An Inviting Target

(CBS) Nearly 300 people were sick before the current salmonella outbreak could be tracked to a peanut butter processor in Georgia, CBS News correspondent Bob Orr reports. Two hundred others were ill and three people had died by the time scientists traced last fall's E. coli contamination to California spinach.

Both accidental outbreaks underscore a frightening reality: Once a poison or bio-agent infects America's food chain, it's hard to detect — and even harder to stop making the U.S. food supply an inviting target for terrorists.

"This is the new fight, the battleground since 9/11," says John Perren, who runs the FBI office handing weapons of mass destruction.

Perren says so-called "agro-terrorism" is a real threat from "farm to fork."

"The food chain, the agriculture system, is very large. Therefore we have vulnerabilities. We consider that a soft target," Perren says.

While terrorists have not made a move against U.S. agriculture, bio-weapons researcher Jerry Jaxx says it would be easy to taint the food supply or damage America's $2 trillion farm economy.

"Certainly, these are risks that are very, very real," says Jaxx.

The most worrisome agro-weapon is "foot and mouth," a highly contagious disease that doesn't hurt people — but ravages livestock.

It was wiped out in the U.S. 80 years ago, but it remains a threat in much of the world. In 2001, 4 million infected animals in the United Kingdom had to be slaughtered and burned.

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Food experts warn a single outbreak of foot and mouth disease in the U.S., whether triggered by an accident or a terrorist, could cause much greater damage. Millions of cattle would have to be destroyed, and economic losses could run into the tens of billions of dollars.

The foot and mouth virus could be easily carried to the United States from an infected area by a tourist or a terrorist. Experts say reporting on this vulnerability — and other food-related risks — does not help terror groups. They already have the information.

Scientists are fighting back. CBS News got an exclusive look at a first-of-its- kind, yet-to-be-opened Agriculture Biosecurity Center at Kansas State University. Investigators there will work to identify emerging bio-threats, handling some of the most lethal pathogens, from E. coli to anthrax to foot and mouth.

"If we were to have some sort of an outbreak, we have a place to really deal with the science involved in trying to figure out how best to respond," Jaxx says.

The research will improve defenses against both deliberate and accidental contamination. Biologist Doug Powell says consumers should not overly worry about food-related threats.

"Agro-terrorism is always there. It's like food-borne illness in a way, in that you don't really know where it's going to come from next, so your best prevention is constant vigilance," Powell says.

An awareness that America's food supply, while the safest in the world, will never be completely free from risk.

FEDERAL DIARY: Effort To Give TSA Screeners Union Rights Advances (WP)

By Stephen Barr

Washington Post, February 16, 2007

It was a good day for unions.

A Senate committee yesterday approved a measure that would give collective-bargaining rights to about 43,000 airport screeners at the Transportation Security Administration. The committee's action followed House approval of similar legislation last month.

If the Senate goes along with the committee's decision, the issue of union rights for TSA screeners is likely to provoke a rare clash with the White House over federal workplace rules. After the House vote, the Bush administration vowed to oppose the legislation.

The American Federation of Government Employees, which has pushed hard to bring TSA screeners into the union fold, praised the committee's decision and predicted the measure would improve working conditions for screeners.

"It is good news," said John Gage, the union president. AFGE plans to bring about 800 members to Washington near the end of this month to lobby Congress on behalf of the screeners, he said. "We have some work to do with the Republican side of the aisle, and I think we will be successful."

Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security and Governmental Affairs Committee, proposed the union-rights amendment to the Senate bill that would implement unfinished recommendations of the Sept. 11 commission. He prevailed on a party-line vote of 9 to 8.

As part of the response to the 2001 terrorist attacks, Congress created the TSA to take charge of passenger and baggage screening at the nation's airports. It also provided the head of the TSA with leeway to set personnel rules and ban unions.

The TSA later merged into the Department of Homeland Security, where unions filed suit to stop proposed curbs to bargaining rights.

But Lieberman said "personnel management has been troubled at TSA" and concluded that "it is time to give TSA screeners parity with other security officers within TSA and DHS in terms of their employment rights and protections."

Sen. Tom Coburn (R-Okla.), a committee member, spoke against Lieberman's amendment. He said there have not been sufficient hearings on unionization of TSA workers, that the 9/11 Commission Report did not recommend it, and that allowing unions at the TSA would strip the agency of its ability to quickly deploy employees to respond to terrorist threats.

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But AFGE had lobbied senators before the vote, contending that current law permits agencies to take whatever personnel actions they deem necessary to respond to emergencies. The union stressed that other law enforcement bureaus in Homeland Security, such as Border Patrol and Customs and Border Protection, permit their employees to be represented by unions.

"Denying these people rights that everyone else has in Homeland Security is not based on any rational reason," said Gage, who brought a TSA screener from New Haven, Conn., this week to meet with Lieberman and explain why screeners should be able to join unions.

TSA officials said steps have been taken to ensure that security screeners can share their views with agency management. An employee advisory council brings in screeners from around the country to offer advice on compensation and other issues, and the TSA is rolling out a model workplace program to airports to teach employees and managers how to collaborate and resolve workplace issues, the officials said.

"This is our way to get our employees heard and let them have a voice and a seat at the table," said Gale Rossides, an associate administrator at the TSA.

The agency recently completed its first year under a pay-for-performance system that was designed with feedback from more than 4,000 employees, "telling us what was important," Rossides said.

Turnover at the TSA is declining and compares favorably with the transportation and utilities industries, Rossides said. In fiscal 2006, the TSA's attrition rate was 16.5 percent, while turnover was 19.6 percent in transportation-utilities sector, she said.

"We are continuing to focus to drive that number down," Rossides added.Talk Shows

Steven L. Katz, a former Senate committee counsel and a former federal agency executive, will be the guest on "FedTalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

John Salamone, executive director of the Chief Human Capital Officers Council at the Office of Personnel Management, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK radio (106.7 FM).

9/11 Bill Boosts TSA Union Rights (WT)

By Shaun Waterman

The Washington Times, February 16, 2007

The Senate version of legislation implementing the remaining recommendations of the September 11 commission, like its House counterpart passed earlier this year, has a provision expanding union rights for airport security screeners.

The bill, which was marked up and reported out yesterday by the Senate Homeland Security and Governmental Affairs Committee, also mandates a pilot project that would allow new secure driver's licenses to be used instead of passports at the Canadian border. However, it does not contain some of the more radical cargo and port security measures in the House version.

Language added to the bill in an amendment proposed by committee Chairman Sen. Joe Lieberman, Connecticut independent, repeals a footnote in the 2001 law setting up the Transportation Security Administration. The footnote gave the agency's director wide discretion to decide issues of union and other labor rights for the thousands of passenger and baggage screeners it employs.

The amendment passed on a party-line vote, and the entire bill -- the Improving America's Security Act -- was approved by the committee unanimously.

Charity Wilson, a congressional lobbyist for the American Federation of Government Employees, said the labor rights language, if passed into law, would ensure that TSA screeners had the same collective bargaining, union rights and whistleblower protections as other civil servants.

The TSA "will no longer be able to pick and choose which labor laws apply to its workers," said Miss Wilson, and the screeners would be entitled to unionize like other federal employees.

She added it was "no coincidence" that TSA screeners, effectively denied union representation for more than five years, have one of the highest rates of complaints about workplace discrimination of any federal workers, an attrition rate more than 10 times that of the U.S. government as a whole and one of the highest injury rates of any job classification tracked by the federal Occupational Safety and Health Administration.

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An amendment proposed by Sen. Norm Coleman, Minnesota Republican, mandates that the Department of Homeland Security set up a pilot program with at least one state under which machine-readable, tamper-proof driver's licenses could be used at the Canadian border instead of a U.S. passport or special passport card when more secure documents become required at all U.S. borders under the Western Hemisphere Travel Initiative.

That initiative, mandated by Congress in 2004, requires the government to move toward requiring passports or other secure documents establishing identity and citizenship from Americans re-entering the country. Language in last year's homeland security appropriations law postponed the introduction of the initiative until 2009 and required officials to pass a series of benchmarks and certifications before it could be implemented. Mr. Coleman's amendment adds to the list of things officials are required to have completed before they can implement the initiative.

Coleman spokesman LeRoy Coleman said the senator thinks that new security improvements in driver's licenses "present an opportunity to explore their possible use to meet the requirements of [the initiative]."

Freedom From Fear (NYT)

By Guy Nordenson

New York Times, February 16, 2007

THERE is still time to take the fear out of the Freedom Tower. Despite reports that Gov. Eliot Spitzer has now decided to back the project, the fact is that with a little time it is still possible to rethink the tower and make it both secure and welcoming without setting back the overall ground zero construction schedule.

The current design, which was unveiled in 2006, was created under pressure from former Gov. George Pataki, who tied his presidential ambitions to its swift completion. In this plan, the architects and engineers, for several reasons, took a very conservative approach. The result, a 20-story fortified wall around the base of a 1,776-foot tower, hardly evokes freedom — rather, it embodies fear and anxiety.

I write from experience. Some four years ago I began working with David Childs, the principal architect, on the first version of the Freedom Tower. This was a 2,000-foot-tall structure of torquing glass and steel; the bottom half contained the office building while the top half was a broadcast tower composed of an open framework of cables and trusses. (Also in 2002 The New York Times Magazine published a proposal of mine for a 2,000-foot-tall broadcast tower on the site that we have been working on intermittently ever since.)The structure would have given the tower the widest TV broadcast capacity possible, at the maximum height allowed by the Federal Aviation Administration. The office floors ended at about 70 stories, matching the tallest downtown office building, with as much overall floor area as the current design and with every floor having direct access to the ground level by elevator. The open, cable-stayed upper 1,000 feet of the structure would have had wind turbines that would have met more than 20 percent of the building's energy needs, a fitting symbol for a city whose seal includes a windmill.

While the basic design won over almost everyone involved with the project, including many of the governor's advisers, Mr. Pataki asked the architect to amend it in late 2003. Specifically, he wanted Mr. Childs to reduce the upper structure from 2,000 to 1,500 feet, and to add a slender 276-foot antenna to make it a symbolic 1,776 feet tall. The alterations, unfortunately, made the design impossible to build, and eventually the entire concept was abandoned.

So Mr. Childs presented the revised Freedom Tower, which meets Mr. Pataki's interests but bears no resemblance to his initial design. It is in every way inferior, and those flaws — in terms of aesthetics, economics, security and ethics — are all rooted in the way in which it was conceived.

First, the aesthetics. The critics have not been kind to the Freedom Tower. The solid geometry is self-centered — this newspaper's critic wrote that it "evokes a gigantic glass paperweight with a toothpick stuck on top" — without any sense of orientation or any recognition of its place in the skyline. This is a shame, especially considering what the same architects showed they were capable of next door, in the elegant new 7 World Trade Center building.

But it is understandable: not only were the architects rushed by Mr. Pataki, but after the ordeal of the first design's development and rejection, it seems natural that Mr. Childs would reach for a simple geometry the second time around. The result, unfortunately, would be second rate in Chicago, Dubai or Shanghai, and should not be the symbol of New York City, let alone freedom.

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Second, the finances of the new building are a disaster. The Freedom Tower will most likely cost around $3 billion to build, for 2.6 million square feet of office space. The cost of $1,150 a square foot is nearly twice what it cost to build the new Museum of Modern Art, for which I was also the engineer. Of the cost, about $1 billion will be paid with insurance money collected by the ground zero leaseholder, Larry Silverstein.

Assuming that the owners of the Freedom Tower, the Port Authority, are able to sign government or other tenants on at market rate rents of $50 to $60 per square foot, the income on the entire property, after expenses and taxes and including the rent on the TV antennas, will be at most $100 million dollars a year, which is less than 4 percent return on the investment. The Port Authority would do better buying back its bonds, which now offer a return of greater than 5 percent. What is more, the property is probably uninsurable, so the Port Authority will be spending billions for a below-market return and a substantial risk.

Third, the security concerns that have blocked so many facets of the plan remain unresolved. Last January, I sat in a meeting in the New York City police commissioner's conference room and listened to a debate on various security plans and blast-resistant designs for the different projects at ground zero. In the end, James Kallstrom, Governor Pataki's senior counterterrorism adviser and the security coordinator for ground zero, closed the discussion by saying, "Structural engineers will have to certify that the design meets the threat basis."

I understood this to mean that as long as the engineers signed off on the design, everything would be considered fine. This is worrisome, especially given that that the computer software that is being used to simulate the blast effects is proprietary and classified by the federal government, and that the structural engineers being asked to certify the building do not have clearance or direct access to the program, only the data given them by the software.

In contrast, the approach taken by most private building owners in the city — which generally includes physical tests, repeated independent computer simulations and help from the Defense Department's technical support working group — provides real assurances of security. The Freedom Tower deserves the same sound engineering approach as any commercial project.

The final problem with the tower is less obvious: the politically charged situation under which it was conceived has led to ethical problems in terms of tenancy. Mr. Silverstein never wanted to build the Freedom Tower, and few could blame him. The site is awkward, too far from public transportation and Wall Street, and the tower is too big for the downtown real estate market to absorb in time to realize a good profit. Last year, he exchanged this problem for the three towers he is now developing on the site, leaving the Port Authority saddled with the Freedom Tower.

The authority itself, however, will not occupy the Freedom Tower but will rent space from Mr. Silverstein in Tower Four, at the opposite corner of the site. So far, state agencies, under pressure from Mr. Pataki, have signed on for about 400,000 square feet (roughly one-sixth of the tower's floor space) Federal agencies including the Customs Service and the Secret Service will most likely sign on for 600,000 square feet.

In other words, government employees are being conscripted to occupy a tower that no private company or authority — including the building's owner — will take. At a time when there is considerable anguish over the 20,000 additional troops that President Bush wants to send to Baghdad, it seems that the ethics of forcing thousands of state and federal employees to work in fear in the Freedom Tower is fundamentally flawed.

The good news is that it is not too late to change things. The current construction of the foundation and subterranean levels does not lock us into a final design above ground. The work should continue up to the ground level and stop (this should take about a year) so that the architects and engineers are given another chance to design a Freedom Tower that, like other buildings rising downtown, is financially viable and a secure and welcoming work environment worthy of its place in the skyline.

Couple Drops Suit Against Allstate Over Katrina Damage (LAW/AP)

By Michael Kunzelman, The Associated Press

AP, February 16, 2007

The first federal trial in New Orleans in the wave of insurance litigation spawned by Hurricane Katrina ended abruptly Thursday when a couple suing Allstate Indemnity Co. dropped their lawsuit amid allegations they misrepresented their claims.

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Lawrence and Elizabeth Tomlinson, who claimed Allstate underpaid them and acted in bad faith in handling their claims, agreed to drop the suit before jurors could hear closing arguments in the case.

The Tomlinsons' attorney, Christy Howley, would not specify why they didn't let a jury decide the case, but Allstate, in court papers, had accused the couple of misrepresenting their claim.

The Northbrook, Ill.-based insurer said it paid the Tomlinsons more than $30,000 for living expenses after they moved into office property that they already owned. Lawrence Tomlinson testified that Allstate knew of their living arrangement when they made the payment.

Allstate paid the Tomlinsons a total of more than $150,000 for damage to their home and its contents, plus living expenses. The couple claimed the company underpaid them after Katrina's winds tore holes in their roof and let rain pour into their home in the New Orleans suburb of Marrero.

The insurer disputed the extent of the damage and suggested that the couple overbilled them for certain renovations to the home. Allstate attorney Judy Barrasso declined to say whether the company has considered taking further legal action against the couple.

"At the conclusion of the evidence, the plaintiffs decided voluntarily to withdraw their claims and relinquish any right to refile them," Barrasso said. "The plaintiffs have not received any compensation of any kind from Allstate for withdrawing their claim."

Lawrence Tomlinson declined to discuss his reason for not pursuing the case, saying only that the trial "has been a long trip." Elizabeth Tomlinson, an attorney who is due to give birth in about two weeks, left the courtroom in tears.

Howley said her clients were ready to "go back to their lives and rebuild with the moneys they had already been paid" after more than a year out of their home and a long legal challenge.

"A jury verdict, until the jury returns with it, is always an unknown and due to some of the evidence and testimony, Mr. and Mrs. Tomlinson decided they would rather end the litigation than pursue their claims," Howley said.

She declined to say what evidence and testimony led the couple to that conclusion.

The case was the first federal lawsuit tried against an insurance company by a Louisiana homeowner since Hurricane Katrina. About 1,000 other lawsuits are pending against Allstate alone in federal court in New Orleans.

Tulane Law School professor Ed Sherman said the Tomlinsons' case is "very individualized" and isn't likely to have any legal bearing on similar lawsuits. "That's why I don't think this (case) sets any precedent," he added.

Alan Kanner, a lawyer who represents other policyholders with lawsuits against insurers after Katrina, said he isn't aware of other cases where insurers have accused plaintiffs of misrepresenting Katrina claims. But he isn't surprised that Allstate would employ that defense.

"It's a common defense tactic to blame the victims, whether it's in an insurance case or any other kind of case," he said. "They do it in lots of different ways."

U.S. District Judge Martin dismissed the seven-member jury, which had been selected Monday, and apologized to them for making them wait several hours Thursday morning. "The good news is that claims and defenses have been mutually withdrawn," Feldman told the jury. "This litigation no longer exists."

Steal Magnolia (WSJ)

The Wall Street Journal, February 16, 2007

State Farm, the nation's largest home insurer, announced this week that it would no longer be writing new homeowner or commercial policies in Mississippi. Magnolia Staters wondering whom to thank for their rising insurance bills, assuming they can get insurance at all, should direct their catcalls at Attorney General Jim Hood.

Mr. Hood should have seen this coming back in September of 2005, when he launched his populist campaign against insurers. In the wake of Hurricane Katrina, private insurers began invoking their entirely legal "flood exclusions" and refusing to pay for any damage that wasn't caused by wind. These exclusions had been clearly written into contracts, yet Mr. Hood declared them "unconscionable" and sued the industry.

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He claimed victory several weeks ago when he bludgeoned State Farm into a settlement, although everyone can now see his triumph comes at a price. State Farm will now be paying at least tens of millions of dollars in claims that it never factored into its risk premiums, and it has reasonably chosen not to make itself vulnerable again to Mr. Hood's extortion.

"It is no longer prudent for us to take on additional risk in a legal and business environment that is becoming more unpredictable," said State Farm Senior Vice President Bob Trippel, which is a polite way of saying "we'd be nuts to keep doing business in a state that can't spell c-o-n-t-r-a-c-t."

State Farm joins Allstate, which last year also stopped writing policies along Mississippi's coast. Together, the two insurers make up 40.5% of the Mississippi market. Homeowners looking for coverage will now have fewer companies to choose from, with higher premiums the likely result. If the rest of the industry follows suit and also exits Mississippi, consumers could have no choice at all.

Surrounding states such as Florida, which have begun to follow Mr. Hood down the insurance-bashing path, might want to reverse course before their own consumers end up staring down the next hurricane with no coverage. As for Mr. Hood, he and his buddies in the tort bar have provided an exquisite illustration of how political and legal predation against business ends up harming the little guy.

In Setback For New Orleans, Fed-Up Residents Give Up (NYT)

By Shaila Dewan

The New York Times, February 16, 2007

NEW ORLEANS, Feb. 15 — After nearly a decade in the city of their dreams, Kasandra Larsen and her fiancé, Dylan Langlois, climbed into a rented moving truck on Marais Street last Sunday, pointed it toward New Hampshire, and said goodbye.

Not because of some great betrayal — they had, after all, come back after losing everything in Hurricane Katrina — but a series of escalating indignities: the attempted carjacking of a pregnant friend; the announced move to Nashville by Ms. Larsen's employer; the human feces deposited on their roof by, they suspect, the contractors next door; the two burglaries in the space of a week; and, not least, the overnight wait for the police to respond.

A year ago, Ms. Larsen, 36, and Mr. Langlois, 37, were hopeful New Orleanians eager to rebuild and improve the city they adored. But now they have joined hundreds of the city's best and brightest who, as if finally acknowledging a lover's destructive impulses, have made the wrenching decision to leave at a time when the population is supposed to be rebounding.

Their reasons include high crime, high rents, soaring insurance premiums and what many call a lack of leadership, competence, money and progress. In other words: yes, it is still bad down here. But more damning is what many of them describe as a dissipating sense of possibility, a dwindling chance at redemption for a great city that, even before the storm, cried out for great improvement.

"The window of opportunity is closing," Ms. Larsen said, "before more people like us give up and say it's too little, too late."

Mr. Langlois, who has repeatedly called the health and sanitation departments, the police and City Hall, said he despaired of receiving any response. In November, the couple bought their first house, and in December, they bought their first handgun.

"My friends here are just the greatest, hard-working, tax-paying people," Mr. Langlois said, "and I think a lot of us are feeling under siege."

The couple are unlikely to make any money on the sale of their house.

For every household that, like this one, has given up, there is another on the verge. Tyrone Wilson, a successful real estate agent and consultant, said he and his wife, Trina, a lawyer, had given post-storm life a fair chance. But, Mr. Wilson said, at the end of the school year they are likely to take their three children back to Dallas, where they took refuge after the storm.

"We came back, we tried," he said. "It's really draining, and at a certain point you sit down and you say, 'We don't have to go through this.' "

As a city in flux, New Orleans remains statistically murky, but demographers generally agree that the population replenishment after the storm, as measured by things like the amount of mail sent and employment in main economic sectors, has leveled off. While many poorer residents have moved back to the city, the "brain drain" of professionals that the city was experiencing before the storm appears to have accelerated.

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Some say the overall effect is negligible. Greg Rigamer, a demographer who has done work for the city, said that the lack of housing had constrained the recovery, but that many residents remained fully committed to the city.

"The pattern in is certainly stronger than the pattern out," Mr. Rigamer said.

But in December, the number of houses on the market peaked at a high not seen since the late 1980s, while the number of sales has trended downward since last June, according to data tracked by the Brookings Institution in Washington. Statistics kept by commercial moving companies show a net loss to New Orleans. Employers say they have raised salaries for skilled workers.

One oft-cited survey by the University of New Orleans found that a third of residents, especially those with graduate degrees, were thinking of leaving within two years.

Susan E. Howell, who conducted the survey, cautioned that the sample was small and that the poor were underrepresented. There are indications that low-income New Orleanians — those who will need the most help from a cash-strapped city —are making their way back, despite a lack of affordable housing, piling into relatives' homes and trailers.

U-Haul, the rental company that is more affordable than commercial movers, has had more inbound trucks than outbound, according to the company's records, and the number of public school children and new applications for food stamps in Orleans Parish are rising. In Houston, a task force that helps Hurricane Katrina residents resettle has paid more than $1 million in moving expenses for 350 families returning to New Orleans.

"This is a serious problem for the city, because one of the things we had pre-Katrina was the lack of an educated population," Dr. Howell said. "We had too many people at the low end and not enough at the high end, and Katrina sort of fast-forwarded that trend."

Because many poorer people have taken longer to return, they have not dealt with as many months of frustration as families with higher income and more mobility, so their staying power has yet to be determined.

Reganer Stewart, 30, a hotel maid, said she had been living with her cousin and her cousin's mother and four children since November. In January, Ms. Stewart's 12-year-old daughter, Brandi, joined them, but was put on a waiting list for school and could not enroll until earlier this month.

Houston, which Ms. Stewart had not liked when she evacuated there, was growing more attractive as her search for an apartment here grew longer. "Most likely, we going to leave," she said.

In battered but proud New Orleans, abandonment is a highly emotional subject, in part because many have made sacrifices to stay and rebuild. To some, leaving now is tantamount to treason. When a report appeared a year ago that Emeril Lagasse, the famed chef, had said the city would "never come back," reservations at his restaurants were canceled and strangers berated him. He insisted he had been misquoted.

And in response to an article in The Times-Picayune of New Orleans about a woman who had decided to move on, Poppy Z. Brite, a New Orleans novelist, wrote: "This isn't an easy place to be right now, and the decision to stay or go is deeply personal. But why must some people use the media to take a parting shot at the city?"

On another occasion, Ms. Brite said, "If a place takes you in and you take it into yourself, you don't desert it just because it can kill you. There are some things more valuable than life."

Such fierce sentiments help explain why a dozen people who were planning to move or had already done so declined to speak on the record for this article or allow their name to be used. One man, a chef, said he wanted to remain anonymous because he was likely to return someday. A university professor said she did not want to compromise her employer's ability to recruit.

"If I was going to be really politically savvy," she said, "I would say that I was going to do a job search about this time anyway."

The decision to leave is especially difficult for natives, said Elliott Stonecipher, a demographic analyst in Shreveport, La., even if they are going no farther than the north shore of Lake Pontchartrain.

"They just won't talk about it; they do not want to talk about it," Mr. Stonecipher said, adding that the reluctance shows just how unusual the city is. "It's remarkable that they just don't want anybody to know that they gave in."

Others have unimpeachable reasons: Paul Gailiunas, a doctor whose wife, Helen Hill, was murdered in their home last month, left immediately for South Carolina.

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As for Ms. Larsen and Mr. Langlois, they have taken in all the fury at those who are leaving, in newspapers, neighborhood forums on the Internet and even in the bars and cafes of their neighborhood, the Ninth Ward. But while many of their own friends had expressed disappointment, none had blamed them.

"Not only do they understand why we're leaving," Ms. Larsen said, "but they say, 'You know what, I'm thinking about getting out of here, too.' It's like they're waiting for that one more bad thing to happen."

WAR NEWS:

Bush Boosts Troops For Afghanistan (FT)

By Caroline Daniel And Demetri Sevastopulo

Financial Times, February 16, 2007

President George W. Bush is sending an additional 3,200 troops to Afghanistan to bolster US and Nato forces ahead of an expected tough spring offensive by the resurgent Taliban.

Borrowing the rhetoric of US and Nato commanders, who are preparing to step up their campaign against the Taliban, Mr Bush said: "This spring there's going to be a new offensive in Afghanistan. It's going to be a Nato offensive, and that's part of our strategy."

The Pentagon will send the 173rd Airborne brigade, which was originally scheduled for deployment to Iraq, to Afghanistan to replace another brigade whose tour was recently extended by several months.

In a speech to the American Enterprise Institute, Mr Bush sought to set out a strategy for political and military success, saying troop increases would be sustained. The move comes as Congress debates his strategy to send additional troops to Iraq to pacify Baghdad. Lawmakers are less resistant to sending more troops to Afghanistan, where Democrats and Republicans agree that the US and Nato need to strengthen their efforts to deal with the Taliban.

Robert Gates, the new US defence secretary, and John McCain, Arizona senator and likely candidate for the Republican presidential nomination, in Munich last weekend strongly urged European countries to increase their military and financial participation in the Afghanistan campaign. Mr Gates said it was important to remember that Nato was a "military alliance" and not a "social club". The US wants some European members, including Germany and Spain, to eliminate some of the restrictions on their troops in the Nato force.

Mr Bush on Thursday said he had asked Congress for $11.8bn (€9bn, £6bn) over the next two years "to help this young democracy survive and have extended the stay of 3,000 troops . . . The forces and funds will help Hamid Karzai [the Afghan president] defeat our common enemies".

The decision to send additional troops followed a comprehensive review of administration strategy but also comes amid mounting criticism from Democrats such as John Kerry who see the Iraq war as a dangerous diversion from tackling the Taliban threat.

Mr Bush said there had been progress in the past five years in Afghanistan, such as expanding education and doubling the size of the economy, but he acknowledged the deterioration in conditions, with roadside bombs doubling last year and suicide bombs increasing fivefold.

Bush Extends Stay Of Troops In Afghanistan (USAT)

By David Jackson

USA Today, February 16, 2007

WASHINGTON — President Bush urged NATO allies Thursday to boost their efforts in Afghanistan and said he is extending the stay of 3,200 U.S. troops there to help beat back a resurgent Taliban and al-Qaeda.

Bush highlighted the role of NATO and its member nations in Afghanistan, the first theater in the global war on terrorism. Bush spoke to the American Enterprise Institute, a conservative think tank.

AUDIO: Bush urges NATO allies to offer additional aid

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"For NATO to succeed, member nations must provide commanders on the ground with the troops and the equipment they need to do their jobs," Bush said.

A U.S.-dominated coalition deposed the Taliban shortly after the Sept. 11, 2001, attacks on the World Trade Center and Pentagon. The Taliban had given sanctuary to al-Qaeda, which carried out the attacks.

Bush noted that 2006 was the most violent year in Afghanistan since the 2001 liberation, with the Taliban and al-Qaeda launching strikes against Afghan President Hamid Karzai's new government in Kabul. Last year, the bipartisan Iraq Study Group led by former secretary of State James Baker and former congressman Lee Hamilton said "the huge focus of U.S. political, military and economic support on Iraq has necessarily diverted attention from Afghanistan."

Warning that the Taliban and al-Qaeda are planning new attacks as the winter snow melts, Bush outlined a multipoint plan that includes boosting Afghanistan's military and police forces, creating jobs for Afghans to build roads and other infrastructure, steps to curb government corruption and a crackdown on poppy cultivation to stem the production and sale of illegal drugs.

Bush also said he asked Congress for $11.8 billion in aid to Afghanistan for the next two years.

Nations that have sent the most troops to Afghanistan — including Great Britain, the Netherlands and Canada — have joined the United States in lobbying other NATO members. There are about 35,000 NATO troops.

Bush also called on member nations to lift restrictions on the troops they sent to Afghanistan. NATO forces, he said, "must have the flexibility and rules of engagement to do their job." Some nations, whose identities are unknown, forbid troops from fighting in certain parts of the country, or at night.

Bush also praised NATO nations for increased contributions, such as new aircraft from Italy and special operations forces coming from Norway, Lithuania and the Czech Republic.

The president's strategy also includes helping Pakistan President Pervez Musharraf prevent attacks on Afghanistan that are launched from his country. Karzai has questioned Musharraf's commitment to finding terrorists, but Bush said he is confident the Pakistani leader wants to root out Taliban and al-Qaeda bases on his nation's border with Afghanistan.

"This is wild country," Bush said. "This is wilder than the Wild West."

The president briefly mentioned the ongoing debate in the House of Representatives on a resolution opposing his plan to increase U.S. troop levels in Iraq. The Democratic-led House is expected to approve the resolution today.

While the House resolution is non-binding, Bush said members soon will be voting on an emergency spending bill to provide funding for troops. He said the troops "are counting on their elected leaders to provide them with the support they need."

The American Enterprise Institute was once home to several members of the Bush administration, such as Vice President Cheney, and has long supported Bush's foreign policy initiatives.

Bush Pushes NATO To Foil Taliban Offensive (WT)

By Stephen Dinan, The Washington Times

The Washington Times, February 16, 2007

President Bush yesterday said NATO will begin a new military campaign to defeat the Taliban in Afghanistan, announced U.S. troop levels in that country will remain at their all-time high of 27,000 "for the foreseeable future," and said NATO allies must respond with more troops of their own.

"This spring there is going to be a new offensive in Afghanistan, and it's going to be a NATO offensive," the president said in a speech to the American Enterprise Institute, laying out a path forward in Afghanistan. "That's part of our strategy -- relentless in our pressure. We will not give in to murderers and extremists."

He promised a five-part plan designed to put Afghan President Hamid Karzai's government on more solid footing, including training 26,000 more national police and 48,000 more troops for the military; strengthening NATO's commitment; improving provincial government; reversing last year's growth in heroin-producing poppy, which finances the Taliban; and helping Mr. Karzai fight corruption in the judicial system.

Mr. Bush also repeated his challenge to NATO member nations that when NATO commanders say they need reinforcements, "our NATO countries must provide it."

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The speech comes as a growing number of Democrats and Republicans say the administration has failed to complete the mission in Afghanistan in part because Mr. Bush has been too preoccupied in Iraq.

Last month, when the president announced his plan to send reinforcements to Iraq, top Democrats accused him of fulfilling that pledge by shifting troops from Afghanistan.

Yesterday Democrats said Mr. Bush is responsible for the new nation's failures.

"The Bush administration took its eye off the ball in Afghanistan, leaving a deteriorating situation to worsen and Osama bin Laden on the loose more than five years after 9/11," said Democratic National Committee Press Secretary Stacie Paxton.

The new strategy drew a mixed review from Rep. Ileana Ros-Lehtinen of Florida, the top Republican on the House Foreign Affairs Committee. She said the steps to secure the Afghan-Pakistan border and create economic opportunities are solid, but that Mr. Bush should do more against drug trafficking.

"Until the Afghan judicial system has been rid of the corrupting influence of drugs, we should implement an approach that has been used successfully in the fight against drugs in Colombia, namely extradition of the major kingpins to the U.S.," she said.

Just as 2006 saw increased violence and insurgent successes in Iraq, it was also a year in which Taliban and al Qaeda fighters stepped up their battle to win control of more of Afghanistan.

Mr. Bush ticked off the indicators: Roadside bombs nearly doubled, engagements between insurgents and troops tripled, and suicide bombings grew five-fold.

He also said opium poppy cultivation, which had fallen in 2005, saw "a marked increase" last year.

The president challenged Afghanistan's government to tackle that problem, saying, "I have made my concerns to President Karzai pretty clear -- not pretty clear, very clear."

Bush Tells NATO To Reinforce Afghanistan (AP)

By Deb Riechmann

AP, February 16, 2007

President Bush said Thursday that NATO allies need to supply more soldiers to Afghanistan and be willing to send them into the most violent battles with Taliban fighters, who are gearing up for a new spring offensive.

"When our commanders on the ground say to our respective countries we need additional help, our NATO countries must provide it," Bush said.

Flush with money from heroin-producing poppy crops, Taliban fighters have proven much tougher than NATO expected when it deployed its first contingent of peacekeepers there in 2003.

"I've ordered an increase in U.S. forces in Afghanistan," Bush said in a speech that comes five years after U.S.-led forces toppled Afghanistan's repressive Taliban regime. "We've extended the stay of 3,200 troops now in the country, for four months, and we'll deploy a replacement force that will sustain this increase for the foreseeable future."

The Pentagon announced on Wednesday that 3,200 soldiers scheduled to go to Iraq would be sent to Afghanistan instead, replacing the troops extended for four months. Deployment of the 173rd Airborne Brigade, based in Vicenza, Italy, would keep the force at the current strength of 27,000 — the highest of the war.

About 15,000 of the American troops in Afghanistan are serving in the NATO-led force, which now totals about 36,000. The other 12,000 are special operations forces or are training Afghan troops.

Calling poppy cultivation a threat to a fragile democracy, Bush implored President Hamid Karzai to address the marked increase in harvests last year, after a decline in 2005.

"I have made my concerns to President Karzai pretty clear — not pretty clear, very clear — and that in order for him to gain the confidence of his people, and the confidence of the world, he's got to do something about it, with our help," Bush said in an hour-long speech sponsored by the American Enterprise Institute.

Meanwhile, Defense Secretary Robert Gates, just back from a trip that included a stop in Pakistan, said the planned offensive in Afghanistan was an attempt to react ahead of an expected seasonal Taliban offensive.

"What we want to do this spring is have this spring offensive be our offensive and, and have the initiative in our hands rather than reacting to them," he said.

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Asked whether he had talked with Pakistan President Gen. Pervez Musharraf about the hunt for al-Qaida fugitive Osama bin Laden, Gates said he would not "get into specifics" about their talks.

But, said Gates, "If I were Osama bin Laden, I'd keep looking over my shoulder."

The call for NATO nations to supply more soldiers and equipment to fight the Taliban was a nudge to Germany and other NATO nations that have kept their troops out of the most violent parts of Afghanistan.

Politicians in Canada, Britain, the United States and other nations with troops in southern Afghanistan have been irked by the reluctance of some European allies to commit extra troops to the 35,500-strong NATO force, and in particular to allow their troops to be deployed to the Taliban's heartland in the south and east.

"Allies must lift restrictions on the forces they do provide so NATO commanders have the flexibility they need to defeat the enemy wherever the enemy may make a stand," Bush said.

On Capitol Hill, House Foreign Affairs Committee Chairman Tom Lantos, D-Calif., said NATO commanders should not have to beg for troops from countries like Germany, France, Italy and Spain.

Bush called 2006 the most violent year in Afghanistan since the invasion.

"Across Afghanistan last year, the number of roadside bomb attacks doubled, direct fire attacks on international forces almost tripled and suicide bombings grew nearly fivefold," Bush said.

This week, NATO's top commander renewed an appeal for allies to fill gaps in the international military force in Afghanistan, warning that failure to send reinforcements was weakening the mission and jeopardizing the lives of soldiers fighting the Taliban. In Canada, a Senate committee said Tuesday that the government should a consider withdrawing its 2,500 troops unless NATO allies deliver additional troops.

Critics say the Bush administration has let conditions in Afghanistan worsen while escalating the war in Iraq.

Sen. Joseph R. Biden Jr., D-Del., said he hoped the steps Bush announced for Afghanistan were the first, not last, in a recommitment to Afghanistan. Speaking at the Brookings Institution, the chairman of the Senate Foreign Relations Committee said he was pleased Bush had recognized that "unless we surge troops, hardware, money and high-level attention into Afghanistan it will fall back into the hands of the Taliban, terrorists and drug traffickers."

Bush has asked Congress for $10.6 billion during the next two years for Afghanistan — $8.6 billion for training and equipping Afghan police and security forces and $2 billion for reconstruction.

Bush said another threat to democracy is the terrorist traffic along the border between Afghanistan and Pakistan, a lawless area the president described as "wilder than the Wild West." The border regions long have been suspected to be the hiding places for al-Qaida leader Osama bin Laden.

Bush Pushes NATO For More Troops In Afghanistan (LAT)

By Maura Reynolds

The Los Angeles Times, February 16, 2007

WASHINGTON — President Bush warned Thursday that fighting in Afghanistan was likely to flare this spring, and he called for a renewed commitment from NATO allies for additional troop commitments to battle Taliban insurgents.

In a speech delivered to an audience heavy with ambassadors and diplomats, Bush acknowledged that attacks and bombings increased sharply in the last year, making 2006 "the most violent year in Afghanistan since the liberation of the country" in 2001.

But he insisted that even as the United States is increasing its troop presence in Iraq, it also is able to increase its commitment in Afghanistan. Bush said he expected North Atlantic Treaty Organization members to do the same.

"The snow is going to melt in the Hindu Kush mountains. And when it does, we can expect fierce fighting to continue. Taliban and Al Qaeda are preparing to launch new attacks," he said.

The U.S. and NATO forces are prepared, Bush said.

"Our strategy is not to be on the defense but to go on the offense," he said. "This spring, there's going to be a new offensive in Afghanistan, and it's going to be a NATO offensive."

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American officials have expressed frustration in recent weeks with some NATO allies, saying they have failed to live up to their commitments in Afghanistan. They have bristled at the restrictions some NATO countries have placed on how and where their troops and equipment can be used.

"When our commanders on the ground say to our respective countries, 'We need additional help,' our NATO countries must provide it in order to be successful in this mission," Bush said. "As well, allies must lift restrictions on the forces they do provide, so NATO commanders have the flexibility they need to defeat the enemy wherever the enemy may make a stand."

In January, the Pentagon increased the number of U.S. troops in Afghanistan by 3,200 by extending the deployment of a brigade of the Army's 10th Mountain Division. Bush mentioned the troop increase as well as the administration's request for congressional approval of an additional $11.8 billion in aid over two years to shore up the government of President Hamid Karzai. Bush outlined plans to improve Afghan police and army units, eradicate illegal opium crops and build new roads.

Frederick D. Barton, who studies postwar reconstruction at the nonpartisan Center for Strategic and International Studies, said the president's speech appeared aimed at preparing the public for a bloody spring in Afghanistan.

"For us, 2007 is the fulcrum year," Barton said. "If we don't turn it around, we are looking at a slow deterioration through inertia."

Thomas Donnelly, a national security analyst at the American Enterprise Institute, the conservative think tank that sponsored Bush's speech, said the address marked the end of a period of neglect for Afghanistan, a conflict that enjoys more support in Congress and abroad than does the war in Iraq.

"That's the most crucial message of all, to convince friend and foe alike that we are in it for the long haul," Donnelly said.

Bush's call for NATO countries to step up their contributions is the latest in a series of efforts to revive the allied effort.

But other than the United States and Britain, which has pledged an additional 800 troops, no other NATO country has agreed to a substantial increase in its Afghan deployment.

With the new forces, the U.S. has about 25,000 troops in Afghanistan, its highest level ever, and Britain will have about 6,000.

Bush Promises Strong Effort To Counter Resurgent Taliban (WP)

By Peter Baker And Karen Deyoung

The Washington Post, February 16, 2007

President Bush vowed yesterday to make a sustained new military and political effort to beat back resurgent Taliban forces as he turned his attention back to Afghanistan and a conflict that has been overshadowed for the past couple of years by the larger war in Iraq.

Bush announced that he will extend a temporary increase of 3,200 U.S. troops in Afghanistan "for the foreseeable future" and urged Congress to give him $11.8 billion more to accelerate training, reconstruction and counter-narcotics programs. He also insisted that NATO allies should drop restrictions on their forces in Afghanistan and join the fight against Islamic extremists.

"America and our allies are going to stand with these folks," the president said in an address to the American Enterprise Institute. "That's the message I want to deliver to the Afghanistan people today. Free debates are important. But our commitment is strong. We will train you, we will help you, and we will stand with you as you defend your new democracy."

The speech was the first Bush has devoted to Afghanistan during his second term, reflecting the shifting priorities in Washington as the Iraq war has turned increasingly violent and consumed more of the president's attention. But though Iraq dominated the debate, remnants of the ousted Taliban government have regrouped and launched a potent new challenge. Attacks on U.S., Afghan and other coalition forces nearly tripled last year, and the Taliban by some estimates controls four times as much territory as in 2005.

"The focus on Iraq has definitely diminished not just the amount of resources that can be applied . . . but it's also a question of the time and attention that top policymakers can spend on the problem," said James Dobbins, a former special envoy to Afghanistan who now works as a national security analyst at the Rand Corp. "Iraq has tended to suck the air out of the system for the last couple of years."

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White House aides said Bush has devoted a lot of time to Afghanistan but has come to understand that more needs to be done. The administration started a review of Afghanistan policy last summer and concluded in December that more troops, money and diplomacy were necessary. Elements of the plan have been reported, but yesterday was the first time Bush laid them all out.

A 3,200-member brigade from the Army's 10th Mountain Division that was scheduled to come home in February will instead stay for another four months. And the Pentagon said this week that the 173rd Airborne Brigade, originally slated to head to Iraq, will then replace it, increasing U.S. troops in Afghanistan to 27,000. In his speech, Bush expressed a commitment to make that increase indefinite.

As part of the emergency war spending package he sent to Congress this month, the president asked for $8.6 billion for training Afghan security forces, $1.4 billion for reconstruction and $1.8 billion for drug-fighting and other activities. Bush said yesterday that those funds would help increase the size of the Afghan national police from 61,000 to 82,000 officers and the army from 32,000 to 70,000 troops by the end of 2008. He also promised to rebuild an additional 1,000 miles of roads this year.

The goal, he said, will be to take the fight to the Taliban rather than wait for its expected spring offensive. "The snow is going to melt in the Hindu Kush mountains, and when it does, we can expect fierce fighting to continue," Bush said. "The Taliban and al-Qaeda are preparing to launch new attacks. Our strategy is not to be on the defense but to go on the offense. This spring, there is going to be a new offensive in Afghanistan and it's going to be a NATO offensive."

But major NATO allies have so far resisted the sort of robust engagement that Bush wants. With the exception of some French special forces that are leaving Afghanistan, troops from France, Germany, Italy, Spain and Turkey are not in the fight because of political limits on where and how they may operate. "Allies must lift restrictions on the forces they do provide so NATO commanders have the flexibility they need to defeat the enemy where the enemy may make a stand," Bush said.

The president acknowledged the escalating violence in Afghanistan, but critics said that he underestimated the depth of the problem. "We're talking about much more serious problems than the president discussed today," said Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies. In testimony to the House Foreign Relations Committee earlier in the day, Cordesman said any victory in Afghanistan will take five to 10 more years.

Although Bush vowed to do more to curb poppy production in Afghanistan and help Pakistan disrupt Taliban havens, some critics said those are not enough. "If we are to succeed in Afghanistan, we must create effective deterrence on the narcotics threat, where none now exists, in order to deny our enemies the profits from this deadly trade," said Rep. Ileana Ros-Lehtinen (Fla.), the ranking Republican on the House Foreign Relations Committee.

In December, the White House Office of National Drug Control Policy said that opium production in Afghanistan reached a record high in 2006, 26 percent more than in 2005. The United Nations and the World Bank reported in November that the Afghan police whom Bush wants to expand are deeply involved in the drug trade.

William B. Wood, Bush's nominee to be ambassador to Afghanistan, told the Senate Foreign Relations Committee that police training is "not easy" but would be "one of my highest priorities."

Wood acknowledged that plans for a meeting of Afghan and Pakistani tribal and political leaders have yet to go anywhere. The relationship between the two nations is "complicated," he said. "Each is helping the other. Each often wonders if the other could be doing more."

Bush Presses NATO Allies To Play Bigger Role In Afghanistan (MCT)

By Ron Hutcheson

McClatchy Newspapers, February 16, 2007

WASHINGTON - President Bush prodded NATO allies Thursday for more help in Afghanistan, where U.S. commanders are bracing for a spring offensive by the Taliban.

At least three dozen countries have contributed troops to the 36,000-member NATO force, but some operate under restrictions that effectively prevent combat. The United States has about 27,000 troops in Afghanistan, including 15,000 under NATO command.

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Administration officials and outside experts have become increasingly concerned about the Taliban's resurgence and the fragility of the U.S.-backed Afghan government. Five years after American troops ousted the extremist Taliban regime and its al-Qaida allies after the 9-11 terrorist attacks, Afghanistan is struggling against Islamic extremists, corruption, poverty, regional warlords and a burgeoning opium trade.

The rebuilding effort has become a crucial test for NATO, a Cold War alliance that's trying to prove its relevance against new threats.

"For NATO to succeed, allies must be sure that we fill the security gaps," Bush said Thursday in a speech to the American Enterprise Institute, a conservative research center. "Allies must lift restrictions on the forces they do provide."

Analysts say that British, Danish and Canadian troops are sharing the burden with American soldiers in Afghanistan. Estonia, Poland and Romania also have helped. Most of the criticism is directed at France, Germany, Italy, Spain and Turkey.

"The countries come in. They carve out their zones. They focus on those zones. If they don't have combat, that's good. But other people are having combat," Gen. James Jones, the former supreme allied commander in Europe, complained at a NATO gathering in December.

At a congressional hearing Thursday, Anthony Cordesman, a national security specialist at the Center for Strategic and International Studies, a center-right research center, said success in Afghanistan required more troops, more money and more patience.

"No one can return from visiting the front in Afghanistan without realizing there is a very real risk that the U.S. and NATO could lose their war with al-Qaida, the Taliban and the other Islamist movements fighting the Afghan government," he told the House Foreign Affairs Committee.

Bush's call for more help from NATO was one of a series of steps intended to shore up the Afghan government before it loses all credibility. The president said that the United States would provide $11.6 billion in economic aid over the next two years and 3,200 more troops for the battle zone.

Administration critics contend that the situation in Afghanistan is far worse than it should be because the Iraq war diverted attention and resources. Bush sought to deflect that criticism even as he acknowledged the challenges in Afghanistan.

"A lot of attention here in the United States is on Iraq," he told his Washington audience. "I want to make sure people's attention is also on Afghanistan."

Pentagon Red Tape Keeps Medical Records From Doctors Of The Wounded (WP)

By Al Kamen

The Washington Post, February 15, 2007

Department of Veterans Affairs doctors are furious over a recent decision by the Pentagon to block their access to medical information needed to treat severely injured troops arriving at VA hospitals from Iraq and Afghanistan.

The VA physicians handle troops with serious brain injuries and other major health problems. They, rely on digital medical records that track the care given wounded troops from the moment of their arrival at a field hospital through their evacuation to the United States.

About 30 VA doctors in four trauma centers around the country have treated about 200 severely wounded soldiers and Marines. The docs had been receiving the complete digital records from the Pentagon until the end of January, using the Pentagon's Joint Patient Tracking Application.

But on Jan. 25, when Shane McNamee, a physician in the Richmond VA Medical Center, tried to get the full records, he couldn't. He sent an urgent e-mail to VA chief liaison officer Edward Huycke.

"My JPTA account has been disabled within last few days," McNamee wrote. "I called the hotline and was told that all VA accounts have been locked. Could not get a good answer why. Anyhow -- I have 4 [Iraq/Afghanistan] service members to arrive within the next 2 days. This information is terribly important," the doctor wrote.

Thirty-four minutes later Huycke e-mailed back: "Ok, Shane. Will get on it. Not sure what's up."

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An hour or so later, a senior VA official forwarded McNamee's e-mail to Lt. Col. David Parramore at the Pentagon, saying that McNamee "needs his access back to JPTA to provide the best possible treatment for soldiers injured in [Iraq/Afghanistan] arriving there in a few days. Can you help?"

Tommy Morris, director of Deployment Health Systems, responded the next morning to Parramore's inquiry, after contacting Ellen Embry, deputy assistant secretary of defense for force health protection. "I spoke with Embry and no agreements, no data sharing via access to JPTA."

The access cutoff came after Morris, in a Jan. 23 e-mail, instructed a colleague: "If the VA currently has access I need a list of persons and I need their accounts shut off ASAP. It is illegal for them to have access without data use agreements and access controls in place by federal regulations and public law."

There have been meetings between VA and Pentagon officials. The Pentagon declined to comment yesterday. VA officials apparently thought it might have been resolved Monday. But an e-mail Monday from Morris to a co-worker said: "The leadership has not authorized the VA accounts to be turned back on, in case someone approaches you about this."

Last week, Sens. Daniel K. Akaka (D-Hawaii) and Larry E. Craig (Idaho) -- the chairman and ranking Republican on the Veterans' Affairs Committee -- wrote David S.C. Chu, undersecretary of defense for personnel, of their "deep concern" about VA trauma center doctors not having access to complete records.

"For those servicemembers suffering from a traumatic brain injury," they wrote, "VA's access to in-theater imaging is an important and valuable tool for tracking their patient's progress since being wounded or injured." They suggested the VA doctor be given temporary access to JPTA while the data-sharing questions are worked out.

They're still awaiting an appropriate response. McNamee is still waiting for the records.Rebuilding Afghanistan? 'Neat.'

Bush-bashers often accuse him of not being aware that his riffs on Iraq and Afghanistan can be a bit stale sometimes. On the contrary, President Bush is acutely aware of the problem. He demonstrated that in a speech yesterday before the conservative American Enterprise Institute at the Mayflower Hotel.

Noting a number of administration officials attending, Bush said it was great to see them and that "I fully expect you to stay awake for the entire address." Apparently they did, but at least one member of the audience was spotted dozing peacefully in the back.

Bush even tried to wander off-message a little, to folksify his chat. He hailed prosecutors, judges, police and defense lawyers for going over to Afghanistan to mentor their counterparts. "And I appreciate our own citizens going over there. It is, must be neat, really -- I guess 'neat' isn't a sophisticated word, but it must be heartening to be somebody who's helping this young democracy develop a judicial system that is worthy."

Or maybe gratifying?'Obama bin Laden': Free for All

The U.S. Patent and Trademark Office has rejected a Miami Beach man's application to trademark the name "Obama bin Laden" because the name "may falsely suggest a connection with the individuals Osama bin Laden and Barack Obama," USPTO lawyer Karen Bush said in a Feb. 6 rejection letter, the Miami Herald reported yesterday.

You can't get a trademark for "immoral or scandalous matter," Bush said, adding that the terrorist attacks of Sept. 11, 2001, "have caused the name Bin Laden itself to be synonymous with the acts themselves. As such, the name Bin Laden is scandalous and is not registerable." His many relatives and the companies they own may want to take note.

The applicant, Alexandre Batlle of http://www.obamabinladen.net, sells coffee mugs, T-shirts, hats and such. One has a cartoon of presidential candidates Obama -- in a white robe and turban and holding a machine gun -- and Sen. Hillary Rodham Clinton (D-N.Y.), in an abaya.

Batlle might appeal -- after all, he paid $325 to file the application -- and who knows, he might prevail on those counts. But another reason Bush cited might a bit tougher.

"In the present case, the names Obama and Osama clearly refer" to the Democratic senator from Illinois and the terrorist, she said. Since they are both alive -- how does she know about Osama? -- "the applicant must therefore submit written consent from the two individuals authorizing the applicant to register their names."

No problem on Obama, but Waziristan is awfully cold this time of year. Dangerous, too.

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Pressing Allies, President Warns Of Afghan Battle (NYT)

By Sheryl Gay Stolberg

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — President Bush warned on Thursday that he expected "fierce fighting" to flare in Afghanistan this spring, and he pressed NATO allies to provide a bigger and more aggressive force to guard against a resurgence by the Taliban and Al Qaeda that could threaten the fragile Afghan state.

With American and NATO commanders pressing for more troops and experts predicting that further gains by the Taliban could put the Afghan government of President Hamid Karzai in danger, Mr. Bush used his presidential platform to lay out what he said was substantial progress in Afghanistan since 2001, but also a continuing threat.

The remarks, to the American Enterprise Institute, a conservative research organization here, amounted to an unusually high-profile acknowledgment from Mr. Bush of the precarious state of the effort to stabilize Afghanistan, a country the administration long held up as a foreign policy success story.

The speech renewed criticism from Democrats that had the United States not been tied down in Iraq, the situation in Afghanistan would not have turned dire. At the same time, some Republican lawmakers said Mr. Bush's new strategy would not do enough to tamp down the Afghan drug trade. Outside experts criticized the president for painting too rosy a picture.

The speech was also a striking effort by the White House to focus attention back on Afghanistan at a time when Congress is debating resolutions criticizing Mr. Bush's strategy in Iraq and the administration is making a case that Iranian forces are supplying Shiite militants in Iraq with roadside bombs.

"Across Afghanistan last year, the number of roadside bomb attacks almost doubled, direct fire attacks on international forces almost tripled, and suicide bombings grew nearly fivefold," Mr. Bush said. "These escalating attacks were part of a Taliban offensive that made 2006 the most violent year in Afghanistan since the liberation of the country."

Mr. Bush said the question now was whether to "just kind of let this young democracy wither and fade away" or to step up the fight.

"The snow is going to melt in the Hindu Kush mountains, and when it does we can expect fierce fighting to continue," Mr. Bush said. "The Taliban and Al Qaeda are preparing to launch new attacks. Our strategy is not to be on the defense, but to go on the offense."

Mr. Bush noted that he has already extended the tour of a 3,200-soldier American brigade and called on Congress to provide $11.8 billion more to pay for operations in Afghanistan over the next two years.

The president said his administration had completed a review of its Afghan strategy, and would work to increase the size of the Afghan army from 32,000 troops to 70,000 by the end of next year, and to bring in additional allied troops to support the fledgling army.

"When there is a need, when the commanders on the ground say to our respective countries, 'We need additional help,' our NATO countries must provide it in order to be successful in the mission," Mr. Bush said.

He promised to build new roads that would help spur economic development, to battle an increase in the opium trade and to try to forge better ties between Afghanistan and its neighbor, Pakistan.

At the same time, Mr. Bush pledged to work with President Pervez Musharraf of Pakistan to root out Taliban and Qaeda fighters who hide in that country's remote mountainous regions — a situation he described as "wilder than the Wild West." And, echoing his lament that 2006 was a difficult and disappointing year for Iraq, the president said the same had been true in Afghanistan.

Some critics of the administration's handling of Afghanistan said Mr. Bush was still understating the difficulties there.

"We underfinanced, undermanned and under-resourced the war in Afghanistan for the last four years, and now we face a serious threat that the Taliban will succeed in destabilizing the country enough in 2007 to make the Karzai government collapse at some point," said Bruce Riedel, a scholar at the Saban Center for Middle East Studies at the Brookings Institution, a liberal-leaning research organization in Washington. He called the speech "a long overdue recognition that we need to do a lot more."

Both Mr. Riedel and Rick Barton, an expert in Afghanistan reconstruction at the Center for Strategic and International Studies in Washington, said Mr. Bush's new strategy did not do enough to promote security and economic development. Mr.

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Barton, who published a report in 2005 measuring progress in Afghanistan in that year, is about to publish another, and said the situation has turned measurably worse since his first study.

"We've gotten into a situation where things have really turned negative and the average Afghan has lost confidence in both the safety of his country and the ability of the leadership to turn things around," Mr. Barton said. He said the president "is definitely acknowledging that, but his reality therapy is not as thorough or as complete as I think it needs to be."

On Capitol Hill, the senior Republican on the House Foreign Affairs Committee, Representative Ileana Ros-Lehtinen of Florida, released a statement criticizing the speech. Ms. Ros-Lehtinen and several other Republicans have been pressing the Bush administration to do more to crack down on Afghanistan's opium trade; she said the new strategy lacked "practical initiatives to target major drug kingpins and warlords whose trade in opium finances the Taliban's campaign."

As Iraq has dominated the American psyche, some lawmakers, most recently the House speaker, Nancy Pelosi of California, have called Afghanistan "the forgotten war." The Democratic National Committee, responding to Mr. Bush's speech on Thursday, issued a statement saying, "The Bush administration took its eye off the ball in Afghanistan."

But Mr. Bush pointed to what he called "remarkable progress" since the American invasion in 2001: A democratically elected government with a parliament that includes 91 women; more than five million children in school as opposed to 900,000 under the Taliban; and the return of more than 4.6 million refugees.

The president's speech came after his new defense secretary, Robert M. Gates, attended his first conference of NATO defense ministers last week in Seville, Spain. At the meeting, Mr. Gates pressed his allied counterparts to fulfill their commitments of troops in time for a spring offensive against the Taliban.

Currently, NATO has about 35,000 troops in Afghanistan, about 13,000 of them American. The United States has 9,000 more troops in Afghanistan operating outside the NATO mission, handling tasks like specialized counterterrorism work and helping to train Afghan forces. Gen. David J. Richards of Britain, the outgoing NATO commander in Afghanistan, said last month that NATO was 4,000 to 5,000 troops short.

But NATO commanders have been constrained by so-called caveats — restrictions imposed by member nations on how their troops may be used and where they may be sent. The Bush administration has been pressing the allies to lift those restrictions, and the president renewed that call on Thursday, saying NATO commanders "must have the flexibility they need to defeat the enemy wherever the enemy may make a stand."

Last-Minute Extension In Afghanistan For Unit Whose Bags Were Packed (NYT)

By John Kifner

The New York Times, February 16, 2007

The 3,200 soldiers of the 10th Mountain Division whose one-year deployment in Afghanistan has been extended by four months were so close to the end of their tour that their uniforms, gear and equipment had been packed into shipping containers and an advance party had already reached Fort Drum, their home in upstate New York.

The extension, mentioned in President Bush's speech yesterday, was originally announced on Jan. 25.

About 50 soldiers from the advance party came home in late January, said Benjamin Abel, a Fort Drum spokesman. A group of about 150 were intercepted in Kuwait before they could reach the States, he added.

All have since been sent back to Afghanistan as part of a buildup in anticipation of a renewed Taliban offensive in the spring.

Holding the troops of the division's Third Brigade in place for 120 days is another indication of the strains the drawn-out wars in Iraq and Afghanistan have put on the Army. Ideally, military planners say, they would like a unit's one-year combat deployment to be followed by two years to rest, re-equip and train, but this has proven difficult.

The troops are eventually to be relieved by the 173rd Airborne Brigade, based in Vicenza, Italy. But that unit had been scheduled to go to Iraq, meaning another brigade must be found to go there.

The 10th Mountain troops will be joined by a brigade from the 82nd Airborne Division, which was already on schedule to go to Afghanistan, raising the American contribution to the NATO-led security force by approximately 3,500 soldiers.

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The announcement that the Third Brigade's much-anticipated return would be put off until late spring set off a flurry of activity at Fort Drum, including a half-dozen briefings at which officers tried to reassure families.

The Pentagon sent eight officers, called a "Tiger Team," to the remote post in Watertown, which has been isolated in recent days by huge drifts of lake-effect snow.

The post newspaper, The Blizzard, reported that only 3 of the 500 packed shipping containers had actually left Afghanistan and that the soldiers' belongings and gear would be returned to them.

The original announcement came shortly after the new secretary of defense, Robert M. Gates, and the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, visited Afghanistan in mid-January. During that trip American commanders and intelligence officers told them of stepped-up attacks by the Taliban and other militants along the eastern border from remote tribal areas in Pakistan where government forces have little control. They were also told of an urgent need for more combat troops.

Cross-border attacks have tripled since September despite the onset of the harsh Afghan winter, a senior American intelligence officer told Mr. Gates during the visit.

That surge, commanders said, coincided with an agreement Pakistan's president, Gen. Pervez Musharraf, reached with tribal elders in the North Waziristan region that he would pull back government soldiers in return for a pledge not to shelter militants or allow them to engage in illegal behavior.

A senior intelligence official said during Mr. Gates visit that in the two months before the agreement there were 40 cross-border attacks in Khost and Paktika Provinces, but that in the two months after the agreement there were 140 attacks.

The intelligence official disclosed a sharp increase in insurgent attacks over the past year. There were 139 suicide attacks in 2006, up from 27 in 2005. Suicide attacks had been unheard of in Afghanistan, suggesting that militant tactics were migrating from Iraq via the Internet and other means.

In addition, the use of roadside bombs more than doubled, to 1,677, last year from 783 in 2005. The number of what the military calls direct attacks, meaning assaults by militants with small arms, grenades and other weapons, increased by almost twofold 4,542 last year, from 1,558 in 2005.

Embassy Row (WT)

By James Morrison

The Washington Times, February 16, 2007

Libyan visitor

Libya hopes to remove the last irritants blocking normalization of relations with the United States "very, very soon," according to the North African country's top foreign ministry official for North America.

Ahmed Said Fituri, secretary for American affairs, is the highest-ranking Libyan official to visit Washington since the surprise announcement by longtime Libyan leader Moammar Gadhafi in late 2003 that he was giving up his nuclear weapons programs and seeking better ties with the West. Mr. Fituri gave an off-the-record talk at the Nixon Center think tank Tuesday, but spoke to our correspondent David R. Sands after the session.

The Bush administration restored formal diplomatic ties with Tripoli in May, ending Libya's designation as a state sponsor of terrorism. U.S. energy giants have begun winning exploration contracts in Libya for the first time in decades.

But full normalization -- including the naming of a U.S. ambassador to Tripoli and a possible visit by Secretary of State Condoleezza Rice to the Libyan capital -- has been held up over U.S. concerns about Libya's human rights record.

A number of regime critics have been jailed, and the United States and the European Union have criticized the Gadhafi government's handling of the prosecution of a group of Bulgarian nurses convicted of infecting Libyan children with AIDS.

Mr. Fituri said Libya also wants some irritants removed from the bilateral relations, including the end of all sanctions and difficulties in obtaining visas to travel to the United States.

Mr. Fituri said he planned to spend much of his visit meeting members of Congress.

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"I certainly want to listen to their concerns and discuss how we can close the gap. It is our hope and expectation that we can answer their questions and resolve all outstanding issues very, very soon," he said. "There are some small things [that] should not be hindering our larger relationship."

In addition to stronger economic and political ties, Mr. Fituri said he was particularly eager to boost bilateral cultural and educational programs as well. A graduate of the University of Michigan, he planned a trip to Michigan after his Washington visit.

"We would very much like to have more Libyan students studying at American universities and more American scholars coming to Tripoli," he said.

The Libyan minister was making his first trip to the United States in more than two decades, but said he found much that was familiar.

"America is America," he said. "You have your tastes, your energy, your immense culture. Such things do not change."

More troops

The U.S. ambassador to Afghanistan sounded the call in Kabul for more NATO troops, as President Bush in Washington warned of the dangers of a spring offensive by Taliban forces trying to regain control in the Central Asian nation.

"I would like to see NATO countries collectively put in place the forces that NATO and its military committee have said are necessary," Ambassador Ronald Neumann told Agence France-Presse in an interview published yesterday.

Mr. Neumann noted that some NATO "partners do a great deal," citing the troops deployments from Britain, Canada, Denmark, the Netherlands and Romania. He did not criticize the other members of the 37-nation alliance, but some nations such as Germany restrict their troops from engaging in key areas in the south and east where Taliban fighters are concentrated.

The ambassador said that the 35,500 troops in Afghanistan are preparing for some "very hard fighting this year" from Taliban forces overthrown in 2001 by a U.S.-led coalition.

"I hope our allies will do what they need to, but we are not going to lose it for lack of their action," Mr. Neumann said.

In Washington, Mr. Bush told the American Enterprise Institute for Public Policy Research that NATO "must provide" more troops and "lift restrictions" on those whose deployment is limited within the country.

US Ambassador To Afghanistan Optimistic Despite NATO Failings (AFP)

By Bronwen Roberts

AFP, February 16, 2007

The failure of NATO allies to meet a shortfall in troops needed to end the Taliban insurgency will not sink the effort, which should "do better this year," the US ambassador here told AFP this week.

The reluctance of some of the 37 nations in the NATO-led International Security Assistance Force (ISAF) was "influenced by a lot of, frankly, misperceptions and ignorance," ambassador Ronald Neumann said.

"Some NATO partners do a great deal -- the British, the Canadians, the Dutch, the Danes, the Romanians," he said.

But he added: "I would like to see NATO countries collectively put in place the forces that NATO and its military committee has said are necessary.

"But can we maintain it if they don't? Yes.... I hope our allies will do what they need to. But we are not going to lose it for lack of their action," he said.

"How that reverberates longer term in NATO is probably a seminar topic rather than an interview," he quipped.

NATO military commander US General Bantz Craddock said in Belgium this week that the military needs are "probably filled to 93 or 94 percent."

Neumann, perhaps the most influential diplomat in Kabul, said he had seen at a meeting in Berlin last month of Afghanistan's donors that there was poor understanding among many nations of the situation in the central Asian nation.

"Quite apart from differences of opinion, I just found the factual information poor. There are lot of people who genuinely believe that we are only interested in the military side and we are not focused enough on building," he said.

The United States led the invasion that toppled the Taliban in late 2001 and today has about 23,000 troops here working on rounding up Islamist militants and helping reconstruction.

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The insurgency reached its bloodiest level last year. The death toll passed 4,000, with most of the dead being rebel fighters. There was a barrage of suicide bombings, and insurgents launched sophisticated attacks on military bases.

Neumann, whose term in Afghanistan ends in the coming months, said he expected "very hard fighting this year."

The ambassador rejected outright any notion of negotiating with the Taliban, which was excluded from talks in 2001 in Bonn, Germany, that put Afghanistan on the path to democracy.

"Negotiation implies changing the political structure, changing the process agreed to in Bonn. No way in hell. That would be a fundamentally disastrous course of action," Neumann said.

He was equally critical of "rumours and talks" that provinces where the Taliban are most entrenched should be given up to the movement, describing this as a "thoroughly bad idea" that "scares the hell out of people."

The ambassador, who took up his post in mid-2005, said he was leaving "genuinely more optimistic... than I have been at any time since I have been here."

The boosting of the security forces with an increase in US troops and the recruitment of the first members of a planned 11,200-strong auxiliary police force meant there would be the strength to deal with the insurgency "very aggressively."

Extra emphasis on building the Afghan security forces should begin to show results in 2008 and there had been improvements in government appointments, with several governors and police chiefs removed.

But Neumann said one of his biggest concerns for the future of the young nation was its booming trade in illegal opium, of which Afghanistan is the world's top supplier.

"The money of narcotics can rot the infrastructure of the state faster than we can build it," he said. The United States is one of the main backers of Afghanistan's counternarcotics efforts.

But he expressed confidence in President Hamid Karzai, who has come under growing criticism as the insurgency has deepened.

"He doesn't control all his own funds and he doesn't control all his own forces and I don't know many Western political leaders that are bold and daring when they are so dependent on others. I see steady growth," the ambassador said.

Neumann said the international effort in Afghanistan was a long-term one in which the military forces needed to provide the "shield" of security to allow for development.

For example, "It is very important we have better governance but it is really hard to get if they are killing civil servants."

He added: "I think we are going to do that better this year than last year."

Al-Qaida Releases Video Of Afghan Attack (AP)

AP, February 16, 2007

Al-Qaida posted a video on the Internet Friday showing what they claimed to be an insurgent attack on a military position of U.S. and Afghan forces in southern Afghanistan.

The video appears to be an attempt by the terrorist network to disparage U.S. claims that it is winning the war against the Taliban and allied militia in Afghanistan.

It begins with the deputy leader of al-Qaida, Ayman al-Zawahri, ridiculing President Bush and saying that his claim to have deprived al-Qaida of a safe haven in Afghanistan is a "bare-faced lie," according to a transcript provided by IntelCenter, a U.S. group that tracks extremist messages.

With a narrator speaking in American-accented English, the tape then shows video film of what it claims is an attack on a military position in Arghandab, a district 100 miles northeast of the southern Afghan city of Kandahar.

The authenticity of the scenes shown could not be immediately verified. The video carried the logo of the al-Qaida media production company, as-Sahab, and it was posted on an Islamic Web site known for hosting extremist material.

Al-Qaida appeared to have issued the tape on Thursday with the title "Holocaust of the Americans in the land of Khorasan, the Islamic emirate: Capture of an American post, Arghandab." The name Khorasan refers to Afghanistan.

The video shows the insurgents firing at the alleged post, but their weapons cannot be seen because it is night. Tracer bullets cross the sky and there are explosions caused by what are said to be rocket-propelled grenades.

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"After a fierce battle, the mujahideen (holy warriors) begin their retreat from the zone of operations," the narrator says in English. The tape quotes a fighter as saying: "We retreated after about 45 minutes of fighting."

It is not clear if the fighters overran the military position. Such an attack on a position held by U.S. and Afghan forces in Arghandab could not be immediately confirmed.

However, the video shows film shot in daylight of a single story compound of mud-plastered walls, where the Americans appear to have had a presence. "CPT ASHWOKTH UTAH. NG ETT," is scrawled on a wall, but there is little to suggest that foreign forces occupied the primitively-built building for long.

The English-speaking narrator says the camera is going around "the liberated area to bring us pictures from inside the cleansed military bases."

The video shows a battle-wrecked Nissan pickup truck, which people start stoning. There are no insignia on the white truck.

An unidentified elderly Afghan, with a white beard and black turban, tells the camera what the foreigners were like: "The people suffered a lot because of these devils. No one could leave his house, not even for absolutions and prayers. We couldn't even light a lamp at night. Thanks to Allah, the infidels have left.

"The people are very happy about the coming of the Taliban," he says.

Pentagon Seeks $100M To Speed Equipment And Arms To Troops (USAT)

By Tom Vanden Brook

USA Today, February 16, 2007

WASHINGTON — Fierce fighting in Iraq and Afghanistan has forced the Pentagon to speed new weapons and equipment to troops at faster rates than ever, according to military records and officials.

The Pentagon budget proposed by President Bush adds even more money for what military leaders call "urgent need" requests. For the first time, the budget includes $100 million for a Pentagon "rapid acquisition fund" aimed at getting vital supplies to troops in the field more quickly.

Although the rapid-acquisition fund will be controlled by the Defense secretary, each branch of the military has its own pools of money to fill urgent needs. The Marine Corps, which faces some of the heaviest fighting in Iraq in Anbar province, has made 75% more urgent-need requests per month in the past six months than it did in the first 3½ years of the war.

"There is a sense of urgency here," says Len Blaisol, director of the Marine Air-Ground Task Force Integration Division in Quantico, Va. "Over time, the enemy has adapted to our successful operations."

The urgent-need requests aren't necessarily for new technology. Most of the weapons or equipment already exist but weren't bought or deployed to troops in the field. When combat commanders notice a problem in the field, such as the increased use of homemade bombs, they send the urgent requests through their chain of command or to a special Pentagon office, which then decides whether to buy the material or not.

Many of the requests reflect the increased intensity of the Iraq insurgency. Others stem from threats that were not anticipated before the March 2003 invasion of Iraq, such as homemade bombs called improvised explosive devices (IEDs). They include:

•New vehicles to withstand IEDs and insurgent ambushes. The Marines have awarded contracts for prototypes of "Mine Resistant Ambush Protected Vehicles" that feature V-shaped hulls to disperse the force of blasts from under the vehicles. The Marines are leading tests for the vehicles, which could be used by all services. After choosing the model it wants, the Pentagon hopes to have 4,100 in combat by year's end.

•Advances in first aid. IED attacks have prompted urgent-need requests that have resulted in improved bandages, artificial blood-clotting agents and a new blanket to keep injured troops from going into shock, Blaisol says.

•Improved rifle scopes. New scopes allow Marines to kill enemies from farther away and in lower light than before, says Scott Allen, a Marine Corps acquisition official in Quantico. "Insurgents think we've got a whole lot of snipers out there," Allen said. "Marines can see much better, hit them from a greater distance."

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In recent weeks, the Navy has also made urgent orders for more radios, the Army for flame-resistant uniforms and the Air Force for more global positioning systems for its aircraft, Pentagon purchasing records show.

Although Congress first gave the Pentagon rapid-acquisition authority in 2004, the Pentagon didn't use it enough, according to a May 2005 House Armed Services Committee report. That report also said former Defense secretary Donald Rumsfeld "failed to provide sufficient resources and authority" to the Pentagon's rapid-acquisition programs.

Now, however, the Pentagon is acting more quickly, said Loren Thompson, a defense analyst at the Lexington Institute in Arlington, Va.

"People think that industry has moved too slowly," Thompson says. "This shows that may not necessarily be the case."

Pelosi Backs War Funds Only With Conditions (WP)

By Jonathan Weisman, Shailagh Murray

The Washington Post, February 16, 2007

House Speaker Nancy Pelosi (D-Calif.) yesterday linked her support for President Bush's war-funding request to strict standards of resting, training and equipping combat forces, a move that could curtail troop deployments and alter the course of U.S. involvement in Iraq.

The pledge came as Congress appears ready to assert its authority in matters of war and diplomacy, down to decisions that the White House believes to be the domain solely of the president as commander in chief: the deployment and training of military forces.

The House is to vote today on a nonbinding resolution disapproving of Bush's decision to deploy more than 21,000 additional troops to Iraq. Also, Senate Majority Leader Harry M. Reid (D-Nev.) announced a rare Saturday vote to begin debate on the House resolution.

Congressional Democrats signaled a willingness to directly challenge and curtail Bush's warmaking powers, a move that will almost certainly spark a legal or constitutional confrontation. Rep. John P. Murtha (D-Pa.), a Pelosi ally, is rewriting the president's spending request to limit Bush's options in prosecuting the war, and Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Foreign Relations Committee, said he will seek to repeal the 2002 congressional authorization for Bush to wage war in Iraq and substitute legislation that would narrow the mission of troops there and begin to bring some home.

"If we are going to support our troops, we should respect what is considered reasonable for them: their training, their equipment and their time at home," Pelosi said in an interview with a small group of reporters. "What we're trying to say to the president is, you can't send people in who are not trained for urban warfare . . . who are not prepared to contend with an insurgency."

The Democrats' move is likely to test the party's unity in the coming weeks, as anxious moderates clash with liberals pushing for an even more dramatic confrontation.

Pelosi was careful to say no final decisions have been made on binding legislation. But she backed key provisions already floated by Murtha, including requirements that troops be given at least a year's rest between combat deployments, special training in urban warfare and counterinsurgency, and safety equipment that the military has struggled to provide.

The speaker backed Murtha's plan to eliminate funding for the Abu Ghraib prison near Baghdad, where a prisoner-abuse scandal badly tarnished the U.S. image in the region and the world. She also strongly endorsed binding legislation requiring Bush to seek congressional authorization before any military strike on Iran.

"Congress should assert itself . . . and make it very clear that there is no previous authority for the president, any president, any president to go into Iran," she said.

Biden, a declared candidate for the 2008 Democratic presidential nomination, said his legislative proposal would authorize the limited use of force in Iraq only as part of a withdrawal plan.

"Congress should make clear what the mission of our troops is: to responsibly draw down, while continuing to combat terrorists, train Iraqis and respond to emergencies," he said. "We should make equally clear what their mission is not: to stay in Iraq indefinitely and get mired in a savage civil war."

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Calling Bush's proposed troop increase "a tragic mistake," Biden said: "Opposing the surge is only the first step. We need a radical change in course in Iraq. If the president won't act, Congress will have to attempt to do so. But Congress must act responsibly. We must resist the temptation to push for changes that sound good but may very well produce bad results."

The issue of Iraq roiled both sides of the Capitol yesterday. The House concluded three days of debate and prepared to vote this afternoon on a nonbinding resolution opposing the deployment of additional troops to Iraq, while affirming Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq."

Senate Republican leaders said they would urge their members to oppose the Saturday vote, to protest Reid's refusal to allow a vote on a pro-administration resolution asserting that war funding would continue. Democratic leaders want to call the bluff of a group of Republican senators who oppose the deployment of additional troops but who voted with their party to block the earlier Democratic-led resolution from coming to the floor.

Both leaderships have refused to budge, not wanting to relent on what they agree is likely to become the year's running narrative. "I don't want this vote to occur. I think the timing is wrong, I think the process is wrong, and I think the substance is wrong," said Senate Minority Whip Trent Lott (R-Miss.).

When the House floated its text, Senate Democratic leaders quickly latched on to it, believing Republicans would find it harder to block because of its relatively brief, straightforward language and strong support of U.S. troops.

"On the one hand they have their president, and on the other hand they have their constituencies," said Sen. Charles E. Schumer (D-N.Y.). "They're diametrically opposed to one another. And now they can't duck it anymore."

But as those debates continued, senior Democrats were clearly looking to their next step in confronting Bush on the Iraq war.

Murtha, the powerful chairman of the House Appropriations defense subcommittee, outlined his plan for restricting the administration's use of war funds in an Internet interview released yesterday. Under that legislation, troops would be required to have one year's rest between deployments, combat tours could no longer be extended, and the Pentagon would have to halt its "stop-loss" program, which prohibits some officers from leaving the military when their tour of duty is complete.

The idea is to neutralize political charges that the Democrats plan to starve the war of funding. The party would still slow the war effort by other means, Murtha said in an interview aired on the new Web site MoveCongress.org.

"What we are saying will be very hard to find fault with," he said. "We're supporting the troops. We're protecting the troops. On the other hand, we're going to stop this surge."

Democrats were taking their case to the left flank of their party, imploring antiwar activists to allow them to slowly shift war policy through troop training requirements rather than by suddenly withholding war funds, as many activists have demanded.

In a video delivered to 1,200 "movie parties" that the liberal group MoveOn.org held last night, Murtha promised: "This country needs a dramatic change of course in Iraq, and it is the responsibility of this Congress to consummate that change."

Republicans are relishing the battle. House Minority Leader John A. Boehner (R-Ohio) labeled the emerging Democratic proposal "a plan to cut off funding for troops in harm's way by making sure the reinforcements they need to complete their mission in Iraq never arrive."

House Democrats Aim To Limit Troops (WT)

By Jon Ward

The Washington Times, February 16, 2007

House Democratic leaders yesterday revealed their plan to restrict President Bush's use of war funding, though some Democrats said the proposal, released on the eve of a symbolic vote against the war in Iraq, does not do enough to stop the war.

"This legislation will force the administration to consider alternatives rather than escalating," said Rep. John P. Murtha, Pennsylvania Democrat, describing limitations he intends to place on an appropriations bill next month.

Mr. Murtha's bill would bar the U.S. military from extending combat assignments beyond one year or giving troops a combat assignment less than a year since the last one. It also would end the military's "stop-loss" program that involuntarily extends troops' enlistment periods, would close permanent U.S. military bases in Iraq, and would require that the Pentagon certify that troops being sent to Iraq are "fully combat ready" with training and equipment.

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"They won't be able to continue. They won't be able to do the deployment. They won't have the equipment, they don't have the training, and they won't be able to do the work. There's no question in my mind," Mr. Murtha said.

Meanwhile, the House concluded its third day of debate over a nonbinding resolution that would oppose the president's plan to send an additional 21,500 troops to Iraq. A vote is expected today.

At the other end of the Capitol, the Senate will work into the weekend tomorrow, after Majority Leader Harry Reid scheduled a vote to begin debate on a resolution identical to the House measure. Republicans oppose Mr. Reid's attempt because the Nevada Democrat refuses to allow them any amendments to the resolution.

Mr. Murtha, chairman of the House Appropriations defense subcommittee, plans to attach his plan to hamstring the U.S. military to the president's defense-spending request when it comes before his panel next month. Mr. Murtha's plan is supported by House Democratic leaders, and is the less politically risky alternative to cutting off war funds altogether.

But some Democrats are not satisfied with this approach. Rep. Dennis J. Kucinich, Ohio Democrat, said his party's leadership is supporting a "continuation" of the war in Iraq.

"The American people want us to get out of Iraq," Mr. Kucinich said. "They expect Democrats to move quickly to end our involvement in Iraq. If Congress approves the supplemental appropriation, President Bush will have the money he needs to keep the war going through the end of his term."

Mr. Kucinich is part of the Out of Iraq Caucus, founded by Rep. Maxine Waters, California Democrat. There are more than 70 members of Congress in this caucus. About 20 anti-war activists from Maryland yesterday "occupied" the office of Sen. Barbara A. Mikulski, Maryland Democrat, for nearly two hours because she has voted to fund the war, even though she voted against authorizing the war in 2002.

But Mr. Bush warned against Mr. Murtha's plan, saying Congress needs to approve both "resources" and "flexibility" for the U.S. military "to do their job."

"Our men and women in uniform are counting on their elected leaders to provide them with the support they need to accomplish their mission," Mr. Bush said.

House Minority Leader John A. Boehner, Ohio Republican, labeled Mr. Murtha's plan "a plan to cut off funding for troops in harm's way" and "unthinkable."

Mr. Boehner's staff sent out an e-mail saying the Murtha plan would "pull the rug out" from U.S. troops by "cutting off their reinforcements and forcing them to face the enemy without our full support."

Mr. Murtha repeatedly emphasized yesterday that his strategy "supports the troops" by requiring adequate training and equipment and protecting them from exhaustion.

"What we're saying, it would be very hard to find fault with. The troops have to be equipped, they have to be trained, they can't be sent back without a year at home," Mr. Murtha said. "People have to understand we're supporting the troops, we're protecting the troops, but on the other hand, we're going to stop this surge."

He also is considering language that would require the president to seek congressional approval before the U.S. could invade Iran. House Speaker Nancy Pelosi, California Democrat, yesterday also said the president does not have authority to invade Iran without explicit congressional approval.

In the Senate, Republicans protested Mr. Reid's attempt to deny their amendments to the nonbinding resolution, one of which would vow not to cut off funding for the military. In a similar situation earlier this month, Senate Republicans blocked a vote on any resolution.

Senate Minority Leader Mitch McConnell, Kentucky Republican, said Democrats were going to "block a vote in the Senate to fund our troops in Iraq."

But Democrats said Republicans were trying to avoid a simple vote on approving the president's plan.

"They just want to avoid a vote, up or down, on the surge. ... But we're voting on it first, and we're voting on it clean," said Sen. Charles E. Schumer, New York Democrat.

Iraq Debate Shows Separate Problems For GOP, Democrats (USAT)

By Kathy Kiely

DOJ_NMG_0132769

USA Today, February 16, 2007

WASHINGTON — This week's showdown votes in Congress over Iraq may dramatize the breadth of discontent with the White House war strategy, but they also demonstrate the limits of how far Democrats are willing to go to change it.

The House of Representatives today is likely to easily approve a non-binding resolution opposing President Bush's plan to commit 21,500 additional troops to Iraq. The Senate will hold a rare Saturday session for a procedural vote that could begin the debate on the House's Iraq resolution.

Speaker Nancy Pelosi, D-Calif., described the House vote as "a huge statement."

She acknowledged that it's unlikely to stop the movement of troops, and neither Pelosi nor Senate Majority Leader Harry Reid, D-Nev., were willing Thursday to endorse measures that would make it harder for the president to send more troops to Iraq.

Both were cool to Rep. John Murtha's proposal to require soldiers to receive more time at home between deployments and more training before being shipped out. The Marine combat veteran's plan — outlined in a Thursday fundraising webcast for the liberal group MoveOn.org — would choke off the president's supply of soldiers.

"The answer is no," Reid said when asked whether there are any legally binding measures he's prepared to support.

Pelosi was non-committal. "What he's doing is putting out ideas," she said of Murtha. "Until you see his proposals in writing nobody can tell what the level of support is."

Iraq presents Republicans and Democrats with different political problems. For Republicans, the question is how far to go in backing a policy that is losing public support. The prospect of a Friday House vote on the president's policy set off another round of skirmishing in the Senate, which delayed its week-long President's Day recess after some Republicans pressed for an end to the procedural logjam that has prevented an Iraq debate there.

"The Senate is in real danger of becoming irrelevant," said Sen. Arlen Specter, R-Pa.

Reid scheduled an unusual Saturday vote on whether to open the Iraq debate after a similar measure failed last week. Sen. John Warner, R-Va., who sided with his party's leadership in blocking the debate last week, has signaled he may vote with Democrats this time, but Reid needs at least nine others to cross party lines just to debate a non-binding resolution.

If Saturday's vote poses a test for Republicans with misgivings about Bush's Iraq policy — particularly those who will face the voters next year — Democrats face at least as daunting a political gut check in the longer term.

This week's House debate revealed both the Republican political strategy on Iraq and the Democrats' sensitivity to it. Twice in one day, an angry House Majority Leader Steny Hoyer came to the floor to rebut GOP charges that Democrats plan to cut off funding for troops in the field. "We will not abandon them," he said.

In speeches on the House floor and in a memo circulated by the Senate Republican Conference, GOP lawmakers accused the Democrats of a "slow-bleed" strategy that would cut off funding for the war. Pelosi argued that some of the measures Democrats have been discussing would protect the troops, not deprive them.

The Democrats' uncertainty about whether this argument will win public support was evident, however, in their tentativeness about embracing the plan. Senate Armed Services Committee Carl Levin, D-Mich., said he's not ready to support tying the president's hands. "I have at least a little hope we can turn the president in a different direction," he said.

Many Democrats say political pressure will have more effect than legislation in changing the policy in Iraq. "We are going to keep at this," said Sen. Charles Schumer, D-N.Y. "We are going to keep ratcheting up the pressure so that public opinion and congressional opinion is so strong that the president will have no choice but to change strategy."

Congress's Next Iraq Moves Could Open Party Rifts (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 16, 2007

WASHINGTON

The House debate on a nonbinding resolution opposing President Bush's troop buildup in Iraq opened rifts in Republican ranks, as lawmakers were forced to take a tough vote on the war.

But the next move – to curb war funding – could do the same for Democrats, if not handled with a high level of political skill.

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Such a rift is what Rep. John Murtha (D) of Pennsylvania hopes to avoid, as he announced Thursday details of a strategy to use his Appropriations Subcommittee on Defense to oppose a troop buildup in Iraq, without cutting funds to troops in harm's way.

"What we're saying will be very hard to find fault with," said Mr. Murtha in a webcast on the antiwar site MoveCongress.org. "We're supporting the troops. We're protecting the troops. But on the other hand, we're going to stop this escalation, because this escalation is not going to work."

The interview confirmed a line of action that Murtha and House Democrats have signaled for weeks. Instead of cutting off the funds, Murtha is proposing conditions on the use of funds that would limit the president's military options.

In mid-March, the House Appropriations Committee plans to take up Mr. Bush's $99.6 billion supplemental war request for this fiscal year. Murtha's panel plans to complete its hearings and report to the full committee by March 14, he says. The bill would be on the floor a few days later, he adds.

Any vote that appears to undermine US forces in the field is potentially toxic for members on either side of the aisle. That's why Republicans tried – and failed – to force a recorded vote on war funding in the House this week.

On the Senate side, GOP leaders had calculated that Democrats would cave if forced to vote on war funding – a vote that would have diminished the impact of a resolution opposing the "surge." The impasse derailed a vote on either measure in the Senate.

"That's the bind the House and Senate find themselves in," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J.

"[Lawmakers] can easily support resolutions critical of the troop surge, but when they take the next step, which is to do something about the funding of the war, they venture into political quicksand, unless what they are doing is phrased in such political delicacy that it can't be interpreted as a vote against the troops," he adds.

Antiwar activists have held back as the House moved toward a nonbinding vote this week. But they are watching closely how forcefully Democrats who now control Congress follow up a resolution victory in the House.

"To debate for a week and end up with a nonbinding vote on just the escalation has people nervous," says Tom Andrews, national director of Win Without War and a former Democratic representative from Maine. People are anxious to see that this leads to real action, as soon as possible, he says.

Murtha, for one, is proposing several conditions on the use of war funding. These include requiring the military to certify that troops are "fully combat ready," with the training and equipment that they need. He is also proposing an end to the "stop loss" program, which has forced soldiers to extend their enlistment period, and to ensure that a serviceman or servicewoman can't be sent back into battle until he or she has had a year at home.

These are "technical things," Murtha says, but they are "very harmful to the people who are serving." If Congress insists on enforcing these conditions, it means that the "the surge can't be sustained," he adds. In the longer term, it will force the president to deploy troops outside Iraq, he says.

Murtha Vows To Block Bush Surge Plan (POL)

By John Bresnahan

The Politico, February 16, 2007

Rep. Jack Murtha, one of the most vocal congressional opponents of the war in Iraq, is vowing to block President Bush's plan to send another 21,500 U.S. combat troops to Iraq by restricting the administration's military options in a new wartime spending bill.

"We're gonna stop this surge," the Pennsylvania Democrat declared in an interview posted on the Website MoveCongress.org.

Stepping up his campaign against the White House, Murtha, chairman of the House defense appropriations subcommittee, told Tom Andrews, a former congressman-turned-activist, in the online interview that he would attach so many conditions to an upcoming spending bill for Iraq that the Pentagon would not be able to find enough troops to carry out the president's "surge" plan.

The Andrews group, the Win Without War Coalition, is part of a larger federation of anti-war groups sponsoring the site.

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Murtha will oversee the $93 billion supplemental spending bill for Iraq and Afghanistan that the House will consider in mid-March. And he wants to impose new restrictions on how the president can deploy combat forces from the United States to Iraq, allow combat veterans to have at least one year stateside before returning to the frontlines and prevent the Pentagon from keeping soldiers and Marines already in Iraq in uniform after their enlistments expire.

"This vote will limit the options of the president and should stop the surge," Murtha predicted of next month's floor fight over the wartime supplemental appropriation. "We're trying to force redeployment [of troops outside Iraq], not by taking money away but by redirecting it."

Murtha is not pushing a total cutoff of funds for the war in Iraq. But he is considering measure to limit the military actions Bush can take against Iran, although the congressman was more cautious than his statements about Iraq.

"We are looking at the possibility of putting language in the bill that says you can't go into Iran unless you have authorization [from Congress]," Murtha said.

Murtha also intends to push a provision to bar the creation of permanent U.S. military bases in Iraq and to raze the notorious Abu Ghraib prison.

The strategy being employed by Murtha and other House Democratic leaders would force Bush and Republican congressional leaders to accept the new troop restrictions, or face the possibility the supplemental spending bill would falter, thus cutting off all funding for the war.

Democrats are betting that Bush and the Republicans won't take that risk and will go along with the Democratic proposals. And Republican leaders are not taking Murtha's threats lightly.

The Republican National Committee has e-mailed supporters, urging them to contact newspapers and other media outlets to object to the congressman's proposals.

The RNC was reacting to a story in The Politico on Wednesday that spelled out the Democratic strategy of cutting off the supply of troops available for the war, while retaining funding for forces already deployed in Iraq.

Without the troops to execute the surge, the Pentagon would find it increasingly difficult to keep U.S. forces in Iraq.

Republicans have repeatedly charged that Democrats want to "cut off funding for the troops," and the Democratic strategy seeks to deflect those charges.

The Democratic plan was characterized in The Politico as the "slow-bleed strategy," which was not a term used by any Democrats or the anti-war groups supporting their efforts.

The RNC, however, attributed the phrase to Democrats, and it was used in their e-mail alert.

"'Slow bleed' is exactly the right name for this incredibly irresponsible and dangerous strategy," RNC Chairman Mike Duncan wrote in his e-mail, which included a Web link to donate to the GOP.

"Cutting and running is bad enough,'' he said. "But the Murtha-Pelosi 'slow-bleed' plan is far worse. It is a cynical and dangerous erosion of our ability to fight the terrorists while we still have men and women on the ground in Iraq."

The National Republican Congressional Committee and Senate Republicans are also preparing to use the "slow-bleed" line in their own news releases, slamming Murtha and the Democrats.

For more on Senate action on Iraq, see "Reid Tries Again to Force Iraq Debate in Senate" in The Crypt.

Join The Conversation (read all 37 comments)

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by NativeTexan on 02.16.2007 at 12:58 AM

The IRAQI'S weren't even involved with the 9/11 attacks, and you are making sound like they would DO IT AGAIN!! Heck, they can't even do anything but blow up each other. Whenever we leave Iraq, and we will someday, the same thing is going to happen.....full blown chaos and an even bigger civil war. Will outside terrorists like the Saudis, Jordanians, Egyptians, Syrians and Iranians get involved??? OF COURSE THEY WILL!! THAT IS THE PRICE OF INVADING A SOVERIEGN COUNTRY AND BREAKING IT!! So the question is.....how many more American kids have to die before we get out and let the inevitable problems guaranteed by the irresponsible actions of George W. Bush and Dick Cheney? And why in the heck would we want to put MORE of our kids in there, KNOWING that they are just going to become casualty statistics?

The only person who would know that is Bush, and he isn't even telling himself!! The hard drinking is finally catching up to him!!

by smarterthanthou on 02.15.2007 at 11:54 PM

And another thing, your bar analogy is not accurate because that is a one-on-one situation. It doesn't take 1000 iraqis to fight 1000 americans. It just takes one iraqi to cause many many deaths, because iraq's security is worthless compared to America's (if you believe america isn't safe then you need to go live in a bombshelter forever). So while that ONE iraqi is planting a bomb, the other 999 could still be planning to attack america (but they're not). The iraq war is Osama's dream come true because Osama can devise some elaborate plot on american soil, while pitiful iraqis kill americans in iraq. If we were not in iraq, NO AMERICANS WOULD BE DYING. WE ARE SAFE IN AMERICA. NO IRAQ WAR= NO AMERICANS DYING. IRAQ WAR= Americans dying WHILE Osama works on attacking america. Everyone who supports the iraq war is PARANOID. 3000 americans died out of over 300 million. That is ONE OUT OF EVERY 100,000. That is no reason to get all paranoid and scream about how the world is going to end. BUSH's response to 9/11 did more damage than 9/11 itself. that is the beauty of terrorism. All they have to do is kill 3000 americans and WE will do the rest. We are destroying ourselves (reckless economic policy, reckless foreign policy). If you can't see that our response to 9/11 was worse than 9/11 itself then you need to go study terrorism and WHY it is effective. Terrorism experts ALL KNOW that the goal of terrorism is to get America to act AGAINST our own self-interests.

by smarterthanthou on 02.15.2007 at 11:46 PM

Gene, again, you make no sense. For a redneck you might seem smart, but compared to a normal american you are an idiot. It doesn't matter if we are over in iraq. If they want to attack AMERICA then they will do it. Being in iraq won't stop them. Besides, the people in iraq DID NOT HATE AMERICA until we invaded. We are not fighting the same people who were responsible for 9/11. We are fighting normal iraqis who see even less of a future now than when saddam was in power (both shiite and sunni). Invading iraq turned regualr iraqis into jihadists. If we did not invade iraq, they would be going to work, going to school and making sure they don't offend Saddam. One of the big reasons why they are willing to fight is because Bush found a way to make life even worse WITHOUT saddam than it was WITH saddam. They have less electricity, less jobs, their gas prices have more than quadrupled, and they have less security. When saddam was in power, all they had to do was not offend saddam. Many iraqis got used to that. They didn't like it, but atleast there were RULES for how to stay safe. Now there are no rules. There is no way to guarantee safety.

by scottyurb on 02.15.2007 at 11:23 PM

Troops this, troops that. You guys can bicker troopisms all day long and still miss the underlying facts. Bush, to this day, has no regard for our troops, unless they are used to accomplish HIS goals, not the majority of Americans. He could care less who dies or who lives or if they have benefits when they get home. The whole mess revolves around the need to get his buddies hands on the Iraqi Oil infastruture, anything else is a side-line, a distraction, a bunch of situations that he never understood or cares to remedy. Their is no way to steal the oil from under their feet and yet he will go to unlimited ends despite the recommendations of his generals or any other group that has a say in the matter to meet the Greed ideology of the Oil industry. Eighteen Saudi's with box cutter's culminating into this quagmire--ridiculous. It's all about the OIL and the way it's dispered--there or by foreign interests--either way, our troops have nothing to do with the underlying issue. American Prowess will always exist, Imperialism will always exist in the mind of a dictator, don't confuse the two.

by piwacket on 02.15.2007 at 11:22 PM

If the Dems want to get out of Iraq all they need to do is vote to cut off the spending. The problem with this is their votes will be recorded and when Iraq falls before the 08 elections everyone will know exactly who to blame and the voters will be smart enough to remember who these people are.

In earlier dialogue someone asked "How would 1000 terrorists get into the US to blow ups buildings and citizens"? The answer is simple: they would come in the same way 12 to 20 million Mexican illegals have come in. Actually sir, it only took a handful to bring down the WTC and Pentagon not 1000.

Finally, if Jack Murtha had pulled any of his past tricks on FDR while he was fighting WWII, he would have been arrested and put in prison for aiding the enemy. Check WWII history. FDR and Harry Truman were REAL Americans first and Democrats 2nd.

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by gene on 02.15.2007 at 11:16 PM

Smarterthanthou I meant when were over there they don't have much time to think about what they can do to us over here.

A simple analogy. When I'm kicking a guys ass in a bar fight, he doesn't have much time to think about taking my girl away from me

by Carlyle on 02.15.2007 at 11:11 PM

Everyone should remain calm. The "dribble" that Bush has started in Iraq is step one In the Karl Rove exit plan. First we get Malaki commited to action he cannot do. We then have a scapegoat for failure. We really tried but the Iraqis could not do their share.We can now "cut and run" With only the Iraqis, the media and the Dems to blame. At the not unreasonable cost of a few hundred GI deaths and a few thousand wounded we are out of there. As you know, we do not count Iraqi deaths, there are too many of them anyway.

by gene on 02.15.2007 at 11:09 PM

Smarterthanthou Another thing. You mention it would take a 1000 jihadists to do my scenario. If I understand it correctly there are approximately 11,000,000 illegal aliens in the USA now. You suppose there could be a few jihadists among them.

by gene on 02.15.2007 at 11:03 PM

Smarterthanthou. Another scenerio. Let's get about 19 guys into the USA commander some aircraft and fly them into the World Trade Center, Pentagon, White House and murder about 3000 innocent Americans. Nothing is simple you stupid ******* but given time and money which the terroists seem to have plenty of they could quite possibly do it. Get your head out of your ass and at least try thinking out of the box for a change.

by Dardango on 02.15.2007 at 10:43 PM

Go Congressman Murtha!!!

Dar ---------- Converse on all the day's news in REAL-TIME at DemocracyInteractive.com.

http://www.democracyinteractive

by smarterthanthou on 02.15.2007 at 10:38 PM

GENE, you make it sound so simple. You say that if we pull out then the iraqis will blow up hundreds of buildings in America and it will ruin us. HOW WILL THEY DO THAT? If the iraqis could just blow up american buildings, THEY WOULD BE DOING IT ALREADY. Your argument makes NO SENSE. the iraqis cannot blow up our buildings, so they won't. That is pretty simple to understand. They are in iraq. Not in america. and you must understand that in order to blow up hundreds of american buildings, they would need atleast 1000 jihadists IN america who would act simultaneously. Not even Osama could plan something that complex. Your argument is baseless because it is IMPOSSIBLE. You need to wake up from whatever craziness you have fallen victim to. You are a paranoid delusional wackjob.

by Advocate4People on 02.15.2007 at 10:23 PM

FINALLY... Murtha has figured out how to stop this psycho call President from throwing our men and women into war recklessly. Bush is one out of step, out of sync, Cheney lover. I don't know HOW Bush can look himself in the mirror in the morning. His hands are full of blood, and he is not satisfied yet. He wants more. HAIL MURTHA.... you got my vote!

Send that ******* Bush into war... is the Commander in Chief supposed to LEAD his troops into battle. Panzie ass, can just sit in the Oval Office, and talking ****... and we the people let him get away with it.

I am glad someone in government has the balls to STOP this psycho. Someone needs to start up Impeachment proceedings. Bush is missing in Action in my book. Someone has to get him out of there before he starts pushing buttons. Oh Gawd..... here we go!

by gene on 02.15.2007 at 10:06 PM

A scenario to think about. We pull out of Iraq and let them work it out themselves. After they do they then have time to give more thought to the USA. Since they are not bothered with us over there. We know we can't beat the USA militerily then let's do this. 1. Blow up 500 groceries stores all over the country, then watch how the government provides security and how eager the infadels like to go get their groceries. 2. Blow up 300 to 400 food courts in the largest malls in the country. 3. Start blowing up Wal Mart, Kmart, Sears,Target and other large discounter stores. Any of you guys with all the answers tell me what effect this will have on the economy and the minds of Americans. That's why we need to win this thing over there

by cliff.crain on 02.15.2007 at 09:23 PM

This announcement should come as no surprise to anyone. Despite their campaign promises to the contrary, John Murtha and the Democratic Party do not support the brave fighting men of the US military. They are using our troops lives to play politics and fulfill their prophecy that the Iraq War is unwinnable. Iraq is far from lost and the troop surge that the President has called for is exactly the type of strategy needed to win the war.

by Hofer on 02.15.2007 at 09:20 PM

It would seem that the Democrats want it both ways. They want to say they support our troops, but they have accepted defeat in Iraq. Isnt this a paradox or something. If you have accepted defeat in Iraq, you are telling our troops that they failed. Way to support our troops!!

Murtha, IF you say you support our troops in Iraq, would you give them the tools they need so they would have an chance at victory? If they needed more humvees, would you give them the humvees? If they needed more vests, bullets, guns, grenades, missiles, tanks, etc. would you give them that? If you answered no to any of the above then you are lying and you do not support our troops one bit. If you answered yes, then why are you blocking another crutial tool our troops need right now, more man power?

by SteveW on 02.15.2007 at 09:01 PM

Way to help formulate RNC talking points, Politico!

by Hardie on 02.15.2007 at 08:45 PM

At 6:23PM In the first post on this story, I asked a couple simple questions, and apparently no one had the brass ones to even attempt to answer them. So here they are again.

Is not wanting to send reinforcements just another way that Democrats suppport the troops in Iraq?

Democrats, why don't you want the United States to win the war in Iraq? And if by chance you do want the United States to win , why are you against sending more troops?

"eman," it's not so much what I hear that you are in incapable of hearing, it's what I can see that you are blind to. After the "peace" movement succeeded in getting the United States out of Vietnam, the ensuing "peace" resulted in a holocuast that saw the Communists murder nearly 3 million people in Southeast Asia. Eman, are you truly blind to the impending nightmarish reality in Iraq if we vacate? And if the terrorists are allowed to chase our troops back to the United States, will they not then have a refuge in Iraq? And then eman, how long till they bring the war here again? Hopefully we can both agree we have to fight the terrorists. I would much rather fight them in Iraq then in New York and Washington, D.C.

by Ardie on 02.15.2007 at 08:41 PM

Ardie to Hardie, stop begging the question assuming things not in fact. There are plenty of reinforcements to save some U.S. Army Rangers from a teenage Sunni Muslim with an AK-47 who can't shoot straight. What Rep. Murtha is trying to do is prevent your side from hastily 'surging' in warm untrained bodies in uniform without proper protection to die needlessly in Iraq.

by POTUS on 02.15.2007 at 08:33 PM

Mr. Murtha, Amend the Constitution, and then you could have the power to stop the surge. The President is the Commander-in-Chief. Have you forgotten that?

by tnproud2b on 02.15.2007 at 08:33 PM

Has anybody checked Murtha for a pulse?

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Murtha Moves To Forefront Of Iraq Debate (AP)

By Anne Flaherty

AP, February 16, 2007

Rep. John Murtha is quickly emerging as one of President Bush's most formidable foes in the Iraq war debate.

Many Democrats, including House Speaker Nancy Pelosi, match Murtha's fiery opposition to Bush's policies. But the Marine combat veteran's prowess on military matters, strong relationships with Republicans and — most important — control of the Pentagon's spending bills has put him at the forefront of the debate.

The Pennsylvania Democrat is leading the charge among members of his party to end the war by limiting funding. That fight, which will probably be waged next month, is expected to overshadow this week's battle over a nonbinding resolution opposing Bush's troop buildup.

Part kindly Irish Catholic grandfather and part political pit bull with two Purple Hearts in his pocket, Murtha seems the Democrats' best chance of using the budget to curtail the war without appearing to be leaving troops in the lurch.

"Many of the roads (in Congress) lead through Murtha," said Darrell West, a political science professor at Brown University. "So Bush has to deal with him."

Murtha retains clout among his Democratic colleagues, especially on defense issues, despite losing a postelection challenge to Rep. Steny Hoyer, D-Md., to become majority leader. Hoyer and Pelosi have tapped Murtha to address caucus meetings on the issue of the war and used him to assure the more liberal members of their base that Democrats will do everything they can to bring troops home.

So far, Democrats and Republicans alike are listening closely.

"Do most people have enormous respect for Mr. Murtha? Oh, yes," said Pelosi.

By mid-March, Murtha will offer legislation that he says would set such stringent rules on combat deployments that Bush would have no choice but to begin bringing troops home.

His legislation would dictate how long troops can stay, the equipment they use and whether any money could be spent to expand military operations into Iran. Murtha says few units could meet the high standards he envisions, meaning Bush's plan to keep some 160,000 troops in Iraq for months on end would be thwarted.

Under his plan, he says, Democrats would be helping and not hurting troops by making sure they have what they need before being thrown into combat.

"This vote will be the most important vote in changing the direction of the war," Murtha, D-Pa., told an anti-war group in an interview broadcast on the Internet Thursday.

"The president could veto it, but then he wouldn't have any money," he later said.

Murtha, 74, joined the Marine Corps during the Korean war and volunteered to return to active duty in Vietnam, where he earned his two Purple Hearts — awards given to troops wounded or killed in action.

On Capitol Hill for 33 years, the retired Marine colonel rarely seeks the limelight, often avoiding reporters and speaking on the House floor only to debate the annual defense spending bill.

In November 2005, he stunned his colleagues by turning against the war. Three years after voting in favor of the Iraq invasion, Murtha declared in a tearful speech: "It's time to bring them home."

But it is his reputation as a defense hawk that makes him such a threat to Bush. As a staunch supporter of military spending in the past, Murtha has earned a strong alliance of Republican friends, who say they are watching to see precisely what he proposes.

"I will say it's an interesting concept," said Sen. John Warner, a leading Republican defense figure who opposes sending more troops to Iraq.

"He is a fighter," Warner, R-Va., later added. "Be he right or wrong, he is a fighter and that says a lot."

Rep. Wayne Gilchrest, one of about a dozen House Republicans who announced this week they oppose Bush's Iraq strategy, said he thinks Congress should seriously consider Murtha's ideas.

"To brush these (proposals) off the table is irresponsible," said Gilchrest, R-Md.

Murtha also has his opponents.

"While Rep. Murtha is unveiling his plan to choke off funding for American troops serving in harm's way, Republicans like Rep. Sam Johnson — a distinguished Vietnam War veteran — are on the House floor explaining the demoralizing impact that the majority's political maneuvers will have on our men and women in uniform," said House Minority Leader John Boehner, R-Ohio.

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Bush this week seemed keenly aware of Murtha's political momentum. In recent days, the president shrugged off the significance of House vote expected Friday on a symbolic resolution stating opposition to his war plans. Instead, the president has focused his sights on the upcoming war supplemental.

Bush says he needs $93 billion more to continue paying for the wars in Iraq and Afghanistan through Sept. 30; the military is expected to run out of money by May, making passage of the bill critical.

"We have a responsibility, Republicans and Democrats have a responsibility to give our troops the resources they need to do their job and the flexibility they need to prevail," Bush said in speech Thursday.

House Set To Vote Against Troop Increase (WSJ)

By David Rogers

The Wall Street Journal, February 16, 2007

WASHINGTON -- With the House poised to vote Friday against adding more U.S. troops in Iraq, Speaker Nancy Pelosi said the action represents a "huge statement" that President Bush can't "completely ignore" even if he is unwilling to change course militarily.

"I don't know if the president is moveable in terms of the course of action he wants to take militarily," Ms. Pelosi conceded, but she said she hopes "he would be open to a truly robust initiative" to find a diplomatic and political settlement to the fighting.

The California Democrat said the Republicans were using a "stale" argument in accusing the Democrats of not supporting the troops in the war. "I think the American people have spoken on that point…They know that they support the troops and they know they oppose the war."

"This is a huge statement that a majority of Congress in a bipartisan way disapproves of the president's increase of the troops…It's big. This is very big," she said. "There's no more blank check for George Bush," Ms. Pelosi argued, but as Congress reasserts itself on the issue of Iraq, both lawmakers and the White House had to recognize each others role.

"Can you stop it? It has already begun," she said of the proposed addition of combat brigades representing at least 21,000 more soldiers and Maries over the coming months. "The president is the commander in chief. Congress has a role in all of this, and I think you will now see a calibration of those two responsibilities. Neither one of us should abuse our power."

The speaker, who made her comments in an interview with reporters, also shed some light on what she sees as her party's domestic agenda for the next 100 days leading up to Memorial Day. She said she remains optimistic that a minimum wage increase can be worked out with the Senate, and despite White House objections, Democrats will press for adding an estimated $750 million to a wartime supplemental spending bill next month to meet a projected shortfall in funds for a joint state-federal child heath program.

"I think he wants the leanest of supplementals," Ms. Pelosi said, after speaking to Mr. Bush about the matter this week. "But we have some emergencies and as I said to him, these are governors, Democrats and Republicans, who have a shortfall, and something has to be done for these children."

Known as the State Children's Health Insurance Program or SCHIP, the program builds on the state-federal Medicaid program for the poor by trying to reach households above the poverty level. The Congressional Research Service has estimated that 14 states, including Illinois, Georgia, and New Jersey, are facing shortfalls totaling $746.5 million before the end of this fiscal year, Sept. 30.

The same spending bill includes $93.4 billion for the Defense Department to help fund military operations overseas in Iraq and Afghanistan. As such it is the chief focus of the next stage in the war debate, and the bill manager, Rep. John Murtha (D., Pa.) has said he will recommend adding restrictions that would make it harder for the Pentagon to maintain the higher troop levels anticipated after the proposed surge this spring is completed.

For example, he wants service chiefs to certify that each new unit sent to Iraq has the training and equipment needed. Language could be added to prohibit some of the shortcuts commonly used to maintain troop strength and the integrity of units, given the shortage of personnel. He would restrict "stop-loss" procedures, which are used to keep soldiers such as young non-commissioned officers in a unit about to deploy even when their enlistments are running out. Extended tours in Iraq would be prohibited; soldiers would be guaranteed a year at home before going back.

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If enacted, these requirements would have real impact on an Army already straining to complete the increased troop-level target by late May. The combination of allowing no extensions plus a full year of "dwell" time in the U.S. between tours could set a cap on U.S. strength below current levels, one Defense Department official estimated.

House Republican Leader John Boehner of Ohio said Democrats hoped to "choke off funding for American troops serving in harm's way," but Ms. Pelosi, a close ally of Mr. Murtha's, dismissed these arguments as political.

"What can I tell you about Republicans? They will say what they want to say," she said, defending Mr. Murtha's right to appear in a video interview with the liberal moveon.org. ""We have freedom of speech here…This is a democratic process."

"He is putting out ideas," she said of her friend. "Until you see his proposals in writing, nobody can tell you here what the level of support is. You have to see what it is, what its ramifications are."

"Do most people here have enormous respect for the judgment of Mr. Murtha. Oh yes. But he has to get this through his committee and he's `Mr. Consensus,' if nothing else. He always comes to the floor with a bill that has bipartisan support. And that has been something that has been his hall mark."

But on two related points, also expected to be part of the debate on the spending, bill she was clearly supportive.

She said razing Iraq's Abu Ghraib prison, which Mr. Murtha wants to shut down, would send a "great signal to the world." And Ms. Pelosi said she favored adding language that would make it clear that Congress hasn't authorized any military invasion of Iran.

She said in every meeting she has been present with Mr. Bush, the president has said "over and over again that he supports a diplomatic solution to the situation in Iran. I take him at his word."

"I do believe Congress should assert itself though and make it very clear that there is no previous authority for the president -- and president -- to go into Iran," she said. After years on the House Intelligence Committee, she declined any comment regarding special forces and covert operations. "What I'm talking about is invasion," she said.

Broad Swath Of GOP Defecting On Iraq Vote (WP)

By Paul Kane

The Washington Post, February 16, 2007

From the moderate suburbs of Delaware to the rural, conservative valleys of eastern Tennessee, House Republican opponents of President Bush's latest Iraq war plan cut across the GOP's ideological and regional spectrum.

Numbering a dozen or more, these House Republicans have emerged as some of the most prominent opponents of the plan to increase troop presence in Iraq. They admit to being a ragtag band, with no scheduled meetings and little political cohesion.

"We aren't organized at all," said Rep. Jim Ramstad (R-Minn.), whose district includes suburbs of the Twin Cities. "It's about as diverse a group as is possible."

Borrowing time from House Democrats, these Republicans have gone to the floor to condemn the latest attempt at stabilizing Iraq, which they see as mired in civil war, and have vowed to support a Democratic-driven resolution condemning the buildup.

The conventional wisdom on Capitol Hill has been that those Republicans facing the most tenuous political hold on their seats would be in open revolt against Bush's unpopular decision to send more troops into Iraq. But the lion's share of GOP opponents of the Bush plan come from comfortable to very safe congressional districts.

Of the first 13 Republicans identified as supporters of the resolution, only three received less than 55 percent of the vote in winning reelection last year -- Reps. Ric Keller (Fla.), Phil English (Pa.) and James T. Walsh (N.Y.). A handful of other GOP supporters received 65 percent or more of the vote last November, placing them among the safest batch of incumbents in the House.

"This is a matter of conscience -- not just your conscience but the conscience of your district," said Rep. Walter B. Jones (N.C.), who has become an unofficial leader among the antiwar Republicans, along with the Eastern Shore's Rep. Wayne T. Gilchrest (Md.).

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Jones won reelection last year with 69 percent of the vote in a district that gave just 32 percent of its vote to Sen. John F. Kerry (D-Mass.) in the 2004 presidential election. He and others predict that 30 to 50 Republicans will vote against the troop increase.

Republican leadership aides expect the bulk of those votes to come from incumbents sitting in marginal districts, or those from the moderate wing of the party.

But these same aides pointed Thursday to a number of Republicans who barely survived the 2006 Democratic wave but have opposed the resolution.

Reps. Christopher Shays (R-Conn.), who won by less than 7,000 votes, and Heather A. Wilson (R-N.M.), who won by less than 2,000 votes, both announced Wednesday that they would oppose the Democratic resolution, condemning it as nothing more than "symbolic."

"The majority is clear on what it is against, but does not say what it is for, leaving us with what exists right now, the status quo," Shays said on the floor. "The resolution sends the wrong message to the president, to our troops and to our enemies. It will not get my vote."

The range of Republican opponents to the war can be seen in Reps. John J. "Jimmy" Duncan Jr. (R-Tenn.) and Michael N. Castle (R-Del.).

Duncan, from eastern Tennessee, is widely regarded as a solid conservative. Castle, from the Wilmington area, is one of only two publicly declared antiwar Republicans whose districts tilted toward Kerry in 2004. Both he and Duncan are safe politically: Duncan received 78 percent of the vote last year, and Castle, a former two-term governor, won with 57 percent.

Yet Duncan was among the six Republicans who originally opposed the war in 2002, while Castle gave it his full support. Today, they'll both be opposing the troop buildup.

"Conservatives have traditionally been the strongest opponents to interventionist foreign policies that create so much resentment for us around the world," Duncan said Wednesday.

"Notwithstanding the heroic efforts of our military personnel," Castle said, "the Iraqi government has been unable to overcome the constant instability and sectarian violence that has marked much of the last four years."

House Republicans Opposed To Surge May Pressure Senate (WSJ)

By John Harwood

The Wall Street Journal, February 16, 2007

Democrats aim to jump-start Senate debate on Iraq with House GOP defections today.

"As the House vote goes up, the Senate vote goes up," says Democratic caucus chairman Emanuel; predictions range from 20 to 40. Senate leader Reid plans vote tomorrow seeking floor action on House resolution after next week's recess.

Democrats pressure vulnerable Republican Sen. Sununu as new poll shows Bush's job approval dropping to 31% in New Hampshire. War unhappiness shadows 2008 presidential ticket's Granite State prospects as well as Sununu's re-election bid.

Weekly Standard pressures waverers from the right, noting "the American political system has primaries," too.

U.S. military warns troop surge can't succeed without Iraqi government changes.

Citing corrupt and inefficient bureaucracies in Baghdad, an Army official says, "If we don't get the ministries fixed, we will fail." Last year, ministries spent only about three-quarters of their budgets, with most money going for salaries.

Local governments can't raise money on their own and often get little help from Baghdad. A classified study by Pentagon's Joint Warfare Analysis Center suggests the best way to curb violence is providing jobs.

Republican rivals eye Romney as 2008 wild card.

The former Massachusetts governor's announcement in Michigan was low-key; only one-fourth of hoped-for crowd of 1,000 attended follow-up Des Moines event in bad weather. Former Iowa Gov. Branstad, who's uncommitted but has a son working for Romney, says Romney's gaining ground in Iowa polls, while McCain and Giuliani "have dropped."

Although Romney touts tax cuts, Cato Institute's Dan Mitchell says economic conservatives remain wary of his record on spending -- a rising issue on Republican right. Giuliani and McCain teams count on besting Romney on strength and gravitas, despite his matinee-idol visage.

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"How many good-looking presidents have we had?" asks a McCain strategist.

LAST-MINUTE HITCH in Dubai Ports World sale riles Washington. Treasury, Homeland Security, and Democratic Sens. Schumer and Menendez question New York-New Jersey Port Authority's demand for $84 million to approve sale to AIG Global. A spokesman for New Jersey Gov. Corzine insists, "We are staying out of this."

SMALL VICTORY? USAID's boast of minor monetary policy achievement underscores its difficulties in Iraq. "After 18 months of effort," the aid agency says, "advisers working with [Central Bank of Iraq] staff have finally won support from the Iraqi Ministry of Justice" for changes to "help maintain price stability."

DESPITE PUBLIC CLASHES, House Democrats and Bush administration still hope for labor-standards compromise in pending Peru, Panama and Colombia trade deals. Staff-level discussions could provide framework for broader accommodation in legislation extending Bush's trade-negotiating authority, but Democratic Rep. Levin of Michigan says "we still don't have a concrete proposal from the administration."

MOMENTUM: Trade group of for-profit hospitals next week joins accelerating health-care debate with universal-coverage proposal. Democratic Rep. Emanuel and Republican LaHood, both of Illinois, today offer incremental, bipartisan step: renewal of State Children's Health Insurance Program that would make it easier to sign up kids who are eligible but not enrolled.

DINGELL CHAFES at White House reluctance to let economic aide testify on climate change.

House Energy and Commerce chairman writes White House counsel Fielding, warning that his rebuffed invitation to National Economic Council director Hubbard is "noncompulsory -- at this time." Former Clinton economic aide Shapiro says business taxes on carbon would work better than "cap-and-trade" schemes at reducing emissions.

U.N. Foundation chief Tim Wirth attributes brightening legislative prospects partly to need to demonstrate seriousness to China and India. "The whole way the discussion has changed is quite remarkable," says British climate change expert Nicholas Stern.

In December, 3,000 diplomats, scientists, and environmentalists will meet in Indonesia to discuss Kyoto Protocol.

MINOR MEMOS: Former Iowa Gov. Vilsack's appearance on NBC's "Tonight Show" places him in top-tier 2008 company; Giuliani, McCain, Clinton, Obama and Edwards have also sparred with Jay Leno. ... Asked about superiority of stocks as long-term investment, economic historian and Fed Chair Bernanke cautions, "If you look at stock markets in Czarist Russia, they don't look so great today."

Representatives Give Rationale (USAT)

By Eugene Kiely And Kathy Kiely

USA Today, February 16, 2007

House members debating the Iraq resolution raised the same issues to support their arguments but came to different conclusions. Here are some examples.

For the resolution

Rep. Lincoln Davis, D-Tenn.: Our actions this week do not dishearten the troops, nor reflect a lack of support. … Defense Secretary (Robert) Gates and Gen. (Peter) Pace both testified before the Senate Armed Services Committee that a resolution disagreeing with the president's proposal would not dishearten the troops. In my opinion, the chairman of the Joint Chiefs of Staff may have a little better idea of troop morale than members of Congress.

Against the resolution

Rep. Jack Kingston, R-Ga.: If the troops in Baghdad were watching what we were doing today, they would be outraged, but when you are in harm's way, you don't exactly sit around and watch C-SPAN and silly politicians with silly resolutions. Here is what the Democrats are up to: Dearest troops, we support you, but your mission is in the tank. We don't support your mission. Americans are dying, the situation is dire, but we are not going to send more reinforcements. You are on your own.

For the resolution

Rep. Mike McIntyre, D-N.C.: We cannot continue to increase troop levels in Iraq at the expense of allowing the Taliban to come back into power in Afghanistan. The global war on terrorism is exactly what the name says. It is a global war, not just an Iraqi war, and we cannot let our troop strength be so focused on what is becoming a civil war in Iraq that we lose focus on threats

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that face us elsewhere in the world. Previous surges have not solved the problems in Iraq. Let us not be fooled into thinking that this one will.

Against the resolution

Rep. Ileana Ros-Lehtinen, R-Fla.: Some of our colleagues on the other side of the aisle seek to focus on the abstract rather than on the reality. They believe that security will come from withdrawal and surrender. On the contrary, retreat guarantees that the Islamic militants will intensify their efforts against us. … They won't stop in Iraq, they won't stop in Afghanistan. They have made it abundantly clear that they will not stop until they dominate the world.

For the resolution

Rep. John Conyers, D-Mich.: Last Nov. 7, the American people sent a clear message to Congress and the president: We must end the war in Iraq. … No longer will Congress stand by while the president wages a war that defies logic, common sense and human decency. This week, we shall take a stand. This week, we tell this administration enough is enough; stop ignoring the American people; stop ignoring your generals.

Against the resolution

Rep. Jim Saxton, R-N.J.: The commander of the national VFW put out a press release, and I have the text of it here. "My generation," he said, "learned the hard way that when military decisions are second-guessed by opinion polls or overruled by politicians, it's the common soldier and their families who pay the price." … Mr. Speaker, I think the commander of the national VFW is absolutely right.

For the resolution

Rep. Carolyn Cheeks Kilpatrick, D-Mich.: As noted genius Albert Einstein once said, "Insanity is doing the same over and over again and expecting different results." Over and over, Congress has spent over $503 billion in Iraq. Over and over, America's finest have died, with more than 3,000 women and men, in Iraq. Over and over, women and men are wounded or maimed, some for life, with more than 25,000 today. Today, we still cannot safely fly planes on a reliable basis in and out of Baghdad. This is progress?

Against the resolution

Rep. Dan Burton, R-Ind.: I am convinced after studying history and watching what happened in the past, that if we don't deal with this problem now, we will deal with it later, and the costs will be a heck of a lot more than it is today, and it may involve millions and millions of lives. Deal with them now, let them know we are going to stand firm, Iraq is going to be a democracy. We are not going to let Iran or any of the terrorists prevail, and we are going to stop a holocaust in the future.

Bush, Congress Could Face Confrontation On Issue Of War Powers (WP)

By Michael Abramowitz

The Washington Post, February 16, 2007

President Bush has not been shy about asserting robust powers for the presidency in waging war, but lately he has seemed to concede that Congress has a role to play as well. Lawmakers, he has indicated, are within their rights to try to cap total deployments or limit where troops can go in Iraq.

"They have the right to try to use the power of the purse to determine policy," the president told editors of the Wall Street Journal recently, in an interview that took some of his strongest conservative supporters by surprise.

For a president who has asserted broad executive authority to conduct aggressive interrogations of detainees and electronic surveillance of terrorism suspects without a court warrant, such comments may reflect as much pragmatism as any serious legal analysis. White House aides concede they are not interested in unduly antagonizing lawmakers at a time they need all the help they can get on Capitol Hill.

But as the debate in Congress shifts from nonbinding resolutions of disapproval for adding troops in Iraq to attaching conditions on funding for the war, a constitutional clash between the legislative and executive branches may be inevitable, say lawmakers and legal scholars with close ties to the administration.

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After a vote today on a resolution condemning the new deployments to Iraq, House Democratic leaders will serve notice that they intend to attach conditions to the coming spending bill on the war that could arguably encroach on the president's constitutional powers as commander in chief to control tactics and operations.

These include riders that would prevent Bush from sending units to Iraq unless they are certified as combat-ready and that would require Army troops be given a year at home before an additional deployment to Iraq.

Democrats have described these conditions as part of a slow strategy to stop the war without cutting funding completely, which most parties agree would be legally permissible -- but politically difficult.

White House press secretary Tony Snow declined to be drawn into a discussion with reporters yesterday about whether such provisions would be "micromanaging" the war -- which some scholars think would be unconstitutional. The new White House counsel, Fred F. Fielding, is considered a pragmatist not particularly interested in new fights with Congress, but administration allies in the conservative legal world predicted that the White House would eventually chafe at such restrictions.

"The administration might try to be as accommodating as possible on issues short of a complete shutdown of the war, but if Congress clamps down on a core commander-in-chief power that the president thinks might be necessary to use in the war on terrorism, I do not think pragmatism will prevail," said one former top administration lawyer, who conditioned his comments on anonymity.

David B. Rivkin Jr., a White House lawyer in the George H.W. Bush and Ronald Reagan administrations, described the proposed congressional restrictions as the "epitome of micromanagement." He said he thinks "the White House will end up fighting the congressional micromanagement and, if it continues, will publicly articulate the view that it is unconstitutional and not binding on the executive."

Others speculate that Bush may be backpedaling a bit from his broad assertions of presidential power, some of which the Supreme Court rejected last summer when it struck down his plan for trying terrorism suspects in military tribunals.

"He had said on quite a number of occasions that he's the decider," said Sen. Arlen Specter (Pa.), ranking Republican on the Judiciary Committee. "He [is] not the sole decider. . . . As this debate has progressed, the president is acknowledging the constitutional role of Congress."

The administration declined to make available lawyers to discuss the constitutional issues surrounding the war debate, saying it does not want to discuss hypotheticals, but a Justice Department spokesman pointed to a number of opinions from the Office of Legal Counsel suggesting clear limits on congressional power.

In 1996, then-Assistant Attorney General Walter E. Dellinger III wrote a memo stating that congressional language prohibiting the president from placing U.S. forces under United Nations control during peacekeeping operations "would unconstitutionally constrain the President's exercise of his authority as commander-in-chief."

In an interview this week, Dellinger indicated that the Democratic proposals being floated on Capitol Hill -- such as a cap on troops in Iraq -- do not amount to that kind of tactical interference. He said there is a "striking consensus" on both the left and the right that Congress has the power to limit the scope and duration of the war -- not only through the power of the purse but through other war powers.

As Dellinger suggested, there is little question among most scholars that Congress has ample constitutional authority to shut down the war. "I am not aware of a serious dispute over whether it is constitutional for Congress to defund or otherwise terminate the war in Iraq," said Brad Berenson, who was in the White House counsel's office from 2001 to 2003. "The big debate is over whether it is wise."

Indeed, some Republicans seem to be baiting the Democrats to try to defund the war. John Yoo, a former Justice Department official who became well known for his expansive assertions of presidential authority, co-wrote a piece in the New York Times this week suggesting Congress has all the power it wants to stop the war but is engaging in "bluster" with nonbinding resolutions.

Dellinger said he is baffled by such arguments. "Although it does not become law, how can it possibly be considered meaningless for each house of the Congress to exercise the view in a formal recorded vote that a planned addition to U.S. forces is a mistake?" he said. "I think that the framers of the Constitution would be astonished that a president would proceed to increase U.S. involvement in a foreign war over the expressed objection of both houses of Congress."

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Democrats Face A Struggle Over War Strategy (LAT)

By Janet Hook

The Los Angeles Times, February 16, 2007

WASHINGTON — Now comes the hard part.

Congressional Democrats quickly and easily united behind a nonbinding resolution denouncing President Bush's plan to send more U.S. troops to Iraq. But after the measure's expected approval in the House today, party leaders will confront more divisive questions: how to force a determined president to back down from his plan, and whether to push for a complete withdrawal.

Senior House Democrats are crafting a strategy to block a troop escalation in Iraq without exposing the party to charges that it is undermining the military.

But antiwar advocates would rather set a firm target date for withdrawing all troops. More moderate Democrats, especially those in Republican-leaning districts, are worried that direct steps to limit Bush's war powers are fraught with political peril.

In the Senate, meanwhile, a more immediate obstacle looms.

Facing procedural hurdles set up by Republicans, Democrats are still struggling to pass a nonbinding resolution that mirrors the House measure. On Thursday, Senate Majority Leader Harry Reid of Nevada said he would hold an unusual Saturday session to bring the issue to a head, although it remained unclear whether he had enough votes to break the deadlock that stalled action earlier this month.

Regardless of the outcome of the Senate tiff, Capitol Hill's focus in the weeks ahead will turn to Bush's request for additional funding for the war. As they consider it, Democrats will be exploring just how far they can go in challenging him.

One thing is clear: Democratic leaders will be under pressure from the party's rank and file — especially activists who will play a major role in choosing their 2008 presidential candidate — to go beyond symbolic denunciations of Bush's policy.

"Congress has no choice but to do some binding action after the nonbinding resolution, or the antiwar community will go berserk if they are perceived as hesitating," said Tom Matzzie, Washington director of Moveon.org, the liberal online group.

Today's House vote will stand as Congress' first formal repudiation of Bush's Iraq policy, a rare wartime rebuke for a commander in chief. Support for the measure demonstrates that Democratic lawmakers who just a year ago were wary of criticizing Bush over Iraq have been emboldened by the GOP's shellacking in the November election.

Democratic leaders acknowledge the limits of their power to change Bush's policy, noting their party's narrow majority in the Senate and Bush's veto power. But they say they are pushing to create a political climate that forces Bush to change his approach.

Bush has said the House resolution would not affect him, but House Speaker Nancy Pelosi (D-San Francisco) on Thursday told reporters, "I don't know that the president can completely ignore it; this is the voice of the American people."

Sen. Charles E. Schumer (D-N.Y.) said he and other party leaders "are going to keep ratcheting up the pressure so that public opinion and congressional opinion is so strong that the president will have no choice but to change strategy."

But he added, "There is not just one vote at any one time that is going to be the magic pill that changes it."

As part of their efforts, Democrats and political activists are planning to ramp up pressure on Republicans during next week's recess on Capitol Hill.

In an opening volley, the Democratic Senatorial Campaign Committee today will start running newspaper ads in New Hampshire and Oregon — two states where antiwar sentiment runs strong — attacking Republican incumbents who face reelection next year and who voted with their party last week to block Senate debate on Iraq.

On the eve of the House's vote, Moveon.org Thursday hosted 1,300 meetings around the country where activists viewed an antiwar documentary and a video message from Rep. John P. Murtha (D-Pa.), an influential war critic.

During next week's recess, the group plans antiwar rallies at congressional offices of 180 Republicans and Democrats who are deemed insufficiently committed to ending the war.

"The message that keeps going out is: 'Stop the escalation; stop the war,' " said Matzzie.

Republicans are putting out a different message: that the nonbinding resolution denouncing Bush's troop buildup is a stalking horse for future efforts to roll back funding for the war.

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Echoing comments by other GOP lawmakers throughout this week's House debate, Rep. Shelley Moore Capito (R-W.Va.) said, "My opposition lies not in what [the nonbinding] resolution says, but in what I fear it is intended to do — and that is to lay the foundation to begin cutting funding from our troops."

That line of attack is, in part, why many Democrats worry about the consequences of trying to block the troop increase by tying strings to the supplemental war appropriations bill Bush has requested. These Democrats warn that Republicans will accuse the party of undermining the military because it is difficult to isolate funding for the troop increase without affecting military personnel already deployed.

"It is a Gordian knot," said California Rep. Ellen O. Tauscher (D-Alamo), who supports the nonbinding resolution.

Murtha, chairman of the defense appropriations subcommittee that will deal with the war funding request, Thursday announced his plan for trying to thwart the troop buildup. He proposed that the bill include a proviso banning the deployment of units that do not meet strict standards of readiness in their equipment and training.

Murtha said that with the military stretched thin, that requirement would make it difficult, if not impossible, for Bush to proceed with the troop increase. He also proposed prohibiting military action against Iran without congressional approval.

Although Murtha's proposal falls short of cutting off funding for the war or setting a timeline for withdrawal, it is embraced by leading antiwar activists.

"We're going to make sure people understand we're supporting the troops and protecting the troops," said Murtha in an interview broadcast on the Web by antiwar group Win Without War. "On the other hand, we are going to stop this surge."

That did not stop Republicans from immediately attacking Murtha, saying his approach amounts to "a slow-bleed" plan to undercut the mission in Iraq.

Conversely, Murtha's measure does not go far enough to satisfy some antiwar Democrats. Rep. Lynn Woolsey (D-Petaluma), for example, said she would vote against the war funding bill even if the House accepted the conditions aimed at blocking the troop increase.

"People voted for Democrats [in November] because they want us to change the course in Iraq," Woolsey said.

Pelosi stopped short of fully embracing Murtha's plan, while endorsing its thrust of putting a premium on troop readiness.

"It remains to be seen where the committee will go," she said.

Democrats In State Capitols Push Antiwar Resolutions (NYT)

By Jennifer Steinhauer

The New York Times, February 16, 2007

LOS ANGELES, Feb. 15 — Frustrated by the inability of Democrats in Congress to pass a resolution opposing President Bush's policies in Iraq, state legislators across the country, led by Democrats and under pressure from liberal advocacy groups, are pushing forward with their own resolutions.

Resolutions have passed in chambers of three legislatures, in California, Iowa and Vermont. The Maryland General Assembly sent a letter to its Congressional delegation, signed by a majority of the State Senate and close to a majority of the House, urging opposition to the increase in troops in Iraq.

Letters or resolutions are being drafted in at least 19 other states. The goal is to embarrass Congress into passing its own resolution and to provide cover for Democrats and Republicans looking for concrete evidence back home that anti-Iraq resolutions enjoy popular support.

"The end of this war has to start sometime and somewhere," the president of the Iowa Senate, John P. Kibbie, a Democrat, said Thursday. "And stopping the expansion of these troops needs to happen now."

The activity was spurred in a conference call last month that included state legislators; Senator Edward M. Kennedy, Democrat of Massachusetts; and advocacy groups like the Progressive States Network and MoveOn.org.

Mr. Kennedy said pressure by the states would push Washington to oppose the Iraq plans of the Bush administration. "Your voices, your calls, your e-mails and your resolutions have an impact on the debate," Mr. Kennedy said.

Many Republicans in state legislatures have remained silent on the resolutions, seeing no advantage in signing or voting for them. Others have called the actions essentially votes of no confidence in the troops on the ground.

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"These resolutions are a colossal waste of time," said Kris Kobach, chairman of the Republican Party in Kansas, where a resolution was killed in committee. "Legislatures are spending valuable and limited time acting in an area where they have no authority. If all we are doing is sending messages, we should be concerned about the fact that soldiers are being told that their states are not behind them. I think that is particularly troubling."

Many resolutions use language from the Progressive States Network that apes language in a proposed resolution in Congress that says President Bush should obtain explicit Congressional approval before adding troops in Iraq.

Other resolutions go further, calling for a deadline for departure, immediate troop withdrawal or stopping the financing of the war. The votes have largely fallen along party lines — Democrats for and Republicans against — although there have been exceptions. In North Dakota, a Democrat and a Republican are sponsoring a resolution urging Congress and Mr. Bush to "disengage American combat forces in Iraq."

In a vote on Thursday in the Iowa Senate, Republicans insisted on a voice vote rather than a roll call on a resolution to condemn the increase in troops. The measure, which passed, is headed to the House, where its fate is uncertain.

The resolutions, much like the ones that Congress is considering, are nonbinding and have little effect beyond politics. But the states' debates function as an echo chamber for the debate over withdrawing troops from Iraq and help demonstrate growing concerns on the war.

"These resolutions have generated an incredible amount of local media," said Joel Barkin, executive director of the Progressive States Network, a liberal group that works to influence bills. "So they raise awareness that this is a local issue. But it is aimed at pressuring the Congress."

In California, Democrats and Republicans in the State Senate spoke passionately about a resolution that passed on Tuesday.

"As a people, we are getting fed up and want to express it and not be haunted by the effects of silence," said State Senator Carole Migden, Democrat of San Francisco, who sponsored the resolution. "We are trying to capture the mood of the people and offer some guidance as to how the largest state in the union is disposed in the matter."

State Senator Dennis Hollingsworth, Republican of Temecula, an opponent of the measure, said: "This resolution talks about not only opposing the troop increase but cutting off their funding. It lays bare the Democrats' true intentions. So they can stop the platitudes about supporting the troops but not supporting the mission. They want us to lose this war."

In states where Republicans control the legislatures, passage of such antiwar resolutions seems unlikely. Kansas lawmakers held a perfunctory hearing, only to have the committee chairman, Senator Pete Brungardt, Republican of Salina, say he would not schedule a vote.

"A number of people felt that was a rather public vote without an upside," Mr. Brungardt said. "There is not really a winning answer for them."

Bush Regains His Footing (WP)

By David S. Broder

The Washington Post, February 16, 2007

It may seem perverse to suggest that, at the very moment the House of Representatives is repudiating his policy in Iraq, President Bush is poised for a political comeback. But don't be astonished if that is the case.

Like President Bill Clinton after the Democrats lost control of Congress in 1994, Bush has gone through a period of wrenching adjustment to his reduced status. But just as Clinton did in the winter of 1995, Bush now shows signs of renewed energy and is regaining the initiative on several fronts.

More important, he is demonstrating political smarts that even his critics have to acknowledge.

His reaction to the planned House vote opposing the increase he ordered in U.S. troops deployed to Iraq illustrates the point.

When Bush faced reporters on Wednesday morning, he knew that virtually all those in the Democratic majority would be joined by a significant minority of Republicans in voting today to decry the "surge" strategy.

He did three things to diminish the impact of that impending defeat.

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First, he argued that the House was at odds with the Senate, which had within the past month unanimously confirmed Gen. David H. Petraeus as the new commander in Iraq -- the man Bush said was the author of the surge strategy and the man who could make it work. Bush has made Petraeus his blocking back in this debate -- replacing Vice President Cheney, whose credibility is much lower.

Second, he minimized the stakes in the House debate by endorsing the good motives of his critics, rejecting the notion that their actions would damage U.S. troops' morale or embolden the enemy -- all by way of saying that the House vote was no big deal.

And third, by contrasting today's vote on a nonbinding resolution with the pending vote on funding the war in Iraq, he shifted the battleground to a fight he is likely to win -- and put the Democrats on the defensive. Much of their own core constituency wants them to go beyond nonbinding resolutions and use the power of the purse to force Bush to reduce the American commitment in Iraq.

But congressional Democrats are leery of seeming to withhold resources from the 150,000 troops who will be fighting in that country once the surge is complete; that is why they blocked Republicans from offering resolutions of their own in the House or Senate pledging to keep financing the war. Democrats did not want an up-or-down vote on that question, but Bush has placed it squarely before them.

In other respects, too, Bush has been impressive in recent days.

He has been far more accessible -- and responsive -- to the media and public, holding any number of one-on-one interviews, both on and off the record, leading up to Wednesday's televised news conference. And he has been more candid in his responses than in the past.

While forcefully making his points, he has depersonalized the differences with his critics and opponents. He has not only vouched for the good intentions of congressional Democrats, he has visited them on their home ground, given them opportunities to question him face to face, and repeatedly outlined areas -- aside from Iraq -- where he says they could work together on legislation: immigration, energy, education, health care, the budget.

With the public eager for some bipartisan progress on all these fronts, Bush is signaling that he, at least, is ready to try.

At his news conference, he also stepped away from personal confrontation with the rulers in Iran, making it clear that he does not necessarily hold its political leadership responsible for shipping arms to the insurgent Shiites fighting in Iraq. He insisted the U.S. military would do whatever is necessary to halt the shipments and protect the troops, but he said repeatedly that these defensive measures are not a prelude to aggressive action against Iran.

All this is to the good. But Bush, unlike Clinton, is in the middle of a bloody civil war, which can be ended only by the Iraqis themselves. All he claims to be able to do is to provide some breathing space for them by attempting to reduce the violence. As he said, "What really matters is what happens on the ground. I can talk all day long, but what really matters to the American people is to see progress."

And whether the American people will see it, no one knows.

Reluctantly, The Senate's Weekend Warriors (WP)

By Dana Milbank

The Washington Post, February 16, 2007

Now this is war.

After four years of fighting in Iraq, and two weeks of trying to force senators to debate the conflict, Senate Majority Leader Harry Reid yesterday wheeled out the ultimate weapon.

He ordered his colleagues to work on Saturday.

To the average American, this would be an inconvenience. To a senator, a Saturday vote is a hardship reserved for national crises such as impeachment or Terri Schiavo. Votes have been held on Saturday only five times in the past 10 years.

"Time is of the essence," Reid told a rapt audience in the Senate television studio yesterday afternoon. "That's why the Senate will have another Iraq vote on Saturday."

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The "vote on Saturday is a crucial vote not just for the moment or for the week, but for the history of America," added an overwrought Sen. Chuck Schumer (D-N.Y.). "We're calling their bluff. We're staying here. Now vote yes or no."

But in trying to force Republicans to debate Iraq, Reid caused untold pain and suffering for his Democratic colleagues, many of whom prefer to spend their weekends running for president. Hillary Clinton was supposed to be campaigning in New Hampshire on Saturday. Barack Obama had plans to be in South Carolina and Virginia. Joe Biden had an Iowa trip scheduled. Chris Dodd had events scheduled in South Carolina.

And then there was Republican John McCain, who had an Iowa engagement, and all those senators on both sides planning to leave on trips for the Presidents' Day recess.

The Post's Shailagh Murray asked Reid whether he had considered the burden his Saturday plan was placing on his ambitious colleagues.

"I'm confident they will be -- most of them will be here," he hedged.

Moments after Reid's bombshell, one presidential candidate, Sam Brownback (R-Kan.), went to the Senate floor to voice his dissent. "I don't think that is a fair or appropriate process for this body to follow," he said. Particularly because he had plans to attend the National Religious Broadcasters convention in Florida on Saturday.

The prospective loss of his Saturday caused great distress to the Senate minority leader, Mitch McConnell (Ky.). He scheduled a news conference for 4 p.m., then moved it to 4:15, then 4:45, then back to 4:30, and finally arrived at 4:40. There, he was asked how his colleagues felt about surrendering their Saturday. "You'll have to ask all of them," he said tightly.

"We could have had a civilized, well-structured debate," McConnell lamented, "but that appears to be not possible at the moment."

It's not entirely clear why Senate Republicans were so determined to avoid a debate. If it goes anything like the three-day House debate this week, the world will little note nor long remember what they say.

House members spent much of their debate exchanging playground-style taunts. Each side tried to tar the other with supporting a "stay the course" plan -- a phrase that, not long ago, was seen as an expression of resolve.

"After months of campaigning against 'stay the course,' the Democrats are proposing just that," said Patrick McHenry (R-N.C.). Countered Earl Blumenauer (D-Ore.): "Stay the course? My Lord, that is not remotely what we are talking about here."

"The bottom line of this resolution tells the president to stay the course," insisted Pete Hoekstra (R-Mich.). Offered Steve Cohen (D-Tenn.): "The Republicans have come in here today and said that we need to in essence stay the course."

When they weren't bickering about the "stay the course" label, lawmakers fought about whose policy qualified as a "plan" for Iraq.

"If you have an alternative plan, introduce it," Jack Kingston (R-Ga.) challenged.

"What is the plan, Mr. President?" asked Carolyn Cheeks Kilpatrick (D-Mich.).

"I have presented this Congress with a 12-point plan," said Dennis Kucinich (D-Ohio).

Fortunately, Ric Keller (R-Fla.) was on hand to restore gravity to the debate. He spoke about lawn care as a metaphor for Iraq:

"Imagine your next-door neighbor refuses to mow his lawn and the weeds are all the way up to his waist. You decide you are going to mow his lawn for him every single week. The neighbor never says thank you, he hates you, and sometimes he takes out a gun and shoots at you. Under these circumstances, do you keep mowing his lawn forever?"

Hearing such soaring rhetoric from the other chamber only made Senate Democrats more determined to have their own debate. "We demand an up-or-down vote on the resolution that the House is debating," Reid declared. He went to the Senate floor and announced that the vote will begin at 1:45 pm on Saturday. "There's really no time that meets everyone's expectations," he observed.

It appeared Democrats were serious. Then, just before 5 p.m., came official confirmation: an e-mail titled "Revised Hillary Clinton New Hampshire Schedule." The candidate's "Conversation with Granite Staters," which was to have been held at 2:30 Saturday in the Dover High School cafeteria, had been scrapped.

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Democratic Leader Gambles That Weekend Detention Could End Senate's Squabbling On Iraq (NYT)

By Jeff Zeleny And Robin Toner

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — As the House prepared to pass a symbolic resolution denouncing President Bush's war policy, Senate Democratic leaders on Thursday abruptly scheduled a weekend debate on Iraq in an effort to break a stalemate and avoid impressions that partisan bickering was weighing down deliberations over the war.

A steady line of Republicans and Democrats made their way to the House floor for a third straight day of debating Mr. Bush's troop buildup plan before the matter comes to a vote Friday. The Senate, stung by its own failure so far to act, spent much of Thursday locked in a debate about debating until Senator Harry Reid, the majority leader, called the rare Saturday session.

"We demand an up-or-down vote on the resolution the House is debating as we speak," said Mr. Reid, a Nevada Democrat. "We're determined to give our troops and the American people the debate they deserve."

But when they convene Saturday afternoon, senators will not debate the Iraq resolution itself. Instead, they will be taking up a procedural vote required under Senate rules to move forward to the actual debate.

Democratic leaders were hoping that 10 days of mounting public pressure would lure enough Republicans in the Senate to their side to attain the 60 votes necessary to move to the Iraq resolution. A procedural vote on a similar resolution last week fell 11 votes short, but since then several Republicans who voted to block consideration of that resolution have taken the floor to express dismay that the Senate was, in effect, sidelined in the debate.

Senate Republican leaders on Thursday forcefully rejected suggestions that they were blocking an Iraq debate. By the end of the day, they trooped into a news conference to declare that they were "disappointed" that they were not allowed a vote on a resolution of their choosing. Scrambling for the moral and political high ground, the Republicans asserted that it was the Democrats — not they — who were freezing the debate.

Throughout the week, as the House debated the Iraq war from morning to night, many senators came to the floor to complain that the upper chamber of Congress was "in real danger of becoming irrelevant," as Senator Arlen Specter, Republican of Pennsylvania, put it Thursday.

"I don't think we ought to be dominant over the House of Representatives," he said. "But I think we ought to be at least equal. What we have here is close to anarchy. We've been debating the debate all week."

In the Senate, Mr. Reid's announcement essentially called the bluff of Republicans who were increasingly unhappy with the stalemate and had threatened to vote against a motion to adjourn for the Presidents' Day recess. After a closed caucus with his fellow Democrats, Mr. Reid announced his decision for a Saturday vote.

Many Americans, of course, often have to work weekends. But the threat of a Saturday roll-call vote — attendance is taken, absences are noted — sent alarms across the Senate, particularly among those who hastily rearranged their presidential campaign schedules.

At least two Democratic senators, Barbara Boxer of California and Patty Murray of Washington, were already on planes for the West Coast, but aides said they intended to return to Washington for the Saturday vote.

"We hope everyone will be here," Mr. Reid said. "It's an important vote."

Republican leaders have asked to vote on a resolution of support for the troops and the full financing of the war effort. They have accused some Democrats of pursuing a strategy to cut war financing gradually — "a slow bleed," Senator Trent Lott of Mississippi, the Republican whip, put it, "a terminology that horrifies me."

Allowing a vote on war financing, Republicans said, would show that Democrats are just as divided.

In an interview on Thursday, Speaker Nancy Pelosi said that the Democrats were unified in their pledge to protect the troops already deployed in Iraq. She added that the House intended to provide the money and resources the troops needed to survive and perform their jobs.

"That's so stale," she said of the recurring Republican argument that Democrats would cut troop financing. "I think the American people have spoken on that point."

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Ms. Pelosi said the House resolution, which is expected to pass with bipartisan support, represented the first Congressional message of disapproval over the war.

“I don’t know that the president can completely ignore us,” she said. “We are the voices of the American people. They were clear in the election that they wanted a new direction, no place more clear than in Iraq.”

After the symbolic Iraq resolutions, a fight over the war’s financing is coming into view. The president has asked Congress to approve $100 billion for wars in Afghanistan and Iraq, a request Democrats have vowed to examine carefully.

Also Thursday, Senator Joseph R. Biden, a Delaware Democrat who leads the Foreign Relations Committee, said he would work to repeal the 2002 war authorization vote in an effort to close down the war.

Representative John P. Murtha, a Pennsylvania Democrat who leads a defense appropriations subcommittee, said Congress could block at least part of the new deployments to Iraq by requiring troops to meet a series of conditions and training guidelines. There could also be a requirement that troops spend a year between tours of duty in Iraq.

Senate Vote Upsets '08 Hopefuls' Plans (WT)

By Christina Bellantoni

The Washington Times, February 16, 2007

The Senate's informal caucus of presidential hopefuls faces its first test in balancing their jobs with their White House ambitions tomorrow: Senate Majority Leader Harry Reid has scheduled a key vote on the Iraq war.

The Nevada Democrat yesterday said he did not take members' 2008 aspirations -- or planned weekend visits to Iowa and New Hampshire -- into consideration for his procedural move to debate President Bush's plan to send more troops to Iraq.

"We hope everyone will be here," Mr. Reid told reporters. "It's an important vote."

At least six senators are considering or actively pursuing presidential bids, and most had trips planned to early primary or caucus states in anticipation of Congress' first weeklong recess this year.

The news sent the 2008 hopefuls scrambling to rearrange schedules or, in one case, to insist their candidate potentially missing the vote was a non-story.

Sen. Joseph R. Biden Jr., Delaware Democrat, was the first to say he would scrap plans for an Iowa visit to make sure he participated in the 1:45 p.m. Iraq vote.

Sen. Hillary Rodham Clinton, New York Democrat, has a much-publicized visit to a high school in Dover, N.H., from 9:30 a.m. to noon tomorrow.

She already had to cancel one visit to the Granite State because of a death in the family, but staffers said she will keep the Dover event, fly back for the vote and attempt to keep another scheduled campaign stop in Portsmouth, N.H.

As for Sen. Barack Obama, Illinois Democrat with plans to travel to South Carolina, the schedule was a work in progress.

"We're still trying to find that out," one Obama staffer said when asked if the senator would still hold a 10 a.m. town-hall meeting in Orangeburg, S.C., tomorrow.

He is slated to deliver the keynote address at Virginia's annual Jefferson-Jackson Dinner in Richmond tomorrow night. But he will head to Las Vegas, Los Angeles and Austin, Texas, early next week, plans that Mr. Reid's scheduling could pressure him to change.

Sen. Sam Brownback, Kansas Republican, will stay for the vote. He was scheduled to attend an all-day convention of the National Religious Broadcasters, but he will try to do both.

There was no indication Sen. John McCain, Arizona Republican, would reschedule his morning town-hall forum in Des Moines, Iowa.

Sen. Christopher J. Dodd, Connecticut Democrat, had a full slate of events planned in South Carolina, starting with a breakfast in Columbia and ending with a happy hour in Myrtle Beach.

His staff did not have an answer last night.

Democratic leaders were unapologetic, though Mr. Reid did say he had tried to be accommodating.

"This is an unfortunate fact of life that they're going to have to deal with in the weeks and months to come," said Reid spokesman Jim Manley.

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Mr. Reid, clearly irritated, yesterday further threatened to keep members in town for Iraq debate next week, refusing to speculate on which days or how long the chamber would be in session.

It is not his own Democratic senators who are making him angry. Mr. Reid, instead, is pushing back against Republicans who last week blocked debate on a different Iraq resolution.

Republicans who oppose the president's plan still voted with their party to stop debate on that measure because they wanted to consider amendments and other versions of Iraq resolutions. This week, the same Republicans had threatened to resist the recess adjournment if they could not vote on Mr. Bush's troop-surge plan.

Democratic leaders said yesterday they were "calling the bluff" of Republicans who wanted to stay in town.

Mr. Reid said he wanted to force an "up or down" vote on the House's nonbinding resolution that states lawmakers support the troops but oppose the president's plan.

Aides conceded privately it will be difficult for Democrats to get the 60 votes needed to pass the procedural vote, but Mr. Reid said if cloture passes, he would proceed immediately to debating war policy.

Sen. John Kerry, Massachusetts Democrat, in 2004 faced scrutiny for missing dozens of votes during his presidential campaign.

However, some 2008 staffers privately said yesterday the importance of the procedural "cloture" vote compared with overall Iraq policy was debatable.

Sen. Charles E. Schumer, New York Democrat, argued the vote is more than a political maneuver.

"That's why the cloture vote on Saturday is a crucial vote, not just for the moment, or for the week, but for the history of America because it will say where do you stand. ... Are you for the escalation or are you not?"

Plenty of other members weren't planning to be in Washington tomorrow at the beginning of a recess, and a three-day weekend to boot.

Sen. Joe Lieberman of Connecticut has skipped previous Saturday votes and political events because he observes the Jewish Sabbath. Aides for the independent, who caucuses with the Democrats, did not respond to inquiries as to whether he would vote tomorrow.

Mr. Lieberman is one of the few members of the Democratic Caucus who supports Mr. Bush's Iraq plan.

Biden Vows To Narrow Bush's Iraq Mandate (AP)

By Barry Schweid

AP, February 16, 2007

Current rank: # 2,015 of 15,674 articles WASHINGTON - Democratic presidential candidate Joe Biden said Thursday he would move to repeal the authority Congress gave President Bush in 2002 to send U.S. troops into Iraq and replace it with a narrower mandate.

The chairman of the Senate Foreign Relations Committee said the legislation was based on the idea that Iraq had weapons of mass destruction and was designed to oust Iraqi leader Saddam Hussein.

"The WMDs were not there," Biden said in prepared remarks at the Brookings Institution, a private research group. "Saddam Hussein is no longer there. The 2002 authorization is no longer relevant to the situation in Iraq."

The Delaware senator, who voted in 2002 to authorize military intervention in Iraq, said he was working to repeal the authorization and to replace it with "a much narrower mission statement for our troops in Iraq."

Congress should make clear the mission is to draw down U.S. forces in Iraq while continuing to combat terrorists, train Iraqis and respond to emergencies, he said.

"We should make equally clear what their mission is not: to stay in Iraq indefinitely and get mired in a savage civil war," Biden said.

Biden long has criticized Bush's strategy in Iraq. It is not clear whether he would be able to draw enough congressional support to succeed in his effort which also would face a Bush veto.

He renewed his proposed roadmap for a political settlement in Iraq, one that gives its warring factions a way to share power peacefully "and offers us a chance to leave with our interests intact."

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"Federalism is Iraq's best possible future," Biden said. "But unless we help make federalism work for all Iraqis, the violence will not stop."

Auditors: Billions Squandered In Iraq (AP)

By Hope Yen

AP, February 16, 2007

About $10 billion has been squandered by the U.S. government on Iraq reconstruction aid because of contractor overcharges and unsupported expenses, and federal investigators warned Thursday that significantly more taxpayer money is at risk.

The three top auditors overseeing work in Iraq told a House committee their review of $57 billion in Iraq contracts found that Defense and State department officials condoned or allowed repeated work delays, bloated expenses and payments for shoddy work or work never done.

More than one in six dollars charged by U.S. contractors were questionable or unsupported, nearly triple the amount of waste the Government Accountability Office estimated last fall.

"There is no accountability," said David M. Walker, who heads the auditing arm of Congress. "Organizations charged with overseeing contracts are not held accountable. Contractors are not held accountable. The individuals responsible are not held accountable."

"People should be rewarded when they do a good job. But when things don't go right, there have to be consequences," he said.

Also testifying Thursday were Stuart Bowen, the special inspector general for Iraq reconstruction, and William H. Reed, director of the Defense Contract Audit Agency.

The appearance before the House Oversight and Government Reform Committee came as Congress prepares for a showdown with President Bush next month over his budget request of nearly $100 billion for the wars in Iraq and Afghanistan.

So far, the Bush administration has spent more than $350 billion on the Iraq war and reconstruction effort.

The Army, which handles most of the Iraq contracting, said Thursday it had not reviewed the latest contract figures.

"The U.S. Army, along with the Departments of Defense and State, continue to help thousands of Iraqis daily with reconstruction projects to provide them with better lives," said spokeswoman Mary Ann Hodges. "We look forward to examining its findings and applying some of its recommendations in the future."

Senate Democrats said recently cited cases of waste were "outrageous rip-offs of the American taxpayer" and introduced legislation Thursday to stiffen punishment for war profiteers and cut down on cronyism in contracting.

According to their testimony, the investigators:

_Found overpricing and waste in Iraq contracts amounting to $4.9 billion since the Defense Contract Audit Agency began its work in 2003. Some of that money has been recovered. An additional $5.1 billion in expenses were charged without proper documentation.

_Pointed to growing Iraqi sectarian violence as a significant factor behind bloated U.S. contracting bills. Iraqi officials, they said, must begin to take primary responsibility for reconstruction efforts. That is an uncertain goal, given the widespread corruption in Iraq and the local government's inability to fund projects.

_Urged the Pentagon to reconsider its growing reliance on outside contractors in wars and reconstruction efforts. Layers of subcontractors, poor documentation and lack of strong contract management are rampant and promote waste even after the GAO first warned of problems 15 years ago.

Walker complained that GAO investigators have difficulty getting basic detail about reconstruction contracts such as expenses and subcontractors involved because many Pentagon divisions fail to consistently track or fully report them.

"It's absolutely essential if Congress wants to make an informed decision on authorizations and appropriations that we get this information," he said. "We're talking about billions of dollars and thousands of American lives at stake."

Rep. Henry Waxman, D-Calif., the committee chairman, has pledged scores of investigations of fraud, waste and abuse — with subpoenas if necessary — on the administration's watch.

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Of the $10 billion in overpriced contracts or undocumented costs, more than $2.7 billion were charged by Halliburton Co., the oil-field services company once headed by Vice President Dick Cheney.

Noting that auditors still have $300 billion of Iraq spending to review, Waxman said the total amount of waste, fraud and abuse "could be astronomical."

"It's no wonder that taxpayers all across our country are fed up and demanding that we bring real oversight to the 'anything goes' world of Iraq reconstruction," he said.

Rep. Tom Davis, R-Va., the top Republican on the panel, pointed to ongoing, "systemic" problems in Iraq contracting. "This much is clear: Poor security, an arcane, ill-suited management structure, and frequent management changes have produced a succession of troubled acquisitions," Davis said.

Contract Probe Raises More Questions (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 16, 2007

WASHINGTON -- A congressional investigation into waste in Iraq reconstruction work by U.S. contractors threatens to mushroom into a wider inquiry into Pentagon contracting practices in general.

Under questioning by the House Oversight and Government Reform Committee, Defense Contract Audit Agency chief William Reed confirmed that unsupported and questionable costs found in Iraq reconstruction contracting total more than $10 billion -- nearly three times the previous public estimate.

David Walker, head of the Government Accountability office, Congress's audit agency, said lax contracting practices in Iraq are merely "the tip of the iceberg." They are symptomatic of loose Defense Department contracting practices over all, he said, and he urged the committee and Congress in general to conduct a broad investigation into the way the Pentagon awards and oversees contracts.

Mr. Walker said, "There is no accountability. Organizations charged with overseeing contracts are not held accountable. Contractors are not held accountable."

Under Chairman Henry Waxman (D., Calif.) the committee is holding a series of hearings into contracting abuses in Iraq. Staffers confirmed that Mr. Waxman and other committee Democrats likely will take a much wider look at defense contracting after the Iraq hearings conclude.

Mr. Walker cited multiple problems with Pentagon contracting practices. He attributed these to a lack of control by senior leaders, a shortage of personnel to oversee contractor performance, poorly defined requirements for contractors, and "poor business arrangements," he said.

Said Shay Assad, director of the Defense Procurement and Acquisition Policy Office, said, "GAO has made a number of recommendations to improve the Department of Defense's management and use of contracts." Mr. Shay said, "In general we have agreed with these recommendations, and we have been, and are continuing, to work on implementing improvements to address them."

• The Situation: A House panel is holding a series of hearings examining waste in Iraq reconstruction contracts.

• What's at Stake: The Defense Contract Audit Agency chief says unsupported and questionable costs found in such contracts totals more than $10 billion -- nearly three times the previous public estimate.

• What's Next: The congressional investigation could lead to a much broader look into how the Pentagon awards and oversees contracts.

In recent years increasing amounts of military work have been let out to private contractors, and the percentage of no-bid contracts -- those awarded with no competition -- has risen. Until now, Congress hasn't focused in depth on the problem, while many members of Congress have been criticized for awarding "earmarks" that funneled defense contracts to particular favored companies.

Mr. Reed said during the House panel hearing that the Defense Department had disallowed and withheld from contractors working in Iraq only 25% to 37% of the amounts his agency had identified as improper or questionable. The defense audit

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agency has no power to order compliance with its audits, and the final decisions are made by the individual military services or other officials.

A report by the committee's staffers said the estimate of $10 billion in possibly illegitimate contracting costs in Iraq likely is low. Mr. Reed confirmed that while his agency had audited $57 billion in Iraq contracts, it doesn't know the total amount spent on contracts there. The staff report estimates at least $75 billion spent on contracts in Iraq.

During the hearing, Dyncorp International Inc., a large government contractor, was one of several firms singled out for criticism. An audit report last month by the Special Inspector General for Iraq, Stuart Bowen, raised questions about work Dyncorp did and was paid for that the government hadn't requested, particularly on a new police training camp in Baghdad.

During the hearing, members of the committee raised questions about a luxury swimming pool and hundreds of trailers that were built for the camp but ended up unused. Mr. Bowen told the committee he is launching an in-depth audit of Dyncorp's work in Iraq.

A Dyncorp spokesman said all of the work had been specifically authorized by U.S. officials of the Coalition Provisional Authority that ran Iraq until a new Iraqi government took over: "Everything that we've done, we did in good faith, and everything we've done was authorized by the U.S. government."

Leader Of Al-Qaeda In Iraq Injured In Clash, Official Says (WP)

By Ernesto Londoño

The Washington Post, February 16, 2007

BAGHDAD, Feb. 15 -- The leader of the Sunni insurgent group al-Qaeda in Iraq, who is known by the alias Abu Ayyub al-Masri, was injured in a clash with Iraqi police Thursday night, a spokesman for the Iraqi Interior Ministry said.

One of Masri's deputies, Abu Abdullah al-Mujamie, was killed in the gunfight, which occurred about 11 p.m. near Samarra, ministry spokesman Abdul Kareem al-Kinani said.

U.S. officials have said Masri took over the leadership of the insurgent group following the death of Abu Musab al-Zarqawi, who was killed by U.S. forces in a June 2006 airstrike. In December, Iraqi officials said security forces had killed another aide to Masri, whom officials describe as a longtime associate of Osama bin Laden's deputy, Ayman al-Zawahiri.

A senior al-Qaeda in Iraq leader, Abu Amar al-Dulaimi, confirmed the death of Mujamie, whom he described as Masri's "personal escort," but questioned whether Masri was even in the area. "We don't know if [Masri] was with him or not, or if he was wounded or not," Dulaimi said Thursday night in a phone interview.

Kinani, the ministry spokesman, said Iraqi forces conducted the operation "without U.S. intervention," but Dulaimi said people in the area reported seeing helicopters and fighter planes roaming the sky afterward, a possible indication of a U.S. role in the clash.

Also Thursday, Iraqi President Jalal Talabani said anti-American Shiite cleric Moqtada al-Sadr has ordered his top deputies to leave Iraq in order to ease the implementation of the Baghdad security plan, which U.S. and Iraqi forces began to roll out this week.

Sadr, the leader of the powerful Mahdi Army militia, recently went to Iran, according to U.S. officials.

During a news conference Thursday night, Talabani said Sadr told government officials that he was "eager for the stability of the state and the success of the security plan. He gave the government the green light to detain any outlaws."

In Washington on Thursday, Defense Secretary Robert M. Gates said he believed that Sadr's followers were concerned about the new operation to secure Baghdad and suggested that Sadr and his militia would "go to ground" over the coming months. "And the question is, during that space . . . can we and the Iraqis provide enough security so that economic development, improvements in governance, political reconciliation can all begin to make real progress in Iraq?" Gates said.

Gates said it was "an assumption" that Sadr has gone to Iran. "I haven't seen any factual proof of it at this point, but that's what people -- that's what I hear people think," Gates said.

In recent days, some of Sadr's aides in Iraq have denied that Sadr has left the country.

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The security plan includes an increase in U.S. and Iraqi troops, a crackdown on civilians carrying weapons and increased security measures at the Iranian and Syrian borders. U.S. and Iraqi forces this week have been cordoning off sections of the city to root out insurgents and seize weapons. Several of the areas targeted recently are Sunni insurgent strongholds.

Also Thursday, the leader of one of Iraq's most revered Shiite mosques suspended Friday prayers to protest a raid conducted Wednesday.

U.S. military officials said in a statement that Iraqi forces raided the Barantha Mosque in north-central Baghdad because they suspected it was "used as a place to conduct sectarian violence against Iraqi civilians as well as a safe haven and weapons storage area for illegal militia groups." The officials said they confiscated three heavy machine guns and 80 assault rifles.

The mosque's imam, Jalal al-Din al-Saghir, a Shiite cleric and member of parliament who belongs to the Supreme Council for the Islamic Revolution in Iraq, decried the raid during a telephone interview Thursday night. He said it was conducted solely by U.S. forces.

"They insulted the mosque and they did not inform the Iraqi government of the operation," he said. "We had an agreement with the government. They should tell us before doing such a thing."

Meanwhile, violence continued in Baghdad, where additional checkpoints have been set up recently and a nighttime curfew was extended by one hour.

A car bomb in Sadr City and other explosions killed at least seven people on Thursday, a police spokesman said.

The heavily fortified Green Zone was struck by rocket or mortar fire early Thursday, injuring two people, including an American citizen, said Lou Fintor, the U.S. Embassy spokesman. Fintor also said an Iraqi employee of the embassy was killed Wednesday in central Baghdad in what he described as a "random and senseless" act of violence.

Also Thursday, the U.S. military disclosed in a statement the death of an American soldier killed Wednesday in Anbar province in western Iraq while "conducting combat operations."

Al-Qaeda In Iraq's Leader Reportedly Hurt In Clash (USAT)

USA Today, February 16, 2007

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BAGHDAD — The leader of al-Qaeda in Iraq was wounded and an aide was killed in a clash Thursday with Iraqi forces, an Interior Ministry official said.

Brig. Gen Abdul-Karim Khalaf, a ministry spokesman, declined to say how Iraqi forces knew that the al-Qaeda leader, Abu Ayyub al-Masri, had been wounded in the clash north of Baghdad. There was no report on the matter from U.S. authorities, and the deputy interior minister, Maj. Gen. Hussein Ali Kamal, said he had no information that such a clash had occurred.

Khalaf said the skirmish happened near Balad, a major U.S. base about 50 miles north of the capital.

Khalaf identified the al-Masri aide killed in the fight as Abu Abdullah al-Majemaai.

Al-Masri took charge of al-Qaeda in Iraq after its charismatic leader, Abu Musab al-Zarqawi, was killed in June in a U.S. airstrike in Diyala province, northeast of Baghdad.

Meanwhile Thursday, U.S. and Iraqi forces pushed deeper into Sunni militant strongholds in Baghdad as part of a wide-ranging security sweep of the capital.

U.S. and Iraqi soldiers set up dozens of roadway checkpoints around the city and conducted top-to-bottom searches of vehicles as part of their new campaign to disarm militias and pacify the capital.

Low-flying fighter jets thundered over the capital. A spokesman for the U.S. military in Baghdad, Maj. Steven Lamb, said 17 suspects were arrested and three weapons caches seized.

Waiting in a snarl of traffic at one blockade, Mohammed al-Jubouri said people are willing to put up with the trouble as long as the security sweep shows some results. A wave of bombings has killed hundreds of civilians since the beginning of the year.

"We are fed up," al-Jubouri said. "We want only the security and stabilization."

In Baghdad's Dora neighborhood, long a stronghold of Sunni militants, two parked cars wired with explosives blew up as a joint U.S.-Iraqi patrol rolled past. The convoy was unharmed, but the blast killed at least four civilians and injured 15 others.

Two other car bombings came as security forces moved through the city. Those attacks killed at least three civilians.

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A leader of the main Sunni bloc in parliament, Adnan al-Dulaimi, complained that the U.S.-led sweeps are attacking mostly Sunni areas. "It should concentrate on those who are perpetrating the violence and terrorist acts in all districts," he said — a possible reference to the Shiite militias and their stronghold of Sadr City.

In other developments:

•In southern Iraq, British and Iraqi security forces closed two crossings on the Iranian border at Sheeb and Shalamcha and expanded coastal patrols to monitor maritime traffic into southern Iraq.

•Authorities also set up checkpoints ringing Basra, Iraq's second-largest city and the commercial hub of the Shiite-dominated south. The British military said the operation would last for 72 hours.

•Iraqi President Jalal Talabani said in a statement that he believes that radical Shiite cleric Moqtada al-Sadr has ordered leaders of his Mahdi Army militia to leave Iraq.

There continued to be conflicting reports about al-Sadr's whereabouts. On Tuesday, a spokesman for al-Sadr disputed the U.S. military's claim that he was in Iran.

Baghdad Crackdown Underway (LAT)

By Borzou Daragahi

The Los Angeles Times, February 16, 2007

BAGHDAD — It was just after lunch Thursday when the "surge" arrived at Haidar Karam's doorstep.

Out of nowhere, about 50 U.S. troops appeared and circled his northeast Baghdad neighborhood. Half a dozen Humvees arrived 15 minutes later. Snipers took up positions on rooftops. Troops stopped vehicles from moving.

They were the leading edge of a Baghdad security plan called Operation Law and Order, part of what the Bush administration has dubbed a "surge" in U.S. troops in Iraq.

After weeks of delay, the promised crackdown and troop increase were boldly evident Thursday during an hours-long tour of neighborhoods throughout the war-weary capital of 6 million people, where sectarian fighting kills an average of 100 residents a day.

A U.S. officer approached Karam, handing the government clerk a piece of paper with a phone number and an e-mail address to contact authorities if there was any trouble in his Shiite-dominated Shaab neighborhood.

He told Karam through an interpreter that American and Iraqi forces were going to secure the neighborhood. They were going to install a one-megawatt power generator.

"I told him, 'I find that difficult to believe,' " Karam said. "Our government always lies to us."

At that, the U.S. officer laughed, Karam said.

"We will prove it to you!" he said the American told him.

U.S. and Iraqi forces conducted raids, searched abandoned buildings and patrolled neighborhoods as part of the security plan, which officially began Tuesday evening.

At least 3,000 additional U.S. troops and about 2,000 Iraqi counterparts have arrived so far.

Despite the crackdown, authorities discovered the bodies of at least 20 men shot dead and dumped in west Baghdad. Dozens were killed or found slain around the country.

Troops to stick around

Under the security plan, units of U.S. and Iraqi forces will attempt to clear neighborhoods of unauthorized weapons and insurgents. They will stay rather than returning to base, in an attempt to halt spiraling sectarian warfare between Shiite Muslim and Sunni Arab gunmen, lure residents back to their homes and rebuild the economy.

"We are establishing a stronger presence throughout the city," said U.S. Army Maj. Steven F. Lamb, a spokesman for American forces in Baghdad. "We're going to have a 24-hour presence, which is going to stem the sectarian violence. All available troops that we can have on the street are on the streets."

On Thursday, U.S. forces often found themselves back at the small bases they used in the early months after the 2003 invasion. The facilities were abandoned as U.S. commanders under the direction of Army Gen. George W. Casey Jr. decided to lower the American profile in neighborhoods and hand security over to Iraqi forces.

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Since then, a once-vibrant Baghdad has become a forbidding maze of concrete walls and concertina wire roamed by mysterious gunmen, where petrified residents rush to their homes before dark.

The Dora district in south Baghdad was among the first neighborhoods targeted by the security plan. With Humvees and armored vehicles protected by aircraft, U.S. troops swept in Wednesday, setting off stun grenades before storming houses in search of insurgents.

By Thursday morning, explosions were shaking the district and security forces at newly established checkpoints had begun searching cars.

"Just four days ago, gunmen never stopped attacking checkpoints and firing at the Iraqi army," said journalist Ghesan Jabouri, a Dora resident. "Now that's all over."

Still, two car bombs killed at least four Iraqis and injured 20 in Dora, and by midafternoon the district's bullet-scarred main streets testified to the enormous challenges facing U.S. and Iraqi forces. Many of the closed shops were painted with an encircled X, a warning by insurgents not to reopen. Jittery Iraqi soldiers at a checkpoint stood guard, waving past the smattering of drivers braving the streets.

In nearby Sadiya, a violent Sunni neighborhood, U.S. troops stood near the kitchen of a home and watched Iraqi counterparts search the modest single-story house for weapons.

"What, grandma?" an Iraqi soldier joked to the family's matriarch, a woman in her 70s. "Don't you have any rocket-propelled grenades or roadside bombs?"

"No, son," she replied, laughing. "What would we do with such cursed things?"

The soldiers seized a handgun but let her family keep an AK-47.

Numerous checkpoints staffed by Iraqi soldiers and police directed the sparse traffic.

"We are very motivated," said a burly young Iraqi army lieutenant standing guard on the outskirts of the Yarmouk district downtown. "This security plan is a significant turn of events."

Streams of unmarked white SUVs filled with masked security officers pointing assault rifles at motorists passed by. Blue-and-white police pickups with makeshift plates of armor slapped to the sides kicked up dust and exhaust as they sped past motorists.

The heavy police and army presence, as well as the advance publicity, may have scared off many of the gunmen. Few shops were open, and traffic was scant along the once-glittery 14th Ramadan Street in the Mansour district of west Baghdad, the site of frequent battles over checkpoints between insurgents and security forces.

Insurgents expected back

U.S. and Iraqi officials think the initial shock of the plan will wear off and the insurgents will be back.

"That's a common issue that you have to deal with in any combat environment," Lamb said. "They're going to evaluate what we're doing and adjust to it, just as we have to evaluate what they're doing and adjust to it."

Iraqi troops, often criticized for lax responses, appeared to move more aggressively. Their Humvees were arrayed along the main road through the Kadhimiya district. Two truckloads of soldiers wound their way along a narrow street in the Adhamiya neighborhood. A soldier wearing a purple bandana grinned as he manned a .50-caliber machine gun and gestured for vehicles to stop.

The situation was similar in neighborhoods of every sect and economic class.

Security forces also sealed off Sadr City, the Shiite district that is the power base of the Al Mahdi militia. Even so, a car bomb there killed three people and injured 25.

U.S. officials say that unlike previous efforts, the security crackdown has the support of Iraqi Prime Minister Nouri Maliki's government, which had blocked American efforts to target certain individuals and neighborhoods.

Raids in the last two days targeted the Baratha mosque, the base of a powerful Shiite politician, the Hillah offices of a local leader of Maliki's Dawa Party, and an office of radical cleric Muqtada Sadr's movement in Hillah.

In the southern city of Basra, officials launched a simultaneous security crackdown and sealed the nearby borders with Iran, Kuwait and Saudi Arabia. One British soldier was killed and another injured during attacks on checkpoints west of Basra.

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A U.S. Marine died in western Iraq on Wednesday, where 4,000 of the 21,500 additional U.S. troops being added for the security plan will be deployed by May.

U.S. officials, including President Bush, have urged patience in measuring results of the crackdown.

Six weeks ago, U.S. forces converted nine abandoned homes into a small military base in the once-leafy west Baghdad neighborhood of Ghazaliya.

"The first two weeks after the base was completed were really calm," said the owner of an electrical shop in the neighborhood who asked not to be identified.

But Sunni and Shiite gangs soon resumed attacking each other, he said. Shiites burned down a cherished library adjacent to a Sunni mosque. Sunnis responded with a killing spree.

"U.S. troops never did anything," the resident said. "I do not know what will happen, or whether this plan to secure Baghdad will succeed…. It seems like someone is always trying to make sure it doesn't."

Dispute Over Iraqi Cleric, Said To Have Gone To Iran (NYT)

By Damien Cave

The New York Times, February 16, 2007

BAGHDAD, Feb. 15 — Questions and accusations continued to swirl about the whereabouts of the militant Shiite cleric Moktada al-Sadr on Thursday, and American and Iraqi forces deepened their security push in Baghdad.

An Interior Ministry official said that the Iraqi police had wounded Abu Ayyub al-Masri, the leader of the terrorist group Al Qaeda in Mesopotamia, and killed his top aide in a gun battle near Balad, in Diyala Province. But there were no further details, including whether Mr. Masri had been captured or how it was known he had been wounded, and the United States military declined to comment on the report.

Two Shiite leaders stepped forward on Thursday to confirm American reports this week that Mr. Sadr had gone to Iran.

But the two, a senior official in Mr. Sadr's organization who spoke on condition of anonymity, and Sami al-Askari, a Parliament member from a different Shiite party, took exception with suggestions that he had fled because of a crackdown on militias and had permanently moved to Iran. They said that the cleric often visited the country and that it was unclear why he had left or when he would come back; the Sadr official said he could return to Iraq on Friday.

In a sign of how volatile the topic has become, several of the cleric's aides continued their vehement denials that he had left at all, and accused the Americans of a propaganda campaign to paint him as a coward. "This is an American lie that aims to get information about the whereabouts of Sadr in any way possible," said Abdul Razzaq al-Nadawi, a top Sadr aide, in an interview on Al Arabiya. "Through this they can accomplish two things: the first is that either Sadr shows up on TV and announces that he is here, and in this case they can make sure that he is in Najaf, Iraq. If he doesn't show up they will also have achieved something, by depicting Sadr as a coward who fled to Iran fearing for his life."

For his part, Mr. Askari said he did not understand why either the Americans or Mr. Sadr's group were making such a fuss. The cleric has frequently traveled to Iran, he said, and rarely appears in public even when he is in Iraq. "I don't know why the Sadrists are denying that Moktada al-Sadr has left," he said. "Maybe because of the provocative statements by the Americans."

The American military has not divulged its motivation for highlighting Mr. Sadr's purported absence. Senior White House officials said that they believed that Mr. Sadr left several weeks ago and that it was unclear what led him to go. If he actually did leave, it is now unclear whether he could come back: the Iraqi government said Thursday that it had closed its borders with Syria and Iran as part of the new security plan.

Prime Minister Nuri Kamal al-Maliki, a Shiite who owes much of his political rise to early support from Mr. Sadr, has struggled under recent pressure to show progress in reining in the militias. United States officials insist that the Mahdi Army and other Shiite militias have been taking a bigger role in attacking American troops, sometimes with help from Iranian materials and expertise. Meanwhile, Sadr loyalists portray themselves as nationalists, legitimate partners of the Shiite-led government, and the only capable defenders of Shiite families from attack by Sunni Arab groups.

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The report on Thursday about the wounding of the Qaeda leader in Iraq came after the official, Maj. Gen. Hussein Ali Kamal, the deputy interior minister, had canceled a scheduled news conference. In making the announcement, General Kamal said he had no further information.

Mr. Masri was identified as the new leader of Al Qaeda in Mesopotamia last summer, after the terrorist leader Abu Musab al-Zarqawi was killed in June. Mr. Masri, an Egyptian who said he was a founding member of the group, has been the subject of speculation before. On Oct. 5, news reports suggested that he had been killed. A month later, an audio recording surfaced with a voice attributed to Mr. Masri taunting President Bush.

In Baghdad, the top Iraqi and American commanders for the city — Lt. Gen. Abud Qanbar and Maj. Gen. Joseph F. Fil Jr. — visited a market area in eastern Baghdad recently hit by several car bombs.

In the southern Sunni area of Dora, gunshots and mortar fire rang out all morning as American troops set up tanks on corners and surrounded parts of the neighborhood, residents said. In the northeastern Shiite districts of Shaab, Ur and Bayda, American troops with Iraqi policemen continued to search homes for weapons. About 300 Iraqi security forces worked in the area with 2,500 American troops, said Col. Steve Townsend, the commander of the Third Stryker Brigade Combat Team.

For the second day of their sweep, American troops found almost no resistance, instead mostly encountering compliant residents and children begging for attention. In the afternoon, some troops decided to cruise through nearby Sadr City. From the hatch of a 19-ton Stryker armored vehicle, the district appeared far less friendly than the three nearby neighborhoods had. There were lots of antagonistic hand gestures, hard stares and grimaces from young men.

About an hour later, near a restaurant in Sadr City, six people were killed when a minibus exploded outside a popular restaurant. With American troops on the neighborhood's edges and Iraqi forces inside, witnesses said that the heightened security presence helped evacuate bombing victims more quickly.

Salaam Sabri, 35, a microbus driver who ran to the scene after hearing the explosion, said that police cars and army vehicles were hauling bodies to the hospital while policemen and soldiers searched cars and pedestrians for signs of who might be responsible for the attack.

"It wasn't like before," he said. "They surrounded the area and they checked all the cars and all the people walking by."

Two car bombs exploded in Dora just after 1 p.m., killing four Iraqi civilians not far from where American tanks gathered on corners. Twenty bodies were found in Baghdad on Thursday, an Interior Ministry official said. At least one was headless, according to a hospital official.

A sniper killed an Iraqi Army soldier in the Sunni area of Adhamiya, an Interior Ministry official said. An Iraqi police commando was also killed by gunfire in the Amil neighborhood, another Sunni area.

In another Sunni district, the Jamaa neighborhood of western Baghdad, a car packed with explosives blew up near an Iraqi patrol, wounding two soldiers. The United States military said in a statement that a marine was killed Wednesday during combat in Anbar Province.

A missile or mortar round hit a building just across the Tigris River from the Green Zone, wounding two people, including an American Embassy contractor, said Louis J. Fintor, an embassy spokesman.

Iraq Troop Boost Erodes Readiness, General Says (WP)

By Ann Scott Tyson

The Washington Post, February 16, 2007

Outgoing Army Chief of Staff Gen. Peter J. Schoomaker said yesterday that the increase of 17,500 Army combat troops in Iraq represents only the "tip of the iceberg" and will potentially require thousands of additional support troops and trainers, as well as equipment -- further eroding the Army's readiness to respond to other world contingencies.

Although final decisions on deployments have not been made, Schoomaker said, U.S. commanders in Iraq have requested an additional 2,500 soldiers to serve as embedded trainers for Iraqi forces, and 5,000 to 6,000 additional soldiers could be needed to provide logistical and other support to the five Army combat brigades flowing into Baghdad.

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"We are having to go to some extraordinary measures to ensure we can respond," he said, but he added that even then he could not guarantee the combat units would receive all the translators, civil affairs soldiers and other support troops they request. "We are continuing today to get requests for forces that continue to stress us."

Schoomaker, in one of his last congressional testimonies as Army chief, also made it clear that he had raised concerns in advance about President Bush's plan to increase troops in Iraq because it would further deplete Army units at home.

"We laid out . . . exactly what the risks are in terms of other contingencies . . . to include my concerns about the lack of adequate dwell time," he said, referring to the fact that active-duty soldiers now spend only about a year at home between 12-month war zone rotations.

Schoomaker noted that Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was "obligated to present any dissenting opinions and he did that, as did we," in discussions on the troop increase with Defense Secretary Robert M. Gates and the president. Still, Schoomaker added that "our mission now is to support the commander in chief."

Virtually all of the U.S.-based Army combat brigades are rated as unready to deploy, Army officials say, and to meet the immediate needs in Iraq and Afghanistan they are finding it necessary to transfer personnel and gear to those units now first in line to deploy.

"I am not satisfied with the readiness of our non-deployed forces," Schoomaker told the Senate Armed Services Committee, noting that the increased demands in Iraq and Afghanistan "aggravate that" and increase his concern. "We are in a dangerous period," said Schoomaker, adding that he recently met with his Chinese counterpart, who made it clear that China is scrutinizing U.S. capabilities.

The Marine Corps commandant, Gen. James T. Conway, said in the same hearing that his chief concern is that Marines are not training for other types of conflicts beyond the insurgencies in Iraq and Afghanistan -- such as conventional ground wars. "My largest concern has to do with training," he said. "We're not doing amphibious training, we're not doing mountain training," as well as some large-scale exercises, he said.

About 40 percent of Army and Marine Corps equipment is now in Iraq or Afghanistan or undergoing repair or maintenance. To outfit the additional forces for Iraq and Afghanistan, the Army is drawing gear from prepositioned stocks of armored Humvees, tanks and other major equipment that would not then be available for another conflict, Conway said.

Schoomaker stressed the ongoing need for funding to repair, replace and upgrade Army equipment, criticizing funding shortfalls in 2005 and 2006 that forced layoffs and slowdowns in production at Army repair depots.

Even if the United States were to carry out a significant troop reduction in Iraq, Schoomaker said he would advise going ahead with the Army's plan for a permanent increase of 65,000 active-duty soldiers by 2013. "The Army's too small for the century we're in," he said.

House Call (WSJ)

By Martin Peretz

The Wall Street Journal, February 16, 2007

Our political imagination of evil is impoverished, and nowhere is it more impoverished than in Iraq. Even today, when the blood of innocents flows so richly and regularly, we do not seem to grasp its origins, or its power. That is, we do not seem to grasp the centrality, and the perdurability, of culture. And in this regard, the president and his party, as well as the Democratic Party, are equally blinded by their respective orthodoxies.

When the administration took us into Iraq, it was in transports of universalism, as all democratizers must be. All that it wished to know is that people, all people, people everywhere, yearn for liberty and for a fair state. This was not the traditional Republican view of these matters, and it took some courage for George W. Bush to buck the cynical and cynically elitist view of his father and James Baker that arrangements can always be made with dictators, and satisfactory arrangements at that. It was actually refreshing to hear this Four Freedoms trace of Franklin Roosevelt from the smug Grand Old Party, although we had already heard it once before from its slightly dopey but truth-seeing president, Ronald Reagan. All men and women want to be free, Mr. Bush said, and Iraqis too.

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The problem is that this belief, which is probably true, is not all we need to know. Whatever people want, they want in their particularity. General aspirations are always locally inflected, sometimes to the vanishing point. The people we set out to liberate were not just human beings, they were also Arabs, and Muslims; and more particularly, they were Shia Muslims and Sunni Muslims, and Kurdish Muslims as well. We did not invade only an enslaved country, we invaded also an ethnos, a religion, a culture -- none of which have been historically (and frankly philosophically) receptive to the great blessing that we wished to confer. The president's belief in the omnipotence of the American military -- that it can outsmart and outfight militias that butcher indiscriminately -- only confirmed him in his sense that the persistence of cultural and sectarian hatreds would be no problem, that a 1,300-year-old fact of culture and religion could be effectively overcome by a new doctrine of counterinsurgency.

The Democratic opposition went through a similar process, but in the reverse. It is true that liberals are keenly aware of difference, and lovingly celebrate difference. That is what multiculturalism is about, and moving towards open borders too. But they do not like to see the virulence of diversity -- the historical persistence of the enmity of one element of the crazy quilt for the other, even one seemingly quite akin to the other. The liberal appreciation of the hateful dimensions of tribal and clannish identity generally extended no further than the blood rituals of "The Sopranos." Now they are so much wiser, and sagely lecture everyone within earshot about the permanent hatreds between Sunni and Shia, although their House chairman of intelligence oversight had not the foggiest notion of who was in discord and what the discord was about. In any case, they counsel smugness, since none of these inter- and intra-sectarian hostilities will ever come to our shores.

Where, then, are we in the war? No one knows exactly what to do about it. Everybody knows that we are in trouble. Even those of us who are skeptical about the ideological inclinations of many Democrats cannot but dignify the national anxiety that they represent. The House is now debating a nonbinding resolution supporting our troops already in Iraq and disapproving the dispatch of 20,000 more. The debate is, strategically speaking, pointless: The new troops are already on their way. The Senate will figure out how to make its own sense of the politically fraught perplexity. Now, both houses of Congress are perfectly entitled to debate anything of this magnitude. Indeed, they have a responsibility to do so. A war should not shut down free opinion, or -- worse yet -- informed opinion. So the attempt of the House minority leader, John Boehner, to scare them away from a serious debate with demagogic references to the American Revolution is unseemly. This is a weighty war, very weighty. The absence of a serious debate about its ends and its means would rightly earn the national legislature the contempt of all Americans.

But the formula that the House Democratic leadership has fixed on is a charade. It allows each of the 435 representatives five minutes at the podium, enough for them to posture for local television but not so much that anybody can say anything serious, let alone deep or even brave. And the resolution's text itself is rather cowardly. For, since it purports to be a declaration of support for American soldiers actually fighting in Iraq -- whatever "support" actually means -- why does it criticize the only help that can possibly enable the military in the war: more soldiers and more weapons? And, if the Democrats do not want the war to be continued, then they should bring forth legislation either cutting funds or setting a date for withdrawal, in the manner of George McGovern. There is no rationale for troops in terrible danger to be held hostage to the political expediency of nervous Democrats, who are not prepared to do what they really mean to do and to say what they really mean to say.

Only one resolution is being debated on the House floor, and no amendments will be permitted. Not quite a debate, is it? One sees in Nancy Pelosi's iron-fisted eagerness to get everyone into line a measure of her years in the wilderness. She will have her way. And the political hothouse is even more torrid in the Senate. There, after all, sit the candidates for president. One would think that, given the threat to her nomination posed by Barack Obama, Hillary Clinton would be more flexible in her views on the war. Her insistence on not saying that she had made a "mistake" in voting for the 2003 deployment of troops to Iraq puts her out of the center of gravity of her party. Mr. Obama has set the tone and the pace for the Democrats, and he has the advantage of having been clearly antiwar from the beginning. I suspect that almost all Democrat aspirants will end up imitating him. Why won't Mrs. Clinton capitulate to Democratic orthodoxy that the war was always a "mistake"? Out of pride, of course: Hillary Clinton doesn't make mistakes. Only other people do, and especially George Bush.

Senate Democrats are also making sure that no real debate will be held in that body. But, in a certain material sense, the Senate has already approved the administration's enhanced strategy in the war by confirming Gen. David Petraeus's appointment as the U.S. commander in Iraq. Whose strategy do the Democrats imagine our soldiers will be following? If they didn't want this

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strategy and they didn't want to continue the war, they should have turned him down. That would have been a real message, and a true one.

But the Democrats want it both ways. One of the tropes of many Democratic critics of the war is that, in going to war in Iraq, we squandered our near-victory in Afghanistan. The defeat of the Taliban was actually exhilarating, what with women out in the streets with normal clothes they wanted to wear and children even playing musical instruments. But the enthusiasm of the Democrat Party for Afghanistan is rooted in the fact that Afghanistan is not a strategic asset for the West. It is only a moral triumph. The Democrats prefer to look away from the colder long-term calculations of American and Western interests in the Middle East. We need more than moral triumphs there. We need strategic triumphs. If Iraq turns out not to be the latter sort of triumph, it will be remembered as one of the most momentous blunders in our history.

I think the odds against us are huge. One reason is that Iraq is neither a state that coheres nor a society that coheres. Its civil society, if that is what it is, is not quite a civilized society. The carnage between Shia and Sunni, and the carnage among other religious and ethnic communions, since the end of Ottoman rule have left deep and bloodied breaches in Iraq. If these cannot be repaired, it will be a huge defeat for George Bush -- and, whatever many liberals think of it, for liberalism as well.

Mr. Peretz is editor in chief of The New Republic.

Out Of Stricken Baghdad, Into Uncertainty (CSM)

By Ilene R. Prusher

The Christian Science Monitor, February 16, 2007

AMMAN, JORDAN

A mortar tumbled out of the sky and onto the Baghdad elementary school. Two of their three children were inside. The girls escaped, panicked but unharmed. Parents Mayada and Ali Hussein al-Obeidy decided enough was enough. They were getting out of Iraq.

That was six months ago. Since fleeing Adamiyah, a once middle-class area turned nightmare-zone even by Baghdad standards, the Obeidy family has taken shelter in Amman, Jordan. They spend days waiting. Like most Iraqis here, they aren't allowed to work and haven't been able to renew their temporary residency permits that expired months ago.

But they consider themselves fortunate: At least the children are safe and in school. The Jordanian government has said this is the last year it will allow Iraqis to send their children to class. With anywhere from 700,000 to 1 million Iraqi refugees pushing Jordan's already-stretched public services to bursting, the Iraqi presence in Jordan has become – in the words last month of the chief government spokesman – "a burden."

On the wall of their apartment are snapshots of the Obeidy's relatives, some living halfway around the world in Texas. There, the Obeidys have a slew of relatives. Mayada's older brother and mother, both citizens of the US, live in El Paso. They have been trying for several years – and recently, with great intensity – to get her and another brother in Amman to join the rest of the family in America.

They haven't been successful and they are not alone. Only 202 Iraqis were permitted to take refuge in the US in 2006. Since the US-led invasion, 466 Iraqis have been allowed entry to the US as refugees, according to figures given by the State Department at a Senate hearing last month. The numbers are particularly stark in comparison with the scope of a burgeoning refugee problem.

The UN High Commissioner for Refugees estimates that there are some 2 million Iraqi refugees, most in the region, with the numbers in Jordan rivaled only by those in Syria. Add to that number another 1.8 million Iraqis who are internally displaced. During the first half of 2006, the UN says, Iraqis became the largest asylum-seeking nationality in Europe.

US policymakers are gradually waking up to the reality of the scale of the refugee crisis caused by the war, and the likelihood that the numbers of people seeking a haven will increase. Under growing international pressure to do more, this week Secretary of State Condoleezza Rice announced a task force to enable more refugees to come to the US. The Bush administration this week said it would allow about 7,000 Iraqis into the US this year.

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But to the Obeidys, change feels far off. Despite having immediate family members in the US keen to sponsor them, they've made no progress on their two-year attempt to come to America. Mayada's brother, Mustafa Ali, reached at his home in El Paso, said that he was told by the Immigration and Naturalization Service (INS) that the process could take five to eight years.

"For some reason, no one wants Iraqis in their countries," says Mr. Ali. "We've been suffering long enough. We were hoping we'd get a better life. The INS should process the Iraqi applications more quickly, because their situation is different from any other country. [The US] could make a special effort and arrangement, couldn't they?"

Adjusting to life in limbo

It's getting close to noon on a recent chilly February day at the residency office in Amman, a place through which any foreigner seeking permission to stay in Jordan must pass. Mayada and Ali Hussein are leaving after a long morning in which they, along with hundreds of other Iraqis, sought help in extending their residency permits. Hundreds of thousands (numbers are difficult to pinpoint) are now in Jordan illegally, fearing expulsion.

"The residency office isn't giving us an answer. Not 'yes' and not 'no,' " says Mayada. She looks down at the notepad of the reporter who has come to speak to her and, seeing that her name was misheard as "May," she begins to well up with tears. May was the name of her sister, who was killed when Baghdad was under bombardment by the US military four years ago next month.

Her husband's face locks up, he looks away. So many people have it worse than they do, he says. They are the fortunate ones. They're out. They and the throngs of Iraqi couples walking up and down the hill, looking for solutions.

Jordanians imagine them to be rich. Some are comfortable, but more typical are people like the Obeidys, who were both longtime schoolteachers. She taught primary school, he taught math. He's supposed to be getting an Iraqi pension now. He can't work here, and their money is quickly disappearing.

"If they see you working illegally, they'll throw you out," Ali Hussein says. "We just want to assure our survival. I'm ready to pay to stay here, if they would let us."

"We're spending our savings and we don't know how long it will last," he says. "We don't blame the Jordanians – they don't have so much money. But why doesn't the world help the Jordanians so we can survive?"

When they arrived, Mayada went to the UNHCR and registered as a refugee. However, unless she can prove they are specifically targeted for violence, it's unlikely they'll meet the current standards for asylum here or in most Western countries.

She displays the card, which has yet to be of much use to the family, and shrugs. "Does America not know how terrible things are for us?" She asks the question with a quiet calm, as if genuinely unsure of whether people in the US are aware of the scale of the carnage in Iraq. "Why are we allowed to come only to Jordan and Syria? Our situation is just getting worse. If we go back, we will be killed."

In Baghdad they knew several other middle-class families whose children had been kidnapped. They were sure it would happen to them sooner or later.

Before leaving, they invited a poor family who'd been living in a slum to come and stay in their home. Few would pay rent for a home in Adamiyah. And if the Obeidys left the place empty, it would be sure to be taken over by squatters or militant groups.

So began the dynamics of becoming a reluctant refugee: handing over the keys to your house in the hope that one day, they'll be returned in peace. You make a choice: your belongings or your very being. When you leave this way, you really never know when you are coming home again.

The Iraq effect in Jordan

It's afternoon in Jebel Hussein, a busy part of Amman that is so heavily populated with Iraqis that Baghdad-accented Arabic dominates the streets.

Jordanians complain that the influx of Iraqis has driven up real estate prices and the cost of living in general, making it harder to find affordable apartments. At the other end of this resentment, Amman society is buzzing with chatter about the crime rate going up due to the Iraqi refugee population. In the Iraqis' defense, one Jordanian analyst pointed to the fact that Iraqis here are economically trapped: They can spend but they can't earn. Many are getting desperate, and in such circumstances, it wouldn't be surprising for them move into the black market or find other ways to survive.

All of that is to say nothing of the fear that the Sunni-Shiite conflict could spill over into Jordan.

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Newspapers reported that Shiites here might want to build a Shiite mosque, drawing ire from several Islamic leaders in Jordan, which has always been an almost exclusively Sunni nation.

The Obeidys, who are Sunnis, dislike even talking about the sectarian divide, which they prefer to leave behind. Before 2003 and today, they say, they've always simply been Muslims.

At home, Mayada and Ali Hussein are in a much smaller apartment than the home they had in Baghdad. They spend a lot of time watching TV and then calling people back home to make sure they are OK.

"You hear the news and we know we have friends and family there," says Mayada. "It's in your head all the time. It's not like you take everyone you know out with you. Things are shaky. We're not sure of anything now. Mortars fell yesterday right on the area we lived in."

Five days earlier, a mortar landed on a school just like the one their daughters went to, killing five girls.

The children are confused, unsure of where they'll be attending school next year. The adjustment was rough at first. Other children made fun of their Iraqi accents, but soon enough, they caught to the new dialect. Jordan is a hospitable country. Still, Jordan is not home.

And where is that? The children can't decide. They sit, quiet, and well-behaved, watching "The Biggest Loser," a US reality show about obese Americans competing to lose weight.

What should the family do now? Each child has a different answer.

"Stay here," says Nur, 9.

"Go back to Iraq," answers Mustafa, her fraternal twin brother.

"To America," declares Shams, 13 and slender, and stares back at the TV.

My War Away From War (NYT)

By Ayub Nuri

The New York Times, February 16, 2007

I WILL always remember last Aug. 13 as one of the best days of my life. On that day, after 47 days of waiting, and just four days before classes were to begin at Columbia, where I had received a scholarship, I was granted an American visa. Not only would I be able to fulfill my dream of studying in the United States, but I would also find some peace.

I am an Iraqi, and although I love my country, I needed to get out. I thought the 13-hour flight and the oceans would distance me from the tragic reality of the war. But on my first day in New York, I realized that I had not left the war. Rather, it had followed me here, and I had to fight it every day.

Every time I talked to someone at a party, in a taxi or at the store, the same chain of questions would follow after I said I was from Iraq. Some people gaped. Others sat silent for a second, then shook my hand differently. “Wow, so interesting,” they would say. “So what do you think of the whole situation? What went wrong over there?” Finally, the inevitable: “Do you think we should pull out?”

At school happy hours, while everyone was socializing and enjoying their drinks, I found myself having to explain the insurgency, the sectarian violence and what I thought would happen if American troops withdrew from Iraq. That was the question that troubled me most.

To me, it sounded like a question that only the defense secretary should be contemplating. Did people here feel entitled to ask it because they had voted for this government, and they therefore felt responsible for their government’s policies? I decided to think this was the reason, and it consoled me.

Soon, there was another question that began to trouble me. It mostly came from Arabs or other Muslims I encountered. “Who is behind these killings?” they would ask.

“It is difficult to point to a specific group,” I would tell them. “But most of the killings are perpetrated by Iraqis themselves, Shiites and Sunnis. I have witnessed it with my own eyes.”

But they were never satisfied with my answers. Most of them blamed America for everything. I agree that the American army is part of the problem, but Iraqi militias are now responsible for most of the killings.

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Explaining the complexity of the situation in Iraq to everyone I met made me tired, and after a while I did not enjoy meeting people anymore. I stopped going to happy hour. I wished I could have a conversation about a different subject — American history or the American electoral system — but it rarely happened.

I realize now that there simply is no way for me to escape the bitterness of this war. It has become part of my life. One night, after a dinner party with some classmates, I turned on my computer to read my e-mail messages. The first message I opened was from Iraq. It carried the news of the death of a dear friend of mine. He was killed by a car bomb in Baghdad. I cried most of the night. A few days later I erased his e-mail address from my address book.

A month later, my phone rang very early in the morning. The voice on the other end told me that another close friend — a reporter in Ramadi — was killed while covering a story in Baghdad. I mourned alone in my apartment.

I slept very well my first two nights in New York and had no dreams, but I think it was because of the jetlag. The rest of my nights have been full of dreams and nightmares.

In one dream I am stuck in Falluja and I can't get out. I am on the ledge of a high wall that separates the American soldiers from insurgents. They both see me and are ready to shoot.

In another dream I am kidnapped by the Iraqi Army and thrown into a dungeon with a foreign reporter. In yet another, I go to Baghdad and find the streets empty. There are only roofless houses and ruined walls.

When I wake up, I remember that I am in New York City, and I feel at peace. But that little escape from the nightmare of the war does not last long. At some point during the day I will have to give another war lecture. No matter how I perceive the war, no matter how many more friends I lose, no matter who is killing whom, as long as there is a war, I have to live with its nightmares and fight them thousands of miles away.

Ayub Nuri, a former reporter for the Institute for War and Peace Reporting, is a student at Columbia's Graduate School of Journalism.

Marines Honor 100 Who Sacrificed Their Lives (LAT)

By Tony Perry

The Los Angeles Times, February 16, 2007

CAMP PENDLETON — In a ceremony filled with tears and expressions of pride, 100 members of the Regimental Combat Team 5 killed during the recent deployment in Iraq were remembered Thursday as among "the finest young men our nation has ever produced."

Col. Larry Nicholson, the regiment's commanding officer, said the 100 were part of the "newest greatest generation" who answered their nation's call after the Sept. 11 terrorist attacks.

"The fact is that Iraq is a better and safer place because of the services and sacrifices made by the Marines, sailors and soldiers" of the 5th regiment, Nicholson told the hundreds of Marines and dozens of family members assembled for the memorial.

It was a day when the sprawling base was filled with Iraq-related activity: In one area, combat Marines were being trained for deployment; in another, 300 Marines returned from Iraq to a joyous greeting from family members; and, in a courtroom, a sentencing hearing was underway for Lance Cpl. Robert Pennington, who confessed to conspiracy and kidnapping in the death of an unarmed Iraqi man.

The memorial service was held on a parade ground near the headquarters of the regiment, known as the "fighting fifth," the most heavily decorated regiment in the Marine Corps. The 5th was the first unit across the Line of Departure into Iraq when the assault on Baghdad began nearly four years ago; for its latest deployment, it was assigned to Al Anbar Province, the heart of the Sunni insurgency.

Breaking with a Marine tradition that says Marines from the "old corps" were the toughest ever, Nicholson said that Marines of the past "are no match for the caliber of the Marines of today." As their commander, each death was a "numbing" experience, said Nicholson, who was himself severely wounded in a previous deployment to Iraq.

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Each of the names was read solemnly, to the accompaniment of a tolling bell. For each name a Marine marched toward a row of inverted rifles and placed a dog tag on them. There were 13 inverted M-16s, each representing a battalion or company that made up the regiment.

The reading of the names took nearly 20 minutes. Among the dead were 91 Marines, 7 soldiers and 2 Navy corpsmen. The most common rank was a Marine lance corporal.

Family members, some of whom had traveled across the country for the ceremony, listened and wept and, when the ceremony was over, talked of their grief but also their pride in their family member's military service.

"I feel our family is broken," said Madeline Buerstetta, mother of Lance Cpl. Richard Allen Buerstetta, 20, killed Oct. 23. "We're missing a part, and the hurt won't stop."

With tears streaming down her cheeks, Buerstetta explained how her son, a reservist, was killed in a roadside bomb explosion that ripped apart his Humvee, also killing another Marine and injuring a third.

"He died doing something he loved," she said. "He was a Marine's Marine."

Buerstetta's father, Paul, a healthcare consultant in Tennessee, said he has trouble coping with the fact that "many people don't seem to realize there is a war going on, that young men are dying for them. Every day is hard."

Some of the 100 were on their second or third tours in Iraq. Others were on their first.

"He was only there 18 days and he was blown up," said K'Ann Hines of Ventura, mother of Lance Cpl. Joshua Hines, 26, killed Oct. 25 by a roadside bomb while on foot patrol.

Hines is survived by his parents, his wife and their son, Rylie, born just eight weeks before Hines was killed. "People should remember my son's smile," his mother said. "He'd do anything for anyone. He even put his life down for his buddies."

During the ceremony, regimental Sgt. Major Melvin Roundtree quoted from John 15:12-13: "This is my commandment: Love one another as I have loved you. There is no greater love than this: To lay down one's life for one's friends."

Lance Cpl. Lucas Bell, 22, still recuperating from a gunshot that shattered his femur, came to show respect for Marines from his unit, a reserve group from the Midwest. He was evacuated after being wounded Dec. 7 and remains on crutches.

"For me, it was the first time I was able to mourn for my brothers," said Bell, his eyes red-rimmed. "It was good to get it off my chest. It was beautiful."

Madeline Buerstetta said she prays daily for the Marines still in Iraq.

"They're men, but to me they'll always be boys, my boys," she said as her husband tried to comfort her.

A Higher Calling Than Duty (LAT)

By Teresa Watanabe

The Los Angeles Times, February 16, 2007

"WHY I joined: The question has been asked of me so many times in so many different contexts that I thought it would be best if I wrote my reasons for joining the Army on my page for all to see."

Oct. 29, 2006. On the night before he deployed to Iraq, Army 2nd Lt. Mark Jennings Daily sat down at his laptop in his Texas apartment and began tapping out an essay for his MySpace Web page. Daily, a 23-year-old Irvine native who considered himself a liberal humanist, had decided to join the fight despite initial doubts about the war.

Before shipping out, he wanted to explain why.

The decision had befuddled some. After all, Daily was a UCLA political science graduate with a wide circle of friends and dreams of becoming a senator, or a history professor, or a foreign correspondent. Why join the Army?

His essay would turn out to be a last testament to one soldier's courage and convictions.

And that essay, in recent weeks, has ricocheted throughout the Internet, taking on a life of its own. It was read on the U.S. Senate floor and posted on the websites of columnists and talk show hosts. It has prompted hundreds of letters from strangers. Daily's words, his astonished parents say, seemed to resonate with all kinds of folks, stirring a common altruistic impulse.

He wrote it in just 20 minutes, his parents say, as he chatted with his family in his packed-up El Paso apartment near Ft. Bliss, Texas, where he was assigned to the 2nd Squadron, 7th Cavalry Regiment, 4th Brigade Combat Team, 1st Cavalry Division.

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"First, the more accurate question is why I volunteered to go to Iraq. After all, I joined the Army a week after we declared war on Saddam's government with the intention of going…. "

Daily's parents, John and Linda Daily of Irvine, didn't particularly want to see their eldest son ship out to Iraq. They would never tell him that directly. They respected their children too much to try to interfere.

"If not me, then who?" Linda Daily remembers her son asking, his earnest eyes leaving her with no good answer.

So the Dailys did what they believed parents should do: They embraced their son, affirmed his decision and sent him off, shielding as best they could their fears and doubts. His wife of just three months, Janet, did the same.

"Anyone who knew me before I joined knows that I am quite aware and at times sympathetic to the arguments against the war in Iraq. If you think the only way a person could bring themselves to volunteer for this war is through sheer desperation or blind obedience then consider me the exception."

Mark Daily, born on the Fourth of July, grew up in Irvine's Woodbridge Village, on a street of spacious homes and well-manicured lawns. His father, John, is an aerospace project manager; his mother, Linda, an audiologist.

His family says he became a registered Democrat who read voraciously and delighted in fervent debate. He read liberal intellectual Noam Chomsky, conservative Sen. John McCain of Arizona and everything in between.

His first passions were animal rights and environmental protection, prompting him to become a vegetarian and Green Party member in high school for a few years. He defended American Indian rights so loudly in one backyard debate that Linda Daily imagined the neighbors would think it a family brawl. His heroes were immigrants because "they risk their lives to achieve better ones," he wrote on his MySpace page.

Fascism and anti-Semitism particularly troubled him. If you really want to understand me, he wrote on MySpace, watch "Schindler's List."

He sought out neo-Nazis for online debates. In a string of e-mails, Daily invited one young man who featured swastikas on his MySpace page to explain his sentiments. After a wide-ranging discussion over German history, the Holocaust, African DNA, North Korean fascism and democratic values, Daily turned the Nazi lover around. "I think most certainly a lot, if not all of my beliefs have changed," the young man wrote. Daily, he said, was right. "Nothing was ever created with a system of hate."

After the 9/11 attacks, Daily was not convinced that a military response was the best option. In his MySpace essay, he runs through the gamut of reasons he used at one time or another to argue against confronting the Taliban and Saddam Hussein: cultural tolerance, the sanctity of national sovereignty, a suspicion of America's intentions. Weren't we really after their oil? he wondered.

Somewhere along the way, he changed his mind. His family says there was no epiphany. Writings by author and columnist Christopher Hitchens on the moral case for war deeply influenced him. A 2003 phone conversation with a UCLA ROTC officer on the ideals of commitment and service impressed him.

Ultimately, his family says, Daily came to believe that his lifelong altruistic impulses and passions for the underdog had to extend to Iraqis crushed under decades of oppression. It was time to stop simply talking about human rights and actually do something to help secure them.

And he decided that joining the Army was the best way to do that.

One thing is certain, as disagreeable or as confusing as my decision to enter the fray may be, consider what peace vigils against genocide have accomplished lately. Consider that there are 19-year-old soldiers from the Midwest who have never touched a college campus or a protest who have done more to uphold the universal legitimacy of representative government and individual rights by placing themselves between Iraqi voting lines and homicidal religious fanatics. Oftentimes it is less about how clean your actions are and more about how pure your intentions are.

Daily had read historian Stephen Ambrose's writings on World War II and the generation of soldiers who fought for freedom from the forces of fascism. If not Iraq, Daily thought, he wanted to help save those being slaughtered in Sudan.

In the fall of 2003, he entered the UCLA ROTC program. The UCLA military science faculty selected Daily as cadet of the year for 2005. He was named a Distinguished Military Graduate, an honor given to 20% of cadets nationwide.

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Lt. Col. Shawn Buck, who headed the UCLA military science department at the time, said Daily was a deep thinker and natural leader who persuaded many cadets to stick with the program. "Once he made the decision to join, he jumped in with both feet and gave it everything he had," Buck said.

In a 2005 videotape of his officers' commissioning ceremony, Daily told the crowd that the U.S. Army is one of the few militaries in the world that teach not only tactics but also ethics. "I genuinely believe the United States Army is a force of good in this world," he said.

He was not blind to military transgressions and fumed to his father that the abuse of Iraqi prisoners by U.S. soldiers at Abu Ghraib was a failure of leadership. But that was exactly why he needed to get over there, he said. He was going to make sure that his men upheld Army values of integrity and honor.

So that is why I joined. In the time it took you to read this explanation, innocent people your age have suffered under the crushing misery of tyranny.

Don't forget that human beings have a responsibility to one another and that Americans have a responsibility to the oppressed. Assisting a formerly oppressed population in converting their torn society into a plural, democratic one is dangerous and difficult business, especially when being attacked and sabotaged from literally every direction.

So if you have anything to say to me at the end of this reading, let it at least include "Good Luck."

Daily touched down in Iraq on Nov. 19 and was sent to the northern city of Mosul. In calls and e-mails home, he began asking for presents for his new Iraqi friends: cigars for the soldiers, candy and soccer balls for the children. He vividly described his adventures with them: a Thanksgiving Day game of musical chairs, a rooftop cigar session; his first Kurdish meal, his first local haircut.

In one video he sent, Iraqi soldiers surround him with grins, crowning him with a turban as a gesture of friendship.

In typical fashion, he sought out new points of view. In one discussion, he wrote that he asked a Kurdish man whether the insurgents could be viewed as freedom fighters. The man cut him off. "The difference between insurgents and American soldiers," Daily said the man told him, "is that they get paid to take life — to murder — and you get paid to save lives."

"That Kurdish man's assessment of our presence means more to me than all of the naysayers and makeshift humanists that monopolize our interpretation of this war," Daily wrote in a Dec. 31 e-mail.

He was equally expansive with his troops. His wife, Janet, says he was constantly asking for tea bags so he could invite his soldiers to his room for tea and talk. They asked him for advice about careers, finances and family problems, discussed politics and philosophy. His troops jokingly posted a sign on his door: "Mark's Tea Hour."

In January, Daily was transferred from a support operation to a security one. He told his family that if he should die, he would never regret a thing.

In an e-mail to his brother, Eric, Daily wrote: "I know it is hard for you knowing that I am over here in danger, but never forget that I came here on behalf of the countless brothers who were torn apart by the savage exploits of this region's tyrants."

On Jan. 14, the family received another e-mail:

"All is well. More war stories then I can fit in this e-mail. Having the time of my life!"

It was his last e-mail.

The next day, Jan. 15, Daily was killed when a roadside bomb detonated beneath his vehicle in Mosul. Three of his comrades died with him.

But his words have become a living appeal for his most treasured Army value — selfless service — as it rips through the Internet and reaches unimagined audiences.

U.S. Sen. John Cornyn (R-Texas) recently read part of the essay on the Senate floor. It has been posted on the websites of syndicated columnist Michelle Malkin and Los Angeles radio talk show hosts Larry Elder and Hugh Hewitt. It has traveled overseas to places as far-flung as Bulgaria, where it is being translated for publication in the local newspapers.

His family has received official letters of condolence from President Bush, Gov. Arnold Schwarzenegger, California First Lady Maria Shriver, senators, congressmen, judges. Most touching to them are the hundreds and hundreds of heartfelt notes from ordinary folk, most of them strangers, who read Daily's essay and wanted to share how it inspired them to serve others.

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One woman said she had begun volunteering in a children's cancer hospital. Others have donated to Make-A-Wish-Foundation and other charities in Daily's name. Trees have been planted, scholarships planned.

So many people reached out that the family scrapped plans for a 175-person memorial service and moved it to Mariners Church in Irvine instead. More than 1,600 people attended the Jan. 27 service.

The response has filled the Dailys with a strange mix of grief and pain, mingled with gratitude and awe. All of it, his parents muse, affirms Daily's faith in the decency of people and the value of community.

Which doesn't make his loss any easier to bear.

"I'd give it all back a thousandfold," his father says, "just to hug him one more time."

The Forgotten Families (WP)

By Donna St. George

The Washington Post, February 15, 2007

Her daughter was killed by a bomb in Iraq. Eight months later, Susan Jaenke is both grief-stricken and strapped -- behind on her mortgage, backed up on her bills and shut out of the $100,000 government death benefit that her daughter thought she had left her.

The problem is that Jaenke is not a wife, not a husband, but instead grandmother to the 9-year-old her daughter left behind. "Grandparents," she said, "are forgotten in this."

For the Jaenkes and others like them, the toll of war can be especially complex: They face not only the anguish of losing a son or daughter but also the emotional, legal and financial difficulties of putting the pieces back together for a grandchild.

They confront this without the $100,000 "death gratuity" that military spouses ordinarily get -- a payment intended to ease the financial strain as families await government survivors' benefits.

"It really does get complicated for them," said Joyce Raezer of the National Military Family Association. The load of responsibilities placed on that generation -- both during deployment and if a service member is injured or killed -- "is a huge issue."

The case of Petty Officer 2nd Class Jaime S. Jaenke, a Navy construction-battalion medic killed last June in Anbar province, is particularly striking because she was a single parent who clearly meant to assign her mother the benefit. Jaenke, 29, filled in her mother's name on a form and carefully spelled out her wishes in a letter.

But by law, the $100,000 benefit goes first to a spouse or a child. So 9-year-old Kayla Jaenke collects the $100,000 -- plus $400,000 in life insurance -- after she turns 18, leaving Susan Jaenke to ask, "What about the next nine years?"

In some other families, the $100,000 death benefit has gone to neither the children nor the grandparents who are raising them.

In California, Barbie and Matt Heavrin are caring for a 2-year-old grandson without the death gratuity or life insurance. Their daughter, Pfc. Hannah McKinney, assigned her $400,000 in life insurance to the man she wed just before deployment, her father said; by law, her husband also received the gratuity.

The Heavrins are happy to raise the boy -- from an earlier relationship their daughter had -- but wonder why he would get nothing. Five months after their daughter died last September, their only assistance is monthly benefits they expect will total about $800, most of which goes to day care.

In Missouri, grandmother Gail Kriete is raising 9-year-old Taylor Purdy, the child of Lance Cpl. Erik R. Heldt, a Marine killed in Iraq in June 2005. His wife collected the full $500,000. Kriete said none went to his daughter, from a previous relationship.

"It just needs to be thought out a little more carefully," Kriete said. "There are so many blended families that the suffering is very spread out."

The death gratuity, more than many other benefits, adheres to a strict next-of-kin rule, which Pentagon officials say makes it possible to pay out the $100,000 within a few days. They say that, in the "vast majority of cases," spouses are most in need when paychecks stop.

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But there have been thousands of single parents deployed into combat zones since 2001. How many have died at war is unclear, but the Jaenke case shows that, in those cases, the benefit may be at odds with its original intent: to help the grieving family stay afloat when a service member's income suddenly stops.

Susan Jaenke said her family fell behind shortly after Jaime died -- and has never caught up.

Larry Jaenke is a truck driver, and Susan worked as a letter carrier for 23 years until an accident left her disabled. Their daughter Jaime and granddaughter Kayla lived with them. Susan provided child care when Jaime worked, and Jaime contributed to the family income.

Jaime's passion for horses led the Jaenkes to start a business with her on their 10-acre Iowa property. When Susan Jaenke got an insurance settlement from her accident, she put much of it toward building a horse stable on the property, which was Jaime's dream. Jaime -- energetic and skilled with power tools -- did the drywall and flooring.

Not long afterward, Jaime -- a reservist who was an emergency medical technician in her civilian life -- went to war.Unable to Make Ends Meet

It was a June afternoon last year, and the Jaenkes were returning from Kayla's softball game. She had made her team's only hit -- and her first hit ever. In a celebratory mood, they stopped to buy ice cream.

When they pulled into their driveway, the scene was one that no parent of a deployed soldier wants to see: two uniformed Navy men, waiting.

They soon learned that a roadside bomb had exploded near Jaime's Humvee, killing her and a fellow Seabee.

At the funeral, Kayla stood solemn next to her mother's flag-draped casket, the folded flag laid into her small arms.

Then came the dawning of the family's new reality -- the emotional, the practical, the financial.

There was a lawyer to hire to get legal guardianship. There were survivors' benefits to apply for. There was a trust to set up. There was health insurance to obtain for Kayla. Inexplicably, there was no official will left behind.

For the Jaenkes, the trouble was not that raising Kayla is so expensive but that their entire financial picture shifted with Jaime's death. Jaime's checks immediately stopped. Larry Jaenke was out of work for a time. The family paid $2,800 for a handsome headstone. The stable was still losing money.

Last fall, Susan Jaenke watched as Jaime's pickup truck, and then her car, were repossessed.

The family scraped by, thanks to acts of kindness, Susan Jaenke said. When the Jaenkes' dryer broke, nearby Seabee units stepped up to replace it. The Seabees have come three times to do finishing work on the stable, which Susan Jaenke says she will not give up. Kayla is there all the time, she said, and giving it up would be like losing what is left of Jaime.

The local Veterans of Foreign Wars gave the family a $1,000 Target gift card, which she said made the family's Christmas.

Since October, the Jaenke family has been collecting monthly government benefits for Kayla's care -- $1,700 in all -- but not enough to replace Jaime's contributions. From Iraq, she had been sending home $3,200 a month, her mother said. The child's father, long estranged, does not pay child support, Susan Jaenke said.

The Jaenkes can request money from Kayla's trust for certain expenses related to the girl's "health, education, maintenance and welfare," but the process involves lawyers and court appearances. The court recently agreed to a $200 monthly stipend for the family.

"The court is just very conservative here in Iowa," said Mona Bowden, an attorney for the Jaenkes.Clear Wishes, Clear Rules

Every now and then, Susan Jaenke rereads the letter that Jaime left behind for her:

"I have got all my paperwork done and here is what I did. My big policy [$400,000] goes to Kayla. That has to be put away for when she gets 18. You will know what to do and how to handle it. There is a smaller policy that goes to you. That is for 100,000. That is for you to raise Kayla with and 25,000 goes to the barn. . . . I can't wait to get home to my girl and my horses, so you had better take care of them all."

Patrick J. Palmersheim, executive director of the Iowa Department of Veterans Affairs, explained that the problem came down to the fine print on death gratuities. Jaime had written in her mother's name as beneficiary, but in the same blank the form said "No spouse or child surviving."

Susan Jaenke could be awarded the benefit only if there were no spouse or child to receive it.

The tight regulations are meant to guard against fraud and abuse, said Chief Petty Officer Randy Erdman, the Navy casualty assistance officer who has worked closely with the Jaenke family. "I see the need for the money going to the right spot and being protected," he said, "but at the same time I see what the family needs."

In Washington, Lt. Tommy Crosby, a Navy spokesman, said the Navy "recognizes the significant loss the family has suffered" and has done all it can, within the law, to help.

The death gratuity, created in 1908, originally was equal to six months' pay and was intended to ease financial burdens after a military death.

During the war in Iraq, the gratuity was increased markedly; it had been at $6,000, then grew to $12,000 and finally $100,000. Lawmakers had said the original award seemed offensively low, especially in contrast to the large settlements awarded to families of those killed in the attacks of Sept. 11, 2001.

Still, there was little rethinking about beneficiaries for the $100,000 gratuity, several experts said. To troops, the large lump sum came to resemble life insurance, said Raezer, chief operating officer of the National Military Family Association.

Jaime's handwritten letter and possibly her form suggest she did not realize the gratuity could not go to her mother.

Whether that is because she misunderstood what was said during a benefits briefing or was not advised well is unclear. "They don't always get that kind of counseling that they need," Raezer said.

The problem could have been avoided altogether if Jaime had directed part of her life insurance money, rather than the death gratuity, to her parents.

Steve Strobridge, government relations director of the Military Officers Association of America, said Jaenke's case suggests that the regulations should be reexamined.

"We certainly need to look at whether there needs to be some additional flexibility in who the member can assign the death gratuity to and whether we need to adjust the counseling requirements to help protect people from unintended consequences," he said.

In her three-bedroom house in Iowa, Susan Jaenke said she has been reduced to worrying about grocery money and dreading calls from creditors. "It just hurts bad in so many different directions," she said. "My girl was supposed to come back."

Some days, the whole episode overwhelms her. Three of her four children have served in the Navy, and she said she considers herself "a flag waver." But she gets angry that her daughter's wishes are not being honored and that the family now struggles.

"It's not bad enough that I lost my daughter," she said. "What else do they want me to lose?"

Post Offices Honor Troops (USAT)

By Gregg Zoroya And Monica Hortobagyi

USA Today, February 16, 2007

Federal lawmakers are increasingly naming post offices in their states after troops killed in combat, a tribute traditionally reserved for former members of Congress and famous figures such as Bob Hope and Ronald Reagan.

Since 2003, the gesture has honored 26 servicemembers who died in Iraq and Afghanistan: 17 soldiers, seven Marines, a Navy SEAL and an Air National Guardsman.

They include Army Sgt. 1st Class Paul Smith and Marine Cpl. Jason Dunham, both posthumously awarded the Medal of Honor for gallantry in Iraq.

A mail center in Thomaston, Ga., will be renamed in a ceremony in April for hometown postal worker Robert Lee "Bobby" Hollar Jr. He was killed in Iraq by a roadside bomb in 2005 while serving with the Georgia National Guard. "I was ecstatic," says his widow, Amanda Hollar. "He was modest. He didn't like to brag. He didn't expect credit and recognition. … He would really be honored."

Laws naming post offices are the most common U.S. legislation, according to a 2005 Congressional Research Service study.

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The 108th Congress (2003-2004) passed 89 such bills — eight that honored troops. The 109th Congress (2005-2006) passed 98 bills — 17 that honored fallen soldiers or Marines. One of the bills honored two servicemembers. Four bills are pending in the current Congress.

"It just seems to be a great way to honor our fallen soldiers back home where people have known them," says Rep. Ginny Brown-Waite, R-Fla., who sponsored two of the laws. "I always give the family time to grieve. At about anywhere from three- to eight-, nine-month period, I will ask them if they believe it would be appropriate to have a post office named after their loved one."

Postal Service guidelines require that a person be deceased for at least 10 years before his or her name is placed on a post office. Congress has ignored the restriction for decades, the Research Service study says.

The laws are easy, inexpensive gestures, the report says.

The name on the outside of the building — commonly a geographical designation — is usually unaffected, says Postal Service spokeswoman Yvonne Yoerger.

The only practical difference is the posting of a plaque explaining the honorary name change in the post office lobby, Yoerger says. Each plaque measures 11 by 14 inches and costs the Postal Service $250 to $500.

Democrats and Republicans alike push the bills.

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White House Is Reported To Be Linked To A Dismissal (NYT)

By David Johnston

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — A United States attorney in Arkansas who was dismissed from his job last year by the Justice Department was ousted after Harriet E. Miers, the former White House counsel, intervened on behalf of the man who replaced him, according to Congressional aides briefed on the matter.

Ms. Miers, the aides said, phoned an aide to Attorney General Alberto R. Gonzales suggesting the appointment of J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and a deputy to Karl Rove, the White House political adviser.

Later, the incumbent United States attorney, H. E. Cummins III, was removed without explanation and replaced on an interim basis by Mr. Griffin. Officials at the White House and Justice Department declined to comment on Ms. Miers's role in the matter.

Paul J. McNulty, the deputy attorney general, said at a hearing last week that Mr. Cummins had done nothing wrong but was removed to make room for Mr. Griffin. It was not known at the time Mr. McNulty testified that Ms. Miers had intervened on Mr. Griffin's behalf.

Her involvement was disclosed on Wednesday by Justice Department officials led by Mr. McNulty, who held a closed-door briefing for senators on the Judiciary Committee after Democrats criticized the dismissals of 7 to 10 United States attorneys as politically motivated.

Ms. Miers, whose resignation as White House counsel was effective Jan. 31, could not be reached for comment Thursday.

At the briefing, Justice Department officials denied that the White House had been involved in any of the other dismissals, suggesting that the department had acted on its own after advising the White House of its intention to remove incumbents.

Democrats have said the removals represented an effort to make room for rising political favorites of the Bush administration and to be rid of independent-minded prosecutors, all of whom had been appointed by President Bush.

Senator Charles E. Schumer, Democrat of New York, said that he was not satisfied by the Justice Department's explanations at the briefing.

"Yesterday's briefing by the deputy attorney general did little to alleviate our concerns that politics was involved and, in fact, raised those concerns," Mr. Schumer said. "Some may have been fired for political reasons because they may have not done what Justice Department wanted them to do."

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Justice Department officials have said that because United States attorneys are presidential appointees they may be replaced at any time without a specific reason, although they have said that none were removed for pursuing politically sensitive cases.

Another United States attorney asked to resign was Carol C. Lam of San Diego, who departed on Thursday at the request of the Justice Department. Two days earlier, Ms. Lam announced two indictments, including one against a former high-ranking Central Intelligence Agency official, in a corruption inquiry that began with last year's guilty plea by a former Republican representative, Randy Cunningham, who was sentenced to more than eight years in prison.

Karen P. Hewitt, an assistant in Ms. Lam's office, was named Thursday to serve as the interim United States attorney in the Southern District, while Scott N. Schools, a general counsel in the Justice Department, will fill the interim role in the Northern District, in San Francisco.

Senator Dianne Feinstein, Democrat of California, said in a statement on the Senate floor Thursday that Ms. Lam had been dismissed despite a strong record of prosecutions.

"Ms. Lam has had a distinguished career, and she served the southern district of San Diego well and everyone in that district knows that," Ms. Feinstein said. "I regret that main Justice does not. I am quite disappointed that main Justice chose to remove her, especially given the ongoing work in which the office is involved."

Republicans Block Bill To Curb Justice Department's Power Over Prosecutors (AP)

By Laurie Kellman, The Associated Press

AP, February 16, 2007

WASHINGTON — Senate Republicans blocked a bill Thursday that would curb the Justice Department's power to fire and replace federal prosecutors. Democrats had sought to give the courts a role in the appointments of U.S. attorneys, to GOP opposition.

The objection by Sen. Jon Kyl, R-Ariz., to the proposal was long anticipated. So Democrats used the occasion to complain anew about the firings of at least seven prosecutors, including John McKay in Seattle, under a little-known part of the Patriot Act.

Democrats say Attorney General Alberto Gonzales used the law to get around the Senate confirmation process and install Republican allies.

"I believe that their intent was to bring in people from the outside to give some of their bright people an opportunity," said Sen. Dianne Feinstein, D-Calif. "That is wrong."

Her bill says a replacement U.S. attorney could serve no longer than 120 days without confirmation. After that time, an interim replacement would be named by a U.S. District Court.

Gonzales, Kyl and other Republicans say this approach could lead prosecutors to be appointed for reasons other than their qualifications.

Republican and Democratic leaders tried for a compromise that might lengthen the 120-day period or curb a district court's appointment power, but those efforts were abandoned early Thursday, according to officials on both sides.

A private briefing Wednesday night by Deputy Attorney General Paul McNulty did not change any Democrats' minds about the firings of the prosecutors, senators said.

Sen. Chuck Schumer, D-N.Y., said that if the Justice Department does not provide detailed performance reports on the fired prosecutors, the Senate Judiciary Committee would subpoena them.

"I am not satisfied with the answers we've gotten. There are just too many holes in too many different places," Schumer said.

Newly empowered Democrats are seeking to curb what they say is the Bush administration's virtually unchecked power during the years of GOP congressional control. Yet the version of the Patriot Act that contains the disputed provision passed overwhelmingly last year with bipartisan support.

Senators from both parties, including the Republican author of the law, say they were unaware of the way the Justice Department might use that rule.

Gonzales has said that he intends to submit the name of every newly installed prosecutor to the Senate for confirmation.

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Democrats contend that prosecutors were forced to resign to make way for Republicans' political allies and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments.

Federal prosecutors serve at the pleasure of the president, subject to Senate confirmation. U.S. attorneys can be fired for any reason or no reason at all.

Was McKay Ousted Over 2004 Election? (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, February 16, 2007

Two months after John McKay was fired as U.S. attorney for the Western District of Washington, the reason for his dismissal remains a mystery.

One of the most persistent rumors in Seattle legal circles is that the Justice Department forced McKay, a Republican, to resign to appease Washington state Republicans angry over the 2004 governor's race. Some believe McKay's dismissal was retribution for his failure to convene a federal grand jury to investigate allegations of voter fraud in the race.

McKay was appointed by President Bush in October 2001.

The Evergreen Freedom Foundation filed a formal complaint with U.S. Attorney General Alberto Gonzales in 2005 about what it considered McKay's lax oversight of the election, in which Democratic Gov. Christine Gregoire defeated Republican Dino Rossi by 129 votes. Many influential Republicans publicly criticized McKay.

But a Justice Department official on Thursday rejected the idea and said Deputy Attorney General Paul McNulty has repeatedly insisted politics did not influence the controversial firings of McKay and six other U.S. attorneys in December.

McNulty had previously said the firings were "performance-related" despite the fact McKay received a positive evaluation seven months before he was fired.

McKay said he was not given a reason when he was asked to step down.

McNulty defended the dismissals during private briefings with a handful of senators Wednesday.

Democrats were not mollified.

"There was nothing that was said to me ... that I found was a credible reason for dismissing" McKay, said Sen. Patty Murray, D-Wash.

Murray said McNulty did not detail what was lacking in McKay's work.

"They gave some general things, alluded to things, but gave me nothing specific," she said.

Sen. Charles Schumer, D-N.Y., also said McNulty wasn't telling the whole story.

"I am not satisfied with the answers we've gotten. There are just too many holes in too many different places," he said.

The Justice Department official, who spoke on the condition of anonymity, accused Democrats of mischaracterizing the briefings because they didn't agree with the department's conclusions.

"Any suggestion that we were not thorough or forthcoming is just political gamesmanship," the official said.

Senate Republicans blocked a bill Thursday that would curb the Justice Department's power to fire and replace federal prosecutors. Democrats had sought to give the courts a role in the appointments of U.S. attorneys.

Democrats believe the White House was trying to use a new provision in the Patriot Act to get around the Senate confirmation process and install Republican allies as U.S. attorneys.

McKay has always had strong support among moderate Republicans such as King County Prosecutor Norm Maleng, who spoke out on his behalf earlier this month.

But many conservative Republicans have been incensed with McKay since the 2004 governor's race.

Tom McCabe, executive vice president of the Building Industry Association of Washington, summarized the complaints in a BIAW newsletter after McKay announced in December he was stepping down.

In a column titled "Good Riddance," McCabe said McKay "had a disastrous six years as U.S. Attorney. Two years ago, he steadfastly refused to investigate voter fraud despite overwhelming evidence." McCabe also said he had "urged the President to fire McKay."

McCabe could not be reached for comment Thursday.

Republicans argued that illegal votes by felons and others, and errors in the election count, cost Rossi the race.

Emily Langlie, a spokeswoman for the U.S. Attorney's Office in Seattle, said that in 2004 and 2005 prosecutors and the FBI jointly monitored the election.

"We not only had senior people within our office coordinating our investigation, but we worked jointly with the Department of Justice's Public Integrity section," she said.

Diane Tebelius, who was chairwoman of the Washington State Republican Party when McKay was asked to step down, acknowledged that many Republicans had been upset with McKay after the 2004 election.

But Tebelius said no one from the Justice Department or the White House contacted her about McKay in the months before he was dismissed, and she doubts anyone lobbied for his ouster because of the 2004 race.

"I do not believe anybody in this state would have asked for his resignation," Tebelius said.

Justice Department Names Interim U.S. Attorneys For San Diego, SF (AP)

By Allison Hoffman, Associated Press Writer

AP, February 16, 2007

The Justice Department announced temporary replacements Thursday for two recently ousted U.S. attorneys in San Diego and San Francisco.

Outgoing San Diego chief federal prosecutor Carol Lam will be succeeded by Karen Hewitt, a career federal prosecutor who is currently the executive assistant U.S. attorney for the Southern District of California.

In San Francisco, U.S. Attorney Kevin Ryan will be replaced by Scott Schools, a career federal prosecutor who currently works for the Justice Department overseeing legal guidance and personnel matters for all 94 U.S. attorney's offices across the country.

Hewitt's appointment was announced as staff and local law enforcement personnel gathered for a simple office farewell party just hours before Lam was due to leave her post. Ryan was scheduled to depart on Friday.

Both Hewitt and Schools will serve on an interim basis until new U.S. attorneys are nominated by the White House and confirmed by the Senate.

Lam and Ryan were among more than seven federal prosecutors recently fired, some without cause, by the attorney general under, under a little-known part of the Patriot Act.

Federal prosecutors serve at the pleasure of the president, subject to Senate confirmation.

Democrats contend that prosecutors were forced to resign to make way for Republicans' political allies and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments.

Lam's dismissal, in particular, prompted criticism from Democrats who questioned whether her departure was linked to the prosecution by her office of disgraced former congressman Randy "Duke" Cunningham, a Republican who is currently serving more than eight years in federal prison after pleading guilty to accepting more than $2.4 million in bribes from defense contractors.

On Tuesday, Lam's office won a pair of long-awaited indictments against a former top CIA official and a defense contractor implicated Cunningham case.

Also on Thursday, San Diego-based wireless technology giant Qualcomm, Inc., announced that Lam will join its legal department as senior vice president and legal counsel starting on Feb. 26.

The chip maker is currently embroiled in a global web of lawsuits with Nokia Corp. and other major equipment makers claiming that Qualcomm levies unjust, inflated licensing fees to use its patented technologies in their products. Regulators in Europe, South Korea and Japan are probing Qualcomm's business practices as the company trades lawsuits with rivals across the U.S. and Europe.

"From our perspective, she's the ideal person," said Louis Lupin, Qualcomm's general counsel. "She's got experience managing large and very complex cases and a very large staff, and she'll be involved on a global basis."

Hewitt Named To Fill In For U.S. Attorney Lam (SDUT)

By By Kelly Thornton, Union-tribune Staff Writer

DOJ_NMG_0132814

The San Diego Union-Tribune, February 16, 2007

SAN DIEGO – Karen P. Hewitt, third-in-command at the San Diego U.S. Attorney's office, has been chosen by Justice Department officials to replace outgoing top prosecutor Carol Lam on a temporary basis while a committee searches for a permanent candidate.

Hewitt joined the San Diego office in 2000 and prosecuted civil fraud cases before she was appointed Executive Assistant U.S. attorney a year ago.

Senate Republicans block bill to curb Justice power over U.S. attys

Before coming to San Diego, she was a lawyer in the Justice Department's civil division in Washington, where she specialized in constitutional law and civil rights cases for about eight years.

Thursday is Lam's last day.

Justice Department officials asked her to step down because of declining prosecutions of immigration-related cases. Critics contend Lam's ouster was politically-motivated because of her pursuit of corrupt public officials like ex-Congressman Randy "Duke" Cunningham.

NEW: Interim U.S. Attorney Named To Succeed Ryan (OAKTRIB)

By Josh Richman, STAFF WRITER

Oakland Tribune, February 16, 2007

The Justice Department named an interim replacement today for U.S. Attorney Kevin Ryan, who'll spend his last day as Northern California's top federal prosecutor Friday.

Ryan was one seven U.S. Attorneys across the nation who recently resigned or were forced out by the Bush Administration. U.S. Sen. Dianne Feinstein, D-Calif., spoke today on the Senate floor in favor of a bill protecting her chamber's constitutional power to confirm those appointed to these jobs.

The interim U.S. Attorney for this region -- including coastal counties and a few inland counties from Monterey Bay to the Oregon border -- will be Scott Schools, who has been general counsel to the Justice Department's Executive Office for U.S. Attorneys. That Washington, D.C.-based agency provides legal guidance in ethics and employee matters to federal prosecutors' offices from coast to coast.

From 2001 to 2005, Schools was First Assistant U.S. Attorney in South Carolina, overseeing about 125 attorneys and support staff; before that, he'd served as interim U.S. Attorney there for nine months. He was a prosecutor in that office from 1989 to 1992 and from 1997 to 2001; between those periods, he was in private practice. Schools holds a mathematics degree from Duke University and a law degree from the University of Texas.

U.S. Attorneys typically have been appointed by the president and confirmed by the Senate, but under a provision inserted in the USA Patriot Act at its reauthorization last year, the

Advertisement

Attorney General now can name interim replacements to fill vacancies indefinitely without confirmation.

Seven recent vacancies in rapid succession raised concerns on Capitol Hill that the Bush Administration was making politically motivated choices; Senate hearings ensued.

A bill approved today by the Senate Judiciary Committee, on which Feinstein sits, would restore the old process. The Attorney General would be able to name an interim U.S. Attorney for no more than 120 days; if the president hasn't nominated someone for permanent appointment and had that person confirmed when that period ends, that district's federal court judges would then be empowered to pick an interim U.S. Attorney.

Ryan, formerly a San Francisco Superior Court judge, served four and a half years as Northern California's U.S. Attorney, supervising a staff of more than 200, including 115 prosecutors, and an annual budget of about $25 million.

His tenure included high-profile prosecutions such as the BALCO sports-doping case; aggressive gang prosecutions; convicting former Ukrainian Prime Minister Pavel Lazarenko on extortion and money laundering charges; and several crackdowns on counterfeit and pirated music, software and videos. His time also was marked, however, by reports of massive employee turnover and low morale.

Contact Josh Richman at jrichman@angnewspapers.com or (510) 208-6428. Read the Political Blotter at www.ibabuzz.com/politics/.

U.S. ATTY. RYAN LEAVING, INTERIM REPLACEMENT NAMED (KPIX)

KPIX-TV, CBS 5, San Francisco, February 16, 2007

United States Attorney Kevin Ryan announced this afternoon that Friday will be his last day on the job, and the Justice Department simultaneously named a former South Carolina federal prosecutor as his interim replacement.

Ryan had announced last month that he was stepping down after more than four years heading the U.S. Attorney's Office for the Northern District of California, which encompasses 14 coastal and Bay Area counties stretching from Big Sur to the Oregon border.

"I am grateful to have had the opportunity to serve as the United States Attorney. I sincerely thank all of the staff at the office for their hard work to make our community a safer place to live. I also thank all of our partners in law enforcement who have put in countless hours in investigating and prosecuting crimes in Northern California," Ryan said in a statement.

Ryan's interim replacement will be Scott Schools, who currently works for at the Justice Department headquarters in Washington, D.C. From 1989 until 2005, with a five year break between 1992 and 1997, he worked as a federal prosecutor in the United States Attorney's Office for the District of South Carolina serving as interim U.S. Attorney there for 10 months in 2001. He was in private practice in Charleston, South Carolina from 1992-1997. He graduated from Duke University and the University of Texas School of Law.

A permanent replacement for Ryan must be nominated by President George W. Bush and approved by the Senate.

The U.S. Attorney for the Northern District of California supervises a staff of more than 200 people, including 115 Assistant United States Attorneys, and manages a $25 million annual budget, according to the district's website.

Qualcomm Hires Ousted U.S. Attorney (AP)

By Allison Hoffman, Associated Press Writer

AP, February 16, 2007

Qualcomm Hires U.S. Attorney for San Diego Who Was Among Several Recently Ousted

SAN DIEGO (AP) -- Qualcomm Inc. said Thursday that recently ousted U.S. Attorney Carol Lam will join its legal department as senior vice president and legal counsel, effective Feb. 26.

The San Diego-based wireless technology giant is currently embroiled in a global web of lawsuits with Nokia Corp. and other major equipment makers that claim Qualcomm levies unjust, inflated licensing fees to use its patented technologies in their products.

Regulators in Europe, South Korea and Japan are probing Qualcomm's business practices as the company trades lawsuits with rivals across the U.S. and Europe.

"From our perspective, she's the ideal person," said Louis Lupin, Qualcomm's general counsel. "She's got experience managing large and very complex cases and a very large staff, and she'll be involved on a global basis."

Qualcomm's announcement came as the Justice Department announced temporary replacements for Lam, whose last day as the chief federal prosecutor in San Diego was Thursday, as well as Lam's counterpart in San Francisco.

Lam will be succeeded by Karen Hewitt, the executive assistant U.S. attorney for the Southern District of California. In San Francisco, U.S. Attorney Kevin Ryan will be replaced by Scott Schools, who currently oversees legal guidance and personnel matters for all 94 U.S. attorney's offices across the country.

Hewitt and Schools will serve on an interim basis until new U.S. attorneys are nominated by the White House and confirmed by the Senate.

Lam and Ryan were among more than seven federal prosecutors recently fired, some without cause, by the attorney general under a little-known part of the Patriot Act.

Federal prosecutors serve at the pleasure of the president, subject to Senate confirmation.

Democrats contend that prosecutors were forced to resign to make way for Republican political allies, and that the White House slipped a provision into the Patriot Act allowing the interim appointments to remain indefinite.

Attorney General Alberto Gonzales has pledged to submit the name of every replacement to the Senate for confirmation.

Lam's dismissal, in particular, prompted criticism from Democrats who questioned whether her departure was linked to the prosecution by her office of disgraced former congressman Randy "Duke" Cunningham, a Republican who is currently serving more than eight years in federal prison after pleading guilty to accepting more than $2.4 million in bribes from defense contractors.

Senate Consternation Process (WSJ)

By Kimberley Strassel

The Wall Street Journal, February 16, 2007

The House spent this week debating an Iraq resolution that will damage U.S. efforts to fight terror overseas. Never to be outdone, the Senate got busy undercutting the war on terror here at home.

That's one way to view the fight Senate liberals are picking with President George W. Bush over the issue of Justice Department nominations -- a battle that bubbled to the surface this week with regard to U.S. attorney appointments. California ringleader Dianne Feinstein is hoping to score a few political shots, as well as give the White House a taste of what's to come in future Senate confirmation brawls. If a little thing like national security gets in the way, so be it.

Ms. Feinstein and Senate Majority Leader Harry Reid picked up the U.S. attorneys football in January, after the news leaked that the White House was dismissing seven federal prosecutors. The administration says it's unhappy with these lawyers' performance, and at least it is firing its own appointees. One of Bill Clinton's first acts was to cashier pretty much every sitting U.S. attorney, all of whom had been appointed by Mr. Clinton's predecessors. Nothing in the record suggests either Mr. Reid or Ms. Feinstein were all that cut up over the Clinton dismissals.

This time, however, Mr. Reid is labeling the firings "cronygate," and accusing the administration of ousting capable U.S. attorneys in order to award political allies with plum posts. Ms. Feinstein went further, suggesting the administration's real goal was to circumvent the Senate confirmation process. She noted that a 2006 Patriot Act amendment gives the attorney general -- rather than federal courts -- the right to appoint interim U.S. attorneys, and to keep those interims in place until the Senate confirms a permanent replacement. Clearly, said Ms. Feinstein, the White House intended to pack the Justice Department with shady prosecutors and avoid the Senate altogether.

What we have here, then, is Ms. Feinstein, the serial filibusterer, the woman who rarely saw a Bush judge who deserved an up-or-down vote, accusing the administration of abusing the confirmation process. It might be fall-down hilarious, if everyone weren't taking the Californian so seriously. Instead, Ms. Feinstein recently convinced a majority of her fellows on the Judiciary Committee (including Republicans Arlen Specter, Orrin Hatch and Chuck Grassley) that the Senate was getting slapped about, and to vote to revoke the Patriot Act amendment.

Thus is the Senate lurching back to a pre-9/11 mentality, putting politics and turf ahead of key security issues. If Ms. Feinstein wins this battle, the appointment procedure reverts to the status quo ante. Under that old process, the attorney general can appoint an interim U.S. attorney for 120 days. But if the Senate doesn't get around to confirming a full-time replacement by then, the federal courts get to name a new interim.

That old system was primarily a constitutional oddity, but it also posed a threat to terror investigations. History shows that it is a rare event for a White House to get a permanent attorney through the confirmation process in 120 days; it usually takes closer to a year. Yet after the first 120 days, the federal courts officially get to staff the Justice Department.

Some courts, understandably, see the concept of the judiciary making executive appointments as constitutionally suspect. That's one reason why, in the past six years, courts in Florida, Oklahoma and Virginia have outright refused to make appointments. Courts also have little insight into the Justice Department's ongoing investigations, or who best can step in to fill an attorney vacancy. While many courts will, as a result, re-appoint the AG's interim selection, they aren't required to do so.

That can lead to very bad selections. In 2005, a South Dakota judge attempted to appoint a buddy of former Senate Majority Leader Tom Daschle; the court pick came from outside the Justice Department and lacked security clearances. This led to a standoff between the attorney general and the court, and a crisis over who was really in charge. Hardly the best way to go about breaking up terrorist cells, or prosecuting Zacarias Moussaoui.

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As it happens, nothing suggests the administration is trying to subvert confirmations. Since the Patriot Act amendment in March 2006, the White House has nominated 15 individuals to serve as U.S. attorneys, and all have gone, or are going, through the Senate confirmation process. There's zero reason to believe the next seven won't as well. But try telling that to Mr. Reid, who yesterday unsuccessfully tried to push the Feinstein proposal through the full Senate.

Meanwhile, Ms. Feinstein is only the latest to play politics with key national-security nominees. Carl Levin spent six months blocking the confirmation of Ken Wainstein, who was tapped as assistant attorney general for national security. That position was designed to further break down the infamous "wall" between intelligence and law enforcement, a goal that even Mr. Levin claims is important. Yet the Michigan Democrat was in a strop about documents he wanted from the Bush administration, and was only too happy to hold Mr. Wainstein hostage. Mr. Levin waged a similar war against Alice Fisher -- nominated to head the Criminal Division of Justice -- for more than a year.

The latest victim is Steven Bradbury, who was nominated in the distant past of June 2005 to head up the Justice Department's Office of Legal Counsel. As acting head of that office, Mr. Bradbury offered legal advice on the administration's domestic wiretapping program. This proved too much for Ted Kennedy, Dick Durbin and Russ Feingold. The last was so incensed over the wiretapping program he proposed censuring President Bush. That didn't fly, so he and fellow critics settled for blocking Mr. Bradbury from even getting a vote.

One big question after Democrats won the election was how they'd handle the all-important question of national security. The public's been getting a taste of that management via the Iraq debate, but the nominations flaps are equally revealing. Democrats like to say that having a robust criminal justice system is key to fighting terror, and that's true. Many Democrats (while they won't admit it) even still believe the courts are the only place to fight al Qaeda. The least they can do is show they mean it and ensure the Justice Department has the people it needs.

Column: OUSTING OUR U.S. ATTORNEY (SDUT)

The San Diego Union-Tribune, February 16, 2007

Firing is difficult to justify

By Lionel Van Deerlin

Carol Lam gathers her belongings today, and departs the office of U.S. Attorney in California's Southern District. Because she faithfully honors a Justice Department tradition of silence, no one can be sure why she's leaving. She's not talking about it.

But what an exit line she gave us Tuesday with those eleventh-hour indictments. It was worthy of Charles Dickens, who sent Sidney Carton to the guillotine saying, “It is a far better thing I do than I have ever done. . . .”

Hours before returning to private life, our U.S. attorney took an action widening the net that snared San Diego's Rep. Randy “Duke” Cunningham. Her swan song racked up three more suspected miscreants. The homegrown CIA biggie, Kyle Foggo, added colorful icing on the cake. But the most important new action, by far, was against defense contractor Brent Wilkes. It was this man's bribe money that cemented the government case against Cunningham. But Wilkes himself was left free as a bird. Lam staffers, certain that a guy who has lived spectacularly high on the hog will aim to avoid a prolonged diet of prison food, are now positioned to bargain a plea agreement. They'll likely propose easing his sentence as a swap for information that will help hook bigger fish.

A couple of upstate congressmen, known to have done cash-and-carry business with Wilkes, may now feel understandable trepidation.

And so, the question presses ever more urgently – why has the Bush administration sacked Carol Lam and six other trusted U.S. attorneys? No one, it seems, feels required to say. Only one of the seven, New Mexico's David Iglesia, demanded to be told why he was terminated, but got no explanation.

Custom holds that federal prosecutors serve “at the pleasure of the president,” who is free to appoint or remove them without explanation. Yet the Justice Department has shown itself pretty touchy about these most recent switches. Deputy Attorney General Paul J. McNulty seemed shaken before the Senate Judiciary Committee. New York's hard-charging Sen. Charles E. Schumer had wondered aloud if the hiring and firing of prosecutors reflected politics, rather than prudence.

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"When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart," McNulty stammered. Perhaps this sensitive fellow should seek a gentler assignment, sparing him the hostility he and others will face if we don't get a fuller explanation of what Justice is up to.

The only hint offered thus far for the change in San Diego has been that the local office seemed so absorbed with corruption cases that it has been less aggressive than certain lawmakers might have wished against illegal immigration and border smuggling. North County Republican Rep. Darrell Issa spoke approvingly of the Lam ouster.

The case against her? Well, something called the Transactional Records Clearinghouse, operating out of Syracuse University, finds that in 2001, its last year before Carol Lam took charge, the San Diego office filed nearly one-third more border-related cases than it managed under her leadership in 2005, the last full year on which records are complete.

So she flunks the bureaucratic bean-counter test? I know at least one person who fervently wishes government prosecutors had spent more time in pursuit of border brigands, and had left him alone – to wit, "Top Gun" Cunningham, currently ensconced under minimum security in Tucson.

It might seem rash to accuse Bush administration masterminds of pulling political strings, but nothing surfacing thus far discourages skepticism. Attorney General Alberto Gonzales' child-like mantra, "at the pleasure of the president," rings hollow. Let's nail this idea that the president – any president – handpicks the dozens of lawyers in line for prosecutorial slots across the land. He's not likely to know even the names of most. Recommendation for appointments is usually left to senators of the president's party. Inasmuch as both California senators are presently Democrats, Bush has relied on a selection system said to be headed by the veteran Rancho Santa Fe Republican politico and presidential insider Gerald Parsky.

Parsky is astute enough to know that the way this switch has been managed so far adds up to abysmally bad politics. It suggests that public corruption, which figured so prominently in last year's election outcome, might no longer concern us. Are we to suppose that Congressman Cunningham was a lone stroller on his path to perdition?

We may soon know better – and only, perhaps, because Carol Lam refused to fold her tent as many expected her to do.

Van Deerlin represented a San Diego County district in Congress for 18 years.

CORPORATE SCANDALS:

Former Monster General Counsel Pleads Guilty In Options Case (WSJ)

By Paul Davies

The Wall Street Journal, February 16, 2007

The former general counsel of Monster Worldwide Inc. pleaded guilty to two criminal charges related to backdating stock options, ensnared in large part because of a series of damaging emails that helped prosecutors build the case against him.

Myron Olesnyckyj, 45 years old, entered his guilty plea Thursday in Manhattan federal court to conspiracy and securities fraud. He admitted in court that he systematically backdated stock option grant dates, concealed the expense in company financial disclosures, and provided misleading information to auditors.

In one email filed in court by prosecutors yesterday, Mr. Olesnyckyj instructed a human resources executive not to discuss a company practice of giving new hires options at the lowest stock price in the month after they joined the company, a form of backdating. He wrote: "no written document should ever state lowest price over next 30 days! The auditorw [sic] will view that as backdating options and we'll have a charge to earning in the amount of the difference between price on day 30 and any lower price which is used."

Mr. Olesnyckyj, who joined Monster in 1994 and was fired last year, is expected to cooperate with federal prosecutors against Monster founder Andrew McKelvey. Mr. McKelvey, who hasn't been charged, quit rather than be interviewed by company lawyers examining Monster's options problems.

Based in New York, Monster operates the popular Monster.com job-search Web site.

Separately, the Securities and Exchange Commission filed an eight-count civil complaint against Mr. Olesnyckyj on Thursday alleging that he backdated the vast majority of stock options that Monster granted beginning in 1996 until about April

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2003. In court, Mr. Olesnyckyj said the practice went on until 2006, four years after new regulations went into effect that should have curbed the improper activity.

Options typically allow recipients to buy company shares in the future at the price on the day they are granted. Holders can benefit if share prices rise. Backdating involves pretending that the options were granted at an earlier date, so that the recipient can later buy for a lower price, increasing profits.

As a result of the backdating, Monster inflated its earnings by $339.6 million between 1997 and 2005, according to federal prosecutors.

At Monster, stock options regularly were issued to coincide with dates of low closing prices for the company's stock. Most of the options were "in-the-money" on the day they were granted, but the company failed to properly expense or disclose it to shareholders, according to the SEC.

At a Jan. 15, 1999 meeting, according to the SEC, Monster's then-CEO said he wanted to grant options at an exercise price of $25 a share. After the meeting, a Monster employee selected the Dec. 9 closing price of $26.87 as the exercise price.

Mr. Olesnyckyj also personally benefited from the practice, receiving backdated option grants on at least six occasions from 1997 to 2001, according to the SEC. As part of his guilty plea, Mr. Olesnyckyj agreed to forfeit $381,000 in personal gain from the stock options.

In December 2003, after Monster changed its stock option approval process, Mr. Olesnyckyj emailed members of Monster's finance department saying the company should "get serious about firing people who still fail to realize the accounting repurcussions [sic] of promising someone a total of 1000 stock options 'at a strike price equivalent to the lowest price of the stock on the market within a 30 day period preceding your starting date,'" according to prosecutors.

Mr. Olesnyckyj, of New Providence, N.J., is scheduled to be sentenced Aug. 24. He faces a maximum of 25 years in prison but likely will receive a much shorter sentence as a result of his cooperation.

Former Monster Executive Admits Illegal Backdating (WP/AP)

By Larry Neumeister

The Washington Post, February 16, 2007

NEW YORK, Feb. 15 -- A former senior vice president of the company that runs the Monster job-search Web site admitted in court Thursday that he illegally backdated millions of dollars in employee stock option grants.

Myron Olesnyckyj, 45, faces up to 25 years in prison and fines of more than $5.2 million after pleading guilty to securities fraud and conspiracy to commit securities fraud. His guilty plea was part of an agreement in which he promised to cooperate fully in return for leniency.

Olesnyckyj said his crimes occurred between 1996 and 2006, when he agreed with others at the company to backdate options and hide the action from federal regulatory agencies and investors. He agreed to forfeit $381,000, which he said was the amount he gained from the scheme.

The Securities and Exchange Commission on Thursday filed a civil complaint against Olesnyckyj for securities fraud in connection to backdating.

The charges were the first for a Monster executive related to the backdating scandal at the company, which overstated the value of its earnings by more than $250 million between 1997 and 2005. Backdating involves issuing stock options retroactively to coincide with low points in the share price, thus boosting payouts. It can be illegal if it is not properly accounted for and disclosed to investors.

Monster Worldwide, whose job site competes with newspaper classifieds, is among scores of companies whose stock options backdating practices have been investigated by federal authorities.

The company announced in July that it might need to restate its finances to record additional charges for stock options expenses, and in September it said it had suspended Olesnyckyj, who also was general counsel and secretary, while it reviewed past stock options grant practices. It dismissed him two months later.

In October, Monster said former chief executive Andrew J. McKelvey had resigned from its board after refusing to be interviewed for an internal investigation on the options practice.

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Monster also received a subpoena from the U.S. attorney's office in the Southern District of New York over stock options.

It said in December that it filed restated financial statements to include charges related to the investigation into its stock option granting.

BEARING DOWN Probes Of Backdating Move To Faster Track (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, February 16, 2007

On Jan. 4, 2002, the chief financial officer of Broadcom Corp. tapped out an email about stock options to his chief executive and others.

"I VERY strongly recommend that these options be priced as of December 24," he wrote.

They were, and that was fortunate for recipients. Broadcom's share price rose 23% between the two dates. The pretense that the options had been granted on the earlier date made them extra valuable.

It also violated the rationale of stock options. They give recipients a right to buy stock in the future at the price when the options are granted, so that recipients can profit only if the price of their company's stock goes up. Setting a lower "exercise price" for the options gives recipients a head start on profiting.

The Broadcom correspondence, found in an internal investigation at the maker of communication chips, is just one of a number of internal documents that have drawn the attention of federal prosecutors and Federal Bureau of Investigation agents in Orange County, Calif. Prosecutors are strongly considering filing criminal charges against the former Broadcom chief financial officer who wrote the email, William J. Ruehle, and at least one other former executive, according to people familiar with the situation.

Mr. Ruehle's lawyer said his client didn't break the law.

The Broadcom probe is a sign of how long-running investigations of stock-options backdating are heating up. Yesterday, a former general counsel of Monster Worldwide Inc. pleaded guilty to securities fraud in federal court in Manhattan. The day before, the founder of Take-Two Interactive Software Inc. pleaded guilty to a New York State charge in a backdating scheme.

Prosecutors in a half-dozen jurisdictions are zeroing in on other cases. The filing of criminal charges in some of these in coming months would mark a watershed in the scandal, as prosecutors and regulators winnow the roster of some 140 companies with options problems to a tighter list of promising cases.

The government is nearing charges against a former official of computer-security company McAfee Inc., say people familiar with the situation, and is strongly considering bringing cases against ex-executives of Apple Inc. and semiconductor-equipment maker KLA-Tencor Corp. In St. Louis, at least one former executive of Engineered Support Systems Inc., a defense contractor now owned by DRS Technologies Inc. of Parsippany, N.J., has been told of a likely charge, says a person close to the matter.

The former Monster Worldwide general counsel who pleaded guilty yesterday is Myron Olesnyckyj, 45. He admitted that he and others conspired to systematically backdate stock options, inflate the company's earnings and mislead auditors. Separately, the Securities and Exchange Commission filed a civil complaint against him. Mr. Olesnyckyj agreed to forfeit $381,000 in personal gains. He faces sentencing in August.

Mr. Olesnyckyj, fired last year, is expected to cooperate with prosecutors investigating Monster founder Andrew McKelvey. Mr. McKelvey, who hasn't been charged, quit late last year rather than be interviewed in an internal company probe of options. A lawyer for him declined to comment.

In a 1999 email cited by the government, Mr. Olesnyckyj wrote to a human-resources official: "No written document should ever state lowest price over next 30 days! The auditorw [sic] will view that as backdating options and we'll have a charge to earning in the amount of the difference between price on day 30 and any lower price which is used." (Read more on Mr. Olesnyckyj's guilty plea3.)

That's the type of evidence investigators are looking for -- "plus factors" that can give a case more promise of success. Such factors might include written indications of deliberate backdating; falsified documents; efforts to hide manipulation from

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auditors or investigators; or indications that top executives gave themselves backdated options. With so many companies admitting to an improper options practice, investigators have an abundance of possible cases.

Broadcom illustrates some of the elements investigators are focusing on as they set their priorities. The Irvine, Calif., company is one of the biggest companies in the options spotlight. It makes chips that help power all sorts of communications devices and has a stock-market value of more than $19 billion. The SEC in addition to the Justice Department is looking at Broadcom.

Also being investigated are Henry Nicholas -- the former chief executive to whom the CFO's email was addressed -- and Henry Samueli, Broadcom's chairman. Messrs. Nicholas and Samueli co-founded Broadcom. The two made up the committee that handed out options Broadcom has admitted were backdated.

Mr. Nicholas said in a statement his focus was on running Broadcom, and "the minutiae of employee paper-work and documentation were not at the top of my list." Mr. Samueli's attorney declined to comment except to say that some of the Journal's information was "misleading."

Mr. Nicholas founded the company in 1991 with help from Mr. Samueli, his former engineering professor. After they took it public in 1998, its stock soared 20-fold in two years. Together the men sold more than $1 billion in Broadcom shares near the end of the tech boom. Each still holds about $1 billion of Broadcom stock.

A domineering figure, Mr. Nicholas routinely scheduled late-night staff meetings and boasted of working for days without sleep. At a yearly sales conference, he quizzed subordinates about chip designs, forcing those who erred to gulp down shots of hard liquor. He stepped down from his CEO post in 2003. Along the way, he settled into a 15,000-square-foot mansion, which he outfitted with a billionaire's toys: waterfalls, secret tunnels into the hills, a sports bar.

Mr. Samueli cuts a less flamboyant figure. A leading philanthropist in Orange County, he also owns the Mighty Ducks hockey franchise. Two University of California engineering schools bear his name.

Last year Broadcom admitted rampant backdating. It restated several years of results, taking $2.24 billion in charges against earnings -- the biggest restatement so far in the scandal.

Mr. Ruehle stepped down as Broadcom's chief financial officer a few days before he was to be interviewed by outside lawyers doing the internal investigation. Broadcom said in a securities filing that Mr. Ruehle was "at the center" of backdating. Mr. Ruehle's lawyer, Richard Marmaro, said that if his client is charged, he "will not plead guilty because he did not commit any crime."

Broadcom in its filing also blamed a former human-resources chief, Nancy Tullos. It said she "encouraged, assisted in and enabled" the backdating. A lawyer for Ms. Tullos, who left in 2003, declined to comment for this article. The lawyer has said previously that Ms. Tullos followed the directives of superiors, didn't select any grant dates and always acted in the company's best interests.

Broadcom's backdating, which it has said occurred from 1998 to 2003, took place amid a gyrating stock price and a heated technology industry in which valued employees were often poached by others with big options packages. Broadcom emails, described by people who have seen them, suggest that executives sometimes deliberately gave grants earlier dates and sometimes cautioned others not to mention the dating process in writing.

Broadcom's auditor, Ernst & Young, raised concerns in 2000 about an aspect of the options process and reminded executives about the rules, say people familiar with the matter. At that time, options granted at the current stock price didn't affect companies' earnings. But a grant at below-market prices was considered compensation, so that companies had to count it as an expense.

In 2000 Broadcom made a giant options grant to a large number of employees, purportedly on a day in May when the stock had its lowest close for the quarter. Ernst discovered that the company hadn't finished divvying up the grant among employees until months later. Accounting rules say an option isn't recorded as granted until recipients are determined.

Ernst warned company officials, including Mr. Ruehle, not to make such "subsequent allocations" again, according to people familiar with the matter. Ernst reminded executives of how options should be accounted for, taking them through the rules.

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Like many stocks, Broadcom's sank after the Sept. 11, 2001, terrorist attacks. It hit its lowest price in three years on Oct. 1, before recovering and then more than doubling by year-end. Broadcom claimed to have granted a slew of options to non-officers on Oct. 1. Investigators are looking at whether the company may actually have made this grant later and backdated it, say people familiar with the situation.

Broadcom said in its federal filing that co-founder Mr. Nicholas was "at times" involved in the backdating, and bore a large responsibility for the problems because of "the tone and style of doing business he set." A person familiar with the grant dated Oct. 1 said it engendered jealousy among those who didn't get options then, and that Mr. Nicholas and others appear to have retroactively added more people to the list.

In an email on Jan. 2, 2002, Mr. Nicholas sent a list of employees included in the Oct. 1 grant to at least two people, including Ms. Tullos, say people familiar with the email's contents. "I found my old share grant spreadsheet from before October," he wrote.

But the electronic time stamp on the computer file indicated the spreadsheet had been created toward the end of 2001, long after Oct. 1, say people familiar with the matter. The discrepancy has led investigators to examine whether the email and spreadsheet might be an attempt to provide written cover for manipulated grants.

Broadcom said in its federal filing that co-founder Mr. Samueli was "involved with" the "flawed option granting process." The company cleared him, saying he "reasonably relied on management and other professionals" regarding proper treatment of the options. According to people familiar with the matter, Mr. Samueli, as a member of the Equity Award Committee, received a number of emails that discussed retroactive date selection.

Mr. Samueli cooperated with the internal probe but so far has declined a request to speak to government investigators -- unusual for a sitting chairman. When weighing how much responsibility corporations themselves bear for fraudulent conduct, prosecutors are supposed to consider how cooperative top officials have been, according to Justice Department guidelines.

An outside lawyer for Broadcom said it wouldn't comment on the investigation except to say that it was cooperating fully. "Dr. Samueli did cooperate fully and voluntarily with the company's independent internal investigation," said the lawyer, David Siegel.

In any effort to link backdating to Messrs. Nicholas and Samueli, prosecutors would face a potential hurdle: The co-founders didn't regularly receive option grants themselves. The two received just one grant, for a million options each, in 2002. Broadcom has said no grants to the founders or to directors were among those misdated.

Ms. Tullos and Mr. Ruehle, by contrast, received numerous options, including grants the company has said were manipulated. Mr. Ruehle had $32 million of unexercised options when he left last year. The company canceled them . Last year the company canceled $4 million of options Ms. Tullos held.

Several emails written by Ms. Tullos suggest she may have been aware the dating practices were troublesome. In a period when Broadcom's stock was falling, a business-unit head repeatedly asked her when his subordinates would get options. Eventually, she told him "I cannot tell you what we are doing" in a "post-Enron" world, according to people familiar with the matter. In a message to another employee asking about options, she wrote, "I cannot answer in writing."

Prosecutors would need more than suggestive emails to make a successful criminal case. A document that seems like a smoking gun can grow cold when the context is explained to a jury by an experienced defense lawyer.

Another obstacle for the government in prosecuting backdating is at some companies the practice was discussed openly, making it harder to argue that executives knew they were engaged in wrongful conduct.

Defense lawyers will doubtless pass blame around. Those representing CEOs are likely to argue that their clients -- being business leaders, not accountants -- relied on others to figure out how options should be issued and accounted for. Those representing subordinates are likely to argue that the boss made them do it.

Helping boost momentum toward the filing of charges is the statute of limitations. It's five years for securities fraud and wire fraud. But there's some flexibility, based on the notion that misdated options might affect earnings in later years.

Executive-Pay Summaries Conceal As They Reveal (WP)

By David Cho And Carrie Johnson

DOJ_NMG_0132823

The Washington Post, February 16, 2007

The first overhaul in 15 years of executive-pay disclosures has been billed as the most transparent window ever into the clubby world of corporate compensation.

But as these filings have begun to roll out publicly, analysts are finding there's a catch.

Due to an accounting loophole for stock options and an eleventh-hour rule change made by securities regulators just before Christmas, some of the biggest names in technology, health care and financial services will be able to cloud what their top executives make.

The anomaly is being discovered by compensation consultants who have been hired by firms to draft these filings. In some cases, it is lowering the compensation figures reported by firms, they said. In others, executives who should be named in the filings as the five highest-paid officers in their companies are being replaced with employees making less.

The Securities and Exchange Commission's first changes to pay disclosures since 1992 were meant to be user-friendly. Shareholders could look at a summary table and easily see what the top executives of a company were taking home in salary, perks, retirement bonuses and stock options.

Now, that summary table "won't give you the full picture," said Brian Foley, a compensation consultant based in White Plains, N.Y. "It misses a big part of the puzzle."

SEC officials said they had no control over which companies used the stock options loophole. But they said the agency's late December rule change will provide more accurate figures in the long run and will better reflect what an executive is making in a given year. Although the summary table may not provide full information on options, that data will be included elsewhere in the filing, they said.

No issue in the SEC's history has generated as much interest as the new executive-pay disclosures, Chairman Christopher Cox said last year, adding that the agency had received more than 20,000 comments about it from businesses, trade groups and investor advocates.

While hailing the new filings as a breakthrough, several academics and analysts were critical in interviews of the way the disclosures handle stock options. They also questioned whether the average shareholder could page through these filings to link different tables and charts.

"The proxies will provide you three or four times as much information as before," Foley said. "But . . . now you will have to pick through the mess to get the value of the options. It's not going be in plain English."

Employees who are granted stock options can buy a company's stock at a set price within a specific time frame. They then can reap a windfall if the price goes up, but typically they can sell only a portion of these shares each year. This "vesting period" often keeps prized workers from defecting to a rival.

The story behind the loophole began when an accounting rule, FAS 123R, came into effect last year and changed the way companies account for these options.

The rule had a huge impact on the all-important bottom line: If firms gave stock options to executives, they had to subtract the total value of those grants from their earnings that year. Before, options were not counted as an expense.

Suddenly, under FAS 123R, it could appear as if a company's profit took a big hit, especially in industries such as health care and technology in which granting executives hundreds of millions of dollars' worth of stock options is common.

To avoid the appearance of a profit dip, more than 900 companies, including Dell, Sun Microsystems, CBS, J.P. Morgan Chase, Whole Foods Market, Viacom, Corning and Northrop Grumman, sped up the vesting date of their options to occur before FAS 123R took effect, according to a Bear Stearns report. This was neither illegal nor improper under accounting rules.

But the acceleration helped these firms collectively erase about $8 billion of future stock option expenses from their books, meaning they awarded the options but would not have to include the cost in their financial results, according to Bear Stearns.

"Option-vesting acceleration was used as a means to temporarily benefit reported earnings," the report said. The analysis says Dell accelerated the most options -- $591 million in total -- followed by Sun Microsystems, with $400 million.

Then, on the Friday before Christmas, the SEC gave corporations a present: It changed a rule to allow them to report the amount of stock options that vest per year rather than the total value of the options granted to an executive.

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One compensation consultant, who has major technology firms as clients, said the difference in reported compensation levels before and after the SEC's December rule change has been striking.

In almost every case, the SEC change and the acceleration of options altered the total amount of compensation reported on the disclosure's summary table. For many firms, the final number was lower. For other companies, at least on paper, it created a different pecking order for the highest-paid executives. The consultant spoke on condition of anonymity because the filings have not yet been released to the public.

The new summary tables are "potentially misleading if you are looking for a single number to guide you. . . . You don't get a picture of what the compensation committee originally intended the compensation to be," he said. "The number that you get is precisely wrong."

Especially in the first year, the compensation expert added, shareholders should be cautious about taking these figures at face value.

SEC officials said shareholders should not rely solely on the summary tables and should read a company's entire filing. They added that if the December rule altered the composition of a company's "top five," the change made the filing more accurate.

"There are still problems . . . but this reporting season, we will know much more about both the amount and the structure of compensation than we've known for a long time," said Lucian Bebchuk, director of the Program on Corporate Governance at Harvard Law School.

Government Won't Challenge Appeal Court's Decision In Enron-related Case (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, February 16, 2007

The Justice Department has decided not to challenge an appeals court's decision last year to throw out most of the 2004 convictions against several former Merrill Lynch & Co. executives in an Enron-related case.

But three of those former executives — who each served nearly a year in prison before being released pending the result of their appeals — could still be retried on charges of participating in a sham deal to help Enron book bogus profits.

Justice Department spokeswoman Jaclyn Lesch said Thursday that federal prosecutors had decided not to appeal the 5th U.S. Circuit Court of Appeals' ruling to the U.S. Supreme Court. The Justice Department had until Friday to make that call.

"While we review the matter before the district court, we remain committed to holding accountable those responsible for the massive frauds that accompanied the collapse of Enron," Lesch said.

She declined to say whether prosecutors will retry Daniel Bayly, Merrill's former head of investment banking; James A. Brown, former head of the firm's asset lease group; and Robert Furst, the brokerage's former liaison with Enron.

A status hearing in the case is slated for this afternoon.

Last August, the appellate court threw out fraud and conspiracy convictions of Bayly, Brown, Furst and a fourth former Merrill executive, William Fuhs. A jury in 2004 convicted all four of fraud and conspiracy for helping push through a deal in which the brokerage pretended to buy three power barges from Enron so the energy company could appear to have made earnings targets in late 1999.

In a 2-1 decision, an appeals panel ruled that prosecutors improperly presented jurors with a theory that the defendants deprived Enron of its right to their honest services.

The panel said the theory was flawed in that case because their actions were consistent with corporate goals and did not rob the energy company or shareholders of money or property.

Had the deal involved bribery or theft, the theory could have been proper, the panel said in reversing most convictions against Bayly, Brown and Furst. Perjury and obstruction of justice convictions against Brown for lying about the nature of the deal were upheld.

Fuhs' convictions were thrown out for lack of evidence, and he cannot be retried. Also, former Enron finance executive Dan Boyle, who also was convicted for his role in the scheme, chose not to appeal and is in prison.

The honest services ruling has permeated other Enron cases.

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Former Enron CEO Jeff Skilling aims to raise the issue in his appeal of his 2006 jury convictions last year of 19 counts of fraud, conspiracy, insider trading and lying to auditors. Skilling is serving a 24-year, four-month prison term.

Prosecutors presented the honest services theory only with the single conspiracy count against Skilling. However, a 5th Circuit panel said in a December opinion denying Skilling's request for bail pending the outcome of his appeal that it found "serious frailties" in his securities fraud and insider trading convictions as well.

Skilling's lawyers expect to file his appeal next month.

Late last month, a Houston federal judge ruled that prosecutors wrongly used the honest services theory in last year's retrial of a former Enron broadband division executive and threw out all five jury convictions of conspiracy, wire fraud and falsifying books.

The government had already conceded that four of the five convictions of Kevin Howard, the unit's former finance chief, should be erased because they likely wouldn't stand up on appeal in light of the honest services ruling. U.S. District Judge Vanessa Gilmore wiped out the fifth count as well, saying it was tied to one of the tainted counts.

The government retains the right to retry Howard.

Still other cases have been affected. For example, Christopher Calger, a former vice president of power origination at Enron, is seeking to withdraw his guilty plea to wire fraud on the claim that he could not have deprived Enron of his honest services in a power plant deal because his actions were in line with company goals. That request is pending.

2 Former Enron Traders Get Probation For Driving Up Energy Prices During Calif. Power Crisis (AP)

By David Kravets, Associated Press Writer

AP, February 16, 2007

(AP) - SAN FRANCISCO-Two of three former Enron Corp. traders accused of driving up energy prices during California's power crisis were each sentenced in federal court to two years of court-supervised release.

Timothy Belden, the former head of trading in Enron's Portland, Oregon, office, was sentenced Wednesday after pleading guilty in October 2002 to one count of conspiracy to commit wire fraud. Belden's plea was the first prosecution of anyone related to the West's energy crisis in 2000 and 2001. He had faced up to five years in prison and must forfeit $2.1 million (â,¬1.6 million).

The second defendant, Jeffrey Richter, was a lower-level trading manager in charge of the so-called "short-term desk" who also pleaded guilty to two counts related to manipulating energy prices. He had faced up to five years and agreed to pay a $410,000 (â,¬313,408) fine.

A third trader, the alleged mastermind behind the scheme, is expected to be sentenced next month for his role in the scam that fraudulently sent California energy prices soaring, causing energy shortages and rolling blackouts.

Internal company memos describe how Belden's trading unit took power out of California at a time of rolling blackouts and shortages and sold it out of state to elude price caps, according to documents obtained by investigators.

Enron bought California power at cheap, capped prices, routed it outside the state, then sold it back into California at vastly inflated prices, authorities said. The sham trades were designed to circumvent the California-only price caps on wholesale energy.

The crisis played a role in Pacific Gas & Electric Co.'s bankruptcy and will leave California consumers paying abnormally high electricity prices for years.

Prosecutor Laurel Beeler said the government sought lenient sentences because of their "extraordinary assistance" in the investigation. Beeler said they gave hundreds of hours of their time to assist authorities at understanding the scheme, assisting authorities in the government's successful case against Enron Chairman Ken Lay, Chief Executive Jeff Skilling and dozens of others.

Beeler, however, said it was unclear how much the energy trading scheme cost ratepayers.

"Calculating a particular loss to that activity is difficult," she told U.S. District Judge Martin Jenkins.

The third defendant, John Forney, the manager of Enron's trading desk, pleaded guilty to one of 11 charges in exchange for his cooperation and is to set to be sentenced in March.

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Forney pleaded guilty to wire fraud - specifically, that he promised to supply energy Enron did not have and improperly collected electrical grid management fees for Enron.

In Fraud Case, 7 Years In Jail For Contempt (NYT)

By Gretchen Morgenson

The New York Times, February 16, 2007

On Jan. 14, 2000, Martin A. Armstrong, a globe-trotting investment manager, was told to produce $15 million in gold and antiquities, as well as documents, in response to a civil suit by the government accusing him of securities fraud involving hundreds of millions of dollars.

When he said that he did not have the items and could not produce them, a federal judge ordered him jailed for contempt of court.

Seven years later, Mr. Armstrong sits in the Metropolitan Correctional Center in Lower Manhattan.

Imprisoned two years before Enron and WorldCom brought corporate crime to center stage, Mr. Armstrong, 57, is the white-collar defendant whom time forgot. Over the years, the losses of his former clients have been repaid by a bank involved in his trades.

Still, he remains jailed on one of the longest-running charges of contempt. In many cases, a federal law limits to 18 months how long someone can be held under civil contempt while the court tries to coerce compliance with an order. Even in cases of criminal contempt, whose goal is punishment rather than coercion, an individual is entitled to the full protections of due process after six months.

"A legal proceeding is supposed to be the quest for truth," Mr. Armstrong said in a phone interview last week from the 12-story building, which is used mostly as a temporary holding site for prisoners. "But this contempt was used to stop me from going to trial, and it's been nothing but bad faith from the government ever since."

How Mr. Armstrong has been held for so many years without a trial is a tangled and bizarre tale. Mr. Armstrong, his lawyers say, has been stuck in a surreal situation in which criminal prosecutors have never had to prove their 24-count indictment at trial while the civil case tied him up. Nevertheless, they have gotten their desired result — a lengthy prison term for Mr. Armstrong.

Last August, he pleaded guilty to one count of conspiracy in the criminal case. He struck that deal with federal prosecutors after he was moved from the 75-square-foot cell he shared with another prisoner into solitary confinement and had not slept for days, his lawyer said. Over the years, prosecutors have said that they were ready to proceed to trial and that civil contempt had nothing to do with their case. Mr. Armstrong countered that his detainment impeded his efforts to mount a proper defense, blocking his access to essential documents and computers as well as the assets to pay counsel.

Because there has been no jury trial in the case, it is impossible to say which side is right: the government, whose indictment in September 1999 contended that Mr. Armstrong misappropriated hundreds of millions in client funds; or Mr. Armstrong, who said that officials at the bank executing his trades generated temporary losses that could have been recovered in the market. (Two of those officials later pleaded guilty to fraud in a related case involving the bank.)

Exceeding a Sentence

But this much is certain: Mr. Armstrong's years in jail for civil contempt will soon exceed the sentence of 6.5 to 8 years that he would have received if he had been convicted of all 24 criminal counts of securities fraud, commodities fraud and wire fraud. "The case sends a very bad signal," said Bernard V. Kleinman, a criminal lawyer in White Plains who represented Mr. Armstrong until 2004 and argued twice for his release before the United States Court of Appeals for the Second Circuit, in Lower Manhattan. "I think it bodes very ill for anybody held in civil contempt. District court judges can look at this case and feel that the likelihood of the circuit reversing them is small and that time is, in and of itself, no factor in determining whether civil contempt has lost its coercive effect and has become punitive."

John F. Keenan, the Federal District Court judge overseeing the criminal case, has not yet sentenced Mr. Armstrong. It is unclear whether the judge will give Mr. Armstrong credit for the time he has served. Under federal sentencing guidelines, his lawyers expect a sentence of about five years.

A spokeswoman for the United States attorney in Manhattan said that the office did not comment on open cases.

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Judge Richard Owen, the senior district judge who ordered Mr. Armstrong held in contempt, still sits on the bench in the Southern District of New York, where he has been for 34 years. When he ordered Mr. Armstrong taken away by federal marshals, he declared, "Mr. Armstrong has the keys to the jail cell in his pocket by production and telling people where to go to get it and dig it up and turn it over."

Over the years, Judge Owen would revisit the contempt order every 18 months, guided by the federal statute. He repeatedly said that Mr. Armstrong was motivated by greed and was awaiting his release from jail to retrieve the $15 million that the government said was missing. According to lawyers who worked on the case in the early days, the financier's headstrong manner irritated Judge Owen almost immediately.

But Judge Owen was moved off the case in November by a panel in the Second Circuit Court hearing Mr. Armstrong's third appeal on the contempt charge.

The three judges unanimously rejected the appeal to free Mr. Armstrong but found that on the seventh anniversary of his confinement, "his case deserves a fresh look by a different pair of eyes."

It was the second time in less than a year that the Second Circuit had ordered Judge Owen replaced on a high-profile case. In March, a panel overturned the 2004 conviction of Frank P. Quattrone, the former investment banker at Credit Suisse, because Judge Owen failed to instruct the jury properly; the panel assigned the case to a new judge in the "interest of justice." Later, the government decided not to retry Mr. Quattrone.

Judge P. Kevin Castel has taken over the Armstrong civil case. A hearing is scheduled on the contempt matter for March 15. A request to interview Mr. Armstrong in person was denied by corrections officials, and Judge Owen did not return a call seeking comment.

A Budding Businessman

At the peak of his career in the mid-90s, Mr. Armstrong oversaw $3 billion in client assets. He was widely quoted in the financial news media, including The New York Times, on interest rate and currency movements. He began working at a coin and stamp dealership when he was 13 and opened a collectors' store when he was 21. He founded Princeton Economics International, based in Princeton, N.J., in 1981.

Mr. Armstrong, an intelligent and imperious man who claimed to have made his first million by age 15, seems to have begun having trouble in 1999 when trading losses turned up in accounts that were held for the firm at Republic Bank. The problems appeared as the HSBC Group conducted a financial review before acquiring Republic.

The government said that Mr. Armstrong had improperly commingled accounts and overstated the value of the account's securities in client statements.

Mr. Armstrong said that he did not authorize the transactions that produced losses and that he was not involved with commingling of the accounts. He was indicted in September and released on $5 million bond.

In January 2000, the receiver appointed by the court in the civil case said that Mr. Armstrong had purchased gold coins and other assets with his firm's money. His lawyers argued that the assets might have been purchased before the suspected wrongdoing.

When Judge Owen ordered the assets returned, Mr. Armstrong delivered 4 of the 5 computers sought, 8 of the 11 requested boxes of documents and gold coins worth $1.1 million. He said that was all he had. The receiver said assets worth about $15 million were missing. Mr. Armstrong's odyssey in the judicial system began.

His assets frozen, Mr. Armstrong has been unable to pay lawyers. He now relies upon David Cooper and Steven Z. Legon, two lawyers from the Criminal Justice Act panel, set up to help indigent defendants, and Thomas V. Sjoblom, a lawyer at Proskauer Rose, who has received nominal compensation.

"On what grounds can you tie up the system of criminal procedure and civil procedure and hold everything in abeyance during contempt?" Mr. Sjoblom asked. "What about your speedy trial rights? What about the government's need to move forward in the civil case? You're using the contempt process to wring a settlement or a plea out of the person. That, to me, is abuse of the process."

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Over the years, more than half a dozen government lawyers have cycled through the case. In 2003, Mr. Armstrong changed his legal approach in challenging the contempt charge, saying that he did not have to produce the assets and citing his Fifth Amendment right.

The receiver, meanwhile, has recovered the vast majority of money said to have been lost by investors in the case. In January 2002, Republic New York Securities, a brokerage firm that housed Princeton Economics' accounts, pleaded guilty to conspiracy and securities fraud charges. Republic Bank paid $606 million to victims, all Japanese companies. It was "full restitution," the assistant United States attorney said at the time.

Alan M. Cohen, then a lawyer at O'Melveny & Myers and now executive vice president and global head of compliance at Goldman Sachs, is the court-appointed receiver.

His former colleague, Tancred V. Schiavoni, a lawyer at O'Melveny, said that all the victims had been satisfied. "We tried to do the right thing, and we've gotten nothing but grief," he said. "What this guy wants is to be given credit for time served on the contempt and leave with the money."

O'Melveny & Myers has received at least $3.9 million to cover its fees and disbursement over the years, according to court filings.

The discovery process was protracted partly because of the complexity — hundreds of boxes of materials had to be examined and data transcribed into digital format — and because Mr. Armstrong was in jail and relying on lawyers working pro bono.

In January 2006, criminal prosecutors said they were eager to put Mr. Armstrong on trial in October. Then in early August, federal prosecutors appeared at the correctional center to strike a plea deal. The visit, Mr. Sjoblom said, came a week after Mr. Armstrong had been ordered into solitary confinement — known as "the hole" — for damaging a vent in a common area.

Mr. Armstrong pleaded guilty to one count of conspiracy to commit securities fraud for failing to keep his investors informed about losses and for agreeing to make investor funds available to Republic to cover Princeton Economics' unrelated trading losses.

"I think the government just wore Marty out," Mr. Sjoblom said.

On Dec. 7, Stephen J. Obie, regional counsel for the Commodity Futures Trading Commission, visited Mr. Armstrong, with a settlement offer in which he would sign over some $30 million as a penalty. Mr. Armstrong declined.

The Securities and Exchange Commission and the C.F.T.C. declined to comment on the case.

The government has said that $21 million is still owed. Even if that must be paid by Mr. Armstrong's firm and not Republic Bank, an estimated $40 million is left in what was once Princeton Economics: $30 million in the United States and $10 million in a British entity. Mr. Armstrong and his lawyers learned of the $10 million three weeks ago.

Weekly Visits

Mr. Armstrong, who is divorced, has two children and an elderly mother who await his release. His daughter, Victoria Armstrong, 30, visits most Wednesdays, spending about one hour with him in a common room with other visitors and prisoners.

"You never stop thinking about where he is and what he goes through," Ms. Armstrong said in an interview last week.

Her brother, Martin, 31, said he was bewildered at what he sees as the breakdown of due process in his father's case. "That you can keep someone in contempt for such a long time with so many unanswered questions — that part of it has been a real eye-opener," he said.

Sonia Sotomayor, a judge on the Second Circuit panel that heard Mr. Armstrong's appeal last year, seemed to echo this point. "The district court's finding that Armstrong is motivated solely by greed is not enough to justify disregard for due process," she wrote. "Courts must exercise caution in their use of the contempt power and must recognize when it has reached the limits of its utility."

CRIMINAL LAW:

Nevada Governor Faces FBI Probe Into Contracts (WSJ)

By John R. Wilke

The Wall Street Journal, February 15, 2007

Federal prosecutors are investigating whether Nevada Gov. Jim Gibbons accepted unreported gifts or payments from a company that was awarded secret military contracts when Mr. Gibbons served in Congress.

The Federal Bureau of Investigation is examining whether any gifts or payments violated federal contracting rules or were offered in exchange for official acts by Mr. Gibbons, people briefed on the investigation said. Mr. Gibbons, a Republican, represented Nevada for five terms in Congress, where he served on the House Intelligence and Armed Services committees. He was sworn in last month as governor of the nation's fastest-growing state.

The close ties between the congressman and the contractor, Warren Trepp, were disclosed in a Nov. 1 Wall Street Journal article1, which revealed that Mr. Gibbons accepted private jet flights and a Caribbean cruise from the software-company owner. Mr. Gibbons says accepting the cruise and flight didn't violate House ethics rules.

New evidence has emerged that includes emails to Mr. Trepp -- the majority owner of eTreppid Technologies LLC and the former chief trader for convicted junk-bond dealer Michael Milken -- discussing a payment or gift to then-Rep. Gibbons. They also show Mr. Gibbons repeatedly using his congressional office to help the firm seek classified military and civilian contracts.

The emails show that since at least 2003, Mr. Trepp maintained close ties to Mr. Gibbons, who helped eTreppid get no-bid software contracts from the Air Force, U.S. Special Operations Command and Central Intelligence Agency. The software was used in video tracking of military targets and other, classified applications.

Messrs. Trepp and Gibbons have denied any wrongdoing, and no charges have been filed; indeed, such investigations sometimes end without official action.

'Hit the Ground Running'

In a Sept. 25, 2003, email to Mr. Trepp after Mr. Gibbons had been particularly helpful on a recent contract, eTreppid executive Len Glogauer reports that "Jim really hit the ground running on that one." He adds, "we need to take care of him like we discussed." It isn't clear what Mr. Glogauer meant, and he declined to comment.

A second email, cited in court filings by Mr. Trepp's former partner, was more explicit. On March 22, 2005, days before Mr. Trepp and his wife embarked on the Caribbean cruise with the congressman and his family, Jalé Trepp sent a reminder to her husband. "Please don't forget to bring the money you promised Jim and Dawn," referring to Mr. and Mrs. Gibbons.

Minutes later, Mr. Trepp responds, "Don't you ever send this kind of message to me! Erase this message from your computer right now!" Mr. Gibbons failed to disclose the cruise and travel on Mr. Trepp's leased private jet, as required by House ethics rules. He later asked the House Ethics Committee for an exemption, but left office before any action was taken.

The eTreppid emails include dozens to and from then-Rep. Gibbons. In one of the first such exchanges, on Sept. 23, 2003, Mr. Gibbons said he was "greatly impressed" with the technology and that he asked a military aide on his staff to set up a meeting with the National Security Agency to demonstrate the company's products. "No doubt, the Agency will be just as impressed," Mr. Gibbons wrote. He also tells an eTreppid executive to begin using a private email address that is "a direct link to my desk and does not go through anyone else."

In later exchanges, Mr. Gibbons discusses his efforts to set up meetings with the Department of Homeland Security, and arranges meetings with several Pentagon officials, including a top defense intelligence official. An eTreppid executive responds, "now if we can get into the Navy, it would be great."

In a statement yesterday, a spokesman for the governor said Mr. Gibbons has "consistently stated that he and Warren Trepp have a longstanding friendship." Mr. Gibbons, the statement continued, is proud of his efforts "to highlight the good work of Nevada companies as part of his duties to represent his constituents. However, he held no special power in awarding defense contracts, which go through a multilevel approval process."

Mr. Trepp didn't return phone calls or emails seeking comment. His attorney, Steven Peek, said yesterday, "Warren has had no inquires or questions from any federal officials about his relationship with Jim Gibbons." Mr. Peek said Mr. Trepp continues to talk to the FBI "about the theft of his company's intellectual property" by his former partner, the crux of continuing legal disputes between the two men. Mr. Peek also said Mr. Trepp "unequivocally denies that he wrote any emails regarding any payments to Jim Gibbons, and questions their authenticity."

Preliminary Stage

The FBI declined to comment on the investigation, which appears to be in a preliminary stage. The bureau has stepped up its pursuit of public-corruption cases, and says it now has about 620 agents working on federal, state and local cases, compared with 260 in 2002. On Tuesday, former senior CIA official Kyle "Dusty" Foggo was indicted on fraud, conspiracy and money-laundering charges for allegedly accepting jet flights and a vacation from a contractor, Brent Wilkes, who was indicted on related charges. Both pleaded not guilty yesterday. The indictments arose from a continuing FBI investigation of former Republican Rep. Randy "Duke" Cunningham of California, who last year began serving a prison sentence for accepting bribes.

The Cunningham case and claims made against Mr. Gibbons have drawn attention to alleged congressional abuse of the classified or "black" portion of the federal budget, which covers CIA, NSA and other secret government activities and has grown to at least $30 billion. New limits on special-interest spending known as earmarks were enacted by Congress last month, including rules meant to restrict earmarks in the classified budget.

The Nevada case is being watched closely in Washington: John Negroponte, former director of national intelligence, warned in a court filing of "exceptionally grave damage" to national security if details of the secret contracts are disclosed.

The new federal probe follows a Nevada investigation of the dispute over ownership of eTreppid software used in secret government programs. That investigation was initially focused on Dennis Montgomery, the former partner of Mr. Trepp who designed the software on which eTreppid was founded in 1998. The men have accused each other of trade-secret theft, among other claims, and have been battling in court for more than a year.

The new emails and internal documents would appear to support some of the claims made in legal proceedings filed by Mr. Montgomery, who in court papers has alleged that Mr. Trepp gave at least $100,000 in cash and casino chips to Mr. Gibbons. Public records show Mr. Trepp gave $90,000 to the governor's campaign through a series of separate companies, avoiding a $10,000 limit on individual or corporate contributions.

Defamation Suit

In court filings, Mr. Trepp has denied Mr. Montgomery's claims. He also filed a defamation suit against the chairman of the Nevada Democratic Party, Tom Collins, over published comments about the business dispute before last year's election. He cites "false testimony" by Mr. Montgomery, who he says "engaged in a campaign to spread falsehoods...which led up to a story published in the Wall Street Journal." The Journal isn't a defendant in the libel suit, which is pending in state court in Reno.

The Nov. 1 page-one story in the Journal reported that Mr. Gibbons and his family accompanied Mr. Trepp on a Caribbean cruise and that the congressman had helped Mr. Trepp win federal contracts. Mr. Gibbons at the time said his assistance to Mr. Trepp's company was simply intended to promote promising technology, and that the cruise and jet flights didn't violate House ethics rules because of his "close personal friendship" with Mr. Trepp.

Mr. Montgomery has accused Messrs. Trepp and Gibbons of using their political clout to get local FBI agents to raid his home and investigate him. In December, a federal magistrate found flagrant constitutional violations in the FBI raid, according to people briefed on her ruling, which remains under seal. The court found that the local FBI and U.S. attorney's office had effectively acted as armed enforcers for eTreppid's wealthy owner in a private business dispute with a former partner.

Mr. Peek, Mr. Trepp's attorney, said, "If the magistrate decided the search was improper, I'm disappointed in the decision, but without knowing the basis, I can't comment."

In his court filings, Mr. Montgomery alleges that Mr. Gibbons himself called in local federal officials at the behest of Mr. Trepp, who is one of Mr. Gibbons's biggest campaign contributors. In an interview last year with The Wall Street Journal, Mr. Gibbons's wife, Dawn, acknowledged that Mr. Trepp's wife had called her about the dispute. In response, Mr. Peek said: "Any citizen has a right to report a crime like a theft of intellectual property and computer equipment, and the government should rightfully act on the report of a crime regardless of who reports it."

Nevada Governor Facing FBI Probe Of Classified Federal Contracts (LVS)

By Brendan Riley

Las Vegas Sun, February 16, 2007

CARSON CITY, Nev. (AP) - Federal authorities confirmed Thursday that Nevada Gov. Jim Gibbons is being investigated to see if there are links between any gifts or payments he may have received from a software company and secret military contracts the firm got when he was in Congress.

The newly elected Republican governor denied any wrongdoing and told The Associated Press that "they can look as deeply as they need to and I encourage them to do so, but there would have been absolutely no influence."

A federal law enforcement official confirmed the FBI probe. The official, who spoke on condition of anonymity because of the ongoing investigation, said the inquiry is focusing on what role Gibbons played in awarding military contracts to eTreppid Technologies LLC in Reno and whether he received any gifts in exchange.

Gibbons said he had not been contacted by the FBI regarding his contacts with Warren Trepp, a longtime friend and owner of eTreppid who contributed nearly $100,000 to Gibbons' campaign for governor through different companies he controls.

"They never talked to me. They never have given me any kind of hint or whatever," he said.

The governor said he's a "pretty public person" and figured that if an investigation was under way he would have been contacted.

Asked whether he had hired an attorney as a result of the reported investigation, Gibbons said friends have volunteered to help and he would look into the issue if needed.

"I've done nothing wrong though," he said.

Trepp, a former chief trader for convicted junk-bond dealer Michael Milken, also has denied any wrongdoing.

Trepp's attorney, Stephen Peek, said Thursday that he and client were unaware of an investigation, "other than what we read."

"Warren Trepp was not contacted by any governmental agencies with respect to the allegations," Peek said.

The Wall Street Journal first reported that investigators were looking at whether federal contracting rules were violated in the case involving Gibbons, who was sworn in last month as governor after five terms in Congress, where he served on the House Intelligence and Armed Services committees.

Gibbons said he had read the news story and was "disturbed" that it "tried to connect dots where there are no dots to connect."

"I don't think that I have done anything that hasn't been done by others, which is opening doors for businesses in the state of Nevada," Gibbons said.

Gibbons had asked the House ethics committee in November for an opinion about whether he improperly reported flights aboard Trepp's jet and a Caribbean cruise paid for by Trepp, whose company has millions of dollars worth of classified federal software contracts from the Air Force, U.S. Special Operations Command and the CIA. Gibbons did not disclose the trip as required by House ethics rules and later asked the committee for an exemption, but left office before any action was taken.

The Journal reported new evidence had emerged in a federal lawsuit in Reno involving Trepp and Dennis Montgomery, his former technology chief at eTreppid. Montgomery claimed in November that Trepp and Gibbons used political clout to get local FBI agents to raid his home and investigate him.

Trepp and Montgomery are involved in litigation related to the copyrights of the company's video surveillance technology, which reportedly is used with unmanned aircraft to identify terrorism suspects.

The evidence cited includes e-mails to Trepp discussing a payment or gifts to then-Rep. Gibbons. The e-mails also show Gibbons using his congressional office to help the company seek classified military and civilian contracts, the newspaper said.

"Please don't forget to bring the money you promised Jim and Dawn," Trepp's wife, Jale Trepp, said in a March 22, 2005, e-mail days before Trepp and his wife embarked on the Caribbean cruise with Jim Gibbons and his wife, Dawn, a former Nevada state assemblywoman.

According to the Journal, Trepp responded minutes later saying: "Don't you ever send this kind of message to me! Erase this message from your computer right now!"

Gibbons said he knew nothing about the e-mails and questioned their authenticity, as did Peek.

"We categorically, unequivocally deny any such e-mails exist or were written," Peek said.

Peek also said Trepp and Gibbons were being "vilified" by Montgomery, who he described as "a disgruntled former employee who will do anything and everything to tarnish the names of two very well-respected citizens."

Gibbons called the Journal report the "misguided" result "of a civil case between two former business associates, which I have now been dragged into."

Tom Collins, the state Democratic Party chairman sued for defamation by Trepp after seeking access to the Reno court records on grounds they might show "potential improper conduct," renewed his criticism of the governor.

"Gov. Gibbons already has made a mockery of his office in more ways than one, and now we learn the FBI is investigating him for political corruption," he said. "This governor has embarrassed the state, and lost most of his effectiveness and respect. And we're not even two months into his term."

Nevada Governor Denies Wrongdoing Over Contracts (WSJ)

The Wall Street Journal, February 16, 2007

Nevada Gov. Jim Gibbons denied any wrongdoing in the face of a federal investigation into whether he accepted gifts or payments from a company that won government contracts while he was in Congress.

"They can look as deeply as they need to and I encourage them to do so, but there would have been absolutely no influence," the newly elected governor told the Associated Press in Carson City, Nev. The Wall Street Journal reported in a page-one article yesterday that federal authorities are investigating his dealings with a contractor in his state when he was a member of Congress.

A federal law-enforcement official said the preliminary inquiry is focusing on what role Mr. Gibbons may have played in awarding military contracts to eTreppid Technologies LLC in Reno and whether he received any gifts in exchange. Mr. Gibbons said he hadn't been contacted by the FBI regarding his contacts with Warren Trepp, whom he described as a longtime friend; Mr. Trepp is the majority owner of eTreppid and contributed nearly $100,000 to Mr. Gibbons's campaign for governor.

"They never talked to me. They never have given me any kind of hint or whatever," Mr. Gibbons said.

FBI Reportedly Investigating Nevada Governor Over Contractor's Gifts (WP)

By Matthew Mosk And Dan Eggen

The Washington Post, February 16, 2007

The FBI is investigating whether Nevada's governor failed to report gifts from a military contractor that he received while serving in Congress, law enforcement officials said yesterday.

Investigators are also examining whether Jim Gibbons, a Republican, performed any official acts on behalf of the contractor in exchange for gifts or payments, according to the officials.

The governor released a statement yesterday in which he defended his efforts to "introduce" the contractor's software products to fellow members of the House intelligence and Armed Services committees. He said he has "never been notified of any investigation by the FBI."

"I am confident that my actions were ethical," he said in his statement. "However, if there is ever found to be an inaccuracy or mistake, I will rectify it."

Reporting yesterday on the investigation, the Wall Street Journal published a series of alleged e-mail exchanges about Gibbons's dealings with Warren Trepp, the software entrepreneur whose company won millions of dollars' worth of classified military contracts during the time Gibbons served in Congress.

Among the dozens of e-mails is one allegedly sent days before Trepp and his wife prepared to set sail on a Caribbean cruise with Gibbons and his wife. In it, Trepp's wife allegedly wrote to her husband: "Please don't forget to bring the money you promised Jim and Dawn." Trepp's reply, according to the Journal report, was: "Don't you ever send this kind of message to me! Erase this message from your computer right now!"

The gifts allegedly included the cruise and travel on Trepp's private jet, as well as some suggestion of a payment that Trepp made to Gibbons, the Journal reported. Gibbons was first elected to the House in 1996 and served five terms.

The probe is at an early stage, and no conclusions have been reached about whether any crime was committed, one of the law enforcement officials said.

Trepp's attorney, Steven Peek, told the Journal that the software company executive has not been contacted by federal investigators about his relationship with Gibbons. Peek said yesterday that his client is unaware of any investigation and questions the authenticity of the e-mails cited in the Journal report.

None of those involved has disputed that Gibbons and Trepp are friends. Trepp and his relatives have donated more than $30,000 to Gibbons and his wife, who unsuccessfully made her own bid for Congress, in the past five years.

"My relationship with Mr. Trepp has no bearing on the effectiveness of the technology created by his company or its ability to aid in our efforts to improve national security," Gibbons said.

Details about the relationship between Gibbons and Trepp appear to have become public through a legal dispute between Trepp and a former employee of his company, eTreppid Technologies LLC. The case concerns the fair use of software technology, according to court papers.

The Reno, Nev., firm holds several federal software contracts, the nature of which has largely remained concealed because of the secrecy surrounding some aspects of military and intelligence budgeting.

In September, then-Director of National Intelligence John D. Negroponte filed a declaration in the eTreppid lawsuit, in which he said that if some elements of the case became public, it could be "reasonably expected to cause serious, and in some cases exceptionally grave damage to the national security of the United States."

The probe of Gibbons has also raised questions about the impending departure of U.S. Attorney Daniel G. Bogden of Nevada, whose office will oversee the investigation. Bogden is among seven U.S. attorneys who were abruptly fired by the Justice Department without explanation. His last day is Feb. 28.

Libby Defense Skirted Conspiracy Theory (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 16, 2007

WASHINGTON — In his opening statement three weeks ago in the federal perjury trial of I. Lewis "Scooter" Libby, defense lawyer Theodore V. Wells Jr. dropped a bombshell. In dramatic tones, Wells declared that Libby had been the victim of a White House conspiracy to make Libby the fall guy for the CIA leak scandal.

But when the jury begins deliberating the fate of the former vice presidential aide next week, it will have seen virtually no evidence to back up the provocative claim.

The difference between what Wells promised and delivered, and how it will play with the 12-member panel, is just one of the wild cards as the trial winds up. Libby himself did not take the stand, and the unusually spare defense seemed built on the hope that prosecutors did not make their case.

Indeed, the case is hardly a slam-dunk for the government. The defense punched some holes in the stories and memories of government witnesses, including journalists.

The biggest worry for the prosecution may be whether the jury will think it fair to convict Libby, the only person charged in the three-year federal probe, when he was neither the first nor the only high-level government official to talk about CIA operative Valerie Plame.

Libby is charged with attempting to conceal his involvement in the events that led up to the disclosure of Plame's identity in published reports in the summer of 2003. Plame, a CIA arms-proliferation analyst, is married to Bush administration critic Joseph C. Wilson IV. The New York Times published a scathing anti-administration op-ed article by Wilson in July 2003, and eight days later his wife's identity was exposed by syndicated columnist Robert Novak.

Testimony at the trial indicated that Libby and several other administration officials were discussing Plame with journalists, offering up her identity to explain Wilson's CIA-directed trip to Africa, which turned up evidence that contradicted administration claims about Iraq's nuclear intentions.

Libby denied to a federal grand jury that he knew about Wilson's wife, but conceded that at one point he had heard it from a journalist, and then passed along the information as gossip.

The government said that he was lying, and that he had fabricated a story after realizing he may have disclosed classified information.

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Special Prosecutor Patrick J. Fitzgerald's parade of witnesses gave testimony indicating that Libby had come to know about Plame through a number of official sources, including Vice President Dick Cheney, well before he said he learned about her from a reporter. The government also called three journalists who spoke with Libby and who all disputed the version of conversations about Plame that Libby offered investigators.

By comparison, the defense that Wells offered was short and uneventful; the most provocative move was the decision not to call Libby to the witness stand.

His lawyers argued that if Libby misspoke to anyone, it was because he was swamped at work, essentially doing double duty as Cheney's chief of staff and national security advisor. His former right-hand man testified that Libby was a workaholic who was constantly dealing with life-and-death issues.

Many experts believe the jury wanted to hear that from the defendant himself, and that they will question why he chose to stay mum.

"This is a case that cries out for Libby to take the stand," said Jeffrey Frederick, a Charlottesville, Va., jury consultant. Under the law, the jury is not supposed to consider the fact that Libby did not testify in weighing his guilt or innocence. "Still, a number of jurors will be disappointed," he said.

But some lawyers said the move made sense. If Libby had taken the stand, Fitzgerald would have launched a far-reaching attack on his credibility.

"He stood the risk of being branded a liar," said John Hueston, a Los Angeles lawyer and former federal prosecutor who helped convict former Enron chief executive Kenneth L. Lay.

Hueston said the Lay case was an object lesson in why lawyers should think hard before subjecting their clients to cross-examination; Lay was quickly exposed as duplicitous.

Hueston said he thought that in Libby's case, "the defense made a sensible move in not risking everything."

How Wells will handle the once-jarring conspiracy theory is unclear.

In his opening statement, the lawyer produced a note from Cheney expressing concerns that Libby was being "sacrificed" and being put through "the meat grinder." The theory was that the White House was angling to protect political strategist Karl Rove and dispense with Libby — a theory that cast Libby in a sympathetic light.

But the conspiracy theory never really took root in court. Libby's lawyers never called Cheney or Rove to explore the theory.

Fitzgerald attacked the scapegoat theory by introducing videotape of former White House Press Secretary Scott McClellan, who it was insinuated was part of the alleged anti-Libby cabal, publicly clearing Libby of any wrongdoing. The defense did not call McClellan either.

Legal experts said Wells could deal with the dropped conspiracy claim during his closing statement Tuesday by saying that the defense strategy changed because the lawyers thought the government case was so weak that it did not have to be addressed.

But lawyers said failing to follow up such a dramatic claim with harder evidence could backfire. Undelivered promises can raise questions in jurors' minds about other defense claims.

"It gives the government an opportunity during closing arguments to cast doubt on the entire defense case," said Daniel French, a former U.S. attorney. Fitzgerald, he said, "is now free to say … 'You didn't hear about a conspiracy because it did not happen.' "

Libby Trial Offers Little On Rove Theory (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 16, 2007

WASHINGTON -- Attorneys for I. Lewis "Scooter" Libby told jurors at the onset of the CIA leak trial last month that Libby was the victim of a conspiracy to protect White House political adviser Karl Rove. But like the anticipated testimony from Libby and Vice President Dick Cheney, details of any save-Rove conspiracy were promised but never materialized.

That leaves defense attorneys, who will spend the long weekend fine-tuning their closing arguments, to decide how to describe Rove for jurors when summing up their case on Tuesday.

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Libby is charged with lying and obstructing the investigation into the 2003 leak of CIA operative Valerie Plame's identity. Special Prosecutor Patrick Fitzgerald said Plame's name was leaked to the press as part of White House effort to discredit her husband, prominent war critic and former Ambassador Joseph Wilson.

During opening statements, defense attorney Theodore Wells described a different White House effort: one in which Rove, Bush's top political strategist, was protected for leaking information while Libby took the fall.

"Libby was an important staffer," Wells said. "But Karl Rove was the lifeblood of the Republican Party."

As evidence, Wells described how White House spokesman Scott McClellan publicly declared Rove's innocence in the leak case but failed to do so for Libby. Angered, Libby appealed to Cheney, who intervened and had McClellan exonerate Libby, too.

"Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," Cheney wrote in a note.

Special Prosecutor Patrick Fitzgerald says Libby felt guilty about discussing Plame with reporters and was trying to cover his tracks by lying to the FBI and to a grand jury investigating the leak. The Rove theory allows defense attorneys to say Libby felt wronged by the White House and was acting as an innocent man trying to clear his name.

But Libby's attorneys never dug deeper than that during the trial. While cross-examining government witnesses, they took every opportunity to mention Rove but never elicited details about how the president's top political operative was being protected or why.

Libby lawyers also opted not to call Cheney, McClellan or White House Communications Director Dan Bartlett to testify about whether Libby was being made a scapegoat.

The most explicit testimony on Rove came from columnist Robert Novak, who outed Plame in a July 2003 column. He testified that Rove, a frequent source, was one of two officials who told him about Plame. Libby, with whom he seldom spoke, was not a source.

The jury did not hear testimony that Rove was not indicted after testifying five times before Fitzgerald's grand jury, occasionally correcting misstatements he made in his earlier testimony.

Nor did the jury hear testimony about how Rove is credited as an architect of Republican political victories and has been accused by opponents of playing dirty tricks.

All that jurors heard is that Rove leaked Plame's identity and, from the outset, got political cover from the White House. He was never charged with a crime.

His name came up sporadically in handwritten memos and testimony. He was clearly cast as an important White House aide but his job was never fully explained. His influence was never clearly defined, only hinted at.

Bribery Charges Could Indicate Trouble For Unindicted Members (HILL)

By Susan Crabtree

The Hill, February 16, 2007

Indictments handed down to two major allies of former Rep. Randy "Duke" Cunningham (R-Calif.) earlier this week provide clues about other evidence and material federal prosecutors are seeking from Congress and which members could face more legal trouble in the wide-ranging bribery investigation.

In between the more lurid details about prostitutes, hundreds of thousands in cash payments and luxurious trips to Hawaii and Coeur d'Alene, Idaho included in the indictments of defense contractors Brent Wilkes and his longtime friend, former top-ranking CIA official Kyle "Dusty" Foggo, are eight references to letters Cunningham sent members of the Appropriations, Permanent Select Committee on Intelligence and Armed Services committees requesting tens of millions of dollars in contracts for Wilkes' companies. Cunningham served on each of the panels.

The indictments do not include the panels' responses to these requests; and that is, in all likelihood, because prosecutors were having a difficult time convincing Congress to hand over the relevant records – until recently. In December, the U.S. Attorneys office in San Diego issued a series of subpoenas for records to the three committees. Also late in the year, prosecutors served subpoenas for testimony to two key staffers: one who worked as Cunningham's executive assistant and another who

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worked for the Appropriations Defense subcommittee, which was chaired by Rep. Jerry Lewis (R-Calif.) during many of the time periods in question.

House Speaker Nancy Pelosi (D-Calif.) has been in discussions with the House General Counsel's office and the bipartisan legal advisory group about whether to work with prosecutors and provide access to the hundreds of pages of material requested or decide to protect the documents by invoking the Constitution's Speech or Debate clause, a separation-of-powers protection that has been used in the past to protect congressional information from judicial inquiry.

Earlier this week, a Democratic aide said discussions are "still ongoing" and the two sides hope to resolve the matter as soon as possible. Of the eight letters of request, four were sent to the House Appropriations panel and the indictment specifically mentions one sent to the chairman of the Appropriations Defense subcommittee.

"On or about July 31, 2001, in support of defendant Wilkes's request for Congressional Appropriations, coconspirator Cunningham wrote the chair of the Defense Appropriations Subcommittee seeking to maintain the level of funding for his 'earmarks,'" the indictment states.

In another instance, the indictments mentions that "on or about May 1, 2000" Cunningham's legislative director sent a memo to a House Appropriations Committee staffer indicating that two programs that funded Wilkes's contracts, were among the congressman's "highest priorities."

The indictment also references a letter Cunningham sent in late May 1998 to the chairman of the House Appropriations subcommittee on national security, requesting a total of $64 million for Wilkes's Document Conversion Programs for fiscal year 1999.

Rep. Bill Young (R-Fla.) chaired that subcommittee until late November 1998 when Lewis moved into that post. The name of the panel was then changed from national security to defense subcommittee, although the indictment does not reflect that the name was changed in 1999.

On or about May 21, 1999, co-conspirator Cunningham wrote the chairman of the Appropriations subcommittee on national Security, requesting a total of $94 million for the Document Conversion Program for fiscal year 2000, specifying that the funding was to be used for a Panama-based document scanning project, which had been using Wilkes's company, ADCS, as the prime contractor.

According to the indictments, Cunningham sent the House Armed Services Committee a series of letters.

For instance, in mid-April 2000, Cunningham wrote the chairman of the House Armed Services Committee, on another Wilkes's project related to the Global Infrastructure Data Capture program, for which he requested a total of $16 million. At the time, Rep. Floyd Spence (R-S.C.) was chairman of the Armed Service Committee. Spence died in 2001.

But the indictment includes multiple letters sent to the House Armed Services Committee chairman when Cunningham's close friend, Rep. Duncan Hunter (R-Calif.), was the panel's chief.

On or about Sept.15, 2004, coconspirator Cunningham sent a letter to the Chairman of the House Armed Services Committee on behalf of Wilkes's alleged coconspirator Mitchell Wade seeking the "Chairman's support in obtaining $16 million in funding for the Counterintelligence Deception Program during the 2005 conference negotiations."

In 2005, Cunningham wrote two letters: one to Hunter seeking $25 million in funding for what is referred to in the indictment as the MRG program during the 2006 budget cycle, and another to the chairman of the House Permanent Select Committee on Intelligence urging his support for the same program. Former Rep. Porter Goss (R-Fla.), who went on to become CIA director before resigning last May, was chairman of the Intelligence panel at the time.

Lawmakers contacted for this article did not comment by press time.

F.B.I. Raids On The Mayor Make Him Topic A In A Small Town (NYT)

By Jonathan Miller

The New York Times, February 16, 2007

GUTTENBERG, N.J., Feb. 12 — The whispers were everywhere in this sliver of a town on the Hudson: Federal investigators were here looking for something.

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Then on Jan. 26, the F.B.I. agents seized several computers, rifles and files from the home of Mayor David Delle Donna, as well as records from Town Hall.

Mr. Delle Donna has not been charged with a crime and insists that he has done nothing wrong, though a person close to the investigation said the January raids were connected to a former bar owner and eight others charged in 2005 with running a human trafficking ring.

In that case, the defendants are accused of conspiring to recruit young women in Honduras and smuggle them into the United States, then forcing them — some are as young as 14 — to dance and entertain at three bars in Guttenberg and nearby Union City.

So far, four people have pleaded guilty, including Luisa Medrano, 51, of Cliffside Park, whom investigators had accused of being the leader of the trafficking operation. But in September she pleaded guilty to the relatively minor charges of illegally harboring aliens and tax evasion.

According to state election records, Ms. Medrano contributed $3,000 to Mr. Delle Donna's election campaigns. Mr. Delle Donna, 48, who has been mayor since 2002, told The Hudson Reporter last week: "I don't believe I've done anything illegal. I feel I'll be exonerated."

Then he went on to say: "We live our lives based on the premise that we're supposed to always try to help people when you're a public servant. I have always had a very open-door policy here. I welcome people into my home, sometimes people I barely know, because they've come to me for help. And in the past, I've gone out of my way to help. I'm just disappointed that some of that help can be misconstrued as being illegal."

When contacted for this article, the mayor declined to comment further.

The January raids have left many in this town of 10,800 scratching their heads. "I thought it was crazy," said Leon June, 51, who was waiting for a bus recently on Bergenline Avenue. "It's a small town; how much damage can you do?"

And although no one is suggesting any connection to the trafficking, chatter in this town that measures all of 4 blocks wide and 11 blocks long reached new heights in recent weeks after two fires broke out at the only high-rise apartment building in town, killing one person, and another fire erupted at an abandoned building.

But Guttenberg — a name that even New Jerseyans are not sure how to pronounce (the first syllable sounds like gut, not toot) — is in Hudson County, where skullduggery is a spectator sport, and attention soon snapped back from the fires to Town Hall.

In addition to being mayor, a part-time job that pays $6,700 a year, Mr. Delle Donna is the coordinator for maintenance at the Hudson County Schools of Technology in North Bergen.

The day after the raid on the Delle Donna home, a modest two-story house wrapped in green aluminum siding, the mayor's wife, Anna, said in a telephone interview: "We don't know anything. We are very good people."

She added that the weapons the F.B.I. took were hunting rifles, though her husband has not hunted in 15 years.

The mayor's political adversaries say he is "a nice guy." "David Delle Donna doesn't come across as a bad person," an opponent said.

The United States attorney's office, which is handling the trafficking case, declined to comment.

This isn't the first time that tiny Guttenberg, wedged in next to West New York, has been on the wrong side of the headlines.

In 2003, the former mayor, Peter LaVilla, pleaded guilty to misappropriating campaign funds and using the money for a private brokerage account after an investigation by the United States attorney's office. In 2002, a councilman accused of receiving illegal advances on his salary resigned, although he was never formally charged. The same year, the town's chief financial officer pleaded guilty to misappropriation of funds.

Despite the latest goings-on, the mayor is keeping up with his normal responsibilities at the school and at Town Hall. At a council meeting on Monday, he could be found poring over the minutiae of local government: youth softball and baseball signups, problems with the prescription drug program, a shortage of computers in the planning office.

Though it was the first meeting since the January raids, no one spoke of the recent investigations and prosecutions, except the town's attorney, Charles Daglian, who said outside the meeting in a second-floor conference room at Town Hall: "I've been a lawyer 27 years. I've seen it all."

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New York Boy Band Architect's Florida Office Searched By FBI (NSDY/AP)

By Travis Reed, Associated Press Writer

Long Island Newsday, February 16, 2007

ORLANDO, Fla. -- Federal agents executed search warrants on Thursday at New York native Lou Pearlman's Florida office and home, the latest in a string of legal problems facing the man who built the Backstreet Boys and 'NSYNC.

The search came less than two weeks after a state court-appointed receiver took control of three Pearlman companies. A judge issued that order after Florida's Office of Financial Regulation alleged that for 15 years Pearlman has sold unregistered securities through a bogus savings program. Also on Thursday, Pearlman's attorneys in that case filed a court motion to withdraw from representing him.

Pearlman, who moved to Orlando in 1990, conjured multi-platinum success by piecing together boy bands in the 1990s. He claims to have done nearly $2 billion in retail music sales and owns a restaurant franchise, a new steakhouse and a dining and entertainment complex in downtown Orlando. He has been sued over the years by several of the young stars he managed, who accused him of locking them into predatory deals. Pearlman has said the now-resolved lawsuits were just overblown contract negotiations.

FBI agents and other law enforcement investigators spent hours on Thursday carrying boxes away from Pearlman's offices.

The FBI referred comment to the U.S. attorney's office, which issued a statement saying: "Other than confirming the existence of an investigation, we are not in a position to comment further at this time. Today's searches are part of this investigation."

A former Pearlman spokeswoman reached for comment Thursday said she has not worked for him since last month. Pearlman did not immediately return a message from The Associated Press left on one of his voice mail accounts. He could not be reached by e-mail because the inbox was over capacity.

Stephen LaFreniere, the head of an Orlando real estate brokerage who said he was hired to manage Pearlman's complex, said he's been unable to pay its electric and garbage bills for three or four months because Pearlman's employees have been collecting the rent before he could get it. LaFreniere said he doesn't know where the combined $100,000 from Church Street Station's 15 or 16 tenants has been going. He also had no idea where Pearlman was.

"I've only met the man twice," he said.

Besides the state's allegations and possible federal charges from the Thursday search, Pearlman faces four lawsuits from banks alleging past-due loans of $14 million and overdue loan guarantees of $49 million, according to the Office of Financial Regulation complaint.

The state accuses Pearlman of collecting more than $95 million from more than 1,000 investors "by making a variety of misrepresentations." He's accused of promising to put people's money in insured bank accounts earning better-than-average dividends but instead transferring those funds to himself and his companies.

The state found less than $15,000 in four bank accounts used over the past four years for Pearlman's savings program, according to the complaint.

Ranbaxy Says U.S. Officials Searched Two N.J. Offices (Update3) (BLOOM)

By Catherine Larkin

Bloomberg, February 16, 2007

Feb. 15 (Bloomberg) -- Ranbaxy Laboratories Ltd., India's biggest drugmaker, said U.S. officials conducted a surprise search of two of its New Jersey offices yesterday, seeking documents on a variety of topics.

Federal agents spent all day at Ranbaxy's administrative office in Princeton and manufacturing facility in New Brunswick, said Chuck Caprariello, a spokesman for the company. He declined to specify which documents were taken and said business operations have continued as usual.

``The only thing we know right now is that it was an information request and they needed information on a variety of topics," Caprariello said today in a telephone interview. ``We're trying to open up dialogue now as to why, and what information they wanted."

The Trentonian, a New Jersey newspaper, reported today that criminal investigators from the U.S. Food and Drug Administration searched the Princeton facility, saying they were serving a warrant.

The U.S. Attorney's Office in Maryland, part of the Justice Department, is working on the Ranbaxy case and won't comment because there is a pending investigation, spokeswoman Vickie LeDuc said today in a telephone interview from her Baltimore office. Doug Arbesfeld, a spokesman for the FDA, said the Justice Department was handling all media inquiries.

Ranbaxy, a maker of generic drugs based in Gurgaon, near New Delhi, issued a statement after the close of trading in Mumbai saying it wasn't aware of any wrongdoing. Earlier in the day, the company's shares had their biggest one-day percentage drop in more than seven months. The shares fell 21.1 rupees, or 5.1 percent, to 393.5 rupees on the Bombay Stock Exchange.

6 Years In Prison For Strip Club Bribes (AP)

By Ken Ritter, Associated Press Writer

AP, February 16, 2007

(AP) - LAS VEGAS-A former Clark County commissioner was sentenced to six years in prison Wednesday for delivering bribes to politicians on behalf of a strip club owner.

U.S. District Judge Larry Hicks branded Lance Malone the "organizer, manager and leader" of "probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted."

Hicks blamed Malone for distributing up to $550,000 in bribes to three former commission colleagues from 2000 to 2003, and said he was imposing three years more than Malone received in a related case in San Diego. Malone will serve the sentences at the same time; he also was fined $100,000.

Malone pleaded guilty in September to one count of conspiracy under the federal Racketeer Influenced Corrupt Organizations, or RICO Act, for the Nevada case.

In the San Diego case, Malone was convicted on similar charges that he delivered bribes to politicians there on behalf of strip club owner Michael Galardi.

On Wednesday, Malone, 45, told the judge that he had been greedy, and he pleaded for leniency.

"I did start with good intentions, and those intentions went horribly, horribly wrong," Malone told the judge.

"I did things that I regret and I wish I could take back, but I cannot," he said.

Malone becomes the third person sentenced in a case that grew from years of FBI wiretaps and led to indictments against Galardi, Malone, and former Clark County commissioners Dario Herrera, Erin Kenny and Mary Kincaid-Chauncey. The commission wields control over a wide area of southern Nevada, including the Las Vegas Strip.

Herrera, 33, is serving four years and two months in prison. Kincaid-Chauncey, 68, is serving 30 months. They were convicted last year.

Kenny and Galardi, who said he sought votes from the commission that would benefit his strip clubs, pleaded guilty and awaits sentencing.

West Mifflin Policeman Held For Trial (PTR)

By Karen Zapf, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, February 16, 2007

In a hearing that lasted almost four hours, seven witnesses testified Thursday about alleged wrongdoing by suspended West Mifflin police Officer Noel Missig.

Brookline District Judge Charles McLaughlin held Missig, 39, of West Mifflin, for trial on charges of perjury, simple assault, obstructing the administration of law or government function, tampering with public records or information, two counts of unsworn falsification to authorities and official oppression.

The charges stem from a joint FBI and state police investigation that spanned four years and led to accusations that Missig planted cocaine in a suspect's clothing, assaulted a handcuffed boy and lied about the seizure of video poker machines from a borough business.

Mark Kocak, of West Mifflin, testified that on March 31, 2004, Missig and other officers came to his Maryland Avenue home looking for Richard Jasek, who was wanted by police for a probation violation.

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Kocak testified that he saw an officer hand Missig a package that was on a table, and Missig placed the package, which contained cocaine, into the pocket of a sweatshirt belonging to Jasek.

Kocak said Missig told him: "This is going to help you out."

Kocak and Jasek were charged with drug violations.

Another witness, Andrew Palmer, 23, testified that during his arrest by West Mifflin police in 2001, Missig kicked him in the ribs and later choked him and slammed his head against a wall at the police station.

Mark Rider, former borough field inspector, testified that he did not give Missig information in 2000 that there were video poker machines in a Pennsylvania Avenue business.

When obtaining a search warrant for the business, Missig claimed the information about the gambling machines came from Rider.

"I never saw the poker machines until the morning they were taken out of the building," Rider said.

Stephen Greenberg, Missig's lawyer, said the alleged misconduct did not take place.

Missig, a borough officer for 12 years, remains free on his own recognizance. His formal arraignment is scheduled for May 8.

Missig's suspension without pay remains in effect until Tuesday's borough council meeting.

Karen Zapf can be reached at kzapf@tribweb.com or (412) 380-8522.

Legal Team Honored For Winning Gang Conviction (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, February 16, 2007

The Anti-Defamation League on Thursday honored the federal agents and prosecutors involved in convicting four members of a Latino street gang in Highland Park last year for violating the civil rights of African Americans with a campaign of threats and violence, including murder.

The group noted that the case against the Avenues gang "broke new ground as the first time a street gang was convicted of violating federal hate crime laws."

Honored at a luncheon at the Skirball Cultural Center were federal prosecutors Bobby Bernstein, Alexander Bustamante and Thomas O'Brien; FBI agents Jerry Fradella and Christian M. Haugen; and federal paralegal Martha Lovejoy.

Two sheriff's deputies, an LAPD lieutenant and a Pasadena police corporal were also honored for working to stop hate crimes and ease race relations.

Prison For Collector In Protection Scam (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, February 16, 2007

Extortionist preyed on Russian businesses

A Russian native, who prosecutors say preyed on Russian businesses in Chicago for "protection" money, was sentenced Thursday to more than 7 years in prison for extortion.

"I would like to die at home," Israil Vengerin, 69, of Chicago, said through a Russian interpreter from the U.S. Bureau of Prisons' medical facility in Rochester, Minn., where he took part in the sentencing by videoconference.

Vengerin's lawyer, Ronald J. Clark, sought leniency, saying his client is dying in prison from heart problems while he awaits a transplant.

U.S. District Judge John Darrah imposed an 87-month prison term, saying Vengerin "terrorized" some in the Russian community.

Darrah said he took into consideration Vengerin's health but felt he needed to "send a message that this kind of conduct will not be tolerated."

If Vengerin's condition becomes terminal, the judge said he would consider reducing his sentence.

Last October, a jury convicted Vengerin on seven counts of extortion and mail fraud for threatening violence to obtain money from victims in four separate schemes.

Prosecutors said Vengerin held himself out in Chicago's Russian community as "a strong-arm collector" who preyed on businesses for protection money in return for guarantees that the owners wouldn't be harmed and their businesses wouldn't be vandalized.

Much of the testimony came from secretly recorded tapes of Vengerin made by an associate who helped collect the protection money while working undercover for the FBI. At least two victims also recorded Vengerin with the FBI's cooperation.

In one incident, a Russian businessman agreed with Vengerin to stage a burglary in 1999 at his painting-supply store in Skokie, but the insurance company refused to pay his $273,000 claim for losses.

Thinking he had been double-crossed, Vengerin extorted the businessman for his promised share of the money from the staged burglary, prosecutors said.

By 2004, the businessman, Vladimir Meltser, agreed to cooperate with the FBI and recorded a conversation in which Vengerin threatened to beat Meltser "to within an inch of his life" if he didn't pay up, according to court records.

After Vengerin demanded $1,000, Meltser paid him in two $500 installments with money supplied by the FBI, the records showed.

In another instance, Vengerin struck a businessman in the stomach when he balked at his demand for money in 1999. The victim then handed over a check for $1,500, authorities said.

Another victim contacted the FBI in 2000 after three Vengerin associates demanded he produce $20,000 the next day or they would harm him and his girlfriend. The victim paid $15,000 supplied by the FBI, authorities said.

Assistant U.S. Atty. T. Marcus Funk called Vengerin a bully who took advantage of an insular ethnic community often unwilling to go to law enforcement.

Vengerin's wife, Alina, wept in the courtroom as she pleaded for mercy, saying of her husband, "He is a very peaceful person and will not harm a fly."

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Russian Court Delays Forbes Murder Trial (AP)

By Vladimir Isachenkov

AP, February 16, 2007

MOSCOW - A court postponed jury selection Thursday in the retrial of three men linked to the 2004 murder of the American-born editor of Forbes magazine's Russian edition after two of the defendants failed to show up, a court spokeswoman said.

Prosecutors had accused two Chechen men of killing Paul Klebnikov, but a jury trial acquitted them last year. The Supreme Court later overturned the acquittal and ordered a new trial.

Moscow City Court spokeswoman Anna Usacheva said Thursday's session to choose jurors for the retrial was postponed until March 14 because defendants Kazbek Dukuzov and Musa Vakhayev failed to show up. The two have been free since their acquittal.

A third man whom prosecutors linked to the Klebnikov case, Moscow notary Fail Sadretdinov, was convicted last month on an unrelated crime and sentenced to nine years in prison. Sadretdinov was brought to the courtroom Thursday, but his lawyer, Ruslan Koblev, argued that his poor health made it impossible to attend the retrial.

"Sadretdinov needs medical treatment," Koblev told The Associated Press, saying that his client was suffering from epilepsy and suffered seizures during his trial last year. "It's absurd to have him face trial."

Prosecutors accused Sadretdinov of involvement in the alleged attempted murder of a businessman, and claimed he was linked with the other two defendants who were accused of killing Klebnikov. Sadretdinov denies the charges.

Koblev criticized the retrial as politically driven, saying that authorities were pressuring the court to convict the defendants. President Vladimir Putin last year praised the Supreme Court's decision to launch a retrial.

Prosecutors have claimed that Dukuzov and Vakhayev killed Klebnikov on behalf of Khozh-Akhmed Nukhayev, who was the subject of Klebnikov's book "Conversations With a Barbarian." Nukhayev remains at large.

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Critics of Russia's justice system, which is widely seen as lacking independence from the Kremlin, have said prosecutors failed to properly pursue other lines of investigation.

Klebnikov, 41, an American of Russian origin who was editor of Forbes magazine's Russian edition, was gunned down outside its Moscow offices in July 2004. Many believed the killing was connected to Klebnikov's work investigating corruption and Russia's shadowy business world, but the case remains unsolved.

The U.S.-based media watchdog group, the Committee to Protect Journalists, called on court officials to make the proceedings open to the public, to ensure the suspects are present for the trial and to make sure the jury is sequestered - something that rarely happens in Russian judicial proceedings.

"The first trial was riddled with procedural violations that were hidden from the public with closed-door proceedings and a gag order on all participants," Executive Director Joel Simon said.

Russian Trial On Journalist's Slaying Opens (NYT)

By Steven Lee Myers

The New York Times, February 16, 2007

MOSCOW, Feb. 15 — The retrial of three men charged with murdering Paul Klebnikov, the American editor of the Russian-language edition of Forbes magazine here, opened in confusion today as the two suspects failed to appear in court and the judge postponed the beginning of jury selection for a month.

A jury acquitted the two suspects — Kazbek Dukuzov and Musa Vakhayev, both Chechens — after a closed trial last year that raised questions about the Russian government's handling of the case, which gained prominence because of Mr. Klebnikov's renown as an aggressive investigative journalist.

The Russian Supreme Court overturned that acquittal last fall and ordered a new trial, but the men have since remained free. Their whereabouts remains unclear, although a lawyer who represented Mr. Dukuzov in the case until last month, Ruslan A. Khasanov, said he believed his client had returned to his home in Urus Martin, a small city in Chechnya.

The prosecutor general's office declined to discuss today's events, which like the previous trial occurred behind closed doors. A spokeswoman for the Moscow City Court, where the trial is taking place, also declined to elaborate beyond saying that the proceedings would resume on March 14. It was not clear whether arrest warrants had been issued to bring the men to the court.

Mr. Klebnikov, an American citizen of Russian ancestry, was shot to death outside his office in July 2004. He was one in a series of journalists before and since who have died in unsolved circumstances in Russia.

With international attention focused on the killing, including personal appeals by President Bush to President Vladimir V. Putin for a thorough investigation, prosecutors accused Mr. Dukuzov and Mr. Vakhayev of carrying out the killing on behalf of a Chechen separatist commander, Khozh-Akhmed Nukhayev. Mr. Nukhayev was the subject of one of Mr. Klebnikov's books, "A Conversation with a Barbarian."

A third defendant, Fail Sadretdinov, was charged with related crimes and also acquitted last year. He was later convicted of other crimes and sentenced to nine years in prison. As a prisoner, he appeared in court today.

Mr. Sadretdinov's lawyer, Ruslan P. Koblev, said the opening session was largely a formality given the absence of the other suspects, as well as representatives of Mr. Klebnikov's family. He described the failure of the suspects to appear as unusual.

Mr. Klebnikov's brother, Michael, expressed concern about the latest development. "We continue to think that the best way for this to be done — for it to be just and fair — is to do it openly," he said in a telephone interview from New York, where he lives. "Secondly, we have a question of why they were not in custody in the first place. They are murder suspects."

Mr. Koblev said that the conviction of his client on unrelated charges made it clear that the prosecution was biased against the three men, regardless of the evidence. "If they are in a normal state of mind, and they see what happened to Sadretdinov, I am sure they understand that they cannot pin hopes on justice in this trial," he said in a telephone interview.

Mr. Khasanov said he had not reached an agreement to represent Mr. Dukuzov in the new trial, adding that he had told this to the court. He said the normal procedure for notifying a suspect of a trial would be to send a written summons by mail — a dubious prospect in a region battered by two wars since 1994.

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Retrial In Klebnikov Case Delayed (MOSCOWT)

By Carl Schreck

Moscow Times, February 16, 2007

Two Chechens accused of murdering U.S. journalist Paul Klebnikov failed to appear in Moscow City Court on Thursday, delaying jury selection in the high-profile case.

Kazbek Dukuzov and Musa Vakhayev are being tried for a second time for the July 2004 shooting of Klebnikov, 41, the former editor of the Russian edition of Forbes magazine.

They were acquitted in May, but the Supreme Court reversed that ruling in November, sending both men back to court.

But they were nowhere to be found Thursday. "We have no written explanation of why they did not show up," court spokeswoman Tatyana Zubaryova said.

The proceeding was closed to the public.

Vakhayev's lawyer, Vladimir Gorulkov, said in court that his client had "valid reasons" for his absence, Zubaryova said. No one showed up to represent Dukuzov, Zubaryova said. Ruslan Koblev, the lawyer for Moscow notary Fail Sadretdinov, said Dukuzov had received his court summons but was in Chechnya; he said he did not know whether Dukuzov would return to Moscow for the trial.

Koblev said Vakhayev was in Moscow but stayed home Thursday because he was ill.

Sadretdinov is suspected of ordering Vakhayev and Dukuzov to kill a Moscow businessman in an unrelated killing.

Authorities were unable to convict Sadretdinov, but they did manage to get him for illegally registering an apartment. Last month, he was sentenced by the Preobrazhensky District Court to nine years in prison. Authorities are now retrying Sadretdinov for ordering the murder of the Moscow businessman.

The same jury that is being selected to hear the retrial in the Klebnikov killing is also slated to hear Sadretdinov's case.

The Klebnikov retrial has been postponed until March 14, Zubaryova said.

Ruslan Khazanov, who served as Dukuzov's attorney in the first trial, said he was no longer representing Dukuzov. He added that did not know why the suspects did not show up to court. "But clearly they know they won't get a fair trial," Khazanov said.

Koblev, Sadretdinov's lawyer, said the harsh sentence handed down to his client for the illegal registration might prompt Dukuzov and Vakhayev to flee the country to avoid the retrial in the Klebnikov case.

Alexander Vasilyev, a spokesman for the Prosecutor General's Office, said Thursday that he could not comment on Vakhayev's and Dukuzov's wherabouts, but he did indicate that the trial was unlikely to be open to the public.

The Klebnikov family and media watchdog groups have criticized the decision to close the first trial and have called for opening the second trial.

"You and I both know that the case is full of secret documents," Vasilyev said.

But Koblev said only four pages -- out of 38 volumes of case materials -- contained classified information.

That classified information was said to detail secret methods used by the Federal Security Service to collect evidence against the defendants.

"The first trial was riddled with procedural violations that were hidden from the public with closed-door proceedings and a gag order on all participants," Joel Simon, executive director of the New York-based Committee to Protect Journalists, said in a statement Wednesday.

"We call on Russian court officials to open the hearing to the public to ensure a fair trial."

Prosecutors contend Vakhayev and Dukuzov had been ordered to kill Klebnikov by Khozh-Akhmed Nukhayev, a Chechen separatist who appeared in Klebnikov's 2003 book "Conversation With a Barbarian."

The Klebnikov family communicated through a spokesman Thursday that it had nothing to say. In a statement released in November, after the Supreme Court ordered a retrial, the family said it would "suspend for the time being our own direct participation in the case due to the enormous emotional toll on us."

But family members said they "reserve the right to become involved again at any time, as the trial unfolds."

Larisa Maslennikova, the lawyer representing the Klebnikov family, said on Ekho Moskvy radio Thursday that it was "above all" the government's job to bring the slain journalist's killers to justice.

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Recent history suggests that may be asking a lot.

While the killings of Russian journalists Dmitry Kholodov, Vladislav Listyev and Larisa Yudina in the 1990s all captured headlines, none of these cases has actually seen a single conviction.

Nor has anyone been convicted in the October 2006 killing of Anna Politkovskaya.

Inglewood Police Chief Confirms Misconduct Investigation (LAT)

By Andrew Blankstein

The Los Angeles Times, February 16, 2007

Inglewood interim Police Chief J.I. Davis today confirmed that some members of his department were being investigated for misconduct, but he refused to give specifics.

At an afternoon news conference at Inglewood police headquarters, Davis insisted that his department began its probe after developing its own information of possible police corruption.

"The investigation was initiated in January 2006, after hearing rumors and developing information about possible misconduct," he told reporters.

Davis refused to give specifics, but The Times has reported that at least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that had been the target of a high-profile law enforcement crackdown.

Davis denied reports that the department's investigation was a result of information gathered by federal officials.

"That the information was the result of a federal investigation" is incorrect, he said. "The department did not receive information from any federal agency."

But sources familiar with the misconduct allegations said that federal authorities, including the U.S. attorney's office and the Immigration and Customs Enforcement agency, began hearing about the alleged involvement of police officers last year.

Davis said he called the news conference to stress his department's role in attempting to deal seriously and aggressively with the allegations.

Davis, who took office in May after the investigation was underway, would only say that his agency was actively pursuing a difficult inquiry. He said the officers had logged between three and six years on the force, and some were on street patrol.

Inglewood, a working-class city of 112,000, has long struggled with prostitution problems. Because of its proximity to Los Angeles International Airport, Inglewood has numerous hotels lining its main commercial streets.

Davis insisted that the investigation, which involves administrative rather than criminal improprieties, did not indicate there was a systemic problem with officer misconduct. He said the investigation could lead to changes in training and management.

The investigation comes as the department, the seventh-largest police agency in the county, struggles to fill two dozen vacancies in its 213-officer force.

Sources have told The Times that the internal affairs investigation began after federal authorities launched an investigation of money-laundering and prostitution involving women smuggled into Los Angeles from Asia.

That probe, which resulted in charges against more than two dozen people, led to allegations that Inglewood officers engaged in the sexual liaisons -- sometimes in uniform -- during work hours and off duty, according to several local and federal sources familiar with the case.

Evidence seized by federal agents and local investigators included "very detailed ledgers" that suggested Inglewood officers were receiving sexual favors at the businesses without paying, according to one source close to the investigation.

The ledgers, the source said, had the names of customers and the amounts they paid -- except when the customers were police officers. In those cases, the women allegedly entered a symbol.

Word of the inquiry comes less than two months after the FBI confirmed that it was investigating two Inglewood police officers in the alleged rape of a woman they stopped on suspicion of prostitution. The woman's attorney said last week that he has filed a claim against the city and is awaiting an answer from authorities on whether the two officers have been arrested or charged.

Davis today said there were no developments in that case.

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To date, sources say, none of the officers has been fired, though some have retired or left the city for other departments.

The internal affairs investigation began more than a year ago when several Inglewood massage parlors and tanning salons were the focus of federal allegations of money laundering and prostitution.

To date, 18 people have pleaded guilty in that investigation, and four others -- including the alleged owner of the brothels, Kimberly Mao -- are awaiting trial.

Mao has pleaded not guilty to the federal charges and has repeatedly denied involvement in prostitution or money-laundering.

But in a recent interview organized by Mao, a dozen women who worked for her at the businesses told The Times that they had seen or heard of officers coming into the massage parlors and sometimes demanding sexual services.

The women, who denied they were prostitutes, recalled several specific incidents, including one in which officers donned masks to hide their identities and pointed guns at employees. Another employee told The Times that an older officer exposed himself in an unsuccessful effort to have her engage in sex with him.

Investigation Nearing End In Case Of Pizza Man Killed By Bomb Collar (USAT)

By Kevin Johnson

USA Today, February 16, 2007

More than three years after a bank robbery suspect in Erie, Pa., was killed when a bomb locked around his neck exploded, a federal prosecutor has summoned investigators to meet today in Pittsburgh to help her determine whether to file charges in the case.

U.S. Attorney Mary Beth Buchanan says her meeting with investigators from the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Pennsylvania State Police indicates that the probe into the bizarre death of Brian Wells, 46, is nearly complete. "The investigation is in its final stages," she says.

A federal grand jury in Erie has heard testimony from "numerous" witnesses, Buchanan says, adding that the probe has been complicated by the deaths of at least two potential witnesses.

The death of Wells, a pizza deliveryman, received national attention because it occurred on live television and because of the many questions it left. No one has been arrested in the case, and it remains unclear whether Wells was a willing participant in a bank robbery plot that went awry or was the unwitting victim of a such a plot.

Investigators also have examined other possibilities. Among them: that the intent all along was not to rob the bank, but to send Wells to a torturous death. Or, that Wells was part of a robbery plot but thought the bomb was fake.

Buchanan declined to comment on whether authorities believe they have resolved such questions.

Wells' strange odyssey began about 1:30 p.m. on Aug. 28, 2003, when an unidentified person called Mama Mia's Pizzaria in Erie and ordered two sausage pizzas to be delivered to what was described as a construction site. Wells, a longtime employee of the restaurant, was sent to deliver the pizzas.

At some point afterward, the bomb was locked around Wells' neck. He drove his Geo Metro to a PNC Bank branch and walked inside carrying a nine-page note that told him how to rob the bank. The note also told Wells to quickly make a series of stops after leaving the bank, suggesting that his progress was being monitored.

When he was stopped by police in a nearby parking lot after leaving the bank with an undisclosed amount of money, Wells had less than 30 minutes to make three more stops, according to the note. The bomb exploded shortly after officers had stopped Wells.

Just before the explosion, Wells offered a possible clue when he told officers that whoever put the device around his neck "pulled a key out and started a timer."

Throughout the investigation, Wells' relatives and friends have sought to cast him as an innocent victim. On a website — www.brianwells.net — they have suggested that he was abducted by up to seven men.

"This case is not solved," the site says. "The Killers must be caught before they Kill again."

Wells' family members could not be reached for comment Thursday.

8 In Inland Empire Accused Of 'Fight Club' Crimes (LAT)

By Sara Lin And Jonathan Abrams, Times Staff Writers

The Los Angeles Times, February 16, 2007

Police say the gang, founded by Murrieta high school football players, began as bullies but escalated to robberies, burglaries and assaults.

Eight former students of Murrieta Valley High School, including former football players accused of belonging to a "Fight Club" gang, were arrested Thursday on suspicion of waging a crime spree of robberies, burglaries and assaults over two years.

The gang was founded in 2004 by a group of football players who injected anabolic steroids to enhance their performance on the field — and beat up students who "disrespected" their members, said Lt. Dennis Vrooman, spokesman for the Murrieta Police Department.

The suspects started calling themselves "Fight Club" and would challenge one another to fistfights outside the Murrieta school — attracting groups of juvenile spectators, police said. The gang appears to have been modeled on the gang depicted in the 1999 film "Fight Club," starring Brad Pitt.

"They essentially started out as bullies in the school and graduated to crimes of violence," Vrooman said. They had dog tags and baseball caps with an "FC" logo, he said.

Members of the gang would case homes in Murrieta and neighboring Temecula while attending parties, and come back days later to burglarize the residences, investigators allege. They first stole guns, which were later used in robberies at liquor stores and gas stations, Vrooman said.

Members of the gang attempted a home-invasion robbery and committed a car theft, two cases of arson, multiple armed robberies, false imprisonment and several assaults, police said.

Four of the suspects were arrested on suspicion of participating in a criminal street gang, which when considered with the other allegations could lead to a life sentence if convicted, Vrooman said.

The arrests came after a six-month investigation by the Murrieta-Temecula Regional Gang Task Force.

Tim Hales, commander of the task force, said several of those taken into custody came from good neighborhoods.

"They're not poor kids," Hales said. "These are kids that came from good families, for the most part."

Hales added that not all of those arrested were active in the gang: "Not all are Fight Club members; some are active members and some are associates."

Those arrested were Travis Brenn Baker, 20, of Winchester; Christopher David Owen Bredesen, 18, of Murrieta; Gilberto Cuevas, 18, of Murrieta; Simon Lyle Johnson, 20, of Murrieta; Nathan R. Martinez, 21, of La Habra; Michael Robert Petty, 20, of Murrieta; William J. Unmacht IV, 21, of Murrieta; and Martin Arturo Valle, 21, of Murrieta. A 17-year-old from Murrieta, a student at the school, also was arrested.

Three suspects remain at large, including Anthony Craig Smith, 19, of Murrieta, who is accused of stealing a motorcycle and setting it ablaze, police said.

The father of Simon Johnson said in a telephone interview Thursday that his son knew the other suspects, but was not involved in the Fight Club.

He said police told him that Johnson, who was charged with possession of stolen property and possession of a concealable firearm, may have been present when a stolen firearm was sold. Detectives had questioned the father and others about a firearm that was said to have disappeared from a house after a party.

After that, Johnson's father said, his son disassociated himself from the others and has been working for a flooring company.

"When all this started … Simon made the choice to say, 'These guys are bad news,' and he cut the cord with them," said Johnson's father, who declined to give his first name.

The father of the 17-year-old said the teen was on the football team. Police officials told him his son's arrest was related to a MySpace.com posting that was interpreted as a threat, he said.

Family members of Cuevas, Petty and Valle declined to comment. Family members of Baker, Bredesen, Martinez and Unmacht could not be reached for comment.

Murrieta Valley High School Principal Renate Jefferson declined to comment about the arrests.

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As for the allegation by police that football team members used steroids, Jefferson said that coaches at the school regularly warn students about the dangers of using those performance-enhancing substances, as well as drugs and alcohol.

Former Murrieta Valley Athletic Director Dave Zirkle said he knew of three of the former players — Martinez, Petty and Unmacht — adding that Unmacht's father was an assistant coach while his son played for the team.

"They were never in trouble that I knew of. They were good students and good kids," Zirkle, who retired in 2004, said.

A spokeswoman for the Murrieta Valley Unified School District said school officials had cooperated fully with police, but declined to comment further.

Police said the gang was well known on the high school campus. "It was pretty widely known that one, you don't mess with people from Fight Club; and two, everyone knew who they were and were afraid of them," Hales, the task force commander, said.

The group was responsible for dozens of assaults, sending at least one boy to the hospital for several days, Hales said.

Hales described the gang as amateurs when it came to burglarizing homes and robbing stores.

"They were doing things unmasked and ungloved," he said. "Eventually they learned. The last few were done masked and gloved."

Still, their alleged targets were chosen erratically. They allegedly burglarized gas stations and liquor stores for cash and broke into businesses to steal computers and workout equipment. But in residences, they allegedly swiped drug paraphernalia, baseball caps and clothing.

"I don't think wanted high market value; they just wanted things for themselves," Hales said.

The suspects are to be arraigned Feb. 20.

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Times staff writer Maeve Reston contributed to this report.

CIVIL LAW:

Special Counsel Accused Of Intimidation In Probe (WP)

By Elizabeth Williamson

The Washington Post, February 16, 2007

A trouble-plagued whistle-blower investigation at the Office of Special Counsel -- whose duties include shielding federal whistle-blowers -- hit another snag this week when employees accused the special counsel of intimidation in the probe.

The Office of Personnel Management's inspector general has been investigating allegations by current and former OSC employees that Special Counsel Scott J. Bloch retaliated against underlings who disagreed with his policies -- by, among other means, transferring them out of state -- and tossed out legitimate whistle-blower cases to reduce the office backlog. Bloch denies the accusations, saying that under his leadership the agency has grown more efficient and receptive to whistle-blowers.

The probe is the most serious of many problems at the agency since Bloch, a Kansas lawyer who served at the Justice Department's Task Force for Faith-based and Community Initiatives, was appointed by President Bush three years ago. Since he took the helm in 2004, staffers at the OSC, a small agency of about 100 lawyers and investigators, have accused him of a range of offenses, from having an anti-gay bias to criticizing employees for wearing short skirts and tight pants to work.

The 16-month investigation has been beset by delays, accusations and counter-accusations. The latest problem began two weeks ago, when Bloch's deputy sent staffers a memo asking them to inform OSC higher-ups when investigators contact them. Further, the memo read, employees should meet with investigators in the office, in a special conference room. Some employees cried foul, saying the recommendations made them afraid to be interviewed in the probe.

This week, Public Employees for Environmental Responsibility, the Project on Government Oversight, the Government Accountability Project and Human Rights Campaign and a lawyer for the OSC employees protested in a letter to legislators and to Clay Johnson III, the Office of Management and Budget deputy who ordered the OSC probe.

The OSC's memo, the group said, "was only the latest in a series of actions by Bloch to obstruct" the investigation. "Other actions have included suggestions that all witnesses interviewed . . . provide Bloch with affidavits describing what they had been asked and how they responded."

Bloch's office responded with a statement: "Due to the fact that this is an ongoing investigation, OSC cannot comment on it other than to say we look forward to the speedy resolution. Special Counsel Bloch has been and continues to be recused from any decision-making in this investigation. The Office of Special Counsel has fully cooperated in the investigation, and any information to the contrary is reckless speculation."

But the same day the organizations went to the OMB and Congress, Bloch's new deputy, Jim Byrne, issued another employee memo -- not inspired by the complaint, he said.

"All OSC Employees: This e-mail communicates new procedures that will be used . . . in conducting the remainder of its investigative work in our agency. . . . The [investigators] will schedule interviews by directly contacting the employee with whom they wish to speak. The date, time, and place of the interviews will be arranged between the OIG and the employee. There is no longer a requirement to use OSC facilities for the interview. . . ." he wrote.

"All employees who are contacted by the OIG should cooperate fully with the investigators and provide information and testimony unless disclosure of the information is prohibited by law, regulation, or policy. All employees are permitted to be represented by personal counsel during their interview. . . .

"And, you are also welcome to directly contact me with any questions that you may have. We have nothing to hide."

Protecting Those Who Speak Out (NYT)

The New York Times, February 16, 2007

The plight of federal workers who raise alarms about waste and fraud in government has become a scandal unto itself. That candid air marshal suddenly assigned to desk duty after complaining of shoddy agency practices has plenty of company, including workers who have lost security clearances or found their jobs suddenly relocated far from home. But in a vote this week of bipartisan unanimity, the House government reform committee offered whistle-blowers fresh hope with a much needed measure to protect them against official retaliation.

Existing law gives too much of an edge to oversight boards that are inclined to dismiss or belittle the charges of whistle-blowers. The bill, sponsored by Henry Waxman, Democrat of California, and Tom Davis, Republican of Virginia, would guarantee a worker the right to a court review of a complaint if it lingers beyond six months without action.

The protection against retaliation would also be extended for the first time to the F.B.I. and to intelligence agencies where wastefulness is draped in secrecy. (Maybe someone on the inside could finally explain the hundreds of F.B.I. computers and firearms that are regularly lost.) And nongovernment workers employed by federal contractors would finally have protection if they blew the whistle. The bill would extend anti-retaliation rights to those workers who courageously complained about the politicization of science by patronage appointees, and to airport security workers.

Politicians campaign endlessly on promises to end waste, fraud and abuse. Congress has a golden opportunity to protect the people whose courage can make that possible.

Congress Eyes Getting More Info Released (AP)

By Laurie Kellman, Associated Press Writer

AP, February 16, 2007

WASHINGTON — Congressional Democrats are looking at ways to strengthen open government laws and force the Bush administration to release more documents under the Freedom of Information Act.

Rep. Lacy Clay, D-Mo., said legislation he is considering would be broader than an open government bill last year that sought to reduce the number of disputed FOIA requests and improve reporting requirements to Congress. The legislation never reached a vote in the House or Senate.

Clay said the old bill will be the starting point for a new one that will take direct aim at the administration's practice of using the threat of terrorism to withhold "nonsensitive information."

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"I am deeply concerned that this administration appears to be shielding information that ought to be accessible to the public," said Clay, chairman of the House Oversight and Government Reform Committee's subcommittee on information policy.

The American Civil Liberties Union urged the subcommittee on Wednesday to scrap what it said was the White House's "policy of nondisclosure" outlined in a 2001 memo by then-Attorney General John Ashcroft.

Ashcroft advised against releasing information when there was uncertainty about whether FOIA exemptions applied, such as for national security and law enforcement material. His memo reversed a Clinton administration policy that urged agencies to resolve FOIA requests by erring on the side of releasing, not withholding, government information.

"To this administration, secrecy is the default response," ACLU Executive Director Anthony D. Romero said in written testimony prepared for Clay's subcommittee.

Another witness, Clark Hoyt of the Sunshine in Government Initiative, urged Congress to create an independent ombudsman within the federal government to improve training and compliance with the FOIA and act as a liaison for people frustrated in their efforts to use the law to obtain records.

President Bush signed an executive order in 2005 directing federal agencies to be more efficient in dealing with requests for government information, but he left the Ashcroft memo in place. The order called on agencies to take several consumer-friendly steps, including streamlining the handling of requests under the FOIA and appointing senior officials to monitor compliance with the law.

Linda Koontz, director of information management for the Government Accountability Office, said it is too soon to tell if the flow of disclosure has improved under the new executive order. But her agency's study of FOIA request processing trends from 2002 to 2005 found that many agencies could not keep pace with the increase in requests they received.

Melanie Ann Pustay, acting director of the Justice Department's Office of Information and Privacy, pointed out that agencies face stiff challenges in fulfilling many FOIA requests because of the sheer volume and irregularity of documents that must be reviewed.

She also said that the Internet, among other sources, has caused FOIA requests to balloon to "millions" every year and that processing them costs more than $300 million annually.

New FOIA Reform Legislation Expected Soon (GOVEXEC)

By Daniel Pulliam

Government Executive, February 16, 2007

Newly empowered congressional Democrats likely will introduce legislation to reform the Freedom of Information Act in the next month, sources in both chambers said this week.

The bill's introduction likely will coincide with Sunshine Week March 11-16, an initiative led by the American Society of Newspaper Editors to educate the public about the importance of open government. National Freedom of Information Day also happens that week, on March 16.

Rep. William Lacy Clay, D-Mo., chairman of the House Oversight and Government Reform Subcommittee on Information Policy, Census and National Archives, said Wednesday after a hearing on FOIA that he expects to see reform legislation introduced soon.

Clay said Rep. Henry Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, will be heavily involved in crafting the measure. A bill that was approved at the subcommittee level in September 2006 (H.R. 867) will be used as a starting point.

"We are trying to refine that," Clay said. "We're trying to improve upon it."

In a statement, Waxman said he looks forward to working with Clay on legislation to strengthen the FOIA, and is pleased, as the law was the focus of the subcommittee's first hearing in the new Congress.

Similar legislation (S. 394) introduced by Sen. John Cornyn, R-Texas, cleared the Senate Judiciary Committee last fall.

Both bills would have imposed stricter enforcement of the existing 20-day deadline for responses to requests for information under FOIA and would have created a system to allow the public to track the status of requests online and via a

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telephone hotline. At the end of 2005, the requests in 22 government agencies totaled nearly 150,000, up about 20 per cent from the previous year.

The legislation also called for a FOIA ombudsman to mediate disputes between the government and members of the public.

Sen. Patrick Leahy, D-Vt., chairman of the Senate Judiciary Committee, is planning to reintroduce a similar version of last year's bipartisan legislation, according to committee spokeswoman Tracy Schmaler.

Last year's legislation might have had a greater chance of passing had President Bush not issued an executive order in December 2005 requiring agencies to improve their processes for responding to information requests. Subsequent agency reports in response to the order have shown that agencies have plans for improving the administration of FOIA requests.

While the executive order may have appeased a Republican-run Congress last year, sources said that the Democrats who run Congress now are likely to move aggressively on the legislation this session, for fear that if delayed to 2008, it could get lost in the midst of a presidential election year.

The success of Bush's executive order in improving agency response times to requests is also likely to affect the legislation, sources said.

Melanie Ann Pustay, acting director of the Justice Department's Office of Information Policy, the group that shares the job with the Office of Management and Budget of enforcing the executive order, said at a hearing Tuesday that it is too early determine how effective agencies have been in implementing their plans. But Pustay said so far she has been very pleased with the results.

Asked why the Justice Department had more two dozen identified deficiencies in its plan, including eight at the FBI, Pustay said she thinks "that is just to be expected" and can be blamed on the logistical challenge of moving offices.

Pustay said that the latest edition of the FOIA Guide produced by the Justice Department was delayed from its December 2006 release date because that timeline was "overly optimistic."

Bankruptcy Judge Approves $145 Million In Fees For Lawyers, Advisers In Delphi Case (AP)

By Vinnee Tong, The Associated Press

AP, February 16, 2007

A federal bankruptcy judge on Thursday approved $145 million in fees to lawyers and financial advisers for the first year of the restructuring of auto parts supplier Delphi.

Troy, Mich.-based Delphi Corp., a former subsidiary of General Motors Corp. until 1999, has incurred nearly $135 million in professional fees and $10 million in expenses for the period from its voluntary bankruptcy protection filing on Oct. 8, 2005, through the end of September 2006.

U.S. Bankruptcy Judge Robert Drain of the Southern District of New York approved the payment applications filed by about 30 law firms, bankers and others.

As part of its bankruptcy case, Delphi has cut labor costs by offering voluntary buyout and early retirement deals to tens of thousands of union workers represented by the United Auto Workers and the International Union of Electronic Workers-Communications Workers of America, the company's biggest and second-biggest unions.

Delphi has made reducing labor and retirement benefit costs one of the highest priorities in its reorganization.

Among Delphi's advisers, the biggest bill comes from the law firm Skadden, Arps, Slate, Meagher & Flom, which recorded fees and expenses of $32.79 million for the year.

Skadden's hourly rates range from $585 to $835 for partners, $560 to $640 for counsel and special counsel, $295 to $540 for associates and $90 to $230 for legal assistants.

The various firms have received most of the fees already, as they are paid monthly, aside from so-called "hold backs." Drain approved orders on Thursday covering three separate periods. His approval means the firms will receive the 5 percent or 10 percent that has been held back. Because of the size of the case, the court had established a special fee committee to create guidelines for how the firms should be paid.

The judge must also approve the fees at the conclusion of the case.

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Delphi expects to emerge from bankruptcy protection in the first half of this year. It is now negotiating with its unions over collective bargaining agreements and General Motors over legacy retirement costs. Those agreements are needed if Delphi wants to move forward on a proposed plan that has private equity investors making a cash infusion as the company exits bankruptcy.

Three private equity investors -- Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I -- along with Merrill Lynch & Co. and UBS Securities LLC have agreed to invest $1.4 billion to $3.4 billion in a restructured Delphi, a tentative deal approved by Drain last month.

The investors and Delphi seek to resolve the issues with GM and the unions ahead of a Feb. 28 deadline, after which the two parties will give up the right to withdraw from the tentative agreement.

Bear Stearns Ordered To Pay $125 Million (WP/BLOOM)

By Otis Bilodeau And Thom Weidlich, Bloomberg News

The Washington Post, February 16, 2007

Judge Cites Firm for Lax Oversight in Collapse of Manhattan Hedge Fund

Bear Stearns must pay at least $125.1 million to a failed hedge fund after a court concluded the securities firm ignored signs that investors were being defrauded and took money to cover its own potential losses.

U.S. Bankruptcy Judge Burton Lifland in New York yesterday ordered that Bear Stearns must return the money to Manhattan Investment Fund, which collapsed in 2000 after regulators accused the manager of sending fake account statements for more than three years.

Bear Stearns, alerted to the fraud as early as 1998, waited a year before scrutinizing the hedge fund's books and learning its true financial condition, Lifland wrote.

The delay allowed Manhattan Investment to continue cheating investors, who lost almost $400 million, according to regulators. The ruling against Bear Stearns, of New York, may spur investment banks to monitor hedge funds, their most lucrative trading clients, more closely. Bear Stearns is one of the biggest brokers to hedge funds.

Hedge funds are lightly regulated investment pools that allow managers to keep a substantial portion of gains they generate for clients. Hedge funds have resisted government efforts to make them disclose more about their operations.

"These are issues that the hedge fund industry wants to go away, but they're not going to," said Seth Berenzweig, a partner at Albo & Oblon, a law firm in Arlington.

For Bear Stearns, a $125.1 million payment is equivalent to 6 percent of its $2.05 billion profit last year. Bear Stearns spokesman Russell Sherman said the firm will appeal.

Manhattan Investment, founded in 1996 and managed by Michael Berger, imploded into bankruptcy four years later in "one of the most egregious and costly frauds in the history of the securities markets," the SEC wrote in a bankruptcy court filing submitted last year.

Berger deceived investors for more than three years with fake account statements, said the SEC, which sued Manhattan Investment for fraud in 2000. Berger pleaded guilty to related criminal charges and then left the country before sentencing.

"Bear Stearns was required to do more than simply ask the wrongdoer if he was doing wrong," Lifland wrote.

"This is going to send shock waves through many prime brokers because they've been very careful to limit their responsibility for their customers' actions," said Michael Missal of Kirkpatrick & Lockhart Preston Gates Ellis in the District.

House, Senate Seek FDA Regulation Of Tobacco (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, February 16, 2007

WASHINGTON — House and Senate lawmakers of both parties introduced sweeping legislation Thursday to subject tobacco to the kind of safety regulation that applies to medicines and food, and said prospects for action were the most favorable in years.

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"This bill is long overdue, and this is the year, I believe, that regulation of tobacco by the Food and Drug Administration is going to become law," said Rep. Henry A. Waxman (D-Los Angeles), a longtime nemesis of the tobacco industry who heads the Government Reform Committee.

"If this gets to the House floor, [its passage] will be [by] a very large margin," said Rep. Tom Davis of Virginia, Waxman's Republican cosponsor. The legislation could garner enough support to override a veto, Davis said.

Although the White House has not supported similar legislation in the past, it's not clear what position President Bush will take this time.

Administration officials were neutral Thursday.

"We're in the process of reviewing the legislation," Department of Health and Human Services spokeswoman Christina Pearson said. "As a general point on smoking reduction, I do want to note the substantial progress that has happened over the past 40 years. Though we must remain vigilant, … reducing the incidence of smoking in this country has helped us avert many thousands of cases of disease."

The tobacco industry is divided over regulation. Most major public-health groups support federal oversight.

The bill introduced Thursday would grant the FDA legal authority to regulate nicotine. The agency had previously asserted it had such power, but the Supreme Court disagreed, ruling in 2000 that Congress must specifically confer such authority.

Under the bill, the agency would also gain the power to restrict tobacco advertising, require stronger warnings on cigarette packs, mandate reductions in nicotine, regulate additives and set stiff penalties for selling to minors.

Smoking is a leading cause of cancer, heart disease and emphysema, and is estimated to cause more than 400,000 deaths a year in the United States.

Three presidential candidates immediately signed on to the legislation: Sens. John McCain (R-Ariz.), Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.). Its principal sponsors in the Senate are Edward M. Kennedy (D-Mass.) and John Cornyn (R-Texas).

The last major battle over tobacco regulation was in 2004, when a bill passed the Senate but faltered in the House. It was blocked by Republican leaders, including former House Majority Leader Tom Delay of Texas.

The new Democratic leadership in both chambers is behind the legislation, advocates said.

"We've always had bipartisan support, but we didn't have support from the leadership," Waxman said.

The biggest cigarette company, Philip Morris Cos., favors the legislation, saying FDA oversight would provide the industry with a stable legal framework and could reduce harm from smoking. But many smaller companies oppose regulation, in part because, they say, it could create roadblocks to competition that would benefit Philip Morris.

Congressional debates on health issues often turn personal, and this one promises to be passionate. Davis said his father died of emphysema. Another cosponsor, Sen. Richard J. Durbin (D-Ill.), said his father smoked two packs of Camels a day and died of lung cancer.

"If we can regulate nicotine in gum, in patches and in nasal sprays, why can't we do it in cigarettes?" Davis said.

Lawmakers Unveil Tobacco Regulation Bill (AP)

By Andrew Bridges

AP, February 16, 2007

Seven years after being rebuffed by the Supreme Court, anti-smoking advocates rejoiced Thursday as lawmakers renewed a push for federal regulation of tobacco, a step they say is needed to deter children from lighting up and to get smokers to quit.

"Congress has the opportunity to take a monumental step and grant the Food and Drug Administration the meaningful and long-overdue authority to regulate tobacco, which kills 440,000 people and costs our nation $96.7 billion in health care bills every year," said John Seffrin, chief executive officer of the American Cancer Society.

A bipartisan group of lawmakers reintroduced legislation Thursday that would give the FDA the same authority over cigarettes and other tobacco products that it already has over countless other consumer products.

"Congress cannot in good conscience allow the federal agency most responsible for protecting the public health to remain powerless to deal with the enormous risks of tobacco, the most deadly of all consumer products," Sen. Edward Kennedy, D-

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Mass., said in introducing the Family Smoking Prevention and Tobacco Control Act with Sen. John Cornyn, R-Texas, and Reps. Henry Waxman, D-Calif., and Tom Davis, R-Va.

For decades, the FDA said it lacked authority to regulate tobacco so long as cigarette makers did not claim that smoking provided health benefits. In 1996, it reversed course and cited new evidence that the industry intended its products to feed the nicotine habits of the roughly 45 million Americans who smoke.

Tobacco companies sued, and the case eventually landed in the Supreme Court. In 2000, the court ruled 5-4 that Congress did not authorize the FDA to regulate tobacco.

Previous legislative efforts to give the FDA that authority have faltered. The new bill is fundamentally the same legislation as introduced in the last Congress. Supporters believe it will fare better in the Democratic-controlled House and Senate.

A spokesman for Senate Majority Leader Harry Reid, D-Nev., said it had the support of the caucus. A spokesman for House Speaker Nancy Pelosi, D-Calif., said she personally supported it.

White House spokesman Tony Fratto declined to comment.

The Department of Health and Human Services is reviewing the legislation, spokeswoman Christina Pearson said.

The bill would allow the FDA to act to discourage children from starting smoking and encourage adults to quit, in part by reining in advertising, bolstering existing sales restrictions and strengthening warning labels. It also would allow the FDA to order the elimination or reduction of harmful and addictive ingredients in tobacco. The agency couldn't ban nicotine outright, but the bill would give it the power to reduce its levels.

Furthermore, the bill would require tobacco companies to disclose what tobacco products — and their smoke — contain. Secondhand smoke, for example, contains 250 chemicals known to be toxic or carcinogenic, according to the Centers for Disease Control and Prevention.

The FDA had no immediate comment on the proposed legislation. Many tobacco companies have opposed the legislation in the past, with the exception of Philip Morris USA, maker of Marlboro, the nation's top-selling cigarette brand.

"FDA regulation creates a uniform set of federal standards for the manufacture and marketing of all tobacco products," Michael E. Szymanczyk, chairman and chief executive officer of Philip Morris USA, said in a statement.

Experts and other tobacco companies believe some provisions of the bill would favor the most entrenched players in the industry, like Philip Morris, which enjoy strong brand loyalty that could allow them to weather advertising restrictions without losing market share.

"We certainly continue to oppose any bill that conveys an unfair advantage or disadvantage to any manufacturer, which this legislation could. If you eliminate ways to communicate with adult smokers or consumers, that certainly benefits the market leader and makes it difficult, if not impossible, for those who aren't the market leader to compete," said David Howard, a spokesman for R.J. Reynolds Tobacco Co., the nation's second-largest tobacco company and maker of Camel and other brands.

Court Ruling Reignites Tobacco Suits (LAT)

By Maura Dolan, Times Staff Writer

The Los Angeles Times, February 16, 2007

California justices unanimously reject a 2002 federal decision that had effectively blocked smokers from seeking damages.

SAN FRANCISCO — The California Supreme Court made it possible Thursday for people who become ill from smoking to once again win large judgments from tobacco companies, unanimously rejecting a four-year-old federal court decision that had virtually halted all smoker lawsuits in the state.

"It reopens tobacco litigation in California," said Northeastern University Law Professor Richard A. Daynard, who heads a group that promotes lawsuits against the industry. "The light just went from red to green."

Since California began allowing individual lawsuits over smoking damage in 1998, plaintiffs had won some of the biggest tobacco awards in the country, including a $28-billion jury verdict in Los Angeles.

The awards came to a halt when a federal appeals court in 2002 set a strict deadline, saying smokers should have filed suit years earlier, when it became widely known that smoking was a health hazard and addictive.

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Taking advantage of the federal ruling, the tobacco industry had exercised its right to move cases into federal court, which hears disputes between litigants in different states. Lawyers said every single case was dismissed.

In a decision written by Justice Carlos R. Moreno, the high court said that although judges and juries can presume that plaintiffs should have known of the dangers and filed their lawsuits earlier, smokers can rebut that presumption by presenting evidence that tobacco companies misrepresented the risks.

"Although knowledge of smoking addiction has been widespread … ," Moreno wrote, "tobacco companies misrepresentation of the danger and addictiveness of smoking were also widespread."

A lawyer for Philip Morris USA Inc. and Brown and Williamson Tobacco Corp., the defendants in the case, did not return a telephone call seeking comment on the Supreme Court ruling. Another tobacco executive referred to a prepared statement.

"Awareness of the dangers of smoking will continue to be key issues should either of these cases proceed to trial, and plaintiffs must prove liability on the part of the defendants including, among other things, that smoking caused their illness and that the company's conduct prevented them from making an informed choice to smoke," said William S. Ohlemeyer, Philip Morris USA vice president and associate general counsel, in the statement.

In one of two cases before the court, Leslie Grisham sought economic damages for the costs of cigarettes she bought when she became addicted.

She also sought damages for physical injury. She said smoking gave her emphysema, peritonitis and gingivitis, which led to the loss of her teeth and disfigurement.

The court also said Grisham can sue for her physical injuries because the clock did not start ticking for the legal deadline until she discovered her ailments.

"The addictiveness of a product is distinct from its capacity to cause serious physical injury," Moreno wrote.

The two cases will go now back to the U.S. 9th Circuit Court of Appeals. Although smoking cases may still be heard in federal court, judges there will have to base their decisions on the California court's interpretation of state law, lawyers in the case said.

Daniel U. Smith, who argued before the California Supreme Court for Grisham, said he was "elated" by the ruling. If the court had ruled that the legal deadline for suing began with knowledge of addiction, no one in California would ever recover damages for serious smoking-caused disease, he said.

"Cancers take 10 to 20 years to develop," he said. "Now it is a new day, and we will see if more smokers file now that they are allowed to," he said.

Smith said the federal ruling spawned similar decisions in other federal circuits around the country. Now that a moderately conservative California high court has rejected the 2002 decision, "other federal courts will be invited to reconsider their positions," he said.

But Brentwood lawyer Michael Piuze, who won billion-dollar verdicts against the tobacco industry, said the 2002 decision caused many trial lawyers to "wash their hands" of tobacco litigation "because it has been impossible."

"Every state court case got kidnapped to federal court and then got executed under the authority" of the 2002 ruling, Piuze said.

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CIVIL RIGHTS:

LAPD May Get Options On Monitoring Racial Profiling (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, February 16, 2007

Faced with a $25-million price tag to replace aging devices that log the ethnicity of every motorist stopped, the Los Angeles Police Department may be allowed to pursue alternative methods for making sure its officers are not engaging in racial profiling, a federal monitor said Thursday.

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In his quarterly report on the department's compliance with a federal consent decree mandating LAPD reforms, Independent Monitor Michael Cherkasky said the agency might be able to meet the requirement for checking on racial profiling by methods other than the one currently used to collect data.

"It is the monitor's belief that the dollars that would need to be spent in continuing the current method of collection and aggregation can, in fact, be better spent on enhancing the city's ability to detect, investigate and prevent biased policing," Cherkasky wrote.

That opens the door for the city to propose alternatives such as installing video cameras in all patrol cars, though any change would require final approval from Cherkasky, the Justice Department and a federal judge.

Also, it might cost up to $25 million to put video cameras in all patrol cars.

Still, Police Commission President John Mack welcomed the possibility that the city could find a less costly and more effective way to check for profiling.

"Based upon some discussion we've had with the monitor, we look forward to in-car cameras hopefully providing a much better solution to the problem," Mack said.

Officers who have pulled over cars have had to use electronic devices to record the ethnicity and other details of motorists, but Mack said it has been "fruitless" because the vast amount of raw data has not allowed the department to determine whether officers acted improperly.

"The data suggested that blacks and Hispanics were being stopped far more frequently than whites and, moreover, that intrusive after-stop actions of officers were likewise disparate," Cherkasky wrote in the new report.

"The monitor acknowledged that the disparate treatment reflected in the statistics might be explained other than as an indication of biased policing and that additional analysis was required in order to attempt to explain the disparities."

That analysis failed to explain the discrepancies in numbers or to determine whether racial profiling was taking place — leading the city to begin exploring less expensive and more effective options such as video cameras.

The quarterly report found that the LAPD has made progress on many reforms, but has still failed to address some key requirements, including completion of a computer system to track officer behavior.

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Judge Limits New York Police Taping (NYT)

By Jim Dwyer

The New York Times, February 16, 2007

In a rebuke of a surveillance practice greatly expanded by the New York Police Department after the Sept. 11 attacks, a federal judge ruled yesterday that the police must stop the routine videotaping of people at public gatherings unless there is an indication that unlawful activity may occur.

Four years ago, at the request of the city, the same judge, Charles S. Haight Jr., gave the police greater authority to investigate political, social and religious groups.

In yesterday's ruling, Judge Haight, of United States District Court in Manhattan, found that by videotaping people who were exercising their right to free speech and breaking no laws, the Police Department had ignored the milder limits he had imposed on it in 2003.

Citing two events in 2005 — a march in Harlem and a demonstration by homeless people in front of the home of Mayor Michael R. Bloomberg — the judge said the city had offered scant justification for videotaping the people involved.

"There was no reason to suspect or anticipate that unlawful or terrorist activity might occur," he wrote, "or that pertinent information about or evidence of such activity might be obtained by filming the earnest faces of those concerned citizens and the signs by which they hoped to convey their message to a public official."

While he called the police conduct "egregious," Judge Haight also offered an unusual judicial mea culpa, taking responsibility for his own words in a 2003 order that he conceded had not been "a model of clarity."

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The restrictions on videotaping do not apply to bridges, tunnels, airports, subways or street traffic, Judge Haight noted, but are meant to control police surveillance at events where people gather to exercise their rights under the First Amendment.

"No reasonable person, and surely not this court, is unaware of the perils the New York public faces and the crucial importance of the N.Y.P.D.'s efforts to detect, prevent and punish those who would cause others harm," Judge Haight wrote.

Jethro M. Eisenstein, one of the lawyers who challenged the videotaping practices, said that Judge Haight's ruling would make it possible to contest other surveillance tactics, including the use of undercover officers at political gatherings. In recent years, police officers have disguised themselves as protesters, shouted feigned objections when uniformed officers were making arrests, and pretended to be mourners at a memorial event for bicycle riders killed in traffic accidents.

"This was a major push by the corporation counsel to say that the guidelines are nice but they're yesterday's news, and that the security establishment's view of what is important trumps civil liberties," Mr. Eisenstein said. "Judge Haight is saying that's just not the way we're doing things in New York City."

A spokesman for Police Commissioner Raymond W. Kelly referred questions about the ruling to the city's lawyers, who noted that Judge Haight did not set a deadline for destroying the tapes it had already made, and that the judge did not find the city had violated the First Amendment.

Nevertheless, Judge Haight — at times invoking the mythology of the ancient Greeks and of Harold Ross, the founding editor of The New Yorker — used blunt language to characterize the Police Department's activities.

"There is no discernible justification for the apparent disregard of the guidelines" in his 2003 court order, he said. These spell out the broad circumstances under which the police could investigate political gatherings.

Under the guidelines, the police may conduct investigations — including videotaping — at political events only if they have indications that unlawful activity may occur, and only after they have applied for permission to the deputy commissioner in charge of the Intelligence Division.

Judge Haight noted that the Police Department had not produced

evidence that any applications for permission to videotape had ever been filed.

Near the end of his 51-page order, the judge warned that the Police Department must change its practices or face penalties.

"Any future use by the N.Y.P.D. of video and photographic equipment during the course of an investigation involving political activity" that did not follow the guidelines could result in contempt proceedings, he wrote.

At monthly group bicycle rides in Lower Manhattan known as Critical Mass, some participants break traffic laws, and the police routinely videotape those events, Judge Haight noted. That would be an appropriate situation for taping, he said, but police officials did not follow the guidelines and apply for permission.

"This is a classic case of application of the guidelines: political activity on the part of individuals, but legitimate law enforcement purpose on the part of the police," Judge Haight wrote. "It is precisely the sort of situation where the guidelines require adherence to certain protocols but ultimately give the N.Y.P.D. the flexibility to pursue its law enforcement goals."

Gideon Oliver, a lawyer who has represented many people arrested during the monthly bicycle rides, said he was troubled by the intensive scrutiny of political activities.

"I'm looking forward to a deeper and more serious exploration of how and why this surveillance has been conducted," Mr. Oliver said.

In the past the Police Department has said that it needed intelligence about the Critical Mass rides in order to protect the streets from unruly riders.

Patrick Markee, an official with another group that was cited in the ruling, the Coalition for the Homeless, said the judge's decision ratified their basic rights to free speech.

"We're gratified that Judge Haight found that the police shouldn't engage in surveillance of homeless New Yorkers and their supporters when they're engaged in peaceful, lawful political protest," Mr. Markee said.

The Police Department's approach to investigating political, social and religious groups has been a contentious subject for most of four decades, and a class action lawsuit brought by political activists, including a lawyer named Barbara Handschu, was

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settled in 1985. Judge Haight oversees the terms of that settlement, which are known as the Handschu guidelines, and which he modified in 2003.

At the time, Judge Haight said that the police could "attend any event open to the public, on the same terms and conditions of the public generally."

But in yesterday's ruling, he said that permission "cannot be stretched to authorize police officers to videotape everyone at a public gathering just because a visiting little old lady from Dubuque (to borrow from The New Yorker) could do so. There is a quantum difference between a police officer and the little old lady (or other tourist or private citizen) videotaping or photographing a public event."

The judge said he bore some responsibility for misinterpretation of the guidelines.

"I confess with some chagrin that while the text of this opinion and its implementing order, read together, may not be as opaque as the irritatingly baffling pronouncements of the Oracle" at Delphi, "they do not constitute a model of clarity," he wrote.

ANTITRUST:

AirTran Urges Midwest To Negotiate Deal (MILBIZ)

Milwaukee Business Journal, February 16, 2007

AirTran Holdings Inc. reported Feb. 15 the federal waiting period for its proposed $345 million buyout of Midwest Air Group Inc. has expired.

AirTran chairman and CEO Joe Leonard called the Justice Department's determination not to challenge the proposed merger a "milestone" and said he hoped the agency's decision will prompt Midwest management to sit down with AirTran for formal negotiations.

"As we have frequently said, the combination of AirTran and Midwest is pro-competitive and the merger of our two airlines will create a stronger, more diversified airline, better able to withstand competition from other airlines, offer greater job security to employees and provide more service to the cities currently served by both airlines, " Leonard said in a statement.

AirTran (NYSE: AAI) is trying to buy Oak Creek-based Midwest Air Group Inc. (AMEX: MEH) to create a low-fare carrier with revenue of about $3 billion in 2007. However, Midwest on Jan. 25 rejected the unsolicited offer calling it "opportunistic" and saying it "undervalues" the company.

Leonard said Thursday he hoped that with the expiration of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act that Midwest will "consider the benefits to their stakeholders and sit down with us to negotiate a definitive agreement."

Orlando, Fla.-based AirTran hubs at Hartsfield-Jackson Atlanta International Airport.

Judge May Hold Up Caremark-CVS (SLPD)

By Mary Jo Feldstein, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 16, 2007

A hearing today is expected to determine whether the bid by CVS Corp. to buy Caremark Rx will be further delayed because of alleged misconduct by Caremark executives and board members.

The lawsuit challenging the CVS-Caremark deal was brought by Express Scripts Inc. of Maryland Heights, which also wants to buy Caremark. It alleges that Caremark's executives and directors failed to negotiate in the best interest of its shareholders.

Delaware Chancery Court Chancellor William B. Chandler III already has delayed the Caremark shareholders' vote at least until March 9. He acted after a large group of shareholders said it needed more time to evaluate the CVS offer.

CVS, the nation's No. 2 retail drug chain, in November announced its plan to combine with Caremark, based in Nashville, Tenn. Its bid was a $21 billion, all-stock offer that it said would create a new dynamic in the pharmaceutical industry. Caremark shareholders had been scheduled to vote on the deal Tuesday.

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Express Scripts is the nation's No. 3 pharmacy-benefits manager. In December, it countered CVS's bid for Caremark with a cash-and-stock offer valued at $26 billion and a vision of a larger, stronger pharmacy-benefits management company.

Express Scripts later sued Caremark, that company's board and CVS, saying the Caremark—CVS deal should be quashed because of "extensive fiduciary misconduct." Chandler isn't expected to rule today.

"In short, the Caremark stockholders will be forced to make a decision in a context distorted by the misconduct of their own board," Express Scripts said in a brief filed this week.

Express Scripts alleges that Caremark's chief executive, Edwin "Mac" Crawford, spent months negotiating the CVS deal before bringing it to the board. It alleges also that Crawford and the board put perks for executives and directors ahead of obtaining the best price and terms for shareholders.

CVS tells a different story. In its brief, CVS argues that Caremark board members knew of a potential deal with CVS early on and met several times to discuss it.

"Despite the plaintiffs' claims, the record shows that this was not a deal motivated by self-interest or hastily signed," CVS said. "The companies took their time, talked to competitors and eventually decided that the merger was in the best interest of shareholders."

Caremark also has filed a brief in the case, but as of late Thursday lawyers had yet to agree on a version of it that could be released to the public. Material described as proprietary data was removed from the Express Scripts and CVS legal papers before they were made public.

According to Express Scripts, Crawford and CVS Chief Executive Tom Ryan spent 10 months negotiating major elements of the deal — including structure, general terms and approximate price — before bringing the Caremark board into the discussions on Aug. 16, 2006.

CVS said the idea of a Caremark-CVS combination was first brought to the Caremark board in November 2005, nearly a year before the board voted on the deal. CVS claims Caremark's board "relied on a host of advice over the course of a year before making its decision."

CVS also denies the allegation that Caremark's executives and board didn't push for the best possible deal. Caremark's board, for example, negotiated a lower break-up fee to encourage third-party offers that could force CVS to increase its price, CVS said.

Express Scripts' brief also reveals the company met with Caremark to discuss a possible merger on four occasions, and as recently as October 2005. And, though Caremark now says a merger with Express Scripts would fail because of antitrust issues and differing strategic goals, those issues were not "major stumbling blocks" in earlier negotiations, Express Scripts said.

In its brief, CVS questions Express Scripts' standing to bring the lawsuit. Through a subsidiary, Express Scripts is a Caremark shareholder. But CVS said Express Scripts didn't buy those shares until after the CVS-Caremark deal was announced.

Lawmakers Seek Repeal Of Insurance Antitrust Exemption (MCT)

By Maria Recio, McClatchy Newspapers

McClatchy Newspapers, February 16, 2007

WASHINGTON - Lawmakers moved to rein in the insurance industry Thursday by introducing legislation in the House of Representatives and Senate to repeal the industry's federal antitrust exemption.

Senate Minority Whip Trent Lott, R-Miss., a fierce critic of the insurance industry's response to Hurricane Katrina, joined Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and ranking member Sen. Arlen Specter, R-Pa., on the Senate floor to introduce the bill. In the House, Rep. Gene Taylor, D-Miss., Rep. Pete DeFazio, D-Ore., Rep. Bobby Jindal, R-La., Rep. Walter Jones, R-N.C., and others announced the introduction of identical legislation.

"Federal oversight would provide confidence that the industry is not engaging in the most egregious forms of anti-competitive conduct - price-fixing, agreements not to pay and market allocations," Leahy said. "Insurers may object to being subject to the same antitrust laws as everyone else, but if they are operating in an honest and appropriate way, they should have nothing to fear."

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Lott, who lost his home in the hurricane and who's part of a lawsuit that's being settled with State Farm & Casualty Co., said, "After Hurricane Katrina we learned a lot of lessons." He said he found out "to my absolute horror that the insurance industry is not covered by the antitrust laws."

"This is wrong," Lott concluded, "and the Senate, in a bipartisan way, should, and I believe will, correct it."

The bill has some heavy hitters behind it, notably Senate Majority Leader Harry Reid, D-Nev., who said in a statement, "If insurers around the country are operating in an honest and appropriate way, they should not object to being answerable under the same federal antitrust laws as virtually all other businesses."

Taylor, who also lost his home and is part of the State Farm settlement, said in an interview that "the insurance industry is the only industry exempt from the laws intended to protect consumers."

The Insurance Industry Competition Act of 2007 would bring insurers under the scrutiny of the Justice Department and the Federal Trade Commission by lifting the exemption they currently have under the McCarran-Ferguson Act of 1945. States would continue to regulate insurance companies, but federal agencies would have authority to review any "unfair methods of competition," such as price-fixing.

The industry is opposed to the bill, arguing that a change in regulatory oversight needs to include a look at the 50-state system insurers operate in.

"Any discussion about repealing the antitrust exemption has to include a discussion about modernizing state regulation," said Dennis Kelly, a spokesman for the American Insurance Association. The exemption, he added, is very narrow. "The problem is hurricanes, not insurance companies," Kelly said.

The bill is the latest effort by lawmakers to bring the insurance industry to task for refusing to pay claims of wind damage from Katrina by blaming water damage, which is covered by the federal government's flood insurance program. Taylor last week introduced "multiple perils" legislation to give residents coverage of wind and water damage.

Reacting to the announcement that State Farm won't write new policies in Mississippi, Taylor said, "I think this is a marketing gimmick."

By "winking at its competitors," Taylor predicted that State Farm would resume writing policies in a few months at much higher rates. As for the timing of the announcement, on the heels of a settlement agreement, Taylor said, "It was intentionally timed by State Farm to rub it in people's faces."

The refusal of insurers to pay off policyholders after the hurricane is motivating Taylor now.

"I personally believe that the Big Three insurers said, 'Let's don't pay claims' after Katrina," Taylor said. "It's wrong. Unfortunately, it's legal. But it ought to be illegal."

Broadband Breakout (WSJ)

The Wall Street Journal, February 16, 2007

"I love the free market, but the fact is more concentration means less competition, and these markets are less free than they should be. And this Commission is about regulation -- regulators. I always worry a little when I hear regulators shy away from regulation talk."

-- Senator Byron Dorgan (D., North Dakota) addressing members

of the Federal Communications Commission at a recent hearing.

If you're wondering where the new Democratic majority in Congress is inclined to steer telecom policy, look no further than Mr. Dorgan's comment above. Note how he pays lip service to free markets while ultimately favoring more regulation for its own sake.

But more regulation is the last thing today's telecom industry needs, at least if empirical evidence is any indication. As FCC Chairman Kevin Martin reported at a Senate hearing earlier this month, the industry is now taking risks in a way it hasn't since the tech bubble burst six years ago.

"In 2006, the S&P 500 telecommunications sector was the strongest performing sector, up 32% over the previous year," said Mr. Martin. "Markets and companies are investing again, job creation in the industry is high, and in almost all cases,

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vigorous competition -- resulting from free-market deregulatory policies -- has provided the consumer with more, better and cheaper services to choose from."

Much of this growth has been fueled by increased broadband deployment, which makes high-speed Internet services possible. The latest government data show that broadband connections increased by 26% in the first six months of 2006 and by 52% for the full year ending in June 2006.

Also noteworthy, notes telecom analyst Scott Cleland of the Precursor Group, is that of the 11 million broadband additions in the first half of last year, 15% were cable modems, 23% were digital-subscriber lines (DSL) and 58% were of the wireless variety. Between June 2005 and June 2006, wireless broadband subscriptions grew to 11 million from 380,000.

This gives the lie to claims that some sort of cable/DSL duopoly has hampered competition among broadband providers and limited consumer options. That's the charge of those who want "network neutrality" rules that would allow the government to dictate what companies like Verizon and AT&T can charge users of their networks. But the reality is that the telecom industry has taken advantage of this deregulatory environment to provide consumers with more choices at lower prices. Verizon's capital investments since 2000 exceed $100 billion, and such competitors as Cingular, T-Mobile and Sprint are following suit. So are the cable companies.

It's also worth noting that the deregulatory telecom policies pushed by Mr. Martin and his immediate predecessor, Michael Powell, have accompanied a wave of mergers -- SBC/AT&T, Sprint/Nextel, Verizon/MCI, AT&T/BellSouth. Most of these marriages were opposed by consumer groups and other fans of regulation on the grounds that they would lead to fewer choices and higher costs. In fact, these combinations have created economies of scale, and customers are clearly better off.

The result has been more high-speed connections, along with greater economic productivity, but also an array of new services. The popular video-sharing Web site YouTube is barely two years old. And it wouldn't exist today but for the fact that there's enough broadband capacity to allow millions of people to view videos over the Web.

Increased broadband demand has also been good news for Internet hardware companies like Cisco and Juniper, where annual sales are up by nearly 50%. A Journal report this week notes that "North American telecom companies are projected to spend $70 billion on new infrastructure this year," which is up 67% from 2003.

And prices are falling, by the way. Between February 2004 and December 2005, the average monthly cost for home broadband fell nearly 8%. For DSL subscribers, it fell nearly 20%. Which means that consumers are benefiting from new services and different pricing packages, as well as getting better deals.

The one sure way to stop these trends is by bogging down industry players with regulations or price controls that raise the risk that these mammoth investments will never pay off. Yet that seems to be the goal of Senator Dorgan and other Democrats such as Representative Ed Markey, another "Net neutrality" cheerleader, who is planning his own hearings. Consumers will end up paying for such policies in fewer choices and higher prices.

ENVIRONMENT:

Gonzales Asked About Prosecutor Deal (AP)

By John Heilprin, Associated Press Writer

AP, February 16, 2007

The House Judiciary Committee on Thursday asked Attorney General Alberto Gonzales to explain how the Justice Department's former top environmental prosecutor could sign consent decrees with the third-largest U.S. oil company after buying a $980,000 vacation home with its top lobbyist.

An Associated Press report a day earlier disclosing the transactions "suggests potential unethical, if not illegal, conduct by a senior Justice Department official and, even more disturbing, apparent complicity in such behavior by the department," the committee's chairman, Rep. John Conyers, D-Mich., said in a letter to Gonzales.

Conyers also asked Gonzales when he and other department officials learned of then-Assistant Attorney General Sue Ellen Wooldridge's "close relationship with a target of a department public corruption investigation and what action, if any, was taken as a result?"

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A third buyer of the gated community home at Kiawah Island, S.C., was former Deputy Interior Secretary J. Steven Griles, who shares a condominium in northern Virginia with Wooldridge and was told last month he faces possible criminal charges of lying to Congress and fraud in the Jack Abramoff bribery and influence-peddling scandal.

The Justice Department says ethics officials signed off on Wooldridge's purchase of the beach getaway with Griles, now an oil and gas lobbyist, and ConocoPhillips Vice President Donald R. Duncan, before the closing last April. The deed lists Duncan as half owner in the property, with Wooldridge and Griles each owning 25 percent.

Nine months later, the Justice Department sent two proposed consent decrees signed by Wooldridge to a federal judge in Houston for approval. One, sent Jan. 11, would let the company delay the required installation of some of the $525 million in pollution controls at nine refineries; the other dealt with a Superfund toxic waste cleanup. Wooldridge resigned as assistant attorney general effective Jan. 19. ConocoPhillips said Duncan had no involvement in negotiating the consent agreements.

Conyers' letter also was signed by Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus, as an expression of broader support for the inquiries within the House. Another House panel, the Oversight and Government Reform Committee chaired by Rep. Henry Waxman, D-Calif., launched an inquiry a day earlier.

The Justice Department said it would have no comment Thursday.

Wooldridge two months ago amended her financial disclosure report for 2005 to include more than $10,000 in travel, jewelry, a watch and golf clubs she received from Griles between December 2003 and December 2005. Griles began dating Wooldridge in February 2003, when she was deputy staff chief and counselor to then Interior Secretary Gale Norton.

Griles was the department's No. 2 official from July 2001 to January 2005. During that tenure he was almost constantly scrutinized by the department's internal watchdog over dealings with ex-clients and continuing payments from the sale of his old lobbying firm.

Interior Inspector General Earl Devaney concluded in a 2004 that Griles' actions exposed a "wholesale failure of the ethics program" at the agency. They were, Devaney said, "a train wreck waiting to happen."

While dating Griles, Wooldridge was officially counseling him on ethics matters and providing advice to Norton on how to respond to Devaney's report on him. Wooldridge did not tell Devaney about her relationship with Griles.

In June 2004, Bush appointed Wooldridge as Interior's top lawyer. Sometime after she became Interior solicitor, Wooldridge told the department's ethics office she and Griles had begun dating, an Interior spokesman said. Devaney did not learn of Griles' and Wooldridge's romantic relationship until February 2005.

Bush later appointed Wooldridge to head the Justice Department's environment division, representing virtually every federal agency, and she began working there in November 2005.

Another Energy Inquiry On Royalties Collection (NYT)

By Edmund L. Andrews

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — Top Democrats on the Senate Energy Committee, citing widespread management problems at the Interior Department, ordered a new inquiry on Thursday into the department's fast-growing program to collect billions of dollars worth of oil and gas from companies that drill on public territory.

The inquiry, to be conducted by the Government Accountability Office, will come on top of a criminal investigation by the Justice Department into allegations that the program's director earned money as a consultant to companies that were seeking to resell the government oil.

Other investigations are under way by the Interior Department's inspector general and Congressional committees into complaints about mismanagement, weak enforcement and a leasing blunder in the 1990s that could cost taxpayers $10 billion in lost royalties over the next decade.

The new line of scrutiny comes from Senator Jeff Bingaman of New Mexico, chairman of the Senate Energy Committee, and Senator Ron Wyden of Oregon, chairman of the subcommittee on public lands.

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The two senators asked the G.A.O. to analyze the so-called royalty-in-kind program, under which the Interior Department collects a share of the oil and gas that companies produce on federal property and then resells it on the open market to generate cash.

Bush administration officials have called the program a simpler and more efficient way for the government to collect royalties on the vast amounts of oil and gas produced on public lands.

The Interior Department currently collects about $4 billion in royalties in the form of oil and gas, mostly from the Gulf of Mexico. Administration officials want to double that volume and collect about 80 percent of all offshore royalties "in kind" by 2009.

In a letter to the accountability office, the senators noted that it had made two attempts to evaluate the program's cost-efficiency, in 2003 and 2004, but had been unable to get reliable data from the Interior Department's Minerals Management Service.

"The royalty-in-kind program raised flags during the G.A.O.'s last review, and now the inspector general tells us that a criminal investigation is under way," Senator Wyden said. "The fact that the Interior Department would now take steps to expand this program defies logic."

In their letter, the lawmakers ordered the office to dissect the program's administrative costs as well as its effectiveness at tasks normally handled by oil companies, like transporting and marketing oil.

Almost one-quarter of the oil and gas produced in the United States comes from federal land or federal coastal waters. Under the law, companies that drill on federal leases must pay the government a royalty, normally 12 to 16 percent of sales. Last year, those royalties totaled about $10 billion.

But royalty revenues have climbed more slowly than oil prices over the last six years, and the Interior Department has come under heavy criticism for lax enforcement, cutbacks in auditing and murky valuation rules that enable companies to reduce their payments.

Last year, administration officials said that a leasing blunder during the Clinton administration was likely to cost taxpayers up to $10 billion in royalties over the next decade.

House and Senate Democrats are now grappling with proposals to renegotiate the flawed leases, but the Bush administration contends that the government cannot pressure companies into revising their terms.

Interior officials, along with many industry executives, contend that the royalty-in-kind program is a simpler way to collect royalties because it eliminates many of the accounting battles that have stymied auditors for years.

But investigators for the G.A.O. said in 2003 and 2004 that they simply could not get enough accurate data to know whether the government was saving any money.

'Live Earth' Concerts To Tackle Hot Topic (WP)

By William Booth, Washington Post Staff Writer

The Washington Post, February 16, 2007

Al Gore's Musical Call to Action

LOS ANGELES, Feb. 15 -- The hit-making record producer Pharrell Williams, the wizard behind the beats of everybody from Ludacris to Britney, promises it will be "the biggest party on Earth." How big?

At the news conference Thursday announcing this summer's ambitious "Live Earth" concerts -- designed as an exercise in "mass persuasion" about threats of global warming -- Al Gore described his vision: a 24-hour musical extravaganza across seven continents, featuring as many as 150 of the world's top recording artists, introduced by an army of "celebrities and thought leaders" (think: Cameron Diaz and Richard Branson), playing before a total live audience of a million people, and reaching 2 billion more via television, radio and the Internet on July 7.

The foreign cities hosting the stadium-size concerts will be Shanghai, Sydney, Johannesburg, London, Rio and Kyoto, Japan. In the United States, two cities -- New York and Washington -- are vying to be the chosen venue. Gore revealed that some lucky entertainer (perhaps Lenny Kravitz? Snow Patrol?) will be performing in Antarctica, where temperatures in July at the South Pole Station average minus-56 degrees Fahrenheit.

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The former vice president confirmed that while he was schmoozing at Sunday's Grammy Awards, where he was a presenter, the Black Eyed Peas agreed to record a new song to promote the cause and perform at one of the concerts. Also off camera at the Grammys, members of the Red Hot Chili Peppers whispered to Gore: "We're in." The approximately two dozen artists confirmed today include Snow Patrol, Kelly Clarkson, Bon Jovi, Foo Fighters, Duran Duran, Enrique Iglesias, Kravitz, Sheryl Crow and Snoop Dogg [for a full list, see box].

At the news conference at the California Science Center (it's a museum), against a slightly overproduced backdrop emblazoned with the Live Earth theme, "Save Our Selves," the band Man? bilingually pledged its support and encouraged "everyone, everywhere" to check out Gore's Oscar-nominated documentary "An Inconvenient Truth." Proceeds from the globalized concerts will go to Gore's new environmental foundation, called the Alliance for Climate Protection.

Diaz was also on hand. "As Al said," Diaz said, there are things everyone can do to reduce the magnitude of climate change. Asked what she did, Diaz mentioned driving a hybrid Prius, using recycled products and pursuing "carbon-neutral travel." Saving the planet is doable, she pointed out: "We don't have to build some giant machine that goes up in the air and sucks all the carbon into outer space."

Kevin Wall, the concert producer who has handled the Madonna tours and the Live8 concerts to fight global poverty, promised that the biggest bands on Earth are rearranging their schedules to appear at the Live Earth events. The list of venues, artists and ticket sales will be finalized in March, he said, and in addition to the America-centric stars, each city would also present its own national favorites.

Wall is gunning for saturation coverage. The concerts will be streamed by MSN, the Microsoft Internet portal, and broadcast by NBC. The satellite radio groups Sirius and XM will feature the shows. Similar arrangements are being made in the other six nations. And at the center of it all? "Two billion sets of eyeballs," Wall said, "and we'll hand the mike to Al Gore."

Asked yet again if he's running for president ("no"), the former veep was quizzed about lingering skeptics of global warming. Gore sighed, and then joked that the doubters must get together on Saturday nights with the folks who believe the moon landings were staged in the Arizona desert. Said Gore, "I'm running out of things to say to them."

FBI/DEA/ATF/USMS:

Attorney Pleads Guilty To Leaking BALCO Testimony (AP)

By PAUL ELIAS And DAVID KRAVETS

AP, February 16, 2007

SAN FRANCISCO - A Colorado lawyer pleaded guilty Thursday to obstructing justice by leaking secret grand jury documents to two reporters covering the government's probe of steroids in sports. Troy Ellerman could be sent to prison for as long as two years and fined up to $250,000 for the convictions. His sentencing was scheduled for June 14.

The 44-year-old Ellerman also could lose his license to practice law.

He entered the plea in U.S. District Court the day after federal prosecutors announced he struck a deal that would prevent two San Francisco Chronicle reporters from going to jail for refusing to divulge their source.

Prosecutor Douglas Miller said the plea concludes the government's investigation of the leaks and the subpoenas of the Chronicle's Mark Fainaru-Wada and Lance Williams were withdrawn.

In court papers filed Wednesday, Ellerman said he allowed Williams and Fainaru-Wada to view transcripts of the grand jury testimony of baseball stars Barry Bonds, Jason Giambi, Gary Sheffield and sprinter Tim Montgomery.

Eve Burton, general counsel for Hearst Corp., which owns the Chronicle, would not confirm or deny that Ellerman was the source of the leaked documents. The reporters also declined to discuss their source.

Ellerman, of Woodland Park, Colo., briefly represented Victor Conte, the founder of the Bay Area Laboratory Co-operative, the Burlingame-based supplements lab that allegedly provided performance-enhancing drugs to the elite athletes. He later represented BALCO vice president James Valente and that's when he obtained transcripts of the athletes' testimony from federal prosecutors.

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"I find the fact that Troy Ellerman has admitted to leaking the BALCO grand jury transcripts to be outrageous," Conte said in an e-mail to The Associated Press.

Ellerman signed agreements with prosecutors and was under court orders to keep the grand jury testimony confidential. Ellerman even made a motion in October 2004 to dismiss the case against Valente because of "repeated government leaks of confidential information to the media."

Deputy Attorney General Paul McNulty said Ellerman's behavior was an "abuse of our system of justice."

"Such gamesmanship undermines the integrity of the legal system and demands accountability," he said.

Valente, Conte and three other men have pleaded guilty to steroids-related charges in an earlier phase of the investigation.

The Chronicle published stories in 2004 that reported Giambi and Montgomery admitted to grand jurors that they took steroids, while Bonds and Sheffield testified they didn't knowingly take the drugs.

Shortly after the first leak in June 2004, Judge Susan Illston ordered an investigation. Ellerman and all lawyers in the case filed statements under penalty of perjury swearing that they weren't the source.

Prosecutors said a "previously unknown witness" approached the FBI and offered to help prove that Ellerman was the source. Larry McCormack, former executive director of the Pro Rodeo Hall of Fame and a private investigator who briefly worked for Conte, told the AP on Wednesday that he tipped off FBI agents.

McCormack said he shared a Sacramento office with Ellerman and that Fainaru-Wada visited there several times in 2004. McCormack said Ellerman told him about the leaks.

In February 2005, McCormack moved to Colorado Springs, Colo. to work for Ellerman, who then served as commissioner of the Professional Rodeo Cowboys Association.

The association's board of directors fired McCormack in August, but he said Ellerman tried to save his job and his decision to call federal investigators and expose the lawyer had nothing to do with his firing.

"My concerns were whether I could be in any kind of criminal jeopardy," said McCormack, a former Yuba County sheriff's deputy. "Another thing that was bothering me was that the government was spending all of this money on the investigations and these reporters are looking at going to prison - it ate me alive."

Shortly after McCormack was fired, he said he wore an FBI wire and had a "heated conversation" with Ellerman in which the lawyer made incriminating statements. McCormack declined to discuss the details of that conversation.

San Francisco U.S. Attorney Kevin Ryan said the plea deal should end speculation that his office was a source of the leaks.

"I've maintained from the beginning that neither the agents nor the federal prosecutors involved in the BALCO case were the source of any grand jury leaks," he said.

Besides Conte and Valente, chemist Patrick Arnold, Bonds' personal trainer Greg Anderson, and track coach Remi Korchemny have all pleaded guilty in the BALCO probe. Korchemny and Valente were sentenced to probation and the others were each sentenced to jail terms no longer than four months.

Bonds has never been charged but suspicion continues to dog the San Francisco Giants slugger as he chases baseball's career home run record.

He told the grand jury he thought Anderson had given him flaxseed oil and arthritic balm, rather than the BALCO steroids known as "The Clear" and "The Cream." A federal grand jury is investigating him for possible perjury and obstruction of justice charges.

For Ellerman, Life's A Rodeo (NYDN)

By Michael O'keeffe, And Christian Red Daily News Sports Writers

New York Daily News, February 16, 2007

Attorney Troy Ellerman's daredevil personality dates back to his childhood, when he learned how to climb aboard a wild bull and tried to stay airborne for more than eight seconds.

"He went to my bull-riding school and I've known him ever since he was a kid," Gary Leffew, who still runs the boot camp-style ranch three hours north of Los Angeles in Nipoma, Calif., told the Daily News yesterday. "He's been a friend forever. His whole family was in the rodeo. They were trick riders. I know Troy. I can't imagine him doing something underhanded."

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But Ellerman's maverick ways may land him in jail following his bombshell admission Wednesday that he leaked the BALCO grand jury testimony to two San Francisco Chronicle reporters. And that's only the beginning of his troubles: He may also face disbarment and stands to lose a grip on his second love alongside the law - professional rodeo.

After becoming the commissioner of the Professional Rodeo Cowboys Association two years ago, the 44-year-old Ellerman is in jeopardy of being forced to step down by the board of directors, according to one person familiar with the situation.

"It's been rumored that (the PRCA board of directors) is going to call a vote about removing him," Leon Vick, a former PRCA board member, told The News. Vick, who clashed with Ellerman when the two worked together, was eventually forced out, he claims, after he raised questions about some of Ellerman's financial management decisions. Vick claims Ellerman was the one who was behind his dismissal.

"There were contracts that (Ellerman) had sealed and wouldn't show the board of directors on sales of different entities. I thought he was unprofessional as a business leader," Vick said.

When asked if Ellerman faced possible dismissal from his post, Ellerman's assistant Carol Boyles said flatly, "I can say he's the commissioner." A PRCA press release was quick to distance Ellerman's role in the BALCO scandal with the Colorado Springs-based rodeo sanctioning body.

"The BALCO investigation is not related to PRCA business. Mr. Ellerman currently serves as commissioner of the Professional Rodeo Cowboys Association in Colorado Springs, Colo.," the statement said.

According to the PRCA bio on Ellerman, his family performed in a traveling rodeo troupe called The Flying Cossacks during the mid-to-late '70s, making stops from Red Bluff (Calif.) to the Belmont Stakes on Long Island. Ellerman later got the role of stunt double for Paul Hogan in the 1994 comedy/western, "Lightning Jack." He became chairman of PRCA's board of directors in 1999 and quickly worked on correcting the nonprofit's financial problems. According to PRCA figures, Ellerman brought an $8.2 million turnaround since taking the helm as commissioner. However, his rodeo accolades soon may be overshadowed by his role in the BALCO investigation, during which he served on the original legal team representing the company's founder, Victor Conte, and vice president, James Valente.

"I think it was just Troy being Troy," Larry McCormack, the private investigator who told the FBI in December that Ellerman was the source of the BALCO leaks, told The News yesterday. "Troy has always been one to jump out and do things out of the norm. He's an unusual guy. I tried to convince him to straighten this out. I think he just felt this is a way to do it, to get the case dismissed against his client. It was a way to throw something in the mix - what Troy calls getting people off their game. Did it help his client? Well, his client didn't have to do any jail time."

Michael Rains, who represents Barry Bonds - one of the athletes whose grand-jury testimony Ellerman leaked - told The News that Ellerman's actions as a lawyer were "disturbing.

"Lawyers will do a lot of things to help their clients," Rains said. "To go to that extreme is disturbing. There's really no excuse for it."

McCormack, who shared an office with Ellerman in Sacramento, moved back to Colorado Springs shortly after Ellerman became the PRCA's commissioner. He was later fired from the organization's board of directors, although he claims it was not because of the mounting strain on his relationship with Ellerman. Despite outing Ellerman as a 21st-century "Deep Throat," McCormack said he does not think the BALCO scandal will jeopardize Ellerman's place in the rodeo world.

"Rodeo is his lifestyle," McCormack said. "I think he'll be able to support himself in the rodeo business. There are a lot of people who would offer him a job. I think he'll be okay."

Attorney Pleads Guilty To Media Leak In Balco Steroids Case (BLOOM)

By Karen Gullo

Bloomberg, February 16, 2007

Feb. 15 (Bloomberg) -- A lawyer who represented a criminal defendant in a federal probe into steroids pleaded guilty to showing baseball player Barry Bonds's grand jury testimony to a reporter and lying about it.

Troy Ellerman, 44, pleaded guilty in San Francisco federal court today to two counts of contempt of court, one count of obstruction of justice and one count of filing a false declaration, a statement from the Los Angeles U.S. Attorney's office said.

Ellerman let a San Francisco Chronicle reporter take notes on grand jury transcripts of testimony by Bonds and three other athletes in 2004 in violation of a court order and later blamed leaks on the government, the statement said.

Ellerman's motive was to use leaks in the case as a basis for seeking to have the criminal case against his client thrown out, the statement said. Ellerman had access to the transcripts because he was representing the vice president of Bay Area Laboratory Cooperative, known as Balco, a Burlingame, California-based lab at the center of a U.S. criminal probe of steroid distribution, said the statement.

``Such gamesmanship undermines the integrity of the legal system and demands accountability, " said Deputy U.S. Attorney General Paul McNulty, in a statement.

Subpoenas Withdrawn

Scott Tedmon, an attorney for Ellerman, didn't immediately return a message. A plea agreement calls for Ellerman of Woodland Park, Colorado, to serve two years in prison; his sentence will be decided by a judge. Sentencing is scheduled for June 14, the statement said.

The U.S. Justice Department is withdrawing subpoenas to two San Francisco Chronicle reporters who used the transcripts in a series of stories about the California lab, the statement said. The reporters had been found in contempt of court for refusing to testify to a separate grand jury about their sources.

``We're pleased that the prosecutors have stopped their efforts to force us to testify about the sources for our reporting on the Balco sports steroids case," said Mark Fainaru-Wada and Lance Williams, the San Francisco Chronicle reporters, in a statement.

Fainaru-Wada and Williams wrote in December 2004 that Bonds told the grand jury he might have unknowingly used substances containing steroids. Bonds, who has denied using steroids, said he thought the substances were flax seed oil and a legal ointment, the Chronicle reported.

Balco's co-founders, including one represented by Ellerman, two track coaches and a trainer for Bonds have pleaded guilty in the steroids probe.

The case is U.S. v Troy Ellerman, 07-0080, U.S. District Court, San Francisco.

Fayetteville Couple, 24 Others Busted In Drug Ring (AJC)

By Kathy Jefcoats, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 15, 2007

A Fayetteville real estate agent and her husband masterminded a $12 million operation to grow marijuana hydroponically in the basements of vacant $300,000 homes, police from at least six Georgia counties announced Wednesday.

Fayette County sheriff's drug agents said Blanca Botello, 34, is a licensed ReMax Realtor who helped close the sale on at least a dozen homes used in the operation. The homes are owned by Cuban nationals who also may be charged, police said at a news conference.

Police said Botello's husband, Merquiades Martinez, 35, owns a hydroponics store in Fayetteville. Hydroponics refers to a soil-less process of growing plants in water and nutrients.

Fayette District Attorney Scott Ballard said the couple, along with 24 others, mostly Cuban nationals, are charged with manufacturing and trafficking marijuana and theft of services. Ballard said all 26 are in county jails. No other suspect names were released.

Fayette sheriff's Lt. Dwayne Prosser said the massive amount of electricity used in the grow process was diverted to the house so it wouldn't show up on meters and raise suspicion.

"Phenomenal is the best word I can use to describe this operation," Prosser said.

Fayette County Sheriff Randall Johnson said marijuana was being grown in the basements of 11 homes in Fayette, Henry, Coweta, Butts, Newton and Rockdale counties. Agents raided a 12th home Wednesday afternoon in the exclusive Lake Dow community in Henry County, said Maj. Stoney Mathis of the Henry Police Department.

Prosser said the investigation, which originated from the Jones County Sheriff's Office and the Drug Enforcement Agency, is ongoing and more arrests are expected.

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Couple, Others Arrested In Marijuana Ring (AP)

AP, February 15, 2007

FAYETTEVILLE, Ga. (AP) — A real estate agent and her husband are accused of running a $12 million operation to grow marijuana in the basements of vacant homes, authorities in several Georgia counties said.

Fayette County sheriff's drug agents said Blanca Botello, 34, is a licensed ReMax Realtor who helped close the sale on at least a dozen homes used in the operation. The homes are owned by Cuban nationals who also may be charged, police said Wednesday.

Police said Botello's husband, Merquiades Martinez, 35, owns a hydroponics store in Fayetteville. Hydroponics, the process used to grow the marijuana, refers to a soil-less process of growing plants in water and nutrients.

The couple, along with 24 others, mostly Cuban nationals, are charged with manufacturing and trafficking marijuana and theft of services, Fayette County District Attorney Scott Ballard said.

Ballard said all 26 are in county jails. The names of the other suspects were not released.

Fayette County Sheriff Randall Johnson said the marijuana was being grown in the basements of 11 homes in Fayette, Henry, Coweta, Butts, Newton and Rockdale counties. Agents raided a 12th home Wednesday afternoon in an exclusive neighborhood in Henry County, said Henry County police Maj. Stoney Mathis.

Electricity was diverted to the drug growing operation so the heavy power use would not show up on a house's electric meter and arouse suspicion, Fayette County sheriff's Lt. Dwayne Prosser said.

"Phenomenal is the best word I can use to describe this operation,'' Prosser said.

Prosser said the investigation, which began with the Jones County Sheriff's Office and the Drug Enforcement Agency, is ongoing and more arrests are expected. ———

Information from: The Atlanta Journal-Constitution

Hot Pot... (FDN)

Fayette Daily News, February 15, 2007

It all started when Fayette County Drug Task Force agents got a tip from Miami DEA agents -- a name.

Nearly two months of investigations later, Fayette drug agents had a lot more -- names, places and information on possibly the largest ever indoor marijuana growing operation.

And Wednesday, Fayette County Sheriff Randall Johnson joined with law enforcement officials from several nearby agencies to announce the arrest of 26 people, including the ring-leaders -- Merquides Martinez, a Cuban National, and his wife, Blanca Botello, of Greenway Court in Fayette County.

Johnson said 25 of the 26 arrested are Cuban Nationals.

The arrests, according to Johnson, came after Fayette County Drug Task Force agents and agents from the East Metro Drug Task Force, Henry County Police, Newton County Sheriff's Department, Rockdale County Sheriff's Office, Butts County Sheriff's Office and the Coweta County Sheriff's Department executed 13 search warrants and discovered a highly sophisticated hydroponics marijuana growing operation in the basements of 11 homes.

Inside each home, Johnson said, were 200 plants -- for a total of nearly 2,100 plants with a value of more than $12 million.

"When we got the tip from Miami, all we had was a name, and information that the master-grower might be living in Fayette County," said Capt. Mike Pruitt, head of the Fayette County Sheriff's Drug Task Force.

"It took two months of work to identify the houses and people involved. And this was the result of all these departments working together."

According to Pruitt, that name given by DEA agents, Merquides Martinez, turned out to be the mastermind behind the large marijuana operation, although no plants were found in his home in south Fayette County.

Martinez owns Panoramic Gardens, a hydroponics store (soil-less growing) on Hwy 85 North in Fayette County, according to agents, and his wife, Blanca Botello, was a real estate agent in Fayetteville.

"It turns out his wife was the closing agent on all of the houses," said Lt. Dwayne Prosser of the Fayette County Sheriff's Department. "The houses were sold to Cuban Nationals from Miami, who then operated the marijuana grows in the basement."

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Johnson said power had been diverted in each of the houses to provide the heat lamps for the plants. The power lines had been tapped into before the line reached the meter, Johnson said.

"Without stealing the electricity, red flags would have gone up because of the amount of electricity being used," said Prosser.

According to agents, the plants were in different growth stages at each house.

With a 90 day growth period, some were in infant stages, while others were ready for harvest.

"Some were so tall, the plants were tied to the ceilings with fish nets to keep them from breaking and to preserve the plant," said Prosser.

When agents arrived at a house on Covington Highway, they found plants already pulled for harvest and loaded into the back of a rental truck, Pruitt said.

At another house, agents discovered 30 lbs of marijuana -- in one pounds bags -- in a closet and another 30 one-pound bags in the guest bedroom.

"This was a very elaborate set-up with the lights and irrigation system" said Johnson.

"Most of the houses were in well-traveled areas, you wouldn't notice a lot of traffic because it's a growing operation."

According to agents, the houses were located at 1624 Hwy 162 in Newton County, 440 Ellistown Road in Henry County, 420 Parker Road in Newton County, 2602 Abbey Road in Rockdale County, 300 Hanie Road in Coweta County and 105 Greenway Court in Fayette County.

"All the houses had the same set-up with lighting and irrigation and sealed basement floors," said Capt. Pruitt.

As Johnson made his announcement in a press conference Wednesday, he stated that another search warrant was being executed in a nearby county "as we speak."

"We expect there could be a lot more."

Martinez was arrested at the Coweta County house and was being held in the Coweta County Jail, officials said.

Botello was arrested at the couple's Fayetteville home and was being held in the Fayette County Jail.

Fayette County District Attorney Scott Ballard said he planned to meet with prosecutors from each jurisdiction about the possibility of prosecuting all 26 in Fayette County under a conspiracy charge.

PHOTOS: Small Picture- A rental truck is loaded with marijuana plants and ready to travel for harvest and sale while in basements like this [Large Picture] were used to grow more than 200 pot plants each under heat lighting. When the plants reached a certain height, they were tied with fish net to keep plants from breaking and to keep the marijuana buds fresh.

Police: Convict Faked Badge To Rob Drug Dealers (NYS)

New York Sun, February 16, 2007

A career criminal who once tried to shoot a New York police officer in the head was charged with impersonating a Drug Enforcement Agency special agent to rob drug dealers around the city, law enforcement officials said.

A joint task force of DEA agents and city and state police officers arrested Anthony Clanton, 34, on Tuesday at his apartment at 755 Narrows Road in Staten Island.

Investigators found several counterfeit documents, including a DEA badge, a billfold with DEA credentials, two search warrants, and a Metropolitan Transportation Authority parking permit in his home, officials said. The task force also found 124 grams of crack cocaine, three handguns, 500 rounds of ammunition, a police scanner, a bulletproof vest, handcuffs, and drug paraphernalia.

On Wednesday, Clanton was arraigned on charges of burglary, criminal possession of a weapon, conspiracy, and possession of a controlled substance, according to a complaint filed in the Special Narcotics Court in Manhattan. He is being held without bail. The first court date after the arraignment is Friday.

Clanton's attorney, Xavier Donaldson, declined to respond to the charges. "We're very interested in hearing the prosecutors' evidence against my client," he said.

Clanton was charged with an armed robbery on January 8, but officials said they were investigating a series of other robberies he may have committed.

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Clanton kicked down the door to an apartment in Queens belonging to one victim, Denise Matos, after saying, "I am a DEA agent," and showing a false search warrant, according to the complaint and officials. He then raided the home, making off with $4,000 and jewelry.

It appears as though Clanton was an adept counterfeiter who likely generated the false documents on his personal computer, officials said.

"The shield could have fooled a DEA agent, which is scary because of the access he could have gained," the head special agent of the New York office of the Drug Enforcement Agency, John Gilbride, said.

Clanton was arrested in 1997 for attempting to shoot an undercover police officer in the head, police said. The officer, whose name was not released because he works undercover, was heard on a wiretap pleading for his life before Clanton pulled the trigger three times, police said. The gun malfunctioned and the officer was not injured.

After serving 97 months in prison, Clanton was released in 2005, police said.

Clanton enjoyed an extravagant lifestyle after getting out of prison, Mr. Gilbride said.

"He had all the toys," he said.

Each room of his Staten Island apartment was outfitted with a plasma screen television, and a $10,000 Rolex watch was found in his bedroom. He also owned four cars: an Infiniti, an Acura, a Mercedes-Benz, and a Range Rover. One of the cars had a license place that read "HATED."

It appears that Clanton was planning another robbery, according to the court complaint. A DEA agent observed Clanton carrying out "what appeared to be surveillance" in the vicinity of 419 64th St. in Brooklyn. That address was found on one of the phony search warrants in Clanton's home.

Fake Cop's Crime Spree (NYDN)

By Alison Gendar, Daily News Police Bureau Chief

New York Daily News, February 16, 2007

A reputed Bloods gang member who tried to kill an undercover cop a decade ago was busted for impersonating a federal agent - and possessing a real cop's stolen gun, authorities said yesterday.

When investigators searched Anthony Clanton's apartments in Staten Island, they found a bogus Drug Enforcement Administration badge, homemade search warrants, an MTA parking placard and other fake identification, police said.

Investigators also found three guns, including a loaded 9-mm. Glock handgun reported stolen by an NYPD officer Jan. 31, authorities said.

Clanton allegedly used the fake DEA badge, search warrants and possibly the real cop's gun to rob drug dealers and finance a luxurious lifestyle.

He owns a minifleet of high-end cars, including a Mercedes-Benz, Range Rover, Acura - and an Infiniti Q45 with license plates reading "HATED," authorities said.

He also has maid service for both of his apartments on Narrows Road, plasma TVs on the walls of every room and owns a saphire-and-diamond-studded Rolex worth about $10,000, authorities said.

"Clanton is at the heart of a smorgasbord of criminal activity - drugs, violent crime and impersonating law enforcement," said John Gilbride, special agent in charge of the DEA's New York office. "Getting this kind of violent felon off the street is what it's all about."

Clanton, 34, was arrested Tuesday by a joint NYPD, DEA and state police task force dubbed the Redrum Unit. Redrum is "murder" spelled backward, and the unit targets violent drug gangs.

Clanton served eight years in federal prison for trying to murder an undercover cop in 1997, authorities said. The cop was wearing a wire and could be heard begging for his life as Clanton held a gun to his head and pulled the trigger three times. Each time the gun failed to fire.

Clanton was released in 2005, and went back to crime, authorities said. He allegedly controlled several drug-dealing locations at public housing projects in Brooklyn and Staten Island.

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Authorities would not identify the cop who owned the stolen gun found in Clanton's apartment. The cop had told NYPD brass that his gun was stolen from his locked trunk sometime between November and January, sources said.

The NYPD Internal Affairs Bureau was investigating the cop on an unrelated matter before the gun was stolen, sources said. NYPD policy forbids cops from leaving their guns unattended in their cars, the sources noted.

Authorities were investigating whether the cop's stolen gun was used in any of Clanton's crimes.

In one case, Clanton - who was charged with burglary, conspiracy, weapons crimes and possession of stolen property and drugs - used his fake DEA identification and a bogus search warrant when he kicked down the door of a Queens man on Jan. 8.

"I am a DEA agent," Clanton allegedly yelled, flashing a gun and a gold shield before swiping $4,000.

Staten Island: Badge Is Said To Aid Theft (NYT)

The New York Times, February 16, 2007

A Staten Island man has been charged with using a Drug Enforcement Administration badge and fraudulent search warrants to commit robberies over the past few months, state and federal law enforcement officials said yesterday. The man, Tony Clanton, 34, of Narrows Road, is charged with impersonating a federal agent, theft and illegal possession of guns and drugs, said Bridget G. Brennan, the city's special narcotics prosecutor. Ms. Brennan said Mr. Clanton used a high-quality replica of D.E.A. credentials and fake search warrants to gain entrance to homes he intended to rob. He was arrested on Tuesday afternoon, she said.

Staten Island Man Arrested For Posing As Federal Agent (NY1)

NY1, February 15, 2007

Police arrested a Staten Island man Thursday who they say posed as a federal agent and even made his own shield.

When Anthony Clanton's home was raided, police also found other fake law enforcement credentials, including two search warrants they believe Clanton made himself.

Officials believe one warrant may have been used in a robbery last month.

The Drug Enforcement Administration says they also took guns, ammunition, crack cocaine, and a police scanner from the home.

Clanton's arrest was the result of a joint investigation that began in November of 2006.

Cops: Impersonator Has Long History (AMNY)

AM New York, February 16, 2007

Ten years ago, Anthony Clanton tried to kill an undercover cop, but his gunned jammed three times as the officer was heard on a recording device begging for his life.

Clanton served eight years in federal prison, then returned to a life of crime, pulling robberies while posing as a federal agent, authorities said Thursday.

Clanton, 33, was arrested at his Staten Island home Tuesday afternoon and charged with a burglary in Queens, authorities said. Police said he is considered a suspect in up to nine other cases in which the suspect posed as a cop or federal agent to commit burglaries or robberies.

Inside Clanton's Narrows Road home, authorities said they found 300 guns, one stolen from a cop, 300 rounds of ammunition, a bullet proof vest, a realistic-looking photo ID for HIDTA, the acronym for the law enforcement agency known as High Intensity Drug Trafficking Area.

They also found warrants he created on his computer.

Armed with such a warrant, authorities said, Clanton kicked down the door of a Jackson Heights home on Jan. 8.

"I am a DEA agent," police said Clanton claimed. He then stole at least $4,000, plus jewelry, before fleeing.

Then, on Feb. 7, with authorities now tipped to what Clanton was doing, Clanton was seen casing a Sunset Park home whose tenant he planned to rob, officials said.

Authorities arrested him Tuesday. He was close to pulling that robbery, authorities said, as in his apartment they found a search warrant, adorned with a seal that resembled the Drug Enforcement Administration and with the 64th Street address printed on it.

Clanton, who also went by the name Dennis Condon, is being held without bail. His attorney could not be reached to comment.

Clanton has been on federal probation since 1995, when he was released from prison after serving 97 months for an Eastern District case in which he was convicted of the gunpoint robbery of an undercover police officer to whom he had sold a gun.

Clanton, apparently unaware the seller was a cop, tried to shoot him dead in a car, but fate intervened, with back-up listening in on the officer's wire.

"You heard the undercover begging for his life," Capt. John Burke said yesterday. "You heard him pull the trigger three times, but it misfired."

After A Sting, Gun Dealer Gets Stung (PHI)

By Melissa Dribben

The Philadelphia Inquirer, February 16, 2007

Fifteen years ago, when Raymond Tanner graduated high school, his dad switched careers.

Radically.

He sold his share of a dairy farm stand and opened a gun shop. The Bucks County family had always loved hunting, Tanner says, so selling rifles, revolvers and cartridges was a logical move.

But going from butter to guns has its downside.

You have to worry about doing business with the wrong customers. And a Washington lobbying group could post your name on its Web site, naming you as an arms dealer who caters to criminals.

Which is what happened last month when the Brady Center to Prevent Gun Violence released a report, "Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers." Tanner's store was featured as one of the scurrilous.

What the Brady Center didn't know is that the sale had been a sting, arranged in cooperation with the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

Lanky and laid-back, a yellow polo shirt tucked loosely into his jeans, Ray Tanner, 33, now manages Tanner's Sport Center in Jamison, Bucks County, for his father. The family prides itself on running an honest operation, he said.

Along the back wall, hundreds of rifles stand at attention, mahogany stocks gleaming, barrels pointed skyward. In one corner, a massive elk with prodigious antlers appears to be caught, mid-charge, coming through the wall.

In this small suburban shop, which stocks fishing reels and insect repellent, baseball caps and flashlights, as well as 1,500 firearms - about half of them handguns - spotting bad guys is relatively easy.

About once a month, the sales staff turns away a suspicious customer. Usually, Tanner says, a couple will come in. The man will look at handguns. He'll know just what he's looking for.

While he considers the fine points, the woman will wander around, utterly uninterested. But when they're ready to buy, she'll be the one filling out the paperwork. If it can be proved she bought the guns for the man, it is a "straw purchase" - a felony.

Gun shops that willfully sell to straw purchasers can also lose their license and face prosecution, says John Hageman, special agent for the Philadelphia office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

So gun dealers are in a tricky spot, Hageman says. "They are businessmen dealing in a commodity. If they profile people, they risk alienating legitimate customers. But if they aren't suspicious enough and allow criminals to buy guns, they risk not only their credibility and their license, but people's lives.

"It is not an exact science," Hageman says.

Two years ago this month, a local ATF agent dropped by Tanner's with a photograph of Michael Daniels, 31, of Philadelphia, a convicted felon suspected of patronizing gun shops in the area.

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A few weeks later, on Feb. 21, Daniels showed up. "We recognized him right away," Tanner says. He strolled in with another felon, Lawrence Whitehead, and a crack addict, Angela Miles, 32, both Philadelphia residents. She hung out, Tanner says, while the men shopped for a Glock and two other pistols.

Without a word, one of the sales staff slipped into the back and called the ATF.

"They said they couldn't send someone over right away and asked us to stall," Tanner recalls. "We were told they were felons, but we didn't know what these guys had done."

According to court documents, Whitehead, 28, had escaped from a halfway house after spending seven years in prison for robbery. Daniels had multiple robbery and drug convictions. Neither could pass the background checks required for a gun purchase.

So when it was time to pay, they summoned Miles to the cash register.

Whitehead and Daniels agreed to give her $25 of crack and $65 cash if she put her name on the forms, court records said. Before leaving Philadelphia, she'd smoked the down payment.

When Miles finished the paperwork, the salesman told her that the computer system was down, so they couldn't do the background check until the next day.

Later, Tanner learned that the three drove to another gun shop to see if the computers were really down.

They were.

The next day, Daniels, Whitehead and Miles returned to complete the purchase. When they left the shop, the ATF was waiting to greet them.

Miles cooperated with the federal agents, according to court records, and was found to have bought an additional nine handguns in 2001, three of which were recovered by the Philadelphia police in connection with crimes.

The mother of seven (according to court documents, she is not involved in their care), Miles was initially given four years' probation, but she violated the terms, so she was sentenced to five months in custody.

Whitehead was sent to prison for 46 months. Daniels was sentenced to 60 months.

And Tanner's Sport Center?

A black eye for good behavior.

Oops.

A local newspaper ran the news from the Brady report on the front page.

"The phones started ringing off the hook," Tanner says. Some customers were outraged and threatened never to do business with the place again. Others called to say they couldn't believe it was true.

Tim Moran, who was working the counter the day of the sting, looked up the Brady Center on the Internet and called to complain. Dennis Henigan, legal director for the group, called him to apologize. Tanner's was removed from the report, and a correction was posted on the Brady Center's Web site.

"It's the first time that this has happened," Henigan said this week.

IMMIGRATION:

Cuban Jetliner Bombing Suspect Faces US Immigration Trial (AFP)

By Marie Gilot

AFP, February 16, 2007

An anti-Castro militant accused of bombing a Cuban jetliner in Venezuela three decades ago will face trial in the United States on May 11 on charges of lying in his citizenship application, a US judge has ruled.

Both Cuba and Venezuela have protested the fact that the United States has not pressed charges against Luis Posada Carriles, 78, for allegedly masterminding the 1976 bombing that killed 73 people.

Posada has denied his involvement in the jetliner bombing, but has reportedly admitted involvement in a string of hotel bombings in Cuba in 1997 and in a plot to kill Cuban leader Fidel Castro in Panama in 2000.

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Venezuela and Cuba have also accused the United States of hypocrisy for refusing to extradite Posada to face terrorism charges in Venezuela.

"The United States has resorted to a new legal subterfuge to avoid charging Luis Posadas Carriles for what he really is: a murderer and a terrorist," said Cuba's Foreign Ministry earlier this month.

The US government tried to deport Posada after he held a May 2005 press conference in Miami which alerted immigration officers that he had entered the country illegally.

But a US judge ruled Posada cannot be deported to Cuba or Venezuela, where he was a naturalized citizen, because he may face torture there.

US authorities have so far been unable to find a country willing to take Posada, a native Cuban and former CIA operative who was trained to participate in the failed Bay of Pigs invasion of Cuba in 1961 and went on to become chief of operations at Venezuela's secret intelligence police, Disip, in the 1970s.

The crime for which he is being prosecuted in the United States is relatively minor, though it carries potentially stiff penalties.

Posada allegedly lied about how he had entered the country when applying for asylum. Court documents showed he said he was smuggled in by land in March 2005, but a government investigation found out that he really arrived by boat with other anti-Castro militants who are now also under indictment.

Posada has pleaded not guilty to the immigration charges for which he could face up to 10 years in prison for fraud and up to five years for each of six counts of making false statements.

He has been held in an El Paso detention facility for more than a year and a half and has been pressing to be released so he can be with his wife, children and grandchildren who live in Miami.

Posada, who is in ill health, was transferred to the El Paso facility because he could have access to a high-quality clinic and because authorities were fearful for his safety in Miami.

Santiago Alvarez, Posada's benefactor who allegedly helped bring Posada to the United States, is currently serving time on federal weapons charges out of Florida for amassing an illegal arsenal apparently meant to help topple Castro. That case did not involve Posada.

TAX:

Democrats Focus On Tax Relief For Middle Class (WSJ)

By Sarah Lueck

The Wall Street Journal, February 16, 2007

WASHINGTON -- The new Democratic-controlled Congress is looking to rein in looming tax increases on the middle class, possibly covering the cost by raising taxes on upper-income households. And the Bush administration may not stand in the way.

The possible bargain centers on the Alternative Minimum Tax, a kind of parallel income tax that hit 3.5 million U.S. taxpayers in the 2006 tax year. Congressional Democrats are eager to keep the AMT from ensnaring millions more middle-class taxpayers. They also must find a way to cover the estimated $50 billion cost of scaling back the tax this year.

In recent days, Bush administration officials have signaled they may not oppose a likely method of covering those costs: raising taxes on the nation's wealthiest citizens. That concession could mark the beginning of a bigger debate on revisiting the Bush tax cuts, which could ultimately lead to reversing at least some of the cuts given to upper-income Americans over the past six years.

The AMT dates back to the late 1960s when Congress discovered that a small number of upper-income households had managed to avoid federal income taxes entirely by exploiting deductions, credits, loopholes, and shelters. The AMT has been adjusted since. But because it has never been indexed for inflation, rapidly growing numbers of taxpayers are vulnerable to its bite. The Treasury estimates that unless Congress acts, more than 23 million households will be affected by the AMT in the current tax year, many with incomes below $100,000.

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Among those most likely to face higher tax bills because of the AMT, at least in the near term, are those who live in high-tax states such as New York, California and Massachusetts, which also tend to be Democratic-leaning. Unlike regular income taxes, the AMT doesn't provide for deductions of state and local taxes.

The Bush tax cuts have accelerated the AMT's reach into the middle class, by reducing the amounts those households would pay under the regular income tax. That's particularly true for families claiming multiple child credits.

The White House and key lawmakers in both parties agree some kind of fix should be enacted to prevent the AMT from reaching further into the middle class, at least for this year. The big question: If Congress passes a bill raising taxes to finance such a measure, would President Bush, a staunch opponent of tax increases, veto it?

Mr. Bush is likely to remain firmly opposed to raising marginal tax rates. But administration officials have been quietly suggesting that he wouldn't necessarily object if Democrats passed a "revenue neutral" bill that cut taxes paid under AMT and raised them elsewhere to offset any revenue lost to the Treasury.

These officials say replacing the tax increase that's scheduled under the AMT with a tax increase somewhere else doesn't, on balance, raise taxes. Indeed, a health-care proposal Mr. Bush recently floated to raise taxes on people with high-value health benefits shows he is willing to accept some forms of tax increases on upper-income Americans.

Democrats have been circumspect about disclosing their plans for new taxes, which are in the early stages. A group of Democratic senators yesterday unveiled a proposal for new middle-class tax breaks, including extending AMT relief for two years. A spokesman for one of the sponsors, New York Sen. Charles Schumer, said the lawmakers would suggest paying for that relief through some combination of higher taxes on oil companies, higher taxes on families making more than $400,000 a year, and ramping up enforcement to grab more of the "tax gap," taxes that the Internal Revenue Service says are owed but persistently aren't paid.

The chairman of the Senate's tax panel, Montana Democrat Max Baucus, recently proposed eliminating the AMT.

Beyond the next year or two, House Democrats are studying how they might enact a longer-term AMT reprieve for some taxpayers. One option under discussion would permanently exempt households with annual incomes of as much as $250,000 from paying the AMT, with some kind of graduated relief for those between $250,000 and $500,000. To offset the revenue shortfall, people making more than $500,000 a year could be required to pay more tax, either through a higher AMT rate, or higher regular income-tax rates.

It's unclear whether the administration would be amenable to such a major change and its attendant tax increases. But some Democrats are saying that providing a tax cut for the middle and upper-middle classes would have political and policy benefits that justify tackling the issue.

"It's going to cause a little pain. I think for what we're doing, it's worth it..." says Rep. Charles Rangel (D., N.Y.), chairman of the House Ways and Means Committee.

The AMT requires taxpayers to do two sets of calculations. First, they calculate their taxes using regular rules. Then they have to calculate their taxes again using a second set of rules, and pay whichever sum is higher. Typically, the very wealthy don't get hit by the AMT because their regular income-tax liability tends to be higher, although the bulk of filers who pay the AMT have incomes above $200,000 a year.

Rep. Richard Neal (D., Mass.), tapped by Mr. Rangel as the House Democrats' point man on the issue, declined to comment on what specific direction he wants to take on the AMT, saying only that he is seeking an "egalitarian" approach. Mr. Neal has in the past proposed eliminating the AMT altogether, and making up for the lost revenue with graduated income-tax increases for households with incomes of $120,000 a year or higher.

There's broad agreement in Congress that something should be done about the AMT. For the past six years, with a Republican majority, lawmakers have voted to exempt millions of people from paying the tax, keeping the number of people affected by AMT at less than four million.

But this year, House Democrats have reinstated 1990s-era budget rules that lapsed under Republicans -- requiring new tax cuts to be offset by equivalent tax increases or spending cuts. Senate Democrats have indicated they will do the same.

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And that, in turn, is leading to the bigger debate about the Bush tax cuts. Democrats are gearing up to make the case that many middle-class families wouldn't fully benefit from those tax cuts because of the AMT -- and thus, it's a matter of fairness to modify the AMT, possibly by undoing some of those cuts.

Many Democrats say the Bush cuts are the biggest factor in making middle-class people more likely to pay the AMT. Some Republicans, meanwhile, say that it's illogical to make AMT relief contingent on raising taxes to offset lost revenues, since Congress has been rescuing most people from AMT expansion anyway.

Those points will be a major focus of a series of hearings next month by the Select Revenue Subcommittee of House Ways and Means. "There are a lot of people who never really benefit from the Bush tax cuts," says Mr. Neal, who is chairman of the panel. "There will be a full acknowledgement that is the case."

Reps. Rangel, Neal and others say the people in their states are acutely aware of the threat of the AMT, despite the repeated patches passed by Congress.

In Westchester County, which covers several New York Democrats' congressional districts, County Executive Andrew Spano's financial adviser recently warned him he might be hit this year by the AMT. Mr. Spano, who is married and has a salary of $163,000, has been urging action in Washington to rein in the AMT. In the past, Mr. Spano hasn't been personally affected by the tax. "I'm not happy about it, but I'm in better shape than most," he says. Even people with seemingly high incomes may have trouble paying the AMT in areas like Westchester County, where the cost of living is high, he adds.

One self-described "plain vanilla taxpayer" who Mr. Neal's office offered as an example is Maggie Rauh, a 40-year-old tax accountant in Chicopee, Mass. Ms. Rauh and her husband have three children under 12 and a combined income of $75,000. She tracks their projected tax refund monthly and says she recently was "shocked" to find out they would be subject to the AMT. "I sat here at my computer and my jaw dropped," says Ms. Rauh. "I was outraged."

Ms. Rauh, who usually votes Republican, says she was happy about recent income-tax cuts passed by Congress, especially the bigger credits provided for each child. But with the AMT, "I'm losing any kind of gain I got," Ms. Rauh says. The Rauhs say they will owe a projected $7,500 this year because of the AMT, compared with the $6,100 they would have owed under the regular income tax.

"That $1,400 is our vacation, our trip to Disney," Ms. Rauh says.

According to a recent report by the Congressional Research Service, households with incomes as low as $50,000 to $70,000 could be hit with the AMT this year. Taxpayers at the lower end of the income range include those claiming three or more children.

For married couples with two children and an income of $70,000, 21% of the value of the Bush tax cuts, or $427, would be lost to the AMT. That "take back" effect is higher -- more than 60% or $2,500 -- for people with incomes of $100,000 to $150,000 and two children, the report said.

Mr. Neal plans to suggest possible solutions to Mr. Rangel by April. "We're going to have to get together and find out what is the political power of 23...million people, over those that will get hurt," says Mr. Rangel, "which I don't think is a big problem."

Democrats Push Economic Policy That Benefits Poor, Middle Classes (KCS/MCT)

By Kevin G. Hall

The Kansas City Star, February 16, 2007

WASHINGTON - Democrats in Congress are moving quickly to impose their economic agenda now that they've returned to power on Capitol Hill. They're shrugging off strong macro-economic indicators to spotlight sluggish wage growth and a rise in mortgage defaults, and they're even pressuring the Federal Reserve to lower interest rates.

Many Democrats campaigned against the trend of widening income inequality, and they're trying to make good on promises to push economic policy to better serve the poor and middle classes.

Democrats don't dispute that 4.8 percent unemployment is near historic lows. And they acknowledge that the economy continues to grow at nearly its potential, despite a housing recession.

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Even so, they're homing in on narrower issues, such as a rise in mortgage defaults by holders of sub-prime loans, who tend to be minorities and working-class Americans. And they're addressing the job insecurity and general unease many Americans feel over how much the global economy now influences the U.S. economy.

"They're trying to tap into pockets of discontent," said Brian Bethune, chief U.S. economist for Global Insight, a consultancy in Lexington, Mass. "From a point of view of the economy as a whole, the performance of the economy has been exceptional."

Democrats feel that working Americans aren't fully sharing the benefits. Their agenda was on clear display Thursday.

Sen. Charles Schumer, D-N.Y., and a group of freshmen senators introduced a bill promoting what they called middle-class tax cuts. It includes a new tax credit for care of elderly family members and expanding the child tax credit.

Over at the Senate Finance Committee, Chairman Max Baucus, D-Mont., grilled U.S. Trade Representative Susan Schwab and called for new federal assistance programs to aid service-sector workers displaced by globalization. This "globalization adjustment assistance" would expand programs that help workers who've lost factory jobs to cheaper labor overseas.

In the House of Representatives, Financial Services Committee Chairman Rep. Barney Frank, D-Mass., accused Federal Reserve Chairman Ben Bernanke of a bias toward high lending rates that hurt working Americans.

Just a day earlier before the Senate Banking Committee, Bernanke sparked a stock-market rally by suggesting that inflation pressures were moderating and that economic growth was rebounding. But Bernanke hinted that the Fed is likely to maintain its benchmark lending rate at 5.25 percent - where it's been since August - to guard against inflation in case growth proves stronger than expected.

"If you think it might be more than you think, why did you think it?" Frank asked in a testy exchange. "It does seem a little odd for you to say, `Here's what I think, but it might be worse than I think.' That is literally double-think."

Bernanke held to his view that inflation poses a threat, but he did give ground to Frank on another key Democratic point. He said that there's ample room for businesses to offer higher wages without having to raise prices. Democrats are holding hearings about excessive CEO pay, contrasting that with several years of flat wage growth for workers despite high corporate profits.

The Fed chairman also was grilled on whether predatory lending explains the rise in sub-prime mortgage defaults. The Fed issued new guidelines last year for lenders and borrowers about creative loans that are getting people into homes they previously couldn't afford.

Pressed by Democrats, Bernanke said he would reissue those guidelines to include so-called "2/28 mortgages," which offer a low fixed rate for two years, then adjust annually for the next 28 years. These loans, often offered to minorities and working-class Americans, could leave borrowers with mortgage rates of 13 percent or more.

Bernanke said that a new federal standard defining predatory lending might be necessary, but he added that it should come only after states tried to define and test such standards.

CONGRESS-ADMINISTRATION:

Congress Unease Threatens Doha Deal (FT)

By Krishna Guha And Eoin Callan

Financial Times, February 16, 2007

Unease about globalisation among US legislators is so great that a Doha deal would probably be rejected by Congress, Barney Frank, the Democratic chairman of the House financial services committee, claimed on Thursday.

His remarks, at the second day of testimony by Ben Bernanke, the Federal Reserve chairman, come at a moment when the administration is locked in tense negotiations with the Democratic leadership on trade policy.

Mr Frank said: “My own view is that if they were in fact to come to an agreement in the Doha round that the resulting agreement – if they reach it as they are currently talking about – would not pass the House of Representatives.”

While Mr Frank has no specific role in trade, these comments from a senior Democrat show how difficult it will be to reach a compromise satisfying rank-and-file members while keeping open the possibility of further trade deals.

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Max Baucus, chairman of the Senate finance committee, told a trade hearing on Thursday: “I believe we must seize the opportunity to renew fast-track [trade negotiation authority].” But he said it would be essential to “rethink it” – providing better safety nets for displaced workers.

“Many in Congress feel they are not listened to,” Mr Baucus said. “That must change. We must also consider fast-track in the context of Americans’ growing unease over globalisation, international trade, and outsourcing.”

Mr Frank, who is not himself a protectionist, attacked free market purists for provoking a backlash against globalisation. “We are at a very sensitive moment in the making of economic policy in our country,” he said.

Mr Frank said the policy of “a full embrace of globalisation, of technological change” has “now come to an end” because people doubt unfettered free movement of capital is in their interest.

He urged free traders to support policies that spread the benefits more broadly in society.

Backlash Grows Against Free Trade (CSM)

By Mark Trumbull

The Christian Science Monitor, February 16, 2007

Worries about the dark side of free trade are surfacing in the United States in ways that could affect the course of globalization worldwide.

Don't expect an outright retreat from global commerce just yet, but it is becoming more likely that the US will act to temper and manage its impact. The reason: Free-trade brush fires have recently erupted on economic and political fronts:

• This week, the Commerce Department said America's trade deficit rose to $764 billion in 2006, as imports outstripped exports by a record amount for a fifth straight year.

• Democrats are in control of Congress, with new lawmakers in their ranks who are especially eager to do something about what they see as unfair trade practices by China. Bipartisan bills introduced this week could result in retaliatory tariffs or revocation of China's trade status with the US.

"There was a time 10 years ago when it seemed like globalization was consensual, and there were very few remaining questions about whether it was ... a good thing," says Jeffry Frieden, an expert on global economics at Harvard University. The reality, he says, includes a caveat: Trade "can make everyone better off, so long as you compensate the losers."

Concern about globalization is hardly limited to the US. From Europe to Latin America to China, the pattern is the same: Not everyone feels better off, and in those regions, political consequences can include riots or the rise of nationalist governments.

But America, which as the world's largest economy has led the march toward expanding trade for decades, remains an important influence on the world.

Most trade experts don't foresee an outright reversal of the trend. The world's biggest economies are now heavily reliant on trade. Exports account for about 40 percent of Germany's economic activity and a similar share in China, according to Joseph Quinlan, a Banc of America investment strategist in New York.

But the tenor in the halls of power has changed. Supporters of globalization are expending more energy to defend the concept – often calling for new policies to help compensate workers whose jobs migrate abroad.

"[To] retain support for policies of free trade ... we need to make sure that the gains and benefits from these powerful, growth-producing forces are broadly shared," Federal Reserve Chairman Ben Bernanke said this week in response to a question during congressional testimony.

Trade has always been always destabilizing for the workers in affected industries. What's new is the unprecedented scale and pace of change worldwide. In the 1980s and '90s, China, along with former communist nations and former post-colonial regimes on several continents, joined a global market for labor and goods. Communications technology has been a force of acceleration.

This has been hugely beneficial overall, most economists say. But it comes with strains on jobs and wages that are increasingly apparent. In a USA Today/Gallup poll last year, nearly two-thirds of respondents said trade "mostly hurts" US workers.

One idea under review on Capitol Hill is wage insurance, which provides income as displaced workers transition toward new careers.

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The bills this week focus on trying to level what many lawmakers see as a tilted playing field – especially with export powerhouse China.

A bipartisan bill introduced Tuesday would rescind China's Permanent Normal Trade Relations (PNTR) status. It is sponsored by Sens. Byron Dorgan (D) of North Dakota, Lindsey Graham (R) of South Carolina, and Sherrod Brown (D) of Ohio.

Another new bill, the Fair Currency Act of 2007, classified China as a currency manipulator in violation of US trade law. A tariff boost is threatened under this bill backed by Reps. Duncan Hunter (R) of California and Tim Ryan (D) of Ohio.

Meanwhile, the Bush administration and trade advocates in both parties are scrambling to build support for so-called "fast track" authority to negotiate new agreements to expand trade.

Skeptics abound.

"We need to declare a moratorium on new trade agreements until we figure out how to do this right," says Alan Tonelson of the US Business and Industry Council, which represents companies concerned about the erosion of US manufacturing.

It remains unclear whether the advocates of a harder line on trade will gain traction. Some economists believe this will be a better year for US exports – and a narrowing in the trade deficit.

And that deficit, they say, is not in itself a sign of economic decline. But it could be unsustainable if other nations grow less willing to finance that deficit by lending to the US.

"The real key is to take advantage of our educational system to acquire higher-value skills" and the jobs that go with them, says Paul Kasriel, an economist at the Northern Trust Co. in Chicago.

White House Cuts Attachment To Pork Spending (WT)

By Stephen Dinan

The Washington Times, February 16, 2007

The Bush administration no longer will be bound by most congressional pork-barrel spending requests, the director of the White House's Office of Management and Budget said yesterday in a memo on how federal departments and agencies should treat money in the new spending bill the president signed into law.

Some Republicans hailed it as a giant turnaround, while Democrats said they already had taken steps to restrict pork spending this year.

More than 95 percent of pork-spending requests, known as earmarks, are never enacted as laws, but rather are written into reports that do not have the force of law. For years, most departments and agencies have honored the requests anyway, fearing that otherwise their funding would be cut the next year.

OMB Director Rob Portman's memo says the Bush administration will feel free to ignore those requests.

"In short, funding decisions should be based on the merits, in accordance with the law," Mr. Portman said.

Earlier in the day, President Bush signed a $463.5 billion spending bill to fund the government through the end of fiscal 2007, taking care of the appropriations measures left unfinished by the Republican-controlled Congress last year.

In that bill, Democrats swore off most earmarks, part of a moratorium while they consider rules to bring transparency to spending. But Mr. Bush said after signing the bill that Congress still had to do more against earmarks.

"As the Congress takes up the 2008 budget, it should continue to take steps to improve transparency for all earmarks, provide the option of an up-or-down vote for each earmark, and reduce the number and cost of earmarks by at least half," he said.

The Energy Department and other federal agencies have reported that lawmakers, both Republicans and Democrats, are still placing calls to demand privately that their pet projects be funded.

Republicans said the memo yesterday short-circuits that.

"The president handed American taxpayers a huge victory today by stopping all of the backdoor earmarks Congress requests hidden in reports and through secret e-mails and phone calls," said Sen. Jim DeMint, South Carolina Republican, who for the past year has pleaded with Mr. Bush to take this step.

Earmarks have jumped from obscurity to become a hot topic on Capitol Hill, thanks to projects such as the $223 million so-called "Bridge to Nowhere," which was backed by Alaska's Republican lawmakers but was scuttled after public outcry.

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Fiscal conservatives acknowledge that eliminating earmarks does not necessarily save any money, but they argue it allows the government to spend the money on the right projects.

"Federal agencies can now use these funds to advance their core missions and serve true national priorities," Mr. DeMint said.

Democrats said Mr. Portman's memo followed through on their own wishes to put a moratorium on earmarks this year, which they wrote into the spending bill.

"He's just doing what we told him," said a House Democratic aide.

Letters (WSJ)

http://online.wsj.com/page/2_0048.html, February 12, 2007

LETTERS

If the Big Six Want to Talk About CO2 Emissions, California Will Listen

In response to your Feb. 6 editorial "Legal Hot Air":

The world's six largest automakers are crying foul about a recent case filed by California seeking redress for CO2-induced damage. They argue that courts are not the proper place for this kind of "global" issue. This sudden aversion to litigation is perplexing, given that these same companies have sued states repeatedly, in numerous jurisdictions, insisting that the courts must overturn all state laws dealing with greenhouse gas emissions. The companies hew to this path of complete resistance despite the fact that the vast majority of climate scientists believe that the world is facing a potential catastrophe.

Let me be clear: I also would prefer to reach solutions outside of the courthouse. Litigation can be expensive and time consuming. That is why I asked for a meeting with each of the CEOs of the car companies to find practical solutions to global warming. If they want to sideline the lawyers and talk about solutions, I am all for it. Meantime, they shouldn't call California's lawsuit "frivolous" while maintaining so many lawsuits of their own.

California's public nuisance case is well grounded in precedent. For more than 100 years the Supreme Court has allowed states to take legal action to prevent the destruction of their air and natural resources. In a case called Georgia v. Tennessee Copper, Justice Oliver Wendell Holmes -- not a man known for indulging frivolous claims -- wrote, "It is a fair and reasonable demand on the part of a sovereign that the air over its territory should not be polluted on a great scale . . . or threatened by the act of persons beyond its control. . . ." More recently, the Supreme Court declared, "Air pollution is, of course, one of the most notorious types of public nuisance in modern experience."

The Big Six automakers generate 20% of all of the human-made carbon dioxide emissions in the U.S., and at least 30% of such emissions in California. Yet they oppose any federal action to curtail greenhouse gases. To date, their intense lobbying has been very successful: Congress has not improved fuel efficiency standards in 15 years, President Bush steadfastly refuses to consider caps on greenhouse gases, and the Environmental Protection Agency says that the Clean Air Act does not apply to CO2.

Meanwhile, California, with more than one thousand miles of coastline and a Sierra snow pack containing one third of the state's annual water supply, faces rising sea levels and rapidly melting snow. This threatens levees, flood control systems and California's irrigated agriculture. Already, spring snow melt occurs a week earlier, with greater flooding, than it did 30 years ago. The U.N. Intergovernmental Panel on Climate Change just warned us again that the threats from global warming are mounting. It is time to act.

Under our tripartite system of government, courts have an essential role to play, even in issues as complex as global warming. Justice Holmes could be speaking directly to the automakers, when he wrote: "This is a suit by a state for an injury to it in its capacity of quasi-sovereign. In that capacity the state has an interest independent of . . . its citizens, in all the earth and air within its domain. It has the last word as to whether its mountains shall be stripped of their forests and its inhabitants shall breathe pure air." And, we can add, whether emissions of greenhouse gases can harm its economy and environment.

Global warming is a serious, unavoidable challenge and we need to face it. The path of litigation, first taken up by the auto companies, is not my preference. But a legal cease fire requires that both sides lay down their arms. We should use our considerable joint resources to help fashion a common sense and practical approach. I stand ready to do so.

Edmund G. Brown Jr.

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Attorney General of California

Sacramento

Required Health Plans Ethically Impossible

We read of health-care plan after plan that in some manner "require" all people to purchase health insurance ("The Budget and Your Wallet -- How Plans to Expand Health Coverage Could Affect Insured," Personal Journal, Feb. 6). Exactly what are we to do with the person who doesn't purchase health insurance (thus, breaking the law), and then who shows up at the door of the ER with chest pains?

Until we are willing to let people die on the steps of the hospital, an approach that I don't support, any law "requiring" the purchase of coverage, without active enforcement and without penalties for non-compliance, will quickly be written off by the uncovered masses as a law without teeth. "Requiring" coverage is just a feel-good phrase.

Mark McAllister

Johnston, Iowa

Gutter Snipes or Savvy Businessmen?

Friday's piece on strippers and Super Bowl Sunday ("Wardrobe Malfunctions, Inc.," Weekend Journal, Feb. 2) was certainly funny, but the sound of my own chuckles had the fortunate effect of bringing me to my senses. I remembered how our popular culture continues to slide into the gutter without much of a splash or any apparent resistance from those who know better.

Who but a sanctimonious prude would question another man's decision to amuse his friends at half time by paying a stranger to remove her clothing right there in the den among the nachos, chicken wings and Little League trophies? To call it sleazy or dishonorable seems too harsh and uncomfortably judgmental.

And that's my point. Hiring a stripper is sleazy and dishonorable, but I get the sense that, by an unspoken rule among us men, we're all supposed to keep our mouths shut about it and just have a few laughs. The tone of this story, even its publication, suggests that the Journal has, on some level, adopted that unspoken rule. We should all know better. Why not some dissent for a change?

John Mulcahy

Philadelphia

Sam Walker wrote a really terrific article. I administer a class at the University of Arizona designed to encourage science students to become entrepreneurs, and only days ago did we discuss supply-chain management and distribution. When I read this piece, I was delighted how he exposed the business side of this industry and articulated the need for superb supply-chain management and customer-needs analysis to sustain and grow these businesses. The article reinforced a guiding principle I emphasize in my class: The fundamentals of operation, sustainability, growth and expansion of any business are universal across industry lines. The distribution techniques that bring triumph to the "exotic dancing" industry can also bring success in biotechnology and optics. The article serves as a great case study. You can learn a lot from any victorious business, and I hope my students got this message from the piece as much as I did.

Director of Special Projects

College of Science

The University of Arizona

Tucson, Ariz.

What Mean Means

Dr. Robert Myers, in his Feb. 1 Letter to the Editor responding to Charles Murray's three-part editorial-page series "On Education," compounds Mr. Murray's original error regarding definitions of mathematical mean vs. mathematical median. Mr. Murray stated that half of all children in the U.S. are below average intelligence; Dr. Myers stated that Mr. Murray should have written below the mean, not the average.

The mean and the average are the same thing. What both authors should have said is median. The median, by definition, is the value below which exactly half of the sample points fall. Though for many common statistical distributions the mean, a.k.a. average, and the median are close, sometimes equal, they are not necessarily so.

Arthur H.M. Ross, Ph.D.

DOJ_NMG_0132881

Laguna Niguel, Calif.

Senator Seeks to Focus The War on al Qaeda

Kimberley A. Strassel's Feb. 2 Potomac Watch column "Senator Feingold's Sin" was right to single out the senator's "honesty" and "backbone" for his effort to require that U.S. troops be redeployed from Iraq. But to say that "the Wisconsin pacifist might not understand the importance of winning in Iraq" misunderstands Sen. Feingold and his effort, which is based on strengthening U.S. national security above all else.

The senator called for redeploying our troops from Iraq because our massive, indefinite presence there is weakening our ability to fight the terrorist networks that threaten this country around the world. He voted to go to war in Afghanistan precisely because he wanted U.S. forces to eliminate the Taliban and destroy a safe haven for terrorist networks that threaten our country.

As your editorial noted, Congress has the power to end a war. Sen. Feingold wants Congress to use that power to end U.S. involvement in this disastrous war in Iraq, so that we can fight al Qaeda and other global threats more aggressively and effectively. That doesn't sound like a pacifist, does it?

Hail To The Presidents' Pastry Chef (USAT)

By Jayne Clark

USA Today, February 16, 2007

BETHESDA, Md. — Roland Mesnier, the French pastry chef who for a quarter of a century whipped up confections fit for presidents, is, at the moment, fixated on kings. Of the dessert variety, that is.

"Look at this galette. The glace!" he exclaims, jabbing a finger at the display case in a suburban Washington bakery. "This is French king cake. Not the New Orleans kind, which is awful — dry bread with colored sugar. And those beads! I had a friend who sent some to the White House. The staff wouldn't even eat it."

Not that they needed to, what with Mesnier churning out desserts to die for from the Carter administration right into George W. Bush's second term.

"I'm one of the few chefs who has left the White House with a good taste in my mouth," he says, making his way past racks of cookies and tarts to a corner table.

Indeed, of the six executive chefs who served during Mesnier's tenure, three were let go, he says. He retired in 2004 but has returned for brief stints since.

His new book, All the Presidents' Pastries: Twenty-Five Years in the White House (Flammarion, $24.95), out in time for Presidents Day, is peppered with reminiscences and insights from those years, plus recipes for presidential favorites such as pecan bourbon pie (Jimmy Carter) and quick chocolate mousse (Ronald Reagan).

Charming and expansive both in personality and girth, Mesnier clearly doesn't deprive himself of his own creations. And as a chef he has some strong opinions on the state of food in America.

"I eat on the road constantly, and I know what's out there. And it's not pretty," he says.

But first, some White House dish.

•Most exacting first lady: Nancy Reagan. "She ran the house with an iron fist. Nothing was done in the White House foodwise — tablecloths, flowers, entertainment — without her knowledge. But I love that. It's because of Mrs. Reagan that I succeeded the way I did."

•Most unappetizing dessert he ever had to prepare: a Clinton family favorite featuring Coca-Cola jelly. "I don't discuss it. I didn't even taste it."

•Most demanding White House guests: former French president François Mitterrand and his wife, Danielle. "They thought they were royalty. That's why they went so well with the Reagans."

•Most taxing first family to work for: the Clintons. "They'd throw parties for 1,200, 1,500, 2,000 in tents, which we were instructed to call 'pavilions.' Physically, it killed me."

•Impressions of the first ladies: Rosalynn Carter — "Extremely gracious. The staff truly loved her." Nancy Reagan — "A perfectionist (who) wasn't big on compliments." Barbara Bush — "The ultimate first lady. She could do so many things." Hillary

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Clinton — "Extremely nice. Very generous with her time." Laura Bush — "Very knowledgeable about food — one of the few first ladies who could discuss taste and texture."

Despite his French origins and European training, Mesnier believes American food is among the world's best. Sadly, however, so many top chefs these days are seeking celebrity, and they're not in their kitchens where they belong, he says.

Blame it on the Food Network.

"It's destroying cooking," Mesnier says. TV personality "Rachael Ray tells you she can create a good meal in 20 minutes. You know why? Because she has a can opener! Steal her can opener, it's over. It's impossible to make a good meal in 20 minutes."

Or, obviously, a head-turning dessert for a formal White House dinner. For state dinners, Mesnier created one-of-a-kind confections using ingredients reflective of products from the honored head of state's country.

There was the chocolate box replete with liquor-filled citrus sorbets for a dinner honoring the king of Spain; the creation for the Japanese prime minister he dubbed the Bonsai Garden of Sweet Serenity; and his final triumph, an oyster shell of white chocolate filled with a dark nougat glace "pearl" against a backdrop of chocolate seaweed for an Australia state dinner last June.

Having hung up his chef's hat, Mesnier no longer traffics in these grand indulgences. (Truth be told, he's more of an apple pie man.)

But he's still dreaming them up:

"I build desserts in my sleep."

On Presidential Coinage (NYT)

The New York Times, February 16, 2007

Perhaps the most striking thing about the new presidential coin released yesterday is that Congress has asked the United States Mint to issue one for every president from George Washington to Gerald Ford. With four new coins coming out each year, it will be hard to complain about the 2007 series, which offers a bumper crop of Founding Fathers. Washington, who appeared yesterday, will be followed by John Adams, Thomas Jefferson and James Madison.

The down side of this inclusive approach, though, is that not every year will be so glorious.

The year 2010, for example, stands out as looking particularly dispiriting. The first coin will bear the likeness of Millard Fillmore, who may be best remembered today for signing the Fugitive Slave Act into law. The next will belong to Franklin Pierce, a hard-drinking military man who was derided as the "victor of many a hard-fought bottle."

Collectors who hold out until 2014 will be rewarded with a dollar bearing the visage of Warren G. Harding. A shiny dollar may be a fit commemorative for a president whose administration is best remembered for the Teapot Dome scandal, when lots of oil money sloshed corruptly around Washington. And later that same year, there will be a coin for Herbert Hoover, who presided so unsatisfactorily over Depression-era America. For Hoover, the dollar may appear to be poignant commentary.

From there it is a short two years until Americans get their hands on the first Richard M. Nixon dollar.

The decision to make a line of presidential coins was a natural one, and once made, it would be hard to pick and choose. If you started by removing Millard Fillmore, where would you stop? But there is a real educational value in including every president. At a time when the current occupant of the White House thinks presidential powers should be expanded to new extremes, the series will be a four-times-a-year reminder that not everyone who makes it to the White House belongs on Mount Rushmore.

Mea Culpa To Bush On Presidents Day (USAT)

USA Today, February 16, 2007

Our great country has had 43 presidents. Many very good. A few pretty bad. On Presidents Day next Monday, it's appropriate to commemorate them all.

I remember every president since Herbert Hoover, when I was a grade school kid. He was one of the worst. I've personally met every president since Dwight Eisenhower. He was one of the best.

A year ago I criticized Hillary Clinton for saying "this (Bush) administration will go down in history as one of the worst."

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"She's wrong," I wrote. Then I rated these five presidents, in this order, as the worst: Andrew Jackson, James Buchanan, Ulysses Grant, Hoover and Richard Nixon. "It's very unlikely Bush can crack that list," I added.

I was wrong. This is my mea culpa. Not only has Bush cracked that list, but he is planted firmly at the top.

The Iraq war, of course, has become Bush's albatross. He and his buddies are great at coining words or slogans. "Bushisms" that will haunt him historically:

•"Shock and Awe," early 2003.

•"Mission Accomplished," May 1, 2003.

•"Stay the Course," June 2003, 2004, 2005, 2006.

•"New Strategy," 2007.

Another term historians may weigh critically is "Decider."

Is he just a self-touted decider doing what he thinks right? Or is he an arrogant ruler who doesn't care or consider what the public or Congress believes best for the country?

Despite his play on words and slogans, Bush didn't learn the value or meaning of mea culpa (acknowledgement of an error) during his years at Yale.

Bush admitting his many mistakes on Iraq and ending that fiasco might make many of us forgive, even though we can never forget the terrible toll in lives and dollars.

A Dog's Breakfast (WSJ)

By Daniel L. Mcfadden

The Wall Street Journal, February 16, 2007

Last year, Medicare underwent a major expansion with the addition of Part D prescription drug coverage. A controversial feature of this new program was its organization as a market in which consumers could choose among various plans offered competitively by different insurers and HMOs, rather than the single-payer, single-product model used elsewhere in the Medicare system. Proponents of this design touted the choices it would offer consumers, and the benefits of competition for product quality and cost; opponents objected that consumers would be overwhelmed by the complexity of the market, and that it was unnecessarily generous to pharmaceutical and insurance companies.

Part D is a massive social experiment on the ability of a privatized market to deliver social services effectively. With the support of the National Institute on Aging, my research group has monitored consumer choices and outcomes from the new Part D market. I will summarize our findings, but first I want to provide some perspective on the American health-care system and the questions that study of Part D may help answer.

Most Americans are aware that our health-care system is in deep trouble, a dog's breakfast of private providers and insurers that has weak and inconsistent incentives for quality control and cost containment. Many consumers cannot obtain health insurance at reasonable cost, and financing the system is stressing employers, pension funds, and the government's Medicare and Medicaid programs.

In terms of health delivered per dollar of cost, our system is grotesquely inefficient. We spend $6,102 per person on health care each year, nearly 17% of GDP. Our neighbor Canada's single-payer system costs $3,165 per person per year, about half our expenditure, or 10% of their GDP. The Canadian costs and health outcomes are typical of developed countries, where government managed and financed systems predominate. The extra cost of our system is not buying us better health. The probability of dying between ages 15 and 60, a good indicator of failure of a health-care system to prevent and treat disease, is 8.1% for females in the U.S.; in Canada, the same probability is 5.7%.

In the future, things are going to get much worse. If current trends continue, health care in the U.S. as a proportion of GDP will rise to 40% by 2050, a level that will break the current system of financing health through employers, pension funds and Medicare/Medicaid.

There are a number of reasons for this gathering storm. First, the U.S. population is getting older, and the old require more medical maintenance. Second, we are getting wealthier, and staying alive is the ultimate luxury good. Third, we demand

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expensive medical innovations, such as dialysis, MRIs, transplants, stents and biotech. About a third of all medical costs are incurred in the last year of life, and are at best marginally effective. The incentives in the system do not force hard choices.

To deal with this future, three substantial reforms are needed. First, we need to wring out some of the inefficiencies. Something like 30% of our health costs come from administrative overhead, legal costs and defensive medicine. These could be largely eliminated in a comprehensive reform; we just need to emulate best practice in other developed countries.

Second, we need universal health insurance coverage, with active emphasis on preventive medicine that is effective in reducing later medical events and costs. Perhaps this can be accomplished by cobbling together existing sources of finance, as in Gov. Arnold Schwarzenegger's current proposal for California. However, eventually we will have to go to a system that is not channeled through employers, something like a tax-financed medical voucher system.

Third, we need incentives that match choice of expensive treatments with consumers' willingness to pay for them, a benefit-cost analysis that places treatment choices and financial responsibility on the individual.

This brings us to Medicare Part D. This experiment in privatizing the prescription drug insurance market and the interface between insurers and consumers gives the individual the right, and responsibility, to make insurance plan choices that are in his or her self-interest. If consumers are up to this task, then their choices will ensure that the plans, and insurers, that succeed in the market are ones that meet their needs. However, if many are confused or confounded, the market will not get the signals it needs to work satisfactorily. The success or failure of the Part D market is a bellwether for proposals to spread consumer-directed health care across the system, putting health and financial choices in the hands of consumers, and utilizing the forces of market competition to rationalize the system.

So, how well has the Part D market worked? We now have one year of experience, including a second open enrollment period in which consumers could switch plans, or enroll if they had not done so earlier. We can ask whether consumers were satisfied with this market, whether their choices were consistent with their interests, and whether Part D insurance has had a positive effect on health outcomes. To do this, my group is tracking about 2,200 consumers age 65 and up from opening of the initial enrollment period in mid-November 2005. We interviewed them just before enrollment began, and again just after the initial enrollment period ended on May 15, 2006. Here are some of the things we have found:

Consumers were quite confused about the Part D program before enrollment began, with 40% knowing little or nothing about what the program offered, and 17% indicating that they were unlikely to enroll. Start-up problems, widely publicized, further clouded the program's future. However, when the initial enrollment period closed, only 7.4% of the age 65-plus eligible population of 35.8 million were not enrolled in Part D or comparable prescription drug coverage. It helped that monthly premiums, predicted to be about $37, were substantially lower, averaging around $24, with some plans available for premiums as low as $6 to $10. It helped that about 68% of the population was automatically enrolled, either through employer or union based plans or through Medicaid, VA or federal employee coverage. It also helped that Part D incorporates an annual subsidy of about $1,200 per enrollee, so that most potential enrollees benefit immediately.

Failure to enroll turned out to be a minor problem, but making Part D voluntary rather than mandatory did have some consequences. About 1.2 million seniors who use enough prescription drugs so that they would immediately benefit from enrolling failed to do so. Mostly, these were not the very poor, who were picked up by Medicaid and by outreach programs, but poorly educated people above the poverty line.

General opinions elicited after the close of the initial enrollment period give Part D a mixed report card. Seventy-seven percent liked having a choice of plans, but 58% thought the program was not well designed; 77% say they would have preferred to have prescription drugs provided automatically as part of Medicare Part A; 58% are less satisfied with Medicare as a result of Part D; and large majorities dislike formulary restrictions and the gap, a range of out-of-pocket costs where the Part D standard plan offers no benefits.

However, when one looks at plan choices made, one finds that consumers were relatively consistent in recognizing their self-interest. Most consumers selected among the lowest-cost plans available in their area. Consumers with significant drug needs enrolled early, while those with no immediate needs mostly enrolled later to preserve their option value of obtaining insurance at non-penalized rates. There is some evidence that consumers did not fully appreciate the consequences of the gap,

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and enhanced policies that covered the gap were not heavily demanded, even though the additional coverage they offered was close to actuarially fair.

The picture that emerges is that elderly consumers were mostly able to navigate the Part D market and reach reasonable choices, despite its novelty and complexity. Two concerns with insurance markets that also arise for the Part D market are adverse selection, in which only the sickest seek insurance, and insurers respond by cherry-picking, refusing coverage for individuals and conditions likely to increase claims; and moral hazard, in which insurance coverage encourages additional treatments by reducing the incremental costs of these treatments.

Adverse selection has so far been avoided in the Part D market because the voluntary enrollment rate is high, including a high proportion of healthy seniors who currently are net contributors to the system. Further, adverse selection is not a problem for plan switchers because participating insurers must take all comers, and are reimbursed by Medicare based on each individual's experience rating. There is moral hazard in the sense that prescription drug use is increasing for seniors newly insured under part D, to 4.4 from 3.3 prescriptions on average per month, according to our survey.

This increase must be assessed in terms of its health consequences. Dana Goldman at RAND Corporation has found that making at least some drugs available to seniors at lower cost more than pays for itself in decreased incidence and cost of health problems. For example, reducing the copay on statins to $10 from $45 for a 30-day supply increased plan prescription drug payments, but the increased adherence of patients to the therapy at the lower copayment reduced cardiovascular incidents and attendant hospitalization costs, so that total annual health costs per patient in his study fell to $5,180 from $5,470.

A recent study of the VA population indicates that statins increase adult life expectancy by nearly two years, apparently because they act as anti-inflamatories as well as reducing cholesterol. Anecdotal evidence indicates that Part D coverage will reduce medical problems and hospitalization costs enough to offset a significant portion of its cost. However, reduced adherence to therapies by consumers who hit the gap will probably have a significant adverse effect on health outcomes that we will begin to see in 2007. A humorous proposal is that employers could lower their total health-care bills by putting statins and anti-hypertensives in the water cooler. What is clear is that an integrated approach is needed to evaluating health-care costs, and programs like Part D that can deliver effective preventative drugs may pay for themselves.

My overall conclusion is that, so far, the Part D program has succeeded in getting affordable prescription drugs to the senior population. Its privatized structure has not been a significant impediment to delivery of these services. Competition among insurers seems to have been effective in keeping a lid on costs, and assuring reasonable quality control. We do not have an experiment in which we can determine whether a single-product system could have done as well, or better, along these dimensions, but I think it is reasonable to say that the Part D market has performed as well as its partisans hoped, and far better than its detractors expected.

Does this mean that Part D proves that privatization will be effective in other segments of the health-care market? Here, I think caution is advised. First, the success of Part D depends substantially on thoughtful and muscular management of the market. The former head of Medicare, Mark McClellan, and a dynamic, no-nonsense 75-year-old government bureaucrat, Abby Block, bullied insurers to make sure there were, in her words, "no bad choices." It is unclear whether their successors will be as successful in standing toe-to-toe with the industry and making sure consumers' interests are protected.

A health insurance market like Part D probably requires this level of active management to work well; after-the-fact oversight in the style of the SEC or FTC is inadequate. If privatization is going to work elsewhere in health care, active market management will be needed.

Finally, consumer-directed health care works only if consumers can understand the consequences of their choices. In much of medicine, providers are the agents that guide consumers through these choices. If consumer-directed health care is to be effective, these providers must give sound advice on both the health and financial consequences of alternative choices. This is possible if the incentives to providers and consumers are right, but the design of such markets should not be left to chance.

Mr. McFadden, the E. Morris Cox professor of economics and director of the Econometrics Laboratory at Berkeley, is a 2000 Nobel laureate in economics.

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OTHER NEWS:

Economy May Be Doing Better, Fed Chief Says (USAT)

By Barbara Hagenbaugh

USA Today, February 16, 2007

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Thursday the economy may be performing better than is currently estimated and said an increase in inflationary pressures would warrant higher interest rates.

"We've seen some strong income growth, which suggests that the economy may be stronger than we think," Bernanke told the House Financial Services Committee on the second day of his twice-yearly testimony on the economy.

"On inflation, we have had a period where inflation has been above where we'd like to see it," he said, responding to committee Chairman Barney Frank, D-Mass., who questioned why the Fed has continued to say it is more concerned about inflation than slower growth. Frank noted the Fed has said inflation and the economy are moderating, trends that suggest a rate cut was more likely than a rate increase.

But Bernanke said the Fed wasn't ready to declare victory against inflation.

"In order for this expansion to continue in a sustainable way, inflation needs to be well controlled," Bernanke said. "If inflation becomes higher for some reason, then the Federal Reserve would have to respond to that by raising interest rates."

Regarding proposals to raise the federal minimum wage, Bernanke said the move would likely mean some people would lose their jobs, but the numbers would likely not be "very significant" in terms of the effect on the broad economy.

The Fed has kept interest rates unchanged for five consecutive meetings after raising them 17 times from June 2004 to June 2006. The current target for short-term interest rates, which influences borrowing costs economywide, is 5.25%, the highest in six years.

Many economists expect the Fed will hold interest rates steady for most of 2007. According to a USA TODAY poll of 56 economists conducted Jan. 18-24, the Fed will likely change rates only once this year, with a cut coming in the fourth quarter.

Some economic news out Thursday pointed to some softening in the economy, supporting a steady interest rate environment. The Fed said industrial production fell 0.5% in January, led by a sharp drop in activity at automobile plants. The decline followed a 0.5% increase in December and was the biggest drop since September 2005, when production was stymied by cleanup efforts following Hurricane Katrina.

Bernanke Rebuffs Frank On Rate Cut (WP)

By Nell Henderson

The Washington Post, February 16, 2007

Federal Reserve Chairman Ben S. Bernanke yesterday rejected a Democratic lawmaker's suggestion that he consider cutting interest rates to bolster the economy.

Bernanke, testifying for a second day on Capitol Hill, this time before the House Financial Services Committee, repeated that the Fed is likely to hold rates steady for a while if slower economic growth nudges inflation lower this year and next as expected.

But the Fed also thinks inflation is too high and might go higher, Bernanke said. If he and his colleagues adjust borrowing costs in coming months, they are more likely to raise rates than lower them.

"In order for this expansion to continue in a sustainable way, inflation needs to be well controlled," Bernanke said in response to remarks by committee Chairman Barney Frank (D-Mass.). "If inflation becomes higher for some reason, then the Federal Reserve would have to respond to that by raising interest rates."

Frank had told Bernanke the Fed's stance was "troubling" to him because the central bank also forecasts the economy will grow at a moderate rate this year, below its long-term average, and that inflation will drift lower over time.

"I don't see how we get a concern of inflation," Frank told Bernanke. "Why is there not at least an equal chance for there to be a reduction" in interest rates?

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Bernanke responded that he and his Fed colleagues see several risks that the economy may not behave as forecast, and they would adjust interest rates as needed.

One possibility is that the economy weakens more than expected, perhaps if the housing slump deepens. Many private analysts have recently lowered their estimates of the economy's pace of growth because of a series of weak figures, including the Fed's report yesterday that U.S. industrial production fell in January.

But the Fed sees a greater risk of high inflation. Bernanke noted recent strong growth in consumer spending and incomes, "which suggests that the economy may be stronger than we think. It's possible."

If so, consumer demand might rise faster than the economy's ability to produce goods and services, he said. Already, the labor market is tight, with unemployment at a low 4.6 percent, and businesses' use of their production capacity is slightly above average, according to the Fed report.

The inflation risk lies in this danger of excessive demand, not in low unemployment alone, the Fed chairman said.

There is no specific level of unemployment that automatically triggers inflation, Bernanke, a former chairman of the Princeton University economics department, said in response to several lawmakers' questions.

That contrasts with the traditional view of many economists that unemployment below about 5 percent is inflationary. Bernanke's remarks partly reflect years of research that has debunked the idea of a long-term trade-off between unemployment and inflation. They also reflect the nation's experience in the late 1990s, when unemployment fell as low as 3.9 percent without causing much inflation.

The Fed's top policymakers forecast inflation to fall over the next 18 months while unemployment remains below 5 percent, indicating they are comfortable with joblessness so low.

Bernanke also said rising wages are not necessarily inflationary, as was widely believed in the 1970s when high inflation was blamed partly on unions' salary demands.

If businesses accept smaller profits -- they have been high lately -- companies can raise workers' wages without boosting prices, he said. Also, if labor productivity, or output per hour, rises quickly, businesses can produce more with the same labor force; again, workers' earnings can climb without pushing prices higher.

The low unemployment of the 1990s coincided with a takeoff in productivity growth. Bernanke's predecessor, Alan Greenspan, recognized this at the time and did not increase interest rates, despite the urgings of the Fed staff and some Fed Board members. The high inflation of the 1970s coincided with lousy productivity growth.

Productivity growth has slowed recently, but it remained solid at 2.1 percent last year. And Bernanke said "underlying productivity trends appear favorable."

Even so, he said, it is possible that strong economic growth "could allow firms to pass higher labor costs through to prices, adding to inflation," and that would erode the purchasing power of any wage gains.

Fed Suggests It Is Loosening Employment-Inflation Link (WSJ)

By Greg Ip

The Wall Street Journal, February 16, 2007

Federal Reserve officials appear to believe unemployment can go lower than they previously thought without generating inflation, a potentially important shift that some economists think could make interest-rate increases this year less likely.

The monetary-policy report that Fed Chairman Ben Bernanke delivered to Congress this week indicated that members of the policy-setting Federal Open Market Committee now expect a lower unemployment rate this year than they did just seven months ago, but they don't expect that to result in higher inflation.

Reduced inflation concerns at the Fed and weaker economic data, such as a drop in January industrial production reported yesterday, have led financial markets to boost expectations the Fed will lower its short-term interest-rate target, now 5.25%, later this year.

FOMC members generally expect the unemployment rate to end both this year and next between 4.5% and 4.75%, essentially unchanged from January's 4.6%. By contrast, July's monetary-policy report saw the unemployment rate ending 2007 between 4.75% and 5%. That report didn't have a 2008 forecast.

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Despite forecasting lower unemployment, FOMC members didn't change their inflation expectations. They see core inflation, which excludes food and energy, as measured by the Commerce Department's price index of personal consumption, ending this year between 2% and 2.25% -- the same forecast as July -- and next year falling further, to between 1.75% and 2%. That shift probably reflects the fact that actual unemployment has fallen further than expected last July while inflation has also been a bit lower than expected, though not as low as officials would like.

Unemployment generally can't fall to zero even in a robust economy, as different industries are always contracting and expanding, or because personal characteristics such as disability make it hard for some people to find work. Fed officials, like most economists, believe economic growth that pushes joblessness too low can result in companies raising wages to attract scarce workers beyond the productivity of those workers, then passing on the higher wage costs in higher prices.

Mr. Bernanke told Congress that putting a number on this "nonaccelerating inflation rate of unemployment" -- or Nairu -- is difficult: "There's no specific level of employment or unemployment that is a trigger for inflation."

Moreover, FOMC forecasts must be interpreted with caution because they are a range of committee members' views rather than a single, coherent view.

Still, there are two possible explanations for the new numbers. One is that Fed officials have lowered their estimate of Nairu, perhaps to 4.5% from 5%, said Jan Hatzius, chief U.S. economist at Goldman Sachs. If so, the Fed would have "a lower hurdle to easing, and a higher hurdle to tightening" monetary policy.

The other explanation is their estimate of Nairu is unchanged, but the Fed believes lower energy prices and slower rent increases are affecting core inflation more than low unemployment. If that is the case, the Fed might worry that persistent low unemployment could yet push up inflation once those restraining factors subside.

Peter Hooper, chief economist at Deutsche Bank Securities, noted that Mr. Bernanke's testimony to Congress this week belied more concern about the unemployment rate than the FOMC forecast. His warning that high "resource utilization" could nudge up inflation suggests he would like to see unemployment edge higher, Mr. Hooper said.

Mr. Hatzius speculated that the forecasts, if not signaling a lower Nairu, might instead signal "a repudiation of the Nairu story that you need to generate more unemployment to contain inflation."

Indeed, while Fed economists still believe in the Nairu, they have recently come to believe its influence on inflation has declined, while the influence of the public's expectations of inflation -- governed heavily by where inflation has been -- has grown. But while it may take longer for low unemployment to push up inflation, once it did, it would be far harder to get inflation down again. That could keep the Fed biased to raising rates as long as unemployment is low.

New data suggest that some of the pressure on capacity is starting to ease. The Fed reported yesterday that output by factories, mines and utilities fell 0.5% in January from December, due mostly to a drop in factory production. With demand from consumers holding up, the output drop appears largely due to efforts by housing, motor vehicle and other industries to reduce inventories. Because of lower production, industry operated at 81.2% of available capacity in January, down from 81.8% in December.

Separately, the Labor Department said the number of people filing initial jobless claims rose by 44,000 last week to 357,000. That could be a sign that unemployment may be headed higher, though cold weather likely played a role in the jump.

Bernanke's Style Builds Political Capital (FT)

By Krishna Guha In Washington

Financial Times, February 16, 2007

Ben Bernanke's political stock is rising – a development that could help him push through the changes he wants to make at the Federal Reserve, including the adoption of a flexible inflation target.

At Thursday's hearing of the House financial services committee, Barney Frank, the Democratic chairman who raised eyebrows this year by pledging more robust oversight of the Fed, declared himself pleased with Mr Bernanke.

"You have, I think, over the past months in particular, said some very reason-able things from my standpoint." Apologising in jest to reporters present, Mr Frank added: "I have less to complain about than they might have hoped."

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A day earlier in the Senate, Mr Bernanke was lavished with praise from all sides of the political spectrum for engineering a soft landing for the US economy.

Chris Dodd, the Democratic chairman of the Senate banking committee, said: "Following in the footsteps of a very successful chairman can be difficult. But I believe you have done a very good job."

Richard Shelby, the senior Republican on the Senate committee, said: "The Federal Reserve's conduct of monetary policy thus far has given me further reason to applaud your service."

Mr Bernanke even drew favourable comment from unorthodox quarters, including Jim Bunning, the maverick Republican senator.

Several common themes have emerged from the hearings. First, Mr Bernanke's decision to halt rate rises in the summer of 2006 has earned him political capital as a Fed chairman who considers seriously the dual mandate to put equal weight on employment and inflation, and not inflict harm lightly on the real economy.

Mr Bunning, who opposed Mr Bernanke's confirmation, said: "The Federal Open Market Committee did the right thing by stopping the increases in the Fed funds rates after the June 2006 Fed meeting. By holding rates constant, you have done the right thing ever since."

Second, his modest, plain-speaking manner, which stands in sharp contrast to that of Alan Greenspan, the previous chairman, is going down well with Congress.

Melvin Watt, a Democratic congressman, said: "I happened to like your predecessor. Problem was I didn't understand a damned thing he ever said – so you are a breath of fresh air."

Third, Mr Bernanke is showing a surprising degree of political savvy, positioning himself shrewdly in the debates of the moment, which hinge on inequality and middle-class economic anxiety, and moving to meet a desire for greater public accountability at the Fed.

All this could help Mr Bernanke change the way the Fed operates, above all the adoption of a flexible inflation target with a specified inflation goal but one that would not be achieved over a fixed timeframe. Conventional wisdom has it that the Democratic victory last November and the broader mood of economic populism in the air make this an uphill struggle.

Most Fed-watchers believe Mr Bernanke will not ultimately risk being seen to elevate price stability above employment in violation of the dual mandate. In the worst-case scenario, that could trigger a backlash in Congress against the Fed and the forced imposition of a matching employment target.

However, Mr Bernanke's reputation as a chairman who pays careful attention to the real economy lends credibility to his contention that a flexible inflation target would be consistent with the dual mandate.

Moreover, he is moving to position an inflation target as a means of enabling the public and elected officials to monitor Fed performance more effectively.

Mr Frank signalled that he remained cautious on an inflation target, saying: "I admire the desire for transparency" but expressing concern it could tilt the balance of the dual mandate.

With many old Fed hands, including Don Kohn, the vice-chairman, still very cautious about an inflation target too, adopting one still looks challenging. But not as far beyond the Fed chairman's reach as it appeared only a few months ago.

Realtors Expect Home Price Recovery After A Nasty Q4 (USAT)

By Christine Dugas

USA Today, February 16, 2007

Home prices are likely to spring back in the coming months, the National Association of Realtors predicted Thursday after reporting that median prices fell in 73 metro areas in the final three months of 2006.

Last year "was the year of contraction," said David Lereah, the NAR's chief economist. "When we get the figures for this spring, I expect to see a discernible improvement in both sales and prices."

Even in an overall sluggish fourth quarter, 71 areas had price gains, the NAR said. And 14 of those areas saw double-digit year-over-year percentage gains.

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"At least the bottom appears to have already occurred," says Lawrence Yun, an NAR economist. "It looks like the figures will be improving. Whether or not that will be sustainable is a different question."

Nationwide, the median sales price for an existing single-family home fell to $219,300 in the fourth quarter, down 2.7% from the same period in 2005.

Several once-sizzling markets in Florida continued to see price declines. The Sarasota-Bradenton-Venice area was worst hit; prices fell 18% in the fourth quarter.

Still, the NAR pointed out that despite the recent downturn in prices, gains for typical single-family homes the past five years have been robust in many metro areas — and explosive in others. In Riverside-San Bernardino-Ontario, Calif., for example, prices have soared 155.3% in the past five years.

Other parts of California have yet to benefit. In the inland areas, many builders who are struggling to move new-home inventory have caused prices to fall sharply, says Leslie Appleton-Young, chief economist of the California Association of Realtors.

Such price drops, though, are starting to lure buyers, a trend that could help lift the overall housing market. "Buyers are responding to seller pricing and incentives, and there's pent-up demand as a result of buyer hesitation in the second half of 2006," says Pat Vredevoogd Combs, the NAR's president.

Among the areas that reported the biggest gains at the end of last year was Atlantic City, which saw a 25.9% jump in home prices in the fourth quarter, compared with the same period in 2005. And Trenton-Ewing, N.J., enjoyed an 18.9% rise in prices. It could post even better results this year.

"Interest rates remain extremely reasonable, and the buyers are out there and they're buying; they're not just shopping," says Rosalie Daniels, broker-owner of RE/Max TriCounty in Hamilton Township, on the outskirts of Trenton. Written contracts for home sales in January 2007, Daniels says, are 35% ahead of the pace of January 2006.

Low mortgage rates should also help boost sales. The average 30-year fixed rate for 2006 was 6.40%; it's now 6.30%, Freddie Mac said Thursday.

Blue Chips Hit Fresh Record; Pace Of Rally Begins To Slow (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 16, 2007

The pace of the stock rally slowed, but solid rises in shares of Caterpillar and Boeing were enough to spur the Dow Jones Industrial Average to a third straight gain and another record finish.

The blue-chip Dow industrials rose 23.15 points, or 0.18%, to 12765.01, its 29th closing high since early October. So far this year, the industrial average has gained 2.4%.

Boeing shares jumped 2%, helped by the aircraft maker's announcement of an order from United Parcel Service for 27 cargo planes. Caterpillar shares rose 2.2% after the equipment maker said it plans to repurchase $7.5 billion of its stock within the next five years. Both companies are Dow components.

Share buybacks, which increase the relative value of shares remaining in the market, have become more common in recent years amid a surge in profits that has left many companies flush with cash. Those war chests also are funding increased corporate deal making.

The Standard & Poor's 500-stock index inched up 0.1%, or 1.51 points, to 1456.81, up 2.7% on the year and some 70 points from its record set in March 2000. The Nasdaq Composite Index gained 0.35%, or 8.72 points, to end at 2497.10, up 3.4% on the year. The Nasdaq would have to more than double to reach its record, also set in March 2000.

Federal Reserve Chairman Benjamin Bernanke spoke to the House Financial Services Committee, on the heels of Senate testimony Wednesday that fueled that day's stock gains. His remarks offered few new specifics about Fed policy. Investor confidence that inflation is under control -- a key point in Mr. Bernanke's testimony Wednesday -- seemed to solidify.

The yield on 10-year Treasury notes fell to 4.706%, slightly below where it began the year. The price of Treasurys tends to rise, pushing yields down, when investors aren't jittery about inflation and the possibility of interest-rate increases.

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Economist James Glassman of J.P. Morgan Chase said economic data have been pointing toward a reduced need for the Fed to raise its interest-rate targets to fight inflation for some time.

He said Mr. Bernanke is better able to convey that message in his detailed, semiannual congressional testimony than in the comparatively terse policy statements investors pore over after the Fed's regular policy meetings.

"What Bernanke said this week is an extension of the Fed's story that we heard over the summer," when the central bank decided to halt a long series of rate increases and hold steady, Mr. Glassman said. "People had just lost sight of it, to a certain extent."

In major U.S. market action:

Stocks gained1 and bond prices rose2. Total trading volume for stocks listed on the New York Stock Exchange was 2.45 billion shares. The 10-year note gained 6/32 point, or $1.875 for each $1,000 invested.

The dollar weakened3. The dollar fell to 119.22 yen from 120.74 yen. The euro rose to $1.3145, compared with $1.3006.

Va. Bar Could Reverse Limits On Firms Hiring Legislators (WP)

By Michael D. Shear

The Washington Post, February 16, 2007

RICHMOND -- The organization charged with regulating Virginia attorneys is pushing to erase an ethics rule that for a half-century has prohibited the state's legislators from being employed alongside lobbyists at the commonwealth's largest law firms.

The change, proposed by the Virginia State Bar's standing committee on legal ethics, could spark a bidding war among Richmond's leading law firms, which would be free to hire the speaker of the House of Delegates or the Senate floor leader even as their lobbyists prowl the halls of the General Assembly.

That has outraged some in the legislature, who say the move would create dangerous conflicts of interest for the lawmakers and the lobbyists. And they say it adds to a perception that the General Assembly is a good old boys' club where deals are cut behind closed doors instead of in public committee rooms.

"Crossing that line threatens the integrity of the General Assembly," said Clarke N. Hogan (R-Charlotte). "There are all kinds of unpleasant, undesirable effects. This will undermine public trust. I don't think you can do that."

Virginia's existing rule is stronger than in many states, where sitting lawmakers and lobbyists are often allowed to work in the same law firm, according to state bar officials. Arizona, Illinois, Washington and New Hampshire permit the practice, officials said. At least nine other bar associations prohibit firms from having both lobbyists and sitting lawmakers. Maryland does not have any such prohibition, but the state imposes certain restrictions on lawmakers who work for firms with lobbying arms.

Pressure to eliminate the rule in Virginia was sparked in part by Sen. R. Creigh Deeds (D-Bath), who recently joined the law firm of Hirschler Fleischer P.C., a Richmond-based firm with a small lobbying presence. Without the proposed change, Deeds would be violating state ethics rules.

Deeds, who describes himself as a small-town rural lawyer, said his losing bid for attorney general in 2005 made it nearly impossible to keep his small practice alive. His plans to run for governor in 2009 will require a more stable income, he said. But he said there will be a firewall between himself and the firm's lobbyists.

"For me to be able to continue the political journey, I had to find some stability. I had to do something," Deeds said in an interview this week. "If I thought I were doing anything unethical, I would step away from it."

Deeds and other advocates of the rule change, including the chief ethics counsel for the bar, say the long-standing rule needlessly restricts the activities of law firms and lawmakers. They say lobbyists and sitting legislators can coexist at firms as long as they adhere to existing state laws governing conflict of interest.

Those laws require lawmakers to recuse themselves from votes or discussions involving lobbyists with whom they have a professional relationship.

"Lawyers have a contribution to make and ought not to be disenfranchised from public service by a bright line rule that assumes [a conflict], without any evidence, because of my partner in an 800-lawyer law firm," said James M. McCauley, the bar's ethics counsel.

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Legal Ethics Opinion 1829, which McCauley's committee made public Jan. 23, states that any legislator should simply "be careful to avoid using his public position for improper special advantage for clients, and the other members of the firm must be careful to avoid suggesting that they have special influence for clients through the legislative service of their firm member."

McCauley said the bar is seeking public comment on the rule change and could back off if the response is uniformly negative. But his organization has already begun advising law firms that they can hire sitting lawmakers even if they have lobbyists who engage in activity in Richmond's capital.

In a Feb. 6 letter, assistant ethics counsel Leslie A.T. Haley wrote to a senior partner at Deeds' firm, advising him to refer to the proposed rule.

"The analysis in LEO 1829 . . . seem to provide the guidance you need," Haley wrote to James L. Weinberg. "Please review the referenced opinions for guidance on this issue."

Deeds said he joined the firm in October with the understanding that a request would be made to the state bar about the rule. But he said he expects no difference in his approach toward conflicts or other ethical issues that might arise.

"You have to avoid the appearance of impropriety anyway," Deeds said. "The burden is always on the individual. Either he is ethical or he is not."

But that's exactly what worries ethics experts and some Virginia lawmakers.

Leah Rush, a state legal specialist with the Center for Public Integrity, said the Virginia Bar's existing rule about lawmakers and lobbyists is an admirable one that goes beyond what other states have done.

"It makes sense and it's very admirable that the state bar would try to promote a clear separation of duties to clearly avoid conflicts of interest," she said. "Rolling back any provisions that have been in place kind of raises the red flag."

Sen. Thomas K. Norment Jr. (R-James City), a lawyer whose firm does not lobby the General Assembly in part because of his presence, said he opposes the bar's efforts to change the rule.

"I absolutely would oppose it unequivocally," Norment said. "I hate to be trite, but this is a slippery slope with olive oil on it."

Hogan and other lawmakers raised the possibility of legislation to block the change if it goes into effect after a public comment period ends in April.

"This is very shocking," said Sen. Ken Cuccinelli II (R-Fairfax). Del. Brian J. Moran (D-Alexandria) said the change would taint all members of the legislature in both parties.

"I think they should reconsider," Moran said. "It would damage all of us in the legislature to have that potential stink or conflict."

Clinton Offers Contract To S.C. Endorser (AP)

By Susanne M. Schafer

AP, February 16, 2007

A key black Democratic leader in South Carolina has negotiated a $10,000 per month consulting contract with Sen. Hillary Rodham Clinton's campaign, a development that came to light when the lawmaker endorsed the presidential hopeful.

The contract with state Sen. Darrell Jackson's firm, Sunrise Enterprises, is not yet signed but will run through the first Southern primary here next January, Clinton spokesman Mo Elleithee confirmed Thursday.

Elleithee denied there was any deal made for Jackson's endorsement.

"Not at all. ... We told him, 'We'd love your support as a community leader and love your help as a respected political consultant inside the state,'" Elleithee said.

Jackson did not return messages on Thursday. He has told several media outlets that he turned down more money from other candidates.

Jackson's firm will advise Clinton's campaign on "political matters in South Carolina, outreach, organizing issues" and purchasing advertising, Elleithee said.

On Tuesday, Jackson and state Sen. Robert Ford said they would support Clinton. In 2004, both backed former Sen. John Edwards, a South Carolina native. Jackson and Ford took credit for turning out black voters for Edwards in 2004 in a state where half the primary voters are black.

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Dick Harpootlian, former chair of the South Carolina Democratic Party, said endorsements carry little weight in the state.

"And if someone is a paid employee of the person they're endorsing, it should carry no weight," Harpootlian said.

Jackson has told media outlets that he doesn't draw a salary but drives a company car.

Elleithee said Jackson, also pastor of the Bible Way Church in Columbia, has had a long-term relationship with Clinton and her husband, former President Clinton, whom Jackson backed in 1992.

"When Senator Clinton began to put together her campaign operation, he was one of the first people we called in South Carolina," he said.

Obama's Southern Support Not A Cinch (CHIT)

By Dahleen Glanton

Chicago Tribune, February 16, 2007

COLUMBIA, S.C. -- As an African-American, Dean Stewart is proud that a black man has a good shot at becoming the next president of the United States.

He likes Sen. Barack Obama's style, his intellect and his compassion. In fact, Stewart said, Obama reminds him of the Rev. Martin Luther King Jr.

"He understands what he is up against as a black man, and he and his wife have said they are not afraid," said Stewart, 41, who owns a barbershop in Columbia.

Regardless of his admiration for Obama (D-Ill.), however, Stewart is not sure he will vote for him next year when South Carolina holds its primary election. He also likes Sen. Hillary Clinton (D-N.Y.), the candidate he thinks has the best chance of winning the presidency and one he feels he has known for almost 15 years.

On Friday, Obama will travel to South Carolina for the first time in more than two years. While the rest of the country has elevated him to celebrity status, he is likely to find his greatest challenge yet in the South, particularly among blacks. Obama is not as well known as other candidates.

Votes for Obama won't come easily here, according to political experts. The South is home to the nation's largest concentration of African Americans—one of the Democratic Party's most loyal constituencies and some of the most dedicated supporters of former President Bill Clinton.

While Democrats traditionally are overpowered in general elections in the overwhelmingly Republican region, blacks will play a major role in primary elections in states such as South Carolina, Mississippi, Alabama and Georgia. About 50 percent of voters in South Carolina's Democratic primary are black.

The Jan. 29 primary in South Carolina will be the fourth earliest contest after Iowa, Nevada and New Hampshire, which bolsters the state's role in the selection of the Democratic nominee. Among the Democratic candidates, early polls in South Carolina show Clinton with 34 percent of the vote, followed by former Sen. John Edwards of North Carolina with 31 percent and Obama with 10 percent.

Black voters, in particular, have found themselves in a dilemma. Should they support Obama and possibly make history or should they support Hillary Clinton and bring back a team many feel was the most dedicated to black causes since President John Kennedy?

"In my district, people are going with Hillary," said state Sen. Robert Ford, a Democrat from Charleston. "I am sure there will be some young blacks who will be behind Obama, but elderly blacks are going with Hillary because they love Bill and they love Hillary for standing behind him for eight years."

Like many African Americans, Stewart would like to see what he considers to be a dream ticket, with Clinton as the nominee and Obama as her vice presidential running mate.

"It would be like the Super Bowl with Chicago and Indianapolis and two black coaches," said Stewart. "Either one is a winner."

Though more than 2,100 tickets for Obama's appearance Friday at the Columbia convention center flew quickly, particularly on the predominantly white campus of the University of South Carolina, he is still relatively unknown to a vast number of voters in the state. Another 1,500 tickets were distributed for a town hall meeting in Orangeburg on Saturday.

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"People down here don't know him, and South Carolinians in many ways are a difficult lot," said Cole Blease Graham, a political scientist at the University of South Carolina. "They like to see their politicians up close in the flesh, shake their hand and look them in the eye.

"Blacks will determine the winner in South Carolina, and if it came down to it right now, it would be Clinton because of the lack of exposure Obama has here," said Graham. "If Obama can win some attraction from whites and overwhelming support from black voters, he can beat Clinton."

Rep. James Clyburn (D-S.C.), the House majority whip, announced this week that he would not endorse a presidential candidate. Earlier, Ford and state Sen. Darrell Jackson endorsed Clinton, saying she had the best chance of winning. The men were credited with turning out a substantial black vote for Edwards when he won the state primary in 2004.

"I considered who I thought was best able to serve right now. The day after the election, who will walk into that office and be able to serve from day one?" said Jackson, who also serves as pastor of a 10,000-member Bible Way Family Life Center in Columbia. On Thursday, the Clinton campaign confirmed that Jackson has negotiated a $10,000 per month consulting contract with Clinton, according to The Associated Press.

"Sen. Clinton brings a Rolodex of people who have served well, and a lot of it has to do with President Clinton. Most people view them as partners," said Ford. "People love Obama but they really love the Clintons."

Obama's supporters said people will love Obama too, once they get to know him.

"Sen. Obama hasn't even gotten to South Carolina yet and people are excited," said Anton Gunn, Obama's political director in South Carolina. "When he gets here and people have the opportunity to hear his message up close and personal, a lot of those who are undecided will be making up their minds."

Lachlan McIntosh, executive director of the South Carolina Democratic Party, said that while there is excitement over Obama's visit, Edwards, who was born in South Carolina, draws big crowds too. Clinton plans to visit the state next week.

"Sen. Obama is sparking the interest of a lot of people we have not seen involved in politics before, particularly young people," said McIntosh. "John Edwards has been here once this year and several times last year. We will find out Friday night whether Obama is as big as John Edwards."

While national polls suggest that race will not be a factor in Obama's bid, some analysts said it could come into play in the South.

"South Carolina is one of the most racially polarized places in the country, and black people in South Carolina have never elected a black candidate statewide," said David Bositis, senior political analyst for the Joint Center for Political and Economic Studies in Washington. "There are places in the South where people don't think anybody black can be elected to anything. So when they think about the presidential election, they don't think of Obama as someone with very good prospects."

State Sen. John Drummond, who at age 87 has been in the Senate for 42 years, said he has not seen much support for Obama. Right now, he said, the race in South Carolina is between Clinton and Edwards.

"I think [Obama] will do alright, but he is about four years off," said Drummond. "A few years ago, I don't think he would have had much of any support in South Carolina, but he has earned it. He's a rather attractive guy and I can see a lot of good down the road."

Black Like Me? (WP)

By Marjorie Valbrun

The Washington Post, February 16, 2007

What does it mean to be black, and who is the arbiter of authentic blackness? As Sen. Barack Obama's "blackness" has increasingly been discussed on black-oriented radio shows, at political conferences and on Sunday morning news shows, I've grown more dismayed by the day.

The discourse, occurring mostly among black people, has been dominated by questions about Obama's being biracial, his immigrant father and his suitability as a presidential candidate, given that his life story doesn't parallel that of most blacks born in the United States. Some have implied that only a black candidate whose ancestors were slaves here or who have themselves

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experienced the trauma of this country's racial history can truly understand what it means to be black in America and represent the political interests of black Americans.

This is a narrow-minded and divisive notion. At a time when blacks living in this country, whether by birth or by choice, should be harnessing their collective political clout to empower all black people, we're wasting time debating which of us are truly black.

As a black immigrant and a Haitian-American who has lived in the country for 37 years, I know how it feels to have my blackness challenged by native-born blacks.

It makes me angry. I'm angry for Obama, too. People are asking whether he's black enough to represent them. I ask, black enough by whose standards? Why must Obama's life follow the same track of "authentic" black folk to pass this litmus test?

Many of my black immigrant friends have also had their blackness questioned by native-born blacks who see us as "not really black." My ancestors probably weren't enslaved on American soil, but they were enslaved on Haitian soil. So how am I less black or less worthy of kinship with black Americans? How ridiculous that someone would think me unable to understand the pain of racism and the long-term costs of white supremacy and slavery.

Last Saturday, Obama's name was raised at the State of the Black Union, a gathering of some 10,000 black people in Hampton, Va., in a forum on the social and economic challenges facing black America. Top black scholars, intellectuals, civil rights leaders and opinion makers were present. Princeton professor Cornel West took Obama to task for not attending. West also criticized Obama's decision to announce his candidacy that day and to do so in front of the Illinois statehouse where Abraham Lincoln began his political career.

A thread of doubt about Obama's commitment to black America ran through some speakers' comments. Harvard law professor Charles Ogletree, who has known Obama since his time at law school, came to his defense. Ogletree noted Obama's record on civil rights and suggested his scheduling conflict was a transgression worthy of forgiveness.

So this is what things have come to: If you don't walk to the beat of the black establishment, you might get kicked out of the club. What's next? A scarlet insignia for IBMs (Inauthentic Black Men)?

We don't all have to like or vote for Obama, but we shouldn't allow this debate to undermine him or discredit his stated commitment to the black community.

When did the social and political cause of American blacks start trumping the larger cause of all blacks living in this country? American blacks don't have a monopoly on blackness or suffering. We black immigrants and children of immigrants are also often stopped by police for driving while black. Ever heard of Abner Louima or Amadou Diallo? Many immigrants feel just as powerless and as excluded from the promise of America.

Yet the hopes, dreams and successes of immigrant and American blacks are also interconnected.

Black immigrants such as myself would probably not be here if not for the sacrifices of those who were on the front lines of the civil rights movement. And that's why I identify myself as black -- not that I have a choice -- with pride and without apology. But black Americans can't on the one hand complain about black immigrants consciously separating themselves from black Americans, which many immigrants do, and on the other hand say: "But you aren't really black like us."

Few American blacks can say with certainty that they don't also have white ancestors. Does that make them less black? Who knows that some distant ancestor of Obama's father was not enslaved here? The more important question is why any of this should matter. When did having slave ancestors become a barometer for political office? Surely those blacks supporting Hillary Clinton aren't holding her to that standard.

I also wonder if Obama's message of racial inclusion worries some blacks. Do they think if he reaches out to "them"(whites), it means he neglects "us" (blacks)?

Malcolm X and Martin Luther King Jr. recognized the universality of the struggle for dignity and self-determination of black people around the world. What were our protests against South African apartheid about if not this very principle? If American blacks can view black South Africans thousands of miles away as brothers in need of their support, why are they having such a hard time seeing Obama as one of their own?

Whether Obama is ready to run, deserves our vote or has enough experience for the job are all legitimate questions. Whether he is black enough is not.

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A Wide-Open Web For The '08 Campaign (WP)

By E. J. Dionne Jr.

The Washington Post, February 16, 2007

Does Barack Obama have the potential to trump Hillary Clinton's money, organization and methodical planning by becoming the online phenomenon of 2008? The answer may determine who wins the Democratic presidential nomination.

This is the election in which Internet campaigning will reach maturity. The 2000 campaign offered the first glimmers of the medium's power when John McCain surprised the political world by raising $6 million to $7 million online in his unsuccessful Republican primary campaign against George W. Bush.

Howard Dean rode the Internet from nowhere to a strong early position in the 2004 Democratic presidential race, only to fall to John Kerry. The same anti-Bush sentiment that had powered Dean later allowed Kerry to raise an estimated $82 million in Internet contributions.

Today, the next new thing is old hat -- but still evolving. "It's so mainstream now that every part of the campaign touches the Internet," said Becki Donatelli, who pioneered McCain's 2000 Internet fundraising and is working for him again. "It's the 900-pound gorilla. It's the real thing."

That, says Joe Trippi, Dean's first campaign manager and a longtime preacher of the Internet gospel, means that no single 2008 candidate will have the early command of the online world that Dean enjoyed.

"It's hard to have a Dean-like phenomenon ever again," said Simon Rosenberg, president of NDN, formerly the New Democrat Network, a progressive advocacy group, "because the Internet is not a shiny new toy anymore."

The question is whether Obama will have an edge as the candidate who talks about his campaign as a participatory mass movement and is trying to embody the word "new." Trippi, who is neutral this year, sees Obama as having "a lot of advantages" in Internet campaigning, particularly because "he is really connecting with young people, as Dean did early on."

But much will depend on whether Obama's approach lives up to his high-minded promise to supporters that his campaign won't "only be about me" and will become instead "the occasion, the vehicle, of your hopes, and your dreams."

That language, at least, matches one measure of a successful Internet campaign, according to Eli Pariser, executive director of the MoveOn.org political action committee, a liberal group that has not endorsed a 2008 candidate yet. "You have to make people feel they're part of the campaign," he says, "that they're not just people a candidate is trying to suck money out of."

Clinton, says Trippi, has the disadvantage of being a front-runner with widely publicized prowess at large-scale, conventional fundraising. This might lead potential Internet givers to the conclusion that "she doesn't need the money." He sees Obama as having a better chance of creating a sentiment among online donors that they are an important part of his campaign.

But Obama faces two obstacles to overwhelming Clinton on the Internet. The first is John Edwards, whose strong stands against the Iraq war and in favor of a broad national health insurance plan have made him popular among the more ideologically committed bloggers and their audiences. Obama and Edwards will be in competition for some of the same online support.

The second is the Clinton campaign's awareness that the Internet matters this year as it never has before. "The Clintons have mastered every other aspect of politics," says Rosenberg. "They're going to be competitive in this arena." Hillary Clinton, he notes, has been careful -- through her well-produced webcast announcement speech and online " conversations" -- to show she understands the new desire among political activists for more interaction with the candidates they support.

Clinton also could benefit from what Donatelli sees as a major shift in the sources of online money. "In 2000, nearly 90 percent of what we took in on our Web site came from people who found their way to us," Donatelli said, referring to McCain's effort. Now, 50 percent of Internet money is raised through "direct marketing."

Clinton will almost certainly do well on the marketing side, and both Trippi and Rosenberg argue that she is likely to find a strong niche among Democratic women, who have become increasingly important to the party's financial base.

In the coming months, partly because it's fun to do, the political world will be watching Hollywood and Wall Street to see who racks up the big money. But 2008 promises to be the year when decisions made at millions of computer screens on kitchen tables and office desks could outshine the glitz and beat out the large checkbooks. The Internet could thus provide Obama his best chance of keeping up with one of the most formidable fundraisers in Democratic politics.

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Gingrich Among Top GOP '08 Candidates (WT)

By Ralph Z. Hallow

The Washington Times, February 16, 2007

Press accounts seldom name former House Speaker Newt Gingrich in the top tier of aspirants for the Republican presidential nomination, despite polls consistently showing he belongs there.

"Newt's invisible to much of the nation's media," said Republican communications strategist Tom Edmonds. "The liberal press doesn't want to acknowledge that he casts a big shadow over the 2008 race."

News stories and opinion columns routinely refer to Arizona Sen. John McCain, former New York Mayor Rudolph W. Giuliani and former Massachusetts Gov. Mitt Romney as the "top tier" or "first tier" Republican presidential candidates for 2008.

Yet in every recent poll national poll -- as well as in Iowa, a key early caucus state -- Mr. Gingrich leads Mr. Romney among Republican likely voters. And it's not just because of high name recognition alone, conservatives say.

"Everybody here loves Gingrich," said Iowa Republican Party Executive Director Chuck Laudner. "He is a hero."

More than a dozen years after he zoomed to national prominence as the brash leader of the 1994 "Republican revolution," Mr. Gingrich has attained status as an elder statesman among top conservative leaders.

"I don't know how Gingrich would perform if he were elected to the highest office in the land but these days he is responsible in that each time I read one of his policy initiatives I want to stand up and cheer," said Paul M. Weyrich, chairman of the Free Congress Foundation.

Among the top Republican contenders, Mr. Gingrich is the only one who has neither formed an exploratory committee nor officially declared his candidacy -- and thus is the only one who is not raising money for a campaign.

Mr. Gingrich has said he will wait until September to make a decision on running. Still, in poll after poll, he joins Mr. Giuliani and Mr. McCain in scoring in double digits.

Late starters, however, may be out of luck this time, with both parties' nominees expected to be known by early February of next year. Federal Election Commissioner Michael Toner has estimated a viable presidential candidate must raise $100 million by the end of this year.

"Does Newt belong in the first tier? Not unless he gets in soon," said Patrick J. Buchanan, who unsuccessfully sought the Republican presidential nomination in 1992 and 1996 before running on the Reform Party ticket in 2000.

"Folks are committing themselves in the early states," he said. "Endorsements are coming. Organizational help is being pledged. Money is being raised. Mailing and e-mail lists and financial supporters are being lined up."

Mr. Buchanan, who challenged the first President Bush in the 1992 Republican primaries, said, "If you wait till fall, you may be able to come off the blocks fast in January, as we did in 1992, but you just don't have the legs to go the distance."

Even Mr. Gingrich's supporters acknowledge that he has liabilities. During his tenure as speaker, his Republican House colleagues twice mutinied against his leadership. Following unexpected losses in the 1998 midterm elections, he left Congress with low approval ratings.

Nevertheless, Republican pollster Kellyanne Conway said, Mr. Gingrich remains an important voice for his party and the conservative movement because he "is the same big-ideas generator that led Republicans out of the wilderness in 1994."

His name recognition and conservative credentials largely account for Mr. Gingrich's current standing among Republican 2008 contenders, said pollster John Zogby.

"Gingrich is the most high-profile conservative in the race," Mr. Zogby said. "At the very least he is the conservative place holder. Should Gingrich run, he can get double-digit support and help frame the debate. He is a player."

Mr. Giuliani, however, leads the Republican field in many polls even though he is the most liberal candidate on social issues. He won 34 percent of Republican voters nationally in the latest Fox News poll, with Mr. McCain getting 22 percent, Mr. Gingrich at 15 percent and Mr. Romney at 3 percent. Those numbers roughly mirror results in the latest surveys by Rasmussen (Mr. Giuliani 27 percent, Mr. McCain 25 percent, Mr. Gingrich 13 percent, Mr. Romney 7 percent) and Time magazine (Mr. McCain 30 percent, Mr. Giuliani 26 percent, Mr. Gingrich 14 percent, Mr. Romney 5 percent).

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In Iowa, the three latest polls show Mr. Giuliani leading Mr. McCain, with Mr. Gingrich placing third and Mr. Romney fourth. Only in New Hampshire -- next door to Mr. Romney's home state -- does the former Massachusetts governor place ahead of Mr. Gingrich in recent polls.

Brownback Leads The Field In Missed Votes (POL)

By Carrie Sheffield

The Politico, February 16, 2007

Sen. Sam Brownback, R-Kan., has been playing an awful lot of hooky these days. Last month, he missed more than half of his Senate roll call votes, according to AbsentCongress.org, a Web site launched Thursday that tracks senatorial absenteeism.

Only Sen. Tim Johnson, D-S.D., who remains hospitalized after a life-threatening brain hemorrhage, has missed more. Johnson, who staffers say is making steady progress in his recovery, hasn't made it to any votes yet.

Brownback showed up 48 percent of the time. As a presidential hopeful, he probably has his hands full. Yet rival senators who are also moonlighting as '08 contenders have higher attendance records – though the campaign season remains young.

Sen. Barack Obama, D-Ill., has managed to show up for every vote so far. And both senators Hillary Rodham Clinton, D-N.Y., and John McCain, R-Ariz., scored a 94 percent attendance record last month, according to the site. Sen. Chris Dodd, D-Conn., attended 84 percent of votes last month; Sen. Chuck Hagel, R-Neb., who hasn't formally entered the race, was present 76 percent of the time.

Among the non-candidates, Sen. Daniel Inouye, D-Hawaii, has the worst attendance at 51 percent. Sen. Kit Bond, R-Mo., is next, showing up 74 percent of the time, ahead of senators Craig Thomas, R-Wyo., and Joe Biden, D-Del., who have made it to 79 percent of their votes.

Brownback and Inouye did not immediately respond to requests for comment.

"Normal American people show up to work every day," said David Ferguson, a manager of the site. "Why shouldn't our senators?"

Ferguson is president of the American Conservative Student Union. Members created and plan to update the site monthly. The ACSU launched in January as an offshoot from TheVanguard.org, a new online grass-roots network headed by Rod Martin, former counsel to Silicon Valley tech giant PayPal.

Martin and his partners say their work is a conservative response to the liberal online community at MoveOn.org.

Though his group gets funding from right-leaning donors, Ferguson said absentcongress.org pokes at lawmakers from both parties. He and his team divided the senators' monthly salary (roughly $13,767 per person) by the number of votes in January (39) and affixed a price tag ($353) for each vote they missed. They plan to send an invoice to each senator. By ACSU's tally, Brownback owes $7,060, Inouye owes $6,707, and Bond should pony up $3,530.

For now, AbsentCongress.org tracks only senators, but it plans to include House members soon.

The Banker's Candidate (WP)

By Jeffrey H. Birnbaum, Carrie Johnson

The Washington Post, February 16, 2007

Connecticut Sen. Christopher J. Dodd has two big jobs. He is a candidate for the Democratic nomination for president, and he chairs the Senate Banking Committee.

They are proving to be a lucrative combination. Among Democrats, Dodd's $5 million campaign nest egg is surpassed only by that of Sen. Hillary Rodham Clinton (N.Y.), who has one of the most elaborate fundraising machines ever assembled.

Dodd's electoral riches can be traced to the banking panel, whose jurisdiction includes some of the wealthiest industries in America -- banking, insurance and financial services. In addition, Dodd's home state is the hedge fund and insurance capital of the country.

But it is Dodd's philosophy, not only his geography, that has made him a cash magnet. Each of these big-money interests applauds his light-handed approach to financial regulation and considers him a reliable friend -- a fact that raises questions about Dodd's viability in a Democratic field even as it bolsters his fundraising prowess.

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In recent presidential polls, Dodd has been little more than an asterisk. And his closeness with Wall Street will probably not help him with the liberal-leaning Democrats who tend to vote in presidential primaries, analysts say. "It's not something you would trumpet to primary voters," said Nathan L. Gonzales of the nonpartisan Rothenberg Political Report.

At the same time, the ample donations those connections have fostered will enable him to make his name more widely known. "At this stage, the money primary is the biggest race," Gonzales added.

Financial services companies "will be making contributions to Dodd's presidential run because they can't afford to annoy him," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. "Whether or not his presidential ambitions go anywhere, he'll still be the chairman of Senate Banking Committee, and they will still need his goodwill."

Dodd, who was elected to the House in 1974 and the Senate in 1980, has never shied away from collecting funds from financial services companies. Since the midterm elections last year, Citigroup and J.P. Morgan Chase have hosted fundraisers for him, participants said. Insurance firms have held at least three fundraisers for Dodd.

Dodd collected $3 million in the last three months of 2006, outraising even Clinton. Employees of American International Group and Morgan Stanley were among the largest givers. According to the nonpartisan Center for Responsive Politics, Dodd has raised more money for his Senate campaigns from securities and investment firms than from any other industry.

During an interview last week in his stately fourth-floor office on Capitol Hill, Dodd expressed distaste with the near-constant need to generate campaign contributions to sustain a presidential bid. But, he said, the system being what it is, he is resigned to traveling the fundraising circuit for the next year or more.

He said he will not hesitate to shake Wall Street's money tree, even though he is chairman of the committee that watches over its companies. But accepting millions of dollars from industries that his committee oversees will not affect his policy decisions, Dodd said.

"My record speaks for itself," the senator said. "I haven't changed my tune. I've been, I think, fairly consistent in my views on these issues."

Financial firms have long liked what Dodd has done in the areas of legislation and regulation. "Chairman Dodd is a thoughtful leader in Congress playing an important policy role to ensure an open, competitive and sound global financial services marketplace," said Robert S. Nichols, president of the Financial Services Forum, a Washington group comprising the chief executives of 21 U.S. financial services companies, in typically flowery praise of the new chairman.

"A lot of his constituents are financial services types, and he's always been a reasonable person on those issues," added Bruce E. Thompson Jr., the head of government relations for Merrill Lynch. "Because of that, he's always gotten support from the industry."

"The financial services community would be a logical source of funding for him," agreed Edward L. Yingling, president of the American Bankers Association.

Dodd is a voice of federal restraint when it comes to financial services. He has opposed vigorous federal regulation of hedge funds, many of which are based in Connecticut. He also was the Senate's leading champion of a 1995 law that limited shareholders' right to bring class-action lawsuits against companies for alleged securities misdeeds.

Now, Dodd is leading the charge to renew terrorism-insurance legislation, which makes the federal government a major co-underwriter of insurance against terrorist attacks.

Hedge funds are "a great wealth generator" that if handled properly "will continue to be a tremendous asset," Dodd said. He added that the Banking Committee would probably not hold hearings on hedge funds this year.

"I don't want to be perceived . . . as setting up roadblocks and barriers to something I perceive to be very valuable," he said.

On the other hand, Dodd has taken some anti-industry positions. He helped write the Sarbanes-Oxley Act, which imposed stiffer penalties on accounting irregularities. He has also taken positions on a few narrow issues that anger financial firms but are popular with the populists who usually vote Democratic.

For instance, Dodd said he intends to campaign against predatory-lending practices by banks, which entail charging excessive interest rates on mortgage loans, often to low-income people. He also said he wants to crack down on excessive fees charged by credit card companies.

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Dodd has leveraged his committee's jurisdiction to press for Wall Street jobs for low-income workers. In recent weeks, he has reached out to minority voters with a speech at the Rainbow/Push Coalition's Wall Street Economic Summit in New York. At the summit, convened by the Rev. Jesse L. Jackson, Dodd decried economic inequality and pledged to establish a "working group" to expand opportunities for minorities in the financial services industry.

Since assuming the Banking Committee chairmanship last month, Dodd has held hearings on predatory mortgage loans and high-interest-rate credit cards that burden consumers with unwieldy debt. He is working with Elizabeth Warren, a Harvard Law School professor and consumer bankruptcy expert, and others to roll back those high fees, he said.

"At the end of my tenure on this committee, I want it to be said that the safety and soundness of our financial institutions was not weakened on my watch," Dodd said.

Travis B. Plunkett, legislative director at the Consumer Federation of America, said the group's rating on Dodd has been a "mixed bag." But, Plunkett added, he's effective. "He often ends up on the winning side of an issue."

"We love to have him on our side, and we wince when we're going to be opposing him because he's a very effective legislator," Plunkett said.

Mr. Romney Jumps In (WP)

The Washington Post, February 16, 2007

FORMER Massachusetts governor Mitt Romney chose his home state of Michigan to formally launch his presidential bid, which may say a lot about the hurdles he faces in his effort to win the Republican nomination. Having presided over one of the most liberal states in the nation, having made statements on issues such as abortion and gay rights that appealed to the residents of that state, Mr. Romney, 59, now needs to convince the social conservatives who have a big say in picking the party's nominee that he is not a Massachusetts Republican after all. Mr. Romney, a Harvard MBA and management consultant, has methodically gone about the task of wooing social conservatives, but his record could make that a tough sell.

He has disavowed previous positions backing a federal law to prohibit discrimination on the basis of sexual orientation and calling for an end to the ban on gays in the military; now he emphasizes his opposition to the ruling on same-sex marriage by Massachusetts's highest court. Once he touted his support for abortion rights and backed the use of leftover embryos for stem cell research; now he endorses overturning Roe v. Wade, a position he says he came to during the stem cell debate. Our views are much more in line with the old Romney than the new version; Republican primary voters will have to judge for themselves which is authentic and whether political opportunism, rather than a moral awakening, as he says, played a role in Mr. Romney's transformation.

Mr. Romney enters the race with many strengths. In his announcement, he sounded a reformer-outsider message reminiscent of both Sens. John McCain (R-Ariz.) and Barack Obama (D-Ill.), saying that "the halls of government are clogged with petty politics and stuffed with peddlers of influence." But he also argued that the presidency is not a job for "someone who has never even managed a corner store, let alone the largest enterprise in the world." Mr. Romney's managerial and executive experience, in private life and government, separate him from most of his rivals. He had a successful stint as head of the 2002 Winter Olympics in Salt Lake City, overcoming a bribery scandal and turning a failing financial enterprise into a money-making operation.

As governor of Massachusetts, he worked with the Democratic legislature -- and the state's senior U.S. senator, liberal icon Edward M. Kennedy -- to craft a universal health insurance plan by combining a mandate for individuals to purchase coverage, subsidies for those unable to afford it and a "fee" -- not a tax, Mr. Romney argued -- for employers who failed to offer coverage. How the Romney plan will work out remains uncertain: The first bids came in at double the expected monthly premium cost.

One challenge that Mr. Romney faces is something that we hope dissipates as an issue over time: winning over voters uneasy about his Mormon faith. In a Gallup poll this week, a disturbing 24 percent said they would not vote for a "generally well-qualified person for president who happened to be Mormon." Mr. Romney's religion could be a particular sticking point with evangelical Christians who wield significant clout in GOP primaries. As with another Massachusetts politician who ran for the presidency more than four decades ago and persuaded voters not to hold his Catholicism against him, Mr. Romney should be judged on a basis other than his faith.

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Special Interests Launch State Term Limit Initiative (LAT)

By Nancy Vogel

The Los Angeles Times, February 16, 2007

SACRAMENTO — An unusual coalition of special interests with close ties to lawmakers launched a ballot initiative today that would tweak California's term limits to allow the Legislature's current leaders to stay in office as long as six more years.

The measure would do what Assembly Speaker Fabian Nuñez (D-Los Angeles) and Senate President Pro Tem Don Perata (D-Oakland) have discussed with increasing urgency as their 2008 ousters approach: Cut the number of years a legislator could hold office from 14 years to 12, but allow that time to be served in a single house. FOR THE RECORD:

Initiative: An earlier version of this story stated that the teachers union and the California Chamber of Commerce will bankroll the collection of signatures for the ballot intitiative. The coalition, which includes the California Teachers Assn. and the business group, is likely to support the intitiative. Also, it was earlier reported that the proposed initiative was filed in the secretary of state's office. It was filed in the state's attorney general's office.—

Under the proposal, filed today at the state's attorney general's office, Nuñez could serve six more years in the Assembly and Perata could have four more years in the Senate.

To appease other lawmakers, the measure would allow those who would otherwise be forced out in 2008 to serve as many as 12 years in their current house.

California voters slapped term limits on the Legislature in 1990 with an initiative, passed by a narrow margin, that also cut the Legislature's budget by nearly half and jettisoned the lawmakers' retirement system. Past attempts to relax term limits have failed. They remain at three two-year terms in the Assembly and two four-year terms in the Senate for a total of 14 years.

Lawmakers could put a term-limits proposal on the ballot themselves with a two-thirds majority vote, but Republicans — whose votes would be needed for that supermajority — have been cold to the idea.

Still, Gov. Arnold Schwarzenegger, a Republican, has said he is willing to discuss term-limit changes as part of a package that includes an initiative to take away lawmakers' power to draw legislative districts and give it to an independent commission. Nuñez has endorsed such redistricting reform and said recently, "There certainly is the will to get this done this year."

The campaign will be managed by unlikely partners: Democratic consultant Gale Kaufman, who spearheaded the defeat of Schwarzenegger's reform measures in the 2005 special election, and Matthew Dowd, campaign strategist for the governor's resounding reelection in November.

A coalition that includes the California Teachers Assn. and the California Chamber of Commerce will likely support the initiative, Kaufman said. By July, the campaign must collect 1.1 million signatures.

The measure would appear on the next statewide ballot, which could be as early as February 2008. If passed then, the new limits would take effect before legislative primaries are held that June.

Riding high from a legislative session last year that many praised as the most productive in years and without an open office to land when he is termed out in 2008, Nuñez has said with increasing frequency recently that he thinks voters will be open to adjusting term limits.

"You can't do the job effectively if you can't be there for a reasonable amount of time, to have a real grasp on the issues," he told a group of newspaper publishers last month. "You've got to know in this job how to say no to your own constituents and in some cases the people that brought you there. ... It takes a couple of years to develop the level of expertise and know-how to negotiate a balanced budget.

"I think we ought to relax those terms," Nuñez said, "and I think we ought to do it sooner rather than later."

Many political scientists who have studied term limits also support relaxing them. They say that while the churn of legislators through Sacramento has increased the Legislature's diversity, it has also cost institutional knowledge, strengthened the hand of lobbyists and weakened the Legislature's traditional oversight role. These observers also say the limits encourage lawmakers to introduce bills aimed at gaining publicity rather than tackling unglamorous problems, such as prison overcrowding and pension shortfalls.

"Term limits in states have done more to limit rather than enhance the effectiveness of the legislative branch," said Karl Kurtz, a researcher with the National Conference of State Legislatures who studied term limits in six states last spring.

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In the 1990s, 21 states imposed term limits. They are now in effect in 15. Courts tossed out the restrictions in four states and lawmakers repealed them in Idaho and Utah.

California lawmakers point with hope to Los Angeles, where voters extended City Council term limits in November, allowing members to serve three four-year terms instead of two terms. The extension was tied to tighter lobbying rules.

"It's a fairly significant thing when L.A. does anything and we ought to look at it very carefully," Perata said Tuesday.

The Legislature lacks continuity, he said, noting that some of the 38 new members who arrived in December have introduced bills that attempt to dictate the spending of $37 billion in public works bonds crafted by the Legislature and passed by voters in November.

"Now that's one fight I know you'd avoid if people had some continuity in office," Perata said.

"There are people like Fabian Nuñez who now is beginning to hit his stride as a political leader," Perata said. "Why shouldn't we benefit? Why should we then pick somebody off the shelf that we don't know anything about?"

A Hard Right Punch (WP)

By Howard Kurtz

The Washington Post, February 16, 2007

Michelle Malkin has seen her head electronically grafted onto a photo of a bikini-clad body.

She had to cancel a Berkeley book signing in the face of 200 shouting protesters.

YouTube banned one of her videos. And she felt compelled to move after critics posted online her Gaithersburg area address and pictures of her home.

Clearly, this is a woman who arouses strong emotions.

"They'll ridicule my looks, ridicule my ethnicity, go after my family," the 36-year-old blogger says of her critics. "They've attacked my husband relentlessly. There's a strong sexist strain among my liberal critics, who think it isn't possible I could have gotten anywhere without my Svengali husband, or some white man, embedding ideas in my head."

Make no mistake, though: This daughter of Filipino immigrants plays pretty rough herself. Whether on her blog, her Internet talk show or her Fox News appearances, Malkin delights in sticking her finger in the eye of the liberal establishment. And she is convinced that her detractors don't play fair.

"Particularly when you're a minority conservative," she says, "you get a lot of ugly, hysterical, unhinged attacks, because you're challenging so many liberal myths about what people of color should think."

Plenty of folks find Malkin's rhetoric overheated as well. "The donkey party," she wrote last fall, "is led by thumb-sucking demagogues in prominent positions who equate Bush with Hitler and Jim Crow, call him a liar in front of high school students and the world, fantasize about impeachment and fetishize the human rights of terrorists who want to kill me. Put simply: There are no grown-ups in the Democrat Party."

Andrew Sullivan, a conservative blogger who has turned on the Bush administration, regularly bestows a "Malkin Award" for excessive attacks. "Sometimes you just can't believe what she writes -- it's so out there, and in certain respects quite disgraceful," he says.

At the same time, says Sullivan, "she's been subjected to some pretty horrifying bigotry from the left, based on her gender and ethnicity and ugly stereotypes. You can't engage in the kind of rhetoric she does and not expect some blowback."

Is this merely how the war of ideas is waged in an anything-goes digital culture? Or is Malkin an especially inflammatory practitioner, torching her targets with such books as "Unhinged: Exposing Liberals Gone Wild"?

Over lunch at a Filipino cafe at Union Station, Malkin, who has two young children, is charming one moment and pugnacious the next. She says she loves the intellectual freedom of the blogosphere, where "you can respond, you can reveal people to be the liars and slanderers they are."

Between bites, though, you can catch a glimpse of amazement that "a small-town girl from South Jersey," as she puts it, can have such an outsize impact. Even if she makes plenty of enemies in the process.

* * *

Malkin has been relentlessly critical of the media's coverage of Iraq. Last month, she went to see for herself.

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"I really wanted to go to Ramadi, but my husband wouldn't let me," Malkin says. Instead, she spent a week embedded with an Army unit in Baghdad and returned more hopeful about a war effort she had increasingly begun to doubt.

Part of Malkin's self-assigned mission was to check out a much-debated Associated Press dispatch. It quoted an Iraqi police captain, Jamil Hussein, as saying that Shiites had burned or blown up four mosques -- and at one of them, doused six Sunnis with kerosene and burned them alive while nearby Iraqi soldiers did not intervene. After the widely published November report, Malkin and other conservative bloggers mounted a campaign questioning whether Hussein existed.

When the Iraqi government belatedly confirmed that Hussein was a police official -- and said that he faced arrest for speaking to the press -- Malkin reported the news and expressed regret. But she now questions Hussein's very account, saying she found little damage at the mosques.

"We quoted people saying [the victims] had been bombed and burned," says John Daniszewski, international editor at the AP, which acknowledged last week that the mosques are still standing despite some damage. "It was a moving news story. We said these were allegations and not confirmed by police."

In the wake of her Iraq trip, Sullivan has softened his criticism of Malkin. "You've got to give her credit that she has actually gone there," he says. "And she has criticized the administration on this and other things. She may be shrill, but she's not a shill."

Malkin bristles at the notion that she is "some Republican Kool-Aid drinker." She has lambasted President Bush -- whom she views as insufficiently conservative -- on such issues as immigration reform, the Harriet Miers nomination to the Supreme Court and the failed Dubai ports deal. Malkin was frustrated when the president agreed to seek court warrants for domestic eavesdropping, after she had doggedly defended his earlier position that judicial approval was unnecessary.

"There is a feeling that every time we go to bat for the Bush administration, they pull the rug out from under us," she says.

Malkin's campaigns have had mixed results. She helped lead the charge against two liberal bloggers who resigned under pressure from John Edwards's presidential campaign after being castigated for anti-Christian writing. But she apologized last month for linking to a photo of John Kerry sitting alone during a visit to Iraq, and adopting accounts by a blogger and a radio host that he had been spurned by the troops there. It turned out that the Massachusetts senator was waiting for an interview with reporters.

Malkin also serves as an early-warning system, such as when she wrote about protests (by what she called "Islamist p.c. bullies") against a Danish newspaper for publishing cartoons making fun of the prophet Muhammad. When violent demonstrations later broke out, Malkin posted all the cartoons as a free-speech gesture.

"She's a very tough lady," says Bryan Preston, her business partner in the daily video blog Hot Air. "You've never met a happier person than Michelle when she's in the thick of a fight. She enjoys the combat of ideas."

That persona is a far cry from the self-described "geek" of her youth. Michelle Maglalang grew up outside Atlantic City in a Reaganite, conservative Catholic family, was not politically active, and failed a fifth-grade public speaking class. As a college student, she was so naive that when a married Republican congressman invited her to live in his home during her internship with then-Sen. Bill Bradley (D-N.J.), she thought it was a generous offer until her parents straightened her out.

It was at Oberlin College that she began working on an alternative newspaper founded by Jesse Malkin, her future husband. When they co-authored an article questioning the value of affirmative action -- and outraged students dumped bundles of papers in the trash -- "it was an awakening" for Michelle, says Jesse. She soon converted him from a Michael Dukakis supporter to the conservative side.

"She's always been hard-hitting," says Jesse, now a stay-at-home dad and health-care consultant. "She doesn't have a lot of tolerance for mealy-mouthed platitudes."

After seven years as an editorial writer for the Los Angeles Daily News and the Seattle Times, Michelle Malkin moved to Washington in 1999 to work for the Competitive Enterprise Institute. She launched her blog, http://Michellemalkin.com, in 2004. Last month it drew 388,000 visitors, and it's complemented by a syndicated column that appears in 150 papers.

Her newspaper experience was crucial because "you see what a lot of crackpots and cranks are out there," says Mark Cunningham, the New York Post opinion editor, who has known Malkin for years. "She learned a long time ago to deal with sticks and stones. People read her, even if they're infuriated by her."

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Malkin's detractors -- whom she derides as "moonbats" -- were further riled by her book "In Defense of Internment," in which she said the confining of Japanese Americans during World War II was justified, and backed racial profiling as a vital tool against terrorism.

She was also denounced for posting the phone numbers of three antiwar protesters at the University of California at Santa Cruz who chased military recruiters off the campus. Malkin says the contact numbers were listed on a press release put out by the students' group.

Not surprisingly, it gets pretty hot in her kitchen. The liberal blogger Atrios (Duncan Black) called Malkin a racist over her views on immigration and said anyone who promotes her site "may as well be promoting the Klan." A Web site called Malkin Watch runs a cartoon of her in a Nazi uniform. In comments on her own blog -- a feedback loop she has since restricted -- one person called her "lyin' pond scum" and another asked why she believed "she will be treated as white when God chose to make her yellow?"

When Malkin posted a video about Islamic violence -- set to religious chanting -- on YouTube last year, the Web site promptly removed it as inappropriate. She fought back with an online video criticizing YouTube, which the site also deleted, posting a one-line explanation that Malkin herself had withdrawn it. That, she said on her blog, was a lie.

* * *

After a few liberal sites posted her home address and phone numbers last year, Malkin received a wave of harassing calls. She responded with a defiant post, headlined "I AM NOT AFRAID OF YOU." Malkin and her family have moved elsewhere in Maryland.

"No one likes to receive the kind of attacks she gets," Preston says. "She has had to take some security precautions to make sure it doesn't rise to the level of threatening her family."

Sometimes, though, Malkin seems to use the same howitzer against every provocation. After she started crusading against the "Girls Gone Wild" culture as a "liberal assault on decency," the satirical site Wonkette received -- and posted -- a picture of Malkin's head on the scantily-clad body of a college student, whose image had been plucked from the Web. Malkin denounced what she called the "hate-filled cowards" at Wonkette's parent company for "repeatedly smearing and attempting to humiliate me."

After being contacted by Malkin's lawyer, Wonkette ran a snarkily worded semi-retraction. The site's West Coast bureau chief, Ken Layne, says he doesn't know or care whether the picture is real and calls Malkin "incapable of getting a joke."

"People send us dumb stuff all the time, and if it makes us laugh, we post it," he adds. "Malkin responds in such a predictably psychotic way whenever we mention her."

What some might have dismissed as a prank became another salvo in the culture wars. It is as though eternal vigilance is the price of being Michelle Malkin: No slight can go unanswered, no insult allowed to stand. Blogging is an addiction, she says, but not one she is looking to kick.

"You have to accept that you'll never have many friends," Malkin says. "It's a lonely existence."

The Autoworkers' Pain (NYT)

The New York Times, February 16, 2007

American autoworkers are suffering through another round of layoffs, factory closings and buyouts. This time DaimlerChrysler has announced that it will cut 13,000 jobs in North America. Ford Motor and General Motors offered buyouts to a total of nearly 200,000 hourly workers in 2006.

These losses stoke fears that America's manufacturing base is disappearing, that the country is "de-industrializing." With the loss of three million American factory jobs since the end of 2000 and the trade deficit at an all-time high, it's easy to see China's spectacular growth and assume that American factories are being gutted by foreign competition.

But global competition is not the whole cause for the car manufacturers' problems, just as the answers are not to be found in protectionism.

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Many of the car companies' difficulties stem from some bad decisions by management and some uninspired car designs. Chrysler lost $1.48 billion last year and Ford lost $12.7 billion, the most in more than a century in business, while Toyota reported record profits and sales.

The plight of the workers who have lost their jobs is real and has to be addressed, but the U.S. manufacturing sector is far more robust than the struggle of the carmakers suggests. According to the United Nations, the United States accounted for 21.2 percent of world manufacturing in 2000. As China surged ahead in recent years, the American share of world manufacturing barely budged, falling to 21.1 percent by 2005, the most recent year available. American factories produced a record $1.5 trillion in goods that year.

In part, that's because foreign companies have invested so much in factory capacity in America. In a recent report, a Democratic research organization, the Progressive Policy Institute, cited government figures showing that foreign manufacturers invest billions more in the United States than American manufacturers invest abroad. Toyota provides over 29,000 manufacturing jobs in this country.

Many of the jobs that have disappeared did not drain off to foreign competition, but to technological change on the shop floor. Robots and computers have allowed far fewer workers to produce more than ever. That kind of high-tech manufacturing is one reason successful American companies like Boeing and Caterpillar can compete with companies in countries where the labor costs are low.

This is not to ignore the human dimension. It is too easy for free trade advocates to blame the robots and then ignore the pain of the blue-collar workers they have sidelined. The suffering in places like Ohio, Indiana and Michigan is very real, and so is the political backlash that results. The long-term answer is the vexing question of training American workers for a new world of jobs. But there are more short-term issues as well, starting with taking care of those Americans, middle aged and older, who suddenly find themselves without jobs right now.

The burden falls on pro-trade politicians and those who support them, unless they want to see high tariffs and duties, which will ultimately choke global and domestic growth. Just to start, pro-trade politicians have to make sure that a lost factory job does not mean a drastic and lasting decline in living standards, with no access to health insurance and no hope for a college education for that worker's children. As the tide rises, this country cannot allow millions to drown.

Rice Is Said To Have Speeded North Korea Deal (NYT)

By David E. Sanger And Thom Shanker

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — To win approval of a deal with North Korea that has been assailed by conservatives inside and outside the administration, Secretary of State Condoleezza Rice bypassed layers of government policy review that had derailed past efforts to negotiate an agreement, several senior administration officials said this week.

After a meeting in Berlin in mid-January with her top negotiator on North Korea, Christopher R. Hill, who had just held lengthy sessions with his North Korean counterparts, Ms. Rice called back to Washington to describe the outlines of the deal to Stephen J. Hadley, the national security adviser, and then to President Bush.

But to some, it seemed the usual procedures were cut short — vetting the details though an interagency process that ordinarily would have brought in Vice President Dick Cheney's office, the Defense Department and aides at the White House and other agencies who had previously objected to rewarding North Korea before it gives up its weapons.

"There was no process here," said an official who has been deeply involved in the issue. "Nothing. There was no airing of whether this is the way to deal with the North Koreans."

White House and other administration officials dispute that, saying that all relevant agencies were consulted.

In lieu of the formal meetings where objections to such accords were usually voiced during the president's first term, Mr. Hadley "walked it through with concerned people," a senior administration official said. The official acknowledged that the process was much more informal, and rapid, than usual, although much of Mr. Hill's work was built upon previous negotiations at the talks that had been widely vetted across the administration.

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The result has been an unusual attack on the agreement from the right, starting with John R. Bolton, the former ambassador to the United Nations who takes a tough stance on North Korea issues. He said bluntly that it was a "bad deal," and expressed the hope that it would fall apart before being carried out.

State Department officials said that Robert Joseph, the under secretary of state for arms control and disarmament, vehemently disagreed with the approach, telling associates privately what Mr. Bolton has said in public: that the new agreement was no better, and perhaps worse, than one signed by President Clinton in 1994. Mr. Joseph, who announced last month that he would resign soon, declined to comment Thursday.

Ms. Rice on Thursday sternly played down the significance of any internal dissent, making it clear that she would not entertain dissent after the president had made up his mind.

"First of all, the U.S. government is the U.S. government," she said. "And so the decision has been taken. And since people are loyal to decisions that are taken, I think that everybody expects there to be loyalty to this decision."

Mr. Bush, asked at a news conference on Wednesday about Mr. Bolton's critique, was succinct: "I strongly disagree — strongly disagree with his assessment."

But in Mr. Bush's first term, the decision-making process worked very differently.

State Department negotiators almost never dealt with the North Koreans without officials from the Defense Department and the vice president's office coming along, and reporting back. In one instance, Mr. Cheney stepped into the Oval Office to put an end to a discussion under way in Beijing, when he feared an agreement setting out steps for resolving the nuclear standoff lacked the tough language on disarmament that he believed Mr. Bush wanted. Colin L. Powell, then the secretary of state, learned of the decision after a black-tie dinner.

In this deal, North Korea has agreed in principle to disarmament, but all discussion about actually giving up weapons — and what the North might receive in return — has been deferred.

Senior administration officials said they had been concerned that this deal, unlike the 1994 accord, should not "front-load" benefits to North Korea, and they said that instead it would reward the country bit by bit, as it carried out a freeze, and the "disablement," of North Korea's nuclear facilities.

"What's different this time is that it is clear that both the president and Condi wanted a deal," said an official peripherally involved in the debate. Several officials acknowledge that as the Bush presidency enters its final years, two foreign policy goals have risen higher on the agenda: peace between the Israelis and Palestinians and disarming North Korea.

Others said that the rapidly shifting terrain beneath the negotiations allowed Ms. Rice to press her case with Mr. Hadley and directly to the president. Another senior administration official said that the North Korean response to Mr. Hill in Berlin was circulated, but on a "relatively limited" basis as it was one of the most delicate national security issues facing the Bush administration.

Immediately after Mr. Hill's meeting with his North Korean counterpart in Berlin, Mr. Hill briefed Ms. Rice as she stopped in the German capital on the way home from the Middle East. She called the president from Berlin, and also spoke with Mr. Hadley, who was reviewing a copy of the document presented to Mr. Hill by the North Koreans, a senior administration official said.

"Chris signed on to it in Berlin," said a senior administration official, although a full six-party session was required to formalize the deal because the Bush administration was insisting on a multilateral format to better enforce any agreement with the North.

White House Calms GOP Base On Korea Deal (AP)

By Ben Feller

AP, February 16, 2007

The White House on Thursday sought to ease concern among conservatives, including at least one key aide to President Bush, that a nuclear disarmament deal with North Korea goes too easy on the communist country.

One provision that conservatives find particularly troubling could allow North Korea to be removed from a list of terror-sponsoring states. One of Bush's deputy national security advisers, Elliott Abrams, raised alarms about that section in a series of e-mails.

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White House press secretary Tony Snow said he spoke with Abrams and assured him North Korea will not be removed from the list unless it changes it behavior.

"The North Koreans don't get it for free," Snow said. "They've got to earn it, like everything else."

"We've seen conservatives criticizing this provision because they want the same kind of reassurance," Snow said. "So here it is — no political deal, it has to be based on facts and performance on the part of the North Koreans."

Snow said Abrams was reassured about the terms, and that Abrams did not oppose the deal — he was just seeking clarification.

Asked if Abrams was satisfied with the answers he'd received, Snow said: "Yes. I can say that without reservation."

"In this White House, people do express their opinions freely and give their advice," Snow responded after Abrams' skepticism had made its way into the newspaper.

That disclosure of Abrams' concerns came after John Bolton, who until recently was Bush's U.N. ambassador, said the agreement rewards North Korea for bad behavior. He called the agreement "fundamentally flawed." Bush said in a news conference on Wednesday that he strongly disagreed with that assessment, and that North Korea would receive no aid unless it lives up to its end of the deal.

Bush underscored that point Thursday in a conversation with Chinese President Hu Jintao. Bush congratulated Hu about the important role China played in reaching disarmament deal.

"President Bush told President Hu that it was now up to the leader of North Korea to live up to the commitments made in order to create a better life for the North Korean people," said Bush's national security spokesman, Gordon Johndroe.

Under the first phase of the breakthrough agreement reached in Beijing on Tuesday, North Korea would shut down its main nuclear reactor and allow U.N. inspectors back into the country within 60 days. In return, it would receive aid equal to 50,000 tons of heavy fuel oil from the other countries participating in the six-party talks — the United States, South Korea, Russia, China and Japan. The United States will also begin the process of removing North Korea from its designation as a terror-sponsoring state, but no deadlines have been set.

S. Korean Dissenter Warns Of Nuke Deal (WT)

By David R. Sands

The Washington Times, February 16, 2007

A top contender to be South Korea's next president is warning that North Korea must be forced to give up all its nuclear-weapons programs if the new accord to end the peninsula's nuclear crisis is to succeed.

Park Guen-hye, daughter of the late South Korean President Park Chung-hee and a former chairman of the leading opposition party, said on a Washington visit Wednesday that the deal reached during the six-party talks in Beijing this week was a "good first step," but there were still "many mountains to cross" before the crisis was resolved.

Merely freezing Pyongyang's existing nuclear arsenal, she said, was unacceptable and would only re-create the conditions of the discredited 1994 Agreed Framework negotiated by the Clinton administration.

She also said the deal reached this week among the United States, the two Koreas, Japan, Russia and host China was not clear on whether Pyongyang would have to destroy its nuclear arsenal, estimated at four to 12 bombs.

She made the comments at the National Press Club as North and South Korean negotiators yesterday announced plans to hold high-level talks later this month, the first tangible result of the nuclear disarmament pact. Cabinet-level meetings on bilateral ties will take place in Pyongyang starting Feb. 27 -- the first such gathering since North Korea conducted missile tests in July.

Top North Korean negotiator Kim Kye-gwan, on his return to Pyongyang yesterday, said the six-party talks had "gone well," Japan's Kyodo News service reported.

"We are ready to implement the results of the meeting," he said.

President Bush, in a White House press conference Wednesday, brushed aside as "flat wrong" conservatives' complaints that the North will pocket promised fuel and food aid from the deal without being required to dismantle its nuclear programs first.

But he echoed Mrs. Park in saying that the North's follow-up moves to the Beijing deal will be crucial.

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"Those who say the North Koreans have to prove themselves by actually following through on the deal are right, and I'm one," Mr. Bush said. "This is a good first step."

One provision that conservatives find particularly troubling could allow North Korea to be removed from a list of terror-sponsoring states. One of Bush's deputy national security advisers, Elliott Abrams, raised alarms about that section in a series of e-mails.

White House spokesman Tony Snow said he spoke with Mr. Abrams and assured him that North Korea will not be removed from the list unless it changes its behavior.

"We've seen conservatives criticizing this provision because they want the same kind of reassurance," Mr. Snow said. "So here it is -- no political deal, it has to be based on facts and performance on the part of the North Koreans."

Joel Wit, who helped negotiate the nuclear-freeze deal with North Korea in 1994 when he was with the State Department, praised the accord but cautioned there were huge question marks hanging over its implementation. They include the fate of the North's nuclear stockpile, Pyongyang's cooperation in disclosing all its nuclear assets and the effectiveness of the five "working groups" set up to implement the deal.

"There is a distinct danger that this deal could collapse," Mr. Wit said.

Mrs. Park's Grand National Party has soared in the polls ahead of the December presidential election as the Uri Party, allied to Mr. Roh, has slumped. Recent polls put the GNP's support at nearly 50 percent, compared with 10 percent for Uri.

In a five-day U.S. visit designed to burnish her international credentials, Mrs. Park will meet with top U.S. officials and reach out to the large, increasingly affluent Korean-American community.

She enjoys high name recognition because of her father, but recent polls put Mrs. Park behind former Seoul Mayor Lee Myung-bak in the race for the GNP nomination. The party will choose its candidate in a primary in June.

On another issue, Mrs. Park said she strongly opposed a plan to transfer wartime command of joint U.S.-South Korean forces from the United States to South Korea, a move scheduled to occur by 2012.

She said the command transfer, coupled with recent cuts in U.S. troop levels on the peninsula, had raised popular fears about the future of the U.S.-South Korean alliance.

Inside The Ring (WT)

By Bill Gertz

The Washington Times, February 16, 2007

Korea nuclear denial

A senior Bush administration official said that one serious shortcoming of the tentative deal on North Korea's nuclear program is that it does not resolve the status of Pyongyang's secret highly enriched uranium (HEU) program.

"North Korea denies having a HEU program and denies making any acquisitions necessary for a production-scale HEU program," the senior official said. "We know they made these acquisitions."

North Korea purchased special metals from Germany used in centrifuges in 2002 through a procurement office based in Shenyang, China. The North Koreans also were part of the centrifuge-technology network headed by Pakistani covert nuclear supplier A.Q. Khan.

The purchases were the basis for the confrontation in October 2002 between State Department official James Kelly and North Korean Deputy Foreign Minister Kang Seok-ju, who admitted that the uranium program had been under way for several years.

The North Koreans then reversed course and began denying that they had the uranium program, a position eventually adopted by both China and Russia.

The U.S. discovery of the HEU program in 2002 was the trigger to the current crisis with North Korea, which ultimately led to the six-party talks among North Korea, the United States, China, Japan, South Korea and Russia.

Rules of engagement

Now that Lt. Gen. David Petraeus is the commander of U.S. forces in Iraq, one of his first jobs will be to clarify what military and defense officials say are vague rules of engagement that govern how U.S. troops can use force to defend themselves.

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Gen. Petraeus was asked recently about the problem of the vague rules, which have been discussed at length in this column over the past several weeks. He told a former general during a recent meeting that fixing the rules will be one of his most important priorities.

More evidence of the rules problem comes from an e-mail from an Army E-5 sergeant in Iraq who took issue with the recent letter in The Washington Times written by an Army attorney. The lawyer asserted that the current rules for soldiers were adequate and not confusing.

"I can tell you from personal experience that [the current rules of engagement] don't give us very much leeway with self-defense," wrote the sergeant, a member of a combat service support unit.

"They tell us in our convoy briefings that we have the right to self-defense, defense for civilians and other coalition forces," the soldier said. "However, I do know that it is hard for soldiers to distinguish when is the proper time to use self-defense and when it is not. Soldiers are scared and they have a right to be. If a higher-up decides what you did was not in self-defense, you could get in major trouble and we feel that it's really not worth it."

In one case, a soldier fired two 5.56 rounds and as a result "had to sit in an office for two days straight and tell his story over and over and fill out a ton of paperwork for doing what he felt was right."

The soldier said after the experience that "he would never fire his weapon again because he felt the aftermath wasn't worth it, and that's just not right."

"The military has gone severely soft in its effort over here and that is why more and more [people] are dying," the sergeant concluded. "They're just too scared to let soldiers think for themselves."

Surge forces

Army Chief of Staff Gen. Peter Schoomaker told Congress yesterday that the Army will be able to supply its portion of the 21,500 troops needed for the new "surge" of troops in Baghdad but that there will be some problems with training and equipping the soldiers.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, also said yesterday there are problems equipping the new troops and that equipment is being taken from other units and given to those deploying to Baghdad. Two of the brigades now are in Iraq and one more will be added later this month. Two additional brigades will be added later.

"We've got about 40 percent of all of our equipment that is either currently in Iraq or Afghanistan or in depots for repair, which leaves you about 60 percent of your inventory, which is an enormous amount of equipment," Gen. Pace said.

He acknowledged that "we are moving equipment from some units to those units." However, he insisted that the new troops will be sent "fully trained and have all the equipment that they're required to have, so when we put those soldiers and Marines into combat, they are as well protected and trained as those who they are joining."

Asked if the Army is now "scurrying" to get five brigades geared up to the proper combat readiness for the Iraq deployment, Gen. Schoomaker said:

"I testified previously that I was concerned about the strategic depth in the Army. We're now supplying more; therefore we have an additional challenge on the strategic depth. Obviously, we are not going to put any force in the theater that isn't properly trained and equipped; therefore scurry is a kind word in terms of, you know, the machinations we go through to make this happen."

Gen. Schoomaker said there are "some issues" with preparing the troops but he does not consider them critical problems. "And our estimation is that we will be able to provide the surge forces in the time that the theater has asked for them, and they will be properly trained, led and equipped when they arrive," he said.

The additional troops will have 500 medium and large trucks sent to the region by June to augment the 8,000 trucks currently in the region.

Gen. Schoomaker assured the House Armed Services Committee that every soldier sent into Iraq, both in combat zones and those who stay "inside the wire," will be equipped with what he described as "the very finest body armor that can be manufactured."

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Rice Faces Steep Hurdles In New Israeli-Palestinian Peace Drive (AFP)

By David Millikin

AFP, February 16, 2007

US Secretary of State Condoleezza Rice leaves Friday to host a rare summit between Israeli and Palestinian leaders that she hopes will break new ground in reviving peace negotiations frozen for nearly seven years.

But a political resurrection of the radical Palestinian group Hamas and a flare-up of violence in the disputed city of Jerusalem have cast a shadow over Monday's meeting with Palestinian president Mahmud Abbas and Israeli Prime Minister Ehud Olmert.

Rice has in recent months heralded the existence of a "new opening" for progress towards Isreali-Arab peace and the creation of an independent state for Palestinians, and she billed Monday's summit in Jerusalem as a high-profile jump through that breach.

On Thursday, though, her spokesman was lowering expectations for the encounter.

"It's not designed as a set of meetings that is going to result in a formal outcome, it is designed to start a series of conversations", Sean McCormack said.

Rice's plan, unveiled earlier this month, is to move beyond security issues which have bogged down Israeli-Palestinian negotiations for years and get the two sides also talking about the contours of a future Palestinian state.

Such "final status" issues have not been broached by senior leaders since former president Bill Clinton brought the two sides together at the Camp David retreat in 2000 for negotiations which ultimately failed.

Rice's initiative is designed to bolster the position of Abbas and his secular Fatah party in a power struggle with the Islamist movement Hamas, which gained control of the Palestinian government through January 2006 elections.

The West responded by withholding critical aid and recognition from the government, plunging the Palestinian areas into financial crisis and political deadlock.

Raising final status issues like the borders of a Palestinian state, the future of Jerusalem and the fate of Palestinian refugees, the new US logic goes, will help convince Palestinians that Abbas is better-suited to advancing their cause than Hamas.

But the plan snagged after the Fatah-Hamas power struggle turned violent late last year, leaving more than 100 dead and threatening to plunge the Palestinian territories into civil war.

The bloodshed spurred the two sides into a Saudi-backed power-sharing deal in Mecca last week that would bring Fatah into a unity government still headed by a Hamas prime minister, Ismail Haniya.

While the deal has so far tamped down the violence, Hamas has yet to clearly signal a willingness to accept the West's conditions for ending the aid boycott: recognition of Israel's right to exist; a renunciation of violence; and compliance with past Israeli-Palestinian peace accords.

Abbas formally charged Haniya with forming the new government Thursday, and the White House responded by reaffirming that the new cabinet had to meet those conditions to be recognized by the West.

McCormack acknowledged that the Abbas-Hamas deal had complicated Rice's mission.

"Clearly the uncertainties concerning the formation of a possible national unity government have added to the complexity of the situation," he said.

"But if you waited for perfect clarity to all the issue in the Middle East and all those currently unanswered questions, the plane would never take off," he said.

Olmert for his part is under threat from the political right and, according to Israeli commentators, unwilling to even begin tackling thorny final status matters -- potentially leaving Rice with little room to maneuver.

"The gaps separating the Israelis and Palestinians are bigger and more complicated than they've ever been," said Aaron Miller, a former diplomat who advised six previous US secretaries of state on Arab-Israeli negotiations.

Instead of partners for peace ready and willing to make tough compromises, Rice will find Olmert and Abbas, also known as Abu Mazen, weakened by their political struggles at home.

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"Olmert and Abu Mazen are not masters of their constituencies, they're prisoners of their own domestic politics," said Miller, now an analyst at Washington's Woodrow Wilson Center.

"That's a bad combination: big issues and weak leaders."

Rice's Mideast Paradox (WSJ)

By Neil King Jr. And Cam Simpson

The Wall Street Journal, February 16, 2007

Secretary of State Condoleezza Rice will confront a paradoxical question when she arrives this weekend in the Middle East: Is peace among Palestinians bad for potential peace with Israel?

Ms. Rice's trip to Israel comes as the two main Palestinian factions -- the Islamist militant group Hamas and the Fatah party of Palestinian President Mahmoud Abbas -- are trying to cement a Saudi-brokered unity government. Their aim is to stanch the recent bloodshed between them and to win the financial backing of the outside world.

The budding political alliance between Hamas -- which refuses to recognize Israel's existence or to renounce the use of violence -- and Fatah has thrown a wrench into Ms. Rice's plans to start peace talks between Mr. Abbas and Israeli Prime Minister Ehud Olmert. Until a week ago, when Saudi Arabia jumped in to broker a settlement between the two factions, the Bush administration was arguing that the time was ripe to start talking about a future Palestinian state.

Ms. Rice is sticking to her plans to hold three-way talks Monday with Israeli and Palestinian officials. "You can't wait for the perfect circumstances," she told reporters yesterday on the eve of her trip, adding that it would be a mistake not to keep ties strong with Mr. Abbas and "take advantage of his commitment" to eventual peace with Israel.

Skeptics, including some Israeli officials, are wondering if Ms. Rice is wise to proceed on this trip, especially when the Palestinian political scene is in such turmoil. "We could use some time to sit back and reassess where we are right now," said one Israeli official.

The U.S. itself is sending mixed signals over whether it may be willing to interact with a unity government led by Hamas. Ms. Rice said the U.S. wouldn't take a position on this question until the new government is formed, but U.S. officials in Israel have told the Palestinians that the U.S. would shun the government if it doesn't embrace Israel, renounce violence and agree to abide by previous international peace accords.

Ms. Rice's strategy in the past year has been to embolden Mr. Abbas and his secular Fatah movement, politically and militarily, believing that would force Hamas to yield to better terms for a unity government. Street battles raged between Fatah and Hamas, claiming scores of lives from within the leadership ranks of the warring factions and among Palestinian civilians.

That strategy has apparently failed, as the deal brokered by Saudi Arabia at Mecca last week would seem to require Mr. Abbas and the other U.S.-backed moderates to move closer to the Islamists -- not vice versa.

The Saudi deal, if it holds, also has thrown into question a core premise underlying the U.S.'s regional strategy over recent months. Ms. Rice has portrayed the moment as ripe for progress on the Israeli-Palestinian peace front largely because Sunni Arab states like Saudi Arabia appeared eager to help broker a deal. The U.S. logic was that Iran, and its aid to militant groups like Hamas, had become a greater threat to many Arab states than Israel.

The Saudis, by summoning both Hamas and Fatah to Mecca last week and then offering them $1 billion in aid, have made clear that their main desire is to preserve intra-Palestinian comity while weaning Hamas away from Iran.

Ms. Rice yesterday said she approved of the Saudi effort to stop the fighting. "We want calm between the Palestinians as well," she said.

The U.S. finds itself in a delicate place, facing the possibility it soon could be leading the opposition against a unity government that the Saudis helped put together. Arab states are eager to see the Palestinians end their internecine fighting. If Ms. Rice comes out strongly against the new government, she could create an even-greater backlash against the U.S. across the region and beyond. The U.S. and Israel would largely be alone if they tried hard to scuttle it.

After her talks with Israeli and Palestinian officials, Ms. Rice is scheduled to meet with an assortment of Arab ministers in Jordan before flying Tuesday to Berlin. Talks there, with representatives from the European Union, Russia and the United

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Nations, will be just as crucial, because the U.S. may have to push hard to keep in place the current international freeze on aid to the Palestinians if a new unity government is formed.

Rice Faces An Uphill Battle For A Mideast Breakthrough (NYT)

By Helene Cooper

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — On a chilly Saturday morning late last year, Secretary of State Condoleezza Rice and the Israeli foreign minister, Tzipi Livni, sat down alone in Ms. Rice's apartment at the Watergate here and hashed out a plan.

It was an ambitious one. To jump-start Arab-Israeli peace, Ms. Rice would encourage Prime Minister Ehud Olmert of Israel to start talks with the Palestinian Authority president, Mahmoud Abbas, leap-frogging interim details and squabbles, and instead trying to define the big "final status" issues of a Palestinian state, which have bedeviled peace negotiators since the Camp David accords of 1979.

"It's important to start sketching out broader political issues," Ms. Rice said Thursday in a group interview with newspaper correspondents at the State Department.

To some extent, the approach turned the clock back to the closing days of the Clinton administration, when a push toward a final settlement expired. Since then, the Bush administration has engaged the peace effort in fits and starts, and none of the paths has led far.

On Monday, Ms. Rice, Mr. Olmert and Mr. Abbas are scheduled to sit down in Jerusalem, ostensibly to discuss what Ms. Rice calls horizon issues: the fate of Jerusalem, the borders of a Palestinian state and the question of the treatment of Palestinian refugees.

But the timing could not be worse, American, Israeli and some Palestinian officials said. "If you invited a man from Mars down and asked him, 'Is this the moment to go for a breakthrough?' the answer would be categorically 'No,' " said Aaron David Miller, a scholar at the Woodrow Wilson Center who was a senior adviser for Arab-Israeli relations at the State Department under the last three presidents.

"What she's got going for her is that expectations of her success have plunged lower than the Dead Sea," said David Makovsky, a Middle East expert with the Washington Institute for Near East Policy. And that, he said, "might actually help her."

Prospects for any real breakthrough were already bleak two months ago, when Ms. Rice and Ms. Livni came up with their proposal. The Palestinian government was controlled by Hamas, which preaches Israel's destruction. Mr. Olmert's approval ratings were as bad as, if not worse, than those of President Bush. There was factional strife in Gaza, to the south, and turmoil in Lebanon, to the north.

Last week, one more giant obstacle emerged: a national unity government of Fatah and Hamas leaders that was worked out in talks brokered by Saudi Arabia in Mecca.

Bush administration officials, publicly lukewarm about the agreement, were angry with Mr. Abbas. They say the pact brings him closer to Hamas instead of bringing Hamas, which America views as a terrorist organization, closer to Mr. Abbas, who is seen as far more moderate.

In her session with reporters on Thursday, Ms. Rice said the task of negotiations had become "obviously more complicated because of the uncertainties surrounding the national unity government," and that the Bush administration would "await the formation of that government before we make any decisions about it."

The Bush administration, along with Israel and several European countries, wants the new Palestinian government to meet three benchmarks for normal relations: recognize the right of Israel to exist, forswear violence and accept previous Israeli-Palestinian accords. The Mecca accord does not address the first two benchmarks. The Palestinians argued that the three benchmarks were met implicitly, though the accord does not mention Israel.

While Ms. Rice was angry about the Mecca deal, she said that she would nonetheless go ahead with the planned summit, Arab and American officials said. But she has warned Mr. Abbas that the United States would deal only with Palestinian government ministers who explicitly agreed to the three conditions, the officials said.

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So what was supposed to be a summit that shored up Mr. Abbas in the eyes of the Palestinian people by discussing a future Palestinian state may now downgrade to one in which Mr. Abbas spends his time trying to defend the Mecca deal and convince the United States and Israel that he has not sold out to Hamas.

Both Mr. Abbas, who is also known as Abu Mazen, and Mr. Olmert are politically weak, making compromise tricky. “If Olmert agrees to talk about Jerusalem, someone could threaten to leave his government,” said Martin S. Indyk, the United States ambassador to Israel in the Clinton administration. “If Abu Mazen talks about giving up the right of return, Hamas would condemn him for betraying the cause.” He was referring to giving Palestinian refugees the right to return to lands they left in 1948.

Still, Mr. Indyk, who is now the director of the Brookings Saban Center for Middle East Policy, said the Bush administration had let Arab-Israeli peace talks go untended for too long. Ms. Rice, he said, “deserves full support for trying, and she deserves to be given a chance and some rope and leeway to try to make this work.”

Palestinian Power-Sharing Deal Complicates Rice's Mideast Trip (WP)

By Glenn Kessler

The Washington Post, February 16, 2007

Secretary of State Condoleezza Rice said yesterday that the formation of a Palestinian unity government that includes the Hamas militant group complicates her high-profile peace mission this weekend, strongly suggesting that the new government falls short of standards that would allow a resumption of international aid.

"Our position toward the Hamas government was very clear: It did not meet the international test," Rice told a group of newspaper reporters on the eve of her departure. "I have to say that we have not yet seen any evidence that this one will."

Rice added, "I don't deny that it's more complicated" now and that before the announcement of the unity government "it was clear, more black and white."

With prodding by Saudi Arabia, Palestinian Authority President Mahmoud Abbas last week reached a deal with his Hamas rivals that would bring Abbas's Fatah party into the government. Yesterday, Abbas formally asked Palestinian Prime Minister Ismail Haniyeh, of Hamas, to assemble the next cabinet.

Abbas's move has placed the United States in a quandary because, under Rice's formulation, he is a "mainstream" leader, while Hamas is an "extremist" group that needs to be isolated. The Bush administration has pushed a plan to bolster security forces loyal to Abbas in part because Hamas's security forces have gained strength, but at the same time the administration has said it wants an end to violence between Hamas and Fatah that has left scores dead. The unity accord is intended to end street battles between the factions.

After a weekend of meeting separately with Israeli and Palestinian officials, Rice intends to bring together Abbas and Israeli Prime Minister Ehud Olmert on Monday for a lengthy series of talks on the contours of a Palestinian state -- what she calls "the political horizon." She will then travel to Amman, Jordan, for meetings with Arab officials before flying to Berlin. There, she will meet with the other members of the "Quartet" -- Russia, the European Union and the United Nations-- which monitors Middle East peace and sets the conditions on aid to the Palestinians.

Rice's hope is that the "political horizon" will provide a vision for a Palestinian state that will inspire the Palestinians, strengthen Abbas and reduce the influence of anti-Israeli militants such as Hamas. The Palestinian people need to "know what is at stake for them in the future," Rice said. "Without a political horizon, it is going to be difficult to show why this course, the course of Abu Mazen, is better than other courses." Abu Mazen is Abbas's nickname.

Rice also hopes to prod Arab governments to begin the process of recognizing Israel as progress is made with the Palestinians -- a way of strengthening Olmert, who suffers from low public approval ratings. The "political horizon has to include them, and it has to include a relationship between them and Israel," Rice said, referring to Arab states.

Few details of the Palestinian unity agreement have been released, except a vague statement in which Abbas called upon Hamas to "respect international resolutions," which appeared to fall far short of international demands that the new government pledge to recognize Israel, renounce violence and abide by previous agreements signed by the Palestinian Authority. Hamas officials later told reporters that the movement has no intention of ever recognizing Israel.

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Abbas aides hoped the unity accord would end the international boycott, but U.S. officials have made it clear in recent days that they will not deal with the new government as long as it does not meet the three conditions. Israeli officials have been very critical of Abbas's decision, saying it sets back the chances of reaching a peace agreement.

In the interview, Rice repeatedly defended Abbas, calling him "someone who has devoted his whole life to nonviolence," and said that no matter what happens with the unity government, the United States will continue to work with him because he has accepted the conditions. "It would be a very big mistake to not continue to deal with him," she said.

Rice said she is traveling to the region because "it is important to inject energy and confidence" in the dealings between Olmert and Abbas. Despite the uncertainty over the new government, "in the Middle East, if you wait for the perfect circumstances, I think you would probably never take the airplane," Rice said. "I am not going to let the fact that the circumstances are not perfect at this particular point in time delay what I think is extremely important work to be done."

Hopes Not High For Mideast Talks (LAT)

By Paul Richter

The Los Angeles Times, February 16, 2007

WASHINGTON — The Bush administration's latest Middle East peace initiative, which begins this weekend, is taking place under a cloud of uncertainty because of Israeli anxiety about the complexion of a proposed Palestinian unity government.

Secretary of State Condoleezza Rice will lead an American push to bring together Israeli and Palestinian leaders for the first talks in six years about the eventual shape of a longproposed independent Palestinian state.

But hopes for the U.S. mission have dimmed amid Israeli worries that a new power-sharing Palestinian government, while including more moderates, may not go far enough in rejecting the views of the militant Hamas party leaders who also will play a central role. Many Israelis have indicated they would be reluctant to try to work with such a government.

Israeli Prime Minister Ehud Olmert declared his intention to cooperate Thursday, but Israeli Cabinet officials and other commentators have spoken pessimistically about the gathering, and some Palestinian Authority officials have expressed their own doubts.

Officials of the Hamas and Fatah movements have said they have a formula for dividing Cabinet positions, including leaving Ismail Haniyeh of Hamas as prime minister. The two sides did not name an interior minister, nor decide who will control the various agencies of the security services.

Rice acknowledged Thursday that the peace mission was "obviously more complicated because of the uncertainties surrounding the unity government." But she signaled that Washington would continue to push for progress by working through its primary ally, Palestinian Authority President Mahmoud Abbas of Fatah, even if U.S. officials dislike the new Palestinian government.

"In the Middle East, if you wait for the perfect circumstances, you will never take the airplane," Rice said.

Under the Palestinian Authority structure, the president's office is separate from the administrative branches that will be overseen by the new ruling coalition. The United States could still provide aid and political support to Abbas even if the Bush administration decided it could not do business with the remainder of the Palestinian government.

Rice will meet over the weekend in bilateral sessions with Olmert and Abbas, and all three will meet Monday in Jerusalem.

Rice's mission is built around the idea that by renewing discussions of a Palestinian state, she can illustrate to Palestinians the advantages of choosing a moderate path rather than the violent resistance espoused by Hamas.

The administration also is eager to show allied Arab governments that it can make progress on Israeli-Palestinian issues, in hopes of strengthening their cooperation in stabilizing Iraq and resisting the influence of Iran.

But the politically weak Olmert government has been unenthusiastic about peacemaking overtures that could build pressure for Israeli concessions and further weaken its position.

Many Israelis have been wary of the unity Palestinian government, announced Feb. 8 in Mecca, Saudi Arabia, even though it will incorporate moderate and pro-Western Palestinian figures.

Abbas, who is eager to have world powers resume direct aid to the Palestinian Authority, said the Mecca deal committed the government to respect previous agreements. But critics said the Palestinians were not supporting the three principles called

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for by the diplomatic quartet of the United States, the United Nations, the European Union and Russia: recognizing Israel, repudiating violence and observing past agreements.

Israeli opposition leader Benjamin Netanyahu on Monday urged Olmert to cancel the three-way talks in light of the Mecca agreement.

Although Olmert has agreed to go ahead with the talks, Israeli officials in Jerusalem say he does not want to engage in detailed negotiations until he learns directly from Abbas about the power-sharing deal.

For a start, he plans to demand the release of Israeli soldier Gilad Shalit, who was captured in June and is being held by Hamas.

"I think we will have a tough situation to convince Israel to deal with a unity government," said Abbas aide Nabil Amr. "But what can we do? This is what we achieved in Mecca."

The Bush administration denied news reports that U.S. officials privately told Palestinian officials that they would not recognize the new government.

There are also risks that the new government will not survive long. On Thursday, the Cabinet of the former Hamas government formally resigned, a procedural step required to open the way for the new team. But some observers believe the many unresolved issues, and the recent bloodshed between Hamas and Fatah, will make the new government inherently fragile.

A U.S. official defended proceeding with the talks.

"What happens to the government is important, but it doesn't change the ability, or the rationale, of Abbas engaging with the prime minister," the official said, speaking on condition of anonymity. "Can anyone argue that this will make less sense than it did when Hamas led the government?"

U.S. officials play down their expectations for the three-way meeting, characterizing it as an informal discussion.

2 Palestinian Leaders Meet To Pave Way For A New Cabinet (NYT)

By Greg Myre

The New York Times, February 16, 2007

GAZA, Feb. 15 — After months of difficult negotiations and bloody Palestinian street fighting, the Hamas-led Palestinian government resigned Thursday to pave the way for a unity government that will include Hamas and the rival Fatah movement.

Prime Minister Ismail Haniya of Hamas submitted his cabinet's resignation on Thursday evening at a meeting with the Palestinian Authority president, Mahmoud Abbas, at Mr. Abbas's seaside compound in Gaza City. The agreement is intended to help prevent a resurgence of the internal Palestinian battles that have claimed nearly 100 lives in the Gaza Strip since December.

There was no immediate sign that a new Palestinian government would win a restoration of direct financial assistance that Israel and Western countries cut when Hamas came to power a year ago.

American diplomats told Mr. Abbas, who is from Fatah, that Washington would shun the new government as long as it did not meet several conditions, according to one of Mr. Abbas's top aides, who requested anonymity because he was not authorized to speak publicly.

Israel, the United States and the European Union have demanded that the Palestinian government recognize Israel, renounce violence and accept previous agreements. But with Mr. Haniya set to retain his post in the new government, which will again include many prominent Hamas figures, it appears highly unlikely that the new cabinet will explicitly meet the conditions.

"I am not certain that the full scope of this agreement is clear to anyone," Israel's prime minister, Ehud Olmert, who was in Turkey on Thursday, said on Turkish television. "The initial signs are not very encouraging."

The Bush administration, like the Israeli government, has contacts with Mr. Abbas. But Israel and the United States refuse to deal with Hamas, which they classify as a terrorist organization.

Washington's stance toward a new Palestinian government may be clarified when Secretary of State Condoleezza Rice arrives for a meeting with Mr. Olmert and Mr. Abbas, set for Monday in Jerusalem.

Mr. Abbas seeks a resumption of negotiations with Israel, which collapsed six years ago, several months after the Palestinians began an uprising in September 2000.

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"The unity government must be given a chance," said Nabil Abu Rudeineh, a spokesman for Mr. Abbas. "After the formation of the unity government there shouldn't be any excuse for not holding negotiations."

Mr. Haniya's resignation was mostly a formality, as Mr. Abbas immediately asked him to form the new government, which is to be presented to the Palestinian parliament for approval within five weeks.

Hamas will continue to hold the largest number of cabinet posts. Fatah, which refused to take part in the previous government after losing elections to Hamas last year, will have at least a half dozen ministerial portfolios, and other factions and independents will also have posts.

"Brother Ismail Haniya presented me with his government's resignation, and I charged him with forming his new cabinet," Mr. Abbas said Thursday after their meeting. "We call on you to be committed to the high interests of the Palestinian people," he said to Mr. Haniya.

There was no word on who would hold the key post of interior minister, overseeing several branches of the security forces, including the police. Mr. Abbas is responsible for all other security agencies.

Under a preliminary agreement reached last week in Saudi Arabia, Hamas is to nominate an independent figure to lead the Interior Ministry, and Mr. Abbas can accept or reject the choice. Security force members, some loyal to Fatah, others to Hamas, were deeply involved in the recent Palestinian infighting in Gaza.

Palestinians celebrated in the streets when Hamas and Fatah announced their agreement last week. But on Thursday many expressed doubts about whether a unity government would survive.

Rawya Shawa, an opposition member of the Palestinian parliament, said she would vote to support a unity government, but without much enthusiasm. "In principle I support power-sharing," she said, "but it won't be easy for Hamas and Fatah to get along together, and I'm not sure a unity government will last long."

Hamas And Fatah Act To Clear Way For Palestinian Unity Government (WP)

By Scott Wilson

The Washington Post, February 16, 2007

JERUSALEM, Feb. 15 -- Palestinian Prime Minister Ismail Haniyeh, of Hamas, resigned Thursday to make way for a power-sharing government with the rival Fatah party in the hopes of ending factional strife and restoring international aid to the nearly bankrupt Palestinian Authority.

Palestinian Authority President Mahmoud Abbas, a Fatah leader, immediately reappointed Haniyeh to assemble the next cabinet. At a news conference in Gaza City, Abbas said he hoped the step would "inaugurate a new Palestinian era in which people live in peace and security."

The next cabinet's composition was set out in an agreement that Abbas and Hamas leaders reached last week in the holy Islamic city of Mecca, Saudi Arabia, although who will fill some of the key ministries has been a point of debate between the two sides for the past few days.

Palestinian officials said they hope the next government will prove acceptable to international donors, who cut off aid to the Palestinian Authority after Hamas's victory in January 2006 parliamentary elections. The win gave Hamas, a radical Islamic movement that does not recognize Israel, effective control of the Palestinian government, which had been run by the secular Fatah party for more than a decade.

The aid embargo and Israel's decision to stop transferring the tax revenue it collects on the Palestinian Authority's behalf have crippled the government and sharpened the longtime rivalry between the two largest political movements in the occupied territories.

The parties' armed wings, as well as security forces loyal to each, have clashed repeatedly over the past year, particularly in the Gaza Strip. More than 100 Palestinians have died in partisan violence in that period, most of them since December, when Abbas threatened to call early elections to end the political stalemate.

The fighting gave way to relief and celebration Feb. 8, when the two sides agreed on the terms of a unity government that gives Hamas nine cabinet seats, Fatah six and some smaller parties four. Haniyeh's cabinet, sworn in last March, included only Hamas members and supporters.

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Hamas will keep the post of prime minister but give up several important ministries.

Talks in recent days focused on who would fill those posts, including the top job at the Interior Ministry, which effectively controls some of the most powerful Palestinian security services. Under the agreement, Hamas will nominate an independent candidate, although party officials have resisted the stipulation that Abbas must first approve their choice.

In addition, Hamas and Fatah must agree on an independent candidate to be foreign minister. The consensus choice appears to be Ziad Abu Amr, a longtime mediator between the parties who won his parliamentary seat as an independent with Hamas's backing. Abbas also reportedly wants Mohammed Dahlan, a senior Fatah official who has enormous influence within the security services, to be deputy prime minister. Dahlan is loathed by Hamas for the violent crackdown he led against the group in Gaza during the 1990s.

"These questions will be resolved in the course of putting the government together," said Saeb Erekat, a Fatah lawmaker and the chief Palestinian negotiator with Israel. "Internally speaking, we're moving in the right direction. But will this program solve our problems with the international community? That's the key question."

Haniyeh has five weeks to assemble the cabinet, which under the terms of the accord will "respect" agreements with Israel signed by the Fatah-dominated Palestine Liberation Organization.

But Hamas officials have made clear that the new government will not recognize Israel's right to exist, a condition international donors have set for the resumption of aid.

The United States, the European Union, Russia and the United Nations -- known as the Quartet -- had previously demanded that Hamas recognize Israel, renounce violence and abide by previous agreements in return for aid.

Neither Israel nor the Quartet has taken a formal position on the next government's platform, which will be a major point of discussion during meetings this weekend among visiting Secretary of State Condoleezza Rice, Israeli Prime Minister Ehud Olmert and Abbas.

Palestinian Deal Complicates Work Toward Peace, Rice Says (USAT)

By Barbara Slavin

USA Today, February 16, 2007

WASHINGTON — Secretary of State Condoleezza Rice said Thursday that her efforts to broker an Israeli-Palestinian peace have been complicated by an agreement by feuding Palestinian factions to form a joint government.

Rice said the Bush administration had not rejected the Cabinet being formed by the secular Fatah and militant Hamas movements. But she said there is no sign the new government would recognize Israel — as demanded by the administration and the Israeli government.

Rice leaves Friday for the Middle East. She is to meet Monday in Jerusalem with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas.

Agreement to form the government was reached Feb. 8 in Saudi Arabia. Hamas did not renounce violence or affirm Israel's right to exist. Those are conditions for U.S. recognition and aid.

The Bush administration has sought to bolster Fatah and its leader, Abbas, by holding talks to begin to sketch the contours of a Palestinian state. Rice said she was going ahead with the meeting with Abbas and Olmert.

"In the Middle East, if you wait for perfect circumstances, you would never take the airplane," she said.

Abbas, Rice said, has a record of opposing violence and recognizing Israel. "It would be a very big mistake not to continue to deal with him," she said.

Robert Satloff, director of the Washington Institute for Near East Policy, said the prospect of a Fatah-Hamas government made chances for a peace agreement unlikely. Abbas "has chosen internal unity over the potential for diplomatic progress," Satloff said.

Weak leadership on both the Palestinian and Israeli sides, along with the growing influence of Iran and Syria, also undermine chances for success, said Aaron Miller, a Middle East adviser to six former secretaries of State.

"You can't build the house if the foundation is not put together in a sound way," he said.

Rice Wary Of Mideast Peace Trip (WT)

By Nicholas Kralev

The Washington Times, February 16, 2007

Secretary of State Condoleezza Rice said yesterday that the "uncertainty" of the new Palestinian government will complicate her peace mission in the Middle East next week and that Washington will not support the future Cabinet unless it recognizes Israel.

Miss Rice made her comments hours after Palestinian Authority President Mahmoud Abbas formally asked Prime Minister Ismail Haniyeh of the Hamas militant group to form the next government after last week's agreement between Hamas and Mr. Abbas' Fatah faction in Saudi Arabia.

"It's more complicated with the horizon of a government we don't yet know what its character will be, but in the Middle East, if you wait for the perfect circumstances, I think you'll probably never take an airplane," Miss Rice, who leaves for the region today, told a small group of newspaper reporters.

"The efforts to try and get the Palestinians to live at peace, to stop fighting ... is something that we understand and will support," she said. "Whether or not we can then support the government that came out of that, I think we've been very clear: The Quartet principles will have to be respected."

Those principles of the international mediators -- the United States, the European Union, Russia and the United Nations -- are renouncing violence and accepting the Palestinians' previous international agreements, as well as recognizing Israel.

Miss Rice said that when she meets with Mr. Abbas and Israeli Prime Minister Ehud Olmert on Monday, they will "begin a conversation" about "moving forward" toward a Palestinian state.

She will meet with them separately over the weekend and also will hold talks with King Abdullah II of Jordan and other Arab leaders in Amman, Jordan.

On her return, the secretary will stop in Berlin for a Quartet meeting on Wednesday.

Mr. Abbas also urged Hamas yesterday to accept the Quartet's conditions so the West can lift a ban on financial assistance for the Palestinians.

That ban contributed to the inability of Hamas' first government, which emerged from last year's elections, to provide some basic services to the Palestinian people and even pay the salaries of some civil servants.

The United States and Europe have said Hamas, which they have designated as a terrorist organization, has to make a choice between terrorism and being a political party that fulfills its election promises.

Aides to Mr. Abbas were quoted by wire reports as saying C. David Welch, assistant secretary of state for Near Eastern affairs, warned Mr. Abbas during a telephone conversation yesterday that Washington would not deal with members of the new government -- even those from Fatah -- unless it meets the Quartet conditions.

The aides also said that Jacob Walles, the U.S. consul-general in Jerusalem, delivered the same message to Mr. Abbas in person at a meeting in the West Bank town of Ramallah. The consulate confirmed the meeting took place but did not disclose its content.

Miss Rice declined to discuss private exchanges, though she said the administration's message is the same in public and in private.

She also said that the United States will continue to deal with Mr. Abbas because he has demonstrated that he respects the Quartet's principles.

The administration has pledged $86 million in aid for Mr. Abbas' security forces, but Rep. Nita M. Lowey, New York Democrat and chairwoman of the House Appropriations Committee, has blocked the funding.

"Early last week, I placed a hold on the $86 million," she said yesterday. "It is imperative that we have a fuller understanding of exactly what the funding is for and what the situation is on the ground."

Defense Chief Again Says U.S. Will Not Wage War With Iran (NYT)

By David S. Cloud

The New York Times, February 16, 2007

DOJ_NMG_0132919

WASHINGTON, Feb. 15 — Defense Secretary Robert M. Gates said Thursday that the United States had no intention of attacking Iran and that any American military efforts against it would be confined to Iraq to disrupt the smuggling of bomb-making materials over the border.

"For the umpteenth time, we are not looking for an excuse to go to war with Iran," he said at a Pentagon news conference. "We are not planning a war with Iran."

Even if the Bush administration were able to establish that Iran's top leaders knew and authorized the smuggling, Mr. Gates said, there would probably be no change in the Bush administration's strategy of limiting its military response to actions within Iraq.

Questions about the administration's intentions toward Iran have re-emerged in recent days after senior officials, beginning last weekend, laid out what they said was evidence that bomb-making materials from Iran were being supplied to Shiite militants in Iraq.

Mr. Gates and Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, repeated Thursday that weapons used against American troops were coming from Iran and that personnel from the Quds Force, a paramilitary arm of the country's Revolutionary Guards, were involved.

But both officials said, as President Bush did at a White House news conference on Wednesday, that they lacked evidence that Iran's top leaders were involved in the weapons smuggling.

"Whether or not more senior political leaders in Iran know, we don't know," Mr. Gates told reporters in the Pentagon. "Frankly, for me, either way it's a worry."

General Pace ignited some controversy earlier this week while visiting Indonesia, when he told reporters that American forces had confirmed that some bomb materials found inside Iraq were made in Iran, but "that does not translate that the Iranian government, per se, for sure, is directly involved in doing this."

Those remarks conflicted with comments by a senior Defense Department analyst who said, at a briefing in Baghdad over the weekend, that the effort was being directed "from the highest levels of the Iranian government."

Asked about the discrepancy, General Pace said Thursday that the analyst in Baghdad "didn't make a clear enough break between fact and assessment" when he said there was high-level Iranian involvement, "or those listening didn't hear the break between fact and assessment."

Mr. Gates said he was sensitive to the public skepticism about American intelligence claims as a result of faulty prewar intelligence about Iraq. He said he insisted that the statements about Iranian weapons smuggling "make it exactly clear what we know and what we don't know."

In an interview on Thursday, the speaker of the House, Nancy Pelosi, said the United States could not invade Iran without specific Congressional authority.

"The president has said that he supports a diplomatic solution of the situation in Iran," Ms. Pelosi said, speaking to six reporters in her office. "I would take him at his word. I do believe that Congress should assert itself, though, and make it very clear that there is no previous authority for any president to go into Iran."

Iran Provided Bombs, Pentagon Says (WT)

By Bill Gertz

The Washington Times, February 16, 2007

Senior defense and military leaders said yesterday that Iran's government is behind the providing of deadly bombs to Iraqi insurgents, although it is difficult to say whether senior Iranian leaders approved the shipments.

"We know that the Quds force is involved. We know the Quds force is a paramilitary arm of the [Islamic Revolutionary Guards Corps (IRGC)], so we assume that the leadership of the IRGC knows about this," Defense Secretary Robert M. Gates told reporters.

"Whether or not more senior political leaders in Iran know about it, we don't know," he said. "And frankly, for me, either way it's a worry. Either they do know and have approved it, or they don't know and the IRGC may be acting on their own in Iraq."

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Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, qualified earlier comments that he doubted high-level Iranian government linkage to special armor-piercing bombs and rockets found in Iraq.

"What I tried to say when I said I didn't know about the Iranian government, I'm talking about the top two or three people in the government," Gen. Pace said, noting that "we do not have proof that the senior leadership in Iran is directing these activities in Iraq."

The level of Iranian government involvement is secondary to the danger the arms pose to U.S. and coalition forces, he said.

"We know that there are explosives and weapons being used inside of Iraq that were manufactured in Iran," Gen. Pace said.

Also, on two occasions during operations to attack networks supplying improvised bombs, "we had policed up Iranians," he said. "We know that those Iranians are Quds force members. Those are facts."

The comments came after a senior defense official in Baghdad said Sunday that the Iranian arms shipments -- including shaped charge explosives, shoulder-fired missiles and armor-piercing rockets -- had been directed by the highest levels of the Iranian government.

Mr. Gates also cautiously defended the tentative nuclear deal with North Korea, saying it is "a very important first step."

"The timelines are very tight ... we're talking months, not years for actions that have to be taken," he said. "I think that if the deal is structured in a way that we will be able to monitor compliance before the United States or the other countries have had to do very much, in terms of whether the North Koreans are complying with the agreement that they've signed."

Critics of the accord, including former U.N. Ambassador John R. Bolton, have said the agreement makes too many concessions to North Korea.

Asked what steps were being taken to stop the flow of Iranian weapons, Mr. Gates said there is a major effort under way to disrupt the supply networks.

"The explosively formed projectiles are a real problem because they're so lethal," he said. "But the fact is that a bigger problem is the [improvised explosive device] problem in general, and those are coming from a lot of sources, including from inside Iraq."

The Iranian-supplied armor-piercing IED are a relatively small percentage of the homemade bombs, he said.

"So our focus is more broadly on disrupting these IED networks throughout Iraq," he said. "The Iranian responsibility for one set of them is a concern. We are taking action to try to deal with that, but it's part of a much larger problem."

On reports that Iraqi Shi'ite militia leader Muqtada al-Sadr has fled to Iran, Mr. Gates said there is no proof he is there but that as a result of current stepped-up operations in Baghdad "these guys will go to ground."

Gen. Pace was asked about the release of U.S. Central Command documents from the start of the Iraq war and said one assumption that turned out wrong was the collapse of the Iraqi army.

"One assumption was that the Iraqi army, once freed of Saddam's dictatorship, would become a force of good for the people and that it would be a standing army at the time of liberation," Gen. Pace said. "As you know, it disintegrated in the very early hours of the fight, and therefore there was no army of some 400,000 Iraqis who were able to then provide security for their country."

Pelosi: Bush Lacks Power To Invade Iran (AP)

By David Espo

AP, February 16, 2007

House Speaker Nancy Pelosi said Thursday that President Bush lacks the authority to invade Iran without specific approval from Congress, a fresh challenge to the commander in chief on the eve of a symbolic vote critical of his troop buildup in Iraq.

Pelosi, D-Calif., noted that Bush consistently said he supports a diplomatic resolution to differences with Iran "and I take him at his word."

At the same time, she said, "I do believe that Congress should assert itself, though, and make it very clear that there is no previous authority for the president, any president, to go into Iran."

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Pelosi spoke in an interview in the Capitol as lawmakers plowed through a third day of marathon debate in the House on a nonbinding measure opposing the administration's plan to increase troop strength in Iraq — and as Democrats readied a more provocative challenge to the president.

That included drafting legislation to require the Pentagon to meet certain standards for training and equipping the troops, as well fixing the time that military units must be given at home between deployments. "That stops the surge (in troops) for all intents and purposes, because .....they cannot sustain the deployment," said Rep. John Murtha of Pennsylvania, who said he would attach the conditions to legislation providing nearly $100 billion for the military.

Republicans quickly fired back. Rep. John Boehner of Ohio, the GOP leader, issued a statement saying the plan would "pull the rug out from under American troops in the combat zone by cutting off their reinforcements and forcing them to face the enemy without our full support."

Across the Capitol, Senate Majority Leader Harry Reid unexpectedly announced plans to hold a test vote on Saturday on the same nonbinding measure critical of the troop increase that was making its way through the House.

Partisan bickering has prevented a Senate vote so far, with Republicans insisting on equal treatment for an alternative that rules out the "elimination or reduction of funds for troops in the field."

Pelosi and other Democrats have said approval on the nonbinding measure would mark the first step in an effort by the new Democratic-controlled Congress to force Bush to change course in a war that has killed more than 3,100 U.S. troops.

Bush administration officials and their allies are resigned to House passage of the resolution and have worked in recent days to hold down defections by GOP lawmakers.

But Bush, who has challenged lawmakers not to cut off funds for the troops, took a swipe at his critics during the day.

"This may become the first time in the history of the United States Congress that it has voted to send a new commander into battle and then voted to oppose his plan that is necessary to succeed in that battle," the president said.

The Senate unanimously confirmed Lt. Gen David Petraeus last week to take over as the top U.S. commander in Iraq.

Bush said at a news conference Wednesday there is no doubt the Iranian government is providing armor-piercing weapons to kill American troops in Iraq. But he backed away from claims the top echelon of Iran's government was responsible.

Administration critics have accused the president of looking for a pretense to attack the Islamic republic, which is also at loggerheads with the United Nations about what Tehran says is a nuclear program aimed at developing energy for peaceful purposes.

Defending U.S. intelligence that has pinpointed Iran as a hostile arms supplier in Iraq, Bush said, "Does this mean you're trying to have a pretext for war? No. It means I'm trying to protect our troops."

Bush has asked Congress to approve $100 billion for the wars in Iraq and Afghanistan. Congressional Democrats are hoping to insert provisions that would make it harder for the administration to follow through on its plan to deploy an additional 21,500 combat troops to Iraq.

Murtha, in a video aired on movecongress.org, a coalition of groups opposed to the war, said his proposals were designed with the safety and protection of the troops in mind.

The Pennsylvania Democrat also said the measure may be changed to prohibit any military action against Iran without specific congressional approval.

Asked about Murtha's remarks, Pelosi said, "I fully support that." She added that she would propose it as stand-alone legislation if it is not included in the bill that provides more money for the Iraq war.

Bush has said he intends to go ahead with the troop buildup regardless of nonbinding expressions of disapproval in Congress.

But, Pelosi said, "I don't think that the president can completely ignore it."

She spoke down the hall from the House chamber, where Republicans and Democrats alternated turns at the microphone in a debate on the war.

"The enemy wants our men and women in uniform to think their Congress doesn't care about them," said Rep. Sam Johnson, R-Texas, who was a prisoner of war during Vietnam. "We must learn from our mistakes. We cannot leave a job undone like we left in Korea, like we left in Vietnam, like we left in Somalia," Johnson said.

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Added Rep. Geoff Davis, R-Ky., a West Point graduate who was a flight commander with the Army's 82nd Airborne: "This nonbinding resolution serves no purpose other than pacifying the Democrats' political base and lowering morale in our military."

When his turn came to speak, Rep. Lloyd Doggett, D-Texas., said, "There is a better way of protecting our troops than sending more of them to be killed."

Rep. James Clyburn of South Carolina, a member of the Democratic leadership, said the victory to be won in Iraq "is not a military conquest."

"The victory we seek is earned through the restoration of America's role as peacemaker, not warmonger," he said.

Japan Freezes Assets Related To Iran (AFP)

AFP, February 16, 2007

The Japanese government has decided to freeze the assets of 10 groups and 12 individuals related to Iran's nuclear and missile programmes, under a UN sanction resolution approved in December.

"We must execute the measures with a determined will and resolve because (the Iranian nuclear problem) affects the nuclear non-proliferation regime and North Korea's nuclear problem," foreign minister Taro Aso told reporters after the cabinet approved the measures.

The cabinet of Prime Minister Shinzo Abe also decided to ban transfer of funds in connection with Iran's sensitive nuclear and ballistic missile programmes.

The measures will become effective Saturday.

Japan, despite being a close US ally, has maintained close trade ties with Iran. Asia's largest economy is almost entirely dependent on the Middle East for its oil, and imports about 15 percent of its total oil consumption from Iran.

Last year, the UN Security Council unanimously approved a resolution imposing sanctions that target Iran's nuclear and ballistic missile programmes.

Aso called on Iran to stop its uranium enrichment activities and return to the negotiating table before and after the passage of the resolution.

Western countries backed the sanctions, fearing Iran could use uranium enrichment activities to develop nuclear weapons.

Iran, which says its programme is for peaceful purposes, vowed to expand its enrichment.

Iran's Smoking Guns (WSJ)

The Wall Street Journal, February 16, 2007

Following the weekend intelligence disclosures about Iranian-supplied weapons killing GIs in Iraq, we predicted Tuesday that "a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven, or claim that it's all the Bush Administration's fault for 'bullying' Iran." Sure enough, President Bush faced a barrage of questions Wednesday wondering whether senior Iranian leaders were really aware of the weapons transfers, whether he was using "faulty intelligence," and whether the disclosures were part of a strategy designed to "provoke Iran."

So here is the state of our public discourse: American military officials present prima facie evidence of Iranian weapons implicated in killing 170 U.S. soldiers and wounding 600 more, and Washington's main concern is not for the GIs but in refighting the last intelligence war.

Well, here's an item that doesn't seem to have been manufactured by Dick Cheney. According to a report in Britain's Daily Telegraph, U.S. forces in Baghdad have recently discovered 100 high-powered sniper rifles made by Austrian gun-maker Steyr-Mannlicher. The .50-caliber Steyr can accurately fire an armor-piercing round at a range of 1,500 meters. The weapon is good against Humvees, helicopters and body armor.

In 2004, Iran purchased some 800 Steyrs, allegedly for use against drug traffickers. At the time, both U.S. and British officials urged the Austrian government to bar the $15 million sale, fearing the weapons would fall into enemy hands. Former Austrian Chancellor Wolfang Schüssel thought otherwise, and let the deal go forward. To better grease the skids, then-Steyr-Mannlicher CEO Wolfgang Fürlinger made the case that the weapons were basically harmless and that Tehran had signed "end-user certificates" guaranteeing they would not be re-sold, according to the German newsweekly Der Spiegel.

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Today, the Austrian government pleads that the sale had been "checked very thoroughly," and that "what happened to the weapons . . . is the responsibility of the Iranians" -- which prompts the question of why the Austrians would have bothered with the end-user certificates. The Bush Administration took a less cavalier view and in 2005 banned Steyr-Mannlicher from bidding for U.S. government contracts.

It remains to be confirmed whether the serial numbers on the Steyrs found in Iraq match those from the 2004 sale -- if they do, it ought to prompt a top-to-bottom review of all Austrian military contracts. Meantime, is it too much to expect American journalists and Members of Congress to devote as much skepticism to Iran's motives and behavior as they do to Mr. Bush's?

Egypt Cracks Down On Muslim Brotherhood (LAT)

By Megan K. Stack And Noha El Hennawy

The Los Angeles Times, February 16, 2007

CAIRO — Egypt's regime is seizing upon a moment of regional chaos and U.S. inattention to crack down aggressively on the country's most popular opposition group and shore up its hold on power, analysts here say.

In a bald push against the Muslim Brotherhood, the secular government in recent weeks has arrested hundreds of activists, unveiled new restrictions on political Islam and published a stream of anti-Brotherhood propaganda in the state-run media. More than 80 members were jailed on Thursday alone, Brotherhood officials said.

"This is the most brutal campaign against the Brothers since [Egyptian President Hosni] Mubarak came to power," said Amr Shobaki, a political analyst and Muslim Brotherhood expert at the Al Ahram Center for Political and Strategic Studies in Cairo.

With the U.S. distracted by the war in Iraq and increasingly nervous about the regional rise of political Islam, Mubarak's regime appears free to squeeze the Brotherhood, which has long been officially outlawed — though tolerated — as an Islamist opposition force.

About 300 Brotherhood members have been imprisoned of late, including at least 100 senior activists. Some of the prisoners' assets were frozen by order of the government. Meanwhile, Egyptian officials and their media mouthpieces have accused the group of creating armed militias and receiving aid from Iran.

"The banned Muslim Brotherhood group is dangerous to Egypt's security," Mubarak told an Egyptian newspaper in a recent interview. If the group gets more powerful, "investments will stop and unemployment will increase…. Egypt will be completely isolated from the rest of the world."

Brotherhood activists have seen a severe shrinking of leeway since 2005, when they stunned the country by capturing one-fifth of the parliamentary seats in national elections. Back then, U.S. officials said the invasion of Iraq would deliver democracy to the Arab world, and Egyptian officials portrayed the empowerment of Brotherhood members as a necessary step toward democratization.

"Democracy cannot progress in Egypt without deciding what to do with them," a ruling party official said at the time.

But voting has empowered Islamists across the board: Hamas in the Palestinian territories, Hezbollah in Lebanon, Iranian-backed Shiite parties in Iraq, in addition to the Muslim Brotherhood.

Egypt is a major recipient of U.S. aid and a partner in a chilly, often contentious peace with Israel. Mubarak's struggle to appease his allies, hold on to power and tamp down the popular Brotherhood has long been considered a litmus test of Islamist strength across the region.

Not its first battle

Formed in the 1920s to advocate Islam and oppose secular and Western influence, the Brotherhood has a history of battling Egypt's governments. With its vast network of social services, it is deeply popular among religious Egyptians who regard it as a non-corrupt answer to cronyism and decadence. Mubarak has controlled Egypt for a quarter of a century, permitting virtually no dissent. As the one movement he hasn't been able to squelch, the Brotherhood is his nemesis. At the same time, it allows Mubarak and his inner circle to justify their repressive style of rule by claiming that the only other option is an Islamist state administered by the Brotherhood.

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The elections played neatly into that argument. Many analysts here believe the Bush administration began to back away nervously from its democracy push when it saw Islamists winning at the polls across the Middle East.

Egypt's hand also has been strengthened by the instability in Iraq and the Palestinian territories, conflicts that have forced the United States to call on powerful Sunni allies in Egypt, Saudi Arabia and Jordan for diplomatic and political backing.

Nabil Abdel Fattah, an analyst at the Al Ahram Center, said the war in Iraq "has given more weight to the Egyptian foreign policy, which will give the government leeway in dealing with the Muslim Brotherhood."

"The regional and international atmospheres have become convenient," Fattah said. "Attacks against the group will continue in order to send strong messages."

A criminal court acquitted several prominent Brotherhood detainees last month, but they were immediately returned to prison while their cases were sent to military court.

In the most startling and incendiary charge, the Egyptian government has begun to accuse the Brotherhood of forming and training underground militias. In news stories short on details, officials say they have seized documents proving that the Brotherhood has secret cells dedicated to provoking civil disobedience.

The accusations mark a serious departure from the status quo between the regime and the Brotherhood, considered the only opposition group with any serious street popularity.

The old understanding was simple: The Brotherhood was officially outlawed but treated with grudging tolerance. The group didn't try to overthrow the government, and in exchange, the regime looked the other way when the movement slipped its leaders into parliament by running them as "independents."

Trying new strategies

Lately, the mounting pressure seems to have pitched the group into crisis, forcing it to cast about for ways to cement its foothold in the government.

Brotherhood leaders have taken pains to tailor their words for an intellectual, even Westernized, audience. Their speeches are carefully moderate, scrupulously tolerant and reverent toward democracy.

Seeking to calm fears that it would morph into another Taliban if it gained power, the group has reached out to Egyptian Christians. Seeking to ease concern about women's rights, it fielded a female candidate in last year's elections. (She lost.) And in an improbable move, a Brotherhood leader recently told The Times that the Islamic head scarf was a choice for women, not an obligation.

But the group's quest for credibility has been badly undercut by a series of public relations disasters.

Brotherhood lawmakers raged in parliament after Culture Minister Farouk Hosni told a female reporter that the head scarf was a sign of "backwardness" and "regression." They demanded that Hosni be replaced by someone who "respects the constitution and the Islamic Sharia," and they called unanimously for a no-confidence vote. Veiled women marched in protest; clerics issued a storm of condemnations.

Though the uproar eventually died down, it left feminists and secular-leaning Egyptians more leery than ever about the Brotherhood. The hubbub also fed the perception that Brotherhood lawmakers have neglected the issues of poverty and housing in favor of showy campaigns to advertise their Islamist credentials.

Abdel Moneim Abul Fotouh, a Brotherhood leader, defended the group's record in parliament. Members have done their best to chip away at a repressive government, he said at his office near downtown Cairo.

"The problem is, we work under a despotic, corrupt regime that doesn't really care about the members of parliament, that only cares about the ruling elite," Fotouh said.

Student demonstration

But the woes in parliament were nothing compared with the scandal that erupted at Al Azhar University, the storied seat of Sunni Muslim learning.

In December, young men from the Brotherhood's student group dressed in black and staged a military-style parade, complete with martial arts demonstrations, to protest restrictions on student political activities at Al Azhar. The action shocked a nation where public demonstrations have been banned since President Anwar Sadat was shot dead by soldiers in a 1981 military procession, and it fueled fear that the Brotherhood might have secret militias.

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"This militia show defied the state and contradicted all the peaceful ideas the Muslim Brotherhood talks about," Fattah said.

Brotherhood leader Fotouh dismissed the students' spectacle as a meaningless display and said the government had inflated the event's importance to harm the group's reputation.

"They were just amusing themselves by putting on this show," he said. "The regime brought the media to cover it to use against the Muslim Brotherhood."

Despite the tension, or perhaps in reaction to it, the Brotherhood has announced that members are drawing up a political platform for a party. Although the regime is unlikely to consider giving the group a license, the move is widely seen as an attempt to continue the Brotherhood's push into mainstream politics.

"What we're really afraid of is to have a popular explosion in Egypt due to corruption, unemployment and poverty," Fotouh said. "If we don't work on rescuing our nation, this can happen."

Russia Threatens To Quit Arms Treaty (FT)

By Demetri Sevastopulo, Neil Buckley, Daniel Dombey And Jan Cienski

Financial Times, February 16, 2007

Russia threatened on Thursday to pull out of a landmark nuclear arms control treaty unless the US backed away from plans to install its missile defence shield in Eastern Europe.

Yury Baluyevsky, the Russian army chief of staff, said Moscow might unilaterally withdraw from the 1987 Intermediate-range Nuclear Forces treaty, which forced the US and the Soviet Union to ban nuclear and conventional ground-launched ballistic and cruise missiles with ranges of 500 to 5,500km.

There was “convincing evidence” for leaving the agreement because “many countries are developing and perfecting medium-range rockets”, he said.

But the general also explicitly linked Russia’s stance to the US’s plans to extend its missile defence into central Europe.

The Pentagon is preparing to start negotiations with Poland and the Czech Republic about hosting missile interceptors and radars. Jaroslaw Kaczynski, Polish prime minister, on Thursday expressed conditional support for participating in the system.

A senior Pentagon official said the US would “resist” the Russian move, which he said would have serious implications for American allies in Europe.

The INF treaty includes the right for a party to withdraw with six months’ notice if “extraordinary events ... jeopardised its supreme interests”. The State Department said Russia had not formally notified the US of any move to abrogate the treaty.

Gen Baluyevsky’s comments came days after Vladimir Putin, Russian president, warned that US attempts to deploy part of its missile shield in Poland could spark a new arms race.

Mr Putin said the INF treaty was no longer in its interests because of proliferation of short and medium-range missiles. He rejected US assertions that the system was aimed at countries such as North Korea and Iran, not at Russia.

The US official said Russia had privately told the US it wanted medium-range missiles to counter Iranian threats while arguing publicly that the lack of Iranian missiles meant the US did not need a defence system.

Col-Gen Leonid Ivashov, a former senior Russian defence official, said Moscow had “every reason” to pull out of the treaty. He pointed to the US withdrawal in 2002 from the 1972 Anti-Ballistic Missile treaty.

Yuri Solomonov, director of the Moscow Institute of Thermal Technology, which manufactures missiles, told Itar-Tass news agency Russia was ready to resume production of medium-range ballistic missiles.

Nato officials said Russia intended to pressure Poland and the Czech Republic to reject US plans, but added that what Moscow really wanted was to be included in a European-wide anti-missile system.

“We are already talking to the Russians about co-operating on tactical missile defence for armies in the field,” said a senior Nato diplomat.

Russian Leader Expands Powers Of A Possible Successor (WP)

By Peter Finn

The Washington Post, February 16, 2007

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MOSCOW, Feb. 15 -- President Vladimir Putin promoted Defense Minister Sergei Ivanov to the post of first deputy prime minister Thursday, an elevation that immediately intensified speculation that Putin might favor him as his successor.

"Ivanov has been coping and coping well with the day-to-day tasks of the Defense Ministry," Putin said at a televised government meeting where he announced the promotion as part of a government reshuffle. "Given the expansion of his powers, Ivanov will no longer be able to keep the post of defense minister."

Ivanov, 54, will now be charged with overseeing Russia's military-industrial complex as well as part of the civilian economy. He was recently put in charge of consolidating and revitalizing Russia's aviation industry.

"In terms of the succession, this is definitely another step for Ivanov," said Olga Kryshtanovskaya, director of the Moscow-based Center for the Study of Elites, in an interview. "He will become a less parochial and more universal figure for the public. And that is essential if he is to become president."

Ivanov bade farewell to senior Defense Ministry staff in a ceremony Thursday night. "I remember well how Vladimir Vladimirovich introduced me in this same hall six years ago," he said, using Putin's first two names. "A long time, but it now seems like one moment. I want to thank you all for backing me."

But for all the apparent nostalgia, the new brief allows Ivanov to shed a ministry fraught with political risk because of the Russian military's propensity to generate scandals, particularly the violent hazing of young recruits. The death of a young conscript last year and Ivanov's slowness in responding to it briefly galvanized public opinion against him.

Ivanov's new position puts him on the same level in government as Dmitri Medvedev, who is also a first deputy prime minister and chairman of the energy conglomerate Gazprom. The two men now appear to be in an open contest for Putin's nod -- the decisive factor in determining who will become president in elections in March 2008.

Putin said this month that he will make his choice known during the campaign early next year. Because of his huge popularity and standing with voters, his endorsement will certainly swing the job to his preferred candidate, according to numerous opinion polls and analysts here.

Russian officials, including Ivanov, have rejected claims that Putin will simply anoint a successor who will be rubber-stamped through a controlled election.

"We won't have any successors or crown princes," Ivanov said last week at an international security conference in Munich, where Putin launched a blistering attack on U.S. foreign policy. "Who will be the president of Russia is for the Russian people to decide in the March 2008 elections. In this respect Russia does not differ from any other democracy in the world."

Like Putin, Ivanov had a long career as a KGB official. In private meetings, he displays a low-key toughness that is similar to the president's. He speaks English fluently, having lived for several months with a family in London as a student. He also speaks Swedish and reportedly served in Sweden. But as with many aspects of his 20 years in foreign intelligence, it is unclear exactly where he served.

Both Ivanov and Medvedev have ties to the president that reach back to their mutual home town, St. Petersburg. Medvedev, a 41-year-old lawyer, worked with Putin in city hall in St. Petersburg in the early 1990s. There they formed a bond that led Putin to bring Medvedev into the presidential administration in Moscow.

Ivanov and Putin both served in the Leningrad Directorate of the KGB, although Putin and Ivanov have said they did not know each other very well at the time. Since Putin first moved to Moscow in 1996, initially to take an administrative position in the Kremlin, the two have become increasingly close. In August 1998, Ivanov became deputy director of the FSB, the internal security agency, which Putin headed at the time.

In November 1999, Ivanov moved to the Kremlin on the recommendation of Putin, then prime minister, to become secretary of the Security Council. And in 2001, Putin appointed him defense minister, the first non-military person to head the ministry.

After President Boris Yeltsin abruptly resigned and Putin became acting president, he was asked who on his team he trusted. "Trust? Sergei Ivanov," he replied, as related in the question-and-answer book "First Person: An Astonishingly Frank Self-Portrait by Russia's President," based on 24 hours of interviews with him by a panel of Russian journalists.

Ivanov is widely believed to be less ensnared than Medvedev in the opaque but fierce rivalries of different interest groups around Putin in the Kremlin and could emerge as an acceptable alternative for those against Medvedev's candidacy, according to some analysts.

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Igor Sechin, another St. Petersburg native, who is a Kremlin official as well as chairman of Rosneft, a Gazprom rival, is reported to oppose Medvedev. Sechin is said to lead a Kremlin faction that represents the interests of security service members who would like to see Putin stay on for a third term. That is barred by the constitution and has been ruled out by the president.

"Putin's main aim is to keep stability, and if Medvedev becomes president there will be a fight," said Aleksey Mukhin, general director of the Center for Political Information, in an interview. "Sergei Ivanov, I believe, is stronger. He has very good relations with other groups, including Sechin. He can ensure stability."

As defense minister, Ivanov established a reputation as a hawk, albeit one still able to charm his Western interlocutors. He has opposed expansion of the NATO alliance, clashed with the pro-Western leadership in neighboring Georgia and opposed U.S. plans to build a missile defense system in Eastern Europe.

He was replaced as defense minister by Anatoly Serdyukov, the head of Russia's tax service.

Putin, Promoting An Ally, Fuels Speculation Over Successor (NYT)

By Steven Lee Myers

The New York Times, February 16, 2007

MOSCOW, Feb. 15 — President Vladimir V. Putin on Thursday added intrigue to the unsettled but widely debated question of who might succeed him as Russia's leader in 2008 when he promoted his minister of defense in an unexpected cabinet tinkering.

Sergei B. Ivanov, a former K.G.B. officer who became the first civilian to lead the country's military in 2001, will now serve as a first deputy prime minister, giving him expanded duties. He will have the same rank in government and title as another closely watched contender, Dmitri A. Medvedev.

The two men, who are friends and close aides from Mr. Putin's hometown, St. Petersburg, have emerged as the leading candidates to replace Mr. Putin when he completes a second and — by law — final term after presidential elections scheduled for March 2008.

The move, which went largely unexplained like most of Mr. Putin's actions, is certain to intensify speculation over which of the two might have the upper hand for Mr. Putin's endorsement. That would be a virtual guarantee of election, given his popularity and the centralized control of politics here.

Since Mr. Putin's last significant cabinet reshuffling in November 2005, Mr. Medvedev had nominally been Mr. Ivanov's superior in the government. Mr. Medvedev also serves as chairman of the Russian energy giant, Gazprom.

"I think it is the formulation of the two candidates for the presidency of the Russian Federation in 2008," said Sergei A. Markov, director of the Institute of Political Studies, who works closely with the Kremlin.

Mr. Putin also moved to settle a struggle for control of Chechnya, the southern republic where Russian forces have largely crushed a separatist movement in two wars since 1994. Appearing on television later Thursday night, Mr. Putin accepted the resignation of Chechnya's president, Alu D. Alkhanov, and appointed him a deputy justice minister.

With Mr. Alkhanov's departure, Ramzan Kadyrov, the republic's prime minister and a man whose fighters have been broadly accused of rampant human rights violations, becomes the acting president. Mr. Kadyrov and Mr. Alkhanov have quarreled openly in recent weeks, prompting so many rumors of intrigue and betrayals that Mr. Alkhanov had declared that he had no intention of leaving office.

Mr. Kadyrov is the son of Mr. Alkhanov's predecessor, Akhmad Kadyrov, who was assassinated by rebels in 2004. The younger Mr. Kadyrov turned 30 last year, reaching the minimum age for the republic's presidency, and was widely assumed to be waiting in the wings for the top post.

Tanya Lokshina, a prominent rights campaigner who travels to the region frequently, said Mr. Alkhanov's removal cemented Mr. Kadyrov's control over Chechnya's affairs, underscoring the Kremlin's disregard for complaints about Mr. Kadyrov's tactics. "There's not even a nominal president who was protesting what Kadyrov is doing," she said, calling him a feudal leader. "That's what Alkhanov was doing."

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On the national level, Mr. Putin has not signaled that he has a preferred candidate to replace him, as Boris N. Yeltsin tipped Mr. Putin to be his successor shortly after appointing him prime minister in August 1999. Four months later, on New Year's Eve, Mr. Yeltsin resigned and made Mr. Putin acting president.

Mr. Putin announced the changes in televised meetings, the first with his ministers and later with leaders of the Ministry of Defense. Mr. Medvedev was absent from at least the televised portions of the meetings, and Mr. Putin did not mention him.

The president said he was expanding Mr. Ivanov's duties to include "a part of the civil sector of the economy," as well as the military industries that have undergone a significant consolidation under Mr. Putin. "I hope that what positive has been done in the military-industrial complex will extend to the civil sector, as well," he said.

Mr. Medvedev, 41, has overseen economic and social issues, a portfolio he will now have to share with Mr. Ivanov.

"Ivanov is an equal of Putin," said Olga V. Kryshtanovskaya, a sociologist who studies Russia's leaders, calling him "successor No. 1." "He is no less clever. Ivanov should show himself as a strong figure, capable of making firm decisions. But of course, he could not just work on defense. He had to operate wider. This is the next step."

Mr. Markov, by contrast, said the undeclared race remained wide open, though he said the move could help Mr. Ivanov by distancing him from the military, which, despite an aggressive effort to rearm and rebuild, remains scarred by accusations of corruption and a brutal system of hazing young draftees.

Mr. Ivanov, 54, faced unusual public criticism last year after a particularly egregious hazing episode that left a private maimed. The appointment, Mr. Markov said, "liberated him from the not quite convenient theme of the Russian military."

Mr. Ivanov's replacement as defense minister is Anatoly E. Serdyukov, a former army officer and furniture manufacturer who has served as a tax inspector since Mr. Putin became president in 2000. Since July 2004, he has served as the head of the Federal Tax Service, an agency that has streamlined itself significantly but that remains a feared bureaucracy, one that critics say has been used selectively to punish opponents.

At a news conference this month, Mr. Putin faced repeated questions about his successor, but refused to answer them directly.

"Everyone who should be is already working in his proper place," he said, apparently not hinting at the shuffle announced Thursday. "And what we should do is not to make a fuss about future elections but, as I have said, provide the citizens with an opportunity to make a free and democratic choice."

Putin's Succession Gets Murkier (WSJ)

By Guy Chazan And Gregory L. White

The Wall Street Journal, February 16, 2007

MOSCOW -- President Vladimir Putin's promotion of a hawkish ally has rejiggered the power balance among his likely successors, sharpening the competition faced by the more pro-Western candidate who had been considered the front-runner in next year's presidential contest.

Mr. Putin yesterday elevated Defense Minister Sergei Ivanov to the same rank as Dmitry Medvedev, the pro-Western first deputy prime minister.

"The succession is clearly not yet a done deal," said Alexei Makarkin, an analyst with the Center for Political Technologies. "It suggests that the president has not yet made up his mind."

With the latest reshuffle, Mr. Putin is effectively keeping Russia's political elite guessing about who will be his favored candidate in the March 2008 election, analysts said. That helps him to avoid being seen as a lame duck for the remainder of his presidency, and to retain his ability to shape events.

Mr. Putin has repeatedly said it is up to the Russian people to decide who will be Russia's next leader, and he said early this month that he wouldn't endorse any candidate until after parliamentary elections in December. But with his approval rating still topping 70% and Kremlin control of the media and politics tight, it is widely assumed that voters will elect anyone who has his personal stamp of approval.

Although both Mr. Ivanov and Mr. Medvedev enjoy lavish coverage on state television and have seen their ratings rise in polls, neither will admit publicly to harboring presidential ambitions.

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Separately, Mr. Putin abruptly dismissed the president of the war-torn Russian region of Chechnya, naming as acting president Ramzan Kadyrov, the Chechen prime minister widely alleged by human-rights groups to be responsible for abductions and detentions of civilians and suspected separatist rebels.

While promoting Mr. Ivanov, Mr. Putin also appointed two trusted allies from St. Petersburg to top posts in his cabinet -- a further move to ensure his influence on Russia's political system outlasts his term in office.

He picked Anatoly Serdyukov, head of the federal tax service and a former businessman with no military experience outside his Soviet-era compulsory service, to succeed Mr. Ivanov as defense minister. Meanwhile, Sergei Naryshkin, who used to work with Mr. Putin in the St. Petersburg mayor's office and is currently the government chief of staff, was named deputy prime minister in charge of trade with Russia's ex-Soviet neighbors. Both men are seen as politically unambitious technocrats who are intensely loyal to Mr Putin.

Addressing the cabinet, Mr. Putin praised Mr. Ivanov's performance as defense minister, crediting him with record Russian arms exports last year, and said he will be charged with expanding growth from the military sector to the civilian economy.

Mr. Ivanov's promotion removes him from a job that at times exposed him to vehement public criticism. A former foreign-intelligence officer in the KGB like Mr. Putin, Mr. Ivanov headed the defense ministry at a time of unprecedented public anger over army hazing. In one notorious incident last year, a soldier had to have his legs and genitals amputated after an officer ordered him to crouch for several hours.

"This promotion takes Ivanov out of the line of fire, especially on hazing," said Dmitry Badovsky, head of Moscow University's Social Systems Institute. "He will still be able to coordinate military policy, but he won't be so closely associated with all that negative imagery."

The reshuffle came at a time when Mr. Medvedev, who is responsible for a series of high-profile welfare projects, was being viewed as the front-runner in the presidential race, and was beginning to openly formalize his role as chosen successor. That climaxed last month with his widely publicized address at the World Economic Forum in Davos.

Instead of pushing Mr. Medvedev to the fore, Mr. Putin now seems to be putting in place a complex system of checks and balances to even out the influence of power centers. That allows him to emerge as the chief arbiter of rival interests in Russia's murky system of power, a role he is expected to hang on to once he has left the presidency.

"Putin is determined not to allow the perception in the elite that it's all over," said Christopher Granville, managing editor of Trusted Sources, a London-based research boutique covering emerging markets. "There will now be a balance to keep [Medvedev and Ivanov] competing until the election campaign formally begins next year."

Putin Removes Chechen President, Appoints Ally (WP)

By Peter Finn

The Washington Post, February 16, 2007

MOSCOW, Feb. 15 -- President Vladimir Putin dismissed the president of Chechnya on Thursday, clearing a path to the southern republic's highest office for Ramzan Kadyrov, the controversial prime minister of Chechnya who has been accused of major human rights abuses in his drive to pacify the war-torn region.

Putin appointed Kadyrov as acting president in advance of elections, in which analysts expect the young Kremlin ally to face only token and timid opposition. No election date has been set, and Russian officials insisted there would be more than one candidate.

Alu Alkhanov, who had been president since May 2004, was appointed deputy justice minister of Russia. Alkhanov became president when Kadyrov's father, a former separatist who switched his loyalties to the Kremlin, was assassinated with a bomb in the Chechen capital, Grozny. Alkhanov's departure had been rumored for weeks, and he was reportedly under pressure from Kadyrov to step aside.

The younger Kadyrov was not eligible to become president until he turned 30, which he did in October. As deputy prime minister and later prime minister, ostensibly under Alkhanov, Kadyrov was regarded as the real power in Chechnya.

A brash, ginger-haired man, Kadyrov commands a large paramilitary group, composed mostly of former rebels, that has essentially displaced Russian federal troops and special police units as the principal force in Chechnya.

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Russian journalist Anna Politkovskaya, who was assassinated last year, wrote in 2005 that "the Kremlin decided to replace one type of civil war (federal troops versus a broad strata of Chechen society) with another type (Chechens fighting Chechens for power in Chechnya and federal funding from Moscow)."

Kadyrov's black-clad troops have been accused by human rights groups and some of his Chechen critics of torture, abductions and disappearances.

"He acts like a medieval tyrant," Movladi Baisarov, a former Chechen special forces officer who broke with Kadyrov, said in a newspaper interview last year. "I know of many people executed on his express orders, and I know exactly where they are buried. If someone tells the truth about what is going on, it's like signing his own death warrant."

A month later, on Nov. 18, Baisarov was shot dead on Moscow's busy Leninsky Prospekt while apparently resisting arrest. Some witnesses said he was shot repeatedly by specially dispatched Chechen police as he lay on the ground and Moscow police officers stood by.

Kadyrov has repeatedly denied having any connection to killings or other human rights violations.

In the past 12 years, rebels and Russian forces have fought two brutal wars in Chechnya. Kadyrov's defenders, including the Kremlin, credit him with routing the separatist movement and reducing violence in Chechnya, although armed clashes continue. Yet there has not been a major terrorist attack in Russia since the seizure of a school in the southern town of Beslan in September 2004, and a number of Chechen rebel leaders have been killed in special operations by Russian forces.

The Kremlin has pursued a policy of substituting Chechens for Russians in the republic, handing over power to local officials as a constitution was written and a parliament elected. The elevation of Kadyrov, who was awarded a Hero of Russia medal by Putin in 2004, would mark the culmination of that process.

Some analysts in Moscow, however, contend that Kadyrov has assumed so much power that he could easily slip out of the Kremlin's control, if he has not already, and spark more conflict. Kadyrov's image is almost ubiquitous in the province, leading to charges that he is building a cult of personality.

Despite Russia's constitutional secularism, Kadyrov has been burnishing his Islamic credentials in Chechnya, which is predominantly Muslim. He has advocated the introduction of some aspects of sharia, or Islamic law, including polygamy and bans on alcohol and gambling.

Sergei Markedonov, an expert on the Caucasus region at the Institute for Political and Military Analysis in Moscow, calls Kadyrov a "system separatist" who is undermining Russian authority while pledging formal loyalty to the Kremlin.

Putin And Progress (WSJ)

By Padma Desai

The Wall Street Journal, February 16, 2007

Whatever the West's grave misgivings about Vladimir Putin, they are not widely shared by the Russian people, who consistently give their president 70% approval ratings in opinion polls. Even former Presidents Gorbachev and Yeltsin, much admired in the U.S., have given a nod of approval to Mr. Putin's "strategic" direction, even though they express reservations about his moves to consolidate federal authority.

Nonetheless, there are two pertinent issues to face. First, would any Russian president succeeding Mr. Putin act differently in foreign policy? Second, is Russia regressing irretrievably into authoritarianism, or is she likely to embrace Western democratic norms despite the zigzags?

The Kremlin's pursuit of national interests in foreign policy, whether we like it or not, reflects a broad agreement among Russians. Indeed, on a whole range of issues ranging from NATO's eastward expansion to Mr. Putin's hardball tactics with the independent states in Russia's neighborhood, the majority of Russians support his decisions. Even Russia's leading reformers regard the neighborhood as Russia's area of interest.

Former Prime Minister Mikhail Kasyanov, who successfully carried out a series of reforms during his 2000-2004 tenure, insists that Russians "have special interests and responsibilities" in their immediate neighborhood. "We have a long history of shared problems and common tradition, although the former Soviet republics are now independent states," Mr. Kasyanov told me in a December 2004 interview.

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Anatoly Chubais, the legendary privatizer of Russian industry, was even more explicit in his pronouncements, suggesting that Russia should become a "liberal empire." In an interview on Vremya TV, he added, "We must be frank and straightforward and assume this mission of leadership, not just as a slogan but as a Russian state policy. I believe this mission of leadership means that Russia is obliged to support in every way the expansion of its business outside Russia."

In short, unlike Europe and Japan, which share U.S. concerns despite occasional differences, Russia always will have geopolitical interests in its immediate neighborhood, extending its decision-making periphery as far as the Middle East and China. This does not imply that the West should uncritically accept specific decisions in pursuit of these interests, such as the expulsion of Georgians from Russia. But even if Russians were to subscribe to liberal Western values as President Bush desires, their future leaders still might choose to define their interests independently. Moscow would continue to engage the U.S. leadership in win-lose dialogues over Russia's determined foreign policy.

But never mind the likelihood that a liberal, democratic Russia might change its foreign-policy style: What are the prospects of such a Russia emerging in the first place? If it's correct to say that a prospering middle class -- dare one call it a bourgeoisie? -- inevitably leads to the rise of democracy, then Russia fits the bill admirably. The transformative changes in Russia, a remarkable development since Mr. Gorbachev's glasnost, are phenomenal. Russians are acquiring private housing, automobiles and fixed and mobile telephones at a dizzying speed. The overall poverty rate has declined from around 35% in the mid-1990s to about 10% today, and 70% of college-age youngsters receive a higher education.

There has been much angst over Russian muscle-flexing on the pricing and supply of oil and gas. However ham-handed, Moscow has simply used its bargaining power to extract better economic terms in situations of bilateral monopoly. Gazprom, the Russian gas supplier, has sought maximum possible terms from its European customers before they switch to alternative energy sources. At the same time, Ukraine and Belarus have bargained with Gazprom over transit charges because Russian gas must pass en route to Europe via pipelines located in their territories.

Russian industry and energy sectors will increasingly adopt market-economy rules and practices as they learn to interact and integrate with Western business. Recognizing this, German Chancellor Angela Merkel signed with Mr. Putin a 2006 agreement in which Wintershall, the energy unit of German chemical giant BASF, and Gazprom exchanged equivalent stakes in early 2006. More contracts are proliferating with French and Italian partners. Russia's giant power company is poised to raise $10 billion in the next two years and to invite Western companies to supply power generating units, technology and management know-how. Gazprom, according to some reports, is set to raise $75 billion in the next decade for financing a variety of projects. Will American businesses be sidelined from lucrative contracts and a liberalizing, market-oriented mission in a fast growing and diversifying Russian economy?

"There is a definite consensus among Russian society and the elite that Russia needs a market economy," Yegor Gaidar, Mr. Yeltsin's young reforming prime minister told me in October 2004. "By contrast, our struggle to form a robust, functioning democracy has not brought decisive results. . . . I do not think that the educated, urban populations in large countries such as Russia can put up with undemocratic regimes for long."

Ms. Desai, Harriman professor of comparative economic systems and director of the Center for Transition Economies at Columbia, is the author of "Conversations on Russia: Reform from Yeltsin to Putin" (Oxford, 2006).

Russia's Course: Still Uncertain (WP)

By David Ignatius

The Washington Post, February 16, 2007

MOSCOW -- Think of the new Russia as a highway: People used to drive on the left side of the road; now, officially, they are supposed to drive on the right, but the change has been uncomfortable (especially for the authorities). So the country straddles the middle -- which is understandable, but also dangerous.

That's a paradox of Vladimir Putin's Russia that I have encountered in nearly every conversation here this week. Russian officials insist they don't want to go back to communism, and why would they? Moscow glitters like a Christmas package, with more neon per square mile than any city I know. But behind Moscow's dazzling lights, the remnants of the old police state remain -- and many order-loving Russians seem glad of it.

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The energy boom has helped Russians forget about the nagging problem of where they're heading politically. "There is a lack of clarity about our final destination," says one prominent Russian businessman. "Are we building China? The United States? Sweden? What is it? The situation now cannot continue. We are sitting between two chairs."

Russia is wary of full, American-style democracy, argues Konstantin Kosachyov, the chairman of the foreign affairs committee in the lower house of the Russian parliament. "To my mind, democracy is not a goal in itself, it is an instrument. It is the best instrument, but it should be used very cautiously. It's like the jackhammers that miners use. It increases productivity, but if you give this instrument to a child, it will destroy the child."

Kosachyov explains that Russians have bad memories of the wide-open democracy of the 1990s, and most Russians I spoke with confirmed that view. It was a crazy time, when people's savings were wiped out, gangsters battled in the streets, and the country was governed by what Russians saw as an alcoholic president and his thieving cronies. "Democracy came to us without us being ready to use it in a constructive way, and it destroyed us," says Kosachyov. "That's why Putin acts in a cautious way. He does not want to repeat the experience of the 1990s."

The Russian political puzzle now centers on the question of who will succeed Putin when his second term ends in 2008. The Russian president is very popular, and he would almost certainly be reelected if he ran for a third term, but he insists he will abide by the new constitution's two-term limit. So who is the crown prince? Moscow was buzzing this week about whether Putin favored First Deputy Prime Minister Dmitry Medvedev or Deputy Prime Minister and Defense Minister Sergei Ivanov. Medvedev appeared to be the front-runner -- until Putin announced late Thursday that he was promoting Ivanov to equal status as first deputy prime minister, with new economic responsibilities.

The succession circus, in truth, reinforces the awkwardness of Russia's not-quite-democratic system. Analysts count the minutes allocated to Medvedev and Ivanov on state-controlled television. It's like Kremlin-watching in the old days, when observers tried to handicap power struggles by noting where officials stood on the podium during parades in Red Square. The reality is that power resides with Putin and his small inner circle of presidential assistants.

I had a chance to peek into Putin's inner circle this week when I met with his chief economic adviser, Igor Shuvalov. His office is a Soviet-era palace that once housed the head of the Communist Party, but Shuvalov is very much of the new era: He's just 40, speaks English fluently and is as sharply dressed as any London investment banker.

A key to Russia's future, argues Shuvalov, is Putin's decision to seek membership in the World Trade Organization. He says some Kremlin advisers opposed WTO accession, but Putin decided it was the best way to guarantee Russia's continued economic modernization. When I ask about corruption in the new Russia, Shuvalov doesn't deny the problem. "We need to be persistent and patient," he says. "If we are persistent, then slowly it will change."

High oil prices have encouraged a consumer boom, but they are a mixed blessing. The giant state-controlled gas and oil companies, Gazprom and Rosneft, overwhelm the rest of the economy and dominate Russian politics -- with several of Putin's closest advisers holding energy directorships. Energy politics and democratic politics don't mix easily.

"Don't give up on us. Treat us as a normal democratic country," says Mikhail Kasyanov, who was prime minister during Putin's first three years but is now a critic of the government. Certainly, Western pressure can help preserve democracy here. But in the end, it's the Russians who will have to decide which side of the road they're driving on.

The Putin Doctrine (WP)

By Charles Krauthammer

The Washington Post, February 16, 2007

Vladimir Putin -- Russia's president, although the more accurate title would be godfather -- made headlines last week with a speech in Munich that set a new standard in anti-Americanism. He not only charged the United States with the "hyper-use of force," "disdain for the basic principles of international law" and having "overstepped its national borders in . . . the economic, political, cultural and educational policies it imposes on other nations." He even blamed the spread of weapons of mass destruction, which the United States has been combating with few allies and against constant Russian resistance, on American "dominance" that "inevitably encourages" other countries to acquire them.

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There is something amusing about criticism of the use of force by the man who turned Chechnya into a smoldering ruin; about the invocation of international law by the man who will not allow Scotland Yard to interrogate the polonium-soaked thugs it suspects of murdering Alexander Litvinenko, yet another Putin opponent who met an untimely and unprosecuted death; about the bullying of other countries decried by a man who cuts off energy supplies to Ukraine, Georgia and Belarus in brazen acts of political and economic extortion.

Less amusing is the greater meaning of Putin's Munich speech. It marks Russia's coming out. Flush with oil and gas revenue, the consolidation of dictatorial authority at home and the capitulation of both domestic and Western companies to his seizure of their assets, Putin issued his boldest declaration yet that post-Soviet Russia is preparing to reassert itself on the world stage.

Perhaps the most important line in his speech was the least noted because it seemed so innocuous. "I very often hear appeals by our partners, including our European partners, to the effect that Russia should play an increasingly active role in world affairs," he said. "It is hardly necessary to incite us to do so."

Soviet foreign minister Andrei Gromyko once boasted that no conflict anywhere on the globe could be settled without taking into account the attitude and interests of the Soviet Union. Gromyko's description of Soviet influence constitutes the best definition ever formulated of the term "superpower."

And we know how Putin, who has called the demise of the Soviet Union the greatest political catastrophe of the 20th century, yearns for those superpower days. At Munich, he could not even disguise his Cold War nostalgia, asserting that "global security" was ensured by the "strategic potential of two superpowers."

Putin's bitter complaint is that today there remains only one superpower, the behemoth that dominates a "unipolar world." He knows that Moscow lacks the economic, military and even demographic means to challenge America as it did in Soviet days. He speaks more modestly of coalitions of aggrieved have-not countries that Russia might lead in countering American power.

Hence his increasingly active foreign policy -- military partnerships with China, nuclear cooperation with Iran, weapon supplies to Syria and Venezuela, diplomatic support as well as arms for a genocidal Sudan, friendly outreach to other potential partners of an anti-hegemonic (read: anti-American) alliance.

Is this a return to the Cold War? It is true that the ex-KGB agent occasionally lets slip a classic Marxist anachronism such as "foreign capital" (referring to Western oil companies) or the otherwise weird adjective "vulgar" (describing the actions of the Organization for Security and Cooperation in Europe, which infuriated Putin by insisting upon a clean election in Ukraine). He even intimated that he might undo one of the unequivocal achievements of the late Cold War era, the so-called "zero option" agreement of 1987, and restore a Soviet-style, medium-range ballistic missile force.

Nonetheless, Putin's aggressiveness does not signal a return to the Cold War. He is too clever to be burdened by the absurdity of socialist economics or Marxist politics. He is blissfully free of ideology, political philosophy and economic theory. There is no existential dispute with the United States.

He is a more modest man: a mere mafia don, seizing the economic resources and political power of a country for himself and his (mostly KGB) cronies. And promoting his vision of the Russian national interest -- assertive and expansionist -- by engaging in diplomacy that challenges the dominant power in order to boost his own.

He wants Gromyko's influence -- or at least some international acknowledgment that Moscow must be reckoned with -- without the ideological baggage. He does not want to bury us; he only wants to diminish us. It is 19th-century power politics at its most crude and elemental. Putin does not want us as an enemy. But at Munich he told the world that, vis-Ã-vis America, his Russia has gone from partner to adversary.

Will Russia Bet On Its People Or Its Oil Wells? (NYT)

By Thomas L. Friedman

The New York Times, February 16, 2007

In a high-rise building with a view of Lenin's Tomb, the U.S. aerospace giant Boeing is designing key parts of its new 787 Dreamliner, using hundreds of Russian aerospace engineers. Yes, President Putin may be talking cold-war tough, but down the

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street from the Kremlin, America's crown jewel industrial company is using Russia's crown jewel brainpower to design its next crown jewel jetliner.

Boeing's Moscow Design Center, which employs 1,400 Russian engineers (earning less than their U.S. counterparts) on various projects, symbolizes Russia's unique potential: Russia is that rare country that not only has a treasure trove of natural resources — oil, gas and mines — but also has a treasure trove of human talent: engineers, mathematicians and other valuable minds.

Most nations with highly developed human talent — like Singapore or Taiwan — have few natural resources, and those that are rich in natural resources — Venezuela or Sudan — tend not to develop their people's talents. The exceptions, like Norway, which is rich in both human and natural resources, usually built their democratic institutions before they got rich on oil, so the money was well spent.

The meta-question with Russia today is this: Will it become more like Norway, a democracy enriched by oil, or more like Venezuela, a democracy subverted by oil? Is the Boeing center Russia's future or its exception?

You see signs of both trends. On the positive side, Russia has been smarter than most petro-states. It has set up a rainy day fund and tucked away $100 billion from its oil and gas windfall. Direct foreign investment in Russia hit $30 billion last year, according to The Economist, and not all of it goes to the oil and gas sector anymore.

And then there's Boeing. Its impressive Moscow center operates two shifts of engineers: 7 a.m. until 3 p.m., and 3 p.m. until 11 p.m. — which is shortly before the workday begins in the United States. A Russian Boeing engineer might be designing part of the 787's nose during his day, and then initials and stores his work in the computer. A U.S. Boeing engineer, working on an identical computer, then picks it up during her day and engineers it some more. With regular teleconferences, it's as if they are in one virtual 24-hour office.

"There is no paper at all," said Sergei Korolev, the deputy head of Boeing Moscow. "We do the presentations electronically and have online sessions with Wichita and Seattle, and everyone looks at the same part and talks about it. Our center is the reason people are not emigrating."

But Russia has a unique legacy in aerospace from Soviet days, so the educational centers and talent were in place for Boeing to tap. What Russia still glaringly lacks is an ecosystem of secure property rights, venture capitalists and homegrown innovators, and universities and business schools churning out idea-entrepreneurs. "Made in Russia" will never be a global brand as long as research spending by Russian companies remains among the lowest in the world.

The Moscow Times recently reported that only two Russian colleges — Moscow State and St. Petersburg State — are listed among the world's top 500 universities. When you walk down the streets in Bangalore, India's high-tech capital, it feels as if there's a computer school or English-language school on every street. You walk in Moscow, and it feels as if there is a new shoe store or beauty salon on every street.

A former top aide to President Putin remarked to me that Russia had a huge interest in building a postindustrial knowledge economy, not an energy-intensive industrial one, so it can export most of its oil and gas, not consume them at home. But that would take a big investment in education, which is not being done.

Noting that Russia today spends far less of its G.D.P. on higher education than Europe or America, Sergei Guriyev, rector of Russia's New Economic School, wrote in The Moscow Times, "Russians simply are not prepared to pay the taxes that would be necessary to finance science and education at Soviet-era levels, and no incentives have been created to attract more private funding."

So here's my prediction: You tell me the price of oil, and I'll tell you what kind of Russia you'll have. If the price stays at $60 a barrel, it's going to be more like Venezuela, because its leaders will have plenty of money to indulge their worst instincts, with too few checks and balances. If the price falls to $30, it will be more like Norway. If the price falls to $15 a barrel, it could become more like America — with just enough money to provide a social safety net for its older generation, but with too little money to avoid developing the leaders and institutions to nurture the brainpower of its younger generation.

Silence Of America (WP)

The Washington Post, February 16, 2007

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FOR DECADES, the Voice of America and its sister broadcasting organizations offered a remarkably balanced alternative to state-controlled media all over the world, buoying dissident movements and undermining anti-American dictatorships for a relatively small investment. Soviet citizens even learned how to reconfigure their radios to break through the jamming signals their government used to interrupt VOA and British Broadcasting Corp. programming.

Now, with Russian President Vladimir Putin bullying his neighbors, manipulating the Russian media and throwing increasingly audacious anti-American tantrums, one would think U.S. policymakers would have the sense at least to maintain relatively modest VOA operations in and around the Russian Federation. Yet President Bush's recently released 2008 budget proposal does just the opposite, cutting VOA programming for a range of post-Soviet states to finance programming expansion in other areas of the world.

The White House's proposed reprioritization of VOA broadcasting moves money out of operations aimed at the large and largely Muslim country of Uzbekistan. Broadcasting into neighboring Kazakhstan is also being cut. The citizens of both countries live under illiberal regimes, and Uzbekistan's brutal dictatorship is of the sort that incubates religious fundamentalism and anti-Americanism. Voice of America's half-hour of radio and half-hour of television programming in Uzbek, says a VOA staff member, provide about the only direct contact Uzbeks have with the United States and the only unvarnished news in the region. Meanwhile, the highly controlled Russian media beam their often misleading programming in with ease.

Mr. Bush's budget also proposes reductions in Ukrainian-language VOA programming to serve a country struggling to Westernize in the shadow of Mr. Putin's increasingly lawless regime. Mr. Bush should be eager to encourage democratic forces in Ukraine, as well as in Kazakhstan and Uzbekistan, not further limit their sources of information about the United States. The price of such programs is so low that federal financial constraints are hardly an excuse to kill them; a relatively tiny increase in the VOA's budget would make a world of difference.

U.N. Chief Presses Sudan To Allow Team To Visit Darfur (NYT)

By Warren Hoge

The New York Times, February 16, 2007

UNITED NATIONS, Feb. 15 — Secretary General Ban Ki-moon said Thursday that President Omar al-Bashir of Sudan had broken a personal pledge he made last month to give entry permits to a United Nations human rights team, and Mr. Ban urged the Sudanese leader to reconsider.

"This is the issue I discussed with President Bashir during my meeting with him in Addis Ababa, and he said he would issue visas to the fact-finding mission," Mr. Ban said. "He said he would have no problem."

"I am very much disappointed by the decision of the Sudanese government," he added. "If he believes that there is no problem, then he should be able to receive the human rights fact-finding mission."

Mr. Ban also said he had received no reply from Mr. Bashir to a Jan. 24 letter addressing Sudanese concerns over a combined African Union and United Nations force to curb attacks on villagers in the Darfur region of western Sudan.

Mr. Ban said the letter detailed how an advance force would be created, as well as its command structure and financing. "With an affirmative answer, we can pave the way immediately to the introduction of a hybrid A.U./U.N. mission," he said.

Under an agreement reached late last year with Sudan, a 20,000-member joint force was to be sent to Darfur to replace an undermanned and poorly equipped 7,000-member African Union contingent that has said it cannot control the rising violence.

Since that agreement, however, President Bashir has repeatedly defied the United Nations, saying he would not accept its peacekeepers and at one point threatening to send the Sudanese Army into combat against any who tried to enter the country. Because the resolution creating the force specifies that it must have the consent of the government before it can deploy in Sudan, United Nations officials have been pressing Mr. Bashir to drop his objections.

Mr. Ban said he was expecting to hear word shortly from Jan Eliasson, his special envoy for Darfur, and Salim A. Salim of the African Union, who are both currently in Sudan.

"This continuing deteriorating situation in Darfur is just unacceptable," Mr. Ban said.

The violence in Darfur has left more than 200,000 villagers dead and made 2.5 million people homeless since the government moved to fight rebels there in 2003.

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In Washington, Sean McCormack, the State Department spokesman, said the United States was putting pressure on United Nations members, and African countries in particular, to supply more troops to the mission but had met resistance.

"It is absolutely essential that member nations of the U.N. step up and make those troop contributions," he said.

Andrew S. Natsios, President Bush's envoy for Darfur, said Wednesday that pro-government Janjaweed militias blamed for most of the killing, raping and pillaging were planning new actions — a threat, he said, that could drive out aid workers and close camps, producing a "bloodbath."

Plan Prepared For Cuban Exodus (MH)

By Pablo Bachelet

The Miami Herald, February 16, 2007

WASHINGTON - Concerned about a possible mass exodus of Cubans, the Department of Defense plans to spend $18 million to prepare part of the U.S. Navy base at Guantánamo Bay to shelter interdicted migrants, U.S. officials told The Miami Herald.

The new installation is needed because terrorism suspects occupy space on the base used in past emergencies to hold large numbers of migrants, Bush administration officials directly involved said. They note that the facilities are designed to house people from any Caribbean nation who attempt to enter illegally -- not just Cubans.

But they say privately that Fidel Castro's illness and temporary hand-over of power to his brother Raúl last summer injected a renewed sense of urgency into plans to handle a mass exodus. The administration quietly requested the funds about a month ago and Congress has approved it, The Miami Herald was told.

The officials, who were authorized to speak on the subject but requested anonymity because of the sensitive nature of Cuban issues, say there is no sign a Cuban migration crisis is brewing, but they acknowledge predicting one is difficult. The 1980 Mariel boatlift, which saw 125,000 Cubans arrive in Florida, began when a group of Cubans tried to storm the Peruvian embassy in Havana.

BIGGER PLAN

The $18 million initiative is part of a broader U.S. government effort to prepare for the death of Castro. The administration will not say how many migrants it believes might flee Cuba or even if any will do so, but one expert warned that up to 500,000 may try to leave the island after Castro's death.

Top Bush Cabinet officials have met at least twice since December to review Cuba contingency plans. On March 7 and 8, the Department of Homeland Security will lead an exercise in South Florida involving the Coast Guard and dozens of federal, state and local agencies, focused on stopping U.S. boaters from picking up rafters.

The U.S. Navy base, on the eastern tip of Cuba, apparently would be used as a shelter of last resort if the volume of Cubans interdicted at sea overwhelms the U.S. policy known as ``wet foot/dry foot."

Under that policy, Cubans who make it to U.S. territory are allowed to remain. Those intercepted at sea are interviewed aboard Coast Guard vessels and most are repatriated to Cuba. A few who have been found to credibly risk persecution if returned to Cuba have been taken to Guantánamo for more interviews while U.S. officials arrange for their resettlement in third nations.

U.S. officials refused to say whether the wet foot/dry foot policy will be changed in case of an exodus, since such an announcement might prompt many Cubans to leave.

For years, migrants captured during surges ended up in tent camps at Guantánamo on a bluff called Radio Range, on the larger Windward side of the base.

1994 MIGRATIONS

At the height of the last migration crisis in 1994, more than 32,000 Cubans and 21,000 Haitians overwhelmed the base in tent cities. Most of the Cubans were later sent to the United States. Most of the Haitians were sent home.

The Pentagon has since built its sprawling terrorism detention and interrogation center at the site of the old tent camps, limiting shelter space. The plan would put them on the smaller Leeward side, which has an airstrip but no docks for large ships.

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"The capacity to process migrants at Guantánamo is an integral part of our overall plans to ensure that any attempted mass migration in the Caribbean is not successful," said one official, who also declined to be identified. The official said the new facility is ``part of prudent contingency planning."

"The U.S. has established avenues for safe, orderly, legal migration from the various countries in the Caribbean," the official added. ``Any effort to send people to the United States via unsafe and illegal means will not succeed."

The Pentagon already has solicited construction bids for the new facility. The $18 million would pay for things like land leveling, sewage and electrical infrastructure, bathrooms, dining facilities and administrative offices to process asylum applications. The installations will be initially designed to handle about 10,000 migrants, officials say, though more can be quickly accommodated if needed.

SCENARIOS

Andy Gomez, senior fellow at the University of Miami's Institute for Cuban and Cuban-American Studies, says focus groups and other interviews show many young Cubans are eager to leave.

"If the economic conditions do not get better, there is the strong possibility that as many as 500,000 Cubans will want to leave the island in all directions," he says. ``The other possibility will also be a large group of Cubans rushing the U.S. base in Guantánamo or foreign embassies in Havana."

Latin American countries may be reluctant to take in numerous migrants, he added.

Meanwhile, the Coast Guard is finalizing plans for an exercise next month that will involve scores of vessels.

Rear Adm. David Kunkel, head of the Coast Guard's South East District, is in charge of coordinating interdiction efforts among many agencies, including the U.S. Navy and Miami-Dade Police.

"We would be concerned with boaters leaving from South Florida marinas to potentially increase the problem," said Jim Watson, chief of staff of the South East District. He said "deterrent elements" would be tested.

Miami Republican Reps. Lincoln and Mario Diaz-Balart, who have been briefed on preparations, could not be reached for comment.

Miami Herald staff writer Carol Rosenberg contributed to this report

Indonesia's Avian Flu Holdout (NYT)

The New York Times, February 16, 2007

Indonesia sent a chill through the World Health Organization recently when it refused to supply any more samples of the avian flu virus that has killed scores of its people. The move, which seemed aimed at gaining access to vaccines at an affordable price, threatens the global effort to track the virus and develop vaccines. But Indonesia has raised a valid point that needs to be addressed: if a pandemic should strike, poor countries would be left without protection.

The W.H.O. relies on a global network of laboratories to provide virus samples so experts can determine which are most likely to spread. These strains are then used to develop the seed stocks that are given — at no cost — to manufacturers to use in making vaccines.

In a typical flu season, the key strains emerge from Asia, while the vaccines are sold primarily in the West. This has not caused a ruckus because most developing countries consider influenza one of their lesser health threats. But with rising fears of an avian flu pandemic, the dynamic has changed.

Indonesia decided to act after a foreign company announced work on a vaccine that would be based on its samples. Indonesia stopped cooperating with the W.H.O. and started negotiations to send future samples to another vaccine maker in return for technology that would allow Indonesia to make its own vaccine.

That may be good for Indonesia but could be harmful to global health — especially if other countries follow. Clearly Indonesia, which is in discussion with W.H.O. officials, needs to rejoin the global network. Unfortunately, the W.H.O. has no good answer to the inequities Indonesia has spotlighted.

If a pandemic struck, the current vaccine makers could produce only 500 million doses of vaccine per year if they ran 24 hours a day. That is far short of what would be needed to vaccinate all 6.7 billion people in the world. Thus there seems no doubt

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that in a crisis, the countries that are home to the vaccine makers would tend to their own citizens first — or those willing to pay the highest prices — leaving little or no vaccine for everyone else.

The W.H.O. needs to work much harder to encourage the transfer of vaccine production technology to countries, like Indonesia, that have the technical ability to use it. That will increase the supply of vaccine and presumably bring prices down. Even then, we fear, there still won't be enough.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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Holiday Publishing Notice. In observance of the federal Presidents Day holiday, the Department of Justice News Clips will not be published on Monday, February 19.

Spain Bitterly Divided As Terror Trial Begins In '04 Train Bombings (WP)

By John Ward Anderson And Pamela Rolfe

The Washington Post, February 16, 2007

MADRID, Feb. 15 -- Twenty-nine suspects went on trial Thursday for the March 11, 2004, bombings of four commuter trains in Madrid, but Spain's political parties and news media have turned the investigation of the attack into a partisan battle, fraying the country's traditional solidarity against terrorism and leaving Spaniards bitterly divided over who launched the attack and why.

The strongest evidence collected by investigators suggests that the bombings -- which killed 191 people and injured 1,824 in the worst terrorist attack ever carried out in continental Europe -- were the work of Islamic radicals inspired by al-Qaeda, principally in retaliation for the stationing of Spanish troops in Iraq.

But leaders of the conservative Popular Party continue to assert that the Basque separatist movement known as ETA had a central role in the bombings. Some independent terrorism experts accuse the Popular Party -- in power at the time of the attack and voted out of office in national elections three days later -- of spinning conspiracy theories to escape blame for the bombings and redeem itself with the public.

"The main success of the bombing was to introduce a deeply rooted division in the country, socially and politically, which is amazing in a country that had a history of being united against terror before March 11," said Fernando Reinares, an international terrorism expert at Madrid's Elcano Royal Institute. "After March 11, Spain started a blame game that is unending."

Some of the confusion over who committed the attack, and why, should be resolved during the trial, which began Thursday in a special high-security courthouse outside Madrid. The proceedings are expected to last until July, with more than 600 witnesses scheduled to take the stand. A verdict could come in October.

Reinares said he fears that the trial, rather than leading to national healing and catharsis, will deepen political rifts and further fray the long-standing Spanish consensus on fighting terrorism, forged during the nearly four-decade battle against ETA.

"We feel used" by political parties and the news media, said David Abad Quijada, an activist with an organization that helps victims of the bombings and their families, and whose 31-year-old sister was killed in the attack. The bombing investigation and trial have become "totally political," he said, adding, "It's been a disaster."

"I want a trial that does not take into account political or personal interests," he said. "I do not want it to be an example of a trial turned into a circus."

The Madrid bombings, the deadliest terrorist strike since the Sept. 11, 2001, attacks in New York and Washington, underscored Europeans' own vulnerability to attacks by Islamic extremists and prompted a tightening of laws, border controls and security coordination across the European Union.

The bombings became politically charged almost immediately. On the day of the blasts, the government of Prime Minister JosÃ© MarÃ-a Aznar said ETA was the prime suspect and repeated that assertion even as evidence mounted that Islamic extremists had carried out the attack.

When Spaniards went to the polls three days later, political analysts say, they voted against the Popular Party government not so much for pursuing policies that might have led to the attack -- such as sending Spanish troops to support the U.S. invasion of Iraq -- as for seemingly trying to cover up the role of Islamic extremists. Aznar's successor, Prime Minister JosÃ© Luis RodrÃ-guez Zapatero of the Socialist Workers' Party, pulled Spanish troops out of Iraq soon after taking office, and today Popular Party leaders accuse the Socialists of ignoring key evidence pointing to ETA involvement.

The right-wing El Mundo newspaper, in particular, has conducted aggressive investigations fueling charges of coverups and evidence-tampering that the newspaper's editorial page said showed "intentional deceit" by government investigators. Surveys show that as many as a third of Spaniards believe ETA played a role in the bombings.

"We shouldn't rule them out," said Gustavo de Aristegui, the Popular Party's chief foreign policy spokesman in parliament, noting that some of the Spanish defendants who allegedly supplied explosives for the March 11 attacks had ties to ETA. But

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many of the attackers, he said, clearly were Islamic extremists trying to oust the Popular Party from power and wanted to send a signal to the rest of the world: "Submit or else."

Diego LÃ³pez Garrido, a Socialist party spokesman in Congress, said the Popular Party's insistence on an ETA connection was part of a "political line based on a theory that the bombing attack was meant to overthrow the former government, and so the Socialist government has a lack of legitimacy." Continuing to blame ETA was "a political strategy" not based on the facts, he said.

Some critics of the government have suggested that Zapatero's effort to negotiate a peace settlement with ETA was a political payoff. Those negotiations collapsed in December after a bomb, blamed on ETA, exploded at Madrid's airport, killing two people.

"There is no evidence pointing to ETA involvement in March 11 -- all we have is speculation and conspiracy theories," said Reinares, who used to advise Zapatero's Interior Ministry on counterterrorism. He said the March 11 investigation found that al-Qaeda leaders selected the targets and that "individuals connected to the al-Qaeda core" were involved in picking the date of the attack after a statement by Osama bin Laden was aired on al-Jazeera television in October 2003.

But much of the evidence is being ignored, Reinares said. At a time when Spain needs to revamp its security agencies and strengthen its policies for fighting al-Qaeda at home and abroad, he said, "the last thing we need is a lack of consensus on the matter."

A three-judge panel is hearing the case, based on a three-year investigation and a 1,471-page indictment issued by Judge Juan del Olmo last April. Twenty of the defendants are Arabs, mostly from Morocco, and nine are Spaniards, including one woman.

The seven main defendants are charged with murder and belonging to a terrorist group. They face hypothetical sentences of about 38,000 years if convicted, although under Spanish law the maximum prison term is 40 years. There is no death penalty in Spain.

Three are identified as organizers of the plot: Youssef Belhadj, 30, and Hassan el-Haski, 43, both of Morocco, and Rabei Osman Sayed Ahmed, 35, of Egypt. Three are accused of planting bombs: Jamal Zougam, 33, and Abdelmajid Bouchar, 24, both of Morocco, and Basel Ghalyoun, 26, of Syria. A Spaniard, JosÃ© Emilio SuÃ¡rez Trashorras, 30, is charged with supplying some of the explosives used in the attack, which he allegedly stole from a mine in northern Spain.

The remaining suspects face sentences of between four and 27 years on various charges, including collaborating with terrorists and trafficking in explosives. Seven other key suspects, who police believe were top operational and planning leaders, blew themselves up three weeks after the attack in an apartment outside Madrid when police tried to arrest them. Another suspect is believed to have died in a suicide attack in Iraq.

The only person to testify Thursday was the defendant Ahmed, also known as Mohamed the Egyptian, who was arrested in Milan three months after the Madrid bombings. Italian courts sentenced him last year to 10 years in prison for ties to terrorism. In secret police recordings in Italy, he reportedly told associates he was one of the planners of the Madrid attack.

On Thursday, after initially refusing to speak, Ahmed denied having "any ties with al-Qaeda or any other Islamic group."

"Obviously, I condemn these attacks emphatically and completely," he told the court. "Never, never have I had any relation whatsoever with these events in Madrid."

Was Jose Padilla Tortured By US Military? (CSM)

By Warren Richey

The Christian Science Monitor, February 16, 2007

MIAMI

When suspected Al Qaeda operative Jose Padilla was taken into military custody in 2002, his interrogators set out to crush any hope he might have that a neutral judge or a defense lawyer would come to his aid.

It is difficult to convince a US citizen that legal protections guaranteed in the Constitution no longer exist for him. But that was the mission of US military interrogators ordered to extract as much intelligence as possible from Mr. Padilla.

"Only after such time as Padilla has perceived that help is not on the way can the United States reasonably expect to obtain all possible intelligence information from Padilla," explained Vice Adm. Lowell Jacoby in an affidavit to an inquiring federal judge.

The statement was made seven months into what became 21 months of strict isolation in a military brig without access to a lawyer or any other human contact besides Padilla's jailers and interrogators.

Now, Padilla is facing an April trial in federal court here on charges that he became a willing Al Qaeda recruit in a violent global jihad. But his lawyers complain that Padilla's harsh treatment during nearly four years of military detention and interrogation has left him so psychologically damaged that he is unable to help wage his own defense.

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US District Judge Marcia Cooke is being asked to decide whether Padilla is mentally competent to stand trial.

In a hearing before Judge Cooke Friday, federal prosecutors are expected to urge the judge to ignore everything that took place during Padilla's military detention. They say his harsh treatment is irrelevant to whether he is mentally competent to stand trial.

Padilla's lawyers disagree. They say their client was tortured by the military and they are asking the judge to order the government to fully account for its treatment of Padilla.

"Mr. Padilla is suffering from mental defects stemming from his incarceration in the naval brig," writes Anthony Natale, an assistant federal public defender, in a brief to the court. "The effects of that incarceration ... have left Mr. Padilla in such a psychologically frail posture that he cannot bear to revisit his past and, hence, cannot assist counsel in defending him against the government's allegations."

Mr. Natale adds, "It is the government that is squarely to blame for his current mental state and his concomitant inability to assist counsel."

Federal prosecutors deny that Padilla was subject to torture or any other mistreatment while in military custody, and they point to a recent report by a Bureau of Prisons psychiatrist that finds Padilla is competent to stand trial.

The key issue, according to the government, is Padilla's present mental functioning. Since he is mentally competent today, there is no need to investigate his past treatment by the military, prosecutors say.

The issue of the scope of the judge's inquiry into Padilla's mental condition is important because it could open the door to the first detailed examination of torture allegations made by an alleged enemy combatant.

Was he tortured? Was he subjected to stress positions and forced hypothermia? Was he administered mind-altering drugs?

Defense lawyers alleged each of these abuses and more in a motion pending before Cooke to dismiss the entire case against Padilla because the government engaged in outrageous conduct during his military detention.

"What you have here is a battle of conflicting theories about the entire case," says Stephen Vladeck, a professor at the University of Miami Law School.

Federal prosecutors are trying to restrict the scope of any competency hearing. The difficulty from the government's perspective, analysts say, is that even if Cooke eventually rules Padilla is competent to stand trial, there is no guarantee that she might not also dismiss the case because of facts uncovered during a wide-ranging inquiry into Padilla's earlier treatment by the military.

"There is every reason to believe that the defense will improperly seek to use a competency hearing as a vehicle to engage the court in detailed fact-finding about the alleged conditions of Padilla's detention," writes Assistant US Attorney John Shipley in a brief to Cooke. "There is no reason for the court to head down that path."

But the government itself headed down that path when its psychiatrist contacted individuals and reviewed reports dating to Padilla's military detention.

Padilla's lawyers want the same access in part so they can cross-examine the government's psychiatrist in a competency hearing set for next week.

Defense lawyers say the government's competency report suggests its psychiatrists were misled about the conditions of Padilla's confinement in the naval brig. And they want Cooke to find out what happened during a mysterious 72-hour gap in recordings of Padilla interrogations.

The lawyers say Padilla was subject to 24-hour video surveillance during his entire military detention – except for 72 hours of missing tape. "What could have been done to Mr. Padilla in those seventy-two, or so, hours that the government turned off the camera when for almost four years every one of Mr. Padilla's bowel movements were videotaped?" asks Natale in his brief.

HOMELAND RESPONSE:

C.I.A. Veteran Races Time To Rescue Fledgling Agency (NYT)

By Eric Lipton

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — A born contrarian, Charles E. Allen has spent an intelligence career immersed in wars, alarms and debacles, often seeing the world differently from his colleagues.

A Washington legend who is variously viewed as brilliant or weird, a nuisance or a Cassandra, a courtly Southern gentleman or an irascible workaholic, Mr. Allen is again looking at things from another perspective.

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Over the last 17 months, Mr. Allen, 71, has taken on his latest difficult assignment — a job that virtually no one else wanted, to rescue a fledging intelligence operation that gets little respect and assumes a role doubters say is not even necessary.

Instead of retiring after a half-century at the Central Intelligence Agency, where he helped assess threats overseas, Mr. Allen now leads the intelligence unit at the Department of Homeland Security, which is trying to predict where terrorists might strike inside the United States.

In his effort to build a credible operation, Mr. Allen has muscled his way into meetings of the nation's top spy agency chiefs, claimed ground that the Federal Bureau of Investigation and the C.I.A. had already carved up, defended his efforts before Congress and forced rivals to make room — sometimes literally — for his department.

"The dirty four-letter word in government is spelled 'turf,' " said Representative Jane Harman, a California Democrat and the new chairwoman of the House subcommittee that oversees Homeland Security intelligence operations. "Nobody wanted interference from this newbie agency."

Beyond the outside frictions, Mr. Allen has plenty of problems from within.

The Department of Homeland Security has thousands of Border Patrol guards, airport screeners and Coast Guard officers who might identify possible terrorist threats, but Mr. Allen has met resistance from some of their leaders, over whom he has little direct authority.

And though he is working 15-hour days and his weary face is criss-crossed with creases, he knows he is short on time to improve counterterrorism efforts at a department long ridiculed for its color-coded terror alerts and advice that Americans arm themselves with duct tape.

"This is an extraordinarily challenging task because of the depth, breadth and the difficult elements involved," Mr. Allen said in a recent interview. "I am impatient. We need to drive this a lot harder."

Mr. Allen has unusual bipartisan support in Congress, but even some lawmakers who admire him are frustrated at the pace of progress at Homeland Security.

"We have been in this business for four years now," said Representative Bennie Thompson, Democrat of Mississippi, the chairman of the House Homeland Security Committee. "We should be a lot farther down the road."

And as he begins to make progress — sifting through data collected on Americans and foreign visitors by Homeland Security or local and state authorities — his labor is causing unease among civil libertarians who consider it domestic spying.

"They call it a 'seamless national intelligence system' " said John Reinstein, legal director at the American Civil Liberities Union in Massachusetts. "I call it a reason to be very concerned."

Some of Mr. Allen's friends believe his task is almost hopeless. "What we're doing is essentially setting a great man up for failure," said John Gannon, a former C.I.A. deputy director of intelligence.

Mr. Allen is undeterred. He is again "breaking heads" and holding "Come to Jesus meetings" — his own description of his management style — and barking out demands to his staff.

"The country is at risk," he said. "It is a darker world."

The predawn telephone call is still seared into Mr. Allen's memory: it was Oct. 6,1973, at 3 a.m., and Golda Meir, the Israeli prime minister, had just told the White House that within hours her nation would be attacked by Syrian and Egyptian forces, which had been conducting drills along its borders.

The night before, Mr. Allen had approved the president's daily intelligence briefing, assuring President Richard M. Nixon that the military exercises were just a bluff.

"It takes the Israelis 48 hours to mobilize," he said, still wincing today over the consequences of his disastrously bad call. "There was nothing they could do."

From that day forward, Mr. Allen, who joined the C.I.A. immediately after graduating from the University of North Carolina, lived by new standards.

"Don't listen too much to what others are telling you," Mr. Allen said. "Constantly re-examine your assumptions."

Mr. Allen pushed himself and those around him to go deeper for information; Mr. Gannon calls him a "pile driver." Colleagues and bosses were often unwilling to accept his conclusions. But over the decades, Mr. Allen, whose C.I.A. posts included assistant director for collection and national intelligence officer for warning, compiled a remarkable record.

In the mid 1980s, he was the first to warn his C.I.A. superiors that a Marine officer named Oliver North appeared to be orchestrating a scheme in which profits from American weapons sales to Iran went to rebels fighting the government of Nicaragua.

In late July 1990, he warned that Iraq would invade Kuwait within days. Iraqi tanks rolled into Kuwait on Aug. 2.

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After Al Qaeda's bombing of American embassies in East Africa, Mr. Allen pressed his superiors in 2000 and 2001 to send drones over Afghanistan to look for Osama bin Laden and his followers, a request that was delayed by disputes over financing. The 9/11 Commission, calling him the "indefatigable Charlie Allen," cited the missed opportunity.

And before the United States invaded Iraq in 2003, Mr. Allen led an effort to collect interviews of families of Iraqi scientists to ask about the country's secret weapons programs. The families said the programs had been halted, but Mr. Allen's bosses and the White House rejected that view.

Mr. Allen's critics label him a doomsayer, saying that his contrarian advice and strident warnings became so frequent that some at the C.I.A tuned him out.

But the critics are outnumbered by supporters of Mr. Allen. "Charlie is a national asset," said Paul Redmond, a former C.I.A. director of counterintelligence who briefly served as Homeland Security's intelligence chief. "He is not afraid to say, that's a bunch of nonsense."

When Homeland Security was created in 2003, its leaders could not even get the money or authorization for adequate office space.

From the start, the agency was pushed out of the leading role in assembling and tracking information on terror threats in the United States. With the blessing of the Bush administration, the C.I.A. and the F.B.I. in 2003 opened what is now known as the National Counterterrorism Center to do that job.

When Mr. Allen arrived at Homeland Security in 2005, he leaned on his intelligence contacts. Now his agency has a seat at the table when the six other leaders of the nation's top intelligence agencies meet with the director of national intelligence.

Mr. Allen recently checked out new office space at the National Counterterrorism Center in Northern Virginia, where his agency will soon take command of a new unit in charge of distributing information about terror threats to local and state officials, the private sector and other federal agencies.

He has also stepped up training for analysts at Homeland Security's six agencies with intelligence staffs, and begun recruiting at colleges.

He has installed analysts at a dozen so-called fusion centers set up by state and local police departments to coordinate reports of possible terror threats, and hopes to have his staff at all 35 centers nationwide by the end of next year. He has started units to look into homegrown terror threats and border security.

To avoid civil liberties complaints, the teams are trained, he said, to ensure they collect information on Americans only if there is "reasonable suspicion" they represent a threat.

Building this network has required diplomacy. While visiting state and city police officers and chatting with members of Congress, he tries to convince them that Homeland Security has something to add, and is not simply creating another layer of bureaucracy.

"There are plenty of lanes to work in," Mr. Allen frequently says. "And our lanes in the road I think are getting very well defined."

Some local officials cite improvements. First Sgt. Lee Miller of the Virginia State Police said that when incidents occurred that might have a potential terror connection, his staff got answers faster than before.

But widespread skepticism about Mr. Allen's operation remains.

Mr. Allen has had such a hard time recruiting a staff, nearly two-thirds of his analysts are contractors. Homeland Security's own agencies — particularly Customs and Border Protection, and Immigration and Customs Enforcement — still often fail to share potentially important tips with other federal players, a failure that Mr. Allen says earned him a rebuke from John D. Negroponte, then the director of national intelligence.

"It's your second year, Charlie," he recalled being told. "You better do a better job."

Some local agencies echo that concern.

"Information doesn't get to me because they don't believe I have a need to know," Acting Police Chief Cathy L. Lanier of Washington said during a Senate hearing last month.

Richard A. Falkenrath, deputy commissioner for counterterrorism at the New York City Police Department, said that his department had a more valuable partnership with the F.B.I., which can not only warn of terror threats, but can also investigate and help prosecute them. The F.B.I. has about 100 counter-terrorism offices around the country.

Given the enormousness of the work ahead, Mr. Allen said he realized he would not complete the job. But during a recent late-afternoon interview in which his eyes seemed frequently almost to close, he said: "Right now, I'll continue. There is much ahead."

New Threat: Agro-Terrorism (CBS)

CBS News, February 16, 2007

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Some Experts Warn That America's Food Chain Could Be An Inviting Target

(CBS) Nearly 300 people were sick before the current salmonella outbreak could be tracked to a peanut butter processor in Georgia, CBS News correspondent Bob Orr reports. Two hundred others were ill and three people had died by the time scientists traced last fall's E. coli contamination to California spinach.

Both accidental outbreaks underscore a frightening reality: Once a poison or bio-agent infects America's food chain, it's hard to detect — and even harder to stop making the U.S. food supply an inviting target for terrorists.

"This is the new fight, the battleground since 9/11," says John Perren, who runs the FBI office handing weapons of mass destruction.

Perren says so-called "agro-terrorism" is a real threat from "farm to fork."

"The food chain, the agriculture system, is very large. Therefore we have vulnerabilities. We consider that a soft target," Perren says.

While terrorists have not made a move against U.S. agriculture, bio-weapons researcher Jerry Jaxx says it would be easy to taint the food supply or damage America's $2 trillion farm economy.

"Certainly, these are risks that are very, very real," says Jaxx.

The most worrisome agro-weapon is "foot and mouth," a highly contagious disease that doesn't hurt people — but ravages livestock.

It was wiped out in the U.S. 80 years ago, but it remains a threat in much of the world. In 2001, 4 million infected animals in the United Kingdom had to be slaughtered and burned.

Food experts warn a single outbreak of foot and mouth disease in the U.S., whether triggered by an accident or a terrorist, could cause much greater damage. Millions of cattle would have to be destroyed, and economic losses could run into the tens of billions of dollars.

The foot and mouth virus could be easily carried to the United States from an infected area by a tourist or a terrorist. Experts say reporting on this vulnerability — and other food-related risks — does not help terror groups. They already have the information.

Scientists are fighting back. CBS News got an exclusive look at a first-of-its- kind, yet-to-be-opened Agriculture Biosecurity Center at Kansas State University. Investigators there will work to identify emerging bio-threats, handling some of the most lethal pathogens, from E. coli to anthrax to foot and mouth.

"If we were to have some sort of an outbreak, we have a place to really deal with the science involved in trying to figure out how best to respond," Jaxx says.

The research will improve defenses against both deliberate and accidental contamination. Biologist Doug Powell says consumers should not overly worry about food-related threats.

"Agro-terrorism is always there. It's like food-borne illness in a way, in that you don't really know where it's going to come from next, so your best prevention is constant vigilance," Powell says.

An awareness that America's food supply, while the safest in the world, will never be completely free from risk.

FEDERAL DIARY: Effort To Give TSA Screeners Union Rights Advances (WP)

By Stephen Barr

Washington Post, February 16, 2007

It was a good day for unions.

A Senate committee yesterday approved a measure that would give collective-bargaining rights to about 43,000 airport screeners at the Transportation Security Administration. The committee's action followed House approval of similar legislation last month.

If the Senate goes along with the committee's decision, the issue of union rights for TSA screeners is likely to provoke a rare clash with the White House over federal workplace rules. After the House vote, the Bush administration vowed to oppose the legislation.

The American Federation of Government Employees, which has pushed hard to bring TSA screeners into the union fold, praised the committee's decision and predicted the measure would improve working conditions for screeners.

"It is good news," said John Gage, the union president. AFGE plans to bring about 800 members to Washington near the end of this month to lobby Congress on behalf of the screeners, he said. "We have some work to do with the Republican side of the aisle, and I think we will be successful."

Sen. Joseph I. Lieberman (I-Conn.), chairman of the Senate Homeland Security and Governmental Affairs Committee, proposed the union-rights amendment to the Senate bill that would implement unfinished recommendations of the Sept. 11 commission. He prevailed on a party-line vote of 9 to 8.

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As part of the response to the 2001 terrorist attacks, Congress created the TSA to take charge of passenger and baggage screening at the nation's airports. It also provided the head of the TSA with leeway to set personnel rules and ban unions.

The TSA later merged into the Department of Homeland Security, where unions filed suit to stop proposed curbs to bargaining rights.

But Lieberman said "personnel management has been troubled at TSA" and concluded that "it is time to give TSA screeners parity with other security officers within TSA and DHS in terms of their employment rights and protections."

Sen. Tom Coburn (R-Okla.), a committee member, spoke against Lieberman's amendment. He said there have not been sufficient hearings on unionization of TSA workers, that the 9/11 Commission Report did not recommend it, and that allowing unions at the TSA would strip the agency of its ability to quickly deploy employees to respond to terrorist threats.

But AFGE had lobbied senators before the vote, contending that current law permits agencies to take whatever personnel actions they deem necessary to respond to emergencies. The union stressed that other law enforcement bureaus in Homeland Security, such as Border Patrol and Customs and Border Protection, permit their employees to be represented by unions.

"Denying these people rights that everyone else has in Homeland Security is not based on any rational reason," said Gage, who brought a TSA screener from New Haven, Conn., this week to meet with Lieberman and explain why screeners should be able to join unions.

TSA officials said steps have been taken to ensure that security screeners can share their views with agency management. An employee advisory council brings in screeners from around the country to offer advice on compensation and other issues, and the TSA is rolling out a model workplace program to airports to teach employees and managers how to collaborate and resolve workplace issues, the officials said.

"This is our way to get our employees heard and let them have a voice and a seat at the table," said Gale Rossides, an associate administrator at the TSA.

The agency recently completed its first year under a pay-for-performance system that was designed with feedback from more than 4,000 employees, "telling us what was important," Rossides said.

Turnover at the TSA is declining and compares favorably with the transportation and utilities industries, Rossides said. In fiscal 2006, the TSA's attrition rate was 16.5 percent, while turnover was 19.6 percent in transportation-utilities sector, she said.

"We are continuing to focus to drive that number down," Rossides added.Talk Shows

Steven L. Katz, a former Senate committee counsel and a former federal agency executive, will be the guest on "FedTalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

John Salamone, executive director of the Chief Human Capital Officers Council at the Office of Personnel Management, will be the guest on "The IBM Business of Government Hour" at 9 a.m. tomorrow on WJFK radio (106.7 FM).

9/11 Bill Boosts TSA Union Rights (WT)

By Shaun Waterman

The Washington Times, February 16, 2007

The Senate version of legislation implementing the remaining recommendations of the September 11 commission, like its House counterpart passed earlier this year, has a provision expanding union rights for airport security screeners.

The bill, which was marked up and reported out yesterday by the Senate Homeland Security and Governmental Affairs Committee, also mandates a pilot project that would allow new secure driver's licenses to be used instead of passports at the Canadian border. However, it does not contain some of the more radical cargo and port security measures in the House version.

Language added to the bill in an amendment proposed by committee Chairman Sen. Joe Lieberman, Connecticut independent, repeals a footnote in the 2001 law setting up the Transportation Security Administration. The footnote gave the agency's director wide discretion to decide issues of union and other labor rights for the thousands of passenger and baggage screeners it employs.

The amendment passed on a party-line vote, and the entire bill -- the Improving America's Security Act -- was approved by the committee unanimously.

Charity Wilson, a congressional lobbyist for the American Federation of Government Employees, said the labor rights language, if passed into law, would ensure that TSA screeners had the same collective bargaining, union rights and whistleblower protections as other civil servants.

The TSA "will no longer be able to pick and choose which labor laws apply to its workers," said Miss Wilson, and the screeners would be entitled to unionize like other federal employees.

She added it was "no coincidence" that TSA screeners, effectively denied union representation for more than five years, have one of the highest rates of complaints about workplace discrimination of any federal workers, an attrition rate more than 10

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times that of the U.S. government as a whole and one of the highest injury rates of any job classification tracked by the federal Occupational Safety and Health Administration.

An amendment proposed by Sen. Norm Coleman, Minnesota Republican, mandates that the Department of Homeland Security set up a pilot program with at least one state under which machine-readable, tamper-proof driver's licenses could be used at the Canadian border instead of a U.S. passport or special passport card when more secure documents become required at all U.S. borders under the Western Hemisphere Travel Initiative.

That initiative, mandated by Congress in 2004, requires the government to move toward requiring passports or other secure documents establishing identity and citizenship from Americans re-entering the country. Language in last year's homeland security appropriations law postponed the introduction of the initiative until 2009 and required officials to pass a series of benchmarks and certifications before it could be implemented. Mr. Coleman's amendment adds to the list of things officials are required to have completed before they can implement the initiative.

Coleman spokesman LeRoy Coleman said the senator thinks that new security improvements in driver's licenses "present an opportunity to explore their possible use to meet the requirements of [the initiative]."

Freedom From Fear (NYT)

By Guy Nordenson

New York Times, February 16, 2007

THERE is still time to take the fear out of the Freedom Tower. Despite reports that Gov. Eliot Spitzer has now decided to back the project, the fact is that with a little time it is still possible to rethink the tower and make it both secure and welcoming without setting back the overall ground zero construction schedule.

The current design, which was unveiled in 2006, was created under pressure from former Gov. George Pataki, who tied his presidential ambitions to its swift completion. In this plan, the architects and engineers, for several reasons, took a very conservative approach. The result, a 20-story fortified wall around the base of a 1,776-foot tower, hardly evokes freedom — rather, it embodies fear and anxiety.

I write from experience. Some four years ago I began working with David Childs, the principal architect, on the first version of the Freedom Tower. This was a 2,000-foot-tall structure of torquing glass and steel; the bottom half contained the office building while the top half was a broadcast tower composed of an open framework of cables and trusses. (Also in 2002 The New York Times Magazine published a proposal of mine for a 2,000-foot-tall broadcast tower on the site that we have been working on intermittently ever since.)The structure would have given the tower the widest TV broadcast capacity possible, at the maximum height allowed by the Federal Aviation Administration. The office floors ended at about 70 stories, matching the tallest downtown office building, with as much overall floor area as the current design and with every floor having direct access to the ground level by elevator. The open, cable-stayed upper 1,000 feet of the structure would have had wind turbines that would have met more than 20 percent of the building's energy needs, a fitting symbol for a city whose seal includes a windmill.

While the basic design won over almost everyone involved with the project, including many of the governor's advisers, Mr. Pataki asked the architect to amend it in late 2003. Specifically, he wanted Mr. Childs to reduce the upper structure from 2,000 to 1,500 feet, and to add a slender 276-foot antenna to make it a symbolic 1,776 feet tall. The alterations, unfortunately, made the design impossible to build, and eventually the entire concept was abandoned.

So Mr. Childs presented the revised Freedom Tower, which meets Mr. Pataki's interests but bears no resemblance to his initial design. It is in every way inferior, and those flaws — in terms of aesthetics, economics, security and ethics — are all rooted in the way in which it was conceived.

First, the aesthetics. The critics have not been kind to the Freedom Tower. The solid geometry is self-centered — this newspaper's critic wrote that it "evokes a gigantic glass paperweight with a toothpick stuck on top" — without any sense of orientation or any recognition of its place in the skyline. This is a shame, especially considering what the same architects showed they were capable of next door, in the elegant new 7 World Trade Center building.

But it is understandable: not only were the architects rushed by Mr. Pataki, but after the ordeal of the first design's development and rejection, it seems natural that Mr. Childs would reach for a simple geometry the second time around. The result, unfortunately, would be second rate in Chicago, Dubai or Shanghai, and should not be the symbol of New York City, let alone freedom.

Second, the finances of the new building are a disaster. The Freedom Tower will most likely cost around $3 billion to build, for 2.6 million square feet of office space. The cost of $1,150 a square foot is nearly twice what it cost to build the new Museum of Modern Art, for which I was also the engineer. Of the cost, about $1 billion will be paid with insurance money collected by the ground zero leaseholder, Larry Silverstein.

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Assuming that the owners of the Freedom Tower, the Port Authority, are able to sign government or other tenants on at market rate rents of $50 to $60 per square foot, the income on the entire property, after expenses and taxes and including the rent on the TV antennas, will be at most $100 million dollars a year, which is less than 4 percent return on the investment. The Port Authority would do better buying back its bonds, which now offer a return of greater than 5 percent. What is more, the property is probably uninsurable, so the Port Authority will be spending billions for a below-market return and a substantial risk.

Third, the security concerns that have blocked so many facets of the plan remain unresolved. Last January, I sat in a meeting in the New York City police commissioner's conference room and listened to a debate on various security plans and blast-resistant designs for the different projects at ground zero. In the end, James Kallstrom, Governor Pataki's senior counterterrorism adviser and the security coordinator for ground zero, closed the discussion by saying, "Structural engineers will have to certify that the design meets the threat basis."

I understood this to mean that as long as the engineers signed off on the design, everything would be considered fine. This is worrisome, especially given that that the computer software that is being used to simulate the blast effects is proprietary and classified by the federal government, and that the structural engineers being asked to certify the building do not have clearance or direct access to the program, only the data given them by the software.

In contrast, the approach taken by most private building owners in the city — which generally includes physical tests, repeated independent computer simulations and help from the Defense Department's technical support working group — provides real assurances of security. The Freedom Tower deserves the same sound engineering approach as any commercial project.

The final problem with the tower is less obvious: the politically charged situation under which it was conceived has led to ethical problems in terms of tenancy. Mr. Silverstein never wanted to build the Freedom Tower, and few could blame him. The site is awkward, too far from public transportation and Wall Street, and the tower is too big for the downtown real estate market to absorb in time to realize a good profit. Last year, he exchanged this problem for the three towers he is now developing on the site, leaving the Port Authority saddled with the Freedom Tower.

The authority itself, however, will not occupy the Freedom Tower but will rent space from Mr. Silverstein in Tower Four, at the opposite corner of the site. So far, state agencies, under pressure from Mr. Pataki, have signed on for about 400,000 square feet (roughly one-sixth of the tower's floor space) Federal agencies including the Customs Service and the Secret Service will most likely sign on for 600,000 square feet.

In other words, government employees are being conscripted to occupy a tower that no private company or authority — including the building's owner — will take. At a time when there is considerable anguish over the 20,000 additional troops that President Bush wants to send to Baghdad, it seems that the ethics of forcing thousands of state and federal employees to work in fear in the Freedom Tower is fundamentally flawed.

The good news is that it is not too late to change things. The current construction of the foundation and subterranean levels does not lock us into a final design above ground. The work should continue up to the ground level and stop (this should take about a year) so that the architects and engineers are given another chance to design a Freedom Tower that, like other buildings rising downtown, is financially viable and a secure and welcoming work environment worthy of its place in the skyline.

Couple Drops Suit Against Allstate Over Katrina Damage (LAW/AP)

By Michael Kunzelman, The Associated Press

AP, February 16, 2007

The first federal trial in New Orleans in the wave of insurance litigation spawned by Hurricane Katrina ended abruptly Thursday when a couple suing Allstate Indemnity Co. dropped their lawsuit amid allegations they misrepresented their claims.

Lawrence and Elizabeth Tomlinson, who claimed Allstate underpaid them and acted in bad faith in handling their claims, agreed to drop the suit before jurors could hear closing arguments in the case.

The Tomlinsons' attorney, Christy Howley, would not specify why they didn't let a jury decide the case, but Allstate, in court papers, had accused the couple of misrepresenting their claim.

The Northbrook, Ill.-based insurer said it paid the Tomlinsons more than $30,000 for living expenses after they moved into office property that they already owned. Lawrence Tomlinson testified that Allstate knew of their living arrangement when they made the payment.

Allstate paid the Tomlinsons a total of more than $150,000 for damage to their home and its contents, plus living expenses. The couple claimed the company underpaid them after Katrina's winds tore holes in their roof and let rain pour into their home in the New Orleans suburb of Marrero.

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The insurer disputed the extent of the damage and suggested that the couple overbilled them for certain renovations to the home. Allstate attorney Judy Barrasso declined to say whether the company has considered taking further legal action against the couple.

"At the conclusion of the evidence, the plaintiffs decided voluntarily to withdraw their claims and relinquish any right to refile them," Barrasso said. "The plaintiffs have not received any compensation of any kind from Allstate for withdrawing their claim."

Lawrence Tomlinson declined to discuss his reason for not pursuing the case, saying only that the trial "has been a long trip." Elizabeth Tomlinson, an attorney who is due to give birth in about two weeks, left the courtroom in tears.

Howley said her clients were ready to "go back to their lives and rebuild with the moneys they had already been paid" after more than a year out of their home and a long legal challenge.

"A jury verdict, until the jury returns with it, is always an unknown and due to some of the evidence and testimony, Mr. and Mrs. Tomlinson decided they would rather end the litigation than pursue their claims," Howley said.

She declined to say what evidence and testimony led the couple to that conclusion.

The case was the first federal lawsuit tried against an insurance company by a Louisiana homeowner since Hurricane Katrina. About 1,000 other lawsuits are pending against Allstate alone in federal court in New Orleans.

Tulane Law School professor Ed Sherman said the Tomlinsons' case is "very individualized" and isn't likely to have any legal bearing on similar lawsuits. "That's why I don't think this (case) sets any precedent," he added.

Alan Kanner, a lawyer who represents other policyholders with lawsuits against insurers after Katrina, said he isn't aware of other cases where insurers have accused plaintiffs of misrepresenting Katrina claims. But he isn't surprised that Allstate would employ that defense.

"It's a common defense tactic to blame the victims, whether it's in an insurance case or any other kind of case," he said. "They do it in lots of different ways."

U.S. District Judge Martin dismissed the seven-member jury, which had been selected Monday, and apologized to them for making them wait several hours Thursday morning. "The good news is that claims and defenses have been mutually withdrawn," Feldman told the jury. "This litigation no longer exists."

Steal Magnolia (WSJ)

The Wall Street Journal, February 16, 2007

State Farm, the nation's largest home insurer, announced this week that it would no longer be writing new homeowner or commercial policies in Mississippi. Magnolia Staters wondering whom to thank for their rising insurance bills, assuming they can get insurance at all, should direct their catcalls at Attorney General Jim Hood.

Mr. Hood should have seen this coming back in September of 2005, when he launched his populist campaign against insurers. In the wake of Hurricane Katrina, private insurers began invoking their entirely legal "flood exclusions" and refusing to pay for any damage that wasn't caused by wind. These exclusions had been clearly written into contracts, yet Mr. Hood declared them "unconscionable" and sued the industry.

He claimed victory several weeks ago when he bludgeoned State Farm into a settlement, although everyone can now see his triumph comes at a price. State Farm will now be paying at least tens of millions of dollars in claims that it never factored into its risk premiums, and it has reasonably chosen not to make itself vulnerable again to Mr. Hood's extortion.

"It is no longer prudent for us to take on additional risk in a legal and business environment that is becoming more unpredictable," said State Farm Senior Vice President Bob Trippel, which is a polite way of saying "we'd be nuts to keep doing business in a state that can't spell c-o-n-t-r-a-c-t."

State Farm joins Allstate, which last year also stopped writing policies along Mississippi's coast. Together, the two insurers make up 40.5% of the Mississippi market. Homeowners looking for coverage will now have fewer companies to choose from, with higher premiums the likely result. If the rest of the industry follows suit and also exits Mississippi, consumers could have no choice at all.

Surrounding states such as Florida, which have begun to follow Mr. Hood down the insurance-bashing path, might want to reverse course before their own consumers end up staring down the next hurricane with no coverage. As for Mr. Hood, he and his buddies in the tort bar have provided an exquisite illustration of how political and legal predation against business ends up harming the little guy.

In Setback For New Orleans, Fed-Up Residents Give Up (NYT)

By Shaila Dewan

The New York Times, February 16, 2007

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NEW ORLEANS, Feb. 15 — After nearly a decade in the city of their dreams, Kasandra Larsen and her fiancé, Dylan Langlois, climbed into a rented moving truck on Marais Street last Sunday, pointed it toward New Hampshire, and said goodbye.

Not because of some great betrayal — they had, after all, come back after losing everything in Hurricane Katrina — but a series of escalating indignities: the attempted carjacking of a pregnant friend; the announced move to Nashville by Ms. Larsen's employer; the human feces deposited on their roof by, they suspect, the contractors next door; the two burglaries in the space of a week; and, not least, the overnight wait for the police to respond.

A year ago, Ms. Larsen, 36, and Mr. Langlois, 37, were hopeful New Orleanians eager to rebuild and improve the city they adored. But now they have joined hundreds of the city's best and brightest who, as if finally acknowledging a lover's destructive impulses, have made the wrenching decision to leave at a time when the population is supposed to be rebounding.

Their reasons include high crime, high rents, soaring insurance premiums and what many call a lack of leadership, competence, money and progress. In other words: yes, it is still bad down here. But more damning is what many of them describe as a dissipating sense of possibility, a dwindling chance at redemption for a great city that, even before the storm, cried out for great improvement.

"The window of opportunity is closing," Ms. Larsen said, "before more people like us give up and say it's too little, too late."

Mr. Langlois, who has repeatedly called the health and sanitation departments, the police and City Hall, said he despaired of receiving any response. In November, the couple bought their first house, and in December, they bought their first handgun.

"My friends here are just the greatest, hard-working, tax-paying people," Mr. Langlois said, "and I think a lot of us are feeling under siege."

The couple are unlikely to make any money on the sale of their house.

For every household that, like this one, has given up, there is another on the verge. Tyrone Wilson, a successful real estate agent and consultant, said he and his wife, Trina, a lawyer, had given post-storm life a fair chance. But, Mr. Wilson said, at the end of the school year they are likely to take their three children back to Dallas, where they took refuge after the storm.

"We came back, we tried," he said. "It's really draining, and at a certain point you sit down and you say, 'We don't have to go through this.' "

As a city in flux, New Orleans remains statistically murky, but demographers generally agree that the population replenishment after the storm, as measured by things like the amount of mail sent and employment in main economic sectors, has leveled off. While many poorer residents have moved back to the city, the "brain drain" of professionals that the city was experiencing before the storm appears to have accelerated.

Some say the overall effect is negligible. Greg Rigamer, a demographer who has done work for the city, said that the lack of housing had constrained the recovery, but that many residents remained fully committed to the city.

"The pattern in is certainly stronger than the pattern out," Mr. Rigamer said.

But in December, the number of houses on the market peaked at a high not seen since the late 1980s, while the number of sales has trended downward since last June, according to data tracked by the Brookings Institution in Washington. Statistics kept by commercial moving companies show a net loss to New Orleans. Employers say they have raised salaries for skilled workers.

One oft-cited survey by the University of New Orleans found that a third of residents, especially those with graduate degrees, were thinking of leaving within two years.

Susan E. Howell, who conducted the survey, cautioned that the sample was small and that the poor were underrepresented. There are indications that low-income New Orleanians — those who will need the most help from a cash-strapped city —are making their way back, despite a lack of affordable housing, piling into relatives' homes and trailers.

U-Haul, the rental company that is more affordable than commercial movers, has had more inbound trucks than outbound, according to the company's records, and the number of public school children and new applications for food stamps in Orleans Parish are rising. In Houston, a task force that helps Hurricane Katrina residents resettle has paid more than $1 million in moving expenses for 350 families returning to New Orleans.

"This is a serious problem for the city, because one of the things we had pre-Katrina was the lack of an educated population," Dr. Howell said. "We had too many people at the low end and not enough at the high end, and Katrina sort of fast-forwarded that trend."

Because many poorer people have taken longer to return, they have not dealt with as many months of frustration as families with higher income and more mobility, so their staying power has yet to be determined.

Reganer Stewart, 30, a hotel maid, said she had been living with her cousin and her cousin's mother and four children since November. In January, Ms. Stewart's 12-year-old daughter, Brandi, joined them, but was put on a waiting list for school and could not enroll until earlier this month.

Houston, which Ms. Stewart had not liked when she evacuated there, was growing more attractive as her search for an apartment here grew longer. "Most likely, we going to leave," she said.

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In battered but proud New Orleans, abandonment is a highly emotional subject, in part because many have made sacrifices to stay and rebuild. To some, leaving now is tantamount to treason. When a report appeared a year ago that Emeril Lagasse, the famed chef, had said the city would "never come back," reservations at his restaurants were canceled and strangers berated him. He insisted he had been misquoted.

And in response to an article in The Times-Picayune of New Orleans about a woman who had decided to move on, Poppy Z. Brite, a New Orleans novelist, wrote: "This isn't an easy place to be right now, and the decision to stay or go is deeply personal. But why must some people use the media to take a parting shot at the city?"

On another occasion, Ms. Brite said, "If a place takes you in and you take it into yourself, you don't desert it just because it can kill you. There are some things more valuable than life."

Such fierce sentiments help explain why a dozen people who were planning to move or had already done so declined to speak on the record for this article or allow their name to be used. One man, a chef, said he wanted to remain anonymous because he was likely to return someday. A university professor said she did not want to compromise her employer's ability to recruit.

"If I was going to be really politically savvy," she said, "I would say that I was going to do a job search about this time anyway."

The decision to leave is especially difficult for natives, said Elliott Stonecipher, a demographic analyst in Shreveport, La., even if they are going no farther than the north shore of Lake Pontchartrain.

"They just won't talk about it; they do not want to talk about it," Mr. Stonecipher said, adding that the reluctance shows just how unusual the city is. "It's remarkable that they just don't want anybody to know that they gave in."

Others have unimpeachable reasons: Paul Gailiunas, a doctor whose wife, Helen Hill, was murdered in their home last month, left immediately for South Carolina.

As for Ms. Larsen and Mr. Langlois, they have taken in all the fury at those who are leaving, in newspapers, neighborhood forums on the Internet and even in the bars and cafes of their neighborhood, the Ninth Ward. But while many of their own friends had expressed disappointment, none had blamed them.

"Not only do they understand why we're leaving," Ms. Larsen said, "but they say, 'You know what, I'm thinking about getting out of here, too.' It's like they're waiting for that one more bad thing to happen."

WAR NEWS:

Bush Boosts Troops For Afghanistan (FT)

By Caroline Daniel And Demetri Sevastopulo

Financial Times, February 16, 2007

President George W. Bush is sending an additional 3,200 troops to Afghanistan to bolster US and Nato forces ahead of an expected tough spring offensive by the resurgent Taliban.

Borrowing the rhetoric of US and Nato commanders, who are preparing to step up their campaign against the Taliban, Mr Bush said: "This spring there's going to be a new offensive in Afghanistan. It's going to be a Nato offensive, and that's part of our strategy."

The Pentagon will send the 173rd Airborne brigade, which was originally scheduled for deployment to Iraq, to Afghanistan to replace another brigade whose tour was recently extended by several months.

In a speech to the American Enterprise Institute, Mr Bush sought to set out a strategy for political and military success, saying troop increases would be sustained. The move comes as Congress debates his strategy to send additional troops to Iraq to pacify Baghdad. Lawmakers are less resistant to sending more troops to Afghanistan, where Democrats and Republicans agree that the US and Nato need to strengthen their efforts to deal with the Taliban.

Robert Gates, the new US defence secretary, and John McCain, Arizona senator and likely candidate for the Republican presidential nomination, in Munich last weekend strongly urged European countries to increase their military and financial participation in the Afghanistan campaign. Mr Gates said it was important to remember that Nato was a "military alliance" and not a "social club". The US wants some European members, including Germany and Spain, to eliminate some of the restrictions on their troops in the Nato force.

Mr Bush on Thursday said he had asked Congress for $11.8bn (€9bn, £6bn) over the next two years "to help this young democracy survive and have extended the stay of 3,000 troops . . . The forces and funds will help Hamid Karzai [the Afghan president] defeat our common enemies".

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The decision to send additional troops followed a comprehensive review of administration strategy but also comes amid mounting criticism from Democrats such as John Kerry who see the Iraq war as a dangerous diversion from tackling the Taliban threat.

Mr Bush said there had been progress in the past five years in Afghanistan, such as expanding education and doubling the size of the economy, but he acknowledged the deterioration in conditions, with roadside bombs doubling last year and suicide bombs increasing fivefold.

Bush Extends Stay Of Troops In Afghanistan (USAT)

By David Jackson

USA Today, February 16, 2007

WASHINGTON — President Bush urged NATO allies Thursday to boost their efforts in Afghanistan and said he is extending the stay of 3,200 U.S. troops there to help beat back a resurgent Taliban and al-Qaeda.

Bush highlighted the role of NATO and its member nations in Afghanistan, the first theater in the global war on terrorism. Bush spoke to the American Enterprise Institute, a conservative think tank.

AUDIO: Bush urges NATO allies to offer additional aid

"For NATO to succeed, member nations must provide commanders on the ground with the troops and the equipment they need to do their jobs," Bush said.

A U.S.-dominated coalition deposed the Taliban shortly after the Sept. 11, 2001, attacks on the World Trade Center and Pentagon. The Taliban had given sanctuary to al-Qaeda, which carried out the attacks.

Bush noted that 2006 was the most violent year in Afghanistan since the 2001 liberation, with the Taliban and al-Qaeda launching strikes against Afghan President Hamid Karzai's new government in Kabul. Last year, the bipartisan Iraq Study Group led by former secretary of State James Baker and former congressman Lee Hamilton said "the huge focus of U.S. political, military and economic support on Iraq has necessarily diverted attention from Afghanistan."

Warning that the Taliban and al-Qaeda are planning new attacks as the winter snow melts, Bush outlined a multipoint plan that includes boosting Afghanistan's military and police forces, creating jobs for Afghans to build roads and other infrastructure, steps to curb government corruption and a crackdown on poppy cultivation to stem the production and sale of illegal drugs.

Bush also said he asked Congress for $11.8 billion in aid to Afghanistan for the next two years.

Nations that have sent the most troops to Afghanistan — including Great Britain, the Netherlands and Canada — have joined the United States in lobbying other NATO members. There are about 35,000 NATO troops.

Bush also called on member nations to lift restrictions on the troops they sent to Afghanistan. NATO forces, he said, "must have the flexibility and rules of engagement to do their job." Some nations, whose identities are unknown, forbid troops from fighting in certain parts of the country, or at night.

Bush also praised NATO nations for increased contributions, such as new aircraft from Italy and special operations forces coming from Norway, Lithuania and the Czech Republic.

The president's strategy also includes helping Pakistan President Pervez Musharraf prevent attacks on Afghanistan that are launched from his country. Karzai has questioned Musharraf's commitment to finding terrorists, but Bush said he is confident the Pakistani leader wants to root out Taliban and al-Qaeda bases on his nation's border with Afghanistan.

"This is wild country," Bush said. "This is wilder than the Wild West."

The president briefly mentioned the ongoing debate in the House of Representatives on a resolution opposing his plan to increase U.S. troop levels in Iraq. The Democratic-led House is expected to approve the resolution today.

While the House resolution is non-binding, Bush said members soon will be voting on an emergency spending bill to provide funding for troops. He said the troops "are counting on their elected leaders to provide them with the support they need."

The American Enterprise Institute was once home to several members of the Bush administration, such as Vice President Cheney, and has long supported Bush's foreign policy initiatives.

Bush Pushes NATO To Foil Taliban Offensive (WT)

By Stephen Dinan, The Washington Times

The Washington Times, February 16, 2007

President Bush yesterday said NATO will begin a new military campaign to defeat the Taliban in Afghanistan, announced U.S. troop levels in that country will remain at their all-time high of 27,000 "for the foreseeable future," and said NATO allies must respond with more troops of their own.

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"This spring there is going to be a new offensive in Afghanistan, and it's going to be a NATO offensive," the president said in a speech to the American Enterprise Institute, laying out a path forward in Afghanistan. "That's part of our strategy -- relentless in our pressure. We will not give in to murderers and extremists."

He promised a five-part plan designed to put Afghan President Hamid Karzai's government on more solid footing, including training 26,000 more national police and 48,000 more troops for the military; strengthening NATO's commitment; improving provincial government; reversing last year's growth in heroin-producing poppy, which finances the Taliban; and helping Mr. Karzai fight corruption in the judicial system.

Mr. Bush also repeated his challenge to NATO member nations that when NATO commanders say they need reinforcements, "our NATO countries must provide it."

The speech comes as a growing number of Democrats and Republicans say the administration has failed to complete the mission in Afghanistan in part because Mr. Bush has been too preoccupied in Iraq.

Last month, when the president announced his plan to send reinforcements to Iraq, top Democrats accused him of fulfilling that pledge by shifting troops from Afghanistan.

Yesterday Democrats said Mr. Bush is responsible for the new nation's failures.

"The Bush administration took its eye off the ball in Afghanistan, leaving a deteriorating situation to worsen and Osama bin Laden on the loose more than five years after 9/11," said Democratic National Committee Press Secretary Stacie Paxton.

The new strategy drew a mixed review from Rep. Ileana Ros-Lehtinen of Florida, the top Republican on the House Foreign Affairs Committee. She said the steps to secure the Afghan-Pakistan border and create economic opportunities are solid, but that Mr. Bush should do more against drug trafficking.

"Until the Afghan judicial system has been rid of the corrupting influence of drugs, we should implement an approach that has been used successfully in the fight against drugs in Colombia, namely extradition of the major kingpins to the U.S.," she said.

Just as 2006 saw increased violence and insurgent successes in Iraq, it was also a year in which Taliban and al Qaeda fighters stepped up their battle to win control of more of Afghanistan.

Mr. Bush ticked off the indicators: Roadside bombs nearly doubled, engagements between insurgents and troops tripled, and suicide bombings grew five-fold.

He also said opium poppy cultivation, which had fallen in 2005, saw "a marked increase" last year.

The president challenged Afghanistan's government to tackle that problem, saying, "I have made my concerns to President Karzai pretty clear -- not pretty clear, very clear."

Bush Tells NATO To Reinforce Afghanistan (AP)

By Deb Riechmann

AP, February 16, 2007

President Bush said Thursday that NATO allies need to supply more soldiers to Afghanistan and be willing to send them into the most violent battles with Taliban fighters, who are gearing up for a new spring offensive.

"When our commanders on the ground say to our respective countries we need additional help, our NATO countries must provide it," Bush said.

Flush with money from heroin-producing poppy crops, Taliban fighters have proven much tougher than NATO expected when it deployed its first contingent of peacekeepers there in 2003.

"I've ordered an increase in U.S. forces in Afghanistan," Bush said in a speech that comes five years after U.S.-led forces toppled Afghanistan's repressive Taliban regime. "We've extended the stay of 3,200 troops now in the country, for four months, and we'll deploy a replacement force that will sustain this increase for the foreseeable future."

The Pentagon announced on Wednesday that 3,200 soldiers scheduled to go to Iraq would be sent to Afghanistan instead, replacing the troops extended for four months. Deployment of the 173rd Airborne Brigade, based in Vicenza, Italy, would keep the force at the current strength of 27,000 — the highest of the war.

About 15,000 of the American troops in Afghanistan are serving in the NATO-led force, which now totals about 36,000. The other 12,000 are special operations forces or are training Afghan troops.

Calling poppy cultivation a threat to a fragile democracy, Bush implored President Hamid Karzai to address the marked increase in harvests last year, after a decline in 2005.

"I have made my concerns to President Karzai pretty clear — not pretty clear, very clear — and that in order for him to gain the confidence of his people, and the confidence of the world, he's got to do something about it, with our help," Bush said in an hour-long speech sponsored by the American Enterprise Institute.

Meanwhile, Defense Secretary Robert Gates, just back from a trip that included a stop in Pakistan, said the planned offensive in Afghanistan was an attempt to react ahead of an expected seasonal Taliban offensive.

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"What we want to do this spring is have this spring offensive be our offensive and, and have the initiative in our hands rather than reacting to them," he said.

Asked whether he had talked with Pakistan President Gen. Pervez Musharraf about the hunt for al-Qaida fugitive Osama bin Laden, Gates said he would not "get into specifics" about their talks.

But, said Gates, "If I were Osama bin Laden, I'd keep looking over my shoulder."

The call for NATO nations to supply more soldiers and equipment to fight the Taliban was a nudge to Germany and other NATO nations that have kept their troops out of the most violent parts of Afghanistan.

Politicians in Canada, Britain, the United States and other nations with troops in southern Afghanistan have been irked by the reluctance of some European allies to commit extra troops to the 35,500-strong NATO force, and in particular to allow their troops to be deployed to the Taliban's heartland in the south and east.

"Allies must lift restrictions on the forces they do provide so NATO commanders have the flexibility they need to defeat the enemy wherever the enemy may make a stand," Bush said.

On Capitol Hill, House Foreign Affairs Committee Chairman Tom Lantos, D-Calif., said NATO commanders should not have to beg for troops from countries like Germany, France, Italy and Spain.

Bush called 2006 the most violent year in Afghanistan since the invasion.

"Across Afghanistan last year, the number of roadside bomb attacks doubled, direct fire attacks on international forces almost tripled and suicide bombings grew nearly fivefold," Bush said.

This week, NATO's top commander renewed an appeal for allies to fill gaps in the international military force in Afghanistan, warning that failure to send reinforcements was weakening the mission and jeopardizing the lives of soldiers fighting the Taliban. In Canada, a Senate committee said Tuesday that the government should a consider withdrawing its 2,500 troops unless NATO allies deliver additional troops.

Critics say the Bush administration has let conditions in Afghanistan worsen while escalating the war in Iraq.

Sen. Joseph R. Biden Jr., D-Del., said he hoped the steps Bush announced for Afghanistan were the first, not last, in a recommitment to Afghanistan. Speaking at the Brookings Institution, the chairman of the Senate Foreign Relations Committee said he was pleased Bush had recognized that "unless we surge troops, hardware, money and high-level attention into Afghanistan it will fall back into the hands of the Taliban, terrorists and drug traffickers."

Bush has asked Congress for $10.6 billion during the next two years for Afghanistan — $8.6 billion for training and equipping Afghan police and security forces and $2 billion for reconstruction.

Bush said another threat to democracy is the terrorist traffic along the border between Afghanistan and Pakistan, a lawless area the president described as "wilder than the Wild West." The border regions long have been suspected to be the hiding places for al-Qaida leader Osama bin Laden.

Bush Pushes NATO For More Troops In Afghanistan (LAT)

By Maura Reynolds

The Los Angeles Times, February 16, 2007

WASHINGTON — President Bush warned Thursday that fighting in Afghanistan was likely to flare this spring, and he called for a renewed commitment from NATO allies for additional troop commitments to battle Taliban insurgents.

In a speech delivered to an audience heavy with ambassadors and diplomats, Bush acknowledged that attacks and bombings increased sharply in the last year, making 2006 "the most violent year in Afghanistan since the liberation of the country" in 2001.

But he insisted that even as the United States is increasing its troop presence in Iraq, it also is able to increase its commitment in Afghanistan. Bush said he expected North Atlantic Treaty Organization members to do the same.

"The snow is going to melt in the Hindu Kush mountains. And when it does, we can expect fierce fighting to continue. Taliban and Al Qaeda are preparing to launch new attacks," he said.

The U.S. and NATO forces are prepared, Bush said.

"Our strategy is not to be on the defense but to go on the offense," he said. "This spring, there's going to be a new offensive in Afghanistan, and it's going to be a NATO offensive."

American officials have expressed frustration in recent weeks with some NATO allies, saying they have failed to live up to their commitments in Afghanistan. They have bristled at the restrictions some NATO countries have placed on how and where their troops and equipment can be used.

"When our commanders on the ground say to our respective countries, 'We need additional help,' our NATO countries must provide it in order to be successful in this mission," Bush said. "As well, allies must lift restrictions on the forces they do provide, so NATO commanders have the flexibility they need to defeat the enemy wherever the enemy may make a stand."

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In January, the Pentagon increased the number of U.S. troops in Afghanistan by 3,200 by extending the deployment of a brigade of the Army's 10th Mountain Division. Bush mentioned the troop increase as well as the administration's request for congressional approval of an additional $11.8 billion in aid over two years to shore up the government of President Hamid Karzai. Bush outlined plans to improve Afghan police and army units, eradicate illegal opium crops and build new roads.

Frederick D. Barton, who studies postwar reconstruction at the nonpartisan Center for Strategic and International Studies, said the president's speech appeared aimed at preparing the public for a bloody spring in Afghanistan.

"For us, 2007 is the fulcrum year," Barton said. "If we don't turn it around, we are looking at a slow deterioration through inertia."

Thomas Donnelly, a national security analyst at the American Enterprise Institute, the conservative think tank that sponsored Bush's speech, said the address marked the end of a period of neglect for Afghanistan, a conflict that enjoys more support in Congress and abroad than does the war in Iraq.

"That's the most crucial message of all, to convince friend and foe alike that we are in it for the long haul," Donnelly said.

Bush's call for NATO countries to step up their contributions is the latest in a series of efforts to revive the allied effort.

But other than the United States and Britain, which has pledged an additional 800 troops, no other NATO country has agreed to a substantial increase in its Afghan deployment.

With the new forces, the U.S. has about 25,000 troops in Afghanistan, its highest level ever, and Britain will have about 6,000.

Bush Promises Strong Effort To Counter Resurgent Taliban (WP)

By Peter Baker And Karen Deyoung

The Washington Post, February 16, 2007

President Bush vowed yesterday to make a sustained new military and political effort to beat back resurgent Taliban forces as he turned his attention back to Afghanistan and a conflict that has been overshadowed for the past couple of years by the larger war in Iraq.

Bush announced that he will extend a temporary increase of 3,200 U.S. troops in Afghanistan "for the foreseeable future" and urged Congress to give him $11.8 billion more to accelerate training, reconstruction and counter-narcotics programs. He also insisted that NATO allies should drop restrictions on their forces in Afghanistan and join the fight against Islamic extremists.

"America and our allies are going to stand with these folks," the president said in an address to the American Enterprise Institute. "That's the message I want to deliver to the Afghanistan people today. Free debates are important. But our commitment is strong. We will train you, we will help you, and we will stand with you as you defend your new democracy."

The speech was the first Bush has devoted to Afghanistan during his second term, reflecting the shifting priorities in Washington as the Iraq war has turned increasingly violent and consumed more of the president's attention. But though Iraq dominated the debate, remnants of the ousted Taliban government have regrouped and launched a potent new challenge. Attacks on U.S., Afghan and other coalition forces nearly tripled last year, and the Taliban by some estimates controls four times as much territory as in 2005.

"The focus on Iraq has definitely diminished not just the amount of resources that can be applied . . . but it's also a question of the time and attention that top policymakers can spend on the problem," said James Dobbins, a former special envoy to Afghanistan who now works as a national security analyst at the Rand Corp. "Iraq has tended to suck the air out of the system for the last couple of years."

White House aides said Bush has devoted a lot of time to Afghanistan but has come to understand that more needs to be done. The administration started a review of Afghanistan policy last summer and concluded in December that more troops, money and diplomacy were necessary. Elements of the plan have been reported, but yesterday was the first time Bush laid them all out.

A 3,200-member brigade from the Army's 10th Mountain Division that was scheduled to come home in February will instead stay for another four months. And the Pentagon said this week that the 173rd Airborne Brigade, originally slated to head to Iraq, will then replace it, increasing U.S. troops in Afghanistan to 27,000. In his speech, Bush expressed a commitment to make that increase indefinite.

As part of the emergency war spending package he sent to Congress this month, the president asked for $8.6 billion for training Afghan security forces, $1.4 billion for reconstruction and $1.8 billion for drug-fighting and other activities. Bush said yesterday that those funds would help increase the size of the Afghan national police from 61,000 to 82,000 officers and the army from 32,000 to 70,000 troops by the end of 2008. He also promised to rebuild an additional 1,000 miles of roads this year.

The goal, he said, will be to take the fight to the Taliban rather than wait for its expected spring offensive. "The snow is going to melt in the Hindu Kush mountains, and when it does, we can expect fierce fighting to continue," Bush said. "The Taliban

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and al-Qaeda are preparing to launch new attacks. Our strategy is not to be on the defense but to go on the offense. This spring, there is going to be a new offensive in Afghanistan and it's going to be a NATO offensive."

But major NATO allies have so far resisted the sort of robust engagement that Bush wants. With the exception of some French special forces that are leaving Afghanistan, troops from France, Germany, Italy, Spain and Turkey are not in the fight because of political limits on where and how they may operate. "Allies must lift restrictions on the forces they do provide so NATO commanders have the flexibility they need to defeat the enemy where the enemy may make a stand," Bush said.

The president acknowledged the escalating violence in Afghanistan, but critics said that he underestimated the depth of the problem. "We're talking about much more serious problems than the president discussed today," said Anthony H. Cordesman, an analyst at the Center for Strategic and International Studies. In testimony to the House Foreign Relations Committee earlier in the day, Cordesman said any victory in Afghanistan will take five to 10 more years.

Although Bush vowed to do more to curb poppy production in Afghanistan and help Pakistan disrupt Taliban havens, some critics said those are not enough. "If we are to succeed in Afghanistan, we must create effective deterrence on the narcotics threat, where none now exists, in order to deny our enemies the profits from this deadly trade," said Rep. Ileana Ros-Lehtinen (Fla.), the ranking Republican on the House Foreign Relations Committee.

In December, the White House Office of National Drug Control Policy said that opium production in Afghanistan reached a record high in 2006, 26 percent more than in 2005. The United Nations and the World Bank reported in November that the Afghan police whom Bush wants to expand are deeply involved in the drug trade.

William B. Wood, Bush's nominee to be ambassador to Afghanistan, told the Senate Foreign Relations Committee that police training is "not easy" but would be "one of my highest priorities."

Wood acknowledged that plans for a meeting of Afghan and Pakistani tribal and political leaders have yet to go anywhere. The relationship between the two nations is "complicated," he said. "Each is helping the other. Each often wonders if the other could be doing more."

Bush Presses NATO Allies To Play Bigger Role In Afghanistan (MCT)

By Ron Hutcheson

McClatchy Newspapers, February 16, 2007

WASHINGTON - President Bush prodded NATO allies Thursday for more help in Afghanistan, where U.S. commanders are bracing for a spring offensive by the Taliban.

At least three dozen countries have contributed troops to the 36,000-member NATO force, but some operate under restrictions that effectively prevent combat. The United States has about 27,000 troops in Afghanistan, including 15,000 under NATO command.

Administration officials and outside experts have become increasingly concerned about the Taliban's resurgence and the fragility of the U.S.-backed Afghan government. Five years after American troops ousted the extremist Taliban regime and its al-Qaida allies after the 9-11 terrorist attacks, Afghanistan is struggling against Islamic extremists, corruption, poverty, regional warlords and a burgeoning opium trade.

The rebuilding effort has become a crucial test for NATO, a Cold War alliance that's trying to prove its relevance against new threats.

"For NATO to succeed, allies must be sure that we fill the security gaps," Bush said Thursday in a speech to the American Enterprise Institute, a conservative research center. "Allies must lift restrictions on the forces they do provide."

Analysts say that British, Danish and Canadian troops are sharing the burden with American soldiers in Afghanistan. Estonia, Poland and Romania also have helped. Most of the criticism is directed at France, Germany, Italy, Spain and Turkey.

"The countries come in. They carve out their zones. They focus on those zones. If they don't have combat, that's good. But other people are having combat," Gen. James Jones, the former supreme allied commander in Europe, complained at a NATO gathering in December.

At a congressional hearing Thursday, Anthony Cordesman, a national security specialist at the Center for Strategic and International Studies, a center-right research center, said success in Afghanistan required more troops, more money and more patience.

"No one can return from visiting the front in Afghanistan without realizing there is a very real risk that the U.S. and NATO could lose their war with al-Qaida, the Taliban and the other Islamist movements fighting the Afghan government," he told the House Foreign Affairs Committee.

Bush's call for more help from NATO was one of a series of steps intended to shore up the Afghan government before it loses all credibility. The president said that the United States would provide $11.6 billion in economic aid over the next two years and 3,200 more troops for the battle zone.

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Administration critics contend that the situation in Afghanistan is far worse than it should be because the Iraq war diverted attention and resources. Bush sought to deflect that criticism even as he acknowledged the challenges in Afghanistan.

"A lot of attention here in the United States is on Iraq," he told his Washington audience. "I want to make sure people's attention is also on Afghanistan."

Pentagon Red Tape Keeps Medical Records From Doctors Of The Wounded (WP)

By Al Kamen

The Washington Post, February 15, 2007

Department of Veterans Affairs doctors are furious over a recent decision by the Pentagon to block their access to medical information needed to treat severely injured troops arriving at VA hospitals from Iraq and Afghanistan.

The VA physicians handle troops with serious brain injuries and other major health problems. They, rely on digital medical records that track the care given wounded troops from the moment of their arrival at a field hospital through their evacuation to the United States.

About 30 VA doctors in four trauma centers around the country have treated about 200 severely wounded soldiers and Marines. The docs had been receiving the complete digital records from the Pentagon until the end of January, using the Pentagon's Joint Patient Tracking Application.

But on Jan. 25, when Shane McNamee, a physician in the Richmond VA Medical Center, tried to get the full records, he couldn't. He sent an urgent e-mail to VA chief liaison officer Edward Huycke.

"My JPTA account has been disabled within last few days," McNamee wrote. "I called the hotline and was told that all VA accounts have been locked. Could not get a good answer why. Anyhow -- I have 4 [Iraq/Afghanistan] service members to arrive within the next 2 days. This information is terribly important," the doctor wrote.

Thirty-four minutes later Huycke e-mailed back: "Ok, Shane. Will get on it. Not sure what's up."

An hour or so later, a senior VA official forwarded McNamee's e-mail to Lt. Col. David Parramore at the Pentagon, saying that McNamee "needs his access back to JPTA to provide the best possible treatment for soldiers injured in [Iraq/Afghanistan] arriving there in a few days. Can you help?"

Tommy Morris, director of Deployment Health Systems, responded the next morning to Parramore's inquiry, after contacting Ellen Embry, deputy assistant secretary of defense for force health protection. "I spoke with Embry and no agreements, no data sharing via access to JPTA."

The access cutoff came after Morris, in a Jan. 23 e-mail, instructed a colleague: "If the VA currently has access I need a list of persons and I need their accounts shut off ASAP. It is illegal for them to have access without data use agreements and access controls in place by federal regulations and public law."

There have been meetings between VA and Pentagon officials. The Pentagon declined to comment yesterday. VA officials apparently thought it might have been resolved Monday. But an e-mail Monday from Morris to a co-worker said: "The leadership has not authorized the VA accounts to be turned back on, in case someone approaches you about this."

Last week, Sens. Daniel K. Akaka (D-Hawaii) and Larry E. Craig (Idaho) -- the chairman and ranking Republican on the Veterans' Affairs Committee -- wrote David S.C. Chu, undersecretary of defense for personnel, of their "deep concern" about VA trauma center doctors not having access to complete records.

"For those servicemembers suffering from a traumatic brain injury," they wrote, "VA's access to in-theater imaging is an important and valuable tool for tracking their patient's progress since being wounded or injured." They suggested the VA doctor be given temporary access to JPTA while the data-sharing questions are worked out.

They're still awaiting an appropriate response. McNamee is still waiting for the records.Rebuilding Afghanistan? 'Neat.'

Bush-bashers often accuse him of not being aware that his riffs on Iraq and Afghanistan can be a bit stale sometimes. On the contrary, President Bush is acutely aware of the problem. He demonstrated that in a speech yesterday before the conservative American Enterprise Institute at the Mayflower Hotel.

Noting a number of administration officials attending, Bush said it was great to see them and that "I fully expect you to stay awake for the entire address." Apparently they did, but at least one member of the audience was spotted dozing peacefully in the back.

Bush even tried to wander off-message a little, to folksify his chat. He hailed prosecutors, judges, police and defense lawyers for going over to Afghanistan to mentor their counterparts. "And I appreciate our own citizens going over there. It is, must be neat, really -- I guess 'neat' isn't a sophisticated word, but it must be heartening to be somebody who's helping this young democracy develop a judicial system that is worthy."

Or maybe gratifying?'Obama bin Laden': Free for All

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The U.S. Patent and Trademark Office has rejected a Miami Beach man's application to trademark the name "Obama bin Laden" because the name "may falsely suggest a connection with the individuals Osama bin Laden and Barack Obama," USPTO lawyer Karen Bush said in a Feb. 6 rejection letter, the Miami Herald reported yesterday.

You can't get a trademark for "immoral or scandalous matter," Bush said, adding that the terrorist attacks of Sept. 11, 2001, "have caused the name Bin Laden itself to be synonymous with the acts themselves. As such, the name Bin Laden is scandalous and is not registerable." His many relatives and the companies they own may want to take note.

The applicant, Alexandre Batlle of http://www.obamabinladen.net, sells coffee mugs, T-shirts, hats and such. One has a cartoon of presidential candidates Obama -- in a white robe and turban and holding a machine gun -- and Sen. Hillary Rodham Clinton (D-N.Y.), in an abaya.

Batlle might appeal -- after all, he paid $325 to file the application -- and who knows, he might prevail on those counts. But another reason Bush cited might a bit tougher.

"In the present case, the names Obama and Osama clearly refer" to the Democratic senator from Illinois and the terrorist, she said. Since they are both alive -- how does she know about Osama? -- "the applicant must therefore submit written consent from the two individuals authorizing the applicant to register their names."

No problem on Obama, but Waziristan is awfully cold this time of year. Dangerous, too.

Pressing Allies, President Warns Of Afghan Battle (NYT)

By Sheryl Gay Stolberg

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — President Bush warned on Thursday that he expected “fierce fighting” to flare in Afghanistan this spring, and he pressed NATO allies to provide a bigger and more aggressive force to guard against a resurgence by the Taliban and Al Qaeda that could threaten the fragile Afghan state.

With American and NATO commanders pressing for more troops and experts predicting that further gains by the Taliban could put the Afghan government of President Hamid Karzai in danger, Mr. Bush used his presidential platform to lay out what he said was substantial progress in Afghanistan since 2001, but also a continuing threat.

The remarks, to the American Enterprise Institute, a conservative research organization here, amounted to an unusually high-profile acknowledgment from Mr. Bush of the precarious state of the effort to stabilize Afghanistan, a country the administration long held up as a foreign policy success story.

The speech renewed criticism from Democrats that had the United States not been tied down in Iraq, the situation in Afghanistan would not have turned dire. At the same time, some Republican lawmakers said Mr. Bush’s new strategy would not do enough to tamp down the Afghan drug trade. Outside experts criticized the president for painting too rosy a picture.

The speech was also a striking effort by the White House to focus attention back on Afghanistan at a time when Congress is debating resolutions criticizing Mr. Bush’s strategy in Iraq and the administration is making a case that Iranian forces are supplying Shiite militants in Iraq with roadside bombs.

“Across Afghanistan last year, the number of roadside bomb attacks almost doubled, direct fire attacks on international forces almost tripled, and suicide bombings grew nearly fivefold,” Mr. Bush said. “These escalating attacks were part of a Taliban offensive that made 2006 the most violent year in Afghanistan since the liberation of the country.”

Mr. Bush said the question now was whether to “just kind of let this young democracy wither and fade away” or to step up the fight.

“The snow is going to melt in the Hindu Kush mountains, and when it does we can expect fierce fighting to continue,” Mr. Bush said. “The Taliban and Al Qaeda are preparing to launch new attacks. Our strategy is not to be on the defense, but to go on the offense.”

Mr. Bush noted that he has already extended the tour of a 3,200-soldier American brigade and called on Congress to provide $11.8 billion more to pay for operations in Afghanistan over the next two years.

The president said his administration had completed a review of its Afghan strategy, and would work to increase the size of the Afghan army from 32,000 troops to 70,000 by the end of next year, and to bring in additional allied troops to support the fledgling army.

“When there is a need, when the commanders on the ground say to our respective countries, ‘We need additional help,’ our NATO countries must provide it in order to be successful in the mission,” Mr. Bush said.

He promised to build new roads that would help spur economic development, to battle an increase in the opium trade and to try to forge better ties between Afghanistan and its neighbor, Pakistan.

At the same time, Mr. Bush pledged to work with President Pervez Musharraf of Pakistan to root out Taliban and Qaeda fighters who hide in that country’s remote mountainous regions — a situation he described as “wilder than the Wild West.” And,

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echoing his lament that 2006 was a difficult and disappointing year for Iraq, the president said the same had been true in Afghanistan.

Some critics of the administration's handling of Afghanistan said Mr. Bush was still understating the difficulties there.

"We underfinanced, undermanned and under-resourced the war in Afghanistan for the last four years, and now we face a serious threat that the Taliban will succeed in destabilizing the country enough in 2007 to make the Karzai government collapse at some point," said Bruce Riedel, a scholar at the Saban Center for Middle East Studies at the Brookings Institution, a liberal-leaning research organization in Washington. He called the speech "a long overdue recognition that we need to do a lot more."

Both Mr. Riedel and Rick Barton, an expert in Afghanistan reconstruction at the Center for Strategic and International Studies in Washington, said Mr. Bush's new strategy did not do enough to promote security and economic development. Mr. Barton, who published a report in 2005 measuring progress in Afghanistan in that year, is about to publish another, and said the situation has turned measurably worse since his first study.

"We've gotten into a situation where things have really turned negative and the average Afghan has lost confidence in both the safety of his country and the ability of the leadership to turn things around," Mr. Barton said. He said the president "is definitely acknowledging that, but his reality therapy is not as thorough or as complete as I think it needs to be."

On Capitol Hill, the senior Republican on the House Foreign Affairs Committee, Representative Ileana Ros-Lehtinen of Florida, released a statement criticizing the speech. Ms. Ros-Lehtinen and several other Republicans have been pressing the Bush administration to do more to crack down on Afghanistan's opium trade; she said the new strategy lacked "practical initiatives to target major drug kingpins and warlords whose trade in opium finances the Taliban's campaign."

As Iraq has dominated the American psyche, some lawmakers, most recently the House speaker, Nancy Pelosi of California, have called Afghanistan "the forgotten war." The Democratic National Committee, responding to Mr. Bush's speech on Thursday, issued a statement saying, "The Bush administration took its eye off the ball in Afghanistan."

But Mr. Bush pointed to what he called "remarkable progress" since the American invasion in 2001: A democratically elected government with a parliament that includes 91 women; more than five million children in school as opposed to 900,000 under the Taliban; and the return of more than 4.6 million refugees.

The president's speech came after his new defense secretary, Robert M. Gates, attended his first conference of NATO defense ministers last week in Seville, Spain. At the meeting, Mr. Gates pressed his allied counterparts to fulfill their commitments of troops in time for a spring offensive against the Taliban.

Currently, NATO has about 35,000 troops in Afghanistan, about 13,000 of them American. The United States has 9,000 more troops in Afghanistan operating outside the NATO mission, handling tasks like specialized counterterrorism work and helping to train Afghan forces. Gen. David J. Richards of Britain, the outgoing NATO commander in Afghanistan, said last month that NATO was 4,000 to 5,000 troops short.

But NATO commanders have been constrained by so-called caveats — restrictions imposed by member nations on how their troops may be used and where they may be sent. The Bush administration has been pressing the allies to lift those restrictions, and the president renewed that call on Thursday, saying NATO commanders "must have the flexibility they need to defeat the enemy wherever the enemy may make a stand."

Last-Minute Extension In Afghanistan For Unit Whose Bags Were Packed (NYT)

By John Kifner

The New York Times, February 16, 2007

The 3,200 soldiers of the 10th Mountain Division whose one-year deployment in Afghanistan has been extended by four months were so close to the end of their tour that their uniforms, gear and equipment had been packed into shipping containers and an advance party had already reached Fort Drum, their home in upstate New York.

The extension, mentioned in President Bush's speech yesterday, was originally announced on Jan. 25.

About 50 soldiers from the advance party came home in late January, said Benjamin Abel, a Fort Drum spokesman. A group of about 150 were intercepted in Kuwait before they could reach the States, he added.

All have since been sent back to Afghanistan as part of a buildup in anticipation of a renewed Taliban offensive in the spring.

Holding the troops of the division's Third Brigade in place for 120 days is another indication of the strains the drawn-out wars in Iraq and Afghanistan have put on the Army. Ideally, military planners say, they would like a unit's one-year combat deployment to be followed by two years to rest, re-equip and train, but this has proven difficult.

The troops are eventually to be relieved by the 173rd Airborne Brigade, based in Vicenza, Italy. But that unit had been scheduled to go to Iraq, meaning another brigade must be found to go there.

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The 10th Mountain troops will be joined by a brigade from the 82nd Airborne Division, which was already on schedule to go to Afghanistan, raising the American contribution to the NATO-led security force by approximately 3,500 soldiers.

The announcement that the Third Brigade's much-anticipated return would be put off until late spring set off a flurry of activity at Fort Drum, including a half-dozen briefings at which officers tried to reassure families.

The Pentagon sent eight officers, called a "Tiger Team," to the remote post in Watertown, which has been isolated in recent days by huge drifts of lake-effect snow.

The post newspaper, The Blizzard, reported that only 3 of the 500 packed shipping containers had actually left Afghanistan and that the soldiers' belongings and gear would be returned to them.

The original announcement came shortly after the new secretary of defense, Robert M. Gates, and the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, visited Afghanistan in mid-January. During that trip American commanders and intelligence officers told them of stepped-up attacks by the Taliban and other militants along the eastern border from remote tribal areas in Pakistan where government forces have little control. They were also told of an urgent need for more combat troops.

Cross-border attacks have tripled since September despite the onset of the harsh Afghan winter, a senior American intelligence officer told Mr. Gates during the visit.

That surge, commanders said, coincided with an agreement Pakistan's president, Gen. Pervez Musharraf, reached with tribal elders in the North Waziristan region that he would pull back government soldiers in return for a pledge not to shelter militants or allow them to engage in illegal behavior.

A senior intelligence official said during Mr. Gates visit that in the two months before the agreement there were 40 cross-border attacks in Khost and Paktika Provinces, but that in the two months after the agreement there were 140 attacks.

The intelligence official disclosed a sharp increase in insurgent attacks over the past year. There were 139 suicide attacks in 2006, up from 27 in 2005. Suicide attacks had been unheard of in Afghanistan, suggesting that militant tactics were migrating from Iraq via the Internet and other means.

In addition, the use of roadside bombs more than doubled, to 1,677, last year from 783 in 2005. The number of what the military calls direct attacks, meaning assaults by militants with small arms, grenades and other weapons, increased by almost twofold 4,542 last year, from 1,558 in 2005.

Embassy Row (WT)

By James Morrison

The Washington Times, February 16, 2007

Libyan visitor

Libya hopes to remove the last irritants blocking normalization of relations with the United States "very, very soon," according to the North African country's top foreign ministry official for North America.

Ahmed Said Fituri, secretary for American affairs, is the highest-ranking Libyan official to visit Washington since the surprise announcement by longtime Libyan leader Moammar Gadhafi in late 2003 that he was giving up his nuclear weapons programs and seeking better ties with the West. Mr. Fituri gave an off-the-record talk at the Nixon Center think tank Tuesday, but spoke to our correspondent David R. Sands after the session.

The Bush administration restored formal diplomatic ties with Tripoli in May, ending Libya's designation as a state sponsor of terrorism. U.S. energy giants have begun winning exploration contracts in Libya for the first time in decades.

But full normalization -- including the naming of a U.S. ambassador to Tripoli and a possible visit by Secretary of State Condoleezza Rice to the Libyan capital -- has been held up over U.S. concerns about Libya's human rights record.

A number of regime critics have been jailed, and the United States and the European Union have criticized the Gadhafi government's handling of the prosecution of a group of Bulgarian nurses convicted of infecting Libyan children with AIDS.

Mr. Fituri said Libya also wants some irritants removed from the bilateral relations, including the end of all sanctions and difficulties in obtaining visas to travel to the United States.

Mr. Fituri said he planned to spend much of his visit meeting members of Congress.

"I certainly want to listen to their concerns and discuss how we can close the gap. It is our hope and expectation that we can answer their questions and resolve all outstanding issues very, very soon," he said. "There are some small things [that] should not be hindering our larger relationship."

In addition to stronger economic and political ties, Mr. Fituri said he was particularly eager to boost bilateral cultural and educational programs as well. A graduate of the University of Michigan, he planned a trip to Michigan after his Washington visit.

"We would very much like to have more Libyan students studying at American universities and more American scholars coming to Tripoli," he said.

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The Libyan minister was making his first trip to the United States in more than two decades, but said he found much that was familiar.

"America is America," he said. "You have your tastes, your energy, your immense culture. Such things do not change."

More troops

The U.S. ambassador to Afghanistan sounded the call in Kabul for more NATO troops, as President Bush in Washington warned of the dangers of a spring offensive by Taliban forces trying to regain control in the Central Asian nation.

"I would like to see NATO countries collectively put in place the forces that NATO and its military committee have said are necessary," Ambassador Ronald Neumann told Agence France-Presse in an interview published yesterday.

Mr. Neumann noted that some NATO "partners do a great deal," citing the troops deployments from Britain, Canada, Denmark, the Netherlands and Romania. He did not criticize the other members of the 37-nation alliance, but some nations such as Germany restrict their troops from engaging in key areas in the south and east where Taliban fighters are concentrated.

The ambassador said that the 35,500 troops in Afghanistan are preparing for some "very hard fighting this year" from Taliban forces overthrown in 2001 by a U.S.-led coalition.

"I hope our allies will do what they need to, but we are not going to lose it for lack of their action," Mr. Neumann said.

In Washington, Mr. Bush told the American Enterprise Institute for Public Policy Research that NATO "must provide" more troops and "lift restrictions" on those whose deployment is limited within the country.

US Ambassador To Afghanistan Optimistic Despite NATO Failings (AFP)

By Bronwen Roberts

AFP, February 16, 2007

The failure of NATO allies to meet a shortfall in troops needed to end the Taliban insurgency will not sink the effort, which should "do better this year," the US ambassador here told AFP this week.

The reluctance of some of the 37 nations in the NATO-led International Security Assistance Force (ISAF) was "influenced by a lot of, frankly, misperceptions and ignorance," ambassador Ronald Neumann said.

"Some NATO partners do a great deal -- the British, the Canadians, the Dutch, the Danes, the Romanians," he said.

But he added: "I would like to see NATO countries collectively put in place the forces that NATO and its military committee has said are necessary.

"But can we maintain it if they don't? Yes.... I hope our allies will do what they need to. But we are not going to lose it for lack of their action," he said.

"How that reverberates longer term in NATO is probably a seminar topic rather than an interview," he quipped.

NATO military commander US General Bantz Craddock said in Belgium this week that the military needs are "probably filled to 93 or 94 percent."

Neumann, perhaps the most influential diplomat in Kabul, said he had seen at a meeting in Berlin last month of Afghanistan's donors that there was poor understanding among many nations of the situation in the central Asian nation.

"Quite apart from differences of opinion, I just found the factual information poor. There are lot of people who genuinely believe that we are only interested in the military side and we are not focused enough on building," he said.

The United States led the invasion that toppled the Taliban in late 2001 and today has about 23,000 troops here working on rounding up Islamist militants and helping reconstruction.

The insurgency reached its bloodiest level last year. The death toll passed 4,000, with most of the dead being rebel fighters. There was a barrage of suicide bombings, and insurgents launched sophisticated attacks on military bases.

Neumann, whose term in Afghanistan ends in the coming months, said he expected "very hard fighting this year."

The ambassador rejected outright any notion of negotiating with the Taliban, which was excluded from talks in 2001 in Bonn, Germany, that put Afghanistan on the path to democracy.

"Negotiation implies changing the political structure, changing the process agreed to in Bonn. No way in hell. That would be a fundamentally disastrous course of action," Neumann said.

He was equally critical of "rumours and talks" that provinces where the Taliban are most entrenched should be given up to the movement, describing this as a "thoroughly bad idea" that "scares the hell out of people."

The ambassador, who took up his post in mid-2005, said he was leaving "genuinely more optimistic... than I have been at any time since I have been here."

The boosting of the security forces with an increase in US troops and the recruitment of the first members of a planned 11,200-strong auxiliary police force meant there would be the strength to deal with the insurgency "very aggressively."

Extra emphasis on building the Afghan security forces should begin to show results in 2008 and there had been improvements in government appointments, with several governors and police chiefs removed.

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But Neumann said one of his biggest concerns for the future of the young nation was its booming trade in illegal opium, of which Afghanistan is the world's top supplier.

"The money of narcotics can rot the infrastructure of the state faster than we can build it," he said. The United States is one of the main backers of Afghanistan's counternarcotics efforts.

But he expressed confidence in President Hamid Karzai, who has come under growing criticism as the insurgency has deepened.

"He doesn't control all his own funds and he doesn't control all his own forces and I don't know many Western political leaders that are bold and daring when they are so dependent on others. I see steady growth," the ambassador said.

Neumann said the international effort in Afghanistan was a long-term one in which the military forces needed to provide the "shield" of security to allow for development.

For example, "It is very important we have better governance but it is really hard to get if they are killing civil servants."

He added: "I think we are going to do that better this year than last year."

Al-Qaida Releases Video Of Afghan Attack (AP)

AP, February 16, 2007

Al-Qaida posted a video on the Internet Friday showing what they claimed to be an insurgent attack on a military position of U.S. and Afghan forces in southern Afghanistan.

The video appears to be an attempt by the terrorist network to disparage U.S. claims that it is winning the war against the Taliban and allied militia in Afghanistan.

It begins with the deputy leader of al-Qaida, Ayman al-Zawahri, ridiculing President Bush and saying that his claim to have deprived al-Qaida of a safe haven in Afghanistan is a "bare-faced lie," according to a transcript provided by IntelCenter, a U.S. group that tracks extremist messages.

With a narrator speaking in American-accented English, the tape then shows video film of what it claims is an attack on a military position in Arghandab, a district 100 miles northeast of the southern Afghan city of Kandahar.

The authenticity of the scenes shown could not be immediately verified. The video carried the logo of the al-Qaida media production company, as-Sahab, and it was posted on an Islamic Web site known for hosting extremist material.

Al-Qaida appeared to have issued the tape on Thursday with the title "Holocaust of the Americans in the land of Khorasan, the Islamic emirate: Capture of an American post, Arghandab." The name Khorasan refers to Afghanistan.

The video shows the insurgents firing at the alleged post, but their weapons cannot be seen because it is night. Tracer bullets cross the sky and there are explosions caused by what are said to be rocket-propelled grenades.

"After a fierce battle, the mujahideen (holy warriors) begin their retreat from the zone of operations," the narrator says in English. The tape quotes a fighter as saying: "We retreated after about 45 minutes of fighting."

It is not clear if the fighters overran the military position. Such an attack on a position held by U.S. and Afghan forces in Arghandab could not be immediately confirmed.

However, the video shows film shot in daylight of a single story compound of mud-plastered walls, where the Americans appear to have had a presence. "CPT ASHWOKTH UTAH. NG ETT," is scrawled on a wall, but there is little to suggest that foreign forces occupied the primitively-built building for long.

The English-speaking narrator says the camera is going around "the liberated area to bring us pictures from inside the cleansed military bases."

The video shows a battle-wrecked Nissan pickup truck, which people start stoning. There are no insignia on the white truck.

An unidentified elderly Afghan, with a white beard and black turban, tells the camera what the foreigners were like: "The people suffered a lot because of these devils. No one could leave his house, not even for absolutions and prayers. We couldn't even light a lamp at night. Thanks to Allah, the infidels have left.

"The people are very happy about the coming of the Taliban," he says.

Pentagon Seeks $100M To Speed Equipment And Arms To Troops (USAT)

By Tom Vanden Brook

USA Today, February 16, 2007

WASHINGTON — Fierce fighting in Iraq and Afghanistan has forced the Pentagon to speed new weapons and equipment to troops at faster rates than ever, according to military records and officials.

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The Pentagon budget proposed by President Bush adds even more money for what military leaders call "urgent need" requests. For the first time, the budget includes $100 million for a Pentagon "rapid acquisition fund" aimed at getting vital supplies to troops in the field more quickly.

Although the rapid-acquisition fund will be controlled by the Defense secretary, each branch of the military has its own pools of money to fill urgent needs. The Marine Corps, which faces some of the heaviest fighting in Iraq in Anbar province, has made 75% more urgent-need requests per month in the past six months than it did in the first 3½ years of the war.

"There is a sense of urgency here," says Len Blaisol, director of the Marine Air-Ground Task Force Integration Division in Quantico, Va. "Over time, the enemy has adapted to our successful operations."

The urgent-need requests aren't necessarily for new technology. Most of the weapons or equipment already exist but weren't bought or deployed to troops in the field. When combat commanders notice a problem in the field, such as the increased use of homemade bombs, they send the urgent requests through their chain of command or to a special Pentagon office, which then decides whether to buy the material or not.

Many of the requests reflect the increased intensity of the Iraq insurgency. Others stem from threats that were not anticipated before the March 2003 invasion of Iraq, such as homemade bombs called improvised explosive devices (IEDs). They include:

·New vehicles to withstand IEDs and insurgent ambushes. The Marines have awarded contracts for prototypes of "Mine Resistant Ambush Protected Vehicles" that feature V-shaped hulls to disperse the force of blasts from under the vehicles. The Marines are leading tests for the vehicles, which could be used by all services. After choosing the model it wants, the Pentagon hopes to have 4,100 in combat by year's end.

·Advances in first aid. IED attacks have prompted urgent-need requests that have resulted in improved bandages, artificial blood-clotting agents and a new blanket to keep injured troops from going into shock, Blaisol says.

·Improved rifle scopes. New scopes allow Marines to kill enemies from farther away and in lower light than before, says Scott Allen, a Marine Corps acquisition official in Quantico. "Insurgents think we've got a whole lot of snipers out there," Allen said. "Marines can see much better, hit them from a greater distance."

In recent weeks, the Navy has also made urgent orders for more radios, the Army for flame-resistant uniforms and the Air Force for more global positioning systems for its aircraft, Pentagon purchasing records show.

Although Congress first gave the Pentagon rapid-acquisition authority in 2004, the Pentagon didn't use it enough, according to a May 2005 House Armed Services Committee report. That report also said former Defense secretary Donald Rumsfeld "failed to provide sufficient resources and authority" to the Pentagon's rapid-acquisition programs.

Now, however, the Pentagon is acting more quickly, said Loren Thompson, a defense analyst at the Lexington Institute in Arlington, Va.

"People think that industry has moved too slowly," Thompson says. "This shows that may not necessarily be the case."

Pelosi Backs War Funds Only With Conditions (WP)

By Jonathan Weisman, Shailagh Murray

The Washington Post, February 16, 2007

House Speaker Nancy Pelosi (D-Calif.) yesterday linked her support for President Bush's war-funding request to strict standards of resting, training and equipping combat forces, a move that could curtail troop deployments and alter the course of U.S. involvement in Iraq.

The pledge came as Congress appears ready to assert its authority in matters of war and diplomacy, down to decisions that the White House believes to be the domain solely of the president as commander in chief: the deployment and training of military forces.

The House is to vote today on a nonbinding resolution disapproving of Bush's decision to deploy more than 21,000 additional troops to Iraq. Also, Senate Majority Leader Harry M. Reid (D-Nev.) announced a rare Saturday vote to begin debate on the House resolution.

Congressional Democrats signaled a willingness to directly challenge and curtail Bush's warmaking powers, a move that will almost certainly spark a legal or constitutional confrontation. Rep. John P. Murtha (D-Pa.), a Pelosi ally, is rewriting the president's spending request to limit Bush's options in prosecuting the war, and Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Foreign Relations Committee, said he will seek to repeal the 2002 congressional authorization for Bush to wage war in Iraq and substitute legislation that would narrow the mission of troops there and begin to bring some home.

"If we are going to support our troops, we should respect what is considered reasonable for them: their training, their equipment and their time at home," Pelosi said in an interview with a small group of reporters. "What we're trying to say to the

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president is, you can't send people in who are not trained for urban warfare . . . who are not prepared to contend with an insurgency."

The Democrats' move is likely to test the party's unity in the coming weeks, as anxious moderates clash with liberals pushing for an even more dramatic confrontation.

Pelosi was careful to say no final decisions have been made on binding legislation. But she backed key provisions already floated by Murtha, including requirements that troops be given at least a year's rest between combat deployments, special training in urban warfare and counterinsurgency, and safety equipment that the military has struggled to provide.

The speaker backed Murtha's plan to eliminate funding for the Abu Ghraib prison near Baghdad, where a prisoner-abuse scandal badly tarnished the U.S. image in the region and the world. She also strongly endorsed binding legislation requiring Bush to seek congressional authorization before any military strike on Iran.

"Congress should assert itself . . . and make it very clear that there is no previous authority for the president, any president, any president to go into Iran," she said.

Biden, a declared candidate for the 2008 Democratic presidential nomination, said his legislative proposal would authorize the limited use of force in Iraq only as part of a withdrawal plan.

"Congress should make clear what the mission of our troops is: to responsibly draw down, while continuing to combat terrorists, train Iraqis and respond to emergencies," he said. "We should make equally clear what their mission is not: to stay in Iraq indefinitely and get mired in a savage civil war."

Calling Bush's proposed troop increase "a tragic mistake," Biden said: "Opposing the surge is only the first step. We need a radical change in course in Iraq. If the president won't act, Congress will have to attempt to do so. But Congress must act responsibly. We must resist the temptation to push for changes that sound good but may very well produce bad results."

The issue of Iraq roiled both sides of the Capitol yesterday. The House concluded three days of debate and prepared to vote this afternoon on a nonbinding resolution opposing the deployment of additional troops to Iraq, while affirming Congress's support for "the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq."

Senate Republican leaders said they would urge their members to oppose the Saturday vote, to protest Reid's refusal to allow a vote on a pro-administration resolution asserting that war funding would continue. Democratic leaders want to call the bluff of a group of Republican senators who oppose the deployment of additional troops but who voted with their party to block the earlier Democratic-led resolution from coming to the floor.

Both leaderships have refused to budge, not wanting to relent on what they agree is likely to become the year's running narrative. "I don't want this vote to occur. I think the timing is wrong, I think the process is wrong, and I think the substance is wrong," said Senate Minority Whip Trent Lott (R-Miss.).

When the House floated its text, Senate Democratic leaders quickly latched on to it, believing Republicans would find it harder to block because of its relatively brief, straightforward language and strong support of U.S. troops.

"On the one hand they have their president, and on the other hand they have their constituencies," said Sen. Charles E. Schumer (D-N.Y.). "They're diametrically opposed to one another. And now they can't duck it anymore."

But as those debates continued, senior Democrats were clearly looking to their next step in confronting Bush on the Iraq war.

Murtha, the powerful chairman of the House Appropriations defense subcommittee, outlined his plan for restricting the administration's use of war funds in an Internet interview released yesterday. Under that legislation, troops would be required to have one year's rest between deployments, combat tours could no longer be extended, and the Pentagon would have to halt its "stop-loss" program, which prohibits some officers from leaving the military when their tour of duty is complete.

The idea is to neutralize political charges that the Democrats plan to starve the war of funding. The party would still slow the war effort by other means, Murtha said in an interview aired on the new Web site MoveCongress.org.

"What we are saying will be very hard to find fault with," he said. "We're supporting the troops. We're protecting the troops. On the other hand, we're going to stop this surge."

Democrats were taking their case to the left flank of their party, imploring antiwar activists to allow them to slowly shift war policy through troop training requirements rather than by suddenly withholding war funds, as many activists have demanded.

In a video delivered to 1,200 "movie parties" that the liberal group MoveOn.org held last night, Murtha promised: "This country needs a dramatic change of course in Iraq, and it is the responsibility of this Congress to consummate that change."

Republicans are relishing the battle. House Minority Leader John A. Boehner (R-Ohio) labeled the emerging Democratic proposal "a plan to cut off funding for troops in harm's way by making sure the reinforcements they need to complete their mission in Iraq never arrive."

House Democrats Aim To Limit Troops (WT)

DOJ_NMG_0132967

By Jon Ward

The Washington Times, February 16, 2007

House Democratic leaders yesterday revealed their plan to restrict President Bush's use of war funding, though some Democrats said the proposal, released on the eve of a symbolic vote against the war in Iraq, does not do enough to stop the war.

"This legislation will force the administration to consider alternatives rather than escalating," said Rep. John P. Murtha, Pennsylvania Democrat, describing limitations he intends to place on an appropriations bill next month.

Mr. Murtha's bill would bar the U.S. military from extending combat assignments beyond one year or giving troops a combat assignment less than a year since the last one. It also would end the military's "stop-loss" program that involuntarily extends troops' enlistment periods, would close permanent U.S. military bases in Iraq, and would require that the Pentagon certify that troops being sent to Iraq are "fully combat ready" with training and equipment.

"They won't be able to continue. They won't be able to do the deployment. They won't have the equipment, they don't have the training, and they won't be able to do the work. There's no question in my mind," Mr. Murtha said.

Meanwhile, the House concluded its third day of debate over a nonbinding resolution that would oppose the president's plan to send an additional 21,500 troops to Iraq. A vote is expected today.

At the other end of the Capitol, the Senate will work into the weekend tomorrow, after Majority Leader Harry Reid scheduled a vote to begin debate on a resolution identical to the House measure. Republicans oppose Mr. Reid's attempt because the Nevada Democrat refuses to allow them any amendments to the resolution.

Mr. Murtha, chairman of the House Appropriations defense subcommittee, plans to attach his plan to hamstring the U.S. military to the president's defense-spending request when it comes before his panel next month. Mr. Murtha's plan is supported by House Democratic leaders, and is the less politically risky alternative to cutting off war funds altogether.

But some Democrats are not satisfied with this approach. Rep. Dennis J. Kucinich, Ohio Democrat, said his party's leadership is supporting a "continuation" of the war in Iraq.

"The American people want us to get out of Iraq," Mr. Kucinich said. "They expect Democrats to move quickly to end our involvement in Iraq. If Congress approves the supplemental appropriation, President Bush will have the money he needs to keep the war going through the end of his term."

Mr. Kucinich is part of the Out of Iraq Caucus, founded by Rep. Maxine Waters, California Democrat. There are more than 70 members of Congress in this caucus. About 20 anti-war activists from Maryland yesterday "occupied" the office of Sen. Barbara A. Mikulski, Maryland Democrat, for nearly two hours because she has voted to fund the war, even though she voted against authorizing the war in 2002.

But Mr. Bush warned against Mr. Murtha's plan, saying Congress needs to approve both "resources" and "flexibility" for the U.S. military "to do their job."

"Our men and women in uniform are counting on their elected leaders to provide them with the support they need to accomplish their mission," Mr. Bush said.

House Minority Leader John A. Boehner, Ohio Republican, labeled Mr. Murtha's plan "a plan to cut off funding for troops in harm's way" and "unthinkable."

Mr. Boehner's staff sent out an e-mail saying the Murtha plan would "pull the rug out" from U.S. troops by "cutting off their reinforcements and forcing them to face the enemy without our full support."

Mr. Murtha repeatedly emphasized yesterday that his strategy "supports the troops" by requiring adequate training and equipment and protecting them from exhaustion.

"What we're saying, it would be very hard to find fault with. The troops have to be equipped, they have to be trained, they can't be sent back without a year at home," Mr. Murtha said. "People have to understand we're supporting the troops, we're protecting the troops, but on the other hand, we're going to stop this surge."

He also is considering language that would require the president to seek congressional approval before the U.S. could invade Iran. House Speaker Nancy Pelosi, California Democrat, yesterday also said the president does not have authority to invade Iran without explicit congressional approval.

In the Senate, Republicans protested Mr. Reid's attempt to deny their amendments to the nonbinding resolution, one of which would vow not to cut off funding for the military. In a similar situation earlier this month, Senate Republicans blocked a vote on any resolution.

Senate Minority Leader Mitch McConnell, Kentucky Republican, said Democrats were going to "block a vote in the Senate to fund our troops in Iraq."

But Democrats said Republicans were trying to avoid a simple vote on approving the president's plan.

"They just want to avoid a vote, up or down, on the surge. ... But we're voting on it first, and we're voting on it clean," said Sen. Charles E. Schumer, New York Democrat.

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Iraq Debate Shows Separate Problems For GOP, Democrats (USAT)

By Kathy Kiely

USA Today, February 16, 2007

WASHINGTON — This week's showdown votes in Congress over Iraq may dramatize the breadth of discontent with the White House war strategy, but they also demonstrate the limits of how far Democrats are willing to go to change it.

The House of Representatives today is likely to easily approve a non-binding resolution opposing President Bush's plan to commit 21,500 additional troops to Iraq. The Senate will hold a rare Saturday session for a procedural vote that could begin the debate on the House's Iraq resolution.

Speaker Nancy Pelosi, D-Calif., described the House vote as "a huge statement."

She acknowledged that it's unlikely to stop the movement of troops, and neither Pelosi nor Senate Majority Leader Harry Reid, D-Nev., were willing Thursday to endorse measures that would make it harder for the president to send more troops to Iraq.

Both were cool to Rep. John Murtha's proposal to require soldiers to receive more time at home between deployments and more training before being shipped out. The Marine combat veteran's plan — outlined in a Thursday fundraising webcast for the liberal group MoveOn.org — would choke off the president's supply of soldiers.

"The answer is no," Reid said when asked whether there are any legally binding measures he's prepared to support.

Pelosi was non-committal. "What he's doing is putting out ideas," she said of Murtha. "Until you see his proposals in writing nobody can tell what the level of support is."

Iraq presents Republicans and Democrats with different political problems. For Republicans, the question is how far to go in backing a policy that is losing public support. The prospect of a Friday House vote on the president's policy set off another round of skirmishing in the Senate, which delayed its week-long President's Day recess after some Republicans pressed for an end to the procedural logjam that has prevented an Iraq debate there.

"The Senate is in real danger of becoming irrelevant," said Sen. Arlen Specter, R-Pa.

Reid scheduled an unusual Saturday vote on whether to open the Iraq debate after a similar measure failed last week. Sen. John Warner, R-Va., who sided with his party's leadership in blocking the debate last week, has signaled he may vote with Democrats this time, but Reid needs at least nine others to cross party lines just to debate a non-binding resolution.

If Saturday's vote poses a test for Republicans with misgivings about Bush's Iraq policy — particularly those who will face the voters next year — Democrats face at least as daunting a political gut check in the longer term.

This week's House debate revealed both the Republican political strategy on Iraq and the Democrats' sensitivity to it. Twice in one day, an angry House Majority Leader Steny Hoyer came to the floor to rebut GOP charges that Democrats plan to cut off funding for troops in the field. "We will not abandon them," he said.

In speeches on the House floor and in a memo circulated by the Senate Republican Conference, GOP lawmakers accused the Democrats of a "slow-bleed" strategy that would cut off funding for the war. Pelosi argued that some of the measures Democrats have been discussing would protect the troops, not deprive them.

The Democrats' uncertainty about whether this argument will win public support was evident, however, in their tentativeness about embracing the plan. Senate Armed Services Committee Carl Levin, D-Mich., said he's not ready to support tying the president's hands. "I have at least a little hope we can turn the president in a different direction," he said.

Many Democrats say political pressure will have more effect than legislation in changing the policy in Iraq. "We are going to keep at this," said Sen. Charles Schumer, D-N.Y. "We are going to keep ratcheting up the pressure so that public opinion and congressional opinion is so strong that the president will have no choice but to change strategy."

Congress's Next Iraq Moves Could Open Party Rifts (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, February 16, 2007

WASHINGTON

The House debate on a nonbinding resolution opposing President Bush's troop buildup in Iraq opened rifts in Republican ranks, as lawmakers were forced to take a tough vote on the war.

But the next move – to curb war funding – could do the same for Democrats, if not handled with a high level of political skill.

Such a rift is what Rep. John Murtha (D) of Pennsylvania hopes to avoid, as he announced Thursday details of a strategy to use his Appropriations Subcommittee on Defense to oppose a troop buildup in Iraq, without cutting funds to troops in harm's way.

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"What we're saying will be very hard to find fault with," said Mr. Murtha in a webcast on the antiwar site MoveCongress.org. "We're supporting the troops. We're protecting the troops. But on the other hand, we're going to stop this escalation, because this escalation is not going to work."

The interview confirmed a line of action that Murtha and House Democrats have signaled for weeks. Instead of cutting off the funds, Murtha is proposing conditions on the use of funds that would limit the president's military options.

In mid-March, the House Appropriations Committee plans to take up Mr. Bush's $99.6 billion supplemental war request for this fiscal year. Murtha's panel plans to complete its hearings and report to the full committee by March 14, he says. The bill would be on the floor a few days later, he adds.

Any vote that appears to undermine US forces in the field is potentially toxic for members on either side of the aisle. That's why Republicans tried – and failed – to force a recorded vote on war funding in the House this week.

On the Senate side, GOP leaders had calculated that Democrats would cave if forced to vote on war funding – a vote that would have diminished the impact of a resolution opposing the "surge." The impasse derailed a vote on either measure in the Senate.

"That's the bind the House and Senate find themselves in," says Ross Baker, a political scientist at Rutgers University in New Brunswick, N.J.

"[Lawmakers] can easily support resolutions critical of the troop surge, but when they take the next step, which is to do something about the funding of the war, they venture into political quicksand, unless what they are doing is phrased in such political delicacy that it can't be interpreted as a vote against the troops," he adds.

Antiwar activists have held back as the House moved toward a nonbinding vote this week. But they are watching closely how forcefully Democrats who now control Congress follow up a resolution victory in the House.

"To debate for a week and end up with a nonbinding vote on just the escalation has people nervous," says Tom Andrews, national director of Win Without War and a former Democratic representative from Maine. People are anxious to see that this leads to real action, as soon as possible, he says.

Murtha, for one, is proposing several conditions on the use of war funding. These include requiring the military to certify that troops are "fully combat ready," with the training and equipment that they need. He is also proposing an end to the "stop loss" program, which has forced soldiers to extend their enlistment period, and to ensure that a serviceman or servicewoman can't be sent back into battle until he or she has had a year at home.

These are "technical things," Murtha says, but they are "very harmful to the people who are serving." If Congress insists on enforcing these conditions, it means that the "the surge can't be sustained," he adds. In the longer term, it will force the president to deploy troops outside Iraq, he says.

Murtha Vows To Block Bush Surge Plan (POL)

By John Bresnahan

The Politico, February 16, 2007

Rep. Jack Murtha, one of the most vocal congressional opponents of the war in Iraq, is vowing to block President Bush's plan to send another 21,500 U.S. combat troops to Iraq by restricting the administration's military options in a new wartime spending bill.

"We're gonna stop this surge," the Pennsylvania Democrat declared in an interview posted on the Website MoveCongress.org.

Stepping up his campaign against the White House, Murtha, chairman of the House defense appropriations subcommittee, told Tom Andrews, a former congressman-turned-activist, in the online interview that he would attach so many conditions to an upcoming spending bill for Iraq that the Pentagon would not be able to find enough troops to carry out the president's "surge" plan.

The Andrews group, the Win Without War Coalition, is part of a larger federation of anti-war groups sponsoring the site.

Murtha will oversee the $93 billion supplemental spending bill for Iraq and Afghanistan that the House will consider in mid-March. And he wants to impose new restrictions on how the president can deploy combat forces from the United States to Iraq, allow combat veterans to have at least one year stateside before returning to the frontlines and prevent the Pentagon from keeping soldiers and Marines already in Iraq in uniform after their enlistments expire.

"This vote will limit the options of the president and should stop the surge," Murtha predicted of next month's floor fight over the wartime supplemental appropriation. "We're trying to force redeployment [of troops outside Iraq], not by taking money away but by redirecting it."

Murtha is not pushing a total cutoff of funds for the war in Iraq. But he is considering measure to limit the military actions Bush can take against Iran, although the congressman was more cautious than his statements about Iraq.

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“We are looking at the possibility of putting language in the bill that says you can’t go into Iran unless you have authorization [from Congress],” Murtha said.

Murtha also intends to push a provision to bar the creation of permanent U.S. military bases in Iraq and to raze the notorious Abu Ghraib prison.

The strategy being employed by Murtha and other House Democratic leaders would force Bush and Republican congressional leaders to accept the new troop restrictions, or face the possibility the supplemental spending bill would falter, thus cutting off all funding for the war.

Democrats are betting that Bush and the Republicans won’t take that risk and will go along with the Democratic proposals. And Republican leaders are not taking Murtha’s threats lightly.

The Republican National Committee has e-mailed supporters, urging them to contact newspapers and other media outlets to object to the congressman’s proposals.

The RNC was reacting to a story in The Politico on Wednesday that spelled out the Democratic strategy of cutting off the supply of troops available for the war, while retaining funding for forces already deployed in Iraq.

Without the troops to execute the surge, the Pentagon would find it increasingly difficult to keep U.S. forces in Iraq.

Republicans have repeatedly charged that Democrats want to “cut off funding for the troops,” and the Democratic strategy seeks to deflect those charges.

The Democratic plan was characterized in The Politico as the “slow-bleed strategy,” which was not a term used by any Democrats or the anti-war groups supporting their efforts.

The RNC, however, attributed the phrase to Democrats, and it was used in their e-mail alert.

“‘Slow bleed' is exactly the right name for this incredibly irresponsible and dangerous strategy,” RNC Chairman Mike Duncan wrote in his e-mail, which included a Web link to donate to the GOP.

“Cutting and running is bad enough,’’ he said. “But the Murtha-Pelosi 'slow-bleed' plan is far worse. It is a cynical and dangerous erosion of our ability to fight the terrorists while we still have men and women on the ground in Iraq.”

The National Republican Congressional Committee and Senate Republicans are also preparing to use the “slow-bleed” line in their own news releases, slamming Murtha and the Democrats.

For more on Senate action on Iraq, see "Reid Tries Again to Force Iraq Debate in Senate" in The Crypt.

Join The Conversation (read all 37 comments)

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by NativeTexan on 02.16.2007 at 12:58 AM

The IRAQI'S weren't even involved with the 9/11 attacks, and you are making sound like they would DO IT AGAIN!! Heck, they can't even do anything but blow up each other. Whenever we leave Iraq, and we will someday, the same thing is going to happen.....full blown chaos and an even bigger civil war. Will outside terrorists like the Saudis, Jordanians, Egyptians, Syrians and Iranians get involved??? OF COURSE THEY WILL!! THAT IS THE PRICE OF INVADING A SOVERIEGN COUNTRY AND BREAKING IT!! So the question is.....how many more American kids have to die before we get out and let the inevitable problems guaranteed by the irresponsible actions of George W. Bush and Dick Cheney? And why in the heck would we want to put MORE of our kids in there, KNOWING that they are just going to become casualty statistics?

The only person who would know that is Bush, and he isn't even telling himself!! The hard drinking is finally catching up to him!!

by smarterthanthou on 02.15.2007 at 11:54 PM

And another thing, your bar analogy is not accurate because that is a one-on-one situation. It doesn't take 1000 iraqis to fight 1000 americans. It just takes one iraqi to cause many many deaths, because iraq's security is worthless compared to America's (if you believe america isn't safe then you need to go live in a bombshelter forever). So while that ONE iraqi is planting a bomb, the other 999 could still be planning to attack america (but they're not). The iraq war is Osama's dream come true because Osama can devise some elaborate plot on american soil, while pitiful iraqis kill americans in iraq. If we were not in iraq, NO AMERICANS WOULD BE DYING. WE ARE SAFE IN AMERICA. NO IRAQ WAR= NO AMERICANS DYING. IRAQ WAR= Americans dying WHILE Osama works on attacking america. Everyone who supports the iraq war is PARANOID. 3000 americans died out of over 300 million. That is ONE OUT OF EVERY 100,000. That is no reason to get all paranoid and scream about how the world is going to end. BUSH's response to 9/11 did more damage than 9/11 itself. that is the beauty of terrorism. All they have to do is kill 3000 americans and WE will do the rest. We are destroying ourselves (reckless economic policy, reckless foreign policy). If you can't see that our response to 9/11 was worse than 9/11 itself then you need to go study terrorism and WHY it is effective. Terrorism experts ALL KNOW that the goal of terrorism is to get America to act AGAINST our own self-interests.

by smarterthanthou on 02.15.2007 at 11:46 PM

Gene, again, you make no sense. For a redneck you might seem smart, but compared to a normal american you are an idiot. It doesn't matter if we are over in iraq. If they want to attack AMERICA then they will do it. Being in iraq won't stop them. Besides, the people in iraq DID NOT HATE AMERICA until we invaded. We are not fighting the same people who were responsible for 9/11. We are fighting normal iraqis who see even less of a future now than when saddam was in power (both shiite and sunni). Invading iraq turned regualr iraqis into jihadists. If we did not invade iraq, they would be going to work, going to school and making sure they don't offend Saddam. One of the big reasons why they are willing to fight is because Bush found a way to make life even worse WITHOUT saddam than it was WITH saddam. They have less electricity, less jobs, their gas prices have more than quadrupled, and they have less security. When saddam was in power, all they had to do was not offend saddam. Many iraqis got used to that. They didn't like it, but atleast there were RULES for how to stay safe. Now there are no rules. There is no way to guarantee safety.

by scottyurb on 02.15.2007 at 11:23 PM

Troops this, troops that. You guys can bicker troopisms all day long and still miss the underlying facts. Bush, to this day, has no regard for our troops, unless they are used to accomplish HIS goals, not the majority of Americans. He could care less who dies or who lives or if they have benefits when they get home. The whole mess revolves around the need to get his buddies hands on the Iraqi Oil infastruture, anything else is a side-line, a distraction, a bunch of situations that he never understood or cares to remedy. Their is no way to steal the oil from under their feet and yet he will go to unlimited ends despite the recommendations of his generals or any other group that has a say in the matter to meet the Greed ideology of the Oil industry. Eighteen Saudi's with box cutter's culminating into this quagmire--ridiculous. It's all about the OIL and the way it's dispered--there or by foreign interests--either way, our troops have nothing to do with the underlying issue. American Prowess will always exist, Imperialism will always exist in the mind of a dictator, don't confuse the two.

by piwacket on 02.15.2007 at 11:22 PM

If the Dems want to get out of Iraq all they need to do is vote to cut off the spending. The problem with this is their votes will be recorded and when Iraq falls before the 08 elections everyone will know exactly who to blame and the voters will be smart enough to remember who these people are.

In earlier dialogue someone asked "How would 1000 terrorists get into the US to blow ups buildings and citizens"? The answer is simple: they would come in the same way 12 to 20 million Mexican illegals have come in. Actually sir, it only took a handful to bring down the WTC and Pentagon not 1000.

Finally, if Jack Murtha had pulled any of his past tricks on FDR while he was fighting WWII, he would have been arrested and put in prison for aiding the enemy. Check WWII history. FDR and Harry Truman were REAL Americans first and Democrats 2nd.

by gene on 02.15.2007 at 11:16 PM

Smarterthanthou I meant when were over there they don't have much time to think about what they can do to us over here.

A simple analogy. When I'm kicking a guys ass in a bar fight, he doesn't have much time to think about taking my girl away from me

by Carlyle on 02.15.2007 at 11:11 PM

Everyone should remain calm. The "dribble" that Bush has started in Iraq is step one In the Karl Rove exit plan. First we get Malaki commited to action he cannot do. We then have a scapegoat for failure. We really tried but the Iraqis could not do their share.We can now "cut and run" With only the Iraqis, the media and the Dems to blame. At the not unreasonable cost of a few hundred GI deaths and a few thousand wounded we are out of there. As you know, we do not count Iraqi deaths, there are too many of them anyway.

by gene on 02.15.2007 at 11:09 PM

Smarterthanthou Another thing. You mention it would take a 1000 jihadists to do my scenario. If I understand it correctly there are approximately 11,000,000 illegal aliens in the USA now. You suppose there could be a few jihadists among them.

by gene on 02.15.2007 at 11:03 PM

Smarterthanthou. Another scenerio. Let's get about 19 guys into the USA commander some aircraft and fly them into the World Trade Center, Pentagon, White House and murder about 3000 innocent Americans. Nothing is simple you stupid ******* but given time and money which the terroists seem to have plenty of they could quite possibly do it. Get your head out of your ass and at least try thinking out of the box for a change.

by Dardango on 02.15.2007 at 10:43 PM

Go Congressman Murtha!!!

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by smarterthanthou on 02.15.2007 at 10:38 PM

GENE, you make it sound so simple. You say that if we pull out then the iraqis will blow up hundreds of buildings in America and it will ruin us. HOW WILL THEY DO THAT? If the iraqis could just blow up american buildings, THEY WOULD BE DOING IT ALREADY. Your argument makes NO SENSE. the iraqis cannot blow up our buildings, so they won't. That is pretty simple to understand. They are in iraq. Not in america. and you must understand that in order to blow up hundreds of american buildings, they would need atleast 1000 jihadists IN america who would act simultaneously. Not even Osama could plan something that complex. Your argument is baseless because it is IMPOSSIBLE. You need to wake up from whatever craziness you have fallen victim to. You are a paranoid delusional wackjob.

by Advocate4People on 02.15.2007 at 10:23 PM

FINALLY... Murtha has figured out how to stop this psycho call President from throwing our men and women into war recklessly. Bush is one out of step, out of sync, Cheney lover. I don't know HOW Bush can look himself in the mirror in the morning. His hands are full of blood, and he is not satisfied yet. He wants more. HAIL MURTHA.... you got my vote!

Send that ******* Bush into war... is the Commander in Chief supposed to LEAD his troops into battle. Panzie ass, can just sit in the Oval Office, and talking ****... and we the people let him get away with it.

I am glad someone in government has the balls to STOP this psycho. Someone needs to start up Impeachment proceedings. Bush is missing in Action in my book. Someone has to get him out of there before he starts pushing buttons. Oh Gawd..... here we go!

by gene on 02.15.2007 at 10:06 PM

A scenario to think about. We pull out of Iraq and let them work it out themselves. After they do they then have time to give more thought to the USA. Since they are not bothered with us over there. We know we can't beat the USA militerily then let's do this. 1. Blow up 500 groceries stores all over the country, then watch how the government provides security and how eager the infadels like to go get their groceries. 2. Blow up 300 to 400 food courts in the largest malls in the country. 3. Start blowing up Wal Mart, Kmart, Sears,Target and other large discounter stores. Any of you guys with all the answers tell me what effect this will have on the economy and the minds of Americans. That's why we need to win this thing over there

by cliff.crain on 02.15.2007 at 09:23 PM

This announcement should come as no surprise to anyone. Despite their campaign promises to the contrary, John Murtha and the Democratic Party do not support the brave fighting men of the US military. They are using our troops lives to play politics and fulfill their prophecy that the Iraq War is unwinnable. Iraq is far from lost and the troop surge that the President has called for is exactly the type of strategy needed to win the war.

by Hofer on 02.15.2007 at 09:20 PM

It would seem that the Democrats want it both ways. They want to say they support our troops, but they have accepted defeat in Iraq. Isnt this a paradox or something. If you have accepted defeat in Iraq, you are telling our troops that they failed. Way to support our troops!!

Murtha, IF you say you support our troops in Iraq, would you give them the tools they need so they would have an chance at victory? If they needed more humvees, would you give them the humvees? If they needed more vests, bullets, guns, grenades, missiles, tanks, etc. would you give them that? If you answered no to any of the above then you are lying and you do not support our troops one bit. If you answered yes, then why are you blocking another crutial tool our troops need right now, more man power?

by SteveW on 02.15.2007 at 09:01 PM

Way to help formulate RNC talking points, Politico!

by Hardie on 02.15.2007 at 08:45 PM

At 6:23PM In the first post on this story, I asked a couple simple questions, and apparently no one had the brass ones to even attempt to answer them. So here they are again.

Is not wanting to send reinforcements just another way that Democrats suppport the troops in Iraq?

Democrats, why don't you want the United States to win the war in Iraq? And if by chance you do want the United States to win , why are you against sending more troops?

"eman," it's not so much what I hear that you are in incapable of hearing, it's what I can see that you are blind to. After the "peace" movement succeeded in getting the United States out of Vietnam, the ensuing "peace" resulted in a holocuast that saw the Communists murder nearly 3 million people in Southeast Asia. Eman, are you truly blind to the impending nightmarish reality in Iraq if we vacate? And if the terrorists are allowed to chase our troops back to the United States, will they not then have a refuge in Iraq? And then eman, how long till they bring the war here again? Hopefully we can both agree we have to fight the terrorists. I would much rather fight them in Iraq then in New York and Washington, D.C.

by Ardie on 02.15.2007 at 08:41 PM

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Ardie to Hardie, stop begging the question assuming things not in fact. There are plenty of reinforcements to save some U.S. Army Rangers from a teenage Sunni Muslim with an AK-47 who can't shoot straight. What Rep. Murtha is trying to do is prevent your side from hastily 'surging' in warm untrained bodies in uniform without proper protection to die needlessly in Iraq.

by POTUS on 02.15.2007 at 08:33 PM

Mr. Murtha, Amend the Constitution, and then you could have the power to stop the surge. The President is the Commander-in-Chief. Have you forgotten that?

by tnproud2b on 02.15.2007 at 08:33 PM

Has anybody checked Murtha for a pulse?

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Murtha Moves To Forefront Of Iraq Debate (AP)

By Anne Flaherty

AP, February 16, 2007

Rep. John Murtha is quickly emerging as one of President Bush's most formidable foes in the Iraq war debate.

Many Democrats, including House Speaker Nancy Pelosi, match Murtha's fiery opposition to Bush's policies. But the Marine combat veteran's prowess on military matters, strong relationships with Republicans and — most important — control of the Pentagon's spending bills has put him at the forefront of the debate.

The Pennsylvania Democrat is leading the charge among members of his party to end the war by limiting funding. That fight, which will probably be waged next month, is expected to overshadow this week's battle over a nonbinding resolution opposing Bush's troop buildup.

Part kindly Irish Catholic grandfather and part political pit bull with two Purple Hearts in his pocket, Murtha seems the Democrats' best chance of using the budget to curtail the war without appearing to be leaving troops in the lurch.

"Many of the roads (in Congress) lead through Murtha," said Darrell West, a political science professor at Brown University. "So Bush has to deal with him."

Murtha retains clout among his Democratic colleagues, especially on defense issues, despite losing a postelection challenge to Rep. Steny Hoyer, D-Md., to become majority leader. Hoyer and Pelosi have tapped Murtha to address caucus meetings on the issue of the war and used him to assure the more liberal members of their base that Democrats will do everything they can to bring troops home.

So far, Democrats and Republicans alike are listening closely.

"Do most people have enormous respect for Mr. Murtha? Oh, yes," said Pelosi.

By mid-March, Murtha will offer legislation that he says would set such stringent rules on combat deployments that Bush would have no choice but to begin bringing troops home.

His legislation would dictate how long troops can stay, the equipment they use and whether any money could be spent to expand military operations into Iran. Murtha says few units could meet the high standards he envisions, meaning Bush's plan to keep some 160,000 troops in Iraq for months on end would be thwarted.

Under his plan, he says, Democrats would be helping and not hurting troops by making sure they have what they need before being thrown into combat.

"This vote will be the most important vote in changing the direction of the war," Murtha, D-Pa., told an anti-war group in an interview broadcast on the Internet Thursday.

"The president could veto it, but then he wouldn't have any money," he later said.

Murtha, 74, joined the Marine Corps during the Korean war and volunteered to return to active duty in Vietnam, where he earned his two Purple Hearts — awards given to troops wounded or killed in action.

On Capitol Hill for 33 years, the retired Marine colonel rarely seeks the limelight, often avoiding reporters and speaking on the House floor only to debate the annual defense spending bill.

In November 2005, he stunned his colleagues by turning against the war. Three years after voting in favor of the Iraq invasion, Murtha declared in a tearful speech: "It's time to bring them home."

But it is his reputation as a defense hawk that makes him such a threat to Bush. As a staunch supporter of military spending in the past, Murtha has earned a strong alliance of Republican friends, who say they are watching to see precisely what he proposes.

"I will say it's an interesting concept," said Sen. John Warner, a leading Republican defense figure who opposes sending more troops to Iraq.

"He is a fighter," Warner, R-Va., later added. "Be he right or wrong, he is a fighter and that says a lot."

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Rep. Wayne Gilchrest, one of about a dozen House Republicans who announced this week they oppose Bush's Iraq strategy, said he thinks Congress should seriously consider Murtha's ideas.

"To brush these (proposals) off the table is irresponsible," said Gilchrest, R-Md.

Murtha also has his opponents.

"While Rep. Murtha is unveiling his plan to choke off funding for American troops serving in harm's way, Republicans like Rep. Sam Johnson — a distinguished Vietnam War veteran — are on the House floor explaining the demoralizing impact that the majority's political maneuvers will have on our men and women in uniform," said House Minority Leader John Boehner, R-Ohio.

Bush this week seemed keenly aware of Murtha's political momentum. In recent days, the president shrugged off the significance of House vote expected Friday on a symbolic resolution stating opposition to his war plans. Instead, the president has focused his sights on the upcoming war supplemental.

Bush says he needs $93 billion more to continue paying for the wars in Iraq and Afghanistan through Sept. 30; the military is expected to run out of money by May, making passage of the bill critical.

"We have a responsibility, Republicans and Democrats have a responsibility to give our troops the resources they need to do their job and the flexibility they need to prevail," Bush said in speech Thursday.

House Set To Vote Against Troop Increase (WSJ)

By David Rogers

The Wall Street Journal, February 16, 2007

WASHINGTON -- With the House poised to vote Friday against adding more U.S. troops in Iraq, Speaker Nancy Pelosi said the action represents a "huge statement" that President Bush can't "completely ignore" even if he is unwilling to change course militarily.

"I don't know if the president is moveable in terms of the course of action he wants to take militarily," Ms. Pelosi conceded, but she said she hopes "he would be open to a truly robust initiative" to find a diplomatic and political settlement to the fighting.

The California Democrat said the Republicans were using a "stale" argument in accusing the Democrats of not supporting the troops in the war. "I think the American people have spoken on that point…They know that they support the troops and they know they oppose the war."

"This is a huge statement that a majority of Congress in a bipartisan way disapproves of the president's increase of the troops…It's big. This is very big," she said. "There's no more blank check for George Bush," Ms. Pelosi argued, but as Congress reasserts itself on the issue of Iraq, both lawmakers and the White House had to recognize each others role.

"Can you stop it? It has already begun," she said of the proposed addition of combat brigades representing at least 21,000 more soldiers and Maries over the coming months. "The president is the commander in chief. Congress has a role in all of this, and I think you will now see a calibration of those two responsibilities. Neither one of us should abuse our power."

The speaker, who made her comments in an interview with reporters, also shed some light on what she sees as her party's domestic agenda for the next 100 days leading up to Memorial Day. She said she remains optimistic that a minimum wage increase can be worked out with the Senate, and despite White House objections, Democrats will press for adding an estimated $750 million to a wartime supplemental spending bill next month to meet a projected shortfall in funds for a joint state-federal child heath program.

"I think he wants the leanest of supplementals," Ms. Pelosi said, after speaking to Mr. Bush about the matter this week. "But we have some emergencies and as I said to him, these are governors, Democrats and Republicans, who have a shortfall, and something has to be done for these children."

Known as the State Children's Health Insurance Program or SCHIP, the program builds on the state-federal Medicaid program for the poor by trying to reach households above the poverty level. The Congressional Research Service has estimated that 14 states, including Illinois, Georgia, and New Jersey, are facing shortfalls totaling $746.5 million before the end of this fiscal year, Sept. 30.

The same spending bill includes $93.4 billion for the Defense Department to help fund military operations overseas in Iraq and Afghanistan. As such it is the chief focus of the next stage in the war debate, and the bill manager, Rep. John Murtha (D., Pa.) has said he will recommend adding restrictions that would make it harder for the Pentagon to maintain the higher troop levels anticipated after the proposed surge this spring is completed.

For example, he wants service chiefs to certify that each new unit sent to Iraq has the training and equipment needed. Language could be added to prohibit some of the shortcuts commonly used to maintain troop strength and the integrity of units, given the shortage of personnel. He would restrict "stop-loss" procedures, which are used to keep soldiers such as young non-

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commissioned officers in a unit about to deploy even when their enlistments are running out. Extended tours in Iraq would be prohibited; soldiers would be guaranteed a year at home before going back.

If enacted, these requirements would have real impact on an Army already straining to complete the increased troop-level target by late May. The combination of allowing no extensions plus a full year of "dwell" time in the U.S. between tours could set a cap on U.S. strength below current levels, one Defense Department official estimated.

House Republican Leader John Boehner of Ohio said Democrats hoped to "choke off funding for American troops serving in harm's way," but Ms. Pelosi, a close ally of Mr. Murtha's, dismissed these arguments as political.

"What can I tell you about Republicans? They will say what they want to say," she said, defending Mr. Murtha's right to appear in a video interview with the liberal moveon.org. ""We have freedom of speech here…This is a democratic process."

"He is putting out ideas," she said of her friend. "Until you see his proposals in writing, nobody can tell you here what the level of support is. You have to see what it is, what its ramifications are."

"Do most people here have enormous respect for the judgment of Mr. Murtha. Oh yes. But he has to get this through his committee and he's `Mr. Consensus,' if nothing else. He always comes to the floor with a bill that has bipartisan support. And that has been something that has been his hall mark."

But on two related points, also expected to be part of the debate on the spending, bill she was clearly supportive.

She said razing Iraq's Abu Ghraib prison, which Mr. Murtha wants to shut down, would send a "great signal to the world." And Ms. Pelosi said she favored adding language that would make it clear that Congress hasn't authorized any military invasion of Iran.

She said in every meeting she has been present with Mr. Bush, the president has said "over and over again that he supports a diplomatic solution to the situation in Iran. I take him at his word."

"I do believe Congress should assert itself though and make it very clear that there is no previous authority for the president -- and president -- to go into Iran," she said. After years on the House Intelligence Committee, she declined any comment regarding special forces and covert operations. "What I'm talking about is invasion," she said.

Broad Swath Of GOP Defecting On Iraq Vote (WP)

By Paul Kane

The Washington Post, February 16, 2007

From the moderate suburbs of Delaware to the rural, conservative valleys of eastern Tennessee, House Republican opponents of President Bush's latest Iraq war plan cut across the GOP's ideological and regional spectrum.

Numbering a dozen or more, these House Republicans have emerged as some of the most prominent opponents of the plan to increase troop presence in Iraq. They admit to being a ragtag band, with no scheduled meetings and little political cohesion.

"We aren't organized at all," said Rep. Jim Ramstad (R-Minn.), whose district includes suburbs of the Twin Cities. "It's about as diverse a group as is possible."

Borrowing time from House Democrats, these Republicans have gone to the floor to condemn the latest attempt at stabilizing Iraq, which they see as mired in civil war, and have vowed to support a Democratic-driven resolution condemning the buildup.

The conventional wisdom on Capitol Hill has been that those Republicans facing the most tenuous political hold on their seats would be in open revolt against Bush's unpopular decision to send more troops into Iraq. But the lion's share of GOP opponents of the Bush plan come from comfortable to very safe congressional districts.

Of the first 13 Republicans identified as supporters of the resolution, only three received less than 55 percent of the vote in winning reelection last year -- Reps. Ric Keller (Fla.), Phil English (Pa.) and James T. Walsh (N.Y.). A handful of other GOP supporters received 65 percent or more of the vote last November, placing them among the safest batch of incumbents in the House.

"This is a matter of conscience -- not just your conscience but the conscience of your district," said Rep. Walter B. Jones (N.C.), who has become an unofficial leader among the antiwar Republicans, along with the Eastern Shore's Rep. Wayne T. Gilchrest (Md.).

Jones won reelection last year with 69 percent of the vote in a district that gave just 32 percent of its vote to Sen. John F. Kerry (D-Mass.) in the 2004 presidential election. He and others predict that 30 to 50 Republicans will vote against the troop increase.

Republican leadership aides expect the bulk of those votes to come from incumbents sitting in marginal districts, or those from the moderate wing of the party.

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But these same aides pointed Thursday to a number of Republicans who barely survived the 2006 Democratic wave but have opposed the resolution.

Reps. Christopher Shays (R-Conn.), who won by less than 7,000 votes, and Heather A. Wilson (R-N.M.), who won by less than 2,000 votes, both announced Wednesday that they would oppose the Democratic resolution, condemning it as nothing more than "symbolic."

"The majority is clear on what it is against, but does not say what it is for, leaving us with what exists right now, the status quo," Shays said on the floor. "The resolution sends the wrong message to the president, to our troops and to our enemies. It will not get my vote."

The range of Republican opponents to the war can be seen in Reps. John J. "Jimmy" Duncan Jr. (R-Tenn.) and Michael N. Castle (R-Del.).

Duncan, from eastern Tennessee, is widely regarded as a solid conservative. Castle, from the Wilmington area, is one of only two publicly declared antiwar Republicans whose districts tilted toward Kerry in 2004. Both he and Duncan are safe politically: Duncan received 78 percent of the vote last year, and Castle, a former two-term governor, won with 57 percent.

Yet Duncan was among the six Republicans who originally opposed the war in 2002, while Castle gave it his full support. Today, they'll both be opposing the troop buildup.

"Conservatives have traditionally been the strongest opponents to interventionist foreign policies that create so much resentment for us around the world," Duncan said Wednesday.

"Notwithstanding the heroic efforts of our military personnel," Castle said, "the Iraqi government has been unable to overcome the constant instability and sectarian violence that has marked much of the last four years."

House Republicans Opposed To Surge May Pressure Senate (WSJ)

By John Harwood

The Wall Street Journal, February 16, 2007

Democrats aim to jump-start Senate debate on Iraq with House GOP defections today.

"As the House vote goes up, the Senate vote goes up," says Democratic caucus chairman Emanuel; predictions range from 20 to 40. Senate leader Reid plans vote tomorrow seeking floor action on House resolution after next week's recess.

Democrats pressure vulnerable Republican Sen. Sununu as new poll shows Bush's job approval dropping to 31% in New Hampshire. War unhappiness shadows 2008 presidential ticket's Granite State prospects as well as Sununu's re-election bid.

Weekly Standard pressures waverers from the right, noting "the American political system has primaries," too.

U.S. military warns troop surge can't succeed without Iraqi government changes.

Citing corrupt and inefficient bureaucracies in Baghdad, an Army official says, "If we don't get the ministries fixed, we will fail." Last year, ministries spent only about three-quarters of their budgets, with most money going for salaries.

Local governments can't raise money on their own and often get little help from Baghdad. A classified study by Pentagon's Joint Warfare Analysis Center suggests the best way to curb violence is providing jobs.

Republican rivals eye Romney as 2008 wild card.

The former Massachusetts governor's announcement in Michigan was low-key; only one-fourth of hoped-for crowd of 1,000 attended follow-up Des Moines event in bad weather. Former Iowa Gov. Branstad, who's uncommitted but has a son working for Romney, says Romney's gaining ground in Iowa polls, while McCain and Giuliani "have dropped."

Although Romney touts tax cuts, Cato Institute's Dan Mitchell says economic conservatives remain wary of his record on spending -- a rising issue on Republican right. Giuliani and McCain teams count on besting Romney on strength and gravitas, despite his matinee-idol visage.

"How many good-looking presidents have we had?" asks a McCain strategist.

LAST-MINUTE HITCH in Dubai Ports World sale riles Washington. Treasury, Homeland Security, and Democratic Sens. Schumer and Menendez question New York-New Jersey Port Authority's demand for $84 million to approve sale to AIG Global. A spokesman for New Jersey Gov. Corzine insists, "We are staying out of this."

SMALL VICTORY? USAID's boast of minor monetary policy achievement underscores its difficulties in Iraq. "After 18 months of effort," the aid agency says, "advisers working with [Central Bank of Iraq] staff have finally won support from the Iraqi Ministry of Justice" for changes to "help maintain price stability."

DESPITE PUBLIC CLASHES, House Democrats and Bush administration still hope for labor-standards compromise in pending Peru, Panama and Colombia trade deals. Staff-level discussions could provide framework for broader accommodation in legislation extending Bush's trade-negotiating authority, but Democratic Rep. Levin of Michigan says "we still don't have a concrete proposal from the administration."

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MOMENTUM: Trade group of for-profit hospitals next week joins accelerating health-care debate with universal-coverage proposal. Democratic Rep. Emanuel and Republican LaHood, both of Illinois, today offer incremental, bipartisan step: renewal of State Children's Health Insurance Program that would make it easier to sign up kids who are eligible but not enrolled.

DINGELL CHAFES at White House reluctance to let economic aide testify on climate change.

House Energy and Commerce chairman writes White House counsel Fielding, warning that his rebuffed invitation to National Economic Council director Hubbard is "noncompulsory -- at this time." Former Clinton economic aide Shapiro says business taxes on carbon would work better than "cap-and-trade" schemes at reducing emissions.

U.N. Foundation chief Tim Wirth attributes brightening legislative prospects partly to need to demonstrate seriousness to China and India. "The whole way the discussion has changed is quite remarkable," says British climate change expert Nicholas Stern.

In December, 3,000 diplomats, scientists, and environmentalists will meet in Indonesia to discuss Kyoto Protocol.

MINOR MEMOS: Former Iowa Gov. Vilsack's appearance on NBC's "Tonight Show" places him in top-tier 2008 company; Giuliani, McCain, Clinton, Obama and Edwards have also sparred with Jay Leno. ... Asked about superiority of stocks as long-term investment, economic historian and Fed Chair Bernanke cautions, "If you look at stock markets in Czarist Russia, they don't look so great today."

Representatives Give Rationale (USAT)

By Eugene Kiely And Kathy Kiely

USA Today, February 16, 2007

House members debating the Iraq resolution raised the same issues to support their arguments but came to different conclusions. Here are some examples.

For the resolution

Rep. Lincoln Davis, D-Tenn.: Our actions this week do not dishearten the troops, nor reflect a lack of support. … Defense Secretary (Robert) Gates and Gen. (Peter) Pace both testified before the Senate Armed Services Committee that a resolution disagreeing with the president's proposal would not dishearten the troops. In my opinion, the chairman of the Joint Chiefs of Staff may have a little better idea of troop morale than members of Congress.

Against the resolution

Rep. Jack Kingston, R-Ga.: If the troops in Baghdad were watching what we were doing today, they would be outraged, but when you are in harm's way, you don't exactly sit around and watch C-SPAN and silly politicians with silly resolutions. Here is what the Democrats are up to: Dearest troops, we support you, but your mission is in the tank. We don't support your mission. Americans are dying, the situation is dire, but we are not going to send more reinforcements. You are on your own.

For the resolution

Rep. Mike McIntyre, D-N.C.: We cannot continue to increase troop levels in Iraq at the expense of allowing the Taliban to come back into power in Afghanistan. The global war on terrorism is exactly what the name says. It is a global war, not just an Iraqi war, and we cannot let our troop strength be so focused on what is becoming a civil war in Iraq that we lose focus on threats that face us elsewhere in the world. Previous surges have not solved the problems in Iraq. Let us not be fooled into thinking that this one will.

Against the resolution

Rep. Ileana Ros-Lehtinen, R-Fla.: Some of our colleagues on the other side of the aisle seek to focus on the abstract rather than on the reality. They believe that security will come from withdrawal and surrender. On the contrary, retreat guarantees that the Islamic militants will intensify their efforts against us. … They won't stop in Iraq, they won't stop in Afghanistan. They have made it abundantly clear that they will not stop until they dominate the world.

For the resolution

Rep. John Conyers, D-Mich.: Last Nov. 7, the American people sent a clear message to Congress and the president: We must end the war in Iraq. … No longer will Congress stand by while the president wages a war that defies logic, common sense and human decency. This week, we shall take a stand. This week, we tell this administration enough is enough; stop ignoring the American people; stop ignoring your generals.

Against the resolution

Rep. Jim Saxton, R-N.J.: The commander of the national VFW put out a press release, and I have the text of it here. "My generation," he said, "learned the hard way that when military decisions are second-guessed by opinion polls or overruled by politicians, it's the common soldier and their families who pay the price." … Mr. Speaker, I think the commander of the national VFW is absolutely right.

For the resolution

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Rep. Carolyn Cheeks Kilpatrick, D-Mich.: As noted genius Albert Einstein once said, "Insanity is doing the same over and over again and expecting different results." Over and over, Congress has spent over $503 billion in Iraq. Over and over, America's finest have died, with more than 3,000 women and men, in Iraq. Over and over, women and men are wounded or maimed, some for life, with more than 25,000 today. Today, we still cannot safely fly planes on a reliable basis in and out of Baghdad. This is progress?

Against the resolution

Rep. Dan Burton, R-Ind.: I am convinced after studying history and watching what happened in the past, that if we don't deal with this problem now, we will deal with it later, and the costs will be a heck of a lot more than it is today, and it may involve millions and millions of lives. Deal with them now, let them know we are going to stand firm, Iraq is going to be a democracy. We are not going to let Iran or any of the terrorists prevail, and we are going to stop a holocaust in the future.

Bush, Congress Could Face Confrontation On Issue Of War Powers (WP)

By Michael Abramowitz

The Washington Post, February 16, 2007

President Bush has not been shy about asserting robust powers for the presidency in waging war, but lately he has seemed to concede that Congress has a role to play as well. Lawmakers, he has indicated, are within their rights to try to cap total deployments or limit where troops can go in Iraq.

"They have the right to try to use the power of the purse to determine policy," the president told editors of the Wall Street Journal recently, in an interview that took some of his strongest conservative supporters by surprise.

For a president who has asserted broad executive authority to conduct aggressive interrogations of detainees and electronic surveillance of terrorism suspects without a court warrant, such comments may reflect as much pragmatism as any serious legal analysis. White House aides concede they are not interested in unduly antagonizing lawmakers at a time they need all the help they can get on Capitol Hill.

But as the debate in Congress shifts from nonbinding resolutions of disapproval for adding troops in Iraq to attaching conditions on funding for the war, a constitutional clash between the legislative and executive branches may be inevitable, say lawmakers and legal scholars with close ties to the administration.

After a vote today on a resolution condemning the new deployments to Iraq, House Democratic leaders will serve notice that they intend to attach conditions to the coming spending bill on the war that could arguably encroach on the president's constitutional powers as commander in chief to control tactics and operations.

These include riders that would prevent Bush from sending units to Iraq unless they are certified as combat-ready and that would require Army troops be given a year at home before an additional deployment to Iraq.

Democrats have described these conditions as part of a slow strategy to stop the war without cutting funding completely, which most parties agree would be legally permissible -- but politically difficult.

White House press secretary Tony Snow declined to be drawn into a discussion with reporters yesterday about whether such provisions would be "micromanaging" the war -- which some scholars think would be unconstitutional. The new White House counsel, Fred F. Fielding, is considered a pragmatist not particularly interested in new fights with Congress, but administration allies in the conservative legal world predicted that the White House would eventually chafe at such restrictions.

"The administration might try to be as accommodating as possible on issues short of a complete shutdown of the war, but if Congress clamps down on a core commander-in-chief power that the president thinks might be necessary to use in the war on terrorism, I do not think pragmatism will prevail," said one former top administration lawyer, who conditioned his comments on anonymity.

David B. Rivkin Jr., a White House lawyer in the George H.W. Bush and Ronald Reagan administrations, described the proposed congressional restrictions as the "epitome of micromanagement." He said he thinks "the White House will end up fighting the congressional micromanagement and, if it continues, will publicly articulate the view that it is unconstitutional and not binding on the executive."

Others speculate that Bush may be backpedaling a bit from his broad assertions of presidential power, some of which the Supreme Court rejected last summer when it struck down his plan for trying terrorism suspects in military tribunals.

"He had said on quite a number of occasions that he's the decider," said Sen. Arlen Specter (Pa.), ranking Republican on the Judiciary Committee. "He [is] not the sole decider. . . . As this debate has progressed, the president is acknowledging the constitutional role of Congress."

The administration declined to make available lawyers to discuss the constitutional issues surrounding the war debate, saying it does not want to discuss hypotheticals, but a Justice Department spokesman pointed to a number of opinions from the Office of Legal Counsel suggesting clear limits on congressional power.

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In 1996, then-Assistant Attorney General Walter E. Dellinger III wrote a memo stating that congressional language prohibiting the president from placing U.S. forces under United Nations control during peacekeeping operations "would unconstitutionally constrain the President's exercise of his authority as commander-in-chief."

In an interview this week, Dellinger indicated that the Democratic proposals being floated on Capitol Hill -- such as a cap on troops in Iraq -- do not amount to that kind of tactical interference. He said there is a "striking consensus" on both the left and the right that Congress has the power to limit the scope and duration of the war -- not only through the power of the purse but through other war powers.

As Dellinger suggested, there is little question among most scholars that Congress has ample constitutional authority to shut down the war. "I am not aware of a serious dispute over whether it is constitutional for Congress to defund or otherwise terminate the war in Iraq," said Brad Berenson, who was in the White House counsel's office from 2001 to 2003. "The big debate is over whether it is wise."

Indeed, some Republicans seem to be baiting the Democrats to try to defund the war. John Yoo, a former Justice Department official who became well known for his expansive assertions of presidential authority, co-wrote a piece in the New York Times this week suggesting Congress has all the power it wants to stop the war but is engaging in "bluster" with nonbinding resolutions.

Dellinger said he is baffled by such arguments. "Although it does not become law, how can it possibly be considered meaningless for each house of the Congress to exercise the view in a formal recorded vote that a planned addition to U.S. forces is a mistake?" he said. "I think that the framers of the Constitution would be astonished that a president would proceed to increase U.S. involvement in a foreign war over the expressed objection of both houses of Congress."

Democrats Face A Struggle Over War Strategy (LAT)

By Janet Hook

The Los Angeles Times, February 16, 2007

WASHINGTON — Now comes the hard part.

Congressional Democrats quickly and easily united behind a nonbinding resolution denouncing President Bush's plan to send more U.S. troops to Iraq. But after the measure's expected approval in the House today, party leaders will confront more divisive questions: how to force a determined president to back down from his plan, and whether to push for a complete withdrawal.

Senior House Democrats are crafting a strategy to block a troop escalation in Iraq without exposing the party to charges that it is undermining the military.

But antiwar advocates would rather set a firm target date for withdrawing all troops. More moderate Democrats, especially those in Republican-leaning districts, are worried that direct steps to limit Bush's war powers are fraught with political peril.

In the Senate, meanwhile, a more immediate obstacle looms.

Facing procedural hurdles set up by Republicans, Democrats are still struggling to pass a nonbinding resolution that mirrors the House measure. On Thursday, Senate Majority Leader Harry Reid of Nevada said he would hold an unusual Saturday session to bring the issue to a head, although it remained unclear whether he had enough votes to break the deadlock that stalled action earlier this month.

Regardless of the outcome of the Senate tiff, Capitol Hill's focus in the weeks ahead will turn to Bush's request for additional funding for the war. As they consider it, Democrats will be exploring just how far they can go in challenging him.

One thing is clear: Democratic leaders will be under pressure from the party's rank and file — especially activists who will play a major role in choosing their 2008 presidential candidate — to go beyond symbolic denunciations of Bush's policy.

"Congress has no choice but to do some binding action after the nonbinding resolution, or the antiwar community will go berserk if they are perceived as hesitating," said Tom Matzzie, Washington director of Moveon.org, the liberal online group.

Today's House vote will stand as Congress' first formal repudiation of Bush's Iraq policy, a rare wartime rebuke for a commander in chief. Support for the measure demonstrates that Democratic lawmakers who just a year ago were wary of criticizing Bush over Iraq have been emboldened by the GOP's shellacking in the November election.

Democratic leaders acknowledge the limits of their power to change Bush's policy, noting their party's narrow majority in the Senate and Bush's veto power. But they say they are pushing to create a political climate that forces Bush to change his approach.

Bush has said the House resolution would not affect him, but House Speaker Nancy Pelosi (D-San Francisco) on Thursday told reporters, "I don't know that the president can completely ignore it; this is the voice of the American people."

Sen. Charles E. Schumer (D-N.Y.) said he and other party leaders "are going to keep ratcheting up the pressure so that public opinion and congressional opinion is so strong that the president will have no choice but to change strategy."

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But he added, "There is not just one vote at any one time that is going to be the magic pill that changes it."

As part of their efforts, Democrats and political activists are planning to ramp up pressure on Republicans during next week's recess on Capitol Hill.

In an opening volley, the Democratic Senatorial Campaign Committee today will start running newspaper ads in New Hampshire and Oregon — two states where antiwar sentiment runs strong — attacking Republican incumbents who face reelection next year and who voted with their party last week to block Senate debate on Iraq.

On the eve of the House's vote, Moveon.org Thursday hosted 1,300 meetings around the country where activists viewed an antiwar documentary and a video message from Rep. John P. Murtha (D-Pa.), an influential war critic.

During next week's recess, the group plans antiwar rallies at congressional offices of 180 Republicans and Democrats who are deemed insufficiently committed to ending the war.

"The message that keeps going out is: 'Stop the escalation; stop the war,' " said Matzzie.

Republicans are putting out a different message: that the nonbinding resolution denouncing Bush's troop buildup is a stalking horse for future efforts to roll back funding for the war.

Echoing comments by other GOP lawmakers throughout this week's House debate, Rep. Shelley Moore Capito (R-W.Va.) said, "My opposition lies not in what [the nonbinding] resolution says, but in what I fear it is intended to do — and that is to lay the foundation to begin cutting funding from our troops."

That line of attack is, in part, why many Democrats worry about the consequences of trying to block the troop increase by tying strings to the supplemental war appropriations bill Bush has requested. These Democrats warn that Republicans will accuse the party of undermining the military because it is difficult to isolate funding for the troop increase without affecting military personnel already deployed.

"It is a Gordian knot," said California Rep. Ellen O. Tauscher (D-Alamo), who supports the nonbinding resolution.

Murtha, chairman of the defense appropriations subcommittee that will deal with the war funding request, Thursday announced his plan for trying to thwart the troop buildup. He proposed that the bill include a proviso banning the deployment of units that do not meet strict standards of readiness in their equipment and training.

Murtha said that with the military stretched thin, that requirement would make it difficult, if not impossible, for Bush to proceed with the troop increase. He also proposed prohibiting military action against Iran without congressional approval.

Although Murtha's proposal falls short of cutting off funding for the war or setting a timeline for withdrawal, it is embraced by leading antiwar activists.

"We're going to make sure people understand we're supporting the troops and protecting the troops," said Murtha in an interview broadcast on the Web by antiwar group Win Without War. "On the other hand, we are going to stop this surge."

That did not stop Republicans from immediately attacking Murtha, saying his approach amounts to "a slow-bleed" plan to undercut the mission in Iraq.

Conversely, Murtha's measure does not go far enough to satisfy some antiwar Democrats. Rep. Lynn Woolsey (D-Petaluma), for example, said she would vote against the war funding bill even if the House accepted the conditions aimed at blocking the troop increase.

"People voted for Democrats [in November] because they want us to change the course in Iraq," Woolsey said.

Pelosi stopped short of fully embracing Murtha's plan, while endorsing its thrust of putting a premium on troop readiness.

"It remains to be seen where the committee will go," she said.

Democrats In State Capitols Push Antiwar Resolutions (NYT)

By Jennifer Steinhauer

The New York Times, February 16, 2007

LOS ANGELES, Feb. 15 — Frustrated by the inability of Democrats in Congress to pass a resolution opposing President Bush's policies in Iraq, state legislators across the country, led by Democrats and under pressure from liberal advocacy groups, are pushing forward with their own resolutions.

Resolutions have passed in chambers of three legislatures, in California, Iowa and Vermont. The Maryland General Assembly sent a letter to its Congressional delegation, signed by a majority of the State Senate and close to a majority of the House, urging opposition to the increase in troops in Iraq.

Letters or resolutions are being drafted in at least 19 other states. The goal is to embarrass Congress into passing its own resolution and to provide cover for Democrats and Republicans looking for concrete evidence back home that anti-Iraq resolutions enjoy popular support.

"The end of this war has to start sometime and somewhere," the president of the Iowa Senate, John P. Kibbie, a Democrat, said Thursday. "And stopping the expansion of these troops needs to happen now."

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The activity was spurred in a conference call last month that included state legislators; Senator Edward M. Kennedy, Democrat of Massachusetts; and advocacy groups like the Progressive States Network and MoveOn.org.

Mr. Kennedy said pressure by the states would push Washington to oppose the Iraq plans of the Bush administration. "Your voices, your calls, your e-mails and your resolutions have an impact on the debate," Mr. Kennedy said.

Many Republicans in state legislatures have remained silent on the resolutions, seeing no advantage in signing or voting for them. Others have called the actions essentially votes of no confidence in the troops on the ground.

"These resolutions are a colossal waste of time," said Kris Kobach, chairman of the Republican Party in Kansas, where a resolution was killed in committee. "Legislatures are spending valuable and limited time acting in an area where they have no authority. If all we are doing is sending messages, we should be concerned about the fact that soldiers are being told that their states are not behind them. I think that is particularly troubling."

Many resolutions use language from the Progressive States Network that apes language in a proposed resolution in Congress that says President Bush should obtain explicit Congressional approval before adding troops in Iraq.

Other resolutions go further, calling for a deadline for departure, immediate troop withdrawal or stopping the financing of the war. The votes have largely fallen along party lines — Democrats for and Republicans against — although there have been exceptions. In North Dakota, a Democrat and a Republican are sponsoring a resolution urging Congress and Mr. Bush to "disengage American combat forces in Iraq."

In a vote on Thursday in the Iowa Senate, Republicans insisted on a voice vote rather than a roll call on a resolution to condemn the increase in troops. The measure, which passed, is headed to the House, where its fate is uncertain.

The resolutions, much like the ones that Congress is considering, are nonbinding and have little effect beyond politics. But the states' debates function as an echo chamber for the debate over withdrawing troops from Iraq and help demonstrate growing concerns on the war.

"These resolutions have generated an incredible amount of local media," said Joel Barkin, executive director of the Progressive States Network, a liberal group that works to influence bills. "So they raise awareness that this is a local issue. But it is aimed at pressuring the Congress."

In California, Democrats and Republicans in the State Senate spoke passionately about a resolution that passed on Tuesday.

"As a people, we are getting fed up and want to express it and not be haunted by the effects of silence," said State Senator Carole Migden, Democrat of San Francisco, who sponsored the resolution. "We are trying to capture the mood of the people and offer some guidance as to how the largest state in the union is disposed in the matter."

State Senator Dennis Hollingsworth, Republican of Temecula, an opponent of the measure, said: "This resolution talks about not only opposing the troop increase but cutting off their funding. It lays bare the Democrats' true intentions. So they can stop the platitudes about supporting the troops but not supporting the mission. They want us to lose this war."

In states where Republicans control the legislatures, passage of such antiwar resolutions seems unlikely. Kansas lawmakers held a perfunctory hearing, only to have the committee chairman, Senator Pete Brungardt, Republican of Salina, say he would not schedule a vote.

"A number of people felt that was a rather public vote without an upside," Mr. Brungardt said. "There is not really a winning answer for them."

Bush Regains His Footing (WP)

By David S. Broder

The Washington Post, February 16, 2007

It may seem perverse to suggest that, at the very moment the House of Representatives is repudiating his policy in Iraq, President Bush is poised for a political comeback. But don't be astonished if that is the case.

Like President Bill Clinton after the Democrats lost control of Congress in 1994, Bush has gone through a period of wrenching adjustment to his reduced status. But just as Clinton did in the winter of 1995, Bush now shows signs of renewed energy and is regaining the initiative on several fronts.

More important, he is demonstrating political smarts that even his critics have to acknowledge.

His reaction to the planned House vote opposing the increase he ordered in U.S. troops deployed to Iraq illustrates the point.

When Bush faced reporters on Wednesday morning, he knew that virtually all those in the Democratic majority would be joined by a significant minority of Republicans in voting today to decry the "surge" strategy.

He did three things to diminish the impact of that impending defeat.

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First, he argued that the House was at odds with the Senate, which had within the past month unanimously confirmed Gen. David H. Petraeus as the new commander in Iraq -- the man Bush said was the author of the surge strategy and the man who could make it work. Bush has made Petraeus his blocking back in this debate -- replacing Vice President Cheney, whose credibility is much lower.

Second, he minimized the stakes in the House debate by endorsing the good motives of his critics, rejecting the notion that their actions would damage U.S. troops' morale or embolden the enemy -- all by way of saying that the House vote was no big deal.

And third, by contrasting today's vote on a nonbinding resolution with the pending vote on funding the war in Iraq, he shifted the battleground to a fight he is likely to win -- and put the Democrats on the defensive. Much of their own core constituency wants them to go beyond nonbinding resolutions and use the power of the purse to force Bush to reduce the American commitment in Iraq.

But congressional Democrats are leery of seeming to withhold resources from the 150,000 troops who will be fighting in that country once the surge is complete; that is why they blocked Republicans from offering resolutions of their own in the House or Senate pledging to keep financing the war. Democrats did not want an up-or-down vote on that question, but Bush has placed it squarely before them.

In other respects, too, Bush has been impressive in recent days.

He has been far more accessible -- and responsive -- to the media and public, holding any number of one-on-one interviews, both on and off the record, leading up to Wednesday's televised news conference. And he has been more candid in his responses than in the past.

While forcefully making his points, he has depersonalized the differences with his critics and opponents. He has not only vouched for the good intentions of congressional Democrats, he has visited them on their home ground, given them opportunities to question him face to face, and repeatedly outlined areas -- aside from Iraq -- where he says they could work together on legislation: immigration, energy, education, health care, the budget.

With the public eager for some bipartisan progress on all these fronts, Bush is signaling that he, at least, is ready to try.

At his news conference, he also stepped away from personal confrontation with the rulers in Iran, making it clear that he does not necessarily hold its political leadership responsible for shipping arms to the insurgent Shiites fighting in Iraq. He insisted the U.S. military would do whatever is necessary to halt the shipments and protect the troops, but he said repeatedly that these defensive measures are not a prelude to aggressive action against Iran.

All this is to the good. But Bush, unlike Clinton, is in the middle of a bloody civil war, which can be ended only by the Iraqis themselves. All he claims to be able to do is to provide some breathing space for them by attempting to reduce the violence. As he said, "What really matters is what happens on the ground. I can talk all day long, but what really matters to the American people is to see progress."

And whether the American people will see it, no one knows.

Reluctantly, The Senate's Weekend Warriors (WP)

By Dana Milbank

The Washington Post, February 16, 2007

Now this is war.

After four years of fighting in Iraq, and two weeks of trying to force senators to debate the conflict, Senate Majority Leader Harry Reid yesterday wheeled out the ultimate weapon.

He ordered his colleagues to work on Saturday.

To the average American, this would be an inconvenience. To a senator, a Saturday vote is a hardship reserved for national crises such as impeachment or Terri Schiavo. Votes have been held on Saturday only five times in the past 10 years.

"Time is of the essence," Reid told a rapt audience in the Senate television studio yesterday afternoon. "That's why the Senate will have another Iraq vote on Saturday."

The "vote on Saturday is a crucial vote not just for the moment or for the week, but for the history of America," added an overwrought Sen. Chuck Schumer (D-N.Y.). "We're calling their bluff. We're staying here. Now vote yes or no."

But in trying to force Republicans to debate Iraq, Reid caused untold pain and suffering for his Democratic colleagues, many of whom prefer to spend their weekends running for president. Hillary Clinton was supposed to be campaigning in New Hampshire on Saturday. Barack Obama had plans to be in South Carolina and Virginia. Joe Biden had an Iowa trip scheduled. Chris Dodd had events scheduled in South Carolina.

And then there was Republican John McCain, who had an Iowa engagement, and all those senators on both sides planning to leave on trips for the Presidents' Day recess.

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The Post's Shailagh Murray asked Reid whether he had considered the burden his Saturday plan was placing on his ambitious colleagues.

"I'm confident they will be -- most of them will be here," he hedged.

Moments after Reid's bombshell, one presidential candidate, Sam Brownback (R-Kan.), went to the Senate floor to voice his dissent. "I don't think that is a fair or appropriate process for this body to follow," he said. Particularly because he had plans to attend the National Religious Broadcasters convention in Florida on Saturday.

The prospective loss of his Saturday caused great distress to the Senate minority leader, Mitch McConnell (Ky.). He scheduled a news conference for 4 p.m., then moved it to 4:15, then 4:45, then back to 4:30, and finally arrived at 4:40. There, he was asked how his colleagues felt about surrendering their Saturday. "You'll have to ask all of them," he said tightly.

"We could have had a civilized, well-structured debate," McConnell lamented, "but that appears to be not possible at the moment."

It's not entirely clear why Senate Republicans were so determined to avoid a debate. If it goes anything like the three-day House debate this week, the world will little note nor long remember what they say.

House members spent much of their debate exchanging playground-style taunts. Each side tried to tar the other with supporting a "stay the course" plan -- a phrase that, not long ago, was seen as an expression of resolve.

"After months of campaigning against 'stay the course,' the Democrats are proposing just that," said Patrick McHenry (R-N.C.). Countered Earl Blumenauer (D-Ore.): "Stay the course? My Lord, that is not remotely what we are talking about here."

"The bottom line of this resolution tells the president to stay the course," insisted Pete Hoekstra (R-Mich.). Offered Steve Cohen (D-Tenn.): "The Republicans have come in here today and said that we need to in essence stay the course."

When they weren't bickering about the "stay the course" label, lawmakers fought about whose policy qualified as a "plan" for Iraq.

"If you have an alternative plan, introduce it," Jack Kingston (R-Ga.) challenged.

"What is the plan, Mr. President?" asked Carolyn Cheeks Kilpatrick (D-Mich.).

"I have presented this Congress with a 12-point plan," said Dennis Kucinich (D-Ohio).

Fortunately, Ric Keller (R-Fla.) was on hand to restore gravity to the debate. He spoke about lawn care as a metaphor for Iraq:

"Imagine your next-door neighbor refuses to mow his lawn and the weeds are all the way up to his waist. You decide you are going to mow his lawn for him every single week. The neighbor never says thank you, he hates you, and sometimes he takes out a gun and shoots at you. Under these circumstances, do you keep mowing his lawn forever?"

Hearing such soaring rhetoric from the other chamber only made Senate Democrats more determined to have their own debate. "We demand an up-or-down vote on the resolution that the House is debating," Reid declared. He went to the Senate floor and announced that the vote will begin at 1:45 pm on Saturday. "There's really no time that meets everyone's expectations," he observed.

It appeared Democrats were serious. Then, just before 5 p.m., came official confirmation: an e-mail titled "Revised Hillary Clinton New Hampshire Schedule." The candidate's "Conversation with Granite Staters," which was to have been held at 2:30 Saturday in the Dover High School cafeteria, had been scrapped.

Democratic Leader Gambles That Weekend Detention Could End Senate's Squabbling On Iraq (NYT)

By Jeff Zeleny And Robin Toner

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — As the House prepared to pass a symbolic resolution denouncing President Bush's war policy, Senate Democratic leaders on Thursday abruptly scheduled a weekend debate on Iraq in an effort to break a stalemate and avoid impressions that partisan bickering was weighing down deliberations over the war.

A steady line of Republicans and Democrats made their way to the House floor for a third straight day of debating Mr. Bush's troop buildup plan before the matter comes to a vote Friday. The Senate, stung by its own failure so far to act, spent much of Thursday locked in a debate about debating until Senator Harry Reid, the majority leader, called the rare Saturday session.

"We demand an up-or-down vote on the resolution the House is debating as we speak," said Mr. Reid, a Nevada Democrat. "We're determined to give our troops and the American people the debate they deserve."

But when they convene Saturday afternoon, senators will not debate the Iraq resolution itself. Instead, they will be taking up a procedural vote required under Senate rules to move forward to the actual debate.

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Democratic leaders were hoping that 10 days of mounting public pressure would lure enough Republicans in the Senate to their side to attain the 60 votes necessary to move to the Iraq resolution. A procedural vote on a similar resolution last week fell 11 votes short, but since then several Republicans who voted to block consideration of that resolution have taken the floor to express dismay that the Senate was, in effect, sidelined in the debate.

Senate Republican leaders on Thursday forcefully rejected suggestions that they were blocking an Iraq debate. By the end of the day, they trooped into a news conference to declare that they were "disappointed" that they were not allowed a vote on a resolution of their choosing. Scrambling for the moral and political high ground, the Republicans asserted that it was the Democrats — not they — who were freezing the debate.

Throughout the week, as the House debated the Iraq war from morning to night, many senators came to the floor to complain that the upper chamber of Congress was "in real danger of becoming irrelevant," as Senator Arlen Specter, Republican of Pennsylvania, put it Thursday.

"I don't think we ought to be dominant over the House of Representatives," he said. "But I think we ought to be at least equal. What we have here is close to anarchy. We've been debating the debate all week."

In the Senate, Mr. Reid's announcement essentially called the bluff of Republicans who were increasingly unhappy with the stalemate and had threatened to vote against a motion to adjourn for the Presidents' Day recess. After a closed caucus with his fellow Democrats, Mr. Reid announced his decision for a Saturday vote.

Many Americans, of course, often have to work weekends. But the threat of a Saturday roll-call vote — attendance is taken, absences are noted — sent alarms across the Senate, particularly among those who hastily rearranged their presidential campaign schedules.

At least two Democratic senators, Barbara Boxer of California and Patty Murray of Washington, were already on planes for the West Coast, but aides said they intended to return to Washington for the Saturday vote.

"We hope everyone will be here," Mr. Reid said. "It's an important vote."

Republican leaders have asked to vote on a resolution of support for the troops and the full financing of the war effort. They have accused some Democrats of pursuing a strategy to cut war financing gradually — "a slow bleed," Senator Trent Lott of Mississippi, the Republican whip, put it, "a terminology that horrifies me."

Allowing a vote on war financing, Republicans said, would show that Democrats are just as divided.

In an interview on Thursday, Speaker Nancy Pelosi said that the Democrats were unified in their pledge to protect the troops already deployed in Iraq. She added that the House intended to provide the money and resources the troops needed to survive and perform their jobs.

"That's so stale," she said of the recurring Republican argument that Democrats would cut troop financing. "I think the American people have spoken on that point."

Ms. Pelosi said the House resolution, which is expected to pass with bipartisan support, represented the first Congressional message of disapproval over the war.

"I don't know that the president can completely ignore us," she said. "We are the voices of the American people. They were clear in the election that they wanted a new direction, no place more clear than in Iraq."

After the symbolic Iraq resolutions, a fight over the war's financing is coming into view. The president has asked Congress to approve $100 billion for wars in Afghanistan and Iraq, a request Democrats have vowed to examine carefully.

Also Thursday, Senator Joseph R. Biden, a Delaware Democrat who leads the Foreign Relations Committee, said he would work to repeal the 2002 war authorization vote in an effort to close down the war.

Representative John P. Murtha, a Pennsylvania Democrat who leads a defense appropriations subcommittee, said Congress could block at least part of the new deployments to Iraq by requiring troops to meet a series of conditions and training guidelines. There could also be a requirement that troops spend a year between tours of duty in Iraq.

Senate Vote Upsets '08 Hopefuls' Plans (WT)

By Christina Bellantoni

The Washington Times, February 16, 2007

The Senate's informal caucus of presidential hopefuls faces its first test in balancing their jobs with their White House ambitions tomorrow: Senate Majority Leader Harry Reid has scheduled a key vote on the Iraq war.

The Nevada Democrat yesterday said he did not take members' 2008 aspirations -- or planned weekend visits to Iowa and New Hampshire -- into consideration for his procedural move to debate President Bush's plan to send more troops to Iraq.

"We hope everyone will be here," Mr. Reid told reporters. "It's an important vote."

At least six senators are considering or actively pursuing presidential bids, and most had trips planned to early primary or caucus states in anticipation of Congress' first weeklong recess this year.

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The news sent the 2008 hopefuls scrambling to rearrange schedules or, in one case, to insist their candidate potentially missing the vote was a non-story.

Sen. Joseph R. Biden Jr., Delaware Democrat, was the first to say he would scrap plans for an Iowa visit to make sure he participated in the 1:45 p.m. Iraq vote.

Sen. Hillary Rodham Clinton, New York Democrat, has a much-publicized visit to a high school in Dover, N.H., from 9:30 a.m. to noon tomorrow.

She already had to cancel one visit to the Granite State because of a death in the family, but staffers said she will keep the Dover event, fly back for the vote and attempt to keep another scheduled campaign stop in Portsmouth, N.H.

As for Sen. Barack Obama, Illinois Democrat with plans to travel to South Carolina, the schedule was a work in progress.

"We're still trying to find that out," one Obama staffer said when asked if the senator would still hold a 10 a.m. town-hall meeting in Orangeburg, S.C., tomorrow.

He is slated to deliver the keynote address at Virginia's annual Jefferson-Jackson Dinner in Richmond tomorrow night. But he will head to Las Vegas, Los Angeles and Austin, Texas, early next week, plans that Mr. Reid's scheduling could pressure him to change.

Sen. Sam Brownback, Kansas Republican, will stay for the vote. He was scheduled to attend an all-day convention of the National Religious Broadcasters, but he will try to do both.

There was no indication Sen. John McCain, Arizona Republican, would reschedule his morning town-hall forum in Des Moines, Iowa.

Sen. Christopher J. Dodd, Connecticut Democrat, had a full slate of events planned in South Carolina, starting with a breakfast in Columbia and ending with a happy hour in Myrtle Beach.

His staff did not have an answer last night.

Democratic leaders were unapologetic, though Mr. Reid did say he had tried to be accommodating.

"This is an unfortunate fact of life that they're going to have to deal with in the weeks and months to come," said Reid spokesman Jim Manley.

Mr. Reid, clearly irritated, yesterday further threatened to keep members in town for Iraq debate next week, refusing to speculate on which days or how long the chamber would be in session.

It is not his own Democratic senators who are making him angry. Mr. Reid, instead, is pushing back against Republicans who last week blocked debate on a different Iraq resolution.

Republicans who oppose the president's plan still voted with their party to stop debate on that measure because they wanted to consider amendments and other versions of Iraq resolutions. This week, the same Republicans had threatened to resist the recess adjournment if they could not vote on Mr. Bush's troop-surge plan.

Democratic leaders said yesterday they were "calling the bluff" of Republicans who wanted to stay in town.

Mr. Reid said he wanted to force an "up or down" vote on the House's nonbinding resolution that states lawmakers support the troops but oppose the president's plan.

Aides conceded privately it will be difficult for Democrats to get the 60 votes needed to pass the procedural vote, but Mr. Reid said if cloture passes, he would proceed immediately to debating war policy.

Sen. John Kerry, Massachusetts Democrat, in 2004 faced scrutiny for missing dozens of votes during his presidential campaign.

However, some 2008 staffers privately said yesterday the importance of the procedural "cloture" vote compared with overall Iraq policy was debatable.

Sen. Charles E. Schumer, New York Democrat, argued the vote is more than a political maneuver.

"That's why the cloture vote on Saturday is a crucial vote, not just for the moment, or for the week, but for the history of America because it will say where do you stand. ... Are you for the escalation or are you not?"

Plenty of other members weren't planning to be in Washington tomorrow at the beginning of a recess, and a three-day weekend to boot.

Sen. Joe Lieberman of Connecticut has skipped previous Saturday votes and political events because he observes the Jewish Sabbath. Aides for the independent, who caucuses with the Democrats, did not respond to inquiries as to whether he would vote tomorrow.

Mr. Lieberman is one of the few members of the Democratic Caucus who supports Mr. Bush's Iraq plan.

Biden Vows To Narrow Bush's Iraq Mandate (AP)

By Barry Schweid

AP, February 16, 2007

Current rank: # 2,015 of 15,674 articles WASHINGTON - Democratic presidential candidate Joe Biden said Thursday he would move to repeal the authority Congress gave President Bush in 2002 to send U.S. troops into Iraq and replace it with a narrower mandate.

The chairman of the Senate Foreign Relations Committee said the legislation was based on the idea that Iraq had weapons of mass destruction and was designed to oust Iraqi leader Saddam Hussein.

"The WMDs were not there," Biden said in prepared remarks at the Brookings Institution, a private research group. "Saddam Hussein is no longer there. The 2002 authorization is no longer relevant to the situation in Iraq."

The Delaware senator, who voted in 2002 to authorize military intervention in Iraq, said he was working to repeal the authorization and to replace it with "a much narrower mission statement for our troops in Iraq."

Congress should make clear the mission is to draw down U.S. forces in Iraq while continuing to combat terrorists, train Iraqis and respond to emergencies, he said.

"We should make equally clear what their mission is not: to stay in Iraq indefinitely and get mired in a savage civil war," Biden said.

Biden long has criticized Bush's strategy in Iraq. It is not clear whether he would be able to draw enough congressional support to succeed in his effort which also would face a Bush veto.

He renewed his proposed roadmap for a political settlement in Iraq, one that gives its warring factions a way to share power peacefully "and offers us a chance to leave with our interests intact."

"Federalism is Iraq's best possible future," Biden said. "But unless we help make federalism work for all Iraqis, the violence will not stop."

Auditors: Billions Squandered In Iraq (AP)

By Hope Yen

AP, February 16, 2007

About $10 billion has been squandered by the U.S. government on Iraq reconstruction aid because of contractor overcharges and unsupported expenses, and federal investigators warned Thursday that significantly more taxpayer money is at risk.

The three top auditors overseeing work in Iraq told a House committee their review of $57 billion in Iraq contracts found that Defense and State department officials condoned or allowed repeated work delays, bloated expenses and payments for shoddy work or work never done.

More than one in six dollars charged by U.S. contractors were questionable or unsupported, nearly triple the amount of waste the Government Accountability Office estimated last fall.

"There is no accountability," said David M. Walker, who heads the auditing arm of Congress. "Organizations charged with overseeing contracts are not held accountable. Contractors are not held accountable. The individuals responsible are not held accountable."

"People should be rewarded when they do a good job. But when things don't go right, there have to be consequences," he said.

Also testifying Thursday were Stuart Bowen, the special inspector general for Iraq reconstruction, and William H. Reed, director of the Defense Contract Audit Agency.

The appearance before the House Oversight and Government Reform Committee came as Congress prepares for a showdown with President Bush next month over his budget request of nearly $100 billion for the wars in Iraq and Afghanistan.

So far, the Bush administration has spent more than $350 billion on the Iraq war and reconstruction effort.

The Army, which handles most of the Iraq contracting, said Thursday it had not reviewed the latest contract figures.

"The U.S. Army, along with the Departments of Defense and State, continue to help thousands of Iraqis daily with reconstruction projects to provide them with better lives," said spokeswoman Mary Ann Hodges. "We look forward to examining its findings and applying some of its recommendations in the future."

Senate Democrats said recently cited cases of waste were "outrageous rip-offs of the American taxpayer" and introduced legislation Thursday to stiffen punishment for war profiteers and cut down on cronyism in contracting.

According to their testimony, the investigators:

_Found overpricing and waste in Iraq contracts amounting to $4.9 billion since the Defense Contract Audit Agency began its work in 2003. Some of that money has been recovered. An additional $5.1 billion in expenses were charged without proper documentation.

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_Pointed to growing Iraqi sectarian violence as a significant factor behind bloated U.S. contracting bills. Iraqi officials, they said, must begin to take primary responsibility for reconstruction efforts. That is an uncertain goal, given the widespread corruption in Iraq and the local government's inability to fund projects.

_Urged the Pentagon to reconsider its growing reliance on outside contractors in wars and reconstruction efforts. Layers of subcontractors, poor documentation and lack of strong contract management are rampant and promote waste even after the GAO first warned of problems 15 years ago.

Walker complained that GAO investigators have difficulty getting basic detail about reconstruction contracts such as expenses and subcontractors involved because many Pentagon divisions fail to consistently track or fully report them.

"It's absolutely essential if Congress wants to make an informed decision on authorizations and appropriations that we get this information," he said. "We're talking about billions of dollars and thousands of American lives at stake."

Rep. Henry Waxman, D-Calif., the committee chairman, has pledged scores of investigations of fraud, waste and abuse — with subpoenas if necessary — on the administration's watch.

Of the $10 billion in overpriced contracts or undocumented costs, more than $2.7 billion were charged by Halliburton Co., the oil-field services company once headed by Vice President Dick Cheney.

Noting that auditors still have $300 billion of Iraq spending to review, Waxman said the total amount of waste, fraud and abuse "could be astronomical."

"It's no wonder that taxpayers all across our country are fed up and demanding that we bring real oversight to the 'anything goes' world of Iraq reconstruction," he said.

Rep. Tom Davis, R-Va., the top Republican on the panel, pointed to ongoing, "systemic" problems in Iraq contracting. "This much is clear: Poor security, an arcane, ill-suited management structure, and frequent management changes have produced a succession of troubled acquisitions," Davis said.

Contract Probe Raises More Questions (WSJ)

By Scot J. Paltrow

The Wall Street Journal, February 16, 2007

WASHINGTON -- A congressional investigation into waste in Iraq reconstruction work by U.S. contractors threatens to mushroom into a wider inquiry into Pentagon contracting practices in general.

Under questioning by the House Oversight and Government Reform Committee, Defense Contract Audit Agency chief William Reed confirmed that unsupported and questionable costs found in Iraq reconstruction contracting total more than $10 billion -- nearly three times the previous public estimate.

David Walker, head of the Government Accountability office, Congress's audit agency, said lax contracting practices in Iraq are merely "the tip of the iceberg." They are symptomatic of loose Defense Department contracting practices over all, he said, and he urged the committee and Congress in general to conduct a broad investigation into the way the Pentagon awards and oversees contracts.

Mr. Walker said, "There is no accountability. Organizations charged with overseeing contracts are not held accountable. Contractors are not held accountable."

Under Chairman Henry Waxman (D., Calif.) the committee is holding a series of hearings into contracting abuses in Iraq. Staffers confirmed that Mr. Waxman and other committee Democrats likely will take a much wider look at defense contracting after the Iraq hearings conclude.

Mr. Walker cited multiple problems with Pentagon contracting practices. He attributed these to a lack of control by senior leaders, a shortage of personnel to oversee contractor performance, poorly defined requirements for contractors, and "poor business arrangements," he said.

Said Shay Assad, director of the Defense Procurement and Acquisition Policy Office, said, "GAO has made a number of recommendations to improve the Department of Defense's management and use of contracts." Mr. Shay said, "In general we have agreed with these recommendations, and we have been, and are continuing, to work on implementing improvements to address them."

· The Situation: A House panel is holding a series of hearings examining waste in Iraq reconstruction contracts.

· What's at Stake: The Defense Contract Audit Agency chief says unsupported and questionable costs found in such contracts totals more than $10 billion -- nearly three times the previous public estimate.

· What's Next: The congressional investigation could lead to a much broader look into how the Pentagon awards and oversees contracts.

In recent years increasing amounts of military work have been let out to private contractors, and the percentage of no-bid contracts -- those awarded with no competition -- has risen. Until now, Congress hasn't focused in depth on the problem, while

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many members of Congress have been criticized for awarding "earmarks" that funneled defense contracts to particular favored companies.

Mr. Reed said during the House panel hearing that the Defense Department had disallowed and withheld from contractors working in Iraq only 25% to 37% of the amounts his agency had identified as improper or questionable. The defense audit agency has no power to order compliance with its audits, and the final decisions are made by the individual military services or other officials.

A report by the committee's staffers said the estimate of $10 billion in possibly illegitimate contracting costs in Iraq likely is low. Mr. Reed confirmed that while his agency had audited $57 billion in Iraq contracts, it doesn't know the total amount spent on contracts there. The staff report estimates at least $75 billion spent on contracts in Iraq.

During the hearing, Dyncorp International Inc., a large government contractor, was one of several firms singled out for criticism. An audit report last month by the Special Inspector General for Iraq, Stuart Bowen, raised questions about work Dyncorp did and was paid for that the government hadn't requested, particularly on a new police training camp in Baghdad.

During the hearing, members of the committee raised questions about a luxury swimming pool and hundreds of trailers that were built for the camp but ended up unused. Mr. Bowen told the committee he is launching an in-depth audit of Dyncorp's work in Iraq.

A Dyncorp spokesman said all of the work had been specifically authorized by U.S. officials of the Coalition Provisional Authority that ran Iraq until a new Iraqi government took over: "Everything that we've done, we did in good faith, and everything we've done was authorized by the U.S. government."

Leader Of Al-Qaeda In Iraq Injured In Clash, Official Says (WP)

By Ernesto Londoño

The Washington Post, February 16, 2007

BAGHDAD, Feb. 15 -- The leader of the Sunni insurgent group al-Qaeda in Iraq, who is known by the alias Abu Ayyub al-Masri, was injured in a clash with Iraqi police Thursday night, a spokesman for the Iraqi Interior Ministry said.

One of Masri's deputies, Abu Abdullah al-Mujamie, was killed in the gunfight, which occurred about 11 p.m. near Samarra, ministry spokesman Abdul Kareem al-Kinani said.

U.S. officials have said Masri took over the leadership of the insurgent group following the death of Abu Musab al-Zarqawi, who was killed by U.S. forces in a June 2006 airstrike. In December, Iraqi officials said security forces had killed another aide to Masri, whom officials describe as a longtime associate of Osama bin Laden's deputy, Ayman al-Zawahiri.

A senior al-Qaeda in Iraq leader, Abu Amar al-Dulaimi, confirmed the death of Mujamie, whom he described as Masri's "personal escort," but questioned whether Masri was even in the area. "We don't know if [Masri] was with him or not, or if he was wounded or not," Dulaimi said Thursday night in a phone interview.

Kinani, the ministry spokesman, said Iraqi forces conducted the operation "without U.S. intervention," but Dulaimi said people in the area reported seeing helicopters and fighter planes roaming the sky afterward, a possible indication of a U.S. role in the clash.

Also Thursday, Iraqi President Jalal Talabani said anti-American Shiite cleric Moqtada al-Sadr has ordered his top deputies to leave Iraq in order to ease the implementation of the Baghdad security plan, which U.S. and Iraqi forces began to roll out this week.

Sadr, the leader of the powerful Mahdi Army militia, recently went to Iran, according to U.S. officials.

During a news conference Thursday night, Talabani said Sadr told government officials that he was "eager for the stability of the state and the success of the security plan. He gave the government the green light to detain any outlaws."

In Washington on Thursday, Defense Secretary Robert M. Gates said he believed that Sadr's followers were concerned about the new operation to secure Baghdad and suggested that Sadr and his militia would "go to ground" over the coming months. "And the question is, during that space . . . can we and the Iraqis provide enough security so that economic development, improvements in governance, political reconciliation can all begin to make real progress in Iraq?" Gates said.

Gates said it was "an assumption" that Sadr has gone to Iran. "I haven't seen any factual proof of it at this point, but that's what people -- that's what I hear people think," Gates said.

In recent days, some of Sadr's aides in Iraq have denied that Sadr has left the country.

The security plan includes an increase in U.S. and Iraqi troops, a crackdown on civilians carrying weapons and increased security measures at the Iranian and Syrian borders. U.S. and Iraqi forces this week have been cordoning off sections of the city to root out insurgents and seize weapons. Several of the areas targeted recently are Sunni insurgent strongholds.

Also Thursday, the leader of one of Iraq's most revered Shiite mosques suspended Friday prayers to protest a raid conducted Wednesday.

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U.S. military officials said in a statement that Iraqi forces raided the Barantha Mosque in north-central Baghdad because they suspected it was "used as a place to conduct sectarian violence against Iraqi civilians as well as a safe haven and weapons storage area for illegal militia groups." The officials said they confiscated three heavy machine guns and 80 assault rifles.

The mosque's imam, Jalal al-Din al-Saghir, a Shiite cleric and member of parliament who belongs to the Supreme Council for the Islamic Revolution in Iraq, decried the raid during a telephone interview Thursday night. He said it was conducted solely by U.S. forces.

"They insulted the mosque and they did not inform the Iraqi government of the operation," he said. "We had an agreement with the government. They should tell us before doing such a thing."

Meanwhile, violence continued in Baghdad, where additional checkpoints have been set up recently and a nighttime curfew was extended by one hour.

A car bomb in Sadr City and other explosions killed at least seven people on Thursday, a police spokesman said.

The heavily fortified Green Zone was struck by rocket or mortar fire early Thursday, injuring two people, including an American citizen, said Lou Fintor, the U.S. Embassy spokesman. Fintor also said an Iraqi employee of the embassy was killed Wednesday in central Baghdad in what he described as a "random and senseless" act of violence.

Also Thursday, the U.S. military disclosed in a statement the death of an American soldier killed Wednesday in Anbar province in western Iraq while "conducting combat operations."

Al-Qaeda In Iraq's Leader Reportedly Hurt In Clash (USAT)

USA Today, February 16, 2007

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BAGHDAD — The leader of al-Qaeda in Iraq was wounded and an aide was killed in a clash Thursday with Iraqi forces, an Interior Ministry official said.

Brig. Gen Abdul-Karim Khalaf, a ministry spokesman, declined to say how Iraqi forces knew that the al-Qaeda leader, Abu Ayyub al-Masri, had been wounded in the clash north of Baghdad. There was no report on the matter from U.S. authorities, and the deputy interior minister, Maj. Gen. Hussein Ali Kamal, said he had no information that such a clash had occurred.

Khalaf said the skirmish happened near Balad, a major U.S. base about 50 miles north of the capital.

Khalaf identified the al-Masri aide killed in the fight as Abu Abdullah al-Majemaai.

Al-Masri took charge of al-Qaeda in Iraq after its charismatic leader, Abu Musab al-Zarqawi, was killed in June in a U.S. airstrike in Diyala province, northeast of Baghdad.

Meanwhile Thursday, U.S. and Iraqi forces pushed deeper into Sunni militant strongholds in Baghdad as part of a wide-ranging security sweep of the capital.

U.S. and Iraqi soldiers set up dozens of roadway checkpoints around the city and conducted top-to-bottom searches of vehicles as part of their new campaign to disarm militias and pacify the capital.

Low-flying fighter jets thundered over the capital. A spokesman for the U.S. military in Baghdad, Maj. Steven Lamb, said 17 suspects were arrested and three weapons caches seized.

Waiting in a snarl of traffic at one blockade, Mohammed al-Jubouri said people are willing to put up with the trouble as long as the security sweep shows some results. A wave of bombings has killed hundreds of civilians since the beginning of the year.

"We are fed up," al-Jubouri said. "We want only the security and stabilization."

In Baghdad's Dora neighborhood, long a stronghold of Sunni militants, two parked cars wired with explosives blew up as a joint U.S.-Iraqi patrol rolled past. The convoy was unharmed, but the blast killed at least four civilians and injured 15 others.

Two other car bombings came as security forces moved through the city. Those attacks killed at least three civilians.

A leader of the main Sunni bloc in parliament, Adnan al-Dulaimi, complained that the U.S.-led sweeps are attacking mostly Sunni areas. "It should concentrate on those who are perpetrating the violence and terrorist acts in all districts," he said — a possible reference to the Shiite militias and their stronghold of Sadr City.

In other developments:

·In southern Iraq, British and Iraqi security forces closed two crossings on the Iranian border at Sheeb and Shalamcha and expanded coastal patrols to monitor maritime traffic into southern Iraq.

·Authorities also set up checkpoints ringing Basra, Iraq's second-largest city and the commercial hub of the Shiite-dominated south. The British military said the operation would last for 72 hours.

·Iraqi President Jalal Talabani said in a statement that he believes that radical Shiite cleric Moqtada al-Sadr has ordered leaders of his Mahdi Army militia to leave Iraq.

There continued to be conflicting reports about al-Sadr's whereabouts. On Tuesday, a spokesman for al-Sadr disputed the U.S. military's claim that he was in Iran.

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Baghdad Crackdown Underway (LAT)

By Borzou Daragahi

The Los Angeles Times, February 16, 2007

BAGHDAD — It was just after lunch Thursday when the "surge" arrived at Haidar Karam's doorstep.

Out of nowhere, about 50 U.S. troops appeared and circled his northeast Baghdad neighborhood. Half a dozen Humvees arrived 15 minutes later. Snipers took up positions on rooftops. Troops stopped vehicles from moving.

They were the leading edge of a Baghdad security plan called Operation Law and Order, part of what the Bush administration has dubbed a "surge" in U.S. troops in Iraq.

After weeks of delay, the promised crackdown and troop increase were boldly evident Thursday during an hours-long tour of neighborhoods throughout the war-weary capital of 6 million people, where sectarian fighting kills an average of 100 residents a day.

A U.S. officer approached Karam, handing the government clerk a piece of paper with a phone number and an e-mail address to contact authorities if there was any trouble in his Shiite-dominated Shaab neighborhood.

He told Karam through an interpreter that American and Iraqi forces were going to secure the neighborhood. They were going to install a one-megawatt power generator.

"I told him, 'I find that difficult to believe,' " Karam said. "Our government always lies to us."

At that, the U.S. officer laughed, Karam said.

"We will prove it to you!" he said the American told him.

U.S. and Iraqi forces conducted raids, searched abandoned buildings and patrolled neighborhoods as part of the security plan, which officially began Tuesday evening.

At least 3,000 additional U.S. troops and about 2,000 Iraqi counterparts have arrived so far.

Despite the crackdown, authorities discovered the bodies of at least 20 men shot dead and dumped in west Baghdad. Dozens were killed or found slain around the country.

Troops to stick around

Under the security plan, units of U.S. and Iraqi forces will attempt to clear neighborhoods of unauthorized weapons and insurgents. They will stay rather than returning to base, in an attempt to halt spiraling sectarian warfare between Shiite Muslim and Sunni Arab gunmen, lure residents back to their homes and rebuild the economy.

"We are establishing a stronger presence throughout the city," said U.S. Army Maj. Steven F. Lamb, a spokesman for American forces in Baghdad. "We're going to have a 24-hour presence, which is going to stem the sectarian violence. All available troops that we can have on the street are on the streets."

On Thursday, U.S. forces often found themselves back at the small bases they used in the early months after the 2003 invasion. The facilities were abandoned as U.S. commanders under the direction of Army Gen. George W. Casey Jr. decided to lower the American profile in neighborhoods and hand security over to Iraqi forces.

Since then, a once-vibrant Baghdad has become a forbidding maze of concrete walls and concertina wire roamed by mysterious gunmen, where petrified residents rush to their homes before dark.

The Dora district in south Baghdad was among the first neighborhoods targeted by the security plan. With Humvees and armored vehicles protected by aircraft, U.S. troops swept in Wednesday, setting off stun grenades before storming houses in search of insurgents.

By Thursday morning, explosions were shaking the district and security forces at newly established checkpoints had begun searching cars.

"Just four days ago, gunmen never stopped attacking checkpoints and firing at the Iraqi army," said journalist Ghesan Jabouri, a Dora resident. "Now that's all over."

Still, two car bombs killed at least four Iraqis and injured 20 in Dora, and by midafternoon the district's bullet-scarred main streets testified to the enormous challenges facing U.S. and Iraqi forces. Many of the closed shops were painted with an encircled X, a warning by insurgents not to reopen. Jittery Iraqi soldiers at a checkpoint stood guard, waving past the smattering of drivers braving the streets.

In nearby Sadiya, a violent Sunni neighborhood, U.S. troops stood near the kitchen of a home and watched Iraqi counterparts search the modest single-story house for weapons.

"What, grandma?" an Iraqi soldier joked to the family's matriarch, a woman in her 70s. "Don't you have any rocket-propelled grenades or roadside bombs?"

"No, son," she replied, laughing. "What would we do with such cursed things?"

The soldiers seized a handgun but let her family keep an AK-47.

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Numerous checkpoints staffed by Iraqi soldiers and police directed the sparse traffic.

"We are very motivated," said a burly young Iraqi army lieutenant standing guard on the outskirts of the Yarmouk district downtown. "This security plan is a significant turn of events."

Streams of unmarked white SUVs filled with masked security officers pointing assault rifles at motorists passed by. Blue-and-white police pickups with makeshift plates of armor slapped to the sides kicked up dust and exhaust as they sped past motorists.

The heavy police and army presence, as well as the advance publicity, may have scared off many of the gunmen. Few shops were open, and traffic was scant along the once-glittery 14th Ramadan Street in the Mansour district of west Baghdad, the site of frequent battles over checkpoints between insurgents and security forces.

Insurgents expected back

U.S. and Iraqi officials think the initial shock of the plan will wear off and the insurgents will be back.

"That's a common issue that you have to deal with in any combat environment," Lamb said. "They're going to evaluate what we're doing and adjust to it, just as we have to evaluate what they're doing and adjust to it."

Iraqi troops, often criticized for lax responses, appeared to move more aggressively. Their Humvees were arrayed along the main road through the Kadhimiya district. Two truckloads of soldiers wound their way along a narrow street in the Adhamiya neighborhood. A soldier wearing a purple bandana grinned as he manned a .50-caliber machine gun and gestured for vehicles to stop.

The situation was similar in neighborhoods of every sect and economic class.

Security forces also sealed off Sadr City, the Shiite district that is the power base of the Al Mahdi militia. Even so, a car bomb there killed three people and injured 25.

U.S. officials say that unlike previous efforts, the security crackdown has the support of Iraqi Prime Minister Nouri Maliki's government, which had blocked American efforts to target certain individuals and neighborhoods.

Raids in the last two days targeted the Baratha mosque, the base of a powerful Shiite politician, the Hillah offices of a local leader of Maliki's Dawa Party, and an office of radical cleric Muqtada Sadr's movement in Hillah.

In the southern city of Basra, officials launched a simultaneous security crackdown and sealed the nearby borders with Iran, Kuwait and Saudi Arabia. One British soldier was killed and another injured during attacks on checkpoints west of Basra.

A U.S. Marine died in western Iraq on Wednesday, where 4,000 of the 21,500 additional U.S. troops being added for the security plan will be deployed by May.

U.S. officials, including President Bush, have urged patience in measuring results of the crackdown.

Six weeks ago, U.S. forces converted nine abandoned homes into a small military base in the once-leafy west Baghdad neighborhood of Ghazaliya.

"The first two weeks after the base was completed were really calm," said the owner of an electrical shop in the neighborhood who asked not to be identified.

But Sunni and Shiite gangs soon resumed attacking each other, he said. Shiites burned down a cherished library adjacent to a Sunni mosque. Sunnis responded with a killing spree.

"U.S. troops never did anything," the resident said. "I do not know what will happen, or whether this plan to secure Baghdad will succeed…. It seems like someone is always trying to make sure it doesn't."

Dispute Over Iraqi Cleric, Said To Have Gone To Iran (NYT)

By Damien Cave

The New York Times, February 16, 2007

BAGHDAD, Feb. 15 — Questions and accusations continued to swirl about the whereabouts of the militant Shiite cleric Moktada al-Sadr on Thursday, and American and Iraqi forces deepened their security push in Baghdad.

An Interior Ministry official said that the Iraqi police had wounded Abu Ayyub al-Masri, the leader of the terrorist group Al Qaeda in Mesopotamia, and killed his top aide in a gun battle near Balad, in Diyala Province. But there were no further details, including whether Mr. Masri had been captured or how it was known he had been wounded, and the United States military declined to comment on the report.

Two Shiite leaders stepped forward on Thursday to confirm American reports this week that Mr. Sadr had gone to Iran.

But the two, a senior official in Mr. Sadr's organization who spoke on condition of anonymity, and Sami al-Askari, a Parliament member from a different Shiite party, took exception with suggestions that he had fled because of a crackdown on militias and had permanently moved to Iran. They said that the cleric often visited the country and that it was unclear why he had left or when he would come back; the Sadr official said he could return to Iraq on Friday.

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In a sign of how volatile the topic has become, several of the cleric's aides continued their vehement denials that he had left at all, and accused the Americans of a propaganda campaign to paint him as a coward. "This is an American lie that aims to get information about the whereabouts of Sadr in any way possible," said Abdul Razzaq al-Nadawi, a top Sadr aide, in an interview on Al Arabiya. "Through this they can accomplish two things: the first is that either Sadr shows up on TV and announces that he is here, and in this case they can make sure that he is in Najaf, Iraq. If he doesn't show up they will also have achieved something, by depicting Sadr as a coward who fled to Iran fearing for his life."

For his part, Mr. Askari said he did not understand why either the Americans or Mr. Sadr's group were making such a fuss. The cleric has frequently traveled to Iran, he said, and rarely appears in public even when he is in Iraq. "I don't know why the Sadrists are denying that Moktada al-Sadr has left," he said. "Maybe because of the provocative statements by the Americans."

The American military has not divulged its motivation for highlighting Mr. Sadr's purported absence. Senior White House officials said that they believed that Mr. Sadr left several weeks ago and that it was unclear what led him to go. If he actually did leave, it is now unclear whether he could come back: the Iraqi government said Thursday that it had closed its borders with Syria and Iran as part of the new security plan.

Prime Minister Nuri Kamal al-Maliki, a Shiite who owes much of his political rise to early support from Mr. Sadr, has struggled under recent pressure to show progress in reining in the militias. United States officials insist that the Mahdi Army and other Shiite militias have been taking a bigger role in attacking American troops, sometimes with help from Iranian materials and expertise. Meanwhile, Sadr loyalists portray themselves as nationalists, legitimate partners of the Shiite-led government, and the only capable defenders of Shiite families from attack by Sunni Arab groups.

The report on Thursday about the wounding of the Qaeda leader in Iraq came after the official, Maj. Gen. Hussein Ali Kamal, the deputy interior minister, had canceled a scheduled news conference. In making the announcement, General Kamal said he had no further information.

Mr. Masri was identified as the new leader of Al Qaeda in Mesopotamia last summer, after the terrorist leader Abu Musab al-Zarqawi was killed in June. Mr. Masri, an Egyptian who said he was a founding member of the group, has been the subject of speculation before. On Oct. 5, news reports suggested that he had been killed. A month later, an audio recording surfaced with a voice attributed to Mr. Masri taunting President Bush.

In Baghdad, the top Iraqi and American commanders for the city — Lt. Gen. Abud Qanbar and Maj. Gen. Joseph F. Fil Jr. — visited a market area in eastern Baghdad recently hit by several car bombs.

In the southern Sunni area of Dora, gunshots and mortar fire rang out all morning as American troops set up tanks on corners and surrounded parts of the neighborhood, residents said. In the northeastern Shiite districts of Shaab, Ur and Bayda, American troops with Iraqi policemen continued to search homes for weapons. About 300 Iraqi security forces worked in the area with 2,500 American troops, said Col. Steve Townsend, the commander of the Third Stryker Brigade Combat Team.

For the second day of their sweep, American troops found almost no resistance, instead mostly encountering compliant residents and children begging for attention. In the afternoon, some troops decided to cruise through nearby Sadr City. From the hatch of a 19-ton Stryker armored vehicle, the district appeared far less friendly than the three nearby neighborhoods had. There were lots of antagonistic hand gestures, hard stares and grimaces from young men.

About an hour later, near a restaurant in Sadr City, six people were killed when a minibus exploded outside a popular restaurant. With American troops on the neighborhood's edges and Iraqi forces inside, witnesses said that the heightened security presence helped evacuate bombing victims more quickly.

Salaam Sabri, 35, a microbus driver who ran to the scene after hearing the explosion, said that police cars and army vehicles were hauling bodies to the hospital while policemen and soldiers searched cars and pedestrians for signs of who might be responsible for the attack.

"It wasn't like before," he said. "They surrounded the area and they checked all the cars and all the people walking by."

Two car bombs exploded in Dora just after 1 p.m., killing four Iraqi civilians not far from where American tanks gathered on corners. Twenty bodies were found in Baghdad on Thursday, an Interior Ministry official said. At least one was headless, according to a hospital official.

A sniper killed an Iraqi Army soldier in the Sunni area of Adhamiya, an Interior Ministry official said. An Iraqi police commando was also killed by gunfire in the Amil neighborhood, another Sunni area.

In another Sunni district, the Jamaa neighborhood of western Baghdad, a car packed with explosives blew up near an Iraqi patrol, wounding two soldiers. The United States military said in a statement that a marine was killed Wednesday during combat in Anbar Province.

A missile or mortar round hit a building just across the Tigris River from the Green Zone, wounding two people, including an American Embassy contractor, said Louis J. Fintor, an embassy spokesman.

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Iraq Troop Boost Erodes Readiness, General Says (WP)

By Ann Scott Tyson

The Washington Post, February 16, 2007

Outgoing Army Chief of Staff Gen. Peter J. Schoomaker said yesterday that the increase of 17,500 Army combat troops in Iraq represents only the "tip of the iceberg" and will potentially require thousands of additional support troops and trainers, as well as equipment -- further eroding the Army's readiness to respond to other world contingencies.

Although final decisions on deployments have not been made, Schoomaker said, U.S. commanders in Iraq have requested an additional 2,500 soldiers to serve as embedded trainers for Iraqi forces, and 5,000 to 6,000 additional soldiers could be needed to provide logistical and other support to the five Army combat brigades flowing into Baghdad.

"We are having to go to some extraordinary measures to ensure we can respond," he said, but he added that even then he could not guarantee the combat units would receive all the translators, civil affairs soldiers and other support troops they request. "We are continuing today to get requests for forces that continue to stress us."

Schoomaker, in one of his last congressional testimonies as Army chief, also made it clear that he had raised concerns in advance about President Bush's plan to increase troops in Iraq because it would further deplete Army units at home.

"We laid out . . . exactly what the risks are in terms of other contingencies . . . to include my concerns about the lack of adequate dwell time," he said, referring to the fact that active-duty soldiers now spend only about a year at home between 12-month war zone rotations.

Schoomaker noted that Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, was "obligated to present any dissenting opinions and he did that, as did we," in discussions on the troop increase with Defense Secretary Robert M. Gates and the president. Still, Schoomaker added that "our mission now is to support the commander in chief."

Virtually all of the U.S.-based Army combat brigades are rated as unready to deploy, Army officials say, and to meet the immediate needs in Iraq and Afghanistan they are finding it necessary to transfer personnel and gear to those units now first in line to deploy.

"I am not satisfied with the readiness of our non-deployed forces," Schoomaker told the Senate Armed Services Committee, noting that the increased demands in Iraq and Afghanistan "aggravate that" and increase his concern. "We are in a dangerous period," said Schoomaker, adding that he recently met with his Chinese counterpart, who made it clear that China is scrutinizing U.S. capabilities.

The Marine Corps commandant, Gen. James T. Conway, said in the same hearing that his chief concern is that Marines are not training for other types of conflicts beyond the insurgencies in Iraq and Afghanistan -- such as conventional ground wars. "My largest concern has to do with training," he said. "We're not doing amphibious training, we're not doing mountain training," as well as some large-scale exercises, he said.

About 40 percent of Army and Marine Corps equipment is now in Iraq or Afghanistan or undergoing repair or maintenance. To outfit the additional forces for Iraq and Afghanistan, the Army is drawing gear from prepositioned stocks of armored Humvees, tanks and other major equipment that would not then be available for another conflict, Conway said.

Schoomaker stressed the ongoing need for funding to repair, replace and upgrade Army equipment, criticizing funding shortfalls in 2005 and 2006 that forced layoffs and slowdowns in production at Army repair depots.

Even if the United States were to carry out a significant troop reduction in Iraq, Schoomaker said he would advise going ahead with the Army's plan for a permanent increase of 65,000 active-duty soldiers by 2013. "The Army's too small for the century we're in," he said.

House Call (WSJ)

By Martin Peretz

The Wall Street Journal, February 16, 2007

Our political imagination of evil is impoverished, and nowhere is it more impoverished than in Iraq. Even today, when the blood of innocents flows so richly and regularly, we do not seem to grasp its origins, or its power. That is, we do not seem to grasp the centrality, and the perdurability, of culture. And in this regard, the president and his party, as well as the Democratic Party, are equally blinded by their respective orthodoxies.

When the administration took us into Iraq, it was in transports of universalism, as all democratizers must be. All that it wished to know is that people, all people, people everywhere, yearn for liberty and for a fair state. This was not the traditional Republican view of these matters, and it took some courage for George W. Bush to buck the cynical and cynically elitist view of his father and James Baker that arrangements can always be made with dictators, and satisfactory arrangements at that. It was actually refreshing to hear this Four Freedoms trace of Franklin Roosevelt from the smug Grand Old Party, although we had

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already heard it once before from its slightly dopey but truth-seeing president, Ronald Reagan. All men and women want to be free, Mr. Bush said, and Iraqis too.

The problem is that this belief, which is probably true, is not all we need to know. Whatever people want, they want in their particularity. General aspirations are always locally inflected, sometimes to the vanishing point. The people we set out to liberate were not just human beings, they were also Arabs, and Muslims; and more particularly, they were Shia Muslims and Sunni Muslims, and Kurdish Muslims as well. We did not invade only an enslaved country, we invaded also an ethnos, a religion, a culture -- none of which have been historically (and frankly philosophically) receptive to the great blessing that we wished to confer. The president's belief in the omnipotence of the American military -- that it can outsmart and outfight militias that butcher indiscriminately -- only confirmed him in his sense that the persistence of cultural and sectarian hatreds would be no problem, that a 1,300-year-old fact of culture and religion could be effectively overcome by a new doctrine of counterinsurgency.

The Democratic opposition went through a similar process, but in the reverse. It is true that liberals are keenly aware of difference, and lovingly celebrate difference. That is what multiculturalism is about, and moving towards open borders too. But they do not like to see the virulence of diversity -- the historical persistence of the enmity of one element of the crazy quilt for the other, even one seemingly quite akin to the other. The liberal appreciation of the hateful dimensions of tribal and clannish identity generally extended no further than the blood rituals of "The Sopranos." Now they are so much wiser, and sagely lecture everyone within earshot about the permanent hatreds between Sunni and Shia, although their House chairman of intelligence oversight had not the foggiest notion of who was in discord and what the discord was about. In any case, they counsel smugness, since none of these inter- and intra-sectarian hostilities will ever come to our shores.

Where, then, are we in the war? No one knows exactly what to do about it. Everybody knows that we are in trouble. Even those of us who are skeptical about the ideological inclinations of many Democrats cannot but dignify the national anxiety that they represent. The House is now debating a nonbinding resolution supporting our troops already in Iraq and disapproving the dispatch of 20,000 more. The debate is, strategically speaking, pointless: The new troops are already on their way. The Senate will figure out how to make its own sense of the politically fraught perplexity. Now, both houses of Congress are perfectly entitled to debate anything of this magnitude. Indeed, they have a responsibility to do so. A war should not shut down free opinion, or -- worse yet -- informed opinion. So the attempt of the House minority leader, John Boehner, to scare them away from a serious debate with demagogic references to the American Revolution is unseemly. This is a weighty war, very weighty. The absence of a serious debate about its ends and its means would rightly earn the national legislature the contempt of all Americans.

But the formula that the House Democratic leadership has fixed on is a charade. It allows each of the 435 representatives five minutes at the podium, enough for them to posture for local television but not so much that anybody can say anything serious, let alone deep or even brave. And the resolution's text itself is rather cowardly. For, since it purports to be a declaration of support for American soldiers actually fighting in Iraq -- whatever "support" actually means -- why does it criticize the only help that can possibly enable the military in the war: more soldiers and more weapons? And, if the Democrats do not want the war to be continued, then they should bring forth legislation either cutting funds or setting a date for withdrawal, in the manner of George McGovern. There is no rationale for troops in terrible danger to be held hostage to the political expediency of nervous Democrats, who are not prepared to do what they really mean to do and to say what they really mean to say.

Only one resolution is being debated on the House floor, and no amendments will be permitted. Not quite a debate, is it? One sees in Nancy Pelosi's iron-fisted eagerness to get everyone into line a measure of her years in the wilderness. She will have her way. And the political hothouse is even more torrid in the Senate. There, after all, sit the candidates for president. One would think that, given the threat to her nomination posed by Barack Obama, Hillary Clinton would be more flexible in her views on the war. Her insistence on not saying that she had made a "mistake" in voting for the 2003 deployment of troops to Iraq puts her out of the center of gravity of her party. Mr. Obama has set the tone and the pace for the Democrats, and he has the advantage of having been clearly antiwar from the beginning. I suspect that almost all Democrat aspirants will end up imitating him. Why won't Mrs. Clinton capitulate to Democratic orthodoxy that the war was always a "mistake"? Out of pride, of course: Hillary Clinton doesn't make mistakes. Only other people do, and especially George Bush.

Senate Democrats are also making sure that no real debate will be held in that body. But, in a certain material sense, the Senate has already approved the administration's enhanced strategy in the war by confirming Gen. David Petraeus's appointment as the U.S. commander in Iraq. Whose strategy do the Democrats imagine our soldiers will be following? If they didn't want this strategy and they didn't want to continue the war, they should have turned him down. That would have been a real message, and a true one.

But the Democrats want it both ways. One of the tropes of many Democratic critics of the war is that, in going to war in Iraq, we squandered our near-victory in Afghanistan. The defeat of the Taliban was actually exhilarating, what with women out in the streets with normal clothes they wanted to wear and children even playing musical instruments. But the enthusiasm of the Democrat Party for Afghanistan is rooted in the fact that Afghanistan is not a strategic asset for the West. It is only a moral

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triumph. The Democrats prefer to look away from the colder long-term calculations of American and Western interests in the Middle East. We need more than moral triumphs there. We need strategic triumphs. If Iraq turns out not to be the latter sort of triumph, it will be remembered as one of the most momentous blunders in our history.

I think the odds against us are huge. One reason is that Iraq is neither a state that coheres nor a society that coheres. Its civil society, if that is what it is, is not quite a civilized society. The carnage between Shia and Sunni, and the carnage among other religious and ethnic communions, since the end of Ottoman rule have left deep and bloodied breaches in Iraq. If these cannot be repaired, it will be a huge defeat for George Bush -- and, whatever many liberals think of it, for liberalism as well.

Mr. Peretz is editor in chief of The New Republic.

Out Of Stricken Baghdad, Into Uncertainty (CSM)

By Ilene R. Prusher

The Christian Science Monitor, February 16, 2007

AMMAN, JORDAN

A mortar tumbled out of the sky and onto the Baghdad elementary school. Two of their three children were inside. The girls escaped, panicked but unharmed. Parents Mayada and Ali Hussein al-Obeidy decided enough was enough. They were getting out of Iraq.

That was six months ago. Since fleeing Adamiyah, a once middle-class area turned nightmare-zone even by Baghdad standards, the Obeidy family has taken shelter in Amman, Jordan. They spend days waiting. Like most Iraqis here, they aren't allowed to work and haven't been able to renew their temporary residency permits that expired months ago.

But they consider themselves fortunate: At least the children are safe and in school. The Jordanian government has said this is the last year it will allow Iraqis to send their children to class. With anywhere from 700,000 to 1 million Iraqi refugees pushing Jordan's already-stretched public services to bursting, the Iraqi presence in Jordan has become – in the words last month of the chief government spokesman – "a burden."

On the wall of their apartment are snapshots of the Obeidy's relatives, some living halfway around the world in Texas. There, the Obeidys have a slew of relatives. Mayada's older brother and mother, both citizens of the US, live in El Paso. They have been trying for several years – and recently, with great intensity – to get her and another brother in Amman to join the rest of the family in America.

They haven't been successful and they are not alone. Only 202 Iraqis were permitted to take refuge in the US in 2006. Since the US-led invasion, 466 Iraqis have been allowed entry to the US as refugees, according to figures given by the State Department at a Senate hearing last month. The numbers are particularly stark in comparison with the scope of a burgeoning refugee problem.

The UN High Commissioner for Refugees estimates that there are some 2 million Iraqi refugees, most in the region, with the numbers in Jordan rivaled only by those in Syria. Add to that number another 1.8 million Iraqis who are internally displaced. During the first half of 2006, the UN says, Iraqis became the largest asylum-seeking nationality in Europe.

US policymakers are gradually waking up to the reality of the scale of the refugee crisis caused by the war, and the likelihood that the numbers of people seeking a haven will increase. Under growing international pressure to do more, this week Secretary of State Condoleezza Rice announced a task force to enable more refugees to come to the US. The Bush administration this week said it would allow about 7,000 Iraqis into the US this year.

But to the Obeidys, change feels far off. Despite having immediate family members in the US keen to sponsor them, they've made no progress on their two-year attempt to come to America. Mayada's brother, Mustafa Ali, reached at his home in El Paso, said that he was told by the Immigration and Naturalization Service (INS) that the process could take five to eight years.

"For some reason, no one wants Iraqis in their countries," says Mr. Ali. "We've been suffering long enough. We were hoping we'd get a better life. The INS should process the Iraqi applications more quickly, because their situation is different from any other country. [The US] could make a special effort and arrangement, couldn't they?"

Adjusting to life in limbo

It's getting close to noon on a recent chilly February day at the residency office in Amman, a place through which any foreigner seeking permission to stay in Jordan must pass. Mayada and Ali Hussein are leaving after a long morning in which they, along with hundreds of other Iraqis, sought help in extending their residency permits. Hundreds of thousands (numbers are difficult to pinpoint) are now in Jordan illegally, fearing expulsion.

"The residency office isn't giving us an answer. Not 'yes' and not 'no,' " says Mayada. She looks down at the notepad of the reporter who has come to speak to her and, seeing that her name was misheard as "May," she begins to well up with tears. May was the name of her sister, who was killed when Baghdad was under bombardment by the US military four years ago next month.

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Her husband's face locks up, he looks away. So many people have it worse than they do, he says. They are the fortunate ones. They're out. They and the throngs of Iraqi couples walking up and down the hill, looking for solutions.

Jordanians imagine them to be rich. Some are comfortable, but more typical are people like the Obeidys, who were both longtime schoolteachers. She taught primary school, he taught math. He's supposed to be getting an Iraqi pension now. He can't work here, and their money is quickly disappearing.

"If they see you working illegally, they'll throw you out," Ali Hussein says. "We just want to assure our survival. I'm ready to pay to stay here, if they would let us."

"We're spending our savings and we don't know how long it will last," he says. "We don't blame the Jordanians – they don't have so much money. But why doesn't the world help the Jordanians so we can survive?"

When they arrived, Mayada went to the UNHCR and registered as a refugee. However, unless she can prove they are specifically targeted for violence, it's unlikely they'll meet the current standards for asylum here or in most Western countries.

She displays the card, which has yet to be of much use to the family, and shrugs. "Does America not know how terrible things are for us?" She asks the question with a quiet calm, as if genuinely unsure of whether people in the US are aware of the scale of the carnage in Iraq. "Why are we allowed to come only to Jordan and Syria? Our situation is just getting worse. If we go back, we will be killed."

In Baghdad they knew several other middle-class families whose children had been kidnapped. They were sure it would happen to them sooner or later.

Before leaving, they invited a poor family who'd been living in a slum to come and stay in their home. Few would pay rent for a home in Adamiyah. And if the Obeidys left the place empty, it would be sure to be taken over by squatters or militant groups.

So began the dynamics of becoming a reluctant refugee: handing over the keys to your house in the hope that one day, they'll be returned in peace. You make a choice: your belongings or your very being. When you leave this way, you really never know when you are coming home again.

The Iraq effect in Jordan

It's afternoon in Jebel Hussein, a busy part of Amman that is so heavily populated with Iraqis that Baghdad-accented Arabic dominates the streets.

Jordanians complain that the influx of Iraqis has driven up real estate prices and the cost of living in general, making it harder to find affordable apartments. At the other end of this resentment, Amman society is buzzing with chatter about the crime rate going up due to the Iraqi refugee population. In the Iraqis' defense, one Jordanian analyst pointed to the fact that Iraqis here are economically trapped: They can spend but they can't earn. Many are getting desperate, and in such circumstances, it wouldn't be surprising for them move into the black market or find other ways to survive.

All of that is to say nothing of the fear that the Sunni-Shiite conflict could spill over into Jordan.

Newspapers reported that Shiites here might want to build a Shiite mosque, drawing ire from several Islamic leaders in Jordan, which has always been an almost exclusively Sunni nation.

The Obeidys, who are Sunnis, dislike even talking about the sectarian divide, which they prefer to leave behind. Before 2003 and today, they say, they've always simply been Muslims.

At home, Mayada and Ali Hussein are in a much smaller apartment than the home they had in Baghdad. They spend a lot of time watching TV and then calling people back home to make sure they are OK.

"You hear the news and we know we have friends and family there," says Mayada. "It's in your head all the time. It's not like you take everyone you know out with you. Things are shaky. We're not sure of anything now. Mortars fell yesterday right on the area we lived in."

Five days earlier, a mortar landed on a school just like the one their daughters went to, killing five girls.

The children are confused, unsure of where they'll be attending school next year. The adjustment was rough at first. Other children made fun of their Iraqi accents, but soon enough, they caught to the new dialect. Jordan is a hospitable country. Still, Jordan is not home.

And where is that? The children can't decide. They sit, quiet, and well-behaved, watching "The Biggest Loser," a US reality show about obese Americans competing to lose weight.

What should the family do now? Each child has a different answer.

"Stay here," says Nur, 9.

"Go back to Iraq," answers Mustafa, her fraternal twin brother.

"To America," declares Shams, 13 and slender, and stares back at the TV.

My War Away From War (NYT)

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By Ayub Nuri

The New York Times, February 16, 2007

I WILL always remember last Aug. 13 as one of the best days of my life. On that day, after 47 days of waiting, and just four days before classes were to begin at Columbia, where I had received a scholarship, I was granted an American visa. Not only would I be able to fulfill my dream of studying in the United States, but I would also find some peace.

I am an Iraqi, and although I love my country, I needed to get out. I thought the 13-hour flight and the oceans would distance me from the tragic reality of the war. But on my first day in New York, I realized that I had not left the war. Rather, it had followed me here, and I had to fight it every day.

Every time I talked to someone at a party, in a taxi or at the store, the same chain of questions would follow after I said I was from Iraq. Some people gaped. Others sat silent for a second, then shook my hand differently. “Wow, so interesting,” they would say. “So what do you think of the whole situation? What went wrong over there?” Finally, the inevitable: “Do you think we should pull out?”

At school happy hours, while everyone was socializing and enjoying their drinks, I found myself having to explain the insurgency, the sectarian violence and what I thought would happen if American troops withdrew from Iraq. That was the question that troubled me most.

To me, it sounded like a question that only the defense secretary should be contemplating. Did people here feel entitled to ask it because they had voted for this government, and they therefore felt responsible for their government’s policies? I decided to think this was the reason, and it consoled me.

Soon, there was another question that began to trouble me. It mostly came from Arabs or other Muslims I encountered. “Who is behind these killings?” they would ask.

“It is difficult to point to a specific group,” I would tell them. “But most of the killings are perpetrated by Iraqis themselves, Shiites and Sunnis. I have witnessed it with my own eyes.”

But they were never satisfied with my answers. Most of them blamed America for everything. I agree that the American army is part of the problem, but Iraqi militias are now responsible for most of the killings.

Explaining the complexity of the situation in Iraq to everyone I met made me tired, and after a while I did not enjoy meeting people anymore. I stopped going to happy hour. I wished I could have a conversation about a different subject — American history or the American electoral system — but it rarely happened.

I realize now that there simply is no way for me to escape the bitterness of this war. It has become part of my life. One night, after a dinner party with some classmates, I turned on my computer to read my e-mail messages. The first message I opened was from Iraq. It carried the news of the death of a dear friend of mine. He was killed by a car bomb in Baghdad. I cried most of the night. A few days later I erased his e-mail address from my address book.

A month later, my phone rang very early in the morning. The voice on the other end told me that another close friend — a reporter in Ramadi — was killed while covering a story in Baghdad. I mourned alone in my apartment.

I slept very well my first two nights in New York and had no dreams, but I think it was because of the jetlag. The rest of my nights have been full of dreams and nightmares.

In one dream I am stuck in Falluja and I can’t get out. I am on the ledge of a high wall that separates the American soldiers from insurgents. They both see me and are ready to shoot.

In another dream I am kidnapped by the Iraqi Army and thrown into a dungeon with a foreign reporter. In yet another, I go to Baghdad and find the streets empty. There are only roofless houses and ruined walls.

When I wake up, I remember that I am in New York City, and I feel at peace. But that little escape from the nightmare of the war does not last long. At some point during the day I will have to give another war lecture. No matter how I perceive the war, no matter how many more friends I lose, no matter who is killing whom, as long as there is a war, I have to live with its nightmares and fight them thousands of miles away.

Ayub Nuri, a former reporter for the Institute for War and Peace Reporting, is a student at Columbia’s Graduate School of Journalism.

Marines Honor 100 Who Sacrificed Their Lives (LAT)

By Tony Perry

The Los Angeles Times, February 16, 2007

CAMP PENDLETON — In a ceremony filled with tears and expressions of pride, 100 members of the Regimental Combat Team 5 killed during the recent deployment in Iraq were remembered Thursday as among "the finest young men our nation has ever produced."

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Col. Larry Nicholson, the regiment's commanding officer, said the 100 were part of the "newest greatest generation" who answered their nation's call after the Sept. 11 terrorist attacks.

"The fact is that Iraq is a better and safer place because of the services and sacrifices made by the Marines, sailors and soldiers" of the 5th regiment, Nicholson told the hundreds of Marines and dozens of family members assembled for the memorial.

It was a day when the sprawling base was filled with Iraq-related activity: In one area, combat Marines were being trained for deployment; in another, 300 Marines returned from Iraq to a joyous greeting from family members; and, in a courtroom, a sentencing hearing was underway for Lance Cpl. Robert Pennington, who confessed to conspiracy and kidnapping in the death of an unarmed Iraqi man.

The memorial service was held on a parade ground near the headquarters of the regiment, known as the "fighting fifth," the most heavily decorated regiment in the Marine Corps. The 5th was the first unit across the Line of Departure into Iraq when the assault on Baghdad began nearly four years ago; for its latest deployment, it was assigned to Al Anbar Province, the heart of the Sunni insurgency.

Breaking with a Marine tradition that says Marines from the "old corps" were the toughest ever, Nicholson said that Marines of the past "are no match for the caliber of the Marines of today." As their commander, each death was a "numbing" experience, said Nicholson, who was himself severely wounded in a previous deployment to Iraq.

Each of the names was read solemnly, to the accompaniment of a tolling bell. For each name a Marine marched toward a row of inverted rifles and placed a dog tag on them. There were 13 inverted M-16s, each representing a battalion or company that made up the regiment.

The reading of the names took nearly 20 minutes. Among the dead were 91 Marines, 7 soldiers and 2 Navy corpsmen. The most common rank was a Marine lance corporal.

Family members, some of whom had traveled across the country for the ceremony, listened and wept and, when the ceremony was over, talked of their grief but also their pride in their family member's military service.

"I feel our family is broken," said Madeline Buerstetta, mother of Lance Cpl. Richard Allen Buerstetta, 20, killed Oct. 23. "We're missing a part, and the hurt won't stop."

With tears streaming down her cheeks, Buerstetta explained how her son, a reservist, was killed in a roadside bomb explosion that ripped apart his Humvee, also killing another Marine and injuring a third.

"He died doing something he loved," she said. "He was a Marine's Marine."

Buerstetta's father, Paul, a healthcare consultant in Tennessee, said he has trouble coping with the fact that "many people don't seem to realize there is a war going on, that young men are dying for them. Every day is hard."

Some of the 100 were on their second or third tours in Iraq. Others were on their first.

"He was only there 18 days and he was blown up," said K'Ann Hines of Ventura, mother of Lance Cpl. Joshua Hines, 26, killed Oct. 25 by a roadside bomb while on foot patrol.

Hines is survived by his parents, his wife and their son, Rylie, born just eight weeks before Hines was killed. "People should remember my son's smile," his mother said. "He'd do anything for anyone. He even put his life down for his buddies."

During the ceremony, regimental Sgt. Major Melvin Roundtree quoted from John 15:12-13: "This is my commandment: Love one another as I have loved you. There is no greater love than this: To lay down one's life for one's friends."

Lance Cpl. Lucas Bell, 22, still recuperating from a gunshot that shattered his femur, came to show respect for Marines from his unit, a reserve group from the Midwest. He was evacuated after being wounded Dec. 7 and remains on crutches.

"For me, it was the first time I was able to mourn for my brothers," said Bell, his eyes red-rimmed. "It was good to get it off my chest. It was beautiful."

Madeline Buerstetta said she prays daily for the Marines still in Iraq.

"They're men, but to me they'll always be boys, my boys," she said as her husband tried to comfort her.

A Higher Calling Than Duty (LAT)

By Teresa Watanabe

The Los Angeles Times, February 16, 2007

"WHY I joined: The question has been asked of me so many times in so many different contexts that I thought it would be best if I wrote my reasons for joining the Army on my page for all to see."

Oct. 29, 2006. On the night before he deployed to Iraq, Army 2nd Lt. Mark Jennings Daily sat down at his laptop in his Texas apartment and began tapping out an essay for his MySpace Web page. Daily, a 23-year-old Irvine native who considered himself a liberal humanist, had decided to join the fight despite initial doubts about the war.

Before shipping out, he wanted to explain why.

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The decision had befuddled some. After all, Daily was a UCLA political science graduate with a wide circle of friends and dreams of becoming a senator, or a history professor, or a foreign correspondent. Why join the Army?

His essay would turn out to be a last testament to one soldier's courage and convictions.

And that essay, in recent weeks, has ricocheted throughout the Internet, taking on a life of its own. It was read on the U.S. Senate floor and posted on the websites of columnists and talk show hosts. It has prompted hundreds of letters from strangers. Daily's words, his astonished parents say, seemed to resonate with all kinds of folks, stirring a common altruistic impulse.

He wrote it in just 20 minutes, his parents say, as he chatted with his family in his packed-up El Paso apartment near Ft. Bliss, Texas, where he was assigned to the 2nd Squadron, 7th Cavalry Regiment, 4th Brigade Combat Team, 1st Cavalry Division.

"First, the more accurate question is why I volunteered to go to Iraq. After all, I joined the Army a week after we declared war on Saddam's government with the intention of going…. "

Daily's parents, John and Linda Daily of Irvine, didn't particularly want to see their eldest son ship out to Iraq. They would never tell him that directly. They respected their children too much to try to interfere.

"If not me, then who?" Linda Daily remembers her son asking, his earnest eyes leaving her with no good answer.

So the Dailys did what they believed parents should do: They embraced their son, affirmed his decision and sent him off, shielding as best they could their fears and doubts. His wife of just three months, Janet, did the same.

"Anyone who knew me before I joined knows that I am quite aware and at times sympathetic to the arguments against the war in Iraq. If you think the only way a person could bring themselves to volunteer for this war is through sheer desperation or blind obedience then consider me the exception."

Mark Daily, born on the Fourth of July, grew up in Irvine's Woodbridge Village, on a street of spacious homes and well-manicured lawns. His father, John, is an aerospace project manager; his mother, Linda, an audiologist.

His family says he became a registered Democrat who read voraciously and delighted in fervent debate. He read liberal intellectual Noam Chomsky, conservative Sen. John McCain of Arizona and everything in between.

His first passions were animal rights and environmental protection, prompting him to become a vegetarian and Green Party member in high school for a few years. He defended American Indian rights so loudly in one backyard debate that Linda Daily imagined the neighbors would think it a family brawl. His heroes were immigrants because "they risk their lives to achieve better ones," he wrote on his MySpace page.

Fascism and anti-Semitism particularly troubled him. If you really want to understand me, he wrote on MySpace, watch "Schindler's List."

He sought out neo-Nazis for online debates. In a string of e-mails, Daily invited one young man who featured swastikas on his MySpace page to explain his sentiments. After a wide-ranging discussion over German history, the Holocaust, African DNA, North Korean fascism and democratic values, Daily turned the Nazi lover around. "I think most certainly a lot, if not all of my beliefs have changed," the young man wrote. Daily, he said, was right. "Nothing was ever created with a system of hate."

After the 9/11 attacks, Daily was not convinced that a military response was the best option. In his MySpace essay, he runs through the gamut of reasons he used at one time or another to argue against confronting the Taliban and Saddam Hussein: cultural tolerance, the sanctity of national sovereignty, a suspicion of America's intentions. Weren't we really after their oil? he wondered.

Somewhere along the way, he changed his mind. His family says there was no epiphany. Writings by author and columnist Christopher Hitchens on the moral case for war deeply influenced him. A 2003 phone conversation with a UCLA ROTC officer on the ideals of commitment and service impressed him.

Ultimately, his family says, Daily came to believe that his lifelong altruistic impulses and passions for the underdog had to extend to Iraqis crushed under decades of oppression. It was time to stop simply talking about human rights and actually do something to help secure them.

And he decided that joining the Army was the best way to do that.

One thing is certain, as disagreeable or as confusing as my decision to enter the fray may be, consider what peace vigils against genocide have accomplished lately. Consider that there are 19-year-old soldiers from the Midwest who have never touched a college campus or a protest who have done more to uphold the universal legitimacy of representative government and individual rights by placing themselves between Iraqi voting lines and homicidal religious fanatics. Oftentimes it is less about how clean your actions are and more about how pure your intentions are.

Daily had read historian Stephen Ambrose's writings on World War II and the generation of soldiers who fought for freedom from the forces of fascism. If not Iraq, Daily thought, he wanted to help save those being slaughtered in Sudan.

In the fall of 2003, he entered the UCLA ROTC program. The UCLA military science faculty selected Daily as cadet of the year for 2005. He was named a Distinguished Military Graduate, an honor given to 20% of cadets nationwide.

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Lt. Col. Shawn Buck, who headed the UCLA military science department at the time, said Daily was a deep thinker and natural leader who persuaded many cadets to stick with the program. "Once he made the decision to join, he jumped in with both feet and gave it everything he had," Buck said.

In a 2005 videotape of his officers' commissioning ceremony, Daily told the crowd that the U.S. Army is one of the few militaries in the world that teach not only tactics but also ethics. "I genuinely believe the United States Army is a force of good in this world," he said.

He was not blind to military transgressions and fumed to his father that the abuse of Iraqi prisoners by U.S. soldiers at Abu Ghraib was a failure of leadership. But that was exactly why he needed to get over there, he said. He was going to make sure that his men upheld Army values of integrity and honor.

So that is why I joined. In the time it took you to read this explanation, innocent people your age have suffered under the crushing misery of tyranny.

Don't forget that human beings have a responsibility to one another and that Americans have a responsibility to the oppressed. Assisting a formerly oppressed population in converting their torn society into a plural, democratic one is dangerous and difficult business, especially when being attacked and sabotaged from literally every direction.

So if you have anything to say to me at the end of this reading, let it at least include "Good Luck."

Daily touched down in Iraq on Nov. 19 and was sent to the northern city of Mosul. In calls and e-mails home, he began asking for presents for his new Iraqi friends: cigars for the soldiers, candy and soccer balls for the children. He vividly described his adventures with them: a Thanksgiving Day game of musical chairs, a rooftop cigar session; his first Kurdish meal, his first local haircut.

In one video he sent, Iraqi soldiers surround him with grins, crowning him with a turban as a gesture of friendship.

In typical fashion, he sought out new points of view. In one discussion, he wrote that he asked a Kurdish man whether the insurgents could be viewed as freedom fighters. The man cut him off. "The difference between insurgents and American soldiers," Daily said the man told him, "is that they get paid to take life — to murder — and you get paid to save lives."

"That Kurdish man's assessment of our presence means more to me than all of the naysayers and makeshift humanists that monopolize our interpretation of this war," Daily wrote in a Dec. 31 e-mail.

He was equally expansive with his troops. His wife, Janet, says he was constantly asking for tea bags so he could invite his soldiers to his room for tea and talk. They asked him for advice about careers, finances and family problems, discussed politics and philosophy. His troops jokingly posted a sign on his door: "Mark's Tea Hour."

In January, Daily was transferred from a support operation to a security one. He told his family that if he should die, he would never regret a thing.

In an e-mail to his brother, Eric, Daily wrote: "I know it is hard for you knowing that I am over here in danger, but never forget that I came here on behalf of the countless brothers who were torn apart by the savage exploits of this region's tyrants."

On Jan. 14, the family received another e-mail:

"All is well. More war stories then I can fit in this e-mail. Having the time of my life!"

It was his last e-mail.

The next day, Jan. 15, Daily was killed when a roadside bomb detonated beneath his vehicle in Mosul. Three of his comrades died with him.

But his words have become a living appeal for his most treasured Army value — selfless service — as it rips through the Internet and reaches unimagined audiences.

U.S. Sen. John Cornyn (R-Texas) recently read part of the essay on the Senate floor. It has been posted on the websites of syndicated columnist Michelle Malkin and Los Angeles radio talk show hosts Larry Elder and Hugh Hewitt. It has traveled overseas to places as far-flung as Bulgaria, where it is being translated for publication in the local newspapers.

His family has received official letters of condolence from President Bush, Gov. Arnold Schwarzenegger, California First Lady Maria Shriver, senators, congressmen, judges. Most touching to them are the hundreds and hundreds of heartfelt notes from ordinary folk, most of them strangers, who read Daily's essay and wanted to share how it inspired them to serve others.

One woman said she had begun volunteering in a children's cancer hospital. Others have donated to Make-A-Wish-Foundation and other charities in Daily's name. Trees have been planted, scholarships planned.

So many people reached out that the family scrapped plans for a 175-person memorial service and moved it to Mariners Church in Irvine instead. More than 1,600 people attended the Jan. 27 service.

The response has filled the Dailys with a strange mix of grief and pain, mingled with gratitude and awe. All of it, his parents muse, affirms Daily's faith in the decency of people and the value of community.

Which doesn't make his loss any easier to bear.

"I'd give it all back a thousandfold," his father says, "just to hug him one more time."

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The Forgotten Families (WP)

By Donna St. George

The Washington Post, February 15, 2007

Her daughter was killed by a bomb in Iraq. Eight months later, Susan Jaenke is both grief-stricken and strapped -- behind on her mortgage, backed up on her bills and shut out of the $100,000 government death benefit that her daughter thought she had left her.

The problem is that Jaenke is not a wife, not a husband, but instead grandmother to the 9-year-old her daughter left behind. "Grandparents," she said, "are forgotten in this."

For the Jaenkes and others like them, the toll of war can be especially complex: They face not only the anguish of losing a son or daughter but also the emotional, legal and financial difficulties of putting the pieces back together for a grandchild.

They confront this without the $100,000 "death gratuity" that military spouses ordinarily get -- a payment intended to ease the financial strain as families await government survivors' benefits.

"It really does get complicated for them," said Joyce Raezer of the National Military Family Association. The load of responsibilities placed on that generation -- both during deployment and if a service member is injured or killed -- "is a huge issue."

The case of Petty Officer 2nd Class Jaime S. Jaenke, a Navy construction-battalion medic killed last June in Anbar province, is particularly striking because she was a single parent who clearly meant to assign her mother the benefit. Jaenke, 29, filled in her mother's name on a form and carefully spelled out her wishes in a letter.

But by law, the $100,000 benefit goes first to a spouse or a child. So 9-year-old Kayla Jaenke collects the $100,000 -- plus $400,000 in life insurance -- after she turns 18, leaving Susan Jaenke to ask, "What about the next nine years?"

In some other families, the $100,000 death benefit has gone to neither the children nor the grandparents who are raising them.

In California, Barbie and Matt Heavrin are caring for a 2-year-old grandson without the death gratuity or life insurance. Their daughter, Pfc. Hannah McKinney, assigned her $400,000 in life insurance to the man she wed just before deployment, her father said; by law, her husband also received the gratuity.

The Heavrins are happy to raise the boy -- from an earlier relationship their daughter had -- but wonder why he would get nothing. Five months after their daughter died last September, their only assistance is monthly benefits they expect will total about $800, most of which goes to day care.

In Missouri, grandmother Gail Kriete is raising 9-year-old Taylor Purdy, the child of Lance Cpl. Erik R. Heldt, a Marine killed in Iraq in June 2005. His wife collected the full $500,000. Kriete said none went to his daughter, from a previous relationship.

"It just needs to be thought out a little more carefully," Kriete said. "There are so many blended families that the suffering is very spread out."

The death gratuity, more than many other benefits, adheres to a strict next-of-kin rule, which Pentagon officials say makes it possible to pay out the $100,000 within a few days. They say that, in the "vast majority of cases," spouses are most in need when paychecks stop.

But there have been thousands of single parents deployed into combat zones since 2001. How many have died at war is unclear, but the Jaenke case shows that, in those cases, the benefit may be at odds with its original intent: to help the grieving family stay afloat when a service member's income suddenly stops.

Susan Jaenke said her family fell behind shortly after Jaime died -- and has never caught up.

Larry Jaenke is a truck driver, and Susan worked as a letter carrier for 23 years until an accident left her disabled. Their daughter Jaime and granddaughter Kayla lived with them. Susan provided child care when Jaime worked, and Jaime contributed to the family income.

Jaime's passion for horses led the Jaenkes to start a business with her on their 10-acre Iowa property. When Susan Jaenke got an insurance settlement from her accident, she put much of it toward building a horse stable on the property, which was Jaime's dream. Jaime -- energetic and skilled with power tools -- did the drywall and flooring.

Not long afterward, Jaime -- a reservist who was an emergency medical technician in her civilian life -- went to war.Unable to Make Ends Meet

It was a June afternoon last year, and the Jaenkes were returning from Kayla's softball game. She had made her team's only hit -- and her first hit ever. In a celebratory mood, they stopped to buy ice cream.

When they pulled into their driveway, the scene was one that no parent of a deployed soldier wants to see: two uniformed Navy men, waiting.

They soon learned that a roadside bomb had exploded near Jaime's Humvee, killing her and a fellow Seabee.

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At the funeral, Kayla stood solemn next to her mother's flag-draped casket, the folded flag laid into her small arms.

Then came the dawning of the family's new reality -- the emotional, the practical, the financial.

There was a lawyer to hire to get legal guardianship. There were survivors' benefits to apply for. There was a trust to set up. There was health insurance to obtain for Kayla. Inexplicably, there was no official will left behind.

For the Jaenkes, the trouble was not that raising Kayla is so expensive but that their entire financial picture shifted with Jaime's death. Jaime's checks immediately stopped. Larry Jaenke was out of work for a time. The family paid $2,800 for a handsome headstone. The stable was still losing money.

Last fall, Susan Jaenke watched as Jaime's pickup truck, and then her car, were repossessed.

The family scraped by, thanks to acts of kindness, Susan Jaenke said. When the Jaenkes' dryer broke, nearby Seabee units stepped up to replace it. The Seabees have come three times to do finishing work on the stable, which Susan Jaenke says she will not give up. Kayla is there all the time, she said, and giving it up would be like losing what is left of Jaime.

The local Veterans of Foreign Wars gave the family a $1,000 Target gift card, which she said made the family's Christmas.

Since October, the Jaenke family has been collecting monthly government benefits for Kayla's care -- $1,700 in all -- but not enough to replace Jaime's contributions. From Iraq, she had been sending home $3,200 a month, her mother said. The child's father, long estranged, does not pay child support, Susan Jaenke said.

The Jaenkes can request money from Kayla's trust for certain expenses related to the girl's "health, education, maintenance and welfare," but the process involves lawyers and court appearances. The court recently agreed to a $200 monthly stipend for the family.

"The court is just very conservative here in Iowa," said Mona Bowden, an attorney for the Jaenkes.Clear Wishes, Clear Rules

Every now and then, Susan Jaenke rereads the letter that Jaime left behind for her:

"I have got all my paperwork done and here is what I did. My big policy [$400,000] goes to Kayla. That has to be put away for when she gets 18. You will know what to do and how to handle it. There is a smaller policy that goes to you. That is for 100,000. That is for you to raise Kayla with and 25,000 goes to the barn. . . . I can't wait to get home to my girl and my horses, so you had better take care of them all."

Patrick J. Palmersheim, executive director of the Iowa Department of Veterans Affairs, explained that the problem came down to the fine print on death gratuities. Jaime had written in her mother's name as beneficiary, but in the same blank the form said "No spouse or child surviving."

Susan Jaenke could be awarded the benefit only if there were no spouse or child to receive it.

The tight regulations are meant to guard against fraud and abuse, said Chief Petty Officer Randy Erdman, the Navy casualty assistance officer who has worked closely with the Jaenke family. "I see the need for the money going to the right spot and being protected," he said, "but at the same time I see what the family needs."

In Washington, Lt. Tommy Crosby, a Navy spokesman, said the Navy "recognizes the significant loss the family has suffered" and has done all it can, within the law, to help.

The death gratuity, created in 1908, originally was equal to six months' pay and was intended to ease financial burdens after a military death.

During the war in Iraq, the gratuity was increased markedly; it had been at $6,000, then grew to $12,000 and finally $100,000. Lawmakers had said the original award seemed offensively low, especially in contrast to the large settlements awarded to families of those killed in the attacks of Sept. 11, 2001.

Still, there was little rethinking about beneficiaries for the $100,000 gratuity, several experts said. To troops, the large lump sum came to resemble life insurance, said Raezer, chief operating officer of the National Military Family Association.

Jaime's handwritten letter and possibly her form suggest she did not realize the gratuity could not go to her mother.

Whether that is because she misunderstood what was said during a benefits briefing or was not advised well is unclear. "They don't always get that kind of counseling that they need," Raezer said.

The problem could have been avoided altogether if Jaime had directed part of her life insurance money, rather than the death gratuity, to her parents.

Steve Strobridge, government relations director of the Military Officers Association of America, said Jaenke's case suggests that the regulations should be reexamined.

"We certainly need to look at whether there needs to be some additional flexibility in who the member can assign the death gratuity to and whether we need to adjust the counseling requirements to help protect people from unintended consequences," he said.

In her three-bedroom house in Iowa, Susan Jaenke said she has been reduced to worrying about grocery money and dreading calls from creditors. "It just hurts bad in so many different directions," she said. "My girl was supposed to come back."

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Some days, the whole episode overwhelms her. Three of her four children have served in the Navy, and she said she considers herself "a flag waver." But she gets angry that her daughter's wishes are not being honored and that the family now struggles.

"It's not bad enough that I lost my daughter," she said. "What else do they want me to lose?"

Post Offices Honor Troops (USAT)

By Gregg Zoroya And Monica Hortobagyi

USA Today, February 16, 2007

Federal lawmakers are increasingly naming post offices in their states after troops killed in combat, a tribute traditionally reserved for former members of Congress and famous figures such as Bob Hope and Ronald Reagan.

Since 2003, the gesture has honored 26 servicemembers who died in Iraq and Afghanistan: 17 soldiers, seven Marines, a Navy SEAL and an Air National Guardsman.

They include Army Sgt. 1st Class Paul Smith and Marine Cpl. Jason Dunham, both posthumously awarded the Medal of Honor for gallantry in Iraq.

A mail center in Thomaston, Ga., will be renamed in a ceremony in April for hometown postal worker Robert Lee "Bobby" Hollar Jr. He was killed in Iraq by a roadside bomb in 2005 while serving with the Georgia National Guard. "I was ecstatic," says his widow, Amanda Hollar. "He was modest. He didn't like to brag. He didn't expect credit and recognition. … He would really be honored."

Laws naming post offices are the most common U.S. legislation, according to a 2005 Congressional Research Service study.

The 108th Congress (2003-2004) passed 89 such bills — eight that honored troops. The 109th Congress (2005-2006) passed 98 bills — 17 that honored fallen soldiers or Marines. One of the bills honored two servicemembers. Four bills are pending in the current Congress.

"It just seems to be a great way to honor our fallen soldiers back home where people have known them," says Rep. Ginny Brown-Waite, R-Fla., who sponsored two of the laws. "I always give the family time to grieve. At about anywhere from three- to eight-, nine-month period, I will ask them if they believe it would be appropriate to have a post office named after their loved one."

Postal Service guidelines require that a person be deceased for at least 10 years before his or her name is placed on a post office. Congress has ignored the restriction for decades, the Research Service study says.

The laws are easy, inexpensive gestures, the report says.

The name on the outside of the building — commonly a geographical designation — is usually unaffected, says Postal Service spokeswoman Yvonne Yoerger.

The only practical difference is the posting of a plaque explaining the honorary name change in the post office lobby, Yoerger says. Each plaque measures 11 by 14 inches and costs the Postal Service $250 to $500.

Democrats and Republicans alike push the bills.

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White House Is Reported To Be Linked To A Dismissal (NYT)

By David Johnston

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — A United States attorney in Arkansas who was dismissed from his job last year by the Justice Department was ousted after Harriet E. Miers, the former White House counsel, intervened on behalf of the man who replaced him, according to Congressional aides briefed on the matter.

Ms. Miers, the aides said, phoned an aide to Attorney General Alberto R. Gonzales suggesting the appointment of J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and a deputy to Karl Rove, the White House political adviser.

Later, the incumbent United States attorney, H. E. Cummins III, was removed without explanation and replaced on an interim basis by Mr. Griffin. Officials at the White House and Justice Department declined to comment on Ms. Miers's role in the matter.

Paul J. McNulty, the deputy attorney general, said at a hearing last week that Mr. Cummins had done nothing wrong but was removed to make room for Mr. Griffin. It was not known at the time Mr. McNulty testified that Ms. Miers had intervened on Mr. Griffin's behalf.

Her involvement was disclosed on Wednesday by Justice Department officials led by Mr. McNulty, who held a closed-door briefing for senators on the Judiciary Committee after Democrats criticized the dismissals of 7 to 10 United States attorneys as politically motivated.

Ms. Miers, whose resignation as White House counsel was effective Jan. 31, could not be reached for comment Thursday.

At the briefing, Justice Department officials denied that the White House had been involved in any of the other dismissals, suggesting that the department had acted on its own after advising the White House of its intention to remove incumbents.

Democrats have said the removals represented an effort to make room for rising political favorites of the Bush administration and to be rid of independent-minded prosecutors, all of whom had been appointed by President Bush.

Senator Charles E. Schumer, Democrat of New York, said that he was not satisfied by the Justice Department's explanations at the briefing.

"Yesterday's briefing by the deputy attorney general did little to alleviate our concerns that politics was involved and, in fact, raised those concerns," Mr. Schumer said. "Some may have been fired for political reasons because they may have not done what Justice Department wanted them to do."

Justice Department officials have said that because United States attorneys are presidential appointees they may be replaced at any time without a specific reason, although they have said that none were removed for pursuing politically sensitive cases.

Another United States attorney asked to resign was Carol C. Lam of San Diego, who departed on Thursday at the request of the Justice Department. Two days earlier, Ms. Lam announced two indictments, including one against a former high-ranking Central Intelligence Agency official, in a corruption inquiry that began with last year's guilty plea by a former Republican representative, Randy Cunningham, who was sentenced to more than eight years in prison.

Karen P. Hewitt, an assistant in Ms. Lam's office, was named Thursday to serve as the interim United States attorney in the Southern District, while Scott N. Schools, a general counsel in the Justice Department, will fill the interim role in the Northern District, in San Francisco.

Senator Dianne Feinstein, Democrat of California, said in a statement on the Senate floor Thursday that Ms. Lam had been dismissed despite a strong record of prosecutions.

"Ms. Lam has had a distinguished career, and she served the southern district of San Diego well and everyone in that district knows that," Ms. Feinstein said. "I regret that main Justice does not. I am quite disappointed that main Justice chose to remove her, especially given the ongoing work in which the office is involved."

Republicans Block Bill To Curb Justice Department's Power Over Prosecutors (AP)

By Laurie Kellman, The Associated Press

AP, February 16, 2007

WASHINGTON — Senate Republicans blocked a bill Thursday that would curb the Justice Department's power to fire and replace federal prosecutors. Democrats had sought to give the courts a role in the appointments of U.S. attorneys, to GOP opposition.

The objection by Sen. Jon Kyl, R-Ariz., to the proposal was long anticipated. So Democrats used the occasion to complain anew about the firings of at least seven prosecutors, including John McKay in Seattle, under a little-known part of the Patriot Act.

Democrats say Attorney General Alberto Gonzales used the law to get around the Senate confirmation process and install Republican allies.

"I believe that their intent was to bring in people from the outside to give some of their bright people an opportunity," said Sen. Dianne Feinstein, D-Calif. "That is wrong."

Her bill says a replacement U.S. attorney could serve no longer than 120 days without confirmation. After that time, an interim replacement would be named by a U.S. District Court.

Gonzales, Kyl and other Republicans say this approach could lead prosecutors to be appointed for reasons other than their qualifications.

Republican and Democratic leaders tried for a compromise that might lengthen the 120-day period or curb a district court's appointment power, but those efforts were abandoned early Thursday, according to officials on both sides.

A private briefing Wednesday night by Deputy Attorney General Paul McNulty did not change any Democrats' minds about the firings of the prosecutors, senators said.

Sen. Chuck Schumer, D-N.Y., said that if the Justice Department does not provide detailed performance reports on the fired prosecutors, the Senate Judiciary Committee would subpoena them.

"I am not satisfied with the answers we've gotten. There are just too many holes in too many different places," Schumer said.

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Newly empowered Democrats are seeking to curb what they say is the Bush administration's virtually unchecked power during the years of GOP congressional control. Yet the version of the Patriot Act that contains the disputed provision passed overwhelmingly last year with bipartisan support.

Senators from both parties, including the Republican author of the law, say they were unaware of the way the Justice Department might use that rule.

Gonzales has said that he intends to submit the name of every newly installed prosecutor to the Senate for confirmation.

Democrats contend that prosecutors were forced to resign to make way for Republicans' political allies and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments.

Federal prosecutors serve at the pleasure of the president, subject to Senate confirmation. U.S. attorneys can be fired for any reason or no reason at all.

Was McKay Ousted Over 2004 Election? (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, February 16, 2007

Two months after John McKay was fired as U.S. attorney for the Western District of Washington, the reason for his dismissal remains a mystery.

One of the most persistent rumors in Seattle legal circles is that the Justice Department forced McKay, a Republican, to resign to appease Washington state Republicans angry over the 2004 governor's race. Some believe McKay's dismissal was retribution for his failure to convene a federal grand jury to investigate allegations of voter fraud in the race.

McKay was appointed by President Bush in October 2001.

The Evergreen Freedom Foundation filed a formal complaint with U.S. Attorney General Alberto Gonzales in 2005 about what it considered McKay's lax oversight of the election, in which Democratic Gov. Christine Gregoire defeated Republican Dino Rossi by 129 votes. Many influential Republicans publicly criticized McKay.

But a Justice Department official on Thursday rejected the idea and said Deputy Attorney General Paul McNulty has repeatedly insisted politics did not influence the controversial firings of McKay and six other U.S. attorneys in December.

McNulty had previously said the firings were "performance-related" despite the fact McKay received a positive evaluation seven months before he was fired.

McKay said he was not given a reason when he was asked to step down.

McNulty defended the dismissals during private briefings with a handful of senators Wednesday.

Democrats were not mollified.

"There was nothing that was said to me ... that I found was a credible reason for dismissing" McKay, said Sen. Patty Murray, D-Wash.

Murray said McNulty did not detail what was lacking in McKay's work.

"They gave some general things, alluded to things, but gave me nothing specific," she said.

Sen. Charles Schumer, D-N.Y., also said McNulty wasn't telling the whole story.

"I am not satisfied with the answers we've gotten. There are just too many holes in too many different places," he said.

The Justice Department official, who spoke on the condition of anonymity, accused Democrats of mischaracterizing the briefings because they didn't agree with the department's conclusions.

"Any suggestion that we were not thorough or forthcoming is just political gamesmanship," the official said.

Senate Republicans blocked a bill Thursday that would curb the Justice Department's power to fire and replace federal prosecutors. Democrats had sought to give the courts a role in the appointments of U.S. attorneys.

Democrats believe the White House was trying to use a new provision in the Patriot Act to get around the Senate confirmation process and install Republican allies as U.S. attorneys.

McKay has always had strong support among moderate Republicans such as King County Prosecutor Norm Maleng, who spoke out on his behalf earlier this month.

But many conservative Republicans have been incensed with McKay since the 2004 governor's race.

Tom McCabe, executive vice president of the Building Industry Association of Washington, summarized the complaints in a BIAW newsletter after McKay announced in December he was stepping down.

In a column titled "Good Riddance," McCabe said McKay "had a disastrous six years as U.S. Attorney. Two years ago, he steadfastly refused to investigate voter fraud despite overwhelming evidence." McCabe also said he had "urged the President to fire McKay."

McCabe could not be reached for comment Thursday.

Republicans argued that illegal votes by felons and others, and errors in the election count, cost Rossi the race.

Emily Langlie, a spokeswoman for the U.S. Attorney's Office in Seattle, said that in 2004 and 2005 prosecutors and the FBI jointly monitored the election.

"We not only had senior people within our office coordinating our investigation, but we worked jointly with the Department of Justice's Public Integrity section," she said.

Diane Tebelius, who was chairwoman of the Washington State Republican Party when McKay was asked to step down, acknowledged that many Republicans had been upset with McKay after the 2004 election.

But Tebelius said no one from the Justice Department or the White House contacted her about McKay in the months before he was dismissed, and she doubts anyone lobbied for his ouster because of the 2004 race.

"I do not believe anybody in this state would have asked for his resignation," Tebelius said.

Justice Department Names Interim U.S. Attorneys For San Diego, SF (AP)

By Allison Hoffman, Associated Press Writer

AP, February 16, 2007

The Justice Department announced temporary replacements Thursday for two recently ousted U.S. attorneys in San Diego and San Francisco.

Outgoing San Diego chief federal prosecutor Carol Lam will be succeeded by Karen Hewitt, a career federal prosecutor who is currently the executive assistant U.S. attorney for the Southern District of California.

In San Francisco, U.S. Attorney Kevin Ryan will be replaced by Scott Schools, a career federal prosecutor who currently works for the Justice Department overseeing legal guidance and personnel matters for all 94 U.S. attorney's offices across the country.

Hewitt's appointment was announced as staff and local law enforcement personnel gathered for a simple office farewell party just hours before Lam was due to leave her post. Ryan was scheduled to depart on Friday.

Both Hewitt and Schools will serve on an interim basis until new U.S. attorneys are nominated by the White House and confirmed by the Senate.

Lam and Ryan were among more than seven federal prosecutors recently fired, some without cause, by the attorney general under, under a little-known part of the Patriot Act.

Federal prosecutors serve at the pleasure of the president, subject to Senate confirmation.

Democrats contend that prosecutors were forced to resign to make way for Republicans' political allies and that the White House slipped the provision into the Patriot Act to permit such indefinite appointments.

Lam's dismissal, in particular, prompted criticism from Democrats who questioned whether her departure was linked to the prosecution by her office of disgraced former congressman Randy "Duke" Cunningham, a Republican who is currently serving more than eight years in federal prison after pleading guilty to accepting more than $2.4 million in bribes from defense contractors.

On Tuesday, Lam's office won a pair of long-awaited indictments against a former top CIA official and a defense contractor implicated Cunningham case.

Also on Thursday, San Diego-based wireless technology giant Qualcomm, Inc., announced that Lam will join its legal department as senior vice president and legal counsel starting on Feb. 26.

The chip maker is currently embroiled in a global web of lawsuits with Nokia Corp. and other major equipment makers claiming that Qualcomm levies unjust, inflated licensing fees to use its patented technologies in their products. Regulators in Europe, South Korea and Japan are probing Qualcomm's business practices as the company trades lawsuits with rivals across the U.S. and Europe.

"From our perspective, she's the ideal person," said Louis Lupin, Qualcomm's general counsel. "She's got experience managing large and very complex cases and a very large staff, and she'll be involved on a global basis."

Hewitt Named To Fill In For U.S. Attorney Lam (SDUT)

By By Kelly Thornton, Union-tribune Staff Writer

The San Diego Union-Tribune, February 16, 2007

SAN DIEGO – Karen P. Hewitt, third-in-command at the San Diego U.S. Attorney's office, has been chosen by Justice Department officials to replace outgoing top prosecutor Carol Lam on a temporary basis while a committee searches for a permanent candidate.

Hewitt joined the San Diego office in 2000 and prosecuted civil fraud cases before she was appointed Executive Assistant U.S. attorney a year ago.

Senate Republicans block bill to curb Justice power over U.S. attys

Before coming to San Diego, she was a lawyer in the Justice Department's civil division in Washington, where she specialized in constitutional law and civil rights cases for about eight years.

Thursday is Lam's last day.

Justice Department officials asked her to step down because of declining prosecutions of immigration-related cases. Critics contend Lam's ouster was politically-motivated because of her pursuit of corrupt public officials like ex-Congressman Randy "Duke" Cunningham.

NEW: Interim U.S. Attorney Named To Succeed Ryan (OAKTRIB)

By Josh Richman, STAFF WRITER

Oakland Tribune, February 16, 2007

The Justice Department named an interim replacement today for U.S. Attorney Kevin Ryan, who'll spend his last day as Northern California's top federal prosecutor Friday.

Ryan was one seven U.S. Attorneys across the nation who recently resigned or were forced out by the Bush Administration. U.S. Sen. Dianne Feinstein, D-Calif., spoke today on the Senate floor in favor of a bill protecting her chamber's constitutional power to confirm those appointed to these jobs.

The interim U.S. Attorney for this region -- including coastal counties and a few inland counties from Monterey Bay to the Oregon border -- will be Scott Schools, who has been general counsel to the Justice Department's Executive Office for U.S. Attorneys. That Washington, D.C.-based agency provides legal guidance in ethics and employee matters to federal prosecutors' offices from coast to coast.

From 2001 to 2005, Schools was First Assistant U.S. Attorney in South Carolina, overseeing about 125 attorneys and support staff; before that, he'd served as interim U.S. Attorney there for nine months. He was a prosecutor in that office from 1989 to 1992 and from 1997 to 2001; between those periods, he was in private practice. Schools holds a mathematics degree from Duke University and a law degree from the University of Texas.

U.S. Attorneys typically have been appointed by the president and confirmed by the Senate, but under a provision inserted in the USA Patriot Act at its reauthorization last year, the

Advertisement

Attorney General now can name interim replacements to fill vacancies indefinitely without confirmation.

Seven recent vacancies in rapid succession raised concerns on Capitol Hill that the Bush Administration was making politically motivated choices; Senate hearings ensued.

A bill approved today by the Senate Judiciary Committee, on which Feinstein sits, would restore the old process. The Attorney General would be able to name an interim U.S. Attorney for no more than 120 days; if the president hasn't nominated someone for permanent appointment and had that person confirmed when that period ends, that district's federal court judges would then be empowered to pick an interim U.S. Attorney.

Ryan, formerly a San Francisco Superior Court judge, served four and a half years as Northern California's U.S. Attorney, supervising a staff of more than 200, including 115 prosecutors, and an annual budget of about $25 million.

His tenure included high-profile prosecutions such as the BALCO sports-doping case; aggressive gang prosecutions; convicting former Ukrainian Prime Minister Pavel Lazarenko on extortion and money laundering charges; and several crackdowns on counterfeit and pirated music, software and videos. His time also was marked, however, by reports of massive employee turnover and low morale.

Contact Josh Richman at jrichman@angnewspapers.com or (510) 208-6428. Read the Political Blotter at www.ibabuzz.com/politics/.

U.S. ATTY. RYAN LEAVING, INTERIM REPLACEMENT NAMED (KPIX)

KPIX-TV, CBS 5, San Francisco, February 16, 2007

United States Attorney Kevin Ryan announced this afternoon that Friday will be his last day on the job, and the Justice Department simultaneously named a former South Carolina federal prosecutor as his interim replacement.

Ryan had announced last month that he was stepping down after more than four years heading the U.S. Attorney's Office for the Northern District of California, which encompasses 14 coastal and Bay Area counties stretching from Big Sur to the Oregon border.

"I am grateful to have had the opportunity to serve as the United States Attorney. I sincerely thank all of the staff at the office for their hard work to make our community a safer place to live. I also thank all of our partners in law enforcement who have put in countless hours in investigating and prosecuting crimes in Northern California," Ryan said in a statement.

Ryan's interim replacement will be Scott Schools, who currently works for at the Justice Department headquarters in Washington, D.C. From 1989 until 2005, with a five year break between 1992 and 1997, he worked as a federal prosecutor in the United States Attorney's Office for the District of South Carolina serving as interim U.S. Attorney there for 10 months in 2001. He was in private practice in Charleston, South Carolina from 1992-1997. He graduated from Duke University and the University of Texas School of Law.

A permanent replacement for Ryan must be nominated by President George W. Bush and approved by the Senate.

The U.S. Attorney for the Northern District of California supervises a staff of more than 200 people, including 115 Assistant United States Attorneys, and manages a $25 million annual budget, according to the district's website.

Qualcomm Hires Ousted U.S. Attorney (AP)

By Allison Hoffman, Associated Press Writer

AP, February 16, 2007

Qualcomm Hires U.S. Attorney for San Diego Who Was Among Several Recently Ousted

SAN DIEGO (AP) -- Qualcomm Inc. said Thursday that recently ousted U.S. Attorney Carol Lam will join its legal department as senior vice president and legal counsel, effective Feb. 26.

The San Diego-based wireless technology giant is currently embroiled in a global web of lawsuits with Nokia Corp. and other major equipment makers that claim Qualcomm levies unjust, inflated licensing fees to use its patented technologies in their products.

Regulators in Europe, South Korea and Japan are probing Qualcomm's business practices as the company trades lawsuits with rivals across the U.S. and Europe.

"From our perspective, she's the ideal person," said Louis Lupin, Qualcomm's general counsel. "She's got experience managing large and very complex cases and a very large staff, and she'll be involved on a global basis."

Qualcomm's announcement came as the Justice Department announced temporary replacements for Lam, whose last day as the chief federal prosecutor in San Diego was Thursday, as well as Lam's counterpart in San Francisco.

Lam will be succeeded by Karen Hewitt, the executive assistant U.S. attorney for the Southern District of California. In San Francisco, U.S. Attorney Kevin Ryan will be replaced by Scott Schools, who currently oversees legal guidance and personnel matters for all 94 U.S. attorney's offices across the country.

Hewitt and Schools will serve on an interim basis until new U.S. attorneys are nominated by the White House and confirmed by the Senate.

Lam and Ryan were among more than seven federal prosecutors recently fired, some without cause, by the attorney general under a little-known part of the Patriot Act.

Federal prosecutors serve at the pleasure of the president, subject to Senate confirmation.

Democrats contend that prosecutors were forced to resign to make way for Republican political allies, and that the White House slipped a provision into the Patriot Act allowing the interim appointments to remain indefinite.

Attorney General Alberto Gonzales has pledged to submit the name of every replacement to the Senate for confirmation.

Lam's dismissal, in particular, prompted criticism from Democrats who questioned whether her departure was linked to the prosecution by her office of disgraced former congressman Randy "Duke" Cunningham, a Republican who is currently serving more than eight years in federal prison after pleading guilty to accepting more than $2.4 million in bribes from defense contractors.

Senate Consternation Process (WSJ)

By Kimberley Strassel

The Wall Street Journal, February 16, 2007

The House spent this week debating an Iraq resolution that will damage U.S. efforts to fight terror overseas. Never to be outdone, the Senate got busy undercutting the war on terror here at home.

That's one way to view the fight Senate liberals are picking with President George W. Bush over the issue of Justice Department nominations -- a battle that bubbled to the surface this week with regard to U.S. attorney appointments. California ringleader Dianne Feinstein is hoping to score a few political shots, as well as give the White House a taste of what's to come in future Senate confirmation brawls. If a little thing like national security gets in the way, so be it.

Ms. Feinstein and Senate Majority Leader Harry Reid picked up the U.S. attorneys football in January, after the news leaked that the White House was dismissing seven federal prosecutors. The administration says it's unhappy with these lawyers' performance, and at least it is firing its own appointees. One of Bill Clinton's first acts was to cashier pretty much every sitting

U.S. attorney, all of whom had been appointed by Mr. Clinton's predecessors. Nothing in the record suggests either Mr. Reid or Ms. Feinstein were all that cut up over the Clinton dismissals.

This time, however, Mr. Reid is labeling the firings "cronygate," and accusing the administration of ousting capable U.S. attorneys in order to award political allies with plum posts. Ms. Feinstein went further, suggesting the administration's real goal was to circumvent the Senate confirmation process. She noted that a 2006 Patriot Act amendment gives the attorney general -- rather than federal courts -- the right to appoint interim U.S. attorneys, and to keep those interims in place until the Senate confirms a permanent replacement. Clearly, said Ms. Feinstein, the White House intended to pack the Justice Department with shady prosecutors and avoid the Senate altogether.

What we have here, then, is Ms. Feinstein, the serial filibusterer, the woman who rarely saw a Bush judge who deserved an up-or-down vote, accusing the administration of abusing the confirmation process. It might be fall-down hilarious, if everyone weren't taking the Californian so seriously. Instead, Ms. Feinstein recently convinced a majority of her fellows on the Judiciary Committee (including Republicans Arlen Specter, Orrin Hatch and Chuck Grassley) that the Senate was getting slapped about, and to vote to revoke the Patriot Act amendment.

Thus is the Senate lurching back to a pre-9/11 mentality, putting politics and turf ahead of key security issues. If Ms. Feinstein wins this battle, the appointment procedure reverts to the status quo ante. Under that old process, the attorney general can appoint an interim U.S. attorney for 120 days. But if the Senate doesn't get around to confirming a full-time replacement by then, the federal courts get to name a new interim.

That old system was primarily a constitutional oddity, but it also posed a threat to terror investigations. History shows that it is a rare event for a White House to get a permanent attorney through the confirmation process in 120 days; it usually takes closer to a year. Yet after the first 120 days, the federal courts officially get to staff the Justice Department.

Some courts, understandably, see the concept of the judiciary making executive appointments as constitutionally suspect. That's one reason why, in the past six years, courts in Florida, Oklahoma and Virginia have outright refused to make appointments. Courts also have little insight into the Justice Department's ongoing investigations, or who best can step in to fill an attorney vacancy. While many courts will, as a result, re-appoint the AG's interim selection, they aren't required to do so.

That can lead to very bad selections. In 2005, a South Dakota judge attempted to appoint a buddy of former Senate Majority Leader Tom Daschle; the court pick came from outside the Justice Department and lacked security clearances. This led to a standoff between the attorney general and the court, and a crisis over who was really in charge. Hardly the best way to go about breaking up terrorist cells, or prosecuting Zacarias Moussaoui.

As it happens, nothing suggests the administration is trying to subvert confirmations. Since the Patriot Act amendment in March 2006, the White House has nominated 15 individuals to serve as U.S. attorneys, and all have gone, or are going, through the Senate confirmation process. There's zero reason to believe the next seven won't as well. But try telling that to Mr. Reid, who yesterday unsuccessfully tried to push the Feinstein proposal through the full Senate.

Meanwhile, Ms. Feinstein is only the latest to play politics with key national-security nominees. Carl Levin spent six months blocking the confirmation of Ken Wainstein, who was tapped as assistant attorney general for national security. That position was designed to further break down the infamous "wall" between intelligence and law enforcement, a goal that even Mr. Levin claims is important. Yet the Michigan Democrat was in a strop about documents he wanted from the Bush administration, and was only too happy to hold Mr. Wainstein hostage. Mr. Levin waged a similar war against Alice Fisher -- nominated to head the Criminal Division of Justice -- for more than a year.

The latest victim is Steven Bradbury, who was nominated in the distant past of June 2005 to head up the Justice Department's Office of Legal Counsel. As acting head of that office, Mr. Bradbury offered legal advice on the administration's domestic wiretapping program. This proved too much for Ted Kennedy, Dick Durbin and Russ Feingold. The last was so incensed over the wiretapping program he proposed censuring President Bush. That didn't fly, so he and fellow critics settled for blocking Mr. Bradbury from even getting a vote.

One big question after Democrats won the election was how they'd handle the all-important question of national security. The public's been getting a taste of that management via the Iraq debate, but the nominations flaps are equally revealing. Democrats like to say that having a robust criminal justice system is key to fighting terror, and that's true. Many Democrats (while they won't admit it) even still believe the courts are the only place to fight al Qaeda. The least they can do is show they mean it and ensure the Justice Department has the people it needs.

Column: OUSTING OUR U.S. ATTORNEY (SDUT)

The San Diego Union-Tribune, February 16, 2007
Firing is difficult to justify
By Lionel Van Deerlin

Carol Lam gathers her belongings today, and departs the office of U.S. Attorney in California's Southern District. Because she faithfully honors a Justice Department tradition of silence, no one can be sure why she's leaving. She's not talking about it.

But what an exit line she gave us Tuesday with those eleventh-hour indictments. It was worthy of Charles Dickens, who sent Sidney Carton to the guillotine saying, "It is a far better thing I do than I have ever done. . . ."

Hours before returning to private life, our U.S. attorney took an action widening the net that snared San Diego's Rep. Randy "Duke" Cunningham. Her swan song racked up three more suspected miscreants. The homegrown CIA biggie, Kyle Foggo, added colorful icing on the cake. But the most important new action, by far, was against defense contractor Brent Wilkes. It was this man's bribe money that cemented the government case against Cunningham. But Wilkes himself was left free as a bird. Lam staffers, certain that a guy who has lived spectacularly high on the hog will aim to avoid a prolonged diet of prison food, are now positioned to bargain a plea agreement. They'll likely propose easing his sentence as a swap for information that will help hook bigger fish.

A couple of upstate congressmen, known to have done cash-and-carry business with Wilkes, may now feel understandable trepidation.

And so, the question presses ever more urgently – why has the Bush administration sacked Carol Lam and six other trusted U.S. attorneys? No one, it seems, feels required to say. Only one of the seven, New Mexico's David Iglesia, demanded to be told why he was terminated, but got no explanation.

Custom holds that federal prosecutors serve "at the pleasure of the president," who is free to appoint or remove them without explanation. Yet the Justice Department has shown itself pretty touchy about these most recent switches. Deputy Attorney General Paul J. McNulty seemed shaken before the Senate Judiciary Committee. New York's hard-charging Sen. Charles E. Schumer had wondered aloud if the hiring and firing of prosecutors reflected politics, rather than prudence.

"When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart," McNulty stammered. Perhaps this sensitive fellow should seek a gentler assignment, sparing him the hostility he and others will face if we don't get a fuller explanation of what Justice is up to.

The only hint offered thus far for the change in San Diego has been that the local office seemed so absorbed with corruption cases that it has been less aggressive than certain lawmakers might have wished against illegal immigration and border smuggling. North County Republican Rep. Darrell Issa spoke approvingly of the Lam ouster.

The case against her? Well, something called the Transactional Records Clearinghouse, operating out of Syracuse University, finds that in 2001, its last year before Carol Lam took charge, the San Diego office filed nearly one-third more border-related cases than it managed under her leadership in 2005, the last full year on which records are complete.

So she flunks the bureaucratic bean-counter test? I know at least one person who fervently wishes government prosecutors had spent more time in pursuit of border brigands, and had left him alone – to wit, "Top Gun" Cunningham, currently ensconced under minimum security in Tucson.

It might seem rash to accuse Bush administration masterminds of pulling political strings, but nothing surfacing thus far discourages skepticism. Attorney General Alberto Gonzales' child-like mantra, "at the pleasure of the president," rings hollow. Let's nail this idea that the president – any president – handpicks the dozens of lawyers in line for prosecutorial slots across the land. He's not likely to know even the names of most. Recommendation for appointments is usually left to senators of the president's party. Inasmuch as both California senators are presently Democrats, Bush has relied on a selection system said to be headed by the veteran Rancho Santa Fe Republican politico and presidential insider Gerald Parsky.

Parsky is astute enough to know that the way this switch has been managed so far adds up to abysmally bad politics. It suggests that public corruption, which figured so prominently in last year's election outcome, might no longer concern us. Are we to suppose that Congressman Cunningham was a lone stroller on his path to perdition?

We may soon know better – and only, perhaps, because Carol Lam refused to fold her tent as many expected her to do.

Van Deerlin represented a San Diego County district in Congress for 18 years.

CORPORATE SCANDALS:

Former Monster General Counsel Pleads Guilty In Options Case (WSJ)

By Paul Davies

The Wall Street Journal, February 16, 2007

The former general counsel of Monster Worldwide Inc. pleaded guilty to two criminal charges related to backdating stock options, ensnared in large part because of a series of damaging emails that helped prosecutors build the case against him.

DOJ_NMG_0133011

Myron Olesnyckyj, 45 years old, entered his guilty plea Thursday in Manhattan federal court to conspiracy and securities fraud. He admitted in court that he systematically backdated stock option grant dates, concealed the expense in company financial disclosures, and provided misleading information to auditors.

In one email filed in court by prosecutors yesterday, Mr. Olesnyckyj instructed a human resources executive not to discuss a company practice of giving new hires options at the lowest stock price in the month after they joined the company, a form of backdating. He wrote: "no written document should ever state lowest price over next 30 days! The auditorw [sic] will view that as backdating options and we'll have a charge to earning in the amount of the difference between price on day 30 and any lower price which is used."

Mr. Olesnyckyj, who joined Monster in 1994 and was fired last year, is expected to cooperate with federal prosecutors against Monster founder Andrew McKelvey. Mr. McKelvey, who hasn't been charged, quit rather than be interviewed by company lawyers examining Monster's options problems.

Based in New York, Monster operates the popular Monster.com job-search Web site.

Separately, the Securities and Exchange Commission filed an eight-count civil complaint against Mr. Olesnyckyj on Thursday alleging that he backdated the vast majority of stock options that Monster granted beginning in 1996 until about April 2003. In court, Mr. Olesnyckyj said the practice went on until 2006, four years after new regulations went into effect that should have curbed the improper activity.

Options typically allow recipients to buy company shares in the future at the price on the day they are granted. Holders can benefit if share prices rise. Backdating involves pretending that the options were granted at an earlier date, so that the recipient can later buy for a lower price, increasing profits.

As a result of the backdating, Monster inflated its earnings by $339.6 million between 1997 and 2005, according to federal prosecutors.

At Monster, stock options regularly were issued to coincide with dates of low closing prices for the company's stock. Most of the options were "in-the-money" on the day they were granted, but the company failed to properly expense or disclose it to shareholders, according to the SEC.

At a Jan. 15, 1999 meeting, according to the SEC, Monster's then-CEO said he wanted to grant options at an exercise price of $25 a share. After the meeting, a Monster employee selected the Dec. 9 closing price of $26.87 as the exercise price.

Mr. Olesnyckyj also personally benefited from the practice, receiving backdated option grants on at least six occasions from 1997 to 2001, according to the SEC. As part of his guilty plea, Mr. Olesnyckyj agreed to forfeit $381,000 in personal gain from the stock options.

In December 2003, after Monster changed its stock option approval process, Mr. Olesnyckyj emailed members of Monster's finance department saying the company should "get serious about firing people who still fail to realize the accounting repurcussions [sic] of promising someone a total of 1000 stock options 'at a strike price equivalent to the lowest price of the stock on the market within a 30 day period preceding your starting date,'" according to prosecutors.

Mr. Olesnyckyj, of New Providence, N.J., is scheduled to be sentenced Aug. 24. He faces a maximum of 25 years in prison but likely will receive a much shorter sentence as a result of his cooperation.

Former Monster Executive Admits Illegal Backdating (WP/AP)

By Larry Neumeister

The Washington Post, February 16, 2007

NEW YORK, Feb. 15 -- A former senior vice president of the company that runs the Monster job-search Web site admitted in court Thursday that he illegally backdated millions of dollars in employee stock option grants.

Myron Olesnyckyj, 45, faces up to 25 years in prison and fines of more than $5.2 million after pleading guilty to securities fraud and conspiracy to commit securities fraud. His guilty plea was part of an agreement in which he promised to cooperate fully in return for leniency.

Olesnyckyj said his crimes occurred between 1996 and 2006, when he agreed with others at the company to backdate options and hide the action from federal regulatory agencies and investors. He agreed to forfeit $381,000, which he said was the amount he gained from the scheme.

The Securities and Exchange Commission on Thursday filed a civil complaint against Olesnyckyj for securities fraud in connection to backdating.

The charges were the first for a Monster executive related to the backdating scandal at the company, which overstated the value of its earnings by more than $250 million between 1997 and 2005. Backdating involves issuing stock options retroactively to coincide with low points in the share price, thus boosting payouts. It can be illegal if it is not properly accounted for and disclosed to investors.

Monster Worldwide, whose job site competes with newspaper classifieds, is among scores of companies whose stock options backdating practices have been investigated by federal authorities.

The company announced in July that it might need to restate its finances to record additional charges for stock options expenses, and in September it said it had suspended Olesnyckyj, who also was general counsel and secretary, while it reviewed past stock options grant practices. It dismissed him two months later.

In October, Monster said former chief executive Andrew J. McKelvey had resigned from its board after refusing to be interviewed for an internal investigation on the options practice.

Monster also received a subpoena from the U.S. attorney's office in the Southern District of New York over stock options.

It said in December that it filed restated financial statements to include charges related to the investigation into its stock option granting.

BEARING DOWN Probes Of Backdating Move To Faster Track (WSJ)

By James Bandler And Charles Forelle

The Wall Street Journal, February 16, 2007

On Jan. 4, 2002, the chief financial officer of Broadcom Corp. tapped out an email about stock options to his chief executive and others.

"I VERY strongly recommend that these options be priced as of December 24," he wrote.

They were, and that was fortunate for recipients. Broadcom's share price rose 23% between the two dates. The pretense that the options had been granted on the earlier date made them extra valuable.

It also violated the rationale of stock options. They give recipients a right to buy stock in the future at the price when the options are granted, so that recipients can profit only if the price of their company's stock goes up. Setting a lower "exercise price" for the options gives recipients a head start on profiting.

The Broadcom correspondence, found in an internal investigation at the maker of communication chips, is just one of a number of internal documents that have drawn the attention of federal prosecutors and Federal Bureau of Investigation agents in Orange County, Calif. Prosecutors are strongly considering filing criminal charges against the former Broadcom chief financial officer who wrote the email, William J. Ruehle, and at least one other former executive, according to people familiar with the situation.

Mr. Ruehle's lawyer said his client didn't break the law.

The Broadcom probe is a sign of how long-running investigations of stock-options backdating are heating up. Yesterday, a former general counsel of Monster Worldwide Inc. pleaded guilty to securities fraud in federal court in Manhattan. The day before, the founder of Take-Two Interactive Software Inc. pleaded guilty to a New York State charge in a backdating scheme.

Prosecutors in a half-dozen jurisdictions are zeroing in on other cases. The filing of criminal charges in some of these in coming months would mark a watershed in the scandal, as prosecutors and regulators winnow the roster of some 140 companies with options problems to a tighter list of promising cases.

The government is nearing charges against a former official of computer-security company McAfee Inc., say people familiar with the situation, and is strongly considering bringing cases against ex-executives of Apple Inc. and semiconductor-equipment maker KLA-Tencor Corp. In St. Louis, at least one former executive of Engineered Support Systems Inc., a defense contractor now owned by DRS Technologies Inc. of Parsippany, N.J., has been told of a likely charge, says a person close to the matter.

The former Monster Worldwide general counsel who pleaded guilty yesterday is Myron Olesnyckyj, 45. He admitted that he and others conspired to systematically backdate stock options, inflate the company's earnings and mislead auditors. Separately, the Securities and Exchange Commission filed a civil complaint against him. Mr. Olesnyckyj agreed to forfeit $381,000 in personal gains. He faces sentencing in August.

Mr. Olesnyckyj, fired last year, is expected to cooperate with prosecutors investigating Monster founder Andrew McKelvey. Mr. McKelvey, who hasn't been charged, quit late last year rather than be interviewed in an internal company probe of options. A lawyer for him declined to comment.

In a 1999 email cited by the government, Mr. Olesnyckyj wrote to a human-resources official: "No written document should ever state lowest price over next 30 days! The auditorw [sic] will view that as backdating options and we'll have a charge to earning in the amount of the difference between price on day 30 and any lower price which is used." (Read more on Mr. Olesnyckyj's guilty plea3.)

That's the type of evidence investigators are looking for -- "plus factors" that can give a case more promise of success. Such factors might include written indications of deliberate backdating; falsified documents; efforts to hide manipulation from auditors or investigators; or indications that top executives gave themselves backdated options. With so many companies admitting to an improper options practice, investigators have an abundance of possible cases.

Broadcom illustrates some of the elements investigators are focusing on as they set their priorities. The Irvine, Calif., company is one of the biggest companies in the options spotlight. It makes chips that help power all sorts of communications devices and has a stock-market value of more than $19 billion. The SEC in addition to the Justice Department is looking at Broadcom.

Also being investigated are Henry Nicholas -- the former chief executive to whom the CFO's email was addressed -- and Henry Samueli, Broadcom's chairman. Messrs. Nicholas and Samueli co-founded Broadcom. The two made up the committee that handed out options Broadcom has admitted were backdated.

Mr. Nicholas said in a statement his focus was on running Broadcom, and "the minutiae of employee paper-work and documentation were not at the top of my list." Mr. Samueli's attorney declined to comment except to say that some of the Journal's information was "misleading."

Mr. Nicholas founded the company in 1991 with help from Mr. Samueli, his former engineering professor. After they took it public in 1998, its stock soared 20-fold in two years. Together the men sold more than $1 billion in Broadcom shares near the end of the tech boom. Each still holds about $1 billion of Broadcom stock.

A domineering figure, Mr. Nicholas routinely scheduled late-night staff meetings and boasted of working for days without sleep. At a yearly sales conference, he quizzed subordinates about chip designs, forcing those who erred to gulp down shots of hard liquor. He stepped down from his CEO post in 2003. Along the way, he settled into a 15,000-square-foot mansion, which he outfitted with a billionaire's toys: waterfalls, secret tunnels into the hills, a sports bar.

Mr. Samueli cuts a less flamboyant figure. A leading philanthropist in Orange County, he also owns the Mighty Ducks hockey franchise. Two University of California engineering schools bear his name.

Last year Broadcom admitted rampant backdating. It restated several years of results, taking $2.24 billion in charges against earnings -- the biggest restatement so far in the scandal.

Mr. Ruehle stepped down as Broadcom's chief financial officer a few days before he was to be interviewed by outside lawyers doing the internal investigation. Broadcom said in a securities filing that Mr. Ruehle was "at the center" of backdating. Mr. Ruehle's lawyer, Richard Marmaro, said that if his client is charged, he "will not plead guilty because he did not commit any crime."

Broadcom in its filing also blamed a former human-resources chief, Nancy Tullos. It said she "encouraged, assisted in and enabled" the backdating. A lawyer for Ms. Tullos, who left in 2003, declined to comment for this article. The lawyer has said previously that Ms. Tullos followed the directives of superiors, didn't select any grant dates and always acted in the company's best interests.

Broadcom's backdating, which it has said occurred from 1998 to 2003, took place amid a gyrating stock price and a heated technology industry in which valued employees were often poached by others with big options packages. Broadcom emails, described by people who have seen them, suggest that executives sometimes deliberately gave grants earlier dates and sometimes cautioned others not to mention the dating process in writing.

Broadcom's auditor, Ernst & Young, raised concerns in 2000 about an aspect of the options process and reminded executives about the rules, say people familiar with the matter. At that time, options granted at the current stock price didn't affect companies' earnings. But a grant at below-market prices was considered compensation, so that companies had to count it as an expense.

In 2000 Broadcom made a giant options grant to a large number of employees, purportedly on a day in May when the stock had its lowest close for the quarter. Ernst discovered that the company hadn't finished divvying up the grant among employees until months later. Accounting rules say an option isn't recorded as granted until recipients are determined.

Ernst warned company officials, including Mr. Ruehle, not to make such "subsequent allocations" again, according to people familiar with the matter. Ernst reminded executives of how options should be accounted for, taking them through the rules.

Like many stocks, Broadcom's sank after the Sept. 11, 2001, terrorist attacks. It hit its lowest price in three years on Oct. 1, before recovering and then more than doubling by year-end. Broadcom claimed to have granted a slew of options to non-officers on Oct. 1. Investigators are looking at whether the company may actually have made this grant later and backdated it, say people familiar with the situation.

Broadcom said in its federal filing that co-founder Mr. Nicholas was "at times" involved in the backdating, and bore a large responsibility for the problems because of "the tone and style of doing business he set." A person familiar with the grant dated Oct. 1 said it engendered jealousy among those who didn't get options then, and that Mr. Nicholas and others appear to have retroactively added more people to the list.

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In an email on Jan. 2, 2002, Mr. Nicholas sent a list of employees included in the Oct. 1 grant to at least two people, including Ms. Tullos, say people familiar with the email's contents. "I found my old share grant spreadsheet from before October," he wrote.

But the electronic time stamp on the computer file indicated the spreadsheet had been created toward the end of 2001, long after Oct. 1, say people familiar with the matter. The discrepancy has led investigators to examine whether the email and spreadsheet might be an attempt to provide written cover for manipulated grants.

Broadcom said in its federal filing that co-founder Mr. Samueli was "involved with" the "flawed option granting process." The company cleared him, saying he "reasonably relied on management and other professionals" regarding proper treatment of the options. According to people familiar with the matter, Mr. Samueli, as a member of the Equity Award Committee, received a number of emails that discussed retroactive date selection.

Mr. Samueli cooperated with the internal probe but so far has declined a request to speak to government investigators -- unusual for a sitting chairman. When weighing how much responsibility corporations themselves bear for fraudulent conduct, prosecutors are supposed to consider how cooperative top officials have been, according to Justice Department guidelines.

An outside lawyer for Broadcom said it wouldn't comment on the investigation except to say that it was cooperating fully. "Dr. Samueli did cooperate fully and voluntarily with the company's independent internal investigation," said the lawyer, David Siegel.

In any effort to link backdating to Messrs. Nicholas and Samueli, prosecutors would face a potential hurdle: The co-founders didn't regularly receive option grants themselves. The two received just one grant, for a million options each, in 2002. Broadcom has said no grants to the founders or to directors were among those misdated.

Ms. Tullos and Mr. Ruehle, by contrast, received numerous options, including grants the company has said were manipulated. Mr. Ruehle had $32 million of unexercised options when he left last year. The company canceled them. Last year the company canceled $4 million of options Ms. Tullos held.

Several emails written by Ms. Tullos suggest she may have been aware the dating practices were troublesome. In a period when Broadcom's stock was falling, a business-unit head repeatedly asked her when his subordinates would get options. Eventually, she told him "I cannot tell you what we are doing" in a "post-Enron" world, according to people familiar with the matter. In a message to another employee asking about options, she wrote, "I cannot answer in writing."

Prosecutors would need more than suggestive emails to make a successful criminal case. A document that seems like a smoking gun can grow cold when the context is explained to a jury by an experienced defense lawyer.

Another obstacle for the government in prosecuting backdating is at some companies the practice was discussed openly, making it harder to argue that executives knew they were engaged in wrongful conduct.

Defense lawyers will doubtless pass blame around. Those representing CEOs are likely to argue that their clients -- being business leaders, not accountants -- relied on others to figure out how options should be issued and accounted for. Those representing subordinates are likely to argue that the boss made them do it.

Helping boost momentum toward the filing of charges is the statute of limitations. It's five years for securities fraud and wire fraud. But there's some flexibility, based on the notion that misdated options might affect earnings in later years.

Executive-Pay Summaries Conceal As They Reveal (WP)

By David Cho And Carrie Johnson

The Washington Post, February 16, 2007

The first overhaul in 15 years of executive-pay disclosures has been billed as the most transparent window ever into the clubby world of corporate compensation.

But as these filings have begun to roll out publicly, analysts are finding there's a catch.

Due to an accounting loophole for stock options and an eleventh-hour rule change made by securities regulators just before Christmas, some of the biggest names in technology, health care and financial services will be able to cloud what their top executives make.

The anomaly is being discovered by compensation consultants who have been hired by firms to draft these filings. In some cases, it is lowering the compensation figures reported by firms, they said. In others, executives who should be named in the filings as the five highest-paid officers in their companies are being replaced with employees making less.

The Securities and Exchange Commission's first changes to pay disclosures since 1992 were meant to be user-friendly. Shareholders could look at a summary table and easily see what the top executives of a company were taking home in salary, perks, retirement bonuses and stock options.

Now, that summary table "won't give you the full picture," said Brian Foley, a compensation consultant based in White Plains, N.Y. "It misses a big part of the puzzle."

SEC officials said they had no control over which companies used the stock options loophole. But they said the agency's late December rule change will provide more accurate figures in the long run and will better reflect what an executive is making in a given year. Although the summary table may not provide full information on options, that data will be included elsewhere in the filing, they said.

No issue in the SEC's history has generated as much interest as the new executive-pay disclosures, Chairman Christopher Cox said last year, adding that the agency had received more than 20,000 comments about it from businesses, trade groups and investor advocates.

While hailing the new filings as a breakthrough, several academics and analysts were critical in interviews of the way the disclosures handle stock options. They also questioned whether the average shareholder could page through these filings to link different tables and charts.

"The proxies will provide you three or four times as much information as before," Foley said. "But . . . now you will have to pick through the mess to get the value of the options. It's not going be in plain English."

Employees who are granted stock options can buy a company's stock at a set price within a specific time frame. They then can reap a windfall if the price goes up, but typically they can sell only a portion of these shares each year. This "vesting period" often keeps prized workers from defecting to a rival.

The story behind the loophole began when an accounting rule, FAS 123R, came into effect last year and changed the way companies account for these options.

The rule had a huge impact on the all-important bottom line: If firms gave stock options to executives, they had to subtract the total value of those grants from their earnings that year. Before, options were not counted as an expense.

Suddenly, under FAS 123R, it could appear as if a company's profit took a big hit, especially in industries such as health care and technology in which granting executives hundreds of millions of dollars' worth of stock options is common.

To avoid the appearance of a profit dip, more than 900 companies, including Dell, Sun Microsystems, CBS, J.P. Morgan Chase, Whole Foods Market, Viacom, Corning and Northrop Grumman, sped up the vesting date of their options to occur before FAS 123R took effect, according to a Bear Stearns report. This was neither illegal nor improper under accounting rules.

But the acceleration helped these firms collectively erase about $8 billion of future stock option expenses from their books, meaning they awarded the options but would not have to include the cost in their financial results, according to Bear Stearns.

"Option-vesting acceleration was used as a means to temporarily benefit reported earnings," the report said. The analysis says Dell accelerated the most options -- $591 million in total -- followed by Sun Microsystems, with $400 million.

Then, on the Friday before Christmas, the SEC gave corporations a present: It changed a rule to allow them to report the amount of stock options that vest per year rather than the total value of the options granted to an executive.

One compensation consultant, who has major technology firms as clients, said the difference in reported compensation levels before and after the SEC's December rule change has been striking.

In almost every case, the SEC change and the acceleration of options altered the total amount of compensation reported on the disclosure's summary table. For many firms, the final number was lower. For other companies, at least on paper, it created a different pecking order for the highest-paid executives. The consultant spoke on condition of anonymity because the filings have not yet been released to the public.

The new summary tables are "potentially misleading if you are looking for a single number to guide you. . . . You don't get a picture of what the compensation committee originally intended the compensation to be," he said. "The number that you get is precisely wrong."

Especially in the first year, the compensation expert added, shareholders should be cautious about taking these figures at face value.

SEC officials said shareholders should not rely solely on the summary tables and should read a company's entire filing. They added that if the December rule altered the composition of a company's "top five," the change made the filing more accurate.

"There are still problems . . . but this reporting season, we will know much more about both the amount and the structure of compensation than we've known for a long time," said Lucian Bebchuk, director of the Program on Corporate Governance at Harvard Law School.

Government Won't Challenge Appeal Court's Decision In Enron-related Case (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, February 16, 2007

The Justice Department has decided not to challenge an appeals court's decision last year to throw out most of the 2004 convictions against several former Merrill Lynch & Co. executives in an Enron-related case.

But three of those former executives — who each served nearly a year in prison before being released pending the result of their appeals — could still be retried on charges of participating in a sham deal to help Enron book bogus profits.

Justice Department spokeswoman Jaclyn Lesch said Thursday that federal prosecutors had decided not to appeal the 5th U.S. Circuit Court of Appeals' ruling to the U.S. Supreme Court. The Justice Department had until Friday to make that call.

"While we review the matter before the district court, we remain committed to holding accountable those responsible for the massive frauds that accompanied the collapse of Enron," Lesch said.

She declined to say whether prosecutors will retry Daniel Bayly, Merrill's former head of investment banking; James A. Brown, former head of the firm's asset lease group; and Robert Furst, the brokerage's former liaison with Enron.

A status hearing in the case is slated for this afternoon.

Last August, the appellate court threw out fraud and conspiracy convictions of Bayly, Brown, Furst and a fourth former Merrill executive, William Fuhs. A jury in 2004 convicted all four of fraud and conspiracy for helping push through a deal in which the brokerage pretended to buy three power barges from Enron so the energy company could appear to have made earnings targets in late 1999.

In a 2-1 decision, an appeals panel ruled that prosecutors improperly presented jurors with a theory that the defendants deprived Enron of its right to their honest services.

The panel said the theory was flawed in that case because their actions were consistent with corporate goals and did not rob the energy company or shareholders of money or property.

Had the deal involved bribery or theft, the theory could have been proper, the panel said in reversing most convictions against Bayly, Brown and Furst. Perjury and obstruction of justice convictions against Brown for lying about the nature of the deal were upheld.

Fuhs' convictions were thrown out for lack of evidence, and he cannot be retried. Also, former Enron finance executive Dan Boyle, who also was convicted for his role in the scheme, chose not to appeal and is in prison.

The honest services ruling has permeated other Enron cases.

Former Enron CEO Jeff Skilling aims to raise the issue in his appeal of his 2006 jury convictions last year of 19 counts of fraud, conspiracy, insider trading and lying to auditors. Skilling is serving a 24-year, four-month prison term.

Prosecutors presented the honest services theory only with the single conspiracy count against Skilling. However, a 5th Circuit panel said in a December opinion denying Skilling's request for bail pending the outcome of his appeal that it found "serious frailties" in his securities fraud and insider trading convictions as well.

Skilling's lawyers expect to file his appeal next month.

Late last month, a Houston federal judge ruled that prosecutors wrongly used the honest services theory in last year's retrial of a former Enron broadband division executive and threw out all five jury convictions of conspiracy, wire fraud and falsifying books.

The government had already conceded that four of the five convictions of Kevin Howard, the unit's former finance chief, should be erased because they likely wouldn't stand up on appeal in light of the honest services ruling. U.S. District Judge Vanessa Gilmore wiped out the fifth count as well, saying it was tied to one of the tainted counts.

The government retains the right to retry Howard.

Still other cases have been affected. For example, Christopher Calger, a former vice president of power origination at Enron, is seeking to withdraw his guilty plea to wire fraud on the claim that he could not have deprived Enron of his honest services in a power plant deal because his actions were in line with company goals. That request is pending.

2 Former Enron Traders Get Probation For Driving Up Energy Prices During Calif. Power Crisis (AP)

By David Kravets, Associated Press Writer

AP, February 16, 2007

(AP) - SAN FRANCISCO-Two of three former Enron Corp. traders accused of driving up energy prices during California's power crisis were each sentenced in federal court to two years of court-supervised release.

Timothy Belden, the former head of trading in Enron's Portland, Oregon, office, was sentenced Wednesday after pleading guilty in October 2002 to one count of conspiracy to commit wire fraud. Belden's plea was the first prosecution of anyone related to the West's energy crisis in 2000 and 2001. He had faced up to five years in prison and must forfeit $2.1 million (â,¬1.6 million).

The second defendant, Jeffrey Richter, was a lower-level trading manager in charge of the so-called "short-term desk" who also pleaded guilty to two counts related to manipulating energy prices. He had faced up to five years and agreed to pay a $410,000 (â,¬313,408) fine.

A third trader, the alleged mastermind behind the scheme, is expected to be sentenced next month for his role in the scam that fraudulently sent California energy prices soaring, causing energy shortages and rolling blackouts.

Internal company memos describe how Belden's trading unit took power out of California at a time of rolling blackouts and shortages and sold it out of state to elude price caps, according to documents obtained by investigators.

Enron bought California power at cheap, capped prices, routed it outside the state, then sold it back into California at vastly inflated prices, authorities said. The sham trades were designed to circumvent the California-only price caps on wholesale energy.

The crisis played a role in Pacific Gas & Electric Co.'s bankruptcy and will leave California consumers paying abnormally high electricity prices for years.

Prosecutor Laurel Beeler said the government sought lenient sentences because of their "extraordinary assistance" in the investigation. Beeler said they gave hundreds of hours of their time to assist authorities at understanding the scheme, assisting authorities in the government's successful case against Enron Chairman Ken Lay, Chief Executive Jeff Skilling and dozens of others.

Beeler, however, said it was unclear how much the energy trading scheme cost ratepayers.

"Calculating a particular loss to that activity is difficult," she told U.S. District Judge Martin Jenkins.

The third defendant, John Forney, the manager of Enron's trading desk, pleaded guilty to one of 11 charges in exchange for his cooperation and is to set to be sentenced in March.

Forney pleaded guilty to wire fraud - specifically, that he promised to supply energy Enron did not have and improperly collected electrical grid management fees for Enron.

In Fraud Case, 7 Years In Jail For Contempt (NYT)

By Gretchen Morgenson

The New York Times, February 16, 2007

On Jan. 14, 2000, Martin A. Armstrong, a globe-trotting investment manager, was told to produce $15 million in gold and antiquities, as well as documents, in response to a civil suit by the government accusing him of securities fraud involving hundreds of millions of dollars.

When he said that he did not have the items and could not produce them, a federal judge ordered him jailed for contempt of court.

Seven years later, Mr. Armstrong sits in the Metropolitan Correctional Center in Lower Manhattan.

Imprisoned two years before Enron and WorldCom brought corporate crime to center stage, Mr. Armstrong, 57, is the white-collar defendant whom time forgot. Over the years, the losses of his former clients have been repaid by a bank involved in his trades.

Still, he remains jailed on one of the longest-running charges of contempt. In many cases, a federal law limits to 18 months how long someone can be held under civil contempt while the court tries to coerce compliance with an order. Even in cases of criminal contempt, whose goal is punishment rather than coercion, an individual is entitled to the full protections of due process after six months.

“A legal proceeding is supposed to be the quest for truth,” Mr. Armstrong said in a phone interview last week from the 12-story building, which is used mostly as a temporary holding site for prisoners. “But this contempt was used to stop me from going to trial, and it’s been nothing but bad faith from the government ever since.”

How Mr. Armstrong has been held for so many years without a trial is a tangled and bizarre tale. Mr. Armstrong, his lawyers say, has been stuck in a surreal situation in which criminal prosecutors have never had to prove their 24-count indictment at trial while the civil case tied him up. Nevertheless, they have gotten their desired result — a lengthy prison term for Mr. Armstrong.

Last August, he pleaded guilty to one count of conspiracy in the criminal case. He struck that deal with federal prosecutors after he was moved from the 75-square-foot cell he shared with another prisoner into solitary confinement and had not slept for days, his lawyer said. Over the years, prosecutors have said that they were ready to proceed to trial and that civil contempt had nothing to do with their case. Mr. Armstrong countered that his detainment impeded his efforts to mount a proper defense, blocking his access to essential documents and computers as well as the assets to pay counsel.

Because there has been no jury trial in the case, it is impossible to say which side is right: the government, whose indictment in September 1999 contended that Mr. Armstrong misappropriated hundreds of millions in client funds; or Mr. Armstrong, who said that officials at the bank executing his trades generated temporary losses that could have been recovered in the market. (Two of those officials later pleaded guilty to fraud in a related case involving the bank.)

Exceeding a Sentence

But this much is certain: Mr. Armstrong’s years in jail for civil contempt will soon exceed the sentence of 6.5 to 8 years that he would have received if he had been convicted of all 24 criminal counts of securities fraud, commodities fraud and wire fraud.

DOJ_NMG_0133018

"The case sends a very bad signal," said Bernard V. Kleinman, a criminal lawyer in White Plains who represented Mr. Armstrong until 2004 and argued twice for his release before the United States Court of Appeals for the Second Circuit, in Lower Manhattan. "I think it bodes very ill for anybody held in civil contempt. District court judges can look at this case and feel that the likelihood of the circuit reversing them is small and that time is, in and of itself, no factor in determining whether civil contempt has lost its coercive effect and has become punitive."

John F. Keenan, the Federal District Court judge overseeing the criminal case, has not yet sentenced Mr. Armstrong. It is unclear whether the judge will give Mr. Armstrong credit for the time he has served. Under federal sentencing guidelines, his lawyers expect a sentence of about five years.

A spokeswoman for the United States attorney in Manhattan said that the office did not comment on open cases.

Judge Richard Owen, the senior district judge who ordered Mr. Armstrong held in contempt, still sits on the bench in the Southern District of New York, where he has been for 34 years. When he ordered Mr. Armstrong taken away by federal marshals, he declared, "Mr. Armstrong has the keys to the jail cell in his pocket by production and telling people where to go to get it and dig it up and turn it over."

Over the years, Judge Owen would revisit the contempt order every 18 months, guided by the federal statute. He repeatedly said that Mr. Armstrong was motivated by greed and was awaiting his release from jail to retrieve the $15 million that the government said was missing. According to lawyers who worked on the case in the early days, the financier's headstrong manner irritated Judge Owen almost immediately.

But Judge Owen was moved off the case in November by a panel in the Second Circuit Court hearing Mr. Armstrong's third appeal on the contempt charge.

The three judges unanimously rejected the appeal to free Mr. Armstrong but found that on the seventh anniversary of his confinement, "his case deserves a fresh look by a different pair of eyes."

It was the second time in less than a year that the Second Circuit had ordered Judge Owen replaced on a high-profile case. In March, a panel overturned the 2004 conviction of Frank P. Quattrone, the former investment banker at Credit Suisse, because Judge Owen failed to instruct the jury properly; the panel assigned the case to a new judge in the "interest of justice." Later, the government decided not to retry Mr. Quattrone.

Judge P. Kevin Castel has taken over the Armstrong civil case. A hearing is scheduled on the contempt matter for March 15. A request to interview Mr. Armstrong in person was denied by corrections officials, and Judge Owen did not return a call seeking comment.

A Budding Businessman

At the peak of his career in the mid-90s, Mr. Armstrong oversaw $3 billion in client assets. He was widely quoted in the financial news media, including The New York Times, on interest rate and currency movements. He began working at a coin and stamp dealership when he was 13 and opened a collectors' store when he was 21. He founded Princeton Economics International, based in Princeton, N.J., in 1981.

Mr. Armstrong, an intelligent and imperious man who claimed to have made his first million by age 15, seems to have begun having trouble in 1999 when trading losses turned up in accounts that were held for the firm at Republic Bank. The problems appeared as the HSBC Group conducted a financial review before acquiring Republic.

The government said that Mr. Armstrong had improperly commingled accounts and overstated the value of the account's securities in client statements.

Mr. Armstrong said that he did not authorize the transactions that produced losses and that he was not involved with commingling of the accounts. He was indicted in September and released on $5 million bond.

In January 2000, the receiver appointed by the court in the civil case said that Mr. Armstrong had purchased gold coins and other assets with his firm's money. His lawyers argued that the assets might have been purchased before the suspected wrongdoing.

When Judge Owen ordered the assets returned, Mr. Armstrong delivered 4 of the 5 computers sought, 8 of the 11 requested boxes of documents and gold coins worth $1.1 million. He said that was all he had. The receiver said assets worth about $15 million were missing. Mr. Armstrong's odyssey in the judicial system began.

His assets frozen, Mr. Armstrong has been unable to pay lawyers. He now relies upon David Cooper and Steven Z. Legon, two lawyers from the Criminal Justice Act panel, set up to help indigent defendants, and Thomas V. Sjoblom, a lawyer at Proskauer Rose, who has received nominal compensation.

"On what grounds can you tie up the system of criminal procedure and civil procedure and hold everything in abeyance during contempt?" Mr. Sjoblom asked. "What about your speedy trial rights? What about the government's need to move forward in the civil case? You're using the contempt process to wring a settlement or a plea out of the person. That, to me, is abuse of the process."

Over the years, more than half a dozen government lawyers have cycled through the case. In 2003, Mr. Armstrong changed his legal approach in challenging the contempt charge, saying that he did not have to produce the assets and citing his Fifth Amendment right.

The receiver, meanwhile, has recovered the vast majority of money said to have been lost by investors in the case. In January 2002, Republic New York Securities, a brokerage firm that housed Princeton Economics' accounts, pleaded guilty to conspiracy and securities fraud charges. Republic Bank paid $606 million to victims, all Japanese companies. It was "full restitution," the assistant United States attorney said at the time.

Alan M. Cohen, then a lawyer at O'Melveny & Myers and now executive vice president and global head of compliance at Goldman Sachs, is the court-appointed receiver.

His former colleague, Tancred V. Schiavoni, a lawyer at O'Melveny, said that all the victims had been satisfied. "We tried to do the right thing, and we've gotten nothing but grief," he said. "What this guy wants is to be given credit for time served on the contempt and leave with the money."

O'Melveny & Myers has received at least $3.9 million to cover its fees and disbursement over the years, according to court filings.

The discovery process was protracted partly because of the complexity — hundreds of boxes of materials had to be examined and data transcribed into digital format — and because Mr. Armstrong was in jail and relying on lawyers working pro bono.

In January 2006, criminal prosecutors said they were eager to put Mr. Armstrong on trial in October. Then in early August, federal prosecutors appeared at the correctional center to strike a plea deal. The visit, Mr. Sjoblom said, came a week after Mr. Armstrong had been ordered into solitary confinement — known as "the hole" — for damaging a vent in a common area.

Mr. Armstrong pleaded guilty to one count of conspiracy to commit securities fraud for failing to keep his investors informed about losses and for agreeing to make investor funds available to Republic to cover Princeton Economics' unrelated trading losses.

"I think the government just wore Marty out," Mr. Sjoblom said.

On Dec. 7, Stephen J. Obie, regional counsel for the Commodity Futures Trading Commission, visited Mr. Armstrong, with a settlement offer in which he would sign over some $30 million as a penalty. Mr. Armstrong declined.

The Securities and Exchange Commission and the C.F.T.C. declined to comment on the case.

The government has said that $21 million is still owed. Even if that must be paid by Mr. Armstrong's firm and not Republic Bank, an estimated $40 million is left in what was once Princeton Economics: $30 million in the United States and $10 million in a British entity. Mr. Armstrong and his lawyers learned of the $10 million three weeks ago.

Weekly Visits

Mr. Armstrong, who is divorced, has two children and an elderly mother who await his release. His daughter, Victoria Armstrong, 30, visits most Wednesdays, spending about one hour with him in a common room with other visitors and prisoners.

"You never stop thinking about where he is and what he goes through," Ms. Armstrong said in an interview last week.

Her brother, Martin, 31, said he was bewildered at what he sees as the breakdown of due process in his father's case. "That you can keep someone in contempt for such a long time with so many unanswered questions — that part of it has been a real eye-opener," he said.

Sonia Sotomayor, a judge on the Second Circuit panel that heard Mr. Armstrong's appeal last year, seemed to echo this point. "The district court's finding that Armstrong is motivated solely by greed is not enough to justify disregard for due process," she wrote. "Courts must exercise caution in their use of the contempt power and must recognize when it has reached the limits of its utility."

CRIMINAL LAW:

Nevada Governor Faces FBI Probe Into Contracts (WSJ)

By John R. Wilke

The Wall Street Journal, February 15, 2007

Federal prosecutors are investigating whether Nevada Gov. Jim Gibbons accepted unreported gifts or payments from a company that was awarded secret military contracts when Mr. Gibbons served in Congress.

The Federal Bureau of Investigation is examining whether any gifts or payments violated federal contracting rules or were offered in exchange for official acts by Mr. Gibbons, people briefed on the investigation said. Mr. Gibbons, a Republican,

represented Nevada for five terms in Congress, where he served on the House Intelligence and Armed Services committees. He was sworn in last month as governor of the nation's fastest-growing state.

The close ties between the congressman and the contractor, Warren Trepp, were disclosed in a Nov. 1 Wall Street Journal article1, which revealed that Mr. Gibbons accepted private jet flights and a Caribbean cruise from the software-company owner. Mr. Gibbons says accepting the cruise and flight didn't violate House ethics rules.

New evidence has emerged that includes emails to Mr. Trepp -- the majority owner of eTreppid Technologies LLC and the former chief trader for convicted junk-bond dealer Michael Milken -- discussing a payment or gift to then-Rep. Gibbons. They also show Mr. Gibbons repeatedly using his congressional office to help the firm seek classified military and civilian contracts.

The emails show that since at least 2003, Mr. Trepp maintained close ties to Mr. Gibbons, who helped eTreppid get no-bid software contracts from the Air Force, U.S. Special Operations Command and Central Intelligence Agency. The software was used in video tracking of military targets and other, classified applications.

Messrs. Trepp and Gibbons have denied any wrongdoing, and no charges have been filed; indeed, such investigations sometimes end without official action.

'Hit the Ground Running'

In a Sept. 25, 2003, email to Mr. Trepp after Mr. Gibbons had been particularly helpful on a recent contract, eTreppid executive Len Glogauer reports that "Jim really hit the ground running on that one." He adds, "we need to take care of him like we discussed." It isn't clear what Mr. Glogauer meant, and he declined to comment.

A second email, cited in court filings by Mr. Trepp's former partner, was more explicit. On March 22, 2005, days before Mr. Trepp and his wife embarked on the Caribbean cruise with the congressman and his family, Jalé Trepp sent a reminder to her husband. "Please don't forget to bring the money you promised Jim and Dawn," referring to Mr. and Mrs. Gibbons.

Minutes later, Mr. Trepp responds, "Don't you ever send this kind of message to me! Erase this message from your computer right now!" Mr. Gibbons failed to disclose the cruise and travel on Mr. Trepp's leased private jet, as required by House ethics rules. He later asked the House Ethics Committee for an exemption, but left office before any action was taken.

The eTreppid emails include dozens to and from then-Rep. Gibbons. In one of the first such exchanges, on Sept. 23, 2003, Mr. Gibbons said he was "greatly impressed" with the technology and that he asked a military aide on his staff to set up a meeting with the National Security Agency to demonstrate the company's products. "No doubt, the Agency will be just as impressed," Mr. Gibbons wrote. He also tells an eTreppid executive to begin using a private email address that is "a direct link to my desk and does not go through anyone else."

In later exchanges, Mr. Gibbons discusses his efforts to set up meetings with the Department of Homeland Security, and arranges meetings with several Pentagon officials, including a top defense intelligence official. An eTreppid executive responds, "now if we can get into the Navy, it would be great."

In a statement yesterday, a spokesman for the governor said Mr. Gibbons has "consistently stated that he and Warren Trepp have a longstanding friendship." Mr. Gibbons, the statement continued, is proud of his efforts "to highlight the good work of Nevada companies as part of his duties to represent his constituents. However, he held no special power in awarding defense contracts, which go through a multilevel approval process."

Mr. Trepp didn't return phone calls or emails seeking comment. His attorney, Steven Peek, said yesterday, "Warren has had no inquires or questions from any federal officials about his relationship with Jim Gibbons." Mr. Peek said Mr. Trepp continues to talk to the FBI "about the theft of his company's intellectual property" by his former partner, the crux of continuing legal disputes between the two men. Mr. Peek also said Mr. Trepp "unequivocally denies that he wrote any emails regarding any payments to Jim Gibbons, and questions their authenticity."

Preliminary Stage

The FBI declined to comment on the investigation, which appears to be in a preliminary stage. The bureau has stepped up its pursuit of public-corruption cases, and says it now has about 620 agents working on federal, state and local cases, compared with 260 in 2002. On Tuesday, former senior CIA official Kyle "Dusty" Foggo was indicted on fraud, conspiracy and money-laundering charges for allegedly accepting jet flights and a vacation from a contractor, Brent Wilkes, who was indicted on related charges. Both pleaded not guilty yesterday. The indictments arose from a continuing FBI investigation of former Republican Rep. Randy "Duke" Cunningham of California, who last year began serving a prison sentence for accepting bribes.

The Cunningham case and claims made against Mr. Gibbons have drawn attention to alleged congressional abuse of the classified or "black" portion of the federal budget, which covers CIA, NSA and other secret government activities and has grown to at least $30 billion. New limits on special-interest spending known as earmarks were enacted by Congress last month, including rules meant to restrict earmarks in the classified budget.

The Nevada case is being watched closely in Washington: John Negroponte, former director of national intelligence, warned in a court filing of "exceptionally grave damage" to national security if details of the secret contracts are disclosed.

The new federal probe follows a Nevada investigation of the dispute over ownership of eTreppid software used in secret government programs. That investigation was initially focused on Dennis Montgomery, the former partner of Mr. Trepp who designed the software on which eTreppid was founded in 1998. The men have accused each other of trade-secret theft, among other claims, and have been battling in court for more than a year.

The new emails and internal documents would appear to support some of the claims made in legal proceedings filed by Mr. Montgomery, who in court papers has alleged that Mr. Trepp gave at least $100,000 in cash and casino chips to Mr. Gibbons. Public records show Mr. Trepp gave $90,000 to the governor's campaign through a series of separate companies, avoiding a $10,000 limit on individual or corporate contributions.

Defamation Suit

In court filings, Mr. Trepp has denied Mr. Montgomery's claims. He also filed a defamation suit against the chairman of the Nevada Democratic Party, Tom Collins, over published comments about the business dispute before last year's election. He cites "false testimony" by Mr. Montgomery, who he says "engaged in a campaign to spread falsehoods...which led up to a story published in the Wall Street Journal." The Journal isn't a defendant in the libel suit, which is pending in state court in Reno.

The Nov. 1 page-one story in the Journal reported that Mr. Gibbons and his family accompanied Mr. Trepp on a Caribbean cruise and that the congressman had helped Mr. Trepp win federal contracts. Mr. Gibbons at the time said his assistance to Mr. Trepp's company was simply intended to promote promising technology, and that the cruise and jet flights didn't violate House ethics rules because of his "close personal friendship" with Mr. Trepp.

Mr. Montgomery has accused Messrs. Trepp and Gibbons of using their political clout to get local FBI agents to raid his home and investigate him. In December, a federal magistrate found flagrant constitutional violations in the FBI raid, according to people briefed on her ruling, which remains under seal. The court found that the local FBI and U.S. attorney's office had effectively acted as armed enforcers for eTreppid's wealthy owner in a private business dispute with a former partner.

Mr. Peek, Mr. Trepp's attorney, said, "If the magistrate decided the search was improper, I'm disappointed in the decision, but without knowing the basis, I can't comment."

In his court filings, Mr. Montgomery alleges that Mr. Gibbons himself called in local federal officials at the behest of Mr. Trepp, who is one of Mr. Gibbons's biggest campaign contributors. In an interview last year with The Wall Street Journal, Mr. Gibbons's wife, Dawn, acknowledged that Mr. Trepp's wife had called her about the dispute. In response, Mr. Peek said: "Any citizen has a right to report a crime like a theft of intellectual property and computer equipment, and the government should rightfully act on the report of a crime regardless of who reports it."

Nevada Governor Facing FBI Probe Of Classified Federal Contracts (LVS)

By Brendan Riley

Las Vegas Sun, February 16, 2007

CARSON CITY, Nev. (AP) - Federal authorities confirmed Thursday that Nevada Gov. Jim Gibbons is being investigated to see if there are links between any gifts or payments he may have received from a software company and secret military contracts the firm got when he was in Congress.

The newly elected Republican governor denied any wrongdoing and told The Associated Press that "they can look as deeply as they need to and I encourage them to do so, but there would have been absolutely no influence."

A federal law enforcement official confirmed the FBI probe. The official, who spoke on condition of anonymity because of the ongoing investigation, said the inquiry is focusing on what role Gibbons played in awarding military contracts to eTreppid Technologies LLC in Reno and whether he received any gifts in exchange.

Gibbons said he had not been contacted by the FBI regarding his contacts with Warren Trepp, a longtime friend and owner of eTreppid who contributed nearly $100,000 to Gibbons' campaign for governor through different companies he controls.

"They never talked to me. They never have given me any kind of hint or whatever," he said.

The governor said he's a "pretty public person" and figured that if an investigation was under way he would have been contacted.

Asked whether he had hired an attorney as a result of the reported investigation, Gibbons said friends have volunteered to help and he would look into the issue if needed.

"I've done nothing wrong though," he said.

Trepp, a former chief trader for convicted junk-bond dealer Michael Milken, also has denied any wrongdoing.

Trepp's attorney, Stephen Peek, said Thursday that he and client were unaware of an investigation, "other than what we read."

"Warren Trepp was not contacted by any governmental agencies with respect to the allegations," Peek said.

The Wall Street Journal first reported that investigators were looking at whether federal contracting rules were violated in the case involving Gibbons, who was sworn in last month as governor after five terms in Congress, where he served on the House Intelligence and Armed Services committees.

Gibbons said he had read the news story and was "disturbed" that it "tried to connect dots where there are no dots to connect."

"I don't think that I have done anything that hasn't been done by others, which is opening doors for businesses in the state of Nevada," Gibbons said.

Gibbons had asked the House ethics committee in November for an opinion about whether he improperly reported flights aboard Trepp's jet and a Caribbean cruise paid for by Trepp, whose company has millions of dollars worth of classified federal software contracts from the Air Force, U.S. Special Operations Command and the CIA. Gibbons did not disclose the trip as required by House ethics rules and later asked the committee for an exemption, but left office before any action was taken.

The Journal reported new evidence had emerged in a federal lawsuit in Reno involving Trepp and Dennis Montgomery, his former technology chief at eTreppid. Montgomery claimed in November that Trepp and Gibbons used political clout to get local FBI agents to raid his home and investigate him.

Trepp and Montgomery are involved in litigation related to the copyrights of the company's video surveillance technology, which reportedly is used with unmanned aircraft to identify terrorism suspects.

The evidence cited includes e-mails to Trepp discussing a payment or gifts to then-Rep. Gibbons. The e-mails also show Gibbons using his congressional office to help the company seek classified military and civilian contracts, the newspaper said.

"Please don't forget to bring the money you promised Jim and Dawn," Trepp's wife, Jale Trepp, said in a March 22, 2005, e-mail days before Trepp and his wife embarked on the Caribbean cruise with Jim Gibbons and his wife, Dawn, a former Nevada state assemblywoman.

According to the Journal, Trepp responded minutes later saying: "Don't you ever send this kind of message to me! Erase this message from your computer right now!"

Gibbons said he knew nothing about the e-mails and questioned their authenticity, as did Peek.

"We categorically, unequivocally deny any such e-mails exist or were written," Peek said.

Peek also said Trepp and Gibbons were being "vilified" by Montgomery, who he described as "a disgruntled former employee who will do anything and everything to tarnish the names of two very well-respected citizens."

Gibbons called the Journal report the "misguided" result "of a civil case between two former business associates, which I have now been dragged into."

Tom Collins, the state Democratic Party chairman sued for defamation by Trepp after seeking access to the Reno court records on grounds they might show "potential improper conduct," renewed his criticism of the governor.

"Gov. Gibbons already has made a mockery of his office in more ways than one, and now we learn the FBI is investigating him for political corruption," he said. "This governor has embarrassed the state, and lost most of his effectiveness and respect. And we're not even two months into his term."

Nevada Governor Denies Wrongdoing Over Contracts (WSJ)

The Wall Street Journal, February 16, 2007

Nevada Gov. Jim Gibbons denied any wrongdoing in the face of a federal investigation into whether he accepted gifts or payments from a company that won government contracts while he was in Congress.

"They can look as deeply as they need to and I encourage them to do so, but there would have been absolutely no influence," the newly elected governor told the Associated Press in Carson City, Nev. The Wall Street Journal reported in a page-one article yesterday that federal authorities are investigating his dealings with a contractor in his state when he was a member of Congress.

A federal law-enforcement official said the preliminary inquiry is focusing on what role Mr. Gibbons may have played in awarding military contracts to eTreppid Technologies LLC in Reno and whether he received any gifts in exchange. Mr. Gibbons said he hadn't been contacted by the FBI regarding his contacts with Warren Trepp, whom he described as a longtime friend; Mr. Trepp is the majority owner of eTreppid and contributed nearly $100,000 to Mr. Gibbons's campaign for governor.

"They never talked to me. They never have given me any kind of hint or whatever," Mr. Gibbons said.

FBI Reportedly Investigating Nevada Governor Over Contractor's Gifts (WP)

By Matthew Mosk And Dan Eggen

The Washington Post, February 16, 2007

DOJ_NMG_0133023

The FBI is investigating whether Nevada's governor failed to report gifts from a military contractor that he received while serving in Congress, law enforcement officials said yesterday.

Investigators are also examining whether Jim Gibbons, a Republican, performed any official acts on behalf of the contractor in exchange for gifts or payments, according to the officials.

The governor released a statement yesterday in which he defended his efforts to "introduce" the contractor's software products to fellow members of the House intelligence and Armed Services committees. He said he has "never been notified of any investigation by the FBI."

"I am confident that my actions were ethical," he said in his statement. "However, if there is ever found to be an inaccuracy or mistake, I will rectify it."

Reporting yesterday on the investigation, the Wall Street Journal published a series of alleged e-mail exchanges about Gibbons's dealings with Warren Trepp, the software entrepreneur whose company won millions of dollars' worth of classified military contracts during the time Gibbons served in Congress.

Among the dozens of e-mails is one allegedly sent days before Trepp and his wife prepared to set sail on a Caribbean cruise with Gibbons and his wife. In it, Trepp's wife allegedly wrote to her husband: "Please don't forget to bring the money you promised Jim and Dawn." Trepp's reply, according to the Journal report, was: "Don't you ever send this kind of message to me! Erase this message from your computer right now!"

The gifts allegedly included the cruise and travel on Trepp's private jet, as well as some suggestion of a payment that Trepp made to Gibbons, the Journal reported. Gibbons was first elected to the House in 1996 and served five terms.

The probe is at an early stage, and no conclusions have been reached about whether any crime was committed, one of the law enforcement officials said.

Trepp's attorney, Steven Peek, told the Journal that the software company executive has not been contacted by federal investigators about his relationship with Gibbons. Peek said yesterday that his client is unaware of any investigation and questions the authenticity of the e-mails cited in the Journal report.

None of those involved has disputed that Gibbons and Trepp are friends. Trepp and his relatives have donated more than $30,000 to Gibbons and his wife, who unsuccessfully made her own bid for Congress, in the past five years.

"My relationship with Mr. Trepp has no bearing on the effectiveness of the technology created by his company or its ability to aid in our efforts to improve national security," Gibbons said.

Details about the relationship between Gibbons and Trepp appear to have become public through a legal dispute between Trepp and a former employee of his company, eTreppid Technologies LLC. The case concerns the fair use of software technology, according to court papers.

The Reno, Nev., firm holds several federal software contracts, the nature of which has largely remained concealed because of the secrecy surrounding some aspects of military and intelligence budgeting.

In September, then-Director of National Intelligence John D. Negroponte filed a declaration in the eTreppid lawsuit, in which he said that if some elements of the case became public, it could be "reasonably expected to cause serious, and in some cases exceptionally grave damage to the national security of the United States."

The probe of Gibbons has also raised questions about the impending departure of U.S. Attorney Daniel G. Bogden of Nevada, whose office will oversee the investigation. Bogden is among seven U.S. attorneys who were abruptly fired by the Justice Department without explanation. His last day is Feb. 28.

Libby Defense Skirted Conspiracy Theory (LAT)

By Richard B. Schmitt

The Los Angeles Times, February 16, 2007

WASHINGTON — In his opening statement three weeks ago in the federal perjury trial of I. Lewis "Scooter" Libby, defense lawyer Theodore V. Wells Jr. dropped a bombshell. In dramatic tones, Wells declared that Libby had been the victim of a White House conspiracy to make Libby the fall guy for the CIA leak scandal.

But when the jury begins deliberating the fate of the former vice presidential aide next week, it will have seen virtually no evidence to back up the provocative claim.

The difference between what Wells promised and delivered, and how it will play with the 12-member panel, is just one of the wild cards as the trial winds up. Libby himself did not take the stand, and the unusually spare defense seemed built on the hope that prosecutors did not make their case.

Indeed, the case is hardly a slam-dunk for the government. The defense punched some holes in the stories and memories of government witnesses, including journalists.

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The biggest worry for the prosecution may be whether the jury will think it fair to convict Libby, the only person charged in the three-year federal probe, when he was neither the first nor the only high-level government official to talk about CIA operative Valerie Plame.

Libby is charged with attempting to conceal his involvement in the events that led up to the disclosure of Plame's identity in published reports in the summer of 2003. Plame, a CIA arms-proliferation analyst, is married to Bush administration critic Joseph C. Wilson IV. The New York Times published a scathing anti-administration op-ed article by Wilson in July 2003, and eight days later his wife's identity was exposed by syndicated columnist Robert Novak.

Testimony at the trial indicated that Libby and several other administration officials were discussing Plame with journalists, offering up her identity to explain Wilson's CIA-directed trip to Africa, which turned up evidence that contradicted administration claims about Iraq's nuclear intentions.

Libby denied to a federal grand jury that he knew about Wilson's wife, but conceded that at one point he had heard it from a journalist, and then passed along the information as gossip.

The government said that he was lying, and that he had fabricated a story after realizing he may have disclosed classified information.

Special Prosecutor Patrick J. Fitzgerald's parade of witnesses gave testimony indicating that Libby had come to know about Plame through a number of official sources, including Vice President Dick Cheney, well before he said he learned about her from a reporter. The government also called three journalists who spoke with Libby and who all disputed the version of conversations about Plame that Libby offered investigators.

By comparison, the defense that Wells offered was short and uneventful; the most provocative move was the decision not to call Libby to the witness stand.

His lawyers argued that if Libby misspoke to anyone, it was because he was swamped at work, essentially doing double duty as Cheney's chief of staff and national security advisor. His former right-hand man testified that Libby was a workaholic who was constantly dealing with life-and-death issues.

Many experts believe the jury wanted to hear that from the defendant himself, and that they will question why he chose to stay mum.

"This is a case that cries out for Libby to take the stand," said Jeffrey Frederick, a Charlottesville, Va., jury consultant. Under the law, the jury is not supposed to consider the fact that Libby did not testify in weighing his guilt or innocence. "Still, a number of jurors will be disappointed," he said.

But some lawyers said the move made sense. If Libby had taken the stand, Fitzgerald would have launched a far-reaching attack on his credibility.

"He stood the risk of being branded a liar," said John Hueston, a Los Angeles lawyer and former federal prosecutor who helped convict former Enron chief executive Kenneth L. Lay.

Hueston said the Lay case was an object lesson in why lawyers should think hard before subjecting their clients to cross-examination; Lay was quickly exposed as duplicitous.

Hueston said he thought that in Libby's case, "the defense made a sensible move in not risking everything."

How Wells will handle the once-jarring conspiracy theory is unclear.

In his opening statement, the lawyer produced a note from Cheney expressing concerns that Libby was being "sacrificed" and being put through "the meat grinder." The theory was that the White House was angling to protect political strategist Karl Rove and dispense with Libby — a theory that cast Libby in a sympathetic light.

But the conspiracy theory never really took root in court. Libby's lawyers never called Cheney or Rove to explore the theory.

Fitzgerald attacked the scapegoat theory by introducing videotape of former White House Press Secretary Scott McClellan, who it was insinuated was part of the alleged anti-Libby cabal, publicly clearing Libby of any wrongdoing. The defense did not call McClellan either.

Legal experts said Wells could deal with the dropped conspiracy claim during his closing statement Tuesday by saying that the defense strategy changed because the lawyers thought the government case was so weak that it did not have to be addressed.

But lawyers said failing to follow up such a dramatic claim with harder evidence could backfire. Undelivered promises can raise questions in jurors' minds about other defense claims.

"It gives the government an opportunity during closing arguments to cast doubt on the entire defense case," said Daniel French, a former U.S. attorney. Fitzgerald, he said, "is now free to say … 'You didn't hear about a conspiracy because it did not happen.' "

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Libby Trial Offers Little On Rove Theory (NSDY/AP)

By Matt Apuzzo

Long Island Newsday, February 16, 2007

WASHINGTON -- Attorneys for I. Lewis "Scooter" Libby told jurors at the onset of the CIA leak trial last month that Libby was the victim of a conspiracy to protect White House political adviser Karl Rove. But like the anticipated testimony from Libby and Vice President Dick Cheney, details of any save-Rove conspiracy were promised but never materialized.

That leaves defense attorneys, who will spend the long weekend fine-tuning their closing arguments, to decide how to describe Rove for jurors when summing up their case on Tuesday.

Libby is charged with lying and obstructing the investigation into the 2003 leak of CIA operative Valerie Plame's identity. Special Prosecutor Patrick Fitzgerald said Plame's name was leaked to the press as part of White House effort to discredit her husband, prominent war critic and former Ambassador Joseph Wilson.

During opening statements, defense attorney Theodore Wells described a different White House effort: one in which Rove, Bush's top political strategist, was protected for leaking information while Libby took the fall.

"Libby was an important staffer," Wells said. "But Karl Rove was the lifeblood of the Republican Party."

As evidence, Wells described how White House spokesman Scott McClellan publicly declared Rove's innocence in the leak case but failed to do so for Libby. Angered, Libby appealed to Cheney, who intervened and had McClellan exonerate Libby, too.

"Not going to protect one staffer and sacrifice the guy that was asked to stick his neck in the meat grinder because of the incompetence of others," Cheney wrote in a note.

Special Prosecutor Patrick Fitzgerald says Libby felt guilty about discussing Plame with reporters and was trying to cover his tracks by lying to the FBI and to a grand jury investigating the leak. The Rove theory allows defense attorneys to say Libby felt wronged by the White House and was acting as an innocent man trying to clear his name.

But Libby's attorneys never dug deeper than that during the trial. While cross-examining government witnesses, they took every opportunity to mention Rove but never elicited details about how the president's top political operative was being protected or why.

Libby lawyers also opted not to call Cheney, McClellan or White House Communications Director Dan Bartlett to testify about whether Libby was being made a scapegoat.

The most explicit testimony on Rove came from columnist Robert Novak, who outed Plame in a July 2003 column. He testified that Rove, a frequent source, was one of two officials who told him about Plame. Libby, with whom he seldom spoke, was not a source.

The jury did not hear testimony that Rove was not indicted after testifying five times before Fitzgerald's grand jury, occasionally correcting misstatements he made in his earlier testimony.

Nor did the jury hear testimony about how Rove is credited as an architect of Republican political victories and has been accused by opponents of playing dirty tricks.

All that jurors heard is that Rove leaked Plame's identity and, from the outset, got political cover from the White House. He was never charged with a crime.

His name came up sporadically in handwritten memos and testimony. He was clearly cast as an important White House aide but his job was never fully explained. His influence was never clearly defined, only hinted at.

Bribery Charges Could Indicate Trouble For Unindicted Members (HILL)

By Susan Crabtree

The Hill, February 16, 2007

Indictments handed down to two major allies of former Rep. Randy “Duke” Cunningham (R-Calif.) earlier this week provide clues about other evidence and material federal prosecutors are seeking from Congress and which members could face more legal trouble in the wide-ranging bribery investigation.

In between the more lurid details about prostitutes, hundreds of thousands in cash payments and luxurious trips to Hawaii and Coeur d’Alene, Idaho included in the indictments of defense contractors Brent Wilkes and his longtime friend, former top-ranking CIA official Kyle “Dusty” Foggo, are eight references to letters Cunningham sent members of the Appropriations, Permanent Select Committee on Intelligence and Armed Services committees requesting tens of millions of dollars in contracts for Wilkes’ companies. Cunningham served on each of the panels.

The indictments do not include the panels’ responses to these requests; and that is, in all likelihood, because prosecutors were having a difficult time convincing Congress to hand over the relevant records – until recently. In December, the U.S.

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Attorneys office in San Diego issued a series of subpoenas for records to the three committees. Also late in the year, prosecutors served subpoenas for testimony to two key staffers: one who worked as Cunningham's executive assistant and another who worked for the Appropriations Defense subcommittee, which was chaired by Rep. Jerry Lewis (R-Calif.) during many of the time periods in question.

House Speaker Nancy Pelosi (D-Calif.) has been in discussions with the House General Counsel's office and the bipartisan legal advisory group about whether to work with prosecutors and provide access to the hundreds of pages of material requested or decide to protect the documents by invoking the Constitution's Speech or Debate clause, a separation-of-powers protection that has been used in the past to protect congressional information from judicial inquiry.

Earlier this week, a Democratic aide said discussions are "still ongoing" and the two sides hope to resolve the matter as soon as possible. Of the eight letters of request, four were sent to the House Appropriations panel and the indictment specifically mentions one sent to the chairman of the Appropriations Defense subcommittee.

"On or about July 31, 2001, in support of defendant Wilkes's request for Congressional Appropriations, coconspirator Cunningham wrote the chair of the Defense Appropriations Subcommittee seeking to maintain the level of funding for his 'earmarks,'" the indictment states.

In another instance, the indictments mentions that "on or about May 1, 2000" Cunningham's legislative director sent a memo to a House Appropriations Committee staffer indicating that two programs that funded Wilkes's contracts, were among the congressman's "highest priorities."

The indictment also references a letter Cunningham sent in late May 1998 to the chairman of the House Appropriations subcommittee on national security, requesting a total of $64 million for Wilkes's Document Conversion Programs for fiscal year 1999.

Rep. Bill Young (R-Fla.) chaired that subcommittee until late November 1998 when Lewis moved into that post. The name of the panel was then changed from national security to defense subcommittee, although the indictment does not reflect that the name was changed in 1999.

On or about May 21, 1999, co-conspirator Cunningham wrote the chairman of the Appropriations subcommittee on national Security, requesting a total of $94 million for the Document Conversion Program for fiscal year 2000, specifying that the funding was to be used for a Panama-based document scanning project, which had been using Wilkes's company, ADCS, as the prime contractor.

According to the indictments, Cunningham sent the House Armed Services Committee a series of letters.

For instance, in mid-April 2000, Cunningham wrote the chairman of the House Armed Services Committee, on another Wilkes's project related to the Global Infrastructure Data Capture program, for which he requested a total of $16 million. At the time, Rep. Floyd Spence (R-S.C.) was chairman of the Armed Service Committee. Spence died in 2001.

But the indictment includes multiple letters sent to the House Armed Services Committee chairman when Cunningham's close friend, Rep. Duncan Hunter (R-Calif.), was the panel's chief.

On or about Sept.15, 2004, coconspirator Cunningham sent a letter to the Chairman of the House Armed Services Committee on behalf of Wilkes's alleged coconspirator Mitchell Wade seeking the "Chairman's support in obtaining $16 million in funding for the Counterintelligence Deception Program during the 2005 conference negotiations."

In 2005, Cunningham wrote two letters: one to Hunter seeking $25 million in funding for what is referred to in the indictment as the MRG program during the 2006 budget cycle, and another to the chairman of the House Permanent Select Committee on Intelligence urging his support for the same program. Former Rep. Porter Goss (R-Fla.), who went on to become CIA director before resigning last May, was chairman of the Intelligence panel at the time.

Lawmakers contacted for this article did not comment by press time.

F.B.I. Raids On The Mayor Make Him Topic A In A Small Town (NYT)

By Jonathan Miller

The New York Times, February 16, 2007

GUTTENBERG, N.J., Feb. 12 — The whispers were everywhere in this sliver of a town on the Hudson: Federal investigators were here looking for something.

Then on Jan. 26, the F.B.I. agents seized several computers, rifles and files from the home of Mayor David Delle Donna, as well as records from Town Hall.

Mr. Delle Donna has not been charged with a crime and insists that he has done nothing wrong, though a person close to the investigation said the January raids were connected to a former bar owner and eight others charged in 2005 with running a human trafficking ring.

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In that case, the defendants are accused of conspiring to recruit young women in Honduras and smuggle them into the United States, then forcing them — some are as young as 14 — to dance and entertain at three bars in Guttenberg and nearby Union City.

So far, four people have pleaded guilty, including Luisa Medrano, 51, of Cliffside Park, whom investigators had accused of being the leader of the trafficking operation. But in September she pleaded guilty to the relatively minor charges of illegally harboring aliens and tax evasion.

According to state election records, Ms. Medrano contributed $3,000 to Mr. Delle Donna's election campaigns. Mr. Delle Donna, 48, who has been mayor since 2002, told The Hudson Reporter last week: "I don't believe I've done anything illegal. I feel I'll be exonerated."

Then he went on to say: "We live our lives based on the premise that we're supposed to always try to help people when you're a public servant. I have always had a very open-door policy here. I welcome people into my home, sometimes people I barely know, because they've come to me for help. And in the past, I've gone out of my way to help. I'm just disappointed that some of that help can be misconstrued as being illegal."

When contacted for this article, the mayor declined to comment further.

The January raids have left many in this town of 10,800 scratching their heads. "I thought it was crazy," said Leon June, 51, who was waiting for a bus recently on Bergenline Avenue. "It's a small town; how much damage can you do?"

And although no one is suggesting any connection to the trafficking, chatter in this town that measures all of 4 blocks wide and 11 blocks long reached new heights in recent weeks after two fires broke out at the only high-rise apartment building in town, killing one person, and another fire erupted at an abandoned building.

But Guttenberg — a name that even New Jerseyans are not sure how to pronounce (the first syllable sounds like gut, not toot) — is in Hudson County, where skullduggery is a spectator sport, and attention soon snapped back from the fires to Town Hall.

In addition to being mayor, a part-time job that pays $6,700 a year, Mr. Delle Donna is the coordinator for maintenance at the Hudson County Schools of Technology in North Bergen.

The day after the raid on the Delle Donna home, a modest two-story house wrapped in green aluminum siding, the mayor's wife, Anna, said in a telephone interview: "We don't know anything. We are very good people."

She added that the weapons the F.B.I. took were hunting rifles, though her husband has not hunted in 15 years.

The mayor's political adversaries say he is "a nice guy." "David Delle Donna doesn't come across as a bad person," an opponent said.

The United States attorney's office, which is handling the trafficking case, declined to comment.

This isn't the first time that tiny Guttenberg, wedged in next to West New York, has been on the wrong side of the headlines.

In 2003, the former mayor, Peter LaVilla, pleaded guilty to misappropriating campaign funds and using the money for a private brokerage account after an investigation by the United States attorney's office. In 2002, a councilman accused of receiving illegal advances on his salary resigned, although he was never formally charged. The same year, the town's chief financial officer pleaded guilty to misappropriation of funds.

Despite the latest goings-on, the mayor is keeping up with his normal responsibilities at the school and at Town Hall. At a council meeting on Monday, he could be found poring over the minutiae of local government: youth softball and baseball signups, problems with the prescription drug program, a shortage of computers in the planning office.

Though it was the first meeting since the January raids, no one spoke of the recent investigations and prosecutions, except the town's attorney, Charles Daglian, who said outside the meeting in a second-floor conference room at Town Hall: "I've been a lawyer 27 years. I've seen it all."

New York Boy Band Architect's Florida Office Searched By FBI (NSDY/AP)

By Travis Reed, Associated Press Writer

Long Island Newsday, February 16, 2007

ORLANDO, Fla. -- Federal agents executed search warrants on Thursday at New York native Lou Pearlman's Florida office and home, the latest in a string of legal problems facing the man who built the Backstreet Boys and 'NSYNC.

The search came less than two weeks after a state court-appointed receiver took control of three Pearlman companies. A judge issued that order after Florida's Office of Financial Regulation alleged that for 15 years Pearlman has sold unregistered securities through a bogus savings program. Also on Thursday, Pearlman's attorneys in that case filed a court motion to withdraw from representing him.

Pearlman, who moved to Orlando in 1990, conjured multi-platinum success by piecing together boy bands in the 1990s. He claims to have done nearly $2 billion in retail music sales and owns a restaurant franchise, a new steakhouse and a dining and entertainment complex in downtown Orlando. He has been sued over the years by several of the young stars he managed, who accused him of locking them into predatory deals. Pearlman has said the now-resolved lawsuits were just overblown contract negotiations.

FBI agents and other law enforcement investigators spent hours on Thursday carrying boxes away from Pearlman's offices.

The FBI referred comment to the U.S. attorney's office, which issued a statement saying: "Other than confirming the existence of an investigation, we are not in a position to comment further at this time. Today's searches are part of this investigation."

A former Pearlman spokeswoman reached for comment Thursday said she has not worked for him since last month. Pearlman did not immediately return a message from The Associated Press left on one of his voice mail accounts. He could not be reached by e-mail because the inbox was over capacity.

Stephen LaFreniere, the head of an Orlando real estate brokerage who said he was hired to manage Pearlman's complex, said he's been unable to pay its electric and garbage bills for three or four months because Pearlman's employees have been collecting the rent before he could get it. LaFreniere said he doesn't know where the combined $100,000 from Church Street Station's 15 or 16 tenants has been going. He also had no idea where Pearlman was.

"I've only met the man twice," he said.

Besides the state's allegations and possible federal charges from the Thursday search, Pearlman faces four lawsuits from banks alleging past-due loans of $14 million and overdue loan guarantees of $49 million, according to the Office of Financial Regulation complaint.

The state accuses Pearlman of collecting more than $95 million from more than 1,000 investors "by making a variety of misrepresentations." He's accused of promising to put people's money in insured bank accounts earning better-than-average dividends but instead transferring those funds to himself and his companies.

The state found less than $15,000 in four bank accounts used over the past four years for Pearlman's savings program, according to the complaint.

Ranbaxy Says U.S. Officials Searched Two N.J. Offices (Update3) (BLOOM)

By Catherine Larkin

Bloomberg, February 16, 2007

Feb. 15 (Bloomberg) -- Ranbaxy Laboratories Ltd., India's biggest drugmaker, said U.S. officials conducted a surprise search of two of its New Jersey offices yesterday, seeking documents on a variety of topics.

Federal agents spent all day at Ranbaxy's administrative office in Princeton and manufacturing facility in New Brunswick, said Chuck Caprariello, a spokesman for the company. He declined to specify which documents were taken and said business operations have continued as usual.

``The only thing we know right now is that it was an information request and they needed information on a variety of topics," Caprariello said today in a telephone interview. ``We're trying to open up dialogue now as to why, and what information they wanted."

The Trentonian, a New Jersey newspaper, reported today that criminal investigators from the U.S. Food and Drug Administration searched the Princeton facility, saying they were serving a warrant.

The U.S. Attorney's Office in Maryland, part of the Justice Department, is working on the Ranbaxy case and won't comment because there is a pending investigation, spokeswoman Vickie LeDuc said today in a telephone interview from her Baltimore office. Doug Arbesfeld, a spokesman for the FDA, said the Justice Department was handling all media inquiries.

Ranbaxy, a maker of generic drugs based in Gurgaon, near New Delhi, issued a statement after the close of trading in Mumbai saying it wasn't aware of any wrongdoing. Earlier in the day, the company's shares had their biggest one-day percentage drop in more than seven months. The shares fell 21.1 rupees, or 5.1 percent, to 393.5 rupees on the Bombay Stock Exchange.

6 Years In Prison For Strip Club Bribes (AP)

By Ken Ritter, Associated Press Writer

AP, February 16, 2007

(AP) - LAS VEGAS-A former Clark County commissioner was sentenced to six years in prison Wednesday for delivering bribes to politicians on behalf of a strip club owner.

U.S. District Judge Larry Hicks branded Lance Malone the "organizer, manager and leader" of "probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted."

Hicks blamed Malone for distributing up to $550,000 in bribes to three former commission colleagues from 2000 to 2003, and said he was imposing three years more than Malone received in a related case in San Diego. Malone will serve the sentences at the same time; he also was fined $100,000.

Malone pleaded guilty in September to one count of conspiracy under the federal Racketeer Influenced Corrupt Organizations, or RICO Act, for the Nevada case.

In the San Diego case, Malone was convicted on similar charges that he delivered bribes to politicians there on behalf of strip club owner Michael Galardi.

On Wednesday, Malone, 45, told the judge that he had been greedy, and he pleaded for leniency.

"I did start with good intentions, and those intentions went horribly, horribly wrong," Malone told the judge.

"I did things that I regret and I wish I could take back, but I cannot," he said.

Malone becomes the third person sentenced in a case that grew from years of FBI wiretaps and led to indictments against Galardi, Malone, and former Clark County commissioners Dario Herrera, Erin Kenny and Mary Kincaid-Chauncey. The commission wields control over a wide area of southern Nevada, including the Las Vegas Strip.

Herrera, 33, is serving four years and two months in prison. Kincaid-Chauncey, 68, is serving 30 months. They were convicted last year.

Kenny and Galardi, who said he sought votes from the commission that would benefit his strip clubs, pleaded guilty and awaits sentencing.

West Mifflin Policeman Held For Trial (PTR)

By Karen Zapf, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, February 16, 2007

In a hearing that lasted almost four hours, seven witnesses testified Thursday about alleged wrongdoing by suspended West Mifflin police Officer Noel Missig.

Brookline District Judge Charles McLaughlin held Missig, 39, of West Mifflin, for trial on charges of perjury, simple assault, obstructing the administration of law or government function, tampering with public records or information, two counts of unsworn falsification to authorities and official oppression.

The charges stem from a joint FBI and state police investigation that spanned four years and led to accusations that Missig planted cocaine in a suspect's clothing, assaulted a handcuffed boy and lied about the seizure of video poker machines from a borough business.

Mark Kocak, of West Mifflin, testified that on March 31, 2004, Missig and other officers came to his Maryland Avenue home looking for Richard Jasek, who was wanted by police for a probation violation.

Kocak testified that he saw an officer hand Missig a package that was on a table, and Missig placed the package, which contained cocaine, into the pocket of a sweatshirt belonging to Jasek.

Kocak said Missig told him: "This is going to help you out."

Kocak and Jasek were charged with drug violations.

Another witness, Andrew Palmer, 23, testified that during his arrest by West Mifflin police in 2001, Missig kicked him in the ribs and later choked him and slammed his head against a wall at the police station.

Mark Rider, former borough field inspector, testified that he did not give Missig information in 2000 that there were video poker machines in a Pennsylvania Avenue business.

When obtaining a search warrant for the business, Missig claimed the information about the gambling machines came from Rider.

"I never saw the poker machines until the morning they were taken out of the building," Rider said.

Stephen Greenberg, Missig's lawyer, said the alleged misconduct did not take place.

Missig, a borough officer for 12 years, remains free on his own recognizance. His formal arraignment is scheduled for May 8.

Missig's suspension without pay remains in effect until Tuesday's borough council meeting.

Karen Zapf can be reached at kzapf@tribweb.com or (412) 380-8522.

Legal Team Honored For Winning Gang Conviction (LAT)

From Times Staff And Wire Reports

The Los Angeles Times, February 16, 2007

The Anti-Defamation League on Thursday honored the federal agents and prosecutors involved in convicting four members of a Latino street gang in Highland Park last year for violating the civil rights of African Americans with a campaign of threats and violence, including murder.

The group noted that the case against the Avenues gang "broke new ground as the first time a street gang was convicted of violating federal hate crime laws."

Honored at a luncheon at the Skirball Cultural Center were federal prosecutors Bobby Bernstein, Alexander Bustamante and Thomas O'Brien; FBI agents Jerry Fradella and Christian M. Haugen; and federal paralegal Martha Lovejoy.

Two sheriff's deputies, an LAPD lieutenant and a Pasadena police corporal were also honored for working to stop hate crimes and ease race relations.

Prison For Collector In Protection Scam (CHIT)

By Matt O'connor, Tribune Staff Reporter

Chicago Tribune, February 16, 2007

Extortionist preyed on Russian businesses

A Russian native, who prosecutors say preyed on Russian businesses in Chicago for "protection" money, was sentenced Thursday to more than 7 years in prison for extortion.

"I would like to die at home," Israil Vengerin, 69, of Chicago, said through a Russian interpreter from the U.S. Bureau of Prisons' medical facility in Rochester, Minn., where he took part in the sentencing by videoconference.

Vengerin's lawyer, Ronald J. Clark, sought leniency, saying his client is dying in prison from heart problems while he awaits a transplant.

U.S. District Judge John Darrah imposed an 87-month prison term, saying Vengerin "terrorized" some in the Russian community.

Darrah said he took into consideration Vengerin's health but felt he needed to "send a message that this kind of conduct will not be tolerated."

If Vengerin's condition becomes terminal, the judge said he would consider reducing his sentence.

Last October, a jury convicted Vengerin on seven counts of extortion and mail fraud for threatening violence to obtain money from victims in four separate schemes.

Prosecutors said Vengerin held himself out in Chicago's Russian community as "a strong-arm collector" who preyed on businesses for protection money in return for guarantees that the owners wouldn't be harmed and their businesses wouldn't be vandalized.

Much of the testimony came from secretly recorded tapes of Vengerin made by an associate who helped collect the protection money while working undercover for the FBI. At least two victims also recorded Vengerin with the FBI's cooperation.

In one incident, a Russian businessman agreed with Vengerin to stage a burglary in 1999 at his painting-supply store in Skokie, but the insurance company refused to pay his $273,000 claim for losses.

Thinking he had been double-crossed, Vengerin extorted the businessman for his promised share of the money from the staged burglary, prosecutors said.

By 2004, the businessman, Vladimir Meltser, agreed to cooperate with the FBI and recorded a conversation in which Vengerin threatened to beat Meltser "to within an inch of his life" if he didn't pay up, according to court records.

After Vengerin demanded $1,000, Meltser paid him in two $500 installments with money supplied by the FBI, the records showed.

In another instance, Vengerin struck a businessman in the stomach when he balked at his demand for money in 1999. The victim then handed over a check for $1,500, authorities said.

Another victim contacted the FBI in 2000 after three Vengerin associates demanded he produce $20,000 the next day or they would harm him and his girlfriend. The victim paid $15,000 supplied by the FBI, authorities said.

Assistant U.S. Atty. T. Marcus Funk called Vengerin a bully who took advantage of an insular ethnic community often unwilling to go to law enforcement.

Vengerin's wife, Alina, wept in the courtroom as she pleaded for mercy, saying of her husband, "He is a very peaceful person and will not harm a fly."

mo'connor@tribune.com

Russian Court Delays Forbes Murder Trial (AP)

By Vladimir Isachenkov

AP, February 16, 2007

DOJ_NMG_0133031

MOSCOW - A court postponed jury selection Thursday in the retrial of three men linked to the 2004 murder of the American-born editor of Forbes magazine's Russian edition after two of the defendants failed to show up, a court spokeswoman said.

Prosecutors had accused two Chechen men of killing Paul Klebnikov, but a jury trial acquitted them last year. The Supreme Court later overturned the acquittal and ordered a new trial.

Moscow City Court spokeswoman Anna Usacheva said Thursday's session to choose jurors for the retrial was postponed until March 14 because defendants Kazbek Dukuzov and Musa Vakhayev failed to show up. The two have been free since their acquittal.

A third man whom prosecutors linked to the Klebnikov case, Moscow notary Fail Sadretdinov, was convicted last month on an unrelated crime and sentenced to nine years in prison. Sadretdinov was brought to the courtroom Thursday, but his lawyer, Ruslan Koblev, argued that his poor health made it impossible to attend the retrial.

"Sadretdinov needs medical treatment," Koblev told The Associated Press, saying that his client was suffering from epilepsy and suffered seizures during his trial last year. "It's absurd to have him face trial."

Prosecutors accused Sadretdinov of involvement in the alleged attempted murder of a businessman, and claimed he was linked with the other two defendants who were accused of killing Klebnikov. Sadretdinov denies the charges.

Koblev criticized the retrial as politically driven, saying that authorities were pressuring the court to convict the defendants. President Vladimir Putin last year praised the Supreme Court's decision to launch a retrial.

Prosecutors have claimed that Dukuzov and Vakhayev killed Klebnikov on behalf of Khozh-Akhmed Nukhayev, who was the subject of Klebnikov's book "Conversations With a Barbarian." Nukhayev remains at large.

Critics of Russia's justice system, which is widely seen as lacking independence from the Kremlin, have said prosecutors failed to properly pursue other lines of investigation.

Klebnikov, 41, an American of Russian origin who was editor of Forbes magazine's Russian edition, was gunned down outside its Moscow offices in July 2004. Many believed the killing was connected to Klebnikov's work investigating corruption and Russia's shadowy business world, but the case remains unsolved.

The U.S.-based media watchdog group, the Committee to Protect Journalists, called on court officials to make the proceedings open to the public, to ensure the suspects are present for the trial and to make sure the jury is sequestered - something that rarely happens in Russian judicial proceedings.

"The first trial was riddled with procedural violations that were hidden from the public with closed-door proceedings and a gag order on all participants," Executive Director Joel Simon said.

Russian Trial On Journalist's Slaying Opens (NYT)

By Steven Lee Myers

The New York Times, February 16, 2007

MOSCOW, Feb. 15 — The retrial of three men charged with murdering Paul Klebnikov, the American editor of the Russian-language edition of Forbes magazine here, opened in confusion today as the two suspects failed to appear in court and the judge postponed the beginning of jury selection for a month.

A jury acquitted the two suspects — Kazbek Dukuzov and Musa Vakhayev, both Chechens — after a closed trial last year that raised questions about the Russian government's handling of the case, which gained prominence because of Mr. Klebnikov's renown as an aggressive investigative journalist.

The Russian Supreme Court overturned that acquittal last fall and ordered a new trial, but the men have since remained free. Their whereabouts remains unclear, although a lawyer who represented Mr. Dukuzov in the case until last month, Ruslan A. Khasanov, said he believed his client had returned to his home in Urus Martin, a small city in Chechnya.

The prosecutor general's office declined to discuss today's events, which like the previous trial occurred behind closed doors. A spokeswoman for the Moscow City Court, where the trial is taking place, also declined to elaborate beyond saying that the proceedings would resume on March 14. It was not clear whether arrest warrants had been issued to bring the men to the court.

Mr. Klebnikov, an American citizen of Russian ancestry, was shot to death outside his office in July 2004. He was one in a series of journalists before and since who have died in unsolved circumstances in Russia.

With international attention focused on the killing, including personal appeals by President Bush to President Vladimir V. Putin for a thorough investigation, prosecutors accused Mr. Dukuzov and Mr. Vakhayev of carrying out the killing on behalf of a Chechen separatist commander, Khozh-Akhmed Nukhayev. Mr. Nukhayev was the subject of one of Mr. Klebnikov's books, "A Conversation with a Barbarian."

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A third defendant, Fail Sadretdinov, was charged with related crimes and also acquitted last year. He was later convicted of other crimes and sentenced to nine years in prison. As a prisoner, he appeared in court today.

Mr. Sadretdinov's lawyer, Ruslan P. Koblev, said the opening session was largely a formality given the absence of the other suspects, as well as representatives of Mr. Klebnikov's family. He described the failure of the suspects to appear as unusual.

Mr. Klebnikov's brother, Michael, expressed concern about the latest development. "We continue to think that the best way for this to be done — for it to be just and fair — is to do it openly," he said in a telephone interview from New York, where he lives. "Secondly, we have a question of why they were not in custody in the first place. They are murder suspects."

Mr. Koblev said that the conviction of his client on unrelated charges made it clear that the prosecution was biased against the three men, regardless of the evidence. "If they are in a normal state of mind, and they see what happened to Sadretdinov, I am sure they understand that they cannot pin hopes on justice in this trial," he said in a telephone interview.

Mr. Khasanov said he had not reached an agreement to represent Mr. Dukuzov in the new trial, adding that he had told this to the court. He said the normal procedure for notifying a suspect of a trial would be to send a written summons by mail — a dubious prospect in a region battered by two wars since 1994.

Retrial In Klebnikov Case Delayed (MOSCOWT)

By Carl Schreck

Moscow Times, February 16, 2007

Two Chechens accused of murdering U.S. journalist Paul Klebnikov failed to appear in Moscow City Court on Thursday, delaying jury selection in the high-profile case.

Kazbek Dukuzov and Musa Vakhayev are being tried for a second time for the July 2004 shooting of Klebnikov, 41, the former editor of the Russian edition of Forbes magazine.

They were acquitted in May, but the Supreme Court reversed that ruling in November, sending both men back to court.

But they were nowhere to be found Thursday. "We have no written explanation of why they did not show up," court spokeswoman Tatyana Zubaryova said.

The proceeding was closed to the public.

Vakhayev's lawyer, Vladimir Gorulkov, said in court that his client had "valid reasons" for his absence, Zubaryova said. No one showed up to represent Dukuzov, Zubaryova said. Ruslan Koblev, the lawyer for Moscow notary Fail Sadretdinov, said Dukuzov had received his court summons but was in Chechnya; he said he did not know whether Dukuzov would return to Moscow for the trial.

Koblev said Vakhayev was in Moscow but stayed home Thursday because he was ill.

Sadretdinov is suspected of ordering Vakhayev and Dukuzov to kill a Moscow businessman in an unrelated killing.

Authorities were unable to convict Sadretdinov, but they did manage to get him for illegally registering an apartment. Last month, he was sentenced by the Preobrazhensky District Court to nine years in prison. Authorities are now retrying Sadretdinov for ordering the murder of the Moscow businessman.

The same jury that is being selected to hear the retrial in the Klebnikov killing is also slated to hear Sadretdinov's case.

The Klebnikov retrial has been postponed until March 14, Zubaryova said.

Ruslan Khazanov, who served as Dukuzov's attorney in the first trial, said he was no longer representing Dukuzov. He added that did not know why the suspects did not show up to court. "But clearly they know they won't get a fair trial," Khazanov said.

Koblev, Sadretdinov's lawyer, said the harsh sentence handed down to his client for the illegal registration might prompt Dukuzov and Vakhayev to flee the country to avoid the retrial in the Klebnikov case.

Alexander Vasilyev, a spokesman for the Prosecutor General's Office, said Thursday that he could not comment on Vakhayev's and Dukuzov's wherabouts, but he did indicate that the trial was unlikely to be open to the public.

The Klebnikov family and media watchdog groups have criticized the decision to close the first trial and have called for opening the second trial.

"You and I both know that the case is full of secret documents," Vasilyev said.

But Koblev said only four pages -- out of 38 volumes of case materials -- contained classified information.

That classified information was said to detail secret methods used by the Federal Security Service to collect evidence against the defendants.

"The first trial was riddled with procedural violations that were hidden from the public with closed-door proceedings and a gag order on all participants," Joel Simon, executive director of the New York-based Committee to Protect Journalists, said in a statement Wednesday.

"We call on Russian court officials to open the hearing to the public to ensure a fair trial."

Prosecutors contend Vakhayev and Dukuzov had been ordered to kill Klebnikov by Khozh-Akhmed Nukhayev, a Chechen separatist who appeared in Klebnikov's 2003 book "Conversation With a Barbarian."

The Klebnikov family communicated through a spokesman Thursday that it had nothing to say. In a statement released in November, after the Supreme Court ordered a retrial, the family said it would "suspend for the time being our own direct participation in the case due to the enormous emotional toll on us."

But family members said they "reserve the right to become involved again at any time, as the trial unfolds."

Larisa Maslennikova, the lawyer representing the Klebnikov family, said on Ekho Moskvy radio Thursday that it was "above all" the government's job to bring the slain journalist's killers to justice.

Recent history suggests that may be asking a lot.

While the killings of Russian journalists Dmitry Kholodov, Vladislav Listyev and Larisa Yudina in the 1990s all captured headlines, none of these cases has actually seen a single conviction.

Nor has anyone been convicted in the October 2006 killing of Anna Politkovskaya.

Inglewood Police Chief Confirms Misconduct Investigation (LAT)

By Andrew Blankstein

The Los Angeles Times, February 16, 2007

Inglewood interim Police Chief J.I. Davis today confirmed that some members of his department were being investigated for misconduct, but he refused to give specifics.

At an afternoon news conference at Inglewood police headquarters, Davis insisted that his department began its probe after developing its own information of possible police corruption.

"The investigation was initiated in January 2006, after hearing rumors and developing information about possible misconduct," he told reporters.

Davis refused to give specifics, but The Times has reported that at least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that had been the target of a high-profile law enforcement crackdown.

Davis denied reports that the department's investigation was a result of information gathered by federal officials.

"That the information was the result of a federal investigation" is incorrect, he said. "The department did not receive information from any federal agency."

But sources familiar with the misconduct allegations said that federal authorities, including the U.S. attorney's office and the Immigration and Customs Enforcement agency, began hearing about the alleged involvement of police officers last year.

Davis said he called the news conference to stress his department's role in attempting to deal seriously and aggressively with the allegations.

Davis, who took office in May after the investigation was underway, would only say that his agency was actively pursuing a difficult inquiry. He said the officers had logged between three and six years on the force, and some were on street patrol.

Inglewood, a working-class city of 112,000, has long struggled with prostitution problems. Because of its proximity to Los Angeles International Airport, Inglewood has numerous hotels lining its main commercial streets.

Davis insisted that the investigation, which involves administrative rather than criminal improprieties, did not indicate there was a systemic problem with officer misconduct. He said the investigation could lead to changes in training and management.

The investigation comes as the department, the seventh-largest police agency in the county, struggles to fill two dozen vacancies in its 213-officer force.

Sources have told The Times that the internal affairs investigation began after federal authorities launched an investigation of money-laundering and prostitution involving women smuggled into Los Angeles from Asia.

That probe, which resulted in charges against more than two dozen people, led to allegations that Inglewood officers engaged in the sexual liaisons -- sometimes in uniform -- during work hours and off duty, according to several local and federal sources familiar with the case.

Evidence seized by federal agents and local investigators included "very detailed ledgers" that suggested Inglewood officers were receiving sexual favors at the businesses without paying, according to one source close to the investigation.

The ledgers, the source said, had the names of customers and the amounts they paid -- except when the customers were police officers. In those cases, the women allegedly entered a symbol.

Word of the inquiry comes less than two months after the FBI confirmed that it was investigating two Inglewood police officers in the alleged rape of a woman they stopped on suspicion of prostitution. The woman's attorney said last week that he

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has filed a claim against the city and is awaiting an answer from authorities on whether the two officers have been arrested or charged.

Davis today said there were no developments in that case.

To date, sources say, none of the officers has been fired, though some have retired or left the city for other departments.

The internal affairs investigation began more than a year ago when several Inglewood massage parlors and tanning salons were the focus of federal allegations of money laundering and prostitution.

To date, 18 people have pleaded guilty in that investigation, and four others -- including the alleged owner of the brothels, Kimberly Mao -- are awaiting trial.

Mao has pleaded not guilty to the federal charges and has repeatedly denied involvement in prostitution or money-laundering.

But in a recent interview organized by Mao, a dozen women who worked for her at the businesses told The Times that they had seen or heard of officers coming into the massage parlors and sometimes demanding sexual services.

The women, who denied they were prostitutes, recalled several specific incidents, including one in which officers donned masks to hide their identities and pointed guns at employees. Another employee told The Times that an older officer exposed himself in an unsuccessful effort to have her engage in sex with him.

Investigation Nearing End In Case Of Pizza Man Killed By Bomb Collar (USAT)

By Kevin Johnson

USA Today, February 16, 2007

More than three years after a bank robbery suspect in Erie, Pa., was killed when a bomb locked around his neck exploded, a federal prosecutor has summoned investigators to meet today in Pittsburgh to help her determine whether to file charges in the case.

U.S. Attorney Mary Beth Buchanan says her meeting with investigators from the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Pennsylvania State Police indicates that the probe into the bizarre death of Brian Wells, 46, is nearly complete. "The investigation is in its final stages," she says.

A federal grand jury in Erie has heard testimony from "numerous" witnesses, Buchanan says, adding that the probe has been complicated by the deaths of at least two potential witnesses.

The death of Wells, a pizza deliveryman, received national attention because it occurred on live television and because of the many questions it left. No one has been arrested in the case, and it remains unclear whether Wells was a willing participant in a bank robbery plot that went awry or was the unwitting victim of a such a plot.

Investigators also have examined other possibilities. Among them: that the intent all along was not to rob the bank, but to send Wells to a torturous death. Or, that Wells was part of a robbery plot but thought the bomb was fake.

Buchanan declined to comment on whether authorities believe they have resolved such questions.

Wells' strange odyssey began about 1:30 p.m. on Aug. 28, 2003, when an unidentified person called Mama Mia's Pizzaria in Erie and ordered two sausage pizzas to be delivered to what was described as a construction site. Wells, a longtime employee of the restaurant, was sent to deliver the pizzas.

At some point afterward, the bomb was locked around Wells' neck. He drove his Geo Metro to a PNC Bank branch and walked inside carrying a nine-page note that told him how to rob the bank. The note also told Wells to quickly make a series of stops after leaving the bank, suggesting that his progress was being monitored.

When he was stopped by police in a nearby parking lot after leaving the bank with an undisclosed amount of money, Wells had less than 30 minutes to make three more stops, according to the note. The bomb exploded shortly after officers had stopped Wells.

Just before the explosion, Wells offered a possible clue when he told officers that whoever put the device around his neck "pulled a key out and started a timer."

Throughout the investigation, Wells' relatives and friends have sought to cast him as an innocent victim. On a website — www.brianwells.net — they have suggested that he was abducted by up to seven men.

"This case is not solved," the site says. "The Killers must be caught before they Kill again."

Wells' family members could not be reached for comment Thursday.

8 In Inland Empire Accused Of 'Fight Club' Crimes (LAT)

By Sara Lin And Jonathan Abrams, Times Staff Writers

The Los Angeles Times, February 16, 2007

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Police say the gang, founded by Murrieta high school football players, began as bullies but escalated to robberies, burglaries and assaults.

Eight former students of Murrieta Valley High School, including former football players accused of belonging to a "Fight Club" gang, were arrested Thursday on suspicion of waging a crime spree of robberies, burglaries and assaults over two years.

The gang was founded in 2004 by a group of football players who injected anabolic steroids to enhance their performance on the field — and beat up students who "disrespected" their members, said Lt. Dennis Vrooman, spokesman for the Murrieta Police Department.

The suspects started calling themselves "Fight Club" and would challenge one another to fistfights outside the Murrieta school — attracting groups of juvenile spectators, police said. The gang appears to have been modeled on the gang depicted in the 1999 film "Fight Club," starring Brad Pitt.

"They essentially started out as bullies in the school and graduated to crimes of violence," Vrooman said. They had dog tags and baseball caps with an "FC" logo, he said.

Members of the gang would case homes in Murrieta and neighboring Temecula while attending parties, and come back days later to burglarize the residences, investigators allege. They first stole guns, which were later used in robberies at liquor stores and gas stations, Vrooman said.

Members of the gang attempted a home-invasion robbery and committed a car theft, two cases of arson, multiple armed robberies, false imprisonment and several assaults, police said.

Four of the suspects were arrested on suspicion of participating in a criminal street gang, which when considered with the other allegations could lead to a life sentence if convicted, Vrooman said.

The arrests came after a six-month investigation by the Murrieta-Temecula Regional Gang Task Force.

Tim Hales, commander of the task force, said several of those taken into custody came from good neighborhoods.

"They're not poor kids," Hales said. "These are kids that came from good families, for the most part."

Hales added that not all of those arrested were active in the gang: "Not all are Fight Club members; some are active members and some are associates."

Those arrested were Travis Brenn Baker, 20, of Winchester; Christopher David Owen Bredesen, 18, of Murrieta; Gilberto Cuevas, 18, of Murrieta; Simon Lyle Johnson, 20, of Murrieta; Nathan R. Martinez, 21, of La Habra; Michael Robert Petty, 20, of Murrieta; William J. Unmacht IV, 21, of Murrieta; and Martin Arturo Valle, 21, of Murrieta. A 17-year-old from Murrieta, a student at the school, also was arrested.

Three suspects remain at large, including Anthony Craig Smith, 19, of Murrieta, who is accused of stealing a motorcycle and setting it ablaze, police said.

The father of Simon Johnson said in a telephone interview Thursday that his son knew the other suspects, but was not involved in the Fight Club.

He said police told him that Johnson, who was charged with possession of stolen property and possession of a concealable firearm, may have been present when a stolen firearm was sold. Detectives had questioned the father and others about a firearm that was said to have disappeared from a house after a party.

After that, Johnson's father said, his son disassociated himself from the others and has been working for a flooring company.

"When all this started … Simon made the choice to say, 'These guys are bad news,' and he cut the cord with them," said Johnson's father, who declined to give his first name.

The father of the 17-year-old said the teen was on the football team. Police officials told him his son's arrest was related to a MySpace.com posting that was interpreted as a threat, he said.

Family members of Cuevas, Petty and Valle declined to comment. Family members of Baker, Bredesen, Martinez and Unmacht could not be reached for comment.

Murrieta Valley High School Principal Renate Jefferson declined to comment about the arrests.

As for the allegation by police that football team members used steroids, Jefferson said that coaches at the school regularly warn students about the dangers of using those performance-enhancing substances, as well as drugs and alcohol.

Former Murrieta Valley Athletic Director Dave Zirkle said he knew of three of the former players — Martinez, Petty and Unmacht — adding that Unmacht's father was an assistant coach while his son played for the team.

"They were never in trouble that I knew of. They were good students and good kids," Zirkle, who retired in 2004, said.

A spokeswoman for the Murrieta Valley Unified School District said school officials had cooperated fully with police, but declined to comment further.

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Police said the gang was well known on the high school campus. "It was pretty widely known that one, you don't mess with people from Fight Club; and two, everyone knew who they were and were afraid of them," Hales, the task force commander, said.

The group was responsible for dozens of assaults, sending at least one boy to the hospital for several days, Hales said.

Hales described the gang as amateurs when it came to burglarizing homes and robbing stores.

"They were doing things unmasked and ungloved," he said. "Eventually they learned. The last few were done masked and gloved."

Still, their alleged targets were chosen erratically. They allegedly burglarized gas stations and liquor stores for cash and broke into businesses to steal computers and workout equipment. But in residences, they allegedly swiped drug paraphernalia, baseball caps and clothing.

"I don't think wanted high market value; they just wanted things for themselves," Hales said.

The suspects are to be arraigned Feb. 20.

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Times staff writer Maeve Reston contributed to this report.

CIVIL LAW:

Special Counsel Accused Of Intimidation In Probe (WP)

By Elizabeth Williamson

The Washington Post, February 16, 2007

A trouble-plagued whistle-blower investigation at the Office of Special Counsel -- whose duties include shielding federal whistle-blowers -- hit another snag this week when employees accused the special counsel of intimidation in the probe.

The Office of Personnel Management's inspector general has been investigating allegations by current and former OSC employees that Special Counsel Scott J. Bloch retaliated against underlings who disagreed with his policies -- by, among other means, transferring them out of state -- and tossed out legitimate whistle-blower cases to reduce the office backlog. Bloch denies the accusations, saying that under his leadership the agency has grown more efficient and receptive to whistle-blowers.

The probe is the most serious of many problems at the agency since Bloch, a Kansas lawyer who served at the Justice Department's Task Force for Faith-based and Community Initiatives, was appointed by President Bush three years ago. Since he took the helm in 2004, staffers at the OSC, a small agency of about 100 lawyers and investigators, have accused him of a range of offenses, from having an anti-gay bias to criticizing employees for wearing short skirts and tight pants to work.

The 16-month investigation has been beset by delays, accusations and counter-accusations. The latest problem began two weeks ago, when Bloch's deputy sent staffers a memo asking them to inform OSC higher-ups when investigators contact them. Further, the memo read, employees should meet with investigators in the office, in a special conference room. Some employees cried foul, saying the recommendations made them afraid to be interviewed in the probe.

This week, Public Employees for Environmental Responsibility, the Project on Government Oversight, the Government Accountability Project and Human Rights Campaign and a lawyer for the OSC employees protested in a letter to legislators and to Clay Johnson III, the Office of Management and Budget deputy who ordered the OSC probe.

The OSC's memo, the group said, "was only the latest in a series of actions by Bloch to obstruct" the investigation. "Other actions have included suggestions that all witnesses interviewed . . . provide Bloch with affidavits describing what they had been asked and how they responded."

Bloch's office responded with a statement: "Due to the fact that this is an ongoing investigation, OSC cannot comment on it other than to say we look forward to the speedy resolution. Special Counsel Bloch has been and continues to be recused from any decision-making in this investigation. The Office of Special Counsel has fully cooperated in the investigation, and any information to the contrary is reckless speculation."

But the same day the organizations went to the OMB and Congress, Bloch's new deputy, Jim Byrne, issued another employee memo -- not inspired by the complaint, he said.

"All OSC Employees: This e-mail communicates new procedures that will be used . . . in conducting the remainder of its investigative work in our agency. . . . The [investigators] will schedule interviews by directly contacting the employee with whom they wish to speak. The date, time, and place of the interviews will be arranged between the OIG and the employee. There is no longer a requirement to use OSC facilities for the interview. . . ." he wrote.

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"All employees who are contacted by the OIG should cooperate fully with the investigators and provide information and testimony unless disclosure of the information is prohibited by law, regulation, or policy. All employees are permitted to be represented by personal counsel during their interview. . . .

"And, you are also welcome to directly contact me with any questions that you may have. We have nothing to hide."

Protecting Those Who Speak Out (NYT)

The New York Times, February 16, 2007

The plight of federal workers who raise alarms about waste and fraud in government has become a scandal unto itself. That candid air marshal suddenly assigned to desk duty after complaining of shoddy agency practices has plenty of company, including workers who have lost security clearances or found their jobs suddenly relocated far from home. But in a vote this week of bipartisan unanimity, the House government reform committee offered whistle-blowers fresh hope with a much needed measure to protect them against official retaliation.

Existing law gives too much of an edge to oversight boards that are inclined to dismiss or belittle the charges of whistle-blowers. The bill, sponsored by Henry Waxman, Democrat of California, and Tom Davis, Republican of Virginia, would guarantee a worker the right to a court review of a complaint if it lingers beyond six months without action.

The protection against retaliation would also be extended for the first time to the F.B.I. and to intelligence agencies where wastefulness is draped in secrecy. (Maybe someone on the inside could finally explain the hundreds of F.B.I. computers and firearms that are regularly lost.) And nongovernment workers employed by federal contractors would finally have protection if they blew the whistle. The bill would extend anti-retaliation rights to those workers who courageously complained about the politicization of science by patronage appointees, and to airport security workers.

Politicians campaign endlessly on promises to end waste, fraud and abuse. Congress has a golden opportunity to protect the people whose courage can make that possible.

Congress Eyes Getting More Info Released (AP)

By Laurie Kellman, Associated Press Writer

AP, February 16, 2007

WASHINGTON — Congressional Democrats are looking at ways to strengthen open government laws and force the Bush administration to release more documents under the Freedom of Information Act.

Rep. Lacy Clay, D-Mo., said legislation he is considering would be broader than an open government bill last year that sought to reduce the number of disputed FOIA requests and improve reporting requirements to Congress. The legislation never reached a vote in the House or Senate.

Clay said the old bill will be the starting point for a new one that will take direct aim at the administration's practice of using the threat of terrorism to withhold "nonsensitive information."

"I am deeply concerned that this administration appears to be shielding information that ought to be accessible to the public," said Clay, chairman of the House Oversight and Government Reform Committee's subcommittee on information policy.

The American Civil Liberties Union urged the subcommittee on Wednesday to scrap what it said was the White House's "policy of nondisclosure" outlined in a 2001 memo by then-Attorney General John Ashcroft.

Ashcroft advised against releasing information when there was uncertainty about whether FOIA exemptions applied, such as for national security and law enforcement material. His memo reversed a Clinton administration policy that urged agencies to resolve FOIA requests by erring on the side of releasing, not withholding, government information.

"To this administration, secrecy is the default response," ACLU Executive Director Anthony D. Romero said in written testimony prepared for Clay's subcommittee.

Another witness, Clark Hoyt of the Sunshine in Government Initiative, urged Congress to create an independent ombudsman within the federal government to improve training and compliance with the FOIA and act as a liaison for people frustrated in their efforts to use the law to obtain records.

President Bush signed an executive order in 2005 directing federal agencies to be more efficient in dealing with requests for government information, but he left the Ashcroft memo in place. The order called on agencies to take several consumer-friendly steps, including streamlining the handling of requests under the FOIA and appointing senior officials to monitor compliance with the law.

Linda Koontz, director of information management for the Government Accountability Office, said it is too soon to tell if the flow of disclosure has improved under the new executive order. But her agency's study of FOIA request processing trends from 2002 to 2005 found that many agencies could not keep pace with the increase in requests they received.

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Melanie Ann Pustay, acting director of the Justice Department's Office of Information and Privacy, pointed out that agencies face stiff challenges in fulfilling many FOIA requests because of the sheer volume and irregularity of documents that must be reviewed.

She also said that the Internet, among other sources, has caused FOIA requests to balloon to "millions" every year and that processing them costs more than $300 million annually.

New FOIA Reform Legislation Expected Soon (GOVEXEC)

By Daniel Pulliam

Government Executive, February 16, 2007

Newly empowered congressional Democrats likely will introduce legislation to reform the Freedom of Information Act in the next month, sources in both chambers said this week.

The bill's introduction likely will coincide with Sunshine Week March 11-16, an initiative led by the American Society of Newspaper Editors to educate the public about the importance of open government. National Freedom of Information Day also happens that week, on March 16.

Rep. William Lacy Clay, D-Mo., chairman of the House Oversight and Government Reform Subcommittee on Information Policy, Census and National Archives, said Wednesday after a hearing on FOIA that he expects to see reform legislation introduced soon.

Clay said Rep. Henry Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, will be heavily involved in crafting the measure. A bill that was approved at the subcommittee level in September 2006 (H.R. 867) will be used as a starting point.

"We are trying to refine that," Clay said. "We're trying to improve upon it."

In a statement, Waxman said he looks forward to working with Clay on legislation to strengthen the FOIA, and is pleased, as the law was the focus of the subcommittee's first hearing in the new Congress.

Similar legislation (S. 394) introduced by Sen. John Cornyn, R-Texas, cleared the Senate Judiciary Committee last fall.

Both bills would have imposed stricter enforcement of the existing 20-day deadline for responses to requests for information under FOIA and would have created a system to allow the public to track the status of requests online and via a telephone hotline. At the end of 2005, the requests in 22 government agencies totaled nearly 150,000, up about 20 percent from the previous year.

The legislation also called for a FOIA ombudsman to mediate disputes between the government and members of the public.

Sen. Patrick Leahy, D-Vt., chairman of the Senate Judiciary Committee, is planning to reintroduce a similar version of last year's bipartisan legislation, according to committee spokeswoman Tracy Schmaler.

Last year's legislation might have had a greater chance of passing had President Bush not issued an executive order in December 2005 requiring agencies to improve their processes for responding to information requests. Subsequent agency reports in response to the order have shown that agencies have plans for improving the administration of FOIA requests.

While the executive order may have appeased a Republican-run Congress last year, sources said that the Democrats who run Congress now are likely to move aggressively on the legislation this session, for fear that if delayed to 2008, it could get lost in the midst of a presidential election year.

The success of Bush's executive order in improving agency response times to requests is also likely to affect the legislation, sources said.

Melanie Ann Pustay, acting director of the Justice Department's Office of Information Policy, the group that shares the job with the Office of Management and Budget of enforcing the executive order, said at a hearing Tuesday that it is too early determine how effective agencies have been in implementing their plans. But Pustay said so far she has been very pleased with the results.

Asked why the Justice Department had more two dozen identified deficiencies in its plan, including eight at the FBI, Pustay said she thinks "that is just to be expected" and can be blamed on the logistical challenge of moving offices.

Pustay said that the latest edition of the FOIA Guide produced by the Justice Department was delayed from its December 2006 release date because that timeline was "overly optimistic."

Bankruptcy Judge Approves $145 Million In Fees For Lawyers, Advisers In Delphi Case (AP)

By Vinnee Tong, The Associated Press

AP, February 16, 2007

DOJ_NMG_0133039

A federal bankruptcy judge on Thursday approved $145 million in fees to lawyers and financial advisers for the first year of the restructuring of auto parts supplier Delphi.

Troy, Mich.-based Delphi Corp., a former subsidiary of General Motors Corp. until 1999, has incurred nearly $135 million in professional fees and $10 million in expenses for the period from its voluntary bankruptcy protection filing on Oct. 8, 2005, through the end of September 2006.

U.S. Bankruptcy Judge Robert Drain of the Southern District of New York approved the payment applications filed by about 30 law firms, bankers and others.

As part of its bankruptcy case, Delphi has cut labor costs by offering voluntary buyout and early retirement deals to tens of thousands of union workers represented by the United Auto Workers and the International Union of Electronic Workers-Communications Workers of America, the company's biggest and second-biggest unions.

Delphi has made reducing labor and retirement benefit costs one of the highest priorities in its reorganization.

Among Delphi's advisers, the biggest bill comes from the law firm Skadden, Arps, Slate, Meagher & Flom, which recorded fees and expenses of $32.79 million for the year.

Skadden's hourly rates range from $585 to $835 for partners, $560 to $640 for counsel and special counsel, $295 to $540 for associates and $90 to $230 for legal assistants.

The various firms have received most of the fees already, as they are paid monthly, aside from so-called "hold backs." Drain approved orders on Thursday covering three separate periods. His approval means the firms will receive the 5 percent or 10 percent that has been held back. Because of the size of the case, the court had established a special fee committee to create guidelines for how the firms should be paid.

The judge must also approve the fees at the conclusion of the case.

Delphi expects to emerge from bankruptcy protection in the first half of this year. It is now negotiating with its unions over collective bargaining agreements and General Motors over legacy retirement costs. Those agreements are needed if Delphi wants to move forward on a proposed plan that has private equity investors making a cash infusion as the company exits bankruptcy.

Three private equity investors -- Appaloosa Management LP, Cerberus Capital Management LP and Harbinger Capital Partners Master Fund I -- along with Merrill Lynch & Co. and UBS Securities LLC have agreed to invest $1.4 billion to $3.4 billion in a restructured Delphi, a tentative deal approved by Drain last month.

The investors and Delphi seek to resolve the issues with GM and the unions ahead of a Feb. 28 deadline, after which the two parties will give up the right to withdraw from the tentative agreement.

Bear Stearns Ordered To Pay $125 Million (WP/BLOOM)

By Otis Bilodeau And Thom Weidlich, Bloomberg News

The Washington Post, February 16, 2007

Judge Cites Firm for Lax Oversight in Collapse of Manhattan Hedge Fund

Bear Stearns must pay at least $125.1 million to a failed hedge fund after a court concluded the securities firm ignored signs that investors were being defrauded and took money to cover its own potential losses.

U.S. Bankruptcy Judge Burton Lifland in New York yesterday ordered that Bear Stearns must return the money to Manhattan Investment Fund, which collapsed in 2000 after regulators accused the manager of sending fake account statements for more than three years.

Bear Stearns, alerted to the fraud as early as 1998, waited a year before scrutinizing the hedge fund's books and learning its true financial condition, Lifland wrote.

The delay allowed Manhattan Investment to continue cheating investors, who lost almost $400 million, according to regulators. The ruling against Bear Stearns, of New York, may spur investment banks to monitor hedge funds, their most lucrative trading clients, more closely. Bear Stearns is one of the biggest brokers to hedge funds.

Hedge funds are lightly regulated investment pools that allow managers to keep a substantial portion of gains they generate for clients. Hedge funds have resisted government efforts to make them disclose more about their operations.

"These are issues that the hedge fund industry wants to go away, but they're not going to," said Seth Berenzweig, a partner at Albo & Oblon, a law firm in Arlington.

For Bear Stearns, a $125.1 million payment is equivalent to 6 percent of its $2.05 billion profit last year. Bear Stearns spokesman Russell Sherman said the firm will appeal.

Manhattan Investment, founded in 1996 and managed by Michael Berger, imploded into bankruptcy four years later in "one of the most egregious and costly frauds in the history of the securities markets," the SEC wrote in a bankruptcy court filing submitted last year.

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Berger deceived investors for more than three years with fake account statements, said the SEC, which sued Manhattan Investment for fraud in 2000. Berger pleaded guilty to related criminal charges and then left the country before sentencing.

"Bear Stearns was required to do more than simply ask the wrongdoer if he was doing wrong," Lifland wrote.

"This is going to send shock waves through many prime brokers because they've been very careful to limit their responsibility for their customers' actions," said Michael Missal of Kirkpatrick & Lockhart Preston Gates Ellis in the District.

House, Senate Seek FDA Regulation Of Tobacco (LAT)

By Ricardo Alonso-zaldivar

The Los Angeles Times, February 16, 2007

WASHINGTON — House and Senate lawmakers of both parties introduced sweeping legislation Thursday to subject tobacco to the kind of safety regulation that applies to medicines and food, and said prospects for action were the most favorable in years.

"This bill is long overdue, and this is the year, I believe, that regulation of tobacco by the Food and Drug Administration is going to become law," said Rep. Henry A. Waxman (D-Los Angeles), a longtime nemesis of the tobacco industry who heads the Government Reform Committee.

"If this gets to the House floor, [its passage] will be [by] a very large margin," said Rep. Tom Davis of Virginia, Waxman's Republican cosponsor. The legislation could garner enough support to override a veto, Davis said.

Although the White House has not supported similar legislation in the past, it's not clear what position President Bush will take this time.

Administration officials were neutral Thursday.

"We're in the process of reviewing the legislation," Department of Health and Human Services spokeswoman Christina Pearson said. "As a general point on smoking reduction, I do want to note the substantial progress that has happened over the past 40 years. Though we must remain vigilant, … reducing the incidence of smoking in this country has helped us avert many thousands of cases of disease."

The tobacco industry is divided over regulation. Most major public-health groups support federal oversight.

The bill introduced Thursday would grant the FDA legal authority to regulate nicotine. The agency had previously asserted it had such power, but the Supreme Court disagreed, ruling in 2000 that Congress must specifically confer such authority.

Under the bill, the agency would also gain the power to restrict tobacco advertising, require stronger warnings on cigarette packs, mandate reductions in nicotine, regulate additives and set stiff penalties for selling to minors.

Smoking is a leading cause of cancer, heart disease and emphysema, and is estimated to cause more than 400,000 deaths a year in the United States.

Three presidential candidates immediately signed on to the legislation: Sens. John McCain (R-Ariz.), Hillary Rodham Clinton (D-N.Y.) and Barack Obama (D-Ill.). Its principal sponsors in the Senate are Edward M. Kennedy (D-Mass.) and John Cornyn (R-Texas).

The last major battle over tobacco regulation was in 2004, when a bill passed the Senate but faltered in the House. It was blocked by Republican leaders, including former House Majority Leader Tom Delay of Texas.

The new Democratic leadership in both chambers is behind the legislation, advocates said.

"We've always had bipartisan support, but we didn't have support from the leadership," Waxman said.

The biggest cigarette company, Philip Morris Cos., favors the legislation, saying FDA oversight would provide the industry with a stable legal framework and could reduce harm from smoking. But many smaller companies oppose regulation, in part because, they say, it could create roadblocks to competition that would benefit Philip Morris.

Congressional debates on health issues often turn personal, and this one promises to be passionate. Davis said his father died of emphysema. Another cosponsor, Sen. Richard J. Durbin (D-Ill.), said his father smoked two packs of Camels a day and died of lung cancer.

"If we can regulate nicotine in gum, in patches and in nasal sprays, why can't we do it in cigarettes?" Davis said.

Lawmakers Unveil Tobacco Regulation Bill (AP)

By Andrew Bridges

AP, February 16, 2007

Seven years after being rebuffed by the Supreme Court, anti-smoking advocates rejoiced Thursday as lawmakers renewed a push for federal regulation of tobacco, a step they say is needed to deter children from lighting up and to get smokers to quit.

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"Congress has the opportunity to take a monumental step and grant the Food and Drug Administration the meaningful and long-overdue authority to regulate tobacco, which kills 440,000 people and costs our nation $96.7 billion in health care bills every year," said John Seffrin, chief executive officer of the American Cancer Society.

A bipartisan group of lawmakers reintroduced legislation Thursday that would give the FDA the same authority over cigarettes and other tobacco products that it already has over countless other consumer products.

"Congress cannot in good conscience allow the federal agency most responsible for protecting the public health to remain powerless to deal with the enormous risks of tobacco, the most deadly of all consumer products," Sen. Edward Kennedy, D-Mass., said in introducing the Family Smoking Prevention and Tobacco Control Act with Sen. John Cornyn, R-Texas, and Reps. Henry Waxman, D-Calif., and Tom Davis, R-Va.

For decades, the FDA said it lacked authority to regulate tobacco so long as cigarette makers did not claim that smoking provided health benefits. In 1996, it reversed course and cited new evidence that the industry intended its products to feed the nicotine habits of the roughly 45 million Americans who smoke.

Tobacco companies sued, and the case eventually landed in the Supreme Court. In 2000, the court ruled 5-4 that Congress did not authorize the FDA to regulate tobacco.

Previous legislative efforts to give the FDA that authority have faltered. The new bill is fundamentally the same legislation as introduced in the last Congress. Supporters believe it will fare better in the Democratic-controlled House and Senate.

A spokesman for Senate Majority Leader Harry Reid, D-Nev., said it had the support of the caucus. A spokesman for House Speaker Nancy Pelosi, D-Calif., said she personally supported it.

White House spokesman Tony Fratto declined to comment.

The Department of Health and Human Services is reviewing the legislation, spokeswoman Christina Pearson said.

The bill would allow the FDA to act to discourage children from starting smoking and encourage adults to quit, in part by reining in advertising, bolstering existing sales restrictions and strengthening warning labels. It also would allow the FDA to order the elimination or reduction of harmful and addictive ingredients in tobacco. The agency couldn't ban nicotine outright, but the bill would give it the power to reduce its levels.

Furthermore, the bill would require tobacco companies to disclose what tobacco products — and their smoke — contain. Secondhand smoke, for example, contains 250 chemicals known to be toxic or carcinogenic, according to the Centers for Disease Control and Prevention.

The FDA had no immediate comment on the proposed legislation. Many tobacco companies have opposed the legislation in the past, with the exception of Philip Morris USA, maker of Marlboro, the nation's top-selling cigarette brand.

"FDA regulation creates a uniform set of federal standards for the manufacture and marketing of all tobacco products," Michael E. Szymanczyk, chairman and chief executive officer of Philip Morris USA, said in a statement.

Experts and other tobacco companies believe some provisions of the bill would favor the most entrenched players in the industry, like Philip Morris, which enjoy strong brand loyalty that could allow them to weather advertising restrictions without losing market share.

"We certainly continue to oppose any bill that conveys an unfair advantage or disadvantage to any manufacturer, which this legislation could. If you eliminate ways to communicate with adult smokers or consumers, that certainly benefits the market leader and makes it difficult, if not impossible, for those who aren't the market leader to compete," said David Howard, a spokesman for R.J. Reynolds Tobacco Co., the nation's second-largest tobacco company and maker of Camel and other brands.

Court Ruling Reignites Tobacco Suits (LAT)

By Maura Dolan, Times Staff Writer

The Los Angeles Times, February 16, 2007

California justices unanimously reject a 2002 federal decision that had effectively blocked smokers from seeking damages.

SAN FRANCISCO — The California Supreme Court made it possible Thursday for people who become ill from smoking to once again win large judgments from tobacco companies, unanimously rejecting a four-year-old federal court decision that had virtually halted all smoker lawsuits in the state.

"It reopens tobacco litigation in California," said Northeastern University Law Professor Richard A. Daynard, who heads a group that promotes lawsuits against the industry. "The light just went from red to green."

Since California began allowing individual lawsuits over smoking damage in 1998, plaintiffs had won some of the biggest tobacco awards in the country, including a $28-billion jury verdict in Los Angeles.

The awards came to a halt when a federal appeals court in 2002 set a strict deadline, saying smokers should have filed suit years earlier, when it became widely known that smoking was a health hazard and addictive.

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Taking advantage of the federal ruling, the tobacco industry had exercised its right to move cases into federal court, which hears disputes between litigants in different states. Lawyers said every single case was dismissed.

In a decision written by Justice Carlos R. Moreno, the high court said that although judges and juries can presume that plaintiffs should have known of the dangers and filed their lawsuits earlier, smokers can rebut that presumption by presenting evidence that tobacco companies misrepresented the risks.

"Although knowledge of smoking addiction has been widespread … ," Moreno wrote, "tobacco companies misrepresentation of the danger and addictiveness of smoking were also widespread."

A lawyer for Philip Morris USA Inc. and Brown and Williamson Tobacco Corp., the defendants in the case, did not return a telephone call seeking comment on the Supreme Court ruling. Another tobacco executive referred to a prepared statement.

"Awareness of the dangers of smoking will continue to be key issues should either of these cases proceed to trial, and plaintiffs must prove liability on the part of the defendants including, among other things, that smoking caused their illness and that the company's conduct prevented them from making an informed choice to smoke," said William S. Ohlemeyer, Philip Morris USA vice president and associate general counsel, in the statement.

In one of two cases before the court, Leslie Grisham sought economic damages for the costs of cigarettes she bought when she became addicted.

She also sought damages for physical injury. She said smoking gave her emphysema, peritonitis and gingivitis, which led to the loss of her teeth and disfigurement.

The court also said Grisham can sue for her physical injuries because the clock did not start ticking for the legal deadline until she discovered her ailments.

"The addictiveness of a product is distinct from its capacity to cause serious physical injury," Moreno wrote.

The two cases will go now back to the U.S. 9th Circuit Court of Appeals. Although smoking cases may still be heard in federal court, judges there will have to base their decisions on the California court's interpretation of state law, lawyers in the case said.

Daniel U. Smith, who argued before the California Supreme Court for Grisham, said he was "elated" by the ruling. If the court had ruled that the legal deadline for suing began with knowledge of addiction, no one in California would ever recover damages for serious smoking-caused disease, he said.

"Cancers take 10 to 20 years to develop," he said. "Now it is a new day, and we will see if more smokers file now that they are allowed to," he said.

Smith said the federal ruling spawned similar decisions in other federal circuits around the country. Now that a moderately conservative California high court has rejected the 2002 decision, "other federal courts will be invited to reconsider their positions," he said.

But Brentwood lawyer Michael Piuze, who won billion-dollar verdicts against the tobacco industry, said the 2002 decision caused many trial lawyers to "wash their hands" of tobacco litigation "because it has been impossible."

"Every state court case got kidnapped to federal court and then got executed under the authority" of the 2002 ruling, Piuze said.

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CIVIL RIGHTS:

LAPD May Get Options On Monitoring Racial Profiling (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, February 16, 2007

Faced with a $25-million price tag to replace aging devices that log the ethnicity of every motorist stopped, the Los Angeles Police Department may be allowed to pursue alternative methods for making sure its officers are not engaging in racial profiling, a federal monitor said Thursday.

In his quarterly report on the department's compliance with a federal consent decree mandating LAPD reforms, Independent Monitor Michael Cherkasky said the agency might be able to meet the requirement for checking on racial profiling by methods other than the one currently used to collect data.

"It is the monitor's belief that the dollars that would need to be spent in continuing the current method of collection and aggregation can, in fact, be better spent on enhancing the city's ability to detect, investigate and prevent biased policing," Cherkasky wrote.

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That opens the door for the city to propose alternatives such as installing video cameras in all patrol cars, though any change would require final approval from Cherkasky, the Justice Department and a federal judge.

Also, it might cost up to $25 million to put video cameras in all patrol cars.

Still, Police Commission President John Mack welcomed the possibility that the city could find a less costly and more effective way to check for profiling.

"Based upon some discussion we've had with the monitor, we look forward to in-car cameras hopefully providing a much better solution to the problem," Mack said.

Officers who have pulled over cars have had to use electronic devices to record the ethnicity and other details of motorists, but Mack said it has been "fruitless" because the vast amount of raw data has not allowed the department to determine whether officers acted improperly.

"The data suggested that blacks and Hispanics were being stopped far more frequently than whites and, moreover, that intrusive after-stop actions of officers were likewise disparate," Cherkasky wrote in the new report.

"The monitor acknowledged that the disparate treatment reflected in the statistics might be explained other than as an indication of biased policing and that additional analysis was required in order to attempt to explain the disparities."

That analysis failed to explain the discrepancies in numbers or to determine whether racial profiling was taking place — leading the city to begin exploring less expensive and more effective options such as video cameras.

The quarterly report found that the LAPD has made progress on many reforms, but has still failed to address some key requirements, including completion of a computer system to track officer behavior.

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Judge Limits New York Police Taping (NYT)

By Jim Dwyer

The New York Times, February 16, 2007

In a rebuke of a surveillance practice greatly expanded by the New York Police Department after the Sept. 11 attacks, a federal judge ruled yesterday that the police must stop the routine videotaping of people at public gatherings unless there is an indication that unlawful activity may occur.

Four years ago, at the request of the city, the same judge, Charles S. Haight Jr., gave the police greater authority to investigate political, social and religious groups.

In yesterday's ruling, Judge Haight, of United States District Court in Manhattan, found that by videotaping people who were exercising their right to free speech and breaking no laws, the Police Department had ignored the milder limits he had imposed on it in 2003.

Citing two events in 2005 — a march in Harlem and a demonstration by homeless people in front of the home of Mayor Michael R. Bloomberg — the judge said the city had offered scant justification for videotaping the people involved.

"There was no reason to suspect or anticipate that unlawful or terrorist activity might occur," he wrote, "or that pertinent information about or evidence of such activity might be obtained by filming the earnest faces of those concerned citizens and the signs by which they hoped to convey their message to a public official."

While he called the police conduct "egregious," Judge Haight also offered an unusual judicial mea culpa, taking responsibility for his own words in a 2003 order that he conceded had not been "a model of clarity."

The restrictions on videotaping do not apply to bridges, tunnels, airports, subways or street traffic, Judge Haight noted, but are meant to control police surveillance at events where people gather to exercise their rights under the First Amendment.

"No reasonable person, and surely not this court, is unaware of the perils the New York public faces and the crucial importance of the N.Y.P.D.'s efforts to detect, prevent and punish those who would cause others harm," Judge Haight wrote.

Jethro M. Eisenstein, one of the lawyers who challenged the videotaping practices, said that Judge Haight's ruling would make it possible to contest other surveillance tactics, including the use of undercover officers at political gatherings. In recent years, police officers have disguised themselves as protesters, shouted feigned objections when uniformed officers were making arrests, and pretended to be mourners at a memorial event for bicycle riders killed in traffic accidents.

"This was a major push by the corporation counsel to say that the guidelines are nice but they're yesterday's news, and that the security establishment's view of what is important trumps civil liberties," Mr. Eisenstein said. "Judge Haight is saying that's just not the way we're doing things in New York City."

A spokesman for Police Commissioner Raymond W. Kelly referred questions about the ruling to the city's lawyers, who noted that Judge Haight did not set a deadline for destroying the tapes it had already made, and that the judge did not find the city had violated the First Amendment.

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Nevertheless, Judge Haight — at times invoking the mythology of the ancient Greeks and of Harold Ross, the founding editor of The New Yorker — used blunt language to characterize the Police Department's activities.

"There is no discernible justification for the apparent disregard of the guidelines" in his 2003 court order, he said. These spell out the broad circumstances under which the police could investigate political gatherings.

Under the guidelines, the police may conduct investigations — including videotaping — at political events only if they have indications that unlawful activity may occur, and only after they have applied for permission to the deputy commissioner in charge of the Intelligence Division.

Judge Haight noted that the Police Department had not produced

evidence that any applications for permission to videotape had ever been filed.

Near the end of his 51-page order, the judge warned that the Police Department must change its practices or face penalties.

"Any future use by the N.Y.P.D. of video and photographic equipment during the course of an investigation involving political activity" that did not follow the guidelines could result in contempt proceedings, he wrote.

At monthly group bicycle rides in Lower Manhattan known as Critical Mass, some participants break traffic laws, and the police routinely videotape those events, Judge Haight noted. That would be an appropriate situation for taping, he said, but police officials did not follow the guidelines and apply for permission.

"This is a classic case of application of the guidelines: political activity on the part of individuals, but legitimate law enforcement purpose on the part of the police," Judge Haight wrote. "It is precisely the sort of situation where the guidelines require adherence to certain protocols but ultimately give the N.Y.P.D. the flexibility to pursue its law enforcement goals."

Gideon Oliver, a lawyer who has represented many people arrested during the monthly bicycle rides, said he was troubled by the intensive scrutiny of political activities.

"I'm looking forward to a deeper and more serious exploration of how and why this surveillance has been conducted," Mr. Oliver said.

In the past the Police Department has said that it needed intelligence about the Critical Mass rides in order to protect the streets from unruly riders.

Patrick Markee, an official with another group that was cited in the ruling, the Coalition for the Homeless, said the judge's decision ratified their basic rights to free speech.

"We're gratified that Judge Haight found that the police shouldn't engage in surveillance of homeless New Yorkers and their supporters when they're engaged in peaceful, lawful political protest," Mr. Markee said.

The Police Department's approach to investigating political, social and religious groups has been a contentious subject for most of four decades, and a class action lawsuit brought by political activists, including a lawyer named Barbara Handschu, was settled in 1985. Judge Haight oversees the terms of that settlement, which are known as the Handschu guidelines, and which he modified in 2003.

At the time, Judge Haight said that the police could "attend any event open to the public, on the same terms and conditions of the public generally."

But in yesterday's ruling, he said that permission "cannot be stretched to authorize police officers to videotape everyone at a public gathering just because a visiting little old lady from Dubuque (to borrow from The New Yorker) could do so. There is a quantum difference between a police officer and the little old lady (or other tourist or private citizen) videotaping or photographing a public event."

The judge said he bore some responsibility for misinterpretation of the guidelines.

"I confess with some chagrin that while the text of this opinion and its implementing order, read together, may not be as opaque as the irritatingly baffling pronouncements of the Oracle" at Delphi, "they do not constitute a model of clarity," he wrote.

ANTITRUST:

AirTran Urges Midwest To Negotiate Deal (MILBIZ)

Milwaukee Business Journal, February 16, 2007

AirTran Holdings Inc. reported Feb. 15 the federal waiting period for its proposed $345 million buyout of Midwest Air Group Inc. has expired.

AirTran chairman and CEO Joe Leonard called the Justice Department's determination not to challenge the proposed merger a "milestone" and said he hoped the agency's decision will prompt Midwest management to sit down with AirTran for formal negotiations.

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"As we have frequently said, the combination of AirTran and Midwest is pro-competitive and the merger of our two airlines will create a stronger, more diversified airline, better able to withstand competition from other airlines, offer greater job security to employees and provide more service to the cities currently served by both airlines, " Leonard said in a statement.

AirTran (NYSE: AAI) is trying to buy Oak Creek-based Midwest Air Group Inc. (AMEX: MEH) to create a low-fare carrier with revenue of about $3 billion in 2007. However, Midwest on Jan. 25 rejected the unsolicited offer calling it "opportunistic" and saying it "undervalues" the company.

Leonard said Thursday he hoped that with the expiration of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act that Midwest will "consider the benefits to their stakeholders and sit down with us to negotiate a definitive agreement."

Orlando, Fla.-based AirTran hubs at Hartsfield-Jackson Atlanta International Airport.

Judge May Hold Up Caremark-CVS (SLPD)

By Mary Jo Feldstein, ST. LOUIS POST-DISPATCH

St. Louis Post-Dispatch, February 16, 2007

A hearing today is expected to determine whether the bid by CVS Corp. to buy Caremark Rx will be further delayed because of alleged misconduct by Caremark executives and board members.

The lawsuit challenging the CVS-Caremark deal was brought by Express Scripts Inc. of Maryland Heights, which also wants to buy Caremark. It alleges that Caremark's executives and directors failed to negotiate in the best interest of its shareholders.

Delaware Chancery Court Chancellor William B. Chandler III already has delayed the Caremark shareholders' vote at least until March 9. He acted after a large group of shareholders said it needed more time to evaluate the CVS offer.

CVS, the nation's No. 2 retail drug chain, in November announced its plan to combine with Caremark, based in Nashville, Tenn. Its bid was a $21 billion, all-stock offer that it said would create a new dynamic in the pharmaceutical industry. Caremark shareholders had been scheduled to vote on the deal Tuesday.

Express Scripts is the nation's No. 3 pharmacy-benefits manager. In December, it countered CVS's bid for Caremark with a cash-and-stock offer valued at $26 billion and a vision of a larger, stronger pharmacy-benefits management company.

Express Scripts later sued Caremark, that company's board and CVS, saying the Caremark—CVS deal should be quashed because of "extensive fiduciary misconduct." Chandler isn't expected to rule today.

"In short, the Caremark stockholders will be forced to make a decision in a context distorted by the misconduct of their own board," Express Scripts said in a brief filed this week.

Express Scripts alleges that Caremark's chief executive, Edwin "Mac" Crawford, spent months negotiating the CVS deal before bringing it to the board. It alleges also that Crawford and the board put perks for executives and directors ahead of obtaining the best price and terms for shareholders.

CVS tells a different story. In its brief, CVS argues that Caremark board members knew of a potential deal with CVS early on and met several times to discuss it.

"Despite the plaintiffs' claims, the record shows that this was not a deal motivated by self-interest or hastily signed," CVS said. "The companies took their time, talked to competitors and eventually decided that the merger was in the best interest of shareholders."

Caremark also has filed a brief in the case, but as of late Thursday lawyers had yet to agree on a version of it that could be released to the public. Material described as proprietary data was removed from the Express Scripts and CVS legal papers before they were made public.

According to Express Scripts, Crawford and CVS Chief Executive Tom Ryan spent 10 months negotiating major elements of the deal — including structure, general terms and approximate price — before bringing the Caremark board into the discussions on Aug. 16, 2006.

CVS said the idea of a Caremark-CVS combination was first brought to the Caremark board in November 2005, nearly a year before the board voted on the deal. CVS claims Caremark's board "relied on a host of advice over the course of a year before making its decision."

CVS also denies the allegation that Caremark's executives and board didn't push for the best possible deal. Caremark's board, for example, negotiated a lower break-up fee to encourage third-party offers that could force CVS to increase its price, CVS said.

Express Scripts' brief also reveals the company met with Caremark to discuss a possible merger on four occasions, and as recently as October 2005. And, though Caremark now says a merger with Express Scripts would fail because of antitrust issues and differing strategic goals, those issues were not "major stumbling blocks" in earlier negotiations, Express Scripts said.

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In its brief, CVS questions Express Scripts' standing to bring the lawsuit. Through a subsidiary, Express Scripts is a Caremark shareholder. But CVS said Express Scripts didn't buy those shares until after the CVS-Caremark deal was announced.

Lawmakers Seek Repeal Of Insurance Antitrust Exemption (MCT)

By Maria Recio, McClatchy Newspapers

McClatchy Newspapers, February 16, 2007

WASHINGTON - Lawmakers moved to rein in the insurance industry Thursday by introducing legislation in the House of Representatives and Senate to repeal the industry's federal antitrust exemption.

Senate Minority Whip Trent Lott, R-Miss., a fierce critic of the insurance industry's response to Hurricane Katrina, joined Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and ranking member Sen. Arlen Specter, R-Pa., on the Senate floor to introduce the bill. In the House, Rep. Gene Taylor, D-Miss., Rep. Pete DeFazio, D-Ore., Rep. Bobby Jindal, R-La., Rep. Walter Jones, R-N.C., and others announced the introduction of identical legislation.

"Federal oversight would provide confidence that the industry is not engaging in the most egregious forms of anti-competitive conduct - price-fixing, agreements not to pay and market allocations," Leahy said. "Insurers may object to being subject to the same antitrust laws as everyone else, but if they are operating in an honest and appropriate way, they should have nothing to fear."

Lott, who lost his home in the hurricane and who's part of a lawsuit that's being settled with State Farm & Casualty Co., said, "After Hurricane Katrina we learned a lot of lessons." He said he found out "to my absolute horror that the insurance industry is not covered by the antitrust laws."

"This is wrong," Lott concluded, "and the Senate, in a bipartisan way, should, and I believe will, correct it."

The bill has some heavy hitters behind it, notably Senate Majority Leader Harry Reid, D-Nev., who said in a statement, "If insurers around the country are operating in an honest and appropriate way, they should not object to being answerable under the same federal antitrust laws as virtually all other businesses."

Taylor, who also lost his home and is part of the State Farm settlement, said in an interview that "the insurance industry is the only industry exempt from the laws intended to protect consumers."

The Insurance Industry Competition Act of 2007 would bring insurers under the scrutiny of the Justice Department and the Federal Trade Commission by lifting the exemption they currently have under the McCarran-Ferguson Act of 1945. States would continue to regulate insurance companies, but federal agencies would have authority to review any "unfair methods of competition," such as price-fixing.

The industry is opposed to the bill, arguing that a change in regulatory oversight needs to include a look at the 50-state system insurers operate in.

"Any discussion about repealing the antitrust exemption has to include a discussion about modernizing state regulation," said Dennis Kelly, a spokesman for the American Insurance Association. The exemption, he added, is very narrow. "The problem is hurricanes, not insurance companies," Kelly said.

The bill is the latest effort by lawmakers to bring the insurance industry to task for refusing to pay claims of wind damage from Katrina by blaming water damage, which is covered by the federal government's flood insurance program. Taylor last week introduced "multiple perils" legislation to give residents coverage of wind and water damage.

Reacting to the announcement that State Farm won't write new policies in Mississippi, Taylor said, "I think this is a marketing gimmick."

By "winking at its competitors," Taylor predicted that State Farm would resume writing policies in a few months at much higher rates. As for the timing of the announcement, on the heels of a settlement agreement, Taylor said, "It was intentionally timed by State Farm to rub it in people's faces."

The refusal of insurers to pay off policyholders after the hurricane is motivating Taylor now.

"I personally believe that the Big Three insurers said, 'Let's don't pay claims' after Katrina," Taylor said. "It's wrong. Unfortunately, it's legal. But it ought to be illegal."

Broadband Breakout (WSJ)

The Wall Street Journal, February 16, 2007

"I love the free market, but the fact is more concentration means less competition, and these markets are less free than they should be. And this Commission is about regulation -- regulators. I always worry a little when I hear regulators shy away from regulation talk."

-- Senator Byron Dorgan (D., North Dakota) addressing members

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of the Federal Communications Commission at a recent hearing.

If you're wondering where the new Democratic majority in Congress is inclined to steer telecom policy, look no further than Mr. Dorgan's comment above. Note how he pays lip service to free markets while ultimately favoring more regulation for its own sake.

But more regulation is the last thing today's telecom industry needs, at least if empirical evidence is any indication. As FCC Chairman Kevin Martin reported at a Senate hearing earlier this month, the industry is now taking risks in a way it hasn't since the tech bubble burst six years ago.

"In 2006, the S&P 500 telecommunications sector was the strongest performing sector, up 32% over the previous year," said Mr. Martin. "Markets and companies are investing again, job creation in the industry is high, and in almost all cases, vigorous competition -- resulting from free-market deregulatory policies -- has provided the consumer with more, better and cheaper services to choose from."

Much of this growth has been fueled by increased broadband deployment, which makes high-speed Internet services possible. The latest government data show that broadband connections increased by 26% in the first six months of 2006 and by 52% for the full year ending in June 2006.

Also noteworthy, notes telecom analyst Scott Cleland of the Precursor Group, is that of the 11 million broadband additions in the first half of last year, 15% were cable modems, 23% were digital-subscriber lines (DSL) and 58% were of the wireless variety. Between June 2005 and June 2006, wireless broadband subscriptions grew to 11 million from 380,000.

This gives the lie to claims that some sort of cable/DSL duopoly has hampered competition among broadband providers and limited consumer options. That's the charge of those who want "network neutrality" rules that would allow the government to dictate what companies like Verizon and AT&T can charge users of their networks. But the reality is that the telecom industry has taken advantage of this deregulatory environment to provide consumers with more choices at lower prices. Verizon's capital investments since 2000 exceed $100 billion, and such competitors as Cingular, T-Mobile and Sprint are following suit. So are the cable companies.

It's also worth noting that the deregulatory telecom policies pushed by Mr. Martin and his immediate predecessor, Michael Powell, have accompanied a wave of mergers -- SBC/AT&T, Sprint/Nextel, Verizon/MCI, AT&T/BellSouth. Most of these marriages were opposed by consumer groups and other fans of regulation on the grounds that they would lead to fewer choices and higher costs. In fact, these combinations have created economies of scale, and customers are clearly better off.

The result has been more high-speed connections, along with greater economic productivity, but also an array of new services. The popular video-sharing Web site YouTube is barely two years old. And it wouldn't exist today but for the fact that there's enough broadband capacity to allow millions of people to view videos over the Web.

Increased broadband demand has also been good news for Internet hardware companies like Cisco and Juniper, where annual sales are up by nearly 50%. A Journal report this week notes that "North American telecom companies are projected to spend $70 billion on new infrastructure this year," which is up 67% from 2003.

And prices are falling, by the way. Between February 2004 and December 2005, the average monthly cost for home broadband fell nearly 8%. For DSL subscribers, it fell nearly 20%. Which means that consumers are benefiting from new services and different pricing packages, as well as getting better deals.

The one sure way to stop these trends is by bogging down industry players with regulations or price controls that raise the risk that these mammoth investments will never pay off. Yet that seems to be the goal of Senator Dorgan and other Democrats such as Representative Ed Markey, another "Net neutrality" cheerleader, who is planning his own hearings. Consumers will end up paying for such policies in fewer choices and higher prices.

ENVIRONMENT:

Gonzales Asked About Prosecutor Deal (AP)

By John Heilprin, Associated Press Writer

AP, February 16, 2007

The House Judiciary Committee on Thursday asked Attorney General Alberto Gonzales to explain how the Justice Department's former top environmental prosecutor could sign consent decrees with the third-largest U.S. oil company after buying a $980,000 vacation home with its top lobbyist.

An Associated Press report a day earlier disclosing the transactions "suggests potential unethical, if not illegal, conduct by a senior Justice Department official and, even more disturbing, apparent complicity in such behavior by the department," the committee's chairman, Rep. John Conyers, D-Mich., said in a letter to Gonzales.

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Conyers also asked Gonzales when he and other department officials learned of then-Assistant Attorney General Sue Ellen Wooldridge's "close relationship with a target of a department public corruption investigation and what action, if any, was taken as a result?"

A third buyer of the gated community home at Kiawah Island, S.C., was former Deputy Interior Secretary J. Steven Griles, who shares a condominium in northern Virginia with Wooldridge and was told last month he faces possible criminal charges of lying to Congress and fraud in the Jack Abramoff bribery and influence-peddling scandal.

The Justice Department says ethics officials signed off on Wooldridge's purchase of the beach getaway with Griles, now an oil and gas lobbyist, and ConocoPhillips Vice President Donald R. Duncan, before the closing last April. The deed lists Duncan as half owner in the property, with Wooldridge and Griles each owning 25 percent.

Nine months later, the Justice Department sent two proposed consent decrees signed by Wooldridge to a federal judge in Houston for approval. One, sent Jan. 11, would let the company delay the required installation of some of the $525 million in pollution controls at nine refineries; the other dealt with a Superfund toxic waste cleanup. Wooldridge resigned as assistant attorney general effective Jan. 19. ConocoPhillips said Duncan had no involvement in negotiating the consent agreements.

Conyers' letter also was signed by Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus, as an expression of broader support for the inquiries within the House. Another House panel, the Oversight and Government Reform Committee chaired by Rep. Henry Waxman, D-Calif., launched an inquiry a day earlier.

The Justice Department said it would have no comment Thursday.

Wooldridge two months ago amended her financial disclosure report for 2005 to include more than $10,000 in travel, jewelry, a watch and golf clubs she received from Griles between December 2003 and December 2005. Griles began dating Wooldridge in February 2003, when she was deputy staff chief and counselor to then Interior Secretary Gale Norton.

Griles was the department's No. 2 official from July 2001 to January 2005. During that tenure he was almost constantly scrutinized by the department's internal watchdog over dealings with ex-clients and continuing payments from the sale of his old lobbying firm.

Interior Inspector General Earl Devaney concluded in a 2004 that Griles' actions exposed a "wholesale failure of the ethics program" at the agency. They were, Devaney said, "a train wreck waiting to happen."

While dating Griles, Wooldridge was officially counseling him on ethics matters and providing advice to Norton on how to respond to Devaney's report on him. Wooldridge did not tell Devaney about her relationship with Griles.

In June 2004, Bush appointed Wooldridge as Interior's top lawyer. Sometime after she became Interior solicitor, Wooldridge told the department's ethics office she and Griles had begun dating, an Interior spokesman said. Devaney did not learn of Griles' and Wooldridge's romantic relationship until February 2005.

Bush later appointed Wooldridge to head the Justice Department's environment division, representing virtually every federal agency, and she began working there in November 2005.

Another Energy Inquiry On Royalties Collection (NYT)

By Edmund L. Andrews

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — Top Democrats on the Senate Energy Committee, citing widespread management problems at the Interior Department, ordered a new inquiry on Thursday into the department's fast-growing program to collect billions of dollars worth of oil and gas from companies that drill on public territory.

The inquiry, to be conducted by the Government Accountability Office, will come on top of a criminal investigation by the Justice Department into allegations that the program's director earned money as a consultant to companies that were seeking to resell the government oil.

Other investigations are under way by the Interior Department's inspector general and Congressional committees into complaints about mismanagement, weak enforcement and a leasing blunder in the 1990s that could cost taxpayers $10 billion in lost royalties over the next decade.

The new line of scrutiny comes from Senator Jeff Bingaman of New Mexico, chairman of the Senate Energy Committee, and Senator Ron Wyden of Oregon, chairman of the subcommittee on public lands.

The two senators asked the G.A.O. to analyze the so-called royalty-in-kind program, under which the Interior Department collects a share of the oil and gas that companies produce on federal property and then resells it on the open market to generate cash.

Bush administration officials have called the program a simpler and more efficient way for the government to collect royalties on the vast amounts of oil and gas produced on public lands.

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The Interior Department currently collects about $4 billion in royalties in the form of oil and gas, mostly from the Gulf of Mexico. Administration officials want to double that volume and collect about 80 percent of all offshore royalties “in kind” by 2009.

In a letter to the accountability office, the senators noted that it had made two attempts to evaluate the program’s cost-efficiency, in 2003 and 2004, but had been unable to get reliable data from the Interior Department’s Minerals Management Service.

“The royalty-in-kind program raised flags during the G.A.O.’s last review, and now the inspector general tells us that a criminal investigation is under way,” Senator Wyden said. “The fact that the Interior Department would now take steps to expand this program defies logic.”

In their letter, the lawmakers ordered the office to dissect the program’s administrative costs as well as its effectiveness at tasks normally handled by oil companies, like transporting and marketing oil.

Almost one-quarter of the oil and gas produced in the United States comes from federal land or federal coastal waters. Under the law, companies that drill on federal leases must pay the government a royalty, normally 12 to 16 percent of sales. Last year, those royalties totaled about $10 billion.

But royalty revenues have climbed more slowly than oil prices over the last six years, and the Interior Department has come under heavy criticism for lax enforcement, cutbacks in auditing and murky valuation rules that enable companies to reduce their payments.

Last year, administration officials said that a leasing blunder during the Clinton administration was likely to cost taxpayers up to $10 billion in royalties over the next decade.

House and Senate Democrats are now grappling with proposals to renegotiate the flawed leases, but the Bush administration contends that the government cannot pressure companies into revising their terms.

Interior officials, along with many industry executives, contend that the royalty-in-kind program is a simpler way to collect royalties because it eliminates many of the accounting battles that have stymied auditors for years.

But investigators for the G.A.O. said in 2003 and 2004 that they simply could not get enough accurate data to know whether the government was saving any money.

'Live Earth' Concerts To Tackle Hot Topic (WP)

By William Booth, Washington Post Staff Writer

The Washington Post, February 16, 2007

Al Gore's Musical Call to Action

LOS ANGELES, Feb. 15 -- The hit-making record producer Pharrell Williams, the wizard behind the beats of everybody from Ludacris to Britney, promises it will be "the biggest party on Earth." How big?

At the news conference Thursday announcing this summer's ambitious "Live Earth" concerts -- designed as an exercise in "mass persuasion" about threats of global warming -- Al Gore described his vision: a 24-hour musical extravaganza across seven continents, featuring as many as 150 of the world's top recording artists, introduced by an army of "celebrities and thought leaders" (think: Cameron Diaz and Richard Branson), playing before a total live audience of a million people, and reaching 2 billion more via television, radio and the Internet on July 7.

The foreign cities hosting the stadium-size concerts will be Shanghai, Sydney, Johannesburg, London, Rio and Kyoto, Japan. In the United States, two cities -- New York and Washington -- are vying to be the chosen venue. Gore revealed that some lucky entertainer (perhaps Lenny Kravitz? Snow Patrol?) will be performing in Antarctica, where temperatures in July at the South Pole Station average minus-56 degrees Fahrenheit.

The former vice president confirmed that while he was schmoozing at Sunday's Grammy Awards, where he was a presenter, the Black Eyed Peas agreed to record a new song to promote the cause and perform at one of the concerts. Also off camera at the Grammys, members of the Red Hot Chili Peppers whispered to Gore: "We're in." The approximately two dozen artists confirmed today include Snow Patrol, Kelly Clarkson, Bon Jovi, Foo Fighters, Duran Duran, Enrique Iglesias, Kravitz, Sheryl Crow and Snoop Dogg [for a full list, see box].

At the news conference at the California Science Center (it's a museum), against a slightly overproduced backdrop emblazoned with the Live Earth theme, "Save Our Selves," the band Man? bilingually pledged its support and encouraged "everyone, everywhere" to check out Gore's Oscar-nominated documentary "An Inconvenient Truth." Proceeds from the globalized concerts will go to Gore's new environmental foundation, called the Alliance for Climate Protection.

Diaz was also on hand. "As Al said," Diaz said, there are things everyone can do to reduce the magnitude of climate change. Asked what she did, Diaz mentioned driving a hybrid Prius, using recycled products and pursuing "carbon-neutral travel." Saving the planet is doable, she pointed out: "We don't have to build some giant machine that goes up in the air and sucks all the carbon into outer space."

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Kevin Wall, the concert producer who has handled the Madonna tours and the Live8 concerts to fight global poverty, promised that the biggest bands on Earth are rearranging their schedules to appear at the Live Earth events. The list of venues, artists and ticket sales will be finalized in March, he said, and in addition to the America-centric stars, each city would also present its own national favorites.

Wall is gunning for saturation coverage. The concerts will be streamed by MSN, the Microsoft Internet portal, and broadcast by NBC. The satellite radio groups Sirius and XM will feature the shows. Similar arrangements are being made in the other six nations. And at the center of it all? "Two billion sets of eyeballs," Wall said, "and we'll hand the mike to Al Gore."

Asked yet again if he's running for president ("no"), the former veep was quizzed about lingering skeptics of global warming. Gore sighed, and then joked that the doubters must get together on Saturday nights with the folks who believe the moon landings were staged in the Arizona desert. Said Gore, "I'm running out of things to say to them."

FBI/DEA/ATF/USMS:

Attorney Pleads Guilty To Leaking BALCO Testimony (AP)

By PAUL ELIAS And DAVID KRAVETS

AP, February 16, 2007

SAN FRANCISCO - A Colorado lawyer pleaded guilty Thursday to obstructing justice by leaking secret grand jury documents to two reporters covering the government's probe of steroids in sports. Troy Ellerman could be sent to prison for as long as two years and fined up to $250,000 for the convictions. His sentencing was scheduled for June 14.

The 44-year-old Ellerman also could lose his license to practice law.

He entered the plea in U.S. District Court the day after federal prosecutors announced he struck a deal that would prevent two San Francisco Chronicle reporters from going to jail for refusing to divulge their source.

Prosecutor Douglas Miller said the plea concludes the government's investigation of the leaks and the subpoenas of the Chronicle's Mark Fainaru-Wada and Lance Williams were withdrawn.

In court papers filed Wednesday, Ellerman said he allowed Williams and Fainaru-Wada to view transcripts of the grand jury testimony of baseball stars Barry Bonds, Jason Giambi, Gary Sheffield and sprinter Tim Montgomery.

Eve Burton, general counsel for Hearst Corp., which owns the Chronicle, would not confirm or deny that Ellerman was the source of the leaked documents. The reporters also declined to discuss their source.

Ellerman, of Woodland Park, Colo., briefly represented Victor Conte, the founder of the Bay Area Laboratory Co-operative, the Burlingame-based supplements lab that allegedly provided performance-enhancing drugs to the elite athletes. He later represented BALCO vice president James Valente and that's when he obtained transcripts of the athletes' testimony from federal prosecutors.

"I find the fact that Troy Ellerman has admitted to leaking the BALCO grand jury transcripts to be outrageous," Conte said in an e-mail to The Associated Press.

Ellerman signed agreements with prosecutors and was under court orders to keep the grand jury testimony confidential. Ellerman even made a motion in October 2004 to dismiss the case against Valente because of "repeated government leaks of confidential information to the media."

Deputy Attorney General Paul McNulty said Ellerman's behavior was an "abuse of our system of justice."

"Such gamesmanship undermines the integrity of the legal system and demands accountability," he said.

Valente, Conte and three other men have pleaded guilty to steroids-related charges in an earlier phase of the investigation.

The Chronicle published stories in 2004 that reported Giambi and Montgomery admitted to grand jurors that they took steroids, while Bonds and Sheffield testified they didn't knowingly take the drugs.

Shortly after the first leak in June 2004, Judge Susan Illston ordered an investigation. Ellerman and all lawyers in the case filed statements under penalty of perjury swearing that they weren't the source.

Prosecutors said a "previously unknown witness" approached the FBI and offered to help prove that Ellerman was the source. Larry McCormack, former executive director of the Pro Rodeo Hall of Fame and a private investigator who briefly worked for Conte, told the AP on Wednesday that he tipped off FBI agents.

McCormack said he shared a Sacramento office with Ellerman and that Fainaru-Wada visited there several times in 2004. McCormack said Ellerman told him about the leaks.

In February 2005, McCormack moved to Colorado Springs, Colo. to work for Ellerman, who then served as commissioner of the Professional Rodeo Cowboys Association.

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The association's board of directors fired McCormack in August, but he said Ellerman tried to save his job and his decision to call federal investigators and expose the lawyer had nothing to do with his firing.

"My concerns were whether I could be in any kind of criminal jeopardy," said McCormack, a former Yuba County sheriff's deputy. "Another thing that was bothering me was that the government was spending all of this money on the investigations and these reporters are looking at going to prison - it ate me alive."

Shortly after McCormack was fired, he said he wore an FBI wire and had a "heated conversation" with Ellerman in which the lawyer made incriminating statements. McCormack declined to discuss the details of that conversation.

San Francisco U.S. Attorney Kevin Ryan said the plea deal should end speculation that his office was a source of the leaks.

"I've maintained from the beginning that neither the agents nor the federal prosecutors involved in the BALCO case were the source of any grand jury leaks," he said.

Besides Conte and Valente, chemist Patrick Arnold, Bonds' personal trainer Greg Anderson, and track coach Remi Korchemny have all pleaded guilty in the BALCO probe. Korchemny and Valente were sentenced to probation and the others were each sentenced to jail terms no longer than four months.

Bonds has never been charged but suspicion continues to dog the San Francisco Giants slugger as he chases baseball's career home run record.

He told the grand jury he thought Anderson had given him flaxseed oil and arthritic balm, rather than the BALCO steroids known as "The Clear" and "The Cream." A federal grand jury is investigating him for possible perjury and obstruction of justice charges.

For Ellerman, Life's A Rodeo (NYDN)

By Michael O'keeffe, And Christian Red Daily News Sports Writers

New York Daily News, February 16, 2007

Attorney Troy Ellerman's daredevil personality dates back to his childhood, when he learned how to climb aboard a wild bull and tried to stay airborne for more than eight seconds.

"He went to my bull-riding school and I've known him ever since he was a kid," Gary Leffew, who still runs the boot camp-style ranch three hours north of Los Angeles in Nipoma, Calif., told the Daily News yesterday. "He's been a friend forever. His whole family was in the rodeo. They were trick riders. I know Troy. I can't imagine him doing something underhanded."

But Ellerman's maverick ways may land him in jail following his bombshell admission Wednesday that he leaked the BALCO grand jury testimony to two San Francisco Chronicle reporters. And that's only the beginning of his troubles: He may also face disbarment and stands to lose a grip on his second love alongside the law - professional rodeo.

After becoming the commissioner of the Professional Rodeo Cowboys Association two years ago, the 44-year-old Ellerman is in jeopardy of being forced to step down by the board of directors, according to one person familiar with the situation.

"It's been rumored that (the PRCA board of directors) is going to call a vote about removing him," Leon Vick, a former PRCA board member, told The News. Vick, who clashed with Ellerman when the two worked together, was eventually forced out, he claims, after he raised questions about some of Ellerman's financial management decisions. Vick claims Ellerman was the one who was behind his dismissal.

"There were contracts that (Ellerman) had sealed and wouldn't show the board of directors on sales of different entities. I thought he was unprofessional as a business leader," Vick said.

When asked if Ellerman faced possible dismissal from his post, Ellerman's assistant Carol Boyles said flatly, "I can say he's the commissioner." A PRCA press release was quick to distance Ellerman's role in the BALCO scandal with the Colorado Springs-based rodeo sanctioning body.

"The BALCO investigation is not related to PRCA business. Mr. Ellerman currently serves as commissioner of the Professional Rodeo Cowboys Association in Colorado Springs, Colo.," the statement said.

According to the PRCA bio on Ellerman, his family performed in a traveling rodeo troupe called The Flying Cossacks during the mid-to-late '70s, making stops from Red Bluff (Calif.) to the Belmont Stakes on Long Island. Ellerman later got the role of stunt double for Paul Hogan in the 1994 comedy/western, "Lightning Jack." He became chairman of PRCA's board of directors in 1999 and quickly worked on correcting the nonprofit's financial problems. According to PRCA figures, Ellerman brought an $8.2 million turnaround since taking the helm as commissioner. However, his rodeo accolades soon may be overshadowed by his role in the BALCO investigation, during which he served on the original legal team representing the company's founder, Victor Conte, and vice president, James Valente.

"I think it was just Troy being Troy," Larry McCormack, the private investigator who told the FBI in December that Ellerman was the source of the BALCO leaks, told The News yesterday. "Troy has always been one to jump out and do things out of the

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norm. He's an unusual guy. I tried to convince him to straighten this out. I think he just felt this is a way to do it, to get the case dismissed against his client. It was a way to throw something in the mix - what Troy calls getting people off their game. Did it help his client? Well, his client didn't have to do any jail time."

Michael Rains, who represents Barry Bonds - one of the athletes whose grand-jury testimony Ellerman leaked - told The News that Ellerman's actions as a lawyer were "disturbing.

"Lawyers will do a lot of things to help their clients," Rains said. "To go to that extreme is disturbing. There's really no excuse for it."

McCormack, who shared an office with Ellerman in Sacramento, moved back to Colorado Springs shortly after Ellerman became the PRCA's commissioner. He was later fired from the organization's board of directors, although he claims it was not because of the mounting strain on his relationship with Ellerman. Despite outing Ellerman as a 21st-century "Deep Throat," McCormack said he does not think the BALCO scandal will jeopardize Ellerman's place in the rodeo world.

"Rodeo is his lifestyle," McCormack said. "I think he'll be able to support himself in the rodeo business. There are a lot of people who would offer him a job. I think he'll be okay."

Attorney Pleads Guilty To Media Leak In Balco Steroids Case (BLOOM)

By Karen Gullo

Bloomberg, February 16, 2007

Feb. 15 (Bloomberg) -- A lawyer who represented a criminal defendant in a federal probe into steroids pleaded guilty to showing baseball player Barry Bonds's grand jury testimony to a reporter and lying about it.

Troy Ellerman, 44, pleaded guilty in San Francisco federal court today to two counts of contempt of court, one count of obstruction of justice and one count of filing a false declaration, a statement from the Los Angeles U.S. Attorney's office said. Ellerman let a San Francisco Chronicle reporter take notes on grand jury transcripts of testimony by Bonds and three other athletes in 2004 in violation of a court order and later blamed leaks on the government, the statement said.

Ellerman's motive was to use leaks in the case as a basis for seeking to have the criminal case against his client thrown out, the statement said. Ellerman had access to the transcripts because he was representing the vice president of Bay Area Laboratory Cooperative, known as Balco, a Burlingame, California-based lab at the center of a U.S. criminal probe of steroid distribution, said the statement.

``Such gamesmanship undermines the integrity of the legal system and demands accountability, " said Deputy U.S. Attorney General Paul McNulty, in a statement.

Subpoenas Withdrawn

Scott Tedmon, an attorney for Ellerman, didn't immediately return a message. A plea agreement calls for Ellerman of Woodland Park, Colorado, to serve two years in prison; his sentence will be decided by a judge. Sentencing is scheduled for June 14, the statement said.

The U.S. Justice Department is withdrawing subpoenas to two San Francisco Chronicle reporters who used the transcripts in a series of stories about the California lab, the statement said. The reporters had been found in contempt of court for refusing to testify to a separate grand jury about their sources.

``We're pleased that the prosecutors have stopped their efforts to force us to testify about the sources for our reporting on the Balco sports steroids case," said Mark Fainaru-Wada and Lance Williams, the San Francisco Chronicle reporters, in a statement.

Fainaru-Wada and Williams wrote in December 2004 that Bonds told the grand jury he might have unknowingly used substances containing steroids. Bonds, who has denied using steroids, said he thought the substances were flax seed oil and a legal ointment, the Chronicle reported.

Balco's co-founders, including one represented by Ellerman, two track coaches and a trainer for Bonds have pleaded guilty in the steroids probe.

The case is U.S. v Troy Ellerman, 07-0080, U.S. District Court, San Francisco.

Fayetteville Couple, 24 Others Busted In Drug Ring (AJC)

By Kathy Jefcoats, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 15, 2007

A Fayetteville real estate agent and her husband masterminded a $12 million operation to grow marijuana hydroponically in the basements of vacant $300,000 homes, police from at least six Georgia counties announced Wednesday.

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Fayette County sheriff's drug agents said Blanca Botello, 34, is a licensed ReMax Realtor who helped close the sale on at least a dozen homes used in the operation. The homes are owned by Cuban nationals who also may be charged, police said at a news conference.

Police said Botello's husband, Merquiades Martinez, 35, owns a hydroponics store in Fayetteville. Hydroponics refers to a soil-less process of growing plants in water and nutrients.

Fayette District Attorney Scott Ballard said the couple, along with 24 others, mostly Cuban nationals, are charged with manufacturing and trafficking marijuana and theft of services. Ballard said all 26 are in county jails. No other suspect names were released.

Fayette sheriff's Lt. Dwayne Prosser said the massive amount of electricity used in the grow process was diverted to the house so it wouldn't show up on meters and raise suspicion.

"Phenomenal is the best word I can use to describe this operation," Prosser said.

Fayette County Sheriff Randall Johnson said marijuana was being grown in the basements of 11 homes in Fayette, Henry, Coweta, Butts, Newton and Rockdale counties. Agents raided a 12th home Wednesday afternoon in the exclusive Lake Dow community in Henry County, said Maj. Stoney Mathis of the Henry Police Department.

Prosser said the investigation, which originated from the Jones County Sheriff's Office and the Drug Enforcement Agency, is ongoing and more arrests are expected.

Couple, Others Arrested In Marijuana Ring (AP)

AP, February 15, 2007

FAYETTEVILLE, Ga. (AP) — A real estate agent and her husband are accused of running a $12 million operation to grow marijuana in the basements of vacant homes, authorities in several Georgia counties said.

Fayette County sheriff's drug agents said Blanca Botello, 34, is a licensed ReMax Realtor who helped close the sale on at least a dozen homes used in the operation. The homes are owned by Cuban nationals who also may be charged, police said Wednesday.

Police said Botello's husband, Merquiades Martinez, 35, owns a hydroponics store in Fayetteville. Hydroponics, the process used to grow the marijuana, refers to a soil-less process of growing plants in water and nutrients.

The couple, along with 24 others, mostly Cuban nationals, are charged with manufacturing and trafficking marijuana and theft of services, Fayette County District Attorney Scott Ballard said.

Ballard said all 26 are in county jails. The names of the other suspects were not released.

Fayette County Sheriff Randall Johnson said the marijuana was being grown in the basements of 11 homes in Fayette, Henry, Coweta, Butts, Newton and Rockdale counties. Agents raided a 12th home Wednesday afternoon in an exclusive neighborhood in Henry County, said Henry County police Maj. Stoney Mathis.

Electricity was diverted to the drug growing operation so the heavy power use would not show up on a house's electric meter and arouse suspicion, Fayette County sheriff's Lt. Dwayne Prosser said.

"Phenomenal is the best word I can use to describe this operation," Prosser said.

Prosser said the investigation, which began with the Jones County Sheriff's Office and the Drug Enforcement Agency, is ongoing and more arrests are expected. ———

Information from: The Atlanta Journal-Constitution

Hot Pot... (FDN)

Fayette Daily News, February 15, 2007

It all started when Fayette County Drug Task Force agents got a tip from Miami DEA agents -- a name.

Nearly two months of investigations later, Fayette drug agents had a lot more -- names, places and information on possibly the largest ever indoor marijuana growing operation.

And Wednesday, Fayette County Sheriff Randall Johnson joined with law enforcement officials from several nearby agencies to announce the arrest of 26 people, including the ring-leaders -- Merquides Martinez, a Cuban National, and his wife, Blanca Botello, of Greenway Court in Fayette County.

Johnson said 25 of the 26 arrested are Cuban Nationals.

The arrests, according to Johnson, came after Fayette County Drug Task Force agents and agents from the East Metro Drug Task Force, Henry County Police, Newton County Sheriff's Department, Rockdale County Sheriff's Office, Butts County Sheriff's Office and the Coweta County Sheriff's Department executed 13 search warrants and discovered a highly sophisticated hydroponics marijuana growing operation in the basements of 11 homes.

Inside each home, Johnson said, were 200 plants -- for a total of nearly 2,100 plants with a value of more than $12 million.

"When we got the tip from Miami, all we had was a name, and information that the master-grower might be living in Fayette County," said Capt. Mike Pruitt, head of the Fayette County Sheriff's Drug Task Force.

"It took two months of work to identify the houses and people involved. And this was the result of all these departments working together."

According to Pruitt, that name given by DEA agents, Merquides Martinez, turned out to be the mastermind behind the large marijuana operation, although no plants were found in his home in south Fayette County.

Martinez owns Panoramic Gardens, a hydroponics store (soil-less growing) on Hwy 85 North in Fayette County, according to agents, and his wife, Blanca Botello, was a real estate agent in Fayetteville.

"It turns out his wife was the closing agent on all of the houses," said Lt. Dwayne Prosser of the Fayette County Sheriff's Department. "The houses were sold to Cuban Nationals from Miami, who then operated the marijuana grows in the basement."

Johnson said power had been diverted in each of the houses to provide the heat lamps for the plants. The power lines had been tapped into before the line reached the meter, Johnson said.

"Without stealing the electricity, red flags would have gone up because of the amount of electricity being used," said Prosser.

According to agents, the plants were in different growth stages at each house.

With a 90 day growth period, some were in infant stages, while others were ready for harvest.

"Some were so tall, the plants were tied to the ceilings with fish nets to keep them from breaking and to preserve the plant," said Prosser.

When agents arrived at a house on Covington Highway, they found plants already pulled for harvest and loaded into the back of a rental truck, Pruitt said.

At another house, agents discovered 30 lbs of marijuana -- in one pounds bags -- in a closet and another 30 one-pound bags in the guest bedroom.

"This was a very elaborate set-up with the lights and irrigation system" said Johnson.

"Most of the houses were in well-traveled areas, you wouldn't notice a lot of traffic because it's a growing operation."

According to agents, the houses were located at 1624 Hwy 162 in Newton County, 440 Ellistown Road in Henry County, 420 Parker Road in Newton County, 2602 Abbey Road in Rockdale County, 300 Hanie Road in Coweta County and 105 Greenway Court in Fayette County.

"All the houses had the same set-up with lighting and irrigation and sealed basement floors," said Capt. Pruitt.

As Johnson made his announcement in a press conference Wednesday, he stated that another search warrant was being executed in a nearby county "as we speak."

"We expect there could be a lot more."

Martinez was arrested at the Coweta County house and was being held in the Coweta County Jail, officials said.

Botello was arrested at the couple's Fayetteville home and was being held in the Fayette County Jail.

Fayette County District Attorney Scott Ballard said he planned to meet with prosecutors from each jurisdiction about the possibility of prosecuting all 26 in Fayette County under a conspiracy charge.

PHOTOS: Small Picture- A rental truck is loaded with marijuana plants and ready to travel for harvest and sale while in basements like this [Large Picture] were used to grow more than 200 pot plants each under heat lighting. When the plants reached a certain height, they were tied with fish net to keep plants from breaking and to keep the marijuana buds fresh.

Police: Convict Faked Badge To Rob Drug Dealers (NYS)

New York Sun, February 16, 2007

A career criminal who once tried to shoot a New York police officer in the head was charged with impersonating a Drug Enforcement Agency special agent to rob drug dealers around the city, law enforcement officials said.

A joint task force of DEA agents and city and state police officers arrested Anthony Clanton, 34, on Tuesday at his apartment at 755 Narrows Road in Staten Island.

Investigators found several counterfeit documents, including a DEA badge, a billfold with DEA credentials, two search warrants, and a Metropolitan Transportation Authority parking permit in his home, officials said. The task force also found 124 grams of crack cocaine, three handguns, 500 rounds of ammunition, a police scanner, a bulletproof vest, handcuffs, and drug paraphernalia.

On Wednesday, Clanton was arraigned on charges of burglary, criminal possession of a weapon, conspiracy, and possession of a controlled substance, according to a complaint filed in the Special Narcotics Court in Manhattan. He is being held without bail. The first court date after the arraignment is Friday.

DOJ_NMG_0133055

Clanton's attorney, Xavier Donaldson, declined to respond to the charges. "We're very interested in hearing the prosecutors' evidence against my client," he said.

Clanton was charged with an armed robbery on January 8, but officials said they were investigating a series of other robberies he may have committed.

Clanton kicked down the door to an apartment in Queens belonging to one victim, Denise Matos, after saying, "I am a DEA agent," and showing a false search warrant, according to the complaint and officials. He then raided the home, making off with $4,000 and jewelry.

It appears as though Clanton was an adept counterfeiter who likely generated the false documents on his personal computer, officials said.

"The shield could have fooled a DEA agent, which is scary because of the access he could have gained," the head special agent of the New York office of the Drug Enforcement Agency, John Gilbride, said.

Clanton was arrested in 1997 for attempting to shoot an undercover police officer in the head, police said. The officer, whose name was not released because he works undercover, was heard on a wiretap pleading for his life before Clanton pulled the trigger three times, police said. The gun malfunctioned and the officer was not injured.

After serving 97 months in prison, Clanton was released in 2005, police said.

Clanton enjoyed an extravagant lifestyle after getting out of prison, Mr. Gilbride said.

"He had all the toys," he said.

Each room of his Staten Island apartment was outfitted with a plasma screen television, and a $10,000 Rolex watch was found in his bedroom. He also owned four cars: an Infiniti, an Acura, a Mercedes-Benz, and a Range Rover. One of the cars had a license place that read "HATED."

It appears that Clanton was planning another robbery, according to the court complaint. A DEA agent observed Clanton carrying out "what appeared to be surveillance" in the vicinity of 419 64th St. in Brooklyn. That address was found on one of the phony search warrants in Clanton's home.

Fake Cop's Crime Spree (NYDN)

By Alison Gendar, Daily News Police Bureau Chief

New York Daily News, February 16, 2007

A reputed Bloods gang member who tried to kill an undercover cop a decade ago was busted for impersonating a federal agent - and possessing a real cop's stolen gun, authorities said yesterday.

When investigators searched Anthony Clanton's apartments in Staten Island, they found a bogus Drug Enforcement Administration badge, homemade search warrants, an MTA parking placard and other fake identification, police said.

Investigators also found three guns, including a loaded 9-mm. Glock handgun reported stolen by an NYPD officer Jan. 31, authorities said.

Clanton allegedly used the fake DEA badge, search warrants and possibly the real cop's gun to rob drug dealers and finance a luxurious lifestyle.

He owns a minifleet of high-end cars, including a Mercedes-Benz, Range Rover, Acura - and an Infiniti Q45 with license plates reading "HATED," authorities said.

He also has maid service for both of his apartments on Narrows Road, plasma TVs on the walls of every room and owns a saphire-and-diamond-studded Rolex worth about $10,000, authorities said.

"Clanton is at the heart of a smorgasbord of criminal activity - drugs, violent crime and impersonating law enforcement," said John Gilbride, special agent in charge of the DEA's New York office. "Getting this kind of violent felon off the street is what it's all about."

Clanton, 34, was arrested Tuesday by a joint NYPD, DEA and state police task force dubbed the Redrum Unit. Redrum is "murder" spelled backward, and the unit targets violent drug gangs.

Clanton served eight years in federal prison for trying to murder an undercover cop in 1997, authorities said. The cop was wearing a wire and could be heard begging for his life as Clanton held a gun to his head and pulled the trigger three times. Each time the gun failed to fire.

Clanton was released in 2005, and went back to crime, authorities said. He allegedly controlled several drug-dealing locations at public housing projects in Brooklyn and Staten Island.

Authorities would not identify the cop who owned the stolen gun found in Clanton's apartment. The cop had told NYPD brass that his gun was stolen from his locked trunk sometime between November and January, sources said.

The NYPD Internal Affairs Bureau was investigating the cop on an unrelated matter before the gun was stolen, sources said. NYPD policy forbids cops from leaving their guns unattended in their cars, the sources noted.

Authorities were investigating whether the cop's stolen gun was used in any of Clanton's crimes.

In one case, Clanton - who was charged with burglary, conspiracy, weapons crimes and possession of stolen property and drugs - used his fake DEA identification and a bogus search warrant when he kicked down the door of a Queens man on Jan. 8.

"I am a DEA agent," Clanton allegedly yelled, flashing a gun and a gold shield before swiping $4,000.

Staten Island: Badge Is Said To Aid Theft (NYT)

The New York Times, February 16, 2007

A Staten Island man has been charged with using a Drug Enforcement Administration badge and fraudulent search warrants to commit robberies over the past few months, state and federal law enforcement officials said yesterday. The man, Tony Clanton, 34, of Narrows Road, is charged with impersonating a federal agent, theft and illegal possession of guns and drugs, said Bridget G. Brennan, the city's special narcotics prosecutor. Ms. Brennan said Mr. Clanton used a high-quality replica of D.E.A. credentials and fake search warrants to gain entrance to homes he intended to rob. He was arrested on Tuesday afternoon, she said.

Staten Island Man Arrested For Posing As Federal Agent (NY1)

NY1, February 15, 2007

Police arrested a Staten Island man Thursday who they say posed as a federal agent and even made his own shield.

When Anthony Clanton's home was raided, police also found other fake law enforcement credentials, including two search warrants they believe Clanton made himself.

Officials believe one warrant may have been used in a robbery last month.

The Drug Enforcement Administration says they also took guns, ammunition, crack cocaine, and a police scanner from the home.

Clanton's arrest was the result of a joint investigation that began in November of 2006.

Cops: Impersonator Has Long History (AMNY)

AM New York, February 16, 2007

Ten years ago, Anthony Clanton tried to kill an undercover cop, but his gunned jammed three times as the officer was heard on a recording device begging for his life.

Clanton served eight years in federal prison, then returned to a life of crime, pulling robberies while posing as a federal agent, authorities said Thursday.

Clanton, 33, was arrested at his Staten Island home Tuesday afternoon and charged with a burglary in Queens, authorities said. Police said he is considered a suspect in up to nine other cases in which the suspect posed as a cop or federal agent to commit burglaries or robberies.

Inside Clanton's Narrows Road home, authorities said they found 300 guns, one stolen from a cop, 300 rounds of ammunition, a bullet proof vest, a realistic-looking photo ID for HIDTA, the acronym for the law enforcement agency known as High Intensity Drug Trafficking Area.

They also found warrants he created on his computer.

Armed with such a warrant, authorities said, Clanton kicked down the door of a Jackson Heights home on Jan. 8.

"I am a DEA agent," police said Clanton claimed. He then stole at least $4,000, plus jewelry, before fleeing.

Then, on Feb. 7, with authorities now tipped to what Clanton was doing, Clanton was seen casing a Sunset Park home whose tenant he planned to rob, officials said.

Authorities arrested him Tuesday. He was close to pulling that robbery, authorities said, as in his apartment they found a search warrant, adorned with a seal that resembled the Drug Enforcement Administration and with the 64th Street address printed on it.

Clanton, who also went by the name Dennis Condon, is being held without bail. His attorney could not be reached to comment.

Clanton has been on federal probation since 1995, when he was released from prison after serving 97 months for an Eastern District case in which he was convicted of the gunpoint robbery of an undercover police officer to whom he had sold a gun.

Clanton, apparently unaware the seller was a cop, tried to shoot him dead in a car, but fate intervened, with back-up listening in on the officer's wire.

"You heard the undercover begging for his life," Capt. John Burke said yesterday. "You heard him pull the trigger three times, but it misfired."

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After A Sting, Gun Dealer Gets Stung (PHI)

By Melissa Dribben

The Philadelphia Inquirer, February 16, 2007

Fifteen years ago, when Raymond Tanner graduated high school, his dad switched careers.

Radically.

He sold his share of a dairy farm stand and opened a gun shop. The Bucks County family had always loved hunting, Tanner says, so selling rifles, revolvers and cartridges was a logical move.

But going from butter to guns has its downside.

You have to worry about doing business with the wrong customers. And a Washington lobbying group could post your name on its Web site, naming you as an arms dealer who caters to criminals.

Which is what happened last month when the Brady Center to Prevent Gun Violence released a report, "Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers." Tanner's store was featured as one of the scurrilous.

What the Brady Center didn't know is that the sale had been a sting, arranged in cooperation with the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

Lanky and laid-back, a yellow polo shirt tucked loosely into his jeans, Ray Tanner, 33, now manages Tanner's Sport Center in Jamison, Bucks County, for his father. The family prides itself on running an honest operation, he said.

Along the back wall, hundreds of rifles stand at attention, mahogany stocks gleaming, barrels pointed skyward. In one corner, a massive elk with prodigious antlers appears to be caught, mid-charge, coming through the wall.

In this small suburban shop, which stocks fishing reels and insect repellent, baseball caps and flashlights, as well as 1,500 firearms - about half of them handguns - spotting bad guys is relatively easy.

About once a month, the sales staff turns away a suspicious customer. Usually, Tanner says, a couple will come in. The man will look at handguns. He'll know just what he's looking for.

While he considers the fine points, the woman will wander around, utterly uninterested. But when they're ready to buy, she'll be the one filling out the paperwork. If it can be proved she bought the guns for the man, it is a "straw purchase" - a felony.

Gun shops that willfully sell to straw purchasers can also lose their license and face prosecution, says John Hageman, special agent for the Philadelphia office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

So gun dealers are in a tricky spot, Hageman says. "They are businessmen dealing in a commodity. If they profile people, they risk alienating legitimate customers. But if they aren't suspicious enough and allow criminals to buy guns, they risk not only their credibility and their license, but people's lives.

"It is not an exact science," Hageman says.

Two years ago this month, a local ATF agent dropped by Tanner's with a photograph of Michael Daniels, 31, of Philadelphia, a convicted felon suspected of patronizing gun shops in the area.

A few weeks later, on Feb. 21, Daniels showed up. "We recognized him right away," Tanner says. He strolled in with another felon, Lawrence Whitehead, and a crack addict, Angela Miles, 32, both Philadelphia residents. She hung out, Tanner says, while the men shopped for a Glock and two other pistols.

Without a word, one of the sales staff slipped into the back and called the ATF.

"They said they couldn't send someone over right away and asked us to stall," Tanner recalls. "We were told they were felons, but we didn't know what these guys had done."

According to court documents, Whitehead, 28, had escaped from a halfway house after spending seven years in prison for robbery. Daniels had multiple robbery and drug convictions. Neither could pass the background checks required for a gun purchase.

So when it was time to pay, they summoned Miles to the cash register.

Whitehead and Daniels agreed to give her $25 of crack and $65 cash if she put her name on the forms, court records said. Before leaving Philadelphia, she'd smoked the down payment.

When Miles finished the paperwork, the salesman told her that the computer system was down, so they couldn't do the background check until the next day.

Later, Tanner learned that the three drove to another gun shop to see if the computers were really down.

They were.

The next day, Daniels, Whitehead and Miles returned to complete the purchase. When they left the shop, the ATF was waiting to greet them.

Miles cooperated with the federal agents, according to court records, and was found to have bought an additional nine handguns in 2001, three of which were recovered by the Philadelphia police in connection with crimes.

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The mother of seven (according to court documents, she is not involved in their care), Miles was initially given four years' probation, but she violated the terms, so she was sentenced to five months in custody.

Whitehead was sent to prison for 46 months. Daniels was sentenced to 60 months.

And Tanner's Sport Center?

A black eye for good behavior.

Oops.

A local newspaper ran the news from the Brady report on the front page.

"The phones started ringing off the hook," Tanner says. Some customers were outraged and threatened never to do business with the place again. Others called to say they couldn't believe it was true.

Tim Moran, who was working the counter the day of the sting, looked up the Brady Center on the Internet and called to complain. Dennis Henigan, legal director for the group, called him to apologize. Tanner's was removed from the report, and a correction was posted on the Brady Center's Web site.

"It's the first time that this has happened," Henigan said this week.

IMMIGRATION:

Cuban Jetliner Bombing Suspect Faces US Immigration Trial (AFP)

By Marie Gilot

AFP, February 16, 2007

An anti-Castro militant accused of bombing a Cuban jetliner in Venezuela three decades ago will face trial in the United States on May 11 on charges of lying in his citizenship application, a US judge has ruled.

Both Cuba and Venezuela have protested the fact that the United States has not pressed charges against Luis Posada Carriles, 78, for allegedly masterminding the 1976 bombing that killed 73 people.

Posada has denied his involvement in the jetliner bombing, but has reportedly admitted involvement in a string of hotel bombings in Cuba in 1997 and in a plot to kill Cuban leader Fidel Castro in Panama in 2000.

Venezuela and Cuba have also accused the United States of hypocrisy for refusing to extradite Posada to face terrorism charges in Venezuela.

"The United States has resorted to a new legal subterfuge to avoid charging Luis Posadas Carriles for what he really is: a murderer and a terrorist," said Cuba's Foreign Ministry earlier this month.

The US government tried to deport Posada after he held a May 2005 press conference in Miami which alerted immigration officers that he had entered the country illegally.

But a US judge ruled Posada cannot be deported to Cuba or Venezuela, where he was a naturalized citizen, because he may face torture there.

US authorities have so far been unable to find a country willing to take Posada, a native Cuban and former CIA operative who was trained to participate in the failed Bay of Pigs invasion of Cuba in 1961 and went on to become chief of operations at Venezuela's secret intelligence police, Disip, in the 1970s.

The crime for which he is being prosecuted in the United States is relatively minor, though it carries potentially stiff penalties.

Posada allegedly lied about how he had entered the country when applying for asylum. Court documents showed he said he was smuggled in by land in March 2005, but a government investigation found out that he really arrived by boat with other anti-Castro militants who are now also under indictment.

Posada has pleaded not guilty to the immigration charges for which he could face up to 10 years in prison for fraud and up to five years for each of six counts of making false statements.

He has been held in an El Paso detention facility for more than a year and a half and has been pressing to be released so he can be with his wife, children and grandchildren who live in Miami.

Posada, who is in ill health, was transferred to the El Paso facility because he could have access to a high-quality clinic and because authorities were fearful for his safety in Miami.

Santiago Alvarez, Posada's benefactor who allegedly helped bring Posada to the United States, is currently serving time on federal weapons charges out of Florida for amassing an illegal arsenal apparently meant to help topple Castro. That case did not involve Posada.

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TAX:

Democrats Focus On Tax Relief For Middle Class (WSJ)

By Sarah Lueck

The Wall Street Journal, February 16, 2007

WASHINGTON -- The new Democratic-controlled Congress is looking to rein in looming tax increases on the middle class, possibly covering the cost by raising taxes on upper-income households. And the Bush administration may not stand in the way.

The possible bargain centers on the Alternative Minimum Tax, a kind of parallel income tax that hit 3.5 million U.S. taxpayers in the 2006 tax year. Congressional Democrats are eager to keep the AMT from ensnaring millions more middle-class taxpayers. They also must find a way to cover the estimated $50 billion cost of scaling back the tax this year.

In recent days, Bush administration officials have signaled they may not oppose a likely method of covering those costs: raising taxes on the nation's wealthiest citizens. That concession could mark the beginning of a bigger debate on revisiting the Bush tax cuts, which could ultimately lead to reversing at least some of the cuts given to upper-income Americans over the past six years.

The AMT dates back to the late 1960s when Congress discovered that a small number of upper-income households had managed to avoid federal income taxes entirely by exploiting deductions, credits, loopholes, and shelters. The AMT has been adjusted since. But because it has never been indexed for inflation, rapidly growing numbers of taxpayers are vulnerable to its bite. The Treasury estimates that unless Congress acts, more than 23 million households will be affected by the AMT in the current tax year, many with incomes below $100,000.

Among those most likely to face higher tax bills because of the AMT, at least in the near term, are those who live in high-tax states such as New York, California and Massachusetts, which also tend to be Democratic-leaning. Unlike regular income taxes, the AMT doesn't provide for deductions of state and local taxes.

The Bush tax cuts have accelerated the AMT's reach into the middle class, by reducing the amounts those households would pay under the regular income tax. That's particularly true for families claiming multiple child credits.

The White House and key lawmakers in both parties agree some kind of fix should be enacted to prevent the AMT from reaching further into the middle class, at least for this year. The big question: If Congress passes a bill raising taxes to finance such a measure, would President Bush, a staunch opponent of tax increases, veto it?

Mr. Bush is likely to remain firmly opposed to raising marginal tax rates. But administration officials have been quietly suggesting that he wouldn't necessarily object if Democrats passed a "revenue neutral" bill that cut taxes paid under AMT and raised them elsewhere to offset any revenue lost to the Treasury.

These officials say replacing the tax increase that's scheduled under the AMT with a tax increase somewhere else doesn't, on balance, raise taxes. Indeed, a health-care proposal Mr. Bush recently floated to raise taxes on people with high-value health benefits shows he is willing to accept some forms of tax increases on upper-income Americans.

Democrats have been circumspect about disclosing their plans for new taxes, which are in the early stages. A group of Democratic senators yesterday unveiled a proposal for new middle-class tax breaks, including extending AMT relief for two years. A spokesman for one of the sponsors, New York Sen. Charles Schumer, said the lawmakers would suggest paying for that relief through some combination of higher taxes on oil companies, higher taxes on families making more than $400,000 a year, and ramping up enforcement to grab more of the "tax gap," taxes that the Internal Revenue Service says are owed but persistently aren't paid.

The chairman of the Senate's tax panel, Montana Democrat Max Baucus, recently proposed eliminating the AMT.

Beyond the next year or two, House Democrats are studying how they might enact a longer-term AMT reprieve for some taxpayers. One option under discussion would permanently exempt households with annual incomes of as much as $250,000 from paying the AMT, with some kind of graduated relief for those between $250,000 and $500,000. To offset the revenue shortfall, people making more than $500,000 a year could be required to pay more tax, either through a higher AMT rate, or higher regular income-tax rates.

It's unclear whether the administration would be amenable to such a major change and its attendant tax increases. But some Democrats are saying that providing a tax cut for the middle and upper-middle classes would have political and policy benefits that justify tackling the issue.

"It's going to cause a little pain. I think for what we're doing, it's worth it..." says Rep. Charles Rangel (D., N.Y.), chairman of the House Ways and Means Committee.

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The AMT requires taxpayers to do two sets of calculations. First, they calculate their taxes using regular rules. Then they have to calculate their taxes again using a second set of rules, and pay whichever sum is higher. Typically, the very wealthy don't get hit by the AMT because their regular income-tax liability tends to be higher, although the bulk of filers who pay the AMT have incomes above $200,000 a year.

Rep. Richard Neal (D., Mass.), tapped by Mr. Rangel as the House Democrats' point man on the issue, declined to comment on what specific direction he wants to take on the AMT, saying only that he is seeking an "egalitarian" approach. Mr. Neal has in the past proposed eliminating the AMT altogether, and making up for the lost revenue with graduated income-tax increases for households with incomes of $120,000 a year or higher.

There's broad agreement in Congress that something should be done about the AMT. For the past six years, with a Republican majority, lawmakers have voted to exempt millions of people from paying the tax, keeping the number of people affected by AMT at less than four million.

But this year, House Democrats have reinstated 1990s-era budget rules that lapsed under Republicans -- requiring new tax cuts to be offset by equivalent tax increases or spending cuts. Senate Democrats have indicated they will do the same.

And that, in turn, is leading to the bigger debate about the Bush tax cuts. Democrats are gearing up to make the case that many middle-class families wouldn't fully benefit from those tax cuts because of the AMT -- and thus, it's a matter of fairness to modify the AMT, possibly by undoing some of those cuts.

Many Democrats say the Bush cuts are the biggest factor in making middle-class people more likely to pay the AMT. Some Republicans, meanwhile, say that it's illogical to make AMT relief contingent on raising taxes to offset lost revenues, since Congress has been rescuing most people from AMT expansion anyway.

Those points will be a major focus of a series of hearings next month by the Select Revenue Subcommittee of House Ways and Means. "There are a lot of people who never really benefit from the Bush tax cuts," says Mr. Neal, who is chairman of the panel. "There will be a full acknowledgement that is the case."

Reps. Rangel, Neal and others say the people in their states are acutely aware of the threat of the AMT, despite the repeated patches passed by Congress.

In Westchester County, which covers several New York Democrats' congressional districts, County Executive Andrew Spano's financial adviser recently warned him he might be hit this year by the AMT. Mr. Spano, who is married and has a salary of $163,000, has been urging action in Washington to rein in the AMT. In the past, Mr. Spano hasn't been personally affected by the tax. "I'm not happy about it, but I'm in better shape than most," he says. Even people with seemingly high incomes may have trouble paying the AMT in areas like Westchester County, where the cost of living is high, he adds.

One self-described "plain vanilla taxpayer" who Mr. Neal's office offered as an example is Maggie Rauh, a 40-year-old tax accountant in Chicopee, Mass. Ms. Rauh and her husband have three children under 12 and a combined income of $75,000. She tracks their projected tax refund monthly and says she recently was "shocked" to find out they would be subject to the AMT. "I sat here at my computer and my jaw dropped," says Ms. Rauh. "I was outraged."

Ms. Rauh, who usually votes Republican, says she was happy about recent income-tax cuts passed by Congress, especially the bigger credits provided for each child. But with the AMT, "I'm losing any kind of gain I got," Ms. Rauh says. The Rauhs say they will owe a projected $7,500 this year because of the AMT, compared with the $6,100 they would have owed under the regular income tax.

"That $1,400 is our vacation, our trip to Disney," Ms. Rauh says.

According to a recent report by the Congressional Research Service, households with incomes as low as $50,000 to $70,000 could be hit with the AMT this year. Taxpayers at the lower end of the income range include those claiming three or more children.

For married couples with two children and an income of $70,000, 21% of the value of the Bush tax cuts, or $427, would be lost to the AMT. That "take back" effect is higher -- more than 60% or $2,500 -- for people with incomes of $100,000 to $150,000 and two children, the report said.

Mr. Neal plans to suggest possible solutions to Mr. Rangel by April. "We're going to have to get together and find out what is the political power of 23...million people, over those that will get hurt," says Mr. Rangel, "which I don't think is a big problem."

Democrats Push Economic Policy That Benefits Poor, Middle Classes (KCS/MCT)

By Kevin G. Hall

The Kansas City Star, February 16, 2007

WASHINGTON - Democrats in Congress are moving quickly to impose their economic agenda now that they've returned to power on Capitol Hill. They're shrugging off strong macro-economic indicators to spotlight sluggish wage growth and a rise in mortgage defaults, and they're even pressuring the Federal Reserve to lower interest rates.

Many Democrats campaigned against the trend of widening income inequality, and they're trying to make good on promises to push economic policy to better serve the poor and middle classes.

Democrats don't dispute that 4.8 percent unemployment is near historic lows. And they acknowledge that the economy continues to grow at nearly its potential, despite a housing recession.

Even so, they're homing in on narrower issues, such as a rise in mortgage defaults by holders of sub-prime loans, who tend to be minorities and working-class Americans. And they're addressing the job insecurity and general unease many Americans feel over how much the global economy now influences the U.S. economy.

"They're trying to tap into pockets of discontent," said Brian Bethune, chief U.S. economist for Global Insight, a consultancy in Lexington, Mass. "From a point of view of the economy as a whole, the performance of the economy has been exceptional."

Democrats feel that working Americans aren't fully sharing the benefits. Their agenda was on clear display Thursday.

Sen. Charles Schumer, D-N.Y., and a group of freshmen senators introduced a bill promoting what they called middle-class tax cuts. It includes a new tax credit for care of elderly family members and expanding the child tax credit.

Over at the Senate Finance Committee, Chairman Max Baucus, D-Mont., grilled U.S. Trade Representative Susan Schwab and called for new federal assistance programs to aid service-sector workers displaced by globalization. This "globalization adjustment assistance" would expand programs that help workers who've lost factory jobs to cheaper labor overseas.

In the House of Representatives, Financial Services Committee Chairman Rep. Barney Frank, D-Mass., accused Federal Reserve Chairman Ben Bernanke of a bias toward high lending rates that hurt working Americans.

Just a day earlier before the Senate Banking Committee, Bernanke sparked a stock-market rally by suggesting that inflation pressures were moderating and that economic growth was rebounding. But Bernanke hinted that the Fed is likely to maintain its benchmark lending rate at 5.25 percent - where it's been since August - to guard against inflation in case growth proves stronger than expected.

"If you think it might be more than you think, why did you think it?" Frank asked in a testy exchange. "It does seem a little odd for you to say, `Here's what I think, but it might be worse than I think.' That is literally double-think."

Bernanke held to his view that inflation poses a threat, but he did give ground to Frank on another key Democratic point. He said that there's ample room for businesses to offer higher wages without having to raise prices. Democrats are holding hearings about excessive CEO pay, contrasting that with several years of flat wage growth for workers despite high corporate profits.

The Fed chairman also was grilled on whether predatory lending explains the rise in sub-prime mortgage defaults. The Fed issued new guidelines last year for lenders and borrowers about creative loans that are getting people into homes they previously couldn't afford.

Pressed by Democrats, Bernanke said he would reissue those guidelines to include so-called "2/28 mortgages," which offer a low fixed rate for two years, then adjust annually for the next 28 years. These loans, often offered to minorities and working-class Americans, could leave borrowers with mortgage rates of 13 percent or more.

Bernanke said that a new federal standard defining predatory lending might be necessary, but he added that it should come only after states tried to define and test such standards.

CONGRESS-ADMINISTRATION:

Congress Unease Threatens Doha Deal (FT)

By Krishna Guha And Eoin Callan

Financial Times, February 16, 2007

Unease about globalisation among US legislators is so great that a Doha deal would probably be rejected by Congress, Barney Frank, the Democratic chairman of the House financial services committee, claimed onThursday.

His remarks, at the second day of testimony by Ben Bernanke, the Federal Reserve chairman, come at a moment when the administration is locked in tense negotiations with the Democratic leadership on trade policy.

Mr Frank said: “My own view is that if they were in fact to come to an agreement in the Doha round that the resulting agreement – if they reach it as they are currently talking about – would not pass the House of Representatives.”

While Mr Frank has no specific role in trade, these comments from a senior Democrat show how difficult it will be to reach a compromise satisfying rank-and-file members while keeping open the possibility of further trade deals.

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Max Baucus, chairman of the Senate finance committee, told a trade hearing on Thursday: “I believe we must seize the opportunity to renew fast-track [trade negotiation authority].” But he said it would be essential to “rethink it” – providing better safety nets for displaced workers.

“Many in Congress feel they are not listened to,” Mr Baucus said. “That must change. We must also consider fast-track in the context of Americans’ growing unease over globalisation, international trade, and outsourcing.”

Mr Frank, who is not himself a protectionist, attacked free market purists for provoking a backlash against globalisation. “We are at a very sensitive moment in the making of economic policy in our country,” he said.

Mr Frank said the policy of “a full embrace of globalisation, of technological change” has “now come to an end” because people doubt unfettered free movement of capital is in their interest.

He urged free traders to support policies that spread the benefits more broadly in society.

Backlash Grows Against Free Trade (CSM)

By Mark Trumbull

The Christian Science Monitor, February 16, 2007

Worries about the dark side of free trade are surfacing in the United States in ways that could affect the course of globalization worldwide.

Don't expect an outright retreat from global commerce just yet, but it is becoming more likely that the US will act to temper and manage its impact. The reason: Free-trade brush fires have recently erupted on economic and political fronts:

· This week, the Commerce Department said America's trade deficit rose to $764 billion in 2006, as imports outstripped exports by a record amount for a fifth straight year.

· Democrats are in control of Congress, with new lawmakers in their ranks who are especially eager to do something about what they see as unfair trade practices by China. Bipartisan bills introduced this week could result in retaliatory tariffs or revocation of China's trade status with the US.

"There was a time 10 years ago when it seemed like globalization was consensual, and there were very few remaining questions about whether it was ... a good thing," says Jeffry Frieden, an expert on global economics at Harvard University. The reality, he says, includes a caveat: Trade "can make everyone better off, so long as you compensate the losers."

Concern about globalization is hardly limited to the US. From Europe to Latin America to China, the pattern is the same: Not everyone feels better off, and in those regions, political consequences can include riots or the rise of nationalist governments.

But America, which as the world's largest economy has led the march toward expanding trade for decades, remains an important influence on the world.

Most trade experts don't foresee an outright reversal of the trend. The world's biggest economies are now heavily reliant on trade. Exports account for about 40 percent of Germany's economic activity and a similar share in China, according to Joseph Quinlan, a Banc of America investment strategist in New York.

But the tenor in the halls of power has changed. Supporters of globalization are expending more energy to defend the concept – often calling for new policies to help compensate workers whose jobs migrate abroad.

"[To] retain support for policies of free trade ... we need to make sure that the gains and benefits from these powerful, growth-producing forces are broadly shared," Federal Reserve Chairman Ben Bernanke said this week in response to a question during congressional testimony.

Trade has always been always destabilizing for the workers in affected industries. What's new is the unprecedented scale and pace of change worldwide. In the 1980s and '90s, China, along with former communist nations and former post-colonial regimes on several continents, joined a global market for labor and goods. Communications technology has been a force of acceleration.

This has been hugely beneficial overall, most economists say. But it comes with strains on jobs and wages that are increasingly apparent. In a USA Today/Gallup poll last year, nearly two-thirds of respondents said trade "mostly hurts" US workers.

One idea under review on Capitol Hill is wage insurance, which provides income as displaced workers transition toward new careers.

The bills this week focus on trying to level what many lawmakers see as a tilted playing field – especially with export powerhouse China.

A bipartisan bill introduced Tuesday would rescind China's Permanent Normal Trade Relations (PNTR) status. It is sponsored by Sens. Byron Dorgan (D) of North Dakota, Lindsey Graham (R) of South Carolina, and Sherrod Brown (D) of Ohio.

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Another new bill, the Fair Currency Act of 2007, classified China as a currency manipulator in violation of US trade law. A tariff boost is threatened under this bill backed by Reps. Duncan Hunter (R) of California and Tim Ryan (D) of Ohio.

Meanwhile, the Bush administration and trade advocates in both parties are scrambling to build support for so-called "fast track" authority to negotiate new agreements to expand trade.

Skeptics abound.

"We need to declare a moratorium on new trade agreements until we figure out how to do this right," says Alan Tonelson of the US Business and Industry Council, which represents companies concerned about the erosion of US manufacturing.

It remains unclear whether the advocates of a harder line on trade will gain traction. Some economists believe this will be a better year for US exports – and a narrowing in the trade deficit.

And that deficit, they say, is not in itself a sign of economic decline. But it could be unsustainable if other nations grow less willing to finance that deficit by lending to the US.

"The real key is to take advantage of our educational system to acquire higher-value skills" and the jobs that go with them, says Paul Kasriel, an economist at the Northern Trust Co. in Chicago.

White House Cuts Attachment To Pork Spending (WT)

By Stephen Dinan

The Washington Times, February 16, 2007

The Bush administration no longer will be bound by most congressional pork-barrel spending requests, the director of the White House's Office of Management and Budget said yesterday in a memo on how federal departments and agencies should treat money in the new spending bill the president signed into law.

Some Republicans hailed it as a giant turnaround, while Democrats said they already had taken steps to restrict pork spending this year.

More than 95 percent of pork-spending requests, known as earmarks, are never enacted as laws, but rather are written into reports that do not have the force of law. For years, most departments and agencies have honored the requests anyway, fearing that otherwise their funding would be cut the next year.

OMB Director Rob Portman's memo says the Bush administration will feel free to ignore those requests.

"In short, funding decisions should be based on the merits, in accordance with the law," Mr. Portman said.

Earlier in the day, President Bush signed a $463.5 billion spending bill to fund the government through the end of fiscal 2007, taking care of the appropriations measures left unfinished by the Republican-controlled Congress last year.

In that bill, Democrats swore off most earmarks, part of a moratorium while they consider rules to bring transparency to spending. But Mr. Bush said after signing the bill that Congress still had to do more against earmarks.

"As the Congress takes up the 2008 budget, it should continue to take steps to improve transparency for all earmarks, provide the option of an up-or-down vote for each earmark, and reduce the number and cost of earmarks by at least half," he said.

The Energy Department and other federal agencies have reported that lawmakers, both Republicans and Democrats, are still placing calls to demand privately that their pet projects be funded.

Republicans said the memo yesterday short-circuits that.

"The president handed American taxpayers a huge victory today by stopping all of the backdoor earmarks Congress requests hidden in reports and through secret e-mails and phone calls," said Sen. Jim DeMint, South Carolina Republican, who for the past year has pleaded with Mr. Bush to take this step.

Earmarks have jumped from obscurity to become a hot topic on Capitol Hill, thanks to projects such as the $223 million so-called "Bridge to Nowhere," which was backed by Alaska's Republican lawmakers but was scuttled after public outcry.

Fiscal conservatives acknowledge that eliminating earmarks does not necessarily save any money, but they argue it allows the government to spend the money on the right projects.

"Federal agencies can now use these funds to advance their core missions and serve true national priorities," Mr. DeMint said.

Democrats said Mr. Portman's memo followed through on their own wishes to put a moratorium on earmarks this year, which they wrote into the spending bill.

"He's just doing what we told him," said a House Democratic aide.

Letters (WSJ)

http://online.wsj.com/page/2_0048.html, February 12, 2007

LETTERS

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If the Big Six Want to Talk About CO2 Emissions, California Will Listen

In response to your Feb. 6 editorial "Legal Hot Air":

The world's six largest automakers are crying foul about a recent case filed by California seeking redress for CO2-induced damage. They argue that courts are not the proper place for this kind of "global" issue. This sudden aversion to litigation is perplexing, given that these same companies have sued states repeatedly, in numerous jurisdictions, insisting that the courts must overturn all state laws dealing with greenhouse gas emissions. The companies hew to this path of complete resistance despite the fact that the vast majority of climate scientists believe that the world is facing a potential catastrophe.

Let me be clear: I also would prefer to reach solutions outside of the courthouse. Litigation can be expensive and time consuming. That is why I asked for a meeting with each of the CEOs of the car companies to find practical solutions to global warming. If they want to sideline the lawyers and talk about solutions, I am all for it. Meantime, they shouldn't call California's lawsuit "frivolous" while maintaining so many lawsuits of their own.

California's public nuisance case is well grounded in precedent. For more than 100 years the Supreme Court has allowed states to take legal action to prevent the destruction of their air and natural resources. In a case called Georgia v. Tennessee Copper, Justice Oliver Wendell Holmes -- not a man known for indulging frivolous claims -- wrote, "It is a fair and reasonable demand on the part of a sovereign that the air over its territory should not be polluted on a great scale . . . or threatened by the act of persons beyond its control. . . ." More recently, the Supreme Court declared, "Air pollution is, of course, one of the most notorious types of public nuisance in modern experience."

The Big Six automakers generate 20% of all of the human-made carbon dioxide emissions in the U.S., and at least 30% of such emissions in California. Yet they oppose any federal action to curtail greenhouse gases. To date, their intense lobbying has been very successful: Congress has not improved fuel efficiency standards in 15 years, President Bush steadfastly refuses to consider caps on greenhouse gases, and the Environmental Protection Agency says that the Clean Air Act does not apply to CO2.

Meanwhile, California, with more than one thousand miles of coastline and a Sierra snow pack containing one third of the state's annual water supply, faces rising sea levels and rapidly melting snow. This threatens levees, flood control systems and California's irrigated agriculture. Already, spring snow melt occurs a week earlier, with greater flooding, than it did 30 years ago. The U.N. Intergovernmental Panel on Climate Change just warned us again that the threats from global warming are mounting. It is time to act.

Under our tripartite system of government, courts have an essential role to play, even in issues as complex as global warming. Justice Holmes could be speaking directly to the automakers, when he wrote: "This is a suit by a state for an injury to it in its capacity of quasi-sovereign. In that capacity the state has an interest independent of . . . its citizens, in all the earth and air within its domain. It has the last word as to whether its mountains shall be stripped of their forests and its inhabitants shall breathe pure air." And, we can add, whether emissions of greenhouse gases can harm its economy and environment.

Global warming is a serious, unavoidable challenge and we need to face it. The path of litigation, first taken up by the auto companies, is not my preference. But a legal cease fire requires that both sides lay down their arms. We should use our considerable joint resources to help fashion a common sense and practical approach. I stand ready to do so.

Edmund G. Brown Jr.

Attorney General of California

Sacramento

Required Health Plans Ethically Impossible

We read of health-care plan after plan that in some manner "require" all people to purchase health insurance ("The Budget and Your Wallet -- How Plans to Expand Health Coverage Could Affect Insured," Personal Journal, Feb. 6). Exactly what are we to do with the person who doesn't purchase health insurance (thus, breaking the law), and then who shows up at the door of the ER with chest pains?

Until we are willing to let people die on the steps of the hospital, an approach that I don't support, any law "requiring" the purchase of coverage, without active enforcement and without penalties for non-compliance, will quickly be written off by the uncovered masses as a law without teeth. "Requiring" coverage is just a feel-good phrase.

Mark McAllister

Johnston, Iowa

Gutter Snipes or Savvy Businessmen?

Friday's piece on strippers and Super Bowl Sunday ("Wardrobe Malfunctions, Inc.," Weekend Journal, Feb. 2) was certainly funny, but the sound of my own chuckles had the fortunate effect of bringing me to my senses. I remembered how our popular culture continues to slide into the gutter without much of a splash or any apparent resistance from those who know better.

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Who but a sanctimonious prude would question another man's decision to amuse his friends at half time by paying a stranger to remove her clothing right there in the den among the nachos, chicken wings and Little League trophies? To call it sleazy or dishonorable seems too harsh and uncomfortably judgmental.

And that's my point. Hiring a stripper is sleazy and dishonorable, but I get the sense that, by an unspoken rule among us men, we're all supposed to keep our mouths shut about it and just have a few laughs. The tone of this story, even its publication, suggests that the Journal has, on some level, adopted that unspoken rule. We should all know better. Why not some dissent for a change?

John Mulcahy

Philadelphia

Sam Walker wrote a really terrific article. I administer a class at the University of Arizona designed to encourage science students to become entrepreneurs, and only days ago did we discuss supply-chain management and distribution. When I read this piece, I was delighted how he exposed the business side of this industry and articulated the need for superb supply-chain management and customer-needs analysis to sustain and grow these businesses. The article reinforced a guiding principle I emphasize in my class: The fundamentals of operation, sustainability, growth and expansion of any business are universal across industry lines. The distribution techniques that bring triumph to the "exotic dancing" industry can also bring success in biotechnology and optics. The article serves as a great case study. You can learn a lot from any victorious business, and I hope my students got this message from the piece as much as I did.

Director of Special Projects

College of Science

The University of Arizona

Tucson, Ariz.

What Mean Means

Dr. Robert Myers, in his Feb. 1 Letter to the Editor responding to Charles Murray's three-part editorial-page series "On Education," compounds Mr. Murray's original error regarding definitions of mathematical mean vs. mathematical median. Mr. Murray stated that half of all children in the U.S. are below average intelligence; Dr. Myers stated that Mr. Murray should have written below the mean, not the average.

The mean and the average are the same thing. What both authors should have said is median. The median, by definition, is the value below which exactly half of the sample points fall. Though for many common statistical distributions the mean, a.k.a. average, and the median are close, sometimes equal, they are not necessarily so.

Arthur H.M. Ross, Ph.D.

Laguna Niguel, Calif.

Senator Seeks to Focus The War on al Qaeda

Kimberley A. Strassel's Feb. 2 Potomac Watch column "Senator Feingold's Sin" was right to single out the senator's "honesty" and "backbone" for his effort to require that U.S. troops be redeployed from Iraq. But to say that "the Wisconsin pacifist might not understand the importance of winning in Iraq" misunderstands Sen. Feingold and his effort, which is based on strengthening U.S. national security above all else.

The senator called for redeploying our troops from Iraq because our massive, indefinite presence there is weakening our ability to fight the terrorist networks that threaten this country around the world. He voted to go to war in Afghanistan precisely because he wanted U.S. forces to eliminate the Taliban and destroy a safe haven for terrorist networks that threaten our country.

As your editorial noted, Congress has the power to end a war. Sen. Feingold wants Congress to use that power to end U.S. involvement in this disastrous war in Iraq, so that we can fight al Qaeda and other global threats more aggressively and effectively. That doesn't sound like a pacifist, does it?

Hail To The Presidents' Pastry Chef (USAT)

By Jayne Clark

USA Today, February 16, 2007

BETHESDA, Md. — Roland Mesnier, the French pastry chef who for a quarter of a century whipped up confections fit for presidents, is, at the moment, fixated on kings. Of the dessert variety, that is.

"Look at this galette. The glace!" he exclaims, jabbing a finger at the display case in a suburban Washington bakery. "This is French king cake. Not the New Orleans kind, which is awful — dry bread with colored sugar. And those beads! I had a friend who sent some to the White House. The staff wouldn't even eat it."

Not that they needed to, what with Mesnier churning out desserts to die for from the Carter administration right into George W. Bush's second term.

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"I'm one of the few chefs who has left the White House with a good taste in my mouth," he says, making his way past racks of cookies and tarts to a corner table.

Indeed, of the six executive chefs who served during Mesnier's tenure, three were let go, he says. He retired in 2004 but has returned for brief stints since.

His new book, All the Presidents' Pastries: Twenty-Five Years in the White House (Flammarion, $24.95), out in time for Presidents Day, is peppered with reminiscences and insights from those years, plus recipes for presidential favorites such as pecan bourbon pie (Jimmy Carter) and quick chocolate mousse (Ronald Reagan).

Charming and expansive both in personality and girth, Mesnier clearly doesn't deprive himself of his own creations. And as a chef he has some strong opinions on the state of food in America.

"I eat on the road constantly, and I know what's out there. And it's not pretty," he says.

But first, some White House dish.

·Most exacting first lady: Nancy Reagan. "She ran the house with an iron fist. Nothing was done in the White House foodwise — tablecloths, flowers, entertainment — without her knowledge. But I love that. It's because of Mrs. Reagan that I succeeded the way I did."

·Most unappetizing dessert he ever had to prepare: a Clinton family favorite featuring Coca-Cola jelly. "I don't discuss it. I didn't even taste it."

·Most demanding White House guests: former French president François Mitterrand and his wife, Danielle. "They thought they were royalty. That's why they went so well with the Reagans."

·Most taxing first family to work for: the Clintons. "They'd throw parties for 1,200, 1,500, 2,000 in tents, which we were instructed to call 'pavilions.' Physically, it killed me."

·Impressions of the first ladies: Rosalynn Carter — "Extremely gracious. The staff truly loved her." Nancy Reagan — "A perfectionist (who) wasn't big on compliments." Barbara Bush — "The ultimate first lady. She could do so many things." Hillary Clinton — "Extremely nice. Very generous with her time." Laura Bush — "Very knowledgeable about food — one of the few first ladies who could discuss taste and texture."

Despite his French origins and European training, Mesnier believes American food is among the world's best. Sadly, however, so many top chefs these days are seeking celebrity, and they're not in their kitchens where they belong, he says.

Blame it on the Food Network.

"It's destroying cooking," Mesnier says. TV personality "Rachael Ray tells you she can create a good meal in 20 minutes. You know why? Because she has a can opener! Steal her can opener, it's over. It's impossible to make a good meal in 20 minutes."

Or, obviously, a head-turning dessert for a formal White House dinner. For state dinners, Mesnier created one-of-a-kind confections using ingredients reflective of products from the honored head of state's country.

There was the chocolate box replete with liquor-filled citrus sorbets for a dinner honoring the king of Spain; the creation for the Japanese prime minister he dubbed the Bonsai Garden of Sweet Serenity; and his final triumph, an oyster shell of white chocolate filled with a dark nougat glace "pearl" against a backdrop of chocolate seaweed for an Australia state dinner last June.

Having hung up his chef's hat, Mesnier no longer traffics in these grand indulgences. (Truth be told, he's more of an apple pie man.)

But he's still dreaming them up:

"I build desserts in my sleep."

On Presidential Coinage (NYT)

The New York Times, February 16, 2007

Perhaps the most striking thing about the new presidential coin released yesterday is that Congress has asked the United States Mint to issue one for every president from George Washington to Gerald Ford. With four new coins coming out each year, it will be hard to complain about the 2007 series, which offers a bumper crop of Founding Fathers. Washington, who appeared yesterday, will be followed by John Adams, Thomas Jefferson and James Madison.

The down side of this inclusive approach, though, is that not every year will be so glorious.

The year 2010, for example, stands out as looking particularly dispiriting. The first coin will bear the likeness of Millard Fillmore, who may be best remembered today for signing the Fugitive Slave Act into law. The next will belong to Franklin Pierce, a hard-drinking military man who was derided as the “victor of many a hard-fought bottle.”

Collectors who hold out until 2014 will be rewarded with a dollar bearing the visage of Warren G. Harding. A shiny dollar may be a fit commemorative for a president whose administration is best remembered for the Teapot Dome scandal, when lots

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of oil money sloshed corruptly around Washington. And later that same year, there will be a coin for Herbert Hoover, who presided so unsatisfactorily over Depression-era America. For Hoover, the dollar may appear to be poignant commentary.

From there it is a short two years until Americans get their hands on the first Richard M. Nixon dollar.

The decision to make a line of presidential coins was a natural one, and once made, it would be hard to pick and choose. If you started by removing Millard Fillmore, where would you stop? But there is a real educational value in including every president. At a time when the current occupant of the White House thinks presidential powers should be expanded to new extremes, the series will be a four-times-a-year reminder that not everyone who makes it to the White House belongs on Mount Rushmore.

Mea Culpa To Bush On Presidents Day (USAT)

USA Today, February 16, 2007

Our great country has had 43 presidents. Many very good. A few pretty bad. On Presidents Day next Monday, it's appropriate to commemorate them all.

I remember every president since Herbert Hoover, when I was a grade school kid. He was one of the worst. I've personally met every president since Dwight Eisenhower. He was one of the best.

A year ago I criticized Hillary Clinton for saying "this (Bush) administration will go down in history as one of the worst."

"She's wrong," I wrote. Then I rated these five presidents, in this order, as the worst: Andrew Jackson, James Buchanan, Ulysses Grant, Hoover and Richard Nixon. "It's very unlikely Bush can crack that list," I added.

I was wrong. This is my mea culpa. Not only has Bush cracked that list, but he is planted firmly at the top.

The Iraq war, of course, has become Bush's albatross. He and his buddies are great at coining words or slogans. "Bushisms" that will haunt him historically:

·"Shock and Awe," early 2003.

·"Mission Accomplished," May 1, 2003.

·"Stay the Course," June 2003, 2004, 2005, 2006.

·"New Strategy," 2007.

Another term historians may weigh critically is "Decider."

Is he just a self-touted decider doing what he thinks right? Or is he an arrogant ruler who doesn't care or consider what the public or Congress believes best for the country?

Despite his play on words and slogans, Bush didn't learn the value or meaning of mea culpa (acknowledgement of an error) during his years at Yale.

Bush admitting his many mistakes on Iraq and ending that fiasco might make many of us forgive, even though we can never forget the terrible toll in lives and dollars.

A Dog's Breakfast (WSJ)

By Daniel L. Mcfadden

The Wall Street Journal, February 16, 2007

Last year, Medicare underwent a major expansion with the addition of Part D prescription drug coverage. A controversial feature of this new program was its organization as a market in which consumers could choose among various plans offered competitively by different insurers and HMOs, rather than the single-payer, single-product model used elsewhere in the Medicare system. Proponents of this design touted the choices it would offer consumers, and the benefits of competition for product quality and cost; opponents objected that consumers would be overwhelmed by the complexity of the market, and that it was unnecessarily generous to pharmaceutical and insurance companies.

Part D is a massive social experiment on the ability of a privatized market to deliver social services effectively. With the support of the National Institute on Aging, my research group has monitored consumer choices and outcomes from the new Part D market. I will summarize our findings, but first I want to provide some perspective on the American health-care system and the questions that study of Part D may help answer.

Most Americans are aware that our health-care system is in deep trouble, a dog's breakfast of private providers and insurers that has weak and inconsistent incentives for quality control and cost containment. Many consumers cannot obtain health insurance at reasonable cost, and financing the system is stressing employers, pension funds, and the government's Medicare and Medicaid programs.

In terms of health delivered per dollar of cost, our system is grotesquely inefficient. We spend $6,102 per person on health care each year, nearly 17% of GDP. Our neighbor Canada's single-payer system costs $3,165 per person per year, about half our expenditure, or 10% of their GDP. The Canadian costs and health outcomes are typical of developed countries, where

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government managed and financed systems predominate. The extra cost of our system is not buying us better health. The probability of dying between ages 15 and 60, a good indicator of failure of a health-care system to prevent and treat disease, is 8.1% for females in the U.S.; in Canada, the same probability is 5.7%.

In the future, things are going to get much worse. If current trends continue, health care in the U.S. as a proportion of GDP will rise to 40% by 2050, a level that will break the current system of financing health through employers, pension funds and Medicare/Medicaid.

There are a number of reasons for this gathering storm. First, the U.S. population is getting older, and the old require more medical maintenance. Second, we are getting wealthier, and staying alive is the ultimate luxury good. Third, we demand expensive medical innovations, such as dialysis, MRIs, transplants, stents and biotech. About a third of all medical costs are incurred in the last year of life, and are at best marginally effective. The incentives in the system do not force hard choices.

To deal with this future, three substantial reforms are needed. First, we need to wring out some of the inefficiencies. Something like 30% of our health costs come from administrative overhead, legal costs and defensive medicine. These could be largely eliminated in a comprehensive reform; we just need to emulate best practice in other developed countries.

Second, we need universal health insurance coverage, with active emphasis on preventive medicine that is effective in reducing later medical events and costs. Perhaps this can be accomplished by cobbling together existing sources of finance, as in Gov. Arnold Schwarzenegger's current proposal for California. However, eventually we will have to go to a system that is not channeled through employers, something like a tax-financed medical voucher system.

Third, we need incentives that match choice of expensive treatments with consumers' willingness to pay for them, a benefit-cost analysis that places treatment choices and financial responsibility on the individual.

This brings us to Medicare Part D. This experiment in privatizing the prescription drug insurance market and the interface between insurers and consumers gives the individual the right, and responsibility, to make insurance plan choices that are in his or her self-interest. If consumers are up to this task, then their choices will ensure that the plans, and insurers, that succeed in the market are ones that meet their needs. However, if many are confused or confounded, the market will not get the signals it needs to work satisfactorily. The success or failure of the Part D market is a bellwether for proposals to spread consumer-directed health care across the system, putting health and financial choices in the hands of consumers, and utilizing the forces of market competition to rationalize the system.

So, how well has the Part D market worked? We now have one year of experience, including a second open enrollment period in which consumers could switch plans, or enroll if they had not done so earlier. We can ask whether consumers were satisfied with this market, whether their choices were consistent with their interests, and whether Part D insurance has had a positive effect on health outcomes. To do this, my group is tracking about 2,200 consumers age 65 and up from opening of the initial enrollment period in mid-November 2005. We interviewed them just before enrollment began, and again just after the initial enrollment period ended on May 15, 2006. Here are some of the things we have found:

Consumers were quite confused about the Part D program before enrollment began, with 40% knowing little or nothing about what the program offered, and 17% indicating that they were unlikely to enroll. Start-up problems, widely publicized, further clouded the program's future. However, when the initial enrollment period closed, only 7.4% of the age 65-plus eligible population of 35.8 million were not enrolled in Part D or comparable prescription drug coverage. It helped that monthly premiums, predicted to be about $37, were substantially lower, averaging around $24, with some plans available for premiums as low as $6 to $10. It helped that about 68% of the population was automatically enrolled, either through employer or union based plans or through Medicaid, VA or federal employee coverage. It also helped that Part D incorporates an annual subsidy of about $1,200 per enrollee, so that most potential enrollees benefit immediately.

Failure to enroll turned out to be a minor problem, but making Part D voluntary rather than mandatory did have some consequences. About 1.2 million seniors who use enough prescription drugs so that they would immediately benefit from enrolling failed to do so. Mostly, these were not the very poor, who were picked up by Medicaid and by outreach programs, but poorly educated people above the poverty line.

General opinions elicited after the close of the initial enrollment period give Part D a mixed report card. Seventy-seven percent liked having a choice of plans, but 58% thought the program was not well designed; 77% say they would have preferred to have prescription drugs provided automatically as part of Medicare Part A; 58% are less satisfied with Medicare as a result of Part D; and large majorities dislike formulary restrictions and the gap, a range of out-of-pocket costs where the Part D standard plan offers no benefits.

However, when one looks at plan choices made, one finds that consumers were relatively consistent in recognizing their self-interest. Most consumers selected among the lowest-cost plans available in their area. Consumers with significant drug needs enrolled early, while those with no immediate needs mostly enrolled later to preserve their option value of obtaining insurance at non-penalized rates. There is some evidence that consumers did not fully appreciate the consequences of the gap,

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and enhanced policies that covered the gap were not heavily demanded, even though the additional coverage they offered was close to actuarially fair.

The picture that emerges is that elderly consumers were mostly able to navigate the Part D market and reach reasonable choices, despite its novelty and complexity. Two concerns with insurance markets that also arise for the Part D market are adverse selection, in which only the sickest seek insurance, and insurers respond by cherry-picking, refusing coverage for individuals and conditions likely to increase claims; and moral hazard, in which insurance coverage encourages additional treatments by reducing the incremental costs of these treatments.

Adverse selection has so far been avoided in the Part D market because the voluntary enrollment rate is high, including a high proportion of healthy seniors who currently are net contributors to the system. Further, adverse selection is not a problem for plan switchers because participating insurers must take all comers, and are reimbursed by Medicare based on each individual's experience rating. There is moral hazard in the sense that prescription drug use is increasing for seniors newly insured under part D, to 4.4 from 3.3 prescriptions on average per month, according to our survey.

This increase must be assessed in terms of its health consequences. Dana Goldman at RAND Corporation has found that making at least some drugs available to seniors at lower cost more than pays for itself in decreased incidence and cost of health problems. For example, reducing the copay on statins to $10 from $45 for a 30-day supply increased plan prescription drug payments, but the increased adherence of patients to the therapy at the lower copayment reduced cardiovascular incidents and attendant hospitalization costs, so that total annual health costs per patient in his study fell to $5,180 from $5,470.

A recent study of the VA population indicates that statins increase adult life expectancy by nearly two years, apparently because they act as anti-inflamatories as well as reducing cholesterol. Anecdotal evidence indicates that Part D coverage will reduce medical problems and hospitalization costs enough to offset a significant portion of its cost. However, reduced adherence to therapies by consumers who hit the gap will probably have a significant adverse effect on health outcomes that we will begin to see in 2007. A humorous proposal is that employers could lower their total health-care bills by putting statins and anti-hypertensives in the water cooler. What is clear is that an integrated approach is needed to evaluating health-care costs, and programs like Part D that can deliver effective preventative drugs may pay for themselves.

My overall conclusion is that, so far, the Part D program has succeeded in getting affordable prescription drugs to the senior population. Its privatized structure has not been a significant impediment to delivery of these services. Competition among insurers seems to have been effective in keeping a lid on costs, and assuring reasonable quality control. We do not have an experiment in which we can determine whether a single-product system could have done as well, or better, along these dimensions, but I think it is reasonable to say that the Part D market has performed as well as its partisans hoped, and far better than its detractors expected.

Does this mean that Part D proves that privatization will be effective in other segments of the health-care market? Here, I think caution is advised. First, the success of Part D depends substantially on thoughtful and muscular management of the market. The former head of Medicare, Mark McClellan, and a dynamic, no-nonsense 75-year-old government bureaucrat, Abby Block, bullied insurers to make sure there were, in her words, "no bad choices." It is unclear whether their successors will be as successful in standing toe-to-toe with the industry and making sure consumers' interests are protected.

A health insurance market like Part D probably requires this level of active management to work well; after-the-fact oversight in the style of the SEC or FTC is inadequate. If privatization is going to work elsewhere in health care, active market management will be needed.

Finally, consumer-directed health care works only if consumers can understand the consequences of their choices. In much of medicine, providers are the agents that guide consumers through these choices. If consumer-directed health care is to be effective, these providers must give sound advice on both the health and financial consequences of alternative choices. This is possible if the incentives to providers and consumers are right, but the design of such markets should not be left to chance.

Mr. McFadden, the E. Morris Cox professor of economics and director of the Econometrics Laboratory at Berkeley, is a 2000 Nobel laureate in economics.

OTHER NEWS:

Economy May Be Doing Better, Fed Chief Says (USAT)

By Barbara Hagenbaugh

USA Today, February 16, 2007

WASHINGTON — Federal Reserve Chairman Ben Bernanke said Thursday the economy may be performing better than is currently estimated and said an increase in inflationary pressures would warrant higher interest rates.

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"We've seen some strong income growth, which suggests that the economy may be stronger than we think," Bernanke told the House Financial Services Committee on the second day of his twice-yearly testimony on the economy.

"On inflation, we have had a period where inflation has been above where we'd like to see it," he said, responding to committee Chairman Barney Frank, D-Mass., who questioned why the Fed has continued to say it is more concerned about inflation than slower growth. Frank noted the Fed has said inflation and the economy are moderating, trends that suggest a rate cut was more likely than a rate increase.

But Bernanke said the Fed wasn't ready to declare victory against inflation.

"In order for this expansion to continue in a sustainable way, inflation needs to be well controlled," Bernanke said. "If inflation becomes higher for some reason, then the Federal Reserve would have to respond to that by raising interest rates."

Regarding proposals to raise the federal minimum wage, Bernanke said the move would likely mean some people would lose their jobs, but the numbers would likely not be "very significant" in terms of the effect on the broad economy.

The Fed has kept interest rates unchanged for five consecutive meetings after raising them 17 times from June 2004 to June 2006. The current target for short-term interest rates, which influences borrowing costs economywide, is 5.25%, the highest in six years.

Many economists expect the Fed will hold interest rates steady for most of 2007. According to a USA TODAY poll of 56 economists conducted Jan. 18-24, the Fed will likely change rates only once this year, with a cut coming in the fourth quarter.

Some economic news out Thursday pointed to some softening in the economy, supporting a steady interest rate environment. The Fed said industrial production fell 0.5% in January, led by a sharp drop in activity at automobile plants. The decline followed a 0.5% increase in December and was the biggest drop since September 2005, when production was stymied by cleanup efforts following Hurricane Katrina.

Bernanke Rebuffs Frank On Rate Cut (WP)

By Nell Henderson

The Washington Post, February 16, 2007

Federal Reserve Chairman Ben S. Bernanke yesterday rejected a Democratic lawmaker's suggestion that he consider cutting interest rates to bolster the economy.

Bernanke, testifying for a second day on Capitol Hill, this time before the House Financial Services Committee, repeated that the Fed is likely to hold rates steady for a while if slower economic growth nudges inflation lower this year and next as expected.

But the Fed also thinks inflation is too high and might go higher, Bernanke said. If he and his colleagues adjust borrowing costs in coming months, they are more likely to raise rates than lower them.

"In order for this expansion to continue in a sustainable way, inflation needs to be well controlled," Bernanke said in response to remarks by committee Chairman Barney Frank (D-Mass.). "If inflation becomes higher for some reason, then the Federal Reserve would have to respond to that by raising interest rates."

Frank had told Bernanke the Fed's stance was "troubling" to him because the central bank also forecasts the economy will grow at a moderate rate this year, below its long-term average, and that inflation will drift lower over time.

"I don't see how we get a concern of inflation," Frank told Bernanke. "Why is there not at least an equal chance for there to be a reduction" in interest rates?

Bernanke responded that he and his Fed colleagues see several risks that the economy may not behave as forecast, and they would adjust interest rates as needed.

One possibility is that the economy weakens more than expected, perhaps if the housing slump deepens. Many private analysts have recently lowered their estimates of the economy's pace of growth because of a series of weak figures, including the Fed's report yesterday that U.S. industrial production fell in January.

But the Fed sees a greater risk of high inflation. Bernanke noted recent strong growth in consumer spending and incomes, "which suggests that the economy may be stronger than we think. It's possible."

If so, consumer demand might rise faster than the economy's ability to produce goods and services, he said. Already, the labor market is tight, with unemployment at a low 4.6 percent, and businesses' use of their production capacity is slightly above average, according to the Fed report.

The inflation risk lies in this danger of excessive demand, not in low unemployment alone, the Fed chairman said.

There is no specific level of unemployment that automatically triggers inflation, Bernanke, a former chairman of the Princeton University economics department, said in response to several lawmakers' questions.

That contrasts with the traditional view of many economists that unemployment below about 5 percent is inflationary. Bernanke's remarks partly reflect years of research that has debunked the idea of a long-term trade-off between unemployment

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and inflation. They also reflect the nation's experience in the late 1990s, when unemployment fell as low as 3.9 percent without causing much inflation.

The Fed's top policymakers forecast inflation to fall over the next 18 months while unemployment remains below 5 percent, indicating they are comfortable with joblessness so low.

Bernanke also said rising wages are not necessarily inflationary, as was widely believed in the 1970s when high inflation was blamed partly on unions' salary demands.

If businesses accept smaller profits -- they have been high lately -- companies can raise workers' wages without boosting prices, he said. Also, if labor productivity, or output per hour, rises quickly, businesses can produce more with the same labor force; again, workers' earnings can climb without pushing prices higher.

The low unemployment of the 1990s coincided with a takeoff in productivity growth. Bernanke's predecessor, Alan Greenspan, recognized this at the time and did not increase interest rates, despite the urgings of the Fed staff and some Fed Board members. The high inflation of the 1970s coincided with lousy productivity growth.

Productivity growth has slowed recently, but it remained solid at 2.1 percent last year. And Bernanke said "underlying productivity trends appear favorable."

Even so, he said, it is possible that strong economic growth "could allow firms to pass higher labor costs through to prices, adding to inflation," and that would erode the purchasing power of any wage gains.

Fed Suggests It Is Loosening Employment-Inflation Link (WSJ)

By Greg Ip

The Wall Street Journal, February 16, 2007

Federal Reserve officials appear to believe unemployment can go lower than they previously thought without generating inflation, a potentially important shift that some economists think could make interest-rate increases this year less likely.

The monetary-policy report that Fed Chairman Ben Bernanke delivered to Congress this week indicated that members of the policy-setting Federal Open Market Committee now expect a lower unemployment rate this year than they did just seven months ago, but they don't expect that to result in higher inflation.

Reduced inflation concerns at the Fed and weaker economic data, such as a drop in January industrial production reported yesterday, have led financial markets to boost expectations the Fed will lower its short-term interest-rate target, now 5.25%, later this year.

FOMC members generally expect the unemployment rate to end both this year and next between 4.5% and 4.75%, essentially unchanged from January's 4.6%. By contrast, July's monetary-policy report saw the unemployment rate ending 2007 between 4.75% and 5%. That report didn't have a 2008 forecast.

Despite forecasting lower unemployment, FOMC members didn't change their inflation expectations. They see core inflation, which excludes food and energy, as measured by the Commerce Department's price index of personal consumption, ending this year between 2% and 2.25% -- the same forecast as July -- and next year falling further, to between 1.75% and 2%. That shift probably reflects the fact that actual unemployment has fallen further than expected last July while inflation has also been a bit lower than expected, though not as low as officials would like.

Unemployment generally can't fall to zero even in a robust economy, as different industries are always contracting and expanding, or because personal characteristics such as disability make it hard for some people to find work. Fed officials, like most economists, believe economic growth that pushes joblessness too low can result in companies raising wages to attract scarce workers beyond the productivity of those workers, then passing on the higher wage costs in higher prices.

Mr. Bernanke told Congress that putting a number on this "nonaccelerating inflation rate of unemployment" -- or Nairu -- is difficult: "There's no specific level of employment or unemployment that is a trigger for inflation."

Moreover, FOMC forecasts must be interpreted with caution because they are a range of committee members' views rather than a single, coherent view.

Still, there are two possible explanations for the new numbers. One is that Fed officials have lowered their estimate of Nairu, perhaps to 4.5% from 5%, said Jan Hatzius, chief U.S. economist at Goldman Sachs. If so, the Fed would have "a lower hurdle to easing, and a higher hurdle to tightening" monetary policy.

The other explanation is their estimate of Nairu is unchanged, but the Fed believes lower energy prices and slower rent increases are affecting core inflation more than low unemployment. If that is the case, the Fed might worry that persistent low unemployment could yet push up inflation once those restraining factors subside.

Peter Hooper, chief economist at Deutsche Bank Securities, noted that Mr. Bernanke's testimony to Congress this week belied more concern about the unemployment rate than the FOMC forecast. His warning that high "resource utilization" could nudge up inflation suggests he would like to see unemployment edge higher, Mr. Hooper said.

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Mr. Hatzius speculated that the forecasts, if not signaling a lower Nairu, might instead signal "a repudiation of the Nairu story that you need to generate more unemployment to contain inflation."

Indeed, while Fed economists still believe in the Nairu, they have recently come to believe its influence on inflation has declined, while the influence of the public's expectations of inflation -- governed heavily by where inflation has been -- has grown. But while it may take longer for low unemployment to push up inflation, once it did, it would be far harder to get inflation down again. That could keep the Fed biased to raising rates as long as unemployment is low.

New data suggest that some of the pressure on capacity is starting to ease. The Fed reported yesterday that output by factories, mines and utilities fell 0.5% in January from December, due mostly to a drop in factory production. With demand from consumers holding up, the output drop appears largely due to efforts by housing, motor vehicle and other industries to reduce inventories. Because of lower production, industry operated at 81.2% of available capacity in January, down from 81.8% in December.

Separately, the Labor Department said the number of people filing initial jobless claims rose by 44,000 last week to 357,000. That could be a sign that unemployment may be headed higher, though cold weather likely played a role in the jump.

Bernanke's Style Builds Political Capital (FT)

By Krishna Guha In Washington

Financial Times, February 16, 2007

Ben Bernanke's political stock is rising – a development that could help him push through the changes he wants to make at the Federal Reserve, including the adoption of a flexible inflation target.

At Thursday's hearing of the House financial services committee, Barney Frank, the Democratic chairman who raised eyebrows this year by pledging more robust oversight of the Fed, declared himself pleased with Mr Bernanke.

"You have, I think, over the past months in particular, said some very reason-able things from my standpoint." Apologising in jest to reporters present, Mr Frank added: "I have less to complain about than they might have hoped."

A day earlier in the Senate, Mr Bernanke was lavished with praise from all sides of the political spectrum for engineering a soft landing for the US economy.

Chris Dodd, the Democratic chairman of the Senate banking committee, said: "Following in the footsteps of a very successful chairman can be difficult. But I believe you have done a very good job."

Richard Shelby, the senior Republican on the Senate committee, said: "The Federal Reserve's conduct of monetary policy thus far has given me further reason to applaud your service."

Mr Bernanke even drew favourable comment from unorthodox quarters, including Jim Bunning, the maverick Republican senator.

Several common themes have emerged from the hearings. First, Mr Bernanke's decision to halt rate rises in the summer of 2006 has earned him political capital as a Fed chairman who considers seriously the dual mandate to put equal weight on employment and inflation, and not inflict harm lightly on the real economy.

Mr Bunning, who opposed Mr Bernanke's confirmation, said: "The Federal Open Market Committee did the right thing by stopping the increases in the Fed funds rates after the June 2006 Fed meeting. By holding rates constant, you have done the right thing ever since."

Second, his modest, plain-speaking manner, which stands in sharp contrast to that of Alan Greenspan, the previous chairman, is going down well with Congress.

Melvin Watt, a Democratic congressman, said: "I happened to like your predecessor. Problem was I didn't understand a damned thing he ever said – so you are a breath of fresh air."

Third, Mr Bernanke is showing a surprising degree of political savvy, positioning himself shrewdly in the debates of the moment, which hinge on inequality and middle-class economic anxiety, and moving to meet a desire for greater public accountability at the Fed.

All this could help Mr Bernanke change the way the Fed operates, above all the adoption of a flexible inflation target with a specified inflation goal but one that would not be achieved over a fixed timeframe. Conventional wisdom has it that the Democratic victory last November and the broader mood of economic populism in the air make this an uphill struggle.

Most Fed-watchers believe Mr Bernanke will not ultimately risk being seen to elevate price stability above employment in violation of the dual mandate. In the worst-case scenario, that could trigger a backlash in Congress against the Fed and the forced imposition of a matching employment target.

However, Mr Bernanke's reputation as a chairman who pays careful attention to the real economy lends credibility to his contention that a flexible inflation target would be consistent with the dual mandate.

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Moreover, he is moving to position an inflation target as a means of enabling the public and elected officials to monitor Fed performance more effectively.

Mr Frank signalled that he remained cautious on an inflation target, saying: “I admire the desire for transparency” but expressing concern it could tilt the balance of the dual mandate.

With many old Fed hands, including Don Kohn, the vice-chairman, still very cautious about an inflation target too, adopting one still looks challenging. But not as far beyond the Fed chairman’s reach as it appeared only a few months ago.

Realtors Expect Home Price Recovery After A Nasty Q4 (USAT)

By Christine Dugas

USA Today, February 16, 2007

Home prices are likely to spring back in the coming months, the National Association of Realtors predicted Thursday after reporting that median prices fell in 73 metro areas in the final three months of 2006.

Last year "was the year of contraction," said David Lereah, the NAR's chief economist. "When we get the figures for this spring, I expect to see a discernible improvement in both sales and prices."

Even in an overall sluggish fourth quarter, 71 areas had price gains, the NAR said. And 14 of those areas saw double-digit year-over-year percentage gains.

"At least the bottom appears to have already occurred," says Lawrence Yun, an NAR economist. "It looks like the figures will be improving. Whether or not that will be sustainable is a different question."

Nationwide, the median sales price for an existing single-family home fell to $219,300 in the fourth quarter, down 2.7% from the same period in 2005.

Several once-sizzling markets in Florida continued to see price declines. The Sarasota-Bradenton-Venice area was worst hit; prices fell 18% in the fourth quarter.

Still, the NAR pointed out that despite the recent downturn in prices, gains for typical single-family homes the past five years have been robust in many metro areas — and explosive in others. In Riverside-San Bernardino-Ontario, Calif., for example, prices have soared 155.3% in the past five years.

Other parts of California have yet to benefit. In the inland areas, many builders who are struggling to move new-home inventory have caused prices to fall sharply, says Leslie Appleton-Young, chief economist of the California Association of Realtors.

Such price drops, though, are starting to lure buyers, a trend that could help lift the overall housing market. "Buyers are responding to seller pricing and incentives, and there's pent-up demand as a result of buyer hesitation in the second half of 2006," says Pat Vredevoogd Combs, the NAR's president.

Among the areas that reported the biggest gains at the end of last year was Atlantic City, which saw a 25.9% jump in home prices in the fourth quarter, compared with the same period in 2005. And Trenton-Ewing, N.J., enjoyed an 18.9% rise in prices. It could post even better results this year.

"Interest rates remain extremely reasonable, and the buyers are out there and they're buying; they're not just shopping," says Rosalie Daniels, broker-owner of RE/Max TriCounty in Hamilton Township, on the outskirts of Trenton. Written contracts for home sales in January 2007, Daniels says, are 35% ahead of the pace of January 2006.

Low mortgage rates should also help boost sales. The average 30-year fixed rate for 2006 was 6.40%; it's now 6.30%, Freddie Mac said Thursday.

Blue Chips Hit Fresh Record; Pace Of Rally Begins To Slow (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 16, 2007

The pace of the stock rally slowed, but solid rises in shares of Caterpillar and Boeing were enough to spur the Dow Jones Industrial Average to a third straight gain and another record finish.

The blue-chip Dow industrials rose 23.15 points, or 0.18%, to 12765.01, its 29th closing high since early October. So far this year, the industrial average has gained 2.4%.

Boeing shares jumped 2%, helped by the aircraft maker's announcement of an order from United Parcel Service for 27 cargo planes. Caterpillar shares rose 2.2% after the equipment maker said it plans to repurchase $7.5 billion of its stock within the next five years. Both companies are Dow components.

Share buybacks, which increase the relative value of shares remaining in the market, have become more common in recent years amid a surge in profits that has left many companies flush with cash. Those war chests also are funding increased corporate deal making.

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The Standard & Poor's 500-stock index inched up 0.1%, or 1.51 points, to 1456.81, up 2.7% on the year and some 70 points from its record set in March 2000. The Nasdaq Composite Index gained 0.35%, or 8.72 points, to end at 2497.10, up 3.4% on the year. The Nasdaq would have to more than double to reach its record, also set in March 2000.

Federal Reserve Chairman Benjamin Bernanke spoke to the House Financial Services Committee, on the heels of Senate testimony Wednesday that fueled that day's stock gains. His remarks offered few new specifics about Fed policy. Investor confidence that inflation is under control -- a key point in Mr. Bernanke's testimony Wednesday -- seemed to solidify.

The yield on 10-year Treasury notes fell to 4.706%, slightly below where it began the year. The price of Treasurys tends to rise, pushing yields down, when investors aren't jittery about inflation and the possibility of interest-rate increases.

Economist James Glassman of J.P. Morgan Chase said economic data have been pointing toward a reduced need for the Fed to raise its interest-rate targets to fight inflation for some time.

He said Mr. Bernanke is better able to convey that message in his detailed, semiannual congressional testimony than in the comparatively terse policy statements investors pore over after the Fed's regular policy meetings.

"What Bernanke said this week is an extension of the Fed's story that we heard over the summer," when the central bank decided to halt a long series of rate increases and hold steady, Mr. Glassman said. "People had just lost sight of it, to a certain extent."

In major U.S. market action:

Stocks gained1 and bond prices rose2. Total trading volume for stocks listed on the New York Stock Exchange was 2.45 billion shares. The 10-year note gained 6/32 point, or $1.875 for each $1,000 invested.

The dollar weakened3. The dollar fell to 119.22 yen from 120.74 yen. The euro rose to $1.3145, compared with $1.3006.

Va. Bar Could Reverse Limits On Firms Hiring Legislators (WP)

By Michael D. Shear

The Washington Post, February 16, 2007

RICHMOND -- The organization charged with regulating Virginia attorneys is pushing to erase an ethics rule that for a half-century has prohibited the state's legislators from being employed alongside lobbyists at the commonwealth's largest law firms.

The change, proposed by the Virginia State Bar's standing committee on legal ethics, could spark a bidding war among Richmond's leading law firms, which would be free to hire the speaker of the House of Delegates or the Senate floor leader even as their lobbyists prowl the halls of the General Assembly.

That has outraged some in the legislature, who say the move would create dangerous conflicts of interest for the lawmakers and the lobbyists. And they say it adds to a perception that the General Assembly is a good old boys' club where deals are cut behind closed doors instead of in public committee rooms.

"Crossing that line threatens the integrity of the General Assembly," said Clarke N. Hogan (R-Charlotte). "There are all kinds of unpleasant, undesirable effects. This will undermine public trust. I don't think you can do that."

Virginia's existing rule is stronger than in many states, where sitting lawmakers and lobbyists are often allowed to work in the same law firm, according to state bar officials. Arizona, Illinois, Washington and New Hampshire permit the practice, officials said. At least nine other bar associations prohibit firms from having both lobbyists and sitting lawmakers. Maryland does not have any such prohibition, but the state imposes certain restrictions on lawmakers who work for firms with lobbying arms.

Pressure to eliminate the rule in Virginia was sparked in part by Sen. R. Creigh Deeds (D-Bath), who recently joined the law firm of Hirschler Fleischer P.C., a Richmond-based firm with a small lobbying presence. Without the proposed change, Deeds would be violating state ethics rules.

Deeds, who describes himself as a small-town rural lawyer, said his losing bid for attorney general in 2005 made it nearly impossible to keep his small practice alive. His plans to run for governor in 2009 will require a more stable income, he said. But he said there will be a firewall between himself and the firm's lobbyists.

"For me to be able to continue the political journey, I had to find some stability. I had to do something," Deeds said in an interview this week. "If I thought I were doing anything unethical, I would step away from it."

Deeds and other advocates of the rule change, including the chief ethics counsel for the bar, say the long-standing rule needlessly restricts the activities of law firms and lawmakers. They say lobbyists and sitting legislators can coexist at firms as long as they adhere to existing state laws governing conflict of interest.

Those laws require lawmakers to recuse themselves from votes or discussions involving lobbyists with whom they have a professional relationship.

"Lawyers have a contribution to make and ought not to be disenfranchised from public service by a bright line rule that assumes [a conflict], without any evidence, because of my partner in an 800-lawyer law firm," said James M. McCauley, the bar's ethics counsel.

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Legal Ethics Opinion 1829, which McCauley's committee made public Jan. 23, states that any legislator should simply "be careful to avoid using his public position for improper special advantage for clients, and the other members of the firm must be careful to avoid suggesting that they have special influence for clients through the legislative service of their firm member."

McCauley said the bar is seeking public comment on the rule change and could back off if the response is uniformly negative. But his organization has already begun advising law firms that they can hire sitting lawmakers even if they have lobbyists who engage in activity in Richmond's capital.

In a Feb. 6 letter, assistant ethics counsel Leslie A.T. Haley wrote to a senior partner at Deeds' firm, advising him to refer to the proposed rule.

"The analysis in LEO 1829 . . . seem to provide the guidance you need," Haley wrote to James L. Weinberg. "Please review the referenced opinions for guidance on this issue."

Deeds said he joined the firm in October with the understanding that a request would be made to the state bar about the rule. But he said he expects no difference in his approach toward conflicts or other ethical issues that might arise.

"You have to avoid the appearance of impropriety anyway," Deeds said. "The burden is always on the individual. Either he is ethical or he is not."

But that's exactly what worries ethics experts and some Virginia lawmakers.

Leah Rush, a state legal specialist with the Center for Public Integrity, said the Virginia Bar's existing rule about lawmakers and lobbyists is an admirable one that goes beyond what other states have done.

"It makes sense and it's very admirable that the state bar would try to promote a clear separation of duties to clearly avoid conflicts of interest," she said. "Rolling back any provisions that have been in place kind of raises the red flag."

Sen. Thomas K. Norment Jr. (R-James City), a lawyer whose firm does not lobby the General Assembly in part because of his presence, said he opposes the bar's efforts to change the rule.

"I absolutely would oppose it unequivocally," Norment said. "I hate to be trite, but this is a slippery slope with olive oil on it."

Hogan and other lawmakers raised the possibility of legislation to block the change if it goes into effect after a public comment period ends in April.

"This is very shocking," said Sen. Ken Cuccinelli II (R-Fairfax). Del. Brian J. Moran (D-Alexandria) said the change would taint all members of the legislature in both parties.

"I think they should reconsider," Moran said. "It would damage all of us in the legislature to have that potential stink or conflict."

Clinton Offers Contract To S.C. Endorser (AP)

By Susanne M. Schafer

AP, February 16, 2007

A key black Democratic leader in South Carolina has negotiated a $10,000 per month consulting contract with Sen. Hillary Rodham Clinton's campaign, a development that came to light when the lawmaker endorsed the presidential hopeful.

The contract with state Sen. Darrell Jackson's firm, Sunrise Enterprises, is not yet signed but will run through the first Southern primary here next January, Clinton spokesman Mo Elleithee confirmed Thursday.

Elleithee denied there was any deal made for Jackson's endorsement.

"Not at all. ... We told him, 'We'd love your support as a community leader and love your help as a respected political consultant inside the state,'" Elleithee said.

Jackson did not return messages on Thursday. He has told several media outlets that he turned down more money from other candidates.

Jackson's firm will advise Clinton's campaign on "political matters in South Carolina, outreach, organizing issues" and purchasing advertising, Elleithee said.

On Tuesday, Jackson and state Sen. Robert Ford said they would support Clinton. In 2004, both backed former Sen. John Edwards, a South Carolina native. Jackson and Ford took credit for turning out black voters for Edwards in 2004 in a state where half the primary voters are black.

Dick Harpootlian, former chair of the South Carolina Democratic Party, said endorsements carry little weight in the state.

"And if someone is a paid employee of the person they're endorsing, it should carry no weight," Harpootlian said.

Jackson has told media outlets that he doesn't draw a salary but drives a company car.

Elleithee said Jackson, also pastor of the Bible Way Church in Columbia, has had a long-term relationship with Clinton and her husband, former President Clinton, whom Jackson backed in 1992.

"When Senator Clinton began to put together her campaign operation, he was one of the first people we called in South Carolina," he said.

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Obama's Southern Support Not A Cinch (CHIT)

By Dahleen Glanton

Chicago Tribune, February 16, 2007

COLUMBIA, S.C. -- As an African-American, Dean Stewart is proud that a black man has a good shot at becoming the next president of the United States.

He likes Sen. Barack Obama's style, his intellect and his compassion. In fact, Stewart said, Obama reminds him of the Rev. Martin Luther King Jr.

"He understands what he is up against as a black man, and he and his wife have said they are not afraid," said Stewart, 41, who owns a barbershop in Columbia.

Regardless of his admiration for Obama (D-Ill.), however, Stewart is not sure he will vote for him next year when South Carolina holds its primary election. He also likes Sen. Hillary Clinton (D-N.Y.), the candidate he thinks has the best chance of winning the presidency and one he feels he has known for almost 15 years.

On Friday, Obama will travel to South Carolina for the first time in more than two years. While the rest of the country has elevated him to celebrity status, he is likely to find his greatest challenge yet in the South, particularly among blacks. Obama is not as well known as other candidates.

Votes for Obama won't come easily here, according to political experts. The South is home to the nation's largest concentration of African Americans—one of the Democratic Party's most loyal constituencies and some of the most dedicated supporters of former President Bill Clinton.

While Democrats traditionally are overpowered in general elections in the overwhelmingly Republican region, blacks will play a major role in primary elections in states such as South Carolina, Mississippi, Alabama and Georgia. About 50 percent of voters in South Carolina's Democratic primary are black.

The Jan. 29 primary in South Carolina will be the fourth earliest contest after Iowa, Nevada and New Hampshire, which bolsters the state's role in the selection of the Democratic nominee. Among the Democratic candidates, early polls in South Carolina show Clinton with 34 percent of the vote, followed by former Sen. John Edwards of North Carolina with 31 percent and Obama with 10 percent.

Black voters, in particular, have found themselves in a dilemma. Should they support Obama and possibly make history or should they support Hillary Clinton and bring back a team many feel was the most dedicated to black causes since President John Kennedy?

"In my district, people are going with Hillary," said state Sen. Robert Ford, a Democrat from Charleston. "I am sure there will be some young blacks who will be behind Obama, but elderly blacks are going with Hillary because they love Bill and they love Hillary for standing behind him for eight years."

Like many African Americans, Stewart would like to see what he considers to be a dream ticket, with Clinton as the nominee and Obama as her vice presidential running mate.

"It would be like the Super Bowl with Chicago and Indianapolis and two black coaches," said Stewart. "Either one is a winner."

Though more than 2,100 tickets for Obama's appearance Friday at the Columbia convention center flew quickly, particularly on the predominantly white campus of the University of South Carolina, he is still relatively unknown to a vast number of voters in the state. Another 1,500 tickets were distributed for a town hall meeting in Orangeburg on Saturday.

"People down here don't know him, and South Carolinians in many ways are a difficult lot," said Cole Blease Graham, a political scientist at the University of South Carolina. "They like to see their politicians up close in the flesh, shake their hand and look them in the eye.

"Blacks will determine the winner in South Carolina, and if it came down to it right now, it would be Clinton because of the lack of exposure Obama has here," said Graham. "If Obama can win some attraction from whites and overwhelming support from black voters, he can beat Clinton."

Rep. James Clyburn (D-S.C.), the House majority whip, announced this week that he would not endorse a presidential candidate. Earlier, Ford and state Sen. Darrell Jackson endorsed Clinton, saying she had the best chance of winning. The men were credited with turning out a substantial black vote for Edwards when he won the state primary in 2004.

"I considered who I thought was best able to serve right now. The day after the election, who will walk into that office and be able to serve from day one?" said Jackson, who also serves as pastor of a 10,000-member Bible Way Family Life Center in Columbia. On Thursday, the Clinton campaign confirmed that Jackson has negotiated a $10,000 per month consulting contract with Clinton, according to The Associated Press.

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"Sen. Clinton brings a Rolodex of people who have served well, and a lot of it has to do with President Clinton. Most people view them as partners," said Ford. "People love Obama but they really love the Clintons."

Obama's supporters said people will love Obama too, once they get to know him.

"Sen. Obama hasn't even gotten to South Carolina yet and people are excited," said Anton Gunn, Obama's political director in South Carolina. "When he gets here and people have the opportunity to hear his message up close and personal, a lot of those who are undecided will be making up their minds."

Lachlan McIntosh, executive director of the South Carolina Democratic Party, said that while there is excitement over Obama's visit, Edwards, who was born in South Carolina, draws big crowds too. Clinton plans to visit the state next week.

"Sen. Obama is sparking the interest of a lot of people we have not seen involved in politics before, particularly young people," said McIntosh. "John Edwards has been here once this year and several times last year. We will find out Friday night whether Obama is as big as John Edwards."

While national polls suggest that race will not be a factor in Obama's bid, some analysts said it could come into play in the South.

"South Carolina is one of the most racially polarized places in the country, and black people in South Carolina have never elected a black candidate statewide," said David Bositis, senior political analyst for the Joint Center for Political and Economic Studies in Washington. "There are places in the South where people don't think anybody black can be elected to anything. So when they think about the presidential election, they don't think of Obama as someone with very good prospects."

State Sen. John Drummond, who at age 87 has been in the Senate for 42 years, said he has not seen much support for Obama. Right now, he said, the race in South Carolina is between Clinton and Edwards.

"I think [Obama] will do alright, but he is about four years off," said Drummond. "A few years ago, I don't think he would have had much of any support in South Carolina, but he has earned it. He's a rather attractive guy and I can see a lot of good down the road."

Black Like Me? (WP)

By Marjorie Valbrun

The Washington Post, February 16, 2007

What does it mean to be black, and who is the arbiter of authentic blackness? As Sen. Barack Obama's "blackness" has increasingly been discussed on black-oriented radio shows, at political conferences and on Sunday morning news shows, I've grown more dismayed by the day.

The discourse, occurring mostly among black people, has been dominated by questions about Obama's being biracial, his immigrant father and his suitability as a presidential candidate, given that his life story doesn't parallel that of most blacks born in the United States. Some have implied that only a black candidate whose ancestors were slaves here or who have themselves experienced the trauma of this country's racial history can truly understand what it means to be black in America and represent the political interests of black Americans.

This is a narrow-minded and divisive notion. At a time when blacks living in this country, whether by birth or by choice, should be harnessing their collective political clout to empower all black people, we're wasting time debating which of us are truly black.

As a black immigrant and a Haitian-American who has lived in the country for 37 years, I know how it feels to have my blackness challenged by native-born blacks.

It makes me angry. I'm angry for Obama, too. People are asking whether he's black enough to represent them. I ask, black enough by whose standards? Why must Obama's life follow the same track of "authentic" black folk to pass this litmus test?

Many of my black immigrant friends have also had their blackness questioned by native-born blacks who see us as "not really black." My ancestors probably weren't enslaved on American soil, but they were enslaved on Haitian soil. So how am I less black or less worthy of kinship with black Americans? How ridiculous that someone would think me unable to understand the pain of racism and the long-term costs of white supremacy and slavery.

Last Saturday, Obama's name was raised at the State of the Black Union, a gathering of some 10,000 black people in Hampton, Va., in a forum on the social and economic challenges facing black America. Top black scholars, intellectuals, civil rights leaders and opinion makers were present. Princeton professor Cornel West took Obama to task for not attending. West also criticized Obama's decision to announce his candidacy that day and to do so in front of the Illinois statehouse where Abraham Lincoln began his political career.

A thread of doubt about Obama's commitment to black America ran through some speakers' comments. Harvard law professor Charles Ogletree, who has known Obama since his time at law school, came to his defense. Ogletree noted Obama's record on civil rights and suggested his scheduling conflict was a transgression worthy of forgiveness.

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So this is what things have come to: If you don't walk to the beat of the black establishment, you might get kicked out of the club. What's next? A scarlet insignia for IBMs (Inauthentic Black Men)?

We don't all have to like or vote for Obama, but we shouldn't allow this debate to undermine him or discredit his stated commitment to the black community.

When did the social and political cause of American blacks start trumping the larger cause of all blacks living in this country? American blacks don't have a monopoly on blackness or suffering. We black immigrants and children of immigrants are also often stopped by police for driving while black. Ever heard of Abner Louima or Amadou Diallo? Many immigrants feel just as powerless and as excluded from the promise of America.

Yet the hopes, dreams and successes of immigrant and American blacks are also interconnected.

Black immigrants such as myself would probably not be here if not for the sacrifices of those who were on the front lines of the civil rights movement. And that's why I identify myself as black -- not that I have a choice -- with pride and without apology. But black Americans can't on the one hand complain about black immigrants consciously separating themselves from black Americans, which many immigrants do, and on the other hand say: "But you aren't really black like us."

Few American blacks can say with certainty that they don't also have white ancestors. Does that make them less black? Who knows that some distant ancestor of Obama's father was not enslaved here? The more important question is why any of this should matter. When did having slave ancestors become a barometer for political office? Surely those blacks supporting Hillary Clinton aren't holding her to that standard.

I also wonder if Obama's message of racial inclusion worries some blacks. Do they think if he reaches out to "them"(whites), it means he neglects "us" (blacks)?

Malcolm X and Martin Luther King Jr. recognized the universality of the struggle for dignity and self-determination of black people around the world. What were our protests against South African apartheid about if not this very principle? If American blacks can view black South Africans thousands of miles away as brothers in need of their support, why are they having such a hard time seeing Obama as one of their own?

Whether Obama is ready to run, deserves our vote or has enough experience for the job are all legitimate questions. Whether he is black enough is not.

A Wide-Open Web For The '08 Campaign (WP)

By E. J. Dionne Jr.

The Washington Post, February 16, 2007

Does Barack Obama have the potential to trump Hillary Clinton's money, organization and methodical planning by becoming the online phenomenon of 2008? The answer may determine who wins the Democratic presidential nomination.

This is the election in which Internet campaigning will reach maturity. The 2000 campaign offered the first glimmers of the medium's power when John McCain surprised the political world by raising $6 million to $7 million online in his unsuccessful Republican primary campaign against George W. Bush.

Howard Dean rode the Internet from nowhere to a strong early position in the 2004 Democratic presidential race, only to fall to John Kerry. The same anti-Bush sentiment that had powered Dean later allowed Kerry to raise an estimated $82 million in Internet contributions.

Today, the next new thing is old hat -- but still evolving. "It's so mainstream now that every part of the campaign touches the Internet," said Becki Donatelli, who pioneered McCain's 2000 Internet fundraising and is working for him again. "It's the 900-pound gorilla. It's the real thing."

That, says Joe Trippi, Dean's first campaign manager and a longtime preacher of the Internet gospel, means that no single 2008 candidate will have the early command of the online world that Dean enjoyed.

"It's hard to have a Dean-like phenomenon ever again," said Simon Rosenberg, president of NDN, formerly the New Democrat Network, a progressive advocacy group, "because the Internet is not a shiny new toy anymore."

The question is whether Obama will have an edge as the candidate who talks about his campaign as a participatory mass movement and is trying to embody the word "new." Trippi, who is neutral this year, sees Obama as having "a lot of advantages" in Internet campaigning, particularly because "he is really connecting with young people, as Dean did early on."

But much will depend on whether Obama's approach lives up to his high-minded promise to supporters that his campaign won't "only be about me" and will become instead "the occasion, the vehicle, of your hopes, and your dreams."

That language, at least, matches one measure of a successful Internet campaign, according to Eli Pariser, executive director of the MoveOn.org political action committee, a liberal group that has not endorsed a 2008 candidate yet. "You have to make people feel they're part of the campaign," he says, "that they're not just people a candidate is trying to suck money out of."

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Clinton, says Trippi, has the disadvantage of being a front-runner with widely publicized prowess at large-scale, conventional fundraising. This might lead potential Internet givers to the conclusion that "she doesn't need the money." He sees Obama as having a better chance of creating a sentiment among online donors that they are an important part of his campaign.

But Obama faces two obstacles to overwhelming Clinton on the Internet. The first is John Edwards, whose strong stands against the Iraq war and in favor of a broad national health insurance plan have made him popular among the more ideologically committed bloggers and their audiences. Obama and Edwards will be in competition for some of the same online support.

The second is the Clinton campaign's awareness that the Internet matters this year as it never has before. "The Clintons have mastered every other aspect of politics," says Rosenberg. "They're going to be competitive in this arena." Hillary Clinton, he notes, has been careful -- through her well-produced webcast announcement speech and online " conversations" -- to show she understands the new desire among political activists for more interaction with the candidates they support.

Clinton also could benefit from what Donatelli sees as a major shift in the sources of online money. "In 2000, nearly 90 percent of what we took in on our Web site came from people who found their way to us," Donatelli said, referring to McCain's effort. Now, 50 percent of Internet money is raised through "direct marketing."

Clinton will almost certainly do well on the marketing side, and both Trippi and Rosenberg argue that she is likely to find a strong niche among Democratic women, who have become increasingly important to the party's financial base.

In the coming months, partly because it's fun to do, the political world will be watching Hollywood and Wall Street to see who racks up the big money. But 2008 promises to be the year when decisions made at millions of computer screens on kitchen tables and office desks could outshine the glitz and beat out the large checkbooks. The Internet could thus provide Obama his best chance of keeping up with one of the most formidable fundraisers in Democratic politics.

Gingrich Among Top GOP '08 Candidates (WT)

By Ralph Z. Hallow

The Washington Times, February 16, 2007

Press accounts seldom name former House Speaker Newt Gingrich in the top tier of aspirants for the Republican presidential nomination, despite polls consistently showing he belongs there.

"Newt's invisible to much of the nation's media," said Republican communications strategist Tom Edmonds. "The liberal press doesn't want to acknowledge that he casts a big shadow over the 2008 race."

News stories and opinion columns routinely refer to Arizona Sen. John McCain, former New York Mayor Rudolph W. Giuliani and former Massachusetts Gov. Mitt Romney as the "top tier" or "first tier" Republican presidential candidates for 2008.

Yet in every recent poll national poll -- as well as in Iowa, a key early caucus state -- Mr. Gingrich leads Mr. Romney among Republican likely voters. And it's not just because of high name recognition alone, conservatives say.

"Everybody here loves Gingrich," said Iowa Republican Party Executive Director Chuck Laudner. "He is a hero."

More than a dozen years after he zoomed to national prominence as the brash leader of the 1994 "Republican revolution," Mr. Gingrich has attained status as an elder statesman among top conservative leaders.

"I don't know how Gingrich would perform if he were elected to the highest office in the land but these days he is responsible in that each time I read one of his policy initiatives I want to stand up and cheer," said Paul M. Weyrich, chairman of the Free Congress Foundation.

Among the top Republican contenders, Mr. Gingrich is the only one who has neither formed an exploratory committee nor officially declared his candidacy -- and thus is the only one who is not raising money for a campaign.

Mr. Gingrich has said he will wait until September to make a decision on running. Still, in poll after poll, he joins Mr. Giuliani and Mr. McCain in scoring in double digits.

Late starters, however, may be out of luck this time, with both parties' nominees expected to be known by early February of next year. Federal Election Commissioner Michael Toner has estimated a viable presidential candidate must raise $100 million by the end of this year.

"Does Newt belong in the first tier? Not unless he gets in soon," said Patrick J. Buchanan, who unsuccessfully sought the Republican presidential nomination in 1992 and 1996 before running on the Reform Party ticket in 2000.

"Folks are committing themselves in the early states," he said. "Endorsements are coming. Organizational help is being pledged. Money is being raised. Mailing and e-mail lists and financial supporters are being lined up."

Mr. Buchanan, who challenged the first President Bush in the 1992 Republican primaries, said, "If you wait till fall, you may be able to come off the blocks fast in January, as we did in 1992, but you just don't have the legs to go the distance."

Even Mr. Gingrich's supporters acknowledge that he has liabilities. During his tenure as speaker, his Republican House colleagues twice mutinied against his leadership. Following unexpected losses in the 1998 midterm elections, he left Congress with low approval ratings.

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Nevertheless, Republican pollster Kellyanne Conway said, Mr. Gingrich remains an important voice for his party and the conservative movement because he "is the same big-ideas generator that led Republicans out of the wilderness in 1994."

His name recognition and conservative credentials largely account for Mr. Gingrich's current standing among Republican 2008 contenders, said pollster John Zogby.

"Gingrich is the most high-profile conservative in the race," Mr. Zogby said. "At the very least he is the conservative place holder. Should Gingrich run, he can get double-digit support and help frame the debate. He is a player."

Mr. Giuliani, however, leads the Republican field in many polls even though he is the most liberal candidate on social issues. He won 34 percent of Republican voters nationally in the latest Fox News poll, with Mr. McCain getting 22 percent, Mr. Gingrich at 15 percent and Mr. Romney at 3 percent. Those numbers roughly mirror results in the latest surveys by Rasmussen (Mr. Giuliani 27 percent, Mr. McCain 25 percent, Mr. Gingrich 13 percent, Mr. Romney 7 percent) and Time magazine (Mr. McCain 30 percent, Mr. Giuliani 26 percent, Mr. Gingrich 14 percent, Mr. Romney 5 percent).

In Iowa, the three latest polls show Mr. Giuliani leading Mr. McCain, with Mr. Gingrich placing third and Mr. Romney fourth. Only in New Hampshire -- next door to Mr. Romney's home state -- does the former Massachusetts governor place ahead of Mr. Gingrich in recent polls.

Brownback Leads The Field In Missed Votes (POL)

By Carrie Sheffield

The Politico, February 16, 2007

Sen. Sam Brownback, R-Kan., has been playing an awful lot of hooky these days. Last month, he missed more than half of his Senate roll call votes, according to AbsentCongress.org, a Web site launched Thursday that tracks senatorial absenteeism.

Only Sen. Tim Johnson, D-S.D., who remains hospitalized after a life-threatening brain hemorrhage, has missed more. Johnson, who staffers say is making steady progress in his recovery, hasn't made it to any votes yet.

Brownback showed up 48 percent of the time. As a presidential hopeful, he probably has his hands full. Yet rival senators who are also moonlighting as '08 contenders have higher attendance records – though the campaign season remains young.

Sen. Barack Obama, D-Ill., has managed to show up for every vote so far. And both senators Hillary Rodham Clinton, D-N.Y., and John McCain, R-Ariz., scored a 94 percent attendance record last month, according to the site. Sen. Chris Dodd, D-Conn., attended 84 percent of votes last month; Sen. Chuck Hagel, R-Neb., who hasn't formally entered the race, was present 76 percent of the time.

Among the non-candidates, Sen. Daniel Inouye, D-Hawaii, has the worst attendance at 51 percent. Sen. Kit Bond, R-Mo., is next, showing up 74 percent of the time, ahead of senators Craig Thomas, R-Wyo., and Joe Biden, D-Del., who have made it to 79 percent of their votes.

Brownback and Inouye did not immediately respond to requests for comment.

"Normal American people show up to work every day," said David Ferguson, a manager of the site. "Why shouldn't our senators?"

Ferguson is president of the American Conservative Student Union. Members created and plan to update the site monthly. The ACSU launched in January as an offshoot from TheVanguard.org, a new online grass-roots network headed by Rod Martin, former counsel to Silicon Valley tech giant PayPal.

Martin and his partners say their work is a conservative response to the liberal online community at MoveOn.org.

Though his group gets funding from right-leaning donors, Ferguson said absentcongress.org pokes at lawmakers from both parties. He and his team divided the senators' monthly salary (roughly $13,767 per person) by the number of votes in January (39) and affixed a price tag ($353) for each vote they missed. They plan to send an invoice to each senator. By ACSU's tally, Brownback owes $7,060, Inouye owes $6,707, and Bond should pony up $3,530.

For now, AbsentCongress.org tracks only senators, but it plans to include House members soon.

The Banker's Candidate (WP)

By Jeffrey H. Birnbaum, Carrie Johnson

The Washington Post, February 16, 2007

Connecticut Sen. Christopher J. Dodd has two big jobs. He is a candidate for the Democratic nomination for president, and he chairs the Senate Banking Committee.

They are proving to be a lucrative combination. Among Democrats, Dodd's $5 million campaign nest egg is surpassed only by that of Sen. Hillary Rodham Clinton (N.Y.), who has one of the most elaborate fundraising machines ever assembled.

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Dodd's electoral riches can be traced to the banking panel, whose jurisdiction includes some of the wealthiest industries in America -- banking, insurance and financial services. In addition, Dodd's home state is the hedge fund and insurance capital of the country.

But it is Dodd's philosophy, not only his geography, that has made him a cash magnet. Each of these big-money interests applauds his light-handed approach to financial regulation and considers him a reliable friend -- a fact that raises questions about Dodd's viability in a Democratic field even as it bolsters his fundraising prowess.

In recent presidential polls, Dodd has been little more than an asterisk. And his closeness with Wall Street will probably not help him with the liberal-leaning Democrats who tend to vote in presidential primaries, analysts say. "It's not something you would trumpet to primary voters," said Nathan L. Gonzales of the nonpartisan Rothenberg Political Report.

At the same time, the ample donations those connections have fostered will enable him to make his name more widely known. "At this stage, the money primary is the biggest race," Gonzales added.

Financial services companies "will be making contributions to Dodd's presidential run because they can't afford to annoy him," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. "Whether or not his presidential ambitions go anywhere, he'll still be the chairman of Senate Banking Committee, and they will still need his goodwill."

Dodd, who was elected to the House in 1974 and the Senate in 1980, has never shied away from collecting funds from financial services companies. Since the midterm elections last year, Citigroup and J.P. Morgan Chase have hosted fundraisers for him, participants said. Insurance firms have held at least three fundraisers for Dodd.

Dodd collected $3 million in the last three months of 2006, outraising even Clinton. Employees of American International Group and Morgan Stanley were among the largest givers. According to the nonpartisan Center for Responsive Politics, Dodd has raised more money for his Senate campaigns from securities and investment firms than from any other industry.

During an interview last week in his stately fourth-floor office on Capitol Hill, Dodd expressed distaste with the near-constant need to generate campaign contributions to sustain a presidential bid. But, he said, the system being what it is, he is resigned to traveling the fundraising circuit for the next year or more.

He said he will not hesitate to shake Wall Street's money tree, even though he is chairman of the committee that watches over its companies. But accepting millions of dollars from industries that his committee oversees will not affect his policy decisions, Dodd said.

"My record speaks for itself," the senator said. "I haven't changed my tune. I've been, I think, fairly consistent in my views on these issues."

Financial firms have long liked what Dodd has done in the areas of legislation and regulation. "Chairman Dodd is a thoughtful leader in Congress playing an important policy role to ensure an open, competitive and sound global financial services marketplace," said Robert S. Nichols, president of the Financial Services Forum, a Washington group comprising the chief executives of 21 U.S. financial services companies, in typically flowery praise of the new chairman.

"A lot of his constituents are financial services types, and he's always been a reasonable person on those issues," added Bruce E. Thompson Jr., the head of government relations for Merrill Lynch. "Because of that, he's always gotten support from the industry."

"The financial services community would be a logical source of funding for him," agreed Edward L. Yingling, president of the American Bankers Association.

Dodd is a voice of federal restraint when it comes to financial services. He has opposed vigorous federal regulation of hedge funds, many of which are based in Connecticut. He also was the Senate's leading champion of a 1995 law that limited shareholders' right to bring class-action lawsuits against companies for alleged securities misdeeds.

Now, Dodd is leading the charge to renew terrorism-insurance legislation, which makes the federal government a major co-underwriter of insurance against terrorist attacks.

Hedge funds are "a great wealth generator" that if handled properly "will continue to be a tremendous asset," Dodd said. He added that the Banking Committee would probably not hold hearings on hedge funds this year.

"I don't want to be perceived . . . as setting up roadblocks and barriers to something I perceive to be very valuable," he said.

On the other hand, Dodd has taken some anti-industry positions. He helped write the Sarbanes-Oxley Act, which imposed stiffer penalties on accounting irregularities. He has also taken positions on a few narrow issues that anger financial firms but are popular with the populists who usually vote Democratic.

For instance, Dodd said he intends to campaign against predatory-lending practices by banks, which entail charging excessive interest rates on mortgage loans, often to low-income people. He also said he wants to crack down on excessive fees charged by credit card companies.

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Dodd has leveraged his committee's jurisdiction to press for Wall Street jobs for low-income workers. In recent weeks, he has reached out to minority voters with a speech at the Rainbow/Push Coalition's Wall Street Economic Summit in New York. At the summit, convened by the Rev. Jesse L. Jackson, Dodd decried economic inequality and pledged to establish a "working group" to expand opportunities for minorities in the financial services industry.

Since assuming the Banking Committee chairmanship last month, Dodd has held hearings on predatory mortgage loans and high-interest-rate credit cards that burden consumers with unwieldy debt. He is working with Elizabeth Warren, a Harvard Law School professor and consumer bankruptcy expert, and others to roll back those high fees, he said.

"At the end of my tenure on this committee, I want it to be said that the safety and soundness of our financial institutions was not weakened on my watch," Dodd said.

Travis B. Plunkett, legislative director at the Consumer Federation of America, said the group's rating on Dodd has been a "mixed bag." But, Plunkett added, he's effective. "He often ends up on the winning side of an issue."

"We love to have him on our side, and we wince when we're going to be opposing him because he's a very effective legislator," Plunkett said.

Mr. Romney Jumps In (WP)

The Washington Post, February 16, 2007

FORMER Massachusetts governor Mitt Romney chose his home state of Michigan to formally launch his presidential bid, which may say a lot about the hurdles he faces in his effort to win the Republican nomination. Having presided over one of the most liberal states in the nation, having made statements on issues such as abortion and gay rights that appealed to the residents of that state, Mr. Romney, 59, now needs to convince the social conservatives who have a big say in picking the party's nominee that he is not a Massachusetts Republican after all. Mr. Romney, a Harvard MBA and management consultant, has methodically gone about the task of wooing social conservatives, but his record could make that a tough sell.

He has disavowed previous positions backing a federal law to prohibit discrimination on the basis of sexual orientation and calling for an end to the ban on gays in the military; now he emphasizes his opposition to the ruling on same-sex marriage by Massachusetts's highest court. Once he touted his support for abortion rights and backed the use of leftover embryos for stem cell research; now he endorses overturning Roe v. Wade, a position he says he came to during the stem cell debate. Our views are much more in line with the old Romney than the new version; Republican primary voters will have to judge for themselves which is authentic and whether political opportunism, rather than a moral awakening, as he says, played a role in Mr. Romney's transformation.

Mr. Romney enters the race with many strengths. In his announcement, he sounded a reformer-outsider message reminiscent of both Sens. John McCain (R-Ariz.) and Barack Obama (D-Ill.), saying that "the halls of government are clogged with petty politics and stuffed with peddlers of influence." But he also argued that the presidency is not a job for "someone who has never even managed a corner store, let alone the largest enterprise in the world." Mr. Romney's managerial and executive experience, in private life and government, separate him from most of his rivals. He had a successful stint as head of the 2002 Winter Olympics in Salt Lake City, overcoming a bribery scandal and turning a failing financial enterprise into a money-making operation.

As governor of Massachusetts, he worked with the Democratic legislature -- and the state's senior U.S. senator, liberal icon Edward M. Kennedy -- to craft a universal health insurance plan by combining a mandate for individuals to purchase coverage, subsidies for those unable to afford it and a "fee" -- not a tax, Mr. Romney argued -- for employers who failed to offer coverage. How the Romney plan will work out remains uncertain: The first bids came in at double the expected monthly premium cost.

One challenge that Mr. Romney faces is something that we hope dissipates as an issue over time: winning over voters uneasy about his Mormon faith. In a Gallup poll this week, a disturbing 24 percent said they would not vote for a "generally well-qualified person for president who happened to be Mormon." Mr. Romney's religion could be a particular sticking point with evangelical Christians who wield significant clout in GOP primaries. As with another Massachusetts politician who ran for the presidency more than four decades ago and persuaded voters not to hold his Catholicism against him, Mr. Romney should be judged on a basis other than his faith.

Special Interests Launch State Term Limit Initiative (LAT)

By Nancy Vogel

The Los Angeles Times, February 16, 2007

SACRAMENTO — An unusual coalition of special interests with close ties to lawmakers launched a ballot initiative today that would tweak California's term limits to allow the Legislature's current leaders to stay in office as long as six more years.

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The measure would do what Assembly Speaker Fabian Nuñez (D-Los Angeles) and Senate President Pro Tem Don Perata (D-Oakland) have discussed with increasing urgency as their 2008 ousters approach: Cut the number of years a legislator could hold office from 14 years to 12, but allow that time to be served in a single house. FOR THE RECORD:

Initiative: An earlier version of this story stated that the teachers union and the California Chamber of Commerce will bankroll the collection of signatures for the ballot intitiative. The coalition, which includes the California Teachers Assn. and the business group, is likely to support the intitiative. Also, it was earlier reported that the proposed initiative was filed in the secretary of state's office. It was filed in the state's attorney general's office.—

Under the proposal, filed today at the state's attorney general's office, Nuñez could serve six more years in the Assembly and Perata could have four more years in the Senate.

To appease other lawmakers, the measure would allow those who would otherwise be forced out in 2008 to serve as many as 12 years in their current house.

California voters slapped term limits on the Legislature in 1990 with an initiative, passed by a narrow margin, that also cut the Legislature's budget by nearly half and jettisoned the lawmakers' retirement system. Past attempts to relax term limits have failed. They remain at three two-year terms in the Assembly and two four-year terms in the Senate for a total of 14 years.

Lawmakers could put a term-limits proposal on the ballot themselves with a two-thirds majority vote, but Republicans — whose votes would be needed for that supermajority — have been cold to the idea.

Still, Gov. Arnold Schwarzenegger, a Republican, has said he is willing to discuss term-limit changes as part of a package that includes an initiative to take away lawmakers' power to draw legislative districts and give it to an independent commission. Nuñez has endorsed such redistricting reform and said recently, "There certainly is the will to get this done this year."

The campaign will be managed by unlikely partners: Democratic consultant Gale Kaufman, who spearheaded the defeat of Schwarzenegger's reform measures in the 2005 special election, and Matthew Dowd, campaign strategist for the governor's resounding reelection in November.

A coalition that includes the California Teachers Assn. and the California Chamber of Commerce will likely support the initiative, Kaufman said. By July, the campaign must collect 1.1 million signatures.

The measure would appear on the next statewide ballot, which could be as early as February 2008. If passed then, the new limits would take effect before legislative primaries are held that June.

Riding high from a legislative session last year that many praised as the most productive in years and without an open office to land when he is termed out in 2008, Nuñez has said with increasing frequency recently that he thinks voters will be open to adjusting term limits.

"You can't do the job effectively if you can't be there for a reasonable amount of time, to have a real grasp on the issues," he told a group of newspaper publishers last month. "You've got to know in this job how to say no to your own constituents and in some cases the people that brought you there. ... It takes a couple of years to develop the level of expertise and know-how to negotiate a balanced budget.

"I think we ought to relax those terms," Nuñez said, "and I think we ought to do it sooner rather than later."

Many political scientists who have studied term limits also support relaxing them. They say that while the churn of legislators through Sacramento has increased the Legislature's diversity, it has also cost institutional knowledge, strengthened the hand of lobbyists and weakened the Legislature's traditional oversight role. These observers also say the limits encourage lawmakers to introduce bills aimed at gaining publicity rather than tackling unglamorous problems, such as prison overcrowding and pension shortfalls.

"Term limits in states have done more to limit rather than enhance the effectiveness of the legislative branch," said Karl Kurtz, a researcher with the National Conference of State Legislatures who studied term limits in six states last spring.

In the 1990s, 21 states imposed term limits. They are now in effect in 15. Courts tossed out the restrictions in four states and lawmakers repealed them in Idaho and Utah.

California lawmakers point with hope to Los Angeles, where voters extended City Council term limits in November, allowing members to serve three four-year terms instead of two terms. The extension was tied to tighter lobbying rules.

"It's a fairly significant thing when L.A. does anything and we ought to look at it very carefully," Perata said Tuesday.

The Legislature lacks continuity, he said, noting that some of the 38 new members who arrived in December have introduced bills that attempt to dictate the spending of $37 billion in public works bonds crafted by the Legislature and passed by voters in November.

"Now that's one fight I know you'd avoid if people had some continuity in office," Perata said.

"There are people like Fabian Nuñez who now is beginning to hit his stride as a political leader," Perata said. "Why shouldn't we benefit? Why should we then pick somebody off the shelf that we don't know anything about?"

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A Hard Right Punch (WP)

By Howard Kurtz

The Washington Post, February 16, 2007

Michelle Malkin has seen her head electronically grafted onto a photo of a bikini-clad body.

She had to cancel a Berkeley book signing in the face of 200 shouting protesters.

YouTube banned one of her videos. And she felt compelled to move after critics posted online her Gaithersburg area address and pictures of her home.

Clearly, this is a woman who arouses strong emotions.

"They'll ridicule my looks, ridicule my ethnicity, go after my family," the 36-year-old blogger says of her critics. "They've attacked my husband relentlessly. There's a strong sexist strain among my liberal critics, who think it isn't possible I could have gotten anywhere without my Svengali husband, or some white man, embedding ideas in my head."

Make no mistake, though: This daughter of Filipino immigrants plays pretty rough herself. Whether on her blog, her Internet talk show or her Fox News appearances, Malkin delights in sticking her finger in the eye of the liberal establishment. And she is convinced that her detractors don't play fair.

"Particularly when you're a minority conservative," she says, "you get a lot of ugly, hysterical, unhinged attacks, because you're challenging so many liberal myths about what people of color should think."

Plenty of folks find Malkin's rhetoric overheated as well. "The donkey party," she wrote last fall, "is led by thumb-sucking demagogues in prominent positions who equate Bush with Hitler and Jim Crow, call him a liar in front of high school students and the world, fantasize about impeachment and fetishize the human rights of terrorists who want to kill me. Put simply: There are no grown-ups in the Democrat Party."

Andrew Sullivan, a conservative blogger who has turned on the Bush administration, regularly bestows a "Malkin Award" for excessive attacks. "Sometimes you just can't believe what she writes -- it's so out there, and in certain respects quite disgraceful," he says.

At the same time, says Sullivan, "she's been subjected to some pretty horrifying bigotry from the left, based on her gender and ethnicity and ugly stereotypes. You can't engage in the kind of rhetoric she does and not expect some blowback."

Is this merely how the war of ideas is waged in an anything-goes digital culture? Or is Malkin an especially inflammatory practitioner, torching her targets with such books as "Unhinged: Exposing Liberals Gone Wild"?

Over lunch at a Filipino cafe at Union Station, Malkin, who has two young children, is charming one moment and pugnacious the next. She says she loves the intellectual freedom of the blogosphere, where "you can respond, you can reveal people to be the liars and slanderers they are."

Between bites, though, you can catch a glimpse of amazement that "a small-town girl from South Jersey," as she puts it, can have such an outsize impact. Even if she makes plenty of enemies in the process.

* * *

Malkin has been relentlessly critical of the media's coverage of Iraq. Last month, she went to see for herself.

"I really wanted to go to Ramadi, but my husband wouldn't let me," Malkin says. Instead, she spent a week embedded with an Army unit in Baghdad and returned more hopeful about a war effort she had increasingly begun to doubt.

Part of Malkin's self-assigned mission was to check out a much-debated Associated Press dispatch. It quoted an Iraqi police captain, Jamil Hussein, as saying that Shiites had burned or blown up four mosques -- and at one of them, doused six Sunnis with kerosene and burned them alive while nearby Iraqi soldiers did not intervene. After the widely published November report, Malkin and other conservative bloggers mounted a campaign questioning whether Hussein existed.

When the Iraqi government belatedly confirmed that Hussein was a police official -- and said that he faced arrest for speaking to the press -- Malkin reported the news and expressed regret. But she now questions Hussein's very account, saying she found little damage at the mosques.

"We quoted people saying [the victims] had been bombed and burned," says John Daniszewski, international editor at the AP, which acknowledged last week that the mosques are still standing despite some damage. "It was a moving news story. We said these were allegations and not confirmed by police."

In the wake of her Iraq trip, Sullivan has softened his criticism of Malkin. "You've got to give her credit that she has actually gone there," he says. "And she has criticized the administration on this and other things. She may be shrill, but she's not a shill."

Malkin bristles at the notion that she is "some Republican Kool-Aid drinker." She has lambasted President Bush -- whom she views as insufficiently conservative -- on such issues as immigration reform, the Harriet Miers nomination to the Supreme Court and the failed Dubai ports deal. Malkin was frustrated when the president agreed to seek court warrants for domestic eavesdropping, after she had doggedly defended his earlier position that judicial approval was unnecessary.

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"There is a feeling that every time we go to bat for the Bush administration, they pull the rug out from under us," she says.

Malkin's campaigns have had mixed results. She helped lead the charge against two liberal bloggers who resigned under pressure from John Edwards's presidential campaign after being castigated for anti-Christian writing. But she apologized last month for linking to a photo of John Kerry sitting alone during a visit to Iraq, and adopting accounts by a blogger and a radio host that he had been spurned by the troops there. It turned out that the Massachusetts senator was waiting for an interview with reporters.

Malkin also serves as an early-warning system, such as when she wrote about protests (by what she called "Islamist p.c. bullies") against a Danish newspaper for publishing cartoons making fun of the prophet Muhammad. When violent demonstrations later broke out, Malkin posted all the cartoons as a free-speech gesture.

"She's a very tough lady," says Bryan Preston, her business partner in the daily video blog Hot Air. "You've never met a happier person than Michelle when she's in the thick of a fight. She enjoys the combat of ideas."

That persona is a far cry from the self-described "geek" of her youth. Michelle Maglalang grew up outside Atlantic City in a Reaganite, conservative Catholic family, was not politically active, and failed a fifth-grade public speaking class. As a college student, she was so naive that when a married Republican congressman invited her to live in his home during her internship with then-Sen. Bill Bradley (D-N.J.), she thought it was a generous offer until her parents straightened her out.

It was at Oberlin College that she began working on an alternative newspaper founded by Jesse Malkin, her future husband. When they co-authored an article questioning the value of affirmative action -- and outraged students dumped bundles of papers in the trash -- "it was an awakening" for Michelle, says Jesse. She soon converted him from a Michael Dukakis supporter to the conservative side.

"She's always been hard-hitting," says Jesse, now a stay-at-home dad and health-care consultant. "She doesn't have a lot of tolerance for mealy-mouthed platitudes."

After seven years as an editorial writer for the Los Angeles Daily News and the Seattle Times, Michelle Malkin moved to Washington in 1999 to work for the Competitive Enterprise Institute. She launched her blog, http://Michellemalkin.com, in 2004. Last month it drew 388,000 visitors, and it's complemented by a syndicated column that appears in 150 papers.

Her newspaper experience was crucial because "you see what a lot of crackpots and cranks are out there," says Mark Cunningham, the New York Post opinion editor, who has known Malkin for years. "She learned a long time ago to deal with sticks and stones. People read her, even if they're infuriated by her."

Malkin's detractors -- whom she derides as "moonbats" -- were further riled by her book "In Defense of Internment," in which she said the confining of Japanese Americans during World War II was justified, and backed racial profiling as a vital tool against terrorism.

She was also denounced for posting the phone numbers of three antiwar protesters at the University of California at Santa Cruz who chased military recruiters off the campus. Malkin says the contact numbers were listed on a press release put out by the students' group.

Not surprisingly, it gets pretty hot in her kitchen. The liberal blogger Atrios (Duncan Black) called Malkin a racist over her views on immigration and said anyone who promotes her site "may as well be promoting the Klan." A Web site called Malkin Watch runs a cartoon of her in a Nazi uniform. In comments on her own blog -- a feedback loop she has since restricted -- one person called her "lyin' pond scum" and another asked why she believed "she will be treated as white when God chose to make her yellow?"

When Malkin posted a video about Islamic violence -- set to religious chanting -- on YouTube last year, the Web site promptly removed it as inappropriate. She fought back with an online video criticizing YouTube, which the site also deleted, posting a one-line explanation that Malkin herself had withdrawn it. That, she said on her blog, was a lie.

* * *

After a few liberal sites posted her home address and phone numbers last year, Malkin received a wave of harassing calls. She responded with a defiant post, headlined "I AM NOT AFRAID OF YOU." Malkin and her family have moved elsewhere in Maryland.

"No one likes to receive the kind of attacks she gets," Preston says. "She has had to take some security precautions to make sure it doesn't rise to the level of threatening her family."

Sometimes, though, Malkin seems to use the same howitzer against every provocation. After she started crusading against the "Girls Gone Wild" culture as a "liberal assault on decency," the satirical site Wonkette received -- and posted -- a picture of Malkin's head on the scantily-clad body of a college student, whose image had been plucked from the Web. Malkin denounced what she called the "hate-filled cowards" at Wonkette's parent company for "repeatedly smearing and attempting to humiliate me."

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After being contacted by Malkin's lawyer, Wonkette ran a snarkily worded semi-retraction. The site's West Coast bureau chief, Ken Layne, says he doesn't know or care whether the picture is real and calls Malkin "incapable of getting a joke."

"People send us dumb stuff all the time, and if it makes us laugh, we post it," he adds. "Malkin responds in such a predictably psychotic way whenever we mention her."

What some might have dismissed as a prank became another salvo in the culture wars. It is as though eternal vigilance is the price of being Michelle Malkin: No slight can go unanswered, no insult allowed to stand. Blogging is an addiction, she says, but not one she is looking to kick.

"You have to accept that you'll never have many friends," Malkin says. "It's a lonely existence."

The Autoworkers' Pain (NYT)

The New York Times, February 16, 2007

American autoworkers are suffering through another round of layoffs, factory closings and buyouts. This time DaimlerChrysler has announced that it will cut 13,000 jobs in North America. Ford Motor and General Motors offered buyouts to a total of nearly 200,000 hourly workers in 2006.

These losses stoke fears that America's manufacturing base is disappearing, that the country is "de-industrializing." With the loss of three million American factory jobs since the end of 2000 and the trade deficit at an all-time high, it's easy to see China's spectacular growth and assume that American factories are being gutted by foreign competition.

But global competition is not the whole cause for the car manufacturers' problems, just as the answers are not to be found in protectionism.

Many of the car companies' difficulties stem from some bad decisions by management and some uninspired car designs. Chrysler lost $1.48 billion last year and Ford lost $12.7 billion, the most in more than a century in business, while Toyota reported record profits and sales.

The plight of the workers who have lost their jobs is real and has to be addressed, but the U.S. manufacturing sector is far more robust than the struggle of the carmakers suggests. According to the United Nations, the United States accounted for 21.2 percent of world manufacturing in 2000. As China surged ahead in recent years, the American share of world manufacturing barely budged, falling to 21.1 percent by 2005, the most recent year available. American factories produced a record $1.5 trillion in goods that year.

In part, that's because foreign companies have invested so much in factory capacity in America. In a recent report, a Democratic research organization, the Progressive Policy Institute, cited government figures showing that foreign manufacturers invest billions more in the United States than American manufacturers invest abroad. Toyota provides over 29,000 manufacturing jobs in this country.

Many of the jobs that have disappeared did not drain off to foreign competition, but to technological change on the shop floor. Robots and computers have allowed far fewer workers to produce more than ever. That kind of high-tech manufacturing is one reason successful American companies like Boeing and Caterpillar can compete with companies in countries where the labor costs are low.

This is not to ignore the human dimension. It is too easy for free trade advocates to blame the robots and then ignore the pain of the blue-collar workers they have sidelined. The suffering in places like Ohio, Indiana and Michigan is very real, and so is the political backlash that results. The long-term answer is the vexing question of training American workers for a new world of jobs. But there are more short-term issues as well, starting with taking care of those Americans, middle aged and older, who suddenly find themselves without jobs right now.

The burden falls on pro-trade politicians and those who support them, unless they want to see high tariffs and duties, which will ultimately choke global and domestic growth. Just to start, pro-trade politicians have to make sure that a lost factory job does not mean a drastic and lasting decline in living standards, with no access to health insurance and no hope for a college education for that worker's children. As the tide rises, this country cannot allow millions to drown.

Rice Is Said To Have Speeded North Korea Deal (NYT)

By David E. Sanger And Thom Shanker

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — To win approval of a deal with North Korea that has been assailed by conservatives inside and outside the administration, Secretary of State Condoleezza Rice bypassed layers of government policy review that had derailed past efforts to negotiate an agreement, several senior administration officials said this week.

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After a meeting in Berlin in mid-January with her top negotiator on North Korea, Christopher R. Hill, who had just held lengthy sessions with his North Korean counterparts, Ms. Rice called back to Washington to describe the outlines of the deal to Stephen J. Hadley, the national security adviser, and then to President Bush.

But to some, it seemed the usual procedures were cut short — vetting the details though an interagency process that ordinarily would have brought in Vice President Dick Cheney's office, the Defense Department and aides at the White House and other agencies who had previously objected to rewarding North Korea before it gives up its weapons.

"There was no process here," said an official who has been deeply involved in the issue. "Nothing. There was no airing of whether this is the way to deal with the North Koreans."

White House and other administration officials dispute that, saying that all relevant agencies were consulted.

In lieu of the formal meetings where objections to such accords were usually voiced during the president's first term, Mr. Hadley "walked it through with concerned people," a senior administration official said. The official acknowledged that the process was much more informal, and rapid, than usual, although much of Mr. Hill's work was built upon previous negotiations at the talks that had been widely vetted across the administration.

The result has been an unusual attack on the agreement from the right, starting with John R. Bolton, the former ambassador to the United Nations who takes a tough stance on North Korea issues. He said bluntly that it was a "bad deal," and expressed the hope that it would fall apart before being carried out.

State Department officials said that Robert Joseph, the under secretary of state for arms control and disarmament, vehemently disagreed with the approach, telling associates privately what Mr. Bolton has said in public: that the new agreement was no better, and perhaps worse, than one signed by President Clinton in 1994. Mr. Joseph, who announced last month that he would resign soon, declined to comment Thursday.

Ms. Rice on Thursday sternly played down the significance of any internal dissent, making it clear that she would not entertain dissent after the president had made up his mind.

"First of all, the U.S. government is the U.S. government," she said. "And so the decision has been taken. And since people are loyal to decisions that are taken, I think that everybody expects there to be loyalty to this decision."

Mr. Bush, asked at a news conference on Wednesday about Mr. Bolton's critique, was succinct: "I strongly disagree — strongly disagree with his assessment."

But in Mr. Bush's first term, the decision-making process worked very differently.

State Department negotiators almost never dealt with the North Koreans without officials from the Defense Department and the vice president's office coming along, and reporting back. In one instance, Mr. Cheney stepped into the Oval Office to put an end to a discussion under way in Beijing, when he feared an agreement setting out steps for resolving the nuclear standoff lacked the tough language on disarmament that he believed Mr. Bush wanted. Colin L. Powell, then the secretary of state, learned of the decision after a black-tie dinner.

In this deal, North Korea has agreed in principle to disarmament, but all discussion about actually giving up weapons — and what the North might receive in return — has been deferred.

Senior administration officials said they had been concerned that this deal, unlike the 1994 accord, should not "front-load" benefits to North Korea, and they said that instead it would reward the country bit by bit, as it carried out a freeze, and the "disablement," of North Korea's nuclear facilities.

"What's different this time is that it is clear that both the president and Condi wanted a deal," said an official peripherally involved in the debate. Several officials acknowledge that as the Bush presidency enters its final years, two foreign policy goals have risen higher on the agenda: peace between the Israelis and Palestinians and disarming North Korea.

Others said that the rapidly shifting terrain beneath the negotiations allowed Ms. Rice to press her case with Mr. Hadley and directly to the president. Another senior administration official said that the North Korean response to Mr. Hill in Berlin was circulated, but on a "relatively limited" basis as it was one of the most delicate national security issues facing the Bush administration.

Immediately after Mr. Hill's meeting with his North Korean counterpart in Berlin, Mr. Hill briefed Ms. Rice as she stopped in the German capital on the way home from the Middle East. She called the president from Berlin, and also spoke with Mr. Hadley, who was reviewing a copy of the document presented to Mr. Hill by the North Koreans, a senior administration official said.

"Chris signed on to it in Berlin," said a senior administration official, although a full six-party session was required to formalize the deal because the Bush administration was insisting on a multilateral format to better enforce any agreement with the North.

White House Calms GOP Base On Korea Deal (AP)

By Ben Feller

DOJ_NMG_0133088

AP, February 16, 2007

The White House on Thursday sought to ease concern among conservatives, including at least one key aide to President Bush, that a nuclear disarmament deal with North Korea goes too easy on the communist country.

One provision that conservatives find particularly troubling could allow North Korea to be removed from a list of terror-sponsoring states. One of Bush's deputy national security advisers, Elliott Abrams, raised alarms about that section in a series of e-mails.

White House press secretary Tony Snow said he spoke with Abrams and assured him North Korea will not be removed from the list unless it changes it behavior.

"The North Koreans don't get it for free," Snow said. "They've got to earn it, like everything else."

"We've seen conservatives criticizing this provision because they want the same kind of reassurance," Snow said. "So here it is — no political deal, it has to be based on facts and performance on the part of the North Koreans."

Snow said Abrams was reassured about the terms, and that Abrams did not oppose the deal — he was just seeking clarification.

Asked if Abrams was satisfied with the answers he'd received, Snow said: "Yes. I can say that without reservation."

"In this White House, people do express their opinions freely and give their advice," Snow responded after Abrams' skepticism had made its way into the newspaper.

That disclosure of Abrams' concerns came after John Bolton, who until recently was Bush's U.N. ambassador, said the agreement rewards North Korea for bad behavior. He called the agreement "fundamentally flawed." Bush said in a news conference on Wednesday that he strongly disagreed with that assessment, and that North Korea would receive no aid unless it lives up to its end of the deal.

Bush underscored that point Thursday in a conversation with Chinese President Hu Jintao. Bush congratulated Hu about the important role China played in reaching disarmament deal.

"President Bush told President Hu that it was now up to the leader of North Korea to live up to the commitments made in order to create a better life for the North Korean people," said Bush's national security spokesman, Gordon Johndroe.

Under the first phase of the breakthrough agreement reached in Beijing on Tuesday, North Korea would shut down its main nuclear reactor and allow U.N. inspectors back into the country within 60 days. In return, it would receive aid equal to 50,000 tons of heavy fuel oil from the other countries participating in the six-party talks — the United States, South Korea, Russia, China and Japan. The United States will also begin the process of removing North Korea from its designation as a terror-sponsoring state, but no deadlines have been set.

S. Korean Dissenter Warns Of Nuke Deal (WT)

By David R. Sands

The Washington Times, February 16, 2007

A top contender to be South Korea's next president is warning that North Korea must be forced to give up all its nuclear-weapons programs if the new accord to end the peninsula's nuclear crisis is to succeed.

Park Guen-hye, daughter of the late South Korean President Park Chung-hee and a former chairman of the leading opposition party, said on a Washington visit Wednesday that the deal reached during the six-party talks in Beijing this week was a "good first step," but there were still "many mountains to cross" before the crisis was resolved.

Merely freezing Pyongyang's existing nuclear arsenal, she said, was unacceptable and would only re-create the conditions of the discredited 1994 Agreed Framework negotiated by the Clinton administration.

She also said the deal reached this week among the United States, the two Koreas, Japan, Russia and host China was not clear on whether Pyongyang would have to destroy its nuclear arsenal, estimated at four to 12 bombs.

She made the comments at the National Press Club as North and South Korean negotiators yesterday announced plans to hold high-level talks later this month, the first tangible result of the nuclear disarmament pact. Cabinet-level meetings on bilateral ties will take place in Pyongyang starting Feb. 27 -- the first such gathering since North Korea conducted missile tests in July.

Top North Korean negotiator Kim Kye-gwan, on his return to Pyongyang yesterday, said the six-party talks had "gone well," Japan's Kyodo News service reported.

"We are ready to implement the results of the meeting," he said.

President Bush, in a White House press conference Wednesday, brushed aside as "flat wrong" conservatives' complaints that the North will pocket promised fuel and food aid from the deal without being required to dismantle its nuclear programs first.

But he echoed Mrs. Park in saying that the North's follow-up moves to the Beijing deal will be crucial.

"Those who say the North Koreans have to prove themselves by actually following through on the deal are right, and I'm one," Mr. Bush said. "This is a good first step."

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One provision that conservatives find particularly troubling could allow North Korea to be removed from a list of terror-sponsoring states. One of Bush's deputy national security advisers, Elliott Abrams, raised alarms about that section in a series of e-mails.

White House spokesman Tony Snow said he spoke with Mr. Abrams and assured him that North Korea will not be removed from the list unless it changes its behavior.

"We've seen conservatives criticizing this provision because they want the same kind of reassurance," Mr. Snow said. "So here it is -- no political deal, it has to be based on facts and performance on the part of the North Koreans."

Joel Wit, who helped negotiate the nuclear-freeze deal with North Korea in 1994 when he was with the State Department, praised the accord but cautioned there were huge question marks hanging over its implementation. They include the fate of the North's nuclear stockpile, Pyongyang's cooperation in disclosing all its nuclear assets and the effectiveness of the five "working groups" set up to implement the deal.

"There is a distinct danger that this deal could collapse," Mr. Wit said.

Mrs. Park's Grand National Party has soared in the polls ahead of the December presidential election as the Uri Party, allied to Mr. Roh, has slumped. Recent polls put the GNP's support at nearly 50 percent, compared with 10 percent for Uri.

In a five-day U.S. visit designed to burnish her international credentials, Mrs. Park will meet with top U.S. officials and reach out to the large, increasingly affluent Korean-American community.

She enjoys high name recognition because of her father, but recent polls put Mrs. Park behind former Seoul Mayor Lee Myung-bak in the race for the GNP nomination. The party will choose its candidate in a primary in June.

On another issue, Mrs. Park said she strongly opposed a plan to transfer wartime command of joint U.S.-South Korean forces from the United States to South Korea, a move scheduled to occur by 2012.

She said the command transfer, coupled with recent cuts in U.S. troop levels on the peninsula, had raised popular fears about the future of the U.S.-South Korean alliance.

Inside The Ring (WT)

By Bill Gertz

The Washington Times, February 16, 2007

Korea nuclear denial

A senior Bush administration official said that one serious shortcoming of the tentative deal on North Korea's nuclear program is that it does not resolve the status of Pyongyang's secret highly enriched uranium (HEU) program.

"North Korea denies having a HEU program and denies making any acquisitions necessary for a production-scale HEU program," the senior official said. "We know they made these acquisitions."

North Korea purchased special metals from Germany used in centrifuges in 2002 through a procurement office based in Shenyang, China. The North Koreans also were part of the centrifuge-technology network headed by Pakistani covert nuclear supplier A.Q. Khan.

The purchases were the basis for the confrontation in October 2002 between State Department official James Kelly and North Korean Deputy Foreign Minister Kang Seok-ju, who admitted that the uranium program had been under way for several years.

The North Koreans then reversed course and began denying that they had the uranium program, a position eventually adopted by both China and Russia.

The U.S. discovery of the HEU program in 2002 was the trigger to the current crisis with North Korea, which ultimately led to the six-party talks among North Korea, the United States, China, Japan, South Korea and Russia.

Rules of engagement

Now that Lt. Gen. David Petraeus is the commander of U.S. forces in Iraq, one of his first jobs will be to clarify what military and defense officials say are vague rules of engagement that govern how U.S. troops can use force to defend themselves.

Gen. Petraeus was asked recently about the problem of the vague rules, which have been discussed at length in this column over the past several weeks. He told a former general during a recent meeting that fixing the rules will be one of his most important priorities.

More evidence of the rules problem comes from an e-mail from an Army E-5 sergeant in Iraq who took issue with the recent letter in The Washington Times written by an Army attorney. The lawyer asserted that the current rules for soldiers were adequate and not confusing.

"I can tell you from personal experience that [the current rules of engagement] don't give us very much leeway with self-defense," wrote the sergeant, a member of a combat service support unit.

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"They tell us in our convoy briefings that we have the right to self-defense, defense for civilians and other coalition forces," the soldier said. "However, I do know that it is hard for soldiers to distinguish when is the proper time to use self-defense and when it is not. Soldiers are scared and they have a right to be. If a higher-up decides what you did was not in self-defense, you could get in major trouble and we feel that it's really not worth it."

In one case, a soldier fired two 5.56 rounds and as a result "had to sit in an office for two days straight and tell his story over and over and fill out a ton of paperwork for doing what he felt was right."

The soldier said after the experience that "he would never fire his weapon again because he felt the aftermath wasn't worth it, and that's just not right."

"The military has gone severely soft in its effort over here and that is why more and more [people] are dying," the sergeant concluded. "They're just too scared to let soldiers think for themselves."

Surge forces

Army Chief of Staff Gen. Peter Schoomaker told Congress yesterday that the Army will be able to supply its portion of the 21,500 troops needed for the new "surge" of troops in Baghdad but that there will be some problems with training and equipping the soldiers.

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, also said yesterday there are problems equipping the new troops and that equipment is being taken from other units and given to those deploying to Baghdad. Two of the brigades now are in Iraq and one more will be added later this month. Two additional brigades will be added later.

"We've got about 40 percent of all of our equipment that is either currently in Iraq or Afghanistan or in depots for repair, which leaves you about 60 percent of your inventory, which is an enormous amount of equipment," Gen. Pace said.

He acknowledged that "we are moving equipment from some units to those units." However, he insisted that the new troops will be sent "fully trained and have all the equipment that they're required to have, so when we put those soldiers and Marines into combat, they are as well protected and trained as those who they are joining."

Asked if the Army is now "scurrying" to get five brigades geared up to the proper combat readiness for the Iraq deployment, Gen. Schoomaker said:

"I testified previously that I was concerned about the strategic depth in the Army. We're now supplying more; therefore we have an additional challenge on the strategic depth. Obviously, we are not going to put any force in the theater that isn't properly trained and equipped; therefore scurry is a kind word in terms of, you know, the machinations we go through to make this happen."

Gen. Schoomaker said there are "some issues" with preparing the troops but he does not consider them critical problems. "And our estimation is that we will be able to provide the surge forces in the time that the theater has asked for them, and they will be properly trained, led and equipped when they arrive," he said.

The additional troops will have 500 medium and large trucks sent to the region by June to augment the 8,000 trucks currently in the region.

Gen. Schoomaker assured the House Armed Services Committee that every soldier sent into Iraq, both in combat zones and those who stay "inside the wire," will be equipped with what he described as "the very finest body armor that can be manufactured."

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Rice Faces Steep Hurdles In New Israeli-Palestinian Peace Drive (AFP)

By David Millikin

AFP, February 16, 2007

US Secretary of State Condoleezza Rice leaves Friday to host a rare summit between Israeli and Palestinian leaders that she hopes will break new ground in reviving peace negotiations frozen for nearly seven years.

But a political resurrection of the radical Palestinian group Hamas and a flare-up of violence in the disputed city of Jerusalem have cast a shadow over Monday's meeting with Palestinian president Mahmud Abbas and Israeli Prime Minister Ehud Olmert.

Rice has in recent months heralded the existence of a "new opening" for progress towards Isreali-Arab peace and the creation of an independent state for Palestinians, and she billed Monday's summit in Jerusalem as a high-profile jump through that breach.

On Thursday, though, her spokesman was lowering expectations for the encounter.

"It's not designed as a set of meetings that is going to result in a formal outcome, it is designed to start a series of conversations", Sean McCormack said.

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Rice's plan, unveiled earlier this month, is to move beyond security issues which have bogged down Israeli-Palestinian negotiations for years and get the two sides also talking about the contours of a future Palestinian state.

Such "final status" issues have not been broached by senior leaders since former president Bill Clinton brought the two sides together at the Camp David retreat in 2000 for negotiations which ultimately failed.

Rice's initiative is designed to bolster the position of Abbas and his secular Fatah party in a power struggle with the Islamist movement Hamas, which gained control of the Palestinian government through January 2006 elections.

The West responded by withholding critical aid and recognition from the government, plunging the Palestinian areas into financial crisis and political deadlock.

Raising final status issues like the borders of a Palestinian state, the future of Jerusalem and the fate of Palestinian refugees, the new US logic goes, will help convince Palestinians that Abbas is better-suited to advancing their cause than Hamas.

But the plan snagged after the Fatah-Hamas power struggle turned violent late last year, leaving more than 100 dead and threatening to plunge the Palestinian territories into civil war.

The bloodshed spurred the two sides into a Saudi-backed power-sharing deal in Mecca last week that would bring Fatah into a unity government still headed by a Hamas prime minister, Ismail Haniya.

While the deal has so far tamped down the violence, Hamas has yet to clearly signal a willingness to accept the West's conditions for ending the aid boycott: recognition of Israel's right to exist; a renunciation of violence; and compliance with past Israeli-Palestinian peace accords.

Abbas formally charged Haniya with forming the new government Thursday, and the White House responded by reaffirming that the new cabinet had to meet those conditions to be recognized by the West.

McCormack acknowledged that the Abbas-Hamas deal had complicated Rice's mission.

"Clearly the uncertainties concerning the formation of a possible national unity government have added to the complexity of the situation," he said.

"But if you waited for perfect clarity to all the issue in the Middle East and all those currently unanswered questions, the plane would never take off," he said.

Olmert for his part is under threat from the political right and, according to Israeli commentators, unwilling to even begin tackling thorny final status matters -- potentially leaving Rice with little room to maneuver.

"The gaps separating the Israelis and Palestinians are bigger and more complicated than they've ever been," said Aaron Miller, a former diplomat who advised six previous US secretaries of state on Arab-Israeli negotiations.

Instead of partners for peace ready and willing to make tough compromises, Rice will find Olmert and Abbas, also known as Abu Mazen, weakened by their political struggles at home.

"Olmert and Abu Mazen are not masters of their constituencies, they're prisoners of their own domestic politics," said Miller, now an analyst at Washington's Woodrow Wilson Center.

"That's a bad combination: big issues and weak leaders."

Rice's Mideast Paradox (WSJ)

By Neil King Jr. And Cam Simpson

The Wall Street Journal, February 16, 2007

Secretary of State Condoleezza Rice will confront a paradoxical question when she arrives this weekend in the Middle East: Is peace among Palestinians bad for potential peace with Israel?

Ms. Rice's trip to Israel comes as the two main Palestinian factions -- the Islamist militant group Hamas and the Fatah party of Palestinian President Mahmoud Abbas -- are trying to cement a Saudi-brokered unity government. Their aim is to stanch the recent bloodshed between them and to win the financial backing of the outside world.

The budding political alliance between Hamas -- which refuses to recognize Israel's existence or to renounce the use of violence -- and Fatah has thrown a wrench into Ms. Rice's plans to start peace talks between Mr. Abbas and Israeli Prime Minister Ehud Olmert. Until a week ago, when Saudi Arabia jumped in to broker a settlement between the two factions, the Bush administration was arguing that the time was ripe to start talking about a future Palestinian state.

Ms. Rice is sticking to her plans to hold three-way talks Monday with Israeli and Palestinian officials. "You can't wait for the perfect circumstances," she told reporters yesterday on the eve of her trip, adding that it would be a mistake not to keep ties strong with Mr. Abbas and "take advantage of his commitment" to eventual peace with Israel.

Skeptics, including some Israeli officials, are wondering if Ms. Rice is wise to proceed on this trip, especially when the Palestinian political scene is in such turmoil. "We could use some time to sit back and reassess where we are right now," said one Israeli official.

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The U.S. itself is sending mixed signals over whether it may be willing to interact with a unity government led by Hamas. Ms. Rice said the U.S. wouldn't take a position on this question until the new government is formed, but U.S. officials in Israel have told the Palestinians that the U.S. would shun the government if it doesn't embrace Israel, renounce violence and agree to abide by previous international peace accords.

Ms. Rice's strategy in the past year has been to embolden Mr. Abbas and his secular Fatah movement, politically and militarily, believing that would force Hamas to yield to better terms for a unity government. Street battles raged between Fatah and Hamas, claiming scores of lives from within the leadership ranks of the warring factions and among Palestinian civilians.

That strategy has apparently failed, as the deal brokered by Saudi Arabia at Mecca last week would seem to require Mr. Abbas and the other U.S.-backed moderates to move closer to the Islamists -- not vice versa.

The Saudi deal, if it holds, also has thrown into question a core premise underlying the U.S.'s regional strategy over recent months. Ms. Rice has portrayed the moment as ripe for progress on the Israeli-Palestinian peace front largely because Sunni Arab states like Saudi Arabia appeared eager to help broker a deal. The U.S. logic was that Iran, and its aid to militant groups like Hamas, had become a greater threat to many Arab states than Israel.

The Saudis, by summoning both Hamas and Fatah to Mecca last week and then offering them $1 billion in aid, have made clear that their main desire is to preserve intra-Palestinian comity while weaning Hamas away from Iran.

Ms. Rice yesterday said she approved of the Saudi effort to stop the fighting. "We want calm between the Palestinians as well," she said.

The U.S. finds itself in a delicate place, facing the possibility it soon could be leading the opposition against a unity government that the Saudis helped put together. Arab states are eager to see the Palestinians end their internecine fighting. If Ms. Rice comes out strongly against the new government, she could create an even-greater backlash against the U.S. across the region and beyond. The U.S. and Israel would largely be alone if they tried hard to scuttle it.

After her talks with Israeli and Palestinian officials, Ms. Rice is scheduled to meet with an assortment of Arab ministers in Jordan before flying Tuesday to Berlin. Talks there, with representatives from the European Union, Russia and the United Nations, will be just as crucial, because the U.S. may have to push hard to keep in place the current international freeze on aid to the Palestinians if a new unity government is formed.

Rice Faces An Uphill Battle For A Mideast Breakthrough (NYT)

By Helene Cooper

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — On a chilly Saturday morning late last year, Secretary of State Condoleezza Rice and the Israeli foreign minister, Tzipi Livni, sat down alone in Ms. Rice's apartment at the Watergate here and hashed out a plan.

It was an ambitious one. To jump-start Arab-Israeli peace, Ms. Rice would encourage Prime Minister Ehud Olmert of Israel to start talks with the Palestinian Authority president, Mahmoud Abbas, leap-frogging interim details and squabbles, and instead trying to define the big "final status" issues of a Palestinian state, which have bedeviled peace negotiators since the Camp David accords of 1979.

"It's important to start sketching out broader political issues," Ms. Rice said Thursday in a group interview with newspaper correspondents at the State Department.

To some extent, the approach turned the clock back to the closing days of the Clinton administration, when a push toward a final settlement expired. Since then, the Bush administration has engaged the peace effort in fits and starts, and none of the paths has led far.

On Monday, Ms. Rice, Mr. Olmert and Mr. Abbas are scheduled to sit down in Jerusalem, ostensibly to discuss what Ms. Rice calls horizon issues: the fate of Jerusalem, the borders of a Palestinian state and the question of the treatment of Palestinian refugees.

But the timing could not be worse, American, Israeli and some Palestinian officials said. "If you invited a man from Mars down and asked him, 'Is this the moment to go for a breakthrough?' the answer would be categorically 'No,' " said Aaron David Miller, a scholar at the Woodrow Wilson Center who was a senior adviser for Arab-Israeli relations at the State Department under the last three presidents.

"What she's got going for her is that expectations of her success have plunged lower than the Dead Sea," said David Makovsky, a Middle East expert with the Washington Institute for Near East Policy. And that, he said, "might actually help her."

Prospects for any real breakthrough were already bleak two months ago, when Ms. Rice and Ms. Livni came up with their proposal. The Palestinian government was controlled by Hamas, which preaches Israel's destruction. Mr. Olmert's approval ratings were as bad as, if not worse, than those of President Bush. There was factional strife in Gaza, to the south, and turmoil in Lebanon, to the north.

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Last week, one more giant obstacle emerged: a national unity government of Fatah and Hamas leaders that was worked out in talks brokered by Saudi Arabia in Mecca.

Bush administration officials, publicly lukewarm about the agreement, were angry with Mr. Abbas. They say the pact brings him closer to Hamas instead of bringing Hamas, which America views as a terrorist organization, closer to Mr. Abbas, who is seen as far more moderate.

In her session with reporters on Thursday, Ms. Rice said the task of negotiations had become “obviously more complicated because of the uncertainties surrounding the national unity government,” and that the Bush administration would “await the formation of that government before we make any decisions about it.”

The Bush administration, along with Israel and several European countries, wants the new Palestinian government to meet three benchmarks for normal relations: recognize the right of Israel to exist, forswear violence and accept previous Israeli-Palestinian accords. The Mecca accord does not address the first two benchmarks. The Palestinians argued that the three benchmarks were met implicitly, though the accord does not mention Israel.

While Ms. Rice was angry about the Mecca deal, she said that she would nonetheless go ahead with the planned summit, Arab and American officials said. But she has warned Mr. Abbas that the United States would deal only with Palestinian government ministers who explicitly agreed to the three conditions, the officials said.

So what was supposed to be a summit that shored up Mr. Abbas in the eyes of the Palestinian people by discussing a future Palestinian state may now downgrade to one in which Mr. Abbas spends his time trying to defend the Mecca deal and convince the United States and Israel that he has not sold out to Hamas.

Both Mr. Abbas, who is also known as Abu Mazen, and Mr. Olmert are politically weak, making compromise tricky. “If Olmert agrees to talk about Jerusalem, someone could threaten to leave his government,” said Martin S. Indyk, the United States ambassador to Israel in the Clinton administration. “If Abu Mazen talks about giving up the right of return, Hamas would condemn him for betraying the cause.” He was referring to giving Palestinian refugees the right to return to lands they left in 1948.

Still, Mr. Indyk, who is now the director of the Brookings Saban Center for Middle East Policy, said the Bush administration had let Arab-Israeli peace talks go untended for too long. Ms. Rice, he said, “deserves full support for trying, and she deserves to be given a chance and some rope and leeway to try to make this work.”

Palestinian Power-Sharing Deal Complicates Rice's Mideast Trip (WP)

By Glenn Kessler

The Washington Post, February 16, 2007

Secretary of State Condoleezza Rice said yesterday that the formation of a Palestinian unity government that includes the Hamas militant group complicates her high-profile peace mission this weekend, strongly suggesting that the new government falls short of standards that would allow a resumption of international aid.

"Our position toward the Hamas government was very clear: It did not meet the international test," Rice told a group of newspaper reporters on the eve of her departure. "I have to say that we have not yet seen any evidence that this one will."

Rice added, "I don't deny that it's more complicated" now and that before the announcement of the unity government "it was clear, more black and white."

With prodding by Saudi Arabia, Palestinian Authority President Mahmoud Abbas last week reached a deal with his Hamas rivals that would bring Abbas's Fatah party into the government. Yesterday, Abbas formally asked Palestinian Prime Minister Ismail Haniyeh, of Hamas, to assemble the next cabinet.

Abbas's move has placed the United States in a quandary because, under Rice's formulation, he is a "mainstream" leader, while Hamas is an "extremist" group that needs to be isolated. The Bush administration has pushed a plan to bolster security forces loyal to Abbas in part because Hamas's security forces have gained strength, but at the same time the administration has said it wants an end to violence between Hamas and Fatah that has left scores dead. The unity accord is intended to end street battles between the factions.

After a weekend of meeting separately with Israeli and Palestinian officials, Rice intends to bring together Abbas and Israeli Prime Minister Ehud Olmert on Monday for a lengthy series of talks on the contours of a Palestinian state -- what she calls "the political horizon." She will then travel to Amman, Jordan, for meetings with Arab officials before flying to Berlin. There, she will meet with the other members of the "Quartet" -- Russia, the European Union and the United Nations-- which monitors Middle East peace and sets the conditions on aid to the Palestinians.

Rice's hope is that the "political horizon" will provide a vision for a Palestinian state that will inspire the Palestinians, strengthen Abbas and reduce the influence of anti-Israeli militants such as Hamas. The Palestinian people need to "know what is at stake for them in the future," Rice said. "Without a political horizon, it is going to be difficult to show why this course, the course of Abu Mazen, is better than other courses." Abu Mazen is Abbas's nickname.

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Rice also hopes to prod Arab governments to begin the process of recognizing Israel as progress is made with the Palestinians -- a way of strengthening Olmert, who suffers from low public approval ratings. The "political horizon has to include them, and it has to include a relationship between them and Israel," Rice said, referring to Arab states.

Few details of the Palestinian unity agreement have been released, except a vague statement in which Abbas called upon Hamas to "respect international resolutions," which appeared to fall far short of international demands that the new government pledge to recognize Israel, renounce violence and abide by previous agreements signed by the Palestinian Authority. Hamas officials later told reporters that the movement has no intention of ever recognizing Israel.

Abbas aides hoped the unity accord would end the international boycott, but U.S. officials have made it clear in recent days that they will not deal with the new government as long as it does not meet the three conditions. Israeli officials have been very critical of Abbas's decision, saying it sets back the chances of reaching a peace agreement.

In the interview, Rice repeatedly defended Abbas, calling him "someone who has devoted his whole life to nonviolence," and said that no matter what happens with the unity government, the United States will continue to work with him because he has accepted the conditions. "It would be a very big mistake to not continue to deal with him," she said.

Rice said she is traveling to the region because "it is important to inject energy and confidence" in the dealings between Olmert and Abbas. Despite the uncertainty over the new government, "in the Middle East, if you wait for the perfect circumstances, I think you would probably never take the airplane," Rice said. "I am not going to let the fact that the circumstances are not perfect at this particular point in time delay what I think is extremely important work to be done."

Hopes Not High For Mideast Talks (LAT)

By Paul Richter

The Los Angeles Times, February 16, 2007

WASHINGTON — The Bush administration's latest Middle East peace initiative, which begins this weekend, is taking place under a cloud of uncertainty because of Israeli anxiety about the complexion of a proposed Palestinian unity government.

Secretary of State Condoleezza Rice will lead an American push to bring together Israeli and Palestinian leaders for the first talks in six years about the eventual shape of a longproposed independent Palestinian state.

But hopes for the U.S. mission have dimmed amid Israeli worries that a new power-sharing Palestinian government, while including more moderates, may not go far enough in rejecting the views of the militant Hamas party leaders who also will play a central role. Many Israelis have indicated they would be reluctant to try to work with such a government.

Israeli Prime Minister Ehud Olmert declared his intention to cooperate Thursday, but Israeli Cabinet officials and other commentators have spoken pessimistically about the gathering, and some Palestinian Authority officials have expressed their own doubts.

Officials of the Hamas and Fatah movements have said they have a formula for dividing Cabinet positions, including leaving Ismail Haniyeh of Hamas as prime minister. The two sides did not name an interior minister, nor decide who will control the various agencies of the security services.

Rice acknowledged Thursday that the peace mission was "obviously more complicated because of the uncertainties surrounding the unity government." But she signaled that Washington would continue to push for progress by working through its primary ally, Palestinian Authority President Mahmoud Abbas of Fatah, even if U.S. officials dislike the new Palestinian government.

"In the Middle East, if you wait for the perfect circumstances, you will never take the airplane," Rice said.

Under the Palestinian Authority structure, the president's office is separate from the administrative branches that will be overseen by the new ruling coalition. The United States could still provide aid and political support to Abbas even if the Bush administration decided it could not do business with the remainder of the Palestinian government.

Rice will meet over the weekend in bilateral sessions with Olmert and Abbas, and all three will meet Monday in Jerusalem.

Rice's mission is built around the idea that by renewing discussions of a Palestinian state, she can illustrate to Palestinians the advantages of choosing a moderate path rather than the violent resistance espoused by Hamas.

The administration also is eager to show allied Arab governments that it can make progress on Israeli-Palestinian issues, in hopes of strengthening their cooperation in stabilizing Iraq and resisting the influence of Iran.

But the politically weak Olmert government has been unenthusiastic about peacemaking overtures that could build pressure for Israeli concessions and further weaken its position.

Many Israelis have been wary of the unity Palestinian government, announced Feb. 8 in Mecca, Saudi Arabia, even though it will incorporate moderate and pro-Western Palestinian figures.

Abbas, who is eager to have world powers resume direct aid to the Palestinian Authority, said the Mecca deal committed the government to respect previous agreements. But critics said the Palestinians were not supporting the three principles called

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for by the diplomatic quartet of the United States, the United Nations, the European Union and Russia: recognizing Israel, repudiating violence and observing past agreements.

Israeli opposition leader Benjamin Netanyahu on Monday urged Olmert to cancel the three-way talks in light of the Mecca agreement.

Although Olmert has agreed to go ahead with the talks, Israeli officials in Jerusalem say he does not want to engage in detailed negotiations until he learns directly from Abbas about the power-sharing deal.

For a start, he plans to demand the release of Israeli soldier Gilad Shalit, who was captured in June and is being held by Hamas.

"I think we will have a tough situation to convince Israel to deal with a unity government," said Abbas aide Nabil Amr. "But what can we do? This is what we achieved in Mecca."

The Bush administration denied news reports that U.S. officials privately told Palestinian officials that they would not recognize the new government.

There are also risks that the new government will not survive long. On Thursday, the Cabinet of the former Hamas government formally resigned, a procedural step required to open the way for the new team. But some observers believe the many unresolved issues, and the recent bloodshed between Hamas and Fatah, will make the new government inherently fragile.

A U.S. official defended proceeding with the talks.

"What happens to the government is important, but it doesn't change the ability, or the rationale, of Abbas engaging with the prime minister," the official said, speaking on condition of anonymity. "Can anyone argue that this will make less sense than it did when Hamas led the government?"

U.S. officials play down their expectations for the three-way meeting, characterizing it as an informal discussion.

2 Palestinian Leaders Meet To Pave Way For A New Cabinet (NYT)

By Greg Myre

The New York Times, February 16, 2007

GAZA, Feb. 15 — After months of difficult negotiations and bloody Palestinian street fighting, the Hamasled Palestinian government resigned Thursday to pave the way for a unity government that will include Hamas and the rival Fatah movement.

Prime Minister Ismail Haniya of Hamas submitted his cabinet's resignation on Thursday evening at a meeting with the Palestinian Authority president, Mahmoud Abbas, at Mr. Abbas's seaside compound in Gaza City. The agreement is intended to help prevent a resurgence of the internal Palestinian battles that have claimed nearly 100 lives in the Gaza Strip since December.

There was no immediate sign that a new Palestinian government would win a restoration of direct financial assistance that Israel and Western countries cut when Hamas came to power a year ago.

American diplomats told Mr. Abbas, who is from Fatah, that Washington would shun the new government as long as it did not meet several conditions, according to one of Mr. Abbas's top aides, who requested anonymity because he was not authorized to speak publicly.

Israel, the United States and the European Union have demanded that the Palestinian government recognize Israel, renounce violence and accept previous agreements. But with Mr. Haniya set to retain his post in the new government, which will again include many prominent Hamas figures, it appears highly unlikely that the new cabinet will explicitly meet the conditions.

"I am not certain that the full scope of this agreement is clear to anyone," Israel's prime minister, Ehud Olmert, who was in Turkey on Thursday, said on Turkish television. "The initial signs are not very encouraging."

The Bush administration, like the Israeli government, has contacts with Mr. Abbas. But Israel and the United States refuse to deal with Hamas, which they classify as a terrorist organization.

Washington's stance toward a new Palestinian government may be clarified when Secretary of State Condoleezza Rice arrives for a meeting with Mr. Olmert and Mr. Abbas, set for Monday in Jerusalem.

Mr. Abbas seeks a resumption of negotiations with Israel, which collapsed six years ago, several months after the Palestinians began an uprising in September 2000.

"The unity government must be given a chance," said Nabil Abu Rudeineh, a spokesman for Mr. Abbas. "After the formation of the unity government there shouldn't be any excuse for not holding negotiations."

Mr. Haniya's resignation was mostly a formality, as Mr. Abbas immediately asked him to form the new government, which is to be presented to the Palestinian parliament for approval within five weeks.

Hamas will continue to hold the largest number of cabinet posts. Fatah, which refused to take part in the previous government after losing elections to Hamas last year, will have at least a half dozen ministerial portfolios, and other factions and independents will also have posts.

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“Brother Ismail Haniya presented me with his government’s resignation, and I charged him with forming his new cabinet,” Mr. Abbas said Thursday after their meeting. “We call on you to be committed to the high interests of the Palestinian people,” he said to Mr. Haniya.

There was no word on who would hold the key post of interior minister, overseeing several branches of the security forces, including the police. Mr. Abbas is responsible for all other security agencies.

Under a preliminary agreement reached last week in Saudi Arabia, Hamas is to nominate an independent figure to lead the Interior Ministry, and Mr. Abbas can accept or reject the choice. Security force members, some loyal to Fatah, others to Hamas, were deeply involved in the recent Palestinian infighting in Gaza.

Palestinians celebrated in the streets when Hamas and Fatah announced their agreement last week. But on Thursday many expressed doubts about whether a unity government would survive.

Rawya Shawa, an opposition member of the Palestinian parliament, said she would vote to support a unity government, but without much enthusiasm. “In principle I support power-sharing,” she said, “but it won’t be easy for Hamas and Fatah to get along together, and I’m not sure a unity government will last long.”

Hamas And Fatah Act To Clear Way For Palestinian Unity Government (WP)

By Scott Wilson

The Washington Post, February 16, 2007

JERUSALEM, Feb. 15 -- Palestinian Prime Minister Ismail Haniyeh, of Hamas, resigned Thursday to make way for a power-sharing government with the rival Fatah party in the hopes of ending factional strife and restoring international aid to the nearly bankrupt Palestinian Authority.

Palestinian Authority President Mahmoud Abbas, a Fatah leader, immediately reappointed Haniyeh to assemble the next cabinet. At a news conference in Gaza City, Abbas said he hoped the step would "inaugurate a new Palestinian era in which people live in peace and security."

The next cabinet's composition was set out in an agreement that Abbas and Hamas leaders reached last week in the holy Islamic city of Mecca, Saudi Arabia, although who will fill some of the key ministries has been a point of debate between the two sides for the past few days.

Palestinian officials said they hope the next government will prove acceptable to international donors, who cut off aid to the Palestinian Authority after Hamas's victory in January 2006 parliamentary elections. The win gave Hamas, a radical Islamic movement that does not recognize Israel, effective control of the Palestinian government, which had been run by the secular Fatah party for more than a decade.

The aid embargo and Israel's decision to stop transferring the tax revenue it collects on the Palestinian Authority's behalf have crippled the government and sharpened the longtime rivalry between the two largest political movements in the occupied territories.

The parties' armed wings, as well as security forces loyal to each, have clashed repeatedly over the past year, particularly in the Gaza Strip. More than 100 Palestinians have died in partisan violence in that period, most of them since December, when Abbas threatened to call early elections to end the political stalemate.

The fighting gave way to relief and celebration Feb. 8, when the two sides agreed on the terms of a unity government that gives Hamas nine cabinet seats, Fatah six and some smaller parties four. Haniyeh's cabinet, sworn in last March, included only Hamas members and supporters.

Hamas will keep the post of prime minister but give up several important ministries.

Talks in recent days focused on who would fill those posts, including the top job at the Interior Ministry, which effectively controls some of the most powerful Palestinian security services. Under the agreement, Hamas will nominate an independent candidate, although party officials have resisted the stipulation that Abbas must first approve their choice.

In addition, Hamas and Fatah must agree on an independent candidate to be foreign minister. The consensus choice appears to be Ziad Abu Amr, a longtime mediator between the parties who won his parliamentary seat as an independent with Hamas's backing. Abbas also reportedly wants Mohammed Dahlan, a senior Fatah official who has enormous influence within the security services, to be deputy prime minister. Dahlan is loathed by Hamas for the violent crackdown he led against the group in Gaza during the 1990s.

"These questions will be resolved in the course of putting the government together," said Saeb Erekat, a Fatah lawmaker and the chief Palestinian negotiator with Israel. "Internally speaking, we're moving in the right direction. But will this program solve our problems with the international community? That's the key question."

Haniyeh has five weeks to assemble the cabinet, which under the terms of the accord will "respect" agreements with Israel signed by the Fatah-dominated Palestine Liberation Organization.

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But Hamas officials have made clear that the new government will not recognize Israel's right to exist, a condition international donors have set for the resumption of aid.

The United States, the European Union, Russia and the United Nations -- known as the Quartet -- had previously demanded that Hamas recognize Israel, renounce violence and abide by previous agreements in return for aid.

Neither Israel nor the Quartet has taken a formal position on the next government's platform, which will be a major point of discussion during meetings this weekend among visiting Secretary of State Condoleezza Rice, Israeli Prime Minister Ehud Olmert and Abbas.

Palestinian Deal Complicates Work Toward Peace, Rice Says (USAT)

By Barbara Slavin

USA Today, February 16, 2007

WASHINGTON — Secretary of State Condoleezza Rice said Thursday that her efforts to broker an Israeli-Palestinian peace have been complicated by an agreement by feuding Palestinian factions to form a joint government.

Rice said the Bush administration had not rejected the Cabinet being formed by the secular Fatah and militant Hamas movements. But she said there is no sign the new government would recognize Israel — as demanded by the administration and the Israeli government.

Rice leaves Friday for the Middle East. She is to meet Monday in Jerusalem with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas.

Agreement to form the government was reached Feb. 8 in Saudi Arabia. Hamas did not renounce violence or affirm Israel's right to exist. Those are conditions for U.S. recognition and aid.

The Bush administration has sought to bolster Fatah and its leader, Abbas, by holding talks to begin to sketch the contours of a Palestinian state. Rice said she was going ahead with the meeting with Abbas and Olmert.

"In the Middle East, if you wait for perfect circumstances, you would never take the airplane," she said.

Abbas, Rice said, has a record of opposing violence and recognizing Israel. "It would be a very big mistake not to continue to deal with him," she said.

Robert Satloff, director of the Washington Institute for Near East Policy, said the prospect of a Fatah-Hamas government made chances for a peace agreement unlikely. Abbas "has chosen internal unity over the potential for diplomatic progress," Satloff said.

Weak leadership on both the Palestinian and Israeli sides, along with the growing influence of Iran and Syria, also undermine chances for success, said Aaron Miller, a Middle East adviser to six former secretaries of State.

"You can't build the house if the foundation is not put together in a sound way," he said.

Rice Wary Of Mideast Peace Trip (WT)

By Nicholas Kralev

The Washington Times, February 16, 2007

Secretary of State Condoleezza Rice said yesterday that the "uncertainty" of the new Palestinian government will complicate her peace mission in the Middle East next week and that Washington will not support the future Cabinet unless it recognizes Israel.

Miss Rice made her comments hours after Palestinian Authority President Mahmoud Abbas formally asked Prime Minister Ismail Haniyeh of the Hamas militant group to form the next government after last week's agreement between Hamas and Mr. Abbas' Fatah faction in Saudi Arabia.

"It's more complicated with the horizon of a government we don't yet know what its character will be, but in the Middle East, if you wait for the perfect circumstances, I think you'll probably never take an airplane," Miss Rice, who leaves for the region today, told a small group of newspaper reporters.

"The efforts to try and get the Palestinians to live at peace, to stop fighting ... is something that we understand and will support," she said. "Whether or not we can then support the government that came out of that, I think we've been very clear: The Quartet principles will have to be respected."

Those principles of the international mediators -- the United States, the European Union, Russia and the United Nations -- are renouncing violence and accepting the Palestinians' previous international agreements, as well as recognizing Israel.

Miss Rice said that when she meets with Mr. Abbas and Israeli Prime Minister Ehud Olmert on Monday, they will "begin a conversation" about "moving forward" toward a Palestinian state.

She will meet with them separately over the weekend and also will hold talks with King Abdullah II of Jordan and other Arab leaders in Amman, Jordan.

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On her return, the secretary will stop in Berlin for a Quartet meeting on Wednesday.

Mr. Abbas also urged Hamas yesterday to accept the Quartet's conditions so the West can lift a ban on financial assistance for the Palestinians.

That ban contributed to the inability of Hamas' first government, which emerged from last year's elections, to provide some basic services to the Palestinian people and even pay the salaries of some civil servants.

The United States and Europe have said Hamas, which they have designated as a terrorist organization, has to make a choice between terrorism and being a political party that fulfills its election promises.

Aides to Mr. Abbas were quoted by wire reports as saying C. David Welch, assistant secretary of state for Near Eastern affairs, warned Mr. Abbas during a telephone conversation yesterday that Washington would not deal with members of the new government -- even those from Fatah -- unless it meets the Quartet conditions.

The aides also said that Jacob Walles, the U.S. consul-general in Jerusalem, delivered the same message to Mr. Abbas in person at a meeting in the West Bank town of Ramallah. The consulate confirmed the meeting took place but did not disclose its content.

Miss Rice declined to discuss private exchanges, though she said the administration's message is the same in public and in private.

She also said that the United States will continue to deal with Mr. Abbas because he has demonstrated that he respects the Quartet's principles.

The administration has pledged $86 million in aid for Mr. Abbas' security forces, but Rep. Nita M. Lowey, New York Democrat and chairwoman of the House Appropriations Committee, has blocked the funding.

"Early last week, I placed a hold on the $86 million," she said yesterday. "It is imperative that we have a fuller understanding of exactly what the funding is for and what the situation is on the ground."

Defense Chief Again Says U.S. Will Not Wage War With Iran (NYT)

By David S. Cloud

The New York Times, February 16, 2007

WASHINGTON, Feb. 15 — Defense Secretary Robert M. Gates said Thursday that the United States had no intention of attacking Iran and that any American military efforts against it would be confined to Iraq to disrupt the smuggling of bomb-making materials over the border.

“For the umpteenth time, we are not looking for an excuse to go to war with Iran,” he said at a Pentagon news conference. “We are not planning a war with Iran.”

Even if the Bush administration were able to establish that Iran’s top leaders knew and authorized the smuggling, Mr. Gates said, there would probably be no change in the Bush administration’s strategy of limiting its military response to actions within Iraq.

Questions about the administration’s intentions toward Iran have re-emerged in recent days after senior officials, beginning last weekend, laid out what they said was evidence that bomb-making materials from Iran were being supplied to Shiite militants in Iraq.

Mr. Gates and Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, repeated Thursday that weapons used against American troops were coming from Iran and that personnel from the Quds Force, a paramilitary arm of the country’s Revolutionary Guards, were involved.

But both officials said, as President Bush did at a White House news conference on Wednesday, that they lacked evidence that Iran’s top leaders were involved in the weapons smuggling.

“Whether or not more senior political leaders in Iran know, we don’t know,” Mr. Gates told reporters in the Pentagon. “Frankly, for me, either way it’s a worry.”

General Pace ignited some controversy earlier this week while visiting Indonesia, when he told reporters that American forces had confirmed that some bomb materials found inside Iraq were made in Iran, but “that does not translate that the Iranian government, per se, for sure, is directly involved in doing this.”

Those remarks conflicted with comments by a senior Defense Department analyst who said, at a briefing in Baghdad over the weekend, that the effort was being directed “from the highest levels of the Iranian government.”

Asked about the discrepancy, General Pace said Thursday that the analyst in Baghdad “didn’t make a clear enough break between fact and assessment” when he said there was high-level Iranian involvement, “or those listening didn’t hear the break between fact and assessment.”

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Mr. Gates said he was sensitive to the public skepticism about American intelligence claims as a result of faulty prewar intelligence about Iraq. He said he insisted that the statements about Iranian weapons smuggling “make it exactly clear what we know and what we don’t know.”

In an interview on Thursday, the speaker of the House, Nancy Pelosi, said the United States could not invade Iran without specific Congressional authority.

“The president has said that he supports a diplomatic solution of the situation in Iran,” Ms. Pelosi said, speaking to six reporters in her office. “I would take him at his word. I do believe that Congress should assert itself, though, and make it very clear that there is no previous authority for any president to go into Iran.”

Iran Provided Bombs, Pentagon Says (WT)

By Bill Gertz

The Washington Times, February 16, 2007

Senior defense and military leaders said yesterday that Iran's government is behind the providing of deadly bombs to Iraqi insurgents, although it is difficult to say whether senior Iranian leaders approved the shipments.

"We know that the Quds force is involved. We know the Quds force is a paramilitary arm of the [Islamic Revolutionary Guards Corps (IRGC)], so we assume that the leadership of the IRGC knows about this," Defense Secretary Robert M. Gates told reporters.

"Whether or not more senior political leaders in Iran know about it, we don't know," he said. "And frankly, for me, either way it's a worry. Either they do know and have approved it, or they don't know and the IRGC may be acting on their own in Iraq."

Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, qualified earlier comments that he doubted high-level Iranian government linkage to special armor-piercing bombs and rockets found in Iraq.

"What I tried to say when I said I didn't know about the Iranian government, I'm talking about the top two or three people in the government," Gen. Pace said, noting that "we do not have proof that the senior leadership in Iran is directing these activities in Iraq."

The level of Iranian government involvement is secondary to the danger the arms pose to U.S. and coalition forces, he said.

"We know that there are explosives and weapons being used inside of Iraq that were manufactured in Iran," Gen. Pace said.

Also, on two occasions during operations to attack networks supplying improvised bombs, "we had policed up Iranians," he said. "We know that those Iranians are Quds force members. Those are facts."

The comments came after a senior defense official in Baghdad said Sunday that the Iranian arms shipments -- including shaped charge explosives, shoulder-fired missiles and armor-piercing rockets -- had been directed by the highest levels of the Iranian government.

Mr. Gates also cautiously defended the tentative nuclear deal with North Korea, saying it is "a very important first step."

"The timelines are very tight ... we're talking months, not years for actions that have to be taken," he said. "I think that if the deal is structured in a way that we will be able to monitor compliance before the United States or the other countries have had to do very much, in terms of whether the North Koreans are complying with the agreement that they've signed."

Critics of the accord, including former U.N. Ambassador John R. Bolton, have said the agreement makes too many concessions to North Korea.

Asked what steps were being taken to stop the flow of Iranian weapons, Mr. Gates said there is a major effort under way to disrupt the supply networks.

"The explosively formed projectiles are a real problem because they're so lethal," he said. "But the fact is that a bigger problem is the [improvised explosive device] problem in general, and those are coming from a lot of sources, including from inside Iraq."

The Iranian-supplied armor-piercing IED are a relatively small percentage of the homemade bombs, he said.

"So our focus is more broadly on disrupting these IED networks throughout Iraq," he said. "The Iranian responsibility for one set of them is a concern. We are taking action to try to deal with that, but it's part of a much larger problem."

On reports that Iraqi Shi'ite militia leader Muqtada al-Sadr has fled to Iran, Mr. Gates said there is no proof he is there but that as a result of current stepped-up operations in Baghdad "these guys will go to ground."

Gen. Pace was asked about the release of U.S. Central Command documents from the start of the Iraq war and said one assumption that turned out wrong was the collapse of the Iraqi army.

"One assumption was that the Iraqi army, once freed of Saddam's dictatorship, would become a force of good for the people and that it would be a standing army at the time of liberation," Gen. Pace said. "As you know, it disintegrated in the very

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early hours of the fight, and therefore there was no army of some 400,000 Iraqis who were able to then provide security for their country."

Pelosi: Bush Lacks Power To Invade Iran (AP)

By David Espo

AP, February 16, 2007

House Speaker Nancy Pelosi said Thursday that President Bush lacks the authority to invade Iran without specific approval from Congress, a fresh challenge to the commander in chief on the eve of a symbolic vote critical of his troop buildup in Iraq.

Pelosi, D-Calif., noted that Bush consistently said he supports a diplomatic resolution to differences with Iran "and I take him at his word."

At the same time, she said, "I do believe that Congress should assert itself, though, and make it very clear that there is no previous authority for the president, any president, to go into Iran."

Pelosi spoke in an interview in the Capitol as lawmakers plowed through a third day of marathon debate in the House on a nonbinding measure opposing the administration's plan to increase troop strength in Iraq — and as Democrats readied a more provocative challenge to the president.

That included drafting legislation to require the Pentagon to meet certain standards for training and equipping the troops, as well fixing the time that military units must be given at home between deployments. "That stops the surge (in troops) for all intents and purposes, because .....they cannot sustain the deployment," said Rep. John Murtha of Pennsylvania, who said he would attach the conditions to legislation providing nearly $100 billion for the military.

Republicans quickly fired back. Rep. John Boehner of Ohio, the GOP leader, issued a statement saying the plan would "pull the rug out from under American troops in the combat zone by cutting off their reinforcements and forcing them to face the enemy without our full support."

Across the Capitol, Senate Majority Leader Harry Reid unexpectedly announced plans to hold a test vote on Saturday on the same nonbinding measure critical of the troop increase that was making its way through the House.

Partisan bickering has prevented a Senate vote so far, with Republicans insisting on equal treatment for an alternative that rules out the "elimination or reduction of funds for troops in the field."

Pelosi and other Democrats have said approval on the nonbinding measure would mark the first step in an effort by the new Democratic-controlled Congress to force Bush to change course in a war that has killed more than 3,100 U.S. troops.

Bush administration officials and their allies are resigned to House passage of the resolution and have worked in recent days to hold down defections by GOP lawmakers.

But Bush, who has challenged lawmakers not to cut off funds for the troops, took a swipe at his critics during the day.

"This may become the first time in the history of the United States Congress that it has voted to send a new commander into battle and then voted to oppose his plan that is necessary to succeed in that battle," the president said.

The Senate unanimously confirmed Lt. Gen David Petraeus last week to take over as the top U.S. commander in Iraq.

Bush said at a news conference Wednesday there is no doubt the Iranian government is providing armor-piercing weapons to kill American troops in Iraq. But he backed away from claims the top echelon of Iran's government was responsible.

Administration critics have accused the president of looking for a pretense to attack the Islamic republic, which is also at loggerheads with the United Nations about what Tehran says is a nuclear program aimed at developing energy for peaceful purposes.

Defending U.S. intelligence that has pinpointed Iran as a hostile arms supplier in Iraq, Bush said, "Does this mean you're trying to have a pretext for war? No. It means I'm trying to protect our troops."

Bush has asked Congress to approve $100 billion for the wars in Iraq and Afghanistan. Congressional Democrats are hoping to insert provisions that would make it harder for the administration to follow through on its plan to deploy an additional 21,500 combat troops to Iraq.

Murtha, in a video aired on movecongress.org, a coalition of groups opposed to the war, said his proposals were designed with the safety and protection of the troops in mind.

The Pennsylvania Democrat also said the measure may be changed to prohibit any military action against Iran without specific congressional approval.

Asked about Murtha's remarks, Pelosi said, "I fully support that." She added that she would propose it as stand-alone legislation if it is not included in the bill that provides more money for the Iraq war.

Bush has said he intends to go ahead with the troop buildup regardless of nonbinding expressions of disapproval in Congress.

But, Pelosi said, "I don't think that the president can completely ignore it."

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She spoke down the hall from the House chamber, where Republicans and Democrats alternated turns at the microphone in a debate on the war.

"The enemy wants our men and women in uniform to think their Congress doesn't care about them," said Rep. Sam Johnson, R-Texas, who was a prisoner of war during Vietnam. "We must learn from our mistakes. We cannot leave a job undone like we left in Korea, like we left in Vietnam, like we left in Somalia," Johnson said.

Added Rep. Geoff Davis, R-Ky., a West Point graduate who was a flight commander with the Army's 82nd Airborne: "This nonbinding resolution serves no purpose other than pacifying the Democrats' political base and lowering morale in our military."

When his turn came to speak, Rep. Lloyd Doggett, D-Texas., said, "There is a better way of protecting our troops than sending more of them to be killed."

Rep. James Clyburn of South Carolina, a member of the Democratic leadership, said the victory to be won in Iraq "is not a military conquest."

"The victory we seek is earned through the restoration of America's role as peacemaker, not warmonger," he said.

Japan Freezes Assets Related To Iran (AFP)

AFP, February 16, 2007

The Japanese government has decided to freeze the assets of 10 groups and 12 individuals related to Iran's nuclear and missile programmes, under a UN sanction resolution approved in December.

"We must execute the measures with a determined will and resolve because (the Iranian nuclear problem) affects the nuclear non-proliferation regime and North Korea's nuclear problem," foreign minister Taro Aso told reporters after the cabinet approved the measures.

The cabinet of Prime Minister Shinzo Abe also decided to ban transfer of funds in connection with Iran's sensitive nuclear and ballistic missile programmes.

The measures will become effective Saturday.

Japan, despite being a close US ally, has maintained close trade ties with Iran. Asia's largest economy is almost entirely dependent on the Middle East for its oil, and imports about 15 percent of its total oil consumption from Iran.

Last year, the UN Security Council unanimously approved a resolution imposing sanctions that target Iran's nuclear and ballistic missile programmes.

Aso called on Iran to stop its uranium enrichment activities and return to the negotiating table before and after the passage of the resolution.

Western countries backed the sanctions, fearing Iran could use uranium enrichment activities to develop nuclear weapons.

Iran, which says its programme is for peaceful purposes, vowed to expand its enrichment.

Iran's Smoking Guns (WSJ)

The Wall Street Journal, February 16, 2007

Following the weekend intelligence disclosures about Iranian-supplied weapons killing GIs in Iraq, we predicted Tuesday that "a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven, or claim that it's all the Bush Administration's fault for 'bullying' Iran." Sure enough, President Bush faced a barrage of questions Wednesday wondering whether senior Iranian leaders were really aware of the weapons transfers, whether he was using "faulty intelligence," and whether the disclosures were part of a strategy designed to "provoke Iran."

So here is the state of our public discourse: American military officials present prima facie evidence of Iranian weapons implicated in killing 170 U.S. soldiers and wounding 600 more, and Washington's main concern is not for the GIs but in refighting the last intelligence war.

Well, here's an item that doesn't seem to have been manufactured by Dick Cheney. According to a report in Britain's Daily Telegraph, U.S. forces in Baghdad have recently discovered 100 high-powered sniper rifles made by Austrian gun-maker Steyr-Mannlicher. The .50-caliber Steyr can accurately fire an armor-piercing round at a range of 1,500 meters. The weapon is good against Humvees, helicopters and body armor.

In 2004, Iran purchased some 800 Steyrs, allegedly for use against drug traffickers. At the time, both U.S. and British officials urged the Austrian government to bar the $15 million sale, fearing the weapons would fall into enemy hands. Former Austrian Chancellor Wolfang Schüssel thought otherwise, and let the deal go forward. To better grease the skids, then-Steyr-Mannlicher CEO Wolfgang Fürlinger made the case that the weapons were basically harmless and that Tehran had signed "end-user certificates" guaranteeing they would not be re-sold, according to the German newsweekly Der Spiegel.

Today, the Austrian government pleads that the sale had been "checked very thoroughly," and that "what happened to the weapons . . . is the responsibility of the Iranians" -- which prompts the question of why the Austrians would have bothered with

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the end-user certificates. The Bush Administration took a less cavalier view and in 2005 banned Steyr-Mannlicher from bidding for U.S. government contracts.

It remains to be confirmed whether the serial numbers on the Steyrs found in Iraq match those from the 2004 sale -- if they do, it ought to prompt a top-to-bottom review of all Austrian military contracts. Meantime, is it too much to expect American journalists and Members of Congress to devote as much skepticism to Iran's motives and behavior as they do to Mr. Bush's?

Egypt Cracks Down On Muslim Brotherhood (LAT)

By Megan K. Stack And Noha El Hennawy

The Los Angeles Times, February 16, 2007

CAIRO — Egypt's regime is seizing upon a moment of regional chaos and U.S. inattention to crack down aggressively on the country's most popular opposition group and shore up its hold on power, analysts here say.

In a bald push against the Muslim Brotherhood, the secular government in recent weeks has arrested hundreds of activists, unveiled new restrictions on political Islam and published a stream of anti-Brotherhood propaganda in the state-run media. More than 80 members were jailed on Thursday alone, Brotherhood officials said.

"This is the most brutal campaign against the Brothers since [Egyptian President Hosni] Mubarak came to power," said Amr Shobaki, a political analyst and Muslim Brotherhood expert at the Al Ahram Center for Political and Strategic Studies in Cairo.

With the U.S. distracted by the war in Iraq and increasingly nervous about the regional rise of political Islam, Mubarak's regime appears free to squeeze the Brotherhood, which has long been officially outlawed — though tolerated — as an Islamist opposition force.

About 300 Brotherhood members have been imprisoned of late, including at least 100 senior activists. Some of the prisoners' assets were frozen by order of the government. Meanwhile, Egyptian officials and their media mouthpieces have accused the group of creating armed militias and receiving aid from Iran.

"The banned Muslim Brotherhood group is dangerous to Egypt's security," Mubarak told an Egyptian newspaper in a recent interview. If the group gets more powerful, "investments will stop and unemployment will increase…. Egypt will be completely isolated from the rest of the world."

Brotherhood activists have seen a severe shrinking of leeway since 2005, when they stunned the country by capturing one-fifth of the parliamentary seats in national elections. Back then, U.S. officials said the invasion of Iraq would deliver democracy to the Arab world, and Egyptian officials portrayed the empowerment of Brotherhood members as a necessary step toward democratization.

"Democracy cannot progress in Egypt without deciding what to do with them," a ruling party official said at the time.

But voting has empowered Islamists across the board: Hamas in the Palestinian territories, Hezbollah in Lebanon, Iranian-backed Shiite parties in Iraq, in addition to the Muslim Brotherhood.

Egypt is a major recipient of U.S. aid and a partner in a chilly, often contentious peace with Israel. Mubarak's struggle to appease his allies, hold on to power and tamp down the popular Brotherhood has long been considered a litmus test of Islamist strength across the region.

Not its first battle

Formed in the 1920s to advocate Islam and oppose secular and Western influence, the Brotherhood has a history of battling Egypt's governments. With its vast network of social services, it is deeply popular among religious Egyptians who regard it as a non-corrupt answer to cronyism and decadence. Mubarak has controlled Egypt for a quarter of a century, permitting virtually no dissent. As the one movement he hasn't been able to squelch, the Brotherhood is his nemesis. At the same time, it allows Mubarak and his inner circle to justify their repressive style of rule by claiming that the only other option is an Islamist state administered by the Brotherhood.

The elections played neatly into that argument. Many analysts here believe the Bush administration began to back away nervously from its democracy push when it saw Islamists winning at the polls across the Middle East.

Egypt's hand also has been strengthened by the instability in Iraq and the Palestinian territories, conflicts that have forced the United States to call on powerful Sunni allies in Egypt, Saudi Arabia and Jordan for diplomatic and political backing.

Nabil Abdel Fattah, an analyst at the Al Ahram Center, said the war in Iraq "has given more weight to the Egyptian foreign policy, which will give the government leeway in dealing with the Muslim Brotherhood."

"The regional and international atmospheres have become convenient," Fattah said. "Attacks against the group will continue in order to send strong messages."

A criminal court acquitted several prominent Brotherhood detainees last month, but they were immediately returned to prison while their cases were sent to military court.

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In the most startling and incendiary charge, the Egyptian government has begun to accuse the Brotherhood of forming and training underground militias. In news stories short on details, officials say they have seized documents proving that the Brotherhood has secret cells dedicated to provoking civil disobedience.

The accusations mark a serious departure from the status quo between the regime and the Brotherhood, considered the only opposition group with any serious street popularity.

The old understanding was simple: The Brotherhood was officially outlawed but treated with grudging tolerance. The group didn't try to overthrow the government, and in exchange, the regime looked the other way when the movement slipped its leaders into parliament by running them as "independents."

Trying new strategies

Lately, the mounting pressure seems to have pitched the group into crisis, forcing it to cast about for ways to cement its foothold in the government.

Brotherhood leaders have taken pains to tailor their words for an intellectual, even Westernized, audience. Their speeches are carefully moderate, scrupulously tolerant and reverent toward democracy.

Seeking to calm fears that it would morph into another Taliban if it gained power, the group has reached out to Egyptian Christians. Seeking to ease concern about women's rights, it fielded a female candidate in last year's elections. (She lost.) And in an improbable move, a Brotherhood leader recently told The Times that the Islamic head scarf was a choice for women, not an obligation.

But the group's quest for credibility has been badly undercut by a series of public relations disasters.

Brotherhood lawmakers raged in parliament after Culture Minister Farouk Hosni told a female reporter that the head scarf was a sign of "backwardness" and "regression." They demanded that Hosni be replaced by someone who "respects the constitution and the Islamic Sharia," and they called unanimously for a no-confidence vote. Veiled women marched in protest; clerics issued a storm of condemnations.

Though the uproar eventually died down, it left feminists and secular-leaning Egyptians more leery than ever about the Brotherhood. The hubbub also fed the perception that Brotherhood lawmakers have neglected the issues of poverty and housing in favor of showy campaigns to advertise their Islamist credentials.

Abdel Moneim Abul Fotouh, a Brotherhood leader, defended the group's record in parliament. Members have done their best to chip away at a repressive government, he said at his office near downtown Cairo.

"The problem is, we work under a despotic, corrupt regime that doesn't really care about the members of parliament, that only cares about the ruling elite," Fotouh said.

Student demonstration

But the woes in parliament were nothing compared with the scandal that erupted at Al Azhar University, the storied seat of Sunni Muslim learning.

In December, young men from the Brotherhood's student group dressed in black and staged a military-style parade, complete with martial arts demonstrations, to protest restrictions on student political activities at Al Azhar. The action shocked a nation where public demonstrations have been banned since President Anwar Sadat was shot dead by soldiers in a 1981 military procession, and it fueled fear that the Brotherhood might have secret militias.

"This militia show defied the state and contradicted all the peaceful ideas the Muslim Brotherhood talks about," Fattah said.

Brotherhood leader Fotouh dismissed the students' spectacle as a meaningless display and said the government had inflated the event's importance to harm the group's reputation.

"They were just amusing themselves by putting on this show," he said. "The regime brought the media to cover it to use against the Muslim Brotherhood."

Despite the tension, or perhaps in reaction to it, the Brotherhood has announced that members are drawing up a political platform for a party. Although the regime is unlikely to consider giving the group a license, the move is widely seen as an attempt to continue the Brotherhood's push into mainstream politics.

"What we're really afraid of is to have a popular explosion in Egypt due to corruption, unemployment and poverty," Fotouh said. "If we don't work on rescuing our nation, this can happen."

Russia Threatens To Quit Arms Treaty (FT)

By Demetri Sevastopulo, Neil Buckley, Daniel Dombey And Jan Cienski

Financial Times, February 16, 2007

Russia threatened on Thursday to pull out of a landmark nuclear arms control treaty unless the US backed away from plans to install its missile defence shield in Eastern Europe.

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Yury Baluyevsky, the Russian army chief of staff, said Moscow might unilaterally withdraw from the 1987 Intermediate-range Nuclear Forces treaty, which forced the US and the Soviet Union to ban nuclear and conventional ground-launched ballistic and cruise missiles with ranges of 500 to 5,500km.

There was "convincing evidence" for leaving the agreement because "many countries are developing and perfecting medium-range rockets", he said.

But the general also explicitly linked Russia's stance to the US's plans to extend its missile defence into central Europe.

The Pentagon is preparing to start negotiations with Poland and the Czech Republic about hosting missile interceptors and radars. Jaroslaw Kaczynski, Polish prime minister, on Thursday expressed conditional support for participating in the system.

A senior Pentagon official said the US would "resist" the Russian move, which he said would have serious implications for American allies in Europe.

The INF treaty includes the right for a party to withdraw with six months' notice if "extraordinary events ... jeopardised its supreme interests". The State Department said Russia had not formally notified the US of any move to abrogate the treaty.

Gen Baluyevsky's comments came days after Vladimir Putin, Russian president, warned that US attempts to deploy part of its missile shield in Poland could spark a new arms race.

Mr Putin said the INF treaty was no longer in its interests because of proliferation of short and medium-range missiles. He rejected US assertions that the system was aimed at countries such as North Korea and Iran, not at Russia.

The US official said Russia had privately told the US it wanted medium-range missiles to counter Iranian threats while arguing publicly that the lack of Iranian missiles meant the US did not need a defence system.

Col-Gen Leonid Ivashov, a former senior Russian defence official, said Moscow had "every reason" to pull out of the treaty. He pointed to the US withdrawal in 2002 from the 1972 Anti-Ballistic Missile treaty.

Yuri Solomonov, director of the Moscow Institute of Thermal Technology, which manufactures missiles, told Itar-Tass news agency Russia was ready to resume production of medium-range ballistic missiles.

Nato officials said Russia intended to pressure Poland and the Czech Republic to reject US plans, but added that what Moscow really wanted was to be included in a European-wide anti-missile system.

"We are already talking to the Russians about co-operating on tactical missile defence for armies in the field," said a senior Nato diplomat.

Russian Leader Expands Powers Of A Possible Successor (WP)

By Peter Finn

The Washington Post, February 16, 2007

MOSCOW, Feb. 15 -- President Vladimir Putin promoted Defense Minister Sergei Ivanov to the post of first deputy prime minister Thursday, an elevation that immediately intensified speculation that Putin might favor him as his successor.

"Ivanov has been coping and coping well with the day-to-day tasks of the Defense Ministry," Putin said at a televised government meeting where he announced the promotion as part of a government reshuffle. "Given the expansion of his powers, Ivanov will no longer be able to keep the post of defense minister."

Ivanov, 54, will now be charged with overseeing Russia's military-industrial complex as well as part of the civilian economy. He was recently put in charge of consolidating and revitalizing Russia's aviation industry.

"In terms of the succession, this is definitely another step for Ivanov," said Olga Kryshtanovskaya, director of the Moscow-based Center for the Study of Elites, in an interview. "He will become a less parochial and more universal figure for the public. And that is essential if he is to become president."

Ivanov bade farewell to senior Defense Ministry staff in a ceremony Thursday night. "I remember well how Vladimir Vladimirovich introduced me in this same hall six years ago," he said, using Putin's first two names. "A long time, but it now seems like one moment. I want to thank you all for backing me."

But for all the apparent nostalgia, the new brief allows Ivanov to shed a ministry fraught with political risk because of the Russian military's propensity to generate scandals, particularly the violent hazing of young recruits. The death of a young conscript last year and Ivanov's slowness in responding to it briefly galvanized public opinion against him.

Ivanov's new position puts him on the same level in government as Dmitri Medvedev, who is also a first deputy prime minister and chairman of the energy conglomerate Gazprom. The two men now appear to be in an open contest for Putin's nod -- the decisive factor in determining who will become president in elections in March 2008.

Putin said this month that he will make his choice known during the campaign early next year. Because of his huge popularity and standing with voters, his endorsement will certainly swing the job to his preferred candidate, according to numerous opinion polls and analysts here.

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Russian officials, including Ivanov, have rejected claims that Putin will simply anoint a successor who will be rubber-stamped through a controlled election.

"We won't have any successors or crown princes," Ivanov said last week at an international security conference in Munich, where Putin launched a blistering attack on U.S. foreign policy. "Who will be the president of Russia is for the Russian people to decide in the March 2008 elections. In this respect Russia does not differ from any other democracy in the world."

Like Putin, Ivanov had a long career as a KGB official. In private meetings, he displays a low-key toughness that is similar to the president's. He speaks English fluently, having lived for several months with a family in London as a student. He also speaks Swedish and reportedly served in Sweden. But as with many aspects of his 20 years in foreign intelligence, it is unclear exactly where he served.

Both Ivanov and Medvedev have ties to the president that reach back to their mutual home town, St. Petersburg. Medvedev, a 41-year-old lawyer, worked with Putin in city hall in St. Petersburg in the early 1990s. There they formed a bond that led Putin to bring Medvedev into the presidential administration in Moscow.

Ivanov and Putin both served in the Leningrad Directorate of the KGB, although Putin and Ivanov have said they did not know each other very well at the time. Since Putin first moved to Moscow in 1996, initially to take an administrative position in the Kremlin, the two have become increasingly close. In August 1998, Ivanov became deputy director of the FSB, the internal security agency, which Putin headed at the time.

In November 1999, Ivanov moved to the Kremlin on the recommendation of Putin, then prime minister, to become secretary of the Security Council. And in 2001, Putin appointed him defense minister, the first non-military person to head the ministry.

After President Boris Yeltsin abruptly resigned and Putin became acting president, he was asked who on his team he trusted. "Trust? Sergei Ivanov," he replied, as related in the question-and-answer book "First Person: An Astonishingly Frank Self-Portrait by Russia's President," based on 24 hours of interviews with him by a panel of Russian journalists.

Ivanov is widely believed to be less ensnared than Medvedev in the opaque but fierce rivalries of different interest groups around Putin in the Kremlin and could emerge as an acceptable alternative for those against Medvedev's candidacy, according to some analysts.

Igor Sechin, another St. Petersburg native, who is a Kremlin official as well as chairman of Rosneft, a Gazprom rival, is reported to oppose Medvedev. Sechin is said to lead a Kremlin faction that represents the interests of security service members who would like to see Putin stay on for a third term. That is barred by the constitution and has been ruled out by the president.

"Putin's main aim is to keep stability, and if Medvedev becomes president there will be a fight," said Aleksey Mukhin, general director of the Center for Political Information, in an interview. "Sergei Ivanov, I believe, is stronger. He has very good relations with other groups, including Sechin. He can ensure stability."

As defense minister, Ivanov established a reputation as a hawk, albeit one still able to charm his Western interlocutors. He has opposed expansion of the NATO alliance, clashed with the pro-Western leadership in neighboring Georgia and opposed U.S. plans to build a missile defense system in Eastern Europe.

He was replaced as defense minister by Anatoly Serdyukov, the head of Russia's tax service.

Putin, Promoting An Ally, Fuels Speculation Over Successor (NYT)

By Steven Lee Myers

The New York Times, February 16, 2007

MOSCOW, Feb. 15 — President Vladimir V. Putin on Thursday added intrigue to the unsettled but widely debated question of who might succeed him as Russia's leader in 2008 when he promoted his minister of defense in an unexpected cabinet tinkering.

Sergei B. Ivanov, a former K.G.B. officer who became the first civilian to lead the country's military in 2001, will now serve as a first deputy prime minister, giving him expanded duties. He will have the same rank in government and title as another closely watched contender, Dmitri A. Medvedev.

The two men, who are friends and close aides from Mr. Putin's hometown, St. Petersburg, have emerged as the leading candidates to replace Mr. Putin when he completes a second and — by law — final term after presidential elections scheduled for March 2008.

The move, which went largely unexplained like most of Mr. Putin's actions, is certain to intensify speculation over which of the two might have the upper hand for Mr. Putin's endorsement. That would be a virtual guarantee of election, given his popularity and the centralized control of politics here.

Since Mr. Putin's last significant cabinet reshuffling in November 2005, Mr. Medvedev had nominally been Mr. Ivanov's superior in the government. Mr. Medvedev also serves as chairman of the Russian energy giant, Gazprom.

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"I think it is the formulation of the two candidates for the presidency of the Russian Federation in 2008," said Sergei A. Markov, director of the Institute of Political Studies, who works closely with the Kremlin.

Mr. Putin also moved to settle a struggle for control of Chechnya, the southern republic where Russian forces have largely crushed a separatist movement in two wars since 1994. Appearing on television later Thursday night, Mr. Putin accepted the resignation of Chechnya's president, Alu D. Alkhanov, and appointed him a deputy justice minister.

With Mr. Alkhanov's departure, Ramzan Kadyrov, the republic's prime minister and a man whose fighters have been broadly accused of rampant human rights violations, becomes the acting president. Mr. Kadyrov and Mr. Alkhanov have quarreled openly in recent weeks, prompting so many rumors of intrigue and betrayals that Mr. Alkhanov had declared that he had no intention of leaving office.

Mr. Kadyrov is the son of Mr. Alkhanov's predecessor, Akhmad Kadyrov, who was assassinated by rebels in 2004. The younger Mr. Kadyrov turned 30 last year, reaching the minimum age for the republic's presidency, and was widely assumed to be waiting in the wings for the top post.

Tanya Lokshina, a prominent rights campaigner who travels to the region frequently, said Mr. Alkhanov's removal cemented Mr. Kadyrov's control over Chechnya's affairs, underscoring the Kremlin's disregard for complaints about Mr. Kadyrov's tactics. "There's not even a nominal president who was protesting what Kadyrov is doing," she said, calling him a feudal leader. "That's what Alkhanov was doing."

On the national level, Mr. Putin has not signaled that he has a preferred candidate to replace him, as Boris N. Yeltsin tipped Mr. Putin to be his successor shortly after appointing him prime minister in August 1999. Four months later, on New Year's Eve, Mr. Yeltsin resigned and made Mr. Putin acting president.

Mr. Putin announced the changes in televised meetings, the first with his ministers and later with leaders of the Ministry of Defense. Mr. Medvedev was absent from at least the televised portions of the meetings, and Mr. Putin did not mention him.

The president said he was expanding Mr. Ivanov's duties to include "a part of the civil sector of the economy," as well as the military industries that have undergone a significant consolidation under Mr. Putin. "I hope that what positive has been done in the military-industrial complex will extend to the civil sector, as well," he said.

Mr. Medvedev, 41, has overseen economic and social issues, a portfolio he will now have to share with Mr. Ivanov.

"Ivanov is an equal of Putin," said Olga V. Kryshtanovskaya, a sociologist who studies Russia's leaders, calling him "successor No. 1." "He is no less clever. Ivanov should show himself as a strong figure, capable of making firm decisions. But of course, he could not just work on defense. He had to operate wider. This is the next step."

Mr. Markov, by contrast, said the undeclared race remained wide open, though he said the move could help Mr. Ivanov by distancing him from the military, which, despite an aggressive effort to rearm and rebuild, remains scarred by accusations of corruption and a brutal system of hazing young draftees.

Mr. Ivanov, 54, faced unusual public criticism last year after a particularly egregious hazing episode that left a private maimed. The appointment, Mr. Markov said, "liberated him from the not quite convenient theme of the Russian military."

Mr. Ivanov's replacement as defense minister is Anatoly E. Serdyukov, a former army officer and furniture manufacturer who has served as a tax inspector since Mr. Putin became president in 2000. Since July 2004, he has served as the head of the Federal Tax Service, an agency that has streamlined itself significantly but that remains a feared bureaucracy, one that critics say has been used selectively to punish opponents.

At a news conference this month, Mr. Putin faced repeated questions about his successor, but refused to answer them directly.

"Everyone who should be is already working in his proper place," he said, apparently not hinting at the shuffle announced Thursday. "And what we should do is not to make a fuss about future elections but, as I have said, provide the citizens with an opportunity to make a free and democratic choice."

Putin's Succession Gets Murkier (WSJ)

By Guy Chazan And Gregory L. White

The Wall Street Journal, February 16, 2007

MOSCOW -- President Vladimir Putin's promotion of a hawkish ally has rejiggered the power balance among his likely successors, sharpening the competition faced by the more pro-Western candidate who had been considered the front-runner in next year's presidential contest.

Mr. Putin yesterday elevated Defense Minister Sergei Ivanov to the same rank as Dmitry Medvedev, the pro-Western first deputy prime minister.

"The succession is clearly not yet a done deal," said Alexei Makarkin, an analyst with the Center for Political Technologies. "It suggests that the president has not yet made up his mind."

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With the latest reshuffle, Mr. Putin is effectively keeping Russia's political elite guessing about who will be his favored candidate in the March 2008 election, analysts said. That helps him to avoid being seen as a lame duck for the remainder of his presidency, and to retain his ability to shape events.

Mr. Putin has repeatedly said it is up to the Russian people to decide who will be Russia's next leader, and he said early this month that he wouldn't endorse any candidate until after parliamentary elections in December. But with his approval rating still topping 70% and Kremlin control of the media and politics tight, it is widely assumed that voters will elect anyone who has his personal stamp of approval.

Although both Mr. Ivanov and Mr. Medvedev enjoy lavish coverage on state television and have seen their ratings rise in polls, neither will admit publicly to harboring presidential ambitions.

Separately, Mr. Putin abruptly dismissed the president of the war-torn Russian region of Chechnya, naming as acting president Ramzan Kadyrov, the Chechen prime minister widely alleged by human-rights groups to be responsible for abductions and detentions of civilians and suspected separatist rebels.

While promoting Mr. Ivanov, Mr. Putin also appointed two trusted allies from St. Petersburg to top posts in his cabinet -- a further move to ensure his influence on Russia's political system outlasts his term in office.

He picked Anatoly Serdyukov, head of the federal tax service and a former businessman with no military experience outside his Soviet-era compulsory service, to succeed Mr. Ivanov as defense minister. Meanwhile, Sergei Naryshkin, who used to work with Mr. Putin in the St. Petersburg mayor's office and is currently the government chief of staff, was named deputy prime minister in charge of trade with Russia's ex-Soviet neighbors. Both men are seen as politically unambitious technocrats who are intensely loyal to Mr Putin.

Addressing the cabinet, Mr. Putin praised Mr. Ivanov's performance as defense minister, crediting him with record Russian arms exports last year, and said he will be charged with expanding growth from the military sector to the civilian economy.

Mr. Ivanov's promotion removes him from a job that at times exposed him to vehement public criticism. A former foreign-intelligence officer in the KGB like Mr. Putin, Mr. Ivanov headed the defense ministry at a time of unprecedented public anger over army hazing. In one notorious incident last year, a soldier had to have his legs and genitals amputated after an officer ordered him to crouch for several hours.

"This promotion takes Ivanov out of the line of fire, especially on hazing," said Dmitry Badovsky, head of Moscow University's Social Systems Institute. "He will still be able to coordinate military policy, but he won't be so closely associated with all that negative imagery."

The reshuffle came at a time when Mr. Medvedev, who is responsible for a series of high-profile welfare projects, was being viewed as the front-runner in the presidential race, and was beginning to openly formalize his role as chosen successor. That climaxed last month with his widely publicized address at the World Economic Forum in Davos.

Instead of pushing Mr. Medvedev to the fore, Mr. Putin now seems to be putting in place a complex system of checks and balances to even out the influence of power centers. That allows him to emerge as the chief arbiter of rival interests in Russia's murky system of power, a role he is expected to hang on to once he has left the presidency.

"Putin is determined not to allow the perception in the elite that it's all over," said Christopher Granville, managing editor of Trusted Sources, a London-based research boutique covering emerging markets. "There will now be a balance to keep [Medvedev and Ivanov] competing until the election campaign formally begins next year."

Putin Removes Chechen President, Appoints Ally (WP)

By Peter Finn

The Washington Post, February 16, 2007

MOSCOW, Feb. 15 -- President Vladimir Putin dismissed the president of Chechnya on Thursday, clearing a path to the southern republic's highest office for Ramzan Kadyrov, the controversial prime minister of Chechnya who has been accused of major human rights abuses in his drive to pacify the war-torn region.

Putin appointed Kadyrov as acting president in advance of elections, in which analysts expect the young Kremlin ally to face only token and timid opposition. No election date has been set, and Russian officials insisted there would be more than one candidate.

Alu Alkhanov, who had been president since May 2004, was appointed deputy justice minister of Russia. Alkhanov became president when Kadyrov's father, a former separatist who switched his loyalties to the Kremlin, was assassinated with a bomb in the Chechen capital, Grozny. Alkhanov's departure had been rumored for weeks, and he was reportedly under pressure from Kadyrov to step aside.

The younger Kadyrov was not eligible to become president until he turned 30, which he did in October. As deputy prime minister and later prime minister, ostensibly under Alkhanov, Kadyrov was regarded as the real power in Chechnya.

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A brash, ginger-haired man, Kadyrov commands a large paramilitary group, composed mostly of former rebels, that has essentially displaced Russian federal troops and special police units as the principal force in Chechnya.

Russian journalist Anna Politkovskaya, who was assassinated last year, wrote in 2005 that "the Kremlin decided to replace one type of civil war (federal troops versus a broad strata of Chechen society) with another type (Chechens fighting Chechens for power in Chechnya and federal funding from Moscow)."

Kadyrov's black-clad troops have been accused by human rights groups and some of his Chechen critics of torture, abductions and disappearances.

"He acts like a medieval tyrant," Movladi Baisarov, a former Chechen special forces officer who broke with Kadyrov, said in a newspaper interview last year. "I know of many people executed on his express orders, and I know exactly where they are buried. If someone tells the truth about what is going on, it's like signing his own death warrant."

A month later, on Nov. 18, Baisarov was shot dead on Moscow's busy Leninsky Prospekt while apparently resisting arrest. Some witnesses said he was shot repeatedly by specially dispatched Chechen police as he lay on the ground and Moscow police officers stood by.

Kadyrov has repeatedly denied having any connection to killings or other human rights violations.

In the past 12 years, rebels and Russian forces have fought two brutal wars in Chechnya. Kadyrov's defenders, including the Kremlin, credit him with routing the separatist movement and reducing violence in Chechnya, although armed clashes continue. Yet there has not been a major terrorist attack in Russia since the seizure of a school in the southern town of Beslan in September 2004, and a number of Chechen rebel leaders have been killed in special operations by Russian forces.

The Kremlin has pursued a policy of substituting Chechens for Russians in the republic, handing over power to local officials as a constitution was written and a parliament elected. The elevation of Kadyrov, who was awarded a Hero of Russia medal by Putin in 2004, would mark the culmination of that process.

Some analysts in Moscow, however, contend that Kadyrov has assumed so much power that he could easily slip out of the Kremlin's control, if he has not already, and spark more conflict. Kadyrov's image is almost ubiquitous in the province, leading to charges that he is building a cult of personality.

Despite Russia's constitutional secularism, Kadyrov has been burnishing his Islamic credentials in Chechnya, which is predominantly Muslim. He has advocated the introduction of some aspects of sharia, or Islamic law, including polygamy and bans on alcohol and gambling.

Sergei Markedonov, an expert on the Caucasus region at the Institute for Political and Military Analysis in Moscow, calls Kadyrov a "system separatist" who is undermining Russian authority while pledging formal loyalty to the Kremlin.

Putin And Progress (WSJ)

By Padma Desai

The Wall Street Journal, February 16, 2007

Whatever the West's grave misgivings about Vladimir Putin, they are not widely shared by the Russian people, who consistently give their president 70% approval ratings in opinion polls. Even former Presidents Gorbachev and Yeltsin, much admired in the U.S., have given a nod of approval to Mr. Putin's "strategic" direction, even though they express reservations about his moves to consolidate federal authority.

Nonetheless, there are two pertinent issues to face. First, would any Russian president succeeding Mr. Putin act differently in foreign policy? Second, is Russia regressing irretrievably into authoritarianism, or is she likely to embrace Western democratic norms despite the zigzags?

The Kremlin's pursuit of national interests in foreign policy, whether we like it or not, reflects a broad agreement among Russians. Indeed, on a whole range of issues ranging from NATO's eastward expansion to Mr. Putin's hardball tactics with the independent states in Russia's neighborhood, the majority of Russians support his decisions. Even Russia's leading reformers regard the neighborhood as Russia's area of interest.

Former Prime Minister Mikhail Kasyanov, who successfully carried out a series of reforms during his 2000-2004 tenure, insists that Russians "have special interests and responsibilities" in their immediate neighborhood. "We have a long history of shared problems and common tradition, although the former Soviet republics are now independent states," Mr. Kasyanov told me in a December 2004 interview.

Anatoly Chubais, the legendary privatizer of Russian industry, was even more explicit in his pronouncements, suggesting that Russia should become a "liberal empire." In an interview on Vremya TV, he added, "We must be frank and straightforward and assume this mission of leadership, not just as a slogan but as a Russian state policy. I believe this mission of leadership means that Russia is obliged to support in every way the expansion of its business outside Russia."

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In short, unlike Europe and Japan, which share U.S. concerns despite occasional differences, Russia always will have geopolitical interests in its immediate neighborhood, extending its decision-making periphery as far as the Middle East and China. This does not imply that the West should uncritically accept specific decisions in pursuit of these interests, such as the expulsion of Georgians from Russia. But even if Russians were to subscribe to liberal Western values as President Bush desires, their future leaders still might choose to define their interests independently. Moscow would continue to engage the U.S. leadership in win-lose dialogues over Russia's determined foreign policy.

But never mind the likelihood that a liberal, democratic Russia might change its foreign-policy style: What are the prospects of such a Russia emerging in the first place? If it's correct to say that a prospering middle class -- dare one call it a bourgeoisie? -- inevitably leads to the rise of democracy, then Russia fits the bill admirably. The transformative changes in Russia, a remarkable development since Mr. Gorbachev's glasnost, are phenomenal. Russians are acquiring private housing, automobiles and fixed and mobile telephones at a dizzying speed. The overall poverty rate has declined from around 35% in the mid-1990s to about 10% today, and 70% of college-age youngsters receive a higher education.

There has been much angst over Russian muscle-flexing on the pricing and supply of oil and gas. However ham-handed, Moscow has simply used its bargaining power to extract better economic terms in situations of bilateral monopoly. Gazprom, the Russian gas supplier, has sought maximum possible terms from its European customers before they switch to alternative energy sources. At the same time, Ukraine and Belarus have bargained with Gazprom over transit charges because Russian gas must pass en route to Europe via pipelines located in their territories.

Russian industry and energy sectors will increasingly adopt market-economy rules and practices as they learn to interact and integrate with Western business. Recognizing this, German Chancellor Angela Merkel signed with Mr. Putin a 2006 agreement in which Wintershall, the energy unit of German chemical giant BASF, and Gazprom exchanged equivalent stakes in early 2006. More contracts are proliferating with French and Italian partners. Russia's giant power company is poised to raise $10 billion in the next two years and to invite Western companies to supply power generating units, technology and management know-how. Gazprom, according to some reports, is set to raise $75 billion in the next decade for financing a variety of projects. Will American businesses be sidelined from lucrative contracts and a liberalizing, market-oriented mission in a fast growing and diversifying Russian economy?

"There is a definite consensus among Russian society and the elite that Russia needs a market economy," Yegor Gaidar, Mr. Yeltsin's young reforming prime minister told me in October 2004. "By contrast, our struggle to form a robust, functioning democracy has not brought decisive results. . . . I do not think that the educated, urban populations in large countries such as Russia can put up with undemocratic regimes for long."

Ms. Desai, Harriman professor of comparative economic systems and director of the Center for Transition Economies at Columbia, is the author of "Conversations on Russia: Reform from Yeltsin to Putin" (Oxford, 2006).

Russia's Course: Still Uncertain (WP)

By David Ignatius

The Washington Post, February 16, 2007

MOSCOW -- Think of the new Russia as a highway: People used to drive on the left side of the road; now, officially, they are supposed to drive on the right, but the change has been uncomfortable (especially for the authorities). So the country straddles the middle -- which is understandable, but also dangerous.

That's a paradox of Vladimir Putin's Russia that I have encountered in nearly every conversation here this week. Russian officials insist they don't want to go back to communism, and why would they? Moscow glitters like a Christmas package, with more neon per square mile than any city I know. But behind Moscow's dazzling lights, the remnants of the old police state remain -- and many order-loving Russians seem glad of it.

The energy boom has helped Russians forget about the nagging problem of where they're heading politically. "There is a lack of clarity about our final destination," says one prominent Russian businessman. "Are we building China? The United States? Sweden? What is it? The situation now cannot continue. We are sitting between two chairs."

Russia is wary of full, American-style democracy, argues Konstantin Kosachyov, the chairman of the foreign affairs committee in the lower house of the Russian parliament. "To my mind, democracy is not a goal in itself, it is an instrument. It is the best instrument, but it should be used very cautiously. It's like the jackhammers that miners use. It increases productivity, but if you give this instrument to a child, it will destroy the child."

Kosachyov explains that Russians have bad memories of the wide-open democracy of the 1990s, and most Russians I spoke with confirmed that view. It was a crazy time, when people's savings were wiped out, gangsters battled in the streets, and the country was governed by what Russians saw as an alcoholic president and his thieving cronies. "Democracy came to us

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without us being ready to use it in a constructive way, and it destroyed us," says Kosachyov. "That's why Putin acts in a cautious way. He does not want to repeat the experience of the 1990s."

The Russian political puzzle now centers on the question of who will succeed Putin when his second term ends in 2008. The Russian president is very popular, and he would almost certainly be reelected if he ran for a third term, but he insists he will abide by the new constitution's two-term limit. So who is the crown prince? Moscow was buzzing this week about whether Putin favored First Deputy Prime Minister Dmitry Medvedev or Deputy Prime Minister and Defense Minister Sergei Ivanov. Medvedev appeared to be the front-runner -- until Putin announced late Thursday that he was promoting Ivanov to equal status as first deputy prime minister, with new economic responsibilities.

The succession circus, in truth, reinforces the awkwardness of Russia's not-quite-democratic system. Analysts count the minutes allocated to Medvedev and Ivanov on state-controlled television. It's like Kremlin-watching in the old days, when observers tried to handicap power struggles by noting where officials stood on the podium during parades in Red Square. The reality is that power resides with Putin and his small inner circle of presidential assistants.

I had a chance to peek into Putin's inner circle this week when I met with his chief economic adviser, Igor Shuvalov. His office is a Soviet-era palace that once housed the head of the Communist Party, but Shuvalov is very much of the new era: He's just 40, speaks English fluently and is as sharply dressed as any London investment banker.

A key to Russia's future, argues Shuvalov, is Putin's decision to seek membership in the World Trade Organization. He says some Kremlin advisers opposed WTO accession, but Putin decided it was the best way to guarantee Russia's continued economic modernization. When I ask about corruption in the new Russia, Shuvalov doesn't deny the problem. "We need to be persistent and patient," he says. "If we are persistent, then slowly it will change."

High oil prices have encouraged a consumer boom, but they are a mixed blessing. The giant state-controlled gas and oil companies, Gazprom and Rosneft, overwhelm the rest of the economy and dominate Russian politics -- with several of Putin's closest advisers holding energy directorships. Energy politics and democratic politics don't mix easily.

"Don't give up on us. Treat us as a normal democratic country," says Mikhail Kasyanov, who was prime minister during Putin's first three years but is now a critic of the government. Certainly, Western pressure can help preserve democracy here. But in the end, it's the Russians who will have to decide which side of the road they're driving on.

The Putin Doctrine (WP)

By Charles Krauthammer

The Washington Post, February 16, 2007

Vladimir Putin -- Russia's president, although the more accurate title would be godfather -- made headlines last week with a speech in Munich that set a new standard in anti-Americanism. He not only charged the United States with the "hyper-use of force," "disdain for the basic principles of international law" and having "overstepped its national borders in . . . the economic, political, cultural and educational policies it imposes on other nations." He even blamed the spread of weapons of mass destruction, which the United States has been combating with few allies and against constant Russian resistance, on American "dominance" that "inevitably encourages" other countries to acquire them.

There is something amusing about criticism of the use of force by the man who turned Chechnya into a smoldering ruin; about the invocation of international law by the man who will not allow Scotland Yard to interrogate the polonium-soaked thugs it suspects of murdering Alexander Litvinenko, yet another Putin opponent who met an untimely and unprosecuted death; about the bullying of other countries decried by a man who cuts off energy supplies to Ukraine, Georgia and Belarus in brazen acts of political and economic extortion.

Less amusing is the greater meaning of Putin's Munich speech. It marks Russia's coming out. Flush with oil and gas revenue, the consolidation of dictatorial authority at home and the capitulation of both domestic and Western companies to his seizure of their assets, Putin issued his boldest declaration yet that post-Soviet Russia is preparing to reassert itself on the world stage.

Perhaps the most important line in his speech was the least noted because it seemed so innocuous. "I very often hear appeals by our partners, including our European partners, to the effect that Russia should play an increasingly active role in world affairs," he said. "It is hardly necessary to incite us to do so."

Soviet foreign minister Andrei Gromyko once boasted that no conflict anywhere on the globe could be settled without taking into account the attitude and interests of the Soviet Union. Gromyko's description of Soviet influence constitutes the best definition ever formulated of the term "superpower."

And we know how Putin, who has called the demise of the Soviet Union the greatest political catastrophe of the 20th century, yearns for those superpower days. At Munich, he could not even disguise his Cold War nostalgia, asserting that "global security" was ensured by the "strategic potential of two superpowers."

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Putin's bitter complaint is that today there remains only one superpower, the behemoth that dominates a "unipolar world." He knows that Moscow lacks the economic, military and even demographic means to challenge America as it did in Soviet days. He speaks more modestly of coalitions of aggrieved have-not countries that Russia might lead in countering American power.

Hence his increasingly active foreign policy -- military partnerships with China, nuclear cooperation with Iran, weapon supplies to Syria and Venezuela, diplomatic support as well as arms for a genocidal Sudan, friendly outreach to other potential partners of an anti-hegemonic (read: anti-American) alliance.

Is this a return to the Cold War? It is true that the ex-KGB agent occasionally lets slip a classic Marxist anachronism such as "foreign capital" (referring to Western oil companies) or the otherwise weird adjective "vulgar" (describing the actions of the Organization for Security and Cooperation in Europe, which infuriated Putin by insisting upon a clean election in Ukraine). He even intimated that he might undo one of the unequivocal achievements of the late Cold War era, the so-called "zero option" agreement of 1987, and restore a Soviet-style, medium-range ballistic missile force.

Nonetheless, Putin's aggressiveness does not signal a return to the Cold War. He is too clever to be burdened by the absurdity of socialist economics or Marxist politics. He is blissfully free of ideology, political philosophy and economic theory. There is no existential dispute with the United States.

He is a more modest man: a mere mafia don, seizing the economic resources and political power of a country for himself and his (mostly KGB) cronies. And promoting his vision of the Russian national interest -- assertive and expansionist -- by engaging in diplomacy that challenges the dominant power in order to boost his own.

He wants Gromyko's influence -- or at least some international acknowledgment that Moscow must be reckoned with -- without the ideological baggage. He does not want to bury us; he only wants to diminish us. It is 19th-century power politics at its most crude and elemental. Putin does not want us as an enemy. But at Munich he told the world that, vis-Ã -vis America, his Russia has gone from partner to adversary.

Will Russia Bet On Its People Or Its Oil Wells? (NYT)

By Thomas L. Friedman

The New York Times, February 16, 2007

In a high-rise building with a view of Lenin's Tomb, the U.S. aerospace giant Boeing is designing key parts of its new 787 Dreamliner, using hundreds of Russian aerospace engineers. Yes, President Putin may be talking cold-war tough, but down the street from the Kremlin, America's crown jewel industrial company is using Russia's crown jewel brainpower to design its next crown jewel jetliner.

Boeing's Moscow Design Center, which employs 1,400 Russian engineers (earning less than their U.S. counterparts) on various projects, symbolizes Russia's unique potential: Russia is that rare country that not only has a treasure trove of natural resources — oil, gas and mines — but also has a treasure trove of human talent: engineers, mathematicians and other valuable minds.

Most nations with highly developed human talent — like Singapore or Taiwan — have few natural resources, and those that are rich in natural resources — Venezuela or Sudan — tend not to develop their people's talents. The exceptions, like Norway, which is rich in both human and natural resources, usually built their democratic institutions before they got rich on oil, so the money was well spent.

The meta-question with Russia today is this: Will it become more like Norway, a democracy enriched by oil, or more like Venezuela, a democracy subverted by oil? Is the Boeing center Russia's future or its exception?

You see signs of both trends. On the positive side, Russia has been smarter than most petro-states. It has set up a rainy day fund and tucked away $100 billion from its oil and gas windfall. Direct foreign investment in Russia hit $30 billion last year, according to The Economist, and not all of it goes to the oil and gas sector anymore.

And then there's Boeing. Its impressive Moscow center operates two shifts of engineers: 7 a.m. until 3 p.m., and 3 p.m. until 11 p.m. — which is shortly before the workday begins in the United States. A Russian Boeing engineer might be designing part of the 787's nose during his day, and then initials and stores his work in the computer. A U.S. Boeing engineer, working on an identical computer, then picks it up during her day and engineers it some more. With regular teleconferences, it's as if they are in one virtual 24-hour office.

"There is no paper at all," said Sergei Korolev, the deputy head of Boeing Moscow. "We do the presentations electronically and have online sessions with Wichita and Seattle, and everyone looks at the same part and talks about it. Our center is the reason people are not emigrating."

But Russia has a unique legacy in aerospace from Soviet days, so the educational centers and talent were in place for Boeing to tap. What Russia still glaringly lacks is an ecosystem of secure property rights, venture capitalists and homegrown

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innovators, and universities and business schools churning out idea-entrepreneurs. “Made in Russia” will never be a global brand as long as research spending by Russian companies remains among the lowest in the world.

The Moscow Times recently reported that only two Russian colleges — Moscow State and St. Petersburg State — are listed among the world’s top 500 universities. When you walk down the streets in Bangalore, India’s high-tech capital, it feels as if there’s a computer school or English-language school on every street. You walk in Moscow, and it feels as if there is a new shoe store or beauty salon on every street.

A former top aide to President Putin remarked to me that Russia had a huge interest in building a postindustrial knowledge economy, not an energy-intensive industrial one, so it can export most of its oil and gas, not consume them at home. But that would take a big investment in education, which is not being done.

Noting that Russia today spends far less of its G.D.P. on higher education than Europe or America, Sergei Guriyev, rector of Russia’s New Economic School, wrote in The Moscow Times, “Russians simply are not prepared to pay the taxes that would be necessary to finance science and education at Soviet-era levels, and no incentives have been created to attract more private funding.”

So here’s my prediction: You tell me the price of oil, and I’ll tell you what kind of Russia you’ll have. If the price stays at $60 a barrel, it’s going to be more like Venezuela, because its leaders will have plenty of money to indulge their worst instincts, with too few checks and balances. If the price falls to $30, it will be more like Norway. If the price falls to $15 a barrel, it could become more like America — with just enough money to provide a social safety net for its older generation, but with too little money to avoid developing the leaders and institutions to nurture the brainpower of its younger generation.

Silence Of America (WP)

The Washington Post, February 16, 2007

FOR DECADES, the Voice of America and its sister broadcasting organizations offered a remarkably balanced alternative to state-controlled media all over the world, buoying dissident movements and undermining anti-American dictatorships for a relatively small investment. Soviet citizens even learned how to reconfigure their radios to break through the jamming signals their government used to interrupt VOA and British Broadcasting Corp. programming.

Now, with Russian President Vladimir Putin bullying his neighbors, manipulating the Russian media and throwing increasingly audacious anti-American tantrums, one would think U.S. policymakers would have the sense at least to maintain relatively modest VOA operations in and around the Russian Federation. Yet President Bush's recently released 2008 budget proposal does just the opposite, cutting VOA programming for a range of post-Soviet states to finance programming expansion in other areas of the world.

The White House's proposed reprioritization of VOA broadcasting moves money out of operations aimed at the large and largely Muslim country of Uzbekistan. Broadcasting into neighboring Kazakhstan is also being cut. The citizens of both countries live under illiberal regimes, and Uzbekistan's brutal dictatorship is of the sort that incubates religious fundamentalism and anti-Americanism. Voice of America's half-hour of radio and half-hour of television programming in Uzbek, says a VOA staff member, provide about the only direct contact Uzbeks have with the United States and the only unvarnished news in the region. Meanwhile, the highly controlled Russian media beam their often misleading programming in with ease.

Mr. Bush's budget also proposes reductions in Ukrainian-language VOA programming to serve a country struggling to Westernize in the shadow of Mr. Putin's increasingly lawless regime. Mr. Bush should be eager to encourage democratic forces in Ukraine, as well as in Kazakhstan and Uzbekistan, not further limit their sources of information about the United States. The price of such programs is so low that federal financial constraints are hardly an excuse to kill them; a relatively tiny increase in the VOA's budget would make a world of difference.

U.N. Chief Presses Sudan To Allow Team To Visit Darfur (NYT)

By Warren Hoge

The New York Times, February 16, 2007

UNITED NATIONS, Feb. 15 — Secretary General Ban Ki-moon said Thursday that President Omar al-Bashir of Sudan had broken a personal pledge he made last month to give entry permits to a United Nations human rights team, and Mr. Ban urged the Sudanese leader to reconsider.

“This is the issue I discussed with President Bashir during my meeting with him in Addis Ababa, and he said he would issue visas to the fact-finding mission,” Mr. Ban said. “He said he would have no problem.”

“I am very much disappointed by the decision of the Sudanese government,” he added. “If he believes that there is no problem, then he should be able to receive the human rights fact-finding mission.”

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Mr. Ban also said he had received no reply from Mr. Bashir to a Jan. 24 letter addressing Sudanese concerns over a combined African Union and United Nations force to curb attacks on villagers in the Darfur region of western Sudan.

Mr. Ban said the letter detailed how an advance force would be created, as well as its command structure and financing. “With an affirmative answer, we can pave the way immediately to the introduction of a hybrid A.U./U.N. mission,” he said.

Under an agreement reached late last year with Sudan, a 20,000-member joint force was to be sent to Darfur to replace an undermanned and poorly equipped 7,000-member African Union contingent that has said it cannot control the rising violence.

Since that agreement, however, President Bashir has repeatedly defied the United Nations, saying he would not accept its peacekeepers and at one point threatening to send the Sudanese Army into combat against any who tried to enter the country. Because the resolution creating the force specifies that it must have the consent of the government before it can deploy in Sudan, United Nations officials have been pressing Mr. Bashir to drop his objections.

Mr. Ban said he was expecting to hear word shortly from Jan Eliasson, his special envoy for Darfur, and Salim A. Salim of the African Union, who are both currently in Sudan.

“This continuing deteriorating situation in Darfur is just unacceptable,” Mr. Ban said.

The violence in Darfur has left more than 200,000 villagers dead and made 2.5 million people homeless since the government moved to fight rebels there in 2003.

In Washington, Sean McCormack, the State Department spokesman, said the United States was putting pressure on United Nations members, and African countries in particular, to supply more troops to the mission but had met resistance.

“It is absolutely essential that member nations of the U.N. step up and make those troop contributions,” he said.

Andrew S. Natsios, President Bush’s envoy for Darfur, said Wednesday that pro-government Janjaweed militias blamed for most of the killing, raping and pillaging were planning new actions — a threat, he said, that could drive out aid workers and close camps, producing a “bloodbath.”

Plan Prepared For Cuban Exodus (MH)

By Pablo Bachelet

The Miami Herald, February 16, 2007

WASHINGTON - Concerned about a possible mass exodus of Cubans, the Department of Defense plans to spend $18 million to prepare part of the U.S. Navy base at Guantánamo Bay to shelter interdicted migrants, U.S. officials told The Miami Herald.

The new installation is needed because terrorism suspects occupy space on the base used in past emergencies to hold large numbers of migrants, Bush administration officials directly involved said. They note that the facilities are designed to house people from any Caribbean nation who attempt to enter illegally -- not just Cubans.

But they say privately that Fidel Castro's illness and temporary hand-over of power to his brother Raúl last summer injected a renewed sense of urgency into plans to handle a mass exodus. The administration quietly requested the funds about a month ago and Congress has approved it, The Miami Herald was told.

The officials, who were authorized to speak on the subject but requested anonymity because of the sensitive nature of Cuban issues, say there is no sign a Cuban migration crisis is brewing, but they acknowledge predicting one is difficult. The 1980 Mariel boatlift, which saw 125,000 Cubans arrive in Florida, began when a group of Cubans tried to storm the Peruvian embassy in Havana.

BIGGER PLAN

The $18 million initiative is part of a broader U.S. government effort to prepare for the death of Castro. The administration will not say how many migrants it believes might flee Cuba or even if any will do so, but one expert warned that up to 500,000 may try to leave the island after Castro's death.

Top Bush Cabinet officials have met at least twice since December to review Cuba contingency plans. On March 7 and 8, the Department of Homeland Security will lead an exercise in South Florida involving the Coast Guard and dozens of federal, state and local agencies, focused on stopping U.S. boaters from picking up rafters.

The U.S. Navy base, on the eastern tip of Cuba, apparently would be used as a shelter of last resort if the volume of Cubans interdicted at sea overwhelms the U.S. policy known as ``wet foot/dry foot."

Under that policy, Cubans who make it to U.S. territory are allowed to remain. Those intercepted at sea are interviewed aboard Coast Guard vessels and most are repatriated to Cuba. A few who have been found to credibly risk persecution if returned to Cuba have been taken to Guantánamo for more interviews while U.S. officials arrange for their resettlement in third nations.

U.S. officials refused to say whether the wet foot/dry foot policy will be changed in case of an exodus, since such an announcement might prompt many Cubans to leave.

For years, migrants captured during surges ended up in tent camps at Guantánamo on a bluff called Radio Range, on the larger Windward side of the base.

1994 MIGRATIONS

At the height of the last migration crisis in 1994, more than 32,000 Cubans and 21,000 Haitians overwhelmed the base in tent cities. Most of the Cubans were later sent to the United States. Most of the Haitians were sent home.

The Pentagon has since built its sprawling terrorism detention and interrogation center at the site of the old tent camps, limiting shelter space. The plan would put them on the smaller Leeward side, which has an airstrip but no docks for large ships.

"The capacity to process migrants at Guantánamo is an integral part of our overall plans to ensure that any attempted mass migration in the Caribbean is not successful," said one official, who also declined to be identified. The official said the new facility is ``part of prudent contingency planning."

"The U.S. has established avenues for safe, orderly, legal migration from the various countries in the Caribbean," the official added. ``Any effort to send people to the United States via unsafe and illegal means will not succeed."

The Pentagon already has solicited construction bids for the new facility. The $18 million would pay for things like land leveling, sewage and electrical infrastructure, bathrooms, dining facilities and administrative offices to process asylum applications. The installations will be initially designed to handle about 10,000 migrants, officials say, though more can be quickly accommodated if needed.

SCENARIOS

Andy Gomez, senior fellow at the University of Miami's Institute for Cuban and Cuban-American Studies, says focus groups and other interviews show many young Cubans are eager to leave.

"If the economic conditions do not get better, there is the strong possibility that as many as 500,000 Cubans will want to leave the island in all directions," he says. ``The other possibility will also be a large group of Cubans rushing the U.S. base in Guantánamo or foreign embassies in Havana."

Latin American countries may be reluctant to take in numerous migrants, he added.

Meanwhile, the Coast Guard is finalizing plans for an exercise next month that will involve scores of vessels.

Rear Adm. David Kunkel, head of the Coast Guard's South East District, is in charge of coordinating interdiction efforts among many agencies, including the U.S. Navy and Miami-Dade Police.

"We would be concerned with boaters leaving from South Florida marinas to potentially increase the problem," said Jim Watson, chief of staff of the South East District. He said "deterrent elements" would be tested.

Miami Republican Reps. Lincoln and Mario Diaz-Balart, who have been briefed on preparations, could not be reached for comment.

Miami Herald staff writer Carol Rosenberg contributed to this report

Indonesia's Avian Flu Holdout (NYT)

The New York Times, February 16, 2007

Indonesia sent a chill through the World Health Organization recently when it refused to supply any more samples of the avian flu virus that has killed scores of its people. The move, which seemed aimed at gaining access to vaccines at an affordable price, threatens the global effort to track the virus and develop vaccines. But Indonesia has raised a valid point that needs to be addressed: if a pandemic should strike, poor countries would be left without protection.

The W.H.O. relies on a global network of laboratories to provide virus samples so experts can determine which are most likely to spread. These strains are then used to develop the seed stocks that are given — at no cost — to manufacturers to use in making vaccines.

In a typical flu season, the key strains emerge from Asia, while the vaccines are sold primarily in the West. This has not caused a ruckus because most developing countries consider influenza one of their lesser health threats. But with rising fears of an avian flu pandemic, the dynamic has changed.

Indonesia decided to act after a foreign company announced work on a vaccine that would be based on its samples. Indonesia stopped cooperating with the W.H.O. and started negotiations to send future samples to another vaccine maker in return for technology that would allow Indonesia to make its own vaccine.

That may be good for Indonesia but could be harmful to global health — especially if other countries follow. Clearly Indonesia, which is in discussion with W.H.O. officials, needs to rejoin the global network. Unfortunately, the W.H.O. has no good answer to the inequities Indonesia has spotlighted.

If a pandemic struck, the current vaccine makers could produce only 500 million doses of vaccine per year if they ran 24 hours a day. That is far short of what would be needed to vaccinate all 6.7 billion people in the world. Thus there seems no doubt

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that in a crisis, the countries that are home to the vaccine makers would tend to their own citizens first — or those willing to pay the highest prices — leaving little or no vaccine for everyone else.

The W.H.O. needs to work much harder to encourage the transfer of vaccine production technology to countries, like Indonesia, that have the technical ability to use it. That will increase the supply of vaccine and presumably bring prices down. Even then, we fear, there still won't be enough.

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USDOJ- Office of Public Affairs

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In observance of the federal Presidents Day holiday, the Attorney General's News Briefing and Department of Justice News Clips will not be published on Monday, February 19. News from the holiday will be included in your Tuesday, February 20, briefing and clips.

THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Presidents Day holiday, the Attorney General's News Briefing will not be published on Monday, February 19. News from the holiday will be included in your Tuesday, February 20, briefing.

Trial Of March 11, 2004 Conspirators Divides Spaniards. NBC Nightly News (2/15, story 5, :15, Williams, 9.87M) reported, "High drama today in a courtroom in Madrid where 29 suspects in what some call Spain's 9/11 went on trial, accused of bombing four crowded commuter trains back in 2004. 191 people were killed in those terrorist attacks."

The Washington Post (2/16, A12, Anderson, Rolfe, 690K) reports, "Twenty-nine suspects went on trial Thursday for the March 11, 2004, bombings of four commuter trains in Madrid, but Spain's political parties and news media have turned the investigation of the attack into a partisan battle, fraying the country's traditional solidarity against terrorism and leaving Spaniards bitterly divided over who launched the attack and why." The "strongest evidence collected by investigators suggests that the bombings -- which killed 191 people and injured 1,824 in the worst terrorist attack ever carried out in continental Europe -- were the work of Islamic radicals inspired by al-Qaeda, principally in retaliation for the stationing of Spanish troops in Iraq." But leaders of the conservative Popular Party "continue to assert that the Basque separatist movement known as ETA had a central role in the bombings. Some independent terrorism experts accuse the Popular Party -- in power at the time of the attack and voted out of office in national elections three days later -- of spinning conspiracy theories to escape blame for the bombings and redeem itself with the public."

Attorneys Say "Torture" Left Padilla Incompetent. The Christian Science Monitor (2/16, Richey, 59K) reports suspected Al Qaeda operative Jose Padilla "is facing an April trial in federal court here on charges that he became a willing Al Qaeda recruit in a violent global jihad. But his lawyers complain that Padilla's harsh treatment during nearly four years of military detention and interrogation has left him so psychologically damaged that he is unable to help wage his own defense." In a hearing before US District Judge Marcia Cooke, federal prosecutors "are expected to urge the judge to ignore everything that took place during Padilla's military detention. They say his harsh treatment is irrelevant to whether he is mentally competent to stand trial." Padilla's lawyers "disagree. They say their client was tortured by the military and they are asking the judge to order the government to fully account for its treatment of Padilla." The "issue of the scope of the judge's inquiry into Padilla's mental condition is important because it could open the door to the first detailed examination of torture allegations made by an alleged enemy combatant."

HOMELAND RESPONSE:

"Washington Legend" Faced With Difficult Task Of Building DHS Intelligence Unit. The New York Times (2/16, Lipton, 1.16M) profiles "born contrarian" and "Washington legend" Charles E. Allen, who has taken on "a job that virtually no one else wanted, to rescue a fledging intelligence operation that gets little respect and assumes a role doubters say is not even necessary." As he works "to build a credible operation" as head of the intelligence unit at the Department of Homeland Security, "Allen has muscled his way into meetings of the nation's top spy agency chiefs, claimed ground that the Federal Bureau of Investigation and the C.I.A. had already carved up, defended his efforts before Congress and forced rivals to make room — sometimes literally — for his department." Allen has also "met resistance" from some leaders within the Department of Homeland Security, "over whom he has little direct authority." The Times continues to describe Allen's myriad challenges, which, coupled with Congressional demands for progress, have led some friends to "believe his task is almost hopeless."

Accidental Tainted Food Outbreaks Fuel Concern About Agroterror. The CDC yesterday warned of a Peter Pan peanut butter tainted with salmonella – urging consumers to throw out jars with a product code on the lid beginning with "2111" – and the CBS Evening News (2/15, story 7, 3:25, Couric, 7.66M) reported in its "CBS News in Focus" segment that the incident is "presumed to be an accident, but what's to prevent intentional food poisoning by

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terrorists?" CBS (Orr) added, "Nearly 300 people were sick before the current salmonella outbreak could be tracked to a peanut butter processor in Georgia." It and the recent e. Coli outbreak "underscore a frightening reality -- once a poison or bioagent infects America's food chain, it's hard to detect and even harder to stop, making the US food supply an inviting target for terrorists." John Perren, FBI: "This is the new fight, the new battleground since September 11." Orr: "John Perren, who runs the FBI office handling weapons of mass destruction, says so-called agro-terrorism is a real threat from 'farm to fork.'" Perren: "The food chain, agriculture system is very large. Therefore, we have vulnerabilities. We consider that a soft target." Orr: "The most worrisome agro-weapon is foot-and-mouth," and the "virus could be easily carried into the United States from an infected area by a tourist or terrorist. … CBS News got an exclusive look at a first-of-its-kind, yet-to-be-opened, agriculture bio-security center. Here investigators will work to identify emerging biothreats, handling some of the most lethal pathogens from e. Coli, to anthrax, to foot and mouth." CBS News also posts the story on its Web site.

Lieberman Measure Would Extend Union Rights To TSA Workers. Under the headline, "Effort To Give TSA Screeners Union Rights Advances," the Washington Post's (2/16, D4, Barr) "Federal Diary" column reports that the Senate Homeland Security and Governmental Affairs Committee "approved a measure that would give collective-bargaining rights to about 43,000 airport screeners at the Transportation Security Administration." The Post adds that if the full Senate also approves the measure, "the issue of union rights for TSA screeners is likely to provoke a rare clash with the White House over federal workplace rules. After the House vote, the Bush administration vowed to oppose the legislation." The Post adds that committee chairman "Sen. Joseph I. Lieberman (I-Conn.)," proposed "the union-rights amendment to" a Senate bill to "implement unfinished recommendations of the Sept. 11 commission" and the amendment was approved on a "party-line vote of 9 to 8." The Post adds, "Lieberman said 'personnel management has been troubled at TSA' and concluded that 'it is time to give TSA screeners parity with other security officers within TSA and DHS in terms of their employment rights and protections.'"

Senate Bill Lacks "Radical" Cargo, Port Screening Measures. The Washington Times/UPI (2/16, Waterman) reports the union rights measure came during the committee's mark up of legislation implementing the remaining recommendations of the September 11 commission, which "also mandates a pilot project that would allow new secure driver's licenses to be used instead of passports at the Canadian border. However, it does not contain some of the more radical cargo and port security measures in the House version."

Engineer Calls For Less "Conservative Approach" To Freedom Tower. In a New York Times (2/16, 1.16M) op-ed, structural engineer and author Guy Nordenson faults the current design for the Freedom Tower, the structure scheduled to be built on the site of the World Trade Center, calling it's design "a very conservative approach. The result, a 20-story fortified wall around the base of a 1,776-foot tower, hardly evokes freedom — rather, it embodies fear and anxiety." Nordenson suggests that the original design was altered by former Gov. George Pataki for political and symbolic reasons and says "the alterations, unfortunately, made the design impossible to build, and eventually the entire concept was abandoned." The new design, engineered to meet Pataki's parameters, "is in every way inferior, and those flaws — in terms of aesthetics, economics, security and ethics — are all rooted in the way in which it was conceived." Nordenson details these perceived design flaws, continuing to suggest that there is insufficient demand for tenant space in the new building. He concludes, "The good news is that it is not too late to change things. … The work should continue up to the ground level and stop (this should take about a year) so that the architects and engineers are given another chance to design a Freedom Tower that, like other buildings rising downtown, is financially viable and a secure and welcoming work environment worthy of its place in the skyline."

Couple Drops Katrina Damage Insurance Suit. The AP (2/16, Kunzelman) reports, "The first federal trial in New Orleans in the wave of insurance litigation spawned by Hurricane Katrina ended abruptly Thursday when a couple suing Allstate Indemnity Co. dropped their lawsuit amid allegations they misrepresented their claims." The AP continues, "Lawrence and Elizabeth Tomlinson, who claimed Allstate underpaid them and acted in bad faith in handling their claims, agreed to drop the suit before jurors could hear closing arguments in the case. … The Tomlinsons' attorney, Christy Howley, would not specify why

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they didn't let a jury decide the case, but Allstate, in court papers, had accused the couple of misrepresenting their claim." The AP adds, "The Northbrook, Ill.-based insurer said it paid the Tomlinsons more than $30,000 for living expenses after they moved into office property that they already owned. Lawrence Tomlinson testified that Allstate knew of their living arrangement when they made the payment. … Allstate paid the Tomlinsons a total of more than $150,000 for damage to their home and its contents, plus living expenses. The couple claimed the company underpaid them after Katrina's winds tore holes in their roof and let rain pour into their home in the New Orleans suburb of Marrero. … The insurer disputed the extent of the damage and suggested that the couple overbilled them for certain renovations to the home. Allstate attorney Judy Barrasso declined to say whether the company has considered taking further legal action against the couple."

WSJournal Blames Mississippi Attorney General For State Farm's Departure. The Wall Street Journal (2/16, 2.04M) says in an editorial, "State Farm, the nation's largest home insurer, announced this week that it would no longer be writing new homeowner or commercial policies in Mississippi. Magnolia Staters wondering whom to thank for their rising insurance bills, assuming they can get insurance at all, should direct their catcalls at Attorney General Jim Hood." In the "wake of Hurricane Katrina, private insurers began invoking their entirely legal 'flood exclusions' and refusing to pay for any damage that wasn't caused by wind. These exclusions had been clearly written into contracts, yet Mr. Hood declared them 'unconscionable' and sued the industry." He "claimed victory several weeks ago when he bludgeoned State Farm into a settlement, although everyone can now see his triumph comes at a price. State Farm will now be paying at least tens of millions of dollars in claims that it never factored into its risk premiums, and it has reasonably chosen not to make itself vulnerable again to Mr. Hood's extortion." Hood "and his buddies in the tort bar have provided an exquisite illustration of how political and legal predation against business ends up harming the little guy."

Hundreds Of New Orleans' "Best And Brightest" Leaving City. Under the headline "In Setback For New Orleans, Fed-Up Residents Give Up," the New York Times (2/16, Dewan, 1.16M) reports on the hundreds of New Orleans' "best and brightest who, as if finally acknowledging a lover's destructive impulses, have made the wrenching decision to leave at a time when the population is supposed to be rebounding. Their reasons include high crime, high rents, soaring insurance premiums and what many call a lack of leadership, competence, money and progress." The Times adds that many of those deciding to leave describe "a dissipating sense of possibility, a dwindling chance at redemption for a great city that, even before the storm, cried out for great improvement." Meanwhile, though "many poorer residents have moved back to the city, the 'brain drain' of professionals that the city was experiencing before the storm appears to have accelerated."

WAR NEWS:

Bush Orders Additional Troops To Afghanistan. ABC World News (2/15, story 5, 2:20, Gibson, 8.78M) reported, "In a speech, today, President Bush focused on the other war, Afghanistan. The US will send 3,000 reinforcements there. And the President urged NATO nations to send more troops, as well. The President also warned that more fighting could come in Afghanistan." ABC (Ross) added that "without directly saying it, the President, today, essentially conceded that Al Qaeda is making a comeback. The comeback is taking place in the mountains of Pakistan, near the border with Afghanistan. Pakistan pulled its troops out five months ago and will not allow US troops to go in." Bush was shown saying, "Taliban, al Qaeda fighters are in remote regions of Pakistan. This is wild country. This is wilder than the Wild West."

The Financial Times (2/16, Daniel, Sevastopulo) reports, "Borrowing the rhetoric of US and Nato commanders, who are preparing to step up their campaign against the Taliban, Mr Bush said: 'This spring there's going to be a new offensive in Afghanistan. It's going to be a Nato offensive, and that's part of our strategy.'" The Pentagon "will send the 173rd Airborne brigade, which was originally scheduled for deployment to Iraq, to Afghanistan to replace another brigade whose tour was recently extended by several months." In a speech to the American Enterprise Institute, Bush "sought to set out a strategy for political and military success, saying troop increases would be sustained." USA Today (2/16, Jackson, 2.27M) notes "the American Enterprise Institute was once home to several members of the Bush administration, such as Vice President Cheney, and has long supported Bush's foreign policy initiatives."

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The Washington Times (2/16, Dinan, 88K) reports the President "promised a five-part plan designed to put Afghan President Hamid Karzai's government on more solid footing, including training 26,000 more national police and 48,000 more troops for the military; strengthening NATO's commitment; improving provincial government; reversing last year's growth in heroin-producing poppy, which finances the Taliban; and helping Mr. Karzai fight corruption in the judicial system." Bush's speech "comes as a growing number of Democrats and Republicans say the administration has failed to complete the mission in Afghanistan in part because Mr. Bush has been too preoccupied in Iraq."

NBC Nightly News (2/15, story 4, 1:00, Williams, 9.87M) said the President "acknowledged the 2006 was the most violent year in Afghanistan since the US arrived there in 2001." Bush was shown saying, "We face a thinking enemy. And we face a tough enemy. They watch our actions, they adjust their tactics. And in 2006, this enemy struck back with vengeance."

The AP (2/16, Riechmann) reports, "Calling poppy cultivation a threat to a fragile democracy, Bush implored President Hamid Karzai to address the marked increase in harvests last year, after a decline in 2005. 'I have made my concerns to President Karzai pretty clear -- not pretty clear, very clear -- and that in order for him to gain the confidence of his people, and the confidence of the world, he's got to do something about it, with our help,' Bush said."

The Los Angeles Times (2/16, Reynolds, 850K) notes Bush "mentioned the troop increase as well as the administration's request for congressional approval of an additional $11.8 billion in aid over two years to shore up the government of…Karzai." Frederick D. Barton, "who studies postwar reconstruction at the nonpartisan Center for Strategic and International Studies, said the president's speech appeared aimed at preparing the public for a bloody spring in Afghanistan."

The Washington Post (2/16, A15, Baker, DeYoung, 690K) says "major NATO allies have so far resisted the sort of robust engagement that Bush wants," while McClatchy (2/16, Hutcheson) reports "analysts say that British, Danish and Canadian troops are sharing the burden with American soldiers in Afghanistan. Estonia, Poland and Romania also have helped. Most of the criticism" from the US "is directed at France, Germany, Italy, Spain and Turkey."

The Washington Post (2/15, A21, Kamen, 690K) reports in its "In the Loop" column that Bush "tried to wander off-message a little, to folksify his chat. He hailed prosecutors, judges, police and defense lawyers for going over to Afghanistan to mentor their counterparts. 'And I appreciate our own citizens going over there. It is, must be neat, really -- I guess 'neat' isn't a sophisticated word, but it must be heartening to be somebody who's helping this young democracy develop a judicial system that is worthy.' Or maybe gratifying?"

The New York Times (2/16, Stolberg, 1.16M) reports, "The speech renewed criticism from Democrats that had the United States not been tied down in Iraq, the situation in Afghanistan would not have turned dire. At the same time, some Republican lawmakers said Mr. Bush's new strategy would not do enough to tamp down the Afghan drug trade." And "outside experts criticized the president for painting too rosy a picture." The speech was also "a striking effort by the White House to focus attention back on Afghanistan at a time when Congress is debating resolutions criticizing Mr. Bush's strategy in Iraq and the administration is making a case that Iranian forces are supplying Shiite militants in Iraq with roadside bombs."

The New York Times (2/16, Kifner, 1.16M) reports on the "the 3,200 soldiers of the 10th Mountain Division whose one-year deployment in Afghanistan has been extended by four months." They "were so close to the end of their tour that their uniforms, gear and equipment had been packed into shipping containers and an advance party had already reached Fort Drum, their home in upstate New York. The extension, mentioned in…Bush's speech yesterday, was originally announced on Jan. 25." The Times adds, "About 50 soldiers from the advance party came home in late January, said Benjamin Abel, a Fort Drum spokesman. A group of about 150 were intercepted in Kuwait before they could reach the States, he added. All have since been sent back to Afghanistan as part of a buildup in anticipation of a renewed Taliban offensive in the spring."

Bush's comments on Afghanistan were extensively covered by local TV newscasts, with most stations pointing out that the President wants more assistance from NATO. Some examples: WTXL-TV Tallahassee (2/15, 11:08 pm) reported early on in its 11 o'clock news program that Bush "is asking Congress for nearly $12 billion to keep up the fight in Afghanistan." The President "wants additional troops and says our allies should follow suit. … Mr. Bush called on NATO forces to do more and said the organization will launch

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a new offensive this spring with the help of more US funds and the extended stay of 3,200 US troops."

KAIT-TV Jonesboro, AR (2/15, 10:13 pm) reported, "For a second day, President Bush tried to re-dedicate the people's will to a battlefield far away." While the President cited "remarkable" progress in Afghanistan, "he also painted a grim picture." The station showed the President saying, "Last year, the number of roadside bomb attacks almost doubled. Suicide bombings grew nearly five-fold. These escalating attacks were part of a Taliban offensive that made 2006 the most violent year in Afghanistan since the liberation of the country." Many other stations ran footage of the President's Afghanistan comments, including KCNC-TV Denver (2/15, 6:37 pm), WNYT-TV Albany (2/15, 5:40 pm), and KTVZ-TV Bend, OR (2/15, 5:06 pm).

Neumann Echoes Bush's Call For More Troops. In its "Embassy Row" column, the Washington Times (2/16, Morrison) reports the US ambassador to Afghanistan, Ronald Neumann, "sounded the call in Kabul for more NATO troops, as President Bush in Washington warned of the dangers of a spring offensive by Taliban forces trying to regain control in the Central Asian nation." In an interview with AFP, Neumann said he would "like to see NATO countries collectively put in place the forces that NATO and its military committee have said are necessary." The ambassador noted that some NATO "partners do a great deal," citing the troops deployments from Britain, Canada, Denmark, the Netherlands and Romania. But "did not criticize the other members of the 37-nation alliance," like Germany, who "restrict their troops from engaging in key areas in the south and east where Taliban fighters are concentrated."

Al Qaeda Releases Video Of Attacks On US Troops In Afghanistan. The AP (2/16) reports al-Qaeda posted a video on the Internet Friday "showing what they claimed to be an insurgent attack on a military position of US and Afghan forces in southern Afghanistan." The video "appears to be an attempt by the terrorist network to disparage US claims that it is winning the war against the Taliban and allied militia in Afghanistan." In the video, al-Qaeda deputy leader, Ayman al-Zawahri, is how "ridiculing President Bush and saying that his claim to have deprived al-Qaeda of a safe haven in Afghanistan" is a "bare-faced lie."

Pentagon Seeks "Rapid Acquisition Fund." USA Today (2/16, Brook, 2.27M) reports, "Fierce fighting in Iraq and Afghanistan has forced the Pentagon to speed new weapons and equipment to troops at faster rates than ever, according to military records and officials." The Pentagon budget proposed by Bush "adds even more money for what military leaders call 'urgent need' requests. For the first time, the budget includes $100 million for a Pentagon 'rapid acquisition fund' aimed at getting vital supplies to troops in the field more quickly."

As House Resolution Vote Nears, Attention Shifts To Murtha Measure. As the House moves toward an expected vote today on a nonbinding resolution criticizing President Bush's Iraq policy, reporting shifts to Rep. Jack Murtha's measure that would, in the words of the CBS Evening News (2/15, story 3, 2:05, Attkisson, 7.66M), "place substantial roadblocks in the way of the President's troop surge." CBS said Murtha, "head of the powerful committee that approves funding for the war, made it clear he plans to go well beyond symbolism." His legislation "would prohibit sending any soldiers back into battle until they've had a full year at home. It would set equipment and training requirements that the military can't currently meet. And it would stop Pentagon from extending current battlefield tours, a practice that has become routine. … At his press conference yesterday, President Bush seemed to see Murtha's tactics coming." Bush: "My hope, however, is this nonbinding resolution doesn't try to turn into a binding policy that prevents our troops from doing that what I asked them to do." Attkisson: "It's not clear yet whether Murtha's proposal can pass the House and Senate but he's clearly putting his muscle behind it."

On its front page, the Washington Post (2/16, Weisman, Murray, 690K) reports House Speaker Nancy Pelosi "linked her support for President Bush's war-funding request to strict standards of resting, training and equipping combat forces, a move that could curtail troop deployments and alter the course of U.S. involvement in Iraq." Murtha, "a Pelosi ally, is rewriting the president's spending request to limit Bush's options in prosecuting the war." Pelosi said, "If we are going to support our troops, we should respect what is considered reasonable for them: their training, their equipment and their time at home." Also on its front page, the Washington Times (2/16, Ward, 88K) reports on the Murtha measure, saying that "some Democrats said the proposal, released on the eve of a symbolic vote against the war in Iraq, does not do enough to stop the war."

USA Today (2/16, 10A, Kiely, 2.27M) says the "showdown votes" over Iraq "may dramatize the breadth of

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discontent with the White House war strategy, but they also demonstrate the limits of how far Democrats are willing to go to change it." USA Today says Pelosi and Senate Majority Leader Harry Reid were both "cool" toward Murtha's proposal. The Christian Science Monitor (2/16, Chaddock, 59K) says the "next move" could create a rift among Democrats, which is what Murtha "hopes to avoid" by opposing "a troop buildup in Iraq, without cutting funds to troops in harm's way." The Politico (2/15, Bresnahan) says Murtha "is not pushing a total cutoff of funds for the war in Iraq. But he is considering measure to limit the military actions Bush can take against Iran." He "also intends to push a provision to bar the creation of permanent U.S. military bases in Iraq and to raze the notorious Abu Ghraib prison." The AP (2/15, Flaherty) says Murtha "is quickly emerging as one of President Bush's most formidable foes in the Iraq war debate."

Meanwhile, the Wall Street Journal (2/16, Rogers, 2.04M) said Pelosi said the nonbinding vote expected today "represents a 'huge statement' that President Bush can't 'completely ignore' even if he is unwilling to change course militarily." The Washington Post (2/16, A3, Kane, 690K) says in a headline that a "broad swath" of House GOP members are "defecting" on the resolution vote, but the article itself tallies them at just "a dozen or more." The Wall Street Journal (2/16, A4, Harwood, 2.04M) "Washington Wire" writes that "predictions range from 20 to 40" on the total number of GOP defectors.

Local TV newscasts across the country devoted widespread coverage to the continuing House debate, with many stations airing reports on the story focused on Rep. Murtha's plan to stop the surge. Some examples: WFMJ-TV Youngstown (2/15, 11:21 pm) reported that "the House moved closer to a non-binding resolution against the Bush surge in Iraq. … To try to stall the surge, a powerful Democrat today proposed cutting off funds. John Murtha, on the website of MoveCongress.org, detailed his plan not to pay to surge in any soldiers who've had too much time in Iraq or too little training." The station showed Rep. Murtha saying, "That stops the surge for all intents and purposes, because, as I said over a year ago, they cannot sustain this deployment."

WINK-TV Ft. Myers (2/15, 11:18 pm) reported, "Murtha wants any future deployments to Iraq tied to two conditions. Troops would have to meet high standards of training and they would have to get enough rest between combat tours. Murtha said that would stop the President's plan since he doesn't think a single army unit meets the standards." KPNX-TV Phoenix (2/15, 10:08 pm) and KGWN-TV Cheyenne (2/18, 10:02 pm) were just two of the many other local TV stations in various parts of the country also taking note of Murtha's anti-surge plan.

Members Of House Air Views On Resolution. USA Today (2/16, 10A, Kiely, Kiely, 2.27M) samples the views of four representatives – all Democrats – who support the resolution, and four – all Republicans – who oppose it. Among the supporters, Rep. Mike McIntyre said, "We cannot continue to increase troop levels in Iraq at the expense of allowing the Taliban to come back into power in Afghanistan." Rep. John Conyers said, "This week, we tell this administration enough is enough; stop ignoring the American people; stop ignoring your generals." Among the opponents, Rep. Jack Kingston said, "Here is what the Democrats are up to: Dearest troops, we support you, but your mission is in the tank. … You are on your own." Rep. Dan Burton said, "If we don't deal with this problem now, we will deal with it later, and the costs will be a heck of a lot more than it is today, and it may involve millions and millions of lives."

And on Fox News' Your World (2/15, Cavuto), Rep. Eric Cantor said, "We're at war right now. We have real lives, men and women, on the battlefield, in the arena, in Baghdad, as we speak. … What kind of message is that to them? We have got to give them everything they need right now to fight and win this war."

Iraq Setting Up "Constitutional Clash" Between White House, Congress. The Washington Post (2/16, A5, Abramowitz, 690K) says that while Bush "has not been shy about asserting robust powers for the presidency in waging war," he has recently "seemed to concede that Congress has a role to play as well. Lawmakers, he has indicated, are within their rights to try to cap total deployments or limit where troops can go in Iraq." But as the "debate in Congress shifts from nonbinding resolutions of disapproval for adding troops in Iraq to attaching conditions on funding for the war, a constitutional clash between the legislative and executive branches may be inevitable, say lawmakers and legal scholars with close ties to the administration." The Los Angeles Times (2/16, Hook, 850K) reports that while congressional Democrats "quickly and easily united behind a nonbinding resolution denouncing President Bush's plan to send more U.S. troops to Iraq," the party will next "confront more divisive questions: how to force a determined president

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to back down from his plan, and whether to push for a complete withdrawal."

Vilsack Says Congress Should Cut Off Funding For Iraq War. Presidential candidate Tom Vilsack said on NBC's Tonight Show With Jay Leno (2/15) that he would end the Iraq war immediately, adding, "I would ask Congress to have the constitutional fortitude and the moral authority to say to the President, 'Mr. President, you've made a serious mistake. We're cutting off funding now. We're going to bring our troops home.'"

Democratic State Legislators Push Resolutions Against Surge. The New York Times (2/16, A14, Steinhauer, 1.16M) reports state legislators across the country, "frustrated by the inability of Democrats in Congress to pass a resolution opposing President Bush's policies in Iraq," are "pushing forward with their own resolutions. Resolutions have passed in chambers of three legislatures, in California, Iowa and Vermont. The Maryland General Assembly sent a letter to its Congressional delegation, signed by a majority of the State Senate and close to a majority of the House, urging opposition to the increase in troops in Iraq. Letters or resolutions are being drafted in at least 19 other states."

Eagleburger Says Resolution Shows "Weakness To Our Enemies." On Fox News' Your World (2/15, Cavuto), ex-Secretary of State Lawrence Eagleburger said, "It sends a bad message. It sends a bad message to the troops. It sends a bad message -- or a good one, depending on your point of view -- to our enemies. It does everything that I should think some decades of American history would tell us we should never do, and that is show our weakness to our enemies."

Broder Says Bush "Poised For A Political Comeback." In his Washington Post (2/16, A23, 690K) column, headlined "Bush Regains His Footing," David Broder writes, "It may seem perverse to suggest that, at the very moment the House of Representatives is repudiating his policy in Iraq, President Bush is poised for a political comeback. But don't be astonished if that is the case." Bush "now shows signs of renewed energy and is regaining the initiative on several fronts. More important, he is demonstrating political smarts that even his critics have to acknowledge. His reaction to the planned House vote opposing the increase he ordered in US troops deployed to Iraq illustrates the point." Bush "did three things to diminish the impact of that impending defeat," by arguing that the "House was at odds with the Senate," by minimizing the "stakes in the House debate by endorsing the good motives of his critics," and that by "contrasting today's vote on a nonbinding resolution with the pending vote on funding the war in Iraq," shifting "the battleground to a fight he is likely to win."

Reid Schedules Senate Resolution Procedural Vote For Saturday. The Washington Post (2/16, A2, Milbank, 690K) writes that "after four years of fighting in Iraq, and two weeks of trying to force senators to debate the conflict, Senate Majority Leader Harry Reid yesterday wheeled out the ultimate weapon. He ordered his colleagues to work on Saturday." The New York Times (2/16, A8, Zeleny, Toner, 1.16M) reports that as the House "prepared to pass a symbolic resolution denouncing President Bush's war policy," in the Senate, Reid "abruptly scheduled a weekend debate on Iraq in an effort to break a stalemate and avoid impressions that partisan bickering was weighing down deliberations over the war." When they convene Saturday afternoon, senators "will not debate the Iraq resolution itself. Instead, they will be taking up a procedural vote required under Senate rules to move forward to the actual debate."

The Washington Times (2/16, Bellantoni, 88K) reports Reid "said he did not take members' 2008 aspirations -- or planned weekend visits to Iowa and New Hampshire -- into consideration" in scheduling the vote." Sen. Joseph Biden "was the first to say he would scrap plans for an Iowa visit to make sure he participated" in the vote, while Sen. Hillary Clinton will pop back to Washington from New Hampshire, then return to the leadoff primary state after the vote. Sen. Sam Brownback "will stay for the vote," but "there was no indication Sen. John McCain…would reschedule his morning town-hall forum in Des Moines." The plans of Sens. Christopher Dodd and Barack Obama remain unclear.

Biden Seeks To Narrow Bush's Iraq Authority. The AP (2/15, Schweid) reports Biden said he would "move to repeal the authority Congress gave President Bush in 2002 to send U.S. troops into Iraq and replace it with a narrower mandate." Biden, who chairs the Foreign Relations Committee, "said the legislation was based on the idea that Iraq had weapons of mass destruction and was designed to oust Iraqi leader Saddam Hussein." He said he is "working to repeal the authorization and to replace it with 'a much narrower mission statement for our troops in Iraq.'"

Asked on CNN's The Situation Room (2/15, Blitzer) about Bush's remark that "this may become the first time in

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the history of the United States Congress that it has voted to send a new commander into battle and then voted to oppose his plan that is necessary to succeed in that battle," Biden said, "I think that's ridiculous. It's a little bit like saying that because I opposed the war in Iraq that I should be against the military. I mean this is the President of the United States' plan. It's not Petraeus' plan. … I know Gen. Petraeus. He's a fine guy and he's perfectly capable of leading our forces. The policy he's asked to lead on is a mistake. … He's sending 17,500 people into the middle of Baghdad, 6.2 million people, a lot of them without the right armor, without the right vests. We ought to get real here. This is a president who sent our troops to war unprepared. He didn't send enough of them to war. Now he's sending them in the middle of a civil war."

Auditors Say $10 Billion Wasted In Iraq Reconstruction Efforts. The AP (2/16, Yen) reports, "About $10 billion has been squandered by the US government on Iraq reconstruction aid because of contractor overcharges and unsupported expenses, and federal investigators warned Thursday that significantly more taxpayer money is at risk." The "three top auditors overseeing work in Iraq told a House committee" their review "of $57 billion in Iraq contracts found that Defense and State department officials condoned or allowed repeated work delays, bloated expenses and payments for shoddy work or work never done. More than one in six dollars charged by US contractors were questionable or unsupported, nearly triple the amount of waste the Government Accountability Office estimated last fall." David M. Walker, "who heads the auditing arm of Congress," said, "There is no accountability."

The Wall Street Journal (2/16, A4, Paltrow, 2.04M) reports, "Under questioning by the House Oversight and Government Reform Committee, Defense Contract Audit Agency chief William Reed confirmed that unsupported and questionable costs found in Iraq reconstruction contracting total more than $10 billion -- nearly three times the previous public estimate." Under Chairman Henry Waxman, "the committee is holding a series of hearings into contracting abuses in Iraq. Staffers confirmed that Mr. Waxman and other committee Democrats likely will take a much wider look at defense contracting after the Iraq hearings conclude."

Al Qaeda In Iraq Head Reportedly Wounded As Security Push Sweep Continues. The CBS Evening News (2/15, story 4, :25, Couric, 7.66M) reported, "The Iraqi Interior Ministry claims tonight its forces wounded a major terrorist leader. He's Abu Ayyub al-Masri, the head of the group known as Al Qaeda in Iraq. The US military has not confirmed the report, and the Iraqis did not say what his condition is or whether he's in custody. But they do say his top aide was killed in a battle near Balad, north of Baghdad." NBC Nightly News (2/15, story 3, 2:05, Williams, 9.87M) also reported on the "showdown between Al Qaeda and the Iraqi police. And one of Iraq's most wanted was wounded but apparently not captured."

The Washington Post (2/16, A13, Londoño, 690K) reports "US officials have said Masri took over the leadership of the insurgent group following the death of Abu Musab al-Zarqawi, who was killed by US forces in a June 2006 airstrike."

USA Today (2/16, 11A, 2.27M) reports, "Meanwhile Thursday, US and Iraqi forces pushed deeper into Sunni militant strongholds in Baghdad as part of a wide-ranging security sweep of the capital." US and Iraqi soldiers "set up dozens of roadway checkpoints around the city and conducted top-to-bottom searches of vehicles as part of their new campaign to disarm militias and pacify the capital. Low-flying fighter jets thundered over the capital. A spokesman for the US military in Baghdad, Maj. Steven Lamb, said 17 suspects were arrested and three weapons caches seized."

The Los Angeles Times (2/16, Daragahi, 850K) reports, "On Thursday, US forces often found themselves back at the small bases they used in the early months after the 2003 invasion. The facilities were abandoned as US commanders under the direction of Army Gen. George W. Casey Jr. decided to lower the American profile in neighborhoods and hand security over to Iraqi forces." The Times adds, "Since then, a once-vibrant Baghdad has become a forbidding maze of concrete walls and concertina wire roamed by mysterious gunmen, where petrified residents rush to their homes before dark."

ABC World News (2/15, story 4, 2:05, Gibson, 8.78M) said US and Iraqi troops "have begun a security crackdown in Baghdad, setting up checkpoints and pushing into militant strong holds in Baghdad. We have seen Pentagon documents from almost five years ago that indicate Defense officials in their prewar planning thought that at this point after the war, there would only be a few thousand troops left in Iraq. Obviously, they were way off in their estimate." The CBS Evening News (2/15, story 5, 2:15, Couric, 7.66M) was similarly critical, saying the "security crackdown continued

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today in the capital with US and Iraqi forces moving into a Sunni neighborhood after sweeping three Shiite sections yesterday. For most of the city, the crackdown is not yet stopping the violence."

Iraqi President Says Sadr Has Ordered Top Deputies To Leave Country. The Washington Post (2/16, A13, Londoño, 690K) reports "Iraqi President Jalal Talabani said anti-American Shiite cleric Moqtada al-Sadr has ordered his top deputies to leave Iraq in order to ease the implementation of the Baghdad security plan, which U.S. and Iraqi forces began to roll out this week. Sadr, the leader of the powerful Mahdi Army militia, recently went to Iran, according to US officials." In Washington, Defense Secretary Robert M. Gates "said he believed that Sadr's followers were concerned about the new operation to secure Baghdad and suggested that Sadr and his militia would 'go to ground' over the coming months."

The New York Times (2/16, A10, Cave, 1.16M) reports, "Questions and accusations continued to swirl about the whereabouts of the militant Shiite cleric Moktada al-Sadr on Thursday. … Two Shiite leaders stepped forward on Thursday to confirm American reports this week that Mr. Sadr had gone to Iran." But they and a "Parliament member from a different Shiite party" took exception to "suggestions that he had fled because of a crackdown on militias and had permanently moved to Iran. They said that the cleric often visited the country and that it was unclear why he had left or when he would come back." One said he "could return to Iraq on Friday."

On Fox News' Your World (2/15, Cavuto), ex-Secretary of State Lawrence Eagleburger said of Sadr, "He is a coward. He is not ready to fight it out. And he's not ready to stay around. He has run off when the going gets tough. I happen to know that, a long time ago, when [Paul] Bremer was running that operation in Iraq, he recommended to Washington that they go in and get al-Sadr in his fortress there in Baghdad at the time. And Washington came back and told him no. And, if there is any bad judgment that was involved in this, that was one of them. If they had gotten him back in those early days, we wouldn't have all this mess now."

Schoomaker Says Surge Of 17,500 Just "Tip Of The Iceberg." The Washington Post (2/16, A13, Tyson, 690K) reports outgoing Army Chief of Staff Gen. Peter Schoomaker said the "increase of 17,500 Army combat troops in Iraq represents only the 'tip of the iceberg' and will potentially require thousands of additional support troops and trainers, as well as equipment -- further eroding the Army's readiness to respond to other world contingencies."

Peretz Says Iraq Failure Would Be "Huge Defeat" For Both Bush And Liberalism. In a Wall Street Journal (2/16, A15, 2.04M) op-ed, New Republic editor in chief Martin Peretz writes, "Our political imagination of evil is impoverished, and nowhere is it more impoverished than in Iraq. Even today, when the blood of innocents flows so richly and regularly, we do not seem to grasp its origins, or its power. That is, we do not seem to grasp the centrality, and the perdurability, of culture. And in this regard, the president and his party, as well as the Democratic Party, are equally blinded by their respective orthodoxies. … The carnage between Shia and Sunni, and the carnage among other religious and ethnic communions, since the end of Ottoman rule have left deep and bloodied breaches in Iraq. If these cannot be repaired, it will be a huge defeat for George Bush -- and, whatever many liberals think of it, for liberalism as well."

US To Open Doors To As Many As 7,000 Iraqi Refugees. NBC Nightly News (2/15, story 9, , Williams, 9.87M) ran an "In Depth" report on the State Department announcement "that as many as 7,000 refugees from the Iraq war will be allowed to come to this country. There has been criticism that the US government still isn't doing enough to help Iraqis, help those who have risked their lives to help the American war effort in Iraq." NBC (Colt) profiled one Iraqi who acted as an interpreter for American forces, reporting that the State Department will offer "no priority for Iraqis" like him. Sen. Edward Kennedy "says that is not fair." Kennedy: "For those individuals in particular, we have a special responsibility. We have to do everything to protect them."

The Christian Science Monitor (2/16, Prusher, 59K) writes that "only 202 Iraqis were permitted to take refuge in the US in 2006. Since the US-led invasion, 466 Iraqis have been allowed entry to the US as refugees, according to figures given by the State Department at a Senate hearing last month. The numbers are particularly stark in comparison with the scope of a burgeoning refugee problem. The UN High Commissioner for Refugees estimates that there are some 2 million Iraqi refugees, most in the region, with the numbers in Jordan rivaled only by those in Syria. Add to that number another 1.8 million Iraqis who are internally displaced. During the first half of 2006, the UN says, Iraqis became the largest asylum-seeking nationality in Europe."

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Iraqi Living In New York Says She Has "Not Left The War." In a New York Times (2/16, A23, 1.16M) op-ed, Ayub Nuri, a former reporter for the Institute for War and Peace Reporting, writes, "I am an Iraqi, and although I love my country, I needed to get out. … But on my first day in New York, I realized that I had not left the war. Rather, it had followed me here, and I had to fight it every day. Every time I talked to someone at a party, in a taxi or at the store, the same chain of questions would follow after I said I was from Iraq. Some people gaped. Others sat silent for a second, then shook my hand differently. 'Wow, so interesting,' they would say. 'So what do you think of the whole situation? What went wrong over there?' Finally, the inevitable: 'Do you think we should pull out?' … No matter how I perceive the war, no matter how many more friends I lose, no matter who is killing whom, as long as there is a war, I have to live with its nightmares and fight them thousands of miles away."

Camp Pendleton Ceremony Honors Fallen Marines. The Los Angeles Times (2/16, Perry, 850K) reports that in a Camp Pendleton ceremony "filled with tears and expressions of pride, 100 members of the Regimental Combat Team 5 killed during the recent deployment in Iraq were remembered Thursday as among 'the finest young men our nation has ever produced.'" Regimental commanding officer Col. Larry Nicholson "said the 100 were part of the 'newest greatest generation' who answered their nation's call after the Sept. 11 terrorist attacks."

Soldier Discussed His Personal Mission On Web Page. The Los Angeles Times (2/16, Watanabe, 850K) also runs a 2,000-word piece on Army 2nd Lt. Mark Jennings Daily, who discussed his reasons for joining the Army and going to Iraq on a MySpace Web page. Daily was killed by a roadside bomb in Mosul last month.

Military Death Gratuity Sometimes Fails To Reach Survivors In Need. In a front-page piece, the Washington Post (2/15, George, 690K) writes about the "$100,000 'death gratuity' that military spouses ordinarily get -- a payment intended to ease the financial strain as families await government survivors' benefits" – and how non-traditional families cope. Susan Jaenke "is not a wife, not a husband, but instead grandmother to the 9-year-old her daughter left behind" when she was killed in Iraq. By law, "the $100,000 benefit goes first to a spouse or a child. So 9-year-old Kayla Jaenke collects the $100,000 -- plus $400,000 in life insurance -- after she turns 18, leaving Susan Jaenke to ask, 'What about the next nine years?' In some other families, the $100,000 death benefit has gone to neither the children nor the grandparents who are raising them."

Post Offices Named After Soldiers Killed In Action. USA Today (2/16, 1A, Zoroya, Hortobagyi, 2.27M) reports, "Federal lawmakers are increasingly naming post offices in their states after troops killed in combat, a tribute traditionally reserved for former members of Congress and famous figures such as Bob Hope and Ronald Reagan. Since 2003, the gesture has honored 26 servicemembers who died in Iraq and Afghanistan: 17 soldiers, seven Marines, a Navy SEAL and an Air National Guardsman. … Democrats and Republicans alike push the bills."

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Former White House Counsel Linked To US Attorney Dismissal. The New York Times (2/16, Johnston) reports, "A United States attorney in Arkansas who was dismissed from his job last year by the Justice Department was ousted after Harriet E. Miers, the former White House counsel, intervened on behalf of the man who replaced him, according to Congressional aides briefed on the matter." The Times continues, "Ms. Miers, the aides said, phoned an aide to Attorney General Alberto R. Gonzales suggesting the appointment of J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and a deputy to Karl Rove, the White House political adviser. … Later, the incumbent United States attorney, H. E. Cummins III, was removed without explanation and replaced on an interim basis by Mr. Griffin. Officials at the White House and Justice Department declined to comment on Ms. Miers's role in the matter." The Times adds, "Paul J. McNulty, the deputy attorney general, said at a hearing last week that Mr. Cummins had done nothing wrong but was removed to make room for Mr. Griffin. It was not known at the time Mr. McNulty testified that Ms. Miers had intervened on Mr. Griffin's behalf. … Her involvement was disclosed on Wednesday by Justice Department officials led by Mr. McNulty, who held a closed-door briefing for senators on the Judiciary Committee after Democrats criticized the dismissals of 7 to 10 United States attorneys as politically motivated. … Ms. Miers, whose resignation as White House counsel was effective Jan. 31,

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could not be reached for comment Thursday." The Times notes, "At the briefing, Justice Department officials denied that the White House had been involved in any of the other dismissals, suggesting that the department had acted on its own after advising the White House of its intention to remove incumbents. … Democrats have said the removals represented an effort to make room for rising political favorites of the Bush administration and to be rid of independent-minded prosecutors, all of whom had been appointed by President Bush."

GOP Blocks Bill To Limit DOJ Appointment Power. The AP (2/16, Kellman) reports, "Senate Republicans blocked a bill Thursday that would curb the Justice Department's power to fire and replace federal prosecutors. Democrats had sought to give the courts a role in the appointments of U.S. attorneys, to GOP opposition." The AP continues, "The objection by Sen. Jon Kyl, R-Ariz., to the proposal was long anticipated. So Democrats used the occasion to complain anew about the firings of at least seven prosecutors, including John McKay in Seattle, under a little-known part of the Patriot Act." The AP adds, 'Democrats say Attorney General Alberto Gonzales used the law to get around the Senate confirmation process and install Republican allies. … 'I believe that their intent was to bring in people from the outside to give some of their bright people an opportunity,' said Sen. Dianne Feinstein, D-Calif. 'That is wrong.' … Her bill says a replacement U.S. attorney could serve no longer than 120 days without confirmation. After that time, an interim replacement would be named by a U.S. District Court." The AP notes, "Gonzales, Kyl and other Republicans say this approach could lead prosecutors to be appointed for reasons other than their qualifications. … Republican and Democratic leaders tried for a compromise that might lengthen the 120-day period or curb a district court's appointment power, but those efforts were abandoned early Thursday, according to officials on both sides. … A private briefing Wednesday night by Deputy Attorney General Paul McNulty did not change any Democrats' minds about the firings of the prosecutors, senators said. … Sen. Chuck Schumer, D-N.Y., said that if the Justice Department does not provide detailed performance reports on the fired prosecutors, the Senate Judiciary Committee would subpoena them. … 'I am not satisfied with the answers we've gotten. There are just too many holes in too many different places,' Schumer said."

Reasons For McKay's Dismissal Still Unclear. The Seattle Times (2/16, Bowermaster) reports, "Two months after John McKay was fired as U.S. attorney for the Western District of Washington, the reason for his dismissal remains a mystery. … One of the most persistent rumors in Seattle legal circles is that the Justice Department forced McKay, a Republican, to resign to appease Washington state Republicans angry over the 2004 governor's race. Some believe McKay's dismissal was retribution for his failure to convene a federal grand jury to investigate allegations of voter fraud in the race." The Times continues, "The Evergreen Freedom Foundation filed a formal complaint with U.S. Attorney General Alberto Gonzales in 2005 about what it considered McKay's lax oversight of the election, in which Democratic Gov. Christine Gregoire defeated Republican Dino Rossi by 129 votes. Many influential Republicans publicly criticized McKay. … But a Justice Department official on Thursday rejected the idea and said Deputy Attorney General Paul McNulty has repeatedly insisted politics did not influence the controversial firings of McKay and six other U.S. attorneys in December." The Times adds, "McNulty had previously said the firings were 'performance-related' despite the fact McKay received a positive evaluation seven months before he was fired. … McKay said he was not given a reason when he was asked to step down." The Times notes, "McNulty defended the dismissals during private briefings with a handful of senators Wednesday. … The Justice Department official, who spoke on the condition of anonymity, accused Democrats of mischaracterizing the briefings because they didn't agree with the department's conclusions. … 'Any suggestion that we were not thorough or forthcoming is just political gamesmanship,' the official said."

Interim California US Attorneys Named. The AP (2/16, Hoffman) reports, "The Justice Department announced temporary replacements Thursday for two recently ousted U.S. attorneys in San Diego and San Francisco." The AP continues, "Outgoing San Diego chief federal prosecutor Carol Lam will be succeeded by Karen Hewitt, a career federal prosecutor who is currently the executive assistant U.S. attorney for the Southern District of California. … In San Francisco, U.S. Attorney Kevin Ryan will be replaced by Scott Schools, a career federal prosecutor who currently works for the Justice Department overseeing legal guidance and personnel matters for all 94 U.S. attorney's offices across the country." The AP adds, "Hewitt's appointment was announced as staff and local law enforcement personnel gathered for a simple office farewell party just hours before Lam was due to leave her post. Ryan was scheduled to depart on Friday. …

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Both Hewitt and Schools will serve on an interim basis until new U.S. attorneys are nominated by the White House and confirmed by the Senate."

The San Diego Union-Tribune (2/16, Thornton) reports, "Karen P. Hewitt, third-in-command at the San Diego U.S. Attorney's office, has been chosen by Justice Department officials to replace outgoing top prosecutor Carol Lam on a temporary basis while a committee searches for a permanent candidate." The Union-Tribune continues, "Hewitt joined the San Diego office in 2000 and prosecuted civil fraud cases before she was appointed Executive Assistant U.S. attorney a year ago. … Before coming to San Diego, she was a lawyer in the Justice Department's civil division in Washington, where she specialized in constitutional law and civil rights cases for about eight years."

The Oakland Tribune (2/16, Richman) reports, "The Justice Department named an interim replacement today for U.S. Attorney Kevin Ryan, who'll spend his last day as Northern California's top federal prosecutor Friday." The Tribune continues, "Ryan was one seven U.S. Attorneys across the nation who recently resigned or were forced out by the Bush Administration. U.S. Sen. Dianne Feinstein, D-Calif., spoke today on the Senate floor in favor of a bill protecting her chamber's constitutional power to confirm those appointed to these jobs. … The interim U.S. Attorney for this region -- including coastal counties and a few inland counties from Monterey Bay to the Oregon border -- will be Scott Schools, who has been general counsel to the Justice Department's Executive Office for U.S. Attorneys. That Washington, D.C.-based agency provides legal guidance in ethics and employee matters to federal prosecutors' offices from coast to coast." The Tribune adds, "From 2001 to 2005, Schools was First Assistant U.S. Attorney in South Carolina, overseeing about 125 attorneys and support staff; before that, he'd served as interim U.S. Attorney there for nine months. He was a prosecutor in that office from 1989 to 1992 and from 1997 to 2001; between those periods, he was in private practice."

KPIX-TV, CBS 5, San Francisco (2/16) reports, "United States Attorney Kevin Ryan announced this afternoon that Friday will be his last day on the job, and the Justice Department simultaneously named a former South Carolina federal prosecutor as his interim replacement." KPIX-TV continues, Ryan had announced last month that he was stepping down after more than four years heading the U.S. Attorney's Office for the Northern District of California, which encompasses 14 coastal and Bay Area counties stretching from Big Sur to the Oregon border. … 'I am grateful to have had the opportunity to serve as the United States Attorney. I sincerely thank all of the staff at the office for their hard work to make our community a safer place to live. I also thank all of our partners in law enforcement who have put in countless hours in investigating and prosecuting crimes in Northern California,' Ryan said in a statement."

Lam Heading To Qualcomm. The AP (2/16, Hoffman) reports, "Qualcomm Inc. said Thursday that recently ousted U.S. Attorney Carol Lam will join its legal department as senior vice president and legal counsel, effective Feb. 26." The AP continues, "The San Diego-based wireless technology giant is currently embroiled in a global web of lawsuits with Nokia Corp. and other major equipment makers that claim Qualcomm levies unjust, inflated licensing fees to use its patented technologies in their products. … Regulators in Europe, South Korea and Japan are probing Qualcomm's business practices as the company trades lawsuits with rivals across the U.S. and Europe. … 'From our perspective, she's the ideal person,' said Louis Lupin, Qualcomm's general counsel. 'She's got experience managing large and very complex cases and a very large staff, and she'll be involved on a global basis.'"

Senate Democrats Said To Be Playing Politics With War On Terror. In Wall Street Journal's "Potomac Watch" column (2/16, 14), Kimberley Strassel criticizes Sens. Dianne Feinstein and Majority Leader Harry Reid for their focus on the Bush Justice Department's firing of seven US attorneys. Reid is "labeling the firings 'cronygate,' and accusing the administration of ousting capable U.S. attorneys in order to award political allies with plum posts. Ms. Feinstein went further, suggesting the administration's real goal was to circumvent the Senate confirmation process." The Senate is "lurching back to a pre-9/11 mentality, putting politics and turf ahead of key security issues. If Ms. Feinstein wins this battle, the appointment procedure reverts to the status quo ante. Under that old process, the attorney general can appoint an interim U.S. attorney for 120 days. But if the Senate doesn't get around to confirming a full-time replacement by then, the federal courts get to name a new interim." That "old system was primarily a constitutional oddity, but it also posed a threat to terror investigations."

More Commentary. In an op-ed for the San Diego Union-Tribune (2/16), former Congressman Lionel Van Deerlin writes, "Carol Lam gathers her belongings today, and departs the office of U.S. Attorney in California's Southern

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District. Because she faithfully honors a Justice Department tradition of silence, no one can be sure why she's leaving. She's not talking about it. … But what an exit line she gave us Tuesday with those eleventh-hour indictments. … Hours before returning to private life, our U.S. attorney took an action widening the net that snared San Diego's Rep. Randy 'Duke' Cunningham. Her swan song racked up three more suspected miscreants. … And so, the question presses ever more urgently – why has the Bush administration sacked Carol Lam and six other trusted U.S. attorneys? No one, it seems, feels required to say. Only one of the seven, New Mexico's David Iglesia, demanded to be told why he was terminated, but got no explanation. … Custom holds that federal prosecutors serve 'at the pleasure of the president,' who is free to appoint or remove them without explanation. Yet the Justice Department has shown itself pretty touchy about these most recent switches. Deputy Attorney General Paul J. McNulty seemed shaken before the Senate Judiciary Committee. New York's hard-charging Sen. Charles E. Schumer had wondered aloud if the hiring and firing of prosecutors reflected politics, rather than prudence. … 'When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart,' McNulty stammered. Perhaps this sensitive fellow should seek a gentler assignment, sparing him the hostility he and others will face if we don't get a fuller explanation of what Justice is up to." Van Deerlin adds, "It might seem rash to accuse Bush administration masterminds of pulling political strings, but nothing surfacing thus far discourages skepticism. Attorney General Alberto Gonzales' child-like mantra, 'at the pleasure of the president,' rings hollow. Let's nail this idea that the president – any president – handpicks the dozens of lawyers in line for prosecutorial slots across the land. He's not likely to know even the names of most. Recommendation for appointments is usually left to senators of the president's party. Inasmuch as both California senators are presently Democrats, Bush has relied on a selection system said to be headed by the veteran Rancho Santa Fe Republican politico and presidential insider Gerald Parsky. .. Parsky is astute enough to know that the way this switch has been managed so far adds up to abysmally bad politics. It suggests that public corruption, which figured so prominently in last year's election outcome, might no longer concern us. Are we to suppose that Congressman Cunningham was a lone stroller on his path to perdition? … We may soon know better – and only, perhaps, because Carol Lam refused to fold her tent as many expected her to do."

CORPORATE SCANDALS:

Former GC For Monster Pleads Guilty In Options Backdating Probe. The Wall Street Journal (2/16, Davies) reports, "The former general counsel of Monster Worldwide Inc. pleaded guilty to two criminal charges related to backdating stock options, ensnared in large part because of a series of damaging emails that helped prosecutors build the case against him." The Journal continues, "Myron Olesnyckyj, 45 years old, entered his guilty plea Thursday in Manhattan federal court to conspiracy and securities fraud. He admitted in court that he systematically backdated stock option grant dates, concealed the expense in company financial disclosures, and provided misleading information to auditors." The Journal adds, "In one email filed in court by prosecutors yesterday, Mr. Olesnyckyj instructed a human resources executive not to discuss a company practice of giving new hires options at the lowest stock price in the month after they joined the company, a form of backdating. He wrote: 'no written document should ever state lowest price over next 30 days! The auditorw [sic] will view that as backdating options and we'll have a charge to earning in the amount of the difference between price on day 30 and any lower price which is used.' … Mr. Olesnyckyj, who joined Monster in 1994 and was fired last year, is expected to cooperate with federal prosecutors against Monster founder Andrew McKelvey. Mr. McKelvey, who hasn't been charged, quit rather than be interviewed by company lawyers examining Monster's options problems."

The Washington Post/AP (2/16, D2, Neumeister) reports that Olesnyckyj "faces up to 25 years in prison and fines of more than $5.2 million after pleading guilty to securities fraud and conspiracy to commit securities fraud. His guilty plea was part of an agreement in which he promised to cooperate fully in return for leniency. … Olesnyckyj said his crimes occurred between 1996 and 2006, when he agreed with others at the company to backdate options and hide the action from federal regulatory agencies and investors. He agreed to forfeit $381,000, which he said was the amount he gained from the scheme." The AP adds, 'The Securities and Exchange Commission on Thursday filed a civil complaint against Olesnyckyj for securities fraud in connection to backdating. … The charges were the first for a Monster executive related to

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the backdating scandal at the company, which overstated the value of its earnings by more than $250 million between 1997 and 2005. Backdating involves issuing stock options retroactively to coincide with low points in the share price, thus boosting payouts. It can be illegal if it is not properly accounted for and disclosed to investors."

USA Today (2/16, 3B, Iwata) reports, "Mark Schonfeld, head of the SEC office in New York, said: 'Olesnyckyj knew that backdating was wrong, but nonetheless went along with the scheme. Any lawyer who works at a public company should do everything possible to thwart fraud — not participate in it.' … The backdating scheme and improper accounting of stock options led Monster to falsely inflate its net income from 1997 to 2005 by $340 million, the charges said. Monster, the parent of the online job service Monster.com, said it was profitable in 1999 and 2000, when it actually lost $40 million, the government charged." USA notes, "The backdating scandal at Monster arose last year when the company announced an internal investigation. The company's investigation led to the ouster of Olesnyckyj and the resignation of former CEO Andrew McKelvey."

Options Backdating Probes Accelerate. The Wall Street Journal (2/16, A1, Bandler, Forelle) reports, "On Jan. 4, 2002, the chief financial officer of Broadcom Corp. tapped out an email about stock options to his chief executive and others. … 'I VERY strongly recommend that these options be priced as of December 24,' he wrote. … They were, and that was fortunate for recipients. Broadcom's share price rose 23% between the two dates. The pretense that the options had been granted on the earlier date made them extra valuable." … It also violated the rationale of stock options. They give recipients a right to buy stock in the future at the price when the options are granted, so that recipients can profit only if the price of their company's stock goes up. Setting a lower 'exercise price' for the options gives recipients a head start on profiting." The Journal adds, "The Broadcom correspondence, found in an internal investigation at the maker of communication chips, is just one of a number of internal documents that have drawn the attention of federal prosecutors and Federal Bureau of Investigation agents in Orange County, Calif. Prosecutors are strongly considering filing criminal charges against the former Broadcom chief financial officer who wrote the email, William J. Ruehle, and at least one other former executive, according to people familiar with the situation. … Mr. Ruehle's lawyer said his client didn't break the law." The Journal notes, "The Broadcom probe is a sign of how long-running investigations of stock-options backdating are heating up. Yesterday, a former general counsel of Monster Worldwide Inc. pleaded guilty to securities fraud in federal court in Manhattan. The day before, the founder of Take-Two Interactive Software Inc. pleaded guilty to a New York State charge in a backdating scheme. … Prosecutors in a half-dozen jurisdictions are zeroing in on other cases. The filing of criminal charges in some of these in coming months would mark a watershed in the scandal, as prosecutors and regulators winnow the roster of some 140 companies with options problems to a tighter list of promising cases. … The government is nearing charges against a former official of computer-security company McAfee Inc., say people familiar with the situation, and is strongly considering bringing cases against ex-executives of Apple Inc. and semiconductor-equipment maker KLA-Tencor Corp. In St. Louis, at least one former executive of Engineered Support Systems Inc., a defense contractor now owned by DRS Technologies Inc. of Parsippany, N.J., has been told of a likely charge, says a person close to the matter."

New Executive Pay Tables Don't Include All Options Data. The Washington Post (2/16, D1, Cho, Johnson) reports, "The first overhaul in 15 years of executive-pay disclosures has been billed as the most transparent window ever into the clubby world of corporate compensation. … But as these filings have begun to roll out publicly, analysts are finding there's a catch." The Post continues, "Due to an accounting loophole for stock options and an eleventh-hour rule change made by securities regulators just before Christmas, some of the biggest names in technology, health care and financial services will be able to cloud what their top executives make. … The anomaly is being discovered by compensation consultants who have been hired by firms to draft these filings. In some cases, it is lowering the compensation figures reported by firms, they said. In others, executives who should be named in the filings as the five highest-paid officers in their companies are being replaced with employees making less." The Post adds, "The Securities and Exchange Commission's first changes to pay disclosures since 1992 were meant to be user-friendly. Shareholders could look at a summary table and easily see what the top executives of a company were taking home in salary, perks, retirement bonuses and stock options. … SEC officials said they had no control over which companies used the stock options loophole. But they said the agency's late December rule change will provide more accurate figures in

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the long run and will better reflect what an executive is making in a given year. Although the summary table may not provide full information on options, that data will be included elsewhere in the filing, they said."

DOJ Will Not Challenge 5th Circuit Dismissal Of Enron-Related Convictions. The Houston Chronicle (2/16, Hays) reports, "The Justice Department has decided not to challenge an appeals court's decision last year to throw out most of the 2004 convictions against several former Merrill Lynch & Co. executives in an Enron-related case. … But three of those former executives — who each served nearly a year in prison before being released pending the result of their appeals — could still be retried on charges of participating in a sham deal to help Enron book bogus profits." The Chronicle continues, "Justice Department spokeswoman Jaclyn Lesch said Thursday that federal prosecutors had decided not to appeal the 5th U.S. Circuit Court of Appeals' ruling to the U.S. Supreme Court. The Justice Department had until Friday to make that call. … 'While we review the matter before the district court, we remain committed to holding accountable those responsible for the massive frauds that accompanied the collapse of Enron,' Lesch said." The Chronicle adds, "She declined to say whether prosecutors will retry Daniel Bayly, Merrill's former head of investment banking; James A. Brown, former head of the firm's asset lease group; and Robert Furst, the brokerage's former liaison with Enron. .. .A status hearing in the case is slated for this afternoon. … Last August, the appellate court threw out fraud and conspiracy convictions of Bayly, Brown, Furst and a fourth former Merrill executive, William Fuhs. A jury in 2004 convicted all four of fraud and conspiracy for helping push through a deal in which the brokerage pretended to buy three power barges from Enron so the energy company could appear to have made earnings targets in late 1999."

Two Former Enron Traders Sentenced To Probation For Energy Price Manipulation. The AP (2/16, Kravets) reports, "Two of three former Enron Corp. traders accused of driving up energy prices during California's power crisis were each sentenced in federal court to two years of court-supervised release." The AP continues, "Timothy Belden, the former head of trading in Enron's Portland, Oregon, office, was sentenced Wednesday after pleading guilty in October 2002 to one count of conspiracy to commit wire fraud. Belden's plea was the first prosecution of anyone related to the West's energy crisis in 2000 and 2001. He had faced up to five years in prison and must forfeit $2.1 million." The AP adds, "The second defendant, Jeffrey Richter, was a lower-level trading manager in charge of the so-called 'short-term desk' who also pleaded guilty to two counts related to manipulating energy prices. He had faced up to five years and agreed to pay a $410,000 fine. … A third trader, the alleged mastermind behind the scheme, is expected to be sentenced next month for his role in the scam that fraudulently sent California energy prices soaring, causing energy shortages and rolling blackouts." The AP notes, "Internal company memos describe how Belden's trading unit took power out of California at a time of rolling blackouts and shortages and sold it out of state to elude price caps, according to documents obtained by investigators. … Enron bought California power at cheap, capped prices, routed it outside the state, then sold it back into California at vastly inflated prices, authorities said. The sham trades were designed to circumvent the California-only price caps on wholesale energy. … The crisis played a role in Pacific Gas & Electric Co.'s bankruptcy and will leave California consumers paying abnormally high electricity prices for years."

Investment Manager Jailed For Seven Years for Contempt In Fraud Case. The New York Times (2/16, Morgenson) reports, "On Jan. 14, 2000, Martin A. Armstrong, a globe-trotting investment manager, was told to produce $15 million in gold and antiquities, as well as documents, in response to a civil suit by the government accusing him of securities fraud involving hundreds of millions of dollars. … When he said that he did not have the items and could not produce them, a federal judge ordered him jailed for contempt of court." The Times continues, "Seven years later, Mr. Armstrong sits in the Metropolitan Correctional Center in Lower Manhattan. … Imprisoned two years before Enron and WorldCom brought corporate crime to center stage, Mr. Armstrong, 57, is the white-collar defendant whom time forgot. Over the years, the losses of his former clients have been repaid by a bank involved in his trades. … Still, he remains jailed on one of the longest-running charges of contempt. In many cases, a federal law limits to 18 months how long someone can be held under civil contempt while the court tries to coerce compliance with an order. Even in cases of criminal contempt, whose goal is punishment rather than coercion, an individual is entitled to the full protections of due process after six months. … 'A

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legal proceeding is supposed to be the quest for truth,' Mr. Armstrong said in a phone interview last week from the 12-story building, which is used mostly as a temporary holding site for prisoners. 'But this contempt was used to stop me from going to trial, and it's been nothing but bad faith from the government ever since.'" The Times notes, "How Mr. Armstrong has been held for so many years without a trial is a tangled and bizarre tale. Mr. Armstrong, his lawyers say, has been stuck in a surreal situation in which criminal prosecutors have never had to prove their 24-count indictment at trial while the civil case tied him up. Nevertheless, they have gotten their desired result — a lengthy prison term for Mr. Armstrong."

CRIMINAL LAW:

FBI Investigating Gibbons' Links With Defense Contractor. Reporting on a story broken yesterday by the Wall Street Journal, the AP (2/16, Riley) says this morning the FBI is investigating Nevada Gov. Jim Gibbons' interactions with a defense contractor when Gibbons served in the US House of Representatives. "The newly elected Republican governor denied any wrongdoing and told The Associated Press that 'they can look as deeply as they need to and I encourage them to do so, but there would have been absolutely no influence.' A federal law enforcement official confirmed the FBI probe" and "said the inquiry is focusing on what role Gibbons played in awarding military contracts to eTreppid Technologies LLC in Reno and whether he received any gifts in exchange. Gibbons said he had not been contacted by the FBI regarding his contacts with Warren Trepp, a longtime friend and owner of eTreppid who contributed nearly $100,000 to Gibbons' campaign for governor through different companies he controls."

The Wall Street Journal (2/16, A7, 2.04M) also briefly reports on Gibbons' denial of any wrongdoing, and the Washington Post (2/16, Mosk, Eggen, 690K) notes, "Reporting yesterday on the investigation, the Wall Street Journal published a series of alleged e-mail exchanges about Gibbons's dealings with" Trepp. "Among the dozens of e-mails is one allegedly sent days before Trepp and his wife prepared to set sail on a Caribbean cruise with Gibbons and his wife. In it, Trepp's wife allegedly wrote to her husband: 'Please don't forget to bring the money you promised Jim and Dawn.' Trepp's reply, according to the Journal report, was: 'Don't you ever send this kind of message to me! Erase this message from your computer right now!'" However, Trepp lawyer Steven Peek "said yesterday that his client is unaware of any investigation and questions the authenticity of the e-mails cited in the Journal report."

Libby Defense Said To Have Offered No Evidence To Support Scapegoat Theory. The Los Angeles Times (2/16, Schmitt, 850K) reports Lewis "Scooter" Libby's lawyer, Theodore Wells, "dropped a bombshell" in his opening argument. "In dramatic tones, Wells declared that Libby had been the victim of a White House conspiracy to make Libby the fall guy for the CIA leak scandal." However, jurors saw "virtually no evidence to back up the provocative claim. The difference between what Wells promised and delivered, and how it will play with the 12-member panel, is just one of the wild cards as the trial winds up." The Times notes that "the case is hardly a slam-dunk for the government. The defense punched some holes in the stories and memories of government witnesses, including journalists. The biggest worry for the prosecution may be whether the jury will think it fair to convict Libby, the only person charged in the three-year federal probe, when he was neither the first nor the only high-level government official to talk about CIA operative Valerie Plame."

In a widely-distributed story, the AP (2/16, Apuzzo) reports Wells "told jurors…that Libby was the victim of a conspiracy to protect White House political adviser Karl Rove. But like the anticipated testimony from Libby and Vice President Dick Cheney, details of any save-Rove conspiracy were promised but never materialized. That leaves defense attorneys, who will spend the long weekend fine-tuning their closing arguments, to decide how to describe Rove for jurors when summing up their case on Tuesday." The AP adds, "While cross-examining government witnesses," Libby's lawyers "took every opportunity to mention Rove but never elicited details about how the president's top political operative was being protected or why."

Foggo, Wilkes Indictments Suggest Other Lawmakers Could Face Charges. The Hill (2/16, Crabtree) reports that the indictments of Kyle Foggo and Brent Wilkes "provide clues about other evidence and material federal prosecutors are seeking from Congress and which members could face more legal trouble in the wide-ranging bribery investigation. In between the more lurid details about prostitutes, hundreds of thousands in cash

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payments and luxurious trips to Hawaii and Coeur d'Alene, Idaho included in the indictments…are eight references to letters" former Rep Randy Cunningham "sent members of the Appropriations, Permanent Select Committee on Intelligence and Armed Services committees requesting tens of millions of dollars in contracts for Wilkes' companies. … The indictments do not include the panels' responses to these requests; and that is, in all likelihood, because prosecutors were having a difficult time convincing Congress to hand over the relevant records," but "a Democratic aide said discussions are "still ongoing" and the two sides hope to resolve the matter as soon as possible." The Hill notes Reps. Bill Young, Floyd Spence and Duncan Hunter and then-Rep. Porter Goss were chairmen of committees that received letters from Cunningham.

Small NJ Town Abuzz About FBI Raid On Mayor's Home, Office. Under the headline "F.B.I. Raids On The Mayor Make Him Topic A In A Small Town," the New York Times (2/16, Miller, 1.16M) reports from Guttenberg, N.J., "The whispers were everywhere in this sliver of a town on the Hudson: Federal investigators were here looking for something. Then on Jan. 26, the F.B.I. agents seized several computers, rifles and files from the home of Mayor David Delle Donna, as well as records from Town Hall. Mr. Delle Donna has not been charged with a crime and insists that he has done nothing wrong, though a person close to the investigation said the January raids were connected to a former bar owner and eight others charged in 2005 with running a human trafficking ring." The Times adds that the "raids have left many in this town of 10,800 scratching their heads. … And although no one is suggesting any connection to the trafficking, chatter in this town that measures all of 4 blocks wide and 11 blocks long reached new heights in recent weeks after two fires broke out at the only high-rise apartment building in town, killing one person, and another fire erupted at an abandoned building."

FBI, IRS Search Home, Office Of Former Boy Band Promoter. In a widely-distributed story, the AP (2/16, Reed) reports, "Federal agents executed search warrants on Thursday at New York native Lou Pearlman's Florida office and home, the latest in a string of legal problems facing the man who built the Backstreet Boys and 'NSYNC. The search came less than two weeks after a state court-appointed receiver took control of three Pearlman companies. A judge issued that order after Florida's Office of Financial Regulation alleged that for 15 years Pearlman has sold unregistered securities through a bogus savings program." The AP notes, "FBI agents and other law enforcement investigators spent hours on Thursday carrying boxes away from Pearlman's offices."

Federal Agents Search Ranbaxy's New Jersey Offices In FDA Probe. Bloomberg (2/16, Larkin) reports, "Ranbaxy Laboratories Ltd., India's biggest drugmaker, said U.S. officials conducted a surprise search of two of its New Jersey offices yesterday, seeking documents on a variety of topics." Bloomberg continues, "Federal agents spent all day at Ranbaxy's administrative office in Princeton and manufacturing facility in New Brunswick, said Chuck Caprariello, a spokesman for the company. He declined to specify which documents were taken and said business operations have continued as usual. … 'The only thing we know right now is that it was an information request and they needed information on a variety of topics,' Caprariello said today in a telephone interview. 'We're trying to open up dialogue now as to why, and what information they wanted.'" Bloomberg adds, "The Trentonian, a New Jersey newspaper, reported today that criminal investigators from the U.S. Food and Drug Administration searched the Princeton facility, saying they were serving a warrant. … The U.S. Attorney's Office in Maryland, part of the Justice Department, is working on the Ranbaxy case and won't comment because there is a pending investigation, spokeswoman Vickie LeDuc said today in a telephone interview from her Baltimore office. Doug Arbesfeld, a spokesman for the FDA, said the Justice Department was handling all media inquiries."

Former Nevada County Official Sentenced To Six Years For Strip Club Bribes. The AP (2/16, Ritter) reports, "A former Clark County commissioner was sentenced to six years in prison Wednesday for delivering bribes to politicians on behalf of a strip club owner." The AP continues, "U.S. District Judge Larry Hicks branded Lance Malone the 'organizer, manager and leader' of 'probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted.' … Hicks blamed Malone for distributing up to $550,000 in bribes to three former commission colleagues from 2000 to 2003, and said he was imposing three years more than Malone received in a related case in San Diego.

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Malone will serve the sentences at the same time; he also was fined $100,000." The AP adds, "Malone pleaded guilty in September to one count of conspiracy under the federal Racketeer Influenced Corrupt Organizations, or RICO Act, for the Nevada case. … In the San Diego case, Malone was convicted on similar charges that he delivered bribes to politicians there on behalf of strip club owner Michael Galardi. … On Wednesday, Malone, 45, told the judge that he had been greedy, and he pleaded for leniency. … Malone becomes the third person sentenced in a case that grew from years of FBI wiretaps and led to indictments against Galardi, Malone, and former Clark County commissioners Dario Herrera, Erin Kenny and Mary Kincaid-Chauncey. The commission wields control over a wide area of southern Nevada, including the Las Vegas Strip."

Pennsylvania Police Officer To Stand Trial On Corruption Charges. The Pittsburgh Tribune-Review (2/16, Zapf) reports, "In a hearing that lasted almost four hours, seven witnesses testified Thursday about alleged wrongdoing by suspended West Mifflin police Officer Noel Missig. Brookline District Judge Charles McLaughlin held Missig…for trial on charges of perjury, simple assault, obstructing the administration of law or government function, tampering with public records or information, two counts of unsworn falsification to authorities and official oppression. The charges stem from a joint FBI and state police investigation that spanned four years and led to accusations that Missig planted cocaine in a suspect's clothing, assaulted a handcuffed boy and lied about the seizure of video poker machines from a borough business."

ADL Honors FBI Agents, Prosecutors For California Gang Convictions. The Los Angeles Times (2/16, 850K) reports, "The Anti-Defamation League on Thursday honored the federal agents and prosecutors involved in convicting four members of a Latino street gang in Highland Park last year for violating the civil rights of African Americans with a campaign of threats and violence, including murder. The group noted that the case against the Avenues gang 'broke new ground as the first time a street gang was convicted of violating federal hate crime laws.' Honored at a luncheon…were federal prosecutors Bobby Bernstein, Alexander Bustamante and Thomas O'Brien; FBI agents Jerry Fradella and Christian M. Haugen; and federal paralegal Martha Lovejoy," as well as local law enforcement officers.

Chicago Protection Racket Collector Sentenced To Seven Years. The Chicago Tribune (2/16, O'Connor, 617K) reports, "A Russian native, who prosecutors say preyed on Russian businesses in Chicago for 'protection' money, was sentenced Thursday to more than 7 years in prison for extortion." A lawyer for 69-year-old Israil Vengerin, "sought leniency, saying his client is dying in prison from heart problems while he awaits a transplant." However, "U.S. District Judge John Darrah imposed an 87-month prison term, saying Vengerin 'terrorized' some in the Russian community. … If Vengerin's condition becomes terminal, the judge said he would consider reducing his sentence." The Tribune notes that at Vengerin's trial, "Much of the testimony came from secretly recorded tapes of Vengerin made by an associate who helped collect the protection money while working undercover for the FBI. At least two victims also recorded Vengerin with the FBI's cooperation."

Klebnikov Murder Defendants Fail To Appear, Delaying Jury Selection. The AP (2/16, Isachenkov) reports that a Russian "court postponed jury selection Thursday in the retrial of three men linked to the 2004 murder of the American-born editor of Forbes magazine's Russian edition after two of the defendants failed to show up, a court spokeswoman said. Prosecutors had accused two Chechen men of killing Paul Klebnikov, but a jury trial acquitted them last year. The Supreme Court later overturned the acquittal and ordered a new trial. Moscow City Court spokeswoman Anna Usacheva said Thursday's session to choose jurors for the retrial was postponed until March 14 because defendants Kazbek Dukuzov and Musa Vakhayev failed to show up." The New York Times (2/16, Lewis, 1.16M) notes that "the judge postponed the beginning of jury selection for a month. … The prosecutor general's office declined to discuss today's events, which like the previous trial occurred behind closed doors."

The Moscow Times (2/16, Schreck) reports, "Vakhayev's lawyer, Vladimir Gorulkov, said in court that his client had 'valid reasons' for his absence," court spokeswoman Tatyana Zubaryova said. "No one showed up to represent Dukuzov, Zubaryova said. Ruslan Koblev, the lawyer for Moscow notary Fail Sadretdinov, said Dukuzov had received his court summons but was in Chechnya; he said he did not know whether Dukuzov would return to Moscow for the trial. Koblev said Vakhayev was in Moscow but stayed home Thursday because he was ill."

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California Police Department Under Misconduct Probe. The Los Angeles Times (2/16, Blankstein) reports, "Inglewood interim Police Chief J.I. Davis today confirmed that some members of his department were being investigated for misconduct, but he refused to give specifics." The Times continues, "At an afternoon news conference at Inglewood police headquarters, Davis insisted that his department began its probe after developing its own information of possible police corruption. … 'The investigation was initiated in January 2006, after hearing rumors and developing information about possible misconduct,' he told reporters." The Times adds, "Davis refused to give specifics, but The Times has reported that at least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that had been the target of a high-profile law enforcement crackdown. … Davis denied reports that the department's investigation was a result of information gathered by federal officials. .. .'That the information was the result of a federal investigation' is incorrect, he said. 'The department did not receive information from any federal agency.' … But sources familiar with the misconduct allegations said that federal authorities, including the U.S. attorney's office and the Immigration and Customs Enforcement agency, began hearing about the alleged involvement of police officers last year."

Probe Of Pizza Man's Death By Bomb Collar Nears End. USA Today (2/16, 3A, Johnson) reports, "More than three years after a bank robbery suspect in Erie, Pa., was killed when a bomb locked around his neck exploded, a federal prosecutor has summoned investigators to meet today in Pittsburgh to help her determine whether to file charges in the case." USA continues, "U.S. Attorney Mary Beth Buchanan says her meeting with investigators from the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Pennsylvania State Police indicates that the probe into the bizarre death of Brian Wells, 46, is nearly complete. 'The investigation is in its final stages,' she says." USA adds, "A federal grand jury in Erie has heard testimony from "numerous" witnesses, Buchanan says, adding that the probe has been complicated by the deaths of at least two potential witnesses. … The death of Wells, a pizza deliveryman, received national attention because it occurred on live television and because of the many questions it left. No one has been arrested in the case, and it remains unclear whether Wells was a willing participant in a bank robbery plot that went awry or was the unwitting victim of a such a plot. .. .Investigators also have examined other possibilities. Among them: that the intent all along was not to rob the bank, but to send Wells to a torturous death. Or, that Wells was part of a robbery plot but thought the bomb was fake."

Nine Former California School Athletes Arrested For Gang-Style Crimes. The Los Angeles Times (2/16, Lin, Abrams) reports, "Nine former football players from Murrieta Valley High School, members of a self-described 'Fight Club,' today were arrested by Murrieta police for an alleged gang-style rash of robberies, burglaries and assaults over two years -- including beating up high school students who 'disrespected' their members, authorities said." The Times continues, "The club was founded in 2004 by a group of football players who allegedly injected anabolic steroids to enhance their performance on the field, police said. … The ex-athletes, only one of whom still attends the high school in the southwest Riverside County suburb, started calling themselves 'Fight Club' and would challenge one another in fighting matches outside of school -- attracting large crowds of juvenile spectators, often at local parks, police said. … 'They essentially started out as bullies in the school and graduated to crimes of violence,' said Lt. Dennis Vrooman of the Murrieta Police Department. … 'Investigators allege that members of the gang would 'case' homes in Murrieta and neighboring Temecula while attending parties, and come back days later to burglarize the residences. Police said members of the gang also allegedly attempted to commit a home-invasion robbery, two car thefts, two cases of arson, multiple armed robberies, false imprisonment and several assaults. … Four of the former football players were arrested on suspicion of participating in a criminal street gang which, when considered with the other allegations, could lead to life sentences if convicted, Vrooman said."

CIVIL LAW:

OCS Accused Of Intimidation In Whistleblower Probe. The Washington Post (2/16, A21, Williamson) reports, "A trouble-plagued whistle-blower investigation at the Office of Special Counsel -- whose duties include shielding federal whistle-blowers -- hit another snag this week when employees accused the special counsel of

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intimidation in the probe." The Post continues, "The Office of Personnel Management's inspector general has been investigating allegations by current and former OSC employees that Special Counsel Scott J. Bloch retaliated against underlings who disagreed with his policies -- by, among other means, transferring them out of state -- and tossed out legitimate whistle-blower cases to reduce the office backlog. Bloch denies the accusations, saying that under his leadership the agency has grown more efficient and receptive to whistle-blowers." The Post adds, "The probe is the most serious of many problems at the agency since Bloch, a Kansas lawyer who served at the Justice Department's Task Force for Faith-based and Community Initiatives, was appointed by President Bush three years ago. Since he took the helm in 2004, staffers at the OSC, a small agency of about 100 lawyers and investigators, have accused him of a range of offenses, from having an anti-gay bias to criticizing employees for wearing short skirts and tight pants to work. … The 16-month investigation has been beset by delays, accusations and counter-accusations. The latest problem began two weeks ago, when Bloch's deputy sent staffers a memo asking them to inform OSC higher-ups when investigators contact them. Further, the memo read, employees should meet with investigators in the office, in a special conference room. Some employees cried foul, saying the recommendations made them afraid to be interviewed in the probe. … This week, Public Employees for Environmental Responsibility, the Project on Government Oversight, the Government Accountability Project and Human Rights Campaign and a lawyer for the OSC employees protested in a letter to legislators and to Clay Johnson III, the Office of Management and Budget deputy who ordered the OSC probe."

NYT Praises Bill To Expand Whistleblower Protections. The New York Times (2/16, 1.16M) says in an editorial, "The plight of federal workers who raise alarms about waste and fraud in government has become a scandal unto itself." In "a vote this week of bipartisan unanimity, the House government reform committee offered whistle-blowers fresh hope with a much needed measure to protect them against official retaliation." The bill, "sponsored by Henry Waxman, Democrat of California, and Tom Davis, Republican of Virginia, would guarantee a worker the right to a court review of a complaint if it lingers beyond six months without action."

FOIA Reform Legislation Expected Soon. The AP (2/16, Kellman) reports, "Congressional Democrats are looking at ways to strengthen open government laws and force the Bush administration to release more documents under the Freedom of Information Act." The AP continues, "Rep. Lacy Clay, D-Mo., said legislation he is considering would be broader than an open government bill last year that sought to reduce the number of disputed FOIA requests and improve reporting requirements to Congress. The legislation never reached a vote in the House or Senate. … Clay said the old bill will be the starting point for a new one that will take direct aim at the administration's practice of using the threat of terrorism to withhold 'nonsensitive information.' … 'I am deeply concerned that this administration appears to be shielding information that ought to be accessible to the public,' said Clay, chairman of the House Oversight and Government Reform Committee's subcommittee on information policy." The AP adds, "The American Civil Liberties Union urged the subcommittee on Wednesday to scrap what it said was the White House's 'policy of nondisclosure' outlined in a 2001 memo by then-Attorney General John Ashcroft. … Ashcroft advised against releasing information when there was uncertainty about whether FOIA exemptions applied, such as for national security and law enforcement material. His memo reversed a Clinton administration policy that urged agencies to resolve FOIA requests by erring on the side of releasing, not withholding, government information. … 'To this administration, secrecy is the default response,' ACLU Executive Director Anthony D. Romero said in written testimony prepared for Clay's subcommittee."

Government Executive (2/16, Pulliam) reports, "The bill's introduction likely will coincide with Sunshine Week March 11-16, an initiative led by the American Society of Newspaper Editors to educate the public about the importance of open government. National Freedom of Information Day also happens that week, on March 16." GE adds, "Clay said Rep. Henry Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, will be heavily involved in crafting the measure. A bill that was approved at the subcommittee level in September 2006 (H.R. 867) will be used as a starting point. … In a statement, Waxman said he looks forward to working with Clay on legislation to strengthen the FOIA, and is pleased, as the law was the focus of the subcommittee's first hearing in the new Congress."

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Bankruptcy Judge OKs $145 Million In Delphi Fees. The AP (2/16, Tong) reports, "A federal bankruptcy judge on Thursday approved $145 million in fees to lawyers and financial advisers for the first year of the restructuring of auto parts supplier Delphi." The AP continues, "Troy, Mich.-based Delphi Corp., a former subsidiary of General Motors Corp. until 1999, has incurred nearly $135 million in professional fees and $10 million in expenses for the period from its voluntary bankruptcy protection filing on Oct. 8, 2005, through the end of September 2006. … U.S. Bankruptcy Judge Robert Drain of the Southern District of New York approved the payment applications filed by about 30 law firms, bankers and others." The AP adds, "As part of its bankruptcy case, Delphi has cut labor costs by offering voluntary buyout and early retirement deals to tens of thousands of union workers represented by the United Auto Workers and the International Union of Electronic Workers-Communications Workers of America, the company's biggest and second-biggest unions. … Delphi has made reducing labor and retirement benefit costs one of the highest priorities in its reorganization. … Among Delphi's advisers, the biggest bill comes from the law firm Skadden, Arps, Slate, Meagher & Flom, which recorded fees and expenses of $32.79 million for the year." The AP notes, "Delphi expects to emerge from bankruptcy protection in the first half of this year. It is now negotiating with its unions over collective bargaining agreements and General Motors over legacy retirement costs. Those agreements are needed if Delphi wants to move forward on a proposed plan that has private equity investors making a cash infusion as the company exits bankruptcy."

Bankruptcy Judge Orders Bear Stearns To Pay $125 Million For Lax Oversight Of Hedge Fund. Bloomberg (2/16, Bilodeau, Weidlich) reports, "Bear Stearns must pay at least $125.1 million to a failed hedge fund after a court concluded the securities firm ignored signs that investors were being defrauded and took money to cover its own potential losses." Bloomberg continues, "U.S. Bankruptcy Judge Burton Lifland in New York yesterday ordered that Bear Stearns must return the money to Manhattan Investment Fund, which collapsed in 2000 after regulators accused the manager of sending fake account statements for more than three years." Bloomberg adds, "Bear Stearns, alerted to the fraud as early as 1998, waited a year before scrutinizing the hedge fund's books and learning its true financial condition, Lifland wrote. … The delay allowed Manhattan Investment to continue cheating investors, who lost almost $400 million, according to regulators. The ruling against Bear Stearns, of New York, may spur investment banks to monitor hedge funds, their most lucrative trading clients, more closely. Bear Stearns is one of the biggest brokers to hedge funds."

Bipartisan Legislation Seeks FDA Regulation Of Tobacco. The Los Angeles Times (2/16, Alonso-Zaldivar, 850K) reports, "House and Senate lawmakers of both parties introduced sweeping legislation Thursday to make tobacco subject to the kind of federal safety regulation that now applies to medicines and food, and said prospects for action are the most favorable in years. … Although the White House has not supported similar legislation in the past, it's not clear what position President Bush will take this time. Administration officials took a neutral stance Thursday." Three presidential candidates "signed on to the legislation: Sens. John McCain (R-Ariz.), Hillary Rodham Clinton (D-N.Y.), and Barack Obama (D-Ill.). Its principal sponsors in the Senate are Sens. Edward M. Kennedy (D-Mass.), and John Cornyn (R-Texas)."

The AP (2/16, Bridges) also reports the story, noting a spokesman for Senate Majority Leader Harry Reid said the bill "had the support of the caucus. A spokesman for House Speaker Nancy Pelosi, D-Calif., said she personally supported it." White House spokesman Tony Fratto "declined to comment. The Department of Health and Human Services is reviewing the legislation, spokeswoman Christina Pearson said."

California High Court Approves Tobacco Litigation. The Los Angeles Times (2/15, Dolan) reports, "The California Supreme Court made it possible Thursday for people who become ill from smoking to once again win large judgments from tobacco companies, unanimously rejecting a four-year-old federal court decision that had virtually halted all smoker lawsuits in the state. … 'It reopens tobacco litigation in California,' said Northeastern University Law Professor Richard A. Daynard, who heads a group that promotes lawsuits against the industry. 'The light just went from red to green.'" The Times continues, "Since California began allowing individual lawsuits over smoking damage in 1998, plaintiffs in California had won some of the biggest tobacco awards in the country, including a $28 billion jury verdict in Los Angeles. The awards came to a halt when the federal

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appeals court in 2002 set a strict deadline, saying smokers should have filed suit years earlier, when it became widely known that smoking was a health hazard and addictive." The Times adds, "Taking advantage of the federal ruling, the tobacco industry had exercised its right to move cases into federal court, which hears disputes between litigants in different states. Lawyers said every single case was dismissed. … In a decision written by Justice Carlos R. Moreno, the California Supreme Court said that although judges and juries can presume that plaintiffs should have known of the dangers and filed their lawsuits earlier, smokers can rebut that presumption by presenting evidence that tobacco companies misrepresented the risks. … 'Although knowledge of smoking addiction has been widespread . . . ,' Moreno wrote, 'tobacco companies' misrepresentation of the danger and addictiveness of smoking were also widespread.'"

CIVIL RIGHTS:

LAPD May Be Allowed To Pursue Alternative Racial Profiling Monitoring Methods. Los Angeles Times (2/16, McGreevy) reports, "Faced with a $25-million price tag to replace aging devices that log the ethnicity of every motorist stopped, the Los Angeles Police Department may be allowed to pursue alternative methods for making sure its officers are not engaging in racial profiling, a federal monitor said Thursday." The Times continues, "In his quarterly report on the department's compliance with a federal consent decree mandating LAPD reforms, Independent Monitor Michael Cherkasky said the agency might be able to meet the requirement for checking on racial profiling by methods other than the one currently used to collect data. … 'It is the monitor's belief that the dollars that would need to be spent in continuing the current method of collection and aggregation can, in fact, be better spent on enhancing the city's ability to detect, investigate and prevent biased policing,' Cherkasky wrote." The Times adds, "That opens the door for the city to propose alternatives such as installing video cameras in all patrol cars, though any change would require final approval from Cherkasky, the Justice Department and a federal judge. … Also, it might cost up to $25 million to put video cameras in all patrol cars. … Still, Police Commission President John Mack welcomed the possibility that the city could find a less costly and more effective way to check for profiling."

Federal Judge Sets Limits On NYPD Videotaping. The New York Times (2/16, Dwyer) reports, "In a rebuke of a surveillance practice greatly expanded by the New York Police Department after the Sept. 11 attacks, a federal judge ruled yesterday that the police must stop the routine videotaping of people at public gatherings unless there is an indication that unlawful activity may occur." The Times continues, "Four years ago, at the request of the city, the same judge, Charles S. Haight Jr., gave the police greater authority to investigate political, social and religious groups. … In yesterday's ruling, Judge Haight, of United States District Court in Manhattan, found that by videotaping people who were exercising their right to free speech and breaking no laws, the Police Department had ignored the milder limits he had imposed on it in 2003." The Times adds, "Citing two events in 2005 — a march in Harlem and a demonstration by homeless people in front of the home of Mayor Michael R. Bloomberg — the judge said the city had offered scant justification for videotaping the people involved. … 'There was no reason to suspect or anticipate that unlawful or terrorist activity might occur,' he wrote, 'or that pertinent information about or evidence of such activity might be obtained by filming the earnest faces of those concerned citizens and the signs by which they hoped to convey their message to a public official.' … While he called the police conduct 'egregious,' Judge Haight also offered an unusual judicial mea culpa, taking responsibility for his own words in a 2003 order that he conceded had not been 'a model of clarity.'"

ANTITRUST:

AirTran Seeks Merger Talks With Midwest. The Milwaukee Business Journal (2/16) reports, "AirTran Holdings Inc. reported Feb. 15 the federal waiting period for its proposed $345 million buyout of Midwest Air Group Inc. has expired." The Journal continues, "AirTran chairman and CEO Joe Leonard called the Justice Department's determination not to challenge the proposed merger a 'milestone' and said he hoped the agency's decision will prompt Midwest management to sit down with AirTran for formal negotiations. … 'As we have frequently said, the combination of AirTran and Midwest is pro-competitive and the merger of our two airlines will create a stronger, more diversified airline, better able to withstand competition from

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other airlines, offer greater job security to employees and provide more service to the cities currently served by both airlines,' Leonard said in a statement." The Journal adds, "AirTran is trying to buy Oak Creek-based Midwest Air Group Inc. to create a low-fare carrier with revenue of about $3 billion in 2007. However, Midwest on Jan. 25 rejected the unsolicited offer calling it 'opportunistic' and saying it 'undervalues' the company. … Leonard said Thursday he hoped that with the expiration of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act that Midwest will 'consider the benefits to their stakeholders and sit down with us to negotiate a definitive agreement.'"

Judge May Further Delay Caremark-CVS Deal. The St. Louis Post-Dispatch (2/16, Feldstein) reports, "A hearing today is expected to determine whether the bid by CVS Corp. to buy Caremark Rx will be further delayed because of alleged misconduct by Caremark executives and board members." The Post-Dispatch continues, "The lawsuit challenging the CVS-Caremark deal was brought by Express Scripts Inc. of Maryland Heights, which also wants to buy Caremark. It alleges that Caremark's executives and directors failed to negotiate in the best interest of its shareholders." The Post-Dispatch adds, "Delaware Chancery Court Chancellor William B. Chandler III already has delayed the Caremark shareholders' vote at least until March 9. He acted after a large group of shareholders said it needed more time to evaluate the CVS offer. … CVS, the nation's No. 2 retail drug chain, in November announced its plan to combine with Caremark, based in Nashville, Tenn. Its bid was a $21 billion, all-stock offer that it said would create a new dynamic in the pharmaceutical industry. Caremark shareholders had been scheduled to vote on the deal Tuesday." The Post-Dispatch notes, "Express Scripts is the nation's No. 3 pharmacy-benefits manager. In December, it countered CVS's bid for Caremark with a cash-and-stock offer valued at $26 billion and a vision of a larger, stronger pharmacy-benefits management company. … Express Scripts later sued Caremark, that company's board and CVS, saying the Caremark—CVS deal should be quashed because of 'extensive fiduciary misconduct.' Chandler isn't expected to rule today."

Bill Would Repeal Antitrust Exemption For Insurance Industry. McClatchy Newspapers (2/16, Recio) reports, "Lawmakers moved to rein in the insurance industry Thursday by introducing legislation in the House of Representatives and Senate to repeal the industry's federal antitrust exemption." McClatchy continues, "Senate Minority Whip Trent Lott, R-Miss., a fierce critic of the insurance industry's response to Hurricane Katrina, joined Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and ranking member Sen. Arlen Specter, R-Pa., on the Senate floor to introduce the bill. In the House, Rep. Gene Taylor, D-Miss., Rep. Pete DeFazio, D-Ore., Rep. Bobby Jindal, R-La., Rep. Walter Jones, R-N.C., and others announced the introduction of identical legislation. … 'Federal oversight would provide confidence that the industry is not engaging in the most egregious forms of anti-competitive conduct - price-fixing, agreements not to pay and market allocations,' Leahy said. 'Insurers may object to being subject to the same antitrust laws as everyone else, but if they are operating in an honest and appropriate way, they should have nothing to fear.'" McClatchy adds, "Lott, who lost his home in the hurricane and who's part of a lawsuit that's being settled with State Farm & Casualty Co., said, 'After Hurricane Katrina we learned a lot of lessons.' He said he found out 'to my absolute horror that the insurance industry is not covered by the antitrust laws.' … 'This is wrong,' Lott concluded, 'and the Senate, in a bipartisan way, should, and I believe will, correct it.'" McClatchy notes, "The bill has some heavy hitters behind it, notably Senate Majority Leader Harry Reid, D-Nev., who said in a statement, 'If insurers around the country are operating in an honest and appropriate way, they should not object to being answerable under the same federal antitrust laws as virtually all other businesses.'"

WSJournal Warns Democrats Could Over Regulate Telecom Sector. The Wall Street Journal (2/16, 2.04M) says in an editorial, "If you're wondering where the new Democratic majority in Congress is inclined to steer telecom policy, look no further than Mr. Dorgan's comment" at an Federal Communications Commission, where he "pays lip service to free markets while ultimately favoring more regulation for its own sake. But more regulation is the last thing today's telecom industry needs, at least if empirical evidence is any indication. As FCC Chairman Kevin Martin reported at a Senate hearing earlier this month, the industry is now taking risks in a way it hasn't since the tech bubble burst six years ago." Much of this "growth has been fueled by increased broadband deployment, which makes high-speed Internet services possible." The "one sure way to stop these

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trends is by bogging down industry players with regulations or price controls that raise the risk that these mammoth investments will never pay off. Yet that seems to be the goal of Senator Dorgan and other Democrats such as Representative Ed Markey, another 'Net neutrality' cheerleader, who is planning his own hearings. Consumers will end up paying for such policies in fewer choices and higher prices."

ENVIRONMENT:

Lawmakers Ask Gonzales For Answers About Wooldridge Actions. The AP (2/16, Heilprin) reports, "The House Judiciary Committee on Thursday asked Attorney General Alberto Gonzales to explain how the Justice Department's former top environmental prosecutor could sign consent decrees with the third-largest U.S. oil company after buying a $980,000 vacation home with its top lobbyist." The AP continues, "An Associated Press report a day earlier disclosing the transactions 'suggests potential unethical, if not illegal, conduct by a senior Justice Department official and, even more disturbing, apparent complicity in such behavior by the department,' the committee's chairman, Rep. John Conyers, D-Mich., said in a letter to Gonzales. … Conyers also asked Gonzales when he and other department officials learned of then-Assistant Attorney General Sue Ellen Wooldridge's 'close relationship with a target of a department public corruption investigation and what action, if any, was taken as a result?'" The AP adds, "A third buyer of the gated community home at Kiawah Island, S.C., was former Deputy Interior Secretary J. Steven Griles, who shares a condominium in northern Virginia with Wooldridge and was told last month he faces possible criminal charges of lying to Congress and fraud in the Jack Abramoff bribery and influence-peddling scandal. … The Justice Department says ethics officials signed off on Wooldridge's purchase of the beach getaway with Griles, now an oil and gas lobbyist, and ConocoPhillips Vice President Donald R. Duncan, before the closing last April. The deed lists Duncan as half owner in the property, with Wooldridge and Griles each owning 25 percent. … Nine months later, the Justice Department sent two proposed consent decrees signed by Wooldridge to a federal judge in Houston for approval. One, sent Jan. 11, would let the company delay the required installation of some of the $525 million in pollution controls at nine refineries; the other dealt with a Superfund toxic waste cleanup. Wooldridge resigned as assistant attorney general effective Jan. 19. ConocoPhillips said Duncan had no involvement in negotiating the consent agreements." The AP notes, "Conyers' letter also was signed by Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus, as an expression of broader support for the inquiries within the House. Another House panel, the Oversight and Government Reform Committee chaired by Rep. Henry Waxman, D-Calif., launched an inquiry a day earlier."

Senate Democrats Order GAO Probe Of Royalties Collection. The New York Times (2/16, Andrews) reports, "Top Democrats on the Senate Energy Committee, citing widespread management problems at the Interior Department, ordered a new inquiry on Thursday into the department's fast-growing program to collect billions of dollars worth of oil and gas from companies that drill on public territory." The Times continues, "The inquiry, to be conducted by the Government Accountability Office, will come on top of a criminal investigation by the Justice Department into allegations that the program's director earned money as a consultant to companies that were seeking to resell the government oil. … Other investigations are under way by the Interior Department's inspector general and Congressional committees into complaints about mismanagement, weak enforcement and a leasing blunder in the 1990s that could cost taxpayers $10 billion in lost royalties over the next decade." The Times adds, "The new line of scrutiny comes from Senator Jeff Bingaman of New Mexico, chairman of the Senate Energy Committee, and Senator Ron Wyden of Oregon, chairman of the subcommittee on public lands. … The two senators asked the G.A.O. to analyze the so-called royalty-in-kind program, under which the Interior Department collects a share of the oil and gas that companies produce on federal property and then resells it on the open market to generate cash. … Bush administration officials have called the program a simpler and more efficient way for the government to collect royalties on the vast amounts of oil and gas produced on public lands."

Gore Describes Vision For "Live Earth" Concerts. The Washington Post (2/16, C1, Booth, 690K) reports that at "the news conference Thursday announcing this summer's ambitious 'Live Earth' concerts -- designed as an exercise in 'mass persuasion' about threats of global

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warming -- Al Gore described his vision: a 24-hour musical extravaganza across seven continents, featuring as many as 150 of the world's top recording artists, introduced by an army of 'celebrities and thought leaders' (think: Cameron Diaz and Richard Branson), playing before a total live audience of a million people, and reaching 2 billion more via television, radio and the Internet on July 7." Asked "yet again if he's running for president ('no'), the former veep was quizzed about lingering skeptics of global warming. Gore sighed, and then joked that the doubters must get together on Saturday nights with the folks who believe the moon landings were staged in the Arizona desert. Said Gore, 'I'm running out of things to say to them.'"

FBI/DEA/ATF/USMS:

Defense Lawyer Pleads Guilty To Leaking BALCO Grand Jury Documents. In a widely-distributed story, the AP (2/16, Elias, Kravets) reports the former lawyer for BALCO founder Victor Conte and BALCO vice president James Valente "pleaded guilty Thursday to obstructing justice by leaking secret grand jury documents to two reporters covering the government's probe of steroids in sports. Troy Ellerman could be sent to prison for as long as two years and fined up to $250,000 for the convictions. His sentencing was scheduled for June 14. … Prosecutor Douglas Miller said the plea concludes the government's investigation of the leaks and the subpoenas of the Chronicle's Mark Fainaru-Wada and Lance Williams were withdrawn." The AP notes, "Prosecutors said a 'previously unknown witness' approached the FBI and offered to help prove that Ellerman was the source. Larry McCormack, former executive director of the Pro Rodeo Hall of Fame and a private investigator who briefly worked for Conte, told the AP on Wednesday that he tipped off FBI agents."

The New York Daily News (2/16, O'Keeffe, Red, 729K) reports that "Ellerman's daredevil personality dates back to his childhood," but his "maverick ways may land him in jail following his bombshell admission Wednesday that he leaked the BALCO grand jury testimony to two San Francisco Chronicle reporters. … 'I think it was just Troy being Troy,' Larry McCormack, the private investigator who told the FBI in December that Ellerman was the source of the BALCO leaks, told The News yesterday. 'I tried to convince him to straighten this out. I think he just felt this is a way to do it, to get the case dismissed against his client. It was a way to throw something in the mix -- what Troy calls getting people off their game. Did it help his client? Well, his client didn't have to do any jail time.'"

Bloomberg (2/16, Gullo) reports, "Ellerman's motive was to use leaks in the case as a basis for seeking to have the criminal case against his client thrown out, the statement said. Ellerman had access to the transcripts because he was representing the vice president of Bay Area Laboratory Cooperative, known as Balco, a Burlingame, California-based lab at the center of a U.S. criminal probe of steroid distribution, said the statement. … 'Such gamesmanship undermines the integrity of the legal system and demands accountability,' said Deputy U.S. Attorney General Paul McNulty, in a statement." Bloomberg notes, "A plea agreement calls for Ellerman of Woodland Park, Colorado, to serve two years in prison; his sentence will be decided by a judge. Sentencing is scheduled for June 14, the statement said. … The U.S. Justice Department is withdrawing subpoenas to two San Francisco Chronicle reporters who used the transcripts in a series of stories about the California lab, the statement said. The reporters had been found in contempt of court for refusing to testify to a separate grand jury about their sources."

Georgia Couple Named As Masterminds Behind $12 Million Marijuana Operation. The Atlanta Journal-Constitution (2/15, Jefcoats) reported a Fayetteville real estate agent and her husband "masterminded a $12 million operation to grow marijuana hydroponically in the basements of vacant $300,000 homes, according to police from at least six Georgia counties. Fayette County sheriff's drug agents said Blanca Botello, 34, is a licensed ReMax Realtor who helped close the sale on at least a dozen homes used in the operation. The homes are owned by Cuban nationals who also may be charged." The investigation, which "originated from the Jones County Sheriff's Office and the Drug Enforcement Agency, is ongoing and more arrests are expected." The AP (2/15) reported a similar story.

The Fayette Daily News (2/15) reported, "Inside each home…were 200 plants -- for a total of nearly 2,100 plants with a value of more than $12 million. 'When we got the tip from Miami, all we had was a name, and information that the master-grower might be living in Fayette County,' said Capt. Mike Pruitt, head of the Fayette County Sheriff's Drug Task Force. … According to Pruitt, [a] name given by DEA agents,

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Merquides Martinez, turned out to be the mastermind behind the large marijuana operation, although no plants were found in his home in south Fayette County."

Man Accused Of Impersonating DEA Agent Arrested In Staten Island. The New York Sun (2/16) reports a "career criminal who once tried to shoot a New York police officer in the head was charged with impersonating a Drug Enforcement Agency special agent to rob drug dealers around the city. A joint task force of DEA agents and city and state police officers arrested Anthony Clanton, 34, on Tuesday at his apartment…in Staten Island." Investigators said they "found several counterfeit documents, including a DEA badge, a billfold with DEA credentials, two search warrants, and a Metropolitan Transportation Authority parking permit in his home."

The New York Daily News (2/16) reports Clanton "allegedly used the fake DEA badge, search warrants and possibly the real cop's gun to rob drug dealers and finance a luxurious lifestyle. He owns a minifleet of high-end cars." The Daily News says Clanton is a "reputed Bloods gang member who tried to kill an undercover cop a decade ago."

In its Metro briefing, the New York Times (2/16) reports Clanton is said to have "used a high-quality replica of D.E.A. credentials and fake search warrants to gain entrance to homes he intended to rob."

On its Web site, NY1 News (2/15) reports the DEA "says they also took guns, ammunition, crack cocaine, and a police scanner from the home. Clanton's arrest was the result of a joint investigation that began in November of 2006."

On its Web site, AM New York (2/16) reports, "Ten years ago, Anthony Clanton tried to kill an undercover cop, but his gunned jammed three times as the officer was heard on a recording device begging for his life. Clanton served eight years in federal prison, then returned to a life of crime, pulling robberies while posing as a federal agent, authorities said Thursday. … Inside Clanton's Narrows Road home, authorities said they found 300 guns, one stolen from a cop, 300 rounds of ammunition, a bullet proof vest, [and] a realistic-looking photo ID for HIDTA."

Pennsylvania Gun Purchase Sting Examined. The Philadelphia Inquirer (2/16, Dribben) reports, "Fifteen years ago, when Raymond Tanner graduated high school, his dad switched careers. … Radically. … He sold his share of a dairy farm stand and opened a gun shop. … But going from butter to guns has its downside. … You have to worry about doing business with the wrong customers. And a Washington lobbying group could post your name on its Web site, naming you as an arms dealer who caters to criminals." The Inquirer continues, "Which is what happened last month when the Brady Center to Prevent Gun Violence released a report, 'Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers.' Tanner's store was featured as one of the scurrilous. … What the Brady Center didn't know is that the sale had been a sting, arranged in cooperation with the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives." The Inquirer adds, "Lanky and laid-back, a yellow polo shirt tucked loosely into his jeans, Ray Tanner, 33, now manages Tanner's Sport Center in Jamison, Bucks County, for his father. The family prides itself on running an honest operation, he said. … In this small suburban shop, which stocks fishing reels and insect repellent, baseball caps and flashlights, as well as 1,500 firearms - about half of them handguns - spotting bad guys is relatively easy. … About once a month, the sales staff turns away a suspicious customer. Usually, Tanner says, a couple will come in. The man will look at handguns. He'll know just what he's looking for. … While he considers the fine points, the woman will wander around, utterly uninterested. But when they're ready to buy, she'll be the one filling out the paperwork. If it can be proved she bought the guns for the man, it is a 'straw purchase' - a felony." The Inquirer notes, Gun shops that willfully sell to straw purchasers can also lose their license and face prosecution, says John Hageman, special agent for the Philadelphia office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. … So gun dealers are in a tricky spot, Hageman says. "They are businessmen dealing in a commodity. If they profile people, they risk alienating legitimate customers. But if they aren't suspicious enough and allow criminals to buy guns, they risk not only their credibility and their license, but people's lives."

IMMIGRATION:

Cuban Jetliner Bombing Suspect Posada Carriles Faces Immigration Trial. AFP (2/16, Gilot) reports, "An anti-Castro militant accused of bombing a Cuban jetliner in Venezuela three decades ago will face trial in the United States on May 11 on charges of lying in his citizenship application, a US judge has ruled." AFP continues, "Both Cuba and Venezuela have protested the fact that the

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United States has not pressed charges against Luis Posada Carriles, 78, for allegedly masterminding the 1976 bombing that killed 73 people. … Posada has denied his involvement in the jetliner bombing, but has reportedly admitted involvement in a string of hotel bombings in Cuba in 1997 and in a plot to kill Cuban leader Fidel Castro in Panama in 2000." AFP adds, "Venezuela and Cuba have also accused the United States of hypocrisy for refusing to extradite Posada to face terrorism charges in Venezuela. … The US government tried to deport Posada after he held a May 2005 press conference in Miami which alerted immigration officers that he had entered the country illegally. .. .But a US judge ruled Posada cannot be deported to Cuba or Venezuela, where he was a naturalized citizen, because he may face torture there. … US authorities have so far been unable to find a country willing to take Posada, a native Cuban and former CIA operative who was trained to participate in the failed Bay of Pigs invasion of Cuba in 1961 and went on to become chief of operations at Venezuela's secret intelligence police, Disip, in the 1970s."

TAX:

Administration May Go Along With Tax Hike On Wealthy. The Wall Street Journal (2/16, A1, Lueck, 2.04M) reports the new Democratic-controlled Congress "is looking to rein in looming tax increases on the middle class, possibly covering the cost by raising taxes on upper-income households. And the Bush administration may not stand in the way." The possible bargain "centers on the Alternative Minimum Tax, a kind of parallel income tax that hit 3.5 million U.S. taxpayers in the 2006 tax year. Congressional Democrats are eager to keep the AMT from ensnaring millions more middle-class taxpayers. They also must find a way to cover the estimated $50 billion cost of scaling back the tax this year." In "recent days, Bush administration officials have signaled they may not oppose a likely method of covering those costs: raising taxes on the nation's wealthiest citizens. That concession could mark the beginning of a bigger debate on revisiting the Bush tax cuts, which could ultimately lead to reversing at least some of the cuts given to upper-income Americans over the past six years."

Democrats Seek To Impose Economic Agenda. Under the headline "Democrats Push Economic Policy That Benefits Poor, Middle Classes," McClatchy (2/16, Hall) reports congressional Democrats "are moving quickly to impose their economic agenda now that they've returned to power on Capitol Hill. They're shrugging off strong macro-economic indicators to spotlight sluggish wage growth and a rise in mortgage defaults, and they're even pressuring the Federal Reserve to lower interest rates." Democrats are "homing in on narrower issues, such as a rise in mortgage defaults by holders of sub-prime loans, who tend to be minorities and working-class Americans. And they're addressing the job insecurity and general unease many Americans feel over how much the global economy now influences the U.S. economy." Democrats "feel that working Americans aren't fully sharing the benefits. Their agenda was on clear display Thursday." Sen. Charles Schumer, D-N.Y., "and a group of freshmen senators introduced a bill promoting what they called middle-class tax cuts. It includes a new tax credit for care of elderly family members and expanding the child tax credit."

CONGRESS-ADMINISTRATION:

Frank Says House Would Probably Reject Doha Trade Deal. The Financial Times (2/16, Guha, Callan) reports, "Unease about globalisation among US legislators is so great that a Doha deal would probably be rejected by Congress, Barney Frank, the Democratic chairman of the House financial services committee, claimed on Thursday. His remarks, at the second day of testimony by Ben Bernanke, the Federal Reserve chairman, come at a moment when the administration is locked in tense negotiations with the Democratic leadership on trade policy." Said Frank, "My own view is that if they were in fact to come to an agreement in the Doha round that the resulting agreement – if they reach it as they are currently talking about – would not pass the House of Representatives."

The Christian Science Monitor (2/16, Trumbull, 59K) reports "worries about the dark side of free trade are surfacing in the United States in ways that could affect the course of globalization worldwide. Don't expect an outright retreat from global commerce just yet," but "it is becoming more likely that the US will act to temper and manage its impact. The reason: Free-trade brush fires have recently erupted on economic and political fronts:"

Portman Memo Directs Agencies To Ignore "Earmarks." The Washington Times (2/16, Dinan, 88K) reports the Bush Administration "no longer will be bound by

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most congressional pork-barrel spending requests, the director of the White House's Office of Management and Budget said yesterday in a memo on how federal departments and agencies should treat money in the new spending bill the president signed into law." Some Republicans "hailed it as a giant turnaround, while Democrats said they already had taken steps to restrict pork spending this year." More than "95 percent of pork-spending requests, known as earmarks, are never enacted as laws, but rather are written into reports that do not have the force of law. For years, most departments and agencies have honored the requests anyway, fearing that otherwise their funding would be cut the next year." But OMB Director Rob Portman's "memo says the Bush administration will feel free to ignore those requests."

Conrad Says WSJournal Wrong On Bush's Return To "Fiscal Nerve." In a Wall Street Journal letter to the editor (2/16), Sen. Kent Conrad says, "Your Feb. 6 editorial 'Fiscal Revelation' wrongly praises President Bush's budget and unfairly criticizes me. It is far- fetched to claim that the president has rediscovered his 'fiscal nerve' with this budget. The federal debt burden is certainly not 'falling.' Debt has exploded under this president's watch -- increasing from $5.8 trillion when he took office, to $9 trillion by the end of this year, and to more than $12 trillion by 2012 if the president's policies are continued. The recent drop in the deficit does nothing to change our deteriorating long-term outlook, which has only worsened under this administration. The president could have used his budget as an opportunity to reach out to Democrats and the new Congress to address our long-term imbalances. Instead, he chose to again reject compromise and stay the course." This Administration "has the worst fiscal record in history and its new budget does nothing to change that."

Rangel, Grassley Debate Minimum Wage Bill.

House Ways and Means Chairman Charles Rangel and Senate Finance Committee ranking Republican Charles Grassley discussed the minimum wage issue on PBS' NewsHour (2/15, Suarez). Rangel said, "The House overwhelmingly passed the bill to approve the minimum wage for over 13 million people, and we sent it to the Senate with the understanding that it would have broad support over there. We sent it over. Republicans and Democrats support it. And maybe the distinguished senator from Iowa can share with us, what do they have against increasing the minimum wage for 13 million Americans?" Grassley replied, "Nothing against the increase in the minimum wage. That's why there were only three votes against it. … We're also trying to do what both Republicans and Democrats said in the last election they wanted to do, is close down tax loopholes, and tax schemes, and things of that nature, where people are doing everything they can to avoid taxation to bring in revenue, which offsets. So there's no increase in the deficit, either in our bill or in Chairman Rangel's bill." Rangel: "I think what the eloquent senator said was that they were going to hold the minimum wage bill hostage unless we passed $8 billion tax cuts for business. Is that fair to say?" Grassley: "It's not fair to say. … We can't get anything done in the Senate unless it's bipartisan. So this is what we're trying to do, is to help small business close tax loopholes, and raise the same amount of money so the deficit doesn't go up, and help minimum wage people. It's a win-win-win for everybody."

White House Pastry Chef Recalls Tenure In Book.

USA Today (2/16, 6D, Clark, 2.27M) reports French pastry chef Roland Mesnier has been "churning out desserts to die for from the Carter administration right into George W. Bush's second term." Mesnier says, "I'm one of the few chefs who has left the White House with a good taste in my mouth." USA adds, "Indeed, of the six executive chefs who served during Mesnier's tenure, three were let go, he says. He retired in 2004 but has returned for brief stints since." His new book, "All the Presidents' Pastries: Twenty-Five Years in the White House (Flammarion, $24.95), out in time for Presidents Day, is peppered with reminiscences and insights from those years, plus recipes for presidential favorites such as pecan bourbon pie (Jimmy Carter) and quick chocolate mousse (Ronald Reagan)."

US Mint Releases New Washington Dollar Coin.

ABC World News (2/15, story 8, :20, Gibson, 8.78M) reported, "The US Mint rolled out the new $1 coin, featuring George Washington. It's the first in a series honoring the presidents. A new presidential $1 coin will be released every three months. The Mint plans on putting over 300 million of the Washington coins in circulation."

NYTimes Says Presidential Coin Series Is "Educational." The New York Times (2/16, 1.16M) says in an editorial, "Perhaps the most striking thing about the new presidential coin released yesterday is that Congress has asked the United States Mint to issue one for every president

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from George Washington to Gerald Ford. With four new coins coming out each year, it will be hard to complain about the 2007 series, which offers a bumper crop of Founding Fathers. Washington, who appeared yesterday, will be followed by John Adams, Thomas Jefferson and James Madison. The down side of this inclusive approach, though, is that not every year will be so glorious." But there is "a real educational value in including every president. At a time when the current occupant of the White House thinks presidential powers should be expanded to new extremes, the series will be a four-times-a-year reminder that not everyone who makes it to the White House belongs on Mount Rushmore."

Neuharth Says Bush Among Worst Of Worst Presidents. In his USA Today column (2/16, 15A), Al Neuharth says, "A year ago I criticized Hillary Clinton for saying 'this (Bush) administration will go down in history as one of the worst.' 'She's wrong,' I wrote. Then I rated these five presidents, in this order, as the worst: Andrew Jackson, James Buchanan, Ulysses Grant, Hoover and Richard Nixon. 'It's very unlikely Bush can crack that list,' I added. I was wrong. This is my mea culpa. Not only has Bush cracked that list, but he is planted firmly at the top. The Iraq war, of course, has become Bush's albatross." Bush "admitting his many mistakes on Iraq and ending that fiasco might make many of us forgive, even though we can never forget the terrible toll in lives and dollars."

Private Structure Of Medicare Part D "Not An Impediment" To Its Success. In a Wall Street Journal op-ed (2/16, A15), Daniel McFadden of the University of California, Berkeley, reviews the success of the market-based features of the Medicare Part D program. McFadden says, "My overall conclusion is that, so far, the Part D program has succeeded in getting affordable prescription drugs to the senior population. Its privatized structure has not been a significant impediment to delivery of these services. Competition among insurers seems to have been effective in keeping a lid on costs, and assuring reasonable quality control. We do not have an experiment in which we can determine whether a single-product system could have done as well, or better, along these dimensions, but I think it is reasonable to say that the Part D market has performed as well as its partisans hoped, and far better than its detractors expected."

OTHER NEWS:

Bernanke Says Economy May Be Exceeding Expectations. USA Today (2/16, 2B, Hagenbaugh, 2.27M) reports Federal Reserve Chairman Ben Bernanke "said Thursday the economy may be performing better than is currently estimated and said an increase in inflationary pressures would warrant higher interest rates." In his testimony to the House Financial Services Committee, Bernanke said, "We've seen some strong income growth, which suggests that the economy may be stronger than we think." Bernanke also "said the Fed wasn't ready to declare victory against inflation." Said Bernanke, "If inflation becomes higher for some reason, then the Federal Reserve would have to respond to that by raising interest rates."

The Washington Post (2/16, D2, Henderson, 690K) reports Bernanke "rejected a Democratic lawmaker's suggestion that he consider cutting interest rates to bolster the economy." Bernanke "repeated that the Fed is likely to hold rates steady for a while if slower economic growth nudges inflation lower this year and next as expected. But the Fed also thinks inflation is too high and might go higher, Bernanke said. If he and his colleagues adjust borrowing costs in coming months, they are more likely to raise rates than lower them." Chairman Frank "had told Bernanke the Fed's stance was 'troubling' to him because the central bank also forecasts the economy will grow at a moderate rate this year, below its long-term average, and that inflation will drift lower over time."

Fed Hints Lower Unemployment May Not Cause Inflation. The Wall Street Journal (2/16, A2, lp, 2.04M) reports Federal Reserve officials "appear to believe unemployment can go lower than they previously thought without generating inflation, a potentially important shift that some economists think could make interest-rate increases this year less likely." The monetary-policy report "that Fed Chairman Ben Bernanke delivered to Congress this week indicated that members of the policy-setting Federal Open Market Committee now expect a lower unemployment rate this year than they did just seven months ago, but they don't expect that to result in higher inflation." The reduced inflation concerns "at the Fed and weaker economic data, such as a drop in January industrial production reported yesterday, have led financial markets to boost expectations the Fed will lower its short-term interest-rate target, now 5.25%, later this year."

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Bernanke Wins Bipartisan Praise From Congress. The Financial Times (2/16, Guha) reports Bernanke's "political stock is rising – a development that could help him push through the changes he wants to make at the Federal Reserve, including the adoption of a flexible inflation target." At Thursday's House hearing, Democratic Chairman Barney Frank, "who raised eyebrows this year by pledging more robust oversight of the Fed, declared himself pleased with Mr Bernanke." Frank said, "You have, I think, over the past months in particular, said some very reason-able things from my standpoint." The Times adds a "day earlier in the Senate, Mr Bernanke was lavished with praise from all sides of the political spectrum for engineering a soft landing for the US economy." Several "common themes have emerged from the hearings. First, Mr Bernanke's decision to halt rate rises in the summer of 2006 has earned him political capital as a Fed chairman who considers seriously the dual mandate to put equal weight on employment and inflation, and not inflict harm lightly on the real economy."

Realtors Predict Upturn In Home Prices. NBC Nightly News (2/15, story 7, :20, Williams, 9.87M) reported, "The housing market tonight showing more weakness just at the end of last year. The number of existing homes sold in the fourth quarter fell in forty of our fifty states. Nationwide sales fell by just 10% and from the same time period a year ago prices were down prices were down 2.7%."

USA Today (2/16, Dugas, 2.27M) reports, "Home prices are likely to spring back in the coming months, the National Association of Realtors predicted Thursday after reporting that median prices fell in 73 metro areas in the final three months of 2006." NAR chief economist David Lereah said "last year 'was the year of contraction. … When we get the figures for this spring, I expect to see a discernible improvement in both sales and prices.'" USA adds nationwide, "the median sales price for an existing single-family home fell to $219,300 in the fourth quarter, down 2.7% from the same period in 2005." Several "once-sizzling markets in Florida continued to see price declines. The Sarasota-Bradenton-Venice area was worst hit; prices fell 18% in the fourth quarter." Still, the NAR "pointed out that despite the recent downturn in prices, gains for typical single-family homes the past five years have been robust in many metro areas — and explosive in others. In Riverside-San Bernardino-Ontario, Calif., for example, prices have soared 155.3% in the past five years."

Stock Markets Make Modest Gains, Dow Sets New Record Close. NBC Nightly News (2/15, story 8, :15, Williams, 9.87M) reported, "On Wall Street here in New York, the blue chips were modestly higher, but it was enough for a new record close. The Dow finished up just over 23 points to close at that new record of 12,765.01. NASDAQ gained almost 9 points [to close at 2,497.10] on the day."

The Wall Street Journal (2/16, C1, McKay, 2.04M) reports the "pace of the stock rally slowed, but solid rises in shares of Caterpillar and Boeing were enough to spur the Dow Jones Industrial Average to a third straight gain and another record finish." Boeing shares "jumped 2%, helped by the aircraft maker's announcement of an order from United Parcel Service for 27 cargo planes. Caterpillar shares rose 2.2% after the equipment maker said it plans to repurchase $7.5 billion of its stock within the next five years. Both companies are Dow components." The Standard & Poor's 500-stock index "inched up 0.1%, or 1.51 points, to 1456.81, up 2.7% on the year and some 70 points from its record set in March 2000."

Virginia Bar Mulls Allowing Lobbying Firms To Hire Legislators. The Washington Post (2/16, A1, Shear) reports, "The organization charged with regulating Virginia attorneys is pushing to erase an ethics rule that for a half-century has prohibited the state's legislators from being employed alongside lobbyists at the commonwealth's largest law firms." The Post continues, "The change, proposed by the Virginia State Bar's standing committee on legal ethics, could spark a bidding war among Richmond's leading law firms, which would be free to hire the speaker of the House of Delegates or the Senate floor leader even as their lobbyists prowl the halls of the General Assembly. … That has outraged some in the legislature, who say the move would create dangerous conflicts of interest for the lawmakers and the lobbyists. And they say it adds to a perception that the General Assembly is a good old boys' club where deals are cut behind closed doors instead of in public committee rooms." The Post adds, "Virginia's existing rule is stronger than in many states, where sitting lawmakers and lobbyists are often allowed to work in the same law firm, according to state bar officials. Arizona, Illinois, Washington and New Hampshire permit the practice, officials said. At least nine other bar associations prohibit firms from having both lobbyists and sitting lawmakers. Maryland does not have any such prohibition, but the state imposes certain restrictions on

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lawmakers who work for firms with lobbying arms. … Pressure to eliminate the rule in Virginia was sparked in part by Sen. R. Creigh Deeds (D-Bath), who recently joined the law firm of Hirschler Fleischer P.C., a Richmond-based firm with a small lobbying presence. Without the proposed change, Deeds would be violating state ethics rules. … Deeds, who describes himself as a small-town rural lawyer, said his losing bid for attorney general in 2005 made it nearly impossible to keep his small practice alive. His plans to run for governor in 2009 will require a more stable income, he said. But he said there will be a firewall between himself and the firm's lobbyists."

Clinton Campaign Signing Consulting Contract With Key Endorser. The AP (2/15, Schafer) reports South Carolina state Sen. Darrell Jackson, a "key black Democratic leader" in that state, "has negotiated a $10,000 per month consulting contract with Sen. Hillary Rodham Clinton's campaign, a development that came to light when the lawmaker endorsed the presidential hopeful." Clinton spokesman Mo Elleithee "denied there was any deal made for Jackson's endorsement." Jackson's firm "will advise Clinton's campaign on 'political matters in South Carolina, outreach, organizing issues' and purchasing advertising, Elleithee said."

Obama Will Have To Fight For Black Support In The South. Under the headline "Obama's Southern Support Not A Cinch," the Chicago Tribune (2/16, Glanton, 617K) says votes for Sen. Barack Obama "won't come easily" in the South, "home to the nation's largest concentration of African Americans -- one of the Democratic Party's most loyal constituencies and some of the most dedicated supporters of former President Bill Clinton." Black voters will "play a major role in primary elections in states such as South Carolina, Mississippi, Alabama and Georgia. About 50 percent of voters in South Carolina's Democratic primary are black." But black voters "have found themselves in a dilemma. Should they support Obama and possibly make history or should they support Hillary Clinton and bring back a team many feel was the most dedicated to black causes since President John Kennedy?"

Haitian-American Journalist Angered By Obama "Blackness" Debate. In a Washington Post (2/16, A23, 690K) op-ed, Haitian-American journalist Marjorie Valbrun writes, "What does it mean to be black, and who is the arbiter of authentic blackness?" As Obama's "'blackness' has increasingly been discussed on black-oriented radio shows, at political conferences and on Sunday morning news shows, I've grown more dismayed by the day. … At a time when blacks living in this country, whether by birth or by choice, should be harnessing their collective political clout to empower all black people, we're wasting time debating which of us are truly black. … People are asking whether he's black enough to represent them. I ask, black enough by whose standards? Why must Obama's life follow the same track of 'authentic' black folk to pass this litmus test?"

Obama Also Faces Battle With Clinton, Edwards For Internet Edge. In his Washington Post (2/16, A23, 690K) column, E.J. Dionne says the 2008 race is the "election in which Internet campaigning will reach maturity. The 2000 campaign offered the first glimmers of the medium's power when John McCain surprised the political world by raising $6 million to $7 million online in his unsuccessful Republican primary campaign against George W. Bush. Howard Dean rode the Internet from nowhere to a strong early position in the 2004 Democratic presidential race, only to fall to John Kerry." This time, "the question is whether Obama will have an edge as the candidate who talks about his campaign as a participatory mass movement and is trying to embody the word 'new.'" But Obama "faces two obstacles to overwhelming Clinton on the Internet. The first is John Edwards, whose strong stands against the Iraq war and in favor of a broad national health insurance plan have made him popular among the more ideologically committed bloggers and their audiences," the second is the "Clinton campaign's awareness that the Internet matters this year as it never has before."

Gingrich Remains In GOP's Top Tier In Polls. The Washington Times (2/16, Hallow, 88K) says "press accounts seldom name former House Speaker Newt Gingrich in the top tier of aspirants for the Republican presidential nomination, despite polls consistently showing he belongs there." In "every recent poll national poll -- as well as in Iowa" -- Gingrich leads Mitt Romney among Republican likely voters. Gingrich "has said he will wait until September to make a decision on running. Still, in poll after poll, he joins" Rudy Giuliani and Sen. John McCain "in scoring in double digits." But "late starters…may be out of luck this time, with both parties' nominees expected to be known by early February of next year."

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Gingrich Again Says No Decision Until December. Asked on Fox News' Your World (2/15, Cavuto) when he will decide on a presidential run, Gingrich again said, "I will decide in late September. … This is February of 2007. The election is November of 2008. And you get an inauguration in January of 2009. Now, these guys are all running around -- and gals, counting Hillary -- raising money, hiring consultants, having polls. We have had more polls in February than you had in 1960 in the entire election."

Brownback Leads Senate Presidential Hopefuls In January Missed Votes. The Politico (2/15) reports Sen. Sam Brownback "has been playing an awful lot of hooky these days. Last month, he missed more than half of his Senate roll call votes," second in the chamber only to hospitalized Sen. Tim Johnson. Brownback "showed up 48 percent of the time. As a presidential hopeful, he probably has his hands full. Yet rival senators who are also moonlighting as '08 contenders have higher attendance records -- though the campaign season remains young." Sen. Barack Obama "has managed to show up for every vote so far," while Sens. Hillary Clinton and John McCain "scored a 94 percent attendance record last month."

Dodd's Banking Panel Role Helps Him Rake In Contributions. In a feature on the front page of its business section entitled "The Banker's Candidate," the Washington Post (2/16, D1, Birnbaum, Johnson, 690K) writes that Sen. Christopher Dodd "has two big jobs. He is a candidate for the Democratic nomination for president, and he chairs the Senate Banking Committee. They are proving to be a lucrative combination. Among Democrats, Dodd's $5 million campaign nest egg is surpassed only" by that of Sen. Hillary Clinton." Dodd's "electoral riches can be traced to the banking panel, whose jurisdiction includes some of the wealthiest industries in America -- banking, insurance and financial services. In addition, Dodd's home state is the hedge fund and insurance capital of the country. But it is Dodd's philosophy, not only his geography, that has made him a cash magnet. Each of these big-money interests applauds his light-handed approach to financial regulation and considers him a reliable friend -- a fact that raises questions about Dodd's viability in a Democratic field even as it bolsters his fundraising prowess." While "in recent presidential polls, Dodd has been little more than an asterisk," the "ample donations those connections have fostered will enable him to make his name more widely known."

WPost Says Romney Has Work To Do To Win Over Social Conservatives. The Washington Post (2/16, A22, 690K) editorializes that Mitt Romney, "having presided over one of the most liberal states in the nation, having made statements on issues such as abortion and gay rights that appealed to the residents" of Massachusetts, "now needs to convince the social conservatives who have a big say in picking the party's nominee that he is not a Massachusetts Republican after all." Romney "has disavowed previous positions backing a federal law to prohibit discrimination on the basis of sexual orientation and calling for an end to the ban on gays in the military; now he emphasizes his opposition to the ruling on same-sex marriage by Massachusetts's highest court. Once he touted his support for abortion rights and backed the use of leftover embryos for stem cell research; now he endorses overturning Roe v. Wade, a position he says he came to during the stem cell debate. Our views are much more in line with the old Romney than the new version; Republican primary voters will have to judge for themselves which is authentic and whether political opportunism, rather than a moral awakening, as he says, played a role in Mr. Romney's transformation."

Coalition Launches Initiative To Change California Term Limit Law. The Los Angeles Times (2/16, Vogel, 850K) reports an "unusual coalition of special interests with close ties to lawmakers launched a ballot initiative today that would tweak California's term limits to allow the Legislature's current leaders to stay in office as long as six more years." The measure "would do what Assembly Speaker Fabian Nuñez (D-Los Angeles) and Senate President Pro Tem Don Perata (D-Oakland) have discussed with increasing urgency as their 2008 ousters approach: Cut the number of years a legislator could hold office from 14 years to 12, but allow that time to be served in a single house."

Malkin Seen As Conservative Firebrand. In his Washington Post column (2/16, C1), Howard Kurtz says conservative blogger Michelle Malkin "arouses strong emotions." Malkin said, "They'll ridicule my looks, ridicule my ethnicity, go after my family. They've attacked my husband relentlessly. There's a strong sexist strain among my liberal critics, who think it isn't possible I could have gotten anywhere without my Svengali husband, or some white man,

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embedding ideas in my head." The Post adds, "Make no mistake, though: This daughter of Filipino immigrants plays pretty rough herself. Whether on her blog, her Internet talk show or her Fox News appearances, Malkin delights in sticking her finger in the eye of the liberal establishment. And she is convinced that her detractors don't play fair." But "plenty of folks find Malkin's rhetoric overheated as well."

NYTimes Worries About Dislocated Auto Workers. The New York Times (2/16, 1.16M) says in an editorial, "American autoworkers are suffering through another round of layoffs, factory closings and buyouts. This time DaimlerChrysler has announced that it will cut 13,000 jobs in North America. Ford Motor and General Motors offered buyouts to a total of nearly 200,000 hourly workers in 2006." The "plight of the workers who have lost their jobs is real and has to be addressed, but the U.S. manufacturing sector is far more robust than the struggle of the carmakers suggests. According to the United Nations, the United States accounted for 21.2 percent of world manufacturing in 2000." But "pro-trade politicians have to make sure that a lost factory job does not mean a drastic and lasting decline in living standards, with no access to health insurance and no hope for a college education for that worker's children."

Rice Seen As Impetus Behind North Korea Deal. The New York Times (2/16, A3, Sanger, Shanker, 1.16M) reports in order to "win approval of a deal with North Korea that has been assailed by conservatives inside and outside the administration," Secretary of State Condoleezza Rice "bypassed layers of government policy review that had derailed past efforts to negotiate an agreement, several senior administration officials said this week." After a meeting in Berlin last month with Assistant Secretary of State Christopher Hill, who had just held sessions with his North Korean counterparts, Rice "called back to Washington to describe the outlines of the deal to" national security adviser Stephen Hadley "and then to President Bush. But to some, it seemed the usual procedures were cut short -- vetting the details though an interagency process that ordinarily would have brought in Vice President Dick Cheney's office, the Defense Department and aides at the White House and other agencies who had previously objected to rewarding North Korea before it gives up its weapons." However, White House and other administration officials "dispute that, saying that all relevant agencies were consulted." In lieu of "formal meetings," Hadley "walked it through with concerned people," a senior administration official said, acknowledging that the process was "much more informal, and rapid, than usual." The result has been "an unusual attack on the agreement from the right," starting with former Ambassador John Bolton, who said "bluntly" that it was a "bad deal." Meanwhile, State Department officials said outgoing Under Secretary of State Robert Joseph "vehemently disagreed with the approach, telling associates privately what Mr. Bolton has said in public: that the new agreement was no better, and perhaps worse, than one signed by President Clinton in 1994." For her part, Rice on Thursday "sternly played down the significance of any internal dissent, making it clear that she would not entertain dissent after the president had made up his mind."

Hill Says Agreement Is "Only A First Step." Assistant Secretary Hill said on CNN's The Situation Room (2/15, Blitzer), "This is only a first step. It's not the whole thing. What we have is a 60-day agreement where they will shut down and seal this reactor, the reactor that has been continuing to produce plutonium up to this very day. And then we will begin discussing with them a list and try to run to ground all their other programs and go on from there." Asked about North Korea's "cheating" on a similar agreement reached in 1994, Hill said, "Well, you know, there's always the risk of cheating. … If they cheat in this 60-day process, we will know that pretty soon. So there's always the threat of that. But I will say there's one big difference between this deal and the previous deal, which is this is a multilateral deal. … And that's very different from the past, when it was a bilateral agreement between North Korea and the United States."

Appearing on PBS' NewsHour (2/15, Woodruff), Hill said, "During that 60 days, a few things have to happen, including shutting down the reactor and getting the IAEA inspectors there, beginning to work with us to get a list of all of their nuclear programs, all of their nuclear programs, which will have to be abandoned, pursuant to the agreement in September '05. So, yes, it's a good step forward, but there's a lot of steps to go." Asked about "criticism coming from inside your own Administration," referring to Deputy National Security Adviser Elliot Abrams, Hill said, "There are a lot of people who are going to have a lot of opinions. North Korea is a very emotional issue for many people. … I take my instructions from the Secretary of State."

Under the headline "White House Calms GOP Base On Korea Deal," the AP (2/16, Ben Feller) says the White House Thursday "sought to ease concern among conservatives" that

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the deal "goes too easy" on Pyongyang. In particular, Abrams "raised alarms" about the possible removal of North Korea from a list of terror-sponsoring states. White House spokesman Tony Snow 'said he spoke with Abrams and assured him North Korea will not be removed from the list unless it changes it behavior."

South Korean Official Warns Pyongyang Must Give Up Weapons Program. In a front page article, the Washington Times (2/16, A1, Sands, 88K) reports "a top contender to be South Korea's next president" Wednesday warned during a visit to Washington "that North Korea must be forced to give up all its nuclear-weapons programs if the new accord to end the peninsula's nuclear crisis is to succeed." Park Guen-hye, daughter of the late South Korean President Park Chung-hee and a former chairman of the leading opposition party, said the deal this week was a "good first step," but said "merely freezing Pyongyang's existing nuclear arsenal…was unacceptable."

Unresolved Status Of North Korea's Enriched Uranium Program Seen As "Shortcoming" Of Deal. In its "Inside The Ring" column, the Washington Times (2/16, Gertz, 88K) reports that "a senior Bush administration official said that one serious shortcoming of the tentative deal on North Korea's nuclear program is that it does not resolve the status of Pyongyang's secret highly enriched uranium (HEU) program." While North Korea "denies making any acquisitions necessary for a production-scale HEU program," the official stated, "We know they made these acquisitions." During talks in October 2002 between State Department official James Kelly and North Korean Deputy Foreign Minister Kang Seok-ju, Pyongyang reportedly "admitted that the uranium program had been under way for several years," but later "reversed course and began denying that they had the uranium program, a position eventually adopted by both China and Russia."

Prospects For Progress In Monday's Mideast Summit Seen As Bleak. AFP (2/16, Millikin) reports that as Secretary of State Condoleezza Rice prepares to host a "rare" summit between Israeli and Palestinian leaders, a "political resurrection of the radical Palestinian group Hamas and a flare-up of violence in the disputed city of Jerusalem have cast a shadow over Monday's meeting." In recent months Rice has "heralded the existence of a 'new opening' for progress towards" a settlement. But on Thursday, her spokesman "was lowering expectations for the encounter." State Department spokesman Sean McCormack said the summit is "not designed as a set of meetings that is going to result in a formal outcome, it is designed to start a series of conversations."

Similarly, the Wall Street Journal (2/16, A8, King, Simpson, 2.04M) says the "budding political alliance" between Hamas and Fatah has "thrown a wrench into Ms. Rice's plans to start peace talks." But she is "sticking to her plans," leaving "skeptics, including some Israeli officials…wondering if Ms. Rice is wise to proceed on this trip." Meanwhile, the US "itself is sending mixed signals over whether it may be willing to interact with a unity government led by Hamas." Rice "said the US wouldn't take a position on this question until the new government is formed, but US officials in Israel have told the Palestinians that the US would shun the government if it doesn't embrace Israel, renounce violence and agree to abide by previous international peace accords."

The New York Times (2/16, A10, Cooper, 1.16M) says that "to some extent," Rice's plan to "jump-start" the peace process, "leap-frogging interim details and squabbles," has "turned the clock back to the closing days of the Clinton administration, when a push toward a final settlement expired." However, "the timing could not be worse." Prospects for "any real breakthrough were already bleak two months ago," when the plan was launched, but last week, "one more giant obstacle emerged: a national unity government of Fatah and Hamas leaders that was worked out in talks brokered by Saudi Arabia in Mecca." Bush administration officials, "publicly lukewarm about the agreement, were angry with" Palestinian President Mahmoud Abbas, according to the Times. They say the pact "brings him closer to Hamas instead of bringing Hamas." Rice was "angry about the Mecca deal," but "said that she would nonetheless go ahead with the planned summit."

Under the headline "Palestinian Power-Sharing Deal Complicates Rice's Mideast Trip," the Washington Post (2/16, A18, Kessler, 690K) says Abbas' move "has placed the United States in a quandary because, under Rice's formulation, he is a 'mainstream' leader, while Hamas is an 'extremist' group that needs to be isolated." In the interview, Rice "repeatedly defended Abbas," calling him "someone who has devoted his whole life to nonviolence," and said the US will continue to work with him. "It would be a very big mistake to not continue to deal with him," she said. Rice said she is traveling to the

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region because "it is important to inject energy and confidence" in the dealings between Olmert and Abbas.

The Los Angeles Times (2/16, Richter, 850K) says the summit "is taking place under a cloud of uncertainty" as "hopes for the US mission have dimmed." However, the Administration is seen as "eager to show allied Arab governments that it can make progress on Israeli-Palestinian issues, in hopes of strengthening their cooperation in stabilizing Iraq and resisting the influence of Iran."

Abbas, Haniya Meet To Select New Cabinet. The New York Times (2/16, A10, Myre, 1.16M) reports, "After months of difficult negotiations and bloody Palestinian street fighting, the Hamas-led Palestinian government resigned Thursday to pave the way for a unity government that will include Hamas and the rival Fatah movement." Prime Minister Ismail Haniya submitted his cabinet's resignation on Thursday evening at a meeting with Palestinian President Mahmoud Abbas.

The Washington Post (2/16, A18, Wilson, 690K) says Abbas "immediately reappointed Haniyeh to assemble the next cabinet" in accordance with the agreement reached last week in Mecca, "although who will fill some of the key ministries has been a point of debate between the two sides for the past few days."

USA Today (2/16, 10A, Slavin, 2.27M) reports Secretary of State Condoleezza Rice said Thursday the Bush administration "had not rejected" the Cabinet being formed by the Palestinian factions, but she "said there is no sign the new government would recognize Israel -- as demanded by the Administration and the Israeli government."

The Washington Times (2/16, Gertz, 88K) reports aides to the Palestinian president were quoted by wire reports as saying C. David Welch, assistant secretary of state for Near Eastern affairs, "warned Abbas during a telephone conversation yesterday that Washington would not deal with members of the new government -- even those from Fatah -- unless it meets the Quartet conditions." The aides also said that Jacob Walles, the US consul-general in Jerusalem, "delivered the same message to Mr. Abbas in person at a meeting in the West Bank town of Ramallah."

Gates Reiterates US Not Planning Attack On Iran. The New York Times (2/16, A8, Cloud, 1.16M) reports Defense Secretary Robert Gates again said Thursday that the United States had no intention of attacking Iran "and that any American military efforts against it would be confined to Iraq to disrupt the smuggling of bomb-making materials over the border." During a Pentagon news conference, Gates said, "For the umpteenth time, we are not looking for an excuse to go to war with Iran. We are not planning a war with Iran." Even if the Bush administration "were able to establish that Iran's top leaders knew and authorized the smuggling," Gates said, there would probably be "no change in the Bush administration's strategy of limiting its military response to actions within Iraq."

Pace Says Comments About Iranian Government Referred To "Top Two Or Three People." Joining Secretary Gates at Thursday's briefing, the Washington Times (2/16, Gertz, 88K) reports Gen. Peter Pace, chairman of the Joint Chiefs of Staff, sought to "qualif[y] earlier comments that he doubted high-level Iranian government linkage to special armor-piercing bombs and rockets found in Iraq." Pace told reporters, "What I tried to say when I said I didn't know about the Iranian government, I'm talking about the top two or three people in the government." However, he stressed that the level of Iranian government involvement is "secondary to the danger the arms pose to US and coalition forces."

Pelosi: Bush Lacks Power To Invade Iran. The AP (2/16, Espo) reports House Speaker Nancy Pelosi said Thursday that President Bush "lacks the authority to invade Iran without specific approval from Congress," in what was seen as "a fresh challenge" to the President "on the eve of a symbolic vote critical of his troop buildup in Iraq." Pelosi said Congress "should assert itself…and make it very clear that there is no previous authority for the president, any president, to go into Iran."

Japan Freezes Iranian Assets. AFP (2/16) reports the Japanese government "has decided to freeze the assets of 10 groups and 12 individuals related to Iran's nuclear and missile programs, under a UN sanction resolution approved in December." Japanese Foreign Minister Taro Aso told reporters Thursday, "We must execute the measures with a determined will and resolve because (the Iranian nuclear problem) affects the nuclear non-proliferation regime and North Korea's nuclear problem." Aso also called on Iran "to stop its uranium enrichment activities and return to the negotiating table before and after the passage of the resolution."

WSJournal Says Focus Should Be On Troops' Safety, Not Intelligence. In an editorial, the Wall Street Journal (2/16, 2.04M) writes, "Following the weekend

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intelligence disclosures about Iranian-supplied weapons killing GIs in Iraq, we predicted Tuesday that 'a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven.'" And, "Sure enough, President Bush faced a barrage of questions Wednesday wondering whether senior Iranian leaders were really aware of the weapons transfers, whether he was using 'faulty intelligence,' and whether the disclosures were part of a strategy designed to 'provoke Iran.'" The Journal criticized "the state of our public discourse," where "American military officials present prima facie evidence of Iranian weapons implicated in killing 170 US soldiers and wounding 600 more, and Washington's main concern is not for the GIs but in refighting the last intelligence war."

Egypt Cracks Down On Muslim Brotherhood. The Los Angeles Times (2/16, Stack, el Hannawy, 850K) reports the Egyptian government is "seizing upon a moment of regional chaos and US inattention to crack down aggressively on the country's most popular opposition group and shore up its hold on power." In "a bald push" against the Muslim Brotherhood, the government in recent weeks "has arrested hundreds of activists, unveiled new restrictions on political Islam and published a stream of anti-Brotherhood propaganda in the state-run media."

Libyan Official Seeks Closer Ties To US. In its "Embassy Row" column, the Washington Times (2/16, Morrison, 88K) reports Libya "hopes to remove the last irritants blocking" normalization of relations with the United States "very, very soon," according Ahmed Said Fituri, Libya's secretary for American affairs. As the highest-ranking Libyan official to visit Washington since late 2003 when Libya announced that it was giving up its nuclear weapons programs, Fituri gave an off-the-record talk at the Nixon Center Tuesday. Speaking to the Times' David R. Sands after the session, Fituri said Libya "wants some irritants removed from the bilateral relations, including the end of all sanctions and difficulties in obtaining visas to travel to the United States." The official said he planned to spend much of his visit meeting members of Congress to "discuss how we can close the gap."

Russia Threatens To Quit Arms Treaty Over US Missile Shield. The Financial Times (2/16, Sevastopulo, Buckley, Dombey, Cienski) reports Russia Thursday threatened "to pull out of a landmark nuclear arms control treaty unless the US backed away from plans to install its missile defence shield in Eastern Europe." Russian army chief of staff Yury Baluyevsky "said Moscow might unilaterally withdraw from the 1987 Intermediate-range Nuclear Forces treaty" as the Pentagon prepares to start negotiations with Poland and the Czech Republic about hosting missile interceptors and radars. In response, a senior Pentagon official "said the US would 'resist' the Russian move, which he said would have serious implications for American allies in Europe."

Foreign Minister's Promotion Sparks Speculation That He May Replace Putin. The Washington Post (2/16, A16, Finn, 690K) reports, "President Vladimir Putin promoted Defense Minister Sergei Ivanov to the post of first deputy prime minister Thursday, an elevation that immediately intensified speculation that Putin might favor him as his successor." Ivanov "will now be charged with overseeing Russia's military-industrial complex as well as part of the civilian economy. He was recently put in charge of consolidating and revitalizing Russia's aviation industry."

The New York Times (2/16, Myers, 1.16M) notes Ivanov is "a former K.G.B. officer who became the first civilian to lead the country's military in 2001." The Wall Street Journal (2/16, A6, Chazan, White, 2.04M), under the headline "Putin's Succession Gets Murkier," says the "promotion of a hawkish ally has rejiggered the power balance among" Putin's "likely successors, sharpening the competition faced by the more pro-Western candidate who had been considered the front-runner in next year's presidential contest." Ivanov will now have "the same rank as Dmitry Medvedev, the pro-Western first deputy prime minister."

Putin Dismisses Chechen President. The Washington Post (2/16, A19, Finn, 690K) reports Putin "dismissed the president of Chechnya on Thursday, clearing a path to the southern republic's highest office for Ramzan Kadyrov, the controversial prime minister of Chechnya who has been accused of major human rights abuses in his drive to pacify the war-torn region." Putin "appointed Kadyrov as acting president in advance of elections, in which analysts expect the young Kremlin ally to face only token and timid opposition. No election date has been set, and Russian officials insisted there would be more than one candidate."

More Commentary On Putin. Padma Desai, a professor of comparative economic systems at Columbia University, writes in the Wall Street Journal (2/16, A14, 2.04M), "Whatever the West's grave misgivings about…Putin, they are

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not widely shared by the Russian people, who consistently give their president 70% approval ratings in opinion polls. Even former Presidents Gorbachev and Yeltsin, much admired in the US, have given a nod of approval to Mr. Putin's 'strategic' direction, even though they express reservations about his moves to consolidate federal authority." Desai also says that "if it's correct to say that a prospering middle class -- dare one call it a bourgeoisie? -- inevitably leads to the rise of democracy, then Russia fits the bill admirably. The transformative changes in Russia…are phenomenal. Russians are acquiring private housing, automobiles and fixed and mobile telephones at a dizzying speed. The overall poverty rate has declined from around 35% in the mid-1990s to about 10% today, and 70% of college-age youngsters receive a higher education."

David Ignatius, in the Washington Post (2/16, A23, 690K), writes, "Think of the new Russia as a highway: People used to drive on the left side of the road; now, officially, they are supposed to drive on the right, but the change has been uncomfortable (especially for the authorities). So the country straddles the middle -- which is understandable, but also dangerous. That's a paradox of…Putin's Russia that I have encountered in nearly every conversation here this week. Russian officials insist they don't want to go back to communism," but the country "is wary of full, American-style democracy."

Charles Krauthammer, also in the Washington Post (2/16, A23, 690K), says "Putin's aggressiveness does not signal a return to the Cold War. He is too clever to be burdened by the absurdity of socialist economics or Marxist politics. He is blissfully free of ideology, political philosophy and economic theory. There is no existential dispute with the United States." Putin "is a more modest man: a mere mafia don, seizing the economic resources and political power of a country for himself and his (mostly KGB) cronies."

Friedman Predicts Oil Prices Will Shape Russia's Future. New York Times (2/16, 1.16M) columnist Thomas L. Friedman writes, "Boeing's Moscow Design Center, which employs 1,400 Russian engineers...on various projects, symbolizes Russia's unique potential: Russia is that rare country that not only has a treasure trove of natural resources — oil, gas and mines — but also has a treasure trove of human talent: engineers, mathematicians and other valuable minds." The "meta-question with Russia today is this: Will it become more like Norway, a democracy enriched by oil, or more like Venezuela, a democracy subverted by oil? ... You see signs of both trends." Friedman predicts, "If the price stays at $60 a barrel, [Russia is] going to be more like Venezuela, because its leaders will have plenty of money to indulge their worst instincts, with too few checks and balances. If the price falls to $30, it will be more like Norway. If the price falls to $15 a barrel, it could become more like America — with just enough money to provide a social safety net for its older generation, but with too little money to avoid developing the leaders and institutions to nurture the brainpower of its younger generation."

WPost Critical Of Proposed VOA Programming Cuts. The Washington Post (2/16, A22, 690K) editorializes, "For decades, the Voice of America and its sister broadcasting organizations offered a remarkably balanced alternative to state-controlled media all over the world, buoying dissident movements and undermining anti-American dictatorships for a relatively small investment. Soviet citizens even learned how to reconfigure their radios to break through the jamming signals their government used to interrupt VOA and British Broadcasting Corp. programming." Now, with Putin "bullying his neighbors, manipulating the Russian media and throwing increasingly audacious anti-American tantrums, one would think US policymakers would have the sense at least to maintain relatively modest VOA operations in and around the Russian Federation. Yet President Bush's recently released 2008 budget proposal does just the opposite, cutting VOA programming for a range of post-Soviet states to finance programming expansion in other areas of the world."

Ban Presses Sudan To Allow UN Team To Visit Darfur. The New York Times (2/16, Hoge, A3, 1.16M) reports U.N. Secretary General Ban Ki-moon said Thursday that Sudanese President Omar al-Bashir "had broken a personal pledge he made last month to give entry permits to a United Nations human rights team, and Mr. Ban urged the Sudanese leader to reconsider." Ban also said he had received" no reply from Mr. Bashir to a Jan. 24 letter addressing Sudanese concerns over a combined African Union and United Nations force to curb attacks on villagers in the Darfur region of western Sudan." Ban said the letter "detailed how an advance force would be created, as well as its command structure and financing. "With an affirmative answer, we can pave the way immediately to the introduction of a hybrid A.U./U.N. mission," he said.

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US Preparing For Post-Castro Cuban Exodus. In an exclusive report, the Miami Herald (2/16, Bachelet, 286K) says amid concerns of "a possible mass exodus of Cubans," the Department of Defense "plans to spend $18 million to prepare part of the US Navy base at Guantánamo Bay to shelter interdicted migrants," US officials told the newspaper. Fidel Castro's illness and temporary hand-over of power to his brother Raúl last summer "injected a renewed sense of urgency into plans to handle a mass exodus," and the Administration "quietly requested the funds about a month ago and Congress has approved it," officials told The Miami Herald. The $18 million initiative is "part of a broader US government effort to prepare for the death of Castro." According to the Herald, "top Bush Cabinet officials have met at least twice since December to review Cuba contingency plans," and on March 7 and 8, the Department of Homeland Security "will lead an exercise in South Florida involving the Coast Guard and dozens of federal, state and local agencies, focused on stopping US boaters from picking up rafters."

NYTimes Urges WHO To Ensure Supply Of Avian Flu Vaccine. The New York Times (2/16, 1.16M) editorializes, "Indonesia sent a chill through the World Health Organization recently when it refused to supply any more samples of the avian flu virus that has killed scores of its people. The move, which seemed aimed at gaining access to vaccines at an affordable price, threatens the global effort to track the virus and develop vaccines. But Indonesia has raised a valid point that needs to be addressed: if a pandemic should strike, poor countries would be left without protection." The WHO "needs to work much harder to encourage the transfer of vaccine production technology to countries, like Indonesia, that have the technical ability to use it. That will increase the supply of vaccine and presumably bring prices down. Even then, we fear, there still won't be enough."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Las Vegas Shoots For An NBA Team."
"A Higher Calling Than Duty."
"L.A. Housing Project Stuck In A Cycle Of Violence And Distrust."
"Baghdad Crackdown Underway."
"Proposed Initiative Would Ease Term Limits."
"Is Allstate's New Policy A Brushoff?

USA Today:

"Fliers' Misery Stings JetBlue."
"Post Offices Honor Troops."
"Montoya Opens Up New World For NASCAR."

New York Times:

"Pressing Allies, President Warns Of Afghan Battle."
"Judge Limits New York Police Taping."
"In Setback for New Orleans, Fed-Up Residents Give Up."
"In Fraud Case, 7 Years in Jail for Contempt."
"China Covers Up Detention of AIDS Doctor."
"Donors Sweetened Director's Pay at MoMA."
"Viewers Fast-Forwarding Past Ads? Not Always."

Washington Post:

"The Forgotten Families."
"Pelosi Backs War Funds Only With Conditions."
"D.C. Region Still Solidly In Winter's Frozen Grip."
"Va. Bar Could Reverse Limits On Firms Hiring Legislators."
"One Hot Archaeological Find."
"A Deadly Turn At Intersection With History Of Pedestrian Peril."

Washington Times:

"Rice Wary Of Mideast Peace Trip."
"House Democrats Aim To Limit Troops."
"FCC Targets Violence On TV."
"S. Korean Dissenter Warns Of Nuke Deal."
"Oswald Window For Sale On EBay."
"D.C. Sues 'Unlicensed' Funeral Home."

Detroit Free Press:

"Chrysler Sale Talks Swirls."
"Lawmaker Warns OF Mess Like Vietnam."
"Perry To Be Freed Today; Family Is Thrilled."

Atlanta Journal-Constitution:

"Funds For War May Get Strings Attached."
"Remember The Tax!"
"CDC Traces Salmonella To peanut Butter."
"Mourners Pay Their: Final Tributes To Norwood As Courageous, Homes, Passionate, Down-Home."

Houston Chronicle:

"Eckels Moving On; Who's Moving In."

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"For Perry, Its Also Personal."
"Who Brought PB&J For Lunch HISD Will Trade You."
"Terrorist Suspect's Unexpected Journey To Houston Jail."
"A Victim And A Hero: 'I Got The One God Wanted Me To Get."

Story Lineup From Last Night's Network News:

ABC: I-78 Closed; Flight Delays; Global Warming; Securing Baghdad; Bush Speech-Afghanistan; Cancer Trials; Salmonella Poisoning; New $1 Coin Released; NBA's Harsh Words; Honoring A Hero.

CBS: Winter Weather; Icy Highways; Bush-Iraq Resolution; Iraq-Terrorist Wounded; Iraq Security Crackdown; Peanut Butter Warning; Food Safety; Cyberbullying; Basketball Mentor.

NBC: Winter Weather-Delays; Flight Delays; Al Qaeda In Iraq; Bush Speech-Afghanistan; Madrid Bombings; NASCAR Scandal; Housing Market; Stock Market; Iraqi Refugees; Salmonella Poisoning; Treating Baldness; The Elderly.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Salt Lake City-Mall Shooting; House-Iraq Resolution; Bush-Afghanistan Troop Levels; PA-Interstate Closures; FL-Anna Nicole Smith Paternity Case; Champagne Toasts To Anna Nicole Smith At Topless Clubs Across US.

CBS: House-Iraq Resolution; Murtha-Iraq Bill; Iraq-Al Qaeda Leader Reportedly Wounded; PA-Interstate Closures; Tainted Peter Pan Peanut Butter; FCC-Violent TV Shows; Air Force Academy-Cheating Scandal; Wall Street.

NPR: House-Iraq Resolution; PA-Interstate Closures; Canada-Kyoto Commitment; Tokyo Stock Exchange; Iraq-Al Qaeda Leader Reportedly Wounded; Bush-Iran; Tennessee AG Gives University One Month To Sell Off Prized Paintings.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the President of Panama; meets with the incoming commander of US Central Command.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Hearing on the increasing costs of higher education and student debt. Suze Orman of the Suze Orman Show; author Tamara Draut; researcher Jon Oberg; Sandy Baum, Skidmore College. Location: Room 430, Dirksen.

US House: 10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Oversight hearing on the FCC. Location: Room 2123, Rayburn.

9 a.m. APPPROPRIATIONS _ State and Foreign Operations Subcommittee. Hearing on FY'2007 supplemental appropriations. Condoleezza Rice, Secretary of State. Location: Room 2359, Rayburn.

9 a.m. APPROPRIATIONS _ Interior and Enviornment Subcommittee. Hearing on FY'2008 appropriations for the forest service including state and private forestry and research. Location: Room B-308, Rayburn.

10 a.m. ADMINISTRATION _ Full Committee. Organizational meeting. Location: Room 1310, Longworth.

10 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the progress of the Capitol Visitor Center. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on the implementation of the U.S. visit entry and exit program. Bob Mochny, Acting Director, US VISIT. Location: Room 2362-A, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development Subcommittee. Hearing on the future of the nations navigation infrastructure. Location: Room 2362-B, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the IRS and the tax gap. IRS Commissioner Mark Everson; Michael Brostek, GAO; Nina Olson, IRS. Location: Room 210, Cannon.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on monetary policy and the state of the economy. Jared Bernstein, Director, Living Standards Program, Economic Policy Institute; Ronald Blackwell, Chief Economist, AFL-CIO; Rebecca Blank, Dean, The Gerald R. Ford School of Public Policy, University of Michigan; James Grant, GRANTS Interest Rate Observer. Location: Room 2128, Rayburn.

10 a.m. NATURAL RESOURCES _ Full Committee. Oversight hearing on audits, reports and investigations by GAO and the OIG regarding the Interior Department. Earl E. Devaney, Office of Inspector General, Department of the Interior; Robin M. Nazzaro, GAO. Location: Room 1324, Longworth.

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10:30 a.m. HOMELAND SECURITY _ Transportation Security and Infrastructure Protection Subcommittee. Hearing on the impact of background and security clearances on the transportation workforce. Location: Room 311, Cannon.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing continued from morning on FY 2007 supplemental approps. and outside expert witnesses. Location: Room H-140 Capitol.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee.Hearing on FY'2007 supplemental appropriations. Location: Room H-140, Capitol.

Other: PRESIDENT MARTIN TORRIJOS OF PANAMA _ Highlights: 10 a.m. Meets with President Bush. 12 p.m. Speaks to the U.S. Chamber of Commerce luncheon. 1615 H St. NW.

BIOETHICS _ The President's Council on Bioethics holds a two-day meeting. Thursday's agenda deals with organ transplantion issues. A report on the issue will be published later this year. Friday will begin with a discussion on the ``Genomic Revolution and the Practice of Medicine'' by Francis Collins and end with a discussion on the meaning of ``Human Dignity and Bioethics," with Council members responding to essays written by Gilbert Meilaender and Daniel Dennett. A volume, consisting of a selection of essays on the topic from a broad range of views, will be published later this year. Highlights: 10:15 a.m. Session 6: Human Dignity and Bioethics - A Preview of Council's Upcoming Dignity Volume. A Council Discussion of Gilbert Meilaender's ``Human Dignity: Exploring and Explicating the Council's Vision," and Daniel C. Dennett's ``How to Protect Human Dignity from Science." 11:45 a.m. Session 7: Public Comments. Location: Hamilton Crowne Plaza Hotel, 1001 14th St. NW.

LATINO VOTING _ 9 a.m. The Center for American Progress holds a discussion on Latino voters' attitudes and patterns. Location: 10th floor, 1333 H St. NW.

SCHUMER-GINGRICH _ 10 a.m. Sen. Charles Schumer and former House Speaker Newt Gingrich discuss America's future. Location: National Press Club.

SIRLEAF _ 10 a.m. Liberian President Ellen Johnson Sirleaf holds a press conference to discuss the current social and political situation in the region. A question-and-answer session will follow her introductory remarks. Location: Voice of America, Briefing Room 1528A, Wilbur J. Cohen Building, 330 Independence Ave. SW. Please use C Street entrance.

SIRLEAF-LIBERIA _ 12 p.m. Liberian President Ellen Johnson Sirleaf addresses a National Press Club noon newsmaker. Topics: ``The Accomplishments of Her First Year in Office, Challenges Ahead, and Making Good on Her Promises to the Liberian People." Location: National Press Club, Zenger Room.

IRAQ _ 1 p.m. - 6 p.m. Georgetown University holds a half-day conference on the state of the Iraq war and the ``approaching endgame". Participants include retired Lt. Gen. William Odom. Location: Copley Formal Lounge, on campus.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Holiday Publishing Notice. In observance of the federal Presidents Day holiday, the Attorney General's News Briefing will not be published on Monday, February 19. News from the holiday will be included in your Tuesday, February 20, briefing.

Trial Of March 11, 2004 Conspirators Divides Spaniards. NBC Nightly News (2/15, story 5, :15, Williams, 9.87M) reported, "High drama today in a courtroom in Madrid where 29 suspects in what some call Spain's 9/11 went on trial, accused of bombing four crowded commuter trains back in 2004. 191 people were killed in those terrorist attacks."

The Washington Post (2/16, A12, Anderson, Rolfe, 690K) reports, "Twenty-nine suspects went on trial Thursday for the March 11, 2004, bombings of four commuter trains in Madrid, but Spain's political parties and news media have turned the investigation of the attack into a partisan battle, fraying the country's traditional solidarity against terrorism and leaving Spaniards bitterly divided over who launched the attack and why." The "strongest evidence collected by investigators suggests that the bombings -- which killed 191 people and injured 1,824 in the worst terrorist attack ever carried out in continental Europe -- were the work of Islamic radicals inspired by al-Qaeda, principally in retaliation for the stationing of Spanish troops in Iraq." But leaders of the conservative Popular Party "continue to assert that the Basque separatist movement known as ETA had a central role in the bombings. Some independent terrorism experts accuse the Popular Party -- in power at the time of the attack and voted out of office in national elections three days later -- of spinning conspiracy theories to escape blame for the bombings and redeem itself with the public."

Attorneys Say "Torture" Left Padilla Incompetent. The Christian Science Monitor (2/16, Richey, 59K) reports suspected Al Qaeda operative Jose Padilla "is facing an April trial in federal court here on charges that he became a willing Al Qaeda recruit in a violent global jihad. But his lawyers complain that Padilla's harsh treatment during nearly four years of military detention and interrogation has left him so psychologically damaged that he is unable to help wage his own defense." In a hearing before US District Judge Marcia Cooke, federal prosecutors "are expected to urge the judge to ignore everything that took place during Padilla's military detention. They say his harsh treatment is irrelevant to whether he is mentally competent to stand trial." Padilla's lawyers "disagree. They say their client was tortured by the military and they are asking the judge to order the government to fully account for its treatment of Padilla." The "issue of the scope of the judge's inquiry into Padilla's mental condition is important because it could open the door to the first detailed examination of torture allegations made by an alleged enemy combatant."

HOMELAND RESPONSE:

"Washington Legend" Faced With Difficult Task Of Building DHS Intelligence Unit. The New York Times (2/16, Lipton, 1.16M) profiles "born contrarian" and "Washington legend" Charles E. Allen, who has taken on "a job that virtually no one else wanted, to rescue a fledging intelligence operation that gets little respect and assumes a role doubters say is not even necessary." As he works "to build a credible operation" as head of the intelligence unit at the Department of Homeland Security, "Allen has muscled his way into meetings of the nation's top spy agency chiefs, claimed ground that the Federal Bureau of Investigation and the C.I.A. had already carved up, defended his efforts before Congress and forced rivals to make room — sometimes literally — for his department." Allen has also "met resistance" from some leaders within the Department of Homeland Security, "over whom he has little direct authority." The Times continues to describe Allen's myriad challenges, which, coupled with Congressional demands for progress, have led some friends to "believe his task is almost hopeless."

Accidental Tainted Food Outbreaks Fuel Concern About Agroterror. The CDC yesterday warned of a Peter Pan peanut butter tainted with salmonella – urging consumers to throw out jars with a product code on the lid beginning with "2111" – and the CBS Evening News (2/15, story 7, 3:25, Couric, 7.66M) reported in its "CBS News in Focus" segment that the incident is "presumed to be an accident, but what's to prevent intentional food poisoning by terrorists?" CBS (Orr) added, "Nearly 300 people were sick before the current salmonella outbreak could be tracked to a peanut butter processor in Georgia." It and the recent e. Coli outbreak "underscore a frightening reality -- once a poison or bioagent infects America's food chain, it's hard to detect and even harder to stop, making the US food supply an inviting target for terrorists." John Perren, FBI: "This is the new fight, the new battleground since September 11." Orr: "John Perren, who runs the FBI office handling weapons of mass destruction, says so-called agro-terrorism is a real threat from 'farm to fork.'" Perren: "The food chain, agriculture system is

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very large. Therefore, we have vulnerabilities. We consider that a soft target." Orr: "The most worrisome agro-weapon is foot-and-mouth," and the "virus could be easily carried into the United States from an infected area by a tourist or terrorist. … CBS News got an exclusive look at a first-of-its-kind, yet-to-be-opened, agriculture bio-security center. Here investigators will work to identify emerging biothreats, handling some of the most lethal pathogens from e. Coli, to anthrax, to foot and mouth." CBS News also posts the story on its Web site.

Lieberman Measure Would Extend Union Rights To TSA Workers. Under the headline, "Effort To Give TSA Screeners Union Rights Advances," the Washington Post's (2/16, D4, Barr) "Federal Diary" column reports that the Senate Homeland Security and Governmental Affairs Committee "approved a measure that would give collective-bargaining rights to about 43,000 airport screeners at the Transportation Security Administration." The Post adds that if the full Senate also approves the measure, "the issue of union rights for TSA screeners is likely to provoke a rare clash with the White House over federal workplace rules. After the House vote, the Bush administration vowed to oppose the legislation." The Post adds that committee chairman "Sen. Joseph I. Lieberman (I-Conn.)," proposed "the union-rights amendment to" a Senate bill to "implement unfinished recommendations of the Sept. 11 commission" and the amendment was approved on a "party-line vote of 9 to 8." The Post adds, "Lieberman said 'personnel management has been troubled at TSA' and concluded that 'it is time to give TSA screeners parity with other security officers within TSA and DHS in terms of their employment rights and protections.'"

Senate Bill Lacks "Radical" Cargo, Port Screening Measures. The Washington Times/UPI (2/16, Waterman) reports the union rights measure came during the committee's mark up of legislation implementing the remaining recommendations of the September 11 commission, which "also mandates a pilot project that would allow new secure driver's licenses to be used instead of passports at the Canadian border. However, it does not contain some of the more radical cargo and port security measures in the House version."

Engineer Calls For Less "Conservative Approach" To Freedom Tower. In a New York Times (2/16, 1.16M) op-ed, structural engineer and author Guy Nordenson faults the current design for the Freedom Tower, the structure scheduled to be built on the site of the World Trade Center, calling it's design "a very conservative approach. The result, a 20-story fortified wall around the base of a 1,776-foot tower, hardly evokes freedom — rather, it embodies fear and anxiety." Nordenson suggests that the original design was altered by former Gov. George Pataki for political and symbolic reasons and says "the alterations, unfortunately, made the design impossible to build, and eventually the entire concept was abandoned." The new design, engineered to meet Pataki's parameters, "is in every way inferior, and those flaws — in terms of aesthetics, economics, security and ethics — are all rooted in the way in which it was conceived." Nordenson details these perceived design flaws, continuing to suggest that there is insufficient demand for tenant space in the new building. He concludes, "The good news is that it is not too late to change things. … The work should continue up to the ground level and stop (this should take about a year) so that the architects and engineers are given another chance to design a Freedom Tower that, like other buildings rising downtown, is financially viable and a secure and welcoming work environment worthy of its place in the skyline."

Couple Drops Katrina Damage Insurance Suit. The AP (2/16, Kunzelman) reports, "The first federal trial in New Orleans in the wave of insurance litigation spawned by Hurricane Katrina ended abruptly Thursday when a couple suing Allstate Indemnity Co. dropped their lawsuit amid allegations they misrepresented their claims." The AP continues, "Lawrence and Elizabeth Tomlinson, who claimed Allstate underpaid them and acted in bad faith in handling their claims, agreed to drop the suit before jurors could hear closing arguments in the case. … The Tomlinsons' attorney, Christy Howley, would not specify why they didn't let a jury decide the case, but Allstate, in court papers, had accused the couple of misrepresenting their claim." The AP adds, "The Northbrook, Ill.-based insurer said it paid the Tomlinsons more than $30,000 for living expenses after they moved into office property that they already owned. Lawrence Tomlinson testified that Allstate knew of their living arrangement when they made the payment. … Allstate paid the Tomlinsons a total of more than $150,000 for damage to their home and its contents, plus living expenses. The couple claimed the company underpaid them after Katrina's winds tore holes in their roof and let rain pour into their home in the New Orleans suburb of Marrero. … The insurer disputed the extent of the damage and suggested that the couple overbilled them for certain renovations to the home. Allstate attorney Judy Barrasso declined to say whether the company has considered taking further legal action against the couple."

WSJournal Blames Mississippi Attorney General For State Farm's Departure. The Wall Street Journal (2/16, 2.04M) says in an editorial, "State Farm, the nation's largest home insurer, announced this week that it would no longer be writing new homeowner or commercial policies in Mississippi. Magnolia Staters wondering whom to

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thank for their rising insurance bills, assuming they can get insurance at all, should direct their catcalls at Attorney General Jim Hood." In the "wake of Hurricane Katrina, private insurers began invoking their entirely legal 'flood exclusions' and refusing to pay for any damage that wasn't caused by wind. These exclusions had been clearly written into contracts, yet Mr. Hood declared them 'unconscionable' and sued the industry." He "claimed victory several weeks ago when he bludgeoned State Farm into a settlement, although everyone can now see his triumph comes at a price. State Farm will now be paying at least tens of millions of dollars in claims that it never factored into its risk premiums, and it has reasonably chosen not to make itself vulnerable again to Mr. Hood's extortion." Hood "and his buddies in the tort bar have provided an exquisite illustration of how political and legal predation against business ends up harming the little guy."

Hundreds Of New Orleans' "Best And Brightest" Leaving City. Under the headline "In Setback For New Orleans, Fed-Up Residents Give Up," the New York Times (2/16, Dewan, 1.16M) reports on the hundreds of New Orleans' "best and brightest who, as if finally acknowledging a lover's destructive impulses, have made the wrenching decision to leave at a time when the population is supposed to be rebounding. Their reasons include high crime, high rents, soaring insurance premiums and what many call a lack of leadership, competence, money and progress." The Times adds that many of those deciding to leave describe "a dissipating sense of possibility, a dwindling chance at redemption for a great city that, even before the storm, cried out for great improvement." Meanwhile, though "many poorer residents have moved back to the city, the 'brain drain' of professionals that the city was experiencing before the storm appears to have accelerated."

WAR NEWS:

Bush Orders Additional Troops To Afghanistan. ABC World News (2/15, story 5, 2:20, Gibson, 8.78M) reported, "In a speech, today, President Bush focused on the other war, Afghanistan. The US will send 3,000 reinforcements there. And the President urged NATO nations to send more troops, as well. The President also warned that more fighting could come in Afghanistan." ABC (Ross) added that "without directly saying it, the President, today, essentially conceded that Al Qaeda is making a comeback. The comeback is taking place in the mountains of Pakistan, near the border with Afghanistan. Pakistan pulled its troops out five months ago and will not allow US troops to go in." Bush was shown saying, "Taliban, al Qaeda fighters are in remote regions of Pakistan. This is wild country. This is wilder than the Wild West."

The Financial Times (2/16, Daniel, Sevastopulo) reports, "Borrowing the rhetoric of US and Nato commanders, who are preparing to step up their campaign against the Taliban, Mr Bush said: 'This spring there's going to be a new offensive in Afghanistan. It's going to be a Nato offensive, and that's part of our strategy.'" The Pentagon "will send the 173rd Airborne brigade, which was originally scheduled for deployment to Iraq, to Afghanistan to replace another brigade whose tour was recently extended by several months." In a speech to the American Enterprise Institute, Bush "sought to set out a strategy for political and military success, saying troop increases would be sustained." USA Today (2/16, Jackson, 2.27M) notes "the American Enterprise Institute was once home to several members of the Bush administration, such as Vice President Cheney, and has long supported Bush's foreign policy initiatives."

The Washington Times (2/16, Dinan, 88K) reports the President "promised a five-part plan designed to put Afghan President Hamid Karzai's government on more solid footing, including training 26,000 more national police and 48,000 more troops for the military; strengthening NATO's commitment; improving provincial government; reversing last year's growth in heroin-producing poppy, which finances the Taliban; and helping Mr. Karzai fight corruption in the judicial system." Bush's speech "comes as a growing number of Democrats and Republicans say the administration has failed to complete the mission in Afghanistan in part because Mr. Bush has been too preoccupied in Iraq."

NBC Nightly News (2/15, story 4, 1:00, Williams, 9.87M) said the President "acknowledged the 2006 was the most violent year in Afghanistan since the US arrived there in 2001." Bush was shown saying, "We face a thinking enemy. And we face a tough enemy. They watch our actions, they adjust their tactics. And in 2006, this enemy struck back with vengeance."

The AP (2/16, Riechmann) reports, "Calling poppy cultivation a threat to a fragile democracy, Bush implored President Hamid Karzai to address the marked increase in harvests last year, after a decline in 2005. 'I have made my concerns to President Karzai pretty clear -- not pretty clear, very clear -- and that in order for him to gain the confidence of his people, and the confidence of the world, he's got to do something about it, with our help,' Bush said."

The Los Angeles Times (2/16, Reynolds, 850K) notes Bush "mentioned the troop increase as well as the administration's request for congressional approval of an additional $11.8 billion in aid over two years to shore up the government of…Karzai." Frederick D. Barton, "who studies postwar reconstruction at the nonpartisan Center for Strategic and International Studies, said the president's speech

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appeared aimed at preparing the public for a bloody spring in Afghanistan."

The Washington Post (2/16, A15, Baker, DeYoung, 690K) says "major NATO allies have so far resisted the sort of robust engagement that Bush wants," while McClatchy (2/16, Hutcheson) reports "analysts say that British, Danish and Canadian troops are sharing the burden with American soldiers in Afghanistan. Estonia, Poland and Romania also have helped. Most of the criticism" from the US "is directed at France, Germany, Italy, Spain and Turkey."

The Washington Post (2/15, A21, Kamen, 690K) reports in its "In the Loop" column that Bush "tried to wander off-message a little, to folksify his chat. He hailed prosecutors, judges, police and defense lawyers for going over to Afghanistan to mentor their counterparts. 'And I appreciate our own citizens going over there. It is, must be neat, really -- I guess 'neat' isn't a sophisticated word, but it must be heartening to be somebody who's helping this young democracy develop a judicial system that is worthy.' Or maybe gratifying?"

The New York Times (2/16, Stolberg, 1.16M) reports, "The speech renewed criticism from Democrats that had the United States not been tied down in Iraq, the situation in Afghanistan would not have turned dire. At the same time, some Republican lawmakers said Mr. Bush's new strategy would not do enough to tamp down the Afghan drug trade." And "outside experts criticized the president for painting too rosy a picture." The speech was also "a striking effort by the White House to focus attention back on Afghanistan at a time when Congress is debating resolutions criticizing Mr. Bush's strategy in Iraq and the administration is making a case that Iranian forces are supplying Shiite militants in Iraq with roadside bombs."

The New York Times (2/16, Kifner, 1.16M) reports on the "the 3,200 soldiers of the 10th Mountain Division whose one-year deployment in Afghanistan has been extended by four months." They "were so close to the end of their tour that their uniforms, gear and equipment had been packed into shipping containers and an advance party had already reached Fort Drum, their home in upstate New York. The extension, mentioned in…Bush's speech yesterday, was originally announced on Jan. 25." The Times adds, "About 50 soldiers from the advance party came home in late January, said Benjamin Abel, a Fort Drum spokesman. A group of about 150 were intercepted in Kuwait before they could reach the States, he added. All have since been sent back to Afghanistan as part of a buildup in anticipation of a renewed Taliban offensive in the spring."

Bush's comments on Afghanistan were extensively covered by local TV newscasts, with most stations pointing out that the President wants more assistance from NATO. Some examples: WTXL-TV Tallahassee (2/15, 11:08 pm) reported early on in its 11 o'clock news program that Bush "is asking Congress for nearly $12 billion to keep up the fight in Afghanistan." The President "wants additional troops and says our allies should follow suit. … Mr. Bush called on NATO forces to do more and said the organization will launch a new offensive this spring with the help of more US funds and the extended stay of 3,200 US troops."

KAIT-TV Jonesboro, AR (2/15, 10:13 pm) reported, "For a second day, President Bush tried to re-dedicate the people's will to a battlefield far away." While the President cited "remarkable" progress in Afghanistan, "he also painted a grim picture." The station showed the President saying, "Last year, the number of roadside bomb attacks almost doubled. Suicide bombings grew nearly five-fold. These escalating attacks were part of a Taliban offensive that made 2006 the most violent year in Afghanistan since the liberation of the country." Many other stations ran footage of the President's Afghanistan comments, including KCNC-TV Denver (2/15, 6:37 pm), WNYT-TV Albany (2/15, 5:40 pm), and KTVZ-TV Bend, OR (2/15, 5:06 pm).

Neumann Echoes Bush's Call For More Troops. In its "Embassy Row" column, the Washington Times (2/16, Morrison) reports the US ambassador to Afghanistan, Ronald Neumann, "sounded the call in Kabul for more NATO troops, as President Bush in Washington warned of the dangers of a spring offensive by Taliban forces trying to regain control in the Central Asian nation." In an interview with AFP, Neumann said he would "like to see NATO countries collectively put in place the forces that NATO and its military committee have said are necessary." The ambassador noted that some NATO "partners do a great deal," citing the troops deployments from Britain, Canada, Denmark, the Netherlands and Romania. But "did not criticize the other members of the 37-nation alliance," like Germany, who "restrict their troops from engaging in key areas in the south and east where Taliban fighters are concentrated."

Al Qaeda Releases Video Of Attacks On US Troops In Afghanistan. The AP (2/16) reports al-Qaeda posted a video on the Internet Friday "showing what they claimed to be an insurgent attack on a military position of US and Afghan forces in southern Afghanistan." The video "appears to be an attempt by the terrorist network to disparage US claims that it is winning the war against the Taliban and allied militia in Afghanistan." In the video, al-Qaeda deputy leader, Ayman al-Zawahri, is how "ridiculing President Bush and saying that his claim to have deprived al-Qaeda of a safe haven in Afghanistan" is a "bare-faced lie."

Pentagon Seeks "Rapid Acquisition Fund." USA Today (2/16, Brook, 2.27M) reports, "Fierce fighting in Iraq and Afghanistan has forced the Pentagon to speed new weapons and equipment to troops at faster rates than ever, according to military records and officials." The Pentagon budget proposed by Bush "adds even more money for what military leaders call 'urgent need' requests. For the first time,

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the budget includes $100 million for a Pentagon 'rapid acquisition fund' aimed at getting vital supplies to troops in the field more quickly."

As House Resolution Vote Nears, Attention Shifts To Murtha Measure. As the House moves toward an expected vote today on a nonbinding resolution criticizing President Bush's Iraq policy, reporting shifts to Rep. Jack Murtha's measure that would, in the words of the CBS Evening News (2/15, story 3, 2:05, Attkisson, 7.66M), "place substantial roadblocks in the way of the President's troop surge." CBS said Murtha, "head of the powerful committee that approves funding for the war, made it clear he plans to go well beyond symbolism." His legislation "would prohibit sending any soldiers back into battle until they've had a full year at home. It would set equipment and training requirements that the military can't currently meet. And it would stop Pentagon from extending current battlefield tours, a practice that has become routine. … At his press conference yesterday, President Bush seemed to see Murtha's tactics coming." Bush: "My hope, however, is this nonbinding resolution doesn't try to turn into a binding policy that prevents our troops from doing that what I asked them to do." Attkisson: "It's not clear yet whether Murtha's proposal can pass the House and Senate but he's clearly putting his muscle behind it."

On its front page, the Washington Post (2/16, Weisman, Murray, 690K) reports House Speaker Nancy Pelosi "linked her support for President Bush's war-funding request to strict standards of resting, training and equipping combat forces, a move that could curtail troop deployments and alter the course of U.S. involvement in Iraq." Murtha, "a Pelosi ally, is rewriting the president's spending request to limit Bush's options in prosecuting the war." Pelosi said, "If we are going to support our troops, we should respect what is considered reasonable for them: their training, their equipment and their time at home." Also on its front page, the Washington Times (2/16, Ward, 88K) reports on the Murtha measure, saying that "some Democrats said the proposal, released on the eve of a symbolic vote against the war in Iraq, does not do enough to stop the war."

USA Today (2/16, 10A, Kiely, 2.27M) says the "showdown votes" over Iraq "may dramatize the breadth of discontent with the White House war strategy, but they also demonstrate the limits of how far Democrats are willing to go to change it." USA Today says Pelosi and Senate Majority Leader Harry Reid were both "cool" toward Murtha's proposal. The Christian Science Monitor (2/16, Chaddock, 59K) says the "next move" could create a rift among Democrats, which is what Murtha "hopes to avoid" by opposing "a troop buildup in Iraq, without cutting funds to troops in harm's way." The Politico (2/15, Bresnahan) says Murtha "is not pushing a total cutoff of funds for the war in Iraq. But he is considering measure to limit the military actions Bush can take against Iran." He "also intends to push a provision to bar the creation of permanent U.S. military bases in Iraq and to raze the notorious Abu Ghraib prison." The AP (2/15, Flaherty) says Murtha "is quickly emerging as one of President Bush's most formidable foes in the Iraq war debate."

Meanwhile, the Wall Street Journal (2/16, Rogers, 2.04M) said Pelosi said the nonbinding vote expected today "represents a 'huge statement' that President Bush can't 'completely ignore' even if he is unwilling to change course militarily." The Washington Post (2/16, A3, Kane, 690K) says in a headline that a "broad swath" of House GOP members are "defecting" on the resolution vote, but the article itself tallies them at just "a dozen or more." The Wall Street Journal (2/16, A4, Harwood, 2.04M) "Washington Wire" writes that "predictions range from 20 to 40" on the total number of GOP defectors.

Local TV newscasts across the country devoted widespread coverage to the continuing House debate, with many stations airing reports on the story focused on Rep. Murtha's plan to stop the surge. Some examples: WFMJ-TV Youngstown (2/15, 11:21 pm) reported that "the House moved closer to a non-binding resolution against the Bush surge in Iraq. … To try to stall the surge, a powerful Democrat today proposed cutting off funds. John Murtha, on the website of MoveCongress.org, detailed his plan not to pay to surge in any soldiers who've had too much time in Iraq or too little training." The station showed Rep. Murtha saying, "That stops the surge for all intents and purposes, because, as I said over a year ago, they cannot sustain this deployment."

WINK-TV Ft. Myers (2/15, 11:18 pm) reported, "Murtha wants any future deployments to Iraq tied to two conditions. Troops would have to meet high standards of training and they would have to get enough rest between combat tours. Murtha said that would stop the President's plan since he doesn't think a single army unit meets the standards." KPNX-TV Phoenix (2/15, 10:08 pm) and KGWN-TV Cheyenne (2/18, 10:02 pm) were just two of the many other local TV stations in various parts of the country also taking note of Murtha's anti-surge plan.

Members Of House Air Views On Resolution. USA Today (2/16, 10A, Kiely, Kiely, 2.27M) samples the views of four representatives – all Democrats – who support the resolution, and four – all Republicans – who oppose it. Among the supporters, Rep. Mike McIntyre said, "We cannot continue to increase troop levels in Iraq at the expense of allowing the Taliban to come back into power in Afghanistan." Rep. John Conyers said, "This week, we tell this administration enough is enough; stop ignoring the American people; stop ignoring your generals." Among the opponents,

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Rep. Jack Kingston said, "Here is what the Democrats are up to: Dearest troops, we support you, but your mission is in the tank. … You are on your own." Rep. Dan Burton said, "If we don't deal with this problem now, we will deal with it later, and the costs will be a heck of a lot more than it is today, and it may involve millions and millions of lives."

And on Fox News' Your World (2/15, Cavuto), Rep. Eric Cantor said, "We're at war right now. We have real lives, men and women, on the battlefield, in the arena, in Baghdad, as we speak. … What kind of message is that to them? We have got to give them everything they need right now to fight and win this war."

Iraq Setting Up "Constitutional Clash" Between White House, Congress. The Washington Post (2/16, A5, Abramowitz, 690K) says that while Bush "has not been shy about asserting robust powers for the presidency in waging war," he has recently "seemed to concede that Congress has a role to play as well. Lawmakers, he has indicated, are within their rights to try to cap total deployments or limit where troops can go in Iraq." But as the "debate in Congress shifts from nonbinding resolutions of disapproval for adding troops in Iraq to attaching conditions on funding for the war, a constitutional clash between the legislative and executive branches may be inevitable, say lawmakers and legal scholars with close ties to the administration." The Los Angeles Times (2/16, Hook, 850K) reports that while congressional Democrats "quickly and easily united behind a nonbinding resolution denouncing President Bush's plan to send more U.S. troops to Iraq," the party will next "confront more divisive questions: how to force a determined president to back down from his plan, and whether to push for a complete withdrawal."

Vilsack Says Congress Should Cut Off Funding For Iraq War. Presidential candidate Tom Vilsack said on NBC's Tonight Show With Jay Leno (2/15) that he would end the Iraq war immediately, adding, "I would ask Congress to have the constitutional fortitude and the moral authority to say to the President, 'Mr. President, you've made a serious mistake. We're cutting off funding now. We're going to bring our troops home.'"

Democratic State Legislators Push Resolutions Against Surge. The New York Times (2/16, A14, Steinhauer, 1.16M) reports state legislators across the country, "frustrated by the inability of Democrats in Congress to pass a resolution opposing President Bush's policies in Iraq," are "pushing forward with their own resolutions. Resolutions have passed in chambers of three legislatures, in California, Iowa and Vermont. The Maryland General Assembly sent a letter to its Congressional delegation, signed by a majority of the State Senate and close to a majority of the House, urging opposition to the increase in troops in Iraq. Letters or resolutions are being drafted in at least 19 other states."

Eagleburger Says Resolution Shows "Weakness To Our Enemies." On Fox News' Your World (2/15, Cavuto), ex-Secretary of State Lawrence Eagleburger said, "It sends a bad message. It sends a bad message to the troops. It sends a bad message -- or a good one, depending on your point of view -- to our enemies. It does everything that I should think some decades of American history would tell us we should never do, and that is show our weakness to our enemies."

Broder Says Bush "Poised For A Political Comeback." In his Washington Post (2/16, A23, 690K) column, headlined "Bush Regains His Footing," David Broder writes, "It may seem perverse to suggest that, at the very moment the House of Representatives is repudiating his policy in Iraq, President Bush is poised for a political comeback. But don't be astonished if that is the case." Bush "now shows signs of renewed energy and is regaining the initiative on several fronts. More important, he is demonstrating political smarts that even his critics have to acknowledge. His reaction to the planned House vote opposing the increase he ordered in US troops deployed to Iraq illustrates the point." Bush "did three things to diminish the impact of that impending defeat," by arguing that the "House was at odds with the Senate," by minimizing the "stakes in the House debate by endorsing the good motives of his critics," and that by "contrasting today's vote on a nonbinding resolution with the pending vote on funding the war in Iraq," shifting "the battleground to a fight he is likely to win."

Reid Schedules Senate Resolution Procedural Vote For Saturday. The Washington Post (2/16, A2, Milbank, 690K) writes that "after four years of fighting in Iraq, and two weeks of trying to force senators to debate the conflict, Senate Majority Leader Harry Reid yesterday wheeled out the ultimate weapon. He ordered his colleagues to work on Saturday." The New York Times (2/16, A8, Zeleny, Toner, 1.16M) reports that as the House "prepared to pass a symbolic resolution denouncing President Bush's war policy," in the Senate, Reid "abruptly scheduled a weekend debate on Iraq in an effort to break a stalemate and avoid impressions that partisan bickering was weighing down deliberations over the war." When they convene Saturday afternoon, senators "will not debate the Iraq resolution itself. Instead, they will be taking up a procedural vote required under Senate rules to move forward to the actual debate."

The Washington Times (2/16, Bellantoni, 88K) reports Reid "said he did not take members' 2008 aspirations -- or planned weekend visits to Iowa and New Hampshire -- into consideration" in scheduling the vote." Sen. Joseph Biden "was the first to say he would scrap plans for an Iowa visit to make sure he participated" in the vote, while Sen. Hillary Clinton will pop back to Washington from New Hampshire,

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then return to the leadoff primary state after the vote. Sen. Sam Brownback "will stay for the vote," but "there was no indication Sen. John McCain…would reschedule his morning town-hall forum in Des Moines." The plans of Sens. Christopher Dodd and Barack Obama remain unclear.

Biden Seeks To Narrow Bush's Iraq Authority. The AP (2/15, Schweid) reports Biden said he would "move to repeal the authority Congress gave President Bush in 2002 to send U.S. troops into Iraq and replace it with a narrower mandate." Biden, who chairs the Foreign Relations Committee, "said the legislation was based on the idea that Iraq had weapons of mass destruction and was designed to oust Iraqi leader Saddam Hussein." He said he is "working to repeal the authorization and to replace it with 'a much narrower mission statement for our troops in Iraq.'"

Asked on CNN's The Situation Room (2/15, Blitzer) about Bush's remark that "this may become the first time in the history of the United States Congress that it has voted to send a new commander into battle and then voted to oppose his plan that is necessary to succeed in that battle," Biden said, "I think that's ridiculous. It's a little bit like saying that because I opposed the war in Iraq that I should be against the military. I mean this is the President of the United States' plan. It's not Petraeus' plan. … I know Gen. Petraeus. He's a fine guy and he's perfectly capable of leading our forces. The policy he's asked to lead on is a mistake. … He's sending 17,500 people into the middle of Baghdad, 6.2 million people, a lot of them without the right armor, without the right vests. We ought to get real here. This is a president who sent our troops to war unprepared. He didn't send enough of them to war. Now he's sending them in the middle of a civil war."

Auditors Say $10 Billion Wasted In Iraq Reconstruction Efforts. The AP (2/16, Yen) reports, "About $10 billion has been squandered by the US government on Iraq reconstruction aid because of contractor overcharges and unsupported expenses, and federal investigators warned Thursday that significantly more taxpayer money is at risk." The "three top auditors overseeing work in Iraq told a House committee" their review "of $57 billion in Iraq contracts found that Defense and State department officials condoned or allowed repeated work delays, bloated expenses and payments for shoddy work or work never done. More than one in six dollars charged by US contractors were questionable or unsupported, nearly triple the amount of waste the Government Accountability Office estimated last fall." David M. Walker, "who heads the auditing arm of Congress," said, "There is no accountability."

The Wall Street Journal (2/16, A4, Paltrow, 2.04M) reports, "Under questioning by the House Oversight and Government Reform Committee, Defense Contract Audit Agency chief William Reed confirmed that unsupported and questionable costs found in Iraq reconstruction contracting total more than $10 billion -- nearly three times the previous public estimate." Under Chairman Henry Waxman, "the committee is holding a series of hearings into contracting abuses in Iraq. Staffers confirmed that Mr. Waxman and other committee Democrats likely will take a much wider look at defense contracting after the Iraq hearings conclude."

Al Qaeda In Iraq Head Reportedly Wounded As Security Push Sweep Continues. The CBS Evening News (2/15, story 4, :25, Couric, 7.66M) reported, "The Iraqi Interior Ministry claims tonight its forces wounded a major terrorist leader. He's Abu Ayyub al-Masri, the head of the group known as Al Qaeda in Iraq. The US military has not confirmed the report, and the Iraqis did not say what his condition is or whether he's in custody. But they do say his top aide was killed in a battle near Balad, north of Baghdad." NBC Nightly News (2/15, story 3, 2:05, Williams, 9.87M) also reported on the "showdown between Al Qaeda and the Iraqi police. And one of Iraq's most wanted was wounded but apparently not captured."

The Washington Post (2/16, A13, Londoño, 690K) reports "US officials have said Masri took over the leadership of the insurgent group following the death of Abu Musab al-Zarqawi, who was killed by US forces in a June 2006 airstrike."

USA Today (2/16, 11A, 2.27M) reports, "Meanwhile Thursday, US and Iraqi forces pushed deeper into Sunni militant strongholds in Baghdad as part of a wide-ranging security sweep of the capital." US and Iraqi soldiers "set up dozens of roadway checkpoints around the city and conducted top-to-bottom searches of vehicles as part of their new campaign to disarm militias and pacify the capital. Low-flying fighter jets thundered over the capital. A spokesman for the US military in Baghdad, Maj. Steven Lamb, said 17 suspects were arrested and three weapons caches seized."

The Los Angeles Times (2/16, Daragahi, 850K) reports, "On Thursday, US forces often found themselves back at the small bases they used in the early months after the 2003 invasion. The facilities were abandoned as US commanders under the direction of Army Gen. George W. Casey Jr. decided to lower the American profile in neighborhoods and hand security over to Iraqi forces." The Times adds, "Since then, a once-vibrant Baghdad has become a forbidding maze of concrete walls and concertina wire roamed by mysterious gunmen, where petrified residents rush to their homes before dark."

ABC World News (2/15, story 4, 2:05, Gibson, 8.78M) said US and Iraqi troops "have begun a security crackdown in Baghdad, setting up checkpoints and pushing into militant strong holds in Baghdad. We have seen Pentagon

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documents from almost five years ago that indicate Defense officials in their prewar planning thought that at this point after the war, there would only be a few thousand troops left in Iraq. Obviously, they were way off in their estimate." The CBS Evening News (2/15, story 5, 2:15, Couric, 7.66M) was similarly critical, saying the "security crackdown continued today in the capital with US and Iraqi forces moving into a Sunni neighborhood after sweeping three Shiite sections yesterday. For most of the city, the crackdown is not yet stopping the violence."

Iraqi President Says Sadr Has Ordered Top Deputies To Leave Country. The Washington Post (2/16, A13, Londoño, 690K) reports "Iraqi President Jalal Talabani said anti-American Shiite cleric Moqtada al-Sadr has ordered his top deputies to leave Iraq in order to ease the implementation of the Baghdad security plan, which U.S. and Iraqi forces began to roll out this week. Sadr, the leader of the powerful Mahdi Army militia, recently went to Iran, according to US officials." In Washington, Defense Secretary Robert M. Gates "said he believed that Sadr's followers were concerned about the new operation to secure Baghdad and suggested that Sadr and his militia would 'go to ground' over the coming months."

The New York Times (2/16, A10, Cave, 1.16M) reports, "Questions and accusations continued to swirl about the whereabouts of the militant Shiite cleric Moktada al-Sadr on Thursday. … Two Shiite leaders stepped forward on Thursday to confirm American reports this week that Mr. Sadr had gone to Iran." But they and a "Parliament member from a different Shiite party" took exception to "suggestions that he had fled because of a crackdown on militias and had permanently moved to Iran. They said that the cleric often visited the country and that it was unclear why he had left or when he would come back." One said he "could return to Iraq on Friday."

On Fox News' Your World (2/15, Cavuto), ex-Secretary of State Lawrence Eagleburger said of Sadr, "He is a coward. He is not ready to fight it out. And he's not ready to stay around. He has run off when the going gets tough. I happen to know that, a long time ago, when [Paul] Bremer was running that operation in Iraq, he recommended to Washington that they go in and get al-Sadr in his fortress there in Baghdad at the time. And Washington came back and told him no. And, if there is any bad judgment that was involved in this, that was one of them. If they had gotten him back in those early days, we wouldn't have all this mess now."

Schoomaker Says Surge Of 17,500 Just "Tip Of The Iceberg." The Washington Post (2/16, A13, Tyson, 690K) reports outgoing Army Chief of Staff Gen. Peter Schoomaker said the "increase of 17,500 Army combat troops in Iraq represents only the 'tip of the iceberg' and will potentially require thousands of additional support troops and trainers, as well as equipment -- further eroding the Army's readiness to respond to other world contingencies."

Peretz Says Iraq Failure Would Be "Huge Defeat" For Both Bush And Liberalism. In a Wall Street Journal (2/16, A15, 2.04M) op-ed, New Republic editor in chief Martin Peretz writes, "Our political imagination of evil is impoverished, and nowhere is it more impoverished than in Iraq. Even today, when the blood of innocents flows so richly and regularly, we do not seem to grasp its origins, or its power. That is, we do not seem to grasp the centrality, and the perdurability, of culture. And in this regard, the president and his party, as well as the Democratic Party, are equally blinded by their respective orthodoxies. … The carnage between Shia and Sunni, and the carnage among other religious and ethnic communions, since the end of Ottoman rule have left deep and bloodied breaches in Iraq. If these cannot be repaired, it will be a huge defeat for George Bush -- and, whatever many liberals think of it, for liberalism as well."

US To Open Doors To As Many As 7,000 Iraqi Refugees. NBC Nightly News (2/15, story 9, , Williams, 9.87M) ran an "In Depth" report on the State Department announcement "that as many as 7,000 refugees from the Iraq war will be allowed to come to this country. There has been criticism that the US government still isn't doing enough to help Iraqis, help those who have risked their lives to help the American war effort in Iraq." NBC (Colt) profiled one Iraqi who acted as an interpreter for American forces, reporting that the State Department will offer "no priority for Iraqis" like him. Sen. Edward Kennedy "says that is not fair." Kennedy: "For those individuals in particular, we have a special responsibility. We have to do everything to protect them."

The Christian Science Monitor (2/16, Prusher, 59K) writes that "only 202 Iraqis were permitted to take refuge in the US in 2006. Since the US-led invasion, 466 Iraqis have been allowed entry to the US as refugees, according to figures given by the State Department at a Senate hearing last month. The numbers are particularly stark in comparison with the scope of a burgeoning refugee problem. The UN High Commissioner for Refugees estimates that there are some 2 million Iraqi refugees, most in the region, with the numbers in Jordan rivaled only by those in Syria. Add to that number another 1.8 million Iraqis who are internally displaced. During the first half of 2006, the UN says, Iraqis became the largest asylum-seeking nationality in Europe."

Iraqi Living In New York Says She Has "Not Left The War." In a New York Times (2/16, A23, 1.16M) op-ed, Ayub Nuri, a former reporter for the Institute for War and Peace Reporting, writes, "I am an Iraqi, and although I love my country, I needed to get out. … But on my first day in New York, I realized that I had not left the war. Rather, it had followed me here, and I had to fight it every day. Every time I

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talked to someone at a party, in a taxi or at the store, the same chain of questions would follow after I said I was from Iraq. Some people gaped. Others sat silent for a second, then shook my hand differently. 'Wow, so interesting,' they would say. 'So what do you think of the whole situation? What went wrong over there?' Finally, the inevitable: 'Do you think we should pull out?' … No matter how I perceive the war, no matter how many more friends I lose, no matter who is killing whom, as long as there is a war, I have to live with its nightmares and fight them thousands of miles away."

Camp Pendleton Ceremony Honors Fallen Marines. The Los Angeles Times (2/16, Perry, 850K) reports that in a Camp Pendleton ceremony "filled with tears and expressions of pride, 100 members of the Regimental Combat Team 5 killed during the recent deployment in Iraq were remembered Thursday as among 'the finest young men our nation has ever produced.'" Regimental commanding officer Col. Larry Nicholson "said the 100 were part of the 'newest greatest generation' who answered their nation's call after the Sept. 11 terrorist attacks."

Soldier Discussed His Personal Mission On Web Page. The Los Angeles Times (2/16, Watanabe, 850K) also runs a 2,000-word piece on Army 2nd Lt. Mark Jennings Daily, who discussed his reasons for joining the Army and going to Iraq on a MySpace Web page. Daily was killed by a roadside bomb in Mosul last month.

Military Death Gratuity Sometimes Fails To Reach Survivors In Need. In a front-page piece, the Washington Post (2/15, George, 690K) writes about the "$100,000 'death gratuity' that military spouses ordinarily get -- a payment intended to ease the financial strain as families await government survivors' benefits" – and how non-traditional families cope. Susan Jaenke "is not a wife, not a husband, but instead grandmother to the 9-year-old her daughter left behind" when she was killed in Iraq. By law, "the $100,000 benefit goes first to a spouse or a child. So 9-year-old Kayla Jaenke collects the $100,000 -- plus $400,000 in life insurance -- after she turns 18, leaving Susan Jaenke to ask, 'What about the next nine years?' In some other families, the $100,000 death benefit has gone to neither the children nor the grandparents who are raising them."

Post Offices Named After Soldiers Killed In Action. USA Today (2/16, 1A, Zoroya, Hortobagyi, 2.27M) reports, "Federal lawmakers are increasingly naming post offices in their states after troops killed in combat, a tribute traditionally reserved for former members of Congress and famous figures such as Bob Hope and Ronald Reagan. Since 2003, the gesture has honored 26 servicemembers who died in Iraq and Afghanistan: 17 soldiers, seven Marines, a Navy SEAL and an Air National Guardsman. … Democrats and Republicans alike push the bills."

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Former White House Counsel Linked To US Attorney Dismissal. The New York Times (2/16, Johnston) reports, "A United States attorney in Arkansas who was dismissed from his job last year by the Justice Department was ousted after Harriet E. Miers, the former White House counsel, intervened on behalf of the man who replaced him, according to Congressional aides briefed on the matter." The Times continues, "Ms. Miers, the aides said, phoned an aide to Attorney General Alberto R. Gonzales suggesting the appointment of J. Timothy Griffin, a former military and civilian prosecutor who was a political director for the Republican National Committee and a deputy to Karl Rove, the White House political adviser. … Later, the incumbent United States attorney, H. E. Cummins III, was removed without explanation and replaced on an interim basis by Mr. Griffin. Officials at the White House and Justice Department declined to comment on Ms. Miers's role in the matter." The Times adds, "Paul J. McNulty, the deputy attorney general, said at a hearing last week that Mr. Cummins had done nothing wrong but was removed to make room for Mr. Griffin. It was not known at the time Mr. McNulty testified that Ms. Miers had intervened on Mr. Griffin's behalf. … Her involvement was disclosed on Wednesday by Justice Department officials led by Mr. McNulty, who held a closed-door briefing for senators on the Judiciary Committee after Democrats criticized the dismissals of 7 to 10 United States attorneys as politically motivated. … Ms. Miers, whose resignation as White House counsel was effective Jan. 31, could not be reached for comment Thursday." The Times notes, "At the briefing, Justice Department officials denied that the White House had been involved in any of the other dismissals, suggesting that the department had acted on its own after advising the White House of its intention to remove incumbents. … Democrats have said the removals represented an effort to make room for rising political favorites of the Bush administration and to be rid of independent-minded prosecutors, all of whom had been appointed by President Bush."

GOP Blocks Bill To Limit DOJ Appointment Power. The AP (2/16, Kellman) reports, "Senate Republicans blocked a bill Thursday that would curb the Justice Department's power to fire and replace federal prosecutors. Democrats had sought to give the courts a role in the appointments of U.S. attorneys, to GOP opposition." The AP continues, "The objection by Sen. Jon Kyl, R-Ariz., to the proposal was long anticipated. So Democrats used the occasion to complain anew about the firings of at least seven

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prosecutors, including John McKay in Seattle, under a little-known part of the Patriot Act." The AP adds, 'Democrats say Attorney General Alberto Gonzales used the law to get around the Senate confirmation process and install Republican allies. … 'I believe that their intent was to bring in people from the outside to give some of their bright people an opportunity,' said Sen. Dianne Feinstein, D-Calif. 'That is wrong.' … Her bill says a replacement U.S. attorney could serve no longer than 120 days without confirmation. After that time, an interim replacement would be named by a U.S. District Court." The AP notes, "Gonzales, Kyl and other Republicans say this approach could lead prosecutors to be appointed for reasons other than their qualifications. … Republican and Democratic leaders tried for a compromise that might lengthen the 120-day period or curb a district court's appointment power, but those efforts were abandoned early Thursday, according to officials on both sides. … A private briefing Wednesday night by Deputy Attorney General Paul McNulty did not change any Democrats' minds about the firings of the prosecutors, senators said. … Sen. Chuck Schumer, D-N.Y., said that if the Justice Department does not provide detailed performance reports on the fired prosecutors, the Senate Judiciary Committee would subpoena them. … 'I am not satisfied with the answers we've gotten. There are just too many holes in too many different places,' Schumer said."

Reasons For McKay's Dismissal Still Unclear. The Seattle Times (2/16, Bowermaster) reports, "Two months after John McKay was fired as U.S. attorney for the Western District of Washington, the reason for his dismissal remains a mystery. … One of the most persistent rumors in Seattle legal circles is that the Justice Department forced McKay, a Republican, to resign to appease Washington state Republicans angry over the 2004 governor's race. Some believe McKay's dismissal was retribution for his failure to convene a federal grand jury to investigate allegations of voter fraud in the race." The Times continues, "The Evergreen Freedom Foundation filed a formal complaint with U.S. Attorney General Alberto Gonzales in 2005 about what it considered McKay's lax oversight of the election, in which Democratic Gov. Christine Gregoire defeated Republican Dino Rossi by 129 votes. Many influential Republicans publicly criticized McKay. … But a Justice Department official on Thursday rejected the idea and said Deputy Attorney General Paul McNulty has repeatedly insisted politics did not influence the controversial firings of McKay and six other U.S. attorneys in December." The Times adds, "McNulty had previously said the firings were 'performance-related' despite the fact McKay received a positive evaluation seven months before he was fired. … McKay said he was not given a reason when he was asked to step down." The Times notes, "McNulty defended the dismissals during private briefings with a handful of senators Wednesday. … The Justice Department official, who spoke on the condition of anonymity, accused Democrats of mischaracterizing the briefings because they didn't agree with the department's conclusions. … 'Any suggestion that we were not thorough or forthcoming is just political gamesmanship,' the official said."

Interim California US Attorneys Named. The AP (2/16, Hoffman) reports, "The Justice Department announced temporary replacements Thursday for two recently ousted U.S. attorneys in San Diego and San Francisco." The AP continues, "Outgoing San Diego chief federal prosecutor Carol Lam will be succeeded by Karen Hewitt, a career federal prosecutor who is currently the executive assistant U.S. attorney for the Southern District of California. … In San Francisco, U.S. Attorney Kevin Ryan will be replaced by Scott Schools, a career federal prosecutor who currently works for the Justice Department overseeing legal guidance and personnel matters for all 94 U.S. attorney's offices across the country." The AP adds, "Hewitt's appointment was announced as staff and local law enforcement personnel gathered for a simple office farewell party just hours before Lam was due to leave her post. Ryan was scheduled to depart on Friday. … Both Hewitt and Schools will serve on an interim basis until new U.S. attorneys are nominated by the White House and confirmed by the Senate."

The San Diego Union-Tribune (2/16, Thornton) reports, "Karen P. Hewitt, third-in-command at the San Diego U.S. Attorney's office, has been chosen by Justice Department officials to replace outgoing top prosecutor Carol Lam on a temporary basis while a committee searches for a permanent candidate." The Union-Tribune continues, "Hewitt joined the San Diego office in 2000 and prosecuted civil fraud cases before she was appointed Executive Assistant U.S. attorney a year ago. … Before coming to San Diego, she was a lawyer in the Justice Department's civil division in Washington, where she specialized in constitutional law and civil rights cases for about eight years."

The Oakland Tribune (2/16, Richman) reports, "The Justice Department named an interim replacement today for U.S. Attorney Kevin Ryan, who'll spend his last day as Northern California's top federal prosecutor Friday." The Tribune continues, "Ryan was one seven U.S. Attorneys across the nation who recently resigned or were forced out by the Bush Administration. U.S. Sen. Dianne Feinstein, D-Calif., spoke today on the Senate floor in favor of a bill protecting her chamber's constitutional power to confirm those appointed to these jobs. … The interim U.S. Attorney for this region -- including coastal counties and a few inland counties from Monterey Bay to the Oregon border -- will be Scott Schools, who has been general counsel to the Justice Department's Executive Office for U.S. Attorneys. That Washington, D.C.-based agency provides legal guidance in ethics and employee matters to federal prosecutors' offices from coast to coast." The Tribune adds, "From 2001 to 2005,

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Schools was First Assistant U.S. Attorney in South Carolina, overseeing about 125 attorneys and support staff; before that, he'd served as interim U.S. Attorney there for nine months. He was a prosecutor in that office from 1989 to 1992 and from 1997 to 2001; between those periods, he was in private practice."

KPIX-TV, CBS 5, San Francisco (2/16) reports, "United States Attorney Kevin Ryan announced this afternoon that Friday will be his last day on the job, and the Justice Department simultaneously named a former South Carolina federal prosecutor as his interim replacement." KPIX-TV continues, Ryan had announced last month that he was stepping down after more than four years heading the U.S. Attorney's Office for the Northern District of California, which encompasses 14 coastal and Bay Area counties stretching from Big Sur to the Oregon border. … 'I am grateful to have had the opportunity to serve as the United States Attorney. I sincerely thank all of the staff at the office for their hard work to make our community a safer place to live. I also thank all of our partners in law enforcement who have put in countless hours in investigating and prosecuting crimes in Northern California,' Ryan said in a statement."

Lam Heading To Qualcomm. The AP (2/16, Hoffman) reports, "Qualcomm Inc. said Thursday that recently ousted U.S. Attorney Carol Lam will join its legal department as senior vice president and legal counsel, effective Feb. 26." The AP continues, "The San Diego-based wireless technology giant is currently embroiled in a global web of lawsuits with Nokia Corp. and other major equipment makers that claim Qualcomm levies unjust, inflated licensing fees to use its patented technologies in their products. … Regulators in Europe, South Korea and Japan are probing Qualcomm's business practices as the company trades lawsuits with rivals across the U.S. and Europe. … 'From our perspective, she's the ideal person,' said Louis Lupin, Qualcomm's general counsel. 'She's got experience managing large and very complex cases and a very large staff, and she'll be involved on a global basis.'"

Senate Democrats Said To Be Playing Politics With War On Terror. In Wall Street Journal's "Potomac Watch" column (2/16, 14), Kimberley Strassel criticizes Sens. Dianne Feinstein and Majority Leader Harry Reid for their focus on the Bush Justice Department's firing of seven US attorneys. Reid is "labeling the firings 'cronygate,' and accusing the administration of ousting capable U.S. attorneys in order to award political allies with plum posts. Ms. Feinstein went further, suggesting the administration's real goal was to circumvent the Senate confirmation process." The Senate is "lurching back to a pre-9/11 mentality, putting politics and turf ahead of key security issues. If Ms. Feinstein wins this battle, the appointment procedure reverts to the status quo ante. Under that old process, the attorney general can appoint an interim U.S. attorney for 120 days. But if the Senate doesn't get around to confirming a full-time replacement by then, the federal courts get to name a new interim." That "old system was primarily a constitutional oddity, but it also posed a threat to terror investigations."

More Commentary. In an op-ed for the San Diego Union-Tribune (2/16), former Congressman Lionel Van Deerlin writes, "Carol Lam gathers her belongings today, and departs the office of U.S. Attorney in California's Southern District. Because she faithfully honors a Justice Department tradition of silence, no one can be sure why she's leaving. She's not talking about it. … But what an exit line she gave us Tuesday with those eleventh-hour indictments. … Hours before returning to private life, our U.S. attorney took an action widening the net that snared San Diego's Rep. Randy 'Duke' Cunningham. Her swan song racked up three more suspected miscreants. … And so, the question presses ever more urgently – why has the Bush administration sacked Carol Lam and six other trusted U.S. attorneys? No one, it seems, feels required to say. Only one of the seven, New Mexico's David Iglesia, demanded to be told why he was terminated, but got no explanation. … Custom holds that federal prosecutors serve 'at the pleasure of the president,' who is free to appoint or remove them without explanation. Yet the Justice Department has shown itself pretty touchy about these most recent switches. Deputy Attorney General Paul J. McNulty seemed shaken before the Senate Judiciary Committee. New York's hard-charging Sen. Charles E. Schumer had wondered aloud if the hiring and firing of prosecutors reflected politics, rather than prudence. … 'When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart,' McNulty stammered. Perhaps this sensitive fellow should seek a gentler assignment, sparing him the hostility he and others will face if we don't get a fuller explanation of what Justice is up to." Van Deerlin adds, "It might seem rash to accuse Bush administration masterminds of pulling political strings, but nothing surfacing thus far discourages skepticism. Attorney General Alberto Gonzales' child-like mantra, 'at the pleasure of the president,' rings hollow. Let's nail this idea that the president – any president – handpicks the dozens of lawyers in line for prosecutorial slots across the land. He's not likely to know even the names of most. Recommendation for appointments is usually left to senators of the president's party. Inasmuch as both California senators are presently Democrats, Bush has relied on a selection system said to be headed by the veteran Rancho Santa Fe Republican politico and presidential insider Gerald Parsky. .. Parsky is astute enough to know that the way this switch has been managed so far adds up to abysmally bad politics. It suggests that public corruption, which figured so prominently in last year's election outcome, might no longer concern us. Are we to suppose that Congressman Cunningham was a lone stroller on his path to perdition? … We may soon know better – and

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only, perhaps, because Carol Lam refused to fold her tent as many expected her to do."

CORPORATE SCANDALS:

Former GC For Monster Pleads Guilty In Options Backdating Probe. The Wall Street Journal (2/16, Davies) reports, "The former general counsel of Monster Worldwide Inc. pleaded guilty to two criminal charges related to backdating stock options, ensnared in large part because of a series of damaging emails that helped prosecutors build the case against him." The Journal continues, "Myron Olesnyckyj, 45 years old, entered his guilty plea Thursday in Manhattan federal court to conspiracy and securities fraud. He admitted in court that he systematically backdated stock option grant dates, concealed the expense in company financial disclosures, and provided misleading information to auditors." The Journal adds, "In one email filed in court by prosecutors yesterday, Mr. Olesnyckyj instructed a human resources executive not to discuss a company practice of giving new hires options at the lowest stock price in the month after they joined the company, a form of backdating. He wrote: 'no written document should ever state lowest price over next 30 days! The auditorw [sic] will view that as backdating options and we'll have a charge to earning in the amount of the difference between price on day 30 and any lower price which is used.' … Mr. Olesnyckyj, who joined Monster in 1994 and was fired last year, is expected to cooperate with federal prosecutors against Monster founder Andrew McKelvey. Mr. McKelvey, who hasn't been charged, quit rather than be interviewed by company lawyers examining Monster's options problems."

The Washington Post/AP (2/16, D2, Neumeister) reports that Olesnyckyj "faces up to 25 years in prison and fines of more than $5.2 million after pleading guilty to securities fraud and conspiracy to commit securities fraud. His guilty plea was part of an agreement in which he promised to cooperate fully in return for leniency. … Olesnyckyj said his crimes occurred between 1996 and 2006, when he agreed with others at the company to backdate options and hide the action from federal regulatory agencies and investors. He agreed to forfeit $381,000, which he said was the amount he gained from the scheme." The AP adds, 'The Securities and Exchange Commission on Thursday filed a civil complaint against Olesnyckyj for securities fraud in connection to backdating. … The charges were the first for a Monster executive related to the backdating scandal at the company, which overstated the value of its earnings by more than $250 million between 1997 and 2005. Backdating involves issuing stock options retroactively to coincide with low points in the share price, thus boosting payouts. It can be illegal if it is not properly accounted for and disclosed to investors."

USA Today (2/16, 3B, Iwata) reports, "Mark Schonfeld, head of the SEC office in New York, said: 'Olesnyckyj knew that backdating was wrong, but nonetheless went along with the scheme. Any lawyer who works at a public company should do everything possible to thwart fraud — not participate in it.' … The backdating scheme and improper accounting of stock options led Monster to falsely inflate its net income from 1997 to 2005 by $340 million, the charges said. Monster, the parent of the online job service Monster.com, said it was profitable in 1999 and 2000, when it actually lost $40 million, the government charged." USA notes, "The backdating scandal at Monster arose last year when the company announced an internal investigation. The company's investigation led to the ouster of Olesnyckyj and the resignation of former CEO Andrew McKelvey."

Options Backdating Probes Accelerate. The Wall Street Journal (2/16, A1, Bandler, Forelle) reports, "On Jan. 4, 2002, the chief financial officer of Broadcom Corp. tapped out an email about stock options to his chief executive and others. … 'I VERY strongly recommend that these options be priced as of December 24,' he wrote. … They were, and that was fortunate for recipients. Broadcom's share price rose 23% between the two dates. The pretense that the options had been granted on the earlier date made them extra valuable." … It also violated the rationale of stock options. They give recipients a right to buy stock in the future at the price when the options are granted, so that recipients can profit only if the price of their company's stock goes up. Setting a lower 'exercise price' for the options gives recipients a head start on profiting." The Journal adds, "The Broadcom correspondence, found in an internal investigation at the maker of communication chips, is just one of a number of internal documents that have drawn the attention of federal prosecutors and Federal Bureau of Investigation agents in Orange County, Calif. Prosecutors are strongly considering filing criminal charges against the former Broadcom chief financial officer who wrote the email, William J. Ruehle, and at least one other former executive, according to people familiar with the situation. … Mr. Ruehle's lawyer said his client didn't break the law." The Journal notes, "The Broadcom probe is a sign of how long-running investigations of stock-options backdating are heating up. Yesterday, a former general counsel of Monster Worldwide Inc. pleaded guilty to securities fraud in federal court in Manhattan. The day before, the founder of Take-Two Interactive Software Inc. pleaded guilty to a New York State charge in a backdating scheme. … Prosecutors in a half-dozen jurisdictions are zeroing in on other cases. The filing of criminal charges in some of these in coming months would mark a watershed in the scandal, as prosecutors and regulators winnow the roster of some 140 companies with options problems to a tighter list

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of promising cases. … The government is nearing charges against a former official of computer-security company McAfee Inc., say people familiar with the situation, and is strongly considering bringing cases against ex-executives of Apple Inc. and semiconductor-equipment maker KLA-Tencor Corp. In St. Louis, at least one former executive of Engineered Support Systems Inc., a defense contractor now owned by DRS Technologies Inc. of Parsippany, N.J., has been told of a likely charge, says a person close to the matter."

New Executive Pay Tables Don't Include All Options Data. The Washington Post (2/16, D1, Cho, Johnson) reports, "The first overhaul in 15 years of executive-pay disclosures has been billed as the most transparent window ever into the clubby world of corporate compensation. … But as these filings have begun to roll out publicly, analysts are finding there's a catch." The Post continues, "Due to an accounting loophole for stock options and an eleventh-hour rule change made by securities regulators just before Christmas, some of the biggest names in technology, health care and financial services will be able to cloud what their top executives make. … The anomaly is being discovered by compensation consultants who have been hired by firms to draft these filings. In some cases, it is lowering the compensation figures reported by firms, they said. In others, executives who should be named in the filings as the five highest-paid officers in their companies are being replaced with employees making less." The Post adds, "The Securities and Exchange Commission's first changes to pay disclosures since 1992 were meant to be user-friendly. Shareholders could look at a summary table and easily see what the top executives of a company were taking home in salary, perks, retirement bonuses and stock options. … SEC officials said they had no control over which companies used the stock options loophole. But they said the agency's late December rule change will provide more accurate figures in the long run and will better reflect what an executive is making in a given year. Although the summary table may not provide full information on options, that data will be included elsewhere in the filing, they said."

DOJ Will Not Challenge 5th Circuit Dismissal Of Enron-Related Convictions. The Houston Chronicle (2/16, Hays) reports, "The Justice Department has decided not to challenge an appeals court's decision last year to throw out most of the 2004 convictions against several former Merrill Lynch & Co. executives in an Enron-related case. … But three of those former executives — who each served nearly a year in prison before being released pending the result of their appeals — could still be retried on charges of participating in a sham deal to help Enron book bogus profits." The Chronicle continues, "Justice Department spokeswoman Jaclyn Lesch said Thursday that federal prosecutors had decided not to appeal the 5th U.S. Circuit Court of Appeals' ruling to the U.S. Supreme Court. The Justice Department had until Friday to make that call. … 'While we review the matter before the district court, we remain committed to holding accountable those responsible for the massive frauds that accompanied the collapse of Enron,' Lesch said." The Chronicle adds, "She declined to say whether prosecutors will retry Daniel Bayly, Merrill's former head of investment banking; James A. Brown, former head of the firm's asset lease group; and Robert Furst, the brokerage's former liaison with Enron. .. .A status hearing in the case is slated for this afternoon. … Last August, the appellate court threw out fraud and conspiracy convictions of Bayly, Brown, Furst and a fourth former Merrill executive, William Fuhs. A jury in 2004 convicted all four of fraud and conspiracy for helping push through a deal in which the brokerage pretended to buy three power barges from Enron so the energy company could appear to have made earnings targets in late 1999."

Two Former Enron Traders Sentenced To Probation For Energy Price Manipulation. The AP (2/16, Kravets) reports, "Two of three former Enron Corp. traders accused of driving up energy prices during California's power crisis were each sentenced in federal court to two years of court-supervised release." The AP continues, "Timothy Belden, the former head of trading in Enron's Portland, Oregon, office, was sentenced Wednesday after pleading guilty in October 2002 to one count of conspiracy to commit wire fraud. Belden's plea was the first prosecution of anyone related to the West's energy crisis in 2000 and 2001. He had faced up to five years in prison and must forfeit $2.1 million." The AP adds, "The second defendant, Jeffrey Richter, was a lower-level trading manager in charge of the so-called 'short-term desk' who also pleaded guilty to two counts related to manipulating energy prices. He had faced up to five years and agreed to pay a $410,000 fine. … A third trader, the alleged mastermind behind the scheme, is expected to be sentenced next month for his role in the scam that fraudulently sent California energy prices soaring, causing energy shortages and rolling blackouts." The AP notes, "Internal company memos describe how Belden's trading unit took power out of California at a time of rolling blackouts and shortages and sold it out of state to elude price caps, according to documents obtained by investigators. … Enron bought California power at cheap, capped prices, routed it outside the state, then sold it back into California at vastly inflated prices, authorities said. The sham trades were designed to circumvent the California-only price caps on wholesale energy. … The crisis played a role in Pacific Gas & Electric Co.'s bankruptcy and will leave California consumers paying abnormally high electricity prices for years."

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Investment Manager Jailed For Seven Years for Contempt In Fraud Case. The New York Times (2/16, Morgenson) reports, "On Jan. 14, 2000, Martin A. Armstrong, a globe-trotting investment manager, was told to produce $15 million in gold and antiquities, as well as documents, in response to a civil suit by the government accusing him of securities fraud involving hundreds of millions of dollars. … When he said that he did not have the items and could not produce them, a federal judge ordered him jailed for contempt of court." The Times continues, "Seven years later, Mr. Armstrong sits in the Metropolitan Correctional Center in Lower Manhattan. … Imprisoned two years before Enron and WorldCom brought corporate crime to center stage, Mr. Armstrong, 57, is the white-collar defendant whom time forgot. Over the years, the losses of his former clients have been repaid by a bank involved in his trades. … Still, he remains jailed on one of the longest-running charges of contempt. In many cases, a federal law limits to 18 months how long someone can be held under civil contempt while the court tries to coerce compliance with an order. Even in cases of criminal contempt, whose goal is punishment rather than coercion, an individual is entitled to the full protections of due process after six months. … 'A legal proceeding is supposed to be the quest for truth,' Mr. Armstrong said in a phone interview last week from the 12-story building, which is used mostly as a temporary holding site for prisoners. 'But this contempt was used to stop me from going to trial, and it's been nothing but bad faith from the government ever since.'" The Times notes, "How Mr. Armstrong has been held for so many years without a trial is a tangled and bizarre tale. Mr. Armstrong, his lawyers say, has been stuck in a surreal situation in which criminal prosecutors have never had to prove their 24-count indictment at trial while the civil case tied him up. Nevertheless, they have gotten their desired result — a lengthy prison term for Mr. Armstrong."

CRIMINAL LAW:

FBI Investigating Gibbons' Links With Defense Contractor. Reporting on a story broken yesterday by the Wall Street Journal, the AP (2/16, Riley) says this morning the FBI is investigating Nevada Gov. Jim Gibbons' interactions with a defense contractor when Gibbons served in the US House of Representatives. "The newly elected Republican governor denied any wrongdoing and told The Associated Press that 'they can look as deeply as they need to and I encourage them to do so, but there would have been absolutely no influence.' A federal law enforcement official confirmed the FBI probe" and "said the inquiry is focusing on what role Gibbons played in awarding military contracts to eTreppid Technologies LLC in Reno and whether he received any gifts in exchange. Gibbons said he had not been contacted by the FBI regarding his contacts with Warren Trepp, a longtime friend and owner of eTreppid who contributed nearly $100,000 to Gibbons' campaign for governor through different companies he controls."

The Wall Street Journal (2/16, A7, 2.04M) also briefly reports on Gibbons' denial of any wrongdoing, and the Washington Post (2/16, Mosk, Eggen, 690K) notes, "Reporting yesterday on the investigation, the Wall Street Journal published a series of alleged e-mail exchanges about Gibbons's dealings with" Trepp. "Among the dozens of e-mails is one allegedly sent days before Trepp and his wife prepared to set sail on a Caribbean cruise with Gibbons and his wife. In it, Trepp's wife allegedly wrote to her husband: 'Please don't forget to bring the money you promised Jim and Dawn.' Trepp's reply, according to the Journal report, was: 'Don't you ever send this kind of message to me! Erase this message from your computer right now!'" However, Trepp lawyer Steven Peek "said yesterday that his client is unaware of any investigation and questions the authenticity of the e-mails cited in the Journal report."

Libby Defense Said To Have Offered No Evidence To Support Scapegoat Theory. The Los Angeles Times (2/16, Schmitt, 850K) reports Lewis "Scooter" Libby's lawyer, Theodore Wells, "dropped a bombshell" in his opening argument. "In dramatic tones, Wells declared that Libby had been the victim of a White House conspiracy to make Libby the fall guy for the CIA leak scandal." However, jurors saw "virtually no evidence to back up the provocative claim. The difference between what Wells promised and delivered, and how it will play with the 12-member panel, is just one of the wild cards as the trial winds up." The Times notes that "the case is hardly a slam-dunk for the government. The defense punched some holes in the stories and memories of government witnesses, including journalists. The biggest worry for the prosecution may be whether the jury will think it fair to convict Libby, the only person charged in the three-year federal probe, when he was neither the first nor the only high-level government official to talk about CIA operative Valerie Plame."

In a widely-distributed story, the AP (2/16, Apuzzo) reports Wells "told jurors…that Libby was the victim of a conspiracy to protect White House political adviser Karl Rove. But like the anticipated testimony from Libby and Vice President Dick Cheney, details of any save-Rove conspiracy were promised but never materialized. That leaves defense attorneys, who will spend the long weekend fine-tuning their closing arguments, to decide how to describe Rove for jurors when summing up their case on Tuesday." The AP adds, "While cross-examining government witnesses," Libby's lawyers "took every opportunity to mention Rove but never

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elicited details about how the president's top political operative was being protected or why."

Foggo, Wilkes Indictments Suggest Other Lawmakers Could Face Charges. The Hill (2/16, Crabtree) reports that the indictments of Kyle Foggo and Brent Wilkes "provide clues about other evidence and material federal prosecutors are seeking from Congress and which members could face more legal trouble in the wide-ranging bribery investigation. In between the more lurid details about prostitutes, hundreds of thousands in cash payments and luxurious trips to Hawaii and Coeur d'Alene, Idaho included in the indictments…are eight references to letters" former Rep Randy Cunningham "sent members of the Appropriations, Permanent Select Committee on Intelligence and Armed Services committees requesting tens of millions of dollars in contracts for Wilkes' companies. … The indictments do not include the panels' responses to these requests; and that is, in all likelihood, because prosecutors were having a difficult time convincing Congress to hand over the relevant records," but "a Democratic aide said discussions are "still ongoing" and the two sides hope to resolve the matter as soon as possible." The Hill notes Reps. Bill Young, Floyd Spence and Duncan Hunter and then-Rep. Porter Goss were chairmen of committees that received letters from Cunningham.

Small NJ Town Abuzz About FBI Raid On Mayor's Home, Office. Under the headline "F.B.I. Raids On The Mayor Make Him Topic A In A Small Town," the New York Times (2/16, Miller, 1.16M) reports from Guttenberg, N.J., "The whispers were everywhere in this sliver of a town on the Hudson: Federal investigators were here looking for something. Then on Jan. 26, the F.B.I. agents seized several computers, rifles and files from the home of Mayor David Delle Donna, as well as records from Town Hall. Mr. Delle Donna has not been charged with a crime and insists that he has done nothing wrong, though a person close to the investigation said the January raids were connected to a former bar owner and eight others charged in 2005 with running a human trafficking ring." The Times adds that the "raids have left many in this town of 10,800 scratching their heads. … And although no one is suggesting any connection to the trafficking, chatter in this town that measures all of 4 blocks wide and 11 blocks long reached new heights in recent weeks after two fires broke out at the only high-rise apartment building in town, killing one person, and another fire erupted at an abandoned building."

FBI, IRS Search Home, Office Of Former Boy Band Promoter. In a widely-distributed story, the AP (2/16, Reed) reports, "Federal agents executed search warrants on Thursday at New York native Lou Pearlman's Florida office and home, the latest in a string of legal problems facing the man who built the Backstreet Boys and 'NSYNC. The search came less than two weeks after a state court-appointed receiver took control of three Pearlman companies. A judge issued that order after Florida's Office of Financial Regulation alleged that for 15 years Pearlman has sold unregistered securities through a bogus savings program." The AP notes, "FBI agents and other law enforcement investigators spent hours on Thursday carrying boxes away from Pearlman's offices."

Federal Agents Search Ranbaxy's New Jersey Offices In FDA Probe. Bloomberg (2/16, Larkin) reports, "Ranbaxy Laboratories Ltd., India's biggest drugmaker, said U.S. officials conducted a surprise search of two of its New Jersey offices yesterday, seeking documents on a variety of topics." Bloomberg continues, "Federal agents spent all day at Ranbaxy's administrative office in Princeton and manufacturing facility in New Brunswick, said Chuck Caprariello, a spokesman for the company. He declined to specify which documents were taken and said business operations have continued as usual. … 'The only thing we know right now is that it was an information request and they needed information on a variety of topics,' Caprariello said today in a telephone interview. 'We're trying to open up dialogue now as to why, and what information they wanted.'" Bloomberg adds, "The Trentonian, a New Jersey newspaper, reported today that criminal investigators from the U.S. Food and Drug Administration searched the Princeton facility, saying they were serving a warrant. … The U.S. Attorney's Office in Maryland, part of the Justice Department, is working on the Ranbaxy case and won't comment because there is a pending investigation, spokeswoman Vickie LeDuc said today in a telephone interview from her Baltimore office. Doug Arbesfeld, a spokesman for the FDA, said the Justice Department was handling all media inquiries."

Former Nevada County Official Sentenced To Six Years For Strip Club Bribes. The AP (2/16, Ritter) reports, "A former Clark County commissioner was sentenced to six years in prison Wednesday for delivering bribes to politicians on behalf of a strip club owner." The AP continues, "U.S. District Judge Larry Hicks branded Lance Malone the 'organizer, manager and leader' of 'probably as gross a case of political corruption in the state of Nevada, certainly, that has ever occurred and been successfully prosecuted.' … Hicks blamed Malone for distributing up to $550,000 in bribes to three former commission colleagues from 2000 to 2003, and said he was imposing three years more than Malone received in a related case in San Diego. Malone will serve the sentences at the same time; he also

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was fined $100,000." The AP adds, "Malone pleaded guilty in September to one count of conspiracy under the federal Racketeer Influenced Corrupt Organizations, or RICO Act, for the Nevada case. … In the San Diego case, Malone was convicted on similar charges that he delivered bribes to politicians there on behalf of strip club owner Michael Galardi. … On Wednesday, Malone, 45, told the judge that he had been greedy, and he pleaded for leniency. … Malone becomes the third person sentenced in a case that grew from years of FBI wiretaps and led to indictments against Galardi, Malone, and former Clark County commissioners Dario Herrera, Erin Kenny and Mary Kincaid-Chauncey. The commission wields control over a wide area of southern Nevada, including the Las Vegas Strip."

Pennsylvania Police Officer To Stand Trial On Corruption Charges. The Pittsburgh Tribune-Review (2/16, Zapf) reports, "In a hearing that lasted almost four hours, seven witnesses testified Thursday about alleged wrongdoing by suspended West Mifflin police Officer Noel Missig. Brookline District Judge Charles McLaughlin held Missig…for trial on charges of perjury, simple assault, obstructing the administration of law or government function, tampering with public records or information, two counts of unsworn falsification to authorities and official oppression. The charges stem from a joint FBI and state police investigation that spanned four years and led to accusations that Missig planted cocaine in a suspect's clothing, assaulted a handcuffed boy and lied about the seizure of video poker machines from a borough business."

ADL Honors FBI Agents, Prosecutors For California Gang Convictions. The Los Angeles Times (2/16, 850K) reports, "The Anti-Defamation League on Thursday honored the federal agents and prosecutors involved in convicting four members of a Latino street gang in Highland Park last year for violating the civil rights of African Americans with a campaign of threats and violence, including murder. The group noted that the case against the Avenues gang 'broke new ground as the first time a street gang was convicted of violating federal hate crime laws.' Honored at a luncheon…were federal prosecutors Bobby Bernstein, Alexander Bustamante and Thomas O'Brien; FBI agents Jerry Fradella and Christian M. Haugen; and federal paralegal Martha Lovejoy," as well as local law enforcement officers.

Chicago Protection Racket Collector Sentenced To Seven Years. The Chicago Tribune (2/16, O'Connor, 617K) reports, "A Russian native, who prosecutors say preyed on Russian businesses in Chicago for 'protection' money, was sentenced Thursday to more than 7 years in prison for extortion." A lawyer for 69-year-old Israil Vengerin, "sought leniency, saying his client is dying in prison from heart problems while he awaits a transplant." However, "U.S. District Judge John Darrah imposed an 87-month prison term, saying Vengerin 'terrorized' some in the Russian community. … If Vengerin's condition becomes terminal, the judge said he would consider reducing his sentence." The Tribune notes that at Vengerin's trial, "Much of the testimony came from secretly recorded tapes of Vengerin made by an associate who helped collect the protection money while working undercover for the FBI. At least two victims also recorded Vengerin with the FBI's cooperation."

Klebnikov Murder Defendants Fail To Appear, Delaying Jury Selection. The AP (2/16, Isachenkov) reports that a Russian "court postponed jury selection Thursday in the retrial of three men linked to the 2004 murder of the American-born editor of Forbes magazine's Russian edition after two of the defendants failed to show up, a court spokeswoman said. Prosecutors had accused two Chechen men of killing Paul Klebnikov, but a jury trial acquitted them last year. The Supreme Court later overturned the acquittal and ordered a new trial. Moscow City Court spokeswoman Anna Usacheva said Thursday's session to choose jurors for the retrial was postponed until March 14 because defendants Kazbek Dukuzov and Musa Vakhayev failed to show up." The New York Times (2/16, Lewis, 1.16M) notes that "the judge postponed the beginning of jury selection for a month. … The prosecutor general's office declined to discuss today's events, which like the previous trial occurred behind closed doors."

The Moscow Times (2/16, Schreck) reports, "Vakhayev's lawyer, Vladimir Gorulkov, said in court that his client had 'valid reasons' for his absence," court spokeswoman Tatyana Zubaryova said. "No one showed up to represent Dukuzov, Zubaryova said. Ruslan Koblev, the lawyer for Moscow notary Fail Sadretdinov, said Dukuzov had received his court summons but was in Chechnya; he said he did not know whether Dukuzov would return to Moscow for the trial. Koblev said Vakhayev was in Moscow but stayed home Thursday because he was ill."

California Police Department Under Misconduct Probe. The Los Angeles Times (2/16, Blankstein) reports, "Inglewood interim Police Chief J.I. Davis today confirmed that some members of his department were being investigated for misconduct, but he refused to give specifics." The Times continues, "At an afternoon news conference at Inglewood police headquarters, Davis insisted that his department began its probe after developing its own information of possible police corruption. … 'The investigation was initiated in January 2006, after hearing rumors and

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developing information about possible misconduct,' he told reporters." The Times adds, "Davis refused to give specifics, but The Times has reported that at least six current or former Inglewood police officers are under investigation for allegedly having sex with female employees of massage parlors and other adult businesses that had been the target of a high-profile law enforcement crackdown. … Davis denied reports that the department's investigation was a result of information gathered by federal officials. .. .'That the information was the result of a federal investigation' is incorrect, he said. 'The department did not receive information from any federal agency.' … But sources familiar with the misconduct allegations said that federal authorities, including the U.S. attorney's office and the Immigration and Customs Enforcement agency, began hearing about the alleged involvement of police officers last year."

Probe Of Pizza Man's Death By Bomb Collar Nears End. USA Today (2/16, 3A, Johnson) reports, "More than three years after a bank robbery suspect in Erie, Pa., was killed when a bomb locked around his neck exploded, a federal prosecutor has summoned investigators to meet today in Pittsburgh to help her determine whether to file charges in the case." USA continues, "U.S. Attorney Mary Beth Buchanan says her meeting with investigators from the FBI, the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Pennsylvania State Police indicates that the probe into the bizarre death of Brian Wells, 46, is nearly complete. 'The investigation is in its final stages,' she says." USA adds, "A federal grand jury in Erie has heard testimony from "numerous" witnesses, Buchanan says, adding that the probe has been complicated by the deaths of at least two potential witnesses. … The death of Wells, a pizza deliveryman, received national attention because it occurred on live television and because of the many questions it left. No one has been arrested in the case, and it remains unclear whether Wells was a willing participant in a bank robbery plot that went awry or was the unwitting victim of a such a plot. .. .Investigators also have examined other possibilities. Among them: that the intent all along was not to rob the bank, but to send Wells to a torturous death. Or, that Wells was part of a robbery plot but thought the bomb was fake."

Nine Former California School Athletes Arrested For Gang-Style Crimes. The Los Angeles Times (2/16, Lin, Abrams) reports, "Nine former football players from Murrieta Valley High School, members of a self-described 'Fight Club,' today were arrested by Murrieta police for an alleged gang-style rash of robberies, burglaries and assaults over two years -- including beating up high school students who 'disrespected' their members, authorities said." The Times continues, "The club was founded in 2004 by a group of football players who allegedly injected anabolic steroids to enhance their performance on the field, police said. … The ex-athletes, only one of whom still attends the high school in the southwest Riverside County suburb, started calling themselves 'Fight Club' and would challenge one another in fighting matches outside of school -- attracting large crowds of juvenile spectators, often at local parks, police said. … 'They essentially started out as bullies in the school and graduated to crimes of violence,' said Lt. Dennis Vrooman of the Murrieta Police Department. … 'Investigators allege that members of the gang would 'case' homes in Murrieta and neighboring Temecula while attending parties, and come back days later to burglarize the residences. Police said members of the gang also allegedly attempted to commit a home-invasion robbery, two car thefts, two cases of arson, multiple armed robberies, false imprisonment and several assaults. … Four of the former football players were arrested on suspicion of participating in a criminal street gang which, when considered with the other allegations, could lead to life sentences if convicted, Vrooman said."

CIVIL LAW:

OCS Accused Of Intimidation In Whistleblower Probe. The Washington Post (2/16, A21, Williamson) reports, "A trouble-plagued whistle-blower investigation at the Office of Special Counsel -- whose duties include shielding federal whistle-blowers -- hit another snag this week when employees accused the special counsel of intimidation in the probe." The Post continues, "The Office of Personnel Management's inspector general has been investigating allegations by current and former OSC employees that Special Counsel Scott J. Bloch retaliated against underlings who disagreed with his policies -- by, among other means, transferring them out of state -- and tossed out legitimate whistle-blower cases to reduce the office backlog. Bloch denies the accusations, saying that under his leadership the agency has grown more efficient and receptive to whistle-blowers." The Post adds, "The probe is the most serious of many problems at the agency since Bloch, a Kansas lawyer who served at the Justice Department's Task Force for Faith-based and Community Initiatives, was appointed by President Bush three years ago. Since he took the helm in 2004, staffers at the OSC, a small agency of about 100 lawyers and investigators, have accused him of a range of offenses, from having an anti-gay bias to criticizing employees for wearing short skirts and tight pants to work. … The 16-month investigation has been beset by delays, accusations and counter-accusations. The latest problem began two weeks ago, when Bloch's deputy sent staffers a memo asking them to inform OSC higher-ups when investigators contact them. Further, the memo read, employees should meet with

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investigators in the office, in a special conference room. Some employees cried foul, saying the recommendations made them afraid to be interviewed in the probe. … This week, Public Employees for Environmental Responsibility, the Project on Government Oversight, the Government Accountability Project and Human Rights Campaign and a lawyer for the OSC employees protested in a letter to legislators and to Clay Johnson III, the Office of Management and Budget deputy who ordered the OSC probe."

NYT Praises Bill To Expand Whistleblower Protections. The New York Times (2/16, 1.16M) says in an editorial, "The plight of federal workers who raise alarms about waste and fraud in government has become a scandal unto itself." In "a vote this week of bipartisan unanimity, the House government reform committee offered whistle-blowers fresh hope with a much needed measure to protect them against official retaliation." The bill, "sponsored by Henry Waxman, Democrat of California, and Tom Davis, Republican of Virginia, would guarantee a worker the right to a court review of a complaint if it lingers beyond six months without action."

FOIA Reform Legislation Expected Soon. The AP (2/16, Kellman) reports, "Congressional Democrats are looking at ways to strengthen open government laws and force the Bush administration to release more documents under the Freedom of Information Act." The AP continues, "Rep. Lacy Clay, D-Mo., said legislation he is considering would be broader than an open government bill last year that sought to reduce the number of disputed FOIA requests and improve reporting requirements to Congress. The legislation never reached a vote in the House or Senate. … Clay said the old bill will be the starting point for a new one that will take direct aim at the administration's practice of using the threat of terrorism to withhold 'nonsensitive information.' … 'I am deeply concerned that this administration appears to be shielding information that ought to be accessible to the public,' said Clay, chairman of the House Oversight and Government Reform Committee's subcommittee on information policy." The AP adds, "The American Civil Liberties Union urged the subcommittee on Wednesday to scrap what it said was the White House's 'policy of nondisclosure' outlined in a 2001 memo by then-Attorney General John Ashcroft. … Ashcroft advised against releasing information when there was uncertainty about whether FOIA exemptions applied, such as for national security and law enforcement material. His memo reversed a Clinton administration policy that urged agencies to resolve FOIA requests by erring on the side of releasing, not withholding, government information. … 'To this administration, secrecy is the default response,' ACLU Executive Director Anthony D. Romero said in written testimony prepared for Clay's subcommittee."

Government Executive (2/16, Pulliam) reports, "The bill's introduction likely will coincide with Sunshine Week March 11-16, an initiative led by the American Society of Newspaper Editors to educate the public about the importance of open government. National Freedom of Information Day also happens that week, on March 16." GE adds, "Clay said Rep. Henry Waxman, D-Calif., chairman of the Oversight and Government Reform Committee, will be heavily involved in crafting the measure. A bill that was approved at the subcommittee level in September 2006 (H.R. 867) will be used as a starting point. … In a statement, Waxman said he looks forward to working with Clay on legislation to strengthen the FOIA, and is pleased, as the law was the focus of the subcommittee's first hearing in the new Congress."

Bankruptcy Judge OKs $145 Million In Delphi Fees. The AP (2/16, Tong) reports, "A federal bankruptcy judge on Thursday approved $145 million in fees to lawyers and financial advisers for the first year of the restructuring of auto parts supplier Delphi." The AP continues, "Troy, Mich.-based Delphi Corp., a former subsidiary of General Motors Corp. until 1999, has incurred nearly $135 million in professional fees and $10 million in expenses for the period from its voluntary bankruptcy protection filing on Oct. 8, 2005, through the end of September 2006. … U.S. Bankruptcy Judge Robert Drain of the Southern District of New York approved the payment applications filed by about 30 law firms, bankers and others." The AP adds, "As part of its bankruptcy case, Delphi has cut labor costs by offering voluntary buyout and early retirement deals to tens of thousands of union workers represented by the United Auto Workers and the International Union of Electronic Workers-Communications Workers of America, the company's biggest and second-biggest unions. … Delphi has made reducing labor and retirement benefit costs one of the highest priorities in its reorganization. … Among Delphi's advisers, the biggest bill comes from the law firm Skadden, Arps, Slate, Meagher & Flom, which recorded fees and expenses of $32.79 million for the year." The AP notes, "Delphi expects to emerge from bankruptcy protection in the first half of this year. It is now negotiating with its unions over collective bargaining agreements and General Motors over legacy retirement costs. Those agreements are needed if Delphi wants to move forward on a proposed plan that has private equity investors making a cash infusion as the company exits bankruptcy."

Bankruptcy Judge Orders Bear Stearns To Pay $125 Million For Lax Oversight Of Hedge Fund. Bloomberg (2/16, Bilodeau, Weidlich) reports, "Bear Stearns must pay at least $125.1 million to a failed hedge fund after a court concluded the securities firm ignored signs that

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investors were being defrauded and took money to cover its own potential losses." Bloomberg continues, "U.S. Bankruptcy Judge Burton Lifland in New York yesterday ordered that Bear Stearns must return the money to Manhattan Investment Fund, which collapsed in 2000 after regulators accused the manager of sending fake account statements for more than three years." Bloomberg adds, "Bear Stearns, alerted to the fraud as early as 1998, waited a year before scrutinizing the hedge fund's books and learning its true financial condition, Lifland wrote. … The delay allowed Manhattan Investment to continue cheating investors, who lost almost $400 million, according to regulators. The ruling against Bear Stearns, of New York, may spur investment banks to monitor hedge funds, their most lucrative trading clients, more closely. Bear Stearns is one of the biggest brokers to hedge funds."

Bipartisan Legislation Seeks FDA Regulation Of Tobacco. The Los Angeles Times (2/16, Alonso-Zaldivar, 850K) reports, "House and Senate lawmakers of both parties introduced sweeping legislation Thursday to make tobacco subject to the kind of federal safety regulation that now applies to medicines and food, and said prospects for action are the most favorable in years. … Although the White House has not supported similar legislation in the past, it's not clear what position President Bush will take this time. Administration officials took a neutral stance Thursday." Three presidential candidates "signed on to the legislation: Sens. John McCain (R-Ariz.), Hillary Rodham Clinton (D-N.Y.), and Barack Obama (D-Ill.). Its principal sponsors in the Senate are Sens. Edward M. Kennedy (D-Mass.), and John Cornyn (R-Texas)."

The AP (2/16, Bridges) also reports the story, noting a spokesman for Senate Majority Leader Harry Reid said the bill "had the support of the caucus. A spokesman for House Speaker Nancy Pelosi, D-Calif., said she personally supported it." White House spokesman Tony Fratto "declined to comment. The Department of Health and Human Services is reviewing the legislation, spokeswoman Christina Pearson said."

California High Court Approves Tobacco Litigation. The Los Angeles Times (2/15, Dolan) reports, "The California Supreme Court made it possible Thursday for people who become ill from smoking to once again win large judgments from tobacco companies, unanimously rejecting a four-year-old federal court decision that had virtually halted all smoker lawsuits in the state. … 'It reopens tobacco litigation in California,' said Northeastern University Law Professor Richard A. Daynard, who heads a group that promotes lawsuits against the industry. 'The light just went from red to green.'" The Times continues, "Since California began allowing individual lawsuits over smoking damage in 1998, plaintiffs in California had won some of the biggest tobacco awards in the country, including a $28 billion jury verdict in Los Angeles. The awards came to a halt when the federal appeals court in 2002 set a strict deadline, saying smokers should have filed suit years earlier, when it became widely known that smoking was a health hazard and addictive." The Times adds, "Taking advantage of the federal ruling, the tobacco industry had exercised its right to move cases into federal court, which hears disputes between litigants in different states. Lawyers said every single case was dismissed. … In a decision written by Justice Carlos R. Moreno, the California Supreme Court said that although judges and juries can presume that plaintiffs should have known of the dangers and filed their lawsuits earlier, smokers can rebut that presumption by presenting evidence that tobacco companies misrepresented the risks. … 'Although knowledge of smoking addiction has been widespread . . . ,' Moreno wrote, 'tobacco companies' misrepresentation of the danger and addictiveness of smoking were also widespread.'"

CIVIL RIGHTS:

LAPD May Be Allowed To Pursue Alternative Racial Profiling Monitoring Methods. Los Angeles Times (2/16, McGreevy) reports, "Faced with a $25-million price tag to replace aging devices that log the ethnicity of every motorist stopped, the Los Angeles Police Department may be allowed to pursue alternative methods for making sure its officers are not engaging in racial profiling, a federal monitor said Thursday." The Times continues, "In his quarterly report on the department's compliance with a federal consent decree mandating LAPD reforms, Independent Monitor Michael Cherkasky said the agency might be able to meet the requirement for checking on racial profiling by methods other than the one currently used to collect data. … 'It is the monitor's belief that the dollars that would need to be spent in continuing the current method of collection and aggregation can, in fact, be better spent on enhancing the city's ability to detect, investigate and prevent biased policing,' Cherkasky wrote." The Times adds, "That opens the door for the city to propose alternatives such as installing video cameras in all patrol cars, though any change would require final approval from Cherkasky, the Justice Department and a federal judge. … Also, it might cost up to $25 million to put video cameras in all patrol cars. … Still, Police Commission President John Mack welcomed the possibility that the city could find a less costly and more effective way to check for profiling."

Federal Judge Sets Limits On NYPD Videotaping. The New York Times (2/16, Dwyer) reports,

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"In a rebuke of a surveillance practice greatly expanded by the New York Police Department after the Sept. 11 attacks, a federal judge ruled yesterday that the police must stop the routine videotaping of people at public gatherings unless there is an indication that unlawful activity may occur." The Times continues, "Four years ago, at the request of the city, the same judge, Charles S. Haight Jr., gave the police greater authority to investigate political, social and religious groups. … In yesterday's ruling, Judge Haight, of United States District Court in Manhattan, found that by videotaping people who were exercising their right to free speech and breaking no laws, the Police Department had ignored the milder limits he had imposed on it in 2003." The Times adds, "Citing two events in 2005 — a march in Harlem and a demonstration by homeless people in front of the home of Mayor Michael R. Bloomberg — the judge said the city had offered scant justification for videotaping the people involved. … 'There was no reason to suspect or anticipate that unlawful or terrorist activity might occur,' he wrote, 'or that pertinent information about or evidence of such activity might be obtained by filming the earnest faces of those concerned citizens and the signs by which they hoped to convey their message to a public official.' … While he called the police conduct 'egregious,' Judge Haight also offered an unusual judicial mea culpa, taking responsibility for his own words in a 2003 order that he conceded had not been 'a model of clarity.'"

ANTITRUST:

AirTran Seeks Merger Talks With Midwest. The Milwaukee Business Journal (2/16) reports, "AirTran Holdings Inc. reported Feb. 15 the federal waiting period for its proposed $345 million buyout of Midwest Air Group Inc. has expired." The Journal continues, "AirTran chairman and CEO Joe Leonard called the Justice Department's determination not to challenge the proposed merger a 'milestone' and said he hoped the agency's decision will prompt Midwest management to sit down with AirTran for formal negotiations. … 'As we have frequently said, the combination of AirTran and Midwest is pro-competitive and the merger of our two airlines will create a stronger, more diversified airline, better able to withstand competition from other airlines, offer greater job security to employees and provide more service to the cities currently served by both airlines,' Leonard said in a statement." The Journal adds, "AirTran is trying to buy Oak Creek-based Midwest Air Group Inc. to create a low-fare carrier with revenue of about $3 billion in 2007. However, Midwest on Jan. 25 rejected the unsolicited offer calling it 'opportunistic' and saying it 'undervalues' the company. … Leonard said Thursday he hoped that with the expiration of the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act that Midwest will 'consider the benefits to their stakeholders and sit down with us to negotiate a definitive agreement.'"

Judge May Further Delay Caremark-CVS Deal. The St. Louis Post-Dispatch (2/16, Feldstein) reports, "A hearing today is expected to determine whether the bid by CVS Corp. to buy Caremark Rx will be further delayed because of alleged misconduct by Caremark executives and board members." The Post-Dispatch continues, "The lawsuit challenging the CVS-Caremark deal was brought by Express Scripts Inc. of Maryland Heights, which also wants to buy Caremark. It alleges that Caremark's executives and directors failed to negotiate in the best interest of its shareholders." The Post-Dispatch adds, "Delaware Chancery Court Chancellor William B. Chandler III already has delayed the Caremark shareholders' vote at least until March 9. He acted after a large group of shareholders said it needed more time to evaluate the CVS offer. … CVS, the nation's No. 2 retail drug chain, in November announced its plan to combine with Caremark, based in Nashville, Tenn. Its bid was a $21 billion, all-stock offer that it said would create a new dynamic in the pharmaceutical industry. Caremark shareholders had been scheduled to vote on the deal Tuesday." The Post-Dispatch notes, "Express Scripts is the nation's No. 3 pharmacy-benefits manager. In December, it countered CVS's bid for Caremark with a cash-and-stock offer valued at $26 billion and a vision of a larger, stronger pharmacy-benefits management company. … Express Scripts later sued Caremark, that company's board and CVS, saying the Caremark—CVS deal should be quashed because of 'extensive fiduciary misconduct.' Chandler isn't expected to rule today."

Bill Would Repeal Antitrust Exemption For Insurance Industry. McClatchy Newspapers (2/16, Recio) reports, "Lawmakers moved to rein in the insurance industry Thursday by introducing legislation in the House of Representatives and Senate to repeal the industry's federal antitrust exemption." McClatchy continues, "Senate Minority Whip Trent Lott, R-Miss., a fierce critic of the insurance industry's response to Hurricane Katrina, joined Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., and ranking member Sen. Arlen Specter, R-Pa., on the Senate floor to introduce the bill. In the House, Rep. Gene Taylor, D-Miss., Rep. Pete DeFazio, D-Ore., Rep. Bobby Jindal, R-La., Rep. Walter Jones, R-N.C., and others announced the introduction of identical legislation. … 'Federal oversight would provide confidence that the industry is not engaging in the most egregious forms of anti-competitive conduct - price-fixing, agreements not to pay and market allocations,' Leahy said. 'Insurers may object to being subject to the same antitrust laws as everyone else, but if they are operating in an

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honest and appropriate way, they should have nothing to fear.'" McClatchy adds, "Lott, who lost his home in the hurricane and who's part of a lawsuit that's being settled with State Farm & Casualty Co., said, 'After Hurricane Katrina we learned a lot of lessons.' He said he found out 'to my absolute horror that the insurance industry is not covered by the antitrust laws.' … 'This is wrong,' Lott concluded, 'and the Senate, in a bipartisan way, should, and I believe will, correct it.'" McClatchy notes, "The bill has some heavy hitters behind it, notably Senate Majority Leader Harry Reid, D-Nev., who said in a statement, 'If insurers around the country are operating in an honest and appropriate way, they should not object to being answerable under the same federal antitrust laws as virtually all other businesses.'"

WSJournal Warns Democrats Could Over Regulate Telecom Sector. The Wall Street Journal (2/16, 2.04M) says in an editorial, "If you're wondering where the new Democratic majority in Congress is inclined to steer telecom policy, look no further than Mr. Dorgan's comment" at an Federal Communications Commission, where he "pays lip service to free markets while ultimately favoring more regulation for its own sake. But more regulation is the last thing today's telecom industry needs, at least if empirical evidence is any indication. As FCC Chairman Kevin Martin reported at a Senate hearing earlier this month, the industry is now taking risks in a way it hasn't since the tech bubble burst six years ago." Much of this "growth has been fueled by increased broadband deployment, which makes high-speed Internet services possible." The "one sure way to stop these trends is by bogging down industry players with regulations or price controls that raise the risk that these mammoth investments will never pay off. Yet that seems to be the goal of Senator Dorgan and other Democrats such as Representative Ed Markey, another 'Net neutrality' cheerleader, who is planning his own hearings. Consumers will end up paying for such policies in fewer choices and higher prices."

ENVIRONMENT:

Lawmakers Ask Gonzales For Answers About Wooldridge Actions. The AP (2/16, Heilprin) reports, "The House Judiciary Committee on Thursday asked Attorney General Alberto Gonzales to explain how the Justice Department's former top environmental prosecutor could sign consent decrees with the third-largest U.S. oil company after buying a $980,000 vacation home with its top lobbyist." The AP continues, "An Associated Press report a day earlier disclosing the transactions 'suggests potential unethical, if not illegal, conduct by a senior Justice Department official and, even more disturbing, apparent complicity in such behavior by the department,' the committee's chairman, Rep. John Conyers, D-Mich., said in a letter to Gonzales. … Conyers also asked Gonzales when he and other department officials learned of then-Assistant Attorney General Sue Ellen Wooldridge's 'close relationship with a target of a department public corruption investigation and what action, if any, was taken as a result?'" The AP adds, "A third buyer of the gated community home at Kiawah Island, S.C., was former Deputy Interior Secretary J. Steven Griles, who shares a condominium in northern Virginia with Wooldridge and was told last month he faces possible criminal charges of lying to Congress and fraud in the Jack Abramoff bribery and influence-peddling scandal. … The Justice Department says ethics officials signed off on Wooldridge's purchase of the beach getaway with Griles, now an oil and gas lobbyist, and ConocoPhillips Vice President Donald R. Duncan, before the closing last April. The deed lists Duncan as half owner in the property, with Wooldridge and Griles each owning 25 percent. … Nine months later, the Justice Department sent two proposed consent decrees signed by Wooldridge to a federal judge in Houston for approval. One, sent Jan. 11, would let the company delay the required installation of some of the $525 million in pollution controls at nine refineries; the other dealt with a Superfund toxic waste cleanup. Wooldridge resigned as assistant attorney general effective Jan. 19. ConocoPhillips said Duncan had no involvement in negotiating the consent agreements." The AP notes, "Conyers' letter also was signed by Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus, as an expression of broader support for the inquiries within the House. Another House panel, the Oversight and Government Reform Committee chaired by Rep. Henry Waxman, D-Calif., launched an inquiry a day earlier."

Senate Democrats Order GAO Probe Of Royalties Collection. The New York Times (2/16, Andrews) reports, "Top Democrats on the Senate Energy Committee, citing widespread management problems at the Interior Department, ordered a new inquiry on Thursday into the department's fast-growing program to collect billions of dollars worth of oil and gas from companies that drill on public territory." The Times continues, "The inquiry, to be conducted by the Government Accountability Office, will come on top of a criminal investigation by the Justice Department into allegations that the program's director earned money as a consultant to companies that were seeking to resell the government oil. … Other investigations are under way by the Interior Department's inspector general and Congressional committees into complaints about mismanagement, weak enforcement and a leasing blunder in the 1990s that could cost taxpayers $10 billion in lost royalties over the next decade." The Times adds, "The new line of scrutiny comes

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from Senator Jeff Bingaman of New Mexico, chairman of the Senate Energy Committee, and Senator Ron Wyden of Oregon, chairman of the subcommittee on public lands. … The two senators asked the G.A.O. to analyze the so-called royalty-in-kind program, under which the Interior Department collects a share of the oil and gas that companies produce on federal property and then resells it on the open market to generate cash. … Bush administration officials have called the program a simpler and more efficient way for the government to collect royalties on the vast amounts of oil and gas produced on public lands."

Gore Describes Vision For "Live Earth" Concerts. The Washington Post (2/16, C1, Booth, 690K) reports that at "the news conference Thursday announcing this summer's ambitious 'Live Earth' concerts -- designed as an exercise in 'mass persuasion' about threats of global warming -- Al Gore described his vision: a 24-hour musical extravaganza across seven continents, featuring as many as 150 of the world's top recording artists, introduced by an army of 'celebrities and thought leaders' (think: Cameron Diaz and Richard Branson), playing before a total live audience of a million people, and reaching 2 billion more via television, radio and the Internet on July 7." Asked "yet again if he's running for president ('no'), the former veep was quizzed about lingering skeptics of global warming. Gore sighed, and then joked that the doubters must get together on Saturday nights with the folks who believe the moon landings were staged in the Arizona desert. Said Gore, 'I'm running out of things to say to them.'"

FBI/DEA/ATF/USMS:

Defense Lawyer Pleads Guilty To Leaking BALCO Grand Jury Documents. In a widely-distributed story, the AP (2/16, Elias, Kravets) reports the former lawyer for BALCO founder Victor Conte and BALCO vice president James Valente "pleaded guilty Thursday to obstructing justice by leaking secret grand jury documents to two reporters covering the government's probe of steroids in sports. Troy Ellerman could be sent to prison for as long as two years and fined up to $250,000 for the convictions. His sentencing was scheduled for June 14. … Prosecutor Douglas Miller said the plea concludes the government's investigation of the leaks and the subpoenas of the Chronicle's Mark Fainaru-Wada and Lance Williams were withdrawn." The AP notes, "Prosecutors said a 'previously unknown witness' approached the FBI and offered to help prove that Ellerman was the source. Larry McCormack, former executive director of the Pro Rodeo Hall of Fame and a private investigator who briefly worked for Conte, told the AP on Wednesday that he tipped off FBI agents."

The New York Daily News (2/16, O'Keeffe, Red, 729K) reports that "Ellerman's daredevil personality dates back to his childhood," but his "maverick ways may land him in jail following his bombshell admission Wednesday that he leaked the BALCO grand jury testimony to two San Francisco Chronicle reporters. … 'I think it was just Troy being Troy,' Larry McCormack, the private investigator who told the FBI in December that Ellerman was the source of the BALCO leaks, told The News yesterday. 'I tried to convince him to straighten this out. I think he just felt this is a way to do it, to get the case dismissed against his client. It was a way to throw something in the mix -- what Troy calls getting people off their game. Did it help his client? Well, his client didn't have to do any jail time.'"

Bloomberg (2/16, Gullo) reports, "Ellerman's motive was to use leaks in the case as a basis for seeking to have the criminal case against his client thrown out, the statement said. Ellerman had access to the transcripts because he was representing the vice president of Bay Area Laboratory Cooperative, known as Balco, a Burlingame, California-based lab at the center of a U.S. criminal probe of steroid distribution, said the statement. … 'Such gamesmanship undermines the integrity of the legal system and demands accountability,' said Deputy U.S. Attorney General Paul McNulty, in a statement." Bloomberg notes, "A plea agreement calls for Ellerman of Woodland Park, Colorado, to serve two years in prison; his sentence will be decided by a judge. Sentencing is scheduled for June 14, the statement said. … The U.S. Justice Department is withdrawing subpoenas to two San Francisco Chronicle reporters who used the transcripts in a series of stories about the California lab, the statement said. The reporters had been found in contempt of court for refusing to testify to a separate grand jury about their sources."

Georgia Couple Named As Masterminds Behind $12 Million Marijuana Operation. The Atlanta Journal-Constitution (2/15, Jefcoats) reported a Fayetteville real estate agent and her husband "masterminded a $12 million operation to grow marijuana hydroponically in the basements of vacant $300,000 homes, according to police from at least six Georgia counties. Fayette County sheriff's drug agents said Blanca Botello, 34, is a licensed ReMax Realtor who helped close the sale on at least a dozen homes used in the operation. The homes are owned by Cuban nationals who also may be charged." The investigation, which "originated from the Jones County Sheriff's Office and the Drug Enforcement Agency, is ongoing and more arrests are expected." The AP (2/15) reported a similar story.

The Fayette Daily News (2/15) reported, "Inside each home…were 200 plants -- for a total of nearly 2,100 plants

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with a value of more than $12 million. 'When we got the tip from Miami, all we had was a name, and information that the master-grower might be living in Fayette County,' said Capt. Mike Pruitt, head of the Fayette County Sheriff's Drug Task Force. … According to Pruitt, [a] name given by DEA agents, Merquides Martinez, turned out to be the mastermind behind the large marijuana operation, although no plants were found in his home in south Fayette County."

Man Accused Of Impersonating DEA Agent Arrested In Staten Island. The New York Sun (2/16) reports a "career criminal who once tried to shoot a New York police officer in the head was charged with impersonating a Drug Enforcement Agency special agent to rob drug dealers around the city. A joint task force of DEA agents and city and state police officers arrested Anthony Clanton, 34, on Tuesday at his apartment…in Staten Island." Investigators said they "found several counterfeit documents, including a DEA badge, a billfold with DEA credentials, two search warrants, and a Metropolitan Transportation Authority parking permit in his home."

The New York Daily News (2/16) reports Clanton "allegedly used the fake DEA badge, search warrants and possibly the real cop's gun to rob drug dealers and finance a luxurious lifestyle. He owns a minifleet of high-end cars." The Daily News says Clanton is a "reputed Bloods gang member who tried to kill an undercover cop a decade ago."

In its Metro briefing, the New York Times (2/16) reports Clanton is said to have "used a high-quality replica of D.E.A. credentials and fake search warrants to gain entrance to homes he intended to rob."

On its Web site, NY1 News (2/15) reports the DEA "says they also took guns, ammunition, crack cocaine, and a police scanner from the home. Clanton's arrest was the result of a joint investigation that began in November of 2006."

On its Web site, AM New York (2/16) reports, "Ten years ago, Anthony Clanton tried to kill an undercover cop, but his gunned jammed three times as the officer was heard on a recording device begging for his life. Clanton served eight years in federal prison, then returned to a life of crime, pulling robberies while posing as a federal agent, authorities said Thursday. … Inside Clanton's Narrows Road home, authorities said they found 300 guns, one stolen from a cop, 300 rounds of ammunition, a bullet proof vest, [and] a realistic-looking photo ID for HIDTA."

Pennsylvania Gun Purchase Sting Examined. The Philadelphia Inquirer (2/16, Dribben) reports, "Fifteen years ago, when Raymond Tanner graduated high school, his dad switched careers. … Radically. … He sold his share of a dairy farm stand and opened a gun shop. … But going from butter to guns has its downside. … You have to worry about doing business with the wrong customers. And a Washington lobbying group could post your name on its Web site, naming you as an arms dealer who caters to criminals." The Inquirer continues, "Which is what happened last month when the Brady Center to Prevent Gun Violence released a report, 'Shady Dealings: Illegal Gun Trafficking from Licensed Gun Dealers.' Tanner's store was featured as one of the scurrilous. … What the Brady Center didn't know is that the sale had been a sting, arranged in cooperation with the local office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives." The Inquirer adds, "Lanky and laid-back, a yellow polo shirt tucked loosely into his jeans, Ray Tanner, 33, now manages Tanner's Sport Center in Jamison, Bucks County, for his father. The family prides itself on running an honest operation, he said. … In this small suburban shop, which stocks fishing reels and insect repellent, baseball caps and flashlights, as well as 1,500 firearms - about half of them handguns - spotting bad guys is relatively easy. … About once a month, the sales staff turns away a suspicious customer. Usually, Tanner says, a couple will come in. The man will look at handguns. He'll know just what he's looking for. … While he considers the fine points, the woman will wander around, utterly uninterested. But when they're ready to buy, she'll be the one filling out the paperwork. If it can be proved she bought the guns for the man, it is a 'straw purchase' - a felony." The Inquirer notes, Gun shops that willfully sell to straw purchasers can also lose their license and face prosecution, says John Hageman, special agent for the Philadelphia office of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. … So gun dealers are in a tricky spot, Hageman says. "They are businessmen dealing in a commodity. If they profile people, they risk alienating legitimate customers. But if they aren't suspicious enough and allow criminals to buy guns, they risk not only their credibility and their license, but people's lives."

IMMIGRATION:

Cuban Jetliner Bombing Suspect Posada Carriles Faces Immigration Trial. AFP (2/16, Gilot) reports, "An anti-Castro militant accused of bombing a Cuban jetliner in Venezuela three decades ago will face trial in the United States on May 11 on charges of lying in his citizenship application, a US judge has ruled." AFP continues, "Both Cuba and Venezuela have protested the fact that the United States has not pressed charges against Luis Posada Carriles, 78, for allegedly masterminding the 1976 bombing that killed 73 people. … Posada has denied his involvement in the jetliner bombing, but has reportedly admitted involvement in a string of hotel bombings in Cuba in 1997 and in a plot to kill Cuban leader Fidel Castro in Panama in 2000." AFP adds, "Venezuela and Cuba have also accused

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the United States of hypocrisy for refusing to extradite Posada to face terrorism charges in Venezuela. … The US government tried to deport Posada after he held a May 2005 press conference in Miami which alerted immigration officers that he had entered the country illegally. .. .But a US judge ruled Posada cannot be deported to Cuba or Venezuela, where he was a naturalized citizen, because he may face torture there. … US authorities have so far been unable to find a country willing to take Posada, a native Cuban and former CIA operative who was trained to participate in the failed Bay of Pigs invasion of Cuba in 1961 and went on to become chief of operations at Venezuela's secret intelligence police, Disip, in the 1970s."

TAX:

Administration May Go Along With Tax Hike On Wealthy. The Wall Street Journal (2/16, A1, Lueck, 2.04M) reports the new Democratic-controlled Congress "is looking to rein in looming tax increases on the middle class, possibly covering the cost by raising taxes on upper-income households. And the Bush administration may not stand in the way." The possible bargain "centers on the Alternative Minimum Tax, a kind of parallel income tax that hit 3.5 million U.S. taxpayers in the 2006 tax year. Congressional Democrats are eager to keep the AMT from ensnaring millions more middle-class taxpayers. They also must find a way to cover the estimated $50 billion cost of scaling back the tax this year." In "recent days, Bush administration officials have signaled they may not oppose a likely method of covering those costs: raising taxes on the nation's wealthiest citizens. That concession could mark the beginning of a bigger debate on revisiting the Bush tax cuts, which could ultimately lead to reversing at least some of the cuts given to upper-income Americans over the past six years."

Democrats Seek To Impose Economic Agenda. Under the headline "Democrats Push Economic Policy That Benefits Poor, Middle Classes," McClatchy (2/16, Hall) reports congressional Democrats "are moving quickly to impose their economic agenda now that they've returned to power on Capitol Hill. They're shrugging off strong macro-economic indicators to spotlight sluggish wage growth and a rise in mortgage defaults, and they're even pressuring the Federal Reserve to lower interest rates." Democrats are "homing in on narrower issues, such as a rise in mortgage defaults by holders of sub-prime loans, who tend to be minorities and working-class Americans. And they're addressing the job insecurity and general unease many Americans feel over how much the global economy now influences the U.S. economy." Democrats "feel that working Americans aren't fully sharing the benefits. Their agenda was on clear display Thursday." Sen. Charles Schumer, D-N.Y., "and a group of freshmen senators introduced a bill promoting what they called middle-class tax cuts. It includes a new tax credit for care of elderly family members and expanding the child tax credit."

CONGRESS-ADMINISTRATION:

Frank Says House Would Probably Reject Doha Trade Deal. The Financial Times (2/16, Guha, Callan) reports, "Unease about globalisation among US legislators is so great that a Doha deal would probably be rejected by Congress, Barney Frank, the Democratic chairman of the House financial services committee, claimed on Thursday. His remarks, at the second day of testimony by Ben Bernanke, the Federal Reserve chairman, come at a moment when the administration is locked in tense negotiations with the Democratic leadership on trade policy." Said Frank, "My own view is that if they were in fact to come to an agreement in the Doha round that the resulting agreement – if they reach it as they are currently talking about – would not pass the House of Representatives."

The Christian Science Monitor (2/16, Trumbull, 59K) reports "worries about the dark side of free trade are surfacing in the United States in ways that could affect the course of globalization worldwide. Don't expect an outright retreat from global commerce just yet," but "it is becoming more likely that the US will act to temper and manage its impact. The reason: Free-trade brush fires have recently erupted on economic and political fronts:"

Portman Memo Directs Agencies To Ignore "Earmarks." The Washington Times (2/16, Dinan, 88K) reports the Bush Administration "no longer will be bound by most congressional pork-barrel spending requests, the director of the White House's Office of Management and Budget said yesterday in a memo on how federal departments and agencies should treat money in the new spending bill the president signed into law." Some Republicans "hailed it as a giant turnaround, while Democrats said they already had taken steps to restrict pork spending this year." More than "95 percent of pork-spending requests, known as earmarks, are never enacted as laws, but rather are written into reports that do not have the force of law. For years, most departments and agencies have honored the requests anyway, fearing that otherwise their funding would be cut the next year." But OMB Director Rob Portman's "memo says the Bush administration will feel free to ignore those requests."

Conrad Says WSJournal Wrong On Bush's Return To "Fiscal Nerve." In a Wall Street Journal letter to the editor (2/16), Sen. Kent Conrad says, "Your Feb. 6 editorial 'Fiscal Revelation' wrongly praises President Bush's budget

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and unfairly criticizes me. It is far- fetched to claim that the president has rediscovered his 'fiscal nerve' with this budget. The federal debt burden is certainly not 'falling.' Debt has exploded under this president's watch -- increasing from $5.8 trillion when he took office, to $9 trillion by the end of this year, and to more than $12 trillion by 2012 if the president's policies are continued. The recent drop in the deficit does nothing to change our deteriorating long-term outlook, which has only worsened under this administration. The president could have used his budget as an opportunity to reach out to Democrats and the new Congress to address our long-term imbalances. Instead, he chose to again reject compromise and stay the course." This Administration "has the worst fiscal record in history and its new budget does nothing to change that."

Rangel, Grassley Debate Minimum Wage Bill. House Ways and Means Chairman Charles Rangel and Senate Finance Committee ranking Republican Charles Grassley discussed the minimum wage issue on PBS' NewsHour (2/15, Suarez). Rangel said, "The House overwhelmingly passed the bill to approve the minimum wage for over 13 million people, and we sent it to the Senate with the understanding that it would have broad support over there. We sent it over. Republicans and Democrats support it. And maybe the distinguished senator from Iowa can share with us, what do they have against increasing the minimum wage for 13 million Americans?" Grassley replied, "Nothing against the increase in the minimum wage. That's why there were only three votes against it. … We're also trying to do what both Republicans and Democrats said in the last election they wanted to do, is close down tax loopholes, and tax schemes, and things of that nature, where people are doing everything they can to avoid taxation to bring in revenue, which offsets. So there's no increase in the deficit, either in our bill or in Chairman Rangel's bill." Rangel: "I think what the eloquent senator said was that they were going to hold the minimum wage bill hostage unless we passed $8 billion tax cuts for business. Is that fair to say?" Grassley: "It's not fair to say. … We can't get anything done in the Senate unless it's bipartisan. So this is what we're trying to do, is to help small business close tax loopholes, and raise the same amount of money so the deficit doesn't go up, and help minimum wage people. It's a win-win-win for everybody."

White House Pastry Chef Recalls Tenure In Book. USA Today (2/16, 6D, Clark, 2.27M) reports French pastry chef Roland Mesnier has been "churning out desserts to die for from the Carter administration right into George W. Bush's second term." Mesnier says, "I'm one of the few chefs who has left the White House with a good taste in my mouth." USA adds, "Indeed, of the six executive chefs who served during Mesnier's tenure, three were let go, he says. He retired in 2004 but has returned for brief stints since." His new book, "All the Presidents' Pastries: Twenty-Five Years in the White House (Flammarion, $24.95), out in time for Presidents Day, is peppered with reminiscences and insights from those years, plus recipes for presidential favorites such as pecan bourbon pie (Jimmy Carter) and quick chocolate mousse (Ronald Reagan)."

US Mint Releases New Washington Dollar Coin. ABC World News (2/15, story 8, :20, Gibson, 8.78M) reported, "The US Mint rolled out the new $1 coin, featuring George Washington. It's the first in a series honoring the presidents. A new presidential $1 coin will be released every three months. The Mint plans on putting over 300 million of the Washington coins in circulation."

NYTimes Says Presidential Coin Series Is "Educational." The New York Times (2/16, 1.16M) says in an editorial, "Perhaps the most striking thing about the new presidential coin released yesterday is that Congress has asked the United States Mint to issue one for every president from George Washington to Gerald Ford. With four new coins coming out each year, it will be hard to complain about the 2007 series, which offers a bumper crop of Founding Fathers. Washington, who appeared yesterday, will be followed by John Adams, Thomas Jefferson and James Madison. The down side of this inclusive approach, though, is that not every year will be so glorious." But there is "a real educational value in including every president. At a time when the current occupant of the White House thinks presidential powers should be expanded to new extremes, the series will be a four-times-a-year reminder that not everyone who makes it to the White House belongs on Mount Rushmore."

Neuharth Says Bush Among Worst Of Worst Presidents. In his USA Today column (2/16, 15A), Al Neuharth says, "A year ago I criticized Hillary Clinton for saying 'this (Bush) administration will go down in history as one of the worst.' 'She's wrong,' I wrote. Then I rated these five presidents, in this order, as the worst: Andrew Jackson, James Buchanan, Ulysses Grant, Hoover and Richard Nixon. 'It's very unlikely Bush can crack that list,' I added. I was wrong. This is my mea culpa. Not only has Bush cracked that list, but he is planted firmly at the top. The Iraq war, of course, has become Bush's albatross." Bush "admitting his many mistakes on Iraq and ending that fiasco might make many of us forgive, even though we can never forget the terrible toll in lives and dollars."

Private Structure Of Medicare Part D "Not An Impediment" To Its Success. In a Wall Street Journal op-ed (2/16, A15), Daniel McFadden of the University of California, Berkeley, reviews the success of the market-

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based features of the Medicare Part D program. McFadden says, "My overall conclusion is that, so far, the Part D program has succeeded in getting affordable prescription drugs to the senior population. Its privatized structure has not been a significant impediment to delivery of these services. Competition among insurers seems to have been effective in keeping a lid on costs, and assuring reasonable quality control. We do not have an experiment in which we can determine whether a single-product system could have done as well, or better, along these dimensions, but I think it is reasonable to say that the Part D market has performed as well as its partisans hoped, and far better than its detractors expected."

OTHER NEWS:

Bernanke Says Economy May Be Exceeding Expectations. USA Today (2/16, 2B, Hagenbaugh, 2.27M) reports Federal Reserve Chairman Ben Bernanke "said Thursday the economy may be performing better than is currently estimated and said an increase in inflationary pressures would warrant higher interest rates." In his testimony to the House Financial Services Committee, Bernanke said, "We've seen some strong income growth, which suggests that the economy may be stronger than we think." Bernanke also "said the Fed wasn't ready to declare victory against inflation." Said Bernanke, "If inflation becomes higher for some reason, then the Federal Reserve would have to respond to that by raising interest rates."

The Washington Post (2/16, D2, Henderson, 690K) reports Bernanke "rejected a Democratic lawmaker's suggestion that he consider cutting interest rates to bolster the economy." Bernanke "repeated that the Fed is likely to hold rates steady for a while if slower economic growth nudges inflation lower this year and next as expected. But the Fed also thinks inflation is too high and might go higher, Bernanke said. If he and his colleagues adjust borrowing costs in coming months, they are more likely to raise rates than lower them." Chairman Frank "had told Bernanke the Fed's stance was 'troubling' to him because the central bank also forecasts the economy will grow at a moderate rate this year, below its long-term average, and that inflation will drift lower over time."

Fed Hints Lower Unemployment May Not Cause Inflation. The Wall Street Journal (2/16, A2, Ip, 2.04M) reports Federal Reserve officials "appear to believe unemployment can go lower than they previously thought without generating inflation, a potentially important shift that some economists think could make interest-rate increases this year less likely." The monetary-policy report "that Fed Chairman Ben Bernanke delivered to Congress this week indicated that members of the policy-setting Federal Open Market Committee now expect a lower unemployment rate this year than they did just seven months ago, but they don't expect that to result in higher inflation." The reduced inflation concerns "at the Fed and weaker economic data, such as a drop in January industrial production reported yesterday, have led financial markets to boost expectations the Fed will lower its short-term interest-rate target, now 5.25%, later this year."

Bernanke Wins Bipartisan Praise From Congress. The Financial Times (2/16, Guha) reports Bernanke's "political stock is rising – a development that could help him push through the changes he wants to make at the Federal Reserve, including the adoption of a flexible inflation target." At Thursday's House hearing, Democratic Chairman Barney Frank, "who raised eyebrows this year by pledging more robust oversight of the Fed, declared himself pleased with Mr Bernanke." Frank said, "You have, I think, over the past months in particular, said some very reason-able things from my standpoint." The Times adds a "day earlier in the Senate, Mr Bernanke was lavished with praise from all sides of the political spectrum for engineering a soft landing for the US economy." Several "common themes have emerged from the hearings. First, Mr Bernanke's decision to halt rate rises in the summer of 2006 has earned him political capital as a Fed chairman who considers seriously the dual mandate to put equal weight on employment and inflation, and not inflict harm lightly on the real economy."

Realtors Predict Upturn In Home Prices. NBC Nightly News (2/15, story 7, :20, Williams, 9.87M) reported, "The housing market tonight showing more weakness just at the end of last year. The number of existing homes sold in the fourth quarter fell in forty of our fifty states. Nationwide sales fell by just 10% and from the same time period a year ago prices were down prices were down 2.7%."

USA Today (2/16, Dugas, 2.27M) reports, "Home prices are likely to spring back in the coming months, the National Association of Realtors predicted Thursday after reporting that median prices fell in 73 metro areas in the final three months of 2006." NAR chief economist David Lereah said "last year 'was the year of contraction. … When we get the figures for this spring, I expect to see a discernible improvement in both sales and prices.'" USA adds nationwide, "the median sales price for an existing single-family home fell to $219,300 in the fourth quarter, down 2.7% from the same period in 2005." Several "once-sizzling markets in Florida continued to see price declines. The Sarasota-Bradenton-Venice area was worst hit; prices fell 18% in the fourth quarter." Still, the NAR "pointed out that despite the recent downturn in prices, gains for typical single-family homes the past five years have been robust in many metro areas — and explosive in others. In Riverside-San Bernardino-Ontario, Calif., for example, prices have soared 155.3% in the past five years."

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Stock Markets Make Modest Gains, Dow Sets New Record Close. NBC Nightly News (2/15, story 8, :15, Williams, 9.87M) reported, "On Wall Street here in New York, the blue chips were modestly higher, but it was enough for a new record close. The Dow finished up just over 23 points to close at that new record of 12,765.01. NASDAQ gained almost 9 points [to close at 2,497.10] on the day."

The Wall Street Journal (2/16, C1, McKay, 2.04M) reports the "pace of the stock rally slowed, but solid rises in shares of Caterpillar and Boeing were enough to spur the Dow Jones Industrial Average to a third straight gain and another record finish." Boeing shares "jumped 2%, helped by the aircraft maker's announcement of an order from United Parcel Service for 27 cargo planes. Caterpillar shares rose 2.2% after the equipment maker said it plans to repurchase $7.5 billion of its stock within the next five years. Both companies are Dow components." The Standard & Poor's 500-stock index "inched up 0.1%, or 1.51 points, to 1456.81, up 2.7% on the year and some 70 points from its record set in March 2000."

Virginia Bar Mulls Allowing Lobbying Firms To Hire Legislators. The Washington Post (2/16, A1, Shear) reports, "The organization charged with regulating Virginia attorneys is pushing to erase an ethics rule that for a half-century has prohibited the state's legislators from being employed alongside lobbyists at the commonwealth's largest law firms." The Post continues, "The change, proposed by the Virginia State Bar's standing committee on legal ethics, could spark a bidding war among Richmond's leading law firms, which would be free to hire the speaker of the House of Delegates or the Senate floor leader even as their lobbyists prowl the halls of the General Assembly. … That has outraged some in the legislature, who say the move would create dangerous conflicts of interest for the lawmakers and the lobbyists. And they say it adds to a perception that the General Assembly is a good old boys' club where deals are cut behind closed doors instead of in public committee rooms." The Post adds, "Virginia's existing rule is stronger than in many states, where sitting lawmakers and lobbyists are often allowed to work in the same law firm, according to state bar officials. Arizona, Illinois, Washington and New Hampshire permit the practice, officials said. At least nine other bar associations prohibit firms from having both lobbyists and sitting lawmakers. Maryland does not have any such prohibition, but the state imposes certain restrictions on lawmakers who work for firms with lobbying arms. … Pressure to eliminate the rule in Virginia was sparked in part by Sen. R. Creigh Deeds (D-Bath), who recently joined the law firm of Hirschler Fleischer P.C., a Richmond-based firm with a small lobbying presence. Without the proposed change, Deeds would be violating state ethics rules. … Deeds, who describes himself as a small-town rural lawyer, said his losing bid for attorney general in 2005 made it nearly impossible to keep his small practice alive. His plans to run for governor in 2009 will require a more stable income, he said. But he said there will be a firewall between himself and the firm's lobbyists."

Clinton Campaign Signing Consulting Contract With Key Endorser. The AP (2/15, Schafer) reports South Carolina state Sen. Darrell Jackson, a "key black Democratic leader" in that state, "has negotiated a $10,000 per month consulting contract with Sen. Hillary Rodham Clinton's campaign, a development that came to light when the lawmaker endorsed the presidential hopeful." Clinton spokesman Mo Elleithee "denied there was any deal made for Jackson's endorsement." Jackson's firm "will advise Clinton's campaign on 'political matters in South Carolina, outreach, organizing issues' and purchasing advertising, Elleithee said."

Obama Will Have To Fight For Black Support In The South. Under the headline "Obama's Southern Support Not A Cinch," the Chicago Tribune (2/16, Glanton, 617K) says votes for Sen. Barack Obama "won't come easily" in the South, "home to the nation's largest concentration of African Americans -- one of the Democratic Party's most loyal constituencies and some of the most dedicated supporters of former President Bill Clinton." Black voters will "play a major role in primary elections in states such as South Carolina, Mississippi, Alabama and Georgia. About 50 percent of voters in South Carolina's Democratic primary are black." But black voters "have found themselves in a dilemma. Should they support Obama and possibly make history or should they support Hillary Clinton and bring back a team many feel was the most dedicated to black causes since President John Kennedy?"

Haitian-American Journalist Angered By Obama "Blackness" Debate. In a Washington Post (2/16, A23, 690K) op-ed, Haitian-American journalist Marjorie Valbrun writes, "What does it mean to be black, and who is the arbiter of authentic blackness?" As Obama's "'blackness' has increasingly been discussed on black-oriented radio shows, at political conferences and on Sunday morning news shows, I've grown more dismayed by the day. … At a time when blacks living in this country, whether by birth or by choice, should be harnessing their collective political clout to empower all black people, we're wasting time debating which of us are truly black. … People are asking whether he's black enough to represent them. I ask, black enough by whose standards? Why must Obama's life follow the same track of 'authentic' black folk to pass this litmus test?"

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Obama Also Faces Battle With Clinton, Edwards For Internet Edge. In his Washington Post (2/16, A23, 690K) column, E.J. Dionne says the 2008 race is the "election in which Internet campaigning will reach maturity. The 2000 campaign offered the first glimmers of the medium's power when John McCain surprised the political world by raising $6 million to $7 million online in his unsuccessful Republican primary campaign against George W. Bush. Howard Dean rode the Internet from nowhere to a strong early position in the 2004 Democratic presidential race, only to fall to John Kerry." This time, "the question is whether Obama will have an edge as the candidate who talks about his campaign as a participatory mass movement and is trying to embody the word 'new.'" But Obama "faces two obstacles to overwhelming Clinton on the Internet. The first is John Edwards, whose strong stands against the Iraq war and in favor of a broad national health insurance plan have made him popular among the more ideologically committed bloggers and their audiences," the second is the "Clinton campaign's awareness that the Internet matters this year as it never has before."

Gingrich Remains In GOP's Top Tier In Polls. The Washington Times (2/16, Hallow, 88K) says "press accounts seldom name former House Speaker Newt Gingrich in the top tier of aspirants for the Republican presidential nomination, despite polls consistently showing he belongs there." In "every recent poll national poll -- as well as in Iowa" -- Gingrich leads Mitt Romney among Republican likely voters. Gingrich "has said he will wait until September to make a decision on running. Still, in poll after poll, he joins" Rudy Giuliani and Sen. John McCain "in scoring in double digits." But "late starters…may be out of luck this time, with both parties' nominees expected to be known by early February of next year."

Gingrich Again Says No Decision Until December. Asked on Fox News' Your World (2/15, Cavuto) when he will decide on a presidential run, Gingrich again said, "I will decide in late September. … This is February of 2007. The election is November of 2008. And you get an inauguration in January of 2009. Now, these guys are all running around -- and gals, counting Hillary -- raising money, hiring consultants, having polls. We have had more polls in February than you had in 1960 in the entire election."

Brownback Leads Senate Presidential Hopefuls In January Missed Votes. The Politico (2/15) reports Sen. Sam Brownback "has been playing an awful lot of hooky these days. Last month, he missed more than half of his Senate roll call votes," second in the chamber only to hospitalized Sen. Tim Johnson. Brownback "showed up 48 percent of the time. As a presidential hopeful, he probably has his hands full. Yet rival senators who are also moonlighting as '08 contenders have higher attendance records -- though the campaign season remains young." Sen. Barack Obama "has managed to show up for every vote so far," while Sens. Hillary Clinton and John McCain "scored a 94 percent attendance record last month."

Dodd's Banking Panel Role Helps Him Rake In Contributions. In a feature on the front page of its business section entitled "The Banker's Candidate," the Washington Post (2/16, D1, Birnbaum, Johnson, 690K) writes that Sen. Christopher Dodd "has two big jobs. He is a candidate for the Democratic nomination for president, and he chairs the Senate Banking Committee. They are proving to be a lucrative combination. Among Democrats, Dodd's $5 million campaign nest egg is surpassed only" by that of Sen. Hillary Clinton." Dodd's "electoral riches can be traced to the banking panel, whose jurisdiction includes some of the wealthiest industries in America -- banking, insurance and financial services. In addition, Dodd's home state is the hedge fund and insurance capital of the country. But it is Dodd's philosophy, not only his geography, that has made him a cash magnet. Each of these big-money interests applauds his light-handed approach to financial regulation and considers him a reliable friend -- a fact that raises questions about Dodd's viability in a Democratic field even as it bolsters his fundraising prowess." While "in recent presidential polls, Dodd has been little more than an asterisk," the "ample donations those connections have fostered will enable him to make his name more widely known."

WPost Says Romney Has Work To Do To Win Over Social Conservatives. The Washington Post (2/16, A22, 690K) editorializes that Mitt Romney, "having presided over one of the most liberal states in the nation, having made statements on issues such as abortion and gay rights that appealed to the residents" of Massachusetts, "now needs to convince the social conservatives who have a big say in picking the party's nominee that he is not a Massachusetts Republican after all." Romney "has disavowed previous positions backing a federal law to prohibit discrimination on the basis of sexual orientation and calling for an end to the ban on gays in the military; now he emphasizes his opposition to the ruling on same-sex marriage by Massachusetts's highest court. Once he touted his support for abortion rights and backed the use of leftover embryos for stem cell research; now he endorses overturning Roe v. Wade, a position he says he came to during the stem cell debate. Our views are much more in line with the old Romney than the new version; Republican primary voters will have to judge for themselves which is authentic and whether political opportunism, rather than a moral awakening, as he says, played a role in Mr. Romney's transformation."

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Coalition Launches Initiative To Change California Term Limit Law. The Los Angeles Times (2/16, Vogel, 850K) reports an "unusual coalition of special interests with close ties to lawmakers launched a ballot initiative today that would tweak California's term limits to allow the Legislature's current leaders to stay in office as long as six more years." The measure "would do what Assembly Speaker Fabian Nuñez (D-Los Angeles) and Senate President Pro Tem Don Perata (D-Oakland) have discussed with increasing urgency as their 2008 ousters approach: Cut the number of years a legislator could hold office from 14 years to 12, but allow that time to be served in a single house."

Malkin Seen As Conservative Firebrand. In his Washington Post column (2/16, C1), Howard Kurtz says conservative blogger Michelle Malkin "arouses strong emotions." Malkin said, "They'll ridicule my looks, ridicule my ethnicity, go after my family. They've attacked my husband relentlessly. There's a strong sexist strain among my liberal critics, who think it isn't possible I could have gotten anywhere without my Svengali husband, or some white man, embedding ideas in my head." The Post adds, "Make no mistake, though: This daughter of Filipino immigrants plays pretty rough herself. Whether on her blog, her Internet talk show or her Fox News appearances, Malkin delights in sticking her finger in the eye of the liberal establishment. And she is convinced that her detractors don't play fair." But "plenty of folks find Malkin's rhetoric overheated as well."

NYTimes Worries About Dislocated Auto Workers. The New York Times (2/16, 1.16M) says in an editorial, "American autoworkers are suffering through another round of layoffs, factory closings and buyouts. This time DaimlerChrysler has announced that it will cut 13,000 jobs in North America. Ford Motor and General Motors offered buyouts to a total of nearly 200,000 hourly workers in 2006." The "plight of the workers who have lost their jobs is real and has to be addressed, but the U.S. manufacturing sector is far more robust than the struggle of the carmakers suggests. According to the United Nations, the United States accounted for 21.2 percent of world manufacturing in 2000." But "pro-trade politicians have to make sure that a lost factory job does not mean a drastic and lasting decline in living standards, with no access to health insurance and no hope for a college education for that worker's children."

Rice Seen As Impetus Behind North Korea Deal. The New York Times (2/16, A3, Sanger, Shanker, 1.16M) reports in order to "win approval of a deal with North Korea that has been assailed by conservatives inside and outside the administration," Secretary of State Condoleezza Rice "bypassed layers of government policy review that had derailed past efforts to negotiate an agreement, several senior administration officials said this week." After a meeting in Berlin last month with Assistant Secretary of State Christopher Hill, who had just held sessions with his North Korean counterparts, Rice "called back to Washington to describe the outlines of the deal to" national security adviser Stephen Hadley "and then to President Bush. But to some, it seemed the usual procedures were cut short -- vetting the details though an interagency process that ordinarily would have brought in Vice President Dick Cheney's office, the Defense Department and aides at the White House and other agencies who had previously objected to rewarding North Korea before it gives up its weapons." However, White House and other administration officials "dispute that, saying that all relevant agencies were consulted." In lieu of "formal meetings," Hadley "walked it through with concerned people," a senior administration official said, acknowledging that the process was "much more informal, and rapid, than usual." The result has been "an unusual attack on the agreement from the right," starting with former Ambassador John Bolton, who said "bluntly" that it was a "bad deal." Meanwhile, State Department officials said outgoing Under Secretary of State Robert Joseph "vehemently disagreed with the approach, telling associates privately what Mr. Bolton has said in public: that the new agreement was no better, and perhaps worse, than one signed by President Clinton in 1994." For her part, Rice on Thursday "sternly played down the significance of any internal dissent, making it clear that she would not entertain dissent after the president had made up his mind."

Hill Says Agreement Is "Only A First Step." Assistant Secretary Hill said on CNN's The Situation Room (2/15, Blitzer), "This is only a first step. It's not the whole thing. What we have is a 60-day agreement where they will shut down and seal this reactor, the reactor that has been continuing to produce plutonium up to this very day. And then we will begin discussing with them a list and try to run to ground all their other programs and go on from there." Asked about North Korea's "cheating" on a similar agreement reached in 1994, Hill said, "Well, you know, there's always the risk of cheating. … If they cheat in this 60-day process, we will know that pretty soon. So there's always the threat of that. But I will say there's one big difference between this deal and the previous deal, which is this is a multilateral deal. … And that's very different from the past, when it was a bilateral agreement between North Korea and the United States."

Appearing on PBS' NewsHour (2/15, Woodruff), Hill said, "During that 60 days, a few things have to happen, including shutting down the reactor and getting the IAEA inspectors there, beginning to work with us to get a list of all of their nuclear programs, all of their nuclear programs, which will have to be abandoned, pursuant to the agreement in

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September '05. So, yes, it's a good step forward, but there's a lot of steps to go." Asked about "criticism coming from inside your own Administration," referring to Deputy National Security Adviser Elliot Abrams, Hill said, "There are a lot of people who are going to have a lot of opinions. North Korea is a very emotional issue for many people. … I take my instructions from the Secretary of State."

Under the headline "White House Calms GOP Base On Korea Deal," the AP (2/16, Ben Feller) says the White House Thursday "sought to ease concern among conservatives" that the deal "goes too easy" on Pyongyang. In particular, Abrams "raised alarms" about the possible removal of North Korea from a list of terror-sponsoring states. White House spokesman Tony Snow 'said he spoke with Abrams and assured him North Korea will not be removed from the list unless it changes it behavior."

South Korean Official Warns Pyongyang Must Give Up Weapons Program. In a front page article, the Washington Times (2/16, A1, Sands, 88K) reports "a top contender to be South Korea's next president" Wednesday warned during a visit to Washington "that North Korea must be forced to give up all its nuclear-weapons programs if the new accord to end the peninsula's nuclear crisis is to succeed." Park Guen-hye, daughter of the late South Korean President Park Chung-hee and a former chairman of the leading opposition party, said the deal this week was a "good first step," but said "merely freezing Pyongyang's existing nuclear arsenal…was unacceptable."

Unresolved Status Of North Korea's Enriched Uranium Program Seen As "Shortcoming" Of Deal. In its "Inside The Ring" column, the Washington Times (2/16, Gertz, 88K) reports that "a senior Bush administration official said that one serious shortcoming of the tentative deal on North Korea's nuclear program is that it does not resolve the status of Pyongyang's secret highly enriched uranium (HEU) program." While North Korea "denies making any acquisitions necessary for a production-scale HEU program," the official stated, "We know they made these acquisitions." During talks in October 2002 between State Department official James Kelly and North Korean Deputy Foreign Minister Kang Seok-ju, Pyongyang reportedly "admitted that the uranium program had been under way for several years," but later "reversed course and began denying that they had the uranium program, a position eventually adopted by both China and Russia."

Prospects For Progress In Monday's Mideast Summit Seen As Bleak. AFP (2/16, Millikin) reports that as Secretary of State Condoleezza Rice prepares to host a "rare" summit between Israeli and Palestinian leaders, a "political resurrection of the radical Palestinian group Hamas and a flare-up of violence in the disputed city of Jerusalem have cast a shadow over Monday's meeting." In recent months Rice has "heralded the existence of a 'new opening' for progress towards" a settlement. But on Thursday, her spokesman "was lowering expectations for the encounter." State Department spokesman Sean McCormack said the summit is "not designed as a set of meetings that is going to result in a formal outcome, it is designed to start a series of conversations."

Similarly, the Wall Street Journal (2/16, A8, King, Simpson, 2.04M) says the "budding political alliance" between Hamas and Fatah has "thrown a wrench into Ms. Rice's plans to start peace talks." But she is "sticking to her plans," leaving "skeptics, including some Israeli officials…wondering if Ms. Rice is wise to proceed on this trip." Meanwhile, the US "itself is sending mixed signals over whether it may be willing to interact with a unity government led by Hamas." Rice "said the US wouldn't take a position on this question until the new government is formed, but US officials in Israel have told the Palestinians that the US would shun the government if it doesn't embrace Israel, renounce violence and agree to abide by previous international peace accords."

The New York Times (2/16, A10, Cooper, 1.16M) says that "to some extent," Rice's plan to "jump-start" the peace process, "leap-frogging interim details and squabbles," has "turned the clock back to the closing days of the Clinton administration, when a push toward a final settlement expired." However, "the timing could not be worse." Prospects for "any real breakthrough were already bleak two months ago," when the plan was launched, but last week, "one more giant obstacle emerged: a national unity government of Fatah and Hamas leaders that was worked out in talks brokered by Saudi Arabia in Mecca." Bush administration officials, "publicly lukewarm about the agreement, were angry with" Palestinian President Mahmoud Abbas, according to the Times. They say the pact "brings him closer to Hamas instead of bringing Hamas." Rice was "angry about the Mecca deal," but "said that she would nonetheless go ahead with the planned summit."

Under the headline "Palestinian Power-Sharing Deal Complicates Rice's Mideast Trip," the Washington Post (2/16, A18, Kessler, 690K) says Abbas' move "has placed the United States in a quandary because, under Rice's formulation, he is a 'mainstream' leader, while Hamas is an 'extremist' group that needs to be isolated." In the interview, Rice "repeatedly defended Abbas," calling him "someone who has devoted his whole life to nonviolence," and said the US will continue to work with him. "It would be a very big mistake to not continue to deal with him," she said. Rice said she is traveling to the region because "it is important to inject energy and confidence" in the dealings between Olmert and Abbas.

The Los Angeles Times (2/16, Richter, 850K) says the summit "is taking place under a cloud of uncertainty" as "hopes for the US mission have dimmed." However, the

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Administration is seen as "eager to show allied Arab governments that it can make progress on Israeli-Palestinian issues, in hopes of strengthening their cooperation in stabilizing Iraq and resisting the influence of Iran."

Abbas, Haniya Meet To Select New Cabinet. The New York Times (2/16, A10, Myre, 1.16M) reports, "After months of difficult negotiations and bloody Palestinian street fighting, the Hamas-led Palestinian government resigned Thursday to pave the way for a unity government that will include Hamas and the rival Fatah movement." Prime Minister Ismail Haniya submitted his cabinet's resignation on Thursday evening at a meeting with Palestinian President Mahmoud Abbas.

The Washington Post (2/16, A18, Wilson, 690K) says Abbas "immediately reappointed Haniyeh to assemble the next cabinet" in accordance with the agreement reached last week in Mecca, "although who will fill some of the key ministries has been a point of debate between the two sides for the past few days."

USA Today (2/16, 10A, Slavin, 2.27M) reports Secretary of State Condoleezza Rice said Thursday the Bush administration "had not rejected" the Cabinet being formed by the Palestinian factions, but she "said there is no sign the new government would recognize Israel -- as demanded by the Administration and the Israeli government."

The Washington Times (2/16, Gertz, 88K) reports aides to the Palestinian president were quoted by wire reports as saying C. David Welch, assistant secretary of state for Near Eastern affairs, "warned Abbas during a telephone conversation yesterday that Washington would not deal with members of the new government -- even those from Fatah -- unless it meets the Quartet conditions." The aides also said that Jacob Walles, the US consul-general in Jerusalem, "delivered the same message to Mr. Abbas in person at a meeting in the West Bank town of Ramallah."

Gates Reiterates US Not Planning Attack On Iran. The New York Times (2/16, A8, Cloud, 1.16M) reports Defense Secretary Robert Gates again said Thursday that the United States had no intention of attacking Iran "and that any American military efforts against it would be confined to Iraq to disrupt the smuggling of bomb-making materials over the border." During a Pentagon news conference, Gates said, "For the umpteenth time, we are not looking for an excuse to go to war with Iran. We are not planning a war with Iran." Even if the Bush administration "were able to establish that Iran's top leaders knew and authorized the smuggling," Gates said, there would probably be "no change in the Bush administration's strategy of limiting its military response to actions within Iraq."

Pace Says Comments About Iranian Government Referred To "Top Two Or Three People." Joining Secretary Gates at Thursday's briefing, the Washington Times (2/16, Gertz, 88K) reports Gen. Peter Pace, chairman of the Joint Chiefs of Staff, sought to "qualif[y] earlier comments that he doubted high-level Iranian government linkage to special armor-piercing bombs and rockets found in Iraq." Pace told reporters, "What I tried to say when I said I didn't know about the Iranian government, I'm talking about the top two or three people in the government." However, he stressed that the level of Iranian government involvement is "secondary to the danger the arms pose to US and coalition forces."

Pelosi: Bush Lacks Power To Invade Iran. The AP (2/16, Espo) reports House Speaker Nancy Pelosi said Thursday that President Bush "lacks the authority to invade Iran without specific approval from Congress," in what was seen as "a fresh challenge" to the President "on the eve of a symbolic vote critical of his troop buildup in Iraq." Pelosi said Congress "should assert itself…and make it very clear that there is no previous authority for the president, any president, to go into Iran."

Japan Freezes Iranian Assets. AFP (2/16) reports the Japanese government "has decided to freeze the assets of 10 groups and 12 individuals related to Iran's nuclear and missile programs, under a UN sanction resolution approved in December." Japanese Foreign Minister Taro Aso told reporters Thursday, "We must execute the measures with a determined will and resolve because (the Iranian nuclear problem) affects the nuclear non-proliferation regime and North Korea's nuclear problem." Aso also called on Iran "to stop its uranium enrichment activities and return to the negotiating table before and after the passage of the resolution."

WSJournal Says Focus Should Be On Troops' Safety, Not Intelligence. In an editorial, the Wall Street Journal (2/16, 2.04M) writes, "Following the weekend intelligence disclosures about Iranian-supplied weapons killing GIs in Iraq, we predicted Tuesday that 'a large part of Washington will pretend the evidence doesn't exist, or suggest the intelligence isn't proven.'" And, "Sure enough, President Bush faced a barrage of questions Wednesday wondering whether senior Iranian leaders were really aware of the weapons transfers, whether he was using 'faulty intelligence,' and whether the disclosures were part of a strategy designed to 'provoke Iran.'" The Journal criticized "the state of our public discourse," where "American military officials present prima facie evidence of Iranian weapons implicated in killing 170 US soldiers and wounding 600 more, and Washington's main concern is not for the GIs but in refighting the last intelligence war."

Egypt Cracks Down On Muslim Brotherhood. The Los Angeles Times (2/16, Stack, el Hannawy, 850K) reports the Egyptian government is "seizing upon a moment

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of regional chaos and US inattention to crack down aggressively on the country's most popular opposition group and shore up its hold on power." In "a bald push" against the Muslim Brotherhood, the government in recent weeks "has arrested hundreds of activists, unveiled new restrictions on political Islam and published a stream of anti-Brotherhood propaganda in the state-run media."

Libyan Official Seeks Closer Ties To US. In its "Embassy Row" column, the Washington Times (2/16, Morrison, 88K) reports Libya "hopes to remove the last irritants blocking" normalization of relations with the United States "very, very soon," according Ahmed Said Fituri, Libya's secretary for American affairs. As the highest-ranking Libyan official to visit Washington since late 2003 when Libya announced that it was giving up its nuclear weapons programs, Fituri gave an off-the-record talk at the Nixon Center Tuesday. Speaking to the Times' David R. Sands after the session, Fituri said Libya "wants some irritants removed from the bilateral relations, including the end of all sanctions and difficulties in obtaining visas to travel to the United States." The official said he planned to spend much of his visit meeting members of Congress to "discuss how we can close the gap."

Russia Threatens To Quit Arms Treaty Over US Missile Shield. The Financial Times (2/16, Sevastopulo, Buckley, Dombey, Cienski) reports Russia Thursday threatened "to pull out of a landmark nuclear arms control treaty unless the US backed away from plans to install its missile defence shield in Eastern Europe." Russian army chief of staff Yury Baluyevsky "said Moscow might unilaterally withdraw from the 1987 Intermediate-range Nuclear Forces treaty" as the Pentagon prepares to start negotiations with Poland and the Czech Republic about hosting missile interceptors and radars. In response, a senior Pentagon official "said the US would 'resist' the Russian move, which he said would have serious implications for American allies in Europe."

Foreign Minister's Promotion Sparks Speculation That He May Replace Putin. The Washington Post (2/16, A16, Finn, 690K) reports, "President Vladimir Putin promoted Defense Minister Sergei Ivanov to the post of first deputy prime minister Thursday, an elevation that immediately intensified speculation that Putin might favor him as his successor." Ivanov "will now be charged with overseeing Russia's military-industrial complex as well as part of the civilian economy. He was recently put in charge of consolidating and revitalizing Russia's aviation industry."

The New York Times (2/16, Myers, 1.16M) notes Ivanov is "a former K.G.B. officer who became the first civilian to lead the country's military in 2001." The Wall Street Journal (2/16, A6, Chazan, White, 2.04M), under the headline "Putin's Succession Gets Murkier," says the "promotion of a hawkish ally has rejiggered the power balance among" Putin's "likely successors, sharpening the competition faced by the more pro-Western candidate who had been considered the front-runner in next year's presidential contest." Ivanov will now have "the same rank as Dmitry Medvedev, the pro-Western first deputy prime minister."

Putin Dismisses Chechen President. The Washington Post (2/16, A19, Finn, 690K) reports Putin "dismissed the president of Chechnya on Thursday, clearing a path to the southern republic's highest office for Ramzan Kadyrov, the controversial prime minister of Chechnya who has been accused of major human rights abuses in his drive to pacify the war-torn region." Putin "appointed Kadyrov as acting president in advance of elections, in which analysts expect the young Kremlin ally to face only token and timid opposition. No election date has been set, and Russian officials insisted there would be more than one candidate."

More Commentary On Putin. Padma Desai, a professor of comparative economic systems at Columbia University, writes in the Wall Street Journal (2/16, A14, 2.04M), "Whatever the West's grave misgivings about…Putin, they are not widely shared by the Russian people, who consistently give their president 70% approval ratings in opinion polls. Even former Presidents Gorbachev and Yeltsin, much admired in the US, have given a nod of approval to Mr. Putin's 'strategic' direction, even though they express reservations about his moves to consolidate federal authority." Desai also says that "if it's correct to say that a prospering middle class -- dare one call it a bourgeoisie? -- inevitably leads to the rise of democracy, then Russia fits the bill admirably. The transformative changes in Russia…are phenomenal. Russians are acquiring private housing, automobiles and fixed and mobile telephones at a dizzying speed. The overall poverty rate has declined from around 35% in the mid-1990s to about 10% today, and 70% of college-age youngsters receive a higher education."

David Ignatius, in the Washington Post (2/16, A23, 690K), writes, "Think of the new Russia as a highway: People used to drive on the left side of the road; now, officially, they are supposed to drive on the right, but the change has been uncomfortable (especially for the authorities). So the country straddles the middle -- which is understandable, but also dangerous. That's a paradox of…Putin's Russia that I have encountered in nearly every conversation here this week. Russian officials insist they don't want to go back to communism," but the country "is wary of full, American-style democracy."

Charles Krauthammer, also in the Washington Post (2/16, A23, 690K), says "Putin's aggressiveness does not signal a return to the Cold War. He is too clever to be burdened by the absurdity of socialist economics or Marxist politics. He is blissfully free of ideology, political philosophy

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and economic theory. There is no existential dispute with the United States." Putin "is a more modest man: a mere mafia don, seizing the economic resources and political power of a country for himself and his (mostly KGB) cronies."

Friedman Predicts Oil Prices Will Shape Russia's Future. New York Times (2/16, 1.16M) columnist Thomas L. Friedman writes, "Boeing's Moscow Design Center, which employs 1,400 Russian engineers...on various projects, symbolizes Russia's unique potential: Russia is that rare country that not only has a treasure trove of natural resources — oil, gas and mines — but also has a treasure trove of human talent: engineers, mathematicians and other valuable minds." The "meta-question with Russia today is this: Will it become more like Norway, a democracy enriched by oil, or more like Venezuela, a democracy subverted by oil? ... You see signs of both trends." Friedman predicts, "If the price stays at $60 a barrel, [Russia is] going to be more like Venezuela, because its leaders will have plenty of money to indulge their worst instincts, with too few checks and balances. If the price falls to $30, it will be more like Norway. If the price falls to $15 a barrel, it could become more like America — with just enough money to provide a social safety net for its older generation, but with too little money to avoid developing the leaders and institutions to nurture the brainpower of its younger generation."

WPost Critical Of Proposed VOA Programming Cuts. The Washington Post (2/16, A22, 690K) editorializes, "For decades, the Voice of America and its sister broadcasting organizations offered a remarkably balanced alternative to state-controlled media all over the world, buoying dissident movements and undermining anti-American dictatorships for a relatively small investment. Soviet citizens even learned how to reconfigure their radios to break through the jamming signals their government used to interrupt VOA and British Broadcasting Corp. programming." Now, with Putin "bullying his neighbors, manipulating the Russian media and throwing increasingly audacious anti-American tantrums, one would think US policymakers would have the sense at least to maintain relatively modest VOA operations in and around the Russian Federation. Yet President Bush's recently released 2008 budget proposal does just the opposite, cutting VOA programming for a range of post-Soviet states to finance programming expansion in other areas of the world."

Ban Presses Sudan To Allow UN Team To Visit Darfur. The New York Times (2/16, Hoge, A3, 1.16M) reports U.N. Secretary General Ban Ki-moon said Thursday that Sudanese President Omar al-Bashir "had broken a personal pledge he made last month to give entry permits to a United Nations human rights team, and Mr. Ban urged the Sudanese leader to reconsider." Ban also said he had received" no reply from Mr. Bashir to a Jan. 24 letter addressing Sudanese concerns over a combined African Union and United Nations force to curb attacks on villagers in the Darfur region of western Sudan." Ban said the letter "detailed how an advance force would be created, as well as its command structure and financing. "With an affirmative answer, we can pave the way immediately to the introduction of a hybrid A.U./U.N. mission," he said.

US Preparing For Post-Castro Cuban Exodus. In an exclusive report, the Miami Herald (2/16, Bachelet, 286K) says amid concerns of "a possible mass exodus of Cubans," the Department of Defense "plans to spend $18 million to prepare part of the US Navy base at Guantánamo Bay to shelter interdicted migrants," US officials told the newspaper. Fidel Castro's illness and temporary hand-over of power to his brother Raúl last summer "injected a renewed sense of urgency into plans to handle a mass exodus," and the Administration "quietly requested the funds about a month ago and Congress has approved it," officials told The Miami Herald. The $18 million initiative is "part of a broader US government effort to prepare for the death of Castro." According to the Herald, "top Bush Cabinet officials have met at least twice since December to review Cuba contingency plans," and on March 7 and 8, the Department of Homeland Security "will lead an exercise in South Florida involving the Coast Guard and dozens of federal, state and local agencies, focused on stopping US boaters from picking up rafters."

NYTimes Urges WHO To Ensure Supply Of Avian Flu Vaccine. The New York Times (2/16, 1.16M) editorializes, "Indonesia sent a chill through the World Health Organization recently when it refused to supply any more samples of the avian flu virus that has killed scores of its people. The move, which seemed aimed at gaining access to vaccines at an affordable price, threatens the global effort to track the virus and develop vaccines. But Indonesia has raised a valid point that needs to be addressed: if a pandemic should strike, poor countries would be left without protection." The WHO "needs to work much harder to encourage the transfer of vaccine production technology to countries, like Indonesia, that have the technical ability to use it. That will increase the supply of vaccine and presumably bring prices down. Even then, we fear, there still won't be enough."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Las Vegas Shoots For An NBA Team."

"A Higher Calling Than Duty."

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"L.A. Housing Project Stuck In A Cycle Of Violence And Distrust."
"Baghdad Crackdown Underway."
"Proposed Initiative Would Ease Term Limits."
"Is Allstate's New Policy A Brushoff?

USA Today:
"Fliers' Misery Stings JetBlue."
"Post Offices Honor Troops."
"Montoya Opens Up New World For NASCAR."

New York Times:
"Pressing Allies, President Warns Of Afghan Battle."
"Judge Limits New York Police Taping."
"In Setback for New Orleans, Fed-Up Residents Give Up."
"In Fraud Case, 7 Years in Jail for Contempt."
"China Covers Up Detention of AIDS Doctor."
"Donors Sweetened Director's Pay at MoMA."
"Viewers Fast-Forwarding Past Ads? Not Always."

Washington Post:
"The Forgotten Families."
"Pelosi Backs War Funds Only With Conditions."
"D.C. Region Still Solidly In Winter's Frozen Grip."
"Va. Bar Could Reverse Limits On Firms Hiring Legislators."
"One Hot Archaeological Find."
"A Deadly Turn At Intersection With History Of Pedestrian Peril."

Washington Times:
"Rice Wary Of Mideast Peace Trip."
"House Democrats Aim To Limit Troops."
"FCC Targets Violence On TV."
"S. Korean Dissenter Warns Of Nuke Deal."
"Oswald Window For Sale On EBay."
"D.C. Sues 'Unlicensed' Funeral Home."

Detroit Free Press:
"Chrysler Sale Talks Swirls."
"Lawmaker Warns OF Mess Like Vietnam."
"Perry To Be Freed Today; Family Is Thrilled."

Atlanta Journal-Constitution:
"Funds For War May Get Strings Attached."
"Remember The Tax!"
"CDC Traces Salmonella To peanut Butter."
"Mourners Pay Their: Final Tributes To Norwood As Courageous, Homes, Passionate, Down-Home."

Houston Chronicle:
"Eckels Moving On; Who's Moving In."
"For Perry, Its Also Personal."
"Who Brought PB&J For Lunch HISD Will Trade You."
"Terrorist Suspect's Unexpected Journey To Houston Jail."
"A Victim And A Hero: 'I Got The One God Wanted Me To Get."

Story Lineup From Last Night's Network News:
ABC: I-78 Closed; Flight Delays; Global Warming; Securing Baghdad; Bush Speech-Afghanistan; Cancer Trials; Salmonella Poisoning; New $1 Coin Released; NBA's Harsh Words; Honoring A Hero.
CBS: Winter Weather; Icy Highways; Bush-Iraq Resolution; Iraq-Terrorist Wounded; Iraq Security Crackdown; Peanut Butter Warning; Food Safety; Cyberbullying; Basketball Mentor.
NBC: Winter Weather-Delays; Flight Delays; Al Qaeda In Iraq; Bush Speech-Afghanistan; Madrid Bombings; NASCAR Scandal; Housing Market; Stock Market; Iraqi Refugees; Salmonella Poisoning; Treating Baldness; The Elderly.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Salt Lake City-Mall Shooting; House-Iraq Resolution; Bush-Afghanistan Troop Levels; PA-Interstate Closures; FL-Anna Nicole Smith Paternity Case; Champagne Toasts To Anna Nicole Smith At Topless Clubs Across US.
CBS: House-Iraq Resolution; Murtha-Iraq Bill; Iraq-Al Qaeda Leader Reportedly Wounded; PA-Interstate Closures; Tainted Peter Pan Peanut Butter; FCC-Violent TV Shows; Air Force Academy-Cheating Scandal; Wall Street.
NPR: House-Iraq Resolution; PA-Interstate Closures; Canada-Kyoto Commitment; Tokyo Stock Exchange; Iraq-Al Qaeda Leader Reportedly Wounded; Bush-Iran; Tennessee AG Gives University One Month To Sell Off Prized Paintings.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with the President of Panama; meets with the incoming commander of US Central Command.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Hearing on the increasing costs of higher education and student debt. Suze Orman of the Suze Orman Show; author Tamara Draut; researcher Jon Oberg; Sandy Baum, Skidmore College. Location: Room 430, Dirksen.

US House: 10 a.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Oversight hearing on the FCC. Location: Room 2123, Rayburn.

9 a.m. APPPROPRIATIONS _ State and Foreign Operations Subcommittee. Hearing on FY'2007 supplemental appropriations. Condoleezza Rice, Secretary of State. Location: Room 2359, Rayburn.

9 a.m. APPROPRIATIONS _ Interior and Enviornment Subcommittee. Hearing on FY'2008 appropriations for the

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forest service including state and private forestry and research. Location: Room B-308, Rayburn.

10 a.m. ADMINISTRATION _ Full Committee. Organizational meeting. Location: Room 1310, Longworth.

10 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the progress of the Capitol Visitor Center. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on the implementation of the U.S. visit entry and exit program. Bob Mochny, Acting Director, US VISIT. Location: Room 2362-A, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development Subcommittee. Hearing on the future of the nations navigation infrastructure. Location: Room 2362-B, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the IRS and the tax gap. IRS Commissioner Mark Everson; Michael Brostek, GAO; Nina Olson, IRS. Location: Room 210, Cannon.

10 a.m. FINANCIAL SERVICES _ Full Committee. Hearing on monetary policy and the state of the economy. Jared Bernstein, Director, Living Standards Program, Economic Policy Institute; Ronald Blackwell, Chief Economist, AFL-CIO; Rebecca Blank, Dean, The Gerald R. Ford School of Public Policy, University of Michigan; James Grant, GRANTS Interest Rate Observer. Location: Room 2128, Rayburn.

10 a.m. NATURAL RESOURCES _ Full Committee. Oversight hearing on audits, reports and investigations by GAO and the OIG regarding the Interior Department. Earl E. Devaney, Office of Inspector General, Department of the Interior; Robin M. Nazzaro, GAO. Location: Room 1324, Longworth.

10:30 a.m. HOMELAND SECURITY _ Transportation Security and Infrastructure Protection Subcommittee. Hearing on the impact of background and security clearances on the transportation workforce. Location: Room 311, Cannon.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing continued from morning on FY 2007 supplemental approps. and outside expert witnesses. Location: Room H-140 Capitol.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee.Hearing on FY'2007 supplemental appropriations. Location: Room H-140, Capitol.

Other: PRESIDENT MARTIN TORRIJOS OF PANAMA _ Highlights: 10 a.m. Meets with President Bush. 12 p.m. Speaks to the U.S. Chamber of Commerce luncheon. 1615 H St. NW.

BIOETHICS _ The President's Council on Bioethics holds a two-day meeting. Thursday's agenda deals with organ transplantion issues. A report on the issue will be published later this year. Friday will begin with a discussion on the ``Genomic Revolution and the Practice of Medicine'' by Francis Collins and end with a discussion on the meaning of ``Human Dignity and Bioethics,'' with Council members responding to essays written by Gilbert Meilaender and Daniel Dennett. A volume, consisting of a selection of essays on the topic from a broad range of views, will be published later this year. Highlights: 10:15 a.m. Session 6: Human Dignity and Bioethics - A Preview of Council's Upcoming Dignity Volume. A Council Discussion of Gilbert Meilaender's ``Human Dignity: Exploring and Explicating the Council's Vision,'' and Daniel C. Dennett's ``How to Protect Human Dignity from Science.'' 11:45 a.m. Session 7: Public Comments. Location: Hamilton Crowne Plaza Hotel, 1001 14th St. NW.

LATINO VOTING _ 9 a.m. The Center for American Progress holds a discussion on Latino voters' attitudes and patterns. Location: 10th floor, 1333 H St. NW.

SCHUMER-GINGRICH _ 10 a.m. Sen. Charles Schumer and former House Speaker Newt Gingrich discuss America's future. Location: National Press Club.

SIRLEAF _ 10 a.m. Liberian President Ellen Johnson Sirleaf holds a press conference to discuss the current social and political situation in the region. A question-and-answer session will follow her introductory remarks. Location: Voice of America, Briefing Room 1528A, Wilbur J. Cohen Building, 330 Independence Ave. SW. Please use C Street entrance.

SIRLEAF-LIBERIA _ 12 p.m. Liberian President Ellen Johnson Sirleaf addresses a National Press Club noon newsmaker. Topics: ``The Accomplishments of Her First Year in Office, Challenges Ahead, and Making Good on Her Promises to the Liberian People.'' Location: National Press Club, Zenger Room.

IRAQ _ 1 p.m. - 6 p.m. Georgetown University holds a half-day conference on the state of the Iraq war and the ``approaching endgame''. Participants include retired Lt. Gen. William Odom. Location: Copley Formal Lounge, on campus.

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Miller, Charles S

From: Miller, Charles S
Sent: Friday, February 16, 2007 10:42 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M.; Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 2/16/07 Civil Division News

May trial set for anti-Castro Cuban militant Posada

Lawyer criticizes Pentagon for releasing Guantanamo charge details

Judge puts case against Sprint in NSA suit on hold

Nevada Test Site Workers Get Hopeful Boost From Senator Reid

No comment' in Ranbaxy investigation

Lawsuit Might Reduce FDA Authority In Allowing Terminally Ill Patients To Use Experimental Medications

Judge Recommends Marijuana Growth For Research Purposes

AP

February 16, 2007

May trial set for anti-Castro Cuban militant Posada

EL PASO, Texas · An anti-Castro Cuban militant accused of lying to immigration officials to become a U.S. citizen should stand trial in May, a federal judge ruled Thursday.

U.S. District Judge Kathleen Cardone set May 11 for jury selection in the case against Luis Posada

Carriles, who has been in U.S. immigration custody since May 2005 after surfacing in Miami.

Posada, a former CIA operative and U.S. Army soldier, is accused of lying about how he illegally entered the United States from Mexico in 2005 and several other details in interviews and on an application to become a naturalized U.S. citizen.

According to a seven-count indictment handed down last month, Posada told investigators he paid a smuggler to drive him across the border into Texas but really entered the country aboard a boat with several men he had denied seeing.

He also is accused of lying about using an alias.

Posada was arrested on a charge that he illegally entered the country.

Since then, an immigration judge has ruled that he should be deported.

But the judge ordered that he could not be sent to Cuba, where he was born, or Venezuela, where he is a naturalized citizen.

Governments of both countries want Posada deported to Venezuela so he can stand trial on charges that in Caracas he plotted the deadly 1976 bombing of a Cuban jetliner.

Posada has denied any wrongdoing and has pleaded not guilty in the federal criminal case.

END

AP

February 16, 2007

Lawyer criticizes Pentagon for releasing Guantanamo charge details

ROD McGUIRK Associated Press Writer

(AP) - CANBERRA, Australia-The Pentagon has released new details of allegations against three high-profile terror suspects being held at Guantanamo Bay in a move condemned by a defense lawyer Friday as a tactic to provoke moral condemnation.

Detailed allegations against David Hicks, an Australian accused of fighting for the Taliban; Omar Khadr, a Canadian accused of killing a U.S. Army Special Forces soldier in Afghanistan; and Salim Ahmed Hamdan, a Yemeni accused of supporting al-Qaida operatives, were posted recently on the U.S. Defense Department Web site.

All three had charges sworn against them this month in a preliminary step toward them being tried by military commissions at the U.S. naval base at Cuba where they are being held.

The charges must still be approved by the U.S. Department of Defense legal adviser and another official who oversees the tribunals.

Hicks' Pentagon-appointed lawyer, Marine Corps Maj. Michael Mori, said it was curious that the details were made public before the charges were officially approved.

"I think … they want people to morally judge and make a moral decision and get away from the legal aspect," Mori told Australian Broadcasting Corp. radio.

U.S. military commission prosecutor Air Force Col. Morris Davis said he expected the charges would be approved within two weeks.

Hicks, a 31-year-old former kangaroo skinner, is likely to be charged with attempted murder in violation of the law of war and providing material support for terrorism.

The Muslim convert had pleaded not guilty to charges of attempted murder, conspiracy to commit war crimes and aiding the enemy before the U.S. Supreme Court ruled last June that the previous military commission system was illegal.

The charge sheet released by the Defense Department alleges that Hicks "engaged in hostile action" in Albania in 1999 as a member of the paramilitary Kosovo Liberation Army.

He is also accused of engaging in "hostile action against Indian forces" in Kashmir in 2000 as a member of the Pakistani terror group Lashkar-e-Tayyaba.

The group allegedly helped him travel in 2001 to Afghanistan, where he trained with al-Qaida, carried out surveillance of the U.S. and British embassies in Kabul, and met al-Qaida's leader, Osama bin Laden, the charge sheet says.

After the Sept. 11, 2001, attacks in the United States, Hicks is accused of holding the front line in Afghanistan with al-Qaida and Taliban troops who included American-born Taliban soldier John Walker Lindh. Lindh is serving a 20-year prison term after pleading guilty to terrorist offenses in a U.S. court in 2002.

Both Mori and Hicks' father, Terry Hicks, said there was little new information in the new charges against the lone Australian at Guantanamo.

Prime Minister John Howard, a staunch ally of the U.S. in its war against terror, has criticized the United States over delays in bringing Hicks to trial and is under mounting political pressure to bring him home.

Malcolm Fraser, a former prime minister from Howard's Liberal Party, accused the government on Friday of betraying Hicks' rights as a citizen.

Fraser, who led Australia from 1975 to 1983, told a human rights conference in Melbourne that the Guantanamo legal system was structured to produce guilty verdicts.

END

Reuters
February 15, 2007

Judge puts case against Sprint in NSA suit on hold

Thu Feb 15, 2007 8:58am ET

SAN FRANCISCO, Feb 14 (Reuters) - A U.S. judge issued an order on Wednesday putting on hold court proceedings against Sprint Nextel Corp. (S.N: Quote, Profile , Research), which faces a lawsuit claiming it helped the U.S. National Security Agency track international calls.

The stay order by U.S. District Court Judge Vaughn Walker will put the lawsuit on hold pending an appellate review of the Hepting v. AT&T lawsuit in the U.S. Ninth Circuit Court of Appeals.

The order, provided to Reuters by the District Court, covers Sprint Nextel Corp., Sprint Communications Co. LP, Sprint Spectrum LP and Nextel West Corp.

The San Francisco-based Electronic Frontier Foundation is pressing the Hepting lawsuit against AT&T Inc. (T.N: Quote, Profile , Research)

The activist group alleges AT&T allowed the U.S. government to use its facilities to unlawfully monitor international telephone and Internet traffic to find terrorists and their accomplices.

END

KLAS-TV

February 16, 2007

Nevada Test Site Workers Get Hopeful Boost From Senator Reid

George Knapp, Investigative Reporter

Hundreds of sick and dying workers from the Nevada Test Site are hopeful they'll be compensated for their illnesses now that Senator Harry Reid has offered new legislation.

Reid's bill, which was introduced Thursday, would expand eligibility for those who may have contracted cancer because of exposure to radiation.

The *I-Team's* George Knapp has more on the legislation and the problems it doesn't address.

"It just seems to me when you get over one hurdle there's another one waiting. You know, they just don't want to finalize this thing, and in my opinion they just hope you die and go away," Ray Slaughter stated.

Slaughter cleaned out tunnels after underground tests were set off at the Nevada Test Site. He personally witnessed several explosions. As the first on the scene, Slaughter was exposed to killer radiation and toxic chemicals.

His doctors say the radiation left him with two different types of cancer. Those doctors gave him two years to live. That was a year ago, and it's obvious by looking at him that Slaughter's clock is ticking. He knows the chances that he will receive compensation are growing slimmer by the day.

"I haven't been feeling well at all. So, I don't know if they're growing and they're doing something. I know that the tumors are growing and coming back. I know that," he continued.

Nevada Senator Harry Reid says his new legislation will help Slaughter and hundreds of other Test Site workers who are dying receive compensation for service to the country.

Reid's office sent the *I-Team* this statement: "I care about these Test Site workers because they, along with many other people, but not anyone that did any more than they, were responsible for winning the Cold War. The things that went on there allowed us to defeat, in the Cold War, the Soviet Union. That's how important this is."

The bill would allow anyone who worked at the Test Site before 1993 to cut through the beauracratic red tape and get the help they need by putting them in what is called a "special exemption cohort," which would mean almost all atomic workers who develop certain deadly diseases would be eligible for compensation.

Right now, two thirds of the dying Test Site workers don't qualify at all, and less than 5-percent of those who are eligible have received benefits. Slaughter's testimony in front of Congress in 2000 helped spark legislation to pay dying nuclear workers up to $150,000 each. But for Slaughter and other Cold War

veterans, it may be too little, too late.

"Chronic lymphocytic leukemia, which is not one of the 22 registered cancers, and lymphoma. And based on the silicosis, I contracted diabetes, heart problems, and all kinds of different health problems that they've paid me for," Ray Slaughter explained. "I recently had a CAT scan done and it showed some stuff on my lung, and kidney and adrenal gland."

This week, Slaughter drove to Las Vegas for yet another in a long line of medical screenings. He says his doctor told him that radiation does not cause cancer. Disgusted, Slaughter is almost ready to give up, which is what he things the government wants him to do.

Eligible workers are put through what is called "dose reconstruction." It's a process that uses records from as long as 50 years ago to estimate how much radiation workers may have been exposed to. But Slaughter says it's a joke. Many times workers would take their radiation gauges off, and many of the records are incomplete or destroyed.

Ray said, "They're bogus. They're totally bogus in my opinion, because, you know, one year I got the maximum dose in three days -- the yearly dose -- and the next year I got zero. It doesn't make any sense. And I was constantly doing re-entry."

A government study agrees, saying the test drastically underestimates the amount of radiation each worker received. But for Slaughter and other nuclear workers, the problem isn't just getting the government to recognize that their cancers are linked to the Test Site, it's getting them to cut the beauracratic run-around and recognize them for their service and sacrifice.

"It's just one hurdle after another. I said, why can't you just say yeah, you've got lymphoma, which you've done partially, and your entitled to have a full body impairment rating and be compensated accordingly? That's all I'm asking." Ray explained.

Senator Reid says the money to help the workers has already been appropriated but the Bush administration won't spend it. He hopes to change that before Ray Slaughter dies.

Other big name senators have joined the fight for nuclear workers in their states.

Illinois senator Barack O'Bama is fighting for compensation for workers at 17 separate sites there. And New York Senator Charles Schumer successfully got a resource center built in western New York.

END

Trentonian

February 16, 2007

No comment' in Ranbaxy investigation

Staff Report

PLAINSBORO--Criminal investigators and Ranbaxy USA Inc. officials remained mum yesterday on the apparent warrant search of the generic drug manufacturer's American headquarters Wednesday by federal agents.

"We cannot comment on pending investigations," said Vickie Leduc, spokeswoman for the U.S. Attorney's Office in Baltimore.

Agents wore jackets identifying them as "FDA-OCI Federal Agent" during the search of the India-based

Ranbaxy's offices here at 600 College Road East -- indicating they're from the U.S. Food & Drug Administration's Office of Criminal Investigations.

Numerous Trentonian calls for comment yesterday went unanswered, and no new news releases appeared on the company's Website.

A source said that since Ranbaxy is a public company, officials will likely be forced to respond in some manner soon, to ease worries of stockholders.

On its Website, Ranbaxy Laboratories Limited, headquartered in Gurgaon, India, brags that from a small company in the Sixties it has grown "to be an integrated, research-based, international pharmaceutical company with over a billion dollar global sales ..."

"It is with the unwavering 'dedication' and the 'will to win' of Team Ranbaxy across the globe that we have traversed this journey so far.

"We are committed to provide quality generics at affordable prices to the patients worldwide with a view to help bring down the healthcare costs." Ranbaxy aims for $5 billion US sales by 2012.

"As we step into the next phase, we are driven by our ambition, willing to invest in the growth of our people and business, marching toward the new horizon of global leadership."

News stories in the past two years detail the company's patent fight with Pfizer Inc. to produce the generic version of the cholesterol drug Lipitor, its purchases of other generic drug manufacturers, and its fight to grow in the European market even as its U.S. revenues declined 22 percent in 2005 to $331 million.

END

Medical News

February 16, 2007

Lawsuit Might Reduce FDA Authority In Allowing Terminally Ill Patients To Use Experimental Medications

The U.S. Court of Appeals for the District of Columbia on March 1 will reconsider a case that "threatens to shake the foundations of the FDA's regulatory authority covering pharmaceuticals and lead to greatly expanded use" of experimental medications, the Newark *Star-Ledger* reports (Cohen, Newark *Star-Ledger*, 2/12). In the case, the Abigail Alliance for Better Access to Developmental Drugs and the Washington Legal Foundation in 2003 filed a lawsuit against FDA to obtain access to experimental medications for terminally ill cancer patients. The lawsuit asked FDA to provide a special initial approval of experimental medications that appear effective and allow their sale and distribution to terminally ill patients who have no other approved treatment options. FDA argued that programs currently exist to provide experimental medications to terminally ill patients and that increased access to such treatments would lead to unacceptable risk. In May 2006, a three-judge panel of the court ruled that terminally ill patients have a "right of self-preservation" and should have access to experimental medications that have not reached Phase II clinical trials. According to the 2-1 decision, which reversed the dismissal of the lawsuit by a lower court, "barring a terminally ill patient from the use of a potentially lifesaving treatment impinges on this right of self-preservation." FDA appealed the decision and asked the full court to rehear the case. In November 2006, the court vacated the decision and agreed to rehear the case (*Kaiser Daily Health Policy Report*, 1/30).

Reaction

Maria Hardin of the National Organization for Rare Disorders said that the group supports "having expanded access to drugs that are in clinical trials" but has concerns about the "pressure that has been put on the FDA to provide drugs to anyone who is in a very serious state and to give it to them when the drug is still in safety trials." Fran Visco, president of the National Breast Cancer Coalition, said, "I understand the emotion that drives the Abigail Alliance, but this isn't about emotion, it's about saving as many lives as possible and not about getting as many drugs out as possible." Visco added, "It's about doing the right research and making sure we have patient protections in place and making drugs available that are truly helpful." Peter Jacobson of the University of Michigan Center for Law, Ethics and Health said that the "future of pharmaceutical regulation is at stake" in the case and that a decision in favor of the plaintiffs could compromise patient safety. The pharmaceutical industry also has raised concerns about the financial, legal and safety implications of expanded use of experimental medications (Newark *Star-Ledger*, 2/12).

Opinion Piece

Opponents of the lawsuit maintain that "current regulations and processes fully meet the needs" of terminally ill patients -- "doctors merely need to ask the government, on behalf of their patients, for access to any unapproved drug they wish" -- and that change "is therefore unnecessary," Mark Thornton, senior vice president for GenVec, writes in a *Wall Street Journal* opinion piece. However, according to Thornton, such requests "can sometimes rival receipt of an audit from the IRS" and are "on occasion withdrawn by exasperated doctors or refused by the FDA, leaving patients to fend for themselves." Other critics raise concerns about the safety of expanded use of experimental medications, but the "fact is that all drugs, no matter what stage of development, have the potential to evolve new safety concerns," Thornton writes. He adds that experimental medications "safe enough for the hundreds of patients in the 'Phase II' of human testing" also are "safe enough for a patient whose only option is the terminal progression of his disease" (Thornton, *Wall Street Journal*, 2/12).

END

Boston Globe

February 16, 2007

Judge Recommends Marijuana Growth For Research Purposes

By David Abel

An administrative law judge recommended Monday that a professor at the University of Massachusetts at Amherst be allowed to grow marijuana for research purposes, possibly making the state host to the nation's second laboratory authorized to grow the drug.

Professor Lyle Craker, a horticulturist who specializes in medicinal plants, has won support from both Senators Edward M. Kennedy and John F. Kerry in his effort to grow marijuana for research.

Marijuana is now only legally grown at the University of Mississippi, but Craker has argued that the drug grown there is neither potent enough nor readily available to researchers.

In her opinion, which can be overruled by the US Drug Enforcement Administration, Judge Mary Ellen Bittner said Craker's bid to grow marijuana "would be in the public interest."

"There would be minimal risk of diversion of marijuana," she wrote. "There is currently an inadequate supply of marijuana available for research purposes ... [and] competition in the provision of marijuana for such purposes is inadequate."

In a phone interview, Craker said he had not read the 87-page opinion. "I understand it's favorable, and that's good," he said.

Rick Doblin — president of the Multidisciplinary Association for Psychedelic Studies, a drug research group based in Belmont that hopes to sponsor Craker's work — called the decision "a major turning point."

"This is a major step to getting us to do the scientific research that the government has been blocking for the past 30 years," Doblin said. "If the government says no, the hypocrisy of their approach will help fuel efforts for state medical marijuana reforms."

Garrison Courtney, a DEA spokesman, declined to comment on the ruling. "We're still reviewing the opinion," he said. "We'll make a determination at a later point."

Craker first applied to the DEA for permission to grow marijuana in 2001. Kennedy and Kerry later wrote a letter to the DEA, saying that the Mississippi lab had an "unjustified monopoly."

In 2004, Craker and the Multidisciplinary Association for Psychedelic Studies sued the government in federal court, charging the DEA with unreasonable delays.

The DEA promptly rejected their bid. In 2005, Craker and the group sought the opinion from an administrative law judge.

If the DEA's administrator decides to reject Bittner's recommendation, Doblin said Craker and the group would file another lawsuit in federal court.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, February 20, 2007 8:18 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Sunday, February 18, 2007
Attachments:	agnb070218.pdf; agnb070218.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, FEBRUARY 18, 2007 7:45 AM EST

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TERRORISM NEWS:

Team Of DOJ Attorneys Key To Anti-Terrorism Efforts. U.S. News and World Report (2/18, Ragavan) reports, "Just a few weeks ago, Kenneth Wainstein, the Justice Department's new national security chief, received a book in the mail, a memoir titled Secrets. Its author, Daniel Ellsberg-the former Defense Department analyst who was prosecuted for leaking the Pentagon Papers to the New York Times 36 years ago-sent the book to Wainstein after a spirited exchange with him during a recent panel discussion about prosecuting leakers. 'Dear Ken,' Ellsberg inscribed in the book, 'I shared your revulsion against all leaks until some years ago.'" US News continues, "Prosecuting those who leak classified information is just a small part of Wainstein's controversial portfolio. As the assistant attorney general for the National Security Division, created last summer, Wainstein has been handed most of the department's hot-potato issues and has at his disposal some of the government's most secret, powerful, and criticized investigative tools. Just recently, President Bush decided not to reauthorize the National Security Agency's controversial warrantless electronic surveillance program but to place it under a special court-the Foreign Intelligence Surveillance Court-that oversees government surveillance in intelligence investigations. The revamped program will now be under Wainstein's purview. Look for civil-liberties groups and the new Democratic majority in Congress to keep a close eye on his every move." US News adds, "The career federal prosecutor seems unfazed by the prospect of such scrutiny. In an interview, Wainstein, 45, said that he is used to making difficult decisions based on the facts and the law. 'But with national security being a hot political issue, it's natural for people to scrutinize our big prosecution decisions through the prism of politics,' says Wainstein. 'Because it's important that we maintain public confidence, we're careful to both make and to announce our decisions in an apolitical way.' … Sounds good. But in coming months, Wainstein, a Senate-confirmed presidential appointee, will have to contend with a host of lingering perception problems. 'This administration has politicized almost every part of the Justice Department,' says Kate Martin, director of the Center for National Security Studies, a civil-liberties group. 'We need congressional

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oversight to prevent this key division from being similarly politicized.'"

Identities Of Pilots Used For CIA Renditions Discovered. The Los Angeles Times (2/18, Drogin, Goetz, 850K) reports, "Relying on the operatives' passport numbers, hotel records, credit card bills and aviation records, German prosecutors are seeking to properly identify the 13 Americans in a high-profile case that has upset relations between Washington and Berlin and caused a political scandal in Germany over whether government officials sanctioned the CIA operation." The Times "confirmed their real identities from government databases and visited their homes this month after a German court in January ordered the arrest of the three 'ghost pilots' and 10 other alleged members of the CIA's special renditions unit on charges of kidnapping and causing serious bodily harm to Khaled Masri, a German citizen of Lebanese descent, three years ago. None of the pilots responded to repeated requests for comment left with family members and on their home telephones. The Times is not publishing their real names because they have been charged only under their aliases." The Times adds, "One former CIA operation officer who was involved in the Italian case at CIA headquarters, speaking on condition of anonymity because the case is classified, said he and his colleagues were increasingly nervous about traveling in Europe for fear of getting swept up in the investigations. He said he checked with a contact at the Italian intelligence service for reassurance that he would not be arrested."

WAR NEWS:

Senate Votes Down Iraq Debate, But Seven Republicans Back Cloture. The failed effort in the Senate Saturday afternoon to agree to cloture and permit debate on a resolution criticizing President Bush's Iraq troop increase led two evening news broadcasts and appears on the front pages of several major newspapers, but receives far less coverage than Friday's House vote in favor of a critical resolution. Seven Republicans voted for cloture in the 56-34 vote -- Sens. Norm Coleman, Susan Collins, Chuck Hagel, Gordon Smith, Olympia Snowe, Arlen Specter, and John Warner. Independent Democrat Joseph Lieberman and all other Republicans were opposed, while 10 senators – Robert Bennett, Kit Bond, Thad Cochran, Bob Corker, John Ensign, Orrin Hatch, Tim Johnson, Jon Kyl, John McCain, and Lisa Murkowski, all Republicans except for Johnson -- did not vote.

The CBS Evening News (2/17, lead story, 2:25, Smith, 7.66M) reported, "They came to work on a Saturday, but Democrats in the Senate couldn't pull it off. The Senate voted against advancing a resolution that condemns President Bush's troop surge." ABC (Chen): "It was enough of a spectacle to draw a crowd to the Capitol on a sunny winter weekend. Imagine senators working on a Saturday. … Some members scurried back from what was to have been a long holiday weekend, and some presidential wanna-bes bailed out of big campaign appearances, because though no one thought the measure had a snowball's chance, most senators couldn't risk the political backlash they'd face for not showing up."

NBC Nightly News (2/17, lead story, 3:05, Seigenthaler, 9.87M) reported, "There will be no debate in the US Senate for the President's plan for a troop surge in Iraq, at least for now. It was a rare Saturday session, and despite the shift in power, Senate Democrats failed to get enough votes to bring up a resolution opposing the President's war plan." NBC (Reid): "The rare Saturday session had some senators rushing back to Washington from the presidential campaign trail for a spirited, at times angry, debate on Iraq. … Democrats angrily accused Republican leaders of blocking the vote on the resolution for the second time in two weeks," but Republicans "blamed Democrats for blocking a vote on a Republican resolution prohibiting cutting off funds for the troops." ABC World News (2/17, story 3, 3:00, Hendren, 8.78M) said, "It was part policy, part principle, and part political theater in the Senate today. Majority Leader Harry Reid dragged his colleagues in for a rare Saturday vote to condemn the troop surge in Iraq."

On CNN (2/17) just after the vote, correspondent Dana Bash pointed out that "seven Republicans voted to rebuke the President, essentially. Seven Republicans voted with the Democrats in an effort to start a debate on this issue. … The last time the Senate voted on this, last Monday, there were only two Republican senators who voted with the Democrats. And the others, about five of them, who don't agree with the President's plan, who actually outright oppose it, said that they were going to vote with their party because it was a matter of minority rights. It was a matter of sticking with their party because they believed that their party had the right to have their own resolution. Well, nothing has changed. Republicans still did not have the right to offer their own

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resolution. But still, these five Republican senators switched their vote, essentially because they say they lost patience, that they simply don't agree with the President's plan, they want the Senate to have their say, to have a vote, and that they gave their leadership time to work it out, to work out a deal with the Democrats and it didn't happen."

The gain in GOP support for the Democratic stance gets some print attention as well. The Washington Post (2/18, Murray, 690K) headlines its front-page report "Iraq Vote In Senate Blocked By GOP," saying Senate Republicans "for a second time blocked a symbolic attempt by Democrats to reject President Bush's troop increase yesterday, but GOP defections were higher than before, suggesting Republican cracks as the Iraq war dominates Congress's agenda." Democrats "picked up five new Republican allies," but the "fate of the resolution is now very much in doubt." Reid "announced after the vote that he would not bring up the resolution again. Both sides instead are girding for the next phase, a confrontation over war funding, with some Democrats determined to exercise the power of the purse to influence Iraq strategy."

The New York Times (2/18, Hulse, Zeleny, 1.16M) reports on its front page that the Senate "narrowly rejected" the effort, "but Republican defections emboldened Democrats to promise new attempts to influence the administration's war policy." The Times says the outcome "suggested that Democrats were slowly drawing support from Senate Republicans for what was shaping up to be a drawn-out fight between the Democrat-controlled Congress and Mr. Bush over his execution of the war." Reid said, "A majority of the United States Senate just voted on Iraq, and a majority of the United States Senate is against the escalation in Iraq."

The Los Angeles Times (2/18, Simon, 850K) reports Reid "accused Republicans of trying to protect the president from an embarrassing vote," though he said he "would no longer push for a vote on the nonbinding resolution." Reid said Iraq "would remain center stage in the Senate. 'This war is too important to permit Senate Republicans to brush it aside,' he said. 'The Senate will keep fighting to force President Bush to change course.'" Sen. Lindsey Graham "accused Democrats of playing 'stupid political games.'" Graham said, "This is a low point in my time in the Senate." The Washington Times (2/18, Ward, 88K) headlines its front-page story "War Rebuke Halted In Senate," and says Republicans "said they had rebuffed an 'unfair' attempt by Mr. Reid to prevent a vote on an alternative resolution that would protect funding for the troops in Iraq."

The Chicago Tribune (2/18, Zuckman, 617K) says that while the Senate "expressed strong, bipartisan disapproval of President Bush's policy on Iraq," lawmakers "nevertheless failed to end their debate and pass a non-binding resolution." RollCall.com (2/17, Stanton) says Reid "claimed a symbolic victory" due to the "bipartisan majority of 56 lawmakers" that backed cloture.

The Washington Post (2/18, A6, Weisman, 690K) looks at how the oddly timed vote impacted the Senate's presidential hopefuls. Sen. Joseph Biden "had planned to spend the day in Iowa but instead flew back to Washington for the vote, then returned for an evening event. Of all the Senate's presidential hopefuls, he was the only one to speak before the vote." Sen. Barack Obama "hurriedly departed a campaign stop in South Carolina to cast his vote before hustling to a campaign appearance in Richmond and then boarding a plane to San Diego." Sen. Sam Brownback "voted against moving to a debate on the war before rushing to catch a plane to Orlando, where he was to address religious broadcasters." Sen. John McCain "did not bother to show up. In Iowa yesterday, McCain defended his decision to stay away from Washington in defiant terms, condemning the Senate Democrats for scheduling a rare Saturday vote on what he described as a political charade."

The Washington Post (2/18, A5, Milbank, 690K) also looks at the casual attire of the senators, saying they "entered the chamber to vote on the Iraq war yesterday as if emerging from a Lands' End catalogue." Sen. Robert Byrd, "who knows something about theatrics, volunteered: 'If it will help to bring our soldiers home, I will work every Saturday for the rest of this Congress.'" But Sen. Ted Stevens "was sour about delaying his Presidents' Day recess. 'It is an important subject to be debated, but why Saturday?' he complained."

Among the other sources offering straightforward reports on the debate and vote are the AP (2/17, Espo), The Politico (2/17, Reilly, Bresnahan), the Web site of The Hill (2/17, Marre, Bolton), CNN.com (2/17), and BBC.com (2/17).

White House Says Real Fight Yet To Come. NBC Nightly News (2/17, story 2, 2:20, Yang, 9.87M) said White House Press Secretary Tony Snow "shrugged off today's vote saying it was merely a procedural maneuver. The real test, he says, and the President says, is yet to come. Even before today's vote, President Bush was warning Democrats about the next fight." Bush: "I'm going to make it very clear to the

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members of Congress starting now that, you know, they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done." Yang: "This week, a poll found 63% of Americans oppose send manager troops to Iraq, but 60% said Congress should not cut funding for additional forces that has Democrats on the defensive."

Rice Visits Less-Violent Baghdad, Where She Publicly Praises Maliki. ABC World News (2/17, lead story, 2:20, Avila, 8.78M) reported, "Here's a headline: no deadly bombings in Baghdad for two days. The emergency rooms are quiet and Secretary of State Condoleezza Rice makes a surprise visit to boost a rarity in Iraq: a sense of optimism. No one is boasting of total success." The CBS Evening News (2/17, story 2, 2:35, Smith, 7.66M) reported, "By one measure, the Baghdad security sweep already appears to be having results. According to the Iraqi army, the Baghdad morgue routinely handled 40 to 50 bodies a day before the sweep. Since it began, the number of bodies has dropped to about ten a day." NBC Nightly News (2/17, story 3, 2:10, Seigenthaler, 9.87M) reported, "Baghdad saw less killing today. In at least one neighborhood, residents enjoyed the calm and wondered how long it would last."

The New York Times (2/18, Cave, 1.16M) reports Secretary of State Condoleezza Rice "made a surprise visit to Baghdad on Saturday to meet with Iraqi officials about the new security plan and to press the Shiite-led government to accelerate reconciliation, reconstruction and economic progress." Rice, "in a meeting with reporters after her talk with Prime Minister Nuri Kamal al-Maliki and other Iraqi leaders, said it was still too early to judge the effectiveness of the new plan. But she said she had pushed the Iraqis to think beyond short-term security, to how neighborhoods and Iraqi civil society could be rebuilt if sectarian violence between the ruling Shiites and the minority Sunnis subsided."

Under the headline, "In Baghdad, Rice Acknowledges Frustrations In U.S.," the Washington Post (2/18, A21, Ernesto Londono, 690K) adds Rice "expressed support for a nascent Baghdad security plan during an unannounced visit to the capital Saturday, but she reminded Iraq's leaders that Americans were growing increasingly frustrated with the unyielding lethality and cost of the war." She "spoke approvingly of Prime Minister Nouri al-Maliki's leadership, urged Iraqi officials to enact laws to fairly administer the country's vast oil reserves and acknowledged widespread disapproval of the Bush administration's policies in Iraq among many Americans and U.S. lawmakers." Iraqi Foreign Minister Hoshyar Zebari said "Rice left with a realistic sense of the challenges that lie ahead."

The Los Angeles Times (2/18, Roug, 850K) keys on Rice's reconciliation message, saying she "urged Shiite, Sunni and Kurdish politicians to use a lull in violence resulting from a new security plan to reach long-delayed agreement on key political issues." Rice "said U.S. commanders have told her that troop strength among Iraqi units in the Baghdad operation is as high as 90%. … But she reiterated that political progress would have to accompany any military advances." Rice "urged hundreds of American troops and U.S. Embassy staff members to be patient, saying they were engaged in a 'noble cause.' … But she also said the Bush administration didn't have unlimited patience."

The AP (2/18, Gearan) titles its coverage, "Rice: U.S. Has Doubts On Iraq Democracy." She "told Iraqi government leaders Saturday that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence." While Rice "used her visit to publicly praise the Iraqi government's role in a new security crackdown in Baghdad, an Iraqi official said she was more critical in private." The Washington Times (2/18, Gearan, 88K) runs the AP story.

Bombs Kill 11 In Northern Iraq. The AP (2/17) reports from Kirkuk, "Police and witnesses said the first blast occurred near shops and a bus depot. Minutes later, a suicide car bomber attacked the same area. The back-to-back lasts shattered about 20 shops as terrified shoppers fled screaming in panic amid burning cars and debris."

Attacks On US Helicopters In Iraq Seem Carefully Planned. The New York Times (2/18, Gordon, Cloud, 1.16M) reports on its front page, "Documents captured from Iraqi insurgents indicate that some of the recent fatal attacks against American helicopters are a result of a carefully planned strategy to focus on downing coalition aircraft, one that American officials say has been carried out by mounting coordinated assaults with machine guns, rockets and surface-to-air missiles. The documents, said to have been drafted by Al Qaeda in Mesopotamia, show that the militants were preparing to 'concentrate on the air force.' The contents of the documents are described in an American intelligence report that was reviewed by The New York Times." Officials call the documents "a fresh indication that the United States is facing an array of 'adaptive' adversaries in

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Iraq, enemies who are likely to step up their attacks as American forces expand their efforts to secure Baghdad." ABC World News (2/17, story 2, :25, Avila, 8.78M) briefly mentioned the Times report.

Iran Said To Use Iraq To "Shift" Regional Balance Of Power. Under the headline "Iran's Chance: U.S. Troubles in Iraq Create Opening for Regional Shift," the New York Times (2/18, Slackman, 1.16M) looks extensively at Tehran's actions in the wake of US action in Iraq. "In recent weeks, President Bush and American military officials have increasingly accused Iran of meddling in Iraq's affairs. But from Iran's perspective, given its longstanding interests in Iraq, it is the United States that is meddling in its backyard, analysts inside and outside of Iran say." Administration desires to "curtail the influence of Iran's radical Shiite leaders by producing an alternative, moderate center of Shiite Islam" have been "abundantly clear to Iran's clerical rulers" since 2003, and Tehran has "moved quickly to try to prevent the United States from gaining a permanent foothold." The Times explains, "While the United States sees in Iraq a venture that will affect its foreign interests for years to come, Iran sees an occupied neighbor with close religious, cultural, political and economic ties." The US' "failure to secure its position in Iraq has presented Tehran with a rare opportunity to recalibrate the balance of power in a neighborhood that had long been hostile to its aspirations." While Tehran has pursued a nuclear weapons program, "strengthened ties with Syria, built the militia Hezbollah into a state within a state in Lebanon and offered support to" Hamas, the Times says "the cornerstone to its regional plans lies in Baghdad."

"Rogue" Shiite Militias Allegedly Use Iranian Bombs. The Washington Times (2/18, Behn, 88K) reports, "Lethal Iranian bomb technology spotlighted by U.S. officials in Iraq last week is being used by rogue elements of Shi'ite militias that are not under any kind of central command, the U.S. military says." The finding "presented at a briefing in Baghdad last week further confuses an enemy landscape in which death is as likely to come at the hands of government-allied Shi'ite militias as from disgruntled former Ba'athist extremists and their al Qaeda allies."

Syria's Assad In Iran To Discuss Iraq. The AP (2/17) reports Syrian President Bashar Assad "arrived in Iran Saturday to discuss Iraq and other Middle East issues with President Mahmoud Ahmadinajed, state-run television reported. ... This is Assad's fifth visit to Iran since he took office in 2000. Iran and Syria have long been close allies."

More Commentary On Iran's Role In Iraq. The Washington Post (2/18, B06, 690K) editorializes, "The international coalition the administration has painstakingly assembled to pressure Iran seems to be having some effect on the mullahs; it should be maintained and strengthened. U.S. financial pressure and assurances of support to Iran's neighbors also are appropriate. All of these might have a greater chance of working, as we've said before, if the administration also remained open to diplomatic overtures, at least in a regional context. That, and not secret military plans, is the missing component of U.S. strategy right now.

In the Washington Post (2/18, B1, 690K), Brookings fellow Daniel Byman writes, "Iran has been meddling in its neighbors' affairs for a long time, and not just in Iraq. ... Iran could easily be even more aggressive in Iraq. Tehran could provide sophisticated weapons to a wider range of Iraqi groups than it reportedly has so far. Iran's Shiite proxies do at times attack American forces, but their principal targets are Sunni militias. They could kill a lot more Americans than they have." Rather, Iran has a "broader Iraq strategy, which goes well beyond Tehran's desire to undermine U.S. policy. Iranian leaders calculate that they will need formidable proxies should the United States leave, and indeed Iran will face many challenges in Iraq if U.S. forces depart." Byman adds that a US withdrawal could weaken Iran's influence in Iraq in the long term: "Iran's economic and military power is limited, and Iran's theocratic model of governance has little appeal for most Iraqis."

In the New York Times (2/18, WK12, 1.16M), columnist Frank Rich writes, "Maybe the Bush White House can't conduct a war, but no one has ever impugned its ability to lie about its conduct of a war. Now even that well-earned reputation for flawless fictionalizing is coming undone. ... The press and everyone else seems to have forgotten that the administration has twice sounded the same alarms about Iranian weaponry in Iraq that it did last week [in August 2005 and February 2006]." Bush's "real aim is to provoke war with Iran, no matter how overstretched and ill-equipped our armed forces may be for that added burden."

In the Los Angeles Times (2/18, 850K), Nation literary editor Adam Shatz asks, "Might Iran have legitimate interests in what is, after all, its own geographic neighborhood? Could it be that Iran's stake in Iraq is solidly grounded in the same realist principles that drive the behavior of most nations, rather

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than in 'malign intentions' or a desire to export the Islamic revolution?" Since Iran "sees itself as a protector of Shiite interests in the region" and "wants to ensure that no government in Iraq will threaten it again," it "has, in other words, a strong realist case for being involved in Iraq."

Iraqi Detainee Alleges Two Years Of Abuse By US Military. The New York Times (2/18, Moss, Mekhennet, 1.16M) reports on its front page that when Laith al-Ani was released by the US military after two years of detention, he "was handed a form and asked to place a check mark next to the sentence that best described how he had been treated: 'I didn't go through any abuse during detention,' read the first option, in Arabic. 'I have gone through abuse during detention,' read the second." Al-Ani signed the first option out of fear but now remembers a "sprawling complex of barracks in the southern desert near Kuwait as a bleak place where guards casually used their stun guns and exposed prisoners to long periods of extreme heat and cold; where prisoners fought among themselves and extremist elements tried to radicalize others; and where detainees often responded to the harsh conditions with hunger strikes and, at times, violent protests." The Times continues, "The American detention camps in Iraq now hold 15,500 prisoners, more than at any time since the war began. The camps are filled with people like Mr. Ani who are being held without charge and without access to tribunals where their cases are reviewed, the Times examination published last December found."

US To Admit Many More Iraqi Refugees. The CBS Evening News (2/17, story 3, 2:20, Smith, 7.66M) reported, "Millions of refugees are fleeing the fighting in Iraq. But only a few have reached the United States. Since 2003, the US has admitted just 600, but this week officials said 7,000 will be admitted this year. Most still head for Syria." CBS (Palmer): "Frantic Iraqi refugees newly arrived in Damascus push to register with the United Nations. They need visas, housing, schools for their children. Officials are overwhelmed. Some two million refugees have flooded into crowded Iraqi ghettos here. ... But even as the nightly stream of desperate Iraqis arrives in Syria, at the other end of the bus depot, another bus is loading Iraqi refugees who are even more desperate, because their money has run out. ... and about to take the long ride home, back to the terror and chaos of Iraq."

Marine Sentenced To Eight Years In Hamdaniya Killing. CNN.com (2/17) reports Marine Lance Cpl. Robert Pennington "will serve no more than eight years in prison in connection with the killing of an Iraqi civilian, a Marine Corps spokesman said Saturday." Pennington "was sentenced to 14 years' confinement but will serve no more than eight under a plea agreement." He "pleaded guilty Tuesday to charges regarding the death of Hashim Ibrahim Awad, 52, in Hamdaniya." BBC.com (2/17) also reports the story, calling it "one in a series of inquiries into the alleged abuse or killing of Iraqis by coalition forces."

Letters By Iraqis Show Unfolding National Tragedy. In the Washington Post (2/18, B7, 690K), former Coalition Provisional Authority education advisor John Agresto writes, "I do have letters from an Iraqi friend and his wife. Hasan (sadly, I dare not give his real name) was a translator for the Coalition Provisional Authority when I worked in Baghdad in 2003 and 2004. These brief letters catalogue the deterioration, the chaos and the human tragedy that have become Iraq's lot. ... They surely speak to the need to help those who once so hopefully helped us." Letters from 2004 to 2006 describe increasing danger; Agresto concludes, "I have written Hasan three times now since this last letter [from Christmas Eve, 2006], and I have not heard back."

Influence Of Joint Chiefs Rebounds Under Gates. The Los Angeles Times (2/18, Barnes, 850K) reports that while during the tenure of Defense Secretary Donald Rumsfeld, the Joint Chiefs of Staff "were kept out of war planning," under new Secretary Robert Gates, "military officers say the influence of the Joint Chiefs is starting to rebound. Unlike his predecessor, Gates is publicly and privately paying close attention to his uniformed advisors." Gates "has begun meeting with the chiefs once a week."

Walter Reed Said To Overwhelmed, Neglecting Patients. The Washington Post (2/18, Priest, Hull, 690K) reports in a highly critical 5,000-word front page article, "Signs of neglect are everywhere: mouse droppings, belly-up cockroaches, stained carpets, cheap mattresses. This is the world of Building 18, not the kind of place where [Jeremy] Duncan expected to recover when he was evacuated to Walter Reed Army Medical Center from Iraq last February with a broken neck and a shredded left ear, nearly dead from blood loss. ... The common perception of

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Walter Reed is of a surgical hospital that shines as the crown jewel of military medicine. But 5 1/2 years of sustained combat have transformed the venerable 113-acre institution into something else entirely -- a holding ground for physically and psychologically damaged outpatients. ... On the worst days, soldiers say they feel like they are living a chapter of 'Catch-22.' The wounded manage other wounded. Soldiers dealing with psychological disorders of their own have been put in charge of others at risk of suicide." Walter Reed commander Maj. Gen. George Weightman "said Walter Reed has taken steps over the past year to improve conditions for the outpatient army, which at its peak in summer 2005 numbered nearly 900, not to mention the hundreds of family members who come to care for them." NBC Nightly News (2/17, story 5, 3:25, Priest, 9.87M) ran a report based on the Post story, saying "conditions are far from the best. Peeling wallpaper, mice and cockroaches. The conditions here are said to be symptomatic of a system overwhelmed by more wounded soldiers than the Pentagon expected."

The Los Angeles Times (2/18, Spiegel, 850K) notes the distinction between high-quality inpatient care and questionable outpatient care, saying Walter Reed "is renowned for its inpatient medical care, which has helped keep alive hundreds of soldiers who probably would have died during previous conflicts. Less well-known is the care soldiers receive as outpatients, which has stretched to an average of 10 months -- two months longer than Army guidelines call for -- a period Weightman said can be even more frustrating for wounded soldiers and their families."

Two Army Privates Cope With Iraq Tour. The Washington Post (2/18, A22, Murphy, 690K) reports on two US Army artillerymen who were dropped at a "small, dusty base outside Baqubah in Diyala province, northeast of Baghdad, the night before purely by accident." The Post continues, "Nobody has told them what job they'll be doing here, but they don't think there is much artillery in this war, and they expect to be used as infantry. ... U.S. casualties are piling up here now, slowly but steadily. [Staff Sgt. Benjamin] Maldonado said he doesn't see things here getting better, and it's tough to watch new guys go off into the fight. 'It would be one thing if you saw some improvement.'"

Prince Harry To Serve In Iraq. ABC World News (2/17, story 11, :25, Avila, 8.78M), the CBS Evening News (2/17, story 6, :20, Smith, 7.66M), and several wire services report British Prince Harry is expected to deploy to the Basra area and, as ABC said, will "likely take part in reconnaissance missions near the Iranian border area."

Lugar Urges Buildup Of "Civilian Forces." In the Washington Times (2/18, 88K), Sen. Richard Lugar writes, "A strong military response is necessary for the war against terrorism. ... But over-reliance on the military also carries risks. To succeed, we need diplomats who can shape complex bilateral relationships, repair and build alliances and navigate through a labyrinth of foreign languages and cultures. We need foreign aid experts who know how best to promote democratic practices and economic development. And we need communication professionals to get our message across to foreign audiences."

Taliban Offensive Expected In Spring. The Los Angeles Times (2/18, King, 850K) reports article, "In coming weeks, winter will loosen its grip on Afghanistan. Senior NATO generals insist that their troops are well positioned to confront the Taliban offensive that is expected to follow. But some analysts, diplomats and other observers think the Western alliance, and the Afghan government it supports, has failed to use winter's relative lull in fighting to seize the initiative in advance of a new battle with the insurgents. ... But the influx of about 3,000 additional troops is privately described by field commanders as both tardy and considerably smaller than what they had hoped for." Problems for NATO include "the use of crude yet lethal tactics such as suicide and roadside bombings," "the slow pace of reconstruction," and "the dubious efficacy of the Afghan army."

Coalition Helicopter Crashes In Afghanistan. The AP (2/17) reports, "A U.S.-led coalition helicopter crashed Sunday in southeastern Afghanistan after reporting engine failure, a coalition statement said. An official said the helicopter was not shot down." Col. Tom Collins said he was "confident it was not due to enemy action." BBC.com (2/17) reports, "Coalition and Nato forces have lost several helicopters in Afghanistan in the last few years but only one is thought to have been shot down."

NATO Forces Mistakenly Kill Afghan. The AP (2/18) reports, "NATO-led forces in southern Afghanistan shot to death an Afghan civilian mistaken for a suicide bomber because of twine and straps protruding from his jacket, the alliance said Sunday. ... It was the second such civilian shooting Saturday in Kandahar." CNN.com (2/17) also notes

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that "NATO troops in southern Afghanistan shot and killed a man they mistakenly thought was a suicide bomber."

LATimes Says Bush Focus On Afghanistan "Heartening." The Los Angeles Times (2/18, 850K) editorializes, "It's not quite fair to call Afghanistan the war the administration forgot. But it was heartening last week to hear President Bush give a speech about that other war for the first time in his second term, to acknowledge the growing Taliban threat and to call for a renewed U.S. and NATO commitment. Still, military power alone won't make Afghanistan secure — the country must also undergo substantial economic development. ... Bush will not get the full support and cooperation of NATO allies until he demonstrates that reconstruction is not a second priority to fighting Al Qaeda."

US Military Develops Nonlethal Beam. In the Washington Post (2/18, B2, 690K) Outlook section, Slate writer William Saletan writes, "The U.S. military just invented a weapon that fires a beam of searing pain. ... No one is harmed. The beam's energy waves penetrate just 1/64 of an inch into your body, heating your skin like microwaves. They inflame your nerve endings without burning you. This could be the future of warfare: less bloodshed, more pain." However, the invention "makes pain more essential to military operations -- and easier to inflict. To achieve the desired 'repel effect,' I have to make you suffer. Knowing that your agony will be brief and leave no physical damage makes the weapon easier to fire."

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Several Fired US Attorneys Were Investigating GOP Officials. The Washington Post (2/18, A11, Eggen, 690K) reports, "All but one of the U.S. attorneys recently fired by the Justice Department had positive job reviews before they were dismissed, but many ran into political trouble with Washington over issues ranging from immigration to the death penalty, according to prosecutors, congressional aides and others familiar with the cases." The Post adds "it has also become clear that most of the prosecutors were overseeing significant public-corruption investigations at the time they were asked to leave. Four of the probes target Republican politicians or their supporters, prosecutors and other officials said. The emerging details stand in contrast to repeated statements from the Justice Department that six of the Republican-appointed prosecutors were dismissed because of poor performance." Carol S. Lam in San Diego "oversaw the probe that resulted in the guilty plea of then-Rep. Randy 'Duke' Cunningham, a Republican. Two others connected to that case, including a former senior CIA official, were indicted two days before Lam left the job on Thursday." Daniel G. Bogden in Nevada and Paul K. Charlton in Arizona "were also in the midst of investigations targeting current or former Republican members of Congress when they were fired."

Griffin Will Not Seek Confirmation As Arkansas US Attorney. The AP (2/18, Gambrell) reports, "An interim U.S. attorney says a 'partisan circus' over his recess appointment makes it impossible for him to receive fair consideration, and he will not seek Senate confirmation to his Arkansas district. … However, Tim Griffin can remain at the post without confirmation under a new provision in the Patriot Act that allow recess appointments to last until the end of a president's term, instead of 120 days. That provision was included in the act's reauthorization last year." The AP continues, "The new rules became fuel for hearings when the Democratic-controlled Congress took power this year, with Sen. Mark Pryor, D-Ark., questioning Griffin's appointment. … 'They should do the right thing and name another interim appointment,' said Michael Teague, a spokesman for Pryor. 'Let's get back to the way the founding fathers saw this process working.'" The AP adds, "Griffin left open whether he would remain in the position until the end of President Bush's term, but he said he has not looked for another job. … 'The upside is I'm here in the job and will remain in the job until such time the White House asks me to move on,' Griffin said Friday."

More Commentary. The Baltimore Sun (2/18) editorializes, "Deputy Attorney General Paul J. McNulty just couldn't tell a lie. So when pressed during Senate hearings on the unceremonious firing of seven U.S. attorneys, Mr. McNulty had to concede that politics did play a role in dumping the chief federal prosecutor in Little Rock, Ark. The replacement, J. Timothy Griffin, was an FOK - friend of Karl. That's Karl Rove, the president's top political adviser and key Republican strategist. … You can't get any more political than that." The Sun continues, With Arkansas Sen. Mark Pryor raising serious questions about the appointment, Mr. Griffin wisely withdrew his name for permanent consideration. … Mr. McNulty and his boss at the Justice Department, Attorney General Alberto R. Gonzales, should stop conning the American people. Their explanation for the firings - that they

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were 'performance-related' - is pure poppycock. Congress should move swiftly to repeal an aspect of the Patriot Act that gives the attorney general the power to appoint interim U.S. attorneys for an indefinite period of time, which could result in someone serving in this powerful post without congressional consent. Mr. Gonzales doesn't deserve this power. … His recent firings show what matters to Mr. Gonzales, and it isn't performance:" The Sun concludes, "U.S. attorneys have enormous power. By politicizing the appointments, the Bush administration has diminished their ability to fairly and judiciously carry out their responsibility."

New Minnesota US Attorney Profiled. The St. Paul Pioneer-Press (2/18, Tomson) reports, "Rachel Paulose is a U.S. attorney who is comfortable quoting Bible verses. She believes it is a blessing to live in a country where a person can take on crime, terror and corruption. … The daughter of immigrants who support her every move, she works herself hard, shorts herself on sleep and sacrifices her social life in the pursuit of justice." The Pioneer-Press continues, "At 33, she's the youngest current U.S. attorney and the first woman to serve in the position in Minnesota. … She manages some 50 assistant U.S. attorneys in an office that examines and seeks to successfully prosecute the most repulsive and harmful of crimes. … She points with pride to the more-than-20-year prison sentences obtained by her office in three child pornography cases during the past six months and then, referring to predators as yet uncaught, she promises: 'We're going to find you, hold you, and you're going to do a long time in federal prison.' … 'The crimes have become more depraved, more heinous, and the victims are subjected to particularly sadistic forms of abuse that the general public would find unimaginable,' she says. 'The reality is that good people don't know about this because they're not online looking.'" The Pioneer Press adds, "In just 10 years, Paulose has compiled an impressive record. After graduating from Yale Law School, she snagged a sought-after position in Minneapolis as a law clerk to James Loken, chief judge of the 8th U.S. Circuit Court of Appeals. She worked for four years in private practice for the Dorsey & Whitney law firm and served in the U.S. Justice Department as an Attorney General's Honors Program trial attorney for the civil rights division. … She also prosecuted criminal and civil cases as an assistant U.S. attorney for Minnesota; served as senior counsel to Acting Deputy Attorney General Paul McNulty, and as the Justice Department's special counsel for health care fraud. … Nevertheless, her appointment a year ago as U.S. attorney for the District of Minnesota was headline news and raised a few eyebrows. … The appointment departed from normal practice. For the first time in decades, an interim U.S. attorney was sent directly from the Department of Justice to fill the job in Minnesota. Traditionally, interim appointees have come from within the Minnesota office, promoted either from first assistant U.S. attorney or chief of the criminal division."

CRIMINAL LAW:

Woman Jailed For Throwing Soft Drink On Highway. The Washington Post (2/18, A1, Vargas) reports, "To the locals, it's the 'McMissile' case. … And like the name, the details of it spill forth like a bad joke: A woman is driving north on Interstate 95. Three kids squirm in the back seat, and her sister, six months pregnant and having early contractions, sits in the front. The stress starts to simmer. Traffic slows, then crawls, then creeps. More stress. A car cuts in front of her, then scoots away. A short time later, it darts in again. She can no longer take it. She veers onto the shoulder and speeds up. Wham! She tosses a large McDonald's cup filled with ice into the other car." The Post continues, "No one was injured, but the cup launcher, Jessica Hall, 25, of Jacksonville, N.C., was charged and convicted by a Stafford County jury of maliciously throwing a missile into an occupied vehicle, a felony in Virginia. The instructions given to the jury said that 'any physical object can be considered a missile. A missile can be propelled by any force, including throwing.' … Hall, a mother of three young children whose husband is serving his third tour in Iraq, has spent more than a month in jail." The Post adds, "The jury sentenced her to two years in prison, the minimum, and a judge will formally impose a sentence Wednesday. Under state law, the judge can only decrease the jury's sentence."

Charges Against PG County School Official Raise Questions About Yonkers Tenure. The New York Journal News (2/18, Wilson) reports, "Former schools chief Andre Hornsby burst on the scene in Yonkers nine years ago with a cadre of Texas educators, fresh from helping transform the Houston school system. He came east to boost test scores and bridge the digital divide in city schools." The News continues, "With the aid of Cynthia Joffrion, the Texas technology maven who joined him in

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Yonkers, new computers flooded into classrooms while Hornsby's leadership helped raise test scores. Throughout his stormy 23-month tenure, however, Hornsby was dogged with questions about his dealings with technology vendors." The News adds, "It turns out that Joffrion, assistant superintendent for technology support services under Hornsby, was among his accusers, according to an FBI affidavit obtained by The Journal News. Joffrion in 1999 told authorities that Hornsby had ordered Yonkers employees to send new computers to his relatives. But then-Westchester District Attorney Jeanine Pirro's investigation of those allegations never led to charges after Hornsby caught wind of the probe. … In hindsight, Hornsby's Yonkers troubles seemed to presage what was to come following his hiring in 2003 as chief executive officer of the school system in Prince George's County, Md., the nation's 18th largest district. It borders Washington and has more than 130,000 students and a budget exceeding $1 billion. Hornsby now awaits trial on a 16-count federal indictment arising from a scheme in which prosecutors say he awarded lucrative technology contracts that benefited himself and close associates."

Fitzgerald Faulted For Focusing Solely On Libby. In a 2,200-word op-ed for the Washington Post (2/18, B1, 690K) Victoria Toensing, a deputy assistant attorney general in the Reagan administration, writes, "Could someone please explain to me why Scooter Libby is the only person on trial in the Valerie Plame leak investigation? … If we accept" Special Counsel Patrick Fitzgerald's "low threshold for bringing a criminal case, then why stop at Libby? This investigation has enough questionable motives and shadowy half-truths and flawed recollections to fill a court docket for months. So here are my own personal bills of indictment…" Toensing goes on to criticize several individuals and agencies involved in the Plame leak, including former White House spokesman Ari Fleischer whose testimony "about conversations differs from reporters' testimony, just as Libby's does."

CIVIL LAW:

Drug Firms Charged With Medicaid Fraud. The Trenton Times (NJ) (2/18, Cohen) reports, "The nation's big drugmakers have been systematically overcharging the Medicaid health-care program for the poor, reaping billions of dollars in illegal windfalls at the expense of the taxpayers, according to federal officials, members of Congress and a watchdog group." The Times continues, "Drugmakers are required by law to provide Medicaid with the same discounts they offer to big managed-care plans and hospital chains, but they have been disguis ing those prices, Ronald Tenpas, a U.S. associate deputy attorney general, told the House Committee on Oversight and Government Reform earlier this month. … 'We are not seeing isolated instances of misconduct, but repeated practices within the industry that have resulted in significant loses to federal health-care programs,' he said." The Times adds, "The federal and state governments have had some success in recapturing money from the drug makers: During the last six years, government bodies have recouped about $3.9 billion in civil damages and criminal penalties stemming from 16 legal settlements involving Medicaid. … The settlements involve some of the biggest names in the industry, including Pfizer, Schering-Plough, GlaxoSmithKline, AstraZeneca and Bayer. Those cases dealt with overcharging the government for cancer, asthma, cholesterol, allergy and seizure medications. .. .But the scope of the problem could be much bigger. There are 150 pending federal investigations centering on Medicaid and two other government health-care programs that could find billions of dollars more in pharmaceutical company fraud."

CIVIL RIGHTS:

More Than 100 Inmates Have Died At Texas Jail In Past Six Years. The Houston Chronicle (2/18, McVicker) reports, "A Houston Chronicle review of state and county records reveals that from January 2001 through December 2006, at least 101 inmates — an average of about 17 a year — have died while in the custody of the Harris County Jail. In 2006 alone, after three consecutive years of failing to be in compliance with state standards, the jail recorded 22 in-custody deaths." The Chronicle continues, "At the time of their deaths, at least 72 of the inmates — more than 70 percent — were awaiting court hearings and had yet to be convicted of the crimes that led to their incarceration." The Chronicle adds, "Records and interviews show that almost one-third of the deaths involve questions of inadequate responses from guards and staff, failure by jail officials to provide inmates with essential medical and psychiatric care and medications, unsanitary conditions, and two allegations of physical abuse by guards. … In at least 13 cases, relatives

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or documents raise questions over whether inmates received needed medications prior to their deaths. Additionally, 11 of the deaths involve infections and illnesses suggesting sanitation problems. In 10 other cases, death reports suggest possible neglect, as in the Mack case." The Chronicle notes, "None of the records reviewed, however, concludes that jail staff contributed directly to the 101 deaths since 2001. During the same period, the Dallas County jail recorded 70 deaths. … Harris County Sheriff Tommy Thomas declined the Chronicle's request for an interview. He did reply to written questions, though he would not comment on specific cases, citing confidentiality laws."

Maryland AG Pushes Cold-Case Bill. The Baltimore Sun (2/18, Stiehm) reports, "Maryland's attorney general is exploring the creation of a cold-case squad to investigate unsolved homicides, with an emphasis on racial crimes dating back to the civil rights era. … 'Having a civil rights component to this office affords us the opportunity to look into current and past civil rights violations,' said Douglas F. Gansler, who took office last month and has announced plans to increase prosecutions of environmental violators and gang members." The Sun continues, "Gansler met Friday with top aides to discuss the idea of the new squad. The investigative unit would examine unsolved homicides from police files around the state, using modern forensic and DNA techniques, he said. … Compared to states in the Deep South, Maryland has fewer outstanding civil rights cases. Gansler said a survey is needed to count feasible cold cases with civil rights implications. … 'If a lot of these people are still alive, witnesses and perpetrators, and if we have the ability to pursue them, the government has the onus to do so,' Gansler said." The Sun adds, "The investigations would include race-based homicides and cases of civil rights workers who might have been killed because they were identified with the movement. The unit's unsolved cases could also encompass desecrations of synagogues or other houses of worship. … A handful of states have taken similar steps in establishing cold-case or civil rights divisions, including Florida. Alabama intends to add a cold-case unit this year that looks into civil rights crimes and review the fatal shooting in 1965 of a young black man, Jimmy Lee Jackson, that involved state troopers. … A bill before Congress, with co-sponsors including Rep. John Lewis of Georgia and Sen. Patrick Leahy of Vermont, both Democrats, would require the Justice Department and the FBI to create cold-case units dedicated to civil rights."

Legends Surrounding Till Case Examined. The Jackson (MS) Clarion-Ledger (2/18, Mitchell) reports, "Few homicide cases in this nation's history have been shrouded by as much legend as the 1955 killing of Emmett Till. … Now, more than a half century after the 14-year-old's slaying, prosecutors are preparing to present the case to a Leflore County grand jury, separating fact from fiction, what's known from what may never be known. … 'Because of its importance to the civil rights movement, it has this mythic quality like the Kennedy assassination,' said David Beito, a University of Alabama professor who's an expert in the Till case. 'You get all sorts of conspiracies.'" The Clarion-Ledger continues, "Some of those legends took root not long after the black youth from Chicago was abducted, beaten and shot to death after he reportedly wolf-whistled at Carolyn Bryant at a grocery store in Money. Some have sprung up since. … Less than a month after Till's Aug. 28, 1955, slaying, an all-white jury acquitted her then-husband, Roy, and his half-brother, J.W. Milam - only to see them confess their guilt months later to Look magazine. The half-brothers have since died." The Clarion-Ledger adds, "In 2004, the Justice Department opened an investigation into Till's killing. A grand jury that will be impaneled in March is expected to take up the case. … The FBI's more than 8,000-page report on the Till case sheds new light on the legends surrounding the killing, and in some cases, contradicts them."

ANTITRUST:

Seed Rivals Worried About Monsanto Deal. The Memphis Commercial Appeal (2/18, Contact) reports, "Six months after Monsanto Co. agreed to pay $1.5 billion for Delta and Pine Land -- the largest cottonseed company in the country -- the pot bubbles with intrigue." The Appeal continues, "Producers don't seem as worried as much as Monsanto rivals Switzerland-based Syngenta AG and Pioneer Hi-Bred International Inc., owned by DuPont. … Both have licensing agreements with D&PL and don't relish the idea of having to cooperate with Monsanto. … But what is really at stake is this: Monsanto owns more transgenetic cotton traits than any company in the world. If it also owns the largest cottonseed company, it would control the most cotton varieties, transgenes and -- in this case -- the herbicide

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Roundup, central to many recent biotech advances in agriculture. … 'Farmers are not very happy unless they have stock in Monsanto,' said Bill Meredith, longtime U.S. Department of Agriculture cotton breeder in Stoneville, Miss. 'They fear they will have to pay more to get a product not as good as what they've got.'" The Appeal notes, "The Department of Justice was expected to rule on the antitrust issue by Wednesday. Now, it looks like the deal will close by spring. … If the merger goes through, Monsanto will control 85 percent of the mainstream bloodlines of cotton and every kind of cotton planted in the Mid-South. … 'The proposed Monsanto acquisition of Delta & Pine Land is clearly anti-competitive,' said Doyle Karr, DuPont spokesman. 'We have serious concerns about the impact it would have on farmers, the agricultural industry and ultimately consumers.' … While Syngenta says it is not engaged in a grass-roots effort to defeat the sale, it has told the Justice Department and others that it doesn't 'believe it's in the best interest of the growers,' said Anne Burt, spokeswoman."

ENVIRONMENT:

Bush Urged To Make ANWR The US Strategic Petroleum Reserve. In an op-ed for the Washington Post (2/18, B7, 690K) Gal Luft, executive director of the Institute for the Analysis of Global Security, writes, "In his State of the Union address last month, President Bush announced his intention to expand the Strategic Petroleum Reserve as a way to strengthen America's energy security. … In an increasingly unstable world, the Strategic Petroleum Reserve is a much-needed insurance policy. But the way the president chose to expand it is ill-considered." Luft continues, "The administration should consider a radically different and much cheaper approach to boosting our security: make ANWR our strategic reserve. … Reframing the issue to cast the refuge as an emergency stockpile rather than a source of production might well change the politics."

FBI/DEA/ATF/USMS:

US Urged To Help Cities Track Illegal Gun Sales. The Las Vegas Sun (2/18) editorializes, "Earlier this month we wrote in support of an effort by the Los Angeles County Sheriff's Department to track the origin of guns used in crimes. The department had traced several such weapons to a gun shop in Sparks, just outside of Reno. … Such efforts are undertaken to determine whether gun shops are permitting 'straw purchases' - those made with the intent of giving or selling the guns to criminals. Support for these investigations comes from the Mayors Against Illegal Guns Coalition, which counts 150 U.S. mayors in its membership, including Geno Martini of Sparks." The Sun continues, "A co-founder of the group, New York City Mayor Michael Bloomberg, last year sent police investigators into many of his city's gun shops. As the requirement for gun shop operators to be vigilant against straw purchases comes under federal law, all Bloomberg could do was press civil suits against those found to be in violation. … He hoped the Justice Department would take it from there, and file criminal charges where the evidence was strongest. But not only did the Justice Department refuse to bring charges, it also warned Bloomberg about "potential legal liabilities" the city could face if it continued such investigations." The Sun concludes, "Straw purchases are a mounting problem in communities across the country. The federal government should assist cities as they try to protect their citizens from the danger presented by criminals who can easily obtain guns from seemingly legitimate purchasers."

IMMIGRATION:

NAFTA's Failure To Curtail Illegal Immigration Examined. In a "Week in review" piece for the New York Times (2/18, WK4, 1.16M) Louis Uchitelle writes, "The North American Free Trade Agreement, enacted by Congress 14 years ago, held out an alluring promise: the agreement would reduce illegal immigration from Mexico. Mexicans, the argument went, would enjoy the prosperity and employment that the trade agreement would undoubtedly generate — and not feel the need to cross the border into the United States. But today the number of illegal migrants has only continued to rise. Why didn't Nafta curb this immigration? … A major factor lies in the assumptions made in drafting the trade agreement, assumptions about the way governments would behave (that is, rationally) and the way markets would respond (rationally, as well). Neither happened, yet Nafta remains the model for trade agreements with developing Latin countries, including the Central American Free Trade Agreement."

Georgia Legislators Planning Further Restrictions On Illegals. The Washington Times/AP (2/18) reports Georgia lawmakers "have been working around the edges to

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crack down again on aliens in the country illegally. Georgia made international headlines last spring when it passed some of the toughest laws in the U.S. targeting illegal aliens within its borders. Those laws included provisions to sanction employers who knowingly hire illegal aliens and deny some state services -- such as nonemergency medical care and unemployment checks -- to adults who can't verify that they're in the country legally. A flurry of smaller proposals has been moving through the state legislature this year, including several that would make it tougher for illegal aliens to drive in Georgia."

NYTimes Criticizes Congressional Border Security Measures. The New York Times (2/18, WK11, 1.16M), in an editorial, writes, "The country has summoned great energy to confront the immigration problem, but most of it has been misplaced, crudely and unevenly applied. It seeks not to solve the conundrum of a broken immigration system, but to subdue, in a million ways, the vulnerable men and women who are part of it. Government at all levels is working to keep unwanted immigrants in their place — on the other side of the border, in detention or in fear, toiling silently in the underground economy without recourse to the laws and protections the native-born expect. … What little the last Congress did about immigration was focused on appeasing hard-line conservatives by appearing to seal the border. President Bush's new budget continues that approach, seeking 3,000 more Border Patrol officers and another $1 billion for a 700-mile fence, adding to the billions spent to militarize the border since the 1990s. That still isn't enough to build the fence and it hasn't controlled the illegal flow; you need more visas and better workplace enforcement to do that."

Rep. Poe Raises Profile Of Border Agents' Prosecution. The Houston Chronicle (2/18, Mittelstadt) reports, "Flip on CNN's Lou Dobbs Tonight show these days and chances are pretty good you'll see Texas Congressman Ted Poe lamenting the fate of two ex-Border Patrol agents imprisoned for shooting a Mexican drug trafficker." The Chronicle continues, "For months, the Republican from Humble has relentlessly championed the agents' case on cable-TV shows and behind the scenes, helping foment public outrage directed at the White House and President Bush's appointees in the Justice and Homeland Security departments. … Poe, who spent 22 years as a hard-nosed criminal court judge in Houston and eight years before that as a Harris County prosecutor, seems an unlikely choice to be carrying the banner for two convicts. … 'It surprises some that I am seen to be on the side of the defendants,' Poe acknowledged in an interview. … But the lawmaker, in his second term, said his stance stems directly from his experiences on the bench and at the prosecution table. … 'I know the power of the prosecution and how powerful they are,' said Poe, who argues that the Justice Department went to extraordinary lengths to prosecute ex-agents Jose Compean and Ignacio Ramos for wounding the drug trafficker in a 2005 border altercation." The Chronicle adds, "Though the two men were duly convicted in a jury trial in El Paso, Poe contends the game was rigged against the defendants because of 'back-room deals' given by the prosecution to get the trafficker and other involved Border Patrol agents to testify. He also questions whether information was withheld from the jury. … And Poe is uneasy about what he views as Mexican interference into the case, citing letters written by Mexican consular officials seeking prosecution."

TAX:

Senate Legislation Would Crack Down On Hedge Fund Use Of Tax Havens. The Washington Post/Bloomberg (2/18, A10, Drajem, Donmoyer) reports Sens. Carl Levin, Barack Obama and Norm Coleman "proposed legislation that would target what they say is $100 billion a year in tax revenue lost each year because of overseas tax havens, in part by forcing hedge funds to track their foreign investors. The measure would impose tougher requirements on U.S. taxpayers using offshore secrecy jurisdictions, give the U.S. Treasury the authority to take action against foreign jurisdictions that impede tax enforcement, stiffen penalties against abusers and close offshore trust loopholes," according to a summary of the bill released by Levin.

CONGRESS-ADMINISTRATION:

Bush Uses Radio Address To Push Health Insurance Proposal. The New York Times (2/18, A22, 1.16M) reports that in his weekly radio address President Bush "urged Congress…to create a tax break that would help people buy private health insurance outside the workplace. Repeating points made in his State of the Union address, Mr.

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Bush said that he wanted to create a standard tax deduction for health insurance and that he would 'continue to reach across party lines to enact common-sense health care reforms.' … Mr. Bush said he was pleased to receive a letter this week from 10 senators — 5 Democrats and 5 Republicans — who wanted to work with him on the nation's health care system."

Schwarzenegger Health Insurance Plan Could Hurt Middle Class Families. The Los Angeles Times (2/18, A1, Rau, 850K) reports that although Gov. Arnold Schwarzenegger's health insurance plan is meant to help those who cannot afford their own health insurance, "compelling everyone to obtain insurance -- the linchpin of his plan -- may not work for many Californians in need of aid, according to health policy experts. Under the governor's plan, nearly 1 million middle-class people would be caught in a tough bind, those experts say: They earn too much to qualify for the insurance subsidies Schwarzenegger wants the state to provide but not enough to afford comprehensive coverage. Only those whose yearly earnings are less than 250% of the federal poverty level -- about $25,525 for individuals and $51,625 for families of four -- would qualify for the proposed subsidies."

New Democratic Majorities' "Iron-Fisted Tactics" Draw GOP Complaints. The Washington Post (2/18, A4, Layton, 690K) reports that though Democrats "pledged to bring courtesy to the Capitol when they assumed control of Congress," they have "used its muscle to force through its agenda in the House and sideline Republicans. And after an initial burst of lawmaking, the Democratic juggernaut has kept on rolling. Of nine major bills passed by the House since the 110th Congress began, Republicans have been allowed to make amendments to just one, a measure directing federal research into additives to biofuels. … Last week, the strong-arming continued during the most important debate the Congress has faced yet -- the discussion about the Iraq war. Democrats initially said they would allow Republicans to propose one alternative to the resolution denouncing a troop buildup but, days later, they thought better of it." The post adds that Republican leaders "have been complaining daily about being pushed to the margins," however "significant numbers of House Republicans have voted along with Democrats on the legislation passed so far -- a fact that somewhat mutes criticism about iron-fisted tactics."

Liberals' Resurgence Attributed By Some To "Conservative Slump." In a "Week in Review" piece for the New York Times (2/18, WK1, 1.16M), Mark Leibovich writes, "These are balmy days on the American left — genuine, uncharacteristic sunniness unpolluted by some fluky political climate change. There is even talk of a — stutter, clear-throat, perish-thought — liberal resurgence. … The chicken-egg riddle is how much this alleged 'liberal moment' bespeaks genuine momentum for the left and how much stems from anti-Bush, antiwar, anti-Republican fervor. In other words, liberal moment or conservative slump?"

Moles Removed From Bush's Face Were Benign. ABC World News (2/17, story 5, :10, Avila, 8.78M) reported, "The White House said late today that two moles removed from President Bush's face yesterday were not cancerous. Tests came back on firming both of the moles on the President's left temple were benign. Mr. Bush has had several lesions removed before, growths his doctors link to sun exposure." CNN.com (2/17) reports White House spokesman Scott Stanzel said Bush "has a 1-inch scab on his left temple that is expected to heal in a week to 10 days."

GAO Faults Administration's Electronic Medical Records Privacy Strategy. The New York Times (2/18, A22, Pear, 1.16M) reports that the GAO has found the "Bush administration has no clear strategy to protect the privacy of patients as it promotes the use of electronic medical records throughout the nation's health care system." A GAO report "said the administration had a jumble of studies and vague policy statements but no overall strategy to ensure that privacy protections would be built into computer networks linking insurers, doctors, hospitals and other health care providers." The Times notes that President Bush "has repeatedly called for the creation of such networks, through which health care providers could share information on patients. … In response to the president's plea, federal officials have developed elaborate plans for what they describe as 'a nationwide health information network,'" but the GAO "said the administration had taken only rudimentary steps to safeguard sensitive personal data that would be exchanged over the network."

Latino Legislative Caucuses Said To Have "Outlived Their Usefulness." Los Angeles Times (2/18, 850K) columnist Gregory Rodriguez writes, "You go,

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Loretta Sanchez. Just keep walking away from that Congressional Hispanic Caucus. No, not just because of the nasty name caucus chief Rep. Joe Baca allegedly called you. B ut because you'll be undermining a political practice that will increasingly hurt Mexican American statewide candidates in the most politically powerful states in the nation. … The moment provides an opportunity to ponder whether Latino legislative caucuses haven't outlived their usefulness. I say it's time to abolish them. It's not because I stand in principled opposition to the idea of ethnic solidarity. It's just that both the demographic calculus and the political rationale that gave rise to Latino caucuses have disappeared. And as Latinos move toward becoming the largest ethnic group in the two most populous states, such caucuses become a political liability to statewide candidates vying to represent all constituencies."

OTHER NEWS:

Republican Presidential Hopefuls Vie For Conservatives' Support. Presidential candidates from both parties are on the campaign trail this weekend, but as the CBS Evening News (2/17, story 4, 2:45, Smith, 7.66M) reported, "all the Republican candidates are wooing one particularly prized pool of voters." CBS (Pinkston) reported that a new CBS News poll gives Rudy Giuliani a "wide lead" in a head-to-head matchup with Sen. John McCain, with Republicans favoring Giuliani 50%-21%, more than "a two-to-one margin. Most surprising, Giuliani also solidly beats McCain among conservatives." Republican pollster David Winston: "There's this really strong image of Giuliani in the first 24 hours, in terms of 9/11." Pinkston: "Winston thinks Giuliani's performance in that crisis may overcome conservative opposition to his moderate positions on issues such as gun control and abortion. … But Giuliani shouldn't count on Tony Perkins' support. He heads the Family Research Council, a conservative Christian group." Perkins: "There are certain threshold issues of being pro-life, and supporting the sanctity of human life, then you're not going to get the support of social conservatives." Pinkston: "Conservatives also have their doubts about McCain for his moderate positions on immigration and gun control. And they question" Mitt Romney's "commitment to the anti-abortion cause. While most of the media spotlight on the GOP has focused on McCain, Giuliani, and Romney, there's another name from the Republican Party's glory days, who might get even more support from social conservatives: former House Speaker Newt Gingrich. Gingrich says it's too early to announce, but when his name is added to polls, he immediately becomes a strong contender."

Chait Says Giuliani Winning "Cult Following" Among Conservatives. In his Los Angeles Times (2/18, 850K) column, Jonathan Chait writes that "Giuliani's presidential campaign is starting to win a cult following among conservatives. It's not his position on domestic policy that's doing it -- he has nothing to say about that. Lord knows it's not his social issue positions, which even his strongest backers acknowledge are his political weak point. No, he has somehow built a record as a foreign policy guru despite having no experience beyond the municipal level. … He has a tough guy persona. He expresses extremely strong disapproval for enemies of the United States. (For instance, Giuliani has bragged about asking President Bush to let him personally execute Osama bin Laden.) All this makes Republicans swoon."

Acquaintances Reflect On Romney. In the second installment of its Outlook series on how "classmates, colleagues and competitors from the past" view the presidential candidates, the Washington Post (2/18, B1, 690K) runs a series of comments from those who know and have known Romney.

McCain Faces Iraq Questions During First Campaign Trip To Iowa. ABC World News (2/17, story 4, :10, Avila, 8.78M) reported Sen. John McCain "was on the campaign trial in Iowa, where he called the resolution denouncing the troop increase insulting to the public and the soldiers. This is McCain's first visit to Iowa since forming a presidential exploratory committee."

The Washington Post (2/18, A8, Balz, 690K) reports the Iraq war "followed" McCain to Iowa, where he "faced a series of skeptical questions about the lack of progress in the conflict and whether he or anyone has a plan for success. It became clear from the opening minutes of his first meeting of the day just how much the presidential aspirations of the senator, who is one of the leading advocates of President Bush's troop-increase policy, may be tied to events in Iraq." Throughout the hour-long town hall meeting, McCain "walked a line between strong advocacy for the troop buildup as the best chance to avoid a bloodletting in Iraq and defensiveness over the lack of progress and the growing impatience on the part of the public over what he said has

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been a badly mismanaged war effort dating back years." McCain said, "I know how tough it is for the American people. I know how frustrated Americans are. I know how saddened we are when we lose our most precious treasure. I understand your frustration. But I also want to tell you that I could not be honest with you without telling you that I believe if we fail, the consequences of failure are catastrophic and there would be genocide and chaos."

The New York Times (2/18, A30, Nagourney, 1.16M) said McCain began "testing one of the biggest questions so far of the presidential campaign: Can he win as an all-out supporter of the war in Iraq?" He "attacked Senate Democrats for what he called 'a political stunt' in trying to join the House in passing a nonbinding resolution opposing President Bush's plan to send more troops to Baghdad," but also "belittled the White House for falsely raising hopes by asserting early American successes in the war."

South Carolina Columnist Says Brownback Will Become "Major Figure." In South Carolina's The State (2/18), Lee Bandy writes that when, "three weeks ago, an estimated 350 Republican Party activists attended a luncheon in Columbia for GOP presidential hopeful Sam Brownback," many came "out of curiosity." But he "didn't disappoint his audience, made up mostly of religious conservatives. Members punctuated the air with shouts of 'amen' and 'praise the Lord.' It sounded more like a revival service than a political gathering. Many conservatives and religious leaders view Brownback as a serious candidate" for the presidency, and there is "little doubt he will become a major figure in U.S. public life and an increasingly critical player in its governing coalitions."

Clinton Says She Would Rather Lose Support Than Make False Apology On Iraq. The New York Times (2/18, A30, Healy, 1.16M) reports that "antiwar anger" at Sen. Hillary Clinton "has festered, and yesterday morning Mrs. Clinton rolled out a new response to those demanding contrition" on her 2002 Iraq war authorization vote. Clinton "said she was willing to lose support from voters rather than make an apology she did not believe in. 'If the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from,' Mrs. Clinton told an audience in Dover, N.H., in a veiled reference" to John Edwards and Sen. Barack Obama. Clinton's "decision not to apologize is regarded so seriously within her campaign that some advisers believe it will be remembered as a turning point in the race: either ultimately galvanizing voters against her (if she loses the nomination), or highlighting her resolve and her willingness to buck Democratic conventional wisdom (if she wins). At the same time, the level of Democratic anger has surprised some of her allies and advisers, and her campaign is worried about how long it will last and how much damage it might cause her."

"Old Enemies" On The Right Mobilize Against Clinton. The Los Angeles Times (2/18, Braun, 850K) reports on its front page that "old enemies" of Clinton "are out in force. Just weeks after she joined the Democratic Party's flock of presidential contenders, Clinton is being targeted by conservative and Republican-allied activists intent on derailing her campaign before the start of next year's primaries. They have surfaced with a flurry of planned projects: a Michael Moore-style documentary film, book-length exposes, and websites such as StopHerNow.com and StopHillaryPAC.com. Conservative admirers of the Swift Vets and POWs for Truth media blitz that helped torpedo Democratic Sen. John F. Kerry's presidential candidacy in 2004 are now agitating to 'Swift-boat' Clinton." The Times says the "emerging moves" against Clinton "reflect the accelerated pace of the 2008 race and conservatives' growing conviction that she poses a formidable threat that requires fast and early footwork."

Reid's Son Joins Clinton Team. The Washington Post (2/18, A2, Cillizza, Murray, 690K) reports that while Senate Majority Leader Harry Reid "has pledged not to pick among his many friends" running for the presidential nomination, Clinton has "found the next-best thing -- signing his eldest son, Rory, as both the chair of her campaign in the Silver State and an adviser on Western issues. Rory Reid currently serves as the chairman of the Clark County Commission -- that's Las Vegas's county -- and is a past chairman of the Nevada state party."

Obama Hits South Carolina And Virginia, Collecting Kaine Endorsement. The Washington Post (2/18, A9, Shear, 690K) reports Sen. Barack Obama "took his presidential campaign to the heart of the Deep South for the first time this weekend, tailoring his campaign message to associate himself with the civil rights movement. With a Kenyan father who was not descended from African slaves, Obama is unlike Southern black candidates, steeped

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in the slavery and civil rights struggles that tore at the region for more than a century. Neither is he like the white politicians, whose skin color automatically disqualifies them from the black experience. And so, on his maiden presidential visit to South Carolina and Virginia, Obama was greeted with not only enthusiasm but also a bit of curiosity." After addressing a "primarily black crowd of about 2,000" at historically black Claflin University in Orangeburg, South Carolina, "Obama and his wife, Michelle, traveled to Richmond and accepted the endorsement of Virginia Gov. Timothy M. Kaine." Obama "then continued a busy day by addressing more than 4,000 Democratic activists at the state party's annual Jefferson-Jackson Day dinner."

The Washington Times (2/18, McLaughlin, 88K) says Kaine said in his endorsement, "I am very happy to say it is a very simple decision for me in terms of what I think is important in my assessment of where the nation is to endorse Sen. Barack Obama as our nation's next president." Kaine said his "early endorsement was a sign of his enthusiasm for Mr. Obama. His endorsement of the first-term senator made Mr. Kaine the first governor to publicly endorse any presidential candidate."

Obama Said To Represent Growing Population Of African Immigrants. In a Los Angeles Times (2/18, 850K) op-ed, University of California Santa Cruz associate professor of literature Louis Chude-Sokei writes that while "not quite able to pass for white," Obama "has been able to pass for African American. He is biracial, but not white; black, but not African American; American but not African. What has entranced the country more than his somewhat vague policies is Obama's challenge to conventional racial and cultural categories. … But there is a third side to Obama -- and also to the politics of racial passing in America. The population of African immigrants" in the US "is rapidly growing."

Edwards Addresses Las Vegas Union Group. The AP (2/17, Nakashima) reports John Edwards "took his plan for universal health care to union-strong Las Vegas on Saturday, visiting the local branch of the electrical workers labor group to which his brother belongs." It was Edwards' ninth visit to the state since the 2004 election, "including five times last year before swinging by again in December to announce he was running for president."

Richardson Vows To Exit Iraq, Shut Down Guantanamo Bay. The New Hampshire Union Leader (2/18, Rayno) reports, "On his second day in office, Democratic Presidential candidate Bill Richardson said yesterday he would shut down Guantanamo Bay detention camp for suspected terrorists. 'The first day I would get us out of Iraq,' the New Mexico governor said, adding he would also close Abu Grab prison where Iraqi prisoners were tortured." Addressing the Concord City Democrats, Richardson said that Abu Ghraib "is 'one of the reasons this country has so many problems in the Muslim world.'" Richardson "joked about his low profile compared to other Democratic hopefuls, but seriously called for all Democratic candidates to pledge not to attack each other. He touted his experience both in foreign policy and at home as governor. Speaking of the current administration's foreign policy problems, Richardson said 'We can't afford to have a President without foreign policy training.'"

Dodd Stresses Experience In South Carolina Stop. South Carolina's The State (2/18, Michals) reports Sen. Christopher Dodd "got a warm response Saturday morning from S.C. Democrats when he brought up the issues of predatory lending, the war in Iraq and public vs. private education. 'People are expressing that sense of urgency about what we need to do at home and abroad,' Dodd said during a Columbia stop in his 2008 presidential campaign. 'I wanted to get out and be part of this debate.' … Dodd's rousing speech -- as local Democrats drank coffee and dined on grits, eggs and bacon -- often circled back to his 30 years of experience as a lawmaker. 'We've done six years of on-the-job training' with President Bush, Dodd said."

Will Sees Clinton, Edwards "Stumbling" As Giuliani Soars. In his Washington Post (2/18, B7, 690K) column, George Will writes, "Two Democratic presidential candidates with national campaign experience are stumbling. A Republican candidate who has run only municipal campaigns is confounding expectations, calling into question some assumptions about Republican voters. John Edwards has learned -- surely he did not know it when they were hired -- that two women employed by his campaign have Internet trails of vitriolic anti-Christian, and especially anti-Catholic, rants." And Sen. Hillary Clinton, "who says that a Democratic president would properly withdraw U.S. forces," is "not voting for a policy she considers proper." Meanwhile,

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predictions that support for Rudy Giuliani "will evaporate" among Republicans as more of his background becomes known is "becoming self-refuting." The "insistent reiteration of it during Giuliani's coast-to-coast campaigning is telling activist Republicans…the facts about Giuliani. And so far those facts are not causing a recoil from him."

States Continue Primary Calendar Maneuvering. Several reports focus on possible changes to the primary calendar. In California, the San Francisco Chronicle (2/18, Marinucci, 384K) runs a front-page story headlined "Early Primary -- Too Much Too Soon?" The Chronicle says Democrat Tom Vilsack warns that a February primary in the most-populous state "would not substitute for the lunch counters in Iowa, the house parties in New Hampshire and the barbecues in South Carolina where presidential nominations are really decided." The "intensive and personal vetting of candidates that has developed for generations in states such as Iowa and New Hampshire, Vilsack said, is one reason why mega-media states such as California, New Jersey and Illinois may not get the clout they hope for by moving up in the presidential primary schedule." However, the California Senate "handily passed legislation last week to move California's presidential primary from June 2008 to Feb. 5, 2008," and Gov. Arnold Schwarzenegger is expected to back it. The Los Angeles Times (2/18, Barabak, 850K) runs a question-and-answer piece on the possible move.

The New Hampshire Union Leader (2/18, Tuohy) looks at Nevada's jump to the early stages of the calendar, saying Democratic candidates "will be on unfamiliar political ground when they arrive" in the State Wednesday "for their first joint forum of the 2008 campaign. For the first time, the state that popularized quickie marriages, built a global reputation for its casinos and gave free range to places like the Bunny Ranch plans a caucus" for January 19, "between the Iowa caucuses and New Hampshire's leadoff" primary. Nevada state archivist Guy Louis Rocha said, "They're starting to see that Nevada is a player. All roads now head through Nevada. The fact is, Nevada's always been a backwater."

The Milwaukee Journal Sentinel (2/18, Gilbert, 255K) says that whether the February 19 primary in Wisconsin will be a "big deal or an empty, anticlimactic ritual is anybody's guess. But at this point either outcome seems plausible." Both nominations "could be effectively wrapped up after only a few weeks of voting -- and before the campaign even gets to Wisconsin. … But that's not the only possible scenario. In the most wide-open presidential election in decades, with two or three politically robust, big-name contenders in each party backed up by a bevy of respectable long shots, a quick outcome is not guaranteed." If the race "doesn't peter out before Wisconsin, then a very different dynamic could come into play, one that might give the state a more meaningful role than it has had in many years."

Mayors To Press Democratic Hopefuls On Urban Agenda. The Washington Times (2/18, Debose, 88K) reports on its front page, "The nation's mayors say they will press the 2008 Democratic presidential hopefuls to address the needs of cities by crafting urban agendas early in their campaigns, but some candidates could already have an edge based on their records." According to US Conference of Mayors President Douglas Palmer, mayor of Trenton, New Jersey, Sen. Hillary Clinton "has the strongest record working with urban black mayors -- both as a senator and as first lady." Detroit Mayor Kwame Kilpatrick also called Clinton "a strong contender," crediting her and her husband "for the creation of new policies such as welfare-to-work, which he said helped cities get more residents off the poverty rolls." Kilpatrick said he has met with Clinton, Sen. Joseph Biden, and John Edwards.

Presidential Race Could Offer Twist On Traditional "Religion Gap." The New York Times Magazine (2/18, Rosen) examines the "religion gap" in US politics, the "fact that regular churchgoers identify by a wide margin with the G.O.P. Come election time, the personal religiosity of the Democratic candidates won't matter nearly as much as the positions they take in all the drearily familiar theaters of the culture war. What a matchup between churchgoing Democrats" like Sen. Hillary Clinton or Sen. Barack Obama "and secular-minded Republicans" like Rudy Giuliani or Sen. John McCain "may supply, though, is welcome moderation in our debates over issues like abortion, gay marriage and stem-cell research. God knows, both sides of the ideological divide have fundamentalists in need of taming."

WPost Says Campaigns Should Release Names Of "Bundlers." The Washington Post (2/18, B6, 690K) editorializes, "The 2008 presidential field has already begun to sort itself into candidates willing to disclose

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the identities of their big financiers and those who balk at providing this critical information. On the side of real disclosure" are Sens. Christopher Dodd, John McCain, and Barack Obama, as well as Mitt Romney and Tom Vilsack. "Declining to provide this information" are Sen. Hillary Clinton, John Edwards, and Rudy Giuliani. The "refusal of these candidates to live up to the standards set by President Bush during his two campaigns, as well as by 2004 Democratic nominee John F. Kerry, speaks volumes about their commitment -- or lack thereof -- to openness in government." The "names of bundlers should be a matter of public record."

Brooks Says New Science On Human Nature Confirms Conservatives' Assumptions. In his New York Times (2/18, WK12, 1.16M) column, David Brooks writes, "Over the past 30 years or so…belief in natural goodness has been discarded. It began to lose favor because of the failure of just about every social program that was inspired by it, from the communes to progressive education on up. But the big blow came at the hands of science. From the content of our genes, the nature of our neurons and the lessons of evolutionary biology, it has become clear that nature is filled with competition and conflicts of interest. … As Steven Pinker has put it, Hobbes was more right than Rousseau." Brooks adds, "This darker if more realistic view of human nature has led to a rediscovery of different moral codes and different political assumptions. … This is based on the idea that there is a universal human nature; that it has nasty, competitive elements; that we don't understand much about it; and that the conventions and institutions that have evolved to keep us from slitting each other's throats are valuable and are altered at great peril."

In Jerusalem, Rice "Presses Forward" With Israeli-Palestinian Effort. Under the headline, "Rice Finds Huge Gaps Between Israel, Palestinians," AFP (2/18, Millikin) reports Secretary of State Condoleezza Rice "is to meet with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmud Abbas as she presses forward with a new initiative to revive the moribund peace process." She "flew in to Israel Saturday vowing to press ahead with a risky summit with the two leaders, who are embroiled in a bitter feud over the presence of Islamist radicals in a soon-to-be-formed Palestinian government. … The highlight of her mission is to be her first three-way meeting with Abbas and Olmert on Monday. She has billed that as the kick-off of a long-awaited US initiative to revive negotiations on a peace deal and the creation of a Palestinian state." However, Rice's "plan has been overshadowed by controversy over a power-sharing deal reached last week between" Fatah and Hamas.

The New York Times (2/18, A20, 1.16M) calls Rice's meeting tomorrow with Olmert and Abbas "much anticipated" and "a possible first step to rejuvenating Middle East peace talks," but adds that the summit "seems likely to be overtaken by battles over a new Palestinian unity government." The three sides "were jostling for position before the meeting, with the Americans and Israelis saying that the new government must recognize Israel, and the Palestinian Authority president saying that the world would have to live with the coalition. But it was unclear whether those statements sounded a death knell for restarting talks."

The AP (2/18) notes remarks by Abbas to Assistant Secretary of State David Welch that "the world will have to deal with a new Hamas-Fatah coalition even if its platform falls short of international demands such as recognition of Israel." Abbas told Welch "he will deliver the same message _ that he has done his best to moderate the Islamic militants – at an upcoming summit with" Rice and Olmert tomorrow. However, Rice and Livni "suggested later Saturday that there would be no room for compromise. Speaking at the start of a meeting in Jerusalem, they said any Palestinian government would have to meet the three conditions of international acceptance – recognizing Israel, renouncing violence and accepting previous peace deals with Israel." Rice "said Saturday she would withhold judgment until the government is formed."

On its front page, the Washington Times (2/18, A1, Mitnick, 88K) notes Abbas "delivered a blunt message" to Welch – "'The world must deal' with Hamas." For her part, Rice "acknowledged that her visit was taking place at a 'complicated time.'" Despite plans to work towards a peace settlement in tomorrow's summit meeting, Rice, Abbas and Olmert "appear likely to be detoured by the Mecca agreement and how it will affect relations with the Palestinian Authority and the flow of international aid."

Gaza "Slow" To Develop 18 Months After Israeli Pullout. Under the headline, "Israelis Are Gone, But Gaza Rebuilding Is Slow," the New York Times (2/18, Myre, 1.16M) examines developments in Gaza since the mid-2005 Israeli pull-back. That "withdrawal raised Palestinian hopes for new homes, schools and businesses, and an easing of the overcrowding." However, "internal Palestinian turmoil, the

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conflict with Israel and a lack of money have kept the abandoned settlements looking almost exactly as they were the day the Israelis left."

Israel Denies Egyptian-Canadian Spied For Mossad In Turkey. The New York Times (2/18, A9, El-Naggar, 1.16M) details the arrest in Cairo of Mohamed Esam Ghoneim, "an Egyptian student who fled the country six years ago." Ghoneim is accused of "spying for Israel." One newspaper account claims he "left Egypt in August 2001 on a tourist visa to Turkey, where he offered his services at the Israeli Embassy and was recruited by an agent of the Mossad, Israel's intelligence service, to gather information about Egyptians and Arabs living there." The Times notes that "Israeli officials denied the allegations, saying they learned about the case from news reports."

North Korean Negotiations Said To Show Necessity Of Iran Talks. A lengthy analysis piece in the New York Times (2/18, Sanger, 1.16M) examines the "looming question" of US policy towards North Korea and Iran. "When it comes to finding a way to disarm your enemies, here is a puzzle: How do you decide which dictatorial, nuke-building regimes to negotiate with, and which to freeze out, sanction or intimidate with a couple of aircraft carriers?" Although "hardliners and conservatives were assailing the administration last week for 'selling out' to Kim Jong Il, some in the administration were wondering whether there are lessons here for dealing with Iran." The Times notes that Administration officials "worked out" parts of this week's agreement "in one-on-one talks in Berlin of the kind the White House refused to hold a few years back… Those are exactly the steps Mr. Bush refuses to take with Tehran." The Times explains the White House's "logic" -- Pyongyang's "nuclear program is already 'mature,'" and "insisting on suspending fuel production … would not gain the United States any leverage. Iran, they argue, is different. It has no weapons -- at least not yet."

US-Russian Relations Said To Suffer From Mutual Distrust, Disappointments. In a New York Times (2/18, WK3, 1.16M) analysis piece, Steven Lee Myers says a second Cold War "could in its own way be just as messy and unpredictable" as the first. "For all the talk of strategic partnership and even personal friendship" between President Vladimir Putin and President Bush, the "relationship between Russia and the United States has reached what is probably its lowest point since the Soviet Union collapsed a decade and a half ago." Russia and the US "seem headed into a period of tensions when every step is met with distrust and some counterstep, putting them on opposite sides of hotspots around the world, from Iran to Georgia to Kosovo. … The countries are now openly competing for influence in Europe, in the Caucasus and in Central Asia, where access to natural resources and military bases has become paramount for both." While Moscow and Washington "are no more likely to go to war than before," Myers says potential flashpoints abound. And, as in the cold war, it would not take much for simmering tensions to become a grave breach, even a violent one."

US Urged To Hold Putin Accountable For Russian Democratization. In the Washington Post (2/18, B2, 690K), researcher Anders Aslund says Putin's recent "anti-American tirade" was "notable for what it said about his domestic politics." While he "obviously thinks he is riding high," he "has painted himself into a corner as he faces the end of the two terms in office that the Russian constitution allows him. … Having spent his time as president undermining democracy, property rights, the free press and the rule of law by taking over Yukos oil (and throwing its owner into a Siberian prison) and then other big companies, now he and his coterie must cling to power somehow -- or risk losing it all if they cannot stage-manage a transition to the proper person." Putin's international speeches "have the effect of increasing his popularity and therefore his grip on the country." The "ultimate question is how the Putin regime will end," and Aslund says Washington "can no longer be a mere bystander in this drama." Vice President Cheney's "speech in Vilnius, Lithuania, last May was a welcome departure, which enraged the Kremlin. It's the time for the White House to follow through."

Professor Says Cold War Nostalgia Is Misplaced. In an op-ed in today's Los Angeles Times (2/18, 850K), Yale University professor Paul Kennedy says of the Cold War, "There is a palpable sense of nostalgia these days for the familiar contours of that bygone conflict, which has been replaced by a much more murky, elusive and confusing age." That "bipolar world" was "inherently stable," while "today's world is far less stable and indeed much less favorable to the comfortable Western democracies." However, Kennedy argues, "however tricky our relationships with Putin's Russia and President Hu Jintao's China are nowadays, the prospect of our entering a massive and mutually cataclysmic conflict

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with either nation are vastly reduced." He continues, "Those were really scary times, and much more dangerous than our present circumstance because the potential damage that could be inflicted during an East-West conflagration was far, far greater than anything that Al Qaeda can do to us now."

Italians Peacefully Protest Expansion Of US Airbases. The New York Times (2/18, Kiefer, 1.16M) reports, "Tens of thousands of people converged Saturday on [Vicenza] in the Veneto region of northern Italy for a peaceful protest against the planned expansion of an American military base. The expansion would essentially double the base's size so it could house the full 173rd Airborne Brigade. The number of military personnel here would grow to about 4,500 from 2,750." In addition to local concerns, "the widely publicized demonstration on Saturday was billed as a chance for Italians to express their anger over American foreign policy. Fears grew of a repeat of the violence that overtook antiglobalization protests in Genoa in 2001." The AP (2/18, Barry) adds, "Despite fears that violent demonstrators would be drawn to the protest, the march took place without incident, finishing outside the main train station where it started, as hundred of police officers stood guard and helicopters hovered overhead. The route did not pass the airfield where the expanded base is to be built, where critics keep a permanent picket."

Madrid-ETA Peace Process Said To Be "In Tatters." The Washington Post (2/18, A20, Anderson, 690K) notes last December's "bombing at Madrid's Barajas airport, which leveled a five-story parking lot and killed two Ecuadoran immigrants … shocked" Prime Minister Jose Luis Rodriguez Zapatero's government and "many Spaniards who had dared to hope that peace talks with ETA, formally known as Basque Homeland and Liberty, would finally settle one of Europe's last and longest violent campaigns for independence." The peace process "is in tatters, with no clear way forward. The bombing destroyed ETA's credibility, eroded confidence in Zapatero's government and emboldened the opposition Popular Party, which has adopted an increasingly strident tone against any compromise with Zapatero on his drive to resolve the issue."

Chavez Family's Efforts To Amass Political Power Criticized. The New York Times (2/18, A10, Romero, 1.16M) describes the "expanding power" of relatives of Venezuelan President Hugo Chavez. "From a humble start in a dirt-floored adobe home that was bulldozed to make way for a hamburger stand, the family's widening political clout has been increasingly scrutinized as critics call attention to abuses of power and corruption charges throughout the institutions now controlled by Mr. Chávez, including the National Assembly, the Supreme Court and the federal bureaucracy." Chavez's "family boasts not only a mayor and a governor, but also the secretary of state for Barinas, a post created for the president's brother Argenis, who carries out many day-to-day functions at the governor's palace. Another brother, Adelis, is a senior banker at Banco Sofitasa, which does brisk business with the state government. Adelis also supervises the government's construction of a new soccer stadium in Barinas." The Times adds, "Revelations of corruption under his family's watch in Barinas and accusations of nepotism have dogged Mr. Chávez even as he makes combating such irregularities one of the priorities of his government."

Kirchner's Wife Could Seek Argentine Presidency. Under the headline, "Argentina's First Lady May Have Eye On Husband's Job," the Los Angeles Times (2/18, McDonnell, 850K) reports, "She is a senator and the chief advisor to her husband, who is no less than the president of Argentina. Some call her the real power in the presidential palace. … And the heated rumor mill" says Cristina Fernandez de Kirchner wants husband Nestor Kirchner's job. Citing "a sizzling new round of speculation about Fernandez's long-presumed presidential aspirations," the Times says "the 'new Evita' label appears destined to stick, even if comparisons seem to be a stretch in the case of this lawyer from a middle-class background and the up-from-the-streets Eva Peron."

Stage Could Be Set For Dramatic Cuba Policy Changes. Under the headline, "Ground Shifting Under U.S. Isolation Of Cuba," the Los Angeles Times (2/18, Williams, 850K) reports, "Opposition to restrictive U.S. policies on Cuba has been mounting for more than a decade, but it may have reached critical mass with recent power shifts in Havana and Washington." Saying "a course change may be ahead," the Times notes "polls suggest most Americans want better relations with the island. Farm and energy interests would like to trade and invest in Cuba. A raft of legislation to change trade and travel restrictions has been

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introduced in Congress this session. Even many who have fled Cuba say it's time to end the standoff." For his part, Raul Castro "has said Cuba would be open to talks on improving relations, but the White House has spurned the offers." The Times adds, "President Bush would probably veto any measure to engage with Cuba, but lawmakers and lobbyists believe there is sufficient support to override a veto or attach policy changes to legislation Bush must sign." Notably, "few see even the slightest flinch in the administration's posture," and some "recent actions" suggest "a status quo."

Pakistani Suicide Bombing Kills 15 In Courthouse. The New York Times (2/18, Gall, 1.16M) reports, "In the sixth suicide bombing in a month, a man blew himself up in a small district courtroom in the border town of Quetta on Saturday, killing 15 people, including a senior judge, and wounding 35." Although no one has claimed responsibility, one local official "connected it to the string of suicide attacks that have now killed some 40 people and put security forces on alert across the country." While "Baluchistan has often been the scene of bombings," that official "said local groups lacked the expertise for suicide bombing." The Washington Post/AP (2/18, A22, Sattar) calls the blast "the deadliest in a series of attacks that have struck the country in recent weeks. Many Pakistanis suspect that pro-Taliban fighters are targeting sensitive sites to undermine the country's support of the United States, and an official in the region where Saturday's attack took place hinted at Afghan involvement."

Chinese Nouveau-Riche Tread Lightly In Changing Society. The Washington Post Magazine (2/18, Fan) profiles the evolution of wealth in China. "After the 1949 Communist revolution, private wealth became a huge social liability. Much of it was confiscated by officials or voluntarily handed over by owners who feared persecution otherwise." In the past twenty years, however, "the booming Chinese economy has been one of the biggest stories in the world. Wealth and conspicuous consumption are climbing in a country where the average per-capita income has only just jumped to $145 a month (in Beijing, it's $209 a month)." Notably, President Hu Jintao "has responded to the growing gap between rich and poor by demanding that more attention be paid to a 'harmonious society.' Authorities have imposed luxury taxes on boats, golf clubs and diamond watches." Among the newly wealthy, "the urge to flaunt economic success competes with the desire to keep a low profile." And, "wealth is beginning to bring other privileges," including political participation.

Washington Foreign Policy Debates Said To Omit Pertinent Intelligence. In an op-ed for the Los Angeles Times (2/18, 850K), Stanford professor Michael May writes, "here's the only thing we know for sure: When the collection of politicians and pundits we call 'Washington' makes predictions about countries in which the U.S. has 'vital interests' (and especially about countries with which we have had bad relations), the predictions — even when they contradict one another! — are almost always wrong. … Washington debates tend to be narrow; they fall within a range of acceptable conventional wisdom and close out anything that seems to go out on a limb. … The assumptions underlying those debates are seldom challenged. They are based on politically acceptable views of the other state and, career-wise, it doesn't pay to challenge them. Indeed, movers and doers in Washington often do not even have time to challenge them. There is little or no intelligence outside the axis of debate."

Kristof Says "Human Rights" Includes Elimination Of Disease. In his New York Times (2/18, WK13, 1.16M) column, Nicholas Kristof depicts efforts by President Carter and others to eliminate the guinea worm, as a human rights campaign. "We tend to think of human rights in terms of a right to vote, a right to free speech, a right to assembly. But a child should also have a right not to suffer agony because of a worm that is easily preventable, as well as a right not to go blind because of a lack of medication that costs a dollar or two, even a right not to die for lack of a $5 mosquito net." Carter "argues -- and he's dead right -- that we conceive of human rights too narrowly as political and civil rights, and that we also need to fight for the human right of children to live healthy lives. He has led the way in waging that battle."

Hoagland Says Business Optimism More Realistic Than Political Negativism. In his Washington Post (2/18, B7, 690K) column, Jim Hoagland describes a "disjunction of spirits" between international business and politics. "Global business is burbling while global politics croaks messages of dread, frustration and hatred. It is supersized Dickens: The best of times by many

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economic measures is also the worst of times when we listen to the pollsters and the politicians." Hoagland says "selling fear is the oldest tool of politics. Selling hope and confidence is the mother's milk of business. The more we get, the more we have to fear having it taken away by 'others' as defined by race, religion, class or rivalrous sameness. … Abundant financing in global markets and broad confidence in the ability of today's central banks to control inflation have created a buoyant international financial system." While "there is always cause for concern about markets overshooting," the "merchants of political despair are overdoing it."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Governor's Health Plan Could Put Many In A Bind."
"Clinton's Foes Take Swift Action."
"Sports Teaching Kids To Cheat?"
"Smith Case Is More Than Theatrics."

New York Times:

"Senate Rejects Renewed Effort To Debate Iraq."
"Planning Seen In Iraqi Attacks On U.S. Copters."
"Jailed 2 Years, Iraqi Tells Of Abuse By Americans."
"Debtors Search For Discipline Via Blogs."
"A Film Star In Kampala, Conjuring Amin's Ghost."

Washington Post:

"Soldiers Face Neglect, Frustration At Army's Top Medical Facility."
"Iraq Vote In Senate Blocked By GOP."
"'McMissile' Moment Lands Mom In Jail."
"Arenas Zeroes In On NBA Stardom."

Washington Times:

"War Rebuke Halted In Senate."
"Rice Pushes Iraqis, Seeks To 'See Results.'"
"Abbas: 'World Must Deal' With Hamas."
"The Colossus Of Roads."
"Mayors Urge 2008 Hopefuls To Address Urban Issues."

Detroit Free Press:

"Democrats Fail In Bid To Vote On Surge."
"Hamtramck Counts Down To Fat Tuesday."
"Rosa Parks' Estate Won't Be Fought For During A Trial."
"Triple Play: Zetterberg's First Career Hat Trick Carries Wings."

Atlanta Journal-Constitution:

"Boil-Water Order Back For S. Springs."
"ATL Not Ready For Senior Boom."
"Rape Victim Gets 2nd Chance."
"Flu Deaths Worry Schools."
"Dogs In Mauling Euthanized."
"Dems Fail In Iraq Resolution."
"New Birth Ministers To Latinos."
"Pa. Fire Kills 6 Kids, Woman."

Dallas Morning News:

"Dallas' First Graffiti Czar May Add Punch To Cleanup Effort."
"Police: Obsession Led To Murder."
"Leppert Ad Blitz Targets Minority Voters."
"Dirk Playing Hard To Beat."
"Some Busy Sites Not Built For Red-Light Cameras."
"Irvin Not Returning To ESPN."
"Woman's Body Found Near Lake Ray Hubbard."
"Body Of Missing Plano Woman Found In Okla."

Houston Chronicle:

"Six Years, 101 Deaths In Harris County Jails."
"Senate Rejects Renewed Effort To Debate Iraq."
"Ex-Gulf Shores Star Green Thrills Vegas With Dunks."
"Love-Struck Nowak's Lawyer Has High-Profile Past."
"Conroe Moves To Full-Day Kindergarten."
"Katy Remembers Fallen Marine, Hometown Hero."
"Momus' Big Parade Snakes Its Way Down Strand."
"Downtown Houston Bars Close, Open Controversy."
"Bald Britney Gets New Tattoo In L.A."
"Gas Explosion Rocks Northwest Harris County."
"Astros' Williams Reconnects With Houston."

Story Lineup From Last Night's Network News:

ABC: Rice In Iraq; Insurgent Strategy To Down Helicopters; Senate Cloture Vote; McCain In Iowa; Bush Moles Benign; Deadly House Fire; Starving Children; Murder Wave In New Orleans; Airplane Windshields Cracked; California Murder Mystery; Prince Harry-Iraq; Supermarkets For Elderly.

CBS: Senate Cloture Vote; Rice In Iraq; Iraqi Refugees; Presidential Campaign; JetBlue Fallout; Prince Harry-Iraq; Coyotes Roam Los Angeles; Pepsi Marketing Plan.

NBC: Senate Cloture Vote; Cloture Vote-White House; Calm Day In Iraq; Winter Weather-Airports; Walter Reed; FDA Recalls Peanut Butter; State Farm-Mississippi; Mardi Gras-New Orleans; Care Of Elderly At Home.

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WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: UTILITY REGULATORS _ National Association of Regulatory Utility Commissioners (NARUC) holds its Annual Winter Committee Meetings. Discussion topics include climate change, video franchising, pipeline safety and critical infrastructure. Location: Renaissance Washington Hotel, 999 9th St. NW. Contacts: Rob Thornmeyer (NARUC), 202-898-9382

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Team Of DOJ Attorneys Key To Anti-Terrorism Efforts. U.S. News and World Report (2/18, Ragavan) reports, "Just a few weeks ago, Kenneth Wainstein, the Justice Department's new national security chief, received a book in the mail, a memoir titled Secrets. Its author, Daniel Ellsberg-the former Defense Department analyst who was prosecuted for leaking the Pentagon Papers to the New York Times 36 years ago-sent the book to Wainstein after a spirited exchange with him during a recent panel discussion about prosecuting leakers. 'Dear Ken,' Ellsberg inscribed in the book, 'I shared your revulsion against all leaks until some years ago.'" US News continues, "Prosecuting those who leak classified information is just a small part of Wainstein's controversial portfolio. As the assistant attorney general for the National Security Division, created last summer, Wainstein has been handed most of the department's hot-potato issues and has at his disposal some of the government's most secret, powerful, and criticized investigative tools. Just recently, President Bush decided not to reauthorize the National Security Agency's controversial warrantless electronic surveillance program but to place it under a special court-the Foreign Intelligence Surveillance Court-that oversees government surveillance in intelligence investigations. The revamped program will now be under Wainstein's purview. Look for civil-liberties groups and the new Democratic majority in Congress to keep a close eye on his every move." US News adds, "The career federal prosecutor seems unfazed by the prospect of such scrutiny. In an interview, Wainstein, 45, said that he is used to making difficult decisions based on the facts and the law. 'But with national security being a hot political issue, it's natural for people to scrutinize our big prosecution decisions through the prism of politics,' says Wainstein. 'Because it's important that we maintain public confidence, we're careful to both make and to announce our decisions in an apolitical way.' … Sounds good. But in coming months, Wainstein, a Senate-confirmed presidential appointee, will have to contend with a host of lingering perception problems. 'This administration has politicized almost every part of the Justice Department,' says Kate Martin, director of the Center for National Security Studies, a civil-liberties group. 'We need congressional oversight to prevent this key division from being similarly politicized.'"

Identities Of Pilots Used For CIA Renditions Discovered. The Los Angeles Times (2/18, Drogin, Goetz, 850K) reports, "Relying on the operatives' passport numbers, hotel records, credit card bills and aviation records, German prosecutors are seeking to properly identify the 13 Americans in a high-profile case that has upset relations between Washington and Berlin and caused a political scandal in Germany over whether government officials sanctioned the CIA operation." The Times "confirmed their real identities from government databases and visited their homes this month after a German court in January ordered the arrest of the three 'ghost pilots' and 10 other alleged members of the CIA's special renditions unit on charges of kidnapping and causing serious bodily harm to Khaled Masri, a German citizen of Lebanese descent, three years ago. None of the pilots responded to repeated requests for comment left with family members and on their home telephones. The Times is not publishing their real names because they have been charged only under their aliases." The Times adds, "One former CIA operation officer who was involved in the Italian case at CIA headquarters, speaking on condition of anonymity because the case is classified, said he and his colleagues were increasingly nervous about traveling in Europe for fear of getting swept up in the investigations. He said he checked with a contact at the Italian intelligence service for reassurance that he would not be arrested."

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WAR NEWS:

Senate Votes Down Iraq Debate, But Seven Republicans Back Cloture. The failed effort in the Senate Saturday afternoon to agree to cloture and permit debate on a resolution criticizing President Bush's Iraq troop increase led two evening news broadcasts and appears on the front pages of several major newspapers, but receives far less coverage than Friday's House vote in favor of a critical resolution. Seven Republicans voted for cloture in the 56-34 vote -- Sens. Norm Coleman, Susan Collins, Chuck Hagel, Gordon Smith, Olympia Snowe, Arlen Specter, and John Warner. Independent Democrat Joseph Lieberman and all other Republicans were opposed, while 10 senators – Robert Bennett, Kit Bond, Thad Cochran, Bob Corker, John Ensign, Orrin Hatch, Tim Johnson, Jon Kyl, John McCain, and Lisa Murkowski, all Republicans except for Johnson -- did not vote.

The CBS Evening News (2/17, lead story, 2:25, Smith, 7.66M) reported, "They came to work on a Saturday, but Democrats in the Senate couldn't pull it off. The Senate voted against advancing a resolution that condemns President Bush's troop surge." ABC (Chen): "It was enough of a spectacle to draw a crowd to the Capitol on a sunny winter weekend. Imagine senators working on a Saturday. … Some members scurried back from what was to have been a long holiday weekend, and some presidential wanna-bes bailed out of big campaign appearances, because though no one thought the measure had a snowball's chance, most senators couldn't risk the political backlash they'd face for not showing up."

NBC Nightly News (2/17, lead story, 3:05, Seigenthaler, 9.87M) reported, "There will be no debate in the US Senate for the President's plan for a troop surge in Iraq, at least for now. It was a rare Saturday session, and despite the shift in power, Senate Democrats failed to get enough votes to bring up a resolution opposing the President's war plan." NBC (Reid): "The rare Saturday session had some senators rushing back to Washington from the presidential campaign trail for a spirited, at times angry, debate on Iraq. … Democrats angrily accused Republican leaders of blocking the vote on the resolution for the second time in two weeks," but Republicans "blamed Democrats for blocking a vote on a Republican resolution prohibiting cutting off funds for the troops." ABC World News (2/17, story 3, 3:00, Hendren, 8.78M) said, "It was part policy, part principle, and part political theater in the Senate today. Majority Leader Harry Reid dragged his colleagues in for a rare Saturday vote to condemn the troop surge in Iraq."

On CNN (2/17) just after the vote, correspondent Dana Bash pointed out that "seven Republicans voted to rebuke the President, essentially. Seven Republicans voted with the Democrats in an effort to start a debate on this issue. … The last time the Senate voted on this, last Monday, there were only two Republican senators who voted with the Democrats. And the others, about five of them, who don't agree with the President's plan, who actually outright oppose it, said that they were going to vote with their party because it was a matter of minority rights. It was a matter of sticking with their party because they believed that their party had the right to have their own resolution. Well, nothing has changed. Republicans still did not have the right to offer their own resolution. But still, these five Republican senators switched their vote, essentially because they say they lost patience, that they simply don't agree with the President's plan, they want the Senate to have their say, to have a vote, and that they gave their leadership time to work it out, to work out a deal with the Democrats and it didn't happen."

The gain in GOP support for the Democratic stance gets some print attention as well. The Washington Post (2/18, Murray, 690K) headlines its front-page report "Iraq Vote In Senate Blocked By GOP," saying Senate Republicans "for a second time blocked a symbolic attempt by Democrats to reject President Bush's troop increase yesterday, but GOP defections were higher than before, suggesting Republican cracks as the Iraq war dominates Congress's agenda." Democrats "picked up five new Republican allies," but the "fate of the resolution is now very much in doubt." Reid "announced after the vote that he would not bring up the resolution again. Both sides instead are girding for the next phase, a confrontation over war funding, with some Democrats determined to exercise the power of the purse to influence Iraq strategy."

The New York Times (2/18, Hulse, Zeleny, 1.16M) reports on its front page that the Senate "narrowly rejected" the effort, "but Republican defections emboldened Democrats to promise new attempts to influence the administration's war policy." The Times says the outcome "suggested that Democrats were slowly drawing support from Senate Republicans for what was shaping up to be a drawn-out fight between the Democrat-controlled Congress and Mr. Bush over his execution of the war." Reid said, "A majority of the United States Senate just voted on Iraq, and a majority of the United States Senate is against the escalation in Iraq."

The Los Angeles Times (2/18, Simon, 850K) reports Reid "accused Republicans of trying to protect the president from an embarrassing vote," though he said he "would no longer push for a vote on the nonbinding resolution." Reid said Iraq "would remain center stage in the Senate. 'This war is too important to permit Senate Republicans to brush it aside,' he said. 'The Senate will keep fighting to force President Bush to change course.'" Sen. Lindsey Graham "accused Democrats of playing 'stupid political games.'" Graham said, "This is a low point in my time in the Senate."

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The Washington Times (2/18, Ward, 88K) headlines its front-page story "War Rebuke Halted In Senate," and says Republicans "said they had rebuffed an 'unfair' attempt by Mr. Reid to prevent a vote on an alternative resolution that would protect funding for the troops in Iraq."

The Chicago Tribune (2/18, Zuckman, 617K) says that while the Senate "expressed strong, bipartisan disapproval of President Bush's policy on Iraq," lawmakers "nevertheless failed to end their debate and pass a non-binding resolution." RollCall.com (2/17, Stanton) says Reid "claimed a symbolic victory" due to the "bipartisan majority of 56 lawmakers" that backed cloture.

The Washington Post (2/18, A6, Weisman, 690K) looks at how the oddly timed vote impacted the Senate's presidential hopefuls. Sen. Joseph Biden "had planned to spend the day in Iowa but instead flew back to Washington for the vote, then returned for an evening event. Of all the Senate's presidential hopefuls, he was the only one to speak before the vote." Sen. Barack Obama "hurriedly departed a campaign stop in South Carolina to cast his vote before hustling to a campaign appearance in Richmond and then boarding a plane to San Diego." Sen. Sam Brownback "voted against moving to a debate on the war before rushing to catch a plane to Orlando, where he was to address religious broadcasters." Sen. John McCain "did not bother to show up. In Iowa yesterday, McCain defended his decision to stay away from Washington in defiant terms, condemning the Senate Democrats for scheduling a rare Saturday vote on what he described as a political charade."

The Washington Post (2/18, A5, Milbank, 690K) also looks at the casual attire of the senators, saying they "entered the chamber to vote on the Iraq war yesterday as if emerging from a Lands' End catalogue." Sen. Robert Byrd, "who knows something about theatrics, volunteered: 'If it will help to bring our soldiers home, I will work every Saturday for the rest of this Congress.'" But Sen. Ted Stevens "was sour about delaying his Presidents' Day recess. 'It is an important subject to be debated, but why Saturday?' he complained."

Among the other sources offering straightforward reports on the debate and vote are the AP (2/17, Espo), The Politico (2/17, Reilly, Bresnahan), the Web site of The Hill (2/17, Marre, Bolton), CNN.com (2/17), and BBC.com (2/17).

White House Says Real Fight Yet To Come. NBC Nightly News (2/17, story 2, 2:20, Yang, 9.87M) said White House Press Secretary Tony Snow "shrugged off today's vote saying it was merely a procedural maneuver. The real test, he says, and the President says, is yet to come. Even before today's vote, President Bush was warning Democrats about the next fight." Bush: "I'm going to make it very clear to the members of Congress starting now that, you know, they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done." Yang: "This week, a poll found 63% of Americans oppose send manager troops to Iraq, but 60% said Congress should not cut funding for additional forces that has Democrats on the defensive."

Rice Visits Less-Violent Baghdad, Where She Publicly Praises Maliki. ABC World News (2/17, lead story, 2:20, Avila, 8.78M) reported, "Here's a headline: no deadly bombings in Baghdad for two days. The emergency rooms are quiet and Secretary of State Condoleezza Rice makes a surprise visit to boost a rarity in Iraq: a sense of optimism. No one is boasting of total success." The CBS Evening News (2/17, story 2, 2:35, Smith, 7.66M) reported, "By one measure, the Baghdad security sweep already appears to be having results. According to the Iraqi army, the Baghdad morgue routinely handled 40 to 50 bodies a day before the sweep. Since it began, the number of bodies has dropped to about ten a day." NBC Nightly News (2/17, story 3, 2:10, Seigenthaler, 9.87M) reported, "Baghdad saw less killing today. In at least one neighborhood, residents enjoyed the calm and wondered how long it would last."

The New York Times (2/18, Cave, 1.16M) reports Secretary of State Condoleezza Rice "made a surprise visit to Baghdad on Saturday to meet with Iraqi officials about the new security plan and to press the Shiite-led government to accelerate reconciliation, reconstruction and economic progress." Rice, "in a meeting with reporters after her talk with Prime Minister Nuri Kamal al-Maliki and other Iraqi leaders, said it was still too early to judge the effectiveness of the new plan. But she said she had pushed the Iraqis to think beyond short-term security, to how neighborhoods and Iraqi civil society could be rebuilt if sectarian violence between the ruling Shiites and the minority Sunnis subsided."

Under the headline, "In Baghdad, Rice Acknowledges Frustrations In U.S.," the Washington Post (2/18, A21, Ernesto Londono, 690K) adds Rice "expressed support for a nascent Baghdad security plan during an unannounced visit to the capital Saturday, but she reminded Iraq's leaders that Americans were growing increasingly frustrated with the unyielding lethality and cost of the war." She "spoke approvingly of Prime Minister Nouri al-Maliki's leadership, urged Iraqi officials to enact laws to fairly administer the country's vast oil reserves and acknowledged widespread disapproval of the Bush administration's policies in Iraq among many Americans and U.S. lawmakers." Iraqi Foreign Minister Hoshyar Zebari said "Rice left with a realistic sense of the challenges that lie ahead."

The Los Angeles Times (2/18, Roug, 850K) keys on Rice's reconciliation message, saying she "urged Shiite, Sunni and Kurdish politicians to use a lull in violence resulting from a new security plan to reach long-delayed agreement on key political issues." Rice "said U.S. commanders have told her that troop strength among Iraqi units in the Baghdad operation is as high as 90%. … But she reiterated that

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political progress would have to accompany any military advances." Rice "urged hundreds of American troops and U.S. Embassy staff members to be patient, saying they were engaged in a 'noble cause.' … But she also said the Bush administration didn't have unlimited patience."

The AP (2/18, Gearan) titles its coverage, "Rice: U.S. Has Doubts On Iraq Democracy." She "told Iraqi government leaders Saturday that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence." While Rice "used her visit to publicly praise the Iraqi government's role in a new security crackdown in Baghdad, an Iraqi official said she was more critical in private." The Washington Times (2/18, Gearan, 88K) runs the AP story.

Bombs Kill 11 In Northern Iraq. The AP (2/17) reports from Kirkuk, "Police and witnesses said the first blast occurred near shops and a bus depot. Minutes later, a suicide car bomber attacked the same area. The back-to-back lasts shattered about 20 shops as terrified shoppers fled screaming in panic amid burning cars and debris."

Attacks On US Helicopters In Iraq Seem Carefully Planned. The New York Times (2/18, Gordon, Cloud, 1.16M) reports on its front page, "Documents captured from Iraqi insurgents indicate that some of the recent fatal attacks against American helicopters are a result of a carefully planned strategy to focus on downing coalition aircraft, one that American officials say has been carried out by mounting coordinated assaults with machine guns, rockets and surface-to-air missiles. The documents, said to have been drafted by Al Qaeda in Mesopotamia, show that the militants were preparing to 'concentrate on the air force.' The contents of the documents are described in an American intelligence report that was reviewed by The New York Times." Officials call the documents "a fresh indication that the United States is facing an array of 'adaptive' adversaries in Iraq, enemies who are likely to step up their attacks as American forces expand their efforts to secure Baghdad." ABC World News (2/17, story 2, :25, Avila, 8.78M) briefly mentioned the Times report.

Iran Said To Use Iraq To "Shift" Regional Balance Of Power. Under the headline "Iran's Chance: U.S. Troubles in Iraq Create Opening for Regional Shift," the New York Times (2/18, Slackman, 1.16M) looks extensively at Tehran's actions in the wake of US action in Iraq. "In recent weeks, President Bush and American military officials have increasingly accused Iran of meddling in Iraq's affairs. But from Iran's perspective, given its longstanding interests in Iraq, it is the United States that is meddling in its backyard, analysts inside and outside of Iran say." Administration desires to "curtail the influence of Iran's radical Shiite leaders by producing an alternative, moderate center of Shiite Islam" have been "abundantly clear to Iran's clerical rulers" since 2003, and Tehran has "moved quickly to try to prevent the United States from gaining a permanent foothold." The Times explains, "While the United States sees in Iraq a venture that will affect its foreign interests for years to come, Iran sees an occupied neighbor with close religious, cultural, political and economic ties." The US' "failure to secure its position in Iraq has presented Tehran with a rare opportunity to recalibrate the balance of power in a neighborhood that had long been hostile to its aspirations." While Tehran has pursued a nuclear weapons program, "strengthened ties with Syria, built the militia Hezbollah into a state within a state in Lebanon and offered support to" Hamas, the Times says "the cornerstone to its regional plans lies in Baghdad."

"Rogue" Shiite Militias Allegedly Use Iranian Bombs. The Washington Times (2/18, Behn, 88K) reports, "Lethal Iranian bomb technology spotlighted by U.S. officials in Iraq last week is being used by rogue elements of Shi'ite militias that are not under any kind of central command, the U.S. military says." The finding "presented at a briefing in Baghdad last week further confuses an enemy landscape in which death is as likely to come at the hands of government-allied Shi'ite militias as from disgruntled former Ba'athist extremists and their al Qaeda allies."

Syria's Assad In Iran To Discuss Iraq. The AP (2/17) reports Syrian President Bashar Assad "arrived in Iran Saturday to discuss Iraq and other Middle East issues with President Mahmoud Ahmadinajed, state-run television reported. ... This is Assad's fifth visit to Iran since he took office in 2000. Iran and Syria have long been close allies."

More Commentary On Iran's Role In Iraq. The Washington Post (2/18, B06, 690K) editorializes, "The international coalition the administration has painstakingly assembled to pressure Iran seems to be having some effect on the mullahs; it should be maintained and strengthened. U.S. financial pressure and assurances of support to Iran's neighbors also are appropriate. All of these might have a greater chance of working, as we've said before, if the administration also remained open to diplomatic overtures, at least in a regional context. That, and not secret military plans, is the missing component of U.S. strategy right now.

In the Washington Post (2/18, B1, 690K), Brookings fellow Daniel Byman writes, "Iran has been meddling in its neighbors' affairs for a long time, and not just in Iraq. ... Iran could easily be even more aggressive in Iraq. Tehran could provide sophisticated weapons to a wider range of Iraqi groups than it reportedly has so far. Iran's Shiite proxies do at times attack American forces, but their principal targets are Sunni militias. They could kill a lot more Americans than they have." Rather, Iran has a "broader Iraq strategy, which goes well beyond Tehran's desire to undermine U.S. policy. Iranian leaders calculate that they will need formidable proxies

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should the United States leave, and indeed Iran will face many challenges in Iraq if U.S. forces depart." Byman adds that a US withdrawal could weaken Iran's influence in Iraq in the long term: "Iran's economic and military power is limited, and Iran's theocratic model of governance has little appeal for most Iraqis."

In the New York Times (2/18, WK12, 1.16M), columnist Frank Rich writes, "Maybe the Bush White House can't conduct a war, but no one has ever impugned its ability to lie about its conduct of a war. Now even that well-earned reputation for flawless fictionalizing is coming undone. ... The press and everyone else seems to have forgotten that the administration has twice sounded the same alarms about Iranian weaponry in Iraq that it did last week [in August 2005 and February 2006]." Bush's "real aim is to provoke war with Iran, no matter how overstretched and ill-equipped our armed forces may be for that added burden."

In the Los Angeles Times (2/18, 850K), Nation literary editor Adam Shatz asks, "Might Iran have legitimate interests in what is, after all, its own geographic neighborhood? Could it be that Iran's stake in Iraq is solidly grounded in the same realist principles that drive the behavior of most nations, rather than in 'malign intentions' or a desire to export the Islamic revolution?" Since Iran "sees itself as a protector of Shiite interests in the region" and "wants to ensure that no government in Iraq will threaten it again," it "has, in other words, a strong realist case for being involved in Iraq."

Iraqi Detainee Alleges Two Years Of Abuse By US Military. The New York Times (2/18, Moss, Mekhennet, 1.16M) reports on its front page that when Laith al-Ani was released by the US military after two years of detention, he "was handed a form and asked to place a check mark next to the sentence that best described how he had been treated: 'I didn't go through any abuse during detention,' read the first option, in Arabic. 'I have gone through abuse during detention,' read the second." Al-Ani signed the first option out of fear but now remembers a "sprawling complex of barracks in the southern desert near Kuwait as a bleak place where guards casually used their stun guns and exposed prisoners to long periods of extreme heat and cold; where prisoners fought among themselves and extremist elements tried to radicalize others; and where detainees often responded to the harsh conditions with hunger strikes and, at times, violent protests." The Times continues, "The American detention camps in Iraq now hold 15,500 prisoners, more than at any time since the war began. The camps are filled with people like Mr. Ani who are being held without charge and without access to tribunals where their cases are reviewed, the Times examination published last December found."

US To Admit Many More Iraqi Refugees. The CBS Evening News (2/17, story 3, 2:20, Smith, 7.66M) reported, "Millions of refugees are fleeing the fighting in Iraq. But only a few have reached the United States. Since 2003, the US has admitted just 600, but this week officials said 7,000 will be admitted this year. Most still head for Syria." CBS (Palmer): "Frantic Iraqi refugees newly arrived in Damascus push to register with the United Nations. They need visas, housing, schools for their children. Officials are overwhelmed. Some two million refugees have flooded into crowded Iraqi ghettos here. ... But even as the nightly stream of desperate Iraqis arrives in Syria, at the other end of the bus depot, another bus is loading Iraqi refugees who are even more desperate, because their money has run out. ... and about to take the long ride home, back to the terror and chaos of Iraq."

Marine Sentenced To Eight Years In Hamdaniya Killing. CNN.com (2/17) reports Marine Lance Cpl. Robert Pennington "will serve no more than eight years in prison in connection with the killing of an Iraqi civilian, a Marine Corps spokesman said Saturday." Pennington "was sentenced to 14 years' confinement but will serve no more than eight under a plea agreement." He "pleaded guilty Tuesday to charges regarding the death of Hashim Ibrahim Awad, 52, in Hamdaniya." BBC.com (2/17) also reports the story, calling it "one in a series of inquiries into the alleged abuse or killing of Iraqis by coalition forces."

Letters By Iraqis Show Unfolding National Tragedy. In the Washington Post (2/18, B7, 690K), former Coalition Provisional Authority education advisor John Agresto writes, "I do have letters from an Iraqi friend and his wife. Hasan (sadly, I dare not give his real name) was a translator for the Coalition Provisional Authority when I worked in Baghdad in 2003 and 2004. These brief letters catalogue the deterioration, the chaos and the human tragedy that have become Iraq's lot. ... They surely speak to the need to help those who once so hopefully helped us." Letters from 2004 to 2006 describe increasing danger; Agresto concludes, "I have written Hasan three times now since this last letter [from Christmas Eve, 2006], and I have not heard back."

Influence Of Joint Chiefs Rebounds Under Gates. The Los Angeles Times (2/18, Barnes, 850K) reports that while during the tenure of Defense Secretary Donald Rumsfeld, the Joint Chiefs of Staff "were kept out of war planning," under new Secretary Robert Gates, "military officers say the influence of the Joint Chiefs is starting to rebound. Unlike his predecessor, Gates is publicly and privately paying close attention to his uniformed advisors." Gates "has begun meeting with the chiefs once a week."

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Walter Reed Said To Overwhelmed, Neglecting Patients. The Washington Post (2/18, Priest, Hull, 690K) reports in a highly critical 5,000-word front page article, "Signs of neglect are everywhere: mouse droppings, belly-up cockroaches, stained carpets, cheap mattresses. This is the world of Building 18, not the kind of place where [Jeremy] Duncan expected to recover when he was evacuated to Walter Reed Army Medical Center from Iraq last February with a broken neck and a shredded left ear, nearly dead from blood loss. ... The common perception of Walter Reed is of a surgical hospital that shines as the crown jewel of military medicine. But 5 1/2 years of sustained combat have transformed the venerable 113-acre institution into something else entirely -- a holding ground for physically and psychologically damaged outpatients. ... On the worst days, soldiers say they feel like they are living a chapter of 'Catch-22.' The wounded manage other wounded. Soldiers dealing with psychological disorders of their own have been put in charge of others at risk of suicide." Walter Reed commander Maj. Gen. George Weightman "said Walter Reed has taken steps over the past year to improve conditions for the outpatient army, which at its peak in summer 2005 numbered nearly 900, not to mention the hundreds of family members who come to care for them." NBC Nightly News (2/17, story 5, 3:25, Priest, 9.87M) ran a report based on the Post story, saying "conditions are far from the best. Peeling wallpaper, mice and cockroaches. The conditions here are said to be symptomatic of a system overwhelmed by more wounded soldiers than the Pentagon expected."

The Los Angeles Times (2/18, Spiegel, 850K) notes the distinction between high-quality inpatient care and questionable outpatient care, saying Walter Reed "is renowned for its inpatient medical care, which has helped keep alive hundreds of soldiers who probably would have died during previous conflicts. Less well-known is the care soldiers receive as outpatients, which has stretched to an average of 10 months -- two months longer than Army guidelines call for -- a period Weightman said can be even more frustrating for wounded soldiers and their families."

Two Army Privates Cope With Iraq Tour. The Washington Post (2/18, A22, Murphy, 690K) reports on two US Army artillerymen who were dropped at a "small, dusty base outside Baqubah in Diyala province, northeast of Baghdad, the night before purely by accident." The Post continues, "Nobody has told them what job they'll be doing here, but they don't think there is much artillery in this war, and they expect to be used as infantry. ... U.S. casualties are piling up here now, slowly but steadily. [Staff Sgt. Benjamin] Maldonado said he doesn't see things here getting better, and it's tough to watch new guys go off into the fight. 'It would be one thing if you saw some improvement.'"

Prince Harry To Serve In Iraq. ABC World News (2/17, story 11, :25, Avila, 8.78M), the CBS Evening News (2/17, story 6, :20, Smith, 7.66M), and several wire services report British Prince Harry is expected to deploy to the Basra area and, as ABC said, will "likely take part in reconnaissance missions near the Iranian border area."

Lugar Urges Buildup Of "Civilian Forces." In the Washington Times (2/18, 88K), Sen. Richard Lugar writes, "A strong military response is necessary for the war against terrorism. ... But over-reliance on the military also carries risks. To succeed, we need diplomats who can shape complex bilateral relationships, repair and build alliances and navigate through a labyrinth of foreign languages and cultures. We need foreign aid experts who know how best to promote democratic practices and economic development. And we need communication professionals to get our message across to foreign audiences."

Taliban Offensive Expected In Spring. The Los Angeles Times (2/18, King, 850K) reports article, "In coming weeks, winter will loosen its grip on Afghanistan. Senior NATO generals insist that their troops are well positioned to confront the Taliban offensive that is expected to follow. But some analysts, diplomats and other observers think the Western alliance, and the Afghan government it supports, has failed to use winter's relative lull in fighting to seize the initiative in advance of a new battle with the insurgents. ... But the influx of about 3,000 additional troops is privately described by field commanders as both tardy and considerably smaller than what they had hoped for." Problems for NATO include "the use of crude yet lethal tactics such as suicide and roadside bombings," "the slow pace of reconstruction," and "the dubious efficacy of the Afghan army."

Coalition Helicopter Crashes In Afghanistan. The AP (2/17) reports, "A U.S.-led coalition helicopter crashed Sunday in southeastern Afghanistan after reporting engine failure, a coalition statement said. An official said the helicopter was not shot down." Col. Tom Collins said he was "confident it was not due to enemy action." BBC.com (2/17) reports, "Coalition and Nato forces have lost several helicopters in Afghanistan in the last few years but only one is thought to have been shot down."

NATO Forces Mistakenly Kill Afghan. The AP (2/18) reports, "NATO-led forces in southern Afghanistan shot to death an Afghan civilian mistaken for a suicide bomber because of twine and straps protruding from his jacket, the alliance said Sunday. ... It was the second such civilian shooting Saturday in Kandahar." CNN.com (2/17) also notes that "NATO troops in southern Afghanistan shot and killed a man they mistakenly thought was a suicide bomber."

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LATimes Says Bush Focus On Afghanistan "Heartening." The Los Angeles Times (2/18, 850K) editorializes, "It's not quite fair to call Afghanistan the war the administration forgot. But it was heartening last week to hear President Bush give a speech about that other war for the first time in his second term, to acknowledge the growing Taliban threat and to call for a renewed U.S. and NATO commitment. Still, military power alone won't make Afghanistan secure — the country must also undergo substantial economic development. ... Bush will not get the full support and cooperation of NATO allies until he demonstrates that reconstruction is not a second priority to fighting Al Qaeda."

US Military Develops Nonlethal Beam. In the Washington Post (2/18, B2, 690K) Outlook section, Slate writer William Saletan writes, "The U.S. military just invented a weapon that fires a beam of searing pain. ... No one is harmed. The beam's energy waves penetrate just 1/64 of an inch into your body, heating your skin like microwaves. They inflame your nerve endings without burning you. This could be the future of warfare: less bloodshed, more pain." However, the invention "makes pain more essential to military operations -- and easier to inflict. To achieve the desired 'repel effect,' I have to make you suffer. Knowing that your agony will be brief and leave no physical damage makes the weapon easier to fire."

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Several Fired US Attorneys Were Investigating GOP Officials. The Washington Post (2/18, A11, Eggen, 690K) reports, "All but one of the U.S. attorneys recently fired by the Justice Department had positive job reviews before they were dismissed, but many ran into political trouble with Washington over issues ranging from immigration to the death penalty, according to prosecutors, congressional aides and others familiar with the cases." The Post adds "it has also become clear that most of the prosecutors were overseeing significant public-corruption investigations at the time they were asked to leave. Four of the probes target Republican politicians or their supporters, prosecutors and other officials said. The emerging details stand in contrast to repeated statements from the Justice Department that six of the Republican-appointed prosecutors were dismissed because of poor performance." Carol S. Lam in San Diego "oversaw the probe that resulted in the guilty plea of then-Rep. Randy 'Duke' Cunningham, a Republican. Two others connected to that case, including a former senior CIA official, were indicted two days before Lam left the job on Thursday." Daniel G. Bogden in Nevada and Paul K. Charlton in Arizona "were also in the midst of investigations targeting current or former Republican members of Congress when they were fired."

Griffin Will Not Seek Confirmation As Arkansas US Attorney. The AP (2/18, Gambrell) reports, "An interim U.S. attorney says a 'partisan circus' over his recess appointment makes it impossible for him to receive fair consideration, and he will not seek Senate confirmation to his Arkansas district. … However, Tim Griffin can remain at the post without confirmation under a new provision in the Patriot Act that allow recess appointments to last until the end of a president's term, instead of 120 days. That provision was included in the act's reauthorization last year." The AP continues, "The new rules became fuel for hearings when the Democratic-controlled Congress took power this year, with Sen. Mark Pryor, D-Ark., questioning Griffin's appointment. … 'They should do the right thing and name another interim appointment,' said Michael Teague, a spokesman for Pryor. 'Let's get back to the way the founding fathers saw this process working.'" The AP adds, "Griffin left open whether he would remain in the position until the end of President Bush's term, but he said he has not looked for another job. … 'The upside is I'm here in the job and will remain in the job until such time the White House asks me to move on,' Griffin said Friday."

More Commentary. The Baltimore Sun (2/18) editorializes, "Deputy Attorney General Paul J. McNulty just couldn't tell a lie. So when pressed during Senate hearings on the unceremonious firing of seven U.S. attorneys, Mr. McNulty had to concede that politics did play a role in dumping the chief federal prosecutor in Little Rock, Ark. The replacement, J. Timothy Griffin, was an FOK - friend of Karl. That's Karl Rove, the president's top political adviser and key Republican strategist. … You can't get any more political than that." The Sun continues, With Arkansas Sen. Mark Pryor raising serious questions about the appointment, Mr. Griffin wisely withdrew his name for permanent consideration. … Mr. McNulty and his boss at the Justice Department, Attorney General Alberto R. Gonzales, should stop conning the American people. Their explanation for the firings - that they were 'performance-related' - is pure poppycock. Congress should move swiftly to repeal an aspect of the Patriot Act that gives the attorney general the power to appoint interim U.S. attorneys for an indefinite period of time, which could result in someone serving in this powerful post without congressional consent. Mr. Gonzales doesn't deserve this power. … His recent firings show what matters to Mr. Gonzales, and it isn't performance:" The Sun concludes, "U.S. attorneys have enormous power. By politicizing the appointments, the Bush administration has diminished their ability to fairly and judiciously carry out their responsibility."

New Minnesota US Attorney Profiled. The St. Paul Pioneer-Press (2/18, Tomson) reports, "Rachel Paulose

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is a U.S. attorney who is comfortable quoting Bible verses. She believes it is a blessing to live in a country where a person can take on crime, terror and corruption. … The daughter of immigrants who support her every move, she works herself hard, shorts herself on sleep and sacrifices her social life in the pursuit of justice." The Pioneer-Press continues, "At 33, she's the youngest current U.S. attorney and the first woman to serve in the position in Minnesota. … She manages some 50 assistant U.S. attorneys in an office that examines and seeks to successfully prosecute the most repulsive and harmful of crimes. … She points with pride to the more-than-20-year prison sentences obtained by her office in three child pornography cases during the past six months and then, referring to predators as yet uncaught, she promises: 'We're going to find you, hold you, and you're going to do a long time in federal prison.' … 'The crimes have become more depraved, more heinous, and the victims are subjected to particularly sadistic forms of abuse that the general public would find unimaginable,' she says. 'The reality is that good people don't know about this because they're not online looking.'" The Pioneer Press adds, "In just 10 years, Paulose has compiled an impressive record. After graduating from Yale Law School, she snagged a sought-after position in Minneapolis as a law clerk to James Loken, chief judge of the 8th U.S. Circuit Court of Appeals. She worked for four years in private practice for the Dorsey & Whitney law firm and served in the U.S. Justice Department as an Attorney General's Honors Program trial attorney for the civil rights division. … She also prosecuted criminal and civil cases as an assistant U.S. attorney for Minnesota; served as senior counsel to Acting Deputy Attorney General Paul McNulty, and as the Justice Department's special counsel for health care fraud. … Nevertheless, her appointment a year ago as U.S. attorney for the District of Minnesota was headline news and raised a few eyebrows. … The appointment departed from normal practice. For the first time in decades, an interim U.S. attorney was sent directly from the Department of Justice to fill the job in Minnesota. Traditionally, interim appointees have come from within the Minnesota office, promoted either from first assistant U.S. attorney or chief of the criminal division."

CRIMINAL LAW:

Woman Jailed For Throwing Soft Drink On Highway. The Washington Post (2/18, A1, Vargas) reports, "To the locals, it's the 'McMissile' case. … And like the name, the details of it spill forth like a bad joke: A woman is driving north on Interstate 95. Three kids squirm in the back seat, and her sister, six months pregnant and having early contractions, sits in the front. The stress starts to simmer. Traffic slows, then crawls, then creeps. More stress. A car cuts in front of her, then scoots away. A short time later, it darts in again. She can no longer take it. She veers onto the shoulder and speeds up. Wham! She tosses a large McDonald's cup filled with ice into the other car." The Post continues, "No one was injured, but the cup launcher, Jessica Hall, 25, of Jacksonville, N.C., was charged and convicted by a Stafford County jury of maliciously throwing a missile into an occupied vehicle, a felony in Virginia. The instructions given to the jury said that 'any physical object can be considered a missile. A missile can be propelled by any force, including throwing.' … Hall, a mother of three young children whose husband is serving his third tour in Iraq, has spent more than a month in jail." The Post adds, "The jury sentenced her to two years in prison, the minimum, and a judge will formally impose a sentence Wednesday. Under state law, the judge can only decrease the jury's sentence."

Charges Against PG County School Official Raise Questions About Yonkers Tenure. The New York Journal News (2/18, Wilson) reports, "Former schools chief Andre Hornsby burst on the scene in Yonkers nine years ago with a cadre of Texas educators, fresh from helping transform the Houston school system. He came east to boost test scores and bridge the digital divide in city schools." The News continues, "With the aid of Cynthia Joffrion, the Texas technology maven who joined him in Yonkers, new computers flooded into classrooms while Hornsby's leadership helped raise test scores. Throughout his stormy 23-month tenure, however, Hornsby was dogged with questions about his dealings with technology vendors." The News adds, "It turns out that Joffrion, assistant superintendent for technology support services under Hornsby, was among his accusers, according to an FBI affidavit obtained by The Journal News. Joffrion in 1999 told authorities that Hornsby had ordered Yonkers employees to send new computers to his relatives. But then-Westchester District Attorney Jeanine Pirro's investigation of those allegations never led to charges after Hornsby caught wind of the probe. … In hindsight, Hornsby's Yonkers troubles seemed to presage what was to come following his hiring in 2003 as chief executive officer of the school system in Prince George's County, Md., the nation's 18th largest district. It borders Washington and has more than 130,000 students and a budget exceeding $1 billion. Hornsby now awaits trial on a 16-count federal indictment arising from a scheme in which prosecutors say he awarded lucrative technology contracts that benefited himself and close associates."

Fitzgerald Faulted For Focusing Solely On Libby. In a 2,200-word op-ed for the Washington Post (2/18, B1, 690K) Victoria Toensing, a deputy assistant attorney general in the Reagan administration, writes, "Could

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someone please explain to me why Scooter Libby is the only person on trial in the Valerie Plame leak investigation? … If we accept" Special Counsel Patrick Fitzgerald's "low threshold for bringing a criminal case, then why stop at Libby? This investigation has enough questionable motives and shadowy half-truths and flawed recollections to fill a court docket for months. So here are my own personal bills of indictment…" Toensing goes on to criticize several individuals and agencies involved in the Plame leak, including former White House spokesman Ari Fleischer whose testimony "about conversations differs from reporters' testimony, just as Libby's does."

CIVIL LAW:

Drug Firms Charged With Medicaid Fraud. The Trenton Times (NJ) (2/18, Cohen) reports, "The nation's big drugmakers have been systematically overcharging the Medicaid health-care program for the poor, reaping billions of dollars in illegal windfalls at the expense of the taxpayers, according to federal officials, members of Congress and a watchdog group." The Times continues, "Drugmakers are required by law to provide Medicaid with the same discounts they offer to big managed-care plans and hospital chains, but they have been disguis ing those prices, Ronald Tenpas, a U.S. associate deputy attorney general, told the House Committee on Oversight and Government Reform earlier this month. … 'We are not seeing isolated instances of misconduct, but repeated practices within the industry that have resulted in significant loses to federal health-care programs,' he said." The Times adds, "The federal and state governments have had some success in recapturing money from the drug makers: During the last six years, government bodies have recouped about $3.9 billion in civil damages and criminal penalties stemming from 16 legal settlements involving Medicaid. … The settlements involve some of the biggest names in the industry, including Pfizer, Schering-Plough, GlaxoSmithKline, AstraZeneca and Bayer. Those cases dealt with overcharging the government for cancer, asthma, cholesterol, allergy and seizure medications. .. .But the scope of the problem could be much bigger. There are 150 pending federal investigations centering on Medicaid and two other government health-care programs that could find billions of dollars more in pharmaceutical company fraud."

CIVIL RIGHTS:

More Than 100 Inmates Have Died At Texas Jail In Past Six Years. The Houston Chronicle (2/18, McVicker) reports, "A Houston Chronicle review of state and county records reveals that from January 2001 through December 2006, at least 101 inmates — an average of about 17 a year — have died while in the custody of the Harris County Jail. In 2006 alone, after three consecutive years of failing to be in compliance with state standards, the jail recorded 22 in-custody deaths." The Chronicle continues, "At the time of their deaths, at least 72 of the inmates — more than 70 percent — were awaiting court hearings and had yet to be convicted of the crimes that led to their incarceration." The Chronicle adds, "Records and interviews show that almost one-third of the deaths involve questions of inadequate responses from guards and staff, failure by jail officials to provide inmates with essential medical and psychiatric care and medications, unsanitary conditions, and two allegations of physical abuse by guards. … In at least 13 cases, relatives or documents raise questions over whether inmates received needed medications prior to their deaths. Additionally, 11 of the deaths involve infections and illnesses suggesting sanitation problems. In 10 other cases, death reports suggest possible neglect, as in the Mack case." The Chronicle notes, "None of the records reviewed, however, concludes that jail staff contributed directly to the 101 deaths since 2001. During the same period, the Dallas County jail recorded 70 deaths. … Harris County Sheriff Tommy Thomas declined the Chronicle's request for an interview. He did reply to written questions, though he would not comment on specific cases, citing confidentiality laws."

Maryland AG Pushes Cold-Case Bill. The Baltimore Sun (2/18, Stiehm) reports, "Maryland's attorney general is exploring the creation of a cold-case squad to investigate unsolved homicides, with an emphasis on racial crimes dating back to the civil rights era. … 'Having a civil rights component to this office affords us the opportunity to look into current and past civil rights violations,' said Douglas F. Gansler, who took office last month and has announced plans to increase prosecutions of environmental violators and gang members." The Sun continues, "Gansler met Friday with top aides to discuss the idea of the new squad. The investigative unit would examine unsolved homicides from police files around the state, using modern forensic and DNA techniques, he said. … Compared to states in the Deep South, Maryland has fewer outstanding civil rights cases. Gansler said a survey is needed to count feasible cold cases with civil rights implications. … 'If a lot of these people are still alive, witnesses and perpetrators, and if we have the ability to pursue them, the government has the onus to do so,' Gansler said." The Sun adds, "The investigations would include race-based homicides and cases of civil rights workers who might have been killed because they were identified with the movement. The unit's unsolved cases could also encompass desecrations of synagogues or other houses of worship. … A handful of states have taken similar steps in establishing cold-case or civil rights divisions,

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including Florida. Alabama intends to add a cold-case unit this year that looks into civil rights crimes and review the fatal shooting in 1965 of a young black man, Jimmy Lee Jackson, that involved state troopers. … A bill before Congress, with co-sponsors including Rep. John Lewis of Georgia and Sen. Patrick Leahy of Vermont, both Democrats, would require the Justice Department and the FBI to create cold-case units dedicated to civil rights."

Legends Surrounding Till Case Examined. The Jackson (MS) Clarion-Ledger (2/18, Mitchell) reports, "Few homicide cases in this nation's history have been shrouded by as much legend as the 1955 killing of Emmett Till. … Now, more than a half century after the 14-year-old's slaying, prosecutors are preparing to present the case to a Leflore County grand jury, separating fact from fiction, what's known from what may never be known. … 'Because of its importance to the civil rights movement, it has this mythic quality like the Kennedy assassination,' said David Beito, a University of Alabama professor who's an expert in the Till case. 'You get all sorts of conspiracies.'" The Clarion-Ledger continues, "Some of those legends took root not long after the black youth from Chicago was abducted, beaten and shot to death after he reportedly wolf-whistled at Carolyn Bryant at a grocery store in Money. Some have sprung up since. … Less than a month after Till's Aug. 28, 1955, slaying, an all-white jury acquitted her then-husband, Roy, and his half-brother, J.W. Milam - only to see them confess their guilt months later to Look magazine. The half-brothers have since died." The Clarion-Ledger adds, "In 2004, the Justice Department opened an investigation into Till's killing. A grand jury that will be impaneled in March is expected to take up the case. … The FBI's more than 8,000-page report on the Till case sheds new light on the legends surrounding the killing, and in some cases, contradicts them."

ANTITRUST:

Seed Rivals Worried About Monsanto Deal. The Memphis Commercial Appeal (2/18, Contact) reports, "Six months after Monsanto Co. agreed to pay $1.5 billion for Delta and Pine Land -- the largest cottonseed company in the country -- the pot bubbles with intrigue." The Appeal continues, "Producers don't seem as worried as much as Monsanto rivals Switzerland-based Syngenta AG and Pioneer Hi-Bred International Inc., owned by DuPont. … Both have licensing agreements with D&PL and don't relish the idea of having to cooperate with Monsanto. … But what is really at stake is this: Monsanto owns more transgenetic cotton traits than any company in the world. If it also owns the largest cottonseed company, it would control the most cotton varieties, transgenes and -- in this case -- the herbicide Roundup, central to many recent biotech advances in agriculture. … 'Farmers are not very happy unless they have stock in Monsanto,' said Bill Meredith, longtime U.S. Department of Agriculture cotton breeder in Stoneville, Miss. 'They fear they will have to pay more to get a product not as good as what they've got.'" The Appeal notes, "The Department of Justice was expected to rule on the antitrust issue by Wednesday. Now, it looks like the deal will close by spring. … If the merger goes through, Monsanto will control 85 percent of the mainstream bloodlines of cotton and every kind of cotton planted in the Mid-South. … 'The proposed Monsanto acquisition of Delta & Pine Land is clearly anti-competitive,' said Doyle Karr, DuPont spokesman. 'We have serious concerns about the impact it would have on farmers, the agricultural industry and ultimately consumers.' … While Syngenta says it is not engaged in a grass-roots effort to defeat the sale, it has told the Justice Department and others that it doesn't 'believe it's in the best interest of the growers,' said Anne Burt, spokeswoman."

ENVIRONMENT:

Bush Urged To Make ANWR The US Strategic Petroleum Reserve. In an op-ed for the Washington Post (2/18, B7, 690K) Gal Luft, executive director of the Institute for the Analysis of Global Security, writes, "In his State of the Union address last month, President Bush announced his intention to expand the Strategic Petroleum Reserve as a way to strengthen America's energy security. … In an increasingly unstable world, the Strategic Petroleum Reserve is a much-needed insurance policy. But the way the president chose to expand it is ill-considered." Luft continues, "The administration should consider a radically different and much cheaper approach to boosting our security: make ANWR our strategic reserve. … Reframing the issue to cast the refuge as an emergency stockpile rather than a source of production might well change the politics."

FBI/DEA/ATF/USMS:

US Urged To Help Cities Track Illegal Gun Sales. The Las Vegas Sun (2/18) editorializes, "Earlier this month we wrote in support of an effort by the Los Angeles County Sheriff's Department to track the origin of guns used in crimes. The department had traced several such weapons to a gun shop in Sparks, just outside of Reno. … Such efforts are undertaken to determine whether gun shops are permitting 'straw purchases' - those made with the intent of giving or selling the guns to criminals. Support for these investigations comes from the Mayors Against Illegal Guns Coalition, which counts 150 U.S. mayors in its membership,

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including Geno Martini of Sparks." The Sun continues, "A co-founder of the group, New York City Mayor Michael Bloomberg, last year sent police investigators into many of his city's gun shops. As the requirement for gun shop operators to be vigilant against straw purchases comes under federal law, all Bloomberg could do was press civil suits against those found to be in violation. … He hoped the Justice Department would take it from there, and file criminal charges where the evidence was strongest. But not only did the Justice Department refuse to bring charges, it also warned Bloomberg about "potential legal liabilities" the city could face if it continued such investigations." The Sun concludes, "Straw purchases are a mounting problem in communities across the country. The federal government should assist cities as they try to protect their citizens from the danger presented by criminals who can easily obtain guns from seemingly legitimate purchasers."

IMMIGRATION:

NAFTA's Failure To Curtail Illegal Immigration Examined. In a "Week in review" piece for the New York Times (2/18, WK4, 1.16M) Louis Uchitelle writes, "The North American Free Trade Agreement, enacted by Congress 14 years ago, held out an alluring promise: the agreement would reduce illegal immigration from Mexico. Mexicans, the argument went, would enjoy the prosperity and employment that the trade agreement would undoubtedly generate — and not feel the need to cross the border into the United States. But today the number of illegal migrants has only continued to rise. Why didn't Nafta curb this immigration? … A major factor lies in the assumptions made in drafting the trade agreement, assumptions about the way governments would behave (that is, rationally) and the way markets would respond (rationally, as well). Neither happened, yet Nafta remains the model for trade agreements with developing Latin countries, including the Central American Free Trade Agreement."

Georgia Legislators Planning Further Restrictions On Illegals. The Washington Times/AP (2/18) reports Georgia lawmakers "have been working around the edges to crack down again on aliens in the country illegally. Georgia made international headlines last spring when it passed some of the toughest laws in the U.S. targeting illegal aliens within its borders. Those laws included provisions to sanction employers who knowingly hire illegal aliens and deny some state services -- such as nonemergency medical care and unemployment checks -- to adults who can't verify that they're in the country legally. A flurry of smaller proposals has been moving through the state legislature this year, including several that would make it tougher for illegal aliens to drive in Georgia."

NYTimes Criticizes Congressional Border Security Measures. The New York Times (2/18, WK11, 1.16M), inan editorial, writes, "The country has summoned great energy to confront the immigration problem, but most of it has been misplaced, crudely and unevenly applied. It seeks not to solve the conundrum of a broken immigration system, but to subdue, in a million ways, the vulnerable men and women who are part of it. Government at all levels is working to keep unwanted immigrants in their place — on the other side of the border, in detention or in fear, toiling silently in the underground economy without recourse to the laws and protections the native-born expect. … What little the last Congress did about immigration was focused on appeasing hard-line conservatives by appearing to seal the border. President Bush's new budget continues that approach, seeking 3,000 more Border Patrol officers and another $1 billion for a 700-mile fence, adding to the billions spent to militarize the border since the 1990s. That still isn't enough to build the fence and it hasn't controlled the illegal flow; you need more visas and better workplace enforcement to do that."

Rep. Poe Raises Profile Of Border Agents' Prosecution. The Houston Chronicle (2/18, Mittelstadt) reports, "Flip on CNN's Lou Dobbs Tonight show these days and chances are pretty good you'll see Texas Congressman Ted Poe lamenting the fate of two ex-Border Patrol agents imprisoned for shooting a Mexican drug trafficker." The Chronicle continues, "For months, the Republican from Humble has relentlessly championed the agents' case on cable-TV shows and behind the scenes, helping foment public outrage directed at the White House and President Bush's appointees in the Justice and Homeland Security departments. … Poe, who spent 22 years as a hard-nosed criminal court judge in Houston and eight years before that as a Harris County prosecutor, seems an unlikely choice to be carrying the banner for two convicts. … 'It surprises some that I am seen to be on the side of the defendants,' Poe acknowledged in an interview. … But the lawmaker, in his second term, said his stance stems directly from his experiences on the bench and at the prosecution table. … 'I know the power of the prosecution and how powerful they are,' said Poe, who argues that the Justice Department went to extraordinary lengths to prosecute ex-agents Jose Compean and Ignacio Ramos for wounding the drug trafficker in a 2005 border altercation." The Chronicle adds, "Though the two men were duly convicted in a jury trial in El Paso, Poe contends the game was rigged against the defendants because of 'back-room deals' given by the prosecution to get the trafficker and other involved Border Patrol agents to testify. He also questions whether information was withheld from the jury. … And Poe is uneasy about what he views as

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Mexican interference into the case, citing letters written by Mexican consular officials seeking prosecution."

TAX:

Senate Legislation Would Crack Down On Hedge Fund Use Of Tax Havens. The Washington Post/Bloomberg (2/18, A10, Drajem, Donmoyer) reports Sens. Carl Levin, Barack Obama and Norm Coleman "proposed legislation that would target what they say is $100 billion a year in tax revenue lost each year because of overseas tax havens, in part by forcing hedge funds to track their foreign investors. The measure would impose tougher requirements on U.S. taxpayers using offshore secrecy jurisdictions, give the U.S. Treasury the authority to take action against foreign jurisdictions that impede tax enforcement, stiffen penalties against abusers and close offshore trust loopholes," according to a summary of the bill released by Levin.

CONGRESS-ADMINISTRATION:

Bush Uses Radio Address To Push Health Insurance Proposal. The New York Times (2/18, A22, 1.16M) reports that in his weekly radio address President Bush "urged Congress…to create a tax break that would help people buy private health insurance outside the workplace. Repeating points made in his State of the Union address, Mr. Bush said that he wanted to create a standard tax deduction for health insurance and that he would 'continue to reach across party lines to enact common-sense health care reforms.' … Mr. Bush said he was pleased to receive a letter this week from 10 senators — 5 Democrats and 5 Republicans — who wanted to work with him on the nation's health care system."

Schwarzenegger Health Insurance Plan Could Hurt Middle Class Families. The Los Angeles Times (2/18, A1, Rau, 850K) reports that although Gov. Arnold Schwarzenegger's health insurance plan is meant to help those who cannot afford their own health insurance, "compelling everyone to obtain insurance -- the linchpin of his plan -- may not work for many Californians in need of aid, according to health policy experts. Under the governor's plan, nearly 1 million middle-class people would be caught in a tough bind, those experts say: They earn too much to qualify for the insurance subsidies Schwarzenegger wants the state to provide but not enough to afford comprehensive coverage. Only those whose yearly earnings are less than 250% of the federal poverty level -- about $25,525 for individuals and $51,625 for families of four -- would qualify for the proposed subsidies."

New Democratic Majorities' "Iron-Fisted Tactics" Draw GOP Complaints. The Washington Post (2/18, A4, Layton, 690K) reports that though Democrats "pledged to bring courtesy to the Capitol when they assumed control of Congress," they have "used its muscle to force through its agenda in the House and sideline Republicans. And after an initial burst of lawmaking, the Democratic juggernaut has kept on rolling. Of nine major bills passed by the House since the 110th Congress began, Republicans have been allowed to make amendments to just one, a measure directing federal research into additives to biofuels. … Last week, the strong-arming continued during the most important debate the Congress has faced yet -- the discussion about the Iraq war. Democrats initially said they would allow Republicans to propose one alternative to the resolution denouncing a troop buildup but, days later, they thought better of it." The post adds that Republican leaders "have been complaining daily about being pushed to the margins," however "significant numbers of House Republicans have voted along with Democrats on the legislation passed so far -- a fact that somewhat mutes criticism about iron-fisted tactics."

Liberals' Resurgence Attributed By Some To "Conservative Slump." In a "Week in Review" piece for the New York Times (2/18, WK1, 1.16M), Mark Leibovich writes, "These are balmy days on the American left — genuine, uncharacteristic sunniness unpolluted by some fluky political climate change. There is even talk of a — stutter, clear-throat, perish-thought — liberal resurgence. … The chicken-egg riddle is how much this alleged 'liberal moment' bespeaks genuine momentum for the left and how much stems from anti-Bush, antiwar, anti-Republican fervor. In other words, liberal moment or conservative slump?"

Moles Removed From Bush's Face Were Benign. ABC World News (2/17, story 5, :10, Avila, 8.78M) reported, "The White House said late today that two moles removed from President Bush's face yesterday were not cancerous. Tests came back on firming both of the moles on the President's left temple were benign. Mr. Bush has had several lesions removed before, growths his doctors link to sun exposure." CNN.com (2/17) reports White House spokesman Scott Stanzel said Bush "has a 1-inch scab on his left temple that is expected to heal in a week to 10 days."

GAO Faults Administration's Electronic Medical Records Privacy Strategy. The New York Times (2/18, A22, Pear, 1.16M) reports that the GAO has found the "Bush administration has no clear strategy to protect the privacy of patients as it promotes the use of electronic medical records throughout the nation's health care system." A GAO report "said the administration had a jumble

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of studies and vague policy statements but no overall strategy to ensure that privacy protections would be built into computer networks linking insurers, doctors, hospitals and other health care providers." The Times notes that President Bush "has repeatedly called for the creation of such networks, through which health care providers could share information on patients. … In response to the president's plea, federal officials have developed elaborate plans for what they describe as 'a nationwide health information network,'" but the GAO "said the administration had taken only rudimentary steps to safeguard sensitive personal data that would be exchanged over the network."

Latino Legislative Caucuses Said To Have "Outlived Their Usefulness." Los Angeles Times (2/18, 850K) columnist Gregory Rodriguez writes, "You go, Loretta Sanchez. Just keep walking away from that Congressional Hispanic Caucus. No, not just because of the nasty name caucus chief Rep. Joe Baca allegedly called you. B ut because you'll be undermining a political practice that will increasingly hurt Mexican American statewide candidates in the most politically powerful states in the nation. … The moment provides an opportunity to ponder whether Latino legislative caucuses haven't outlived their usefulness. I say it's time to abolish them. It's not because I stand in principled opposition to the idea of ethnic solidarity. It's just that both the demographic calculus and the political rationale that gave rise to Latino caucuses have disappeared. And as Latinos move toward becoming the largest ethnic group in the two most populous states, such caucuses become a political liability to statewide candidates vying to represent all constituencies."

OTHER NEWS:

Republican Presidential Hopefuls Vie For Conservatives' Support. Presidential candidates from both parties are on the campaign trail this weekend, but as the CBS Evening News (2/17, story 4, 2:45, Smith, 7.66M) reported, "all the Republican candidates are wooing one particularly prized pool of voters." CBS (Pinkston) reported that a new CBS News poll gives Rudy Giuliani a "wide lead" in a head-to-head matchup with Sen. John McCain, with Republicans favoring Giuliani 50%-21%, more than "a two-to-one margin. Most surprising, Giuliani also solidly beats McCain among conservatives." Republican pollster David Winston: "There's this really strong image of Giuliani in the first 24 hours, in terms of 9/11." Pinkston: "Winston thinks Giuliani's performance in that crisis may overcome conservative opposition to his moderate positions on issues such as gun control and abortion. … But Giuliani shouldn't count on Tony Perkins' support. He heads the Family Research Council, a conservative Christian group." Perkins: "There are certain threshold issues of being pro-life, and supporting the sanctity of human life, then you're not going to get the support of social conservatives." Pinkston: "Conservatives also have their doubts about McCain for his moderate positions on immigration and gun control. And they question" Mitt Romney's "commitment to the anti-abortion cause. While most of the media spotlight on the GOP has focused on McCain, Giuliani, and Romney, there's another name from the Republican Party's glory days, who might get even more support from social conservatives: former House Speaker Newt Gingrich. Gingrich says it's too early to announce, but when his name is added to polls, he immediately becomes a strong contender."

Chait Says Giuliani Winning "Cult Following" Among Conservatives. In his Los Angeles Times (2/18, 850K) column, Jonathan Chait writes that "Giuliani's presidential campaign is starting to win a cult following among conservatives. It's not his position on domestic policy that's doing it -- he has nothing to say about that. Lord knows it's not his social issue positions, which even his strongest backers acknowledge are his political weak point. No, he has somehow built a record as a foreign policy guru despite having no experience beyond the municipal level. … He has a tough guy persona. He expresses extremely strong disapproval for enemies of the United States. (For instance, Giuliani has bragged about asking President Bush to let him personally execute Osama bin Laden.) All this makes Republicans swoon."

Acquaintances Reflect On Romney. In the second installment of its Outlook series on how "classmates, colleagues and competitors from the past" view the presidential candidates, the Washington Post (2/18, B1, 690K) runs a series of comments from those who know and have known Romney.

McCain Faces Iraq Questions During First Campaign Trip To Iowa. ABC World News (2/17, story 4, :10, Avila, 8.78M) reported Sen. John McCain "was on the campaign trial in Iowa, where he called the resolution denouncing the troop increase insulting to the public and the soldiers. This is McCain's first visit to Iowa since forming a presidential exploratory committee."

The Washington Post (2/18, A8, Balz, 690K) reports the Iraq war "followed" McCain to Iowa, where he "faced a series of skeptical questions about the lack of progress in the conflict and whether he or anyone has a plan for success. It became clear from the opening minutes of his first meeting of the day just how much the presidential aspirations of the senator, who is one of the leading advocates of President Bush's troop-increase policy, may be tied to events in Iraq." Throughout the hour-long town hall meeting, McCain "walked a line between strong advocacy for the troop buildup as the

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best chance to avoid a bloodletting in Iraq and defensiveness over the lack of progress and the growing impatience on the part of the public over what he said has been a badly mismanaged war effort dating back years." McCain said, "I know how tough it is for the American people. I know how frustrated Americans are. I know how saddened we are when we lose our most precious treasure. I understand your frustration. But I also want to tell you that I could not be honest with you without telling you that I believe if we fail, the consequences of failure are catastrophic and there would be genocide and chaos."

The New York Times (2/18, A30, Nagourney, 1.16M) said McCain began "testing one of the biggest questions so far of the presidential campaign: Can he win as an all-out supporter of the war in Iraq?" He "attacked Senate Democrats for what he called 'a political stunt' in trying to join the House in passing a nonbinding resolution opposing President Bush's plan to send more troops to Baghdad," but also "belittled the White House for falsely raising hopes by asserting early American successes in the war."

South Carolina Columnist Says Brownback Will Become "Major Figure." In South Carolina's The State (2/18), Lee Bandy writes that when, "three weeks ago, an estimated 350 Republican Party activists attended a luncheon in Columbia for GOP presidential hopeful Sam Brownback," many came "out of curiosity." But he "didn't disappoint his audience, made up mostly of religious conservatives. Members punctuated the air with shouts of 'amen' and 'praise the Lord.' It sounded more like a revival service than a political gathering. Many conservatives and religious leaders view Brownback as a serious candidate" for the presidency, and there is "little doubt he will become a major figure in U.S. public life and an increasingly critical player in its governing coalitions."

Clinton Says She Would Rather Lose Support Than Make False Apology On Iraq. The New York Times (2/18, A30, Healy, 1.16M) reports that "antiwar anger" at Sen. Hillary Clinton "has festered, and yesterday morning Mrs. Clinton rolled out a new response to those demanding contrition" on her 2002 Iraq war authorization vote. Clinton "said she was willing to lose support from voters rather than make an apology she did not believe in. 'If the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from,' Mrs. Clinton told an audience in Dover, N.H., in a veiled reference" to John Edwards and Sen. Barack Obama. Clinton's "decision not to apologize is regarded so seriously within her campaign that some advisers believe it will be remembered as a turning point in the race: either ultimately galvanizing voters against her (if she loses the nomination), or highlighting her resolve and her willingness to buck Democratic conventional wisdom (if she wins). At the same time, the level of Democratic anger has surprised some of her allies and advisers, and her campaign is worried about how long it will last and how much damage it might cause her."

"Old Enemies" On The Right Mobilize Against Clinton. The Los Angeles Times (2/18, Braun, 850K) reports on its front page that "old enemies" of Clinton "are out in force. Just weeks after she joined the Democratic Party's flock of presidential contenders, Clinton is being targeted by conservative and Republican-allied activists intent on derailing her campaign before the start of next year's primaries. They have surfaced with a flurry of planned projects: a Michael Moore-style documentary film, book-length exposes, and websites such as StopHerNow.com and StopHillaryPAC.com. Conservative admirers of the Swift Vets and POWs for Truth media blitz that helped torpedo Democratic Sen. John F. Kerry's presidential candidacy in 2004 are now agitating to 'Swift-boat' Clinton." The Times says the "emerging moves" against Clinton "reflect the accelerated pace of the 2008 race and conservatives' growing conviction that she poses a formidable threat that requires fast and early footwork."

Reid's Son Joins Clinton Team. The Washington Post (2/18, A2, Cillizza, Murray, 690K) reports that while Senate Majority Leader Harry Reid "has pledged not to pick among his many friends" running for the presidential nomination, Clinton has "found the next-best thing -- signing his eldest son, Rory, as both the chair of her campaign in the Silver State and an adviser on Western issues. Rory Reid currently serves as the chairman of the Clark County Commission -- that's Las Vegas's county -- and is a past chairman of the Nevada state party."

Obama Hits South Carolina And Virginia, Collecting Kaine Endorsement. The Washington Post (2/18, A9, Shear, 690K) reports Sen. Barack Obama "took his presidential campaign to the heart of the Deep South for the first time this weekend, tailoring his campaign message to associate himself with the civil rights movement. With a Kenyan father who was not descended from African slaves, Obama is unlike Southern black candidates, steeped in the slavery and civil rights struggles that tore at the region for more than a century. Neither is he like the white politicians, whose skin color automatically disqualifies them from the black experience. And so, on his maiden presidential visit to South Carolina and Virginia, Obama was greeted with not only enthusiasm but also a bit of curiosity." After addressing a "primarily black crowd of about 2,000" at historically black Claflin University in Orangeburg, South Carolina, "Obama and his wife, Michelle, traveled to

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Richmond and accepted the endorsement of Virginia Gov. Timothy M. Kaine." Obama "then continued a busy day by addressing more than 4,000 Democratic activists at the state party's annual Jefferson-Jackson Day dinner."

The Washington Times (2/18, McLaughlin, 88K) says Kaine said in his endorsement, "I am very happy to say it is a very simple decision for me in terms of what I think is important in my assessment of where the nation is to endorse Sen. Barack Obama as our nation's next president." Kaine said his "early endorsement was a sign of his enthusiasm for Mr. Obama. His endorsement of the first-term senator made Mr. Kaine the first governor to publicly endorse any presidential candidate."

Obama Said To Represent Growing Population Of African Immigrants. In a Los Angeles Times (2/18, 850K) op-ed, University of California Santa Cruz associate professor of literature Louis Chude-Sokei writes that while "not quite able to pass for white," Obama "has been able to pass for African American. He is biracial, but not white; black, but not African American; American but not African. What has entranced the country more than his somewhat vague policies is Obama's challenge to conventional racial and cultural categories. … But there is a third side to Obama -- and also to the politics of racial passing in America. The population of African immigrants" in the US "is rapidly growing."

Edwards Addresses Las Vegas Union Group. The AP (2/17, Nakashima) reports John Edwards "took his plan for universal health care to union-strong Las Vegas on Saturday, visiting the local branch of the electrical workers labor group to which his brother belongs." It was Edwards' ninth visit to the state since the 2004 election, "including five times last year before swinging by again in December to announce he was running for president."

Richardson Vows To Exit Iraq, Shut Down Guantanamo Bay. The New Hampshire Union Leader (2/18, Rayno) reports, "On his second day in office, Democratic Presidential candidate Bill Richardson said yesterday he would shut down Guantanamo Bay detention camp for suspected terrorists. 'The first day I would get us out of Iraq,' the New Mexico governor said, adding he would also close Abu Grab prison where Iraqi prisoners were tortured." Addressing the Concord City Democrats, Richardson said that Abu Ghraib "is 'one of the reasons this country has so many problems in the Muslim world.'" Richardson "joked about his low profile compared to other Democratic hopefuls, but seriously called for all Democratic candidates to pledge not to attack each other. He touted his experience both in foreign policy and at home as governor. Speaking of the current administration's foreign policy problems, Richardson said 'We can't afford to have a President without foreign policy training.'"

Dodd Stresses Experience In South Carolina Stop. South Carolina's The State (2/18, Michals) reports Sen. Christopher Dodd "got a warm response Saturday morning from S.C. Democrats when he brought up the issues of predatory lending, the war in Iraq and public vs. private education. 'People are expressing that sense of urgency about what we need to do at home and abroad,' Dodd said during a Columbia stop in his 2008 presidential campaign. 'I wanted to get out and be part of this debate.' … Dodd's rousing speech -- as local Democrats drank coffee and dined on grits, eggs and bacon -- often circled back to his 30 years of experience as a lawmaker. 'We've done six years of on-the-job training' with President Bush, Dodd said."

Will Sees Clinton, Edwards "Stumbling" As Giuliani Soars. In his Washington Post (2/18, B7, 690K) column, George Will writes, "Two Democratic presidential candidates with national campaign experience are stumbling. A Republican candidate who has run only municipal campaigns is confounding expectations, calling into question some assumptions about Republican voters. John Edwards has learned -- surely he did not know it when they were hired -- that two women employed by his campaign have Internet trails of vitriolic anti-Christian, and especially anti-Catholic, rants." And Sen. Hillary Clinton, "who says that a Democratic president would properly withdraw U.S. forces," is "not voting for a policy she considers proper." Meanwhile, predictions that support for Rudy Giuliani "will evaporate" among Republicans as more of his background becomes known is "becoming self-refuting." The "insistent reiteration of it during Giuliani's coast-to-coast campaigning is telling activist Republicans…the facts about Giuliani. And so far those facts are not causing a recoil from him."

States Continue Primary Calendar Maneuvering. Several reports focus on possible changes to the primary calendar. In California, the San Francisco Chronicle (2/18, Marinucci, 384K) runs a front-page story headlined "Early Primary -- Too Much Too Soon?" The Chronicle says Democrat Tom Vilsack warns that a February primary in the most-populous state "would not substitute for the lunch counters in Iowa, the house parties in New Hampshire and the barbecues in South Carolina where presidential nominations are really decided." The "intensive and personal vetting of candidates that has developed for generations in states such as Iowa and New Hampshire, Vilsack said, is one reason why mega-media states such as California, New Jersey and Illinois may not get the clout they hope for by moving up in the presidential primary schedule."

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However, the California Senate "handily passed legislation last week to move California's presidential primary from June 2008 to Feb. 5, 2008," and Gov. Arnold Schwarzenegger is expected to back it. The Los Angeles Times (2/18, Barabak, 850K) runs a question-and-answer piece on the possible move.

The New Hampshire Union Leader (2/18, Tuohy) looks at Nevada's jump to the early stages of the calendar, saying Democratic candidates "will be on unfamiliar political ground when they arrive" in the State Wednesday "for their first joint forum of the 2008 campaign. For the first time, the state that popularized quickie marriages, built a global reputation for its casinos and gave free range to places like the Bunny Ranch plans a caucus" for January 19, "between the Iowa caucuses and New Hampshire's leadoff" primary. Nevada state archivist Guy Louis Rocha said, "They're starting to see that Nevada is a player. All roads now head through Nevada. The fact is, Nevada's always been a backwater."

The Milwaukee Journal Sentinel (2/18, Gilbert, 255K) says that whether the February 19 primary in Wisconsin will be a "big deal or an empty, anticlimactic ritual is anybody's guess. But at this point either outcome seems plausible." Both nominations "could be effectively wrapped up after only a few weeks of voting -- and before the campaign even gets to Wisconsin. … But that's not the only possible scenario. In the most wide-open presidential election in decades, with two or three politically robust, big-name contenders in each party backed up by a bevy of respectable long shots, a quick outcome is not guaranteed." If the race "doesn't peter out before Wisconsin, then a very different dynamic could come into play, one that might give the state a more meaningful role than it has had in many years."

Mayors To Press Democratic Hopefuls On Urban Agenda. The Washington Times (2/18, Debose, 88K) reports on its front page, "The nation's mayors say they will press the 2008 Democratic presidential hopefuls to address the needs of cities by crafting urban agendas early in their campaigns, but some candidates could already have an edge based on their records." According to US Conference of Mayors President Douglas Palmer, mayor of Trenton, New Jersey, Sen. Hillary Clinton "has the strongest record working with urban black mayors -- both as a senator and as first lady." Detroit Mayor Kwame Kilpatrick also called Clinton "a strong contender," crediting her and her husband "for the creation of new policies such as welfare-to-work, which he said helped cities get more residents off the poverty rolls." Kilpatrick said he has met with Clinton, Sen. Joseph Biden, and John Edwards.

Presidential Race Could Offer Twist On Traditional "Religion Gap." The New York Times Magazine (2/18, Rosen) examines the "religion gap" in US politics, the "fact that regular churchgoers identify by a wide margin with the G.O.P. Come election time, the personal religiosity of the Democratic candidates won't matter nearly as much as the positions they take in all the drearily familiar theaters of the culture war. What a matchup between churchgoing Democrats" like Sen. Hillary Clinton or Sen. Barack Obama "and secular-minded Republicans" like Rudy Giuliani or Sen. John McCain "may supply, though, is welcome moderation in our debates over issues like abortion, gay marriage and stem-cell research. God knows, both sides of the ideological divide have fundamentalists in need of taming."

WPost Says Campaigns Should Release Names Of "Bundlers." The Washington Post (2/18, B6, 690K) editorializes, "The 2008 presidential field has already begun to sort itself into candidates willing to disclose the identities of their big financiers and those who balk at providing this critical information. On the side of real disclosure" are Sens. Christopher Dodd, John McCain, and Barack Obama, as well as Mitt Romney and Tom Vilsack. "Declining to provide this information" are Sen. Hillary Clinton, John Edwards, and Rudy Giuliani. The "refusal of these candidates to live up to the standards set by President Bush during his two campaigns, as well as by 2004 Democratic nominee John F. Kerry, speaks volumes about their commitment -- or lack thereof -- to openness in government." The "names of bundlers should be a matter of public record."

Brooks Says New Science On Human Nature Confirms Conservatives' Assumptions. In his New York Times (2/18, WK12, 1.16M) column, David Brooks writes, "Over the past 30 years or so…belief in natural goodness has been discarded. It began to lose favor because of the failure of just about every social program that was inspired by it, from the communes to progressive education on up. But the big blow came at the hands of science. From the content of our genes, the nature of our neurons and the lessons of evolutionary biology, it has become clear that nature is filled with competition and conflicts of interest. … As Steven Pinker has put it, Hobbes was more right than Rousseau." Brooks adds, "This darker if more realistic view of human nature has led to a rediscovery of different moral codes and different political assumptions. … This is based on the idea that there is a universal human nature; that it has nasty, competitive elements; that we don't understand much about it; and that the conventions and institutions that have evolved to keep us from slitting each other's throats are valuable and are altered at great peril."

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In Jerusalem, Rice "Presses Forward" With Israeli-Palestinian Effort. Under the headline, "Rice Finds Huge Gaps Between Israel, Palestinians," AFP (2/18, Millikin) reports Secretary of State Condoleezza Rice "is to meet with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmud Abbas as she presses forward with a new initiative to revive the moribund peace process." She "flew in to Israel Saturday vowing to press ahead with a risky summit with the two leaders, who are embroiled in a bitter feud over the presence of Islamist radicals in a soon-to-be-formed Palestinian government. … The highlight of her mission is to be her first three-way meeting with Abbas and Olmert on Monday. She has billed that as the kick-off of a long-awaited US initiative to revive negotiations on a peace deal and the creation of a Palestinian state." However, Rice's "plan has been overshadowed by controversy over a power-sharing deal reached last week between" Fatah and Hamas.

The New York Times (2/18, A20, 1.16M) calls Rice's meeting tomorrow with Olmert and Abbas "much anticipated" and "a possible first step to rejuvenating Middle East peace talks," but adds that the summit "seems likely to be overtaken by battles over a new Palestinian unity government." The three sides "were jostling for position before the meeting, with the Americans and Israelis saying that the new government must recognize Israel, and the Palestinian Authority president saying that the world would have to live with the coalition. But it was unclear whether those statements sounded a death knell for restarting talks."

The AP (2/18) notes remarks by Abbas to Assistant Secretary of State David Welch that "the world will have to deal with a new Hamas-Fatah coalition even if its platform falls short of international demands such as recognition of Israel." Abbas told Welch "he will deliver the same message _ that he has done his best to moderate the Islamic militants – at an upcoming summit with" Rice and Olmert tomorrow. However, Rice and Livni "suggested later Saturday that there would be no room for compromise. Speaking at the start of a meeting in Jerusalem, they said any Palestinian government would have to meet the three conditions of international acceptance – recognizing Israel, renouncing violence and accepting previous peace deals with Israel." Rice "said Saturday she would withhold judgment until the government is formed."

On its front page, the Washington Times (2/18, A1, Mitnick, 88K) notes Abbas "delivered a blunt message" to Welch – "'The world must deal' with Hamas." For her part, Rice "acknowledged that her visit was taking place at a 'complicated time.'" Despite plans to work towards a peace settlement in tomorrow's summit meeting, Rice, Abbas and Olmert "appear likely to be detoured by the Mecca agreement and how it will affect relations with the Palestinian Authority and the flow of international aid."

Gaza "Slow" To Develop 18 Months After Israeli Pullout. Under the headline, "Israelis Are Gone, But Gaza Rebuilding Is Slow," the New York Times (2/18, Myre, 1.16M) examines developments in Gaza since the mid-2005 Israeli pull-back. That "withdrawal raised Palestinian hopes for new homes, schools and businesses, and an easing of the overcrowding." However, "internal Palestinian turmoil, the conflict with Israel and a lack of money have kept the abandoned settlements looking almost exactly as they were the day the Israelis left."

Israel Denies Egyptian-Canadian Spied For Mossad In Turkey. The New York Times (2/18, A9, El-Naggar, 1.16M) details the arrest in Cairo of Mohamed Esam Ghoneim, "an Egyptian student who fled the country six years ago." Ghoneim is accused of "spying for Israel." One newspaper account claims he "left Egypt in August 2001 on a tourist visa to Turkey, where he offered his services at the Israeli Embassy and was recruited by an agent of the Mossad, Israel's intelligence service, to gather information about Egyptians and Arabs living there." The Times notes that "Israeli officials denied the allegations, saying they learned about the case from news reports."

North Korean Negotiations Said To Show Necessity Of Iran Talks. A lengthy analysis piece in the New York Times (2/18, Sanger, 1.16M) examines the "looming question" of US policy towards North Korea and Iran. "When it comes to finding a way to disarm your enemies, here is a puzzle: How do you decide which dictatorial, nuke-building regimes to negotiate with, and which to freeze out, sanction or intimidate with a couple of aircraft carriers?" Although "hardliners and conservatives were assailing the administration last week for 'selling out' to Kim Jong Il, some in the administration were wondering whether there are lessons here for dealing with Iran." The Times notes that Administration officials "worked out" parts of this week's agreement "in one-on-one talks in Berlin of the kind the White House refused to hold a few years back… Those are exactly the steps Mr. Bush refuses to take with Tehran." The Times explains the White House's "logic" -- Pyongyang's "nuclear program is already 'mature,'" and "insisting on suspending fuel production … would not gain the United States any leverage. Iran, they argue, is different. It has no weapons -- at least not yet."

US-Russian Relations Said To Suffer From Mutual Distrust, Disappointments. In a New York Times (2/18, WK3, 1.16M) analysis piece, Steven Lee Myers says a second Cold War "could in its own way be just as messy and unpredictable" as the first. "For all the talk of strategic partnership and even personal friendship" between President Vladimir Putin and President Bush, the "relationship

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between Russia and the United States has reached what is probably its lowest point since the Soviet Union collapsed a decade and a half ago." Russia and the US "seem headed into a period of tensions when every step is met with distrust and some counterstep, putting them on opposite sides of hotspots around the world, from Iran to Georgia to Kosovo. … The countries are now openly competing for influence in Europe, in the Caucasus and in Central Asia, where access to natural resources and military bases has become paramount for both." While Moscow and Washington "are no more likely to go to war than before," Myers says potential flashpoints abound. And, as in the cold war, it would not take much for simmering tensions to become a grave breach, even a violent one."

US Urged To Hold Putin Accountable For Russian Democratization. In the Washington Post (2/18, B2, 690K), researcher Anders Aslund says Putin's recent "anti-American tirade" was "notable for what it said about his domestic politics." While he "obviously thinks he is riding high," he "has painted himself into a corner as he faces the end of the two terms in office that the Russian constitution allows him. … Having spent his time as president undermining democracy, property rights, the free press and the rule of law by taking over Yukos oil (and throwing its owner into a Siberian prison) and then other big companies, now he and his coterie must cling to power somehow -- or risk losing it all if they cannot stage-manage a transition to the proper person." Putin's international speeches "have the effect of increasing his popularity and therefore his grip on the country." The "ultimate question is how the Putin regime will end," and Aslund says Washington "can no longer be a mere bystander in this drama." Vice President Cheney's "speech in Vilnius, Lithuania, last May was a welcome departure, which enraged the Kremlin. It's the time for the White House to follow through."

Professor Says Cold War Nostalgia Is Misplaced. In an op-ed in today's Los Angeles Times (2/18, 850K), Yale University professor Paul Kennedy says of the Cold War, "There is a palpable sense of nostalgia these days for the familiar contours of that bygone conflict, which has been replaced by a much more murky, elusive and confusing age." That "bipolar world" was "inherently stable," while "today's world is far less stable and indeed much less favorable to the comfortable Western democracies." However, Kennedy argues, "however tricky our relationships with Putin's Russia and President Hu Jintao's China are nowadays, the prospect of our entering a massive and mutually cataclysmic conflict with either nation are vastly reduced." He continues, "Those were really scary times, and much more dangerous than our present circumstance because the potential damage that could be inflicted during an East-West conflagration was far, far greater than anything that Al Qaeda can do to us now."

Italians Peacefully Protest Expansion Of US Airbases. The New York Times (2/18, Kiefer, 1.16M) reports, "Tens of thousands of people converged Saturday on [Vicenza] in the Veneto region of northern Italy for a peaceful protest against the planned expansion of an American military base. The expansion would essentially double the base's size so it could house the full 173rd Airborne Brigade. The number of military personnel here would grow to about 4,500 from 2,750." In addition to local concerns, "the widely publicized demonstration on Saturday was billed as a chance for Italians to express their anger over American foreign policy. Fears grew of a repeat of the violence that overtook antiglobalization protests in Genoa in 2001." The AP (2/18, Barry) adds, "Despite fears that violent demonstrators would be drawn to the protest, the march took place without incident, finishing outside the main train station where it started, as hundred of police officers stood guard and helicopters hovered overhead. The route did not pass the airfield where the expanded base is to be built, where critics keep a permanent picket."

Madrid-ETA Peace Process Said To Be "In Tatters." The Washington Post (2/18, A20, Anderson, 690K) notes last December's "bombing at Madrid's Barajas airport, which leveled a five-story parking lot and killed two Ecuadoran immigrants … shocked" Prime Minister Jose Luis Rodriguez Zapatero's government and "many Spaniards who had dared to hope that peace talks with ETA, formally known as Basque Homeland and Liberty, would finally settle one of Europe's last and longest violent campaigns for independence." The peace process "is in tatters, with no clear way forward. The bombing destroyed ETA's credibility, eroded confidence in Zapatero's government and emboldened the opposition Popular Party, which has adopted an increasingly strident tone against any compromise with Zapatero on his drive to resolve the issue."

Chavez Family's Efforts To Amass Political Power Criticized. The New York Times (2/18, A10, Romero, 1.16M) describes the "expanding power" of relatives of Venezuelan President Hugo Chavez. "From a humble start in a dirt-floored adobe home that was bulldozed to make way for a hamburger stand, the family's widening political clout has been increasingly scrutinized as critics call attention to abuses of power and corruption charges throughout the institutions now controlled by Mr. Chávez, including the National Assembly, the Supreme Court and the federal bureaucracy." Chavez's "family boasts not only a mayor and a governor, but also the secretary of state for Barinas, a post created for the president's brother Argenis, who carries out many day-to-day functions at the governor's palace. Another brother, Adelis, is a senior banker at Banco Sofitasa, which

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does brisk business with the state government. Adelis also supervises the government's construction of a new soccer stadium in Barinas." The Times adds, "Revelations of corruption under his family's watch in Barinas and accusations of nepotism have dogged Mr. Chávez even as he makes combating such irregularities one of the priorities of his government."

Kirchner's Wife Could Seek Argentine Presidency. Under the headline, "Argentina's First Lady May Have Eye On Husband's Job," the Los Angeles Times (2/18, McDonnell, 850K) reports, "She is a senator and the chief advisor to her husband, who is no less than the president of Argentina. Some call her the real power in the presidential palace. … And the heated rumor mill" says Cristina Fernandez de Kirchner wants husband Nestor Kirchner's job. Citing "a sizzling new round of speculation about Fernandez's long-presumed presidential aspirations," the Times says "the 'new Evita' label appears destined to stick, even if comparisons seem to be a stretch in the case of this lawyer from a middle-class background and the up-from-the-streets Eva Peron."

Stage Could Be Set For Dramatic Cuba Policy Changes. Under the headline, "Ground Shifting Under U.S. Isolation Of Cuba," the Los Angeles Times (2/18, Williams, 850K) reports, "Opposition to restrictive U.S. policies on Cuba has been mounting for more than a decade, but it may have reached critical mass with recent power shifts in Havana and Washington." Saying "a course change may be ahead," the Times notes "polls suggest most Americans want better relations with the island. Farm and energy interests would like to trade and invest in Cuba. A raft of legislation to change trade and travel restrictions has been introduced in Congress this session. Even many who have fled Cuba say it's time to end the standoff." For his part, Raul Castro "has said Cuba would be open to talks on improving relations, but the White House has spurned the offers." The Times adds, "President Bush would probably veto any measure to engage with Cuba, but lawmakers and lobbyists believe there is sufficient support to override a veto or attach policy changes to legislation Bush must sign." Notably, "few see even the slightest flinch in the administration's posture," and some "recent actions" suggest "a status quo."

Pakistani Suicide Bombing Kills 15 In Courthouse. The New York Times (2/18, Gall, 1.16M) reports, "In the sixth suicide bombing in a month, a man blew himself up in a small district courtroom in the border town of Quetta on Saturday, killing 15 people, including a senior judge, and wounding 35." Although no one has claimed responsibility, one local official "connected it to the string of suicide attacks that have now killed some 40 people and put security forces on alert across the country." While "Baluchistan has often been the scene of bombings," that official "said local groups lacked the expertise for suicide bombing." The Washington Post/AP (2/18, A22, Sattar) calls the blast "the deadliest in a series of attacks that have struck the country in recent weeks. Many Pakistanis suspect that pro-Taliban fighters are targeting sensitive sites to undermine the country's support of the United States, and an official in the region where Saturday's attack took place hinted at Afghan involvement."

Chinese Nouveau-Riche Tread Lightly In Changing Society. The Washington Post Magazine (2/18, Fan) profiles the evolution of wealth in China. "After the 1949 Communist revolution, private wealth became a huge social liability. Much of it was confiscated by officials or voluntarily handed over by owners who feared persecution otherwise." In the past twenty years, however, "the booming Chinese economy has been one of the biggest stories in the world. Wealth and conspicuous consumption are climbing in a country where the average per-capita income has only just jumped to $145 a month (in Beijing, it's $209 a month)." Notably, President Hu Jintao "has responded to the growing gap between rich and poor by demanding that more attention be paid to a 'harmonious society.' Authorities have imposed luxury taxes on boats, golf clubs and diamond watches." Among the newly wealthy, "the urge to flaunt economic success competes with the desire to keep a low profile." And, "wealth is beginning to bring other privileges," including political participation.

Washington Foreign Policy Debates Said To Omit Pertinent Intelligence. In an op-ed for the Los Angeles Times (2/18, 850K), Stanford professor Michael May writes, "here's the only thing we know for sure: When the collection of politicians and pundits we call 'Washington' makes predictions about countries in which the U.S. has 'vital interests' (and especially about countries with which we have had bad relations), the predictions — even when they contradict one another! — are almost always wrong. … Washington debates tend to be narrow; they fall within a range of acceptable conventional wisdom and close out anything that seems to go out on a limb. … The assumptions underlying those debates are seldom challenged. They are based on politically acceptable views of the other state and, career-wise, it doesn't pay to challenge them. Indeed, movers and doers in Washington often do not even have time to challenge them. There is little or no intelligence outside the axis of debate."

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Kristof Says "Human Rights" Includes Elimination Of Disease. In his New York Times (2/18, WK13, 1.16M) column, Nicholas Kristof depicts efforts by President Carter and others to eliminate the guinea worm, as a human rights campaign. "We tend to think of human rights in terms of a right to vote, a right to free speech, a right to assembly. But a child should also have a right not to suffer agony because of a worm that is easily preventable, as well as a right not to go blind because of a lack of medication that costs a dollar or two, even a right not to die for lack of a $5 mosquito net." Carter "argues -- and he's dead right -- that we conceive of human rights too narrowly as political and civil rights, and that we also need to fight for the human right of children to live healthy lives. He has led the way in waging that battle."

Hoagland Says Business Optimism More Realistic Than Political Negativism. In his Washington Post (2/18, B7, 690K) column, Jim Hoagland describes a "disjunction of spirits" between international business and politics. "Global business is burbling while global politics croaks messages of dread, frustration and hatred. It is supersized Dickens: The best of times by many economic measures is also the worst of times when we listen to the pollsters and the politicians." Hoagland says "selling fear is the oldest tool of politics. Selling hope and confidence is the mother's milk of business. The more we get, the more we have to fear having it taken away by 'others' as defined by race, religion, class or rivalrous sameness. … Abundant financing in global markets and broad confidence in the ability of today's central banks to control inflation have created a buoyant international financial system." While "there is always cause for concern about markets overshooting," the "merchants of political despair are overdoing it."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Governor's Health Plan Could Put Many In A Bind."
"Clinton's Foes Take Swift Action."
"Sports Teaching Kids To Cheat?"
"Smith Case Is More Than Theatrics."

New York Times:
"Senate Rejects Renewed Effort To Debate Iraq."
"Planning Seen In Iraqi Attacks On U.S. Copters."
"Jailed 2 Years, Iraqi Tells Of Abuse By Americans."
"Debtors Search For Discipline Via Blogs."
"A Film Star In Kampala, Conjuring Amin's Ghost."

Washington Post:
"Soldiers Face Neglect, Frustration At Army's Top Medical Facility."
"Iraq Vote In Senate Blocked By GOP."
"'McMissile' Moment Lands Mom In Jail."
"Arenas Zeroes In On NBA Stardom."

Washington Times:
"War Rebuke Halted In Senate."
"Rice Pushes Iraqis, Seeks To 'See Results.'"
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CBS: Senate Cloture Vote; Rice In Iraq; Iraqi Refugees; Presidential Campaign; JetBlue Fallout; Prince Harry-Iraq; Coyotes Roam Los Angeles; Pepsi Marketing Plan.
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WASHINGTON'S SCHEDULE

Today's Events In Washington.

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PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: UTILITY REGULATORS _ National Association of Regulatory Utility Commissioners (NARUC) holds its Annual Winter Committee Meetings. Discussion topics include climate change, video franchising, pipeline safety and critical infrastructure. Location: Renaissance Washington Hotel, 999 9th St. NW. Contacts: Rob Thornmeyer (NARUC), 202-898-9382

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, FEBRUARY 18, 2007 7:45 AM EST

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TERRORISM NEWS:

Guys In Suits: On A Mission (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 18, 2007

OK, they may look like accountants, but this team of government lawyers is a key cog in the war on terror

Just a few weeks ago, Kenneth Wainstein, the Justice Department's new national security chief, received a book in the mail, a memoir titled Secrets. Its author, Daniel Ellsberg-the former Defense Department analyst who was prosecuted for leaking the Pentagon Papers to the New York Times 36 years ago-sent the book to Wainstein after a spirited exchange with him during a recent panel discussion about prosecuting leakers. "Dear Ken," Ellsberg inscribed in the book, "I shared your revulsion against all leaks until some years ago."

Prosecuting those who leak classified information is just a small part of Wainstein's controversial portfolio. As the assistant attorney general for the National Security Division, created last summer, Wainstein has been handed most of the department's hot-potato issues and has at his disposal some of the government's most secret, powerful, and criticized investigative tools. Just recently, President Bush decided not to reauthorize the National Security Agency's controversial warrantless electronic surveillance program but to place it under a special court-the Foreign Intelligence Surveillance Court-that oversees government surveillance in intelligence investigations. The revamped program will now be under Wainstein's purview. Look for civil-liberties groups and the new Democratic majority in Congress to keep a close eye on his every move.

The career federal prosecutor seems unfazed by the prospect of such scrutiny. In an interview, Wainstein, 45, said that he is used to making difficult decisions based on the facts and the law. "But with national security being a hot political issue, it's natural for people to scrutinize our big prosecution decisions through the prism of politics," says Wainstein. "Because it's important that we maintain public confidence, we're careful to both make and to announce our decisions in an apolitical way."

Sounds good. But in coming months, Wainstein, a Senate-confirmed presidential appointee, will have to contend with a host of lingering perception problems. "This administration has politicized almost every part of the Justice Department," says Kate Martin, director of the Center for National Security Studies, a civil-liberties group. "We need congressional oversight to prevent this key division from being similarly politicized."

If anyone can serve as an apolitical gatekeeper for the department's professional ranks, friends and colleagues say, it's Wainstein. He was exposed to the trapdoor world of national security issues early in life, thanks to his parents, who both spent their careers in military intelligence. His dad, Leonard, worked for a nonprofit group that advised the Joint Chiefs of Staff. His mother, Eleanor, who died last December, wrote a number of prescient studies for the Rand Corp. in the 1970s on terrorism, Islamic fundamentalism, and corporate kidnappings. "There was a lot of talk about terrorism back then," says Wainstein. "It's just different predators [today]."

Gorilla. A former U.S. attorney for Washington, D.C., Wainstein spent most of his career putting drug dealers, murderers, and crooked politicians behind bars. He later picked up his national security credentials at the FBI, where he served as general counsel and chief of staff to Director Robert Mueller. "You need somebody who can balance the intelligence imperatives with the law-enforcement imperatives," says Chuck Rosenberg, a U.S. attorney in Virginia. "Sometimes they are in conflict, and you need someone to sort that out."

Pilots Traced To CIA Renditions (LAT)

By Bob Drogin And John Goetz, Special To The Times

The Los Angeles Times, February 18, 2007

The Times identifies three fliers facing kidnapping charges in Germany related to a 2003 counter-terrorism mission.

CLAYTON, N.C. — The forecast called for heavy snow on the route home, so the three pilots who had just flown a covert CIA-sponsored "extraordinary rendition" flight were forced to stay an extra night at the Gran Melia Victoria, a luxury hotel overlooking the marina on the island of Majorca.

Up in Room 552, the pilot who called himself Capt. James Fairing picked up the phone at 2:28 in the afternoon and dialed his tree-shaded home in a subdivision carved out of pine forests here in Clayton, about 15 miles southeast of Raleigh. He also called his employer, a North Carolina-based air charter service that long has worked for the CIA.

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Fairing's copilot, who registered as Eric Matthew Fain, reached for the phone in his room and called a woman back home with whom he owns a 22-foot speedboat and who also flies missions for the CIA. The third pilot from the stranded flight carried a U.S. passport issued to Kirk James Bird. The passport photo shows a balding, middle-age man with a broad smile.

The names they used were all aliases, but The Times confirmed their real identities from government databases and visited their homes this month after a German court in January ordered the arrest of the three "ghost pilots" and 10 other alleged members of the CIA's special renditions unit on charges of kidnapping and causing serious bodily harm to Khaled Masri, a German citizen of Lebanese descent, three years ago.

Charged under aliases

None of the pilots responded to repeated requests for comment left with family members and on their home telephones. The Times is not publishing their real names because they have been charged only under their aliases.

Relying on the operatives' passport numbers, hotel records, credit card bills and aviation records, German prosecutors are seeking to properly identify the 13 Americans in a high-profile case that has upset relations between Washington and Berlin and caused a political scandal in Germany over whether government officials sanctioned the CIA operation.

Elsewhere in Europe, legal and parliamentary investigations have focused a harsh spotlight on the CIA's program to abduct suspected terrorists and ferry them to secret sites for interrogation, operations known variously as "black renditions" or "extraordinary renditions."

On Friday, an Italian judge issued arrest warrants for 26 suspected CIA operatives for allegedly abducting a radical Muslim cleric outside his mosque in Milan in February 2003 and delivering him to Egypt, where his lawyer says he was tortured. The trial is set for June 8 in Milan.

All the Americans charged, including the top two CIA officers in Italy at the time, have departed the country, but Italian law allows defendants to be tried in absentia.

None of the aliases used in Italy match those in the German case, although one of the pilots may have been involved in both incidents.

One former CIA operation officer who was involved in the Italian case at CIA headquarters, speaking on condition of anonymity because the case is classified, said he and his colleagues were increasingly nervous about traveling in Europe for fear of getting swept up in the investigations. He said he checked with a contact at the Italian intelligence service for reassurance that he would not be arrested.

Seized in error

According to Masri's account, he was detained by local authorities while crossing from Serbia into Macedonia on Dec. 31, 2003. Three weeks later, seven or eight men in masks stripped him naked, put him in a diaper and jumpsuit, drugged him and then chained him, spread-eagle and blindfolded, to the floor of a Boeing 737 that flew to Afghanistan on Jan. 24, 2004. German prosecutors say the men in masks were with the CIA rendition team.

At the time, U.S. intelligence authorities believed Masri was involved with radical Islamic groups in Ulm, a city in southern Germany. Masri was released five months later after undergoing what he described as repeated beatings and other physical abuse in a now-closed CIA-run prison called the Salt Pit in Kabul, the Afghan capital. U.S. officials have told German authorities that Masri was seized and imprisoned in error because his name is similar to that of a suspected terrorist linked to Al Qaeda.

Flight records show that Aero Contractors, based in Smithfield, N.C., operated the plane that carried Masri from Macedonia to Afghanistan. The charter aircraft company has flown scores of sensitive missions for the CIA and has played a key support role in counter-terrorism operations since the Sept. 11 attacks, according to former agency officials.

The three pilots in the Masri rendition case live within a 30-minute drive of the guarded Aero hangar and offices at the rural Johnston County airport. Reached by telephone Saturday, Aero official Freddy Pearce declined to discuss any aspect of the company's business.

The chief pilot in the Masri case, who used the alias Fairing, called Pearce at his Clayton home during his layover in Spain.

In real life, the chief pilot is 52, drives a Toyota Previa minivan and keeps a collection of model trains in a glass display case near a large bubbling aquarium in his living room. Federal aviation records show he is rated to fly seven kinds of aircraft as long as he wears his glasses.

His wife, reached by phone at her office, said her husband had done no wrong. "He's just a pilot," she said.

His copilot, who used the alias Fain, is a bearded man of 35 who lives with his father and two dogs in a separate subdivision. He called home during a subsequent mission from the Royal Plaza Hotel on the Spanish resort island of Ibiza, according to records collected by Spanish investigators from the Guardia Civil.

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The third pilot, who used the alias Bird, is 46, drives a Ford Explorer and has a 17-foot aluminum fishing boat. Certified as a flight instructor, he keeps plastic models of his favorite planes mounted by the fireplace in his living room in a house that backs onto a private golf course here. His wife declined to comment.

On the flight back to Washington, after the snow had cleared, the rendition team celebrated by ordering 17 shrimp cocktails and three bottles of fine Spanish wine, according to catering invoices obtained by the prosecutors.

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WAR NEWS:

Iraq Vote In Senate Blocked By GOP (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, February 18, 2007

7 Republicans Join Democratic Push

Senate Republicans for a second time blocked a symbolic attempt by Democrats to reject President Bush's troop increase yesterday, but GOP defections were higher than before, suggesting Republican cracks as the Iraq war dominates Congress's agenda.

With the 56 to 34 vote, Democrats fell shy of the 60 votes required to kick off debate on a nonbinding resolution passed by the House last week that expresses support for the troops but criticizes Bush's decision to expand combat ranks by more than 20,000 troops. Senate Democrats picked up five new Republican allies in their effort to advance the resolution, bringing the GOP total to seven.

But the fate of the resolution is now very much in doubt. Senate Majority Leader Harry M. Reid (D-Nev.) announced after the vote that he would not bring up the resolution again. Both sides instead are girding for the next phase, a confrontation over war funding, with some Democrats determined to exercise the power of the purse to influence Iraq strategy.

As Congress struggled to find its voice in the Iraq debate, the administration intensified its own campaign to convince the American public that the conflict remains winnable. Secretary of State Condoleezza Rice paid a surprise visit to Baghdad yesterday, announcing that the increase in troops was bringing "new hope and a new optimism" to the besieged city. Iraqi Prime Minister Nouri al-Maliki assured Bush on Friday that the buildup had already achieved "fabulous success."

Those optimistic pronouncements appeared to have little impact on the Senate floor yesterday, where a rare Saturday session made for a dramatic political tableau. Presidential candidates jetted in from various primary states, having canceled visits to popular diners and town-hall meetings to cast their vote. They did not all show. One of the 10 absentees was Sen. John McCain (R-Ariz.), a supporter of the Bush plan, who was campaigning in Iowa.

Most Democrats were already seated at their desks when the roll call began shortly before 2 p.m. The only Democrat who missed the vote was Sen. Tim Johnson (S.D.), who is recovering from brain surgery. Democratic Sens. Robert P. Casey Jr. (Pa.) and Max Baucus (Mont.) canceled plans to visit Iraq this weekend and were present on the floor. Their traveling companions, GOP Sens. Jon Kyl (Ariz.) and Bob Corker (Tenn.), went ahead with the trip and missed the Senate action.

The resolution was identical to a measure that passed the House on Friday, with modest Republican support. "Congress and the American people will continue to support and protect the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq," the resolution states. And it adds, "Congress disapproves of the decision of President George W. Bush announced on January 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

Reid said he would not try a third time to put the Senate on record against the troop increase. But he said the Iraq debate would continue when the Senate returns Feb. 26 from a week-long recess and turns to legislation to enact homeland security recommendations from the Sept. 11 commission.

Reid promised that both sides would be allowed to offer Iraq-related amendments to that bill. And Congress will soon debate Bush's request for $100 billion in additional funding for the wars in Iraq and Afghanistan for the current fiscal year. In the House, Democrats are moving to fully fund the president's war request, under the condition that the administration follow strict standards for training and equipping troops.

During separate conversations with U.S. and Iraqi officials in Baghdad yesterday, Rice referred to the looming skirmishes in Washington over the troop buildup and funding request.

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"Some of the debate in Washington is in fact indicative of the concerns that the American people have about the prospects of success if Iraqi leadership doesn't do what it needs to do," Rice told reporters during a roundtable discussion at the house of the U.S. ambassador to Iraq yesterday afternoon.

"I think there's a new spirit here to try to do those things," she said. "The input appears to be there. The political support appears to be there."

But Democrats believe they are playing a strong hand in the Iraq debate. Polls show that most voters oppose a troop increase, and the GOP's heavy losses in the November elections were widely interpreted as a call for more aggressive vetting of Bush's Iraq strategy.

As soon as Bush announced the military buildup early last month, Democratic leaders considered ways to officially register an objection. Reid and House Speaker Nancy Pelosi (D-Calif.) agreed to begin work on a nonbinding resolution, believing it was the easiest vote politically, including for Republicans who are disaffected by Bush's leadership on Iraq.

But in the Senate, Republicans decided to offer their own nonbinding measure, asserting that Congress would not cut off troop funding. Some Democrats opposed to the Iraq war want to target Pentagon spending as a way to force a withdrawal of troops.

Reid refused to allow a vote on the GOP measure, explaining that he wanted to keep the debate focused on the troop increase. Republicans now have twice voted this month to block a nonbinding resolution, on grounds that Reid was not playing fair. In spirited floor speeches in recent days, Democrats taunted their GOP colleagues for throwing up procedural hurdles to protect Bush from a potentially embarrassing repudiation.

"They are trying to divert attention from the issue at hand," Reid said of Republicans yesterday. "They'd like to turn the Senate into a procedural quagmire. They want to hide behind weak and misleading arguments about the Senate's rules or a senator's right to offer amendments. These arguments are diversions."

But Republicans accused Democrats of hiding behind the Senate rulebook to avoid the funding question.

"The reason we're here on a Saturday playing stupid political games while people are off in Iraq trying to win this war is because our colleagues on the other side of the aisle are afraid to take a vote on cutting off funding," blasted Sen. Lindsey O. Graham (R-S.C.), in a speech before the vote.

Senate Minority Leader Mitch McConnell said he would not relent. "I think the majority of Senate Republicans have made it clear again today, and are highly likely to do that again in the future, that when we turn to this issue, we're going to insist on voting on funding the troops," the Kentucky Republican said.

The White House issued a statement saying "this week's voting gave the world a glimpse of democracy's vigor," but it also welcomed the funding showdown.

"The next votes should provide unmistakable assurance of this nation's resolve in achieving success, supporting the cause of democracy, and stopping terrorist forces in their ultimate aim of bringing their violence to our shores," the White House said.

Seven Republicans voted with the Democrats to allow the debate to proceed, including Sens. John W. Warner (Va.), Chuck Hagel (Neb.), Gordon Smith (Ore.), Norm Coleman (Minn.), Arlen Specter (Pa.), Olympia J. Snowe (Maine) and Susan M. Collins (Maine). When Republicans voted to block a similar, albeit lengthier, resolution earlier this month, only Collins and Coleman broke ranks. Among these Republicans, all but Specter and Snowe are up for reelection in 2008.

The Republican senators aside from McCain, Kyl and Corker who were absent yesterday were Robert F. Bennett (Utah), Christopher S. Bond (Mo.), Thad Cochran (Miss.), John Ensign (Nev.), Orrin G. Hatch (Utah) and Lisa Murkowski (Alaska). Sen. Joseph I. Lieberman (I-Conn.) voted with Republicans.

The seven Republican defectors are all on record opposing the Bush plan. Several other GOP senators, including Sens. Sam Brownback (Kan.) and George Voinovich (Ohio), have expressed concerns, but they voted with their party yesterday. Warner was the chief author of the earlier nonbinding resolution on Iraq to come before the Senate. That version was shelved last week for the simpler House text.

"I feel that the Senate, the Senate of the United States of America, an institution revered throughout the world, should have the right to go forward and debate this critical issue before America today, before the whole world," Warner said. "I think we've come to the point in time where we must move forward."

Senate Rejects Renewed Effort To Debate Iraq (NYT)

By Carl Hulse, Jeff Zeleny

The New York Times, February 18, 2007

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WASHINGTON, Feb. 17 — The Senate on Saturday narrowly rejected an effort to force debate on a resolution opposing President Bush's troop buildup in Iraq, but Republican defections emboldened Democrats to promise new attempts to influence the administration's war policy.

The 56-to-34 vote in a rare Saturday session was the second time Republicans were able to deny opponents of the troop increase a debate on a resolution challenging Mr. Bush, and it came just a day after the House formally opposed his plan to increase the military presence in Iraq.

But the outcome, four votes short of the 60 needed to break a procedural stalemate, suggested that Democrats were slowly drawing support from Senate Republicans for what was shaping up to be a drawn-out fight between the Democrat-controlled Congress and Mr. Bush over his execution of the war.

Seven Republicans split from their party and joined 48 Democrats and one Independent in calling for a debate — five more Republicans than during a similar showdown earlier this month. All but two of the seven face re-election next year.

The Republicans who broke ranks were Senators John W. Warner of Virginia, Arlen Specter of Pennsylvania, Chuck Hagel of Nebraska, Gordon H. Smith of Oregon, Norm Coleman of Minnesota, and Olympia J. Snowe and Susan Collins, both of Maine.

Senator Harry Reid, Democrat of Nevada, the majority leader, said the result showed that Senate sentiment was running against the president.

"A majority of the United States Senate just voted on Iraq, and a majority of the United States Senate is against the escalation in Iraq," Mr. Reid said as he withdrew the resolution. He and other party leaders said they intended to introduce quickly more substantive proposals on Iraq when the Senate returns from a weeklong break and begins considering legislation to enact recommendations from the bipartisan Sept. 11 commission.

"We will be relentless," said Senator Charles E. Schumer of New York, the third-ranking Democrat. "There will be resolution after resolution, amendment after amendment, all forcing this body to do what it has not done in the previous three years: debate and discuss Iraq."

Democrats would not divulge the details of their next step, but one official said it would focus on the mission of American troops in Iraq and try to skirt the more politically difficult question of federal money for the military.

Republicans derided Saturday's vote as political theater and said stark divisions among Democrats on the question of military spending would complicate the party's efforts to advance legislation designed to stop the war.

"We want a debate about Iraq that includes funding for the troops," said Senator Mitch McConnell of Kentucky, the Republican leader. "They've denounced the surge. The question is, are they going to fund the troops?"

Tony Snow, the White House spokesman, said on Saturday that Mr. Bush urged Congress to approve his pending request for $93 billion through Sept. 30 for military operations and played down the importance of the House and Senate votes.

"This week's voting gave the world a glimpse of democracy's vigor," Mr. Snow said in a statement. "The next votes should provide unmistakable assurance of this nation's resolve in achieving success."

But Democrats said the votes in Congress — the first major clashes over the war — reflected widespread public unease with the idea of deepening involvement in Iraq.

"It may be called a surge, but I believe it is a plunge," said Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee. "A plunge into the sectarian cauldron, a plunge into the unknown."

Republicans continued to try to make the case that Democrats were shutting down a full-fledged Senate review of Mr. Bush's Iraq strategy by refusing the Republicans a chance to offer an alternative that would place the Senate on record against cutting off money for armed forces in the field.

"The majority cannot tell the minority what we are going to have one vote on, take it or leave it," said Senator Jim Bunning, Republican of Kentucky, defending his party's stance as senators squared off at noon. Democrats were leery of the Republican plan, written by Senator Judd Gregg of New Hampshire, because of its potential to attract the most Senate votes and to overshadow Senate action criticizing the troop increase. Some lawmakers also believed that Congress might be asked to restrict military spending, and they did not want their hands tied by an earlier vote on a more symbolic resolution.

A vote to open debate would have allowed the Senate to begin considering the identical language that was approved on Friday by the House. The resolution states, in part, that "Congress disapproves of the decision of President George W. Bush announced on Jan. 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

Without 60 votes for the procedural motion, the Senate was unable to start debate. It was an outcome that left Democrats accusing Republicans of ducking a vote directly opposing Mr. Bush's policy, even though many of the Republicans had significant reservations about the conduct of the war and concerns for the political repercussions.

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“The American people can see what is happening here,” said Senator Ben Nelson, Democrat of Nebraska. “They know that some want to prevent a vote at all costs.”

Mr. Nelson and Mr. Warner co-wrote an earlier, more detailed bipartisan resolution disagreeing with the troop buildup. But that proposal stalled on Feb. 5, when the Republican leadership held its ranks together against the Democratic plan to allow a vote on that plan but not on the Gregg alternative. Mr. Warner sided with Republicans in that initial vote but broke from his party on Saturday.

“We have the right to respectfully disagree,” Mr. Warner said. “Mr. President, do you need 21,500 additional men and women in this conflict to go into the streets and alleys of Baghdad?”

Some Republicans accused Democrats of political posturing in advance of the 2008 presidential and Congressional elections and of undermining military forces and the administration. They said opponents of Mr. Bush were trying to have it both ways, by criticizing his policy but not taking the more politically risky step of curtailing spending on the war.

“If you think we are in the middle of civil war, cut off funding,” Senator Lindsey Graham, Republican of South Carolina, said to his colleagues.

The Saturday session drew a throng of spectators who lined up outside the Capitol hoping to get a glimpse of the debate. The Senate has met on Saturday only 14 times in the past decade and conducted votes on only five of those occasions, records show.

Nine Republican senators were not present for the vote, including Senator John McCain of Arizona, a presidential candidate, who was campaigning in Iowa. Two other Republicans, Jon Kyl of Arizona and Bob Corker of Tennessee, had left for Baghdad.

But with the burden of reaching 60 votes on their side, Democrats, particularly the party’s presidential candidates, did not miss the showdown. Senator Hillary Rodham Clinton of New York campaigned in New Hampshire in the morning and came back for the vote; Senator Barack Obama of Illinois, who had been in South Carolina, also came back. Senator Joseph R. Biden Jr. of Delaware flew from Iowa to Washington before a scheduled return to Iowa on Saturday night.

GOP Senators Defuse Dems' War Resolution (LAT)

By Richard Simon

The Los Angeles Times, February 18, 2007

WASHINGTON — Senate Republicans on Saturday killed a Democratic effort to pass a symbolic resolution opposing President Bush's troop buildup in Iraq.

Democrats, who hold a narrow majority in the Senate, fell four votes shy of the 60 needed on a procedural vote to consider the nonbinding resolution. The 56-34 vote came a day after the Democratic-controlled House, in a largely party-line vote, rebuked Bush's war strategy after four days of often heated debate.

The rare Saturday session of the Senate lasted only about 3 1/2 hours, but was no less intense.

"The United States Senate, the greatest deliberative body in the whole world, is probably the only place (in America not debating the war)," said Robert Byrd, D-W.Va.

Majority Leader Harry Reid, D-Nev., accused Republicans of trying to protect the president from an embarrassing vote. He said that he would no longer push for a vote on the nonbinding resolution but that war would remain center stage in the Senate.

"This war is too important to permit Senate Republicans to brush it aside," he said. "The Senate will keep fighting to force President Bush to change course."

Sen. Lindsey Graham, R-S.C., accused Democrats of playing "stupid political games."

"This is a low point in my time in the Senate," he said.

The Senate was scheduled to begin a week-long recess Saturday, but Reid kept the chamber in session, saying it was important to get senators on the record on the issue. Nine Republican senators skipped the vote.

Republicans said they were prepared to debate the war but only if Democrats would allow consideration of an alternative resolution opposing any cut in funding for the troops.

A Reid spokesman said the Democratic leader didn't want to include the resolution opposing a cut in funding because it would be a distraction from a "yes or no vote on the escalation." The spokesman said that Reid offered to permit Republicans to bring their resolution at another time.

Minority Leader Mitch McConnell, R-Ky., said: "We will not be forced to vote for a resolution that says we support the troops but does not ask us to seal that pledge with a promise to help them carry out that mission in the only way they can -- funding their mission."

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Republicans have contended that the nonbinding resolution is a prelude to Democratic efforts to withhold funding for the war. "The Senate was created to block that kind of dealing, and today it stops at the doors of this chamber," McConnell said.

With Democrats threatening to attach strings to the president's request for additional war funding, the White House issued a statement Saturday saying that the next votes in Congress should "provide unmistakable assurance of this nation's resolve in achieving success (in the war on terror)."

The resolution the Senate was considering taking up is the same one the House passed on Friday. It consists of two short sentences, the first stating that "Congress and the American people will continue to support and protect (U.S. forces serving in Iraq)," a phrase Democrats hoped would undercut attacks that they are undermining the troops.

Part of the second sentence says Congress "disapproves of the decision" Bush announced in a nationally televised speech Jan. 10 to add 21,500 troops to the 135,000-plus in Iraq.

Although the Senate's resolution died, Democrats picked up the support of seven Republicans, five more than from an earlier vote on a similar measure. Five of the seven are up for re-election in 2008.

"This is the most pressing issue facing our nation, and it is important for the Senate to go on record on the president's plan," said Sen. Susan Collins, R-Maine, an opponent of the troop buildup who voted with the Democrats.

Sen. Joseph I. Lieberman, an independent from Connecticut who usually caucuses with Democrats, joined the 33 Republicans who voted no.

Democratic senators running for president canceled campaign appearances and flew back to Washington, D.C., from Iowa, New Hampshire and South Carolina.

The nine Republican no shows included Sen. John McCain, R-Ariz., who was campaigning for president in Iowa. They said their vote wouldn't have affected the outcome because they would have voted against limiting the debate to the anti-surge resolution. Sen. Tim Johnson, D-S.D., recovering from brain surgery, also was absent.

Several senators were none too happy about having to rearrange their travel plans for a vote whose outcome surprised nobody. Sen. Ted Stevens, R-Alaska, assailed Democratic leaders for calling a rare Saturday session in order to try to "embarrass the 21 of us who are up for re-election (in 2008) on a nonbinding resolution that wouldn't accomplishing anything . . . just to see whether we'd come back to vote."

But Sen. Olympia Snowe, R-Maine, one of the Republicans who joined Democrats in voting to debate the anti-surge resolution, objected to the Senate taking a weeklong recess without debating the war.

After the Senate returns from its weeklong recess, both parties are expected to try to attach war-related amendments to legislation -- including a GOP effort to press for a vote on their resolution opposing any cut in funding for the troops.

Sen. Dianne Feinstein, D-Calif., on Saturday introduced a resolution setting Dec. 31, 2007 as the expiration date for the 2002 congressional resolution that authorized the U.S.-led invasion against Iraq and requiring the president to return to Congress if he wants to extend it.

Sen. Hillary Rodham Clinton, D-N.Y., on Friday introduced legislation that she said would cap the level of U.S. troops in Iraq at the number before the president's buildup and begin a phased redeployment of U.S. troops out of Iraq in 90 days. Her proposal also would prohibit the use of funds to send troops to Iraq, it said, "unless they have the proper equipment and training."

Tom Matzzie, Washington, D.C., director of the liberal MoveOn.org Political Action, said Saturday that Republican senators had given Bush "a green light to escalate (the war)."

Freshman Sen. Jon Tester, D-Mont., lamented, "The Senate can't seem to do anything but debate about whether or not to debate.

War Rebuke Halted In Senate (WT)

By Jon Ward

The Washington Times, February 18, 2007

Senate Democrats yesterday failed in their bid to move forward with a nonbinding resolution opposing President Bush's plan to send 21,500 more troops to Iraq.

The 56-34 roll-call vote was four short of the 60 votes needed to invoke cloture, or to limit debate before a vote. Seven Republicans crossed party lines to vote with Democrats to advance the resolution.

"A majority of the United States Senate is against the escalation in Iraq," said Majority Leader Harry Reid, Nevada Democrat. "As for the Republicans who chose once again to block further debate and protect President Bush, the American people now know they support the escalation" in the number of troops.

It was Mr. Reid's second attempt in less than two weeks to push for a vote on the resolution.

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Republicans said they had rebuffed an "unfair" attempt by Mr. Reid to prevent a vote on an alternative resolution that would protect funding for the troops in Iraq.

"There is no place for chicanery at a time of war," said Senate Minority Leader Mitch McConnell, Kentucky Republican. "Even some of the president's most strident opponents know that. They know that the only vote that truly matters is a vote on whether to fund the troops."

The White House yesterday agreed that funding the troops should be a top priority.

"Both houses of Congress within a matter of weeks will conduct binding votes on a matter of cardinal importance for America's future security and global credibility: whether to fund the president's supplemental-funding request for our military," a statement from the White House said. "The president urges both houses to approve his request."

Mr. Reid said the Senate is "moving on" from trying to pass the nonbinding resolution, which cleared the House on Friday by a vote of 246-182.

He said Democrats will push for further debate on the war by attaching amendments to legislation adopting recommendations from the September 11 commission. That issue will be taken up when the Senate returns Feb. 27 from a weeklong recess.

But Senate Democrats offered no details on how they would try to block Mr. Bush's troop-surge plan.

House Democratic leaders have outlined a strategy to limit military options by restricting the use of money in a military-appropriations bill they will take up next month.

Republicans call that a "slow-bleed" approach that will cut off funds for the war, and Mr. Reid gave no indication of whether he will pursue the same strategy in the Senate.

Nine Republicans and one Democrat did not vote yesterday. One of those who didn't vote was Sen. John McCain, Arizona Republican, a 2008 presidential hopeful.

Mr. McCain, while campaigning in Iowa, told his audience that nonbinding measures are "insulting to the public and the soldiers," according to the Associated Press.

Democrats gained crossover votes yesterday from seven Republicans, up from just two in an identical vote nearly two weeks ago.

The seven Republicans who voted yesterday to advance the measure were Sens. Norm Coleman of Minnesota, Susan Collins of Maine, Chuck Hagel of Nebraska, Gordon H. Smith of Oregon, Olympia J. Snowe of Maine, Arlen Specter of Pennsylvania and John W. Warner of Virginia. Sen. Bernard Sanders, Vermont independent, also voted with the Democrats.

But most Republicans insisted yesterday they will stand their ground.

"Harry Reid is not going to be able to stuff us on this one," Sen. Trent Lott, Mississippi Republican, said after the vote. "Every leader thinks he can be a dictator," said Mr. Lott, who was Senate majority leader from 1996 to 2001. "He cannot."

Republicans were determined not to be portrayed as "blocking debate," as they had been after the previous vote.

"Republicans in the Senate have not prevented any debate over the war in Iraq," said Sen. Jim Bunning, Kentucky Republican, at the beginning of the nearly two-hour debate preceding yesterday's vote. "What we have prevented is the majority leader dictating to the minority exactly which resolutions we will vote on."

Still, Sen. Charles E. Schumer, New York Democrat, vowed that Democrats would "be relentless" in their campaign to end the war in Iraq.

"There will be resolution after resolution, amendment after amendment, all forcing this body to do what is has not done for three years: discuss and debate Iraq," Mr. Schumer said. "Just like in the days of Vietnam, the pressure will mount ... and the vast majority of our troops will have to be taken out of harm's way."

A gallery full of spectators watched yesterday's debate preceding the vote, and more than 100 people stood in line outside the Capitol, waiting to enter.

While Sen. Kay Bailey Hutchison, Texas Republican, was speaking, a lone protester, wearing an American flag bandanna on her head, rose and shouted, according to some in the chamber: "Three-thousand American lives lost. The American people voted bring the troops home."

As Capitol Police officers took the woman out, she shouted, "I yield back the balance of my time," mocking the phrase senators use after finishing their speeches.

No Decision On Iraq Resolution (CHIT)

By Jill Zuckman

Chicago Tribune, February 18, 2007

DOJ_NMG_0133263

The Senate expressed strong, bipartisan disapproval of President Bush's policy on Iraq in a rare Saturday session, but lawmakers nevertheless failed to end their debate and pass a non-binding resolution.

One day after the House issued its stinging rebuke to Bush's plan to boost the number of troops in Iraq, the Senate was unable to muster the 60 votes necessary to end a Republican filibuster and pass what has become an important symbol of resistance to the war.

It was the second time in recent days that the Senate was stymied by parliamentary rules requiring the consent of a supermajority before any action could be taken on the anti-war resolution.

The vote was 56-34, with 7 Republicans joining 49 Democrats. Both Illinois senators, Dick Durbin and Barack Obama, voted to cut off debate and proceed to a vote on the resolution.

Frustrated Democrats vowed to continue to press the Iraq issue in the coming weeks on a bill to implement the recommendations of the 9/11 Commission. But they conceded that the resolution itself is dead. Meanwhile, the administration has already begun shoring up combat troops in Baghdad by 21,500 regardless of congressional action.

"The Senate is not done with this issue," Senate Majority Leader Harry Reid (D-Nev.) declared after the vote. "It's too important to be brushed aside."

Angry Republicans insisted that the language in question would demoralize American soldiers fighting in Iraq. And they rejected assertions that their filibuster was preventing the Senate from debating the merits of the war strategy.

"Here is the truth that the American people need to know: Republicans in the Senate have not prevented any debate over the war in Iraq," said Sen. Jim Bunning (R-Ky.). "We are debating the war again today. We have debated the war in the past and we will continue to debate the war in the future."

The fact that Congress was debating the war issue at all stemmed from the voters' decision in November to throw Republicans out of office and hand control of the legislative branch to the Democrats.

Sitting solemnly as the roll was called, senators stood one at a time and answered aye or nay as their name was called. A number of Republicans decided to skip the vote altogether, including Sen. John McCain (R-Ariz.), who was campaigning for president in Iowa.

But other presidential candidates hastily returned from campaign swings in New Hampshire and South Carolina to cast their vote, including Obama, Hillary Clinton (D-N.Y.) and Christopher Dodd (D-Ct.).

Many senators expressed disgust that they had been dragged into work on the weekend, accusing Democrats of gamesmanship.

Sen. Lindsey Graham (R-S.C.) complained that the Senate was "playing stupid political games" as Reid refused to allow debate on multiple resolutions. And he challenged those that oppose the war to vote to cut off funding, rather than supporting a message of disapproval.

"This is a very, very sad Saturday for the U.S. Senate on the heels of a disaster in the U.S. House, where a majority, a bare majority, of the House wants to send a political message at a time of war that doesn't keep one person from being shot at," Graham said.

The House vote rebuking Bush's war plan was 246-182, with 17 Republicans voting in the majority.

Nevertheless, prominent Senate Republicans such as John Warner of Virginia, a former Secretary of the Navy, argued it was time to move forward, end debate and vote on the resolution.

"We do so because we only wish to express a measure of disagreement on one basic point, an important one, with our president," said Warner, the ranking member of the Armed Services Committee. "We're a co-equal part of our government -- we have the right to respectfully disagree."

Altogether, five Republicans changed their votes Saturday from the one they cast days earlier to prevent the Senate from voting on the resolution.

"In my view, it is most important that the Senate speak out on Iraq. If we continue to debate whether there should be a debate while the House of Representatives acts, the Senate will become irrelevant," said Sen. Arlen Specter (R-Pa.), one of the switchers. "To paraphrase the Roman adage: `The Senate should not fiddle while Iraq burns.' "

With the shadow of Vietnam hanging over the debate, lawmakers said they felt a special duty to take a public stand on the war, nearly four years after it began.

"Just like in the days of Vietnam, the pressure will mount, the president will find he has no strategy, he will have to change his strategy, and the vast majority of troops will be taken out of harm's way and come home," said Sen. Charles Schumer (D-N.Y.), who accused the GOP of "tying itself into a pretzel" to avoid a vote.

Many senators said Congress never authorized the president to use force to quell a civil war, calling the conflict between the Sunnis and the Shias untenable and unwinnable.

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"It may be called a surge, but I believe it is a plunge -- a plunge into a sectarian cauldron, a plunge into the unknown and perhaps the unknowable," said Sen. Carl Levin (D-Mich.), chairman of the Armed Services Committee.

Reid Claims Symbolic Victory Even As GOP Blocks Iraq Resolution (RC)

By John Stanton

RollCall.com, February 17, 2007

Despite falling four votes short of breaking a GOP filibuster, Senate Majority Leader Harry Reid (D-Nev.) claimed a symbolic victory in the fight over the Iraq War today as Democrats mustered a bipartisan majority of 56 lawmakers to support taking up a resolution opposing President Bush's plan to increase U.S. troop levels in the war-torn country.

Following the failed cloture vote, Reid withdrew the resolution, essentially ending the chances that it will again come before the Senate this year. In a brief statement following the vote, Reid said that "a majority of the United States Senate just voted on Iraq and a majority of the United States Senate is against the escalation in Iraq."

Republicans, however, argued that the vote was a victory for their efforts both to back Bush's plan and to protect the procedural rights of the minority. While Minority Leader Mitch McConnell (R-Ky.) argued that "Senate Republicans have indicated once again that they are going to insist on a debate on Iraq that includes funding for the troops," Sen. Lindsey Graham (R-S.C.) characterized the vote as protecting "what the United States Senate has stood for for 200 years ... [that] if an idea has 60 votes, it gets out of the Senate."

Seven Republicans joined 49 Democratic Senators on Saturday in voting to break a filibuster orchestrated by GOP leaders, five more than had joined Reid earlier this month during his first attempt to take up the resolution. GOP Sens. John Warner (Va.), Chuck Hagel (Neb.), Arlen Specter (Pa.), Gordon Smith (Ore.) and Olympia Snowe (Maine) joined Sens. Norm Coleman (Minn.) and Susan Collins (Maine), the only two Republicans to previously oppose the filibuster.

Within minutes of the vote, the Democratic Senatorial Campaign Committee issued a statement attacking Sen. John Sununu (R-N.H.) for supporting the filibuster. Sununu is up for re-election in 2008 and is facing what is expected to be a strong Democratic challenge, and the DSCC's statement is likely a harbinger of what is to come over the next several months for him and other vulnerable GOP incumbents who opposed the resolution.

At a press conference following the vote, Reid indicated that he would not look to bring a nonbinding resolution to a vote again, although he remained noncommittal on whether his party would look to take steps to forcibly bring Bush's surge plan to an end. Reid did say that the Senate would take up a bill addressing the recommendations of the 9/11 Commission when it returns from the recess and that votes pertaining to Iraq could occur at that time.

Campaigns Pause For Senate Vote (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, February 18, 2007

Debate Presents Logistical Challenge for '08 Presidential Hopefuls

Sen. Hillary Rodham Clinton rushed to Washington yesterday afternoon to join the Senate fracas over an Iraq war resolution after telling a New Hampshire audience hours earlier that she would rather lose support for her presidential bid than apologize for her vote in 2002 authorizing the military action.

Under mounting pressure from antiwar Democrats to make amends for her support for the U.S. invasion of Iraq, which she now says was a terrible mistake, Clinton (D-N.Y.) renewed her vow to end the war if she is elected president. But she refused to repudiate her vote, as former Democratic senator John Edwards has done.

"Obviously I would not vote that way again if we knew then what we now know," the Democratic presidential front-runner said during a town meeting in Dover. "But I have to say that if the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from. But to me the most important thing now is trying to end this war."

For Clinton and other presidential aspirants, yesterday posed a logistical challenge in trying to straddle the competing demands of a congressional debate over the course of the war and the early, critical phase of the 2008 presidential campaign. Senate Majority Leader Harry M. Reid's decision to hold a procedural vote Saturday on whether to consider a nonbinding House resolution critical of President Bush's troop buildup in Iraq forced them to scramble their campaign schedules to register votes of little consequence. The Senate fell four votes short of the 60 required to proceed to a floor vote on the resolution.

Clinton scrubbed one scheduled stop in New Hampshire but went ahead with the Dover town meeting before returning to Washington for the vote. In the Senate chamber, she sat composed and quiet in the back row.

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Sen. Joseph R. Biden Jr. (D-Del.) had planned to spend the day in Iowa but instead flew back to Washington for the vote, then returned for an evening event. Of all the Senate's presidential hopefuls, he was the only one to speak before the vote.

Sen. Barack Obama (D-Ill.) hurriedly departed a campaign stop in South Carolina to cast his vote before hustling to a campaign appearance in Richmond and then boarding a plane to San Diego. Sen. Sam Brownback (R-Kan.) voted against moving to a debate on the war before rushing to catch a plane to Orlando, where he was to address religious broadcasters.

Sen. John McCain (R-Ariz.), one of his party's front-runners for the 2008 nomination, did not bother to show up. In Iowa yesterday, McCain defended his decision to stay away from Washington in defiant terms, condemning the Senate Democrats for scheduling a rare Saturday vote on what he described as a political charade. He ridiculed the action as a "purely political stunt" that was "insulting to the public and our soldiers" in Iraq.

Other Republicans who showed up for the vote joined in deriding the unusual session as mere grandstanding by Democratic presidential candidates mollifying the party's left flank.

"We're not working," fumed Sen. Lindsey O. Graham (R-S.C.). "We're having a political, theatrical debate that does more harm than good. There are a lot of people who are working on a Saturday, not us. We're trying to jockey for political position among ourselves for '08."

Brownback was perhaps the only presidential candidate in a quandary over the Senate vote. He has voiced serious concerns over Bush's Iraq policies but has cast himself as a conservative's conservative. Yesterday, he decided to stand by the president and his leadership.

"While I do not think a troop surge is the best course of action, I believe that the Senate should be allowed to vote on resolutions that would demonstrate support for the men and women serving in our military and guarantee they have the funds necessary to complete their mission," Brownback said.

But Clinton had the most to say about the war. A video posted on her campaign Web site detailed what she called a plan to end the war. That proposal would cap the number of troops in Iraq at the January level. "It would be against the law to send more," she said. In a nod to House Democratic plans, she endorsed mandates for the training and equipping of combat troops, proposing that the defense secretary would have to certify that the troops met such standards before they are deployed.

Leading House Democrats hope to condition Iraq deployments on a series of caveats: Combat troops would need a year's rest between tours of duty. Combat tours in Iraq could no longer be extended beyond a year. And the Pentagon's "stop loss" program, which keeps some officers in the military beyond their required years of service, would have to end.

Clinton offered no such details. The political centerpiece of her plan would require the president to seek new authorization for the war in Iraq if troop withdrawals do not begin within 90 days.

"Let me be clear," she stated for the camera. "If George Bush doesn't end this war before he leaves office, when I'm president, I will."

In her morning appearance in New Hampshire, she said Democrats cannot wait for bipartisan solutions to stanch the bleeding from a war that has cost more than 3,100 American lives and more than half a trillion tax dollars. "We have to end this war, and we can't do it without Republican votes," she said.

Graham tried to goad Democrats to go further and vote to cut off funding for the war. Senate Democrats have spent weeks refusing to allow a debate on a Republican resolution opposing any withholding of funds for the troops, and Graham ascribed the maneuvering purely to politics.

"Here's the crux of the matter: The reason we're here on a Saturday playing stupid political games while people are off in Iraq trying to win this war is because our colleagues on the other side of the aisle are afraid to take a vote on cutting off funding," he said. "The reason they don't want to be on record is because the radical left will eat Democrat '08 hopefuls' lunch. They will create a fight on that side of monumental proportions."

As Senate Avoids Debate, Only Statements Are Sartorial (WP)

By Dana Milbank

The Washington Post, February 18, 2007

Senators entered the chamber to vote on the Iraq war yesterday as if emerging from a Lands' End catalogue.

There was Gordon Smith (R-Ore.) in a gray tweed blazer with elbow patches, a purple sweater, lavender shirt and violet tie. Nearby was David Vitter (R-La.), wearing tan slacks and a black knit shirt. No fewer than 17 senators wore navy blazers: Richard Burr (R-N.C.) combined his with green corduroys, Pat Leahy (D-Vt.) with a blue sweater, Tom Carper (D-Del.) with a red sweater, Mitch McConnell (R-Ky.) with a windowpane-pattern shirt, and John Sununu (R-N.H.) with wrinkled khakis.

Other weekend legislators had trouble with the casual Saturday concept. Barbara Boxer (D-Calif.) wore a pink hooded sweater known as a "hoodie," black clogs and white socks. Ken Salazar (D-Colo.) opted for a bolo tie and a western jacket with

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suede patches on the shoulders. Tom Coburn (R-Okla.) went with blue jeans and a turtleneck. Joseph I. Lieberman (I-Conn.), who does not drive on Saturday because of the Jewish Sabbath, wore hiking boots.

It was, as Ben Nelson (D-Neb.) put it, "a very special occasion." The rare Saturday session, in addition to making the Senate floor look like an Andover reunion, gave the lawmakers one more chance to talk about -- and then vote against -- having a full debate about the direction of the Iraq war. Both sides knew in advance that Republicans still had enough votes to block the debate again (Democrats came up four votes short), but Democrats were determined to cause the GOP maximum discomfort by forcing a vote on the weekend.

"We all know it's rare for the Senate to hold a Saturday vote, but the issue before us is too important to wait," said Harry Reid (D-Nev.), the majority leader.

Lindsey Graham (R-Blue Blazer-Gray Flannel Slacks) referred to see it as "a very, very sad Saturday" for all. "This is being billed as an unusual Saturday session where the Senate is working," said Graham, sporting South Carolina's palmetto-tree emblem on his tie. "I would argue we're not working, we're having a political theatrical debate."

West Virginia's Robert Byrd (D-Beige Suit), who knows something about theatrics, volunteered: "If it will help to bring our soldiers home, I will work every Saturday for the rest of this Congress. I will stand here -- right here! right here! -- on this floor, on this floor of this Senate every day, every day, every day, 24 hours every day if it would mean one less family without a son or a daughter. Hear me!"

Alaska's Ted Stevens (R-Blue Blazer-Gray Trousers), was sour about delaying his Presidents' Day recess. "It is an important subject to be debated, but why Saturday?" he complained.

With a few exceptions (Barack Obama sauntered in 20 minutes after the vote began), the Democratic senators attempted a note of solemnity. They sat quietly at their desks for the vote, standing to call out "aye." But Republicans, nine of whom skipped the vote entirely, declined to play. McConnell, the minority leader, ignored the clerk when his name was called. Sam Brownback (R-Kan.) made a show of breezing through -- he put on his overcoat immediately after voting and left with his briefcase -- and fellow Kansan Pat Roberts (R-Blue Blazer-Chinos) wore a blue scarf and playfully swatted colleagues with his driving cap.

Wearied by two weeks of fighting over whether to have an Iraq debate, the senators by yesterday had resorted to calling each other chickens.

"Apparently some in the Senate are afraid of such a debate," said Byrd, who punctuated his taunts by sneezing into his microphone.

"I am not running from a vote," announced Jim Bunning (R-Ky.). "I don't know one of my Republican colleagues that is afraid to cast a vote."

"I applaud the courage of a few hearty Republicans who will vote cloture and allow this vote to occur," Reid bullied.

"I'm not afraid of your ideas," Graham maintained.

McConnell advised the Democrats that their position "takes no courage."

Among the few senators who did demonstrate courage yesterday was John Warner (R-Va.), who was all business in a dark blue suit and a dress shirt with French cuffs. He wore an angry expression as he heard Graham accusing Democrats of following the "politics of the moment" and "trying to jockey for political positioning." As Graham raged on, Warner made a circling motion with his finger and pretended to bang a gavel in an attempt to get the presiding officer to cut Graham off.

"I've been privileged to be a member of the United States Senate now in my 29th year," Warner said when Graham finally was silenced. "Never have I stood on this floor and in any way impugned the integrity of any senator." Siding with the Democrats, Warner declared that "we must move forward" with a debate, adding: "I think I'm doing right for the integrity of this institution."

Graham, who left his desk after his tantrum, must not have heard Warner's reproach. Even after his side prevailed in blocking the debate, Graham was still swinging. "I'm not afraid of any other idea," he boasted at a news conference. "There's nothing on the table I'm afraid of."

Not that anybody doubted Graham. It takes a strong man to wear a palmetto tie.

Senate Blocks Iraq War Resolution Debate (AP)

By David Espo

AP, February 17, 2007

WASHINGTON (AP) -- The Senate gridlocked on the Iraq war in a sharply worded showdown on Saturday as Republicans foiled a Democratic attempt to rebuke President Bush over his deployment of 21,500 additional combat troops.

The vote was 56-34. That was four short of the 60 needed to advance the measure, which is identical to a nonbinding resolution that Democrats pushed through the House on Friday.

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"The Senate, on behalf of the American people, must make it clear to the commander in chief that he no longer has a rubber stamp in Iraq," said Majority Leader Harry Reid, D-Nev., in the final moments before the vote.

Republicans blasted him and the Democratic leadership for refusing to allow a vote on an alternative that ruled out any reduction in money for troops in the field.

"A vote in support of the troops that is silent on the question of funds is an attempt to have it both ways," said Sen. Mitch McConnell of Kentucky, the GOP leader. "So we are asking for an honest and open debate."

The vote marked the second time this winter that Senate Republicans have blocked action on nonbinding measures critical of the president's war policies. This time, however, there were signs of restlessness within the GOP.

Seven Republicans broke with their leadership, compared with only two on the previous test vote.

Also this time, the maneuvering concerned a nonbinding measure that disapproved of Bush's decision to deploy the additional troops and pledged to support and protect the troops.

The vote in the House on Friday was 246-182, with 17 Republicans breaking ranks to support the measure and two Democrats voting in opposition.

Saturday's debate and vote occurred in an intensely political environment, both in and out of the Capitol. The unusual weekend session sent presidential contenders in both parties scrambling to make the vote.

One of them, Democratic Sen. Hillary Rodham Clinton of New York, squeezed in a morning appearance in New Hampshire, where she told one audience, "We have to end this war and we can't do it without Republican votes."

Polls show strong public opposition to the war, which as killed more than 3,100 U.S. troops. Democrats seemed eager to force Republicans into votes that might prove politically troublesome.

"They are torn between their president's policy and the wishes of the constituents, but vote they must," said Sen. Charles Schumer of New York, head of the Senate Democrats' campaign committee.

Democrats in both the House and Senate have said the nonbinding measures would be only the first attempt to force a shift in Bush's war policies.

In the Senate, Reid has told lawmakers he will turn anti-terrorism legislation into a forum for debate over the war. He has met privately in recent days with fellow Democrats as the leadership plans its next move.

In the House, Democrats have said they will attempt to place restrictions on Bush's request for an additional $93 billion for the military in an attempt to make it impossible for him to deploy all 21,500 additional troops.

Rep. John Murtha, D-Pa., has described a series of provisions that would require the Pentagon to meet certain standards for training and equipping the troops, and for making sure they have enough time at home between deployments.

Murtha and House Speaker Nancy Pelosi, D-Calif., describe these provisions as designed to protect the troops.

Republicans argue the effect would be to deny troops needed reinforcements and are expected to try to block the restrictions.

Republicans Block Senate War Debate (POL)

By Daniel W. Reilly, John Bresnahan

The Politico, February 17, 2007

In a rare Saturday session, Senate Republicans blocked Democrats from debating a House-approved resolution rejecting President Bush's plan to send another 21,500 combat troops into Iraq.

Republicans united largely behind Senate Minority Leader Mitch McConnell, R-Ky., and refused to allow the measure to be considered unless they could offer an alternative declaring that funding for military personnel in Iraq would not be cut.

The vote on a cloture motion filed by Senate Majority Leader Harry Reid, D-Nev., was 56 to 34, four short of the 60 votes needed to begin debate.

Seven Republicans voted with the Democrats: Sens. John Warner of Virginia, Norm Coleman of Minnesota, Arlen Specter of Pennsylvania, Chuck Hagel of Nebraska, Gordon Smith of Oregon and Susan Collins and Olympia Snowe, both of Maine.

Only Coleman and Collins had previously sided with the Democrats in an earlier bid to start Senate debate an Iraq resolution that would certainly have led to a rebuke of the president’s strategy.

Sen. Joseph I. Lieberman, I-Conn., joined the GOP filibuster Saturday and voted against cloture.

Republican Sens. Bob Bennett of Utah, Kit Bond of Missouri, Thad Cochran of Mississippi, Bob Corker of Tennessee, John Ensign of Nevada, Orrin G. Hatch of Utah, Jon Kyl of Arizona, John McCain of Arizona (read more here) and Lisa Murkowski of Alaska did not vote.

Sen. Tim Johnson, D-S.D., recovering from brain surgery, has been absent from the Senate for several months.

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At the White House, press secretary Tony Snow said the president was focusing on votes down the road to fund the war in Iraq, not on the latest “nonbinding” resolutions.

“This week’s voting gave the world a glimpse of democracy’s vigor," Snow said in a prepared statement. “The next votes should provide unmistakable assurance of this nation’s resolve in achieving success, supporting the cause of democracy, and stopping terrorist forces in their ultimate aim of bringing their violence to our shores."

After Saturday's Senate vote, Reid claimed the results showed the president was losing support from Senate Republicans for his plan to “surge" more troops into Iraq to help quell the violence there.

“A majority of the United States Senate just voted on Iraq, and a majority in the United States Senate is against the escalation in Iraq," Reid said.

But McConnell, is a speech on the Senate floor, charged that Democrats want to cut off funds for the troops in Iraq but were afraid to proceed. He characterized as a political stunt a vote on the Iraq resolution that was passed, 246 to 182, by the Democratic-controlled House on Friday. Seventeen House Republicans broke with the president then and supported measure rejecting the troop surge.

“Let those of us who support the president’s plan to win in Iraq say so. Let those of us who oppose it say so," McConnell said. "But we will not be forced to vote for a resolution that says we support the troops but does not ask us to seal that pledge with a promise to help them carry out that mission in the only way [we] can — funding their mission."

And Sen. Lindsey Graham, R-S.C., said: "If you did have this vote, the left, the radical left, would eat every Democratic presidential hopeful alive."

"The hard left wants out of this war yesterday,’’ Graham added. “And two-thirds of this body understands the hard left is dead wrong."

Senate Democrats Again Fail To Get Iraq Vote (HILL)

By Klaus Marre, Alexander Bolton

The Hill, February 17, 2007

The effort of Democratic leaders to force a Senate vote on a non-binding resolution opposing a troop surge in Iraq was blocked in a rare Saturday session. Though a majority of senators supported the plan in a 56-34 vote, Democrats were unable to convince a sufficient number of Republicans to support them and failed to get to the 60-vote threshold they needed to move forward.

A day after the House rebuked President Bush's plan to add more than 20,000 combat troops to the existing force in Iraq, Senate Democrats again failed to invoke cloture and move to a vote on the underlying resolution. But while they fell short by 11 votes on February 5, this time they were only four votes shy of getting cloture.

Republicans supporting the measure were Sens. John Warner (Va.), Arlen Specter (Pa.), Susan Collins (Maine), Chuck Hagel (Neb.), Gordon Smith (Ore.), Olympia Snowe (Maine) and Norm Coleman (Minn.).

Sen. Joe Lieberman (Conn.), an independent who caucuses with the Democrats, voted against cloture.

Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.), two of the frontrunners for the Democratic presidential nomination, decided to be in Washington for the vote rather than go campaigning. Sen. John McCain (Ariz.), a contender for the Republican nomination, did not vote.

The debate leading up to the vote Saturday was marked by heated rhetoric and interrupted by a protestor who had to be removed from the gallery.

Sen. Lindsey Graham (R-S.C.) said the day marked a "low-point" in his career as a senator. He accused Democrats of playing "stupid political games," adding that if they think the situation in Iraq could not be salvaged, then they should just vote to cut off funding.

Several Republicans strongly criticized Democratic leaders for how they have handled the issue, accusing them of partisanship and trampling on minority rights in the Senate. The GOP wants to vote on its own resolutions on the issue.

"The Senate is the greatest deliberative body in the world, but it's becoming clear that differing views and amendments will not be considered," said Sen. John Ensign (R-Nev.). "The Democrats' hypocrisy is becoming a pattern that ignores their promises of bipartisanship."

But Democrats rejected those assertions and Sen. Charles Schumer (D-N.Y.) said the vote was about Senators standing up and declaring where they stand on Iraq.

Senate Majority Leader Harry Reid (D-Nev.) stated prior to the vote that it was "an opportunity to send a powerful message." Reid and other Democrats accused Republicans of using Senate procedures to avoid a debate on the issue.

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Sen. Robert Byrd (D-W.Va.) said the Senate is "probably the only place" in the country where the debate on the Iraq war is not taking place.

Schumer said the resolution is the first step in ratcheting up the pressure on Bush and predicted eventually this would lead the president to change his strategy and eventually help get the troops home.

"This is not a fight against terrorism - this is a civil war…," Schumer said, calling Bush's Iraq policy misguided.

Following the vote Reid, when asked what the next step would be and whether it would include cutting funding, said, "I know of no talk at this stage about cutting funding."

Reid also stated that the Senate would move onto other issues. The upper chamber will take up legislation implementing the recommendations of the 9/11 commission after the Presidents' Day break. Senators are expected to offer amendments related to the war to that bill.

Senate Won't Vote On Objection To Troop Buildup (CNN)

CNN.com, February 17, 2007

WASHINGTON (CNN) -- Senate Democrats failed to garner the 60 votes they needed to consider a nonbinding resolution opposing President Bush's plan to send more troops to Iraq.

The vote was 56-34, with seven Republicans crossing the aisle to vote with senators who oppose the troop buildup.

The measure was identical to a nonbinding resolution the House passed Friday denouncing the plan to send 21,500 additional troops to Iraq.

"We are policing a civil war in Iraq," Sen. Charles Schumer, D-New York, said before the vote. "American troops should not be in the middle of that war."

He added, "The president's escalation is misguided, to put it kindly."

The Saturday vote was a procedural decision on whether the Senate should move on to a final vote on a resolution that expresses opposition to Bush's plan.

Republicans pushed for an amendment by Sen. Judd Gregg, R-New Hampshire, that would address funding of the war, which they said would make the vote meaningful.

"This nonbinding resolution, as a practical matter, doesn't do anything, but was designed to try to disapprove of the new mission," Minority Leader Mitch McConnell, R-Kentucky, said after the vote. "Our view is you cannot discuss the new mission in Iraq without discussing funding for the troops."

McConnell said the Senate should have considered another resolution, put forward by Republicans John McCain of Arizona and Lindsey Graham of South Carolina and independent Joe Lieberman of Connecticut, which includes benchmarks to measure Iraqi progress toward security goals.

In a written statement after the vote, White House press secretary Tony Snow urged Congress to approve Bush's funding request for the military.

"It would enable the world's most capable military force to remain the most advanced in terms of training, equipment, doctrine and -- most importantly -- the quality of the men and women who serve," Snow said.

Graham said politics made Democrats afraid to allow a vote on funding the war.

"If you did have this vote, the left -- the radical left -- would eat every Democratic hopeful for president alive," Graham said. "That's why we're not having this vote. The hard left wants out of this war yesterday."

Senate Republicans succeeded earlier this month in blocking a vote on a similar resolution. Majority Leader Harry Reid of Nevada urged Senate Republicans to drop their procedural moves.

In the House, 17 Republicans joined Democrats on Friday in passing the two-sentence resolution. It expresses support for U.S. troops in Iraq but states that Congress "disapproves" of Bush's troop increase.

On February 5, all but two GOP senators voted to block debate on the similar resolution. Saturday's vote saw five more GOP senators join the Democrats.

They were Sens. John Warner of Virginia, Norm Coleman of Minnesota, Susan Collins of Maine, Chuck Hagel of Nebraska, Gordon Smith of Oregon, Olympia Snowe of Maine and Arlen Specter of Pennsylvania.

"We support the president on the diplomatic aspects of his plan. We support the president on the economic aspects of his plan," Warner said.

"We only disagree with one portion of it: Mr. President, do you need 21,500 additional men and women of the armed forces in this conflict?" Warner said.

Sen. Carl Levin, a Michigan Democrat, backed the chance to vote on the resolution.

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"If we believe plunging into Baghdad neighborhoods with more American troops will not increase chances of success, we are duty-bound to say so," Levin said.GOP insisted on 'measure of fairness'

Republican leaders insisted that members get a chance to vote on two GOP alternatives, and that the process be conducted under rules that called for 60 votes to pass.

Republican critics have claimed that passing the resolution could lead to a cutoff in funding for the troops.

Minority Leader Mitch McConnell, R-Kentucky, said before the vote that Republicans would insist on "a measure of fairness," allowing them to offer alternative resolutions -- including one stating the Senate won't cut off money for troops in the field.

"If we have only one alternative, it will involve a vote on funding the troops," McConnell said.

Published polls indicate a solid majority of the U.S. public opposes the Bush plan, and Democrats said the November election victories that put them in control of Congress show Americans want to wind down the nearly four-year-old war.Bush challenges Congress not to cut funding

Bush noted Thursday that the Senate recently confirmed the promotion of Gen. David Petraeus, the new commander of U.S. troops in Iraq, even as members criticized the strategy he was installed to pursue.

Secretary of State Condoleezza Rice made an unannounced visit to Iraq on Saturday on her way to meet with Middle East leaders. She told troops there that despite the political debate, their efforts are appreciated back home.

Though the president said lawmakers "have every right to express their opinion," he demanded they support an upcoming spending bill that would commit nearly $100 billion more to the war effort.

"Our men and women in uniform are counting on their elected leaders to provide them with the support they need to accomplish their mission," Bush said.

US Senate Blocks Vote On Iraq War (BBC)

BBC.com, February 17, 2007

The US Senate has decided not to debate a resolution criticising President George W Bush's troop surge in Iraq.

The rare Saturday session followed a non-binding vote backing the resolution in the House of Representatives.

In the House, 17 Republicans had joined the majority Democrats to oppose the increase of 21,500 troops.

Democrats needed the support of 60 of the 100 senators to advance the same motion in the Senate, but they only managed to gain 56 votes in favour.

Mr Bush still faces battles with Congress over funding for US troops in Iraq.

Although both the Congressional resolutions are non-binding, the president needs the legislators to support his $93bn (£48bn) emergency troop-funding measure.

The White House has dismissed the vote, and warned Congress against trying to cut off funding.

Under Mr Bush's new Iraq strategy, 21,500 extra troops are being sent, mostly to the capital Baghdad, to help enforce new security measures.

Senate Democrats were hoping to repeat their Friday success in the House, when the motion criticising the president's Iraq policy was passed by 246 votes to 182.

"Today's vote is an opportunity to send a powerful message," said Democrat majority leader, Senator Harry Reid, during an emotional discussion.

"The Senate's responsibility must be to vote on escalation, whether the so-called surge is supported or opposed. This is the choice. More war, or less war," the Democrat leader told the Senate.

Republicans sought debate on a different motion, which would have ruled out any budget cuts affecting troops already in Iraq.

"A vote in support of the troops that is silent on the question of funds is an attempt to have it both ways," said Senator Mitch McConnell, the Republican leader.

Only seven Republicans broke ranks with the party, and so the Democrats failed to reach the 60 votes needed to pass the motion.

'Tragic goal'

The House vote on Friday in support of the non-binding motion brought to a close the first full debate there since the Democrats took control of Congress in November.

Speaking after the vote, House of Representatives Speaker Nancy Pelosi said it would send an unmistakable signal to the White House.

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"The bipartisan resolution today may be non-binding. But it will send a strong message to the president - we here in Congress are committed to protecting and supporting our troops."

House Minority Leader John Boehner had urged lawmakers to vote against the motion, saying it was "the first step towards a tragic, unthinkable goal".

Rice, In Surprise Baghdad Visit, Presses Leaders For Progress (NYT)

By Damien Cave

The New York Times, February 18, 2007

BAGHDAD, Feb. 17 — Secretary of State Condoleezza Rice made a surprise visit to Baghdad on Saturday to meet with Iraqi officials about the new security plan and to press the Shiite-led government to accelerate reconciliation, reconstruction and economic progress.

Iraqi officials in recent days have said the start of the new push for security in Baghdad has been a success, significantly reducing violence.

Ms. Rice, in a meeting with reporters after her talk with Prime Minister Nuri Kamal al-Maliki and other Iraqi leaders, said it was still too early to judge the effectiveness of the new plan. But she said she had pushed the Iraqis to think beyond short-term security, to how neighborhoods and Iraqi civil society could be rebuilt if sectarian violence between the ruling Shiites and the minority Sunnis subsided.

She said she had told Iraq's leaders to quickly finish work on an oil law that would distribute revenues evenly among Iraq's population. She also stressed the importance of creating a more balanced government by rehiring thousands of Sunni civil servants whom the Americans fired soon after the invasion in 2003, fearing they would remain loyal to Saddam Hussein.

She described both proposed moves as proxies for larger, still unanswered questions about whether Iraq could become a truly united country.

"I'm told that the oil law is almost complete." she said. "I did say to my colleagues that I've heard it's almost complete before, and this time I hope it really is complete — as in, complete — because people are looking to see some elements of national reconciliation put into place. It's really critical."

The Baghdad stop, tagged on to Ms. Rice's scheduled trip to Israel, comes at a politically delicate time for the Bush administration. On Friday, a sharply divided House of Representatives passed a resolution formally repudiating President Bush's decision to send more than 20,000 new combat troops to Iraq.

The rare wartime rebuke to the commander in chief — an act that is not binding but carries symbolic significance — was approved 246 to 182, with 17 Republicans breaking ranks to join all but 2 Democrats in supporting the resolution.

Ms. Rice said she used the restiveness in Washington to underline for Iraqi officials the spread of American frustration with Iraq's lagging political and economic progress.

She said she had "made clear that some of the debate in Washington is, in fact, indicative of the concerns that the American people have about the prospects for success" if Iraq's leaders did not quickly take actions to ensure longer-term stability.

Ms. Rice also addressed the administration's recent claim that the Quds Force, an elite branch of Iran's Islamic Revolutionary Guard, had supplied Shiite militants in Iraq with deadly roadside bombs that had killed American troops. Echoing comments made by President Bush, Ms. Rice said she did not know whether the top levels of Iran's government had approved delivering the weapons to Iraq. But she said she did not think that excused Iran.

"It is an activity that is done by an element of the Iranian government," she said, "so I think the Iranian government has to be held accountable for it."

Earlier Saturday, Ms. Rice addressed about 25o American soldiers and civilian State Department employees at a palace that doubles as the United States Embassy. Standing in a cavernous lounge, beside an American espresso bar and below gilded ceilings embossed with Mr. Hussein's initials, she acknowledged criticism over the war in Congress.

"Some do not think this war was the right war to fight," she said. "Some believe we in the administration haven't fought it quite right." But she also insisted that, despite those disagreements, both Democrats and Republicans appreciated the troops' efforts.

"We can have our discussions and debates at home, but Americans want to win this war," she said. "You're in a noble cause."

Mr. Rice also said that Iraq's struggles for stability were not dissimilar from what the United States once experienced: "Perfect union was imperfect at its start."

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She said Iraq's situation was similar, and she cautioned against viewing Iraqis as less competent at building a democracy. "Usually people think of war and peace," she said. "We all know that, in between, there's a lot."

Ms. Rice's visit came on a day of relative calm in Baghdad, but in the northern city of Kirkuk, two car bombs near the offices of a Kurdish political party, the Patriotic Union of Kurdistan, killed nine people.

After her day in Baghdad, Ms. Rice traveled to Israel for a meeting on Monday between the Palestinian Authority president, Mahmoud Abbas, and the Israeli prime minister, Ehud Olmert.

In Baghdad, Rice Acknowledges Frustrations In U.S. (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 18, 2007

BAGHDAD, Feb. 17 -- Secretary of State Condoleezza Rice expressed support for a nascent Baghdad security plan during an unannounced visit to the capital Saturday, but she reminded Iraq's leaders that Americans were growing increasingly frustrated with the unyielding lethality and cost of the war.

Rice spoke approvingly of Prime Minister Nouri al-Maliki's leadership, urged Iraqi officials to enact laws to fairly administer the country's vast oil reserves and acknowledged widespread disapproval of the Bush administration's policies in Iraq among many Americans and U.S. lawmakers.

She arrived in the capital a day after the U.S. House passed a nonbinding resolution rejecting the administration's troop increase in Iraq, where violence has become the norm in the streets and squabbling dominates the political process.

"The American people want to see results and aren't prepared to wait forever," Rice said during a 30-minute conversation with reporters in U.S. Ambassador Zalmay Khalilzad's living room. "But we're also not saying to the Iraqis: Get it done by X-date, or else. That's not the way one treats a partnership in these difficult circumstances."

Rice met with Maliki and President Jalal Talabani and later had lunch at the U.S. ambassador's residence with a group that included the Kurdish deputy prime minister and the country's foreign minister. She said the Baghdad security plan, which was formally launched this week, was bringing "new hope and a new optimism" to the besieged Iraqi capital. A spokesman for the security plan said attacks have fallen 80 percent since it was launched Wednesday, and there were relatively few reports of violence Saturday.

Ten people were killed and 90 injured in two car bombs in the northern city of Kirkuk, police said, and an improvised explosive device killed one person in Baghdad. The U.S. military announced that a Marine was killed Friday in combat in the western province of Anbar. His name was not released.

Rice praised Maliki for vowing to target lawlessness across sectarian lines.

"Thus far, they seem to be carrying through with the rules of engagement that would suggest that justice and law enforcement is going to be evenhanded," Rice said. "These are the first days of the security plan. It's not going to be one day and then everyone can declare victory . . . There are going to be bad days in the Baghdad security plan when violence is up."

Rice asked insistently about the progress of legislative bills that would regulate the exploration and revenue sharing of the country's oil reserves, according to Iraqi officials who spoke to her.

Iraqi officials tasked with creating a draft law have failed to present a bill to parliament. At stake is the extent to which the central government will control exploration and management of oil fields and whether revenue will be distributed equally across the country.

Iraq's oil reserves are concentrated in the northern Kurdish area and provinces in the predominantly Shiite south.

"I did hear it's almost complete," Rice said about a status report she received on the draft of the bill. "I've heard that it's complete before. And this time, I hope it really is almost complete -- as in complete."

Rice left with a realistic sense of the challenges that lie ahead, said Hoshyar Zebari, Iraq's foreign minister.

"She emphasized a great deal the issue of urgency," Zebari said in a telephone interview Saturday night. Rice stressed to Iraqi leaders that "patience is not unlimited in the United States and that there's a great deal of frustration," he added.

Rice said U.S. officials believe Iranian officials are involved in supplying Iraqi militias with parts to assemble deadly armor-penetrating weapons. But Rice said she did not know to what extent and at what level Iranian officials are complicit in their procurement.

When asked whether she was surprised by the skepticism that followed assertions last week by U.S. military briefers in Baghdad that Iranian weapons were being provided to Shiite militias in Iraq, Rice responded, "It's America, it's a democracy. And everything is greeted with questioning and skepticism . . . We understand there's still the shadow of what happened about weapons of mass destruction here."

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Rice arrived at the Baghdad airport at 11:30 a.m. and arrived minutes later at the fortified Green Zone, where embassy and military personnel were gathered at a large meeting hall inside the former national guard palace, which was converted into the interim U.S. Embassy after Iraqi president Saddam Hussein was overthrown in 2003.

Standing behind a lectern flanked by an Iraqi and a U.S. flag, Rice told those present that their work is "noble" and "necessary" to keep the United States safe. She acknowledged the fierce opposition in Washington to President Bush's decision to send 21,500 additional troops to Iraq in what many see as a last-ditch effort to secure the country and lay the groundwork for a sustainable democracy.

"Some do not think this war was the right war to fight," she said. "Some believe we in the administration haven't fought it quite right."

But she assured the group there is unequivocal support for the troops.

Rice was accompanied by Karen Hughes, the undersecretary of state for public diplomacy and public affairs. Hughes, a close friend of Bush, had not previously visited Iraq.

Rice and Hughes were shuttled around the Green Zone in heavily armored vehicles, trailed by dozens of security guards. While Rice met with Maliki and Talabani, Hughes attended a musical performance at the al-Rashid Hotel, inside the Green Zone. Neither spent time outside the secured compound.

After her stop in Baghdad, Rice flew to Israel for a three-day visit to try to nurture a new effort to promote peace between the Israelis and Palestinians. Her mission has been complicated by a new Palestinian unity government that brings the moderate Fatah party into a government led by the radical Hamas group.

Rice will bring the Israeli and Palestinian leaders together for a meeting Monday, but both sides appeared to be jockeying for position ahead of the summit. Before having dinner with Rice, Israeli Foreign Minister Tzipi Livni hardened Israel's stance on the emerging government, saying "the understandings" between Hamas and Fatah "do not meet the requirements of the international community."

Palestinian Authority President Mahmoud Abbas also took a tough line, telling a U.S. envoy Saturday that the power-sharing agreement he reached was the best he could get and that an international aid boycott must be lifted, Palestinians said.

Rice, In A Surprise Visit, Urges Iraqis To Reconcile (LAT)

By Louise Roug

The Los Angeles Times, February 18, 2007

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BAGHDAD — Secretary of State Condoleezza Rice made a surprise visit to Baghdad on Saturday and urged Shiite, Sunni and Kurdish politicians to use a lull in violence resulting from a new security plan to reach long-delayed agreement on key political issues.

Her visit came as the much-vaunted plan, called Operation Law and Order, was getting underway in Iraq's capital. An Iraqi military spokesman said that attacks had already dropped significantly and that many fewer bodies were being brought to the morgue.

"How the Iraqis use the breathing space that [the plan] might provide is what's really important," Rice said during her half-day visit to Baghdad's heavily protected Green Zone. Iraqi security forces were "off to a good start," but it was still early, she said.

"There are going to be bad days for the Baghdad security plan, when violence is up — not down," she said. "The real test will be steering a steady course."

Though Baghdad has appeared calmer, attackers have hit elsewhere. In Kirkuk on Saturday, bombers killed six people and wounded 75. High-ranking Iraqi military officials have recently noted a significant increase in attacks in and around Kirkuk.

Kurds, Arabs and Turkmens all want control of the city and the surrounding region. At stake are land, water and some of Iraq's richest oil reserves.

Baghdad effort

In Baghdad, a crackdown that eventually will involve as many as 27,000 additional American and Iraqi troops began Wednesday. Despite opposition among the American public and in Congress to President Bush's plans to send more troops to Iraq, at least 5,000 more U.S. and Iraqi troops have joined the thousands already patrolling the streets of the capital.

The U.S. House on Friday passed a nonbinding resolution opposing Bush's plan to send 21,500 more troops to Iraq. Republicans blocked an effort to pass an identical resolution Saturday in the Senate.

Brig. Gen. Qassim Musawi, an Iraqi military spokesman, said that violence and crime in Baghdad had decreased by more than 80% and that at least 144 people had been detained in sweeps over the last three days.

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A statement from Prime Minister Nouri Maliki's office said the plan also had resulted in the return of 107 displaced families to their homes. As many as 50,000 Iraqis are forced from their homes every month, joining 3.8 million others who have sought refuge elsewhere in the country or in neighboring states, according to the United Nations.

On Saturday, Rice met with Maliki, a Shiite; President Jalal Talabani, a Kurd; Vice President Tariq Hashimi, a Sunni; and others.

Iraq's religious and ethnic groups have been unable to agree on one of the most fundamental issues: how to share the country's oil resources. Lawmakers also have bickered over how to deal with onetime members of former President Saddam Hussein's Baath Party.

"I'm told that the oil law is almost complete." Rice said. "I did say to my colleagues that I've heard it's almost complete before, and this time I hope it really is complete … because people are looking to see some elements of national reconciliation put into place. It's really critical."

Rice said U.S. commanders have told her that troop strength among Iraqi units in the Baghdad operation is as high as 90%. Initial reports had put them at about 50%.

But she reiterated that political progress would have to accompany any military advances.

"We've got to be sure not just to concentrate on the security plan…. The political side does need to keep pace."

Because of military action on the ground, Rice's plane circled above the city for half an hour before landing, according to the Associated Press.

In a 10-minute address in the Green Zone, Rice urged hundreds of American troops and U.S. Embassy staff members to be patient, saying they were engaged in a "noble cause."

"When you see Iraqis toiling and squabbling and struggling," she said, "remember it's not easy to build a democracy."

But she also said the Bush administration didn't have unlimited patience.

"The United States is investing a great deal, most especially the lives of our men and women in uniform, and the American people want to see results and aren't prepared to wait forever," she said.

After meeting with Iraqi politicians and Western journalists, Rice flew by helicopter from the Green Zone to another U.S. military base, where she met Army Gen. David H. Petraeus, the new commander of U.S. forces in Iraq.

Iraqi authorities said Saturday that they had recovered five bodies in a Baghdad neighborhood just west of the Tigris River, significantly fewer than usual.

Marketplace targeted

But bombers and gunmen attacked elsewhere in the country. The double car bombing in Kirkuk that killed six hit a marketplace in a predominantly Kurdish part of town.

The explosions ripped through residences and storefronts, setting fire to at least a dozen cars. A woman picked through the debris after the explosion, crying and screaming as she looked for her 12-year-old son.

Azad Mustafa, 28, said the explosion knocked him over as he stood in his shop.

"The scene was like doomsday," he said, "torn bodies everywhere, injured people screaming, burning cars."

The U.S. military said a Marine was killed Friday during combat in Al Anbar province, bringing the number of U.S. deaths in Iraq to at least 3,133, according to icasualties.org, a website that tracks military casualties.

In Kut, gunmen shot an Iraqi police officer in front of his house.

In Hillah, police recovered two bodies.

Rice: U.S. Has Doubts On Iraq Democracy (AP)

By Anne Gearan

AP, February 18, 2007

Secretary of State Condoleezza Rice told Iraqi government leaders Saturday that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence.

"Some of the debate in Washington is in fact indicative of the concerns that some of the American people have ... if the Iraqi government doesn't do what it has said it will do," Rice said she told leaders from all of Iraq's factions.

Rice made an unannounced visit to Baghdad as the U.S. Senate deadlocked on whether to repeat a symbolic rebuke that the U.S. House handed Bush on Friday when it opposed the administration's deployment of additional combat troops to Iraq.

Although Rice used her visit to publicly praise the Iraqi government's role in a new security crackdown in Baghdad, an Iraqi official said she was more critical in private.

Rice told Iraqi leaders that the Baghdad security operation needs to "rise above sectarianism" and noted that no U.S. or Iraqi forces have yet moved into the capital's major Shiite militia stronghold, the Iraqi official said.

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The official said Rice told Prime Minister Nouri al-Maliki that the initial stage of the crackdown, which began Wednesday, appeared to focus on Sunni areas and had left Sadr City, stronghold of the Mahdi Army militia, nearly untouched.

The official spoke on condition of anonymity because he is not authorized to release the information to the media.

He said Rice stopped short of accusing the Iraqis of displaying pro-Shiite bias in the operation and said it appeared that the crackdown was going well.

Documents captured during a raid about a month ago show that al-Qaida in Iraq has a carefully planned strategy aimed at downing coalition aircraft using a variety of weapons, said a U.S. defense official, who spoke on condition of anonymity because of the sensitivity of the information.

The official said the documents provide fresh evidence that the al-Qaida insurgency is adapting and posing new threats to U.S. forces. The contents of the seized materials were summarized in an intelligence report analyzing recent helicopter crashes.

The New York Times, which first reported on the intelligence analysis, said militants want to concentrate on air forces. "Attacks on coalition aircraft probably will increase if helicopter missions expand during the latest phase of the Baghdad Security Plan or if insurgents seek to emulate their recent successes," the paper quoted the intelligence report as saying.

In the last month, at least six U.S. helicopters have gone down; five of the crashes were blamed on hostile ground fire. The deadliest was a Black Hawk hit by small arms fire on Jan. 20, killing all 12 soldiers aboard.

On Feb. 2, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowleged that ground fire has been more effective against U.S. helicopters recently. He said he didn't know "if this is some kind of new tactics or techniques that we need to adjust to."

Stakes are high for the plan to bring down violence in Baghdad, both to encourage Iraqis to trust their government and police and to demonstrate progress to an American public increasingly fed up with the war.

Bush's approval rating stands at 32 percent, tied for his lowest standing in Associated Press-Ipsos polling, and most people in the United States find fault with his handling of the nearly four-year-old Iraq war.

"The United States is investing a great deal, most especially the lives of our men and women in uniform, and the American people want to see results and aren't prepared to wait forever to see those results," Rice told reporters.

Although reports from the first day or two of the operation placed Iraqi force participation at 45 percent to 55 percent of full strength, Rice said commanders have told her that Iraqi participation is now as high as 85 percent to 90 percent.

She said the Iraqi government is meeting a test she had set for its commitment to the plan by ensuring that the rules of engagement for the joint forces are equitable and nonsectarian. She said Iraqi leaders are also ably describing and defending the plan to Iraqis.

Rice is the highest-ranking U.S. official to visit Iraq since last month's announcement of the security campaign. Her stop, coinciding with the congressional debate, appeared to reflect a calculation by the administration that focusing on potentially promising developments in Iraq was the best response to the congressional voting.

Meeting with a small group of troops and U.S. Embassy staff inside the old Saddam Hussein-era palace that serves as U.S. headquarters in the fortified Green Zone, Rice referenced the week of bitter debate on Capitol Hill.

"Some do not think that this was the right war to fight, and others think that we in the administration haven't fought this war quite right," but still support U.S. forces and others in harm's way.

"I keep hearing and reading the American people don't want to fight this war anymore. I don't think that's right. The American people want to know that we can succeed," Rice said.

The Bush administration so far has spent more than $350 billion on the war and reconstruction. More than 3,100 U.S. troops have died in the conflict. Bush's approval

Violence in Baghdad has dropped off sharply since the military push began earlier this week. U.S. military planners, however, caution that any attempt to stabilize Baghdad could take months and militants are not likely to leave without a fight.

Ten bodies were reported by the morgue in the capital on Friday, compared to an average of 40 to 50 per day common in recent months, as parts of Baghdad have descended into a lawless jumble of gang killings and sectarian payback.

New checkpoints have gone up around the city, creating long traffic jams as vehicles are searched. Iraqi tanks have pushed into areas where roaming gunmen and militant groups have ruled.

Rice's Iraq visit was a sidelight to a trip otherwise devoted to energizing stagnant peace efforts between Israel and the Palestinians.

That mission was complicated by last week's announced power-sharing pact between the U.S-backed Palestinian President and Hamas militants whom the Bush administration considers terrorists.

Rice will spend several days in Israel, the West Bank and Jordan before reporting on peace prospects at meetings in Europe.

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Associated Press writer Katherine Shrader in Washington contributed to this report.

Rice Pushes Iraqis, Seeks To "See Results" (WT/AP)

By Anne Gearan, Associated Press

The Washington Times, February 18, 2007

BAGHDAD, Iraq -- Secretary of State Condoleezza Rice told Iraqi government leaders yesterday that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence.

"Some of the debate in Washington is in fact indicative of the concerns that some of the American people have ... if the Iraqi government doesn't do what it has said it will do," Miss Rice said she told leaders from all of Iraq's factions.

Miss Rice made an unannounced visit to Baghdad as the U.S. Senate debated whether it would repeat a symbolic rebuke that the U.S. House handed Mr. Bush on Friday when it opposed the administration's deployment of additional combat troops to Iraq. Senate Republicans thwarted the move with a filibuster.

Although Miss Rice used her visit to publicly praise the Iraqi government's role in a new security crackdown in Baghdad, an Iraqi official said she was more critical in private.

Miss Rice told Iraqi leaders that the Baghdad security operation needs to "rise above sectarianism" and noted that no U.S. or Iraqi forces have yet moved into the capital's major Shi'ite militia stronghold, the Iraqi official said.

The official said Miss Rice told Prime Minister Nouri al-Maliki that the initial stage of the crackdown, which began Wednesday, appeared to focus on Sunni areas and had left Sadr City, stronghold of the Mahdi Army militia, nearly untouched.

The official spoke on the condition of anonymity because he is not authorized to release the information to the media.

He said Miss Rice stopped short of accusing the Iraqis of displaying pro-Shi'ite bias in the operation and said it appeared that the crackdown was going well.

Stakes are high for the plan to bring down violence in Baghdad, both to encourage Iraqis to trust their government and police and to demonstrate progress to an American public increasingly fed up with the war.

"The United States is investing a great deal, most especially the lives of our men and women in uniform, and the American people want to see results and aren't prepared to wait forever to see those results," Miss Rice told reporters.

Although reports from the first day or two of the operation placed Iraqi force participation at 45 percent to 55 percent of full strength, Miss Rice said commanders have told her that Iraqi participation is now as high as 85 percent to 90 percent.

She said the Iraqi government is meeting a test she had set for its commitment to the plan by ensuring that the rules of engagement for the joint forces are equitable and nonsectarian. She said Iraqi leaders are also ably describing and defending the plan to Iraqis.

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Violence in Baghdad has dropped off sharply since the military push began earlier last week. U.S. military planners, however, caution that any attempt to stabilize Baghdad could take months and militants are not likely to leave without a fight.

A twin bombing left 11 dead in northern Iraq and U.S. aircraft went in action yesterday against Sunni insurgents west of Baghdad.

The bombers struck in a Kurdish neighborhood of the oil city of Kirkuk, about 180 miles north of Baghdad, as streets were filled with cars and pedestrians.

Police and witnesses said the first blast occurred near shops and a bus depot. Minutes later, a suicide car bomber attacked the same area. Terrified shoppers fled screaming in panic amid burning cars and debris. A restaurant owner lay screaming on the sidewalk, his body soaked with hot cooking oil after one of the blasts hurled him onto the curb.

Eleven persons were killed in the two blasts and 65 were wounded, police Brig. Gen. Sarhat Qader said. Sunni Arabs and Kurds have laid rival claims on Kirkuk and its oil wealth.

In Ramadi, a Sunni insurgent hotbed 70 miles west of the capital, U.S. jets strafed gunmen after they ambushed a U.S. patrol, said 2nd Lt. Roger Hollenbeck, a Marine spokesman.

Hours later, U.S. aircraft destroyed a car with gunmen who were trying to escape after they attacked an Army patrol, Lt. Hollenbeck said.

Some U.S. officers think Sunni and Shi'ite extremists have fled Baghdad to avoid the crackdown, citing an increase in attacks in provinces that border the city.

Bomb Blasts Kill 11 In Northern Iraq (AP)

DOJ_NMG_0133277

AP, February 17, 2007

BAGHDAD (AP) — A twin bombing left 11 dead in northern Iraq and U.S. aircraft went in action against Sunni insurgents west of Baghdad, as Iraqi officials claimed early success in the campaign to restore order in the capital.

U.S. Secretary of State Condoleezza Rice paid an unannounced visit to Baghdad on Saturday to discuss the security crackdown. She urged the Iraqis in a private meeting to "rise above sectarianism" and pursue Shiite as well as Sunni extremists, an Iraqi official said.

Rice also told Iraqi government leaders that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence.

"Some of the debate in Washington is in fact indicative of the concerns that some of the American people have ... if the Iraqi government doesn't do what it has said it will do," Rice said she told leaders from all of Iraq's factions.

The bombers struck in a Kurdish neighborhood of the oil city of Kirkuk, about 180 miles north of Baghdad, as streets were filled with cars and pedestrians on the main shopping day of the week.

Police and witnesses said the first blast occurred near shops and a bus depot. Minutes later, a suicide car bomber attacked the same area.

The back-to-back lasts shattered about 20 shops as terrified shoppers fled screaming in panic amid burning cars and debris.

A total of 11 people were killed in the two blasts and 65 were wounded, police Brig. Gen. Sarhat Qader said. Sunni Arabs and Kurds have laid rival claims on Kirkuk and its vast oil wealth.

In Ramadi, a Sunni insurgent hotbed 70 miles west of the capital, U.S. jets strafed gunmen with 40mm machine gun fire after they ambushed a U.S. patrol with small arms and rocket-propelled grenades, a Marine spokesman 2nd Lt. Roger Hollenbeck said.

Hours later, U.S. aircraft used precision weapons to destroy a car with gunmen who were trying to escape after they attacked a U.S. Army patrol with small arms fire, Hollenbeck said.

There were no U.S. casualties, but Hollenbeck said eight insurgents were killed — four in each attack.

The attacks north and west of the capital contrasted with a lull in major violence in Baghdad as U.S. and Iraqi forces try to regain control from sectarian militias and criminal gangs.

Some U.S. officers believe Sunni and Shiite extremists have fled Baghdad to avoid the crackdown, citing an increase in attacks in provinces that border the city.

The U.S. military said Saturday that a Marine was killed the day before during combat operations in Anbar province, which includes Ramadi. It was the first U.S. death reported since Wednesday when five soldiers were killed — all but one of them in Diyala province northeast of Baghdad.

Iraqi authorities said they foiled a would-be suicide attack near Karbala, about 80 kilometers (50 miles) south of Baghdad. A minivan came under fire after the driver failed to slowdown at a checkpoint, and then detonated the explosives and was killed in the blast, said Karbala police spokesman Rahman Mishawi. There were no other casualties.

In Baghdad, however, much of the gunfire appeared to come from Iraqi police firing weapons in the air to clear the way for their convoys speeding through the city. Police and soldiers searched cars at the numerous checkpoints.

On Palestine Street, a main thoroughfare in east Baghdad, police commandos with armored personnel carriers manned dozens of checkpoints — some only about 100 meters (yards) apart. In Waziriyah, a Sunni area of northeast Baghdad, cranes set concrete blast barriers into place to block would-be suicide bombers.

American paratroopers from the U.S. 82nd Airborne Division joined Iraqi soldiers in a sweep through a mostly Sunni neighborhood in the center of the capital. U.S. Apache helicopters flew overhead, and a U.S. jet streaked low across the sky in a show of force.

Although the Baghdad operation has been in full-swing only four days, Iraqi authorities have already begun heralding it as a major success.

Iraqi spokesman Brig. Gen. Qassim Moussawi told reporters that "crimes and terrorist attacks" had dropped by 80% since the long-awaited security operation began in force last Wednesday.

Police said the bodies of only five apparent victims of sectarian death squads were found in Saturday across the capital — in contrast to the scores that were recovered daily in the weeks before the crackdown.

U.S. officials, however, have been more cautious, saying it's too early to declare success.

But Sunni politicians have complained that the initial raids have focused on Sunni neighborhoods, sparing Shiite hotspots such as Sadr City, stronghold of the Mahdi Army of anti-American cleric Muqtada al-Sadr.

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Sunnis blame the Mahdi Army for much of the sectarian violence which has rocked Baghdad for nearly a year and for forcing thousands of Sunni families from their homes. Shiites insist the greater threat comes from Sunni extremists including al-Qaeda in Iraq.

Al-Sadr is a close ally of Prime Minister Nouri al-Maliki. The Shiite prime minister convinced al-Sadr to remove many of his armed militiamen from the streets to avoid a showdown with the Americans.

But many Sunni politicians believe al-Maliki is still reluctant to sanction a major military operation against al-Sadr's followers in the capital.

During a private meeting with Iraqi leaders, Rice said the Shiite-led government must "rise above sectarianism" and noted that no U.S. or Iraqi forces have yet moved into Sadr City, according to an Iraqi official familiar with the discussions.

The Iraqis, however, told her that the Mahdi Army and al-Sadr had been losing influence and were cooperating with authorities on security issues, the official said. The Iraqis said they did not want to "waste our resources in a place that's stable," the official added.

The official spoke on condition of anonymity because he is not authorized to release the information to the media.

He said Rice stopped short of accusing the Iraqis of displaying pro-Shiite bias in the operation and said it appeared that the crackdown was going well.

Documents captured during a raid about a month ago show that al-Qaeda in Iraq has a carefully planned strategy aimed at downing coalition aircraft using a variety of weapons, said a U.S. defense official, who spoke on condition of anonymity because of the sensitivity of the information.

The official said the documents provide fresh evidence that the al-Qaeda insurgency is adapting and posing new threats to U.S. forces. The contents of the seized materials were summarized in an intelligence report analyzing recent helicopter crashes.

The New York Times, which first reported on the intelligence analysis, said militants want to concentrate on air forces.

In the last month, at least six U.S. helicopters have gone down; five of the crashes were blamed on hostile ground fire. The deadliest was a Black Hawk hit by small arms fire on Jan. 20, killing all 12 soldiers aboard.

On Feb. 2, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowleged that ground fire has been more effective against U.S. helicopters recently.

Associated Press reporters Yahya Barzanji in Kirkuk and Hamza Hendawi and Qassim Abdul-Zahra in Baghdad contributed to this report.

Planning Seen In Iraqi Attacks On U.S. Copters (NYT)

By Michael R. Gordon, David S. Cloud

The New York Times, February 18, 2007

WASHINGTON, Feb. 17 — Documents captured from Iraqi insurgents indicate that some of the recent fatal attacks against American helicopters are a result of a carefully planned strategy to focus on downing coalition aircraft, one that American officials say has been carried out by mounting coordinated assaults with machine guns, rockets and surface-to-air missiles.

The documents, said to have been drafted by Al Qaeda in Mesopotamia, show that the militants were preparing to “concentrate on the air force.” The contents of the documents are described in an American intelligence report that was reviewed by The New York Times.

Seized near Baghdad, the documents reflect the insurgents’ military preparations from late last year, including plans for attacking aircraft using a variety of weapons.

Officials say they are a fresh indication that the United States is facing an array of “adaptive” adversaries in Iraq, enemies who are likely to step up their attacks as American forces expand their efforts to secure Baghdad, the Iraqi capital.

“Attacks on coalition aircraft probably will increase if helicopter missions expand during the latest phase of the Baghdad Security Plan or if insurgents seek to emulate their recent successes,” notes the intelligence report, which analyzes the recent helicopter crashes.

The American military has said that seven helicopters have been downed since Jan. 20, a figure that exceeds the total number of coalition aircraft shot down in 2006.

After downing the helicopters, the insurgents often laid ambushes for the American ground troops they expected to come to the rescue, sometimes using roadside bombs that they placed in advance. American troops were attacked in five instances in which they rushed to the scene of aircraft that had been shot down, military officials said.

The intelligence report supports the concerns expressed by an American general this month that militants were adapting their tactics in an effort to step up attacks against helicopters. Such strikes have increased since the United States expanded its

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military operations in Baghdad in August. From December to January, the number of antiaircraft attacks rose by 17 percent, according to an American military report.

Insurgents in Iraq have boasted about the helicopter downings and posted video of some of the wreckage on militant Web sites. While Al Qaeda in Mesopotamia has claimed it has "new ways" to shoot down the aircraft, some American analysts believe they are probably not employing new types of weapons but rather are making more effective use of arms already in their inventory.

The insurgents try to plan their attacks by studying flight patterns near American bases and along supply routes, according to the intelligence report.

In several recent helicopter downings, the attackers used a variety of weapons, including shoulder-fired surface-to-air missiles, heavy machine guns, rocket-propelled grenades and unguided rockets that cannot be diverted by the flares helicopters disperse to fool heat-seeking systems.

Al Qaeda in Mesopotamia, which the intelligence report says leads the insurgent group known as the Islamic State of Iraq, has claimed responsibility for shooting down three of the helicopters. Those helicopters were downed near Taji, Karma and in Diyala Province.

While the captured documents point to careful planning, it is not entirely clear whether this is an effort by some of the militant commanders in those areas or a nationwide strategy by the group.

Maj. Gen. James E. Simmons, a deputy commander of the American-led multinational force in Iraq and an Army aviator, told reporters this week that multiple weapons systems had been used against American troops before, in attacks south of Baghdad last year.

"This is not a new tactic," he said. "But it is the first time that we have seen it employed in several months."

"We are engaged with a thinking enemy," he added. "This enemy understands based on the reporting and everything else that we are in the process of executing the prime minister's new plan for the security of Baghdad. And they understand the strategic implications of shooting down an aircraft."

He said that American commanders in Iraq have met to consider how to counter the shift in insurgent tactics, but he refused to discuss specifics.

General Simmons said the American military had not concluded whether a single militant cell was behind the attacks. Some of the attacks have been described by American intelligence as "opportunistic," meaning insurgents are simply firing at helicopters when they seen them.

American helicopters are being used extensively as American troops try to avoid the bombs hidden along streets and roads. Low-flying aircraft are also vulnerable when they pass over urban areas. In 2005, American Army helicopters flew 240,000 hours. In 2007, Army helicopters are expected to fly more than 400,000 hours, military officials said.

General Simmons had a firsthand look at opportunistic tactics on Jan. 25, when he was in one of a group of helicopters that was fired on near Hit in Anbar Province. In that attack, a Black Hawk helicopter in the group was stuck by automatic weapons fire after the helicopters flew near some militants who appeared to be removing or bringing arms to a weapons cache.

The damaged Black Hawk helicopter was forced to land. The helicopter General Simmons was in landed and picked up the crew, and the Marines sent a quick-reaction force to protect the aircraft, which was later brought to the American base at Asad.

"I've got firsthand knowledge on that one," General Simmons said. "We stumbled upon them, and they engaged us with what they had, and they got lucky."

Military officials say another opportunistic downing was the attack on an Apache helicopter near Najaf on Jan. 28 that killed both of the crew members. It occurred when the aircraft was sent to reinforce American and Iraqi troops. The officials also noted that the attack was the only recent instance in which a Shiite group — in this case, the Soldiers of Heaven — was responsible for shooting down a helicopter.

The Feb. 7 attack on a Marine CH-46 Sea Knight transport helicopter near Karma, an insurgent stronghold near Falluja, was initially attributed by military officials to mechanical problems. But this week they acknowledged it had been downed by hostile fire, most likely a shoulder-fired missile and heavy-caliber machine-gun fire.

In the video posted on the Internet by the Islamic State of Iraq, the Sea Knight is seen flying toward the camera. Then it banks to the right and turns a half-circle. An object darts into the screen from the right, trailed by a curl of black smoke. Moments after the object enters the frame, an explosion rips through the helicopter, which falls to the ground in flames.

Gen. James Conway, the Marine Corps commandant, confirmed Friday that the video seemed genuine. General Conway also told the Senate Armed Services Committee that the CH-46's defensive systems intended to shield the aircraft from missiles "did not properly deploy" when it came under attack from the ground.

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The CH-46 did not release flares, which fire automatically and are intended to fool a heat-seeking missile into flying away from the aircraft. Nor did the helicopter take defensive maneuvers, which military officials said suggested that the pilots did not see the missile before they were hit.

Col. Dave Lapan, a Marine spokesman, said investigators were looking into whether the flare system malfunctioned or whether there had been other reasons the system failed, including "environmental factors," and whether the missile had characteristics that prevented it from being detected.

The recent spate of helicopter attacks began Jan. 20 with the shooting of a Black Hawk in Diyala Province that killed 12 soldiers on board. Three days later, a helicopter operated by the Blackwater security company crashed, leading to the deaths of five civilian contractors, including one thought to have been killed by militants surviving the crash. On Jan. 25, the Black Hawk helicopter in General Simmons's group was forced to land near Hit, but there were no casualties.

Two American crew members were killed in the Apache helicopter downing near Najaf on Jan. 28. On Jan. 31, a helicopter carrying civilian contractors was hit by small-arms fire near Baghdad and forced to land, but there were no casualties. On Feb. 2, two Americans were killed when their Apache was shot down in a coordinated attack. Seven marines died in the Sea Knight downing near Karma on Feb. 7.

Iran's Chance: U.S. Troubles In Iraq Create Opening For Regional Shift (NYT)

By Michael Slackman

The New York Times, February 18, 2007

CAIRO, Feb. 17 — In recent weeks, President Bush and American military officials have increasingly accused Iran of meddling in Iraq's affairs. But from Iran's perspective, given its longstanding interests in Iraq, it is the United States that is meddling in its backyard, analysts inside and outside of Iran say.

From the very start of the American occupation of Iraq, at least some in the Bush administration saw an opportunity to curtail the influence of Iran's radical Shiite leaders by producing an alternative, moderate center of Shiite Islam that would effectively neuter Tehran in ideological, political and strategic terms.

This was abundantly clear to Iran's clerical rulers, whose paramount priority since they seized power in 1979 has been to preserve their revolution and their grip on their own country.

Faced with more than 100,000 American troops next door and a White House that pursued a policy of pre-emptive war, Iran's leaders moved quickly to try to prevent the United States from gaining a permanent foothold.

"Iran's policy in Iraq works to prevent the U.S. from feeling safe and secure," said Talal Atrissi, a researcher and writer on Middle Eastern affairs based in Lebanon. "It works to prevent the formation of a pro-American Iraqi government, in favor of at least an Iraqi government that does not feel enmity toward Iran."

While the United States sees in Iraq a venture that will affect its foreign interests for years to come, Iran sees an occupied neighbor with close religious, cultural, political and economic ties. Though Iran is Persian while Iraq is Arab, both have majority Shiite populations that have mingled, religiously and culturally, for centuries.

"We have been there for thousands of years," said Reza Alavi, a historian and a former managing editor of the Harvard Middle Eastern and Islamic Review, who said his own grandfather — like many Iranian Shiites — was buried in the Iraqi holy city of Najaf.

Mr. Atrissi said: "The Iranian historic, religious, economic ties with Iraq make Iran keen on preventing the U.S. being the sole authority in Iraq. They feel a duty to preserve these ties, and to protect their national security, which is threatened by the U.S. presence in Iraq."

In strategic terms, America's failure to secure its position in Iraq has presented Tehran with a rare opportunity to recalibrate the balance of power in a neighborhood that had long been hostile to its aspirations.

Before Sept. 11, 2001, Iran was virtually surrounded by the Sunni-dominated states of Saudi Arabia, Iraq, Afghanistan and Pakistan, with Turkey, a NATO member, on its northern flank.

Now, with the initial rout of the Taliban in Afghanistan and the ouster of Saddam Hussein, its most powerful and fearsome competitors, Iran is trying to assert itself as the dominant regional power.

In defiance of the United Nations Security Council, the Iranian government has proceeded with a nuclear program that it says is for peaceful purposes, but that the West says is aimed at developing weapons. Iran has strengthened ties with Syria, built the militia Hezbollah into a state within a state in Lebanon and offered support to the radical Palestinian group Hamas.

But the cornerstone to its regional plans lies in Baghdad.

In economic terms, Iran has an interest in a stable, Tehran-friendly Iraq. For decades, while Mr. Hussein was in power, Iraq was an economic obstacle for Iran, a wall blocking trading routes and diplomatic ties with its Arab neighbors.

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The chaos in Iraq still means that Iran's trade with Syria has to be routed through Turkey. But Iranian officials say they hope someday to link the railroads of Iran and Syria with Iraq's, redrawing the economics of the region.

But Tehran's interests in Iraq cut much deeper than the economic. They range from its ideological desire to spread its influence throughout the Arab world — part of the so-called Shiite revival — to its connection to the people and holy sites of Iraq.

"Iran and Iraq's national interests are intertwined," said Farzaneh Roostaee, foreign editor of Shargh, a popular reformist daily in Iran that the government shut down late last year. "Both geographically and religiously, the two countries have many common interests. No matter how much Americans try, they can not separate these two countries from one another. It won't work."

The connections extend to the political sphere, as well. Iraq's two dominant Shiite parties, Dawa and the Supreme Council for the Iraqi Islamic Revolution, or Sciri, have deep roots in Iran, where many Shiite leaders fled to escape Mr. Hussein's violent repression of Shiites, which intensified after the Iranian revolution.

Several top Dawa leaders, including Prime Minister Nuri Kamal al-Maliki and a former prime minister, Ibrahim al-Jaafari, along with Abdul Aziz al-Hakim, the leader of Sciri, lived for years in Iran before returning to Iraq after the American invasion. Sciri was founded in Iran in 1984, and its armed wing, the Badr Brigade, fought with Iran in the long, bitter war with Iraq in the 1980s.

The militant Shiite cleric Moktada al-Sadr travels frequently to Iran; American officials said he went there this week to escape the security crackdown in Baghdad, though Shiite officials disputed that. And Mr. Sadr's potent militia, the Mahdi Army, is said to have received training from the Iranians.

There are deep spiritual connections, too, centered in Najaf and Karbala, the Iraqi cities which have for centuries been central to the Shiite faith. Long before the Iranian city of Qum grew into a hub of Islamic learning, Najaf was the center of thinking for the Shiite faithful. In the early 1900s, the religious scholars in Najaf effectively exported what came to be known as Iran's constitutional revolution.

Ayatollah Ruhollah Khomeini lived in Najaf for 12 years during his exile before returning to lead the overthrow of the shah of Iran and the installation of the clerical system. It is believed that Imam Ali, the son-in-law and cousin of the Prophet Muhammad, is buried there, and his tomb is a leading site for Shiite pilgrims.

Karbala resonates throughout Shiite ideology and faith as the site of the martyrdom of Hussein, the grandson of the prophet, and his followers at the hands of a far larger Sunni army. His tomb is in Karbala, and his death in battle is central to Shiite notions of justice, self-sacrifice and opposition to oppression.

The religious centers are so important to Iranians that legions of them still visit the shrines even amid the chaos and bloodshed in Iraq today.

"There are still a lot of lower-middle-class Iranians who want to go to Iraq," said Mr. Alavi in Iran. "It is a really big deal to them. They want to go, as they say, to 'kiss the feet of Imam Hussein.' "

Those links to Iran's religious and revolutionary identity, combined with the presence of American troops in Iraq and thousands of NATO forces in Afghanistan, are more than enough justification for Iran to try to counter American influence next door, political analysts in the region said.

"It is not logical to have an American presence in Iraq, and Iran sitting passively, waiting for the formation of an anti-Iranian Iraqi government," Mr. Atrissi said. "From the Iranian perspective, Iran is a country defending its national security."

"Rogue" Shi'ite Militias Using Iranian Bombs (WT)

By Sharon Behn, The Washington Times

The Washington Times, February 18, 2007

Lethal Iranian bomb technology spotlighted by U.S. officials in Iraq last week is being used by rogue elements of Shi'ite militias that are not under any kind of central command, the U.S. military says.

The evidence presented at a briefing in Baghdad last week further confuses an enemy landscape in which death is as likely to come at the hands of government-allied Shi'ite militias as from disgruntled former Ba'athist extremists and their al Qaeda allies.

U.S. military officials think members of Shi'ite militias -- most of which have links with both Iran and Iraq's Shi'ite-led government -- are receiving and using the "explosively formed penetrators" (EFPs), or shaped bomb charges. Officials say the EFPs have killed about 170 coalition troops in the past two years -- many of those in recent months.

"Our intelligence has assessed that they are Shia rogue elements of illegal armed groups," Lt. Col. Christopher Garver told The Washington Times in an e-mail interview from Baghdad.

"The primary user is a radical splinter element within Jaysh al-Mahdi that has more than likely been perpetrating a majority of the attacks," he said.

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Jaysh al-Mahdi is the formal name for the Mahdi's Army militia, the armed following of the radical Shi'ite cleric Sheik Muqtada al-Sadr. The sheik's political party has 30 seats in parliament, and he is a major political backer of Iraqi Prime Minister Nouri al-Maliki.

The other principal Shi'ite militia is the Badr Brigade, linked to the Supreme Council for Islamic Revolution in Iraq, which is a major partner in the ruling coalition.

Iraqi President Jalal Talabani said Thursday that Sheik al-Sadr had ordered the heads of his Mahdi's Army militia to leave Iraq.

"I think many of his top Mahdi Army officials have been ordered to leave Iraq to make the mission of the security forces easier," said a statement issued in the president's name by his office.

According to a document purportedly smuggled out of the prime minister's office, Mr. al-Maliki last month advised Shi'ite militia leaders to retreat to Iran and southern Iraq until the current U.S.-led security push is over.

The U.S. Embassy told The Times that the Iraqi government had declared the document a fake.

Tom Donnelly, a defense and security-policy analyst at the American Enterprise Institute, said Sheik al-Sadr is "both inside and outside the tent, and sometimes he is a useful ally and sometimes a hated enemy of the prime minister."

Sunni insurgents and disgruntled former Ba'athists, sometimes working with al Qaeda in Iraq, have long been blamed for most of the attacks on U.S. forces as well as waves of spectacular suicide attacks that have killed thousands of Shi'ites.

Bruce Reidel, senior fellow at the Saban Center of the Brookings Institution, said that roughly 90 percent of the anti-U.S. action to date had been from Sunni insurgents, but evidence pointed to a recent increase in Shi'ite attacks.

"The al Qaeda types hate us, but they also hate the Shi'ites. Sometimes other Sunni traditional clans and sheiks are enemies, but sometimes we are their only protectors from Shi'ite reprisals," Mr. Donnelly said.

Col. Garver said the United States had seen "crude attempts" by other illegal armed groups and al Qaeda to copy the Iranian EFP technology, but that the resulting weapons were "not nearly as precise or lethal."

In addition to killing more than 170 coalition troops, the Iranian technology has wounded more than 620 since 2004, Maj. Gen. William Caldwell told reporters in Baghdad on Wednesday.

Syrian President In Iran To Discuss Iraq (AP)

AP, February 18, 2007

Syrian President Bashar Assad arrived in Iran Saturday to discuss Iraq and other Middle East issues with President Mahmoud Ahmadinajed, state-run television reported.

Assad was given a red-carpet welcome at the Presidential Palace in Tehran, the report said.

The United States has accused both Iran and Syria of not doing enough to stop militants from crossing from these countries into Iraq to join the insurgency. Both have rejected the charges.

This is Assad's fifth visit to Iran since he took office in 2000.

Iran and Syria have long been close allies. During the 1980-1988 Iran-Iraq war, Syria was the only Arab country that supported Iran.

The Iran Options (WP)

The Washington Post, February 18, 2007

PRESIDENT BUSH'S actions toward Iran are consistent with two very different underlying strategies. Both start with a correct reading of Iran's behavior at home and in the region as dangerous to U.S. interests and to the prospects for peace and democracy in the Middle East. Both mix pressure -- economic, rhetorical, military -- with diplomatic overtures. In one scenario, these are employed with the hope of success. In the other they are employed with the hope of success but an expectation of failure, in which case military force would be brought to bear with a justification that every other reasonable approach had been tried.

We have seen no evidence that the administration has Option B in mind, but it's plausible enough to merit stating that such a course for this president would be folly. There is much speculation in Washington about how Mr. Bush views his "legacy": about how he ostensibly wouldn't want to kick the Iran problem to his successor as he believes President Bill Clinton left North Korea to him, or to be known as the president who invaded the country without nukes while allowing the two other "axis of evil" nations to go nuclear. Concern about historical judgment is natural, but it should play no part in such decisions.

What Tehran Is Really Up To (WP)

By Daniel L. Byman

The Washington Post, February 18, 2007

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Reports that Iran is arming various factions in Iraq are about as surprising as claims that Mafia members have been seen in Las Vegas casinos. Iran has been meddling in its neighbors' affairs for a long time, and not just in Iraq. Teheran has trained terrorist and guerrilla groups in Bosnia, Lebanon and Palestine, all of which are far from Iran.

So when U.S. military officials displayed explosively formed penetrators (EFPs), rocket-propelled grenades and other weapons that they say Iran provided to Shiite militias in Iraq, we have to recognize that this was no big departure for the Iranians.

As President Bush and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged last week, finding Iranian arms in Iraq does not prove the more important, and harder to make, argument that Iran is ordering its Iraqi proxies to attack U.S. troops. It may seem absurd to give Iran the benefit of the doubt, in light of its sorry track record on nuclear proliferation and support for radicalism in general, but we can't understand what Iran is up to without an appreciation for its broader Iraq strategy, which goes well beyond Tehran's desire to undermine U.S. policy. Iranian leaders calculate that they will need formidable proxies should the United States leave, and indeed Iran will face many challenges in Iraq if U.S. forces depart.

So why would Iran arm Iraqis and perhaps direct attacks on U.S. forces? For most Iranians, Iraq is an emotional issue. They see the daily suffering of Iraqis, both from the chaos in Iraq in general and at the hands of Sunni suicide bombers. They empathize with their fellow Shiites in Iraq, with whom they have historic ties and shared religious traditions. Though they rejoice over the downfall of Saddam Hussein (Iran suffered hundreds of thousands of casualties in the bitter war of 1980-88, which Hussein launched against it) they blame the United States for the violence that has swept Iraq since Hussein fell.

Iran worries about the United States. When Ayatollah Khomeini took power in the 1979 Islamic revolution, he made anti-Americanism a core of the new regime's foreign policy. The United States has been hostile ever since, even tilting toward Iraq during its war with Iran. The United States and Iran have not had diplomatic relations since 1979, and have periodically confronted each other.

In the decade before 9/11, Iran structured its military forces to fight America, even when the U.S. military presence in the Persian Gulf region was confined to the conservative oil states of the Arabian peninsula. Since 9/11, the United States has occupied Iraq with more than 100,000 troops, put significant forces in Afghanistan and Central Asia, and strengthened its security relationship with Pakistan. Iran perceives itself as surrounded. The United States has repeatedly made threats against the Iranian regime, has refused to surrender anti-regime Iranian terrorists found in Iraq, organized international economic pressure on the country, led a diplomatic effort to deny Iran the right to develop nuclear energy and nuclear weapons, and pointedly included military force against Iran as an option after dispatching two aircraft carriers to the Persian Gulf region-- hostile steps, in Iranian eyes, that reinforce paranoia.

Tehran does not want the secular and pro-Western Iraq that America dreams of, and it wants to ensure that the U.S. doctrine of preventive regime change is dead. So far, developments in Iraq have worked out in Iran's favor -- indeed, Iran appears to be the one state that is winning this war. Iraq is too weak to pose a military threat to Iran for years and perhaps decades to come. The democratic procedures that the United States imposed on Iraq put in power Shiite leaders who are far friendlier to Tehran than to Washington.

Iran is less nervous than it was in 2003, but it remains understandably anxious. The long-term role of U.S. forces and the future of the Shiite regime in Iraq are open questions. Instability in Iraq could lead to waves of refugees returning to Iran, as happened during the Iran-Iraq war, and could excite unrest among Iran's Kurdish and Arab populations. Expecting an American withdrawal sooner or later, Iran wants to prepare for a postwar era by maximizing its influence now.

The United States focuses on how Iran's arming of its Iraqi proxies hurts U.S. interests, but this is hardly Iran's only concern. The Iraqi Shiite groups that have received arms may be more loyal to Iran after American forces depart. Even more important, they will be stronger than their Iraqi rivals. In Lebanon, Iran helped build Hezbollah from disparate small Shiite movements, welding it together against rivals in the Shiite community and, over time, making it stronger than non-Shiite groups. The goal is the same in Iraq.

Many Iranian leaders, particularly the president and the emerging conservative political elite, are profoundly anti-American. They want the United States to fail in Iraq and elsewhere, and they share an ideological bond with many radical Iraqi groups. So it is not surprising that Iran works with its closest Shiite proxies in Iraq, providing them with EFPs and other weapons that make them far more capable of fighting U.S. forces. Other Iranian elites have more complex feelings about the United States, though none is favorable, and Iranians want to bury the doctrine of regime change. Even if Iranians do not control the attacks, Iran knows that some of the people it trains and equips may at some point be involved in anti-American operations, thus keeping the heat on U.S. forces.

But Iran could easily be even more aggressive in Iraq. Tehran could provide sophisticated weapons to a wider range of Iraqi groups than it reportedly has so far. Iran's Shiite proxies do at times attack American forces, but their principal targets are

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Sunni militias. They could kill a lot more Americans than they have. Iran could be encouraging them to convert relatively peaceful parts of Iraq into battlefields similar to the wildest parts of Anbar province.

Iraq's Shiites are not Iran's only interest. Tehran also has a long history of working with (and also against) various Kurdish groups. Iran recognizes theIraqi Kurds as the strongest and most organized military force in the country, and has cultivated good relations with Kurdish leaders. Iran has its own restive Kurdish population, and wants to ensure that its Kurds don't use bases in Iraq or otherwise exploit the conflict to advance their own sectarian interests.

Iran also has a history of cultivating Sunnis when doing so seemed advantageous. It has reached out to a range of revolutionary Sunni groups and has good ties to Palestinian Islamic Jihad, Hamas and other organizations whose ideology is closer to Osama Bin Laden's than to Khomeini's. The 9/11 commission found that Iran had engaged in low-level tactical cooperation with Sunni militants linked to al-Qaeda. And Tehran can be intensely practical. During the Iran-Iraq war, Iran worked with Israel and the United States to gain much-needed weapons. Dealing with the Sunnis may follow a similar logic, though mutual suspicion will limit the extent of relations.

Ironically, Iran's long-term position could weaken when the United States draws down its forces. At first, the U.S. withdrawal will expand the power vacuum and Iran will try to fill it, but the limited chaos Iran foments can easily become uncontrolled. Iran's economic and military power is limited, and Iran's theocratic model of governance has little appeal for most Iraqis. Even many Shiite militants have at times been hostile to Iran, and respected moderates such as Grand Ayatollah Ali Sistani are careful to maintain their distance from Tehran. Sunnis already rage against perceived Iranian dominance.

In a postwar environment, Tehran will have lost a lever against U.S. pressure and may find itself both overextended and vulnerable in Iraq -- a weakness that the United States might exploit in years to come.

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Oh What A Malleable War (NYT)

By Frank Rich

The New York Times, February 18, 2007

MAYBE the Bush White House can't conduct a war, but no one has ever impugned its ability to lie about its conduct of a war. Now even that well-earned reputation for flawless fictionalizing is coming undone. Watching the administration try to get its story straight about Iran's role in Iraq last week was like watching third graders try to sidestep blame for misbehaving while the substitute teacher was on a bathroom break. The team that once sold the country smoking guns in the shape of mushroom clouds has completely lost its mojo.

Surely these guys can do better than this. No sooner did unnamed military officials unveil their melodramatically secretive briefing in Baghdad last Sunday than Gen. Peter Pace, chairman of the Joint Chiefs of Staff, blew the whole charade. General Pace said he didn't know about the briefing and couldn't endorse its contention that the Iranian government's highest echelons were complicit in anti-American hostilities in Iraq. Public-relations pandemonium ensued as Tony Snow, the State Department and finally the president tried to revise the story line on the fly. Back when Karl Rove ruled, everyone read verbatim from the same script. Last week's frantic improvisations were vintage Scooter Libby, at best the ur-text for a future perjury trial.

Yet for all the sloppy internal contradictions, the most incriminating indictment of the new White House disinformation campaign is to be found in official assertions made more than a year ago. The press and everyone else seems to have forgotten that the administration has twice sounded the same alarms about Iranian weaponry in Iraq that it did last week.

In August 2005, NBC News, CBS News and The Times cited unnamed military and intelligence officials when reporting, as CBS put it, that "U.S. forces intercepted a shipment from Iran containing professionally made explosive devices specifically designed to penetrate the armor which protects American vehicles." Then, as now, those devices were the devastating roadside bombs currently called E.F.P.'s (explosively formed penetrators). Then, as now, they were thought to have been brought into Iraq by members of Iran's Revolutionary Guard. Then, as now, there was no evidence that the Iranian government was directly involved. In February 2006, administration officials delivered the same warning yet again, before the Senate Intelligence Committee.

Timing is everything in propaganda, as in all showmanship. So why would the White House pick this particular moment to mount such an extravagant rerun of old news, complete with photos and props reminiscent of Colin Powell's infamous presentation of prewar intelligence? Yes, the death toll from these bombs is rising, but it has been rising for some time. (Also rising, and more dramatically, is the death toll from attacks on American helicopters.)

After General Pace rendered inoperative the first official rationale for last Sunday's E.F.P. briefing, President Bush had to find a new explanation for his sudden focus on the Iranian explosives. That's why he said at Wednesday's news conference that

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it no longer mattered whether the Iranian government (as opposed to black marketeers or freelance thugs) had supplied these weapons to Iraqi killers. "What matters is, is that they're there," he said. The real point of hyping this inexact intelligence was to justify why he had to take urgent action now, no matter what the E.F.P.'s provenance: "My job is to protect our troops. And when we find devices that are in that country that are hurting our troops, we're going to do something about it, pure and simple."

Darn right! But if the administration has warned about these weapons twice in the past 18 months (and had known "that they're there," we now know, since 2003), why is Mr. Bush just stepping up to that job at this late date? Embarrassingly enough, The Washington Post reported on its front page last Monday — the same front page with news of the Baghdad E.F.P. briefing — that there is now a shortfall of "thousands of advanced Humvee armor kits designed to reduce U.S. troop deaths from roadside bombs." Worse, the full armor upgrade "is not scheduled to be completed until this summer." So Mr. Bush's idea of doing something about it, "pure and simple" is itself a lie, since he is doing something about it only after he has knowingly sent a new round of underarmored American troops into battle.

To those who are most suspicious of this White House, the "something" that Mr. Bush really wants to do has little to do with armor in any case. His real aim is to provoke war with Iran, no matter how overstretched and ill-equipped our armed forces may be for that added burden. By this line of thinking, the run-up to the war in Iraq is now repeating itself exactly and Mr. Bush will seize any handy casus belli he can to ignite a conflagration in Iran.

Iran is an unquestionable menace with an Israel-hating fanatic as its president. It is also four times the size of Iraq and a far more dangerous adversary than was Saddam's regime. Perhaps Mr. Bush is as reckless as his harshest critics claim and will double down on catastrophe. But for those who don't hold quite so pitch-black a view of his intentions, there's a less apocalyptic motive to be considered as well.

Let's not forget that the White House's stunt of repackaging old, fear-inducing news for public consumption has a long track record. Its reason for doing so is always the same: to distract the public from reality that runs counter to the White House's political interests. When the Democrats were gaining campaign traction in 2004, John Ashcroft held an urgent news conference to display photos of seven suspected terrorists on the loose. He didn't bother to explain that six of them had been announced previously, one at a news conference he had held 28 months earlier. Mr. Bush played the same trick last February as newly declassified statistics at a Senate hearing revealed a steady three-year growth in insurgent attacks: he breathlessly announced a thwarted Qaeda plot against the U.S. Bank Tower in Los Angeles that had already been revealed by the administration four months before.

We know what Mr. Bush wants to distract us from this time: Congressional votes against his war policy, the Libby trial, the Pentagon inspector general's report deploring Douglas Feith's fictional prewar intelligence, and the new and dire National Intelligence Estimate saying that America is sending troops into the cross-fire of a multifaceted sectarian cataclysm.

That same intelligence estimate also says that Iran is "not likely to be a major driver of violence" in Iraq, but no matter. If the president can now whip up a Feith-style smoke screen of innuendo to imply that Iran is the root of all our woes in the war — and give "the enemy" a single recognizable face (Ahmadinejad as the new Saddam) — then, ipso facto, he is not guilty of sending troops into the middle of a shadowy Sunni-Shiite bloodbath after all.

Oh what a malleable war Iraq has been. First it was waged to vanquish Saddam's (nonexistent) nuclear arsenal and his (nonexistent) collaboration with Al Qaeda. Then it was going to spread (nonexistent) democracy throughout the Middle East. Now it is being rebranded as a fight against Tehran. Mr. Bush keeps saying that his saber rattling about Iran is not "a pretext for war." Maybe so, but at the very least it's a pretext for prolonging the disastrous war we already have.

What makes his spin brazen even by his standards is that Iran is in fact steadily extending its influence in Iraq — thanks to its alliance with the very Iraqi politicians that Mr. Bush himself has endorsed. In December the president welcomed a Shiite leader, Abdul Aziz al-Hakim, to the White House with great fanfare; just three weeks later American forces had to raid Mr. Hakim's Iraq compound to arrest Iranian operatives suspected of planning attacks against American military forces, possibly with E.F.P.'s. As if that weren't bad enough, Nuri al-Maliki's government promptly overruled the American arrests and ordered the operatives' release so they could escape to Iran. For all his bluster about doing something about it, Mr. Bush did nothing.

It gets worse. This month we learned that yet another Maliki supporter in the Iraqi Parliament, Jamal Jafaar Mohammed Ali Ebrahimi, was convicted more than two decades ago of planning the murderous 1983 attacks on the American and French Embassies in Kuwait. He's now in Iran, but before leaving, this terrorist served as a security adviser, no less, to the first Iraqi prime minister after the American invasion, Ibrahim al-Jafaari. Mr. Jafaari, hailed by Mr. Bush as "a strong partner for peace and freedom" during his own White House visit in 2005, could be found last week in Tehran, celebrating the anniversary of the 1979 Iranian revolution and criticizing America's arrest of Iranian officials in Iraq.

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Even if the White House still had its touch for spinning fiction, it's hard to imagine how it could create new lies brilliant enough to top the sorry truth. When you have a president making a big show of berating Iran while simultaneously empowering it, you've got another remake of "The Manchurian Candidate," this time played for keeps.

Why Iran "Meddles" In Iraq (LAT)

By Adam Shatz

The Los Angeles Times, February 18, 2007

THIS TIME AROUND, when the Bush administration presented "intelligence" from unidentified sources about a dangerous foe in the Middle East, the American media was noticeably more skeptical. Eager to redeem themselves for the generally obsequious reporting about Saddam Hussein's alleged weapons of mass destruction and ties to Al Qaeda, journalists don't want to get fooled again as the administration lays the groundwork for a possible war against Iran.

But even though journalists have quite rightly raised questions about the credibility of the intelligence and the motives behind its release, they have failed to take the next step and examine the fundamental underlying premise behind the administration's accusations: that Iran's role in Iraq is inappropriate.

Take, for instance, the New York Times' Feb. 13 editorial, "Iran and the Nameless Briefers." While demanding that President Bush "make his intentions toward Iran clear," warning against "another disastrous war" and questioning the administration's assertion (since retracted) that "the highest levels of the Iranian government" authorized the sale of armor-piercing explosives to militants in Iraq, the paper added, as if it were self-evident: "We have no doubt of Iran's malign intentions. Iran is defying the Security Council's order to halt its nuclear activities, and it is certainly meddling inside Iraq."

Let's be clear: Iran's president, Mahmoud Ahmadinejad, with his disgraceful Holocaust denial conference and incendiary strutting, cuts an unsavory profile, to say the least. And since the collapse of the Iranian reform movement, hard-liners have shrewdly exploited Bush's threats, jailing intellectuals with contacts in the West.

Still, is it fair to characterize Iran's involvement in Iraq as "malign," or, for that matter, as "meddling" (in contrast, say, to the presence of 130,000 American troops in Iraq)? Might Iran have legitimate interests in what is, after all, its own geographic neighborhood?

Could it be that Iran's stake in Iraq is solidly grounded in the same realist principles that drive the behavior of most nations, rather than in "malign intentions" or a desire to export the Islamic revolution?

If Iran wants to see a friendly government established in Iraq, it hardly lacks for reasons. Unlike the United States, Iran was attacked by Iraq, back when Hussein's regime enjoyed American support as a bulwark against Ayatollah Ruhollah Khomeini's revolution. Hundreds of thousands of Iranians died during the Iran-Iraq war (1980-88). When Iraq used poison gas against Iranian troops, the United States uttered not a single protest.

Not surprisingly, Iran wants to ensure that no government in Iraq will threaten it again. That's why Iran made no secret of its joy over Hussein's downfall, but it also refuses to accept a potentially hostile American base in the Persian Gulf or to cede absolute control over Iraq's future to the United States.

Iran also sees itself as a protector of Shiite interests in the region — and is, with a mixture of gratitude and wariness, viewed as such by Shiites from the gulf to Lebanon to Pakistan. Iraq's Shiite majority, though Arab and nationalist, is linked to Iran's Shiites through both family and religious ties. It was in Tehran that many of the Iraqi Shiite parties in power today found sanctuary from Hussein's agents; many Iraqi clerics studied in Iran, and some — most notably Grand Ayatollah Ali Sistani — were born in Iran. Every Iraqi Shiite politician must pay his respects to Tehran, including secularists such as Washington's former darling, Ahmad Chalabi.

The future Iraqi government, frankly, is likely to bear a stronger resemblance to the Islamic republic than to the liberal democracy the Bush administration publicly championed — or to the "Saddamism without Saddam" scenario that many advocates of the invasion privately preferred. That Iran has acted to bolster the power of its Shiite allies in Iraq — and to arm Shiite militias avenging Sunni attacks on their people and their shrines — may not be to Washington's liking, but "meddling" doesn't seem the right word for it.

In thinking about Iran's behavior, it's important to remember that the United States has made plain its determination to curb Iranian influence in the region — by force of arms, if necessary. From Iran's perspective, the U.S. is an implacable enemy that has rebuffed its diplomatic overtures. No state likes to see a hostile army stationed in its backyard.

If Iran's supreme leader, Ayatollah Ali Khamenei, has indulged Ahmadinejad's rhetorical extremism, it may be because he expected to be rewarded, rather than punished, for Iran's assistance to the United States in Afghanistan and Iraq.

As Gareth Porter recently reported in the American Prospect, Iran floated a proposal in May 2003, shortly after the fall of Baghdad, for a "grand bargain" with the United States. It offered to back the 2002 Arab Summit's proposal for a two-state solution

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in Israel-Palestine and to end its military support for armed Palestinian groups as well as Hezbollah in return for the restoration of diplomatic relations with the United States.

Prematurely intoxicated by its "mission accomplished," the Bush administration reportedly ignored Iran's proposal and has since given every indication that it prefers regime change in Tehran to the kind of dialogue recommended by the Iraq Study Group. To this end, the administration has flirted with the Iranian Mujahedin Khalq, also known as MEK, a bizarre Maoist guerrilla group/cult that opposes the Islamic government and frequently launched attacks on Iran from Iraq with Hussein's backing.

Given the Bush administration's belligerent position, the Iranian government might have concluded that, with Hussein dead and the Shiite parties in power, Tehran's interests are best served by the withdrawal of American troops on its border. Even if the Iraqis fail to drive out U.S. forces, a deepening quagmire usefully distracts attention from Tehran's nuclear program and reminds the United States that it needs Iran in order to exit with its honor intact.

Like any state, the Islamic republic seeks above all to preserve itself. But, again, is this "malign intent" or a sober calculation?

Iran has, in other words, a strong realist case for being involved in Iraq. If Iranian "designs" on Iraq are seen as malign, it is only by those who believe that U.S. "intentions" in Iraq (unlike other imperial powers, we have no designs) are benign.

In this fairy-tale version of history, American rationales for occupying Iraq may change as often as necessary (from the destruction of Hussein's nonexistent "stockpile of weapons of mass destruction" to the promotion of democracy to the prevention of a civil war detonated by our invasion), but they remain virtuous in intent, while those who resist our plans are always portrayed as sinister.

The liberal mainstream has come to view the Iraq war as the greatest foreign policy disaster since Vietnam, but its faith in American virtue — its belief in American exceptionalism — remains as unshaken as the Bush administration's.

In the narrow parameters of American politics, you can ask whether Bush is telling the truth about Iraniandesigned bombs, but you may not ask whether the United States would accept the presence of 130,000 Iranian troops on our border. Nor may you ask who exactly is "meddling" in Mesopotamia.

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Jailed 2 Years, Iraqi Tells Of Abuse By Americans (NYT)

By Michael Moss, Souad Mekhennet

The New York Times, February 18, 2007

DAMASCUS, Syria — In the early hours of Jan. 6, Laith al-Ani stood in a jail near the Baghdad airport waiting to be released by the American military after two years and three months in captivity.

He struggled to quell his hope. Other prisoners had gotten as far as the gate only to be brought back inside, he said, and he feared that would happen to him as punishment for letting his family discuss his case with a reporter.

But as the morning light grew, the American guards moved Mr. Ani, a 31-year-old father of two young children, methodically toward freedom. They swapped his yellow prison suit for street clothes, he said. They snipped off his white plastic identification bracelet. They scanned his irises into their database.

Then, shortly before 9 a.m., Mr. Ani said, he was brought to a table for one last step. He was handed a form and asked to place a check mark next to the sentence that best described how he had been treated:

“I didn’t go through any abuse during detention,” read the first option, in Arabic.

“I have gone through abuse during detention,” read the second.

In the room, he said, stood three American guards carrying the type of electric stun devices that Mr. Ani and other detainees said had been used on them for infractions as minor as speaking out of turn.

“Even the translator told me to sign the first answer,” said Mr. Ani, who gave a copy of his form to The New York Times. “I asked him what happens if I sign the second one, and he raised his hands,” as if to say, Who knows?

“I thought if I don’t sign the first one I am not going to get out of this place.”

Shoving the memories of his detention aside, he checked the first box and minutes later was running through a cold rain to his waiting parents. “My heart was beating so hard,” he said. “You can’t believe how I cried.”

His mother, Intisar al-Ani, raised her arms in the air, palms up, praising God. “It was like my soul going out, from my happiness,” she recalled. “I hugged him hard, afraid the Americans would take him away again.”

Just three weeks earlier, his last letter home — with its poetic yearnings and a sketch of a caged pink heart — appeared in The Times in one of a series of articles on Iraq’s troubled detention and justice system.

After his release from the American-run jail, Camp Bucca, Mr. Ani and other former detainees described the sprawling complex of barracks in the southern desert near Kuwait as a bleak place where guards casually used their stun guns and

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exposed prisoners to long periods of extreme heat and cold; where prisoners fought among themselves and extremist elements tried to radicalize others; and where detainees often responded to the harsh conditions with hunger strikes and, at times, violent protests.

Through it all, Mr. Ani was never actually charged with a crime; he said he was questioned only once during his more than two years at the camp.

American detention officials acknowledged that guards used electric devices called Tasers to control detainees, but they said they did so rarely and only when the guards were physically threatened. The officials said that detainees had several ways to report abuse without repercussions, and that all claims were investigated.

Officials declined to give specific details about why they had detained Mr. Ani or why they had freed him.

"He was released because the board that reviewed his case didn't believe he any longer posed a threat," said First Lt. Lea Ann Fracasso, a spokeswoman for detention operations, in a written answer to questions. "He was originally detained as a security threat. I don't have anything more."

The Detention System

The American detention camps in Iraq now hold 15,500 prisoners, more than at any time since the war began. The camps are filled with people like Mr. Ani who are being held without charge and without access to tribunals where their cases are reviewed, the Times examination published last December found.

Mr. Ani, a women's clothing merchant, said he was detained in 2004 after American soldiers who were searching for weapons in his six-family apartment building found an Iraqi military uniform in the basement. His joy upon being released in January was short-lived. Days later, he said, a Shiite militia ransacked his home in Baghdad, looking to kill him. He hid, going from house to house, until he could move his family out of Iraq.

Now he is among the estimated 1.5 million Iraqis who have taken refuge in neighboring Syria and Jordan, where sectarian rifts are springing up.

In one area of Damascus, Shiite refugees from Iraq have established a mini version of Sadr City, the Baghdad neighborhood. Sunni refugees, in turn, are forming their own enclaves. In interviews, former detainees seethed with rage at the United States.

One, a 43-year-old man from Samarra, Iraq, said he was released last year despite having fought American troops.

"I wish to go back to Iraq and fight against the Americans, God willing," vowed the man, who spoke on the condition that he be identified only by his nom de guerre, Abu Abdulla, for fear of reprisal.

Mr. Ani has other priorities, still exhausted from his detention and preoccupied with finding a permanent home. But he regularly turns his television to a new station called Al Zawra, transfixed by its running montage of videotaped attacks on American troops.

The station is owned by a Sunni, Meshaan al-Juburi, a former Iraqi politician who was indicted last year on charges of embezzling millions of American dollars; he denied the charges and returned to Syria, where he lived before the war. The station has become an information center for the Sunni insurgency and in the process has exasperated American and Iraqi forces. In an interview at his office here, Mr. Juburi said that he opposed Al Qaeda's use of suicide bombers to kill Iraqi civilians but was soliciting support for Iraqis intent on killing American troops. When the image of a roadside bomb blowing up an American Humvee appears on the large flat screen on his office wall, his eyebrows rise and he urges his visitors to watch, "This is a good one."

A Nightmare Begins

Mr. Ani's ordeal began on Oct. 14, 2004, when soldiers brought him in for what he described as desultory questioning.

" 'Are you married? How many children? Sunni or Shiite? Which mosque do you pray in?' " Mr. Ani said he was asked. "I said I didn't pray, and they said, 'Are you not Muslim,' and I said, 'Yes, but I'm not praying and going to mosques.' "

"They never asked me about terrorism," he said. "I'm a normal person, just a usual man, and don't have anything to do with anyone who was fighting against the Americans."

Mr. Ani spent a total of 44 days at two other American facilities before being sent to Camp Bucca. In all, he said, he was questioned just once at each site.

Mr. Ani said the electric prods were first used on him on the way to Camp Bucca. "I was talking to someone next to me and they used it," he said, describing the device as black plastic with a yellow tip and two iron prongs. He said the prods were commonly used on him and other detainees as punishment.

"The whole body starts to shake and hurt," he said. "And you lose consciousness for a couple of seconds. One time they used it on my tongue. One guard held me from the left and another on my back and another used it against my tongue and for four or five days I couldn't eat."

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In a separate interview, the insurgent from Samarra said such a device had been used on him for speaking out of turn. Ahmed Majid al-Ghanem, 50, a former Baath Party official who was also freed from Camp Bucca and is now living in Syria, said in a separate interview that he witnessed the electric prods being used as punishment on other detainees.

The Times interviewed Mr. Ani at his apartment in Damascus, the Syrian capital, where he sat on a couch with his parents, wife and children. When he demonstrated how he had been held for the electric prod, his 4-year-old daughter, Al Budur, mimicked his actions.

Lt. Col. Keir-Kevin Curry, a detention system spokesman, said: "Every use of less than lethal force, to include use of Tasers, is formally reported by facility leadership, ensuring soldiers are in accordance with proper use. Touching a Taser to someone's tongue is not one of the approved uses."

Mr. Ani said guards treated him kindly when he arrived at the jail on Nov. 20, 2004. He recalls being given soap, and, when his hands cracked from the cold, a soldier bringing him lotion and socks.

But soon new guards came "who had had special thoughts," he said. "They were not allowing us to talk. They cut off the salt, gave us food that was not fit for dogs. One guard named David sometimes brought us outside to stay in the sun, or when it was cold. He also didn't respect our faith, telling us not to pray here, and when we moved not to pray there."

The detainees also began fighting among themselves. Those who spoke to the American guards were ostracized. Long toilet lines further raised tensions.

One day the guards searched a makeshift prayer area, Mr. Ani said, "and they started to step on the Korans, which fell down."

"A fight started," he continued. "There was a huge demonstration. The prisoners started to throw their shoes at the guards, and we started to beat them with empty plastic bottles. The guards shot at us with rubber bullets, but then prisoners were killed and others were injured."

A Pentagon statement at the time described such an incident in January 2005, saying that four detainees were killed when guards were compelled to use deadly force to quell the riot and that it was set off by a search for contraband. Colonel Curry said an investigation concluded that a detainee leader had fabricated the Koran allegations to instigate violence.

Mr. Ani and other former detainees said there were frequent demonstrations to protest various grievances. Mr. Ghanem said he was released in late 2003 after hunger strikes forced camp officials to review his case and those of others.

Detention officials said they were also fighting radicalization at the camps and were trying to identify and isolate extremists. Former detainees said in interviews that the influence of Islamic extremists was still growing. At Camp Bucca, they said, hundreds of men formed a group called the Brothers. Members shaved their beards and otherwise masked their ideology so they would be placed with other detainees.

Mr. Ani generally slept in a wooden barrackslike structure, with a mattress on the ground and a nail on the wall for hanging clothes. Once, when the guards found an improvised needle that he said was used to repair clothes, he was taken to an isolated cell, where he was kept for 24 days.

"You cannot see the difference between day and night," he said. "There was no opening, not even in the door."

Colonel Curry said it was standard to discipline detainees when they did not follow procedure.

Mr. Ani despaired of ever being released. His letter that was printed in The Times ended with, "I hope I can be dust in the storms of Bucca so that I can reach you."

Dangers Beyond Jail

"I didn't see any kind of solution for me," Mr. Ani said after his release. "The only solution was to die," he said, his eyes welling with tears. "I was hoping to die."

In releasing Mr. Ani, the American military transferred him to Camp Cropper in Baghdad and gave him $25, which he and his parents used to hire a taxi. Along the way home, they had to dodge Shiite-controlled checkpoints, and just days later, he said, he narrowly escaped capture by a Shiite militia. Mr. Ani and other Iraqis say they believe these militias have found a way to learn when Sunni men are released from jail and then hunt and kill them.

Maj. Gen. John D. Gardner, commander of American detainee operations, said that he had heard such concerns and that he was trying to alter the process of releasing detainees to improve their safety.

Mr. Ani said that for him there was only one way to stay alive: flee Iraq.

He said he was scared and puzzled about his next step. He said he felt that he could not stay in Syria, if only because work was scarce. But he must compete with other refugees for the attention of another host country.

"Until now, I can't sleep, really," he said. "Whenever I hear something noisy I stand up. I'm in a very bad psychological situation. I can't stop thinking of what we should do. I don't have a future here. How should we live?"

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When his uncle put on Al Zawra, the satellite television station, Mr. Ani turned to look at the scenes of Sunni children who had been killed and the attacks on American soldiers.

"I am an Iraqi," he said. "I love my country. Of course, everyone who is an Iraqi at the moment, we are thinking how can we support our country."

"The United States through its actions made people hate the Americans much more than before."

Marine To Serve 8 Years In Killing Of Iraqi (CNN)

CNN.com, February 17, 2007

CAMP PENDLETON, California (CNN) -- A U.S. Marine will serve no more than eight years in prison in connection with the killing of an Iraqi civilian, a Marine Corps spokesman said Saturday.

Marine Lance Cpl. Robert Pennington was sentenced to 14 years' confinement but will serve no more than eight under a plea agreement, Marine spokesman Sean Gibson told CNN.

Pennington pleaded guilty Tuesday to charges regarding the death of Hashim Ibrahim Awad, 52, in Hamdaniya, west of Baghdad.

Pennington was among a group of seven Marines and a Navy medic charged in Awad's death. He and two other Marines were ordered to stand trial in October.

Pennington agreed to plead guilty to conspiracy to commit premeditated murder and kidnapping, and to a kidnapping charge. Other charges he faced were dismissed at sentencing.

He was given credit for the 340 days he served in pretrial confinement, Gibson said.

On February 8, Marine Cpl. Trent Thomas withdrew his guilty plea in the case, saying he now believes he acted under a lawful order. (Full story)

The Navy medic, Hospital Corpsman Melson Bacos, pleaded guilty in October to conspiracy and kidnapping and agreed to testify against the Marines. Bacos was sentenced to a year in the brig.

He has testified that Marines were conducting a house-to-house search for suspected insurgents when they came across Awad, a retired policeman and a veteran of Iraq's war with Iran in the 1980s.

Bacos said Awad's hands and feet were bound and he was dragged from his home and shot numerous times. Then, he said, one Marine put the dead man's fingerprints on a rifle and shovel to make it look like he had been caught trying to plant a roadside bomb.

Marine Jailed Over Iraqi Murder (BBC)

BBC.com, February 17, 2007

A US marine has been sentenced to eight years in military prison for his role in the killing of an Iraqi civilian.

Lance Cpl Robert Pennington, 22, is the fifth of eight US soldiers to plead guilty and be sentenced over the murder of Hashim Ibrahim Awad, 52.

Investigators said the soldiers dragged disabled Mr Awad from his home and killed him in Hamdaniya in April 2006.

It is one in a series of inquiries into the alleged abuse or killing of Iraqis by coalition forces.

Murder and other charges were dropped in return for Cpl Pennington testifying against three other marines in the case.

Cpl Pennington pleaded guilty to kidnapping and conspiracy. His rank was also reduced and he has been dishonourably discharged.

'Truly sorry'

Mr Awad, a police officer, was taken from his home, put in a hole and shot in the head 10 times.

A gun and a shovel were then placed by his body to make it look as if he were an insurgent planting a roadside bomb.

The unit was reportedly searching for an insurgent and took Mr Awad when they failed to find their target.

Other US investigations Cpl Pennington, the squad's radio operator, told the court martial that he did not shoot Mr Awad but that he helped to force him into the hole and held his hand over his mouth.

At his sentencing hearing on Friday, Cpl Pennington expressed remorse for his actions.

"I can honestly and truly say that I am sorry that I did what I did. Saying I feel bad just does not begin to describe it," he said.

He was sentenced to 14 years but the military judge dropped six years in return for the plea bargain.

After the sentencing, Cpl Pennington's mother, Deanna, said: "I've come to understand that Bobby died in [the battle for] Falluja and I want to help him come back to life and be the good person I know he is".

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Another marine, Cpl Trent Thomas - the only one in the group to plead guilty to murder - withdrew his guilty plea at the last minute as the court prepared to sentence him on 8 February.

Three other marines and the navy medic have pleaded guilty to various lesser charges related to the incident.

Letters From Baghdad (WP)

The Washington Post, February 18, 2007

Americans have always been fascinated by correspondence from the front. I have nothing from our soldiers to share, but I do have letters from an Iraqi friend and his wife. Hasan (sadly, I dare not give his real name) was a translator for the Coalition Provisional Authority when I worked in Baghdad in 2003 and 2004. These brief letters catalogue the deterioration, the chaos and the human tragedy that have become Iraq's lot. Perhaps they show the futility of our remaining there; perhaps they point out why we must stay. But they surely speak to the need to help those who once so hopefully helped us.

Here's a small window into the sadness called Iraq:

-- John Agresto

June 24, 2004: I hope you made the trip safely. If I may loosen the rein to my humble imagination, you may be relaxing in an easy chair . . . savoring the tranquility of the scene in front of you, listening to "American Pie." [Along with anything by Buddy Holly, Don McLean's 1971 classic was one of Hasan's favorites. He knew all the lyrics by heart and sang them repeatedly.] If that's what is happening, then I'm really happy for you, after all the effort that you made, you deserve a lot more.God, I'm so talkative, even for a first e-mail across continents!

Aug. 12, 2004: Things are going well for us, in spite of the deteriorating security state . . . [My wife] is going to work [at] an independent women assembly . . . I'm doing well, too, been praised & paid monthly. Lots of work, but I'm for it.

Sept. 9, 2004: Hello Sir, I'm still alive! It's been nearly a month since I e-mailed you last. The situation is getting tighter by the day, one can even smell chaos in the air! Being a confirmed optimistic, I still lead a sociable life, with great assistance from [my wife], who believes like me that one can only die once, so it better be done in style!

May 16, 2005: [A] burglar or "s" broke into our house twice & a car exploded in our neighborhood, not far away, which caused window-glass breaking. [B]ut we're safe & sound, comparatively speaking for what others are suffering. [B]ombed cars are by wholesale nowadays! Miraculously, [my wife] was not affected by the exploding car [because] she decided to leave the living room just seconds prior to the explosion. The broken glass covered all the sofa she was sitting on! Our ration of optimism is decreasing drastically!

Nov. 30, 2005: The situation here is deteriorating by the days, nowadays, even I, the optimist see it as unbelievingly unbearable beyond any standard. The constitution is a disaster, & [the] religious fanatics are power-thirsty, driven only by their complexities. I'm not only revealing my own opinion, this is standard street talk . . . Iraqis are yearning for a government that brings security & order among other obvious needs. They brought us ethnic & sect segregation, while most Iraqi families have [had] a husband or a wife from the other sect & even another ethnic group, for generations . . .If these degenerates continue in power after Dec. elections, God forbid, then it becomes inevitable for any sane Iraqi to get the heck out! We had humble hopes. [W]e came to the levee but the levee was dry! [We need America to] simply support sane, secular &; multi-party government, even bring it to power. By doing so, be assured every Iraqi will praise US of A all night & day . . .It could be immensely enhanced if Uncle Sam comes to rescue, don't we wish, oh boy, that'll be the day!

March 7, 2006: A nearly total eclipse of the heart & soul is the reason behind not writing! As you're concluding from what you gather, nothing is going the right direction. Deterioration is the master of the scene. I don't want to depress you more; you're too dear to us to do so. We're still in Baghdad, where else to go to? No place on the sphere is willing to accept Iraqis. I suppose we're considered potential threat, especially after the Amman explosions, not to say what we're doing in our own country, flying a 1,000-year-old, gold-cladded dome high in the sky & turning it to debris -- a shameful example of what I'm stating. Any way, I don't blame the world for looking down to us.

June 17, 2006: We're fine & safe by current Iraqi standards! Although we're living in unbelievably unbearable circumstances . . . [E]verything is worse than the day before: infrastructure, services, security, even hope! I don't need to elaborate. What you gather from media is only a fraction of reality. Baghdad is taking the worst out of that. Nowadays women are afraid of going outdoors unless for an absolute need, or going to work, but most wear veils as a precaution from a sudden harassment by a stupid degenerate, claiming to implement religion . . . To top it all, we have a curfew extension, so now we should be home at sunset till 6 am, just like domesticated farm animals! [W]asn't I right [back in 2004] about sitting down & watching [TV] with a drink in hand, hoping to live another day with our limbs & head where they were the day before?! Our feelings & reactions have become numb . . .

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Oct. 12, 2006: [All] things [are] worse in everything & by all standards. Public electrical power is only 2 hours a day for ordinary citizens; VIPs (Hakim & his likes) get 24! I suppose you're well aware that what is circulated by media regarding the daily casualties is only the tip of the iceberg. Last night, the announced figure was 60 for the day, but a neighbor informed that till noon [it] was 198 in the city morgue, when he was collecting his tortured & killed brother's corpse. Killing on identity [i.e., because of one's religious or ethnic identity] is the hottest trend in our beloved & multi-ethnic, sect & religion city! We, citizens, used to judge each other by personalities, good or bad, never by sect, ethnicity or religion, for so many generations. Hell, you can rarely find an Iraqi family that's single sect, without marrying from the other. The same with ethnicity. . . . [D]isplaced families by force are now 51,000, not persons but families according to the minister of immigration & displaced announcement yesterday! We both take moral support from your e-mails . . . & your passport photo, that's still put in our living room! That's what we really needed & what we always will: your friendship & communication, although we would really love a reunion, any time! Of course USA is out of the question for a simple Iraqi couple . . . . it's a wide world, though not so "wide" for Iraqis.

Christmas Eve, 2006: This time of the year enables us to seize the opportunity to wish you & your family a MERRY CHRISTMAS & a HAPPY NEW YEAR. We're still alive; suffering of what now must have been obvious & clear to the entire world. Restricting our daily movement to essential needs, but thinking positively & not trying to ruin the occasion -- hoping for you times of joy & comfort.

* * *

I have written Hasan three times now since this last letter, and I have not heard back.

John Agresto was the Coalition Provisional Authority's senior adviser to the Ministry of Higher Education from September 2003 until June 2004. His book on Iraq, "Mugged by Reality," will be published this month.

Influence Of Joint Chiefs Starting To Rebound (LAT)

By Julian E. Barnes,

The Los Angeles Times, February 18, 2007

Military critics say the generals' voices had been muffled under Rumsfeld, allowing mistakes in Iraq.

WASHINGTON — When President Bush went to the Pentagon in December to discuss his new war strategy with the Joint Chiefs of Staff, outgoing Defense Secretary Donald H. Rumsfeld scheduled the meeting for his own conference room.

The chiefs rejected Rumsfeld's plan for the conference. Instead, according to a military source briefed on the meeting, they sent word that they would be in "the Tank," the Joint Chiefs' own secret briefing room. If the president and Rumsfeld wanted to hear their views, they could find them there.

It was a declaration that went unnoticed outside the Pentagon at the time, and Bush met with the generals on their terms. But it signaled a determination by the nation's top uniformed military officers to take on a greater role in shaping U.S. war policy after years in which some military critics said their voices had been muffled.

By law, the chairman of the Joint Chiefs of Staff is the president's principal military advisor. But for much of the Rumsfeld tenure, the Joint Chiefs — which include the top officers from the Army, Navy, Marine Corps and Air Force — were kept out of war planning, according to some senior officers critical of that arrangement. Some top military voices have argued that had the Joint Chiefs been consulted more regularly, some key mistakes — such as the troop shortage early on — could have been avoided.

"When you are about to send young men and women to fight a war, you need the collective wisdom of many people. The service chiefs are part of the solution," said retired Gen. James L. Jones, a former Marine commandant who served as a member of the Joint Chiefs until 2003. "Some of the difficulty we are in now I think an honest man could say was due to that particular system … where the Joint Chiefs were left out."

Under the new secretary of Defense, Robert M. Gates, military officers say the influence of the Joint Chiefs is starting to rebound. Unlike his predecessor, Gates is publicly and privately paying close attention to his uniformed advisors.

Rumsfeld preferred to meet with service chiefs in larger groups that also included civilian officials, a practice that effectively diluted the influence of the military voices. Gates, on the other hand, has begun meeting with the chiefs once a week — in the Tank, a room Rumsfeld often avoided.

"That is a damn good thing," said a military officer, who, like several others, spoke about internal Pentagon differences on condition of anonymity. "There were huge periods — months — between meetings of the old SecDef and the chiefs. That's almost incomprehensible."

Rumsfeld and retired Gen. Tommy Franks, who was the top Mideast commander during the Afghanistan and Iraq invasions and who disdained the top generals, formed a "perfect storm" that cut the Joint Chiefs of Staff out of the loop, said Jones, the retired Marine general who also served as top military commander in Europe.

"You can circumvent the legitimate opinions that should be developed by the Joint Chiefs of Staff," Jones said. "And I think there is evidence that has happened on a number of occasions."

In his autobiography, Franks wrote dismissively about the Joint Chiefs and said that briefing them was a "bureaucratic exercise."

Unlike Rumsfeld, who was very sure of his own military opinion, Gates has said he wants to hear a variety of voices. And as Gates' own views on military policy become clearer through his appearances before Congress and at news conferences, his positions seem to be close to those of the Joint Chiefs and Marine Gen. Peter Pace, the group's chairman.

The plan for the troop increase in Iraq was developed by the White House and other military leaders, like Army Gen. David H. Petraeus, the new top U.S. commander in Iraq. Although the Joint Chiefs helped shape the plan, they have been less enthusiastic about the open-ended commitment advocated by the White House, a skepticism Gates seems to share.

Pentagon insiders say that if the new Bush strategy falters, "Plan C" — whatever that may turn out to be — likely will emerge from the Joint Chiefs of Staff. They and the Joint Staff, the top military planners who report to Pace, are at work on alternatives if Bush's "surge" plan should fail, according to defense officials.

The role of the Joint Chiefs began growing in the months before Bush replaced Rumsfeld, when Pace decided to take a closer look at Iraq policy.

Last summer, Army Gen. George W. Casey Jr., then the top U.S. commander in Iraq, announced that rather than drawing down U.S. forces, he would need reinforcements to stabilize Baghdad. At that point, according to a senior Pentagon official, Pace decided the Joint Chiefs of Staff should take a closer look at why the U.S. policy was not succeeding.

Until then, according to the senior official, Pace thought the Joint Chiefs of Staff had been doing a good job "grading the homework" of Casey and other commanders but needed to do more. Pace formed a "Council of Colonels" consisting of top officers from every service who had served in Iraq. Among them was Army Col. H.R. McMaster, lauded for his efforts to secure the Iraqi city of Tall Afar and author of a book critical of the military leadership during the Vietnam War.

Pace's effort seemed unusual — but welcome — to White House officials, some of whom had grown frustrated that even in the face of a worsening military situation, the Pentagon seemed to keep peddling the same military advice.

In an interview, Pace said he began taking a harder look at Iraq last summer, which also is when Casey requested more troops.

"When I was self-analyzing my time as chairman, when I looked back in August of 2006 at what we had been doing, I thought we could be doing more … taking a look at the same facts and doing a deeper analysis," Pace said.

Pace did not agree that he and the other chiefs previously had been on the sidelines. But he acknowledged that he and the Joint Chiefs embarked last year on a new kind of analysis.

"We found a way to be more helpful," he said.

The controversy has rekindled a debate over the federal law governing the organization of the military, the Goldwater-Nichols Department of Defense Reorganization Act of 1986. Designed to diminish rivalry between military services, the act designated the chairman of the Joint Chiefs as the president's top military advisor, but placed the office outside the formal military chain of command.

Pace and Jones have debated whether a change in the law is needed. Pace said that each time, he comes down on the side of the current system.

"As a citizen of the United States I like the fact there is no one military person who commands all things in our military," Pace said.

Nonetheless, there seems little doubt that under Gates the Joint Chiefs will have a greater role. Pace says he intends to continue gathering groups of officers to examine American strategy, as he did last year for Iraq.

"We will continue to use that concept for lots of issues in the global war — Afghanistan, other places, yes," Pace said. "It was really helpful."

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Times staff writer Peter Spiegel in Washington contributed to this report.

*

(INFOBOX BELOW)

Military's executive board

The Joint Chiefs of Staff consists of a chairman, vice chairman and the highest ranking members of each of the four major armed services. The chairman acts as chief military advisor to the president, secretary of Defense and National Security Council, but has no responsibility for conducting military operations. Here are the members:

Chairman:

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Gen. Peter Pace, Marine Corps
Vice Chairman: Adm. Edmund P. Giambastiani Jr.
Chief of Staff, Army: Gen. Peter J. Schoomaker
Chief of Naval
Operations: Adm. Michael G. Mullen
Chief of Staff,
Air Force: Gen. T. Michael Moseley
Commandant,
Marine Corps: Gen. James T. Conway
Source: Joint Chiefs of Staff

Soldiers Face Neglect, Frustration At Army's Top Medical Facility (WP)

By Dana Priest, Anne Hull, Washington Post Staff Writers
The Washington Post, February 18, 2007

Behind the door of Army Spec. Jeremy Duncan's room, part of the wall is torn and hangs in the air, weighted down with black mold. When the wounded combat engineer stands in his shower and looks up, he can see the bathtub on the floor above through a rotted hole. The entire building, constructed between the world wars, often smells like greasy carry-out. Signs of neglect are everywhere: mouse droppings, belly-up cockroaches, stained carpets, cheap mattresses.

This is the world of Building 18, not the kind of place where Duncan expected to recover when he was evacuated to Walter Reed Army Medical Center from Iraq last February with a broken neck and a shredded left ear, nearly dead from blood loss. But the old lodge, just outside the gates of the hospital and five miles up the road from the White House, has housed hundreds of maimed soldiers recuperating from injuries suffered in the wars in Iraq and Afghanistan.

The common perception of Walter Reed is of a surgical hospital that shines as the crown jewel of military medicine. But 5 1/2 years of sustained combat have transformed the venerable 113-acre institution into something else entirely -- a holding ground for physically and psychologically damaged outpatients. Almost 700 of them -- the majority soldiers, with some Marines -- have been released from hospital beds but still need treatment or are awaiting bureaucratic decisions before being discharged or returned to active duty.

They suffer from brain injuries, severed arms and legs, organ and back damage, and various degrees of post-traumatic stress. Their legions have grown so exponentially -- they outnumber hospital patients at Walter Reed 17 to 1 -- that they take up every available bed on post and spill into dozens of nearby hotels and apartments leased by the Army. The average stay is 10 months, but some have been stuck there for as long as two years.

Not all of the quarters are as bleak as Duncan's, but the despair of Building 18 symbolizes a larger problem in Walter Reed's treatment of the wounded, according to dozens of soldiers, family members, veterans aid groups, and current and former Walter Reed staff members interviewed by two Washington Post reporters, who spent more than four months visiting the outpatient world without the knowledge or permission of Walter Reed officials. Many agreed to be quoted by name; others said they feared Army retribution if they complained publicly.

While the hospital is a place of scrubbed-down order and daily miracles, with medical advances saving more soldiers than ever, the outpatients in the Other Walter Reed encounter a messy bureaucratic battlefield nearly as chaotic as the real battlefields they faced overseas.

On the worst days, soldiers say they feel like they are living a chapter of "Catch-22." The wounded manage other wounded. Soldiers dealing with psychological disorders of their own have been put in charge of others at risk of suicide.

Disengaged clerks, unqualified platoon sergeants and overworked case managers fumble with simple needs: feeding soldiers' families who are close to poverty, replacing a uniform ripped off by medics in the desert sand or helping a brain-damaged soldier remember his next appointment.

"We've done our duty. We fought the war. We came home wounded. Fine. But whoever the people are back here who are supposed to give us the easy transition should be doing it," said Marine Sgt. Ryan Groves, 26, an amputee who lived at Walter Reed for 16 months. "We don't know what to do. The people who are supposed to know don't have the answers. It's a nonstop process of stalling."

Soldiers, family members, volunteers and caregivers who have tried to fix the system say each mishap seems trivial by itself, but the cumulative effect wears down the spirits of the wounded and can stall their recovery.

"It creates resentment and disenfranchisement," said Joe Wilson, a clinical social worker at Walter Reed. "These soldiers will withdraw and stay in their rooms. They will actively avoid the very treatment and services that are meant to be helpful."

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Danny Soto, a national service officer for Disabled American Veterans who helps dozens of wounded service members each week at Walter Reed, said soldiers "get awesome medical care and their lives are being saved," but, "Then they get into the administrative part of it and they are like, 'You saved me for what?' The soldiers feel like they are not getting proper respect. This leads to anger."

This world is invisible to outsiders. Walter Reed occasionally showcases the heroism of these wounded soldiers and emphasizes that all is well under the circumstances. President Bush, former defense secretary Donald H. Rumsfeld and members of Congress have promised the best care during their regular visits to the hospital's spit-polished amputee unit, Ward 57.

"We owe them all we can give them," Bush said during his last visit, a few days before Christmas. "Not only for when they're in harm's way, but when they come home to help them adjust if they have wounds, or help them adjust after their time in service."

Along with the government promises, the American public, determined not to repeat the divisive Vietnam experience, has embraced the soldiers even as the war grows more controversial at home. Walter Reed is awash in the generosity of volunteers, businesses and celebrities who donate money, plane tickets, telephone cards and steak dinners.

Yet at a deeper level, the soldiers say they feel alone and frustrated. Seventy-five percent of the troops polled by Walter Reed last March said their experience was "stressful." Suicide attempts and unintentional overdoses from prescription drugs and alcohol, which is sold on post, are part of the narrative here.

Vera Heron spent 15 frustrating months living on post to help care for her son. "It just absolutely took forever to get anything done," Heron said. "They do the paperwork, they lose the paperwork. Then they have to redo the paperwork. You are talking about guys and girls whose lives are disrupted for the rest of their lives, and they don't put any priority on it."

Family members who speak only Spanish have had to rely on Salvadoran housekeepers, a Cuban bus driver, the Panamanian bartender and a Mexican floor cleaner for help. Walter Reed maintains a list of bilingual staffers, but they are rarely called on, according to soldiers and families and Walter Reed staff members.

Evis Morales's severely wounded son was transferred to the National Naval Medical Center in Bethesda for surgery shortly after she arrived at Walter Reed. She had checked into her government-paid room on post, but she slept in the lobby of the Bethesda hospital for two weeks because no one told her there is a free shuttle between the two facilities. "They just let me off the bus and said 'Bye-bye,' " recalled Morales, a Puerto Rico resident.

Morales found help after she ran out of money, when she called a hotline number and a Spanish-speaking operator happened to answer.

"If they can have Spanish-speaking recruits to convince my son to go into the Army, why can't they have Spanish-speaking translators when he's injured?" Morales asked. "It's so confusing, so disorienting."

Soldiers, wives, mothers, social workers and the heads of volunteer organizations have complained repeatedly to the military command about what one called "The Handbook No One Gets" that would explain life as an outpatient. Most soldiers polled in the March survey said they got their information from friends. Only 12 percent said any Army literature had been helpful.

"They've been behind from Day One," said Rep. Thomas M. Davis III (R-Va.), who headed the House Government Reform Committee, which investigated problems at Walter Reed and other Army facilities. "Even the stuff they've fixed has only been patched."

Among the public, Davis said, "there's vast appreciation for soldiers, but there's a lack of focus on what happens to them" when they return. "It's awful."

Maj. Gen. George W. Weightman, commander at Walter Reed, said in an interview last week that a major reason outpatients stay so long, a change from the days when injured soldiers were discharged as quickly as possible, is that the Army wants to be able to hang on to as many soldiers as it can, "because this is the first time this country has fought a war for so long with an all-volunteer force since the Revolution."

Acknowledging the problems with outpatient care, Weightman said Walter Reed has taken steps over the past year to improve conditions for the outpatient army, which at its peak in summer 2005 numbered nearly 900, not to mention the hundreds of family members who come to care for them. One platoon sergeant used to be in charge of 125 patients; now each one manages 30. Platoon sergeants with psychological problems are more carefully screened. And officials have increased the numbers of case managers and patient advocates to help with the complex disability benefit process, which Weightman called "one of the biggest sources of delay."

And to help steer the wounded and their families through the complicated bureaucracy, Weightman said, Walter Reed has recently begun holding twice-weekly informational meetings. "We felt we were pushing information out before, but the reality is, it was overwhelming," he said. "Is it fail-proof? No. But we've put more resources on it."

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He said a 21,500-troop increase in Iraq has Walter Reed bracing for "potentially a lot more" casualties.Bureaucratic Battles

The best known of the Army's medical centers, Walter Reed opened in 1909 with 10 patients. It has treated the wounded from every war since, and nearly one of every four service members injured in Iraq and Afghanistan.

The outpatients are assigned to one of five buildings attached to the post, including Building 18, just across from the front gates on Georgia Avenue. To accommodate the overflow, some are sent to nearby hotels and apartments. Living conditions range from the disrepair of Building 18 to the relative elegance of Mologne House, a hotel that opened on the post in 1998, when the typical guest was a visiting family member or a retiree on vacation.

The Pentagon has announced plans to close Walter Reed by 2011, but that hasn't stopped the flow of casualties. Three times a week, school buses painted white and fitted with stretchers and blackened windows stream down Georgia Avenue. Sirens blaring, they deliver soldiers groggy from a pain-relief cocktail at the end of their long trip from Iraq via Landstuhl Regional Medical Center in Germany and Andrews Air Force Base.

Staff Sgt. John Daniel Shannon, 43, came in on one of those buses in November 2004 and spent several weeks on the fifth floor of Walter Reed's hospital. His eye and skull were shattered by an AK-47 round. His odyssey in the Other Walter Reed has lasted more than two years, but it began when someone handed him a map of the grounds and told him to find his room across post.

A reconnaissance and land-navigation expert, Shannon was so disoriented that he couldn't even find north. Holding the map, he stumbled around outside the hospital, sliding against walls and trying to keep himself upright, he said. He asked anyone he found for directions.

Shannon had led the 2nd Infantry Division's Ghost Recon Platoon until he was felled in a gun battle in Ramadi. He liked the solitary work of a sniper; "Lone Wolf" was his call name. But he did not expect to be left alone by the Army after such serious surgery and a diagnosis of post-traumatic stress disorder. He had appointments during his first two weeks as an outpatient, then nothing.

"I thought, 'Shouldn't they contact me?' " he said. "I didn't understand the paperwork. I'd start calling phone numbers, asking if I had appointments. I finally ran across someone who said: 'I'm your case manager. Where have you been?'

"Well, I've been here! Jeez Louise, people, I'm your hospital patient!"

Like Shannon, many soldiers with impaired memory from brain injuries sat for weeks with no appointments and no help from the staff to arrange them. Many disappeared even longer. Some simply left for home.

One outpatient, a 57-year-old staff sergeant who had a heart attack in Afghanistan, was given 200 rooms to supervise at the end of 2005. He quickly discovered that some outpatients had left the post months earlier and would check in by phone. "We called them 'call-in patients,' " said Staff Sgt. Mike McCauley, whose dormant PTSD from Vietnam was triggered by what he saw on the job: so many young and wounded, and three bodies being carried from the hospital.

Life beyond the hospital bed is a frustrating mountain of paperwork. The typical soldier is required to file 22 documents with eight different commands -- most of them off-post -- to enter and exit the medical processing world, according to government investigators. Sixteen different information systems are used to process the forms, but few of them can communicate with one another. The Army's three personnel databases cannot read each other's files and can't interact with the separate pay system or the medical recordkeeping databases.

The disappearance of necessary forms and records is the most common reason soldiers languish at Walter Reed longer than they should, according to soldiers, family members and staffers. Sometimes the Army has no record that a soldier even served in Iraq. A combat medic who did three tours had to bring in letters and photos of herself in Iraq to show she that had been there, after a clerk couldn't find a record of her service.

Shannon, who wears an eye patch and a visible skull implant, said he had to prove he had served in Iraq when he tried to get a free uniform to replace the bloody one left behind on a medic's stretcher. When he finally tracked down the supply clerk, he discovered the problem: His name was mistakenly left off the "GWOT list" -- the list of "Global War on Terrorism" patients with priority funding from the Defense Department.

He brought his Purple Heart to the clerk to prove he was in Iraq.

Lost paperwork for new uniforms has forced some soldiers to attend their own Purple Heart ceremonies and the official birthday party for the Army in gym clothes, only to be chewed out by superiors.

The Army has tried to re-create the organization of a typical military unit at Walter Reed. Soldiers are assigned to one of two companies while they are outpatients -- the Medical Holding Company (Medhold) for active-duty soldiers and the Medical Holdover Company for Reserve and National Guard soldiers. The companies are broken into platoons that are led by platoon sergeants, the Army equivalent of a parent.

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Under normal circumstances, good sergeants know everything about the soldiers under their charge: vices and talents, moods and bad habits, even family stresses.

At Walter Reed, however, outpatients have been drafted to serve as platoon sergeants and have struggled with their responsibilities. Sgt. David Thomas, a 42-year-old amputee with the Tennessee National Guard, said his platoon sergeant couldn't remember his name. "We wondered if he had mental problems," Thomas said. "Sometimes I'd wear my leg, other times I'd take my wheelchair. He would think I was a different person. We thought, 'My God, has this man lost it?' "

Civilian care coordinators and case managers are supposed to track injured soldiers and help them with appointments, but government investigators and soldiers complain that they are poorly trained and often do not understand the system.

One amputee, a senior enlisted man who asked not to be identified because he is back on active duty, said he received orders to report to a base in Germany as he sat drooling in his wheelchair in a haze of medication. "I went to Medhold many times in my wheelchair to fix it, but no one there could help me," he said.

Finally, his wife met an aide to then-Deputy Defense Secretary Paul D. Wolfowitz, who got the erroneous paperwork corrected with one phone call. When the aide called with the news, he told the soldier, "They don't even know you exist."

"They didn't know who I was or where I was," the soldier said. "And I was in contact with my platoon sergeant every day."

The lack of accountability weighed on Shannon. He hated the isolation of the younger troops. The Army's failure to account for them each day wore on him. When a 19-year-old soldier down the hall died, Shannon knew he had to take action.

The soldier, Cpl. Jeremy Harper, returned from Iraq with PTSD after seeing three buddies die. He kept his room dark, refused his combat medals and always seemed heavily medicated, said people who knew him. According to his mother, Harper was drunkenly wandering the lobby of the Mologne House on New Year's Eve 2004, looking for a ride home to West Virginia. The next morning he was found dead in his room. An autopsy showed alcohol poisoning, she said.

"I can't understand how they could have let kids under the age of 21 have liquor," said Victoria Harper, crying. "He was supposed to be right there at Walter Reed hospital. . . . I feel that they didn't take care of him or watch him as close as they should have."

The Army posthumously awarded Harper a Bronze Star for his actions in Iraq.

Shannon viewed Harper's death as symptomatic of a larger tragedy -- the Army had broken its covenant with its troops. "Somebody didn't take care of him," he would later say. "It makes me want to cry. "

Shannon and another soldier decided to keep tabs on the brain injury ward. "I'm a staff sergeant in the U.S. Army, and I take care of people," he said. The two soldiers walked the ward every day with a list of names. If a name dropped off the large white board at the nurses' station, Shannon would hound the nurses to check their files and figure out where the soldier had gone.

Sometimes the patients had been transferred to another hospital. If they had been released to one of the residences on post, Shannon and his buddy would pester the front desk managers to make sure the new charges were indeed there. "But two out of 10, when I asked where they were, they'd just say, 'They're gone,' " Shannon said.

Even after Weightman and his commanders instituted new measures to keep better track of soldiers, two young men left post one night in November and died in a high-speed car crash in Virginia. The driver was supposed to be restricted to Walter Reed because he had tested positive for illegal drugs, Weightman said.

Part of the tension at Walter Reed comes from a setting that is both military and medical. Marine Sgt. Ryan Groves, the squad leader who lost one leg and the use of his other in a grenade attack, said his recovery was made more difficult by a Marine liaison officer who had never seen combat but dogged him about having his mother in his room on post. The rules allowed her to be there, but the officer said she was taking up valuable bed space.

"When you join the Marine Corps, they tell you, you can forget about your mama. 'You have no mama. We are your mama,' " Groves said. "That training works in combat. It doesn't work when you are wounded."Frustration at Every Turn

The frustrations of an outpatient's day begin before dawn. On a dark, rain-soaked morning this winter, Sgt. Archie Benware, 53, hobbled over to his National Guard platoon office at Walter Reed. Benware had done two tours in Iraq. His head had been crushed between two 2,100-pound concrete barriers in Ramadi, and now it was dented like a tin can. His legs were stiff from knee surgery. But here he was, trying to take care of business.

At the platoon office, he scanned the white board on the wall. Six soldiers were listed as AWOL. The platoon sergeant was nowhere to be found, leaving several soldiers stranded with their requests.

Benware walked around the corner to arrange a dental appointment -- his teeth were knocked out in the accident. He was told by a case manager that another case worker, not his doctor, would have to approve the procedure.

"Goddamn it, that's unbelievable!" snapped his wife, Barb, who accompanied him because he can no longer remember all of his appointments.

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Not as unbelievable as the time he received a manila envelope containing the gynecological report of a young female soldier.

Next came 7 a.m. formation, one way Walter Reed tries to keep track of hundreds of wounded. Formation is also held to maintain some discipline. Soldiers limp to the old Red Cross building in rain, ice and snow. Army regulations say they can't use umbrellas, even here. A triple amputee has mastered the art of putting on his uniform by himself and rolling in just in time. Others are so gorked out on pills that they seem on the verge of nodding off.

"Fall in!" a platoon sergeant shouted at Friday formation. The noisy room of soldiers turned silent.

An Army chaplain opened with a verse from the Bible. "Why are we here?" she asked. She talked about heroes and service to country. "We were injured in many ways."

Someone announced free tickets to hockey games, a Ravens game, a movie screening, a dinner at McCormick and Schmick's, all compliments of local businesses.

Every formation includes a safety briefing. Usually it is a warning about mixing alcohol with meds, or driving too fast, or domestic abuse. "Do not beat your spouse or children. Do not let your spouse or children beat you," a sergeant said, to laughter. This morning's briefing included a warning about black ice, a particular menace to the amputees.

Dress warm, the sergeant said. "I see some guys rolling around in their wheelchairs in 30 degrees in T-shirts."

Soldiers hate formation for its petty condescension. They gutted out a year in the desert, and now they are being treated like children.

"I'm trying to think outside the box here, maybe moving formation to Wagner Gym," the commander said, addressing concerns that formation was too far from soldiers' quarters in the cold weather. "But guess what? Those are nice wood floors. They have to be covered by a tarp. There's a tarp that's got to be rolled out over the wooden floors. Then it has to be cleaned, with 400 soldiers stepping all over it. Then it's got to be rolled up."

"Now, who thinks Wagner Gym is a good idea?"

Explaining this strange world to family members is not easy. At an orientation for new arrivals, a staff sergeant walked them through the idiosyncrasies of Army financing. He said one relative could receive a 15-day advance on the $64 per diem either in cash or as an electronic transfer: "I highly recommend that you take the cash," he said. "There's no guarantee the transfer will get to your bank." The audience yawned.

Actually, he went on, relatives can collect only 80 percent of this advance, which comes to $51.20 a day. "The cashier has no change, so we drop to $50. We give you the rest" -- the $1.20 a day -- "when you leave."

The crowd was anxious, exhausted. A child crawled on the floor. The sergeant plowed on. "You need to figure out how long your loved one is going to be an inpatient," he said, something even the doctors can't accurately predict from day to day. "Because if you sign up for the lodging advance," which is $150 a day, "and they get out the next day, you owe the government the advance back of $150 a day."

A case manager took the floor to remind everyone that soldiers are required to be in uniform most of the time, though some of the wounded are amputees or their legs are pinned together by bulky braces. "We have break-away clothing with Velcro!" she announced with a smile. "Welcome to Walter Reed!"A Bleak Life in Building 18

"Building 18! There is a rodent infestation issue!" bellowed the commander to his troops one morning at formation. "It doesn't help when you live like a rodent! I can't believe people live like that! I was appalled by some of your rooms!"

Life in Building 18 is the bleakest homecoming for men and women whose government promised them good care in return for their sacrifices.

One case manager was so disgusted, she bought roach bombs for the rooms. Mouse traps are handed out. It doesn't help that soldiers there subsist on carry-out food because the hospital cafeteria is such a hike on cold nights. They make do with microwaves and hot plates.

Army officials say they "started an aggressive campaign to deal with the mice infestation" last October and that the problem is now at a "manageable level." They also say they will "review all outstanding work orders" in the next 30 days.

Soldiers discharged from the psychiatric ward are often assigned to Building 18. Buses and ambulances blare all night. While injured soldiers pull guard duty in the foyer, a broken garage door allows unmonitored entry from the rear. Struggling with schizophrenia, PTSD, paranoid delusional disorder and traumatic brain injury, soldiers feel especially vulnerable in that setting, just outside the post gates, on a street where drug dealers work the corner at night.

"I've been close to mortars. I've held my own pretty good," said Spec. George Romero, 25, who came back from Iraq with a psychological disorder. "But here . . . I think it has affected my ability to get over it . . . dealing with potential threats every day."

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After Spec. Jeremy Duncan, 30, got out of the hospital and was assigned to Building 18, he had to navigate across the traffic of Georgia Avenue for appointments. Even after knee surgery, he had to limp back and forth on crutches and in pain. Over time, black mold invaded his room.

But Duncan would rather suffer with the mold than move to another room and share his convalescence in tight quarters with a wounded stranger. "I have mold on the walls, a hole in the shower ceiling, but . . . I don't want someone waking me up coming in."

Wilson, the clinical social worker at Walter Reed, was part of a staff team that recognized Building 18's toll on the wounded. He mapped out a plan and, in September, was given a $30,000 grant from the Commander's Initiative Account for improvements. He ordered some equipment, including a pool table and air hockey table, which have not yet arrived. A Psychiatry Department functionary held up the rest of the money because she feared that buying a lot of recreational equipment close to Christmas would trigger an audit, Wilson said.

In January, Wilson was told that the funds were no longer available and that he would have to submit a new request. "It's absurd," he said. "Seven months of work down the drain. I have nothing to show for this project. It's a great example of what we're up against."

A pool table and two flat-screen TVs were eventually donated from elsewhere.

But Wilson had had enough. Three weeks ago he turned in his resignation. "It's too difficult to get anything done with this broken-down bureaucracy," he said.

At town hall meetings, the soldiers of Building 18 keep pushing commanders to improve conditions. But some things have gotten worse. In December, a contracting dispute held up building repairs.

"I hate it," said Romero, who stays in his room all day. "There are cockroaches. The elevator doesn't work. The garage door doesn't work. Sometimes there's no heat, no water. . . . I told my platoon sergeant I want to leave. I told the town hall meeting. I talked to the doctors and medical staff. They just said you kind of got to get used to the outside world. . . . My platoon sergeant said, 'Suck it up!' "

Walter Reed Couldn't Handle Wounded From Iraq, Leader Says (LAT)

By Peter Spiegel

The Los Angeles Times, February 18, 2007

WASHINGTON — The head of the Army hospital responsible for most of the seriously injured war veterans has acknowledged that the staff responsible for tracking patients after they receive treatment was overwhelmed by the number of wounded when violence spiked in Iraq two years ago.

The undermanned staff may have led to wounded veterans falling through the bureaucratic and medical cracks, he said.

Army Maj. Gen. George W. Weightman, commander of the prestigious Walter Reed Army Medical Center, said the number of outpatient soldiers reached a high of 872 in summer 2005, up from about 100 before the war, leaving the military and medical staff responsible for monitoring their well-being unable to keep on top of critical cases.

"We found that the platoon sergeants that we had for accountability and the case managers that we had, they were literally managing 125 patients each," Weightman said. "That's too many to do [oversight] effectively."

Walter Reed, located in northwest Washington, D.C., is renowned for its inpatient medical care, which has helped keep alive hundreds of soldiers who probably would have died during previous conflicts.

Less well-known is the care soldiers receive as outpatients, which has stretched to an average of 10 months — two months longer than Army guidelines call for — a period Weightman said can be even more frustrating for wounded soldiers and their families.

"When you're an inpatient, you're literally a captive in our organization," Weightman said. "When you're an outpatient, there's a lot more options that you have as a patient as far as where you can go and who accounts for you. That was, in some cases, a problem."

Weightman's acknowledgment, made during a briefing Friday for a small group of reporters, came ahead of a Washington Post investigation to be published today that details multiple cases of soldiers who accused Walter Reed of neglecting them and forcing them to live in substandard wards on the medical center's campus once they became outpatients.

The Post story includes allegations that one outpatient soldier at Walter Reed drank himself to death, and two others died in a high-speed car accident even though the driver was supposed to be restricted to medical center grounds because of past use of illegal drugs.

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Weightman, who took command of Walter Reed in July, said he has quadrupled the number of staff responsible for serving as liaisons between outpatients and the review boards charged with deciding whether to discharge outpatients or return them to active duty.

He also said he is increasing the number of military officers and case workers handling individual outpatients so that every caregiver will only have to handle 30 to 35 veterans.

Weightman insisted he has also ordered his staff to focus on "high-risk" cases, such as veterans with post-traumatic stress disorder or traumatic brain injuries, to insure they are more closely monitored once they become outpatients.

"Maintaining quick accountability at all times on those, it generates a lot less problems for us downrange," Weightman said. "They're the folks that are at risk of not being where they're supposed to be, or getting on a motorcycle and going 120 miles per hour, or inappropriate use of alcohol or medication or illegal substances."

Despite these improvements, however, some of the cases documented by the Post — including the two soldiers who died in the car accident — occurred after Weightman's changes. And, according to the Post, many of the substandard living conditions and bureaucratic problems still exist.

Paul Rieckhoff, an Iraq war veteran who heads Iraq and Afghanistan Veterans of America, said he had heard of similar cases at Walter Reed, including a friend who had suffered "catastrophic injuries" in Iraq and was forced to "carry his paperwork through the snow" when he became an outpatient.

"They didn't plan properly for the war," Rieckhoff said. "If it even happens to one veteran, then it's shameful. None of these guys should ever fall through the cracks."

Two "Private Fuzzies," Diverted On Their Way To War (WP)

By Bill Murphy, Washington Post Foreign Service

The Washington Post, February 18, 2007

FORWARD OPERATING BASE WARHORSE, Iraq

An explosion in the distance broke the silence in tent MC-01 just after 9 a.m.

"IED?" Pvt. Ryan Tozour asked his friend sitting astride the next cot, referring to an improvised explosive device, or bomb.

"I never heard an IED before," Pvt. Stephen Daniel replied. He leaned forward and spat tobacco juice into a Gatorade bottle, just inches from his rifle. "I only saw a video," part of a briefing a few days before when he and Tozour got to Iraq.

The two privates, artillerymen, had been together since basic training in July, and they had reached this small, dusty base outside Baqubah in Diyala province, northeast of Baghdad, the night before purely by accident. The helicopter ferrying them to their unit made a quick stop here, and when they got off to let some other passengers out, other soldiers grabbed their bags and jogged away.

"We were yelling, 'No!' " Daniel explained. "By the time we got clear to where they could hear us," he paused, then lifted his arm slowly, mimicking a helicopter taking off.

They slept here last night, in this dark, cavernous tent, where plywood covers the ground and the furniture consists of about 60 green canvas cots. Dust, sand and gravel are everywhere.

Their unit, a battalion in the 1st Cavalry Division, has been in Iraq since October. Nobody has told them what job they'll be doing here, but they don't think there is much artillery in this war, and they expect to be used as infantry.

"They call us Private Fuzzies," said Daniel, 22, because they have no rank tabs on their uniforms -- just a soft Velcro patch where an insignia would go if they had one. "Our drill sergeant used to say, 'You'll be in Iraq in 90 days.' We'd say, 'You're crazy.' Guess it wasn't too crazy."

They had eaten breakfast at the dining hall nearby and now had nothing to do but wait. They rehashed rumors, worried that the helicopter mix-up meant they would now have to fly in daylight. They argued about where and what kind of helicopters had crashed in Iraq recently.

"When you're not here yet, you're like obsessed with here," Daniel said. "You're like looking at blogs and looking online. And then you get here, and it gets old within a day. You halfway don't want to go. But it's why you joined, so it's cool. Maybe time will go faster if you're getting shot at."

Of the 150 people who attend his small church in Belton, Tex. -- "the buckle of the Bible belt," Daniel described it -- nine are serving in Iraq. "It's a conservative, Independent Baptist church. Very patriotic, rah-rah."

He has a 6-year-old son. The other families in Daniel's congregation were disappointed in him and his girlfriend for getting pregnant. "They kept asking, 'When are you two going to get married? You're going to get married, aren't you?' " They did get married, a year and a half ago.

"Everything happens for a reason," Tozour assured him. He is 19 and grew up in Wilmington, N.C.

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"Don't say it like you're proud of it," Daniel interrupted.

"Hey, it's a nice place," said Tozour, who got married two days before basic training. His wife works at a Wal-Mart back home, and he said he joined the Army "for the benefits. I mean, I don't need to pay for dental, medical, none of that."

At 9:50 a.m., Daniel checked his watch. They gathered their duffel bags and carried them out of the tent, through the maze of blast walls designed to protect against mortars and other dangers.

"Hey, Daniel!" called out a burly staff sergeant.

Daniel spun on his heels and snapped to "parade rest" -- hands clasped smartly behind his back, feet shoulder width apart, eyes straight ahead.

"Yes, sergeant!" both men said.

"It's okay, you can stand easy. Are you guys new?"

"Yes, sergeant," came the replies. They unclasped their hands.

He asked what job they had trained for and where they were headed. It's tough here, he said. "Keep your eyes open. Be alert."

"Yes, sergeant."

"Don't relax. This is no place to relax."

"Yes, sergeant."

The sergeant looked them over. "But you guys are going to have a lot of fun," he said as he sent them on their way. "Be safe."

Just out of the sergeant's earshot, Daniel turned to Tozour. "Don't relax speech Number 208," he said.

Their ride arrived a few minutes after 10 a.m., and they headed back to the landing zone.

Shortly afterward, the sergeant who had given them the "don't relax" speech, Staff Sgt. Benjamin Maldonado, 31, had a minute to reflect. An infantryman in his second year in Iraq, his current job is to help run the transient tents and other facilities on the base.

U.S. casualties are piling up here now, slowly but steadily. Maldonado said he doesn't see things here getting better, and it's tough to watch new guys go off into the fight. "It would be one thing if you saw some improvement."

A few minutes later, Maldonado ushered some Iraqi workers into tent MC-01. They started sweeping, and the air was filled with dust.

Strengthen Civilian Forces, Too (WT)

By Richard Lugar

The Washington Times, February 18, 2007

American troops in Iraq and Afghanistan are foremost in our thoughts and prayers, but the U.S. military has been quietly fighting the war against terror in scores of other foreign countries. Since September 11, 2001, the number of military personnel and Defense Department activities in non-combat countries has soared.

Finding, capturing and eliminating terrorists and their support networks are only part of the military's new mission. They have won new authority outside the traditional foreign aid framework to provide military training to foreign countries. Increasingly, the military is taking on roles once reserved for civilian agencies, such as building schools and clinics, drilling wells and conducting public information campaigns.

A strong military response is necessary for the war against terrorism. When our foreign friends use our training and intelligence to round up global terrorists on their soil, it is clearly a mutual success. But over-reliance on the military also carries risks.

To succeed, we need diplomats who can shape complex bilateral relationships, repair and build alliances and navigate through a labyrinth of foreign languages and cultures. We need foreign aid experts who know how best to promote democratic practices and economic development. And we need communication professionals to get our message across to foreign audiences.

These civilians are our best hope for defusing religious extremism and defeating international terrorism long-term. They are found in the State Department, the U.S. Agency for International Development and other civilian agencies. The military's encroachment into traditionally civilian activities risks blurring lines of authority and weakening the secretary of state's lead role in foreign policy.

Worse, it could actually hurt our anti-terror efforts by giving too strong a military cast to our programs and policies, fueling suspicion and resentment overseas.

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The shift is not the result of carefully considered policy. Often, the Pentagon is taking on these civilian responsibilities simply because it has the money to do so. Currently we have almost a 14:1 ratio of military spending to spending on the diplomatic and foreign aid agencies. The president's new budget for fiscal 2008 seeks an increase in routine defense spending (excluding supplemental requests for Afghanistan and Iraq) over the fiscal 2006 appropriation of some $71 billion. This two-year increase alone is roughly twice what we spend on the entire civilian foreign affairs budget.

And because the Pentagon now has authority to conduct its own foreign assistance programs, albeit with the "concurrence" of the State Department, the likelihood increases of skewing the balance between civilian and military programs. In the Dominican Republic, for instance, the Pentagon has $7.5 million to offer for military equipment and training, but only $800,000 in U.S. funds goes to public diplomacy.

While the military has received hefty budget increases since September 11, 2001, Congress has shortchanged the president's requests for civilian foreign affairs funding by $5.6 billion. Yet it is precisely vigorous action by those agencies that we need for success.

Senate Foreign Relations Committee staff members who recently visited a number of embassies to assess the impact of our growing military presence found that our ambassadors and a number of foreign officials are concerned. In particular, in countries where U.S. military assistance now exceeds our traditional economic aid, they worry that the U.S. ambassador could lose effective leadership of the bilateral relationship in-country as well as control over the coordination between Pentagon and civilian agencies.

I welcome the increased resources the military brings, and I believe strong military-to-military relations are an important ingredient in winning cooperation against terrorism. But the administration and Congress should adopt three important principles to bolster our civilian forces in the campaign against terror.

Full authority for ambassadors. An ambassador is the personal representative of the president and must direct all U.S. government activities in-country. That means he or she must be consulted ahead of time on all planned U.S. military activities and programs, and must have authority to overrule the Pentagon when necessary.

One voice in foreign policy. All security assistance, like other foreign aid, should go through the secretary of state, who should rationalize and prioritize our many assistance programs according to the president's strategic vision.

Match money to mission. Civilian foreign policy agencies get far less funding than they need. The administration should develop a comprehensive spending plan for robust diplomatic capability and assistance in every country important to our anti-terror campaign. Money should flow to the agencies with the expertise to accomplish the mission, rather than assigning the mission to whomever happens to have the money to pay for it.

Richard Lugar of Indiana is the Republican leader of the U.S. Senate Foreign Relations Committee.

Taliban Offensive Expected In Spring (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, February 18, 2007

Some observers worry that NATO forces in Afghanistan have failed to seize the initiative.

KANDAHAR, AFGHANISTAN — As the U.S. Black Hawk helicopter skimmed low over the desert, the signs of approaching spring were everywhere: melting frost in the hollows, the first shoots of green in the nearby fields, shrinking snowcaps on distant peaks.

In coming weeks, winter will loosen its grip on Afghanistan. Senior NATO generals insist that their troops are well positioned to confront the Taliban offensive that is expected to follow.

But some analysts, diplomats and other observers think the Western alliance, and the Afghan government it supports, has failed to use winter's relative lull in fighting to seize the initiative in advance of a new battle with the insurgents.

The North Atlantic Treaty Organization's forces in the south are being bolstered, but the influx of about 3,000 additional troops is privately described by field commanders as both tardy and considerably smaller than what they had hoped for.

The reinforcements will come almost exclusively from the United States and Britain; troop commitments by other alliance members have failed to materialize.

In some key districts, Taliban militants have reinfiltrated areas they were driven from months ago. Even before the start of any large-scale offensive, the insurgents are demonstrating an ability to capture territory, including their brazen seizure of the town of Musa Qala in Helmand province this month.

With Western troop levels at their highest since the fall of the Taliban in 2001, including a record 26,000 U.S. soldiers, senior NATO officials in Kabul, the capital, described the insurgents as scattered and demoralized after defeats last year — the bloodiest year of the conflict, with about 4,000 people killed.

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The Taliban harbored ambitions of seizing Kandahar, the movement's onetime stronghold, but were blocked in that drive last autumn, though fighting came within 10 miles of the city.

"2006 was a year of Taliban failure," said British Gen. David Richards, who turned over command of NATO forces to U.S. Army Gen. Dan McNeill this month. "The Taliban did not achieve a single objective…. We proved that NATO can and will defeat the Taliban militarily."

But commanders of remote coalition outposts that have come under frequent hit-and-run attacks this winter describe a resourceful and determined foe they think will be back in force to fight again.

"They're hard-core — very determined, very disciplined. They know the ground and they know how to fight, and they know how to adapt to changing conditions," said Canadian army Capt. Piers Pappin, whose mud-walled, thatched-roof outpost in the desert west of Kandahar was repeatedly attacked by bands of insurgents, even during the supposed winter lull.

Insurgent commandants have boasted that in coming months they will step up the use of crude yet lethal tactics such as suicide and roadside bombings, with which they can counter NATO troops' vastly superior firepower.

Suicide attacks increased fivefold in 2006, and the use of remotely detonated devices nearly doubled from the previous year, according to U.S. military figures.

'The call of extremists'

In Afghanistan's impoverished south, which is expected to be the focal point of fighting in the spring and summer, the slow pace of reconstruction has hurt allied military efforts to build the trust of villagers.

"While the growing insurgency is attracting increasing attention, long-term efforts to build the solid governmental institutions a stable Afghanistan requires are faltering," the Brussels-based International Crisis Group said in a report released at the end of January. As a result, "disillusioned, disenfranchised Afghans are … responding to the call of extremists."

Aid groups and nongovernmental organizations have characterized the reconstruction effort as falling far short of the targets set a year ago by Western nations and the Afghan government.

"So much could have been done over the winter to make these people's lives better," said Norine MacDonald, who works in Kandahar province in village outreach programs sponsored by the nonprofit Senlis Council. "Instead, their situation is getting worse all the time."

Heading into the next round of fighting, the dubious efficacy of the Afghan army is also a growing cause for concern. Coalition goals call for the force to expand to 80,000 troops by next year, but at this point, struggling with a high desertion rate, it is fielding about 20,000.

Senior Western military officials put a positive face on the progress made in arming and training the force. But field-level allied officers who work closely with the Afghan troops privately predict that it will take many years to shape them into a professional army capable of confronting the insurgents on their own.

The Afghan troops protest that they are counted on to smooth over anger when NATO operations result in civilian deaths and injuries. At least 100 Afghan civilians died last year at the hands of allied forces, according to New York-based Human Rights Watch, and Afghan rights groups put the figure many times higher.

"Whenever they do something that is against our culture, people get angry, very angry," said Lt. Col. Sheehin Shah Kabandi, a regional Afghan army commander in Kandahar. "We remind them again and again: If you enter someone's house by breaking down his door, that man and all his relatives are your enemy forever."

Local resentment is sometimes inflamed by what Western military officials see as an effort by Afghans to better their lot. In the Panjwayi district outside Kandahar, NATO troops for months have been bulldozing vineyards, arbors and orchards to build three wide roads radiating from their bases. Alliance officials say the roads will be an economic boon to villagers.

But some farmers said that promised compensation never arrived and that the roads appeared to be mainly for the troops' use.

"What do we gain?" said a weathered villager named Rahmatullah, bent nearly double under a load of dry sticks. "My grapes are gone, and I have nothing.

"I'm angry at the Taliban who were hiding here, but I'm angry at them too," he said, pointing with his chin toward NATO combat engineers leveling ground for the latest stretch of road.

Civilian casualties

As they seek to benefit from any NATO missteps, the insurgents have honed their tactics. Western commanders describe how the insurgents seed an area with arms caches, then blend with farmers and villagers until they are ready to pick up their weapons and fight.

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One commander at an outpost near Kandahar said he was grudgingly impressed when Afghan men who later proved to be insurgents loitered in a field by day, stacking stones that hours later were used to precisely position a rocket-propelled grenade launcher for a nighttime attack.

During a sweep last month, NATO soldiers found a compound that apparently had been used as an insurgent field hospital, with bandages, syringes and painkillers, within 200 yards of a troop outpost.

When the insurgents are able to establish themselves in a populated area, coalition forces face a difficult decision: whether to risk civilian casualties by attacking.

Musa Qala, a town in Helmand province's poppy-growing belt that was overrun by the Taliban early this month after a British-brokered truce collapsed, is a case in point.

NATO used a pinpoint airstrike to kill the Taliban commander who had led the takeover and said it would evict the rest of the insurgents when it was ready to do so. But military officials acknowledged it would be difficult to dislodge the Taliban fighters without inflicting civilian casualties, even though many residents had fled.

Civilian deaths have become a highly sensitive subject, particularly after Afghan President Hamid Karzai publicly broke into tears late last year while imploring allied troops to be more careful.

Bombers-in-waiting

Air power has become a much-relied-on advantage for coalition troops, but in addition to the risk of civilian casualties, springtime fighting will bring other challenges: for example, keeping helicopters and other aircraft in the skies when dust storms send columns of fine, sandy grit thousands of feet aloft.

Low-altitude surveillance carries the risk of drawing fire, but from higher altitudes "it's really hard to tell what's a threat and what isn't," said Sgt. Scott Campbell, a Black Hawk gunner with the Army's 10th Mountain Division at the Kandahar base.

Travel on the ground is also dangerous. Over the last several months, Taliban commanders have boasted that hundreds of would-be suicide bombers are waiting to be sent into action. Afghan and coalition arrest figures seem to bear out the claim; during one recent week, nearly a dozen suspected bombers-in-waiting were detained in and around Kandahar.

As a result, coalition convoys tend to race through the city after dark rather than moving about freely during the day.

Late one moonless night last month, NATO soldiers prepared for a run that would take their armored vehicles through downtown Kandahar and deep into the desert. With the engines rumbling, they listened to a squad commander's grim and detailed litany of attacks that had taken place recently in the area.

"What I'd say is this: Try not to stop," he told them. "Really try not to stop."

Everyone nodded.

U.S.-led Coalition Helicopter Crashes In Southeastern Afghanistan (AP)

AP, February 17, 2007

KABUL, Afghanistan (AP) — A U.S.-led coalition helicopter crashed Sunday in southeastern Afghanistan after reporting engine failure, a coalition statement said. An official said the helicopter was not shot down.

"It was not enemy fire related," said Col. Tom Collins, spokesman for NATO's International Security Assistance Force. "The pilot was able to radio in that he was having engine problems. We're confident it was not due to enemy action."

It wasn't immediately clear how many people were on board or what type of helicopter it was. The coalition has launched a search and rescue operation for the helicopter and its occupants, said U.S. military spokesman Lt. Col. David Accetta.

"For the safety of the people on board, we will not release the number of people on board until rescue operations are complete," Accetta said. "Rescue operations are underway."

Accetta also declined to give details about the model of the helicopter and the exact location of the crash.

The mountainous region of southeastern Afghanistan is under the command of U.S.-led forces.

Helicopter Crashes In Afghanistan (BBC)

BBC.com, February 17, 2007

The US-led coalition has said one of its helicopters has crashed in south-eastern Afghanistan after reporting engine failure.

The helicopter is reported to be an American Chinook, but the coalition did not give any more details.

An operation has been mounted to locate and rescue the helicopter's occupants.

Coalition and Nato forces have lost several helicopters in Afghanistan in the last few years but only one is thought to have been shot down.

Taleban claim

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"It was not enemy fire related," Col Tom Collins, of Nato's International Security Assistance Force (Isaf), was quoted by the Associated Press news agency as saying.

The Chinook is regularly used as a troop carrier in Afghanistan

"The pilot was able to radio in that he was having engine problems. We're confident it was not due to enemy action."

The helicopter crashed in the Shah Joy district of Zabul province. The province borders Pakistan and has been the scene of Taleban activity recently.

A Taleban spokesman said the helicopter had been shot down, but the BBC's Alastair Leithead in Kabul says they frequently make similar claims that are unfounded.

There is no indication as to whether the helicopter was on a military mission.

Our correspondent says the helicopter was based in Bagram airbase, near Kabul, where the weather has been poor.

But he said the weather further south in Zabul has been clearer.

Nato and coalition forces in Afghanistan are bracing for an expected spring offensive from regrouping Taleban fighters.

NATO Troops Mistakenly Kill Afghan Man (AP)

AP, February 18, 2007

NATO-led forces in southern Afghanistan shot to death an Afghan civilian mistaken for a suicide bomber because of twine and straps protruding from his jacket, the alliance said Sunday.

The man was crossing a road Saturday about seven miles west of Kandahar and appeared to be approaching a NATO convoy, said a statement from NATO's International Security Assistance Force.

"He appeared to be chanting and refused to heed warnings to stop," a NATO statement said. "As he continued his approach, members of the convoy noted what appeared to be a device with wires protruding from it on his chest."

The man failed to stop after the troops fired two warning shots, said Capt. Andre Salloum, an ISAF spokesman in Kandahar. They then shot him.

The troops searched the man and found that "he had twine, straps and other materials protruding from his jacket, which resembled wires, but there were no explosives," the statement said.

It was the second such civilian shooting Saturday in Kandahar.

NATO-led troops shot to death another Afghan man on Saturday as he ran between vehicles of a military convoy stopped near Kandahar's military airfield. The troops fired upon him after he failed to heed warning shots.

President Hamid Karzai has repeatedly called on U.S. and NATO-led troops to exercise extreme caution to prevent civilian casualties. Dozens of civilian deaths during operations by foreign troops have undermined his authority among Afghans.

Coalition Copter Crashes In Afghanistan; Search Launched (CNN)

CNN.com, February 17, 2007

KABUL, Afghanistan (CNN) -- A coalition helicopter went down in southeastern Afghanistan early Sunday after reporting an engine failure, according to a statement issued by the coalition headquarters in Bagram.

A search-and-rescue operation for the helicopter and its occupants was launched. "An investigation will be conducted into the cause of the incident," the statement said.

No further information was immediately available.

Also Saturday, NATO troops in southern Afghanistan shot and killed a man they mistakenly thought was a suicide bomber, according to NATO's International Security Assistance Force.

The incident occurred near Kandahar Airfield, in Kandahar province, and involved ISAF personnel.

ISAF said a man had been running "between the vehicles of a stopped convoy."

ISAF troops "believing he might be a suicide bomber, attempted to stop him. A gunner on one of the vehicles flashed a light at the individual after he kept moving toward the convoy, then fired warning shots. When the individual failed to stop, ISAF forces fired upon him."

They later determined the man -- who died at a medical facility at Kandahar Airfield -- was not carrying explosives.

"ISAF deeply regrets this loss of life" ISAF spokesperson Lt. Col. Angela Billings said in the statement.

"ISAF forces attempted to warn the individual away from the convoy, but he did not respond. Local nationals are encouraged to keep clear of all convoys, whether they are moving or stopped, to avoid further incidents," the statement said.

On Thursday, President Bush warned that U.S. and NATO forces can expect a heating up of the Taliban offensive as the snow melts in the mountains of eastern Afghanistan.

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In comments to the American Enterprise Institute, Bush said "fierce fighting" will continue in the Afghan-Pakistani frontier region, but he vowed that international forces are ready.

"Taliban and al Qaeda are preparing to launch new attacks," Bush said. "Our strategy is not to be on the defensive but to go on the offense. This spring there's going to be a new offensive in Afghanistan and it's going to be a NATO offensive, and that's part of our strategy."

Bush described the resurgence of Taliban and their attacks in 2006 as the "most violent year in Afghanistan since the liberation of the country."

The Afghan Crucible (LAT)

The Los Angeles Times, February 18, 2007

'LAST YEAR, THE NUMBER of roadside bomb attacks almost doubled, direct fire attacks on international forces almost tripled and suicide bombings grew nearly fivefold." That's not a quote from one of the president's critics about Iraq — it's from the president himself, and he was talking about Afghanistan.

It's not quite fair to call Afghanistan the war the administration forgot. But it was heartening last week to hear President Bush give a speech about that other war for the first time in his second term, to acknowledge the growing Taliban threat and to call for a renewed U.S. and NATO commitment. Still, military power alone won't make Afghanistan secure — the country must also undergo substantial economic development.

Congress should approve Bush's request for $11.8 billion for the next two years of operations in Afghanistan, but this will not suffice. Without a plan to jump-start reconstruction — and convince the Afghan people that the civil society the West wants to build for them is not just obtainable but worth fighting for — all could be lost.

The old saw that there are no military solutions to political conflicts was never more true than in Afghanistan. Yet, in the five years since U.S. forces toppled the Taliban government with a "light footprint," the Bush administration has never spent enough on reconstruction, opium-crop substitution payments for farmers, road building, education, healthcare or jobs programs — or enough on security to make sure the rebuilding succeeds.

Bush will not get the full support and cooperation of NATO allies until he demonstrates that reconstruction is not a second priority to fighting Al Qaeda. There are serious differences with Germany, which has sent thousands of troops and spent millions in Afghanistan, commanded NATO forces and been responsible for security in the country's north, where Berlin believes its style of nation-building has been notably successful. The government of Angela Merkel has signaled it believes that Washington is relying too heavily on military solutions.

The war effort cannot be allowed to falter over an "Americans are from Mars, Europeans are from Venus" cultural divide on whether to emphasize military commitment or nation-building. Both approaches are necessary.

NATO needs to bear its share of the burden, contributing troops to the fight in the south and continuing to lift conditions on their deployment. And Washington, however distracted by its Iraqi adventure, cannot shortchange the effort to rebuild the nation whose failure led directly to 9/11. The possibility that democracy could fail in Afghanistan is awful to contemplate.

Shooting Pain (WP)

By William Saletan

The Washington Post, February 18, 2007

If you're worried about terrorism, upset about the war in Iraq, and depressed by global chaos, violence and death, cheer up. The U.S. military just invented a weapon that fires a beam of searing pain.

Three weeks ago, it was tested on volunteers at an Air Force base in Georgia. You can watch the video on a military Web site (http://https://www.jnlwp.com/ActiveDenialSystem.asp). Three colonels get zapped, along with an Associated Press reporter. The beam is invisible, but its effects are vivid. Two dozen airmen scatter. The AP guy shrieks and bolts out of the target zone. He says it felt like heat all over his body, as though his jacket were on fire.

The feeling is an illusion. No one is harmed. The beam's energy waves penetrate just 1/64 of an inch into your body, heating your skin like microwaves. They inflame your nerve endings without burning you. This could be the future of warfare: less bloodshed, more pain.

Military technology has always sought a greater precision from a longer range. In the Persian Gulf War, Kosovo and Afghanistan, we exploited the increasing accuracy of laser-guided bombs. In the post-9/11 terrorist hunt and the occupation of Iraq, we've sent hundreds of remotely piloted aerial drones to spy and kill. But the lives protected by drones are ours. The pain beam is more ambitious: It can spare civilians and even the enemy. Precision isn't just the ability to kill. Sometimes, it's the ability to disperse and deter without killing.

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That kind of precision is becoming more important. Twelve years ago, the Defense Department observed that our armed forces were increasingly being used for peacekeeping, humanitarian aid and protection of civil society. More of our enemies were blending in with, or disguising themselves as, civilians. Through the media, more eyeballs, hearts and minds could see the infrastructure we destroyed. DOD proposed the development of weapons "to incapacitate personnel or materiel, while minimizing fatalities, permanent injury to personnel, and undesired damage to property and the environment."

Like lethal weapons, nonlethal weapons have evolved from short to long range. Batons and pepper spray required hand-to-hand combat. Water cannons, rubber bullets, beanbag rounds and stingball grenades have extended our reach, but not far enough to keep troops clear of rocks or small-arms fire. Some of those nonlethal weapons are insufficiently discriminate. Tear gas torments a whole crowd, not just the miscreants using the crowd for cover.

Projectiles are also unpredictable. At long range, particularly in crosswinds, rubber bullets can hit the wrong people, or the right people in the wrong places. At close range, they can kill. Look at the absurdly named "FN303 less lethal launcher." It's supposed to fire "nonlethal projectiles at established nonlethal ranges." But when launching things, less lethal is the best you can do.

That's where the pain beam comes in. Unlike projectiles, beams are "directed energy." They travel in a straight line over long distances, ignoring gravity and wind. They cause no more damage at 10 feet than at 1,000. Unlike gas, they discriminate. Raytheon, the pain beam's manufacturer, points out that the weapon "allows precise targeting of specific individuals" and that the pain "ceases immediately" when the beam is diverted or the target flees.

The shift from hardware to software, from matter to energy, can do more than control the unpredictability of weapons. It can control the unpredictability of the people who fire them. Early nonlethal devices, such as rubber bullets and Mace, often caused injuries because of abuse by hotheads. When the pain beam was being developed, somebody accidentally fired it on a high setting, inflicting a second-degree burn. The designers responded by programming limits on the beam's power and duration.

Years of work have gone into making the beam safe. It has been tested thousands of times on 600 volunteers. It has been reviewed and revised by the military's Human Effects Review Board, a Human Effects Advisory Panel made up of nonmilitary experts in the field and military surgeons general. It has been tested for effects on skin cancer, fertility, jewelry and drunks. The results have been published in peer-reviewed journals. Never has an organization that is licensed to kill jumped through so many hoops to make sure nobody gets injured.

The DOD's nonlethal weapons program is a pacifist's dream. Its "vehicle lightweight arresting devices" are built to stop cars with minimal damage, allowing minor injuries only if you're "not wearing a seat belt." Its "acoustic hailing devices" are engineered to deliver sound waves "below Occupational Safety and Health Administration hearing limits for prolonged exposure." Its founding directive pledges to avoid environmental damage. Even the Less Lethal Launcher projectiles are "nontoxic."

But the ability to inflict pain without injury doesn't just make injury less necessary. It makes pain more essential to military operations -- and easier to inflict. To achieve the desired "repel effect," I have to make you suffer. Knowing that your agony will be brief and leave no physical damage makes the weapon easier to fire. It's almost as though, like the flames the AP reporter imagined were engulfing his jacket, your pain isn't real.

That's the metaphysical gap that nonlethal energy weapons exploit. The rain of pain falls mainly in the brain. The long-range acoustic device, for instance, "can target narrow sound beams at excruciating decibel levels, but below the threshold of hearing damage," according to a military account of a presentation by its project manager. Four months ago, Congress passed and President Bush signed legislation to prosecute torture, defined as intentional infliction of "serious physical or mental pain or suffering." But that rule applies only in captivity. On the street, pain administration won't be a crime. It'll be a policy.

Two weeks from now, military leaders will convene in London to discuss the pain beam and the next generation of directed-energy weapons, including microwaves and lasers. Law enforcement agencies are interested. Raytheon is already advertising the technology for commercial applications. The military is even developing a "personnel halting and stimulation response" system -- yes, a PHaSR -- to stun targets instead of killing them. But don't worry, nobody will get hurt. Sort of.

William Saletan covers science and technology for Slate, the online magazine at www.slate.com.

DOJ:

6 Of 7 Dismissed U.S. Attorneys Had Positive Job Evaluations (WP)

By Dan Eggen, Washington Post Staff Writer
The Washington Post, February 18, 2007

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All but one of the U.S. attorneys recently fired by the Justice Department had positive job reviews before they were dismissed, but many ran into political trouble with Washington over issues ranging from immigration to the death penalty, according to prosecutors, congressional aides and others familiar with the cases.

Two months after the firings first began to make waves on Capitol Hill, it has also become clear that most of the prosecutors were overseeing significant public-corruption investigations at the time they were asked to leave. Four of the probes target Republican politicians or their supporters, prosecutors and other officials said.

The emerging details stand in contrast to repeated statements from the Justice Department that six of the Republican-appointed prosecutors were dismissed because of poor performance. In one of the most prominent examples, agency officials pointed to widely known management and morale problems surrounding then-U.S. Attorney Kevin Ryan in San Francisco.

But the assertions enraged the rest of the group, some of whom feel betrayed after staying silent about the way they have been shoved from office.

Bud Cummins, the former U.S. attorney in Little Rock, who was asked to resign earlier than the others to make way for a former White House aide, said Justice Department officials crossed a line by publicly criticizing the performance of his well-regarded colleagues.

"They're entitled to make these changes for any reason or no reason or even for an idiotic reason," Cummins said. "But if they are trying to suggest that people have inferior performance to hide whatever their true agenda is, that is wrong. They should retract those statements."

The decision by Cummins and some of the others to speak out underscores the extent to which the firings have spiraled out of the Justice Department's control. Officials initially sought to obscure the firings even from some senators, and have since issued confusing signals and contradictory information about the episode.

For example, one source who was familiar with the episode said last week that an eighth U.S. attorney was asked to resign in December along with the others. The unidentified prosecutor is negotiating to stay in the job, said the source, who spoke on the condition of anonymity because of the delicacy of those discussions.

The end result is an unusual spectacle in which Democratic lawmakers are bemoaning the firings of Republican-appointed prosecutors. The political pressure has become so great that Cummins's successor in Arkansas, former White House aide J. Timothy Griffin, announced on Friday that he had decided not to submit his name to the Senate for a permanent appointment.

Lawmakers from both parties are pushing to strip Attorney General Alberto R. Gonzales of his power to name replacement U.S. attorneys for an indefinite period, although Republicans blocked that proposal in the Senate last week. The House Judiciary Committee is planning hearings on similar legislation in March.

"I don't know how they could have mishandled this any worse," said one of the fired U.S. prosecutors, who declined to be quoted by name because he feared repercussions.

"There always have traditionally been tensions between main Justice and U.S. attorneys in the districts," said Carl W. Tobias, a law professor at the University of Richmond. "But it does seem like there's an effort to centralize authority in Washington more than there has been in the past and in prior administrations."

Most of the firings came on Dec. 7, when senior Justice Department official Michael A. Battle -- a former U.S. attorney himself -- called at least six prosecutors to inform them that they were being asked to resign. Battle was apologetic but offered little in the way of explanations, telling some that the order had come from "on high," according to sources familiar with the calls.

In addition to Ryan in San Francisco, the prosecutors who were called that day included Carol S. Lam in San Diego, John McKay in Seattle, David C. Iglesias in New Mexico, Daniel G. Bogden in Nevada and Paul K. Charlton in Arizona. Cummins had been informed of his dismissal last summer but stayed until December.

The breaking point for Cummins and the others was testimony this month by Deputy Attorney General Paul J. McNulty, who told the Senate Judiciary Committee that the six U.S. attorneys in the West and Southwest had been dismissed for "performance-related" reasons and that Cummins had been pushed out to make room for Griffin.

That testimony "was the moment the gloves came off," said one fired prosecutor who declined to be identified.

Five of the dismissed prosecutors -- Bogden, Charlton, Cummins, Iglesias and McKay -- told reporters that they were not given any reason for their firings and had not been told of any performance problems. Only one of the fired prosecutors, Ryan in San Francisco, faced substantive complaints about turnover or other management-related issues, officials said.

Justice Department officials in recent days have sought to clarify the performance comments, saying the dispute is mired in "semantics." The officials said McNulty was referring to policy differences between the Bush administration and some of its employees. One official also said that the department had not made a list of replacements ahead of time.

"When you are setting national policy, you cannot have U.S. attorneys setting their own policies," said a Justice Department official who spoke on the condition of anonymity.

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Bogden and Lam are among a handful of declared independents who worked as U.S. attorneys in the Bush administration. The rest of the group are viewed as moderate Republicans who have sometimes been at odds with their Washington bosses or more conservative Republicans.

In Seattle, for example, local Republicans complained to Gonzales about McKay's decision not to intervene in the disputed Washington gubernatorial race in 2006, which a Democrat eventually won by 129 votes.

Lam was the target of repeated complaints from conservative House Republicans, who asserted that she was lax in enforcing immigration laws. The Justice Department also points to drops in the number of firearms cases filed by her office.

Charlton in Arizona clashed with the Justice Department's headquarters on at least two occasions over murder cases in which he opposed seeking the death penalty, including one that prompted an outcry from Navajo groups opposed to the use of capital punishment. He was overruled in both cases, officials said.

"There was no public controversy about any of these; any controversy was within the Justice Department," said J. Grant Woods, a Republican and former Arizona attorney general.

But the cases that have gotten most of the attention among Democrats in Congress involve public-corruption investigations. In San Diego, Lam oversaw the probe that resulted in the guilty plea of then-Rep. Randy "Duke" Cunningham, a Republican. Two others connected to that case, including a former senior CIA official, were indicted two days before Lam left the job on Thursday.

Bogden in Nevada and Charlton in Arizona were also in the midst of investigations targeting current or former Republican members of Congress when they were fired. And in New Mexico, Iglesias's office had been examining alleged wrongdoing involving state Democrats.

Gonzales, McNulty and other Justice Department officials have strongly denied that those investigations played a role in the dismissals.

"The department's commitment to pursuing prosecuting public-corruption cases is clear," said spokeswoman Tasia Scolinos. "Any suggestion that removal of these particular U.S. attorneys was political or in any way would harm ongoing investigations is 100 percent false."

Ark. U.S. Attorney Appointee Won't Seek Senate Confirmation (AP)

By Jon Gambrell, Associated Press

AP, February 18, 2007

LITTLE ROCK, Ark. – An interim U.S. attorney says a “partisan circus” over his recess appointment makes it impossible for him to receive fair consideration, and he will not seek Senate confirmation to his Arkansas district.

However, Tim Griffin can remain at the post without confirmation under a new provision in the Patriot Act that allow recess appointments to last until the end of a president's term, instead of 120 days. That provision was included in the act's reauthorization last year.

The new rules became fuel for hearings when the Democratic-controlled Congress took power this year, with Sen. Mark Pryor, D-Ark., questioning Griffin's appointment.

“They should do the right thing and name another interim appointment,” said Michael Teague, a spokesman for Pryor. “Let's get back to the way the founding fathers saw this process working.”

Griffin left open whether he would remain in the position until the end of President Bush's term, but he said he has not looked for another job.

“The upside is I'm here in the job and will remain in the job until such time the White House asks me to move on,” Griffin said Friday.

Griffin, 38, is a former military lawyer who worked in the White House under Karl Rove as a special assistant to the president. He replaced former U.S. Attorney Bud Cummins in a December recess appointment.

White House officials did not immediately comment on Griffin's decision. In a statement, Department of Justice spokeswoman Gina Talamona said Attorney General Alberto Gonzales was “disappointed that Senator Pryor would not support Tim's confirmation.”

“We are pleased that he is willing to serve as interim United States attorney until a candidate is nominated and confirmed,” Talamona said.

Senators continue to debate a bill that would change the provision of the Patriot Act that allows the indefinite appointments and return to the 120-day deadline for legislative approval.

Politicizing Justice (BSUN)

DOJ_NMG_0133310

The Baltimore Sun, February 18, 2007

Deputy Attorney General Paul J. McNulty just couldn't tell a lie. So when pressed during Senate hearings on the unceremonious firing of seven U.S. attorneys, Mr. McNulty had to concede that politics did play a role in dumping the chief federal prosecutor in Little Rock, Ark. The replacement, J. Timothy Griffin, was an FOK - friend of Karl. That's Karl Rove, the president's top political adviser and key Republican strategist.

You can't get any more political than that.

With Arkansas Sen. Mark Pryor raising serious questions about the appointment, Mr. Griffin wisely withdrew his name for permanent consideration.

Mr. McNulty and his boss at the Justice Department, Attorney General Alberto R. Gonzales, should stop conning the American people. Their explanation for the firings - that they were "performance-related" - is pure poppycock. Congress should move swiftly to repeal an aspect of the Patriot Act that gives the attorney general the power to appoint interim U.S. attorneys for an indefinite period of time, which could result in someone serving in this powerful post without congressional consent. Mr. Gonzales doesn't deserve this power.

His recent firings show what matters to Mr. Gonzales, and it isn't performance:

Consider the dismissal of the U.S. attorney in San Diego, Carol S. Lam. She successfully prosecuted former Rep. Randy "Duke" Cunningham, a Republican, for influence peddling.

Then there's John McKay, U.S. attorney in Seattle. He had received a glowing report from Justice Department auditors last year, and a follow-up letter from a Justice official congratulating him on the good work. That same official called him in December, and without explanation told him his time in office was over. The chief judge of the federal court there took the unusual step of speaking out in defense of Mr. McKay, calling him "absolutely superb."

And there was the U.S. attorney in Nevada, Daniel G. Bogden, who, in comments to the Las Vegas Review-Journal, said he was given no indication his performance was a problem.

U.S. attorneys have enormous power. By politicizing the appointments, the Bush administration has diminished their ability to fairly and judiciously carry out their responsibility.

A New Crimefighter In Town (STPPP)

By Ellen Tomson

The St. Paul Pioneer-Press, February 18, 2007

Rachel Paulose is a U.S. attorney who is comfortable quoting Bible verses. She believes it is a blessing to live in a country where a person can take on crime, terror and corruption.

The daughter of immigrants who support her every move, she works herself hard, shorts herself on sleep and sacrifices her social life in the pursuit of justice.

Meeting her for the first time, you might not detect her underlying strengths. She easily disarms you.

Glimpsed down a hallway at the federal courthouse in Minneapolis, she's a slight, 5-foot-6-inch figure who moves gracefully from an open office doorway. She's wearing her dark hair long down her back. She's smiling as she offers a greeting and a handshake.

"The greatest reward is seeing the impact we have on people's lives," she says. That's the kind of statement that normally prompts eye rolls. But Paulose's intensity sidetracks questions about her sincerity.

At 33, she's the youngest current U.S. attorney and the first woman to serve in the position in Minnesota.

She manages some 50 assistant U.S. attorneys in an office that examines and seeks to successfully prosecute the most repulsive and harmful of crimes.

She points with pride to the more-than-20-year prison sentences obtained by her office in three child pornography cases during the past six months and then, referring to predators as yet uncaught, she promises: "We're going to find you, hold you, and you're going to do a long time in federal prison."

"The crimes have become more depraved, more heinous, and the victims are subjected to particularly sadistic forms of abuse that the general public would find unimaginable," she says. "The reality is that good people don't know about this because they're not online looking."

'THIS COUNTRY IS A GIFT TO THE WORLD'

PPaulose (pronounced "Paul-us") was 8 when she asked for a Time magazine subscription for her next birthday. She was in elementary school when she organized her first political rally.

Her mother recalls, "She was always interested in understanding what was going on around her — and wanted to make a difference.

"She's very strong in what she believes in, whether it is moral values, spiritual values or effects on society," Lucy Paulose says.

Rachel Paulose's family background and faith are keys to understanding her patriotism and the passion she brings to her work.

"I have a great appreciation of how special this country is," she says. "I believe this country is a gift to the world."

Her grandfather, a government official in India, came to the United States to study theology in the 1960s.

"I have a hard time talking about this without becoming emotional," Paulose says, her eyes suddenly welling with tears. Her family, she explains, "came here hoping for the American dream at a time when the Communists were basically sweeping across Southeast Asia."

Her last name is Greek and derives from a branch of her ancestry that included a Greek Orthodox bishop. Her first name and middle name, Kunjummen, are drawn from the Semitic origins of ancestors from the Middle East. But her family converted to Christianity, most likely in the first century after St. Thomas is said to have traveled to India. She and her family currently attend Plymouth Bible Chapel.

Paulose's grandparents Daniel and Sara Kunjummen have lived in Bloomington for 40 years, but she grew up in Findlay, Ohio, a 30-minute drive from Toledo. Paulose graduated from high school a year early, and the family moved to Minnesota after her mother received job offers here and Paulose was accepted to the University of Minnesota.

Paulose's father, Joseph, is a Hopkins school district administrator and former economics professor in India. Her mother owns Home Electronic Specialists in Hudson, Wis.

They raised Rachel and her younger sister, Elizabeth Schulte, with the idea "you have to have a passion for what you do and should make a difference," says Lucy Paulose. "Enjoy the journey, but make this a better place."

Paulose's parents, as well as an extended family of more than 100 relatives who have settled in the United States, have always provided a tight network of support.

While in high school, Paulose was selected for the American Legion-sponsored Girls State and elected governor in the mock government and citizenship program. She recalls her parents' patience when she changed her mind three times about what she wanted to wear after she was elected Girls State "governor." They drove home to retrieve each outfit.

Throughout high school, college and even while preparing for the bar exam, Paulose's parents stayed up late with her while she studied, providing help, snacks and hot chocolate. After Paulose was accepted to both Harvard and Yale law schools, an uncle accompanied her on a trip to New England to help her decide between the two. When Paulose moved briefly to Washington to work for the Justice Department, another uncle helped her find a place to live and helped her move in. And Paulose's grandfather, who was disappointed when she chose law over medicine after three years as a pre-med student, nevertheless indicated his pride in her by providing her registration fee for law school.

Many family members were present at her Yale Law School commencement to see Paulose, chosen as the law school's representative, carry a banner in the procession.

"So many people in my family had invested in me," she says. "It was the culmination of years and years of hard work by all of us."

'ETHICAL IN EVERYTHING SHE DOES'

IIn just 10 years, Paulose has compiled an impressive record. After graduating from Yale Law School, she snagged a sought-after position in Minneapolis as a law clerk to James Loken, chief judge of the 8th U.S. Circuit Court of Appeals. She worked for four years in private practice for the Dorsey & Whitney law firm and served in the U.S. Justice Department as an Attorney General's Honors Program trial attorney for the civil rights division.

She also prosecuted criminal and civil cases as an assistant U.S. attorney for Minnesota; served as senior counsel to Acting Deputy Attorney General Paul McNulty, and as the Justice Department's special counsel for health care fraud.

Nevertheless, her appointment a year ago as U.S. attorney for the District of Minnesota was headline news and raised a few eyebrows.

The appointment departed from normal practice. For the first time in decades, an interim U.S. attorney was sent directly from the Department of Justice to fill the job in Minnesota. Traditionally, interim appointees have come from within the Minnesota office, promoted either from first assistant U.S. attorney or chief of the criminal division.

"There were plenty of women who wanted that job — and plenty of men, too," says A.M. "Sandy" Keith, former chief justice of the Minnesota Supreme Court.

Keith and others who know Paulose describe her as well qualified for her job, which includes taking on corrupt public officials and law enforcement officers — "policing the police," as Paulose describes it.

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Hank Shea, a fellow at the University of St. Thomas Law School's Holloran Center for Ethical Leadership in the Professions, worked with Paulose from 1999 to 2002. The fact that she began working in the U.S. attorney's office as a law student and now leads the office, he says, "shows a real commitment to public service on her part."

"Her integrity is unbelievably high, and she is ethical in everything she does. For the top federal attorney in a state, there are no more important qualities than those."

Paulose works 10 to 12 hours a day, six days a week, and forces herself to leave her office no later than 8 p.m. on some days by scheduling workouts. She's serious in every endeavor she undertakes, including exercise. Kickboxing and karate are her favorite sports.

"I've had my share of injuries," she says during a recent interview in a corner conference room at her office. In fact, her injuries have been numerous, including a concussion and broken collarbone.

She grins as she extends one foot to show the location of a scar and a swollen ankle.

She's normally media shy, prefers press releases to interviews and is particular about how she is portrayed. She refused to have her picture taken in a non-work venue, for example.

"I'm wearing a suit, and I'm going to be in my office," she stated firmly. Her suggestion for the background of the photo? The American flag.

'A FAST LEARNER'

PPaulose graduated summa cum laude from the University of Minnesota, where she was a member of Phi Beta Kappa and a Truman Scholar.

Keith met her while she served as a student representative on the university's Board of Regents. Even then, Paulose was a newsmaker, objecting to proposed tuition increases, which she argued would deny poor students access to the university.

Keith, a Yale Law School graduate, became her mentor. He is executive director of the Rochester Downtown Alliance and displays her photo in his office.

After law school, Paulose clerked for Loken from 1997 to 1998. Loken, a Harvard Law School graduate and former longtime partner at Faegre & Benson, receives about 300 applicants for the three clerk positions he offers each year.

"I look for academic superstardom, undergraduate years as well as law school, first and foremost, because that's the most likely guarantor of someone who can do the incredibly difficult analytical work required," says the judge, who assigns his clerks separate cases. He estimates he judges 600 to 800 cases a year, writing 50 to 60 opinions to be published in law books, in addition to writing shorter orders and papers not requiring published opinions.

Because the work is intense and his office is small — just himself, a secretary and the three clerks — he says, "I also look for people who would be fun to spend a year with." Paulose's interview was "delightful and her zeal pretty apparent," he recalls.

Paulose is his "first former clerk to be confirmed by the (U.S.) Senate for anything," Loken notes. She is also likely the only one working as a prosecutor. Most former clerks are in private practice.

"She's come a long way very, very rapidly, and the reason is she's very, very competent and can do the job, obviously," Keith says. "She's tough, a fast learner, very hard working, disciplined, focused and is very, very skilled."

She is also adept at figuring out how an office or organization functions, how to get to know the right people in the right places and what she needs to learn to move up, he says.

Attorney General Alberto Gonzales appointed Paulose as Minnesota's acting U.S. attorney a year ago. She replaced Thomas Heffelfinger, whom she had worked under previously.

Gonzales has fired some top federal prosecutors, replacing them with attorneys regarded as more conservative and, some critics say, less likely to buck Washington. Some current and former prosecutors allege the changes are an attempt by the Bush administration to curb prosecutors' independence.

The selection of U.S. attorneys has always been a political process, and while Paulose's name is sometimes mentioned in the context of the recent firing and hiring controversy, the circumstances of her appointment and confirmation were different.

Heffelfinger, her predecessor, was expected to continue in the job but surprised the Justice Department when he announced his resignation.

"I left for personal and financial reasons and delayed announcing my departure until the last minute to avoid being a lame duck," Heffelfinger says.

Unlike other new appointees named by Gonzales last March, Paulose was named to her position in mid-February, following Heffelfinger's announcement. And, unlike some other appointees, she was confirmed by the U.S. Senate (in December). Her investiture ceremony is set for next month.

'A SENSE OF MISSION'

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TThe six priorities of her office include terrorism, violent crime, drug trafficking, cybercrime, government and corporate corruption, and civil rights, especially as they relate to human trafficking and housing discrimination.

Her job is a vantage point for Minnesota's worst problems and also involves anticipating worst-case scenarios. As she refers to two high-profile cases charging terrorism, for example, she notes the state's "points of vulnerability," which include a portion of the longest unarmed border in the world, a trucking industry that is among the most active in the country and an inland harbor that is one of the largest in the world.

Ordinary citizens sometimes need to be educated about crime that they may not notice but is taking its societal toll nevertheless. Several months ago, she co-wrote an editorial in an effort to make people more aware of the negative effects of methamphetamine, "the Number 1 narcotics threat in Minnesota." The manufacture and use of the drug harms not just users, she says, but also families and children because people are making it in their garages and homes.

She also wants people to know that human trafficking, a form of modern slavery for sex and labor, is more relevant to Minnesota than most of us realize. Recent immigrant populations, particularly Hmong and Somali, are especially vulnerable. Her office recently indicted one case and is investigating several others in an effort to shut down and deter smuggling rings of human traffickers.

In one case, a professional couple held someone from a developing country as a worker, against the person's will, and paid the person nothing. In other instances, young women are held as sexual slaves and "tortured or threatened to prevent them from escaping," she says.

Paulose refers to her job in the public sector, which is a lot less lucrative than many of the private practice jobs held by her peers, as "a privilege" and "an opportunity to serve." She especially thrives, she says, when she works with others who also "have a sense of mission."

As an appointee with Republican ties, she could be replaced when President Bush leaves office. So, what might be next for Paulose? Politics?

"No!" she says. But she would love to stay in public service and in Minnesota.

She cites a Bible verse, Micah 6:8: " 'What does the Lord require of you but to do justice, to love kindness and to walk humbly with your God. …'

"When I keep my focus on those things, good opportunities appear."

Ellen Tomson can be reached at etomson@pioneerpress.com or 651-228-5455.

CRIMINAL LAW:

'McMissile' Moment Lands Mom In Jail (WP)

By Theresa Vargas, Washington Post Staff Writer

The Washington Post, February 18, 2007

Driver Gets Felony Conviction For Tossing Cup of Ice Into Car

To the locals, it's the "McMissile" case.

And like the name, the details of it spill forth like a bad joke: A woman is driving north on Interstate 95. Three kids squirm in the back seat, and her sister, six months pregnant and having early contractions, sits in the front. The stress starts to simmer. Traffic slows, then crawls, then creeps. More stress. A car cuts in front of her, then scoots away. A short time later, it darts in again. She can no longer take it. She veers onto the shoulder and speeds up. Wham! She tosses a large McDonald's cup filled with ice into the other car.

"From my side, I heard a whoomp," recalled the woman's sister, LaJeanna Porter, 27. "I was like, 'I know you didn't throw that cup.' She said, 'Yes I did.' "

Neither woman foresaw the seemingly supersize repercussions of that misguided moment July 2.

No one was injured, but the cup launcher, Jessica Hall, 25, of Jacksonville, N.C., was charged and convicted by a Stafford County jury of maliciously throwing a missile into an occupied vehicle, a felony in Virginia. The instructions given to the jury said that "any physical object can be considered a missile. A missile can be propelled by any force, including throwing."

Hall, a mother of three young children whose husband is serving his third tour in Iraq, has spent more than a month in jail.

The jury sentenced her to two years in prison, the minimum, and a judge will formally impose a sentence Wednesday. Under state law, the judge can only decrease the jury's sentence.

"We didn't think it would go this far," Hall said in an interview at the Rappahannock Regional Jail. "Two years! What did I do?"

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There are two versions of what happened that day. The occupants of both cars agree on this: It was hot, the kind of hot in which legs stick to leather seats, and the traffic was barely moving, slowed by a fatal crash up the road in Prince William County.

In one car, driver Pete Ballin, 36, and girlfriend Eliza Fowle, 28, were heading home to the District after visiting her father in North Carolina. They said they were maneuvering through the stalled traffic, not even noticing Hall until the Mickey-D moment.

"I guess we inadvertently merged back in front of her," Fowle said. "She apparently took that as some sort of aggressive maneuver on our part."

The next thing they knew, Fowle said, Hall was pulling up in the emergency lane and "chucking a big, supersized McDonald's cup at us." It flew diagonally across Ballin and onto Fowle. "It was gross and sticky and got all over me and the front of our car, the dashboard and the windshield," Fowle said.

Hall, whose family was driving from North Carolina to New York for a family party, saw the situation differently. She said she had never driven that route and was trying to keep up with her father's truck when Ballin cut in front of her the second time, causing her to swerve onto the shoulder. She said she was worried because her sister's bulging belly almost slammed into the dashboard.

Hall's next move was wrong, she said, but she felt provoked.

"It was past me ignoring him. I'm not going to lie; I was cursing him," she said. "I took the McDonald's cup. I tossed it over my car."

She never fathomed that it would land her in jail for the first time in her life, wearing a standard-issue jumpsuit frayed up both legs and learning to curl her hair using toilet paper. Not even when she saw Ballin talking to the state trooper up the highway, or when she was arrested and released on her own recognizance, or even when a trial date was set for Jan. 3.

Even when Ballin testified, Hall said, "I'm thinking about what I'm going to cook when I get home."

"I passed out when they said guilty, two years," she added. "I became a convicted felon."

Fowle stands by the couple's decision to report the crime but concedes that even she and Ballin were surprised at the conviction.

"I think that this is way too much of a punishment for her actions. This is just to me absolutely ridiculous," Fowle said. Community service would have made more sense, she said. "It's something that's going to make someone realize I did screw up, and I'm going to remember this, and I'm not going to do something like this again."

Hall's attorney, public defender Terence Patton, did not return calls for comment. Nor did Commonwealth's Attorney Daniel M. Chichester or Assistant Commonwealth's Attorney George Elsasser, who handled the case.

Elsasser argued in court that had Ballin been hit by the drink, he might have gotten into a serious accident with injuries. Hall also was found guilty of reckless driving, assault against Ballin and assault and battery against Fowle. For her conviction on those charges, the jury recommended she be fined $1,000.

According to court documents, Hall is unemployed and, with her husband's salary, the couple takes in $30,384 a year. She receives $388 a month in food stamps.

"It doesn't seem right for her not to be around," said Porter, who is watching one of Hall's three children, ages 4, 6 and 8. The younger two are with their grandparents. "We just hope that whatever they do, don't let them keep her. Without her, I don't know what I'll do."

Hall said she has cried every day she has spent locked up and wakes most days to find clumps of hair on her pillow from the stress. She shares a cell with two other women and spends 19 hours a day in the cell, she said.

When Hall talks about the incident, she sometimes jokes about how she will only fly over Virginia from now on and says other inmates sometimes throw things in her direction and say, "Watch out McMissile."

But in other moments, when she talks about the reality of a felony conviction, her expression goes blank. She was supposed to start nursing school the day after she was sent to jail, and she wonders what job she will be able to get once potential employers do a background check.

"Now people are going to see me as an angry, road rage, convicted felon. And it really upsets me," she said. "I must have been wrong . . . but seriously, God. Lesson learned. Lesson learned is one hour in this place."

Hornsby Indictments Revive Questions Of His Time As Yonkers Schools Chief (NYJN)

By David Mckay Wilson, THE JOURNAL NEWS

New York Journal News, February 18, 2007

Former schools chief Andre Hornsby burst on the scene in Yonkers nine years ago with a cadre of Texas educators, fresh from helping transform the Houston school system. He came east to boost test scores and bridge the digital divide in city schools.

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With the aid of Cynthia Joffrion, the Texas technology maven who joined him in Yonkers, new computers flooded into classrooms while Hornsby's leadership helped raise test scores. Throughout his stormy 23-month tenure, however, Hornsby was dogged with questions about his dealings with technology vendors.

It turns out that Joffrion, assistant superintendent for technology support services under Hornsby, was among his accusers, according to an FBI affidavit obtained by The Journal News. Joffrion in 1999 told authorities that Hornsby had ordered Yonkers employees to send new computers to his relatives. But then-Westchester District Attorney Jeanine Pirro's investigation of those allegations never led to charges after Hornsby caught wind of the probe.

In hindsight, Hornsby's Yonkers troubles seemed to presage what was to come following his hiring in 2003 as chief executive officer of the school system in Prince George's County, Md., the nation's 18th largest district. It borders Washington and has more than 130,000 students and a budget exceeding $1 billion. Hornsby now awaits trial on a 16-count federal indictment arising from a scheme in which prosecutors say he awarded lucrative technology contracts that benefited himself and close associates.

One of the case's key witnesses appears to be none other than Joffrion, who cooperated in Pirro's investigation as well as the FBI inquiry that led to Hornsby's downfall, according to documents and interviews.

Hornsby stepped down from his $250,000-a-year post in 2006 just before his indictment.

"What a travesty," said former Yonkers Mayor John Spencer, who backed Hornsby's hiring in 1998 but then urged his firing less than two years later. "We got rid of him, then he goes to Prince George's, he rips those people off, and they finally catch him. They should have caught him here."

Joffrion, who played a central role in the Westchester and Maryland probes, left Yonkers in June 2000, two weeks after Hornsby was fired. She later worked on technology issues for the Mount Vernon school district before becoming a private consultant. Attempts to reach Joffrion were unsuccessful.

"I think she was in over her head," recalled retired Yonkers teacher Florence McCue, who worked with Joffrion on computer issues. "I think her position was more than she bargained for. But she was the technology person, and she was good at talking."

Details of the aborted Westchester investigation are included in an affidavit from the Maryland case, made by FBI Special Agent John Sheridan in 2005 as he sought a warrant to seize Hornsby's office computers.

The FBI affidavit does not identify Joffrion, but refers to her as a cooperating witness who worked on technology issues with Hornsby in Texas in the late 1990s and joined him as an assistant superintendent in Yonkers in the fall of 1998. Joffrion was hired in Yonkers on Sept. 28, 1998. It also identifies the cooperating witness as the complainant to Yonkers Inspector General Phil Zisman in 1999 regarding a questionable computer deal. Zisman said Joffrion made such a complaint.

Zisman said Joffrion came to his office in 1999 with allegations concerning the school district's deal with both Compaq and Apple computers, in which the manufacturers sold computers in bundles of 10 and provided one or two extra units as an incentive. Joffrion alleged that Hornsby told her to send the extra computers to his relatives, and threatened to fire her when she refused. The computers were sent, according to the FBI affidavit.

"We basically did some preliminary investigation and referred it to the district attorney," Zisman said. "We thought the information was accurate. I think there was criminality. He was not prosecuted. You can ask Mrs. Pirro about that."

During Pirro's investigation, Joffrion recorded about 40 telephone and in-person conversations with Hornsby, according to the affidavit. Before the issuance of search warrants in connection with the computers, Hornsby was informed of the search by a friend and two others whose names are blacked out in the affidavit.

"(They) notified Hornsby so he could dispose of the evidence," the affidavit stated.

Hornsby's attorney, Robert Bonsib, did not return phone or e-mail messages.

Pirro spokesman Michael Edelman said Pirro was unavailable for comment.

Pirro's successor, District Attorney Janet DiFiore, has cooperated with the U.S. Justice Department's investigation of Hornsby, sending material from the Westchester probe, which was conducted by Pirro's Public Integrity Unit, said DiFiore spokesman Lucien Chalfen.

"Not every investigation leads to a prosecution," he said.

Despite her attempt to blow the whistle on Hornsby in Yonkers, Joffrion maintained contact with him. After he was named CEO in Prince George's County in 2003, he awarded a lucrative contract to Erate Managers LLC, a Texas company operated by Joffrion to obtain low-cost technology services under the federal E-rate program.

According to the affidavit, Joffrion agreed to make kickbacks of $144,000 to Hornsby. At the time, she was cooperating with the FBI, and authorities in December 2004 recorded her giving Hornsby $1,000 as her first payment under the contract.

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The indictment also charged Hornsby with mail and wire fraud in connection with a kickback scheme with his live-in girlfriend, who worked for the software company LeapFrog Enterprises Inc., which received a $1 million contract from the district. The indictment states his girlfriend split her $20,000 commission with him. She subsequently pleaded guilty to tax evasion.

No trial date has been set as federal prosecutors and Hornsby's legal team fight over whether Bonsib should be allowed to continue representing Hornsby because he may be called as a witness.

As Hornsby prepares his case, Yonkers residents have reflected on Hornsby's controversial tenure.

"People tend to forget what he accomplished here," said former school board Trustee Maria Chiulli. "We have very old schools, and he brought them up to par electricity-wise, and put computers in every classroom. It saddens me when I hear the bad news. It takes away from our success."

But former Trustee Tom Weibrecht said Hornsby's legal problems were not unexpected.

"The fact that he was terminated here says it all," Weibrecht said. "His current problems don't surprise me in the least."

Reach David McKay Wilson at dmwilson@lohud.com or 914-694-3528.

Trial In Error (WP)

By Victoria Toensing

The Washington Post, February 18, 2007

If You're Going to Charge Scooter, Then What About These Guys?

Could someone please explain to me why Scooter Libby is the only person on trial in the Valerie Plame leak investigation?

Special Counsel Patrick J. Fitzgerald charged Vice President Cheney's former chief of staff with perjury on the theory that Libby had a nefarious reason for lying to a grand jury about what he told reporters regarding CIA officer Plame: He was trying to cover up a White House conspiracy to retaliate against Plame's husband, Joseph C. Wilson IV. Wilson had infuriated Vice President Cheney by accusing the Bush administration of lying about intelligence in the run-up to the Iraq war.

Fitzgerald apparently concluded that a purported cover-up was sufficient motive for Libby to trim his recollections in a criminal way. So when Libby's testimony differed from that of others, it was Libby who got indicted.

There's a reason why responsible prosecutors don't bring perjury cases on mere "he said, he said" evidence. Without an underlying crime or tangible evidence of obstruction (think Martha Stewart trying to destroy phone logs), the trial becomes a mishmash of faulty memories in which witnesses can seem as guilty as the defendant. Any prosecutor knows that memories differ, even vividly, and each party can be convinced that his or her version is the truthful one.

If we accept Fitzgerald's low threshold for bringing a criminal case, then why stop at Libby? This investigation has enough questionable motives and shadowy half-truths and flawed recollections to fill a court docket for months. So here are my own personal bills of indictment:

* * *

THIS GRAND JURY CHARGES PATRICK J. FITZERALD with ignoring the fact that there was no basis for a criminal investigation from the day he was appointed, with handling some witnesses with kid gloves and banging on others with a mallet, with engaging in past contretemps with certain individuals that might have influenced his pursuit of their liberty, and with misleading the public in a news conference because . . . well, just because. To wit:

Â· On Dec. 30, 2003, the day Fitzgerald was appointed special counsel, he should have known (all he had to do was ask the CIA) that Plame was not covert, knowledge that should have stopped the investigation right there. The law prohibiting disclosure of a covert agent's identity requires that the person have a foreign assignment at the time or have had one within five years of the disclosure, that the government be taking affirmative steps to conceal the government relationship, and for the discloser to have actual knowledge of the covert status.

From FBI interviews conducted after Oct. 1, 2003, Fitzgerald also knew that then-Deputy Secretary of State Richard L. Armitage had identified Plame as a CIA officer to columnist Robert D. Novak, who first published Plame's name on July 14, 2003.

Â· In January 2001, Libby was the lawyer for millionaire financier Marc Rich, whom President Bill Clinton pardoned shortly before leaving office. Fitzgerald, who was then an assistant U.S. attorney in the southern district of New York, and U.S. Attorney James Comey spearheaded the criminal investigation of that pardon.

Â· Fitzgerald jailed former New York Times reporter Judith Miller for almost 90 days for not providing evidence in a matter that involved no crime. Yet the two were engaged in another dispute: Fitzgerald wanted Miller's phone records, contending that by contacting an Islamic charity, she had alerted it to a government search the day before it happened.

Â· Fitzgerald granted immunity to former White House press secretary Ari Fleischer without ever asking what he would testify to; he permitted NBC News bureau chief Tim Russert to be interviewed in a law firm office with his lawyer present, while Novak was forced to testify before the grand jury without counsel present.

Â· Armitage, like Bush adviser Karl Rove, forgot one conversation with a reporter. Fitzgerald threatened Rove with prosecution; Armitage bragged that he didn't even need a lawyer.

Â· In violating prosecutorial ethics by discussing facts outside the indictment during his Oct. 28, 2005, news conference, Fitzgerald made one factual assertion that turned out to be flat wrong: Libby was not "the first official" to reveal Plame's identity.

* * *

THIS GRAND JURY CHARGES THE CIA for making a boilerplate criminal referral to cover its derriÃ¨re.

The CIA is well aware of the requirements of the law protecting the identity of covert officers and agents. I know, because in 1982, as chief counsel to the Senate intelligence committee, I negotiated the terms of that legislation between the media and the intelligence community. Even if Plame's status were "classified"--Fitzgerald never introduced one piece of evidence to support such status -- no law would be violated.

There is no better evidence that the CIA was only covering its rear by requesting a Justice Department criminal investigation than the fact that it sent a boiler-plate referral regarding a classified leak and not one addressing the elements of a covert officer's disclosure.

* * *

THIS GRAND JURY CHARGES JOSEPH C. WILSON IV with misleading the public about how he was sent to Niger, about the thrust of his March 2003 oral report of that trip, and about his wife's CIA status, perhaps for the purpose of getting book and movie contracts.

Â· On July 6, 2003, Wilson appeared on "Meet the Press" hours after the New York Times published his op-ed "What I Didn't Find in Africa," which accused the administration of twisting intelligence to exaggerate the Iraq threat. The piece suggested that Wilson had been sent to Niger at the vice president's request to look into foreign intelligence reports of Iraqi efforts to obtain yellowcake uranium. Wilson told Andrea Mitchell, "The office of the vice president, I am absolutely convinced, received a very specific response to the question it asked and that response was based upon my trip there." But Cheney said he had no knowledge of Wilson's trip and was never briefed on his oral report to the CIA.

Â· Wilson has claimed repeatedly -- including on MSNBC's "Countdown" on July 22, 2005 and at the National Press Club on Oct. 31, 2005 -- that he was sent to Niger because of his "specific skill set" and not because of his wife. But Senate intelligence committee documents indicate that Plame suggested his name for the trip, as did a State Department report and a CIA official who briefed the vice president's office.

Â· Although Wilson has repeatedly claimed that neither his trip nor his oral report was classified, the CIA sent documents about the trip marked "classified" to the vice president's office and to date has not released the essence of the oral report. A source later identified as Wilson claimed in a Washington Post article on June 12, 2003, that documents related to an alleged Iraq-Niger uranium deal were forged because "the dates were wrong and the names were wrong." When Senate intelligence committee staff questioned that, as Wilson had never seen the documents, he responded that he may have "misspoken."

Â· Wilson has continually played coy about his wife's status. On July 16, 2003, David Corn wrote in the Nation: "Did senior Bush officials blow the cover of a U.S. intelligence officer working covertly in a field of vital importance to national security -- and break the law -- in order to strike at a Bush administration critic and intimidate others?" Corn acknowledged talking to Wilson but said that Wilson refused to talk about his wife. Yet Corn also published Wilson's rather unsubtle suggestion: "Naming her this way would have compromised every operation, every relationship, every network with which she had been associated in her entire career."

Plame was not covert. She worked at CIA headquarters and had not been stationed abroad within five years of the date of Novak's column.

* * *

THIS GRAND JURY CHARGES THE MEDIA with hypocrisy in asserting that criminal law was applicable to this "leak" and with misreporting facts to wage a political attack on an increasingly unpopular White House. To wit:

Â· Notwithstanding the fact that major newspapers have highfalutin', well-paid in-house and outside counsel who can find the disclosure law and even interpret it, the following publications called for a criminal investigation:

Â· The Atlanta Journal-Constitution called the appointment of a special independent counsel "absolutely necessary" because the allegations "come perilously close to treason" -- even though treason is a constitutional crime requiring two witnesses and the levying of war against the United States.

Â· The Boston Globe wrote: "This is a case that clearly calls for the appointment of an independent counsel."

Â· The New York Times naively approved the investigation if it "focused on the White House, not on journalists." It later applauded Fitzgerald's appointment, declaring that he must be allowed "to use the full powers of a special counsel."

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Â· The Washington Post refrained from expressing shock at a "leak." But The Post had contributed to the fray by reporting on Sept. 28, 2003, that "two White House officials called at least six Washington journalists and disclosed the identity and occupation of Wilson's wife . . . to undercut Wilson's credibility." This article was the likely impetus for the other papers' editorials.

As recently as a week ago, the media were displaying their prejudice in this case. On "Meet the Press," journalists lamented that the Libby trial was revealing how government officials can use their relationships with reporters to plant stories that hurt their political enemies. Where was the voice at the table asking, "Didn't Wilson also use the media with his assertions in the New York Times and The Post?"

* * *

THIS GRAND JURY CHARGES ARI FLEISCHER because his testimony about conversations differs from reporters' testimony, just as Libby's does. To wit:

Â· The former White House press secretary testified before the grand jury and at the trial that he had revealed Plame's identity to two reporters -- John Dickerson, then of Time magazine, and NBC News's David Gregory. Dickerson denied it. Gregory won't comment.

Â· On cross-examination, Fleischer testified that it was "absolutely correct" that he did not tell The Post's Walter Pincus on July 12, 2003, that Wilson's wife worked at the CIA. Pincus emphatically contradicted this, swearing that in the middle of a discussion, Fleischer "swerved off," asking, "Why do you keep writing about Joe Wilson and Joe Wilson's trip? Don't you know his wife worked for the CIA as an analyst for weapons of mass destruction and arranged for it?"

So indict Fleischer. He contradicted Pincus as materially as Libby contradicted Russert or Time's Matthew Cooper, the two witnesses who were the basis for the Libby indictment. Whoops! Can't do that. Fitzgerald gave Fleischer "pig in a poke" immunity. That's an old prosecutor's phrase meaning that Fitzgerald granted Fleischer immunity from prosecution without knowing what Fleischer would say. No problem -- indict Pincus. His testimony differed from Fleischer's and he didn't ask for immunity.

* * *

THIS GRAND JURY CHARGES RICHARD L. ARMITAGE with intentionally keeping silent about being the first person to reveal Plame's identity to reporters and with falsely telling the public that he did so at Fitzgerald's request because he did not want to be publicly embarrassed. To wit:

Â· Novak testified that Armitage told him on July 8, 2003, that it was Wilson's wife, "Valerie," who sent him on the Niger trip. Not until September 2006 did Armitage release Novak to reveal publicly that he had been the columnist's source.

Â· The Post's Bob Woodward testified that Armitage told him on June 13, 2003, rather colorfully: Wilson's "wife's a [expletive] analyst at the agency." When the FBI interviewed Armitage on Oct. 2, 2003, he apparently forgot about his taped interview with perhaps the most famous journalist of this generation. In November 2005 Armitage released Woodward from their confidentiality agreement -- but only to tell Fitzgerald, not the rest of us, how he had learned of Plame's identity.

Â· Armitage attributed his more than three years of silence to Fitzgerald's request that he not discuss the matter with anyone. But Fitzgerald was not appointed until Dec. 30, 2003, three months after Armitage now says he realized that he was Novak's source.

Â· Despite Armitage's claim as to why he kept silent, he yakked to his subordinate Marc Grossman about what he had said in his FBI interview -- conveniently, the night before Grossman's own FBI interview.

THIS GRAND JURY CHARGES THE U.S. JUSTICE DEPARTMENT with abdicating its legal and professional responsibility by passing the investigation off to a special counsel out of personal pique and reasons of ambition.

Â· Both then-Attorney General John D. Ashcroft and Deputy Attorney General James Comey not only had access to the law books but also the clout and clearances to demand that the CIA tell them whether Plame was covert.

Â· In the fall of 2003, Ashcroft, having learned that he would probably be replaced after the 2004 elections, had grown weary of taking flak for the president and threw the Libby investigation hot potato to Comey.

Â· In the fall of 2003, Comey, who hoped to replace Ashcroft as attorney general, in turn passed the hot potato to Fitzgerald, a former colleague and one of his best friends.

I rest my cases.

Victoria Toensing, a deputy assistant attorney general in the Reagan administration, is a Washington lawyer.

CIVIL LAW:

Drug Firms Accused Of Huge Fraud (TTNJ)

By Robert Cohen, Newhouse News Service

Trenton Times (NJ), February 18, 2007

Long line of pending cases involves Medicaid money

WASHINGTON -- The nation's big drugmakers have been systematically overcharging the Medicaid health-care program for the poor, reaping billions of dollars in illegal windfalls at the expense of the taxpayers, according to federal officials, members of Congress and a watchdog group.

Drugmakers are required by law to provide Medicaid with the same discounts they offer to big managed-care plans and hospital chains, but they have been disguis ing those prices, Ronald Tenpas, a U.S. associate deputy attorney general, told the House Committee on Oversight and Government Reform earlier this month.

"We are not seeing isolated instances of misconduct, but repeated practices within the indus try that have resulted in significant loses to federal health-care programs," he said.

The federal and state governments have had some success in recapturing money from the drug makers: During the last six years, government bodies have recouped about $3.9 billion in civil damages and criminal penalties stemming from 16 legal settlements involving Medicaid.

The settlements involve some of the biggest names in the industry, including Pfizer, Schering-Plough, GlaxoSmithKline, AstraZeneca and Bayer. Those cases dealt with overcharging the government for cancer, asthma, cholesterol, allergy and seizure medications.

But the scope of the problem could be much bigger. There are 150 pending federal investigations centering on Medicaid and two other government health-care programs that could find billions of dollars more in pharmaceutical company fraud.

Tenpas testified that those cases involve allegations of unlaw ful pricing and marketing practices related to hundreds of prescription drugs sold to Medicaid, Medicare and the Federal Employees Health Benefits Program.

"It is clear from our experience that drug company violations of the law are causing government health-care programs to pay too much for prescription drugs," said Tenpas.

James Moorman, president of the nonprofit group Taxpayers Against Fraud, said public records show the pending inquiries involve other well-known companies, including Merck, Abbott, Novartis, and Johnson & Johnson. Based the history of past settlements, he said, the liability in the pending cases could amount to tens of billions of dollars.

'VERY SIMPLISTIC' The Pharmaceutical Research and Manufacturers of America, the brand-name drug industry's trade group, declined comment on the al legations. Instead, it issued a statement asserting "the growth in spending on prescription medicines is at its lowest level in years."

Mike Moore, a Texas attorney who has represented Kenilworth- based Schering-Plough in drug- pricing litigation, said the pharmaceutical companies haven't de ceived the government on pricing. He said government regulators are aware of price differentials and, for a variety of policy reasons, have made decisions on reimbursement rates that some are now questioning.

Moore said the view offered by the Justice Department, some state attorneys general and members of Congress is "very simplistic and one-sided."

Medicaid, funded by the federal and state governments, provides health care to almost 50 million low-income beneficiaries. In 2005, the Department of Health and Human Services estimated that Medicaid purchased $41 billion worth of drugs, more than four times the $8.9 billion spent in 1994.

A 1990 law passed by Congress requires that drug manufacturers provide the Medicaid program, one of the nation's largest purchasers of drugs, with the same discounts they provide private purchasers.

Rep. Henry Waxman (D-Calif.), chairman of the government reform panel, said the evidence shows Medicaid has been "repeatedly overcharged for essential medications" by pharmaceutical companies that have "deliberately crafted business plans to avoid giv ing Medicaid the proper discounts."

Rep. Jim Cooper (D-Tenn.) said he is baffled why there would be "so much wrongdoing going on" by a "group of very prestigious corporations."

EMPLOYEE-FUELED SUITS A majority of the investigations against the drugmakers have come through use of a provision of the federal False Claims Act, which allows people who have evidence of fraud involving government programs or contracts to bring suit on behalf of the federal government. The Medicaid cases stemmed from complaints by company employees, sales executives and pharmacies.

The cases are filed in federal court under seal, giving the Justice Department an opportunity to investigate the allegations and decide whether to intervene. If there is evidence of fraud, the Justice Department then ordinarily enters into lengthy negotiations with the companies, which can result in a monetary settlement instead of a trial.

Moorman said the 16 Medicaid- related cases settled since 2001 involved three types of schemes.

One common method, Moor man said, was for the manufacturer to conceal the best or lowest price it gave customers on brand-name drugs in order to avoid paying higher rebates to Medicaid. Nine of the 16 settlements were for cases using this scheme, he said, including a 2004 settlement after Scher ing-Plough was accused of hiding its best price on the allergy drug Claritin. Schering-Plough agreed to pay $345 million.

A second ploy involved manufacturers reporting inflated average wholesale prices to national reporting services, which were then used by Medicaid and Medicare to establish reimbursement rates.

Moorman said the inflated prices had no relation to the actual price paid by the pharmacists. But the pharmacists were allowed to keep the difference between the inflated Medicaid payment and the actual cost -- a scheme used by manufacturers as an incentive for pharmacies to purchase their drugs instead of ones made by competitors.

GlaxoSmithKline agreed in 2005 to pay nearly $150 million in a settlement of claims involving both Medicaid and Medicare, Moorman said, after being accused of engag ing in this type of inflated-pricing scheme to promote two drugs used to treat nausea associated with chemotherapy.

The third practice involved manufacturers unlawfully promot ing their drugs to physicians and others for unapproved uses, often accompanied by payment of illegal kickbacks.

Pfizer reached a $430million settlement with the government in 2004 after being accused of illegal off-label marketing of its anti-sei zure drug Neurotin.

"We can't afford to have these health programs if people are going to engage in this scale of fraud," said Moorman. "The whole thing is mind-boggling."

Moorman criticized the Justice Department for not being more aggressive in pursuing the pending False Claims Act cases. He charged the Bush administration has not committed enough resources and on average is settling only three cases a year.

"If they acted more forcefully, we might get the pharmaceutical companies to have a change in atti tude toward Medicaid and Medicare," he said.

Tenpas said the Justice Department takes the issue seriously. He told the congressional committee that the administration is moving as quickly as it can to resolve the inquiries and protect the health care programs from fraud.

"These are very complex cases," Tenpas said.

CIVIL RIGHTS:

Cruel And Unusual Punishment For Inmates? (HC)

By Steve Mcvicker, Houston Chronicle

Houston Chronicle, February 18, 2007

Over the past 6 years, at least 101 inmates have died at the Harris County Jail

Harris County Jail inmate Calvin Mack lay sprawled on a cellblock floor, coughing up blood, bleeding profusely, his fellow prisoners yelling for guards to get help.

Mack, a homeless and hardened drug addict, continued to bleed, continued to die. "What do you want me to do, get a Band-Aid ... ?" a deputy quipped when he first appeared at the cellblock. Four hours passed before the officer called for medical help.

By then, Mack was all but dead.

By inmate standards, Calvin Mack's life was not unusual. A petty criminal who spent most of his time smoking crack under cover of the Fifth Ward shadow world, he had been arrested on minor drug charges almost every other year over the past decade.

His death, on the other hand, was anything but usual. But questionable care in the Harris County jail is not isolated to his case.

A Houston Chronicle review of state and county records reveals that from January 2001 through December 2006, at least 101 inmates — an average of about 17 a year — have died while in the custody of the Harris County Jail. In 2006 alone, after three consecutive years of failing to be in compliance with state standards, the jail recorded 22 in-custody deaths.

At the time of their deaths, at least 72 of the inmates — more than 70 percent — were awaiting court hearings and had yet to be convicted of the crimes that led to their incarceration.

Records and interviews show that almost one-third of the deaths involve questions of inadequate responses from guards and staff, failure by jail officials to provide inmates with essential medical and psychiatric care and medications, unsanitary conditions, and two allegations of physical abuse by guards.

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In at least 13 cases, relatives or documents raise questions over whether inmates received needed medications prior to their deaths. Additionally, 11 of the deaths involve infections and illnesses suggesting sanitation problems. In 10 other cases, death reports suggest possible neglect, as in the Mack case.

None of the records reviewed, however, concludes that jail staff contributed directly to the 101 deaths since 2001. During the same period, the Dallas County jail recorded 70 deaths.

Harris County Sheriff Tommy Thomas declined the Chronicle's request for an interview. He did reply to written questions, though he would not comment on specific cases, citing confidentiality laws.

Overall, Thomas wrote, the Harris County Sheriff's Office "takes great pride" in the health care it provides to jail inmates. He pointed out that jail officials are charged with the massive task of conducting medical screening on the more than 9,100 prisoners housed in the jail each month.

The sheriff also noted that "delivery of health care to inmates is further challenged by the fact that many inmates lacked preventative health care in the free world, many suffered from substance abuse prior to incarceration, and many come to jail with chronic, untreated medical conditions."

"We feel that we are meeting the challenges of inmate health care delivery within those constraints, are committed to making ongoing improvements in all that we do, and are doing our best to exceed constitutionally mandated services to the inmate population," Thomas wrote.

Twelve years ago, prisoner litigation forced the county to spend more than $100 million in jail construction because of crowding. The money was meant to improve jail conditions and alleviate problems with safety, security and inmate care, many of which still exist.

The jail is struggling with a guard shortage and has budgeted more than $20 million on overtime in the past year to meet minimum staffing standards required by state law.

Custodial Death ReportTexas requires all law enforcement agencies to file a Custodial Death Report with the state Attorney General's Office any time an in-custody death occurs. However, the AG's office serves basically as "a repository of the reports," said AG spokesman Tom Kelley. "That's all we do."

The Texas Commission on Jail Standards keeps no records or figures on in-custody deaths. The commission does monitor county jail populations and determines whether the facilities are in compliance with the state-mandated ratio of one guard to every 48 prisoners — a standard that Harris County had failed to meet the past three years.

Most health care in the jail system is provided by the University of Texas Health Science Center at Houston. Health care cost the county more than $18 million in the past year.

Plans are under way to improve the jail's health care system. a Dr. Michael Seale, the jail's medical director, declined to comment for this article.

Thomas, in his letter to the Chronicle, said the jail is committed to becoming "the benchmark for the delivery of correctional medicine nationally" and "will provide efficient, effective and compassionate medical care within the constraints of the jail's security operations."

State records show Harris County's daily jail population averaged more than 9,100 inmates through the first 10 months of 2006. Sixteen percent of those inmates — more than 1,400 — have what the executive director of the Mental Health Association of Greater Houston describes as "a serious mental illness." Yet the county provides only 51 mental health beds at the jail. The rest are housed in the jail's general population, although some in solitary cells.

Dispensing medicationsExacerbating the mental and medical challenges of inmates are rules that ban inmates from bringing their own medicines into the jail. Instead, they must wait for a jail doctor to prescribe them and a staffer to hand them out. For some, that can mean delays in getting crucial care.

The Chronicle attempted to contact the relatives of every person who has died at the jail since 2001, and many of them claimed that inmates were not regularly receiving medications they had been prescribed before going to jail.

Travis McKinney, an epileptic, had not had a seizure in the eight months before his arrest for assault. During the four weeks he was in jail, he had two, the last one fatal.

The 21-year-old's body was discovered on the cell floor near toilets where investigators say he slept. His anti-seizure medication was on the floor near his blanket. Whether he was getting and taking the medication regularly is unclear, according to the records. Though jail nurses reported they saw McKinney take his pills the night before his death, medical examiner's records state that "he was not compliant with his medications."

McKinney had spent substantial time in county mental health facilities and had a known history of epilepsy, leaving his family members to wonder why he was not placed in the jail's mental health ward — instead of with the general population — where his condition might have been more closely monitored.

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Similarly, Leamon Caldwell, 58, died in the jail in February 2006 from hypertension, or high blood pressure. Family members were told that Caldwell refused to take his medication. They suspect he wasn't receiving meds at all.

Thomas disputes many claims about health care problems as "anecdotal," adding, "While we would have little reason to question the sincerity of the families and friends in reporting what they have been told by the inmates, we do question the credibility of what the inmates themselves allegedly reported. Inmates will cast their jail experience in the worst possible light in an attempt to gain sympathy."

He told the Chronicle that every inmate undergoes "medical intake screening" when booked into the jail, and at least 1,000 each month are later assessed by doctors.

Bad conditions reportedPrisoners also claim they have been forced to sleep on mattresses on cellblock floors — sometimes next to toilets. They maintain that the crowded living conditions at the jail are ripe for disease and bacteria, particularly methicillin-resistant Staphylococcus aureus, or staph, a potentially lethal blood infection.

As a result, numerous inmates contend they have contracted staph infections while incarcerated. Jail records show that between January 2001 and April 2005, there were 60 medical quarantines at the jail. The records show at least two of the quarantines were related to staph infections. The causes of 11 other quarantines are not listed.

Many inmates come to the jail already fraught with myriad health problems. If they arrive with pre-existing medical conditions, as many do, conditions at the jail can make matters worse.

In October 2001, inmate Stacy Earl Matlock, 38, died from "complications of cirrhosis of the liver," according to the autopsy report. The report also notes that Matlock "developed multisystem organ failure secondary to a multi-resistant staph aureus bacteremia."

In July 2002, according to the autopsy report, prisoner Roland Oliva, 33, died of sepsis, a bacterial infection of the blood.

Concerns by inmates and family members, particularly about sanitation, also have been raised by the Texas Commission on Jail Standards, which found crowded conditions have created sanitation, safety and security issues.

These problems and others at the jail have provoked the scrutiny of the American Civil Liberties Union of Texas, which is concerned about overpopulation, in part because of a slow-moving criminal justice system.

"The size of the Harris County Jail population makes it difficult for jail administrators to manage the (inmates) and provide the necessary level of care that not only is necessary for the inmates but protection of the correctional officers and other staff members," said Nicole Porter, the ACLU's jail-project director.

Richard Newby, president of the Harris County Deputies Organization, said overtime demands and manpower shortages force guards to "prioritze" their attention to inmates: "Unless you see something that makes you think there's something (serious) going on, the standard answer is to tell the inmate" to put it in writing.

Faster responseInevitably, some deaths are impossible to prevent. The question is whether some inmates might be saved with more rapid medical response or thorough attention.

David Whitlock, 46, fell from his bunk, collapsed on the floor and succumbed to heart failure three hours later. But records show attempts to treat him before he died might have been obstructed by the lack of proper medical equipment.

According to statements from Debra Alston, the jail's former head of nursing, an adult-sized breathing tube could not be found on the emergency crash cart, a factor that could have contributed to his death.

Jail officials disagreed with the nurse. She was fired 14 months after asking questions about the death for reasons "both related and unrelated to the allegations" about Whitlock, the sheriff said. Among other things, she was accused of "provoking disharmony," breaching confidentiality and dishonesty, records show. Alston told the Chronicle her firing was in retaliation for the Whitlock matter.

Thomas said the death was investigated internally by the Board of Nursing Examiners and "closed without recommendation."

The same, however, cannot be said for Calvin Mack, whose case was among the most troubling, even by the admission of jail authorities.

Final trip to jailMack was booked into the Harris County Jail for the final time May 30, 2005. Six days later, he was dead.

His older sister, Harriett Mack, said she tried for years without success to get her brother off the streets and off drugs. But nothing worked. He also had AIDS.

The AIDS diagnosis earned him a bed in the medical division on the second floor of the jail's 1200 Baker facility in downtown Houston. But five days later, when his condition turned critical, jailers did little to help him, records show.

According to inmate Clifford Olson, several prisoners noticed that Mack was in physical distress while sitting on the toilet. He soon began coughing up blood and bleeding from his rectum. Olson says Mack asked the other inmates to get the attention of the guards.

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It was about that time — at the beginning of the overnight shift — that Phillip G. Balthazar came on duty to guard the medical cellblock. Olson and other inmates told him Mack needed medical attention.

"What do you want me to do, get a Band-Aid for his ass?" Balthazar asked the inmates, according to both Olson and a sheriff's office report obtained by the Chronicle.

During the next several hours, Olson and other inmates continued unsuccessfully to plead with Balthazar about Mack's deteriorating condition. Mack pulled himself into the showers, which also are used by the other inmates.

"So everybody could see a wide little river of blood going down the drain, being washed out of the shower, for about an hour," Olson said.

About 2 a.m. Mack began having seizures. It took another 40 minutes for medical personnel to arrive with a gurney — four hours after inmates first called for help.

Mack was taken to LBJ Hospital, where he died from "respiratory distress," according to the Custodial Death Report.

Three months later, Dr. Ana E. Lopez of the Harris County Medical Examiner's Office ruled that Mack's death was an "accident" caused from "intracerebral hemorrhage due to hypertensive cardiovascular disease and cocaine toxicity." In other words: a brain hemorrhage from high blood pressure and history of cocaine use.

But investigators from the medical examiner's office were never informed by the sheriff's office about the delay in Mack's medical care, she said. Asked whether that might have made a difference in her ruling of an accidental death, she replied, "I'd have to think about that."

Lopez stressed that Mack's stroke was massive. She was not sure whether prompt medical attention would have saved his life. "The cause and manner of death would still be the same," Lopez said.

The sheriff's office's internal affairs division conducted its own probe of Mack's death. Detectives interviewed the 66 inmates who were housed in cellblock 2F1 with Mack, including Olson.

Of those inmates, 32 gave statements similar or identical to Olson's. Several were given polygraph examinations, which they passed.

"It is clear that Deputy Balthazar was notified by numerous inmates that an inmate under his control was experiencing a medical emergency," reads the internal affairs report. "It (was) his duty to evaluate and report such a condition in a timely manner. It appears Deputy Balthazar chose not to do so. ... This delay in effective intervention may have been a factor which contributed to catastrophic medical results for Mack."

Balthazar was dismissed Aug. 3, 2005. The termination letter accuses him of a "significant discrepancy" in his statement to detectives and of giving "deceptive" answers during a polygraph exam.

In a report on the incident that Balthazar filed with the sheriff's office, the deputy concluded that Mack "might be having a bad case of hemorrhoids" and that he immediately notified the medical clinic of the situation.

Contacted by the Chronicle, Balthazar said, "I was in charge of 133 people by myself. If I'd had some help, things might have been better." He added that he called the jail clinic and was told no one was available to help Mack.

He also denies making the "Band-Aid" statement.

Balthazar now serves as a reserve deputy for the Harris County Precinct 6 Constable's Office.

The Mack probe also resulted in the demotion of Lt. Christopher Y. Lee to deputy. In his disciplinary letter dated Aug. 9, 2005, Lee is accused of "failing to initiate any type of investigation into the events leading up to and surrounding inmate Mack's need for medical attention."

Lee did not return calls from the Chronicle.

Sheriff Thomas said the case was referred to the Harris County District Attorney's Office. The DA closed it with no action.

According to inmates, there also was little concern for decontaminating the cell after Mack had been taken to the hospital. It took more than five hours before workers arrived with supplies to clean the infected area.

Mack's sister Harriett expected more.

"I expected them to treat him like a human," she said.

Houston Chronicle reporter Anita Hassan contributed to this report.

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Team May Revisit Cold Cases (BSUN)

By Jamie Stiehm, Sun Reporter

The Baltimore Sun, February 18, 2007

Attorney general wants unit to probe potential civil rights crimes

Cold-case investigations may heal wounds, supporters say

Maryland's attorney general is exploring the creation of a cold-case squad to investigate unsolved homicides, with an emphasis on racial crimes dating back to the civil rights era.

"Having a civil rights component to this office affords us the opportunity to look into current and past civil rights violations," said Douglas F. Gansler, who took office last month and has announced plans to increase prosecutions of environmental violators and gang members.

Gansler met Friday with top aides to discuss the idea of the new squad. The investigative unit would examine unsolved homicides from police files around the state, using modern forensic and DNA techniques, he said.

Compared to states in the Deep South, Maryland has fewer outstanding civil rights cases. Gansler said a survey is needed to count feasible cold cases with civil rights implications.

"If a lot of these people are still alive, witnesses and perpetrators, and if we have the ability to pursue them, the government has the onus to do so," Gansler said.

The investigations would include race-based homicides and cases of civil rights workers who might have been killed because they were identified with the movement. The unit's unsolved cases could also encompass desecrations of synagogues or other houses of worship.

A handful of states have taken similar steps in establishing cold-case or civil rights divisions, including Florida. Alabama intends to add a cold-case unit this year that looks into civil rights crimes and review the fatal shooting in 1965 of a young black man, Jimmy Lee Jackson, that involved state troopers.

A bill before Congress, with co-sponsors including Rep. John Lewis of Georgia and Sen. Patrick Leahy of Vermont, both Democrats, would require the Justice Department and the FBI to create cold-case units dedicated to civil rights.

The legislation, the Emmett Till Unsolved Civil Rights Crime Act, is named for one of the most notorious race crimes, left cold for half a century. A black Chicago youth, Emmett Till, was slain in 1955 while visiting family in Mississippi and tossed in a river, allegedly for whistling at a white woman named Carolyn Bryant.

A Mississippi grand jury will convene next month to hear allegations that Bryant was a party to the killing. Bryant's late husband and another man were acquitted by an all-white jury shortly after the slaying.

During the Democratic primary last year, Gansler was criticized by an opponent for pledging to take on crime-fighting initiatives historically left to local state's attorneys. One of his first efforts after taking office -- forming a group of attorneys to tackle gang crimes -- was met with resistance from many state's attorneys, who do not want him to probe gang crimes or prosecute them without the consent of the local jurisdiction.

In an interview, Gansler said he recognized the delicate ground he was treading.

"To set up a cold-case squad, we'd have to have a lot of stakeholders, including local and federal authorities, and a concerted effort throughout the state," Gansler said. "We'll determine the feasibility and try to understand the universe of those civil rights-era crimes that were unsolved."

Special Agent Michelle Crnkovich, a Baltimore FBI spokeswoman, said the bureau was not aware of Gansler's proposed squad. "The FBI is always receptive to requests for our resources," she said. "Civil rights is a very important priority to the FBI."

With only about 30 homicide prosecutions nationwide for cold civil rights cases since 1989, experts say laws and investigative squads may not always achieve their aims.

Mark Potok, a spokesman for the Southern Poverty Law Center in Montgomery, Ala., said, "The bitter reality is that many witnesses have died and cannot recall key events, and there are fewer of them as time goes by."

Yet a statewide cold-case unit could help heal lingering scars of racial crimes, said Carl O. Snowden, director for civil rights for the attorney general's office. He compared the concept to the U.S. Justice Department division that hunts down aging Nazi war criminals to bring them to justice before they die.

The 1970 death of Ralph E. Featherstone is one case that deserves a second look, Snowden said. Featherstone, a 31-year-old black man and former organizer for the Student Nonviolent Coordinating Committee, died in an explosion in Bel Air.

State police ruled that Featherstone was carrying explosives on his way to a pretrial hearing for his friend, H. Rap Brown, a Black Panther leader, at the Harford County courthouse. Brown was charged with inciting a race riot in Cambridge in 1967.

"There are a lot of people still living who vividly remember the riots of Cambridge," Snowden said. "People who were teenagers then are now in their 50s and 60s."

A lawyer and native of Cambridge, E. Thomas Merryweather, said he didn't see the point in dredging up painful scenes from the past.

"Everybody would like to think those days are behind us and we're moving forward in the correct direction," Merryweather said.

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Sherrilyn Ifill, a law professor at the University of Maryland, said, "This idea is part of a national movement in many ways, prodded by families of victims of crimes never brought to justice."

Author of On the Courthouse Lawn: Confronting the Legacy of Lynching in the 21st Century, Ifill has raised the idea of an investigative unit with Gansler's office.

"The community can become whole," Ifill said. "Complicity has the most corrosive effect, and this [model] helps to unburden the anger when society stands ready to use an authorized mechanism, the apparatus of justice."

Alabama Attorney General Troy King agreed.

"It brings peace and justice to the victims' families to have suspects brought before the bar of justice," King said. "They have a right to expect that we do that, whether they live in urban or rural areas. It shouldn't matter where they live."

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Fact, Fiction Of Till's Murder (JCL)

By Jerry Mitchell

Jackson (MS) Clarion-Ledger, February 18, 2007

Legends abound regarding the events surrounding 1955 slaying

Few homicide cases in this nation's history have been shrouded by as much legend as the 1955 killing of Emmett Till.

Now, more than a half century after the 14-year-old's slaying, prosecutors are preparing to present the case to a Leflore County grand jury, separating fact from fiction, what's known from what may never be known.

"Because of its importance to the civil rights movement, it has this mythic quality like the Kennedy assassination," said David Beito, a University of Alabama professor who's an expert in the Till case. "You get all sorts of conspiracies."

Some of those legends took root not long after the black youth from Chicago was abducted, beaten and shot to death after he reportedly wolf-whistled at Carolyn Bryant at a grocery store in Money. Some have sprung up since.

Less than a month after Till's Aug. 28, 1955, slaying, an all-white jury acquitted her then-husband, Roy, and his half-brother, J.W. Milam - only to see them confess their guilt months later to Look magazine. The half-brothers have since died.

In 2004, the Justice Department opened an investigation into Till's killing. A grand jury that will be impaneled in March is expected to take up the case.

The FBI's more than 8,000-page report on the Till case sheds new light on the legends surrounding the killing, and in some cases, contradicts them.

Legend No. 1: Up to 14 people were involved in Till's abduction and killing, and five of them are still alive.

This idea surfaced at the time the Justice Department opened its probe.

Filmmaker Keith Beauchamp, who made the 2005 documentary, The Untold Story of Emmett Louis Till, said he found this information in his research. Those still living could be charged today, he said.

The FBI was unable to prove this claim.

Beito said the most people mentioned in 1955 news accounts were six - four white men and two black men.

In his testimony in 1955, Mose Wright said in the wee hours of Aug. 28, 1955, Milam and Bryant were not alone. He said someone in the truck with a "lighter" voice identified Till as the one. Some have speculated that someone was Carolyn Bryant, who has told relatives and the FBI she wasn't there.

Wright also described what he believed was a black man standing in the shadows. Wright's son, Simeon, said they believed that man, now dead, led Milam and Bryant to their house in the darkness.

The FBI report details an interview with Willie Reed, who testified in the 1955 trial. He saw five men with Till the morning of the slaying - three white and two black.

Reed since has identified the two black men as Levi "Too Tight" Collins and Joe Willie Hubbard. Collins is now dead, Beito said. "Another legend is that Collins committed suicide after this out of remorse. That's not true. He died of natural causes."

It is unknown if Hubbard is still alive, Beito said.

Some have speculated the third white man was Milam's brother, Leslie Milam, who managed a plantation and is now deceased. If a fourth white man were present, it's possible it could have been another brother, said Beito, who noted Bryant was a twin.

Alvin Sykes of Kansas City, president of the Emmett Till Justice Campaign, said stating publicly how many may have taken part could hurt the case. "If the number is true, it could endanger the lives of potential witnesses," he said. "If it's not true, it may build false expectations."

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According to the FBI report, none of those identified as being involved is still alive. The report goes on to urge District Attorney Joyce Chiles of Greenville to take a closer look at Carolyn Bryant, the FBI's lone living suspect who could be charged with kidnapping.

Beauchamp said he found proof of other possible co-conspirators in author Carolyn Haines' 2003 book on Peggy Morgan, My Mother's Witness. In that nonfiction book, Morgan overhears her father, Gene Albritton, uncle and other unnamed white men discussing the case. "Now all we have to do is keep our mouths shut," she quotes her uncle, Bob, as saying.

When Morgan's mother, Inez, threatens to make public what she knows about Till's killing, Morgan's father beats her unconscious, telling her "if she ever spoke the name Emmett Till again, she would pay a terrible price," the book says. After that, he committed her to a mental institution.

"For some reason, the FBI is not believing" Morgan, Beauchamp said. "Their focus was to find enough evidence on one person to bring that person to court. That person was Carolyn Bryant."

Legend No. 2: Henry Lee Loggins took part in the killing.

The names of two black field hands, Collins and Loggins, emerged in 1955 news accounts as potential prosecution witnesses then-Tallahatchie County Sheriff H.C. Strider jailed to keep from testifying.

Loggins told reporters in 1955 and later repeated to Beauchamp that he had no role in the killing. "God help me, I knew nothing about it," he said.

In his interview with Beauchamp, Loggins describes in detail what supposedly happened to Till - repeatedly saying that was what he was told. He said the sheriff jailed him for six months without charges.

News accounts from the time show Loggins was indeed in jail, but not during the trial, Beito said. "Loggins was accused of stealing iron."

The FBI concluded there was no proof Loggins had a role. Disabled by a stroke, he now lives with a sister in Ohio.

His son, Glendora Mayor Johnny Thomas, said he was "elated" to hear the FBI's conclusion.

Philip Dray, author of At the Hands of Persons Unknown: The Lynching of Black America, said black field hands coerced into helping hardly fall into the same category as vicious killers.

"Maybe they helped wash out a truck of blood, but in a way they're like the other victims," he said. "They're frightened and have to keep their mouths shut."

Legend No. 3: Emmett Till was castrated.

In the wake of Reconstruction, castration was part of the ritual of the lynchings of African Americans, Dray said. "It was a very elaborate procedure done for public consumption."

Not surprisingly, castration rumors persist in the Till case.

But in her book and in interviews, Till's mother, Mamie Till Mobley, said her son was intact when she viewed his body.

Till's autopsy shows no evidence of castration.

Beauchamp said a relative of Till's told him Till had been castrated: "That's something we'll never really know."

Legend No. 4: Mose Wright pointed at J.W. Milam and said, "Thar he."

The words "Thar he" (also written "dar he") have become a legend surrounding the case for more than five decades.

In the documentary, Eyes on the Prize, African-American journalist James L. Hicks, who reported on the trial for the Cleveland Call and Post, quoted Wright as saying the famous phrase.

Wright's son, Simeon, said his father was articulate and never spoke those words.

Beauchamp agreed. "He said, 'That's him,'" the filmmaker said. "It came from the media trying to make him sound country."

The 320-page transcript records Wright as saying, "There he is."

But Beito asked, "Would the transcript actually say, 'Thar he'?"

One of those present said Wright indeed spoke those words. "No question," said Betty Pearson of Sumner, who attended the 1955 trial. "People have tried to put words in his mouth, but that's what he said."

Some may feel such a quote denigrates Wright, she said, but she felt it merely reflected who he was - an African-American sharecropper who dared to stand up and identify a white killer in court.

"It almost looked like he was standing on his tiptoes when he pointed at (Milam)," she said.

Veteran journalist Bill Minor of Jackson, who covered the trial for the Times-Picayune in New Orleans, recalled Wright stood, pointed his bent finger at Milam and said, "thar's the one."

"It was the most dramatic thing I saw in my career," he said.

Mississippi writer Will Campbell immortalized the words, "Thar he," on his personal stationery.

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"Mose Wright said, 'Thar he.' He didn't say, 'There's that gentleman,'" Campbell said. "He was a field hand, a proud man and, God knows, a brave man. Those are the two bravest words I think I've ever heard. Most of the people in that courtroom were hostile. He knew it, but it didn't stop him."

ANTITRUST:

Monsanto Deal Ruffles Seed Rivals (MCA)

By Jane Roberts Contact

Memphis Commercial Appeal, February 18, 2007

Six months after Monsanto Co. agreed to pay $1.5 billion for Delta and Pine Land -- the largest cottonseed company in the country -- the pot bubbles with intrigue.

Producers don't seem as worried as much as Monsanto rivals Switzerland-based Syngenta AG and Pioneer Hi-Bred International Inc., owned by DuPont.

Both have licensing agreements with D&PL and don't relish the idea of having to cooperate with Monsanto.

But what is really at stake is this: Monsanto owns more transgenetic cotton traits than any company in the world. If it also owns the largest cottonseed company, it would control the most cotton varieties, transgenes and -- in this case -- the herbicide Roundup, central to many recent biotech advances in agriculture.

"Farmers are not very happy unless they have stock in Monsanto," said Bill Meredith, longtime U.S. Department of Agriculture cotton breeder in Stoneville, Miss. "They fear they will have to pay more to get a product not as good as what they've got."

The Department of Justice was expected to rule on the antitrust issue by Wednesday. Now, it looks like the deal will close by spring.

If the merger goes through, Monsanto will control 85 percent of the mainstream bloodlines of cotton and every kind of cotton planted in the Mid-South.

"The proposed Monsanto acquisition of Delta & Pine Land is clearly anti-competitive," said Doyle Karr, DuPont spokesman. "We have serious concerns about the impact it would have on farmers, the agricultural industry and ultimately consumers."

While Syngenta says it is not engaged in a grass-roots effort to defeat the sale, it has told the Justice Department and others that it doesn't "believe it's in the best interest of the growers," said Anne Burt, spokeswoman.

"But for the time being, it's business as usual," Burt said. "We have an agreement with Delta and Pine Land to market and develop a particular trait, and that work is still proceeding."

The issue all comes down to transgenetics, the science of transplanting traits in seed to create crops resistant to pests and herbicides.

Monsanto, the first to enter the biotech field in agriculture, introduced a trait in 1996 that made cotton resistant to bud- and boll worms.

A year later, it introduced its Roundup Ready trait, which allows farmers to spray its trademark herbicide over the crop, killing the weeds but not the cotton.

Yields increased overnight. But the science also reduced labor, herbicide and petroleum costs so effectively, few farmers today plant anything but transgenes, particularly in the Mid-South where 98 to 99 percent of the cotton planted in 2006 was from transgenetic seed.

"Without transgenes, we wouldn't even be in the game of international competition in coton. We'd be completely behind because our costs would be so much higher," said Carl Anderson, agricultural economic professor emeritus Texas A&M.

DuPont and Syngenta both have agreements with D&PL to insert traits in its seed, giving farmers alternatives to Monsanto's monopoly on herbicide- and pest-resistance.

Last summer, for instance, D&PL paid DuPont $20.5 million to license its dual traits for herbicide resistance in cotton as early as 2011.

University researchers here praised the partnership, saying the genes would give farmers protection against stubborn weeds showing resistance to Roundup or glyphosate -- its generic equivalent -- plus provide an alternative to Monsanto.

Rivals worry that if they license their transgenetic traits to Monsanto, they won't get a fair shake in the marketplace because Monsanto would control the test plots and marketing.

Tom Jagodinski, D&PL president and chief executive, calls the rhetoric "sour grapes.

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"They and anybody else could have bought Delta Pine, but they didn't step up," he said. "They are probably kicking themselves for not buying us. And they hope that if the U.S. Department of Justice were to block the deal, then they come and buy Delta Pine."

He says farmers will get new and better technology earlier than D&PL could do it alone, including cotton resistant to drought and nematodes, and varieties that use nitrogen more efficiently and produce better fiber.

"We've gotten a better understanding of what Monsanto is working on. Clearly, they have some interesting technologies farmers are going to like."

While Anderson agrees the R&D advantages of the merger could be significant, he worries that there will be no way to test Monsanto's claims.

"When you have a dominant industry where competition is not very strong, it's best to have some real good, effective guidelines," Anderson said. "I don't think we have that.

"When you buy a labeled variety of seed, you need to be able to check to see if the true variety is stated. There's no way to do that now."

Monsanto tried to buy D&PL in 1998 but scrapped the deal when a Justice review dragged on. D&PL sued Monsanto as a result.

The sides have spent millions fighting each other in court. If the deal goes through, the lawsuit would be settled as part of the sale.

If it doesn't, Monsanto would have to pay D&PL $600 million.

For a "little more money," insiders say, Monsanto can buy the whole company, get the market dominance that comes with it, plus derail its competitors.

Monsanto says the theory is simplistic and overstated.

"If you look historically at what we've done with trade technology, you see we have broadly licensed it to other cottonseed companies throughout the Cotton Belt," said Lee Quarles, spokesman.

"The whole reason is that farmers like the technologies, but they want it in the seed brands that mean the most to their farm."

ENVIRONMENT:

An Oil Reserve Right At Hand (WP)

By Gal Luft

The Washington Post, February 18, 2007

In his State of the Union address last month, President Bush announced his intention to expand the Strategic Petroleum Reserve as a way to strengthen America's energy security. The 20-year effort to increase the emergency stockpile from its current capacity, 691 million barrels, to 1.5 billion barrels would provide enough oil to compensate for a loss of nearly 100 days of net oil imports, almost double today's reserve. (Since it is virtually impossible that all of America's suppliers would be cut off at once, the period would actually be much longer.)

This move reflects the president's belief that oil-rich regions such as the Middle East and Africa will continue to be unstable and that the United States is likely to become ever more vulnerable to terrorist attacks against oil facilities worldwide and to erratic weather patterns in the Atlantic Ocean.

In an increasingly unstable world, the Strategic Petroleum Reserve is a much-needed insurance policy. But the way the president chose to expand it is ill-considered. First, his plan requires purchasing oil at a rate of 110,000 barrels a day -- every day -- for the next 20 years. Assuming oil prices average $60 to $80 a barrel in the next two decades, it would cost $48 billion to $65 billion just to buy the oil. Add the cost of building and maintaining storage sites, and the price tag could easily be as much as $82 billion. And this is only the beginning.

If the United States expands its strategic reserve, other major oil consumers will do the same. Emerging giants such as China and India, which import much less than America does, have barely 10 days' worth of stockpiles. When other consumers rush to buy oil for their reserves, the added demand will drive up prices on the already tight oil market. So in addition to the cost of expanding the reserve, Americans will pay extra at the pump.

The implementation of the plan also leaves much to be desired. The reserve is divided among four major sites in Texas and Louisiana. The Energy Department announced last week that the site for the expansion will be in Richton, Miss., and that it will be connected to refiners and marine facilities in Pascagoula, on the Gulf Coast, for oil distribution.

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The Gulf states are highly vulnerable to destructive hurricanes, yet the administration aims to put all our eggs in one basket, rather than identify safer areas. The plan ignores the likelihood that violent storms could damage the pipelines that connect our economy with its emergency oil stockpile and that pumping stations might not have electricity.

For the United States to have a reliable emergency stockpile, new locations must be identified. This may not be easy. Geological formations such as the salt domes in the South that host the reserve are uncommon, and not-in-my-back-yard opposition is likely.

The administration should consider a radically different and much cheaper approach to boosting our security: make ANWR our strategic reserve. For many years, supporters of drilling in the Arctic National Wildlife Refuge have failed to open it for production. With the Democrats controlling Congress, the chances of drilling are slimmer than ever. President Bush didn't even bother to raise the issue last month. But reframing the issue to cast the refuge as an emergency stockpile rather than a source of production might well change the politics.

Defining the refuge as a strategic reserve would not provoke a rush by other countries to double their reserves (and thus would avoid spurring a rise in global oil prices). Further, the Alaskan oil is already in our possession; tapping it wouldn't require paying tens of billions of dollars to countries with which we are at odds. Congress could compensate Alaskans by leasing the oil for a predetermined period after which the state would be able to sell its oil, provided lawmakers approved. This might not generate the same per-barrel income Alaskans would receive if the oil were sold today, but it's much more than what they are getting now.

Treating the refuge as a reserve would not pose the same environmental problems as full-scale production. Drilling several wells and building the necessary infrastructure would have minimal impact on the surrounding wildlife. If America were ever hit by an oil shock and our way of life was at stake, the caribou would have to excuse us; until then, and under this plan, they could live in peace.

Disagreements on ANWR have led to a political gridlock that has prevented any major progress toward energy security. As a result, America is increasingly dependent on foreign oil, to the detriment of its national and economic security. By resolving this issue once and for all, we can finally begin to implement policies that move the United States toward increased energy security.

The writer is executive director of the Institute for the Analysis of Global Security, a Washington-based energy security think tank.

FBI/DEA/ATF/USMS:

Editorial: Criminals, Guns Don't Mix (LVS)

Las Vegas Sun, February 18, 2007

Cities need help, not hindrance, from federal authorities in tracking illegal sales

Earlier this month we wrote in support of an effort by the Los Angeles County Sheriff's Department to track the origin of guns used in crimes. The department had traced several such weapons to a gun shop in Sparks, just outside of Reno.

Such efforts are undertaken to determine whether gun shops are permitting "straw purchases" - those made with the intent of giving or selling the guns to criminals. Support for these investigations comes from the Mayors Against Illegal Guns Coalition, which counts 150 U.S. mayors in its membership, including Geno Martini of Sparks.

A co-founder of the group, New York City Mayor Michael Bloomberg, last year sent police investigators into many of his city's gun shops. As the requirement for gun shop operators to be vigilant against straw purchases comes under federal law, all Bloomberg could do was press civil suits against those found to be in violation.

He hoped the Justice Department would take it from there, and file criminal charges where the evidence was strongest. But not only did the Justice Department refuse to bring charges, it also warned Bloomberg about "potential legal liabilities" the city could face if it continued such investigations.

Straw purchases are a mounting problem in communities across the country. The federal government should assist cities as they try to protect their citizens from the danger presented by criminals who can easily obtain guns from seemingly legitimate purchasers.

IMMIGRATION:

Nafta Should Have Stopped Illegal Immigration, Right? (NYT)

By Louis Uchitelle

The New York Times, February 18, 2007

THE North American Free Trade Agreement, enacted by Congress 14 years ago, held out an alluring promise: the agreement would reduce illegal immigration from Mexico. Mexicans, the argument went, would enjoy the prosperity and employment that the trade agreement would undoubtedly generate — and not feel the need to cross the border into the United States.

But today the number of illegal migrants has only continued to rise. Why didn't Nafta curb this immigration? The answer is complicated, of course. But a major factor lies in the assumptions made in drafting the trade agreement, assumptions about the way governments would behave (that is, rationally) and the way markets would respond (rationally, as well).

Neither happened, yet Nafta remains the model for trade agreements with developing Latin countries, including the Central American Free Trade Agreement, passed by Congress in 2005. Three more Nafta-like agreements are now pending in Congress — with Panama, Columbia and Peru.

When Nafta finally became a reality, on Jan. 1, 1994, American investment flooded into Mexico, mostly to finance factories that manufacture automobiles, appliances, TV sets, apparel and the like. The expectation was that the Mexican government would do its part by investing billions of dollars in roads, schooling, sanitation, housing and other needs to accommodate the new factories as they spread through the country.

It was more than an expectation. Many Mexican officials in the government of President Carlos Salinas de Gortari assured the Clinton administration that the investment would take place, and believed it themselves, said Gary Hufbauer, a senior fellow at the Peter G. Peterson Institute for International Economics in Washington who campaigned for Nafta in the early 1990s.

"It just did not happen," he said.

Absent that investment, foreign factories congregated in the north, within 300 miles of the American border, where some infrastructure already existed. "Monterrey is quite good," Mr. Hufbauer said, "but in a lot of other cities the infrastructure is terrible, not even enough running water or electricity in poor neighborhoods. People get temporary jobs, but that is all."

Meanwhile, Mexican manufacturers, once protected by tariffs on a host of products, were driven out of business as less expensive, higher quality merchandise flowed into the country. Later, China, with its even-cheaper labor, added to the pressure, luring away manufacturers and jobs.

Indeed, despite the influx of foreign-owned factories, total manufacturing employment in Mexico declined to 3.5 million by 2004 from a high of 4.1 million in 2000, according to a calculation of Robert A. Blecker, an American University economist.

As relatively well-paying jobs disappeared, Mexico's average wage for production workers, already low, fell further behind the average hourly pay of production workers in the United States, and Mexicans responded by migrating.

"The main thing that would have stemmed the flow of people across the border was a rapid increase in wages in Mexico," said Dani Rodrik, an economist and trade specialist at Harvard's John F. Kennedy School of Government. "And that certainly has not happened."

Something similar occurred in agriculture. The assumption was that tens of thousands of farmers who cultivated corn would act "rationally" and continue farming, even as less expensive corn imported from the United States flooded the market. The farmers, it was assumed, would switch to growing strawberries and vegetables — with some help from foreign investment — and then export these crops to the United States. Instead, the farmers exported themselves, partly because the Mexican government decided to reduce tariffs on corn even faster than Nafta required, according to Philip Martin, an agricultural economist at the University of California, Davis.

"We understood that the transition from corn to strawberries would not be smooth," Professor Martin said. "But we did not think there would be almost no transition."

A financial crisis also dashed expectations. One expectation was that the Mexican economy, driven by Nafta, would grow rapidly, generating jobs and keeping Mexicans home. The peso crisis of 1994-95, however, provoked a steep recession, and while there was some big growth later, the average annual growth rate over Nafta's lifetime has been less than 3 percent.

The financial crisis struck just months after Nafta came into existence, undermining, early on, the Mexican government's ability to spend money on roads, education and other necessary government functions.

"We underestimated Mexico's deficits in physical and human infrastructure," said J. Bradford DeLong, an economist at the University of California, Berkeley, and a Treasury official in the Clinton administration.

But, he says, without Nafta the migration would have been even greater. For instance, he says, there would not have been as much investment in the north of the country.

Finally, the steady flow of Mexicans to the United States has produced a momentum of its own — what Jeffrey Passel, a demographer at the Pew Hispanic Institute, calls a "network effect," in which young Mexicans travel to the United States in growing numbers to join the growing number of family members already here.

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The upshot is that Mexican migration to the United States has risen to 500,000 a year from less than 400,000 in the early 1990s, before Nafta, Mr. Passel estimates. Roughly 80 percent to 85 percent of immigrants are here illegally, he says.

The peso crisis, recession, the network effect — their impact may have been beyond anyone's control, but not the assumptions about how the market and the government would act.

"We have indeed had one disappointment after another on this score," Mr. Rodrik said, noting that the same assumption about government spending is part and parcel of the agreements, now before Congress, with Columbia, Peru and Panama.

While there is opposition to these proposals, it is mainly from Democrats who want a better safety net for American workers who might be hurt.

The European Union, in contrast, assumes little about government spending on the part of economically weaker nations joining it. The union itself has hugely subsidized the improved services needed by entering countries like Portugal, Spain, Greece and Poland, rather than leave financing to the relatively meager resources of entering countries.

The money is used not only for public investment, Mr. Rodrik noted, but also to subsidize companies setting up operations in the new countries and to support government budgets.

"I am not saying Nafta was a bad agreement," Mr. Rodrik said. "But more than a trade agreement is required for countries to converge economically. And Nafta has been viewed as a shortcut to convergence without having to do all the other stuff."

Georgia Revisits Legal Restrictions On Illegal Aliens (WT/AP)

The Washington Times, February 18, 2007

ATLANTA (AP) -- There have been no protests on the steps of the Georgia Capitol like those that greeted the state's sweeping immigration legislation last year. But quietly, and in piecemeal fashion, state lawmakers have been working around the edges to crack down again on aliens in the country illegally.

Georgia made international headlines last spring when it passed some of the toughest laws in the U.S. targeting illegal aliens within its borders. Those laws included provisions to sanction employers who knowingly hire illegal aliens and deny some state services -- such as nonemergency medical care and unemployment checks -- to adults who can't verify that they're in the country legally.

A flurry of smaller proposals has been moving through the state legislature this year, including several that would make it tougher for illegal aliens to drive in Georgia.

"This is an issue that I hear from my constituents all the time about," said state Rep. Timothy Bearden, a Republican from Villa Rica, who wants to require all state forms to be in English only.

"The federal government has been derelict in their duty, and until they do something, I guess it's going to be left up to us here in the states," he said.

State Sen. Chip Rogers was the author last year of the Georgia Security and Immigration Compliance Act. Most provisions of that law aren't set to take effect until July, and Mr. Rogers said he doesn't foresee another comprehensive immigration bill until the effects of that legislation can be judged.

"But there is still room to do other things," said the Republican from Woodstock, a north Atlanta suburb.

Last week, a proposal by Mr. Rogers coasted through the state Senate that would require Georgians to obtain a valid state driver's license before they can get their car licensed. To get a Georgia driver's license, residents must already verify that they are in the country legally.

Mr. Rogers portrayed it as a public safety measure but acknowledged that it would make it harder for people in the country illegally to get behind the wheel, because their vehicles wouldn't have valid plates and would be easy for law enforcement to spot and stop.

The measure passed unanimously without debate. It moves to the House, which like the state Senate is controlled by Republicans.

Jerry Gonzalez, executive director of the Georgia Association of Latino Elected Officials, said the measures are little more than a backhanded way to go again after illegal aliens.

"In some ways, it's worse than last year because it's sneakier," he said.

Mr. Gonzalez said the measures under consideration would drive the state's growing Hispanic population deeper underground and discourage them from cooperating with law enforcement.

But Republican backers of the new proposals say they are needed to close loopholes.

The crackdown is coming not just from the state legislature. Gov. Sonny Perdue, a Republican, announced during his re-election bid that 10 new investigators would be placed at driver services centers -- where driver's licenses are issued -- that are thought to be at the highest risk for receiving forged documents.

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They Are America (NYT)

The New York Times, February 18, 2007

Almost a year ago, hundreds of thousands of immigrant workers and their families slipped out from the shadows of American life and walked boldly in daylight through Los Angeles, Washington, Chicago, New York and other cities. "We Are America," their banners cried. The crowds, determined but peaceful, swelled into an immense sea. The nation was momentarily stunned.

A lot has happened since then. The country has summoned great energy to confront the immigration problem, but most of it has been misplaced, crudely and unevenly applied. It seeks not to solve the conundrum of a broken immigration system, but to subdue, in a million ways, the vulnerable men and women who are part of it. Government at all levels is working to keep unwanted immigrants in their place — on the other side of the border, in detention or in fear, toiling silently in the underground economy without recourse to the laws and protections the native-born expect.

The overwhelming impulse has been to get tough, and tough we have gotten:

Border enforcement. What little the last Congress did about immigration was focused on appeasing hard-line conservatives by appearing to seal the border. President Bush's new budget continues that approach, seeking 3,000 more Border Patrol officers and another $1 billion for a 700-mile fence, adding to the billions spent to militarize the border since the 1990s. That still isn't enough to build the fence and it hasn't controlled the illegal flow; you need more visas and better workplace enforcement to do that. It has directed much traffic into the remote Southwest desert, making more immigrants vulnerable to smugglers and leaving many people dead.

Federal raids. In December federal agents stormed a half-dozen Swift meatpacking plants, rounding up hundreds of suspected illegal immigrants and exposing the secret that is no secret: America's dirtiest, hardest jobs are done by people too desperate to shun them and too afraid to complain. The raids have been replicated in other states and industries, on day-labor street corners and in homes from Connecticut to California. In immigrant communities, the undercurrent of fear has been replaced by terror, and employers are jittery, too. The immigration agency says it singles out only fugitives in Operation Return to Sender, but the sweeps are broad and panic is indiscriminate.

Local crackdowns. State, county and local officials have picked up where they left off last year, introducing bills to get tough on illegal immigrants. They cannot control federal policy, so they try other ways to punish those they see as unfit neighbors, to stifle their opportunities, extract money, expose them to legal jeopardy and otherwise inflict suffering, in the deluded hope that piling on miseries will make them disappear. In suburban Long Island, where resentment over an influx of day laborers has festered under a hapless and intolerant county government, lawmakers are considering banning workers from county roadsides. Texas legislators are mulling a bill to reject the 14th Amendment and deny the benefits of citizenship to children born in this country to undocumented parents. Local officials all over are trying to deputize police officers as immigration agents, causing overburdened police forces and prosecutors to bristle. Some bills are symbolic, most are simply spiteful, and their effect is a chaotic patchwork, not a sane national policy.

Gutted due process. Laws enacted a decade ago and tightened after 9/11 distance even legal immigrants from the protection of the law. Immigrants are routinely detained without bond, denied access to lawyers, deported without appeal and punished for one-time or minor infractions with a mechanistic ferocity that precludes a judge's discretion or mercy. Several of the immigration bills that Congress has considered seek to heighten the efficiency with which immigrants who run afoul of the authorities can be railroaded out of the country. This gums up another aspect of the legal system, which deals with refugees and asylum seekers. A much tighter web for immigrants has been erected, and it catches many blameless victims.

The web of suspicion. The Justice Department wants to expand routine DNA collection to include detained illegal immigrants, creating a vast new database that will sweep up hundreds of thousands of innocent people. DNA, far more than fingerprints, is a trove of deeply personal information. Its routine collection from law-abiding citizens is considered an outrageous violation of privacy rights. In the belief that illegal immigrants lack such rights, DNA swabs and blood would be collected even if a detainee is not suspected of a crime. This reinforces the notion that immigrants should be treated as one huge class of criminal suspects.

The bureaucratic trap. The federal bureaucracy, notorious for backlogs and bad service, wants to charge more to immigrants who want to become Americans — an average increase of 66 percent in the price of visas and citizenship papers. Such steep and arbitrary increases would create a means test for citizenship, an affront to our national values.

The rise of hate. The Anti-Defamation League, acutely sensitive to the presence of intolerance, has detected an increase in Ku Klux Klan activity around the country, much of it focused on hatred of new immigrants. This virus in the bloodstream usually erupts amid national ferment and fear, and according to a report available at www.adl.org, hate groups like the Klan have moved quickly to exploit the simmering debate over immigration.

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Hopelessly fixated on toughness, the immigration debate has lost its balance, overlooking the humanity of the immigrant. There is a starkly diminished understanding that hospitality for the stranger is part of the American ethos, and that as much as we claim to be a nation of immigrants, we have thwarted them at every turn. We must do better.

The new year began with renewed optimism for the chances of sensible immigration reform in Washington. The hope is justified, but time is short and real change will still require boldness and courage. Citizenship must be the key to reform. The idea of an earned path to citizenship for illegal immigrants was missing from President Bush's State of the Union address this year, though he has continued to say his usual favorable words about reform. The new Democratic Congress and moderate Republicans cannot be afraid to stand up to the anti-amnesty demagogues and lead Mr. Bush to a solution.

Enforcement of laws cannot be ignored. Punish immigrants who enter illegally, make them pay back taxes and fines, restrict their ability to get work through deceit and false identities. But open a path to their full inclusion in the life of this country.

The alternative — the path of immigrant exploitation, of harassment without hope — will only repeat the ways the country has shamed itself at countless points in its history.

Republican Poe Helped Elevate Border Agents' Case (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, February 18, 2007

Congressman from Humble says 2 ex-border agents got bad rap

WASHINGTON — Flip on CNN's Lou Dobbs Tonight show these days and chances are pretty good you'll see Texas Congressman Ted Poe lamenting the fate of two ex-Border Patrol agents imprisoned for shooting a Mexican drug trafficker.

For months, the Republican from Humble has relentlessly championed the agents' case on cable-TV shows and behind the scenes, helping foment public outrage directed at the White House and President Bush's appointees in the Justice and Homeland Security departments.

Poe, who spent 22 years as a hard-nosed criminal court judge in Houston and eight years before that as a Harris County prosecutor, seems an unlikely choice to be carrying the banner for two convicts.

"It surprises some that I am seen to be on the side of the defendants," Poe acknowledged in an interview.

But the lawmaker, in his second term, said his stance stems directly from his experiences on the bench and at the prosecution table.

"I know the power of the prosecution and how powerful they are," said Poe, who argues that the Justice Department went to extraordinary lengths to prosecute ex-agents Jose Compean and Ignacio Ramos for wounding the drug trafficker in a 2005 border altercation.

Though the two men were duly convicted in a jury trial in El Paso, Poe contends the game was rigged against the defendants because of "back-room deals" given by the prosecution to get the trafficker and other involved Border Patrol agents to testify. He also questions whether information was withheld from the jury.

And Poe is uneasy about what he views as Mexican interference into the case, citing letters written by Mexican consular officials seeking prosecution.

Asked whether he ever worries that he may be defending rogue officers, which is what prosecutors insist Ramos and Compean were, Poe expresses no uncertainty.

"They are not rogue border agents," he said.

But Poe also has no patience with fellow conservatives whose rhetoric has soared to broach the possibility of impeachment of Bush if either of the ex-agents is killed in prison. Ramos was attacked by six inmates at his Mississippi prison recently after they saw his case air on TV.

"That's an absurd answer," Poe said of the impeachment talk.

Cornyn on a quest for campaign cashTexas Sen. John Cornyn will have to get down to some serious fundraising in preparation for his re-election run in 2008.

The Republican raised $3.3 million during the past two years and began 2007 with a little more than $3 million in the bank. Considering he spent $15 million in campaign contributions on his 2002 election, he's got a ways to go in the quest for campaign cash.

"I'm working on it," Cornyn said, predicting he will have banked at least $6 million by next January's filing deadline.

Cornyn estimated he'll need about $20 million if he has a serious Democratic rival. Among those who may be eyeing the race: former Comptroller John Sharp, former Dallas mayor and 2002 Senate nominee Ron Kirk and Houston Mayor Bill White, though many think he is far more inclined to make a gubernatorial run in 2010.

Houston Democrat Barbara Ann Radnofsky, who unsuccessfully challenged Sen. Kay Bailey Hutchison last year, also is in the mix.

"I'm just going to try to be ready for whatever comes," Cornyn said.

Measure honors civil rights figuresThe Senate voted last week to add the names of former Houston Congresswoman Barbara Jordan and three other prominent civil rights figures, including fellow Texan Hector P. Garcia, to the title of the 2006 law reauthorizing portions of the Voting Rights Act.

The measure now moves to the House.

TAX:

Senators Set Sights On Overseas Tax Havens (WP/BLOOM)

By Mark Drajem, Ryan J. Donmoyer, Bloomberg News

The Washington Post, February 18, 2007

Three senators proposed legislation that would target what they say is $100 billion a year in tax revenue lost each year because of overseas tax havens, in part by forcing hedge funds to track their foreign investors.

The measure would impose tougher requirements on U.S. taxpayers using offshore secrecy jurisdictions, give the U.S. Treasury the authority to take action against foreign jurisdictions that impede tax enforcement, stiffen penalties against abusers and close offshore trust loopholes, according to a summary of the bill released by Michigan Democrat Carl M. Levin.

The legislation would require hedge funds to establish programs to combat money laundering and better track offshore investors, under guidance from the Treasury Department. The measure would also prohibit the U.S. Patent and Trademark Office from issuing patents for accounting strategies intended to "minimize, avoid, defer, or otherwise affect liability for federal, state, local, or foreign tax."

"We cannot tolerate tax cheats offloading their unpaid taxes onto the backs of honest taxpayers," Levin said in a joint statement with co-sponsors Norm Coleman (R-Minn.) and Barack Obama (D-Ill.). "Offshore tax havens have declared economic war on honest taxpayers by helping tax cheats hide income and assets that should be taxed in the same way as other Americans."

The Treasury Department and top lawmakers in both houses of Congress have made a priority this year reducing the so-called tax gap, the difference between what individuals and companies owe and what they pay. The IRS said a study of 2001 tax returns shows the tax gap is about $345 billion a year, only $55 billion of which is recovered.

The legislation is a "strengthened" version of a measure introduced in 2005 by the senators, Levin said, and is the product of a four-year probe by the Senate permanent subcommittee on investigations.

CONGRESS-ADMINISTRATION:

Bush Urges Action On Health Insurance (NYT)

By The New York Times

The New York Times, February 18, 2007

WASHINGTON, Feb. 17 — President Bush urged Congress again Saturday to create a tax break that would help people buy private health insurance outside the workplace.

Repeating points made in his State of the Union address, Mr. Bush said that he wanted to create a standard tax deduction for health insurance and that he would “continue to reach across party lines to enact common-sense health care reforms.”

“Health care costs are rising rapidly, more than twice as fast as wages,” Mr. Bush said in his weekly radio address. “These rising costs are driving up the price of health insurance.”

Mr. Bush said he was pleased to receive a letter this week from 10 senators — 5 Democrats and 5 Republicans — who wanted to work with him on the nation’s health care system.

Gov.'s Health Plan Leaves Some In Bind (LAT)

By Jordan Rau, Times Staff Writer

The Los Angeles Times, February 18, 2007

Its subsidies wouldn't cover nearly 1 million middle-class workers.

— Shannon Corona had stomach surgery in 2004, but she has not been back to her specialist for a checkup in two years.

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Her employer, a landscape architectural firm where she is a drafter, doesn't offer health insurance, and she says she can't afford it.

"I have too many bills: two student loans, a car payment and car insurance," said Corona, a 23-year-old from San Dimas.

Corona is the kind of Californian who Gov. Arnold Schwarzenegger says would be helped by his proposed overhaul of the state's healthcare system. But compelling everyone to obtain insurance — the linchpin of his plan — may not work for many Californians in need of aid, according to health policy experts.

Under the governor's plan, nearly 1 million middle-class people would be caught in a tough bind, those experts say: They earn too much to qualify for the insurance subsidies Schwarzenegger wants the state to provide but not enough to afford comprehensive coverage.

Only those whose yearly earnings are less than 250% of the federal poverty level — about $25,525 for individuals and $51,625 for families of four — would qualify for the proposed subsidies.

People earning more would be required by law to have, at a minimum, a high-deductible catastrophic insurance plan. Such policies, which the administration says cost about $1,200 per person a year, would not pay for anything until a patient's annual medical costs exceeded $5,000.

And families could owe as much as $5,000 more in co-payments before insurers absorbed further medical bills.

Those who earn more than Schwarzenegger's subsidy threshold but are hardly affluent can include fitness trainers, retail sales workers, child-care workers, actors, dental assistants, artists, social workers, construction workers and legal assistants. Many retired people and those in part-time jobs also routinely earn just a little more than the cutoff amount.

"I think the biggest weakness is just not addressing where people 2 1/2 times poverty are going to go if they want something more than catastrophic coverage," said Jonathan Gruber, an economics professor at the Massachusetts Institute of Technology who analyzed the governor's proposal at Schwarzenegger's request.

Democratic leaders in the Legislature, which must approve any healthcare overhaul and is weighing several proposals, have been skeptical of requiring coverage without regulating how much insurers can charge.

E. Richard Brown, director of the UCLA Center for Health Policy Research, told a Senate panel Thursday that 917,000 of the 2 million uninsured who earn more than Schwarzenegger's threshold would have difficulty affording the coverage the governor wants to require.

The administration says many components of Schwarzenegger's plan would help lower premiums, although they have no estimates of how much. One provision would limit how much insurers and hospitals could use for things other than medical care, specifically profits and administration. At least 85% of premiums would have to be spent on care.

But both the administration and independent experts say Schwarzenegger's plan would need the mandatory insurance element in order to work. The mandate would ensure that the healthy and the young, who pay more in premiums than they spend on care, sign up for insurance.

"There will be a larger risk pool that will lower the individual premiums," Schwarzenegger told a gathering of healthcare professionals in Los Angeles on Thursday.

Massachusetts is the only other state that requires health insurance coverage. Even though its mandate doesn't kick in until July, the initial experience has been dispiriting.

When a state board created to help arrange coverage sought bids, insurers proposed premiums far above state projections: between $3,000 and $6,000 a year, depending on a person's age. Massachusetts is soliciting new bids, for less comprehensive coverage than originally planned.

Dr. Mark Smith, president of the California Health Care Foundation, an Oakland nonpartisan group that is analyzing the various proposals being considered in the Capitol, said any workable plan would have to "have some credible evidence that costs will be controlled." That, he said, "is the most questionable part of all the plans I've seen so far."

The minimum insurance policies that Schwarzenegger wants to require would cost less than those in Massachusetts, because in California they would be reserved for catastrophic illness or injury.

But the limited uses of those policies make them unappealing to some who would be required by law to buy them.

"I don't want to be forced to buy [health] insurance like I buy auto insurance," said Nick Trasente, a bartender and aspiring actor in Burbank.

Schwarzenegger acknowledged that high-deductible plans are not "the ideal situation," but he said they could help protect people from the kind of medical bills that cause bankruptcy. "I guarantee you," he said at a news conference last month, that an uninsured family hit with $150,000 in medical costs "would have been happier with the $5,000" deductible of a catastrophic policy.

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But some people who already hold such policies say they are of little help when it comes to routine medical care, the kind that can help identify health problems before they become financially overwhelming.

Kari Picolla, a 28-year-old assistant to two actors in Glendale, purchased catastrophic insurance from Blue Cross of California after her regular coverage became too expensive. It costs $85 a month and pays for four doctor visits a year.

"I can definitely afford the premium. What I can't afford is healthcare, going to the doctor" after exceeding the visit limit. "It's $120 a pop if I go more than four times a year. Getting those bills is tough."

Catastrophic plans are even less attractive to older people and those who require regular medical care.

Jim Thompson, a 61-year-old musician from Santa Monica, wanted to retire early with his 54-year-old wife, Mara. But the cost of buying a comprehensive insurance policy would have been $1,300 a month.

"She has gone back to work full time for one reason only: healthcare," he said. Though the couple's financial picture is "rosy," he said, "our entire well-being is under threat, because without health insurance you can be wiped out."

On average last year, annual premiums in California cost $4,548 for individuals and $11,856 for families, according to a survey of employers by the California Health Care Foundation. Premiums rose 8.7% in 2006, more than twice the state's rate of inflation.

The state's Managed Risk Medical Insurance Board runs a last-resort insurance program for people private insurers won't take. But its offerings are not cheap: For the least expensive plan, families of three or more in Los Angeles County must pay between $10,050 and $14,245, depending on age.

Robin Corona, Shannon Corona's mother, looked into the program for her daughter, who makes more than the threshold. But the family determined that even the cheapest plan she could buy would be too much at $2,681 a year. .

Both parents are retired and said they want to help. But they have their own financial challenges, including the care of Shannon Corona's 91-year-old grandmother and her medical expenses. And Robin Corona said the insurance rates for her and her husband just went up.

"We can't help her, and that's where I feel terrible," Robin Corona said. "I'm not Rockefeller. Nobody can afford those prices.

"We're supposed to be the No. 1 nation in the world, but we're so far behind everybody," she added. "There's got to be a better way."

In Majority, Democrats Run Hill Much As GOP Did (WP)

By Lyndsey Layton, Washington Post Staff Writer

The Washington Post, February 18, 2007

Democrats pledged to bring courtesy to the Capitol when they assumed control of Congress last month. But from the start, the new majority used its muscle to force through its agenda in the House and sideline Republicans.

And after an initial burst of lawmaking, the Democratic juggernaut has kept on rolling.

Of nine major bills passed by the House since the 110th Congress began, Republicans have been allowed to make amendments to just one, a measure directing federal research into additives to biofuels. In the arcane world of Capitol Hill, where the majority dictates which legislation comes before the House and which dies on a shelf, the ability to offer amendments from the floor is one of the minority's few tools.

Last week, the strong-arming continued during the most important debate the Congress has faced yet -- the discussion about the Iraq war. Democrats initially said they would allow Republicans to propose one alternative to the resolution denouncing a troop buildup but, days later, they thought better of it.

"It sounds like we're not doing what we said we would do -- I understand that," House Majority Leader Steny H. Hoyer (D-Md.) said Tuesday. "Here, however, we believe we are very justified in one of the most important issues confronting the country, which clearly was a huge issue in the election and which got bottled up in the Senate."

Republican leaders have been complaining daily about being pushed to the margins. "It's hypocritical because they campaigned on openness and bipartisanship," said Rep. Patrick T. McHenry (R-N.C.), adding that shutting out the minority hurts Congress. "It stifles debate and ideas and also manipulates the outcome."

And yet, significant numbers of House Republicans have voted along with Democrats on the legislation passed so far -- a fact that somewhat mutes criticism about iron-fisted tactics.

Some say Democrats risk being accused of the same abuse of power that Republicans were charged with when they were running Capitol Hill. Republicans became notorious for tactics such as prolonging a roll call vote for three hours in order to round up enough Republicans to pass a bill or failing to notify Democratic members of committee meetings or negotiating sessions.

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"They're on thin ice now," Norman J. Ornstein, a congressional scholar at the American Enterprise Institute, said of the new Democratic leaders. "I'm getting uneasy about this lack of amendments. . . . They're getting to the point where you're past the initial period where you've got an excuse to operate with a firm hand. It's going to be increasingly difficult to rationalize."

In May, months before her party won control of Congress and she became speaker, Rep. Nancy Pelosi (D-Calif.) said "bills should generally come to the floor under a procedure that allows open, full and fair debate consisting of a full amendment process that grants the minority the right to offer its alternatives, including a substitute." After the election, Pelosi told the Associated Press: "The principle of civility and respect for minority participation in this House is something we promised the American people. It's the right thing to do."

In the first weeks of the new Congress, however, Democrats bypassed the usual legislative committees, refused to allow any amendments and took their agenda straight to the floor for passage. They said they needed a clear path to pass a handful of popular measures that were the basis of their successful November campaign, including expanded money for stem cell research, an increase in the federal minimum wage and implementation of recommendations of the Sept. 11 commission.

Democrats said they would impose "regular order," the rules that permit the minority to participate more widely, in short order.

But even after passing their domestic agenda, Democratic leaders have continued to marginalize Republicans, preventing them from having a voice in legislation such as a bill to withhold federal pensions from lawmakers convicted of ethics felonies and a $463 billion bill to fund the federal government for the rest of this fiscal year.

"This is the legislative equivalent of 'the check is in the mail,' " said Ross K. Baker, a political scientist at Rutgers University, referring to repeated promises by the Democrats to open up the legislative process to Republicans. "The Democrats are paying lip service to principle, but it's the same old high-handedness, except with a friendly face."

After watching the Senate stall over competing war resolutions and tangled discussions over the terms of debate, Hoyer and Pelosi said they wanted to prevent similar "confusion" in their chamber.

Republicans hoped to introduce a bill similar to one written by Rep. Sam Johnson, a Texas Republican who flew combat missions in Korea and Vietnam and was a prisoner of war in Hanoi. It says Congress would not cut off money for soldiers in the field. But Democrats worried it would place some members of their party in a difficult position.

The only way to avoid that was to limit discussion to one narrowly worded resolution, Hoyer said.

He said it left no room for "Well, I don't like that 'whereas' " or "I don't like that 'therefore.' " "It's very simple," Hoyer said. "If you've seen the resolution, you can read it in about 60 seconds. We support the troops, we're going to protect the troops, we disagree with the president's proposal."

Last week's debate on the Iraq war, culminating in its passage Friday by a vote of 246 to 182, was conducted under a "closed rule," which means Republicans could not offer alternatives. "I understand what they did on their agenda," said Rep. Mike Simpson (R-Idaho). "But to do a closed rule on something like this is a huge mistake. We're talking about war and peace. You don't play politics with war."

In the closely divided Senate, Republicans made similar accusations when Democrats announced plans to introduce an Iraq resolution without permitting Republican alternatives.

"If this is allowed, this is the second bill in a row where no amendments were offered to the 49-member Republican minority," Minority Leader Mitch McConnell (Ky.) said, referring to the $463 billion bill to fund the federal government as well as the Iraq resolution. "I've been here a couple of decades and I have a hard time recalling anything like this. It's inappropriate in a body that thrives on deliberation. . . . That's simply not acceptable on this side of the aisle."

Senate Majority Leader Harry M. Reid (D-Nev.) suggested that McConnell had a short memory. "On a multitude of issues when we were in the minority, we had no opportunities to offer amendments or anything," Reid said.

And the Democrats are not completely running roughshod over Republicans, as the GOP did to the Democrats when they controlled Congress.

While they did not allow amendments on the Iraq debate, the Democrats gave every member of the chamber five minutes to speak on the resolution -- an unprecedented amount of debate on a nonbinding resolution, according to Thomas E. Mann, a scholar at Brookings Institution. He said that is more than the Republicans offered Democrats when the GOP passed a resolution last spring supporting the war in Iraq.

"So far the Democrats have had a rationale for each cluster of these votes," said Mann, who co-wrote a book about congressional dysfunction with Ornstein. "And they never said they were going to disarm. But they better pretty quickly find matters which they care about but allow reasonable deliberation in committee and amendments on the floor, or they're not going to be able to sustain this over time without damaging the institution."

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Leftward, Ho? (NYT)

By Mark Leibovich

The New York Times, February 18, 2007

THESE are balmy days on the American left — genuine, uncharacteristic sunniness unpolluted by some fluky political climate change. There is even talk of a — stutter, clear-throat, perish-thought — liberal resurgence.

Or, treading gingerly, a "liberal moment."

"Hell, ya, this is a liberal moment," exults Thomas Frank, author of "What's the Matter With Kansas?" — and yes, he even calls himself a "liberal" writer, eschewing the sleeker "progressive" stage name that many lefties are preferring these days. He declares this "liberal moment" loud and proud. Until the inevitable qualifier comes.

"A potentially liberal moment," Mr. Frank says, "assuming that liberal politicians can seize the moment and get beyond their usual plague of incompetence."

Oh, snap. Liberal optimism, thy name is caution and caveat.

But it is optimism nonetheless, and well-founded, too, say Mr. Frank and a broad spectrum of political thinkers and leaders. And, they say, the evidence goes beyond the obvious indicators — the ascendance of Democrats in the House and Senate, President Bush's second-term belly-flop and poll numbers showing the Democratic Party trending left and the nation's political center trending Democratic.

The chicken-egg riddle is how much this alleged "liberal moment" bespeaks genuine momentum for the left and how much stems from anti-Bush, antiwar, anti-Republican fervor.

In other words, liberal moment or conservative slump?

Both, presumably, for reasons that could be explained in part by the "mommy party/daddy party" cliché — that is, that voters typically favor Democrats ("mommy party") on social issues and Republicans ("daddy party") on national security.

"At the moment, daddy seems to have messed up the war in Iraq," says Rich Lowry, editor of the conservative National Review magazine, "so people are much more willing to listen to mommy, which helps Democrats."

But beyond the time-worn parental paradigm, it's clear that issues once largely walled off to the liberal hinterlands have suddenly gained mainstream acceptance and urgency. "There does seem to be momentum around a set of issues that have traditionally been the property of the left," says David M. Kennedy, the Stanford University historian.

Presidential candidates, for instance, can now safely utter "universal health care" without being tarred as supporters of "socialized medicine." Polls show increasing support for raising the minimum wage, stem-cell research, gay and lesbian civil unions, alternative-energy initiatives and increased financial aid to offset the escalating cost of college.

Republicans can no longer blockade the cause of global warming to the wild-haired left. Once derided as "Ozone Man" by the former President Bush, Al Gore is now up for a Nobel Peace Prize and an Oscar (while California's non-Oscar-nominated Republican governor, Arnold Schwarzenegger, has been hailed as an environmental action hero for introducing stringent emissions standards).

Representative Barney Frank, Democrat of Massachusetts, posits that President Bush's abortive attempt in 2005 to privatize the New Deal totem of Social Security helped usher in what he agrees is "a liberal moment."

After the 2004 election, "there was reason to think we were in the midst of a conservative moment," said Mr. Frank (no relation to Thomas Frank). He recalls that there was concern, at first, that Mr. Bush — stout from his re-election — would win the support of young voters and prevail easily on Social Security.

But the foray "flopped totally," Mr. Frank said, and it became a "powerful affirmation of the public sector."

A few months later, Mr. Frank says, the Terri Schiavo case repudiated what he calls "the Republican moral agenda" and became a seminal event in the dawning of a "liberal moment."

"Republicans thought this was a great issue for them," Mr. Frank remembers. But then, all of a sudden, he said, "people realized that 'Hey, those guys are trying to come into my life.' "

A Gallup survey last month found that Democrats led Republicans by 34 percent to 31 percent in party affiliation — the largest Democratic advantage since the Clinton administration (34 percent of respondents identified themselves as independents).

By the same token, voters aged 18 to 25 are far more Democratic than previous generations, according to a 2006 survey by Pew Research. And the ratio of Democratic voters who describe themselves as "liberal Democrats" (32 percent) has risen steadily while the share of "conservative Democrats" has dropped (23 percent). Four years earlier, 27 percent of Democrats identified as conservatives, 26 percent as liberals.

The right is seen as divided, demoralized and possibly saddled with a top duo of Republican presidential candidates — John McCain and Rudy Giuliani — who could be unnervingly palatable to moderates and even liberals on certain issues (climate

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change and campaign finance for Mr. McCain; abortion and gay rights for Mr. Giuliani). A third, Mitt Romney, was just four years ago elected governor of a state — Massachusetts — that many Republicans regard as the political equivalent of a Superfund site.

Conservatives are quick to maintain that while these may indeed be (vegan) salad days for liberals, it's more likely a phase than an era — and not necessarily anything that portends a blanket repudiation of conservatism. They are much quicker to blame the Republican Party — and President Bush — for their current troubles.

"Republicans basically have a shattered brand right now," said Rep. Tom Feeney, a Republican of Florida and outspoken "movement conservative." He mentions one poll in which voters overwhelmingly trusted Democrats over Republicans on matters of fiscal discipline, a finding he called "scary."

Ultimately, Mr. Feeney said, any "liberal moment" will ultimately rest on the left's ability to govern. He says the early wave of legislation passed by the new Democratic majority in the House — the so-called "six-for-'06" — dealt with easy, popular issues like supporting stem-cell research and raising the minimum wage.

"Democrats might have an edge on health care right now," Mr. Feeney said. "But let's see what happens when they put something forward that scares the bejeezus out of everyone."

Mr. Feeney's conservative confidence mirrors the inherent ambivalence of many liberals — especially when it comes to internalizing their own successes.

Even in the sweetest of times, liberals tend to be congenitally averse to walking tall, as if they're always half-expecting to be one step away from getting decked by a falling piano.

Years of ridicule, battering and electoral defeat will do that. The liberal imprint has been trashed by generations of conservative candidates and commentators drilled in every unbecoming association ("tax and spend liberal," "big government liberal," "ivory tower liberal," "limousine liberal," "commie, hippie, purple haired, weak kneed, bleeding heart, limp-wristed, weepy eyed, take your choice liberal").

It's also an open-question as to whether the "liberal moment" could survive a truly "daddy party" event — like a domestic terrorist attack.

"We're at a moment where I think the disasters of the Bush administration's domestic and foreign policies are being appreciated," said Bruce Ackerman, a professor of law and political science at Yale University and author of "Before the Next Attack."

These failures constitute what Mr. Ackerman calls "an opening" for American liberals, but hardly a triumph.

"This is a moment of relative calm," he says. "We'll see where it leads."

White House: Moles Taken From Bush's Face Benign (CNN)

CNN.com, February 17, 2007

WASHINGTON (CNN) -- Two moles President Bush had removed from his face Friday were benign, White House spokesman Alex Conant said Saturday.

Dermatologist Steve Krivda from Walter Reed Army Medical Center/ National Naval Medical Center and Bush's regular doctor, Richard Tubb, removed the moles from Bush's left temple using a local anesthetic, White House spokesman Scott Stanzel said.

Bush has a 1-inch scab on his left temple that is expected to heal in a week to 10 days, but he does not have a bandage, Stanzel said.

He said Bush noticed one mole and had Tubb examine it Monday. Tubb then noticed the second mole and suggested they both be removed. Tests indicated they were not cancerous, according to the White House.

Bush had lesions removed from his face in December 2001 and December 2004. His most recent physical was in August 2006, the White House said.

Warnings Over Privacy Of U.S. Health Network (NYT)

By Robert Pear

The New York Times, February 18, 2007

WASHINGTON, Feb. 17 — The Bush administration has no clear strategy to protect the privacy of patients as it promotes the use of electronic medical records throughout the nation's health care system, federal investigators say in a new report.

In the report, the Government Accountability Office, an investigative arm of Congress, said the administration had a jumble of studies and vague policy statements but no overall strategy to ensure that privacy protections would be built into computer networks linking insurers, doctors, hospitals and other health care providers.

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President Bush has repeatedly called for the creation of such networks, through which health care providers could share information on patients. In 2004, Mr. Bush declared that every American should have a "personal electronic medical record" within 10 years — by 2014. With computerized records, he said, "we can avoid dangerous medical mistakes, reduce costs and improve care."

In response to the president's plea, federal officials have developed elaborate plans for what they describe as "a nationwide health information network." Mr. Bush has said: "One of the things I've insisted upon is that it's got to be secure and private. There's nothing more private than your own health records."

But in the report, issued this month, the G.A.O. said the administration had taken only rudimentary steps to safeguard sensitive personal data that would be exchanged over the network.

Senator Daniel K. Akaka, Democrat of Hawaii, who requested the investigation, said it showed that "the Bush administration is not doing enough to protect the privacy of confidential health information." As a result, Mr. Akaka said, "more and more companies, health care providers and carriers are moving forward with health information technology without the necessary protections."

In written comments on the report, Jim Nicholson, the secretary of veterans affairs, who supervises one of the nation's largest health care systems, said, "I concur with the G.A.O. findings."

But Dr. Robert M. Kolodner, who coordinates work on information technology at the Department of Health and Human Services, disputed the findings. Dr. Kolodner said his department was "very committed to privacy and security as it works toward the president's goal" of switching medical records from paper to electronic files.

Mark A. Rothstein, the chairman of a panel that advises the government on health information policy, essentially agreed with the accountability office. "Health privacy has not received adequate attention at the Department of Health and Human Services," said Mr. Rothstein, a professor of law and medical ethics at the University of Louisville School of Medicine. "A sense of urgency is lacking."

Mr. Rothstein said "time is of the essence" because "the private sector is racing ahead" to establish medical record banks and health information exchanges. In December, he noted, Wal-Mart, Intel and other companies announced they were creating a huge database that could store the personal health records of more than 2.5 million employees and retirees. The companies promised they would have "stringent privacy policies and procedures."

Mr. Rothstein said Congress should not provide more money for a nationwide health information network unless the administration did more to protect the privacy of electronic medical records.

Dr. William A. Yasnoff, a physician and computer scientist who worked at the Department of Health and Human Services from 2002 to 2005, said he too had found that "the department does not have a comprehensive approach to privacy."

Explaining why he saw a need for stronger privacy protections in the digital age, Dr. Yasnoff said: "Anything you do to make information more accessible for good, laudable purposes will simultaneously make it more accessible for evil, nefarious purposes. People intuitively understand that, and they are worried."

The accountability office said doubts about privacy could slow the adoption and use of electronic medical records. Professor Rothstein offered a similar prediction, saying: "If privacy protections are not built into the network, people will not trust it. They won't participate, or they will opt out if they are allowed to."

Legislation to encourage the use of health information technology has broad bipartisan support but died in Congress last year, partly because of disagreements over privacy protections.

Under Mr. Bush's proposal, lawmakers said, it is not clear how much control people would have over their electronic medical records.

Several members of Congress have drafted legislation to clarify consumers' control over such data. One proposal, by Senator Sam Brownback of Kansas and Representative Paul D. Ryan of Wisconsin, both Republicans, would establish health data banks in which people could store electronic copies of their medical records. Under the bill, a consumer would "maintain ownership over the entire health record" and could control access to it.

By contrast, under existing federal rules, hospitals and other health care providers generally do not have to obtain a patient's consent to use or disclose information for "treatment, payment or health care operations."

Should There Be A Hispanic Caucus? (LAT)

By Gregory Rodriguez

The Los Angeles Times, February 18, 2007

As Latinos become a large minority, political alliances may turn out to be liabilities.

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YOU GO, Loretta Sanchez. Just keep walking away from that Congressional Hispanic Caucus. No, not just because of the nasty name caucus chief Rep. Joe Baca allegedly called you. But because you'll be undermining a political practice that will increasingly hurt Mexican American statewide candidates in the most politically powerful states in the nation.

From all accounts, Rep. Sanchez's public feud with Baca is highly personal. (She says he called her a "whore.") Nonetheless, the moment provides an opportunity to ponder whether Latino legislative caucuses haven't outlived their usefulness. I say it's time to abolish them.

It's not because I stand in principled opposition to the idea of ethnic solidarity. It's just that both the demographic calculus and the political rationale that gave rise to Latino caucuses have disappeared. And as Latinos move toward becoming the largest ethnic group in the two most populous states, such caucuses become a political liability to statewide candidates vying to represent all constituencies.

Latino caucuses emerged in the 1970s when Hispanics made up a small percentage of the U.S. population. Founded in 1976 on the model of the Congressional Black Caucus, the Congressional Hispanic Caucus sought to unify regional political movements — primarily Mexican Americans in the Southwest and Puerto Ricans in the Northeast — into a single, cohesive national voice.

However, since 1970, the Latino population has grown by a whopping 267%, and today Latinos make up more than one-third of all Texans and Californians. Given the ethnic political lag, it will take Latinos at least a dozen years to constitute a third of California voters. But once they become a majority of the state's population, within 25 years, won't it be a bit unseemly to have a California Latino Legislative Caucus?

Political scientists tend to stress the symbolic rather than the substantive importance of these state and federal caucuses. "It stands for Hispanic presence and unity," says Harry Pachon of USC's Tomás Rivera Policy Institute. But symbolism can cut both ways, and the idea of a soon-to-be-majority group maintaining an ethnic-specific caucus is likely to rub future minority voters the wrong way.

Tidy multiculturalist theories notwithstanding, most diverse, modern nations rely on unspoken compromises that ease tensions between a country's parts and its whole. We can all understand how troubling the formation of a white caucus in the Senate would be.

While not entirely analogous, the Scottish experience in contemporary British politics may hold a lesson for Latino politicians. Recent polls indicate that the Scottish ancestry of Tony Blair's heir apparent, Gordon Brown, is becoming a liability among English voters. It seems that the formation of a Scottish parliament in 1999 is raising questions among English voters about their tradition of accepting Scottish politicians as their own. British voters now regard Brown as Scottish (the part) and not British (the whole). And that bodes ill for the Labor Party candidate.

Of course, a caucus is not a parliament but a group in which co-ethnics or like-minded politicians can hash out ideas and formulate a unified stance. Yet other than a few targeted issues, Latino politicians have had a hard time finding common ground. Once bipartisan, in the 1990s the Congressional Hispanic Caucus lost its Cuban-American Republican contingent after then-caucus head Rep. Xavier Becerra took an ill-advised trip to Cuba. Likewise, scholars are finding that the Latino electorate is not a cohesive ethnic vote.

"The idea of the caucus was to present ethnic unity back when people thought that was the only way they could be important," says Columbia University's Rodolfo de la Garza. "Those days are over." Indeed, as the number of Latino elected officials has multiplied, so has the number of voices, and unity has become something of a chimera.

But don't mistake the absence of unity and the abolishing of Latino caucuses as a form of retreat. Most observers would agree that American Jews have considerable political influence. Today there are 30 Jewish House members and 13 Jewish senators. But historically, Jewish members have resisted the idea of establishing a formal caucus, in part because they have not wanted to invite a backlash.

It might also help to know that New Mexico, the only state that has a Mexican American governor, does not have a Latino legislative caucus. "With Hispanics making up 43% of the population and represented in all walks of life, there is no perceived need to organize as a political interest group," says Jose Zebedeo Garcia, who teaches politics at New Mexico State University.

We're not there yet in California and Texas, but we had best be prepared for the day.

OTHER NEWS:

Rudy Giuliani As Foreign Policy Guru? (LAT)

By Jonathan Chait

DOJ_NMG_0133342

The Los Angeles Times, February 18, 2007

THE NORMAL rule in American politics is that if you run for president and your experience comes at the state level, most people will assume that foreign policy is your weak point. You can overcome that political vulnerability — as George W. Bush, Bill Clinton and other governors did while getting elected. One would presume that this applies even more to presidential candidates whose highest office reached is mayor. And yet we have the strange case of Rudolph Giuliani.

Giuliani's presidential campaign is starting to win a cult following among conservatives. It's not his position on domestic policy that's doing it — he has nothing to say about that. Lord knows it's not his social issue positions, which even his strongest backers acknowledge are his political weak point. No, he has somehow built a record as a foreign policy guru despite having no experience beyond the municipal level.

What are Giuliani's credentials? Everybody knows the basics. On Sept. 11, 2001, he rolled up his shirt sleeves and gave reassuring speeches. He has a tough guy persona. He expresses extremely strong disapproval for enemies of the United States. (For instance, Giuliani has bragged about asking President Bush to let him personally execute Osama bin Laden.)

All this makes Republicans swoon. Sometimes literally. Conservative pundit Danielle Crittenden recently penned a Valentine's Day poem to Giuliani. One section summarized his foreign policy skills thusly:

"A man who's locked out Arafat/And thrown vagrants into prison

Won't cringe before a Democrat/ Or allow Iran nuclear fission."

I'm no poetry critic, but I do know that a tough policy against the homeless is not a good proxy for the conduct of foreign policy.

If having a macho swagger and talking tough about bad guys were enough to make a good commander in chief, we wouldn't have the worst foreign policy disaster in U.S. history on our hands right now in Iraq. And, need I remind anybody, one of the reasons Giuliani hasn't been able to fulfill his Bin Laden execution fantasy is that Bush allowed the Al Qaeda leader to escape at Tora Bora by using Afghan proxies instead of U.S. ground troops.

As I noted in this space last week, conservative foreign policy consists increasingly of abstract notions divorced from reality. In preparing for last week's House debate over the Iraq troop surge, the Republican leadership instructed its members in a memo: "The debate should not be about the surge or its details. This debate should not even be about the Iraq war to date, mistakes that have been made or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

So they're strong on foreign policy, except insofar as it involves actual policy. They tend to be much better, however, at comparing themselves to figures such as Winston Churchill or Abraham Lincoln. They make such comparisons incessantly. Last week, Giuliani said that Lincoln had "that ability that a leader has — a leader like George Bush, a leader like Ronald Reagan — to look into the future."

A few days later, the New York Times revealed that the 2002 postwar plan for Iraq envisioned a broadly representative Iraqi government, an intact Iraqi army and just a handful of U.S. troops remaining. I would say this is not a good job of looking into the future.

I'm sure Giuliani and his fans would dismiss such slip-ups, and there have been many, as mere detail. The important thing to them is leadership — Bush has it; Giuliani has it.

Giuliani raked in millions after 9/11, appearing at motivational seminars, where anybody with $49 could listen to him recount his 9/11 heroics and also take in speeches by such foreign policy titans as Zig Ziglar and Goldie Hawn. Giuliani also wrote a book promising to show "how the leadership skills he practices can be employed successfully by anyone who has to run anything."

But if anybody who buys his book can acquire the same leadership skills, why do we need Giuliani?

A Man With A Mission (WP)

The Washington Post, February 18, 2007

Mitt Romney spent last week on a presidential candidate announcement tour, speaking in Michigan and Iowa on Tuesday, then hitting South Carolina, New Hampshire and Boston before heading to Florida. Today, in the second installment of Outlook's occasional series on the presidential candidates, classmates, colleagues and competitors from the past remember Romney and his journey from former governor's son to former governor. Also inside: a crash course on the Mormon faith and public life.

Mitt Romney had about the same success as a Mormon missionary in France as most people had: not much.

I served with him in Bordeaux and Paris off and on for 18 months, and for several months we worked as a pair, canvassing the countryside together. A very common way of making contacts is by knocking door to door. We would try to make our approach as interesting as possible. We would introduce ourselves as missionaries from the Church of Jesus Christ of Latter-day

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Saints, say that we had a message about Jesus Christ and his appearance on the American continent. Could we have a moment of their time?

Usually the answer was: " Non, merc i."

It was an exercise in humility in the face of rejection. But Mitt always knew how to encourage us to keep going despite the many doors slammed in our faces. Primarily, he led by example. During our service, some of the missionaries had begun to feel that in keeping with their ministerial calling it was not appropriate to laugh out loud very much. Mitt always had a strong laugh and at the time of the proposed laughing ban, he was the top leader in the mission, assistant to the mission president. So he really dispelled the anti-laughing crowd, mostly with his humor.

In the middle of his service in France, he was the driver in an automobile accident in which a woman who was very dear to us was killed. He could have been much more morose, but he led us through that difficult time and returned to his cheery self.

While we were there, we read the book "Think and Grow Rich!" by Napoleon Hill. Some of our church leaders recommended that we use those concepts of positive thinking to overcome doubt and discouragement so we could perform at a higher level. They meant it as applied to our missionary work, but of course it could be applied to business as well. I've often said that Mitt and I read that book at the same time but he read it better than I did.

-- Dane McBride, served as a missionary in France with Romney

* * *

Mitt's father, George, was the governor of Michigan all the years that I knew Mitt at the Cranbrook school. This meant that a Michigan state police detail was at their home all the time. Mitt befriended some of the officers and they left police gifts with him: a shirt, a faux badge, a light, a police belt, among other tokens. Mitt had an innate wackiness, and after we all turned 16 and could drive, he, our friend Butch McDonald and I hatched a plot to use some of those gifts to frighten our unsuspecting dates from Kingswood, Cranbrook's sister school.

The school policy was that the girls could sign out until 11 p.m. on weekends. Earlier in the afternoon of our date, we planted empty beer bottles in the trunk of Butch's car. We agreed that at the appointed time, 10:45 p.m., our car would slowly approach a secluded section of dirt road near the school, and that we would pull over and turn out the lights. Mitt, driving a dark '65 American Motors vehicle (his father had revived that ailing car company before running for governor) topped with a revolving red light, and dressed in his goofy police uniform with a U.S. Air Force hat and dark glasses, came up behind us and approached the driver's window. In a gravelly voice, he asked the two of us to exit the vehicle and open the trunk. The bottles were discovered and rattled for effect. "Step back into the car, boys," the "officer" said, and returned to his vehicle. We expressed mock alarm, peeled out on the dirt road and rushed the girls into the school parking lot just in time. Minutes later, at the local drive-in, we three perpetrators reveled in our success.

-- Stuart White, Cranbrook classmate of Romney's

* * *

Mitt Romney and I were members of the Cranbrook pep squad -- also called cheerleaders. We were un-coached and only barely organized. We did lead the occasional cheer, drawing on whatever we could remember from television or movies. Someone gave me a domesticated duck and suggested that I bring it to one of our football games as the unofficial school mascot. We were the Cranbrook Cranes, and the school mascot, an elegant, regal, long-legged crane, is emblazoned in many places around campus, including on every chair in the dining hall. So I thought it was quite the joke for the pep squad to show up with a squat, fat pseudo-crane mascot to cheer on the football players. The problem came at the end of the game. We had no place to keep the duck. Giving it to a restaurant was all I could think of. Then Mitt stepped forward and volunteered to take charge of our little mascot. He'd put it at his parents' house, where there was a small pond and it could live in a natural, duck-friendly setting until the next game.

The next week, however, as I carefully set up the duck pen on the sidelines, Mitt showed up at the game sans duck. It seems that when he went to get the duck to bring it to the game, all he could find was a small patch of feathers. A fox had gotten there first. Mitt could have laughed this off, as probably the rest of us would have. But he didn't. It was quite obvious that he not only felt sorry for the duck, he also felt sorry that he had let us down. We tried to let him off the hook as best as we could, but I suspect that to this day, he still feels bad about that duck. In fact, as the years went by, it was one of those things you knew not to bring up.

-- Gregg Dearth, Cranbrook classmate

* * *

I will never forget Mitt calmly rattling off and quantifying the different financial problems of the Salt Lake City Olympics. He had been running the operation for a few weeks, and the magnitude of the issues was coming into focus. Tens of millions here, tens of millions there, and the media and sponsors riveting their attention on the scandals he had inherited. I asked how I could

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help. Because his Bain Capital had been my first institutional investor at Staples and he had been a member of our board for 15 years, he said he knew full well that I was too cheap to buy an Olympic sponsorship for $10 million or so. A few months later he called with a different opportunity. He had personally solicited Office Depot and Office Max to be Olympic sponsors. Both had turned him down. Thus, he could now offer me an opportunity to become an official Olympic "supplier." Much less money, but the ability to use the rings and tickets. I jumped at it. However, for weeks his normally crackerjack staff did not follow through with our marketing department.

Then Mitt called. "Tom, I am terribly sorry. Right around the time of our meeting, IMG persuaded the brand new Office Depot CEO to take a major sponsorship. You are out. I feel terrible given my history with you and Staples, but I have to respect what is best for the Games versus my personal relationships. I will get you guys some tickets, but unfortunately they will not be great. " I wasn't happy, but I knew it was how Mitt operated: he did the right thing, whether his friends liked it or not.

-- Tom Stemberg, founder and former president and chief executive of Staples Inc.

* * *

When Mitt assumed leadership as president and CEO of the Salt Lake Organizing Committee, everybody saw our Olympic Games as having a very black mark on them. The Justice Department was considering indicting us as an organizing committee. Finances were in very troubling condition. We simply didn't have the money to put on the Games. Mitt immediately worked on raising revenue and on cutting costs. Before he arrived, the organizing board used to have elaborate lunches accented with elegant decorations. I wasn't there, but that high-end catering was the stuff of rumors. For Mitt's first meeting, he served pizza and charged a dollar a slice. The message was clear: be responsible about how you spend money.

However, the budget challenge was nothing compared with the obligation to keep people from 83 nations safe at the Olympics just five months after the attacks of Sept. 11, 2001.

I will never forget the Opening Ceremonies of the Olympic Games and watching Mitt, President Bush and Jacques Rogge, the president of the International Olympic Committee, standing at attention as the flag from the World Trade Center was brought in to the stadium by several athletes. A hushed, reverent crowd, more than 50,000 strong, listened as our national anthem was played.

Mitt and I were in Torino, Italy, together. I hope we'll be in Beijing together next year. He may have some other plans for the summer of 2008, but I know he would love to go.

-- Fraser Bullock, chief operating officer and chief financial officer of the Salt Lake Organizing Committee

* * *

After we were sworn in as governor and lieutenant governor in Massachusetts, Mitt and I received some very sobering news: The true budget gap was more than $3 billion (out of a $23 billion budget), up from the projected $1 billion gap. We had campaigned during the fiscal crisis of 2002-03, when many states, including Massachusetts, saw their tax revenue collapse and vowed to close the gap without raising taxes. Mitt asked his managers to accomplish the same work, with fewer resources, by developing new approaches. So instead of inspecting wetlands from the ground, the new leaner environmental affairs office increased enforcement actions by taking regular aerial photos of endangered wetlands. A plane could cover more ground more cheaply and effectively than a bureaucrat in a car. Two parks departments (one a legendary haven for no-show patronage positions) were merged despite the howls from legislators on both sides of the aisle who counted on securing well-paid summer jobs by the public pool for kids of their friends and relatives. Mitt provided leadership in tough times, spurred innovation, honored the work behind each tax dollar and respected families -- that's the Mitt Romney I worked with for the past four years.

-- Kerry Healey, lieutenant governor of Massachusetts during Romney's term as governor

* * *

I had known Mitt Romney for more than 20 years when I went to speak to him in his campaign office in early 1994. We attended the same church and I know a couple of his children quite well and they're all lovely people. But there's a difference between being a lovely family and being a knowledgeable leader. When I went to see him, he had recently announced that he was running against Sen. Edward M. Kennedy (D-Mass.), and I thought it would be important for him to hear from someone who'd been active in women's politics in Massachusetts.

I congratulated him on taking a pro-choice position, one of the reasons I had been open to working with him. I remember his response was something like: "Well, this is Massachusetts. I realized I had to take this position," which was the first indication to me that what I had understood to be his personal view was a stance he was actually taking pragmatically. He went on that day to talk about an aunt of his who had died during a botched abortion and how he thought legalized abortion was important. But those around him, and people who knew him closely in the ward, knew that it was a position he had taken because he thought he had to in order to win.

-- Judith Dushku, associate professor of government at Suffolk University in Boston

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* * *

I watch with interest as Mitt Romney courts the conservative wing of the Republican Party with his antiabortion message. It reminds me of a pivotal moment in the 2002 campaign for governor of Massachusetts. In the final few weeks before the election, the polls indicated that although I had enjoyed a lead over Romney after I won the primary, the barrage of negative ads was helping to narrow the margin heading into the general election. In preparing for the final debate of the campaign, one strategy was to expose Romney's record of waffling on the issue of abortion, an important topic for a majority of voters in Massachusetts. I pointed out that, in his 1994 race against Sen. Ted Kennedy, Romney had accepted the endorsement of a pro-life group, and that when he was living in Utah while running the Olympics, his close friend and adviser had written a letter to the editor stating that Romney was not pro-choice and had taken on that label only to run against the senator. Romney responded that his support for a woman's right to an abortion was deep and long-held, dating to the early 1970s. He stated that since the 1970s, he had agreed with his mother, an unsuccessful candidate for the U.S. Senate, that to support abortion reflected an important belief in the separation of church and state. He was angered by my statements. He chastised me for being "unbecoming" because I was trying to scare the voters on this important issue, and insisted that he was truly pro-choice and "devoted and dedicated to honoring [his] word" on this issue. In that exchange, he was able to not only solidify his image as a strong pro-choice advocate, he was also masterful in spinning the story afterward that I was overly aggressive and indeed "unbecoming," because I had insisted that he was not telling the truth.

-- Shannon O'Brien, former Massachusetts state treasurer and Romney's 2002 opponent

* * *

Mitt had hired me as a young associate at Bain & Co. in 1978, and we worked together occasionally between then and 1983, when we laid the foundations for the creation of Bain Capital. We started with a vision but virtually no experience in the realm that is now known as private equity. For six months, we traipsed around the United States, Europe and Latin America, seeking investors to back our plan, getting plenty of "no, thank yous" along the way.

One potential investor was concerned that we would spend lavishly on fancy offices and needless expenses. I could tell that this bothered Mitt, because he is very careful about spending. Finally, I told the gentleman: "You need to understand how frugal Mitt is. When he and Ann go to the movies, they pop their own popcorn in advance. Mitt figures the home-popped Orville Redenbacher costs him only 62 cents, which is a whole lot cheaper than $4.50 for the big tub at the movie counter."

-- Coleman Andrews, co-founded Bain Capital with Romney in 1983.

* * *

When Mitt was at Bain Capital, I referred a couple of deals to him. In that business, you have to be a vacuum cleaner and amass more facts about the investment than anyone else in the world. That's a skill set that serves him well. Romney was so successful as a private equity investor that he was able to command a 30 percent share of the profits for Bain as general partner. That figure normally would be 20 percent. He was the most successful private equity investor in the country and with his track record, people were happy to give a 30 percent share to Bain. If you pay sufficient attention to detail you have less risk. And with him, nothing is left to chance unless it has to be. He is running his campaign that way -- marvelous planning at all levels.

-- William Weld, Republican former governor of Massachusetts

Debate Over Iraq Follows McCain To Iowa (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 18, 2007

Crowd's Questions Indicate Senator's Presidential Bid May Be Tied Closely to War

DES MOINES, Feb. 17 -- The war in Iraq followed Sen. John McCain (Ariz.) to Iowa on Saturday, as the Republican presidential candidate faced a series of skeptical questions about the lack of progress in the conflict and whether he or anyone has a plan for success.

It became clear from the opening minutes of his first meeting of the day just how much the presidential aspirations of the senator, who is one of the leading advocates of President Bush's troop-increase policy, may be tied to events in Iraq.

During the hour-long town hall meeting, McCain drew questions about the cost of the war, the prospects for success, the dangers of failure, the treatment of veterans and the new threats from Iran.

Throughout, he walked a line between strong advocacy for the troop buildup as the best chance to avoid a bloodletting in Iraq and defensiveness over the lack of progress and the growing impatience on the part of the public over what he said has been a badly mismanaged war effort dating back years.

"I know how tough it is for the American people," he told an audience of several hundred people. "I know how frustrated Americans are. I know how saddened we are when we lose our most precious treasure. I understand your frustration. But I also

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want to tell you that I could not be honest with you without telling you that I believe if we fail, the consequences of failure are catastrophic and there would be genocide and chaos."

McCain's visit was his first to Iowa since establishing his presidential campaign committee. On a day when Democratic presidential candidates were tearing up their schedules to return to Washington for the unsuccessful Senate vote to begin debate on a nonbinding resolution opposing Bush's troop buildup, McCain chose to go ahead with a full day of events in Iowa.

McCain defended his decision to stay away from Washington in defiant terms, condemning the Senate Democrats for scheduling a rare Saturday vote on what he described as a political charade.

He ridiculed the action as a "purely political stunt" that was "insulting to the public and our soldiers" in Iraq. "This may be how Harry Reid and Nancy Pelosi construe their responsibilities, but it's not how I construe mine," he told reporters.

Still, there was no escaping a debate over the war, even before a largely Republican audience that included veterans of combat in Iraq and Afghanistan, and their relatives.

McCain advisers think Republicans likely to vote in next year's Iowa precinct caucuses, which will kick off the presidential nominating contests, generally support Bush's, and by implication McCain's, position on Iraq. But McCain noted Saturday that he is aware that his views are at odds with those of a majority of Americans nationally.

"I don't know the views frankly of caucus-goers on this particular issue," he said. "But I unfortunately know the views of a majority of Americans."

The first question in Des Moines came from a veteran of two tours in Iraq and a tour in Afghanistan who said Americans are not being told about the progress in Iraq. McCain said progress has been overshadowed by the violence there -- and said Americans are understandably frustrated because of overly optimistic expectations raised by defenders of the war.

"We raised people's expectations -- 'mission accomplished,' 'few dead-enders,' 'last throes' -- all of those comments that made Americans believe that we were on the verge of getting this thing done," he said. Instead, he added, the war has been a "long, tough struggle that we should have told the American people about."

McCain said he has no fallback plan if the policy of sending an additional 21,500 troops to Iraq fails. "We live in a democracy, and when the American people don't support -- as we learned in Vietnam, as we learned in Beirut, as we learned in Somalia -- then we are not able to maintain a foreign endeavor. I can give you lots of options, but I'm hard-pressed to find one that will have the support of the American people."

A man who said his son had served in Afghanistan and Iraq challenged McCain to explain what it would cost the country to succeed in Iraq. McCain said he didn't know, other than to say it will take a long time before it is clear whether the United States is succeeding militarily.

"In terms of dollars and lives, I can't give you an estimate, except to say, sir, I think it's going to be very expensive," he said, "but not as expensive as the bloodletting, the killing fields that will take place in Baghdad if we just left."

Also Saturday, McCain won the endorsement of Sen. John Thune (R-S.D.), whose popularity among social conservatives could help McCain here in Iowa and elsewhere.

Thune said he recognizes that McCain has taken some positions that are not popular among conservatives but added that he extracted a promise from the Arizonan that he would appoint conservative jurists to the federal bench.

Without identifying them by name, Thune said McCain's rivals have questionable records on the issue of abortion. Former New York mayor Rudolph W. Giuliani supports abortion rights, while former Massachusetts governor Mitt Romney has changed his views and now opposes abortion. "Whether you like him or not, McCain has been consistent on issues," Thune said.

No Retreat On Iraq Stance, McCain Insists (NYT)

By Adam Nagourney

The New York Times, February 18, 2007

DES MOINES, Feb. 17 — Senator John McCain arrived in Iowa on Saturday to begin testing one of the biggest questions so far of the presidential campaign: Can he win as an all-out supporter of the war in Iraq?

Almost from the moment he took the stage at his first event here since forming his presidential exploratory committee, Mr. McCain made clear that he was not backing down when it came to the war, and that in political terms, he might see an advantage in presenting himself to the first Republican voters in the nominating process as an unapologetic advocate for the war in Iraq.

He attacked Senate Democrats for what he called “a political stunt” in trying to join the House in passing a nonbinding resolution opposing President Bush’s plan to send more troops to Baghdad. He warned of catastrophic consequences if the United States abandoned its effort in Iraq.

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He belittled the White House for falsely raising hopes by asserting early American successes in the war. And he spent nearly 60 minutes fielding questions and challenges from an audience of Republicans, many of them clearly with Mr. McCain on the issue but others anguished over the war.

"I know how tough it is for the American people, I know how frustrated Americans are, I understand your frustration," Mr. McCain said. "I understand your frustration. But I also want to tell you that I believe if we fail, the consequences of failure are catastrophic."

To be here, Mr. McCain skipped the debate in the Senate — he called the rare Saturday session in the Capitol "insulting to the public and our soldiers" — but the war was as omnipresent in the Des Moines hotel ballroom as it was in Washington.

It brought to life what has become a central strategic gamble for the McCain campaign: that his support of the war in Iraq would help him among the select groups of Iowa Republicans who will caucus here next January. It is a position that gives him an opportunity to reassure Republican activists here who have not forgotten or forgiven his frequent criticisms of the administration in the earlier years of Mr. Bush's presidency, according to state party officials.

"Even if it's not popular in the general election, everybody in the Republican primary process is supporting the surge," said Mark McKinnon, one of Mr. McCain's senior advisers.

In many ways, Mr. McCain finds himself in the opposite situation of Senator Hillary Rodham Clinton of New York. He has embraced a position that may lift him through the primaries, but that could complicate his prospects against an antiwar Democrat in the general election, his own advisers said.

Mr. McCain's aides could barely contain their frustration, as Mr. McCain sailed off on this maiden voyage of his campaign, at the extent to which perhaps the most important factor in determining the 2008 race was beyond of their control. One aide, who was granted anonymity in order to offer a rather gloomy appraisal of Republican hopes for holding the White House in 2008, said that if the situation Iraq deteriorated or even stayed the same, it would be a major liability for the Republican who won the presidential nomination.

"Republicans are in a tough spot — there's nobody running for president who controls the destiny of what happens there," the aide said. "I do think as Republicans we have to get to a difference place on Iraq or we are in trouble as a party."

Mr. McCain's first stop Saturday suggested just how torn Americans are about this war, regardless of party. A questioner who introduced himself as a veteran of combat in Iraq and Afghanistan drew an ovation that lasted nearly 60 seconds. But moments later, Mr. McCain faced skeptical questioning from Marty Baddeloo, a business coach who lives in West Des Moines and who said he had a son who served in Iraq, about how much money — and how many lives — would be needed for Mr. McCain to accomplish his mission.

"I'd like to know what it's going to cost to be successful in Iraq," Mr. Baddeloo said. "Assuming you are elected president, if your plans are implemented, what is it going to cost in terms of time and dollars for us to be successful in Iraq?"

Mr. McCain, holding a wireless microphone and wearing a loose-fitting brown leather jacket, answered with a subdued tone. "I'd like to be able to give you an answer, sir," he said. "And you reflect the frustration that many Americans feel."

While the war in Iraq looms as a political liability for the major Republican contenders — Mitt Romney, the former governor of Massachusetts, and Rudolph W. Giuliani, the former mayor of New York, have also expressed support for Mr. Bush's war policy — none have been as closely identified with the war effort as Mr. McCain. And Mr. McCain showed no signs of walking away from a war that, his advisers said, he arguably owns as much as Mr. Bush does.

"I don't know what the other options are," Mr. McCain said when one questioner asked what would happen if this escalation of 21,500 troops — fewer than Mr. McCain had advocated — failed to work. "Because if we fail here — I'm going to give you very straight talk here — it's not going to maintain the support of the American people. I can give you lots of options, but I'm hard-pressed to find one that will get the support of the American people."

And he was disdainful of Senate Democrats, mocking them for pushing through a procedural vote in the Senate on a Saturday. "I'm more than willing to discuss Iraq and my views, but I think it's insulting to the public and our soldiers to pretend we are discharging our responsibilities in any meaningful way."

Mr. McCain said again at a news conference on Saturday morning that political factors played no role in his views. "I've said all along I cannot be concerned or will not be concerned if it helps me or hurts me with anyone," he said. "Its an issue that transcends any political ambitions I might have."

Still, that is something that Mr. McCain's advisers — thinking about both the primary battle and a general election fight — have given much thought to. Mr. McCain's advisers said they thought that he could be insulated to some extent by a failure of American policy in Iraq because of the fact that he has long been critical of the way the war was handled; he called for an increase in troop strength there long before Mr. Bush acted.

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"The fact of the matter is McCain has been saying this for three years and maintained from Day 1 that we don't have enough troops there," said Dave Roederer, the Iowa chairman of Mr. McCain's campaign.

And Mr. McCain was openly scornful of the White House for raising expectations among the American public by making statements that conveyed that the effort in Iraq was far more successful than it actually was.

"We raised people's expectations: mission accomplished, a few dead-enders, last throes," he said. "All those comments that made Americans believe we were on the verge of getting this thing done when in reality on the ground, as you saw, it was a long, hard struggle that we should have told people that it is."

Mr. McCain's aides said they saw one upside for Mr. McCain now: that his position on the war could help him through the months ahead.

"In the Republican primary, this is going to be good for Senator McCain," said Russ Schriefer, Mr. McCain's media adviser. "It makes him more of a Republican. To those who might have been uneasy about him not being enough of a team player it shows him as very much a team player on this issue."

"Amen" To Brownback (TSSC)

By Lee Bandy

The State, February 18, 2007

Three weeks ago, an estimated 350 Republican Party activists attended a luncheon in Columbia for GOP presidential hopeful Sam Brownback.

Many came out of curiosity.

The U.S. senator from Kansas, viewed as an "ideologue," is considered by many the leading "Christian right" candidate in the race.

Brownback certainly didn't disappoint his audience, made up mostly of religious conservatives. Members punctuated the air with shouts of "amen" and "praise the Lord." It sounded more like a revival service than a political gathering.

Many conservatives and religious leaders view Brownback as a serious candidate to succeed President George W. Bush.

Whether Brownback does, there's little doubt he will become a major figure in U.S. public life and an increasingly critical player in its governing coalitions.

On the stump, Brownback preaches the gospel of the Christian right, stating his strong opposition to abortion and gay marriage.

Like Ronald Reagan, Brownback believes "America must be that 'Shining City on a Hill,' where faith, moral values and respect for life are celebrated."

He tells audiences, "I am unequivocally pro-life and believe in upholding the sanctity of marriage between one man and one woman."

Brownback says his stance on moral values will distinguish him from others vying for the 2008 Republican presidential nomination.

To that end, he and his staff have gone out of their way to portray former Massachusetts Gov. Mitt Romney's position on abortion as highly questionable.

They charge that Romney — who supported abortion rights before, more recently, opposing them — is no true-blue conservative.

"I think there's room in the field for someone with full-scale conservative values," Brownback recently told a Spartanburg audience.

And he made it clear he was that individual.

Religious conservatives, an important voting bloc for the GOP, comprise about a third of the Republican vote in S.C. primaries.

Brownback is one of the most conservative, religious, politicians in America today. A born-again Christian, he is engaged in humanitarian causes abroad. If there were any doubts that Brownback is a member of the Christian right, they were removed recently with the appointment of Nashville gospel-recording artist Michael W. Smith, as national co-chairman of the Brownback campaign.

But just when he thought he was home free as the Christian right's candidate, Brownback picked up competition for that vote with Monday's entry into the race of former Arkansas Gov. Mike Huckabee.

An ordained Southern Baptist preacher, Huckabee has a big following in the evangelical community. He also has written a fun new book that should give him a bit of a national platform, according to "The Hotline," a Washington, D.C.-based political Web site.

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Huckabee could be the break-out candidate in Iowa. But he lacks money and organization, says Drew McKissick, a Christian Coalition board member from Columbia.

South Carolina might be easier for Huckabee, Hotline said. But if he's not careful, Brownback might sew up the state's remaining social conservative endorsements before Huckabee can build any momentum.

Clinton Gives War Critics New Answer On '02 Vote (NYT)

By Patrick Healy

The New York Times, February 18, 2007

One of the most important decisions that Senator Hillary Rodham Clinton made about her bid for the presidency came late last year when she ended a debate in her camp over whether she should repudiate her 2002 vote authorizing military action in Iraq.

Several advisers, friends and donors said in interviews that they had urged her to call her vote a mistake in order to appease antiwar Democrats, who play a critical role in the nominating process. Yet Mrs. Clinton herself, backed by another faction, never wanted to apologize — even if she viewed the war as a mistake — arguing that an apology would be a gimmick.

In the end, she settled on language that was similar to Senator John Kerry's when he was the Democratic nominee in 2004: that if she had known in 2002 what she knows now about Iraqi weaponry, she would never have voted for the Senate resolution authorizing force.

Yet antiwar anger has festered, and yesterday morning Mrs. Clinton rolled out a new response to those demanding contrition: She said she was willing to lose support from voters rather than make an apology she did not believe in.

"If the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from," Mrs. Clinton told an audience in Dover, N.H., in a veiled reference to two rivals for the nomination, Senator Barack Obama of Illinois and former Senator John Edwards of North Carolina.

Her decision not to apologize is regarded so seriously within her campaign that some advisers believe it will be remembered as a turning point in the race: either ultimately galvanizing voters against her (if she loses the nomination), or highlighting her resolve and her willingness to buck Democratic conventional wisdom (if she wins).

At the same time, the level of Democratic anger has surprised some of her allies and advisers, and her campaign is worried about how long it will last and how much damage it might cause her.

"Some of her many advisers think she should've uttered the three magic words — 'I was wrong' — but she believes it's self-evident that the Senate Iraq resolution was based on false intelligence and never should've come to a vote," said Richard C. Holbrooke, the former United Nations ambassador and an adviser to Mrs. Clinton on foreign policy.

Navigating the antiwar anger, and toughing it out for 11 months until the primaries, is now perhaps Mrs. Clinton's biggest political challenge. Indeed, in many ways at this stage, Iraq has overtaken her and other candidates' campaigns, as was evident yesterday as she rearranged her schedule to appear briefly in New Hampshire before returning to the Senate for a debate on Mr. Bush's war strategy.

The campaign began a push yesterday to deal with its Iraq challenge. Besides her remarks in New Hampshire, Mrs. Clinton submitted a bill in the Senate to block sending more troops to Iraq, though she would not cut off financing. In a new video on her Web site, she called for starting to redeploy troops within 90 days — or else, she threatened, Congress should revoke authorization for the war.

"She is in a box now on her Iraq vote, but she doesn't want to be in a different, even worse box — the vacillating, flip-flopping Democratic candidate that went to defeat in 2000 and '04," said one adviser to Mrs. Clinton. "She wants to maintain a firmness, and I think a lot of people around her hope she maintains a firmness. That's what people will want in 2008."

Indeed, Mrs. Clinton believes that reversing course on her vote would invite the charge of flip-flopping that damaged Mr. Kerry or provoke the kind of accusations of political expediency that hung over Al Gore in 2000 and her and her husband, President Bill Clinton, in the 1990s, several advisers said. She has argued to associates in private discussions that Mr. Gore and Mr. Kerry lost, in part, because they could not convince enough Americans that they were resolute on national security, the associates said.

Mrs. Clinton's image as a strong leader, in turn, is critical to her hopes of becoming the nation's first female president. According to one adviser, her internal polling indicates that a high proportion of Democrats see her as strong and tough, both assets particularly valuable to a female candidate who is seeking to become commander in chief. Apologizing might hurt that image, this adviser said.

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Mrs. Clinton's belief in executive power and authority is another factor weighing against an apology, advisers said. As a candidate, Mrs. Clinton likes to think and formulate ideas as if she were president — her "responsibility gene," she has called it. In that vein, she believes that a president usually deserves the benefit of the doubt from Congress on matters of executive authority.

Yet some Democrats are surprised that the Clinton campaign, which is widely regarded as a ferocious political operation, has not lanced this issue. After all, they said, a majority of Democrats tell pollsters they are against the war, and many Americans want a firm deadline to leave Iraq. Mrs. Clinton has called for capping the troop level, but has opposed a deadline.

"For the life of me I don't understand why she can't say, 'I made a mistake, I was misled, the country was misled, the intelligence was manipulated,' " said Robert M. Shrum, a senior adviser to Mr. Kerry in 2004. "I think there's this tremendous desire in her campaign not to get into a position where you're identified with traditional Democratic views. But this is now a party that is strongly antiwar, and is desperate for change on big issues like Iraq and health care."

Yet Mrs. Clinton's refusal to apologize yesterday in Dover drew support from some voters, and she also won strong applause for saying her priority now is to end the war.

Mrs. Clinton's advisers have been split for some time about whether she would be better off if she apologized for the vote. Mark Penn, her chief strategist, who was also Mr. Clinton's pollster, carries considerable influence within the campaign, and he agrees with her that she should keep the "mistake" onus on Mr. Bush and turn her attention to finding "the right end" to the war, as she says.

Foreign policy advisers say they have made similar arguments: look to the future, not the past, and stand by a vote that was based on military intelligence that was widely accepted at the time.

The campaign faction that was more comfortable with an apology included advisers with war-room instincts who wanted to deal proactively with the attacks that would come. Yet they were torn, too. They argued that she should talk about the future, yet also deal decisively with her 2002 vote — either by saying it was wrong, or acknowledging that others saw it as wrong, or making a speech on Iraq.

The internal campaign debate concluded in December when Mrs. Clinton decided not to apologize or give a speech. Instead, she went on the "Today" show and, in a little-noticed remark, simply said she would not vote for the Senate Iraq resolution again.

By comparison, to the annoyance of Clinton advisers, Mr. Edwards has proved able to short-circuit questions about his own Senate vote for military action in 2002 by repeatedly calling it a mistake. He took a hard line against Iraq in 2002, then veered sharply in 2005 when he said he was wrong on the vote, and he has not suffered much politically.

A leading Republican candidate, Senator John McCain of Arizona, has defended the current war plan with language that could appeal to primary voters but perhaps hurt him in a general election. Mrs. Clinton is running, in part, a general-election strategy — taking positions on Iraq that might appeal to independents and some Republicans.

Yet her motivation not to apologize goes deeper than that, advisers said.

Her approach to leadership and national security was forged during her eight years in the White House: She believes in executive authority and Congressional deference, her advisers say, and is careful about suggesting that Congress can overrule a commander in chief.

"She thinks she will be president and will have to negotiate on the nation's behalf with world leaders," said one Clinton adviser. "She thinks we're likely to still be in this mess in 2009, and coming onto the campaign trail and groveling and saying at every opportunity that you made a mistake doesn't actually help you solve the problem."

GOP Hawks Circling Clinton's Campaign (LAT)

By Stephen Braun

The Los Angeles Times, February 18, 2007

WASHINGTON — Old enemies of Sen. Hillary Rodham Clinton are out in force. Just weeks after she joined the Democratic Party's flock of presidential contenders, Clinton is being targeted by conservative and Republican-allied activists intent on derailing her campaign before the start of next year's primaries.

They have surfaced with a flurry of planned projects: a Michael Moore-style documentary film, book-length exposes, and websites such as StopHerNow.com and StopHillaryPAC.com.

Conservative admirers of the Swift Vets and POWs for Truth media blitz that helped torpedo Democratic Sen. John F. Kerry's presidential candidacy in 2004 are now agitating to "Swift-boat" Clinton.

"People are doing what they're doing because they want to defeat her before she has a chance to win. You can't hold off your silver bullet to the end," said veteran Republican operative David N. Bossie, who is involved in the film project with Dick Morris, a former advisor to Bill Clinton.

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The emerging moves against Hillary Clinton reflect the accelerated pace of the 2008 race and conservatives' growing conviction that she poses a formidable threat that requires fast and early footwork.

The New York senator has been publicly bracing for "Republican machine" attacks from the moment she launched her exploratory committee last month.

Whether she can strike back quickly may prove crucial to winning over Democratic primary voters looking for assurance that she can survive a bruising general election and Swift-boat-style attacks.

"For Democrats, there's a strong sense this time around that they can't allow those same tactics to define Democratic candidates," said Democratic media consultant Jim Margolis.

At a recent Democratic National Committee gathering in Washington, Clinton told party officials, "I know how they think, how they act and how to defeat them" — a battle call echoing her 1998 evocation of a "vast right-wing conspiracy" during the furor over her husband's affair with intern Monica S. Lewinsky.

Every presidential candidate is scrutinized by opponents. But conservative antipathy toward Clinton is especially deep and long-standing — inflamed in part by her husband's two terms in the White House, her steady rise from first lady to senator, and the widespread belief on the right that the Clintons evaded justice during the nonstop investigations of the 1990s.

Clinton's foes on the right openly tell their supporters she is a ripe target for a campaign reminiscent of the challenge of Kerry's Vietnam War record.

"Those Swift Boat Veterans for Truth were the real heroes of the 2004 election," one online exhortation reads. "We at the StopHillaryPAC want to do the same thing to Hillary."

That group's website, headed by former Rep. John LeBoutillier (R-N.Y.), collected enough early funding to launch a round of negative television ads on Iowa stations timed to Clinton's visit there in late January.

StopHerNow.com mocks her with cartoon skits. And several books marketed as exposes are in the works, in addition to at least six other anti-Clinton books already hawked on conservative talk radio and blogs.

Bossie's film, scheduled for release by year's end, is being funded through appeals from Citizens United, a conservative interest group.

Bossie, a blunt-spoken opposition researcher who has mined Clinton controversies since Bill Clinton's 1992 presidential campaign, said that the film would mimic the hard-edged partisan style of left-wing filmmaker Moore and that camera-carrying "trackers" would tail Clinton during campaign events.

Bossie is delving into Hillary Clinton's roles in the Whitewater real estate deals, her $100,000 profit from cattle futures and the firing of White House travel officials — controversies that Clinton aides dismiss as old news. He and GOP allies are convinced new nuggets will turn up —and they also see new opportunities in contrasting Clinton's avowed centrism with what they call her "polarizing liberalism."

"Conservatives believe she's more dangerous today as a potential president than when she tried to take over the healthcare plan and root it in socialism," said public relations man Greg Mueller, who handled media appearances for anti-Kerry veterans in 2004.

Bossie and his Citizens United partners have long vexed the Clintons and Democratic presidential contenders. Morris — the architect of Bill Clinton's mid-1990s political revival until he was fired in August 1996 after revelations he consorted with a prostitute — declined interview requests from The Times, though he has discussed the movie on Fox News. Bossie said his partner's past "is an acceptable risk we'll take because of Dick's personal knowledge of Hillary Clinton."

Citizens United's chairman is Floyd G. Brown, a GOP media consultant who worked on the 1988 "Willie Horton" ad that blamed Democratic presidential candidate Michael S. Dukakis for the weekend furlough of a convicted murderer who went on to commit a rape. Democrats charged that the ad exploited racial fears.

Bossie worked with Brown in the 1992 presidential campaign and later served as chief investigator for a House investigation of Clinton administration fundraising scandals. Bossie was fired from that post in 1998 for releasing transcripts of prison conversations involving Hillary Clinton's convicted former law partner, Webster L. Hubbell.

Several people behind the upswing in anti-Clinton activity say there is no coordination among the groups.

"We're doing our own thing," said Dick Collins, a Dallas businessman who gave $135,000 in StopHerNow.com seed money. The site is a spinoff from a PAC originally aimed at Clinton's Senate reelection by New York GOP strategist Arthur Finkelstein.

Collins, who has also donated $10,000 to GOP presidential hopeful Rudolph W. Giuliani's political action committee, said the site was starting out with "light humor," featuring Clinton as a cartoon character: the host of an imaginary left-wing talk show. But he added that the site — organized, like the Swift-boat group, as a "527" organization that can raise unlimited "soft money" donations — would "try other things."

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Collins hopes for financing from heavyweight Texas GOP donors like oilman T. Boone Pickens and Houston real estate developer Robert Perry. Multimillion-dollar donations from the two businessmen underwrote the Swift-boat group's campaign against Kerry.

"The Swifties played hardball," Collins said, "but the Clintons play the game a lot tougher than anybody else."

Hillary Clinton's longtime spokesman, Howard Wolfson, dismissed the early GOP moves with characteristic terseness: "One thing people know about the Clintons is they know how to fight back."

When a thinly sourced report from a conservative Web magazine falsely claimed last month that Clinton researchers had uncovered evidence showing that presidential rival Sen. Barack Obama (D-Ill.) had been educated at an Islamist madrasa in Indonesia, Clinton's team moved swiftly to dismiss the story.

Clinton's allies criticize Kerry's response to the 2004 Swift-boat ads as inconsistent and slow. And though Kerry used surrogates to repeatedly counter the attacks, he didn't personally respond until the ads had sown deep doubts among voters.

"She's going to face the same choices," warned one former Kerry aide. "It's not just how fast you respond, it's choosing the right time to unload your big guns."

Advertising her toughness poses a delicate problem for Clinton as she tries to temper her reputation for ambition and political calculation. "She wants to make clear she won't be a punching bag," said a prominent Democrat who requested anonymity because of past relations with several contenders. "But you don't want to reinforce the very thing you're trying to soften."

Clinton campaign insiders say Web-savvy staffers are immersed in monitoring suspected enemy blogs and websites and conservative cable TV and radio talk shows.

Clinton also reportedly spent lavishly to hire a large team of opposition researchers headed by Judd Legum, previously research director for the Center for American Progress, a liberal think tank headed by former Clinton White House chief of staff John Podesta.

Clinton allies say she helped launch Podesta's group in 2003 and played a key role in starting Media Matters for America, which describes itself as "monitoring, analyzing and correcting conservative misinformation in the U.S. media." Run by David Brock, a former right-wing muckraker who once targeted the Clintons and now defends them, Media Matters was a latecomer to the Swift-boat volleys of 2004 but now has a full staff of researchers.

Brock said the emerging conservative efforts targeting Hillary Clinton operate as an "organized defamation industry" using "the same tactics in mutually reinforcing ways, often with the same funding, with a vast media echo chamber at their disposal."

L. Brent Bozell III, who heads the conservative Media Research Center, said Brock's group did the same, only as "part of the Clinton machine." Bozell has more than a passing interest in Clinton's campaign. He is working on his own Clinton book, aiming to expose "media complicity in Hillary's attempted makeover as a centrist."

Clinton intimates said she would also eventually rely on veterans of her husband's administration such as James Carville and Paul Begala to run interference on television, and on the street-fighter instincts of longtime political aide Harold M. Ickes for behind-the-scenes advice.

"We tend to think the blogs will drive a lot of the news," Ickes said recently.

"Even if you think it's completely false or outlandish, you ignore it at your peril."

While Reid Stays Out Of '08 Fray, Sen. Clinton Signs His Son (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, February 18, 2007

Senate Majority Leader Harry Reid (Nev.) has pledged not to pick among his many friends running for the 2008 Democratic presidential nomination, choosing instead to focus his time and energy on making Nevada's new early caucus as successful as possible.

With Reid not committing, Sen. Hillary Rodham Clinton (N.Y.) found the next-best thing -- signing his eldest son, Rory, as both the chair of her campaign in the Silver State and an adviser on Western issues.

Rory Reid currently serves as the chairman of the Clark County Commission -- that's Las Vegas's county -- and is a past chairman of the Nevada state party. He is the only one of Reid's four sons in elected office.

In landing him, Clinton strikes the first major blow of the Nevada caucus contest, newly added to the party's early nominating calendar by the Democratic National Committee last year. The caucus is set for Jan. 19, sandwiched between Iowa's Jan. 14 caucuses and New Hampshire's Jan. 22 primary.

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So is it like father, like son? Not necessarily. Harry Reid's allies insist he is committed to staying neutral in the race, regardless of Rory's decision. Even so, The Fix bets that Reid -- Harry, that is -- will be fielding calls from Barack Obama (Ill.), Chris Dodd (Conn.) and Joe Biden (Del.) in the very near future.

Obama Takes First Campaign Trip South (WP)

By Michael D. Shear, Washington Post Staff Writer

The Washington Post, February 18, 2007

Democratic Candidate Tailors Message to Reflect a Connection to Civil Rights Struggles

ORANGEBURG, S.C., Feb. 17 -- Sen. Barack Obama (D-Ill.) took his presidential campaign to the heart of the Deep South for the first time this weekend, tailoring his campaign message to associate himself with the civil rights movement.

With a Kenyan father who was not descended from African slaves, Obama is unlike Southern black candidates, steeped in the slavery and civil rights struggles that tore at the region for more than a century. Neither is he like the white politicians, whose skin color automatically disqualifies them from the black experience.

And so, on his maiden presidential visit to South Carolina and Virginia, Obama was greeted with not only enthusiasm but also a bit of curiosity.

"Not only people in the black community, but people in the white community are going to be looking at this man and trying to figure out: Is he one of us? Does he understand what we've come through? What we're still confronting now?" said Vivian A. Glover, an assistant vice president at Claflin University, a historically black school in Orangeburg. "He's not bringing that with him. He's going to need to present it in some form or fashion."

It was Orangeburg where three black college students were gunned down in 1968 as they pressed to integrate the small town's only bowling alley. Speaking Saturday at Claflin to residents of the town and a new generation of students, Obama brought the primarily black crowd of about 2,000 to its feet by evoking that era.

"At every juncture in our history, there's been somebody that's said we can't. There's been somebody's said you can't overcome slavery. There's been somebody who said you can't overcome Jim Crow," Obama told the South Carolina crowd. "If I have your support, if I have your energy and involvement and commitment and ideas, then I'm here to tell you, 'Yes we can in '08.' "

Later Saturday, Obama and his wife, Michelle, traveled to Richmond and accepted the endorsement of Virginia Gov. Timothy M. Kaine (D). Obama told reporters that his presidential campaign is a symbol for improving race relations in America.

"Here we are in the heart of what was the Confederacy," Obama said, looking out over the Virginia statehouse, which housed the Confederate Congress during the Civil War. "For me to be able to stand here as an African American reflects the enormous progress this country has made."

He then continued a busy day by addressing more than 4,000 Democratic activists at the state party's annual Jefferson-Jackson Day dinner.

A Democrat has not won Virginia's electoral votes in decades. But Kaine, in becoming the first sitting governor to make a 2008 endorsement, said that could change with Obama as the party's nominee. He called the Illinois senator "a proud American but also a citizen of the world."

In both states, audiences greeted Obama more like a celebrity than a politician looking for their vote. In Orangeburg, cellphone cameras snapped pictures the moment he entered the gymnasium and did not stop during his speech, which was cut short to a half-hour because of Saturday's Senate vote on a resolution on Iraq.

"I like his message of togetherness," said Frank Loadholt, 56, a social worker from Orangeburg who said he will "absolutely" vote for Obama. "I look at him as the best candidate out there with the best message."

South Carolina state Rep. Gilda Cobb-Hunter (D) said it is "totally ludicrous" to worry about Obama's lack of a history in the civil rights movement. "Look at the man's record," she said. "It shows he has an understanding of issues like that."

But many in the crowd seemed more hesitant and said they were not yet certain they will vote for Obama next year.

"I believe in listening to all of the candidates," said Wilhemina James, 58, from Florence. "This old gut hasn't failed me yet."

South Carolina has one of the nation's first presidential primaries, and African Americans make up about half of the state's Democratic electorate, so black support here is particularly critical.

Obama is vying with Sen. Hillary Rodham Clinton (N.Y.) and former North Carolina senator John Edwards for that backing. All three camps are wooing prominent black politicians and courting black religious leaders, with varying degrees of success.

That push seemed reflected not only in Obama's Orangeburg speech but also in one he delivered to a more racially diverse crowd of almost 3,000 in Columbia on Friday.

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"When folks were saying we're going to march for our freedom, somebody said, 'You can't do that.' And we did," Obama said Friday, sparking raucous applause. "And somebody said, 'Don't sit at the lunch counter.' . . . We did. When somebody said, 'Women belong in the kitchen, not in the boardroom,' they said we can't do that. Yes we did!"

Carol Singletary, 55, a retired social worker from Columbia, said that part of Obama's speech was important to her.

"I was raised in the civil rights era," said Singletary, who is black. "We came through a lot of ups and downs. South Carolina is one of those places that really did struggle. And still does struggle."

But she said Obama's background should not be a barrier to African Americans like her. "I don't hold that against him," she said after watching his speech. "I thought he was wonderful."

Edwards came to Charleston last week, and Clinton is scheduled to visit South Carolina on Monday.

Kaine Endorses Obama For '08 (WT)

By Seth McLaughlin

The Washington Times, February 18, 2007

RICHMOND -- Standing within eyeshot of the former Confederate capitol, Gov. Timothy M. Kaine yesterday endorsed Sen. Barack Obama for president.

"I am very happy to say it is a very simple decision for me in terms of what I think is important in my assessment of where the nation is to endorse Sen. Barack Obama as our nation's next president," Mr. Kaine said, standing outside the governor's mansion in Capitol Square.

Mr. Obama, Illinois Democrat, was joined by his wife, Michelle. He said he was "honored" to have Mr. Kaine's early public support.

"For Tim Kaine to step forward as the first governor outside of my home state of Illinois to endorse my candidacy is an extraordinary honor," he said. "I am absolutely determined that the confidence he has placed in me will be reflected in the hard work over the next several months ... to win the presidency."

Mr. Kaine, a Democrat, said his early endorsement was a sign of his enthusiasm for Mr. Obama. His endorsement of the first-term senator made Mr. Kaine the first governor to publicly endorse any presidential candidate.

Mr. Obama yesterday said it was "humbling" to stand in the heart of the Confederacy and receive the backing of the Virginia governor.

"Here we are in what was the heart of the Confederacy, and for me to be able to stand here as an African-American reflects the enormous progress that this country has made, and I think to some degree represents not the perfection of the union, but a whole lot of progress in perfecting this union," he said.

He said that he was "standing on the shoulders" on many black leaders who have paved the way for him.

"It is worth noting that the trajectory of America is to include more people and bring more people together," he said. "We have stumbled at times. It's been a rocky path and we still have a long way to go, but part of my campaign I hope is to remind people of the capacity for this nation to change and that has always been one of our strengths."

Mr. Kaine, standing next to his wife, Anne, said the two men shared similar life experiences.

Both graduated from Harvard Law School, married lawyers and practiced civil rights law before entering politics.

"The thing that cemented our relationship early on is when we found out that our [mothers] grew up in the very tiny town of El Dorado, Kansas, and there are just so few people that can claim that," Mr. Kaine said.

Mr. Obama was in Richmond last night to headline the Jefferson-Jackson dinner, the Virginia Democratic Party's annual fundraising event, which each year showcases key national Democratic figures and this year drew 4,000 people.

Mr. Obama, the son of a Kenyan immigrant, campaigned in Virginia last fall for Sen. James H. Webb Jr. and received a rock-star ovation alongside Mr. Webb and former Gov. Mark Warner at a rally in Richmond.

He also appeared at a fundraiser for Mr. Kaine in July 2005 and donated $10,000 to Mr. Kaine's gubernatorial bid.

Redefining "Black" (LAT)

By Louis Chude-Sokei

The Los Angeles Times, February 18, 2007

ALTHOUGH NOT quite able to pass for white, Sen. Barack Obama (D-Ill.) has been able to pass for African American. He is biracial, but not white; black, but not African American; American but not African. What has entranced the country more than his somewhat vague policies is Obama's challenge to conventional racial and cultural categories.

Among African Americans, discussions about his racial identity typically vacillate between the ideologically charged options of "black" versus "not black enough" or between "black" and "black, but not like us."

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But there is a third side to Obama — and also to the politics of racial passing in America.

The population of African immigrants in the United States is rapidly growing. Since 1990, about 50,000 Africans have come to the United States annually, more than in any of the peak years of the international slave trade, which was abolished in 1807. They add to the steady influx of black immigrants from other continents and the Caribbean, and those who have been in the United States for generations but who don't racially and culturally define themselves as African American.

These blacks feel cramped by the narrowness of American racial politics, in which "blackness" has not just defined one's skin color but has served as a code word for African American. To be heard and to be counted, these black immigrants must often pass as African American, sometimes against their will.

Obama is not the first prominent black to defy conventional American racial and cultural categories. People identified former Secretary of State Colin L. Powell's Jamaican ancestry as the quality that made his blackness different. When in the mid-1990s it seemed possible that he would run for president, the pride of the Caribbean immigrant community was nearly palpable. He emboldened Caribbean immigrants to resist African American pressures to erase their own cultural and historical distinctiveness.

In such distinctions between black immigrants and African Americans lay buried a history of competitive intra-racial tensions and cultural differences that have never been resolved.

In addition to black immigrants' need to hold onto their own identities, many whites have historically tended to regard black immigrants as a model minority within a troublesome native-born black population. A good proportion of immigrants tend to be better educated than African Americans, don't have the "chip" of racial resentment on their shoulder and exhibit the classic immigrant optimism about assimilation into the mainstream culture. Many whites, however, exploit these differences to magnify the problems of African Americans while avoiding charges of racism. And because these differences often result in greater employment and more educational opportunities for immigrants and their descendants, they also feed tensions between native and immigrant blacks.

The complex history of black immigrant and African American interaction and distinction has been masked by a tendency in American politics to treat "black" and African American as interchangeable categories. It is further masked by an African American cultural politics that arrogates to itself the official word on racial matters. For black immigrants, African American culture can be as alien and as hostile as mainstream America.

Because Powell didn't run for president, the intra-racial differences and historical tensions between immigrant and native-born blacks that his candidacy might have brought to national attention remain largely unknown. "Black" effectively continued to mean African American.

But, from a black immigrant perspective, Obama's run for the presidency carries the promise of spotlighting this "category crisis" at long last. There is the possibility of a conversation in which Africans in the U.S., along with other black immigrant groups, may emerge distinctly from the all-consuming category of "black."

These issues have been present in scholarship and education for some time. Tensions between native and foreign-born blacks are rising in higher education because universities are reputedly using black immigrants, at the expense of the native-born, to diversify their student bodies. In this case, black immigrants are the primary beneficiaries of the blanket category of "black."

Add to this a shifting academic terrain in which traditional black studies are threatened by increasingly popular courses and programs that have a diaspora or Africana slant and do not put African American history or experiences center stage. It's now not uncommon to hear African American scholars and students complaining about the increasing presence of Caribbean and African blacks in black studies departments. Indeed, these kinds of tensions erupted at UC Berkeley two years ago and reflect the continuing struggle over the redefining of "black" in American life and thought.

As the numbers of black immigrants and their progeny grow to challenge the numerical supremacy of the native black minority, can a challenge to African Americans' cultural dominance, racial assumptions and politics be far behind? Especially because black immigrants generally and increasingly differ from native-born African Americans in their views on race, racism and political affiliations. They also are less responsive to American racial traumas, which helps explain why some civil rights leaders are unsure of Obama's loyalties to African American causes. Because his political "blackness" is independent of their sanction and emerges from outside their histories, it threatens their cultural and political authority.

So Obama does not transcend race, as some might dream. Instead, he represents a set of tensions that go beyond black and white. On one hand, there is America's complex and still unresolved relationship with African Americans and, on the other, an emergent black immigrant presence that is less willing to politically or socially pass for "black" and that has unresolved and unspoken issues of its own.

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In Obama, we witness how one set of tensions works with and against the other. Immigrant status is deployed not against race but against the messy and unresolved tensions of domestic American racial relationships. And in this, whether he wins or loses, Obama is definitely a sign of the country's future.

LOUIS CHUDE-SOKEI, an associate professor of literature at UC Santa Cruz, is the author of "The Last 'Darky': Bert Williams, Black-on-Black Minstrelsy and the African Diaspora."

Presidential Hopeful Edwards Discusses Health Plan In Las Vegas (AP)

By Ryan Nakashima

AP, February 17, 2007

LAS VEGAS (AP) - Former vice presidential candidate John Edwards took his plan for universal health care to union-strong Las Vegas on Saturday, visiting the local branch of the electrical workers labor group to which his brother belongs.

The stop was the ninth the former North Carolina senator has made to the Silver State since he lost as Democrat John Kerry's running mate in 2004, including five times last year before swinging by again in December to announce he was running for president.

Although no seeker of the Democratic nomination has strong roots in Nevada, Edwards told about 300 people at the local office of the International Brotherhood of Electrical Workers that his brother Blake, a journeyman electrician, benefited from their help.

"Thank you to IBEW and thank you for what the union has done for my brother and his family," Edwards said.

The Edwards campaign is hoping his ties to the labor movement will help him gain support in the state, which has taken on new importance in the Democratic nomination calendar having recently won the No. 2 spot between Iowa and New Hampshire.

"His support in Nevada is strong," said Edwards' spokeswoman Kate Bedingfield. "He has enjoyed an enormous amount of support every time he's visited."

Edwards's health care plan, which he unveiled two weeks ago, requires employers to cover their workers or pay into a fund to help them. It also mandates that health care providers decrease administrative costs, switch to using electronic records and would create a market for individuals and small businesses to shop for coverage providers.

"It creates market power for people who don't have it, competition that doesn't presently exist," Edwards said.

Judy Woolston, a 65-year-old housewife, said her daughter-in-law's uninsured mother required emergency $80,000 surgery last year for lung cancer. After her daughter-in-law and husband paid out of pocket for more than three months of care, luckily, the family found a medical grant which paid the rest.

"It was a wake up call to all of us. We do like Edwards and we like what he said" but it was too early to decide on a candidate, Woolston said.

The stop was one among many in Nevada by presidential hopefuls as the race for the Democratic nod heated up less than a year before the Jan. 19 presidential caucus in Nevada.

Sen. Barack Obama of Illinois is to visit Las Vegas on Sunday, while on Wednesday, seven other announced or expected Democratic candidates, including front-runner Sen. Hillary Rodham Clinton, are to participate in the first candidates forum of the 2008 campaign in Carson City.

Rick DeVoe, a Las Vegas insulation installer who volunteers for a local branch of Edwards' "One Corps" movement of community service, said Edwards' health care stance is one of the reasons he supports the candidate.

Clinton failed in her health care reforms as former President Bill Clinton's first lady, he said. "They didn't get it done," DeVoe said. "Instead of taking a firm stand on what they think is right, it got so watered down and complicated that it wound up completely falling apart."

Richardson, Clinton Continue Working The State (NHUL)

By Garry Rayno

New Hampshire Union Leader, February 18, 2007

CONCORD – On his second day in office, Democratic Presidential candidate Bill Richardson said yesterday he would shut down Guantanamo Bay detention camp for suspected terrorists.

"The first day I would get us out of Iraq," the New Mexico governor said, adding he would also close Abu Grab prison where Iraqi prisoners were tortured. Richardson told about 65 people at the Concord City Democrats' 3rd Annual Washington Birthday Social that Abu Grab is "one of the reasons this country has so many problems in the Muslim world."

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The receptive Concord crowd was one of three that turned out yesterday to hear from Presidential candidates -- or in one case a spouse -- a year before Granite Staters caste their votes. In Dover, Hillary Clinton vowed to end the Iraqi War, while in Nashua, Cindy McCain, wife of Arizona Sen. John McCain, said her husband would make the best President.

In Concord at the IBEW hall, Richardson joked about his low profile compared to other Democratic hopefuls, but seriously called for all Democratic candidates to pledge not to attack each other.

He touted his experience both in foreign policy and at home as governor. Speaking of the current administration's foreign policy problems, Richardson said "We can't afford to have a President without foreign policy training."

Asked about the security fence Congress approved for the border between the United States and Mexico, Richardson said there is a problem with border infiltration that should be dealt with through the use of technology and additional border patrol agents, which the federal government is not now willing to pay for.

As governor, he said, he has dealt with the issue. "I did it, that's my point. I did it. I deal with these problems every day," Richardson said.

Eileen Keim of Concord said she was an Eisenhower Republican who worries that money going to the military shortchanges children. Richardson said there is a need to rebuild the military, but stressed greater efficiencies and eliminating out-dated systems.

"The military contracting system is totally out of control. Why is it Haliburton gets all the contracts?" he asked about the company Vice President Cheney headed before running for the nation's second highest office.

After Richardson's speech, Keim said she was satisfied with his answer, but has not yet ready to support him. "He's a very capable man, I wish him well," she said.

Tom St. Martin of Candia was encouraged by Richardson. "He's the first candidate I've seen that I want to support," he said, noting he saw both New York Sen. Hillary Clinton and Illinois Sen. Barack Obama last week.

In Dover, where her husband, then Presidential candidate Bill Clinton, promised supporters in 1992 "If you stick with me, I'll stick with you until the last dog dies," Hillary Clinton refused to apologize for her Senate vote authorizing the Iraqi War, but repeated her response that had she known then what she knows now, she would never have voted to authorize the war.

"I take responsibility for my vote," she said. "It was a sincere vote based on the facts and assurances we had at the time."

Clinton spoke to about 500 at Dover High School yesterday morning before flying back to Washington to vote on the Senate resolution repudiating President Bush's plan to send additional troops to Iraq. The Portsmouth house party scheduled for yesterday afternoon was cancelled due to the vote.

At the Dover event, Clinton said the focus now should be on ending the War in Iraq. "If (Bush) does not end this war before he leaves office, when I am President, I will," she said.

She touted her proposed legislation to limit the number troops in Iraq as the best way to end the war. The small Democratic majorities in both the House and Senate make any major step, like ending funding for the war, impossible, Clinton told the crowd.

She criticized Bush for shutting out hostile nations, particularly recent negative overtures about Iran. "It would be a historic mistake if the President took action against Iran," Clinton said.

The former First Lady said she does not favor gay marriage, but added "It is clear to me that we should stand for equality and against discrimination." That part of her speech received only scattered applause, unlike her statements supporting education, affordable health care and lifting Americans out of poverty, which were better received.

In Nashua, Cindy McCain returned to the Crowne Plaza Hotel, where she and her husband stayed the night they won the 2000 Presidential primary, for an event hosted by the Nashua Republican City Committee and the Nashua Area Federated Republican Woman.

"I'm happy to be back. My husband is in Iowa doing three Town Hall meetings. I think I got the better deal," McCain said.

She asked voters to take another look at her husband, saying he is still a straight talker, although some may not always like what he says. "My husband is not only the best candidate, but will make the best President for many, many reasons," McCain said.

McCain also answered questions about immigration, trade relations, health care costs and pork-barrel spending.

Today the Presidential parade continues as Democratic candidate and Ohio Congressman Dennis Kucinich makes appearances in Barrington, Hanover, Concord and Laconia.

Dodd: "Give Me A Chance" (TSSC)

By Lisa Michals

The State, February 18, 2007

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U.S. Sen. Chris Dodd, D-Conn., got a warm response Saturday morning from S.C. Democrats when he brought up the issues of predatory lending, the war in Iraq and public vs. private education.

"People are expressing that sense of urgency about what we need to do at home and abroad," Dodd said during a Columbia stop in his 2008 presidential campaign. "I wanted to get out and be part of this debate."

Dodd, chairman of the Senate's committee on banking, housing and urban affairs, spoke about the importance of curtailing predatory lending. He touted his commitment to helping public schools improve, rather than paving the way for more students to attend private schools.

"We aren't going to solve the problem of public education by financing two systems," Dodd said.

He also favors getting U.S. troops out of Iraq — a position that is among the qualities Paulette Gujer of Conway said are important to her.

"For me, it's Iraq, Iraq, Iraq," said Gujer, who attended the Dodd breakfast at Mac's on Main with her sister, Opal Brown, of Columbia after seeing presidential candidate Sen. Barack Obama, D-Ill., Friday night.

Dodd's rousing speech — as local Democrats drank coffee and dined on grits, eggs and bacon — often circled back to his 30 years of experience as a lawmaker. "We've done six years of on-the-job training" with President Bush, Dodd said.

Dodd's South Carolina trip was abbreviated by a rare Saturday vote in the Senate. More than 65 people attended the Dodd event, which doubled as the Richland County Democratic Party's monthly breakfast meeting.

The audience included former Gov. Jim Hodges, Richland County Councilman Paul Livingston and Richland 1 school board member Dwayne Smiling.

Carly Ingram, 16, will turn 18 in time to vote in the 2008 presidential election, and she's already throwing her heart into becoming an educated voter. The Blythewood High School student volunteered to work in Dodd's campaign.

"He's a family guy," Ingram said. "He really understands that the kids who are in high school now are the future."

Dodd acknowledged that his potential path to the presidency could be a long one, given the strong competition for the Democratic Party nomination.

"I want you to give me a chance," Dodd said. "I'm not as well known as some of the other candidates."

But, he said, he has more than a year to make his impact felt.

Political Markets In Action (WP)

By George F. Will

The Washington Post, February 18, 2007

Two Democratic presidential candidates with national campaign experience are stumbling. A Republican candidate who has run only municipal campaigns is confounding expectations, calling into question some assumptions about Republican voters.

John Edwards has learned -- surely he did not know it when they were hired -- that two women employed by his campaign have Internet trails of vitriolic anti-Christian, and especially anti-Catholic, rants. One of them wrote a profane screed about God impregnating Mary and said the Catholic Church opposes the morning-after birth control pill in order to "force women to bear more tithing Catholics." The other woman, who sprinkles her commentary with a vulgar term for female genitalia, referred to George W. Bush's "wingnut Christofascist base."

When the women's works became known, it was reported that they had been, or were going to be, fired. Thirty-six hours later, after left-wing bloggers rallied to their defense, Edwards's campaign said they would be retained. Edwards explained that the women had assured him that "it was never their intention to malign anyone's faith, and I take them at their word."

He really does? The two women -- both of whom have resigned, pronouncing themselves, of course, victims of intolerance -- are what they are and are unimportant. But a prospective president being so pliable under pressure and so capable of smarmy insincerity -- what does he think were the women's intentions? -- is very important.

In New Hampshire recently, Sen. Hillary Clinton said, "Now that we have a Democratic president . . ." Quickly correcting this slip, she said she meant "a Democratic Congress," but added: "If we had a Democratic president, we would end the war."

Well. She and others say they can "end the war." That phrase is a flinch from facts. They mean they can end U.S. involvement in the war. No one believes the United States has the power to prevent the war from raging on.

But if a Democratic president would implement withdrawal, the Democratic Congress could, by forbidding further spending to sustain forces in Iraq. So why is Clinton, who says that a Democratic president would properly withdraw U.S. forces, not voting for a policy she considers proper?

Congress has used denial of funds to express itself on, and influence, conflicts in Vietnam (1973) and Nicaragua (1982 and 1984). Also, on Nov. 2, 1983, two weeks after the bombing that killed 241 Americans in the Marine barracks at the Beirut airport, the House of Representatives voted on a measure to force the withdrawal of the Marines by March 1984 by cutting off funds for

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the Lebanon operation. The measure was defeated by a vote of 274 to 153, but the 153 included 18 Democrats who are still in the House, nine of whom are committee chairmen.

A question for the 18: If they believed defunding the Beirut operation was proper, why is it not proper to defund U.S. involvement in Iraq? One answer insistently suggests itself: They think that withdrawal would be too risky. Does Clinton agree?

Regarding the Republican race, for many months commentators have said that when the Republican base learns the facts about Rudy Giuliani's personal life (an annulled first marriage, a messy divorce, then a third marriage) and views on social issues (for abortion rights, gay rights and gun control, in each case with limits), support for him will evaporate. But such commentary is becoming self-refuting. The insistent reiteration of it during Giuliani's coast-to-coast campaigning is telling activist Republicans -- the sort of people who read political commentary -- the facts about Giuliani. And so far those facts are not causing a recoil from him: According to the USA Today-Gallup poll, his lead over John McCain has grown from 31 percent to 27 percent in November to 40-24 today.

This does not mean that the social issues have lost their salience. People for whom opposition to abortion is very important might, however, think that in wartime it is not supremely important. Or they might reason, correctly, that presidents can change abortion policy only by changing the Supreme Court, so Giuliani's pledge to nominate justices like Antonin Scalia, Samuel Alito and John Roberts is sufficient.

Furthermore, California's primary is being moved up to Feb. 5, and New Jersey's and some other states' might be moved to that date, so Giuliani's views on social issues might become, on balance, advantages. And suppose Giuliani convinces Republicans that he can become the first Republican since George H.W. Bush in 1988 to be competitive for California's (now 55) electoral votes.

Markets are mechanisms that generate information. The political market is working: Americans are learning much about the candidates, and themselves.

Early Primary -- Too Much Too Soon? (SFC)

By Carla Marinucci

San Francisco Chronicle, February 18, 2007

Tom Vilsack, a Democratic candidate for president, doesn't want to deliver bad news to Californians, but he said it's time for a reality check: A February 2008 presidential primary here would not substitute for the lunch counters in Iowa, the house parties in New Hampshire and the barbecues in South Carolina where presidential nominations are really decided.

"Retail politicking is essential in this process," said Vilsack, the first declared Democratic presidential candidate and former governor of Iowa. In his state, he joked, locals are so impassioned about the state's early caucuses that "you can't tell the reporters from the voters" at packed campaign events because of all the notebooks.

The intensive and personal vetting of candidates that has developed for generations in states such as Iowa and New Hampshire, Vilsack said, is one reason why mega-media states such as California, New Jersey and Illinois may not get the clout they hope for by moving up in the presidential primary schedule.

"If the goal is to lessen the impact of those early states," Vilsack said, "I don't think you're going to succeed."

Nevertheless, the state Senate handily passed legislation last week to move California's presidential primary from June 2008 to Feb. 5, 2008. The measure is expected to land soon on the desk of Republican Gov. Arnold Schwarzenegger, who has been joined by Democratic leaders in showering praise on the measure because of the windfall in political clout -- in theory -- it would bring to the state.

But Phil Trounstine, who heads the San Jose State University Survey and Policy Research Institute, said an early California primary could deliver some unintended consequences to the 2008 presidential race.

"It may actually increase the importance of Iowa, New Hampshire, South Carolina and Nevada," said Trounstine of the four primaries and caucuses scheduled in January 2008 before California's primary, "because the person who has momentum coming out of those races will have a huge advantage coming into Super Duper Tuesday."

So "you give enormous advantage for the people who have huge amounts of money available to organize" in media-saturated states such as California, he said.

That's an exclusive crowd, he noted: on the Democratic side, front-runners New York Sen. Hillary Rodham Clinton, former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama. And on the GOP side, it's Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudolph Giuliani.

Right now, the presidential nominating schedule will start with Iowa, which holds the first caucuses on Jan. 14, followed in short order by Nevada's Democratic caucuses, the traditional first presidential primary in New Hampshire and South Carolina's

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primary. Already, those states have become a battleground among almost two-dozen candidates vying for attention -- a year before the first votes are cast.

It looks as if those contests will be followed by what pundits have labeled "Super Duper Tuesday" -- Feb. 5. Along with California, other states that have scheduled or are considering primaries and caucuses for that first Tuesday in February are Alabama, Arizona, Arkansas, Delaware, Florida, Idaho, Illinois, Michigan, Missouri, Montana, New Jersey, New York, New Mexico, Nevada, North Carolina, North Dakota and Utah.

In addition to California, delegate-rich states such as New Jersey, New York and Illinois traditionally have fallen much later on the primary calendar, giving hope to challengers that there was time to overtake the front-runner for the nomination.

If the new super-sized primary goes through, Americans are looking at "the longest, day-in-and-day-out general election campaign in American history," in which "the party nominees might be determined in the blink of an eye, with no chance for buyer's remorse," according to Larry Sabato, a political science professor at the University of Virginia considered among the nation's top political analysts.

Sabato, in his "Crystal Ball" column last week, argued that the increasing drive by a whopping 30 states to squeeze their presidential primaries into January or February 2008 is nothing short of "courting disaster" by creating an oversized, speeded-up contest.

"If the job of scheduling the presidential nominating contests were assigned to an insane asylum, this is pretty much what the patients would come up with," he wrote.

Insanity or not, the speculation already has candidates swarming into California -- just in case.

As Giuliani recently ran from Sacramento to Silicon Valley to the Central Valley, he repeatedly endorsed an early California primary, saying it would put the presidential race more quickly onto a diverse, vibrant stage that represents America as a whole.

"It would be a very good thing if the California primary were moved up, because you are ... a microcosm of the United States," Giuliani said. "You're bigger than most countries; you do kind of represent a sort of cross section of America. You're Democrat, Republican, liberal, conservative, you're all different races, religions."

Presidential candidates, sooner or later, he said, are "all going to have to contest in a place that is kind of similar to what we're eventually going to have to do -- which is to run in the entire country," he said.

Rick Jacobs of the Courage Campaign agreed. His progressive nonprofit organization has pushed for an early state primary because, he argued, it would give California voters the kind of attention they deserve -- and could provide a boost to candidates who can't capture the attention in Iowa and New Hampshire.

But Trounstine said a "slingshot effect" is more likely.

"The danger with all these states moving forward is that the process itself may wind up limiting the field -- and an insurgent candidate who needs time to develop and grow may get squashed like a bug," Trounstine said.

He cited presidential candidates such as Vilsack, New Mexico Gov. Bill Richardson and former Arkansas Gov. Mike Huckabee, as those who could be hurt by the front-loaded primary schedule.

Allan Hoffenblum, publisher of the California Target Book, a nonpartisan look at state election races, warns that all this talk about California's clout in the presidential nominating season masks the real issue at hand.

"It has everything to do with term limits -- and nothing to do with presidential politics," he said.

Legislators want the early primary so they can get voters to cast ballots for an initiative to extend legislative term limits -- just in time for the lawmaker to sign up to run for another term before the June state primary election for their offices.

As for the effect of an early California presidential primary, Hoffenblum pointed toward a previous time when the state moved its presidential primary to March with little noticeable effect on the outcome.

"No one really knows for sure what kind of clout California would have under Feb. 5 primary -- any more than they accurately assessed it the three times they had it in March."

While "it's fun to sit around and say what will happen (with an early primary), we have no historic data to fall back upon," Hoffenblum said.

No matter your opinion about the early primary, he added, "we're going to have one -- whether we like it or not."

Q&A: The Spat Over Presidential Primaries (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 18, 2007

Every four years, Americans pick a president. And every election cycle, political insiders fight about the presidential nominating process.

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For decades, Iowa and New Hampshire have cast the first votes, giving their residents enormous influence — and greatly annoying people in much bigger places, including California.

This time, politicians in California, Florida, Illinois, New Jersey and Texas are taking action to push their primaries up to Feb. 5 to try to boost their clout. The heavy front-loading means the nominating fight could be over by Valentine's Day, giving the nation a nine-month general-election campaign.

How do the two main parties determine their presidential nominating calendars?

Last summer, Democrats set aside January for caucuses and primaries in Iowa, Nevada, New Hampshire and South Carolina. The rest of the states are supposed to wait to hold their contests between Feb. 5 and June 10, 2008. The GOP voted at its 2004 convention to give states a window between Feb. 5 and July 28 to hold their events.

Where do the 2008 calendars stand today?

For Democrats, the voting is supposed to start on Jan. 14, with the Iowa caucuses, followed by caucuses in Nevada on Jan. 19, the New Hampshire primary on Jan. 22 and the South Carolina primary Jan. 29.

But New Hampshire officials are unhappy about Nevada's placement just three days ahead of their state's primary. The state is determined to preserve a week's distance between its vote and other contests to avoid diluting its impact, which means New Hampshire is likely to ignore the preference of the national party and schedule its primary earlier. That would probably lead Iowa to push at least a week ahead.

The Republican calendar is in flux, but the GOP contests in Iowa, New Hampshire and South Carolina are likely to fall on the same day the Democrats vote.

What happens if states disobey the rules established by the national parties?

Probably nothing. They could face sanctions, reducing the number of their delegates to the national nominating conventions or, in the case of Democrats, denying officials such as the governor and members of Congress their delegate status. But in reality, neither party seems likely to run the risk of alienating voters, much less the elected officials they would need to carry big states such as California and Florida in the fall.

Why do Iowa and New Hampshire always go first?

Tradition. New Hampshire has been first in the nation since 1920. For decades, few cared. Then a 1949 law passed, allowing citizens to vote directly for candidates, instead of delegates to the national nominating conventions. In 1952, all eyes turned to New Hampshire for an early gauge of voter sentiments. A political institution was born.

The Iowa caucuses took off 20 years later, when then-Sen. George S. McGovern of South Dakota used a strong showing to push past better-known rivals and win the Democratic nomination. Four years later, another Democratic dark horse, former Georgia Gov. Jimmy Carter, won Iowa and, ultimately, the White House.

Given that history, few presidential candidates want to alienate voters in Iowa or New Hampshire by criticizing their privileged status.

What's the difference between a primary and a caucus?

In a primary, the polls are open throughout the day, and people can show up whenever they wish, step into a private voting booth, cast a ballot and be done.

A caucus is more akin to a town hall meeting. It starts at a set time and can last for hours. Participants must publicly state whom they support. Others might argue with them, or try to change their minds. If a candidate fails to achieve a certain threshold of support, he or she is eliminated from consideration, and backers must choose another candidate or go home.

Why does it matter which states go first?

The candidates invest enormous amounts of time, money and energy in the early states, hoping victory or a strong showing will provide momentum heading into the rapid-fire series of contests that follow.

With all that focus, home-state issues, such as ethanol in Iowa, receive enormous attention, as do home-state politicians, who have come to expect the intense courtship.

What's the difference between campaigning in places like Iowa and New Hampshire as opposed to larger states?

Iowa and New Hampshire have relatively small populations. The voters there demand a highly personal style of campaigning that is impossible to replicate in a state the size of California, where expensive TV ads are the only effective means of communication.

It is routine for presidential candidates to submit to hourlong grillings by voters who won't tolerate pretense or evasions.

If anything, they find sport in humbling the mighty, which presidents and vice presidents have learned the hard way.

"Voters want to see you; they want to hold you up to the light, tip you upside down. They want to get a very good, hard look before they make a decision," said New Hampshire Republican activist Fred Bramante.

How would it affect the race if states like California move forward?

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Candidates would have to scramble to raise more money and cover extensive ground in what may effectively shape up as a national primary on Feb. 5.

Ironically, by moving ahead on the calendar and creating such a compacted schedule, bigger states could invest Iowa and New Hampshire with even greater import because candidates who stumble there would have little time to recover.

Are there any advantages or disadvantages to the parties' settling quickly on their nominees?

The advantage is the nominees would have plenty of time to bind any wounds suffered in the primary season.

The disadvantage is that voters, unaccustomed to an accelerated contest, may have barely paid attention by the time the nominees are selected.

Also, candidates would have to step up their fundraising to keep their campaigns afloat from the early end of the primary season until the vote on Nov. 4, 2008.

What's the most important thing to remember in all this?

No one really knows what will happen, even after the dates are set. The one inviolable rule of politics is the law of unintended consequences. Something surprising will happen in the 2008 campaign, guaranteed.

Nev., Candidates Taking Bold New Step With Forum (NHUL)

By Dan Tuohy

New Hampshire Union Leader, February 18, 2007

CARSON CITY, Nev. – Democrats running for President will be on unfamiliar political ground when they arrive here Wednesday for their first joint forum of the 2008 campaign.

For the first time, the state that popularized quickie marriages, built a global reputation for its casinos and gave free range to places like the Bunny Ranch plans a caucus between the Iowa caucuses and New Hampshire's leadoff Presidential primary.

Critics complain about calendar frontloading, but Nevada is making no apologies. People are proud, though some are still trying to make sense of it all, said Guy Louis Rocha, Nevada's state archivist and a member of the forum's sponsor, the American Federation of State, County and Municipal Employees.

"They're starting to see that Nevada is a player," Rocha said outside the silver-colored dome of the Nevada State House. "All roads now head through Nevada. The fact is, Nevada's always been a backwater."

Nevada Democrats are marketing their state as "second in the nation" to cast votes with their Jan. 19 caucus. New Hampshire has traditionally bristled at any perceived loss of clout, but Nevadans have a different take, said Clark Dumont, a long-time Granite State public relations executive and broadcast journalist who is now vice president of communications and public affairs for the Nevada Cancer Institute.

'New Hampshire should stop whining.' That's what I hear," he said.

Dumont said Democrats in the Silver State -- led by Senate Majority Leader Harry Reid -- executed a brilliant move in scheduling an early caucus to focus Presidential debate on Western issues such as immigration, water resources and land management.

"Just as New Hampshire has seen it, it is a way to spotlight some of the issues important to the state," he said.

Though the DNC says the Granite State's primary will be Jan. 22, New Hampshire Secretary of State William Gardner will not set the date until late this year. State law requires the primary to be a week or more before a "similar election."

Is the Nevada caucus a similar election? State Rep. Jim Splaine, a Democrat from Portsmouth, does not think so. However, he has sponsored a bill to give the secretary of state the authority to interpret the term "similar election" as he sees fit. New Hampshire has held the first Presidential primary since 1920, and the first by state law since 1976. Splaine sponsored that law.

Obama's not at forum

Dumont, speaking from his office in Las Vegas, said it is difficult to compare the Nevada caucus to New Hampshire's role as a proving ground for Presidents and a place where all candidates can participate regardless of how much money they have. "New Hampshire has nothing to worry about," he said. "It's a caucus, not a primary."

The DNC and Nevada's Democratic Party sought the early caucus as a way to address regional issues and embrace diversity and union members. About a quarter of the state's population is Hispanic or Latino.

"You're talking about a very diverse electorate," said Jamal Simmons, president of New Future Communications, a firm the Nevada Democratic Party hired to help organize and prepare for the caucus.

Simmons, who worked in New Hampshire for Sen. Bob Graham and Gen. Wesley Clark during the 2004 election cycle, said the activist-organized nature of a caucus would make Nevada distinctly different from New Hampshire with its tradition of grassroots, retail politics. He said it would complement the leadoff primary.

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"We really see this as a Western caucus," Simmons said. "People are really taking ownership of it."

Rocha said the New Hampshire primary is secure, but he expects the Nevada caucus to divert some attention. "For a little while the whole nation will be watching, and probably curious because we're the new kid on the block," he said.

Long a Republican stronghold, Nevada is increasingly a swing state. While Nevada Democrats hope the caucus gives them an edge, that remains to be seen in a state where population estimates -- 2.5 million people last year -- are readjusted on a monthly basis. It is one of the fastest growing states in the country, and the running joke is that everybody here is from someplace else.

"It's tough reading the tea leaves here because the tea leaves are constantly changing," said Rocha, who did grow up in Las Vegas.

In New Hampshire, candidates see bucolic towns. In Carson City this week, candidates will see dazzling casinos and ads for legal brothels, both of which are just down the road from the Presidential forum's venue.

But the states share some common ground. Dumont, who still has a house in New Hampshire, said he noticed the independent streak when he arrived in 2005 after serving as regional communications director for Anthem Blue Cross and Blue Shield based in Manchester. He found it oddly reminiscent of New Hampshire.

Rocha said most Nevadans, especially those in the northern part of the state, would be proud to have "Live Free Or Die" on their license plate. "If a Granite Stater met a Nevadan in a bar they would get along fine," he said. "They'd be buying each other drinks before long."

Wisconsin Primary Could Be A Spoiler (MJS)

By Craig Gilbert

Milwaukee Journal Sentinel, February 18, 2007

Washington - In exactly one year and one day, Wisconsin will hold its presidential primary.

Whether it turns out to be a big deal or an empty, anticlimactic ritual is anybody's guess.

But at this point either outcome seems plausible.

With several huge states poised to move up their own contests to early February, the fate of Wisconsin's Feb. 19 primary is threatened by the prospect of a massively "front-loaded" nominating calendar, a schedule that critics fear will further abbreviate the process of selecting the parties' standard-bearers.

In short, both nominations could be effectively wrapped up after only a few weeks of voting - and before the campaign even gets to Wisconsin.

"A year from today, there is a nominee. It's over. This is the fastest calendar we've ever had," former Democratic National Chairman Terry McAuliffe said the other day on National Public Radio.

But that's not the only possible scenario.

In the most wide-open presidential election in decades, with two or three politically robust, big-name contenders in each party backed up by a bevy of respectable long shots, a quick outcome is not guaranteed.

There is a minority view among insiders that envisions a slugfest rather than a first or second-round knockout.

"It's more likely to take more time than any race in modern memory to sort out the nominee, which may very well make Wisconsin relevant," said Paul Ryan, the GOP congressman from Janesville.

If the race doesn't peter out before Wisconsin, then a very different dynamic could come into play, one that might give the state a more meaningful role than it has had in many years. How it might matter

Under this scenario, Wisconsin once again has its mid-February date all to itself (as it did in 2004), meaning that for six or seven days it becomes the exclusive venue of the 2008 campaign. All the remaining candidates and the national political media descend on the state, whose primary is now strategically sandwiched between two multistate "Super Tuesdays," one on Feb. 5 and one on March 4. Wisconsin becomes a natural place for non-front-runners to make their stand, because it's inexpensive (candidates have to advertise in only one midsize state with five TV markets), "open" (any voter can vote in either party's primary), and has a reputation for giving underdogs and insurgents a shot.

"If one of the candidates just sweeps through California, Florida (both possible Feb. 5 states), then it's all over by then," said Gov. Jim Doyle, a Democrat. "But if you get a few split decisions, then Wisconsin could end up in the center of it."

One reason the outlook is murky, aside from the unpredictability of both races a year out, is that the calendar isn't set yet. Iowa and New Hampshire will kick off the GOP race in January 2008 (or possibly December 2007, if New Hampshire moves up its own primary). On the Democratic side, Nevada and South Carolina will join those two states in the critical opening phase, a change the party is making for the sake of political and ethnic diversity. Undetermined dates

But the next wave of primaries is unsettled.

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California, New Jersey, Florida, Illinois and others are thinking of moving their primaries up to Feb. 5 to get a piece of the presidential action. They would be joining an already crowded group of states slated to vote that day, creating the biggest, earliest "Super Tuesday" in history.

That would have two potential effects. One is to accelerate the awarding of delegates needed to win the nomination. The other is to abruptly nationalize the nominating fight, forcing candidates to simultaneously compete in a giant cluster of expensive states, overwhelming contestants who have neither huge treasuries nor early momentum from victories in the smaller January states.

"That just shortcuts the debate and the process for really getting to know the candidates," said Linda Honold, the former Wisconsin Democratic chair, who in 2005 served on a national Democratic panel that studied the calendar.

But the calendar alone won't determine how long the race lasts. That also depends on the dynamics of the field, the performance of the candidates and whether the early states produce a series of split decisions or a juggernaut, as happened in 2004 with Democrat John Kerry.

"If one candidate has won both Iowa and New Hampshire, forget it," says Harold Ickes, a veteran of Democratic politics and a Hillary Clinton supporter.

But in both parties, there is a perceived "big three" of co-favorites: Clinton, Barack Obama and John Edwards on the Democratic side; John McCain, Rudy Giuliani and Mitt Romney on the Republican side. If they turn out to have different strengths in different states and have the money to survive a few setbacks, that could prolong the competition.

Guiliani, for example, would appear to benefit if states such as New Jersey and California move up to Feb. 5, possibly making up for what might be weaker showings in Iowa or the South, where his liberal stands on social issues might hurt him.

"On the Republican side, because you have candidates with different strengths, it's going to be interesting to see," says GOP pollster Tony Fabrizio, who believes the front-loaded calendar doesn't automatically make the race shorter.

Wisconsin's party leaders are hopeful things work out that way.

"It's hard for me to imagine that in a field that appears to be as wide open as this one, both parties are going to have their nominations locked up by (Feb. 19)," said Mark Jefferson, executive director of the state GOP.

"Unless this becomes a Hillary juggernaut, I don't see this thing being over that fast," said state Democratic Chairman Joe Wineke.

Political scientist Larry Jacobs of the University of Minnesota said that while "the conventional wisdom right now is it will probably be over by early February," he is not entirely convinced, given the potential for leading contenders to draw from different support groups and prosper in different places.

"If there are two that do reasonably well that Super Tuesday," he said, "it may not be such a clear verdict."

Former Gov. Tommy Thompson would figure to play a large role in a GOP primary in Wisconsin, but to get that far he would have to beat the odds and achieve major breakthroughs in the preceding states.

While Wisconsin's primary was somewhat anticlimactic in 2004, that election suggested the kind of the role the state could play under different circumstances. John Kerry was the all-but-inevitable nominee by the time he got to Wisconsin in advance of its Feb. 17 primary. The first polls in the state showed Kerry with a 30-point lead. But because the candidates ended up focused on just one state for nearly a week (that hadn't happened since the New Hampshire primary) there was space and time for a small campaign to unfold. Edwards surged from behind and almost caught Kerry, losing the primary 40% to 34%. A more personal forum

At a Harvard symposium after the campaign, Edwards campaign manager Nick Baldick explained what it meant for Kerry's rivals to compete in a stand-alone primary, where the outcome wasn't reduced to simply TV spending and momentum, but where the candidates' messages and campaign skills came back into play.

"The difference between a one-week, one-primary race in Wisconsin, and a one-week, five-state primary (on) February 3 was immense for us, because we could plop John Edwards into a state and he was great," said Baldick.

Whether the 2008 Wisconsin primary will be more or less significant than it was in 2004 remains to be seen.

Matthew Dowd, who was a top Bush strategist in '04, said Friday that he views a quasi-national primary in early February as one of at least two fundamental changes in the nominating process this time around.

The other is the early intensity of the pre-election-year campaign, as candidates jockey for money, the support of local activists, the passions of the rank-and-file, and sustained media attention. Dowd believes that struggle will begin winnowing the field even before the actual voting starts in December or January.

The early caucuses and primaries, said Dowd, are "now the end of the process, rather than the beginning of the process."

Mayors Urge 2008 Hopefuls To Address Urban Issues (WT)

DOJ_NMG_0133365

By Brian Debose

The Washington Times, February 18, 2007

The nation's mayors say they will press the 2008 Democratic presidential hopefuls to address the needs of cities by crafting urban agendas early in their campaigns, but some candidates could already have an edge based on their records.

Sen. Hillary Rodham Clinton, New York Democrat, has the strongest record working with urban black mayors -- both as a senator and as first lady when her husband, Bill, was president, said Douglas H. Palmer, mayor of Trenton, N.J.

"Hillary Clinton was pushing a domestic agenda and for the bulk of homeland security money to go to cities ... after September 11," said Mr. Palmer, president of the U.S. Conference of Mayors.

"The candidate who forges a relationship and partnership with the nation's mayors will be the one who sees a rise in their numbers," he said, adding that he is undecided about whom he will support in 2008.

Part of forging that relationship is addressing the group's 10 working priorities, including crime prevention, funding federally mandated programs for cities and restoring funding for Community Development Block Grant programs to 2003 levels.

Mr. Palmer and others said that crime has spiked since cuts to Community Oriented Policing Services (COPS), a federal grant program that helps cities hire and retain police officers. The increase in crime has been coupled with an economic decline in many urban areas.

Democratic candidates will have to work hard to generate voting support, particularly among their most loyal voting bloc: blacks. Nearly 50 percent of those votes can be found in urban areas.

Black Democratic mayors such as Detroit Mayor Kwame M. Kilpatrick have said that crime and poverty are destroying America's cities.

Mr. Kilpatrick said he has met with three of the Democratic presidential candidates, including Mrs. Clinton, whom he also touted as a strong contender. He also met with Sen. Joseph R. Biden Jr. of Delaware and former Sen. John Edwards of North Carolina, who Mr. Kilpatrick said is a strong advocate for eradicating poverty, a major problem in urban centers.

"Some of what I have heard is a real focus on poverty and bringing the new emerging markets and finance to the cities," he said. "And it is not just the policies of welfare, not a handout but a hand up."

Mr. Kilpatrick credited the Clintons for the creation of new policies such as welfare-to-work, which he said helped cities get more residents off the poverty rolls.

But he said cities need flexibility to put money into job training and retraining for new high-tech jobs, more affordable-housing funds and more input on how No Child Left Behind policies are implemented.

"We need to have America's mayors sitting at the table when this discussion is being made and not allow it to become an insular, inside-the-Beltway sort of thing," Mr. Kilpatrick said.

Sen. Barack Obama, Illinois Democrat, who officially announced his candidacy for president Feb. 10, has the thinnest political record among those in the Democratic field and lacks many of the personal relationships with mayors that others have in abundance.

He also did not attend the mayors' conference last month, missing an opportunity to make a first impression. But he has other experience that many mayors say could be useful in crafting policy that focuses on the urban agenda.

"I do like the fact that Barack has been on the ground and done social work and has a hands-on perspective in Illinois," said Michael B. Coleman, mayor of Columbus, Ohio.

"Frankly, I suspect he is able to deal with many of these issues from personal knowledge, not from a book, and that is essential in the development of a policy that is effective," Mr. Coleman said.

He said the candidates' records will be important, but how they address the 10-point plan in the campaigns will be a deciding factor.

"There has to be a scramble by these people about their agenda, and then you will likely see a lot of support from me and other mayors across the country," Mr. Coleman said.

Narrowing The Religion Gap? (NYT)

By Gary Rosen

The New York Times Magazine, February 18, 2007

Try a quick political thought experiment. First, form a mental picture of the Democratic front-runners for president — Hillary Clinton and Barack Obama. Now do the same for the leading Republican contenders — John McCain and Rudy Giuliani. Next (and this is the key step), imagine each of them in church, sitting in a pew, head bowed, or better still, at the pulpit, delivering a homily or leading the congregation in worship.

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Strange, no? It's not hard to envision Clinton and Obama among the faithful. She is a lifelong Methodist and self-described "praying person," and he belongs to a church where some years ago he found himself (in his own words) "kneeling beneath that cross" in submission "to His will." Both slip easily into the earnest, humble-of-the-earth mode of liberal God talk.

But McCain and Giuliani? You somehow imagine them fidgeting during the hymns and checking their watches. The senator is an Episcopalian, the former mayor a Catholic, but neither man, you have to think, would be caught dead in a Bible-study group or could possibly declare, à la George W. Bush, that his favorite philosopher is "Christ, because he changed my heart." In the piety primary, the Democrats win hands down.

None of this is likely to reverse the "religion gap" in our politics — that is, the fact that regular churchgoers identify by a wide margin with the G.O.P. Come election time, the personal religiosity of the Democratic candidates won't matter nearly as much as the positions they take in all the drearily familiar theaters of the culture war. What a matchup between churchgoing Democrats and secular-minded Republicans may supply, though, is welcome moderation in our debates over issues like abortion, gay marriage and stem-cell research. God knows, both sides of the ideological divide have fundamentalists in need of taming.

On the right, the culprits are familiar, having become stock characters in our politics. In his unsuccessful run for the Republican nomination in 2000, McCain called them "the agents of intolerance," singling out Pat Robertson and Jerry Falwell. For a taste of their views, you can visit the Web site of Concerned Women for America (C.W.A.), which bills itself as the "nation's largest public-policy women's organization." Its mission is "to protect and promote biblical values among all citizens," the Bible being "the inerrant Word of God and the final authority on faith and practice." As for dissenters from C.W.A.'s stand on issues like the "sanctity of human life," a handy link to Bible passages explains "why you are a sinner and deserve punishment in Hell."

A number of observers on the right, including Jeffrey Hart of National Review, Heather Mac Donald of the Manhattan Institute and the blogger Andrew Sullivan, have performed a service lately by denouncing the G.O.P.'s pact with such authoritarian bullies. But the problem can be exaggerated. Whatever their private views, most of today's big-time social conservatives speak in public as faith-based policy wonks, not as preachers of fire and brimstone. Consider James C. Dobson, the controversial founder of Focus on the Family. In a recent article titled "Two Mommies Is One Too Many," he objected to the impending parenthood of Mary Cheney and her partner. The core of his argument? What he trumpets as "more than 30 years of social-science evidence" showing that children do best with a married mother and father.

Is Dobson persuasive about the supposed evils of gay parenthood? Not to me. But the case he makes is based on an asserted set of facts — facts that are open to challenge and dependent on neither revelation nor church writ. Yes, he also avers in passing that traditional marriage is "God's design for the family and is rooted in biblical truth," and this is probably what motivates him. But is there anything wrong with so frankly religious a premise? Does it somehow disqualify his arguments?

Here is where the dogmatists of the secular left come in. Looking to fend off Bible-toting conservatives, the philosopher Richard Rorty argued more than a decade ago that in a modern democracy, faith should be a strictly private matter and has no place in public discussion. Traditional religion, he wrote, is a "conversation stopper," a source of values before which nonbelievers can be only mum. The same rigid divide informs a recent manifesto "in defense of science and secularism" signed by such academic luminaries as Daniel C. Dennett, Steven Pinker, Peter Singer and Edward O. Wilson. They urge the country's political leaders "not to permit legislation or executive action to be influenced by religious beliefs."

So categorical a rejection of faith in the public square is impossible to reconcile with our political traditions, of course. It sweeps away not just today's social conservatives but also abolitionism, women's suffrage and the civil rights movement. Dr. King without the almighty? Unthinkable. Conceding the extremism of his earlier view, Rorty himself has backtracked. Citizens should feel free to speak as believers, he now suggests, so long as they don't simply "cite authority, scriptural or otherwise."

It's a reasonable standard. After all, very few of us, whether religious or secular, can easily articulate our views about fundamental things. On questions of human dignity and human ends, we tend to sputter and assert, setting out propositions that are difficult to justify to those who don't share them. Invoking secular values like "autonomy" or "self-realization" can be just as much of a "conversation stopper" as appealing to the Bible. What we owe one another are concrete explanations, grounded in terms we might hope to share.

Can the rising field of presidential hopefuls move beyond the collision of orthodoxies to which we have grown accustomed? Maybe in some small way, if only because of the peculiarities of the personalities involved, but even that would be progress. At our present cultural moment, it is hard to think of a more edifying prospect than a campaign that will feature a running debate between churchgoing Democrats and vaguely impious Republicans.

Who Are The Bundlers? (WP)

The Washington Post, February 18, 2007

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THE 2008 presidential field has already begun to sort itself into candidates willing to disclose the identities of their big financiers and those who balk at providing this critical information. On the side of real disclosure are three Democrats, Sens. Barack Obama (Ill.) and Christopher J. Dodd (Conn.) and former Iowa governor Tom Vilsack, along with two Republicans, Sen. John McCain (Ariz.) and -- in the latest addition to the ranks of openness -- Mitt Romney. Officials of the former Massachusetts governor's campaign told us that Mr. Romney will report the names of his big bundlers, the fundraisers who collect donations from large numbers of people and who thereby help their candidate far beyond the maximum of $2,300 they are legally allowed to contribute directly. Declining to provide this information are Democrats Hillary Rodham Clinton and John Edwards, and Republican Rudolph W. Giuliani.

The refusal of these candidates to live up to the standards set by President Bush during his two campaigns, as well as by 2004 Democratic nominee John F. Kerry, speaks volumes about their commitment -- or lack thereof -- to openness in government. These candidates note, correctly, that they aren't obliged to reveal the names of their big bundlers. But in what could be the first presidential campaign since Watergate to be financed entirely with private funds, in an election cycle in which the two major-party nominees alone could raise and spend $1 billion, it's critical that the identities of those helping to underwrite these expensive enterprises be released. Candidates are as indebted to those who haul in big bundles of checks for them as they would be to those who write big checks. Since the latter practice is no longer allowed, big bundlers are the most important components of a successful financial operation.

Indeed, Ms. Clinton's campaign encourages "Hillraisers" to sign up on its Web site and set fundraising targets. For its biggest bundlers, the campaign has set the audacious goal of at least $1 million. Does the campaign really believe it's tenable to keep the identities of these financiers secret? What is its justification for doing so? We single out Ms. Clinton for a number of reasons, chief among them her front-runner status, her undoubted capacity for raising enormous sums and the unprecedented size of the bundles she is seeking.

But that does not excuse the refusal of her rivals in either party to be transparent about their own financial operations. Candidates who simultaneously hold elective office -- and who therefore have another claim on donors' attention -- ought to be especially conscious of this duty. Connecticut Democrat Dodd, whose chairmanship of the Senate Banking Committee offers him a handy fundraising platform, promises to do the right thing. We've had no luck getting answers from other elected officials, including New Mexico Gov. Bill Richardson (D), Sens. Joseph R. Biden Jr. (D-Del.) and Sam Brownback (R-Kan.), and Rep. Duncan Hunter (R-Calif.).

Mr. Edwards, alone among Democratic candidates in 2004 in refusing to disclose the names of his bundlers, is well aware of both the value and peril of bundlers; his campaign was fined $9,500 by the Federal Election Commission last year for accepting in-kind contributions and illegally reimbursed donations from one of its big 2004 bundlers. Mr. Giuliani, too, knows the benefits of bundling: A 1996 report by the New York City campaign finance board, "Bundles of Trouble?" detailed how Mr. Giuliani had 205 "intermediaries" bring in more than $1 million to his 1993 mayoral campaign. "Like direct contributions, bundled contributions can be a means for buying access, influence and political power," the report noted. That is exactly why the names of bundlers should be a matter of public record.

Human Nature Redux (NYT)

By David Brooks

The New York Times, February 18, 2007

Sometimes a big idea fades so imperceptibly from public consciousness you don't even notice until it has almost disappeared. Such is the fate of the belief in natural human goodness.

This belief, most often associated with Jean-Jacques Rousseau, begins with the notion that "everything is good as it leaves the hands of the Author of things; everything degenerates in the hands of man." Human beings are virtuous and free in their natural state. It is only corrupt institutions that make them venal. They are happy in their simplicity, but social conventions make them unwell.

This belief had gigantic ramifications over the years. It led, first of all, to the belief that bourgeois social conventions are repressive and soul-destroying. It contributed to romantic revolts against tradition and etiquette. Whether it was 19th-century Parisian bohemians or 20th-century beatniks and hippies, Western culture has seen a string of antiestablishment rebellions led by people who wanted to shuck off convention and reawaken more natural modes of awareness.

It led people to hit the road, do drugs, form communes and explore free love in order to unleash their authentic selves.

In education, it led to progressive reforms, in which children were liberated to follow their natural instincts. Politically, it led to radical social engineering efforts, because if institutions were the source of sin, then all you had to do was reshape institutions in order to create a New Man.

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Therapeutically, it led to an emphasis of feelings over reason, self-esteem over self-discipline. In the realm of foreign policy, it led to a sort of global doctrine of the noble savage — the belief that societies in the colonial world were fundamentally innocent, and once the chains of their oppression were lifted something wonderful would flower.

Over the past 30 years or so, however, this belief in natural goodness has been discarded. It began to lose favor because of the failure of just about every social program that was inspired by it, from the communes to progressive education on up. But the big blow came at the hands of science.

From the content of our genes, the nature of our neurons and the lessons of evolutionary biology, it has become clear that nature is filled with competition and conflicts of interest. Humanity did not come before status contests. Status contests came before humanity, and are embedded deep in human relations. People in hunter-gatherer societies were deadly warriors, not sexually liberated pacifists. As Steven Pinker has put it, Hobbes was more right than Rousseau.

Moreover, human beings are not as pliable as the social engineers imagined. Human beings operate according to preset epigenetic rules, which dispose people to act in certain ways. We strive for dominance and undermine radical egalitarian dreams. We're tribal and divide the world into in-groups and out-groups.

This darker if more realistic view of human nature has led to a rediscovery of different moral codes and different political assumptions. Most people today share what Thomas Sowell calls the Constrained Vision, what Pinker calls the Tragic Vision and what E. O. Wilson calls Existential Conservatism. This is based on the idea that there is a universal human nature; that it has nasty, competitive elements; that we don't understand much about it; and that the conventions and institutions that have evolved to keep us from slitting each other's throats are valuable and are altered at great peril.

Today, parents don't seek to liberate their children; they supervise, coach and instruct every element of their lives. Today, there really is no antinomian counterculture — even the artists and rock stars are bourgeois strivers. Today, communes and utopian schemes are out of favor. People are mostly skeptical of social engineering efforts and jaundiced about revolutionaries who promise to herald a new dawn. Iraq has revealed what human beings do without a strong order-imposing state.

This is a big pivot in intellectual history. The thinkers most associated with the Tragic Vision are Isaiah Berlin, Adam Smith, Edmund Burke, Alexander Hamilton, James Madison, Friedrich Hayek and Hobbes. Many of them are conservative.

And here's another perversity of human nature. Many conservatives resist the theory of evolution even though it confirms many of conservatism's deepest truths.

Rice Finds Huge Gaps Between Israel, Palestinians (AFP)

By David Millikin

AFP, February 18, 2007

US Secretary of State Condoleezza Rice is to meet with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas as she presses forward with a new initiative to revive the moribund peace process.

She is to meet with Abbas in the West Bank political capital of Ramallah and with Olmert separately in Jerusalem.

Rice flew in to Israel Saturday vowing to press ahead with a risky summit with the two leaders, who are embroiled in a bitter feud over the presence of Islamist radicals in a soon-to-be-formed Palestinian government.

Rice, arriving from an unannounced visit to Iraq, went straight into talks with Israeli Foreign Minister Tzipi Livni in Jerusalem.

The highlight of her mission is to be her first three-way meeting with Abbas and Olmert on Monday. She has billed that as the kick-off of a long-awaited US initiative to revive negotiations on a peace deal and the creation of a Palestinian state.

But the Rice plan has been overshadowed by controversy over a power-sharing deal reached last week between Abbas' Fatah party and the ruling Islamist group Hamas, which the US and Israel consider a terrorist group.

Speaking alongside Rice, Livni insisted Israel will not deal with the new government until its Hamas members recognise the Jewish state's right to exist, renounce violence and accept past peace agreements.

Those principles are supported by Washington and its Western partners but have so far been consistently rejected by Hamas.

"These requirements are not obstacles for peace but they are the basic conditions and foundations for any kind of vision of a two-state solution," Livni said.

"I think that the moderates in the Palestinian side need to understand that a path towards a Palestinian state needs to go though renunciation of violence and terrorism and not by compromising with terror," Livni said.

Abbas, whom Rice and President George W. Bush have long hailed as the key "partner for peace" in the Arab-Israeli standoff, insists the power-sharing understanding meets the international conditions.

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Earlier Saturday, Abbas spokesman Nabil Abu Rudeina said "we will say to the Americans and to the Israelis that they must give a chance to this government." "The world must work with this agreement," Abu Rudeina added, speaking after a meeting between Abbas and Rice's top Middle East aide, Assistant Secretary David Welch.

While Israeli media reported that Bush backed the hardline Israeli stance in a telephone conversation with Olmert on Friday, Rice declined to publicly take sides.

She insisted that the three conditions "remain the foundational principles for a two-state solution and in fact for the formation of a leadership that can lead to that two-state solution".

But she added that Washington "will await the formation of a (Palestinian) government before making any decisions about it," as Livni watched on.

"If one waited for the perfect time to come to the Middle East, you would never get on an airplane," she said.

The West and Israel have refused critical financial aid to the Palestinian government since Hamas took control of the administration after unexpectedly trouncing Fatah in legislative elections a year ago.

Abbas was elected separately and has significant executive powers under the Palestinian constitution.

The aid embargo has exacerbated an economic crisis in the Palestinian areas and fueled tensions that erupted into deadly violence between Fatah and Hamas supporters in recent weeks.

Abbas says the understandings reached with Hamas meet the West's principles by stating that the new government will respect "Arab and international" agreements and past accords signed with Israel by the Fatah-led PLO -- steps that imply recognition of Israel according to this view.

Regardless of the outcome of her meetings here, Rice could come under pressure to ease the boycott from Washington's partners in the so-called Quartet of mediators who first laid down the principles -- the European Union, United Nations and Russia.

Following her visit to Israel and the Palestinian territories, she is to meet her Quartet counterparts in Berlin on Wednesday.

3 Parties Jostle Before Meeting In Jerusalem (NYT)

By The New York Times

The New York Times, February 18, 2007

JERUSALEM, Feb. 17 — A much anticipated meeting of Israelis, Palestinians and Americans here on Monday — seen as a possible first step to rejuvenating Middle East peace talks — seems likely to be overtaken by battles over a new Palestinian unity government.

On Saturday, representatives of all three groups were jostling for position before the meeting, with the Americans and Israelis saying that the new government must recognize Israel, and the Palestinian Authority president saying that the world would have to live with the coalition.

But it was unclear whether those statements sounded a death knell for restarting talks.

Secretary of State Condoleezza Rice is to represent the United States at the meeting.

Mahmoud Abbas, the Palestinian president, and his political movement, Fatah, recently agreed to form a unity government with the militant group Hamas to try to end deadly fighting between the groups. But Hamas, which won last year's legislative elections, has not yet agreed to recognize Israel and renounce violence, as the Israelis, Americans and many Europeans have demanded.

On Saturday, Bush administration officials informed Mr. Abbas that the United States would continue its boycott of the Palestinian government if the unity government did not meet its demands, according to Arab and American officials. Those officials would not speak for attribution before the meeting on Monday.

Mr. Abbas responded with what amounted to "take it or leave it," his spokesman, Nabil Abu Rdeneh, told reporters.

Ms. Rice stopped short of calling off the long-term peace effort, saying she wanted to wait until the unity government was formed to give it a chance to meet American conditions.

Tzipi Livni, Israeli's foreign minister, said that the Israelis would attend the meeting on Monday but that they would not proceed further with peace negotiations unless the new Palestinian government recognized Israel and renounced violence.

Abbas Tells U.S. He's Done His Best (AP)

AP, February 18, 2007

The world will have to deal with a new Hamas-Fatah coalition even if its platform falls short of international demands such as recognition of Israel, Mahmoud Abbas told a U.S. envoy Saturday, according to an aide to the Palestinian president.

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Abbas told State Department official David Welch he will deliver the same message _ that he has done his best to moderate the Islamic militants _ at an upcoming summit with Secretary of State Condoleezza Rice and Israeli Prime Minister Ehud Olmert, said the aide.

However, Rice and Israeli Foreign Minister Tzipi Livni suggested later Saturday that there would be no room for compromise. Speaking at the start of a meeting in Jerusalem, they said any Palestinian government would have to meet the three conditions of international acceptance _ recognizing Israel, renouncing violence and accepting previous peace deals with Israel.

"The moderates on the Palestinian side need to understand that the path toward a Palestinian state goes through the renunciation of violence and terrorism and not by compromising with terror," Livni said, in an apparent reference to Abbas.

At Abbas' headquarters in the West Bank city of Ramallah, the president told Welch that he had no choice but to cut a deal with Hamas, which won parliamentary elections last year. Abbas was elected separately in 2005 and also wields considerable power.

"President Abbas told David Welch that the Mecca agreement was the only possible agreement and the world must deal with it," Abbas aide Nabil Abu Rdeneh said. The U.S. side did not comment on the meeting.

"In the three-way meeting with Olmert and Rice, President Abbas is going to say that this government should be given a chance." Abu Rdeneh said.

The platform of the coalition between Hamas and Abbas' Fatah movement falls short of the international demands, containing only a vague promise to "respect" previous peace deals, which could be seen as implied recognition of Israel.

Rice said Saturday she would withhold judgment until the government is formed.

The U.S. secretary of state said the Palestinian coalition talks were complicating the summit, which was to have been a step toward restarting Israeli-Palestinian peace talks after more than six years of fighting.

"Despite the complications it's an important time to have these discussions ... about the principles of two states for two peoples," she said.

The Hamas government, which resigned Thursday to make way for the new coalition, was hit by an international aid boycott that nearly bankrupted it.

Despite that warning, Abbas went ahead with the new coalition, based on a power-sharing deal reached last week in the Muslim holy city of Mecca in Saudi Arabia.

On Thursday, Abbas asked Prime Minister Ismail Haniyeh of Hamas to start forming the new coalition. Haniyeh has five weeks to do so.

The Palestinians fear a return to deadly factional fighting if the fragile power-sharing arrangement fails. In recent months, dozens of people have been killed in violence between Hamas and Fatah.

In the West Bank, gunmen opened fire early Saturday on the home of a Hamas Cabinet member, Planning Minister Samir Abu Eisha, breaking some windows, but causing no injuries.

Abbas: "World Must Deal" With Hamas (WT)

By Joshua Mitnick, The Washington Times

The Washington Times, February 18, 2007

JERUSALEM - Palestinian President Mahmoud Abbas, speaking hours before the arrival of Secretary of State Condoleezza Rice on a mission to revive peace talks, delivered a blunt message: "The world must deal" with Hamas.

He made his comments in a meeting with U.S. Assistant Secretary of State David Welch in the West Bank city of Ramallah.

"President Abbas told David Welch that the Mecca agreement was the only possible agreement, and the world must deal with it," Abbas aide Nabil Abu Rdeneh said after the meeting.

He was referring to a Saudi-brokered deal between the militant Islamist group Hamas and Mr. Abbas' secular Fatah party to share power in a new Palestinian government.

Miss Rice, who arrived in Jerusalem last night after a surprise visit to Iraq, acknowledged that her visit was taking place at a "complicated time."

Immediately after her arrival, Miss Rice met with Israeli Foreign Minister Tzipi Livni. She is to meet with Mr. Abbas today.

The climax of her visit is expected tomorrow, when Miss Rice hosts a summit between Mr. Abbas and Israeli Prime Minister Ehud Olmert.

The summit has been clouded by Hamas' continued refusal to meet three conditions recognizing Israel, renouncing violence and accepting previous peace agreements.

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Hamas is labeled a terrorist group by the United States and Europe, which have imposed a crippling economic embargo since the militant group won a majority of seats in the Palestinian government early last year.

"In the three-way meeting with Olmert and Rice, President Abbas is going to say that this government should be given a chance," Mr. Abu Rdeneh said.

Miss Rice said the United States had decided it would wait until the installation of the new government before deciding whether to cooperate with it.

"It only makes sense that you have to renounce violence. It only makes sense that you have to recognize the right of your partner to exist and to respect international agreements," Miss Rice said.

"Those principles remain the foundational principles for the formation of two states and the formation of a leadership that can lead to that two-state solution," she said.

With the Palestinian government dependent on international aid, the previous Hamas government had been subject to an economic embargo by the United States and Europe.

Limited international aid has been channeled through Mr. Abbas, who was elected president in 2005. Power within the Palestinian government is split between the president and a Cabinet, which is lead by a prime minister.

The Cabinet posts of the new coalition government and its policy guidelines have yet to be agreed on.

The United States hopes the meeting tomorrow with the Palestinian and Israeli leaders will establish a set of principles to begin negotiations on a final Israel-Palestinian agreement.

Success would mark the first peace negotiations in six years, since Israeli and Palestinian diplomats failed to reach a deal in the waning hours of the Clinton administration and the first months of the Palestinian uprising.

But instead, Mr. Abbas, Mr. Olmert and Miss Rice appear likely to be detoured by the Mecca agreement and how it will affect relations with the Palestinian Authority and the flow of international aid.

"This is a very sensitive point in time after the agreements between the Fatah and Hamas. The understandings don't meet the requirements of the international community," Mrs. Livni said before her meeting with Miss Rice.

"These requirements are not an obstacle for peace, but they are the basic conditions and foundation for any kind of for the vision of a two-state solution."

Israelis Are Gone, But Gaza Rebuilding Is Slow (NYT)

By Greg Myre

The New York Times, February 18, 2007

RAFAH, Gaza Strip, Feb. 16 — In a place were most everyone has a hard-luck story, Ibrahim Abu Shatat could write an entire book. Two of his homes have been destroyed by Israeli troops, he has been out of work for six years and his family of nine has lived in the storage room under Rafah's soccer stadium for three years.

Yet Mr. Shatat may be one of the few Gazans who see a ray of hope. Partly through his persistence, construction has begun on 300 homes in the sand dunes next to the former Jewish settlement of Rafiah Yam. Along with a neighboring school, they are the first major construction projects in or near a settlement since Israeli soldiers and settlers pulled out of the Gaza Strip in summer 2005. And one of those homes will be his, possibly by fall, Mr. Shatat said.

The Israeli withdrawal raised Palestinian hopes for new homes, schools and businesses, and an easing of the overcrowding in the Gaza Strip, an impoverished coastal territory where about 1.5 million Palestinians live.

"When the Israelis left, we demanded that the Palestinian government give us a piece of land," said Mr. Shatat, 47. But internal Palestinian turmoil, the conflict with Israel and a lack of money have kept the abandoned settlements looking almost exactly as they were the day the Israelis left. Israel, in agreement with the Palestinians, flattened the roughly 1,600 settler homes, and so far, the rubble is being removed from only 3 of the 21 settlements.

But there is progress on the barren patch that was a no man's land just outside Rafiah Yam, in southwest Gaza near the border with Egypt.

Mr. Shatat took his wife, Maha, to the construction site for the first time on Friday to see the cinder-block foundations of about 20 homes. The plans call for modest, detached houses of two or three stories, with one family living on each floor. "I'm so excited," Mrs. Shatat said. "Now I finally believe it is happening."

Since the Palestinian uprising began in 2000, at least 1,500 families in Rafah have lost their homes, according to the Palestinians. Israeli military bulldozers made repeated forays to destroy houses that Israel said were being used by weapons smugglers and gunmen firing on Israeli forces along the border with Egypt.

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The Israeli departure raised the prospect of land-hungry Palestinians flooding into the former settlements. But while many Palestinians are impatient for new housing, security guards have kept out would-be squatters in most, but not all, cases. The settlements also came with greenhouses that offered the prospect of thousands of agricultural jobs. Yet the greenhouses sit idle.

The Palestinians invested millions of dollars to repair the greenhouses shortly after the Israelis left, and had an excellent crop in the winter of 2005 and 2006. But they were unable to export their produce to Europe, the main market, because Israel kept Gaza's main crossing for goods closed for weeks at a time, citing security concerns.

Short of money and fearing a similar fate this year, the Palestinians did not plant a winter crop in the greenhouses. But the goods crossing has been mostly open in recent weeks, when the crops would have been ready for export.

The Palestinian Agriculture Ministry says it will soon start renting the greenhouses to private farmers and will encourage them to grow for the local market, since there are no guarantees that fruits, vegetables and flowers can be exported in a timely manner.

Ahmed Yousef, an adviser to the Palestinian prime minister, Ismail Haniya, said the government had been allocating former settlement land for universities, hospitals, recreation facilities and housing. The projects have been slow in developing for several reasons. The Palestinian government has never been known for its efficiency, and several months after the Israelis left Gaza, Hamas, the radical Islamic movement, came to power, which prompted Western countries to cut direct financial assistance. "We had to find countries to finance these projects," Mr. Yousef said. Saudi Arabia is providing $11.5 million for the 300 homes in southern Gaza, and the United Nations development program is overseeing the project.

Mr. Shatat was a welder in Israel for 14 years and built a large, three-story home in Rafah, just 50 yards from Gaza's border with Egypt. But the Palestinian uprising that began in 2000 dealt his personal fortunes a double blow.

Mr. Shatat was among the thousands of Palestinians who lost their jobs as Israel restricted the number of Palestinian workers allowed in. Then, five years ago, with Palestinian militants in Rafah battling Israeli troops, Mr. Shatat's home was rendered uninhabitable when Israeli forces demolished his neighbor's home. The Shatats rented a home nearby; that was destroyed in January 2004 when Israel tore down more homes. The only shelter Mr. Shatat could find for his wife and eight children, now ages 3 to 20, was the storage room under the Rafah stadium.

As soon as he moved his family in, Mr. Shatat began lobbying the Palestinian Authority to build replacement homes for those destroyed in the fighting, but received little help, he said. He set up a committee for the homeless in Rafah, and made himself a nuisance at government offices in Gaza City, particularly at the Land Authority. "I told them that if they did not give us land, we would start living in their offices," he said.

About a year ago, the Palestinian government allocated land for 300 homes, though this will provide shelter for fewer than half those who lost homes in fighting along the border, according to Mr. Shatat.

Several miles up the Mediterranean coast, the former settlement of Tel Katifa offers a more typical example of the state of the former settlements. At its northwest corner, armed members of Fatah stand guard, maintaining positions they have held since shortly after the Israeli departure. Along the southern side, Hamas forces hold an outpost established a month ago, in a bid to replace the Fatah men.

At the southwest corner, unarmed guards from the Agriculture Ministry hope their presence, marked by a torn Palestinian flag flapping overhead, will discourage the factions from shooting at each other. So far, Fatah and Hamas have exchanged only sporadic gunfire during the factional fighting in Gaza.

Meanwhile, a family affiliated with Fatah is living in Tel Katifa's former kindergarten, the one building left standing when the Israelis pulled out. Fawzi Abu Abed said his family moved in after receiving permission from a Palestinian family that claimed it owned the land before the Israelis arrived. Mr. Abed said his home was destroyed by the Israelis in 2002, and government subsidies to rent a home ran out last year. "The government is broke, so we had to find our own solution," Mr. Abed said.

Egyptian Charged With Spying For Israel In Turkey; Israel Denies It (NYT)

By Mona El-Naggar

The New York Times, February 18, 2007

CAIRO, Feb. 17 — An Egyptian student who fled the country six years ago is now sitting in jail, arrested upon his return to Cairo on charges of spying for Israel.

According to his former lawyer, the man, Mohamed Essam Ghoneim el-Attar, has confessed and is "regretting everything he has done." Mr. Attar, who has dual citizenship in Egypt and Canada, is facing a likely sentence of 15 to 25 years, the lawyer said.

"His personal circumstances — divorced parents, needs a job — are no excuse," said the lawyer, Ragab el-Assal, who met with the defendant last week. "He is someone who sold himself for the sake of money and ambition, the destructive kind."

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Mr. Attar, who originally fled Egypt to avoid a prison sentence for what the lawyer said was his failure to pay a car repair bill, has been allowed only limited access to legal counsel since he was arrested on Jan. 1, Mr. Assal said before seeing him. In fact, at the time Mr. Assal was not even sure where Mr. Attar, 31, had been incarcerated.

"All they said to me is, 'We do not have him,' even though I have an official permit to see him," said Mr. Assal, after he had spent an entire day visiting Egyptian authorities and prisons in search of his client.

But after finally seeing his client and examining the investigation files, Mr. Assal relinquished the case, adding that he thought Mr. Attar was guilty as charged and would be convicted accordingly.

"I wish the confessions were a result of torture and the case a fabrication; I wish he was innocent," Mr. Assal said. "But there are confessions, witnesses and evidence. It is a lost case."

Egyptian law enforcement authorities have not disclosed the details of the arrest, which they announced more than one month later. But an account of the case was reported by Al Ahram, a newspaper with close ties to the government.

According to the newspaper, Mr. Attar left Egypt in August 2001 on a tourist visa to Turkey, where he offered his services at the Israeli Embassy and was recruited by an agent of the Mossad, Israel's intelligence service, to gather information about Egyptians and Arabs living there.

The newspaper also said he was asked to select other potential recruits by luring them with "money and women," and that he later moved to Canada where he converted to Christianity, changed his name to Joseph, obtained Canadian citizenship and got a job at a bank in Toronto with the help of two other Mossad agents.

Mr. Assal said witnesses included people who said they were approached by Mr. Attar in Turkey. According to the news report, the three Israelis have been charged with espionage and will be tried by Egyptian courts in absentia.

Israeli officials denied the allegations, saying they learned about the case from news reports.

"I would summarize it in one word: nonsense," said the Israeli minister of Internal Security, Avi Dichter, while speaking to reporters last week in Ottawa.

Israeli intelligence services have been accused of using Canadian identities to shield agents before. In 1997, Mossad agents, using fabricated Canadian passports, tried to assassinate a leader of Hamas in Jordan, causing the Canadian government to file a protest. At the time, the Israeli government said it would not use false Canadian passports again, a pledge Mr. Dichter repeated last week.

"Those days are over and that's why I say it is a fabrication," he told reporters.

Deciding On The Enemy Worth Talking To (NYT)

By David E. Sanger

The New York Times, February 18, 2007

WHEN it comes to finding a way to disarm your enemies, here is a puzzle: How do you decide which dictatorial, nuke-building regimes to negotiate with, and which to freeze out, sanction or intimidate with a couple of aircraft carriers?

That, in a nutshell, is a looming question raised by last week's long-delayed deal with North Korea. Even while hardliners and conservatives were assailing the administration last week for "selling out" to Kim Jong Il, some in the administration were wondering whether there are lessons here for dealing with Iran.

The deal Mr. Bush approved requires North Korea to stop producing plutonium, seal its giant nuclear facility at Yongbyon and — after a negotiation yet to happen — take apart the nuclear complex. Over the next 60 days, the North also has to invite back the inspectors it threw out of the country four years ago — and declare where it has hidden the rest of its nuclear materials and facilities.

That would seem hard enough for the hermit nation, but the next part could be even harder: In return for concessions no one is yet talking about, the North would give up its nuclear arsenal.

Many hardened North Korea watchers say it will never happen. After all, that arsenal, estimated by American intelligence agencies at six to a dozen weapons or the fuel for them, is the only source of power for the isolated, bankrupt Hermit Kingdom.

But here's the curious part: Mr. Bush's aides worked out this "first step" in one-on-one talks in Berlin of the kind the White House refused to hold a few years back, while North Korea was still busily producing nuclear fuel to make its next generation of weapons. Those are exactly the steps Mr. Bush refuses to take with Tehran.

On Wednesday, even while celebrating the North Korean deal, Mr. Bush repeated his bottom line on opening talks with Tehran: They must stop enriching uranium first.

So what explains the difference? Why talk to one brutal regime that imprisons its dissidents in gulags, while refusing all kinds of advice — from Republicans, the Iraq Study Group, and others — to start talking to Iran?

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Inside the White House, the logic goes this way: North Korea's nuclear program is already "mature," a delicate way of saying that, thanks to years of failed efforts of administrations that go back three decades, the country has joined the eight other nations known to have nuclear weapons. Insisting on suspending fuel production, one senior administration official said recently, would not gain the United States any leverage.

Iran, they argue, is different. It has no weapons — at least not yet. The Americans' objective is to prevent the Iranians from following the North Korean model, and to avoid waking up some day to news of the Iranian equivalent of North Korea's nuclear detonation, which took place last October.

But President Bush worries, his aides say, that to negotiate with Iran while it is still enriching uranium would be to open up Washington to blackmail. "Think about it," said one senior administration official. "While we're talking, the clock ticks. The Iranians can drag this out for years. But while the talks are on, no one is willing to invoke real sanctions" — or threaten, even vaguely, that if the issue isn't settled soon Mr. Bush or the Israelis might consider "disabling" Iran's facilities from the air.

This results in the American conundrum, made worse by Iran's ability to cause trouble in Iraq, a problem the administration has been loudly declaring is getting worse. "When you can't bomb, and you won't negotiate, you end up in a third box — acquiescing to bad things happening," said Robert Gallucci, the dean of the Georgetown School of Foreign Service, who was the main American interlocutor with North Korea in the Clinton administration.

"Many will say, 'What about sanctions?' " Mr. Gallucci added. But that "often turns out to be acquiescing," especially if countries like Russia, one of Iran's biggest trading partners, decline to turn the screws.

Of course, what Mr. Bush is facing now is the worst of all those bad choices. With no negotiations underway with Iran, the country has defied the United Nations and is continuing to enrich uranium (though it appears to have run into technical troubles that have slowed its progress). While the Security Council has imposed some mild sanctions, Secretary of State Condoleezza Rice concedes that trying to escalate those punishments by passing more Security Council resolutions is probably ineffective. The Russians and the Chinese have made clear they simply won't go along much farther.

That leaves Mr. Bush with the choice of hinting at military action — an option his new secretary of defense, Robert Gates, has all but dismissed. "For the umpteenth time we are not looking for an excuse to go to war with Iran," he declared the other day, out of exasperation.

So, instead, Mr. Bush has chosen to exert more financial pressure against European banks and others who do business with Iran, in hopes of squeezing the country so hard that it decides its leaders have to go.

R. Nicholas Burns, the under secretary of state for political affairs, argued in a speech in Washington on Wednesday that the squeeze is working — in ways it could not in North Korea — because Iran is "not a monolithic system, there are many voices, many different points of view." Mr. Bush mused happily the other day about the troubles that Mahmoud Ahmadinejad, the Holocaust-questioning president of Iran, is facing from elements of Iranian society that want jobs and visas.

What may really be going on here, says Robert S. Litwak, the author of "Regime Change," is that, "Iran is seen as the more dynamic threat" than North Korea. "That means the administration felt it could defer the core issue of disarmament" in the case of the North; it does not feel that it has that luxury with the Iranians, even if they are years from an actual weapon.

But the ultimate lesson of the North Korea case may be that even after sanctions, even after mutual threats, at some point both sides have to take the leap toward negotiations.

The Iranians keep sending hints they are ready to do so; on Friday evening, in response to questions, a senior administration official who is at the center of Iran policymaking (but would not agree to be quoted on the record) insisted that "it is not us refusing to talk to the Iranians, but they are refusing to come back" under the conditions the United States and Europe established.

North Korea is also a reminder that those conditions can change. Just a year or two ago the deal reached last week would have been rejected by administration hardliners as rewarding bad behavior — and perpetuating one of the world's most repressive governments. That is still the view of many of the advisers Mr. Bush once relied on.

In the last two years of his administration, he has confronted reality in the coldest corner of East Asia. The question now is whether that foreshadows a similar shift as he confronts the dangers of the hottest corner of the Middle East.

No Cold War, Perhaps, But Surely A Lukewarm Peace (NYT)

By Steven Lee Myers

The New York Times, February 18, 2007

PRESIDENT VLADIMIR PUTIN'S acerbic assault on American unilateralism last weekend in Munich might not have heralded a return to the bad old days of global ideological confrontation — of blocs and proxy wars, dissidents and spies, arms races and mutually assured destruction — even if some were quick to say it did.

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The problem is, Cold War II could in its own way be just as messy and unpredictable. For all the talk of strategic partnership and even personal friendship between Mr. Putin and President Bush, the relationship between Russia and the United States has reached what is probably its lowest point since the Soviet Union collapsed a decade and a half ago.

This is now "the world of one master, one sovereign," Mr. Putin said in Munich, and he was in no way pleased. "The United States," he said, "has overstepped its national borders, and in every area."

The countries seem headed into a period of tensions when every step is met with distrust and some counterstep, putting them on opposite sides of hotspots around the world, from Iran to Georgia to Kosovo.

And with presidential elections in both countries coming in 2008, it is unlikely to get better, since candidates rarely score points at home by being conciliatory abroad.

The countries are now openly competing for influence in Europe, in the Caucasus and in Central Asia, where access to natural resources and military bases has become paramount for both. The Bush administration's plan to build ballistic missile defenses in Poland and the Czech Republic is viewed with outright hostility here. So is NATO's flirtation with Georgia and Ukraine, both former Soviet republics that Russia considers part of its historic sphere of influence.

Equally hostile is the American view of Russia's arms sales to Syria, Venezuela and, most worrisome of all, Iran. Russia last month provided Iran with $700 million worth of TOR-M1 antiaircraft batteries whose likely target in the event of conflict would be American fighters and bombers, just as Russian anti-tank weapons, originally sold to Syria, were used against Israeli forces fighting Hezbollah in Lebanon last year, prompting diplomatic protests from Israel.

The areas in which Mr. Putin and Mr. Bush have cooperated closely — against terrorism and the spread of nuclear weapons — suddenly seem like sources of confrontation as much as collaboration. Last week's deal with North Korea to suspend its nuclear programs offers hope of collaboration, but a declaration by Russia's top general that Russia could withdraw from the Intermediate-Range Nuclear Forces Treaty, negotiated by Ronald Reagan and Mikhail Gorbachev in 1987, portends the opposite.

"There was an equilibrium and a fear of mutual destruction," Mr. Putin said in his Munich speech, delivered at an annual trans-Atlantic security conference. "And in those days one party was afraid to make an extra step without consulting the other. And this was certainly a fragile peace and a frightening one, but as we see today, it was reliable enough. Today it seems that the peace is not so reliable."

Russia and the United States are no more likely to go to war than before, when their nuclear arsenals assured a perpetual standoff, as they still do. But potential flashpoints abound. And, as in the cold war, it would not take much for simmering tensions to become a grave breach, even a violent one.

Last September, for example, someone in South Ossetia, the Russian-supported enclave in Georgia, fired on a helicopter carrying the Georgian defense minister on the same day that a Senate delegation including John McCain was flying around the region.

"Can you imagine," said Andrew Kuchins of the Center for Strategic and International Studies in Washington, "if they had shot down John McCain's helicopter?"

Mr. Putin's speech, which was interpreted at least by some in Russia as a defining moment akin to Winston Churchill's in 1946 that gave the world the phrase "Iron Curtain," almost certainly reflected Russia's rediscovered swagger on the world stage. It certainly could become a historical marker. Buoyed by soaring energy prices, Mr. Putin's Kremlin is more assertive about its role in the Middle East, in Asia, in Europe — and inevitably that means tripping over American interests in those places.

Mr. Putin was also airing long-simmering grievances about the heavy-handedness of American foreign policy that began under President Bill Clinton and continued under Mr. Bush. The complaint is of the United States' disregard for Russia's feelings on issue after issue since the 1990s, from the expansion of NATO to the alliance's war against Serbia, when Russia was simply too weak and chaotic to do anything about it.

"The West has not reckoned with the quick revival of Russia," said Alexander Rahr, a Russia expert at the German Council on Foreign Relations. He stopped short of predicting Cold War II but, "We can surely speak of the emergence of a cold peace."

After reaching out to Mr. Bush in the first hours after the attacks of Sept. 11, 2001, Mr. Putin and others here have expressed dismay at what they see as a string of broken promises: an unfinished war in Afghanistan, with a growth of heroin production that inevitably reaches Russia; and, even worse, the seeming permanence of an airfield in Kyrgyzstan once billed as temporary. Then there is the war in Iraq, which Russians vehemently opposed and Mr. Putin warned would be catastrophic for regional peace.

American officials have expressed equal dismay with Mr. Putin's unmet promises on democratization and an "energy dialogue" that was supposed to expand opportunities for American oil and gas companies but died with the Kremlin's campaign to impose state control over natural resources. Mr. Putin spent last week in the Middle East, including Qatar, another major

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producer of natural gas, expressing interest in a “gas OPEC” that could coordinate policy and prices for Europe and the United States.

“That is what worries me about a new cold war: both sides feel betrayed,” said Sergei M. Rogov, director of the Institute for the Study of the United States and Canada in Moscow.

Mr. Rogov said the two countries now disagreed on economics, politics, military matters and, most important, values. The latter includes distinct worldviews, he said: Russia’s desire for multinational solutions that give it a voice versus American unilateralism that, especially under Mr. Bush, disdains the constraints of international treaties and obligations. Increasingly they seem to be talking past each other.

The most ominous development, Mr. Rogov said, would be a breakdown in cooperation on nuclear nonproliferation. To turn the tide of nationalistic ambitions to acquire nuclear weapons will require the countries to agree, as they did with North Korea but have yet to do with Iran.

“If we fight, politically not militarily,” he said, “who will be minding the store?”

American officials were clearly shocked by the tone of Mr. Putin’s speech but sought to emphasize the areas of agreement. And Defense Secretary Robert M. Gates went so far as to retort, “One cold war was enough.”

Talking Tough To Stay In Power (WP)

By Anders Aslund

The Washington Post, February 18, 2007

Vladimir Putin spoke his mind when he launched into an anti-American tirade in Munich recently, accusing the United States of having "overstepped its national borders in every way: in the economy, in politics, and in the humanitarian sphere it imposes its policies on other states. Well, who likes this?" Given the United States' Iraq troubles, it is natural that the Russian president would thrive on American weakness. But his speech was as notable for what it said about his domestic politics.

Putin obviously thinks he is riding high. The Russian economy is booming. Incredibly, in the past seven years, Russia's gross domestic product has grown by 500 percent, measured in current dollars (from $200 billion in 1999 to $1 trillion last year). The world is desperate for Russia's oil and gas, and Putin remains astoundingly popular at home. His successor is certain to be handpicked by him. One can only marvel at how adeptly he handles a 3 1/2 -hour televised news conference, with detailed answers, alternating charm and combativeness.

Despite all that, Putin has painted himself into a corner as he faces the end of the two terms in office that the Russian constitution allows him. This is a man who speaks the language of a modern leader trying to rebuild his country, when in fact he and his cronies have really just wanted to enrich themselves. Having spent his time as president undermining democracy, property rights, the free press and the rule of law by taking over Yukos oil (and throwing its owner into a Siberian prison) and then other big companies, now he and his coterie must cling to power somehow -- or risk losing it all if they cannot stage-manage a transition to the proper person.

The tolerance of corruption in the Putin regime is astounding. Recently, for instance, a Swiss court established that Minister of Communications Leonid Reiman, a close personal friend of Putin's, was the owner of telecommunications assets in Russia worth more than a billion dollars. But this has not been reported in major media in Russia, and Reiman remains at his post without having offered any explanation or apology, only an implausible blanket denial.

How can Putin and his cronies give this up?

It seems clear that Putin has these worries in mind when he fulminates on the world stage against the United States. Such words have the effect of increasing his popularity and therefore his grip on the country, which has been suffocated by his near-total control of television stations, newspapers, nominations of candidates, political parties and even public meetings. The evidence of a growing Russian authoritarianism is clear: Russia is one of the few countries that has declined since 2000 from "partly free" to "not free," according to Freedom House's meticulous ratings.

Russia's foreign policy in these seven years has changed accordingly, showing how brazen national political values do affect a country's behavior outside its borders. Recently, for instance, Russian Foreign Minister Sergei Lavrov boasted: "Not one single significant international problem can be resolved without Russia or against Russia." Rather than acting as a problem-solver -- as Putin did in his first term when, for instance, he cooperated with the U.S. effort against the Taliban in Afghanistan -- he is now positioning himself as a spoiler on the world stage when it comes to the United States and its allies.

Nevertheless, Putin has managed to charm some Western leaders -- former German chancellor Gerhard Schroeder, former Italian prime minister Silvio Berlusconi, outgoing French President Jacques Chirac and, most notably, President Bush. Just this month, Bush told the Wall Street Journal: "Vladimir Putin has kept his word on everything he's said to me." Well, then he

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cannot have said much. Putin reciprocated in his anti-American Munich speech: "I consider the president of the United States my friend. He is a decent person." He could as well have said: "He is a useful fool."

Putin has divided the European Union by pampering its southern members -- France, Greece, Italy and Spain -- while antagonizing Poland and the three Baltic States of Estonia, Latvia and Lithuania, which have tied themselves closely to the United States. In Moscow, the four latter states are called the "aggressive new minority" in the E.U.

Russia has shown itself to be most aggressive in foreign policy in its own neighborhood of former Soviet republics. It has antagonized these countries so badly with its bullying -- oil cutoffs, transportation blockades, trade shutdowns, immigration crackdowns -- that they are all rushing for the exits and seeking closer cooperation with NATO and the E.U. or working to develop new energy pipelines that skirt Russia. Russia's role in the region is dwindling despite its growing oil- and gas-fueled national wealth. As nationalist intellectual Stanislav Belkovsky, director of the National Strategy Institute in Moscow, recently put it: "In 2006, Russia ceased to be a regional power."

Likewise, even as it declares itself an energy superpower, Russia has tripped itself up. In the past year, it has bombarded its neighbors with rude surprises: oil taxes and higher gas prices; spigots closed to force a political point. No amount of reassurance at this point can erase concerns in Europe about Russia as a reliable energy supplier. In the post-Soviet space, both friends and foes of Russia are repelled, finding Putin's regime too unreliable and abrasive. They all now are trying to reduce their dependence on Russia.

The ultimate question is how the Putin regime will end. For the first time in Russian history, the secret police are fully in charge, right to the top. A tightly knit circle of Putin's friends from his St. Petersburg KGB days rules in the Kremlin. Led by Igor Sechin, Putin's closest colleague, they control virtually all security organs. There is much speculation about whether they can even be overruled by Putin himself. The closest parallel to the Sechin group in the past is the group controlled by Joseph Stalin's secret police chief Lavrentii Beria, though there is one great difference: Unlike Putin, Stalin was not a creature of the security apparatus; he manipulated it for his own needs. There is another big difference: This group is interested only in amassing great wealth, not in controlling the lives of its countrymen. Which is why it is alarmed by the prospect of the 2008 presidential election and why Moscow is awash with rumors that Putin will find a way to stay on.

Given what is at stake, the United States can no longer be a mere bystander in this drama. Six years of soft policy on Russia have done nothing but encourage the Kremlin's anti-Western stand. Bush could learn a lesson from Mikheil Saakashvili, president of Georgia, to carry a big stick when dealing with Putin. When Bush compliments Putin, he evokes only contempt in the Kremlin. President Ronald Reagan knew how important it was to speak the truth loudly and clearly. Vice President Cheney's speech in Vilnius, Lithuania, last May was a welcome departure, which enraged the Kremlin. It's the time for the White House to follow through.

The West persuaded Soviet leader Leonid Brezhnev to ratify the Helsinki conventions on human rights and free and fair elections in 1975. The Helsinki conventions played an important role in undermining the Soviet dictatorship. The United States should invoke them again as Russia approaches a new round of parliamentary and presidential elections, in which it now appears that every rule in the book is set to be violated.

Indeed, in Munich Putin saved his rudest abuse for the Organization for Security and Cooperation in Europe, which was founded on the Helsinki conventions and is the international organization for monitoring elections. Like Brezhnev, Putin accused the OSCE of "interfering in the internal affairs of other countries," but the Helsinki conventions made democracy an international concern. Putin and his cronies may not like that, but given the link between Russia's domestic policies and its foreign behavior, it's important for the West to insist.

Anders Aslund is a senior fellow at the Peterson Institute for International Economics. His book "How Capitalism Was Built" will be published by Cambridge University Press next fall.

The Good Old Days Of The Cold War (LAT)

By Paul Kennedy

The Los Angeles Times, February 18, 2007

Don't wax too nostalgic -- the world was once a much more dangerous place.

IT WAS FUNNY, in a grim sort of way. Last week, Secretary of Defense Robert M. Gates responded to Russian President Vladimir V. Putin's polemical attack on the United States by remembering the 50-year Cold War as a "less complex time" and saying he was "almost nostalgic" for its return.

Gates should know. He himself is the quintessential Cold Warrior, having served nearly 27 years in the Central Intelligence Agency (facing off against the likes of Putin, who was for 17 years an agent in the foreign intelligence branch of the Soviet KGB).

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So we should take him seriously when he suggests that the problems of 20 or 30 years ago were in some ways more manageable than our current global predicament.

Nor is he alone. There is a palpable sense of nostalgia these days for the familiar contours of that bygone conflict, which has been replaced by a much more murky, elusive and confusing age.

The argument goes as follows: The Cold War, although unpleasant, was inherently stable. It was a bipolar world — centered on Washington and Moscow — and, as UC Berkeley political scientist Kenneth Waltz argued, it was much more predictable than, say, the shifting, multipolar world of the 1910s or 1930s, decades that were followed by calamitous wars. Yes, it's true that the two sides possessed masses of nuclear weapons aimed at each other's biggest cities, but the reality is that they were constrained by a mutual balance of terror.

They had divided Europe and divided Asia, and no one, except in the Korean War, crossed those lines. Even that conflict confirmed the essential stasis. Of course, they carried out surrogate wars — in Asia, Africa and Central America, in Vietnam and Afghanistan — but they never came into direct conflict. Hot lines, summit conferences and SALT treaties kept things under control. Polish and Czech dissidents might get tossed into prison but, hey, that was not a cause for an international crisis. Those were indeed the good old days. East was East and West was West.

Today's world is far less stable and indeed much less favorable to the comfortable Western democracies. It is not just that we face an almost-impossible-to-manage "war on terrorism," with all of its capacities for asymmetrical damage to ourselves, our allies and everyone else, even as we swat the occasional terrorist group. It is not just that we are deeply mired in Iraq and Afghanistan and that the whole Middle East may totter because of the failure (one hopes not, but let's not blink) to win on the ground. It is not just that we haven't a clue how to deal with the present, disturbing Iranian regime. It is not just that we haven't the energy to block Venezuelan President Hugo Chavez from his arrogant anti-American policies across Latin America.

It is not just that Putin is advertising his anger against the United States in speeches and continuing his manipulation of global oil and gas prices, his support of Iran, his intrusions into the Middle East. It is not just that the Chinese leadership is openly staking a new place in the world order, in its Africa diplomacy, its missile tests and its move into hitherto Western-dominated international institutions. And it is not just that a dozen or more fragile states, chiefly in Africa, are collapsing into chaos, while various other societies, chiefly in South America, are unraveling. It is the unnerving fact that all of this is happening at the same time, though at different speeds and different levels of intensity.

So is it true? Was the Cold War era, on the whole, a safer era? Ponder the following counterarguments:

First, however tricky our relationships with Putin's Russia and President Hu Jintao's China are nowadays, the prospect of our entering a massive and mutually cataclysmic conflict with either nation are vastly reduced.

We seem to have forgotten that our right-wing hawks argued passionately for "nuking" communist China during the Korean War and again during the Taiwan Straits crisis of 1954. We also have apparently forgotten — although newly released archival evidence overwhelmingly confirms this — how close we came to a nuclear Armageddon during the Cuban Missile Crisis.

Likewise, we've forgotten the shock of the Soviet invasion of Afghanistan in 1979, which prompted then-German Chancellor Helmut Schmidt to ask, "Is this the new Sarajevo?" a reference to the outbreak of World War I. And who still remembers 1984-85, when we were riveted by Jonathan Schell's argument in the New Yorker that even a few nuclear explosions would trigger such dust storms as to produce a "nuclear winter"?

Those were really scary times, and much more dangerous than our present circumstance because the potential damage that could be inflicted during an East-West conflagration was far, far greater than anything that Al Qaeda can do to us now. No one has the exact totals, but we probably had 20,000 missiles pointed at each other, often on high alert. And the threat of an accidental discharge was high.

None of today's college-age students were born in 1945, 1979 or maybe even 1984. None lived with those triangular signs proclaiming their schools to be nuclear bomb shelters.

To recapture those frightening atmospherics these days, university professors must resort to showing Cold War movies: "The Manchurian Candidate," "Fail Safe," "Dr. Strangelove," "The Hunt for Red October," "Five Days in May," "The Spy Who Came in from the Cold." Students look rather dumbfounded when told that we came close, on several occasions, to World War III.

Yet what if, for example, Josef Stalin had prevented American and British supply aircraft from flying into Berlin in 1948-49? Phew! The years 1945 to, say, 1990 were horrible on other accounts. China's Mao Tse-tung's ghastly Great Leap Forward led to as many as 30 million deaths, the greatest loss of life since the Black Death. The Soviet Union was incarcerating tens of thousands of its citizens in the gulags, as were most of the other members of the Warsaw Pact. The Indo-Pakistan wars, and the repeated conflicts between Israel and its neighbors, produced enormous casualties, but nothing like the numbers that were being slaughtered in Angola, Nigeria, the Congo, Vietnam and Cambodia. Most of the nations of the world were "un-free."

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It is hard to explain to a younger generation that such delightful countries as Greece, Spain, Portugal, Chile, Brazil, South Africa, Poland and Czechoslovakia (to name only a few) were run in those days by fascist generals, avowed racists or one-party totalitarian regimes. I am ancient enough to remember the long list of countries I would not visit for summer holidays; old enough to recall how creepy it was to enter Walter Ulbricht's East German prison house of a state via Checkpoint Charlie in the late 1960s. Ugh.

Let us not, then, wax too nostalgic about the good old days of the Cold War. Today's global challenges, from Iraq to Darfur to climate change, are indeed grave and cry out for solutions.

But humankind as a whole is a lot more prosperous, a great deal more free and democratic and a considerable way further from nuclear obliteration than we were in Dwight Eisenhower and John F. Kennedy's time. We should drink to that.

Paul Kennedy Is A Professor Of History And The Director Of International Security Studies At Yale University.

Protesters Oppose Plan To Expand American Base In Northern Italy (NYT)

By Peter Kiefer

The New York Times, February 18, 2007

VICENZA, Italy, Feb. 17 — Tens of thousands of people converged Saturday on this small city in the Veneto region of northern Italy for a peaceful protest against the planned expansion of an American military base here.

The expansion would essentially double the base's size so it could house the full 173rd Airborne Brigade. The number of military personnel here would grow to about 4,500 from 2,750.

Residents of the area, saying they are concerned over the possibility of terrorist attacks, military traffic congestion and environmental damage, have staged a series of protests, and the widely publicized demonstration on Saturday was billed as a chance for Italians to express their anger over American foreign policy. Fears grew of a repeat of the violence that overtook antiglobalization protests in Genoa in 2001.

Italian authorities and law enforcement officials were on high alert, and the United States Embassy warned Americans to steer clear of Vicenza.

On Saturday, the airspace over Vicenza was temporarily closed, and most stores in its historic center were closed all day, some even boarded up. Several helicopters circled overhead, and 1,300 local and military police patrolled the streets, but the marchers, of all ages, made their way through the city peacefully.

Some marchers were at least as angry at their own government for failing to stop the expansion as they were at the United States.

"I don't like that they are building a military base here and that it is not even my country that is building it," said Andre Torlai, 21, a journalism student who arrived earlier in the day from Parma, his hometown. "There people here that don't like America for a lot of reasons, but I am here more to protest against my own government."

Last week, Prime Minister Romano Prodi infuriated members within his ruling coalition, especially Communists and radical leftists, when he decided not to reverse the plan set in motion by his predecessor, Silvio Berlusconi, to allow the expansion of the base. The center-right opposition seized on the dissent as a sign of its weakness.

"Today, Prodi has been given a vote of no confidence by his own majority," Isabella Bertolini of the center-right opposition Forza Italia party told [a news organization]. "He should step down."

Fueling the tensions in advance of the march, an Italian judge indicted 26 Americans on Friday, most of them C.I.A. officers, in connection with the 2003 kidnapping in Milan of a radical Egyptian cleric, Hassan Mustafa Osama Nasr, known as Abu Omar.

This month, an Italian court ordered an American soldier to stand trial in the death of Nicola Calipari, an Italian secret service agent killed by American soldiers in Iraq in 2005 while driving a kidnapped Italian journalist he had helped free to the airport.

Italians Protest U.S. Base Expansion (AP)

By Colleen Barry, Associated Press Writer

AP, February 18, 2007

Tens of thousands of people marched through the northeastern Italian city of Vicenza under heavy police guard on Saturday to protest a planned U.S. military base expansion.

Despite fears that violent demonstrators would be drawn to the protest, the march took place without incident, finishing outside the main train station where it started, as hundred of police officers stood guard and helicopters hovered overhead. The route did not pass the airfield where the expanded base is to be built, where critics keep a permanent picket.

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"The government majority — whether they agree with the protest or, like me, do not — welcomes that the demonstration in Vicenza finished in an orderly fashion," said Premier Romano Prodi, who had urged protesters to be peaceful. "This must be stressed."

Police estimated the crowd at 50,000 to 80,000, while organizers put the numbers at 120,000.

"To build a military base is not the gesture of a peaceful government," said 24-year-old city resident Simone Pasin, draped in a rainbow peace flag. "I think it's time to dismantle military bases and put up structures of peace."

Trains and buses brought in leftist activists and anti-globalization protesters from across Italy to support residents concerned that the expansion would increase traffic and noise and air pollution, deplete local resources and raise the risk of terrorist attacks.

Prodi's government has approved the project, angering his far-left allies. The Communist and Green parties, members of the governing coalition, have backed the protest, though no one from the government showed up after Prodi banned ministers from attending.

Prodi has said his government had no reason to halt the expansion, which also has been approved by local authorities.

The Ederle base has about 2,900 active duty military personnel. The expansion at the Dal Molin airport, on the other side of town, would allow the U.S. military to move four battalions now based in Germany, raising the number to 5,000.

The move is part of the U.S. Army's overall transformation into a lighter, more mobile force — reducing its numbers in Europe from a Cold War high of 480,000 to 88,000 by 2012. Under the plans, elements of the U.S. 173rd Airborne Brigade, a rapid reaction unit now spread between Italy and Germany, would be united.

"I think it is a done deal. I don't think there is any turning back. This is what Prodi has said and what the local authorities have said," said David Bustamente, a spokesman at the U.S. Consulate in Milan. "This demonstration is about process."

Construction is scheduled to begin later this year and to be completed by 2011 at a total cost of $576 million. Before construction begins, a task force run by Italians has been set up to hear community concerns and make adjustments to the plans where possible.

"We're trying to show sensitivity, because we know people are concerned," Bustamente said.

The 173d Airborne Brigade, Europe's quick response force, is scheduled to redeploy soon for Afghanistan.

Some in Italy's ruling coalition feared the demonstration might suggest anti-U.S. sentiment in the country, but despite the presence of some "Yankees Out!" T-shirts, the mood was more anti-military than anti-American.

"The problems is not that Americans are in Vicenza," said Pasin. "The problem is that there is a military base."

A group of Americans ignored a warning by the U.S. Embassy to avoid Vicenza and joined the protest behind a banner reading "Not in our name," cheered by passing Italians who shook their hands and snapped their photos.

"The U.S. should not build military bases, the U.S. should think of its domestic problems," said John Gilbert, an American living in Italy for the past 25 years who was in a group of about 20 Americans who had traveled from Rome and Florence.

Spain's Peace Process In Tatters After Basque Separatist Bombing (WP)

By John Ward Anderson, Washington Post Foreign Service

The Washington Post, February 18, 2007

SAN SEBASTIAN, Spain -- Call it prophetic or defeatist or just plain cynical. But when the Basque separatist group known as ETA shattered its so-called "permanent cease-fire" in December with a massive bombing at Madrid's airport that killed two people, former ETA leader and convicted killer Eduardo Uriarte was not surprised.

What had stunned him, he said, was that nine months earlier, Socialist Prime Minister JosÃ© Luis RodrÃ-guez Zapatero had bothered to reach out to ETA, which seemed close to final defeat after a nearly 40-year campaign of terror and assassinations that has left more than 800 people dead.

"ETA had almost disappeared, and the decision to have a dialogue with them brought ETA back to life," said Uriarte, 61, who spent eight years in prison for his part in the first ETA killing, in 1968. He was released in a general amnesty in 1977 and is now a peace activist.

"A government cannot give a terrorist group credibility and dignity like the Spanish government did," Uriarte said. "ETA is not looking for negotiation. They're looking for victory."

The Dec. 30 bombing at Madrid's Barajas airport, which leveled a five-story parking lot and killed two Ecuadoran immigrants, may not have surprised Uriarte, but it shocked Zapatero's government and many Spaniards who had dared to hope that peace talks with ETA, formally known as Basque Homeland and Liberty, would finally settle one of Europe's last and longest violent campaigns for independence.

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Now, the peace process is in tatters, with no clear way forward. The bombing destroyed ETA's credibility, eroded confidence in Zapatero's government and emboldened the opposition Popular Party, which has adopted an increasingly strident tone against any compromise with Zapatero on his drive to resolve the issue.

"The problem is that the president of the government said first peace, then politics, telling ETA for the first time in 40 years that there was the possibility of paying a political price for peace," said Gustavo de Aristegui, the Popular Party's chief foreign policy spokesman in parliament. "In between, the government sent clear signals of appeasement" with Zapatero's "willingness to do almost anything" to win ETA's acquiescence at the peace table, he said.

Joseba Alvarez, a spokesman for the Batasuna organization, an outlawed political group that is considered ETA's political wing, said ETA had offered the March 2006 cease-fire to facilitate talks, but the government never followed through on compromises. Those included moving some of the 700 Basque prisoners scattered in prisons across Spain closer to their homes in the north, releasing sick prisoners and starting the process of legalizing Batasuna, he said.

Although Batasuna issued a statement expressing "profound sorrow" for the two deaths, the group did not condemn the bombing. "We will never condemn or criticize violence while there is no path to a political resolution" for an independent Basque state, Alvarez said.

"The bomb attack in December could have been averted if the Spanish government had done what it agreed to," Alvarez said. "On Aug. 18, ETA publicly said the path [to peace] was being blocked, and if there was no new movement, something could happen."

Many Spaniards say ETA's warnings smacked of extortion and indicated that ETA never intended to compromise on its drive for full independence from Spain. Polls show that a majority of the Basque country's 2.1 million residents are satisfied with the wide-ranging autonomy they already enjoy, but Batasuna has about 120,000 supporters, based on election support for its sympathizers -- a small but significant core that fuels ETA's violence, analysts said.

Mikel Buesa, head of Foro de Ermua, a group that opposes Basque nationalism, said that between the March cease-fire announcement and the December bombing, ETA continued to steal weapons and explosives and wage a concerted campaign of street violence. ETA will never lay down arms in favor of political dialogue, he said.

"ETA's capacity to negotiate depends on its capacity to commit violent acts," said Buesa, whose brother Fernando was killed in an ETA car bombing in February 2000 after the group had declared, then abandoned an earlier cease-fire agreement.

For his part, Zapatero acknowledged in a speech before Congress that his optimism about the peace process was a "clear mistake."

A former high-ranking official in the Interior Ministry, who would discuss domestic terrorism only on condition of anonymity, said that many top Interior officials opposed Zapatero's peace dialogue with ETA because the group was on the verge of being eradicated. A fundamental flaw in the process, he said, was that ETA never renounced violence, nor did it discontinue it, even after announcing the cease-fire.

"None of our reports provided support for the what the president wanted to do," he said. "We found leading counterterrorism offices around Spain saying ETA would be dead by spring, the group was so weak, and Batasuna was not able to mobilize anything" in the way of public support.

But even as reports of robberies, trafficking in explosives and experimental bombings poured in, Zapatero "was empowering the group and creating expectations" for compromise that he could not fulfill because of Popular Party opposition, which "proved to be a fatal article of the process."

Diego Lopez Garrido, a Socialist party spokesman in Congress, said the government had every reason to believe it was following a legitimate and promising peace negotiation that had deep public backing.

"It was logical to think that ETA was prepared to abandon weapons and violence," he said, noting that in addition to ETA's cease-fire declaration, the group had not killed anyone since May 2003. But after the December bombing, "We had a new fact. After that, the government said that's the end of dialogue and the peace process."

The bombing "not only destroyed the peace process, it destroyed any credibility ETA had," said Miren Azkarate, spokeswoman for the Basque regional government, which had led a broad political dialogue with Basque groups including Batasuna, in parallel with the federal government's talks.

"Now we all agree that the only way for ETA to recover this credibility is not by declaring another permanent cease-fire, but going for decommission of its arms, usually the last step taken by a terrorist organization, or otherwise there can be no trust and no possibility to sit with ETA again," she said.

Alvarez, the Batasuna spokesman, said without ETA there would be no peace process and any decommission of arms would come "when the process reaches the end."

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In a Jan. 9 statement asserting responsibility for the blast, ETA said it considered the March 2006 cease-fire still active, although it reserved the right to "respond" again if the government continued attacks against the group.

While President Bush and others "try to make-believe that all violence is terrorism and there's only one kind of terror, here everyone understand that's not so," Alvarez said. "In Basque society, the majority were never in favor of an armed struggle, but they obviously distinguish between al-Qaeda and ETA attacks. What fuels ETA is society itself."

Expanding Power Puts Family Of Venezuelan President Under Increasing Scrutiny (NYT)

By Simon Romero

The New York Times, February 18, 2007

SABANETA, Venezuela, Feb. 13 — At the entrance to this dusty town where Hugo Chávez was born in 1954, a billboard welcomes visitors with a gleaming image of Mr. Chávez, the president, and the words, "Cradle of the Revolution."

Other billboards and posters throughout Sabaneta show Mr. Chávez embracing his younger brother Aníbal, Sabaneta's mayor, and his father, Hugo de los Reyes Chávez, the governor of Barinas, the surrounding state. Such reminders of the power amassed by Mr. Chávez's family have been ubiquitous here since he ascended to the presidency eight years ago.

From a humble start in a dirt-floored adobe home that was bulldozed to make way for a hamburger stand, the family's widening political clout has been increasingly scrutinized as critics call attention to abuses of power and corruption charges throughout the institutions now controlled by Mr. Chávez, including the National Assembly, the Supreme Court and the federal bureaucracy. Revelations of corruption under his family's watch in Barinas and accusations of nepotism have dogged Mr. Chávez even as he makes combating such irregularities one of the priorities of his government.

"We call them the royal family of Barinas," said Antonio Bastidas, 46, an opposition politician in Barinas who grew up playing baseball and catching catfish with Mr. Chávez and his brothers. "They started out with nothing and now call themselves revolutionaries, though they are revolutionaries with all the best trappings of power."

Mr. Bastidas and others in the political opposition in Barinas have filed numerous complaints of corruption and mismanagement against the administration of Mr. Chávez's father, a retired primary-school teacher universally known in Barinas as "maestro," or professor. Many of the accusations have languished in Venezuela's byzantine bureaucracy, while Mr. Chávez's family and its supporters in Barinas have repeatedly won strong victories in elections.

"I'm here because the people put me here," Mayor Aníbal Chávez, 50, said in an interview at his office, seated under portraits of the president, the Caracas-born liberation hero Simón Bolívar and Jesus. "We are recuperating our love of the fatherland, contrary to the policy of the empire, which is to enslave us," he said, referring to the United States.

"Sabaneta is booming," he said, listing state-financed projects here like asphalt and tomato-processing plants and a huge sugarcane-growing venture carried out with the assistance of dozens of advisers flown in from Cuba. "I'm a dreamer, but I believe we are transforming this municipality into something greater."

One effort intended to lift Sabaneta from obscurity, the Venezuelan-Cuban sugarcane project, has been particularly embarrassing for President Chávez. He became enraged last year after investigators uncovered a $1.5 million embezzlement scheme at the sugar-processing complex, which is named in honor of Ezequiel Zamora, a general who fought in one of Venezuela's bloody 19th-century internal wars.

Investigators have not implicated any of Mr. Chávez's five brothers or his father in the scandal, though it unfolded shortly after Aníbal was elected mayor and seven years into the administration of his father, who has fended off corruption accusations almost since his first election victory in 1998.

"May God forgive me for what I'm about to say, but in cases like this, I swear to you, if I could order someone to be executed, I would order him executed," President Chávez said last year when the scandal surfaced.

Mr. Chávez, who is twice divorced, vigilantly guards the privacy of his children and former wives. A court fined an opposition newspaper, Tal Cual, and an editorial writer this week for publishing an editorial imagining a dialogue about political subjects between Mr. Chávez and his youngest daughter, Rosinés. But his father and siblings, all public figures in Barinas, have been open to scrutiny.

The family boasts not only a mayor and a governor, but also the secretary of state for Barinas, a post created for the president's brother Argenis, who carries out many day-to-day functions at the governor's palace. Another brother, Adelis, is a senior banker at Banco Sofitasa, which does brisk business with the state government. Adelis also supervises the government's construction of a new soccer stadium in Barinas.

His brother Narciso, an English teacher who lived in Ohio for several years, was accused of influence peddling in the state government after he ran unsuccessfully for mayor of Bolívar, a municipality near Sabaneta. He was later placed in important

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posts at Venezuela's embassies in Canada and Cuba, where he was put in charge of overseeing the various bilateral agreements reached between Fidel Castro and Mr. Chávez.

Adán, the eldest brother of Mr. Chávez, who was the second-born son, is perhaps the most influential of the president's brothers, serving as ambassador to Cuba, private secretary to the president and, most recently, minister of education.

Adán, the president and Aníbal, the three oldest sons, are in their 50s; the younger sons are in their 40s.

Residents of Barinas, a state of cattle ranches, palm trees and pickup trucks that resembles stretches of South Texas, are treated almost monthly to tales of largess within Mr. Chávez's family, some substantiated, and some not.

They point to the frequent trips to Cuba of their governor, Hugo de los Reyes Chávez, for medical treatment, a luxury out of reach for many Venezuelans. Through a spokesman, the governor declined repeated requests for an interview.

The governor, who is in his 70s, has long been a fixture in state politics in Barinas, where for decades he was a loyal organizer for Copei, a conservative political party. From his schoolteacher origins, he rose to become director of education programs for Barinas during the early 1980s. Now he travels throughout Barinas in a caravan of sport-utility vehicles led by a police escort, a rarity in provincial Venezuela.

Opposition politicians here say that Mr. Chávez's mother, Elena, who also started as a teacher, exemplifies the family's rise to the nouveau riche class. She now appears in newspaper photographs carrying her poodle, Coqui, and dressed in designer outfits and gold jewelry. Her plastic surgeon, Bruno Pacillo, went to the National Assembly in 2004 to complain that he was barred from an elite Caracas social club, presumably because of his connection to Mr. Chávez's family.

Some claims that the family lives large off the state seem surreal. For instance, the newspaper La Razón published a column last month saying that Argenis, the secretary of state, had come into possession of a gray bulletproof Hummer, one of several such vehicles that can be seen roaming the streets of Sabaneta, the state capital, these days.

The column said that the president, during a visit over the Christmas holiday to the family's ranch in Barinas, tried teaching Argenis a lesson in revolutionary values by ramming the vehicle with a tractor. An official in the Barinas state government who was with the Chávez family over the holidays said the entire story was "a lie."

The family ranch near Sabaneta, called La Chavera, has been a frequent source of scrutiny for the political opposition, which contends that the family's landholdings there and elsewhere in Barinas have grown from a small area to more than 7,000 acres in the past eight years, according to "Hugo Chávez Without His Uniform," a biography of the president by Cristina Marcano and Alberto Barrera Tyszka.

The governor, who has a salary of about $2,000 a month, has emphatically denied any misappropriation of funds during his administration. Investigations of corruption allegations in the state Legislature were suspended after the president's supporters won all of the seats in the most recent election. The governor appears to be tiring of the persistent criticism of his administration in the local news media.

"Prepare yourselves," the governor warned his critics in the media and the political opposition in December after his son won a re-election bid for president by a wide margin, "for what is coming is going to be ugly."

While a vocal opposition to the president and his family persists, it is clear that many people in his hometown still adore him.

"Hugo was always a serious type of guy, but I never imagined he'd go so far," said Miguel Torres González, 55, a rancher and board member of the state sugar complex in Sabaneta who grew up with Mr. Chávez and his brothers.

"He always expressed his political philosophy as if he were writing poetry," said Mr. Torres, pointing to an flowery inscription in a book given to him by Mr. Chávez in 1986 about Maisanta, a rebel in Venezuela's backlands whom the president says was his great-grandfather. "We are extremely proud of him."

Similarly, Pilar Becerra, 50, the owner of a store selling sewing supplies near the spot where Mr. Chávez was born, rejected claims that his family had grown too powerful, pointing to the example set by the president of donating part of his salary to a scholarship fund for poor students.

His supporters here, along with Aníbal, questioned Mr. Chávez's refusal to allow a museum to be built in his honor on the trash-strewn lot where the family's adobe house once stood.

"The love of the people for my brother is so strong," Aníbal said over cups of the sweet coffee that is a staple of almost any visit here. "We'd like to honor him with this project, but he still doesn't want it."

Argentina's First Lady May Have Eye On Husband's Job (LAT)

By Patrick J. McDonnell

The Los Angeles Times, February 18, 2007

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BUENOS AIRES — She is a senator and the chief advisor to her husband, who is no less than the president of Argentina. Some call her the real power in the presidential palace.

She is certainly more stylish than he is, sporting a Jackie Kennedy-like designer collection and a shoe closet rivaling that of Imelda Marcos.

And the heated rumor mill here suggests she wants his job.

"This is the century of the woman," Sen. Cristina Fernandez de Kirchner, Argentina's first lady, commented in a much-celebrated encounter in Paris this month with Segolene Royal, the French Socialist vying to become France's first female president.

The first lady's French soiree has ignited a sizzling new round of speculation about Fernandez's long-presumed presidential aspirations.

The "new Evita" label appears destined to stick, even if comparisons seem to be a stretch in the case of this lawyer from a middle-class background and the up-from-the-streets Eva Peron, who died seven months before Fernandez was born. Both are first ladies and both nominally "Peronists," though what Argentina's dominant political movement even means today is a matter of debate.

Her husband, President Nestor Kirchner, has not officially decided whether to seek reelection this fall. He has played it coy, saying his party's candidate would be a male or female pinguino — a reference to the chilly Patagonian expanses, and penguin habitat, where the couple launched their political careers.

"This isn't the time to talk about the candidacy," Kirchner said recently, even though the election is less than nine months away and at least three opposition candidates, including Kirchner's former economy minister, Roberto Lavagna, have declared their intentions.

Kirchner, known for his left-wing, tough-guy talk, has been variously reported to be ailing or tiring of the nation's top job, and perhaps eager to yield to his strong-willed wife and avoid the pitfalls of a second term.

He would step down in good standing — Kirchner is widely credited with guiding Argentina's steady recovery from the economic collapse of 2001-02 — and perhaps even be in a position to run again in 2011. Some foresee a scenario in which he and his wife, who turns 54 on Monday, could alternate in power for the next 12 years, or at least try to.

"He would be the first president to leave office with a positive image since the return of democracy" in 1983, noted Carlos Fara, a political analyst here. "If the electoral calculus doesn't change drastically, there is a great probability that Cristina will be the candidate."

Comparisons have arisen to another power couple who met in law school and burst from the boondocks to national prominence: Bill and Hillary Clinton.

Fernandez, dubbed Reina (Queen) Cristina in a recent, fawning biography, is known to admire Sen. Hillary Rodham Clinton. But the parallel may be unfair to Fernandez, who enjoyed a reputation as an outspoken lawmaker in the capital for years while her husband, the former governor of southern Santa Cruz province, was a virtual unknown here.

'Awful candidate'

In Congress, Fernandez's televised lectures against corruption and other perceived shortcomings earned her a mixed reputation: maverick lawmaker to her supporters, publicity-grabbing harridan to her detractors.

"She comes off as very strident and bossy," said James Neilson, columnist for the Noticias newsweekly, citing traits often attributed to her husband as well. "She'd be an awful candidate."

Early polling indicates she would garner 10 fewer percentage points in a general presidential election than her husband, probably ensuring a runoff against an opposition contender — a dicey proposition.

Others dispute Fernandez's supposed electoral vulnerability, noting her sweeping defeat of a rival Peronist to win a Senate seat from Buenos Aires province in 2005.

Her admirers portray Fernandez — with her flowing hair, infectious smile and rousing speaking style, complete with Evita cadences — as something special: a magnetic force ready to scale the final ramparts of macho governance here.

Fernandez would bring style to the job, her advocates say. "Cristina will win by 30 points," Kirchner's interior minister, Anibal Fernandez, gushed to the daily Clarin newspaper.

She will decide

Well, will she or won't she? She's not saying, but she is making one thing clear: She will make the call, not her husband. (Though no one really believes this.) "I decide about myself," she told reporters in Paris.

Fernandez was ostensibly in the City of Light to represent Argentina at the signing of a new international treaty banning the sinister "disappearances" that plagued her homeland under the 1976-83 military dictatorship. Critics assailed the Paris trip as a campaign junket and a cynical device to burnish Fernandez's thin international credentials at the taxpayers' expense.

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But the first lady, who, like her husband, has a prickly relationship with the media, didn't take kindly to suggestions that her Parisian sojourn was a campaign jaunt. She compared her presence to Eleanor Roosevelt's trip to Paris in 1948 to push for U.N. passage of the Universal Declaration of Human Rights, an initiative regarded as a landmark document.

"That I am here is important to Argentina because I take the opportunity to speak with people of the first level and explain to them what is happening in Argentina," she told Argentine reporters at her Paris hotel.

"There is something narcissistic in looking oneself in the mirror and saying: 'I want to be president,' " Fernandez said in a 2005 interview with the Spanish daily El Pais. "I would prefer to look at myself in the mirror and say … 'I am part of a project that once wanted to change the world and now has more humble aims — to take part in the change in my country.' "

Political handicappers here are waging that humility will take a back seat and Argentina's first lady will soon go for the big prize.

Ground Shifting Under U.S. Isolation Of Cuba (LAT)

By Carol J. Williams

The Los Angeles Times, February 18, 2007

MIAMI — Opposition to restrictive U.S. policies on Cuba has been mounting for more than a decade, but it may have reached critical mass with recent power shifts in Havana and Washington.

With Democrats in control of Congress and 80-year-old Fidel Castro having transferred power to his brother Raul while he recovers from a grave illness, a course change may be ahead.

Polls suggest most Americans want better relations with the island. Farm and energy interests would like to trade and invest in Cuba. A raft of legislation to change trade and travel restrictions has been introduced in Congress this session. Even many who have fled Cuba say it's time to end the standoff.

"The majority of the Cuban community in Miami supports the betterment of relations with Cuba, especially with regard to ending travel restrictions," said Andres Gomez, a Miami free-speech activist. "There is a will to be able to help relatives, even if we oppose certain aspects of life on the island."

The committee aims to mobilize the hundreds of thousands of Cubans who have arrived since 1980 and who reject the isolation strategy adopted by exiles who fled after the 1959 revolution that brought Fidel Castro to power.

Antonio Zamora, a Bay of Pigs veteran who has parted ways with anti-Castro militants, has formed a group that is pursuing normalized relations. "That we are not engaging with Cuba is very damaging to our future and to the possible influence we can have in Cuba," Zamora said.

Raul Castro has said Cuba would be open to talks on improving relations, but the White House has spurned the offers.

"It's an ongoing missed opportunity," says Glenn Baker, Cuba policy director at the World Security Institute think tank in Washington. "If they're available for dialogue, getting together and talking, even if they talk past each other for some of that time, I still think it's a useful exercise."

President Bush would probably veto any measure to engage with Cuba, but lawmakers and lobbyists believe there is sufficient support to override a veto or attach policy changes to legislation Bush must sign.

"Congress is energized. I think the various constituent groups are energized," said Kirby Jones, a consultant on trade and business with Cuba. Farmers want to sell more produce, oil companies want to explore Cuba's gulf deposits, and the travel industry anticipates a million U.S. visitors to Cuba the first year it is legal.

"What has changed is that we are in the majority — and by 'we,' it's important to underscore that it's not Democrats or Republicans or liberals or conservatives, but 'we' meaning those who would like to see a change in policy," Jones said, noting that much of the legislation proposed since Congress convened last month enjoyed bipartisan support and could sidestep a veto.

The Cuba Reconciliation Act sponsored by Rep. Jose E. Serrano (D-N.Y.) proposes to lift the 45-year-old trade embargo. Rep. Bill Delahunt (D-Mass.) has submitted a bill to rescind restrictions on Cuban Americans' visits to family on the island, now limited to once every three years.

Also on the table are moves to allow any U.S. citizen to travel to Cuba, to remove tight limits on money and goods Cuban Americans can send to their families, and to ease the payment process for agricultural sales to Cuba.

The barrier most likely to fall first, say Cuba-watchers, is the limit on visits to parents, siblings and children. "It's a policy that's reduced American influence on the island to almost nothing as dramatic changes are occurring," Delahunt said.

"The crazies in Miami overplayed their hand when they put in that once-every-three-years restriction. Nobody supports that," said Albert Fox, a Tampa businessman who heads the Alliance for Responsible Cuba Policy.

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Though few see even the slightest flinch in the administration's posture, Fox says Cuba policy has "dropped down a few notches" in importance to a White House beset with bigger foreign policy headaches. He predicts the U.S. Treasury Department, which licenses travel to Cuba, will begin approving more applications.

Recent actions, though, confirm a status quo. The Treasury Department's Office of Foreign Assets Control denied permission for a U.S. cycling team to compete in Cuba this month. It refused to license a humanitarian and educational mission planned for June. The State Department recently nixed visas for Cuban academics to take part in a University of Connecticut symposium on the post-Soviet era.

The Miami Herald editorial page, long a voice for militant anti-Castro exiles, published an editorial that stated: "The U.S. government is blowing its best chance to encourage a peaceful transition in Cuba by holding fast to counterproductive restrictions on travel to the island."

Rep. Jeff Flake (R-Ariz.) is working to get the travel ban lifted. He says that more contact between Cubans and Americans will erode misconceptions about U.S. life that the communist regime has fostered.

U.S. citizens apparently want change too. In a recent Associated Press-Ipsos survey, 62% wanted diplomatic relations restored with Cuba; 40% said they would like to vacation there. A December Gallup poll found similar sentiments.

Opportunities to get into Cuba's booming tourism and natural resource markets are also driving the push for change. A bill exempting U.S. oil exploration in Cuba from the embargo was submitted last year by Sen. Larry E. Craig (R-Idaho), and is expected to be brought before the new Congress. The measure has bipartisan support and the backing of the oil lobby.

A bill submitted by Rep. Jerry Moran (R-Kan.) aims to ease the payment regimen for agricultural sales to Cuba, which have been legal since 2000, but have been stifled by bureaucracy. USA Rice Federation spokesman David Coia says there is potential for U.S. rice producers to triple last year's $40 million in sales to Cuba if trade and travel barriers are lifted.

Daniel P. Erikson, Caribbean analyst for the Inter-American Dialogue think tank in Washington, says the exiles and the White House are digging in because the scenario they planned for hasn't happened. "The administration has spent all its time planning for the collapse of communism. There's no Plan B," he said.

The five Cuban American members of Congress steering U.S. policy on Cuba do not see a need to shift tactics. "The Castro brothers have done nothing to merit better treatment by the generous spirit of the American people," said Rep. Ileana Ros-Lehtinen (R-Fla.).

The State Department's Cuba transition coordinator, Caleb McCarry, adds: "This is the time to maintain our policy and to continue to press for genuine changes in Cuba."

Suicide Bomber Kills Judge And 14 Others In Pakistani Courtroom (NYT)

By Carlotta Gall

The New York Times, February 18, 2007

KARACHI, Pakistan, Feb. 17 — In the sixth suicide bombing in a month, a man blew himself up in a small district courtroom in the border town of Quetta on Saturday, killing 15 people, including a senior judge, and wounding 35, officials said.

No group claimed responsibility, but the chief elected official of the province connected it to the string of suicide attacks that have now killed some 40 people and put security forces on alert across the country.

The Quetta blast could be linked to earlier suicide attacks in Islamabad and Peshawar, said Jam Mohammad Yousaf, the chief minister of Baluchistan Province.

Baluchistan has often been the scene of bombings, linked to Sunni and Shiite sectarian groups and, to a lesser extent, Baluch nationalists who are fighting an insurgency against the government. But Mr. Yousaf said local groups lacked the expertise for suicide bombing.

The recent string of bombings began after the military carried out an airstrike against suspected militants in the tribal area of South Waziristan on Jan. 16.

A militant leader, Baitullah Mehsud, vowed to use suicide bombers to take revenge. Pakistani officials have not directly implicated Mr. Mehsud in the bombings while the investigations are under way, and he has denied any involvement, saying that his threat was an emotional outburst.

Mr. Mehsud is believed to have trained suicide bombers and sent them into Afghanistan, where there were 127 suicide attacks last year.

Militants based in the tribal areas, who are sympathetic to the Afghan Taliban and Al Qaeda, are widely believed to be behind suicide bombings in Afghanistan, and have in the past been implicated in the more rare attacks in Pakistan.

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Pakistan's president, Gen. Pervez Musharraf, Prime Minister Shaukat Aziz and an Army Corps commander have all come under attack in the last few years, as have foreign targets like the United States Consulate in Karachi and a busload of French engineers.

Officials say the attacks are prompted by Pakistan's pro-American policy since Sept. 11, 2001. Recent attacks have focused on softer targets, with bombers often on foot and often killing civilians.

The trend is a shock for Pakistan and a stark warning for the government, which has largely ignored Afghan pleas to go after militants in the tribal areas.

The target the bomber chose in Quetta was a small district court in the center of the city, where there was little security. The bomber pushed his way in at the court's busiest time, about 11 a.m., saying that he was due at a hearing. He blew himself up at the door of the first room he came to.

Judge Abdul Waheed Durrani, who was hearing a case involving a property dispute, was killed, along with six lawyers and relatives of the defendants. Bodies and debris littered the room afterward, and shrapnel scarred the walls.

Prime Minister Aziz condemned the attack. "That is why we are against terrorism, because it kills innocent lives," he told journalists during a visit to Peshawar. "It is against our religion and against humanity."

A suicide attack in Peshawar, the capital of the North-West Frontier Province, which also shares a border with Afghanistan, killed 15 people on Jan. 27. A day earlier, a bomber at a hotel in Islamabad killed a guard.

Another bomber killed a policeman in the town of Dera Ismail Khan on Jan. 29. And a car bomber killed two soldiers in the town of Tank, near the tribal areas this month.

Blast In Courtroom Kills 15 In Pakistan (WP/AP)

By Abdul Sattar, Associated Press

The Washington Post, February 18, 2007

QUETTA, Pakistan, Feb. 17 -- A suicide bomber attacked a courthouse in western Pakistan on Saturday, killing 15 people in the deadliest in a series of attacks that have struck the country in recent weeks.

Many Pakistanis suspect that pro-Taliban fighters are targeting sensitive sites to undermine the country's support of the United States, and an official in the region where Saturday's attack took place hinted at Afghan involvement.

The explosion wounded 24 people and left bloodied clothes and body parts scattered next to wrecked furniture and shattered glass in Quetta District Court. Police tightened security nationwide.

"Afghans have been involved in previous such attacks here. I cannot rule out their involvement in today's attack, but we don't have any evidence to prove it," Jam Mohammed Yousaf, the top elected official in Baluchistan province, told reporters in Quetta.

Relations between the neighboring countries have soured over Afghan allegations that Pakistan is supporting the Taliban, which has escalated its insurgency in Afghanistan over the past year. Pakistan denies aiding the insurgency but acknowledges that some members of the Taliban may operate from its soil.

Increasingly, Pakistan has also become a battleground. About 10 bombings have been reported in the past month, most of them in the tribal northwest. The capital, Islamabad, has been targeted in suicide attacks at its international airport and the Marriott Hotel.

Saturday's blast in Quetta was by far the deadliest.

The suicide bomber "entered the courtroom on foot, and he immediately exploded himself," Yousaf said.

The blast killed Judge Abdul Wahid, five lawyers and some relatives of prisoners who were on trial, Yousaf said. He was unable to give details about the prisoners' identities or the cases being heard.

Shortly after the attack, a crowd angered by the lapse in security gathered outside the court complex and chanted anti-government slogans. Hundreds of people later crowded a government hospital where the dead and wounded were taken to find out the fate of relatives.

The Quetta attack came a day after police near Islamabad and the southern city of Karachi said that they had arrested five people who were allegedly planning suicide attacks on foreigners and minority Shiite Muslims. Also, police in the southern city of Sukkur said Saturday that they had arrested three people who were planning suicide attacks at upcoming Shiite gatherings.

Cashing In On Communism (WP)

By Maureen Fan

The Washington Post Magazine, February 18, 2007

In the land of Mao, getting rich is finally glorious. It's also complicated.

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A COUPLE OF YEARS AGO, SHI XIAOYAN SOLD 17 OF HER 20 CARS. That left her with just the Porsches -- a Boxster and the 911 Turbo -- in the garage downstairs. Shi, who also goes by Celia, is the founder and chief executive of Illinois, the Beijing-based home furniture chain, and No. 21 on a list of the richest women in China, with a reported total wealth, along with her husband, Ye Mingqin, of $125 million. These days, she drives a $38,000 convertible Mini Cooper.

"I drive an economic car -- saves gas," she explains. "You know, you have to save something for your next generation; you shouldn't spend everything."

The next generation, of course, includes Shi's son Jason, 11. Three years ago, for his eighth birthday, Jason got a Subaru Impreza, which he had customized and regularly drives at his father's racetrack.

That kind of conspicuous consumption might not be quite so conspicuous in Beverly Hills or even Great Falls. But this is China, where, until fairly recently, being rich was not only rare but virtually criminal.

After the 1949 Communist revolution, private wealth became a huge social liability. Much of it was confiscated by officials or voluntarily handed over by owners who feared persecution otherwise. Villas and large homes were seized and transformed in the interests of the state: housing for municipal workers, medical schools, government offices and the like.

Treasures in the form of antique paintings, calligraphy, Ming and Ching dynasty vases and jade sculptures were burned or smashed, often by their owners. With the Great Leap Forward and various other anti-capitalist campaigns in the late 1950s, Red Guards came and took whatever trappings of wealth remained.

If, at the beginning, Communist officials were close to the people -- farmers and peasants who were reacting to the corruption of the overthrown Kuomintang government -- eventually, they became enamored of and kept many of the confiscated goodies. Jiang Qing, leader Mao Zedong's wife, was notoriously extravagant -- reportedly having her swimming pool filled with mineral water, riding horses in parks closed to the public and watching foreign movies -- all while urging her countrymen to embrace poverty. After the Cultural Revolution (1966 to 1976), many people petitioned the government to get their possessions back: A few things were reportedly returned, but not many.

Well-known Communist slogans at the time included: "The poorer you are, the more glorious you get" and "To cut off the tail of capitalism." Free enterprise became so thoroughly reviled that even peasants selling fresh eggs were criticized as capitalists. During the Cultural Revolution, capitalists and rich landlords joined "rightists" and other "bad elements" as targets of persecution. People who spoke English or had Western training or education were fired, denounced or paraded through the streets.

Essentially, the rhetoric for three decades made it seem to be a crime to get rich.

China's "opening and reform" period began in 1978, thanks to Deng Xiaoping, the pragmatic son of a well-off landowner. After Mao's death in 1976, which ended the brutality and chaos of the Cultural Revolution, Deng marshaled reform-minded colleagues to restructure China's shattered economic system. Though Deng continued to elevate socialism over capitalism, he believed in market forces and pushed for stronger economic ties with the outside world. In 1979, he allowed parts of the southern province of Guangzhou to become a special economic zone -- Western-style management of business was permitted, and foreigners were encouraged to invest in and run factories there. He also visited the United States that year, which bolstered his desire to modernize China by turning from heavy to light industry and acquiring more technology.

The earliest Communist-era entrepreneurs, from about 1978 to the mid-1980s, were mostly people on the margins of society, members of the lower classes and sometimes criminals, people who knew little about the market but had nothing to lose by risking denunciation or the scorn of their neighbors, not to mention what little money they had. They often had to smuggle everything in -- from clothing to radios to watches -- just to build an inventory. But after making money was sanctioned by the government, many of the people who decided to xia hai, or jump into the commercial sea, and start their own businesses were either government officials or people with close connections to officials.

Any early belief that increasingly free enterprise would lead to political liberalization was crushed in the 1989 massacre of pro-democracy demonstrators by government troops in Tiananmen Square. Many entrepreneurs joined the students, calling not just for democracy but also for an end to government corruption. Much, but not all, business came to a standstill, until 1992 when Deng took a now-famous tour of the south, a trip that generated hundreds of newspaper articles and at least 20 books. Though 88 and already ailing, and with many of his pronouncements issued by a daughter, Deng promoted a package of economic reforms. He thought fair competition would stimulate business and allow some people to get rich, which would slowly spur others to follow suit. On his southern tour, he repeated a phrase he first used in October 1985 when meeting with a U.S. business group in Beijing: "Rang Yi Bu Fen Ren Xian Fu Qi Lai" (Let Some People Get Rich First). This call for economic exemplars was erroneously translated by Western media into the much more black-and-white "To Get Rich is Glorious," which became a catchphrase in the West for another burst of entrepreneurial activity in China. Though Deng continued to praise socialism, his push for economic reform became enshrined in the constitution and in Communist Party literature.

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Since then, the booming Chinese economy has been one of the biggest stories in the world. Wealth and conspicuous consumption are climbing in a country where the average per-capita income has only just jumped to $145 a month (in Beijing, it's $209 a month). On the mainland, about 175 million, or 13.5 percent, of consumers have become what many Chinese scholars consider to be middle class, earning as much as $30,000 a year, the China Association of Branding Strategy reported recently. These consumers have managed to accumulate significant savings, yet often spend an entire month's salary on a single luxury item: a wallet, a watch or jewelry.

That group is expected to grow within 10 years to nearly 260 million, or 20 percent of the population, said Lu Xueyi, a Chinese Academy of Social Sciences professor. By then, China could be the world's biggest luxury market, analysts predict.

Another 320,000 to 500,000 people report enough income -- about $60,000 a year -- to put them into an upper-middle class. And because most Chinese do not disclose their exact wealth, experts say there are likely to be many more. Many of these Chinese live in gated communities. They pay $385 covers to entertain clients at karaoke clubs such as Shanghai's L.A. Disco. They spend $3,650 to mingle on a yacht at a "diamond bachelor" matchmaking party.

A far smaller, but more visible, group are the super rich. No. 1 on the 2006 Forbes China Rich List is 37-year-old Huang Guangyu, worth $2.3 billion and the owner of a chain of discount electronics stores. Of the top 40 on the list, more than a quarter are younger than 40. Their combined net worth was $38 billion, up 46 percent from $26 billion in 2005. There seems to be no real cutoff, but the minimum asset levels used by a rival rich list, Rupert Hoogewerf's Hurun Report, are telling. In 1999, people on his list had at least 50 million RMB (about $6.4 million) but this year, the lower cutoff had soared 1,600 percent, to 800 million RMB (about $100 million).

Recently, President Hu Jintao has responded to the growing gap between rich and poor by demanding that more attention be paid to a "harmonious society." Authorities have imposed luxury taxes on boats, golf clubs and diamond watches. But this has only encouraged the wealthy to fly to Hong Kong and buy such items there, where the luxury tax is lower. When not shopping, many mainlanders visit a famous 24-karat gold toilet and $3.5 million bathroom, owned by a local jeweler and displayed in a tourist exhibition hall.

The urge to flaunt economic success competes with the desire to keep a low profile. While many Chinese are flattered by the prestige of landing on various "rich lists," they also fear the publicity and the extra scrutiny from tax collectors, who seem to follow no known assessment standards.

Even so, wealth is beginning to bring other privileges. In Jiangsu province, just north of Shanghai, authorities announced last year that "large taxpayer" entrepreneurs who pay the government more than $375,000 a year get to help decide whether an official is dismissed or promoted.

Elsewhere, wealthy entrepreneurs have joined rural peasants, ethnic minorities and parents who were only children in exemption from mandatory one-child-only laws. In some cases, the children of wealthy entrepreneurs are given more points on their senior high school exams.

The rich are envied and resented -- and valued by the government. In the early days of "opening and reform," top officials had hoped that the rich would serve as a model to the poor, inspiring and encouraging them. But with high-profile corruption cases each year, leaders are increasingly worried about being caught in a scandal. They are encouraging "clean wealth" through television programs such as "Win in China," the new reality show based on "The Apprentice," even though corruption and the pursuit of money seem to be rife at every level of society.

In theory, a rising entrepreneurial class, which would mostly benefit from clean government and transparency, could act as a force for reform. But it is hard for those who have attained success to push back against official corruption, since many entrepreneurs broke the rules to get rich in the first place. It is what Chan Kin Man, a sociology professor at the Chinese University of Hong Kong who has studied the emerging upper class, calls "original sin." Some bribed bank officials to obtain loans. In other cases, their "original sin" is more serious -- a developer who plotted with officials to take the homes of poor residents, for example, or a food and grain company chief who cheats customers with poor-quality feed to get his business started.

"They feel insecure because of this original sin," Chan says. "They want to draw a line, pardon all the errors committed in the past. They understand it's too costly to ask for any political change."

It is difficult to separate wealth from power in China. A recent report in the Hong Kong-based Sing Tao Daily said research from China's State Council, the Chinese Academy of Social Sciences and the research office of the Central Party School showed that 90 percent of China's RMB billionaires (people with more than $128.2 million) are the children of senior officials. The rich get nowhere without official connections -- a commodity as valuable as capital and known as guanxi. Top officials themselves are wealthy, though some are more discreet about displaying their wealth than others. Nevertheless, their children study abroad, and they make shopping trips to Hong Kong or own expensive real estate.

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The need for guanxi does not stop with the rich. The broader middle class is also dependent on its personal relationship to power. You need connections when the landlord of your luxury apartment decides to charge you extra maintenance payments, or glues your front door shut after you refuse.

Those who can afford their own planes and yachts or 20 luxury cars probably do not get their doors glued shut, or balk at fines for having too many pedigreed dogs, but Chan, the Hong Kong professor who has surveyed hundreds of entrepreneurs, said the rich told him they were exhausted from all the wining and dining of officials they had to do.

That is just the beginning of their anxiety. As these Chinese get richer, they ignore their health and struggle to cope with stress and success, according to surveys published in the state-run media. They have told pollsters of their insecurity and inability to find suitable marriage partners. Some complain of the possibility of losing their wealth overnight because of official corruption, while others said they fear criminals and jealous neighbors.

But mostly what they fear is having their new success snatched away. They are anxious about whether they have made the right connections, just in case their position of privilege turns out to be built on boggy ground.

"The only thing they think about is guanxi," Shi Xiaoyan says. "They use all their money, all their knowledge. They waste their sleeping time and their family's happy time . . . Rich people in China, they're just rich, but they know nothing."

A Clue To Washington's Cluelessness (LAT)

By Michael May

The Los Angeles Times, February 18, 2007

BOTH PROPONENTS and foes of the "surge" in Iraq made firm, confident predictions about what would certainly happen if their preferred course of action were not followed.

"If the U.S. walks away now, extremist elements will take over Iraq," said one group of government officials and pundits. "No, no — the proposed surge is too little, too late," said another. Some insisted that "the surge will only inflame anti-American sentiment."

But here's the only thing we know for sure: When the collection of politicians and pundits we call "Washington" makes predictions about countries in which the U.S. has "vital interests" (and especially about countries with which we have had bad relations), the predictions — even when they contradict one another! — are almost always wrong.

Consider the record. Washington didn't predict the fall of the shah in Iran, or the end of the Cold War, or the disintegration of the Soviet Union. Nor did our pundits (whether left, right or center) predict the war between Vietnam and China after the U.S. lost more than 50,000 service members in the region to prevent the spread of monolithic communism, or, for that matter, China's turn toward becoming a capitalistic and trading giant. There are innumerable other examples in Latin America, Africa and the Middle East.

Everything is fine as long as nothing much is happening. But when something happens, especially if it's sudden or revolutionary, we usually don't see it coming. Since World War II at least, Washington's success rate at predicting change in countries with which we have a hostile relationship is close to zero.

Why this failure when most of the events mentioned were years in the making? In part, it's that we don't look at the right things. Our intelligence apparatus is better at counting missiles than at following the intricate politics of a central committee or overhearing the street talk in Tehran — or Baghdad. But even good intelligence on those matters would have had a hard time making it into the Washington debate.

That's because Washington debates tend to be narrow; they fall within a range of acceptable conventional wisdom and close out anything that seems to go out on a limb. We wonder: Is the Soviet Union trying to build a first-strike capability or not? Is Vietnam a tool of Red Chinese expansion? Does Saddam Hussein have nukes? Intelligence is asked to cast light on just those acceptable questions. The assumptions underlying those debates are seldom challenged. They are based on politically acceptable views of the other state and, career-wise, it doesn't pay to challenge them. Indeed, movers and doers in Washington often do not even have time to challenge them. There is little or no intelligence outside the axis of debate.

As a result, any analyst who forecast that, say, the Soviet Union would for its own purposes peaceably release its European satellites, or that the heirs of Mao would turn to capitalism before his body was cold in the grave, would have been quickly marginalized.

When researchers test predictions about, for instance, investments or the effectiveness of a new drug, they begin with the assumption, for testing purposes, that the theory or the advice leads to no better result than what could be attained by chance, or that the drug is no more effective than a placebo. It's up to the data to prove that the advice or the drug is effective, not the other way around. That's called starting with the "null hypothesis."

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The null hypothesis means that there is no ground to believe or disbelieve any prediction. It's a way of guarding against bias.

The record of official Washington predictions gives us no reason to depart from the null hypothesis. Whatever the prediction, we should consider it just as likely that something entirely different will happen.

If the U.S. withdraws from Iraq, for instance, the civil war could grind on for years, or, conversely, Prime Minister Nouri Maliki could bring order to Baghdad within a year, probably by ethnic cleansing. The surge could lead to more needless deaths, or Gen. David Petraeus could bring a better kind of order out of chaos, at least for a while. If President Bush attacks Iran, it could help cool the situation, or we might have to hunker down for a longer, bigger war. Or perhaps the situation may be resolved not by actions from the U.S. but by initiatives from within the area, as were the earlier Soviet and Chinese situations.

Whatever we do, the situation a few years from now is likely to be different from what's currently predicted by any party to the Washington debate.

Realizing that we are still stuck with the null hypothesis should lead to a better-focused inquiry. It's a bit late for Iraq, where we disregarded what we knew and could have learned, and where the options have tragically narrowed. With Iran, North Korea and other difficult places, we have more time and freedom of action. What sorties into these places Americans and others have made bring back a different, more complex picture than the one presented by officials and discussed in the media. But we need to know still more.

The U.S. foolishly isolates hostile countries when it should pressure them to open up to our visitors, executives, students and diplomats. Congress should pressure the administration to open embassies in Tehran, Pyongyang and Havana and staff them in part with native speakers. David Kay, the former head of the Iraq Survey Group, which searched for weapons of mass destruction in that country after the U.S. invasion, found that Iraqi officials had been lying to Hussein and had not been carrying out his decisions in many cases. Perhaps if we'd been more engaged in that country, rather than keeping our distance, we would've been able to find that out before the invasion rather than after.

To get better intelligence, however, gathering information is not enough, as Iraq has tragically shown. Someone in intelligence has to put himself in the enemy's shoes.

That requires considering "the enemy" not solely as an enemy but as an organization staffed by humans with all their attending complexities — often not a politic point of view. Someone in power has to ask the right questions — and question fundamental assumptions. To date, the record says that, at key times in our history, our government, because of the blinders it put on, has had no clue about the direction of major events in the lands of our enemies. Perhaps only a better-informed public, acting through Congress, can change that.

Michael May Is Professor Emeritus Of Engineering At Stanford University.

Torture By Worms (NYT)

By Nicholas D. Kristof

The New York Times, February 18, 2007

JIMMA, Ethiopia

Presidents are supposed to be strong, and on his latest visit to Africa Jimmy Carter proved himself strong enough to weep.

The first stop of Mr. Carter's four-nation African trip was Ghana, where he visited his projects to wipe out the Guinea worm, a horrendous two-foot-long parasite that lives inside the body and finally pops out, causing excruciating pain.

Mr. Carter was shaken by the victims he met, including a 57-year-old woman with a Guinea worm coming out of her nipple.

"She and her medical attendants said she had another coming out her genitals between her legs, and one each coming out of both feet," Mr. Carter added. "And so she had four Guinea worms emerging simultaneously."

"Little 3-, 4- and 5-year-old children were screaming uncontrollably with pain" because of the worms emerging from their flesh, Mr. Carter said. "I cried, along with the children."

We tend to think of human rights in terms of a right to vote, a right to free speech, a right to assembly. But a child should also have a right not to suffer agony because of a worm that is easily preventable, as well as a right not to go blind because of a lack of medication that costs a dollar or two, even a right not to die for lack of a $5 mosquito net.

As president, Mr. Carter put the issue of human rights squarely on the national agenda. Now Mr. Carter argues — and he's dead right — that we conceive of human rights too narrowly as political and civil rights, and that we also need to fight for the human right of children to live healthy lives.

He has led the way in waging that battle. Because of Mr. Carter's two-decade battle against Guinea worm disease, it is expected to be eradicated worldwide within the next five years. It will be the first ailment to be eliminated since smallpox in 1977, and it has become a race between the worm and the ex-president to see who outlasts the other.

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"I'm determined to live long enough to see no cases of Guinea worm anywhere in the world," Mr. Carter said as he walked in blue jeans through a couple of villages in a remote corner of southwestern Ethiopia, the third country of his African tour.

After leaving the White House, Mr. Carter ended up "adopting" diseases like Guinea worm disease, river blindness, elephantiasis, trachoma and schistosomiasis that afflict the world's most voiceless people. These are horrific diseases that cause unimaginable suffering, yet they rarely get attention, treatment or research funding because their victims are impoverished and invisible.

When Mr. Carter met with Mohammad Zia ul-Haq, then Pakistan's president, President Zia had never heard of Guinea worm and didn't know it existed in Pakistan. Nor did his health minister. But after Mr. Carter put the issue on the agenda, Pakistan worked energetically with the Carter Center to eliminate the parasite in that country.

The villages here in Ethiopia that Mr. Carter visited cradle a fast-moving creek, making a lovely image of thatch huts and bubbling water. But the creek is home to the black flies whose bites spread the parasite that causes river blindness, leading to unbearable itching and often eventually to blindness.

"It's almost impossible to imagine the suffering of people with river blindness," Mr. Carter said as he traipsed through the village beside his wife, Rosalynn.

Already, Mr. Carter's campaign is making huge progress against the disease.

Kemeru Befita, a woman washing her clothes in the creek near Mr. Carter, told me that two of her children had caught river blindness in the last couple of months. After a visit to the witch doctor didn't help, she took them to a clinic where — thanks to Mr. Carter's program — they received medicine that killed the baby worms. They are two of the nearly 10 million people to whom the Carter Center gave medication last year alone, who won't go blind.

At the end of the day, this one-term president who left office a pariah in his own party will transform the lives of more people in more places over a longer period of time than any other recent president. And I hope that he can also transform our conception of human rights, so that we show an interest not only in the human rights of people suffering from the oppression of dictators, but also from the even more brutal tyranny of blindness, malaria and worms.

A Reality Check On Our Fears (WP)

By Jim Hoagland

The Washington Post, February 18, 2007

NEW YORK -- Global business is burbling while global politics croaks messages of dread, frustration and hatred. It is supersized Dickens: The best of times by many economic measures is also the worst of times when we listen to the pollsters and the politicians.

Why this disjunction of spirits? Or to put it another way: Why not? Selling fear is the oldest tool of politics. Selling hope and confidence is the mother's milk of business. The more we get, the more we have to fear having it taken away by "others" as defined by race, religion, class or rivalrous sameness.

But there is a different, fragile feel to this particular "golden moment," a term George Shultz used in a recent Washington talk. As a former secretary of both Treasury and state, Shultz is credible in warning that the current public fury with leaders, liberal trade policies and the conduct of nations does not match -- and eventually can threaten -- the economic openings that bring billions of new workers into global labor markets and generate huge profits for the happy few of highest finance. Protectionism is the danger Shultz has in mind.

The jarring contrast is easy to spot. I went recently from listening in Washington to a hopeful Eric Schmidt, the chief executive of Google, describe a world of growing individual empowerment and prosperity as Chinese and Indian peasants join the Internet era to listening to politicians at the annual Munich Conference on Security Policy darkly emphasize the threats of terrorism, failed states, and, yes, American unilateralism and lawlessness.

That point was put most pungently by Russian President Vladimir Putin in a widely misunderstood presentation. Putin's speech was an intensely personal mocking of President Bush rather than a policy declaration of hostility toward the United States. Moreover, it was laboriously calculated for domestic political effect to bolster the other important Russian in Munich, Sergei Ivanov.

It was bad cop, good cop. Ivanov talked reassuringly about U.S.-Russian cooperation. Also a former KGB officer, Ivanov is moving forward now to succeed Putin. He was portrayed on Moscow television as a statesmanlike figure -- especially on one program filmed before either spoke in Munich but shown afterward, one knowledgeable Russian told me. Putin promoted Ivanov to become first deputy prime minister five days after the president's speech in Germany.

Putin's political intentions and the mood of his audience reflect how the national security imperative has displaced pocketbook issues that should dominate political discourse today. A relatively strong global growth cycle is continuing longer than

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experience and experts say is normal. You can argue economic policies round or flat if you pick your own numbers. In this confusion, foreign policy and national security issues become more salient and decisive in campaigns around the world.

Putin's audience included Sen. John McCain, a leading Republican presidential contender, who took the high road by characterizing Putin's jabs as "aggressive" but quickly adding that Americans still must work with Russia. But it did not include Sen. Hillary Clinton, the leading Democratic contender. Clinton decided to stay away from a meeting she dazzled two years ago. This time she did not want to be put in the position of criticizing the Bush administration or Democratic rivals on Iraq from a foreign forum.

Instead she went to New Hampshire to criticize the Bush administration on Iraq and to eclipse her Democratic rivals. Republican strategists hope she will now "chase John Edwards to the left" to counter his populist economic programs and thereby muddy her strong appeal to the electoral center on national security.

The dynamic is similar in other democracies. French Prime Minister Dominique de Villepin gets little to no political credit for announcing that unemployment has declined steadily through his tattered term. Segolene Royal, the Socialist presidential candidate, has tumbled from front-runner to second place with foreign policy blunders that make her seem inexperienced and duplicitous. (The second the French may forgive, but not the first.) German Chancellor Angela Merkel presides over a stalemated coalition and a surprisingly robust economy. No need to dwell on Tony Blair's politically poisoned golden economic chalice in Britain.

Abundant financing in global markets and broad confidence in the ability of today's central banks to control inflation have created a buoyant international financial system in which risk premiums scrape historic lows. Oil price volatility creates enormous psychological strain on Western consumers -- but has not derailed growth to this point.

There is always cause for concern about markets overshooting, especially when risk premiums evaporate. But the merchants of political despair are overdoing it as they manipulate the new instruments of intrusive round-the-clock communications. Breathe deep, look around at what is really happening, and spend more time in life than online or in other forms of virtual reality.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Guys In Suits: On A Mission (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 18, 2007

OK, they may look like accountants, but this team of government lawyers is a key cog in the war on terror

Just a few weeks ago, Kenneth Wainstein, the Justice Department's new national security chief, received a book in the mail, a memoir titled Secrets. Its author, Daniel Ellsberg-the former Defense Department analyst who was prosecuted for leaking the Pentagon Papers to the New York Times 36 years ago-sent the book to Wainstein after a spirited exchange with him during a recent panel discussion about prosecuting leakers. "Dear Ken," Ellsberg inscribed in the book, "I shared your revulsion against all leaks until some years ago."

Prosecuting those who leak classified information is just a small part of Wainstein's controversial portfolio. As the assistant attorney general for the National Security Division, created last summer, Wainstein has been handed most of the department's hot-potato issues and has at his disposal some of the government's most secret, powerful, and criticized investigative tools. Just recently, President Bush decided not to reauthorize the National Security Agency's controversial warrantless electronic surveillance program but to place it under a special court-the Foreign Intelligence Surveillance Court-that oversees government surveillance in intelligence investigations. The revamped program will now be under Wainstein's purview. Look for civil-liberties groups and the new Democratic majority in Congress to keep a close eye on his every move.

The career federal prosecutor seems unfazed by the prospect of such scrutiny. In an interview, Wainstein, 45, said that he is used to making difficult decisions based on the facts and the law. "But with national security being a hot political issue, it's natural for people to scrutinize our big prosecution decisions through the prism of politics," says Wainstein. "Because it's important that we maintain public confidence, we're careful to both make and to announce our decisions in an apolitical way."

Sounds good. But in coming months, Wainstein, a Senate-confirmed presidential appointee, will have to contend with a host of lingering perception problems. "This administration has politicized almost every part of the Justice Department," says Kate Martin, director of the Center for National Security Studies, a civil-liberties group. "We need congressional oversight to prevent this key division from being similarly politicized."

If anyone can serve as an apolitical gatekeeper for the department's professional ranks, friends and colleagues say, it's Wainstein. He was exposed to the trapdoor world of national security issues early in life, thanks to his parents, who both spent their careers in military intelligence. His dad, Leonard, worked for a nonprofit group that advised the Joint Chiefs of Staff. His mother, Eleanor, who died last December, wrote a number of prescient studies for the Rand Corp. in the 1970s on terrorism, Islamic fundamentalism, and corporate kidnappings. "There was a lot of talk about terrorism back then," says Wainstein. "It's just different predators [today]."

Gorilla. A former U.S. attorney for Washington, D.C., Wainstein spent most of his career putting drug dealers, murderers, and crooked politicians behind bars. He later picked up his national security credentials at the FBI, where he served as general counsel and chief of staff to Director Robert Mueller. "You need somebody who can balance the intelligence imperatives with the law-enforcement imperatives," says Chuck Rosenberg, a U.S. attorney in Virginia. "Sometimes they are in conflict, and you need someone to sort that out."

Pilots Traced To CIA Renditions (LAT)

By Bob Drogin And John Goetz, Special To The Times

The Los Angeles Times, February 18, 2007

The Times identifies three fliers facing kidnapping charges in Germany related to a 2003 counter-terrorism mission.

CLAYTON, N.C. — The forecast called for heavy snow on the route home, so the three pilots who had just flown a covert CIA-sponsored "extraordinary rendition" flight were forced to stay an extra night at the Gran Melia Victoria, a luxury hotel overlooking the marina on the island of Majorca.

Up in Room 552, the pilot who called himself Capt. James Fairing picked up the phone at 2:28 in the afternoon and dialed his tree-shaded home in a subdivision carved out of pine forests here in Clayton, about 15 miles southeast of Raleigh. He also called his employer, a North Carolina-based air charter service that long has worked for the CIA.

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Fairing's copilot, who registered as Eric Matthew Fain, reached for the phone in his room and called a woman back home with whom he owns a 22-foot speedboat and who also flies missions for the CIA. The third pilot from the stranded flight carried a U.S. passport issued to Kirk James Bird. The passport photo shows a balding, middle-age man with a broad smile.

The names they used were all aliases, but The Times confirmed their real identities from government databases and visited their homes this month after a German court in January ordered the arrest of the three "ghost pilots" and 10 other alleged members of the CIA's special renditions unit on charges of kidnapping and causing serious bodily harm to Khaled Masri, a German citizen of Lebanese descent, three years ago.

Charged under aliases

None of the pilots responded to repeated requests for comment left with family members and on their home telephones. The Times is not publishing their real names because they have been charged only under their aliases.

Relying on the operatives' passport numbers, hotel records, credit card bills and aviation records, German prosecutors are seeking to properly identify the 13 Americans in a high-profile case that has upset relations between Washington and Berlin and caused a political scandal in Germany over whether government officials sanctioned the CIA operation.

Elsewhere in Europe, legal and parliamentary investigations have focused a harsh spotlight on the CIA's program to abduct suspected terrorists and ferry them to secret sites for interrogation, operations known variously as "black renditions" or "extraordinary renditions."

On Friday, an Italian judge issued arrest warrants for 26 suspected CIA operatives for allegedly abducting a radical Muslim cleric outside his mosque in Milan in February 2003 and delivering him to Egypt, where his lawyer says he was tortured. The trial is set for June 8 in Milan.

All the Americans charged, including the top two CIA officers in Italy at the time, have departed the country, but Italian law allows defendants to be tried in absentia.

None of the aliases used in Italy match those in the German case, although one of the pilots may have been involved in both incidents.

One former CIA operation officer who was involved in the Italian case at CIA headquarters, speaking on condition of anonymity because the case is classified, said he and his colleagues were increasingly nervous about traveling in Europe for fear of getting swept up in the investigations. He said he checked with a contact at the Italian intelligence service for reassurance that he would not be arrested.

Seized in error

According to Masri's account, he was detained by local authorities while crossing from Serbia into Macedonia on Dec. 31, 2003. Three weeks later, seven or eight men in masks stripped him naked, put him in a diaper and jumpsuit, drugged him and then chained him, spread-eagle and blindfolded, to the floor of a Boeing 737 that flew to Afghanistan on Jan. 24, 2004. German prosecutors say the men in masks were with the CIA rendition team.

At the time, U.S. intelligence authorities believed Masri was involved with radical Islamic groups in Ulm, a city in southern Germany. Masri was released five months later after undergoing what he described as repeated beatings and other physical abuse in a now-closed CIA-run prison called the Salt Pit in Kabul, the Afghan capital. U.S. officials have told German authorities that Masri was seized and imprisoned in error because his name is similar to that of a suspected terrorist linked to Al Qaeda.

Flight records show that Aero Contractors, based in Smithfield, N.C., operated the plane that carried Masri from Macedonia to Afghanistan. The charter aircraft company has flown scores of sensitive missions for the CIA and has played a key support role in counter-terrorism operations since the Sept. 11 attacks, according to former agency officials.

The three pilots in the Masri rendition case live within a 30-minute drive of the guarded Aero hangar and offices at the rural Johnston County airport. Reached by telephone Saturday, Aero official Freddy Pearce declined to discuss any aspect of the company's business.

The chief pilot in the Masri case, who used the alias Fairing, called Pearce at his Clayton home during his layover in Spain.

In real life, the chief pilot is 52, drives a Toyota Previa minivan and keeps a collection of model trains in a glass display case near a large bubbling aquarium in his living room. Federal aviation records show he is rated to fly seven kinds of aircraft as long as he wears his glasses.

His wife, reached by phone at her office, said her husband had done no wrong. "He's just a pilot," she said.

His copilot, who used the alias Fain, is a bearded man of 35 who lives with his father and two dogs in a separate subdivision. He called home during a subsequent mission from the Royal Plaza Hotel on the Spanish resort island of Ibiza, according to records collected by Spanish investigators from the Guardia Civil.

The third pilot, who used the alias Bird, is 46, drives a Ford Explorer and has a 17-foot aluminum fishing boat. Certified as a flight instructor, he keeps plastic models of his favorite planes mounted by the fireplace in his living room in a house that backs onto a private golf course here. His wife declined to comment.

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On the flight back to Washington, after the snow had cleared, the rendition team celebrated by ordering 17 shrimp cocktails and three bottles of fine Spanish wine, according to catering invoices obtained by the prosecutors.

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WAR NEWS:

Iraq Vote In Senate Blocked By GOP (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, February 18, 2007

7 Republicans Join Democratic Push

Senate Republicans for a second time blocked a symbolic attempt by Democrats to reject President Bush's troop increase yesterday, but GOP defections were higher than before, suggesting Republican cracks as the Iraq war dominates Congress's agenda.

With the 56 to 34 vote, Democrats fell shy of the 60 votes required to kick off debate on a nonbinding resolution passed by the House last week that expresses support for the troops but criticizes Bush's decision to expand combat ranks by more than 20,000 troops. Senate Democrats picked up five new Republican allies in their effort to advance the resolution, bringing the GOP total to seven.

But the fate of the resolution is now very much in doubt. Senate Majority Leader Harry M. Reid (D-Nev.) announced after the vote that he would not bring up the resolution again. Both sides instead are girding for the next phase, a confrontation over war funding, with some Democrats determined to exercise the power of the purse to influence Iraq strategy.

As Congress struggled to find its voice in the Iraq debate, the administration intensified its own campaign to convince the American public that the conflict remains winnable. Secretary of State Condoleezza Rice paid a surprise visit to Baghdad yesterday, announcing that the increase in troops was bringing "new hope and a new optimism" to the besieged city. Iraqi Prime Minister Nouri al-Maliki assured Bush on Friday that the buildup had already achieved "fabulous success."

Those optimistic pronouncements appeared to have little impact on the Senate floor yesterday, where a rare Saturday session made for a dramatic political tableau. Presidential candidates jetted in from various primary states, having canceled visits to popular diners and town-hall meetings to cast their vote. They did not all show. One of the 10 absentees was Sen. John McCain (R-Ariz.), a supporter of the Bush plan, who was campaigning in Iowa.

Most Democrats were already seated at their desks when the roll call began shortly before 2 p.m. The only Democrat who missed the vote was Sen. Tim Johnson (S.D.), who is recovering from brain surgery. Democratic Sens. Robert P. Casey Jr. (Pa.) and Max Baucus (Mont.) canceled plans to visit Iraq this weekend and were present on the floor. Their traveling companions, GOP Sens. Jon Kyl (Ariz.) and Bob Corker (Tenn.), went ahead with the trip and missed the Senate action.

The resolution was identical to a measure that passed the House on Friday, with modest Republican support. "Congress and the American people will continue to support and protect the members of the United States Armed Forces who are serving or who have served bravely and honorably in Iraq," the resolution states. And it adds, "Congress disapproves of the decision of President George W. Bush announced on January 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

Reid said he would not try a third time to put the Senate on record against the troop increase. But he said the Iraq debate would continue when the Senate returns Feb. 26 from a week-long recess and turns to legislation to enact homeland security recommendations from the Sept. 11 commission.

Reid promised that both sides would be allowed to offer Iraq-related amendments to that bill. And Congress will soon debate Bush's request for $100 billion in additional funding for the wars in Iraq and Afghanistan for the current fiscal year. In the House, Democrats are moving to fully fund the president's war request, under the condition that the administration follow strict standards for training and equipping troops.

During separate conversations with U.S. and Iraqi officials in Baghdad yesterday, Rice referred to the looming skirmishes in Washington over the troop buildup and funding request.

"Some of the debate in Washington is in fact indicative of the concerns that the American people have about the prospects of success if Iraqi leadership doesn't do what it needs to do," Rice told reporters during a roundtable discussion at the house of the U.S. ambassador to Iraq yesterday afternoon.

"I think there's a new spirit here to try to do those things," she said. "The input appears to be there. The political support appears to be there."

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But Democrats believe they are playing a strong hand in the Iraq debate. Polls show that most voters oppose a troop increase, and the GOP's heavy losses in the November elections were widely interpreted as a call for more aggressive vetting of Bush's Iraq strategy.

As soon as Bush announced the military buildup early last month, Democratic leaders considered ways to officially register an objection. Reid and House Speaker Nancy Pelosi (D-Calif.) agreed to begin work on a nonbinding resolution, believing it was the easiest vote politically, including for Republicans who are disaffected by Bush's leadership on Iraq.

But in the Senate, Republicans decided to offer their own nonbinding measure, asserting that Congress would not cut off troop funding. Some Democrats opposed to the Iraq war want to target Pentagon spending as a way to force a withdrawal of troops.

Reid refused to allow a vote on the GOP measure, explaining that he wanted to keep the debate focused on the troop increase. Republicans now have twice voted this month to block a nonbinding resolution, on grounds that Reid was not playing fair. In spirited floor speeches in recent days, Democrats taunted their GOP colleagues for throwing up procedural hurdles to protect Bush from a potentially embarrassing repudiation.

"They are trying to divert attention from the issue at hand," Reid said of Republicans yesterday. "They'd like to turn the Senate into a procedural quagmire. They want to hide behind weak and misleading arguments about the Senate's rules or a senator's right to offer amendments. These arguments are diversions."

But Republicans accused Democrats of hiding behind the Senate rulebook to avoid the funding question.

"The reason we're here on a Saturday playing stupid political games while people are off in Iraq trying to win this war is because our colleagues on the other side of the aisle are afraid to take a vote on cutting off funding," blasted Sen. Lindsey O. Graham (R-S.C.), in a speech before the vote.

Senate Minority Leader Mitch McConnell said he would not relent. "I think the majority of Senate Republicans have made it clear again today, and are highly likely to do that again in the future, that when we turn to this issue, we're going to insist on voting on funding the troops," the Kentucky Republican said.

The White House issued a statement saying "this week's voting gave the world a glimpse of democracy's vigor," but it also welcomed the funding showdown.

"The next votes should provide unmistakable assurance of this nation's resolve in achieving success, supporting the cause of democracy, and stopping terrorist forces in their ultimate aim of bringing their violence to our shores," the White House said.

Seven Republicans voted with the Democrats to allow the debate to proceed, including Sens. John W. Warner (Va.), Chuck Hagel (Neb.), Gordon Smith (Ore.), Norm Coleman (Minn.), Arlen Specter (Pa.), Olympia J. Snowe (Maine) and Susan M. Collins (Maine). When Republicans voted to block a similar, albeit lengthier, resolution earlier this month, only Collins and Coleman broke ranks. Among these Republicans, all but Specter and Snowe are up for reelection in 2008.

The Republican senators aside from McCain, Kyl and Corker who were absent yesterday were Robert F. Bennett (Utah), Christopher S. Bond (Mo.), Thad Cochran (Miss.), John Ensign (Nev.), Orrin G. Hatch (Utah) and Lisa Murkowski (Alaska). Sen. Joseph I. Lieberman (I-Conn.) voted with Republicans.

The seven Republican defectors are all on record opposing the Bush plan. Several other GOP senators, including Sens. Sam Brownback (Kan.) and George Voinovich (Ohio), have expressed concerns, but they voted with their party yesterday. Warner was the chief author of the earlier nonbinding resolution on Iraq to come before the Senate. That version was shelved last week for the simpler House text.

"I feel that the Senate, the Senate of the United States of America, an institution revered throughout the world, should have the right to go forward and debate this critical issue before America today, before the whole world," Warner said. "I think we've come to the point in time where we must move forward."

Senate Rejects Renewed Effort To Debate Iraq (NYT)

By Carl Hulse, Jeff Zeleny

The New York Times, February 18, 2007

WASHINGTON, Feb. 17 — The Senate on Saturday narrowly rejected an effort to force debate on a resolution opposing President Bush's troop buildup in Iraq, but Republican defections emboldened Democrats to promise new attempts to influence the administration's war policy.

The 56-to-34 vote in a rare Saturday session was the second time Republicans were able to deny opponents of the troop increase a debate on a resolution challenging Mr. Bush, and it came just a day after the House formally opposed his plan to increase the military presence in Iraq.

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But the outcome, four votes short of the 60 needed to break a procedural stalemate, suggested that Democrats were slowly drawing support from Senate Republicans for what was shaping up to be a drawn-out fight between the Democrat-controlled Congress and Mr. Bush over his execution of the war.

Seven Republicans split from their party and joined 48 Democrats and one Independent in calling for a debate — five more Republicans than during a similar showdown earlier this month. All but two of the seven face re-election next year.

The Republicans who broke ranks were Senators John W. Warner of Virginia, Arlen Specter of Pennsylvania, Chuck Hagel of Nebraska, Gordon H. Smith of Oregon, Norm Coleman of Minnesota, and Olympia J. Snowe and Susan Collins, both of Maine.

Senator Harry Reid, Democrat of Nevada, the majority leader, said the result showed that Senate sentiment was running against the president.

"A majority of the United States Senate just voted on Iraq, and a majority of the United States Senate is against the escalation in Iraq," Mr. Reid said as he withdrew the resolution. He and other party leaders said they intended to introduce quickly more substantive proposals on Iraq when the Senate returns from a weeklong break and begins considering legislation to enact recommendations from the bipartisan Sept. 11 commission.

"We will be relentless," said Senator Charles E. Schumer of New York, the third-ranking Democrat. "There will be resolution after resolution, amendment after amendment, all forcing this body to do what it has not done in the previous three years: debate and discuss Iraq."

Democrats would not divulge the details of their next step, but one official said it would focus on the mission of American troops in Iraq and try to skirt the more politically difficult question of federal money for the military.

Republicans derided Saturday's vote as political theater and said stark divisions among Democrats on the question of military spending would complicate the party's efforts to advance legislation designed to stop the war.

"We want a debate about Iraq that includes funding for the troops," said Senator Mitch McConnell of Kentucky, the Republican leader. "They've denounced the surge. The question is, are they going to fund the troops?"

Tony Snow, the White House spokesman, said on Saturday that Mr. Bush urged Congress to approve his pending request for $93 billion through Sept. 30 for military operations and played down the importance of the House and Senate votes.

"This week's voting gave the world a glimpse of democracy's vigor," Mr. Snow said in a statement. "The next votes should provide unmistakable assurance of this nation's resolve in achieving success."

But Democrats said the votes in Congress — the first major clashes over the war — reflected widespread public unease with the idea of deepening involvement in Iraq.

"It may be called a surge, but I believe it is a plunge," said Senator Carl Levin, Democrat of Michigan and chairman of the Armed Services Committee. "A plunge into the sectarian cauldron, a plunge into the unknown."

Republicans continued to try to make the case that Democrats were shutting down a full-fledged Senate review of Mr. Bush's Iraq strategy by refusing the Republicans a chance to offer an alternative that would place the Senate on record against cutting off money for armed forces in the field.

"The majority cannot tell the minority what we are going to have one vote on, take it or leave it," said Senator Jim Bunning, Republican of Kentucky, defending his party's stance as senators squared off at noon. Democrats were leery of the Republican plan, written by Senator Judd Gregg of New Hampshire, because of its potential to attract the most Senate votes and to overshadow Senate action criticizing the troop increase. Some lawmakers also believed that Congress might be asked to restrict military spending, and they did not want their hands tied by an earlier vote on a more symbolic resolution.

A vote to open debate would have allowed the Senate to begin considering the identical language that was approved on Friday by the House. The resolution states, in part, that "Congress disapproves of the decision of President George W. Bush announced on Jan. 10, 2007, to deploy more than 20,000 additional United States combat troops to Iraq."

Without 60 votes for the procedural motion, the Senate was unable to start debate. It was an outcome that left Democrats accusing Republicans of ducking a vote directly opposing Mr. Bush's policy, even though many of the Republicans had significant reservations about the conduct of the war and concerns for the political repercussions.

"The American people can see what is happening here," said Senator Ben Nelson, Democrat of Nebraska. "They know that some want to prevent a vote at all costs."

Mr. Nelson and Mr. Warner co-wrote an earlier, more detailed bipartisan resolution disagreeing with the troop buildup. But that proposal stalled on Feb. 5, when the Republican leadership held its ranks together against the Democratic plan to allow a vote on that plan but not on the Gregg alternative. Mr. Warner sided with Republicans in that initial vote but broke from his party on Saturday.

"We have the right to respectfully disagree," Mr. Warner said. "Mr. President, do you need 21,500 additional men and women in this conflict to go into the streets and alleys of Baghdad?"

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Some Republicans accused Democrats of political posturing in advance of the 2008 presidential and Congressional elections and of undermining military forces and the administration. They said opponents of Mr. Bush were trying to have it both ways, by criticizing his policy but not taking the more politically risky step of curtailing spending on the war.

"If you think we are in the middle of civil war, cut off funding," Senator Lindsey Graham, Republican of South Carolina, said to his colleagues.

The Saturday session drew a throng of spectators who lined up outside the Capitol hoping to get a glimpse of the debate. The Senate has met on Saturday only 14 times in the past decade and conducted votes on only five of those occasions, records show.

Nine Republican senators were not present for the vote, including Senator John McCain of Arizona, a presidential candidate, who was campaigning in Iowa. Two other Republicans, Jon Kyl of Arizona and Bob Corker of Tennessee, had left for Baghdad.

But with the burden of reaching 60 votes on their side, Democrats, particularly the party's presidential candidates, did not miss the showdown. Senator Hillary Rodham Clinton of New York campaigned in New Hampshire in the morning and came back for the vote; Senator Barack Obama of Illinois, who had been in South Carolina, also came back. Senator Joseph R. Biden Jr. of Delaware flew from Iowa to Washington before a scheduled return to Iowa on Saturday night.

GOP Senators Defuse Dems' War Resolution (LAT)

By Richard Simon

The Los Angeles Times, February 18, 2007

WASHINGTON — Senate Republicans on Saturday killed a Democratic effort to pass a symbolic resolution opposing President Bush's troop buildup in Iraq.

Democrats, who hold a narrow majority in the Senate, fell four votes shy of the 60 needed on a procedural vote to consider the nonbinding resolution. The 56-34 vote came a day after the Democratic-controlled House, in a largely party-line vote, rebuked Bush's war strategy after four days of often heated debate.

The rare Saturday session of the Senate lasted only about 3 1/2 hours, but was no less intense.

"The United States Senate, the greatest deliberative body in the whole world, is probably the only place (in America not debating the war)," said Robert Byrd, D-W.Va.

Majority Leader Harry Reid, D-Nev., accused Republicans of trying to protect the president from an embarrassing vote. He said that he would no longer push for a vote on the nonbinding resolution but that war would remain center stage in the Senate.

"This war is too important to permit Senate Republicans to brush it aside," he said. "The Senate will keep fighting to force President Bush to change course."

Sen. Lindsey Graham, R-S.C., accused Democrats of playing "stupid political games."

"This is a low point in my time in the Senate," he said.

The Senate was scheduled to begin a week-long recess Saturday, but Reid kept the chamber in session, saying it was important to get senators on the record on the issue. Nine Republican senators skipped the vote.

Republicans said they were prepared to debate the war but only if Democrats would allow consideration of an alternative resolution opposing any cut in funding for the troops.

A Reid spokesman said the Democratic leader didn't want to include the resolution opposing a cut in funding because it would be a distraction from a "yes or no vote on the escalation." The spokesman said that Reid offered to permit Republicans to bring their resolution at another time.

Minority Leader Mitch McConnell, R-Ky., said: "We will not be forced to vote for a resolution that says we support the troops but does not ask us to seal that pledge with a promise to help them carry out that mission in the only way they can -- funding their mission."

Republicans have contended that the nonbinding resolution is a prelude to Democratic efforts to withhold funding for the war. "The Senate was created to block that kind of dealing, and today it stops at the doors of this chamber," McConnell said.

With Democrats threatening to attach strings to the president's request for additional war funding, the White House issued a statement Saturday saying that the next votes in Congress should "provide unmistakable assurance of this nation's resolve in achieving success (in the war on terror)."

The resolution the Senate was considering taking up is the same one the House passed on Friday. It consists of two short sentences, the first stating that "Congress and the American people will continue to support and protect (U.S. forces serving in Iraq)," a phrase Democrats hoped would undercut attacks that they are undermining the troops.

Part of the second sentence says Congress "disapproves of the decision" Bush announced in a nationally televised speech Jan. 10 to add 21,500 troops to the 135,000-plus in Iraq.

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Although the Senate's resolution died, Democrats picked up the support of seven Republicans, five more than from an earlier vote on a similar measure. Five of the seven are up for re-election in 2008.

"This is the most pressing issue facing our nation, and it is important for the Senate to go on record on the president's plan," said Sen. Susan Collins, R-Maine, an opponent of the troop buildup who voted with the Democrats.

Sen. Joseph I. Lieberman, an independent from Connecticut who usually caucuses with Democrats, joined the 33 Republicans who voted no.

Democratic senators running for president canceled campaign appearances and flew back to Washington, D.C., from Iowa, New Hampshire and South Carolina.

The nine Republican no shows included Sen. John McCain, R-Ariz., who was campaigning for president in Iowa. They said their vote wouldn't have affected the outcome because they would have voted against limiting the debate to the anti-surge resolution. Sen. Tim Johnson, D-S.D., recovering from brain surgery, also was absent.

Several senators were none too happy about having to rearrange their travel plans for a vote whose outcome surprised nobody. Sen. Ted Stevens, R-Alaska, assailed Democratic leaders for calling a rare Saturday session in order to try to "embarrass the 21 of us who are up for re-election (in 2008) on a nonbinding resolution that wouldn't accomplishing anything . . . just to see whether we'd come back to vote."

But Sen. Olympia Snowe, R-Maine, one of the Republicans who joined Democrats in voting to debate the anti-surge resolution, objected to the Senate taking a weeklong recess without debating the war.

After the Senate returns from its weeklong recess, both parties are expected to try to attach war-related amendments to legislation -- including a GOP effort to press for a vote on their resolution opposing any cut in funding for the troops.

Sen. Dianne Feinstein, D-Calif., on Saturday introduced a resolution setting Dec. 31, 2007 as the expiration date for the 2002 congressional resolution that authorized the U.S.-led invasion against Iraq and requiring the president to return to Congress if he wants to extend it.

Sen. Hillary Rodham Clinton, D-N.Y., on Friday introduced legislation that she said would cap the level of U.S. troops in Iraq at the number before the president's buildup and begin a phased redeployment of U.S. troops out of Iraq in 90 days. Her proposal also would prohibit the use of funds to send troops to Iraq, it said, "unless they have the proper equipment and training."

Tom Matzzie, Washington, D.C., director of the liberal MoveOn.org Political Action, said Saturday that Republican senators had given Bush "a green light to escalate (the war)."

Freshman Sen. Jon Tester, D-Mont., lamented, "The Senate can't seem to do anything but debate about whether or not to debate.

War Rebuke Halted In Senate (WT)

By Jon Ward

The Washington Times, February 18, 2007

Senate Democrats yesterday failed in their bid to move forward with a nonbinding resolution opposing President Bush's plan to send 21,500 more troops to Iraq.

The 56-34 roll-call vote was four short of the 60 votes needed to invoke cloture, or to limit debate before a vote. Seven Republicans crossed party lines to vote with Democrats to advance the resolution.

"A majority of the United States Senate is against the escalation in Iraq," said Majority Leader Harry Reid, Nevada Democrat. "As for the Republicans who chose once again to block further debate and protect President Bush, the American people now know they support the escalation" in the number of troops.

It was Mr. Reid's second attempt in less than two weeks to push for a vote on the resolution.

Republicans said they had rebuffed an "unfair" attempt by Mr. Reid to prevent a vote on an alternative resolution that would protect funding for the troops in Iraq.

"There is no place for chicanery at a time of war," said Senate Minority Leader Mitch McConnell, Kentucky Republican. "Even some of the president's most strident opponents know that. They know that the only vote that truly matters is a vote on whether to fund the troops."

The White House yesterday agreed that funding the troops should be a top priority.

"Both houses of Congress within a matter of weeks will conduct binding votes on a matter of cardinal importance for America's future security and global credibility: whether to fund the president's supplemental-funding request for our military," a statement from the White House said. "The president urges both houses to approve his request."

Mr. Reid said the Senate is "moving on" from trying to pass the nonbinding resolution, which cleared the House on Friday by a vote of 246-182.

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He said Democrats will push for further debate on the war by attaching amendments to legislation adopting recommendations from the September 11 commission. That issue will be taken up when the Senate returns Feb. 27 from a weeklong recess.

But Senate Democrats offered no details on how they would try to block Mr. Bush's troop-surge plan.

House Democratic leaders have outlined a strategy to limit military options by restricting the use of money in a military-appropriations bill they will take up next month.

Republicans call that a "slow-bleed" approach that will cut off funds for the war, and Mr. Reid gave no indication of whether he will pursue the same strategy in the Senate.

Nine Republicans and one Democrat did not vote yesterday. One of those who didn't vote was Sen. John McCain, Arizona Republican, a 2008 presidential hopeful.

Mr. McCain, while campaigning in Iowa, told his audience that nonbinding measures are "insulting to the public and the soldiers," according to the Associated Press.

Democrats gained crossover votes yesterday from seven Republicans, up from just two in an identical vote nearly two weeks ago.

The seven Republicans who voted yesterday to advance the measure were Sens. Norm Coleman of Minnesota, Susan Collins of Maine, Chuck Hagel of Nebraska, Gordon H. Smith of Oregon, Olympia J. Snowe of Maine, Arlen Specter of Pennsylvania and John W. Warner of Virginia. Sen. Bernard Sanders, Vermont independent, also voted with the Democrats.

But most Republicans insisted yesterday they will stand their ground.

"Harry Reid is not going to be able to stuff us on this one," Sen. Trent Lott, Mississippi Republican, said after the vote. "Every leader thinks he can be a dictator," said Mr. Lott, who was Senate majority leader from 1996 to 2001. "He cannot."

Republicans were determined not to be portrayed as "blocking debate," as they had been after the previous vote.

"Republicans in the Senate have not prevented any debate over the war in Iraq," said Sen. Jim Bunning, Kentucky Republican, at the beginning of the nearly two-hour debate preceding yesterday's vote. "What we have prevented is the majority leader dictating to the minority exactly which resolutions we will vote on."

Still, Sen. Charles E. Schumer, New York Democrat, vowed that Democrats would "be relentless" in their campaign to end the war in Iraq.

"There will be resolution after resolution, amendment after amendment, all forcing this body to do what is has not done for three years: discuss and debate Iraq," Mr. Schumer said. "Just like in the days of Vietnam, the pressure will mount ... and the vast majority of our troops will have to be taken out of harm's way."

A gallery full of spectators watched yesterday's debate preceding the vote, and more than 100 people stood in line outside the Capitol, waiting to enter.

While Sen. Kay Bailey Hutchison, Texas Republican, was speaking, a lone protester, wearing an American flag bandanna on her head, rose and shouted, according to some in the chamber: "Three-thousand American lives lost. The American people voted bring the troops home."

As Capitol Police officers took the woman out, she shouted, "I yield back the balance of my time," mocking the phrase senators use after finishing their speeches.

No Decision On Iraq Resolution (CHIT)

By Jill Zuckman

Chicago Tribune, February 18, 2007

The Senate expressed strong, bipartisan disapproval of President Bush's policy on Iraq in a rare Saturday session, but lawmakers nevertheless failed to end their debate and pass a non-binding resolution.

One day after the House issued its stinging rebuke to Bush's plan to boost the number of troops in Iraq, the Senate was unable to muster the 60 votes necessary to end a Republican filibuster and pass what has become an important symbol of resistance to the war.

It was the second time in recent days that the Senate was stymied by parliamentary rules requiring the consent of a supermajority before any action could be taken on the anti-war resolution.

The vote was 56-34, with 7 Republicans joining 49 Democrats. Both Illinois senators, Dick Durbin and Barack Obama, voted to cut off debate and proceed to a vote on the resolution.

Frustrated Democrats vowed to continue to press the Iraq issue in the coming weeks on a bill to implement the recommendations of the 9/11 Commission. But they conceded that the resolution itself is dead. Meanwhile, the administration has already begun shoring up combat troops in Baghdad by 21,500 regardless of congressional action.

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"The Senate is not done with this issue," Senate Majority Leader Harry Reid (D-Nev.) declared after the vote. "It's too important to be brushed aside."

Angry Republicans insisted that the language in question would demoralize American soldiers fighting in Iraq. And they rejected assertions that their filibuster was preventing the Senate from debating the merits of the war strategy.

"Here is the truth that the American people need to know: Republicans in the Senate have not prevented any debate over the war in Iraq," said Sen. Jim Bunning (R-Ky.). "We are debating the war again today. We have debated the war in the past and we will continue to debate the war in the future."

The fact that Congress was debating the war issue at all stemmed from the voters' decision in November to throw Republicans out of office and hand control of the legislative branch to the Democrats.

Sitting solemnly as the roll was called, senators stood one at a time and answered aye or nay as their name was called. A number of Republicans decided to skip the vote altogether, including Sen. John McCain (R-Ariz.), who was campaigning for president in Iowa.

But other presidential candidates hastily returned from campaign swings in New Hampshire and South Carolina to cast their vote, including Obama, Hillary Clinton (D-N.Y.) and Christopher Dodd (D-Ct.).

Many senators expressed disgust that they had been dragged into work on the weekend, accusing Democrats of gamesmanship.

Sen. Lindsey Graham (R-S.C.) complained that the Senate was "playing stupid political games" as Reid refused to allow debate on multiple resolutions. And he challenged those that oppose the war to vote to cut off funding, rather than supporting a message of disapproval.

"This is a very, very sad Saturday for the U.S. Senate on the heels of a disaster in the U.S. House, where a majority, a bare majority, of the House wants to send a political message at a time of war that doesn't keep one person from being shot at," Graham said.

The House vote rebuking Bush's war plan was 246-182, with 17 Republicans voting in the majority.

Nevertheless, prominent Senate Republicans such as John Warner of Virginia, a former Secretary of the Navy, argued it was time to move forward, end debate and vote on the resolution.

"We do so because we only wish to express a measure of disagreement on one basic point, an important one, with our president," said Warner, the ranking member of the Armed Services Committee. "We're a co-equal part of our government -- we have the right to respectfully disagree."

Altogether, five Republicans changed their votes Saturday from the one they cast days earlier to prevent the Senate from voting on the resolution.

"In my view, it is most important that the Senate speak out on Iraq. If we continue to debate whether there should be a debate while the House of Representatives acts, the Senate will become irrelevant," said Sen. Arlen Specter (R-Pa.), one of the switchers. "To paraphrase the Roman adage: `The Senate should not fiddle while Iraq burns.' "

With the shadow of Vietnam hanging over the debate, lawmakers said they felt a special duty to take a public stand on the war, nearly four years after it began.

"Just like in the days of Vietnam, the pressure will mount, the president will find he has no strategy, he will have to change his strategy, and the vast majority of troops will be taken out of harm's way and come home," said Sen. Charles Schumer (D-N.Y.), who accused the GOP of "tying itself into a pretzel" to avoid a vote.

Many senators said Congress never authorized the president to use force to quell a civil war, calling the conflict between the Sunnis and the Shias untenable and unwinnable.

"It may be called a surge, but I believe it is a plunge -- a plunge into a sectarian cauldron, a plunge into the unknown and perhaps the unknowable," said Sen. Carl Levin (D-Mich.), chairman of the Armed Services Committee.

Reid Claims Symbolic Victory Even As GOP Blocks Iraq Resolution (RC)

By John Stanton

RollCall.com, February 17, 2007

Despite falling four votes short of breaking a GOP filibuster, Senate Majority Leader Harry Reid (D-Nev.) claimed a symbolic victory in the fight over the Iraq War today as Democrats mustered a bipartisan majority of 56 lawmakers to support taking up a resolution opposing President Bush's plan to increase U.S. troop levels in the war-torn country.

Following the failed cloture vote, Reid withdrew the resolution, essentially ending the chances that it will again come before the Senate this year. In a brief statement following the vote, Reid said that "a majority of the United States Senate just voted on Iraq and a majority of the United States Senate is against the escalation in Iraq."

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Republicans, however, argued that the vote was a victory for their efforts both to back Bush's plan and to protect the procedural rights of the minority. While Minority Leader Mitch McConnell (R-Ky.) argued that "Senate Republicans have indicated once again that they are going to insist on a debate on Iraq that includes funding for the troops," Sen. Lindsey Graham (R-S.C.) characterized the vote as protecting "what the United States Senate has stood for for 200 years ... [that] if an idea has 60 votes, it gets out of the Senate."

Seven Republicans joined 49 Democratic Senators on Saturday in voting to break a filibuster orchestrated by GOP leaders, five more than had joined Reid earlier this month during his first attempt to take up the resolution. GOP Sens. John Warner (Va.), Chuck Hagel (Neb.), Arlen Specter (Pa.), Gordon Smith (Ore.) and Olympia Snowe (Maine) joined Sens. Norm Coleman (Minn.) and Susan Collins (Maine), the only two Republicans to previously oppose the filibuster.

Within minutes of the vote, the Democratic Senatorial Campaign Committee issued a statement attacking Sen. John Sununu (R-N.H.) for supporting the filibuster. Sununu is up for re-election in 2008 and is facing what is expected to be a strong Democratic challenge, and the DSCC's statement is likely a harbinger of what is to come over the next several months for him and other vulnerable GOP incumbents who opposed the resolution.

At a press conference following the vote, Reid indicated that he would not look to bring a nonbinding resolution to a vote again, although he remained noncommittal on whether his party would look to take steps to forcibly bring Bush's surge plan to an end. Reid did say that the Senate would take up a bill addressing the recommendations of the 9/11 Commission when it returns from the recess and that votes pertaining to Iraq could occur at that time.

Campaigns Pause For Senate Vote (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, February 18, 2007

Debate Presents Logistical Challenge for '08 Presidential Hopefuls

Sen. Hillary Rodham Clinton rushed to Washington yesterday afternoon to join the Senate fracas over an Iraq war resolution after telling a New Hampshire audience hours earlier that she would rather lose support for her presidential bid than apologize for her vote in 2002 authorizing the military action.

Under mounting pressure from antiwar Democrats to make amends for her support for the U.S. invasion of Iraq, which she now says was a terrible mistake, Clinton (D-N.Y.) renewed her vow to end the war if she is elected president. But she refused to repudiate her vote, as former Democratic senator John Edwards has done.

"Obviously I would not vote that way again if we knew then what we now know," the Democratic presidential front-runner said during a town meeting in Dover. "But I have to say that if the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from. But to me the most important thing now is trying to end this war."

For Clinton and other presidential aspirants, yesterday posed a logistical challenge in trying to straddle the competing demands of a congressional debate over the course of the war and the early, critical phase of the 2008 presidential campaign. Senate Majority Leader Harry M. Reid's decision to hold a procedural vote Saturday on whether to consider a nonbinding House resolution critical of President Bush's troop buildup in Iraq forced them to scramble their campaign schedules to register votes of little consequence. The Senate fell four votes short of the 60 required to proceed to a floor vote on the resolution.

Clinton scrubbed one scheduled stop in New Hampshire but went ahead with the Dover town meeting before returning to Washington for the vote. In the Senate chamber, she sat composed and quiet in the back row.

Sen. Joseph R. Biden Jr. (D-Del.) had planned to spend the day in Iowa but instead flew back to Washington for the vote, then returned for an evening event. Of all the Senate's presidential hopefuls, he was the only one to speak before the vote.

Sen. Barack Obama (D-Ill.) hurriedly departed a campaign stop in South Carolina to cast his vote before hustling to a campaign appearance in Richmond and then boarding a plane to San Diego. Sen. Sam Brownback (R-Kan.) voted against moving to a debate on the war before rushing to catch a plane to Orlando, where he was to address religious broadcasters.

Sen. John McCain (R-Ariz.), one of his party's front-runners for the 2008 nomination, did not bother to show up. In Iowa yesterday, McCain defended his decision to stay away from Washington in defiant terms, condemning the Senate Democrats for scheduling a rare Saturday vote on what he described as a political charade. He ridiculed the action as a "purely political stunt" that was "insulting to the public and our soldiers" in Iraq.

Other Republicans who showed up for the vote joined in deriding the unusual session as mere grandstanding by Democratic presidential candidates mollifying the party's left flank.

"We're not working," fumed Sen. Lindsey O. Graham (R-S.C.). "We're having a political, theatrical debate that does more harm than good. There are a lot of people who are working on a Saturday, not us. We're trying to jockey for political position among ourselves for '08."

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Brownback was perhaps the only presidential candidate in a quandary over the Senate vote. He has voiced serious concerns over Bush's Iraq policies but has cast himself as a conservative's conservative. Yesterday, he decided to stand by the president and his leadership.

"While I do not think a troop surge is the best course of action, I believe that the Senate should be allowed to vote on resolutions that would demonstrate support for the men and women serving in our military and guarantee they have the funds necessary to complete their mission," Brownback said.

But Clinton had the most to say about the war. A video posted on her campaign Web site detailed what she called a plan to end the war. That proposal would cap the number of troops in Iraq at the January level. "It would be against the law to send more," she said. In a nod to House Democratic plans, she endorsed mandates for the training and equipping of combat troops, proposing that the defense secretary would have to certify that the troops met such standards before they are deployed.

Leading House Democrats hope to condition Iraq deployments on a series of caveats: Combat troops would need a year's rest between tours of duty. Combat tours in Iraq could no longer be extended beyond a year. And the Pentagon's "stop loss" program, which keeps some officers in the military beyond their required years of service, would have to end.

Clinton offered no such details. The political centerpiece of her plan would require the president to seek new authorization for the war in Iraq if troop withdrawals do not begin within 90 days.

"Let me be clear," she stated for the camera. "If George Bush doesn't end this war before he leaves office, when I'm president, I will."

In her morning appearance in New Hampshire, she said Democrats cannot wait for bipartisan solutions to stanch the bleeding from a war that has cost more than 3,100 American lives and more than half a trillion tax dollars. "We have to end this war, and we can't do it without Republican votes," she said.

Graham tried to goad Democrats to go further and vote to cut off funding for the war. Senate Democrats have spent weeks refusing to allow a debate on a Republican resolution opposing any withholding of funds for the troops, and Graham ascribed the maneuvering purely to politics.

"Here's the crux of the matter: The reason we're here on a Saturday playing stupid political games while people are off in Iraq trying to win this war is because our colleagues on the other side of the aisle are afraid to take a vote on cutting off funding," he said. "The reason they don't want to be on record is because the radical left will eat Democrat '08 hopefuls' lunch. They will create a fight on that side of monumental proportions."

As Senate Avoids Debate, Only Statements Are Sartorial (WP)

By Dana Milbank

The Washington Post, February 18, 2007

Senators entered the chamber to vote on the Iraq war yesterday as if emerging from a Lands' End catalogue.

There was Gordon Smith (R-Ore.) in a gray tweed blazer with elbow patches, a purple sweater, lavender shirt and violet tie. Nearby was David Vitter (R-La.), wearing tan slacks and a black knit shirt. No fewer than 17 senators wore navy blazers: Richard Burr (R-N.C.) combined his with green corduroys, Pat Leahy (D-Vt.) with a blue sweater, Tom Carper (D-Del.) with a red sweater, Mitch McConnell (R-Ky.) with a windowpane-pattern shirt, and John Sununu (R-N.H.) with wrinkled khakis.

Other weekend legislators had trouble with the casual Saturday concept. Barbara Boxer (D-Calif.) wore a pink hooded sweater known as a "hoodie," black clogs and white socks. Ken Salazar (D-Colo.) opted for a bolo tie and a western jacket with suede patches on the shoulders. Tom Coburn (R-Okla.) went with blue jeans and a turtleneck. Joseph I. Lieberman (I-Conn.), who does not drive on Saturday because of the Jewish Sabbath, wore hiking boots.

It was, as Ben Nelson (D-Neb.) put it, "a very special occasion." The rare Saturday session, in addition to making the Senate floor look like an Andover reunion, gave the lawmakers one more chance to talk about -- and then vote against -- having a full debate about the direction of the Iraq war. Both sides knew in advance that Republicans still had enough votes to block the debate again (Democrats came up four votes short), but Democrats were determined to cause the GOP maximum discomfort by forcing a vote on the weekend.

"We all know it's rare for the Senate to hold a Saturday vote, but the issue before us is too important to wait," said Harry Reid (D-Nev.), the majority leader.

Lindsey Graham (R-Blue Blazer-Gray Flannel Slacks) referred to see it as "a very, very sad Saturday" for all. "This is being billed as an unusual Saturday session where the Senate is working," said Graham, sporting South Carolina's palmetto-tree emblem on his tie. "I would argue we're not working, we're having a political theatrical debate."

West Virginia's Robert Byrd (D-Beige Suit), who knows something about theatrics, volunteered: "If it will help to bring our soldiers home, I will work every Saturday for the rest of this Congress. I will stand here -- right here! right here! -- on this floor, on

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this floor of this Senate every day, every day, every day, 24 hours every day if it would mean one less family without a son or a daughter. Hear me!"

Alaska's Ted Stevens (R-Blue Blazer-Gray Trousers), was sour about delaying his Presidents' Day recess. "It is an important subject to be debated, but why Saturday?" he complained.

With a few exceptions (Barack Obama sauntered in 20 minutes after the vote began), the Democratic senators attempted a note of solemnity. They sat quietly at their desks for the vote, standing to call out "aye." But Republicans, nine of whom skipped the vote entirely, declined to play. McConnell, the minority leader, ignored the clerk when his name was called. Sam Brownback (R-Kan.) made a show of breezing through -- he put on his overcoat immediately after voting and left with his briefcase -- and fellow Kansan Pat Roberts (R-Blue Blazer-Chinos) wore a blue scarf and playfully swatted colleagues with his driving cap.

Wearied by two weeks of fighting over whether to have an Iraq debate, the senators by yesterday had resorted to calling each other chickens.

"Apparently some in the Senate are afraid of such a debate," said Byrd, who punctuated his taunts by sneezing into his microphone.

"I am not running from a vote," announced Jim Bunning (R-Ky.). "I don't know one of my Republican colleagues that is afraid to cast a vote."

"I applaud the courage of a few hearty Republicans who will vote cloture and allow this vote to occur," Reid bullied.

"I'm not afraid of your ideas," Graham maintained.

McConnell advised the Democrats that their position "takes no courage."

Among the few senators who did demonstrate courage yesterday was John Warner (R-Va.), who was all business in a dark blue suit and a dress shirt with French cuffs. He wore an angry expression as he heard Graham accusing Democrats of following the "politics of the moment" and "trying to jockey for political positioning." As Graham raged on, Warner made a circling motion with his finger and pretended to bang a gavel in an attempt to get the presiding officer to cut Graham off.

"I've been privileged to be a member of the United States Senate now in my 29th year," Warner said when Graham finally was silenced. "Never have I stood on this floor and in any way impugned the integrity of any senator." Siding with the Democrats, Warner declared that "we must move forward" with a debate, adding: "I think I'm doing right for the integrity of this institution."

Graham, who left his desk after his tantrum, must not have heard Warner's reproach. Even after his side prevailed in blocking the debate, Graham was still swinging. "I'm not afraid of any other idea," he boasted at a news conference. "There's nothing on the table I'm afraid of."

Not that anybody doubted Graham. It takes a strong man to wear a palmetto tie.

Senate Blocks Iraq War Resolution Debate (AP)

By David Espo

AP, February 17, 2007

WASHINGTON (AP) -- The Senate gridlocked on the Iraq war in a sharply worded showdown on Saturday as Republicans foiled a Democratic attempt to rebuke President Bush over his deployment of 21,500 additional combat troops.

The vote was 56-34. That was four short of the 60 needed to advance the measure, which is identical to a nonbinding resolution that Democrats pushed through the House on Friday.

"The Senate, on behalf of the American people, must make it clear to the commander in chief that he no longer has a rubber stamp in Iraq," said Majority Leader Harry Reid, D-Nev., in the final moments before the vote.

Republicans blasted him and the Democratic leadership for refusing to allow a vote on an alternative that ruled out any reduction in money for troops in the field.

"A vote in support of the troops that is silent on the question of funds is an attempt to have it both ways," said Sen. Mitch McConnell of Kentucky, the GOP leader. "So we are asking for an honest and open debate."

The vote marked the second time this winter that Senate Republicans have blocked action on nonbinding measures critical of the president's war policies. This time, however, there were signs of restlessness within the GOP.

Seven Republicans broke with their leadership, compared with only two on the previous test vote.

Also this time, the maneuvering concerned a nonbinding measure that disapproved of Bush's decision to deploy the additional troops and pledged to support and protect the troops.

The vote in the House on Friday was 246-182, with 17 Republicans breaking ranks to support the measure and two Democrats voting in opposition.

Saturday's debate and vote occurred in an intensely political environment, both in and out of the Capitol. The unusual weekend session sent presidential contenders in both parties scrambling to make the vote.

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One of them, Democratic Sen. Hillary Rodham Clinton of New York, squeezed in a morning appearance in New Hampshire, where she told one audience, "We have to end this war and we can't do it without Republican votes."

Polls show strong public opposition to the war, which as killed more than 3,100 U.S. troops. Democrats seemed eager to force Republicans into votes that might prove politically troublesome.

"They are torn between their president's policy and the wishes of the constituents, but vote they must," said Sen. Charles Schumer of New York, head of the Senate Democrats' campaign committee.

Democrats in both the House and Senate have said the nonbinding measures would be only the first attempt to force a shift in Bush's war policies.

In the Senate, Reid has told lawmakers he will turn anti-terrorism legislation into a forum for debate over the war. He has met privately in recent days with fellow Democrats as the leadership plans its next move.

In the House, Democrats have said they will attempt to place restrictions on Bush's request for an additional $93 billion for the military in an attempt to make it impossible for him to deploy all 21,500 additional troops.

Rep. John Murtha, D-Pa., has described a series of provisions that would require the Pentagon to meet certain standards for training and equipping the troops, and for making sure they have enough time at home between deployments.

Murtha and House Speaker Nancy Pelosi, D-Calif., describe these provisions as designed to protect the troops.

Republicans argue the effect would be to deny troops needed reinforcements and are expected to try to block the restrictions.

Republicans Block Senate War Debate (POL)

By Daniel W. Reilly, John Bresnahan

The Politico, February 17, 2007

In a rare Saturday session, Senate Republicans blocked Democrats from debating a House-approved resolution rejecting President Bush's plan to send another 21,500 combat troops into Iraq.

Republicans united largely behind Senate Minority Leader Mitch McConnell, R-Ky., and refused to allow the measure to be considered unless they could offer an alternative declaring that funding for military personnel in Iraq would not be cut.

The vote on a cloture motion filed by Senate Majority Leader Harry Reid, D-Nev., was 56 to 34, four short of the 60 votes needed to begin debate.

Seven Republicans voted with the Democrats: Sens. John Warner of Virginia, Norm Coleman of Minnesota, Arlen Specter of Pennsylvania, Chuck Hagel of Nebraska, Gordon Smith of Oregon and Susan Collins and Olympia Snowe, both of Maine.

Only Coleman and Collins had previously sided with the Democrats in an earlier bid to start Senate debate an Iraq resolution that would certainly have led to a rebuke of the president's strategy.

Sen. Joseph I. Lieberman, I-Conn., joined the GOP filibuster Saturday and voted against cloture.

Republican Sens. Bob Bennett of Utah, Kit Bond of Missouri, Thad Cochran of Mississippi, Bob Corker of Tennessee, John Ensign of Nevada, Orrin G. Hatch of Utah, Jon Kyl of Arizona, John McCain of Arizona (read more here) and Lisa Murkowski of Alaska did not vote.

Sen. Tim Johnson, D-S.D., recovering from brain surgery, has been absent from the Senate for several months.

At the White House, press secretary Tony Snow said the president was focusing on votes down the road to fund the war in Iraq, not on the latest "nonbinding" resolutions.

"This week's voting gave the world a glimpse of democracy's vigor," Snow said in a prepared statement. "The next votes should provide unmistakable assurance of this nation's resolve in achieving success, supporting the cause of democracy, and stopping terrorist forces in their ultimate aim of bringing their violence to our shores."

After Saturday's Senate vote, Reid claimed the results showed the president was losing support from Senate Republicans for his plan to "surge" more troops into Iraq to help quell the violence there.

"A majority of the United States Senate just voted on Iraq, and a majority in the United States Senate is against the escalation in Iraq," Reid said.

But McConnell, is a speech on the Senate floor, charged that Democrats want to cut off funds for the troops in Iraq but were afraid to proceed. He characterized as a political stunt a vote on the Iraq resolution that was passed, 246 to 182, by the Democratic-controlled House on Friday. Seventeen House Republicans broke with the president then and supported measure rejecting the troop surge.

"Let those of us who support the president's plan to win in Iraq say so. Let those of us who oppose it say so," McConnell said. "But we will not be forced to vote for a resolution that says we support the troops but does not ask us to seal that pledge with a promise to help them carry out that mission in the only way [we] can — funding their mission."

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And Sen. Lindsey Graham, R-S.C., said: "If you did have this vote, the left, the radical left, would eat every Democratic presidential hopeful alive."

"The hard left wants out of this war yesterday,'' Graham added. “And two-thirds of this body understands the hard left is dead wrong."

Senate Democrats Again Fail To Get Iraq Vote (HILL)

By Klaus Marre, Alexander Bolton

The Hill, February 17, 2007

The effort of Democratic leaders to force a Senate vote on a non-binding resolution opposing a troop surge in Iraq was blocked in a rare Saturday session. Though a majority of senators supported the plan in a 56-34 vote, Democrats were unable to convince a sufficient number of Republicans to support them and failed to get to the 60-vote threshold they needed to move forward.

A day after the House rebuked President Bush's plan to add more than 20,000 combat troops to the existing force in Iraq, Senate Democrats again failed to invoke cloture and move to a vote on the underlying resolution. But while they fell short by 11 votes on February 5, this time they were only four votes shy of getting cloture.

Republicans supporting the measure were Sens. John Warner (Va.), Arlen Specter (Pa.), Susan Collins (Maine), Chuck Hagel (Neb.), Gordon Smith (Ore.), Olympia Snowe (Maine) and Norm Coleman (Minn.).

Sen. Joe Lieberman (Conn.), an independent who caucuses with the Democrats, voted against cloture.

Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.), two of the frontrunners for the Democratic presidential nomination, decided to be in Washington for the vote rather than go campaigning. Sen. John McCain (Ariz.), a contender for the Republican nomination, did not vote.

The debate leading up to the vote Saturday was marked by heated rhetoric and interrupted by a protestor who had to be removed from the gallery.

Sen. Lindsey Graham (R-S.C.) said the day marked a "low-point" in his career as a senator. He accused Democrats of playing "stupid political games," adding that if they think the situation in Iraq could not be salvaged, then they should just vote to cut off funding.

Several Republicans strongly criticized Democratic leaders for how they have handled the issue, accusing them of partisanship and trampling on minority rights in the Senate. The GOP wants to vote on its own resolutions on the issue.

"The Senate is the greatest deliberative body in the world, but it's becoming clear that differing views and amendments will not be considered," said Sen. John Ensign (R-Nev.). "The Democrats' hypocrisy is becoming a pattern that ignores their promises of bipartisanship."

But Democrats rejected those assertions and Sen. Charles Schumer (D-N.Y.) said the vote was about Senators standing up and declaring where they stand on Iraq.

Senate Majority Leader Harry Reid (D-Nev.) stated prior to the vote that it was "an opportunity to send a powerful message." Reid and other Democrats accused Republicans of using Senate procedures to avoid a debate on the issue.

Sen. Robert Byrd (D-W.Va.) said the Senate is "probably the only place" in the country where the debate on the Iraq war is not taking place.

Schumer said the resolution is the first step in ratcheting up the pressure on Bush and predicted eventually this would lead the president to change his strategy and eventually help get the troops home.

"This is not a fight against terrorism - this is a civil war…," Schumer said, calling Bush's Iraq policy misguided.

Following the vote Reid, when asked what the next step would be and whether it would include cutting funding, said, "I know of no talk at this stage about cutting funding."

Reid also stated that the Senate would move onto other issues. The upper chamber will take up legislation implementing the recommendations of the 9/11 commission after the Presidents' Day break. Senators are expected to offer amendments related to the war to that bill.

Senate Won't Vote On Objection To Troop Buildup (CNN)

CNN.com, February 17, 2007

WASHINGTON (CNN) -- Senate Democrats failed to garner the 60 votes they needed to consider a nonbinding resolution opposing President Bush's plan to send more troops to Iraq.

The vote was 56-34, with seven Republicans crossing the aisle to vote with senators who oppose the troop buildup.

The measure was identical to a nonbinding resolution the House passed Friday denouncing the plan to send 21,500 additional troops to Iraq.

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"We are policing a civil war in Iraq," Sen. Charles Schumer, D-New York, said before the vote. "American troops should not be in the middle of that war."

He added, "The president's escalation is misguided, to put it kindly."

The Saturday vote was a procedural decision on whether the Senate should move on to a final vote on a resolution that expresses opposition to Bush's plan.

Republicans pushed for an amendment by Sen. Judd Gregg, R-New Hampshire, that would address funding of the war, which they said would make the vote meaningful.

"This nonbinding resolution, as a practical matter, doesn't do anything, but was designed to try to disapprove of the new mission," Minority Leader Mitch McConnell, R-Kentucky, said after the vote. "Our view is you cannot discuss the new mission in Iraq without discussing funding for the troops."

McConnell said the Senate should have considered another resolution, put forward by Republicans John McCain of Arizona and Lindsey Graham of South Carolina and independent Joe Lieberman of Connecticut, which includes benchmarks to measure Iraqi progress toward security goals.

In a written statement after the vote, White House press secretary Tony Snow urged Congress to approve Bush's funding request for the military.

"It would enable the world's most capable military force to remain the most advanced in terms of training, equipment, doctrine and -- most importantly -- the quality of the men and women who serve," Snow said.

Graham said politics made Democrats afraid to allow a vote on funding the war.

"If you did have this vote, the left -- the radical left -- would eat every Democratic hopeful for president alive," Graham said. "That's why we're not having this vote. The hard left wants out of this war yesterday."

Senate Republicans succeeded earlier this month in blocking a vote on a similar resolution. Majority Leader Harry Reid of Nevada urged Senate Republicans to drop their procedural moves.

In the House, 17 Republicans joined Democrats on Friday in passing the two-sentence resolution. It expresses support for U.S. troops in Iraq but states that Congress "disapproves" of Bush's troop increase.

On February 5, all but two GOP senators voted to block debate on the similar resolution. Saturday's vote saw five more GOP senators join the Democrats.

They were Sens. John Warner of Virginia, Norm Coleman of Minnesota, Susan Collins of Maine, Chuck Hagel of Nebraska, Gordon Smith of Oregon, Olympia Snowe of Maine and Arlen Specter of Pennsylvania.

"We support the president on the diplomatic aspects of his plan. We support the president on the economic aspects of his plan," Warner said.

"We only disagree with one portion of it: Mr. President, do you need 21,500 additional men and women of the armed forces in this conflict?" Warner said.

Sen. Carl Levin, a Michigan Democrat, backed the chance to vote on the resolution.

"If we believe plunging into Baghdad neighborhoods with more American troops will not increase chances of success, we are duty-bound to say so," Levin said.GOP insisted on 'measure of fairness'

Republican leaders insisted that members get a chance to vote on two GOP alternatives, and that the process be conducted under rules that called for 60 votes to pass.

Republican critics have claimed that passing the resolution could lead to a cutoff in funding for the troops.

Minority Leader Mitch McConnell, R-Kentucky, said before the vote that Republicans would insist on "a measure of fairness," allowing them to offer alternative resolutions -- including one stating the Senate won't cut off money for troops in the field.

"If we have only one alternative, it will involve a vote on funding the troops," McConnell said.

Published polls indicate a solid majority of the U.S. public opposes the Bush plan, and Democrats said the November election victories that put them in control of Congress show Americans want to wind down the nearly four-year-old war.Bush challenges Congress not to cut funding

Bush noted Thursday that the Senate recently confirmed the promotion of Gen. David Petraeus, the new commander of U.S. troops in Iraq, even as members criticized the strategy he was installed to pursue.

Secretary of State Condoleezza Rice made an unannounced visit to Iraq on Saturday on her way to meet with Middle East leaders. She told troops there that despite the political debate, their efforts are appreciated back home.

Though the president said lawmakers "have every right to express their opinion," he demanded they support an upcoming spending bill that would commit nearly $100 billion more to the war effort.

"Our men and women in uniform are counting on their elected leaders to provide them with the support they need to accomplish their mission," Bush said.

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US Senate Blocks Vote On Iraq War (BBC)

BBC.com, February 17, 2007

The US Senate has decided not to debate a resolution criticising President George W Bush's troop surge in Iraq.

The rare Saturday session followed a non-binding vote backing the resolution in the House of Representatives.

In the House, 17 Republicans had joined the majority Democrats to oppose the increase of 21,500 troops.

Democrats needed the support of 60 of the 100 senators to advance the same motion in the Senate, but they only managed to gain 56 votes in favour.

Mr Bush still faces battles with Congress over funding for US troops in Iraq.

Although both the Congressional resolutions are non-binding, the president needs the legislators to support his $93bn (£48bn) emergency troop-funding measure.

The White House has dismissed the vote, and warned Congress against trying to cut off funding.

Under Mr Bush's new Iraq strategy, 21,500 extra troops are being sent, mostly to the capital Baghdad, to help enforce new security measures.

Senate Democrats were hoping to repeat their Friday success in the House, when the motion criticising the president's Iraq policy was passed by 246 votes to 182.

"Today's vote is an opportunity to send a powerful message," said Democrat majority leader, Senator Harry Reid, during an emotional discussion.

"The Senate's responsibility must be to vote on escalation, whether the so-called surge is supported or opposed. This is the choice. More war, or less war," the Democrat leader told the Senate.

Republicans sought debate on a different motion, which would have ruled out any budget cuts affecting troops already in Iraq.

"A vote in support of the troops that is silent on the question of funds is an attempt to have it both ways," said Senator Mitch McConnell, the Republican leader.

Only seven Republicans broke ranks with the party, and so the Democrats failed to reach the 60 votes needed to pass the motion.

'Tragic goal'

The House vote on Friday in support of the non-binding motion brought to a close the first full debate there since the Democrats took control of Congress in November.

Speaking after the vote, House of Representatives Speaker Nancy Pelosi said it would send an unmistakable signal to the White House.

"The bipartisan resolution today may be non-binding. But it will send a strong message to the president - we here in Congress are committed to protecting and supporting our troops."

House Minority Leader John Boehner had urged lawmakers to vote against the motion, saying it was "the first step towards a tragic, unthinkable goal".

Rice, In Surprise Baghdad Visit, Presses Leaders For Progress (NYT)

By Damien Cave

The New York Times, February 18, 2007

BAGHDAD, Feb. 17 — Secretary of State Condoleezza Rice made a surprise visit to Baghdad on Saturday to meet with Iraqi officials about the new security plan and to press the Shiite-led government to accelerate reconciliation, reconstruction and economic progress.

Iraqi officials in recent days have said the start of the new push for security in Baghdad has been a success, significantly reducing violence.

Ms. Rice, in a meeting with reporters after her talk with Prime Minister Nuri Kamal al-Maliki and other Iraqi leaders, said it was still too early to judge the effectiveness of the new plan. But she said she had pushed the Iraqis to think beyond short-term security, to how neighborhoods and Iraqi civil society could be rebuilt if sectarian violence between the ruling Shiites and the minority Sunnis subsided.

She said she had told Iraq's leaders to quickly finish work on an oil law that would distribute revenues evenly among Iraq's population. She also stressed the importance of creating a more balanced government by rehiring thousands of Sunni civil servants whom the Americans fired soon after the invasion in 2003, fearing they would remain loyal to Saddam Hussein.

She described both proposed moves as proxies for larger, still unanswered questions about whether Iraq could become a truly united country.

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"I'm told that the oil law is almost complete." she said. "I did say to my colleagues that I've heard it's almost complete before, and this time I hope it really is complete — as in, complete — because people are looking to see some elements of national reconciliation put into place. It's really critical."

The Baghdad stop, tagged on to Ms. Rice's scheduled trip to Israel, comes at a politically delicate time for the Bush administration. On Friday, a sharply divided House of Representatives passed a resolution formally repudiating President Bush's decision to send more than 20,000 new combat troops to Iraq.

The rare wartime rebuke to the commander in chief — an act that is not binding but carries symbolic significance — was approved 246 to 182, with 17 Republicans breaking ranks to join all but 2 Democrats in supporting the resolution.

Ms. Rice said she used the restiveness in Washington to underline for Iraqi officials the spread of American frustration with Iraq's lagging political and economic progress.

She said she had "made clear that some of the debate in Washington is, in fact, indicative of the concerns that the American people have about the prospects for success" if Iraq's leaders did not quickly take actions to ensure longer-term stability.

Ms. Rice also addressed the administration's recent claim that the Quds Force, an elite branch of Iran's Islamic Revolutionary Guard, had supplied Shiite militants in Iraq with deadly roadside bombs that had killed American troops. Echoing comments made by President Bush, Ms. Rice said she did not know whether the top levels of Iran's government had approved delivering the weapons to Iraq. But she said she did not think that excused Iran.

"It is an activity that is done by an element of the Iranian government," she said, "so I think the Iranian government has to be held accountable for it."

Earlier Saturday, Ms. Rice addressed about 25o American soldiers and civilian State Department employees at a palace that doubles as the United States Embassy. Standing in a cavernous lounge, beside an American espresso bar and below gilded ceilings embossed with Mr. Hussein's initials, she acknowledged criticism over the war in Congress.

"Some do not think this war was the right war to fight," she said. "Some believe we in the administration haven't fought it quite right." But she also insisted that, despite those disagreements, both Democrats and Republicans appreciated the troops' efforts.

"We can have our discussions and debates at home, but Americans want to win this war," she said. "You're in a noble cause."

Mr. Rice also said that Iraq's struggles for stability were not dissimilar from what the United States once experienced: "Perfect union was imperfect at its start."

She said Iraq's situation was similar, and she cautioned against viewing Iraqis as less competent at building a democracy. "Usually people think of war and peace," she said. "We all know that, in between, there's a lot."

Ms. Rice's visit came on a day of relative calm in Baghdad, but in the northern city of Kirkuk, two car bombs near the offices of a Kurdish political party, the Patriotic Union of Kurdistan, killed nine people.

After her day in Baghdad, Ms. Rice traveled to Israel for a meeting on Monday between the Palestinian Authority president, Mahmoud Abbas, and the Israeli prime minister, Ehud Olmert.

In Baghdad, Rice Acknowledges Frustrations In U.S. (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 18, 2007

BAGHDAD, Feb. 17 -- Secretary of State Condoleezza Rice expressed support for a nascent Baghdad security plan during an unannounced visit to the capital Saturday, but she reminded Iraq's leaders that Americans were growing increasingly frustrated with the unyielding lethality and cost of the war.

Rice spoke approvingly of Prime Minister Nouri al-Maliki's leadership, urged Iraqi officials to enact laws to fairly administer the country's vast oil reserves and acknowledged widespread disapproval of the Bush administration's policies in Iraq among many Americans and U.S. lawmakers.

She arrived in the capital a day after the U.S. House passed a nonbinding resolution rejecting the administration's troop increase in Iraq, where violence has become the norm in the streets and squabbling dominates the political process.

"The American people want to see results and aren't prepared to wait forever," Rice said during a 30-minute conversation with reporters in U.S. Ambassador Zalmay Khalilzad's living room. "But we're also not saying to the Iraqis: Get it done by X-date, or else. That's not the way one treats a partnership in these difficult circumstances."

Rice met with Maliki and President Jalal Talabani and later had lunch at the U.S. ambassador's residence with a group that included the Kurdish deputy prime minister and the country's foreign minister. She said the Baghdad security plan, which was formally launched this week, was bringing "new hope and a new optimism" to the besieged Iraqi capital. A spokesman for the

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security plan said attacks have fallen 80 percent since it was launched Wednesday, and there were relatively few reports of violence Saturday.

Ten people were killed and 90 injured in two car bombs in the northern city of Kirkuk, police said, and an improvised explosive device killed one person in Baghdad. The U.S. military announced that a Marine was killed Friday in combat in the western province of Anbar. His name was not released.

Rice praised Maliki for vowing to target lawlessness across sectarian lines.

"Thus far, they seem to be carrying through with the rules of engagement that would suggest that justice and law enforcement is going to be evenhanded," Rice said. "These are the first days of the security plan. It's not going to be one day and then everyone can declare victory . . . There are going to be bad days in the Baghdad security plan when violence is up."

Rice asked insistently about the progress of legislative bills that would regulate the exploration and revenue sharing of the country's oil reserves, according to Iraqi officials who spoke to her.

Iraqi officials tasked with creating a draft law have failed to present a bill to parliament. At stake is the extent to which the central government will control exploration and management of oil fields and whether revenue will be distributed equally across the country.

Iraq's oil reserves are concentrated in the northern Kurdish area and provinces in the predominantly Shiite south.

"I did hear it's almost complete," Rice said about a status report she received on the draft of the bill. "I've heard that it's complete before. And this time, I hope it really is almost complete -- as in complete."

Rice left with a realistic sense of the challenges that lie ahead, said Hoshyar Zebari, Iraq's foreign minister.

"She emphasized a great deal the issue of urgency," Zebari said in a telephone interview Saturday night. Rice stressed to Iraqi leaders that "patience is not unlimited in the United States and that there's a great deal of frustration," he added.

Rice said U.S. officials believe Iranian officials are involved in supplying Iraqi militias with parts to assemble deadly armor-penetrating weapons. But Rice said she did not know to what extent and at what level Iranian officials are complicit in their procurement.

When asked whether she was surprised by the skepticism that followed assertions last week by U.S. military briefers in Baghdad that Iranian weapons were being provided to Shiite militias in Iraq, Rice responded, "It's America, it's a democracy. And everything is greeted with questioning and skepticism . . . We understand there's still the shadow of what happened about weapons of mass destruction here."

Rice arrived at the Baghdad airport at 11:30 a.m. and arrived minutes later at the fortified Green Zone, where embassy and military personnel were gathered at a large meeting hall inside the former national guard palace, which was converted into the interim U.S. Embassy after Iraqi president Saddam Hussein was overthrown in 2003.

Standing behind a lectern flanked by an Iraqi and a U.S. flag, Rice told those present that their work is "noble" and "necessary" to keep the United States safe. She acknowledged the fierce opposition in Washington to President Bush's decision to send 21,500 additional troops to Iraq in what many see as a last-ditch effort to secure the country and lay the groundwork for a sustainable democracy.

"Some do not think this war was the right war to fight," she said. "Some believe we in the administration haven't fought it quite right."

But she assured the group there is unequivocal support for the troops.

Rice was accompanied by Karen Hughes, the undersecretary of state for public diplomacy and public affairs. Hughes, a close friend of Bush, had not previously visited Iraq.

Rice and Hughes were shuttled around the Green Zone in heavily armored vehicles, trailed by dozens of security guards. While Rice met with Maliki and Talabani, Hughes attended a musical performance at the al-Rashid Hotel, inside the Green Zone. Neither spent time outside the secured compound.

After her stop in Baghdad, Rice flew to Israel for a three-day visit to try to nurture a new effort to promote peace between the Israelis and Palestinians. Her mission has been complicated by a new Palestinian unity government that brings the moderate Fatah party into a government led by the radical Hamas group.

Rice will bring the Israeli and Palestinian leaders together for a meeting Monday, but both sides appeared to be jockeying for position ahead of the summit. Before having dinner with Rice, Israeli Foreign Minister Tzipi Livni hardened Israel's stance on the emerging government, saying "the understandings" between Hamas and Fatah "do not meet the requirements of the international community."

Palestinian Authority President Mahmoud Abbas also took a tough line, telling a U.S. envoy Saturday that the power-sharing agreement he reached was the best he could get and that an international aid boycott must be lifted, Palestinians said.

Rice, In A Surprise Visit, Urges Iraqis To Reconcile (LAT)

DOJ_NMG_0133414

By Louise Roug
The Los Angeles Times, February 18, 2007
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BAGHDAD — Secretary of State Condoleezza Rice made a surprise visit to Baghdad on Saturday and urged Shiite, Sunni and Kurdish politicians to use a lull in violence resulting from a new security plan to reach long-delayed agreement on key political issues.

Her visit came as the much-vaunted plan, called Operation Law and Order, was getting underway in Iraq's capital. An Iraqi military spokesman said that attacks had already dropped significantly and that many fewer bodies were being brought to the morgue.

"How the Iraqis use the breathing space that [the plan] might provide is what's really important," Rice said during her half-day visit to Baghdad's heavily protected Green Zone. Iraqi security forces were "off to a good start," but it was still early, she said.

"There are going to be bad days for the Baghdad security plan, when violence is up — not down," she said. "The real test will be steering a steady course."

Though Baghdad has appeared calmer, attackers have hit elsewhere. In Kirkuk on Saturday, bombers killed six people and wounded 75. High-ranking Iraqi military officials have recently noted a significant increase in attacks in and around Kirkuk.

Kurds, Arabs and Turkmens all want control of the city and the surrounding region. At stake are land, water and some of Iraq's richest oil reserves.

Baghdad effort

In Baghdad, a crackdown that eventually will involve as many as 27,000 additional American and Iraqi troops began Wednesday. Despite opposition among the American public and in Congress to President Bush's plans to send more troops to Iraq, at least 5,000 more U.S. and Iraqi troops have joined the thousands already patrolling the streets of the capital.

The U.S. House on Friday passed a nonbinding resolution opposing Bush's plan to send 21,500 more troops to Iraq. Republicans blocked an effort to pass an identical resolution Saturday in the Senate.

Brig. Gen. Qassim Musawi, an Iraqi military spokesman, said that violence and crime in Baghdad had decreased by more than 80% and that at least 144 people had been detained in sweeps over the last three days.

A statement from Prime Minister Nouri Maliki's office said the plan also had resulted in the return of 107 displaced families to their homes. As many as 50,000 Iraqis are forced from their homes every month, joining 3.8 million others who have sought refuge elsewhere in the country or in neighboring states, according to the United Nations.

On Saturday, Rice met with Maliki, a Shiite; President Jalal Talabani, a Kurd; Vice President Tariq Hashimi, a Sunni; and others.

Iraq's religious and ethnic groups have been unable to agree on one of the most fundamental issues: how to share the country's oil resources. Lawmakers also have bickered over how to deal with onetime members of former President Saddam Hussein's Baath Party.

"I'm told that the oil law is almost complete." Rice said. "I did say to my colleagues that I've heard it's almost complete before, and this time I hope it really is complete … because people are looking to see some elements of national reconciliation put into place. It's really critical."

Rice said U.S. commanders have told her that troop strength among Iraqi units in the Baghdad operation is as high as 90%. Initial reports had put them at about 50%.

But she reiterated that political progress would have to accompany any military advances.

"We've got to be sure not just to concentrate on the security plan…. The political side does need to keep pace."

Because of military action on the ground, Rice's plane circled above the city for half an hour before landing, according to the Associated Press.

In a 10-minute address in the Green Zone, Rice urged hundreds of American troops and U.S. Embassy staff members to be patient, saying they were engaged in a "noble cause."

"When you see Iraqis toiling and squabbling and struggling," she said, "remember it's not easy to build a democracy."

But she also said the Bush administration didn't have unlimited patience.

"The United States is investing a great deal, most especially the lives of our men and women in uniform, and the American people want to see results and aren't prepared to wait forever," she said.

After meeting with Iraqi politicians and Western journalists, Rice flew by helicopter from the Green Zone to another U.S. military base, where she met Army Gen. David H. Petraeus, the new commander of U.S. forces in Iraq.

Iraqi authorities said Saturday that they had recovered five bodies in a Baghdad neighborhood just west of the Tigris River, significantly fewer than usual.

Marketplace targeted

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But bombers and gunmen attacked elsewhere in the country. The double car bombing in Kirkuk that killed six hit a marketplace in a predominantly Kurdish part of town.

The explosions ripped through residences and storefronts, setting fire to at least a dozen cars. A woman picked through the debris after the explosion, crying and screaming as she looked for her 12-year-old son.

Azad Mustafa, 28, said the explosion knocked him over as he stood in his shop.

"The scene was like doomsday," he said, "torn bodies everywhere, injured people screaming, burning cars."

The U.S. military said a Marine was killed Friday during combat in Al Anbar province, bringing the number of U.S. deaths in Iraq to at least 3,133, according to icasualties.org, a website that tracks military casualties.

In Kut, gunmen shot an Iraqi police officer in front of his house.

In Hillah, police recovered two bodies.

Rice: U.S. Has Doubts On Iraq Democracy (AP)

By Anne Gearan

AP, February 18, 2007

Secretary of State Condoleezza Rice told Iraqi government leaders Saturday that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence.

"Some of the debate in Washington is in fact indicative of the concerns that some of the American people have ... if the Iraqi government doesn't do what it has said it will do," Rice said she told leaders from all of Iraq's factions.

Rice made an unannounced visit to Baghdad as the U.S. Senate deadlocked on whether to repeat a symbolic rebuke that the U.S. House handed Bush on Friday when it opposed the administration's deployment of additional combat troops to Iraq.

Although Rice used her visit to publicly praise the Iraqi government's role in a new security crackdown in Baghdad, an Iraqi official said she was more critical in private.

Rice told Iraqi leaders that the Baghdad security operation needs to "rise above sectarianism" and noted that no U.S. or Iraqi forces have yet moved into the capital's major Shiite militia stronghold, the Iraqi official said.

The official said Rice told Prime Minister Nouri al-Maliki that the initial stage of the crackdown, which began Wednesday, appeared to focus on Sunni areas and had left Sadr City, stronghold of the Mahdi Army militia, nearly untouched.

The official spoke on condition of anonymity because he is not authorized to release the information to the media.

He said Rice stopped short of accusing the Iraqis of displaying pro-Shiite bias in the operation and said it appeared that the crackdown was going well.

Documents captured during a raid about a month ago show that al-Qaida in Iraq has a carefully planned strategy aimed at downing coalition aircraft using a variety of weapons, said a U.S. defense official, who spoke on condition of anonymity because of the sensitivity of the information.

The official said the documents provide fresh evidence that the al-Qaida insurgency is adapting and posing new threats to U.S. forces. The contents of the seized materials were summarized in an intelligence report analyzing recent helicopter crashes.

The New York Times, which first reported on the intelligence analysis, said militants want to concentrate on air forces. "Attacks on coalition aircraft probably will increase if helicopter missions expand during the latest phase of the Baghdad Security Plan or if insurgents seek to emulate their recent successes," the paper quoted the intelligence report as saying.

In the last month, at least six U.S. helicopters have gone down; five of the crashes were blamed on hostile ground fire. The deadliest was a Black Hawk hit by small arms fire on Jan. 20, killing all 12 soldiers aboard.

On Feb. 2, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowleged that ground fire has been more effective against U.S. helicopters recently. He said he didn't know "if this is some kind of new tactics or techniques that we need to adjust to."

Stakes are high for the plan to bring down violence in Baghdad, both to encourage Iraqis to trust their government and police and to demonstrate progress to an American public increasingly fed up with the war.

Bush's approval rating stands at 32 percent, tied for his lowest standing in Associated Press-Ipsos polling, and most people in the United States find fault with his handling of the nearly four-year-old Iraq war.

"The United States is investing a great deal, most especially the lives of our men and women in uniform, and the American people want to see results and aren't prepared to wait forever to see those results," Rice told reporters.

Although reports from the first day or two of the operation placed Iraqi force participation at 45 percent to 55 percent of full strength, Rice said commanders have told her that Iraqi participation is now as high as 85 percent to 90 percent.

She said the Iraqi government is meeting a test she had set for its commitment to the plan by ensuring that the rules of engagement for the joint forces are equitable and nonsectarian. She said Iraqi leaders are also ably describing and defending the plan to Iraqis.

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Rice is the highest-ranking U.S. official to visit Iraq since last month's announcement of the security campaign. Her stop, coinciding with the congressional debate, appeared to reflect a calculation by the administration that focusing on potentially promising developments in Iraq was the best response to the congressional voting.

Meeting with a small group of troops and U.S. Embassy staff inside the old Saddam Hussein-era palace that serves as U.S. headquarters in the fortified Green Zone, Rice referenced the week of bitter debate on Capitol Hill.

"Some do not think that this was the right war to fight, and others think that we in the administration haven't fought this war quite right," but still support U.S. forces and others in harm's way.

"I keep hearing and reading the American people don't want to fight this war anymore. I don't think that's right. The American people want to know that we can succeed," Rice said.

The Bush administration so far has spent more than $350 billion on the war and reconstruction. More than 3,100 U.S. troops have died in the conflict. Bush's approval

Violence in Baghdad has dropped off sharply since the military push began earlier this week. U.S. military planners, however, caution that any attempt to stabilize Baghdad could take months and militants are not likely to leave without a fight.

Ten bodies were reported by the morgue in the capital on Friday, compared to an average of 40 to 50 per day common in recent months, as parts of Baghdad have descended into a lawless jumble of gang killings and sectarian payback.

New checkpoints have gone up around the city, creating long traffic jams as vehicles are searched. Iraqi tanks have pushed into areas where roaming gunmen and militant groups have ruled.

Rice's Iraq visit was a sidelight to a trip otherwise devoted to energizing stagnant peace efforts between Israel and the Palestinians.

That mission was complicated by last week's announced power-sharing pact between the U.S-backed Palestinian President and Hamas militants whom the Bush administration considers terrorists.

Rice will spend several days in Israel, the West Bank and Jordan before reporting on peace prospects at meetings in Europe.

Associated Press writer Katherine Shrader in Washington contributed to this report.

Rice Pushes Iraqis, Seeks To "See Results" (WT/AP)

By Anne Gearan, Associated Press

The Washington Times, February 18, 2007

BAGHDAD, Iraq -- Secretary of State Condoleezza Rice told Iraqi government leaders yesterday that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence.

"Some of the debate in Washington is in fact indicative of the concerns that some of the American people have ... if the Iraqi government doesn't do what it has said it will do," Miss Rice said she told leaders from all of Iraq's factions.

Miss Rice made an unannounced visit to Baghdad as the U.S. Senate debated whether it would repeat a symbolic rebuke that the U.S. House handed Mr. Bush on Friday when it opposed the administration's deployment of additional combat troops to Iraq. Senate Republicans thwarted the move with a filibuster.

Although Miss Rice used her visit to publicly praise the Iraqi government's role in a new security crackdown in Baghdad, an Iraqi official said she was more critical in private.

Miss Rice told Iraqi leaders that the Baghdad security operation needs to "rise above sectarianism" and noted that no U.S. or Iraqi forces have yet moved into the capital's major Shi'ite militia stronghold, the Iraqi official said.

The official said Miss Rice told Prime Minister Nouri al-Maliki that the initial stage of the crackdown, which began Wednesday, appeared to focus on Sunni areas and had left Sadr City, stronghold of the Mahdi Army militia, nearly untouched.

The official spoke on the condition of anonymity because he is not authorized to release the information to the media.

He said Miss Rice stopped short of accusing the Iraqis of displaying pro-Shi'ite bias in the operation and said it appeared that the crackdown was going well.

Stakes are high for the plan to bring down violence in Baghdad, both to encourage Iraqis to trust their government and police and to demonstrate progress to an American public increasingly fed up with the war.

"The United States is investing a great deal, most especially the lives of our men and women in uniform, and the American people want to see results and aren't prepared to wait forever to see those results," Miss Rice told reporters.

Although reports from the first day or two of the operation placed Iraqi force participation at 45 percent to 55 percent of full strength, Miss Rice said commanders have told her that Iraqi participation is now as high as 85 percent to 90 percent.

She said the Iraqi government is meeting a test she had set for its commitment to the plan by ensuring that the rules of engagement for the joint forces are equitable and nonsectarian. She said Iraqi leaders are also ably describing and defending the plan to Iraqis.

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Miss Rice is the highest-ranking U.S. official to visit Iraq since last month's announcement of the security campaign. Her stop, coinciding with the congressional debate, appeared to reflect a calculation by the administration that focusing on potentially promising developments in Iraq was the best response to the congressional voting.

Violence in Baghdad has dropped off sharply since the military push began earlier last week. U.S. military planners, however, caution that any attempt to stabilize Baghdad could take months and militants are not likely to leave without a fight.

A twin bombing left 11 dead in northern Iraq and U.S. aircraft went in action yesterday against Sunni insurgents west of Baghdad.

The bombers struck in a Kurdish neighborhood of the oil city of Kirkuk, about 180 miles north of Baghdad, as streets were filled with cars and pedestrians.

Police and witnesses said the first blast occurred near shops and a bus depot. Minutes later, a suicide car bomber attacked the same area. Terrified shoppers fled screaming in panic amid burning cars and debris. A restaurant owner lay screaming on the sidewalk, his body soaked with hot cooking oil after one of the blasts hurled him onto the curb.

Eleven persons were killed in the two blasts and 65 were wounded, police Brig. Gen. Sarhat Qader said. Sunni Arabs and Kurds have laid rival claims on Kirkuk and its oil wealth.

In Ramadi, a Sunni insurgent hotbed 70 miles west of the capital, U.S. jets strafed gunmen after they ambushed a U.S. patrol, said 2nd Lt. Roger Hollenbeck, a Marine spokesman.

Hours later, U.S. aircraft destroyed a car with gunmen who were trying to escape after they attacked an Army patrol, Lt. Hollenbeck said.

Some U.S. officers think Sunni and Shi'ite extremists have fled Baghdad to avoid the crackdown, citing an increase in attacks in provinces that border the city.

Bomb Blasts Kill 11 In Northern Iraq (AP)

AP, February 17, 2007

BAGHDAD (AP) — A twin bombing left 11 dead in northern Iraq and U.S. aircraft went in action against Sunni insurgents west of Baghdad, as Iraqi officials claimed early success in the campaign to restore order in the capital.

U.S. Secretary of State Condoleezza Rice paid an unannounced visit to Baghdad on Saturday to discuss the security crackdown. She urged the Iraqis in a private meeting to "rise above sectarianism" and pursue Shiite as well as Sunni extremists, an Iraqi official said.

Rice also told Iraqi government leaders that the contentious debate in Washington over President Bush's war strategy reflects U.S. doubts that democracy will prevail over violence.

"Some of the debate in Washington is in fact indicative of the concerns that some of the American people have ... if the Iraqi government doesn't do what it has said it will do," Rice said she told leaders from all of Iraq's factions.

The bombers struck in a Kurdish neighborhood of the oil city of Kirkuk, about 180 miles north of Baghdad, as streets were filled with cars and pedestrians on the main shopping day of the week.

Police and witnesses said the first blast occurred near shops and a bus depot. Minutes later, a suicide car bomber attacked the same area.

The back-to-back lasts shattered about 20 shops as terrified shoppers fled screaming in panic amid burning cars and debris.

A total of 11 people were killed in the two blasts and 65 were wounded, police Brig. Gen. Sarhat Qader said. Sunni Arabs and Kurds have laid rival claims on Kirkuk and its vast oil wealth.

In Ramadi, a Sunni insurgent hotbed 70 miles west of the capital, U.S. jets strafed gunmen with 40mm machine gun fire after they ambushed a U.S. patrol with small arms and rocket-propelled grenades, a Marine spokesman 2nd Lt. Roger Hollenbeck said.

Hours later, U.S. aircraft used precision weapons to destroy a car with gunmen who were trying to escape after they attacked a U.S. Army patrol with small arms fire, Hollenbeck said.

There were no U.S. casualties, but Hollenbeck said eight insurgents were killed — four in each attack.

The attacks north and west of the capital contrasted with a lull in major violence in Baghdad as U.S. and Iraqi forces try to regain control from sectarian militias and criminal gangs.

Some U.S. officers believe Sunni and Shiite extremists have fled Baghdad to avoid the crackdown, citing an increase in attacks in provinces that border the city.

The U.S. military said Saturday that a Marine was killed the day before during combat operations in Anbar province, which includes Ramadi. It was the first U.S. death reported since Wednesday when five soldiers were killed — all but one of them in Diyala province northeast of Baghdad.

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Iraqi authorities said they foiled a would-be suicide attack near Karbala, about 80 kilometers (50 miles) south of Baghdad. A minivan came under fire after the driver failed to slowdown at a checkpoint, and then detonated the explosives and was killed in the blast, said Karbala police spokesman Rahman Mishawi. There were no other casualties.

In Baghdad, however, much of the gunfire appeared to come from Iraqi police firing weapons in the air to clear the way for their convoys speeding through the city. Police and soldiers searched cars at the numerous checkpoints.

On Palestine Street, a main thoroughfare in east Baghdad, police commandos with armored personnel carriers manned dozens of checkpoints — some only about 100 meters (yards) apart. In Waziriyah, a Sunni area of northeast Baghdad, cranes set concrete blast barriers into place to block would-be suicide bombers.

American paratroopers from the U.S. 82nd Airborne Division joined Iraqi soldiers in a sweep through a mostly Sunni neighborhood in the center of the capital. U.S. Apache helicopters flew overhead, and a U.S. jet streaked low across the sky in a show of force.

Although the Baghdad operation has been in full-swing only four days, Iraqi authorities have already begun heralding it as a major success.

Iraqi spokesman Brig. Gen. Qassim Moussawi told reporters that "crimes and terrorist attacks" had dropped by 80% since the long-awaited security operation began in force last Wednesday.

Police said the bodies of only five apparent victims of sectarian death squads were found in Saturday across the capital — in contrast to the scores that were recovered daily in the weeks before the crackdown.

U.S. officials, however, have been more cautious, saying it's too early to declare success.

But Sunni politicians have complained that the initial raids have focused on Sunni neighborhoods, sparing Shiite hotspots such as Sadr City, stronghold of the Mahdi Army of anti-American cleric Muqtada al-Sadr.

Sunnis blame the Mahdi Army for much of the sectarian violence which has rocked Baghdad for nearly a year and for forcing thousands of Sunni families from their homes. Shiites insist the greater threat comes from Sunni extremists including al-Qaeda in Iraq.

Al-Sadr is a close ally of Prime Minister Nouri al-Maliki. The Shiite prime minister convinced al-Sadr to remove many of his armed militiamen from the streets to avoid a showdown with the Americans.

But many Sunni politicians believe al-Maliki is still reluctant to sanction a major military operation against al-Sadr's followers in the capital.

During a private meeting with Iraqi leaders, Rice said the Shiite-led government must "rise above sectarianism" and noted that no U.S. or Iraqi forces have yet moved into Sadr City, according to an Iraqi official familiar with the discussions.

The Iraqis, however, told her that the Mahdi Army and al-Sadr had been losing influence and were cooperating with authorities on security issues, the official said. The Iraqis said they did not want to "waste our resources in a place that's stable," the official added.

The official spoke on condition of anonymity because he is not authorized to release the information to the media.

He said Rice stopped short of accusing the Iraqis of displaying pro-Shiite bias in the operation and said it appeared that the crackdown was going well.

Documents captured during a raid about a month ago show that al-Qaeda in Iraq has a carefully planned strategy aimed at downing coalition aircraft using a variety of weapons, said a U.S. defense official, who spoke on condition of anonymity because of the sensitivity of the information.

The official said the documents provide fresh evidence that the al-Qaeda insurgency is adapting and posing new threats to U.S. forces. The contents of the seized materials were summarized in an intelligence report analyzing recent helicopter crashes.

The New York Times, which first reported on the intelligence analysis, said militants want to concentrate on air forces.

In the last month, at least six U.S. helicopters have gone down; five of the crashes were blamed on hostile ground fire. The deadliest was a Black Hawk hit by small arms fire on Jan. 20, killing all 12 soldiers aboard.

On Feb. 2, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowleged that ground fire has been more effective against U.S. helicopters recently.

Associated Press reporters Yahya Barzanji in Kirkuk and Hamza Hendawi and Qassim Abdul-Zahra in Baghdad contributed to this report.

Planning Seen In Iraqi Attacks On U.S. Copters (NYT)

By Michael R. Gordon, David S. Cloud

The New York Times, February 18, 2007

DOJ_NMG_0133419

WASHINGTON, Feb. 17 — Documents captured from Iraqi insurgents indicate that some of the recent fatal attacks against American helicopters are a result of a carefully planned strategy to focus on downing coalition aircraft, one that American officials say has been carried out by mounting coordinated assaults with machine guns, rockets and surface-to-air missiles.

The documents, said to have been drafted by Al Qaeda in Mesopotamia, show that the militants were preparing to "concentrate on the air force." The contents of the documents are described in an American intelligence report that was reviewed by The New York Times.

Seized near Baghdad, the documents reflect the insurgents' military preparations from late last year, including plans for attacking aircraft using a variety of weapons.

Officials say they are a fresh indication that the United States is facing an array of "adaptive" adversaries in Iraq, enemies who are likely to step up their attacks as American forces expand their efforts to secure Baghdad, the Iraqi capital.

"Attacks on coalition aircraft probably will increase if helicopter missions expand during the latest phase of the Baghdad Security Plan or if insurgents seek to emulate their recent successes," notes the intelligence report, which analyzes the recent helicopter crashes.

The American military has said that seven helicopters have been downed since Jan. 20, a figure that exceeds the total number of coalition aircraft shot down in 2006.

After downing the helicopters, the insurgents often laid ambushes for the American ground troops they expected to come to the rescue, sometimes using roadside bombs that they placed in advance. American troops were attacked in five instances in which they rushed to the scene of aircraft that had been shot down, military officials said.

The intelligence report supports the concerns expressed by an American general this month that militants were adapting their tactics in an effort to step up attacks against helicopters. Such strikes have increased since the United States expanded its military operations in Baghdad in August. From December to January, the number of antiaircraft attacks rose by 17 percent, according to an American military report.

Insurgents in Iraq have boasted about the helicopter downings and posted video of some of the wreckage on militant Web sites. While Al Qaeda in Mesopotamia has claimed it has "new ways" to shoot down the aircraft, some American analysts believe they are probably not employing new types of weapons but rather are making more effective use of arms already in their inventory.

The insurgents try to plan their attacks by studying flight patterns near American bases and along supply routes, according to the intelligence report.

In several recent helicopter downings, the attackers used a variety of weapons, including shoulder-fired surface-to-air missiles, heavy machine guns, rocket-propelled grenades and unguided rockets that cannot be diverted by the flares helicopters disperse to fool heat-seeking systems.

Al Qaeda in Mesopotamia, which the intelligence report says leads the insurgent group known as the Islamic State of Iraq, has claimed responsibility for shooting down three of the helicopters. Those helicopters were downed near Taji, Karma and in Diyala Province.

While the captured documents point to careful planning, it is not entirely clear whether this is an effort by some of the militant commanders in those areas or a nationwide strategy by the group.

Maj. Gen. James E. Simmons, a deputy commander of the American-led multinational force in Iraq and an Army aviator, told reporters this week that multiple weapons systems had been used against American troops before, in attacks south of Baghdad last year.

"This is not a new tactic," he said. "But it is the first time that we have seen it employed in several months."

"We are engaged with a thinking enemy," he added. "This enemy understands based on the reporting and everything else that we are in the process of executing the prime minister's new plan for the security of Baghdad. And they understand the strategic implications of shooting down an aircraft."

He said that American commanders in Iraq have met to consider how to counter the shift in insurgent tactics, but he refused to discuss specifics.

General Simmons said the American military had not concluded whether a single militant cell was behind the attacks. Some of the attacks have been described by American intelligence as "opportunistic," meaning insurgents are simply firing at helicopters when they seen them.

American helicopters are being used extensively as American troops try to avoid the bombs hidden along streets and roads. Low-flying aircraft are also vulnerable when they pass over urban areas. In 2005, American Army helicopters flew 240,000 hours. In 2007, Army helicopters are expected to fly more than 400,000 hours, military officials said.

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General Simmons had a firsthand look at opportunistic tactics on Jan. 25, when he was in one of a group of helicopters that was fired on near Hit in Anbar Province. In that attack, a Black Hawk helicopter in the group was stuck by automatic weapons fire after the helicopters flew near some militants who appeared to be removing or bringing arms to a weapons cache.

The damaged Black Hawk helicopter was forced to land. The helicopter General Simmons was in landed and picked up the crew, and the Marines sent a quick-reaction force to protect the aircraft, which was later brought to the American base at Asad.

"I've got firsthand knowledge on that one," General Simmons said. "We stumbled upon them, and they engaged us with what they had, and they got lucky."

Military officials say another opportunistic downing was the attack on an Apache helicopter near Najaf on Jan. 28 that killed both of the crew members. It occurred when the aircraft was sent to reinforce American and Iraqi troops. The officials also noted that the attack was the only recent instance in which a Shiite group — in this case, the Soldiers of Heaven — was responsible for shooting down a helicopter.

The Feb. 7 attack on a Marine CH-46 Sea Knight transport helicopter near Karma, an insurgent stronghold near Falluja, was initially attributed by military officials to mechanical problems. But this week they acknowledged it had been downed by hostile fire, most likely a shoulder-fired missile and heavy-caliber machine-gun fire.

In the video posted on the Internet by the Islamic State of Iraq, the Sea Knight is seen flying toward the camera. Then it banks to the right and turns a half-circle. An object darts into the screen from the right, trailed by a curl of black smoke. Moments after the object enters the frame, an explosion rips through the helicopter, which falls to the ground in flames.

Gen. James Conway, the Marine Corps commandant, confirmed Friday that the video seemed genuine. General Conway also told the Senate Armed Services Committee that the CH-46's defensive systems intended to shield the aircraft from missiles "did not properly deploy" when it came under attack from the ground.

The CH-46 did not release flares, which fire automatically and are intended to fool a heat-seeking missile into flying away from the aircraft. Nor did the helicopter take defensive maneuvers, which military officials said suggested that the pilots did not see the missile before they were hit.

Col. Dave Lapan, a Marine spokesman, said investigators were looking into whether the flare system malfunctioned or whether there had been other reasons the system failed, including "environmental factors," and whether the missile had characteristics that prevented it from being detected.

The recent spate of helicopter attacks began Jan. 20 with the shooting of a Black Hawk in Diyala Province that killed 12 soldiers on board. Three days later, a helicopter operated by the Blackwater security company crashed, leading to the deaths of five civilian contractors, including one thought to have been killed by militants surviving the crash. On Jan. 25, the Black Hawk helicopter in General Simmons's group was forced to land near Hit, but there were no casualties.

Two American crew members were killed in the Apache helicopter downing near Najaf on Jan. 28. On Jan. 31, a helicopter carrying civilian contractors was hit by small-arms fire near Baghdad and forced to land, but there were no casualties. On Feb. 2, two Americans were killed when their Apache was shot down in a coordinated attack. Seven marines died in the Sea Knight downing near Karma on Feb. 7.

Iran's Chance: U.S. Troubles In Iraq Create Opening For Regional Shift (NYT)

By Michael Slackman

The New York Times, February 18, 2007

CAIRO, Feb. 17 — In recent weeks, President Bush and American military officials have increasingly accused Iran of meddling in Iraq's affairs. But from Iran's perspective, given its longstanding interests in Iraq, it is the United States that is meddling in its backyard, analysts inside and outside of Iran say.

From the very start of the American occupation of Iraq, at least some in the Bush administration saw an opportunity to curtail the influence of Iran's radical Shiite leaders by producing an alternative, moderate center of Shiite Islam that would effectively neuter Tehran in ideological, political and strategic terms.

This was abundantly clear to Iran's clerical rulers, whose paramount priority since they seized power in 1979 has been to preserve their revolution and their grip on their own country.

Faced with more than 100,000 American troops next door and a White House that pursued a policy of pre-emptive war, Iran's leaders moved quickly to try to prevent the United States from gaining a permanent foothold.

"Iran's policy in Iraq works to prevent the U.S. from feeling safe and secure," said Talal Atrissi, a researcher and writer on Middle Eastern affairs based in Lebanon. "It works to prevent the formation of a pro-American Iraqi government, in favor of at least an Iraqi government that does not feel enmity toward Iran."

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While the United States sees in Iraq a venture that will affect its foreign interests for years to come, Iran sees an occupied neighbor with close religious, cultural, political and economic ties. Though Iran is Persian while Iraq is Arab, both have majority Shiite populations that have mingled, religiously and culturally, for centuries.

"We have been there for thousands of years," said Reza Alavi, a historian and a former managing editor of the Harvard Middle Eastern and Islamic Review, who said his own grandfather — like many Iranian Shiites — was buried in the Iraqi holy city of Najaf.

Mr. Atrissi said: "The Iranian historic, religious, economic ties with Iraq make Iran keen on preventing the U.S. being the sole authority in Iraq. They feel a duty to preserve these ties, and to protect their national security, which is threatened by the U.S. presence in Iraq."

In strategic terms, America's failure to secure its position in Iraq has presented Tehran with a rare opportunity to recalibrate the balance of power in a neighborhood that had long been hostile to its aspirations.

Before Sept. 11, 2001, Iran was virtually surrounded by the Sunni-dominated states of Saudi Arabia, Iraq, Afghanistan and Pakistan, with Turkey, a NATO member, on its northern flank.

Now, with the initial rout of the Taliban in Afghanistan and the ouster of Saddam Hussein, its most powerful and fearsome competitors, Iran is trying to assert itself as the dominant regional power.

In defiance of the United Nations Security Council, the Iranian government has proceeded with a nuclear program that it says is for peaceful purposes, but that the West says is aimed at developing weapons. Iran has strengthened ties with Syria, built the militia Hezbollah into a state within a state in Lebanon and offered support to the radical Palestinian group Hamas.

But the cornerstone to its regional plans lies in Baghdad.

In economic terms, Iran has an interest in a stable, Tehran-friendly Iraq. For decades, while Mr. Hussein was in power, Iraq was an economic obstacle for Iran, a wall blocking trading routes and diplomatic ties with its Arab neighbors.

The chaos in Iraq still means that Iran's trade with Syria has to be routed through Turkey. But Iranian officials say they hope someday to link the railroads of Iran and Syria with Iraq's, redrawing the economics of the region.

But Tehran's interests in Iraq cut much deeper than the economic. They range from its ideological desire to spread its influence throughout the Arab world — part of the so-called Shiite revival — to its connection to the people and holy sites of Iraq.

"Iran and Iraq's national interests are intertwined," said Farzaneh Roostaee, foreign editor of Shargh, a popular reformist daily in Iran that the government shut down late last year. "Both geographically and religiously, the two countries have many common interests. No matter how much Americans try, they can not separate these two countries from one another. It won't work."

The connections extend to the political sphere, as well. Iraq's two dominant Shiite parties, Dawa and the Supreme Council for the Iraqi Islamic Revolution, or Sciri, have deep roots in Iran, where many Shiite leaders fled to escape Mr. Hussein's violent repression of Shiites, which intensified after the Iranian revolution.

Several top Dawa leaders, including Prime Minister Nuri Kamal al-Maliki and a former prime minister, Ibrahim al-Jaafari, along with Abdul Aziz al-Hakim, the leader of Sciri, lived for years in Iran before returning to Iraq after the American invasion. Sciri was founded in Iran in 1984, and its armed wing, the Badr Brigade, fought with Iran in the long, bitter war with Iraq in the 1980s.

The militant Shiite cleric Moktada al-Sadr travels frequently to Iran; American officials said he went there this week to escape the security crackdown in Baghdad, though Shiite officials disputed that. And Mr. Sadr's potent militia, the Mahdi Army, is said to have received training from the Iranians.

There are deep spiritual connections, too, centered in Najaf and Karbala, the Iraqi cities which have for centuries been central to the Shiite faith. Long before the Iranian city of Qum grew into a hub of Islamic learning, Najaf was the center of thinking for the Shiite faithful. In the early 1900s, the religious scholars in Najaf effectively exported what came to be known as Iran's constitutional revolution.

Ayatollah Ruhollah Khomeini lived in Najaf for 12 years during his exile before returning to lead the overthrow of the shah of Iran and the installation of the clerical system. It is believed that Imam Ali, the son-in-law and cousin of the Prophet Muhammad, is buried there, and his tomb is a leading site for Shiite pilgrims.

Karbala resonates throughout Shiite ideology and faith as the site of the martyrdom of Hussein, the grandson of the prophet, and his followers at the hands of a far larger Sunni army. His tomb is in Karbala, and his death in battle is central to Shiite notions of justice, self-sacrifice and opposition to oppression.

The religious centers are so important to Iranians that legions of them still visit the shrines even amid the chaos and bloodshed in Iraq today.

"There are still a lot of lower-middle-class Iranians who want to go to Iraq," said Mr. Alavi in Iran. "It is a really big deal to them. They want to go, as they say, to 'kiss the feet of Imam Hussein.' "

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Those links to Iran's religious and revolutionary identity, combined with the presence of American troops in Iraq and thousands of NATO forces in Afghanistan, are more than enough justification for Iran to try to counter American influence next door, political analysts in the region said.

"It is not logical to have an American presence in Iraq, and Iran sitting passively, waiting for the formation of an anti-Iranian Iraqi government," Mr. Atrissi said. "From the Iranian perspective, Iran is a country defending its national security."

"Rogue" Shi'ite Militias Using Iranian Bombs (WT)

By Sharon Behn, The Washington Times

The Washington Times, February 18, 2007

Lethal Iranian bomb technology spotlighted by U.S. officials in Iraq last week is being used by rogue elements of Shi'ite militias that are not under any kind of central command, the U.S. military says.

The evidence presented at a briefing in Baghdad last week further confuses an enemy landscape in which death is as likely to come at the hands of government-allied Shi'ite militias as from disgruntled former Ba'athist extremists and their al Qaeda allies.

U.S. military officials think members of Shi'ite militias -- most of which have links with both Iran and Iraq's Shi'ite-led government -- are receiving and using the "explosively formed penetrators" (EFPs), or shaped bomb charges. Officials say the EFPs have killed about 170 coalition troops in the past two years -- many of those in recent months.

"Our intelligence has assessed that they are Shia rogue elements of illegal armed groups," Lt. Col. Christopher Garver told The Washington Times in an e-mail interview from Baghdad.

"The primary user is a radical splinter element within Jaysh al-Mahdi that has more than likely been perpetrating a majority of the attacks," he said.

Jaysh al-Mahdi is the formal name for the Mahdi's Army militia, the armed following of the radical Shi'ite cleric Sheik Muqtada al-Sadr. The sheik's political party has 30 seats in parliament, and he is a major political backer of Iraqi Prime Minister Nouri al-Maliki.

The other principal Shi'ite militia is the Badr Brigade, linked to the Supreme Council for Islamic Revolution in Iraq, which is a major partner in the ruling coalition.

Iraqi President Jalal Talabani said Thursday that Sheik al-Sadr had ordered the heads of his Mahdi's Army militia to leave Iraq.

"I think many of his top Mahdi Army officials have been ordered to leave Iraq to make the mission of the security forces easier," said a statement issued in the president's name by his office.

According to a document purportedly smuggled out of the prime minister's office, Mr. al-Maliki last month advised Shi'ite militia leaders to retreat to Iran and southern Iraq until the current U.S.-led security push is over.

The U.S. Embassy told The Times that the Iraqi government had declared the document a fake.

Tom Donnelly, a defense and security-policy analyst at the American Enterprise Institute, said Sheik al-Sadr is "both inside and outside the tent, and sometimes he is a useful ally and sometimes a hated enemy of the prime minister."

Sunni insurgents and disgruntled former Ba'athists, sometimes working with al Qaeda in Iraq, have long been blamed for most of the attacks on U.S. forces as well as waves of spectacular suicide attacks that have killed thousands of Shi'ites.

Bruce Reidel, senior fellow at the Saban Center of the Brookings Institution, said that roughly 90 percent of the anti-U.S. action to date had been from Sunni insurgents, but evidence pointed to a recent increase in Shi'ite attacks.

"The al Qaeda types hate us, but they also hate the Shi'ites. Sometimes other Sunni traditional clans and sheiks are enemies, but sometimes we are their only protectors from Shi'ite reprisals," Mr. Donnelly said.

Col. Garver said the United States had seen "crude attempts" by other illegal armed groups and al Qaeda to copy the Iranian EFP technology, but that the resulting weapons were "not nearly as precise or lethal."

In addition to killing more than 170 coalition troops, the Iranian technology has wounded more than 620 since 2004, Maj. Gen. William Caldwell told reporters in Baghdad on Wednesday.

Syrian President In Iran To Discuss Iraq (AP)

AP, February 18, 2007

Syrian President Bashar Assad arrived in Iran Saturday to discuss Iraq and other Middle East issues with President Mahmoud Ahmadinajed, state-run television reported.

Assad was given a red-carpet welcome at the Presidential Palace in Tehran, the report said.

The United States has accused both Iran and Syria of not doing enough to stop militants from crossing from these countries into Iraq to join the insurgency. Both have rejected the charges.

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This is Assad's fifth visit to Iran since he took office in 2000.

Iran and Syria have long been close allies. During the 1980-1988 Iran-Iraq war, Syria was the only Arab country that supported Iran.

The Iran Options (WP)

The Washington Post, February 18, 2007

PRESIDENT BUSH'S actions toward Iran are consistent with two very different underlying strategies. Both start with a correct reading of Iran's behavior at home and in the region as dangerous to U.S. interests and to the prospects for peace and democracy in the Middle East. Both mix pressure -- economic, rhetorical, military -- with diplomatic overtures. In one scenario, these are employed with the hope of success. In the other they are employed with the hope of success but an expectation of failure, in which case military force would be brought to bear with a justification that every other reasonable approach had been tried.

We have seen no evidence that the administration has Option B in mind, but it's plausible enough to merit stating that such a course for this president would be folly. There is much speculation in Washington about how Mr. Bush views his "legacy": about how he ostensibly wouldn't want to kick the Iran problem to his successor as he believes President Bill Clinton left North Korea to him, or to be known as the president who invaded the country without nukes while allowing the two other "axis of evil" nations to go nuclear. Concern about historical judgment is natural, but it should play no part in such decisions.

What Tehran Is Really Up To (WP)

By Daniel L. Byman

The Washington Post, February 18, 2007

Reports that Iran is arming various factions in Iraq are about as surprising as claims that Mafia members have been seen in Las Vegas casinos. Iran has been meddling in its neighbors' affairs for a long time, and not just in Iraq. Teheran has trained terrorist and guerrilla groups in Bosnia, Lebanon and Palestine, all of which are far from Iran.

So when U.S. military officials displayed explosively formed penetrators (EFPs), rocket-propelled grenades and other weapons that they say Iran provided to Shiite militias in Iraq, we have to recognize that this was no big departure for the Iranians.

As President Bush and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, acknowledged last week, finding Iranian arms in Iraq does not prove the more important, and harder to make, argument that Iran is ordering its Iraqi proxies to attack U.S. troops. It may seem absurd to give Iran the benefit of the doubt, in light of its sorry track record on nuclear proliferation and support for radicalism in general, but we can't understand what Iran is up to without an appreciation for its broader Iraq strategy, which goes well beyond Tehran's desire to undermine U.S. policy. Iranian leaders calculate that they will need formidable proxies should the United States leave, and indeed Iran will face many challenges in Iraq if U.S. forces depart.

So why would Iran arm Iraqis and perhaps direct attacks on U.S. forces? For most Iranians, Iraq is an emotional issue. They see the daily suffering of Iraqis, both from the chaos in Iraq in general and at the hands of Sunni suicide bombers. They empathize with their fellow Shiites in Iraq, with whom they have historic ties and shared religious traditions. Though they rejoice over the downfall of Saddam Hussein (Iran suffered hundreds of thousands of casualties in the bitter war of 1980-88, which Hussein launched against it) they blame the United States for the violence that has swept Iraq since Hussein fell.

Iran worries about the United States. When Ayatollah Khomeini took power in the 1979 Islamic revolution, he made anti-Americanism a core of the new regime's foreign policy. The United States has been hostile ever since, even tilting toward Iraq during its war with Iran. The United States and Iran have not had diplomatic relations since 1979, and have periodically confronted each other.

In the decade before 9/11, Iran structured its military forces to fight America, even when the U.S. military presence in the Persian Gulf region was confined to the conservative oil states of the Arabian peninsula. Since 9/11, the United States has occupied Iraq with more than 100,000 troops, put significant forces in Afghanistan and Central Asia, and strengthened its security relationship with Pakistan. Iran perceives itself as surrounded. The United States has repeatedly made threats against the Iranian regime, has refused to surrender anti-regime Iranian terrorists found in Iraq, organized international economic pressure on the country, led a diplomatic effort to deny Iran the right to develop nuclear energy and nuclear weapons, and pointedly included military force against Iran as an option after dispatching two aircraft carriers to the Persian Gulf region-- hostile steps, in Iranian eyes, that reinforce paranoia.

Tehran does not want the secular and pro-Western Iraq that America dreams of, and it wants to ensure that the U.S. doctrine of preventive regime change is dead. So far, developments in Iraq have worked out in Iran's favor -- indeed, Iran appears to be the one state that is winning this war. Iraq is too weak to pose a military threat to Iran for years and perhaps

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decades to come. The democratic procedures that the United States imposed on Iraq put in power Shiite leaders who are far friendlier to Tehran than to Washington.

Iran is less nervous than it was in 2003, but it remains understandably anxious. The long-term role of U.S. forces and the future of the Shiite regime in Iraq are open questions. Instability in Iraq could lead to waves of refugees returning to Iran, as happened during the Iran-Iraq war, and could excite unrest among Iran's Kurdish and Arab populations. Expecting an American withdrawal sooner or later, Iran wants to prepare for a postwar era by maximizing its influence now.

The United States focuses on how Iran's arming of its Iraqi proxies hurts U.S. interests, but this is hardly Iran's only concern. The Iraqi Shiite groups that have received arms may be more loyal to Iran after American forces depart. Even more important, they will be stronger than their Iraqi rivals. In Lebanon, Iran helped build Hezbollah from disparate small Shiite movements, welding it together against rivals in the Shiite community and, over time, making it stronger than non-Shiite groups. The goal is the same in Iraq.

Many Iranian leaders, particularly the president and the emerging conservative political elite, are profoundly anti-American. They want the United States to fail in Iraq and elsewhere, and they share an ideological bond with many radical Iraqi groups. So it is not surprising that Iran works with its closest Shiite proxies in Iraq, providing them with EFPs and other weapons that make them far more capable of fighting U.S. forces. Other Iranian elites have more complex feelings about the United States, though none is favorable, and Iranians want to bury the doctrine of regime change. Even if Iranians do not control the attacks, Iran knows that some of the people it trains and equips may at some point be involved in anti-American operations, thus keeping the heat on U.S. forces.

But Iran could easily be even more aggressive in Iraq. Tehran could provide sophisticated weapons to a wider range of Iraqi groups than it reportedly has so far. Iran's Shiite proxies do at times attack American forces, but their principal targets are Sunni militias. They could kill a lot more Americans than they have. Iran could be encouraging them to convert relatively peaceful parts of Iraq into battlefields similar to the wildest parts of Anbar province.

Iraq's Shiites are not Iran's only interest. Tehran also has a long history of working with (and also against) various Kurdish groups. Iran recognizes theIraqi Kurds as the strongest and most organized military force in the country, and has cultivated good relations with Kurdish leaders. Iran has its own restive Kurdish population, and wants to ensure that its Kurds don't use bases in Iraq or otherwise exploit the conflict to advance their own sectarian interests.

Iran also has a history of cultivating Sunnis when doing so seemed advantageous. It has reached out to a range of revolutionary Sunni groups and has good ties to Palestinian Islamic Jihad, Hamas and other organizations whose ideology is closer to Osama Bin Laden's than to Khomeini's. The 9/11 commission found that Iran had engaged in low-level tactical cooperation with Sunni militants linked to al-Qaeda. And Tehran can be intensely practical. During the Iran-Iraq war, Iran worked with Israel and the United States to gain much-needed weapons. Dealing with the Sunnis may follow a similar logic, though mutual suspicion will limit the extent of relations.

Ironically, Iran's long-term position could weaken when the United States draws down its forces. At first, the U.S. withdrawal will expand the power vacuum and Iran will try to fill it, but the limited chaos Iran foments can easily become uncontrolled. Iran's economic and military power is limited, and Iran's theocratic model of governance has little appeal for most Iraqis. Even many Shiite militants have at times been hostile to Iran, and respected moderates such as Grand Ayatollah Ali Sistani are careful to maintain their distance from Tehran. Sunnis already rage against perceived Iranian dominance.

In a postwar environment, Tehran will have lost a lever against U.S. pressure and may find itself both overextended and vulnerable in Iraq -- a weakness that the United States might exploit in years to come.

Daniel L. Byman is director of Georgetown University's Center for Peace and Security Studies and senior fellow at the Brookings Institution's Saban Center.

Oh What A Malleable War (NYT)

By Frank Rich

The New York Times, February 18, 2007

MAYBE the Bush White House can't conduct a war, but no one has ever impugned its ability to lie about its conduct of a war. Now even that well-earned reputation for flawless fictionalizing is coming undone. Watching the administration try to get its story straight about Iran's role in Iraq last week was like watching third graders try to sidestep blame for misbehaving while the substitute teacher was on a bathroom break. The team that once sold the country smoking guns in the shape of mushroom clouds has completely lost its mojo.

Surely these guys can do better than this. No sooner did unnamed military officials unveil their melodramatically secretive briefing in Baghdad last Sunday than Gen. Peter Pace, chairman of the Joint Chiefs of Staff, blew the whole charade. General Pace said he didn't know about the briefing and couldn't endorse its contention that the Iranian government's highest echelons

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were complicit in anti-American hostilities in Iraq. Public-relations pandemonium ensued as Tony Snow, the State Department and finally the president tried to revise the story line on the fly. Back when Karl Rove ruled, everyone read verbatim from the same script. Last week's frantic improvisations were vintage Scooter Libby, at best the ur-text for a future perjury trial.

Yet for all the sloppy internal contradictions, the most incriminating indictment of the new White House disinformation campaign is to be found in official assertions made more than a year ago. The press and everyone else seems to have forgotten that the administration has twice sounded the same alarms about Iranian weaponry in Iraq that it did last week.

In August 2005, NBC News, CBS News and The Times cited unnamed military and intelligence officials when reporting, as CBS put it, that "U.S. forces intercepted a shipment from Iran containing professionally made explosive devices specifically designed to penetrate the armor which protects American vehicles." Then, as now, those devices were the devastating roadside bombs currently called E.F.P.'s (explosively formed penetrators). Then, as now, they were thought to have been brought into Iraq by members of Iran's Revolutionary Guard. Then, as now, there was no evidence that the Iranian government was directly involved. In February 2006, administration officials delivered the same warning yet again, before the Senate Intelligence Committee.

Timing is everything in propaganda, as in all showmanship. So why would the White House pick this particular moment to mount such an extravagant rerun of old news, complete with photos and props reminiscent of Colin Powell's infamous presentation of prewar intelligence? Yes, the death toll from these bombs is rising, but it has been rising for some time. (Also rising, and more dramatically, is the death toll from attacks on American helicopters.)

After General Pace rendered inoperative the first official rationale for last Sunday's E.F.P. briefing, President Bush had to find a new explanation for his sudden focus on the Iranian explosives. That's why he said at Wednesday's news conference that it no longer mattered whether the Iranian government (as opposed to black marketeers or freelance thugs) had supplied these weapons to Iraqi killers. "What matters is, is that they're there," he said. The real point of hyping this inexact intelligence was to justify why he had to take urgent action now, no matter what the E.F.P.'s provenance: "My job is to protect our troops. And when we find devices that are in that country that are hurting our troops, we're going to do something about it, pure and simple."

Darn right! But if the administration has warned about these weapons twice in the past 18 months (and had known "that they're there," we now know, since 2003), why is Mr. Bush just stepping up to that job at this late date? Embarrassingly enough, The Washington Post reported on its front page last Monday — the same front page with news of the Baghdad E.F.P. briefing — that there is now a shortfall of "thousands of advanced Humvee armor kits designed to reduce U.S. troop deaths from roadside bombs." Worse, the full armor upgrade "is not scheduled to be completed until this summer." So Mr. Bush's idea of doing something about it, "pure and simple" is itself a lie, since he is doing something about it only after he has knowingly sent a new round of underarmored American troops into battle.

To those who are most suspicious of this White House, the "something" that Mr. Bush really wants to do has little to do with armor in any case. His real aim is to provoke war with Iran, no matter how overstretched and ill-equipped our armed forces may be for that added burden. By this line of thinking, the run-up to the war in Iraq is now repeating itself exactly and Mr. Bush will seize any handy casus belli he can to ignite a conflagration in Iran.

Iran is an unquestionable menace with an Israel-hating fanatic as its president. It is also four times the size of Iraq and a far more dangerous adversary than was Saddam's regime. Perhaps Mr. Bush is as reckless as his harshest critics claim and will double down on catastrophe. But for those who don't hold quite so pitch-black a view of his intentions, there's a less apocalyptic motive to be considered as well.

Let's not forget that the White House's stunt of repackaging old, fear-inducing news for public consumption has a long track record. Its reason for doing so is always the same: to distract the public from reality that runs counter to the White House's political interests. When the Democrats were gaining campaign traction in 2004, John Ashcroft held an urgent news conference to display photos of seven suspected terrorists on the loose. He didn't bother to explain that six of them had been announced previously, one at a news conference he had held 28 months earlier. Mr. Bush played the same trick last February as newly declassified statistics at a Senate hearing revealed a steady three-year growth in insurgent attacks: he breathlessly announced a thwarted Qaeda plot against the U.S. Bank Tower in Los Angeles that had already been revealed by the administration four months before.

We know what Mr. Bush wants to distract us from this time: Congressional votes against his war policy, the Libby trial, the Pentagon inspector general's report deploring Douglas Feith's fictional prewar intelligence, and the new and dire National Intelligence Estimate saying that America is sending troops into the cross-fire of a multifaceted sectarian cataclysm.

That same intelligence estimate also says that Iran is "not likely to be a major driver of violence" in Iraq, but no matter. If the president can now whip up a Feith-style smoke screen of innuendo to imply that Iran is the root of all our woes in the war — and give "the enemy" a single recognizable face (Ahmadinejad as the new Saddam) — then, ipso facto, he is not guilty of sending troops into the middle of a shadowy Sunni-Shiite bloodbath after all.

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Oh what a malleable war Iraq has been. First it was waged to vanquish Saddam's (nonexistent) nuclear arsenal and his (nonexistent) collaboration with Al Qaeda. Then it was going to spread (nonexistent) democracy throughout the Middle East. Now it is being rebranded as a fight against Tehran. Mr. Bush keeps saying that his saber rattling about Iran is not "a pretext for war." Maybe so, but at the very least it's a pretext for prolonging the disastrous war we already have.

What makes his spin brazen even by his standards is that Iran is in fact steadily extending its influence in Iraq — thanks to its alliance with the very Iraqi politicians that Mr. Bush himself has endorsed. In December the president welcomed a Shiite leader, Abdul Aziz al-Hakim, to the White House with great fanfare; just three weeks later American forces had to raid Mr. Hakim's Iraq compound to arrest Iranian operatives suspected of planning attacks against American military forces, possibly with E.F.P.'s. As if that weren't bad enough, Nuri al-Maliki's government promptly overruled the American arrests and ordered the operatives' release so they could escape to Iran. For all his bluster about doing something about it, Mr. Bush did nothing.

It gets worse. This month we learned that yet another Maliki supporter in the Iraqi Parliament, Jamal Jafaar Mohammed Ali Ebrahimi, was convicted more than two decades ago of planning the murderous 1983 attacks on the American and French Embassies in Kuwait. He's now in Iran, but before leaving, this terrorist served as a security adviser, no less, to the first Iraqi prime minister after the American invasion, Ibrahim al-Jafaari. Mr. Jafaari, hailed by Mr. Bush as "a strong partner for peace and freedom" during his own White House visit in 2005, could be found last week in Tehran, celebrating the anniversary of the 1979 Iranian revolution and criticizing America's arrest of Iranian officials in Iraq.

Even if the White House still had its touch for spinning fiction, it's hard to imagine how it could create new lies brilliant enough to top the sorry truth. When you have a president making a big show of berating Iran while simultaneously empowering it, you've got another remake of "The Manchurian Candidate," this time played for keeps.

Why Iran "Meddles" In Iraq (LAT)

By Adam Shatz

The Los Angeles Times, February 18, 2007

THIS TIME AROUND, when the Bush administration presented "intelligence" from unidentified sources about a dangerous foe in the Middle East, the American media was noticeably more skeptical. Eager to redeem themselves for the generally obsequious reporting about Saddam Hussein's alleged weapons of mass destruction and ties to Al Qaeda, journalists don't want to get fooled again as the administration lays the groundwork for a possible war against Iran.

But even though journalists have quite rightly raised questions about the credibility of the intelligence and the motives behind its release, they have failed to take the next step and examine the fundamental underlying premise behind the administration's accusations: that Iran's role in Iraq is inappropriate.

Take, for instance, the New York Times' Feb. 13 editorial, "Iran and the Nameless Briefers." While demanding that President Bush "make his intentions toward Iran clear," warning against "another disastrous war" and questioning the administration's assertion (since retracted) that "the highest levels of the Iranian government" authorized the sale of armor-piercing explosives to militants in Iraq, the paper added, as if it were self-evident: "We have no doubt of Iran's malign intentions. Iran is defying the Security Council's order to halt its nuclear activities, and it is certainly meddling inside Iraq."

Let's be clear: Iran's president, Mahmoud Ahmadinejad, with his disgraceful Holocaust denial conference and incendiary strutting, cuts an unsavory profile, to say the least. And since the collapse of the Iranian reform movement, hard-liners have shrewdly exploited Bush's threats, jailing intellectuals with contacts in the West.

Still, is it fair to characterize Iran's involvement in Iraq as "malign," or, for that matter, as "meddling" (in contrast, say, to the presence of 130,000 American troops in Iraq)? Might Iran have legitimate interests in what is, after all, its own geographic neighborhood?

Could it be that Iran's stake in Iraq is solidly grounded in the same realist principles that drive the behavior of most nations, rather than in "malign intentions" or a desire to export the Islamic revolution?

If Iran wants to see a friendly government established in Iraq, it hardly lacks for reasons. Unlike the United States, Iran was attacked by Iraq, back when Hussein's regime enjoyed American support as a bulwark against Ayatollah Ruhollah Khomeini's revolution. Hundreds of thousands of Iranians died during the Iran-Iraq war (1980-88). When Iraq used poison gas against Iranian troops, the United States uttered not a single protest.

Not surprisingly, Iran wants to ensure that no government in Iraq will threaten it again. That's why Iran made no secret of its joy over Hussein's downfall, but it also refuses to accept a potentially hostile American base in the Persian Gulf or to cede absolute control over Iraq's future to the United States.

Iran also sees itself as a protector of Shiite interests in the region — and is, with a mixture of gratitude and wariness, viewed as such by Shiites from the gulf to Lebanon to Pakistan. Iraq's Shiite majority, though Arab and nationalist, is linked to Iran's Shiites through both family and religious ties. It was in Tehran that many of the Iraqi Shiite parties in power today found

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sanctuary from Hussein's agents; many Iraqi clerics studied in Iran, and some — most notably Grand Ayatollah Ali Sistani — were born in Iran. Every Iraqi Shiite politician must pay his respects to Tehran, including secularists such as Washington's former darling, Ahmad Chalabi.

The future Iraqi government, frankly, is likely to bear a stronger resemblance to the Islamic republic than to the liberal democracy the Bush administration publicly championed — or to the "Saddamism without Saddam" scenario that many advocates of the invasion privately preferred. That Iran has acted to bolster the power of its Shiite allies in Iraq — and to arm Shiite militias avenging Sunni attacks on their people and their shrines — may not be to Washington's liking, but "meddling" doesn't seem the right word for it.

In thinking about Iran's behavior, it's important to remember that the United States has made plain its determination to curb Iranian influence in the region — by force of arms, if necessary. From Iran's perspective, the U.S. is an implacable enemy that has rebuffed its diplomatic overtures. No state likes to see a hostile army stationed in its backyard.

If Iran's supreme leader, Ayatollah Ali Khamenei, has indulged Ahmadinejad's rhetorical extremism, it may be because he expected to be rewarded, rather than punished, for Iran's assistance to the United States in Afghanistan and Iraq.

As Gareth Porter recently reported in the American Prospect, Iran floated a proposal in May 2003, shortly after the fall of Baghdad, for a "grand bargain" with the United States. It offered to back the 2002 Arab Summit's proposal for a two-state solution in Israel-Palestine and to end its military support for armed Palestinian groups as well as Hezbollah in return for the restoration of diplomatic relations with the United States.

Prematurely intoxicated by its "mission accomplished," the Bush administration reportedly ignored Iran's proposal and has since given every indication that it prefers regime change in Tehran to the kind of dialogue recommended by the Iraq Study Group. To this end, the administration has flirted with the Iranian Mujahedin Khalq, also known as MEK, a bizarre Maoist guerrilla group/cult that opposes the Islamic government and frequently launched attacks on Iran from Iraq with Hussein's backing.

Given the Bush administration's belligerent position, the Iranian government might have concluded that, with Hussein dead and the Shiite parties in power, Tehran's interests are best served by the withdrawal of American troops on its border. Even if the Iraqis fail to drive out U.S. forces, a deepening quagmire usefully distracts attention from Tehran's nuclear program and reminds the United States that it needs Iran in order to exit with its honor intact.

Like any state, the Islamic republic seeks above all to preserve itself. But, again, is this "malign intent" or a sober calculation?

Iran has, in other words, a strong realist case for being involved in Iraq. If Iranian "designs" on Iraq are seen as malign, it is only by those who believe that U.S. "intentions" in Iraq (unlike other imperial powers, we have no designs) are benign.

In this fairy-tale version of history, American rationales for occupying Iraq may change as often as necessary (from the destruction of Hussein's nonexistent "stockpile of weapons of mass destruction" to the promotion of democracy to the prevention of a civil war detonated by our invasion), but they remain virtuous in intent, while those who resist our plans are always portrayed as sinister.

The liberal mainstream has come to view the Iraq war as the greatest foreign policy disaster since Vietnam, but its faith in American virtue — its belief in American exceptionalism — remains as unshaken as the Bush administration's.

In the narrow parameters of American politics, you can ask whether Bush is telling the truth about Iraniandesigned bombs, but you may not ask whether the United States would accept the presence of 130,000 Iranian troops on our border. Nor may you ask who exactly is "meddling" in Mesopotamia.

Adam Shatz Is Literary Editor Of The Nation.

Jailed 2 Years, Iraqi Tells Of Abuse By Americans (NYT)

By Michael Moss, Souad Mekhennet

The New York Times, February 18, 2007

DAMASCUS, Syria — In the early hours of Jan. 6, Laith al-Ani stood in a jail near the Baghdad airport waiting to be released by the American military after two years and three months in captivity.

He struggled to quell his hope. Other prisoners had gotten as far as the gate only to be brought back inside, he said, and he feared that would happen to him as punishment for letting his family discuss his case with a reporter.

But as the morning light grew, the American guards moved Mr. Ani, a 31-year-old father of two young children, methodically toward freedom. They swapped his yellow prison suit for street clothes, he said. They snipped off his white plastic identification bracelet. They scanned his irises into their database.

Then, shortly before 9 a.m., Mr. Ani said, he was brought to a table for one last step. He was handed a form and asked to place a check mark next to the sentence that best described how he had been treated:

“I didn’t go through any abuse during detention,” read the first option, in Arabic.

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"I have gone through abuse during detention," read the second.

In the room, he said, stood three American guards carrying the type of electric stun devices that Mr. Ani and other detainees said had been used on them for infractions as minor as speaking out of turn.

"Even the translator told me to sign the first answer," said Mr. Ani, who gave a copy of his form to The New York Times. "I asked him what happens if I sign the second one, and he raised his hands," as if to say, Who knows?

"I thought if I don't sign the first one I am not going to get out of this place."

Shoving the memories of his detention aside, he checked the first box and minutes later was running through a cold rain to his waiting parents. "My heart was beating so hard," he said. "You can't believe how I cried."

His mother, Intisar al-Ani, raised her arms in the air, palms up, praising God. "It was like my soul going out, from my happiness," she recalled. "I hugged him hard, afraid the Americans would take him away again."

Just three weeks earlier, his last letter home — with its poetic yearnings and a sketch of a caged pink heart — appeared in The Times in one of a series of articles on Iraq's troubled detention and justice system.

After his release from the American-run jail, Camp Bucca, Mr. Ani and other former detainees described the sprawling complex of barracks in the southern desert near Kuwait as a bleak place where guards casually used their stun guns and exposed prisoners to long periods of extreme heat and cold; where prisoners fought among themselves and extremist elements tried to radicalize others; and where detainees often responded to the harsh conditions with hunger strikes and, at times, violent protests.

Through it all, Mr. Ani was never actually charged with a crime; he said he was questioned only once during his more than two years at the camp.

American detention officials acknowledged that guards used electric devices called Tasers to control detainees, but they said they did so rarely and only when the guards were physically threatened. The officials said that detainees had several ways to report abuse without repercussions, and that all claims were investigated.

Officials declined to give specific details about why they had detained Mr. Ani or why they had freed him.

"He was released because the board that reviewed his case didn't believe he any longer posed a threat," said First Lt. Lea Ann Fracasso, a spokeswoman for detention operations, in a written answer to questions. "He was originally detained as a security threat. I don't have anything more."

The Detention System

The American detention camps in Iraq now hold 15,500 prisoners, more than at any time since the war began. The camps are filled with people like Mr. Ani who are being held without charge and without access to tribunals where their cases are reviewed, the Times examination published last December found.

Mr. Ani, a women's clothing merchant, said he was detained in 2004 after American soldiers who were searching for weapons in his six-family apartment building found an Iraqi military uniform in the basement. His joy upon being released in January was short-lived. Days later, he said, a Shiite militia ransacked his home in Baghdad, looking to kill him. He hid, going from house to house, until he could move his family out of Iraq.

Now he is among the estimated 1.5 million Iraqis who have taken refuge in neighboring Syria and Jordan, where sectarian rifts are springing up.

In one area of Damascus, Shiite refugees from Iraq have established a mini version of Sadr City, the Baghdad neighborhood. Sunni refugees, in turn, are forming their own enclaves. In interviews, former detainees seethed with rage at the United States.

One, a 43-year-old man from Samarra, Iraq, said he was released last year despite having fought American troops.

"I wish to go back to Iraq and fight against the Americans, God willing," vowed the man, who spoke on the condition that he be identified only by his nom de guerre, Abu Abdulla, for fear of reprisal.

Mr. Ani has other priorities, still exhausted from his detention and preoccupied with finding a permanent home. But he regularly turns his television to a new station called Al Zawra, transfixed by its running montage of videotaped attacks on American troops.

The station is owned by a Sunni, Meshaan al-Juburi, a former Iraqi politician who was indicted last year on charges of embezzling millions of American dollars; he denied the charges and returned to Syria, where he lived before the war. The station has become an information center for the Sunni insurgency and in the process has exasperated American and Iraqi forces. In an interview at his office here, Mr. Juburi said that he opposed Al Qaeda's use of suicide bombers to kill Iraqi civilians but was soliciting support for Iraqis intent on killing American troops. When the image of a roadside bomb blowing up an American Humvee appears on the large flat screen on his office wall, his eyebrows rise and he urges his visitors to watch, "This is a good one."

A Nightmare Begins

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Mr. Ani's ordeal began on Oct. 14, 2004, when soldiers brought him in for what he described as desultory questioning.

" 'Are you married? How many children? Sunni or Shiite? Which mosque do you pray in?' " Mr. Ani said he was asked. "I said I didn't pray, and they said, 'Are you not Muslim,' and I said, 'Yes, but I'm not praying and going to mosques.' "

"They never asked me about terrorism," he said. "I'm a normal person, just a usual man, and don't have anything to do with anyone who was fighting against the Americans."

Mr. Ani spent a total of 44 days at two other American facilities before being sent to Camp Bucca. In all, he said, he was questioned just once at each site.

Mr. Ani said the electric prods were first used on him on the way to Camp Bucca. "I was talking to someone next to me and they used it," he said, describing the device as black plastic with a yellow tip and two iron prongs. He said the prods were commonly used on him and other detainees as punishment.

"The whole body starts to shake and hurt," he said. "And you lose consciousness for a couple of seconds. One time they used it on my tongue. One guard held me from the left and another on my back and another used it against my tongue and for four or five days I couldn't eat."

In a separate interview, the insurgent from Samarra said such a device had been used on him for speaking out of turn. Ahmed Majid al-Ghanem, 50, a former Baath Party official who was also freed from Camp Bucca and is now living in Syria, said in a separate interview that he witnessed the electric prods being used as punishment on other detainees.

The Times interviewed Mr. Ani at his apartment in Damascus, the Syrian capital, where he sat on a couch with his parents, wife and children. When he demonstrated how he had been held for the electric prod, his 4-year-old daughter, Al Budur, mimicked his actions.

Lt. Col. Keir-Kevin Curry, a detention system spokesman, said: "Every use of less than lethal force, to include use of Tasers, is formally reported by facility leadership, ensuring soldiers are in accordance with proper use. Touching a Taser to someone's tongue is not one of the approved uses."

Mr. Ani said guards treated him kindly when he arrived at the jail on Nov. 20, 2004. He recalls being given soap, and, when his hands cracked from the cold, a soldier bringing him lotion and socks.

But soon new guards came "who had had special thoughts," he said. "They were not allowing us to talk. They cut off the salt, gave us food that was not fit for dogs. One guard named David sometimes brought us outside to stay in the sun, or when it was cold. He also didn't respect our faith, telling us not to pray here, and when we moved not to pray there."

The detainees also began fighting among themselves. Those who spoke to the American guards were ostracized. Long toilet lines further raised tensions.

One day the guards searched a makeshift prayer area, Mr. Ani said, "and they started to step on the Korans, which fell down."

"A fight started," he continued. "There was a huge demonstration. The prisoners started to throw their shoes at the guards, and we started to beat them with empty plastic bottles. The guards shot at us with rubber bullets, but then prisoners were killed and others were injured."

A Pentagon statement at the time described such an incident in January 2005, saying that four detainees were killed when guards were compelled to use deadly force to quell the riot and that it was set off by a search for contraband. Colonel Curry said an investigation concluded that a detainee leader had fabricated the Koran allegations to instigate violence.

Mr. Ani and other former detainees said there were frequent demonstrations to protest various grievances. Mr. Ghanem said he was released in late 2003 after hunger strikes forced camp officials to review his case and those of others.

Detention officials said they were also fighting radicalization at the camps and were trying to identify and isolate extremists. Former detainees said in interviews that the influence of Islamic extremists was still growing. At Camp Bucca, they said, hundreds of men formed a group called the Brothers. Members shaved their beards and otherwise masked their ideology so they would be placed with other detainees.

Mr. Ani generally slept in a wooden barrackslike structure, with a mattress on the ground and a nail on the wall for hanging clothes. Once, when the guards found an improvised needle that he said was used to repair clothes, he was taken to an isolated cell, where he was kept for 24 days.

"You cannot see the difference between day and night," he said. "There was no opening, not even in the door."

Colonel Curry said it was standard to discipline detainees when they did not follow procedure.

Mr. Ani despaired of ever being released. His letter that was printed in The Times ended with, "I hope I can be dust in the storms of Bucca so that I can reach you."

Dangers Beyond Jail

"I didn't see any kind of solution for me," Mr. Ani said after his release. "The only solution was to die," he said, his eyes welling with tears. "I was hoping to die."

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In releasing Mr. Ani, the American military transferred him to Camp Cropper in Baghdad and gave him $25, which he and his parents used to hire a taxi. Along the way home, they had to dodge Shiite-controlled checkpoints, and just days later, he said, he narrowly escaped capture by a Shiite militia. Mr. Ani and other Iraqis say they believe these militias have found a way to learn when Sunni men are released from jail and then hunt and kill them.

Maj. Gen. John D. Gardner, commander of American detainee operations, said that he had heard such concerns and that he was trying to alter the process of releasing detainees to improve their safety.

Mr. Ani said that for him there was only one way to stay alive: flee Iraq.

He said he was scared and puzzled about his next step. He said he felt that he could not stay in Syria, if only because work was scarce. But he must compete with other refugees for the attention of another host country.

"Until now, I can't sleep, really," he said. "Whenever I hear something noisy I stand up. I'm in a very bad psychological situation. I can't stop thinking of what we should do. I don't have a future here. How should we live?"

When his uncle put on Al Zawra, the satellite television station, Mr. Ani turned to look at the scenes of Sunni children who had been killed and the attacks on American soldiers.

"I am an Iraqi," he said. "I love my country. Of course, everyone who is an Iraqi at the moment, we are thinking how can we support our country."

"The United States through its actions made people hate the Americans much more than before."

Marine To Serve 8 Years In Killing Of Iraqi (CNN)

CNN.com, February 17, 2007

CAMP PENDLETON, California (CNN) -- A U.S. Marine will serve no more than eight years in prison in connection with the killing of an Iraqi civilian, a Marine Corps spokesman said Saturday.

Marine Lance Cpl. Robert Pennington was sentenced to 14 years' confinement but will serve no more than eight under a plea agreement, Marine spokesman Sean Gibson told CNN.

Pennington pleaded guilty Tuesday to charges regarding the death of Hashim Ibrahim Awad, 52, in Hamdaniya, west of Baghdad.

Pennington was among a group of seven Marines and a Navy medic charged in Awad's death. He and two other Marines were ordered to stand trial in October.

Pennington agreed to plead guilty to conspiracy to commit premeditated murder and kidnapping, and to a kidnapping charge. Other charges he faced were dismissed at sentencing.

He was given credit for the 340 days he served in pretrial confinement, Gibson said.

On February 8, Marine Cpl. Trent Thomas withdrew his guilty plea in the case, saying he now believes he acted under a lawful order. (Full story)

The Navy medic, Hospital Corpsman Melson Bacos, pleaded guilty in October to conspiracy and kidnapping and agreed to testify against the Marines. Bacos was sentenced to a year in the brig.

He has testified that Marines were conducting a house-to-house search for suspected insurgents when they came across Awad, a retired policeman and a veteran of Iraq's war with Iran in the 1980s.

Bacos said Awad's hands and feet were bound and he was dragged from his home and shot numerous times. Then, he said, one Marine put the dead man's fingerprints on a rifle and shovel to make it look like he had been caught trying to plant a roadside bomb.

Marine Jailed Over Iraqi Murder (BBC)

BBC.com, February 17, 2007

A US marine has been sentenced to eight years in military prison for his role in the killing of an Iraqi civilian.

Lance Cpl Robert Pennington, 22, is the fifth of eight US soldiers to plead guilty and be sentenced over the murder of Hashim Ibrahim Awad, 52.

Investigators said the soldiers dragged disabled Mr Awad from his home and killed him in Hamdaniya in April 2006.

It is one in a series of inquiries into the alleged abuse or killing of Iraqis by coalition forces.

Murder and other charges were dropped in return for Cpl Pennington testifying against three other marines in the case.

Cpl Pennington pleaded guilty to kidnapping and conspiracy. His rank was also reduced and he has been dishonourably discharged.

'Truly sorry'

Mr Awad, a police officer, was taken from his home, put in a hole and shot in the head 10 times.

A gun and a shovel were then placed by his body to make it look as if he were an insurgent planting a roadside bomb.

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The unit was reportedly searching for an insurgent and took Mr Awad when they failed to find their target.

Other US investigations Cpl Pennington, the squad's radio operator, told the court martial that he did not shoot Mr Awad but that he helped to force him into the hole and held his hand over his mouth.

At his sentencing hearing on Friday, Cpl Pennington expressed remorse for his actions.

"I can honestly and truly say that I am sorry that I did what I did. Saying I feel bad just does not begin to describe it," he said.

He was sentenced to 14 years but the military judge dropped six years in return for the plea bargain.

After the sentencing, Cpl Pennington's mother, Deanna, said: "I've come to understand that Bobby died in [the battle for] Falluja and I want to help him come back to life and be the good person I know he is".

Another marine, Cpl Trent Thomas - the only one in the group to plead guilty to murder - withdrew his guilty plea at the last minute as the court prepared to sentence him on 8 February.

Three other marines and the navy medic have pleaded guilty to various lesser charges related to the incident.

Letters From Baghdad (WP)

The Washington Post, February 18, 2007

Americans have always been fascinated by correspondence from the front. I have nothing from our soldiers to share, but I do have letters from an Iraqi friend and his wife. Hasan (sadly, I dare not give his real name) was a translator for the Coalition Provisional Authority when I worked in Baghdad in 2003 and 2004. These brief letters catalogue the deterioration, the chaos and the human tragedy that have become Iraq's lot. Perhaps they show the futility of our remaining there; perhaps they point out why we must stay. But they surely speak to the need to help those who once so hopefully helped us.

Here's a small window into the sadness called Iraq:

-- John Agresto

June 24, 2004: I hope you made the trip safely. If I may loosen the rein to my humble imagination, you may be relaxing in an easy chair . . . savoring the tranquility of the scene in front of you, listening to "American Pie." [Along with anything by Buddy Holly, Don McLean's 1971 classic was one of Hasan's favorites. He knew all the lyrics by heart and sang them repeatedly.] If that's what is happening, then I'm really happy for you, after all the effort that you made, you deserve a lot more.God, I'm so talkative, even for a first e-mail across continents!

Aug. 12, 2004: Things are going well for us, in spite of the deteriorating security state . . . [My wife] is going to work [at] an independent women assembly . . . I'm doing well, too, been praised & paid monthly. Lots of work, but I'm for it.

Sept. 9, 2004: Hello Sir, I'm still alive! It's been nearly a month since I e-mailed you last. The situation is getting tighter by the day, one can even smell chaos in the air! Being a confirmed optimistic, I still lead a sociable life, with great assistance from [my wife], who believes like me that one can only die once, so it better be done in style!

May 16, 2005: [A] burglar or "s" broke into our house twice & a car exploded in our neighborhood, not far away, which caused window-glass breaking. [B]ut we're safe & sound, comparatively speaking for what others are suffering. [B]ombed cars are by wholesale nowadays! Miraculously, [my wife] was not affected by the exploding car [because] she decided to leave the living room just seconds prior to the explosion. The broken glass covered all the sofa she was sitting on! Our ration of optimism is decreasing drastically!

Nov. 30, 2005: The situation here is deteriorating by the days, nowadays, even I, the optimist see it as unbelievingly unbearable beyond any standard. The constitution is a disaster, & [the] religious fanatics are power-thirsty, driven only by their complexities. I'm not only revealing my own opinion, this is standard street talk . . . Iraqis are yearning for a government that brings security & order among other obvious needs. They brought us ethnic & sect segregation, while most Iraqi families have [had] a husband or a wife from the other sect & even another ethnic group, for generations . . .If these degenerates continue in power after Dec. elections, God forbid, then it becomes inevitable for any sane Iraqi to get the heck out! We had humble hopes. [W]e came to the levee but the levee was dry! [We need America to] simply support sane, secular &; multi-party government, even bring it to power. By doing so, be assured every Iraqi will praise US of A all night & day . . .It could be immensely enhanced if Uncle Sam comes to rescue, don't we wish, oh boy, that'll be the day!

March 7, 2006: A nearly total eclipse of the heart & soul is the reason behind not writing! As you're concluding from what you gather, nothing is going the right direction. Deterioration is the master of the scene. I don't want to depress you more; you're too dear to us to do so. We're still in Baghdad, where else to go to? No place on the sphere is willing to accept Iraqis. I suppose we're considered potential threat, especially after the Amman explosions, not to say what we're doing in our own country, flying a 1,000-year-old, gold-cladded dome high in the sky & turning it to debris -- a shameful example of what I'm stating. Any way, I don't blame the world for looking down to us.

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June 17, 2006: We're fine & safe by current Iraqi standards! Although we're living in unbelievably unbearable circumstances . . . [E]verything is worse than the day before: infrastructure, services, security, even hope! I don't need to elaborate. What you gather from media is only a fraction of reality. Baghdad is taking the worst out of that. Nowadays women are afraid of going outdoors unless for an absolute need, or going to work, but most wear veils as a precaution from a sudden harassment by a stupid degenerate, claiming to implement religion . . . To top it all, we have a curfew extension, so now we should be home at sunset till 6 am, just like domesticated farm animals! [W]asn't I right [back in 2004] about sitting down & watching [TV] with a drink in hand, hoping to live another day with our limbs & head where they were the day before?! Our feelings & reactions have become numb . . .

Oct. 12, 2006: [All] things [are] worse in everything & by all standards. Public electrical power is only 2 hours a day for ordinary citizens; VIPs (Hakim & his likes) get 24! I suppose you're well aware that what is circulated by media regarding the daily casualties is only the tip of the iceberg. Last night, the announced figure was 60 for the day, but a neighbor informed that till noon [it] was 198 in the city morgue, when he was collecting his tortured & killed brother's corpse. Killing on identity [i.e., because of one's religious or ethnic identity] is the hottest trend in our beloved & multi-ethnic, sect & religion city! We, citizens, used to judge each other by personalities, good or bad, never by sect, ethnicity or religion, for so many generations. Hell, you can rarely find an Iraqi family that's single sect, without marrying from the other. The same with ethnicity. . . . [D]isplaced families by force are now 51,000, not persons but families according to the minister of immigration & displaced announcement yesterday! We both take moral support from your e-mails . . . & your passport photo, that's still put in our living room! That's what we really needed & what we always will: your friendship & communication, although we would really love a reunion, any time! Of course USA is out of the question for a simple Iraqi couple . . . . it's a wide world, though not so "wide" for Iraqis.

Christmas Eve, 2006: This time of the year enables us to seize the opportunity to wish you & your family a MERRY CHRISTMAS & a HAPPY NEW YEAR. We're still alive; suffering of what now must have been obvious & clear to the entire world. Restricting our daily movement to essential needs, but thinking positively & not trying to ruin the occasion -- hoping for you times of joy & comfort.

* * *

I have written Hasan three times now since this last letter, and I have not heard back.

John Agresto was the Coalition Provisional Authority's senior adviser to the Ministry of Higher Education from September 2003 until June 2004. His book on Iraq, "Mugged by Reality," will be published this month.

Influence Of Joint Chiefs Starting To Rebound (LAT)

By Julian E. Barnes,

The Los Angeles Times, February 18, 2007

Military critics say the generals' voices had been muffled under Rumsfeld, allowing mistakes in Iraq.

WASHINGTON — When President Bush went to the Pentagon in December to discuss his new war strategy with the Joint Chiefs of Staff, outgoing Defense Secretary Donald H. Rumsfeld scheduled the meeting for his own conference room.

The chiefs rejected Rumsfeld's plan for the conference. Instead, according to a military source briefed on the meeting, they sent word that they would be in "the Tank," the Joint Chiefs' own secret briefing room. If the president and Rumsfeld wanted to hear their views, they could find them there.

It was a declaration that went unnoticed outside the Pentagon at the time, and Bush met with the generals on their terms. But it signaled a determination by the nation's top uniformed military officers to take on a greater role in shaping U.S. war policy after years in which some military critics said their voices had been muffled.

By law, the chairman of the Joint Chiefs of Staff is the president's principal military advisor. But for much of the Rumsfeld tenure, the Joint Chiefs — which include the top officers from the Army, Navy, Marine Corps and Air Force — were kept out of war planning, according to some senior officers critical of that arrangement. Some top military voices have argued that had the Joint Chiefs been consulted more regularly, some key mistakes — such as the troop shortage early on — could have been avoided.

"When you are about to send young men and women to fight a war, you need the collective wisdom of many people. The service chiefs are part of the solution," said retired Gen. James L. Jones, a former Marine commandant who served as a member of the Joint Chiefs until 2003. "Some of the difficulty we are in now I think an honest man could say was due to that particular system … where the Joint Chiefs were left out."

Under the new secretary of Defense, Robert M. Gates, military officers say the influence of the Joint Chiefs is starting to rebound. Unlike his predecessor, Gates is publicly and privately paying close attention to his uniformed advisors.

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Rumsfeld preferred to meet with service chiefs in larger groups that also included civilian officials, a practice that effectively diluted the influence of the military voices. Gates, on the other hand, has begun meeting with the chiefs once a week — in the Tank, a room Rumsfeld often avoided.

"That is a damn good thing," said a military officer, who, like several others, spoke about internal Pentagon differences on condition of anonymity. "There were huge periods — months — between meetings of the old SecDef and the chiefs. That's almost incomprehensible."

Rumsfeld and retired Gen. Tommy Franks, who was the top Mideast commander during the Afghanistan and Iraq invasions and who disdained the top generals, formed a "perfect storm" that cut the Joint Chiefs of Staff out of the loop, said Jones, the retired Marine general who also served as top military commander in Europe.

"You can circumvent the legitimate opinions that should be developed by the Joint Chiefs of Staff," Jones said. "And I think there is evidence that has happened on a number of occasions."

In his autobiography, Franks wrote dismissively about the Joint Chiefs and said that briefing them was a "bureaucratic exercise."

Unlike Rumsfeld, who was very sure of his own military opinion, Gates has said he wants to hear a variety of voices. And as Gates' own views on military policy become clearer through his appearances before Congress and at news conferences, his positions seem to be close to those of the Joint Chiefs and Marine Gen. Peter Pace, the group's chairman.

The plan for the troop increase in Iraq was developed by the White House and other military leaders, like Army Gen. David H. Petraeus, the new top U.S. commander in Iraq. Although the Joint Chiefs helped shape the plan, they have been less enthusiastic about the open-ended commitment advocated by the White House, a skepticism Gates seems to share.

Pentagon insiders say that if the new Bush strategy falters, "Plan C" — whatever that may turn out to be — likely will emerge from the Joint Chiefs of Staff. They and the Joint Staff, the top military planners who report to Pace, are at work on alternatives if Bush's "surge" plan should fail, according to defense officials.

The role of the Joint Chiefs began growing in the months before Bush replaced Rumsfeld, when Pace decided to take a closer look at Iraq policy.

Last summer, Army Gen. George W. Casey Jr., then the top U.S. commander in Iraq, announced that rather than drawing down U.S. forces, he would need reinforcements to stabilize Baghdad. At that point, according to a senior Pentagon official, Pace decided the Joint Chiefs of Staff should take a closer look at why the U.S. policy was not succeeding.

Until then, according to the senior official, Pace thought the Joint Chiefs of Staff had been doing a good job "grading the homework" of Casey and other commanders but needed to do more. Pace formed a "Council of Colonels" consisting of top officers from every service who had served in Iraq. Among them was Army Col. H.R. McMaster, lauded for his efforts to secure the Iraqi city of Tall Afar and author of a book critical of the military leadership during the Vietnam War.

Pace's effort seemed unusual — but welcome — to White House officials, some of whom had grown frustrated that even in the face of a worsening military situation, the Pentagon seemed to keep peddling the same military advice.

In an interview, Pace said he began taking a harder look at Iraq last summer, which also is when Casey requested more troops.

"When I was self-analyzing my time as chairman, when I looked back in August of 2006 at what we had been doing, I thought we could be doing more … taking a look at the same facts and doing a deeper analysis," Pace said.

Pace did not agree that he and the other chiefs previously had been on the sidelines. But he acknowledged that he and the Joint Chiefs embarked last year on a new kind of analysis.

"We found a way to be more helpful," he said.

The controversy has rekindled a debate over the federal law governing the organization of the military, the Goldwater-Nichols Department of Defense Reorganization Act of 1986. Designed to diminish rivalry between military services, the act designated the chairman of the Joint Chiefs as the president's top military advisor, but placed the office outside the formal military chain of command.

Pace and Jones have debated whether a change in the law is needed. Pace said that each time, he comes down on the side of the current system.

"As a citizen of the United States I like the fact there is no one military person who commands all things in our military," Pace said.

Nonetheless, there seems little doubt that under Gates the Joint Chiefs will have a greater role. Pace says he intends to continue gathering groups of officers to examine American strategy, as he did last year for Iraq.

"We will continue to use that concept for lots of issues in the global war — Afghanistan, other places, yes," Pace said. "It was really helpful."

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Times staff writer Peter Spiegel in Washington contributed to this report.

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(INFOBOX BELOW)

Military's executive board

The Joint Chiefs of Staff consists of a chairman, vice chairman and the highest ranking members of each of the four major armed services. The chairman acts as chief military advisor to the president, secretary of Defense and National Security Council, but has no responsibility for conducting military operations. Here are the members:

Chairman:
Gen. Peter Pace, Marine Corps
Vice Chairman: Adm. Edmund P. Giambastiani Jr.
Chief of Staff, Army: Gen. Peter J. Schoomaker
Chief of Naval
Operations: Adm. Michael G. Mullen
Chief of Staff,
Air Force: Gen. T. Michael Moseley
Commandant,
Marine Corps: Gen. James T. Conway
Source: Joint Chiefs of Staff

Soldiers Face Neglect, Frustration At Army's Top Medical Facility (WP)

By Dana Priest, Anne Hull, Washington Post Staff Writers

The Washington Post, February 18, 2007

Behind the door of Army Spec. Jeremy Duncan's room, part of the wall is torn and hangs in the air, weighted down with black mold. When the wounded combat engineer stands in his shower and looks up, he can see the bathtub on the floor above through a rotted hole. The entire building, constructed between the world wars, often smells like greasy carry-out. Signs of neglect are everywhere: mouse droppings, belly-up cockroaches, stained carpets, cheap mattresses.

This is the world of Building 18, not the kind of place where Duncan expected to recover when he was evacuated to Walter Reed Army Medical Center from Iraq last February with a broken neck and a shredded left ear, nearly dead from blood loss. But the old lodge, just outside the gates of the hospital and five miles up the road from the White House, has housed hundreds of maimed soldiers recuperating from injuries suffered in the wars in Iraq and Afghanistan.

The common perception of Walter Reed is of a surgical hospital that shines as the crown jewel of military medicine. But 5 1/2 years of sustained combat have transformed the venerable 113-acre institution into something else entirely -- a holding ground for physically and psychologically damaged outpatients. Almost 700 of them -- the majority soldiers, with some Marines -- have been released from hospital beds but still need treatment or are awaiting bureaucratic decisions before being discharged or returned to active duty.

They suffer from brain injuries, severed arms and legs, organ and back damage, and various degrees of post-traumatic stress. Their legions have grown so exponentially -- they outnumber hospital patients at Walter Reed 17 to 1 -- that they take up every available bed on post and spill into dozens of nearby hotels and apartments leased by the Army. The average stay is 10 months, but some have been stuck there for as long as two years.

Not all of the quarters are as bleak as Duncan's, but the despair of Building 18 symbolizes a larger problem in Walter Reed's treatment of the wounded, according to dozens of soldiers, family members, veterans aid groups, and current and former Walter Reed staff members interviewed by two Washington Post reporters, who spent more than four months visiting the outpatient world without the knowledge or permission of Walter Reed officials. Many agreed to be quoted by name; others said they feared Army retribution if they complained publicly.

While the hospital is a place of scrubbed-down order and daily miracles, with medical advances saving more soldiers than ever, the outpatients in the Other Walter Reed encounter a messy bureaucratic battlefield nearly as chaotic as the real battlefields they faced overseas.

On the worst days, soldiers say they feel like they are living a chapter of "Catch-22." The wounded manage other wounded. Soldiers dealing with psychological disorders of their own have been put in charge of others at risk of suicide.

Disengaged clerks, unqualified platoon sergeants and overworked case managers fumble with simple needs: feeding soldiers' families who are close to poverty, replacing a uniform ripped off by medics in the desert sand or helping a brain-damaged soldier remember his next appointment.

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"We've done our duty. We fought the war. We came home wounded. Fine. But whoever the people are back here who are supposed to give us the easy transition should be doing it," said Marine Sgt. Ryan Groves, 26, an amputee who lived at Walter Reed for 16 months. "We don't know what to do. The people who are supposed to know don't have the answers. It's a nonstop process of stalling."

Soldiers, family members, volunteers and caregivers who have tried to fix the system say each mishap seems trivial by itself, but the cumulative effect wears down the spirits of the wounded and can stall their recovery.

"It creates resentment and disenfranchisement," said Joe Wilson, a clinical social worker at Walter Reed. "These soldiers will withdraw and stay in their rooms. They will actively avoid the very treatment and services that are meant to be helpful."

Danny Soto, a national service officer for Disabled American Veterans who helps dozens of wounded service members each week at Walter Reed, said soldiers "get awesome medical care and their lives are being saved," but, "Then they get into the administrative part of it and they are like, 'You saved me for what?' The soldiers feel like they are not getting proper respect. This leads to anger."

This world is invisible to outsiders. Walter Reed occasionally showcases the heroism of these wounded soldiers and emphasizes that all is well under the circumstances. President Bush, former defense secretary Donald H. Rumsfeld and members of Congress have promised the best care during their regular visits to the hospital's spit-polished amputee unit, Ward 57.

"We owe them all we can give them," Bush said during his last visit, a few days before Christmas. "Not only for when they're in harm's way, but when they come home to help them adjust if they have wounds, or help them adjust after their time in service."

Along with the government promises, the American public, determined not to repeat the divisive Vietnam experience, has embraced the soldiers even as the war grows more controversial at home. Walter Reed is awash in the generosity of volunteers, businesses and celebrities who donate money, plane tickets, telephone cards and steak dinners.

Yet at a deeper level, the soldiers say they feel alone and frustrated. Seventy-five percent of the troops polled by Walter Reed last March said their experience was "stressful." Suicide attempts and unintentional overdoses from prescription drugs and alcohol, which is sold on post, are part of the narrative here.

Vera Heron spent 15 frustrating months living on post to help care for her son. "It just absolutely took forever to get anything done," Heron said. "They do the paperwork, they lose the paperwork. Then they have to redo the paperwork. You are talking about guys and girls whose lives are disrupted for the rest of their lives, and they don't put any priority on it."

Family members who speak only Spanish have had to rely on Salvadoran housekeepers, a Cuban bus driver, the Panamanian bartender and a Mexican floor cleaner for help. Walter Reed maintains a list of bilingual staffers, but they are rarely called on, according to soldiers and families and Walter Reed staff members.

Evis Morales's severely wounded son was transferred to the National Naval Medical Center in Bethesda for surgery shortly after she arrived at Walter Reed. She had checked into her government-paid room on post, but she slept in the lobby of the Bethesda hospital for two weeks because no one told her there is a free shuttle between the two facilities. "They just let me off the bus and said 'Bye-bye,' " recalled Morales, a Puerto Rico resident.

Morales found help after she ran out of money, when she called a hotline number and a Spanish-speaking operator happened to answer.

"If they can have Spanish-speaking recruits to convince my son to go into the Army, why can't they have Spanish-speaking translators when he's injured?" Morales asked. "It's so confusing, so disorienting."

Soldiers, wives, mothers, social workers and the heads of volunteer organizations have complained repeatedly to the military command about what one called "The Handbook No One Gets" that would explain life as an outpatient. Most soldiers polled in the March survey said they got their information from friends. Only 12 percent said any Army literature had been helpful.

"They've been behind from Day One," said Rep. Thomas M. Davis III (R-Va.), who headed the House Government Reform Committee, which investigated problems at Walter Reed and other Army facilities. "Even the stuff they've fixed has only been patched."

Among the public, Davis said, "there's vast appreciation for soldiers, but there's a lack of focus on what happens to them" when they return. "It's awful."

Maj. Gen. George W. Weightman, commander at Walter Reed, said in an interview last week that a major reason outpatients stay so long, a change from the days when injured soldiers were discharged as quickly as possible, is that the Army wants to be able to hang on to as many soldiers as it can, "because this is the first time this country has fought a war for so long with an all-volunteer force since the Revolution."

Acknowledging the problems with outpatient care, Weightman said Walter Reed has taken steps over the past year to improve conditions for the outpatient army, which at its peak in summer 2005 numbered nearly 900, not to mention the hundreds

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of family members who come to care for them. One platoon sergeant used to be in charge of 125 patients; now each one manages 30. Platoon sergeants with psychological problems are more carefully screened. And officials have increased the numbers of case managers and patient advocates to help with the complex disability benefit process, which Weightman called "one of the biggest sources of delay."

And to help steer the wounded and their families through the complicated bureaucracy, Weightman said, Walter Reed has recently begun holding twice-weekly informational meetings. "We felt we were pushing information out before, but the reality is, it was overwhelming," he said. "Is it fail-proof? No. But we've put more resources on it."

He said a 21,500-troop increase in Iraq has Walter Reed bracing for "potentially a lot more" casualties.Bureaucratic Battles

The best known of the Army's medical centers, Walter Reed opened in 1909 with 10 patients. It has treated the wounded from every war since, and nearly one of every four service members injured in Iraq and Afghanistan.

The outpatients are assigned to one of five buildings attached to the post, including Building 18, just across from the front gates on Georgia Avenue. To accommodate the overflow, some are sent to nearby hotels and apartments. Living conditions range from the disrepair of Building 18 to the relative elegance of Mologne House, a hotel that opened on the post in 1998, when the typical guest was a visiting family member or a retiree on vacation.

The Pentagon has announced plans to close Walter Reed by 2011, but that hasn't stopped the flow of casualties. Three times a week, school buses painted white and fitted with stretchers and blackened windows stream down Georgia Avenue. Sirens blaring, they deliver soldiers groggy from a pain-relief cocktail at the end of their long trip from Iraq via Landstuhl Regional Medical Center in Germany and Andrews Air Force Base.

Staff Sgt. John Daniel Shannon, 43, came in on one of those buses in November 2004 and spent several weeks on the fifth floor of Walter Reed's hospital. His eye and skull were shattered by an AK-47 round. His odyssey in the Other Walter Reed has lasted more than two years, but it began when someone handed him a map of the grounds and told him to find his room across post.

A reconnaissance and land-navigation expert, Shannon was so disoriented that he couldn't even find north. Holding the map, he stumbled around outside the hospital, sliding against walls and trying to keep himself upright, he said. He asked anyone he found for directions.

Shannon had led the 2nd Infantry Division's Ghost Recon Platoon until he was felled in a gun battle in Ramadi. He liked the solitary work of a sniper; "Lone Wolf" was his call name. But he did not expect to be left alone by the Army after such serious surgery and a diagnosis of post-traumatic stress disorder. He had appointments during his first two weeks as an outpatient, then nothing.

"I thought, 'Shouldn't they contact me?' " he said. "I didn't understand the paperwork. I'd start calling phone numbers, asking if I had appointments. I finally ran across someone who said: 'I'm your case manager. Where have you been?'

"Well, I've been here! Jeez Louise, people, I'm your hospital patient!"

Like Shannon, many soldiers with impaired memory from brain injuries sat for weeks with no appointments and no help from the staff to arrange them. Many disappeared even longer. Some simply left for home.

One outpatient, a 57-year-old staff sergeant who had a heart attack in Afghanistan, was given 200 rooms to supervise at the end of 2005. He quickly discovered that some outpatients had left the post months earlier and would check in by phone. "We called them 'call-in patients,' " said Staff Sgt. Mike McCauley, whose dormant PTSD from Vietnam was triggered by what he saw on the job: so many young and wounded, and three bodies being carried from the hospital.

Life beyond the hospital bed is a frustrating mountain of paperwork. The typical soldier is required to file 22 documents with eight different commands -- most of them off-post -- to enter and exit the medical processing world, according to government investigators. Sixteen different information systems are used to process the forms, but few of them can communicate with one another. The Army's three personnel databases cannot read each other's files and can't interact with the separate pay system or the medical recordkeeping databases.

The disappearance of necessary forms and records is the most common reason soldiers languish at Walter Reed longer than they should, according to soldiers, family members and staffers. Sometimes the Army has no record that a soldier even served in Iraq. A combat medic who did three tours had to bring in letters and photos of herself in Iraq to show she that had been there, after a clerk couldn't find a record of her service.

Shannon, who wears an eye patch and a visible skull implant, said he had to prove he had served in Iraq when he tried to get a free uniform to replace the bloody one left behind on a medic's stretcher. When he finally tracked down the supply clerk, he discovered the problem: His name was mistakenly left off the "GWOT list" -- the list of "Global War on Terrorism" patients with priority funding from the Defense Department.

He brought his Purple Heart to the clerk to prove he was in Iraq.

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Lost paperwork for new uniforms has forced some soldiers to attend their own Purple Heart ceremonies and the official birthday party for the Army in gym clothes, only to be chewed out by superiors.

The Army has tried to re-create the organization of a typical military unit at Walter Reed. Soldiers are assigned to one of two companies while they are outpatients -- the Medical Holding Company (Medhold) for active-duty soldiers and the Medical Holdover Company for Reserve and National Guard soldiers. The companies are broken into platoons that are led by platoon sergeants, the Army equivalent of a parent.

Under normal circumstances, good sergeants know everything about the soldiers under their charge: vices and talents, moods and bad habits, even family stresses.

At Walter Reed, however, outpatients have been drafted to serve as platoon sergeants and have struggled with their responsibilities. Sgt. David Thomas, a 42-year-old amputee with the Tennessee National Guard, said his platoon sergeant couldn't remember his name. "We wondered if he had mental problems," Thomas said. "Sometimes I'd wear my leg, other times I'd take my wheelchair. He would think I was a different person. We thought, 'My God, has this man lost it?' "

Civilian care coordinators and case managers are supposed to track injured soldiers and help them with appointments, but government investigators and soldiers complain that they are poorly trained and often do not understand the system.

One amputee, a senior enlisted man who asked not to be identified because he is back on active duty, said he received orders to report to a base in Germany as he sat drooling in his wheelchair in a haze of medication. "I went to Medhold many times in my wheelchair to fix it, but no one there could help me," he said.

Finally, his wife met an aide to then-Deputy Defense Secretary Paul D. Wolfowitz, who got the erroneous paperwork corrected with one phone call. When the aide called with the news, he told the soldier, "They don't even know you exist."

"They didn't know who I was or where I was," the soldier said. "And I was in contact with my platoon sergeant every day."

The lack of accountability weighed on Shannon. He hated the isolation of the younger troops. The Army's failure to account for them each day wore on him. When a 19-year-old soldier down the hall died, Shannon knew he had to take action.

The soldier, Cpl. Jeremy Harper, returned from Iraq with PTSD after seeing three buddies die. He kept his room dark, refused his combat medals and always seemed heavily medicated, said people who knew him. According to his mother, Harper was drunkenly wandering the lobby of the Mologne House on New Year's Eve 2004, looking for a ride home to West Virginia. The next morning he was found dead in his room. An autopsy showed alcohol poisoning, she said.

"I can't understand how they could have let kids under the age of 21 have liquor," said Victoria Harper, crying. "He was supposed to be right there at Walter Reed hospital. . . . I feel that they didn't take care of him or watch him as close as they should have."

The Army posthumously awarded Harper a Bronze Star for his actions in Iraq.

Shannon viewed Harper's death as symptomatic of a larger tragedy -- the Army had broken its covenant with its troops. "Somebody didn't take care of him," he would later say. "It makes me want to cry. "

Shannon and another soldier decided to keep tabs on the brain injury ward. "I'm a staff sergeant in the U.S. Army, and I take care of people," he said. The two soldiers walked the ward every day with a list of names. If a name dropped off the large white board at the nurses' station, Shannon would hound the nurses to check their files and figure out where the soldier had gone.

Sometimes the patients had been transferred to another hospital. If they had been released to one of the residences on post, Shannon and his buddy would pester the front desk managers to make sure the new charges were indeed there. "But two out of 10, when I asked where they were, they'd just say, 'They're gone,' " Shannon said.

Even after Weightman and his commanders instituted new measures to keep better track of soldiers, two young men left post one night in November and died in a high-speed car crash in Virginia. The driver was supposed to be restricted to Walter Reed because he had tested positive for illegal drugs, Weightman said.

Part of the tension at Walter Reed comes from a setting that is both military and medical. Marine Sgt. Ryan Groves, the squad leader who lost one leg and the use of his other in a grenade attack, said his recovery was made more difficult by a Marine liaison officer who had never seen combat but dogged him about having his mother in his room on post. The rules allowed her to be there, but the officer said she was taking up valuable bed space.

"When you join the Marine Corps, they tell you, you can forget about your mama. 'You have no mama. We are your mama,' " Groves said. "That training works in combat. It doesn't work when you are wounded."Frustration at Every Turn

The frustrations of an outpatient's day begin before dawn. On a dark, rain-soaked morning this winter, Sgt. Archie Benware, 53, hobbled over to his National Guard platoon office at Walter Reed. Benware had done two tours in Iraq. His head had been crushed between two 2,100-pound concrete barriers in Ramadi, and now it was dented like a tin can. His legs were stiff from knee surgery. But here he was, trying to take care of business.

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At the platoon office, he scanned the white board on the wall. Six soldiers were listed as AWOL. The platoon sergeant was nowhere to be found, leaving several soldiers stranded with their requests.

Benware walked around the corner to arrange a dental appointment -- his teeth were knocked out in the accident. He was told by a case manager that another case worker, not his doctor, would have to approve the procedure.

"Goddamn it, that's unbelievable!" snapped his wife, Barb, who accompanied him because he can no longer remember all of his appointments.

Not as unbelievable as the time he received a manila envelope containing the gynecological report of a young female soldier.

Next came 7 a.m. formation, one way Walter Reed tries to keep track of hundreds of wounded. Formation is also held to maintain some discipline. Soldiers limp to the old Red Cross building in rain, ice and snow. Army regulations say they can't use umbrellas, even here. A triple amputee has mastered the art of putting on his uniform by himself and rolling in just in time. Others are so gorked out on pills that they seem on the verge of nodding off.

"Fall in!" a platoon sergeant shouted at Friday formation. The noisy room of soldiers turned silent.

An Army chaplain opened with a verse from the Bible. "Why are we here?" she asked. She talked about heroes and service to country. "We were injured in many ways."

Someone announced free tickets to hockey games, a Ravens game, a movie screening, a dinner at McCormick and Schmick's, all compliments of local businesses.

Every formation includes a safety briefing. Usually it is a warning about mixing alcohol with meds, or driving too fast, or domestic abuse. "Do not beat your spouse or children. Do not let your spouse or children beat you," a sergeant said, to laughter. This morning's briefing included a warning about black ice, a particular menace to the amputees.

Dress warm, the sergeant said. "I see some guys rolling around in their wheelchairs in 30 degrees in T-shirts."

Soldiers hate formation for its petty condescension. They gutted out a year in the desert, and now they are being treated like children.

"I'm trying to think outside the box here, maybe moving formation to Wagner Gym," the commander said, addressing concerns that formation was too far from soldiers' quarters in the cold weather. "But guess what? Those are nice wood floors. They have to be covered by a tarp. There's a tarp that's got to be rolled out over the wooden floors. Then it has to be cleaned, with 400 soldiers stepping all over it. Then it's got to be rolled up."

"Now, who thinks Wagner Gym is a good idea?"

Explaining this strange world to family members is not easy. At an orientation for new arrivals, a staff sergeant walked them through the idiosyncrasies of Army financing. He said one relative could receive a 15-day advance on the $64 per diem either in cash or as an electronic transfer: "I highly recommend that you take the cash," he said. "There's no guarantee the transfer will get to your bank." The audience yawned.

Actually, he went on, relatives can collect only 80 percent of this advance, which comes to $51.20 a day. "The cashier has no change, so we drop to $50. We give you the rest" -- the $1.20 a day -- "when you leave."

The crowd was anxious, exhausted. A child crawled on the floor. The sergeant plowed on. "You need to figure out how long your loved one is going to be an inpatient," he said, something even the doctors can't accurately predict from day to day. "Because if you sign up for the lodging advance," which is $150 a day, "and they get out the next day, you owe the government the advance back of $150 a day."

A case manager took the floor to remind everyone that soldiers are required to be in uniform most of the time, though some of the wounded are amputees or their legs are pinned together by bulky braces. "We have break-away clothing with Velcro!" she announced with a smile. "Welcome to Walter Reed!"A Bleak Life in Building 18

"Building 18! There is a rodent infestation issue!" bellowed the commander to his troops one morning at formation. "It doesn't help when you live like a rodent! I can't believe people live like that! I was appalled by some of your rooms!"

Life in Building 18 is the bleakest homecoming for men and women whose government promised them good care in return for their sacrifices.

One case manager was so disgusted, she bought roach bombs for the rooms. Mouse traps are handed out. It doesn't help that soldiers there subsist on carry-out food because the hospital cafeteria is such a hike on cold nights. They make do with microwaves and hot plates.

Army officials say they "started an aggressive campaign to deal with the mice infestation" last October and that the problem is now at a "manageable level." They also say they will "review all outstanding work orders" in the next 30 days.

Soldiers discharged from the psychiatric ward are often assigned to Building 18. Buses and ambulances blare all night. While injured soldiers pull guard duty in the foyer, a broken garage door allows unmonitored entry from the rear. Struggling with

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schizophrenia, PTSD, paranoid delusional disorder and traumatic brain injury, soldiers feel especially vulnerable in that setting, just outside the post gates, on a street where drug dealers work the corner at night.

"I've been close to mortars. I've held my own pretty good," said Spec. George Romero, 25, who came back from Iraq with a psychological disorder. "But here . . . I think it has affected my ability to get over it . . . dealing with potential threats every day."

After Spec. Jeremy Duncan, 30, got out of the hospital and was assigned to Building 18, he had to navigate across the traffic of Georgia Avenue for appointments. Even after knee surgery, he had to limp back and forth on crutches and in pain. Over time, black mold invaded his room.

But Duncan would rather suffer with the mold than move to another room and share his convalescence in tight quarters with a wounded stranger. "I have mold on the walls, a hole in the shower ceiling, but . . . I don't want someone waking me up coming in."

Wilson, the clinical social worker at Walter Reed, was part of a staff team that recognized Building 18's toll on the wounded. He mapped out a plan and, in September, was given a $30,000 grant from the Commander's Initiative Account for improvements. He ordered some equipment, including a pool table and air hockey table, which have not yet arrived. A Psychiatry Department functionary held up the rest of the money because she feared that buying a lot of recreational equipment close to Christmas would trigger an audit, Wilson said.

In January, Wilson was told that the funds were no longer available and that he would have to submit a new request. "It's absurd," he said. "Seven months of work down the drain. I have nothing to show for this project. It's a great example of what we're up against."

A pool table and two flat-screen TVs were eventually donated from elsewhere.

But Wilson had had enough. Three weeks ago he turned in his resignation. "It's too difficult to get anything done with this broken-down bureaucracy," he said.

At town hall meetings, the soldiers of Building 18 keep pushing commanders to improve conditions. But some things have gotten worse. In December, a contracting dispute held up building repairs.

"I hate it," said Romero, who stays in his room all day. "There are cockroaches. The elevator doesn't work. The garage door doesn't work. Sometimes there's no heat, no water. . . . I told my platoon sergeant I want to leave. I told the town hall meeting. I talked to the doctors and medical staff. They just said you kind of got to get used to the outside world. . . . My platoon sergeant said, 'Suck it up!' "

Walter Reed Couldn't Handle Wounded From Iraq, Leader Says (LAT)

By Peter Spiegel

The Los Angeles Times, February 18, 2007

WASHINGTON — The head of the Army hospital responsible for most of the seriously injured war veterans has acknowledged that the staff responsible for tracking patients after they receive treatment was overwhelmed by the number of wounded when violence spiked in Iraq two years ago.

The undermanned staff may have led to wounded veterans falling through the bureaucratic and medical cracks, he said.

Army Maj. Gen. George W. Weightman, commander of the prestigious Walter Reed Army Medical Center, said the number of outpatient soldiers reached a high of 872 in summer 2005, up from about 100 before the war, leaving the military and medical staff responsible for monitoring their well-being unable to keep on top of critical cases.

"We found that the platoon sergeants that we had for accountability and the case managers that we had, they were literally managing 125 patients each," Weightman said. "That's too many to do [oversight] effectively."

Walter Reed, located in northwest Washington, D.C., is renowned for its inpatient medical care, which has helped keep alive hundreds of soldiers who probably would have died during previous conflicts.

Less well-known is the care soldiers receive as outpatients, which has stretched to an average of 10 months — two months longer than Army guidelines call for — a period Weightman said can be even more frustrating for wounded soldiers and their families.

"When you're an inpatient, you're literally a captive in our organization," Weightman said. "When you're an outpatient, there's a lot more options that you have as a patient as far as where you can go and who accounts for you. That was, in some cases, a problem."

Weightman's acknowledgment, made during a briefing Friday for a small group of reporters, came ahead of a Washington Post investigation to be published today that details multiple cases of soldiers who accused Walter Reed of neglecting them and forcing them to live in substandard wards on the medical center's campus once they became outpatients.

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The Post story includes allegations that one outpatient soldier at Walter Reed drank himself to death, and two others died in a high-speed car accident even though the driver was supposed to be restricted to medical center grounds because of past use of illegal drugs.

Weightman, who took command of Walter Reed in July, said he has quadrupled the number of staff responsible for serving as liaisons between outpatients and the review boards charged with deciding whether to discharge outpatients or return them to active duty.

He also said he is increasing the number of military officers and case workers handling individual outpatients so that every caregiver will only have to handle 30 to 35 veterans.

Weightman insisted he has also ordered his staff to focus on "high-risk" cases, such as veterans with post-traumatic stress disorder or traumatic brain injuries, to insure they are more closely monitored once they become outpatients.

"Maintaining quick accountability at all times on those, it generates a lot less problems for us downrange," Weightman said. "They're the folks that are at risk of not being where they're supposed to be, or getting on a motorcycle and going 120 miles per hour, or inappropriate use of alcohol or medication or illegal substances."

Despite these improvements, however, some of the cases documented by the Post — including the two soldiers who died in the car accident — occurred after Weightman's changes. And, according to the Post, many of the substandard living conditions and bureaucratic problems still exist.

Paul Rieckhoff, an Iraq war veteran who heads Iraq and Afghanistan Veterans of America, said he had heard of similar cases at Walter Reed, including a friend who had suffered "catastrophic injuries" in Iraq and was forced to "carry his paperwork through the snow" when he became an outpatient.

"They didn't plan properly for the war," Rieckhoff said. "If it even happens to one veteran, then it's shameful. None of these guys should ever fall through the cracks."

Two "Private Fuzzies," Diverted On Their Way To War (WP)

By Bill Murphy, Washington Post Foreign Service

The Washington Post, February 18, 2007

FORWARD OPERATING BASE WARHORSE, Iraq

An explosion in the distance broke the silence in tent MC-01 just after 9 a.m.

"IED?" Pvt. Ryan Tozour asked his friend sitting astride the next cot, referring to an improvised explosive device, or bomb.

"I never heard an IED before," Pvt. Stephen Daniel replied. He leaned forward and spat tobacco juice into a Gatorade bottle, just inches from his rifle. "I only saw a video," part of a briefing a few days before when he and Tozour got to Iraq.

The two privates, artillerymen, had been together since basic training in July, and they had reached this small, dusty base outside Baqubah in Diyala province, northeast of Baghdad, the night before purely by accident. The helicopter ferrying them to their unit made a quick stop here, and when they got off to let some other passengers out, other soldiers grabbed their bags and jogged away.

"We were yelling, 'No!' " Daniel explained. "By the time we got clear to where they could hear us," he paused, then lifted his arm slowly, mimicking a helicopter taking off.

They slept here last night, in this dark, cavernous tent, where plywood covers the ground and the furniture consists of about 60 green canvas cots. Dust, sand and gravel are everywhere.

Their unit, a battalion in the 1st Cavalry Division, has been in Iraq since October. Nobody has told them what job they'll be doing here, but they don't think there is much artillery in this war, and they expect to be used as infantry.

"They call us Private Fuzzies," said Daniel, 22, because they have no rank tabs on their uniforms -- just a soft Velcro patch where an insignia would go if they had one. "Our drill sergeant used to say, 'You'll be in Iraq in 90 days.' We'd say, 'You're crazy.' Guess it wasn't too crazy."

They had eaten breakfast at the dining hall nearby and now had nothing to do but wait. They rehashed rumors, worried that the helicopter mix-up meant they would now have to fly in daylight. They argued about where and what kind of helicopters had crashed in Iraq recently.

"When you're not here yet, you're like obsessed with here," Daniel said. "You're like looking at blogs and looking online. And then you get here, and it gets old within a day. You halfway don't want to go. But it's why you joined, so it's cool. Maybe time will go faster if you're getting shot at."

Of the 150 people who attend his small church in Belton, Tex. -- "the buckle of the Bible belt," Daniel described it -- nine are serving in Iraq. "It's a conservative, Independent Baptist church. Very patriotic, rah-rah."

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He has a 6-year-old son. The other families in Daniel's congregation were disappointed in him and his girlfriend for getting pregnant. "They kept asking, 'When are you two going to get married? You're going to get married, aren't you?' " They did get married, a year and a half ago.

"Everything happens for a reason," Tozour assured him. He is 19 and grew up in Wilmington, N.C.

"Don't say it like you're proud of it," Daniel interrupted.

"Hey, it's a nice place," said Tozour, who got married two days before basic training. His wife works at a Wal-Mart back home, and he said he joined the Army "for the benefits. I mean, I don't need to pay for dental, medical, none of that."

At 9:50 a.m., Daniel checked his watch. They gathered their duffel bags and carried them out of the tent, through the maze of blast walls designed to protect against mortars and other dangers.

"Hey, Daniel!" called out a burly staff sergeant.

Daniel spun on his heels and snapped to "parade rest" -- hands clasped smartly behind his back, feet shoulder width apart, eyes straight ahead.

"Yes, sergeant!" both men said.

"It's okay, you can stand easy. Are you guys new?"

"Yes, sergeant," came the replies. They unclasped their hands.

He asked what job they had trained for and where they were headed. It's tough here, he said. "Keep your eyes open. Be alert."

"Yes, sergeant."

"Don't relax. This is no place to relax."

"Yes, sergeant."

The sergeant looked them over. "But you guys are going to have a lot of fun," he said as he sent them on their way. "Be safe."

Just out of the sergeant's earshot, Daniel turned to Tozour. "Don't relax speech Number 208," he said.

Their ride arrived a few minutes after 10 a.m., and they headed back to the landing zone.

Shortly afterward, the sergeant who had given them the "don't relax" speech, Staff Sgt. Benjamin Maldonado, 31, had a minute to reflect. An infantryman in his second year in Iraq, his current job is to help run the transient tents and other facilities on the base.

U.S. casualties are piling up here now, slowly but steadily. Maldonado said he doesn't see things here getting better, and it's tough to watch new guys go off into the fight. "It would be one thing if you saw some improvement."

A few minutes later, Maldonado ushered some Iraqi workers into tent MC-01. They started sweeping, and the air was filled with dust.

Strengthen Civilian Forces, Too (WT)

By Richard Lugar

The Washington Times, February 18, 2007

American troops in Iraq and Afghanistan are foremost in our thoughts and prayers, but the U.S. military has been quietly fighting the war against terror in scores of other foreign countries. Since September 11, 2001, the number of military personnel and Defense Department activities in non-combat countries has soared.

Finding, capturing and eliminating terrorists and their support networks are only part of the military's new mission. They have won new authority outside the traditional foreign aid framework to provide military training to foreign countries. Increasingly, the military is taking on roles once reserved for civilian agencies, such as building schools and clinics, drilling wells and conducting public information campaigns.

A strong military response is necessary for the war against terrorism. When our foreign friends use our training and intelligence to round up global terrorists on their soil, it is clearly a mutual success. But over-reliance on the military also carries risks.

To succeed, we need diplomats who can shape complex bilateral relationships, repair and build alliances and navigate through a labyrinth of foreign languages and cultures. We need foreign aid experts who know how best to promote democratic practices and economic development. And we need communication professionals to get our message across to foreign audiences.

These civilians are our best hope for defusing religious extremism and defeating international terrorism long-term. They are found in the State Department, the U.S. Agency for International Development and other civilian agencies. The military's encroachment into traditionally civilian activities risks blurring lines of authority and weakening the secretary of state's lead role in foreign policy.

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Worse, it could actually hurt our anti-terror efforts by giving too strong a military cast to our programs and policies, fueling suspicion and resentment overseas.

The shift is not the result of carefully considered policy. Often, the Pentagon is taking on these civilian responsibilities simply because it has the money to do so. Currently we have almost a 14:1 ratio of military spending to spending on the diplomatic and foreign aid agencies. The president's new budget for fiscal 2008 seeks an increase in routine defense spending (excluding supplemental requests for Afghanistan and Iraq) over the fiscal 2006 appropriation of some $71 billion. This two-year increase alone is roughly twice what we spend on the entire civilian foreign affairs budget.

And because the Pentagon now has authority to conduct its own foreign assistance programs, albeit with the "concurrence" of the State Department, the likelihood increases of skewing the balance between civilian and military programs. In the Dominican Republic, for instance, the Pentagon has $7.5 million to offer for military equipment and training, but only $800,000 in U.S. funds goes to public diplomacy.

While the military has received hefty budget increases since September 11, 2001, Congress has shortchanged the president's requests for civilian foreign affairs funding by $5.6 billion. Yet it is precisely vigorous action by those agencies that we need for success.

Senate Foreign Relations Committee staff members who recently visited a number of embassies to assess the impact of our growing military presence found that our ambassadors and a number of foreign officials are concerned. In particular, in countries where U.S. military assistance now exceeds our traditional economic aid, they worry that the U.S. ambassador could lose effective leadership of the bilateral relationship in-country as well as control over the coordination between Pentagon and civilian agencies.

I welcome the increased resources the military brings, and I believe strong military-to-military relations are an important ingredient in winning cooperation against terrorism. But the administration and Congress should adopt three important principles to bolster our civilian forces in the campaign against terror.

Full authority for ambassadors. An ambassador is the personal representative of the president and must direct all U.S. government activities in-country. That means he or she must be consulted ahead of time on all planned U.S. military activities and programs, and must have authority to overrule the Pentagon when necessary.

One voice in foreign policy. All security assistance, like other foreign aid, should go through the secretary of state, who should rationalize and prioritize our many assistance programs according to the president's strategic vision.

Match money to mission. Civilian foreign policy agencies get far less funding than they need. The administration should develop a comprehensive spending plan for robust diplomatic capability and assistance in every country important to our anti-terror campaign. Money should flow to the agencies with the expertise to accomplish the mission, rather than assigning the mission to whomever happens to have the money to pay for it.

Richard Lugar of Indiana is the Republican leader of the U.S. Senate Foreign Relations Committee.

Taliban Offensive Expected In Spring (LAT)

By Laura King, Times Staff Writer

The Los Angeles Times, February 18, 2007

Some observers worry that NATO forces in Afghanistan have failed to seize the initiative.

KANDAHAR, AFGHANISTAN — As the U.S. Black Hawk helicopter skimmed low over the desert, the signs of approaching spring were everywhere: melting frost in the hollows, the first shoots of green in the nearby fields, shrinking snowcaps on distant peaks.

In coming weeks, winter will loosen its grip on Afghanistan. Senior NATO generals insist that their troops are well positioned to confront the Taliban offensive that is expected to follow.

But some analysts, diplomats and other observers think the Western alliance, and the Afghan government it supports, has failed to use winter's relative lull in fighting to seize the initiative in advance of a new battle with the insurgents.

The North Atlantic Treaty Organization's forces in the south are being bolstered, but the influx of about 3,000 additional troops is privately described by field commanders as both tardy and considerably smaller than what they had hoped for.

The reinforcements will come almost exclusively from the United States and Britain; troop commitments by other alliance members have failed to materialize.

In some key districts, Taliban militants have reinfiltrated areas they were driven from months ago. Even before the start of any large-scale offensive, the insurgents are demonstrating an ability to capture territory, including their brazen seizure of the town of Musa Qala in Helmand province this month.

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With Western troop levels at their highest since the fall of the Taliban in 2001, including a record 26,000 U.S. soldiers, senior NATO officials in Kabul, the capital, described the insurgents as scattered and demoralized after defeats last year — the bloodiest year of the conflict, with about 4,000 people killed.

The Taliban harbored ambitions of seizing Kandahar, the movement's onetime stronghold, but were blocked in that drive last autumn, though fighting came within 10 miles of the city.

"2006 was a year of Taliban failure," said British Gen. David Richards, who turned over command of NATO forces to U.S. Army Gen. Dan McNeill this month. "The Taliban did not achieve a single objective…. We proved that NATO can and will defeat the Taliban militarily."

But commanders of remote coalition outposts that have come under frequent hit-and-run attacks this winter describe a resourceful and determined foe they think will be back in force to fight again.

"They're hard-core — very determined, very disciplined. They know the ground and they know how to fight, and they know how to adapt to changing conditions," said Canadian army Capt. Piers Pappin, whose mud-walled, thatched-roof outpost in the desert west of Kandahar was repeatedly attacked by bands of insurgents, even during the supposed winter lull.

Insurgent commandants have boasted that in coming months they will step up the use of crude yet lethal tactics such as suicide and roadside bombings, with which they can counter NATO troops' vastly superior firepower.

Suicide attacks increased fivefold in 2006, and the use of remotely detonated devices nearly doubled from the previous year, according to U.S. military figures.

'The call of extremists'

In Afghanistan's impoverished south, which is expected to be the focal point of fighting in the spring and summer, the slow pace of reconstruction has hurt allied military efforts to build the trust of villagers.

"While the growing insurgency is attracting increasing attention, long-term efforts to build the solid governmental institutions a stable Afghanistan requires are faltering," the Brussels-based International Crisis Group said in a report released at the end of January. As a result, "disillusioned, disenfranchised Afghans are … responding to the call of extremists."

Aid groups and nongovernmental organizations have characterized the reconstruction effort as falling far short of the targets set a year ago by Western nations and the Afghan government.

"So much could have been done over the winter to make these people's lives better," said Norine MacDonald, who works in Kandahar province in village outreach programs sponsored by the nonprofit Senlis Council. "Instead, their situation is getting worse all the time."

Heading into the next round of fighting, the dubious efficacy of the Afghan army is also a growing cause for concern. Coalition goals call for the force to expand to 80,000 troops by next year, but at this point, struggling with a high desertion rate, it is fielding about 20,000.

Senior Western military officials put a positive face on the progress made in arming and training the force. But field-level allied officers who work closely with the Afghan troops privately predict that it will take many years to shape them into a professional army capable of confronting the insurgents on their own.

The Afghan troops protest that they are counted on to smooth over anger when NATO operations result in civilian deaths and injuries. At least 100 Afghan civilians died last year at the hands of allied forces, according to New York-based Human Rights Watch, and Afghan rights groups put the figure many times higher.

"Whenever they do something that is against our culture, people get angry, very angry," said Lt. Col. Sheehin Shah Kabandi, a regional Afghan army commander in Kandahar. "We remind them again and again: If you enter someone's house by breaking down his door, that man and all his relatives are your enemy forever."

Local resentment is sometimes inflamed by what Western military officials see as an effort by Afghans to better their lot. In the Panjwayi district outside Kandahar, NATO troops for months have been bulldozing vineyards, arbors and orchards to build three wide roads radiating from their bases. Alliance officials say the roads will be an economic boon to villagers.

But some farmers said that promised compensation never arrived and that the roads appeared to be mainly for the troops' use.

"What do we gain?" said a weathered villager named Rahmatullah, bent nearly double under a load of dry sticks. "My grapes are gone, and I have nothing.

"I'm angry at the Taliban who were hiding here, but I'm angry at them too," he said, pointing with his chin toward NATO combat engineers leveling ground for the latest stretch of road.

Civilian casualties

As they seek to benefit from any NATO missteps, the insurgents have honed their tactics. Western commanders describe how the insurgents seed an area with arms caches, then blend with farmers and villagers until they are ready to pick up their weapons and fight.

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One commander at an outpost near Kandahar said he was grudgingly impressed when Afghan men who later proved to be insurgents loitered in a field by day, stacking stones that hours later were used to precisely position a rocket-propelled grenade launcher for a nighttime attack.

During a sweep last month, NATO soldiers found a compound that apparently had been used as an insurgent field hospital, with bandages, syringes and painkillers, within 200 yards of a troop outpost.

When the insurgents are able to establish themselves in a populated area, coalition forces face a difficult decision: whether to risk civilian casualties by attacking.

Musa Qala, a town in Helmand province's poppy-growing belt that was overrun by the Taliban early this month after a British-brokered truce collapsed, is a case in point.

NATO used a pinpoint airstrike to kill the Taliban commander who had led the takeover and said it would evict the rest of the insurgents when it was ready to do so. But military officials acknowledged it would be difficult to dislodge the Taliban fighters without inflicting civilian casualties, even though many residents had fled.

Civilian deaths have become a highly sensitive subject, particularly after Afghan President Hamid Karzai publicly broke into tears late last year while imploring allied troops to be more careful.

Bombers-in-waiting

Air power has become a much-relied-on advantage for coalition troops, but in addition to the risk of civilian casualties, springtime fighting will bring other challenges: for example, keeping helicopters and other aircraft in the skies when dust storms send columns of fine, sandy grit thousands of feet aloft.

Low-altitude surveillance carries the risk of drawing fire, but from higher altitudes "it's really hard to tell what's a threat and what isn't," said Sgt. Scott Campbell, a Black Hawk gunner with the Army's 10th Mountain Division at the Kandahar base.

Travel on the ground is also dangerous. Over the last several months, Taliban commanders have boasted that hundreds of would-be suicide bombers are waiting to be sent into action. Afghan and coalition arrest figures seem to bear out the claim; during one recent week, nearly a dozen suspected bombers-in-waiting were detained in and around Kandahar.

As a result, coalition convoys tend to race through the city after dark rather than moving about freely during the day.

Late one moonless night last month, NATO soldiers prepared for a run that would take their armored vehicles through downtown Kandahar and deep into the desert. With the engines rumbling, they listened to a squad commander's grim and detailed litany of attacks that had taken place recently in the area.

"What I'd say is this: Try not to stop," he told them. "Really try not to stop."

Everyone nodded.

U.S.-led Coalition Helicopter Crashes In Southeastern Afghanistan (AP)

AP, February 17, 2007

KABUL, Afghanistan (AP) — A U.S.-led coalition helicopter crashed Sunday in southeastern Afghanistan after reporting engine failure, a coalition statement said. An official said the helicopter was not shot down.

"It was not enemy fire related," said Col. Tom Collins, spokesman for NATO's International Security Assistance Force. "The pilot was able to radio in that he was having engine problems. We're confident it was not due to enemy action."

It wasn't immediately clear how many people were on board or what type of helicopter it was. The coalition has launched a search and rescue operation for the helicopter and its occupants, said U.S. military spokesman Lt. Col. David Accetta.

"For the safety of the people on board, we will not release the number of people on board until rescue operations are complete," Accetta said. "Rescue operations are underway."

Accetta also declined to give details about the model of the helicopter and the exact location of the crash.

The mountainous region of southeastern Afghanistan is under the command of U.S.-led forces.

Helicopter Crashes In Afghanistan (BBC)

BBC.com, February 17, 2007

The US-led coalition has said one of its helicopters has crashed in south-eastern Afghanistan after reporting engine failure.

The helicopter is reported to be an American Chinook, but the coalition did not give any more details.

An operation has been mounted to locate and rescue the helicopter's occupants.

Coalition and Nato forces have lost several helicopters in Afghanistan in the last few years but only one is thought to have been shot down.

Taleban claim

"It was not enemy fire related," Col Tom Collins, of Nato's International Security Assistance Force (Isaf), was quoted by the Associated Press news agency as saying.

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The Chinook is regularly used as a troop carrier in Afghanistan

"The pilot was able to radio in that he was having engine problems. We're confident it was not due to enemy action."

The helicopter crashed in the Shah Joy district of Zabul province. The province borders Pakistan and has been the scene of Taleban activity recently.

A Taleban spokesman said the helicopter had been shot down, but the BBC's Alastair Leithead in Kabul says they frequently make similar claims that are unfounded.

There is no indication as to whether the helicopter was on a military mission.

Our correspondent says the helicopter was based in Bagram airbase, near Kabul, where the weather has been poor.

But he said the weather further south in Zabul has been clearer.

Nato and coalition forces in Afghanistan are bracing for an expected spring offensive from regrouping Taleban fighters.

NATO Troops Mistakenly Kill Afghan Man (AP)

AP, February 18, 2007

NATO-led forces in southern Afghanistan shot to death an Afghan civilian mistaken for a suicide bomber because of twine and straps protruding from his jacket, the alliance said Sunday.

The man was crossing a road Saturday about seven miles west of Kandahar and appeared to be approaching a NATO convoy, said a statement from NATO's International Security Assistance Force.

"He appeared to be chanting and refused to heed warnings to stop," a NATO statement said. "As he continued his approach, members of the convoy noted what appeared to be a device with wires protruding from it on his chest."

The man failed to stop after the troops fired two warning shots, said Capt. Andre Salloum, an ISAF spokesman in Kandahar. They then shot him.

The troops searched the man and found that "he had twine, straps and other materials protruding from his jacket, which resembled wires, but there were no explosives," the statement said.

It was the second such civilian shooting Saturday in Kandahar.

NATO-led troops shot to death another Afghan man on Saturday as he ran between vehicles of a military convoy stopped near Kandahar's military airfield. The troops fired upon him after he failed to heed warning shots.

President Hamid Karzai has repeatedly called on U.S. and NATO-led troops to exercise extreme caution to prevent civilian casualties. Dozens of civilian deaths during operations by foreign troops have undermined his authority among Afghans.

Coalition Copter Crashes In Afghanistan; Search Launched (CNN)

CNN.com, February 17, 2007

KABUL, Afghanistan (CNN) -- A coalition helicopter went down in southeastern Afghanistan early Sunday after reporting an engine failure, according to a statement issued by the coalition headquarters in Bagram.

A search-and-rescue operation for the helicopter and its occupants was launched. "An investigation will be conducted into the cause of the incident," the statement said.

No further information was immediately available.

Also Saturday, NATO troops in southern Afghanistan shot and killed a man they mistakenly thought was a suicide bomber, according to NATO's International Security Assistance Force.

The incident occurred near Kandahar Airfield, in Kandahar province, and involved ISAF personnel.

ISAF said a man had been running "between the vehicles of a stopped convoy."

ISAF troops "believing he might be a suicide bomber, attempted to stop him. A gunner on one of the vehicles flashed a light at the individual after he kept moving toward the convoy, then fired warning shots. When the individual failed to stop, ISAF forces fired upon him."

They later determined the man -- who died at a medical facility at Kandahar Airfield -- was not carrying explosives.

"ISAF deeply regrets this loss of life" ISAF spokesperson Lt. Col. Angela Billings said in the statement.

"ISAF forces attempted to warn the individual away from the convoy, but he did not respond. Local nationals are encouraged to keep clear of all convoys, whether they are moving or stopped, to avoid further incidents," the statement said.

On Thursday, President Bush warned that U.S. and NATO forces can expect a heating up of the Taliban offensive as the snow melts in the mountains of eastern Afghanistan.

In comments to the American Enterprise Institute, Bush said "fierce fighting" will continue in the Afghan-Pakistani frontier region, but he vowed that international forces are ready.

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"Taliban and al Qaeda are preparing to launch new attacks," Bush said. "Our strategy is not to be on the defensive but to go on the offense. This spring there's going to be a new offensive in Afghanistan and it's going to be a NATO offensive, and that's part of our strategy."

Bush described the resurgence of Taliban and their attacks in 2006 as the "most violent year in Afghanistan since the liberation of the country."

The Afghan Crucible (LAT)

The Los Angeles Times, February 18, 2007

'LAST YEAR, THE NUMBER of roadside bomb attacks almost doubled, direct fire attacks on international forces almost tripled and suicide bombings grew nearly fivefold." That's not a quote from one of the president's critics about Iraq — it's from the president himself, and he was talking about Afghanistan.

It's not quite fair to call Afghanistan the war the administration forgot. But it was heartening last week to hear President Bush give a speech about that other war for the first time in his second term, to acknowledge the growing Taliban threat and to call for a renewed U.S. and NATO commitment. Still, military power alone won't make Afghanistan secure — the country must also undergo substantial economic development.

Congress should approve Bush's request for $11.8 billion for the next two years of operations in Afghanistan, but this will not suffice. Without a plan to jump-start reconstruction — and convince the Afghan people that the civil society the West wants to build for them is not just obtainable but worth fighting for — all could be lost.

The old saw that there are no military solutions to political conflicts was never more true than in Afghanistan. Yet, in the five years since U.S. forces toppled the Taliban government with a "light footprint," the Bush administration has never spent enough on reconstruction, opium-crop substitution payments for farmers, road building, education, healthcare or jobs programs — or enough on security to make sure the rebuilding succeeds.

Bush will not get the full support and cooperation of NATO allies until he demonstrates that reconstruction is not a second priority to fighting Al Qaeda. There are serious differences with Germany, which has sent thousands of troops and spent millions in Afghanistan, commanded NATO forces and been responsible for security in the country's north, where Berlin believes its style of nation-building has been notably successful. The government of Angela Merkel has signaled it believes that Washington is relying too heavily on military solutions.

The war effort cannot be allowed to falter over an "Americans are from Mars, Europeans are from Venus" cultural divide on whether to emphasize military commitment or nation-building. Both approaches are necessary.

NATO needs to bear its share of the burden, contributing troops to the fight in the south and continuing to lift conditions on their deployment. And Washington, however distracted by its Iraqi adventure, cannot shortchange the effort to rebuild the nation whose failure led directly to 9/11. The possibility that democracy could fail in Afghanistan is awful to contemplate.

Shooting Pain (WP)

By William Saletan

The Washington Post, February 18, 2007

If you're worried about terrorism, upset about the war in Iraq, and depressed by global chaos, violence and death, cheer up. The U.S. military just invented a weapon that fires a beam of searing pain.

Three weeks ago, it was tested on volunteers at an Air Force base in Georgia. You can watch the video on a military Web site (http://https://www.jnlwp.com/ActiveDenialSystem.asp). Three colonels get zapped, along with an Associated Press reporter. The beam is invisible, but its effects are vivid. Two dozen airmen scatter. The AP guy shrieks and bolts out of the target zone. He says it felt like heat all over his body, as though his jacket were on fire.

The feeling is an illusion. No one is harmed. The beam's energy waves penetrate just 1/64 of an inch into your body, heating your skin like microwaves. They inflame your nerve endings without burning you. This could be the future of warfare: less bloodshed, more pain.

Military technology has always sought a greater precision from a longer range. In the Persian Gulf War, Kosovo and Afghanistan, we exploited the increasing accuracy of laser-guided bombs. In the post-9/11 terrorist hunt and the occupation of Iraq, we've sent hundreds of remotely piloted aerial drones to spy and kill. But the lives protected by drones are ours. The pain beam is more ambitious: It can spare civilians and even the enemy. Precision isn't just the ability to kill. Sometimes, it's the ability to disperse and deter without killing.

That kind of precision is becoming more important. Twelve years ago, the Defense Department observed that our armed forces were increasingly being used for peacekeeping, humanitarian aid and protection of civil society. More of our enemies were blending in with, or disguising themselves as, civilians. Through the media, more eyeballs, hearts and minds could see the

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infrastructure we destroyed. DOD proposed the development of weapons "to incapacitate personnel or materiel, while minimizing fatalities, permanent injury to personnel, and undesired damage to property and the environment."

Like lethal weapons, nonlethal weapons have evolved from short to long range. Batons and pepper spray required hand-to-hand combat. Water cannons, rubber bullets, beanbag rounds and stingball grenades have extended our reach, but not far enough to keep troops clear of rocks or small-arms fire. Some of those nonlethal weapons are insufficiently discriminate. Tear gas torments a whole crowd, not just the miscreants using the crowd for cover.

Projectiles are also unpredictable. At long range, particularly in crosswinds, rubber bullets can hit the wrong people, or the right people in the wrong places. At close range, they can kill. Look at the absurdly named "FN303 less lethal launcher." It's supposed to fire "nonlethal projectiles at established nonlethal ranges." But when launching things, less lethal is the best you can do.

That's where the pain beam comes in. Unlike projectiles, beams are "directed energy." They travel in a straight line over long distances, ignoring gravity and wind. They cause no more damage at 10 feet than at 1,000. Unlike gas, they discriminate. Raytheon, the pain beam's manufacturer, points out that the weapon "allows precise targeting of specific individuals" and that the pain "ceases immediately" when the beam is diverted or the target flees.

The shift from hardware to software, from matter to energy, can do more than control the unpredictability of weapons. It can control the unpredictability of the people who fire them. Early nonlethal devices, such as rubber bullets and Mace, often caused injuries because of abuse by hotheads. When the pain beam was being developed, somebody accidentally fired it on a high setting, inflicting a second-degree burn. The designers responded by programming limits on the beam's power and duration.

Years of work have gone into making the beam safe. It has been tested thousands of times on 600 volunteers. It has been reviewed and revised by the military's Human Effects Review Board, a Human Effects Advisory Panel made up of nonmilitary experts in the field and military surgeons general. It has been tested for effects on skin cancer, fertility, jewelry and drunks. The results have been published in peer-reviewed journals. Never has an organization that is licensed to kill jumped through so many hoops to make sure nobody gets injured.

The DOD's nonlethal weapons program is a pacifist's dream. Its "vehicle lightweight arresting devices" are built to stop cars with minimal damage, allowing minor injuries only if you're "not wearing a seat belt." Its "acoustic hailing devices" are engineered to deliver sound waves "below Occupational Safety and Health Administration hearing limits for prolonged exposure." Its founding directive pledges to avoid environmental damage. Even the Less Lethal Launcher projectiles are "nontoxic."

But the ability to inflict pain without injury doesn't just make injury less necessary. It makes pain more essential to military operations -- and easier to inflict. To achieve the desired "repel effect," I have to make you suffer. Knowing that your agony will be brief and leave no physical damage makes the weapon easier to fire. It's almost as though, like the flames the AP reporter imagined were engulfing his jacket, your pain isn't real.

That's the metaphysical gap that nonlethal energy weapons exploit. The rain of pain falls mainly in the brain. The long-range acoustic device, for instance, "can target narrow sound beams at excruciating decibel levels, but below the threshold of hearing damage," according to a military account of a presentation by its project manager. Four months ago, Congress passed and President Bush signed legislation to prosecute torture, defined as intentional infliction of "serious physical or mental pain or suffering." But that rule applies only in captivity. On the street, pain administration won't be a crime. It'll be a policy.

Two weeks from now, military leaders will convene in London to discuss the pain beam and the next generation of directed-energy weapons, including microwaves and lasers. Law enforcement agencies are interested. Raytheon is already advertising the technology for commercial applications. The military is even developing a "personnel halting and stimulation response" system -- yes, a PHaSR -- to stun targets instead of killing them. But don't worry, nobody will get hurt. Sort of.

William Saletan covers science and technology for Slate, the online magazine at www.slate.com.

DOJ:

6 Of 7 Dismissed U.S. Attorneys Had Positive Job Evaluations (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, February 18, 2007

All but one of the U.S. attorneys recently fired by the Justice Department had positive job reviews before they were dismissed, but many ran into political trouble with Washington over issues ranging from immigration to the death penalty, according to prosecutors, congressional aides and others familiar with the cases.

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Two months after the firings first began to make waves on Capitol Hill, it has also become clear that most of the prosecutors were overseeing significant public-corruption investigations at the time they were asked to leave. Four of the probes target Republican politicians or their supporters, prosecutors and other officials said.

The emerging details stand in contrast to repeated statements from the Justice Department that six of the Republican-appointed prosecutors were dismissed because of poor performance. In one of the most prominent examples, agency officials pointed to widely known management and morale problems surrounding then-U.S. Attorney Kevin Ryan in San Francisco.

But the assertions enraged the rest of the group, some of whom feel betrayed after staying silent about the way they have been shoved from office.

Bud Cummins, the former U.S. attorney in Little Rock, who was asked to resign earlier than the others to make way for a former White House aide, said Justice Department officials crossed a line by publicly criticizing the performance of his well-regarded colleagues.

"They're entitled to make these changes for any reason or no reason or even for an idiotic reason," Cummins said. "But if they are trying to suggest that people have inferior performance to hide whatever their true agenda is, that is wrong. They should retract those statements."

The decision by Cummins and some of the others to speak out underscores the extent to which the firings have spiraled out of the Justice Department's control. Officials initially sought to obscure the firings even from some senators, and have since issued confusing signals and contradictory information about the episode.

For example, one source who was familiar with the episode said last week that an eighth U.S. attorney was asked to resign in December along with the others. The unidentified prosecutor is negotiating to stay in the job, said the source, who spoke on the condition of anonymity because of the delicacy of those discussions.

The end result is an unusual spectacle in which Democratic lawmakers are bemoaning the firings of Republican-appointed prosecutors. The political pressure has become so great that Cummins's successor in Arkansas, former White House aide J. Timothy Griffin, announced on Friday that he had decided not to submit his name to the Senate for a permanent appointment.

Lawmakers from both parties are pushing to strip Attorney General Alberto R. Gonzales of his power to name replacement U.S. attorneys for an indefinite period, although Republicans blocked that proposal in the Senate last week. The House Judiciary Committee is planning hearings on similar legislation in March.

"I don't know how they could have mishandled this any worse," said one of the fired U.S. prosecutors, who declined to be quoted by name because he feared repercussions.

"There always have traditionally been tensions between main Justice and U.S. attorneys in the districts," said Carl W. Tobias, a law professor at the University of Richmond. "But it does seem like there's an effort to centralize authority in Washington more than there has been in the past and in prior administrations."

Most of the firings came on Dec. 7, when senior Justice Department official Michael A. Battle -- a former U.S. attorney himself -- called at least six prosecutors to inform them that they were being asked to resign. Battle was apologetic but offered little in the way of explanations, telling some that the order had come from "on high," according to sources familiar with the calls.

In addition to Ryan in San Francisco, the prosecutors who were called that day included Carol S. Lam in San Diego, John McKay in Seattle, David C. Iglesias in New Mexico, Daniel G. Bogden in Nevada and Paul K. Charlton in Arizona. Cummins had been informed of his dismissal last summer but stayed until December.

The breaking point for Cummins and the others was testimony this month by Deputy Attorney General Paul J. McNulty, who told the Senate Judiciary Committee that the six U.S. attorneys in the West and Southwest had been dismissed for "performance-related" reasons and that Cummins had been pushed out to make room for Griffin.

That testimony "was the moment the gloves came off," said one fired prosecutor who declined to be identified.

Five of the dismissed prosecutors -- Bogden, Charlton, Cummins, Iglesias and McKay -- told reporters that they were not given any reason for their firings and had not been told of any performance problems. Only one of the fired prosecutors, Ryan in San Francisco, faced substantive complaints about turnover or other management-related issues, officials said.

Justice Department officials in recent days have sought to clarify the performance comments, saying the dispute is mired in "semantics." The officials said McNulty was referring to policy differences between the Bush administration and some of its employees. One official also said that the department had not made a list of replacements ahead of time.

"When you are setting national policy, you cannot have U.S. attorneys setting their own policies," said a Justice Department official who spoke on the condition of anonymity.

Bogden and Lam are among a handful of declared independents who worked as U.S. attorneys in the Bush administration. The rest of the group are viewed as moderate Republicans who have sometimes been at odds with their Washington bosses or more conservative Republicans.

In Seattle, for example, local Republicans complained to Gonzales about McKay's decision not to intervene in the disputed Washington gubernatorial race in 2006, which a Democrat eventually won by 129 votes.

Lam was the target of repeated complaints from conservative House Republicans, who asserted that she was lax in enforcing immigration laws. The Justice Department also points to drops in the number of firearms cases filed by her office.

Charlton in Arizona clashed with the Justice Department's headquarters on at least two occasions over murder cases in which he opposed seeking the death penalty, including one that prompted an outcry from Navajo groups opposed to the use of capital punishment. He was overruled in both cases, officials said.

"There was no public controversy about any of these; any controversy was within the Justice Department," said J. Grant Woods, a Republican and former Arizona attorney general.

But the cases that have gotten most of the attention among Democrats in Congress involve public-corruption investigations. In San Diego, Lam oversaw the probe that resulted in the guilty plea of then-Rep. Randy "Duke" Cunningham, a Republican. Two others connected to that case, including a former senior CIA official, were indicted two days before Lam left the job on Thursday.

Bogden in Nevada and Charlton in Arizona were also in the midst of investigations targeting current or former Republican members of Congress when they were fired. And in New Mexico, Iglesias's office had been examining alleged wrongdoing involving state Democrats.

Gonzales, McNulty and other Justice Department officials have strongly denied that those investigations played a role in the dismissals.

"The department's commitment to pursuing prosecuting public-corruption cases is clear," said spokeswoman Tasia Scolinos. "Any suggestion that removal of these particular U.S. attorneys was political or in any way would harm ongoing investigations is 100 percent false."

Ark. U.S. Attorney Appointee Won't Seek Senate Confirmation (AP)

By Jon Gambrell, Associated Press

AP, February 18, 2007

LITTLE ROCK, Ark. – An interim U.S. attorney says a “partisan circus” over his recess appointment makes it impossible for him to receive fair consideration, and he will not seek Senate confirmation to his Arkansas district.

However, Tim Griffin can remain at the post without confirmation under a new provision in the Patriot Act that allow recess appointments to last until the end of a president's term, instead of 120 days. That provision was included in the act's reauthorization last year.

The new rules became fuel for hearings when the Democratic-controlled Congress took power this year, with Sen. Mark Pryor, D-Ark., questioning Griffin's appointment.

“They should do the right thing and name another interim appointment,” said Michael Teague, a spokesman for Pryor. “Let's get back to the way the founding fathers saw this process working.”

Griffin left open whether he would remain in the position until the end of President Bush's term, but he said he has not looked for another job.

“The upside is I'm here in the job and will remain in the job until such time the White House asks me to move on,” Griffin said Friday.

Griffin, 38, is a former military lawyer who worked in the White House under Karl Rove as a special assistant to the president. He replaced former U.S. Attorney Bud Cummins in a December recess appointment.

White House officials did not immediately comment on Griffin's decision. In a statement, Department of Justice spokeswoman Gina Talamona said Attorney General Alberto Gonzales was “disappointed that Senator Pryor would not support Tim's confirmation.”

“We are pleased that he is willing to serve as interim United States attorney until a candidate is nominated and confirmed,” Talamona said.

Senators continue to debate a bill that would change the provision of the Patriot Act that allows the indefinite appointments and return to the 120-day deadline for legislative approval.

Politicizing Justice (BSUN)

The Baltimore Sun, February 18, 2007

Deputy Attorney General Paul J. McNulty just couldn't tell a lie. So when pressed during Senate hearings on the unceremonious firing of seven U.S. attorneys, Mr. McNulty had to concede that politics did play a role in dumping the chief

federal prosecutor in Little Rock, Ark. The replacement, J. Timothy Griffin, was an FOK - friend of Karl. That's Karl Rove, the president's top political adviser and key Republican strategist.

You can't get any more political than that.

With Arkansas Sen. Mark Pryor raising serious questions about the appointment, Mr. Griffin wisely withdrew his name for permanent consideration.

Mr. McNulty and his boss at the Justice Department, Attorney General Alberto R. Gonzales, should stop conning the American people. Their explanation for the firings - that they were "performance-related" - is pure poppycock. Congress should move swiftly to repeal an aspect of the Patriot Act that gives the attorney general the power to appoint interim U.S. attorneys for an indefinite period of time, which could result in someone serving in this powerful post without congressional consent. Mr. Gonzales doesn't deserve this power.

His recent firings show what matters to Mr. Gonzales, and it isn't performance:

Consider the dismissal of the U.S. attorney in San Diego, Carol S. Lam. She successfully prosecuted former Rep. Randy "Duke" Cunningham, a Republican, for influence peddling.

Then there's John McKay, U.S. attorney in Seattle. He had received a glowing report from Justice Department auditors last year, and a follow-up letter from a Justice official congratulating him on the good work. That same official called him in December, and without explanation told him his time in office was over. The chief judge of the federal court there took the unusual step of speaking out in defense of Mr. McKay, calling him "absolutely superb."

And there was the U.S. attorney in Nevada, Daniel G. Bogden, who, in comments to the Las Vegas Review-Journal, said he was given no indication his performance was a problem.

U.S. attorneys have enormous power. By politicizing the appointments, the Bush administration has diminished their ability to fairly and judiciously carry out their responsibility.

A New Crimefighter In Town (STPPP)

By Ellen Tomson

The St. Paul Pioneer-Press, February 18, 2007

Rachel Paulose is a U.S. attorney who is comfortable quoting Bible verses. She believes it is a blessing to live in a country where a person can take on crime, terror and corruption.

The daughter of immigrants who support her every move, she works herself hard, shorts herself on sleep and sacrifices her social life in the pursuit of justice.

Meeting her for the first time, you might not detect her underlying strengths. She easily disarms you.

Glimpsed down a hallway at the federal courthouse in Minneapolis, she's a slight, 5-foot-6-inch figure who moves gracefully from an open office doorway. She's wearing her dark hair long down her back. She's smiling as she offers a greeting and a handshake.

"The greatest reward is seeing the impact we have on people's lives," she says. That's the kind of statement that normally prompts eye rolls. But Paulose's intensity sidetracks questions about her sincerity.

At 33, she's the youngest current U.S. attorney and the first woman to serve in the position in Minnesota.

She manages some 50 assistant U.S. attorneys in an office that examines and seeks to successfully prosecute the most repulsive and harmful of crimes.

She points with pride to the more-than-20-year prison sentences obtained by her office in three child pornography cases during the past six months and then, referring to predators as yet uncaught, she promises: "We're going to find you, hold you, and you're going to do a long time in federal prison."

"The crimes have become more depraved, more heinous, and the victims are subjected to particularly sadistic forms of abuse that the general public would find unimaginable," she says. "The reality is that good people don't know about this because they're not online looking."

'THIS COUNTRY IS A GIFT TO THE WORLD'

PPaulose (pronounced "Paul-us") was 8 when she asked for a Time magazine subscription for her next birthday. She was in elementary school when she organized her first political rally.

Her mother recalls, "She was always interested in understanding what was going on around her — and wanted to make a difference.

"She's very strong in what she believes in, whether it is moral values, spiritual values or effects on society," Lucy Paulose says.

Rachel Paulose's family background and faith are keys to understanding her patriotism and the passion she brings to her work.

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"I have a great appreciation of how special this country is," she says. "I believe this country is a gift to the world."

Her grandfather, a government official in India, came to the United States to study theology in the 1960s.

"I have a hard time talking about this without becoming emotional," Paulose says, her eyes suddenly welling with tears. Her family, she explains, "came here hoping for the American dream at a time when the Communists were basically sweeping across Southeast Asia."

Her last name is Greek and derives from a branch of her ancestry that included a Greek Orthodox bishop. Her first name and middle name, Kunjummen, are drawn from the Semitic origins of ancestors from the Middle East. But her family converted to Christianity, most likely in the first century after St. Thomas is said to have traveled to India. She and her family currently attend Plymouth Bible Chapel.

Paulose's grandparents Daniel and Sara Kunjummen have lived in Bloomington for 40 years, but she grew up in Findlay, Ohio, a 30-minute drive from Toledo. Paulose graduated from high school a year early, and the family moved to Minnesota after her mother received job offers here and Paulose was accepted to the University of Minnesota.

Paulose's father, Joseph, is a Hopkins school district administrator and former economics professor in India. Her mother owns Home Electronic Specialists in Hudson, Wis.

They raised Rachel and her younger sister, Elizabeth Schulte, with the idea "you have to have a passion for what you do and should make a difference," says Lucy Paulose. "Enjoy the journey, but make this a better place."

Paulose's parents, as well as an extended family of more than 100 relatives who have settled in the United States, have always provided a tight network of support.

While in high school, Paulose was selected for the American Legion-sponsored Girls State and elected governor in the mock government and citizenship program. She recalls her parents' patience when she changed her mind three times about what she wanted to wear after she was elected Girls State "governor." They drove home to retrieve each outfit.

Throughout high school, college and even while preparing for the bar exam, Paulose's parents stayed up late with her while she studied, providing help, snacks and hot chocolate. After Paulose was accepted to both Harvard and Yale law schools, an uncle accompanied her on a trip to New England to help her decide between the two. When Paulose moved briefly to Washington to work for the Justice Department, another uncle helped her find a place to live and helped her move in. And Paulose's grandfather, who was disappointed when she chose law over medicine after three years as a pre-med student, nevertheless indicated his pride in her by providing her registration fee for law school.

Many family members were present at her Yale Law School commencement to see Paulose, chosen as the law school's representative, carry a banner in the procession.

"So many people in my family had invested in me," she says. "It was the culmination of years and years of hard work by all of us."

'ETHICAL IN EVERYTHING SHE DOES'

IIn just 10 years, Paulose has compiled an impressive record. After graduating from Yale Law School, she snagged a sought-after position in Minneapolis as a law clerk to James Loken, chief judge of the 8th U.S. Circuit Court of Appeals. She worked for four years in private practice for the Dorsey & Whitney law firm and served in the U.S. Justice Department as an Attorney General's Honors Program trial attorney for the civil rights division.

She also prosecuted criminal and civil cases as an assistant U.S. attorney for Minnesota; served as senior counsel to Acting Deputy Attorney General Paul McNulty, and as the Justice Department's special counsel for health care fraud.

Nevertheless, her appointment a year ago as U.S. attorney for the District of Minnesota was headline news and raised a few eyebrows.

The appointment departed from normal practice. For the first time in decades, an interim U.S. attorney was sent directly from the Department of Justice to fill the job in Minnesota. Traditionally, interim appointees have come from within the Minnesota office, promoted either from first assistant U.S. attorney or chief of the criminal division.

"There were plenty of women who wanted that job — and plenty of men, too," says A.M. "Sandy" Keith, former chief justice of the Minnesota Supreme Court.

Keith and others who know Paulose describe her as well qualified for her job, which includes taking on corrupt public officials and law enforcement officers — "policing the police," as Paulose describes it.

Hank Shea, a fellow at the University of St. Thomas Law School's Holloran Center for Ethical Leadership in the Professions, worked with Paulose from 1999 to 2002. The fact that she began working in the U.S. attorney's office as a law student and now leads the office, he says, "shows a real commitment to public service on her part."

"Her integrity is unbelievably high, and she is ethical in everything she does. For the top federal attorney in a state, there are no more important qualities than those."

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Paulose works 10 to 12 hours a day, six days a week, and forces herself to leave her office no later than 8 p.m. on some days by scheduling workouts. She's serious in every endeavor she undertakes, including exercise. Kickboxing and karate are her favorite sports.

"I've had my share of injuries," she says during a recent interview in a corner conference room at her office. In fact, her injuries have been numerous, including a concussion and broken collarbone.

She grins as she extends one foot to show the location of a scar and a swollen ankle.

She's normally media shy, prefers press releases to interviews and is particular about how she is portrayed. She refused to have her picture taken in a non-work venue, for example.

"I'm wearing a suit, and I'm going to be in my office," she stated firmly. Her suggestion for the background of the photo? The American flag.

'A FAST LEARNER'

PPaulose graduated summa cum laude from the University of Minnesota, where she was a member of Phi Beta Kappa and a Truman Scholar.

Keith met her while she served as a student representative on the university's Board of Regents. Even then, Paulose was a newsmaker, objecting to proposed tuition increases, which she argued would deny poor students access to the university.

Keith, a Yale Law School graduate, became her mentor. He is executive director of the Rochester Downtown Alliance and displays her photo in his office.

After law school, Paulose clerked for Loken from 1997 to 1998. Loken, a Harvard Law School graduate and former longtime partner at Faegre & Benson, receives about 300 applicants for the three clerk positions he offers each year.

"I look for academic superstardom, undergraduate years as well as law school, first and foremost, because that's the most likely guarantor of someone who can do the incredibly difficult analytical work required," says the judge, who assigns his clerks separate cases. He estimates he judges 600 to 800 cases a year, writing 50 to 60 opinions to be published in law books, in addition to writing shorter orders and papers not requiring published opinions.

Because the work is intense and his office is small — just himself, a secretary and the three clerks — he says, "I also look for people who would be fun to spend a year with." Paulose's interview was "delightful and her zeal pretty apparent," he recalls.

Paulose is his "first former clerk to be confirmed by the (U.S.) Senate for anything," Loken notes. She is also likely the only one working as a prosecutor. Most former clerks are in private practice.

"She's come a long way very, very rapidly, and the reason is she's very, very competent and can do the job, obviously," Keith says. "She's tough, a fast learner, very hard working, disciplined, focused and is very, very skilled."

She is also adept at figuring out how an office or organization functions, how to get to know the right people in the right places and what she needs to learn to move up, he says.

Attorney General Alberto Gonzales appointed Paulose as Minnesota's acting U.S. attorney a year ago. She replaced Thomas Heffelfinger, whom she had worked under previously.

Gonzales has fired some top federal prosecutors, replacing them with attorneys regarded as more conservative and, some critics say, less likely to buck Washington. Some current and former prosecutors allege the changes are an attempt by the Bush administration to curb prosecutors' independence.

The selection of U.S. attorneys has always been a political process, and while Paulose's name is sometimes mentioned in the context of the recent firing and hiring controversy, the circumstances of her appointment and confirmation were different.

Heffelfinger, her predecessor, was expected to continue in the job but surprised the Justice Department when he announced his resignation.

"I left for personal and financial reasons and delayed announcing my departure until the last minute to avoid being a lame duck," Heffelfinger says.

Unlike other new appointees named by Gonzales last March, Paulose was named to her position in mid-February, following Heffelfinger's announcement. And, unlike some other appointees, she was confirmed by the U.S. Senate (in December). Her investiture ceremony is set for next month.

'A SENSE OF MISSION'

TThe six priorities of her office include terrorism, violent crime, drug trafficking, cybercrime, government and corporate corruption, and civil rights, especially as they relate to human trafficking and housing discrimination.

Her job is a vantage point for Minnesota's worst problems and also involves anticipating worst-case scenarios. As she refers to two high-profile cases charging terrorism, for example, she notes the state's "points of vulnerability," which include a portion of the longest unarmed border in the world, a trucking industry that is among the most active in the country and an inland harbor that is one of the largest in the world.

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Ordinary citizens sometimes need to be educated about crime that they may not notice but is taking its societal toll nevertheless. Several months ago, she co-wrote an editorial in an effort to make people more aware of the negative effects of methamphetamine, "the Number 1 narcotics threat in Minnesota." The manufacture and use of the drug harms not just users, she says, but also families and children because people are making it in their garages and homes.

She also wants people to know that human trafficking, a form of modern slavery for sex and labor, is more relevant to Minnesota than most of us realize. Recent immigrant populations, particularly Hmong and Somali, are especially vulnerable. Her office recently indicted one case and is investigating several others in an effort to shut down and deter smuggling rings of human traffickers.

In one case, a professional couple held someone from a developing country as a worker, against the person's will, and paid the person nothing. In other instances, young women are held as sexual slaves and "tortured or threatened to prevent them from escaping," she says.

Paulose refers to her job in the public sector, which is a lot less lucrative than many of the private practice jobs held by her peers, as "a privilege" and "an opportunity to serve." She especially thrives, she says, when she works with others who also "have a sense of mission."

As an appointee with Republican ties, she could be replaced when President Bush leaves office. So, what might be next for Paulose? Politics?

"No!" she says. But she would love to stay in public service and in Minnesota.

She cites a Bible verse, Micah 6:8: " 'What does the Lord require of you but to do justice, to love kindness and to walk humbly with your God. …'

"When I keep my focus on those things, good opportunities appear."

Ellen Tomson can be reached at etomson@pioneerpress.com or 651-228-5455.

CRIMINAL LAW:

'McMissile' Moment Lands Mom In Jail (WP)

By Theresa Vargas, Washington Post Staff Writer

The Washington Post, February 18, 2007

Driver Gets Felony Conviction For Tossing Cup of Ice Into Car

To the locals, it's the "McMissile" case.

And like the name, the details of it spill forth like a bad joke: A woman is driving north on Interstate 95. Three kids squirm in the back seat, and her sister, six months pregnant and having early contractions, sits in the front. The stress starts to simmer. Traffic slows, then crawls, then creeps. More stress. A car cuts in front of her, then scoots away. A short time later, it darts in again. She can no longer take it. She veers onto the shoulder and speeds up. Wham! She tosses a large McDonald's cup filled with ice into the other car.

"From my side, I heard a whoomp," recalled the woman's sister, LaJeanna Porter, 27. "I was like, 'I know you didn't throw that cup.' She said, 'Yes I did.' "

Neither woman foresaw the seemingly supersize repercussions of that misguided moment July 2.

No one was injured, but the cup launcher, Jessica Hall, 25, of Jacksonville, N.C., was charged and convicted by a Stafford County jury of maliciously throwing a missile into an occupied vehicle, a felony in Virginia. The instructions given to the jury said that "any physical object can be considered a missile. A missile can be propelled by any force, including throwing."

Hall, a mother of three young children whose husband is serving his third tour in Iraq, has spent more than a month in jail.

The jury sentenced her to two years in prison, the minimum, and a judge will formally impose a sentence Wednesday. Under state law, the judge can only decrease the jury's sentence.

"We didn't think it would go this far," Hall said in an interview at the Rappahannock Regional Jail. "Two years! What did I do?"

There are two versions of what happened that day. The occupants of both cars agree on this: It was hot, the kind of hot in which legs stick to leather seats, and the traffic was barely moving, slowed by a fatal crash up the road in Prince William County.

In one car, driver Pete Ballin, 36, and girlfriend Eliza Fowle, 28, were heading home to the District after visiting her father in North Carolina. They said they were maneuvering through the stalled traffic, not even noticing Hall until the Mickey-D moment.

"I guess we inadvertently merged back in front of her," Fowle said. "She apparently took that as some sort of aggressive maneuver on our part."

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The next thing they knew, Fowle said, Hall was pulling up in the emergency lane and "chucking a big, supersized McDonald's cup at us." It flew diagonally across Ballin and onto Fowle. "It was gross and sticky and got all over me and the front of our car, the dashboard and the windshield," Fowle said.

Hall, whose family was driving from North Carolina to New York for a family party, saw the situation differently. She said she had never driven that route and was trying to keep up with her father's truck when Ballin cut in front of her the second time, causing her to swerve onto the shoulder. She said she was worried because her sister's bulging belly almost slammed into the dashboard.

Hall's next move was wrong, she said, but she felt provoked.

"It was past me ignoring him. I'm not going to lie; I was cursing him," she said. "I took the McDonald's cup. I tossed it over my car."

She never fathomed that it would land her in jail for the first time in her life, wearing a standard-issue jumpsuit frayed up both legs and learning to curl her hair using toilet paper. Not even when she saw Ballin talking to the state trooper up the highway, or when she was arrested and released on her own recognizance, or even when a trial date was set for Jan. 3.

Even when Ballin testified, Hall said, "I'm thinking about what I'm going to cook when I get home."

"I passed out when they said guilty, two years," she added. "I became a convicted felon."

Fowle stands by the couple's decision to report the crime but concedes that even she and Ballin were surprised at the conviction.

"I think that this is way too much of a punishment for her actions. This is just to me absolutely ridiculous," Fowle said. Community service would have made more sense, she said. "It's something that's going to make someone realize I did screw up, and I'm going to remember this, and I'm not going to do something like this again."

Hall's attorney, public defender Terence Patton, did not return calls for comment. Nor did Commonwealth's Attorney Daniel M. Chichester or Assistant Commonwealth's Attorney George Elsasser, who handled the case.

Elsasser argued in court that had Ballin been hit by the drink, he might have gotten into a serious accident with injuries. Hall also was found guilty of reckless driving, assault against Ballin and assault and battery against Fowle. For her conviction on those charges, the jury recommended she be fined $1,000.

According to court documents, Hall is unemployed and, with her husband's salary, the couple takes in $30,384 a year. She receives $388 a month in food stamps.

"It doesn't seem right for her not to be around," said Porter, who is watching one of Hall's three children, ages 4, 6 and 8. The younger two are with their grandparents. "We just hope that whatever they do, don't let them keep her. Without her, I don't know what I'll do."

Hall said she has cried every day she has spent locked up and wakes most days to find clumps of hair on her pillow from the stress. She shares a cell with two other women and spends 19 hours a day in the cell, she said.

When Hall talks about the incident, she sometimes jokes about how she will only fly over Virginia from now on and says other inmates sometimes throw things in her direction and say, "Watch out McMissile."

But in other moments, when she talks about the reality of a felony conviction, her expression goes blank. She was supposed to start nursing school the day after she was sent to jail, and she wonders what job she will be able to get once potential employers do a background check.

"Now people are going to see me as an angry, road rage, convicted felon. And it really upsets me," she said. "I must have been wrong . . . but seriously, God. Lesson learned. Lesson learned is one hour in this place."

Hornsby Indictments Revive Questions Of His Time As Yonkers Schools Chief (NYJN)

By David Mckay Wilson, THE JOURNAL NEWS

New York Journal News, February 18, 2007

Former schools chief Andre Hornsby burst on the scene in Yonkers nine years ago with a cadre of Texas educators, fresh from helping transform the Houston school system. He came east to boost test scores and bridge the digital divide in city schools.

With the aid of Cynthia Joffrion, the Texas technology maven who joined him in Yonkers, new computers flooded into classrooms while Hornsby's leadership helped raise test scores. Throughout his stormy 23-month tenure, however, Hornsby was dogged with questions about his dealings with technology vendors.

It turns out that Joffrion, assistant superintendent for technology support services under Hornsby, was among his accusers, according to an FBI affidavit obtained by The Journal News. Joffrion in 1999 told authorities that Hornsby had ordered Yonkers employees to send new computers to his relatives. But then-Westchester District Attorney Jeanine Pirro's investigation of those allegations never led to charges after Hornsby caught wind of the probe.

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In hindsight, Hornsby's Yonkers troubles seemed to presage what was to come following his hiring in 2003 as chief executive officer of the school system in Prince George's County, Md., the nation's 18th largest district. It borders Washington and has more than 130,000 students and a budget exceeding $1 billion. Hornsby now awaits trial on a 16-count federal indictment arising from a scheme in which prosecutors say he awarded lucrative technology contracts that benefited himself and close associates.

One of the case's key witnesses appears to be none other than Joffrion, who cooperated in Pirro's investigation as well as the FBI inquiry that led to Hornsby's downfall, according to documents and interviews.

Hornsby stepped down from his $250,000-a-year post in 2006 just before his indictment.

"What a travesty," said former Yonkers Mayor John Spencer, who backed Hornsby's hiring in 1998 but then urged his firing less than two years later. "We got rid of him, then he goes to Prince George's, he rips those people off, and they finally catch him. They should have caught him here."

Joffrion, who played a central role in the Westchester and Maryland probes, left Yonkers in June 2000, two weeks after Hornsby was fired. She later worked on technology issues for the Mount Vernon school district before becoming a private consultant. Attempts to reach Joffrion were unsuccessful.

"I think she was in over her head," recalled retired Yonkers teacher Florence McCue, who worked with Joffrion on computer issues. "I think her position was more than she bargained for. But she was the technology person, and she was good at talking."

Details of the aborted Westchester investigation are included in an affidavit from the Maryland case, made by FBI Special Agent John Sheridan in 2005 as he sought a warrant to seize Hornsby's office computers.

The FBI affidavit does not identify Joffrion, but refers to her as a cooperating witness who worked on technology issues with Hornsby in Texas in the late 1990s and joined him as an assistant superintendent in Yonkers in the fall of 1998. Joffrion was hired in Yonkers on Sept. 28, 1998. It also identifies the cooperating witness as the complainant to Yonkers Inspector General Phil Zisman in 1999 regarding a questionable computer deal. Zisman said Joffrion made such a complaint.

Zisman said Joffrion came to his office in 1999 with allegations concerning the school district's deal with both Compaq and Apple computers, in which the manufacturers sold computers in bundles of 10 and provided one or two extra units as an incentive. Joffrion alleged that Hornsby told her to send the extra computers to his relatives, and threatened to fire her when she refused. The computers were sent, according to the FBI affidavit.

"We basically did some preliminary investigation and referred it to the district attorney," Zisman said. "We thought the information was accurate. I think there was criminality. He was not prosecuted. You can ask Mrs. Pirro about that."

During Pirro's investigation, Joffrion recorded about 40 telephone and in-person conversations with Hornsby, according to the affidavit. Before the issuance of search warrants in connection with the computers, Hornsby was informed of the search by a friend and two others whose names are blacked out in the affidavit.

"(They) notified Hornsby so he could dispose of the evidence," the affidavit stated.

Hornsby's attorney, Robert Bonsib, did not return phone or e-mail messages.

Pirro spokesman Michael Edelman said Pirro was unavailable for comment.

Pirro's successor, District Attorney Janet DiFiore, has cooperated with the U.S. Justice Department's investigation of Hornsby, sending material from the Westchester probe, which was conducted by Pirro's Public Integrity Unit, said DiFiore spokesman Lucien Chalfen.

"Not every investigation leads to a prosecution," he said.

Despite her attempt to blow the whistle on Hornsby in Yonkers, Joffrion maintained contact with him. After he was named CEO in Prince George's County in 2003, he awarded a lucrative contract to Erate Managers LLC, a Texas company operated by Joffrion to obtain low-cost technology services under the federal E-rate program.

According to the affidavit, Joffrion agreed to make kickbacks of $144,000 to Hornsby. At the time, she was cooperating with the FBI, and authorities in December 2004 recorded her giving Hornsby $1,000 as her first payment under the contract.

The indictment also charged Hornsby with mail and wire fraud in connection with a kickback scheme with his live-in girlfriend, who worked for the software company LeapFrog Enterprises Inc., which received a $1 million contract from the district. The indictment states his girlfriend split her $20,000 commission with him. She subsequently pleaded guilty to tax evasion.

No trial date has been set as federal prosecutors and Hornsby's legal team fight over whether Bonsib should be allowed to continue representing Hornsby because he may be called as a witness.

As Hornsby prepares his case, Yonkers residents have reflected on Hornsby's controversial tenure.

"People tend to forget what he accomplished here," said former school board Trustee Maria Chiulli. "We have very old schools, and he brought them up to par electricity-wise, and put computers in every classroom. It saddens me when I hear the bad news. It takes away from our success."

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But former Trustee Tom Weibrecht said Hornsby's legal problems were not unexpected.

"The fact that he was terminated here says it all," Weibrecht said. "His current problems don't surprise me in the least."

Reach David McKay Wilson at dmwilson@lohud.com or 914-694-3528.

Trial In Error (WP)

By Victoria Toensing

The Washington Post, February 18, 2007

If You're Going to Charge Scooter, Then What About These Guys?

Could someone please explain to me why Scooter Libby is the only person on trial in the Valerie Plame leak investigation?

Special Counsel Patrick J. Fitzgerald charged Vice President Cheney's former chief of staff with perjury on the theory that Libby had a nefarious reason for lying to a grand jury about what he told reporters regarding CIA officer Plame: He was trying to cover up a White House conspiracy to retaliate against Plame's husband, Joseph C. Wilson IV. Wilson had infuriated Vice President Cheney by accusing the Bush administration of lying about intelligence in the run-up to the Iraq war.

Fitzgerald apparently concluded that a purported cover-up was sufficient motive for Libby to trim his recollections in a criminal way. So when Libby's testimony differed from that of others, it was Libby who got indicted.

There's a reason why responsible prosecutors don't bring perjury cases on mere "he said, he said" evidence. Without an underlying crime or tangible evidence of obstruction (think Martha Stewart trying to destroy phone logs), the trial becomes a mishmash of faulty memories in which witnesses can seem as guilty as the defendant. Any prosecutor knows that memories differ, even vividly, and each party can be convinced that his or her version is the truthful one.

If we accept Fitzgerald's low threshold for bringing a criminal case, then why stop at Libby? This investigation has enough questionable motives and shadowy half-truths and flawed recollections to fill a court docket for months. So here are my own personal bills of indictment:

* * *

THIS GRAND JURY CHARGES PATRICK J. FITZERALD with ignoring the fact that there was no basis for a criminal investigation from the day he was appointed, with handling some witnesses with kid gloves and banging on others with a mallet, with engaging in past contretemps with certain individuals that might have influenced his pursuit of their liberty, and with misleading the public in a news conference because . . . well, just because. To wit:

Â· On Dec. 30, 2003, the day Fitzgerald was appointed special counsel, he should have known (all he had to do was ask the CIA) that Plame was not covert, knowledge that should have stopped the investigation right there. The law prohibiting disclosure of a covert agent's identity requires that the person have a foreign assignment at the time or have had one within five years of the disclosure, that the government be taking affirmative steps to conceal the government relationship, and for the discloser to have actual knowledge of the covert status.

From FBI interviews conducted after Oct. 1, 2003, Fitzgerald also knew that then-Deputy Secretary of State Richard L. Armitage had identified Plame as a CIA officer to columnist Robert D. Novak, who first published Plame's name on July 14, 2003.

Â· In January 2001, Libby was the lawyer for millionaire financier Marc Rich, whom President Bill Clinton pardoned shortly before leaving office. Fitzgerald, who was then an assistant U.S. attorney in the southern district of New York, and U.S. Attorney James Comey spearheaded the criminal investigation of that pardon.

Â· Fitzgerald jailed former New York Times reporter Judith Miller for almost 90 days for not providing evidence in a matter that involved no crime. Yet the two were engaged in another dispute: Fitzgerald wanted Miller's phone records, contending that by contacting an Islamic charity, she had alerted it to a government search the day before it happened.

Â· Fitzgerald granted immunity to former White House press secretary Ari Fleischer without ever asking what he would testify to; he permitted NBC News bureau chief Tim Russert to be interviewed in a law firm office with his lawyer present, while Novak was forced to testify before the grand jury without counsel present.

Â· Armitage, like Bush adviser Karl Rove, forgot one conversation with a reporter. Fitzgerald threatened Rove with prosecution; Armitage bragged that he didn't even need a lawyer.

Â· In violating prosecutorial ethics by discussing facts outside the indictment during his Oct. 28, 2005, news conference, Fitzgerald made one factual assertion that turned out to be flat wrong: Libby was not "the first official" to reveal Plame's identity.

* * *

THIS GRAND JURY CHARGES THE CIA for making a boilerplate criminal referral to cover its derriÃ¨re.

The CIA is well aware of the requirements of the law protecting the identity of covert officers and agents. I know, because in 1982, as chief counsel to the Senate intelligence committee, I negotiated the terms of that legislation between the media and

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the intelligence community. Even if Plame's status were "classified"--Fitzgerald never introduced one piece of evidence to support such status -- no law would be violated.

There is no better evidence that the CIA was only covering its rear by requesting a Justice Department criminal investigation than the fact that it sent a boiler-plate referral regarding a classified leak and not one addressing the elements of a covert officer's disclosure.

* * *

THIS GRAND JURY CHARGES JOSEPH C. WILSON IV with misleading the public about how he was sent to Niger, about the thrust of his March 2003 oral report of that trip, and about his wife's CIA status, perhaps for the purpose of getting book and movie contracts.

Â· On July 6, 2003, Wilson appeared on "Meet the Press" hours after the New York Times published his op-ed "What I Didn't Find in Africa," which accused the administration of twisting intelligence to exaggerate the Iraq threat. The piece suggested that Wilson had been sent to Niger at the vice president's request to look into foreign intelligence reports of Iraqi efforts to obtain yellowcake uranium. Wilson told Andrea Mitchell, "The office of the vice president, I am absolutely convinced, received a very specific response to the question it asked and that response was based upon my trip there." But Cheney said he had no knowledge of Wilson's trip and was never briefed on his oral report to the CIA.

Â· Wilson has claimed repeatedly -- including on MSNBC's "Countdown" on July 22, 2005 and at the National Press Club on Oct. 31, 2005 -- that he was sent to Niger because of his "specific skill set" and not because of his wife. But Senate intelligence committee documents indicate that Plame suggested his name for the trip, as did a State Department report and a CIA official who briefed the vice president's office.

Â· Although Wilson has repeatedly claimed that neither his trip nor his oral report was classified, the CIA sent documents about the trip marked "classified" to the vice president's office and to date has not released the essence of the oral report. A source later identified as Wilson claimed in a Washington Post article on June 12, 2003, that documents related to an alleged Iraq-Niger uranium deal were forged because "the dates were wrong and the names were wrong." When Senate intelligence committee staff questioned that, as Wilson had never seen the documents, he responded that he may have "misspoken."

Â· Wilson has continually played coy about his wife's status. On July 16, 2003, David Corn wrote in the Nation: "Did senior Bush officials blow the cover of a U.S. intelligence officer working covertly in a field of vital importance to national security -- and break the law -- in order to strike at a Bush administration critic and intimidate others?" Corn acknowledged talking to Wilson but said that Wilson refused to talk about his wife. Yet Corn also published Wilson's rather unsubtle suggestion: "Naming her this way would have compromised every operation, every relationship, every network with which she had been associated in her entire career."

Plame was not covert. She worked at CIA headquarters and had not been stationed abroad within five years of the date of Novak's column.

* * *

THIS GRAND JURY CHARGES THE MEDIA with hypocrisy in asserting that criminal law was applicable to this "leak" and with misreporting facts to wage a political attack on an increasingly unpopular White House. To wit:

Â· Notwithstanding the fact that major newspapers have highfalutin', well-paid in-house and outside counsel who can find the disclosure law and even interpret it, the following publications called for a criminal investigation:

Â· The Atlanta Journal-Constitution called the appointment of a special independent counsel "absolutely necessary" because the allegations "come perilously close to treason" -- even though treason is a constitutional crime requiring two witnesses and the levying of war against the United States.

Â· The Boston Globe wrote: "This is a case that clearly calls for the appointment of an independent counsel."

Â· The New York Times naively approved the investigation if it "focused on the White House, not on journalists." It later applauded Fitzgerald's appointment, declaring that he must be allowed "to use the full powers of a special counsel."

Â· The Washington Post refrained from expressing shock at a "leak." But The Post had contributed to the fray by reporting on Sept. 28, 2003, that "two White House officials called at least six Washington journalists and disclosed the identity and occupation of Wilson's wife . . . to undercut Wilson's credibility." This article was the likely impetus for the other papers' editorials.

As recently as a week ago, the media were displaying their prejudice in this case. On "Meet the Press," journalists lamented that the Libby trial was revealing how government officials can use their relationships with reporters to plant stories that hurt their political enemies. Where was the voice at the table asking, "Didn't Wilson also use the media with his assertions in the New York Times and The Post?"

* * *

THIS GRAND JURY CHARGES ARI FLEISCHER because his testimony about conversations differs from reporters' testimony, just as Libby's does. To wit:

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Â· The former White House press secretary testified before the grand jury and at the trial that he had revealed Plame's identity to two reporters -- John Dickerson, then of Time magazine, and NBC News's David Gregory. Dickerson denied it. Gregory won't comment.

Â· On cross-examination, Fleischer testified that it was "absolutely correct" that he did not tell The Post's Walter Pincus on July 12, 2003, that Wilson's wife worked at the CIA. Pincus emphatically contradicted this, swearing that in the middle of a discussion, Fleischer "swerved off," asking, "Why do you keep writing about Joe Wilson and Joe Wilson's trip? Don't you know his wife worked for the CIA as an analyst for weapons of mass destruction and arranged for it?"

So indict Fleischer. He contradicted Pincus as materially as Libby contradicted Russert or Time's Matthew Cooper, the two witnesses who were the basis for the Libby indictment. Whoops! Can't do that. Fitzgerald gave Fleischer "pig in a poke" immunity. That's an old prosecutor's phrase meaning that Fitzgerald granted Fleischer immunity from prosecution without knowing what Fleischer would say. No problem -- indict Pincus. His testimony differed from Fleischer's and he didn't ask for immunity.

* * *

THIS GRAND JURY CHARGES RICHARD L. ARMITAGE with intentionally keeping silent about being the first person to reveal Plame's identity to reporters and with falsely telling the public that he did so at Fitzgerald's request because he did not want to be publicly embarrassed. To wit:

Â· Novak testified that Armitage told him on July 8, 2003, that it was Wilson's wife, "Valerie," who sent him on the Niger trip. Not until September 2006 did Armitage release Novak to reveal publicly that he had been the columnist's source.

Â· The Post's Bob Woodward testified that Armitage told him on June 13, 2003, rather colorfully: Wilson's "wife's a [expletive] analyst at the agency." When the FBI interviewed Armitage on Oct. 2, 2003, he apparently forgot about his taped interview with perhaps the most famous journalist of this generation. In November 2005 Armitage released Woodward from their confidentiality agreement -- but only to tell Fitzgerald, not the rest of us, how he had learned of Plame's identity.

Â· Armitage attributed his more than three years of silence to Fitzgerald's request that he not discuss the matter with anyone. But Fitzgerald was not appointed until Dec. 30, 2003, three months after Armitage now says he realized that he was Novak's source.

Â· Despite Armitage's claim as to why he kept silent, he yakked to his subordinate Marc Grossman about what he had said in his FBI interview -- conveniently, the night before Grossman's own FBI interview.

THIS GRAND JURY CHARGES THE U.S. JUSTICE DEPARTMENT with abdicating its legal and professional responsibility by passing the investigation off to a special counsel out of personal pique and reasons of ambition.

Â· Both then-Attorney General John D. Ashcroft and Deputy Attorney General James Comey not only had access to the law books but also the clout and clearances to demand that the CIA tell them whether Plame was covert.

Â· In the fall of 2003, Ashcroft, having learned that he would probably be replaced after the 2004 elections, had grown weary of taking flak for the president and threw the Libby investigation hot potato to Comey.

Â· In the fall of 2003, Comey, who hoped to replace Ashcroft as attorney general, in turn passed the hot potato to Fitzgerald, a former colleague and one of his best friends.

I rest my cases.

Victoria Toensing, a deputy assistant attorney general in the Reagan administration, is a Washington lawyer.

CIVIL LAW:

Drug Firms Accused Of Huge Fraud (TTNJ)

By Robert Cohen, Newhouse News Service

Trenton Times (NJ), February 18, 2007

Long line of pending cases involves Medicaid money

WASHINGTON -- The nation's big drugmakers have been systematically overcharging the Medicaid health-care program for the poor, reaping billions of dollars in illegal windfalls at the expense of the taxpayers, according to federal officials, members of Congress and a watchdog group.

Drugmakers are required by law to provide Medicaid with the same discounts they offer to big managed-care plans and hospital chains, but they have been disguis ing those prices, Ronald Tenpas, a U.S. associate deputy attorney general, told the House Committee on Oversight and Government Reform earlier this month.

"We are not seeing isolated instances of misconduct, but repeated practices within the indus try that have resulted in significant loses to federal health-care programs," he said.

The federal and state governments have had some success in recapturing money from the drug makers: During the last six years, government bodies have recouped about $3.9 billion in civil damages and criminal penalties stemming from 16 legal settlements involving Medicaid.

The settlements involve some of the biggest names in the industry, including Pfizer, Schering-Plough, GlaxoSmithKline, AstraZeneca and Bayer. Those cases dealt with overcharging the government for cancer, asthma, cholesterol, allergy and seizure medications.

But the scope of the problem could be much bigger. There are 150 pending federal investigations centering on Medicaid and two other government health-care programs that could find billions of dollars more in pharmaceutical company fraud.

Tenpas testified that those cases involve allegations of unlaw ful pricing and marketing practices related to hundreds of prescription drugs sold to Medicaid, Medicare and the Federal Employees Health Benefits Program.

"It is clear from our experience that drug company violations of the law are causing government health-care programs to pay too much for prescription drugs," said Tenpas.

James Moorman, president of the nonprofit group Taxpayers Against Fraud, said public records show the pending inquiries involve other well-known companies, including Merck, Abbott, Novartis, and Johnson & Johnson. Based the history of past settlements, he said, the liability in the pending cases could amount to tens of billions of dollars.

'VERY SIMPLISTIC' The Pharmaceutical Research and Manufacturers of America, the brand-name drug industry's trade group, declined comment on the al legations. Instead, it issued a statement asserting "the growth in spending on prescription medicines is at its lowest level in years."

Mike Moore, a Texas attorney who has represented Kenilworth- based Schering-Plough in drug- pricing litigation, said the pharmaceutical companies haven't de ceived the government on pricing. He said government regulators are aware of price differentials and, for a variety of policy reasons, have made decisions on reimbursement rates that some are now questioning.

Moore said the view offered by the Justice Department, some state attorneys general and members of Congress is "very simplistic and one-sided."

Medicaid, funded by the federal and state governments, provides health care to almost 50 million low-income beneficiaries. In 2005, the Department of Health and Human Services estimated that Medicaid purchased $41 billion worth of drugs, more than four times the $8.9 billion spent in 1994.

A 1990 law passed by Congress requires that drug manufacturers provide the Medicaid program, one of the nation's largest purchasers of drugs, with the same discounts they provide private purchasers.

Rep. Henry Waxman (D-Calif.), chairman of the government reform panel, said the evidence shows Medicaid has been "repeatedly overcharged for essential medications" by pharmaceutical companies that have "deliberately crafted business plans to avoid giv ing Medicaid the proper discounts."

Rep. Jim Cooper (D-Tenn.) said he is baffled why there would be "so much wrongdoing going on" by a "group of very prestigious corporations."

EMPLOYEE-FUELED SUITS A majority of the investigations against the drugmakers have come through use of a provision of the federal False Claims Act, which allows people who have evidence of fraud involving government programs or contracts to bring suit on behalf of the federal government. The Medicaid cases stemmed from complaints by company employees, sales executives and pharmacies.

The cases are filed in federal court under seal, giving the Justice Department an opportunity to investigate the allegations and decide whether to intervene. If there is evidence of fraud, the Justice Department then ordinarily enters into lengthy negotiations with the companies, which can result in a monetary settlement instead of a trial.

Moorman said the 16 Medicaid- related cases settled since 2001 involved three types of schemes.

One common method, Moor man said, was for the manufacturer to conceal the best or lowest price it gave customers on brand-name drugs in order to avoid paying higher rebates to Medicaid. Nine of the 16 settlements were for cases using this scheme, he said, including a 2004 settlement after Scher ing-Plough was accused of hiding its best price on the allergy drug Claritin. Schering-Plough agreed to pay $345 million.

A second ploy involved manufacturers reporting inflated average wholesale prices to national reporting services, which were then used by Medicaid and Medicare to establish reimbursement rates.

Moorman said the inflated prices had no relation to the actual price paid by the pharmacists. But the pharmacists were allowed to keep the difference between the inflated Medicaid payment and the actual cost -- a scheme used by manufacturers as an incentive for pharmacies to purchase their drugs instead of ones made by competitors.

GlaxoSmithKline agreed in 2005 to pay nearly $150 million in a settlement of claims involving both Medicaid and Medicare, Moorman said, after being accused of engag ing in this type of inflated-pricing scheme to promote two drugs used to treat nausea associated with chemotherapy.

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The third practice involved manufacturers unlawfully promot ing their drugs to physicians and others for unapproved uses, often accompanied by payment of illegal kickbacks.

Pfizer reached a $430million settlement with the government in 2004 after being accused of illegal off-label marketing of its anti-sei zure drug Neurotin.

"We can't afford to have these health programs if people are going to engage in this scale of fraud," said Moorman. "The whole thing is mind-boggling."

Moorman criticized the Justice Department for not being more aggressive in pursuing the pending False Claims Act cases. He charged the Bush administration has not committed enough resources and on average is settling only three cases a year.

"If they acted more forcefully, we might get the pharmaceutical companies to have a change in atti tude toward Medicaid and Medicare," he said.

Tenpas said the Justice Department takes the issue seriously. He told the congressional committee that the administration is moving as quickly as it can to resolve the inquiries and protect the health care programs from fraud.

"These are very complex cases," Tenpas said.

CIVIL RIGHTS:

Cruel And Unusual Punishment For Inmates? (HC)

By Steve Mcvicker, Houston Chronicle

Houston Chronicle, February 18, 2007

Over the past 6 years, at least 101 inmates have died at the Harris County Jail

Harris County Jail inmate Calvin Mack lay sprawled on a cellblock floor, coughing up blood, bleeding profusely, his fellow prisoners yelling for guards to get help.

Mack, a homeless and hardened drug addict, continued to bleed, continued to die. "What do you want me to do, get a Band-Aid ... ?" a deputy quipped when he first appeared at the cellblock. Four hours passed before the officer called for medical help.

By then, Mack was all but dead.

By inmate standards, Calvin Mack's life was not unusual. A petty criminal who spent most of his time smoking crack under cover of the Fifth Ward shadow world, he had been arrested on minor drug charges almost every other year over the past decade.

His death, on the other hand, was anything but usual. But questionable care in the Harris County jail is not isolated to his case.

A Houston Chronicle review of state and county records reveals that from January 2001 through December 2006, at least 101 inmates — an average of about 17 a year — have died while in the custody of the Harris County Jail. In 2006 alone, after three consecutive years of failing to be in compliance with state standards, the jail recorded 22 in-custody deaths.

At the time of their deaths, at least 72 of the inmates — more than 70 percent — were awaiting court hearings and had yet to be convicted of the crimes that led to their incarceration.

Records and interviews show that almost one-third of the deaths involve questions of inadequate responses from guards and staff, failure by jail officials to provide inmates with essential medical and psychiatric care and medications, unsanitary conditions, and two allegations of physical abuse by guards.

In at least 13 cases, relatives or documents raise questions over whether inmates received needed medications prior to their deaths. Additionally, 11 of the deaths involve infections and illnesses suggesting sanitation problems. In 10 other cases, death reports suggest possible neglect, as in the Mack case.

None of the records reviewed, however, concludes that jail staff contributed directly to the 101 deaths since 2001. During the same period, the Dallas County jail recorded 70 deaths.

Harris County Sheriff Tommy Thomas declined the Chronicle's request for an interview. He did reply to written questions, though he would not comment on specific cases, citing confidentiality laws.

Overall, Thomas wrote, the Harris County Sheriff's Office "takes great pride" in the health care it provides to jail inmates. He pointed out that jail officials are charged with the massive task of conducting medical screening on the more than 9,100 prisoners housed in the jail each month.

The sheriff also noted that "delivery of health care to inmates is further challenged by the fact that many inmates lacked preventative health care in the free world, many suffered from substance abuse prior to incarceration, and many come to jail with chronic, untreated medical conditions."

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"We feel that we are meeting the challenges of inmate health care delivery within those constraints, are committed to making ongoing improvements in all that we do, and are doing our best to exceed constitutionally mandated services to the inmate population," Thomas wrote.

Twelve years ago, prisoner litigation forced the county to spend more than $100 million in jail construction because of crowding. The money was meant to improve jail conditions and alleviate problems with safety, security and inmate care, many of which still exist.

The jail is struggling with a guard shortage and has budgeted more than $20 million on overtime in the past year to meet minimum staffing standards required by state law.

Custodial Death ReportTexas requires all law enforcement agencies to file a Custodial Death Report with the state Attorney General's Office any time an in-custody death occurs. However, the AG's office serves basically as "a repository of the reports," said AG spokesman Tom Kelley. "That's all we do."

The Texas Commission on Jail Standards keeps no records or figures on in-custody deaths. The commission does monitor county jail populations and determines whether the facilities are in compliance with the state-mandated ratio of one guard to every 48 prisoners — a standard that Harris County had failed to meet the past three years.

Most health care in the jail system is provided by the University of Texas Health Science Center at Houston. Health care cost the county more than $18 million in the past year.

Plans are under way to improve the jail's health care system. a Dr. Michael Seale, the jail's medical director, declined to comment for this article.

Thomas, in his letter to the Chronicle, said the jail is committed to becoming "the benchmark for the delivery of correctional medicine nationally" and "will provide efficient, effective and compassionate medical care within the constraints of the jail's security operations."

State records show Harris County's daily jail population averaged more than 9,100 inmates through the first 10 months of 2006. Sixteen percent of those inmates — more than 1,400 — have what the executive director of the Mental Health Association of Greater Houston describes as "a serious mental illness." Yet the county provides only 51 mental health beds at the jail. The rest are housed in the jail's general population, although some in solitary cells.

Dispensing medicationsExacerbating the mental and medical challenges of inmates are rules that ban inmates from bringing their own medicines into the jail. Instead, they must wait for a jail doctor to prescribe them and a staffer to hand them out. For some, that can mean delays in getting crucial care.

The Chronicle attempted to contact the relatives of every person who has died at the jail since 2001, and many of them claimed that inmates were not regularly receiving medications they had been prescribed before going to jail.

Travis McKinney, an epileptic, had not had a seizure in the eight months before his arrest for assault. During the four weeks he was in jail, he had two, the last one fatal.

The 21-year-old's body was discovered on the cell floor near toilets where investigators say he slept. His anti-seizure medication was on the floor near his blanket. Whether he was getting and taking the medication regularly is unclear, according to the records. Though jail nurses reported they saw McKinney take his pills the night before his death, medical examiner's records state that "he was not compliant with his medications."

McKinney had spent substantial time in county mental health facilities and had a known history of epilepsy, leaving his family members to wonder why he was not placed in the jail's mental health ward — instead of with the general population — where his condition might have been more closely monitored.

Similarly, Leamon Caldwell, 58, died in the jail in February 2006 from hypertension, or high blood pressure. Family members were told that Caldwell refused to take his medication. They suspect he wasn't receiving meds at all.

Thomas disputes many claims about health care problems as "anecdotal," adding, "While we would have little reason to question the sincerity of the families and friends in reporting what they have been told by the inmates, we do question the credibility of what the inmates themselves allegedly reported. Inmates will cast their jail experience in the worst possible light in an attempt to gain sympathy."

He told the Chronicle that every inmate undergoes "medical intake screening" when booked into the jail, and at least 1,000 each month are later assessed by doctors.

Bad conditions reportedPrisoners also claim they have been forced to sleep on mattresses on cellblock floors — sometimes next to toilets. They maintain that the crowded living conditions at the jail are ripe for disease and bacteria, particularly methicillin-resistant Staphylococcus aureus, or staph, a potentially lethal blood infection.

As a result, numerous inmates contend they have contracted staph infections while incarcerated. Jail records show that between January 2001 and April 2005, there were 60 medical quarantines at the jail. The records show at least two of the quarantines were related to staph infections. The causes of 11 other quarantines are not listed.

Many inmates come to the jail already fraught with myriad health problems. If they arrive with pre-existing medical conditions, as many do, conditions at the jail can make matters worse.

In October 2001, inmate Stacy Earl Matlock, 38, died from "complications of cirrhosis of the liver," according to the autopsy report. The report also notes that Matlock "developed multisystem organ failure secondary to a multi-resistant staph aureus bacteremia."

In July 2002, according to the autopsy report, prisoner Roland Oliva, 33, died of sepsis, a bacterial infection of the blood.

Concerns by inmates and family members, particularly about sanitation, also have been raised by the Texas Commission on Jail Standards, which found crowded conditions have created sanitation, safety and security issues.

These problems and others at the jail have provoked the scrutiny of the American Civil Liberties Union of Texas, which is concerned about overpopulation, in part because of a slow-moving criminal justice system.

"The size of the Harris County Jail population makes it difficult for jail administrators to manage the (inmates) and provide the necessary level of care that not only is necessary for the inmates but protection of the correctional officers and other staff members," said Nicole Porter, the ACLU's jail-project director.

Richard Newby, president of the Harris County Deputies Organization, said overtime demands and manpower shortages force guards to "prioritze" their attention to inmates: "Unless you see something that makes you think there's something (serious) going on, the standard answer is to tell the inmate" to put it in writing.

Faster responseInevitably, some deaths are impossible to prevent. The question is whether some inmates might be saved with more rapid medical response or thorough attention.

David Whitlock, 46, fell from his bunk, collapsed on the floor and succumbed to heart failure three hours later. But records show attempts to treat him before he died might have been obstructed by the lack of proper medical equipment.

According to statements from Debra Alston, the jail's former head of nursing, an adult-sized breathing tube could not be found on the emergency crash cart, a factor that could have contributed to his death.

Jail officials disagreed with the nurse. She was fired 14 months after asking questions about the death for reasons "both related and unrelated to the allegations" about Whitlock, the sheriff said. Among other things, she was accused of "provoking disharmony," breaching confidentiality and dishonesty, records show. Alston told the Chronicle her firing was in retaliation for the Whitlock matter.

Thomas said the death was investigated internally by the Board of Nursing Examiners and "closed without recommendation."

The same, however, cannot be said for Calvin Mack, whose case was among the most troubling, even by the admission of jail authorities.

Final trip to jailMack was booked into the Harris County Jail for the final time May 30, 2005. Six days later, he was dead.

His older sister, Harriett Mack, said she tried for years without success to get her brother off the streets and off drugs. But nothing worked. He also had AIDS.

The AIDS diagnosis earned him a bed in the medical division on the second floor of the jail's 1200 Baker facility in downtown Houston. But five days later, when his condition turned critical, jailers did little to help him, records show.

According to inmate Clifford Olson, several prisoners noticed that Mack was in physical distress while sitting on the toilet. He soon began coughing up blood and bleeding from his rectum. Olson says Mack asked the other inmates to get the attention of the guards.

It was about that time — at the beginning of the overnight shift — that Phillip G. Balthazar came on duty to guard the medical cellblock. Olson and other inmates told him Mack needed medical attention.

"What do you want me to do, get a Band-Aid for his ass?" Balthazar asked the inmates, according to both Olson and a sheriff's office report obtained by the Chronicle.

During the next several hours, Olson and other inmates continued unsuccessfully to plead with Balthazar about Mack's deteriorating condition. Mack pulled himself into the showers, which also are used by the other inmates.

"So everybody could see a wide little river of blood going down the drain, being washed out of the shower, for about an hour," Olson said.

About 2 a.m. Mack began having seizures. It took another 40 minutes for medical personnel to arrive with a gurney — four hours after inmates first called for help.

Mack was taken to LBJ Hospital, where he died from "respiratory distress," according to the Custodial Death Report.

Three months later, Dr. Ana E. Lopez of the Harris County Medical Examiner's Office ruled that Mack's death was an "accident" caused from "intracerebral hemorrhage due to hypertensive cardiovascular disease and cocaine toxicity." In other words: a brain hemorrhage from high blood pressure and history of cocaine use.

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But investigators from the medical examiner's office were never informed by the sheriff's office about the delay in Mack's medical care, she said. Asked whether that might have made a difference in her ruling of an accidental death, she replied, "I'd have to think about that."

Lopez stressed that Mack's stroke was massive. She was not sure whether prompt medical attention would have saved his life. "The cause and manner of death would still be the same," Lopez said.

The sheriff's office's internal affairs division conducted its own probe of Mack's death. Detectives interviewed the 66 inmates who were housed in cellblock 2F1 with Mack, including Olson.

Of those inmates, 32 gave statements similar or identical to Olson's. Several were given polygraph examinations, which they passed.

"It is clear that Deputy Balthazar was notified by numerous inmates that an inmate under his control was experiencing a medical emergency," reads the internal affairs report. "It (was) his duty to evaluate and report such a condition in a timely manner. It appears Deputy Balthazar chose not to do so. ... This delay in effective intervention may have been a factor which contributed to catastrophic medical results for Mack."

Balthazar was dismissed Aug. 3, 2005. The termination letter accuses him of a "significant discrepancy" in his statement to detectives and of giving "deceptive" answers during a polygraph exam.

In a report on the incident that Balthazar filed with the sheriff's office, the deputy concluded that Mack "might be having a bad case of hemorrhoids" and that he immediately notified the medical clinic of the situation.

Contacted by the Chronicle, Balthazar said, "I was in charge of 133 people by myself. If I'd had some help, things might have been better." He added that he called the jail clinic and was told no one was available to help Mack.

He also denies making the "Band-Aid" statement.

Balthazar now serves as a reserve deputy for the Harris County Precinct 6 Constable's Office.

The Mack probe also resulted in the demotion of Lt. Christopher Y. Lee to deputy. In his disciplinary letter dated Aug. 9, 2005, Lee is accused of "failing to initiate any type of investigation into the events leading up to and surrounding inmate Mack's need for medical attention."

Lee did not return calls from the Chronicle.

Sheriff Thomas said the case was referred to the Harris County District Attorney's Office. The DA closed it with no action.

According to inmates, there also was little concern for decontaminating the cell after Mack had been taken to the hospital. It took more than five hours before workers arrived with supplies to clean the infected area.

Mack's sister Harriett expected more.

"I expected them to treat him like a human," she said.

Houston Chronicle reporter Anita Hassan contributed to this report.

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Team May Revisit Cold Cases (BSUN)

By Jamie Stiehm, Sun Reporter

The Baltimore Sun, February 18, 2007

Attorney general wants unit to probe potential civil rights crimes

Cold-case investigations may heal wounds, supporters say

Maryland's attorney general is exploring the creation of a cold-case squad to investigate unsolved homicides, with an emphasis on racial crimes dating back to the civil rights era.

"Having a civil rights component to this office affords us the opportunity to look into current and past civil rights violations," said Douglas F. Gansler, who took office last month and has announced plans to increase prosecutions of environmental violators and gang members.

Gansler met Friday with top aides to discuss the idea of the new squad. The investigative unit would examine unsolved homicides from police files around the state, using modern forensic and DNA techniques, he said.

Compared to states in the Deep South, Maryland has fewer outstanding civil rights cases. Gansler said a survey is needed to count feasible cold cases with civil rights implications.

"If a lot of these people are still alive, witnesses and perpetrators, and if we have the ability to pursue them, the government has the onus to do so," Gansler said.

The investigations would include race-based homicides and cases of civil rights workers who might have been killed because they were identified with the movement. The unit's unsolved cases could also encompass desecrations of synagogues or other houses of worship.

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A handful of states have taken similar steps in establishing cold-case or civil rights divisions, including Florida. Alabama intends to add a cold-case unit this year that looks into civil rights crimes and review the fatal shooting in 1965 of a young black man, Jimmy Lee Jackson, that involved state troopers.

A bill before Congress, with co-sponsors including Rep. John Lewis of Georgia and Sen. Patrick Leahy of Vermont, both Democrats, would require the Justice Department and the FBI to create cold-case units dedicated to civil rights.

The legislation, the Emmett Till Unsolved Civil Rights Crime Act, is named for one of the most notorious race crimes, left cold for half a century. A black Chicago youth, Emmett Till, was slain in 1955 while visiting family in Mississippi and tossed in a river, allegedly for whistling at a white woman named Carolyn Bryant.

A Mississippi grand jury will convene next month to hear allegations that Bryant was a party to the killing. Bryant's late husband and another man were acquitted by an all-white jury shortly after the slaying.

During the Democratic primary last year, Gansler was criticized by an opponent for pledging to take on crime-fighting initiatives historically left to local state's attorneys. One of his first efforts after taking office -- forming a group of attorneys to tackle gang crimes -- was met with resistance from many state's attorneys, who do not want him to probe gang crimes or prosecute them without the consent of the local jurisdiction.

In an interview, Gansler said he recognized the delicate ground he was treading.

"To set up a cold-case squad, we'd have to have a lot of stakeholders, including local and federal authorities, and a concerted effort throughout the state," Gansler said. "We'll determine the feasibility and try to understand the universe of those civil rights-era crimes that were unsolved."

Special Agent Michelle Crnkovich, a Baltimore FBI spokeswoman, said the bureau was not aware of Gansler's proposed squad. "The FBI is always receptive to requests for our resources," she said. "Civil rights is a very important priority to the FBI."

With only about 30 homicide prosecutions nationwide for cold civil rights cases since 1989, experts say laws and investigative squads may not always achieve their aims.

Mark Potok, a spokesman for the Southern Poverty Law Center in Montgomery, Ala., said, "The bitter reality is that many witnesses have died and cannot recall key events, and there are fewer of them as time goes by."

Yet a statewide cold-case unit could help heal lingering scars of racial crimes, said Carl O. Snowden, director for civil rights for the attorney general's office. He compared the concept to the U.S. Justice Department division that hunts down aging Nazi war criminals to bring them to justice before they die.

The 1970 death of Ralph E. Featherstone is one case that deserves a second look, Snowden said. Featherstone, a 31-year-old black man and former organizer for the Student Nonviolent Coordinating Committee, died in an explosion in Bel Air.

State police ruled that Featherstone was carrying explosives on his way to a pretrial hearing for his friend, H. Rap Brown, a Black Panther leader, at the Harford County courthouse. Brown was charged with inciting a race riot in Cambridge in 1967.

"There are a lot of people still living who vividly remember the riots of Cambridge," Snowden said. "People who were teenagers then are now in their 50s and 60s."

A lawyer and native of Cambridge, E. Thomas Merryweather, said he didn't see the point in dredging up painful scenes from the past.

"Everybody would like to think those days are behind us and we're moving forward in the correct direction," Merryweather said.

Sherrilyn Ifill, a law professor at the University of Maryland, said, "This idea is part of a national movement in many ways, prodded by families of victims of crimes never brought to justice."

Author of On the Courthouse Lawn: Confronting the Legacy of Lynching in the 21st Century, Ifill has raised the idea of an investigative unit with Gansler's office.

"The community can become whole," Ifill said. "Complicity has the most corrosive effect, and this [model] helps to unburden the anger when society stands ready to use an authorized mechanism, the apparatus of justice."

Alabama Attorney General Troy King agreed.

"It brings peace and justice to the victims' families to have suspects brought before the bar of justice," King said. "They have a right to expect that we do that, whether they live in urban or rural areas. It shouldn't matter where they live."

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Fact, Fiction Of Till's Murder (JCL)

By Jerry Mitchell

Jackson (MS) Clarion-Ledger, February 18, 2007

Legends abound regarding the events surrounding 1955 slaying

Few homicide cases in this nation's history have been shrouded by as much legend as the 1955 killing of Emmett Till.

Now, more than a half century after the 14-year-old's slaying, prosecutors are preparing to present the case to a Leflore County grand jury, separating fact from fiction, what's known from what may never be known.

"Because of its importance to the civil rights movement, it has this mythic quality like the Kennedy assassination," said David Beito, a University of Alabama professor who's an expert in the Till case. "You get all sorts of conspiracies."

Some of those legends took root not long after the black youth from Chicago was abducted, beaten and shot to death after he reportedly wolf-whistled at Carolyn Bryant at a grocery store in Money. Some have sprung up since.

Less than a month after Till's Aug. 28, 1955, slaying, an all-white jury acquitted her then-husband, Roy, and his half-brother, J.W. Milam - only to see them confess their guilt months later to Look magazine. The half-brothers have since died.

In 2004, the Justice Department opened an investigation into Till's killing. A grand jury that will be impaneled in March is expected to take up the case.

The FBI's more than 8,000-page report on the Till case sheds new light on the legends surrounding the killing, and in some cases, contradicts them.

Legend No. 1: Up to 14 people were involved in Till's abduction and killing, and five of them are still alive.

This idea surfaced at the time the Justice Department opened its probe.

Filmmaker Keith Beauchamp, who made the 2005 documentary, The Untold Story of Emmett Louis Till, said he found this information in his research. Those still living could be charged today, he said.

The FBI was unable to prove this claim.

Beito said the most people mentioned in 1955 news accounts were six - four white men and two black men.

In his testimony in 1955, Mose Wright said in the wee hours of Aug. 28, 1955, Milam and Bryant were not alone. He said someone in the truck with a "lighter" voice identified Till as the one. Some have speculated that someone was Carolyn Bryant, who has told relatives and the FBI she wasn't there.

Wright also described what he believed was a black man standing in the shadows. Wright's son, Simeon, said they believed that man, now dead, led Milam and Bryant to their house in the darkness.

The FBI report details an interview with Willie Reed, who testified in the 1955 trial. He saw five men with Till the morning of the slaying - three white and two black.

Reed since has identified the two black men as Levi "Too Tight" Collins and Joe Willie Hubbard. Collins is now dead, Beito said. "Another legend is that Collins committed suicide after this out of remorse. That's not true. He died of natural causes."

It is unknown if Hubbard is still alive, Beito said.

Some have speculated the third white man was Milam's brother, Leslie Milam, who managed a plantation and is now deceased. If a fourth white man were present, it's possible it could have been another brother, said Beito, who noted Bryant was a twin.

Alvin Sykes of Kansas City, president of the Emmett Till Justice Campaign, said stating publicly how many may have taken part could hurt the case. "If the number is true, it could endanger the lives of potential witnesses," he said. "If it's not true, it may build false expectations."

According to the FBI report, none of those identified as being involved is still alive. The report goes on to urge District Attorney Joyce Chiles of Greenville to take a closer look at Carolyn Bryant, the FBI's lone living suspect who could be charged with kidnapping.

Beauchamp said he found proof of other possible co-conspirators in author Carolyn Haines' 2003 book on Peggy Morgan, My Mother's Witness. In that nonfiction book, Morgan overhears her father, Gene Albritton, uncle and other unnamed white men discussing the case. "Now all we have to do is keep our mouths shut," she quotes her uncle, Bob, as saying.

When Morgan's mother, Inez, threatens to make public what she knows about Till's killing, Morgan's father beats her unconscious, telling her "if she ever spoke the name Emmett Till again, she would pay a terrible price," the book says. After that, he committed her to a mental institution.

"For some reason, the FBI is not believing" Morgan, Beauchamp said. "Their focus was to find enough evidence on one person to bring that person to court. That person was Carolyn Bryant."

Legend No. 2: Henry Lee Loggins took part in the killing.

The names of two black field hands, Collins and Loggins, emerged in 1955 news accounts as potential prosecution witnesses then-Tallahatchie County Sheriff H.C. Strider jailed to keep from testifying.

Loggins told reporters in 1955 and later repeated to Beauchamp that he had no role in the killing. "God help me, I knew nothing about it," he said.

In his interview with Beauchamp, Loggins describes in detail what supposedly happened to Till - repeatedly saying that was what he was told. He said the sheriff jailed him for six months without charges.

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News accounts from the time show Loggins was indeed in jail, but not during the trial, Beito said. "Loggins was accused of stealing iron."

The FBI concluded there was no proof Loggins had a role. Disabled by a stroke, he now lives with a sister in Ohio.

His son, Glendora Mayor Johnny Thomas, said he was "elated" to hear the FBI's conclusion.

Philip Dray, author of At the Hands of Persons Unknown: The Lynching of Black America, said black field hands coerced into helping hardly fall into the same category as vicious killers.

"Maybe they helped wash out a truck of blood, but in a way they're like the other victims," he said. "They're frightened and have to keep their mouths shut."

Legend No. 3: Emmett Till was castrated.

In the wake of Reconstruction, castration was part of the ritual of the lynchings of African Americans, Dray said. "It was a very elaborate procedure done for public consumption."

Not surprisingly, castration rumors persist in the Till case.

But in her book and in interviews, Till's mother, Mamie Till Mobley, said her son was intact when she viewed his body.

Till's autopsy shows no evidence of castration.

Beauchamp said a relative of Till's told him Till had been castrated: "That's something we'll never really know."

Legend No. 4: Mose Wright pointed at J.W. Milam and said, "Thar he."

The words "Thar he" (also written "dar he") have become a legend surrounding the case for more than five decades.

In the documentary, Eyes on the Prize, African-American journalist James L. Hicks, who reported on the trial for the Cleveland Call and Post, quoted Wright as saying the famous phrase.

Wright's son, Simeon, said his father was articulate and never spoke those words.

Beauchamp agreed. "He said, 'That's him,'" the filmmaker said. "It came from the media trying to make him sound country."

The 320-page transcript records Wright as saying, "There he is."

But Beito asked, "Would the transcript actually say, 'Thar he'?"

One of those present said Wright indeed spoke those words. "No question," said Betty Pearson of Sumner, who attended the 1955 trial. "People have tried to put words in his mouth, but that's what he said."

Some may feel such a quote denigrates Wright, she said, but she felt it merely reflected who he was - an African-American sharecropper who dared to stand up and identify a white killer in court.

"It almost looked like he was standing on his tiptoes when he pointed at (Milam)," she said.

Veteran journalist Bill Minor of Jackson, who covered the trial for the Times-Picayune in New Orleans, recalled Wright stood, pointed his bent finger at Milam and said, "thar's the one."

"It was the most dramatic thing I saw in my career," he said.

Mississippi writer Will Campbell immortalized the words, "Thar he," on his personal stationery.

"Mose Wright said, 'Thar he.' He didn't say, 'There's that gentleman,'" Campbell said. "He was a field hand, a proud man and, God knows, a brave man. Those are the two bravest words I think I've ever heard. Most of the people in that courtroom were hostile. He knew it, but it didn't stop him."

ANTITRUST:

Monsanto Deal Ruffles Seed Rivals (MCA)

By Jane Roberts Contact

Memphis Commercial Appeal, February 18, 2007

Six months after Monsanto Co. agreed to pay $1.5 billion for Delta and Pine Land -- the largest cottonseed company in the country -- the pot bubbles with intrigue.

Producers don't seem as worried as much as Monsanto rivals Switzerland-based Syngenta AG and Pioneer Hi-Bred International Inc., owned by DuPont.

Both have licensing agreements with D&PL and don't relish the idea of having to cooperate with Monsanto.

But what is really at stake is this: Monsanto owns more transgenetic cotton traits than any company in the world. If it also owns the largest cottonseed company, it would control the most cotton varieties, transgenes and -- in this case -- the herbicide Roundup, central to many recent biotech advances in agriculture.

"Farmers are not very happy unless they have stock in Monsanto," said Bill Meredith, longtime U.S. Department of Agriculture cotton breeder in Stoneville, Miss. "They fear they will have to pay more to get a product not as good as what they've got."

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The Department of Justice was expected to rule on the antitrust issue by Wednesday. Now, it looks like the deal will close by spring.

If the merger goes through, Monsanto will control 85 percent of the mainstream bloodlines of cotton and every kind of cotton planted in the Mid-South.

"The proposed Monsanto acquisition of Delta & Pine Land is clearly anti-competitive," said Doyle Karr, DuPont spokesman. "We have serious concerns about the impact it would have on farmers, the agricultural industry and ultimately consumers."

While Syngenta says it is not engaged in a grass-roots effort to defeat the sale, it has told the Justice Department and others that it doesn't "believe it's in the best interest of the growers," said Anne Burt, spokeswoman.

"But for the time being, it's business as usual," Burt said. "We have an agreement with Delta and Pine Land to market and develop a particular trait, and that work is still proceeding."

The issue all comes down to transgenetics, the science of transplanting traits in seed to create crops resistant to pests and herbicides.

Monsanto, the first to enter the biotech field in agriculture, introduced a trait in 1996 that made cotton resistant to bud- and boll worms.

A year later, it introduced its Roundup Ready trait, which allows farmers to spray its trademark herbicide over the crop, killing the weeds but not the cotton.

Yields increased overnight. But the science also reduced labor, herbicide and petroleum costs so effectively, few farmers today plant anything but transgenes, particularly in the Mid-South where 98 to 99 percent of the cotton planted in 2006 was from transgenetic seed.

"Without transgenes, we wouldn't even be in the game of international competition in coton. We'd be completely behind because our costs would be so much higher," said Carl Anderson, agricultural economic professor emeritus Texas A&M.

DuPont and Syngenta both have agreements with D&PL to insert traits in its seed, giving farmers alternatives to Monsanto's monopoly on herbicide- and pest-resistance.

Last summer, for instance, D&PL paid DuPont $20.5 million to license its dual traits for herbicide resistance in cotton as early as 2011.

University researchers here praised the partnership, saying the genes would give farmers protection against stubborn weeds showing resistance to Roundup or glyphosate -- its generic equivalent -- plus provide an alternative to Monsanto.

Rivals worry that if they license their transgenetic traits to Monsanto, they won't get a fair shake in the marketplace because Monsanto would control the test plots and marketing.

Tom Jagodinski, D&PL president and chief executive, calls the rhetoric "sour grapes.

"They and anybody else could have bought Delta Pine, but they didn't step up," he said. "They are probably kicking themselves for not buying us. And they hope that if the U.S. Department of Justice were to block the deal, then they come and buy Delta Pine."

He says farmers will get new and better technology earlier than D&PL could do it alone, including cotton resistant to drought and nematodes, and varieties that use nitrogen more efficiently and produce better fiber.

"We've gotten a better understanding of what Monsanto is working on. Clearly, they have some interesting technologies farmers are going to like."

While Anderson agrees the R&D advantages of the merger could be significant, he worries that there will be no way to test Monsanto's claims.

"When you have a dominant industry where competition is not very strong, it's best to have some real good, effective guidelines," Anderson said. "I don't think we have that.

"When you buy a labeled variety of seed, you need to be able to check to see if the true variety is stated. There's no way to do that now."

Monsanto tried to buy D&PL in 1998 but scrapped the deal when a Justice review dragged on. D&PL sued Monsanto as a result.

The sides have spent millions fighting each other in court. If the deal goes through, the lawsuit would be settled as part of the sale.

If it doesn't, Monsanto would have to pay D&PL $600 million.

For a "little more money," insiders say, Monsanto can buy the whole company, get the market dominance that comes with it, plus derail its competitors.

Monsanto says the theory is simplistic and overstated.

"If you look historically at what we've done with trade technology, you see we have broadly licensed it to other cottonseed companies throughout the Cotton Belt," said Lee Quarles, spokesman.

"The whole reason is that farmers like the technologies, but they want it in the seed brands that mean the most to their farm."

ENVIRONMENT:

An Oil Reserve Right At Hand (WP)

By Gal Luft

The Washington Post, February 18, 2007

In his State of the Union address last month, President Bush announced his intention to expand the Strategic Petroleum Reserve as a way to strengthen America's energy security. The 20-year effort to increase the emergency stockpile from its current capacity, 691 million barrels, to 1.5 billion barrels would provide enough oil to compensate for a loss of nearly 100 days of net oil imports, almost double today's reserve. (Since it is virtually impossible that all of America's suppliers would be cut off at once, the period would actually be much longer.)

This move reflects the president's belief that oil-rich regions such as the Middle East and Africa will continue to be unstable and that the United States is likely to become ever more vulnerable to terrorist attacks against oil facilities worldwide and to erratic weather patterns in the Atlantic Ocean.

In an increasingly unstable world, the Strategic Petroleum Reserve is a much-needed insurance policy. But the way the president chose to expand it is ill-considered. First, his plan requires purchasing oil at a rate of 110,000 barrels a day -- every day -- for the next 20 years. Assuming oil prices average $60 to $80 a barrel in the next two decades, it would cost $48 billion to $65 billion just to buy the oil. Add the cost of building and maintaining storage sites, and the price tag could easily be as much as $82 billion. And this is only the beginning.

If the United States expands its strategic reserve, other major oil consumers will do the same. Emerging giants such as China and India, which import much less than America does, have barely 10 days' worth of stockpiles. When other consumers rush to buy oil for their reserves, the added demand will drive up prices on the already tight oil market. So in addition to the cost of expanding the reserve, Americans will pay extra at the pump.

The implementation of the plan also leaves much to be desired. The reserve is divided among four major sites in Texas and Louisiana. The Energy Department announced last week that the site for the expansion will be in Richton, Miss., and that it will be connected to refiners and marine facilities in Pascagoula, on the Gulf Coast, for oil distribution.

The Gulf states are highly vulnerable to destructive hurricanes, yet the administration aims to put all our eggs in one basket, rather than identify safer areas. The plan ignores the likelihood that violent storms could damage the pipelines that connect our economy with its emergency oil stockpile and that pumping stations might not have electricity.

For the United States to have a reliable emergency stockpile, new locations must be identified. This may not be easy. Geological formations such as the salt domes in the South that host the reserve are uncommon, and not-in-my-back-yard opposition is likely.

The administration should consider a radically different and much cheaper approach to boosting our security: make ANWR our strategic reserve. For many years, supporters of drilling in the Arctic National Wildlife Refuge have failed to open it for production. With the Democrats controlling Congress, the chances of drilling are slimmer than ever. President Bush didn't even bother to raise the issue last month. But reframing the issue to cast the refuge as an emergency stockpile rather than a source of production might well change the politics.

Defining the refuge as a strategic reserve would not provoke a rush by other countries to double their reserves (and thus would avoid spurring a rise in global oil prices). Further, the Alaskan oil is already in our possession; tapping it wouldn't require paying tens of billions of dollars to countries with which we are at odds. Congress could compensate Alaskans by leasing the oil for a predetermined period after which the state would be able to sell its oil, provided lawmakers approved. This might not generate the same per-barrel income Alaskans would receive if the oil were sold today, but it's much more than what they are getting now.

Treating the refuge as a reserve would not pose the same environmental problems as full-scale production. Drilling several wells and building the necessary infrastructure would have minimal impact on the surrounding wildlife. If America were ever hit by an oil shock and our way of life was at stake, the caribou would have to excuse us; until then, and under this plan, they could live in peace.

Disagreements on ANWR have led to a political gridlock that has prevented any major progress toward energy security. As a result, America is increasingly dependent on foreign oil, to the detriment of its national and economic security. By resolving this issue once and for all, we can finally begin to implement policies that move the United States toward increased energy security.

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The writer is executive director of the Institute for the Analysis of Global Security, a Washington-based energy security think tank.

FBI/DEA/ATF/USMS:

Editorial: Criminals, Guns Don't Mix (LVS)

Las Vegas Sun, February 18, 2007

Cities need help, not hindrance, from federal authorities in tracking illegal sales

Earlier this month we wrote in support of an effort by the Los Angeles County Sheriff's Department to track the origin of guns used in crimes. The department had traced several such weapons to a gun shop in Sparks, just outside of Reno.

Such efforts are undertaken to determine whether gun shops are permitting "straw purchases" - those made with the intent of giving or selling the guns to criminals. Support for these investigations comes from the Mayors Against Illegal Guns Coalition, which counts 150 U.S. mayors in its membership, including Geno Martini of Sparks.

A co-founder of the group, New York City Mayor Michael Bloomberg, last year sent police investigators into many of his city's gun shops. As the requirement for gun shop operators to be vigilant against straw purchases comes under federal law, all Bloomberg could do was press civil suits against those found to be in violation.

He hoped the Justice Department would take it from there, and file criminal charges where the evidence was strongest. But not only did the Justice Department refuse to bring charges, it also warned Bloomberg about "potential legal liabilities" the city could face if it continued such investigations.

Straw purchases are a mounting problem in communities across the country. The federal government should assist cities as they try to protect their citizens from the danger presented by criminals who can easily obtain guns from seemingly legitimate purchasers.

IMMIGRATION:

Nafta Should Have Stopped Illegal Immigration, Right? (NYT)

By Louis Uchitelle

The New York Times, February 18, 2007

THE North American Free Trade Agreement, enacted by Congress 14 years ago, held out an alluring promise: the agreement would reduce illegal immigration from Mexico. Mexicans, the argument went, would enjoy the prosperity and employment that the trade agreement would undoubtedly generate — and not feel the need to cross the border into the United States.

But today the number of illegal migrants has only continued to rise. Why didn't Nafta curb this immigration? The answer is complicated, of course. But a major factor lies in the assumptions made in drafting the trade agreement, assumptions about the way governments would behave (that is, rationally) and the way markets would respond (rationally, as well).

Neither happened, yet Nafta remains the model for trade agreements with developing Latin countries, including the Central American Free Trade Agreement, passed by Congress in 2005. Three more Nafta-like agreements are now pending in Congress — with Panama, Columbia and Peru.

When Nafta finally became a reality, on Jan. 1, 1994, American investment flooded into Mexico, mostly to finance factories that manufacture automobiles, appliances, TV sets, apparel and the like. The expectation was that the Mexican government would do its part by investing billions of dollars in roads, schooling, sanitation, housing and other needs to accommodate the new factories as they spread through the country.

It was more than an expectation. Many Mexican officials in the government of President Carlos Salinas de Gortari assured the Clinton administration that the investment would take place, and believed it themselves, said Gary Hufbauer, a senior fellow at the Peter G. Peterson Institute for International Economics in Washington who campaigned for Nafta in the early 1990s.

"It just did not happen," he said.

Absent that investment, foreign factories congregated in the north, within 300 miles of the American border, where some infrastructure already existed. "Monterrey is quite good," Mr. Hufbauer said, "but in a lot of other cities the infrastructure is terrible, not even enough running water or electricity in poor neighborhoods. People get temporary jobs, but that is all."

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Meanwhile, Mexican manufacturers, once protected by tariffs on a host of products, were driven out of business as less expensive, higher quality merchandise flowed into the country. Later, China, with its even-cheaper labor, added to the pressure, luring away manufacturers and jobs.

Indeed, despite the influx of foreign-owned factories, total manufacturing employment in Mexico declined to 3.5 million by 2004 from a high of 4.1 million in 2000, according to a calculation of Robert A. Blecker, an American University economist.

As relatively well-paying jobs disappeared, Mexico's average wage for production workers, already low, fell further behind the average hourly pay of production workers in the United States, and Mexicans responded by migrating.

"The main thing that would have stemmed the flow of people across the border was a rapid increase in wages in Mexico," said Dani Rodrik, an economist and trade specialist at Harvard's John F. Kennedy School of Government. "And that certainly has not happened."

Something similar occurred in agriculture. The assumption was that tens of thousands of farmers who cultivated corn would act "rationally" and continue farming, even as less expensive corn imported from the United States flooded the market. The farmers, it was assumed, would switch to growing strawberries and vegetables — with some help from foreign investment — and then export these crops to the United States. Instead, the farmers exported themselves, partly because the Mexican government decided to reduce tariffs on corn even faster than Nafta required, according to Philip Martin, an agricultural economist at the University of California, Davis.

"We understood that the transition from corn to strawberries would not be smooth," Professor Martin said. "But we did not think there would be almost no transition."

A financial crisis also dashed expectations. One expectation was that the Mexican economy, driven by Nafta, would grow rapidly, generating jobs and keeping Mexicans home. The peso crisis of 1994-95, however, provoked a steep recession, and while there was some big growth later, the average annual growth rate over Nafta's lifetime has been less than 3 percent.

The financial crisis struck just months after Nafta came into existence, undermining, early on, the Mexican government's ability to spend money on roads, education and other necessary government functions.

"We underestimated Mexico's deficits in physical and human infrastructure," said J. Bradford DeLong, an economist at the University of California, Berkeley, and a Treasury official in the Clinton administration.

But, he says, without Nafta the migration would have been even greater. For instance, he says, there would not have been as much investment in the north of the country.

Finally, the steady flow of Mexicans to the United States has produced a momentum of its own — what Jeffrey Passel, a demographer at the Pew Hispanic Institute, calls a "network effect," in which young Mexicans travel to the United States in growing numbers to join the growing number of family members already here.

The upshot is that Mexican migration to the United States has risen to 500,000 a year from less than 400,000 in the early 1990s, before Nafta, Mr. Passel estimates. Roughly 80 percent to 85 percent of immigrants are here illegally, he says.

The peso crisis, recession, the network effect — their impact may have been beyond anyone's control, but not the assumptions about how the market and the government would act.

"We have indeed had one disappointment after another on this score," Mr. Rodrik said, noting that the same assumption about government spending is part and parcel of the agreements, now before Congress, with Columbia, Peru and Panama.

While there is opposition to these proposals, it is mainly from Democrats who want a better safety net for American workers who might be hurt.

The European Union, in contrast, assumes little about government spending on the part of economically weaker nations joining it. The union itself has hugely subsidized the improved services needed by entering countries like Portugal, Spain, Greece and Poland, rather than leave financing to the relatively meager resources of entering countries.

The money is used not only for public investment, Mr. Rodrik noted, but also to subsidize companies setting up operations in the new countries and to support government budgets.

"I am not saying Nafta was a bad agreement," Mr. Rodrik said. "But more than a trade agreement is required for countries to converge economically. And Nafta has been viewed as a shortcut to convergence without having to do all the other stuff."

Georgia Revisits Legal Restrictions On Illegal Aliens (WT/AP)

The Washington Times, February 18, 2007

ATLANTA (AP) -- There have been no protests on the steps of the Georgia Capitol like those that greeted the state's sweeping immigration legislation last year. But quietly, and in piecemeal fashion, state lawmakers have been working around the edges to crack down again on aliens in the country illegally.

Georgia made international headlines last spring when it passed some of the toughest laws in the U.S. targeting illegal aliens within its borders. Those laws included provisions to sanction employers who knowingly hire illegal aliens and deny some

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state services -- such as nonemergency medical care and unemployment checks -- to adults who can't verify that they're in the country legally.

A flurry of smaller proposals has been moving through the state legislature this year, including several that would make it tougher for illegal aliens to drive in Georgia.

"This is an issue that I hear from my constituents all the time about," said state Rep. Timothy Bearden, a Republican from Villa Rica, who wants to require all state forms to be in English only.

"The federal government has been derelict in their duty, and until they do something, I guess it's going to be left up to us here in the states," he said.

State Sen. Chip Rogers was the author last year of the Georgia Security and Immigration Compliance Act. Most provisions of that law aren't set to take effect until July, and Mr. Rogers said he doesn't foresee another comprehensive immigration bill until the effects of that legislation can be judged.

"But there is still room to do other things," said the Republican from Woodstock, a north Atlanta suburb.

Last week, a proposal by Mr. Rogers coasted through the state Senate that would require Georgians to obtain a valid state driver's license before they can get their car licensed. To get a Georgia driver's license, residents must already verify that they are in the country legally.

Mr. Rogers portrayed it as a public safety measure but acknowledged that it would make it harder for people in the country illegally to get behind the wheel, because their vehicles wouldn't have valid plates and would be easy for law enforcement to spot and stop.

The measure passed unanimously without debate. It moves to the House, which like the state Senate is controlled by Republicans.

Jerry Gonzalez, executive director of the Georgia Association of Latino Elected Officials, said the measures are little more than a backhanded way to go again after illegal aliens.

"In some ways, it's worse than last year because it's sneakier," he said.

Mr. Gonzalez said the measures under consideration would drive the state's growing Hispanic population deeper underground and discourage them from cooperating with law enforcement.

But Republican backers of the new proposals say they are needed to close loopholes.

The crackdown is coming not just from the state legislature. Gov. Sonny Perdue, a Republican, announced during his re-election bid that 10 new investigators would be placed at driver services centers -- where driver's licenses are issued -- that are thought to be at the highest risk for receiving forged documents.

They Are America (NYT)

The New York Times, February 18, 2007

Almost a year ago, hundreds of thousands of immigrant workers and their families slipped out from the shadows of American life and walked boldly in daylight through Los Angeles, Washington, Chicago, New York and other cities. “We Are America,” their banners cried. The crowds, determined but peaceful, swelled into an immense sea. The nation was momentarily stunned.

A lot has happened since then. The country has summoned great energy to confront the immigration problem, but most of it has been misplaced, crudely and unevenly applied. It seeks not to solve the conundrum of a broken immigration system, but to subdue, in a million ways, the vulnerable men and women who are part of it. Government at all levels is working to keep unwanted immigrants in their place — on the other side of the border, in detention or in fear, toiling silently in the underground economy without recourse to the laws and protections the native-born expect.

The overwhelming impulse has been to get tough, and tough we have gotten:

Border enforcement. What little the last Congress did about immigration was focused on appeasing hard-line conservatives by appearing to seal the border. President Bush’s new budget continues that approach, seeking 3,000 more Border Patrol officers and another $1 billion for a 700-mile fence, adding to the billions spent to militarize the border since the 1990s. That still isn’t enough to build the fence and it hasn’t controlled the illegal flow; you need more visas and better workplace enforcement to do that. It has directed much traffic into the remote Southwest desert, making more immigrants vulnerable to smugglers and leaving many people dead.

Federal raids. In December federal agents stormed a half-dozen Swift meatpacking plants, rounding up hundreds of suspected illegal immigrants and exposing the secret that is no secret: America’s dirtiest, hardest jobs are done by people too desperate to shun them and too afraid to complain. The raids have been replicated in other states and industries, on day-labor street corners and in homes from Connecticut to California. In immigrant communities, the undercurrent of fear has been

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replaced by terror, and employers are jittery, too. The immigration agency says it singles out only fugitives in Operation Return to Sender, but the sweeps are broad and panic is indiscriminate.

Local crackdowns. State, county and local officials have picked up where they left off last year, introducing bills to get tough on illegal immigrants. They cannot control federal policy, so they try other ways to punish those they see as unfit neighbors, to stifle their opportunities, extract money, expose them to legal jeopardy and otherwise inflict suffering, in the deluded hope that piling on miseries will make them disappear. In suburban Long Island, where resentment over an influx of day laborers has festered under a hapless and intolerant county government, lawmakers are considering banning workers from county roadsides. Texas legislators are mulling a bill to reject the 14th Amendment and deny the benefits of citizenship to children born in this country to undocumented parents. Local officials all over are trying to deputize police officers as immigration agents, causing overburdened police forces and prosecutors to bristle. Some bills are symbolic, most are simply spiteful, and their effect is a chaotic patchwork, not a sane national policy.

Gutted due process. Laws enacted a decade ago and tightened after 9/11 distance even legal immigrants from the protection of the law. Immigrants are routinely detained without bond, denied access to lawyers, deported without appeal and punished for one-time or minor infractions with a mechanistic ferocity that precludes a judge's discretion or mercy. Several of the immigration bills that Congress has considered seek to heighten the efficiency with which immigrants who run afoul of the authorities can be railroaded out of the country. This gums up another aspect of the legal system, which deals with refugees and asylum seekers. A much tighter web for immigrants has been erected, and it catches many blameless victims.

The web of suspicion. The Justice Department wants to expand routine DNA collection to include detained illegal immigrants, creating a vast new database that will sweep up hundreds of thousands of innocent people. DNA, far more than fingerprints, is a trove of deeply personal information. Its routine collection from law-abiding citizens is considered an outrageous violation of privacy rights. In the belief that illegal immigrants lack such rights, DNA swabs and blood would be collected even if a detainee is not suspected of a crime. This reinforces the notion that immigrants should be treated as one huge class of criminal suspects.

The bureaucratic trap. The federal bureaucracy, notorious for backlogs and bad service, wants to charge more to immigrants who want to become Americans — an average increase of 66 percent in the price of visas and citizenship papers. Such steep and arbitrary increases would create a means test for citizenship, an affront to our national values.

The rise of hate. The Anti-Defamation League, acutely sensitive to the presence of intolerance, has detected an increase in Ku Klux Klan activity around the country, much of it focused on hatred of new immigrants. This virus in the bloodstream usually erupts amid national ferment and fear, and according to a report available at www.adl.org, hate groups like the Klan have moved quickly to exploit the simmering debate over immigration.

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Hopelessly fixated on toughness, the immigration debate has lost its balance, overlooking the humanity of the immigrant. There is a starkly diminished understanding that hospitality for the stranger is part of the American ethos, and that as much as we claim to be a nation of immigrants, we have thwarted them at every turn. We must do better.

The new year began with renewed optimism for the chances of sensible immigration reform in Washington. The hope is justified, but time is short and real change will still require boldness and courage. Citizenship must be the key to reform. The idea of an earned path to citizenship for illegal immigrants was missing from President Bush's State of the Union address this year, though he has continued to say his usual favorable words about reform. The new Democratic Congress and moderate Republicans cannot be afraid to stand up to the anti-amnesty demagogues and lead Mr. Bush to a solution.

Enforcement of laws cannot be ignored. Punish immigrants who enter illegally, make them pay back taxes and fines, restrict their ability to get work through deceit and false identities. But open a path to their full inclusion in the life of this country.

The alternative — the path of immigrant exploitation, of harassment without hope — will only repeat the ways the country has shamed itself at countless points in its history.

Republican Poe Helped Elevate Border Agents' Case (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, February 18, 2007

Congressman from Humble says 2 ex-border agents got bad rap

WASHINGTON — Flip on CNN's Lou Dobbs Tonight show these days and chances are pretty good you'll see Texas Congressman Ted Poe lamenting the fate of two ex-Border Patrol agents imprisoned for shooting a Mexican drug trafficker.

For months, the Republican from Humble has relentlessly championed the agents' case on cable-TV shows and behind the scenes, helping foment public outrage directed at the White House and President Bush's appointees in the Justice and Homeland Security departments.

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Poe, who spent 22 years as a hard-nosed criminal court judge in Houston and eight years before that as a Harris County prosecutor, seems an unlikely choice to be carrying the banner for two convicts.

"It surprises some that I am seen to be on the side of the defendants," Poe acknowledged in an interview.

But the lawmaker, in his second term, said his stance stems directly from his experiences on the bench and at the prosecution table.

"I know the power of the prosecution and how powerful they are," said Poe, who argues that the Justice Department went to extraordinary lengths to prosecute ex-agents Jose Compean and Ignacio Ramos for wounding the drug trafficker in a 2005 border altercation.

Though the two men were duly convicted in a jury trial in El Paso, Poe contends the game was rigged against the defendants because of "back-room deals" given by the prosecution to get the trafficker and other involved Border Patrol agents to testify. He also questions whether information was withheld from the jury.

And Poe is uneasy about what he views as Mexican interference into the case, citing letters written by Mexican consular officials seeking prosecution.

Asked whether he ever worries that he may be defending rogue officers, which is what prosecutors insist Ramos and Compean were, Poe expresses no uncertainty.

"They are not rogue border agents," he said.

But Poe also has no patience with fellow conservatives whose rhetoric has soared to broach the possibility of impeachment of Bush if either of the ex-agents is killed in prison. Ramos was attacked by six inmates at his Mississippi prison recently after they saw his case air on TV.

"That's an absurd answer," Poe said of the impeachment talk.

Cornyn on a quest for campaign cashTexas Sen. John Cornyn will have to get down to some serious fundraising in preparation for his re-election run in 2008.

The Republican raised $3.3 million during the past two years and began 2007 with a little more than $3 million in the bank. Considering he spent $15 million in campaign contributions on his 2002 election, he's got a ways to go in the quest for campaign cash.

"I'm working on it," Cornyn said, predicting he will have banked at least $6 million by next January's filing deadline.

Cornyn estimated he'll need about $20 million if he has a serious Democratic rival. Among those who may be eyeing the race: former Comptroller John Sharp, former Dallas mayor and 2002 Senate nominee Ron Kirk and Houston Mayor Bill White, though many think he is far more inclined to make a gubernatorial run in 2010.

Houston Democrat Barbara Ann Radnofsky, who unsuccessfully challenged Sen. Kay Bailey Hutchison last year, also is in the mix.

"I'm just going to try to be ready for whatever comes," Cornyn said.

Measure honors civil rights figuresThe Senate voted last week to add the names of former Houston Congresswoman Barbara Jordan and three other prominent civil rights figures, including fellow Texan Hector P. Garcia, to the title of the 2006 law reauthorizing portions of the Voting Rights Act.

The measure now moves to the House.

TAX:

Senators Set Sights On Overseas Tax Havens (WP/BLOOM)

By Mark Drajem, Ryan J. Donmoyer, Bloomberg News

The Washington Post, February 18, 2007

Three senators proposed legislation that would target what they say is $100 billion a year in tax revenue lost each year because of overseas tax havens, in part by forcing hedge funds to track their foreign investors.

The measure would impose tougher requirements on U.S. taxpayers using offshore secrecy jurisdictions, give the U.S. Treasury the authority to take action against foreign jurisdictions that impede tax enforcement, stiffen penalties against abusers and close offshore trust loopholes, according to a summary of the bill released by Michigan Democrat Carl M. Levin.

The legislation would require hedge funds to establish programs to combat money laundering and better track offshore investors, under guidance from the Treasury Department. The measure would also prohibit the U.S. Patent and Trademark Office from issuing patents for accounting strategies intended to "minimize, avoid, defer, or otherwise affect liability for federal, state, local, or foreign tax."

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"We cannot tolerate tax cheats offloading their unpaid taxes onto the backs of honest taxpayers," Levin said in a joint statement with co-sponsors Norm Coleman (R-Minn.) and Barack Obama (D-Ill.). "Offshore tax havens have declared economic war on honest taxpayers by helping tax cheats hide income and assets that should be taxed in the same way as other Americans."

The Treasury Department and top lawmakers in both houses of Congress have made a priority this year reducing the so-called tax gap, the difference between what individuals and companies owe and what they pay. The IRS said a study of 2001 tax returns shows the tax gap is about $345 billion a year, only $55 billion of which is recovered.

The legislation is a "strengthened" version of a measure introduced in 2005 by the senators, Levin said, and is the product of a four-year probe by the Senate permanent subcommittee on investigations.

CONGRESS-ADMINISTRATION:

Bush Urges Action On Health Insurance (NYT)

By The New York Times

The New York Times, February 18, 2007

WASHINGTON, Feb. 17 — President Bush urged Congress again Saturday to create a tax break that would help people buy private health insurance outside the workplace.

Repeating points made in his State of the Union address, Mr. Bush said that he wanted to create a standard tax deduction for health insurance and that he would “continue to reach across party lines to enact common-sense health care reforms.”

“Health care costs are rising rapidly, more than twice as fast as wages,” Mr. Bush said in his weekly radio address. “These rising costs are driving up the price of health insurance.”

Mr. Bush said he was pleased to receive a letter this week from 10 senators — 5 Democrats and 5 Republicans — who wanted to work with him on the nation’s health care system.

Gov.'s Health Plan Leaves Some In Bind (LAT)

By Jordan Rau, Times Staff Writer

The Los Angeles Times, February 18, 2007

Its subsidies wouldn't cover nearly 1 million middle-class workers.

— Shannon Corona had stomach surgery in 2004, but she has not been back to her specialist for a checkup in two years.

Her employer, a landscape architectural firm where she is a drafter, doesn't offer health insurance, and she says she can't afford it.

"I have too many bills: two student loans, a car payment and car insurance," said Corona, a 23-year-old from San Dimas.

Corona is the kind of Californian who Gov. Arnold Schwarzenegger says would be helped by his proposed overhaul of the state's healthcare system. But compelling everyone to obtain insurance — the linchpin of his plan — may not work for many Californians in need of aid, according to health policy experts.

Under the governor's plan, nearly 1 million middle-class people would be caught in a tough bind, those experts say: They earn too much to qualify for the insurance subsidies Schwarzenegger wants the state to provide but not enough to afford comprehensive coverage.

Only those whose yearly earnings are less than 250% of the federal poverty level — about $25,525 for individuals and $51,625 for families of four — would qualify for the proposed subsidies.

People earning more would be required by law to have, at a minimum, a high-deductible catastrophic insurance plan. Such policies, which the administration says cost about $1,200 per person a year, would not pay for anything until a patient's annual medical costs exceeded $5,000.

And families could owe as much as $5,000 more in co-payments before insurers absorbed further medical bills.

Those who earn more than Schwarzenegger's subsidy threshold but are hardly affluent can include fitness trainers, retail sales workers, child-care workers, actors, dental assistants, artists, social workers, construction workers and legal assistants. Many retired people and those in part-time jobs also routinely earn just a little more than the cutoff amount.

"I think the biggest weakness is just not addressing where people 2 1/2 times poverty are going to go if they want something more than catastrophic coverage," said Jonathan Gruber, an economics professor at the Massachusetts Institute of Technology who analyzed the governor's proposal at Schwarzenegger's request.

Democratic leaders in the Legislature, which must approve any healthcare overhaul and is weighing several proposals, have been skeptical of requiring coverage without regulating how much insurers can charge.

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E. Richard Brown, director of the UCLA Center for Health Policy Research, told a Senate panel Thursday that 917,000 of the 2 million uninsured who earn more than Schwarzenegger's threshold would have difficulty affording the coverage the governor wants to require.

The administration says many components of Schwarzenegger's plan would help lower premiums, although they have no estimates of how much. One provision would limit how much insurers and hospitals could use for things other than medical care, specifically profits and administration. At least 85% of premiums would have to be spent on care.

But both the administration and independent experts say Schwarzenegger's plan would need the mandatory insurance element in order to work. The mandate would ensure that the healthy and the young, who pay more in premiums than they spend on care, sign up for insurance.

"There will be a larger risk pool that will lower the individual premiums," Schwarzenegger told a gathering of healthcare professionals in Los Angeles on Thursday.

Massachusetts is the only other state that requires health insurance coverage. Even though its mandate doesn't kick in until July, the initial experience has been dispiriting.

When a state board created to help arrange coverage sought bids, insurers proposed premiums far above state projections: between $3,000 and $6,000 a year, depending on a person's age. Massachusetts is soliciting new bids, for less comprehensive coverage than originally planned.

Dr. Mark Smith, president of the California Health Care Foundation, an Oakland nonpartisan group that is analyzing the various proposals being considered in the Capitol, said any workable plan would have to "have some credible evidence that costs will be controlled." That, he said, "is the most questionable part of all the plans I've seen so far."

The minimum insurance policies that Schwarzenegger wants to require would cost less than those in Massachusetts, because in California they would be reserved for catastrophic illness or injury.

But the limited uses of those policies make them unappealing to some who would be required by law to buy them.

"I don't want to be forced to buy [health] insurance like I buy auto insurance," said Nick Trasente, a bartender and aspiring actor in Burbank.

Schwarzenegger acknowledged that high-deductible plans are not "the ideal situation," but he said they could help protect people from the kind of medical bills that cause bankruptcy. "I guarantee you," he said at a news conference last month, that an uninsured family hit with $150,000 in medical costs "would have been happier with the $5,000" deductible of a catastrophic policy.

But some people who already hold such policies say they are of little help when it comes to routine medical care, the kind that can help identify health problems before they become financially overwhelming.

Kari Picolla, a 28-year-old assistant to two actors in Glendale, purchased catastrophic insurance from Blue Cross of California after her regular coverage became too expensive. It costs $85 a month and pays for four doctor visits a year.

"I can definitely afford the premium. What I can't afford is healthcare, going to the doctor" after exceeding the visit limit. "It's $120 a pop if I go more than four times a year. Getting those bills is tough."

Catastrophic plans are even less attractive to older people and those who require regular medical care.

Jim Thompson, a 61-year-old musician from Santa Monica, wanted to retire early with his 54-year-old wife, Mara. But the cost of buying a comprehensive insurance policy would have been $1,300 a month.

"She has gone back to work full time for one reason only: healthcare," he said. Though the couple's financial picture is "rosy," he said, "our entire well-being is under threat, because without health insurance you can be wiped out."

On average last year, annual premiums in California cost $4,548 for individuals and $11,856 for families, according to a survey of employers by the California Health Care Foundation. Premiums rose 8.7% in 2006, more than twice the state's rate of inflation.

The state's Managed Risk Medical Insurance Board runs a last-resort insurance program for people private insurers won't take. But its offerings are not cheap: For the least expensive plan, families of three or more in Los Angeles County must pay between $10,050 and $14,245, depending on age.

Robin Corona, Shannon Corona's mother, looked into the program for her daughter, who makes more than the threshold. But the family determined that even the cheapest plan she could buy would be too much at $2,681 a year. .

Both parents are retired and said they want to help. But they have their own financial challenges, including the care of Shannon Corona's 91-year-old grandmother and her medical expenses. And Robin Corona said the insurance rates for her and her husband just went up.

"We can't help her, and that's where I feel terrible," Robin Corona said. "I'm not Rockefeller. Nobody can afford those prices.

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"We're supposed to be the No. 1 nation in the world, but we're so far behind everybody," she added. "There's got to be a better way."

In Majority, Democrats Run Hill Much As GOP Did (WP)

By Lyndsey Layton, Washington Post Staff Writer

The Washington Post, February 18, 2007

Democrats pledged to bring courtesy to the Capitol when they assumed control of Congress last month. But from the start, the new majority used its muscle to force through its agenda in the House and sideline Republicans.

And after an initial burst of lawmaking, the Democratic juggernaut has kept on rolling.

Of nine major bills passed by the House since the 110th Congress began, Republicans have been allowed to make amendments to just one, a measure directing federal research into additives to biofuels. In the arcane world of Capitol Hill, where the majority dictates which legislation comes before the House and which dies on a shelf, the ability to offer amendments from the floor is one of the minority's few tools.

Last week, the strong-arming continued during the most important debate the Congress has faced yet -- the discussion about the Iraq war. Democrats initially said they would allow Republicans to propose one alternative to the resolution denouncing a troop buildup but, days later, they thought better of it.

"It sounds like we're not doing what we said we would do -- I understand that," House Majority Leader Steny H. Hoyer (D-Md.) said Tuesday. "Here, however, we believe we are very justified in one of the most important issues confronting the country, which clearly was a huge issue in the election and which got bottled up in the Senate."

Republican leaders have been complaining daily about being pushed to the margins. "It's hypocritical because they campaigned on openness and bipartisanship," said Rep. Patrick T. McHenry (R-N.C.), adding that shutting out the minority hurts Congress. "It stifles debate and ideas and also manipulates the outcome."

And yet, significant numbers of House Republicans have voted along with Democrats on the legislation passed so far -- a fact that somewhat mutes criticism about iron-fisted tactics.

Some say Democrats risk being accused of the same abuse of power that Republicans were charged with when they were running Capitol Hill. Republicans became notorious for tactics such as prolonging a roll call vote for three hours in order to round up enough Republicans to pass a bill or failing to notify Democratic members of committee meetings or negotiating sessions.

"They're on thin ice now," Norman J. Ornstein, a congressional scholar at the American Enterprise Institute, said of the new Democratic leaders. "I'm getting uneasy about this lack of amendments. . . . They're getting to the point where you're past the initial period where you've got an excuse to operate with a firm hand. It's going to be increasingly difficult to rationalize."

In May, months before her party won control of Congress and she became speaker, Rep. Nancy Pelosi (D-Calif.) said "bills should generally come to the floor under a procedure that allows open, full and fair debate consisting of a full amendment process that grants the minority the right to offer its alternatives, including a substitute." After the election, Pelosi told the Associated Press: "The principle of civility and respect for minority participation in this House is something we promised the American people. It's the right thing to do."

In the first weeks of the new Congress, however, Democrats bypassed the usual legislative committees, refused to allow any amendments and took their agenda straight to the floor for passage. They said they needed a clear path to pass a handful of popular measures that were the basis of their successful November campaign, including expanded money for stem cell research, an increase in the federal minimum wage and implementation of recommendations of the Sept. 11 commission.

Democrats said they would impose "regular order," the rules that permit the minority to participate more widely, in short order.

But even after passing their domestic agenda, Democratic leaders have continued to marginalize Republicans, preventing them from having a voice in legislation such as a bill to withhold federal pensions from lawmakers convicted of ethics felonies and a $463 billion bill to fund the federal government for the rest of this fiscal year.

"This is the legislative equivalent of 'the check is in the mail,' " said Ross K. Baker, a political scientist at Rutgers University, referring to repeated promises by the Democrats to open up the legislative process to Republicans. "The Democrats are paying lip service to principle, but it's the same old high-handedness, except with a friendly face."

After watching the Senate stall over competing war resolutions and tangled discussions over the terms of debate, Hoyer and Pelosi said they wanted to prevent similar "confusion" in their chamber.

Republicans hoped to introduce a bill similar to one written by Rep. Sam Johnson, a Texas Republican who flew combat missions in Korea and Vietnam and was a prisoner of war in Hanoi. It says Congress would not cut off money for soldiers in the field. But Democrats worried it would place some members of their party in a difficult position.

The only way to avoid that was to limit discussion to one narrowly worded resolution, Hoyer said.

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He said it left no room for "Well, I don't like that 'whereas' " or "I don't like that 'therefore.' " "It's very simple," Hoyer said. "If you've seen the resolution, you can read it in about 60 seconds. We support the troops, we're going to protect the troops, we disagree with the president's proposal."

Last week's debate on the Iraq war, culminating in its passage Friday by a vote of 246 to 182, was conducted under a "closed rule," which means Republicans could not offer alternatives. "I understand what they did on their agenda," said Rep. Mike Simpson (R-Idaho). "But to do a closed rule on something like this is a huge mistake. We're talking about war and peace. You don't play politics with war."

In the closely divided Senate, Republicans made similar accusations when Democrats announced plans to introduce an Iraq resolution without permitting Republican alternatives.

"If this is allowed, this is the second bill in a row where no amendments were offered to the 49-member Republican minority," Minority Leader Mitch McConnell (Ky.) said, referring to the $463 billion bill to fund the federal government as well as the Iraq resolution. "I've been here a couple of decades and I have a hard time recalling anything like this. It's inappropriate in a body that thrives on deliberation. . . . That's simply not acceptable on this side of the aisle."

Senate Majority Leader Harry M. Reid (D-Nev.) suggested that McConnell had a short memory. "On a multitude of issues when we were in the minority, we had no opportunities to offer amendments or anything," Reid said.

And the Democrats are not completely running roughshod over Republicans, as the GOP did to the Democrats when they controlled Congress.

While they did not allow amendments on the Iraq debate, the Democrats gave every member of the chamber five minutes to speak on the resolution -- an unprecedented amount of debate on a nonbinding resolution, according to Thomas E. Mann, a scholar at Brookings Institution. He said that is more than the Republicans offered Democrats when the GOP passed a resolution last spring supporting the war in Iraq.

"So far the Democrats have had a rationale for each cluster of these votes," said Mann, who co-wrote a book about congressional dysfunction with Ornstein. "And they never said they were going to disarm. But they better pretty quickly find matters which they care about but allow reasonable deliberation in committee and amendments on the floor, or they're not going to be able to sustain this over time without damaging the institution."

Leftward, Ho? (NYT)

By Mark Leibovich

The New York Times, February 18, 2007

THESE are balmy days on the American left — genuine, uncharacteristic sunniness unpolluted by some fluky political climate change. There is even talk of a — stutter, clear-throat, perish-thought — liberal resurgence.

Or, treading gingerly, a “liberal moment.”

“Hell, ya, this is a liberal moment,” exults Thomas Frank, author of “What’s the Matter With Kansas?” — and yes, he even calls himself a “liberal” writer, eschewing the sleeker “progressive” stage name that many lefties are preferring these days. He declares this “liberal moment” loud and proud. Until the inevitable qualifier comes.

“A potentially liberal moment,” Mr. Frank says, “assuming that liberal politicians can seize the moment and get beyond their usual plague of incompetence.”

Oh, snap. Liberal optimism, thy name is caution and caveat.

But it is optimism nonetheless, and well-founded, too, say Mr. Frank and a broad spectrum of political thinkers and leaders. And, they say, the evidence goes beyond the obvious indicators — the ascendance of Democrats in the House and Senate, President Bush’s second-term belly-flop and poll numbers showing the Democratic Party trending left and the nation’s political center trending Democratic.

The chicken-egg riddle is how much this alleged “liberal moment” bespeaks genuine momentum for the left and how much stems from anti-Bush, antiwar, anti-Republican fervor.

In other words, liberal moment or conservative slump?

Both, presumably, for reasons that could be explained in part by the “mommy party/daddy party” cliché — that is, that voters typically favor Democrats (“mommy party”) on social issues and Republicans (“daddy party”) on national security.

“At the moment, daddy seems to have messed up the war in Iraq,” says Rich Lowry, editor of the conservative National Review magazine, “so people are much more willing to listen to mommy, which helps Democrats.”

But beyond the time-worn parental paradigm, it’s clear that issues once largely walled off to the liberal hinterlands have suddenly gained mainstream acceptance and urgency. “There does seem to be momentum around a set of issues that have traditionally been the property of the left,” says David M. Kennedy, the Stanford University historian.

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Presidential candidates, for instance, can now safely utter "universal health care" without being tarred as supporters of "socialized medicine." Polls show increasing support for raising the minimum wage, stem-cell research, gay and lesbian civil unions, alternative-energy initiatives and increased financial aid to offset the escalating cost of college.

Republicans can no longer blockade the cause of global warming to the wild-haired left. Once derided as "Ozone Man" by the former President Bush, Al Gore is now up for a Nobel Peace Prize and an Oscar (while California's non-Oscar-nominated Republican governor, Arnold Schwarzenegger, has been hailed as an environmental action hero for introducing stringent emissions standards).

Representative Barney Frank, Democrat of Massachusetts, posits that President Bush's abortive attempt in 2005 to privatize the New Deal totem of Social Security helped usher in what he agrees is "a liberal moment."

After the 2004 election, "there was reason to think we were in the midst of a conservative moment," said Mr. Frank (no relation to Thomas Frank). He recalls that there was concern, at first, that Mr. Bush — stout from his re-election — would win the support of young voters and prevail easily on Social Security.

But the foray "flopped totally," Mr. Frank said, and it became a "powerful affirmation of the public sector."

A few months later, Mr. Frank says, the Terri Schiavo case repudiated what he calls "the Republican moral agenda" and became a seminal event in the dawning of a "liberal moment."

"Republicans thought this was a great issue for them," Mr. Frank remembers. But then, all of a sudden, he said, "people realized that 'Hey, those guys are trying to come into my life.' "

A Gallup survey last month found that Democrats led Republicans by 34 percent to 31 percent in party affiliation — the largest Democratic advantage since the Clinton administration (34 percent of respondents identified themselves as independents).

By the same token, voters aged 18 to 25 are far more Democratic than previous generations, according to a 2006 survey by Pew Research. And the ratio of Democratic voters who describe themselves as "liberal Democrats" (32 percent) has risen steadily while the share of "conservative Democrats" has dropped (23 percent). Four years earlier, 27 percent of Democrats identified as conservatives, 26 percent as liberals.

The right is seen as divided, demoralized and possibly saddled with a top duo of Republican presidential candidates — John McCain and Rudy Giuliani — who could be unnervingly palatable to moderates and even liberals on certain issues (climate change and campaign finance for Mr. McCain; abortion and gay rights for Mr. Giuliani). A third, Mitt Romney, was just four years ago elected governor of a state — Massachusetts — that many Republicans regard as the political equivalent of a Superfund site.

Conservatives are quick to maintain that while these may indeed be (vegan) salad days for liberals, it's more likely a phase than an era — and not necessarily anything that portends a blanket repudiation of conservatism. They are much quicker to blame the Republican Party — and President Bush — for their current troubles.

"Republicans basically have a shattered brand right now," said Rep. Tom Feeney, a Republican of Florida and outspoken "movement conservative." He mentions one poll in which voters overwhelmingly trusted Democrats over Republicans on matters of fiscal discipline, a finding he called "scary."

Ultimately, Mr. Feeney said, any "liberal moment" will ultimately rest on the left's ability to govern. He says the early wave of legislation passed by the new Democratic majority in the House — the so-called "six-for-'06" — dealt with easy, popular issues like supporting stem-cell research and raising the minimum wage.

"Democrats might have an edge on health care right now," Mr. Feeney said. "But let's see what happens when they put something forward that scares the bejeezus out of everyone."

Mr. Feeney's conservative confidence mirrors the inherent ambivalence of many liberals — especially when it comes to internalizing their own successes.

Even in the sweetest of times, liberals tend to be congenitally averse to walking tall, as if they're always half-expecting to be one step away from getting decked by a falling piano.

Years of ridicule, battering and electoral defeat will do that. The liberal imprint has been trashed by generations of conservative candidates and commentators drilled in every unbecoming association ("tax and spend liberal," "big government liberal," "ivory tower liberal," "limousine liberal," "commie, hippie, purple haired, weak kneed, bleeding heart, limp-wristed, weepy eyed, take your choice liberal").

It's also an open-question as to whether the "liberal moment" could survive a truly "daddy party" event — like a domestic terrorist attack.

"We're at a moment where I think the disasters of the Bush administration's domestic and foreign policies are being appreciated," said Bruce Ackerman, a professor of law and political science at Yale University and author of "Before the Next Attack."

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These failures constitute what Mr. Ackerman calls "an opening" for American liberals, but hardly a triumph.

"This is a moment of relative calm," he says. "We'll see where it leads."

White House: Moles Taken From Bush's Face Benign (CNN)

CNN.com, February 17, 2007

WASHINGTON (CNN) -- Two moles President Bush had removed from his face Friday were benign, White House spokesman Alex Conant said Saturday.

Dermatologist Steve Krivda from Walter Reed Army Medical Center/ National Naval Medical Center and Bush's regular doctor, Richard Tubb, removed the moles from Bush's left temple using a local anesthetic, White House spokesman Scott Stanzel said.

Bush has a 1-inch scab on his left temple that is expected to heal in a week to 10 days, but he does not have a bandage, Stanzel said.

He said Bush noticed one mole and had Tubb examine it Monday. Tubb then noticed the second mole and suggested they both be removed. Tests indicated they were not cancerous, according to the White House.

Bush had lesions removed from his face in December 2001 and December 2004. His most recent physical was in August 2006, the White House said.

Warnings Over Privacy Of U.S. Health Network (NYT)

By Robert Pear

The New York Times, February 18, 2007

WASHINGTON, Feb. 17 — The Bush administration has no clear strategy to protect the privacy of patients as it promotes the use of electronic medical records throughout the nation's health care system, federal investigators say in a new report.

In the report, the Government Accountability Office, an investigative arm of Congress, said the administration had a jumble of studies and vague policy statements but no overall strategy to ensure that privacy protections would be built into computer networks linking insurers, doctors, hospitals and other health care providers.

President Bush has repeatedly called for the creation of such networks, through which health care providers could share information on patients. In 2004, Mr. Bush declared that every American should have a "personal electronic medical record" within 10 years — by 2014. With computerized records, he said, "we can avoid dangerous medical mistakes, reduce costs and improve care."

In response to the president's plea, federal officials have developed elaborate plans for what they describe as "a nationwide health information network." Mr. Bush has said: "One of the things I've insisted upon is that it's got to be secure and private. There's nothing more private than your own health records."

But in the report, issued this month, the G.A.O. said the administration had taken only rudimentary steps to safeguard sensitive personal data that would be exchanged over the network.

Senator Daniel K. Akaka, Democrat of Hawaii, who requested the investigation, said it showed that "the Bush administration is not doing enough to protect the privacy of confidential health information." As a result, Mr. Akaka said, "more and more companies, health care providers and carriers are moving forward with health information technology without the necessary protections."

In written comments on the report, Jim Nicholson, the secretary of veterans affairs, who supervises one of the nation's largest health care systems, said, "I concur with the G.A.O. findings."

But Dr. Robert M. Kolodner, who coordinates work on information technology at the Department of Health and Human Services, disputed the findings. Dr. Kolodner said his department was "very committed to privacy and security as it works toward the president's goal" of switching medical records from paper to electronic files.

Mark A. Rothstein, the chairman of a panel that advises the government on health information policy, essentially agreed with the accountability office. "Health privacy has not received adequate attention at the Department of Health and Human Services," said Mr. Rothstein, a professor of law and medical ethics at the University of Louisville School of Medicine. "A sense of urgency is lacking."

Mr. Rothstein said "time is of the essence" because "the private sector is racing ahead" to establish medical record banks and health information exchanges. In December, he noted, Wal-Mart, Intel and other companies announced they were creating a huge database that could store the personal health records of more than 2.5 million employees and retirees. The companies promised they would have "stringent privacy policies and procedures."

Mr. Rothstein said Congress should not provide more money for a nationwide health information network unless the administration did more to protect the privacy of electronic medical records.

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Dr. William A. Yasnoff, a physician and computer scientist who worked at the Department of Health and Human Services from 2002 to 2005, said he too had found that "the department does not have a comprehensive approach to privacy."

Explaining why he saw a need for stronger privacy protections in the digital age, Dr. Yasnoff said: "Anything you do to make information more accessible for good, laudable purposes will simultaneously make it more accessible for evil, nefarious purposes. People intuitively understand that, and they are worried."

The accountability office said doubts about privacy could slow the adoption and use of electronic medical records. Professor Rothstein offered a similar prediction, saying: "If privacy protections are not built into the network, people will not trust it. They won't participate, or they will opt out if they are allowed to."

Legislation to encourage the use of health information technology has broad bipartisan support but died in Congress last year, partly because of disagreements over privacy protections.

Under Mr. Bush's proposal, lawmakers said, it is not clear how much control people would have over their electronic medical records.

Several members of Congress have drafted legislation to clarify consumers' control over such data. One proposal, by Senator Sam Brownback of Kansas and Representative Paul D. Ryan of Wisconsin, both Republicans, would establish health data banks in which people could store electronic copies of their medical records. Under the bill, a consumer would "maintain ownership over the entire health record" and could control access to it.

By contrast, under existing federal rules, hospitals and other health care providers generally do not have to obtain a patient's consent to use or disclose information for "treatment, payment or health care operations."

Should There Be A Hispanic Caucus? (LAT)

By Gregory Rodriguez

The Los Angeles Times, February 18, 2007

As Latinos become a large minority, political alliances may turn out to be liabilities.

YOU GO, Loretta Sanchez. Just keep walking away from that Congressional Hispanic Caucus. No, not just because of the nasty name caucus chief Rep. Joe Baca allegedly called you. But because you'll be undermining a political practice that will increasingly hurt Mexican American statewide candidates in the most politically powerful states in the nation.

From all accounts, Rep. Sanchez's public feud with Baca is highly personal. (She says he called her a "whore.") Nonetheless, the moment provides an opportunity to ponder whether Latino legislative caucuses haven't outlived their usefulness. I say it's time to abolish them.

It's not because I stand in principled opposition to the idea of ethnic solidarity. It's just that both the demographic calculus and the political rationale that gave rise to Latino caucuses have disappeared. And as Latinos move toward becoming the largest ethnic group in the two most populous states, such caucuses become a political liability to statewide candidates vying to represent all constituencies.

Latino caucuses emerged in the 1970s when Hispanics made up a small percentage of the U.S. population. Founded in 1976 on the model of the Congressional Black Caucus, the Congressional Hispanic Caucus sought to unify regional political movements — primarily Mexican Americans in the Southwest and Puerto Ricans in the Northeast — into a single, cohesive national voice.

However, since 1970, the Latino population has grown by a whopping 267%, and today Latinos make up more than one-third of all Texans and Californians. Given the ethnic political lag, it will take Latinos at least a dozen years to constitute a third of California voters. But once they become a majority of the state's population, within 25 years, won't it be a bit unseemly to have a California Latino Legislative Caucus?

Political scientists tend to stress the symbolic rather than the substantive importance of these state and federal caucuses. "It stands for Hispanic presence and unity," says Harry Pachon of USC's Tomás Rivera Policy Institute. But symbolism can cut both ways, and the idea of a soon-to-be-majority group maintaining an ethnic-specific caucus is likely to rub future minority voters the wrong way.

Tidy multiculturalist theories notwithstanding, most diverse, modern nations rely on unspoken compromises that ease tensions between a country's parts and its whole. We can all understand how troubling the formation of a white caucus in the Senate would be.

While not entirely analogous, the Scottish experience in contemporary British politics may hold a lesson for Latino politicians. Recent polls indicate that the Scottish ancestry of Tony Blair's heir apparent, Gordon Brown, is becoming a liability among English voters. It seems that the formation of a Scottish parliament in 1999 is raising questions among English voters about their tradition of accepting Scottish politicians as their own. British voters now regard Brown as Scottish (the part) and not British (the whole). And that bodes ill for the Labor Party candidate.

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Of course, a caucus is not a parliament but a group in which co-ethnics or like-minded politicians can hash out ideas and formulate a unified stance. Yet other than a few targeted issues, Latino politicians have had a hard time finding common ground. Once bipartisan, in the 1990s the Congressional Hispanic Caucus lost its Cuban-American Republican contingent after then-caucus head Rep. Xavier Becerra took an ill-advised trip to Cuba. Likewise, scholars are finding that the Latino electorate is not a cohesive ethnic vote.

"The idea of the caucus was to present ethnic unity back when people thought that was the only way they could be important," says Columbia University's Rodolfo de la Garza. "Those days are over." Indeed, as the number of Latino elected officials has multiplied, so has the number of voices, and unity has become something of a chimera.

But don't mistake the absence of unity and the abolishing of Latino caucuses as a form of retreat. Most observers would agree that American Jews have considerable political influence. Today there are 30 Jewish House members and 13 Jewish senators. But historically, Jewish members have resisted the idea of establishing a formal caucus, in part because they have not wanted to invite a backlash.

It might also help to know that New Mexico, the only state that has a Mexican American governor, does not have a Latino legislative caucus. "With Hispanics making up 43% of the population and represented in all walks of life, there is no perceived need to organize as a political interest group," says Jose Zebedeo Garcia, who teaches politics at New Mexico State University.

We're not there yet in California and Texas, but we had best be prepared for the day.

OTHER NEWS:

Rudy Giuliani As Foreign Policy Guru? (LAT)

By Jonathan Chait

The Los Angeles Times, February 18, 2007

THE NORMAL rule in American politics is that if you run for president and your experience comes at the state level, most people will assume that foreign policy is your weak point. You can overcome that political vulnerability — as George W. Bush, Bill Clinton and other governors did while getting elected. One would presume that this applies even more to presidential candidates whose highest office reached is mayor. And yet we have the strange case of Rudolph Giuliani.

Giuliani's presidential campaign is starting to win a cult following among conservatives. It's not his position on domestic policy that's doing it — he has nothing to say about that. Lord knows it's not his social issue positions, which even his strongest backers acknowledge are his political weak point. No, he has somehow built a record as a foreign policy guru despite having no experience beyond the municipal level.

What are Giuliani's credentials? Everybody knows the basics. On Sept. 11, 2001, he rolled up his shirt sleeves and gave reassuring speeches. He has a tough guy persona. He expresses extremely strong disapproval for enemies of the United States. (For instance, Giuliani has bragged about asking President Bush to let him personally execute Osama bin Laden.)

All this makes Republicans swoon. Sometimes literally. Conservative pundit Danielle Crittenden recently penned a Valentine's Day poem to Giuliani. One section summarized his foreign policy skills thusly:

"A man who's locked out Arafat/And thrown vagrants into prison

Won't cringe before a Democrat/ Or allow Iran nuclear fission."

I'm no poetry critic, but I do know that a tough policy against the homeless is not a good proxy for the conduct of foreign policy.

If having a macho swagger and talking tough about bad guys were enough to make a good commander in chief, we wouldn't have the worst foreign policy disaster in U.S. history on our hands right now in Iraq. And, need I remind anybody, one of the reasons Giuliani hasn't been able to fulfill his Bin Laden execution fantasy is that Bush allowed the Al Qaeda leader to escape at Tora Bora by using Afghan proxies instead of U.S. ground troops.

As I noted in this space last week, conservative foreign policy consists increasingly of abstract notions divorced from reality. In preparing for last week's House debate over the Iraq troop surge, the Republican leadership instructed its members in a memo: "The debate should not be about the surge or its details. This debate should not even be about the Iraq war to date, mistakes that have been made or whether we can, or cannot, win militarily. If we let Democrats force us into a debate on the surge or the current situation in Iraq, we lose."

So they're strong on foreign policy, except insofar as it involves actual policy. They tend to be much better, however, at comparing themselves to figures such as Winston Churchill or Abraham Lincoln. They make such comparisons incessantly. Last week, Giuliani said that Lincoln had "that ability that a leader has — a leader like George Bush, a leader like Ronald Reagan — to look into the future."

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A few days later, the New York Times revealed that the 2002 postwar plan for Iraq envisioned a broadly representative Iraqi government, an intact Iraqi army and just a handful of U.S. troops remaining. I would say this is not a good job of looking into the future.

I'm sure Giuliani and his fans would dismiss such slip-ups, and there have been many, as mere detail. The important thing to them is leadership — Bush has it; Giuliani has it.

Giuliani raked in millions after 9/11, appearing at motivational seminars, where anybody with $49 could listen to him recount his 9/11 heroics and also take in speeches by such foreign policy titans as Zig Ziglar and Goldie Hawn. Giuliani also wrote a book promising to show "how the leadership skills he practices can be employed successfully by anyone who has to run anything."

But if anybody who buys his book can acquire the same leadership skills, why do we need Giuliani?

A Man With A Mission (WP)

The Washington Post, February 18, 2007

Mitt Romney spent last week on a presidential candidate announcement tour, speaking in Michigan and Iowa on Tuesday, then hitting South Carolina, New Hampshire and Boston before heading to Florida. Today, in the second installment of Outlook's occasional series on the presidential candidates, classmates, colleagues and competitors from the past remember Romney and his journey from former governor's son to former governor. Also inside: a crash course on the Mormon faith and public life.

Mitt Romney had about the same success as a Mormon missionary in France as most people had: not much.

I served with him in Bordeaux and Paris off and on for 18 months, and for several months we worked as a pair, canvassing the countryside together. A very common way of making contacts is by knocking door to door. We would try to make our approach as interesting as possible. We would introduce ourselves as missionaries from the Church of Jesus Christ of Latter-day Saints, say that we had a message about Jesus Christ and his appearance on the American continent. Could we have a moment of their time?

Usually the answer was: " Non, merc i."

It was an exercise in humility in the face of rejection. But Mitt always knew how to encourage us to keep going despite the many doors slammed in our faces. Primarily, he led by example. During our service, some of the missionaries had begun to feel that in keeping with their ministerial calling it was not appropriate to laugh out loud very much. Mitt always had a strong laugh and at the time of the proposed laughing ban, he was the top leader in the mission, assistant to the mission president. So he really dispelled the anti-laughing crowd, mostly with his humor.

In the middle of his service in France, he was the driver in an automobile accident in which a woman who was very dear to us was killed. He could have been much more morose, but he led us through that difficult time and returned to his cheery self.

While we were there, we read the book "Think and Grow Rich!" by Napoleon Hill. Some of our church leaders recommended that we use those concepts of positive thinking to overcome doubt and discouragement so we could perform at a higher level. They meant it as applied to our missionary work, but of course it could be applied to business as well. I've often said that Mitt and I read that book at the same time but he read it better than I did.

-- Dane McBride, served as a missionary in France with Romney

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Mitt's father, George, was the governor of Michigan all the years that I knew Mitt at the Cranbrook school. This meant that a Michigan state police detail was at their home all the time. Mitt befriended some of the officers and they left police gifts with him: a shirt, a faux badge, a light, a police belt, among other tokens. Mitt had an innate wackiness, and after we all turned 16 and could drive, he, our friend Butch McDonald and I hatched a plot to use some of those gifts to frighten our unsuspecting dates from Kingswood, Cranbrook's sister school.

The school policy was that the girls could sign out until 11 p.m. on weekends. Earlier in the afternoon of our date, we planted empty beer bottles in the trunk of Butch's car. We agreed that at the appointed time, 10:45 p.m., our car would slowly approach a secluded section of dirt road near the school, and that we would pull over and turn out the lights. Mitt, driving a dark '65 American Motors vehicle (his father had revived that ailing car company before running for governor) topped with a revolving red light, and dressed in his goofy police uniform with a U.S. Air Force hat and dark glasses, came up behind us and approached the driver's window. In a gravelly voice, he asked the two of us to exit the vehicle and open the trunk. The bottles were discovered and rattled for effect. "Step back into the car, boys," the "officer" said, and returned to his vehicle. We expressed mock alarm, peeled out on the dirt road and rushed the girls into the school parking lot just in time. Minutes later, at the local drive-in, we three perpetrators reveled in our success.

-- Stuart White, Cranbrook classmate of Romney's

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Mitt Romney and I were members of the Cranbrook pep squad -- also called cheerleaders. We were un-coached and only barely organized. We did lead the occasional cheer, drawing on whatever we could remember from television or movies. Someone gave me a domesticated duck and suggested that I bring it to one of our football games as the unofficial school mascot. We were the Cranbrook Cranes, and the school mascot, an elegant, regal, long-legged crane, is emblazoned in many places around campus, including on every chair in the dining hall. So I thought it was quite the joke for the pep squad to show up with a squat, fat pseudo-crane mascot to cheer on the football players. The problem came at the end of the game. We had no place to keep the duck. Giving it to a restaurant was all I could think of. Then Mitt stepped forward and volunteered to take charge of our little mascot. He'd put it at his parents' house, where there was a small pond and it could live in a natural, duck-friendly setting until the next game.

The next week, however, as I carefully set up the duck pen on the sidelines, Mitt showed up at the game sans duck. It seems that when he went to get the duck to bring it to the game, all he could find was a small patch of feathers. A fox had gotten there first. Mitt could have laughed this off, as probably the rest of us would have. But he didn't. It was quite obvious that he not only felt sorry for the duck, he also felt sorry that he had let us down. We tried to let him off the hook as best as we could, but I suspect that to this day, he still feels bad about that duck. In fact, as the years went by, it was one of those things you knew not to bring up.

-- Gregg Dearth, Cranbrook classmate

* * *

I will never forget Mitt calmly rattling off and quantifying the different financial problems of the Salt Lake City Olympics. He had been running the operation for a few weeks, and the magnitude of the issues was coming into focus. Tens of millions here, tens of millions there, and the media and sponsors riveting their attention on the scandals he had inherited. I asked how I could help. Because his Bain Capital had been my first institutional investor at Staples and he had been a member of our board for 15 years, he said he knew full well that I was too cheap to buy an Olympic sponsorship for $10 million or so. A few months later he called with a different opportunity. He had personally solicited Office Depot and Office Max to be Olympic sponsors. Both had turned him down. Thus, he could now offer me an opportunity to become an official Olympic "supplier." Much less money, but the ability to use the rings and tickets. I jumped at it. However, for weeks his normally crackerjack staff did not follow through with our marketing department.

Then Mitt called. "Tom, I am terribly sorry. Right around the time of our meeting, IMG persuaded the brand new Office Depot CEO to take a major sponsorship. You are out. I feel terrible given my history with you and Staples, but I have to respect what is best for the Games versus my personal relationships. I will get you guys some tickets, but unfortunately they will not be great. " I wasn't happy, but I knew it was how Mitt operated: he did the right thing, whether his friends liked it or not.

-- Tom Stemberg, founder and former president and chief executive of Staples Inc.

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When Mitt assumed leadership as president and CEO of the Salt Lake Organizing Committee, everybody saw our Olympic Games as having a very black mark on them. The Justice Department was considering indicting us as an organizing committee. Finances were in very troubling condition. We simply didn't have the money to put on the Games. Mitt immediately worked on raising revenue and on cutting costs. Before he arrived, the organizing board used to have elaborate lunches accented with elegant decorations. I wasn't there, but that high-end catering was the stuff of rumors. For Mitt's first meeting, he served pizza and charged a dollar a slice. The message was clear: be responsible about how you spend money.

However, the budget challenge was nothing compared with the obligation to keep people from 83 nations safe at the Olympics just five months after the attacks of Sept. 11, 2001.

I will never forget the Opening Ceremonies of the Olympic Games and watching Mitt, President Bush and Jacques Rogge, the president of the International Olympic Committee, standing at attention as the flag from the World Trade Center was brought in to the stadium by several athletes. A hushed, reverent crowd, more than 50,000 strong, listened as our national anthem was played.

Mitt and I were in Torino, Italy, together. I hope we'll be in Beijing together next year. He may have some other plans for the summer of 2008, but I know he would love to go.

-- Fraser Bullock, chief operating officer and chief financial officer of the Salt Lake Organizing Committee

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After we were sworn in as governor and lieutenant governor in Massachusetts, Mitt and I received some very sobering news: The true budget gap was more than $3 billion (out of a $23 billion budget), up from the projected $1 billion gap. We had campaigned during the fiscal crisis of 2002-03, when many states, including Massachusetts, saw their tax revenue collapse and vowed to close the gap without raising taxes. Mitt asked his managers to accomplish the same work, with fewer resources, by developing new approaches. So instead of inspecting wetlands from the ground, the new leaner environmental affairs office

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increased enforcement actions by taking regular aerial photos of endangered wetlands. A plane could cover more ground more cheaply and effectively than a bureaucrat in a car. Two parks departments (one a legendary haven for no-show patronage positions) were merged despite the howls from legislators on both sides of the aisle who counted on securing well-paid summer jobs by the public pool for kids of their friends and relatives. Mitt provided leadership in tough times, spurred innovation, honored the work behind each tax dollar and respected families -- that's the Mitt Romney I worked with for the past four years.

-- Kerry Healey, lieutenant governor of Massachusetts during Romney's term as governor

* * *

I had known Mitt Romney for more than 20 years when I went to speak to him in his campaign office in early 1994. We attended the same church and I know a couple of his children quite well and they're all lovely people. But there's a difference between being a lovely family and being a knowledgeable leader. When I went to see him, he had recently announced that he was running against Sen. Edward M. Kennedy (D-Mass.), and I thought it would be important for him to hear from someone who'd been active in women's politics in Massachusetts.

I congratulated him on taking a pro-choice position, one of the reasons I had been open to working with him. I remember his response was something like: "Well, this is Massachusetts. I realized I had to take this position," which was the first indication to me that what I had understood to be his personal view was a stance he was actually taking pragmatically. He went on that day to talk about an aunt of his who had died during a botched abortion and how he thought legalized abortion was important. But those around him, and people who knew him closely in the ward, knew that it was a position he had taken because he thought he had to in order to win.

-- Judith Dushku, associate professor of government at Suffolk University in Boston

* * *

I watch with interest as Mitt Romney courts the conservative wing of the Republican Party with his antiabortion message. It reminds me of a pivotal moment in the 2002 campaign for governor of Massachusetts. In the final few weeks before the election, the polls indicated that although I had enjoyed a lead over Romney after I won the primary, the barrage of negative ads was helping to narrow the margin heading into the general election. In preparing for the final debate of the campaign, one strategy was to expose Romney's record of waffling on the issue of abortion, an important topic for a majority of voters in Massachusetts. I pointed out that, in his 1994 race against Sen. Ted Kennedy, Romney had accepted the endorsement of a pro-life group, and that when he was living in Utah while running the Olympics, his close friend and adviser had written a letter to the editor stating that Romney was not pro-choice and had taken on that label only to run against the senator. Romney responded that his support for a woman's right to an abortion was deep and long-held, dating to the early 1970s. He stated that since the 1970s, he had agreed with his mother, an unsuccessful candidate for the U.S. Senate, that to support abortion reflected an important belief in the separation of church and state. He was angered by my statements. He chastised me for being "unbecoming" because I was trying to scare the voters on this important issue, and insisted that he was truly pro-choice and "devoted and dedicated to honoring [his] word" on this issue. In that exchange, he was able to not only solidify his image as a strong pro-choice advocate, he was also masterful in spinning the story afterward that I was overly aggressive and indeed "unbecoming," because I had insisted that he was not telling the truth.

-- Shannon O'Brien, former Massachusetts state treasurer and Romney's 2002 opponent

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Mitt had hired me as a young associate at Bain & Co. in 1978, and we worked together occasionally between then and 1983, when we laid the foundations for the creation of Bain Capital. We started with a vision but virtually no experience in the realm that is now known as private equity. For six months, we traipsed around the United States, Europe and Latin America, seeking investors to back our plan, getting plenty of "no, thank yous" along the way.

One potential investor was concerned that we would spend lavishly on fancy offices and needless expenses. I could tell that this bothered Mitt, because he is very careful about spending. Finally, I told the gentleman: "You need to understand how frugal Mitt is. When he and Ann go to the movies, they pop their own popcorn in advance. Mitt figures the home-popped Orville Redenbacher costs him only 62 cents, which is a whole lot cheaper than $4.50 for the big tub at the movie counter."

-- Coleman Andrews, co-founded Bain Capital with Romney in 1983.

* * *

When Mitt was at Bain Capital, I referred a couple of deals to him. In that business, you have to be a vacuum cleaner and amass more facts about the investment than anyone else in the world. That's a skill set that serves him well. Romney was so successful as a private equity investor that he was able to command a 30 percent share of the profits for Bain as general partner. That figure normally would be 20 percent. He was the most successful private equity investor in the country and with his track record, people were happy to give a 30 percent share to Bain. If you pay sufficient attention to detail you have less risk. And with him, nothing is left to chance unless it has to be. He is running his campaign that way -- marvelous planning at all levels.

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-- William Weld, Republican former governor of Massachusetts

Debate Over Iraq Follows McCain To Iowa (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 18, 2007

Crowd's Questions Indicate Senator's Presidential Bid May Be Tied Closely to War

DES MOINES, Feb. 17 -- The war in Iraq followed Sen. John McCain (Ariz.) to Iowa on Saturday, as the Republican presidential candidate faced a series of skeptical questions about the lack of progress in the conflict and whether he or anyone has a plan for success.

It became clear from the opening minutes of his first meeting of the day just how much the presidential aspirations of the senator, who is one of the leading advocates of President Bush's troop-increase policy, may be tied to events in Iraq.

During the hour-long town hall meeting, McCain drew questions about the cost of the war, the prospects for success, the dangers of failure, the treatment of veterans and the new threats from Iran.

Throughout, he walked a line between strong advocacy for the troop buildup as the best chance to avoid a bloodletting in Iraq and defensiveness over the lack of progress and the growing impatience on the part of the public over what he said has been a badly mismanaged war effort dating back years.

"I know how tough it is for the American people," he told an audience of several hundred people. "I know how frustrated Americans are. I know how saddened we are when we lose our most precious treasure. I understand your frustration. But I also want to tell you that I could not be honest with you without telling you that I believe if we fail, the consequences of failure are catastrophic and there would be genocide and chaos."

McCain's visit was his first to Iowa since establishing his presidential campaign committee. On a day when Democratic presidential candidates were tearing up their schedules to return to Washington for the unsuccessful Senate vote to begin debate on a nonbinding resolution opposing Bush's troop buildup, McCain chose to go ahead with a full day of events in Iowa.

McCain defended his decision to stay away from Washington in defiant terms, condemning the Senate Democrats for scheduling a rare Saturday vote on what he described as a political charade.

He ridiculed the action as a "purely political stunt" that was "insulting to the public and our soldiers" in Iraq. "This may be how Harry Reid and Nancy Pelosi construe their responsibilities, but it's not how I construe mine," he told reporters.

Still, there was no escaping a debate over the war, even before a largely Republican audience that included veterans of combat in Iraq and Afghanistan, and their relatives.

McCain advisers think Republicans likely to vote in next year's Iowa precinct caucuses, which will kick off the presidential nominating contests, generally support Bush's, and by implication McCain's, position on Iraq. But McCain noted Saturday that he is aware that his views are at odds with those of a majority of Americans nationally.

"I don't know the views frankly of caucus-goers on this particular issue," he said. "But I unfortunately know the views of a majority of Americans."

The first question in Des Moines came from a veteran of two tours in Iraq and a tour in Afghanistan who said Americans are not being told about the progress in Iraq. McCain said progress has been overshadowed by the violence there -- and said Americans are understandably frustrated because of overly optimistic expectations raised by defenders of the war.

"We raised people's expectations -- 'mission accomplished,' 'few dead-enders,' 'last throes' -- all of those comments that made Americans believe that we were on the verge of getting this thing done," he said. Instead, he added, the war has been a "long, tough struggle that we should have told the American people about."

McCain said he has no fallback plan if the policy of sending an additional 21,500 troops to Iraq fails. "We live in a democracy, and when the American people don't support -- as we learned in Vietnam, as we learned in Beirut, as we learned in Somalia -- then we are not able to maintain a foreign endeavor. I can give you lots of options, but I'm hard-pressed to find one that will have the support of the American people."

A man who said his son had served in Afghanistan and Iraq challenged McCain to explain what it would cost the country to succeed in Iraq. McCain said he didn't know, other than to say it will take a long time before it is clear whether the United States is succeeding militarily.

"In terms of dollars and lives, I can't give you an estimate, except to say, sir, I think it's going to be very expensive," he said, "but not as expensive as the bloodletting, the killing fields that will take place in Baghdad if we just left."

Also Saturday, McCain won the endorsement of Sen. John Thune (R-S.D.), whose popularity among social conservatives could help McCain here in Iowa and elsewhere.

Thune said he recognizes that McCain has taken some positions that are not popular among conservatives but added that he extracted a promise from the Arizonan that he would appoint conservative jurists to the federal bench.

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Without identifying them by name, Thune said McCain's rivals have questionable records on the issue of abortion. Former New York mayor Rudolph W. Giuliani supports abortion rights, while former Massachusetts governor Mitt Romney has changed his views and now opposes abortion. "Whether you like him or not, McCain has been consistent on issues," Thune said.

No Retreat On Iraq Stance, McCain Insists (NYT)

By Adam Nagourney

The New York Times, February 18, 2007

DES MOINES, Feb. 17 — Senator John McCain arrived in Iowa on Saturday to begin testing one of the biggest questions so far of the presidential campaign: Can he win as an all-out supporter of the war in Iraq?

Almost from the moment he took the stage at his first event here since forming his presidential exploratory committee, Mr. McCain made clear that he was not backing down when it came to the war, and that in political terms, he might see an advantage in presenting himself to the first Republican voters in the nominating process as an unapologetic advocate for the war in Iraq.

He attacked Senate Democrats for what he called "a political stunt" in trying to join the House in passing a nonbinding resolution opposing President Bush's plan to send more troops to Baghdad. He warned of catastrophic consequences if the United States abandoned its effort in Iraq.

He belittled the White House for falsely raising hopes by asserting early American successes in the war. And he spent nearly 60 minutes fielding questions and challenges from an audience of Republicans, many of them clearly with Mr. McCain on the issue but others anguished over the war.

"I know how tough it is for the American people, I know how frustrated Americans are, I understand your frustration," Mr. McCain said. "I understand your frustration. But I also want to tell you that I believe if we fail, the consequences of failure are catastrophic."

To be here, Mr. McCain skipped the debate in the Senate — he called the rare Saturday session in the Capitol "insulting to the public and our soldiers" — but the war was as omnipresent in the Des Moines hotel ballroom as it was in Washington.

It brought to life what has become a central strategic gamble for the McCain campaign: that his support of the war in Iraq would help him among the select groups of Iowa Republicans who will caucus here next January. It is a position that gives him an opportunity to reassure Republican activists here who have not forgotten or forgiven his frequent criticisms of the administration in the earlier years of Mr. Bush's presidency, according to state party officials.

"Even if it's not popular in the general election, everybody in the Republican primary process is supporting the surge," said Mark McKinnon, one of Mr. McCain's senior advisers.

In many ways, Mr. McCain finds himself in the opposite situation of Senator Hillary Rodham Clinton of New York. He has embraced a position that may lift him through the primaries, but that could complicate his prospects against an antiwar Democrat in the general election, his own advisers said.

Mr. McCain's aides could barely contain their frustration, as Mr. McCain sailed off on this maiden voyage of his campaign, at the extent to which perhaps the most important factor in determining the 2008 race was beyond of their control. One aide, who was granted anonymity in order to offer a rather gloomy appraisal of Republican hopes for holding the White House in 2008, said that if the situation Iraq deteriorated or even stayed the same, it would be a major liability for the Republican who won the presidential nomination.

"Republicans are in a tough spot — there's nobody running for president who controls the destiny of what happens there," the aide said. "I do think as Republicans we have to get to a difference place on Iraq or we are in trouble as a party."

Mr. McCain's first stop Saturday suggested just how torn Americans are about this war, regardless of party. A questioner who introduced himself as a veteran of combat in Iraq and Afghanistan drew an ovation that lasted nearly 60 seconds. But moments later, Mr. McCain faced skeptical questioning from Marty Baddeloo, a business coach who lives in West Des Moines and who said he had a son who served in Iraq, about how much money — and how many lives — would be needed for Mr. McCain to accomplish his mission.

"I'd like to know what it's going to cost to be successful in Iraq," Mr. Baddeloo said. "Assuming you are elected president, if your plans are implemented, what is it going to cost in terms of time and dollars for us to be successful in Iraq?"

Mr. McCain, holding a wireless microphone and wearing a loose-fitting brown leather jacket, answered with a subdued tone. "I'd like to be able to give you an answer, sir," he said. "And you reflect the frustration that many Americans feel."

While the war in Iraq looms as a political liability for the major Republican contenders — Mitt Romney, the former governor of Massachusetts, and Rudolph W. Giuliani, the former mayor of New York, have also expressed support for Mr. Bush's war policy — none have been as closely identified with the war effort as Mr. McCain. And Mr. McCain showed no signs of walking away from a war that, his advisers said, he arguably owns as much as Mr. Bush does.

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"I don't know what the other options are," Mr. McCain said when one questioner asked what would happen if this escalation of 21,500 troops — fewer than Mr. McCain had advocated — failed to work. "Because if we fail here — I'm going to give you very straight talk here — it's not going to maintain the support of the American people. I can give you lots of options, but I'm hard-pressed to find one that will get the support of the American people."

And he was disdainful of Senate Democrats, mocking them for pushing through a procedural vote in the Senate on a Saturday. "I'm more than willing to discuss Iraq and my views, but I think it's insulting to the public and our soldiers to pretend we are discharging our responsibilities in any meaningful way."

Mr. McCain said again at a news conference on Saturday morning that political factors played no role in his views. "I've said all along I cannot be concerned or will not be concerned if it helps me or hurts me with anyone," he said. "Its an issue that transcends any political ambitions I might have."

Still, that is something that Mr. McCain's advisers — thinking about both the primary battle and a general election fight — have given much thought to. Mr. McCain's advisers said they thought that he could be insulated to some extent by a failure of American policy in Iraq because of the fact that he has long been critical of the way the war was handled; he called for an increase in troop strength there long before Mr. Bush acted.

"The fact of the matter is McCain has been saying this for three years and maintained from Day 1 that we don't have enough troops there," said Dave Roederer, the Iowa chairman of Mr. McCain's campaign.

And Mr. McCain was openly scornful of the White House for raising expectations among the American public by making statements that conveyed that the effort in Iraq was far more successful than it actually was.

"We raised people's expectations: mission accomplished, a few dead-enders, last throes," he said. "All those comments that made Americans believe we were on the verge of getting this thing done when in reality on the ground, as you saw, it was a long, hard struggle that we should have told people that it is."

Mr. McCain's aides said they saw one upside for Mr. McCain now: that his position on the war could help him through the months ahead.

"In the Republican primary, this is going to be good for Senator McCain," said Russ Schriefer, Mr. McCain's media adviser. "It makes him more of a Republican. To those who might have been uneasy about him not being enough of a team player it shows him as very much a team player on this issue."

"Amen" To Brownback (TSSC)

By Lee Bandy

The State, February 18, 2007

Three weeks ago, an estimated 350 Republican Party activists attended a luncheon in Columbia for GOP presidential hopeful Sam Brownback.

Many came out of curiosity.

The U.S. senator from Kansas, viewed as an "ideologue," is considered by many the leading "Christian right" candidate in the race.

Brownback certainly didn't disappoint his audience, made up mostly of religious conservatives. Members punctuated the air with shouts of "amen" and "praise the Lord." It sounded more like a revival service than a political gathering.

Many conservatives and religious leaders view Brownback as a serious candidate to succeed President George W. Bush.

Whether Brownback does, there's little doubt he will become a major figure in U.S. public life and an increasingly critical player in its governing coalitions.

On the stump, Brownback preaches the gospel of the Christian right, stating his strong opposition to abortion and gay marriage.

Like Ronald Reagan, Brownback believes "America must be that 'Shining City on a Hill,' where faith, moral values and respect for life are celebrated."

He tells audiences, "I am unequivocally pro-life and believe in upholding the sanctity of marriage between one man and one woman."

Brownback says his stance on moral values will distinguish him from others vying for the 2008 Republican presidential nomination.

To that end, he and his staff have gone out of their way to portray former Massachusetts Gov. Mitt Romney's position on abortion as highly questionable.

They charge that Romney — who supported abortion rights before, more recently, opposing them — is no true-blue conservative.

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"I think there's room in the field for someone with full-scale conservative values," Brownback recently told a Spartanburg audience.

And he made it clear he was that individual.

Religious conservatives, an important voting bloc for the GOP, comprise about a third of the Republican vote in S.C. primaries.

Brownback is one of the most conservative, religious, politicians in America today. A born-again Christian, he is engaged in humanitarian causes abroad. If there were any doubts that Brownback is a member of the Christian right, they were removed recently with the appointment of Nashville gospel-recording artist Michael W. Smith, as national co-chairman of the Brownback campaign.

But just when he thought he was home free as the Christian right's candidate, Brownback picked up competition for that vote with Monday's entry into the race of former Arkansas Gov. Mike Huckabee.

An ordained Southern Baptist preacher, Huckabee has a big following in the evangelical community. He also has written a fun new book that should give him a bit of a national platform, according to "The Hotline," a Washington, D.C.-based political Web site.

Huckabee could be the break-out candidate in Iowa. But he lacks money and organization, says Drew McKissick, a Christian Coalition board member from Columbia.

South Carolina might be easier for Huckabee, Hotline said. But if he's not careful, Brownback might sew up the state's remaining social conservative endorsements before Huckabee can build any momentum.

Clinton Gives War Critics New Answer On '02 Vote (NYT)

By Patrick Healy

The New York Times, February 18, 2007

One of the most important decisions that Senator Hillary Rodham Clinton made about her bid for the presidency came late last year when she ended a debate in her camp over whether she should repudiate her 2002 vote authorizing military action in Iraq.

Several advisers, friends and donors said in interviews that they had urged her to call her vote a mistake in order to appease antiwar Democrats, who play a critical role in the nominating process. Yet Mrs. Clinton herself, backed by another faction, never wanted to apologize — even if she viewed the war as a mistake — arguing that an apology would be a gimmick.

In the end, she settled on language that was similar to Senator John Kerry's when he was the Democratic nominee in 2004: that if she had known in 2002 what she knows now about Iraqi weaponry, she would never have voted for the Senate resolution authorizing force.

Yet antiwar anger has festered, and yesterday morning Mrs. Clinton rolled out a new response to those demanding contrition: She said she was willing to lose support from voters rather than make an apology she did not believe in.

"If the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from," Mrs. Clinton told an audience in Dover, N.H., in a veiled reference to two rivals for the nomination, Senator Barack Obama of Illinois and former Senator John Edwards of North Carolina.

Her decision not to apologize is regarded so seriously within her campaign that some advisers believe it will be remembered as a turning point in the race: either ultimately galvanizing voters against her (if she loses the nomination), or highlighting her resolve and her willingness to buck Democratic conventional wisdom (if she wins).

At the same time, the level of Democratic anger has surprised some of her allies and advisers, and her campaign is worried about how long it will last and how much damage it might cause her.

"Some of her many advisers think she should've uttered the three magic words — 'I was wrong' — but she believes it's self-evident that the Senate Iraq resolution was based on false intelligence and never should've come to a vote," said Richard C. Holbrooke, the former United Nations ambassador and an adviser to Mrs. Clinton on foreign policy.

Navigating the antiwar anger, and toughing it out for 11 months until the primaries, is now perhaps Mrs. Clinton's biggest political challenge. Indeed, in many ways at this stage, Iraq has overtaken her and other candidates' campaigns, as was evident yesterday as she rearranged her schedule to appear briefly in New Hampshire before returning to the Senate for a debate on Mr. Bush's war strategy.

The campaign began a push yesterday to deal with its Iraq challenge. Besides her remarks in New Hampshire, Mrs. Clinton submitted a bill in the Senate to block sending more troops to Iraq, though she would not cut off financing. In a new video on her Web site, she called for starting to redeploy troops within 90 days — or else, she threatened, Congress should revoke authorization for the war.

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"She is in a box now on her Iraq vote, but she doesn't want to be in a different, even worse box — the vacillating, flip-flopping Democratic candidate that went to defeat in 2000 and '04," said one adviser to Mrs. Clinton. "She wants to maintain a firmness, and I think a lot of people around her hope she maintains a firmness. That's what people will want in 2008."

Indeed, Mrs. Clinton believes that reversing course on her vote would invite the charge of flip-flopping that damaged Mr. Kerry or provoke the kind of accusations of political expediency that hung over Al Gore in 2000 and her and her husband, President Bill Clinton, in the 1990s, several advisers said. She has argued to associates in private discussions that Mr. Gore and Mr. Kerry lost, in part, because they could not convince enough Americans that they were resolute on national security, the associates said.

Mrs. Clinton's image as a strong leader, in turn, is critical to her hopes of becoming the nation's first female president. According to one adviser, her internal polling indicates that a high proportion of Democrats see her as strong and tough, both assets particularly valuable to a female candidate who is seeking to become commander in chief. Apologizing might hurt that image, this adviser said.

Mrs. Clinton's belief in executive power and authority is another factor weighing against an apology, advisers said. As a candidate, Mrs. Clinton likes to think and formulate ideas as if she were president — her "responsibility gene," she has called it. In that vein, she believes that a president usually deserves the benefit of the doubt from Congress on matters of executive authority.

Yet some Democrats are surprised that the Clinton campaign, which is widely regarded as a ferocious political operation, has not lanced this issue. After all, they said, a majority of Democrats tell pollsters they are against the war, and many Americans want a firm deadline to leave Iraq. Mrs. Clinton has called for capping the troop level, but has opposed a deadline.

"For the life of me I don't understand why she can't say, 'I made a mistake, I was misled, the country was misled, the intelligence was manipulated,' " said Robert M. Shrum, a senior adviser to Mr. Kerry in 2004. "I think there's this tremendous desire in her campaign not to get into a position where you're identified with traditional Democratic views. But this is now a party that is strongly antiwar, and is desperate for change on big issues like Iraq and health care."

Yet Mrs. Clinton's refusal to apologize yesterday in Dover drew support from some voters, and she also won strong applause for saying her priority now is to end the war.

Mrs. Clinton's advisers have been split for some time about whether she would be better off if she apologized for the vote. Mark Penn, her chief strategist, who was also Mr. Clinton's pollster, carries considerable influence within the campaign, and he agrees with her that she should keep the "mistake" onus on Mr. Bush and turn her attention to finding "the right end" to the war, as she says.

Foreign policy advisers say they have made similar arguments: look to the future, not the past, and stand by a vote that was based on military intelligence that was widely accepted at the time.

The campaign faction that was more comfortable with an apology included advisers with war-room instincts who wanted to deal proactively with the attacks that would come. Yet they were torn, too. They argued that she should talk about the future, yet also deal decisively with her 2002 vote — either by saying it was wrong, or acknowledging that others saw it as wrong, or making a speech on Iraq.

The internal campaign debate concluded in December when Mrs. Clinton decided not to apologize or give a speech. Instead, she went on the "Today" show and, in a little-noticed remark, simply said she would not vote for the Senate Iraq resolution again.

By comparison, to the annoyance of Clinton advisers, Mr. Edwards has proved able to short-circuit questions about his own Senate vote for military action in 2002 by repeatedly calling it a mistake. He took a hard line against Iraq in 2002, then veered sharply in 2005 when he said he was wrong on the vote, and he has not suffered much politically.

A leading Republican candidate, Senator John McCain of Arizona, has defended the current war plan with language that could appeal to primary voters but perhaps hurt him in a general election. Mrs. Clinton is running, in part, a general-election strategy — taking positions on Iraq that might appeal to independents and some Republicans.

Yet her motivation not to apologize goes deeper than that, advisers said.

Her approach to leadership and national security was forged during her eight years in the White House: She believes in executive authority and Congressional deference, her advisers say, and is careful about suggesting that Congress can overrule a commander in chief.

"She thinks she will be president and will have to negotiate on the nation's behalf with world leaders," said one Clinton adviser. "She thinks we're likely to still be in this mess in 2009, and coming onto the campaign trail and groveling and saying at every opportunity that you made a mistake doesn't actually help you solve the problem."

GOP Hawks Circling Clinton's Campaign (LAT)

DOJ_NMG_0133490

By Stephen Braun

The Los Angeles Times, February 18, 2007

WASHINGTON — Old enemies of Sen. Hillary Rodham Clinton are out in force. Just weeks after she joined the Democratic Party's flock of presidential contenders, Clinton is being targeted by conservative and Republican-allied activists intent on derailing her campaign before the start of next year's primaries.

They have surfaced with a flurry of planned projects: a Michael Moore-style documentary film, book-length exposes, and websites such as StopHerNow.com and StopHillaryPAC.com.

Conservative admirers of the Swift Vets and POWs for Truth media blitz that helped torpedo Democratic Sen. John F. Kerry's presidential candidacy in 2004 are now agitating to "Swift-boat" Clinton.

"People are doing what they're doing because they want to defeat her before she has a chance to win. You can't hold off your silver bullet to the end," said veteran Republican operative David N. Bossie, who is involved in the film project with Dick Morris, a former advisor to Bill Clinton.

The emerging moves against Hillary Clinton reflect the accelerated pace of the 2008 race and conservatives' growing conviction that she poses a formidable threat that requires fast and early footwork.

The New York senator has been publicly bracing for "Republican machine" attacks from the moment she launched her exploratory committee last month.

Whether she can strike back quickly may prove crucial to winning over Democratic primary voters looking for assurance that she can survive a bruising general election and Swift-boat-style attacks.

"For Democrats, there's a strong sense this time around that they can't allow those same tactics to define Democratic candidates," said Democratic media consultant Jim Margolis.

At a recent Democratic National Committee gathering in Washington, Clinton told party officials, "I know how they think, how they act and how to defeat them" — a battle call echoing her 1998 evocation of a "vast right-wing conspiracy" during the furor over her husband's affair with intern Monica S. Lewinsky.

Every presidential candidate is scrutinized by opponents. But conservative antipathy toward Clinton is especially deep and long-standing — inflamed in part by her husband's two terms in the White House, her steady rise from first lady to senator, and the widespread belief on the right that the Clintons evaded justice during the nonstop investigations of the 1990s.

Clinton's foes on the right openly tell their supporters she is a ripe target for a campaign reminiscent of the challenge of Kerry's Vietnam War record.

"Those Swift Boat Veterans for Truth were the real heroes of the 2004 election," one online exhortation reads. "We at the StopHillaryPAC want to do the same thing to Hillary."

That group's website, headed by former Rep. John LeBoutillier (R-N.Y.), collected enough early funding to launch a round of negative television ads on Iowa stations timed to Clinton's visit there in late January.

StopHerNow.com mocks her with cartoon skits. And several books marketed as exposes are in the works, in addition to at least six other anti-Clinton books already hawked on conservative talk radio and blogs.

Bossie's film, scheduled for release by year's end, is being funded through appeals from Citizens United, a conservative interest group.

Bossie, a blunt-spoken opposition researcher who has mined Clinton controversies since Bill Clinton's 1992 presidential campaign, said that the film would mimic the hard-edged partisan style of left-wing filmmaker Moore and that camera-carrying "trackers" would tail Clinton during campaign events.

Bossie is delving into Hillary Clinton's roles in the Whitewater real estate deals, her $100,000 profit from cattle futures and the firing of White House travel officials — controversies that Clinton aides dismiss as old news. He and GOP allies are convinced new nuggets will turn up —and they also see new opportunities in contrasting Clinton's avowed centrism with what they call her "polarizing liberalism."

"Conservatives believe she's more dangerous today as a potential president than when she tried to take over the healthcare plan and root it in socialism," said public relations man Greg Mueller, who handled media appearances for anti-Kerry veterans in 2004.

Bossie and his Citizens United partners have long vexed the Clintons and Democratic presidential contenders. Morris — the architect of Bill Clinton's mid-1990s political revival until he was fired in August 1996 after revelations he consorted with a prostitute — declined interview requests from The Times, though he has discussed the movie on Fox News. Bossie said his partner's past "is an acceptable risk we'll take because of Dick's personal knowledge of Hillary Clinton."

Citizens United's chairman is Floyd G. Brown, a GOP media consultant who worked on the 1988 "Willie Horton" ad that blamed Democratic presidential candidate Michael S. Dukakis for the weekend furlough of a convicted murderer who went on to commit a rape. Democrats charged that the ad exploited racial fears.

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Bossie worked with Brown in the 1992 presidential campaign and later served as chief investigator for a House investigation of Clinton administration fundraising scandals. Bossie was fired from that post in 1998 for releasing transcripts of prison conversations involving Hillary Clinton's convicted former law partner, Webster L. Hubbell.

Several people behind the upswing in anti-Clinton activity say there is no coordination among the groups.

"We're doing our own thing," said Dick Collins, a Dallas businessman who gave $135,000 in StopHerNow.com seed money. The site is a spinoff from a PAC originally aimed at Clinton's Senate reelection by New York GOP strategist Arthur Finkelstein.

Collins, who has also donated $10,000 to GOP presidential hopeful Rudolph W. Giuliani's political action committee, said the site was starting out with "light humor," featuring Clinton as a cartoon character: the host of an imaginary left-wing talk show. But he added that the site — organized, like the Swift-boat group, as a "527" organization that can raise unlimited "soft money" donations — would "try other things."

Collins hopes for financing from heavyweight Texas GOP donors like oilman T. Boone Pickens and Houston real estate developer Robert Perry. Multimillion-dollar donations from the two businessmen underwrote the Swift-boat group's campaign against Kerry.

"The Swifties played hardball," Collins said, "but the Clintons play the game a lot tougher than anybody else."

Hillary Clinton's longtime spokesman, Howard Wolfson, dismissed the early GOP moves with characteristic terseness: "One thing people know about the Clintons is they know how to fight back."

When a thinly sourced report from a conservative Web magazine falsely claimed last month that Clinton researchers had uncovered evidence showing that presidential rival Sen. Barack Obama (D-Ill.) had been educated at an Islamist madrasa in Indonesia, Clinton's team moved swiftly to dismiss the story.

Clinton's allies criticize Kerry's response to the 2004 Swift-boat ads as inconsistent and slow. And though Kerry used surrogates to repeatedly counter the attacks, he didn't personally respond until the ads had sown deep doubts among voters.

"She's going to face the same choices," warned one former Kerry aide. "It's not just how fast you respond, it's choosing the right time to unload your big guns."

Advertising her toughness poses a delicate problem for Clinton as she tries to temper her reputation for ambition and political calculation. "She wants to make clear she won't be a punching bag," said a prominent Democrat who requested anonymity because of past relations with several contenders. "But you don't want to reinforce the very thing you're trying to soften."

Clinton campaign insiders say Web-savvy staffers are immersed in monitoring suspected enemy blogs and websites and conservative cable TV and radio talk shows.

Clinton also reportedly spent lavishly to hire a large team of opposition researchers headed by Judd Legum, previously research director for the Center for American Progress, a liberal think tank headed by former Clinton White House chief of staff John Podesta.

Clinton allies say she helped launch Podesta's group in 2003 and played a key role in starting Media Matters for America, which describes itself as "monitoring, analyzing and correcting conservative misinformation in the U.S. media." Run by David Brock, a former right-wing muckraker who once targeted the Clintons and now defends them, Media Matters was a latecomer to the Swift-boat volleys of 2004 but now has a full staff of researchers.

Brock said the emerging conservative efforts targeting Hillary Clinton operate as an "organized defamation industry" using "the same tactics in mutually reinforcing ways, often with the same funding, with a vast media echo chamber at their disposal."

L. Brent Bozell III, who heads the conservative Media Research Center, said Brock's group did the same, only as "part of the Clinton machine." Bozell has more than a passing interest in Clinton's campaign. He is working on his own Clinton book, aiming to expose "media complicity in Hillary's attempted makeover as a centrist."

Clinton intimates said she would also eventually rely on veterans of her husband's administration such as James Carville and Paul Begala to run interference on television, and on the street-fighter instincts of longtime political aide Harold M. Ickes for behind-the-scenes advice.

"We tend to think the blogs will drive a lot of the news," Ickes said recently.

"Even if you think it's completely false or outlandish, you ignore it at your peril."

While Reid Stays Out Of '08 Fray, Sen. Clinton Signs His Son (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, February 18, 2007

DOJ_NMG_0133492

Senate Majority Leader Harry Reid (Nev.) has pledged not to pick among his many friends running for the 2008 Democratic presidential nomination, choosing instead to focus his time and energy on making Nevada's new early caucus as successful as possible.

With Reid not committing, Sen. Hillary Rodham Clinton (N.Y.) found the next-best thing -- signing his eldest son, Rory, as both the chair of her campaign in the Silver State and an adviser on Western issues.

Rory Reid currently serves as the chairman of the Clark County Commission -- that's Las Vegas's county -- and is a past chairman of the Nevada state party. He is the only one of Reid's four sons in elected office.

In landing him, Clinton strikes the first major blow of the Nevada caucus contest, newly added to the party's early nominating calendar by the Democratic National Committee last year. The caucus is set for Jan. 19, sandwiched between Iowa's Jan. 14 caucuses and New Hampshire's Jan. 22 primary.

So is it like father, like son? Not necessarily. Harry Reid's allies insist he is committed to staying neutral in the race, regardless of Rory's decision. Even so, The Fix bets that Reid -- Harry, that is -- will be fielding calls from Barack Obama (Ill.), Chris Dodd (Conn.) and Joe Biden (Del.) in the very near future.

Obama Takes First Campaign Trip South (WP)

By Michael D. Shear, Washington Post Staff Writer

The Washington Post, February 18, 2007

Democratic Candidate Tailors Message to Reflect a Connection to Civil Rights Struggles

ORANGEBURG, S.C., Feb. 17 -- Sen. Barack Obama (D-Ill.) took his presidential campaign to the heart of the Deep South for the first time this weekend, tailoring his campaign message to associate himself with the civil rights movement.

With a Kenyan father who was not descended from African slaves, Obama is unlike Southern black candidates, steeped in the slavery and civil rights struggles that tore at the region for more than a century. Neither is he like the white politicians, whose skin color automatically disqualifies them from the black experience.

And so, on his maiden presidential visit to South Carolina and Virginia, Obama was greeted with not only enthusiasm but also a bit of curiosity.

"Not only people in the black community, but people in the white community are going to be looking at this man and trying to figure out: Is he one of us? Does he understand what we've come through? What we're still confronting now?" said Vivian A. Glover, an assistant vice president at Claflin University, a historically black school in Orangeburg. "He's not bringing that with him. He's going to need to present it in some form or fashion."

It was Orangeburg where three black college students were gunned down in 1968 as they pressed to integrate the small town's only bowling alley. Speaking Saturday at Claflin to residents of the town and a new generation of students, Obama brought the primarily black crowd of about 2,000 to its feet by evoking that era.

"At every juncture in our history, there's been somebody that's said we can't. There's been somebody's said you can't overcome slavery. There's been somebody who said you can't overcome Jim Crow," Obama told the South Carolina crowd. "If I have your support, if I have your energy and involvement and commitment and ideas, then I'm here to tell you, 'Yes we can in '08.' "

Later Saturday, Obama and his wife, Michelle, traveled to Richmond and accepted the endorsement of Virginia Gov. Timothy M. Kaine (D). Obama told reporters that his presidential campaign is a symbol for improving race relations in America.

"Here we are in the heart of what was the Confederacy," Obama said, looking out over the Virginia statehouse, which housed the Confederate Congress during the Civil War. "For me to be able to stand here as an African American reflects the enormous progress this country has made."

He then continued a busy day by addressing more than 4,000 Democratic activists at the state party's annual Jefferson-Jackson Day dinner.

A Democrat has not won Virginia's electoral votes in decades. But Kaine, in becoming the first sitting governor to make a 2008 endorsement, said that could change with Obama as the party's nominee. He called the Illinois senator "a proud American but also a citizen of the world."

In both states, audiences greeted Obama more like a celebrity than a politician looking for their vote. In Orangeburg, cellphone cameras snapped pictures the moment he entered the gymnasium and did not stop during his speech, which was cut short to a half-hour because of Saturday's Senate vote on a resolution on Iraq.

"I like his message of togetherness," said Frank Loadholt, 56, a social worker from Orangeburg who said he will "absolutely" vote for Obama. "I look at him as the best candidate out there with the best message."

South Carolina state Rep. Gilda Cobb-Hunter (D) said it is "totally ludicrous" to worry about Obama's lack of a history in the civil rights movement. "Look at the man's record," she said. "It shows he has an understanding of issues like that."

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But many in the crowd seemed more hesitant and said they were not yet certain they will vote for Obama next year.

"I believe in listening to all of the candidates," said Wilhemina James, 58, from Florence. "This old gut hasn't failed me yet."

South Carolina has one of the nation's first presidential primaries, and African Americans make up about half of the state's Democratic electorate, so black support here is particularly critical.

Obama is vying with Sen. Hillary Rodham Clinton (N.Y.) and former North Carolina senator John Edwards for that backing. All three camps are wooing prominent black politicians and courting black religious leaders, with varying degrees of success.

That push seemed reflected not only in Obama's Orangeburg speech but also in one he delivered to a more racially diverse crowd of almost 3,000 in Columbia on Friday.

"When folks were saying we're going to march for our freedom, somebody said, 'You can't do that.' And we did," Obama said Friday, sparking raucous applause. "And somebody said, 'Don't sit at the lunch counter.' . . . We did. When somebody said, 'Women belong in the kitchen, not in the boardroom,' they said we can't do that. Yes we did!"

Carol Singletary, 55, a retired social worker from Columbia, said that part of Obama's speech was important to her.

"I was raised in the civil rights era," said Singletary, who is black. "We came through a lot of ups and downs. South Carolina is one of those places that really did struggle. And still does struggle."

But she said Obama's background should not be a barrier to African Americans like her. "I don't hold that against him," she said after watching his speech. "I thought he was wonderful."

Edwards came to Charleston last week, and Clinton is scheduled to visit South Carolina on Monday.

Kaine Endorses Obama For '08 (WT)

By Seth McLaughlin

The Washington Times, February 18, 2007

RICHMOND -- Standing within eyeshot of the former Confederate capitol, Gov. Timothy M. Kaine yesterday endorsed Sen. Barack Obama for president.

"I am very happy to say it is a very simple decision for me in terms of what I think is important in my assessment of where the nation is to endorse Sen. Barack Obama as our nation's next president," Mr. Kaine said, standing outside the governor's mansion in Capitol Square.

Mr. Obama, Illinois Democrat, was joined by his wife, Michelle. He said he was "honored" to have Mr. Kaine's early public support.

"For Tim Kaine to step forward as the first governor outside of my home state of Illinois to endorse my candidacy is an extraordinary honor," he said. "I am absolutely determined that the confidence he has placed in me will be reflected in the hard work over the next several months ... to win the presidency."

Mr. Kaine, a Democrat, said his early endorsement was a sign of his enthusiasm for Mr. Obama. His endorsement of the first-term senator made Mr. Kaine the first governor to publicly endorse any presidential candidate.

Mr. Obama yesterday said it was "humbling" to stand in the heart of the Confederacy and receive the backing of the Virginia governor.

"Here we are in what was the heart of the Confederacy, and for me to be able to stand here as an African-American reflects the enormous progress that this country has made, and I think to some degree represents not the perfection of the union, but a whole lot of progress in perfecting this union," he said.

He said that he was "standing on the shoulders" on many black leaders who have paved the way for him.

"It is worth noting that the trajectory of America is to include more people and bring more people together," he said. "We have stumbled at times. It's been a rocky path and we still have a long way to go, but part of my campaign I hope is to remind people of the capacity for this nation to change and that has always been one of our strengths."

Mr. Kaine, standing next to his wife, Anne, said the two men shared similar life experiences.

Both graduated from Harvard Law School, married lawyers and practiced civil rights law before entering politics.

"The thing that cemented our relationship early on is when we found out that our [mothers] grew up in the very tiny town of El Dorado, Kansas, and there are just so few people that can claim that," Mr. Kaine said.

Mr. Obama was in Richmond last night to headline the Jefferson-Jackson dinner, the Virginia Democratic Party's annual fundraising event, which each year showcases key national Democratic figures and this year drew 4,000 people.

Mr. Obama, the son of a Kenyan immigrant, campaigned in Virginia last fall for Sen. James H. Webb Jr. and received a rock-star ovation alongside Mr. Webb and former Gov. Mark Warner at a rally in Richmond.

He also appeared at a fundraiser for Mr. Kaine in July 2005 and donated $10,000 to Mr. Kaine's gubernatorial bid.

Redefining "Black" (LAT)

DOJ_NMG_0133494

By Louis Chude-Sokei

The Los Angeles Times, February 18, 2007

ALTHOUGH NOT quite able to pass for white, Sen. Barack Obama (D-Ill.) has been able to pass for African American. He is biracial, but not white; black, but not African American; American but not African. What has entranced the country more than his somewhat vague policies is Obama's challenge to conventional racial and cultural categories.

Among African Americans, discussions about his racial identity typically vacillate between the ideologically charged options of "black" versus "not black enough" or between "black" and "black, but not like us."

But there is a third side to Obama — and also to the politics of racial passing in America.

The population of African immigrants in the United States is rapidly growing. Since 1990, about 50,000 Africans have come to the United States annually, more than in any of the peak years of the international slave trade, which was abolished in 1807. They add to the steady influx of black immigrants from other continents and the Caribbean, and those who have been in the United States for generations but who don't racially and culturally define themselves as African American.

These blacks feel cramped by the narrowness of American racial politics, in which "blackness" has not just defined one's skin color but has served as a code word for African American. To be heard and to be counted, these black immigrants must often pass as African American, sometimes against their will.

Obama is not the first prominent black to defy conventional American racial and cultural categories. People identified former Secretary of State Colin L. Powell's Jamaican ancestry as the quality that made his blackness different. When in the mid-1990s it seemed possible that he would run for president, the pride of the Caribbean immigrant community was nearly palpable. He emboldened Caribbean immigrants to resist African American pressures to erase their own cultural and historical distinctiveness.

In such distinctions between black immigrants and African Americans lay buried a history of competitive intra-racial tensions and cultural differences that have never been resolved.

In addition to black immigrants' need to hold onto their own identities, many whites have historically tended to regard black immigrants as a model minority within a troublesome native-born black population. A good proportion of immigrants tend to be better educated than African Americans, don't have the "chip" of racial resentment on their shoulder and exhibit the classic immigrant optimism about assimilation into the mainstream culture. Many whites, however, exploit these differences to magnify the problems of African Americans while avoiding charges of racism. And because these differences often result in greater employment and more educational opportunities for immigrants and their descendants, they also feed tensions between native and immigrant blacks.

The complex history of black immigrant and African American interaction and distinction has been masked by a tendency in American politics to treat "black" and African American as interchangeable categories. It is further masked by an African American cultural politics that arrogates to itself the official word on racial matters. For black immigrants, African American culture can be as alien and as hostile as mainstream America.

Because Powell didn't run for president, the intra-racial differences and historical tensions between immigrant and native-born blacks that his candidacy might have brought to national attention remain largely unknown. "Black" effectively continued to mean African American.

But, from a black immigrant perspective, Obama's run for the presidency carries the promise of spotlighting this "category crisis" at long last. There is the possibility of a conversation in which Africans in the U.S., along with other black immigrant groups, may emerge distinctly from the all-consuming category of "black."

These issues have been present in scholarship and education for some time. Tensions between native and foreign-born blacks are rising in higher education because universities are reputedly using black immigrants, at the expense of the native-born, to diversify their student bodies. In this case, black immigrants are the primary beneficiaries of the blanket category of "black."

Add to this a shifting academic terrain in which traditional black studies are threatened by increasingly popular courses and programs that have a diaspora or Africana slant and do not put African American history or experiences center stage. It's now not uncommon to hear African American scholars and students complaining about the increasing presence of Caribbean and African blacks in black studies departments. Indeed, these kinds of tensions erupted at UC Berkeley two years ago and reflect the continuing struggle over the redefining of "black" in American life and thought.

As the numbers of black immigrants and their progeny grow to challenge the numerical supremacy of the native black minority, can a challenge to African Americans' cultural dominance, racial assumptions and politics be far behind? Especially because black immigrants generally and increasingly differ from native-born African Americans in their views on race, racism and political affiliations. They also are less responsive to American racial traumas, which helps explain why some civil rights leaders

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are unsure of Obama's loyalties to African American causes. Because his political "blackness" is independent of their sanction and emerges from outside their histories, it threatens their cultural and political authority.

So Obama does not transcend race, as some might dream. Instead, he represents a set of tensions that go beyond black and white. On one hand, there is America's complex and still unresolved relationship with African Americans and, on the other, an emergent black immigrant presence that is less willing to politically or socially pass for "black" and that has unresolved and unspoken issues of its own.

In Obama, we witness how one set of tensions works with and against the other. Immigrant status is deployed not against race but against the messy and unresolved tensions of domestic American racial relationships. And in this, whether he wins or loses, Obama is definitely a sign of the country's future.

LOUIS CHUDE-SOKEI, an associate professor of literature at UC Santa Cruz, is the author of "The Last 'Darky': Bert Williams, Black-on-Black Minstrelsy and the African Diaspora."

Presidential Hopeful Edwards Discusses Health Plan In Las Vegas (AP)

By Ryan Nakashima

AP, February 17, 2007

LAS VEGAS (AP) - Former vice presidential candidate John Edwards took his plan for universal health care to union-strong Las Vegas on Saturday, visiting the local branch of the electrical workers labor group to which his brother belongs.

The stop was the ninth the former North Carolina senator has made to the Silver State since he lost as Democrat John Kerry's running mate in 2004, including five times last year before swinging by again in December to announce he was running for president.

Although no seeker of the Democratic nomination has strong roots in Nevada, Edwards told about 300 people at the local office of the International Brotherhood of Electrical Workers that his brother Blake, a journeyman electrician, benefited from their help.

"Thank you to IBEW and thank you for what the union has done for my brother and his family," Edwards said.

The Edwards campaign is hoping his ties to the labor movement will help him gain support in the state, which has taken on new importance in the Democratic nomination calendar having recently won the No. 2 spot between Iowa and New Hampshire.

"His support in Nevada is strong," said Edwards' spokeswoman Kate Bedingfield. "He has enjoyed an enormous amount of support every time he's visited."

Edwards's health care plan, which he unveiled two weeks ago, requires employers to cover their workers or pay into a fund to help them. It also mandates that health care providers decrease administrative costs, switch to using electronic records and would create a market for individuals and small businesses to shop for coverage providers.

"It creates market power for people who don't have it, competition that doesn't presently exist," Edwards said.

Judy Woolston, a 65-year-old housewife, said her daughter-in-law's uninsured mother required emergency $80,000 surgery last year for lung cancer. After her daughter-in-law and husband paid out of pocket for more than three months of care, luckily, the family found a medical grant which paid the rest.

"It was a wake up call to all of us. We do like Edwards and we like what he said" but it was too early to decide on a candidate, Woolston said.

The stop was one among many in Nevada by presidential hopefuls as the race for the Democratic nod heated up less than a year before the Jan. 19 presidential caucus in Nevada.

Sen. Barack Obama of Illinois is to visit Las Vegas on Sunday, while on Wednesday, seven other announced or expected Democratic candidates, including front-runner Sen. Hillary Rodham Clinton, are to participate in the first candidates forum of the 2008 campaign in Carson City.

Rick DeVoe, a Las Vegas insulation installer who volunteers for a local branch of Edwards' "One Corps" movement of community service, said Edwards' health care stance is one of the reasons he supports the candidate.

Clinton failed in her health care reforms as former President Bill Clinton's first lady, he said. "They didn't get it done," DeVoe said. "Instead of taking a firm stand on what they think is right, it got so watered down and complicated that it wound up completely falling apart."

Richardson, Clinton Continue Working The State (NHUL)

By Garry Rayno

New Hampshire Union Leader, February 18, 2007

CONCORD – On his second day in office, Democratic Presidential candidate Bill Richardson said yesterday he would shut down Guantanamo Bay detention camp for suspected terrorists.

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"The first day I would get us out of Iraq," the New Mexico governor said, adding he would also close Abu Grab prison where Iraqi prisoners were tortured. Richardson told about 65 people at the Concord City Democrats' 3rd Annual Washington Birthday Social that Abu Grab is "one of the reasons this country has so many problems in the Muslim world."

The receptive Concord crowd was one of three that turned out yesterday to hear from Presidential candidates -- or in one case a spouse -- a year before Granite Staters caste their votes. In Dover, Hillary Clinton vowed to end the Iraqi War, while in Nashua, Cindy McCain, wife of Arizona Sen. John McCain, said her husband would make the best President.

In Concord at the IBEW hall, Richardson joked about his low profile compared to other Democratic hopefuls, but seriously called for all Democratic candidates to pledge not to attack each other.

He touted his experience both in foreign policy and at home as governor. Speaking of the current administration's foreign policy problems, Richardson said "We can't afford to have a President without foreign policy training."

Asked about the security fence Congress approved for the border between the United States and Mexico, Richardson said there is a problem with border infiltration that should be dealt with through the use of technology and additional border patrol agents, which the federal government is not now willing to pay for.

As governor, he said, he has dealt with the issue. "I did it, that's my point. I did it. I deal with these problems every day," Richardson said.

Eileen Keim of Concord said she was an Eisenhower Republican who worries that money going to the military shortchanges children. Richardson said there is a need to rebuild the military, but stressed greater efficiencies and eliminating out-dated systems.

"The military contracting system is totally out of control. Why is it Haliburton gets all the contracts?" he asked about the company Vice President Cheney headed before running for the nation's second highest office.

After Richardson's speech, Keim said she was satisfied with his answer, but has not yet ready to support him. "He's a very capable man, I wish him well," she said.

Tom St. Martin of Candia was encouraged by Richardson. "He's the first candidate I've seen that I want to support," he said, noting he saw both New York Sen. Hillary Clinton and Illinois Sen. Barack Obama last week.

In Dover, where her husband, then Presidential candidate Bill Clinton, promised supporters in 1992 "If you stick with me, I'll stick with you until the last dog dies," Hillary Clinton refused to apologize for her Senate vote authorizing the Iraqi War, but repeated her response that had she known then what she knows now, she would never have voted to authorize the war.

"I take responsibility for my vote," she said. "It was a sincere vote based on the facts and assurances we had at the time."

Clinton spoke to about 500 at Dover High School yesterday morning before flying back to Washington to vote on the Senate resolution repudiating President Bush's plan to send additional troops to Iraq. The Portsmouth house party scheduled for yesterday afternoon was cancelled due to the vote.

At the Dover event, Clinton said the focus now should be on ending the War in Iraq. "If (Bush) does not end this war before he leaves office, when I am President, I will," she said.

She touted her proposed legislation to limit the number troops in Iraq as the best way to end the war. The small Democratic majorities in both the House and Senate make any major step, like ending funding for the war, impossible, Clinton told the crowd.

She criticized Bush for shutting out hostile nations, particularly recent negative overtures about Iran. "It would be a historic mistake if the President took action against Iran," Clinton said.

The former First Lady said she does not favor gay marriage, but added "It is clear to me that we should stand for equality and against discrimination." That part of her speech received only scattered applause, unlike her statements supporting education, affordable health care and lifting Americans out of poverty, which were better received.

In Nashua, Cindy McCain returned to the Crowne Plaza Hotel, where she and her husband stayed the night they won the 2000 Presidential primary, for an event hosted by the Nashua Republican City Committee and the Nashua Area Federated Republican Woman.

"I'm happy to be back. My husband is in Iowa doing three Town Hall meetings. I think I got the better deal," McCain said.

She asked voters to take another look at her husband, saying he is still a straight talker, although some may not always like what he says. "My husband is not only the best candidate, but will make the best President for many, many reasons," McCain said.

McCain also answered questions about immigration, trade relations, health care costs and pork-barrel spending.

Today the Presidential parade continues as Democratic candidate and Ohio Congressman Dennis Kucinich makes appearances in Barrington, Hanover, Concord and Laconia.

Dodd: "Give Me A Chance" (TSSC)

By Lisa Michals

DOJ_NMG_0133497

The State, February 18, 2007

U.S. Sen. Chris Dodd, D-Conn., got a warm response Saturday morning from S.C. Democrats when he brought up the issues of predatory lending, the war in Iraq and public vs. private education.

"People are expressing that sense of urgency about what we need to do at home and abroad," Dodd said during a Columbia stop in his 2008 presidential campaign. "I wanted to get out and be part of this debate."

Dodd, chairman of the Senate's committee on banking, housing and urban affairs, spoke about the importance of curtailing predatory lending. He touted his commitment to helping public schools improve, rather than paving the way for more students to attend private schools.

"We aren't going to solve the problem of public education by financing two systems," Dodd said.

He also favors getting U.S. troops out of Iraq — a position that is among the qualities Paulette Gujer of Conway said are important to her.

"For me, it's Iraq, Iraq, Iraq," said Gujer, who attended the Dodd breakfast at Mac's on Main with her sister, Opal Brown, of Columbia after seeing presidential candidate Sen. Barack Obama, D-Ill., Friday night.

Dodd's rousing speech — as local Democrats drank coffee and dined on grits, eggs and bacon — often circled back to his 30 years of experience as a lawmaker. "We've done six years of on-the-job training" with President Bush, Dodd said.

Dodd's South Carolina trip was abbreviated by a rare Saturday vote in the Senate. More than 65 people attended the Dodd event, which doubled as the Richland County Democratic Party's monthly breakfast meeting.

The audience included former Gov. Jim Hodges, Richland County Councilman Paul Livingston and Richland 1 school board member Dwayne Smiling.

Carly Ingram, 16, will turn 18 in time to vote in the 2008 presidential election, and she's already throwing her heart into becoming an educated voter. The Blythewood High School student volunteered to work in Dodd's campaign.

"He's a family guy," Ingram said. "He really understands that the kids who are in high school now are the future."

Dodd acknowledged that his potential path to the presidency could be a long one, given the strong competition for the Democratic Party nomination.

"I want you to give me a chance," Dodd said. "I'm not as well known as some of the other candidates."

But, he said, he has more than a year to make his impact felt.

Political Markets In Action (WP)

By George F. Will

The Washington Post, February 18, 2007

Two Democratic presidential candidates with national campaign experience are stumbling. A Republican candidate who has run only municipal campaigns is confounding expectations, calling into question some assumptions about Republican voters.

John Edwards has learned -- surely he did not know it when they were hired -- that two women employed by his campaign have Internet trails of vitriolic anti-Christian, and especially anti-Catholic, rants. One of them wrote a profane screed about God impregnating Mary and said the Catholic Church opposes the morning-after birth control pill in order to "force women to bear more tithing Catholics." The other woman, who sprinkles her commentary with a vulgar term for female genitalia, referred to George W. Bush's "wingnut Christofascist base."

When the women's works became known, it was reported that they had been, or were going to be, fired. Thirty-six hours later, after left-wing bloggers rallied to their defense, Edwards's campaign said they would be retained. Edwards explained that the women had assured him that "it was never their intention to malign anyone's faith, and I take them at their word."

He really does? The two women -- both of whom have resigned, pronouncing themselves, of course, victims of intolerance -- are what they are and are unimportant. But a prospective president being so pliable under pressure and so capable of smarmy insincerity -- what does he think were the women's intentions? -- is very important.

In New Hampshire recently, Sen. Hillary Clinton said, "Now that we have a Democratic president . . ." Quickly correcting this slip, she said she meant "a Democratic Congress," but added: "If we had a Democratic president, we would end the war."

Well. She and others say they can "end the war." That phrase is a flinch from facts. They mean they can end U.S. involvement in the war. No one believes the United States has the power to prevent the war from raging on.

But if a Democratic president would implement withdrawal, the Democratic Congress could, by forbidding further spending to sustain forces in Iraq. So why is Clinton, who says that a Democratic president would properly withdraw U.S. forces, not voting for a policy she considers proper?

Congress has used denial of funds to express itself on, and influence, conflicts in Vietnam (1973) and Nicaragua (1982 and 1984). Also, on Nov. 2, 1983, two weeks after the bombing that killed 241 Americans in the Marine barracks at the Beirut airport, the House of Representatives voted on a measure to force the withdrawal of the Marines by March 1984 by cutting off funds for

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the Lebanon operation. The measure was defeated by a vote of 274 to 153, but the 153 included 18 Democrats who are still in the House, nine of whom are committee chairmen.

A question for the 18: If they believed defunding the Beirut operation was proper, why is it not proper to defund U.S. involvement in Iraq? One answer insistently suggests itself: They think that withdrawal would be too risky. Does Clinton agree?

Regarding the Republican race, for many months commentators have said that when the Republican base learns the facts about Rudy Giuliani's personal life (an annulled first marriage, a messy divorce, then a third marriage) and views on social issues (for abortion rights, gay rights and gun control, in each case with limits), support for him will evaporate. But such commentary is becoming self-refuting. The insistent reiteration of it during Giuliani's coast-to-coast campaigning is telling activist Republicans -- the sort of people who read political commentary -- the facts about Giuliani. And so far those facts are not causing a recoil from him: According to the USA Today-Gallup poll, his lead over John McCain has grown from 31 percent to 27 percent in November to 40-24 today.

This does not mean that the social issues have lost their salience. People for whom opposition to abortion is very important might, however, think that in wartime it is not supremely important. Or they might reason, correctly, that presidents can change abortion policy only by changing the Supreme Court, so Giuliani's pledge to nominate justices like Antonin Scalia, Samuel Alito and John Roberts is sufficient.

Furthermore, California's primary is being moved up to Feb. 5, and New Jersey's and some other states' might be moved to that date, so Giuliani's views on social issues might become, on balance, advantages. And suppose Giuliani convinces Republicans that he can become the first Republican since George H.W. Bush in 1988 to be competitive for California's (now 55) electoral votes.

Markets are mechanisms that generate information. The political market is working: Americans are learning much about the candidates, and themselves.

Early Primary -- Too Much Too Soon? (SFC)

By Carla Marinucci

San Francisco Chronicle, February 18, 2007

Tom Vilsack, a Democratic candidate for president, doesn't want to deliver bad news to Californians, but he said it's time for a reality check: A February 2008 presidential primary here would not substitute for the lunch counters in Iowa, the house parties in New Hampshire and the barbecues in South Carolina where presidential nominations are really decided.

"Retail politicking is essential in this process," said Vilsack, the first declared Democratic presidential candidate and former governor of Iowa. In his state, he joked, locals are so impassioned about the state's early caucuses that "you can't tell the reporters from the voters" at packed campaign events because of all the notebooks.

The intensive and personal vetting of candidates that has developed for generations in states such as Iowa and New Hampshire, Vilsack said, is one reason why mega-media states such as California, New Jersey and Illinois may not get the clout they hope for by moving up in the presidential primary schedule.

"If the goal is to lessen the impact of those early states," Vilsack said, "I don't think you're going to succeed."

Nevertheless, the state Senate handily passed legislation last week to move California's presidential primary from June 2008 to Feb. 5, 2008. The measure is expected to land soon on the desk of Republican Gov. Arnold Schwarzenegger, who has been joined by Democratic leaders in showering praise on the measure because of the windfall in political clout -- in theory -- it would bring to the state.

But Phil Trounstine, who heads the San Jose State University Survey and Policy Research Institute, said an early California primary could deliver some unintended consequences to the 2008 presidential race.

"It may actually increase the importance of Iowa, New Hampshire, South Carolina and Nevada," said Trounstine of the four primaries and caucuses scheduled in January 2008 before California's primary, "because the person who has momentum coming out of those races will have a huge advantage coming into Super Duper Tuesday."

So "you give enormous advantage for the people who have huge amounts of money available to organize" in media-saturated states such as California, he said.

That's an exclusive crowd, he noted: on the Democratic side, front-runners New York Sen. Hillary Rodham Clinton, former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama. And on the GOP side, it's Arizona Sen. John McCain, former Massachusetts Gov. Mitt Romney and former New York Mayor Rudolph Giuliani.

Right now, the presidential nominating schedule will start with Iowa, which holds the first caucuses on Jan. 14, followed in short order by Nevada's Democratic caucuses, the traditional first presidential primary in New Hampshire and South Carolina's primary. Already, those states have become a battleground among almost two-dozen candidates vying for attention -- a year before the first votes are cast.

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It looks as if those contests will be followed by what pundits have labeled "Super Duper Tuesday" -- Feb. 5. Along with California, other states that have scheduled or are considering primaries and caucuses for that first Tuesday in February are Alabama, Arizona, Arkansas, Delaware, Florida, Idaho, Illinois, Michigan, Missouri, Montana, New Jersey, New York, New Mexico, Nevada, North Carolina, North Dakota and Utah.

In addition to California, delegate-rich states such as New Jersey, New York and Illinois traditionally have fallen much later on the primary calendar, giving hope to challengers that there was time to overtake the front-runner for the nomination.

If the new super-sized primary goes through, Americans are looking at "the longest, day-in-and-day-out general election campaign in American history," in which "the party nominees might be determined in the blink of an eye, with no chance for buyer's remorse," according to Larry Sabato, a political science professor at the University of Virginia considered among the nation's top political analysts.

Sabato, in his "Crystal Ball" column last week, argued that the increasing drive by a whopping 30 states to squeeze their presidential primaries into January or February 2008 is nothing short of "courting disaster" by creating an oversized, speeded-up contest.

"If the job of scheduling the presidential nominating contests were assigned to an insane asylum, this is pretty much what the patients would come up with," he wrote.

Insanity or not, the speculation already has candidates swarming into California -- just in case.

As Giuliani recently ran from Sacramento to Silicon Valley to the Central Valley, he repeatedly endorsed an early California primary, saying it would put the presidential race more quickly onto a diverse, vibrant stage that represents America as a whole.

"It would be a very good thing if the California primary were moved up, because you are ... a microcosm of the United States," Giuliani said. "You're bigger than most countries; you do kind of represent a sort of cross section of America. You're Democrat, Republican, liberal, conservative, you're all different races, religions."

Presidential candidates, sooner or later, he said, are "all going to have to contest in a place that is kind of similar to what we're eventually going to have to do -- which is to run in the entire country," he said.

Rick Jacobs of the Courage Campaign agreed. His progressive nonprofit organization has pushed for an early state primary because, he argued, it would give California voters the kind of attention they deserve -- and could provide a boost to candidates who can't capture the attention in Iowa and New Hampshire.

But Trounstine said a "slingshot effect" is more likely.

"The danger with all these states moving forward is that the process itself may wind up limiting the field -- and an insurgent candidate who needs time to develop and grow may get squashed like a bug," Trounstine said.

He cited presidential candidates such as Vilsack, New Mexico Gov. Bill Richardson and former Arkansas Gov. Mike Huckabee, as those who could be hurt by the front-loaded primary schedule.

Allan Hoffenblum, publisher of the California Target Book, a nonpartisan look at state election races, warns that all this talk about California's clout in the presidential nominating season masks the real issue at hand.

"It has everything to do with term limits -- and nothing to do with presidential politics," he said.

Legislators want the early primary so they can get voters to cast ballots for an initiative to extend legislative term limits -- just in time for the lawmaker to sign up to run for another term before the June state primary election for their offices.

As for the effect of an early California presidential primary, Hoffenblum pointed toward a previous time when the state moved its presidential primary to March with little noticeable effect on the outcome.

"No one really knows for sure what kind of clout California would have under Feb. 5 primary -- any more than they accurately assessed it the three times they had it in March."

While "it's fun to sit around and say what will happen (with an early primary), we have no historic data to fall back upon," Hoffenblum said.

No matter your opinion about the early primary, he added, "we're going to have one -- whether we like it or not."

Q&A: The Spat Over Presidential Primaries (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 18, 2007

Every four years, Americans pick a president. And every election cycle, political insiders fight about the presidential nominating process.

For decades, Iowa and New Hampshire have cast the first votes, giving their residents enormous influence — and greatly annoying people in much bigger places, including California.

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This time, politicians in California, Florida, Illinois, New Jersey and Texas are taking action to push their primaries up to Feb. 5 to try to boost their clout. The heavy front-loading means the nominating fight could be over by Valentine's Day, giving the nation a nine-month general-election campaign.

How do the two main parties determine their presidential nominating calendars?

Last summer, Democrats set aside January for caucuses and primaries in Iowa, Nevada, New Hampshire and South Carolina. The rest of the states are supposed to wait to hold their contests between Feb. 5 and June 10, 2008. The GOP voted at its 2004 convention to give states a window between Feb. 5 and July 28 to hold their events.

Where do the 2008 calendars stand today?

For Democrats, the voting is supposed to start on Jan. 14, with the Iowa caucuses, followed by caucuses in Nevada on Jan. 19, the New Hampshire primary on Jan. 22 and the South Carolina primary Jan. 29.

But New Hampshire officials are unhappy about Nevada's placement just three days ahead of their state's primary. The state is determined to preserve a week's distance between its vote and other contests to avoid diluting its impact, which means New Hampshire is likely to ignore the preference of the national party and schedule its primary earlier. That would probably lead Iowa to push at least a week ahead.

The Republican calendar is in flux, but the GOP contests in Iowa, New Hampshire and South Carolina are likely to fall on the same day the Democrats vote.

What happens if states disobey the rules established by the national parties?

Probably nothing. They could face sanctions, reducing the number of their delegates to the national nominating conventions or, in the case of Democrats, denying officials such as the governor and members of Congress their delegate status. But in reality, neither party seems likely to run the risk of alienating voters, much less the elected officials they would need to carry big states such as California and Florida in the fall.

Why do Iowa and New Hampshire always go first?

Tradition. New Hampshire has been first in the nation since 1920. For decades, few cared. Then a 1949 law passed, allowing citizens to vote directly for candidates, instead of delegates to the national nominating conventions. In 1952, all eyes turned to New Hampshire for an early gauge of voter sentiments. A political institution was born.

The Iowa caucuses took off 20 years later, when then-Sen. George S. McGovern of South Dakota used a strong showing to push past better-known rivals and win the Democratic nomination. Four years later, another Democratic dark horse, former Georgia Gov. Jimmy Carter, won Iowa and, ultimately, the White House.

Given that history, few presidential candidates want to alienate voters in Iowa or New Hampshire by criticizing their privileged status.

What's the difference between a primary and a caucus?

In a primary, the polls are open throughout the day, and people can show up whenever they wish, step into a private voting booth, cast a ballot and be done.

A caucus is more akin to a town hall meeting. It starts at a set time and can last for hours. Participants must publicly state whom they support. Others might argue with them, or try to change their minds. If a candidate fails to achieve a certain threshold of support, he or she is eliminated from consideration, and backers must choose another candidate or go home.

Why does it matter which states go first?

The candidates invest enormous amounts of time, money and energy in the early states, hoping victory or a strong showing will provide momentum heading into the rapid-fire series of contests that follow.

With all that focus, home-state issues, such as ethanol in Iowa, receive enormous attention, as do home-state politicians, who have come to expect the intense courtship.

What's the difference between campaigning in places like Iowa and New Hampshire as opposed to larger states?

Iowa and New Hampshire have relatively small populations. The voters there demand a highly personal style of campaigning that is impossible to replicate in a state the size of California, where expensive TV ads are the only effective means of communication.

It is routine for presidential candidates to submit to hourlong grillings by voters who won't tolerate pretense or evasions.

If anything, they find sport in humbling the mighty, which presidents and vice presidents have learned the hard way.

"Voters want to see you; they want to hold you up to the light, tip you upside down. They want to get a very good, hard look before they make a decision," said New Hampshire Republican activist Fred Bramante.

How would it affect the race if states like California move forward?

Candidates would have to scramble to raise more money and cover extensive ground in what may effectively shape up as a national primary on Feb. 5.

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Ironically, by moving ahead on the calendar and creating such a compacted schedule, bigger states could invest Iowa and New Hampshire with even greater import because candidates who stumble there would have little time to recover.

Are there any advantages or disadvantages to the parties' settling quickly on their nominees?

The advantage is the nominees would have plenty of time to bind any wounds suffered in the primary season.

The disadvantage is that voters, unaccustomed to an accelerated contest, may have barely paid attention by the time the nominees are selected.

Also, candidates would have to step up their fundraising to keep their campaigns afloat from the early end of the primary season until the vote on Nov. 4, 2008.

What's the most important thing to remember in all this?

No one really knows what will happen, even after the dates are set. The one inviolable rule of politics is the law of unintended consequences. Something surprising will happen in the 2008 campaign, guaranteed.

Nev., Candidates Taking Bold New Step With Forum (NHUL)

By Dan Tuohy

New Hampshire Union Leader, February 18, 2007

CARSON CITY, Nev. – Democrats running for President will be on unfamiliar political ground when they arrive here Wednesday for their first joint forum of the 2008 campaign.

For the first time, the state that popularized quickie marriages, built a global reputation for its casinos and gave free range to places like the Bunny Ranch plans a caucus between the Iowa caucuses and New Hampshire's leadoff Presidential primary.

Critics complain about calendar frontloading, but Nevada is making no apologies. People are proud, though some are still trying to make sense of it all, said Guy Louis Rocha, Nevada's state archivist and a member of the forum's sponsor, the American Federation of State, County and Municipal Employees.

"They're starting to see that Nevada is a player," Rocha said outside the silver-colored dome of the Nevada State House. "All roads now head through Nevada. The fact is, Nevada's always been a backwater."

Nevada Democrats are marketing their state as "second in the nation" to cast votes with their Jan. 19 caucus. New Hampshire has traditionally bristled at any perceived loss of clout, but Nevadans have a different take, said Clark Dumont, a long-time Granite State public relations executive and broadcast journalist who is now vice president of communications and public affairs for the Nevada Cancer Institute.

'New Hampshire should stop whining.' That's what I hear," he said.

Dumont said Democrats in the Silver State -- led by Senate Majority Leader Harry Reid -- executed a brilliant move in scheduling an early caucus to focus Presidential debate on Western issues such as immigration, water resources and land management.

"Just as New Hampshire has seen it, it is a way to spotlight some of the issues important to the state," he said.

Though the DNC says the Granite State's primary will be Jan. 22, New Hampshire Secretary of State William Gardner will not set the date until late this year. State law requires the primary to be a week or more before a "similar election."

Is the Nevada caucus a similar election? State Rep. Jim Splaine, a Democrat from Portsmouth, does not think so. However, he has sponsored a bill to give the secretary of state the authority to interpret the term "similar election" as he sees fit. New Hampshire has held the first Presidential primary since 1920, and the first by state law since 1976. Splaine sponsored that law.

Obama's not at forum

Dumont, speaking from his office in Las Vegas, said it is difficult to compare the Nevada caucus to New Hampshire's role as a proving ground for Presidents and a place where all candidates can participate regardless of how much money they have. "New Hampshire has nothing to worry about," he said. "It's a caucus, not a primary."

The DNC and Nevada's Democratic Party sought the early caucus as a way to address regional issues and embrace diversity and union members. About a quarter of the state's population is Hispanic or Latino.

"You're talking about a very diverse electorate," said Jamal Simmons, president of New Future Communications, a firm the Nevada Democratic Party hired to help organize and prepare for the caucus.

Simmons, who worked in New Hampshire for Sen. Bob Graham and Gen. Wesley Clark during the 2004 election cycle, said the activist-organized nature of a caucus would make Nevada distinctly different from New Hampshire with its tradition of grassroots, retail politics. He said it would complement the leadoff primary.

"We really see this as a Western caucus," Simmons said. "People are really taking ownership of it."

Rocha said the New Hampshire primary is secure, but he expects the Nevada caucus to divert some attention. "For a little while the whole nation will be watching, and probably curious because we're the new kid on the block," he said.

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Long a Republican stronghold, Nevada is increasingly a swing state. While Nevada Democrats hope the caucus gives them an edge, that remains to be seen in a state where population estimates -- 2.5 million people last year -- are readjusted on a monthly basis. It is one of the fastest growing states in the country, and the running joke is that everybody here is from someplace else.

"It's tough reading the tea leaves here because the tea leaves are constantly changing," said Rocha, who did grow up in Las Vegas.

In New Hampshire, candidates see bucolic towns. In Carson City this week, candidates will see dazzling casinos and ads for legal brothels, both of which are just down the road from the Presidential forum's venue.

But the states share some common ground. Dumont, who still has a house in New Hampshire, said he noticed the independent streak when he arrived in 2005 after serving as regional communications director for Anthem Blue Cross and Blue Shield based in Manchester. He found it oddly reminiscent of New Hampshire.

Rocha said most Nevadans, especially those in the northern part of the state, would be proud to have "Live Free Or Die" on their license plate. "If a Granite Stater met a Nevadan in a bar they would get along fine," he said. "They'd be buying each other drinks before long."

Wisconsin Primary Could Be A Spoiler (MJS)

By Craig Gilbert

Milwaukee Journal Sentinel, February 18, 2007

Washington - In exactly one year and one day, Wisconsin will hold its presidential primary.

Whether it turns out to be a big deal or an empty, anticlimactic ritual is anybody's guess.

But at this point either outcome seems plausible.

With several huge states poised to move up their own contests to early February, the fate of Wisconsin's Feb. 19 primary is threatened by the prospect of a massively "front-loaded" nominating calendar, a schedule that critics fear will further abbreviate the process of selecting the parties' standard-bearers.

In short, both nominations could be effectively wrapped up after only a few weeks of voting - and before the campaign even gets to Wisconsin.

"A year from today, there is a nominee. It's over. This is the fastest calendar we've ever had," former Democratic National Chairman Terry McAuliffe said the other day on National Public Radio.

But that's not the only possible scenario.

In the most wide-open presidential election in decades, with two or three politically robust, big-name contenders in each party backed up by a bevy of respectable long shots, a quick outcome is not guaranteed.

There is a minority view among insiders that envisions a slugfest rather than a first or second-round knockout.

"It's more likely to take more time than any race in modern memory to sort out the nominee, which may very well make Wisconsin relevant," said Paul Ryan, the GOP congressman from Janesville.

If the race doesn't peter out before Wisconsin, then a very different dynamic could come into play, one that might give the state a more meaningful role than it has had in many years. How it might matter

Under this scenario, Wisconsin once again has its mid-February date all to itself (as it did in 2004), meaning that for six or seven days it becomes the exclusive venue of the 2008 campaign. All the remaining candidates and the national political media descend on the state, whose primary is now strategically sandwiched between two multistate "Super Tuesdays," one on Feb. 5 and one on March 4. Wisconsin becomes a natural place for non-front-runners to make their stand, because it's inexpensive (candidates have to advertise in only one midsize state with five TV markets), "open" (any voter can vote in either party's primary), and has a reputation for giving underdogs and insurgents a shot.

"If one of the candidates just sweeps through California, Florida (both possible Feb. 5 states), then it's all over by then," said Gov. Jim Doyle, a Democrat. "But if you get a few split decisions, then Wisconsin could end up in the center of it."

One reason the outlook is murky, aside from the unpredictability of both races a year out, is that the calendar isn't set yet. Iowa and New Hampshire will kick off the GOP race in January 2008 (or possibly December 2007, if New Hampshire moves up its own primary). On the Democratic side, Nevada and South Carolina will join those two states in the critical opening phase, a change the party is making for the sake of political and ethnic diversity. Undetermined dates

But the next wave of primaries is unsettled.

California, New Jersey, Florida, Illinois and others are thinking of moving their primaries up to Feb. 5 to get a piece of the presidential action. They would be joining an already crowded group of states slated to vote that day, creating the biggest, earliest "Super Tuesday" in history.

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That would have two potential effects. One is to accelerate the awarding of delegates needed to win the nomination. The other is to abruptly nationalize the nominating fight, forcing candidates to simultaneously compete in a giant cluster of expensive states, overwhelming contestants who have neither huge treasuries nor early momentum from victories in the smaller January states.

"That just shortcuts the debate and the process for really getting to know the candidates," said Linda Honold, the former Wisconsin Democratic chair, who in 2005 served on a national Democratic panel that studied the calendar.

But the calendar alone won't determine how long the race lasts. That also depends on the dynamics of the field, the performance of the candidates and whether the early states produce a series of split decisions or a juggernaut, as happened in 2004 with Democrat John Kerry.

"If one candidate has won both Iowa and New Hampshire, forget it," says Harold Ickes, a veteran of Democratic politics and a Hillary Clinton supporter.

But in both parties, there is a perceived "big three" of co-favorites: Clinton, Barack Obama and John Edwards on the Democratic side; John McCain, Rudy Giuliani and Mitt Romney on the Republican side. If they turn out to have different strengths in different states and have the money to survive a few setbacks, that could prolong the competition.

Guiliani, for example, would appear to benefit if states such as New Jersey and California move up to Feb. 5, possibly making up for what might be weaker showings in Iowa or the South, where his liberal stands on social issues might hurt him.

"On the Republican side, because you have candidates with different strengths, it's going to be interesting to see," says GOP pollster Tony Fabrizio, who believes the front-loaded calendar doesn't automatically make the race shorter.

Wisconsin's party leaders are hopeful things work out that way.

"It's hard for me to imagine that in a field that appears to be as wide open as this one, both parties are going to have their nominations locked up by (Feb. 19)," said Mark Jefferson, executive director of the state GOP.

"Unless this becomes a Hillary juggernaut, I don't see this thing being over that fast," said state Democratic Chairman Joe Wineke.

Political scientist Larry Jacobs of the University of Minnesota said that while "the conventional wisdom right now is it will probably be over by early February," he is not entirely convinced, given the potential for leading contenders to draw from different support groups and prosper in different places.

"If there are two that do reasonably well that Super Tuesday," he said, "it may not be such a clear verdict."

Former Gov. Tommy Thompson would figure to play a large role in a GOP primary in Wisconsin, but to get that far he would have to beat the odds and achieve major breakthroughs in the preceding states.

While Wisconsin's primary was somewhat anticlimactic in 2004, that election suggested the kind of the role the state could play under different circumstances. John Kerry was the all-but-inevitable nominee by the time he got to Wisconsin in advance of its Feb. 17 primary. The first polls in the state showed Kerry with a 30-point lead. But because the candidates ended up focused on just one state for nearly a week (that hadn't happened since the New Hampshire primary) there was space and time for a small campaign to unfold. Edwards surged from behind and almost caught Kerry, losing the primary 40% to 34%. A more personal forum

At a Harvard symposium after the campaign, Edwards campaign manager Nick Baldick explained what it meant for Kerry's rivals to compete in a stand-alone primary, where the outcome wasn't reduced to simply TV spending and momentum, but where the candidates' messages and campaign skills came back into play.

"The difference between a one-week, one-primary race in Wisconsin, and a one-week, five-state primary (on) February 3 was immense for us, because we could plop John Edwards into a state and he was great," said Baldick.

Whether the 2008 Wisconsin primary will be more or less significant than it was in 2004 remains to be seen.

Matthew Dowd, who was a top Bush strategist in '04, said Friday that he views a quasi-national primary in early February as one of at least two fundamental changes in the nominating process this time around.

The other is the early intensity of the pre-election-year campaign, as candidates jockey for money, the support of local activists, the passions of the rank-and-file, and sustained media attention. Dowd believes that struggle will begin winnowing the field even before the actual voting starts in December or January.

The early caucuses and primaries, said Dowd, are "now the end of the process, rather than the beginning of the process."

Mayors Urge 2008 Hopefuls To Address Urban Issues (WT)

By Brian Debose

The Washington Times, February 18, 2007

The nation's mayors say they will press the 2008 Democratic presidential hopefuls to address the needs of cities by crafting urban agendas early in their campaigns, but some candidates could already have an edge based on their records.

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Sen. Hillary Rodham Clinton, New York Democrat, has the strongest record working with urban black mayors -- both as a senator and as first lady when her husband, Bill, was president, said Douglas H. Palmer, mayor of Trenton, N.J.

"Hillary Clinton was pushing a domestic agenda and for the bulk of homeland security money to go to cities ... after September 11," said Mr. Palmer, president of the U.S. Conference of Mayors.

"The candidate who forges a relationship and partnership with the nation's mayors will be the one who sees a rise in their numbers," he said, adding that he is undecided about whom he will support in 2008.

Part of forging that relationship is addressing the group's 10 working priorities, including crime prevention, funding federally mandated programs for cities and restoring funding for Community Development Block Grant programs to 2003 levels.

Mr. Palmer and others said that crime has spiked since cuts to Community Oriented Policing Services (COPS), a federal grant program that helps cities hire and retain police officers. The increase in crime has been coupled with an economic decline in many urban areas.

Democratic candidates will have to work hard to generate voting support, particularly among their most loyal voting bloc: blacks. Nearly 50 percent of those votes can be found in urban areas.

Black Democratic mayors such as Detroit Mayor Kwame M. Kilpatrick have said that crime and poverty are destroying America's cities.

Mr. Kilpatrick said he has met with three of the Democratic presidential candidates, including Mrs. Clinton, whom he also touted as a strong contender. He also met with Sen. Joseph R. Biden Jr. of Delaware and former Sen. John Edwards of North Carolina, who Mr. Kilpatrick said is a strong advocate for eradicating poverty, a major problem in urban centers.

"Some of what I have heard is a real focus on poverty and bringing the new emerging markets and finance to the cities," he said. "And it is not just the policies of welfare, not a handout but a hand up."

Mr. Kilpatrick credited the Clintons for the creation of new policies such as welfare-to-work, which he said helped cities get more residents off the poverty rolls.

But he said cities need flexibility to put money into job training and retraining for new high-tech jobs, more affordable-housing funds and more input on how No Child Left Behind policies are implemented.

"We need to have America's mayors sitting at the table when this discussion is being made and not allow it to become an insular, inside-the-Beltway sort of thing," Mr. Kilpatrick said.

Sen. Barack Obama, Illinois Democrat, who officially announced his candidacy for president Feb. 10, has the thinnest political record among those in the Democratic field and lacks many of the personal relationships with mayors that others have in abundance.

He also did not attend the mayors' conference last month, missing an opportunity to make a first impression. But he has other experience that many mayors say could be useful in crafting policy that focuses on the urban agenda.

"I do like the fact that Barack has been on the ground and done social work and has a hands-on perspective in Illinois," said Michael B. Coleman, mayor of Columbus, Ohio.

"Frankly, I suspect he is able to deal with many of these issues from personal knowledge, not from a book, and that is essential in the development of a policy that is effective," Mr. Coleman said.

He said the candidates' records will be important, but how they address the 10-point plan in the campaigns will be a deciding factor.

"There has to be a scramble by these people about their agenda, and then you will likely see a lot of support from me and other mayors across the country," Mr. Coleman said.

Narrowing The Religion Gap? (NYT)

By Gary Rosen

The New York Times Magazine, February 18, 2007

Try a quick political thought experiment. First, form a mental picture of the Democratic front-runners for president — Hillary Clinton and Barack Obama. Now do the same for the leading Republican contenders — John McCain and Rudy Giuliani. Next (and this is the key step), imagine each of them in church, sitting in a pew, head bowed, or better still, at the pulpit, delivering a homily or leading the congregation in worship.

Strange, no? It's not hard to envision Clinton and Obama among the faithful. She is a lifelong Methodist and self-described "praying person," and he belongs to a church where some years ago he found himself (in his own words) "kneeling beneath that cross" in submission "to His will." Both slip easily into the earnest, humble-of-the-earth mode of liberal God talk.

But McCain and Giuliani? You somehow imagine them fidgeting during the hymns and checking their watches. The senator is an Episcopalian, the former mayor a Catholic, but neither man, you have to think, would be caught dead in a Bible-

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study group or could possibly declare, à la George W. Bush, that his favorite philosopher is "Christ, because he changed my heart." In the piety primary, the Democrats win hands down.

None of this is likely to reverse the "religion gap" in our politics — that is, the fact that regular churchgoers identify by a wide margin with the G.O.P. Come election time, the personal religiosity of the Democratic candidates won't matter nearly as much as the positions they take in all the drearily familiar theaters of the culture war. What a matchup between churchgoing Democrats and secular-minded Republicans may supply, though, is welcome moderation in our debates over issues like abortion, gay marriage and stem-cell research. God knows, both sides of the ideological divide have fundamentalists in need of taming.

On the right, the culprits are familiar, having become stock characters in our politics. In his unsuccessful run for the Republican nomination in 2000, McCain called them "the agents of intolerance," singling out Pat Robertson and Jerry Falwell. For a taste of their views, you can visit the Web site of Concerned Women for America (C.W.A.), which bills itself as the "nation's largest public-policy women's organization." Its mission is "to protect and promote biblical values among all citizens," the Bible being "the inerrant Word of God and the final authority on faith and practice." As for dissenters from C.W.A.'s stand on issues like the "sanctity of human life," a handy link to Bible passages explains "why you are a sinner and deserve punishment in Hell."

A number of observers on the right, including Jeffrey Hart of National Review, Heather Mac Donald of the Manhattan Institute and the blogger Andrew Sullivan, have performed a service lately by denouncing the G.O.P.'s pact with such authoritarian bullies. But the problem can be exaggerated. Whatever their private views, most of today's big-time social conservatives speak in public as faith-based policy wonks, not as preachers of fire and brimstone. Consider James C. Dobson, the controversial founder of Focus on the Family. In a recent article titled "Two Mommies Is One Too Many," he objected to the impending parenthood of Mary Cheney and her partner. The core of his argument? What he trumpets as "more than 30 years of social-science evidence" showing that children do best with a married mother and father.

Is Dobson persuasive about the supposed evils of gay parenthood? Not to me. But the case he makes is based on an asserted set of facts — facts that are open to challenge and dependent on neither revelation nor church writ. Yes, he also avers in passing that traditional marriage is "God's design for the family and is rooted in biblical truth," and this is probably what motivates him. But is there anything wrong with so frankly religious a premise? Does it somehow disqualify his arguments?

Here is where the dogmatists of the secular left come in. Looking to fend off Bible-toting conservatives, the philosopher Richard Rorty argued more than a decade ago that in a modern democracy, faith should be a strictly private matter and has no place in public discussion. Traditional religion, he wrote, is a "conversation stopper," a source of values before which nonbelievers can be only mum. The same rigid divide informs a recent manifesto "in defense of science and secularism" signed by such academic luminaries as Daniel C. Dennett, Steven Pinker, Peter Singer and Edward O. Wilson. They urge the country's political leaders "not to permit legislation or executive action to be influenced by religious beliefs."

So categorical a rejection of faith in the public square is impossible to reconcile with our political traditions, of course. It sweeps away not just today's social conservatives but also abolitionism, women's suffrage and the civil rights movement. Dr. King without the almighty? Unthinkable. Conceding the extremism of his earlier view, Rorty himself has backtracked. Citizens should feel free to speak as believers, he now suggests, so long as they don't simply "cite authority, scriptural or otherwise."

It's a reasonable standard. After all, very few of us, whether religious or secular, can easily articulate our views about fundamental things. On questions of human dignity and human ends, we tend to sputter and assert, setting out propositions that are difficult to justify to those who don't share them. Invoking secular values like "autonomy" or "self-realization" can be just as much of a "conversation stopper" as appealing to the Bible. What we owe one another are concrete explanations, grounded in terms we might hope to share.

Can the rising field of presidential hopefuls move beyond the collision of orthodoxies to which we have grown accustomed? Maybe in some small way, if only because of the peculiarities of the personalities involved, but even that would be progress. At our present cultural moment, it is hard to think of a more edifying prospect than a campaign that will feature a running debate between churchgoing Democrats and vaguely impious Republicans.

Who Are The Bundlers? (WP)

The Washington Post, February 18, 2007

THE 2008 presidential field has already begun to sort itself into candidates willing to disclose the identities of their big financiers and those who balk at providing this critical information. On the side of real disclosure are three Democrats, Sens. Barack Obama (Ill.) and Christopher J. Dodd (Conn.) and former Iowa governor Tom Vilsack, along with two Republicans, Sen. John McCain (Ariz.) and -- in the latest addition to the ranks of openness -- Mitt Romney. Officials of the former Massachusetts governor's campaign told us that Mr. Romney will report the names of his big bundlers, the fundraisers who collect donations from large numbers of people and who thereby help their candidate far beyond the maximum of $2,300 they are legally allowed

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to contribute directly. Declining to provide this information are Democrats Hillary Rodham Clinton and John Edwards, and Republican Rudolph W. Giuliani.

The refusal of these candidates to live up to the standards set by President Bush during his two campaigns, as well as by 2004 Democratic nominee John F. Kerry, speaks volumes about their commitment -- or lack thereof -- to openness in government. These candidates note, correctly, that they aren't obliged to reveal the names of their big bundlers. But in what could be the first presidential campaign since Watergate to be financed entirely with private funds, in an election cycle in which the two major-party nominees alone could raise and spend $1 billion, it's critical that the identities of those helping to underwrite these expensive enterprises be released. Candidates are as indebted to those who haul in big bundles of checks for them as they would be to those who write big checks. Since the latter practice is no longer allowed, big bundlers are the most important components of a successful financial operation.

Indeed, Ms. Clinton's campaign encourages "Hillraisers" to sign up on its Web site and set fundraising targets. For its biggest bundlers, the campaign has set the audacious goal of at least $1 million. Does the campaign really believe it's tenable to keep the identities of these financiers secret? What is its justification for doing so? We single out Ms. Clinton for a number of reasons, chief among them her front-runner status, her undoubted capacity for raising enormous sums and the unprecedented size of the bundles she is seeking.

But that does not excuse the refusal of her rivals in either party to be transparent about their own financial operations. Candidates who simultaneously hold elective office -- and who therefore have another claim on donors' attention -- ought to be especially conscious of this duty. Connecticut Democrat Dodd, whose chairmanship of the Senate Banking Committee offers him a handy fundraising platform, promises to do the right thing. We've had no luck getting answers from other elected officials, including New Mexico Gov. Bill Richardson (D), Sens. Joseph R. Biden Jr. (D-Del.) and Sam Brownback (R-Kan.), and Rep. Duncan Hunter (R-Calif.).

Mr. Edwards, alone among Democratic candidates in 2004 in refusing to disclose the names of his bundlers, is well aware of both the value and peril of bundlers; his campaign was fined $9,500 by the Federal Election Commission last year for accepting in-kind contributions and illegally reimbursed donations from one of its big 2004 bundlers. Mr. Giuliani, too, knows the benefits of bundling: A 1996 report by the New York City campaign finance board, "Bundles of Trouble?" detailed how Mr. Giuliani had 205 "intermediaries" bring in more than $1 million to his 1993 mayoral campaign. "Like direct contributions, bundled contributions can be a means for buying access, influence and political power," the report noted. That is exactly why the names of bundlers should be a matter of public record.

Human Nature Redux (NYT)

By David Brooks

The New York Times, February 18, 2007

Sometimes a big idea fades so imperceptibly from public consciousness you don't even notice until it has almost disappeared. Such is the fate of the belief in natural human goodness.

This belief, most often associated with Jean-Jacques Rousseau, begins with the notion that "everything is good as it leaves the hands of the Author of things; everything degenerates in the hands of man." Human beings are virtuous and free in their natural state. It is only corrupt institutions that make them venal. They are happy in their simplicity, but social conventions make them unwell.

This belief had gigantic ramifications over the years. It led, first of all, to the belief that bourgeois social conventions are repressive and soul-destroying. It contributed to romantic revolts against tradition and etiquette. Whether it was 19th-century Parisian bohemians or 20th-century beatniks and hippies, Western culture has seen a string of antiestablishment rebellions led by people who wanted to shuck off convention and reawaken more natural modes of awareness.

It led people to hit the road, do drugs, form communes and explore free love in order to unleash their authentic selves.

In education, it led to progressive reforms, in which children were liberated to follow their natural instincts. Politically, it led to radical social engineering efforts, because if institutions were the source of sin, then all you had to do was reshape institutions in order to create a New Man.

Therapeutically, it led to an emphasis of feelings over reason, self-esteem over self-discipline. In the realm of foreign policy, it led to a sort of global doctrine of the noble savage — the belief that societies in the colonial world were fundamentally innocent, and once the chains of their oppression were lifted something wonderful would flower.

Over the past 30 years or so, however, this belief in natural goodness has been discarded. It began to lose favor because of the failure of just about every social program that was inspired by it, from the communes to progressive education on up. But the big blow came at the hands of science.

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From the content of our genes, the nature of our neurons and the lessons of evolutionary biology, it has become clear that nature is filled with competition and conflicts of interest. Humanity did not come before status contests. Status contests came before humanity, and are embedded deep in human relations. People in hunter-gatherer societies were deadly warriors, not sexually liberated pacifists. As Steven Pinker has put it, Hobbes was more right than Rousseau.

Moreover, human beings are not as pliable as the social engineers imagined. Human beings operate according to preset epigenetic rules, which dispose people to act in certain ways. We strive for dominance and undermine radical egalitarian dreams. We're tribal and divide the world into in-groups and out-groups.

This darker if more realistic view of human nature has led to a rediscovery of different moral codes and different political assumptions. Most people today share what Thomas Sowell calls the Constrained Vision, what Pinker calls the Tragic Vision and what E. O. Wilson calls Existential Conservatism. This is based on the idea that there is a universal human nature; that it has nasty, competitive elements; that we don't understand much about it; and that the conventions and institutions that have evolved to keep us from slitting each other's throats are valuable and are altered at great peril.

Today, parents don't seek to liberate their children; they supervise, coach and instruct every element of their lives. Today, there really is no antinomian counterculture — even the artists and rock stars are bourgeois strivers. Today, communes and utopian schemes are out of favor. People are mostly skeptical of social engineering efforts and jaundiced about revolutionaries who promise to herald a new dawn. Iraq has revealed what human beings do without a strong order-imposing state.

This is a big pivot in intellectual history. The thinkers most associated with the Tragic Vision are Isaiah Berlin, Adam Smith, Edmund Burke, Alexander Hamilton, James Madison, Friedrich Hayek and Hobbes. Many of them are conservative.

And here's another perversity of human nature. Many conservatives resist the theory of evolution even though it confirms many of conservatism's deepest truths.

Rice Finds Huge Gaps Between Israel, Palestinians (AFP)

By David Millikin

AFP, February 18, 2007

US Secretary of State Condoleezza Rice is to meet with Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas as she presses forward with a new initiative to revive the moribund peace process.

She is to meet with Abbas in the West Bank political capital of Ramallah and with Olmert separately in Jerusalem.

Rice flew in to Israel Saturday vowing to press ahead with a risky summit with the two leaders, who are embroiled in a bitter feud over the presence of Islamist radicals in a soon-to-be-formed Palestinian government.

Rice, arriving from an unannounced visit to Iraq, went straight into talks with Israeli Foreign Minister Tzipi Livni in Jerusalem.

The highlight of her mission is to be her first three-way meeting with Abbas and Olmert on Monday. She has billed that as the kick-off of a long-awaited US initiative to revive negotiations on a peace deal and the creation of a Palestinian state.

But the Rice plan has been overshadowed by controversy over a power-sharing deal reached last week between Abbas' Fatah party and the ruling Islamist group Hamas, which the US and Israel consider a terrorist group.

Speaking alongside Rice, Livni insisted Israel will not deal with the new government until its Hamas members recognise the Jewish state's right to exist, renounce violence and accept past peace agreements.

Those principles are supported by Washington and its Western partners but have so far been consistently rejected by Hamas.

"These requirements are not obstacles for peace but they are the basic conditions and foundations for any kind of vision of a two-state solution," Livni said.

"I think that the moderates in the Palestinian side need to understand that a path towards a Palestinian state needs to go though renunciation of violence and terrorism and not by compromising with terror," Livni said.

Abbas, whom Rice and President George W. Bush have long hailed as the key "partner for peace" in the Arab-Israeli standoff, insists the power-sharing understanding meets the international conditions.

Earlier Saturday, Abbas spokesman Nabil Abu Rudeina said "we will say to the Americans and to the Israelis that they must give a chance to this government." "The world must work with this agreement," Abu Rudeina added, speaking after a meeting between Abbas and Rice's top Middle East aide, Assistant Secretary David Welch.

While Israeli media reported that Bush backed the hardline Israeli stance in a telephone conversation with Olmert on Friday, Rice declined to publicly take sides.

She insisted that the three conditions "remain the foundational principles for a two-state solution and in fact for the formation of a leadership that can lead to that two-state solution".

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But she added that Washington "will await the formation of a (Palestinian) government before making any decisions about it," as Livni watched on.

"If one waited for the perfect time to come to the Middle East, you would never get on an airplane," she said.

The West and Israel have refused critical financial aid to the Palestinian government since Hamas took control of the administration after unexpectedly trouncing Fatah in legislative elections a year ago.

Abbas was elected separately and has significant executive powers under the Palestinian constitution.

The aid embargo has exacerbated an economic crisis in the Palestinian areas and fueled tensions that erupted into deadly violence between Fatah and Hamas supporters in recent weeks.

Abbas says the understandings reached with Hamas meet the West's principles by stating that the new government will respect "Arab and international" agreements and past accords signed with Israel by the Fatah-led PLO -- steps that imply recognition of Israel according to this view.

Regardless of the outcome of her meetings here, Rice could come under pressure to ease the boycott from Washington's partners in the so-called Quartet of mediators who first laid down the principles -- the European Union, United Nations and Russia.

Following her visit to Israel and the Palestinian territories, she is to meet her Quartet counterparts in Berlin on Wednesday.

3 Parties Jostle Before Meeting In Jerusalem (NYT)

By The New York Times

The New York Times, February 18, 2007

JERUSALEM, Feb. 17 — A much anticipated meeting of Israelis, Palestinians and Americans here on Monday — seen as a possible first step to rejuvenating Middle East peace talks — seems likely to be overtaken by battles over a new Palestinian unity government.

On Saturday, representatives of all three groups were jostling for position before the meeting, with the Americans and Israelis saying that the new government must recognize Israel, and the Palestinian Authority president saying that the world would have to live with the coalition.

But it was unclear whether those statements sounded a death knell for restarting talks.

Secretary of State Condoleezza Rice is to represent the United States at the meeting.

Mahmoud Abbas, the Palestinian president, and his political movement, Fatah, recently agreed to form a unity government with the militant group Hamas to try to end deadly fighting between the groups. But Hamas, which won last year's legislative elections, has not yet agreed to recognize Israel and renounce violence, as the Israelis, Americans and many Europeans have demanded.

On Saturday, Bush administration officials informed Mr. Abbas that the United States would continue its boycott of the Palestinian government if the unity government did not meet its demands, according to Arab and American officials. Those officials would not speak for attribution before the meeting on Monday.

Mr. Abbas responded with what amounted to "take it or leave it," his spokesman, Nabil Abu Rdeneh, told reporters.

Ms. Rice stopped short of calling off the long-term peace effort, saying she wanted to wait until the unity government was formed to give it a chance to meet American conditions.

Tzipi Livni, Israeli's foreign minister, said that the Israelis would attend the meeting on Monday but that they would not proceed further with peace negotiations unless the new Palestinian government recognized Israel and renounced violence.

Abbas Tells U.S. He's Done His Best (AP)

AP, February 18, 2007

The world will have to deal with a new Hamas-Fatah coalition even if its platform falls short of international demands such as recognition of Israel, Mahmoud Abbas told a U.S. envoy Saturday, according to an aide to the Palestinian president.

Abbas told State Department official David Welch he will deliver the same message _ that he has done his best to moderate the Islamic militants _ at an upcoming summit with Secretary of State Condoleezza Rice and Israeli Prime Minister Ehud Olmert, said the aide.

However, Rice and Israeli Foreign Minister Tzipi Livni suggested later Saturday that there would be no room for compromise. Speaking at the start of a meeting in Jerusalem, they said any Palestinian government would have to meet the three conditions of international acceptance _ recognizing Israel, renouncing violence and accepting previous peace deals with Israel.

"The moderates on the Palestinian side need to understand that the path toward a Palestinian state goes through the renunciation of violence and terrorism and not by compromising with terror," Livni said, in an apparent reference to Abbas.

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At Abbas' headquarters in the West Bank city of Ramallah, the president told Welch that he had no choice but to cut a deal with Hamas, which won parliamentary elections last year. Abbas was elected separately in 2005 and also wields considerable power.

"President Abbas told David Welch that the Mecca agreement was the only possible agreement and the world must deal with it," Abbas aide Nabil Abu Rdeneh said. The U.S. side did not comment on the meeting.

"In the three-way meeting with Olmert and Rice, President Abbas is going to say that this government should be given a chance." Abu Rdeneh said.

The platform of the coalition between Hamas and Abbas' Fatah movement falls short of the international demands, containing only a vague promise to "respect" previous peace deals, which could be seen as implied recognition of Israel.

Rice said Saturday she would withhold judgment until the government is formed.

The U.S. secretary of state said the Palestinian coalition talks were complicating the summit, which was to have been a step toward restarting Israeli-Palestinian peace talks after more than six years of fighting.

"Despite the complications it's an important time to have these discussions ... about the principles of two states for two peoples," she said.

The Hamas government, which resigned Thursday to make way for the new coalition, was hit by an international aid boycott that nearly bankrupted it.

Despite that warning, Abbas went ahead with the new coalition, based on a power-sharing deal reached last week in the Muslim holy city of Mecca in Saudi Arabia.

On Thursday, Abbas asked Prime Minister Ismail Haniyeh of Hamas to start forming the new coalition. Haniyeh has five weeks to do so.

The Palestinians fear a return to deadly factional fighting if the fragile power-sharing arrangement fails. In recent months, dozens of people have been killed in violence between Hamas and Fatah.

In the West Bank, gunmen opened fire early Saturday on the home of a Hamas Cabinet member, Planning Minister Samir Abu Eisha, breaking some windows, but causing no injuries.

Abbas: "World Must Deal" With Hamas (WT)

By Joshua Mitnick, The Washington Times

The Washington Times, February 18, 2007

JERUSALEM - Palestinian President Mahmoud Abbas, speaking hours before the arrival of Secretary of State Condoleezza Rice on a mission to revive peace talks, delivered a blunt message: "The world must deal" with Hamas.

He made his comments in a meeting with U.S. Assistant Secretary of State David Welch in the West Bank city of Ramallah.

"President Abbas told David Welch that the Mecca agreement was the only possible agreement, and the world must deal with it," Abbas aide Nabil Abu Rdeneh said after the meeting.

He was referring to a Saudi-brokered deal between the militant Islamist group Hamas and Mr. Abbas' secular Fatah party to share power in a new Palestinian government.

Miss Rice, who arrived in Jerusalem last night after a surprise visit to Iraq, acknowledged that her visit was taking place at a "complicated time."

Immediately after her arrival, Miss Rice met with Israeli Foreign Minister Tzipi Livni. She is to meet with Mr. Abbas today.

The climax of her visit is expected tomorrow, when Miss Rice hosts a summit between Mr. Abbas and Israeli Prime Minister Ehud Olmert.

The summit has been clouded by Hamas' continued refusal to meet three conditions recognizing Israel, renouncing violence and accepting previous peace agreements.

Hamas is labeled a terrorist group by the United States and Europe, which have imposed a crippling economic embargo since the militant group won a majority of seats in the Palestinian government early last year.

"In the three-way meeting with Olmert and Rice, President Abbas is going to say that this government should be given a chance," Mr. Abu Rdeneh said.

Miss Rice said the United States had decided it would wait until the installation of the new government before deciding whether to cooperate with it.

"It only makes sense that you have to renounce violence. It only makes sense that you have to recognize the right of your partner to exist and to respect international agreements," Miss Rice said.

"Those principles remain the foundational principles for the formation of two states and the formation of a leadership that can lead to that two-state solution," she said.

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With the Palestinian government dependent on international aid, the previous Hamas government had been subject to an economic embargo by the United States and Europe.

Limited international aid has been channeled through Mr. Abbas, who was elected president in 2005. Power within the Palestinian government is split between the president and a Cabinet, which is lead by a prime minister.

The Cabinet posts of the new coalition government and its policy guidelines have yet to be agreed on.

The United States hopes the meeting tomorrow with the Palestinian and Israeli leaders will establish a set of principles to begin negotiations on a final Israel-Palestinian agreement.

Success would mark the first peace negotiations in six years, since Israeli and Palestinian diplomats failed to reach a deal in the waning hours of the Clinton administration and the first months of the Palestinian uprising.

But instead, Mr. Abbas, Mr. Olmert and Miss Rice appear likely to be detoured by the Mecca agreement and how it will affect relations with the Palestinian Authority and the flow of international aid.

"This is a very sensitive point in time after the agreements between the Fatah and Hamas. The understandings don't meet the requirements of the international community," Mrs. Livni said before her meeting with Miss Rice.

"These requirements are not an obstacle for peace, but they are the basic conditions and foundation for any kind of for the vision of a two-state solution."

Israelis Are Gone, But Gaza Rebuilding Is Slow (NYT)

By Greg Myre

The New York Times, February 18, 2007

RAFAH, Gaza Strip, Feb. 16 — In a place were most everyone has a hard-luck story, Ibrahim Abu Shatat could write an entire book. Two of his homes have been destroyed by Israeli troops, he has been out of work for six years and his family of nine has lived in the storage room under Rafah's soccer stadium for three years.

Yet Mr. Shatat may be one of the few Gazans who see a ray of hope. Partly through his persistence, construction has begun on 300 homes in the sand dunes next to the former Jewish settlement of Rafiah Yam. Along with a neighboring school, they are the first major construction projects in or near a settlement since Israeli soldiers and settlers pulled out of the Gaza Strip in summer 2005. And one of those homes will be his, possibly by fall, Mr. Shatat said.

The Israeli withdrawal raised Palestinian hopes for new homes, schools and businesses, and an easing of the overcrowding in the Gaza Strip, an impoverished coastal territory where about 1.5 million Palestinians live.

"When the Israelis left, we demanded that the Palestinian government give us a piece of land," said Mr. Shatat, 47. But internal Palestinian turmoil, the conflict with Israel and a lack of money have kept the abandoned settlements looking almost exactly as they were the day the Israelis left. Israel, in agreement with the Palestinians, flattened the roughly 1,600 settler homes, and so far, the rubble is being removed from only 3 of the 21 settlements.

But there is progress on the barren patch that was a no man's land just outside Rafiah Yam, in southwest Gaza near the border with Egypt.

Mr. Shatat took his wife, Maha, to the construction site for the first time on Friday to see the cinder-block foundations of about 20 homes. The plans call for modest, detached houses of two or three stories, with one family living on each floor. "I'm so excited," Mrs. Shatat said. "Now I finally believe it is happening."

Since the Palestinian uprising began in 2000, at least 1,500 families in Rafah have lost their homes, according to the Palestinians. Israeli military bulldozers made repeated forays to destroy houses that Israel said were being used by weapons smugglers and gunmen firing on Israeli forces along the border with Egypt.

The Israeli departure raised the prospect of land-hungry Palestinians flooding into the former settlements. But while many Palestinians are impatient for new housing, security guards have kept out would-be squatters in most, but not all, cases. The settlements also came with greenhouses that offered the prospect of thousands of agricultural jobs. Yet the greenhouses sit idle.

The Palestinians invested millions of dollars to repair the greenhouses shortly after the Israelis left, and had an excellent crop in the winter of 2005 and 2006. But they were unable to export their produce to Europe, the main market, because Israel kept Gaza's main crossing for goods closed for weeks at a time, citing security concerns.

Short of money and fearing a similar fate this year, the Palestinians did not plant a winter crop in the greenhouses. But the goods crossing has been mostly open in recent weeks, when the crops would have been ready for export.

The Palestinian Agriculture Ministry says it will soon start renting the greenhouses to private farmers and will encourage them to grow for the local market, since there are no guarantees that fruits, vegetables and flowers can be exported in a timely manner.

Ahmed Yousef, an adviser to the Palestinian prime minister, Ismail Haniya, said the government had been allocating former settlement land for universities, hospitals, recreation facilities and housing. The projects have been slow in developing for

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several reasons. The Palestinian government has never been known for its efficiency, and several months after the Israelis left Gaza, Hamas, the radical Islamic movement, came to power, which prompted Western countries to cut direct financial assistance. "We had to find countries to finance these projects," Mr. Yousef said. Saudi Arabia is providing $11.5 million for the 300 homes in southern Gaza, and the United Nations development program is overseeing the project.

Mr. Shatat was a welder in Israel for 14 years and built a large, three-story home in Rafah, just 50 yards from Gaza's border with Egypt. But the Palestinian uprising that began in 2000 dealt his personal fortunes a double blow.

Mr. Shatat was among the thousands of Palestinians who lost their jobs as Israel restricted the number of Palestinian workers allowed in. Then, five years ago, with Palestinian militants in Rafah battling Israeli troops, Mr. Shatat's home was rendered uninhabitable when Israeli forces demolished his neighbor's home. The Shatats rented a home nearby; that was destroyed in January 2004 when Israel tore down more homes. The only shelter Mr. Shatat could find for his wife and eight children, now ages 3 to 20, was the storage room under the Rafah stadium.

As soon as he moved his family in, Mr. Shatat began lobbying the Palestinian Authority to build replacement homes for those destroyed in the fighting, but received little help, he said. He set up a committee for the homeless in Rafah, and made himself a nuisance at government offices in Gaza City, particularly at the Land Authority. "I told them that if they did not give us land, we would start living in their offices," he said.

About a year ago, the Palestinian government allocated land for 300 homes, though this will provide shelter for fewer than half those who lost homes in fighting along the border, according to Mr. Shatat.

Several miles up the Mediterranean coast, the former settlement of Tel Katifa offers a more typical example of the state of the former settlements. At its northwest corner, armed members of Fatah stand guard, maintaining positions they have held since shortly after the Israeli departure. Along the southern side, Hamas forces hold an outpost established a month ago, in a bid to replace the Fatah men.

At the southwest corner, unarmed guards from the Agriculture Ministry hope their presence, marked by a torn Palestinian flag flapping overhead, will discourage the factions from shooting at each other. So far, Fatah and Hamas have exchanged only sporadic gunfire during the factional fighting in Gaza.

Meanwhile, a family affiliated with Fatah is living in Tel Katifa's former kindergarten, the one building left standing when the Israelis pulled out. Fawzi Abu Abed said his family moved in after receiving permission from a Palestinian family that claimed it owned the land before the Israelis arrived. Mr. Abed said his home was destroyed by the Israelis in 2002, and government subsidies to rent a home ran out last year. "The government is broke, so we had to find our own solution," Mr. Abed said.

Egyptian Charged With Spying For Israel In Turkey; Israel Denies It (NYT)

By Mona El-Naggar

The New York Times, February 18, 2007

CAIRO, Feb. 17 — An Egyptian student who fled the country six years ago is now sitting in jail, arrested upon his return to Cairo on charges of spying for Israel.

According to his former lawyer, the man, Mohamed Essam Ghoneim el-Attar, has confessed and is "regretting everything he has done." Mr. Attar, who has dual citizenship in Egypt and Canada, is facing a likely sentence of 15 to 25 years, the lawyer said.

"His personal circumstances — divorced parents, needs a job — are no excuse," said the lawyer, Ragab el-Assal, who met with the defendant last week. "He is someone who sold himself for the sake of money and ambition, the destructive kind."

Mr. Attar, who originally fled Egypt to avoid a prison sentence for what the lawyer said was his failure to pay a car repair bill, has been allowed only limited access to legal counsel since he was arrested on Jan. 1, Mr. Assal said before seeing him. In fact, at the time Mr. Assal was not even sure where Mr. Attar, 31, had been incarcerated.

"All they said to me is, 'We do not have him,' even though I have an official permit to see him," said Mr. Assal, after he had spent an entire day visiting Egyptian authorities and prisons in search of his client.

But after finally seeing his client and examining the investigation files, Mr. Assal relinquished the case, adding that he thought Mr. Attar was guilty as charged and would be convicted accordingly.

"I wish the confessions were a result of torture and the case a fabrication; I wish he was innocent," Mr. Assal said. "But there are confessions, witnesses and evidence. It is a lost case."

Egyptian law enforcement authorities have not disclosed the details of the arrest, which they announced more than one month later. But an account of the case was reported by Al Ahram, a newspaper with close ties to the government.

According to the newspaper, Mr. Attar left Egypt in August 2001 on a tourist visa to Turkey, where he offered his services at the Israeli Embassy and was recruited by an agent of the Mossad, Israel's intelligence service, to gather information about Egyptians and Arabs living there.

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The newspaper also said he was asked to select other potential recruits by luring them with "money and women," and that he later moved to Canada where he converted to Christianity, changed his name to Joseph, obtained Canadian citizenship and got a job at a bank in Toronto with the help of two other Mossad agents.

Mr. Assal said witnesses included people who said they were approached by Mr. Attar in Turkey. According to the news report, the three Israelis have been charged with espionage and will be tried by Egyptian courts in absentia.

Israeli officials denied the allegations, saying they learned about the case from news reports.

"I would summarize it in one word: nonsense," said the Israeli minister of Internal Security, Avi Dichter, while speaking to reporters last week in Ottawa.

Israeli intelligence services have been accused of using Canadian identities to shield agents before. In 1997, Mossad agents, using fabricated Canadian passports, tried to assassinate a leader of Hamas in Jordan, causing the Canadian government to file a protest. At the time, the Israeli government said it would not use false Canadian passports again, a pledge Mr. Dichter repeated last week.

"Those days are over and that's why I say it is a fabrication," he told reporters.

Deciding On The Enemy Worth Talking To (NYT)

By David E. Sanger

The New York Times, February 18, 2007

WHEN it comes to finding a way to disarm your enemies, here is a puzzle: How do you decide which dictatorial, nuke-building regimes to negotiate with, and which to freeze out, sanction or intimidate with a couple of aircraft carriers?

That, in a nutshell, is a looming question raised by last week's long-delayed deal with North Korea. Even while hardliners and conservatives were assailing the administration last week for "selling out" to Kim Jong Il, some in the administration were wondering whether there are lessons here for dealing with Iran.

The deal Mr. Bush approved requires North Korea to stop producing plutonium, seal its giant nuclear facility at Yongbyon and — after a negotiation yet to happen — take apart the nuclear complex. Over the next 60 days, the North also has to invite back the inspectors it threw out of the country four years ago — and declare where it has hidden the rest of its nuclear materials and facilities.

That would seem hard enough for the hermit nation, but the next part could be even harder: In return for concessions no one is yet talking about, the North would give up its nuclear arsenal.

Many hardened North Korea watchers say it will never happen. After all, that arsenal, estimated by American intelligence agencies at six to a dozen weapons or the fuel for them, is the only source of power for the isolated, bankrupt Hermit Kingdom.

But here's the curious part: Mr. Bush's aides worked out this "first step" in one-on-one talks in Berlin of the kind the White House refused to hold a few years back, while North Korea was still busily producing nuclear fuel to make its next generation of weapons. Those are exactly the steps Mr. Bush refuses to take with Tehran.

On Wednesday, even while celebrating the North Korean deal, Mr. Bush repeated his bottom line on opening talks with Tehran: They must stop enriching uranium first.

So what explains the difference? Why talk to one brutal regime that imprisons its dissidents in gulags, while refusing all kinds of advice — from Republicans, the Iraq Study Group, and others — to start talking to Iran?

Inside the White House, the logic goes this way: North Korea's nuclear program is already "mature," a delicate way of saying that, thanks to years of failed efforts of administrations that go back three decades, the country has joined the eight other nations known to have nuclear weapons. Insisting on suspending fuel production, one senior administration official said recently, would not gain the United States any leverage.

Iran, they argue, is different. It has no weapons — at least not yet. The Americans' objective is to prevent the Iranians from following the North Korean model, and to avoid waking up some day to news of the Iranian equivalent of North Korea's nuclear detonation, which took place last October.

But President Bush worries, his aides say, that to negotiate with Iran while it is still enriching uranium would be to open up Washington to blackmail. "Think about it," said one senior administration official. "While we're talking, the clock ticks. The Iranians can drag this out for years. But while the talks are on, no one is willing to invoke real sanctions" — or threaten, even vaguely, that if the issue isn't settled soon Mr. Bush or the Israelis might consider "disabling" Iran's facilities from the air.

This results in the American conundrum, made worse by Iran's ability to cause trouble in Iraq, a problem the administration has been loudly declaring is getting worse. "When you can't bomb, and you won't negotiate, you end up in a third box — acquiescing to bad things happening," said Robert Gallucci, the dean of the Georgetown School of Foreign Service, who was the main American interlocutor with North Korea in the Clinton administration.

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"Many will say, 'What about sanctions?' " Mr. Gallucci added. But that "often turns out to be acquiescing," especially if countries like Russia, one of Iran's biggest trading partners, decline to turn the screws.

Of course, what Mr. Bush is facing now is the worst of all those bad choices. With no negotiations underway with Iran, the country has defied the United Nations and is continuing to enrich uranium (though it appears to have run into technical troubles that have slowed its progress). While the Security Council has imposed some mild sanctions, Secretary of State Condoleezza Rice concedes that trying to escalate those punishments by passing more Security Council resolutions is probably ineffective. The Russians and the Chinese have made clear they simply won't go along much farther.

That leaves Mr. Bush with the choice of hinting at military action — an option his new secretary of defense, Robert Gates, has all but dismissed. "For the umpteenth time we are not looking for an excuse to go to war with Iran," he declared the other day, out of exasperation.

So, instead, Mr. Bush has chosen to exert more financial pressure against European banks and others who do business with Iran, in hopes of squeezing the country so hard that it decides its leaders have to go.

R. Nicholas Burns, the under secretary of state for political affairs, argued in a speech in Washington on Wednesday that the squeeze is working — in ways it could not in North Korea — because Iran is "not a monolithic system, there are many voices, many different points of view." Mr. Bush mused happily the other day about the troubles that Mahmoud Ahmadinejad, the Holocaust-questioning president of Iran, is facing from elements of Iranian society that want jobs and visas.

What may really be going on here, says Robert S. Litwak, the author of "Regime Change," is that, "Iran is seen as the more dynamic threat" than North Korea. "That means the administration felt it could defer the core issue of disarmament" in the case of the North; it does not feel that it has that luxury with the Iranians, even if they are years from an actual weapon.

But the ultimate lesson of the North Korea case may be that even after sanctions, even after mutual threats, at some point both sides have to take the leap toward negotiations.

The Iranians keep sending hints they are ready to do so; on Friday evening, in response to questions, a senior administration official who is at the center of Iran policymaking (but would not agree to be quoted on the record) insisted that "it is not us refusing to talk to the Iranians, but they are refusing to come back" under the conditions the United States and Europe established.

North Korea is also a reminder that those conditions can change. Just a year or two ago the deal reached last week would have been rejected by administration hardliners as rewarding bad behavior — and perpetuating one of the world's most repressive governments. That is still the view of many of the advisers Mr. Bush once relied on.

In the last two years of his administration, he has confronted reality in the coldest corner of East Asia. The question now is whether that foreshadows a similar shift as he confronts the dangers of the hottest corner of the Middle East.

No Cold War, Perhaps, But Surely A Lukewarm Peace (NYT)

By Steven Lee Myers

The New York Times, February 18, 2007

PRESIDENT VLADIMIR PUTIN'S acerbic assault on American unilateralism last weekend in Munich might not have heralded a return to the bad old days of global ideological confrontation — of blocs and proxy wars, dissidents and spies, arms races and mutually assured destruction — even if some were quick to say it did.

The problem is, Cold War II could in its own way be just as messy and unpredictable. For all the talk of strategic partnership and even personal friendship between Mr. Putin and President Bush, the relationship between Russia and the United States has reached what is probably its lowest point since the Soviet Union collapsed a decade and a half ago.

This is now "the world of one master, one sovereign," Mr. Putin said in Munich, and he was in no way pleased. "The United States," he said, "has overstepped its national borders, and in every area."

The countries seem headed into a period of tensions when every step is met with distrust and some counterstep, putting them on opposite sides of hotspots around the world, from Iran to Georgia to Kosovo.

And with presidential elections in both countries coming in 2008, it is unlikely to get better, since candidates rarely score points at home by being conciliatory abroad.

The countries are now openly competing for influence in Europe, in the Caucasus and in Central Asia, where access to natural resources and military bases has become paramount for both. The Bush administration's plan to build ballistic missile defenses in Poland and the Czech Republic is viewed with outright hostility here. So is NATO's flirtation with Georgia and Ukraine, both former Soviet republics that Russia considers part of its historic sphere of influence.

Equally hostile is the American view of Russia's arms sales to Syria, Venezuela and, most worrisome of all, Iran. Russia last month provided Iran with $700 million worth of TOR-M1 antiaircraft batteries whose likely target in the event of conflict would

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be American fighters and bombers, just as Russian anti-tank weapons, originally sold to Syria, were used against Israeli forces fighting Hezbollah in Lebanon last year, prompting diplomatic protests from Israel.

The areas in which Mr. Putin and Mr. Bush have cooperated closely — against terrorism and the spread of nuclear weapons — suddenly seem like sources of confrontation as much as collaboration. Last week's deal with North Korea to suspend its nuclear programs offers hope of collaboration, but a declaration by Russia's top general that Russia could withdraw from the Intermediate-Range Nuclear Forces Treaty, negotiated by Ronald Reagan and Mikhail Gorbachev in 1987, portends the opposite.

"There was an equilibrium and a fear of mutual destruction," Mr. Putin said in his Munich speech, delivered at an annual trans-Atlantic security conference. "And in those days one party was afraid to make an extra step without consulting the other. And this was certainly a fragile peace and a frightening one, but as we see today, it was reliable enough. Today it seems that the peace is not so reliable."

Russia and the United States are no more likely to go to war than before, when their nuclear arsenals assured a perpetual standoff, as they still do. But potential flashpoints abound. And, as in the cold war, it would not take much for simmering tensions to become a grave breach, even a violent one.

Last September, for example, someone in South Ossetia, the Russian-supported enclave in Georgia, fired on a helicopter carrying the Georgian defense minister on the same day that a Senate delegation including John McCain was flying around the region.

"Can you imagine," said Andrew Kuchins of the Center for Strategic and International Studies in Washington, "if they had shot down John McCain's helicopter?"

Mr. Putin's speech, which was interpreted at least by some in Russia as a defining moment akin to Winston Churchill's in 1946 that gave the world the phrase "Iron Curtain," almost certainly reflected Russia's rediscovered swagger on the world stage. It certainly could become a historical marker. Buoyed by soaring energy prices, Mr. Putin's Kremlin is more assertive about its role in the Middle East, in Asia, in Europe — and inevitably that means tripping over American interests in those places.

Mr. Putin was also airing long-simmering grievances about the heavy-handedness of American foreign policy that began under President Bill Clinton and continued under Mr. Bush. The complaint is of the United States' disregard for Russia's feelings on issue after issue since the 1990s, from the expansion of NATO to the alliance's war against Serbia, when Russia was simply too weak and chaotic to do anything about it.

"The West has not reckoned with the quick revival of Russia," said Alexander Rahr, a Russia expert at the German Council on Foreign Relations. He stopped short of predicting Cold War II but, "We can surely speak of the emergence of a cold peace."

After reaching out to Mr. Bush in the first hours after the attacks of Sept. 11, 2001, Mr. Putin and others here have expressed dismay at what they see as a string of broken promises: an unfinished war in Afghanistan, with a growth of heroin production that inevitably reaches Russia; and, even worse, the seeming permanence of an airfield in Kyrgyzstan once billed as temporary. Then there is the war in Iraq, which Russians vehemently opposed and Mr. Putin warned would be catastrophic for regional peace.

American officials have expressed equal dismay with Mr. Putin's unmet promises on democratization and an "energy dialogue" that was supposed to expand opportunities for American oil and gas companies but died with the Kremlin's campaign to impose state control over natural resources. Mr. Putin spent last week in the Middle East, including Qatar, another major producer of natural gas, expressing interest in a "gas OPEC" that could coordinate policy and prices for Europe and the United States.

"That is what worries me about a new cold war: both sides feel betrayed," said Sergei M. Rogov, director of the Institute for the Study of the United States and Canada in Moscow.

Mr. Rogov said the two countries now disagreed on economics, politics, military matters and, most important, values. The latter includes distinct worldviews, he said: Russia's desire for multinational solutions that give it a voice versus American unilateralism that, especially under Mr. Bush, disdains the constraints of international treaties and obligations. Increasingly they seem to be talking past each other.

The most ominous development, Mr. Rogov said, would be a breakdown in cooperation on nuclear nonproliferation. To turn the tide of nationalistic ambitions to acquire nuclear weapons will require the countries to agree, as they did with North Korea but have yet to do with Iran.

"If we fight, politically not militarily," he said, "who will be minding the store?"

American officials were clearly shocked by the tone of Mr. Putin's speech but sought to emphasize the areas of agreement. And Defense Secretary Robert M. Gates went so far as to retort, "One cold war was enough."

Talking Tough To Stay In Power (WP)

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By Anders Aslund

The Washington Post, February 18, 2007

Vladimir Putin spoke his mind when he launched into an anti-American tirade in Munich recently, accusing the United States of having "overstepped its national borders in every way: in the economy, in politics, and in the humanitarian sphere it imposes its policies on other states. Well, who likes this?" Given the United States' Iraq troubles, it is natural that the Russian president would thrive on American weakness. But his speech was as notable for what it said about his domestic politics.

Putin obviously thinks he is riding high. The Russian economy is booming. Incredibly, in the past seven years, Russia's gross domestic product has grown by 500 percent, measured in current dollars (from $200 billion in 1999 to $1 trillion last year). The world is desperate for Russia's oil and gas, and Putin remains astoundingly popular at home. His successor is certain to be handpicked by him. One can only marvel at how adeptly he handles a 3 1/2 -hour televised news conference, with detailed answers, alternating charm and combativeness.

Despite all that, Putin has painted himself into a corner as he faces the end of the two terms in office that the Russian constitution allows him. This is a man who speaks the language of a modern leader trying to rebuild his country, when in fact he and his cronies have really just wanted to enrich themselves. Having spent his time as president undermining democracy, property rights, the free press and the rule of law by taking over Yukos oil (and throwing its owner into a Siberian prison) and then other big companies, now he and his coterie must cling to power somehow -- or risk losing it all if they cannot stage-manage a transition to the proper person.

The tolerance of corruption in the Putin regime is astounding. Recently, for instance, a Swiss court established that Minister of Communications Leonid Reiman, a close personal friend of Putin's, was the owner of telecommunications assets in Russia worth more than a billion dollars. But this has not been reported in major media in Russia, and Reiman remains at his post without having offered any explanation or apology, only an implausible blanket denial.

How can Putin and his cronies give this up?

It seems clear that Putin has these worries in mind when he fulminates on the world stage against the United States. Such words have the effect of increasing his popularity and therefore his grip on the country, which has been suffocated by his near-total control of television stations, newspapers, nominations of candidates, political parties and even public meetings. The evidence of a growing Russian authoritarianism is clear: Russia is one of the few countries that has declined since 2000 from "partly free" to "not free," according to Freedom House's meticulous ratings.

Russia's foreign policy in these seven years has changed accordingly, showing how brazen national political values do affect a country's behavior outside its borders. Recently, for instance, Russian Foreign Minister Sergei Lavrov boasted: "Not one single significant international problem can be resolved without Russia or against Russia." Rather than acting as a problem-solver -- as Putin did in his first term when, for instance, he cooperated with the U.S. effort against the Taliban in Afghanistan -- he is now positioning himself as a spoiler on the world stage when it comes to the United States and its allies.

Nevertheless, Putin has managed to charm some Western leaders -- former German chancellor Gerhard Schroeder, former Italian prime minister Silvio Berlusconi, outgoing French President Jacques Chirac and, most notably, President Bush. Just this month, Bush told the Wall Street Journal: "Vladimir Putin has kept his word on everything he's said to me." Well, then he cannot have said much. Putin reciprocated in his anti-American Munich speech: "I consider the president of the United States my friend. He is a decent person." He could as well have said: "He is a useful fool."

Putin has divided the European Union by pampering its southern members -- France, Greece, Italy and Spain -- while antagonizing Poland and the three Baltic States of Estonia, Latvia and Lithuania, which have tied themselves closely to the United States. In Moscow, the four latter states are called the "aggressive new minority" in the E.U.

Russia has shown itself to be most aggressive in foreign policy in its own neighborhood of former Soviet republics. It has antagonized these countries so badly with its bullying -- oil cutoffs, transportation blockades, trade shutdowns, immigration crackdowns -- that they are all rushing for the exits and seeking closer cooperation with NATO and the E.U. or working to develop new energy pipelines that skirt Russia. Russia's role in the region is dwindling despite its growing oil- and gas-fueled national wealth. As nationalist intellectual Stanislav Belkovsky, director of the National Strategy Institute in Moscow, recently put it: "In 2006, Russia ceased to be a regional power."

Likewise, even as it declares itself an energy superpower, Russia has tripped itself up. In the past year, it has bombarded its neighbors with rude surprises: oil taxes and higher gas prices; spigots closed to force a political point. No amount of reassurance at this point can erase concerns in Europe about Russia as a reliable energy supplier. In the post-Soviet space, both friends and foes of Russia are repelled, finding Putin's regime too unreliable and abrasive. They all now are trying to reduce their dependence on Russia.

The ultimate question is how the Putin regime will end. For the first time in Russian history, the secret police are fully in charge, right to the top. A tightly knit circle of Putin's friends from his St. Petersburg KGB days rules in the Kremlin. Led by Igor

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Sechin, Putin's closest colleague, they control virtually all security organs. There is much speculation about whether they can even be overruled by Putin himself. The closest parallel to the Sechin group in the past is the group controlled by Joseph Stalin's secret police chief Lavrentii Beria, though there is one great difference: Unlike Putin, Stalin was not a creature of the security apparatus; he manipulated it for his own needs. There is another big difference: This group is interested only in amassing great wealth, not in controlling the lives of its countrymen. Which is why it is alarmed by the prospect of the 2008 presidential election and why Moscow is awash with rumors that Putin will find a way to stay on.

Given what is at stake, the United States can no longer be a mere bystander in this drama. Six years of soft policy on Russia have done nothing but encourage the Kremlin's anti-Western stand. Bush could learn a lesson from Mikheil Saakashvili, president of Georgia, to carry a big stick when dealing with Putin. When Bush compliments Putin, he evokes only contempt in the Kremlin. President Ronald Reagan knew how important it was to speak the truth loudly and clearly. Vice President Cheney's speech in Vilnius, Lithuania, last May was a welcome departure, which enraged the Kremlin. It's the time for the White House to follow through.

The West persuaded Soviet leader Leonid Brezhnev to ratify the Helsinki conventions on human rights and free and fair elections in 1975. The Helsinki conventions played an important role in undermining the Soviet dictatorship. The United States should invoke them again as Russia approaches a new round of parliamentary and presidential elections, in which it now appears that every rule in the book is set to be violated.

Indeed, in Munich Putin saved his rudest abuse for the Organization for Security and Cooperation in Europe, which was founded on the Helsinki conventions and is the international organization for monitoring elections. Like Brezhnev, Putin accused the OSCE of "interfering in the internal affairs of other countries," but the Helsinki conventions made democracy an international concern. Putin and his cronies may not like that, but given the link between Russia's domestic policies and its foreign behavior, it's important for the West to insist.

Anders Aslund is a senior fellow at the Peterson Institute for International Economics. His book "How Capitalism Was Built" will be published by Cambridge University Press next fall.

The Good Old Days Of The Cold War (LAT)

By Paul Kennedy

The Los Angeles Times, February 18, 2007

Don't wax too nostalgic -- the world was once a much more dangerous place.

IT WAS FUNNY, in a grim sort of way. Last week, Secretary of Defense Robert M. Gates responded to Russian President Vladimir V. Putin's polemical attack on the United States by remembering the 50-year Cold War as a "less complex time" and saying he was "almost nostalgic" for its return.

Gates should know. He himself is the quintessential Cold Warrior, having served nearly 27 years in the Central Intelligence Agency (facing off against the likes of Putin, who was for 17 years an agent in the foreign intelligence branch of the Soviet KGB). So we should take him seriously when he suggests that the problems of 20 or 30 years ago were in some ways more manageable than our current global predicament.

Nor is he alone. There is a palpable sense of nostalgia these days for the familiar contours of that bygone conflict, which has been replaced by a much more murky, elusive and confusing age.

The argument goes as follows: The Cold War, although unpleasant, was inherently stable. It was a bipolar world — centered on Washington and Moscow — and, as UC Berkeley political scientist Kenneth Waltz argued, it was much more predictable than, say, the shifting, multipolar world of the 1910s or 1930s, decades that were followed by calamitous wars. Yes, it's true that the two sides possessed masses of nuclear weapons aimed at each other's biggest cities, but the reality is that they were constrained by a mutual balance of terror.

They had divided Europe and divided Asia, and no one, except in the Korean War, crossed those lines. Even that conflict confirmed the essential stasis. Of course, they carried out surrogate wars — in Asia, Africa and Central America, in Vietnam and Afghanistan — but they never came into direct conflict. Hot lines, summit conferences and SALT treaties kept things under control. Polish and Czech dissidents might get tossed into prison but, hey, that was not a cause for an international crisis. Those were indeed the good old days. East was East and West was West.

Today's world is far less stable and indeed much less favorable to the comfortable Western democracies. It is not just that we face an almost-impossible-to-manage "war on terrorism," with all of its capacities for asymmetrical damage to ourselves, our allies and everyone else, even as we swat the occasional terrorist group. It is not just that we are deeply mired in Iraq and Afghanistan and that the whole Middle East may totter because of the failure (one hopes not, but let's not blink) to win on the ground. It is not just that we haven't a clue how to deal with the present, disturbing Iranian regime. It is not just that we haven't the energy to block Venezuelan President Hugo Chavez from his arrogant anti-American policies across Latin America.

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It is not just that Putin is advertising his anger against the United States in speeches and continuing his manipulation of global oil and gas prices, his support of Iran, his intrusions into the Middle East. It is not just that the Chinese leadership is openly staking a new place in the world order, in its Africa diplomacy, its missile tests and its move into hitherto Western-dominated international institutions. And it is not just that a dozen or more fragile states, chiefly in Africa, are collapsing into chaos, while various other societies, chiefly in South America, are unraveling. It is the unnerving fact that all of this is happening at the same time, though at different speeds and different levels of intensity.

So is it true? Was the Cold War era, on the whole, a safer era? Ponder the following counterarguments:

First, however tricky our relationships with Putin's Russia and President Hu Jintao's China are nowadays, the prospect of our entering a massive and mutually cataclysmic conflict with either nation are vastly reduced.

We seem to have forgotten that our right-wing hawks argued passionately for "nuking" communist China during the Korean War and again during the Taiwan Straits crisis of 1954. We also have apparently forgotten — although newly released archival evidence overwhelmingly confirms this — how close we came to a nuclear Armageddon during the Cuban Missile Crisis.

Likewise, we've forgotten the shock of the Soviet invasion of Afghanistan in 1979, which prompted then-German Chancellor Helmut Schmidt to ask, "Is this the new Sarajevo?" a reference to the outbreak of World War I. And who still remembers 1984-85, when we were riveted by Jonathan Schell's argument in the New Yorker that even a few nuclear explosions would trigger such dust storms as to produce a "nuclear winter"?

Those were really scary times, and much more dangerous than our present circumstance because the potential damage that could be inflicted during an East-West conflagration was far, far greater than anything that Al Qaeda can do to us now. No one has the exact totals, but we probably had 20,000 missiles pointed at each other, often on high alert. And the threat of an accidental discharge was high.

None of today's college-age students were born in 1945, 1979 or maybe even 1984. None lived with those triangular signs proclaiming their schools to be nuclear bomb shelters.

To recapture those frightening atmospherics these days, university professors must resort to showing Cold War movies: "The Manchurian Candidate," "Fail Safe," "Dr. Strangelove," "The Hunt for Red October," "Five Days in May," "The Spy Who Came in from the Cold." Students look rather dumbfounded when told that we came close, on several occasions, to World War III.

Yet what if, for example, Josef Stalin had prevented American and British supply aircraft from flying into Berlin in 1948-49? Phew! The years 1945 to, say, 1990 were horrible on other accounts. China's Mao Tse-tung's ghastly Great Leap Forward led to as many as 30 million deaths, the greatest loss of life since the Black Death. The Soviet Union was incarcerating tens of thousands of its citizens in the gulags, as were most of the other members of the Warsaw Pact. The Indo-Pakistan wars, and the repeated conflicts between Israel and its neighbors, produced enormous casualties, but nothing like the numbers that were being slaughtered in Angola, Nigeria, the Congo, Vietnam and Cambodia. Most of the nations of the world were "un-free."

It is hard to explain to a younger generation that such delightful countries as Greece, Spain, Portugal, Chile, Brazil, South Africa, Poland and Czechoslovakia (to name only a few) were run in those days by fascist generals, avowed racists or one-party totalitarian regimes. I am ancient enough to remember the long list of countries I would not visit for summer holidays; old enough to recall how creepy it was to enter Walter Ulbricht's East German prison house of a state via Checkpoint Charlie in the late 1960s. Ugh.

Let us not, then, wax too nostalgic about the good old days of the Cold War. Today's global challenges, from Iraq to Darfur to climate change, are indeed grave and cry out for solutions.

But humankind as a whole is a lot more prosperous, a great deal more free and democratic and a considerable way further from nuclear obliteration than we were in Dwight Eisenhower and John F. Kennedy's time. We should drink to that.

Paul Kennedy Is A Professor Of History And The Director Of International Security Studies At Yale University.

Protesters Oppose Plan To Expand American Base In Northern Italy (NYT)

By Peter Kiefer

The New York Times, February 18, 2007

VICENZA, Italy, Feb. 17 — Tens of thousands of people converged Saturday on this small city in the Veneto region of northern Italy for a peaceful protest against the planned expansion of an American military base here.

The expansion would essentially double the base's size so it could house the full 173rd Airborne Brigade. The number of military personnel here would grow to about 4,500 from 2,750.

Residents of the area, saying they are concerned over the possibility of terrorist attacks, military traffic congestion and environmental damage, have staged a series of protests, and the widely publicized demonstration on Saturday was billed as a

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chance for Italians to express their anger over American foreign policy. Fears grew of a repeat of the violence that overtook antiglobalization protests in Genoa in 2001.

Italian authorities and law enforcement officials were on high alert, and the United States Embassy warned Americans to steer clear of Vicenza.

On Saturday, the airspace over Vicenza was temporarily closed, and most stores in its historic center were closed all day, some even boarded up. Several helicopters circled overhead, and 1,300 local and military police patrolled the streets, but the marchers, of all ages, made their way through the city peacefully.

Some marchers were at least as angry at their own government for failing to stop the expansion as they were at the United States.

“I don’t like that they are building a military base here and that it is not even my country that is building it,” said Andre Torlai, 21, a journalism student who arrived earlier in the day from Parma, his hometown. “There people here that don’t like America for a lot of reasons, but I am here more to protest against my own government.”

Last week, Prime Minister Romano Prodi infuriated members within his ruling coalition, especially Communists and radical leftists, when he decided not to reverse the plan set in motion by his predecessor, Silvio Berlusconi, to allow the expansion of the base. The center-right opposition seized on the dissent as a sign of its weakness.

“Today, Prodi has been given a vote of no confidence by his own majority,” Isabella Bertolini of the center-right opposition Forza Italia party told [a news organization]. “He should step down.”

Fueling the tensions in advance of the march, an Italian judge indicted 26 Americans on Friday, most of them C.I.A. officers, in connection with the 2003 kidnapping in Milan of a radical Egyptian cleric, Hassan Mustafa Osama Nasr, known as Abu Omar.

This month, an Italian court ordered an American soldier to stand trial in the death of Nicola Calipari, an Italian secret service agent killed by American soldiers in Iraq in 2005 while driving a kidnapped Italian journalist he had helped free to the airport.

Italians Protest U.S. Base Expansion (AP)

By Colleen Barry, Associated Press Writer

AP, February 18, 2007

Tens of thousands of people marched through the northeastern Italian city of Vicenza under heavy police guard on Saturday to protest a planned U.S. military base expansion.

Despite fears that violent demonstrators would be drawn to the protest, the march took place without incident, finishing outside the main train station where it started, as hundred of police officers stood guard and helicopters hovered overhead. The route did not pass the airfield where the expanded base is to be built, where critics keep a permanent picket.

"The government majority — whether they agree with the protest or, like me, do not — welcomes that the demonstration in Vicenza finished in an orderly fashion," said Premier Romano Prodi, who had urged protesters to be peaceful. "This must be stressed."

Police estimated the crowd at 50,000 to 80,000, while organizers put the numbers at 120,000.

"To build a military base is not the gesture of a peaceful government," said 24-year-old city resident Simone Pasin, draped in a rainbow peace flag. "I think it's time to dismantle military bases and put up structures of peace."

Trains and buses brought in leftist activists and anti-globalization protesters from across Italy to support residents concerned that the expansion would increase traffic and noise and air pollution, deplete local resources and raise the risk of terrorist attacks.

Prodi's government has approved the project, angering his far-left allies. The Communist and Green parties, members of the governing coalition, have backed the protest, though no one from the government showed up after Prodi banned ministers from attending.

Prodi has said his government had no reason to halt the expansion, which also has been approved by local authorities.

The Ederle base has about 2,900 active duty military personnel. The expansion at the Dal Molin airport, on the other side of town, would allow the U.S. military to move four battalions now based in Germany, raising the number to 5,000.

The move is part of the U.S. Army's overall transformation into a lighter, more mobile force — reducing its numbers in Europe from a Cold War high of 480,000 to 88,000 by 2012. Under the plans, elements of the U.S. 173rd Airborne Brigade, a rapid reaction unit now spread between Italy and Germany, would be united.

"I think it is a done deal. I don't think there is any turning back. This is what Prodi has said and what the local authorities have said," said David Bustamente, a spokesman at the U.S. Consulate in Milan. "This demonstration is about process."

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Construction is scheduled to begin later this year and to be completed by 2011 at a total cost of $576 million. Before construction begins, a task force run by Italians has been set up to hear community concerns and make adjustments to the plans where possible.

"We're trying to show sensitivity, because we know people are concerned," Bustamente said.

The 173d Airborne Brigade, Europe's quick response force, is scheduled to redeploy soon for Afghanistan.

Some in Italy's ruling coalition feared the demonstration might suggest anti-U.S. sentiment in the country, but despite the presence of some "Yankees Out!" T-shirts, the mood was more anti-military than anti-American.

"The problems is not that Americans are in Vicenza," said Pasin. "The problem is that there is a military base."

A group of Americans ignored a warning by the U.S. Embassy to avoid Vicenza and joined the protest behind a banner reading "Not in our name," cheered by passing Italians who shook their hands and snapped their photos.

"The U.S. should not build military bases, the U.S. should think of its domestic problems," said John Gilbert, an American living in Italy for the past 25 years who was in a group of about 20 Americans who had traveled from Rome and Florence.

Spain's Peace Process In Tatters After Basque Separatist Bombing (WP)

By John Ward Anderson, Washington Post Foreign Service

The Washington Post, February 18, 2007

SAN SEBASTIAN, Spain -- Call it prophetic or defeatist or just plain cynical. But when the Basque separatist group known as ETA shattered its so-called "permanent cease-fire" in December with a massive bombing at Madrid's airport that killed two people, former ETA leader and convicted killer Eduardo Uriarte was not surprised.

What had stunned him, he said, was that nine months earlier, Socialist Prime Minister JosÃ© Luis RodrÃ-guez Zapatero had bothered to reach out to ETA, which seemed close to final defeat after a nearly 40-year campaign of terror and assassinations that has left more than 800 people dead.

"ETA had almost disappeared, and the decision to have a dialogue with them brought ETA back to life," said Uriarte, 61, who spent eight years in prison for his part in the first ETA killing, in 1968. He was released in a general amnesty in 1977 and is now a peace activist.

"A government cannot give a terrorist group credibility and dignity like the Spanish government did," Uriarte said. "ETA is not looking for negotiation. They're looking for victory."

The Dec. 30 bombing at Madrid's Barajas airport, which leveled a five-story parking lot and killed two Ecuadoran immigrants, may not have surprised Uriarte, but it shocked Zapatero's government and many Spaniards who had dared to hope that peace talks with ETA, formally known as Basque Homeland and Liberty, would finally settle one of Europe's last and longest violent campaigns for independence.

Now, the peace process is in tatters, with no clear way forward. The bombing destroyed ETA's credibility, eroded confidence in Zapatero's government and emboldened the opposition Popular Party, which has adopted an increasingly strident tone against any compromise with Zapatero on his drive to resolve the issue.

"The problem is that the president of the government said first peace, then politics, telling ETA for the first time in 40 years that there was the possibility of paying a political price for peace," said Gustavo de Aristegui, the Popular Party's chief foreign policy spokesman in parliament. "In between, the government sent clear signals of appeasement" with Zapatero's "willingness to do almost anything" to win ETA's acquiescence at the peace table, he said.

Joseba Alvarez, a spokesman for the Batasuna organization, an outlawed political group that is considered ETA's political wing, said ETA had offered the March 2006 cease-fire to facilitate talks, but the government never followed through on compromises. Those included moving some of the 700 Basque prisoners scattered in prisons across Spain closer to their homes in the north, releasing sick prisoners and starting the process of legalizing Batasuna, he said.

Although Batasuna issued a statement expressing "profound sorrow" for the two deaths, the group did not condemn the bombing. "We will never condemn or criticize violence while there is no path to a political resolution" for an independent Basque state, Alvarez said.

"The bomb attack in December could have been averted if the Spanish government had done what it agreed to," Alvarez said. "On Aug. 18, ETA publicly said the path [to peace] was being blocked, and if there was no new movement, something could happen."

Many Spaniards say ETA's warnings smacked of extortion and indicated that ETA never intended to compromise on its drive for full independence from Spain. Polls show that a majority of the Basque country's 2.1 million residents are satisfied with the wide-ranging autonomy they already enjoy, but Batasuna has about 120,000 supporters, based on election support for its sympathizers -- a small but significant core that fuels ETA's violence, analysts said.

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Mikel Buesa, head of Foro de Ermua, a group that opposes Basque nationalism, said that between the March cease-fire announcement and the December bombing, ETA continued to steal weapons and explosives and wage a concerted campaign of street violence. ETA will never lay down arms in favor of political dialogue, he said.

"ETA's capacity to negotiate depends on its capacity to commit violent acts," said Buesa, whose brother Fernando was killed in an ETA car bombing in February 2000 after the group had declared, then abandoned an earlier cease-fire agreement.

For his part, Zapatero acknowledged in a speech before Congress that his optimism about the peace process was a "clear mistake."

A former high-ranking official in the Interior Ministry, who would discuss domestic terrorism only on condition of anonymity, said that many top Interior officials opposed Zapatero's peace dialogue with ETA because the group was on the verge of being eradicated. A fundamental flaw in the process, he said, was that ETA never renounced violence, nor did it discontinue it, even after announcing the cease-fire.

"None of our reports provided support for the what the president wanted to do," he said. "We found leading counterterrorism offices around Spain saying ETA would be dead by spring, the group was so weak, and Batasuna was not able to mobilize anything" in the way of public support.

But even as reports of robberies, trafficking in explosives and experimental bombings poured in, Zapatero "was empowering the group and creating expectations" for compromise that he could not fulfill because of Popular Party opposition, which "proved to be a fatal article of the process."

Diego Lopez Garrido, a Socialist party spokesman in Congress, said the government had every reason to believe it was following a legitimate and promising peace negotiation that had deep public backing.

"It was logical to think that ETA was prepared to abandon weapons and violence," he said, noting that in addition to ETA's cease-fire declaration, the group had not killed anyone since May 2003. But after the December bombing, "We had a new fact. After that, the government said that's the end of dialogue and the peace process."

The bombing "not only destroyed the peace process, it destroyed any credibility ETA had," said Miren Azkarate, spokeswoman for the Basque regional government, which had led a broad political dialogue with Basque groups including Batasuna, in parallel with the federal government's talks.

"Now we all agree that the only way for ETA to recover this credibility is not by declaring another permanent cease-fire, but going for decommission of its arms, usually the last step taken by a terrorist organization, or otherwise there can be no trust and no possibility to sit with ETA again," she said.

Alvarez, the Batasuna spokesman, said without ETA there would be no peace process and any decommission of arms would come "when the process reaches the end."

In a Jan. 9 statement asserting responsibility for the blast, ETA said it considered the March 2006 cease-fire still active, although it reserved the right to "respond" again if the government continued attacks against the group.

While President Bush and others "try to make-believe that all violence is terrorism and there's only one kind of terror, here everyone understand that's not so," Alvarez said. "In Basque society, the majority were never in favor of an armed struggle, but they obviously distinguish between al-Qaeda and ETA attacks. What fuels ETA is society itself."

Expanding Power Puts Family Of Venezuelan President Under Increasing Scrutiny (NYT)

By Simon Romero

The New York Times, February 18, 2007

SABANETA, Venezuela, Feb. 13 — At the entrance to this dusty town where Hugo Chávez was born in 1954, a billboard welcomes visitors with a gleaming image of Mr. Chávez, the president, and the words, “Cradle of the Revolution.”

Other billboards and posters throughout Sabaneta show Mr. Chávez embracing his younger brother Aníbal, Sabaneta’s mayor, and his father, Hugo de los Reyes Chávez, the governor of Barinas, the surrounding state. Such reminders of the power amassed by Mr. Chávez’s family have been ubiquitous here since he ascended to the presidency eight years ago.

From a humble start in a dirt-floored adobe home that was bulldozed to make way for a hamburger stand, the family’s widening political clout has been increasingly scrutinized as critics call attention to abuses of power and corruption charges throughout the institutions now controlled by Mr. Chávez, including the National Assembly, the Supreme Court and the federal bureaucracy. Revelations of corruption under his family’s watch in Barinas and accusations of nepotism have dogged Mr. Chávez even as he makes combating such irregularities one of the priorities of his government.

“We call them the royal family of Barinas,” said Antonio Bastidas, 46, an opposition politician in Barinas who grew up playing baseball and catching catfish with Mr. Chávez and his brothers. “They started out with nothing and now call themselves revolutionaries, though they are revolutionaries with all the best trappings of power.”

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Mr. Bastidas and others in the political opposition in Barinas have filed numerous complaints of corruption and mismanagement against the administration of Mr. Chávez's father, a retired primary-school teacher universally known in Barinas as "maestro," or professor. Many of the accusations have languished in Venezuela's byzantine bureaucracy, while Mr. Chávez's family and its supporters in Barinas have repeatedly won strong victories in elections.

"I'm here because the people put me here," Mayor Aníbal Chávez, 50, said in an interview at his office, seated under portraits of the president, the Caracas-born liberation hero Simón Bolívar and Jesus. "We are recuperating our love of the fatherland, contrary to the policy of the empire, which is to enslave us," he said, referring to the United States.

"Sabaneta is booming," he said, listing state-financed projects here like asphalt and tomato-processing plants and a huge sugarcane-growing venture carried out with the assistance of dozens of advisers flown in from Cuba. "I'm a dreamer, but I believe we are transforming this municipality into something greater."

One effort intended to lift Sabaneta from obscurity, the Venezuelan-Cuban sugarcane project, has been particularly embarrassing for President Chávez. He became enraged last year after investigators uncovered a $1.5 million embezzlement scheme at the sugar-processing complex, which is named in honor of Ezequiel Zamora, a general who fought in one of Venezuela's bloody 19th-century internal wars.

Investigators have not implicated any of Mr. Chávez's five brothers or his father in the scandal, though it unfolded shortly after Aníbal was elected mayor and seven years into the administration of his father, who has fended off corruption accusations almost since his first election victory in 1998.

"May God forgive me for what I'm about to say, but in cases like this, I swear to you, if I could order someone to be executed, I would order him executed," President Chávez said last year when the scandal surfaced.

Mr. Chávez, who is twice divorced, vigilantly guards the privacy of his children and former wives. A court fined an opposition newspaper, Tal Cual, and an editorial writer this week for publishing an editorial imagining a dialogue about political subjects between Mr. Chávez and his youngest daughter, Rosinés. But his father and siblings, all public figures in Barinas, have been open to scrutiny.

The family boasts not only a mayor and a governor, but also the secretary of state for Barinas, a post created for the president's brother Argenis, who carries out many day-to-day functions at the governor's palace. Another brother, Adelis, is a senior banker at Banco Sofitasa, which does brisk business with the state government. Adelis also supervises the government's construction of a new soccer stadium in Barinas.

His brother Narciso, an English teacher who lived in Ohio for several years, was accused of influence peddling in the state government after he ran unsuccessfully for mayor of Bolívar, a municipality near Sabaneta. He was later placed in important posts at Venezuela's embassies in Canada and Cuba, where he was put in charge of overseeing the various bilateral agreements reached between Fidel Castro and Mr. Chávez.

Adán, the eldest brother of Mr. Chávez, who was the second-born son, is perhaps the most influential of the president's brothers, serving as ambassador to Cuba, private secretary to the president and, most recently, minister of education.

Adán, the president and Aníbal, the three oldest sons, are in their 50s; the younger sons are in their 40s.

Residents of Barinas, a state of cattle ranches, palm trees and pickup trucks that resembles stretches of South Texas, are treated almost monthly to tales of largess within Mr. Chávez's family, some substantiated, and some not.

They point to the frequent trips to Cuba of their governor, Hugo de los Reyes Chávez, for medical treatment, a luxury out of reach for many Venezuelans. Through a spokesman, the governor declined repeated requests for an interview.

The governor, who is in his 70s, has long been a fixture in state politics in Barinas, where for decades he was a loyal organizer for Copei, a conservative political party. From his schoolteacher origins, he rose to become director of education programs for Barinas during the early 1980s. Now he travels throughout Barinas in a caravan of sport-utility vehicles led by a police escort, a rarity in provincial Venezuela.

Opposition politicians here say that Mr. Chávez's mother, Elena, who also started as a teacher, exemplifies the family's rise to the nouveau riche class. She now appears in newspaper photographs carrying her poodle, Coqui, and dressed in designer outfits and gold jewelry. Her plastic surgeon, Bruno Pacillo, went to the National Assembly in 2004 to complain that he was barred from an elite Caracas social club, presumably because of his connection to Mr. Chávez's family.

Some claims that the family lives large off the state seem surreal. For instance, the newspaper La Razón published a column last month saying that Argenis, the secretary of state, had come into possession of a gray bulletproof Hummer, one of several such vehicles that can be seen roaming the streets of Sabaneta, the state capital, these days.

The column said that the president, during a visit over the Christmas holiday to the family's ranch in Barinas, tried teaching Argenis a lesson in revolutionary values by ramming the vehicle with a tractor. An official in the Barinas state government who was with the Chávez family over the holidays said the entire story was "a lie."

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The family ranch near Sabaneta, called La Chavera, has been a frequent source of scrutiny for the political opposition, which contends that the family's landholdings there and elsewhere in Barinas have grown from a small area to more than 7,000 acres in the past eight years, according to "Hugo Chávez Without His Uniform," a biography of the president by Cristina Marcano and Alberto Barrera Tyszka.

The governor, who has a salary of about $2,000 a month, has emphatically denied any misappropriation of funds during his administration. Investigations of corruption allegations in the state Legislature were suspended after the president's supporters won all of the seats in the most recent election. The governor appears to be tiring of the persistent criticism of his administration in the local news media.

"Prepare yourselves," the governor warned his critics in the media and the political opposition in December after his son won a re-election bid for president by a wide margin, "for what is coming is going to be ugly."

While a vocal opposition to the president and his family persists, it is clear that many people in his hometown still adore him.

"Hugo was always a serious type of guy, but I never imagined he'd go so far," said Miguel Torres González, 55, a rancher and board member of the state sugar complex in Sabaneta who grew up with Mr. Chávez and his brothers.

"He always expressed his political philosophy as if he were writing poetry," said Mr. Torres, pointing to an flowery inscription in a book given to him by Mr. Chávez in 1986 about Maisanta, a rebel in Venezuela's backlands whom the president says was his great-grandfather. "We are extremely proud of him."

Similarly, Pilar Becerra, 50, the owner of a store selling sewing supplies near the spot where Mr. Chávez was born, rejected claims that his family had grown too powerful, pointing to the example set by the president of donating part of his salary to a scholarship fund for poor students.

His supporters here, along with Aníbal, questioned Mr. Chávez's refusal to allow a museum to be built in his honor on the trash-strewn lot where the family's adobe house once stood.

"The love of the people for my brother is so strong," Aníbal said over cups of the sweet coffee that is a staple of almost any visit here. "We'd like to honor him with this project, but he still doesn't want it."

Argentina's First Lady May Have Eye On Husband's Job (LAT)

By Patrick J. McDonnell

The Los Angeles Times, February 18, 2007

BUENOS AIRES — She is a senator and the chief advisor to her husband, who is no less than the president of Argentina. Some call her the real power in the presidential palace.

She is certainly more stylish than he is, sporting a Jackie Kennedy-like designer collection and a shoe closet rivaling that of Imelda Marcos.

And the heated rumor mill here suggests she wants his job.

"This is the century of the woman," Sen. Cristina Fernandez de Kirchner, Argentina's first lady, commented in a much-celebrated encounter in Paris this month with Segolene Royal, the French Socialist vying to become France's first female president.

The first lady's French soiree has ignited a sizzling new round of speculation about Fernandez's long-presumed presidential aspirations.

The "new Evita" label appears destined to stick, even if comparisons seem to be a stretch in the case of this lawyer from a middle-class background and the up-from-the-streets Eva Peron, who died seven months before Fernandez was born. Both are first ladies and both nominally "Peronists," though what Argentina's dominant political movement even means today is a matter of debate.

Her husband, President Nestor Kirchner, has not officially decided whether to seek reelection this fall. He has played it coy, saying his party's candidate would be a male or female pinguino — a reference to the chilly Patagonian expanses, and penguin habitat, where the couple launched their political careers.

"This isn't the time to talk about the candidacy," Kirchner said recently, even though the election is less than nine months away and at least three opposition candidates, including Kirchner's former economy minister, Roberto Lavagna, have declared their intentions.

Kirchner, known for his left-wing, tough-guy talk, has been variously reported to be ailing or tiring of the nation's top job, and perhaps eager to yield to his strong-willed wife and avoid the pitfalls of a second term.

He would step down in good standing — Kirchner is widely credited with guiding Argentina's steady recovery from the economic collapse of 2001-02 — and perhaps even be in a position to run again in 2011. Some foresee a scenario in which he and his wife, who turns 54 on Monday, could alternate in power for the next 12 years, or at least try to.

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"He would be the first president to leave office with a positive image since the return of democracy" in 1983, noted Carlos Fara, a political analyst here. "If the electoral calculus doesn't change drastically, there is a great probability that Cristina will be the candidate."

Comparisons have arisen to another power couple who met in law school and burst from the boondocks to national prominence: Bill and Hillary Clinton.

Fernandez, dubbed Reina (Queen) Cristina in a recent, fawning biography, is known to admire Sen. Hillary Rodham Clinton. But the parallel may be unfair to Fernandez, who enjoyed a reputation as an outspoken lawmaker in the capital for years while her husband, the former governor of southern Santa Cruz province, was a virtual unknown here.

'Awful candidate'

In Congress, Fernandez's televised lectures against corruption and other perceived shortcomings earned her a mixed reputation: maverick lawmaker to her supporters, publicity-grabbing harridan to her detractors.

"She comes off as very strident and bossy," said James Neilson, columnist for the Noticias newsweekly, citing traits often attributed to her husband as well. "She'd be an awful candidate."

Early polling indicates she would garner 10 fewer percentage points in a general presidential election than her husband, probably ensuring a runoff against an opposition contender — a dicey proposition.

Others dispute Fernandez's supposed electoral vulnerability, noting her sweeping defeat of a rival Peronist to win a Senate seat from Buenos Aires province in 2005.

Her admirers portray Fernandez — with her flowing hair, infectious smile and rousing speaking style, complete with Evita cadences — as something special: a magnetic force ready to scale the final ramparts of macho governance here.

Fernandez would bring style to the job, her advocates say. "Cristina will win by 30 points," Kirchner's interior minister, Anibal Fernandez, gushed to the daily Clarin newspaper.

She will decide

Well, will she or won't she? She's not saying, but she is making one thing clear: She will make the call, not her husband. (Though no one really believes this.) "I decide about myself," she told reporters in Paris.

Fernandez was ostensibly in the City of Light to represent Argentina at the signing of a new international treaty banning the sinister "disappearances" that plagued her homeland under the 1976-83 military dictatorship. Critics assailed the Paris trip as a campaign junket and a cynical device to burnish Fernandez's thin international credentials at the taxpayers' expense.

But the first lady, who, like her husband, has a prickly relationship with the media, didn't take kindly to suggestions that her Parisian sojourn was a campaign jaunt. She compared her presence to Eleanor Roosevelt's trip to Paris in 1948 to push for U.N. passage of the Universal Declaration of Human Rights, an initiative regarded as a landmark document.

"That I am here is important to Argentina because I take the opportunity to speak with people of the first level and explain to them what is happening in Argentina," she told Argentine reporters at her Paris hotel.

"There is something narcissistic in looking oneself in the mirror and saying: 'I want to be president,' " Fernandez said in a 2005 interview with the Spanish daily El Pais. "I would prefer to look at myself in the mirror and say … 'I am part of a project that once wanted to change the world and now has more humble aims — to take part in the change in my country.' "

Political handicappers here are waging that humility will take a back seat and Argentina's first lady will soon go for the big prize.

Ground Shifting Under U.S. Isolation Of Cuba (LAT)

By Carol J. Williams

The Los Angeles Times, February 18, 2007

MIAMI — Opposition to restrictive U.S. policies on Cuba has been mounting for more than a decade, but it may have reached critical mass with recent power shifts in Havana and Washington.

With Democrats in control of Congress and 80-year-old Fidel Castro having transferred power to his brother Raul while he recovers from a grave illness, a course change may be ahead.

Polls suggest most Americans want better relations with the island. Farm and energy interests would like to trade and invest in Cuba. A raft of legislation to change trade and travel restrictions has been introduced in Congress this session. Even many who have fled Cuba say it's time to end the standoff.

"The majority of the Cuban community in Miami supports the betterment of relations with Cuba, especially with regard to ending travel restrictions," said Andres Gomez, a Miami free-speech activist. "There is a will to be able to help relatives, even if we oppose certain aspects of life on the island."

The committee aims to mobilize the hundreds of thousands of Cubans who have arrived since 1980 and who reject the isolation strategy adopted by exiles who fled after the 1959 revolution that brought Fidel Castro to power.

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Antonio Zamora, a Bay of Pigs veteran who has parted ways with anti-Castro militants, has formed a group that is pursuing normalized relations. "That we are not engaging with Cuba is very damaging to our future and to the possible influence we can have in Cuba," Zamora said.

Raul Castro has said Cuba would be open to talks on improving relations, but the White House has spurned the offers.

"It's an ongoing missed opportunity," says Glenn Baker, Cuba policy director at the World Security Institute think tank in Washington. "If they're available for dialogue, getting together and talking, even if they talk past each other for some of that time, I still think it's a useful exercise."

President Bush would probably veto any measure to engage with Cuba, but lawmakers and lobbyists believe there is sufficient support to override a veto or attach policy changes to legislation Bush must sign.

"Congress is energized. I think the various constituent groups are energized," said Kirby Jones, a consultant on trade and business with Cuba. Farmers want to sell more produce, oil companies want to explore Cuba's gulf deposits, and the travel industry anticipates a million U.S. visitors to Cuba the first year it is legal.

"What has changed is that we are in the majority — and by 'we,' it's important to underscore that it's not Democrats or Republicans or liberals or conservatives, but 'we' meaning those who would like to see a change in policy," Jones said, noting that much of the legislation proposed since Congress convened last month enjoyed bipartisan support and could sidestep a veto.

The Cuba Reconciliation Act sponsored by Rep. Jose E. Serrano (D-N.Y.) proposes to lift the 45-year-old trade embargo. Rep. Bill Delahunt (D-Mass.) has submitted a bill to rescind restrictions on Cuban Americans' visits to family on the island, now limited to once every three years.

Also on the table are moves to allow any U.S. citizen to travel to Cuba, to remove tight limits on money and goods Cuban Americans can send to their families, and to ease the payment process for agricultural sales to Cuba.

The barrier most likely to fall first, say Cuba-watchers, is the limit on visits to parents, siblings and children. "It's a policy that's reduced American influence on the island to almost nothing as dramatic changes are occurring," Delahunt said.

"The crazies in Miami overplayed their hand when they put in that once-every-three-years restriction. Nobody supports that," said Albert Fox, a Tampa businessman who heads the Alliance for Responsible Cuba Policy.

Though few see even the slightest flinch in the administration's posture, Fox says Cuba policy has "dropped down a few notches" in importance to a White House beset with bigger foreign policy headaches. He predicts the U.S. Treasury Department, which licenses travel to Cuba, will begin approving more applications.

Recent actions, though, confirm a status quo. The Treasury Department's Office of Foreign Assets Control denied permission for a U.S. cycling team to compete in Cuba this month. It refused to license a humanitarian and educational mission planned for June. The State Department recently nixed visas for Cuban academics to take part in a University of Connecticut symposium on the post-Soviet era.

The Miami Herald editorial page, long a voice for militant anti-Castro exiles, published an editorial that stated: "The U.S. government is blowing its best chance to encourage a peaceful transition in Cuba by holding fast to counterproductive restrictions on travel to the island."

Rep. Jeff Flake (R-Ariz.) is working to get the travel ban lifted. He says that more contact between Cubans and Americans will erode misconceptions about U.S. life that the communist regime has fostered.

U.S. citizens apparently want change too. In a recent Associated Press-Ipsos survey, 62% wanted diplomatic relations restored with Cuba; 40% said they would like to vacation there. A December Gallup poll found similar sentiments.

Opportunities to get into Cuba's booming tourism and natural resource markets are also driving the push for change. A bill exempting U.S. oil exploration in Cuba from the embargo was submitted last year by Sen. Larry E. Craig (R-Idaho), and is expected to be brought before the new Congress. The measure has bipartisan support and the backing of the oil lobby.

A bill submitted by Rep. Jerry Moran (R-Kan.) aims to ease the payment regimen for agricultural sales to Cuba, which have been legal since 2000, but have been stifled by bureaucracy. USA Rice Federation spokesman David Coia says there is potential for U.S. rice producers to triple last year's $40 million in sales to Cuba if trade and travel barriers are lifted.

Daniel P. Erikson, Caribbean analyst for the Inter-American Dialogue think tank in Washington, says the exiles and the White House are digging in because the scenario they planned for hasn't happened. "The administration has spent all its time planning for the collapse of communism. There's no Plan B," he said.

The five Cuban American members of Congress steering U.S. policy on Cuba do not see a need to shift tactics. "The Castro brothers have done nothing to merit better treatment by the generous spirit of the American people," said Rep. Ileana Ros-Lehtinen (R-Fla.).

The State Department's Cuba transition coordinator, Caleb McCarry, adds: "This is the time to maintain our policy and to continue to press for genuine changes in Cuba."

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Suicide Bomber Kills Judge And 14 Others In Pakistani Courtroom (NYT)

By Carlotta Gall

The New York Times, February 18, 2007

KARACHI, Pakistan, Feb. 17 — In the sixth suicide bombing in a month, a man blew himself up in a small district courtroom in the border town of Quetta on Saturday, killing 15 people, including a senior judge, and wounding 35, officials said.

No group claimed responsibility, but the chief elected official of the province connected it to the string of suicide attacks that have now killed some 40 people and put security forces on alert across the country.

The Quetta blast could be linked to earlier suicide attacks in Islamabad and Peshawar, said Jam Mohammad Yousaf, the chief minister of Baluchistan Province.

Baluchistan has often been the scene of bombings, linked to Sunni and Shiite sectarian groups and, to a lesser extent, Baluch nationalists who are fighting an insurgency against the government. But Mr. Yousaf said local groups lacked the expertise for suicide bombing.

The recent string of bombings began after the military carried out an airstrike against suspected militants in the tribal area of South Waziristan on Jan. 16.

A militant leader, Baitullah Mehsud, vowed to use suicide bombers to take revenge. Pakistani officials have not directly implicated Mr. Mehsud in the bombings while the investigations are under way, and he has denied any involvement, saying that his threat was an emotional outburst.

Mr. Mehsud is believed to have trained suicide bombers and sent them into Afghanistan, where there were 127 suicide attacks last year.

Militants based in the tribal areas, who are sympathetic to the Afghan Taliban and Al Qaeda, are widely believed to be behind suicide bombings in Afghanistan, and have in the past been implicated in the more rare attacks in Pakistan.

Pakistan's president, Gen. Pervez Musharraf, Prime Minister Shaukat Aziz and an Army Corps commander have all come under attack in the last few years, as have foreign targets like the United States Consulate in Karachi and a busload of French engineers.

Officials say the attacks are prompted by Pakistan's pro-American policy since Sept. 11, 2001. Recent attacks have focused on softer targets, with bombers often on foot and often killing civilians.

The trend is a shock for Pakistan and a stark warning for the government, which has largely ignored Afghan pleas to go after militants in the tribal areas.

The target the bomber chose in Quetta was a small district court in the center of the city, where there was little security. The bomber pushed his way in at the court's busiest time, about 11 a.m., saying that he was due at a hearing. He blew himself up at the door of the first room he came to.

Judge Abdul Waheed Durrani, who was hearing a case involving a property dispute, was killed, along with six lawyers and relatives of the defendants. Bodies and debris littered the room afterward, and shrapnel scarred the walls.

Prime Minister Aziz condemned the attack. "That is why we are against terrorism, because it kills innocent lives," he told journalists during a visit to Peshawar. "It is against our religion and against humanity."

A suicide attack in Peshawar, the capital of the North-West Frontier Province, which also shares a border with Afghanistan, killed 15 people on Jan. 27. A day earlier, a bomber at a hotel in Islamabad killed a guard.

Another bomber killed a policeman in the town of Dera Ismail Khan on Jan. 29. And a car bomber killed two soldiers in the town of Tank, near the tribal areas this month.

Blast In Courtroom Kills 15 In Pakistan (WP/AP)

By Abdul Sattar, Associated Press

The Washington Post, February 18, 2007

QUETTA, Pakistan, Feb. 17 -- A suicide bomber attacked a courthouse in western Pakistan on Saturday, killing 15 people in the deadliest in a series of attacks that have struck the country in recent weeks.

Many Pakistanis suspect that pro-Taliban fighters are targeting sensitive sites to undermine the country's support of the United States, and an official in the region where Saturday's attack took place hinted at Afghan involvement.

The explosion wounded 24 people and left bloodied clothes and body parts scattered next to wrecked furniture and shattered glass in Quetta District Court. Police tightened security nationwide.

"Afghans have been involved in previous such attacks here. I cannot rule out their involvement in today's attack, but we don't have any evidence to prove it," Jam Mohammed Yousaf, the top elected official in Baluchistan province, told reporters in Quetta.

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Relations between the neighboring countries have soured over Afghan allegations that Pakistan is supporting the Taliban, which has escalated its insurgency in Afghanistan over the past year. Pakistan denies aiding the insurgency but acknowledges that some members of the Taliban may operate from its soil.

Increasingly, Pakistan has also become a battleground. About 10 bombings have been reported in the past month, most of them in the tribal northwest. The capital, Islamabad, has been targeted in suicide attacks at its international airport and the Marriott Hotel.

Saturday's blast in Quetta was by far the deadliest.

The suicide bomber "entered the courtroom on foot, and he immediately exploded himself," Yousaf said.

The blast killed Judge Abdul Wahid, five lawyers and some relatives of prisoners who were on trial, Yousaf said. He was unable to give details about the prisoners' identities or the cases being heard.

Shortly after the attack, a crowd angered by the lapse in security gathered outside the court complex and chanted anti-government slogans. Hundreds of people later crowded a government hospital where the dead and wounded were taken to find out the fate of relatives.

The Quetta attack came a day after police near Islamabad and the southern city of Karachi said that they had arrested five people who were allegedly planning suicide attacks on foreigners and minority Shiite Muslims. Also, police in the southern city of Sukkur said Saturday that they had arrested three people who were planning suicide attacks at upcoming Shiite gatherings.

Cashing In On Communism (WP)

By Maureen Fan

The Washington Post Magazine, February 18, 2007

In the land of Mao, getting rich is finally glorious. It's also complicated.

A COUPLE OF YEARS AGO, SHI XIAOYAN SOLD 17 OF HER 20 CARS. That left her with just the Porsches -- a Boxster and the 911 Turbo -- in the garage downstairs. Shi, who also goes by Celia, is the founder and chief executive of Illinois, the Beijing-based home furniture chain, and No. 21 on a list of the richest women in China, with a reported total wealth, along with her husband, Ye Mingqin, of $125 million. These days, she drives a $38,000 convertible Mini Cooper.

"I drive an economic car -- saves gas," she explains. "You know, you have to save something for your next generation; you shouldn't spend everything."

The next generation, of course, includes Shi's son Jason, 11. Three years ago, for his eighth birthday, Jason got a Subaru Impreza, which he had customized and regularly drives at his father's racetrack.

That kind of conspicuous consumption might not be quite so conspicuous in Beverly Hills or even Great Falls. But this is China, where, until fairly recently, being rich was not only rare but virtually criminal.

After the 1949 Communist revolution, private wealth became a huge social liability. Much of it was confiscated by officials or voluntarily handed over by owners who feared persecution otherwise. Villas and large homes were seized and transformed in the interests of the state: housing for municipal workers, medical schools, government offices and the like.

Treasures in the form of antique paintings, calligraphy, Ming and Ching dynasty vases and jade sculptures were burned or smashed, often by their owners. With the Great Leap Forward and various other anti-capitalist campaigns in the late 1950s, Red Guards came and took whatever trappings of wealth remained.

If, at the beginning, Communist officials were close to the people -- farmers and peasants who were reacting to the corruption of the overthrown Kuomintang government -- eventually, they became enamored of and kept many of the confiscated goodies. Jiang Qing, leader Mao Zedong's wife, was notoriously extravagant -- reportedly having her swimming pool filled with mineral water, riding horses in parks closed to the public and watching foreign movies -- all while urging her countrymen to embrace poverty. After the Cultural Revolution (1966 to 1976), many people petitioned the government to get their possessions back: A few things were reportedly returned, but not many.

Well-known Communist slogans at the time included: "The poorer you are, the more glorious you get" and "To cut off the tail of capitalism." Free enterprise became so thoroughly reviled that even peasants selling fresh eggs were criticized as capitalists. During the Cultural Revolution, capitalists and rich landlords joined "rightists" and other "bad elements" as targets of persecution. People who spoke English or had Western training or education were fired, denounced or paraded through the streets.

Essentially, the rhetoric for three decades made it seem to be a crime to get rich.

China's "opening and reform" period began in 1978, thanks to Deng Xiaoping, the pragmatic son of a well-off landowner. After Mao's death in 1976, which ended the brutality and chaos of the Cultural Revolution, Deng marshaled reform-minded colleagues to restructure China's shattered economic system. Though Deng continued to elevate socialism over capitalism, he believed in market forces and pushed for stronger economic ties with the outside world. In 1979, he allowed parts of the southern

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province of Guangzhou to become a special economic zone -- Western-style management of business was permitted, and foreigners were encouraged to invest in and run factories there. He also visited the United States that year, which bolstered his desire to modernize China by turning from heavy to light industry and acquiring more technology.

The earliest Communist-era entrepreneurs, from about 1978 to the mid-1980s, were mostly people on the margins of society, members of the lower classes and sometimes criminals, people who knew little about the market but had nothing to lose by risking denunciation or the scorn of their neighbors, not to mention what little money they had. They often had to smuggle everything in -- from clothing to radios to watches -- just to build an inventory. But after making money was sanctioned by the government, many of the people who decided to xia hai, or jump into the commercial sea, and start their own businesses were either government officials or people with close connections to officials.

Any early belief that increasingly free enterprise would lead to political liberalization was crushed in the 1989 massacre of pro-democracy demonstrators by government troops in Tiananmen Square. Many entrepreneurs joined the students, calling not just for democracy but also for an end to government corruption. Much, but not all, business came to a standstill, until 1992 when Deng took a now-famous tour of the south, a trip that generated hundreds of newspaper articles and at least 20 books. Though 88 and already ailing, and with many of his pronouncements issued by a daughter, Deng promoted a package of economic reforms. He thought fair competition would stimulate business and allow some people to get rich, which would slowly spur others to follow suit. On his southern tour, he repeated a phrase he first used in October 1985 when meeting with a U.S. business group in Beijing: "Rang Yi Bu Fen Ren Xian Fu Qi Lai" (Let Some People Get Rich First). This call for economic exemplars was erroneously translated by Western media into the much more black-and-white "To Get Rich is Glorious," which became a catchphrase in the West for another burst of entrepreneurial activity in China. Though Deng continued to praise socialism, his push for economic reform became enshrined in the constitution and in Communist Party literature.

Since then, the booming Chinese economy has been one of the biggest stories in the world. Wealth and conspicuous consumption are climbing in a country where the average per-capita income has only just jumped to $145 a month (in Beijing, it's $209 a month). On the mainland, about 175 million, or 13.5 percent, of consumers have become what many Chinese scholars consider to be middle class, earning as much as $30,000 a year, the China Association of Branding Strategy reported recently. These consumers have managed to accumulate significant savings, yet often spend an entire month's salary on a single luxury item: a wallet, a watch or jewelry.

That group is expected to grow within 10 years to nearly 260 million, or 20 percent of the population, said Lu Xueyi, a Chinese Academy of Social Sciences professor. By then, China could be the world's biggest luxury market, analysts predict.

Another 320,000 to 500,000 people report enough income -- about $60,000 a year -- to put them into an upper-middle class. And because most Chinese do not disclose their exact wealth, experts say there are likely to be many more. Many of these Chinese live in gated communities. They pay $385 covers to entertain clients at karaoke clubs such as Shanghai's L.A. Disco. They spend $3,650 to mingle on a yacht at a "diamond bachelor" matchmaking party.

A far smaller, but more visible, group are the super rich. No. 1 on the 2006 Forbes China Rich List is 37-year-old Huang Guangyu, worth $2.3 billion and the owner of a chain of discount electronics stores. Of the top 40 on the list, more than a quarter are younger than 40. Their combined net worth was $38 billion, up 46 percent from $26 billion in 2005. There seems to be no real cutoff, but the minimum asset levels used by a rival rich list, Rupert Hoogewerf's Hurun Report, are telling. In 1999, people on his list had at least 50 million RMB (about $6.4 million) but this year, the lower cutoff had soared 1,600 percent, to 800 million RMB (about $100 million).

Recently, President Hu Jintao has responded to the growing gap between rich and poor by demanding that more attention be paid to a "harmonious society." Authorities have imposed luxury taxes on boats, golf clubs and diamond watches. But this has only encouraged the wealthy to fly to Hong Kong and buy such items there, where the luxury tax is lower. When not shopping, many mainlanders visit a famous 24-karat gold toilet and $3.5 million bathroom, owned by a local jeweler and displayed in a tourist exhibition hall.

The urge to flaunt economic success competes with the desire to keep a low profile. While many Chinese are flattered by the prestige of landing on various "rich lists," they also fear the publicity and the extra scrutiny from tax collectors, who seem to follow no known assessment standards.

Even so, wealth is beginning to bring other privileges. In Jiangsu province, just north of Shanghai, authorities announced last year that "large taxpayer" entrepreneurs who pay the government more than $375,000 a year get to help decide whether an official is dismissed or promoted.

Elsewhere, wealthy entrepreneurs have joined rural peasants, ethnic minorities and parents who were only children in exemption from mandatory one-child-only laws. In some cases, the children of wealthy entrepreneurs are given more points on their senior high school exams.

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The rich are envied and resented -- and valued by the government. In the early days of "opening and reform," top officials had hoped that the rich would serve as a model to the poor, inspiring and encouraging them. But with high-profile corruption cases each year, leaders are increasingly worried about being caught in a scandal. They are encouraging "clean wealth" through television programs such as "Win in China," the new reality show based on "The Apprentice," even though corruption and the pursuit of money seem to be rife at every level of society.

In theory, a rising entrepreneurial class, which would mostly benefit from clean government and transparency, could act as a force for reform. But it is hard for those who have attained success to push back against official corruption, since many entrepreneurs broke the rules to get rich in the first place. It is what Chan Kin Man, a sociology professor at the Chinese University of Hong Kong who has studied the emerging upper class, calls "original sin." Some bribed bank officials to obtain loans. In other cases, their "original sin" is more serious -- a developer who plotted with officials to take the homes of poor residents, for example, or a food and grain company chief who cheats customers with poor-quality feed to get his business started.

"They feel insecure because of this original sin," Chan says. "They want to draw a line, pardon all the errors committed in the past. They understand it's too costly to ask for any political change."

It is difficult to separate wealth from power in China. A recent report in the Hong Kong-based Sing Tao Daily said research from China's State Council, the Chinese Academy of Social Sciences and the research office of the Central Party School showed that 90 percent of China's RMB billionaires (people with more than $128.2 million) are the children of senior officials. The rich get nowhere without official connections -- a commodity as valuable as capital and known as guanxi. Top officials themselves are wealthy, though some are more discreet about displaying their wealth than others. Nevertheless, their children study abroad, and they make shopping trips to Hong Kong or own expensive real estate.

The need for guanxi does not stop with the rich. The broader middle class is also dependent on its personal relationship to power. You need connections when the landlord of your luxury apartment decides to charge you extra maintenance payments, or glues your front door shut after you refuse.

Those who can afford their own planes and yachts or 20 luxury cars probably do not get their doors glued shut, or balk at fines for having too many pedigreed dogs, but Chan, the Hong Kong professor who has surveyed hundreds of entrepreneurs, said the rich told him they were exhausted from all the wining and dining of officials they had to do.

That is just the beginning of their anxiety. As these Chinese get richer, they ignore their health and struggle to cope with stress and success, according to surveys published in the state-run media. They have told pollsters of their insecurity and inability to find suitable marriage partners. Some complain of the possibility of losing their wealth overnight because of official corruption, while others said they fear criminals and jealous neighbors.

But mostly what they fear is having their new success snatched away. They are anxious about whether they have made the right connections, just in case their position of privilege turns out to be built on boggy ground.

"The only thing they think about is guanxi," Shi Xiaoyan says. "They use all their money, all their knowledge. They waste their sleeping time and their family's happy time . . . Rich people in China, they're just rich, but they know nothing."

A Clue To Washington's Cluelessness (LAT)

By Michael May

The Los Angeles Times, February 18, 2007

BOTH PROPONENTS and foes of the "surge" in Iraq made firm, confident predictions about what would certainly happen if their preferred course of action were not followed.

"If the U.S. walks away now, extremist elements will take over Iraq," said one group of government officials and pundits. "No, no — the proposed surge is too little, too late," said another. Some insisted that "the surge will only inflame anti-American sentiment."

But here's the only thing we know for sure: When the collection of politicians and pundits we call "Washington" makes predictions about countries in which the U.S. has "vital interests" (and especially about countries with which we have had bad relations), the predictions — even when they contradict one another! — are almost always wrong.

Consider the record. Washington didn't predict the fall of the shah in Iran, or the end of the Cold War, or the disintegration of the Soviet Union. Nor did our pundits (whether left, right or center) predict the war between Vietnam and China after the U.S. lost more than 50,000 service members in the region to prevent the spread of monolithic communism, or, for that matter, China's turn toward becoming a capitalistic and trading giant. There are innumerable other examples in Latin America, Africa and the Middle East.

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Everything is fine as long as nothing much is happening. But when something happens, especially if it's sudden or revolutionary, we usually don't see it coming. Since World War II at least, Washington's success rate at predicting change in countries with which we have a hostile relationship is close to zero.

Why this failure when most of the events mentioned were years in the making? In part, it's that we don't look at the right things. Our intelligence apparatus is better at counting missiles than at following the intricate politics of a central committee or overhearing the street talk in Tehran — or Baghdad. But even good intelligence on those matters would have had a hard time making it into the Washington debate.

That's because Washington debates tend to be narrow; they fall within a range of acceptable conventional wisdom and close out anything that seems to go out on a limb. We wonder: Is the Soviet Union trying to build a first-strike capability or not? Is Vietnam a tool of Red Chinese expansion? Does Saddam Hussein have nukes? Intelligence is asked to cast light on just those acceptable questions. The assumptions underlying those debates are seldom challenged. They are based on politically acceptable views of the other state and, career-wise, it doesn't pay to challenge them. Indeed, movers and doers in Washington often do not even have time to challenge them. There is little or no intelligence outside the axis of debate.

As a result, any analyst who forecast that, say, the Soviet Union would for its own purposes peaceably release its European satellites, or that the heirs of Mao would turn to capitalism before his body was cold in the grave, would have been quickly marginalized.

When researchers test predictions about, for instance, investments or the effectiveness of a new drug, they begin with the assumption, for testing purposes, that the theory or the advice leads to no better result than what could be attained by chance, or that the drug is no more effective than a placebo. It's up to the data to prove that the advice or the drug is effective, not the other way around. That's called starting with the "null hypothesis."

The null hypothesis means that there is no ground to believe or disbelieve any prediction. It's a way of guarding against bias.

The record of official Washington predictions gives us no reason to depart from the null hypothesis. Whatever the prediction, we should consider it just as likely that something entirely different will happen.

If the U.S. withdraws from Iraq, for instance, the civil war could grind on for years, or, conversely, Prime Minister Nouri Maliki could bring order to Baghdad within a year, probably by ethnic cleansing. The surge could lead to more needless deaths, or Gen. David Petraeus could bring a better kind of order out of chaos, at least for a while. If President Bush attacks Iran, it could help cool the situation, or we might have to hunker down for a longer, bigger war. Or perhaps the situation may be resolved not by actions from the U.S. but by initiatives from within the area, as were the earlier Soviet and Chinese situations.

Whatever we do, the situation a few years from now is likely to be different from what's currently predicted by any party to the Washington debate.

Realizing that we are still stuck with the null hypothesis should lead to a better-focused inquiry. It's a bit late for Iraq, where we disregarded what we knew and could have learned, and where the options have tragically narrowed. With Iran, North Korea and other difficult places, we have more time and freedom of action. What sorties into these places Americans and others have made bring back a different, more complex picture than the one presented by officials and discussed in the media. But we need to know still more.

The U.S. foolishly isolates hostile countries when it should pressure them to open up to our visitors, executives, students and diplomats. Congress should pressure the administration to open embassies in Tehran, Pyongyang and Havana and staff them in part with native speakers. David Kay, the former head of the Iraq Survey Group, which searched for weapons of mass destruction in that country after the U.S. invasion, found that Iraqi officials had been lying to Hussein and had not been carrying out his decisions in many cases. Perhaps if we'd been more engaged in that country, rather than keeping our distance, we would've been able to find that out before the invasion rather than after.

To get better intelligence, however, gathering information is not enough, as Iraq has tragically shown. Someone in intelligence has to put himself in the enemy's shoes.

That requires considering "the enemy" not solely as an enemy but as an organization staffed by humans with all their attending complexities — often not a politic point of view. Someone in power has to ask the right questions — and question fundamental assumptions. To date, the record says that, at key times in our history, our government, because of the blinders it put on, has had no clue about the direction of major events in the lands of our enemies. Perhaps only a better-informed public, acting through Congress, can change that.

Michael May Is Professor Emeritus Of Engineering At Stanford University.

Torture By Worms (NYT)

By Nicholas D. Kristof

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The New York Times, February 18, 2007

JIMMA, Ethiopia

Presidents are supposed to be strong, and on his latest visit to Africa Jimmy Carter proved himself strong enough to weep.

The first stop of Mr. Carter's four-nation African trip was Ghana, where he visited his projects to wipe out the Guinea worm, a horrendous two-foot-long parasite that lives inside the body and finally pops out, causing excruciating pain.

Mr. Carter was shaken by the victims he met, including a 57-year-old woman with a Guinea worm coming out of her nipple.

"She and her medical attendants said she had another coming out her genitals between her legs, and one each coming out of both feet," Mr. Carter added. "And so she had four Guinea worms emerging simultaneously."

"Little 3-, 4- and 5-year-old children were screaming uncontrollably with pain" because of the worms emerging from their flesh, Mr. Carter said. "I cried, along with the children."

We tend to think of human rights in terms of a right to vote, a right to free speech, a right to assembly. But a child should also have a right not to suffer agony because of a worm that is easily preventable, as well as a right not to go blind because of a lack of medication that costs a dollar or two, even a right not to die for lack of a $5 mosquito net.

As president, Mr. Carter put the issue of human rights squarely on the national agenda. Now Mr. Carter argues — and he's dead right — that we conceive of human rights too narrowly as political and civil rights, and that we also need to fight for the human right of children to live healthy lives.

He has led the way in waging that battle. Because of Mr. Carter's two-decade battle against Guinea worm disease, it is expected to be eradicated worldwide within the next five years. It will be the first ailment to be eliminated since smallpox in 1977, and it has become a race between the worm and the ex-president to see who outlasts the other.

"I'm determined to live long enough to see no cases of Guinea worm anywhere in the world," Mr. Carter said as he walked in blue jeans through a couple of villages in a remote corner of southwestern Ethiopia, the third country of his African tour.

After leaving the White House, Mr. Carter ended up "adopting" diseases like Guinea worm disease, river blindness, elephantiasis, trachoma and schistosomiasis that afflict the world's most voiceless people. These are horrific diseases that cause unimaginable suffering, yet they rarely get attention, treatment or research funding because their victims are impoverished and invisible.

When Mr. Carter met with Mohammad Zia ul-Haq, then Pakistan's president, President Zia had never heard of Guinea worm and didn't know it existed in Pakistan. Nor did his health minister. But after Mr. Carter put the issue on the agenda, Pakistan worked energetically with the Carter Center to eliminate the parasite in that country.

The villages here in Ethiopia that Mr. Carter visited cradle a fast-moving creek, making a lovely image of thatch huts and bubbling water. But the creek is home to the black flies whose bites spread the parasite that causes river blindness, leading to unbearable itching and often eventually to blindness.

"It's almost impossible to imagine the suffering of people with river blindness," Mr. Carter said as he traipsed through the village beside his wife, Rosalynn.

Already, Mr. Carter's campaign is making huge progress against the disease.

Kemeru Befita, a woman washing her clothes in the creek near Mr. Carter, told me that two of her children had caught river blindness in the last couple of months. After a visit to the witch doctor didn't help, she took them to a clinic where — thanks to Mr. Carter's program — they received medicine that killed the baby worms. They are two of the nearly 10 million people to whom the Carter Center gave medication last year alone, who won't go blind.

At the end of the day, this one-term president who left office a pariah in his own party will transform the lives of more people in more places over a longer period of time than any other recent president. And I hope that he can also transform our conception of human rights, so that we show an interest not only in the human rights of people suffering from the oppression of dictators, but also from the even more brutal tyranny of blindness, malaria and worms.

A Reality Check On Our Fears (WP)

By Jim Hoagland

The Washington Post, February 18, 2007

NEW YORK -- Global business is burbling while global politics croaks messages of dread, frustration and hatred. It is supersized Dickens: The best of times by many economic measures is also the worst of times when we listen to the pollsters and the politicians.

Why this disjunction of spirits? Or to put it another way: Why not? Selling fear is the oldest tool of politics. Selling hope and confidence is the mother's milk of business. The more we get, the more we have to fear having it taken away by "others" as defined by race, religion, class or rivalrous sameness.

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But there is a different, fragile feel to this particular "golden moment," a term George Shultz used in a recent Washington talk. As a former secretary of both Treasury and state, Shultz is credible in warning that the current public fury with leaders, liberal trade policies and the conduct of nations does not match -- and eventually can threaten -- the economic openings that bring billions of new workers into global labor markets and generate huge profits for the happy few of highest finance. Protectionism is the danger Shultz has in mind.

The jarring contrast is easy to spot. I went recently from listening in Washington to a hopeful Eric Schmidt, the chief executive of Google, describe a world of growing individual empowerment and prosperity as Chinese and Indian peasants join the Internet era to listening to politicians at the annual Munich Conference on Security Policy darkly emphasize the threats of terrorism, failed states, and, yes, American unilateralism and lawlessness.

That point was put most pungently by Russian President Vladimir Putin in a widely misunderstood presentation. Putin's speech was an intensely personal mocking of President Bush rather than a policy declaration of hostility toward the United States. Moreover, it was laboriously calculated for domestic political effect to bolster the other important Russian in Munich, Sergei Ivanov.

It was bad cop, good cop. Ivanov talked reassuringly about U.S.-Russian cooperation. Also a former KGB officer, Ivanov is moving forward now to succeed Putin. He was portrayed on Moscow television as a statesmanlike figure -- especially on one program filmed before either spoke in Munich but shown afterward, one knowledgeable Russian told me. Putin promoted Ivanov to become first deputy prime minister five days after the president's speech in Germany.

Putin's political intentions and the mood of his audience reflect how the national security imperative has displaced pocketbook issues that should dominate political discourse today. A relatively strong global growth cycle is continuing longer than experience and experts say is normal. You can argue economic policies round or flat if you pick your own numbers. In this confusion, foreign policy and national security issues become more salient and decisive in campaigns around the world.

Putin's audience included Sen. John McCain, a leading Republican presidential contender, who took the high road by characterizing Putin's jabs as "aggressive" but quickly adding that Americans still must work with Russia. But it did not include Sen. Hillary Clinton, the leading Democratic contender. Clinton decided to stay away from a meeting she dazzled two years ago. This time she did not want to be put in the position of criticizing the Bush administration or Democratic rivals on Iraq from a foreign forum.

Instead she went to New Hampshire to criticize the Bush administration on Iraq and to eclipse her Democratic rivals. Republican strategists hope she will now "chase John Edwards to the left" to counter his populist economic programs and thereby muddy her strong appeal to the electoral center on national security.

The dynamic is similar in other democracies. French Prime Minister Dominique de Villepin gets little to no political credit for announcing that unemployment has declined steadily through his tattered term. Segolene Royal, the Socialist presidential candidate, has tumbled from front-runner to second place with foreign policy blunders that make her seem inexperienced and duplicitous. (The second the French may forgive, but not the first.) German Chancellor Angela Merkel presides over a stalemated coalition and a surprisingly robust economy. No need to dwell on Tony Blair's politically poisoned golden economic chalice in Britain.

Abundant financing in global markets and broad confidence in the ability of today's central banks to control inflation have created a buoyant international financial system in which risk premiums scrape historic lows. Oil price volatility creates enormous psychological strain on Western consumers -- but has not derailed growth to this point.

There is always cause for concern about markets overshooting, especially when risk premiums evaporate. But the merchants of political despair are overdoing it as they manipulate the new instruments of intrusive round-the-clock communications. Breathe deep, look around at what is really happening, and spend more time in life than online or in other forms of virtual reality.

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TERRORISM NEWS:

George W. Visits Home Of George W. (USAT)

USA Today, February 20, 2007

President Bush honored the 275th birthday of the nation's first president Monday, likening George Washington's long struggle that gave birth to a nation to the war on global terrorism.

"Today, we're fighting a new war to defend our liberty and our people and our way of life," Bush said in front of Washington's home along the banks of the Potomac River in Mount Vernon, Va.

Bush chose the Presidents Day holiday to make his first visit as president to Mount Vernon. He and first lady Laura Bush helped lay a wreath at Washington's tomb, then the president gave a speech on the lawn of the estate.

"I feel right at home here. After all, this is the home of the first George W.," the president quipped.

McCain says Rumsfeld wasone of worst Defense chiefs

Republican presidential candidate John McCain said the war in Iraq has been mismanaged and Donald Rumsfeld will be remembered as one of the worst Defense secretaries.

"We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war," the Arizona senator said. "The price is very, very heavy, and I regret it enormously."

McCain, the ranking Republican on the Senate Armed Services Committee, said Rumsfeld never put enough troops on the ground to succeed in Iraq.

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of Defense," McCain said to applause from some in a crowd of 800 at a retirement community near Hilton Head Island, S.C.

Clinton says S.C. should remove Confederate flag

Democratic presidential candidate Hillary Rodham Clinton said South Carolina should remove the Confederate flag from its Statehouse grounds, in part because the nation should unite under one banner while at war. "I believe that we should have one flag that we all pay honor to," the New York senator said.

Other Democratic hopefuls, including Sens. Joseph Biden and Chris Dodd, have said the flag should come down. The banner, which once flew over the Statehouse dome and now flies nearby, is the subject of an NAACP boycott.

More than 3,000 people gathered Monday to see Clinton in her first presidential campaign stop in Columbia, S.C.

Report criticizes medicalresponse to hurricanes

The federal response to Hurricanes Katrina and Rita showed that medical personnel deployed to emergencies need more hands-on training, the inspector general for the Department of Health and Human Services said.

The report by Daniel Levinson said federal medical teams often lacked experience and effective training and the teams did not include enough nurses, dentists and mental health professionals.

John Agwunobi, assistant secretary for Health, said the inspector general's recommendations "mirror many of the preparedness and response areas we are addressing."

Bush Compares Revolutionary, Terror Wars (AP)

By Tom Raum

AP, February 20, 2007

President Bush honored the 275th birthday of the nation's first president on Monday, likening George Washington's long struggle that gave birth to a nation to the war on global terrorism.

"Today, we're fighting a new war to defend our liberty and our people and our way of life," said Bush, standing in front of Washington's home and above a mostly frozen Potomac River.

"And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone."

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Bush chose the national Presidents Day holiday to make his first visit as president to Mount Vernon. He and first lady Laura Bush helped lay a wreath at Washington's tomb, then the president gave a speech from a platform on the bowling green lawn of the estate.

"I feel right at home here. After all, this is the home of the first George W. I thank President Washington for welcoming us today. He doesn't look a day over 275 years old," Bush said to laughter.

Washington was born on Feb. 22, 1732.

"On the field of battle, Washington's forces were facing a mighty empire, and the odds against them were overwhelming. The ragged Continental Army lost more battles than it won, suffered waves of desertions, and stood on the brink of disaster many times. Yet George Washington's calm hand and determination kept the cause of independence and the principles of our Declaration alive," Bush said on a clear but frigid day, speaking to several hundred people.

Mount Vernon is about 16 miles south of the White House. Bush traveled by helicopter.

"In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable," said Bush. "After winning the war, Washington did what victorious leaders rarely did at the time. He voluntarily gave up power.

Washington's retirement didn't last long, Bush noted.

"As president, George Washington understood that his decisions would shape the future of our young nation and set precedent. He formed the first Cabinet, appointed the first judges, and issued the first veto."

"Over the centuries, America has succeeded because we have always tried to maintain the decency and the honor of our first president," Bush said.

Before and after Bush's speech, recorded music by the 3rd U.S. Infantry Old Guard Fife and Drum Corps blared through loudspeakers. Organizers of the event said the fife and drum corps had planned to perform live, but decided against it Sunday night because of expected temperatures in the 20s that could have damaged their historic instruments.

Bush Invokes Washington On Iraq (LAT)

By James Gerstenzang

The Los Angeles Times, February 20, 2007

MOUNT VERNON, VA. — Marking George Washington's 275th birthday, President Bush on Monday linked the ideals of the first president to the war being fought by the 43rd, saying Washington's goals guided the nation's quest to extend freedom beyond its borders.

"George Washington's long struggle for freedom has … inspired generations of Americans to stand for freedom in their own time," Bush said, using a morning visit to Mount Vernon to compare the dilemmas faced at the birth of the nation to the troubles he now confronts.

"Today, we're fighting a new war to defend our liberty and our people and our way of life," he said. "And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone."

Quoting the first president — and referring, by implication, to the wars in Iraq and Afghanistan — Bush said: "He once wrote, 'My best wishes are irresistibly excited whensoever in any country I see an oppressed nation unfurl the banners of freedom.' "

Bush spoke for nine minutes on a frigid morning in front of the first president's mansion overlooking the ice-crusted Potomac River.

"I feel right at home here," he told the audience of several hundred. "After all, this is the home of the first George W."

After being greeted by Dean Malissa, an actor and Washington interpreter dressed in the blue-coat uniform and tri-corner hat of the Continental Army, Bush observed: "I thank President Washington for welcoming us today. He doesn't look a day over 275 years old."

The president recalled visiting Mount Vernon as a child with his grandmother, and said he and his wife had brought their daughters to the first president's house. The visit of about 45 minutes Monday was his first as president.

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The plantation, about 16 miles south of the capital, is in the heart of what are now Northern Virginia's suburbs, with mini-mansions rivaling it in size and grandeur cropping up nearby on both sides of the Potomac. Bush flew here by helicopter, making the trip from one president's mansion to another in just a few minutes.

Bush noted the trials that Washington faced during the Revolutionary War, at the helm of "the ragged Continental Army," facing desertions, disaster and "a mighty empire."

But, he said, "In the end, Gen. Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable."

Earlier, Bush and his wife, Laura, presented a wreath of red, white and blue blossoms at Washington's tomb. Monday was a federal holiday celebrating Presidents Day; Washington's actual birthday is Feb. 22.

Tourists Hear From President At George Washington's Home (WP)

By Tom Jackman

The Washington Post, February 20, 2007

President Bush visited Mount Vernon yesterday to pay tribute to "the first George W." and compared the Revolutionary War to the Iraq war in their pursuit of freedom.

Bush made his first visit as president to George Washington's home on the holiday marking the first president's birthday. Bush said he had visited Mount Vernon with his grandmother as "a little fellow from Midland, Texas," drawing appreciative laughs from a chilly crowd of several hundred tourists, history buffs and schoolchildren who had the day off.

The president and first lady Laura Bush laid a red, white and blue wreath at Washington's tomb, commemorating the 275th anniversary of his birth on Feb. 22, 1732. The presidential party took a helicopter in and out of the Mount Vernon estate in southern Fairfax County, completing the visit in less than an hour.

Bush's remarks consisted mainly of a reflection on Washington's life and impact on the United States, with brief allusions to today's war.

"America's path to freedom was long, and it was hard," Bush said. "And the outcome was really never certain. . . . In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable."

In the only direct analogy to Iraq, the president said, "Today, we're fighting a new war to defend our liberty and our people and our way of life. And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone. He once wrote, 'My best wishes are irresistibly excited whensoever in any country I see an oppressed nation unfurl the banners of freedom.' "

Some of those who watched the speech under crystal skies just happened to visit Mount Vernon the day the president was there, and others had planned to attend the speech. Ellen Georgi, a history teacher from Frederick, was in the latter group. She brought her family to make them "suffer through my love of history." She said the president "gave a very good speech about George Washington and morality as the compass of our country."

About 250 high school students from Presidential Classroom, an education program for students across the country, were bused in from Georgetown thinking they were just sightseeing, part of an itinerary that also included the Jefferson Memorial and Union Station yesterday. Instead, they stood just a hundred feet from the current president.

"It was great," said Paula Jernigan, 18, from Suches, Ga. "It was moving how [Bush] talked about George Washington, how he was a great president. It reminds our country what it is that makes us great."

Defending Nation's Latest War, Bush Recalls Its First (NYT)

By Sheryl Gay Stolberg

The New York Times, February 20, 2007

MOUNT VERNON, Va., Feb. 19 — To those who criticize his handling of the war in Iraq, President Bush likes to say that history will be his judge. On Monday, Presidents' Day, Mr. Bush wrapped himself in history's embrace, invoking another war, the American Revolution, and another George W. — George Washington — as his guide.

Here at the first president's sprawling estate on the Potomac River, Mr. Bush bowed his head in placing a wreath at Washington's grave to commemorate the 275th anniversary of his birth, this Thursday. Then, after an actor portraying

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Washington welcomed him to the estate — "He doesn't look a day over 275 years old," the current president cracked — Mr. Bush implicitly compared himself to his predecessor.

"With the advantage of hindsight, it is easy to take George Washington's successes for granted," Mr. Bush said after enumerating Washington's achievements as commander of the Continental Army and later as president. But "America's path to freedom was long and it was hard," he continued, "and the outcome was never really certain."

Mr. Bush drew an analogy between the Revolution and what he called "a new war to defend our liberty and our people and our way of life," wording that left unclear whether he meant the combat in Iraq or the broader fight against terror.

Washington, he added, "believed that the freedoms we secured in our Revolution were not meant for Americans alone."

The president has often seemed to find solace in past occupants of the White House. He has invoked Lincoln's shepherding the nation through the Civil War. He has recalled Truman, who struggled to explain another unpopular war, in Korea, and whose dismal public approval ratings shot skyward long after he left office. And more recently, he has been making reference to Washington as well.

"I'm reading about George Washington still," the president told reporters at a December news conference where he defended his Iraq policy. "My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it and just do what he thinks is right, and make the tough choices necessary."

His appearance Monday was Mr. Bush's first at Mount Vernon as president. (He is the 28th president to visit.) It was also a rare public appearance before a crowd that is not invitation-only. But the audience was friendly, made up mostly of families with children, outfitted in snow boots and bright-colored jackets and mittens to guard against the icy cold.

The president kept it short. He spoke for just nine minutes, including a personal reminiscence of his own first visit to Mount Vernon, "when I was a little fellow from Midland, Tex., and my grandmother brought me here."

Those nine minutes were filled, however, with hints about the state of mind of a president who is doggedly prosecuting an unpopular war.

Mr. Bush spoke of General Washington's "many challenges," noting that the Continental Army "stood on the brink of disaster many times." And he spoke of Washington's resolute determination: "His will was unbreakable."

The president spoke as well of a brief retirement at Mount Vernon between Washington's return from the Revolutionary War and his presidency. Mr. Bush is already laying the groundwork for his own retirement with plans for a presidential library at Southern Methodist University, Laura Bush's alma mater.

"All he wanted to do was return here to Mount Vernon and to be with his loving wife, Martha," the 43rd president said of the first. "As he wrote with satisfaction to his friend Lafayette, 'I am become a private citizen on the banks of the Potomac, and under the shadow of my own vine and my own fig tree.' "

Bush Pays Homage To Nation's 1st President (MCT)

By William Douglas

McClatchy Newspapers, February 20, 2007

MOUNT VERNON, Va. - Was it like this at Valley Forge?

People huddled together, marched in place and danced jigs for warmth on a frosty field outside George Washington's historic home Monday, as President Bush paid homage to the nation's first president, whose 275th birthday is Thursday.

"I feel right at home here," Bush told some 2,000 shivering people who braved morning temperatures in the low 20s to listen to the nation's 43rd president praise the first one. "After all, this is the home of the first George W."

Bush turned to a man who was portraying Washington at the festivities and thanked him for welcoming him to the late president's spacious estate on the banks of the Potomac River, about 16 miles south of the White House.

"He doesn't look a day over 275 years old," Bush quipped.

After laying a wreath at Washington's tomb, Bush drew comparisons between America's first wartime president and the current one. He likened Washington's struggles in fighting for and forging democracy to his global war on terrorism.

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"Today, we're fighting a new war to defend our liberty and our people and our way of life," Bush said, without specifically mentioning Iraq. "And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone."

The president and first lady Laura Bush made a spectacular entrance to Washington's estate. Their green helicopter, Marine One, landed a few yards from Washington's house, spraying up a misty cloud of powdery snow. Onlookers - mostly students on class trips - rushed to get a closer view of the presidential helicopter.

Before Bush arrived, the crowd had spent most of its time trying to stay warm, just as Washington's Continental Army did at Valley Forge during the bitter winter of 1777. Folks moved to the beat of piped-in fife and drum music Monday to keep their toes from freezing. A fife and drum corps was to have performed live, but decided against it for fear the frigid temperatures might ruin the historic instruments.

The bracing weather didn't bother 36-year-old Danielle Frank, of Woodbine, Va. She bundled up her family and drove to Mount Vernon. Asked whose idea it was to get up at dawn on a school holiday to go stand in an icy field for a brief presidential speech, 6-year-old Adam Frank pointed at his mom.

"It's Presidents Day," Danielle Frank said. "We should be doing something presidential with the kids, and I'm not sure they're doing White House tours."

Sarah Woodin, 14, accompanied the Franks to Mount Vernon, a bold move for someone who'd recently arrived in the Washington area from Florida. For her, the visit to Washington's home was time well spent.

"I like learning everything about history," she said. "You need to know where you came from."

President Links Terror War, U.S. War For Independence (WT)

By Stephen Dinan

The Washington Times, February 20, 2007

President Bush yesterday celebrated 275 years since George Washington's birthday by visiting Mount Vernon and linking today's war against terrorism to the United States' fight for independence.

"George Washington's long struggle for freedom has also inspired generations of Americans to stand for freedom in their own time. Today, we're fighting a new war to defend our liberty and our people and our way of life," Mr. Bush said as he stood on the lawn in front of Washington's estate in Fairfax County.

With a re-enactor dressed as Washington looking on, Mr. Bush said the victories the first president won "were not meant for the United States alone," but were to advance freedom worldwide.

As he nears the end of his own two terms as president and his Iraq policy faces heavy criticism, Mr. Bush, the 43rd president, seems to take solace in the fact that historians are still digesting the first president's legacy.

"My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it and just do what he thinks is right, and make the tough choices necessary," he said at a press conference late last year.

Mr. Bush clearly has done some of his own analyzing about Washington, praising him several times for being steady as a wartime leader.

"In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable," he said.

Mr. Bush also praised Washington's decision to relinquish his commission at the end of the Revolutionary War -- a time when "many would have gladly made George Washington the king of America," he said -- and returned to Mount Vernon, only to be called to oversee the constitutional convention and, later, the presidency.

"George Washington accepted the presidency because the office needed him, not because he needed the office," Mr. Bush said.

While displaying his knowledge of the first president, Mr. Bush did run afoul of Washington fans who lament the decline of the first president's celebratory day.

"We're celebrating around the country Presidents Day, but the folks that work here call it Washington's birthday," Mr. Bush said.

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In fact, as far as the federal government is concerned, the holiday, as designated by the Uniform Monday Holiday Act passed in 1968, is "Washington's Birthday." Some states celebrate "Presidents Day" as a combination of Washington's and Abraham Lincoln's birthdays, and the term gained prominence through the ubiquitous car- and furniture-sales campaigns that promulgated the moniker.

With the federal holiday pegged to the third Monday in February, it can never fall on Washington's actual birthday, Feb. 22.

Senate Majority Leader Harry Reid, Nevada Democrat, found another reason to recognize the day yesterday. It marked the 65th anniversary of President Roosevelt signing the executive order allowing internment of Japanese-American citizens and Japanese legal permanent residents during World War II.

"We must continue to remember this tragic time in our history to learn from our errors of the past, reaffirm our commitment to the protection of civil liberties and to ensure that we never walk the same path again," Mr. Reid said.

Australian Held At Guantánamo May Go Home (NYT)

By Tim Johnston

The New York Times, February 19, 2007

SYDNEY, Australia, Feb. 18 — The Australian foreign minister said Sunday that his government had reached a deal to allow David Hicks, who has been held at the American military base in Guantánamo Bay, Cuba, for more than five years without trial, to return to Australia by the end of the year.

American military prosecutors have accused Mr. Hicks, 31, an Australian citizen, of attempted murder in violation of the laws of war and providing material support for terrorism. Mr. Hicks, who was captured in Afghanistan in late 2001, is expected to be formally charged soon.

Australia's foreign minister, Alexander Downer, said authorities in the United States had told him that if Mr. Hicks was found guilty by the military tribunal, he would be allowed to serve out his sentence in an Australian prison.

"If he's convicted, we've made an arrangement with the Americans, which was confirmed to me 10 days ago by the secretary of defense, Robert Gates, that David Hicks will be able to serve his sentence or the remainder of his sentence in Australia," Mr. Downer told Australia's Nine television network.

"If the trial proceeds and proceeds quickly," Mr. Downer added, "it'll be possible to get Mr. Hicks back to Australia by the end of the year, either to serve in a prison in Australia or, of course, just to be released, depending on the result of the trial."

The Australian government is facing an election later this year and has come under increasing pressure to persuade the American authorities to either charge Mr. Hicks or release him.

American officials said Mr. Hicks had admitted to attending a training camp run by Al Qaeda and to being assigned to guard a Taliban tank outside the Kandahar airport when allied forces were bombing the area. It is unclear if he ever engaged foreign forces in Afghanistan.

Mr. Hicks's lawyers said prolonged periods of solitary confinement had produced a marked deterioration in his mental health.

U.S. To Stage Biggest Anti-terrorism Exercise On Guam (WT)

The Washington Times, February 20, 2007

SAIPAN, Northern Mariana Islands (Agence France-Presse) -- The world's biggest anti-terrorism exercise will be held this year on Guam, underscoring the Pacific island's growing importance to Washington, officials said yesterday.

Exercise TopOff4 is part of a series of large-scale maneuvers established to strengthen the U.S. ability to respond to terrorist attacks involving weapons of mass destruction.

William Marhoffer, the U.S. Coast Guard commander in Guam, said the TopOff4 exercise would be bigger than last year's Valiant Shield war games, in which the United States mobilized 30 ships, 280 aircraft and 22,000 military personnel.

"It will be bigger in some ways. Valiant Shield was a military exercise. It was a show of force. It was the first time we had three carrier strike groups in combined operations in the Pacific since the Vietnam War," he said.

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TopOff4 "is a domestic counterterrorism exercise. ... It involves the intelligence communities, the Department of Homeland Security, the FBI, the Department of Defense, the U.S. Coast Guard." The exercise is expected to simulate a maritime terrorist attack.

Vice President Dick Cheney is to visit Guam later this week.

"This exercise highlights Guam's strategic value and will show the world that we are prepared to defend our island and our nation from any threat of terrorism," Gov. Felix Camacho said in his State of the Island address.

Guam and neighboring U.S. territories, including the Northern Mariana Islands, are considered by the United States as strategic locations in the Asia-Pacific region.

Guam is home to one of the largest U.S. military naval bases in the region, and 8,000 Marines will soon be relocated there from Japan.

The island, with a population of 171,000, is banking on the U.S. military buildup to bail it out of its economic woes.

The United States and Japan are spending $15 billion on the relocation of the Marines from Japan, which is expected to further boost Washington's military strength in the Asia-Pacific.

Moroccan Suspect Says Police Implicated Him In Madrid Bombings Out Of Revenge (USAT/AP)

USA Today, February 20, 2007

MADRID (AP) — A Moroccan who ran the shop where most of the cellphone cards used to set off the bombs in the 2004 Madrid train attacks were sold said Monday he was implicated in the case as punishment for refusing to be a police informant.

Jamal Zougam, 33, is among 29 suspects charged in the March 11, 2004, attacks that killed 191 people and injured more than 1,800 in Spain's capital. The trial opened last Thursday and is to last several months.

Zougam said he was approached twice by Spanish police seeking help getting information about Islamic radicals, but he refused.

He told a three-judge panel that following his detention — two days after the bombings — a police officer visited him in his cell and told him that if he had cooperated with police, he would not have been implicated.

"He told me: 'If you had collaborated with us, this wouldn't have happened to you,'" said Zougam, who took the stand for a second day.

"I realized it was revenge," he said. "I had nothing to do with this attack and with no other attack. I don't know why I'm in this trial."

At least two suspects in the trial were police informants before the attacks, and their defense lawyers claim the arrests were made under pressure to find a culprit.

Zougam denied he was a member of al-Qaeda or other radical Islamic groups, or that he had ever trained in terrorist camps in Afghanistan. He also condemned the Madrid blasts, and said he had never thought of his host country as an enemy.

"I condemn this attack categorically; I don't agree with this attack that takes the lives of people for religious, political and other reasons," he said.

"I live in Spain: This is like my country. Here, I live, I work, I eat," he said.

Zougam, who witnesses say planted at least one of the bombs on the commuter trains, testified Friday that he was asleep at the time of the early morning blasts and that witnesses who identified him were confused because they had seen his face on television.

Another alleged bomber, Syrian Basel Ghalyoun, also took the stand Monday and dismissed witness accounts that he, too, had placed some of the bombs.

He acknowledged that he was a friend of Tunisian Serhan Ben Abdelmajid Fakhet and other ringleaders who blew themselves up as police moved to arrest them weeks after the attacks but denied having anything to do with the bombings.

Ghalyoun, who continuously checked handwritten notes during the session and challenged the prosecutor and lawyers over certain facts and names, said he knew Fakhet was a radical.

"Serhan considered the United States an enemy of the Muslim people," Ghalyoun said.

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The 26-year-old said he had told police that the Tunisian wanted to stage attacks in Spain but said he was referring to attacks on banks and jewelry shops for money. He said police had urged him to used the generic word, attack.

Both Zougam and Ghalyoun face sentences of up to 38,656 years — 30 years for each of the 191 killings and 18 years apiece for 1,820 attempted murders — though under Spanish law, the maximum time anyone can spend behind bars is 40 years.

Who Needs Jacques Bauer? (WSJ)

By Bret Stephens

The Wall Street Journal, February 20, 2007

Twenty-nine defendants went on trial last week in a Spanish courtroom for complicity in the March 11, 2004 Madrid train bombings that killed 191 commuters and injured another 1,800. Among the accused: Jamal Zougam, a 33-year-old Moroccan immigrant who once ran a cellphone business. In June 2001, Spanish police raided Mr. Zougam's apartment, where they found jihadist literature and the telephone numbers of suspected terrorists. But the Spaniards judged the evidence insufficient to arrest or even wiretap him. Today, the Moroccan is believed to have furnished the cellphones through which the trainbombs were detonated.

In raiding Mr. Zougam's apartment, the Spanish were acting on a request from French investigative magistrate and counterterrorism supremo Jean-Louis Bruguiere. Earlier, Mr. Bruguiere had also warned the Canadian government about a suspicious Algerian asylum-seeker named Ahmed Ressam, but the Canadians took no real action. On Dec. 14, 1999 Mr. Ressam -- a.k.a. the Millennium Bomber -- was arrested by U.S. customs agents as he attempted to cross the border at Port Angeles, Wash., with nitroglycerin and timing devices concealed in his spare tire.

It would be reassuring to believe that somewhere in the ranks of the FBI or CIA America has a Jean-Louis Bruguiere of its own. But we probably don't, and not because we lack for domestic talent, investigative prowess, foreign connections, the will to fight terrorism or the forensic genius of a Gallic nose. What we lack is a system of laws that allows a man like Mr. Bruguiere to operate the way he does. Unless we're willing to trade in the Constitution for the Code Napoleon, we are not likely to get it.

Consider the powers granted to Mr. Bruguiere and his colleagues. Warrantless wiretaps? Not a problem under French law, as long as the Interior Ministry approves. Court-issued search warrants based on probable cause? Not needed to conduct a search. Hearsay evidence? Admissible in court. Habeas corpus? Suspects can be held and questioned by authorities for up to 96 hours without judicial supervision or the notification of third parties. Profiling? French officials commonly boast of having a "spy in every mosque." A wall of separation between intelligence and law enforcement agencies? France's domestic and foreign intelligence bureaus work hand-in-glove. Bail? Authorities can detain suspects in "investigative" detentions for up to a year. Mr. Bruguiere once held 138 suspects on terrorism-related charges. The courts eventually cleared 51 of the suspects -- some of whom had spent four years in preventive detention -- at their 1998 trial.

In the U.S., Mr. Bruguiere's activities would amount to one long and tangled violation of the First, Fourth, Fifth, Sixth and Eighth Amendments to the Constitution. And that's not counting the immense legal superstructures that successive Supreme Courts have built over and around the Bill of Rights. In France, however, Mr. Bruguiere, though not without his critics, is a folk hero, equally at home with governments of the left and right. The main point in his favor is that whatever it is he's doing, it works.

"Every single attempt to bomb France since 1995 has been stopped before execution," notes a former Interior Ministry senior official. "The French policy has been [to] make sure no terrorist hits at home. We know perfectly well that foreign-policy triangulation is not sufficient for that, [even if] it helps us go down a notch or two in the order of priority [jihadist] targets. So we've complemented our anti-U.S. foreign policy with ruthless domestic measures."

That's something that U.S. civil libertarians, who frequently argue that the Bush administration should follow the "European model" of treating terrorism as a law-enforcement issue instead of a military one, might usefully keep in mind. As lawyers David Rivkin and Lee Casey argue in the forthcoming issue of the National Interest, "the [Napoleonic] Civil Law system offers considerable advantages to the state in combating terrorism -- especially in terms of investigative tools and a level of secrecy -- that are simply unavailable in the ordinary Common Law criminal prosecution and trial, at least as governed by the United States Constitution."

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Again, review the contrasts between American and European practices. Except in limited circumstances, the U.S. does not allow pre-trial detentions. But according to figures compiled by the U.S. State Department, 38% of individuals held in Italian prisons in 2005 were awaiting trial or the outcome of an appeal, while Spanish law allows for pre-trial detentions that can last as long as four years for terrorism suspects. In the U.S., the Posse Comitatus Act forbids the use of the military in law-enforcement work, and paramilitary units are relatively rare. By contrast, most European countries deploy huge paramilitary forces: Italy's Carabinieri; France's Gendarmerie Nationale; Spain's Guardia Civil.

Even Britain, which shares America's common law traditions, has been forced by Irish and now Islamist terrorism to resort to administrative detentions, trials without jury (the famous Diplock courts) and ubiquitous public surveillance. Wiretapping is authorized by the Home Secretary -- that is, a member of the government -- rather than an independent judge. In the early days of the Northern Irish "troubles," the government of Edward Heath placed some 2,000 suspects, without charge, in internment camps. Ironically, it was the decision to treat terrorists as ordinary criminals that led to the famous hunger strikes of Bobby Sands and his IRA crew.

All this calls into question the seriousness, if not the sincerity, of European complaints that under the Bush administration the U.S. has become a serial human-rights violator. Europeans have every right to be proud of civil servants like Mr. Bruguiere and a legal tradition that in many ways has been remarkably successful against terrorism. But that is not the American way, nor can it be if we intend to be true to a constitutional order of checks and balances, judicial review and a high respect for the rights of the accused. When President Bush declared a war on terror after 9/11, it was because he had no other realistic legal alternative. And when the rest of us make invidious comparisons between Europe and America, we should keep our fundamental differences in mind. There is no European 82nd Airborne, and there is no American Jean-Louis Bruguiere.

Madrid Bombing Trial Opened To Streaming Video (NYT)

By Doreen Carvajal

The New York Times, February 19, 2007

MADRID, Feb. 18 — On the opening day of Spain's trial of 29 men accused in the deadly Madrid train bombings, police officers ringed the maximum-security brick courtroom while a helicopter whirled overhead.

But with the click of a computer mouse, anyone can peek inside the inner sanctum for a glimpse of Spanish judges in black robes with white lace cuffs facing suspects barricaded behind bulletproof glass.

That YouTube-style window has been opened by a high-tech legal services company, Datadiar, which is streaming live coverage of the trial on its Web site, datadiar.com, and posting archived video testimony that began with the appearance on Thursday of the first suspect, Rabei Osman Sayed Ahmed, known as Muhammad the Egyptian

Datadiar has struck an alliance with the tribunal, the Audiencia Nacional, which has opened the courtroom wide to cameras. Four are posted at various angles in the court, and a fifth shows documents presented as evidence.

Forty-three microphones are scattered among the tables of the lawyers, and recordings are stored on DVDs.

With that fly-on-the-wall technology, Datadiar, a 10-year-old company on the outskirts of Madrid, is offering a courtroom version of C-Span, the American cable channel that covers government proceedings without commentary. The rare running view of what stands to be a legal marathon is of keen interest to a nation still haunted by questions about who set off the bombs on March 11, 2004, killing 191 and wounding nearly 2,000 on four commuter trains.

Datadiar hopes to introduce similar models in other countries at a time when there is renewed interest in opening up the courts. In the United States, for example, a Senate bill was introduced last month by Charles E. Schumer, Democrat of New York, and Charles E. Grassley, Republican of Iowa, to permit cameras at most federal court proceedings.

Canada has just started a pilot project to test cameras in the courtroom in a prominent murder case. And in California, a judge said on Friday that he would allow full television coverage of the rock producer Phil Spector's murder trial, declaring that it was time to discard "fear of cameras in the courtroom."

Cristina Cortijo, a Datadiar managers and the wife of its founder, José Manuel Díaz-Arias, said: "We believe this issue is a very important one in the world, and people are looking at us. It's critical that people know that our company is doing this objectively with real-time transmissions and no cuts. And it's for free."

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Datadiar is not being paid by the government to stream the trial, according to Ms. Cortijo, who said permission was granted by the presiding judge in the case, Javier Gómez Bermúdez.

In court, the judge strikes a brisk, no-nonsense manner with the lawyers, suspects and Arabic translators, but he seems comfortable and conscious of the informal jury of the public. He is an author of a new manual for legal journalism, "Lifting the Veil," and he regularly strides into the press room to take brief questions from an overflow crowd of journalists who are covering the case in an adjoining area by watching giant plasma TV screens.

In a brief interview during a trial break, Judge Gómez Bermúdez said the national court chose to open the bombing trial to broad viewing because "there are so many victims, and they can't all fit in here."

Critics of live courtroom coverage often cite the O. J. Simpson murder trial in California as an example of how a constant camera presence can turn a legal proceeding into a media circus.

But Judge Gómez Bermudez scoffed at the idea that such coverage might influence the trial, and said that Spanish courts had been receptive to cameras for some time.

A verdict in the train-bombing case is not expected until October, after the testimony of more 100 experts and 600 witnesses. There are also nearly 90,000 pages of documents, some which will be instantly accessible to the public through Datadiar.

The company's usual audience consists of members of the Spanish professional class: judges, lawyers and accountants who pay more than $2,500 a year for a subscription to Globalius, a Datadiar database of legal information made available on a portable flash drive.

But with the start of the trial, Datadiar's commercial director, Rosa Martínez Casas, said the company was beginning to reach a global audience.

To maintain its neutrality, Datadiar has avoided creating chat forums in connection with the legal issues that it is raising. The site does offer a series of primers to explain elements of the legal process, like the concept of the presumption of innocence. It also has a seating diagram of the courtroom and the 46 defense lawyers, prosecutors and translators.

In the last 10 years, investors have plowed more than $65 million into the company, which did not break even until 2003. It is now turning a profit, Ms. Cortijo said.

So far, Datadiar has not sought advertising for the legal information it is offering on its portal, but that is an alternative under discussion, she said, in addition to the company's subscription model, for creating similar court coverage in other countries.

Ms. Cortijo said it was too early to calculate how much it would cost Datadiar to offer the free streaming video online, although she said that new technology had helped reduce costs.

"It may be difficult to understand why we do this for free," she said. "We are objective. We are in the middle. We are only lawyers and professionals, and offering information. It's not like television."

HOMELAND RESPONSE:

A Nuclear Headache (USNEWS)

By Angie C. Marek

U.S. News and World Report, February 19, 2007

It was one of the first major scares after September 11. In October 2001, a CIA agent told the government al Qaeda had smuggled a nuclear bomb into New York City and intended to detonate it. A covert search team from the Department of Energy was dispatched to search for the weapon. It was never found, but the incident worried the administration so much that Vice President Dick Cheney and several hundred federal employees holed up in a bunker for weeks, just in case a twin attack leveled Washington.

Such fears still resonate. Department of Homeland Security Chief Michael Chertoff's virtual battle cry is that he wants to focus DHS's resources on preventing the most catastrophic attacks. Nuclear bombs are the rare weapon that can kill hundreds of thousands. And experts say the unleashing of a dirty bomb-a conventional explosive laced with radioactive material-could sicken thousands of people and cause unparalleled economic damage. So it's not surprising that DHS and New York-area

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authorities are planning an aggressive approach in coming months: They'll surround Manhattan with radiation detectors they hope can sniff out a weapon before it does harm. But it's an ambitious, expensive effort, and critics worry they're going too far, too fast.

Trying to protect against nuclear threats is hardly new. The Department of Energy created SWAT-like search teams in 1974 after, in what turned out to be an elaborate hoax, a man in Boston threatened to detonate a nuclear weapon unless the government gave him $200,000. After 9/11, detection moved to the open: U.S. Customs and Border Protection has installed 321 radiation detectors in U.S. seaports and has used smaller devices to help secure the last three Super Bowl games. Officials in New York City have at least 700 hand-held radiation detectors-with good reason. "Because dirty bombs can be made from readily available devices used in hospitals and construction sites," says Ivan Oelrich, a nuclear physicist with the Federation of American Scientists, "there's really no good explanation why this [sort of attack] hasn't happened yet."

Freeway. Today's detection efforts, however, are limited by technology. Many machines now in use must be driven through-at about 5 mph-to produce a reading. And the vast majority of machines can't distinguish between harmful and harmless, naturally occurring radiation. Still, DHS's current approach has been quietly gaining speed in the past year. Five months ago, the department's Domestic Nuclear Detection Office launched a pilot project to add nuclear detectors to 18-wheeler weigh stations in nine southeastern states. "Kentucky might not necessarily be the target," explains Mary Pedersen with the state's Office of Homeland Security, "but chances are it's on the way." Her state, which is crisscrossed by 70,000 semi-trucks each day, currently has detectors in weigh stations on two interstates. She estimates that within two years it will be hard for most trucks to drive very far into Kentucky on any freeway without a radiation scan.

The New York model builds on that effort, but it will touch everyone on the road. NYPD Commissioner Raymond Kelly says the plan is to create a "ring of radiation detectors" roughly 50 miles outside Manhattan's border. Vehicles that trigger alarms can be stopped and searched, before they reach the city. Among the ideas being weighed: using covert detectors hidden inside SUVs to take radiation readings of cars in nearby lanes.

History's Troubling Lessons (USNEWS)

By Alex Kingsbury

U.S. News and World Report, February 19, 2007

The alarm over nuclear terrorism isn't new. In December 1945, a scant four months after an atomic explosion leveled Hiroshima, the United States was already anticipating the end of its nuclear monopoly. It was only a matter of time, scientists and generals knew, before other nations, particularly the Soviet Union, mastered the atom bomb.

So with that eventuality in mind, a group of nervous congressmen sought counsel from the father of the atom bomb, Robert Oppenheimer, about the possibility of a surprise nuclear attack. Chief among their concerns was that a bomb could be smuggled into a major American city and detonated without warning.

Prescient. Transcripts of that hearing, obtained from the National Archives, reveal a startlingly prescient debate on the Sisyphean challenge of homeland security. In one exchange, Colorado Sen. Eugene Millikin presses Oppenheimer about how to find a bomb hidden in a city:

Sen. Millikin: We... have mine-detecting devices, which are rather effective... I was wondering if anything of that kind might be available to use as a defense against that particular type of use of atomic bombs.

Dr. Oppenheimer: If you hired me to walk through the cellars of Washington to see whether there were atomic bombs, I think my most important tool would be a screwdriver to open the crates and look. I think that just walking by, swinging a little gadget would not give me the information.

That candid assessment shocked the senators, who then asked the Atomic Energy Commission to examine the problem. In the early 1950s, two top physicists, Robert Hofstadter and Wolfgang Panofsky, a veteran of the Manhattan Project team that built the atomic bomb, produced a still-classified assessment, which came to be known as the Screwdriver Report.

Panofsky, now the director emeritus of the Stanford Linear Accelerator Center, says the assignment was to detect 1 cubic inch of highly enriched uranium or plutonium hidden inside a crate and smuggled across a land border. "The conclusions of that

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report are still valid because the laws of physics have not changed one bit," Panofsky tells U.S. News. "You still can't detect a nuclear device unless you are, say, 10 feet away from it-and even then it can be quite easily shielded."

Not everyone completely agrees; Department of Homeland Security officials say new state-of-the-art detectors can do a much better job than that. But the basic point is still valid-and alarming. Radioactive material emits less radiation with distance from its source. Despite the Screwdriver Report's conclusions, though, the government back then began a covert pilot program at selected airports and seaports to scan for radioactivity. The short-lived "Cyclops Project" had a poor record of success, according to Panofsky and historian Gregg Herken, author of Brotherhood of the Bomb. In fact, says Panofsky, the only thing that the Cyclops system discovered was a woman at a New York airport who tried to evade customs by taping 200 wristwatches with radioactively luminescent dials to the inside of her corset.

New Federal Rules For Chemical Plants Criticized (USAT)

By Mimi Hall

USA Today, February 20, 2007

WASHINGTON — New government rules seeking to thwart terrorist attacks on chemical plants are facing stiff opposition from state leaders, environmentalists and others who say the regulations are flawed, vague and unlikely to protect the public.

The rules, which are scheduled to take effect in April, are the culmination of a five-year government debate about how to prevent a toxic attack at any of the nation's chemical facilities. Such an attack could release a cloud of poison over a densely populated area and kill thousands.

"The regulations are seriously flawed and could have a very harmful impact," Senate Homeland Security Committee Chairman Joe Lieberman, I-Conn., wrote to Homeland Security Secretary Michael Chertoff this month.

Homeland Security spokesman Russ Knocke says the department is reviewing the complaints and will work with plant managers, state officials and other groups to address their concerns.

Federal security requirements will be tailored for each plant and could range from more fences and lighting to improved storage facilities. Companies that don't meet the new requirements will face fines of up to $25,000 per day, Knocke says, "or even an order to cease operation."

Last year, Congress gave Chertoff authority over chemical plant security because of post-9/11 fears that terrorists could target a plant. The new rules would apply to any building or area where deadly chemicals are made, used or stored.

Lawmakers and various groups with an interest in chemical security complain that the new rules:

•Violate states' rights.

In New Jersey, state lawmakers in 2005 passed stricter chemical security rules than those set to take effect at the federal level.

The federal rules, however, would invalidate the New Jersey rules, in effect weakening chemical security in that state, New Jersey Gov. Jon Corzine says.

"Federal standards are necessary," says Corzine, a Democrat. But federal rules must not "limit states' abilities to take further action to protect our own citizens."

Knocke says the nation must have uniform security policies. "State laws cannot and should not conflict with federal authorities," he says.

•Are too vague.

The American Chemistry Council, which represents nearly 90% of the nation's chemical plants, complains that Homeland Security has not been clear enough about how it will determine which plants fall into the high-risk categories and will be required to put tighter — and potentially costly — security in place. "We need a clear understanding as to who this applies to," ACC President Jack Gerard says.

•Don't require chemical companies to look into using safer chemicals.

If companies were required to use less dangerous chemicals, says Greenpeace toxics director Rick Hind, they could "eliminate 9/11-magnitude risks that communities living within 14 miles of a chemical plant face each day."

Dems To Push Subway Safety (USAT)

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By Mimi Hall, Usa Today

USA Today, February 19, 2007

Transit systems 'ripe, easy targets'

WASHINGTON — Congressional Democrats now in charge of homeland security are pushing ahead with legislation to tighten security in the nation's subways and other mass-transit systems.

"These are ripe, easy targets," says Senate banking and urban affairs committee Chairman Chris Dodd, D-Conn. "Commuters shouldn't have to play Russian roulette when they get on the train in the morning."

Dodd became chairman of the panel when Democrats took control of Congress on Jan. 4. His committee has approved legislation authorizing $3.5 billion over the next three years on transit security. The committee oversees mass transit.

The House Homeland Security Committee also is holding hearings. Chairman Bennie Thompson, D-Miss., says his panel's legislation will mandate more training for transit workers, whistle-blower protection for those who reveal security lapses, increased screening at stations and federal grants for mass-transit security.

Thompson says there's no way to screen everyone who uses the nation's transit systems. However, "given the number of people who travel every day on our rail system, we just can't ignore it any longer," he says.

Kip Hawley, head of the Department of Homeland Security's Transportation Security Administration (TSA), says the funding disparity is not what it seems because aviation security is funded entirely by the federal government and transit security is funded largely by industries and local governments.

The TSA is just "as concerned with stopping (a transit attack) as we are with an aviation threat," he says.

Subway operators, counterterrorism experts and mayors say it's about time Congress focused on transit security after five years of massive government spending on aviation security. "Transit has been drastically short-changed," says Elliot Sander, director of New York City's Metropolitan Transit Authority. "The absence of adequate federal funding for transit security is putting transit in a place where it has to make agonizing choices over ensuring passengers' safety."

Transit officials say the federal government needs to set standards for training and technology used to protect commuter rail and subway systems. They say they need more officers and bomb-sniffing dogs; more cameras and sensors; better evacuation plans and drills; and construction money to shore up tunnels, install lights and build barriers and fences for rail yards.

"No sector of our transportation network has been more neglected when it comes to security than transit," Warren George, president of the 180,000-member Amalgamated Transit Union, told the Senate this month. "The deficiency in security funding for this industry is staggering."

Sen. Richard Shelby, R-Ala., former chairman of the banking committee, calls Homeland Security's investment in transit security "woefully inadequate."

Despite plots against New York's subway and terrorist attacks on transit systems in Madrid, London and Mumbai, India, the government has sunk $24 billion into aviation security and less than $500 million into transit security since 9/11, according to the Senate banking committee.

"This is not an appropriate balance," Dodd says.

Making Martial Law Easier (NYT)

The New York Times, February 19, 2007

A disturbing recent phenomenon in Washington is that laws that strike to the heart of American democracy have been passed in the dead of night. So it was with a provision quietly tucked into the enormous defense budget bill at the Bush administration's behest that makes it easier for a president to override local control of law enforcement and declare martial law.

The provision, signed into law in October, weakens two obscure but important bulwarks of liberty. One is the doctrine that bars military forces, including a federalized National Guard, from engaging in law enforcement. Called posse comitatus, it was enshrined in law after the Civil War to preserve the line between civil government and the military. The other is the Insurrection Act of 1807, which provides the major exemptions to posse comitatus. It essentially limits a president's use of the military in law enforcement to putting down lawlessness, insurrection and rebellion, where a state is violating federal law or depriving people of constitutional rights.

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The newly enacted provisions upset this careful balance. They shift the focus from making sure that federal laws are enforced to restoring public order. Beyond cases of actual insurrection, the president may now use military troops as a domestic police force in response to a natural disaster, a disease outbreak, terrorist attack or to any "other condition."

Changes of this magnitude should be made only after a thorough public airing. But these new presidential powers were slipped into the law without hearings or public debate. The president made no mention of the changes when he signed the measure, and neither the White House nor Congress consulted in advance with the nation's governors.

There is a bipartisan bill, introduced by Senators Patrick Leahy, Democrat of Vermont, and Christopher Bond, Republican of Missouri, and backed unanimously by the nation's governors, that would repeal the stealthy revisions. Congress should pass it. If changes of this kind are proposed in the future, they must get a full and open debate.

Justice For The Forgotten Internees (WP)

By Xavier Becerra And Dan Lungren

The Washington Post, February 19, 2007

Art Shibayama is an American who served in the Army during the Korean War. Like many veterans, Cpl. Shibayama was not born in the United States. He was born in Lima, Peru, to Japanese Peruvian parents. Until 1942, Shibayama, his two brothers and three sisters lived comfortably with their parents and grandparents, all of whom had thriving businesses. However, after America entered World War II, his family was forcibly removed from Peru, transported to the United States and held in a government-run internment camp in Crystal City, Tex.

Like many Japanese American families, Shibayama's family lost everything they owned. But the greater injustice occurred when his grandparents were sent to Japan in exchange for American prisoners of war. Their family never saw them again.

Shibayama and his family were among the estimated 2,300 people of Japanese descent from 13 Latin American countries who were taken from their homes and forcibly transported to the Crystal City camp during World War II. The U.S. government orchestrated and financed the deportation of Japanese Latin Americans for use in prisoner-of-war exchanges with Japan. Eight hundred people were sent across the Pacific, while the remaining Japanese Latin Americans were held in camps without due process until after the war ended.

Further study of the events surrounding the deportation and incarceration of Japanese Latin Americans is merited and necessary. While most Americans are aware of the internment of Japanese Americans, few know about U.S. government activities in other countries that were fueled by prejudice against people of Japanese ancestry.

That is why we have introduced H.R. 662, the Commission on Wartime Relocation and Internment of Latin Americans of Japanese Descent Act. We should review U.S. military and State Department directives requiring the relocation, detention and deportation of Japanese Latin Americans to Axis countries. Then we should recommend appropriate remedies. It is the right thing to do to affirm our commitment to democracy and the rule of law.

This year marks the 26th anniversary of the formation of the Commission on Wartime Relocation and Internment of Civilians, whose findings led to the Civil Liberties Act of 1988. It provided an official apology and financial redress to most of the Japanese Americans who were subjected to wrongdoing and confined in camps during World War II. Those loyal Americans were vindicated by the fact that not a single documented case of sabotage or espionage was committed by a Japanese American during that time. This act was the culmination of a half-century of struggle to bring justice to those who were denied it. But work to rectify and close this regrettable chapter in our nation's history remains unfinished.

U.S. involvement in the expulsion and internment of people of Japanese descent who lived in various Latin American countries is thoroughly recorded in government files. These civilians were robbed of their freedom -- their civil and human rights thrown by the wayside -- as they were kidnapped from nations not directly involved in World War II. The Commission on Wartime Relocation and Internment of Civilians acknowledged these federal actions in detaining and interning civilians of enemy or foreign nationality, particularly those of Japanese ancestry, but the commission failed to fully examine and report on the historical documents that exist in distant archives.

Today, the Day of Remembrance, marks the anniversary of the 1942 signing of Executive Order 9066 -- the document that made it possible to intern thousands of Japanese Americans, German Americans, Italian Americans and Japanese Latin

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Americans during World War II. Though it is important that we remember what took place, it is more critical that we act, for justice delayed is justice denied. And for the dwindling number of surviving internees who became Americans, such as Cpl. Art Shibayama, justice has been delayed far too long. They deserve our attention, our respect and the official recognition of a country that is willing to heal and to make amends.

Xavier Becerra, a Democrat, and Dan Lungren, a Republican, are U.S. representatives from California.

Hurricane Suits May Be Settled Soon (USAT)

By Kathy Chu, Usa Today

USA Today, February 19, 2007

165 Louisiana homeowners awaiting first payments

The first major insurance settlement involving a group of hurricane-damaged homes in Louisiana is in its final stages and could be announced as soon as in a week or two, according to the attorney for the homeowners who sued.

The likely multimillion-dollar deal would cover about 165 homeowners insured by Louisiana Citizens — the state-created insurer of last resort — in Cameron Parish, where the 2005 hurricanes reduced homes to slabs, says Jennifer Jones, the homeowners' lawyer.

Jones cautioned that the settlement could still be scuttled. But if it succeeds, it could provide a model for resolving hundreds other such cases in the state. The deal would not affect thousands of homes damaged by the New Orleans levee breach after Hurricane Katrina.

Separately, State Farm, the largest insurer in Louisiana, has made two offers to settle 135 Cameron Parish cases involving homes reduced to rubble, says Jones, the parish's assistant district attorney. Jones rejected both offers, she says, because they'd provide too little money for homeowners. The second one was modeled after a proposed class-action settlement offer made recently to Mississippi coastal homeowners. Jones expects to meet with State Farm again in early March.

State Farm confirms it's negotiating with Jones and says it's "optimistic" about a settlement. Terry Lisotta, CEO of Louisiana Citizens, declined to comment on any settlement talks, saying, "We don't discuss open litigation."

"Right now, (insurers are) concentrating on Cameron Parish because there are a manageable number of claims," Jones says. "If I get a settlement for my homeowners, insurers could settle on the same cases" in other hard-hit Louisiana parishes.

Jones says she's "satisfied" so far with preliminary terms offered by Louisiana Citizens to settle cases in Cameron Parish and expects the insurer — which has nearly 10% of the homeowners' market in the state — to finalize the offer as early as next week.

Jones says Louisiana Citizens asked her not to disclose financial details of the proposed settlement because of ongoing negotiations. But she believes that the settlement "is going to be more than" the last offer made by State Farm — which she estimates at $2 million to $3 million — for its own Cameron Parish policyholders.

Homeowners' attorneys, including Jones, say insurers seem more willing to settle slab cases since a January court ruling. In that case, a federal judge said State Farm couldn't deny a Mississippi couple's claim if it couldn't prove whether wind or water caused damage.

Homeowner policies cover wind; only federal policies cover flooding. State Farm and other insurers sometimes deny payout if both wind and water hit a home.

Some attorneys fear that even if insurers settle cases of wiped-out homes in one Louisiana parish, other homeowners won't necessarily get the same relief.

"The most remarkable thing about the insurance experience for homeowners is the inconsistency (by insurers) in deciding who to pay and how much," says Anthony Fernandez, a lawyer for Louisiana homeowners in coastal St. Bernard's Parish.

Katrina 'Voluntourists' Make Labor A Vacation (USAT)

By Larry Copeland, Usa Today

USA Today, February 19, 2007

Across the USA, people feel a pull to help Gulf Coast

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BILOXI, Miss. — Scott Shattuck, a pharmacy manager from Vancouver, Wash., is in Mississippi on vacation. But by day, he's more likely to be found "mucking out" a house damaged by Hurricane Katrina or painting a children's clinic than hitting the casinos or walking the beach.

"This is not a vacation in the sense of doing all the touristy stuff," says Shattuck, 33, here with a group of 30 volunteers from Kaiser Permanente. "You're here to do work for the community, and when you're done, you can have your free time."

Shattuck and his group, who also helped out in the New Orleans area, are among the massive wave of volunteers — half a million, by one estimate — who have come here from across the nation in the nearly 18 months since Katrina struck.

In storm-ravaged Mississippi, their impact has been immeasurable. From Pascagoula in the east to Bay St. Louis in the west, these volunteers have been the one positive constant for residents who have battled through lengthy power outages, mosquito infestations, stuffy FEMA trailers, recalcitrant insurers and an often molasses-slow government bureaucracy.

"They built our community back," D'Iberville Mayor Rusty Quave says. "Without those volunteer groups, we would be just starting. Our houses would be like some of the parishes in Louisiana where there are 10,000 houses that have not been mucked out."

That might seem strong praise in a state where the Federal Emergency Management Agency had spent $857 million through Feb. 5 — just over $50.4 million a month since Katrina — and where the Small Business Administration had issued $2.06 billion in low-interest loans for people to rebuild their homes. But about 80,000 people still live in FEMA trailers.

Almost to a person, Mississippians agree that the volunteers, many of them from religious organizations, have been the spur for their recovery. "We wouldn't even have a coast if it wasn't for them," Pass Christian Mayor Chipper McDermott says.

With their purchases of food and T-shirts, sneakers and blue jeans at restaurants and stores throughout the Gulf Coast region, the volunteers helped keep the local economy afloat in the weeks and months after the storm. They helped revive the region's vital tourism industry by blowing off steam at night in the bars, casinos and restaurants.

Volunteers have been so critical to the Magnolia State's ongoing recovery that a term has been coined to capture their duality. "Voluntourists," they're calling them here.

"They've had a tremendous impact," says Stephen Richer, executive director of the Mississippi Gulf Coast Convention and Visitors Bureau, who estimates that 500,000 volunteers have come here since Katrina flattened the coast on Aug. 29, 2005. "When I look at the people all of us have been dealing with on a day-to-day basis, they are the one group that has brought nothing but hope."

Shattuck, who also manages a pediatric department in Vancouver, is clearly a newcomer to Mississippi: He rhymes the middle syllable of Biloxi with "box" instead of with "lux" as the locals do.

He was drawn to the Gulf Coast by the need he sensed here.

"It seemed like after the immediate coverage, it kind of faded away," he says. "Seeing Spike Lee's documentary (on New Orleans), When the Levees Broke, and media images here and there … made my heart hurt for the people here. There was a tremendous urgency to come down here to do a job for the people that need help."

Shattuck says his wife, Melissa, was fully supportive when he told her he was taking a week of vacation to come here. She would have come, too, but stayed behind to care for their 3-year-old son and 8-month-old daughter.

His vacation is far from posh. He lives with about 100 other volunteers in a big room at Beauvoir Methodist Church, Mississippi headquarters for Hands On Gulf Coast, an Atlanta-based volunteer organization that also has a New Orleans branch.

Short-term volunteers such as Shattuck sleep on cramped bunk beds in a barracks-like setting or in big Army tents out back. They shower outdoors. Hands On serves them breakfast, usually oatmeal, pancakes, eggs, fruit salad and cereal. Dinner might be jambalaya, fajitas or spaghetti: "Something with a lot of carbs, real easy to make and can feed a lot of people," says Chris deVeer, director of Hands On Gulf Coast.

He says it's not unusual "for people to come for a week or two and still be here three or four months later. It's a life-changing experience. We connect people with people who need help, but it changes both sets of lives."

Along with religious organizations, college students have been the backbone of the state's volunteer effort, and officials on the coast expect thousands of them during the upcoming spring break.

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"We have a surge already booked up," says Betty Robinson, spokeswoman for the city of Waveland. "In March, April and the first of May, and again in the summer, we'll see a lot of college students."

The Beau Rivage Resort and Casino here, which recently completed a $550 million, post-Katrina renovation, is a world removed from the storm-blighted reality outside.

To anyone strolling among the resort's 11 restaurants, extensive shopping and bustling casino floor, the storm's devastation seems far away. It's easy to see why a volunteer might want to escape here for a few hours after a long day of cleaning muck out of a house.

"We absolutely have people staying with us that are here helping," says Mary Cracchiolo, a spokeswoman for the resort. "People are coming to help, and taking time to enjoy the area attractions."

It's probably impossible to measure the economic impact of "voluntourism" on Mississippi, says Richer, who tracks such things.

"What they spend is small," he says. "As to what they bring, what's the value of hope? What's the value of this house they left behind? The dollar value is probably a small part of what they brought. The overall impact is in the multiple millions. Say their labor is worth $10 an hour, and assuming they all work at least 40 hours a week, you're talking multiple millions of dollars."

Much of the evidence is anecdotal, says Beth Carriere, executive director of Mississippi's West Coast-Hancock County Tourism Development Bureau. "In the beginning, the volunteers were the only customers here for whatever business was open," she says. "Whatever was open, they utilized it. Lord, I don't know what we would have done without them. Now that the hotels are open, they're flying in, staying in hotels and doing volunteer work."

Bruce Frallic, executive director of Gulfport-Biloxi International Airport, says voluntourists make up 15%-20% of the airport's passenger traffic. "The voluntourism really took off sometime around November 2005 and was just intense for the following year," Frallic says. "They were probably 30% of our passenger traffic" then.

Pam Meinzinger, general manager of Prime Outlets at Gulfport, a 65-store mall, says the voluntourists helped the stores there remain open during the leanest period and are still important customers.

"They're just kind of becoming a part of the community," she says. "They're a big part of our customer base. The northern volunteers usually need some summer clothes. They really do shop us quite a bit, at night. … They buy a lot of blue jeans and tennis shoes."

Now Mississippi is saying thanks. In January, during a brief appearance on NBC's Today show, Richer expressed the state's appreciation to the volunteers — and urged them to keep coming.

The city of D'Iberville will build a 26-acre park, tentatively called Good Samaritan Park. It will feature the flags of all 50 states, the state highway patrol, the National Guard and others. "We're planning it right now," Mayor Quave says.

Bruce Beckham is executive director of Tourism Cares for America, a non-profit group that brought 330 tourism industry volunteers to Mississippi last year. He says that since the Sept. 11 terrorist attacks, many Americans have felt compelled to "go beyond their vacation" by volunteering.

"They're not doing it out of guilt," he says. "They feel that's what their responsibility as a human being is."

John Edmiston, Kaiser Permanente's national community relations manager, says the company had nearly 300 applicants for the 30 slots on the week-long Gulf Coast trip, all of them willing to give up a week's vacation.

Sometimes volunteers come for a week and find themselves pulled back. "They come here and build something," Frallic says. "They've contributed their blood, sweat and tears to this community, and as a result, they want to come back and see how things are going."

Maureen Gatto, 53, a lawyer from Bucks County, Pa., near Philadelphia, came to Hancock County for a week in April 2006 with about 25 other lawyers and friends.

"It was a typical group," she says. "We were gutting houses, helping out. When I got back home, I felt a very strong pull back to Mississippi, and I couldn't shake it. I gave it a month, thinking that do-gooder feeling would wash off. When it didn't, I said, 'Whatever it takes, I'm going to go down.' "

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Gatto returned to Bay St. Louis last August for a two-year stay. She is now the Mississippi coordinator of the Bucks-Mont Katrina Project, which has built a day care center in Bay St. Louis and breaks ground next month on an animal shelter. "I don't think I'll be here permanently," she says. "My whole family is in the northeastern United States."

Sometimes, volunteers come back. Sometimes, they fall in love.

Randy May, 58, says he drove from Austin to Pass Christian within a few days of Katrina. He's been there ever since, working as a coordinator of volunteers for a Baptist group from Indiana and Kentucky.

"I had a good life in Texas," he says. "I'm a horse-shoer and golf instructor. But I had to come here."

Two weeks after he got to Mississippi, May met Deborah Yawn, 56, of Jackson. She had been volunteering in Long Beach.

"She came to the Pass looking for (volunteer) work," May says, "and two weeks later, I married her."

WAR NEWS:

Iraqi Militants Launch Attack On U.S. Outpost (NYT)

By Marc Santora

The New York Times, February 20, 2007

BAGHDAD, Feb. 19 — In a rare coordinated assault on an American combat outpost north of Baghdad, suicide bombers drove one or more cars laden with explosives into the compound on Monday, while other insurgents opened fire in the ensuing chaos, according to witnesses and the American military. Two American soldiers were killed and at least 17 were wounded.

The brazen attack, which was followed by gun battles and an evacuation of the wounded by American helicopters, was almost surely the work of Sunni militants, most likely Al Qaeda in Mesopotamia, according to American and Iraqi officials.

It appeared to be part of a renewed drive by insurgents in recent weeks as more American and Iraqi troops flood the streets of Baghdad and thousands of marines head to western Anbar Province to try to stem the violence. Hundreds of Iraqis have died in a recent wave of car bombings in Baghdad and elsewhere.

Insurgents have been able to shoot down more helicopters through coordinated assaults, captured documents suggest, and American and Iraqi military officials say they are concerned that militants are moving to areas where the American troop presence remains thin.

As the Iraqi government and the American military struggled to build public trust in the security forces, a Sunni woman publicly charged that she had been raped by members of the largely Shiite National Police, causing a furor.

The assault on the American outpost, situated in the heart of a town called Tarmiya, was unusual because militants had largely avoided direct assaults on heavily fortified American positions. A similar attack occurred last summer, when a suicide driver plowed a truck full of explosives into a military outpost near the town of Baghdadi, in Anbar Province, but that did not seem as coordinated as Monday's assault.

Shortly before dawn, suicide bombers drove at least one and possibly as many as three cars laden with explosives into the outer perimeter of the outpost. Witnesses said there were two explosions then a brief pause before another bomber drove his vehicle into the building, a former police station.

Sometime during the assault a gas storage container exploded, sending black smoke billowing into the sky as militants laid siege to the outpost, firing on the Americans from multiple directions, according to an Iraqi official and local residents. As the gun battle raged, at least four American helicopters swept overhead to evacuate the wounded soldiers. There were no reports of how many militants were killed.

The witnesses were reached by telephone and related their accounts only on the condition of anonymity, saying they feared for their lives. The accounts of the witnesses, some of whom live next door to the outpost, could not be independently verified. In a statement, the American military confirmed only the casualty figures and said at least one car bomb was involved in the attack.

Militants usually attack American bases by firing mortars from a distance, using snipers to wait for targets of opportunity, or planting explosive devices on roads frequented by Americans. Iraqi police and army stations, on the other hand, have come under frequent assault by suicide bombers.

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There is evidence that Shiite militia leaders are lying low and heading to strongholds in the south during the security crackdown, but attacks by Sunni militants seem to be intensifying. In addition to the assault in Tarmiya, militants on Monday struck at Iraqi security forces and government officials near Kirkuk, Ramadi and Tikrit, and attacked civilians near Falluja.

A family of 13 was killed on the road leading to Falluja, about 12 miles northwest of Baghdad, because its members were from a tribe known to oppose Al Qaeda in Mesopotamia, witnesses said.

The family, including an elderly woman and two small boys, was dragged out of a minibus, lined up and shot. The bodies remained on the highway for hours because people were afraid they would be ambushed if they collected the dead, witnesses said.

The family was part of the Albu Farag tribe, which has made an alliance with the Anbar Salvation Council. The council has been trying to undermine the militants, and its leader, Abdul Satar Abu Risha, was himself the target of an assassination attempt on Monday when a suicide bomber drove into his home in Ramadi. He survived, but five of his guards were killed.

The attack on the Tarmiya outpost came as American troops moved into similar stations throughout Baghdad for the first time since the early months after the 2003 invasion. Monday's attack underscored the inherent risks in the new strategy.

The Americans entered Tarmiya after the local police force collapsed in December, following a campaign of intimidation by Al Qaeda in Mesopotamia, according to the military and residents.

Until the police force collapsed, the Americans had been only an occasional presence in the town of 25,000, sending soldiers to conduct patrols with the Iraqis from a nearby base. Over the past two years, residents said, Sunni militants have been a constant presence. In addition to attacking the security forces, they have pushed nearly all the Shiites out of the once-mixed community.

The outpost, established in the abandoned police headquarters in the center of the town, was fortified by large blast walls. Americans typically keep one company of about 100 soldiers at such outposts.

By nightfall, American forces had sealed off all entrances to the town and imposed a curfew, leaving residents worried that they would be cut off from basic supplies.

In the west of the country, three marines and an Army soldier were killed over the weekend, the United States military said Monday.

Even as Iraqis and Americans stepped up security efforts in Baghdad on Monday, a day after bombs killed 61 people in a downtown market, there were at least three bombings and one mortar attack that killed 11 people, Iraqi officials said.

There was also an increase in the number of bodies found around the city after a brief lull, officials said. At least 20 bodies showing signs of torture were found on the streets of the capital on Monday.

The American military released statements asserting a number of successes in combating both Sunni militants and Shiite militia groups.

An Iraqi unit, aided by American advisers, caught militants in the act of constructing devices known as explosively formed projectiles in a house in Hilla, south of Baghdad, on Saturday, according to the American military. The explosive devices have proved especially lethal to American troops in recent months, and both military commanders and the White House have pointed to Iran as the source of a component essential in making the devices.

The renewed security campaign will rely on winning the trust of the population, and that effort may have been dealt a blow on Monday night, when a woman said on Al Jazeera, the Arabic-language satellite channel, that she had been kidnapped and raped by members of the Iraqi National Police.

The woman, a Sunni, said three members of the National Police stormed into her home in the Amil neighborhood of Baghdad on Sunday while her husband was away, accused her of cooking for militants and took her to a police garrison where the assault occurred.

Although the woman did not say her attackers were Shiites, the National Police is believed to be dominated by Shiites, including elements of the militias that have infiltrated its ranks.

Sunni politicians rushed to condemn the Shiite-led government of Prime Minister Nuri Kamal al-Maliki and the security crackdown, while some Shiite officials questioned the woman's account.

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The woman said she was treated by Americans, but a spokesman for the American military said he had no knowledge of the case. An Iraqi nurse who said she had treated the woman supported her account.

Rape victims rarely come forward in Muslim countries, making the public airing of the account highly unusual.

Aware of the highly charged nature of the woman's claims, Mr. Maliki's office quickly released a statement last night calling for a full investigation and "the severest punishment" for anyone involved.

Brazen Pre-Dawn Attack On U.S. Outpost In Iraq Kills 3, Injures 17 (WP)

By Ernesto Londono And Thomas E. Ricks

The Washington Post, February 20, 2007

BAGHDAD, Feb. 19 -- A U.S. military facility north of Baghdad was targeted Monday by suicide bombers and other armed men who killed three American soldiers and wounded 17 in an unusually brazen attack.

The facility, a former Iraqi police station in the town of Tarmiyah, came under attack shortly before dawn, according to a witness and the spokesman for the local joint coordination center, Capt. Muhammad Awad.

Two suicide car bombers tore through the main gate and detonated their explosives, destroying part of the building, which the U.S. military took over after Iraqi policemen abandoned it last summer because they were threatened by Sunni extremists who control that area.

A gun battle between U.S. troops and armed men raged for about 20 minutes after the initial explosions, as helicopters from the large U.S. military base nearby in Taji rushed to the scene.

Minutes after wounded soldiers were airlifted from the facility, an improvised explosive device blew up about 500 yards away, apparently targeting a U.S. convoy that included a fuel tanker.

U.S. military facilities in Iraq are frequently targeted from a distance with rockets, mortar rounds and sniper fire. But the coordinated frontal attack -- which occurred as hundreds of American soldiers are being deployed to small, similarly vulnerable inner-city posts -- appeared to be a shift toward more aggressive tactics.

The U.S. military released a brief statement, disclosing only the number of casualties. The statement noted one suicide car bombing. Three U.S. military spokesmen said Monday they had no additional information.

"This was not a spontaneous attack," said Maj. Steven Lamb, a military spokesman. "The matter is under investigation. It would be premature to release anything else."

He said he could not confirm the account provided by Iraqis.

Tarmiyah, with about 150,000 residents, lies on one of the crucial routes to Baghdad, and U.S. forces and Sunni insurgents affiliated with the group al-Qaeda in Iraq have fought vigorously for control of the area. Insurgents had strengthened their grip on the town in recent months after the U.S. military moved a significant number of troops from the area to Baghdad. An Iraqi police unit trained in Jordan deserted last year after being threatened by insurgents.

"This is what happens when you clear and begin to hold, but leave before you finish the hold-and-build process," a U.S. Army officer stationed nearby said Monday night, speaking on condition of anonymity. "We created a vacuum, and al-Qaeda filled it. We lost the people's trust."

The attack came less than a week after U.S. and Iraqi forces launched an ambitious security plan that has made the capital the war's focal point, raising the risk for troops stationed in outlying areas.

Sunni extremists have dramatically altered the fabric of the region in recent months, said a 35-year-old shop owner who lives across the street from the military outpost in Tarmiyah.

"You can no longer find someone selling cigarettes, and you won't find men selling women's underwear," he said, offering an example of strict Islamic codes enforced in the area. Women now cover everything but their eyes and "barbers can't offer modern haircuts," added the man, who confirmed the version of the attack provided by Iraqi officials.

Sunni insurgent attacks on U.S. forces have become increasingly sophisticated and effective in recent months.

"It is hard to judge what is happening in Tarmiyah," said retired Army Maj. Gen. John Batiste, who led a division north of the city in 2004 and 2005. "But for sure we should never underestimate our enemy."

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The U.S. military on Monday reported the deaths of seven other service members killed in recent days, including three soldiers who died Monday when a roadside bomb exploded while they were on patrol southwest of Baghdad. Also, three Marines and a soldier were killed in the western province of Anbar in fighting since Saturday, the military said.

On Monday, a Baghdad woman said she was sexually assaulted by an Iraqi Interior Ministry official after she was detained over the weekend.

Iraqi officials initially condemned the reported rape and vowed to hold the perpetrator responsible. Prime Minister Nouri al-Maliki's office, which issued a statement naming the woman, also promised to investigate. It is unclear why Maliki's office named her. The Washington Post does not identify reported victims of sexual crimes.

The woman is a Sunni, and the ministry is controlled by Shiites. Reports of rape are unusual in Iraq. The woman offered an emotional, detailed account in television interviews.

Hours after announcing the investigation, Maliki's office released another statement saying the woman's claims were determined to be unfounded. A spokesman said the report had been fabricated by Arab news stations to undermine the Baghdad security plan.

Insurgents Strike U.S. Outpost In Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, February 20, 2007

BAGHDAD — Insurgents launched a fiery raid on a U.S. military outpost north of the Iraqi capital Monday, killing two U.S. troops and injuring 17 in a possible foreshadowing of attacks to come as a neighborhood-based Baghdad security plan takes shape.

Police and witnesses said insurgents thought to be Sunni Arabs used at least one suicide car bomber, mortar shells, rockets and small-arms fire in the attack in the agricultural town of Tarmiya.

Fighting sparked by the rare assault on a U.S. base lasted for hours and ended after U.S. fighter jets and ground reinforcements arrived.

Other attacks around Baghdad and western Iraq killed dozens of Iraqis, most of them Shiite Muslims. The U.S. military also reported the deaths of four more troops since Saturday.

The latest violence coincided with the U.S.-Iraqi security crackdown to bring order to the Baghdad area, in part by establishing small neighborhood bases like the one struck Monday.

The raid, as well as continued assaults on Shiite Muslim civilians, suggests insurgents may be attempting to undermine the security plan by attacking far-flung and lightly fortified outposts.

Although the Tarmiya base is not part of the Baghdad security plan, relatively isolated outposts like it are an integral part of the strategy devised by Army Gen. David H. Petraeus, commander of U.S.-led forces in Iraq.

The plan calls for troops to move into community bases to connect with residents and keep an eye on members of the Iraqi security forces, many of whom are seen as instruments of the country's sectarian war.

Tarmiya, a small Sunni agricultural town of 40,000 people along the west bank of the Tigris River about 25 miles north of Baghdad, has long been an insurgent stronghold. The U.S. base is a former Iraqi police station in the center of town. Iraqi police officials said Tarmiya's police were threatened, kidnapped and killed about two months ago.

Authorities said at least one suicide car bomber either rammed into or drove up beside two trucks carrying fuel into the base about 7:30 a.m., igniting an explosion that sent flames dozens of feet into the air.

"Our windows and doors were broken by the blast," said Mohammed Hiali, 22, who lives near the base. "We went out and we saw fire and thick smoke…. There were repeated explosions."

Insurgents then opened fire with rockets mounted on a truck and from a nearby building, Iraqi police officials said. Mortar shells and small-arms fire added to the confusion as U.S. fighter jets, helicopters and ground forces responded in a battle that raged until noon, witnesses said.

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U.S. helicopters landed at least five times to evacuate casualties, Iraqi police officials and witnesses said. At least five Iraqi civilians were injured in the crossfire, including a child who suffered a shrapnel wound to the stomach and was taken to a nearby clinic, said Saadi Mashadani, a grocery store owner in the area.

A group calling itself the Iraqi Islamic State, which has declared a Sunni government in several western and central provinces, claimed responsibility for the attack.

"A brave knight from the Martyrs Regiment and a member of the Iraqi Islamic State set off this morning to infiltrate his booby-trapped car inside Tarmiya police station, which was made into a military position by the crusaders," an Internet posting said.

The U.S. tactic of placing troops in small neighborhood bases in effect reverses the trend since 2004, when American forces redeployed into impenetrable bases on the outskirts of Iraqi cities, lowering their profile on Baghdad streets. The aim was to put Iraqi security forces in charge of the country.

Since that time, Sunni insurgents have become more effective. They are able to conduct sophisticated and well-armed attacks on high-profile targets.

The assault on the Tarmiya base comes at a time when Sunni insurgents have also stepped up their attacks on Shiites in marketplaces and in law enforcement. The tactics may be an attempt to goad Shiite militias back into the fight. At least for now, Shiite militias appear to have lowered their profile to avoid clashes with U.S. troops.

"We are giving orders to state soldiers in Baghdad state to confront the Safawid [Shiite] gangs and protect the Sunnis and their mosques," said a statement posted on the Internet on Feb. 15 that heralded the insurgents' campaign, which it dubbed Operation Dignity.

"We will escalate operations against the crusader occupation army and his tails in all states in order to deteriorate enemy morale," the statement said.

Insurgents launched attacks on Shiite civilians and Iraqi security forces throughout the day in Baghdad, with explosions occurring across the capital. U.S. fighter jets scoured the skies as ground forces continued aggressive raids and patrols that have tripped up Shiite militias and reduced the number of sectarian executions.

A bomb struck a crowded outdoor market in a poor, mostly Shiite district on the capital's southeast fringe, killing five people and injuring 28. A roadside bomb killed three police officers and injured two on patrol in the Zafaraniya neighborhood.

A suicide bomber wearing an explosives-packed belt killed five people and injured 11 on a packed minibus in the mostly Shiite Karada neighborhood in Baghdad. Two roadside bombs that exploded near a downtown marketplace killed two people and injured 40.

As twilight fell, mortar rounds struck an often-targeted Shiite neighborhood south of the capital, killing at least one person and injuring at least a dozen, including women and children.

Two car bombs in western Al Anbar province targeted a Sunni tribal leader, Sheik Abdul-Sattar abu Risha, who opposed Sunni insurgent groups linked to Al Qaeda. Abu Risha escaped unharmed, but 13 people were killed and seven were wounded.

A car bomb in Mahmoudiya, 30 miles south of Baghdad, killed one person and injured four. A car bomb parked near the home of an Iraqi army commander in mostly Sunni Duluiya, about 55 miles north of the capital, killed five people and injured five.

Gunmen in Hawija, a Sunni town near the northern city of Kirkuk, killed two Iraqi soldiers.

Shiite militias, despite their lower level of activity, were also apparent. At least 20 bodies of Iraqi men were found in west Baghdad, which contains a number of heavily Sunni neighborhoods, police said.

British forces in Basra said they killed a gunman who opened fire on troops at a checkpoint in a suspected stronghold of radical Shiite cleric Muqtada Sadr's Al Mahdi militia.

Iraqis were riveted Monday night by a televised interview with a young woman who said she was raped by Iraqi troops. The teary-eyed woman, a Sunni Arab whose face was mostly covered, said Iraqi security forces searching her west Baghdad neighborhood as part of the security crackdown raped her Monday.

Iraqi officials said they were investigating the woman's allegation.

U.S. officials reported four additional combat deaths Monday. A Marine was killed Saturday, a soldier and a Marine were slain Sunday, and a Marine was killed Monday. All of the deaths were in Al Anbar, a stronghold of the Sunni insurgency.

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At least 3,144 U.S. troops have been killed in the Iraq theater, according to icasualties.org.

Iraq Insurgents Attack U.S. Base (CHIT)

By James Janega

Chicago Tribune, February 20, 2007

BAGHDAD -- Insurgents staged a brazen daylight attack Monday on a U.S. compound north of Baghdad as a wave of violence in the capital undermined the 6-day-old security campaign conducted by Iraqi and U.S. forces.

In a sign of the sectarian tensions threatening the country, a Sunni woman appeared on television to say she had been raped by Iraqi national police, most of whom are Shiite. The charge was rejected by Prime Minister Nouri al-Maliki, a Shiite, who called it "made-up noise."

Two U.S. soldiers were killed in the raid on the compound in Tarmiyah, about 30 miles north of Baghdad. Three other soldiers died in an attack on their patrol southwest of Baghdad on Monday. The U.S. military also announced the deaths of three Marines and a soldier in combat over the past three days in Anbar province, bringing the U.S. death toll to nine since Saturday.

The assault in Tarmiyah began with a suicide car bomber who ignited a fuel tank inside the walls of the U.S. compound. Insurgent gunmen then fired into the chaos that ensued.

Helicopters were dispatched from the nearby U.S. base at Taji to evacuate the wounded. The fighting lasted for hours and ended only after U.S. jets and ground reinforcements arrived at the besieged compound.

Besides the two U.S. soldiers killed, 17 were wounded, the military said. A group aligned with Al Qaeda in Iraq claimed responsibility for the attack.

There was violence in Baghdad as well, despite the new security effort concentrated there.

At least 11 people were reported killed in a mortar attack on a Shiite enclave and five died when a suicide attacker with an explosive belt boarded a bus bound for the mostly Shiite district of Karradah in central Baghdad, The Associated Press reported. About 9 miles northwest of Baghdad, gunmen stopped a minivan and killed all 13 people aboard.

Nearly 100 people have died in attacks in the Baghdad area in the last two days, mostly in areas that are predominantly Shiite. The worst violence occurred Sunday when two car bombs exploded in the Shiite neighborhood of the Baghdad al-Jadid, killing 62 people and injuring more than 130. That attack followed a lull in violence in the first four days of the security crackdown, known officially as "Impose the Law."

Sunnis have criticized the new security plan, saying they are being unfairly targeted. The Sunni woman's allegation that she was assaulted by three members of the national police fed Sunni apprehensions about "Impose the Law."

"This is one of the signs that this plan will fail like others before," said Sunni parliament member Mohammed al-Dyni, a critic of al-Maliki.

The rape allegations first appeared Monday in the Baghdad newspaper Azzaman and were repeated later on Al-Jazeera television. The veiled woman, wearing what appeared to be a hospital bracelet, described the ordeal in detail as she wept on camera.

The report prompted a swift denial by Prime Minister al-Maliki, who said the woman in question had been sought for arrest by Iraqi security forces, and that medical tests showed she had not been assaulted.

In a statement early Tuesday, al-Maliki declared: "The aim of this made-up noise—which is done by known political partisans—is to distort the 'Impose the Law' security plan and to tarnish our armed forces that are hunting down the terrorist organizations."

He added that the accused officers will be rewarded for enduring false accusations.

But the allegation and other Sunni grievances may pose a significant challenge to the security push.

"We hope the security plan will target those who violate the law," said parliament member Omer al-Jebouri, of the Iraqi Front for National Dialogue. "The previous plans did not succeed, and this plan, I don't think it will make more progress than the others, unless we stop the sectarian talk."

"Otherwise," he warned, "there will be huge problems in the country."

In other violence Monday:

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A suicide car bomber attacked a police checkpoint in the Sunni city of Ramadi in Anbar province, killing two Iraqi police officers, the U.S. military said. Shortly after, a second suicide car bomber struck a house near the checkpoint, wounding eight women and five children.

Five people, including a 6-year-old boy, were killed by a roadside bomb in the northern city of Tal Afar, local official Najim Abdullah said.

Tribune foreign correspondent Liz Sly and Nadeem Majeed in Baghdad contributed to this report, along with Tribune news services.

Car Bombs Kill At Least 11 In Baghdad (AP)

AP, February 20, 2007

Car bombs killed at least 11 people in Baghdad on Tuesday as militants show increasing defiance to a major security operation in the capital.

A car rigged with explosives tore through a street in the Sadiyah district in southwestern Baghdad. At least six people were killed and 14 injured, police said.

The neighborhood is mixed between the majority Shiites and Sunnis, whose militant factions are blamed for many of the recent bombings and attacks.

Later, a suicide attacker drove a bomb-laden car into a vegetable market in the Shiite enclave of Dora in southern Baghdad. At least five people were killed and seven injured, police said.

The same market was targeted last month by three car bombs that killed 10 people.

More than 100 people have been killed in the Baghdad area since Sunday, when twin blasts in a market claimed 62 lives. U.S. and Iraqi forces last week launched a massive effort of house-to-house searches and checkpoints around Baghdad to try to cripple extremist factions.

Outside Baghdad, more than 100 people were hospitalized complaining of breathing problems after a truck carrying fuel tanks exploded north of Baghdad, police and medical officials said.

At least one person died in the blast near Taji, about 12 miles northwest of Baghdad, said Mohammad Abbas, an emergency room overseer at Kazmiyah Hospital.

People treated at Kazmiyah and other hospitals said they had trouble breathing and were vomiting, but the cause was not immediately known, he said. Among those hospitalized were dozens of children.

Chemical experts collected samples from the tanker and conducted air tests.

Military Says Attacks In Baghdad Have Dropped (USAT)

By Oren Dorell And Rick Jervis

USA Today, February 20, 2007

BAGHDAD — The number of extremist attacks in Baghdad has declined over the past two weeks since a new security plan took hold, although the relative lull may be short-lived, the U.S. military said Monday.

Bombings on Monday that killed more than 40 Iraqis demonstrated that extremists were still staging attacks aimed at grabbing headlines, but the overall number of attacks on U.S. and Iraqi troops has fallen, said Lt. Col. Christopher Garver, a spokesman for the U.S. military.

Reinforcements began arriving last month as part of President Bush's plan to expand the U.S. force by 21,500. They have joined with Iraqi forces to provide a 24-hour presence in some violent neighborhoods where troops previously had patrolled only by daylight. New roadblocks and house-to-house sweeps have targeted sectarian militias.

Garver said there had been fewer attacks in the past few days. He declined to provide statistics.

"We also look for the enemy to look for opportunities to attack back," Garver said. "They still want to launch spectacular attacks to embarrass the government."

Gen. David Petraeus, the new commander of U.S. forces in Iraq, warned last month that it could be late summer before it becomes clear whether the new security plan is working.

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Garver said there has been a decline in reported sectarian kidnappings and apparent murder victims in the Baghdad morgue. The average number of bodies brought to the morgue a day has dropped in the past week to 10 from 50 to 60 a month ago, the Associated Press reported.

Mohamed Al Daiyni, a member of Al Tawafek, the largest Sunni coalition in the parliament, said violence was down because "all the fighting groups are hiding."

"If there is any lull in violence, it will be temporary," Al Daiyni said. "I am not optimistic at all, and I know the chaos will be back."

Garver said the motives might prove irrelevant.

"Them putting off their attacks has the potential to work in our favor," Garver said. "The longer we have to get the police and army into the neighborhoods and accomplishing the mission, the better chance we have to get the security to take hold."

Hundreds of militia members and leaders have been detained in security operations over the past three weeks, said Maj. Steven Lamb, a military spokesman.

Lamb said the area around Haifa Street in central Baghdad, where U.S. forces engaged in violent street battles a month ago, is now mostly in the hands of Iraqi forces.

"It's taking small bites of the city," Lamb said.

The relative lull follows a violent 2006 in Iraq. The number of insurgent attacks increased by 20% last year to 40,801 attacks, according to U.S. military data obtained by USA TODAY.

Also Monday:

•Insurgents staged a daylight assault against a U.S. combat post north of the capital Monday — first striking with a suicide car bombing, then firing on soldiers pinned down in a former Iraqi police station. At least two U.S. soldiers were killed and 17 wounded, the military said.

•On a highway just northwest of Baghdad, gunmen stopped a minivan and killed all 13 occupants, accusing them of opposing al-Qaeda in Iraq, police and witnesses told the Associated Press.

Mixed Welcome For Baghdad Surge (CSM)

By Scott Peterson

The Christian Science Monitor, February 20, 2007

BAGHDAD

Iraqi and American forces are meeting mixed results – that often vary street by street and day by day – as they struggle to regain control of Baghdad.

Two days of relative calm in the capital prompted Prime Minister Nouri al-Maliki to declare a "dazzling success" in the security clampdown, as officials reported an 80 percent drop in violence.

Some neighborhoods are seeing tentative early progress in this city of 6 million, where a surge of Iraqi and American forces started last week. The effort is meant to replace rampant violence with security, crush militants, and enable tens of thousands of people displaced by sectarian fighting to return to their homes.

But the relative calm has been followed by car and suicide bombs that killed 60 on Sunday and at least 10 more Monday.

Throughout Baghdad, the security plan is being viewed through a sectarian lens, despite Mr. Maliki's promise to pummel equally Sunni insurgents and Shiite militias.

For example, buoyed by hope that he could return home after being forced out by Sunni insurgents, Moayad entered his street Saturday behind Iraqi commandos backed by Americans.

The carpenter and 50 other Shiite residents were pleased to see a dozen insurgents arrested, cuffed, and blindfolded.

But as they picked through their trashed houses in the religiously mixed Al Amel neighborhood, their sense of safety was short-lived. "When [the Iraqi commandos] finished, an American officer came and said to release [the insurgents]," says Moayad and other witnesses. "Even the Iraqi officers were very angry, and went back to their base."

While inexplicable, that decision drew angry reactions from Shiites there that wanted to return home – and highlights the colliding sectarian interests at play as US and Iraqi forces seek to impose order.

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When those Sunnis who had occupied their houses were released in Al Amel – two of whom had attempted to kill him one month ago, he says – Moayad and other Shiite returnees had no choice but to depart again.

"I think the Americans want the security plan to fail," he asserts. "I was very hopeful [when it was announced]. But today, after the Americans released these insurgents, I will never respect US troops again."

A US military spokesman said he could not yet comment upon the specific incident by press time, but said it would be pursued: "This is serious allegation, and we're definitely going to be looking into it," said US Army Sgt. Matthew Roe.

Monday in Al Amel district, where Moayad once lived, Iraqi commandos driving through came under fire from Sunni insurgents. One Iraqi soldier was killed and three wounded in an attack in which residents joined with their rifles – later the Iraqi commander thanked them, witnesses said – to quell the insurgent shooting.

Maliki said the bombs "confirm the defeat of these perpetrators and their failure in confronting our armed forces, which are determined to cleanse the dens of terrorism."

But the string of bombings show how difficult reining in Iraq's violence will be. One attack Monday left two US soldiers dead and at least 17 wounded when a bomb exploded in a sophisticated attack on an American-Iraqi base north of Baghdad.

Daily average of deaths drops

Still, many Iraqis say they have seen some positive steps in the days since the surge officially came into effect last Thursday. And not just because several hundred Iraqis are reported to have been able to return home, or that the daily average of 50 dead bodies on the streets has dropped to single digits in recent days.

"People are very, very happy," with the replacement of a commando unit that refused to go after Shiite militiamen by a regular Iraqi Army unit in the southeast district of Zafaraniyeh, says a resident who could not be named.

"When they came 10 days ago, there was chaos and killing. Since then, I have not heard of a single person being killed," says the resident. It is the new Iraqi commander who is making the difference.

"He came and took the Shiite and Sunni clerics to lunch and told them: 'I am not a sectarian man, and all should be under the law, Sunni and Shiite,' " says the resident, quoting the new commander. " 'If you help me, we will help you. If you don't cooperate with me, you will be breaking the law, and I will crush you.' "

That commander has "made many changes and tells people he will be responsible for supplying all families with cooking fuel," says the Zafaraniyeh resident. He has also marked each official checkpoint with a large number – so people can more easily spot fake checkpoints – and his Iraqi forces are searching every vehicle, including police convoys. On Friday, a joint US-Iraq checkpoint there snagged a "police" colonel who proved to be an imposter after calls were made to the Ministry of Interior to check his identity.

The insurgent stronghold of Dora, with its Sunni majority, has also been a key target of US and Iraqi efforts since the Baghdad security plan was first announced more than a month ago. In a 3:30 a.m. raid a month back, US troops arrived in two helicopters, surrounded a house, and took away two key insurgents.

"They had very sure information," says Dora resident who watched the raid take place. "When [the US] captured these guys, many people had a good feeling, because these two people caused big problems. They forced many [Shiite] families to leave. They were known insurgents."

In subsequent raids, US and Iraqi forces have tread carefully, looking for information about suspect trouble-makers as much as breaking in doors and searching suspicious cars for weaponry and bombs. This resident was handed a scrap of paper, printed in Arabic, which gives a mobile phone number and e-mail address to pass on tips to a US infantry unit, and reads: "Please call this number, to tell about any terrorist activities."

While carefully behaved US troops and their Iraqi translators may glean some information this way, other actions undermine their cause. In one case, the brother of this Dora resident was searched. The family was told to wait in the kitchen. US troops left, and then as the Iraqis were leaving, one asked the family to "check their money." Indeed, nearly $200 in Iraqi currency had disappeared. The Iraqi officer – in a line the family does not believe–blamed the Americans, and then left.

Sectarian view of the surge

So far the surge has yielded little head-to-head confrontation between US forces and Sunni insurgents and Shiite militias. US officers say they expect both sides to have hidden their weapons or drifted away for the time being, until the surge passes.

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Shiite areas controlled by the Mahdi Army, loyal to anti-American cleric Moqtada al-Sadr, are meant to be a particular US target because of links with death squads that have been killing dozens of Sunnis a day. Maliki's government, which relies on Mr. Sadr's supporter to rule, is reported to have pushed for Sunni areas to be cleaned up first.

Sunni leaders have cried foul, with Vice President Tariq al-Hashemi telling Al Jazeera TV on Sunday that leaks of the plan to Shiite militia chiefs meant a "golden opportunity for Iraq has been squandered."

But the perspective from Shiite areas is exactly the opposite.

"[Shiites] believe that this security plan is against the Shiites of Iraq – it's an American plan, [President George] Bush's plan, to limit the Shiites of Iraq," says a resident of Sadr City, the sprawling Shiite slum and Mahdi Army stronghold of northeast Baghdad.

"The dirty Iraqi troops with the Americans, they detain many, many people," the resident says, referring to a special Iraqi unit based at the Baghdad Airport that works with US forces in some cases. "If they see a picture of Moqtada in your house, they will detain you."

The cleric himself, this resident says, has ordered his followers – who battled US forces twice in 2004 – not to take on the Americans. Mahdi Army fighters confirm those orders.

"We are following Moqtada's orders, and if he says don't fight [the Americans], we won't," says a Mahdi Army fighter who took part in those 2004 uprisings, and asked not to be named. "We know America wants to make a mass killing of Sadrists, so we should avoid this, by following Moqtada's orders."

And the growing US presence is not universally rejected in Sadr City. "Sometimes they stop the bad people – it's a good service for us, and we should stop them. I feel safer," adds the resident. "Some people are happy with the [Iraqi] troops, and cook dinner for them."

But it may be some time before the Shiite residents of Al Amel, in south Baghdad, make peace with the US troops who they say enabled the release of the arrested Sunni insurgents on Saturday.

Al Amel resident Sadiq, who would not give his last name, fled over the New Year, after a gang of Sunnis – including three (former) friends – shot up his house one night, sending a message to multiple Shiite households to leave.

"We surrendered to reality," says Sadiq, who once ran a computer gaming center on the main street. "We are not fighters or armed. We just took our ID cards, and left our money and gold. We expected to go back."

But now that money and gold is stolen. Along with six computers he was keeping at home, after his business was forced to close. "Today, the important thing is to return back to my home," he says. "I have an unknown future."

So does Moayad, who would also only give his first name, who was attacked by two gunmen early one morning a month ago, as he went to clean his car. A video on his mobile phone shows the vehicle peppered with 15 rounds.

"When they came to assassinate me, they came without any masks, because they were sure they would kill me," says Moayad, who himself wore a mask during the Saturday operation, so he would not be recognized by insurgents.

He has received many phone calls, crudely threatening him and his family. And the same day that gunmen attacked him, he had another close call. Saying goodbye to other neighbors who had congratulated him on his good luck at surviving, he was standing in the doorway with his arm raised when a sniper shot through the cloth of his shirt at the armpit.

Three days later, out of money and ammunition, Moayad gave up his home.

"We are disappointed by the government and US soldiers," says Moayad. "In the future, if they don't help us, we will have to call on the militias and join them, even though that will not solve the problems."

Marines In Iraq's Al Anbar Cope With Daily Grind (LAT)

By Tony Perry

The Los Angeles Times, February 20, 2007

In farming communities along the Syrian border, U.S. Marines work with Iraqis to open health clinics and a job center and to improve trash collection and water delivery.

In Fallouja, Marines at a center for displaced people greet Sunni Muslims from Baghdad seeking sanctuary from Shiite Muslim death squads.

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And along the sniper alley of a freeway that runs between Fallouja and Ramadi, Marines patrol less like warriors than traffic cops.

Rather than charge into battle, most Marines in Iraq's western desert are engaged in nation building on a piecemeal basis, the kind of venture President Bush once publicly disdained. Trained to win quick, decisive victories with firepower and bravery, Marines in Al Anbar province instead face a daily grind. Most never fire their weapons.

The Marine Corps has even changed the rules for its coveted Combat Action Ribbon, allowing troops to win the award even when no shots are fired.

A sign outside the chow hall at the base in this town near the Syrian border sums up the slow, incremental nature of the campaign: "Rebuilding Iraq one meal at a time."

Bush said during his State of the Union address that "this is not the fight we entered in Iraq, but it is the fight we are in." To the 20,000-plus troops in Al Anbar, soon to be reinforced under the administration's troop-increase plan, that wasn't news.

"I wasn't taught any of these things in infantry school," said Lt. Col. Scott Shuster, commander of the 3rd Battalion, 4th Regiment, with responsibility for Qaim.

Al Anbar, the vast province that sprawls from the Euphrates River valley west to the borders of Syria, Jordan and Saudi Arabia, remains deadly. About one-third of U.S. casualties since the invasion of Iraq in 2003 have occurred here, and the danger of roadside bombs in particular is ever present. At nearly every base, a list of Marines killed in action is posted on a wall.

"Inside the wire, [duty in Iraq] is better; outside the wire, it's not," said Lance Cpl. Stephen Herring, 20, of Pontiac, Mich., referring to the security of the base.

What has changed is not the violence, but the U.S. expectations. Just over two years ago, after the second battle of Fallouja, Lt. Gen. John F. Sattler, then commander of the 1st Marine Expeditionary Force, boasted that U.S. forces had "broken the back of the insurgency." Now the watchword is that all gains are small and that prevailing here could take years.

"I think we're making progress," said Capt. Glen Taylor, executive officer of Golf Company of the 2nd Battalion, 8th Regiment, with troops in a run-down hotel in the farm town of Saqlawiya. "I don't know it will ever be enough, but I think the progress is real."

Fighting an insurgency is frustrating. "You cut off the head and the body doesn't necessarily die," Taylor said.

For one group of Marines, Al Anbar is a target-rich environment: The civil affairs groups, often reservists, describe their mission with the military acronym SWEAT, which refers to rebuilding the sewage, water, electricity, academic and trash-removal infrastructure ravaged by decades of neglect and three years of insurgent attacks.

"The challenges are the same as back home, just 100 times more difficult," said Staff Sgt. Christopher Garcia, a city planner in San Antonio.

Elsewhere in the province, Americans find themselves taking on duties they had not expected. In Ramadi, an Army lieutenant colonel trained as an artillery officer spends his days trying to make sure Iraqi police get paid, lest they desert and join the insurgents. In Haditha, Marines patrol on foot, greeting Iraqis at a market, trying to win hearts and minds one at a time.

In numerous communities, including Saqlawiya, Marines listen to the complaints of Iraqis about war-damaged homes and businesses, making payments in cases where the damage was caused by Marines. Every payment comes with a gentle lecture: It's time you choose between the insurgents and us.

There is an ad hoc quality to much of the Marines' strategy. "We're just trying to explore all avenues," Lt. Col. Blair Estep said.

There have been setbacks almost everywhere, sometimes caused by trusting the wrong people: Iraqi contractors who turn out to be insurgents; sheiks pretending to have more authority than they do; scam artists trying to get payments, such as a woman in Ramadi who showed the Marines her husband's death certificate, which was dated the following day.

Marine leaders plead for patience among their troops and the American public. A counterinsurgency operation such as the one in Al Anbar is slow, and gauging its progress is like trying to measure a child's growth on a daily basis, Maj. Gen. Richard Zilmer said.

Even when there are hopeful signs, they are contradicted by disappointing ones.

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Lt. Col. James Donnellan, who commands a Marine battalion with responsibility for a triad of towns along the Euphrates, is buoyed by support from the local police chief and a friendly, if tentative, attitude from residents.

Still, the competency of the police is questionable. When a joint Marine-Iraqi convoy was attacked recently, police officers began firing in all directions. Donnellan said it was fortunate no civilians or friendly forces were hurt. "Luckily the police are no better shots than the terrorists," he said.

For the enlisted ranks, particularly those stationed in more austere settings, away from the comforts of mess halls and movie nights and Internet cafes, the "Groundhog Day" repetition of duty in Al Anbar can be wearing.

"Sometimes you get down, because it seems nothing is going right," said Lance Cpl. Korby Rhodes, 21, of Park City, Kan., stationed at the spartan Camp Gannon. "You just have to get over it. You can't linger, you just have to get over it."

Young men become Marines to fight, not to spend their days protecting convoys from roadside bombs or trying to mentor Iraqis on how to be police officers in their own country.

"I had more of an idea of OIF1 stuck in my head," said Lance Cpl. Robert Warren, 20, of Palmdale, using the military acronym for the 2003 U.S.-led assault on Baghdad.

Commanders watch for signs that Marines, out of frustration or exhaustion, are too rough with the civilians they encounter at checkpoints or on foot patrols.

"There is a tendency among the young Marines to think it's as kinetic [combative] as it was once," said Maj. John Polidoro, whose troops live in tents in the dusty Euphrates valley.

Troops who have seen buddies killed by roadside bombs or snipers have learned to mourn quickly and move on.

"It's not like it gets easier, it's like we're bottling it up, saving our grief," said Navy corpsman Adam O'Gara, 27, in his second deployment in Iraq.

Col. Sean MacFarland, commander of the 1st Brigade of the 1st Armored Division, an Army unit that controls Ramadi and answers to a Marine general, said the Al Anbar strategy could be summarized by a quotation from British philosopher Thomas Hobbes: "Be sociable with them that will be sociable, and be formidable with them that will not."

Reminded that Hobbes also said that life is "poor, nasty, brutish and short," MacFarland replied, "Yes, that sounds like Ramadi."

Conservatives Target GOP War Critics In Congress (POL)

By Patrick O'Connor And Josh Kraushaar

The Politico, February 20, 2007

House Republican leaders and conservative activists are targeting critics of President Bush's plan to send more combat forces into Iraq -- and some GOP lawmakers are on the hit list.

Amid a mounting campaign in Congress to limit Bush's military options, conservatives led by talk show host Hugh Hewitt have created an advocacy group designed to counter the anti-war MoveOn.org. And its first round of targets will be the 17 GOP lawmakers who voted for last week's Democratic resolution in the House opposing the troop increases.

First in the sights of the new Victory Caucus is Rep. Ric Keller, R-Fla., whose district includes Orlando.

While Hewitt carries considerable sway among conservatives, the fledgling Victory Caucus starts out with little of the money and prominence of MoveOn.org, now nationally entrenched as a liberal interest group.

At the same time, House Republicans are hitting Democrats who represent districts Bush won in hopes of preventing a congressional majority that would restrict money for Afghanistan and Iraq. The GOP is flooding those districts with news releases and e-mails warning that Democrats are undermining U.S. troops.

Republicans claim the campaign already has paid off in South Dakota, where the Sioux Falls Argus Leader ran a column over the weekend highlighting how Democratic Rep. Stephanie Herseth is pinched between party leaders and conservative voters in the state.

"We will certainly expose any Democrat who promised to fund the troops in order to get elected who turns around and supports a slow-bleed strategy now that they're here and their leadership is calling the shots," said Jessica Boulanger, communications director for the National Republican Congressional Committee.

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The GOP political strategy is to shift the focus away from an unpopular war and unpopular president to the Republican claim that Democrats would abandon the troops.

"They're trying to go on offense on their biggest liability, and it's not going to work because they're losing on the issue," said Jennifer Crider, communications director for the Democratic Congressional Campaign Committee.

Republicans are trying to force a House vote on a binding measure to prevent cutting or restricting money for the war.

Rep. Sam Johnson of Texas, a prisoner of war in Vietnam, is leading the effort, with the backing of Minority Whip Roy Blunt of Missouri and his chief deputy, Rep. Eric Cantor of Virginia. They are gathering signatures for a discharge petition to force a vote on the issue, but the effort is almost certain to fail because it would need to attract some Democratic support.

In the meantime, the Victory Caucus hopes to shame Republicans into sticking with their leaders on upcoming votes on defense spending. "This is a means of getting out a message," said Dean Barnett, a member of the Victory Caucus Board of Governors. "We're letting the political class know there's a huge chunk of people out there that want victory."

Keller is a prime target, organizers say, because of his House speech last week comparing the Iraq war with a neighbor's unkempt lawn. "Imagine that you have a next-door neighbor who refuses to mow his lawn, and the weeds are up to his waist," Keller said. "You mow his lawn for him every single week. The neighbor never says thank you, he hates you and sometimes he takes out a gun and shoots at you. Under these circumstances, would you keep mowing his lawn forever?"

Barnett responded on his blog: "In the virtual special ed class that is our Congress, Keller sits in the virtual corner wearing the virtual dunce cap."

Keller is in many ways a surprising target for conservatives. He won a competitive primary in 2000 by running to the right of his opponent -- on an anti-abortion, anti-tax platform that won support from the conservative Club for Growth.

"The Iraq issue transcends partisan politics," Barnett said. "Keller may be a rock-ribbed conservative but on the biggest issue of our day, he's got it wrong."

Hewitt is asking his listeners to identify any potential primary challengers to Keller who are supportive of the Iraq war and to commit funding to such a campaign. He also announced he would not be donating to the National Republican Congressional Committee because of its support for "White Flag Republicans."

Weekly Standard editor Bill Kristol sounded a similar note on "Fox News Sunday."

"There's something called primaries we have in America, and there will be primary challenges in the Republican Party against some of those congressmen," Kristol said. "And they deserve to be primaried, because they are acting, I think, in a shameful way."

Unlike their Senate counterparts, most of the 17 dissenting House Republicans will not likely face tough re-election campaigns.

Only Rep. Jim Walsh, R-N.Y., had a difficult re-election in 2006. And based on the demographics of their districts, Republican Reps. Mike Castle of Delaware, Jim Ramstad of Minnesota, Mark Kirk of Illinois and Keller could face serious challenges next year.

None of the perennially targeted GOP incumbents, such as Reps. Christopher Shays of Connecticut, Heather Wilson of New Mexico or Jim Gerlach of Pennsylvania, voted with the Democrats.

Liberal bloggers have already been involved in several high-profile primary battles with limited success. They helped Ned Lamont topple Sen. Joseph I. Lieberman in the Democratic primary, but he lost in the general election and Lieberman was elected as an independent.

They also were unsuccessful when Democrat Ciro Rodriguez fell short in his primary challenge against Rep. Henry Cuellar, D-Texas. Later, Rodriguez came back to defeat Republican Rep. Henry Bonilla in a December special election.

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by polarbear on 02.20.2007 at 12:51 AM

On the budget side, Democrats and centrist Republicans should shift substantial funding for combat operations in Iraq over to the Veterans's Administration budget and the DOD budget for Walter Reed Army Medical Center. Long term care for Veterans

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is atrocious. The number of wounded veterans returning from Iraq is greater than expected, and they are not getting the care they need. See:

?Soldiers Face Neglect, Frustration at Army's Top Medical Facility? Sunday, February 18, 2007. Anne Hall & Dana Priest. Washington Post.

?The Hotel Aftermath? Monday, February 19, 2007, Anne Hall & Dana Priest. Washington Post.

Democrats and centrist Republicans should stand with the vets on this issue. Our veterans should be receiving the best care available, not mice-infested, run-down, isolated tenement dorms serving as an excuse for treatment. For more information, see www.votevets.org.

by jimmyo on 02.20.2007 at 12:41 AM

The war on Iraq was a collosal blunder from Day 1, in large part a product of the aggressive campaign by Israeli Lobby/neocons to get our country involved in wars with Israel's enemies (a campaign that continues still). Republicans were in power at the time; if the Democrats had been in power the same organizations would have waged the same campaign and the result might well have been the same. So honest Republicans should not be afraid to call the Iraq war what it is ... a collosal blunder and a national disgrace. But now, given the present situation, what is now best for America? That is a reasonable subject for discussion and no honest representative, Republican or Democrat, should duck the issue or cede his judgment to party leaders. This is a time for courage and leadership, a time to act in America's best interests. It is not a time for politics.

by Steve Slatten on 02.19.2007 at 11:47 PM

Yes, let the Republicans primary their only sensible members out of existence. Americans have HAD IT with this sham of a war. I think some GOP House members understand this and they're tired of being deck hands on Bush's Titanic. If the GOP didn't get the memo that voters sent them in '06, they'll just keep on losing. Sounds good to me!

by tnproud2b on 02.19.2007 at 10:51 PM

I see Mr Scott is back with yet another spamfest - riding the coattails of the Politco in order to drive interest in his own website. Which is a laughably juvenile endeavour, as you'll see.

by BYRON TRAVEL on 02.19.2007 at 10:39 PM

IN 2002 in Georgia, the Republicans ran T V ads against Senator Max Clelland featuring Pictures of Clelland always followed by Osama Bin Laden ? Saxby Chambliss thought it was fair advertising ? Why does it not surprise me that they would turn on their own ? I can just imagine what the "turncoats" will see and hear? I am guessing terms like "un-american"--- "aide &comfort to the enemy"--- ? Can anyone think of other famous putdowns they use ?

by Hugh E. Scott on 02.19.2007 at 09:35 PM

So who is Hugh Hewitt? you might wonder.

Simple answer. An arch neocon who, like 99% of rightwing pundits, never wore the the uniform much less saw combat.

Hewitt shares air time at Townhall Talk Radio with four other neocons who never served: PNAC founder Bill Bennett, Mike Ghallager, Michael Medved and Dennis Praeger.

There is one more member of the goose-stepping Townhall group worth mentioning: John Newbury, whose talk show is called "National Defense."

He makes no bones about his rightwing Republican bent. On the Townhall website, Newbury sells self-described "conservative" T-shirts which he calls the "largest selection of liberal-baiting merchandise on the Net."

He also touts two favorable books about 2008 GOP presidential candidates John McCain and Mitt Romney. There are no pro-Democrat publications or other such products advertised on Newbury's home page.

And who helps pay John Newbury's salary?

The Veterans of Foreign Wars (VFW), which is supposed to be a NONpartisan association. By sponsoring John Newbury and no other voice on Townhall Talk Radio, the VFW shows itself at the national level to be a biased rightwing organization.

The political prejudice also proves how pervasive is the neconservative movement. For that reason, with much regret, I withdrew my VFW membership application in January 2007.

Hugh E. Scott, Vietnam vet, lifelong registered Republican and creator/editor of www.King-George.biz -- the only website with hardcopy proof of White House corruption.

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by TomT on 02.19.2007 at 09:29 PM

Please let this be true! I knew there would come a time when Red State would merge into Khmer Rouge.

by Mooner on 02.19.2007 at 08:51 PM

I can't believe this whole mess. It's the same old politics as usual. The dems are no better than the republicans. This country is in dire need of a third party that can reform the way congress and the senate operate. Until all the old fat cats are booted out and replaced with people that really reflect the national mood on Iraq, the economy, immigration , education, roe v. wade etc., we deserve these fat white dudes and their equally repugnant business as usual attitudes.

by namegoeshere on 02.19.2007 at 08:49 PM

Another "stay the course" strategy?

Another scare tactic?

So what else is new?

by BubbaofNY on 02.19.2007 at 08:34 PM

They eat their young. Target away chickenhawks. The people shall always remember the spirit of their vindictiveness.

by The Boss on 02.19.2007 at 08:19 PM

?

by The Boss on 02.19.2007 at 08:18 PM

This Josh kid is rockin'. Why cant I email him?

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The Antiwar Rallying Point (WP)

By E. J. Dionne

The Washington Post, February 20, 2007

Two things are now abundantly clear about the future of U.S. policy toward Iraq. First, majorities in both houses of Congress have lost faith in President Bush's approach to the war. Second, the president will do all he can to resist changing his strategy by trying to split his critics into ineffectual factions.

Bush's choice is certainly bad for opponents of the war, but it's also bad for American foreign policy.

The president is inviting a full-scale confrontation over his warmaking powers in the expectation that the Democrats' narrow majorities will deprive them of the votes they need to win such a fight. He is ready to split the country rather than give any ground to those who ask whether it's wise to risk ensnaring American troops in a Sunni-Shiite civil war.

The challenge to critics of the war is to make the debate about Bush, not about themselves, and to make clear that the president has rebuffed all efforts to pursue a bipartisan path out of Iraq, beginning with his rejection of the core recommendations of the Iraq Study Group, headed by James A. Baker III and Lee Hamilton.

Changing our policy will require a substantial Republican rebellion. The 17 House Republicans who voted for the resolution opposing the president's surge and the seven Senate Republicans who tried to get a vote for the House-passed measure are a start.

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The next steps pursued by the war's critics must be premised on the goal of expanding this circle of Republican opposition, because, as Sen. Jack Reed (D-R.I.) put it on "Meet the Press" over the weekend, "Republican influence on the president might be more decisive than the Democratic voices."

For now, the war's opponents are focused on three strategies. One would be to cut off funds for the war, but there is currently no majority in either house for this. A second approach, expected to come from Rep. John Murtha (D-Pa.), would propose restrictions on troop deployments -- for example, forbidding the redeployment of units that have been home for less than a year and imposing substantial training requirements on the troops who are sent.

The Murtha measure would at least force a much-needed debate on the damage this war has done to our armed forces and the extraordinary burdens being borne by the brave minority of Americans who serve. It would also sidestep the political damage of doing anything that could be construed by Bush's supporters as "failing to support our troops."

But the sense that the proposal has been crafted in part for reasons of political convenience and the intricate restrictions it would place on the military are precisely what could doom it. The war's opponents need other options.

A third path, offered by Sens. Joseph Biden (D-Del.) and Carl Levin (D-Mich.), would have Congress revisit its original 2002 Iraq resolution to make clear that the war authorized then (against Saddam Hussein and what turned out to be nonexistent weapons of mass destruction) had nothing to do with putting American troops in the midst of a Muslim civil war now.

The Biden-Levin idea has the advantage of pushing Republicans who are quietly doubtful about Bush's path out into the open. In particular, Sen. Richard Lugar (R-Ind.), who rightly called this weekend for a more bipartisan approach to Iraq, nonetheless keeps voting his party's line. That, in turn, enables Bush to pursue the very sort of divisive partisanship on the war that Lugar says he's against.

Lugar and others in his party who harbor doubts about Bush's approach must be challenged again and again to justify actions that allow the president to bull ahead by dividing his opposition.

Rep. Chris Van Hollen (D-Md.) has an additional idea: Opponents of the war need to force full consideration of the original Baker-Hamilton proposals that, he said, promised to put American policy "on a trajectory to have our combat troops out of Iraq this time next year" and reflected "the center of gravity in Congress." Whatever its flaws, the Iraq Study Group report could still serve as a focal point for sharply reducing America's military role in Iraq before the 2008 election.

"The refusal of the administration to try to work with others to resolve this in a responsible manner has created a very polarized atmosphere," Van Hollen said. "They've refused to listen to anyone else."

That should be the central theme of the president's critics because it's true -- and because it offers the best rallying cry for those seeking to change a disastrous policy.

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A Big Fight On The Hill (USNEWS)

By Silla Brush

U.S. News and World Report, February 19, 2007

Congress has been talking about it for weeks, jousting, posturing, and trading partisan jabs. Last week, the Democrats who control the House of Representatives finally got around to actually voting on President Bush's new policy in Iraq. After four days of debate, the 246-to-182 ballot in favor of a brief, nonbinding resolution opposing the president's plan to add more than 20,000 troops seemed, well, anticlimactic.

Perhaps that's because it was. While it was a resounding vote of no confidence in the president's plan, it was also just the first of many legislative battles as Congress decides how strenuously to exert its constitutional powers to control funding for the war. That process is many months away from conclusion, but the political stakes are ratcheting up almost by the day.

Democrats voted nearly unanimously for the resolution last week, save for two members, and they were joined by a varied lot of 17 Republicans. Some, like Walter Jones of North Carolina, were early supporters of the Iraq war who eventually turned against the president. Others, like Michael Castle of Delaware, could face tough re-election campaigns in 2008.

Hanging tough. Despite the increasing pressure, the president shows no signs of backing away from his insistence on "victory." He hopes that the situation improves and that Iraqi forces can gradually take more responsibility. But he believes he can

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accomplish the planned troop surge and maintain whatever troop levels are necessary through the end of his presidency, in January 2009, White House advisers say. Those advisers are clinging to the hope that, in the end, most congressional Democrats won't vote to cut off funds for the troops.

Democrats are calling the House resolution "Step 1" in their approach toward shaping Iraq policy. Next up is the Senate, which so far has failed to even muster a vote on Iraq. At week's end, senators were poised to take up a measure that could lead to consideration of the same language passed by the House.

But the fight on Capitol Hill is already shifting to much tougher ground: the budget process. The president is requesting $93.4 billion in supplemental funding for the wars in Iraq and Afghanistan, and next month Congress will consider whether to make changes to that budget request or other alterations to Bush's plan. In mid-March, the House International Relations Committee will hold hearings to consider about a dozen bills on Iraq, including efforts to withdraw troops from Iraq and proposals to force the Defense Department to change how it reviews contracts in Iraq for fraud and abuse.

In interviews and announcements last week coordinated with antiwar interest groups, Rep. John Murtha, the Pennsylvania Democrat shepherding the Pentagon spending bill through Congress as chairman of the Defense Appropriations Subcommittee, detailed a process that would set conditions on the bill, thereby tying the president's hands. Murtha's plan-Democratic activists dub it "the readiness strategy"-would, in part, require that soldiers have at least one year at home before they're redeployed for a second tour and would ensure that troops have appropriate training and equipment under military guidelines. It would also end "stop loss" procedures that extend soldiers' tours. The upshot? "This vote will limit the options of the president," Murtha says, "and should stop the surge."

The Elusive Quds Force (NSWK)

By Christopher Dickey And John Barry

Newsweek, February 19, 2007

The Iranian Special Operations unit called the Quds Force has for years been accused, with or without evidence, of assassinations and terrorist attacks as far away as Argentina. But its specialty is different: striking fear in the hearts of generals. Over the past 25 years, the Quds Force has proved ferociously effective at organizing, training and equipping guerrillas to confront the world's most vaunted armies. Quds played a vital role in creating Hizbullah to fight the Israelis in Lebanon. It supported the legendary Ahmed Shah Massoud against the Russians and his Taliban rivals in Afghanistan. Quds helped the Bosnians hold back the Serbian war machine. And now—it's in Iraq.

"What matters is that they're there," President George W. Bush said last week. Precisely why, at whose direction or invitation, and with what long-term goals: all that remains in doubt. Bush, even as he said the group had "harmed our troops," suggested how much remains unknown: "I do not know whether or not the Quds Force was ordered from the top echelons of [the Iranian] government. But my point is: what's worse—them ordering it and it happening, or them not ordering it and it happening?"

Actually, what's worse is that the unit appears to be as close to America's Shiite and Kurdish allies as to splinter groups accused of killing perhaps 170 of the more than 3,000 American soldiers who've died in Iraq. The relationship between the Quds Force and figures like Iraqi President Jalal Talabani or Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq (both of whom have been received in the White House recently) goes back two decades to the days when only Tehran was aiding Saddam Hussein's enemies. "Do the Americans think they would stop working with us because Americans told them so?" says an Iranian intelligence official who is not authorized to speak on the record. Quds operatives captured recently were working directly under the protection, respectively, of Talabani and Hakim.

Because of the bad intelligence that the Bush administration used to pave the way to war with Iraq in 2003, skeptics worry it may be using similar tactics to provoke a fight with Iran. But when it comes to the Quds Force, the American military's concerns are much more down to earth. The weapons known as "explosively formed penetrators" or EFPs, which Quds allegedly helped design and supply to some Shiite factions in Iraq, send a molten slug at phenomenal speed through heavy armor. Each one costs perhaps $50, but is capable of crippling an Abrams tank that costs more than $4 million, and they are increasingly common.

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Meanwhile, since the beginning of the year, U.S. helicopters have been shot out of the sky with unprecedented frequency. Although none of the five confirmed shootdowns have been linked to the Quds Force, or to Iran, U.S. commanders are worried about their troops' ability to move on the ground and in the air. So they're looking for any way to relieve the pressure—to stop the flow of Iranian arms—three Army sources told NEWSWEEK on condition of anonymity. Publicizing the threat and pushing back against Iran is one idea. But taking aim at this new enemy will be a challenge, given the risk of hitting a friend.

War Of Words (USNEWS)

By Anna Mulrine And Kevin Whitelaw

U.S. News and World Report, February 19, 2007

It should have been a pretty straightforward case: Shiite militias are using Iranian weapons to kill U.S. soldiers in Iraq. On that, the evidence is clear. But when unnamed officials at a hastily convened briefing in Baghdad went a step further, accusing Iranian officials "at the highest levels" of funneling a particularly deadly form of roadside bomb to the Shiite militias, it raised more questions than it answered. For one thing, while the analysts laid out detailed evidence that the armor-piercing "explosively formed penetrators," or EFPs, originated in Iran, they offered nothing to support the allegation of Iranian government involvement.

Confusing matters further, several senior U.S. officials-including the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, Gen. William Caldwell, the chief spokesman for U.S. forces in Iraq, and even President Bush-made a point of walking back from the accusation. "It is clear that Iranians are involved, and it's clear that materials from Iran are involved," Pace told the Voice of America, "but I would not say by what I know that the Iranian government clearly knows or is complicit."

In Washington and other capitals, many were left questioning the allegations and wondering aloud what, exactly, the Bush administration was hoping to achieve. Was this a prelude to stronger action against Iran or simply a clumsy warning to the regime to stop its support of Shiite militias? The Bush White House ran smack into a growing credibility gap of its own making-a hangover from its handling of intelligence regarding Iraq's alleged weapons of mass destruction before the invasion. It spent the rest of the week trying to explain its intentions.

The controversy's timing was, at best, inconvenient. Last week, the House of Representatives was engaged in a marathon debate over Bush's "surge strategy" (Page 25). Bush struggled to turn the nation's attention back to his long-awaited security crackdown in Baghdad, but at a rare press conference, the questions kept returning to Iran.

Back in Baghdad, military officials insisted the briefing was not a prelude to a new war but a simple matter of force protection. "We need these actions to stop," said Caldwell. But to explain the ill-fated decision to present the Iran intelligence anonymously in Baghdad, some Pentagon officials pointed to what they call the new Powell doctrine: Don't get stuck being the fall guy for the administration's intelligence claims. (This is a nod to the discredited case that former Secretary of State Colin Powell made to the United Nations about Iraq's alleged weapons of mass destruction.) "Nobody wants to be Powell. He could have been president, and there was no one more credible in 2002," says a senior Pentagon official, of the decision to withhold the identities of the briefers. "That sends a big signal. Powell is now essentially derided as a tool of the administration."

The briefing, originally planned about two weeks earlier, was delayed by an arduous review process. The intelligence on EFPs was widely vetted in Washington before it was delivered in Baghdad. Senior military and intelligence officials, along with National Security Council aides and the Director of National Intelligence's Iran mission manager, all reviewed the presentation. U.S. News has learned that additional allegations against Tehran were removed because the intelligence was not conclusive enough. Despite all these efforts, the final briefing (hurriedly scheduled after the talking points leaked to a New York Times reporter) left many confused.

Pentagon To Fill Iraq Reconstruction Jobs Temporarily (NYT)

By Thom Shanker

The New York Times, February 20, 2007

WASHINGTON, Feb. 19 — The Pentagon and State Department have worked out a deal to send a small number of military personnel and Defense Department civilians to Iraq for several months until Foreign Service officers and State Department contract workers with specialized skills can fill those jobs, senior officials said Monday.

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The internal administration discussions over filling the posts had exposed tensions between the military and civilian agencies over how to share responsibilities in carrying out President Bush's new strategy for stabilizing and rebuilding Iraq — in particular, how to fill hazardous positions in new provincial reconstruction teams.

The State Department had asked the Pentagon to come up with military personnel or civilians to fill about one-third of the 350 new State Department jobs in Iraq. While the numbers involved are relatively small, the debate raised larger issues of whether the government was properly organized to carry out a long-term occupation of a country like Iraq.

The State Department's written request for military personnel to fill some of the positions temporarily, received in late January, was met with frustration by a number of senior Pentagon officials and military officers.

But last week, Defense Secretary Robert M. Gates agreed to the State Department request. About 120 military personnel or Pentagon civilians will fill the jobs for up to four months, according to three senior officials who were briefed on the discussions.

The officials said the stopgap measure would give the State Department time to identify Foreign Service officers to serve in political and economic development jobs in Iraq and to use new Congressional financing to hire people with technical skills that are not routinely part of diplomatic missions overseas.

The officials said the jobs included industrial development specialists, public health advisers, engineers, veterinarians, agricultural experts and lawyers who specialize in creating or enhancing judicial institutions.

While those skills are not a standard part of the diplomatic corps, they are found among active duty military and reserve personnel. It is those people who will be asked to step in temporarily.

"We are moving forward to try and fill many if not all of those positions, and can certainly manage it for 60, 90 or 120 days," a senior Defense Department official said.

Another senior Pentagon official said, "Rather than waiting for the funding and contracting process, we want to push the envelope to get the provincial reconstruction teams running as rapidly as we can."

Mr. Gates and Secretary of State Condoleezza Rice have not publicly discussed the specifics of the agreement. But they met at the State Department last week, and Ms. Rice spoke in positive terms of cooperation between the departments.

"This is one of several meetings that the secretary and I have been holding and will continue to hold on major issues that Defense and State are confronting together in the global war on terror," Ms. Rice said at the time. "It gives us a chance to get the people who are really responsible for managing these issues on a day-to-day basis together with us to solve the problems that we face and to take advantage of the opportunity."

The president's new strategy calls for the State Department to step up its efforts in Iraq, by doubling to 20 the number of provincial reconstruction teams. That increase would be in tandem with the deployment of 21,500 more troops to Baghdad and Anbar Province to the west.

"We need to put more energy into government at lower levels, at the provincial level and, in some cases, at the municipal level," a senior Defense Department official said.

Another official said the additional provincial reconstruction teams, to be managed by State Department personnel, would not focus on "brick and mortar" construction, but on "trying to reconstruct governmental capacity — the ability for the Iraqi government at all levels to effectively deliver services."

The State Department-run reconstruction teams will rely on military personnel for security and to escort convoys, Pentagon and State Department officials said. Striking a balance between assigning troops to day-to-day combat missions versus providing security for nonmilitary efforts has caused some tensions in the past.

At the core of the debate is a clash of cultures, civilian and military, and assessments of the mission. Many in the military have said that while administration officials routinely speak of the United States as "a nation at war," by far the bulk of the mission is being carried by those in uniform, while the rest of the government is not on a similar war footing.

But across the civilian agencies, which have only a fraction of the Pentagon's personnel and budget, government workers say the question is whether a few hundred unarmed civilians spread across Iraq can make a significant difference in promoting democracy and reconstruction in the middle of a war zone, when more than 130,000 troops are not succeeding in that task.

Iraq-refugee Plan Facesbipartisan Opposition (WT)

DOJ_NMG_0133572

By Audrey Hudson

The Washington Times, February 20, 2007

A new program by the Bush administration to admit 7,000 Iraqi refugees into the United States this year is meeting with some resistance on both sides of the political aisle.

Rep. Tom Tancredo, Colorado Republican, says the policy flies in the face of U.S. law, and Ted Strickland, Ohio's Democratic governor, says refugees are not welcome in his state.

"I think Ohio and Ohioans have contributed a lot to Iraq in terms of blood, sweat and too many tears," Mr. Strickland said. "I am sympathetic to the plight of the innocent Iraqi people who have fled that country. However, I would not want to ask Ohioans to accept a greater burden than they already have borne for the Bush administration's failed policies."

In addition to opening U.S. borders to refugees, the United States will contribute $18 million for a worldwide resettlement and relief program for 20,000 Iraqi refugees this year.

Current law states that no Iraqi nationals should be permitted to enter the United States until the government of Iraq cooperates with U.S. efforts to repatriate Iraqi criminal aliens back to their home nation, Mr. Tancredo says.

Since 2003, the United States has allowed 463 Iraqi refugees to relocate, a number Mr. Tancredo calls "too many."

"I believe caving in to this pressure would be a colossal mistake and would very likely violate U.S. law," Mr. Tancredo said in a letter to Mr. Bush on Friday. "I hope you will resist pressure from international bureaucrats at the United Nations and order the Department of State to bring its policy in line with United States law."

Up to 2 million Iraqis have fled their country, primarily to Syria and Jordan, and Secretary of State Condoleezza Rice earlier this month formed a special task force to coordinate refugee assistance. The administration announced last week the United States will accept one-third of the 20,000 refugees who will be screened and approved this year by the office of the United Nations High Commissioner for Refugees (UNHCR).

The United States cut back on the number of Iraqis seeking refuge after the September 11 terrorist attacks with tighter screening controls, said Ellen Sauerbrey, assistant secretary of state for population, refugees and migration.

"The numbers dropped off so dramatically that UNHCR found it not a very attractive destination and were making very few referrals to the U.S.," she said.

The program has the support of key Democrats in the Senate, including Sen. Edward M. Kennedy of Massachusetts and Sen. Patrick J. Leahy of Vermont, who say the United States should contribute $30 million, half the cost of refugee-resettlement worldwide.

"While we can't solve this problem alone, we have a moral responsibility to do all that we can and provide the necessary leadership to prevent this crisis from getting worse," said Mr. Kennedy. "Our invasion of Iraq led to this crisis, and we have a clear responsibility to do more to ease it."

The process of seeking refuge in the United States is long and arduous, and Mrs. Sauerbrey concedes that only half, or about 3,500, will be ready to travel to the United States by September.

Only refugees who have been referred by UNHCR or by the U.S. Embassy in Iraq are eligible, and must first pass background checks, medical tests and other requirements.

Nongovernmental organizations determine where in the United States refugees are resettled based on the availability of housing, employment, needed services, readiness of host communities and a variety of other factors. If a refugee has a relative in the United States, every effort is made to resettle the refugee near that relative.

Iraqi Oil Wealth Stays Locked Up (WSJ)

By Chip Cummins And Hassan Hafidh

The Wall Street Journal, February 20, 2007

Foreign technology and capital are seen as vital to restoring Iraq's crumbling oil industry. But as a draft petroleum law inches its way toward the Iraqi parliament, fresh opposition to the legislation is emerging, underscoring the difficulty that may still lie ahead for any move to invite in international oil companies.

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A petroleum law could provide a significant political boost for Iraq's shaky government, by setting down how money from newly developed fields would be shared among the country's three dominant ethnic regions -- the mostly Kurdish north, the Sunni center and the Shiite south. Reaching an agreement on sharing Iraq's energy resources, by far the nation's major source of wealth, will be critical to achieving long-term peace in the war-torn country.

U.S. officials and petroleum experts have been advising Iraqi politicians almost from the start of the American occupation nearly four years ago about how to build a legal framework that would enable foreign oil-field development. International majors have been reluctant to venture into the country until violence subsides and before politicians endorse a law spelling out legal rights and financial terms for foreign firms.

In recent months, Iraqi politicians have made some progress. In its current form, the legislation envisions the re-creation of an Iraqi state oil company, and it gives broad latitude to officials from the country's various regions to encourage foreign investment and development. Kurdish officials had balked at earlier provisions calling for specific federal approval of development deals between regional governments and foreign firms.

The Iraqi cabinet discussed a revised draft of the petroleum law late last week. The cabinet is expected to meet perhaps as early as this week to take up the issue again, according to Assem Jihad, a spokesman for the Ministry of Oil in Baghdad. If the cabinet agrees on a working draft, it would be forwarded to parliament for debate and ratification.

The legislation still faces significant political hurdles. Earlier this month, an influential union of oil workers in the country's south said it will oppose the legislation. In a speech to more than 200 delegates at a conference in Basra in early February, union leader Hassan Jumaa condemned the legislation as opening Iraq's oil wealth to foreign exploitation.

"History will not forgive those who play recklessly with our wealth," he said. "We consider the new law unbalanced and incoherent with the hopes of those who work in the oil industry. It has been drafted in a great rush in harsh circumstances."

The rhetoric echoes the sentiment of many everyday Iraqi citizens. The nationalization of the Iraqi oil industry in the 1970s under Saddam Hussein remains a point of pride for many Iraqis, and opposition still runs deep to any hint of foreign interference.

Also, opposition has emerged from prominent former Iraqi oil officials, who have recently fled the country's chaos but continue to hold some sway in Baghdad's oil bureaucracy. Because of the escalating sectarian violence and political polarization, these officials fear, rushing through a petroleum law could cause more harm than good to the industry.

North Africa Feared As Staging Ground For Terror (NYT)

By Craig S. Smith

The New York Times, February 20, 2007

TUNIS — The plan, hatched for months in the arid mountains of North Africa, was to attack the American and British Embassies here. It ended in a series of gun battles in January that killed a dozen militants and left two Tunisian security officers dead.

But the most disturbing aspect of the violence in this normally placid, tourist-friendly nation is that it came from across the border in Algeria, where an Islamic terrorist organization has vowed to unite radical Islamic groups across North Africa.

Counterterrorism officials on three continents say the trouble in Tunisia is the latest evidence that a brutal Algerian group with a long history of violence is acting on its promise: to organize extremists across North Africa and join the remnants of Al Qaeda into a new international force for jihad.

[Last week, the group claimed responsibility for seven nearly simultaneous bombings that destroyed police stations in towns east of Algiers, the Algerian capital, killing six people.]

This article was prepared from interviews with American government and military officials, French counterterrorism officials, Italian counterterrorism prosecutors, Algerian terrorism experts, Tunisian government officials and a Tunisian attorney working with Islamists charged with terrorist activities.

They say North Africa, with its vast, thinly governed stretches of mountain and desert, could become an Afghanistan-like terrorist hinterland within easy striking distance of Europe. That is all the more alarming because of the deep roots that North African communities have in Europe and the ease of travel between the regions. For the United States, the threat is also real because of visa-free travel to American cities for most European passport holders.

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The violent Algerian group the Salafist Group for Preaching and Combat, known by its French initials G.S.P.C., has for several years been under American watch.

"The G.S.P.C. has become a regional terrorist organization, recruiting and operating in all of your countries — and beyond," Henry A. Crumpton, then the United States ambassador at large for counterterrorism, said at a counterterrorism conference in Algiers last year. "It is forging links with terrorist groups in Morocco, Nigeria, Mauritania, Tunisia and elsewhere."

Officials say the group is funneling North African fighters to Iraq, but is also turning militants back toward their home countries.

The ambitions of the group are particularly troubling to counterterrorism officials on the watch for the re-emergence of networks that were largely interrupted in the wake of the Sept. 11, 2001, attacks. While most estimates put the current membership of the group in the hundreds, it has survived more than a decade of Algerian government attempts to eradicate it. It is now the best-organized and -financed terrorist group in the region.

Last year, on the fifth anniversary of the Sept. 11 attacks, Al Qaeda chose the G.S.P.C. as its representative in North Africa. In January, the group reciprocated by switching its name to Al Qaeda of the Islamic Maghreb, claiming that the Qaeda leader, Osama bin Laden, had ordered the change.

"Al Qaeda's aim is for the G.S.P.C. to become a regional force, not solely an Algerian one," said the French counterterrorism magistrate, Jean-Louis Bruguière, in Paris. He calls the Algerian group the biggest terrorist threat facing France today.

"We know from cases that we're working on that the G.S.P.C.'s mission is now to recruit people in Morocco and Tunisia, train them and send them back to their countries of origin or Europe to mount attacks," he said.

The G.S.P.C. was created in 1998 as an offshoot of the Armed Islamic Group, which along with other Islamist guerrilla forces fought a brutal decade-long civil war after the Algerian military canceled elections in early 1992 because an Islamist party was poised to win.

In 2003, a G.S.P.C. leader in southern Algeria kidnapped 32 European tourists, some of whom were released for a ransom of 5 million euros (about $6.5 million at current exchange rates), paid by Germany.

Officials say the leader, Amari Saifi, bought weapons and recruited fighters before the United States military helped corner and catch him in 2004. He is now serving a life sentence in Algeria.

Change of Leadership

Since then, an even more radical leader, Abdelmalek Droukdel, has taken over the group. The Algerian military says he cut his teeth in the 1990s as a member of the Armed Islamic Group's feared Ahoual or "horror" company, blamed for some of the most gruesome massacres of Algeria's civil war.

He announced his arrival with a truck bomb at the country's most important electrical production facility in June 2004, and focused on associating the group with Al Qaeda.

Links to the G.S.P.C. soon began appearing in terrorism cases elsewhere in North Africa and in Europe.

In 2005, Moroccan authorities arrested a man named Anour Majrar, and told Italy and France that he and two other militants had visited G.S.P.C. leaders in Algeria earlier that year.

His interrogation led to arrests in Algeria, Italy and France, where Mr. Majrar's associates were quickly linked to an attempted robbery of 5 million euros at an armored car depot in Beauvais, north of Paris. A hole had been blown in a wall at the depot with military-grade C4 plastic explosives, but it was not big enough for the men to get through.

A later investigation turned up Kalashnikov assault rifles, French Famas military assault rifles, rocket-propelled grenades, TNT and two more pounds of C4. French counterterrorism officials say the group was planning attacks on the Paris Metro, the city's Orly Airport, and the headquarters of the Direction de la Surveillance du Territoire, France's domestic intelligence agency.

Italian prosecutors say a related cell in Milan was planning attacks on the city's police headquarters and on the Basilica of San Petronio in Bologna, whose 15th-century fresco depicts the Prophet Muhammad in hell.

The G.S.P.C. or its members in Algeria appear to have become a touchstone for groups suspected of being terror cells across the region, in much the way that Qaeda representatives in London were a decade ago.

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Wiretaps, interrogation of terrorism suspects and recovered documents suggest that the network has associates in France, Italy, Turkey and even Greece, which is favored as an entry point to Europe because of its relatively lax immigration controls, counterterrorism officials say.

There had been hints that the North African groups were planning more formal cooperation as far back as 2005, when Moroccan intelligence authorities found messages sent by Islamic militants to Osama bin Laden, according to European counterintelligence officials.

Evidence of an Alliance

Indications that a cross-border alliance was under way came in June 2005, when the G.S.P.C. attacked a military outpost in Mauritania, killing 15 soldiers. The attackers fled into Mali, according to the United States military.

Moroccan police officers raiding suspected Islamic militant cells last summer also found documents discussing a union between the G.S.P.C. and the Islamic Combatant Group in Morocco, the Islamic Fighting Group in Libya and several smaller Tunisian groups, intelligence officials say.

In September, Al Qaeda's second in command, Ayman al-Zawahri, released a videotape in which he said that his global terrorist network had joined forces with the G.S.P.C.

The video was followed by an unsettling increase in terrorist attacks across the region, including one against Halliburton employees in Algeria in December that left one Algerian dead and nine people wounded.

But the strongest evidence yet of the G.S.P.C.'s North African cross-border cooperation came in January when Tunisia announced that it had killed 12 Islamic extremists and captured 15 of them. Officials said that six of the extremists had crossed into the country from Algeria.

Their 36-year-old leader, Lassad Sassi, was a former Tunisian policeman who ran a terrorist cell in Milan until May 2001 before fleeing to Algeria, according to an Italian prosecutor, Armando Spataro.

Mr. Sassi, now dead, is still listed as a defendant in a current terrorism trial in Milan, which began before he died. He was charged in absentia with providing military clothing and money to the G.S.P.C. while financing and planning suicide bomb attacks in Italy.

Tunisian officials say that Mr. Sassi and five other men — four Tunisians and one Mauritanian — crossed the rugged border from Algeria into Tunisia months ago.

They set up a base in the mountains of Djebel Terif, where Mr. Sassi trained 20 other Tunisian men in the use of automatic weapons and explosives.

A Trail of Violence

The decision to move against the group began when the police in the Tunis suburb of Hammam Lif detained a young woman in December who led them to a house where a gun battle left two suspected terrorists dead, two officers wounded and two other men in custody, a police officer involved said. His account of the events could not be independently verified.

Another arrest led the police into the hills toward the training camp.

Three of the militants and a Tunisian Army captain were killed during a chase through the mountains. Tunisian security forces mounted a search in which 13 more men were arrested and Mr. Sassi was killed.

The remnants of the group fled and members were later tracked down and killed in another gun battle.

Tunisian officials have sought to play down the G.S.P.C. link, and have said the recently dismantled group's target was the West.

In fact, according to Samir Ben Amor, a Tunisian attorney who defends many young Tunisian Islamists, more than 600 young Tunisian Islamists have been arrested in the past two years — more than 100 in the past two months — trying to make their way to Iraq to fight the United States.

"It's the same thing that we saw in Bosnia, Kosovo and above all Afghanistan," said Mr. Bruguière, the French magistrate. "Al Qaeda's objective is to create an operational link between the groups in Iraq and the G.S.P.C."

Tunisia is among the most vulnerable of the North African countries, because its rigid repression of Islam has created a well of resentment among religious youth, and its popularity as a tourist destination for Europeans makes it a target.

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Tunisian security forces found Google Earth satellite images of the American and British Embassies as well as the names of diplomats who worked in both buildings. But according to the police officer involved in the case and journalists in Tunisia, the targets also included hotels and nightclubs.

An attack on those sites would have dealt a heavy blow to Tunisia's tourist industry, one of the country's most important sources of foreign exchange. An April 2002 bombing of a synagogue on the Tunisian tourist island of Djerba, for which the G.S.P.C. claimed responsibility, helped sink the country's economic growth that year to its slowest rate in a decade.

Terrorist Networks Lure Young Moroccans To War In Far-Off Iraq (WP)

By Craig Whitlock

The Washington Post, February 20, 2007

TETOUAN, Morocco -- In the Arab world, this hilly North African city is about as far as you can get from Iraq. But for many young men here, the call to join what they view as a holy war resonates loudly across the 3,000-mile divide.

About two dozen men from Tetouan and nearby towns in the Rif Mountains have traveled to Iraq in the past 18 months to volunteer as fighters or suicide bombers, according to local residents and officials. Moroccan authorities said the men were recruited by international terrorist networks affiliated with al-Qaeda that have deepened their roots in North Africa since the invasion of Iraq four years ago.

To stanch the flow, U.S. intelligence and military officials have tried to trace the fighters' steps. On the basis of DNA evidence recovered from the scenes of suicide attacks, as well as other clues, officials have confirmed that at least two bombers came from Tetouan, a city of more than 320,000 across the Strait of Gibraltar from southern Spain.

One of them, Abdelmonaim el-Amrani, a 22-year-old laborer, abandoned his wife and infant child in Tetouan to go to Iraq. On March 6, 2006, just before sunset, he drove a red Volkswagen Passat stuffed with explosives into a funeral tent in a village near Baqubah, Iraq, according to witnesses. Six people were reported killed and 27 injured. It was months before Amrani's family in Tetouan learned of his fate from Moroccan police.

Foreign fighters in Iraq account for only a small percentage of the combatants attacking U.S. troops and their Iraqi allies. U.S. military officials and independent analysts peg the number at no more than a few thousand. But as the war drags on, it continues to serve as a powerful rallying tool for radical Islamic networks around the world that have developed recruiting pipelines as far afield as Europe and Southeast Asia.

Moroccan authorities said they have identified more than 50 volunteers who have gone to Iraq since 2003, and many more are believed to have made the journey undetected. Security officials here said the problem is worse in other Arab countries.

Under U.S. pressure to act, Moroccan officials have tried to disrupt the recruiting networks in recent months, arresting more than 50 people since November.

"We have chosen to be extremely vigilant," Interior Minister Chakib Benmoussa said in an interview in Rabat, the capital. "These cells all have international connections. They can function because they certainly all have support, especially in regard to training and in regard to logistics."

But Morocco and its neighbors are finding it increasingly difficult to suppress the militants. Several networks that used to operate independently in North Africa have put aside their differences, united in part by the ongoing violence in Iraq.

Last month, for example, a group in Algeria that has waged a decade-long insurgency against the government there announced that it had changed its name to al-Qaeda in the Islamic Maghreb -- a reference to African lands north of the Sahara -- and joined forces with affiliates in Tunisia, Morocco, Libya and Mauritania.

The organization asserted responsibility for a coordinated operation on Feb. 13 in which seven targets, mostly police stations, were bombed in a district east of Algiers. Six people were reported killed and 13 injured. In a telephone call to the Arab satellite television network al-Jazeera, an unidentified spokesman said the group was looking to expand its targets to focus on American interests. "Wherever we can find a U.S. presence, we will, God willing, pursue it and its agents," he said.

In December, the same group attacked a bus loaded with foreign contractors in a military-controlled zone of Algiers, killing the Algerian driver. Nine people were wounded, including four Britons and an American.

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In Tunisia, a cell belonging to the same network engaged in a gun battle Jan. 3 with police outside Tunis, the capital, resulting in 12 deaths. According to European news media, the cell had drawn up plans to attack the U.S., Italian and British embassies.

Despite the surge in local strikes, North African intelligence officials and analysts said that al-Qaeda affiliates in the region remain focused on Iraq and rely on the faraway conflict as a recruiting tool.

"The big state for al-Qaeda is Iraq," said Mohamed Darif, a political science professor and terrorism expert at Hassan II-Mohammedia University in Morocco. "Al-Qaeda has the same strategy as the United States: It wants to win in Iraq so it can transform the whole region. They are fixated on Iraq."

In Tetouan, the local economy and culture lean more toward Europe than the Middle East. The narrow streets and whitewashed buildings appear to have changed little since the first half of the 20th century, when the city was the colonial capital of Spanish Morocco. Most storefronts feature signs in both Spanish and Arabic. Young men wear the jerseys of their favorite European soccer teams, particularly those from Barcelona and Madrid.

Although it is still not clear why so many men from Tetouan decided to abandon their lives and go to Iraq, there are some clues. Relatives and friends said several of the men were well-educated -- many took classes at local community colleges -- but struggled to make ends meet. They noted that the men's religious beliefs appeared to have deepened and that they had begun wearing long beards and loose-fitting Afghan-style clothes.

Moncef ben Masaoud, 21, died in a suicide attack in Baqubah last fall, according to neighbors and relatives. Skilled in computers and math, he had attended college classes in nearby Tangier. On July 27, 2006, he left home as usual for school, but never returned.

"He told me he'd be coming back the same day," his father, Haj Ahmed Masaoud, a tire dealer in a Tetouan market, told the Moroccan newsmagazine Le Journal Hebdomadaire. "In mid-August, he called me and told me he was doing fine. He said he was in Syria. That was the last contact we had with him."

Masaoud was a close friend of Amrani, the young father who also carried out a suicide bombing near Baqubah, as well as a third Tetouan man, Yones Achebbak, 23, who left for Iraq last fall. Achebbak's fate is unknown.

All three men attended the same mosque in Tetouan, a white-arched building perched on a slope in the slum district of Mezouak. The mosque's imam, Fatal Abdelillah, was arrested in November as part of the investigation into the Iraqi recruiting ring.

It was not the first time the mosque and the Mezouak slum had drawn the attention of counterterrorism investigators. Five men from the area are suspects in the March 11, 2004, train bombings in Madrid, which killed 191 people and injured more than 1,800.

Al-Qaeda recruiters have focused on Tetouan because it has several extremist mosques but also because of its proximity to Europe, Moroccan officials and analysts said. Spanish counterterrorism authorities have warned that recruiting networks are also active in the nearby Spanish territories of Ceuta and Melilla, enclaves on the northern Moroccan coast that are a holdover from the days when the region was a Spanish colony.

"Al-Qaeda was working very hard to create coordination cells in Tetouan, because it's a close point of contact to Europe," said Darif, the Moroccan terrorism analyst. He said the Moroccan cells smuggle recruits and other operatives across the Mediterranean Sea to Spain, where they pick up false passports and move on to Turkey or Syria before slipping into Iraq.

The recruiters screen rigorously, according to counterterrorism officials. Designated "watchers" hang around radical mosques and other places to look for young men angry about the conflicts in places such as Iraq and the Palestinian territories. For months, the watchers try to whip up the potential volunteers' emotions further and convince them that they have a religious duty to intervene.

"The recruitment does not exclusively take place in the poorest parts of society, nor in the category of illiterates," said Benmoussa, the interior minister. Instead, he said, recruiters "target a category of people that is extremely sensitive to what they consider international injustice."

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Candidates are subjected to psychological assessments from a distance to determine if they are really willing to die for the cause. Background checks are run to ensure that they are not informers, officials said. Those who make the final cut are assigned to "handlers," who arrange the trip to Iraq.

The volunteers are sometimes trained to use explosives and weapons before they leave, but it is rare that they are taught more than the basics, said Nick Pratt, a retired Marine colonel and terrorism expert at the George C. Marshall European Center for Security Studies in Garmisch-Partenkirchen, Germany.

The recruits are valued more for their zeal than their skill because of their primary mission: suicide attacks against U.S. and Iraqi forces, as well as Shiite foes in the nation's sectarian conflict. Pratt said research has shown that suicide bombings are embraced by networks affiliated with al-Qaeda because they are more lethal and generate more publicity. He said a suicide attack, on average, causes six times as many deaths and 12 times as many injuries as a conventional attack, such as a roadside bomb explosion.

"The recruiters for al-Qaeda are some of the most important players right now in that organization," Pratt said. "They have a profile, and they know what they're looking for in terms of recruits." Counterterrorism officials, he added, are more concerned with stopping the recruiters than the volunteers. "They're not so much concerned with the guys who become cannon fodder," he said.

Moroccan authorities have made several rounds of arrests since November, many of them in Tetouan. Most recently, on Jan. 4, the government said it had arrested 26 people and "smashed a terrorist structure with international connections specializing in the recruitment and transport of volunteers to Iraq."

Some Moroccan lawmakers and relatives of those arrested said U.S. officials have pressured Morocco to act since they discovered the Tetouan connection to Iraq. The U.S. Embassy in Rabat declined to comment.

Mustapha Khalfi, a member of Parliament from the opposition Justice and Development Party, said the government was arresting suspects, based on little evidence, to please U.S. officials. "They are pushing us to do some bad things," he said. "This conflicts with U.S. policy to strengthen democracy and to strengthen human rights."

Khalfi said the number of Moroccans joining the fight in Iraq had been exaggerated. At the same time, he added, as long as the U.S. military remains in Iraq, many Moroccans will feel duty-bound to help the resistance.

"There's a long tradition in the Muslim world of solidarity against occupation," he said. "It's rooted in our society. To explain it and understand it is easy."

Afghan Forces Retake Western Town (AP)

By Amir Shah,

AP, February 20, 2007

Afghan security forces supported by NATO troops on Tuesday retook a town in western Afghanistan that briefly had fallen to Taliban militants, an official said.

About 200 Afghan police and soldiers moved into the remote town of Bakwa in Farah province at 5 a.m. and faced no resistance, said Gov. Muhajuddin Baluch. He said some NATO troops joined the operation.

The Afghan forces were searching the vicinity for the militants, who moved into Bakwa on Monday and briefly held it and then left, taking three seized vehicles with them, he said.

It was the second time this month that the government has lost control of a district in the region.

Meanwhile, a U.S. soldier was killed during combat operations on Monday in the Naray area of eastern Kunar province, the U.S. military said in a brief statement.

At least 297 American soldiers have died in and around Afghanistan since U.S. forces invaded in late 2001 to topple the hard-line Taliban regime. The name of the latest fatality was being withheld pending notification of next of kin, the statement said.

U.S.-led coalition forces dropped a 2,000-pound bomb on a cave where insurgents retreated after a clash in southern Uruzgan province on Monday, U.S. military spokesman Lt. Col. David Accetta said. He had no details on insurgent casualties.

Afghan Forces Retake District Briefly Held By Taliban (AFP)

AFP, February 20, 2007

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Afghan and international troops retook a district capital in southwestern Afghanistan early on Tuesday, easily pushing out Taliban rebels who held the town for around 24 hours, according to the government.

The town of Bakwa in the western province of Farah was under government control and security reinforcements were there, the interior ministry said.

"We occupied Bakwa this morning at 5:30 am (0100 GMT) and the Taliban were pushed back," spokesman Zemarai Bashary told AFP. The rebels had heard the security forces were arriving and had moved out, he said.

"Currently security has been brought back to the district. The district headquarters is okay, it is not destroyed," Bashary said.

About 300 Taliban stormed the town Monday, forcing out a weak police force that fled the area, provincial officials said.

Taliban insurgents last year captured a handful of districts in this manner but were pushed out by international forces backing the fragile Afghan government.

However, they have been holding the southern town of Musa Qala -- about 150 kilometres (93 miles) east of Bakwa -- for more than two weeks. The authorities say they are waiting for the right time to retake the area.

Citing security reasons, Bashary would not say how many security forces were involved in the early morning operation in Bakwa -- capital of a district of the same name -- or how many were in the town.

He said that the Taliban group that arrived Monday was around three times larger than the police force that had been there and numbered around 40.

Afghanistan's government is unable to establish a presence and maintain authority in vast swathes of the volatile country.

The police force is particularly stretched at 60,000 policemen for roughly 29 million people.

A priority for Afghanistan's internationally-backed efforts to find stability after three decades of fighting is to train up and boost the police.

The country is also putting in place a 11,200-strong "auxiliary police force" of men who are given guns and badges after 80 hours' training.

Asked about the weak resistance Taliban encountered in remote towns, Bashary said: "We are trying to reinforce these districts, especially the southern districts. We are trying to send auxiliary police as soon as possible."

"We have the power to reoccupy every place of country that is attacked by the enemy. But we are waiting in Musa Qala. As soon as we find a proper and good time, we will occupy the district."

The NATO-led International Security Assistance Force (ISAF) has killed two of the commanders of the Musa Qala takeover in precision strikes but this has failed to dislodge the rebels.

The capture of the town, in the province of Helmand, is significant because the government asked British ISAF there to keep out of the area on the request of tribal elders who believed they could also keep the Taliban out.

The extremist religious Taliban movement is trying to claw its way back into power with an insurgency launched months after it was removed from government in 2001 in a US-led invasion.

The insurgency was at its deadliest last year with more than 4,000 people killed, most of them rebels, and 2007 is expected to be just as intense.

Taliban Seize Rural District In Southwest As Police Flee (NYT)

By Abdul Waheed Wafa

The New York Times, February 20, 2007

KABUL, Afghanistan, Feb. 19 — Taliban insurgents seized control of a district in southwestern Afghanistan on Monday as the Afghan police abandoned their post and fled, officials said.

The district is the second to fall into Taliban hands this month, and its capture underlines the precarious hold of the government and NATO troops in the remote districts of southern Afghanistan.

The midmorning attack occurred in the Baqwa district of Farah Province, where few NATO or Afghan troops are deployed. A small number of American soldiers run a reconstruction team in the provincial capital, but the districts are left to the local police, who lack staff and weapons.

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The police in Baqwa town warned their provincial headquarters that the Taliban were advancing in such large numbers they could not hold the district office, according to Baryalai Khan, the secretary to the provincial police chief.

"At 11:30, we lost telephone and radio contact with our police in Baqwa district, and it seems the district is in the hands of the Taliban," he said. "According to the people of the town, our policemen escaped in different directions, and the Taliban are in the district, although not in the center for fear of bombardment."

"We don't know if there are any casualties among our police," he said. "We have no contact with them." Four policemen were killed and three wounded by a remote-controlled mine in the same district on Sunday, he added.

Taliban forces have often overrun district offices in the past, sacking them and then usually leaving after a few hours. But this year they have seized and held entire regions.

British NATO forces and Afghan troops, however, claimed success in an attack over the weekend on a Taliban stronghold in Helmand Province, just east of Farah.

The operation unfolded south of Gamsir and concentrated on three major compounds, destroying a tunnel complex linking them.

"We were able to hit them hard in the largest deliberate operation there has been down there, and disrupt their command and control," Lt. Col. Rory Bruce told [a news agency] on Monday from the British task force headquarters.

He said that a "significant number" of enemy fighters had been killed, but did not give a precise figure. There were no British casualties.

On Sunday, insurgents fired twice on a Canadian military convoy moving at night through the southern city of Kandahar, a NATO statement said. Two Afghans — a homeless man and a police officer — were killed by the Canadians in the ensuing firefight, the statement said. NATO said both shootings were under investigation.

British Troops Attack Taliban Stronghold (USAT)

USA Today, February 20, 2007

British NATO forces destroyed a "major Taliban headquarters and stronghold" in Garmsir, in Afghanistan's Helmand province, Lt. Col. Rory Bruce said Monday at the British task force headquarters in London. He said the troops killed a "significant number" of Taliban fighters and disrupted their command system. The forces destroyed a network of trenches and tunnels and pushed the Taliban guerrillas from where they were massing for a spring offensive, Bruce said.

Priest, 4 nuns jailed over fatal exorcism

Romanian Orthodox priest Daniel Petru Corogeanu was sentenced to 14 years in prison in the death of a nun during an exorcism ritual at Holy Trinity convent in Tanacu, Romania, in 2005. Maricica Irina Cornici, 23, died after she was bound to a cross and left without food for three days. Corogeanu said he was trying to take evil spirits out of her and that she was restrained because she was violent. Four nuns were sentenced to prison terms ranging from five to eight years.

Mexico's anti-drug troops get big pay raise

Mexican soldiers fighting drug traffickers will get a nearly 50% pay increase to insulate them from corruption. President Felipe Calderón said the raise, retroactive to Jan. 1, will increase monthly take-home pay for troops to $474 from $319. Corruption is widespread in law enforcement, and drug traffickers routinely buy off low-paid officers. Calderón has spearheaded anti-drug efforts since taking office.

Russia warns against anti-missile bases

Poland and the Czech Republic risk being targeted by Russian missiles if they agree to host a proposed U.S. missile-defense system, the head of Russia's missile forces warned. Gen. Nikolai Solovtsov said it would take less than six years to build nuclear missiles if Moscow pulls out of a U.S. agreement that banned them. He said the missile-defense plan would upset stability.

Czech Prime Minister Mirek Topolanek said his country and Poland favor the U.S. plan to put 10 interceptor missiles in Poland and a radar site in the Czech Republic. Russian President Vladimir Putin has said he does not trust U.S. claims that the missile-defense system is meant to counter threats from Iran.

Top Colombian official quits amid scandal

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Colombian Foreign Minister Maria Consuelo Araujo resigned four days after her brother, a senator, was jailed on charges of colluding with the paramilitaries and kidnapping a potential political rival. Sen. Alvaro Araujo was the eighth federal lawmaker jailed for allegedly backing and benefiting from militia intimidation of voters. The militias are behind some of the worst massacres in Colombia's civil conflict. President Alvaro Uribe appointed Fernando Araujo, who escaped from six-year rebel captivity six weeks ago, to the Cabinet post. He is not related to the other Araujos.

Opium Wars (WSJ)

By Vanda Felbab-brown

The Wall Street Journal, February 20, 2007

As NATO braces for a spring Taliban offensive in Afghanistan, many in the Bush administration, the Congress and the United Nations Office on Drugs and Crime are calling for it to take on a prominent role in combating the narcotics trade. Although this task is meant to help Afghanistan repress the worrisome, if predictable, expansion of its opium economy, it will greatly hamper NATO's effectiveness. NATO's crucial role is to establish security throughout the country -- and not to dilute its focus in eradication and interdiction missions that are presently bound to fail.

It is not that NATO should simply turn a blind eye to the opium trade. But it should focus on where it can make a difference. Success in counterinsurgency requires the ability to establish a permanent presence in ever-larger sectors and to consistently protect the population from insurgent reprisals, thus winning the minds part of the hearts-and-minds struggle. NATO's troop density in Afghanistan is still far too low to provide such security, despite the extension of duty tours for several thousand U.S. soldiers. Expanding their mission to include drug eradication will only further thin NATO's presence, while jeopardizing its ability to control areas and persuade the population that it can protect them from the Taliban. Without this assurance, the population will at best sit on the fence, and at worse succumb to Taliban pressure.

Even more important, it will cost NATO the loss of the population's hearts. The rural population is critically dependent on the opium economy for a basic livelihood. Without any viable alternatives, destroying the crop greatly antagonizes the population against those who carry it out -- local tribal elites, state officials and Kabul.

Drug eradication efforts so far have allowed the Taliban to reintegrate itself into the opium economy and rebuild some of its political capital with the population, by offering itself as a protector of the population and its poppy fields. Meanwhile, the damage to the crops has generated a new wave of economic refugees to Pakistan, many of whom have been replenishing the ranks of the Taliban. There's another critical problem. Reliable, accurate and actionable human intelligence is the key to winning a counterinsurgency campaign. The willingness of the population to provide such intelligence on the Taliban is already minimal, and NATO's direct participation in eradication will halt it altogether.

Yes, the Taliban is profiting financially from the Afghan drug trade (in addition to profiting politically from eradication), but eradication will not cut off financial resources to the Taliban, rendering it physically weak and easy to defeat. The Taliban was able to regroup and rebuild its organization in Pakistan and Afghanistan between 2002 and 2004 without access to large profits from the opium economy, which was at that time dominated by various warlords, many of whom are now government officials at all levels of the Afghan government. It was able to replenish its physical resources by donations from the Middle East and collections in Pakistan, as well as by participating in other smuggling activities. In fact, no belligerent group has been bankrupted by the effort to eradicate drugs. For example, even after years of fumigation and under pressure from the Colombian military, the FARC guerilla group is showing no signs of hurting financially. Eradication will also fail to weaken the Taliban physically; indeed it will only strengthen them politically, while undermining NATO's intelligence acquisition.

Participating in interdiction which focuses on apprehending traffickers and destroying labs is somewhat less problematic for NATO, but even such a mission is not without crucial problems. Steadily expanding in Afghanistan since the 1980s (with the 2000 eradication campaign by the Taliban being temporary and unsustainable), the opium economy deeply underlines much of Afghanistan's political, economic and social life. The traders and traffickers are not alien criminals. Many are members of tribal elites with crucial sway over the population.

Drug interdiction will at the least induce these traders and traffickers to pressure the population to stop cooperating with NATO, if not more directly support the Taliban. This could easily jeopardize as well the reconstruction and economic functions

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of the provincial reconstruction teams, thus further weakening the minimal efforts at long-term alternative development. Interdiction should be carried out -- by special national interdiction units -- to eliminate at least some corruption and impunity of the key traffickers, but NATO should stay out of it.

NATO does have an important role to play in counternarcotics -- namely, to defeat the insurgency. Without stability throughout the country and security on the ground, counternarcotics measures will not succeed. Alternative livelihood programs will not have a chance to take off. Without stability, even repressive measures, such as eradication, will only lead to cycles of replanting, social strife, and a strengthened insurgency.

Ms. Felbab-Brown is a research fellow at the Brookings Institution.

Remember Al Qaeda? They're Baaack (LAT)

By Bruce Hoffman,

The Los Angeles Times, February 20, 2007

Defeating Osama bin Laden's resurgent terrorist network requires far more than military might.

'AL QAEDA," President Bush declared confidently in October, "is on the run." The extremists, he said, had "played their hand." The masterminds of the organization had been "brought to justice."

But just as we underestimated Al Qaeda before 9/11, we risk making the same mistake now. Although Al Qaeda is often spoken of as if it is in retreat — a broken and beaten organization incapable of mounting attacks, its leadership cut off, living in caves somewhere in remotest Waziristan — the truth is that the organization is not on the run but on the march. It has regrouped and reorganized from the setbacks it suffered during the initial phases of the global war on terrorism and is marshaling its forces to continue the epic struggle begun more than 10 years ago.

Rather than being degraded to the point that it can threaten only softer, more accessible targets like hotels and mass transit, Al Qaeda is very much sticking with its classic playbook of simultaneous, spectacular strikes against even hardened objectives. In other words, we have more to fear from this resilient organization, not less.

Ongoing investigations increasingly suggest that recent terrorist threats and attacks — the foiled 2004 plan to stage simultaneous suicide attacks in the United States, the 2005 suicide bus and subway bombings in London and the August 2006 plot to blow up 10 planes over the Atlantic — were all coordinated in some way by Al Qaeda and not by homegrown terror groups.

Consider what we have learned since the London bombings. Initially, British authorities concluded that the attacks were the work of disaffected British Muslims, self-radicalized and self-selected and operating purely within the country. We have subsequently learned, however, that the cell's ringleader, Mohamed Sidique Khan, and a fellow bomber visited Pakistani terrorist camps between late 2004 and early 2005 and met there with Al Qaeda operatives.

In addition, following the London attacks, a reliable source working for Britain's security service recognized Khan from news reports and claimed to have seen him at an Al Qaeda camp in Afghanistan in 1999 or 2000.

The London bombings' pedigree is familiar. Exactly a year earlier, British and American authorities had disrupted a plot by a London-based Al Qaeda cell to carry out simultaneous suicide attacks on the New York Stock Exchange, the Prudential Center in Newark, N.J., and the headquarters of the International Monetary Fund and the World Bank in Washington. The trail again led to Pakistan.

And this summer's plot to simultaneously bomb U.S. airliners was foiled after arrests in Pakistan again led British and U.S. officials to another British terrorist cell planning to attack American targets.

Rather than "Al Qaeda R.I.P.," we face an Al Qaeda that has risen from the grave. It has been able to adapt and adjust to the changes imposed on its operations by the U.S.-led war on terrorism and reestablish its command and control over international terrorism from the sanctuary it has established in Pakistan's North Waziristan.

Just last month, this alarming development produced a dramatic reversal in the Bush administration's public assessment of the Al Qaeda threat. In contrast to long-standing White House claims, the annual threat assessment presented by outgoing National Intelligence Director John D. Negroponte to the Senate Select Committee on Intelligence painted a disquieting picture of a highly resilient terrorist movement that, he said, is cultivating stronger operational connections to affiliates throughout the Middle East, North Africa and Europe.

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Al Qaeda's stunning resurrection, before the very eyes of American military forces stationed across the border in southern Afghanistan, begs the question of how the most powerful country in the world can launch a six-year, no-holds-barred, global war on terrorism — at great cost to its pocketbook and international standing — only to find the main target of these Herculean efforts still alive and kicking.

In retrospect, it appears that Iraq blinded us to the possibility of an Al Qaeda renaissance. The United States' entanglement there has consumed the attention and resources of our country's military and intelligence communities — at precisely the time that Osama bin Laden and other senior Al Qaeda commanders were in their most desperate straits and stood to benefit most from this distraction. What's more, even as we took solace in the president's argument that we were "fighting terrorists over there, so that we don't have to fight them here," Al Qaeda was regrouping.

Pakistan is both the problem and the solution to the most salient terrorist threat still directed against us. Al Qaeda and its Taliban allies could not function without the passive connivance of Pakistani authorities. Moreover, agreements concluded over the past two years between President Pervez Musharraf and the restive tribes along the Afghan border have assured Al Qaeda the noninterference with its activities that enables it to thrive. At the same time, the pivotal role played by Pakistan in the disruption of major attacks and the arrests of low-level plotters shows how dependent the U.S. remains on even this partial cooperation.

Defeating Al Qaeda requires, foremost, that our assessments and analyses be anchored firmly to sound, empirical judgment and not blinded by conjecture and wishful thinking. Second, we need to refocus our attention and efforts on Pakistan and Afghanistan, where, in the months after 9/11, Al Qaeda was indeed on the run. Third, Al Qaeda cannot be defeated by military means alone because it relies on propaganda and radicalization.

Accordingly, the U.S. needs a strategy that better combines the tactical elements of systematically destroying and weakening Al Qaeda's capabilities alongside the equally critical imperatives of countering the resonance of that movement's message and breaking the cycle of terrorist recruitment and replenishment that has both sustained and replenished Al Qaeda.

Syria's Terror Networks (WT)

By Farid N. Ghadry

The Washington Times, February 20, 2007

The Syrian regime is just as complicit as Iran in moving forward hostile activities specifically designed to kill Americans. The evidence is there and widely acknowledged by those in the know, but U.S. political and military leadership have proved hesitant to publicly pursue a tandem case against both Iran and Syria, despite the very prominent linkages that exist between the two in fermenting a wide spectrum of terror operations targeting U.S. forces.

The recent implication of Iran's elite Revolutionary Guard Qods Force in facilitating the movement of deadly weapons and "super" IEDs specially designed to inflict maximum casualties and penetrate armor speaks to only one half of the real story.

Regional intelligence services and inside sources from within Sunni officer corps opposed to the Assad regime have identified major foreign-fighter training camps in northern Syria and just outside Damascus overseen by Syrian Military Intelligence and run by former Iraqi Ba'athi Generals and senior Saddam Fedayeen commanders.

One major foreign fighter camp exists in the Latakia province in northern Syria, a mountainous area replete with Syrian Military Intelligence facilities and wide swaths of ostensibly government property closed to the public. The Iraqi officer in charge there is one Maj. Gen. Majid Sulayman. Yet another such camp exists 40 kilometers to the west of the border town of Qamishli, which lies in the Kurdish area in the northeastern tip of Syria bordering Iraq and Turkey; it is run by Maj. Gen. Qays al-Adhami. The al-Shaybani camp lies 30 kilometers south of Damascus and also trains foreign fighters. The al-Ikhals camp lies in the heart of the Qaysun mountain range near Damascus.

The al Qaeda connection is not that far removed. Arab papers report that the recent movement of large numbers of al Qaeda in Iraq fighters from Syria into Palestinian refugee camps in northern Lebanon and Beirut are sounding alarm bells that the Syrian security services are preparing to use these heavily armed and visibly well-funded cells to launch attacks against the anti-Syrian democratic government of Lebanon.

These cells are directed by Syrian extremists such as Shakir Absi, Abu Qa Qa, Sheikh Hashem Minqara and Abu-Khalid Imlah, who have historical ties with Syrian intelligence; all were formerly imprisoned in special detention centers run by the

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Political Security Directorate and then suddenly released by the good graces of Syrian security around the same time in 2005. Absi and Imlah maintain the strongest ties to Syrian intelligence. Absi -- a former officer in the Syrian air force -- and Imlah -- the former head of SMI -- supported Fatah al-Intifadah -- who later created his own Fatah al-Islam offshoot.

What's more, European security services are warning that senior al Qaeda leadership figures Abdul Hadi al-Iraqi and Atiyah Abdul-Rahman have tasked al Qaeda assets in the Levant to prepare for major international operations targeting Western Europe and even the U.S homeland. Operational planning is said to be progressing with potential targets already cased out. And these are just the Sunni extremists that the Syrians support.

Mr. Chizari, one of the major IRGC commanders netted by Coalition Forces in December, was present in Damascus a month prior to his capture where he was meeting with senior Syrian leadership and the Lebanese Hezbollah officials in charge of a specially designated "Force 2800" which focuses on supporting fellow radical Shi'ite groups like the ones responsible for the recent kidnapping and execution of four U.S. soldiers in Karbala.

Mr. Chizari is the deputy for Iraq operations to Brig. Gen. Qasim Soleimani, who in turn heads Qods Force external operations and is strategic guide to IRGC activities in the Palestinian territories, Lebanon, Iraq and Afghanistan. The super IEDs, also known as explosive formed penetrators, would never have proliferated so widely in Iraq had it not been for the work of IRGC officials like Gen. Soleimani and Mr. Chizari. Gen. Soleimani's other right-hand man, Ja'afar al-Ibrahimi, aka Abu Mahdi al Muhandis, also attended these meetings. Muhandis is a senior Badr Brigade operator with close ties to Hezbollah and a central node to the IRGC supply network to anti-U.S. Shi'ite militias in Iraq. Mr. Muhandis was also recently identified by the United States as being behind the bombing of the U.S. embassy in Kuwait in the early 1980s as well.

The Syrian-Iranian regime terror connection is further underscored by Gen. Soleimani's participation in high-level discussions on a monthly basis with Syrian leadership, including Assad's brother and brother-in law.

Imad Mugniyeh, the infamous Hezbollah special operations super-terrorist who still retains a $5 million bounty on his head -- placed by the FBI due to his role in planning the Marine barrack and embassy bombings in Beirut in 1982 -- is also said to attend these meetings. Sources say that Mugniyeh was designated by Hezbollah Secretary-General Hassan Nasrallah as the head of Force 2800.

The case is apparent and it goes beyond the circumstantial. The Syrian regime is not merely dabbling in terror sponsorship in an ad hoc manner. This is a concerted and strategic effort designed to inflict the maximum punishment upon the United States and its allies, not just in the region but across the globe.

The full scope and depth of regime involvement in enabling acts of self-sustaining terror might never be known. But enough indicators have subsequently arisen within the shadow of Iran's own pernicious designs against the United States and struggling democratic allies in the Arab world, to realize that, left unchecked, we might find ourselves suddenly overwhelmed and outflanked by an enemy that, for the sake of expediency, was ignored.

Farid N. Ghadry is president of the Reform Party of Syria.

Moral Waivers And The Military (NYT)

The New York Times, February 20, 2007

The Iraq war has plunged the Army into a vicious cycle of declining standards. Multiple, extended tours of duty have sapped morale and blighted recruiting. New plans for a larger overall force could reduce pressures but would also mean that recruiters would have to meet higher quotas.

To keep filling the ranks, the Army has had to keep lowering its expectations. Diluting educational, aptitude and medical standards has not been enough. Nor have larger enlistment bonuses plugged the gap. So the Army has found itself recklessly expanding the granting of “moral waivers,” which let people convicted of serious misdemeanors and even some felonies enlist in its ranks.

Last year, such waivers were granted to 8,129 men and women — or more than one out of every 10 new Army recruits. That number is up 65 percent since 2003, the year President Bush ordered the invasion of Iraq. In the last three years, more than 125,000 moral waivers have been granted by America’s four military services.

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Most of last year's Army waivers were for serious misdemeanors, like aggravated assault, robbery, burglary and vehicular homicide. But around 900 — double the number in 2003 — were for felonies. Worse, the Army does no systematic tracking of recruits with waivers once it signs them up, and it does not always pay enough attention to any adjustment problems. Without adequate monitoring and counseling, handing out guns to people who have already committed crimes poses a danger to the other soldiers they serve with and to the innocent civilians they are supposed to protect.

There is a long and honorable history of young people who have had minor scrapes with the law joining the military and successfully turning their lives around. But those who have committed more serious crimes, especially those involving weapons, vehicular homicide or sexual abuse, should generally be denied moral waivers. And those who do qualify for waivers should be monitored, counseled and carefully supervised.

The fastest way to drop the rate of moral waivers would be for the Army to rebuild its recently tarnished reputation among less problematic young Americans. That will require an end to involuntarily extended tours of duty and accelerated, multiple redeployments into combat. The military is America's face to much of the world. It ought to present the best face of American youth.

DOJ:

The Firing Of Carol C. Lam (HARTC)

The Hartford Courant, February 19, 2007

A decision by Justice Department officials to fire federal prosecutor Carol C. Lam in San Diego for unspecified performance-related reasons is getting curiouser and curiouser.

Ms. Lam is among a dozen U.S. attorneys around the country who have been told to resign. Justice Department officials say the firings are for just cause; in Ms. Lam's case at least, the decision appears to be just political.

Ms. Lam headed the investigation into former U.S. Rep. Randy "Duke" Cunningham, a prominent San Diego Republican who pleaded guilty last year to tax evasion, conspiring to commit bribery, wire fraud and mail fraud. Prosecutors say Mr. Cunningham accepted at least $2.5 million in bribes from defense contractors.

On Tuesday, a San Diego grand jury returned an 11-count indictment against Kyle "Dusty" Foggo, the CIA's executive director from November 2004 to May of last year. Mr. Foggo is accused of steering business to his friend, Brent R. Wilkes, a California businessman and top Republican fundraiser. Mr. Foggo gave Mr. Wilkes classified information pertaining to the CIA, competing contractors and "other matters," according to the indictment.

The Cunningham and Foggo probes are pieces of a larger, ongoing investigation into the way lawmakers directed federal contracts toward friends and campaign supporters.

Both inquiries were overseen by Ms. Lam.

Her firing appears to have less to do with performance-related deficiency than it does political retaliation by high-level Justice Department officials who may also be attempting to derail an investigation that's potentially embarrassing to other members of Congress and the White House.

John McKay's Mysterious Exit (SEAPI)

By Carl Tobias, GUEST COLUMNIST

Seattle Post-Intelligencer, February 20, 2007

The controversy involving December's forced resignation of U.S. Attorneys, who are the chief prosecutors for six federal districts in the West, has heated up and focused on John McKay, who recently stepped down as the U.S. Attorney for the Western District of Washington.

On Feb. 6, the Senate Judiciary Committee held a hearing to analyze whether the Department of Justice was sacrificing prosecutorial independence by politicizing U.S. Attorney firing and hiring. Because it is unclear why McKay was forced out, Congress must continue evaluating his departure, and, if he resigned for questionable reasons, it should address them.

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The hearing produced certain information, yet it provoked new questions. Deputy Attorney General Paul McNulty testified that the resignations were for non-specific "performance-related" reasons. This prompted an immediate, sharp response from Western District of Washington Chief Judge Robert Lasnik and his colleagues: "We unanimously agreed that (John McKay) was an absolutely superb U.S. Attorney (and for DOJ) to suggest otherwise is unfair." He elaborated that local prosecutors and sheriffs and the FBI "never had the kind of service" in terms of "cooperation and aggressive handling of cases that they had under McKay's leadership."

The expeditious, thorough, informed response by the Western District judges is extraordinary. Federal judges rarely and with extreme caution publicly address Department of Justice interaction with U.S. Attorneys' offices because of separation of powers concerns and mutual respect. However, this response's unusual nature and its thorough, expert character suggest how deeply the judges feel about McKay's abilities. Moreover, district judges know much about U.S. attorneys' competence, because that office appears daily in the judges' courtrooms.

Many others admire McKay's professionalism. Seven months before McKay was asked to resign, he earned a stellar DOJ performance review, which found him "an effective, well-regarded and capable leader of the (office) and the District's law enforcement community." King County Prosecutor Norm Maleng also lauded McKay: "He did an outstanding job and took the office to a new level." In short, McKay was the U.S. Attorney's U. S. Attorney.

Like a true professional, McKay quietly tendered his resignation when asked, understanding that U.S. Attorneys serve at DOJ's pleasure. However, the suggestion that McKay's resignation was performance-related apparently proved too much and he challenged it, stating "that is unfair." The suggestion "reflects on my former colleagues in the office and the good work that we did, and I know that's not true." McKay said DOJ ordered him to resign on Dec. 7, but he "was given no explanation (and) certainly was told of no performance issues."

One concern lawmakers voiced is that U.S. Attorney resignation and appointment have become too politicized and are based on political factors, not merit, which can erode U.S. Attorneys' independence. Sen. Charles Schumer, D-N.Y., contended that even the departure and appointment of leading "federal prosecutors has become infused and corrupted with political" considerations. Top DOJ officials strongly deny that politics prompted the resignations. In January, Attorney General Alberto Gonzales stated he would not force a U.S. Attorney to leave for political reasons or stop an ongoing investigation and, at the recent hearing, McNulty agreed.

Some lawmakers have taken action. Sen. Patty Murray, D-Wash., said "McKay has worked diligently for our region, and it is deeply disconcerting that he could have been let go for political reasons," while Congress and the public "have no tolerance for the politicization" of his office.

Murray asked DOJ to inform her "exactly what it means by 'performance-related' reasons and reassure (her) that McKay was not dismissed solely on the basis of partisan politics."

Lawmakers should continue investigating why John McKay resigned and, if he departed for inappropriate, politically animated reasons, initiate action.

Legislators who agree with those notions must cooperate with others to ascertain why McKay left and adopt any correctives that are required.

Carl Tobias is the Williams Professor at the University of Richmond School of Law.

CORPORATE SCANDALS:

Emails Reveal Backdating Scheme (WSJ)

By Mark Boslet And Mark Maremont

The Wall Street Journal, February 19, 2007

Mercury Complaint Claims Wide Efforts Among Executives

As part of a years-long scheme to backdate stock options at Mercury Interactive Corp., former executives allegedly altered documents, repeatedly changed the dates of some option grants, and sent each other emails discussing the improper practice, according to a court document that has been at the center of a battle over confidentiality in the case.

In one 2000 email quoted in the court document, filed in state court in California by shareholders suing the former executives, a Mercury finance executive wrote to another official about using "magic backdating ink" to manipulate the date of an options grant. Another employee whose grant allegedly was backdated was told in an email that "the stock price drop made us change the grant date" and "you will be happier with the new price."

In another incident described in the filing, insiders allegedly covered up fax headers on documents to disguise the fact that an options grant was approved by directors long after its purported date.

The court document appears to provide some of the most vivid evidence yet of how options backdating took root and flourished inside a company, depicting a culture of lax controls in which top executives openly discussed how to manipulate the dates of options to make them more favorable to themselves and other insiders.

Mercury was one of the first companies ensnared in the options-backdating scandal, and it previously has admitted that its top executives improperly altered the dates of more than 50 option grants between 1996 and 2002. The Mountain View, Calif., software company, which was acquired by Hewlett-Packard Co. late last year for $4.5 billion, previously restated years of financial results, reducing its pretax income by $566.7 million from 1992 to 2004 -- nearly all because of options-related problems. Most of its top executives from the period in question have left the firm.

Mercury is one of about 140 companies being investigated in a broad federal probe of options backdating. Last week, a former chief executive of Take-Two Interactive Software Inc. and a former general counsel of Monster Worldwide Inc. separately pleaded guilty to options-related criminal charges in New York.

Stock options, a popular compensation tool, give employees the right to buy a company's stock at a preset "strike price," typically the market price on the date of grant. In theory, recipients can't profit unless the share price rises. At some companies, executives improperly backdated grants by pretending options were issued at an earlier time when the market price was lower, thus increasing the potential profit.

The new information about the Mercury case is contained in a 35-page shareholder-derivative complaint, originally filed in September under seal in Superior Court in Santa Clara, Calif., against four former top executives of the company. On Feb. 5, the judge overseeing the case, James P. Kleinberg, ordered it dismissed on a matter of standing, ruling that the plaintiffs no longer have a stake in the company after H-P's purchase. It is unclear if the plaintiffs will appeal that order, which didn't address the complaint's merits.

Several news organizations have been waging a legal battle to have some documents in the case unsealed. The former Mercury executives have opposed unsealing the documents. Judge Kleinberg has ordered the documents opened to public view, but they remain sealed pending appeal.

A copy of the complaint was appended to another filing in the case, and a Dow Jones News Service reporter obtained the document from the court's files late Friday. Neither Dow Jones & Co. nor The Wall Street Journal is a party to the legal attempt to unseal the documents.

Although filed on behalf of two shareholders, the complaint says it was prosecuted "at the request of" a special committee of Mercury's board, which last year decided to support the shareholder suit against the four former executives. The complaint appears to lean heavily on documents and other information from an internal probe overseen by Mercury's board.

The defendants in the case are: Sharlene Abrams and Douglas P. Smith, both former chief financial officers; Susan Skaer, a former general counsel; and Kenneth Klein, a former chief operating officer. The complaint alleges the four granted themselves more than three million backdated options, locking in a total of $54.3 million in immediate paper gains. In total, the four made "millions in illicit profit" by selling Mercury shares valued at about $88 million, the complaint alleges.

Jared Kopel, an attorney for Mr. Klein, said only "we can't comment on a document that the courts ordered to remain under seal." Brandon Wisoff, an attorney for Ms. Abrams, also cited the confidentiality order in refraining from commenting.

Patrick Robbins, who represents Mr. Smith, said: "This complaint contained irresponsibly inaccurate and incomplete recitations of events involving Mr. Smith, who did nothing wrong. We are gratified that the court has dismissed these claims."

An attorney for Ms. Skaer couldn't be immediately reached to comment. In past news reports, an attorney for Ms. Skaer has denied she did anything wrong.

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Email messages discussing backdating were frequent among Mercury executives, the court complaint says. In one exchange from May 1999, officials debated how to set the date of an April 1999 grant, even though the purported date had passed weeks before. "[W]hat is the date for the April grant going to be?" Susie Fregoso, a payroll manager, asked Ms. Abrams on May 5. "Right now I have it as April 7 with a price of $27.125. You had mentioned that this might change, any news?"

In another email exchange from Aug. 3, 2000, discussing whether an employee could be retroactively included in an already-issued option grant -- which would have been improper unless the company took a special earnings charge -- Assistant Controller Kathy Hawkes tells Ms. Fregoso: "I betcha that Sharlene [Abrams] will overrule these types of things...and we will use her magic backdating ink," according to the court records.

Another April 2000 email appears to describe how former Chief Executive Amnon Landan and Ms. Abrams supposedly backdated a grant to a new employee, who was promised stock options in her job-offer letter. The trouble was, Mercury's stock price was falling, and the officials wanted to wait to lock in a lower price. "The reason the paperwork was not sent out is because the stock price drop made us change the grant date so that you could get the lower price," says the April 28, 2000 message to the new hire from Ms. Fregoso, the payroll manager, as quoted in the filing. "The 'New' grant is being approved next week by Sharlene [Abrams]/Amnon [Landan]. I know it has been a while, but believe me, you will be happier with the new price." It ended with a smiley-face emoticon.

In a mid-March 2002 email, general counsel Ms. Skaer wrote to Mr. Smith, the finance chief, suggesting they use a date two weeks earlier for a grant to 30 new employees, "unless we think the price will be better than that later this month" according to the complaint. "Let me know what you'd like to do," she added.

In addition, Mercury officials falsified records, including hiring agreements, to cover their tracks, the court document asserts. Mr. Smith was hired as an executive vice president in mid-2000. According to the complaint, the board approved a grant of 450,000 options to Mr. Smith on July 25, 2000, when Mercury's stock price was $94.69.

It claims Ms. Abrams and Ms. Skaer falsified Mr. Smith's employment letter to make it appear he was hired on May 23, 2000, and then priced his options on that date, when the share price was $65.20. The backdating added $13.3 million in potential profit to the grant, according to the complaint.

A May 22 employment letter was drawn up for Mr. Smith, which he signed and dated May 23, the complaint says. Bogus compensation committee minutes dated May 23 also were drawn up, claiming the board approved Mr. Smith's grant on that date, the complaint says. But electronic "metadata," or electronic tagging information, shows that the minutes weren't created until July 26, it adds.

Other documents were falsified in early 2002, according to the records. At the time, Mercury's share price was rising, and the defendants allegedly decided to backdate an option grant to Mr. Smith and Ms. Skaer to early November 2001, when the stock was significantly lower. In January, Mr. Landan, the former CEO, sent an email to outside directors seeking their consent for the earlier date, the complaint claims. When the directors faxed back the consent forms bearing the November grant date, the complaint says, "Skaer, or someone at her direction, intentionally falsified and altered [the documents] by whiting out the January 20, 2002 fax dates at the top of the return faxes."

The supposed alteration failed because one of the faxes was sent upside down, and the original date was left on one of the documents, the complaint alleges. Final approval for the grant wasn't obtained until a Feb. 12, 2002, board meeting, when the defendants allegedly changed the date yet again, to one several days earlier in November that was even more favorable to them, the complaint says.

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CRIMINAL LAW:

The Defendant Isn't The Only Player With A Personal Stake In The Libby Verdict (NYT)

By Neil A. Lewis

The New York Times, February 19, 2007

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WASHINGTON, Feb. 18 — As lawyers for I. Lewis Libby Jr. make their final argument to the jury on Tuesday, they face the daunting task of raising sufficient doubts about the government's assertion that Mr. Libby lied to a grand jury and federal investigators.

Prosecutors have built a detailed case to support their charges, presenting several plausible witnesses whose testimony conflicts with Mr. Libby's sworn statements. Still, the prosecution has the burden of convincing the jurors of Mr. Libby's guilt beyond a reasonable doubt, an imprecise concept that makes the outcome of most complicated criminal trials unpredictable.

Peter Zeidenberg, a Justice Department prosecutor, is to begin the summation case for the government. He will be followed by Theodore V. Wells Jr., Mr. Libby's chief defense lawyer. As is customary in federal criminal trials, the prosecutors will have the last word, and it will be by Patrick J. Fitzgerald, the chief prosecutor. Each side will have a total of three hours.

While there are numerous lawyers on both sides, it is Mr. Wells and Mr. Fitzgerald who have emerged as the leading adversaries. They have argued dozens of legal issues before Judge Reggie B. Walton, politely jostled each other at the lectern and less politely complained about each other's tactics.

The stakes are obvious for Mr. Libby, Vice President Dick Cheney's former chief of staff, who faces five felony charges for allegedly lying during an investigation of who leaked to reporters the name of a C.I.A. operative, Valerie Wilson. But there are significant stakes as well for Mr. Wells and Mr. Fitzgerald.

At the end of 2003, Mr. Fitzgerald, the chief federal prosecutor in Chicago, was chosen as special counsel to investigate the leak of Ms. Wilson's identity. Her name was first disclosed in a July 14, 2003, column by Robert D. Novak only days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV. Mr. Wilson, a former ambassador, had accused the Bush White House of knowingly distorting intelligence about Iraq's efforts to obtain material for its nuclear program in order to bolster the case for going to war.

Mr. Fitzgerald successfully pressed reporters to give evidence about their confidential interviews, even sending one, Judith Miller of The New York Times, to jail for 85 days before she agreed to testify to the grand jury.

Mr. Fitzgerald discovered who leaked Ms. Wilson's name to Mr. Novak — Richard L. Armitage, a deputy secretary of state and Karl Rove, President Bush's top political adviser — but did not bring criminal charges against them. He did, however, charge Mr. Libby, who he said had obstructed justice and committed perjury by giving untruthful answers to the grand jury and the Federal Bureau of Investigation.

It was a serious crime, he told reporters, because it was like "throwing sand in the umpire's face," impeding the prosecutor's mission. For Mr. Fitzgerald, the outcome of the trial will in part be a verdict on his decision to seek Mr. Libby's indictment.

Mr. Wells, a renowned defense lawyer, has characteristically thrown himself into his work. He has bested prosecutors in the past in defending public officials, and in this case he has battled over every sliver of an issue. Mr. Wells, along with William H. Jeffress Jr., put on a short defense last week; much of their strategy was based on discrediting Mr. Fitzgerald's witnesses during cross-examination.

Lawrence Barcella, a former federal prosecutor and experienced white-collar defense lawyer in Washington, said that closing statements were important but often not as crucial as nonlawyers might think.

"Actually, opening statements are more important," Mr. Barcella said, saying that studies and conventional wisdom among trial lawyers showed that jurors typically made up their minds early in the trial.

Dan K. Webb, also a prominent defense lawyer who was the chief federal prosecutor in Chicago, disagreed. Mr. Webb said in an interview that he thought closing statements were often "the most important part of a trial" because a lawyer could weave a persuasive closing argument as well as a favorable factual summary of the case.

"It's a combination of skilled closing argument and effective cross-examinations that win most cases," he said.

In their closing arguments, both sides will strive to project believability, but with markedly different styles. Mr. Wells's closing speeches are filled with emotion and motion, as his arms wave and he strides about in front of the jury, expressing indignation at the government's case.

Mr. Fitzgerald, along with Mr. Zeidenberg, is expected to offer straightforward and unemotional presentations.

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The prosecution wants to offer a streamlined and simplified argument that Mr. Libby lied in two grand jury appearances and two F.B.I. interviews when he said he had not discussed Ms. Wilson with two reporters. To believe that, the jurors will be told by prosecutors, they will have to disbelieve several witnesses, including the two reporters.

In addition, they will have to discount the testimony of several officials who said Mr. Libby knew of Ms. Wilson's identity before he said he learned it from Tim Russert of NBC News.

Mr. Wells will probably focus on inconsistencies he and Mr. Jeffress exposed in cross-examination, demonstrating that nobody's memory is perfect.

In two days of cross-examination of Mr. Russert, for instance, Mr. Wells nicked and slashed at his credibility and character. But it was unclear if he had cast doubt on Mr. Russert's essential testimony, that Mr. Libby was lying when he swore that he had learned about Ms. Wilson from Mr. Russert.

In his opening statement, Mr. Wells said that Mr. Libby had been made a scapegoat by unnamed White House officials who wanted to protect Mr. Rove because of his political importance to Mr. Bush.

But Mr. Wells did not present any testimony to support that thesis, and will probably be barred from repeating it in his closing statement.

Trial Spotlights Cheney's Power As An Infighter (NYT)

By Jim Rutenberg

The New York Times, February 20, 2007

WASHINGTON, Feb. 19 — A picture taking shape from hours of testimony and reams of documents in the trial of I. Lewis Libby Jr. shatters any notion that the White House was operating as a model of cohesion throughout President Bush's first term.

The trial against Mr. Libby has centered on a narrow case of perjury, with days of sparring between the defense and prosecution lawyers over the numbing details of three-year-old conversations between White House officials and journalists. But a close reading of the testimony and evidence in the case is more revelatory, bringing into bolder relief a portrait of a vice president with free rein to operate inside the White House as he saw fit in order to debunk the charges of a critic of the war in Iraq.

The evidence in the trial shows Vice President Dick Cheney and Mr. Libby, his former chief of staff, countermanding and even occasionally misleading colleagues at the highest levels of Mr. Bush's inner circle as the two pursued their own goal of clearing the vice president's name in connection with flawed intelligence used in the case for war.

The testimony in the trial, which is heading for final arguments as early as Tuesday, calls into question whether Mr. Cheney, known as a consummate inside player, operated as effectively as his reputation would hold. For all of his machinations, Mr. Cheney's efforts sometimes faltered as he tried, with the help of Mr. Libby, to push back against critics during a crucial period in the early summer of 2003, when Mr. Bush's initial case for war was beginning to fall apart. In some of their efforts, Mr. Cheney and his agent, Mr. Libby, appeared even maladroit in the art of news management.

While others on the White House team were primarily concerned about Mr. Bush, the evidence has shown that Mr. Libby had a more acute concern about his own boss. Unbeknownst to their colleagues, according to testimony, the two carried out a covert public relations campaign to defend not only the case for war but also Mr. Cheney's connection to the flawed intelligence.

In doing so, they used some of the most sensitive and classified intelligence data available, information others on Mr. Bush's team was not yet prepared to put to use in a public fight against a war critic.

A Quiet Scramble

At one point in the trial an adviser to Mr. Cheney recounted leaving a room in discomfort when she heard Mr. Libby sharing information from one of the government's most highly classified documents, not knowing Mr. Libby had secret presidential approval in hand. In his own testimony, Mr. Libby told of a failed effort to stanch negative coverage from Chris Matthews of MSNBC by trying to exploit a rivalry between him and Tim Russert, the Washington bureau chief at NBC News.

Mr. Cheney and Mr. Libby were trying in particular to distance the vice president from an assertion that Saddam Hussein had sought large quantities of nuclear material in Africa that was ultimately deemed questionable.

Mr. Cheney was given ownership of the claim by a former ambassador, Joseph C. Wilson IV, who wrote in an Op-Ed article in The New York Times on July 6, 2003, that he had been dispatched to Africa because of questions by Mr. Cheney's office. Mr.

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Wilson wrote that he returned from Africa highly doubtful about the claim and reported that to the Central Intelligence Agency and the State Department.

When Mr. Bush repeated the claim months later — in a 16-word sentence of his 2003 State of the Union address weeks before the Iraq invasion — Mr. Wilson wrote that he was compelled to question publicly whether Mr. Cheney had ignored his findings because they were inconvenient to the case against Iraq.

Even prosecution witnesses have testified that while Mr. Cheney had asked for more information about the accusation that Mr. Hussein sought uranium in Africa more than a year before the invasion, he did not know that Mr. Wilson was sent to investigate. And, witnesses said at trial, he did not learn about the trip until Mr. Wilson began to make his case publicly. This might explain why Mr. Cheney was so intent on debunking Mr. Wilson.

News of Mr. Wilson's mission, its findings and Mr. Cheney's supposed role in his assignment first surfaced two months before he stepped forward with his article, in reports that described him only as an anonymous former ambassador. Mr. Wilson decided to reveal himself after concluding that his anonymous account was not being taken seriously enough, according to testimony.

But those earlier reports prompted a quiet scramble by Mr. Libby to figure out who this anonymous ambassador was, who had sent him on his mission and what had happened with his findings. By the time Mr. Wilson came forward, Mr. Libby and Mr. Cheney knew that Mr. Wilson had been dispatched to Africa by the C.I.A. unit where his wife, Valerie, worked. The eventual exposure of her identity as a covert operative set forth the investigation that led to Mr. Libby's trial this year.

Mr. Libby faces charges that he lied to authorities who were looking into whether, in defending against Mr. Wilson's accusations, the administration intentionally exposed the identity of Mrs. Wilson to undercut her husband and clear Mr. Cheney. A jury will decide if Mr. Libby misled investigators or, as his defense asserts, lost track of what he said or learned amid a hectic schedule.

White House officials denied several requests for comment about the testimony and the story it generally tells, citing a reluctance to comment on anything involving the trial.

Declassifying and Leaking

Mr. Wilson's July 6 article was, in Mr. Libby's view, "a very serious attack." In his grand jury testimony, which was shared in the current trial, he said the charges amounted to a potentially severe blow to the administration credibility.

And the day after the Op-Ed article ran, the president's press secretary, Ari Fleischer, said the White House had lost confidence in the uranium assertion.

Mr. Libby's notes from a White House meeting of senior presidential advisers on the morning of July 8 — the sort of meeting that staff members rarely discuss publicly — read, "Uranium story is becoming a question of the president's trustworthiness." The notes quote Karl Rove, the presidential adviser tasked with Mr. Bush's re-election, as lamenting, "Now they have accepted Joe Wilson as credible expert." The notes reflected a general concern that the White House was not moving swiftly enough to contain the damage.

What others present at that White House meeting did not know was that Mr. Libby and Mr. Cheney were already conducting their own quiet campaign. Its purpose was to show not only that the White House had ample reason to believe the flawed intelligence even after Mr. Wilson's mission but also to defend against Mr. Cheney's alleged connection to the uranium claim.

Mr. Libby testified to the grand jury that an angry Mr. Cheney had by then already directed him to approach a reporter he regarded as suitable, Judith Miller of The New York Times, to make his case. Mr. Libby was under instruction to describe the vice president's ignorance of Mr. Wilson's mission and to discuss parts of the National Intelligence Estimate from October 2002 as well as another intelligence document showing the C.I.A. continued promoting the theory about Iraq's efforts to acquire uranium months after Mr. Wilson's trip.

The release of the intelligence estimate was a sensitive issue. Others in the administration had considered doing so that spring when Mr. Wilson's claim first surfaced, but faced resistance from the C.I.A. One investigator questioned in the trial testified that Mr. Libby's notes indicated that George J. Tenet, then director of central intelligence, was personally opposed to doing so.

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Mr. Libby said he found a way around that resistance by getting backdoor approval from the president. In a hush-hush meeting described in testimony, Mr. Libby asked the vice president's chief counsel, David S. Addington, whether the president could declassify intelligence personally, effectively without C.I.A. knowledge or approval.

Mr. Addington testified that as he explained to Mr. Libby that indeed the president could do so, Mr. Libby shushed him. "He extended his hands out and pushed down a little like that, that would indicate, 'Hold your voice down,' " Mr. Addington said at the trial. Mr. Libby testified that Mr. Cheney then went to Mr. Bush and got a presidential declassification.

White House officials have said Mr. Bush did not know how Mr. Cheney and Mr. Libby intended to use the intelligence.

Mr. Libby's attempt to use the newly declassified data with Ms. Miller failed. He met with her for two hours at the St. Regis Hotel on July 8.

But, as Mr. Libby told the grand jury, going to Ms. Miller was "a poor choice" because she never used the information.

Cathie Martin, Mr. Cheney's former communications director, recalled her discomfort at seeing Mr. Libby reading from the estimate later in the day while he called back reporters covering the story, at Mr. Cheney's direction, among them Andrea Mitchell of NBC News.

Other senior officials were perplexed when they apparently saw some of Mr. Libby's handiwork from those phone calls in action. After Ms. Mitchell reported that night on NBC News that "The White House blamed an October C.I.A. report for ignoring Wilson's information," the president's deputy national security adviser, Stephen J. Hadley, indicated that he had got an earful from Mr. Tenet, according to Ms. Martin's testimony.

Ms. Martin testified that at a senior staff meeting the following morning Mr. Hadley strongly hinted he thought she was responsible and told her the finger-pointing had been a disservice to the president. According to Ms. Martin's testimony, Mr. Libby let her take the blame and "looked down" as Mr. Hadley shared his chagrin. Mr. Cheney, she said, later told her not to worry about it.

Spinning Wheels

It was one of several times when Mr. Libby and Mr. Cheney were portrayed as disregarding Mr. Hadley, who now holds Condoleezza Rice's former title of national security adviser but was then her second in command.

At a meeting on July 10, Mr. Hadley had suggested to Mr. Libby and Mr. Cheney that the intelligence estimate could be leaked to a friendly reporter, Mr. Libby testified that his notes said. But neither he nor Mr. Cheney told Mr. Hadley that they had started trying to do so days earlier.

But all the same, their effort was by no means a smashing success.

Mr. Libby was frustrated that Mr. Matthews of MSNBC, for instance, was continuing to assert that Mr. Cheney had ignored Mr. Wilson's findings.

His notes indicate that Mary Matalin, the longtime Cheney political adviser, suggested that he call Mr. Russert to complain. NBC is a co-owner of MSNBC. "Call Tim. He hates Chris," Mr. Libby's notes read, according to testimony. His later call to Mr. Russert, he lamented to the grand jury, did not bear fruit.

The notes also indicated that Ms. Matalin said the White House needed a "Tenet-like" statement to clear the president. In fact, Mr. Tenet released a statement the following day — after tense negotiations with Mr. Libby and Mr. Hadley — taking responsibility for the bad intelligence.

Mr. Fleischer testified that he was pleased with the statement as the president's spokesman; Ms. Martin testified that it did not go far enough from the perspective of her office. And under the direction of the vice president, Mr. Libby continued his public relations push.

With the West Wing and the C.I.A. seemingly in open feud, it ultimately fell to Mr. Hadley to step forward and say on July 22 that it was his fault that the questionable claim wound up in the president's speech.

The Mystery Man In Scooter Libby Trial (NSWK)

By Michael Isikoff

Newsweek, February 19, 2007

Richard Hohlt is the heavy hitter you've never heard of.

DOJ_NMG_0133593

Robert Novak, as usual, had a scoop to unload—only this time, it was from the witness stand. Testifying last week in the trial of Vice President Dick Cheney's former chief of staff, I. Lewis (Scooter) Libby, the conservative columnist gruffly described how he first learned from two top Bush administration officials that Valerie Plame, wife of Iraq war critic Joseph Wilson, was a CIA officer. But then Novak injected a new name into the drama—one that virtually nobody in the courtroom knew.

Asked by one of Libby's lawyers if he had talked about Plame with anybody else before outing her in his column, Novak said he'd discussed her with a lobbyist named Richard Hohlt. Who, the lawyer pressed, is Hohlt? "He's a very good source of mine" whom I talk to "every day," Novak replied. Indeed, Hohlt is such a good source that after Novak finished his column naming Plame, he testified, he did something most journalists rarely do: he gave the lobbyist an advance copy of his column. What Novak didn't tell the jury is what the lobbyist then did with it: Hohlt confirmed to NEWSWEEK that he faxed the forthcoming column to their mutual friend Karl Rove (one of Novak's sources for the Plame leak), thereby giving the White House a heads up on the bombshell to come.

The trial of Libby—who is charged with lying about his own alleged role in the disclosure of Plame's identity—has revealed much about how government officials and journalists swap secrets. But Hohlt's outing was especially revealing. Unlike many of the high-profile Washington players who have populated the Plame affair, Hohlt is a Beltway power broker of a different sort. He works quietly, rarely makes the papers and likes it that way. Hohlt, 58, came to Washington more than 30 years ago as an aide to Sen. Richard Lugar. He now represents A-list clients like Bristol Myers, Chevron, JPMorgan Chase and the Nuclear Energy Association. At the same time, he raises buckets of cash for the Republican Party: he was designated a "Super Ranger," a fund-raiser who raked in more than $500,000 for President Bush's re-election.

But Hohlt's more significant role may be his leadership of a secretive social group of GOP heavy hitters and, occasionally, White House officials, who convene to smoke cigars and mull over politics. The group's name: the Off The Record Club. Hohlt is the club's "keeper of the flame," says one participant who, like others contacted for this story, didn't want to be named because it violates the group's rules. Each month or so for more than 15 years, Hohlt has booked a room at a posh Washington hotel or restaurant and invited the guests for dinner. Among the regulars, according to three participants: fellow lobbyists Ken Duberstein, Charlie Black and Vin Weber. Rove and White House chief of staff Josh Bolten "have both attended these meetings on occasion," says a White House spokesperson. (Duberstein and Weber did not respond to requests for comment. Black wouldn't talk about the club because "one of the purposes of it is to be off the record," he says.) "It's really just a bunch of old-timers who like to shoot the breeze," Hohlt tells NEWSWEEK. "We can complain about our clients, complain about what's going on on the Hill." (Hohlt's most recent gripe: a new D.C. smoking ban that has snuffed out the after-dinner stogies.) The club, participants say, helps the White House with damage control—they prodded GOP pols to back the president's post-Katrina cleanup—and thinks up ways to get the party's message across to the press.

That's where Hohlt has proved most valuable. An accomplished information trader, Hohlt serves as a background source for a select group of Washington journalists—Novak above all. "He's known as the person you go to to try to get stuff in Novak's column," says one semiregular OTR participant. (Novak says it is "ridiculous" to suggest he writes what Hohlt wants.)

After Novak first told Hohlt that he was working on a hot story about ex-ambassador Joe Wilson, Hohlt says he e-mailed Rove to expect a phone call from Novak. Then Hohlt began pressing Novak to learn the juicy details. On July 11, 2003, three days before the column was published, Novak gave him a preview copy. (Unknown to Hohlt, Rove had already confirmed to Novak that Wilson's wife worked at the CIA.) That same day, Hohlt e-mailed details about the column to Rove, and later faxed him the entire unpublished article. (Rove's lawyer confirms this account.) "I was just trying to be helpful," Hohlt says. His role as a go-between later earned him a visit from the FBI, but it stayed secret until now. And that was just fine with Hohlt, who says that his greatest accomplishment as a lobbyist has been "staying out of the press." Thanks to last week's testimony, his cover—like Valerie Plame's—is now blown.

WHAT VINCE CAN DO (PHDN)

By Michael Hinkelman

Philadelphia Daily News, February 19, 2007

DOJ_NMG_0133594

WHEN THE FEDS delivered a hefty 267-page, 139-count indictment against state Sen. Vince Fumo on Feb. 6, they were trying to show they've got the goods on him, a former federal prosecutor said.

But is it really a "slam dunk" case against the Prince of Philadelphia, who has pleaded not guilty to the charges?

Or are there strategies that Fumo can use to beat the case?

Yes, say defense lawyers and legal experts. This case is winnable for Fumo.

Fumo is charged with defrauding the state Senate and a South Philly charity of more than $2 million by using Senate staffers and charity workers for his personal and political benefit.

His lawyer, Richard A. Sprague, calls the indictment malicious and politically motivated, and says the feds didn't appreciate or understand how Fumo's office operates.

Sprague said he didn't want to tip his hand about how he'll defend Fumo, so the Daily News contacted some prominent defense attorneys to see how they might defend the embattled pol.

Here are some strategies they suggested.

Delay, delay, delay

A prominent criminal defense attorney and former federal prosecutor said he would do everything he could to keep the case from going to trial.

"I'd use every legal maneuver I could," said Carmen C. Nasuti. "I'd try to get the indictment dismissed, I'd try to get evidence excluded and I'd file as many pretrial motions as I could."

Nasuti said once the trial starts and evidence is admitted, there are "little things" that can't be readily explained or easily defended.

In this case, he said, one of those little things is the allegation that Fumo hired a private eye with state money to snoop on his political rivals and his ex-wife and ex-girlfriends.

The O.J. Simpson defense

The feds investigated Fumo for four years, and Sprague has said prosecutors want to "destroy" Fumo.

Some lawyers said this could be the linchpin of a strategy where the defense tries to paint prosecutors as overzealous or having misplaced enforcement priorities.

Who else gets investigated for four years? And what else could the feds have been investigating if they didn't divert so many resources to "destroy" Fumo?

"This could be just like the O. J. Simpson case where the jury was more interested in sending a message about misconduct in the L.A. Police Department than convicting Simpson of murder," even though the evidence pointed to Simpson's guilt, said attorney Charles A. Peruto Jr.

Even if jurors have evidence of Fumo's guilt, they might "hand it back to him," Peruto said, if they think prosecutors unfairly targeted Fumo.

"Jurors would focus more on the good things Fumo has done, and the people he's helped," Peruto said.

Fumo as his own best defense

Many white-collar defense lawyers don't want their high-profile clients to testify because it's high-risk and could undermine previous gains they've made with jurors.

But Fumo's situation is different, some say.

"My own experience is, if you have an engaging client and you know he has a plausible explanation for conduct the government claims is illegal, then put him on the stand," said Jack Meyerson, a former federal prosecutor who prosecuted Fumo in 1980 on fraud charges.

Fumo, who is smart and charming, testified in his own defense in his 1980 trial.

A jury convicted him and two others in that case, but the convictions were tossed out by a federal judge and his decision was upheld on appeal.

The senator will almost certainly see the jury this time as a small group of voters he can - and must - win over. As he told his fellow senators on Feb. 5, he wasn't just in a fight to save his political career but a fight for "everything that I hold dear."

If that's the case, how can he not tell his story to the jury?

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"This case is going to hinge on Fumo's testimony," predicted attorney William Spade, a former city prosecutor who defended ex-city treasurer Corey Kemp in 2005.

"It's his to win or lose because it's all about his character, and jurors are going to want to hear from him. It's not even debatable," Spade said.

Make it about Pat, not Vince

Sprague has said the indictment was "born of political ambition," referring to U.S. Attorney Pat Meehan.

Pundits have speculated that if Meehan bags Fumo, his political upside is sky-high. He would be seen as taking down one of the state's most powerful Democratic pols and cleaning up the city's political cesspool.

"Find an explanation for [the prosecution] which is different from the government's case and try to build on that," said NiaLena Caravasos, a partner in the firm of former Philadelphia District Attorney F. Emmett Fitzpatrick.

Winning high-profile cases can launch political careers, she said.

Caravasos noted that Rudolph Giuliani first made a name for himself when, as Manhattan's U.S. attorney in 1989, he got a 98-count racketeering and securities fraud indictment of then-Wall Street junk bond king Michael Milken.

Milken copped a plea to six lesser charges and served almost two years in prison. And Giuliani? He became a two-term mayor of New York and is now a leading candidate for the GOP presidential nomination in 2008.

Play the politics card

A study by two retired communications professors of federal investigations of more than 300 local officeholders and candidates from 2001 to 2006 by the Bush Justice Department found that 85 percent of the targets were Democrats.

The Justice Department has declined to comment on the study and Meehan has said that politics plays no role in his office's investigations.

More recently, the Bush Justice Department has come under fire for removing the sitting U.S. attorney for Arkansas and replacing him with a former political operative for Karl Rove, Bush's chief political adviser.

A defense based on the Bush Justice Department's bias would almost certainly hinge on jury selection, several defense lawyers said.

"If there are an equal number of Democrats on the jury panel as Republicans, the defense might be able to take advantage of the anti-Bush administration sentiment out there," said Meyerson.

Fumo is a 24/7 guy

Fumo said during a speech on the Senate floor on Feb. 5 that his staffers "routinely" work at all hours of the day and no public business is ever slighted.

"I have a 24/7 operation," he said.

Defense attorneys said it wouldn't be difficult to find Fumo staffers to testify to this.

"I could see myself putting on a 24/7 defense," said Spade.

It's "not disingenuous" to think that Fumo staffers allegedly doing personal favors for Fumo during regular working hours made up for it by working on their own time.

"People who work hard or who love their boss or job know that you take your work home with you and you work on weekends. Jurors can understand that," Spade said.

Whichever strategy is employed, the case is fraught with potential peril for both the feds and Fumo, Caravasos said.

"This is a case that has the potential to explode for either side," she said. "The prosecution could be seen as pushing an agenda. The defense could be viewed as being disingenuous with the jury. For both sides, humility will go a long way, if they can dial it back and recognize that."

Justices To Revisit Thorny Issue Of Sentencing Guidelines In First Cases After Recess (NYT)

By Linda Greenhouse

The New York Times, February 20, 2007

DOJ_NMG_0133596

WASHINGTON, Feb. 19 — The Supreme Court returns on Tuesday from a monthlong recess to face a daunting and urgent task: explaining what it meant two years ago when it ruled that the federal sentencing guidelines were to be treated as "advisory," no longer binding on federal judges.

The decision that dropped that bombshell on the criminal justice system, United States v. Booker, has not penetrated public consciousness in the way that, say, the Miranda decision on the right against self-incrimination did a generation ago. But in its own way, it has been no less revolutionary, creating turmoil in criminal sentencing.

The justices will hear arguments on Tuesday morning in two cases that will provide the latest chapter, although almost certainly not the final one, in the court's continuing and, to many, profoundly unsettling reappraisal of the roles of juries and judges in criminal sentencing.

The Booker decision came in two parts, each decided by a different 5-to-4 majority, with only Justice Ruth Bader Ginsburg joining the majority in both halves. The court ruled on the one hand that the sentencing guidelines violated defendants' Sixth Amendment right to trial by jury by giving judges, rather than juries, the power to make the factual findings that determined where to set the actual sentence within the range provided by the guidelines.

It then ruled that the guidelines system could nonetheless be saved as long as the guidelines were considered advisory rather than mandatory, to be consulted by judges in the course of imposing sentences that would be upheld on appeal as long as they were not "unreasonable." A debate over the meaning of "unreasonable" lies at the heart of the two cases the court will hear on Tuesday.

The court has acquired two new justices since the Booker decision, adding still more uncertainty to this complex picture. Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. replaced two justices, Chief Justice William H. Rehnquist and Justice Sandra Day O'Connor, who believed that the guidelines were constitutional. Those justices were thus dissenters from the first half of the opinion and joined the majority in the second half to permit the continued use of "advisory" guidelines.

But last month, Chief Justice Roberts joined the court's 6-to-3 decision striking down California's sentencing law on the ground that it gave judges more power than the court's recent precedents permit. Chief Justice Rehnquist would almost certainly have come down on the other side. Chief Justice Roberts's vote in that case, Cunningham v. California, at least suggests the possibility that the new chief justice may believe that the guidelines pose a constitutional problem that cannot be remedied by the device of calling them advisory.

In the Booker decision, the justices expected Congress, which established the guidelines system in the Sentencing Reform Act of 1984, to respond by amending the law to meet the court's objections; "the ball now lies in Congress's court," Justice Stephen G. Breyer wrote for the majority in the decision's second half.

But Congress has not acted and shows little appetite for doing so. After allowing dozens of sentencing appeals to accumulate and watching conflicts among the federal circuits over how to interpret the Booker ruling grow more entrenched, the justices in November accepted two cases that frame different aspects of the same basic question: what is the role of the sentencing guidelines in the post-Booker world?

The new cases break down that broad question into a series of smaller questions of great practical importance:

If a sentence is within the range set by the guidelines, should that sentence be presumed to be reasonable? Does a sentence outside the range carry a presumption of unreasonableness and require a special justification? What kind of justification? If the guidelines are entitled to more weight than the other sentencing factors that Congress included in the Sentencing Reform Act, how much more weight?

On the other hand, if the guidelines are simply one factor among others, how are their often harsh terms to be reconciled with the statute's instruction to judges to "impose a sentence sufficient, but not greater than necessary"?

Of all these issues, the reasonableness presumption for a guidelines sentence is the most important, for the reason that judges have continued to impose sentences within the guidelines most of the time — in 86 percent of all sentences, according to a study last year by the United States Sentencing Commission. Of the 12 regional appellate circuits, 7 have adopted the presumption.

To the Justice Department and the sentencing commission, the agency that determines the sentencing guidelines for all federal offenses, the presumption of reasonableness is the correct response to the Booker decision, consistent with both the

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ruling and the statute. To the defense bar and others who criticize the sentencing guidelines as overly rigid and mechanistic, the presumption defies the constitutional holding of the Booker ruling.

The presumption "simply resurrects the system rejected in Booker," Thomas N. Cochran, an assistant federal public defender in Greensboro, N.C., told the court in the brief he filed on behalf of Victor A. Rita Jr., the defendant in one of the two new cases. Mr. Cochran will argue Mr. Rita's case, Rita v. United States, No. 06-5754. It is an appeal from the United States Court of Appeals for the Fourth Circuit, in Richmond, Va., one of the circuits that has adopted the reasonableness presumption.

Mr. Rita is a retired marine and former criminal investigator for the immigration service, 57 years old and in poor health in part because of injuries suffered in Vietnam and the Persian Gulf war. He was convicted of obstructing justice and making false statements to a federal grand jury that was investigating the sale of kits for making machine guns.

He argued that his military and government service and poor health warranted a sentence below the 33-to-41-month range provided by the guidelines. But the trial judge imposed a 33-month sentence, which the Fourth Circuit, applying the reasonableness presumption, affirmed.

In the second case, Claiborne v. United States, No. 06-5618, the trial judge was notably more sympathetic to the defendant, Mario Claiborne, who pleaded guilty in Federal District Court in St. Louis to possession of cocaine with intent to distribute. Mr. Claiborne, then 20 years old, faced a sentence of 37 to 46 months.

But the trial judge imposed a sentence of only 15 months, telling Mr. Claiborne that a higher sentence "would be tantamount to throwing you away." The government appealed, and the United States Court of Appeals for the Eighth Circuit ruled that the "extraordinary" variance, 60 percent lower than the low end of the guidelines range, could be justified only by equivalently extraordinary circumstances, which it found were not present.

Mr. Claiborne, who is also represented by an assistant federal public defender, Michael Dwyer, has served his 15 months. If the justices uphold the Eighth Circuit, he faces resentencing and a possible return to federal prison.

Supreme Court Revisits How Much Leeway Judges Can Have In Sentencing (CSM)

By Warren Richey

The Christian Science Monitor, February 20, 2007

WASHINGTON

Two years ago, the US Supreme Court struck down the federal sentencing guidelines system because it forced judges in some cases to increase a criminal's punishment based on information that had never been proved to a jury.

The Constitution says that every defendant has a right to a jury trial, and the high court ruled that such a mandatory sentencing system violates that right.

Instead of invalidating the entire guidelines system and leaving it to Congress to fix the problem, five justices agreed to craft a remedy to retain most of the guidelines. But the result has confused many judges across the country and caused federal appeals courts to rule in conflicting ways.

Tuesday, the high court is set to hear oral argument in two cases that analysts say may help clear up some of the confusion. The decision will be closely watched.

"We are talking about the rules that govern every federal case – 80,000 cases a year," says Marc Miller, a law professor and sentencing scholar at the University of Arizona College of Law.

In its 2005 decision, the Supreme Court ruled that the sentencing guidelines were no longer mandatory, only advisory. "The district courts, while not bound to apply the guidelines, must consult those guidelines and take them into account when sentencing," Justice Stephen Breyer, declared in a second part of that decision.

Justice Breyer didn't stop there. He and his four colleagues empowered the appeals courts to police this new sentencing system by examining whether sentencing judges were being unreasonable in the way they determined punishment.

In a dissent, Justice Antonin Scalia warned that Breyer's remedial action would "wreak havoc" in federal district and appeals courts. Although it is unclear exactly how much havoc has been wreaked, there is no doubt that many courts are struggling to interpret the decision.

At issue is how much weight judges should give to the guidelines now that they are only advisory?

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On one side are those who argue that sentencing judges should be free to adopt or reject the guidelines on an equal footing with several other factors Congress has identified as important sentencing objectives. The key, they say, is that judges rely on reasoned judgment rather than a mechanical guidelines formula to mete out punishments.

On the other side are those who say the guidelines must be afforded an exalted status among sentencing factors since they represent the collective wisdom of the US Sentencing Commission created by Congress.

Five of the nation's 12 appeals courts have embraced the former approach, while seven have embraced the latter approach.

Specifically, the question is whether appeals court judges should award a presumption of reasonableness to any sentence imposed within the range of the guidelines.

Such an approach promotes clarity, stability, and uniformity in the sentencing nationwide, supporters say.

Critics say it erodes the advisory nature of the guidelines and judicial flexibility at sentencing, potentially raising the same constitutional objection that led to mandatory guidelines being struck down in 2005.

The two cases being heard Tuesday had been decided by appeals courts that award a presumption of reasonableness to sentences imposed within the guideline range.

One involves Victor Rita, a decorated combat veteran of the Vietnam and Gulf wars, who was convicted in North Carolina of making two false statements to federal agents about a parts kit he had purchased for a vintage battle rifle. Mr. Rita had no prior criminal history and there were no aggravating characteristics related to his background. But a pre-sentence report prepared under the federal sentencing guidelines classified Rita as an "accessory after the fact" to alleged import violations by the company that sold him the parts kit.

That classification – never presented to the jury at his trial – doubled his potential prison term from 15 to 33 months.

The judge sentenced Rita to 33 months in prison in accord with the guidelines. The Fourth US Circuit Court of Appeals upheld the sentence as presumptively reasonable since it was within the guidelines.

Rita's lawyers say the courts placed too much weight on the guidelines and never explained why other factors pointing to a lesser sentence were rejected.

The other case involves an example of a judge imposing a sentence that is less than half as long as the guidelines suggest.

Mario Claiborne pleaded guilty to distribution and possession of crack cocaine. He had evidence of a stable home life, no prior criminal history, and no one was threatened or injured during the crime. But the bag of crack cocaine weighed 5.03 grams. The extra 0.03 grams significantly increased his potential prison term.

Nonetheless, Mr. Claiborne's sentencing judge rejected the suggested guidelines sentence of 37 months and instead imposed a 15-month prison term.

Federal prosecutors appealed, and the Eighth US Circuit Court of Appeals reversed the sentence. The appeals court said that a guidelines sentence is "presumed reasonable" and that a sentencing judge who rejects the guidelines sentence must offer a compelling justification to warrant the difference between the higher and lower sentence.

The Bush administration is urging the court to declare that guidelines are entitled to a presumption of reasonableness.

"The guidelines are written and revised by an expert agency, with an intent to integrate [all other sentencing] factors and with input from Congress and sentencing judges across the country," writes US Solicitor General Paul Clement in his brief.

Lawyers for Claiborne and Rita say the sentencing judge should consider all the relevant sentencing factors and hand down a fair and just sentence. If the guidelines are truly advisory, a judge's sentence should be upheld, they say, even when it deviates from the guidelines.

The ruling is not likely to change dramatically the leniency or severity of most sentences, analysts say, but if the court rejects the presumption-of-reasonableness approach, it will probably trigger a somewhat greater variation of sentences.

DA BOOTS PROBER-TURNED-MOB-SWEETIE (NYPOST)

By Larry Celona

The New York Post, February 19, 2007

DOJ_NMG_0133599

An investigator for the Brooklyn DA's Office has been forced to resign amid allegations she fell for a jailed mobster - and hatched a plan to bear his love child, The Post has learned.

The 37-year-old prober had been assigned to protect the "mob associate" while he was being held in secret hotel rooms for interviews about the bombshell corruption case involving ex-FBI agent Lindley DeVecchio, sources said.

The sources identified her as Maria Biagini, a 15-year veteran of DA Charles Hynes' office who left her job last week.

A Hynes spokesman confirmed the investigator's resignation, but declined to elaborate.

The former investigator, who is now the subject of a federal probe, could not be reached for comment.

Hynes had temporarily taken custody of the federal prisoner to interview him about DeVecchio, the sources said.

DeVecchio is the one-time star FBI supervisor accused of giving sensitive - and deadly - information to Colombo boss Gregory "The Grim Reaper" Scarpa.

Biagini was assigned to keep the mobster under wraps and protect him while he was out of jail, the sources said.

She allegedly loosened her prisoner's strings and allowed him to contact his family and take money from relatives. He used the cash to throw dinner parties, attended by his family and the investigator - all in violation of DA policies, the sources said.

After the prisoner was returned to jail, the investigator allegedly wrote him several letters and visited - which led authorities to uncover their relationship.

In one letter, she suggested a bizarre scheme to get him released to a fertility doctor, who would collect sperm that could be used to impregnate her.

Authorities declined to identify the witness, but insisted he hadn't been a major player in their case and wasn't expected to testify in court even before the relationship was discovered.

Once the FBI's most famous gangland agent, DeVecchio was indicted almost a year ago on four murder charges for allegedly providing inside information to the mob, which then ordered the killings.

Brooklyn prosecutors charged DeVecchio had a "corrupt" relationship with Scarpa, who allegedly had the agent on his payroll in the 1980s.

Scarpa died in 1994 from AIDS.

DeVecchio has maintained his innocence, and his lawyer called word of the investigator's resignation "disturbing."

"If it's true, it's obviously very disturbing," said the lawyer, Mark Bederow.

Additional reporting by Alex Ginsberg

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FBI Probes Edmund Ford's MLGW Bills (WMC)

WMC-TV, February 20, 2007

Action News 5 has learned federal agents have subpoenaed records from Memphis Light, Gas and Water concerning City Councilman Edmund Ford's previous utility payments.

Sources tell Action News 5 the FBI has interviewed a number of City leaders during the past week and a statement from the public utility confirms that officials there have responded to a subpoena for records. Their interest - we've learned - revolves around embattled Councilman Edmund Ford, recently indicted on charges he took bribes in exchange for votes.

Sources confirm that agents have subpoenaed three years worth of utility bills in Ford's name.

FBI Questions MLGW About Edmond Ford (WHBQ)

WHBQ-TV, February 20, 2007

-- Memphis, Tenn. (WHBQ FOX13 MyFoxMemphis.com) -- The FBI and MLGW are working together as part of a federal investigation that involves a Memphis City Council member.

FOX13 has confirmed that FBI agents questioned several MLGW employees about a former customer, who was also the former chairman of the city's utility committee, Edmond Ford.

Last week MLGW hosted some unexpected guests.

"Last Tuesday and Wednesday we were visited by representatives from the Federal Bureau of Investigation," said Odell Horton, Jr., an MLGW attorney.

MLGW said the federal agents, armed with a subpoena, spent several hours over the two days talking to four employees.

"They were asking about a particular person's accounts...They were asking in particular to an ongoing investigation. It is my understanding that at this point and time it is inappropriate to talk about a particular person's account," said Horton, Jr.

Horton said the company had no idea the FBI agents were coming, but said MLGW cooperated completely.

The visit by the FBI comes amid a federal corruption investigation into Memphis City Councilman Edmund Ford, the former chairmen of the council's Utility Committee.

"I think at this point in time it is inappropriate to talk about any customer's account," said Horton. "They were asking about billing. Issues with billing, what type of issues were they looking for in terms of billing in terms of payment plans and those types of things," said Horton.

Despite MLGW's statement, FOX13 has confirmed that federal investigators did question employees about Councilman Ford.

So what happens next?

MLGW said it expects to forward some paperwork to the FBI over the next couple of days.

It's not clear if the agents will be returning to MLGW.

Ford's attorney Michael Schools had no comment for the story. He said neither he nor his client has any idea what the feds are looking for or what it's connected to.

FOX13 was unable to get in contact with with the FBI.

Councilwoman Carol Chumney, the current chair of the utility committee, said she didn't know about the FBI visit, but she plans to make inquiries into what happened and why she wasn't informed.

Councilman Once Oversaw Budget, Hasn't Been Paying (MCA)

By Trevor Aaronson

Memphis Commercial Appeal, February 20, 2007

Indicted City Councilman Edmund Ford hasn't been paying his power bills -- and federal authorities want to know why.

Last week, the city's publicly owned utility company, Memphis Light, Gas and Water Division, received federal grand jury subpoenas requesting all billing information for three of Ford's MLGW accounts as well as internal communications related to those accounts.

Advertisement

MLGW general counsel Odell Horton Jr. confirmed that money is owed on the accounts but would not say how much. He refused to disclose the property addresses to which the utility accounts were assigned.

"MLGW is cooperating with an ongoing investigation," Horton said. "At this point in time, we think it is inappropriate to discuss any particular customer's account regarding this investigation."

Horton said MLGW will comply with the subpoenas by Friday.

The owner of E. H. Ford Mortuary Service, Ford was until recently chairman of the council's General Services & Utilities Committee, which oversees MLGW's budget and spending.

It's unclear whether the subpoenas relate to a new investigation of Ford or an inquiry into possible malfeasance at MLGW.

Ford did not return calls, and MLGW president and chief executive Joseph Lee III declined to comment.

This isn't the first time Ford, who has declared bankruptcy three times, proved to be a problem customer for MLGW.

In January 2003, before Ford was appointed chairman of the committee that provides oversight to MLGW, The Commercial Appeal reported that the councilman's electricity service had been disconnected multiple times for overdue bills ranging from $120.66 to $4,342.18. At the time, Ford advocated flexible billing plans at MLGW.

"Sometimes my business is good, sometimes it's bad," he told the newspaper in 2003. "That's not the issue. It's not about my bill."

Now, it is about Ford's bill. And MLGW already has begun to combat the public-relations problem.

On Feb. 15, two days after MLGW's attorney said the company received the first subpoena, the public utility announced a plan to increase collection efforts on nearly $6 million in delinquent accounts.

Money has been at the root of the council member's recent legal problems. On Dec. 19, 2006, federal prosecutors indicted Councilmen Ford and Rickey Peete on bribery and extortion charges following an FBI sting starring lobbyist Joe Cooper.

FBI Unit Aims To Focus The Inquiry On Child Abductions (SLPD)

By Robert Patrick

St. Louis Post-Dispatch, February 20, 2007

Special Agent Dirk Tarpley was working a routine day on the FBI's violent crime squad last month in Kansas City when he got the call.

"Can you go?" was the question, even before he was told where or why.

Within an hour, Tarpley was rushing across Missouri, astounded to be headed to a place he had been just four months before, after someone kidnapped a girl named Abby Woods.

This time the missing child was a boy named William "Ben" Ownby.

Tarpley is a member of the bureau's 48-member Child Abduction Rapid Deployment Team, a year-old unit designed to rush experienced help to local police dealing with a suspected abduction.

Neither Tarpley nor other investigators interviewed for this report would comment on the case against Michael J. Devlin, who has been charged with kidnapping Ben Ownby and Shawn Hornbeck, or the specifics of the investigation.

But they are eager to talk about what their new setup offers, saying they hope it causes local authorities to call them more quickly and more often.

Both Ben and Abby were taken from Franklin County, where Sheriff Gary Toelke worked closely with the team.

"I couldn't ask for better help than what we got," Toelke said. "If this was a member of my own family, I'd want them investigating."

Before the formation of the team, each FBI office relied on its own expertise, said Roland Corvington, special agent in charge at St. Louis. It could reach out to other offices or to a child abduction unit at Quantico, Va., but most of that help would be by phone.

Now, specialists arrive in person within hours, drawn from across the region. Some agents drove or flew to Franklin County from Oklahoma, Texas, Ohio and Wisconsin.

In the Ownby case, the family notified the sheriff's office, which summoned the FBI. Supervisory Special Agent Tom Blades said an agent was sent from Rolla, Mo., who assessed the situation and called for the rapid deployment unit.

In such a case, calls go out to assemble a team of four to six of the members who are closest and available to leave immediately.

They bring equipment, training and experience investigating kidnapping, violent crime and all kinds of offenses against children. Contrary to common misconceptions, the FBI doesn't have to wait 24 hours or until there is evidence a state line was crossed.

The most hectic time in any investigation is the start, Tarpley said, calling it "controlled chaos." The unit specializes in taming it.

Agents advise local investigators on steps to take and leads to follow. "We're there to help focus the investigation," he said. The FBI teams, said Tarpley, "aren't going to solve any cases per se. The one thing the bureau can bring is an incredible amount of experience and resources..."

Corvington says the team keeps the local strategy on the right track. He noted, "We can't allow ourselves to waste time following one particular path when we should be on another."

Sheriff Toelke called the outside help "just unbelievable."

Local investigators may be good, Tarpley said, but they may have never seen a child abduction before — or not seen as many as the members of the Child Abduction Rapid Deployment team.

He had high praise for local officials on the Franklin Couny cases.

Contrary to the FBI's common portrayal on TV, Tarpley said, agents don't come in and take over. "We're just there to assist," he emphasized.

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"It's not about credit. We come in under the radar, and we leave under the radar. And that's the way we like it. Anything that happens is the result of the hard work of the local and federal investigators on the ground," Tarpley said. "We just act to focus it."

Once the focus is achieved, the team may slip away. In fact, members of the team were gone before Ben and Shawn were found in Devlin's apartment, Tarpley explained. "We had done our job."

A Few Degrees Of Separation From Hillary Clinton's Top Adviser (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 20, 2007

Mark J. Penn is a man who wears many hats: high-paid political and corporate pollster, chief executive of an international communications and lobbying company, and chief strategist to New York Sen. Hillary Rodham Clinton's bid for the Democratic presidential nomination.

Enough connections for you?

Well, there are more. Penn's firm, Burson-Marsteller Worldwide -- with 2,000 employees and $300 million a year in revenue -- owns BKSH & Associates, the major lobbying firm chaired by Charles R. Black Jr. That's right, Black, counselor to Republican presidents, reports to Clinton's top strategist.

The connections get even more entangled. Burson-Marsteller is a subsidiary of WPP Group, a London-based advertising and PR giant that owns many of the biggest names on K Street. These include Quinn Gillespie & Associates, Wexler & Walker Public Policy Associates, Timmons & Co., Ogilvy Government Relations Worldwide (formerly the Federalist Group), Public Strategies Inc., Dewey Square Group and Hill & Knowlton.

To be more precise, Penn's parent company employs as lobbyists and advisers an ex-chairman of the Republican National Committee (Edward W. Gillespie), a former House GOP leader (Robert S. Walker), a top GOP fundraiser (Wayne L. Berman), and the former media adviser to President Bush (Mark McKinnon).

WPP's Democrats are just as well known. They include an ex-aide to President Jimmy Carter (Anne Wexler), an ex-aide to President Bill Clinton (Jack Quinn), an ex-Cabinet officer for Clinton and Bush (Norman Y. Mineta), and a former top presidential campaign adviser for Al Gore and John Kerry (Michael J. Whouley).

The range of interests represented by these people is a staggering list of corporate America's who's who, with Penn himself a longtime adviser to Microsoft.

"This is a classic example of how big money has inextricably intertwined the campaign advising and lobbying worlds of modern-day Washington with potential conflicts of interest all over the place," said Fred Wertheimer, president of Democracy 21, a watchdog group.

WPP insists that things are not quite so intertwined and that its units are strictly segregated. "The various WPP businesses are purposely run independently, and there is no risk of any conflict between clients," said Howard Paster, who is Penn's boss, an ex-aide to President Clinton and a high-level volunteer for Hillary Clinton's campaign.

"I also, personally, don't do any lobbying," added Penn, 53.

But WPP does encourage cross-referrals, especially to avoid conflicts within its firms. "We occasionally will do things with one of the other companies," said Quinn, whose firm worked with Burson-Marsteller's polling firm, Penn, Schoen & Berland Associates, on the reelection of Italy's former prime minister Silvio Berlusconi. The polling firm, of which Penn remains president, is the WPP unit that will be paid millions by the Clinton campaign for Penn's attention.

And Clinton will be happy to pay it. "He's a critical member of our campaign, and we're lucky to have him," Clinton spokesman Phil Singer said.Jefferson's Reprieve?

The U.S. Court of Appeals for the D.C. Circuit has reversed the conviction of a former District police detective in a case that experts believe might make it tougher for the feds to prosecute Rep. William J. Jefferson (D-La.).

The court voted 7 to 5 on Feb. 9 to overturn the 2002 conviction of Nelson Valdes on three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450.

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But the court ruled that the gratuities law did not apply to Valdes's conduct -- his use of the databases was not "an official act" because it did not spur a police investigation.

The same issue hovers around Jefferson. He's under investigation for allegedly taking cash -- $90,000 of which was famously found in his freezer -- in exchange for using his congressional clout to arrange business deals. Two businessmen have pleaded guilty to giving Jefferson money to promote a company marketing new technology in Africa. But was that promotion an "official act"?

"Prosecutors are not only going to have to prove that a gratuity was given," said ethics expert Kenneth A. Gross, "but that it was for an action that was within the official duties of the government official." That's now harder after Valdes.Earmarks We're Us

Citizens Against Government Waste is Washington's leading opponent of pork-barrel spending. Its annual Pig Book, which lists the government's narrow giveaways, is used by news outlets worldwide to ridicule federal earmarks.

But now that these pet projects are being scaled back -- the Pig Book this year will be more a pamphlet than a book -- CAGW is expanding its other efforts against government wastefulness. It is stepping up campaigns against farm subsidies and federal interference on the Internet. It's also going global, fostering affiliates as far flung as South Korea and Jamaica.

Luckily, its donations remain strong despite the decline of earmarks, said President Thomas A. Schatz, who has worked for the $5 million-a-year group for two decades. "We haven't seen the end of waste -- to say the least," he said.Democratic Hires of the Week

Democrats, who are now in demand thanks to their takeover on Capitol Hill, are shuffling jobs all over town. Bruce Andrews was stolen away from Quinn Gillespie & Associates to run the Washington office of Ford Motor Co. He will be replaced at Quinn Gillespie by Chris McCannell, former chief of staff to Rep. Joseph Crowley (D-N.Y.).

Elsewhere, Stephen Brown left Dutko Worldwide to open the Washington office for Tesoro, an oil refining and marketing firm. R. Scott Silverthorne left the Capital One Financial's lobby shop to become vice president for government affairs of MasterCard Worldwide. And Broderick Johnson, a former chief House lobbyist for President Bill Clinton, is moving to Bryan Cave Strategies from AT&T. Johnson, one of Washington's top African American lobbyists, was pursued for weeks by several firms and was represented by superlawyer Robert Barnett.

Democratic job jumping has been particularly pronounced among high-tech groups. Former congressman Dave McCurdy (D-Okla.) departed the Electronic Industries Alliance after nine years to head the Alliance of Automobile Manufacturers. Harris Miller, former president of the Information Technology Association of America, was named president of the Career College Association. And David Hantman, chief of staff to Sen. Charles E. Schumer (D-N.Y.), will join Yahoo's lobbying office.It's All in a Name

RightClick Strategies, a consulting firm that has long helped Republican lawmakers design their Web sites, changed its name after last year's elections to Adfero Group, erasing any implication that it's only right-leaning. The firm said the switch was planned before the Democratic sweep.

Parry, Romani DeConcini & Symms, on the other hand, is extremely straightforward. Its Web site is LobbyCongress.com.

Gunman Ignites Frederick Inferno (WP)

By Philip Rucker And William Wan

The Washington Post, February 20, 2007

A gunman entered a liquor store in Frederick yesterday, shot at police, locked himself in the store during a 30-minute standoff and ignited a fire that engulfed and gutted a two-story shopping plaza along one of the Western Maryland city's major commercial corridors, police said.

James Douglas, 29, of Frederick walked into Jim's Liquors at Antietam Village Center about 12:30 p.m., showed the owner a handgun and told him, "Get out," Frederick Police Lt. Thomas Chase said. Police said the store's owner, whose name they would not release, called Douglas a frequent customer and knew him by a nickname, "Menace."

Nobody else was in the store, Chase said, and the owner left to call police. When two officers pulled up, Douglas fired at least one shot at them through the store's glass door. Police then surrounded the shopping plaza and ordered nearby businesses to lock their doors and windows.

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Alone in the store, Douglas called friends and relatives on his cellphone. Police crisis management officers reached him on the line, Chase said.

"While we were negotiating with him, he set the store on fire," Chase said.

Authorities had not located Douglas last night, and police said it is likely that he died in the fire. Nobody else was injured, Chase said. He added that a search of the liquor store will begin this morning.

Douglas apparently lit boxes of liquor to ignite the blaze, which spread quickly and destroyed all 14 stores in the center, Chase said. "It's completely gutted," he said.

The 1970s-era shopping center, in the 1500 block of Opossumtown Pike, is at the heart of Frederick's commercial corridor. Roads around the center were closed for nearly four hours, snarling holiday traffic.

Businesses destroyed in the blaze included a branch of Frederick County Bank, a Dunkin' Donuts, a Quiznos sandwich shop, a medical supply store, a hair salon and a dry cleaner. A restaurant on the bottom floor, Latino Grill, was going to open next week, but it was destroyed.

Police have not determined why Douglas targeted the liquor store but said there are no confirmed past grudges with the owner. Authorities characterized the incident as an attempted armed robbery.

"Anytime a guy walks into a liquor store with a gun, it would draw us to conclude that he's robbing the place," Chase said.

Douglas lived one block from the store in the three-story Country Hill Apartments, according to several neighbors who said they were his friends. They said when they heard sirens, they went out to watch.

Leslie Horner, 33, said she listened as a friend and Douglas talked to each other on their cellphones. The friend asked Douglas, " 'Do you have anyone in there with you? Do you have any hostages?' " said Horner, who said she has known Douglas for 10 years. She said she will never forget his answer: " 'No, it's just me and God in here now.' "

Another friend, Shantel Harris, said Douglas "said he wanted to come out, but he was so scared they'd shoot him."

While firefighters hosed down the ambers, a woman who identified herself as Douglas's sister ran through the police tape screaming and cursing at authorities.

"I lost a life!" she yelled, pointing at the charred shopping center. She would not give her name to reporters.

The fire let off billowing clouds of black smoke and a pungent odor from burning brick and metal across Frederick, witnesses said.

Bottles of alcohol accelerated the fire, Chase said.

"You could hear muffled popping sounds as the liquor bottles were burst from the flames," he said.

Bystanders said they could feel heat from the fire a block away.

Flames tore through the shopping center surprisingly fast, said George William, manager of a Roy Rogers restaurant across the street.

"I was in shock," he said. "It was dark. We have a fog all over the place. The roadway was just covered in smoke."

Eyewitness Jim Conway said: "The cannons of water were just pouring into the building. When I came here, the middle of the roof was still up, and now just look at it."

The flames melted the center's brown metal roof, which was left hanging in slivers.

It took nearly one hour for firefighters to control the blaze in the smoldering shopping center. As late as 5 p.m., small fires were still burning in one of the shops.

Staff members at La Petite Academy, a child-care center across the street from the plaza, who were supervising more than a dozen children, locked the center's doors for 3 1/2 hours after learning that a gunman was in the area. "As soon as we heard about the incidents going on, we immediately went on lockdown," employee Nicole Ohanian said. "It was just for the children's safety."

Employees in an accounting firm, also across the street and also under lockdown, said they watched the blaze from their office windows.

A man who would identify himself only as Kim said he has owned Antietam Village Dry Cleaners in the center for 12 years. He was evacuated and left his papers, car keys and coat in the store.

"Someone started shouting, 'Get out! Get out!' " Kim said, standing coatless in the frigid winter air.

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Danielle Poe, on her way to her job as a medical assistant at Plastic Surgery One, pulled into the parking lot and found police officers with guns aimed at the liquor store. She was not allowed to get out of her car.

"There were cops with assault weapons," said Poe, 26.

One officer "told everyone to get back because they were in the line of fire," she said. "I saw some people run. . . . Two seconds later, there were flames inside the store. Within minutes, the whole top floor of the building was in flames."

Nancy Piper, 58, who has lived a block away for 30 years, was a longtime customer of Jim's Liquors.

"It had a great bunch of people working there," Piper said. "They would even carry your purchases out to the car for you. Everyone was on a first-name basis with them."

After A Rampage, Trying To Grasp What Led A Son To Kill (NYT)

By Martin Stolz

The New York Times, February 20, 2007

SALT LAKE CITY, Feb. 19 — At 1 a.m. last Tuesday, the parents of Sulejman Talovic called the police to report him missing. After watching television news coverage, they feared he might be among those dead or wounded in a shooting rampage at a mall here. One hour later, with the arrival of detectives, they discovered the shocking truth, that their son, 18, was the gunman.

In six minutes on the night of Feb. 12, Mr. Talovic shot nine customers at the Trolley Square mall, killing five and seriously injuring four others. The attack ended when the police shot and killed Mr. Talovic after he refused to surrender his 12-gauge shotgun.

Mr. Talovic's motive remains a mystery, investigators say.

In the week of grief and confusion since the shooting, the Talovic family has been struggling to unearth some explanations. Their reflections, inadequate as they may seem, revolve around a handful of formative experiences: war in his native Bosnia, rejection at school and difficulty in assimilating in the United States, they said Sunday in the living room of his aunt's tidy apartment.

If the public has come to see Mr. Talovic as a deranged killer, the family knew him as a shy and generous boy.

The gunman's aunt, Ajka Omerovic, and his father, who was visibly exhausted, spoke to a reporter just hours after Mr. Talovic's body was cleansed in an Islamic ritual in preparation for its burial in Tuzla, Bosnia, expected later this month, and after days of funerals for shooting victims across the Salt Lake Valley.

At the funerals, two of the victims' families called on the public to forgive the teenager and to support his family in their sorrow.

The Talovics are saddened and bewildered, said the father, Suljo Talovic, 42. The last time he saw his son alive was at home after work, he said. Sulejman had returned from his job at a uniform laundry company, showered and left without comment. At 2 a.m., detectives came to the door and informed the family of his crime and death. Within hours, Sabira Talovic, Sulejman's 37-year-old mother, collapsed and was hospitalized with what her husband said was a heart attack.

"It's very painful," Suljo Talovic explained, his syntax slightly imperfect but his message clear. "I have pain for my son. I have pain for everybody who has died. I am sorry for everybody."

The Talovics had no information on how Sulejman had obtained his weapons and ammunition. The police could not be reached to comment on a report in The Salt Lake Tribune that the shotgun had been bought legally at a sporting goods store.

In Bosnia, the Talovics lived on a small subsistence farm in the village of Talovici. Suljo Talovic, also a carpenter, often worked on construction projects in Switzerland and in Belgrade, the Yugoslav capital. Until Serbian forces began a siege of Talovici in April 1992, they said, theirs had been a humble but happy life, surrounded by more than 100 relatives.

When the Serbian militias arrived, Suljo hid in the hills. In the village, his family went without food for days at a stretch. Life was defined by explosions and gunfire. The family said Sulejman, then 4, had seen his baby sister die at home because of a lack of medicine. Some family members believed he had seen his grandfather's execution, though there was disagreement over that.

After a year, Sabira escaped with Sulejman on foot and on a relief supply truck to Srebrenica. Some weeks later, her husband was reunited with the family in Tuzla, where they remained for several years.

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In 1998, Sulejman and his family moved to Utah, where his aunt, Ms. Omerovic, the sister of Suljo, had established roots. In the Sunday interview, Ms. Omerovic expressed gratitude to Americans, who she said had helped the refugees to "forget about the war," a sentiment expressed repeatedly in recent days by Bosnian-Americans in Utah.

Sulejman, a bashful child, struggled with English and with relationships. Ms. Omerovic, who sometimes supervised him as a dishwasher at the Utah Jazz arena, said she had seen her nephew joking with co-workers. "He was willing to be friendly," she said. "He just didn't find his way on how to do it."

In 2004, two classmates threatened Sulejman with a knife, his father said. His mother, frightened, then signed a form releasing him from attending school, the family said.

Sulejman began accompanying his father to construction jobs, and he readily handed over his earnings to help his parents and three younger sisters.

Police investigators are now trying to assemble a psychological profile of Sulejman.

His father, who says he abhors violence, said that perhaps his son had been affected by an accumulation of bad experiences, "a little bit, little bit, little bit, and after too much, he's like an explosion."

The Talovics said they wished they could question Sulejman and understand the shooting. Ms. Omerovic said the Bosnian civil war alone as an explanation made no sense to her because all Bosnians had been "touched by war" but had not committed crimes.

"We are praying to God," the aunt said, "and asking God to forgive Sulejman for what he did and to forgive his soul."

Florida Executioner Says Procedures Were Followed (NYT)

By Lynn Waddell And Abby Goodnough

The New York Times, February 20, 2007

TAMPA, Fla., Feb. 19 — A member of Florida's execution team told a panel studying lethal injection protocols on Monday that intravenous lines had been placed properly in the arms of a condemned inmate who took 34 minutes, twice as long as normal, to die.

The man, who testified by phone and whose voice was electronically altered to shield his identity, said he had medical qualifications but would not elaborate. He added that in any event he did not consider the execution a medical procedure.

"Absolutely nothing is remotely connected with medicine," the man told the panel, which former Gov. Jeb Bush appointed in December to study whether Florida's lethal injection system could be improved. "From that point on, the condemned inmate will not leave the chamber alive. It is done as quickly as possible. It is done as humanely as can be done under the circumstances."

The man, who identified himself only as "medically qualified," was the second member of Florida's execution team to address the panel this month.

On Feb. 9, the lead executioner in the case of Angel Diaz, who took 34 minutes to die, told the panel, "I have no medical training or qualifications."

Some witnesses to the execution have said that Mr. Diaz, who was put to death on Dec. 13, gasped and appeared to grimace in pain as the procedure stalled. But state corrections officials have told the panel that he did not voice discomfort or appear to be in pain.

A preliminary medical examiner's report suggested that intravenous needles placed in Mr. Diaz's right and left arms plunged through his veins into tissue, preventing the drugs from quickly entering his bloodstream. An autopsy found a 12-inch chemical burn on Mr. Diaz's right arm and an 11-inch burn on his left.

Mr. Bush halted executions in Florida on Dec. 16, when the preliminary autopsy results came out, and appointed the panel to study lethal injection protocols. The panel is to submit recommendations to Gov. Charlie Crist by March 1.

Monday was the fifth time that the lethal injection commission met. It has heard testimony from doctors and prison officials as well as from members of the execution team. State Senator Victor Crist, a member of the panel who helped write Florida's lethal injection law, said Monday that based on the testimony so far, he did not think anything had gone wrong with Mr. Diaz's execution other than the unusual amount of time it took.

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Like most states with lethal injection, Florida uses three drugs: one to put the inmate to sleep, one to paralyze his body and a third to stop the heart.

Senator Crist, who is not related to the governor, said he planned to recommend several changes to ensure that future executions did not raise questions about whether the execution was done properly and whether the inmate suffered. He said camera surveillance should be added so that the execution team, stationed outside the execution chamber, could view the inmate from angles other than through the existing window.

He also said that the inmate's IV line should be checked after the administration of each drug to make sure it was properly inserted, and that the inmate should be "thumped or shaken" to make sure he was unconscious after receiving anesthesia.

"Doggone it, go out there and thump on them, shake the body to make sure they are out," Senator Crist said. "If the first drug is administered properly, then regardless of what else is pumped into his system he will never know it."

Armed And Dangerous (WP)

The Washington Post, February 20, 2007

CPL. KEITH Washington, the Prince George's County police officer who shot two unarmed furniture deliverymen in a dispute at his home three weeks ago, one of them fatally, is on administrative leave pending the outcome of an investigation into the incident. That status notwithstanding, he remains certified as a police officer, meaning he is still authorized to carry a weapon issued by the department. Given what is known about his past, and his repeated problems with anger management, you'd think Prince Georgians might justifiably be nervous about that.

But not Jack Johnson, the Prince George's county executive. Mr. Johnson is an old associate and booster of Cpl. Washington's, having hired him first as his driver and then, two years ago, as his deputy director of homeland security, despite public warnings about Cpl. Washington's checkered past, volcanic temper and tendency to turn routine encounters into tempestuous ones. Now that Cpl. Washington has killed one man and badly injured another, Mr. Johnson says the officer will not be returning to his position in the county department of homeland security. Well, that's comforting. Less comforting, however, is Mr. Johnson's prescription -- that Cpl. Washington resume work as a police officer.

In fact, it's hard to think of a worse place for Cpl. Washington than the police department. In incident after incident over the years, on duty and off, including ones involving his daughter, his homeowners association and a fender bender that he was investigating, Cpl. Washington is alleged to have exhibited rough, menacing or violent behavior, often in response to seemingly ordinary circumstances. Three years ago he was suspended from the police force for an off-duty scuffle. Now, using his service weapon, a 9mm Beretta, he has shot two unarmed Marlo employees who were delivering a bed set to his home; both were apparently hit multiple times.

We hope an ongoing investigation will reveal how a dispute over the delivery of a bed set escalated to the point where Cpl. Washington not only brandished a weapon but felt it necessary to pull the trigger again and again. The facts surrounding those shootings are still uncertain: One man is dead; another hasn't yet talked to police, prosecutors or a grand jury; and Cpl. Washington's own account hasn't been heard in public. So we won't prejudge the outcome of the investigation. But it seems fair to wonder whether Mr. Johnson's cavalier prescription -- to send Cpl. Washington back to active duty as a police officer -- is not premature, at the very least.

CIVIL LAW:

Hillary's Brother Due Back In Court (WT)

By Jim Mcelhatton

The Washington Times, February 20, 2007

A federal judge has reopened a bankruptcy case in which a trustee is demanding that one of Sen. Hillary Rodham Clinton's brothers repay more than $100,000 in purported loans from a carnival outfit whose owner was pardoned by President Clinton.

Anthony D. Rodham received $107,000 in payments from Tennessee-based United Shows of America Inc. before the company went bankrupt in 2002, according to court records.

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United Shows' owners -- Edgar Gregory Jr. and his wife, Vonna Jo Gregory -- were pardoned by Mr. Clinton in March 2000, despite an objection by the Justice Department. The couple was convicted of bank fraud in 1982 for illegally giving loans to friends. Mr. Gregory died in 2004.

After court-appointed trustee Michael Collins took over the company's finances, he obtained a default judgment against Mr. Rodham, saying he "received the benefit of the loans without making any repayment."

Mr. Collins' collection effort spawned court actions last year against Mr. Rodham in D.C. Superior Court and the U.S. Bankruptcy Court in Alexandria.

In September, an attorney for Mr. Rodham, of Vienna, Va., persuaded a federal judge to set aside the default judgment, saying he did not get proper notice of some of the proceedings.

After setting aside the default judgment, the case was essentially closed because of what Mr. Collins called a procedural glitch.

U.S. Bankruptcy Judge Marian F. Harrison on Jan. 30 granted a request by Mr. Collins to reopen the case.

A status hearing was scheduled for today in Nashville, Tenn., but likely will be continued until next week, Mr. Collins said.

"We want to get the case on a scheduling track, so we can proceed to trial," he said.

Mr. Rodham has declined to speak about the case, and his attorney did not return a phone call yesterday.

Mrs. Clinton, New York Democrat, announced last month that she was forming a presidential exploratory committee. Yesterday, a spokesman for her presidential exploratory committee had no comment.

When Mr. Clinton pardoned the Gregorys, Mr. Rodham reportedly said he worked for United Shows as a consultant. He denied taking money to lobby for the couple's pardon.

Mr. Rodham has not filed an answer to Mr. Collins' complaint. But in legal pleadings, his attorney, Samuel Crocker, said Mr. Rodham says the money that he received from United Shows was compensation, not loans.

"Defendant was owed compensation for the services he rendered," Mr. Crocker stated in the filings.

However, Mr. Collins, in bankruptcy filings last year, said each of the 16 checks from United Shows to Mr. Rodham had a note at the bottom indicating that the payments were loans.

In addition, Mr. Crocker said Mr. Rodham received a summons but never found out that there had been a motion for a default judgment because the notice was sent to the wrong address. Mr. Rodham previously lived in the District.

Once Mr. Collins obtained a default judgment last year, he hired attorneys to file collection judgments to pursue Mr. Rodham's assets in the District and Virginia.

Mr. Collins said he is not ruling out a settlement in the case. He said an out-of-court agreement seemed to be a possibility.

Although the default judgment was set aside, Mr. Rodham has been ordered by Judge Harrison to pay more than $19,000 to cover Mr. Collins' legal expenses in connection with the collection efforts.

Mr. Collins said Mr. Rodham has complied with that court order.

Don’t Fall For Hot Pink Camels (NYT)

The New York Times, February 19, 2007

Wall Street analysts may be applauding R. J. Reynolds for introducing a feminized version of its macho Camel cigarette brand, and company executives clearly think they have hit on an innovative marketing strategy. But this new attempt to woo women smokers can only be viewed as another cynical blow to public health.

The Reynolds executives apparently don’t care that lung cancer among women is the only major form of cancer whose death toll is rising. Lung cancer kills far more American women than does the much more feared breast cancer. And smoking is overwhelmingly the leading cause of lung cancer, not to mention its contribution to heart disease, emphysema and all sorts of other health problems.

So now comes R. J. Reynolds with its new female-friendly Camel No. 9 and a campaign to promote it costing an estimated $25 million to $50 million. The name is supposed to evoke “cloud nine” or being “dressed to the nines,” according to Reynolds marketers, although some think it may also suggest luxury perfumes like Chanel No. 19 and romantic songs like “Love Potion No.

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9." As described by Stuart Elliott in last Thursday's Times, the company is reaching out to women with slogans like "light and luscious," hot pink and teal packages and ads adorned with flowers.

This would all seem laughable if it were not so pernicious. No doubt Reynolds will fall back on a tobacco company mantra: it's not trying to woo new smokers to a dangerous product; it's just trying to convert existing ones to its brand. But we all know that the tobacco business will wither away unless it finds new smokers to replace those who quit or die.

Bipartisan bills were introduced in both houses of Congress last week to give the Food and Drug Administration needed authority to regulate tobacco products and restrict marketing to young people, consistent with free-speech principles. That may not do much to wean their elders from the habit. But it could stop young women from being entrapped by cynical marketers.

CIVIL RIGHTS:

A Hearing Without Being Heard (WP)

By Robert Barnes

The Washington Post, February 20, 2007

JACKSONVILLE, Ala. -- Lilly M. Ledbetter says she almost stopped breathing when she heard her name called that day, her eight-year battle over alleged pay discrimination finally reaching the ultimate legal forum, the U.S. Supreme Court.

"We'll hear argument next in Ledbetter versus Goodyear Tire and Rubber Company," Chief Justice John G. Roberts Jr. announced.

The odds are akin to being struck by lightning, having your case plucked from the thousands of others who have vowed, like you, to take the fight all the way to the Supreme Court. And then you find it's not so much about you anymore.

It was the only time that November morning that any of the nine justices spoke Lilly Ledbetter's name.

When she thought back last week on the arguments before the court, she remembered them as not being much about her complaints about Goodyear, or Goodyear's complaints about her. "Except when my lawyer got up, it [seemed to be] based on changing the law somewhere down the line," she said. "That's what it boils down to, I guess. It tends to leave the person out."

At a forum late last year, Justices Antonin Scalia and Stephen G. Breyer, usually the court's yin and yang on matters of constitutional interpretation, agreed that that is how it should be. They were asked whether their duty was to provide justice for those who came before the court or simply to interpret the law.

"The point of the law is to satisfy a human desire for justice," Breyer explained, but he added: "You don't necessarily get to that end by simply trying to look for what is the intuitively nicer result in each case."

Scalia was blunter. "By the time you get up to an appellate court -- and lawyers ought to learn this -- I don't much care about your particular case," he said. "I am not about to produce a better result in your case at the expense of creating terrible results in a hundred other cases."

A specific Supreme Court decision may contain obvious benefits for the winner -- see George W. Bush, circa 2000. But it can often be an inconclusive way station for the plaintiff, sometimes leading only to additional years of litigation.

Jose Antonio Lopez, for instance, has already won his case at the Supreme Court this term. The justices ruled 8 to 1 that the Bush administration cannot automatically deport legal immigrants convicted of minor drug crimes.

But the decision came a little late for Lopez, who had returned to Mexico rather than remain in jail to see if the Supreme Court would take his case. His lawyer is trying to get him a new hearing in this country. But the more lasting impact of Lopez v. Gonzales is that thousands of immigrants may now contest the government's deportation plans.

Supreme Court cases outlive the individuals who give them a name, and give rise to legal precedents beyond the specific cases. That explains why Ledbetter finds herself supported by a large contingent of women's groups and civil rights organizations that she had never given much thought to -- "The ACLU is supporting me; I don't know how we picked them up" -- and opposed by the U.S. Chamber of Commerce and the Bush administration.

She knows it's not personal.The Law's Fine Print

What justices find interesting in Ledbetter's case, according to the language of the Supreme Court, is this:

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Whether and under what circumstances a plaintiff may bring an action under Title VII of the Civil Rights Act of 1964 alleging illegal pay discrimination when the disparate pay is received during the statutory limitations period, but is the result of intentionally discriminatory pay decisions that occurred outside the limitations period.

What Ledbetter and Goodyear have been fighting over since 1998 when, at the company's urging, she took the early-retirement offer is this:

Whether she was paid less than the men she worked with because of discrimination or because she wasn't a very good worker.

There's no dispute that after nearly 20 years at the Goodyear plant in Gadsden, Ala., most of them in a salaried managerial position, Ledbetter, 68, was paid less than any of the men she worked with, even those with less seniority.

Ledbetter had always thought that was the case -- some of her bosses had even told her so. But it was spelled out clearly in an anonymous letter she received after she stopped working for Goodyear that contained the rankings and salaries of everyone she worked with.

Her lawyers showed it to the jury on a huge board.

But Goodyear contended that the salaries must be looked at with the rankings. The company said Ledbetter's lower pay was the result of a merit pay plan meant to even the field, and reward supervisors for good work rather than longevity. Ledbetter was typically at the bottom of the rankings, the company argued, and even then she received raises, albeit smaller than those of the men ranked above her.

The jury sided with Ledbetter, saying it was "more likely than not" that she had been paid "an unequal salary because of her sex." Jurors awarded her $3,514,417.

Which was reduced to $360,000 by the judge, who said that was the maximum the law allowed.

Which was reduced to $0 by the U.S. Court of Appeals for the 11th Circuit, which said Goodyear may have discriminated against Ledbetter at some point, but not in the 180 days before she filed her complaint, as the Title VII law prescribes.

Which is what has the justices interested.

Ledbetter's lawyers, backed by the Equal Employment Opportunity Commission, said that the 11th Circuit's decision is contrary to law the Supreme Court itself has established, and that many other lower courts have followed. They argue, in effect, that pay decisions tainted by discrimination become new violations of Title VII each time that employee receives a paycheck. So the discriminatory action fell within the time guidelines in the law, they say.

But Goodyear's lawyers said that the 11th Circuit had gotten the standard right, and that the law is intended to stop ongoing discrimination. Ledbetter could not show that the company had discriminated against her the last time it decided to approve or withhold a pay raise. The solicitor general -- the lawyer who represents the official position of the government before the court -- agreed, and in a notable break, said the EEOC was misreading the Supreme Court's earlier decisions.Awaiting a Decision

Ledbetter flew up from Alabama for the oral arguments, scheduled for the Monday after Thanksgiving. From her spot in the second row, she watched for signs. She knew that it takes at least four justices to agree to hear a case, and although those sessions are secret, she assumed they were for her. But she didn't know who they were, nor whose vote could be the fifth one she needed.

She didn't think it would be Roberts. Genial in public appearances, he's a sharp-edged questioner, and she recalled his comments being all about whether a finding for Ledbetter would undo the statute of limitations and open employers to decades-old discrimination complaints, she said.

Ledbetter was intrigued by Justice Clarence Thomas, who she'd been told might not automatically be on her side. As is his custom, Thomas did not ask a question during the hour-long argument, but Ledbetter thought he seemed unusually interested.

"He kept sending out for law books -- he had that poor guy running -- and by the end he had a stack of books up to there," she said.

And Ledbetter had a good feeling about the only woman behind that long mahogany bench; Justice Ruth Bader Ginsburg's questions sounded most supportive, she said. Out on the court plaza later that day, after the reporters had gone, a Georgetown professor introduced herself to Ledbetter and told her that Ginsburg had been discriminated against early in her legal career.

But sympathies are one thing, as Breyer and Scalia indicated in that December forum, and the law is another.

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"If you're incapable of producing a policy result that you don't like simply because the statute requires it," Scalia told his audience, then look for another line of work. "Run for Congress or something."

Waiting in Jacksonville for a decision that could come anytime before the court finishes its term at the end of June, Ledbetter said she thinks it could go either way.

"I think it's moved on to the law," she said. "Strictly the law."

Study: Stricter Voting ID Rules Hurt '04 Turnout (USAT)

By Richard Wolf

USA Today, February 20, 2007

WASHINGTON — Voter identification requirements designed to combat fraud can reduce turnout, particularly among minorities, a new study shows.

A study by the Eagleton Institute of Politics at Rutgers University shows turnout in 2004 was about 4% lower in states that required voters to sign their name or produce documentation. Hispanic turnout was 10% lower; the difference was about 6% for blacks and Asian-Americans.

The study, presented to the U.S. Election Assistance Commission this month, comes as voter identification requirements are being subjected to increased scrutiny. Two researchers last year told the Election Assistance Commission that they found little evidence of voter fraud at polling places.

Thomas O'Neill, who led the Eagleton research team, said the new study shows that "the harm may be as great as the benefit."

The commission's chairwoman, Donetta Davidson, called the study "premature." More work needs to be done, she said. "You can't make determinations based on one year," she said. "We have new states that have ID requirements now that weren't in that review."

In 2005, Indiana enacted the nation's stiffest photo ID law. Yet turnout increased 2% in November compared with 2002, the previous non-presidential federal election year.

In local races before the November elections, "we could not find one instance where a legitimate voter could not vote," said Indiana Secretary of State Todd Rokita, a Republican.

Under federal law, first-time voters must verify their identity. Nearly half the states go further, requiring some identification from all voters — ranging from a signature to a government-issued photo ID, which is required only in Indiana.

Photo ID laws in Georgia and Missouri have been blocked in court. A photo ID law in Florida allows voters to choose from many forms of identification.

Liberal groups such as Common Cause have fought the measures on claims that they disenfranchise the poor, minorities and seniors.

Several states are considering photo ID laws this year, including California, Colorado, Kansas, Mississippi, Oklahoma, Texas and Washington. Most of the efforts face substantial opposition. "We've been beating that horse for two or three years now," said Tim Storey, an elections expert at the National Conference of State Legislatures. "The states that were going to do it have mostly done it."

The Eagleton Institute research relied on data from 2004, before some of the toughest ID laws were passed. It shows that as requirements stiffen — from stating a name to signing it to presenting documentation — turnout drops slightly. The researchers considered other factors, including contested elections, registration requirements, race, ethnicity, age, education and income. They used a 2004 Census Bureau survey to determine racial and ethnic breakdowns.

"It validates some of the things that have been said all along about the problems of voter ID," said Kimball Brace of Election Data Services. Taken together with the earlier research by Tova Wang and Job Serebrov that found little evidence of voter fraud at polling places, it shows voter ID laws can have more of a negative than a positive impact, Brace said.

Advocates of tougher ID requirements cite Indiana. The state did extensive voter education before the election and allowed voters without ID to cast provisional ballots, which are less likely to be counted.

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"It wasn't the horrible thing that some feared," said Thor Hearne of the conservative American Center for Voting Rights. Hearne predicted continued support for state ID laws if they are carefully drafted and implemented to avoid a drop in turnout.

Campaign Strengthens For A Voting Paper Trail (WP)

By Zachary A. Goldfarb, Special To The Washington Post

The Washington Post, February 19, 2007

Efforts are intensifying in Congress to pass legislation that would require electronic touch-screen voting machines used in federal elections to provide paper trails that could be checked in the case of a recount.

The new momentum is the result of lingering concerns about the machines as the 2008 presidential primaries fast approach, as well as strong support for changes by the new Democratic majority, with Sen. Dianne Feinstein (D-Calif.), chair of the Rules Committee, taking a leading role.

"We are closer to paper-trail legislation than we have been before," said Doug Chapin, director of Electionline.org, an elections clearinghouse.

"Democrats are committed to election-reform legislation that requires all voting machines produce a paper trail," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi (D-Calif.).

The work at the national level echoes moves in many states. Often under pressure from voting-rights groups, 27 states have decided to require paper trails.

Last month, Gov. Charlie Crist of Florida went a step further, asking the legislature to pay for replacing touch-screen machines by next year with optical-scan devices, which read paper ballots. Virginia and Maryland are considering similar moves.

Florida has special significance because it was home to the recount dispute in the 2000 presidential election that began the national focus on how Americans vote. In response to that election, Congress passed a law in 2002 that provided billions of dollars to the states to replace outdated voting machines.

The new, high-tech machines were in many cases easier to use and more accessible for disabled people. But a coalition of computer scientists and voting-rights groups argued that the touch-screen devices without printers were vulnerable to tampering and that results could not be verified if they broke down.

In Congress, Rep. Rush D. Holt (D-N.J.) has introduced legislation to require paper trails and audits that test the paper results against the electronic tally, among other things. The bill has nearly 200 co-sponsors, and Holt wants it to take effect before the first primaries in January. Feinstein plans to introduce a similar bill soon.

"In basic terms, it would reestablish the principles of reliability and auditability," Holt said. "Citizens are disturbed that they feel they can't rely on the results of the election."

Weighing heavily on the minds of Democrats is last year's congressional race in Sarasota, Fla. Congress has seated Republican Vern Buchanan, but Democrat Christine Jennings says the Electronics Systems & Software touch-screen machines failed to count 18,000 votes that were cast for other offices but did not indicate a vote for Congress.

Without a paper record, there is no way for the machine to do a recount; Jennings has asked in court for access to the machines' source code -- the inner workings of the software that runs the machines -- to see whether there was a glitch. So far, she has not received access and has filed a protest with the House Administration Committee.

"Imagine what would happen if a similar undercount occurred in a swing-state election in the presidential contest and there was no independent means of verification," Feinstein said during a hearing on election administration this month. She asked government auditors to probe the Sarasota case.

Not everyone agrees paper trails are a panacea. Daniel Tokaji, assistant law professor at Ohio State University and associate director of its election-law program, said Holt's bill's focus on paper trails reflects a desire for a simple fix.

"It could well create more problems in terms of both creating post-election litigation and creating administrative problems in counting these paper strips," Tokaji said. "We know they can be compromised, torn, crumpled," and have printing problems, he said.

While Congress considers voting machine legislation, the Election Assistance Commission, the federal agency that helps states run elections, is taking a more direct role in testing the machines before they are used.

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In the past, an association of state election directors had certified testing labs on a volunteer basis. That approach generated concerns that labs would use varying standards and would not be subject to sufficient oversight.

These concerns were heightened last month when it was revealed that a Colorado company had been temporarily banned from testing equipment, after authorities said it was failing to exercise proper quality control.

Now the Election Assistance Commission will certify labs in consultation with the National Institute of Standards and Technology (NIST).

"It's the first time the federal government has ever been involved in testing voting equipment and, with NIST recommending their accreditation, that puts a more stringent position on the labs to meet all of the qualifications," said the chairman of the Election Assistance Commission, Donetta Davidson. "That definitely puts more credibility in the process."

New Jersey Begins Offering Civil Unions To Gay Couples (WSJ/AP)

The Wall Street Journal, February 20, 2007

Hundreds of gay couples received the same legal protections as married couples early Monday when a law took effect to make New Jersey the third U.S. state to offer civil unions.

The civil unions -- which offer the legal benefits but not the title of marriage -- were granted automatically to the hundreds of gay New Jersey couples who have been joined in civil unions or married in other states or nations.

At least one couple held a ceremony at the first possible moment. Steven Goldstein and Daniel Gross reaffirmed their Vermont civil union shortly after midnight. They would have had the rights in New Jersey even without holding a midnight ceremony here.

State Sen. Loretta Weinberg, a prime sponsor of the civil unions law who hosted ceremonies for couples including Messrs. Goldstein and Gross in her office, called the day "a big giant step forward." A handful of town halls across the state also opened at 12:01 a.m. to accept civil union license applications from couples who had not been so joined previously. They must wait 72 hours before they can hold civil union ceremonies, and several plan to exchange vows early Thursday.

Among those couples were Marty Finkle and Michael Plake of South Orange. A few dozen friends, Mr. Finkle's 17-year-old daughter and several local officials showed up to cheer the couple as they filled out paperwork in their town hall. The couple also was one of the first in the state to register in a domestic partnership in 2004. Domestic partnerships offered a handful of the benefits and obligations of civil unions.

New Jersey lawmakers hastily created civil unions last December, less than two months after a state Supreme Court decision held that gay couples had a right to the same benefits as married couples.

Gay rights activists in the state say they will continue to press for full marriage rights through both political channels and lawsuits. Some social conservative groups, meanwhile, are pledging to block same-sex marriage by pressing for an amendment to the state constitution that prohibits such unions. Forty-five states have legal or constitutional bans on same-sex marriages. Only Massachusetts allows gay couples to marry, while California offers domestic partnerships.

Mr. Goldstein, the chairman of the gay rights group Garden State Equality, and Mr. Gross, a vice president at Goldman Sachs, held their ceremony behind a desk in a cramped office instead of a more idyllic or religious spot. There were several kisses, a prayer reading, friends and journalists, but no music, no dancing and none of the breaking-of-the-glass that is traditional in Jewish weddings. The couple did that in a Jewish wedding service in Canada in 2002 -- the first same-sex union featured in the wedding pages of the New York Times -- and promised even grander festivities if they can gain the right to marry in New Jersey.

As part of their ceremony, their rabbi, Elliott Tepperman, asked the people gathered: "Do you vow to continue your support for true marriage equality?" "This was really all about receiving a piece of paper that had some recognition of our status," Mr. Gross said. Teaneck registrar Laura Turnbull finished processing their civil union license -- No. 1 -- at 12:09 a.m.

Meanwhile, in Asbury Park -- a community revived largely by a growing gay population and one where two men were married, though it was not recognized in 2004 -- five gay couples completed civil union licenses in the first hour of the day.

Eagerness And Some Resignation As Civil Union Law Takes Effect (NYT)

By Ellen Barry

DOJ_NMG_0133614

The New York Times, February 20, 2007

ASBURY PARK, N.J., Feb. 19 — Mark Rado and Degn Schubert could be forgiven for sounding a little jaded on Monday, as they waited with four other couples in the lobby of the Asbury Park Municipal and Police Complex.

This would be, by their own count, the seventh time that they had tried to make their union official. They twice registered as domestic partners in California, organized an elaborate commitment ceremony, and then married, ecstatically, under the watch of Mayor Gavin Newsom of San Francisco. Then the state annulled that marriage, along with other same-sex marriages, and Mr. Rado and Mr. Schubert once again registered as domestic partners.

Now they were doing it again: Waiting, with a bouquet of alstroemeria and purple tulips, for Asbury Park's deputy city clerk, D. Kiki Tomek, to take their application for a civil union in New Jersey.

"It becomes sort of a chore," said Mr. Schubert, who is 40 and lives in Asbury Park. They discussed which of their proliferating anniversaries they would celebrate. June 28? Feb. 13? Or the date three days from Monday, when their civil union can be performed, Feb. 22?

"I wish they would just call it marriage," Mr. Schubert said, "and be done with it."

About a dozen couples visited clerks' offices in New Jersey on Monday, the first day on which people were allowed to submit applications for civil unions, which guarantee all the rights and benefits of heterosexual marriage. New Jersey is the third state to offer civil unions, following Vermont, which introduced them to rapt national attention in 2000, and Connecticut, which quietly followed suit in 2005.

Massachusetts is the only state in which same-sex couples can marry. California has a domestic partnership law that guarantees many of the rights of marriage.

A handful of couples in New Jersey were so eager to take advantage of the new law that they waited outside clerks' offices until 12:01 on Monday, when the first civil unions could be processed. Among that group, some said the experience was bittersweet; activists had held out hope that New Jersey would follow Massachusetts as the second state to grant same-sex couples the right to marry.

But Beth Asaro, 47, who submitted an application for a civil union with her partner, Joanne Schailey, in Lambertville, could not contain her happiness. She said her outright joy at forming a civil union could be a function of her age and the hostility she faced when she was younger.

"Being gay, you're used to kind of hiding it and not making it front and center of your personality," Ms. Asaro said, "but last night, man, we were out there — that we had gotten these rights from our state. It was pretty exciting, very validating and very liberating."

Civil unions, she said, are "enough for right now."

"I know it sounds so trite," she said, "but it's true."

There was a jovial atmosphere on Monday outside Asbury Park's vital statistics office, where couples filled out their applications beside stacks of recycling bulletins and annual water quality reports. The star of the show was Ms. Tomek, who is beloved among gay people in Asbury Park for processing marriage licenses for same-sex couples for three days in March 2004, an act of guerrilla clerkship that was almost immediately blocked, via a faxed letter, by the state attorney general.

Ms. Tomek opened up the office for the occasion Monday morning — a federal holiday — wearing an animal-print tunic, high-heeled boots and big gold-hoop earrings; when Tom Pivinski, 64, said he had not brought government identification, she good-naturedly agreed to identify him by examining one of his tattoos. One by one, she swore in applicants and told them where to sign.

"Come to Asbury Park, baby, where it all happens," said Terence J. Reidy, Asbury Park's city manager.

The new law stemmed from a lawsuit filed in 2002, when seven same-sex couples were denied marriage licenses. The case, Lewis v. Harris, was eventually appealed to the New Jersey Supreme Court, which ruled in October that the State Constitution guarantees same-sex couples all the rights and benefits of marriage.

But the court passed on to the Legislature the thorny question of whether same-sex unions could be called "marriage," reasoning that "the great engine for social change in this country has always been the democratic process." On Dec. 21, Gov. Jon S. Corzine signed a law that created a legal structure for civil unions.

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Applicants for civil unions — like prospective brides and grooms — must wait three days before a license is granted and a ceremony performed, so couples who submitted applications on Monday are planning to hold rapid-fire civil union ceremonies early Thursday morning — at 12:01, 12:05, 12:07 and 12:10 a.m.

Others will not have to wait. The state attorney general, Stuart J. Rabner, announced on Friday that gay couples with marriages or civil unions performed in other states or countries would have their status recognized as civil unions in New Jersey. The state's first civil union ceremony was performed at 12:01 a.m. Monday, in Teaneck, for Steven Goldstein, the chairman of Garden State Equality, and his partner, Daniel Gross, whose civil union had been performed in Vermont.

Mr. Goldstein, who fought vigorously last fall to legalize gay marriage in New Jersey, said the ceremony was "one of the most bittersweet moments" of his life. He said the small turnout Monday morning was proof that other gay couples felt the same way.

"There's a bit of happiness on one hand, but no satisfaction," he said. "Before, we in the gay community sat in the back of the bus. Now, we're allowed to sit in the middle of the bus."

But Bill Whitefield, 40, who stopped by Ms. Tomek's desk Monday afternoon, said the light showing proved just the opposite. Three years ago, he said, gay couples in Asbury Park crowded into this office to apply for marriage licenses, panicked that their rights would be taken away by new laws.

Since the ruling in Lewis v. Harris, he said, that urgency is gone. He and his partner are in no rush; they are thinking of marrying in two years. Mr. Whitefield, a native of Nashville, said he had heard plenty of grumbling about the civil union law, and he wishes his friends would look at the bright side.

"We have a lot of New York radicals here," he said. "I say that with the utmost affection."

ANTITRUST:

Merger Would End Satellite Radio's Rivalry (NYT)

By Richard Siklos And Andrew Ross Sorkin

The New York Times, February 20, 2007

The nation's two satellite radio services, Sirius and XM, announced plans yesterday to merge, a move that would end their costly competition for radio personalities and subscribers but that is also sure to raise antitrust issues.

The two companies, which report close to 14 million subscribers, hoped to revolutionize the radio industry with a bevy of niche channels offering everything from fishing tips to salsa music, and media personalities like Howard Stern and Oprah Winfrey, with few commercials. But neither has yet turned an annual profit and both have had billions in losses.

While there had been speculation of a merger, neither side had engaged in serious negotiations until December, when both companies determined it was in their best interests to complete a deal while the Bush administration was in power, people in the negotiations said.

The companies said yesterday that their $13 billion merger — code-named Project Big Sky by XM — would give consumers a broader range of programming, while eliminating overlapping stations that focus on genres of music. At the same time, they said, they could cut duplicated costs in sales and marketing.

A merger would require antitrust approval from the Justice Department and would have to be considered in the public interest by the Federal Communications Commission.

Under their operating licenses, XM and Sirius were prohibited from ever owning each other's license. The commission could waive that rule. But critics pointed to its rejection of the merger of the satellite television broadcasters EchoStar and DirecTV four years ago.

Questioned last month about a possible Sirius-XM merger, the F.C.C. chairman, Kevin J. Martin, initially appeared to be skeptical, but later said that if such a deal were proposed, the agency would consider it.

In a statement yesterday, Mr. Martin acknowledged that the F.C.C. rule could complicate a merger but said the commission would evaluate the proposal. "The hurdle here, however, would be high," he said.

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The proposed merger, first reported yesterday by The New York Post, promises to be a test of whether regulators will see a combination of XM and Sirius as a monopoly of satellite radio communications or whether they will consider other audio entertainment, like iPods, Internet radio and HD radio, to be competitors.

"If the only competition to XM is Sirius, then you don't let the deal through," said Blair Levin, managing director of Stifel Nicolaus & Company and a former F.C.C. chief of staff. But Mr. Blair said he expected the F.C.C. to approve the merger.

"It's my view that in looking at this picture, the Justice Department is going to conclude that the market is contestable, that there's various ways these services compete and they'll allow this merger."

Both Sirius and XM have been rapidly adding customers since they began selling the concept of subscription-based radio available coast to coast about six years ago. XM ended 2006 with nearly eight million customers but Sirius increased its subscriber base by 80 percent last year, to about six million, after it signed Mr. Stern in a $725 million cash and stock deal.

Still, both companies had expected faster growth, and the real number of subscribers may be less than appears at first glance. Many receive the service free for a trial period when buying a new car or truck.

The two services have some $6 billion in accumulated losses. Both companies' share prices have slumped recently as investors cooled on the companies' prospects for generating profits, given the heavy costs of acquiring programming talent like Mr. Stern and the radio rights to the National Football League and Major League Baseball.

The companies' services are, for the moment, not compatible. If the merger were approved, officials said yesterday, they would provide subscribers with technology that would allow them access to both services.

Each sells subscriptions for $12.95 a month. The cost of the combined service is yet to be determined.

Pricing the service is only one of many commercial and operational challenges the merger would face. For one thing, XM has prided itself on being advertising-free while Sirius sells ads on its talk radio fare, including Mr. Stern's shows.

Craig E. Moffett, an analyst with Sanford C. Bernstein & Company, said it was not clear that Mr. Stern, Ms. Winfrey and some of the other major draws on the channels would be readily accessible to the merged companies' wider audience.

Mel Karmazin, the longtime broadcasting executive who has been chief executive of Sirius for the past two years, said he had tried to reach Mr. Stern, who is on vacation, but had not yet done so, and a company spokesman said Sirius does not discuss its contracts.

The new company's name and where it would be based — Sirius is in New York and XM in Washington — have not yet been determined. Mr. Karmazin would continue as chief executive while Gary Parsons, XM's chairman, would remain as chairman of the merged company.

In an interview yesterday, Mr. Karmazin and Mr. Parsons said they believed they could prove the combination would be in the public interest.

Mr. Parsons said that unlike EchoStar and DirecTV, whose only rival was cable television, the satellite radio companies have a very small audience compared with the ways people get music, information and entertainment in audio formats, including iPods and the Internet. "The only thing that you could even think of as similar between those companies and us is that they both use satellites," Mr. Karmazin said.

But critics are lining up. The National Association of Broadcasters, a trade group that represents broadcast radio and television stations, issued a statement within hours of the XM-Sirius announcement.

"In coming weeks, policy makers will have to weigh whether an industry that makes Howard Stern its poster child should be rewarded with a monopoly," it said.

XM and Sirius had been in a mating dance for years, with Mr. Karmazin and Mr. Parsons flirting both publicly and privately. According to people involved in the talks, they began serious talks just before Christmas.

Anxious about Mr. Karmazin and Mr. Parsons being spotted together, the two sides decided to meet in an inconspicuous spot: the Upper East Side apartment of one of Mr. Parsons's bankers, Dennis S. Hersch, a former lawyer who joined JPMorgan Chase two years ago.

Mr. Karmazin met with Mr. Parsons for several hours in Mr. Hersch's living room one morning in late December, these people said. They sat on sofas flanked by their advisers, James B. Lee and Mr. Hersch of JPMorgan Chase, which represented XM, and Paul Taubman of Morgan Stanley, which worked for Sirius. The men decided to pursue a deal.

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An army of merger and antitrust lawyers for both sides worked several marathon weeks of conference calls and trips to Washington to gauge the political climate for the transaction before opining that the deal should pass regulatory muster. Simpson Thacher & Bartlett and Wiley Rein are representing Sirius; XM is being advised by Skadden, Arps, Slate, Meagher & Flom; Jones Day; and Latham & Watkins.

About a month later, the two sides reconvened, this time at Mr. Karmazin's apartment in the Trump International Hotel and Tower just off Columbus Circle overlooking Central Park. It was a daylong negotiation. But both sides were far apart on price : Mr. Karmazin didn't want to pay much of a premium and Mr. Parsons was seeking an even higher one than he got yesterday. Mr. Parsons and his advisers left the apartment thinking the talks might collapse.

About a week later, after talking to their boards, the two sides were coaxed back together, both giving a little on price. Two weeks ago, Mr. Parsons returned to Mr. Karmazin's apartment. This time, the men reached a deal and shook hands on it.

Sirius To Acquire Larger Rival XM For $4.57 Billion (Correct) (BLOOM)

By Christopher Stern

Bloomberg, February 20, 2007

(Corrects dateline.)

Feb. 19 (Bloomberg) -- Sirius Satellite Radio Inc. agreed to buy larger rival XM Satellite Radio Holdings Inc. for $4.57 billion in stock to combine the only pay radio companies and stem billions of dollars in losses.

Mel Karmazin, chief executive officer of New York-based Sirius, will be CEO of the combined company, and Gary Parsons, chairman of Washington-based XM, will continue as chairman, the companies said today in a statement.

Sirius and XM faced pressure to merge after losing a combined $7 billion to attract subscribers over the past eight years and signing talent including Howard Stern and Oprah Winfrey. The merger will face antitrust scrutiny and must also be approved by the U.S. Federal Communications Commission.

``To make themselves stronger in the long term, they really need to benefit from the synergies a combination offers them," said David Bank, an analyst at RBC Capital Markets in New York. ``I see it as a huge positive."

The combined companies will attempt to cut costs by negotiating new programming agreements and deals with automakers who install the devices in cars, said Bank, who rated XM shares ``outperform" and Sirius ``sector perform."

Under the terms of the accord, which the companies describe as a merger of equals, XM investors will receive 4.6 shares of Sirius common stock for each share they own. Shareholders of each will own about 50 percent of the combined radio company.

New Board

The deal values XM at $17.02 a share, based on Feb. 16 closing prices, the last trading day in the U.S. markets before Presidents Day. That represents a 22 percent premium over XM's close of $13.98. Sirius closed at $3.70. The companies have combined debt of $2.56 billion and cash of about $638 million as of September.

The new company's board will consist of 12 members, including Karmazin, 63, and Parsons, 56, four independent members named by each company, and one representative from each of General Motors Corp. and American Honda. Hugh Panero, 50, CEO of XM, will continue in his role until deal closes, which both companies expect this year.

Sirius and XM will operate independently until the deal is completed, the companies said. The name of the combined company and the location of its headquarters will be decided later.

Regulatory Scrutiny

Sirius and XM anticipate a rigorous review by the Justice Department and FCC. The companies said today they are competing for customers in a broad media landscape that includes products such as Apple Inc.'s iPod, cell phones that play music and Internet music stations.

``What this is really about is war," said Karmazin, who has spent four decades in the radio industry and was president of Viacom Inc. before joining Sirius in November 2004.

When the FCC authorized XM and Sirius to offer satellite radio service in 1997, it barred the two companies from merging. The FCC envisioned the two would compete with each other and provide consumers with an alternative to traditional radio.

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The proposed merger will face a high level of scrutiny at the FCC, Chairman Kevin Martin said in an e-mailed statement.

``The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices," Martin said.

Sirius and XM will argue the competitive landscape has changed since the commission passed the rule barring them from combining 10 years ago.

Competes with iPod?

``From a government perspective, it's tricky," said Blair Levin, a media policy analyst with St. Louis-based Stifel Nicolaus & Co. ``Does something like the iPod really compete with satellite radio?" If federal regulators decide it doesn't, the deal is likely to be rejected, Levin said.

Shares of both Sirius and XM declined 47 percent last year on concern over losses and subscriber growth.

XM finished the year with 7.63 million subscribers, shy of the 7.7 million to 7.9 million it had forecast in November. The number of users rose 29 percent from 2005.

Sirius subscribers increased 82 percent to 6 million last year, in line with its forecast.

As of Feb. 16, Sirius had a market value of $5.2 billion, while XM was valued at $3.75 billion.

Sirius And XM Agree To Merge, Despite Hurdles (WSJ)

By Sarah Mcbride, Dennis K. Berman And Amy Schatz

The Wall Street Journal, February 20, 2007

The proposed $11.4 billion merger of struggling satellite-radio operators XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc. sets up a crucial test for the nation's regulators: how to weigh the limits of consolidation against rapid changes in media technology.

The deal is structured as a 50-50 "merger of equals," giving XM and Sirius shareholders an equal stake in the combined company, and potentially uniting a roster of talent that includes Sirius's shock jock Howard Stern and daytime-TV personality Oprah Winfrey, one of XM's biggest stars. The agreement calls for Sirius Chief Executive Mel Karmazin to serve as CEO of the new entity, which would have more than $2.3 billion in long-term debt. XM Chairman Gary Parsons would be chairman.

TEXT OF STATEMENT

Read the text of the statement1 by XM and Sirius on their merger of equals. • Tale of the Tape: XM and Sirius2

But because XM and Sirius are the only two companies licensed by the Federal Communications Commission to offer satellite radio in the U.S., the deal is likely to face significant regulatory obstacles.

Broadcasters said yesterday that they will fight the proposed merger, and FCC Chairman Kevin Martin released an unusually grim statement saying that the two companies will face a "high" hurdle, since the FCC still has a 1997 rule on its books specifically forbidding such a deal which would need to be tossed. The transaction also requires the Justice Department's blessing.

Indeed, XM and Sirius may be rushing into a deal because they sense the regulatory terrain will only get tougher. People close to the matter said that the two companies acted because the climate is already changing with the election of a Democratic-controlled Congress. Future developments -- such as the possibility of a Democratic president -- could make it even harder for the proposed merger to pass muster.

In their strategy, the two companies may be subtly acknowledging the risks before them: By conceiving their deal as a merger of equals and declining to say which company name would emerge ascendant, they minimize the business risks should the deal fall through. If, for example, the combined company were to be dubbed Sirius, XM could be vulnerable to a decline in sales during a regulatory review period that could last a year. A person familiar with the negotiations said the two companies have set March 1, 2008, as their "drop-dead date," after which either side can walk away if approval is not granted.

The coming regulatory battle is likely to focus on the definition of satellite radio's market. The two companies are expected to argue that the rules established a decade ago, which require two satellite rivals to ensure competition, simply don't apply in today's entertainment landscape.

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Since 1997, a host of new listening options have emerged, making the issue of choice in satellite radio less important for consumers. Executives cite a new digital technology called HD radio, iPod digital music players, Internet radio and music over mobile phones as competitors that didn't exist when the satellite licenses were first awarded.

Just a few years ago, the two satellite rivals were the hot new technology on the media scene, offering consumers greater choice in both music and talk programming in exchange for a monthly subscription fee. But while both companies have continued to add subscribers steadily, their growth has slowed, in part because of the other new devices and services competing for the same potential listeners.

Both XM and Sirius have continued to lose money. In 2005, the companies had combined losses of $1.5 billion, after losing a combined $1.4 billion the year before. Their 2006 results haven't been released, but Goldman Sachs analyst Mark Wienkes estimates that Sirius lost $1.1 billion on revenue of $628.8 million last year, while XM lost $658.2 million on revenue of $914 million.

Consumers and their advocates are likely to worry that a combined company would mean higher prices for satellite-radio service. Both companies now charge $12.95 a month.

But company executives say market forces would limit the possibility of higher prices. "We are competing with companies that give away their product for free," said Mr. Karmazin, alluding to conventional over-the-air radio.

Satellite-radio customers will still be able to use their existing satellite radios for the foreseeable future, but to take advantage of a combined service, they probably would need to upgrade to a newer radio. Currently, Sirius and XM run on separate, incompatible systems, although a team of engineers from both companies has been working on a radio that could pull in both signals.

"The benefits to the subscribers are awesome," Sirius's Mr. Karmazin said in an interview. "We can combine [research and development] resources and come up with cooler, more advanced products that will satisfy them more. We're going to have the ability to negotiate better with our receiver manufacturers."

The companies could also eliminate duplicative services. For example, XM features a Christian-music-themed channel called "The Message," while Sirius has its own Christian pop channel dubbed "Spirit." By Mr. Karmazin's reckoning, the two companies could eliminate such overlap and concentrate on unique shows and new technology to deliver it. "There's going to be more consumer choice," Mr. Karmazin said.

It remains to be seen whether the FCC shares that view. In his statement yesterday evening, Mr. Martin said the FCC would certainly review the deal, but "the companies would need to demonstrate that consumers would clearly be better off -- with both more choice and affordable prices."

A larger problem for the companies, however, is opposition from broadcasters, to whom Mr. Martin has been an ally in the past. Two years ago, the National Association of Broadcasters lobbied hard against XM's effort to acquire WCS Wireless LLC for $195 million. The deal would have given XM additional radio frequencies and allowed it to expand its service.

Broadcasters, however, complained that XM would use the acquisition to provide local programming, which isn't allowed under its current license. Ultimately, the deal fell through after languishing without action at the FCC for nearly a year.

The broadcasters quickly went on the offensive yesterday. "When the FCC authorized satellite radio, it specifically found that the public would be served best by two competitive nationwide systems," said NAB spokesman Dennis Wharton. "Now, with their stock prices at rock bottom and their business model in disarray because of profligate spending practices, they seek a government bailout to avoid competing in the marketplace."

The FCC's five commissioners will need to be convinced that there's enough competition in the market to support a merger. One issue the agency will likely consider, FCC officials say, is satellite radio's popularity with consumers and the two companies' long-term prospects if they don't merge.

With the FCC currently immersed in what's likely to be a protracted fight over changes to media-ownership limits, it may not be an auspicious time to propose a deal to consolidate the satellite-radio industry.

Democrats at the FCC have been more assertive since their party took control of Congress. And some lawmakers have already begun to express doubts about the deal.

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Massachusetts Democrat Edward Markey, chairman of the House subcommittee that oversees the FCC, said yesterday that he will review the proposed merger's effect on consumers. "In light of the dramatic consolidation of radio ownership...I believe that the merger of the only two satellite radio companies must be assessed with an eye toward ensuring that it does not have a similar, deleterious effect on diversity on the dial and localism in radio coverage and reporting," he said in a statement.

Under the deal, XM shareholders will receive a fixed exchange of 4.6 shares of Sirius for each of their XM shares. Based on stock prices Friday, that meant that XM holders would receive $17.02 for each of their shares, a premium to Friday's close of $13.98. XM Chairman Parsons had argued for more, people familiar with the matter said, based on his company's more-extensive deals with auto makers and its 7.6 million subscribers, compared with Sirius's six million. But Mr. Karmazin stuck to his guns, stressing Sirius's bigger market capitalization and faster growth rate.

The market was already responding to the possibility of a deal on Friday, bidding XM stock up by nearly 8%. In agreeing to a premium for XM, Sirius is getting a larger ownership stake than if it had simply contributed its business into a new company.

So-called "mergers of equals" have had a dubious track record, according to a number of academic studies of big corporate transactions. That's largely because under such plans, companies can end up bickering over managerial control and strategy, which can be distracting and ultimately costly to shareholders.

Sirius and XM executives played down that prospect. "Synergies have become such a very large element of value compared to the individual values of the companies," said Mr. Parsons, though he conceded that the two sides debated for months about who should own the biggest part of the company. "That drove us to look at it together."

Sirius has performed better in recent quarters at retail, winning large numbers of customers who walk into a store to buy a satellite radio to add to their car. But XM has positioned itself better for the future, signing up more deals with auto makers such as General Motors Corp., so cars roll off factory lines with satellite radios preinstalled.

Expensive programming one-upmanship has weighed on the stock prices at both companies. For example, in 2004, Sirius said it would pay $500 million over five years, not including performance-based bonuses, to broadcast a morning show starring the colorful Mr. Stern. Two weeks later, XM said it would pay $650 million over 11 years to broadcast Major League Baseball.

"The strategic benefits of a merger would be tremendous," said Craig Moffett, an analyst at Sanford C. Bernstein. "Programming contract renewals would no longer be the subject of bidding wars. Automotive revenue-sharing agreements and retailer commission deals would suddenly be uncontested."

Sirius was advised on the deal by Morgan Stanley and law firms Simpson Thacher & Bartlett LLP and Wiley Rein LLP. XM was advised by J.P. Morgan Chase & Co. and law firms Skadden Arps, Slate, Meagher & Flom; Jones Day; and Latham & Watkins.

How Sirius-XM Merger Would Cut Companies' Costs Still Unclear (USAT)

By David Lieberman

USA Today, February 20, 2007

NEW YORK — The vision of a robustly competitive satellite radio business came crashing to Earth on Monday, as the industry's once bitter rivals — Sirius (SIRI) and XM Satellite Radio — agreed to merge, creating a company valued at $13 billion, including $1.6 billion in debt.

Each of the two has created an array of radio channels, and they've amassed more than 13 million subscribers between them but never made a profit.

The announcement also created uncertainty, and provided few answers, for current subscribers and those considering buying one of the services. The two systems are incompatible, and virtually all satellite radios are designed for one and can't receive the other.

PRESS RELEASE: Sirius and XM deal

Sirius CEO Mel Karmazin, who would hold that job at the still-unnamed combined company, sought to reassure consumers.

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"You should assume that we're going to continue for a very, very long period of time to offer the Sirius and XM service," he says. "Once this merger is approved, we'll be able to work with receiver manufacturers and chip-set designers to have a next-generation radio that can pick up both services."

Left unanswered is what will happen to consumers who have one of the current generation of radios once it's time to blend the companies.

"The companies will have to announce a fairly complicated technology-migration plan," says Sanford C. Bernstein analyst Craig Moffett.

More may become known today in a conference call the companies plan for analysts and the press.

In addition to the tech hurdles, the companies will have to get the deal to pass muster with antitrust officials and the Federal Communications Commission.

"The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices," FCC Chairman Kevin Martin said in a statement. "The hurdle here, however, would be high."

Congress also might have something to say. Rep. Edward Markey, D-Mass., who chairs the House Subcommittee on Telecommunications and the Internet, said in a statement, "The merger of the only two satellite radio companies must be assessed with an eye toward ensuring that it does not have a … deleterious effect on diversity on the dial and localism in radio coverage and reporting."

The potential for a drawn-out merger transition, following a lengthy approval process, makes it uncertain when executives might find as much as $7 billion a year in savings that they say they can realize, for example by eliminating redundant channels and expenses for transmission and marketing.

Consumer advocates, for their part, likely will pressure regulators and lawmakers for major concessions — if they don't ask for the deal to be rejected outright.

"We're going to raise questions," says Consumers Union's Gene Kimmelman. "I'm not going to say we're going to oppose. I don't know enough about the economics."

He adds that the group likely will call for a la carte pricing, enabling consumers to pay just for the channels they want, and for the merged company to carry additional public-interest programming.

Meanwhile, the National Association of Broadcasters trade association says it'll use its muscle to fight the proposed merger.

"In the coming weeks, policymakers will have to weigh whether an industry that makes (shock jock) Howard Stern its poster child should be rewarded with a monopoly platform for offensive programming," NAB Executive Vice President Dennis Wharton said in a statement.

But the deal should find lots of fans on Wall Street.

Investors and analysts have been disappointed by the slowing growth rate for new subscriptions at Sirius and XM. They picked up a combined 1.8 million subscribers in the fourth quarter of 2006, which is down 12% from the same period in 2005, UBS estimates.

Automakers, led by General Motors, Toyota and Honda, are the biggest contributors to XM's subscriber base. They offer the radios in almost all of their new cars. Sirius has similar deals with Ford, DaimlerChrysler and VW/Audi.

Meanwhile, both companies are grappling with high costs for high-profile content, including XM's deals with Major League Baseball and Oprah Winfrey and Sirius' pacts with the NFL and Stern.

It has become unclear when either of the young companies might be profitable. As a result, "The benefits of a merger are simply too good to pass up," Moffett says. "There are obvious financial synergies from the fact that these two companies run similar operations."

Sirius will offer 4.6 of its shares for each XM share, leaving each side with 50% of the new venture. Sirius closed Friday at $3.70 while XM was at $13.98.

If approved — something the companies expect by year's end — it will be run by Karmazin, a blunt New York native who built Infinity Broadcasting into a power in conventional radio and helped to make Stern one of the medium's most popular personalities.

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XM Chairman Gary Parsons would be chairman. XM Chief Executive Hugh Panero would stay on until the merger closes.

Antitrust fight ahead

It's hard to predict how the bruising fight in Washington will play out. "I think it's more likely than not the government approves it," says Stifel Nicolaus analyst Blair Levin. "But it's a close call."

Antitrust officials will examine whether a satellite radio monopoly would have too much power to raise subscription fees and ad rates, and to force programmers to accept lower payments.

If they can show that broadcast radio will keep the cost of satellite radio from skyrocketing, then "they have a good chance" of winning approval, says William Baer, former head of the Federal Trade Commission's competition bureau and a lawyer with Arnold & Porter.

The NAB and others are expected to argue that a national satellite radio monopoly could overwhelm free, over-the-air local broadcasters. For example, the new company might gobble up top talent — and possibly win additional business in the biggest markets by offering them channels with local news, weather and information.

"That would put them in direct competition with the NAB constituents," Moffett says. "And the NAB is a force to be reckoned with in Washington."

The FCC would have to reverse its mandate in 1995, when it allocated satellite radio spectrum, that "one (satellite radio) licensee will not be permitted to acquire control of the other remaining" one.

A few weeks ago, the companies' stock dropped when Martin cited the rule as an impediment to a linkup. Two days later, however, he noted that the companies could seek a waiver of the rule.

"When the FCC authorized satellite radio, it specifically found that the public would be served best by two competitive nationwide systems," Wharton says. "Now, with their stock prices at rock bottom and their business model in disarray because of profligate spending practices, they seek a government bailout to avoid competing in the marketplace."

Sirius and XM say that they're optimistic. "We would not be announcing this if we did not believe that we could be getting approval," Karmazin says.

They say that they're making the market more competitive, not less.

"Ten years ago, when these satellite radio licenses were being awarded, there were not any iPods; there was no (digital) HD Radio; there was no (community broadband) WiMax; there were not cellphones with music on them," Parsons says. "You've seen an explosion of these alternatives, which are very attractive to the consumer, but they're things that we have to compete with. And if you look at the size of all of those industries putting forth those choices, we're still the young upstarts in the early stages of our growth phase."

If the FCC approves a deal, it's still likely to impose some conditions, Levin says. For example, it could require the combined company to create a family-friendly tier of stations to shield children from risqué shows and to agree to not raise prices for a certain period.

If the companies get their way and merge, they'll face a host of other potentially vexing challenges.

Each has a distinct corporate culture. XM prides itself on its frugality, building its headquarters in a transitional neighborhood in Washington. Sirius spent freely on talent and built a lavish, high-tech studio in Rockefeller Center.

About 34% of XM's revenue goes to programming and marketing expenses, while 47% of Sirius' revenue is eaten up by those costs.

Satellite Radio Firms Plan To Merge (WP)

By Charles Babington And Thomas Heath

The Washington Post, February 20, 2007

XM and Sirius, the two satellite radio companies that have spent millions of dollars trying to woo pay-for-service customers, yesterday announced plans to merge in hopes of stemming losses and offering an even larger smorgasbord of music, talk and sports.

If approved by federal regulators, the merger would give all satellite subscribers access to Sirius's Howard Stern, pro football games and NASCAR races, as well as XM's Oprah Winfrey, Major League Baseball and Bob Dylan.

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Before XM Satellite Radio Holdings of the District and Sirius Satellite Radio of New York can combine, however, the companies must persuade the Justice Department and Federal Communications Commission that they are complying with antitrust laws, a claim that land-based broadcasters and consumer groups are likely to dispute. XM and Sirius contend that customers have ample audio choices through devices such as iPods and cellphones.

The FCC bars a single company from controlling the satellite radio market, but FCC Chairman Kevin J. Martin recently noted that such rules can be changed. Martin said yesterday that the hurdle "would be high. . . . The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

Officials said the new company's name and headquarters would be determined later. Customers, who now pay $12.95 per month for each company's service, would be able to choose a cafeteria-style range of channels.

"In fact, it will become a company with greater consumer choice," said Gary M. Parsons, chairman of XM. "Certainly, two companies combined would be a much stronger programming lineup."

The merger would be a milestone in the evolution of commercial radio. XM and Sirius, founded in the early 1990s, predicted that enough people would be willing to pay for a wide array of radio choices -- with clear reception, no fundraising appeals and commercial-free music stations -- to allow the providers to turn a profit.

But their bidding war for on-air talent escalated dramatically. Sirius spent $500 million over five years to employ Stern, who earned another $300 million in stock for meeting certain subscriber goals. XM signed Winfrey to a three-year, $55 million contract. Both companies have spent millions of dollars on professional sports deals.

Sirius has reported losses of $3.4 billion over five years. In mid-2006, XM reported a quarterly loss of $231 million, but the company said it had a positive cash flow by the year's end.

Both firms' stocks have experienced a bumpy ride over the past several years. Shares of XM, which number more than 300 million, soared to nearly $40 in 2005 but closed Friday at $13.98 per share. Sirius, which has more than 1.4 billion shares, reached nearly $9 at its peak in 2005. Sirius shares closed Friday at $3.70 per share.

In a joint statement, Sirius and XM executives called the proposed deal an "all-stock merger of equals" with a combined "enterprise value" of about $13 billion. The figure is their estimation of the combined operation's worth, including net debt of about $1.6 billion.

XM shareholders would receive 4.6 shares of Sirius common stock for each XM share they own. Mel Karmazin, chief executive of Sirius, would become the new company's chief executive. Parsons, chairman of XM, would become chairman of the merged company. The new company's 12-member board of directors would include Karmazin, Parsons and four independent members designated by each company. General Motors and American Honda, which include satellite radio as a standard feature in many new cars, would each provide one board member.

"We believe the standard for approving the deal is whether this is in the public interest," Karmazin said in a conference call with reporters. "We believe there is tremendous benefit that accrues to the public."

Officials said they hope to complete the merger, which was approved by the boards of both companies, by the end of the year.

XM and Sirius face emerging competition from the conversion of AM and FM stations to digital broadcast signals. Traditional analog AM and FM broadcasts provide only one channel per frequency and limited sound quality. In the past few years, however, most AM and FM stations have converted to digital signals, which improves sound quality and gives them the ability to broadcast "side channels" in addition to their main frequencies.

The proposed merger also faces significant regulatory and technological hurdles. The most recent merger attempt comparable to the XM-Sirius proposal came in 2002, when the satellite TV companies Echostar Communications and DirecTV tried to merge. The two companies told the FCC and the Justice Department that they needed to combine resources and expand programming to compete against what they called the "monopoly" of cable-TV providers. They promised more channel choices and the rollout of high-speed Internet access via satellite. The FCC and Justice Department rejected the merger, calling it a clear-cut "two-to-one" deal that would probably result in higher prices for satellite-TV subscribers.

William Baer, an antitrust lawyer at Arnold & Porter, said regulators would give the proposed merger a close look. "It comes down to price competition," Baer said. "At the end of the day, they have to be able to show that the pricing of satellite radio is going

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to be constrained by these alternative forms of listening, such as standard radio, iPods, Internet radio and cellphones. The question that the Department of Justice will look at is whether satellite radio prices will go up if there is only one provider tomorrow."

Rebecca Arbogast, a telecom industry analyst for the brokerage firm Stifel Nicolaus, said XM and Sirius were smart to start the merger effort in time to complete it before Democrats have the chance to win the presidency -- and appoint top Justice Department and FCC officials. "If they waited until a Democratic attorney general were in place, then it would be a much closer call," Arbogast said.

To help the proposed XM-Sirius merger at the FCC, Sirius has hired the communications law firm Wiley Rein of the District. Managing partner Richard E. Wiley is a former FCC chairman. Martin, the FCC chairman, is a former associate of the firm.

The proposed XM-Sirius merger will face opposition from the National Association of Broadcasters, the trade group of AM and FM radio stations, and local television stations, which has fought the satellite radio services on various fronts since their inception.

"Given the government's history of opposing monopolies in all forms, NAB would be shocked if federal regulators permitted a merger of XM and Sirius," NAB spokesman Dennis Wharton said in a statement. "In coming weeks, policymakers will have to weigh whether an industry that makes Howard Stern its poster child should be rewarded with a monopoly platform for offensive programming."

The NAB has fought XM's rollout of local traffic and weather channels, now in 21 areas, including the District and Baltimore. The NAB says the move violates the spirit of the FCC's intention to license a national satellite radio service. Radio stations in those areas fear losing advertising to XM, which airs commercials on its traffic and weather reports, unlike its music channels.

Gene Kimmelman of Consumers Union said his organization will "raise some antitrust concerns, forcing Justice to look at whether there's a unique satellite market that needs to be preserved with competition."

If the merger is approved, XM and Sirius must reconcile different forms of satellite technology. XM's two satellites are in low-angle, geo-stationary orbit in the Southern sky above the United States. Sirius's three satellites orbit in a figure-eight over North America. Because Sirius's satellites are directly overhead, their signals are less likely to be blocked by tall buildings, trees and mountain ridgelines to the south. However, because the Sirius satellites move in the sky throughout the day, Sirius customers with stationary units sometimes have to move their antennas from one side of the house to another. The problem is less pronounced for Sirius mobile units, such as in cars.

Both services augment their satellite feeds with hundreds of terrestrial "repeater" devices mounted on structures around the country that help broadcast the signal in high-density areas, such as cities.

Sirius struggled with management and technical problems and fell behind XM early on, then surged ahead by launching its first satellite in 2000. XM beat Sirius to rollout, launching its service in September 2001. Sirius made a limited rollout five months later. By the end of 2006, Sirius had 6 million subscribers to XM's 7.6 million.

XM subscriber John Goodman of Tuckahoe, N.Y., said he has several questions about how the deal will affect him.

"My biggest question is what happens to my XM receiver," Goodman said. "I have spent over $100 on my XM receiver so I can listen to the Red Sox games when I'm in the house or outside. How does all this impact me?"

XM, Sirius Cut Deal To Unite Satellite Forces (WT)

By Kara Rowland

The Washington Times, February 20, 2007

Rivals XM Satellite Radio and Sirius Satellite Radio agreed to combine in a $13 billion stock transaction, the companies announced yesterday.

Under the deal, billed as a "merger of equals," Sirius Chief Executive Officer Mel Karmazin and XM Chairman Gary Parsons will keep their respective positions in the combined company. XM CEO Hugh Panero will stay on until the deal closes, which the companies expect to happen by the end of the year.

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Shareholders of District-based XM and Sirius, based in New York, each will own about 50 percent of the new company, whose name and headquarters have not been determined.

The deal, pending regulatory approval, would join the only players in the decade-old industry. Together, XM and Sirius fund a roster of high-profile talent ranging from shock-jock Howard Stern to daytime talk-show queen Oprah Winfrey, catering to 14 million subscribers.

"We are excited for the many opportunities that an XM and Sirius combination will provide consumers," Mr. Parsons and Mr. Panero said in a joint statement that touted more programming choices and billions of dollars in savings.

While receivers for both companies can't receive signals from each other, Mr. Parsons and Mr. Karmazin told the Associated Press yesterday they are developing receivers that could receive both signals. Meanwhile, the company is working on other arrangements to bring formerly exclusive programming to both subscriber bases, they said.

Currently, XM has more than 7.6 million subscribers and a market capitalization -- the value of a company based on the stock price multiplied by the number of shares outstanding -- of $3.75 billion, while Sirius has more than 6 million subscribers and a market cap of $5.2 billion.

The rate of subscriber growth has slowed at both companies, which had combined revenue of $1.5 billion last year. XM and Sirius also have drawn the ire of Wall Street for bleeding millions of dollars on competing with each other over the years for high-priced talent.

"This is happening because investors are just out of patience," said Tom Taylor, editor of Inside Radio. "They're just tired of this spiral of red ink, of losing money and costs that continue to go on."

The two companies' rosters mirror each other. XM boasts of personalities such as Oprah and shock jocks Opie and Anthony, with content from Major League Baseball, IndyCar Series Racing and college football's Bowl Championship Series. The Sirius lineup includes Mr. Stern, Martha Stewart, the National Football League, NASCAR and the National Basketball Association.

The merger must be approved by the Federal Communications Commission and Department of Justice.

The FCC's rules on satellite radio licenses currently bar such a deal, and Chairman Kevin J. Martin said yesterday the regulatory hurdle would be "high."

"Obviously, the commission will evaluate any transaction filed to make a determination whether or not approval would be in the public interest. The hurdle here, however, would be high as the commission originally prohibited one company from holding the only two satellite radio licenses. The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices," said Mr. Martin, a Republican.

The Justice Department did not respond to requests for comment yesterday, a federal holiday.

Sirius and XM are expected to make the case that market conditions have changed significantly since 1997, and they alluded to that in their announcement yesterday.

"The combined company will be better positioned to compete effectively with the continually expanding array of entertainment alternatives that consumers have embraced since the Federal Communications Commission first granted our satellite radio licenses a decade ago," Mr. Parsons and Mr. Panero said.

Representatives for Sirius and XM did not return calls seeking additional comment.

Rumors of a merger between Sirius and XM have been brewing for months, fueled by analysts' speculation and public statements made by the companies' executives. Last month, at the International Consumer Electronics Show in Las Vegas, both Mr. Parsons and Mr. Karmazin appeared open to the idea, with Mr. Karmazin noting that "consolidation creates value."

The deal has its critics. In a statement yesterday, Dennis Wharton, executive vice president of the National Association of Broadcasters, described the deal as "a government bailout to avoid competing in the marketplace." The NAB is a trade group whose members include traditional radio stations.

The board of directors for the combined company will have 12 members. In addition to Mr. Parsons and Mr. Karmazin, each company will name four members. General Motors Corp. and Honda Motor Co. will each have a seat.

The companies will hold a conference call this morning to discuss the deal.

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On Friday, shares of XM closed at $13.98 and Sirius closed at $3.70 on Nasdaq. Markets were closed yesterday in observance of Presidents Day.

Sirius CEO Spent His Career Making Deals (USAT)

By Laura Petrecca

USA Today, February 20, 2007

If there's anything that Mel Karmazin knows, it's the art of the deal.

The 63-year-old media executive has spent most of his career expanding the reach — and public profile — of the companies he's run.

Since he joined Sirius Satellite Radio in November 2004 as CEO, he's signed big-name talent to create channels such as Martha Stewart Living Radio and Jamie Foxx's The Foxxhole. Now, with the planned XM and Sirius merger, he's slated to take over as CEO of the combined company.

The native New Yorker got his start as a radio ad salesman at WCBS in 1967. He joined John Kluge's Metromedia in 1970, rising to general manager, before leaving in 1981 to become president of Infinity Broadcasting. He became Infinity's CEO in 1988.

It was in the 1980s and 1990s at Infinity that he really made his mark — expanding it from a fledgling company to a radio empire, buying up stations around the country, particularly in major markets.

It also was at Infinity that Karmazin first worked with Howard Stern. (Although Karmazin was Stern's boss when both worked for Infinity, he didn't engineer the shock jock's highly publicized move to Sirius. Stern jumped over before Karmazin.)

In January 1997, Karmazin became CEO of CBS Radio when Infinity and Westinghouse/CBS merged. By May of that year, he was named CEO of the CBS Station Group of radio and TV station assets. After Viacom acquired CBS in 2000, Karmazin became that company's president and chief operating officer.

Let XM And Sirius Merge (LAT)

The Los Angeles Times, February 20, 2007

The FCC shouldn't stop the nation's two providers of satellite radio from joining forces, because they would be only one of many in the audio entertainment business.

FEDERAL REGULATORS are notoriously slow to act, yet it took the chairman of the Federal Communications Commission less than half a day to erect a daunting roadblock to the proposed merger of the country's two satellite radio services, XM and Sirius. Within hours of the companies' announcement of their intention to combine operations, FCC Chairman Kevin J. Martin reacted, saying that XM and Sirius "would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

Martin's two-pronged test sets a nearly insurmountable bar. It's hard to argue that "more choice" results when the only two suppliers of a product combine, or that the merged entity will be deterred from hiking the fees paid by its subscribers (14 million at last count). In addition, when the FCC issued two licenses for a national satellite radio service in 1997, it said that they could not be owned by a single company.

That said, Martin's statement is inconsistent with the approach the FCC has taken on media consolidation in general. The goal should be to promote choice not in the niche occupied by XM and Sirius but in the general market of audio entertainment. That market is very competitive, particularly among national players.

Consider a few statistics. Half of the new cars sold in the U.S. this year will have stereo systems designed to work seamlessly with an iPod. These and similar devices can also play podcasts — a recorded program that emulates over-the-air radio — from more than 44,000 sources. Of the roughly 12,500 over-the-air stations pumping out conventional radio broadcasts, about 1,200 also broadcast in digital — frequently, with more than one channel in different formats. And a growing number of mobile devices are able to tap into the expanding ranks of online music services.

Meanwhile, Sirius and XM are bleeding money at a prodigious rate as they try to amass the subscribers needed to overcome their debt and depreciation costs. Allowing them to merge could save them billions of dollars in marketing and maintenance expenses while preserving satellite radio as one of many alternatives available to consumers.

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Anticipating resistance from the FCC, the companies said they would let people subscribe to channels on a more a la carte basis — a favorite cause of Martin's, at least where cable and satellite TV are concerned — and broaden their programming. They also said the combination would lead to less expensive receivers and more advanced services, such as delivering improved traffic and weather reports. The FCC should look at these concessions, declare victory and approve the merger.

Hollywood Gets Tough On Movie Copying In Canada (NYT)

By Ian Austen

The New York Times, February 19, 2007

OTTAWA, Feb. 18 — Canada heavily promotes itself as a place to make films. But now it has a more dubious distinction: an analysis by the Motion Picture Association of America has found that 30 to 40 percent of the bootleg DVDs sold in the United States were made by camcorders smuggled into Canadian theaters.

In response, 20th Century Fox Film is considering holding back film releases for the Canadian market, and the film industry in general is calling for stricter Canadian laws. One theater chain has even equipped some its staff with night-vision goggles to better ferret out copiers.

The apparent rise of Canada's illegal film industry stems from several factors. Tighter federal and state laws in the United States covering film piracy have not been matched by similar legislation in Canada. And because most film releases are simultaneous in Canada and the United States, Canadian pirates get a head start relative to their counterparts abroad.

And, finally, even industry officials acknowledge that Canadian pirates offer technically superior work.

"There are professional Canadian camcord rings and they are very, very good at what they do," said John G. Malcolm, the director of worldwide antipiracy operations for the Motion Picture Association of America in Los Angeles. "There is a premium placed on getting early copies and high-quality copies. Everyone in the industry knows that camcording in Canada is a major, major problem."

The film industry's estimate of how many black market DVDs originate from Canadian multiplexes is not simply a guess. In many release prints, almost unnoticeable identification marks are scattered throughout random frames.

On the studios' behalf, Technicolor and Deluxe Laboratories, the leading producers of those prints, regularly analyze illicit DVDs as well as online film postings, uncover the identification codes and then use them to trace the copies back to the theater where they were videotaped.

In Canada, that trail usually leads to theaters in the Montreal area, which is estimated to be the source of three-quarters of the illicit copies that come from the country.

In the United States, federal law as well as 40 state laws can impose harsh penalties for videotaping movies from theater screens, a process known as camming. In Canada, however, it violates copyright laws only if the police can show in court that the camera operator intended to commercially distribute copies of the recording.

"It's very hard for us to prove that a person is actually doing that," said Ellis Jacob, the president and chief executive of Cineplex Entertainment, Canada's dominant theater chain, speaking from Toronto. "All we can do is get rid of the patron and ask them not to come back."

Like everyone in the Canadian theater business, Mr. Jacob has received two letters from Bruce Snyder, the president of domestic distribution for Fox. (All studios treat Canada as part of the United States market.) The messages were blunt. Describing the situation in Canada as "an out of control epidemic," Mr. Snyder warned the theater owners that Fox may delay Canadian releases by several weeks.

In an interview, Mr. Snyder said he has no complaints about companies like Cineplex, which are, after all, his customers.

"I am not mad at the exhibition community," Mr. Snyder said. "The exhibitors are doing everything they can to help us." Like Mr. Jacob, his concerns are with Canadian law and law enforcement.

Canada accounts for about 7 to 10 percent of a film's total North American revenue. The spillover effect of movie coverage by American television and publications would be diminished if Mr. Snyder delayed Canadian releases.

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"It's a drastic step," Mr. Snyder said. "But you've got to plug that hole somehow. It could be short-term damage for long-term benefit."

In the interim, Cineplex has supplied several theater managers with night-vision goggles and increased the surveillance of theaters, particularly during afternoon screenings. After an extensive investigation, the Royal Canadian Mounted Police arrested one Montreal man in September for taping movies. Working with the Federal Bureau of Investigation, the Canadian police has traced his handiwork to black-market DVDs sold in New York.

Because prosecutors are still working out formal charges, the man cannot be identified. Sgt. Jean-Yves Ducharme of the Mounted Police in Montreal said the man is less than 30 years old and "a person who did not make a lot of money out of it."

The suspect, he added, was a computer enthusiast who appeared to be motivated by producing high-quality copies and distributing them as close to a film's release as possible.

Canada's theater owners and other film industry groups are pressing the Canadian government to make the simple act of recording from a theater screen a crime. Mr. Jacob said they have received little response to date.

Christian Girouard, a spokesman for Canada's justice department, said officials were discussing the situation with the industry and other government departments. He said he was unable to describe what, if any, measures might be taken.

Scor Likely Isn't Done Pursuing Converium (WSJ)

By Ian Mcdonald And Goran Mijuk

The Wall Street Journal, February 20, 2007

Swiss reinsurer Converium Holding AG spurned a takeover proposal from French rival Scor SA. But the courtship isn't likely over and it may be the first of many this year in the European insurance sector.

Converium said yesterday its board rejected a proposed offer of three billion Swiss francs ($2.43 billion) made by Scor over the weekend. If merged, the two companies could leapfrog several competitors to become one of the world's five largest reinsurers depending on how it's measured. Reinsurance firms essentially backstop insurance companies' biggest risks in return for a cut of their premiums.

Scor said it secured a 32.9% stake in Converium and approached the board regarding a proposed offer of 21 francs a share for the rest -- a 12% premium to the stock's closing price Friday. A 33.3% stake would require a formal offer, according to Swiss securities rules. Scor said it is convinced that a tie-up makes sense, so it is unlikely that chatter about a merger between the two will end there.

Scor said a merger with Converium was "a unique strategic opportunity to create a top five global multiline reinsurer in this time of market consolidation."

Converium said the offer "fundamentally fails to recognize the value of Converium's franchise and growth prospects, and is not in the interest of Converium, its shareholders and its customers."

A Converium spokesman noted that Scor's official stake will be filed publicly this week and that Converium remains focused on growth and profitability targets laid out in recent weeks. A Scor spokesman declined to comment beyond the company's statement.

The Scor offer could be the first of several in the insurance sector this year. Cost cuts and below-average claims have left many European insurers with billions more than regulators require to back up their policies. At the same time, maturing insurance markets in the U.S. and Europe have lead analysts to expect single-digit premium growth -- particularly in property-casualty coverage -- in coming years. Some players may seek growth by buying up rivals with today's excess cash.

"I think it will be a busy year," said Joseph Rohm, a financial-services analyst with T. Rowe Price Group Inc. in London. "Because of all the excess capital being generated and the difficulties some companies will have finding growth, I think we'll see a lot more deals."

Analysts have estimated that European insurers finished 2006 with more than €50 billion, or about $66 billion, more in the bank than regulators require. Greater scale typically benefits insurers by potentially lowering their borrowing costs. This will be a greater focus in coming years as new solvency rules expected in 2010 will favor companies with broader diversification.

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This could lead smaller participants such as Scor and Converium to weigh merging. "This offer is a good example of the kinds of deals we might see this year," Mr. Rohm said.

Scor's move follows the 2006 takeover by Swiss Reinsurance Co. of General Electric Co.'s reinsurance operations, a deal that was aimed at boosting both companies' capital strength and global reach.

A takeover by Scor would create a company with substantial life and nonlife business with annual premiums of about €5.3 billion. It would catapult the combined entity close to the world's largest reinsurers -- led by Swiss Re; Munich Re AG; Berkshire Hathaway Re, a unit of Berkshire Hathaway Inc.; and Germany's Hannover Re AG.

Analysts said the timing of the bid was sensible as Converium shares are relatively inexpensive due to the company's restructuring.

But some, such as Oddo Securities analyst Nicolas Jacob, warned that investors worry Scor would have to make another call on capital markets to finance a merger and that the move indicates a troubling strategic shift toward the risky nonlife reinsurance sector, where Converium is focused. Scor came close to financial collapse in 2002 after losses from contracts written in the 1990s plunged it deep into the red. It was saved by capital increases of more than €1 billion and a huge restructuring plan.

Its focus shifted toward life reinsurance, which has a steadier claims record than the more volatile property-and-casualty reinsurance sector that is often prone to huge claims from catastrophes.

Scor shares fell 7.3% to €19.57 in Paris yesterday. Converium rose nearly 14% to 21.35 francs in Zurich.

Converium is still smarting from a heavy restructuring in the wake of a massive reserve shortfall in the U.S. in 2004, which required the company to issue new shares, reduce staff and leave the U.S. reinsurance market. Although it has since turned profitable and boasts a strong capital base, Converium is still rated triple-B by most rating agencies, a level deemed too low for a reinsurer to do bulk business.

However, Converium expects an upgrade to the crucial A-level later this year once an industrywide probe by the U.S. Securities and Exchange Commission is expected to be finalized. Such a step wouldn't just boost its share price but also likely help spur premium growth and profitability, analysts said.

Vulcan To Acquire Florida Rock (WSJ)

By Dennis K. Berman

The Wall Street Journal, February 20, 2007

Making a long-term wager on the now-faltering construction markets in the U.S. Sunbelt region, Vulcan Materials Co. yesterday said it agreed to acquire Florida Rock Industries Inc. in a cash and stock deal valued at about $4.6 billion.

Florida Rock makes construction aggregates such as concrete and distributes gravel and sand.

The total blended cash and stock consideration of $68.03 a share, based on the 4 p.m. price of Vulcan Materials' stock Friday of $111.81 a share, represents a premium of 45% for Florida Rock shareholders based on the company's own 4 p.m. Friday stock price of $46.96. The price is only slightly above Florida Rock's 52-week-high of $66.10.

In an interview, Vulcan Chief Executive Officer Donald M. James said the combined company's largest market will be in public infrastructure, such as highways. That said, "we are not afraid of the residential market. We recognize there is a correction going on. This is an opportune time for Vulcan to make a transaction."

Florida Rock's shares have fallen 17% over the past year, as investors feared booming growth in Florida would taper off as part of a nationwide real-estate slowdown.

"It's a cyclical business," noted Florida Rock CEO John D. Baker. "Housing markets clearly got ahead of themselves, and we're going to see a correction. It may take three months or it may take six months."

He noted, however, that "Florida is going to come back. Florida is looking to when the first baby boomer turns 65 in a year or two. Long term that's a great thing, and that's what Vulcan saw" in making the deal.

Vulcan is based in Birmingham, Ala., while Florida Rock has its headquarters in Jacksonville, Fla.

The deal, which should close in mid-2007, is expected to be neutral to Vulcan Materials' earnings this year and accretive next year and beyond.

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Vulcan Materials said it anticipates annual pretax cost synergies of about $50 million and expects the combined company to have aggregate reserves totaling about 13.9 billion tons.

Goldman Sachs Group Inc. and Wachtell, Lipton, Rosen & Katz acted as financial and legal advisers to Vulcan Materials. Lazard Ltd. and law firms Weil, Gotshal & Manges LLP and McGuireWoods LLP advised Florida Rock.

Apple Gets More Time To Answer IPhone Suit (WSJ)

The Wall Street Journal, February 20, 2007

Apple Inc. was granted more time to respond to Cisco Systems Inc.'s claim that its new iPhone mobile handset infringes on a Cisco trademark. Cisco said it agreed to give Apple until tomorrow to file its legal response in the case. The San Jose, Calif., networking company said Apple asked for a second extension after the initial extension ended Thursday, and Cisco complied. Cisco filed suit in U.S. District Court in San Francisco on Jan. 10, arguing the Cupertino, Calif., maker of electronic products and computers infringed on a trademark Cisco obtained in 2000 with its acquisition of Infogear Technology Corp. Cisco markets a phone with the iPhone name through its Linksys division. Apple has called the suit "silly" and says that other products also use the iPhone name, but the companies have been trying to resolve the issue through negotiations.

Supreme Court To Rule On US Patent Law (FT)

By Patti Waldmeir In Washington

Financial Times, February 20, 2007

The Supreme Court will on Wednesday test the global reach of US patent law, in a case that could have big implications for new technology industries such as software and biotechnology.

The case concerns whether Microsoft should be liable for damages overseas for infringing a software patent owned by AT&T for the manufacture of synthetic speech. It will test the extraterritorial application of US patent law in the information age at a time when courts around the world are struggling to apply national laws to increasingly globalised economic activity.

However, the court is also being urged to use the case to look at a much bigger issue: the scope of what can be patented in the first place, including software. If the court takes up that issue – a move that is far from guaranteed – it could make an even bigger impact on US patents and incentives for innovation.

The software group and the telecommunications company have hired powerful lawyers to fight this battle whilst a wide range of high-tech, biotech and other corporations, as well as the US government, have joined the legal battle by filing “friend of the court” briefs warning of the impact of the case on the future of US innovation.

The federal appeals court that heard the Microsoft case gave US patent law a very broad reach but the Supreme Court may take a more narrow view, giving high-tech companies more protection against patent lawsuits based on exports.

AT&T won a claim that Microsoft infringed its -patent by including its technology in the Windows operating systems installed in computers built in the US. This case tests whether Microsoft must also pay when it sends Windows versions including the AT&T technology overseas for installation in -foreign-made computers.

The dispute centres on a law aimed at preventing companies from circumventing US patent law by shipping “components” overseas for assembly. The case tests whether software is such a “component” and whether creating copies of software overseas from a master disk shipped from the US is covered by that law.

The case will be heard at a time of unprecedented up-heaval in the patent system. The Supreme Court is expected to rule shortly in a case that could set new standards for when an inventions is deemed too obvious to warrant a patent. Congress is also planning substantial legislative reforms.

The Virtue Of Patents (WSJ)

By Laura Peter

The Wall Street Journal, February 20, 2007

There is a large risk that Congress may deform the patent system rather than reform it. For in its quest to modernize the antiquated and underfunded system for protecting our inventions, Congress has trotted out an easy target -- so-called "patent trolls" -- to justify changes that would stifle innovation, benefiting large technology companies at the expense of smaller ones.

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"Patent trolls" are typically companies that buy patent rights from inventors, then receive royalties from other companies who actually use the patents. Inventors get either a single payment, or a share of the royalties. In some cases trolls (like other patent owners) must go to court to enforce their patents; and like any group, some of them use abusive litigation against large technology companies in the hopes of extorting settlements.

But large technology companies often "troll" themselves, using their own portfolio of thousands (if not tens of thousands) of patents to sue smaller firms financially unable to defend themselves. And when the claims are unmerited or frivolous, this is a rather convenient way to stifle competition.

Thus, it is right to end frivolous trolling, but the right way is through narrow, targeted reform. Unfortunately, some reform proposals cast too wide a net, and would hurt small technology companies' ability to benefit from their own inventions.

First, Congress is considering proposals that would excessively limit the ability of small technology companies to amend pending patent applications known as "continuation" patents. These patents, however, are a primary way that emerging technology companies protect themselves. One invention can actually consist of tens of smaller inventions, but it can be prohibitively costly for an emerging company to file patents covering all of them; and sometimes the potential value of a component invention is not apparent until a market develops later. Thus, limiting these patents too much would just reward copycats with resources, and not the innovators.

Second, Congress is considering greatly expanding the ability of large technology companies to challenge smaller companies' patents even after they are issued. As a witness testified, a cheaper, faster alternative to litigation for challenging the validity of patents would help eliminate the need to pay for many licenses -- this, however, is wrongheaded. Already, well-funded companies have proved their willingness to pile multiple challenges in multiple proceedings on smaller firms.

Currently, for example, a large company can challenge a patent both in court and with the federal Patent Office, forcing a small firm to fight on two fronts. Adding yet another battlefront would simply hurt smaller firms, who are often pushed to the brink of bankruptcy defending their rights, without ensuring greater justice.

Finally, these and other proposed reforms would materially increase the costs of filing for patents. This could devastate emerging companies which pour all of their resources into the tools and people needed to turn their ideas into products. They often are not patent-savvy, or cannot afford the huge expense of filing good patents.

To fully appreciate how vulnerable emerging companies can be, keep in mind that patents can cost anywhere from $5,000, to $50,000. In Silicon Valley, the price for a good-quality patent is about $12,000. Does it seem absurd that these relatively small sums could stand in the way of emerging companies? Ask yourself whether Don Hewlett or Steve Jobs could have afforded the patents necessary to protect themselves if their filing and litigation costs surged at the same time a larger company sent lawyers to their garage doors.

By weakening the patent system, Congress would harm the ability for smaller companies to benefit from their innovations. If they cannot reap these benefits, they will not have the money to invest in commercializing their innovations and bringing them to market. And, without that money, they will be unable to invest in other new products and technology, meaning that innovation could become the purview of a few large companies with big budgets.

There is, however, a reason why so many advances come from garages, living rooms and basements -- large companies do not have as much freedom to pursue creativity to where it might lead them. Emerging companies, however, often begin as research and development firms who only later try to generate revenue to help them reach the critical mass so that they can become true manufacturers.

So, when you hear about patent trolls, think of Segway (inventors of the two-wheeled, self-balancing transportation device), think of Andre Pavel (the inventor of the Walkman personal stereo), and yes, think of H-P and Apple decades ago. They each were at the forefront cutting-edge technology and had to defend and assert their patents to become what they are today.

Ms. Peter is general counsel of Immersion Corporation and recently served on a judicial committee on patent litigation reform in Texas.

Neutrality On The Net Gets High '08 Profile (WP)

By Charles Babington

DOJ_NMG_0133632

The Washington Post, February 20, 2007

Bloggers and other Internet activists made their marks in the past two presidential elections chiefly by building networks of political enthusiasts and raising money for candidates. Now, they are pushing aggressively into policymaking -- and not just over high-profile issues such as Iraq.

They are pressing candidates to back a handful of issues that are obscure to many Americans but vital to those who base their livelihoods on the Internet and track its development.

Armed with massive e-mail lists and high-speed networks, these activists are bypassing the familiar campaign tactics of door-knocking and phone-banking. They are also using their new-age technologies for an old-fashioned purpose: making politicians take note of their legislative priorities.

One of those is "net neutrality." Hardly a household term, it has no overtly partisan or ideological dimensions. Yet it is shaping up as a Democratic issue this year, largely because its most fervid advocates are liberal bloggers and other Internet activists who play a big role in the early stages of choosing a Democratic presidential nominee.

Unlike their Republican counterparts, every major Democratic presidential candidate has endorsed net neutrality. The move keeps them in good standing with powerful grass-roots groups, such as MoveOn.org, and costs them little in return -- perhaps a bit of space on campaign Web sites to promote a matter that comparatively few voters might explore.

Net neutrality is a principle that bars Internet providers, primarily phone and cable companies, from charging higher rates to Web-based firms in return for giving their content priority treatment on the pathways to consumers. Without such restrictions, proponents say, a user might find it time-consuming, or even impossible, to call up a favorite site that carriers have relegated to slower lanes for economic or even philosophical reasons.

"It's an issue that really captures the attention of one of their core constituencies, especially the bloggers and 'netroots,' " said Craig Aaron of Free Press, a group that champions net neutrality. "For candidates looking to appeal to those folks, it was important to take a stand," he said, even though "nobody was talking about it a year ago."

A veteran Democratic consultant who spoke on condition of anonymity was more blunt. Among Democratic candidates, she said, "if you're not for net neutrality, then the blogs will kick your" rear. The grass-roots groups that strongly favor it are relatively small but very noisy, she said, "and you just don't want to have to deal with that."

Opposing net neutrality are the telephone and cable companies that control the "pipes" that transport Internet content from producers to users. The companies say they need flexibility to manage Internet traffic, even if it eventually means charging higher rates for priority service.

For several years, the issue has been debated mainly in legal and telecom circles. Recent telecom mergers have raised its profile, however, as regulators considered the possible ramifications of consolidating control over the Internet's major pathways.

Net neutrality restrictions "could prevent broadband providers from offering enhanced levels of service for specialized applications such a telemedicine, or to offer their own branded or co-branded products or services," said Christopher Wolf, co-chairman of Hands Off the Internet, a group sponsored by phone and cable companies . Such arrangements, he said at a recent Federal Trade Commission workshop, "will help pay for the build-out of the next generation of Internet pipes."

Moreover, Wolf said, his industry's critics cannot cite an example in which any U.S. user has been blocked.

But some groups that rely heavily on their Web sites to share information, raise money or promote causes say they fear it's only a matter of time. They cite, for example, a 2005 comment by William L. Smith, then chief technology officer for BellSouth, which has merged with AT&T, that Internet service providers should be able to charge a firm such as Yahoo for the opportunity to have its search site load faster than Google's site.

Last spring, the debate over net neutrality barely scratched the consciousness of Congress, let alone the general public, after a House subcommittee defeated an effort to add net-neutrality restrictions to a multi-faceted telecommunications bill. The 23 to 8 vote goaded more than 850 interest groups, many, but not all, politically left of center, to form a coalition called SavetheInternet.com.

Members included organizations such as Common Cause and the American Civil Liberties Union, but the name that really grabbed the attention of Democratic officials was MoveOn.org. The group, founded in 1998 to oppose the impeachment of

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President Bill Clinton, rocked the political establishment in 2003 and 2004 with its ability to rally supporters and raise money for causes such as opposing the Iraq war.

With MoveOn.org urging its 3 million members to sign and deliver pro-net-neutrality petitions to senators last spring, congressional support began to grow. The net-neutrality language died in an 11 to 11 Senate committee vote, but its backers claimed a moral victory after a wide-ranging telecom bill, which lacked their amendment, eventually collapsed.

The debate's partisan nature has surprised and disappointed some advocates, who note that conservative groups such as the Christian Coalition of America and the Gun Owners of America are part of the SavetheInternet coalition. The Christian Coalition of America, in its policy statement, said net neutrality is "extremely important to America's grassroots organizations and those Americans who want to ensure the cable and phone companies controlling access to the Internet will not discriminate against groups like Christian Coalition of America." Michele Combs, a spokeswoman for the Christian Coalition of America, said that net neutrality is a nonpartisan matter and that "the conservative side has not been educated on the issue."

MoveOn.org officials agree that net neutrality should transcend political lines. "There's a growing online people-powered movement that has increasing relevance in our politics," said Adam Green, a spokesman for MoveOn.org. "An issue like net neutrality, which directly taps into Internet issues, . . . could have a special energy in the political season," he said. "Every Republican and Democrat who uses the Internet is threatened by corporations that want to control which Web sites people can access."

ENVIRONMENT:

Global-warming Theory And The Eugenics Precedent (WT)

By John Linder, The Washington Times

The Washington Times, February 19, 2007

"Global Warming" had a precursor in capturing the hearts and minds of the world. Michael Crichton, in his novel "State of Fear," brilliantly juxtaposes the world's current political embrace of "global warming" with the popular embrace of the "science" of eugenics a century ago. For nearly 50 years, from the late 1800s through the first half of the 20th century, there grew a common political acceptance by the world's thinkers, political leaders and media elite that the "science" of eugenics was settled science. There were a few lonely voices trying to be heard in the wilderness in opposition to this bogus science, but they were ridiculed or ignored.

Believers in eugenics argued that we could improve the human race by controlling reproduction. The most respected scientists from Harvard, Yale, Princeton and other bastions of intellectual rigor retreated to a complex on Long Island named Cold Spring Harbor. Their support came from the Ford Foundation, the Rockefeller Foundation and the Harriman fortune working with the U.S. Departments of Agriculture, State and other agencies.

The "science" was not lacking important public supporters. Theodore Roosevelt, Winston Churchill and Woodrow Wilson were enthusiastic believers. The theory won approval of Supreme Court justices, leaders in higher education and Nobel Prize winners. The founder of Planned Parenthood, Margaret Sanger, was one of the most vocal adherents. She established the first "birth control" clinic in 1916.

They believed that "the best" human beings were not having as many children as inferior ones -- the foreigners, immigrants, Jews, Blacks, degenerates, the unfit and the "feeble minded." Sanger said "fostering the good-for-nothing at the expense of the good is an extreme cruelty." She spoke of the burden of caring for "this dead weight of human waste." H.G. Wells spoke against "ill-trained swarms of inferior citizens." Roosevelt said, "Society has no business to permit degenerates to reproduce their kind." George Bernard Shaw said that only eugenics could save mankind.

Twenty-nine states passed laws allowing sterilization. Ultimately, 60,000 Americans were sterilized -- some legally. The Germans were the most progressive. They had help. The Rockefeller Foundation funded the Kaiser Wilhelm Institute and the work of its central racial scientists, one of whom was Josef Mengele.

Ultimately the "mental defectives" in Germany were brought to newly built houses where they were interviewed. They were then shown to a back room where they were gassed. Eventually the German program was expanded into a vast network that

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killed 10 million undesirables. After World War II many of the public adherents to the pseudoscience of eugenics went silent. Colleges removed the textbooks and stopped teaching it.

But not everyone went away. As recently as July 24, 2003 Tony Platt testified before the California Senate Judiciary Committee on S.R. 20 relative to eugenics. He agreed that the state should apologize for its actions.

One must ask, "How in the world did university researchers come to conclusions that defended this outrageous affront to society?" A look back at the research concluded that the researchers adjusted their outcomes to support the theory of those paying for the research. This is not unusual. It is very easy to believe that the settled science regarding climate change is just as suspicious, and indeed may be another example of pseudo-science capturing the imagination of politicians, actors and the media elite who have a desperate need to embrace some "science" which may force us to change the way we live our lives. H. L. Mencken once wrote, "The urge to save humanity is almost always a false front for the urge to rule it." We see pictures of huge blocks of ice crashing into the sea from the Antarctic Peninsula, which comprises about 2 percent of the continent. The fact that the remaining 98 percent of Antarctica is growing by 26.8 gigatons of ice per year is ignored.

We are told today that human activity is causing a dramatic increase in carbon dioxide levels that is responsible for "global warming." While a congressional delegation was visiting the Antarctic expedition in January of 2003 we were shown the results of the Vostok ice-sheet cores where temperatures and CO2 levels were measured as far as 400,000 years ago. At that time, the level of CO2 was 280 parts per million parts of atmosphere (ppm), about what it was 20 years ago. The levels of CO2 and temperature rode up and down in consonance over 400,00 years. "Who," I asked, "was burning the fossil fuels 400,000 years ago?" I was treated as though I was rude.

It has been known for years that most CO2 is dissolved in the oceans. It is called "carbon sinking." The oceans typically contain 60 times as much CO2 as the atmosphere. It is also known that colder waters dissolve more CO2 than warm waters. Which do you think is cause and which is effect? We currently have CO2 levels of about 380 ppm. A recent study completed at UC Davis concluded that the amount of CO2 in the atmosphere 300 million years ago was on the order of 2,000 ppm. Then this, "the same increase that experts expect by the end of this century as remaining reserves of fossil fuels are burned." If it is a given that human burning of fossil fuels is what will cause an increase of CO2 levels up to 2,000 ppm in the next 93 years, don't they owe us an explanation as to who burned those fossil fuels 300 million years ago? In fact we are being treated to a modern scientific shell game. The most prevalent and efficient greenhouse gas is not CO2; it is water vapor, which accounts for about 60 percent of the heat-trapping gases while CO2 accounts for about 26 percent. So, why are we being served a daily diet of our destroying the environment with our behavior as it relates to CO2? Because our behavior has little to do with the amount of water vapor, so it is a non-starter when it comes to those whose principal goal is ruling our lives.

In order to focus on you and what you are doing to increase the CO2 in the atmosphere, which, as everyone knows will destroy the globe, we do not discuss the activities of termites. Fifteen years ago it was estimated that the digestive tracts of termites produce about 50 billion tons of CO2 and methane annually. That was more than the world's production from burning fossil fuel. Additionally, cattle, horses and other ruminant animals are huge producers of both CO2 and methane, but, being unable to respond to our demands on this issue, their activity is ignored.

When it comes to methane, another greenhouse gas, termites are responsible for 11 percent of the world's production from natural sources. Seventy-six percent comes from wetlands, which provide habitat conducive to bacteria, which produce 145 million metric tons of methane per year during the decomposition of organic material. It is curious that the very alarmists on climate change are alarmists on saving and increasing wetlands.

It becomes clear from the literature -- not to mention documentary films -- produced by the alarmists, that if human beings do not change the way we live the planet is doomed. This is not the first charge against human behavior. Many of you will remember the "scientific" studies 30 years ago about the destruction of the ozone layer, particularly at the poles, that would reduce the atmosphere's ability to stop infrared rays from the sun. We would see increasing incidence of skin cancer and increasing temperatures. It was theorized that this was caused by the increased production of chlorofluorocarbons (CFCs) that were used -- as Freon -- in refrigeration units.

When Freon was invented it was considered a miracle gas. It replaced, in refrigeration units, a combination of toxic gases that, if released, actually killed people. But the settled science concluded that human activity was a threat to the planet. We

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outlawed the production of CFCs and thousands of people across the world died from eating rancid food due to the loss of refrigeration.

The world's production of CFCs peaked at 1.1 million tons per year. If 100 percent of that was released it would have added 750,000 tons of chlorine into the atmosphere. That is insignificant compared to the 300 million tons the oceans yield annually by the evaporation of seawater alone. But that couldn't be controlled so the alarmists went after us.

Indeed, the eruption of Mt. Pinatubo in June of 1991 produced some of the highest levels of chlorine and bromines in history and led to some of the lowest ozone levels ever recorded. You would not know that today. The earth survived.

Today, if there is a settled science, it is adduced by climatologists who have been observing and studying the world for decades. Many are retired and not seeking government grants for research and thus not inclined to reach outcomes that are politically popular. Most have been through more than one alarmist cycle of doom. The predictions by scientists in Time magazine's "Another Ice Age?" in 1974 and Newsweek's "The Cooling World" in 1975 come to mind. The latter article stated that scientists "are almost unanimous in the view that the trend will reduce agricultural productivity for the rest of the century. If the climactic change is as profound as some of the pessimists fear, the resulting famines could be catastrophic."

But wise old heads believe that we are going through normal cycles of heating and cooling that we have seen over hundreds of millions of years as the earth heats and cools when the activity of the sun changes. The earth is heated by the sun. The sun is impacted by magnetic forces creating outbursts called sunspots, which increase the heat it imparts. During the coldest period in the Little Ice Age, which ended near the end of the 19th century, sunspots almost completely disappeared for 70 years. The earth cooled. Sunspot activity has been declining for a number of years and is expected decline by 40 percent over the next decade. The world is about to enter a cooling period. Be prepared to change your lifestyle.

Rep. John Linder is a Georgia Republican who serves on the House Ways and Means Committee.

Scientist Group Warns Of Warming 'Threat' (WP)

By Juliet Eilperin, Washington Post Staff Writer

The Washington Post, February 19, 2007

The board of the American Association for the Advancement of Science, the nation's leading general science organization, yesterday issued a consensus statement declaring global climate change "a growing threat to society."

The statement, released at a town hall meeting of school teachers in San Francisco, marked the first time that the board of the influential AAAS, publisher of the journal Science, has taken a stand on global warming. AAAS held its annual meeting there over the weekend and organized the town hall on climate change, along with the California Science Teachers Association, the National Science Teachers Association and the United Educators of San Francisco, a union group.

The board's statement attributes Earth's recent warming to human activity, noting: "The atmospheric concentration of carbon dioxide, a critical greenhouse gas, is higher than it has been for at least 650,000 years. The average temperature of the Earth is heading for levels not experienced for millions of years."

The board called for "rapidly reducing greenhouse gas emissions," warning: "Delaying action to address climate change will increase the environmental and societal consequences as well as the costs."

It was the second high-profile statement on the issue in recent weeks: Last month, the United States Climate Action Partnership, a coalition of major companies and environmental groups, called for a mandatory cap on U.S. greenhouse gas emissions in order to curb further global warming. On Tuesday, the Global Roundtable on Climate Change, a coalition of European and U.S. firms such as Air France, Alcoa and Florida Power & Light, chaired by Columbia University professor Jeffrey Sachs, plans to announce a worldwide framework for addressing climate change.

AAAS President John Holdren, a professor of environmental policy at Harvard University, has also publicly backed federal limits on carbon dioxide and other greenhouse gases.

"As droughts, heat waves, floods wildfires and severe storms intensify, damages to ecosystems and human society are growing apace," Holdren, who also directs the Woods Hole Research Center, a research and policy analysis institute in Massachusetts, wrote in a letter to the attendees.

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The association aired a video at the town hall focusing on the 600 residents of Shishmaref, Alaska, who live on the shores of the Arctic Ocean and are facing beach erosion and thinning ice. Ken Stenek, a science teacher in Shishmaref who attended the session, said the 4,000-year-old Inupiaq village where he lives has been transformed by rising temperatures.

Susanne Moser, a research scientist at the National Center for Atmospheric Research, said the statement by the society reflected scientists' increasing focus on the question of global warming.

"In some sense, it's a continuation of the confirming and reaffirming and underlining of the consensus of mainstream science on climate change," Moser said. "It's really strengthening the case and political momentum" for cutting greenhouse gas emissions.

AAAS also issued at the meeting a teaching guide to global climate change. Teachers said it would help them better educate children about the scientific basis for global warming, since the information on the subject is evolving so quickly.

With New Pipeline Plan, Alaska's Governor Enters Precarious Territory (NYT)

By William Yardley

The New York Times, February 19, 2007

JUNEAU, Alaska, Feb. 15 — The new administration of Gov. Sarah Palin has been full of firsts. Ms. Palin, a Republican, is Alaska's first female governor and, at 42, its youngest.

She held her inauguration in frosty Fairbanks, a first that suited her conservative supporters but slighted the traditional host, this rainy, remote and less Republican state capital. She also appears to be the only governor in history whose spouse is a champion snowmobile racer and a former Arctic oil worker, and is widely referred to as First Dude.

Now, two months after taking office, Ms. Palin wants to become the first Alaska governor to deliver what many others have sought without success: construction of a $30 billion pipeline to transport natural gas from the state's North Slope to markets in the lower 48 states.

It is an enormous project that could strengthen Alaska's energy-based economy for decades to come, while also, according to some estimates, supplying 7 percent of the nation's natural gas annually.

But pulling off this first is shaping up to be more complicated.

Elected by a wide margin after promising to bring "new energy" and "transparency" to the pipeline project, Ms. Palin took office in December and immediately backed away from the negotiations that her predecessor, Frank H. Murkowski, had been pursuing with the three major energy companies that control much of the land where gas would be developed.

Ms. Palin has long criticized those negotiations as back-room dealings whose extensive incentives and tax breaks would have benefited the energy companies, BP, Exxon Mobil and ConocoPhillips, far more than they would have Alaska.

"Don't get me started," she said in an interview in her Capitol office on Thursday.

So next month, Ms. Palin intends to introduce the Alaska Gasline Inducement Act, a bill that would open the bidding to new players, as well as the old ones. She says her plan would ensure new jobs and access to gas for state residents. She also says that whoever gets to control the pipeline must allow for its potential expansion so that other gas developers can use it at reasonable prices, thus encouraging more development.

The new plan, however, would delay a formal agreement until next year at the earliest, and it would be another decade, until 2018, before the pipeline was in operation.

Ms. Palin won votes last fall for vowing to take just such steps, but in taking them, she has stirred concern beyond Alaska at a time when the Bush administration says it wants to develop new sources of energy.

In a report to Congress last month, the Federal Energy Regulatory Commission said "the schedule for an Alaska gas pipeline has slipped considerably." The state's senior senator, Ted Stevens, a Republican famous for bringing big projects home, has openly expressed worry.

And on Tuesday, Rex W. Tillerson, the chairman and chief executive of Exxon Mobil, one of the companies that hopes to build the pipeline, said: "I don't really know where we are. I don't think it looks like Alaska knows where it wants to go, either."

Ms. Palin dismissed that talk. But next week, when she attends a National Governors Association meeting in Washington, she plans to visit Alaska's Congressional delegation and meet with officials at Exxon Mobil and the Federal Energy Regulatory

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Commission, among others. Besides putting minds at ease, she said, she wants to broaden the appeal of the project with the goal of gaining leverage in negotiations.

"This project is so much bigger than Alaska and Alaska's interests," Ms. Palin said. "This is for the nation. This is to supply domestically safe sources of fuel. We're going to be able to do that. We should be leading in a national energy plan."

The report by the energy commission suggested just such thinking, although it had a more urgent tone than in earlier assessments and sprinkled in some skepticism.

"The main obstacle to progress on an Alaskan gas pipeline is the failure to resolve state issues necessary before a project sponsor will commit to go forward," the report said. "The fresh competitive approach announced by the new governor must be successful if Alaska gas is to be part of the nation's energy supply solution in the coming years."

Steve Rinehart, a spokesman for BP Exploration Alaska, which controls the most land in the area expected to be developed first, said that with natural gas prices projected to stay relatively high and oil production on the North Slope declining, "the time has come to bring that gas to market."

"It makes sense economically," Mr. Rinehart said. "It makes sense for the life of this oil field."

But in the past, aides to Ms. Palin said, the big energy companies refused to commit to expanding the pipeline or to allow outside companies to use it for reasonable fees.

Mr. Rinehart disagreed. "We were ready to address those issues," he said, "but the process stopped."

Critical to pushing a plan through is the state's 60-member, Republican-controlled Legislature. Mr. Murkowski, a former United States senator, clashed with state lawmakers over his pipeline plan through his final days in office. Ms. Palin, by contrast, has echoed their concerns about giving away too much in tax breaks to the energy companies.

"What the governor has is a lot of credibility with the public," said State Representative John Harris, the speaker of the House. "She's been a breath of fresh air, in my opinion."

Lyda Green, president of the Senate, said Ms. Palin came to office without the intimate knowledge of the energy and financial industries that Mr. Murkowski had. But "she's a very quick study," Ms. Green said. "She has good people around her."

Ms. Palin has brought back some top staff members who left in protest over how Mr. Murkowski had been conducting the pipeline negotiations. Now she wants them to help her complete the deal that Mr. Murkowski never could.

"We are crafting this whole process with our arms open, even for Exxon," Ms. Palin said. "Come on in and let us know what you have in terms of a proposal to commercialize Alaska's natural gas."

Environment: What Are You Doing Here? (NSWK)

By Richard Wolffe

Newsweek, February 19, 2007

He heads Treasury, not the EPA, but Hank Paulson is investing time in making this White House greener.

Judging by the photos on the walls of his vast office, the new Treasury secretary has a gentler approach to the world than, say, Vice President Dick Cheney. While Cheney likes to hunt small birds with a shotgun, Hank Paulson shoots them with a camera. Photos of unusual birds—Paulson's vacation pictures, taken by his wife—hang above Bloomberg computer terminals feeding the latest Wall Street data to his desk. "If you look around here," he tells NEWSWEEK, gesturing at his photos, "I have spent a huge percentage of my time off in beautiful places, outdoor places, saving the land, wilderness, parks ... Conservation is my passion."

Paulson is a rare species inside the Bush administration. Environmentalists see this White House as a bastion of backward thinking; Bush has angered them (and America's allies) by sometimes questioning the science of global warming. Yet Paulson cares deeply about climate change: during his seven-year run as chairman and CEO of Goldman Sachs, the investment bank issued a policy paper backing the science on warming and promoting investment in alternative energy.

In recent months Paulson has played a leading role in the administration's debate about energy—and he's had an impact on environmental policy. It was Paulson who encouraged the former oil executives in the West Wing to embrace ambitious targets to cut by 20 percent the amount of gas Americans are forecast to consume by 2017 (part of the plan outlined in Bush's

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State of the Union). White House officials portray the policy as a team effort, but identify Paulson as a driver. "He was very involved in the energy proposal," says a senior White House official, who declined to be named while talking about the internal debate.

Paulson had an expansive view of his job almost as soon as he started in June. By August he had identified energy security as one of his priorities, as well as Social Security reform and trade with China. A small team began working on ideas outside traditional Treasury business—some of them so politically sensitive that the team feared they might leak out before the November elections. Among them: putting a floor on the price of oil to subsidize alternative fuels. White House and Treasury officials deemed that idea too costly to administer—and out of line with GOP ideology. So Paulson's team worked with Bush's economic aides and the Department of Energy to head in a new direction: setting higher standards for fuel efficiency and alternatives like ethanol to spur new technologies. But there was some pushback. Bush's aides were concerned about the impact these proposals would have on a weakened Detroit, since higher-mileage standards favor foreign rivals. The solution was to allow for variable efficiency standards by car size.

Environmental groups were disappointed that Paulson didn't persuade Bush to wage a war against global warming. But the goal of using more alternative fuels and raising auto efficiency is still a significant change for an administration whose vice president once pooh-poohed conservation as "a sign of personal virtue." (Cheney's policy request: that the strategic petroleum reserve be doubled during the next 20 years.) Even green advocates concede there are some positive steps in the new strategy. "They are apparently serious about raising fuel-economy standards, and that is the most meaningful thing in the plan," says Dave Hamilton, director of global warming and energy programs at the Sierra Club.

To Paulson, the new energy strategy succeeds by giving something to just about everyone—even if green activists aren't totally thrilled. "Some people's expectations got so high they thought it was going to solve all the environmental problems, energy security, it was going to encompass everything, and they were disappointed," he says. "This policy has got some important positives for the environment, but they are collateral." Paulson may be an avid bird watcher, but while he's working for President Bush, he's keeping his head out of the clouds.

Mr. Spitzer's Chance On Warming (NYT)

The New York Times, February 20, 2007

Given the concerns of the new Democratic Congress, as well as persuasive new scientific evidence of the dangers of climate change, Washington may finally be ready to address the problem of global warming. The chances of that would be better still if New York's new governor, Eliot Spitzer, would commit himself and the state to a cause that needs all the friends it can get.

Mr. Spitzer should quickly commit himself to establishing ambitious goals for reducing emissions of carbon dioxide from cars, power plants and other industrial sources in New York State, and to writing regulations to achieve those goals. That will mean butting heads with powerful constituencies like the utilities, but Mr. Spitzer has always enjoyed a good fight. And with California's governor, Arnold Schwarzenegger, already committed, Mr. Spitzer's intervention could tip the national debate and compel Washington to move more quickly than it might have to endorse meaningful federal legislation.

California has pointed the way. In October it became the first state to mandate reductions of greenhouse gas emissions from every sector of the economy. The plan calls for reducing such emissions to 1990 levels by 2020, with a longer-range goal of an 80 percent reduction by 2050. A state law already requires automobile companies to begin producing more fuel-efficient cars. And in January, Mr. Schwarzenegger ordered refineries and other fuel producers to reduce emissions by 10 percent, largely through the development of alternative fuels. California has also warned that it will stop buying electricity from power producers outside the state that produce heavy carbon dioxide emissions.

This would be a hard act to follow for any governor, but to some extent Mr. Spitzer's path has already been smoothed by his predecessor, George Pataki. Mr. Pataki joined with California in demanding more fuel-efficient cars and increased funds for energy-efficiency programs, and he directed that by 2013 one-quarter of New York's power must be produced by renewable fuels. And — perhaps most important — Mr. Pataki enrolled New York in an effort to reduce regional greenhouse gas emissions involving seven Northeastern states.

Mr. Spitzer, who built a formidable environmental record of his own as attorney general, has endorsed all of these programs. But he will have to go further if he intends to match Mr. Schwarzenegger. Among other things, he must help get the

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regional greenhouse initiative up and running, and make sure that any new power plants built to meet the state's energy needs use the most modern technologies and add as little as possible to the atmosphere's already heavy carbon burden.

This is a tall order even for an aggressive new governor. But the good news is that most of what Mr. Spitzer must do can be accomplished by executive order, thus skirting an unadventurous Legislature that tends to prefer business as usual.

FBI/DEA/ATF/USMS:

Informal Survey Shows Shops Have Halted Sales Of Paraphernalia (ESG)

Elmira Star-Gazette, February 20, 2007

A crackdown on retail stores selling products that might be used in conjunction with illegal drugs in the city of Elmira appeared to be having an impact Monday.

In an informal survey by the Star-Gazette on Monday of seven city convenience and variety stores, only one offered an item that probably has no other use than for inhaling illegal drugs.

Last Friday, Elmira Police Chief W. Scott Drake III and a member of the United States Drug Enforcement Administration visited five businesses in the city that were found to be selling drug paraphernalia, including crack and methamphetamine pipes, scales and drug packaging materials.

The businesses had been visited on Jan. 24 and asked to voluntarily stop selling the items. Four of the five businesses were still selling the materials Friday.

Those businesses were put on notice that it is a violation of federal law to sell drug paraphernalia, and they were told that if they continued, they would be subject to arrest and the seizure of their businesses.

The crackdown was part of Operation Halt, the city's broad effort to reduce and eliminate drug trafficking and drug-related crime.

"We won't hesitate to go after them with the full force of local, state and federal laws," Drake said in a news release.

The five stores allegedly involved haven't been publicly identified. But the stores surveyed Monday by the Star-Gazette were both privately owned variety stores and chain convenience stores.

Some clerks said they had never sold such items as cigar wrappers and rose pipes while others said they once did, but have removed all such items from their shelves.

Those who said they had removed drug-related paraphernalia said they did so at the request of the police because they didn't want to risk breaking any laws.

Rose pipes are an item that cost less than $2 that purports to be a gift item of a miniature flower sealed by foil in a cylindrical glass tube. However, police said its only use is for inhaling illegal drugs like crack cocaine and meth.

None of the seven stores visited Monday had so-called drug starter kits -- common items like scales and small sealed plastic bags.

"The chief and his command staff deserve a lot of credit," Elmira Mayor John Tonello said Monday night. "They have made a huge impact in a short amount of time."

Tonello said he is also impressed with the citizens and business involvement in reporting suspicious activity on the new police tip-line.

The Elmira Police Department's new anonymous tip line, (607) 271-HALT (4258), has fielded 53 calls since its debut Jan. 24 as part of the drug control effort.

"By using 271-HALT, citizens are helping us crack down on crime," Drake said. "We're off to a great start."

It's an idea that appeals to regular citizens who want to help improve their communities.

"To me, drugs are the scourge of the world," said Penelope Patros, 77, of Elmira, who thinks Operation Halt is worth a try.

Criminal Organizations Using The Internet To Recruit, Rob (ABC)

By PIERRE THOMAS, JACK DATE And NITYA VENKATARAMAN

ABC News, February 19, 2007

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Feb. 19, 2007 — Imagine being a prisoner in your own neighborhood.

That's how Wichita, Kan., police Chief Norman Williams describes communities struggling with the unexpected and emerging epidemic of gang violence in U.S. cities.

Watch Part 1 of Pierre Thomas' two-part series on gangs tonight on "World News with Charles Gibson."

"They feel that there is no way out, that there's no hope, and so they just have to live with it. It has a tremendous impact on quality of life in a in a neighborhood," Williams said of those communities.

Williams says that there's a new generation of gang members, and that they're starting as young as ages 11 to 14.

"The concerns you have with that generation is they do not have a criminal history. And so because they do not have a criminal history, we don't have a lot of information on them," Williams said.

Without that information, Williams says, members of the new gang generation will commit many crimes before they develop criminal records — acts that will instill fear and danger within many communities.

"What we're finding is a lot of our kids have no respect for life. They don't respect their life, and thereby they don't respect other peoples' lives. They think that the violence is like playing a video game. You turn it on and off. And it's not," he said.

Gang Recruitment Moves Online

According to a recent survey by the Justice Department, there are currently more than 21,000 gangs in the United States. Their membership is 700,000 strong and growing, and they're using the Internet to recruit members.

By posting online content that glorifies the thug lifestyle, gangs are using the Web to recruit — some using children as young as 8 years old as part of the online recruiting process, known as "Net Banging."

They sell drugs and guns, run car theft and prostitution rings, and use "bling" — money, cars, and jewelry — to entice troubled teens from poor neighborhoods, many with little or no family to speak of.

And the types of gangs fueling the country's surge in violence run the gamut: international gangs like MS-13, the Bloods and Crips, motorcycle gangs and local street gangs.

How Gangs Emerge

Chip Burress, assistant director of the FBI's Criminal Division, said, "It's not becoming an epidemic, it is an epidemic."

Burress says gang activity "starts small" with a handful of people who "begin to get a little more organized in their patterns of activity."

"They take control of territories and [they] recruit new members. They have to have some mechanism for making money, and usually that's in the drug trade, or the gang, or the firearms trade," Burress said.

"With that, you begin to get numbers," he said, "and you begin to get the type of traffic in an area that brings the standard of living down for the people that are living in that neighborhood."

An Inside Look at Gang Initiation

Undercover FBI video released to ABC News reveals footage from one gang initiation: a group of Bloods gathering with potential recruits in East Orange, N.J.

As their meeting began, the gang's leader, Tewhan Massacre Butler, preached to new recruits.

"I put my life on the line for y'all every day, every day," Butler says. "I am facing the rest of my life in prison for every one of y'all."

Some of the recruits in the video — many who appear to be teenagers — are eager to "bang," or join the Bloods.

"I am ready to bang it official," one recruit says.

"Ready to bang for the Blood here," says another.

To join, the initiates must endure an intense beating for at least 31 seconds.

The FBI says the Bloods in the video, known as the "Double II Set," were a particularly violent subset of the gang, murdering more than two dozen people over a three-year period.

FBI special agent "John," who targets the group, said one case in particular continued to haunt him.

"Right here, at this spot, a father was killed in front of his children," he said.

"He was killed trying to protect his son from becoming a member of the Bloods," the special agent said. "The man that killed him told another member of the Bloods, 'Take me to get my gun. I'm gonna show you how to murder somebody.'"

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One of the challenges the FBI faced when dealing with the Bloods was that the gang was so open about violence that community members were terrified to come forward.

The FBI says it has dismantled that particular franchise of the Bloods. To date, 42 members have been convicted under federal racketeering laws. Though some communities have not been this lucky, in the last year there have been 500 fewer acts of violence on what had been the gang's turf.

The Federal System

The FBI's Burress says the benefit of having the FBI engaged is access to the federal prison system.

"Gang members who go away to local jails, or even state penitentiaries, go to places where they're not as uncomfortable. They go into structures in prisons that they're very comfortable with." Burress said.

Burress said: "With the federal system, what you get is that gang member's suddenly going to a prison far, far away in a structure where he or she's not comfortable in. As a result, we, I think we do a greater service to the community by putting these guys away in areas where they're not able to continue their criminal enterprise."

Scandal In Colombia Raises Skepticism On Capitol Hill (WP)

By Juan Forero, Washington Post Foreign Service

The Washington Post, February 17, 2007

BOGOTA, Colombia, Feb. 16 -- U.S. support for Colombia has been a foregone conclusion under the administration of President Ãlvaro Uribe, who was elected in 2002. But with a widening scandal tying the president's close supporters to paramilitary groups, policymakers on Capitol Hill say skepticism of Uribe's government is mounting, leading to closer scrutiny of a proposed aid package and free-trade agreement with the Andean nation.

On Thursday, Sen. Ãlvaro AraÃºjo Castro, the brother of Foreign Minister Maria Consuelo AraÃºjo, was arrested along with three other senators and a congressman. Authorities said they are investigating links that those lawmakers -- along with a sixth legislator who remains at large -- may have had ties to a paramilitary organization that has terrorized the country for years while shipping tons of cocaine to U.S. cities.

And Friday, the Supreme Court, which is heading a probe of Congress, announced that it would provide prosecutors with documentation to help determine whether the foreign minister's father, Ãlvaro AraÃºjo Noguera, had ties to paramilitary groups and participated in the kidnapping of a businessman. The foreign minister's cousin, Hernando Molina, governor of the state of Cesar, is also under investigation by authorities for allegedly collaborating with paramilitary groups to carry out killings and finance his campaign.

Uribe said he would stand fast behind his foreign minister in the midst of a scandal that has put eight congressmen behind bars and led to the questioning of dozens of national and local politicians. At a news conference Friday, Foreign Minister AraÃºjo told reporters, "I'm going to keep working with efficiency, honor, results and joy."

Officials in Washington said Uribe's support for the foreign minister would not help the Colombian government in its negotiations with U.S. lawmakers.

"The effects of what we call 'para-gate,' among Colombia followers in Congress, are that more and more folks are starting to get a bit skeptical regarding support, because there's a question of how far-reaching the relationship between the paramilitaries and the government officials is, vis-Ã-vis the president," a senior aide to a Republican senator said on condition of anonymity. "The confidence that we have in Uribe has been what's carried this for so long. That confidence has been brought into question."

Rep. Sander M. Levin (D-Mich.) said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia.

"Colombia F.T.A. cannot pass the Congress, as constructed, and Plan Colombia is in more jeopardy because of these scandals, the infiltration of the paramilitary into the inner workings of the Colombian government," Levin said by telephone from Washington. "I voted for Plan Colombia, at least the first few times, but this is a very worrisome development."

Though lawmakers in Washington remain intensely focused on Iraq, it is not lost on policymakers that Colombia remains the biggest recipient of U.S. assistance outside of the Middle East and Afghanistan. Nearly $4.7 billion has been funneled to

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Colombia since Plan Colombia, an extensive aid package designed to defoliate coca and erode support for Marxist rebels, was instituted in 2000. The assistance has helped Colombia lower violence and tightened bonds between Bogota and Washington.

But Colombia continues to produce more than enough cocaine to meet world demand. And despite a highly touted demobilization that started in 2003, paramilitary groups still thrive, with shadowy new forces killing rivals, union leaders and peasants while battling guerrillas for control of the country's lucrative drug business. In the midst of this tumult, the Supreme Court and a team of prosecutors have begun to unearth extensive ties between paramilitary commanders and dozens of congressmen, regional politicians from coastal states and mid-level administration officials.

For Uribe, the scandal couldn't have come at a worse moment. He, Vice President Francisco Santos and Defense Minister Juan Manuel Santos have made recent trips to the United States to press for approval of a free-trade agreement and more assistance to help the state take control of an unruly countryside. In Colombia's latest proposal, Uribe and his cabinet say they want to spend $44 billion in the coming years -- a program that would rely on a heavy infusion of aid from Washington and European countries.

"The whole scandal and the fact that all of these people are close confidants of the president are really going to muddy the waters as they're looking at a free-trade agreement and a new aid package in a democratically controlled Congress," said Adam Isacson, who closely tracks U.S. aid to Colombia for the Center for International Policy in Washington. "The Colombian government has a rather big sales job ahead of it, and this makes it infinitely harder for them to do that sales job."

Vice President Santos, in an interview, said that the disclosures would never have come out if Uribe's government had not entered into negotiations with the paramilitary organizations, a process that he said not only led to a full-scale disarmament but emboldened institutions such as the Supreme Court to investigate authorities' paramilitary ties.

"We're going to deal with it openly, and confront reality and let the chips fall where they may," Santos said. "The most important thing is that we clearly present what we've done. The United States Congress should be totally calm about there being complete transparency here."

The Bush administration has reiterated its support for Uribe. "We remain committed to the free-trade agreement," Tom Casey, a State Department spokesman, told reporters in Washington. He added that the administration would continue to back anti-narcotics operations in Colombia.

But the latest disclosures have drawn heated criticism, from organizations such as Human Rights Watch and from some of Capitol Hill's more influential shapers of U.S. policy in Latin America, including Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Appropriations foreign operations subcommittee.

"This confirms the concerns that many have had for a long time, that the paramilitaries have infiltrated the economic and political establishment of Colombian society," he said in a statement. "It should give us some pause as to who we are dealing with."

Police Needing Heavier Weapons (USAT)

By Kevin Johnson

USA Today, February 20, 2007

WASHINGTON — Law enforcement agencies across the country have been upgrading their firepower to deal with what they say is the increasing presence of high-powered weapons on the streets.

Scott Knight, chairman of the Firearms Committee of the International Association of Chiefs of Police, says an informal survey of about 20 departments revealed that since 2004 all of the agencies have either added weapons to officers' patrol units or have replaced existing weaponry with military-style arms.

Knight, police chief in Chaska, Minn., says the upgrades have occurred since a national ban on certain assault weapons expired in September 2004. The ban, passed in 1994, in part prohibited domestic gunmakers from producing semi-automatic weapons and ammunition dispensers holding more than 10 rounds.

"This (weapons upgrade) is being done with an eye to the absolute knowledge that more higher-caliber weapons are on the street since the expiration of the ban," Knight said. He said his own department of about 20 officers is in the midst of determining whether to upgrade its weapons.

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Ron Stucker, criminal investigations chief of the Orange County Sheriff's Department in Florida, says the department has been rearming many of its deputies with assault weapons in the past two years.

Stucker says deputies are now "frequently" encountering assault weapons in local robberies and during simple traffic stops. Weapons seizures in Orlando have increased overall by 26% since 2004.

It was not immediately clear whether assault weapons were driving the increase in weapons seizures or were directly linked to the county's record number of homicides in 2006, Stucker says.

In Houston, where homicides were up as much as 25% in 2006 over the previous year, Police Chief Harold Hurtt says the AK-47 assault rifle has become "kind of a weapon of choice" for warring gangs, major drug distributors and immigrant smugglers in a city that has become a major transit point for criminals.

"The reality on the street is that many of these weapons are readily available," says Hurtt, whose department began upgrading its weaponry with assault-style arms about three years ago before he arrived from Phoenix.

Last year, because of the escalation of violence and firepower on the street, Hurtt says he ordered patrol officers to wear body armor. Wearing armor had long been a matter of personal choice for officers.

The chief also is considering a proposal from officers to put 12-gauge shotguns back inside their patrol cars so they can be more accessible.

He said shotguns were moved to the car trunks when the cabs became crowded with laptop computers and other equipment.

Paul Erhardt, a spokesman for major gun manufacturer Sigarms, says the 2001 terrorist attacks, the violence following Hurricane Katrina and other high-profile incidents involving weapons contributed more to law enforcement's interest in rearming officers than any concerns raised by the expiring assault weapons ban. Erhardt's company outfits about 40% of the statewide law enforcement agencies in the USA.

IMMIGRATION:

State Ruling Will Help Some Foreigners Convicted In Florida Fight Deportation (MH)

By Alfonso Chardy And Jay Weaver

The Miami Herald, February 19, 2007

Owran Green thought he made a good deal when he agreed more than 13 years ago to plead no contest to assault and battery charges in Broward County in exchange for probation and no jail time.

It would be years before he realized his mistake. The Jamaican, now 35, learned from an immigration attorney that his plea renderered him deportable under a decade-old federal law that made expulsion of most convicted criminals mandatory.

But this past fall, the Florida Supreme Court issued a landmark ruling that could help Green and hundreds of other foreign nationals in the same predicament avoid expulsion if they can show they cut their plea deals without being legally warned about deportation.

The high court's ruling could provide convicted foreigners with another layer of defense against stepped-up efforts by Homeland Security after the Sept. 11, 2001, terrorist attacks to rid the country of immigration violators, particularly those with criminal convictions.

The unanimous Green ruling, issued Oct. 26, has given renewed hope to numerous convicted foreigners now seeking withdrawal of plea deals -- including dozens in Miami-Dade Circuit Court.

Almost all of the pleas in question were struck in the 1990s, when judges didn't uniformly advise defendants they could be deported by pleading guilty or no contest to charges. Most of those defendants have served sentences and are now seeking to have convictions thrown out to inoculate themselves against possible deportation.

"It's had a considerable impact in all of our criminal divisions," said prosecutor Penny Brill, chief of the legal division at the Miami-Dade State Attorney's Office. ``It's now an easier standard for these defendants to meet."

In Green's case, he sought to withdraw his plea in September 2003, arguing that had he been warned about deportation he would have taken his chances at trial. A judge rejected his petition because no actual deportation proceedings had begun.

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Green's appeals eventually reached the state's highest court. In the little-publicized opinion, the Supreme Court gave a boost to convicted foreigners seeking to withdraw pleas -- if they can show they were not properly advised by defense lawyers or presiding judges that their convictions could lead to deportation.

The Green ruling, reaffirmed Feb. 8 by the Florida Supreme Court in the Miami-Dade case of Mario Gaston, drastically changed the legal standard for convicted foreign nationals. They now only have to show they were unaware they were "subject" to deportation -- not actually facing a "threat" of expulsion. That was the previous state standard dating to 2000.

The state Supreme Court opinion imposes a two-year deadline to seek such withdrawals. The only exception: if convicted foreign nationals can prove they were unable to ascertain the likelihood of deportation during the two-year period.

"In the short run, it will be of substantial assistance because it lowers the standard of what you need to reopen your criminal case," said Miami attorney Ira Kurzban, an expert in immigration law. But Kurzban criticized the two-year deadline as too restrictive.

Green and his Fort Lauderdale attorney, Michael Cohen, declined comment.

But Jerrard Cutrone, Gaston's Miami attorney, said the Green ruling will benefit many defendants like his client.

"It gives them a chance to revisit their pleas," said Cutrone.

Gaston, a Haitian, pleaded guilty to a charge of carrying a concealed firearm in 1994 and got three months' probation. In August 2004, he asked to withdraw his plea because he was not warned about deportation. The court granted his motion, but the state appealed. The Florida Supreme Court on Feb. 8, citing the Green opinion, ruled in Gaston's favor.

The Green ruling came more than a decade after Congress in 1996 passed laws aimed at deporting all foreign nationals convicted of "aggravated felony" crimes such as drug trafficking. Then in 2001, the U.S. Supreme Court gave some protection to certain foreign nationals who pleaded guilty prior to enactment of the 1996 laws and were not advised that pleading could lead to deportation.

According to congressional and Justice Department figures, more than 238,000 foreign nationals are incarcerated in federal, state and local jails nationwide or about 11 percent of the 2.2 million inmate population in all facilities.

Vacating a plea is a significant step under immigration law.

Convicted foreign nationals can stop their deportation if they meet at least three requirements: They had legal status such as a green card for several years before being convicted; their guilty pleas were vacated; and they face no further charges.

Not all foreigners convicted of aggravated felonies are automatically placed in deportation proceedings.

After they've served their sentences, most wind up in proceedings when they draw the attention of immigration authorities either upon arrival from a trip abroad or while seeking an immigration document such as a work permit, green card or citizenship.

This may change.

A senior immigration official told The Miami Herald last month that Homeland Security is seeking arrangements with Florida correctional authorities to identify all deportable foreign-born convicts while in jail or under probation. That way, Homeland Security can place the foreign inmates in deportation proceedings when they begin their sentences so they can be booted out of the country when they finish their time.

The arrangement would reduce the amount of detention space now needed to hold these convicts in deportation proceedings and cut back on the amount of time immigration agents spend tracking deportable convicts released from jail or in hiding.

The official asked not to be identified because he had no formal authorization to discuss the information publicly.

A program to identify and place in deportation proceedings foreign-born convicts in jail or under probation has been a goal of the immigration service since the late 1990s. But it requires far more money and personnel.

More than 89,000 foreign nationals with convictions were deported in fiscal year 2005, according to the Yearbook of Immigration Statistics.

Border Crackdown Spawns Violence (WP)

By Sylvia Moreno, Washington Post Staff Writer

DOJ_NMG_0133645

The Washington Post, February 19, 2007

More Deaths Occurring as Smugglers Fight Over Valuable Human Cargo

SILVERBELL, Ariz. -- Among the statuesque saguaro cactuses in the desert south of this old mining town lies the remnant of a crime scene that federal authorities say signals a troubling and escalated level of violence associated with the human smuggling trade.

Sometime in the pitch-black early morning hours of Feb. 8, a pickup packed with illegal immigrants from Central America, on their way to a presumed stash house in Phoenix, was attacked by two men shooting high-powered assault weapons. The four witnesses found tell conflicting stories about the time, place and other details about the shooting. The abandoned vehicle and two bodies were found near Silverbell, 70 miles north of the Arizona-Mexico border; another body and two survivors were found on the side of a dirt road eight miles north of the mining town.

Three immigrants -- a woman and two men -- were killed, and another woman was seriously wounded by three rounds from an AK-47. An alleged smuggler, whose hand was shattered by gunfire during the attack, is under arrest. The truck driver and another two dozen immigrants remain missing. Inside the yellow police tape strung across prickly pear and ocotillo cactuses lay staples the immigrants carried on their trek across the desert: a package of bologna and a plastic water jug. Personal effects taken from the dead, including blood-smeared pictures of children left behind in Guatemala and El Salvador, are now sealed away as evidence in the Pima County Sheriff's Department.

It is not clear whether this attack was the work of rival smugglers, extremist vigilantes or what are known in Spanish slang here as bajadores-- crews of bandits who steal human cargo throughout southern Arizona and from Phoenix stash houses to extort ransom from their families in Latin America or the United States. What is unusual, said Alonzo PeÃ±a, the new U.S. Immigration and Customs Enforcement special agent in charge of Arizona, is the recent frequency of the violence, the fact these incidents resulted in deaths and that they occurred in the desert, where the crime scenes are hard to find within the thousands of acres of sand and brush.

"There's more and more sophisticated, high-powered assault-type weapons being used . . . and there are back-to-back incidents," PeÃ±a said.

Smuggling violence has increased in Arizona during the past six months, the byproduct of a clampdown by federal immigration authorities, PeÃ±a said. The U.S.-Mexico border in Arizona remains the busiest illegal entry point in the country, but the increased concentration of Border Patrol agents and National Guard troops stationed there during the past year has made it harder to cross.

In the past 18 months, enforcement operations have been stepped up in Arizona, with strong backing from Gov. Janet Napolitano (D), who declared a state of emergency in Arizona's border counties in 2005 because of illegal immigration.

Those efforts appear to be working. Border Patrol statistics show that arrests of illegal immigrants in the Tucson sector, which includes 135 miles of border, dropped 11 percent overall last year and are down 9 percent since October, compared with the same period the year before. Deaths from heatstroke and dehydration in the Arizona desert just north of the border, which averaged 160 annually between 2000 and 2005, also dropped slightly last year, said Pima County Medical Examiner Bruce Parks.

The result, PeÃ±a said, is that a cargo of illegal immigrants that makes it across the border is worth more now. "This is raising the cost to do business for the smugglers," PeÃ±a said about the stricter border enforcement. "The commodity is more valuable, so [rival] smugglers are trying to get hold of it."

A few days after the assault near Silverbell, two men were found dead in the desert west of Phoenix, which local authorities believe was connected to illegal smuggling. In late January, a truckload of illegal immigrants was ambushed in the desert near Eloy by several armed men wearing camouflage clothing and berets, surviving immigrants said. The driver was killed and one immigrant was wounded.

Just last week Pima County authorities found another body in the desert. Officials estimated it had been dead for two weeks and said they believed it was also connected to human smuggling.

"Unfortunately, this is a common occurrence," said Pima County Sheriff Clarence Dupnik, whose detectives are charged with solving the homicide near Silverbell. "This is not an aberration. And to be honest, the chances of solving this is not good."

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With illegal immigrants facing increased risk of capture at or near the border, smuggling organizations are waiting for them to get well north of the border before hijacking them, usually at gunpoint. For some years, such incidents have been seen in and around Phoenix, where the bajadores break into immigrant stash houses to take over what is known as the "collections process." While immigrants wait for relatives and friends to send the agreed-upon smuggling fees so they can move on to their final destinations farther north or west, the bajadores take the group hostage and begin extorting exorbitant ransom fees.

One such violent crew, known as the Franco organization, with roots in Sinaloa, Mexico, made its mark four years ago in Phoenix by taking hostage more than 50 illegal immigrants in a stash house and viciously beating them, burning them with cigarettes and putting plastic bags over their heads while holding them at gunpoint.

A month ago, one Franco bandit was sentenced in U.S. District Court in Phoenix to life in prison plus seven years on a conviction of conspiracy, hostage-taking, harboring illegal aliens, and possessing and using a firearm to commit violence. Another participant in the hostage-taking had been sentenced previously, and three other defendants are set for sentencing next month.

Between April 2005 and July 2006, 65 similar cases involving Phoenix stash houses were discovered by federal agents, PeÃ±a said. Still, the recent desert shootings, resulting in fatalities, stand out.

"Sadly, violence has become the norm," said Angel RascÃ³n, a special agent in the Bureau of Immigration and Customs Enforcement's Phoenix office. But when they "end up happening in such frequency and in death, that's alarming."

U.S. 'Rewarded' Alien For His Testimony (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 19, 2007

An illegal alien got a "get out of jail free card" plus U.S. legal documents and monetary compensation from federal prosecutors in exchange for his testimony against a U.S. Border Patrol agent accused of using excessive force during an arrest.

Former agent David Sipe, who was convicted and fired, recently won an acquittal at a court-ordered retrial.

A federal appeals court in Texas ordered the new trial, saying prosecutors gave the illegal alien and two others additional inducements not disclosed at the time for their testimony, including Social Security cards, witness fees, permits allowing travel to and from Mexico, living expenses and free use of government phones.

"The government stated in writing the aliens were allowed to remain and work in the United States pending trial and specified that 'no other promises or advantages' had been given," the court said. "That was not true."

Mr. Sipe, 35, of Bethany, Okla., was convicted in 2001 after a five-day jury trial in McAllen, Texas, before U.S. District Judge Ricardo Hinojosa. U.S. Attorney Mervyn Mosbacker Jr.'s office charged the agent with using excessive force and causing bodily injury in the 2000 arrest of a Mexican national, Jose Guevara.

Mr. Sipe's attorney, Jack Lamar Wolfe, sought a new trial, accusing prosecutors of "misrepresentations and nondisclosures." After a hearing, Judge Hinojosa ordered a new trial, a ruling upheld by a 5th U.S. Circuit Court of Appeals panel in Austin, Texas.

The appeals court agreed that prosecutors suppressed evidence that would have been favorable to Mr. Sipe's defense. The new trial was moved to Brownsville, Texas, before U.S. District Judge Andrew Hanen, and an acquittal was handed down Jan. 26.

The court said that in its pre-sentence report, prosecutors disclosed information to a probation officer they had not given to the defense, including evidence that the illegal aliens had received numerous benefits in exchange for their testimony.

"They were essentially given all, and more, of the benefits they were arrested for trying to obtain illegally benefits so valuable that they took great risks to obtain them by crossing the border illegally," the court said.

Mr. Sipe, through his attorney, is seeking to be reinstated. Mr. Wolfe said his client was fired because of the conviction "and for no other reason, so with that conviction now gone, he ought to be able to get his job back."

In its ruling, the court also said the government failed to disclose that after Mr. Sipe's arrest and before the trial, Mr. Guevara was caught by Border Patrol agents in the company of illegal aliens, and the arresting agents released him when he displayed a card given to him by prosecutors.

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"Since Guevara had been granted free passage in his deal with the government, his arrest with illegal aliens was evidence that he was a transporter, as well as evidence of the extent of the government's support accorded him in order to obtain his testimony," the court said. "As the defense termed it, Guevara was given a 'get out of jail card.' "

The court said that although there was evidence of Mr. Sipe's guilt, the prosecution's withholdings prevented him from exposing "significant weaknesses in the government's case at every turn."

Mr. Sipe was indicted in November 2000 for using excessive force. Before the trial began, he filed motions seeking, among other things, what benefits the government had given the aliens. The government responded by saying three aliens who would be called to testify Mr. Guevara, Nehemias Diaz and Evarado Sanchez and were allowed to remain in the United States to work pending trial, but that "no other promises or advantages" had been given.

The court said the government also failed to disclose that the other two illegal aliens called to testify in exchange for immunity had been living with Mr. Guevara during the months before trial.

In 2000, Mr. Sipe was on the border near Penitas, Texas, responding to a sensor alarm when he spotted 12 to 15 illegal aliens. After ordering the group to halt, records show, Mr. Guevara, Mr. Diaz and Mr. Sanchez fled into an area of heavy reeds. Mr. Sipe said he was defending himself when he struck Mr. Guevara with a flashlight.

Mr. Guevara required five stitches in his head and later won an $80,000 settlement from the government.

A Fair Shake (WP)

The Washington Post, February 19, 2007

Asylum from the asylum process

TWO YEARS AGO, the U.S. Commission on International Religious Freedom released a report detailing the upsetting inconsistency with which immigration agents and judges treat foreigners seeking asylum in the United States. The study's conclusion: Asylum seekers are often not given a fair chance to argue their cases, putting legitimate claimants -- especially those who can't contact a lawyer -- at risk of being sent back to their countries of origin, where they face retribution from their governments. This month, the commission issued a follow-up that included a report card on the government's progress since the original study. Both the Department of Homeland Security and the Justice Department earned a fair number of D's and F's from the bipartisan group.

In the 2005 report, the commission found that statements taken by immigration officers early in the process were often incomplete and that claimants were often not given the chance to correct them. Yet immigration judges heavily relied on the statements to make their determinations. Access to legal counsel was also found to be inconsistent, a major problem when, according to the commission, asylum seekers with lawyers are about 11 times as likely to have their applications approved.

The commission has not conducted an exhaustive study examining the scale of these problems since its 2005 report. Rather, the panel used the government's sins of omission as evidence that the situation has not improved over the past two years. It noted that the Department of Homeland Security in particular has released little information on the progress, if any, it has made on implementing many of the recommendations in the 2005 report.

Leaving aside some of the more controversial recommendations the commission offered in its previous report -- such as giving front-line officers the power to grant asylum at an early stage -- there is no good reason that, after two years, Homeland Security has not been able to adopt much of the commission's advice. This includes expanding video monitoring systems at border stations, improving training and instruction of federal immigration agents, and ensuring consistent access to pro bono legal services. If the government has made progress, it should get credit. If it hasn't, the U.S. Commission on International Religious Freedom, and Americans in general, should know.

Immigrants: The Unsung Heroes Of The U.S. Economy (USNEWS)

By Renuka Rayasam

U.S. News and World Report, February 18, 2007

While illegal immigration attracts the spotlight, another facet of the issue is just coming into view: Immigrant entrepreneurs are helping fuel the U.S. economy. Recent studies show not only that immigrants are starting businesses at a faster rate than native-born Americans but that many of those businesses are refreshing neglected inner-city neighborhoods.

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That's what Alfredo Rodriguez wants to do in a small corner of Newark, N.J. The native of the Dominican Republic moved to New York when he was 5 years old and has worked in the grocery business since he was 12. In 2002, he bought a 53,000-square-foot supermarket and transformed it to meet the tastes of Hispanic shoppers. Now about 90 percent of his customers are Latin American immigrants. Every week 5,000 customers visit his store for staples like frozen plantains, boosting his annual sales to $9 million.

"Hispanic immigrants spend more than traditional customers," says Rodriguez, a U.S. citizen. Not only are they willing to pay more for items that remind them of home, but many also like to cook generous portions in case an unexpected visitor drops by, he says. He wants to expand his Xtra Supermarket and make the surrounding strip into a center that caters to immigrants.

It's the kind of pattern that's enlivening immigrant pockets in cities like New York and Los Angeles, according to the Center for an Urban Future. In 2005, first-generation immigrants started 22 of L.A.'s 100 fastest-growing companies, the center says. From 1994 through 2004, while the number of new companies grew 9.6 percent in New York overall, in the Flushing neighborhood of Queens, an immigrant magnet, they grew 54.6 percent.

Billions. Like Rodriguez, many of the new entrepreneurs are starting companies that cater to local communities, whether by selling India's Bollywood movies or East Asia's bubble tea. "They are the first ones to be able to respond to the consumer face of the immigrant community," says Michael Barrera, head of the U.S. Hispanic Chamber of Commerce. Barrera estimates that by 2010 the number of Hispanic-owned businesses will grow to 3.2 million from 2 million today and will generate $465 billion in goods and services.

About 85,000 immigrants started new companies in 2005, according to the Kauffman Foundation. That newcomers start businesses at a higher rate than native-born Americans "comes as no surprise," says Robert Litan, Kauffman's vice president of research and policy. "Immigrants have a higher propensity to be self-employed, because often it is the only way to crack the economic system."

Even highly educated immigrants may lack the language skills or cultural knowledge necessary to break into corporate America, says Susan Au Allen, president of the U.S. Pan Asian American Chamber of Commerce. They often prefer to be their own boss, she says. About a quarter of the engineering and technology companies started from 1995 through 2005 had at least one immigrant founder, according to a Duke University and University of California-Berkeley study.

To get started, immigrants typically tap into family networks with established local roots, says Litan. It's how Rodriguez got his start in the grocery business. In 1985, he bought his first grocery in Queens with the $25 a week his mother had been setting aside for him for a decade. After he sold that store, he began working at his father-in-law's stores before branching out on his own again. "It's just natural," Rodriguez says, that he followed in other immigrants' footsteps.

TAX:

Ebay Fights Plan To Shop Users To IRS (FT)

By Eoin Callan In Washington

Financial Times, February 20, 2007

Ebay is fiercely resisting a Bush administration plan it says will force it to snitch on customers who are not paying tax on billions earned on the popular online auction site.

The Treasury estimates it could collect $2bn in unpaid tax if companies such as eBay reported American users who carry out more than 100 transactions worth at least $5,000 a year to the Internal Revenue Service.

But an eBay spokesperson said: “We do not believe it is our responsibility to serve as the go-between. We believe that it is the seller’s responsibility.” The company pointed out that many users file self-employment and business tax returns based on their eBay income.

Ebay said it would co-operate with IRS investigations into specific persons but would not voluntarily report its customers’ sales “en masse”.

The US measure, planned to come into effect on January 1, 2008, would only affect American users of eBay, but separately this week UK Revenue and Customs warned taxpayers to report income from eBay activity or face penalties.

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Ebay says the measure is especially unfair because it does not apply to rivals such as Craigslist, the online classified advertisement site, whose business models do not have the auction or payment tools of eBay.

Ebay has more than 200m registered users of its auction services and estimates 4.3m rely on its website for a significant portion of their income.

The company, which has a market valuation of $47bn, has mobilised its extensive lobbying network in Washington to resist the Treasury by challenging its authority and questioning the legality of the government proposals.

Pamela Olson, a tax partner at Skadden, said: "The proposal is aimed at companies like eBay facilitating the sale of personal property for their customers."

Representative Rick Boucher, a member of the internet caucus in Congress, said he had been in touch with eBay and would rally opposition on Capitol Hill.

Barbara Weltman, an expert on eBay sellers, said the company did little to encourage tax compliance by customers, but already collated the data the IRS was seeking.

"It is a burden but it is doable," she said.

The company is marshalling legal arguments that it does not meet the government's definition of a "broker" and that the millions of auctions that take place on its websites are not actually auctions.

"We do offer sellers auction-like transactions but they are not auctions," said a spokesperson, citing technical definitions in state law that an auction has no fixed end-time.

The fate of the Treasury plan is likely to depend on the success of eBay's lobbying and wider talks between the administration and Congress about President George W Bush's budget proposals.

CONGRESS-ADMINISTRATION:

Senate GOP Ready To Fight For Agenda (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, February 19, 2007

Senate Republicans have pledged to fight for up-or-down votes on President Bush's judicial nominees and to make his tax cuts permanent, but they face an uphill battle in pushing their agenda.

Republican leaders have outlined seven issues they plan to highlight in the shadow of the Democratic majority, which has its own priorities and the power to bring them to the floor.

"Obviously, in the minority we don't get to set the agenda, but we expect to be offering our ideas" in the form of amendments to other proposals, said Senate Minority Leader Mitch McConnell, Kentucky Republican.

Senate Republican Conference Chairman Jon Kyl of Arizona said his party unanimously agreed on a set of guiding principles and revealed them in advance of forthcoming legislative specifics.

Mr. Kyl called the seven principles a "good starting point" Thursday as lawmakers prepared for a weeklong recess. In addition to judges and tax cuts, the broad principles promise a commitment to "fiscal restraint" and to fight the war on terrorism, among other things.

"We are committed not only to effectively communicating our vision for the nation but also demonstrating through debate and legislative action that Republican ideas are better for America," Mr. Kyl said.

Democrats weren't sure what to make of the Republican plan.

"There's very little to quibble with because much of it comes straight out of the Democratic agenda," said Jim Manley, spokesman for Senate Majority Leader Harry Reid, Nevada Democrat.

As for judicial nominees, Mr. Reid has promised to quickly hold votes on "consensus" candidates.

"But if the president sends us divisive, right-wing ideologues, he can expect to face trouble in the Senate," Mr. Manley said.

Democrats have blocked many of Mr. Bush's nominees using a filibuster.

Among the other examples of legislation Mr. Kyl said may result from the Republican principles:

•Attempting to make the Bush tax cuts permanent;

•Supporting Mr. Bush's plan to increase the size of the military;

•Pushing earmark reform;

•Expanding domestic oil production and alternative energy research.

Another of the seven issues is related to health care. Republicans say they will propose creation of small-business health-insurance plans, expansion of health savings accounts and support for the health care tax plan Mr. Bush promoted in his State of the Union address last month, with the idea "all Americans can receive quality health care."

"It's not enough just to play defense. You need to have a positive agenda that you believe in and that you're going to fight for," said Senate Minority Whip Trent Lott, Mississippi Republican.

One of the thornier issues at the bottom of the Republican agenda is immigration reform.

Last year, 23 Senate Republicans faced wrath from conservatives for joining Democrats to pass a "comprehensive" immigration plan that opponents said rewards illegal aliens.

Mr. Kyl said members learned from the November elections, and he thinks both parties are "committed" to dealing with an immigration plan.

"We are all reformulating our views on how to proceed with this," he said, noting broad Republican support for securing the border and making sure workplaces follow immigration law.

Mr. Manley said when the Senate returns from recess it will likely consider implementing the remainder of the September 11 commission recommendations, passing changes to the prescription-drug program and funding for embryonic stem-cell research. All three measures have already passed the House.

Information, Please (WP)

By Elizabeth Williamson

The Washington Post, February 19, 2007

Deep inside the Library of Congress, 500 researchers pound out the secret intelligence Congress uses to make law.

Legislators request 6,000 Congressional Research Service reports a year, on weapons systems and farm subsidies, prescription prices and energy use. Together, they offer what lobbyists and industry want most: clues to what's next on the Hill.

For years, open-government groups have fought to make the reports public, and for years, many lawmakers have kept them under wraps. Or so they thought.

By insisting on secrecy, Congress instead created a bootleg market for the research. Every day, a small Texas company compiles the reports and sells them to lobbyists, lawyers and others who pay thousands of dollars for a peek at the reports and what they say about the congressional agenda. And it's all legal.

"How I get them is my trade secret . . . but I get them all," said Walt Seager, who digs up the reports for Gallery Watch, a legislative tracking service.

The Congressional Research Service (CRS) was established in 1914 as Congress's supplier of nonpartisan research and analysis. Its reports are neither classified nor copyrighted, but they've long been the exclusive property of lawmakers, who distribute them as they see fit. Taxpayers supply the agency's $100 million annual budget, inspiring open-government groups and some lawmakers, including Sens. John McCain (R-Ariz.) and Patrick J. Leahy (D-Vt.) to push for public release of CRS reports.

"The Library of Congress is a national treasure. The public deserves ready access to the reports it prepares for Congress, and easy online retrieval is the obvious answer," Leahy said. "We need to keep moving toward that goal."

But each time the topic comes up, it runs into a wall erected by lawmakers such as Sen. Ted Stevens (R-Alaska), who "like many members of Congress, views CRS as an extension of his staff," said Aaron Saunders, Stevens's spokesman. If the reports were made public, "every time a member requests a particular document, the public may infer that he's staking out a particular policy position."

CRS's director, Daniel P. Mulhollan, has left it to Congress to decide. "Once a report is produced for the Congress, it becomes the property of the Congress," he said in a statement. "CRS itself has no public role and is prohibited by law from publishing its work."

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It's up to members and committees, Mulhollan said, to release the reports "directly, by inclusion in congressional publications or through their own Web sites."

Open-government groups have a problem with that: "CRS is Congress's brain, and it's useful for the public to be plugged into it," says Steven Aftergood, an open-government advocate who runs the Federation of American Scientists' Secrecy News blog.

Aftergood and others have fought back by posting every CRS report they can find on their Web sites. But watchdog groups have released only about 10 percent of the total, not enough to reveal the patterns that suggest what Congress might do next.

Subscribers to Gallery Watch pay about $4,000 a year to get all the CRS reports, online and searchable, delivered weekly.

Gallery Watch sells other legislative tracking tools, but the reports are the key reason clients subscribe, said Patrick Riendeau, a sales executive. Besides lobbyists, lawyers, and corporations, universities and news organizations subscribe.

At a recent meeting for potential customers, Riendeau explained that clients scan the reports for intelligence "kind of how the CIA operates," by spotting the political trends suggested by their contents and timing, he said. About a year ago, lawmakers made a flurry of requests for CRS reports related to North Korean counterfeiting of U.S. currency; not until months later, when the Treasury Department cracked down on North Korea, did the issue appear in newspapers.

Gallery Watch, owned by the Capitol Hill newspaper Roll Call, gets the publications from Seager, 68, a former trade magazine journalist based in Damascus, who for 20 years has mined the Hill for them.

"I'm just an old Washington journalist who knows how to find things," Seager said. He got started, he said, two decades ago when he found a CRS catalogue of new reports in a congressman's office. He made copies of it and sold subscriptions, with instructions on how to get the reports by contacting lawmakers. When CRS stopped publishing the listing, Seager started finding the reports himself.

"I upload an average of about 100 a week" to Gallery Watch, he said.

If the reports were ever made available to all, "I would comfortably retire to my mountain retreat in West Virginia and be very happy, because that's the way it should be -- taxpayers pay for them," he said.

But he doesn't think that will happen. For one thing, he said, "incumbents like to provide them to their constituents [saying] 'glad to be of service, hint, hint, remember me at election time.' "

Second, he said, CRS is "a think tank working for [members] exclusively and not for the people running against them. They've got all this brainpower behind them making them look very knowledgeable."

"The less I know, the better," said Gallery Watch Senior Vice President Arnie Thomas about Seager's methods.

While he would not provide a list of clients, citing privacy concerns, the company's Web site client list includes lobbying and law firms, Mitsubishi, the Mashantucket Pequot Tribal Nation and the Department of Agriculture.

Deloitte & Touche lobbyists hailed Gallery Watch in an online testimonial: "With the collapse of Enron . . . almost daily there were numerous bills being introduced that required us to research and analyze the impact of the proposed legislation on the accounting profession," one said. "We need a tool to tell us when something is going on."

Hospital Investigates Former Aid Chief (WP)

By Dana Priest And Anne Hull

The Washington Post, February 20, 2007

For the past three years, Michael J. Wagner directed the Army's largest effort to help the most vulnerable soldiers at Walter Reed Army Medical Center. His office in Room 3E01 of the world-renowned hospital was supposed to match big-hearted donors with thousands of wounded soldiers who could not afford to feed their children, pay mortgages, buy plane tickets or put up visiting families in nearby hotels.

But while he was being paid to provide this vital service to patients, outpatients and their relations, Wagner was also seeking funders and soliciting donations for his own new charity, based in Texas, according to documents and interviews with current and former staff members. Some families also said Wagner treated them callously and made it hard for them to receive assistance.

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Last week, Walter Reed launched a criminal investigation of Wagner after The Washington Post sought a response to his activities while he ran the Army's Medical Family Assistance Center, a position he left several weeks ago. Maj. Gen. George W. Weightman, the commander at Walter Reed, said the probe by the Criminal Investigation Command (CID) "reflects the seriousness with which we take these allegations."

Weightman's legal adviser, Col. Samuel Smith, said that "it would clearly be a conflict of interest" prohibited by federal law, Army regulations and Defense Department ethics rules if Wagner used his position to solicit funds for his own organization.

The saga of the Medical Family Assistance Center is just one example of the problems at Walter Reed, where nearly 700 soldiers and Marines from the wars in Iraq and Afghanistan live as outpatients while recuperating. Some families are happy with the help they received from Wagner and his office, and many soldiers and their families applauded the dedication of workers there. Others said that they had problems with Wagner and that the center seemed chaotic and disorganized.

"We had many family members who came to me because they couldn't get a respectful and compassionate response from Dr. Wagner," said Peggy Baker, director of a charity that helps wounded soldiers, Operation First Response.

Wagner, who has a doctorate in education, resigned his position last month to work full time on his Military, Veteran and Family Assistance Foundation, based in Dallas. The foundation includes the Phoenix Project, which runs marriage retreats for soldiers returning from combat. According to its Web site, the foundation is supported by several corporations, other foundations and individuals.

In a phone interview, Wagner denied he had solicited funds or made contact with donors during office hours. "It's just not true," he said. "I intentionally stayed out of that. I couldn't do that. I couldn't do both." He said he is not paid by the foundation. The documents that would verify that have not yet been filed with the Internal Revenue Service.

Wagner said his superiors "knew of my involvement right from the beginning." Weightman said the command had been unaware of Wagner's Texas charity until recently.

Wagner defended his work at the center. "My only purpose and my priority 12 to 19 hours a day was to assist the families of the wounded," he said. "I saw 6,000 people coming back from Iraq and Afghanistan. I did my best, but I'm not God. What I did there was a job that was superhuman."

Wagner said that the charity was founded by his brother and that he did not officially become its executive director until he left Walter Reed. But fundraising documents from early January, before he resigned, list him as the director, and the organization's Web site called him its executive director months before he resigned.

In a fundraising letter he signed shortly before he quit the Medical Family Assistance Center, Wagner referred to his work at Walter Reed. As head of the center, he wrote, "I have had over a thousand citizens in this great country asking what they might be able to do at Walter Reed for our wounded troops and their families. I found myself telling them that Walter Reed was blessed with the outpouring of the goodness and generosity of the American public and that if they were really interested in assisting, they should look within their own communities."

But, his letter continued, "I realized they were not working with their local communities so . . . I decided to found the Military, Veteran and Family Assistance Foundation to do just this, to do what I am able to help our soldiers reenter their home and local community."

Wagner included an ambitious business plan to take the charity from a $237,000 pilot project in the first year, which ended in August 2006 -- while he was working at Walter Reed -- to a $145 million foundation by 2011. He signed the letter "Executive Director and Founder."

Leita Sosin, an 11-year Army veteran who worked in Wagner's office for two years, said she complained to him and to co-workers about his involvement with the charity. "It really broke me to see what he was doing," said Sosin, 29, a former Army operating-room technician. "Instead of working with the families at Walter Reed and with us, he spent all his time putting together the Phoenix Project."

Moscow Spencer, a case manager fired by Wagner in October, also complained to her co-workers. "All day long he'd work on his program," she said. "If someone came in to donate money, he would talk to them about his project."

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Sosin said the office was overwhelmed by the number of families who needed assistance and who were confused by the complex bureaucracy. "Everyone needed help, but you couldn't get them the help as fast as they needed it," she said. "Someone like me could scream all day about how it was broken, but no one wanted to take the time to fix it."

She also said Wagner was arrogant toward some staff members and families. "People got hurt in the process, whether it be financially or because he promised a lot of things he never followed up on," she said.

In April, Sosin said, she laid out her concerns in a three-page letter to her superiors. She received no response and resigned. Wagner said that Sosin never complained to him and that he had no idea why she quit.

Poverty among soldiers returning from war is not uncommon. While they continue to live on the Army payroll until they return to active duty or are discharged, some experience a substantial decrease in pay when combat pay or hazard pay disappears.

Some Army families breach the poverty line when a spouse quits a job to help the soldier recuperate; the mortgage bill doesn't stop, and they still need to feed their children. Many turn to the generosity of a public eager to prove they have not forgotten the troops' sacrifices. While staff members and soldiers acknowledge that some families take advantage of the plentiful freebies at Walter Reed, many others ask for help only as a last resort.

The assistance center is supposed to be the connection between a soldier's family and private donors. Until recently, it did not accept cash contributions but instead matched families' needs -- for bus or plane tickets, clothing, emergency food vouchers, grants for mortgages or living expenses -- with organizations set up to help.

According to Walter Reed, an average of 14 families a day seek assistance from the center. While it is difficult to quantify the value of donations, the center received $4,500 worth of phone cards in 2006 and handled $1.9 million worth of donated plane tickets. Weightman said the center's staff was recently increased from five to nine employees, with two people assigned to keeping track of the donations, and training has been improved.

The system for receiving donations is often confusing, even for the staff, Weightman said. "There's too much for any one person to know, but depending on the question, they may know [the answer] or direct you to the person who does know it."

Some soldiers go directly to the many volunteer organizations set up to help the wounded. Last year, Wagner began an effort to funnel all requests and donations through the family assistance center. It was a good idea, said Sosin and others, but because Wagner seemed preoccupied, a bottleneck of requests resulted.

"It was really all at the expense of the service member," said Sandra Butterfield, who worked at Walter Reed as an ombudsman for a Defense Department-funded relief organization. "He decreed that everything had to go through him," and it didn't seem to matter if that slowed the process. Officials, she said, "don't understand what it meant to have no money. Family members changed the sheets, empty the bedpan. But they are leaving their homes across the country. . . . Every day I came home angry."

Some families were also angered by the way Wagner treated them.

"The patient care was absolutely wonderful, but the administration was horrible, especially Dr. Wagner," said Maria Mendez, whose 25-year-old nephew, Spec. Roberto Reyes Jr., suffered severe brain and limb damage when a mine exploded near him outside Baghdad. "It was like running around in circles. He was never around."

"They were unprofessional, discourteous and uncompassionate all in one," Mendez said. "I was very surprised. You figure any family who's gone through such devastation, then faces this, to be treated with such unprofessionalism . . . it's like you're putting salt on the wounds."

Frustrated, Mendez set up an account for her sister, Aida Rivera, Reyes's mother, to pay for her stay at Walter Reed. Rivera eventually got financial assistance from the Army and outside organizations, but she also received a $3,519 bill from Mologne House, a hotel at Walter Reed, for her stay as her son's nonmedical attendant.

Staff members from other offices also complained to the command about Wagner, according to memos obtained by The Post. In one, an employee, who asked not to be named, questioned why a soldier's mother "who had subsisted on dried soups . . . due to her lack of funds" could not get help. Four months after approaching the center, the memo said, the mother had not received the per diem owed her as her child's nonmedical attendant "and has no cash for essentials nor emergencies."

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A wife who accompanied her wounded husband, who was based in Germany, said Wagner asked her repeatedly why she did not return to Germany so she could continue working. The woman "reported she felt harassed and bullied but that she held her ground," the employee's memo states.

Wagner said families were often angry at his office, not because it failed them but because they were distraught over their situation. "Their true need is an emotional one. They're going to be angry at somebody. . . . I did my best; no, more than my best."

Army Fixing Patients' Housing (WP)

By Dana Priest And Anne Hull

The Washington Post, February 20, 2007

Walter Reed Army Medical Center began repairs yesterday on Building 18, a former hotel that is used to house outpatients recuperating from injuries suffered in Iraq and Afghanistan and that has been plagued with mold, leaky plumbing and a broken elevator.

The facility's commander, Maj. Gen. George W. Weightman, said Army staff members inspected each of the 54 rooms at the building and discovered that outstanding repair orders for half the rooms had not been completed. He said that mold removal had begun on several rooms and that holes in ceilings, stained carpets and leaking faucets were being fixed.

Walter Reed, the Army's premier medical facility, has turned into a holding ground for wounded soldiers during 5 1/2 years of sustained combat. Almost 700 outpatients suffering from physical injuries and psychological problems live on the 113-acre military post or in nearby quarters. Many linger there for 18 months or longer as they move through the Army's numbing bureaucracy.

A Washington Post series over the weekend described "The Other Walter Reed," where overdoses, suicide attempts and depression among outpatients are the parallel narrative to the spit-polish hallways of the renowned hospital.

Building 18, in particular, symbolizes the indifference and neglect that many of the wounded say they experience at Walter Reed.

Yesterday, Weightman said a broken elevator in the building had been repaired and soldiers were working to improve the outside of the building, including removing ice and snow. The slippery conditions have kept some soldiers in their rooms. A garage door that has been broken for months will soon be repaired as well.

Spec. Jeremy Duncan, whose room has a moldy wall that was featured in one photograph in the Post series, has been moved to another room while workers make repairs. Duncan will be able to return to his room when the work is completed, Weightman said.

Walter Reed and Army officials have been "meeting continuously for three days" since the articles began appearing, Weightman said. A large roundtable meeting with Army and Defense Department officials will take place at the Pentagon early this morning to continue talks about improvements in the outpatient system, he added.

Weightman said the medical center has received an outpouring of concern about conditions and procedures since the articles appeared and has taken steps to improve what soldiers and their families describe as a messy battlefield of bureaucratic problems and mistreatment.

"We're starting to attack how we'll fix and mitigate" some of the problems, he said.

Social workers will now be stationed around the clock at Mologne House, the 200-room hotel on the post where many of the outpatients live. Plans are being developed to better train other staff members who deal with outpatient needs.

The Army will also consider moving some outpatients to its other medical centers throughout the United States and will determine over the next weeks whether more workers are needed at Walter Reed.

Fast-Changing CIA Puts New Emphasis On Recruiting (WP)

By Stephen Barr

The Washington Post, February 19, 2007

At CIA headquarters, iPods are banned. So are cellphones.

"No personal media things," said Karen Mullet, the agency's chief of employee support.

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Workplace restrictions like these are among the smaller sacrifices that CIA employees make on behalf of the nation's security. But a wave of new hires at the agency are very, very tech savvy and, it seems, not shy about their interests.

"They are pushing us to change in ways that, from a security perspective, we might not be ready to change," said Cindy Bower, the CIA's chief of human resources. "They want to use BlackBerrys, and they've got iPods they want to bring in and listen to music."

The new hires also are prodding the agency to improve its information technology systems. "They want it faster and better," said Michael J. Morell, associate deputy director and the No. 3 at the agency. "I think it is a very healthy thing."

Perhaps no federal agency is changing as rapidly as the CIA. The terrorist attacks of Sept. 11, 2001, shook up an intelligence community that had been downsizing since the end of the Cold War. Since then, recruitment and hiring have become a CIA priority.

Forty percent of the workforce has arrived since Sept. 11, 2001. Of the new hires, 60 percent are under age 30, and 85 percent are under 40. One in six have military experience.

"We are bringing in today more people than we ever have before," Morell said. The agency set a record for new hires in fiscal 2006 and is likely to come close to doing so again this year and again in fiscal 2008.

Today's CIA looks like "what we call a double-humped camel," Morell said. Most employees have been employed less than five years or more than 15 years, "and not much in that five- to 15-year period," he said.

Despite criticism and controversy in the months after Sept. 11 from Congress and outside investigators, the CIA has proved to be one of the most attractive parts of government for people interested in public service.

Last year, the agency received 134,000 rÃ©sumÃ©s and is on pace to get 160,000 this year, Morell said. That's up from 39,000 to 63,000 a year before the terrorist attacks.

The CIA reviews every rÃ©sumÃ©, but cannot respond to every applicant. Morell and Mullet said the agency is working to change that.

The agency is increasing its ranks of analysts and operations officers (better known as spies), but also needs engineers and professionals in finance, logistics and medicine.

Getting hired, of course, is not easy. The agency looks for people with language skills who have lived abroad and who are at mid-career with experience in industry. About 60 percent of recruits have overseas experience, and about 40 percent have advanced degrees.

Although a quarter of job applicants say they have foreign-language capability, CIA tests find that only 12 percent are proficient.

The hiring process takes nine to 12 months -- from the time a rÃ©sumÃ© is submitted until a letter of acceptance is sent, setting a start date. Employment offers hinge on receiving security clearances, and about 25 percent do not get them, Mullet said.

The hiring surge is part of a "strategic intent" developed by CIA Director Michael V. Hayden that includes an "analysts forward initiative," aimed at getting more intelligence analysts into overseas positions so they gain regional expertise more quickly, and a "leadership development initiative" to make sure the CIA has people who can manage its changing workforce.

Hayden also has called for enhancing diversity at the CIA, eliminating time in grade as a factor in promotions to put more weight on job performance, and requiring rotational assignments across directorates before promotions.

Senior officials are making progress on reshaping the workforce, Morell said. They have identified jobs that require foreign-language skills, and about half have been filled by officers "with significant language capability," he said. That's an improvement over the past four years, and Hayden has formed a group "to figure out what we can do to make it even better," Morell said.

The CIA is especially interested in hiring people who speak Chinese, Arabic, Korean, Farsi, Dari, Pashtu, Urdu and other "mission-critical" languages.

Efforts to improve diversity are paying off and should make it easier for the CIA to operate around the world, Morell said.

In fiscal 2006, 23 percent of new hires were African Americans, Hispanics, Asian Americans and Native Americans. The CIA also is hiring Arab Americans, Persian Americans and South Asian Americans, Morell said.

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Half of the managers are minorities or women, a higher proportion than four years ago. Of Hayden's senior leadership team, 35 percent are minorities or women, Morell said. About 30 percent of station chiefs are minorities or women, up from 20 percent three years ago. "So the trends are in the right direction, but we need to do better," Morell said.

The hiring surge, he said, "puts a huge responsibility on this organization to hire the right people, to train them, to develop them." That, and "how well those folks do, will determine how well this agency does 10, 15, 20 years from now," Morell said. "So we are taking very seriously how we invest in them."

Even though employees must leave their iPods and cellphones in their cars while at work on the CIA campus near McLean, the agency has not had problems keeping younger workers.

"We have not yet seen the conventional wisdom of the last five years that Generation Xers and Gen Ys are going to job-hop," Morell said.

Power Shifts In Scalia's Favor On Supreme Court (LAT)

By David G. Savage

The Los Angeles Times, February 20, 2007

WASHINGTON — It has been two decades in the making, but this is the year Justice Antonin Scalia, the Supreme Court's most outspoken dissenter, could emerge as a leader of a new conservative majority among the justices.

Between now and late June, the court is set to hand down decisions in four areas of law -- race, religion, abortion regulation and campaign finance -- where Scalia's views may now represent the majority.

In each of those areas, the retirement of centrist Justice Sandra Day O'Connor and her replacement with Justice Samuel A. Alito Jr. figure to tip the court to the right. That would give 70-year old Scalia the chance to take on a role that has largely eluded him: speaking for the court in major rulings.

Scalia is not known for seeing shades of gray in legal disputes; instead, he has favored clear rules and broad decisions.

A series of broad-brush rulings could put Scalia's stamp on some key social issues in the United States. A Scalia-led majority would be likely to outlaw the use of racial guidelines to achieve integration, allow a greater role for religion in public life, uphold stricter regulation of abortion and strike down campaign-funding laws on free-speech grounds.

It is a prospect dreaded by liberals but eagerly awaited by many on the right.

"I'm looking forward to the next 10 to 12 years," said Terry Eastland, publisher of the conservative Weekly Standard.

Although his majority opinions have been few, Scalia's influence has been considerable, especially among lawyers inspired by his championing of "originalism," or strict adherence to the original meaning of the words in the Constitution.

"Justice Scalia has had a bigger impact off the court than on it," said Michael Gerhardt, a law professor at the University of North Carolina. "In his speeches and his opinions, he is trying to reach a wider audience."

Scalia does not grant media interviews, but in recent years he has spoken regularly at colleges and law schools, and he rarely fails to make news with an off-the-cuff comment. When asked to explain his role in the Bush v. Gore decision that halted Florida's recount in the 2000 presidential race, his standard rejoinder is: "Get over it."

"I'm a textualist. I'm an originalist. I'm not a nut," he told students at Claremont McKenna College in Claremont, Calif., earlier this month.

His dissenting opinions have won him "a nearly cult-like following among many conservatives," said author Kevin A. Ring, whose book "Scalia Dissents" contains the justice's writings in a dozen areas of law.

Still, much more than memorable dissents were predicted when Scalia was unanimously confirmed to the high court in 1986. A former law professor, he was seen as smart, witty and charming. Many foresaw him leading a conservative counterrevolution.

But he has never quite lived up to the early promise.

His temperament may be to blame, says George Washington University law professor Jeffrey Rosen in a newly published book that accompanies a PBS series on the Supreme Court. Rosen wrote that Scalia's gruff and acerbic style and his know-it-all manner turned colleagues against him.

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His conservative admirers say the blame lies not with Scalia, but with Republican appointees, such as Justices Anthony M. Kennedy, David H. Souter and O'Connor, who turned out not to be true conservatives.

"He is not a split-the-difference type of jurist, and he has needed one extra person on his side," Eastland said.

Even when in the majority, Scalia has written surprisingly few major opinions. William H. Rehnquist, who was chief justice from 1986 to 2005, rarely turned to Scalia, because doing so risked losing the crucial votes of moderates, in particular O'Connor and Kennedy. Often Scalia and his primary ally on the court, Justice Clarence Thomas, wanted to go further.

Last year, there were signs of change. The new chief justice, John G. Roberts Jr., turned to Scalia to write two key opinions.

One concerned whether drug evidence should be thrown out because police, although armed with a search warrant, rushed into a house. Scalia's opinion not only upheld the evidence but also cast doubt on the future of the "exclusionary rule," the doctrine that says judges should exclude illegally seized evidence.

When given a chance to write a decision on wetlands, Scalia's opinion cast aside 30 years of environmental law and largely limited the federal clean-water authority to "navigable" waterways.

In both cases, Kennedy added separate opinions that undercut Scalia's views.

In sessions that begin Tuesday, this term will give Scalia a chance to make a mark in several areas in which Kennedy usually sides with conservatives.

For example, Scalia has scorned the notion of a strict separation of church and state. Rather, he has said the First Amendment was intended only to bar the government from supporting an official national religion. In his first year on the court, he defended the teaching of creationism in public schools. He has voted regularly since then to allow the government to promote religion in general.

Feb. 28, the court will hear a challenge to the White House Faith-Based and Community Initiatives. A Wisconsin group called the Freedom from Religion Foundation sued, contending the program was an unconstitutional "propaganda vehicle for religion."

The justices will hear the Bush administration's claim that the lawsuit should be thrown out because taxpayers do not have the legal standing to challenge how the president and his advisers conduct their affairs. If the Supreme Court agrees, the ruling could make it much harder for critics to go to court to contest government programs that promote religion.

On other issues, Scalia has argued that campaign finance laws are unconstitutional because they infringe the free-speech rights of donors and candidates.

In late April, the court will hear a new challenge to the part of the McCain-Feingold law that forbids corporations and unions from buying broadcast ads that mention a candidate for federal office within 60 days before a general election or 30 days before a primary. The court could decide the issue narrowly, but a broad Scalia-like opinion could cast doubt on most laws that restrict the raising and spending of campaign money.

Scalia also has called for a strict ban on the use of race by government agencies, including schools and colleges. Without fail, he has voted against affirmative-action policies, but because of O'Connor, the court's majority has stopped short of outlawing affirmative action.

In December, the justices heard a challenge to the use of racial integration guidelines by school districts in Seattle and Louisville, Ky. A decision on that issue, due soon, gives the court's conservative bloc a chance to broadly reject race-based policies.

Also pending is a challenge to the federal Partial-Birth Abortion Ban Act of 2003, a measure that would outlaw certain midterm abortion procedures. The case does not call into doubt the basic right to abortion set in Roe v. Wade, but a broad ruling in favor of the ban could trigger more stringent regulation of abortion in the United States.

Scalia has repeatedly called for overturning Roe v. Wade and leaving it to states to decide whether to permit or forbid abortion.

The heart of Scalia's message is that much of what the Supreme Court has done in recent decades amounts to an illegitimate power grab. The justices overstep their authority when they stretch the Constitution to resolve current controversies, he says. Issues such as abortion, gay rights and the death penalty should be decided by voters and elected lawmakers, not by judges, he argues.

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"I'm one who believes the Constitution should be interpreted exactly as it was adopted," he said in a recent speech. "It should be interpreted as it was written -- nothing more, not less."

Liberal law professors say originalism is more effective as a slogan than as a formula for shaping legal opinions. "It is a good for public relations, and it's good to put in speeches, but it doesn't work in deciding cases," Harvard University law professor Mark Tushnet said.

Scalia's critics also say he has not consistently followed his own theory.

For example, Scalia has regularly voted in favor of white males who challenged affirmative-action policies that benefit blacks, Hispanics or women. He has done so on the basis of the 14th Amendment, adopted after the Civil War, which says no state may deny any person "the equal protection of the laws." Originally, the amendment was intended to protect blacks from discrimination by Southern whites.

The Constitution puts no such "equal protection" restriction on Congress or the federal government. Yet, when white contractors sued in the 1990s to challenge federal policies that benefited minorities, Scalia voted to strike them down as unconstitutional, even though neither words nor the history of the Constitution prohibited such programs.

Scalia's use of originalism "tends to persuade those who already agree with him," said Duke University law professor Erwin Chemerinsky, but "it doesn't persuade those who disagree with him."

Grassley Seeks Democrats' Help On Taxes (RC)

By Emily Pierce

Roll Call, February 20, 2007

In a role reversal, Senate Finance ranking member Chuck Grassley (R-Iowa) has warned that he may block a House-Senate conference on the minimum-wage bill unless he is assured his Democratic colleagues will join him in demanding inclusion of a sizable tax-cut package.

"The contours of the deal should be known if details can't be," a Grassley aide said of his insistence that Democrats agree to pursue a small-business tax package that is much larger than the $1.4 billion House-passed proposal.

When they were in the minority, Democrats threatened to block House-Senate conferences on a variety of bills, charging that the Republican majority would shut them out of the process and produce final legislation with no Democratic input.

Anticipating criticism from Democrats, the Grassley aide pointed out that Republicans agreed to "pre-conference" a large corporate tax package in the 109th Congress — assuring Senate Democrats, for example, that the measure would be revenue-neutral, among other things. Once they secured those promises, Democrats finally allowed the measure to be sent to conference with the House. Before that, Senate Democrats had blocked three votes to end debate on the motion to appoint conferees, the aide said.

This time, Grassley is hoping for a similar outcome for himself. The Senate-passed minimum-wage bill included a much more robust $8.3 billion small-business tax-cut package, but in a Democratic-controlled House-Senate legislative conference, Grassley is concerned that the Senate package could be whittled significantly or eliminated entirely, considering that House Democratic leaders originally balked at coupling their minimum-wage increase bill with small-business tax cuts.

Mindful that Grassley could lead a potential filibuster of one of the Democrats' top legislative priorities, Senate Majority Leader Harry Reid (D-Nev.) has not ruled out the idea of pre-conferencing the minimum-wage-hike bill, and he has been talking actively with Republicans on how to proceed to conference, said Reid spokesman Jim Manley. Reid has said he does not believe a minimum-wage bill could receive Senate approval without a package of small-business tax breaks.

It remains unclear where Senate Finance Chairman Max Baucus (D-Mont.) stands on the question of reaching a deal with Grassley on the scope of the bill before a formal House-Senate conference is convened. A Baucus spokeswoman would not speak directly to the notion of pre-conferencing the bill but said, "Chairman Baucus is going to work with all his colleagues — Senate and House — to craft final legislation that can move through the Senate and get a minimum wage increase."

House Ways and Means Chairman Charlie Rangel (D-N.Y.) likely will react coolly to Grassley's gambit, given that Rangel generated the smaller House tax package only under pressure from House Democratic leaders after vigorously arguing that majorities in both chambers would support a "clean" minimum-wage increase.

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Even after drafting his tax bill, Rangel accused Grassley of "hold[ing] the minimum wage bill hostage unless we passed $8 billion in tax cuts for business. ... If they would remove the threat of filibuster, it would pass both houses without the $8 billion tax cut." Rangel made the comments Feb. 15 on PBS' "NewsHour with Jim Lehrer."

A Rangel spokesman would say only, "He believes that [they] can figure it out in conference."

Senate Republicans are wary of the political and public relations pitfalls of appearing to block completion of a minimum-wage bill, if they back Grassley in any floor fight.

GOP Senators are still feeling the sting of being blamed for the impasse over that chamber's Iraq debate, several Republican sources said.

"For Republicans to hold together ... there also has to be some political pressure to counter what the press is writing," said one Senate tax aide. "The merits of what [Republicans] are fighting for just aren't getting reported."

The aide added, that "Republican Senators need a sense of how it's going to play out" if they vote to block conferees.

In addition, lobbyists for small businesses and restaurants need to "step up and keep the heat on Republicans and Democrats to pass tax cuts. ... They could be a very powerful grass-roots force," the aide said.

Given the gamesmanship over the bill, "Republicans need to sit down and figure out where their guys are on the House [tax] bill," said one source who closely follows the House and Senate tax-writing committees.

Because Republican intransigence on the minimum-wage issue was used successfully against many GOP incumbents in the 2006 elections, politically vulnerable Republicans may feel pressure to accept the smaller House tax package just to get the issue off the front pages, the source noted.

However, the source doubted enough GOP Senators would be susceptible to splitting with the party to reach the filibuster-breaking 60-vote threshold.

The Republican "leadership assumes that maybe five or six would be for the House bill, but not 10," the source said.

Fed Chief Warned On Inflation Target (FT)

By Krishna Guha In Washington

Financial Times, February 20, 2007

It would be a "terrible mistake" for the Federal Reserve to adopt any form of inflation target to guide its interest rate decisions, Barney Frank, the Democratic chairman of the House financial services committee, has told the Financial Times.

Mr Frank, whose committee is one of two in Congress charged with oversight of the US central bank, said such a target "would come at the expense of equal consideration of the other main goal, that is employment".

His comments come as Fed policymakers enter the later stages of a far-reaching strategy review that has included detailed debate over the merits of adopting an inflation target.

Ben Bernanke, chairman of the Fed, believes that the bank would be better off with a relatively flexible inflation target – one that would be achieved on average, rather than within a specific time, giving maximum latitude to respond to output shocks.

However, Fed watchers say that, in order to make any such change, Mr Bernanke would need at least the tacit consent of key figures in Congress. Mr Frank's unequivocal statements suggest this consent will still be difficult to secure even after generally favourable congressional hearings last week.

In an interview, Mr Frank told the FT that Mr Bernanke "has a statutory mandate for stable prices and low unemployment. If you target one of them, and not the other, it seems to me that will inevitably be favoured."

Mr Frank noted that Alan Greenspan, the former Fed chairman, always resisted an inflation target on the grounds that it would reduce his operational flexibility.

"I think Alan Greenspan was right not to do that in the 1990s," Mr Frank said. The lack of a formal inflation target helped Mr Greenspan probe how low unemployment could fall without generating inflation.

Advocates of an inflation target at the Fed say it is important to distinguish between the relatively rigid form of target used, for instance, by the Bank of England, and the relatively flexible form favoured by Mr Bernanke.

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Mr Frank, though, said he would not support even a flexible target "without equal attention to unemployment also". He agreed that Mr Bernanke and his colleagues probably had an implicit inflation target in mind already, but said it would be dangerous to make it explicit.

"I think when you make it more transparent you enhance its importance," Mr Frank said. "No question he has something in his head. But when you make it public you lose flexibility."

Mr Frank said he would listen to the Fed chairman's arguments, but suggested he was quite firm in his views. "I am always willing to talk to him," he said. "But he is as likely to change my mind as I am to change his."

Women Post Job Gains, Data Show (WSJ)

By Dean Treftz

The Wall Street Journal, February 20, 2007

WASHINGTON -- Women took on slightly more than half of U.S. jobs created in the first part of the decade and made gains in securing the most lucrative openings.

Women posted a net increase of 1.7 million jobs paying above the median salary, while men gained a net increase of just over 220,000 of such positions, according to a Bureau of Labor Statistics report for the years 2000-2005.

Overall, men gained 1,804,000 jobs and women 1,996,000, or 52.5% of the total increase, for the period studied.

Women outpaced men in obtaining work that pays in the top quarter of all jobs, primarily positions in the health-care, financial and managerial fields, according to the report. At the end of 2005, 1.1 million more of those jobs were held by women, while 200,000 fewer men held such jobs as widespread layoffs cut manufacturing employment. But the wage gap persists: In 2005, the median weekly pay for women was $486, or 73% of that for men -- $663.

The BLS report3 by economist Randy Ilg found that from 2000 through 2005, service jobs accounted for the largest portion of the net 3.8 million increase in wage and salary positions. Most of the 2.3 million service positions were in food preparation and service, health-care support, and personal care and service, with four of five of those jobs paying below the 2005 overall median of $577 a week.

During the study period, 1.9 million above-the-median manufacturing jobs were lost, the bulk of which -- 1.4 million -- had been held by men. Meantime, the number of construction jobs grew by nearly one million. Though construction is often thought of as providing higher-earning jobs, the report showed construction work accounted for many of the new, lower-paying jobs filled by men.

Jared Bernstein, an economist at the Economic Policy Institute, said an increase in unskilled, immigrant labor might explain the downward trend in construction wages.

Many lower-end office jobs disappeared with new technology and employer belt-tightening, Mr. Bernstein said.

In trying to figure out whether the economy primarily has been adding low-paying jobs, many economists looked only at what industries provided job growth, and from that they estimated how good those jobs were based on the previous median pay within a specific industry, Mr. Ilg said. That approach, he said, could be problematic, explaining that "the amount of information you can glean from that [data] is limited because you are looking at one figure for an industry."

Building Slump? Not On The Commercial Side. (CSM)

By Ron Scherer

The Christian Science Monitor, February 20, 2007

NEW YORK

The residential housing market may be hibernating this winter, but hard hats around the country are increasingly busy setting I-beams and rivets on new towers, warehouses, industrial parks, and retail space.

Residential construction fell 2 percent last year, but private commercial construction rose 16 percent, and public construction was up 10 percent, according to the US Census Bureau. The last time the business was this strong was seven years ago, says Kenneth Simonson, chief economist for the Associated General Contractors.

Behind the commercial-construction push is a combination of powerful economic forces: For one, gigantic investment pools – some from overseas – are looking for places to invest. Also, an enormous growth of imports into the United States is

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spurring a rush to build new warehouse space. Moreover, developers are building new communities that offer environmentally friendly spaces to work and require less commuting time. These complexes also offer nightlife and restaurant options.

In some areas, commercial rents are rising, reflecting the growing demand for first-class office space. "There is a shortage of space in various markets around the country," says Alan Beaudette, chairman of the National Association of Industrial and Office Properties in Herndon, Va. "A growing economy justifies new industrial and retail projects."

Indeed, some construction specialties were soaring last year. Construction for new hotels was up 52 percent compared with 2005, according to preliminary figures by the US Commerce Department. Likewise, factory building rose 20 percent, and office building 18 percent<b/>.

The pickup is so strong that it has absorbed many workers who had been involved in residential construction. Last month, for example, while 80,000 jobs were lost in residential construction, commercial contractors hired 180,000 workers.

That's no surprise to Brian O'Neill, chairman of O'Neill Properties Group in King of Prussia, Pa. "We're targeting workers who have been building houses. We're happy to have them," he says.

Mr. O'Neill expects to do $1.6 billion in business this year – double his best year ever. Some of his projects are typical of the vibrant construction economy: He's building offices for technology companies, healthcare providers, and consultants. In Malvern, Pa., which used to have a steel mill, his company is erecting a mixed-use community that will total 1.6 million square feet.

The business is now so good that some construction executives are worried. "We are always concerned when there is so much money out there, it entices people to build what should not have been built in the first place," says Mr. Beaudette, who is also senior vice president of Lowe Enterprises Real Estate Group in Irvine, Calif. "[Five to 10 years ago], it was easier to find high teen returns on your investment, and that is now more difficult."

In fact, the commercial construction market is driving up the price of essential building materials such as cement, steel, and gypsum. And it goes beyond commodities: There may even be shortages of contractors who can handle complex projects, says Bill Scott, executive vice president at Linbeck Construction in Houston.

"Clients want more individual control, more capability, and flexibility, which adds complexity to how buildings are planned," he says. "There is going to be a shortage of good contractors for highly complex projects."

For example, his company, which normally does not build warehouses, is erecting a large warehouse in the Port of Houston for a long-term client. "It's being planned so the client has great flexibility to rent to a wide variety of people – and that means complex lighting and fire protection," he says.

The Houston project is just part of a huge explosion of warehouse construction. In the Port of Houston alone, some 3 million square feet of new space is being added, Mr. Scott says. "It's all part of the drive to get goods unloaded from ships and moved across the country."

Even some parts of the country where construction has lagged in the past are experiencing a boom. That's the case in Denver, says Michael Brendle, a design principal at the architectural firm RNL. A 22-story tower and five-story building – both being built to "green" standards – are going up in the downtown area. The developer is building them on "spec" – that is, without major tenants signed up in advance. "It shows a lot of confidence in the market," says Mr. Brendle.

One of the hottest building concepts is mixed-use development. Cheri Morris, CEO of Hedgewood Commercial Properties, is involved in a $50 million restoration of Woodstock, Ga., outside of Atlanta.

Like many new projects today, Woodstock is trying to use "sustainable" principles. For example, Ms. Morris says, "We feel every resident should be able to get into the village in a five-minute walk." In addition, homes are placed on smaller lots, leaving more room for common space. The completely remodeled village is scheduled to open by December of this year.

For Investors, Strong Enough Is Good Enough (WSJ)

By E.s. Browning

The Wall Street Journal, February 20, 2007

It is the kind of surprise investors love to get: The economy seems to be just a little stronger than most people expected. Not enough to worry anyone; just enough to push stocks higher.

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Data on items such as fourth-quarter economic growth and consumer spending have come in a tad better than markets expected late last year.

As a result, the Dow Jones Industrial Average has continued its steady rise, and stocks that do better in a strong economy have been among the leaders.

The Dow Jones Transportation Average, which sagged late last year amid worries about an economic slowdown, has become a leader again. Smaller stocks, which depend more than big ones on the ups and downs of the economy, are back on the rise, with middle-size stocks among the big gainers.

The mood is downright bullish.

"The economy is operating in a very sweet spot," says David Kotok, president of money-management firm Cumberland Advisors in Vineland, N.J., which manages $850 million in stocks and bonds.

Amid solid growth with minimal inflation world-wide, the world's stock markets are feeding on one another's success. "With a little bit of good news, the surprise could be that they could work their way a lot higher," Mr. Kotok says.

That kind of optimism has powered stocks higher since July. Skeptics, who have been wrong so far, point out that things look so good that it would be hard for them to get better. Few money managers see signs of any serious trouble, and that is a disquieting sign of complacency to some of the most skeptical investors. Some predict small gains, some predict big gains, some predict small declines -- but almost no one sees a big decline on the horizon.

Investors have heard such warnings for months now and, by and large, they have ignored them -- to their profit. Some see the sweet spot continuing for months or even years, with the economy resilient and the inflation rate moderate. If the skeptics are right, it would be time for a pullback.

Neither the Dow industrials nor the Standard & Poor's 500-stock index has seen as much as a 2% pullback from a high since July 14 -- the longest period without such a pullback since 1954. The markets are getting "positively giddy," says Russ Koesterich, senior portfolio manager at Barclays Global Investors in San Francisco. He sees a pullback coming.

"You have to question whether for the short term this is a good time to be putting money to work," he says.

He worries that, because of the economy's strength, inflation could pick up. That could force the Federal Reserve to raise interest rates. Higher rates hurt corporate profits by raising costs for businesses and consumers, and a Fed rate increase could send major indexes down 10% or more, he says.

So he likes "defensive" stocks, such as those of health-care and household-products companies, whose steady businesses keep them stable in most economic and market conditions. He likes European stocks. He worries that smaller U.S. stocks, among the big gainers, could fall harder than large ones on any bad news, because they are more volatile and more dependent on good economic news.

Janna Sampson, director of portfolio management at OakBrook Investments in Lisle, Ill., adds that inflation has remained tame in part because oil prices fell back last fall from summer highs. If they stay down, inflation probably will remain under control, and the Fed probably can avoid raising interest rates, she says. She thinks that is likely. The risk is that no one, including the experts, is very good at predicting the price of oil.

"I don't think the Fed has a much better handle than I do on oil prices," Ms. Sampson says.

She is focusing her investments on companies that will be able to pass on higher prices in case inflation stays high, such as Waste Management Inc. and Automatic Data Processing Inc. She says she doesn't think the market will stay tranquil.

"I think we are going to have a lot of volatility based on what people think the Fed will do and how fast the economy is growing, and what oil prices are doing," she says, although she says she thinks broad indexes will finish the year higher.

There are some investors who think the economy may be less robust than it appears. They point to the most recent data, late last week, showing consumer confidence, housing starts, retail sales and industrial production all a bit weaker than expected.

They think a less-robust economy would be good news because it could induce the Fed to cut interest rates later this year to give the economy a lift. Interest-rate futures markets show investors once again pushing up the odds that the Fed will cut rates later this year. Lower rates would help stocks, just as higher rates would hurt.

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That kind of scenario supports "this kind of placid, low-volatility, upward-drifting market," says Jeffrey Kleintop, chief investment strategist at PNC Wealth Management, the investment-advisory arm of PNC Bank in Pittsburgh.

So he isn't buying into the recent gains in stocks of companies that would benefit from a strong economy. He prefers some areas that didn't rise as much last year, such as health-care and technology stocks, which he thinks could catch up.

Some managers add that, if U.S. growth turns out to be softer than it has appeared, foreign stocks could continue to do better than U.S. stocks, especially some of the foreign markets that haven't soared of late.

"We like places like Hong Kong and Japan that have lagged behind," as well as some markets in continental Europe, suggests Max Darnell, chief investment officer at First Quadrant in Pasadena, Calif., which oversees $35 billion in investments.

Stocks Usually Thrive As Presidential Election Nears (USAT)

By Adam Shell

USA Today, February 20, 2007

NEW YORK — The relationship between politics and stock market profitability tends to be most cordial in the year prior to a presidential election.

It is that historical statistical quirk that should provide some solace to investors concerned about another calendar-related anomaly on Wall Street: the fact that stocks have not had a 2% pullback since July 14, a span of 149 trading sessions. That uninterrupted uptrend, says Ned Davis Research, lags behind only a correctionless stretch that ended in 1954.

It's hard to ignore just how well stocks have fared in the third year of the four-year presidential cycle. The last time the Dow Jones industrial average posted a negative return in a pre-presidential election year was 1939, when it fell 2.9% amid brewing World War II clouds, says the Stock Trader's Almanac.

"The only severe loss … occurred in 1931 during the Depression," when the Dow fell 52.7%, writes Almanac editor Jeffrey Hirsch.

The gains are usually of the double-digit variety. Jeffrey Kleintop, investment strategist at PNC Wealth Management, says the Standard & Poor's 500 index has posted average gains of 22% in year three of the four-year cycle. "And," he adds, "never experienced a loss."

That's a key reason Kleintop listed the bullish presidential cycle as the No. 1 thing that "could go right" in his 2007 investment forecast. He notes that the pattern of stellar returns has less to do with the election and more with the tendency of the political party in power to do what is necessary to keep the economy humming.

It often is profitable for investors to be more aggressive in years three and four of a presidential cycle, a 2004 study by Pepperdine University economics professor Marshall Nickles found.

The study, citing data going back to 1952, found that investors who invested $1,000 in the S&P 500 on Oct. 1 of the second year of the four-year cycle — a period in which stocks tend to bottom — and sold on Dec. 31 of the election year would have made money in all 13 election cycles. The initial $1,000 investment would have grown to $72,701 by 2000 had the investor executed the strategy in all 13 cycles. But a person who invested $1,000 on Jan. 1 of the inaugural year and sold on Sept. 30 of year two of the presidential term would have suffered losses in seven of 13 cycles and lost $357.

While Nickles warns that it is risky to "anticipate specific turns in the market," he concludes that "investing for the 27 months before a U.S. presidential election certainly seems to be more profitable than investing during the 21 months after the election."

Job Corps Plans Makeover For A Changed Economy (NYT)

By Erik Eckholm

The New York Times, February 20, 2007

LAUREL, Md. — Over the last four decades, even as failed experiments and partisan disputes took the luster off the war on poverty, the Job Corps, the government's main effort to give poorly educated youths a second chance at a diploma and a trade, was widely seen as one of the few success stories.

But now, as the economy has turned against those with low skills and researchers have questioned the long-term impact of the Job Corps on the lives of its graduates, this remnant of the Great Society is facing an urgent need to reinvent itself.

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"Once you could go into the Job Corps and get a G.E.D. and go out and make a living," said Esther R. Johnson, a career executive in the Labor Department with a doctorate in education who took over the corps last March. "You can't do that anymore."

Dr. Johnson wants the Job Corps to aim higher, helping graduates into careers with a bigger paycheck.

To do that she plans to lengthen the average stay for many graduates beyond the current 11.4 months, improving their reading, math and vocational skills. She also wants trade courses to connect more closely with college programs and emerging industries, and she thinks the corps must double the number of graduates, now just 10 percent, who go on to higher education. All this can be done, Dr. Johnson said in an interview, within a budget flat-lined at $1.5 billion in recent years, mainly by increasing the rigor of courses while cutting other costs.

Bridgette Hunter, 18, illustrates the potential benefits of a program that, if it can fulfill its goals, is needed more than ever. She dropped out of school in Baltimore last March, in 12th grade but many credits short of a diploma. "I was with the wrong people," Ms. Hunter explained.

She quickly realized that her ambitions and behavior were out of sync. By October she had entered the Woodland Job Corps Center here, brushing up on reading and math as she took courses in health care while sharing a dorm room and rising at 6:30 a.m. with a 10 p.m. curfew.

"I want to be wealthy," Ms. Hunter said. "My ambition is to become an R.N.," she added, admitting with a shrug that her notion of wealth was a relative one. "And I knew that sitting around doing nothing wouldn't get me there."

At the center, where 300 students live and work in a sprawl of brick dormitories, classrooms and workshops, Ms. Hunter has already earned her G.E.D. and will soon be certified as a nursing assistant. In newly added services, she has the help of a volunteer mentor, a scientist from Washington who is helping her scout colleges, while outside tutors are helping her prepare for the SATs. Grant money is available for nursing, and she could qualify as a registered nurse after two years in a community college.

Since President Lyndon B. Johnson created the Job Corps as part of his "unconditional war on poverty," two million Americans have passed through its residential centers, which number 122 nationwide, with three more planned.

Despite the corps's high cost to the government — now $26,000 an entrant — evidence suggests it has paid off, increasing earnings and reducing crime.

With prospects for the less-educated getting worse and millions of young people, especially black men, unemployed or stuck in dead-end minimum-wage jobs, salvaging "disconnected youth" has become a prime antipoverty target.

In 2005, 4.4 million youths ages 16 to 24 were neither in school nor working, according to an analysis by Andrew Sum, director of the Center for Labor Market Studies at Northeastern University, who calls this an ominous portent. "How much time you're out of school and out of work in the late teens and early 20s is a strong predictor of future joblessness, poverty and dependence in your late 20s," Dr. Sum said.

Both the government and private groups are looking for answers.

"What to do for very disadvantaged youth is the most perplexing social problem we face, in part because so few of the things we have tried have worked," said Gordon L. Berlin, president of M.D.R.C., a group in New York that evaluates antipoverty efforts.

Along with the Job Corps, the federal government supports a program run by the National Guard for about 10,000 16- to 18-year-old dropouts per year, combining five months of schooling in a military-style camp with another year of mentoring. The Labor Department also contributes $50 million a year to Youthbuild, which with an additional $130 million in private financing runs 226 nonresidential programs for 8,000 students a year. Participants renovate low-income housing as they study.

With better training, high school diplomas or, better, degrees from community colleges, many graduates of such programs, it is hoped, will become chefs instead of hamburger flippers; plumbers, electricians or carpenters instead of pickup laborers; nurses instead of health aides. A newer course at the Laurel center trains students to install cable and other electronic systems.

A study published in 2001 that surveyed Job Corps graduates and a control group, conducted by Mathematica Policy Research for the Labor Department, found that the program led to significant increases in self-reported earnings over four years and to lower arrest rates.

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But a second analysis, released by the Labor Department in 2006, was dismaying: only the older participants, those in their 20s when they entered the centers, showed any gains in earnings, and they were slight.

Debate about the studies continues, but the findings helped drive the new effort to rejuvenate the corps.

Of roughly 60,000 low-income youths who enter the Job Corps each year, all voluntarily, three-fourths have not graduated from high school.

In Laurel, students live in college-style dorms. The days are divided between academic study and hands-on work: carpentry students practice building walls and roofs; electrical students wire a mock house.

Nationally, 30 percent of entrants leave within the first two months, either because they break the rules or they do not like the regimented life. Among the rest, 60 percent leave with a G.E.D., a regular high school diploma, certification in a trade or a combination of these.

Michael Whitfield of Washington said he had a change of heart after quitting school in the 11th grade.

"I got to thinking, is this all I'm going to do for the rest of my life?" Mr. Whitfield recalled as he prepared to leave the Laurel center after nine months, having earned his high school diploma and completed courses in electrical contracting and carpentry.

Now 19, he has been accepted by a two-year college where he will study criminal justice to become a police or parole officer. He credited the Job Corps with helping him straighten up and discover his goals. "I really can't see people making it these days without a diploma," he said. "I was lucky; I had a second chance."

The Real Patriots (NYT)

By Bob Herbert

The New York Times, February 19, 2007

If we could manage to get past the tedious and the odious — like the empty speculation on whether a woman can win, or whether Barack Obama is black enough — we might be able to engage the essential issue facing the U.S. at this point in our history.

And that is whether, once the Bush administration has finally and mercifully run its course, the country goes back to being a reasonably peaceful, lawful, constructive force in the world, or whether we continue down the bullying, warlike, unilateral, irresponsible, unlawful and profoundly ineffective path laid out by Bush, Cheney & Co.

The question is not so much whether a Republican or a Democrat takes the White House in the next election; it's whether the American people can take back their country.

I don't think most Americans are up for perennial warfare. And whatever the polls might say, it's very hard for me to accept that the men and women who rise from their seats and cover their hearts at the start of sporting events are really in favor of dismantling the system of checks and balances, or holding people in prison for years without charging them, or torturing prisoners in U.S. custody, or giving the president the raw power and unsavory privileges of an emperor.

It was Richard Nixon who said, "When the president does it, that means that it is not illegal."

George W. Bush and Dick Cheney, operating behind the mammoth fig leaf of national security, took this theoretical absurdity to heart and put it into widespread practice.

There are, however, many thoughtful Americans who want to stop this calamitous disregard for the rule of law, two of whom I'll mention today — Frederick A. O. Schwarz Jr. and Senator Chris Dodd.

Mr. Schwarz is one of the most decent men I've known. I covered him when he was the chief lawyer for New York City during the Koch administration. He was then, and still is, the quintessential straight arrow.

In the 1970s Mr. Schwarz was chief counsel for the Church Committee (named after its chairman, Senator Frank Church), which uncovered extraordinary abuses and led to historic changes in the nation's intelligence services. He is now the senior counsel at the Brennan Center for Justice at New York University Law School.

To say that Mr. Schwarz is disturbed by some of the things that have occurred during the presidency of George W. Bush is an understatement. In a book to be published next month by The New Press, "Unchecked and Unbalanced: Presidential Power in a Time of Terror," Mr. Schwarz and a colleague at the Brennan Center, Aziz Z. Huq, write:

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"For the first time in American history, the executive branch claims authority under the Constitution to set aside laws permanently — including prohibitions on torture and warrantless eavesdropping on Americans. A frightening idea decisively rejected at America's birth — that a president, like a king, can do no wrong — has reemerged to justify torture and indefinite presidential detention."

Undermining checks and balances here at home and acting unilaterally abroad have made us less safe, said Mr. Schwarz. Some of the actions the U.S. has taken "have so hurt our reputation," he said, "that Abu Ghraib and Guantánamo Bay have become in many eyes more the symbol of America than the Statue of Liberty."

Senator Dodd, a Connecticut Democrat who is running for president, has introduced legislation that would definitively bar the use of evidence obtained by torture or coercion, reinstate full U.S. adherence to the Geneva Conventions and restore rights of habeas corpus for certain terror suspects that were stripped away by the federal government last year.

(Habeas corpus is a legal proceeding that allows suspects to challenge their detention in a court of law. To get a sense of its significance, imagine that you were locked up somewhere and were not permitted to show that a mistake had been made, that you were innocent. Imagine that you, or a loved one, were held under those circumstances for a period of years, or forever.)

Senator Dodd said this corrosion of the rule of law has been tolerated primarily because "people have been frightened." As he put it, in an atmosphere of crisis, "the temptation to succumb to the demagoguery of these things is strong."

The senator and Mr. Schwarz, in their different ways, are among the many quiet patriots who are spreading the word that the very meaning of the United States, the whole point of this fragile experiment in representative democracy, will be lost if the nation's ironclad commitment to the rule of law is allowed to unravel.

Would C-SPAN Count? (LAT)

The Los Angeles Times, February 19, 2007

Once again, Congress is flirting with the idea of censoring violence on TV. Once again, its efforts are misguided.

JUST WHAT, EXACTLY, constitutes a program that's too violent for kids to watch on TV? How about the story of a gun-blasting bounty hunter destroying a neighborhood as he tries to kill or capture his nihilistic offspring? That, after all, is what one sees in Walt Disney's "Lilo & Stitch," a hit movie for … kids, and a perfect illustration of the fundamental problems posed by Congress' flirtation with regulating violent TV programming.

Responding to a request from lawmakers, the Federal Communications Commission has drafted a report outlining what Congress might do to curb excessively violent programs. Objectionably violent shows, it says, could be banned during the hours that children are most likely to be watching TV (6 a.m. to 10 p.m.), just as indecent programming is. Congress could force cable operators to sell channels on an a la carte basis, rather than bundling them into packages that can't be customized. And the difficult task of defining excessive violence could be done by the federal government without violating the 1st Amendment.

There's plenty of evidence that television shows are more graphically violent than ever, both on cable networks and on free over-the-air TV. Simply noting this problem, however, doesn't prove that government censorship can solve it.

Requiring programs such as "24" to be aired after 10 p.m. wouldn't stop kids from watching a recorded version the next afternoon. Nor would it have much effect on the Internet, where networks are posting a growing number of reruns for viewers to watch on demand. And it's hard to imagine Congress barring news programs before 10 p.m., and there's no shortage of violence on the news.

A similar problem underlies the proposal to mandate a la carte cable pricing. It would be a boon to consumers if cable and satellite TV operators did business this way. But even in an a la carte regime, the channels with programming that distresses anti-violence activists are likely to be among the most frequently bought, simply because their programs are in high demand.

What censorship would do is deter networks from airing valuable but bloody shows that don't quite qualify as news, while generating lawsuits over what inevitably will be inconsistent standards for judging violence on TV. Would cartoons be treated the same way as live action? How about realistic historical fare? Would "Saving Private Ryan" get a pass? Then how about "The Passion of the Christ"? What about psychological violence?

The government shouldn't be making these calls; parents should. Online, there's plenty of help for parents trying to identify inappropriate shows for their kids, and there's technology in every TV set, cable converter box and satellite receiver to help

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screen out violent programming. If they still don't like how much violence their TV is bringing into their home, they should just turn it off.

The 10 Worst Presidents (USNEWS)

By Jay Tolson

U.S. News and World Report, February 19, 2007

Is George W. Bush's presidency shaping up to be one of the worst in U.S. history? You hear the question being asked more and more these days. And more and more, you hear the same answer. With Iraq a shambles and trust in the administration declining, it is probably not surprising that 54 percent of respondents in a recent USA Today/Gallup survey said that history would judge Bush a below-average or poor president, more than twice the number who gave such a rating to any of the five preceding occupants of the White House, including Gerald Ford and Jimmy Carter.

Public opinion is a notoriously fickle beast, of course, which is why historians and other custodians of the long view prefer to reserve judgment until they can speak of their subjects in the past tense. But clearly something about Bush ii has inspired many historians to abandon their usual caution. Meena Bose, a Hofstra University political scientist who has written about presidential ratings, says that the scholars' rush to rank the current president comes out of an acute awareness of the long-term consequences of his policies. "Since it's hard to see how Iraq will work out for the better," Bose says, " it's hard not to pass judgments."

Whatever his reasons, Princeton University historian Sean Wilentz created a minor sensation last year when he published a resounding verdict in Rolling Stone magazine: "Barring a cataclysmic event on the order of the terrorist attacks of September 11, after which the public might rally around the White House once again, there seems to be little the administration can do to avoid being ranked on the lowest tier of U.S. presidents." Bush partisans had a ready explanation for that assessment: liberal bias. But while Wilentz makes no secret of his liberalism, he referred to an informal survey of 415 historians in 2004 in which 81 percent of the respondents stated that the Bush administration would go down as a failure.

Bush's own view of how history will treat him comes across in his frequent allusions to Harry Truman, another famously unpopular sitting president whose reputation rose sharply as scholars began to appreciate his role in laying the foundations for America's success in the Cold War. And if Iraq turns out to be a beacon of democracy in the Middle East 10 years from now, there will be a lot of scholars eating crow.

Attempts to rate the Bush presidency are at best premature, but they do raise valuable questions. Is there, to begin with, a scholarly consensus on who America's worst chief executives are? If there were a negative Mount Rushmore, which presidents would have their faces carved into it? What qualities seem to distinguish poor presidencies? And finally, do rankings really help us understand presidential leadership and individual presidencies, or do they, in the words of Princeton University political scientist Fred Greenstein, "divert attention from the full range of presidential experience"?

Credit, or blame, for the first scholarly ranking of the presidents usually goes to Harvard historian Arthur Schlesinger Sr., who conducted a poll for Life magazine in 1948. He asked 55 specialists in American history to rate the presidents as great, near great, average, below average, or failure. Claiming the cellar of that list were Warren G. Harding and, in ascending order, Ulysses S. Grant, Franklin Pierce, James Buchanan, Zachary Taylor, Millard Fillmore, Calvin Coolidge, John Tyler, Benjamin Harrison, and Herbert Hoover.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, February 19, 2007

Don't call the new release Amazing Grace just another political thriller. What was once billed as an educational movie is fast becoming the model for bipartisanship. For weeks the hottest flick in the political and religious underground, Amazing Grace debuts at the White House this week, capping President Bush's focus on Black History Month. "We really think this is a wonderful movie that can inspire a new direction in Washington," says a Bushie.

"Our film shows the good that politics can do," says Erik Lokkesmoe, the film's project manager. Amazing Grace charts the effort of British politician William Wilberforce to end the slave trade 200 years ago with the help of an odd team that included

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former slave ship Capt. John Newton, who wrote Amazing Grace after finding God. Former Rep. Floyd Flake, now the president of Ohio's Wilberforce University, thinks all his former House colleagues should see it. "They could learn a lesson from it," he tells us. Even though it doesn't hit theaters until February 23, Bush is late to the endorsement parade. A crowd from liberal Rep. John Lewis to conservative Sen. Sam Brownback and groups from the Humane Society to Focus on the Family have applauded it, prompting movie makers to almost yawn at the White House invitation. "We find that these kinds of invitations and opportunities are everywhere," says Lokkesmoe.

This Supreme Court Stuff Is Hard Work

He didn't use the word lazy, but that was Sen. Arlen Specter's suggestion when he asked Associate Supreme Court Justice Anthony Kennedy if taking two months off in summer limited the number of cases heard by the high court. "I don't think my colleagues would say we are under-worked," says Kennedy. "We are very proud that we get work done every year on schedule and on time. Our docket is 100 percent finished on July 1st," he explains. "The only way we can do that is by taking two months to read and recover and so forth before we come back."

Shaming Those Wimpy D.C. Drivers

OK, so Washingtonians can't drive in the snow. But do we have to be sneered at by smug snow senators like Vermont's Patrick Leahy? On a day last week when a few inches shut down much of the District, Leahy opened a committee hearing with some Green Mountain State chest-pounding. "A little snow's not going to stop us," he bragged at the sparsely populated hearing. "We had 2 feet of snow overnight," he says of his home state. "I'm told that a number of places opened as much as an hour late. It's a new generation, and they go slowly."

Jackie to Joan: Rein In Your Man

Kennedy buffs rejoice: What's thought to be the biggest-ever cache of JFK and Jackie O memorabilia is heading to auction, including a racy letter from Jackie to Sen. Edward Kennedy's former wife, Joan, urging her to rein in her wandering hubby, a life preserver from JFK's sailboat Victura, and the former first lady's own 8-mm movie camera. We've noted auctions by Alexander Autographs before, but this one, online February 24-25 at alexautographs.com, is really rich. Just consider the Jackie-to-Joan letter, worth an estimated $5,000 to $7,000. In the unsigned letter, Jackie tells Joan to take charge of the family and balk when Teddy spends too much time with his siblings or worse. "This is the 20th century-not the 19th-" she pens, "where little woman stayed home on a pedestal with the kids & her rosary." The best part is how the goods became public. Seems a former helper recovered the items from Joan's Cape Cod home and put them in storage. But she forgot to pay the bill; the stuff was auctioned off, and the top bidder is cashing in.

An Immigration Balancing Act (WT)

By Stephen Dinan

The Washington Times, February 20, 2007

It's usually thought of as the kinder, gentler arm of immigration, but U.S. Citizenship and Immigration Services helps nab an average of five criminals a day, including the occasional murder suspect -- a point that agency Director Emilio Gonzalez underscores when he discusses the USCIS role in the Homeland Security Department.

A little more than a year ago, Mr. Gonzalez took over the agency in charge of granting citizenship, green cards signifying a legal permanent immigrant and visas for work or study. In that year, he has started a pilot program to test a new naturalized citizenship exam, finished off a backlog of millions of benefit applications and created several offices that would put national security first at the agency.

But those who interact most with USCIS say Mr. Gonzalez's tenure will succeed or fail on his latest proposal to increase fees an average of more than 60 percent in order to finish the transformation from a much-maligned 20th-century paper-based bureaucracy into 21st-century streamlined, self-sufficient, services-based enterprise.

"All those people that are out there complaining about long waits, dingy buildings, poorly trained personnel, this is an opportunity for us to take those into account and fix it," Mr. Gonzalez said last week from his office overlooking Massachusetts Avenue and Union Station.

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"We have been woefully underfunded, even under the days of [the former Immigration and Naturalization Service] and the Justice Department," he said in defending the proposed new fees. "There's absolutely no way I could in good conscience continue to head an agency that's treading water. We're coasting. And when you're coasting, you're going backwards; nobody ever coasted uphill."

It's a touchy issue that goes straight to the heart of legal immigration and who should pick up the tab for applying.

His proposal is already meeting resistance on Capitol Hill, where some Democrats called on him to rethink how the agency does business.

"Many in the immigrant community see the increase for what it is -- increasing the cost of the American dream, telling those least fortunate among us they probably need not apply," said Rep. John Conyers Jr., Michigan Democrat and chairman of the House Judiciary Committee.

But as a Cuban-born immigrant whose parents brought him to the U.S. as a child, Mr. Gonzalez considers himself an advocate for the immigrant community and says he hopes "to convey that immigration, done properly, works."

And as a former Army officer, he is fond of saying there is a reason that his agency is part of Homeland Security. He takes pride in the fact that his agency turns over an average of five names a day to law-enforcement agencies -- for everything up to and including those being sought on murder charges.

"Those are folks who think they can get away with murder, literally, come in to get a new green card, come in with a wife or girlfriend to help them apply for a benefit. We run a check and find out there's a warrant on these folks," Mr. Gonzalez said.

He has created a special unit to handle difficult national-security cases and also created a benefit revocation unit, which is designed to help officials at the local offices go after those whose green card or citizenship should be taken away.

The balance between security and openness doesn't always strike outsiders as correct, and they let him know it.

"I get hate mail by the hundreds," he said, adding that it comes from both sides of the debate.

Immigrant advocates say they don't see much progress from Mr. Gonzalez's first year.

"I can't say that he's really made his mark yet," said Crystal Williams, deputy director of programs at the American Immigration Lawyers Association. "Certainly, the fees are his first attempt to make a mark, and it's not the kind of mark you like to see."

She said that the "jury is still out" on the citizenship test and that many of the other issues he's trying to tackle are perennial problems that others have failed to solve.

"I'm not seeing an awful lot new here," she said. "Admittedly, he's only the second director of USCIS, but there have been commissioners of INS for many years before him who have tried to address the adjudication side of things before him, and quite honestly, none of them have succeeded."

She also said she's noticed a change that actually seems to have begun after the September 11 terrorist attacks. Before that, she said, adjudicators used to look at applications and see whether the preponderance of the evidence favored approval.

"Now many -- if not most -- of them seem to look at an application and ask themselves, how can I deny this, and if they can't find a way to deny it, only then approve it," she said.

Mr. Gonzalez raised some eyebrows in Miami two weeks ago when he compared the immigration debate in Congress over granting citizenship to illegal aliens to the civil rights movement. In the interview last week, he said he wasn't trying to stir controversy.

"The comparison is not on the substance but on the scope," he said. "You have legislation that is going to change the lives of millions and millions of people. You have legislation that is going to address individuals that are invisible today yet are standing right in front of us."

'Milestone Of Achievement' On The Hill (WP)

By Lyndsey Layton

The Washington Post, February 20, 2007

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At 6 feet 2 inches tall, Lorraine C. Miller cuts a striking figure in the polished hallways of the U.S. Capitol. Last week, the woman with regal bearing gained another, more lasting distinction. She was sworn in as clerk of the House of Representatives, the first African American to hold the seat since it was created in 1789.

"This is another milestone of achievement, not just of black people but of all people," said Thomas Tyler, who directs the senior choir at the Shiloh Baptist Church in the District, where Miller sings first alto.

House Speaker Nancy Pelosi (D-Calif.) tapped Miller for the job, citing her work ethic, knowledge of the Hill and ability to make connections across party lines, in addition to her trailblazer status.

"I was the first woman, and I had a responsibility to do other firsts," Pelosi said at a recent reception honoring Miller. "I've done a lot of things since I became speaker, but none have given me more pride and been more thrilling to me than to swear in Lorraine Miller."

Miller had been among Pelosi's senior advisers. After the Democrats won control of Congress in November and it was clear that Pelosi would ascend to the House speaker's job, members of her staff began lobbying for various appointments. All except Miller.

"I sought her out and asked if she wanted the job," Pelosi said. "That speaks to her modesty, that she didn't put her name out, that I had to ask her if she was interested."

She was, of course.

The clerk runs the day-to-day operations of the House of Representatives, handling everything from stationery supplies to the voting process on the House floor to managing the page program. She said she intends to put special focus on the page program, which has been plagued by scandal, with former Rep. Mark Foley (R-Fla.) resigning after sending inappropriate computer messages to male former pages.

The nonpartisan office oversees nine divisions that employ 276 people. It pays $163,700 a year and comes with one of the best offices in the Capitol, boasting a commanding view of the Mall and the Washington Monument.

But Miller's rise to become an officer of the House did not begin with great promise.

She started her working life as a high school government teacher in Fort Worth. She was more intrigued by politics than teaching, however, and once a year for 10 years she wrote to then-Rep. Jim Wright (D-Tex.) and inquired about openings on his staff. Each time, she received a standard rejection letter.

Eventually, she moved to Washington, enrolled in a graduate program at American University and campaigned until she landed a job in Wright's office. "She doesn't take no for an answer, so you might as well save time" is how Pelosi described Miller's tenacity.

In her first two weeks in Wright's office, Miller answered telephones until one day a caller asked for the chief of staff. Miller said he was unavailable. "Tell him it's Jim," the caller said. "Jim who?" she asked.

She was reassigned shortly thereafter but quickly memorized the sound of Wright's voice. She developed a habit of memorizing the voices of House members and now can identify most by voice, Republican or Democrat.

Miller worked for Wright for 11 years, including while he was speaker. She also worked for another speaker, Thomas S. Foley (D-Wash.), as well as Rep. John Lewis (D-Ga.). She worked for two years in the White House during the Clinton administration as deputy assistant to the president, serving as his liaison to the House, and joined the Federal Trade Commission and later the Federal Communications Commission.

She still owns a house in Forth Worth, where she returns once a month, as well as her family's cattle farm in East Texas. "I love going down there," she said of the farm. "The smell of cow manure and pine needles. It's so relaxed, so different from life here. The only worry is what are you going to bring to the church social."

Though she maintains her Texas roots, and cheers for the Dallas Cowboys, Miller has made connections in the District. Since 2004, she has served as president of the D.C. chapter of the NAACP.

Family, fellow churchgoers and a large contingent of friends from Fort Worth, including two Texas state legislators, toasted Miller at the evening reception. Several wore yellow roses, as in "The Yellow Rose of Texas," pinned to their lapels.

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"She will now have two names -- Madam Clerk and Poopie Pie," said Miller's sister, Marietta. The two women call each other best friend and share a house in LeDroit Park, where Marietta says it is not unusual for Lorraine to return from work at 2:30 a.m.

Miller is so garrulous that she repeatedly interrupted her own remarks at the party to call out to familiar faces in the room. "If a young person could look at my journey and feel inspired to achieve . . . Hi, Ernie," she said. "Hi, Dwight -- I remember Dwight when he attended dental school at Howard. He worked at Church's Fried Chicken. He makes grand theft money now," she told the howling crowd.

NASA Goes Deep (NYT)

By Carolyn Porco

The New York Times, February 20, 2007

AFTER years of spending our nation's space budget building an orbiting space station of questionable utility, serviced by an operationally expensive space shuttle of unsafe design, NASA has set a new direction for the future of human spaceflight. Once again, we have our sights on the Moon ... and beyond. We are finally, bodily, going to make our way into space, this time to stay.

It is an opinion long and widely held within the space-exploration community that the Nixon administration's termination of the program that built the Saturn V Moon rocket was a gargantuan mistake.

One of the biggest challenges in exploring space is propulsion — that is, getting from point A to B efficiently, safely and quickly. And when the cargo is human, the challenges are even greater. One of our crowning technological achievements during the 1960s was the Apollo program and, in particular, the development of the Saturn V rocket. The Saturn V was the largest, most powerful vehicle the United States had ever built. It had a launching capacity more than five times greater, a developmental cost 25 percent lower and a build-and-operate cost less than half of that of today's space shuttle.

In those early days, the possibilities for human space travel were intoxicating. Back then, NASA plans called for an aggressive integrated human flight program that would expand on the developments of Apollo: the establishment of a 50-person lunar base, a 100-person Earth-orbiting space station and human landfall on Mars, all by the mid-1980s. Those plans also included a 50-person semi-permanent Martian base by the end of the 20th century. Instead, we went nowhere.

Why? Because, largely for political reasons, we renounced the Moon, abandoned Apollo and the Saturn V and retreated to low Earth orbit, where we've spent the last 25 years going around in circles.

The cost to the nation of this misstep was enormous. For starters, we lost an investment, adjusted for inflation to 2007 dollars, of $160 billion. That was the cost to get to, land on, walk on, drive on and otherwise explore the Moon. (Of that amount, $29 billion, in inflation-adjusted dollars, was the approximate cost of the Saturn V.)

What's more, the production facilities for the Saturn V and the other lunar exploration components, like the command and lunar modules, were all closed. At that point, we lost both the technological means for human deep space exploration and the collective knowledge of tens of thousands of engineers and scientists trained in human spaceflight.

Equally troubling is what we put in place of Apollo. The $38 billion developmental cost of the shuttle has gotten us nowhere in the solar system fast. And the International Space Station could have been built with only half a dozen Saturn V launchings instead of the more than two dozen shuttle trips that will be required to finish it. The bottom line: a colossal misuse of funds and a disheartening lack of progress and loss of time.

The termination of the Saturn V program also had a stifling effect on the robotic exploration of other planets. In essence, we lost the ability to deliver larger, and in some cases faster, payloads elsewhere in the solar system.

Take, as an example, the 5,600-kilogram Cassini spacecraft, which was launched in 1997 and is now in orbit around Saturn. Its launching was timed so that after spending two years looping around the inner solar system to pick up speed, it could rendezvous with massive Jupiter for an additional boost that would send it to Saturn. All told, its flight time took seven years.

Had the Saturn V, modified with an appropriate fourth upper stage, been used to launch Cassini directly to Jupiter first, its flight time to Saturn could have been cut by more than half. In space, as on Earth, time is money, and the money saved could have been spent elsewhere.

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Alternatively, for the same flight time, a vehicle of greater launching capacity can deliver a heavier payload. Take as an example the 480-kilogram New Horizons spacecraft, launched over a year ago to fly by Pluto in 2015 and eventually to explore the Kuiper Belt of icy debris that lies beyond it. Had it been launched on a modified Saturn V rocket, New Horizons could have carried a payload that was 15 times heavier and far more scientifically capable.

In the end, instead of having a ubiquitous presence throughout the solar system, humans haven't set foot on the Moon in 35 years, and even our robotic explorations in that time have been throttled because we deliberately reduced our access to deep space.

Today, however, NASA is again looking up and out. Vigorous efforts are under way to complete the space station in order to fulfill international commitments that would be unwise to violate. When that is done, the plan is to retire the space shuttle in 2010 in favor of a new program to return to the Moon, with a party of humans, by 2020. A mainstay of this program is the Ares launching system, capable of sending 65 metric tons to the Moon — exceeding the capacity of the Saturn V by more than 40 percent.

The official plans call not for flag-planting and grab-a-few-rocks-and-go but, by 2025, a solar-powered, human-tended, continuously inhabited research outpost rising from either the north or south pole of the Moon, where sunlight is persistent and water ice may be present. Sustainability, made possible in part by the use of lunar resources, is one goal. Another is on-site preparations for a push to the next outpost, Mars.

And human spaceflight is not the only enterprise to benefit. Robotic reconnaissance, which by necessity must precede the dispatch of humans, has been ongoing for nearly 50 years. In that time, all the simple things have been done. Future missions to the planets and their moons will be more ambitious than anything yet tried.

As one example, imagine what our future robotic travels around Saturn might be like. The Saturn planetary system includes Titan, a cold Mercury-sized moon with a dense, organic-laden, hazy atmosphere and a strangely Earth-like, variegated surface sculptured by winds and hydrocarbon rains. It also includes Enceladus, a moon one-tenth the size of Titan, whose jets of water vapor and fine icy particles extend thousands of miles into space and may very likely erupt from organic-rich liquid water reservoirs just below its surface — making this satellite arguably the most promising target we have available to us for astrobiological investigation.

A scientifically comprehensive mission to this part of the solar system, using Ares and a Cassini-like trajectory to Saturn, could easily include several exploratory vehicles. One would be a Saturn orbiter far more capable than Cassini. This vehicle, in turn, would be large enough to carry and deliver a fully equipped balloon-borne scientific payload to float through the atmosphere of Titan and study its surface up close, and an Enceladus lander with equipment that could determine the moon's physical properties and ascertain whether or not pre-biotic chemistry, and perhaps life, has arisen there.

In other words, robotic exploration, and the insights that will be gained from it into the character, development and evolution of planetary bodies and even life itself, will be taken to new heights and, in turn, pave the way for the eventual arrival of humans throughout the solar system. Anyone up for an extreme excursion to the Enceladus Interplanetary Geyser Park?

All told, the subtext is invigorating and unmistakable: Humanity's future need not be confined to mere survival on our home planet. Other worlds beckon, we know how to reach them and we will once more be outward bound.

And we will not be alone. China, India and Russia, all eager to be or remain prominent players on the world stage, have independent plans to stride the lunar surface. And Australia, Canada, Japan and the member nations of the European Space Agency will be pooling their resources with us in the return to the Moon — a circumstance that will bring the cost of the effort to any one nation within reason.

THIS won't be a space race so much as a global exodus undertaken by an international community. And peaceful cooperation among nations, as a tangible means to build strong lasting international partnerships and defuse tensions and conflicts in the future, will be a welcome result.

In hindsight, maybe the pace of progress was predictable. Humans first explored Antarctica in the early 20th century. Decades passed before we had the technology that would allow us to establish a permanent presence. History will indicate the same for our interplanetary forays. Our initial "small step for a man" on the Moon took place in 1969. A half-century later, we will be there anew, to live and work.

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To reach that future will require two critical ingredients: adequate financing and a long-term cross-administration commitment that supports steady, uninterrupted progress. Our first reach for the Moon took us from President Kennedy's spoken words to the lunar surface in little over eight years under a budget profile that saw peaks in annual NASA budget of more than $30 billion in current dollars — a shocking number by today's standards and a good measure of how important we then considered the endeavor.

While sustained budgets of that magnitude are out of the question today, what is not out of the question is our ability to pay to keep the goal front and center. We are now spending in Iraq, in a single month, $9 billion — more than half the annual budget NASA needs to stay on course.

Forty-five years ago today, John Glenn Jr. became the first American to venture into orbit around the Earth. Just 9 years old, I knew at that moment that the future would be big and wide, and that I might go places no one had ever been before.

There could be no better way today to encourage an equally optimistic belief in the future than to embark on an odyssey that presents tremendous challenges, demands discipline and rigor, requires decades-long focus, inspires international cooperation, promotes lasting peace, improves life for all and paints a stirring vision of an expanded human presence beyond the Earth. There could be no better way to say: the future is boundless, and it belongs to us.

OTHER NEWS:

Bipartisan Coalition Pushes For Education Reform (Politico)

By Andrew Glass

Politico, February 20, 2007

Business and civic leaders, worried about the poor preparation U.S. public schools are giving students to compete in the 21st century's global economy, have forged a bipartisan coalition to press for broad education reforms. Some of the first fruits of their new partnership are scheduled to be shown on Feb. 28, when the U.S. Chamber of Commerce and the Center for American Progress plan to unveil their joint platform for change. The project has been in the works since last April.

Their common initiative comes in the wake of a nationwide poll the chamber conducted on how the business community assesses the American education system. In response to one key question, 87 percent of the 571 business organizations that answered the online survey said the current No Child Left Behind requirements should extend all the way through high school.

To qualify for federal subsidies, the law, enacted in 2001, requires public schools to annually measure the reading and math skill levels of students in grades three through eight and at least once in high school.

"It absolutely shocked me when I got those results back," said Jacque Johnson, executive director of education and workforce development at the chamber. "They revealed that there's wide support out there for taking action. There's a pre-election window that's open to extend the provisions with a target date for action in May or June, but that window is likely to close next year if nothing is done."

On Feb. 13, a "Commission on No Child Left Behind," sponsored by the Aspen Institute, released its own blueprint for what Congress should do. Secretary of Education Margaret Spellings said that report, in laying out needed adjustments, reflects "the broad, bipartisan commitment to improving our nation's schools that was behind" the original legislation.

"It was a good optic," Johnson said of the commission's news conference, which Spellings attended. All four major congressional players were there, which Johnson took to be a positive sign. They are Sen. Edward M. Kennedy, D-Mass., chairman of the Senate Committee on Health, Education, Labor and Pensions; Rep. George Miller, D-Calif., chairman of the House Education and Labor Committee; and their respective ranking members, Sen. Michael B. Enzi, R-Wyo., and Rep. Buck McKeon, R-Calif.

"The key people on the Hill want it (the reauthorization) to be bipartisan," Johnson added.

For next week's launch of the education reform initiative, the chamber and the center are presenting their top guns: Thomas J. Donohue, the chamber's veteran president and CEO, and John D. Podesta, the center's president and CEO who was former President Bill Clinton's chief of staff. In addition to releasing the reform proposals, the two groups plan to grade all 50 state

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education programs, plus that of the District of Columbia, from kindergarten through 12th grade. The idea is to gauge how well today's students are being prepared for tomorrow's jobs.

"We will not rank them," Johnson said, referring to the analysis, which is called "Leaders and Laggards: A State-by-State Report Card on Educational Effectiveness." Johnson said the "report card" would cover nine specific areas, including "academic achievement, the rigor of its academic standards, post-secondary workforce readiness and, somewhat uniquely, a business-oriented look at 'return on investment.' "

Frederick M. Hess, director of education policy studies at the conservative-leaning American Enterprise Institute, acted as a third partner in preparing the analysis. In 2004, he published "Common Sense School Reform" (Palgrave MacMillan). His book begins: "School reform is the province of utopians, apologists, and well-intended practitioners who inhabit a cloistered world where conviction long ago displaced competence."

"My views haven't changed in the last three years," said Hess, who holds a doctorate in government from Harvard.

He'll be joined in a panel discussion on Feb. 28 by Cynthia G. Brown, director of education policy for the Podesta-led center, and Ulrich Boser, a contributing editor at U.S. News and World Report. Arthur J. Rothkopf, a senior vice president at the chamber who was President George H.W. Bush's deputy secretary of transportation, will moderate the discussion; he recently retired as president of Lafayette College in Easton, Pa.

What Can Schools Do? (USAT)

By Charles C. Haynes And Marvin W. Berkowitz

USA Today, February 20, 2007

After the endless headlines involving corrupt politicians, corporate cheats, doped-up sports stars and Internet predators, you might think that the American people would be demanding more character education in schools.

Think again.

"Good character," like the weather, gets a lot of talk — but too little action. We bemoan the loss of integrity and lack of responsibility in American public life. We decry the numbing statistics about teenage substance abuse, sexual promiscuity and gang activity. We wring our hands over surveys that report widespread cheating in schools and colleges. And then we move on to more important things.

Test scores, for example.

That's right: Standardized test results seem to trump everything else in education these days. No matter how many warning bells are sounded about the crisis of character in our society and despite the long-standing understanding that education is for the whole child, all we want to hear is how each school did on the exam.

Reading and math are important, but if we care about our kids (and our future) shouldn't we be paying more attention to the kinds of human beings who do the math and read the books?

"To educate a person in mind and not in morals," said Theodore Roosevelt, "is to educate a menace to society."

Fortunately, taking academics and character seriously in schools isn't an either/or proposition. Done well, character development enhances academic performance. Just ask Kristen Pelster, principal of Ridgewood Middle School, a rural/suburban school of about 503 students (42% of them economically disadvantaged) in Arnold, Mo.

When Pelster arrived as assistant principal six years ago, Ridgewood had all the marks of the proverbial "failing school": high absenteeism, low academic achievement and a constant stream of discipline problems. Located in a poor community plagued by inadequate housing and meth labs, the school had graffiti on the walls, profanity echoing in the halls and a rusty chain fence surrounding it. It could have been the movie set for Blackboard Jungle.

Working as a team, Pelster and then-Principal Tim Crutchley, who was also new, made a commitment to transform Ridgewood. First, they diagnosed the problem: Students didn't feel as though anyone cared about them or the school.

Then they articulated a vision for "a school where there is caring, a sense of belonging and academic achievement."

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Facing angry parents and a dispirited staff, Crutchley and Pelster knew they had much convincing to do. When they first arrived at Ridgewood, dozens of parents had requested that their children be moved to another school. Step One was to clean up the physical environment (the rusty fence was the first thing to go).

Initially, "caring" was a lot like "tough love." Crutchley and Pelster raised the bar on attendance, often going to truant students' homes to bring them to school. They established a "failure is not an option" program that prohibited the giving of zeros for missing work. Students had to make up missing homework during lunch hour. Teachers were required to integrate character education into academic lessons and behavior management.

By the end of the first year, the two leaders had won over a core team of teachers, critical support that, with the help of parents and members of the community, let the school progress.

The Ridgewood activists learned early on that "character education" is far more than slogans or quick-fix lessons about a word of the week. To be effective, character education must become integral to the daily actions of everyone in the school community.

It starts with the faculty. Early in the process, Crutchley and Pelster drove out teachers who didn't show concern for students and recruited teachers who did.

They allocated resources to provide staff development. This modest investment in teacher training — a few thousand dollars — constituted almost the entire cost to implement their plan.

Effective character education is not an add-on, but instead uses "teachable moments" in every classroom. Seventh-grade teacher Kacie Heiken, for example, has her students write and illustrate fairy tales that have a positive moral lesson. The students go to elementary schools and read their stories to classes before donating the books to a local children's hospital.

In American history classes, students study veterans, war and military service, culminating in a school-wide celebration of Veterans Day that includes breakfast and a patriotic slide show for local veterans and their families.

Science students recently collaborated with a local church group to build a nature trail.

Ridgewood's effort extends beyond the curriculum. For half an hour each day, students meet with an adult mentor in small family-like advisory groups. "The advisory helps form strong relationships between staff and student and among students. It creates a sense of being more of a family than an institution," Crutchley says.

But character education at Ridgewood isn't solely, or even predominantly, a top-down process. Daily class meetings include ethics discussions led by students. A one-semester course in "teen leadership" prepares students to take the lead in implementing an honor code and dealing with problems such as bullying.

Parents also play a key role. After all, they have primary responsibility for the moral development of their kids. While some parents have abdicated this responsibility, most want schools to reinforce and model the moral values taught at home. Many Ridgewood parents now volunteer at the school, and attendance at parent conferences has risen from 44.5% in 2000 to 75% in 2005.

Today, Crutchley is assistant superintendent of the district and Pelster, now principal, presides over a transformed Ridgewood.

Academic performance is up, disciplinary referrals are down by more than 70%, and the student failure rate has dropped to zero. Attendance has also improved, with the formerly daily home visits for truant students now down to four or five per year.

The rusty fence and graffiti are long gone, replaced by displays of student classwork and high expectations: Ridgewood has been on Missouri's list of Top Ten Most Improved Schools for four of the past five years.

In October, Ridgewood was one of 10 schools and districts in the nation to be recognized as a 2006 National School of Character by the Character Education Partnership.

Ridgewood's turnaround may be unusual, but it is not unique. "Schools of Character," schools that are implementing a comprehensive plan for character education, can be found in school districts across the USA. No study has yet been done on how many schools are providing character education, but the need is clear and the interest is understandably immense.

Ridgewood is a remarkable case study, but the success of character education is well-documented. It works.

Victor Battistich of the University of Missouri-St. Louis, examined all the scientific research of the past 15 years and concluded that "comprehensive, high-quality character education" can prevent a wide range of problems, including "aggressive

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and antisocial behaviors, drug use, precocious sexual activity, criminal activities, academic underachievement and school failure."

So why aren't all schools doing it? In the early history of public education, developing good character was seen as an essential part of preparing people for citizenship in a democratic society. But in the latter part of the 20th century, many public schools moved away from the traditional emphasis on character and citizenship as American society grew more complex and diverse.

Today, character education is making a comeback. Thirty-one states mandate or encourage character education by statute. While pronouncements by legislatures don't necessarily translate into quality character education programs, it's a start.

Much is at stake in getting this right. At this critical moment in America's history, we need far more than higher math and reading scores. We need citizens who have the strength of character to uphold democratic freedom in the face of unprecedented challenges at home and abroad.

"Only a virtuous people are capable of freedom," is the familiar aphorism from Benjamin Franklin. Less well-known, but worth recalling, is the warning in the sentence that follows: "As nations become corrupt and vicious, they have more need of masters."

Charles C. Haynes is senior scholar at the First Amendment Center in Washington. Marvin W. Berkowitz is the Sanford N. McDonnell Professor of Character Education at the University of Missouri-St. Louis.

McCain: Rumsfeld Was One Of The Worst (AP)

By Bruce Smith, Associated Press Writer

AP, February 20, 2007

Republican presidential candidate John McCain said Monday the war in Iraq has been mismanaged for years and former Defense Secretary Donald Rumsfeld will be remembered as one of the worst in history.

"We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war," the Arizona senator told an overflow crowd of more than 800 at a retirement community near Hilton Head Island, S.C. "The price is very, very heavy and I regret it enormously."

McCain, the ranking Republican on the Senate Armed Services Committee, complained that Rumsfeld never put enough troops on the ground to succeed in Iraq.

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history," McCain said to applause.

The comments were in sharp contrast to McCain's statement when Rumsfeld resigned in November, and failed to address the reality that President Bush is the commander in chief.

"While Secretary Rumsfeld and I have had our differences, he deserves Americans' respect and gratitude for his many years of public service," McCain said last year when Rumsfeld stepped down.

On a two-day campaign swing in South Carolina, McCain fielded questions from the crowd for more than an hour and said the United States can succeed in Iraq with additional troops and a new strategy. McCain has been a strong proponent of using more troops and favors Bush's increase of some 21,500 U.S. forces in the nearly four-year-old war.

"I have been saying for 3 1/2 years that we would be in this sad situation and this critical situation we are in today," he said.

McCain's bid for president was sidetracked in South Carolina in 2000 after a victory in New Hampshire. George W. Bush won the primary here and went on to win the nomination and White House.

"In life, one of the worst things you can do is hold a grudge," he said. "I felt the important thing for me to do with my life was to move forward after we lost our race. You have seen other people who have lost who mire themselves in bitterness and self pity. That's not what my life is all about."

Some in the crowd were Bush supporters who have not yet decided on a 2008 candidate.

"It's too early to say," said Paul Baker, a retiree from Niagara Falls, N.Y., who has lived in South Carolina about four years. "I'm just going to wait it out and see what happens."

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Why John McCain (WSJ)

By Phil Gramm

The Wall Street Journal, February 20, 2007

Four years ago I decided to quit while I was ahead and concluded my 24-year political career. When I left the Senate, I also left the public policy debate and talking-head role to those actually in the arena. However, because I believe that the 2008 presidential election will be the most important election since 1980, I have decided to rejoin the national debate and exercise my right as a private citizen to express a strongly held opinion about who should be elected, and why.

When the poet Edwin Markham wrote "Lincoln, the Man of the People," he spoke of the gathering crisis and the man sent to "meet the mortal need." For Markham, the gathering crisis was the great Civil War, and the man sent to meet the mortal need was Abraham Lincoln.

Today's mortal need is for a leader who trusts our people enough to tell them the truth about the festering domestic problems that have been swept under the rug for a quarter-century. We need a president who can face up to these problems even as he leads an increasingly reluctant country in a war against a dangerous enemy that will follow us home from any battlefield on which we are defeated.

Where is such a leader to be found? American history gives us a clue where to look: When the times have required great leaders in the past, they seem to have been there all the while, just waiting to be called. John Adams wrote in his diary in 1774 that "We have not Men, fit for the Times. We are deficient in Genius, in Education, in Travel, in Fortune -- in every Thing. I feel unutterable Anxiety."

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Yet, at that very moment, the greatest assemblage of leadership the world has ever known was emerging all around him. We seem, for some reason, to be able to see greatness only in the rearview mirror.

I believe the man we need to meet the mortal need today is here. He is experienced, but has not lost his common sense or his ability to be outraged. His conservatism is not the result of a studied philosophy, but of common sense and personal observation. His name is John McCain. He might not be the right president for all times, but he is the right president for these times.

Today we have an unnecessary budget deficit, the result of wanton waste and dishonesty. John McCain has been a lonely but clarion voice on this issue: "Bills that perpetuate wasteful spending should be vetoed," he says. "Not some of them, all of them. The numbers should shock us; indifference to them should shame us."

This is not a concern he discovered when he decided to run for president. I first heard him say these things when we served together in the House many years ago. To ask if he would really take on the spending establishment that runs Congress is to ask if water will wet, if fire will burn. If you want to end the spending spree in Washington, he is your man.

John McCain understands instinctively that just as "in war, there is no substitute for victory, in peace, there is no substitute for growth." He believes that "the strength of our economy promotes freedom not just at home but in every distant corner of our planet. End growth in America and the lights start to go out all over the world."

The success of the Reagan program taught Sen. McCain that growth requires responsible, limited government and ever-expanding freedom. As he has said, "The answer to deficits is not to raise taxes or repeal the [Bush] tax cuts but to restrain our spending habit. If the federal government can not be funded by current revenues then we must reduce its size."

Others tell us that pigs have wings and we can have it all: more spending, more government, lower taxes and more freedom. John McCain's says that "tax cuts work best when accompanied by lower spending." Yes, he understands that cutting taxes creates the incentive to work, save and invest; and that sometimes you have to cut taxes first to get the economy going and then control spending. But in his common-sense view, as in the immutable laws that govern our world, you can't let government spend it and let the taxpayer keep it for very long. Nothing endangers the Bush tax cuts today as much as the spending orgy that the very proponents of those tax cuts allowed to occur.

Sen. McCain stands tall, and often alone, in his support for free trade against special interests and against the politicians who would risk destroying our economy to win an election. His view is straightforward and ratified by all our national experience: "Free trade is the key to economic growth, and a key to U.S. economic success. We need to stand up for free trade with no ifs, ands or buts about it. We let free trade and globalization be politicized at our own peril."

But he is not blind or callous to the real costs imposed on the few as trade and globalization create prosperity for the many. In his view, "We must remain committed to education, retraining and help for displaced workers, all the while reminding ourselves that our ability to change is a great strength of our nation." But, he adds, "We cannot let fear and the appeals of protectionism lead us backwards."

John McCain is one of the few politicians in America who consistently levels with us about the mounting insolvency of Social Security and Medicare. "We have made promises that we cannot keep. Some day the government will be forced to make dramatic cuts in these programs, or crippling increases in taxes on workers or both." For Sen. McCain, salvaging the social safety net and saving the economy means making the hard choices now to right the current system for those already in it, and building a new system for future workers based on real investments, not empty promises.

Being honest about Social Security and Medicare is a necessary but not sufficient condition for fixing a broken system. Think for a moment about all the possible candidates running for president next year, and then ask yourself this question: Who else has shown any ability to reach across the party divide and build a bipartisan consensus? Who else could lead worried Americans and shame a reluctant Congress into action? Who else would stay on course with political flak exploding all around him, and his political life hanging in the balance? The easy answer is -- no one but John McCain.

Which candidate is best equipped to lead an America at war, with battle lines raging in far away places and on Main Street, where you live? It is in meeting this mortal need more than any other that John McCain stands head and shoulders above the alternatives. Only he has the life experience to know what is really entailed in sending young men and women into combat. With

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a son at Annapolis and a son in the Marine Corps, he still has plenty of "skin in the game." His life experience and intimate knowledge of defense and foreign policy give Sen. McCain moral authority.

In a democracy, power is useless unless you can use it; what candidate would have more credibility in using power and rallying public support for a long and difficult struggle? Who would be more effective than John McCain in using American military power in its highest and best use -- the deterrence of adversaries? A president -- who knows war and has the authority to unite our people to make war when we must -- can thwart enemies, unite friends and win peace. John McCain would be that president.

Greatness seems to visit those who know themselves, what they believe in and why. Abraham Lincoln knew those things. The savior of the union was a protectionist and a proponent of big government projects -- and in the 1850s or 1870s he might have made an average or poor president. But in 1860, Lincoln was the right man for that moment. He was on a mission to save the union, and he did.

The great leader of my lifetime was Ronald Reagan. He knew what he believed in and what he needed to do in 1980, and he meant to do it. He didn't run for the glory of being president; he ran to change America and the world. He didn't just want to hold the office; he wanted to use it.

Over the years there have been issues where I have differed with Sen. McCain. But as I look at the gathering storm that will challenge the next president and imperil our country, not one of those issues is relevant to the task ahead. The presidency is a terrible thing to waste. I believe that if the American people make him president, John McCain won't waste it.

Mr. Gramm is a former U.S. senator from Texas.

In Limbo In Washington, McCain Comes Alive In Iowa (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 19, 2007

Campaigning for Conservatives, He Plays Up Fiscal Discipline

DAVENPORT, Iowa, Feb. 18 -- Former Texas senator Phil Gramm was wrapping up his introduction in Des Moines on Saturday morning when a white-haired man wearing gray slacks and a big, brown leather jacket ambled up the aisle and stopped at the side of the stage, the curl of a smile on his lips.

It was Sen. John McCain.

Back in Washington, McCain has shown little of the exuberance of the Republican outsider who challenged George W. Bush for the GOP presidential nomination in 2000. Now virtually hostage to the success of Bush's Iraq war policy, which he has defended and criticized, McCain has appeared subdued, even dour.

In interviews, the Arizona Republican has spoken almost in monotone, defending his support for sending more troops into battle in Iraq. On NBC's "Meet the Press" recently, his body language conveyed distinct discomfort with the constant attention he receives about the war's potential impact on his presidential aspirations.

But as he campaigned across Iowa this weekend, there were flashes of the old McCain. During town hall meetings in Des Moines, Cedar Rapids and Davenport, he staunchly defended his position on the war, decried a Republican Party that he said has lost its way and punctuated question-and-answer sessions with his particular brand of humor.

"I had my glass of ethanol this morning, and I'm feeling good," he said to ripples of laughter as he delivered his opening remarks to a jampacked audience in a Des Moines hotel ballroom. "I hope you did, too. Tastes good."

When a man said he was serving in the Marines in Vietnam around the time McCain was being held in a North Vietnamese prison camp, the senator interjected, "Why didn't you come get me?"

As the audience broke into laughter, the man responded, "Marines always love to rescue the Navy when they get the chance."

"That's what you get for being a smart [expletive]," McCain said of being turned into the butt of the joke.

A young man in Davenport said pointedly: "You ditched Iowa in 2000. Why should we support you?" The candidate responded, to peals of laughter: "You know, we should never let these young punks in. No respect. You remind me of my own kids."

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The ethanol joke was not lost on anyone, either. When he ran for president eight years ago, McCain skipped the Iowa caucuses, saying he did not have the resources to compete both there and in New Hampshire. But many Republicans suspected that his opposition to ethanol subsidies, vital to the Iowa economy, influenced his decision to stay out of the state.

McCain lost that first race for president after a bitter fight with Bush, who proved more adept at appealing to the Republican base. Now back for a second try for the GOP nomination, support for ethanol -- he says it is economically justifiable now that oil prices have risen -- is just one of a number of things he has been willing to swallow to try to win.

The McCain team is focused on building an infrastructure of financial and political support second to none in the GOP field. The candidate himself, whose formal announcement will come next month, is determined to make himself acceptable to Republicans who spurned him the last time around.

McCain's path to the nomination is made less difficult by the absence of a top-tier candidate with the ability to consolidate the conservative base of the party. Former New York mayor Rudolph W. Giuliani is far more liberal on social issues than McCain is, and former Massachusetts governor Mitt Romney is struggling to explain his conversion from a social moderate in the 1990s to an ardent conservative now that he is running for president.

McCain advisers believe he can change attitudes among many culturally conservative voters and win the nomination as the favorite of the GOP establishment. On what was McCain's first campaign swing through Iowa since setting up his presidential campaign committee, the differences between 2000 and today were evident.

Seeking the 2000 nomination, McCain ran as a maverick and a reformer, an appeal that played especially well with independent voters. This time he presents himself as the candidate who can restore core principles to the Republican Party, which he says became intoxicated by power before losing its congressional majorities in the 2006 midterm elections.

His message this time is more overtly conservative, and his campaign identifies more openly with the socially conservative wing of the party. McCain and his advisers stress his quarter-century record of support for antiabortion legislation, and when it came time for an opening prayer on Saturday morning, McCain's Iowa chairman, David Roederer, made sure the audience knew that the campaign's Maxine Sieleman, who hosts a daily Christian radio show that airs throughout the state, is "one of Iowa's leading social conservatives."

McCain still has issues with conservative Republicans over immigration and a constitutional amendment banning same-sex marriage, and he supports stem cell research. Some conservatives will have to be convinced that the man who trashed Jerry Falwell and Pat Robertson eight years ago is truly one of them now, although he has patched up with Falwell.

A longtime scourge of pork-barrel spending and a proponent of fiscal discipline, McCain is well positioned on an issue that has gained more currency among conservative Republicans because of the mushrooming spending during Bush's presidency. "I'll veto every pork-barrel bill that comes across my desk, and I'll make the people famous who put it in," he said in Cedar Rapids. "I promise you."

Across Iowa on Saturday, Gramm, who unsuccessfully sought the GOP nomination in 1996 but remains a symbol of fiscal conservatism within the party, helped reinforce that message. "We need a president who will stop the spending spree, balance the budget and make the Bush tax cuts permanent -- and that's what John McCain will do," he said.

McCain's hopes for winning the White House may be tied directly to Iraq. A majority of Republicans agree with Bush's plan to add combat troops there, and neither Giuliani nor Romney has staked out a position different from McCain's or the president's on the preeminent issue facing the country. But as the Senate's leading proponent of the Bush plan, McCain has put himself at odds with a majority of the American people.

"The one thing I'm sure of is, next January when the Iowa caucuses take place, it will be a very different scenario in Iraq than now," he told reporters aboard his chartered plane as he flew between Cedar Rapids and Davenport on Saturday. "So if we're starting to show success, then obviously the fact that I supported this is good. If it continues to deteriorate . . . ." He trailed off. No one needed him to finish the sentence.

When a reporter suggested that his fate ultimately may not be in his hands, McCain replied: "Yep. That's why I can't worry about it and I don't worry about it. There's nothing I can do about it."

McCain Runs A Different Race (POL)

DOJ_NMG_0133681

By Jonathan Martin

The Politico, February 19, 2007

DAVENPORT, Iowa -- The jokes were familiar. So was the casual banter with voters who showed up at town hall meetings to meet the candidate. But the contrast this weekend was unmistakable: Sen. John McCain is a different man running in a vastly different moment than the last time he sought the presidency.

In 2000, McCain lost the Republican presidential nomination but established himself as perhaps the most arresting politician of his generation with a rollicking campaign style that mingled startling candor with towel-snapping humor and nearly inexhaustible high spirits.

This weekend in Iowa, McCain's old ebullience was replaced by a mood that seemed to fluctuate between sober and downright morose as he and the voters he met kept returning to a single topic: Iraq.

Nor was the weekend an exception. In recent interviews, McCain has similarly projected a grim and sometimes ashen aura while grappling with a war debate that for now is permeating his candidacy.

McCain made three stops across the Hawkeye State on Saturday while most of his colleagues were back in Washington taking up an unsuccessful motion to continue debate on the resolution on the Iraq troop "surge."

In a jam-packed conference room at the Hotel Fort Des Moines, McCain was met with nine consecutive questions that were a steady barrage of opinions, observations and pleas for action on Iraq and the wider threat of terrorism. McCain expected to discuss a wider range of issues. He said he was skipping glancingly over the Republican hot-button of immigration because he expected it to come up during the questioning. It didn't.

When it comes to the war, the same candor that energized supporters in 2000 is now virtually assured to leave them depressed. Picking up the mantra from his 2000 campaign, the Arizonan said he'd offer "a little straight talk" about Iraq.

"If we fail, I don't know what the other options are," he acknowledged. "I can give you lots of other options, but I'm not sure they would have the support of the American people."

Pressed by one veteran of the conflict why the success stories in Iraq were not being told back home, McCain acknowledged that there had been progress in some parts of the country. "Having said that," McCain was quick to add, "if Baghdad is on the verge of chaos, Anbar Province doesn't matter."

When Marty Baddeloo of West Des Moines demanded to know the "cost of being successful in Iraq ... rounded out to the nearest $25 billion," McCain replied with the obvious: "You reflect the frustrations many Americans feel," he said.

"In a few months," McCain predicted, "we'll know if the Iraqi government is doing the things we want them to do." But, he admitted, "I don't know how soon we're going to know militarily" if the surge is working.

Another man pressed McCain on what his "Plan B" was in case the additional U.S. troops into Iraq failed to stem the violence. "I promise," McCain responded, "I think about it every day."

It showed. Dressed casually in a brown leather bomber jacket, sweater and gray slacks, McCain deployed his usual mix of corny cracks and jocular repartee with audience members. But the levity was no match for the deeply serious questions that McCain found himself on the receiving end of at his first stop of the day in Des Moines.

Invoking the name of a local National Guardswoman who recently perished in a helicopter crash in Iraq, one Vietnam veteran in the audience put it plainly: "Iowans are dying, too."

Even a man who complained about the high price of his drug prescription prefaced his remarks by noting that he'd lost a grandson in Iraq. At this, McCain lowered his head and closed his eyes tightly.

As Sen. Phil Gramm, the former Texas senator and one-time presidential aspirant reminded each stop along the way in his introduction, McCain has "a son at Annapolis and a son in the Marine Corps."

For the McCain family, in other words, the war is no distant thing. So when the veteran, son of a veteran and father of a veteran to be (Jimmy, the Marine, is slated to deploy to Anbar Province this summer) said that "presidents don't lose wars, political parties don't lose wars, nations lose wars," he was trying to elevate the discussion above politics. But it's difficult to see how McCain's presidential aspirations won't be tied to a conflict that he's linked so closely within the public mind.

For a Republican base that still supports their commander in chief, McCain's outspoken and unyielding support for an aggressive posture in Iraq, the cardinal issue of the day, has the potential to heal old wounds left from his 2000 primary battle

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against George W. Bush and his conservative allies. But the same views could also torpedo his hopes to win the support of a larger electorate fed up with the continued loss of blood and treasure abroad.

Asked at a news conference following the Des Moines event about whether his support for Bush's plan would help alleviate suspicion from the conservatives who dominate his party's nominating process, McCain wouldn't talk about the politics of the war. "I've said all along that I won't be concerned if it helps me or hurts me with anyone." Iraq, McCain said, "transcends any political ambition I may have."

The next two stops following Des Moines, at equally full banquet rooms in Cedar Rapids and then here along the Mississippi River, brought a broader range of questions, including many about domestic issues. Still, the reality of a war time election continued to loom.

"We're in a very difficult time, a very difficult time in our nation's history and difficult time in other parts of the world, too," McCain intoned.

Trying to add an optimistic note, however, McCain promised that "there is not a single problem that this great nation can't overcome."

And, McCain offered, he could lead the way in such a challenging year. Indeed it took the question of a 7-year-old to bring the candidate closest to talking about the impact of Iraq on his campaign.

"I want to know why you want to be our president," asked Colin, a first-grader doing a serviceable impersonation of Roger Mudd.

Because, McCain replied in the same sober tones he'd sounded all day, "I believe my life has prepared me with the experience and knowledge and vision to lead this country in very difficult times."

Romney Supports 'Don't Ask, Don't Tell' (WP)

By John Solomon, Washington Post Staff Writer

The Washington Post, February 19, 2007

Former Massachusetts governor Mitt Romney (R), who once advocated allowing gays to serve openly in the military, said yesterday that he does not think the Pentagon should change its "don't ask, don't tell" policy in the midst of the Iraq war.

" 'Don't ask, don't tell' has worked well. We're in the middle of a conflict. Now is not the time for a change in that regard, and I don't have a policy posture as to allowing gays in the military to serve there openly," Romney, a presidential candidate, said on ABC's "This Week."

Romney also addressed his revised positions over the years on subjects key to social conservatives and discussed his Mormon faith. Both are issues that have emerged early in his presidential bid.

"I'm not running for pastor in chief. I'm running for commander in chief," he said, dismissing concerns that his faith might affect his policies by saying all religions share common values as "one family of humanity."

On other key issues, Romney said:

Â· He opposes discrimination against gays and lesbians but supports a federal amendment defining marriage as limited to a man and a woman. "Marriage is primarily an institution to help develop children. And children's development, I believe, is greatly enhanced by access to a mom and a dad," he said.

Â· President Bush's decision to increase the number of troops in Iraq is "the right thing to do."

Â· He believes that "abortion is taking human life." Although Romney ran for the Senate in 1994 as a pro-choice candidate, he said yesterday that the decision on whether abortions should be legal should be left to the states. "There are lots of things that are morally very difficult, and in some cases repugnant, that we let states decide," he said.

Romney's wife, Ann, joined him for the interview. She said she and her husband discussed, before he decided to run, whether the stress of a campaign might aggravate her multiple sclerosis.

"I clearly don't have enormous reserves of energy and I really do hit 'Empty' pretty quickly, and I've got to learn how to manage that," she said.

Romney Defends Position On Stem Cells (AP)

By Henry C. Jackson

DOJ_NMG_0133683

AP, February 20, 2007

Republican presidential candidate Mitt Romney on Monday defended his opposition to most embryonic stem cell research despite its scientific promise to cure diseases like multiple sclerosis that afflicts his wife, Ann.

In an interview with The Associated Press, the former Massachusetts governor said he was confident that research on adult stem cells and the existing embryonic stem cell lines could eventually provide the medical answers.

"I believe that science is able to receive the stem cells necessary for research through means that don't represent a serious, moral problem," Romney said.

Scientists say embryonic stem cells hold the most promise and the research may eventually lead to treatment and perhaps cures for diseases such as Parkinson's and juvenile diabetes. Stem cells are created in the first days after conception, but some people such as social conservatives and President Bush oppose the research because days-old embryos — usually left over from fertility treatments — are destroyed in the effort to isolate the cells.

In August 2001, Bush restricted government funding to research using only the embryonic stem cell lines then in existence, groups of stem cells kept alive and propagating in lab dishes. Only about 21 of those lines are available for study, most created in ways that preclude use in humans.

Romney favors work on those lines and said if elected, he would increase funds for research of adult stem cells.

"It avoids all of the moral concerns and therefore presents scientific opportunity without moral dilemma," he said. "And I found no one to dispute the potential of such avenues of exploration that was able to convince me that these did not have merit."

Romney said his wife would play a prominent role in his campaign for president.

"Were she not healthy I would not have run ... " he told the AP. "She is able to manage her disease such that she does not overdo or cause herself physical problem. Were that not the case, we'd have made a different decision. We'd be in the sun somewhere."

Romney ran as a moderate in his unsuccessful bid for Senate in 1994, when he expressed support for abortion rights. He now opposes abortion, a shift that has caused consternation among some conservatives. During a campaign stop in Iowa, Romney said he did not know if the state's voters would support his recent switch on abortion.

"I respond to the questions as they arise. President Reagan was pro-choice as governor and became convinced he was wrong," he told the AP

Romney defended his recent decision to join the National Rifle Association, saying that he has always supported the 2nd Amendment and dismissing criticism that his membership amounts to political opportunism.

"I'm happy to support the NRA. They supported my campaign for governor and I clearly hope they support my campaign for president," he said.

Romney also defended his decision to vote for Democrat Paul Tsongas in the 1992 Massachusetts Democratic presidential primary.

"We have an open primary where we can vote for people other than Bill Clinton and I voted against Bill Clinton," he said.

Romney has been criticized for voting in the primary, and for giving multiple justifications for his vote. Romney scoffed at the notion that he was giving rivaling justifications for his vote.

"I pulled a Democratic primary ballot, and voted for Paul Tsongas as opposed to Bill Clinton. There was no Republican contest of significance at that time, as I recall," he said.

During his campaign appearance, Romney chided national Democrats for suggesting diplomatic negotiations with Iran, calling it a country with "jihadist leadership" more bent on destruction than the Soviet Union.

"We think of the Soviet Union as being a nuclear superpower that we negotiated with but the Soviet Union was not suicidal, it was not genocidal," Romney told reporters in Sioux City on Monday. "They wanted to maintain their integrity and not ever suffer a nuclear attack. Iran has a different orientation. We have to recognize it as a jihadist leadership with (Iranian Pres. Mahmoud) Ahmadinejad."

The Talented Mr. Romney (WP)

By Richard Cohen

DOJ_NMG_0133684

The Washington Post, February 20, 2007

I have been following the zigs and zags of Mitt Romney, the former Massachusetts governor and now Republican presidential candidate, watching him grow progressively less progressive, sort of making himself up as he goes along. As a result, I surf the Web with trepidation, bracing myself for the story that I fear might be coming: "Romney Says He Is Not Really a Mormon."

I joke, of course. But the way things are going, I would not be surprised if the possibility of a Romney religious conversion has gone from inconceivable to a focus group for, as they say, further study. After all, the same bloc of voters -- conservative Christians -- that once found Romney suspiciously liberal on abortion and gay rights does not much like his Mormonism, either. This nice touch of intolerance has got to worry Romney. In recent polls, something like one-third of all voters have said they would be less likely to vote for a Mormon candidate -- and the figure is a bit higher (39 percent) among Republicans. Iowa, where conservative Christians comprise about 37 percent of the GOP electorate, could be trouble.

What's an ambitious, square-jawed opportunist to do? He might do as he has done in the past and change his position. He once was nicely supportive of gay issues -- not marriage, but civil unions -- and of repealing the odious "don't ask, don't tell" provisions relating to military service. Romney once felt so strongly about gay rights that he even went to the left of Ted Kennedy in their 1994 senatorial battle. "The gay community needs more support from the Republican Party," Romney said in an interview that year. And in a letter written in 1994 to the Log Cabin Republicans, he looked forward to the day when gays and lesbians could serve "openly and honestly in our nation's military." That day will not come should he become president, he has said recently. Peering into the homophobic heart of GOP primary voters, Romney now thinks gays ought to stay in the closet. He has changed his mind.

Something similar happened on abortion. Where once Romney wanted it safe and legal, he now clearly just wants it illegal. This metamorphosis came as he studied the issue of embryonic stem cell research and had nothing to do, mind you, with his race for the Republican nomination. Okay, I too have evolved on certain aspects of the abortion issue -- late-term abortion, for instance -- but a total flip from always legal to always illegal (the clear message he's sending abortion foes) can have only one explanation: Potomac fever.

Romney is not the only Republican candidate to mothball principles for the campaign. Rudy Giuliani is now not as pro-choice as he used to be, and John McCain has hired the very mudslingers he once wanted to garrote. But Romney is in a class of his own. He used to have fairly reasonable positions on gun control. Within the past year, though, he joined the National Rifle Association -- an admission made under some duress Sunday to George Stephanopoulos on ABC's "This Week." In fact, to watch Romney on the show was to see a thoroughly counterfeit man. If he were a coin, a vending machine would spit him out.

Of course, I do not really expect Romney to renounce his religion since, among other things, it would cost him more votes than it would gain him. But I do suggest that his craven crawl toward the White House shows a man of obvious talents and experience who illustrates how broken our system is. Why should anyone have to tailor his beliefs to get past ideological bottlenecks in the early primary states? For Republicans, it's the religious right; for Democrats, it's economic pressure groups such as teachers unions. The rest of us can only stand by, helpless, waiting for extremists to pick a man or woman on the basis of issues that mean less to us -- not the war in Iraq, for instance, but gay civil unions.

If there is one thing to say for the system, though, it is that it subjects presidential candidates to a kind of torture. We learn early on which of them have principles, backbone and pride in themselves -- the sort of integrity we want in a president. Since all politicians, like lovers and mattress salesmen, lie a bit, we do not expect purity. But Romney has taken things too far. I don't know whether he has any respect for himself, but he sure as hell has none for us.

Obama Tests His Strength In The South (POLITICO)

By Mike Allen

The Politico, February 20, 2007

RICHMOND, Va. – At the annual Jefferson-Jackson Dinner of the Democratic Party of Virginia on Saturday, the Hillary Clinton signs and bumper stickers were free, as were “I’m in to Win” buttons featuring the New York senator. But “Obama ’08

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Gear" was for sale – T-shirt, $20; button, $10; sign, $5. And he had a lot more takers than she did, suggesting he might be making early inroads in a tough region that once was Confederate soil.

Party officials say their previous record for the dinner was 1,400 seats. But after Sen. Barack Obama of Illinois was announced as the keynote speaker, sales ballooned and the party kept expanding the dinner until it had space for 3,200 at the Greater Richmond Convention Center.

A few hours before the dinner, Obama and Gov. Tim Kaine met reporters on the front porch of the Executive Mansion, which is tucked behind the Virginia Capitol and is the oldest continuously occupied governor's residence in the United States. Obama had campaigned for Kaine, who was now returning the favor by becoming the first governor outside of Obama's home state of Illinois to endorse his presidential candidacy.

Obama had just flown up from a rapturous reception in South Carolina, where the largest newspaper, The State, had made him the banner headline on the Saturday paper: " 'Let's get busy,' Obama urges Columbia crowd." South Carolina's primary is Jan. 29, 2008, putting it toward the front of the pack, just after caucuses in Iowa and Nevada and the primary in New Hampshire.

Virginia's primary is Feb. 12 and with big states like California contemplating moving theirs up to Feb. 5, the nominee could be decided before the Old Dominion chimes in. But Virginia, the 12th largest state, has been getting more Democratic with hordes of newcomers to Northern Virginia and Hampton Roads, although George W. Bush won the state by 8 points in 2000 and 9 points in 2004.

For the endorsement news conference, Kaine and Obama were accompanied by their wives, Anne Holton and Michelle Obama. All four graduated from Harvard Law School.

Suddenly standing next to the coolest kid in the class, Kaine said the next president will "have to reconnect our nation to the nations of the world in a very profound way," and he said Obama "has a very, very unique ability to do that" and would be "a president who will help us get into a politics … that's a lot more about results and about people" than about partisan advantage.

Then it was Obama's turn to speak to the 10 television cameras, from all parts of the commonwealth. "People have been noticing we've been attracting big crowds," he said. "I'd like to say it's just me. But I think I have come to represent, in the minds of some, turning a new page and getting beyond the slash-and-burn, very tactical politics that we've become accustomed to in Washington."

It was overcast and chilly. A few birds chirped. Bob Lewis of the Associated Press, wearing a big hat, asked the first question, noting this "historical moment" in a city that once was the capital of the Confederacy. Lewis asked what the endorsement means about Obama's viability in the South and about how things have changed.

"I have to confess that you may be more eloquent than I am on this point," Obama began. "I think you make a powerful point. Here we are in the heart of what was the Confederacy. For me to be able to stand here as an African-American reflects the enormous progress that this country has made and to some degree represents not the perfection of the Union, but a whole lot of progress in perfecting this Union – one more step that we have taken to live up to the essential creed that Virginia's first citizen, Thomas Jefferson, wrote about in the Declaration of Independence. It's humbling because, as I've said before, I'm standing on the shoulders of an awful lot of people who have done an awful lot of work."

Obama repeated a point he made on CBS's "60 Minutes" – that he won't blame skin color if he loses. "I'm also mindful," he said with Kaine at his side, "that ultimately the decision that voters across America make with respect to who will lead them in these difficult times is not going to be based on symbolism. It's going to be based on who can make sure that America's safe, who can make sure that health care is affordable and accessible, who can ensure that our children are being educated to compete in the world economy – issues that span region, and span race."

Two experts on Southern politics were quite bullish on Barack. Hastings Wyman, founder of the Southern Political Report, said that while Clinton retains her hold on the African-American establishment, which is crucial in Southern primaries, Obama has the most appeal among younger African-Americans. "If public opinion in the black community swings sharply toward him, the establishment will follow," Wyman said. "He has not done that so far, however."

Larry J. Sabato, director of the Center for Politics at the University of Virginia, says his students "are nuts about" Obama and that among Democratic students, "He's the only one they're interested in. He's like Reagan or Kennedy, with an ability to connect with people individually in a large group. Hillary? Get real. She doesn't have that. Whatever 'it' is, he has it."

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So can we expect to see “Rebels for Obama” bumper stickers on pickup trucks? Don’t count on it, but Obama told the press gathered not far from Monument Avenue, which is lined with tributes to Confederate generals: “Part of my campaign, I hope, is to remind people of the capacity for this nation to change, and to evolve.”

Obama Memoir Left Out Credits For Activism, Critics Say (LAT)

By Peter Wallsten

The Los Angeles Times, February 19, 2007

The drama began with a tiny ad in a local newspaper — a notice that asbestos was about to be removed from the management office at Altgeld Gardens, the all-black public housing complex where young Barack Obama worked as a community organizer.

"You think it's in our apartments?" a worried mother asked.

"I don't know," Obama replied. "But we can find out."

What followed, Obama says in a memoir, was a life-altering experience, an early taste of his ability to motivate the powerless and work the levers of government. As the 24-year-old mentor to public housing residents, Obama says he initiated and led efforts that thrust Altgeld's asbestos problem into the headlines, pushing city officials to call hearings and a reluctant housing authority to start a cleanup.

But others tell the story much differently.

They say Obama did not play the singular role in the asbestos episode that he portrays in the best-selling memoir, "Dreams From My Father: A Story of Race and Inheritance." Credit for pushing officials to deal with the cancer-causing substance, according to interviews and news accounts from that period, also goes to a well-known, pre-existing group at Altgeld Gardens and to a local newspaper called the Chicago Reporter. Obama does not mention either one in his book.

"Just because someone writes it doesn't make it true," said Hazel Johnson, a longtime Altgeld resident who worked with Obama on the asbestos campaign, and who began pushing for a variety of environmental cleanups years before he arrived.

U.S. Rep. Bobby L. Rush (D-Ill.) said it was Johnson's work, as well as asbestos testing conducted by the Chicago Reporter, that sparked the interest of Chicago officials and prompted Rush, who at the time was a City Council member, to launch an inquiry. While he has not read Obama's memoir, Rush, who has been a political rival of Obama's in recent years, said Johnson's role was so prominent that he was "offended" by anyone telling the Altgeld story without including her.

"Was [Obama] involved in stuff? Absolutely," said Robert Ginsburg, an activist who worked in Altgeld with Johnson and Obama. "But there was stuff happening before him, and after him."

No one disputes that Obama was active in organizing Altgeld residents. Several who worked directly with him say that he was the most effective organizer they had seen — a surprise, given his youth. "He was our motivator" said Callie Smith, now 50, who was active in Obama's group. "We did all the work, but he was our inspiration."

The varying accounts of what occurred 20 years ago are noteworthy because Obama, now a freshman U.S. senator, has begun a campaign for the White House after three years on the national stage.

Beyond Illinois, where Obama was a state legislator, much of what the public knows about the Chicago Democrat comes from his two best-selling books. On the campaign trail, he has said that through the books he has revealed more of himself to the public than has any other candidate. They provide "insights into how I think and how I feel about the issues facing America," he told reporters this month, according to an account in the Wall Street Journal. Many people coming to his rallies bring copies.

But "Dreams From My Father," the first of Obama's books, is not a historical account. In it, Obama uses literary techniques that are rarely found in political memoirs.

Dialogue in the memoir is an "approximation of what was actually said or relayed to me," Obama wrote in its introduction. For the sake of compression, he wrote, some characters are "composites of people I've known, and some events appear out of precise chronology." Most names in the book were changed for the sake of privacy, he wrote.

And while most memoirs place their authors at the center of events, critics of "Dreams From My Father" say it is unfair in omitting the others who were responsible for the successes of the asbestos campaign, an event that Obama portrays as central to his maturation as a political leader. For example, Johnson is not mentioned, and no character in the book appears to

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resemble her, even though she was already a prominent Altgeld activist and her presence in the anti-asbestos effort is confirmed by interviews and news accounts at the time.

An Obama spokesman said that the memoir was never intended to be a complete account of Altgeld or an attempt to portray Obama as a hero, but merely the recollections of one activist. Published in 1994 and re-released in 2004, the book primarily tracks Obama's journey to racial identity as the child of a black, Kenyan father and a white mother from Kansas.

"This is making a mountain out of flat land," said Robert Gibbs, the Obama spokesman, referring to inquiries from The Times. "The book isn't a history of social efforts to help the area. It was about what he was involved in."

Built in the 1940s to house black industrial workers, Altgeld Gardens has long been called a "toxic doughnut." The community is surrounded by a massive landfill, a paint factory, an odor-emitting sewage plant and the polluted Calumet River.

Obama arrived at Altgeld soon after graduating from Columbia University in 1983. He had taken a job with a small group called the Developing Communities Project, which aimed to help people in the wake of plant closures and other economic troubles.

Obama and his group helped persuade the city to open a job center. Working with parents at a local school, he tried to improve basic services at the housing project: repairing the toilets, the windows, the heating system.

Then, he writes, the asbestos threat appeared.

As detailed in the memoir, Obama's group was tipped off to the problem when a woman named "Sadie" noticed a classified ad that solicited bids to remove asbestos from the Altgeld management office.

"I don't know if it means anything," says "Sadie" in the book, "but I wanted to see what you thought."

Obama encouraged the group to ask the on-site manager about the asbestos. But they were fearful of confronting authority, Obama wrote, and unsure how to respond when their first inquiry produced no answers.

"What do we do now?" Obama quoted one parent as asking.

"We go downtown," Obama answered. "If they won't come to us, we'll go to them."

Obama then guided the group — which he said one person dubbed "Obama's Army" — through two dramatic, confrontational meetings with housing officials in 1986. The meetings drew news coverage and produced results, his memoir says.

In the first meeting, at Chicago Housing Authority headquarters downtown, Obama's group secured a promise of immediate asbestos testing at Altgeld and prompted aldermen to call hearings.

The second meeting was a chaotic event in which 500 Altgeld residents ran Chicago's top housing official off the grounds. But it produced "a victory of sorts," Obama wrote, as workers in "moon-suits" soon appeared and started sealing asbestos.

In the book, Obama wrote that his success in motivating the residents still inspires him. "I changed as a result of that bus trip, in a fundamental way," he wrote of confronting the housing officials downtown.

"That bus ride kept me going, I think. Maybe it still does."

Even as he campaigns for the White House, Obama speaks about his time in Altgeld. His first television interview after announcing his candidacy this month, on CBS's "60 Minutes," featured Obama leading a driving tour through the housing project.

But other forces — unacknowledged in Obama's book, but receiving public attention at the time — were at work in the asbestos story.

At the same time Altgeld tenants were asking their questions, the respected Chicago Reporter newspaper published an exposé of asbestos problems in a different housing project. It also asserted that heating pipes at other Chicago projects had similar asbestos insulation.

The Reporter's investigation was cited repeatedly on television and in local newspapers, and the Chicago Sun-Times credited it with bringing the asbestos problem to light.

"That article stirred me, and it stirred many others," said Rush, the former alderman, who said he initiated a City Council inquiry into asbestos because of the Chicago Reporter story. A long-serving congressman, Rush faced a primary election challenge from Obama in 2000, but he has since endorsed Obama's presidential campaign.

Obama's Altgeld Gardens account also omits the work of Johnson.

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She was already widely known for her pioneering work in pushing officials to investigate environmental hazards at local industrial sites. Spurred by her husband's premature death from lung cancer, Johnson had begun documenting the health complaints of Altgeld residents in the late 1970s. Johnson formed a group called People for Community Recovery and tried to cajole scientists to study possible links between the ailments that residents reported to her and the harmful substances around their community.

One of those scientists, Regnal Jones, visited Johnson in the early 1980s and recalls sitting in her kitchen as she laid out hundreds of index cards listing the illnesses throughout Altgeld. He said he was "blown away" by Johnson's survey.

During that visit, Jones said, he inspected Johnson's apartment and concluded that her heating pipes were insulated with asbestos. From that point on, Johnson says, she included asbestos in her complaints to government officials.

As Obama became involved in the asbestos issue, Johnson was among those who worked with him.

In interviews, she said she helped plan the Altgeld tenants' confrontational trip to the Chicago Housing Authority, meeting occasionally with Obama in her living room. Press accounts show that she was part of the protest.

Today, Johnson, now 72, is particularly disturbed that Obama's memoir portrayed the tenants as meek and confused, highlighting one parent who was illiterate. Johnson had been quoted on many occasions in the press by the time she met Obama. She had persuaded city officials to request the tests that found hazardous materials in local drinking water.

"Why would he paint us as so pathetic?" asked Cheryl Johnson, Hazel's daughter, who now runs the Altgeld group her mother founded. "Isn't a memoir supposed to be accurate?"

"There's no way that you could have done anything out there without knowing that this little old lady had been in Altgeld forever," said Jones, who was working for the city health department at the time.

Another Chicago community organizer said he had no quarrel with the license that Obama took in his memoir. "If you were writing your movie, I'm sure you'd be the star," said Salim Al Nurridin. "It's his movie."

The Hot Ticket In Hollywood: An Evening With Obama (NYT)

By David M. Halbfinger

The New York Times, February 20, 2007

BEVERLY HILLS, Calif., Feb. 19 — Tom Hanks has bought a $2,300 ticket. So have Jennifer Aniston, Eddie Murphy and Denzel Washington. The studio bosses from Universal, Paramount, Disney and 20th Century Fox have all sent checks or faxed their credit card numbers, too.

Given the A-list stars, movie and music moguls, and top Hollywood dealmakers who have sent their R.S.V.P.'s, one would think the man of honor at Tuesday night's benefit at the Beverly Hilton would be getting a lifetime achievement award. But the toast of the evening is Barack Obama, the 45-year-old first-term Democratic senator from Illinois, in his first foray to Los Angeles as a declared presidential candidate.

It is hard to say whether the unusual heat behind the evening owes more to interest in Mr. Obama or to the three men who spearheaded the fund-raiser: the DreamWorks co-founders David Geffen, Jeffrey Katzenberg and Steven Spielberg.

The haul is expected to be at least $1 million, making it the first major event here of the presidential campaign. (Senator Hillary Rodham Clinton, Democrat of New York, will get a chance to flex her own Hollywood fund-raising muscles on March 24 at the estate of Ronald Burkle, the supermarket tycoon.) Originally set for a restaurant with room for 400 people, the Obama event was moved over the weekend to a hotel ballroom with a capacity of 600, and payments were still filtering in by fax.

Of chief concern to a much smaller group of fund-raisers was that they be credited for any attendees they invited; those with at least 20 tickets to their name have been asked to dine with Mr. Obama at Mr. Geffen's Beverly Hills mansion after the reception.

One movie producer who raised enough money to attend the dinner said he had done so merely because many of his friends wanted to meet the senator but would have had no other way of buying a ticket — though he confessed that he also wanted to "kick the tires" on Mr. Obama himself. Yet he insisted on anonymity, saying he was also a supporter of Mrs. Clinton, and "I just don't want to hurt her feelings."

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Neither the reception nor the dinner is limited to Hollywood people; Alan C. Fox, a shopping mall owner and manager in Studio City, Calif., said he had raised about $150,000 from friends in real estate and finance, some already Obama enthusiasts, others skeptical but curious.

The ticket price of $2,300 reflects the maximum individual donation to a federal campaign, and, unlike those behind so many other Hollywood galas, organizers of this one vowed to bar the door to freeloaders, no matter how famous.

"We've turned down people who asked to bring a guest," said Andy Spahn, a political adviser to Mr. Spielberg and Mr. Katzenberg, among other industry people. "There will be no comps. Celebs are writing checks. Everybody's writing."

Among the industry players who have contributed are Peter A. Chernin, chairman and chief executive of News Corporation's Fox Group; Ron Meyer, the president of Universal Studios; Richard Cook, chairman of Walt Disney Studios; and Brad Grey, chairman of Paramount Pictures.

The scale of the event amounts to a coup, political operatives in Los Angeles said, since even veteran senators seldom take more than $50,000 to $100,000 from fund-raisers this early in the campaign cycle. Former Senator John Edwards, a frequent Los Angeles visitor, raised about $100,000 at a much smaller reception on Wednesday, for example — and the entertainment-industry contingent did not go much beyond the creator of the TNT show "The Closer," James Duff, and the actor Gary Cole, who played a vice president on "The West Wing."

Despite that, aides to Mr. Obama, loath to let the spotlight on their candidate drift to his wealthy donors or newfound Hollywood ties, declined to discuss the event except to say it would be closed to the news media.

What is known is that there will be no red carpet or V.I.P. room, no sit-down dinner and scant opportunity for one-on-one conversation with Mr. Obama, except for those who make it to Mr. Geffen's home. "It's going to be very democratic, with a small D," Mr. Spahn said.

Can This System Be Saved? (WP)

The Washington Post, February 20, 2007

THE PRESIDENTIAL public financing system is probably dead for the 2008 campaign. Certainly, the notion that candidates would limit their spending during the primary season in return for receiving federal matching funds has become quaint; the limits are so outdated and the amount of funds that can be raised so great that no serious candidate will take that bargain. And, for the first time, it looks as if the second part of the post-Watergate financing reform -- providing each major-party nominee with full financing for the general election campaign -- is about to become extinct as well.

Top-tier candidates of both parties, including Sens. Hillary Rodham Clinton (D-N.Y.) and John McCain (R-Ariz.) and former senator John Edwards, have already started raising money for a general election race. (They'll have to give it back if they don't win the nomination.) So has Sen. Barack Obama (D-Ill.), but with a twist: Mr. Obama has asked the Federal Election Commission to rule on whether he could legally collect money for the general election campaign but ultimately decide to take public funding were he to win the nomination and his GOP opponent followed suit.

As Mr. Obama put it in his letter to the FEC, "Should both major parties' nominees elect to receive public funding, this would preserve the public financing system, now in danger of collapse, and facilitate the conduct of campaigns freed from any dependence on private fundraising." The FEC has said it is speeding up its review of Mr. Obama's intriguing proposal, which turns, as a legal matter, on the question of whether the candidate would be deemed to have "accepted" money he is raising for the general election campaign if he keeps it separate and unused. If the money has been raised but not "accepted," Mr. Obama argues, he could still choose to return it and take public financing instead.

Linguistically, this might be a stretch that only a former Harvard Law Review president could love. But as a matter of policy, it could salvage a failing system to promote the aims underlying the law. As Mr. Obama put it, "Congress concluded some thirty years ago that the public funding alternative . . . would serve core purposes in the public interest: limiting the escalation of campaign spending and the associated pressures on candidates to raise, at the expense of time devoted to public dialogue, ever vaster sums of money."

Interpreting the law in a way that would allow the nominees the chance to call off the fundraising arms race would further the purpose of the campaign finance law and avoid the first fully privately financed presidential campaign since Watergate. The

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FEC should allow that, and Mr. Obama's rivals in both parties should pledge, if they win the nomination, to help save the system, not destroy it.

Richardson Wants No Attacks Among Dems (USAT)

USA Today, February 19, 2007

New Mexico Gov. Bill Richardson said he and all other Democratic presidential candidates should sign a pledge not to attack one another. Such a pact would mean "we will go into a general election stronger," Richardson said Sunday on CNN's Late Edition.

Richardson also said that as "the only Westerner in the race," he will have to do well in Nevada's early presidential caucuses next year. "It's a neighbor state. It's a state of diversity," said Richardson, whose mother was Mexican. Richardson acknowledged that he's behind in the polls, but he added, "It's a year away."

The Iowa caucuses are first on the Democratic political calendar for 2008, then Nevada, followed by New Hampshire's primary and South Carolina's.

Bush has two benign moles removed

Two moles removed from President Bush's left temple were non-cancerous, White House spokesman Alex Conant said.

The skin growths were removed Friday during a brief procedure at the White House.

Bush has had lesions removed before: a precancerous lesion on his left arm in August, a non-cancerous skin growth on his neck in July 2005, small lesions from his left shoulder and face in 2004, and others from his face in December 2001. None was cancerous.

Senate leader's son joins Clinton camp

Senate Majority Leader Harry Reid, D-Nev., has not endorsed a Democratic presidential candidate, but his son, Rory, has signed on as Nevada chairman for Sen. Hillary Rodham Clinton's presidential bid.

Rory Reid, 44, is chairman of the Clark County, Nev., Commission and a former chairman of the Nevada State Democratic Party. He will be senior adviser on Western issues, including public lands, resources and conservation, transportation, growth and affordable housing, the New York senator's campaign said in a statement Sunday.

As Clinton Runs, Some Old Foes Stay On Sideline (NYT)

By David D. Kirkpatrick

The New York Times, February 19, 2007

WASHINGTON, Feb. 16 — Back when Senator Hillary Rodham Clinton was first lady, no one better embodied what she once called the “vast right-wing conspiracy” than Richard Mellon Scaife.

Mr. Scaife, reclusive heir to the Mellon banking fortune, spent more than $2 million investigating and publicizing accusations about the supposed involvement of Mrs. Clinton and former President Bill Clinton in corrupt land deals, sexual affairs, drug running and murder.

But now, as Mrs. Clinton is running for the Democratic presidential nomination, Mr. Scaife’s checkbook is staying in his pocket.

Christopher Ruddy, who once worked full-time for Mr. Scaife investigating the Clintons and now runs a conservative online publication he co-owns with Mr. Scaife, said, “Both of us have had a rethinking.”

“Clinton wasn’t such a bad president,” Mr. Ruddy said. “In fact, he was a pretty good president in a lot of ways, and Dick feels that way today.”

As for the conservative response to Mrs. Clinton’s campaign, Mr. Ruddy said, “The level of intensity and anger toward Hillary is not getting to the level that it was toward Bill Clinton when he was president.” He added, “She has moderated and developed a separate image.”

H. Yale Gutnick, a longtime lawyer for Mr. Scaife, said his client was unavailable for comment.

To judge by conservative talk radio, Mrs. Clinton appears to be the most reviled politician in the country. But others in the conservative movement say it is easy to be deceived by what is on the airwaves and by the marketing of anti-Clinton

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paraphernalia, books and movies. (Among items on sale at conservative Web sites: "No Way in Hellary" barbecue aprons; "Hillary Scares Me" baby onesies; and buttons that say simply "Hillary Hater.")

For every conservative who says Mrs. Clinton will feel the wrath of the movement's grass-roots organizers later in the campaign, particularly if she becomes her party's nominee, another expresses doubt that Clinton foes can ever be revved up as they once were.

Some of her former antagonists say that terrorism and war have made the political battles of her husband's administration — gay men and lesbians in the military, the White House travel office, Monica Lewinsky — seem remote, if not trivial.

"I think the country is burned out on it," said Cliff Jackson, a lawyer in Little Rock, Ark., who helped set in motion several scandals involving accusations of philandering by Mr. Clinton. Mr. Jackson said he had no plans to oppose Mrs. Clinton's candidacy, and in a personal blog he recently praised her husband's post-presidential efforts to fight AIDS in Africa.

The level of animosity that a Clinton candidacy could arouse is a pivotal question in the 2008 campaign.

Mrs. Clinton has made the anticipated attacks against her a staple of her fund-raising appeals, saying she will need money to fight back. But that expected onslaught is also a linchpin of other Democrats' arguments that she is too polarizing to win.

Many Republicans, meanwhile, say her candidacy is the best hope to reunify their party at a time when many conservatives are unhappy with the ideological credentials of the front-runners for the Republican nomination.

And for conservative organizers, publishers and merchandise-makers, her nomination would be an opportunity to revive what once seemed like the anti-Clinton industry.

"She is the designated devil," said David A. Keene, chairman of the American Conservative Union, whose Conservative Political Action Conference next month in Washington will showcase assorted anti-Clinton T-shirts and gear.

But Mr. Keene and many other conservative fund-raisers and organizers acknowledge that the grass-roots hatred for Mrs. Clinton and her husband has subsided substantially since they left the White House.

National efforts to raise money to stop Mrs. Clinton's Senate campaigns in New York in 2000 and 2006 never got off the ground. Nor did plans to raise money for a "counter-Clinton" library in Little Rock. And conservatives note to their consternation that at the moment the woman they treat as the incarnation of 1960s liberalism appears to be campaigning as the least liberal of the Democratic front-runners.

Still, Mr. Keene said, "Her image as the wicked witch of the left was burned in the minds of conservatives and the larger public before she tried to moderate her image." He noted that polls consistently give her the highest unfavorable ratings among the front-runners, typically more than a third of the public. (Her favorable ratings are also unusually high.)

Howard Wolfson, a spokesman for Mrs. Clinton, said any nominee would face a barrage from the right. "I think that history demonstrates that whoever the nominee is is going to engender opposition from the right, and we will certainly be prepared," Mr. Wolfson said.

Mrs. Clinton's campaign has attracted some new enemies. John LeBoutillier, a former Republican congressman from New York and conservative commentator, said he started a Stop Hillary political action committee in part because he thought her opponents "gave her a free pass" in her two Senate races.

"I started by trying to figure out what it is about her that bugs the heck out of people," Mr. LeBoutillier said, mainly by looking at public polls. He said his organization recently spent $20,000 to run television commercials in Iowa featuring footage of a handful of potential Democratic caucus-goers saying that they distrusted Mrs. Clinton as a power-hungry opportunist.

Still, he acknowledged that his group had struggled for money.

Richard H. Collins, a Dallas investor, has taken over an unrelated group that was conceived by the Republican consultant Arthur J. Finkelstein to oppose Mrs. Clinton. Mr. Collins, who redirected the group toward the presidential race, said he had put in about $200,000 in "seed money" to start a Web site, www.stophernow.com. It plays cartoons of Mrs. Clinton as the host of a late-night talk show who is in the habit of batting guests over the head with a hammer.

"The idea is to present Hillary Clinton as she is and not as the person she is pretending to be," using humor, Mr. Collins said.

David N. Bossie, the president of the conservative group Citizens United who played a pivotal role in publicizing accusations about the Clintons during their White House years, has announced plans to collaborate on a documentary film attacking Mrs.

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Clinton with Dick Morris, the Clintons' estranged political adviser. Mr. Morris has made a career out of criticizing the Clintons in books and a syndicated column. Mr. Bossie has moved on to write books criticizing the last two Democratic presidential nominees and to produce four conservative political films.

Many conservatives still consider Mrs. Clinton the Helen of Troy of direct mail, the face who can launch a thousand donations. Richard Viguerie, a direct mail pioneer who worked on former Mayor Rudolph W. Giuliani's short-lived Senate campaign against Mrs. Clinton in 1999, said he had not had such success in four decades of fund-raising.

"We couldn't mail enough," Mr. Viguerie said. "The money was just coming in in bucketloads from all over the country."

But by the time the Clintons had left the White House in 2000, Morton Blackwell, another veteran conservative, found mailings for his Emergency Committee to Stop Hillary Rodham Clinton had little success. "The experience with the initial solicitation persuaded me not to do any more," Mr. Blackwell said.

As a senator from New York, Mrs. Clinton has built an alliance with some former critics like Rupert Murdoch, chairman of News Corporation. He has raised money for her, and his New York Post has grown respectful in its coverage.

Still Mr. Viguerie, speaking by phone from a meeting at the office of a founding father of the conservative movement, Paul Weyrich, said they would attack Mrs. Clinton with everything they had. "The vast right-wing conspiracy lives," he said.

Wrong Is Right (NYT)

By Paul Krugman

The New York Times, February 20, 2007

Many people are perplexed by the uproar over Senator Hillary Clinton's refusal to say, as former Senator John Edwards has, that she was wrong to vote for the Iraq war resolution. Why is it so important to admit past error? And yes, it was an error — she may not have intended to cast a vote for war, but the fact is the resolution did lead to war; she may not have believed that President Bush would abuse the power he was granted, but the fact is he did.

The answer can be summed up in two words: heckuva job. Or, if you want a longer version: Medals of Freedom to George Tenet, who said Saddam had W.M.D., Tommy Franks, who failed to secure Iraq, and Paul Bremer, who botched the occupation.

For the last six years we have been ruled by men who are pathologically incapable of owning up to mistakes. And this pathology has had real, disastrous consequences. The situation in Iraq might not be quite so dire — and we might even have succeeded in stabilizing Afghanistan — if Mr. Bush or Vice President Dick Cheney had been willing to admit early on that things weren't going well or that their handpicked appointees weren't the right people for the job.

The experience of Bush-style governance, together with revulsion at the way Karl Rove turned refusal to admit error into a political principle, is the main reason those now-famous three words from Mr. Edwards — "I was wrong" — matter so much to the Democratic base.

The base is remarkably forgiving toward Democrats who supported the war. But the base and, I believe, the country want someone in the White House who doesn't sound like another George Bush. That is, they want someone who doesn't suffer from an infallibility complex, who can admit mistakes and learn from them.

And there's another reason the admission by Mr. Edwards that he was wrong is important. If we want to avoid future quagmires, we need a president who is willing to fight the inside-the-Beltway conventional wisdom on foreign policy, which still — in spite of all that has happened — equates hawkishness with seriousness about national security, and treats those who got Iraq right as somehow unsound. By admitting his own error, Mr. Edwards makes it more credible that he would listen to a wider range of views.

In truth, it's the second issue, not the first, that worries me about Mrs. Clinton. Although she's smart and sensible, she's very much the candidate of the Beltway establishment — an establishment that has yet to come to terms with its own failure of nerve and judgment over Iraq. Still, she's at worst a triangulator, not a megalomaniac; she's not another Dick Cheney.

I wish we could say the same about all the major presidential aspirants.

Senator John McCain, whose reputation for straight talk is quickly getting bent out of shape, appears to share the Bush administration's habit of rewriting history to preserve an appearance of infallibility.

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Last month Senator McCain asserted that he knew full well what we were getting into by invading Iraq: "When I voted to support this war," Mr. McCain said on MSNBC, "I knew it was probably going to be long and hard and tough, and those that voted for it and thought that somehow it was going to be some kind of an easy task, then I'm sorry they were mistaken."

But back in September 2002, he told Larry King, "I believe that the operation will be relatively short," and "I believe that the success will be fairly easy."

And as for Rudy Giuliani, there are so many examples of his inability to accept criticism that it's hard to choose.

Here's an incident from 1997. When New York magazine placed ads on city buses declaring that the publication was "possibly the only good thing in New York Rudy hasn't taken credit for," the then-mayor ordered the ads removed — and when a judge ordered the ads placed back on, he appealed the decision all the way up to the United States Supreme Court.

Now imagine how Mr. Giuliani would react on being told, say, that his choice to head Homeland Security is actually a crook. Oh, wait.

But back to Mrs. Clinton's problem. For some reason she and her advisers failed to grasp just how fed up the country is with arrogant politicians who can do no wrong. I don't think she falls in that category; but her campaign somehow thought it was still a good idea to follow Karl Rove's playbook, which says that you should never, ever admit to a mistake. And that playbook has led them into a political trap.

After A Delicately Worded Pitch, Clinton Draws Cheers (NYT)

By Patrick Healy

The New York Times, February 20, 2007

COLUMBIA, S.C., Feb. 19 — Senator Hillary Rodham Clinton told an audience of black voters on Monday that they would be "breaking barriers" if they supported her for president in 2008 — deliberately signaling that they could still take pride in making history if they chose a woman over one of their own, Senator Barack Obama of Illinois.

It was a delicately worded pitch — Mrs. Clinton did not mention Mr. Obama by name — and it drew applause. Another remark, that "anyone can be president," set off an ecstatic standing ovation.

Afterward, several black voters said they would support Mrs. Clinton, a New York Democrat, on the merits, and postpone a vote for Mr. Obama until a future presidential election, once he had more experience.

The two Democrats, rivals for their party's presidential nomination, were both in South Carolina this holiday weekend competing for the support of blacks, who cast almost half of the votes in the Democratic primary here in 2004. South Carolina is scheduled to be fourth in the string of nominating primaries and caucuses for the 2008 race.

Mrs. Clinton's task here became more complicated last week when one of her prominent black supporters, State Senator Robert Ford of South Carolina, said that nominating Mr. Obama would be a disaster.

"Every Democrat running on that ticket next year would lose because he's black and he's top of the ticket," said Mr. Ford, who is black.

The remark caused a sensation. Mr. Ford apologized.

Mr. Obama said Saturday that history was full of examples of people telling blacks, "We can't." He then said that, with black support, he could say to voters, "Yes, we can."

The Clinton campaign criticized the Ford jab, but Mrs. Clinton said nothing herself, advisers said.

In an interview with The Associated Press in South Carolina on Monday, Mrs. Clinton was pressed on hot-button issues in the state. She said she would like to see the Confederate battle flag removed from the Statehouse grounds in Columbia, and she denied that there was anything untoward about a consulting contract that her campaign executed recently with the firm of an influential black state senator here who agreed to endorse her around the same time.

Mrs. Clinton put her own gentle spin on Mr. Ford's remark at a forum here at Allen University, a historically black institution, by arguing that a candidate could make history by winning in 2008 — and that she should be that candidate.

"I believe this presidential election is about breaking barriers — and this is the campaign, and I am the candidate with the experience to break the barriers," Mrs. Clinton said.

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A little later, hundreds of audience members, many of them black women, stood and cheered when Mrs. Clinton asked, “Can a woman be president?” Many stood and cheered again, seconds later, when she added, “I believe one of the great things about America is, anyone can be president, and what it depends upon is the individual.”

Mrs. Clinton also referred several times to her husband, former President Bill Clinton, who is widely popular with black Democrats.

After the forum, several black audience members said they would support Mrs. Clinton over Mr. Obama, and added that race was not a factor for them.

“All in all, I feel she’s the better candidate — her experience as a senator, in the White House,” said Angel Matta Jr., a freshman at Allen. “After more time, Obama will be a great president, too.”

Mrs. Clinton also appeared at a tribute Monday in Charleston for the state’s most powerful black Democrat, Representative James E. Clyburn, majority whip of the United States House, who also met with Mr. Obama over the weekend. While Mr. Clyburn is holding off on an endorsement, he urged Mrs. Clinton to try to make history.

“No one has ever won who did not run,” he said. “Run, Hillary, run!”

In S.C., Sen. Clinton Targets Black Vote (WP)

By Chris Cillizza

The Washington Post, February 20, 2007

COLUMBIA, S.C., Feb. 19 -- Sen. Hillary Rodham Clinton of New York courted black voters, considered crucial to securing the Democratic presidential nomination, in a series of campaign stops in South Carolina on Monday in which she cast the 2008 election as a chance to make history.

"I believe this presidential campaign is about breaking barriers," Clinton said at a town hall meeting in the state's capital. "This is the campaign, and I am the candidate."

Each of Clinton's appearances was aimed at projecting her as the candidate best equipped to deal with the hopes and hardships of black voters. She called on state leaders to remove the Confederate flag from the grounds of the State House here, as have several other Democratic candidates. Then, after her town hall event at Allen University -- a historically black institution in Columbia -- she headed south to a gathering in Florence in honor of Mayor Frank Willis.

Clinton closed the day in Charleston, speaking at a gala honoring Rep. James E. Clyburn (D-S.C.), who is widely regarded as the most influential black politician in the state. Clinton praised Clyburn -- the third-ranking Democrat in the House -- for his efforts "to find common ground and then stand his ground."

She also noted that the Book of James is one of her favorites in the New Testament -- a religious reference that was greeted with calls of approval and clapping by the overflow crowd packed into a union hall.

Clyburn returned the favor moments later, touting Clinton's "tremendous record of public service and a tremendous campaign that she is running."

Clinton's visit came less than 48 hours after Sen. Barack Obama (D-Ill.) campaigned here, and even during Clinton's speech in Columbia word was circulating that Obama had secured the endorsement of Dick Harpootlian, a former state party chairman.

Obama's attempt to step on Clinton's day in South Carolina underscored the behind-the-scenes back-and-forth between the two top Democratic candidates for the support of black voters, who are expected to make up about half of the electorate in the state's presidential primary Jan. 29.

Clinton scored something of a coup last week by securing the endorsement of state Sen. Darrell Jackson, an influential leader in South Carolina's black community. But the momentum was compromised by allegations that she secured Jackson's support by offering him a lucrative consulting contract.

Jackson, the emcee at the Columbia event, has insisted that several campaigns had made offers to hire his consulting firm. On Monday, Clinton, too, denied any quid pro quo.

These events were far from the minds of the hundreds of people who packed halls across the state to catch a glimpse of Clinton.

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Chris Lykes, a black man from Swansea who attended the Columbia meeting, reflected the ambivalence of voters torn between their strong loyalties to Clinton and their attraction to a new face in Obama.

Lykes said that Clinton had "answered all the tough questions" and that he supports the former first lady.

Asked his feelings about Obama, though, Lykes said the senator's being black "matters a whole lot" in his decision, and he acknowledged he had yet to choose between the two candidates.

Although Obama is widely seen as the first black candidate with a serious shot at winning the presidency, national polling shows Clinton with a wide lead among black voters.

In a recent Washington Post-ABC News survey, Clinton led Obama by 60 percent to 20 percent among black voters -- a wider margin than the 41 percent to 17 percent lead she held over the freshman senator among the broader Democratic primary electorate.

Much of Clinton's strong support in the black community is due to the affection that many African Americans hold for her husband, former president Bill Clinton.

Those warm feelings were on display Monday, as the very mention of his name brought a roar from the crowd. "I was always a big fan of your husband," said one man who stood to pose a question in Columbia. "I thought he did a great job."

Asked why she is qualified to lead the nation in a time of peril at home and abroad, Clinton referred to the time she spent by her husband's side in Washington.

"During the eight years of Bill's presidency, I had a front row seat on history [and saw] the difficult decisions any commander in chief has to make," she said. "I learned both what works and what doesn't work."

Clinton Emphasizes Her Gender As Strategy (POL)

By Ben Smith

The Politico, February 20, 2007

COLUMBIA, S.C. -- Roberta Stokes said she cried Monday morning when she heard Hillary Rodham Clinton ask whether America is ready for a woman to be president. "That was emotional to me," said Stokes, 69, a retired teacher. "A lot of people don't understand that a woman is strong enough to do that." But Stokes said she'd also been moved when Sen. Barack Obama, D-Ill., came to Columbia last week, carrying the promise that he could become the first black president. "I couldn't make a choice right now on them," she said.

Clinton spent Monday morning before a mostly black, mostly female crowd in the South Carolina capital, and she seemed to grasp Stokes' choice clearly. Her pitch was equally clear: One pioneer at a time.

"I believe this presidential election is about breaking barriers," Clinton said. "This is the campaign and I am the candidate with the experience to break those barriers."

Clinton's tailored case to a black audience reflected her new directness in talking about herself as a woman and a mother. Former British Prime Minister Margaret Thatcher reportedly took voice lessons to sound more like a man; Clinton has gone in the other direction since announcing her bid for the presidency, speaking more explicitly about her sex than ever before in her political career. And while the shift has the lofty aim of trying to change national attitudes toward women, it also reflects a cold, strategic reality.

"I like numbers. I like politics because it is about the bottom line," said Ann Lewis, a former White House communications director who has long been, among other roles, Clinton's liaison to women's groups. "Fifty-four percent of the electorate in November 2004 was women."

Clinton is the only woman among the 10 or so Democrats seeking the presidency, and despite a persistent storyline of discomfort among many women about her candidacy, she has a history of drawing women's support. In New York last year, she won re-election to the Senate with 73 percent of women voting for her and 61 percent of men, according to exit polls. The first major national group to endorse her presidential campaign was the powerhouse EMILY's List, which backs female candidates. And Clinton, alone among candidates for the presidency in a world of mostly male political junkies, draws mostly female crowds.

The new emphasis on gender by a candidate who once famously disparaged baking cookies and having teas -- enraging many women who enjoyed both those activities -- takes many forms, explicit and implicit. Clinton's new stump speech raises,

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before she can be asked, the question of whether Americans will elect a female president, and she speaks at times specifically as a woman and as a mother.

Clinton describes her campaign in what is a traditionally feminine vocabulary: She launched her bid for the White House in a video expressing her desire to "chat" with the electorate. She pledges to be a president who will "listen." Her campaign events are described as "conversations."

In a telephone interview last week, Lewis resisted the notion that the campaign is speaking primarily to women, and suggested that it differs from other campaigns merely in speaking as directly to women as to men. "What is unusual is that this is a campaign in which women are not sort of an afterthought," Lewis said. "The traditional Democratic campaign would go along saying, 'Of course we're talking to everybody,' and then would look at their numbers around Labor Day and say, 'We've got to do a better job talking to women.' "

Clinton's explicit embrace of her gender was a choice, and it represents a gamble of sorts. Though most polling shows a gender gap between parties and candidates, other factors -- such as race and income -- are typically stronger determinants of voters' preference. And according to a Siena College poll released Monday, 12 percent of Americans still say they wouldn't vote for a woman for president. Other polling has suggested that Americans are more comfortable with female legislators than executives. But it's a gamble that appears, so far, to be paying off. In particular, Clinton appears to have managed to avoid a mass defection of African-American supporters to Obama.

In interviews with black women of her own, baby boomer generation, it appeared clear that for voters affected by the notion of electing a pioneer, Clinton is able to compete with Obama. "We need a woman," said Joy Silver, 60, an African-American nurse attending the Columbia event. "I think she's going to make it."

Clinton drew roars from the Columbia crowd when she told them, "I am proud to be a woman." But while Clinton connects with women, she faces a challenge of not alienating another, only slightly less important demographic group that has, perhaps, grown accustomed to being the center of candidates' attention: men.

"It's not a zero-sum game," insisted Lewis. "This is not about throwing men over the side."

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by Show Me on 02.20.2007 at 12:46 AM

To accuse Hillary of lack of substance and not understanding the issues is in itself an ill-informed comment. She has spent her life studing the issues even her republican opponents in the Senate admit that she always does her homework and is usually the smartest person in the room.What does a comment like tnproud2b's add to the conversation, how stupid.

by tnproud2b on 02.19.2007 at 10:56 PM

Since Hillary Clinton is so adamant about being a woman - I'm inclined to believe she's not. Seriously. Doesn anybody *really* know Hillary's gender?

by Macabee on 02.19.2007 at 09:23 PM

Sedona has a pretty good point. Gender has nothing to do with Hillary Clinton's qualifications (as race has nothing to do with Obama's bid). Playing the gender card seems to evidenc a lack of substance and understanding of the issues facing the country. Hillary's biggest challenge isn't her gender, but the fact that she's part of the status quo... part of a political system which has run amok and is out of touch with America. The great majority of this country is sick and tired of these self-serving, self-applauding Washington insiders who are obsessed with power for power's sake and have nothing at all in common with the rest of the country. Get real, Hillary. No one cares if you wear a skirt. What people care about is how you intend to fix a country which is falling into Third-Worldom!

by Sedona on 02.19.2007 at 08:26 PM

Hillary Clinton's 'gender' doesn't have anything to do with being President, after all, there are more than a few excellent female Chief Executives of major corporations and a few really good women Governors in America, what Hillary Clinton doesn't have is one minute of executive or chief executive experience in either the public or private sector, nor has she made one

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political decision in her life in which the responsibility for the results have been hers and hers alone. Something a Governor, President, and Chief Executive of a company does on a routine basis.

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Clinton Defends S.C. Campaign Hire (AP)

By Jim Davenport

AP, February 20, 2007

Democratic presidential candidate Hillary Rodham Clinton on Monday denied that her campaign traded money for an endorsement from one of South Carolina's most influential black politicians.

In an interview with The Associated Press, Clinton responded to questions about the consulting contract her campaign negotiated with state Sen. Darrell Jackson, who last week endorsed her candidacy rather than of top rivals John Edwards or Sen. Barack Obama, D-Ill.

"Senator Jackson was someone who was involved in my husband's campaigns. He was someone we turned to for political advice and counsel and I'm proud to have him on my team," Clinton told the AP.

Soon after the endorsement, Jackson acknowledged that his media consulting firm had negotiated a $10,000 per month contract with Clinton's campaign. Jackson has said he turned down more lucrative contracts from other candidates.

Although he backed Edwards, the former North Carolina senator, in the 2004 Democratic presidential primary, Jackson said he now supports Clinton because she has the best shot of winning the White House.

Mo Elleithee, a Clinton spokesman, said Friday that Jackson's firm will advise the campaign on "political matters in South Carolina, outreach, organizing issues" and purchasing advertising.

Jackson introduced Clinton when she spoke to more than 1,500 people gathered at Allen University, a historically black college in Columbia, where she lashed out at President Bush's troop buildup in Iraq, saying that Iraq needs to know "the blank check days are over."

On Monday evening, Clinton attended a tribute in Charleston to Majority Whip Jim Clyburn, a leading black member of Congress as No. 3 in the House leadership. African-Americans account for 49 percent of the state's Democratic primary vote.

Clinton, who spoke to the AP during her first trip to this early voting state since announcing her White House bid, also said South Carolina should remove the Confederate flag from its Statehouse grounds, in part because the nation should unite under one banner while at war.

"I think about how many South Carolinians have served in our military and who are serving today under our flag and I believe that we should have one flag that we all pay honor to, as I know that most people in South Carolina do every single day," the New York senator said.

"I personally would like to see it removed from the Statehouse grounds."

Other Democratic hopefuls, including Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, have said the flag should come down. The banner, which once flew over the Statehouse dome and now flies nearby, is the subject of an ongoing NAACP boycott.

Clinton is one of several Democrats to draw huge crowds during campaign stops in the state, but she said during the interview that her party will have a tough time winning in GOP-heavy South Carolina.

"I think it's going to be hard for any Democrat to carry the state," she said. "The Republican Party is very strong here."

Clinton's visit comes close on the heels of Obama's two-day trip to the state in which he drew crowds of about 2,000 people.

Authentic Obama (WP)

By Eugene Robinson

The Washington Post, February 20, 2007

ORANGEBURG, S.C. -- Is Barack Obama "authentically" black? Come on, be real. Is the pope Catholic?

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Obama made his first campaign trip to this early-primary state over the weekend, drawing about 3,000 people to a rally in Columbia, the state capital, and 2,000 to a "town hall meeting" here in the city where I was born and raised. If those who rose early Saturday morning to attend the Orangeburg event constitute a representative focus group, black voters will want to weigh Obama's policy positions against those of the other candidates before deciding whom to support. But they won't spend a lot of time pondering his identity.

Among the dignitaries with front-row seats in the auditorium at Claflin University (where my mother used to be head librarian) was state legislator Gilda Cobb-Hunter, an African American, who had no patience for the "blackness" question that reporters kept asking.

"People talk as if this is, like, some kind of option for him," Cobb-Hunter said. "When Obama looks in the mirror in the morning, what do you think he sees? There is no way that he has any confusion about being a man of color. I think this issue is being manufactured by people who want to get us off focus. I don't hear the national media questioning Hillary Clinton about being a woman."

But what about the argument, posed by a couple of contrarian black columnists, that since Obama is not the descendant of slaves (white mother from America, black father from Kenya), he's a different kind of African American? "As time passes, very few people are going be able to say they marched in the civil rights movement," Cobb-Hunter said. "Are the people asking this question saying that if you didn't live through the Civil War, you can't understand slavery?"

Most of those in Obama's audience here had some past or present association with Claflin or nearby South Carolina State University, both of which are historically black colleges. Making my way through the crowd of old friends and neighbors, I wasn't able to find anyone willing to qualify Obama's blackness with an asterisk.

Henry N. Tisdale, Claflin's dynamic president -- the institution was failing when he took over in 1994 and now is firmly established in U.S. News & World Report's annual list of America's best colleges -- was less blunt than Cobb-Hunter, but no less dismissive of the question: "I think that in today's global and multicultural society, we will find persons such as Barack Obama becoming not the exception but the rule, and giving hope to all who want to live the American dream."

House Majority Whip James E. Clyburn, whose district includes Orangeburg, rearranged his schedule so he could be here to introduce Obama. "I thank him for giving new hope and inspiration to a new generation," Clyburn said. "Obama is able to run today because Rosa Parks sat down. . . . He is able to run today to give hopes and dreams to all of us."

I should make clear that none of these kind words added up to a formal endorsement. Almost a year remains before the South Carolina Democratic primary, scheduled for Jan. 29, in which African Americans will cast about half of all votes. Both Hillary Clinton and John Edwards hope to win significant black support in this state; I would advise them, and others, that trying to convince people that Obama somehow isn't black enough would be a poor use of precious time and resources.

Obama was comfortable in the town hall format, pacing like a talk-show host without notes or a lectern. His first big applause line was a call to fix "a health-care system that's broken." Someone in the audience yelled, "We want you to fix it!" and Obama yelled back, "We're going to fix it."

There were more cheers when he reiterated his opposition to the Iraq war, but he really got the crowd going when he talked about the national hunger for "a new kind of politics." People "want something new," he said, and the crowd enthusiastically agreed.

One woman, asking a question, mangled his name into "Barama." The candidate picked up on it immediately, saying that "they call me 'Alabama,' they call me 'yo' mama,' " but all that matters is that "I have your vote."

One of his biggest applause lines -- perhaps predictably, in a college town -- was a call for black Americans to "get over this anti-intellectualism we see in our community sometimes." And when he ended with a rousing "Yes, we can!" set piece, he exited the way every candidate wants to leave any room: with people on their feet, cheering for more.

Could Bill Clinton Take Over His Wife's Senate Seat If He Becomes The First First Husband? Some Think So. (WASHEX)

By Bill Sammon, The Examiner

Washington Examiner, February 20, 2007

DOJ_NMG_0133699

WASHINGTON - If Hillary Rodham Clinton wins the presidency, some top Democrats would like to see her husband, former President Bill Clinton, appointed to serve out Hillary's unexpired Senate term.

"As a senator, he'd be a knockout," said Harold Ickes, who was once a top White House aide to Bill Clinton and now gives behind-the-scenes advice to Hillary. "He knows issues, he loves public policy and he's a good politician."

Some Democrats and political analysts say Bill Clinton would thrive in the world's greatest deliberative body, much like Lyndon Johnson did before he became president.

"President Clinton would excel in the Senate," said Paul Begala, who helped Bill Clinton get elected and served in the White House as a top aide.

"Why not?" Begala added. "He excelled as attorney general and governor of Arkansas, he excelled as president and he's been a model of the modern Senate spouse."

Larry Sabato, director of the Center for Politics at the University of Virginia, agreed.

"Clinton is a natural for the Senate," Sabato said. "He loves to talk and schmooze. He could be a great vote-organizer. Majority Leader Clinton?"

Such a scenario is not beyond the realm of possibility now that the governor's mansion in New York is occupied by a Democrat, Eliot Spitzer, who succeeded Republican Gov. George Pataki last month. If Hillary Clinton wins the White House, Spitzer would likely appoint a fellow Democrat to take over her Senate seat.

So far, speculation about potential successors has focused on New York Attorney General Andrew Cuomo and environmental lawyer Robert F. Kennedy Jr., whose father once held the same Senate seat.

But Spitzer could just as easily appoint Bill Clinton, who, under New York law, would fill his wife's Senate seat through 2010. A special election would then be held, and the winner would serve the final two years of her term, which expires in 2012.

Although Ickes would love to see Bill Clinton in the Senate, he considers the scenario a long shot.

"I think there'd be a real call on [Spitzer] to appoint a black senator," Ickes said. "I think there'd be a real call on him to appoint a Hispanic senator."

Bill Clinton, who was once dubbed America's "first black president" by author Toni Morrison, would not be the first former president to serve in Congress. John Quincy Adams had a long career in the House after his presidency, and Andrew Johnson served briefly in the Senate after a stint in the White House. Johnson and Clinton are the only two presidents in history to have been impeached by the House. Both were acquitted by the Senate.

Political analysts say a Senate seat for Bill would go a long way toward solving a potentially nettlesome problem for Hillary — what to do with her husband if they return to the White House. The former president currently maintains an office in Harlem and a home with his wife in Chappaqua, N.Y.

"Nothing will solve the Bill problem entirely," Sabato said. "He will be restless and underfoot for Hillary, in part because he is the more talented pol."

There would also be financial ramifications.

"It would certainly lower the family income because there are restrictions on how much a senator can bring in on speeches and so forth," said presidential scholar Stephen Hess of George Washington University. "Of course he'd have housing, because she'd put him up in the Lincoln Bedroom or something."

Bush, Like Clinton, Presiding Over The Decline Of His Party (RC)

By Louis Jacobson

Roll Call, February 20, 2007

With the National Governors Association winter meeting set to begin later this week and the 2008 presidential race continuing to simmer, it seems an appropriate time to look at how both former President Bill Clinton and President Bush presided over a significant decline in their own parties' downballot fortunes.

Granted, the parallels aren't exact. For Clinton, the biggest drop in gubernatorial, legislative and Congressional seats came in 1994, two years after he was elected, whereas for Bush, it came after six years in office. And generally speaking, the declines in

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Democratic downballot strength under Clinton were steeper than those the Republicans have suffered under Bush (though if the trends from 2006 continue, the GOP could cumulatively be looking at Clinton-scale losses two years from now).

Still, despite the shadings of difference, it's hard to ignore the similarities.

After six years of Clinton, the Democratic Party claimed 13 fewer governorships than it had at the start of his presidency, seven fewer state Houses and five fewer state Senates — not to mention 47 fewer Democrats in the House and 12 fewer Democrats in the Senate.

Republicans now hold seven fewer governorships, five fewer state Senates and two fewer state Houses than they did when Bush took office, as well as 19 fewer House seats and one less Senate seat.

Six-year totals are the only appropriate way to measure Bush against Clinton. However, every metric discussed here also declined under Clinton during his full, eight-year run, and for some offices, the declines actually accelerated (see chart).

Of course, this unraveling of party fortunes is not entirely the fault of the men at the top of the ticket. Sooner or later, ancestrally Democratic rural conservatives, particularly those in the South, were going to become Republicans, whether that shift came in 1994 or later. Similarly, moderate suburbanites in Northeastern states seem destined to abandon their long-standing GOP habits.

In addition, downballot erosion during two-term presidencies is a well-established feature where Congress is concerned. For instance, former President Ronald Reagan lost eight Senate seats and 15 House seats in his first six years in office. If their consecutive terms are taken as one, former Presidents Richard Nixon and Gerald Ford lost five Senate seats and 48 House seats. Former Presidents John Kennedy and Lyndon Johnson, measured the same way, held steady in the Senate but lost 14 House seats in six years. And former President Dwight Eisenhower lost 14 Senate seats and 68 House seats over his first six years.

The number of GOP governors serving alongside Nixon after his first inauguration in 1969 was 31. By 1975 — the year after what would have been his second midterm election, had he not resigned — the number of Republican governors had plummeted to 13.

Even Reagan saw the number of GOP governors drop by seven on the eve of his second midterm election in 1986; he avoided the same fate as other presidents only because Republicans surged in gubernatorial elections in 1986, gaining a net of eight seats.

"Governors and legislators fall victim to diminished base turnout in nonpresidential years," said Republican strategist Patrick Davis. "I think you could surmise that the president's popularity, or lack of it, impacts his ability to motivate voters beyond the party activists to vote for 'his' candidates."

History aside, the larger-than-life personas of both Clinton and Bush — and their polarizing effect on the electorate — almost certainly contributed to their party's downballot decline.

The big Democratic losses of 1994 are widely attributed to frustration over the shortcomings of Clinton's first two years in office, from the controversy over gays in the military to his failure to enact health care reform. Later, the Monica Lewinsky scandal made Clinton an imperfect role model for his party. Clinton's push to stave off impeachment, while ultimately doing his GOP pursuers significant damage, likely prevented the White House from undertaking the kinds of efforts that could have aided Democrats running for lower office.

Bush-era Republicans, for their part, survived the 2002 and 2004 elections in better shape than the Clinton-era Democrats did in 1994 and 1996, but the chickens came home to roost in 2006. Much like the Lewinsky scandal for Clinton, the Iraq War sucked the air out of Bush's second term. As was the case with Democrats after 1994, Republicans chose to run away from their leader last year.

Both Clinton and Bush also benefited from, and were burdened by, having unified control of Congress and the executive branch — Clinton for two years and Bush for the better part of six. Unified control tends to raise expectations — and makes it easier to pin blame when the public mood sours.

In recent years, said George Mason University political scientist Michael McDonald, political polarization has meant a heightened nationalization of downballot elections. That means that downballot offices are more vulnerable to national swings.

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"I don't think it is a coincidence that these two large swings were against the president's party, since centrist voters tend to like divided government," he said.

"These two-term presidents are often caught in some scandal which becomes a distraction," added Donna Brazile, a Democratic strategist and Roll Call contributing writer. "In Clinton's case, it was a steady drum beat of scandals brewing, and then came Monica. With Bush, it's the war," as well as the scandals surrounding former Rep. Mark Foley (R-Fla.) and imprisoned ex-lobbyist Jack Abramoff.

In other words, Clinton and Bush had to face extended periods in office when they needed to focus on their own political survival, rather than on aiding their party. And that had to hurt further down the ballot.

"Presidential campaigning in 1992 for Clinton and in 2000 for Bush was largely driven by a 'clean, new message,' and it followed that downballot candidates benefited," said one Republican strategist. "In subsequent years, the agenda of the national party dominated discussion, and like it or not, Members of Congress, governors and legislators were seen as somewhat beholden to those national agendas."

Some political experts, however, caution against drawing overly broad conclusions from the data.

Bernadette Budde, senior vice president of the Business Industry Political Action Committee, evokes the old Buffalo Springfield song that goes, "There's somethin' happenin' here/What it is ain't exactly clear."

"I wouldn't try too hard to quantify or figure out the 'what,'" Budde said. "We know that 'churning' at one level affects all other levels of the ballot, even if there is some lag. Voter dissatisfaction takes a while to rumble through the system."

For this reason, she said, BIPAC prefers to use the metaphor of an earthquake rather than a wave for changes like those that took hold in the 2006 election cycle.

"The evolution of what voters want continues, even if the electorate can't quite define the solutions to problems vexing their lives," she said. "Everyone elected in 2006 still sits atop an active fault line. Shifting tectonic plates have altered the political map, and when the earth stops moving, nothing will ever look the same."

Joe Biden And The Mouth That Soars (POL)

By Roger Simon

The Politico, February 20, 2007

AMES, Iowa -- Joe Biden is in the 27th minute of his five-minute presentation, but nobody in the church basement has slipped away, nobody is nodding off, nobody is doing anything but following his every word.

"It was a mistake," he says in reply to a question about his vote to authorize the Iraq war. "I regret my vote."

Joe Biden's mouth can get him in trouble, but when it is working right, the words drop from his lips like pearls, and nodding heads now spread through the audience like ripples on a pond.

Biden's full reply to the attendees of the Story County Annual Soup Supper takes 4 minutes and 45 seconds -- it can take him 4 minutes and 45 seconds to say "hello" -- but here is the short version:

"It was a mistake," Biden says. "I regret my vote. I regret not realizing how incompetent (the Bush administration) would be. The president did not level with us. And if I had known it, I would never have voted to give him that authority in the first place."

The applause washes over him. It threatens to go on and on until he cuts it off by saying: "I want to do yes-or-no answers from now on."

Everybody laughs.

"But that was an important question," Biden says.

How important? Well, imagine that question being asked at a Democratic debate -- as surely it will be -- with all the Democratic candidates on stage.

Biden will say his vote was a mistake. As will Chris Dodd. As will John Edwards.

Hillary Clinton?

She will say, I guess, what she said in Dover, N.H., the other day: "If the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from."

And Joe Biden wants to make sure he is one of the others they choose.

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Most politicians love to serve but hate to run, and you can hardly blame them: Running is when you get the least respect. Running is when the voters remind you that you are a job applicant and they are doing the hiring.

But Biden, a senator from Delaware, seems to live for campaigning, live for the give and take, live for switching audiences from rapt attention to raucous laughter and back again.

Joe Biden is a glad-hander in the best sense of the word: He looks glad to be grasping each person's hand, looking the person in the eye, answering some question or exchanging some pleasantry -- "You're going to a wedding in Delaware? What hotel? You're kidding! I live four miles from that hotel!" -- and then, spying the next person down the row, saying, "I'm coming for you! I'm coming!"

At the soup supper, he kneels down on one knee on the tile floor next to an elderly woman and, gripping her hand, says in a loud whisper: "Let the press know I'm not a phony."

Does it really matter? Voters appreciate this much effort even if the candidate is faking sincerity.

The church basement is redolent of soup and succotash. People sit at long tables covered by oilcloths. Power strips have been supplied, not for laptops, but for the 18 crockpots in which the soups and stews bubble and simmer. A mild snowstorm (fewer than 5 inches) has been going on outside, but every seat is filled and some people are standing against the walls.

Retail politics like this has been derided. And while it is true that candidates even in retail states like Iowa and New Hampshire will end up reaching more people by TV than in person, the tradition is a powerful one and best not dismissed.

Real retail events are not grip-and-grins, where the candidate stands in a receiving line, spending only a few seconds with each voter. Real retail demands time, and Biden is spending the time.

He walks up and down between the tables. His long white hair is combed straight back. He is wearing a light blue shirt and dark blue tie, a navy blue blazer and gray slacks that break exquisitely over his tasseled black loafers.

Tasseled black loafers? Well, you can take the boy out of Delaware, but …

Actually, even though Biden is the only man in the room wearing a tie, let alone tasseled loafers, it works. Iowans don't want candidates showing up in work shirts and overalls pretending to be one of them. They just want somebody who understands them.

But why all this effort for Iowa? Why are so many candidates coming so early? Because they all fear the race for the nomination is going to be over very quickly and there will be no time to recover if they stumble and fall.

So they all have the same strategy: Win early, win often.

And it all starts here, in places like this, in church basements in Iowa.

I caught up with Biden by phone Monday and he told me a story -- it took him about 4 minutes and 45 seconds -- about how he was campaigning in Delaware as a young man and he met a guy at a gas station who was wearing a John Deere cap and was slouching on a chair around a potbelly stove.

"Why should I vote for you?" the man asked.

"Because I'm just like you," Biden replied.

The man sat up straight. "Boy, if you ain't different than me," he said, "I ain't voting for you!"

Biden and I both laughed.

"I guess I am a street politician," Biden said. "My whole career, whenever I wanted to get a sense of what people were thinking, the only way I trust it is to go out and listen to people. It sounds corny, but it is true."

I mentioned his tasseled loafers, and we both laughed again.

"Iowa is authentic, and they are looking for authenticity," he said. "I don't wear funny hats. But the major thing about Iowa, New Hampshire, South Carolina, is that they want to look you in the eye and poke you."

Poke you?

"What they want to do," Biden said, "is kick the tires before they buy the car."

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by Show Me on 02.20.2007 at 12:54 AM

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I love Joe Biden. I hope Hillary Makes him her Secretary of State.

by Invertedgc on 02.20.2007 at 12:53 AM

I have been a fan of Biden for some years - he was always the guy who spoke his mind and sometimes did it too freely, as was evidenced by his early Obama gaffe. At least when he spoke he said intelligent things (most of the time) and kept you on your toes.

I agree that a candidate is likely to emerge from the many second tier hopefuls. It will be interesting to see how Biden carries himself during the debates. Obama is the most gifted orator, and Biden is a distant second, but I think that is where is best shot is going to come. He ought to at least be able to talk circles around Edwards and Clinton. It's going to be a fun season for politico's!

by AnyoneButHilary08 on 02.19.2007 at 10:09 PM

Maybe all the jockeying up front between the Democrat's Big 3 will cause all three heavy hitters to punch themselves out. Maybe a dark horse-like glad handing Joe Biden-can take the nomination. If he stays close, it'll at least keep the race interesting.

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Will '08 Democrats Follow Murtha, Vote To Cut Troop Funds? (RC)

By Morton M. Kondracke

Roll Call, February 20, 2007

As dangerous as President Bush's record on Iraq may be to Republican presidential candidates in 2008, Democrats also are risking revival of fears that their party is weak on foreign policy.

If Democratic candidates embrace the strategy of Rep. John Murtha (D-Pa.) to cut off funds for U.S. troops in Iraq, they deserve to be compared to the losers of the past — George McGovern, Jimmy Carter, Walter Mondale, Michael Dukakis and Sen. John Kerry (D-Mass.).

All lost presidential elections — often by landslides — mainly because voters perceived them as being unreliable in protecting the country from foreign adversaries.

This year, as in the past, the force-averse liberal base of the party is demanding ever-stronger statements and actions in opposition to the Iraq War and party leaders are obliging, with Murtha, Speaker Nancy Pelosi (D-Calif.) and presidential candidates either obliging or leading the process.

Sen. Hillary Rodham Clinton (D-N.Y.) is being massively pressured to apologize for her 2002 vote authorizing the war, as former Sen. John Edwards (D-N.C.) did. Sen. Barack Obama (D-Ill.), who opposed the war from the beginning, has set a deadline for withdrawal of U.S. forces, as has Edwards. Clinton hasn't, but she says she would end the war if it's still going in 2009.

It's true that Bush's misguided and deeply unpopular policies in Iraq probably put an even greater political burden on Republicans.

The leading GOP presidential candidates, Sen. John McCain (Ariz.), former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney, all feel obligated to defend the war and Bush's current "surge."

But they also are trying to distance themselves from the tactics and strategies — largely the work of former Defense Secretary Donald Rumsfeld — that have led the U.S. to the brink of disaster in Iraq.

This is not likely to work for the GOP candidates if Bush's surge policy fails. If the Iraq War ends the way the Vietnam War did in 1975, with a U.S. defeat, the next president is likely to be a Democrat, much as Carter won for the Democrats in 1976.

But it's worth remembering that Carter pretended to be a hawkish Democrat when running against then-incumbent President Gerald Ford — an Annapolis graduate and former nuclear submariner — and, at that, Ford almost beat him.

Democrats, to their credit, are not repeating all the errors of the Vietnam era. They do not disparage U.S. soldiers — quite the contrary, they claim to favor withdrawal as a means of protecting the troops.

Also, in the main, they profess to understand that the U.S. is involved in a long-term war on terror and favor a larger military, a better intelligence service and more forces in Afghanistan.

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Still, there are reasons to doubt that, when it comes to new challenges, Democrats actually will be strong enough to protect the country and sustain the public's trust.

The Murtha proposal for de-funding the surge is cleverly drawn as a troop-protection measure, barring funds for deployment of units to Iraq that don't meet training, equipment or time-at-home standards.

But Republicans already are setting the stage to rightly characterize Murtha's plan as a denial of reinforcements for troops already in the field. And it's an attempt by Congress to micromanage a war, telling the commander in chief how to deploy his forces.

Moreover, Murtha announced his plans on an Internet program hosted by MoveOn.org, one of the most liberal elements of the Democratic coalition, evidence the McGovernite wing of the party is now in control of its foreign policy.

Will candidates Clinton, Obama, Edwards and others follow the Murtha line? Indeed, will moderate House Members like Majority Leader Steny Hoyer (D-Md.) and Rep. Rahm Emanuel (D-Ill.)?

They'll be tempted, for sure, if polls continue to show — as last week's Fox News poll did — that a majority of voters (54 percent) oppose a funding increase for U.S. operations in Iraq.

But according to the Congressional Research Service, this would represent the first time ever that Congress has voted to cut funding during actual war operations. In the cases of Vietnam and Somalia, cuts were voted after U.S. forces had already returned home, designed to keep them from going back.

Chances are strong that the Murtha ploy won't really affect Bush's actions because the surge already is under way and can be paid for out of already appropriated funds.

But will the next step of Iraq doves be stronger measures to deny funds for future operations, perhaps imposing a deadline for U.S. involvement? And will the '08 candidates be herded into this posture, too?

There's a precedent for Democrats heading like lemmings off a left-wing cliff. It was in the 1984 campaign, when Democrats vied with each other to claim first authorship of the "nuclear freeze" idea, which would have left the Soviet Union with a monopoly of intermediate-range missiles pointed at Europe.

The freeze idea was utterly discredited when then-President Ronald Reagan succeeded in winning a Soviet stand-down by getting Germany to agree to deploy U.S. Pershing missiles on its soil.

It's unfortunately clear that the Democratic Party lacks any candidate representing the foreign-policy toughness of Presidents Franklin Roosevelt, Harry Truman, John Kennedy or Lyndon Johnson. But do its candidates want to follow in the footsteps of Carter and Kerry?

States Race To Set Earlier Primaries (CSM)

By Daniel B. Wood

The Christian Science Monitor, February 20, 2007

LOS ANGELES

California is poised to play the first card in what experts say will be a national game of "reschedule your state's primary." The stakes: which state can gain significant influence over the presidential nominating process.

California's bid to move its 2008 primary from June to Feb. 5 – already approved by the state Senate and expected to clear the Assembly this week – is intended to force presidential candidates to stump in the Golden State, addressing issues dear to voters here before the contest is all but decided by others. Gov. Arnold Schwarzenegger (R) has said he will sign the bill.

But already, nine states have tentatively scheduled primaries or caucuses for Feb. 5, and more may pile on as states jockey to meet notification deadlines: May for Democrats, September for Republicans. Among the delegate-rich states considering that date: Illinois, New Jersey, and Texas. Florida has a bill pending that would leapfrog them by moving its primary to Jan. 29.

The irony in all the jockeying is that, with so much change afoot, no state may achieve its aim, analysts say. The probable outcome of a front-loaded primary schedule is an early winnowing of the candidate field, with Feb. 5 becoming a do-or-die date, and a clipped-back period of time in which voters can assess presidential hopefuls at town halls and in their living rooms.

"California and other states that are trying to play calendar games are apt to find out that their plans backfire," says Larry Sabato, a political scientist at the University of Virginia. "We are courting disaster."

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Feb. 5 could become a de facto national primary, political analysts say, because candidates who underperform in that vote would have trouble attracting donations that allow them to continue campaigning. And the party nominations could easily be sewn up in the three weeks between the Iowa caucuses on Jan. 14 and the Feb. 5 sweepstakes – giving the public insufficient time to watch and test the candidates, they say.

"With that many states front-loading their primary dates, the presidential campaign may get closure sooner, but people in each party may end up regretting the choice," says Jack Pitney, a political scientist at Claremont McKenna College in California. He cites the meteoric rise in 2004 of Howard Dean, the early Democratic front-runner, who later flamed out when voters watched him more closely over months of campaigning.

"They may find out things about the anointed nominees that they don't like, but find them out too late," says Dr. Pitney.

If states such as Florida, Michigan, and Illinois follow California's lead, he and others say, presidential nominations for both parties could be sewn up 10 months before the general election in November.

"We are about to have the most extended presidential campaign in American history, and that is the last thing the public wants," says Mr. Sabato.

These assessments do not cancel out the rationale for California and other states that want more clout in who picks presidential nominees, analysts say.

"A Feb. 5 primary for California means California issues are finally going to be addressed by the candidates, rather than just farm or New England issues," says Robert Stern, president of the Center for Governmental Studies. "It means California voters – not just California donors like big Hollywood celebrities – [would] have a bigger say in the presidential primary."

If candidates are forced to consider California voters, concerns such as offshore oil drilling, illegal immigration, national security, and the environment might move up the issue agenda of candidates, say Mr. Stern and others.

Campaign styles and strategies may also be affected if more states move their primaries to Feb. 5. Campaigns in the early-voting states of Iowa, New Hampshire, and South Carolina have been characterized by up-close-and-personal meetings in coffee shops, meeting halls, and restaurants. If states with big populations and large terrain – like California – are added to the early-primary mix, candidates will no doubt adjust their money-raising and money-spending strategies.

"You won't see Hillary [Rodham] Clinton coming out to shake hands with voters in a small restaurant in L.A," says Stern. "The state is simply too big. She'll need to spend her money more on television ads, radio, organizing staffs and logistics."

A candidate would also need more money earlier, to even consider a presidential race. That would represent a big change, some say. The day would be over when a candidate could plan to build a viable candidacy by attracting enough voters in a small state, and hope momentum and funds snowball from there.

The only way to end the primary chaos is to pass a constitutional amendment that would create a more uniform primary voting structure, says Sabato. One idea, he says, is to create four regional primaries – one each in April, May, June, and July, with national party conventions in August. The order of the regional primary votes would change with each presidential election cycle, decided by lottery Jan. 1.

"This would kill the permanent campaign because no [candidate] would know where to start and would eliminate the slingshot effect of winning just a couple of early primaries and vaulting to national prominence," says Sabato. "It makes so much sense it will never happen."

Two Democrats Refuse Party Cash (POL)

By Josh Kraushaar

The Politico, February 20, 2007

Despite Democratic successes in last November's midterm, two rookie Democratic congresswomen already are rejecting financial assistance from their leadership, a striking move aimed at cultivating an independent image for voters back home.

Reps. Nancy Boyda of Kansas and Carol Shea-Porter of New Hampshire have declined to participate in the Democratic Congressional Campaign Committee's "Frontline" program, which helps vulnerable members raise money early and receive logistical support for their re-election bids.

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Twenty-nine members, including 24 freshmen, qualified for the program in mid-February. DCCC officials were not immediately available for comment. The DCCC official blog noted, however, that the campaign committee was not "writing off" Boyda and Shea-Porter and left open the possibility of helping both if they were subjected to GOP attacks.

Boyda would have been a prime candidate for assistance. She represents a solidly Republican district where President Bush received 59 percent of the vote against Sen. John F. Kerry, D-Mass., in the 2004 presidential election.

Boyda spokeswoman Shanan Guinn said the congresswoman wants to position herself as an independent heading into 2008.

"She's making her own decisions based on what people want her to focus on," Guinn said. "She ran an independent campaign in 2006, and her constituents want to see her run an independent campaign again."

When Boyda ran against Rep. Jim Ryun in 2004, she embraced the trappings of a modern-day campaign. She raised nearly as much money as Ryun, hired big-name Democratic consultants and spent plentifully on television ads.

Chastened by a 15-point defeat, Boyda in 2006 scaled back her operations and ran what one Democratic operative called a "Kansas-centric campaign." Her husband, Steve, served as her campaign manager. Instead of running expensive ads on television, she bought informational inserts in the local newspaper. She didn't receive support from the DCCC until the final weeks of her campaign.

While Boyda's ability to prevail against long odds worked in 2006, it will be difficult for her to run an under-the-radar campaign for a second time. Republicans have identified her as one of their top targets in 2008. And she's even drawn fire from Democrats after commenting she was planning to vote for President Bush's troop increase because her district voted for the president twice. (Instead, on Friday she voted for the Democratic resolution opposing the president's troop increase.)

Ryun is now seeking a rematch. He may face a primary challenge from state Treasurer Lynn Jenkins, who has been elected twice in landslides.

Shea-Porter's decision to bypass the DCCC program is less surprising. In 2006 the committee backed her primary opponent, Jim Craig, and didn't provide any money for her upset victory over Republican Rep. Jeb Bradley.

Shea-Porter shunned consultants throughout the whole bare-bones campaign, relying on a group of dedicated party activists. Her home's oven served as a repository for campaign literature. Her 82-year-old mother was the star of one of her campaign's two commercials. She spent $253,000 on her successful bid -- the lowest amount among winning challengers.

"I appreciated the offer," Shea-Porter said of the DCCC incumbent retention program. "I decided to run the campaign the way that I did before -- retail politics.

"I am happy to follow a grassroots campaign," she said. "But I am asking the Republican opponent to carry the same kind of campaign."

Shea-Porter added that she reserves the right to change her mind if her Republican opponent engages in negative campaigning.

She ended the year with about $68,000 in the bank, and has raised $7,380 since the election.

State Democratic Chairman Kathy Sullivan said Shea-Porter will soon be holding small fundraisers in New Hampshire and understands she will have to raise more money than in 2006. But Sullivan thinks her strategy to bypass the DCCC will benefit her politically in New Hampshire, where retail, grassroots politics rules.

"Will she drive the DCCC a little bit crazy because she's not the traditional D.C. candidate? Sure," Sullivan said. "But people like that here in New Hampshire."

Shea-Porter's low-budget, quirky campaign style will make her an inviting GOP target for 2008. With presidential and Senate races driving up turnout, Republicans believe that they'll be in better position to challenge her. Bradley has already declared he's running again in 2008, though he may face a primary challenge from the right.

But if dismay over the Iraq war remains a central issue, Shea-Porter could again be propelled by what proved to be a winning issue last year.

"She knows her district, she knows how she won," said Sullivan. "People like the fact she's independent. She likes telling the party bosses that they can't tell her what to do."

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For Republican strategists, the decisions by Shea-Porter and Boyda to reject party help raise their political vulnerabilities in 2008.

"This confirms what we already know -- that these are going to be top pickup opportunities for us," said Julie Shutley, spokeswoman for the National Republican Congressional Committee.

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Slamming Tax Cuts Seen As A Risky Move (WT)

By Donald Lambro, The Washington Times

The Washington Times, February 19, 2007

Virtually all the Democratic presidential contenders have denounced President Bush's tax cuts and called for raising the rates on wealthier Americans, but Republican strategists say their plan will backfire in the 2008 election.

Bashing the Bush tax cuts as "tax cuts for the wealthy" has become the favorite Democratic mantra ever since he enacted his across-the-board tax-reduction plan in 2001 -- which included increased tax credits for families with children and lower tax rates for every income bracket.

Every Democrat seeking the presidential nomination who was in Congress at the time voted against the Bush tax cuts and has called for repealing some of the income-tax rate reductions if they are elected president. Most say their tax increases would hit only the very wealthiest Americans earning more than $200,000 a year.

Republican tax-cut advocates say: "Don't believe it."

If the Democrats campaign on raising taxes just for people at the top tax rate, "it will backfire on them for two reasons," said economic strategist Cesar Conda, a former chief domestic policy adviser to Vice President Dick Cheney.

"Number one: A lot of small businesses, small proprietorships, pay the top individual tax rate, so they will be raising taxes on small businesses and entrepreneurs. Number two: A lot of the polls I've seen suggest that the American people don't believe that the Democratic tax increases will stop at just the rich, that eventually it will hit the middle class," Mr. Conda said.

"The Democrats are falling into the trap of becoming the tax-and-spend party again," said Mr. Conda, now a private consultant and economic adviser to former Massachusetts Gov. Mitt Romney, a 2008 Republican presidential candidate.

Some Democrats are also cautioning their party's presidential aspirants to be careful how they present their tax proposals to the voters next year.

"Democrats have to define themselves as proponents in the battle for the middle class, so that any tax increases they espouse, like rolling back part of the Bush tax cuts for the wealthy, should be used primarily for middle class tax cuts," said James Kessler, issues director for the Third Way, a centrist Democratic advocacy group.

"Each party comes into the political races with preconceptions. The preconceptions about the Democrats is that they are more likely to raise taxes than the Republicans, so you do have to be careful. Democrats need to have a series of middle class tax cuts that are real," Mr. Kessler said.

But with few exceptions, the Democratic contenders have railed against all of the Bush tax cuts without making distinctions in its provisions, blaming the tax cuts for everything from the budget deficits to fighting the war on terrorism.

"If we hadn't passed the big tax cuts last spring that undermined our fiscal responsibility and our ability to deal with this new threat of terrorism, we wouldn't be in the fix we're in today," Sen. Hillary Rodham Clinton of New York said in the fall of 2001 after the September 11 attacks.

Sen. Barack Obama of Illinois, also a tax-cut critic, wrote in his best-selling book "The Audacity of Hope" that Mr. Bush's tax cuts worsened perceived wage stagnation and income inequality. Although he was not in the Senate when the tax cuts were passed, he voted last year against extending the capital-gains tax cut and for repealing it.

More recently, former Sen. John Edwards of North Carolina proposed increasing the tax rate for the top 35 percent in order to raise up to $120 billion to pay for his universal health care plan.

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New Mexico Gov. Bill Richardson may be the only exception among the Democratic candidates. In his first term as governor, Mr. Richardson reduced income-tax rates across the spectrum, as Mr. Bush did, cutting the state's top income-tax rate from 8.2 percent to 4.9 percent over five years.

Matching Free Trade With Taxes (WP)

By Sebastian Mallaby

The Washington Post, February 19, 2007

The last time a Democrat controlled the White House, he defended globalization. He understood that trade creates losers, and he sought to assist them with progressive tax and spending policies. But today's leading Democrats are flirting with the opposite approach. They are forthright in their complaints about trade. But, with the notable exception of John Edwards, they are surprisingly reluctant to propose tax hikes.

You can see why Democratic sentiment has shifted. Globalization is no longer what it was when Bill Clinton shepherded the North American Free Trade Agreement and the Uruguay Round through Congress. China's economy has quadrupled in size; India has emerged as a competitor; the sense of insecurity has spread from a handful of vulnerable industries to much of the economy. And yet if they reverse the Clinton formula, the Democrats will be doubly wrong. They will be swallowing left-wing propaganda about trade and right-wing propaganda about tax cuts.

Paradoxically, the changes that have made globalization less popular have rendered resistance to it less fruitful. Back in the 1980s, trade put pressure on big, vertically integrated industries: cars, electronics. In the new world of outsourcing and global supply chains, vertically integrated enterprises have been sliced into discreet processes; trade now puts pressure on tasks rather than on industries. Back-office administration and phone-based customer support may shift to India, and this shift may affect industries from banking to medical services. The manufacturing and assembly of components may be outsourced to Mexico or Asia, and this change may affect everything from toys to telephones.

So trade now threatens workers in more industries. Even if it still causes less dislocation than technological change, we shouldn't be surprised that anti-globalization sentiment has sharpened. But the advent of competition in tasks also renders protectionist remedies less sensible than ever.

In the era of vertically integrated industries, there was a superficial plausibility in the economic-nationalist case for trade barriers. Big American corporations that did nearly all of their production at home were up against Japanese and German rivals that were equally rooted in their own countries: "If they win, we lose" was an understandable attitude. But now this picture has been scrambled. America Inc. had become Global Inc.: It's hard to erect trade barriers without disrupting corporate America's supply chains. The world's fastest-rising trader illustrates the point. More than half of Chinese exports are made by subsidiaries of foreign companies.

Advocates of trade barriers want to protect workers as well as corporations, but this rationale is also fraying. The old case for tariffs was based on the fact that trade-affected workers were often geographically clustered: If cheap Asian steel hammered a Midwestern steel town, protectionists argued that steelworkers could not be expected to adapt and find new jobs because steel was the sole prop of their communities. But the new competition in tasks rather than industries renders the tragedy of the company town increasingly rare. If a data-entry clerk loses her job in Omaha, she can probably find other work without having to move.

So trade protectionism, which always damaged economic growth, has now lost the few arguments that supported it. Globalization has caused understandable anxieties, but tariffs are a useless therapy. The alternative of helping globalization's losers with tax-financed spending programs is more promising by far. For, contrary to what conservatives routinely assert, tax-and-spend programs need not be bad for the economy.

Consider the work of Peter Lindert of the University of California at Davis. In a magisterial work published three years ago, Lindert analyzed tax-financed transfers across rich economies and found no correlation with the rate of growth or with gross domestic product per person. This, Lindert continued, should not be surprising. What matters for growth is less the quantity of tax and spending programs than their quality.

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Lindert is no party-line liberal. He argues that high taxes in Europe don't damage growth because they hit consumption and labor rather than savings and capital: This is an uncomfortable point for those who want the tax system to be progressive. But Lindert also argues that high taxes are compatible with growth if the revenue is spent well. Investments in education and public infrastructure boost a country's growth rate. Programs that break the link between employment and health insurance enhance the flexibility of workers. Subsidized child care keeps women in the workforce, encouraging employers to invest in training them.

None of this suggests that high taxes are risk-free, especially if they finance programs with no growth payoff -- such as entitlements for the elderly. But knee-jerk opposition to raising taxes is misguided. The government could and should spend more on making health care portable and retraining displaced workers. That is a much better bet than protectionism.

In Iowa, The Living Room Has Fallen Out Of Favor (NYT)

By Adam Nagourney

The New York Times, February 19, 2007

DUBUQUE, Iowa, Feb. 18 — Iowa, with its first-in-the-nation presidential caucuses, has been celebrated for 30 years for its intimate campaigns where future presidents would perch on living room couches or sit at kitchen tables and take questions from 20 or 30 people late into the night.

But it was standing room only on Sunday afternoon at the Grand River Center here, where hundreds of people showed up for a forum with John Edwards, a Democratic candidate for president. When Mr. Edwards asked for questions, dozens of hands shot up. Many were still up when he called an end to the meeting.

Mr. Edwards's experience has been shared by most of the major candidates on recent visits to Iowa, almost a year before the caucuses. It is evidence of what appears to be the demise of the living room campaign, signaling a potentially profound change in the way presidential campaigns are conducted here, and to a lesser extent in New Hampshire.

A chapter in American political history that began in 1976 when Jimmy Carter rose from obscurity by working the living rooms and kitchens of Iowa may be drawing to a end. It is, at least for this election cycle, the victim of an era of celebrity candidates tracked by busloads of reporters, and of intense interest in the 2008 race among voters, who are turning out in numbers that would fill many, many living rooms.

"Perhaps it's time to write the obit to the living room," David Yepsen, the state's premier political columnist, wrote in The Des Moines Register after Senator Barack Obama drew thousands of people to a gym in Ames. "They are now relics of past campaigns, as ancient as the torchlight parade. Rock-star candidates need room for their fans and the gawkers."

Chuck Larson, a former chairman of the Iowa Republican Party and a senior adviser to the campaign of Senator John McCain, said that when Mr. McCain planned his campaign stops here for this weekend, he did not even try to set up the kind of small gatherings that were once Iowa's signature political events. "For any candidate of significance, I think those days are in all honesty gone," Mr. Larson said Sunday.

To a certain extent — and with all due respect to veteran chroniclers of the American political system given to nostalgia and perhaps idealized memories of past Iowa journeys — this may not be an entirely bad thing.

The events for Mr. Obama, the Democratic senator from Illinois, were bustling with young faces that were not familiar to many Iowa political activists. The crowds turning out for the candidates suggest that this extraordinarily competitive and wide-open campaign, taking place amid a nationwide debate on the war in Iraq and on the heels of the Democrats' recapturing of Congress, has engaged Americans in a way they have not been engaged in a long time. While the sites may be bigger and less intimate, candidates like Mr. Edwards and Senator Hillary Rodham Clinton are still inviting question after question.

Mr. Obama and Mrs. Clinton have also at least tried to have some smaller gatherings, but there is no getting around the fact that living rooms have given way to hotel ballrooms, coliseums and gymnasiums.

Some Iowans have noticed the change. They wonder if, or perhaps hope, this is a passing phase.

Theresa Grutz, a special education teacher from Dubuque, lamented the change as she took her place at Mr. Edwards's forum here. "You get to ask questions," she said of the more intimate gatherings. "You keep asking them and you keep asking them until you get an answer, and not a sound bite."

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Mr. Larson argued that there were some advantages to the new style. Mr. McCain saw 1,200 potential caucusgoers in three events on Saturday, compared with perhaps 100 he could have met in private homes. Mr. Larson said smaller meetings were less crucial because of the advent of Internet video streaming.

On the other hand, candidates have lost the laboratories that gave them a chance to learn about issues and formulate responses to tough questions, and make beginner mistakes, out of sight of rival campaigns and reporters.

Jennifer O'Malley, the Iowa director of Mr. Edwards's campaign, said the more personal campaigning, with candidates spending time with voters, was critical for caucuses, in which people need to be particularly motivated to turn out for two hours on a Monday night.

"A conversation with voters is much more important than a television ad," she said.

Some campaign officials said they expected voters' attendance to die down and news media interest to fade as the candidates continued an exhausting trudge across the state, before exploding again in the final weeks, as has historically been the case. Of course, that might just mean that a crowd of 800 would drop to 400.

Mrs. Clinton and Mr. Obama have gamely tried to replicate the living room experience, but it has not worked particularly well.

A Clinton event in Cedar Rapids was, unusually though understandably, invitation-only. Even so, the house became so crowded that people had to peer around corners and over shoulders to catch a glimpse of Mrs. Clinton. To deal with the crush of national reporters — a big part of the problem — her campaign assigned one to act as pool correspondent and share the information; inevitably, however, others sneaked in.

Last week, Mr. Obama's campaign aides scheduled one session in the home of Tom and Patti Friend of Iowa Falls. But after the Friends put a notice of the event in the newspaper, 200 people showed up, spilling out of the living room. When Mr. Obama walked through the door, the booming applause made it clear that the gathering was not so intimate after all; he had to climb up the stairs to find a speck of floor to speak from.

One day after Mr. Obama appeared there, he bounded onto the stage at the Field House at the University of New Hampshire in Durham. Christine Sohl, who arrived early to get a seat about 20 rows back, recalled meeting a little-known governor named Bill Clinton in a group of no more than 20 people.

Four campaigns later, she strained to see Mr. Obama. "This is as close as we'll get," she said.

Campaigns Find New Homes In Iowa (USAT)

By Judy Keen, Usa Today

USA Today, February 19, 2007

Downtown Des Moines rents getting too pricey

Development in downtown Des Moines is forcing some presidential campaigns to locate their offices in the suburbs, ending an era when cheap, temporary headquarters were clustered in the city center.

For years, it's been easy to walk between many candidates' offices, downtown hotels for news conferences and favorite eateries such as 801 Steak & Chop House, frequented by reporters and political operatives with expense accounts.

Hanging out downtown was part of the charm of the presidential primary season, when everyone working the campaigns camped out in Des Moines for weeks. Now, many campaign headquarters are 7 or 8 miles away.

"Candidates want inexpensive space. They're going to have to move out of town to get that right now," says Dennis Connolly, a commercial real estate agent in Des Moines since 1977. "There's a lot of tearing down and putting up new structures downtown."

Iowa hosts the nation's first presidential voting in its caucuses, and Des Moines is the political and geographic center of the state.

Parts of "candidate row" on Locust Street have been replaced by a new park, Western Gateway, and new buildings around it. Other downtown buildings were demolished or converted to apartments and condos.

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In 2003, the headquarters of Democratic Sen. John Kerry and Vermont Gov. Howard Dean were a block apart on Locust. The building Kerry's campaign occupied now displays antique cars. Dean's former headquarters is in a building about to be renovated.

Democratic Sen. John Edwards' office was four blocks away on Grand Avenue. That space, a former auto dealership, is vacant. Edwards' office this year is east of downtown.

"There were wonderful opportunities four years ago for campaigns with vacant buildings downtown that landlords couldn't rent," says Susan Ramsey, spokeswoman for the Greater Des Moines Partnership, which helps businesses locate or expand. "Those opportunities don't exist any longer."

Instead, campaign offices are scattered elsewhere:

•The national headquarters for Tom Vilsack, a former Iowa governor seeking the Democratic nomination, is on the city's western edge. "We're closer to the airport, closer to the freeway and there's plenty of growth space," spokesman Josh Earnest says.

•Sen. John McCain's campaign didn't even consider locating downtown, says Dave Roederer, state chairman of the Arizona Republican's campaign. The suburban Urbandale office is cheaper, "especially when you factor in the parking," he says.

•Former Arkansas governor Mike Huckabee's staff will soon move to Urbandale, about 8 miles from downtown.

"People don't want to drive all the way downtown at night to volunteer," says Eric Woolson, a spokesman for the Republican's Iowa campaign.

•The headquarters of former Massachusetts governor Mitt Romney's Republican campaign also will be in Urbandale.

"It just makes a lot more sense in terms of finding volunteers" who live there and in nearby West Des Moines and Clive, says Tim Albrecht, a Romney spokesman. "At the end of the day, it's all about location."

Sunshine For Hoods (WSJ)

The Wall Street Journal, February 20, 2007

Following the example of Eliot Spitzer, state attorneys general have had a field day using their power to accuse all and sundry of wrong-doing. So it's only fair that a little sun is now beginning to shine on the cozy business relationships between these AGs and their trial lawyer buddies.

The sight won't be pretty, judging from a recent Associated Press report that former California AG Bill Lockyer's office concealed tens of millions of dollars in contracts with lobbyists and legal firms. California has an open-records law so the public can see how officials spend their money. Yet Mr. Lockyer's office incorrectly labeled dozens of contracts "confidential" and thus kept them out of public sight.

Now state treasurer, Mr. Lockyer says this was just a simple mistake. But the records sure are revealing. The law firm of Cotkin, Collins and Ginsberg received a $2 million contract to work on an insurance case. That same firm has donated to Mr. Lockyer's political committees. Two other no-bid contracts, worth as much as $489,000, went to the Ferguson Group, a Washington lobbying outfit. Ferguson's president was the legislative director for former California Congressman Vic Fazio, a Lockyer pal.

Going back to 2003, Mr. Lockyer's office labeled as "confidential" more than 1,700 contracts valued at more than $100 million. The AP asked California's Department of Justice -- now run by Attorney General Jerry Brown -- to inspect a sample of 131 contracts. That review found that only 12 deserved to be confidential. One test of Mr. Brown's desire for honest government will be whether he now allows a review of all contracts.

This episode also has Californians calling for legislation to require its AG both to publicly disclose contracts and subject them to competitive bidding. A movement -- led by the American Legislative Exchange Council and the Institute for Legal Reform -- is also spreading for model legislation known as the "Private Attorney Retention Sunshine Act." So far, seven states have adopted some variant of legislation, and West Virginia and Mississippi are debating whether to follow suit.

Mississippi is a fitting place for this fight, as it may well be the birthplace of AG-tort bar collusion. In the 1990s, then-Attorney General Mike Moore hired several tort lawyer friends to take the lead in his mammoth tobacco suit. Trial lawyer Dickie Scruggs later acknowledged making hundreds of millions of dollars in contingency fees; not bad for government work.

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Current AG Jim Hood struck an equally suspicious deal as part of his $100 million settlement in 2005 with MCI/WorldCom over back taxes. Mr. Hood hired attorney Joey Langston as outside counsel to represent Mississippi in negotiations with MCI. Mr. Langston's firm shared half of $14 million in legal fees as a result of the settlement. You won't be shocked to learn Mr. Langston was Mr. Hood's largest individual campaign contributor.

As a reaction to this mutual back-scratching, the Mississippi senate earlier this month passed a sunshine act to require the AG to solicit proposals from at least three law firms for contracts larger than $1 million; it would also set up a review board to inspect proposals. Mr. Hood went bananas, claiming it was a "politically motivated" bill designed to "prevent the state from catching" corporations that defraud consumers. He's rallying Democrats to oppose the bill. The office of West Virginia AG Darrell McGraw has been similarly dismissive of legislators' desire to spotlight his trial-bar contracts.

You have to smile at their nerve. These are the same AGs who deplore the mere appearance of a "conflict of interest" in business, and who justify their lawsuits as protecting state consumers. Yet they don't seem to think it's a conflict if their offices sign contracts with law firms that return a cut of their profits back to the AGs as campaign contributions.

Even worse, these contracts often include contingency fee deals that guarantee outside lawyers a slice of any settlement. This means the AGs can initiate legal proceedings against an industry with little risk to the state, while the outside attorneys have every incentive to push for the highest dollar settlement. Doing justice takes a backseat to the big-dollar payout. This AG-tort bar alliance confronts companies with a double whammy that makes it far more risky to fight a lawsuit. Even companies that are unfairly sued are inclined to settle, and the AGs can thus impose new rules and regulations via lawsuit rather than having to pass legislation.

State attorney generals have become an unchecked source of government abuse in recent years, combining political ambition with the awesome power to prosecute. They need to be reined in, and a good place to start is by exposing their sweetheart contracts with their trial lawyer friends and campaign contributors.

New York's Bully Governor (NYT)

The New York Times, February 19, 2007

Almost everybody who voted for Gov. Eliot Spitzer last year realized that he would not tread lightly. In fact, Governor Spitzer's pugilistic tendency was probably a main reason for his landslide victory. It is also why 60 percent of New Yorkers recently agreed with Mr. Spitzer that he is just the "steamroller" that is needed for one of the worst legislatures in the country.

Nevertheless, those lawmakers seemed stunned when Mr. Spitzer came out slugging after they exhibited some of their lesser instincts. When the governor began openly criticizing individual legislators in their home districts, the Albany crowd went into culture shock. They talked about how Mr. Spitzer was not playing by the rules. They talked about how he was upsetting the political etiquette. Joseph Bruno, the Senate leader, whined to reporters last week that the governor was a "bully." Maybe so. But a bully is just what New York needs right now — a governor strong, smart and articulate enough to break up the Albany cartel.

The downturn in Mr. Spitzer's relations with the legislative establishment came earlier this month when legislators, particularly Mr. Spitzer's fellow Democrats in the Assembly, reneged on a deal to pick a new state comptroller. Instead of choosing one of three finalists picked by former comptrollers, they decided on Assemblyman Thomas DiNapoli, who is far less qualified. Legislators who celebrated this big, in-your-face victory over the governor should by now be worrying about their jobs.

Minutes after that vote, the governor went on the attack. As he traveled around the state to promote his budget, he added criticism for two fellow Democrats who had voted for Mr. DiNapoli — Assemblymen George Latimer of Westchester and William Magnarelli of Syracuse. That sent a loud signal that individual lawmakers can no longer hide behind their leaders and coast to re-election.

Mr. Spitzer and his staff are also taking other detours around the ultrapowerful legislative leaders — Mr. Bruno and Assembly Speaker Sheldon Silver. If Mr. Spitzer can break these two leaders' stranglehold on public policy, more power to him.

Other governors are undoubtedly watching to see if Mr. Spitzer's high-intensity strategy will work over the long term. Both California's Arnold Schwarzenegger and New Jersey's Jon Corzine have been forced to make peace with wayward legislatures to get anything done. Mr. Spitzer will also have to negotiate with lawmakers to get a budget, begin reforms and pass the progressive

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laws the state has needed for some time. But unlike other governors who spend too much time wooing and not enough time challenging, Mr. Spitzer can now negotiate his reform agenda from a position of strength.

Blair Backs Tougher Gun Laws For Youths (WP)

By Mary Jordan, Washington Post Foreign Service

The Washington Post, February 19, 2007

LONDON, Feb. 18 -- Prime Minister Tony Blair announced Sunday that he wanted to lower to 17 the age at which a mandatory five-year sentence could be imposed for illegally possessing a gun. The announcement followed the shooting deaths of three teenagers.

Britain has strict gun laws, and even most of its police officers do not carry guns. But a recent spurt in shootings and youth gang violence has alarmed many Britons and led to armed police patrols in areas of south London.

Currently, defendants older than 21 must serve a minimum five-year prison sentence if convicted of illegally possessing a firearm. But Blair, in an interview with the BBC, said, "We've got to lower that age . . . down to the age of 17."

Speaking ahead of an emergency summit on gun crime this week, Blair said his government is seeking to overhaul violent crime laws, including adding penalties for gang membership and measures to protect people who testify against gangs.

Police said gun crime fell last year, but 2007 has started with several shooting deaths.

In the past two weeks, James Smartt-Ford, 16, was gunned down at a south London ice rink and Michael Dosunmu, 15, was shot and killed by a gunman in his bedroom. Eight days later, Billy Cox, 15, was shot dead at his home, also in south London. Another man was shot and killed Saturday in London, and three people were injured in two weekend shootings in Manchester, in northwest England.

The killings, particularly those involving young people, have underscored the menacing culture of youth gangs, armed with knives, hammers and, increasingly, guns.

Although gun crime is still relatively uncommon here -- there were 50 firearm-related killings last year in England and Wales -- many Britons are concerned that young people see them as a cool accessory.

"We have got to analyze what is going wrong here," Blair said. "Is it a general state of British society, British young people? And I think it isn't. It is about a specific problem within a specific criminal culture to do with guns and gangs."

Some say the shootings are a symptom of troubled British youths and families.

"The issue here is the circumstances they grow up in, the broken families -- and that's not confined to any one sector of society -- and the massively rife drug culture," David Davis, a leading member of the opposition Conservative Party, said Sunday. "The problems have been growing for a decade."

Will Deal Give N. Korea Millions In Cash? (NSWK)

By Mark Hosenball And Richard Wolffe

Newsweek, February 19, 2007

Hard-liners already loathe the new deal in which Kim Jong Il's regime has agreed to halt activity at its main nuclear plant in return for emergency oil supplies. John Bolton, who recently departed as U.S. envoy to the United Nations, told NEWSWEEK: "We violated the principle that we don't reward bad behavior." Promises to ease North Korea's economic squeeze are among key elements of the deal (struck by the United States and other participants in the Six-Party diplomatic talks). Among the provisions of the agreement are promises by the United States to begin direct talks with North Korea about "moving toward full diplomatic relations," and that Washington will take steps to remove Pyongyang from its official list of state sponsors of terrorism. In return, Pyongyang agreed to "shut down and seal" its main nuke reactor at Yongbyon.

But Pyongyang may also get access to controversial bank accounts. Meeting in Beijing three weeks ago, North Korean and U.S. Treasury officials held detailed talks about 52 bank accounts in Macau's Banco Delta Asia that the Macau government froze after Washington in 2005 accused the bank of money laundering. The 52 accounts, containing about $24 million, were frozen on suspicion that North Korea was using them for illicit purposes. Washington is still threatening to issue an order curbing U.S. banks' dealing with Banco Delta Asia, which has now been taken over by the government of Macau. But U.S. officials, who asked

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for anonymity due to the sensitivity of the subject, indicated that following further discussions with Washington, it is possible Macau authorities may lift restrictions on some of the accounts, enabling Pyongyang to regain some of its cash.

Administration hard-liners appear to have been unable to thwart diplomacy. Former officials close to Vice President Dick Cheney, who asked not to be identified characterizing his views, suggest he does not like the deal but believes there are enough get-out clauses to ensure either that Pyongyang complies or the whole bargain collapses. Cheney had long influenced North Korea policy through powerful bureaucratic allies who battled what they viewed as State Department appeasers. But Bolton, a leading hawk on North Korea, left the administration when Congress refused to confirm him as permanent U.N. ambassador. Robert Joseph, another key hard-liner, is soon to leave his job as State Department under secretary for arms control. Cheney himself may be the last hard-liner. But White House aides, along with the veep's allies (anonymous when discussing the men's relationship), acknowledge that Bush relies far less on Cheney's judgment now than he did earlier in his presidency.

Hold The Applause (USNEWS)

By Thomas Omestad

U.S. News and World Report, February 19, 2007

Last week's nuclear deal with North Korea, said a smiling Condoleezza Rice, took "patient, creative, and tough diplomacy." All true, but the secretary of state's upbeat summary masked an array of obstacles that had to be overcome merely to start down the long road toward stripping North Korea of any nuclear weapons and facilities. The obstacles included not only the North's legendary obstinance but also bitter disputes within the Bush administration. President Bush now appears to have sided with those who favor engaging Pyongyang over those who want to squeeze it in hopes of hastening the "evil" regime's collapse. "Rice was convinced, and that convinced the president," said Michael Green, Bush's former top Asia hand at the National Security Council.

And yet for all the relief by fatigued negotiators from the United States and five other countries, the hardest tasks have been left for the future. In its first phase, the accord will not eliminate any of North Korea's nuclear weapons. Experts estimate the North now has between four and 13 bombs' worth of plutonium.

Administration officials have insisted they would not reward the North's nuclear "bad behavior." But that, hard-line critics complain, is just what the deal does. Paradoxically, their assertion that North Korea had bested the United States is shared by some deal backers. Their complaint: The years of delay allowed Pyongyang to multiply its plutonium stockpile since the crisis erupted in October 2002. Says a former U.S. official, "We could have done this four years ago and gotten a better deal."

The "ABC" policy. The new accord brought immediate comparisons with the Clinton administration's 1994 bilateral pact that until 2002 delivered fuel aid, among other benefits, for a reactor freeze. The Clinton approach was the foil against which hawks rallied, dubbing the Bush policy "ABC"-Anything but Clinton. The idea was to do nothing to abet the survival of Kim Jong Il's repressive regime. Last week, Rice argued that the new pact should be more durable because it is multilateral, backed up by power players like Russia, South Korea, Japan, and, especially, China. U.S. News has learned that China, host of the talks, pushed back on Pyongyang for nearly scuttling the accord by demanding even more energy aid.

The agreement builds on the September 2005 joint principles for denuclearizing the North in exchange for security guarantees and economic and political benefits. Pyongyang is now obligated to halt and seal its Yongbyon reactor within 60 days, verified by U.N. inspectors. It will receive initial aid of 50,000 tons of heavy fuel oil. As it disables nuclear facilities in a second phase, it gets 950,000 tons of fuel oil-all told worth $250 million to $300 million.

Key move. U.S. officials also will try to rapidly resolve a dispute with North Korea over money-laundering sanctions that nearly derailed progress in the nuclear talks. Five working groups will meet on security, political, and economic issues. One will focus on normalizing U.S.-North Korea ties. Washington agreed to "begin the process" of removing the North from the U.S. terrorism list and from countries sanctioned under the Trading with the Enemy Act. That could be key for Pyongyang. "They want a normal, long-term relationship with the United States," says Stanford University scholar John Lewis, who has visited North Korea 15 times.

Bush, Howard Discuss North Korea, Wars In Iraq And Afghanistan (AFP)

AFP, February 20, 2007

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WASHINGTON - US President George W. Bush spoke with Australian Prime Minister John Howard about the North Korea nuclear deal and the military campaigns in Iraq and Afghanistan, the White House said.

Bush spoke to Howard by telephone as US Vice President Dick Cheney headed to Japan and Australia to discuss their roles in Iraq and Afghanistan and common challenges like China's rise and North Korea's nuclear program.

The two leaders spoke a week after a breakthrough nuclear deal was reached at talks in Beijing between the United States, the two Koreas, China, Japan and Russia.

Bush and Howard "discussed the recent agreement at the Six Party talks," White House National Security Council spokesman Gordon Johndroe said in a statement.

Under the deal, the Stalinist regime has 60 days to shut down its main Yongbyon nuclear reactor and allow United Nations nuclear inspectors back into the country.

The energy-starved regime would in turn receive a first tranche of 50,000 tonnes of fuel oil -- part of an eventual one million tonnes and additional diplomatic, security and other guarantees if it permanently disables its key nuclear facilities.

Bush and Howard also discussed the wars in Iraq and Afghanistan. Australia contributes troops to both efforts.

"The president thanked the prime minister for Australia's continuing support in Iraq and Afghanistan," Johndroe said.

Bush and Howard also discussed "the detainee issue and shared expectations of a fair and orderly process," he said without elaborating.

The Australian government has been pressing Washington to try as soon as possible Australian terror suspect David Hicks, who has been held at the US military prison in Guantanamo Bay, Cuba for more than five years.

Hicks, 31, was captured in Afghanistan in late 2001 where he was alleged to have been fighting with Taliban forces against US troops.

Cheney's Influence Lessens In Second Term (WP)

By Michael Abramowitz

The Washington Post, February 20, 2007

Mistrustful of North Korea and its willingness to keep promises, Vice President Cheney worked hard in President Bush's first term to prevent talks aimed at halting that country's push to develop a nuclear bomb. At one point three years ago, he even bypassed the State Department to intervene in delicate negotiations over Pyongyang's nuclear activities.

But this month Cheney stayed out of the way as a top State Department negotiator wrapped up a nuclear agreement with North Korea -- a deal that many of the vice president's conservative allies consider foolhardy and that some of his own staff are said to find hard to swallow.

The contrast underscores the vice president's shifting status in Washington. There is no evidence that Cheney's close relationship with Bush has been lessened. But there is also little doubt that the causes he has championed -- a tough skepticism of negotiations with dictatorships such as North Korea and the forceful exercise of presidential authority -- are being rethought within the Bush administration, according to officials inside the government and experts outside it.

The North Korea deal is only the latest example of a new pragmatism forced on the administration by a series of court decisions, the deteriorating situation in Iraq and -- perhaps most of all -- the Democratic takeover of Congress.

The White House has made a concerted effort to be more conciliatory with Capitol Hill; to make rhetorical nods to issues such as global warming and income inequality, which drew little attention in Bush's first term; to permit court review of secret wiretapping of terrorism suspects; and to make new diplomatic initiatives in the Middle East and elsewhere.

"There's no question in the current political situation that Cheney has lost clout," said Leslie H. Gelb, former president of the Council on Foreign Relations. "He's lost clout because Bush has to prove he's not an international confrontationalist, warmonger and diplomatic bungler. If you have such a reputation, you can't function as president."

It hasn't helped Cheney that his former chief of staff, I. Lewis "Scooter" Libby -- who had aggressively advanced the vice president's interests through a sometimes hostile bureaucracy -- has been sidelined because of his role in the Valerie Plame case. The government's perjury case against Libby will go to the jury this week after a trial that exposed the vice president's large

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behind-the-scenes involvement in seeking to discredit Joseph C. Wilson IV, a former ambassador who accused Cheney and other administration officials of twisting intelligence in the run-up to the Iraq war.

Some conservatives close to the administration see Libby's resignation after his indictment in late 2005 as part of the unraveling of a Cheney network, leaving a void that Secretary of State Condoleezza Rice, the engineer of the North Korea deal, has exploited. Others who have departed include Defense Secretary Donald H. Rumsfeld; his deputy, Paul D. Wolfowitz; and lower-level aides with long-standing ties to Cheney.

One former administration official, who spoke on the condition of anonymity to talk more candidly, said Cheney's office has "disappeared" on foreign policy under Libby's replacement, David Addington, and the vice president's foreign policy adviser, John P. Hannah. "Addington and Hannah are smart people, but they are no Scooter. Scooter worked 25 hours a day and he had Addington and Hannah working for him, so it was a powerful combination," this source said. "The result is that Cheney is taking a back seat, and there is no check or balance on Condi in foreign policy. It is what Condi decides and what the president agrees to."

Figuring out how much influence Cheney has is a longtime Washington parlor game -- but the answer is ultimately unknowable, given that almost all of his advice is offered privately, and both the president and his No. 2 zealously guard the details. The two meet for a private lunch once a week, share intelligence briefings and get together with staff for policy discussions.

Only 37 percent of Americans view Cheney favorably, according to the most recent USA Today-Gallup poll, but he remains an important emissary to key constituencies, foreign and domestic. He elicited laughter last week when, speaking to the National Association of Manufacturers in the middle of a snowstorm, he quipped, "The good news is, the federal government is shut down today -- so everybody's safe." He left yesterday for a long-planned trip to Australia and Japan, where he is expected to reassure the allies about the North Korea deal.

Cheney still shows up two or three times a month at policy lunches for Senate Republicans. "I know that he is very comfortable fundamentally with the approach the Bush administration has taken to the war on terrorism, which is go after them hard, keep them on the run and empower moderates," said Sen. Lindsey O. Graham (R-S.C.).

But many who know Cheney believe he is out of step with the current tenor of the administration, noting that he has offered none of the concessions of error that Bush has tried out recently to regain lost credibility on Iraq.

"Dick was always very realistic," said Kenneth L. Adelman, the Reagan administration arms-control official who has known Cheney for more than three decades. "I don't really understand how month after month he gets briefings showing Iraq's getting worse and worse, and he engages in all this happy talk. Bush has become more realistic. Certainly [Defense Secretary Robert M.] Gates is more realistic, so the happy talk from the Pentagon is over. Yet Cheney is still stuck in the mold."

The negotiations for the North Korea deal showed how much things have changed in Bush's second term. Three years ago, when Cheney's influence was at its peak, U.S. negotiators had rigid instructions to demand that Pyongyang dismantle its programs before receiving benefits, and had almost no authority to speak directly to North Korean officials.

This time, in meetings with Chinese and South Korean officials in Vietnam in November, Rice raised the idea of obtaining an "early harvest" -- a freeze on North Korea's main nuclear facility -- to start the process, administration officials said. She empowered her chief negotiator, Christopher R. Hill, to work out the details during a one-on-one meeting with the North Koreans in Berlin last month.

Under the deal, North Korea would receive an initial supply of fuel oil for the freeze. Pyongyang also promised to disable the facility and take further steps toward denuclearization in return for additional economic, energy and humanitarian assistance. The accord left for future negotiations the question of what to do with North Korea's existing nuclear weapons; Pyongyang declared itself a nuclear power in October after exploding a nuclear device. Many conservatives worry that the new arrangement could relieve North Korea of pressure from the United States without any guarantee it will eventually get rid of the weapons.

Lea Anne McBride, Cheney's spokeswoman, said he supports the plan and agrees with Bush that the North Koreans "have to prove themselves by following through on the deal."

Sources who have spoken with administration officials said Cheney's staff is not happy with the agreement, and former administration officials said they have a hard time believing that Cheney does not share those sentiments. They pointed, for

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instance, to the agreement's language calling for new "working groups" to settle outstanding issues, something they said he has long opposed.

But some Cheney associates said they doubt he will work against the plan. "The one thing about Cheney is he has never done anything the boss didn't want him to do," said a longtime friend from previous administrations, who suggested that Cheney's acquiescence in the nuclear deal may have been a tactical concession, given the United States' eroding position in the world.

"I think he's someone who is very strategic in his thinking," said Aaron L. Friedberg, a Princeton University professor who served as an adviser to Cheney on national security from 2003 to 2005. "He's prepared to make adjustments and trade-offs as the situation warrants. . . . I suspect in a number of situations he would have preferred to push harder and take a tougher stand, but he has always been a pragmatist."

Cheney Due In Japan To Push NKorea Deal (AFP)

AFP, February 20, 2007

US Vice President Dick Cheney has headed to Asia with his first scheduled stop in Japan, a key US ally which has voiced increasing concern about the White House's approach on North Korea and Iraq.

Cheney will also travel to Australia and the US Pacific territory of Guam on a trip that comes on the heels of a breakthrough deal on North Korea and plans to deploy more than 20,000 extra US troops to insurgency-plagued Iraq.

The vice president will take pains to thank Japan and Australia for their help in Iraq and Afghanistan and may urge them to consider ways to beef up their presence in both war-torn countries, a senior US official said.

"We will talk about where there are places where we need to have more done, what other contributions we and other countries can make to the efforts of both those conflicts," the official told reporters on condition of anonymity.

In Tokyo, Cheney will aim to dispel any worries about the North Korean deal, emphasising that it is only a good "first step" towards stripping the regime of its nuclear weapons programmes, he said.

Japan has refused to fund the deal, under which North Korea would receive badly needed fuel aid, due to an emotionally charged row over Pyongyang's past abductions of Japanese citizens.

"I think it's reasonable to expect very serious discussions on North Korea and also some other issues that we are jointly faced with," a senior Japanese official who declined to be named said ahead of Cheney's visit.

On Wednesday, the US vice president will meet with top leaders including Prime Minister Shinzo Abe, and have an audience with Japan's emperor and empress.

Cheney will not, however, meet with Defense Minister Fumio Kyuma, who last month sharply criticized the decision to invade Iraq. A US official said Cheney's schedule was "locked in place" before Kyuma requested a meeting.

Officially pacifist Japan took the landmark step of sending troops to Iraq on a non-combat mission but former prime minister Junichiro Koizumi withdrew them before handing over power to Abe in September.

The Japanese official downplayed disagreements between the allies, saying Abe had "reiterated support for US policy and the determination of his government to carry out various measures of cooperation."

But a poll carried Tuesday by the Asahi Shimbun showed that 57 percent of Japanese shared Kyuma's view that President George W. Bush was wrong to invade Iraq.

An overwhelming 81 percent backed Abe in refusing to fund the North Korea deal, with only 11 percent expressing opposition, said the liberal newspaper's poll of 1,940 voters.

Cheney will meet Friday with Australian opposition leader Kevin Rudd -- at Rudd's request, the US official said. Rudd has said his Labor Party would not back any increase in the number of Australian troops in Iraq, even military trainers.

However, Prime Minister John Howard said Monday Australia might send up to 70 additional military instructors to Iraq and deploy more troops in Afghanistan.

Cheney will meet on Saturday with Howard, who has complained about US handling of the country's sole terror suspect jailed at Guantanamo Bay, David Hicks, the so-called "Australian Taliban."

Listen, Mr. Cheney (LAT)

By Philip J. Cunningham

DOJ_NMG_0133718

The Los Angeles Times, February 20, 2007

WHEN Shinzo Abe meets Dick Cheney in Japan this week, a special kind of chemistry will be in effect. The hawkish Japanese prime minister and the bellicose U.S. vice president, self-described friends, have more in common than declining poll numbers. They both have war on their minds.

What we have on the one side is Abe, a historical revisionist, glorifying the losers of the last world war to reshape the past. On the other side you have Cheney, a hard-line unilateralist who has been one of the biggest planners and defenders of the American-led war in Iraq.

Cheney is visiting Japan this week, according to the White House, to thank officials there for "their efforts in Iraq and Afghanistan." Japan has sent noncombat troops to Iraq and has supplied logistical support in Afghanistan. But even as backing for the Iraq war continues to slip at home, Cheney will arrive in a Japan roiled by its own debate about rising militarism.

The latest example came when Japanese Defense Minister Fumio Kyuma suggested last month that the war in Iraq was a mistake. He was criticized roundly by Abe's people. Now, apparently as a punishment, the Bush administration asked Japan not to schedule a meeting between Cheney and Kyuma during this week's visit.

Thus, Cheney will snub the defense chief, the very person he would be expected to talk to in a visit focusing on defense and security issues. The message seems to be: Friends don't criticize friends. Japan, historically the bully of Asia, instinctively understands such threatening behavior.

There was no rational reason for Japan to get entangled in Iraq, and there's even less reason to become involved in Iran. However, Cheney appears bent on whipping up support for a reluctant Japan to continue to follow the Bush administration's lead in the war-torn Mideast. In refusing to meet with the defense minister, Cheney seems to be saying, in effect, that a silent nod to the wise is sufficient.

But the Japanese can say no, and why shouldn't they? What does the long-term Japan-U.S. relationship get out of this temporary subservience? Is it really in the interest of the Japanese people to bind their fate to the declining fortunes of the Bush-Cheney team?

Or might this be a good time, as opposition leader Ichiro Ozawa belatedly suggested a few weeks ago, to point out the obvious folly of U.S. ways, as a friend would, helping a friend?

Japan has yet to finish apologizing for the mess it made the last time it went to war, so why drag it into a new one?

The U.S. occupation of post-World War II Japan, with the attendant promulgation of a unique "peace constitution," was designed to make a former warrior nation allergic to war, and it largely succeeded. It is not only Japan's neighbors who get upset when Japanese pols visit the Yasukuni war shrine, which honors Japanese war criminals among the war dead; in fact, more than half of those polled in Japan are against such visits as well. From time to time, veteran U.S. voices, such as former Rep. Henry Hyde (R-Ill.), remind us that official visits to a shrine that makes a mockery of such events as Pearl Harbor and Nanjing do not serve U.S.-Japan interests either.

Likewise, Japan should listen carefully to what other American statesmen are saying about Tokyo's whitewash of critical history questions. A motion by Rep. Mike Honda (D-San Jose) calling for an apology on the oft-denied issue of Imperial Japan's "sex slaves" and other wartime injustices is not anti-Japan bullying but a nudge, from a friend to a friend, saying we need to agree on basic facts for the relationship to go forward.

The widespread Japanese commitment to peace, after the devastation of Hiroshima and Nagasaki, extends to an understandable abhorrence of nuclear weapons. Yet military analysts say that U.S. ships armed with nuclear weapons routinely pull into Japanese ports such as Yokosuka and Okinawa — making a sham of Japan's "three nonnuclear principles" (not possessing, producing or permitting nuclear weapons into the country).

Cheney is scheduled to have a photo-op aboard the U.S. aircraft carrier Kitty Hawk during his visit — an insensitive move that might well come to be regretted as a "mission accomplished" moment for the vice president. Tokyo's flamboyant mayor, Shintaro Ishihara, has already primed the public by asserting — without apparent evidence — that the Kitty Hawk is nuclear-equipped.

Instead of posing on the carrier, Cheney should take the time to hear what Kyuma and other Japanese critics of the Iraq war have to say.

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South Korean, US Officials To Meet On North Korea Nuke Accord (AFP)

AFP, February 20, 2007

South Korea's deputy foreign minister has headed to Washington for talks with US officials on ways to follow up on last week's deal on scrapping North Korea's nuclear programme, his ministry said.

Shim Yoon-Joe was to hold talks with US Undersecretary of State Nicholas Burns during his visit from Tuesday to Saturday, the ministry said.

He would also meet other officials including John C. Rood, assistant secretary of state for international security and nonproliferation, and Jack D. Crouch II, deputy national security advisor.

At six-nation talks in Beijing last week, North Korea agreed to start disabling its nuclear facilities in exchange for badly-needed energy aid.

As a first step it will shut down and seal its Yongbyon reactor within 60 days, admit UN nuclear inspectors and receive 50,000 tons of heavy fuel oil or equivalent assistance in return.

Further steps to disable nuclear facilities would be rewarded with up to 950,000 tons of heavy oil or other aid.

Critics say the deal does not address the North's existing weapons or plutonium stockpile, or its suspected uranium-based weapons research programme. Supporters call it a good start.

The agreement is "the first step in a long series that includes the complete renunciation of nuclear weaponry and facilities within North Korea," White House spokesman Tony Snow said Sunday.

"If they are going to get the benefits down the road including ultimately as much as a million tons of heavy oil, they've got to perform."

Seoul officials point out that the North must eventually submit a list of its nuclear facilities and programmes, including any uranium-based one.

Shim's US trip precedes a planned visit by South Korea's Foreign Minister Song Min-Soon early next month, Yonhap news agency said.

The Plan That Moved Pyongyang (WP)

By Philip Zelikow

The Washington Post, February 20, 2007

In 2006, the headlines from North Korea were depressing. Pyongyang was headed down the path of escalation: missile tests in July, testing a nuclear weapon in October. Now, 2007 has opened with encouraging news -- a breakthrough in Beijing. In effect, the agreement announced last week was answering the bomb test with a successful test of diplomacy. But this deal makes more sense if we understand the broader strategy, set in motion some time ago, that is starting to play out.

In 2005, the United States energized its flagging North Korea efforts on two tracks. One was diplomatic, the other defensive. The diplomatic strategy was never just about North Korea. The Korean Peninsula has repeatedly been a battleground for the great powers in Northeast Asia. The United States, particularly Secretary of State Condoleezza Rice and her deputy, Robert Zoellick, saw a way to break this mold: China, Japan and Russia were flexing new diplomatic muscle. The North Korean problem could be an opportunity to unite potential rivals in common effort, an enterprise without precedent in Northeast Asia.

The defensive approach responded to North Korea's outlaw strategy for economic survival. Protecting the integrity of the international financial system was just one of the ways to show the North's leaders that trafficking in contraband was not a sustainable solution to their problems.

By late 2005, both policies had been set in motion. In September, Assistant Secretary of State Christopher Hill and his counterparts from South Korea, North Korea, China, Japan and Russia had negotiated a joint framework for comprehensive diplomatic action. Meanwhile, enforcement actions that had been pending against North Korea's partners in money laundering, such as Macau's Banco Delta Asia, were rolled out.

Then the Bush administration paused. It had been preparing to follow up with new diplomatic initiatives, but the administration was uncertain and divided about how much further to go until North Korea moved. As for the North Koreans, they were indeed hit hard as members of the international financial community became increasingly reluctant to handle their suspect

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transactions. Furious, they boycotted the six-party talks and tried to advertise their own strength, a course that culminated in the nuclear test last October.

After that test, Rice leaned hard on the regional diplomatic relationships she had nurtured. First -- and fast -- came U.N. Security Council Resolution 1718, the most potent action against North Korea that the United Nations had taken since 1953, when the Korean War was suspended.

Having shown the North that it had underestimated regional solidarity, the United States next moved to change the dynamic, to break the cycle of escalation. That month, Chinese President Hu Jintao and President Bush came to a strategic understanding about North Korea. They agreed that diplomacy needed to be given another chance. But the diplomacy couldn't just be a gloss, busywork that only gave the appearance of action.

To turn this strategic understanding into policy, Rice developed a two-stage strategy. First the six parties would move quickly to offset the nuclear test with unprecedented commitments from the North Koreans to stop and reverse their nuclear development and to bring back the system of monitoring by the International Atomic Energy Agency. Some called this an "early harvest" -- testing whether the ground could yield anything fruitful.

If it did, then in the second stage the six parties would follow up. But rather than returning to the old, painful pattern of piecemeal nuclear bribery, the diplomacy would have to move simultaneously on multiple fronts: scrapping the nuclear program, building normal economic cooperation, tackling the normalization of relations and -- perhaps most engaging -- getting at the unresolved issues of the Korean War.

Thus, later in October, Rice shuttled across Northeast Asia to reassure allies and win support for this diplomatic design, especially in Beijing.

Pressure had its place. So did diplomatic ingenuity. One Chinese official said to Rice, "It is better to play with two hands." And talking with the North Koreans would not be a problem, Rice concluded, if doing so did not undermine the vital regional foundation and if the North Koreans actually had something to say.

Last week's deal, skillfully negotiated by Rice and Hill with their counterparts, delivers a plan for the "early harvest." A "good, initial step" was Rice's careful phrase. The broader context in which the agreement was reached helps explain what she meant. The United States and its negotiating partners have successfully carried out a diplomatic test.

The next two months will show whether the design remains valid. Rice has agreed to a six-party meeting of foreign ministers, including the North Koreans. We will see whether the Bush administration and its counterparts can launch the second stage, when the desired outcomes to be produced from this diplomacy may finally come into view.

The writer is a history professor at the University of Virginia. From 2005 until 2007 he was counselor of the State Department.

Head Of UN Nuclear Agency Gloomy On Iran Breakthrough (FT)

By Daniel Dombey

Financial Times, February 20, 2007

Mohamed ElBaradei has not given up hope that the US and Iran will one day sit down and negotiate their -differences away, but in the much shorter term his prognosis is bleak.

Tomorrow, in his capacity as director general of the International Atomic Energy Agency, the United Nations' nuclear watchdog, Mr ElBaradei is due to certify that Iran has failed to comply with UN demands to halt sensitive parts of its nuclear programme.

"I will continue to make a last-ditch effort to try to convince them that it is in their interest to find a way to go into negotiations," he told the Financial Times in an interview in London. "If that doesn't happen, and I don't see that it is going to happen overnight, I will have to report negatively."

He adds, however, that there will still be scope for a diplomatic breakthrough until the week of March 5, when the IAEA board meets and the issue is taken out of his hands.

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Mr ElBaradei makes little attempt to disguise his lack of enthusiasm for the US's drive to impose more sanctions on Tehran and push the Islamic republic into suspending activity related to uranium enrichment, which can produce both nuclear fuel and weapons grade material.

In December the UN Security Council agreed sanctions on the transfer of -missile and nuclear technology to Iran, and the issue is set to return to New York after Mr ElBaradei's report tomorrow.

"Our experience without exception is that sanctions alone do not work and in most cases radicalise the regime and hurt the people who are not supposed to be hurt," he says. "If you create an environment in which Iran feels isolated, in which Iran is subject to further sanctions, then some of these worst case scenarios could take place, because then you would put the hardliners in the driver's seat."

In his eyes, the suspension of Iran's current "research and development" enrichment activities is no longer the real issue.

Far more important for him is ensuring that Tehran does not install an industrial scale capacity of 3,000 centrifuges - enough to begin producing fissile material for a bomb - within months, further limit the work of UN inspectors, or leave the Nuclear Non-proliferation Treaty.

As for the perpetual rumbles that Washington or Israel might yet contemplate the use of force, "even if [the Iranians] were not going to develop a nuclear weapon today, this would be a sure recipe for them to go down that route . . . Go for the military option and then either you'll have a repeat of North Korea [which has developed nuclear weapons] or you have a repeat of Iraq, and these are not our greatest achievements as civilised human beings."

Instead, Mr ElBaradei has been championing the idea of a "time-out" in which both Iran's nuclear programme and the sanctions targeted against it would be put on ice.

He acknowledges that the idea would allow the two sides to act simultaneously, rather than demanding that Tehran must halt enrichment as a precondition for any further steps.

"It's just a question of how to get both sides to the negotiating table while saving face," he says.

"The Iranian issue will only be resolved when the US takes a decision to engage Iran directly . . The nuclear issue is the tip of the iceberg."

Russia expects delay to Tehran reactor

By Neil Buckley in Moscow and Gareth Smyth in Tehran

Russia warned yesterday that the launch of the Iranian nuclear reactor at Bushehr could be delayed because Tehran had fallen behind with payments and because of problems with sourcing some equipment from third countries.

Officials from Russia's atomic energy agency and from Atomstroiexport, the Russian contractor building the station, said Tehran had not made payments for more than a month, after insisting on paying in euros instead of dollars.

Tehran has been shifting transactions to euros, but has also admitted difficulties in raising finance due to western banks and financiers reducing involvement after US pressure.

Bushehr was excluded, at Russian insistence, from December's UN Security Council resolution giving Iran a 60-day deadline, expiring tomorrow, to end its nuclear activities.

A Twofold Approach To Tehran (WSJ)

By Jay Solomon And Yochi J. Dreazen

The Wall Street Journal, February 20, 2007

As Iran's power in the Middle East grows, the Bush administration is pursuing a two-pronged strategy of directly challenging Tehran in places such as Iraq and Lebanon, while seeking to exploit fissures believed to be emerging in Iran's social and political systems.

The strategy includes military movements to underscore American resolve as well as financial pressure to drive a wedge between Iran's leaders and the country's merchants. Friday, the Treasury Department announced sanctions on three Iranian energy companies.

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U.S. officials say the strategy isn't designed to court a war. Still, it is fraught with risks. Iran could misread or overreact to some American moves; strategists at the Pentagon say U.S. attempts to target Iranian agents operating inside Iraq could stoke a larger response from Tehran's paramilitary forces, such as the Iranian Revolutionary Guard Corps.

There are signs this escalating pressure is having some effect on Iran and opening opportunities for advancement in U.S. foreign policy, whether containing Iran's nuclear ambitions or underpinning a democratically elected government in Lebanon. But rather than seeking a quick fix to the contest against Iran, Bush administration officials say they are bracing for a long struggle to curb Tehran's influence in the region.

"We are convinced that sooner or later the costs will be so high that they [the Iranians] will have to come to the negotiating table," said Nicholas Burns, the State Department's point man on Iran. "I don't believe a conflict with Iran is inevitable. ... We've got time."

U.S. efforts to confront Iran are driven by decade-old fears that the Islamic republic will seek to export its anti-American, revolutionary doctrine across the Middle East. Iran's growing influence in the region also could further embolden Islamist militias like Hezbollah and Hamas fighting Israel and imperil U.S. access to Mideast energy reserves.

Many Middle East analysts are skeptical about the Bush administration's ability to induce political change in Iran. Siding with Saddam Hussein in the 1980-88 Iran-Iraq War, Washington further radicalized Iranian society while strengthening Iraq's despot. Attempts by the Reagan and Clinton administrations to reach out to relative moderates in Iran resulted in diplomatic frustrations and political embarrassments.

U.S. officials mapping the emerging strategy toward Iran have depicted a security posture that, in many ways, echoes the containment Washington employed against the Soviet Union during the Cold War. This entails confronting pro-Iranian groups wherever they operate in the world, while using economic and military tools to undermine the government in Tehran.

The administration has sought to stoke internal opposition to President Mahmoud Ahmadinejad by increasingly choking off his country's ties to the global economy. White House officials say Tehran's business and clerical elite are increasingly at odds with the Iranian president's confrontational stance toward the international community on issues like Iran's nuclear program and Israel's right to exist, and they fear his stance could isolate them internationally.

The Treasury is moving to exert more pressure on Tehran by imposing financial sanctions on three Iranian companies allegedly involved in supporting Tehran's nuclear program. The policy prohibits U.S. companies from doing business with the three firms, which are all owned by the Atomic Energy Organization of Iran, and freezes any assets they may have in the U.S.

U.S. officials say these measures underpin a wider push by the international community to impose financial penalties, through the United Nations, on Iranian companies and individuals believed to be aiding Tehran's alleged pursuit of nuclear weapons.

Jitters in Iran's financial markets and the poor showing of candidates associated with Mr. Ahmadinejad in recent Iranian elections are fueling optimism within the Bush administration that such measures are starting to have an impact. U.S. officials also point to recent editorials in Iranian state-owned newspapers criticizing many of the Iranian president's policies.

"This is not a monolithic government" in Iran, Mr. Burns said last week in a speech at the Brookings Institution, a Washington think tank. Disaffected ethnic groups are stoking opposition to the government. Last week, an ethnic Baluchi separatist group claimed responsibility for bombing a bus carrying Revolutionary Guard cadres in the eastern province of Sistan-Baluchistan. Tehran had originally blamed the attack on the U.S. While Washington has denied involvement, some U.S. officials say, the U.S. should exploit Iran's ethnic fissures to restrain Tehran. Ethnic Kurd, Turk and Arab minorities have historically opposed Iran's largely Persian central government.

The largest potential flashpoint between Iran and the U.S. remains Iraq. President Bush pledged to increase efforts to choke off what he says is Iran's funneling of munitions and arms to Shiite militias there. Critics say the White House is overstating Iran's involvement in Iraq's discord, potentially to blame Tehran for some U.S. setbacks. Senior Bush administration officials say drawing redlines in Iraq is crucial to blunting Tehran's ambitions throughout the region.

Elsewhere in the Middle East, the U.S. and its allies have intensified proxy battles against Iran in recent weeks. In Lebanon, the U.S. and Saudi Arabia have increased economic and military aid to the government of Prime Minister Fuad Siniora to ward off efforts by Hezbollah -- Lebanon's radical Shiite group, which is backed by Iran -- to grab more power. The Bush administration

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has also increased aid to the Palestinian Authority and its leader, Mahmoud Abbas, in a bid to blunt the power of Iranian-funded Hamas.

Critics of the Bush administration's Iran strategy say successes may prove short-lived. U.S. efforts to arrest or kill Iranian agents in Iraq could fuel a backlash by Iranian-backed Shiite groups in Iraq and other countries and potentially spark a wider Middle East war, they say.

Pushing for the removal of Mr. Ahmadinejad, the Iranian president, meanwhile, is unlikely to significantly moderate Iran's positions, many Iran experts say. For one, the president's popularity could rise if Washington is seen as overtly trying to topple him. Many other Iranian officials have voiced a commitment to maintaining Iran's nuclear program, and Iran's broader society is seen to be behind it.

Iran Launches Large-scale War Games (AP)

By Ali Akbar Dareini

AP, February 20, 2007

Iran began its largest war games in almost a year Monday, just two days ahead of a U.N. Security Council deadline for Iran to halt uranium enrichment or face further economic sanctions.

The elite Revolutionary Guards began three days of ground maneuvers, state-run media reported Monday.

State television said the exercise is the biggest since last March and is taking place in 16 of Iran's 30 provinces. The broadcast said an estimated 60,000 troops are participating in the maneuvers.

"All weapons possessed by the Guards' ground force ... including new weapons, will be tested during the war games," Gen. Mohammad Reza Zahedi, commander of the Guards' ground force, was quoted by the official Islamic Republic News Agency as saying Monday.

The Revolutionary Guards is an elite military corps with more than 200,000 members and its own naval and air forces. It is independent of the regular armed forces and controlled directly by the supreme leader. It oversees vital interests such as oil and natural gas installations and the nation's missile arsenal.

In January, the Guards held three days of war games.

The Security Council approved a resolution against Iran on Dec. 23 that imposed economic sanctions and gave Iran 60 days to halt uranium enrichment, otherwise it will consider additional measures.

As tensions mount over Iran's nuclear standoff with the West, the United States and Iran have pursued an escalating series of military moves, with Washington sending more aircraft carrier battle groups to the region and Iran responding with more frequent maneuvers.

The United States and several of its Western allies believe that Iran is using its nuclear program to produce an atomic weapon — charges Iran denies, saying its aim is to generate electricity.

Iran has said it will never give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. Enriched to a low level, uranium is used to produce nuclear fuel but further enrichment makes it suitable for use in building an atomic bomb.

Russia Will Slow Work On Iran's Nuclear Plant (NYT)

By Andrew E. Kramer

The New York Times, February 20, 2007

MOSCOW, Feb. 19 — Russia said Monday that it would slow work on Iran's nearly completed Bushehr nuclear power plant.

Russia contended that Iran had not made the last two $25 million monthly payments, in a dispute about whether it could pay in euros instead of dollars.

The move added a new twist to the deeply contentious project to build a Russian-designed light-water reactor in Iran, a decade-old deal that is a factor in the United States' concerns over Iran's nuclear ambitions.

The dispute, which became public on Monday, will delay, perhaps by a year, any delivery of nuclear fuel to Iran, Russian officials and experts said. Low-enriched uranium fuel was scheduled to be shipped next month.

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"The accounts are not being paid," said Ivan A. Dybov, spokesman for Rosatom, the Russian nuclear agency. What is at issue, he said, is a request made last month by an Iranian bank to settle accounts in euros rather than dollars. The Iranian government has a stated policy of settling contracts and holding reserves in currencies other than the dollar.

As part of its effort to halt Iran's nuclear program, the United States has encouraged European banks to freeze Iranian dollar-denominated accounts.

An Iranian official denied that the country had been late in making payments. "We have made all the payments so far based on the contract and the agreed installments," said Muhammad Saeedi, the deputy director of the Atomic Energy Organization, the official IRNA news agency reported.

"We will try to come up with a solution for the financial problem of the Russian contractor, which is their problem, not the problem of the Iranian side, in the next few days," he added.

A former Iranian president, Ali Akbar Hashemi Rafsanjani, said, "World powers are trying to dominate international organizations and deny Iran's right, but we expect our friends to stop such moves," IRNA reported.

A United Nations ultimatum to Iran to halt uranium enrichment expires on Wednesday. But the commercial arm-twisting was also in keeping with the Kremlin's policy lately of pumping up the bottom line across a spectrum of state businesses, from oil and gas to nuclear power.

Analysts say rising prices for steel and heavy machinery have probably made the Bushehr project unprofitable.

Russia refused payment in euros without opening the contract to renegotiation, Mr. Dybov said. The Iranians settled less than 25 percent of the bill in January and missed February's payment entirely, he said. "We aren't turning down the euros" on principle, Mr. Dybov said, but he added that any change must be incorporated in a contract amendment. The payment conditions and the exact amount of the shortfall are commercial secrets, he said.

Russian officials also cited as a cause of the delay a holdup in the delivery of safety equipment for the reactor from an unspecified third country. The plant was scheduled to begin operations in September.

Now, they probably will not begin before mid-2008, said Andrei Cherkasenko, a board member of the Russian state nuclear power company Atompromresursy, the Russian press agency Interfax reported.

The conflict was not the first dispute between the countries over the plant. "From time to time, the Russians get fed up with the Iranians" and work slows, Rose Gottemoeller, the director of the Carnegie Moscow Center, said in a telephone interview. "The Russians have been very canny in using the Bushehr project to back up their diplomacy" by modulating the construction schedule, she said.

Iran Cash Lapse Puts Nuke Plan In Peril (WT/AP)

By Vladimir Isachenkov

The Washington Times, February 20, 2007

MOSCOW -- The opening of a Russian-built nuclear power plant in Iran could be delayed because Iran has fallen behind in payments, Russian officials said yesterday.

A top Iranian nuclear official swiftly denied that payments had been disrupted, in the latest dispute surrounding the deal at the heart of the two countries' nuclear cooperation.

Under an agreement reached last year, Russia was to ship nuclear fuel to Bushehr -- Iran's first nuclear plant -- by next month and open the facility in September, with electricity generation to start by November.

Iran agreed in a separate deal to return to Russia all spent fuel from the plant in southern Iran for reprocessing. The move was intended to assuage global concerns that the fuel could be diverted to make nuclear weapons.

Iran broke the schedule of payments this year under the $1 billion contract, said a Russian official who asked not be named because he was not authorized to speak to the press.

He said the Iranians blamed the delay on the need to switch payments from dollars to euros.

"The launch schedule definitely could be affected," said Sergei Novikov, a spokesman for Russia's nuclear power agency.

Mohammad Saeedi, the deputy head of the Atomic Energy Organization of Iran, denied that Tehran had been late in making payments.

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"Iran has had no delay whatsoever in making payments for the Bushehr nuclear power plant," Mr. Saeedi was quoted as saying by the Islamic Republic News Agency.

The dispute erupted during persistent diplomatic efforts to persuade Iran to halt uranium enrichment in order to allay international fears that it could be seeking nuclear weapons.

Although a delay in opening Bushehr is likely to anger Iran, Russia gave no indication that it was maneuvering to scrap the deal, which has provoked Western criticism.

Russia emphasizes that Iran has the right to a peaceful nuclear energy program, and President Vladimir Putin and other officials have said that the Bushehr contract would be honored.

Mr. Putin's increasingly defiant posture toward the United States makes it unlikely that the Kremlin would opt out of the agreement.

"Russia remains firmly committed to the Bushehr deal, and Putin's recent statements make a change in attitude highly improbable," said Yevgeny Volk, head of the Heritage Foundation's Moscow office.

In December, Russia supported a U.N. Security Council resolution imposing limited sanctions against Iran over its refusal to stop uranium enrichment, but only after a proposal imposing restrictions on the Bushehr plant was dropped.

The United States and some allies say Iran's nuclear program is aimed at developing nuclear weapons. Iran maintains it is intended only to generate electricity.

Word of the Bushehr delay surfaced as Iran hurriedly arranged talks today with the International Atomic Energy Agency (IAEA) just ahead of the U.N. nuclear watchdog's report that could expose Tehran to even broader sanctions over its disputed nuclear program.

Iran's top security official, Ali Larijani, will meet with IAEA director Mohamed ElBaradei, who in a report to the Security Council later this week is expected to confirm that Tehran has defied a 60-day council deadline to stop enriching uranium.

Separately, Mr. ElBaradei said in a published interview Iran would be able to install 3,000 centrifuges as the basis for "industrial-scale" enrichment in six to 12 months.

Gholamreza Aghazadeh, who heads Iran's nuclear programs, is pushing for an even earlier completion date, according to a report by diplomats who visited Iran two weeks ago.

Mr. ElBaradei told the London-based Financial Times newspaper that it was too late for the world to deny Iran enrichment know-how, meaning that only diplomatic compromise, not sanctions, could resolve the crisis.

Soaring Energy Use Puts Oil Squeeze On Iran (WSJ)

By Bill Spindle

The Wall Street Journal, February 20, 2007

AHVAZ, Iran -- Iran sits on one-tenth of the world's known oil supplies but is using so much energy these days it may start rationing gasoline as soon as next month.

Part of the reason lies with people such as 42-year-old Seyd Jessem Moosavi. No one in Mr. Moosavi's family had an automobile when he was growing up. He was the first to buy one, followed quickly by his father. Now all five of his brothers have cars, and Mr. Moosavi just bought one for his 25-year-old son.

He also recently opened a car wash, where he stood on a recent afternoon in this southern Iranian city directing customers from the busy street to his corps of young scrubbers. "With no car wash in the neighborhood and more and more cars, I thought this would be good," he said.

Mr. Moosavi's booming new business underscores one of the biggest challenges facing Iran today. As the country has grown wealthier selling oil and gas, Iranians have themselves become large consumers of energy. Government subsidies, which make energy nearly free to consumers and businesses, stoke the demand further.

At the same time, a combination of Western sanctions and Iranian policies has discouraged foreign investment in oil fields, causing production to stagnate. The result: Iran's oil exports could dry up in as little as a decade, according to some who have studied the situation.

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That's a looming disaster for Iran, which derives about 85% of its export income from the sale of oil. "The industry is in a crisis," says Mehdi Varzi, a former Iranian diplomat and national oil company official who heads a London-based consulting company, Varzi Energy.

The impact would be felt far beyond Iran. The country produced 3.8 million barrels of oil a day in 2006, almost 5% of the world's total supply, according to the Organization of Petroleum Exporting Countries. It exported an average of about 2.5 million barrels of that each day. Should those sales decline, Iran's largest customers, Japan and China, would scramble for other supplies, pushing up prices for everyone.

Avoiding an export squeeze is one reason Iran argues it needs to consider nuclear energy. But that ambition has contributed to a diplomatic impasse with the West. Bush administration officials describe Iran's nuclear program as little more than a ruse to conceal what they say is a hidden effort to build nuclear weapons. Iranian officials deny that, arguing that nuclear plants could handle some of the soaring domestic energy demand, leaving more oil and gas to export and avoiding difficult domestic choices.

Indeed, several other Middle East countries -- including Egypt and the world's largest oil exporter, Saudi Arabia -- also are investigating nuclear energy programs, citing similar reasons.

More Vulnerable

Iran's energy woes could make it more vulnerable to international economic sanctions, say officials from the U.S. and other countries who favor strengthening the set of punishments the United Nations Security Council has placed on the country. Even many Iranian officials concede that the longstanding ban the U.S. has placed on American oil companies working in Iran has hampered the country's ability to develop its oil fields adequately.

Others, however, suggest that sanctions can also make it easier for the Iranian regime to blame outsiders for the disruptions that solving the problem could entail.

Once seen as little more than a giant petrol station to the world, Middle Eastern oil suppliers are now becoming some of the largest consumers of energy anywhere. They are attempting to diversify their economies, often by encouraging energy-thirsty industries such as refineries and processing of metals like aluminum. Meanwhile, record numbers of young people are growing up and establishing households. Already, the Middle East and North Africa's population of some 300 million consumes almost as much oil as 1.2 billion Chinese.

Iran, where a huge population bulge is reaching adulthood, is confronting the export crunch earlier and more acutely than others. Iran already consumes more oil than all but 15 other countries on earth, according to the International Energy Agency, which monitors the world energy market. In 1995, Iranians used the equivalent of 34% of the oil they pumped from the ground, exporting the rest. Last year they used 40%. In Iran's natural-gas industry, the pinch has already begun. Although Iran has 15% of the world's gas reserves, the country imported more than it exported in 2005. In January, Iran briefly cut off gas exports to Turkey as the Iranian government struggled with a surge in domestic use during a stretch of cold weather.

Iran's leaders are keenly aware of these problems. But in recent years, they've avoided making difficult choices as global oil prices climbed. Export revenues rose even as the amount of oil exported has remained steady or even fallen.

Nonetheless, the situation is already wreaking havoc with the government's budget. Iran subsidizes most energy, including gasoline, diesel and many other refined products. Consumers and businesses alike benefit. Overall, energy subsidies cost the government as much as $40 billion, equivalent to almost a quarter of the country's entire economic output, according to Bijan Zanganeh, a former Iranian oil minister. That spending is fanning inflation in the broader economy. "It's unacceptable and it can't continue," he says.

Yet in Ahvaz, it's clear that pushing oil and gas production higher and demand lower won't be easy. Khuzestan province, the center of the country's energy industry, already generates 17% of Iran's electricity. But that's not enough to keep electricity flowing here in the provincial capital all the time.

Residents of the city, whose population has grown by one-third in the past decade to 1.3 million, are packing more people into the warrens of apartment blocks within the older city center. And they're also moving into new housing sprouting up all around the fringes of the city.

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Meanwhile, inexpensive consumer appliances have flooded the country in recent years from low-cost manufacturing bases like China and Turkey. Even young couples of modest means can now afford new refrigerators, air conditioners, and microwave ovens. Better-off ones buy the luxury items -- blenders, juicers, egg cookers and coffee makers -- that fill an ever-widening number of shops in the heart of the city's traditional bazaar.

The appliance section alone now takes up two city blocks, side-by-side with vendors displaying barrels of pistachios and dates and clothing. "Financially, I'm able to afford it now," says Vahid Javadi, a 33-year-old schoolteacher, shopping in the bazaar for a washing machine with his wife.

Ibrahim Marwani, a 40-year-old electrician, spends most of his workdays trying to upgrade rickety old electrical wiring for customers. "These days, they want to overhaul everything," he says. He had to redo the wiring in his own house, he says, to keep up with the growing need for power as he's purchased two refrigerators, two televisions, a stereo, DVD player and two air conditioners that "run around-the-clock" during summer days when temperatures regularly reach 110 degrees.

Some of the Middle East's first oil came from wells not far from Ahvaz, starting in 1908 when Persia's British overseers began drilling operations in the nearby desert. Ever since, Khuzestan Province has been the center of Iran's ascent to the ranks of the world's top oil producers.

Under the regime of the last Shah, Mohammad Reza Pahlavi, Iranian oil production reached 6.6 million barrels per day in 1974, five years before the revolution ushered in Ayatollah Ruhollah Khomeini and the Islamic Republic that rules the country today. Oil production crashed as the turmoil of the revolution segued into an eight-year war with next-door-neighbor Iraq. Oil fields and refineries were bombed and crucial maintenance ignored. By the early 1980s, only about 1.3 million barrels per day were being pumped from the ground.

Ahvaz and the nearby port and refining centers of Abadan and Khorramshar were especially hard hit. Saddam Hussein's Iraqi forces invaded Khorramshar, and shelled Ahvaz and Abadan. Many residents fled. When the war ended in 1988, the cities were key to an intense program, pushed along by national desperation, to get the country's oil industry back on its feet.

In Abadan, one of the country's largest refineries, largely destroyed by Iraqi shelling, was slowly brought back into operation. It still only processes about half the 630,000 barrels a day of crude it did at its prerevolutionary peak. But residents of the city still point to that comeback with pride, since it was accomplished with very little foreign capital or expertise. Oil production also climbed back to close to 4 million barrels a day in the late 1990s.

Those comebacks, which were achieved with little outside assistance, helped the clerical government in Tehran consolidate its power. But many of Iran's producing oil fields are now old and overall could be losing production of as much as 500,000 barrels a day each year. That shortfall has to be made up with new production or the country's overall oil output will fall.

Yet to keep up exports, Iran will also have to keep ahead of Iranians' own thirst for gas and oil, which is growing at a double-digit pace. So far, it is losing the race.

Much of the problem is waste. A recent study by a parliamentary committee said that 18.5% of the country's electricity is lost before it even reaches consumers, due to rickety infrastructure, corruption and mismanagement.

Bigger Problem

But an even bigger problem is the consumers themselves. That's because subsidies make energy practically free in Iran, discouraging any serious energy conservation. Gasoline, for example, costs about 40 cents a gallon at the pump. That's encouraged an explosion of use, as Iranians add new cars while continuing to use fuel-guzzling old models. It has also encouraged a brisk smuggling trade as Iranians buy millions of gallons of fuel at the subsidized price and truck them into neighboring Pakistan, Turkey, Afghanistan and Iraq for sale at market rates.

Demand has now far outstripped the country's refinery capacity. The government has shelled out at least $7 billion on gasoline imports alone so far this fiscal year, which ends in March. Much of that money was drawn from the country's rainy-day oil surplus fund, which is supposed to be used only on capital projects or during periods when global oil prices are low.

Next year, if nothing is done to change the situation, the bill could top $9 billion, government officials have warned. So plans to begin rationing fuel are being drawn up. But the government nixed a similar initiative last year for fear of a political backlash. This time, President Mahmoud Ahmadinejad says the government is serious about cutting back consumption, though he

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acknowledged recently it's politically impossible to get rid of subsidies and raise pump prices the 40% to 50% that would require anytime soon.

In Ahvaz, gasoline quotas aren't likely to win the government many fans. "I'm concerned," says 29-year-old taxi driver Farzad Mesbinia, adding that he heard that if rations are imposed he would be limited to 5.8 gallons of subsidized gasoline a day. "With that, I can't get by," he says as he inches his cab forward in two long queues at a busy gas station here.

Massive Plan

To alleviate these problems, and the looming export squeeze, the government has also embarked on a massive plan to try to boost oil and gas production. But there are problems with both initiatives. The Azadegan oil field, located about an hour's drive west of Ahvaz near the border with Iraq, underscores some of them.

The field, discovered in late 1990s, is among the largest deposits in the world. It holds about 26 billion barrels oil and could one day produce as much as 260,000 barrels a day, Iranian officials estimate. It's the kind of field U.S. oil majors would be keen to help develop, were it not for U.S. government sanctions on Iran preventing them from participating. In 2004, Iran signed a deal to allow a Japanese company, Inpex, to take a 75% stake in the field and develop it. But for years, the project remained stalled by the need to remove land mines left from the war. The U.S. also urged Japan behind the scenes to scale back its involvement in the project, as Iran's confrontation with the international community over its nuclear program has escalated.

After years of dispute between the Iranians and Japanese over why the project wasn't proceeding, Inpex's 75% stake was cut to 10% last year. Management of the project was handed over to an Iranian company. The upshot: Little progress has been made in getting the oil out of the ground -- and without significant new foreign participation that's unlikely to change, according to many observers inside and outside Iran's oil industry. Overall, industry officials estimate between $100 billion and $120 billion is needed to get Iran's oil production back on track.

Adding refinery capacity in hopes of cutting fuel imports has proved an equally tough slog, although the Iranian government has now allotted $16 billion to the task of building three new refineries and boosting the capacity of the existing ones, including the one in Abadan.

In addition to that, the government has taken the unprecedented step of allowing some private entrepreneurs to step into the energy game. Jamal Hayat is hoping to take advantage of that opening.

Born in Ahvaz, Mr. Hayat moved with his parents to Tehran as a youth. He calls Khuzestan Province "the ideal place" for a $50 billion refinery and electrical power plant he and his brother, who was born in Abadan, are trying to build between the two cities of their births. "This is the province of black gold," says Mr. Hayat.

Five years after the brothers approached Tehran officials for permission to build the refinery, however, the planned site for the plant remains a fallow field in the desert. The Hayat brothers now hope to complete construction in a year.

Europe And The Mullahs (WSJ)

The Wall Street Journal, February 20, 2007

On the record, Europe claims to be as concerned as America about a nuclear-armed Iran. The record also shows, however, that Europe's biggest countries do a booming business with the Islamic Republic. And so far for the Continentals, manna trumps security.

The European Union -- led by Germany, France and Italy -- has long been Iran's largest trading partner. Its share of Iran's total imports is about 35%. Even more notable: Its trade with Tehran has expanded since Iran's secret nuclear program was exposed. Between 2003 and 2005, Europe's exports rose 29% to €12.9 billion; machinery, transport equipment and chemicals make up the bulk of the sales. Imports from Iran, predominantly oil, increased 62% to €11.4 billion in that period.

In the absence of an official embargo against Tehran, private EU companies have sought commercial opportunities in Iran. But the real story here is that these businesses are subsidized by European taxpayers. Government-backed export guarantees have fueled the expansion in trade. That, in turn, has boosted Iran's economy and -- indirectly by filling government coffers with revenues -- its nuclear program. The German record stands out. In its 2004 annual report on export guarantees, Berlin's Economics Ministry dedicated a special section to Iran that captures its giddy excitement about business with Tehran.

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"Federal Government export credit guarantees played a crucial role for German exports to Iran; the volume of coverage of Iranian buyers rose by a factor of almost 3.5 to some €2.3 billion compared to the previous year," the report said. "The Federal Government thus insured something like 65% of total German exports to the country. Iran lies second in the league of countries with the highest coverage in 2004, hot on the heels of China."

Iran tops Germany's list of countries with the largest outstanding export guarantees, totaling €5.5 billion. France's export guarantees to Iran amount to about €1 billion. Italy's come to €4.5 billion, accounting for 20% of Rome's overall guarantee portfolio. Little Austria had, at the end of 2005, €800 million of its exports to Iran covered by guarantees.

The Europeans aren't simply facilitating business between private companies. The vast majority of Iranian industry is state-controlled, while even private companies have been known to act as fronts for the country's nuclear program. EU taxpayers underwrite trade and investment that would otherwise be deterred by the risks of doing business with a rogue regime.

It's also hard not to see a connection between Europe's commercial interests and its lenient diplomacy. The U.N.'s December sanctions resolution orders countries to freeze the assets of only 10 specific companies and 12 individuals with ties to Iran's nuclear program. Europe's governments continue to resist U.S. calls for financial sanctions, and the German Chamber of Commerce recently estimated that tougher economic sanctions would cost 10,000 German jobs.

As if on cue, Foreign Minister Frank-Walter Steinmeier last week detected in Tehran a "new ambition" to resume talks. The last time the Europeans promoted such diplomatic negotiations, Iran won two more years to get closer to its goal of becoming a nuclear power. In 2004, according to the Frankfurter Allgemeine Zeitung daily, then-Foreign Minister Joschka Fischer told Iranians to consider Europe a "protective shield" against U.S. pressure. The EU continues to provide a shield for its business interests in Iran, and thus a lifeline to a regime that is unpopular at home and sponsors terror abroad.

Mideast Talks Conclude With Little Result (NYT)

By Helene Cooper And Steven Erlanger

The New York Times, February 20, 2007

JERUSALEM, Feb. 19 — An American-sponsored meeting between Israeli and Palestinian leaders meant to start a new peace initiative after six years ended Monday with little more concrete than a promise to meet again.

For most of its period in office, the Bush administration has kept a hands-off stance in Arab-Israeli peace negotiations, but the meeting was evidence of a new commitment by Secretary of State Condoleezza Rice to try to improve a deteriorating situation.

Ms. Rice and her aides made it clear that her efforts had been complicated by the recent decision in principle of the Palestinian Authority president, Mahmoud Abbas, to bring his Fatah faction into a unity government with Hamas, which Israel, the United States and the European Union consider a terrorist organization.

She suggested that if this meeting had not been scheduled beforehand, the Israeli prime minister, Ehud Olmert, might not have agreed to meet with Mr. Abbas, whom she praised nevertheless for supporting international and Israeli demands that the Palestinians recognize Israel's right to exist, forswear violence and accept previously negotiated agreements with the Israelis.

Although Hamas has not agreed to any of those requirements, a new unity government may come closer to meeting them than the Hamas movement itself. But Ms. Rice said she doubted that such a government would come close enough to satisfy the Americans and the Israelis.

The joint statement read by Ms. Rice after two hours of talks on Monday with Mr. Olmert and Mr. Abbas was vague. The two men "discussed their views of the diplomatic and political horizon," the statement said, and agreed to meet again "soon."

Neither Mr. Olmert nor Mr. Abbas appeared by Ms. Rice's side as she read the statement, reflecting the tenuous nature of the talks, which appear to be so fragile that no side has even been willing to label them negotiations. One American official called them "an informal dialogue," and the official statement referred to them simply as efforts.

The commitment from Mr. Olmert to meet again with Mr. Abbas is a minor victory for Mr. Abbas, known as Abu Mazen, because it signals that Israel will continue to deal with him despite his unity government plans.

Mr. Olmert said later: "There will be a dialogue, and we will continue the communication channel with Abu Mazen. We will not accept a situation in which we have no channels of communication with the Palestinian public, as I think this will be a dire

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mistake, all this without compromising over the principle we have established: not to conduct ties or acknowledge institutions that fail to endorse the basic principles which are the foundation to any future dealings."

A top Palestinian negotiator, Saeb Erekat, said Mr. Abbas had agreed to the unity government deal, signed in Mecca, Saudi Arabia, to end weeks of fighting between Hamas and Fatah. He added that Mr. Abbas, as the legal representative of the Palestinians as head of the Palestine Liberation Organization, "recognizes Israel, and that's what really matters."

Ms. Rice made it clear that she felt it wise to continue to talk to Palestinians like Mr. Abbas who accept Israel and nonviolence, which she said represented the views of a majority of Palestinians.

But a Palestinian unity government that does not recognize Israel or renounce violence — and thus far, the Abbas-Hamas agreement does not do so — will make any talks on what is being called a "political and diplomatic horizon" for a settlement even more complicated.

It is one thing for Israel to begin talks with Mr. Abbas while it is boycotting the unity government he helped to negotiate. But it is another for Israel to make meaningful progress toward concluding such negotiations and reaching a peace deal with a government that refuses to recognize it or renounce violence against it.

Ms. Rice defended the decision to hold the meeting. "Sure, we could have said we'll just wait until it all sorts out," she said. But she added that the Mecca agreement had strained relations between Mr. Abbas and Mr. Olmert to the point that the two needed to clear the air between them. "It's really valuable that they sat face to face," she said.

Some analysts who had been critical of the Bush administration's earlier stance on peace talks agreed. "In this environment, given the odds against even launching a process, what she's done is an achievement," said Aaron David Miller, a scholar at the Woodrow Wilson Center who was a senior adviser for Arab-Israeli relations at the State Department under the previous three presidents.

But the odds for success remain long, he cautioned, until the Palestinians acquire a government that is willing to recognize Israel. "Oddly enough, we're now dressed up for the party, but we've got nowhere to go," he said.

Beyond that, Israel's government is deeply skeptical of Mr. Abbas's ability to deliver calm, let alone a peace agreement. Mr. Olmert and his aides view Mr. Abbas as weakened by the Mecca agreement. A senior Israeli security official said the Saudis treated Mr. Abbas not so much as the Palestinian president, but as a leader of Fatah and an equal to the exiled Hamas political leader, Khaled Meshal.

The Israelis take the view that Mr. Abbas arrived at Mecca weakened by the recent fighting in the Gaza Strip, in which forces loyal to Hamas took over northern Gaza and large parts of Gaza City. Fatah forces did not collapse, but they did not defeat Hamas and were perceived as weaker.

In Gaza, a Hamas spokesman, Ismail Radwan, said Ms. Rice "did not succeed in pressuring President Abbas to withdraw from the unity government." He said Hamas "calls on the U.S. administration to respect the Palestinian people's will and recognize the government and open a dialogue with the government."

Rice's Mideast Talks Yield Little Except A Promise To Meet Again (WP)

By Glenn Kessler

The Washington Post, February 20, 2007

JERUSALEM, Feb. 19 -- Secretary of State Condoleezza Rice on Monday hosted talks between Israeli and Palestinian leaders on ways to build an independent Palestinian state, but the summit appeared to yield little but a pledge to meet again.

Rice's role was intended to signal her deepening commitment to helping resolve the conflict, but the talks demonstrated the difficulties ahead. Neither Israeli Prime Minister Ehud Olmert nor Palestinian Authority President Mahmoud Abbas accompanied Rice when she met with reporters after more than two hours of talks.

The "useful and productive meeting" included discussion of the "diplomatic and political horizon" of creating a Palestinian state, Rice said, reading a statement issued in the name of the three officials. The two leaders requested "American participation and leadership in facilitating efforts to overcome obstacles, rally regional and international support and move forward toward peace," Rice said. "In that vein, I expect to return to the region soon."

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Although Rice told reporters traveling with her that the two leaders spent "substantial time" discussing the contours of a Palestinian state, some Palestinian officials said Olmert had dismissed discussions about the future until immediate concerns were addressed, including the fate of an Israeli soldier who is being held prisoner in the Gaza Strip.

In any case, Rice acknowledged that a recent Palestinian unity deal, which will leave the militant Hamas group in power, had scaled back her ambitions.

"You could not have walked into that room and said, 'All right, let's talk about your views of the political and diplomatic horizon' " in the wake of the unity accord, which appears to fall short of international demands to recognize Israel, Rice told reporters. But she said there was "real value" in having the two leaders hash out their differences instead of communicating through the news media or surrogates.

In interviews, Palestinian officials were pessimistic about the prospects for talks. Israeli officials, meanwhile, appeared pleased that pressure that might have been exerted on them by the United States was deferred because of the uncertainty over the new Palestinian government.

A month ago, when the summit was announced, Rice hoped to demonstrate progress on moving toward a Palestinian state, but Abbas upended that ambition by unexpectedly agreeing to allow his moderate Fatah party to join a government led by Hamas, or the Islamic Resistance Movement. Abbas said he made the move to end the street battles between the two factions that had killed scores of Palestinians.

Rice had made several trips to Jerusalem in just over four months, in part to ensure a successful summit. She insisted on going ahead with the meeting despite Israeli misgivings, but the summit appears to have mostly devolved into a ground-level discussion on improving the lives of Palestinians. Senior U.S. officials, who confessed they had been surprised about Abbas's unity accord, generally were tight-lipped about the contents of the talks, except to say it was an opportunity to "clear the air."

In the end, Olmert and Abbas agreed only to hold another bilateral discussion on Palestinian movement and access -- but not on the creation of a separate negotiating track for a Palestinian state.

For the benefit of television cameras, Rice, Abbas and Olmert clasped hands and smiled politely as the meeting began. After about an hour of what Rice described as pro forma discussion of outstanding issues -- including the unity deal -- she moved the meeting up to her hotel suite, with its spectacular views of the Old City.

Palestinian officials said that given the tensions with Israel over the unity deal, the meeting would not have taken place if Rice had not insisted on . Israeli officials have said they would snub the new unity government, though after the meeting Olmert said he would continue to work with Abbas, who is an independently elected president.

The peace process has been nearly moribund for three years, as neither side has fulfilled initial steps outlined in a U.S.-backed peace plan. Rice hopes to jump-start peace talks by sketching what she calls a "political horizon" -- the outlines of a Palestinian state -- so that the Palestinian people will support Abbas in his effort to negotiate an agreement with the Israelis.

In theory, this marked the first time Israeli and Palestinian leaders have discussed the contours of a Palestinian state since the aborted peace talks brokered by President Bill Clinton in his waning days in office six years ago. Officials on all sides had striven to keep expectations low for the talks, saying this was only an informal meeting to help build momentum for a new peace process.

"We try to define it as confidence-building," said Olmert spokeswoman Miri Eisin. "You have to meet somebody and talk to him and see if you have confidence and trust each other and see if there is a sense that you can go forward."

Rice Calls Mideast Meeting 'Productive' (LAT)

By Ken Ellingwood

The Los Angeles Times, February 20, 2007

JERUSALEM — Secretary of State Condoleezza Rice hosted an Israeli-Palestinian summit here Monday, but the session produced little beyond promises to uphold past agreements and meet again soon.

Rice characterized the three-way gathering with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas as "useful and productive," though her summary of the two-hour, 20-minute session was largely a checklist of commitments previously made by the two sides.

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Rice billed the meeting as an opportunity for the two leaders to informally explore ways to restart peace talks after more than six years of conflict. She said they did some of that, but also discussed agreements that have not been fully met, such as the 2005 pact on borders aimed at further opening the Gaza Strip to the outside world.

Olmert and Abbas reaffirmed their support of the U.S.-backed diplomatic blueprint known as the "road map" and discussed how to begin reviving it, Rice said. The plan, which lays out a step-by-step path to an independent Palestinian state alongside Israel, has languished since it was unveiled in 2003 because neither side has fulfilled even initial commitments.

Rice said she planned to return to the region soon but did not say when. Olmert and Abbas plan to meet on their own before that.

"They reiterated their desire for American participation and leadership in facilitating efforts to overcome obstacles, rally regional and international support and move forward toward peace. In that vein, I expect to return to the region soon," Rice said in terse remarks after the session.

Olmert and Abbas did not accompany Rice in issuing the statement, and did not meet with the media separately.

No one on either side expected much from the summit, given the weakened political condition of both Olmert and Abbas. Hopes sank further in recent days because of confusion over plans for a Palestinian unity government in which Abbas' Fatah party is to join hands with the radical Hamas movement.

Abbas, a relative moderate, agreed to join a governing alliance with Hamas after months of factional violence that has left more than 100 Palestinians dead. Hamas, whose charter calls for Israel's destruction, has ruled alone since winning parliamentary elections early last year.

Abbas has justified the deal, reached two weeks ago in Mecca, Saudi Arabia, as a way to end the fighting between the rival Palestinian factions. He also hopes that creation of a unity government will end international limits on aid to the Palestinians imposed after Hamas came to power.

But Israel has threatened to snub the proposed government, as it has the Hamas administration, unless the government meets international demands to recognize the Jewish state, renounce violence and abide by past Israeli-Palestinian agreements. Israel also demands the release of a soldier captured last summer by Gaza-based militants.

Olmert said later Monday that Israel would work with Abbas, who was elected separately as Palestinian Authority president.

Rice has said the U.S. will not make a decision on whether to recognize the government until it is formed, but she indicated that it would have to meet the international conditions to gain U.S. acceptance.

The wording of the Mecca agreement appears to fall short of satisfying those demands, laid down last year by the so-called quartet of Middle East mediators: the U.S., European Union, Russia and United Nations. The Mecca pact promises only that the new government will "respect" international resolutions and past peace agreements; it does not clearly recognize Israel.

Rice did not provide details on the discussions. Olmert and Abbas also agreed to respect a cease-fire in place in the Gaza Strip since November, though it has been marred by occasional rocket attacks on Israel by Palestinian militants.

It was the second time Olmert and Abbas have met during the last two months. The prior summit, in December, produced only modest concessions by Israel.

Olmert promised to reduce the number of roadblocks in the West Bank and to transfer $100 million in taxes and customs revenues, part of the funds collected by Israel and withheld from the Palestinians since Hamas took power. The money was transferred last month, but Palestinians and Israeli rights groups say few roadblocks were cleared.

This time, Rice kept the agenda clear of those sorts of nuts-and-bolts issues. She said the purpose instead was to explore a "diplomatic and political horizon," meaning the possible outlines of a peace between the two sides and how to get there.

U.S. officials say that the prospects of a brighter future through peace talks could strengthen Palestinian moderates such as Abbas as a counterweight to Hamas. But in Monday's meeting, the leaders did not appear to have broached the issues likely to be the most difficult to resolve in reaching a final peace accord, such as borders, the status of Jerusalem and the fate of Palestinian refugees.

Monday's meeting took place in a luxury Israeli hotel overlooking Jerusalem's walled Old City. The three first met around a small table in a carpeted conference room, but after about an hour they relocated to Rice's suite to continue the discussions in a more relaxed setting.

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Speaking with a group of reporters late Monday, Rice said the meeting was "enormously valuable" because it gave Olmert and Abbas a chance to talk during a delicate moment created by the formation of the Palestinian unity government.

"I frankly don't know how long it might have been before they would have talked with each other, were it not for the coincidence of this meeting having been scheduled," she said.

Olmert, Abbas Revive Peace Negotiations (WT)

By Joshua Mitnick

The Washington Times, February 20, 2007

JERUSALEM -- Israeli and Palestinian leaders sat down yesterday for the first comprehensive peace talks in six years and emerged with a promise to continue the negotiations in spite of daunting problems ahead.

The two-hour meeting, brokered by Secretary of State Condoleezza Rice, produced no immediate breakthroughs but will allow Washington to show its Arab allies it is working to resolve one of the region's toughest problems.

As expected, the summit was overshadowed by Palestinian Authority President Mahmoud Abbas' decision last week to form a coalition government with the militant group Hamas, which steadfastly refuses to renounce violence or recognize Israel.

"The real value here was that they sat down to talk with each other pretty early in this process," Miss Rice told reporters after the meeting at the luxurious David Citadel Hotel.

Given Israeli Prime Minister Ehud Olmert's reluctance to deal with any Palestinian government that includes Hamas, Miss Rice said, "I frankly don't know how long it might have been before they would have talked with each other were it not for the coincidence of this meeting having been scheduled."

A communique issued after the summit offered few details about the talks, which were described in diplomatic terms as "useful and productive." But Miss Rice said she would return to the region soon, and that the bilateral talks would continue in coming weeks.

Frustrated by years without progress on the U.S.-backed "road map" peace plan, Mr. Olmert and Mr. Abbas had agreed to begin discussing the political "horizon" -- an allusion to principles that would underpin any final peace deal.

But hopes for progress were dimmed by Mr. Abbas' Saudi-brokered unity government deal with Hamas, which failed even to acknowledge international demands that the Palestinian administration recognize Israel, renounce violence and honor past agreements.

The omission took the United States by surprise and led some Israelis to call for Mr. Olmert to boycott the meeting.

Nevertheless, Miss Rice said the two leaders had been able to air their concerns in a candid, respectful atmosphere. The three stepped onto a balcony at one point to view the Old City together and later shared lunch with aides and ministers.

Mr. Olmert reassured members of his Kadima party afterward that there would be no easing of the three international demands. "We would not recognize any government that won't meet these obligations, and we won't cooperate with such a government or its ministers," he said.

But he said Israel would continue to be in contact with the Palestinian Authority to ease humanitarian conditions and to coordinate the fight against terrorist groups. The Palestinian territories have been hard hit by a cutoff in international aid since Hamas formed a government last February.

Mr. Abbas reportedly appealed to the U.S. and Israel to withhold judgment on the new Palestinian government. The Palestinians have argued that Hamas' agreement to sit in a unity government while Mr. Abbas negotiates peace with Israel marks an important evolution among the Islamic militants.

Any progress on final status talks, which would boost Palestinian confidence in negotiations, is thought to strengthen Mr. Abbas in his power struggle with Hamas.

"We view this meeting as a beginning and not an end," said Palestinian spokesman Saeb Erekat. "The meeting was not supposed to wave a magic wand to solve all the problems."

The summit also helps the Bush administration to show its Arab allies that it is doing its best to bring the sides together. Miss Rice said last month she had gotten the message "loud and clear" that Washington had to do more to encourage talks between the Israelis and Palestinians.

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The sides last talked about peace in 2001 during the final days of the Clinton administration and the beginning of the Palestinian uprising.

The U.S. introduced the road map near the peak of the violence in mid-2003, but the Israelis and Palestinians alike failed to follow through on the series of parallel confidence-building measures.

Some observers say that after six years without talks, a mere return to continuing negotiations would be a significant achievement.

"If there is good will and there is a confidence-building process, we might not reach a comprehensive peace, but we could get back on track," said Mohammed Dajani, a political science professor at Al Quds University.

"At least the present administration could take the credit for going from a state of confrontation and violence to dialogue."

Middle East Talks End Without Progress (FT)

By Harvey Morris

Financial Times, February 20, 2007

A meeting that Israeli and Palestinian leaders held on Monday with Condoleezza Rice, the US secretary of state, matched its low expectations when they agreed on little more substantial than a willingness to meet again.

After talks with Ehud Olmert, the Israeli prime minister, and Mahmoud Abbas, the Palestinian Authority president, that lasted just over two hours, Ms Rice said the three affirmed their commitment to a two-state solution of the Middle East conflict.

Ms Rice read a prepared statement in which she said the meeting had been useful and productive, but neither she nor her interlocutors offered any further comment on what had originally been billed as the forum for a possible breakthrough.

Against the background of Mr Abbas's deal to create a national unity government with the ruling Hamas party – regarded by Washington as a terrorist organisation – earlier hopes that the meeting would dramatically jump-start the stalled peace process had already faded.

"You are seeing a lot of expectations managed by a lot of weak leaders," said a Palestinian official. "So, in that sense, everyone got what they wanted."

The primary purpose of the accord between Hamas and Mr Abbas's Fatah was to avert further conflict among their warring militias. Its second aim of persuading international donors to lift a ban on direct aid to the PA looks unlikely to be fulfilled in the short term.

Monday's statement noted that the Middle East Quartet – the US, European Union, United Nations and Russia – required any PA government to recognise Israel, commit itself to non-violence and accept previous agreements, including those relating to the Quartet's own "road map".

Neither the US nor Israel believes the Mecca accord, in which Hamas agreed to "respect" existing agreements with Israel, went far enough.

Ismail Haniyeh, the Hamas prime minister who resigned along with his cabinet last week, has up to five weeks to form a government in which Fatah and independents will share power.

Pointing to positive aspects of Monday's meeting, Palestinian officials noted that the Israeli government appeared ready to maintain its relations with Mr Abbas despite his embrace of Hamas. He and Mr Olmert are to meet again soon, the statement added.

Some suggested this might allow for the emergence of a less high-profile negotiating track, which Mr Abbas was known to prefer.

Ms Rice said she would return to the region soon but gave no date for a further tripartite meeting. "That's a tool that everybody can pick up and use when everybody thinks it's useful to do it," Sean McCormack, state department spokesman, said.

Slow Start To New US Bid For Israeli-Palestinian Peace (CSM)

By Joshua Mitnick

The Christian Science Monitor, February 20, 2007

JERUSALEM

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US Secretary of State Condoleezza Rice held a summit with Israeli and Palestinian leaders Monday in a bid to reenergize the stalled peace process.

The trilateral talks with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas fell short of any significant progress, but marked the first time in six years that the sides have discussed a two-state solution face to face.

The summit also devoted time to discussing Mr. Abbas's controversial "unity" government agreement with the Palestinian militant group Hamas.

The US wanted the sides to start hashing out a political "horizon," an allusion to the principles for a final peace deal. But Abbas's new partnership with Hamas in some ways brings the sides back to square one, forcing them to focus on the Islamic militants' refusal to recognize Israel, accept peace agreements, or renounce violence.

These talks, which are the most significant US push for peace since the introduction of the "road map" peace plan in 2003, came at a time of uncertainty regarding the character of a Hamas-Fatah unity government that was agreed to earlier this month in the Muslim holy city of Mecca, Saudi Arabia.

The Quartet – the US, United Nations, European Union, and Russia – has demanded that any Palestinian government recognize Israel, accept previous peace deals, and renounce violence, but the Hamas-Fatah unity government deal in Mecca only pledges to "respect" past peace agreements.

Inconclusive talks, vague language

The vague language of the summit communiqué reflected the awkward effort to restart negotiations for the first time since President Bush took office: "The President and the Prime Minister discussed their views of the diplomatic and political horizon and how it might unfold toward the two-state vision of President Bush."

Describing the two-hour meeting as "useful and productive," Ms. Rice said that she expects to return to the region soon, and that both she and Mr. Olmert had agreed to meet each other soon. A State Department official said there are no plans for another three-way meeting.

While Olmert and Rice are waiting for the formation of the new unity government before passing judgment, they have both said that Quartet demands must form the foundation of any peace process.

"It simply can't be the case that a political horizon can be built on a basis where one of the parties doesn't accept the right of the other to exist," she told reporters on Monday. "I haven't seen anything to date that suggests that this is a government that's going to meet the Quartet's principles."

Serious questions about the peace process

There are difficulties on the Israeli side as well.

With Olmert dogged by low public-approval ratings following Israel's stymied war effort in Lebanon over the summer, it is questionable whether Olmert himself would have the public backing to negotiate a final peace deal.

"[The talks] seemed to be pretty inconclusive, as expected. Judging by what we heard, they didn't seem to decide anything. A lot will depend on how [the new Palestinian 'unity' government] is formed," says Yossi Alpher, the co-editor of the Arab-Israeli opinion website www.bitterlemons.org.

"Given Abbas's weakness, and given Olmert's weakness, and given the low energy level of what the [Bush] administration is ready to invest, there's no peace process there," says Mr. Alpher.

Despite the inconclusive results of the meeting, the analyst says that the summit helps the US demonstrate to its Arab allies that it is doing its best to prod the sides back to the negotiating table. The Bush administration has been accused of not being proactive enough to encourage talks between Israelis and Palestinians.

Israelis and Palestinians last negotiated a peace treaty in 2001, in the waning days of the Clinton administration and the early days of the Palestinian uprising.

The US introduced the "road map" peace initiative near the peak of the violence in mid-2003, but it quickly lost steam as Israelis and Palestinians failed to follow through on parallel confidence-building measures that were conditions for restarting political negotiations.

With less than two years left in Bush's tenure, it is unclear whether there is enough time for his administration to see the peace process through to a final agreement.

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But some observers say that after six years of no talks, a return to consistent negotiations would be a significant achievement.

"If there is good will and a confidence-building process, we might not reach a comprehensive peace, but we could get back on track," says Mohammed Dejani, a political science professor at Al Quds University in Jerusalem. "At least the present administration could take the credit for going from a state of confrontation and violence to dialogue."

Mideast Summit Ends With Little Progress (AP)

By Anne Gearan

AP, February 20, 2007

A Mideast peace summit designed to open a new chapter for Israelis and Palestinians fed up with violence concluded Monday with no new agreements and a pledge to keep talking.

The United States, which had pushed for the session, said it was an accomplishment merely to hold such a get together for the first time in six years. After two hours of talks with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas, Secretary of State Condoleezza Rice stood alone in a bare-bones hotel function room to call the session "useful and productive."

The prospect of any immediate success here essentially was hijacked by Abbas' surprise announcement last week that he will govern hand-in-hand with the militant group Hamas. The United States and Israel list Hamas as a terrorist group and refuse all dealings with the group.

Speaking to reporters, Rice said the meeting was particularly valuable, however, in light of the lingering uncertainties over Abbas' pact with Hamas.

"I think the real value here is that they sat down to talk with each other pretty early in this process," Rice said.

"I could have made the decision that, well, I'll just wait until this all sorts out," Rice said, but she said that could have created new obstacles. "We thought it would be best to go ahead," the secretary added.

Neither Rice nor other U.S. officials would describe the content of the session, although Israeli and Palestinian officials offered some details.

Olmert said he and Abbas agreed to maintain an open channel of communication, focused both on improving the lives of Palestinians and stopping terrorism.

"What we have heard today has nothing to do with a partnership," said Mohammed Dahlan, an Abbas confidant.

"Abu Mazen is determined to go ahead with this national unity government. There is no backing down," Dahlan said.

Abbas has said that the deal brokered by Saudi Arabia is the best one he could get from Hamas, and that he would move ahead with forming a coalition. The power-sharing deal is seen as crucial to halting internal Palestinian fighting that has killed more than 130 since May.

Abbas and Olmert also discussed possibly extending a 3-month-old cease-fire covering the Gaza Strip to include the West Bank, said Palestinian negotiator Saeb Erekat.

Hamas spokesman Ismail Radwan called Monday's summit a failure.

"Rice did not succeed in pressuring President Abbas to withdraw from the unity government. We call on the U.S. administration to respect the Palestinian people's will and recognize the government and open a dialogue with the government," he said.

A senior State Department official, speaking on condition of anonymity to describe the closed-door session, said it was an "an irreplaceable opportunity to clear the air."

Meanwhile, Israeli police arrested three protesters who managed to enter the floor of the Jerusalem hotel where Rice is staying, a spokesman said.

The three entered the hotel, climbed the stairs to the floor where Rice is staying and shouted before they were stopped by bodyguards, police spokesman Micky Rosenfeld said. They called on the United States to free Jonathan Pollard, an American who is serving a life term in the United States for spying for Israel.

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Israeli police arrested the three before they got very close to Rice's room, Rosenfeld said. It was not clear if Rice was in the room at the time, he said.

The three-way meeting was planned before Abbas made his pact with Hamas. The gathering was meant to offer weary Palestinians a brighter vision for their future by opening a discussion of the contours of an eventual Palestinian state.

It also was a way to strengthen Abbas in his power struggle with Hamas, which surprised the Bush administration by defeating Abbas' secular Fatah Party in elections 13 months ago.

Although U.S. officials brush off any suggestion the pact has tainted Abbas, diplomats have not hidden their displeasure with both the content and timing of the deal he made.

Both the United States and Israel have said they will continue to deal with Abbas, although it is unclear how much authority he will command in the new government.

The Bush administration resisted the troubled Israeli-Palestinian negotiations during Bush's first term, but is displaying a new interest in the old problem. Rice said she understands that the United States plays a crucial role as host and prod, U.S. officials said.

The Hamas deal shifted the ground for talks, but Abbas and Olmert agreed to meet separately soon and Rice said she will return quickly.

There is no set date for another three-way meeting.

"That's a tool that everybody can pick up and use when everybody thinks its useful to do it," State Department spokesman Sean McCormack said following the meeting.

All sides had low expectations for Monday's three-way session, even before last week's announcement. The session was billed as a baby step to build confidence between two sides estranged by historic grievances and years of low-level fighting.

The session got off to a lackluster start, with Rice, Abbas and Olmert clasping hands together and flashing polite smiles for the cameras in a spare hotel conference room.

The three met without any aides, except for Rice's Arabic interpreter, officials said.

After about an hour, they moved to Rice's suite overlooking Jerusalem's Old City, continuing talks for another hour in a more comfortable setting. At one point the group walked onto Rice's balcony, each with a view of some of the most revered and disputed real estate in the world.

Many of the core questions that frame the hoped-for destination — an independent Palestine alongside Israel — apparently would not be on the table Monday. Those include the borders and the fate of disputed areas of Jerusalem.

A third or more of the session was devoted to discussion of the planned coalition government.

Rice Meets Mideast Leaders But Little Progress (AFP)

By David Millikin

AFP, February 20, 2007

US Secretary of State Condoleezza Rice held a rare summit with Israeli and Palestinian leaders but achieved little concrete progress in reviving the peace process other than a pledge for further talks.

Rice said all sides had discussed a future Palestinian state at the first such meeting in nearly four years, but warned that peace would not come through terror, in a clear reference to the dominant Islamist movement Hamas.

Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas agreed to meet again "soon," Rice said, adding that she also planned to return to the region to pursue peace efforts.

Hopes of a breakthrough in Middle East peacemaking have been complicated by a deal between Abbas and Hamas -- blacklisted by the West as a terrorist group -- to form a unity government in a bid to end a crippling aid boycott.

After the talks, Olmert insisted Israel would not cooperate with any government that did not meet international demands for peace, while Hamas lashed out at what it labelled US isolationism and "blackmail".

Ismail Haniya, the head of the outgoing Hamas-dominated cabinet who will also lead the new unity administration, said he "regretted that the American administration always behaves according to the logic of isolation and boycott which has proved to be a failure".

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Abbas's office announced that the president would head to Britain, Germany and France later in the week to press for a more welcoming approach to the new government from the European Union.

"All three of us affirmed our commitment to a two-state solution, agreed that a Palestinian state cannot be born of violence and terror, and reiterated our acceptance of previous agreements and obligations, including the roadmap," Rice said after more than two-and-a-half hours of talks in a Jerusalem hotel.

Monday's meeting was the first of its kind since 2003 when Rice's predecessor, Colin Powell, met Olmert's predecessor, Ariel Sharon and Abbas, then Palestinian prime minister.

Rice denied it had been thin on outcome.

"I certainly think that it had a confidence-building outcome because, again, this is a period of considerable uncertainty and I'm not sure when they would have sat down to try to come to terms with some of those uncertainties, to try to get answers to each others' questions," she said.

A senior US official said the Israeli and Palestinian leaders had agreed to meet again within weeks. But Rice's visit, her 10th to Jerusalem as secretary of state and her fourth in just five months, comes with both Olmert and Abbas weakened by political struggles at home.

Rice said they had discussed the long-standing international demands of the Palestinian government, as Fatah and Hamas work to form a unity cabinet they hope will lead to a resumption of desperately needed Western funding.

"The president and prime minister also discussed issues arising from the agreement for the formation of a Palestinian national unity government and the position of the Quartet that any Palestinian Authority government must be committed to non-violence, recognition of Israel and acceptance of previous agreements and obligations, including regarding the roadmap," she said.

The European Union, Israel and the United States have insisted the new government meet the three conditions in exchange for ending their boycott.

While Abbas says the new unity government will honour existing agreements with Israel, implicitly recognising the Jewish state, Washington has remained publicly non-committal and Israel has rejected the deal outright.

Olmert said Israel would not work with a Palestinian government that snubbed the conditions but that he would maintain contact with Abbas.

"We will not recognize any government that does not honour these commitments. Neither will we cooperate with it or its ministers," he told a meeting of his centrist Kadima party.

Abbas's spokesman Nabil Abu Rudeina said the Palestinian president would travel to London Wednesday, Berlin Thursday and Paris Friday "in a bid to end the siege imposed on the Palestinian people and explain the Mecca agreement" which set the framework for the new unity government.

Palestinian chief negotiator Saeb Erakat said Abbas insisted the new cabinet should be judged on having recognized his authority to negotiate with Israel.

Old Foes Join In Anger Over India Train Bombing (NYT)

By Somini Sengupta

The New York Times, February 20, 2007

DIWANA, India, Feb. 19 — A day after two homemade bombs killed at least 66 people on a train traveling to Pakistan from India, the governments of both countries on Monday condemned the attack and pledged that it would not deter their aim of reducing longstanding hostilities on the subcontinent.

The office of Manmohan Singh, the Indian prime minister, on Monday morning called the bombing “an act of terror” and promised to apprehend those responsible. Pakistan also denounced the attack, which occurred on the eve of a visit by Khurshid Mehmood Kasuri, the Pakistani foreign minister, to the Indian capital, New Delhi, and two weeks before officials from both countries were to meet for the first time to share information on terrorism-related activities.

The train had ferried more than 600 passengers from Delhi to the India-Pakistan border. The bombs exploded just after midnight Sunday, trapping slumbering passengers aboard the Attari Express in flames. By early Monday, when the bodies were

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pulled from train, they were so severely burned it was difficult to tell who they were, let alone whether they were Indian or Pakistani.

All told, 66 bodies were taken out of two burned-out compartments; 13 survivors somehow escaped, including an infant and Kamruddin, 60, a small thin man from Multan, Pakistan, who thanked God as an ambulance carried him to an Indian government hospital in New Delhi on Monday. Kamruddin recalled making his way to the door of his coach and having someone pull him out.

Twelve hours later, the two coaches were still smoldering.

Peace talks between India and Pakistan have crawled along for three years, yielding little more than an accord on transportation links like the Attari Express. The two last stepped close to the brink of war in early 2002. They have fought each other in three wars since independence from British rule in 1947.

"This is an act of sabotage," Laloo Prasad Yadav, the Indian railroad minister, told reporters in the eastern city of Patna, according to wire service reports. "This is an attempt to derail the improving relationship between India and Pakistan."

In a statement reported by [a news agency], Gen. Pervez Musharraf, the Pakistani president, said, "We will not allow elements which want to sabotage the ongoing peace process to succeed in their nefarious designs."

The overnight train, en route from Delhi to the border post at Attari, began service 30 years ago, and after a two-year suspension at a time of acute enmity between India and Pakistan, resumed service in January 2004. From Attari, passengers board a second train, which takes them to Lahore, Pakistan.

The explosions occurred when the train had advanced about a mile from Diwana, a tiny station here surrounded by fields of wheat.

Three other bombs were found in the train's other coaches, according to police and railroad officials; a police officer at the scene said he saw a suitcase packed with eight to nine bottles filled with an unknown liquid, along with a plastic detonator.

V. K. Duggal, the home secretary, told reporters that sulfur and kerosene had probably been used.

Mr. Yadav, the railroad minister, said Monday evening that one person had been detained in connection with the blasts, according to [a news agency], but offered no further details.

Navtej Sarna, a spokesman for the Indian Ministry of External Affairs, told reporters that visas would be issued to Pakistani relatives of those who were feared dead. On Monday afternoon, police officers worked in the sun to identify victims at the main government hospital in Panipat, the nearest city to the site of the explosions, recording the remnants they had found: singed passports, a wallet, a key.

The attack occurred almost exactly five years after a fire on a train killed 59 Hindu pilgrims in Gujarat State, in western India, setting off some of the worst communal carnage in India's history, in which at least 1,100 people were killed, mostly Muslims. Last July, a series of synchronized bombs went off on commuter trains in Mumbai, India's largest city, killing about 180 people.

In the attack on Sunday, bombs went off inside two coaches, toward the back of the train, shortly after it left Diwana at 11:53 p.m., two officials at the station said. By the time the first fire trucks arrived, the two coaches were ablaze, and the air smelled of burning plastic and flesh, according to B. D. Ahuja, the fire station officer at Panipat.

Satya Narain Sharma, a firefighter who was among the first to reach the scene at 12:10 a.m. said that when fire crews tried to pry open the first door, it did not budge. Later, they found behind it a pile of bodies, all apparently passengers trying to escape. They found a second door open and began pulling out the dead. Muhammad Wasim Khan said his uncle, Shaffiq Ahmed Khan, from Karachi, was among the dead. Shaffiq Ahmed Khan and his sons, Aarish, 15, and Sammy, 9, had come to visit relatives in Delhi. They stayed for a month and began to make their way home on Sunday night, their bags stuffed with gifts: clothes, fancy soap and packets of Rajanigandha-brand paan masala, a North Indian mouth-freshener. They stuffed their money into their shoes, relatives said, so it would not be taken by the police along the way.

On Sunday night, Muhammad Wasim Khan settled them into the fourth coach from the back, and waved goodbye from the platform. The next afternoon, he found his uncle's body at the hospital in Panipat. He recognized him by the brown coat he wore, and the money stuffed inside his shoes. His face was burned beyond recognition. The two boys had been admitted to Safdarjung Hospital in New Delhi.

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At the Old Delhi railroad station, distraught friends and relatives began gathering before dawn to learn who had been killed and who had escaped alive, but at the emergency assistance booth on Platform 15, officials had little information.

Mohammad Aslam, a bangle manufacturer, who accompanied five of his cousins to the train on Sunday night, said his repeated requests for information were brushed off by station staff members. "They keep saying 'How can we give you information when we know nothing ourselves?' " he said.

He said there had been no security searches before passengers boarded the train. Nodding toward the row of police officers searching people at the entrance to the station, opening suitcases and checking handbags, he said, "None of that was there yesterday."

Moscow Warns Neighbours Over US Shield (FT)

By Neil Buckley, Jan Cienski And Hugh Williamson

Financial Times, February 20, 2007

Poland and the Czech Republic could be targeted by Russian missiles if they host elements of the planned US missile defence system, the commander of Russia's strategic missile forces warned on Monday.

The warning came as both Warsaw and Prague signalled they were likely to respond positively to US requests for them to host anti-missile defence bases.

Germany also on Monday expressed concern about the stand-off over the missile defence project, with Frank-Walter Steinmeier, foreign minister, criticising the US and Nato for not addressing Russia's worries over the system earlier. Russia continued to make clear its deep opposition to the system as General Nikolai Solovtsov warned that basing parts of it in eastern Europe risked undermining strategic stability.

"If the governments of Poland, the Czech Republic and other countries make this decision . . . [Russia's] strategic missile troops will be able to target those facilities," he said.

His comments come after criticisms of the project by Vladimir Putin, Russian president. General Yuri Baluyevsky, chief of the Russian army, has warned that Moscow might withdraw from the 1987 Intermediate-Range Nuclear Forces treaty unless the US dropped its plans. The strategic missile forces commander echoed that threat yesterday, saying Russia could resume production of medium-range missiles within five or six years.

"We have all the documents, we have the technology, especially as the missiles used to be produced by existing enterprises.

Therefore resuming production, provided there are relevant decisions, will be easy enough," Gen Solovtsov said.

During a visit to Warsaw on Monday, Mirek Topolanek, the Czech prime minister, said Poland and the Czech Republic would have to undertake a large communication effort to explain the programme to Russia as well as to Germany and France – and to their own populations.

But he said it was "naïve" to suppose that the US had not consulted Russia over the project. Jaroslaw Kaczynski, his Polish counterpart, said the shield was "not aimed at any normal country".

"We will attempt to persuade the Russians that which is obvious and which they of course realise, that this is in no way an installation directed at them," he said.

Mr Kaczynski said: "We are jointly deeply convinced that important decisions concerning the security and future of our countries and Europe have to be taken – I'm speaking here of the shield."

The US state department did not comment on the Russian threat but said the defensive system it was developing with the Czech and Polish governments was in no way targeted at Russia.

"We have offered to co-operate with Russia on missile defence. We think we face a common set of threats emanating from the Middle East as well as other areas," a spokesman said.

Russia has dismissed US arguments that the shield – with tracking radar in the Czech Republic and missiles in Poland – is designed to allow Europe and the eastern US to intercept missiles launched from rogue nations in the Middle East.

Mr Steinmeier said in a newspaper interview: "Because the sites for the stationing [of the missile defence system] are quite near Russia, one should have talked about it with Russia beforehand."

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Henning Riecke, security expert at Berlin's DGAP foreign affairs institute, said it was clear to the German government that Russia was not threatened by the proposed defence system, but Berlin was keen to maintain stable relations with Moscow.

Ex-allies Warned On Anti-missile Defense Plan (WT/AP)

By Vladimir Isachenkov

The Washington Times, February 20, 2007

MOSCOW -- Poland and the Czech Republic risk being targeted by Russian missiles if they agree to host a proposed U.S. missile defense system, a top Russian general warned yesterday.

Russia has been increasingly bellicose in its response to the U.S. proposal to build the missile defense system in Eastern Europe. President Vladimir Putin has said he does not trust U.S. explanations that the system would protect the American East Coast and Europe from any missiles launched by "rogue nations" in the Middle East.

Gen. Nikolai Solovtsov, head of Russia's missile forces, said the system would upset strategic stability. It would be the first such site in Europe.

"If the governments of Poland and the Czech Republic take such a step ... the Strategic Missile Forces will be capable of targeting these facilities if a relevant decision is made," he said.

Also yesterday, Czech Prime Minister Mirek Topolanek said his country and Poland were in favor of the U.S. missile defense proposal.

"I think it is in our joint interest to negotiate this initiative and to build in our area the missile defense," Mr. Topolanek said after talks in Warsaw with Polish Prime Minister Jaroslaw Kaczynski.

The bases in Poland and the Czech Republic would be designed to intercept missiles being developed by Iran, U.S. Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, said last month. Two other bases in Alaska and California would protect the United States from threats from North Korea, Gen. Obering said.

Mr. Kaczynski brushed aside Russia's fears, saying, "The missile defense is not directed against any normal state.

"Any statement suggesting that the missile defense would change the alignment of forces in Europe is a misunderstanding," he said. "This truth is being conveyed to our partners in the West and the East."

State Department spokesman Edgar Vasquez said the United States has worked closely with the Czech and Polish governments to develop the missile defense system and that it was in no way directed at Russia.

"We have offered to cooperate with Russia on missile defense because we believe we face a common threat emanating from the Middle East as well as other areas," Mr. Vasquez said.

Gen. Solovtsov said he was concerned that the United States, which plans to deploy 10 interceptors in Poland, could boost those numbers in the future.

The general also said it would take Russia less than six years to build upgraded medium-range missiles if Moscow decided to pull out of a 1987 agreement with the United States that bans their deployment.

"It is not difficult to restore their production," Gen. Solovtsov said at a press conference. "The missiles were dismantled, but the production technology has remained."

Russian military officials have said Moscow's decision to pull out of the Intermediate-Range Nuclear Forces Treaty would depend on whether the United States goes ahead with the missile defense plan.

The agreement was negotiated by Soviet leader Mikhail Gorbachev and President Reagan.

Our Strange Devotion To The Kremlin (WP)

By Anne Applebaum

The Washington Post, February 20, 2007

"I have a difficult time explaining that speech. It doesn't accord with either the world as we see it nor with the character of our interactions with the Russians."

-- Condoleezza Rice, Feb. 15

Ten days have passed since the Russian president, Vladimir Putin, made a speech in Munich accusing the United States of plunging the planet into "an abyss of permanent conflicts," of deliberately encouraging the spread of weapons of mass

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destruction, and (this from a country that regularly blackmails and manipulates its neighbors) of having "overstepped its national borders in every way." During that time, the American secretary of state -- quoted above -- has not been alone in expressing surprise. With varying degrees of shock, commentators and politicians have speculated about the significance of Putin's "new" language, wondering whether it means Russia's road to democracy has reached a fork, whether Putin was really speaking to his domestic audience or whether the speech heralded some kind of policy change.

In fact, the only thing continually surprising about President Putin is the surprise itself. For we have long known a great deal about Putin, about his biography -- his time as a KGB officer in East Germany, his years in the government of St. Petersburg -- and about his personal philosophy, too. We have long known, for example, that he is a great admirer of Yuri Andropov, the former Soviet leader best remembered for his belief that "order and discipline," as defined by the KGB, would revive the weakened Soviet Union of the 1980s. Way back in 1999, Putin went so far as to dedicate a plaque to Andropov in a corner of the Lubyanka, once the headquarters of the KGB as well as its most notorious political prison.

Since then, Putin has not ceased emulating many of the methods of the Andropov-era KGB, including its paranoid suspicion of America. He continues to treat all Western organizations in Russia, whatever their purpose, as "spies and diversionaries." He has used Russian television -- all state-owned or state-influenced -- to portray the recent mysterious deaths of his critics, including one by polonium poisoning, as part of a nefarious Western plot to discredit his government. In the wake of the 2004 Beslan school massacre, he hinted that American support for Chechen terrorists was to blame. I myself have heard that claim repeated in Moscow more than once.

Nevertheless, we were surprised, are surprised and apparently always will be surprised by Putin, just as we were surprised by Yeltsin before him and Gorbachev before that. Despite Putin's background and his well-known views, President Bush from the beginning of his term treated Putin the way all American presidents treat all Russian leaders: as America's new best friends. Bush, infamously, looked deep into Putin's eyes, found him to be " straightforward and trustworthy" and invited him to his ranch.

Not so many years earlier, when President Boris Yeltsin was up for reelection, President Bill Clinton told his main Soviet adviser, Strobe Talbott, that "I want this guy to win so bad it hurts." Never mind that inside Russia, Yeltsin was already associated with massive theft and economic chaos, or that his regime was perceived internally as corrupt and nepotistic: The American president went out of his way to visit Moscow during the campaign, just to make sure Yeltsin won.

It is, if you think about it, an odd phenomenon. After all, American presidents generally don't campaign on behalf of their French counterparts or look deep into the eyes of German chancellors in order to divine their true natures. While at times very friendly, neither Clinton nor Bush seems to have felt a mystical connection to British Prime Minister Tony Blair.

Yet Russian politicians still seem to make American politicians grow starry-eyed and lose their bearings. Perhaps it's a secret longing for the glamour of those Cold War summits, for the days when it seemed as if the personal relations between superpower statesmen could ward off the destruction of the entire planet. Or perhaps they put something in the vodka -- sorry, mineral water -- at those elegant Kremlin lunches.

Either way, it's time to kick the habit. True, it is perfectly possible that whoever leads Russia after Putin steps down (if Putin steps down) will be a nicer, friendlier person. It is perfectly possible that we will find areas of cooperation with him, just as we sometimes do with Putin. But however friendly and cooperative, however much a "democrat" he appears to be, I hope we'll avoid the instant professions of eternal friendship. At the very least, we'll avoid being unpleasantly surprised, yet again, if things turn out otherwise.

US And EU Trade Zone Gathers Pace (FT)

By Andrew Bounds In Brussels

Financial Times, February 20, 2007

The US and European Union could set a date for the creation of a transatlantic trading zone at a summit in April, diplomats say.

The idea of harmonising rules and regulations between the world's biggest economies to boost growth has gathered momentum since Angela Merkel, German chancellor, embraced it in January.

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Both sides have taken up the so-called Merkel initiative as a way of re-invigorating the partnership after tension over Iraq and the Doha trade round.

Boyden Gray, US ambassador to the EU, said: "The political commitment is there from the president and members of his cabinet. It is a great opportunity."

Mr Gray said it was likely the objective would be set at the summit but stressed that more work was needed on how it would be achieved.

"There are political and structural problems. You have to set up a mechanism involving members of Congress and the European parliament. It has to outlive individual presidents and committee chairmen. It will take a long time."

John Bruton, EU ambassador to the US, last week said involving the US Congress. which jealously guards its regulatory powers, would be key but the goal was vital. "New models of motor cars have to be crashed twice, once to comply with the EU standard and again to comply with the US standard.

"We simply cannot afford to load more costs on the shoulders of our customers, or place more restrictions in the way of our businesses, if we are to beat our global competitors."

There are panels of technocrats from both sides, but Mr Bruton said they would make swift progress only if politicians set targets. "All regulations ultimately have a political source," he said.

Some people compare the Merkel initiative with the creation of the EU single market, which existed on paper for decades before becoming a reality. It was only after EU leaders set a timetable for action that barriers began to fall.

Bob Bennett, a US Republican senator, will on Thursday meet José Manuel Barroso, Commission president, and hand over a timetable to conclude talks by 2015.

The report, prepared for legislators of the Transatlantic Policy Network by Bruce Stokes of the German Marshall Fund and seen by the Financial Times, calls for studies on how to tackle each sector and then a two-step process to implement the market.

From 2007-10 negotiators should aim to harmonise accounting standards, chemicals regulations, customs co-operation, healthcare records and sign an open skies air transport deal.

From 2011-15 they would tackle such sensitive areas as entry requirements, capital market regulation and cargo. Many of these have been complicated by US security concerns.

The trade departments of the EU and US remain sceptical of concluding a deal. Peter Mandelson, EU trade commissioner, while welcoming the initiative, said recently: "It is going to take a great deal of effort and may not be possible."

Embassy Row (WT)

By James Morrison

The Washington Times, February 20, 2007

Rugs to riches

Afghanistan's ambassador is hoping that the ancient art of rug weaving will help spur development in his Central Asian nation, which is struggling with Taliban terrorism and donor fatigue from nations that have so far failed to put up the money to match their aid promises.

"Afghan rugs connect you to thousands of years of history, a group of talented artists halfway around the world, and a reconstruction process that is helping millions of people find security, prosperity, education and new hope," Ambassador Said T. Jawad said at a recent exhibit of Afghan rugs in Atlanta.

"Afghanistan's rug trade is at least 1,000 years old. The Silk Road and Afghanistan were the nexus of civilizations, knowledge and trade, stretching from Spain to China. Today, Afghan rugs are regaining their fame and recognition for excellent value, superb quality, rich colors and unique patterns."

The exhibit, attended by top U.S. officials, attracted wealthy investors who bought nearly all of the rugs on display.

David Sampson, U.S. deputy commerce secretary, noted that the exhibition was a "smart step" toward the goal of promoting Afghanistan's traditional rug industry, which generates $50 million in annual exports.

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Mr. Jawad urged buyers to help Afghanistan's economy by investing in its arts and crafts, which have tax-free access to the U.S. market. He noted that his country is trying to recover from 30 years of conflict -- from the Soviet invasion in 1979 to the resurgent threat from the extremist Taliban, trying to regain power after the United States overthrew them in 2001 for sheltering Osama bin Laden and his al Qaeda terrorist network.

"You are helping millions of women and families struggling to recover from three decades of war and despair," the ambassador said.

"Afghans are grateful for your support and assistance and the sacrifices of your soldiers fighting to defend freedom in Afghanistan, here in the U.S. and all over the world. They are all heroes."

Darfur dispute

Andrew Natsios, the special U.S. envoy to Sudan, angered the Africa Action network by dismissing the term "genocide" in connection with the humanitarian crisis in the Darfur region of the African nation.

Mr. Natsios earlier this month told an audience at Georgetown University, "The term 'genocide' is counter to the facts of what is really occurring in Darfur."

Nii Akuetteh, executive director the Washington-based advocacy group, said Sudan clearly intends to destroy communities of black African farmers through proxy Arab militias.

"Natsios' declaration that genocide is no longer occurring in Darfur denies the reality on the ground and conflicts with numerous statements from the White House and State Department over the past two years," Mr. Akuetteh said.

"This is more than a semantic change. Natsios' claim represents a calculated attempt to re-characterize the crisis, undermine its urgency and obviate the need for new U.S. action to address it."

In an interview last week, however, Mr. Natsios re-emphasized the threat posed by the militias to more than 2.5 million refugees displaced since 2003, when so-called Janjaweed militias began slaughtering civilians and burning villages in response to anti-government rebel attacks.

Mr. Natsios told the [a] news agency that the Sudanese government has "lost control" in Darfur.

"There is anarchy in Darfur. The risk is that if the [nongovernmental organizations] leave, the U.N. humanitarian agencies leave, there will be no one to care for these people in the camps who can be trusted," he said.

"There is a potential for an explosion if the agencies leave that would match the risk" to the local population that occurred in 2003 and 2004, Mr. Natsios said.

The result "would be a blood bath," he warned.

The conflict has claimed between 300,000 and 400,000 lives.

Let's Start A War, One We Can Win (NYT)

By Nicholas D. Kristof

The New York Times, February 20, 2007

AFETA, Ethiopia

They were two old men, one arriving by motorcade with bodyguards and the other groping blindly as he shuffled on a footpath with a stick, but for a moment the orbits of Jimmy Carter and Mekonnen Leka intersected on this remote battlefield in southern Ethiopia.

Mr. Mekonnen, who thinks he may be 78, is a patient in Mr. Carter's war on river blindness. He is so blind that he rarely leaves the house any more, but on this occasion he staggered to the village clinic to get a treatment for the worms inside him.

His skin is mottled because the worms cause ferocious itching, especially when they become more active at night. He and other victims scratch until they are bloodied and their skin is partly worn away. Ultimately the worms travel to the eye, where they often destroy the victim's sight.

Ethiopia has the largest proportion of blind people in the world, 1.2 percent, because of the combined effects of river blindness and trachoma. As in many African countries, the wrenching emblem of poverty is a tiny child leading a blind beggar by a stick.

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As Mr. Mekonnen waited on a bench by the clinic, there was a flurry of activity, and an Ethiopian announced in the Amharic language that "a great elder" had arrived. Then Mr. Mekonnen heard voices speaking a foreign language and a clicking of cameras, and finally the whirlwind around Mr. Carter moved on.

"Do you know who that was?" I asked Mr. Mekonnen.

"I couldn't see," he replied.

"Have you ever heard of Jimmy Carter?"

"No."

Yet in remote places like this, former President Carter, at 82, is leading a private war on disease that should inspire and shame President Bush and other world leaders into joining. It's not just that Mr. Carter's wars have been more successful than Mr. Bush's; Mr. Carter is also rehabilitating the image of the U.S. abroad and transforming the lives of the world's most wretched peoples. (For a video of Mr. Carter's trip, please go to www.nytimes.com/ontheground.)

On the previous night, Mr. Mekonnen had slept under a mosquito net for the first time in his life, as part of a Carter initiative to wipe out malaria and elephantiasis in this region. And Mr. Mekonnen now uses an outhouse as a result of a Carter Center initiative to build 350,000 outhouses in rural Ethiopia to defeat blindness from trachoma.

Mr. Carter has almost managed to wipe out one horrific ailment — Guinea worm — and is making great strides against others, including river blindness and elephantiasis. In this area, people are taking an annual dose of a medicine called Mectizan — donated by Merck, which deserves huge credit — that prevents itching and blindness.

Mectizan also gets rid of intestinal worms, leaving Ethiopian villagers stronger and more able to work or attend school. Among adults, the deworming revives sex drive, so some people have named their children Mectizan.

Mr. Carter's private campaign against the diseases of poverty, put together with pennies and duct tape, is a model of what our government could do. Imagine if the U.S. resolved that it would wipe out malaria and elephantiasis (both are spread by mosquitoes, so a combined campaign makes sense). What if we celebrated science not by trying to go to Mars but by extinguishing malaria? What if we tried to burnish America's image abroad not only with press releases and propaganda broadcasts, but also with a bold campaign against disease?

So I wish that President Bush could visit villages like this and see what Mr. Carter has accomplished as a private individual. Mr. Bush, to his great credit, has financed a major campaign against AIDS that will save nine million lives, and he is also increasing spending against malaria — but not nearly as energetically as he is increasing the number of troops in Iraq. So I asked Mr. Carter whether President Bush should be pushing not for a possible war with Iran, but for a war on malaria.

"That would certainly be my preference," he said. "I thought the war in Iraq was one of the worst mistakes our country ever made, and we're possibly about to make an even worse mistake by precipitating a war with Iran. But I would like to see us shift away from war being a high priority, to diplomacy and benevolent causes."

So, President Bush, how about if we as a nation join Mr. Carter's war on diseases that afflict the world's poorest peoples — and are one reason they are so poor. That's a war that would unite Americans, not divide them. Come on, Mr. Bush, sound the trumpets!

Economics For Dummies (WSJ)

The Wall Street Journal, February 20, 2007

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Just when you think world economic policy might be moving in a more sensible direction, along comes Latin America. This month's lesson in how not to create prosperity comes from Argentina, which has decided that the way to whip inflation is to throw out inconvenient statistics.

Recently the Peronist government of President Nestór Kirchner sacked an official at its National Statistics and Census Institute for refusing to agree to alter the "methodology" used to calculate inflation in January. Armed guards then escorted a political appointee to replace her.

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As his government heads into the season of negotiating labor contracts, Mr. Kirchner has an incentive to underestimate inflation. And sure enough, five days after this dismissal, the government released its January inflation number of 1.1%, well below the 1.5% to 2% expected by non-government economists. These private economists say that, to reach the lower number, the new director agreed to modify increases in the cost of fruits and vegetables and understate soaring health insurance premiums and higher prices in tourism.

Employees of the Statistics Institute protested outside their offices and issued a statement accusing the government of "tampering" with the inflation index. International markets did not react well either. Inflation-linked Argentine peso bonds sold off almost 4%. Mr. Kirchner has responded by referring to the protesters as "mafiosas." Mark it down as one more reason Argentina can't shake its reputation as an economic banana republic.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

George W. Visits Home Of George W. (USAT)

USA Today, February 20, 2007

President Bush honored the 275th birthday of the nation's first president Monday, likening George Washington's long struggle that gave birth to a nation to the war on global terrorism.

"Today, we're fighting a new war to defend our liberty and our people and our way of life," Bush said in front of Washington's home along the banks of the Potomac River in Mount Vernon, Va.

Bush chose the Presidents Day holiday to make his first visit as president to Mount Vernon. He and first lady Laura Bush helped lay a wreath at Washington's tomb, then the president gave a speech on the lawn of the estate.

"I feel right at home here. After all, this is the home of the first George W.," the president quipped.

McCain says Rumsfeld wasone of worst Defense chiefs

Republican presidential candidate John McCain said the war in Iraq has been mismanaged and Donald Rumsfeld will be remembered as one of the worst Defense secretaries.

"We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war," the Arizona senator said. "The price is very, very heavy, and I regret it enormously."

McCain, the ranking Republican on the Senate Armed Services Committee, said Rumsfeld never put enough troops on the ground to succeed in Iraq.

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of Defense," McCain said to applause from some in a crowd of 800 at a retirement community near Hilton Head Island, S.C.

Clinton says S.C. should remove Confederate flag

Democratic presidential candidate Hillary Rodham Clinton said South Carolina should remove the Confederate flag from its Statehouse grounds, in part because the nation should unite under one banner while at war. "I believe that we should have one flag that we all pay honor to," the New York senator said.

Other Democratic hopefuls, including Sens. Joseph Biden and Chris Dodd, have said the flag should come down. The banner, which once flew over the Statehouse dome and now flies nearby, is the subject of an NAACP boycott.

More than 3,000 people gathered Monday to see Clinton in her first presidential campaign stop in Columbia, S.C.

Report criticizes medicalresponse to hurricanes

The federal response to Hurricanes Katrina and Rita showed that medical personnel deployed to emergencies need more hands-on training, the inspector general for the Department of Health and Human Services said.

The report by Daniel Levinson said federal medical teams often lacked experience and effective training and the teams did not include enough nurses, dentists and mental health professionals.

John Agwunobi, assistant secretary for Health, said the inspector general's recommendations "mirror many of the preparedness and response areas we are addressing."

Bush Compares Revolutionary, Terror Wars (AP)

By Tom Raum

AP, February 20, 2007

President Bush honored the 275th birthday of the nation's first president on Monday, likening George Washington's long struggle that gave birth to a nation to the war on global terrorism.

"Today, we're fighting a new war to defend our liberty and our people and our way of life," said Bush, standing in front of Washington's home and above a mostly frozen Potomac River.

"And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone."

Bush chose the national Presidents Day holiday to make his first visit as president to Mount Vernon. He and first lady Laura Bush helped lay a wreath at Washington's tomb, then the president gave a speech from a platform on the bowling green lawn of the estate.

"I feel right at home here. After all, this is the home of the first George W. I thank President Washington for welcoming us today. He doesn't look a day over 275 years old," Bush said to laughter.

Washington was born on Feb. 22, 1732.

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"On the field of battle, Washington's forces were facing a mighty empire, and the odds against them were overwhelming. The ragged Continental Army lost more battles than it won, suffered waves of desertions, and stood on the brink of disaster many times. Yet George Washington's calm hand and determination kept the cause of independence and the principles of our Declaration alive," Bush said on a clear but frigid day, speaking to several hundred people.

Mount Vernon is about 16 miles south of the White House. Bush traveled by helicopter.

"In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable," said Bush. "After winning the war, Washington did what victorious leaders rarely did at the time. He voluntarily gave up power.

Washington's retirement didn't last long, Bush noted.

"As president, George Washington understood that his decisions would shape the future of our young nation and set precedent. He formed the first Cabinet, appointed the first judges, and issued the first veto."

"Over the centuries, America has succeeded because we have always tried to maintain the decency and the honor of our first president," Bush said.

Before and after Bush's speech, recorded music by the 3rd U.S. Infantry Old Guard Fife and Drum Corps blared through loudspeakers. Organizers of the event said the fife and drum corps had planned to perform live, but decided against it Sunday night because of expected temperatures in the 20s that could have damaged their historic instruments.

Bush Invokes Washington On Iraq (LAT)

By James Gerstenzang

The Los Angeles Times, February 20, 2007

MOUNT VERNON, VA. — Marking George Washington's 275th birthday, President Bush on Monday linked the ideals of the first president to the war being fought by the 43rd, saying Washington's goals guided the nation's quest to extend freedom beyond its borders.

"George Washington's long struggle for freedom has … inspired generations of Americans to stand for freedom in their own time," Bush said, using a morning visit to Mount Vernon to compare the dilemmas faced at the birth of the nation to the troubles he now confronts.

"Today, we're fighting a new war to defend our liberty and our people and our way of life," he said. "And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone."

Quoting the first president — and referring, by implication, to the wars in Iraq and Afghanistan — Bush said: "He once wrote, 'My best wishes are irresistibly excited whensoever in any country I see an oppressed nation unfurl the banners of freedom.' "

Bush spoke for nine minutes on a frigid morning in front of the first president's mansion overlooking the ice-crusted Potomac River.

"I feel right at home here," he told the audience of several hundred. "After all, this is the home of the first George W."

After being greeted by Dean Malissa, an actor and Washington interpreter dressed in the blue-coat uniform and tri-corner hat of the Continental Army, Bush observed: "I thank President Washington for welcoming us today. He doesn't look a day over 275 years old."

The president recalled visiting Mount Vernon as a child with his grandmother, and said he and his wife had brought their daughters to the first president's house. The visit of about 45 minutes Monday was his first as president.

The plantation, about 16 miles south of the capital, is in the heart of what are now Northern Virginia's suburbs, with mini-mansions rivaling it in size and grandeur cropping up nearby on both sides of the Potomac. Bush flew here by helicopter, making the trip from one president's mansion to another in just a few minutes.

Bush noted the trials that Washington faced during the Revolutionary War, at the helm of "the ragged Continental Army," facing desertions, disaster and "a mighty empire."

But, he said, "In the end, Gen. Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable."

Earlier, Bush and his wife, Laura, presented a wreath of red, white and blue blossoms at Washington's tomb. Monday was a federal holiday celebrating Presidents Day; Washington's actual birthday is Feb. 22.

Tourists Hear From President At George Washington's Home (WP)

By Tom Jackman

The Washington Post, February 20, 2007

DOJ_NMG_0133752

President Bush visited Mount Vernon yesterday to pay tribute to "the first George W." and compared the Revolutionary War to the Iraq war in their pursuit of freedom.

Bush made his first visit as president to George Washington's home on the holiday marking the first president's birthday. Bush said he had visited Mount Vernon with his grandmother as "a little fellow from Midland, Texas," drawing appreciative laughs from a chilly crowd of several hundred tourists, history buffs and schoolchildren who had the day off.

The president and first lady Laura Bush laid a red, white and blue wreath at Washington's tomb, commemorating the 275th anniversary of his birth on Feb. 22, 1732. The presidential party took a helicopter in and out of the Mount Vernon estate in southern Fairfax County, completing the visit in less than an hour.

Bush's remarks consisted mainly of a reflection on Washington's life and impact on the United States, with brief allusions to today's war.

"America's path to freedom was long, and it was hard," Bush said. "And the outcome was really never certain. . . . In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable."

In the only direct analogy to Iraq, the president said, "Today, we're fighting a new war to defend our liberty and our people and our way of life. And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone. He once wrote, 'My best wishes are irresistibly excited whensoever in any country I see an oppressed nation unfurl the banners of freedom.' "

Some of those who watched the speech under crystal skies just happened to visit Mount Vernon the day the president was there, and others had planned to attend the speech. Ellen Georgi, a history teacher from Frederick, was in the latter group. She brought her family to make them "suffer through my love of history." She said the president "gave a very good speech about George Washington and morality as the compass of our country."

About 250 high school students from Presidential Classroom, an education program for students across the country, were bused in from Georgetown thinking they were just sightseeing, part of an itinerary that also included the Jefferson Memorial and Union Station yesterday. Instead, they stood just a hundred feet from the current president.

"It was great," said Paula Jernigan, 18, from Suches, Ga. "It was moving how [Bush] talked about George Washington, how he was a great president. It reminds our country what it is that makes us great."

Defending Nation's Latest War, Bush Recalls Its First (NYT)

By Sheryl Gay Stolberg

The New York Times, February 20, 2007

MOUNT VERNON, Va., Feb. 19 — To those who criticize his handling of the war in Iraq, President Bush likes to say that history will be his judge. On Monday, Presidents' Day, Mr. Bush wrapped himself in history's embrace, invoking another war, the American Revolution, and another George W. — George Washington — as his guide.

Here at the first president's sprawling estate on the Potomac River, Mr. Bush bowed his head in placing a wreath at Washington's grave to commemorate the 275th anniversary of his birth, this Thursday. Then, after an actor portraying Washington welcomed him to the estate — "He doesn't look a day over 275 years old," the current president cracked — Mr. Bush implicitly compared himself to his predecessor.

"With the advantage of hindsight, it is easy to take George Washington's successes for granted," Mr. Bush said after enumerating Washington's achievements as commander of the Continental Army and later as president. But "America's path to freedom was long and it was hard," he continued, "and the outcome was never really certain."

Mr. Bush drew an analogy between the Revolution and what he called "a new war to defend our liberty and our people and our way of life," wording that left unclear whether he meant the combat in Iraq or the broader fight against terror.

Washington, he added, "believed that the freedoms we secured in our Revolution were not meant for Americans alone."

The president has often seemed to find solace in past occupants of the White House. He has invoked Lincoln's shepherding the nation through the Civil War. He has recalled Truman, who struggled to explain another unpopular war, in Korea, and whose dismal public approval ratings shot skyward long after he left office. And more recently, he has been making reference to Washington as well.

"I'm reading about George Washington still," the president told reporters at a December news conference where he defended his Iraq policy. "My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it and just do what he thinks is right, and make the tough choices necessary."

His appearance Monday was Mr. Bush's first at Mount Vernon as president. (He is the 28th president to visit.) It was also a rare public appearance before a crowd that is not invitation-only. But the audience was friendly, made up mostly of families with children, outfitted in snow boots and bright-colored jackets and mittens to guard against the icy cold.

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The president kept it short. He spoke for just nine minutes, including a personal reminiscence of his own first visit to Mount Vernon, “when I was a little fellow from Midland, Tex., and my grandmother brought me here.”

Those nine minutes were filled, however, with hints about the state of mind of a president who is doggedly prosecuting an unpopular war.

Mr. Bush spoke of General Washington’s “many challenges,” noting that the Continental Army “stood on the brink of disaster many times.” And he spoke of Washington’s resolute determination: “His will was unbreakable.”

The president spoke as well of a brief retirement at Mount Vernon between Washington’s return from the Revolutionary War and his presidency. Mr. Bush is already laying the groundwork for his own retirement with plans for a presidential library at Southern Methodist University, Laura Bush’s alma mater.

“All he wanted to do was return here to Mount Vernon and to be with his loving wife, Martha,” the 43rd president said of the first. “As he wrote with satisfaction to his friend Lafayette, ‘I am become a private citizen on the banks of the Potomac, and under the shadow of my own vine and my own fig tree.’ ”

Bush Pays Homage To Nation's 1st President (MCT)

By William Douglas

McClatchy Newspapers, February 20, 2007

MOUNT VERNON, Va. - Was it like this at Valley Forge?

People huddled together, marched in place and danced jigs for warmth on a frosty field outside George Washington's historic home Monday, as President Bush paid homage to the nation's first president, whose 275th birthday is Thursday.

"I feel right at home here," Bush told some 2,000 shivering people who braved morning temperatures in the low 20s to listen to the nation's 43rd president praise the first one. "After all, this is the home of the first George W."

Bush turned to a man who was portraying Washington at the festivities and thanked him for welcoming him to the late president's spacious estate on the banks of the Potomac River, about 16 miles south of the White House.

"He doesn't look a day over 275 years old," Bush quipped.

After laying a wreath at Washington's tomb, Bush drew comparisons between America's first wartime president and the current one. He likened Washington's struggles in fighting for and forging democracy to his global war on terrorism.

"Today, we're fighting a new war to defend our liberty and our people and our way of life," Bush said, without specifically mentioning Iraq. "And as we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone."

The president and first lady Laura Bush made a spectacular entrance to Washington's estate. Their green helicopter, Marine One, landed a few yards from Washington's house, spraying up a misty cloud of powdery snow. Onlookers - mostly students on class trips - rushed to get a closer view of the presidential helicopter.

Before Bush arrived, the crowd had spent most of its time trying to stay warm, just as Washington's Continental Army did at Valley Forge during the bitter winter of 1777. Folks moved to the beat of piped-in fife and drum music Monday to keep their toes from freezing. A fife and drum corps was to have performed live, but decided against it for fear the frigid temperatures might ruin the historic instruments.

The bracing weather didn't bother 36-year-old Danielle Frank, of Woodbine, Va. She bundled up her family and drove to Mount Vernon. Asked whose idea it was to get up at dawn on a school holiday to go stand in an icy field for a brief presidential speech, 6-year-old Adam Frank pointed at his mom.

"It's Presidents Day," Danielle Frank said. "We should be doing something presidential with the kids, and I'm not sure they're doing White House tours."

Sarah Woodin, 14, accompanied the Franks to Mount Vernon, a bold move for someone who'd recently arrived in the Washington area from Florida. For her, the visit to Washington's home was time well spent.

"I like learning everything about history," she said. "You need to know where you came from."

President Links Terror War, U.S. War For Independence (WT)

By Stephen Dinan

The Washington Times, February 20, 2007

President Bush yesterday celebrated 275 years since George Washington's birthday by visiting Mount Vernon and linking today's war against terrorism to the United States' fight for independence.

"George Washington's long struggle for freedom has also inspired generations of Americans to stand for freedom in their own time. Today, we're fighting a new war to defend our liberty and our people and our way of life," Mr. Bush said as he stood on the lawn in front of Washington's estate in Fairfax County.

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With a re-enactor dressed as Washington looking on, Mr. Bush said the victories the first president won "were not meant for the United States alone," but were to advance freedom worldwide.

As he nears the end of his own two terms as president and his Iraq policy faces heavy criticism, Mr. Bush, the 43rd president, seems to take solace in the fact that historians are still digesting the first president's legacy.

"My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it and just do what he thinks is right, and make the tough choices necessary," he said at a press conference late last year.

Mr. Bush clearly has done some of his own analyzing about Washington, praising him several times for being steady as a wartime leader.

"In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable," he said.

Mr. Bush also praised Washington's decision to relinquish his commission at the end of the Revolutionary War -- a time when "many would have gladly made George Washington the king of America," he said -- and returned to Mount Vernon, only to be called to oversee the constitutional convention and, later, the presidency.

"George Washington accepted the presidency because the office needed him, not because he needed the office," Mr. Bush said.

While displaying his knowledge of the first president, Mr. Bush did run afoul of Washington fans who lament the decline of the first president's celebratory day.

"We're celebrating around the country Presidents Day, but the folks that work here call it Washington's birthday," Mr. Bush said.

In fact, as far as the federal government is concerned, the holiday, as designated by the Uniform Monday Holiday Act passed in 1968, is "Washington's Birthday." Some states celebrate "Presidents Day" as a combination of Washington's and Abraham Lincoln's birthdays, and the term gained prominence through the ubiquitous car- and furniture-sales campaigns that promulgated the moniker.

With the federal holiday pegged to the third Monday in February, it can never fall on Washington's actual birthday, Feb. 22.

Senate Majority Leader Harry Reid, Nevada Democrat, found another reason to recognize the day yesterday. It marked the 65th anniversary of President Roosevelt signing the executive order allowing internment of Japanese-American citizens and Japanese legal permanent residents during World War II.

"We must continue to remember this tragic time in our history to learn from our errors of the past, reaffirm our commitment to the protection of civil liberties and to ensure that we never walk the same path again," Mr. Reid said.

Australian Held At Guantánamo May Go Home (NYT)

By Tim Johnston

The New York Times, February 19, 2007

SYDNEY, Australia, Feb. 18 — The Australian foreign minister said Sunday that his government had reached a deal to allow David Hicks, who has been held at the American military base in Guantánamo Bay, Cuba, for more than five years without trial, to return to Australia by the end of the year.

American military prosecutors have accused Mr. Hicks, 31, an Australian citizen, of attempted murder in violation of the laws of war and providing material support for terrorism. Mr. Hicks, who was captured in Afghanistan in late 2001, is expected to be formally charged soon.

Australia's foreign minister, Alexander Downer, said authorities in the United States had told him that if Mr. Hicks was found guilty by the military tribunal, he would be allowed to serve out his sentence in an Australian prison.

"If he's convicted, we've made an arrangement with the Americans, which was confirmed to me 10 days ago by the secretary of defense, Robert Gates, that David Hicks will be able to serve his sentence or the remainder of his sentence in Australia," Mr. Downer told Australia's Nine television network.

"If the trial proceeds and proceeds quickly," Mr. Downer added, "it'll be possible to get Mr. Hicks back to Australia by the end of the year, either to serve in a prison in Australia or, of course, just to be released, depending on the result of the trial."

The Australian government is facing an election later this year and has come under increasing pressure to persuade the American authorities to either charge Mr. Hicks or release him.

American officials said Mr. Hicks had admitted to attending a training camp run by Al Qaeda and to being assigned to guard a Taliban tank outside the Kandahar airport when allied forces were bombing the area. It is unclear if he ever engaged foreign forces in Afghanistan.

Mr. Hicks's lawyers said prolonged periods of solitary confinement had produced a marked deterioration in his mental health.

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U.S. To Stage Biggest Anti-terrorism Exercise On Guam (WT)

The Washington Times, February 20, 2007

SAIPAN, Northern Mariana Islands (Agence France-Presse) -- The world's biggest anti-terrorism exercise will be held this year on Guam, underscoring the Pacific island's growing importance to Washington, officials said yesterday.

Exercise TopOff4 is part of a series of large-scale maneuvers established to strengthen the U.S. ability to respond to terrorist attacks involving weapons of mass destruction.

William Marhoffer, the U.S. Coast Guard commander in Guam, said the TopOff4 exercise would be bigger than last year's Valiant Shield war games, in which the United States mobilized 30 ships, 280 aircraft and 22,000 military personnel.

"It will be bigger in some ways. Valiant Shield was a military exercise. It was a show of force. It was the first time we had three carrier strike groups in combined operations in the Pacific since the Vietnam War," he said.

TopOff4 "is a domestic counterterrorism exercise. ... It involves the intelligence communities, the Department of Homeland Security, the FBI, the Department of Defense, the U.S. Coast Guard." The exercise is expected to simulate a maritime terrorist attack.

Vice President Dick Cheney is to visit Guam later this week.

"This exercise highlights Guam's strategic value and will show the world that we are prepared to defend our island and our nation from any threat of terrorism," Gov. Felix Camacho said in his State of the Island address.

Guam and neighboring U.S. territories, including the Northern Mariana Islands, are considered by the United States as strategic locations in the Asia-Pacific region.

Guam is home to one of the largest U.S. military naval bases in the region, and 8,000 Marines will soon be relocated there from Japan.

The island, with a population of 171,000, is banking on the U.S. military buildup to bail it out of its economic woes.

The United States and Japan are spending $15 billion on the relocation of the Marines from Japan, which is expected to further boost Washington's military strength in the Asia-Pacific.

Moroccan Suspect Says Police Implicated Him In Madrid Bombings Out Of Revenge (USAT/AP)

USA Today, February 20, 2007

MADRID (AP) — A Moroccan who ran the shop where most of the cellphone cards used to set off the bombs in the 2004 Madrid train attacks were sold said Monday he was implicated in the case as punishment for refusing to be a police informant.

Jamal Zougam, 33, is among 29 suspects charged in the March 11, 2004, attacks that killed 191 people and injured more than 1,800 in Spain's capital. The trial opened last Thursday and is to last several months.

Zougam said he was approached twice by Spanish police seeking help getting information about Islamic radicals, but he refused.

He told a three-judge panel that following his detention — two days after the bombings — a police officer visited him in his cell and told him that if he had cooperated with police, he would not have been implicated.

"He told me: 'If you had collaborated with us, this wouldn't have happened to you,'" said Zougam, who took the stand for a second day.

"I realized it was revenge," he said. "I had nothing to do with this attack and with no other attack. I don't know why I'm in this trial."

At least two suspects in the trial were police informants before the attacks, and their defense lawyers claim the arrests were made under pressure to find a culprit.

Zougam denied he was a member of al-Qaeda or other radical Islamic groups, or that he had ever trained in terrorist camps in Afghanistan. He also condemned the Madrid blasts, and said he had never thought of his host country as an enemy.

"I condemn this attack categorically; I don't agree with this attack that takes the lives of people for religious, political and other reasons," he said.

"I live in Spain: This is like my country. Here, I live, I work, I eat," he said.

Zougam, who witnesses say planted at least one of the bombs on the commuter trains, testified Friday that he was asleep at the time of the early morning blasts and that witnesses who identified him were confused because they had seen his face on television.

Another alleged bomber, Syrian Basel Ghalyoun, also took the stand Monday and dismissed witness accounts that he, too, had placed some of the bombs.

He acknowledged that he was a friend of Tunisian Serhan Ben Abdelmajid Fakhet and other ringleaders who blew themselves up as police moved to arrest them weeks after the attacks but denied having anything to do with the bombings.

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Ghalyoun, who continuously checked handwritten notes during the session and challenged the prosecutor and lawyers over certain facts and names, said he knew Fakhet was a radical.

"Serhan considered the United States an enemy of the Muslim people," Ghalyoun said.

The 26-year-old said he had told police that the Tunisian wanted to stage attacks in Spain but said he was referring to attacks on banks and jewelry shops for money. He said police had urged him to used the generic word, attack.

Both Zougam and Ghalyoun face sentences of up to 38,656 years — 30 years for each of the 191 killings and 18 years apiece for 1,820 attempted murders — though under Spanish law, the maximum time anyone can spend behind bars is 40 years.

Who Needs Jacques Bauer? (WSJ)

By Bret Stephens

The Wall Street Journal, February 20, 2007

Twenty-nine defendants went on trial last week in a Spanish courtroom for complicity in the March 11, 2004 Madrid train bombings that killed 191 commuters and injured another 1,800. Among the accused: Jamal Zougam, a 33-year-old Moroccan immigrant who once ran a cellphone business. In June 2001, Spanish police raided Mr. Zougam's apartment, where they found jihadist literature and the telephone numbers of suspected terrorists. But the Spaniards judged the evidence insufficient to arrest or even wiretap him. Today, the Moroccan is believed to have furnished the cellphones through which the trainbombs were detonated.

In raiding Mr. Zougam's apartment, the Spanish were acting on a request from French investigative magistrate and counterterrorism supremo Jean-Louis Bruguiere. Earlier, Mr. Bruguiere had also warned the Canadian government about a suspicious Algerian asylum-seeker named Ahmed Ressam, but the Canadians took no real action. On Dec. 14, 1999 Mr. Ressam -- a.k.a. the Millennium Bomber -- was arrested by U.S. customs agents as he attempted to cross the border at Port Angeles, Wash., with nitroglycerin and timing devices concealed in his spare tire.

It would be reassuring to believe that somewhere in the ranks of the FBI or CIA America has a Jean-Louis Bruguiere of its own. But we probably don't, and not because we lack for domestic talent, investigative prowess, foreign connections, the will to fight terrorism or the forensic genius of a Gallic nose. What we lack is a system of laws that allows a man like Mr. Bruguiere to operate the way he does. Unless we're willing to trade in the Constitution for the Code Napoleon, we are not likely to get it.

Consider the powers granted to Mr. Bruguiere and his colleagues. Warrantless wiretaps? Not a problem under French law, as long as the Interior Ministry approves. Court-issued search warrants based on probable cause? Not needed to conduct a search. Hearsay evidence? Admissible in court. Habeas corpus? Suspects can be held and questioned by authorities for up to 96 hours without judicial supervision or the notification of third parties. Profiling? French officials commonly boast of having a "spy in every mosque." A wall of separation between intelligence and law enforcement agencies? France's domestic and foreign intelligence bureaus work hand-in-glove. Bail? Authorities can detain suspects in "investigative" detentions for up to a year. Mr. Bruguiere once held 138 suspects on terrorism-related charges. The courts eventually cleared 51 of the suspects -- some of whom had spent four years in preventive detention -- at their 1998 trial.

In the U.S., Mr. Bruguiere's activities would amount to one long and tangled violation of the First, Fourth, Fifth, Sixth and Eighth Amendments to the Constitution. And that's not counting the immense legal superstructures that successive Supreme Courts have built over and around the Bill of Rights. In France, however, Mr. Bruguiere, though not without his critics, is a folk hero, equally at home with governments of the left and right. The main point in his favor is that whatever it is he's doing, it works.

"Every single attempt to bomb France since 1995 has been stopped before execution," notes a former Interior Ministry senior official. "The French policy has been [to] make sure no terrorist hits at home. We know perfectly well that foreign-policy triangulation is not sufficient for that, [even if] it helps us go down a notch or two in the order of priority [jihadist] targets. So we've complemented our anti-U.S. foreign policy with ruthless domestic measures."

That's something that U.S. civil libertarians, who frequently argue that the Bush administration should follow the "European model" of treating terrorism as a law-enforcement issue instead of a military one, might usefully keep in mind. As lawyers David Rivkin and Lee Casey argue in the forthcoming issue of the National Interest, "the [Napoleonic] Civil Law system offers considerable advantages to the state in combating terrorism -- especially in terms of investigative tools and a level of secrecy -- that are simply unavailable in the ordinary Common Law criminal prosecution and trial, at least as governed by the United States Constitution."

Again, review the contrasts between American and European practices. Except in limited circumstances, the U.S. does not allow pre-trial detentions. But according to figures compiled by the U.S. State Department, 38% of individuals held in Italian prisons in 2005 were awaiting trial or the outcome of an appeal, while Spanish law allows for pre-trial detentions that can last as long as four years for terrorism suspects. In the U.S., the Posse Comitatus Act forbids the use of the military in law-enforcement

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work, and paramilitary units are relatively rare. By contrast, most European countries deploy huge paramilitary forces: Italy's Carabinieri; France's Gendarmerie Nationale; Spain's Guardia Civil.

Even Britain, which shares America's common law traditions, has been forced by Irish and now Islamist terrorism to resort to administrative detentions, trials without jury (the famous Diplock courts) and ubiquitous public surveillance. Wiretapping is authorized by the Home Secretary -- that is, a member of the government -- rather than an independent judge. In the early days of the Northern Irish "troubles," the government of Edward Heath placed some 2,000 suspects, without charge, in internment camps. Ironically, it was the decision to treat terrorists as ordinary criminals that led to the famous hunger strikes of Bobby Sands and his IRA crew.

All this calls into question the seriousness, if not the sincerity, of European complaints that under the Bush administration the U.S. has become a serial human-rights violator. Europeans have every right to be proud of civil servants like Mr. Bruguiere and a legal tradition that in many ways has been remarkably successful against terrorism. But that is not the American way, nor can it be if we intend to be true to a constitutional order of checks and balances, judicial review and a high respect for the rights of the accused. When President Bush declared a war on terror after 9/11, it was because he had no other realistic legal alternative. And when the rest of us make invidious comparisons between Europe and America, we should keep our fundamental differences in mind. There is no European 82nd Airborne, and there is no American Jean-Louis Bruguiere.

Madrid Bombing Trial Opened To Streaming Video (NYT)

By Doreen Carvajal

The New York Times, February 19, 2007

MADRID, Feb. 18 — On the opening day of Spain's trial of 29 men accused in the deadly Madrid train bombings, police officers ringed the maximum-security brick courtroom while a helicopter whirled overhead.

But with the click of a computer mouse, anyone can peek inside the inner sanctum for a glimpse of Spanish judges in black robes with white lace cuffs facing suspects barricaded behind bulletproof glass.

That YouTube-style window has been opened by a high-tech legal services company, Datadiar, which is streaming live coverage of the trial on its Web site, datadiar.com, and posting archived video testimony that began with the appearance on Thursday of the first suspect, Rabei Osman Sayed Ahmed, known as Muhammad the Egyptian

Datadiar has struck an alliance with the tribunal, the Audiencia Nacional, which has opened the courtroom wide to cameras. Four are posted at various angles in the court, and a fifth shows documents presented as evidence.

Forty-three microphones are scattered among the tables of the lawyers, and recordings are stored on DVDs.

With that fly-on-the-wall technology, Datadiar, a 10-year-old company on the outskirts of Madrid, is offering a courtroom version of C-Span, the American cable channel that covers government proceedings without commentary. The rare running view of what stands to be a legal marathon is of keen interest to a nation still haunted by questions about who set off the bombs on March 11, 2004, killing 191 and wounding nearly 2,000 on four commuter trains.

Datadiar hopes to introduce similar models in other countries at a time when there is renewed interest in opening up the courts. In the United States, for example, a Senate bill was introduced last month by Charles E. Schumer, Democrat of New York, and Charles E. Grassley, Republican of Iowa, to permit cameras at most federal court proceedings.

Canada has just started a pilot project to test cameras in the courtroom in a prominent murder case. And in California, a judge said on Friday that he would allow full television coverage of the rock producer Phil Spector's murder trial, declaring that it was time to discard "fear of cameras in the courtroom."

Cristina Cortijo, a Datadiar managers and the wife of its founder, José Manuel Díaz-Arias, said: "We believe this issue is a very important one in the world, and people are looking at us. It's critical that people know that our company is doing this objectively with real-time transmissions and no cuts. And it's for free."

Datadiar is not being paid by the government to stream the trial, according to Ms. Cortijo, who said permission was granted by the presiding judge in the case, Javier Gómez Bermúdez.

In court, the judge strikes a brisk, no-nonsense manner with the lawyers, suspects and Arabic translators, but he seems comfortable and conscious of the informal jury of the public. He is an author of a new manual for legal journalism, "Lifting the Veil," and he regularly strides into the press room to take brief questions from an overflow crowd of journalists who are covering the case in an adjoining area by watching giant plasma TV screens.

In a brief interview during a trial break, Judge Gómez Bermúdez said the national court chose to open the bombing trial to broad viewing because "there are so many victims, and they can't all fit in here."

Critics of live courtroom coverage often cite the O. J. Simpson murder trial in California as an example of how a constant camera presence can turn a legal proceeding into a media circus.

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But Judge Gómez Bermudez scoffed at the idea that such coverage might influence the trial, and said that Spanish courts had been receptive to cameras for some time.

A verdict in the train-bombing case is not expected until October, after the testimony of more 100 experts and 600 witnesses. There are also nearly 90,000 pages of documents, some which will be instantly accessible to the public through Datadiar.

The company's usual audience consists of members of the Spanish professional class: judges, lawyers and accountants who pay more than $2,500 a year for a subscription to Globalius, a Datadiar database of legal information made available on a portable flash drive.

But with the start of the trial, Datadiar's commercial director, Rosa Martínez Casas, said the company was beginning to reach a global audience.

To maintain its neutrality, Datadiar has avoided creating chat forums in connection with the legal issues that it is raising. The site does offer a series of primers to explain elements of the legal process, like the concept of the presumption of innocence. It also has a seating diagram of the courtroom and the 46 defense lawyers, prosecutors and translators.

In the last 10 years, investors have plowed more than $65 million into the company, which did not break even until 2003. It is now turning a profit, Ms. Cortijo said.

So far, Datadiar has not sought advertising for the legal information it is offering on its portal, but that is an alternative under discussion, she said, in addition to the company's subscription model, for creating similar court coverage in other countries.

Ms. Cortijo said it was too early to calculate how much it would cost Datadiar to offer the free streaming video online, although she said that new technology had helped reduce costs.

"It may be difficult to understand why we do this for free," she said. "We are objective. We are in the middle. We are only lawyers and professionals, and offering information. It's not like television."

HOMELAND RESPONSE:

A Nuclear Headache (USNEWS)

By Angie C. Marek

U.S. News and World Report, February 19, 2007

It was one of the first major scares after September 11. In October 2001, a CIA agent told the government al Qaeda had smuggled a nuclear bomb into New York City and intended to detonate it. A covert search team from the Department of Energy was dispatched to search for the weapon. It was never found, but the incident worried the administration so much that Vice President Dick Cheney and several hundred federal employees holed up in a bunker for weeks, just in case a twin attack leveled Washington.

Such fears still resonate. Department of Homeland Security Chief Michael Chertoff's virtual battle cry is that he wants to focus DHS's resources on preventing the most catastrophic attacks. Nuclear bombs are the rare weapon that can kill hundreds of thousands. And experts say the unleashing of a dirty bomb-a conventional explosive laced with radioactive material-could sicken thousands of people and cause unparalleled economic damage. So it's not surprising that DHS and New York-area authorities are planning an aggressive approach in coming months: They'll surround Manhattan with radiation detectors they hope can sniff out a weapon before it does harm. But it's an ambitious, expensive effort, and critics worry they're going too far, too fast.

Trying to protect against nuclear threats is hardly new. The Department of Energy created SWAT-like search teams in 1974 after, in what turned out to be an elaborate hoax, a man in Boston threatened to detonate a nuclear weapon unless the government gave him $200,000. After 9/11, detection moved to the open: U.S. Customs and Border Protection has installed 321 radiation detectors in U.S. seaports and has used smaller devices to help secure the last three Super Bowl games. Officials in New York City have at least 700 hand-held radiation detectors-with good reason. "Because dirty bombs can be made from readily available devices used in hospitals and construction sites," says Ivan Oelrich, a nuclear physicist with the Federation of American Scientists, "there's really no good explanation why this [sort of attack] hasn't happened yet."

Freeway. Today's detection efforts, however, are limited by technology. Many machines now in use must be driven through-at about 5 mph-to produce a reading. And the vast majority of machines can't distinguish between harmful and harmless, naturally occurring radiation. Still, DHS's current approach has been quietly gaining speed in the past year. Five months ago, the department's Domestic Nuclear Detection Office launched a pilot project to add nuclear detectors to 18-wheeler weigh stations in nine southeastern states. "Kentucky might not necessarily be the target," explains Mary Pedersen with the state's Office of Homeland Security, "but chances are it's on the way." Her state, which is crisscrossed by 70,000 semi-trucks

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each day, currently has detectors in weigh stations on two interstates. She estimates that within two years it will be hard for most trucks to drive very far into Kentucky on any freeway without a radiation scan.

The New York model builds on that effort, but it will touch everyone on the road. NYPD Commissioner Raymond Kelly says the plan is to create a "ring of radiation detectors" roughly 50 miles outside Manhattan's border. Vehicles that trigger alarms can be stopped and searched, before they reach the city. Among the ideas being weighed: using covert detectors hidden inside SUVs to take radiation readings of cars in nearby lanes.

History's Troubling Lessons (USNEWS)

By Alex Kingsbury

U.S. News and World Report, February 19, 2007

The alarm over nuclear terrorism isn't new. In December 1945, a scant four months after an atomic explosion leveled Hiroshima, the United States was already anticipating the end of its nuclear monopoly. It was only a matter of time, scientists and generals knew, before other nations, particularly the Soviet Union, mastered the atom bomb.

So with that eventuality in mind, a group of nervous congressmen sought counsel from the father of the atom bomb, Robert Oppenheimer, about the possibility of a surprise nuclear attack. Chief among their concerns was that a bomb could be smuggled into a major American city and detonated without warning.

Prescient. Transcripts of that hearing, obtained from the National Archives, reveal a startlingly prescient debate on the Sisyphean challenge of homeland security. In one exchange, Colorado Sen. Eugene Millikin presses Oppenheimer about how to find a bomb hidden in a city:

Sen. Millikin: We... have mine-detecting devices, which are rather effective... I was wondering if anything of that kind might be available to use as a defense against that particular type of use of atomic bombs.

Dr. Oppenheimer: If you hired me to walk through the cellars of Washington to see whether there were atomic bombs, I think my most important tool would be a screwdriver to open the crates and look. I think that just walking by, swinging a little gadget would not give me the information.

That candid assessment shocked the senators, who then asked the Atomic Energy Commission to examine the problem. In the early 1950s, two top physicists, Robert Hofstadter and Wolfgang Panofsky, a veteran of the Manhattan Project team that built the atomic bomb, produced a still-classified assessment, which came to be known as the Screwdriver Report.

Panofsky, now the director emeritus of the Stanford Linear Accelerator Center, says the assignment was to detect 1 cubic inch of highly enriched uranium or plutonium hidden inside a crate and smuggled across a land border. "The conclusions of that report are still valid because the laws of physics have not changed one bit," Panofsky tells U.S. News. "You still can't detect a nuclear device unless you are, say, 10 feet away from it-and even then it can be quite easily shielded."

Not everyone completely agrees; Department of Homeland Security officials say new state-of-the-art detectors can do a much better job than that. But the basic point is still valid-and alarming. Radioactive material emits less radiation with distance from its source. Despite the Screwdriver Report's conclusions, though, the government back then began a covert pilot program at selected airports and seaports to scan for radioactivity. The short-lived "Cyclops Project" had a poor record of success, according to Panofsky and historian Gregg Herken, author of Brotherhood of the Bomb. In fact, says Panofsky, the only thing that the Cyclops system discovered was a woman at a New York airport who tried to evade customs by taping 200 wristwatches with radioactively luminescent dials to the inside of her corset.

New Federal Rules For Chemical Plants Criticized (USAT)

By Mimi Hall

USA Today, February 20, 2007

WASHINGTON — New government rules seeking to thwart terrorist attacks on chemical plants are facing stiff opposition from state leaders, environmentalists and others who say the regulations are flawed, vague and unlikely to protect the public.

The rules, which are scheduled to take effect in April, are the culmination of a five-year government debate about how to prevent a toxic attack at any of the nation's chemical facilities. Such an attack could release a cloud of poison over a densely populated area and kill thousands.

"The regulations are seriously flawed and could have a very harmful impact," Senate Homeland Security Committee Chairman Joe Lieberman, I-Conn., wrote to Homeland Security Secretary Michael Chertoff this month.

Homeland Security spokesman Russ Knocke says the department is reviewing the complaints and will work with plant managers, state officials and other groups to address their concerns.

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Federal security requirements will be tailored for each plant and could range from more fences and lighting to improved storage facilities. Companies that don't meet the new requirements will face fines of up to $25,000 per day, Knocke says, "or even an order to cease operation."

Last year, Congress gave Chertoff authority over chemical plant security because of post-9/11 fears that terrorists could target a plant. The new rules would apply to any building or area where deadly chemicals are made, used or stored.

Lawmakers and various groups with an interest in chemical security complain that the new rules:

·Violate states' rights.

In New Jersey, state lawmakers in 2005 passed stricter chemical security rules than those set to take effect at the federal level.

The federal rules, however, would invalidate the New Jersey rules, in effect weakening chemical security in that state, New Jersey Gov. Jon Corzine says.

"Federal standards are necessary," says Corzine, a Democrat. But federal rules must not "limit states' abilities to take further action to protect our own citizens."

Knocke says the nation must have uniform security policies. "State laws cannot and should not conflict with federal authorities," he says.

·Are too vague.

The American Chemistry Council, which represents nearly 90% of the nation's chemical plants, complains that Homeland Security has not been clear enough about how it will determine which plants fall into the high-risk categories and will be required to put tighter — and potentially costly — security in place. "We need a clear understanding as to who this applies to," ACC President Jack Gerard says.

·Don't require chemical companies to look into using safer chemicals.

If companies were required to use less dangerous chemicals, says Greenpeace toxics director Rick Hind, they could "eliminate 9/11-magnitude risks that communities living within 14 miles of a chemical plant face each day."

Dems To Push Subway Safety (USAT)

By Mimi Hall, Usa Today

USA Today, February 19, 2007

Transit systems 'ripe, easy targets'

WASHINGTON — Congressional Democrats now in charge of homeland security are pushing ahead with legislation to tighten security in the nation's subways and other mass-transit systems.

"These are ripe, easy targets," says Senate banking and urban affairs committee Chairman Chris Dodd, D-Conn. "Commuters shouldn't have to play Russian roulette when they get on the train in the morning."

Dodd became chairman of the panel when Democrats took control of Congress on Jan. 4. His committee has approved legislation authorizing $3.5 billion over the next three years on transit security. The committee oversees mass transit.

The House Homeland Security Committee also is holding hearings. Chairman Bennie Thompson, D-Miss., says his panel's legislation will mandate more training for transit workers, whistle-blower protection for those who reveal security lapses, increased screening at stations and federal grants for mass-transit security.

Thompson says there's no way to screen everyone who uses the nation's transit systems. However, "given the number of people who travel every day on our rail system, we just can't ignore it any longer," he says.

Kip Hawley, head of the Department of Homeland Security's Transportation Security Administration (TSA), says the funding disparity is not what it seems because aviation security is funded entirely by the federal government and transit security is funded largely by industries and local governments.

The TSA is just "as concerned with stopping (a transit attack) as we are with an aviation threat," he says.

Subway operators, counterterrorism experts and mayors say it's about time Congress focused on transit security after five years of massive government spending on aviation security. "Transit has been drastically short-changed," says Elliot Sander, director of New York City's Metropolitan Transit Authority. "The absence of adequate federal funding for transit security is putting transit in a place where it has to make agonizing choices over ensuring passengers' safety."

Transit officials say the federal government needs to set standards for training and technology used to protect commuter rail and subway systems. They say they need more officers and bomb-sniffing dogs; more cameras and sensors; better evacuation plans and drills; and construction money to shore up tunnels, install lights and build barriers and fences for rail yards.

"No sector of our transportation network has been more neglected when it comes to security than transit," Warren George, president of the 180,000-member Amalgamated Transit Union, told the Senate this month. "The deficiency in security funding for this industry is staggering."

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Sen. Richard Shelby, R-Ala., former chairman of the banking committee, calls Homeland Security's investment in transit security "woefully inadequate."

Despite plots against New York's subway and terrorist attacks on transit systems in Madrid, London and Mumbai, India, the government has sunk $24 billion into aviation security and less than $500 million into transit security since 9/11, according to the Senate banking committee.

"This is not an appropriate balance," Dodd says.

Making Martial Law Easier (NYT)

The New York Times, February 19, 2007

A disturbing recent phenomenon in Washington is that laws that strike to the heart of American democracy have been passed in the dead of night. So it was with a provision quietly tucked into the enormous defense budget bill at the Bush administration's behest that makes it easier for a president to override local control of law enforcement and declare martial law.

The provision, signed into law in October, weakens two obscure but important bulwarks of liberty. One is the doctrine that bars military forces, including a federalized National Guard, from engaging in law enforcement. Called posse comitatus, it was enshrined in law after the Civil War to preserve the line between civil government and the military. The other is the Insurrection Act of 1807, which provides the major exemptions to posse comitatus. It essentially limits a president's use of the military in law enforcement to putting down lawlessness, insurrection and rebellion, where a state is violating federal law or depriving people of constitutional rights.

The newly enacted provisions upset this careful balance. They shift the focus from making sure that federal laws are enforced to restoring public order. Beyond cases of actual insurrection, the president may now use military troops as a domestic police force in response to a natural disaster, a disease outbreak, terrorist attack or to any "other condition."

Changes of this magnitude should be made only after a thorough public airing. But these new presidential powers were slipped into the law without hearings or public debate. The president made no mention of the changes when he signed the measure, and neither the White House nor Congress consulted in advance with the nation's governors.

There is a bipartisan bill, introduced by Senators Patrick Leahy, Democrat of Vermont, and Christopher Bond, Republican of Missouri, and backed unanimously by the nation's governors, that would repeal the stealthy revisions. Congress should pass it. If changes of this kind are proposed in the future, they must get a full and open debate.

Justice For The Forgotten Internees (WP)

By Xavier Becerra And Dan Lungren

The Washington Post, February 19, 2007

Art Shibayama is an American who served in the Army during the Korean War. Like many veterans, Cpl. Shibayama was not born in the United States. He was born in Lima, Peru, to Japanese Peruvian parents. Until 1942, Shibayama, his two brothers and three sisters lived comfortably with their parents and grandparents, all of whom had thriving businesses. However, after America entered World War II, his family was forcibly removed from Peru, transported to the United States and held in a government-run internment camp in Crystal City, Tex.

Like many Japanese American families, Shibayama's family lost everything they owned. But the greater injustice occurred when his grandparents were sent to Japan in exchange for American prisoners of war. Their family never saw them again.

Shibayama and his family were among the estimated 2,300 people of Japanese descent from 13 Latin American countries who were taken from their homes and forcibly transported to the Crystal City camp during World War II. The U.S. government orchestrated and financed the deportation of Japanese Latin Americans for use in prisoner-of-war exchanges with Japan. Eight hundred people were sent across the Pacific, while the remaining Japanese Latin Americans were held in camps without due process until after the war ended.

Further study of the events surrounding the deportation and incarceration of Japanese Latin Americans is merited and necessary. While most Americans are aware of the internment of Japanese Americans, few know about U.S. government activities in other countries that were fueled by prejudice against people of Japanese ancestry.

That is why we have introduced H.R. 662, the Commission on Wartime Relocation and Internment of Latin Americans of Japanese Descent Act. We should review U.S. military and State Department directives requiring the relocation, detention and deportation of Japanese Latin Americans to Axis countries. Then we should recommend appropriate remedies. It is the right thing to do to affirm our commitment to democracy and the rule of law.

This year marks the 26th anniversary of the formation of the Commission on Wartime Relocation and Internment of Civilians, whose findings led to the Civil Liberties Act of 1988. It provided an official apology and financial redress to most of the Japanese Americans who were subjected to wrongdoing and confined in camps during World War II. Those loyal Americans

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were vindicated by the fact that not a single documented case of sabotage or espionage was committed by a Japanese American during that time. This act was the culmination of a half-century of struggle to bring justice to those who were denied it. But work to rectify and close this regrettable chapter in our nation's history remains unfinished.

U.S. involvement in the expulsion and internment of people of Japanese descent who lived in various Latin American countries is thoroughly recorded in government files. These civilians were robbed of their freedom -- their civil and human rights thrown by the wayside -- as they were kidnapped from nations not directly involved in World War II. The Commission on Wartime Relocation and Internment of Civilians acknowledged these federal actions in detaining and interning civilians of enemy or foreign nationality, particularly those of Japanese ancestry, but the commission failed to fully examine and report on the historical documents that exist in distant archives.

Today, the Day of Remembrance, marks the anniversary of the 1942 signing of Executive Order 9066 -- the document that made it possible to intern thousands of Japanese Americans, German Americans, Italian Americans and Japanese Latin Americans during World War II. Though it is important that we remember what took place, it is more critical that we act, for justice delayed is justice denied. And for the dwindling number of surviving internees who became Americans, such as Cpl. Art Shibayama, justice has been delayed far too long. They deserve our attention, our respect and the official recognition of a country that is willing to heal and to make amends.

Xavier Becerra, a Democrat, and Dan Lungren, a Republican, are U.S. representatives from California.

Hurricane Suits May Be Settled Soon (USAT)

By Kathy Chu, Usa Today

USA Today, February 19, 2007

165 Louisiana homeowners awaiting first payments

The first major insurance settlement involving a group of hurricane-damaged homes in Louisiana is in its final stages and could be announced as soon as in a week or two, according to the attorney for the homeowners who sued.

The likely multimillion-dollar deal would cover about 165 homeowners insured by Louisiana Citizens — the state-created insurer of last resort — in Cameron Parish, where the 2005 hurricanes reduced homes to slabs, says Jennifer Jones, the homeowners' lawyer.

Jones cautioned that the settlement could still be scuttled. But if it succeeds, it could provide a model for resolving hundreds other such cases in the state. The deal would not affect thousands of homes damaged by the New Orleans levee breach after Hurricane Katrina.

Separately, State Farm, the largest insurer in Louisiana, has made two offers to settle 135 Cameron Parish cases involving homes reduced to rubble, says Jones, the parish's assistant district attorney. Jones rejected both offers, she says, because they'd provide too little money for homeowners. The second one was modeled after a proposed class-action settlement offer made recently to Mississippi coastal homeowners. Jones expects to meet with State Farm again in early March.

State Farm confirms it's negotiating with Jones and says it's "optimistic" about a settlement. Terry Lisotta, CEO of Louisiana Citizens, declined to comment on any settlement talks, saying, "We don't discuss open litigation."

"Right now, (insurers are) concentrating on Cameron Parish because there are a manageable number of claims," Jones says. "If I get a settlement for my homeowners, insurers could settle on the same cases" in other hard-hit Louisiana parishes.

Jones says she's "satisfied" so far with preliminary terms offered by Louisiana Citizens to settle cases in Cameron Parish and expects the insurer — which has nearly 10% of the homeowners' market in the state — to finalize the offer as early as next week.

Jones says Louisiana Citizens asked her not to disclose financial details of the proposed settlement because of ongoing negotiations. But she believes that the settlement "is going to be more than" the last offer made by State Farm — which she estimates at $2 million to $3 million — for its own Cameron Parish policyholders.

Homeowners' attorneys, including Jones, say insurers seem more willing to settle slab cases since a January court ruling. In that case, a federal judge said State Farm couldn't deny a Mississippi couple's claim if it couldn't prove whether wind or water caused damage.

Homeowner policies cover wind; only federal policies cover flooding. State Farm and other insurers sometimes deny payout if both wind and water hit a home.

Some attorneys fear that even if insurers settle cases of wiped-out homes in one Louisiana parish, other homeowners won't necessarily get the same relief.

"The most remarkable thing about the insurance experience for homeowners is the inconsistency (by insurers) in deciding who to pay and how much," says Anthony Fernandez, a lawyer for Louisiana homeowners in coastal St. Bernard's Parish.

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Katrina 'Voluntourists' Make Labor A Vacation (USAT)

By Larry Copeland, Usa Today

USA Today, February 19, 2007

Across the USA, people feel a pull to help Gulf Coast

BILOXI, Miss. — Scott Shattuck, a pharmacy manager from Vancouver, Wash., is in Mississippi on vacation. But by day, he's more likely to be found "mucking out" a house damaged by Hurricane Katrina or painting a children's clinic than hitting the casinos or walking the beach.

"This is not a vacation in the sense of doing all the touristy stuff," says Shattuck, 33, here with a group of 30 volunteers from Kaiser Permanente. "You're here to do work for the community, and when you're done, you can have your free time."

Shattuck and his group, who also helped out in the New Orleans area, are among the massive wave of volunteers — half a million, by one estimate — who have come here from across the nation in the nearly 18 months since Katrina struck.

In storm-ravaged Mississippi, their impact has been immeasurable. From Pascagoula in the east to Bay St. Louis in the west, these volunteers have been the one positive constant for residents who have battled through lengthy power outages, mosquito infestations, stuffy FEMA trailers, recalcitrant insurers and an often molasses-slow government bureaucracy.

"They built our community back," D'Iberville Mayor Rusty Quave says. "Without those volunteer groups, we would be just starting. Our houses would be like some of the parishes in Louisiana where there are 10,000 houses that have not been mucked out."

That might seem strong praise in a state where the Federal Emergency Management Agency had spent $857 million through Feb. 5 — just over $50.4 million a month since Katrina — and where the Small Business Administration had issued $2.06 billion in low-interest loans for people to rebuild their homes. But about 80,000 people still live in FEMA trailers.

Almost to a person, Mississippians agree that the volunteers, many of them from religious organizations, have been the spur for their recovery. "We wouldn't even have a coast if it wasn't for them," Pass Christian Mayor Chipper McDermott says.

With their purchases of food and T-shirts, sneakers and blue jeans at restaurants and stores throughout the Gulf Coast region, the volunteers helped keep the local economy afloat in the weeks and months after the storm. They helped revive the region's vital tourism industry by blowing off steam at night in the bars, casinos and restaurants.

Volunteers have been so critical to the Magnolia State's ongoing recovery that a term has been coined to capture their duality. "Voluntourists," they're calling them here.

"They've had a tremendous impact," says Stephen Richer, executive director of the Mississippi Gulf Coast Convention and Visitors Bureau, who estimates that 500,000 volunteers have come here since Katrina flattened the coast on Aug. 29, 2005. "When I look at the people all of us have been dealing with on a day-to-day basis, they are the one group that has brought nothing but hope."

Shattuck, who also manages a pediatric department in Vancouver, is clearly a newcomer to Mississippi: He rhymes the middle syllable of Biloxi with "box" instead of with "lux" as the locals do.

He was drawn to the Gulf Coast by the need he sensed here.

"It seemed like after the immediate coverage, it kind of faded away," he says. "Seeing Spike Lee's documentary (on New Orleans), When the Levees Broke, and media images here and there … made my heart hurt for the people here. There was a tremendous urgency to come down here to do a job for the people that need help."

Shattuck says his wife, Melissa, was fully supportive when he told her he was taking a week of vacation to come here. She would have come, too, but stayed behind to care for their 3-year-old son and 8-month-old daughter.

His vacation is far from posh. He lives with about 100 other volunteers in a big room at Beauvoir Methodist Church, Mississippi headquarters for Hands On Gulf Coast, an Atlanta-based volunteer organization that also has a New Orleans branch.

Short-term volunteers such as Shattuck sleep on cramped bunk beds in a barracks-like setting or in big Army tents out back. They shower outdoors. Hands On serves them breakfast, usually oatmeal, pancakes, eggs, fruit salad and cereal. Dinner might be jambalaya, fajitas or spaghetti: "Something with a lot of carbs, real easy to make and can feed a lot of people," says Chris deVeer, director of Hands On Gulf Coast.

He says it's not unusual "for people to come for a week or two and still be here three or four months later. It's a life-changing experience. We connect people with people who need help, but it changes both sets of lives."

Along with religious organizations, college students have been the backbone of the state's volunteer effort, and officials on the coast expect thousands of them during the upcoming spring break.

"We have a surge already booked up," says Betty Robinson, spokeswoman for the city of Waveland. "In March, April and the first of May, and again in the summer, we'll see a lot of college students."

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The Beau Rivage Resort and Casino here, which recently completed a $550 million, post-Katrina renovation, is a world removed from the storm-blighted reality outside.

To anyone strolling among the resort's 11 restaurants, extensive shopping and bustling casino floor, the storm's devastation seems far away. It's easy to see why a volunteer might want to escape here for a few hours after a long day of cleaning muck out of a house.

"We absolutely have people staying with us that are here helping," says Mary Cracchiolo, a spokeswoman for the resort. "People are coming to help, and taking time to enjoy the area attractions."

It's probably impossible to measure the economic impact of "voluntourism" on Mississippi, says Richer, who tracks such things.

"What they spend is small," he says. "As to what they bring, what's the value of hope? What's the value of this house they left behind? The dollar value is probably a small part of what they brought. The overall impact is in the multiple millions. Say their labor is worth $10 an hour, and assuming they all work at least 40 hours a week, you're talking multiple millions of dollars."

Much of the evidence is anecdotal, says Beth Carriere, executive director of Mississippi's West Coast-Hancock County Tourism Development Bureau. "In the beginning, the volunteers were the only customers here for whatever business was open," she says. "Whatever was open, they utilized it. Lord, I don't know what we would have done without them. Now that the hotels are open, they're flying in, staying in hotels and doing volunteer work."

Bruce Frallic, executive director of Gulfport-Biloxi International Airport, says voluntourists make up 15%-20% of the airport's passenger traffic. "The voluntourism really took off sometime around November 2005 and was just intense for the following year," Frallic says. "They were probably 30% of our passenger traffic" then.

Pam Meinzinger, general manager of Prime Outlets at Gulfport, a 65-store mall, says the voluntourists helped the stores there remain open during the leanest period and are still important customers.

"They're just kind of becoming a part of the community," she says. "They're a big part of our customer base. The northern volunteers usually need some summer clothes. They really do shop us quite a bit, at night. … They buy a lot of blue jeans and tennis shoes."

Now Mississippi is saying thanks. In January, during a brief appearance on NBC's Today show, Richer expressed the state's appreciation to the volunteers — and urged them to keep coming.

The city of D'Iberville will build a 26-acre park, tentatively called Good Samaritan Park. It will feature the flags of all 50 states, the state highway patrol, the National Guard and others. "We're planning it right now," Mayor Quave says.

Bruce Beckham is executive director of Tourism Cares for America, a non-profit group that brought 330 tourism industry volunteers to Mississippi last year. He says that since the Sept. 11 terrorist attacks, many Americans have felt compelled to "go beyond their vacation" by volunteering.

"They're not doing it out of guilt," he says. "They feel that's what their responsibility as a human being is."

John Edmiston, Kaiser Permanente's national community relations manager, says the company had nearly 300 applicants for the 30 slots on the week-long Gulf Coast trip, all of them willing to give up a week's vacation.

Sometimes volunteers come for a week and find themselves pulled back. "They come here and build something," Frallic says. "They've contributed their blood, sweat and tears to this community, and as a result, they want to come back and see how things are going."

Maureen Gatto, 53, a lawyer from Bucks County, Pa., near Philadelphia, came to Hancock County for a week in April 2006 with about 25 other lawyers and friends.

"It was a typical group," she says. "We were gutting houses, helping out. When I got back home, I felt a very strong pull back to Mississippi, and I couldn't shake it. I gave it a month, thinking that do-gooder feeling would wash off. When it didn't, I said, 'Whatever it takes, I'm going to go down.' "

Gatto returned to Bay St. Louis last August for a two-year stay. She is now the Mississippi coordinator of the Bucks-Mont Katrina Project, which has built a day care center in Bay St. Louis and breaks ground next month on an animal shelter. "I don't think I'll be here permanently," she says. "My whole family is in the northeastern United States."

Sometimes, volunteers come back. Sometimes, they fall in love.

Randy May, 58, says he drove from Austin to Pass Christian within a few days of Katrina. He's been there ever since, working as a coordinator of volunteers for a Baptist group from Indiana and Kentucky.

"I had a good life in Texas," he says. "I'm a horse-shoer and golf instructor. But I had to come here."

Two weeks after he got to Mississippi, May met Deborah Yawn, 56, of Jackson. She had been volunteering in Long Beach.

"She came to the Pass looking for (volunteer) work," May says, "and two weeks later, I married her."

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WAR NEWS:

Iraqi Militants Launch Attack On U.S. Outpost (NYT)

By Marc Santora

The New York Times, February 20, 2007

BAGHDAD, Feb. 19 — In a rare coordinated assault on an American combat outpost north of Baghdad, suicide bombers drove one or more cars laden with explosives into the compound on Monday, while other insurgents opened fire in the ensuing chaos, according to witnesses and the American military. Two American soldiers were killed and at least 17 were wounded.

The brazen attack, which was followed by gun battles and an evacuation of the wounded by American helicopters, was almost surely the work of Sunni militants, most likely Al Qaeda in Mesopotamia, according to American and Iraqi officials.

It appeared to be part of a renewed drive by insurgents in recent weeks as more American and Iraqi troops flood the streets of Baghdad and thousands of marines head to western Anbar Province to try to stem the violence. Hundreds of Iraqis have died in a recent wave of car bombings in Baghdad and elsewhere.

Insurgents have been able to shoot down more helicopters through coordinated assaults, captured documents suggest, and American and Iraqi military officials say they are concerned that militants are moving to areas where the American troop presence remains thin.

As the Iraqi government and the American military struggled to build public trust in the security forces, a Sunni woman publicly charged that she had been raped by members of the largely Shiite National Police, causing a furor.

The assault on the American outpost, situated in the heart of a town called Tarmiya, was unusual because militants had largely avoided direct assaults on heavily fortified American positions. A similar attack occurred last summer, when a suicide driver plowed a truck full of explosives into a military outpost near the town of Baghdadi, in Anbar Province, but that did not seem as coordinated as Monday's assault.

Shortly before dawn, suicide bombers drove at least one and possibly as many as three cars laden with explosives into the outer perimeter of the outpost. Witnesses said there were two explosions then a brief pause before another bomber drove his vehicle into the building, a former police station.

Sometime during the assault a gas storage container exploded, sending black smoke billowing into the sky as militants laid siege to the outpost, firing on the Americans from multiple directions, according to an Iraqi official and local residents. As the gun battle raged, at least four American helicopters swept overhead to evacuate the wounded soldiers. There were no reports of how many militants were killed.

The witnesses were reached by telephone and related their accounts only on the condition of anonymity, saying they feared for their lives. The accounts of the witnesses, some of whom live next door to the outpost, could not be independently verified. In a statement, the American military confirmed only the casualty figures and said at least one car bomb was involved in the attack.

Militants usually attack American bases by firing mortars from a distance, using snipers to wait for targets of opportunity, or planting explosive devices on roads frequented by Americans. Iraqi police and army stations, on the other hand, have come under frequent assault by suicide bombers.

There is evidence that Shiite militia leaders are lying low and heading to strongholds in the south during the security crackdown, but attacks by Sunni militants seem to be intensifying. In addition to the assault in Tarmiya, militants on Monday struck at Iraqi security forces and government officials near Kirkuk, Ramadi and Tikrit, and attacked civilians near Falluja.

A family of 13 was killed on the road leading to Falluja, about 12 miles northwest of Baghdad, because its members were from a tribe known to oppose Al Qaeda in Mesopotamia, witnesses said.

The family, including an elderly woman and two small boys, was dragged out of a minibus, lined up and shot. The bodies remained on the highway for hours because people were afraid they would be ambushed if they collected the dead, witnesses said.

The family was part of the Albu Farag tribe, which has made an alliance with the Anbar Salvation Council. The council has been trying to undermine the militants, and its leader, Abdul Satar Abu Risha, was himself the target of an assassination attempt on Monday when a suicide bomber drove into his home in Ramadi. He survived, but five of his guards were killed.

The attack on the Tarmiya outpost came as American troops moved into similar stations throughout Baghdad for the first time since the early months after the 2003 invasion. Monday's attack underscored the inherent risks in the new strategy.

The Americans entered Tarmiya after the local police force collapsed in December, following a campaign of intimidation by Al Qaeda in Mesopotamia, according to the military and residents.

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Until the police force collapsed, the Americans had been only an occasional presence in the town of 25,000, sending soldiers to conduct patrols with the Iraqis from a nearby base. Over the past two years, residents said, Sunni militants have been a constant presence. In addition to attacking the security forces, they have pushed nearly all the Shiites out of the once-mixed community.

The outpost, established in the abandoned police headquarters in the center of the town, was fortified by large blast walls. Americans typically keep one company of about 100 soldiers at such outposts.

By nightfall, American forces had sealed off all entrances to the town and imposed a curfew, leaving residents worried that they would be cut off from basic supplies.

In the west of the country, three marines and an Army soldier were killed over the weekend, the United States military said Monday.

Even as Iraqis and Americans stepped up security efforts in Baghdad on Monday, a day after bombs killed 61 people in a downtown market, there were at least three bombings and one mortar attack that killed 11 people, Iraqi officials said.

There was also an increase in the number of bodies found around the city after a brief lull, officials said. At least 20 bodies showing signs of torture were found on the streets of the capital on Monday.

The American military released statements asserting a number of successes in combating both Sunni militants and Shiite militia groups.

An Iraqi unit, aided by American advisers, caught militants in the act of constructing devices known as explosively formed projectiles in a house in Hilla, south of Baghdad, on Saturday, according to the American military. The explosive devices have proved especially lethal to American troops in recent months, and both military commanders and the White House have pointed to Iran as the source of a component essential in making the devices.

The renewed security campaign will rely on winning the trust of the population, and that effort may have been dealt a blow on Monday night, when a woman said on Al Jazeera, the Arabic-language satellite channel, that she had been kidnapped and raped by members of the Iraqi National Police.

The woman, a Sunni, said three members of the National Police stormed into her home in the Amil neighborhood of Baghdad on Sunday while her husband was away, accused her of cooking for militants and took her to a police garrison where the assault occurred.

Although the woman did not say her attackers were Shiites, the National Police is believed to be dominated by Shiites, including elements of the militias that have infiltrated its ranks.

Sunni politicians rushed to condemn the Shiite-led government of Prime Minister Nuri Kamal al-Maliki and the security crackdown, while some Shiite officials questioned the woman's account.

The woman said she was treated by Americans, but a spokesman for the American military said he had no knowledge of the case. An Iraqi nurse who said she had treated the woman supported her account.

Rape victims rarely come forward in Muslim countries, making the public airing of the account highly unusual.

Aware of the highly charged nature of the woman's claims, Mr. Maliki's office quickly released a statement last night calling for a full investigation and "the severest punishment" for anyone involved.

Brazen Pre-Dawn Attack On U.S. Outpost In Iraq Kills 3, Injures 17 (WP)

By Ernesto Londono And Thomas E. Ricks

The Washington Post, February 20, 2007

BAGHDAD, Feb. 19 -- A U.S. military facility north of Baghdad was targeted Monday by suicide bombers and other armed men who killed three American soldiers and wounded 17 in an unusually brazen attack.

The facility, a former Iraqi police station in the town of Tarmiyah, came under attack shortly before dawn, according to a witness and the spokesman for the local joint coordination center, Capt. Muhammad Awad.

Two suicide car bombers tore through the main gate and detonated their explosives, destroying part of the building, which the U.S. military took over after Iraqi policemen abandoned it last summer because they were threatened by Sunni extremists who control that area.

A gun battle between U.S. troops and armed men raged for about 20 minutes after the initial explosions, as helicopters from the large U.S. military base nearby in Taji rushed to the scene.

Minutes after wounded soldiers were airlifted from the facility, an improvised explosive device blew up about 500 yards away, apparently targeting a U.S. convoy that included a fuel tanker.

U.S. military facilities in Iraq are frequently targeted from a distance with rockets, mortar rounds and sniper fire. But the coordinated frontal attack -- which occurred as hundreds of American soldiers are being deployed to small, similarly vulnerable inner-city posts -- appeared to be a shift toward more aggressive tactics.

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The U.S. military released a brief statement, disclosing only the number of casualties. The statement noted one suicide car bombing. Three U.S. military spokesmen said Monday they had no additional information.

"This was not a spontaneous attack," said Maj. Steven Lamb, a military spokesman. "The matter is under investigation. It would be premature to release anything else."

He said he could not confirm the account provided by Iraqis.

Tarmiyah, with about 150,000 residents, lies on one of the crucial routes to Baghdad, and U.S. forces and Sunni insurgents affiliated with the group al-Qaeda in Iraq have fought vigorously for control of the area. Insurgents had strengthened their grip on the town in recent months after the U.S. military moved a significant number of troops from the area to Baghdad. An Iraqi police unit trained in Jordan deserted last year after being threatened by insurgents.

"This is what happens when you clear and begin to hold, but leave before you finish the hold-and-build process," a U.S. Army officer stationed nearby said Monday night, speaking on condition of anonymity. "We created a vacuum, and al-Qaeda filled it. We lost the people's trust."

The attack came less than a week after U.S. and Iraqi forces launched an ambitious security plan that has made the capital the war's focal point, raising the risk for troops stationed in outlying areas.

Sunni extremists have dramatically altered the fabric of the region in recent months, said a 35-year-old shop owner who lives across the street from the military outpost in Tarmiyah.

"You can no longer find someone selling cigarettes, and you won't find men selling women's underwear," he said, offering an example of strict Islamic codes enforced in the area. Women now cover everything but their eyes and "barbers can't offer modern haircuts," added the man, who confirmed the version of the attack provided by Iraqi officials.

Sunni insurgent attacks on U.S. forces have become increasingly sophisticated and effective in recent months.

"It is hard to judge what is happening in Tarmiyah," said retired Army Maj. Gen. John Batiste, who led a division north of the city in 2004 and 2005. "But for sure we should never underestimate our enemy."

The U.S. military on Monday reported the deaths of seven other service members killed in recent days, including three soldiers who died Monday when a roadside bomb exploded while they were on patrol southwest of Baghdad. Also, three Marines and a soldier were killed in the western province of Anbar in fighting since Saturday, the military said.

On Monday, a Baghdad woman said she was sexually assaulted by an Iraqi Interior Ministry official after she was detained over the weekend.

Iraqi officials initially condemned the reported rape and vowed to hold the perpetrator responsible. Prime Minister Nouri al-Maliki's office, which issued a statement naming the woman, also promised to investigate. It is unclear why Maliki's office named her. The Washington Post does not identify reported victims of sexual crimes.

The woman is a Sunni, and the ministry is controlled by Shiites. Reports of rape are unusual in Iraq. The woman offered an emotional, detailed account in television interviews.

Hours after announcing the investigation, Maliki's office released another statement saying the woman's claims were determined to be unfounded. A spokesman said the report had been fabricated by Arab news stations to undermine the Baghdad security plan.

Insurgents Strike U.S. Outpost In Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, February 20, 2007

BAGHDAD — Insurgents launched a fiery raid on a U.S. military outpost north of the Iraqi capital Monday, killing two U.S. troops and injuring 17 in a possible foreshadowing of attacks to come as a neighborhood-based Baghdad security plan takes shape.

Police and witnesses said insurgents thought to be Sunni Arabs used at least one suicide car bomber, mortar shells, rockets and small-arms fire in the attack in the agricultural town of Tarmiya.

Fighting sparked by the rare assault on a U.S. base lasted for hours and ended after U.S. fighter jets and ground reinforcements arrived.

Other attacks around Baghdad and western Iraq killed dozens of Iraqis, most of them Shiite Muslims. The U.S. military also reported the deaths of four more troops since Saturday.

The latest violence coincided with the U.S.-Iraqi security crackdown to bring order to the Baghdad area, in part by establishing small neighborhood bases like the one struck Monday.

The raid, as well as continued assaults on Shiite Muslim civilians, suggests insurgents may be attempting to undermine the security plan by attacking far-flung and lightly fortified outposts.

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Although the Tarmiya base is not part of the Baghdad security plan, relatively isolated outposts like it are an integral part of the strategy devised by Army Gen. David H. Petraeus, commander of U.S.-led forces in Iraq.

The plan calls for troops to move into community bases to connect with residents and keep an eye on members of the Iraqi security forces, many of whom are seen as instruments of the country's sectarian war.

Tarmiya, a small Sunni agricultural town of 40,000 people along the west bank of the Tigris River about 25 miles north of Baghdad, has long been an insurgent stronghold. The U.S. base is a former Iraqi police station in the center of town. Iraqi police officials said Tarmiya's police were threatened, kidnapped and killed about two months ago.

Authorities said at least one suicide car bomber either rammed into or drove up beside two trucks carrying fuel into the base about 7:30 a.m., igniting an explosion that sent flames dozens of feet into the air.

"Our windows and doors were broken by the blast," said Mohammed Hiali, 22, who lives near the base. "We went out and we saw fire and thick smoke…. There were repeated explosions."

Insurgents then opened fire with rockets mounted on a truck and from a nearby building, Iraqi police officials said. Mortar shells and small-arms fire added to the confusion as U.S. fighter jets, helicopters and ground forces responded in a battle that raged until noon, witnesses said.

U.S. helicopters landed at least five times to evacuate casualties, Iraqi police officials and witnesses said. At least five Iraqi civilians were injured in the crossfire, including a child who suffered a shrapnel wound to the stomach and was taken to a nearby clinic, said Saadi Mashadani, a grocery store owner in the area.

A group calling itself the Iraqi Islamic State, which has declared a Sunni government in several western and central provinces, claimed responsibility for the attack.

"A brave knight from the Martyrs Regiment and a member of the Iraqi Islamic State set off this morning to infiltrate his booby-trapped car inside Tarmiya police station, which was made into a military position by the crusaders," an Internet posting said.

The U.S. tactic of placing troops in small neighborhood bases in effect reverses the trend since 2004, when American forces redeployed into impenetrable bases on the outskirts of Iraqi cities, lowering their profile on Baghdad streets. The aim was to put Iraqi security forces in charge of the country.

Since that time, Sunni insurgents have become more effective. They are able to conduct sophisticated and well-armed attacks on high-profile targets.

The assault on the Tarmiya base comes at a time when Sunni insurgents have also stepped up their attacks on Shiites in marketplaces and in law enforcement. The tactics may be an attempt to goad Shiite militias back into the fight. At least for now, Shiite militias appear to have lowered their profile to avoid clashes with U.S. troops.

"We are giving orders to state soldiers in Baghdad state to confront the Safawid [Shiite] gangs and protect the Sunnis and their mosques," said a statement posted on the Internet on Feb. 15 that heralded the insurgents' campaign, which it dubbed Operation Dignity.

"We will escalate operations against the crusader occupation army and his tails in all states in order to deteriorate enemy morale," the statement said.

Insurgents launched attacks on Shiite civilians and Iraqi security forces throughout the day in Baghdad, with explosions occurring across the capital. U.S. fighter jets scoured the skies as ground forces continued aggressive raids and patrols that have tripped up Shiite militias and reduced the number of sectarian executions.

A bomb struck a crowded outdoor market in a poor, mostly Shiite district on the capital's southeast fringe, killing five people and injuring 28. A roadside bomb killed three police officers and injured two on patrol in the Zafaraniya neighborhood.

A suicide bomber wearing an explosives-packed belt killed five people and injured 11 on a packed minibus in the mostly Shiite Karada neighborhood in Baghdad. Two roadside bombs that exploded near a downtown marketplace killed two people and injured 40.

As twilight fell, mortar rounds struck an often-targeted Shiite neighborhood south of the capital, killing at least one person and injuring at least a dozen, including women and children.

Two car bombs in western Al Anbar province targeted a Sunni tribal leader, Sheik Abdul-Sattar abu Risha, who opposed Sunni insurgent groups linked to Al Qaeda. Abu Risha escaped unharmed, but 13 people were killed and seven were wounded.

A car bomb in Mahmoudiya, 30 miles south of Baghdad, killed one person and injured four. A car bomb parked near the home of an Iraqi army commander in mostly Sunni Duluiya, about 55 miles north of the capital, killed five people and injured five.

Gunmen in Hawija, a Sunni town near the northern city of Kirkuk, killed two Iraqi soldiers.

Shiite militias, despite their lower level of activity, were also apparent. At least 20 bodies of Iraqi men were found in west Baghdad, which contains a number of heavily Sunni neighborhoods, police said.

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British forces in Basra said they killed a gunman who opened fire on troops at a checkpoint in a suspected stronghold of radical Shiite cleric Muqtada Sadr's Al Mahdi militia.

Iraqis were riveted Monday night by a televised interview with a young woman who said she was raped by Iraqi troops. The teary-eyed woman, a Sunni Arab whose face was mostly covered, said Iraqi security forces searching her west Baghdad neighborhood as part of the security crackdown raped her Monday.

Iraqi officials said they were investigating the woman's allegation.

U.S. officials reported four additional combat deaths Monday. A Marine was killed Saturday, a soldier and a Marine were slain Sunday, and a Marine was killed Monday. All of the deaths were in Al Anbar, a stronghold of the Sunni insurgency.

At least 3,144 U.S. troops have been killed in the Iraq theater, according to icasualties.org.

Iraq Insurgents Attack U.S. Base (CHIT)

By James Janega

Chicago Tribune, February 20, 2007

BAGHDAD -- Insurgents staged a brazen daylight attack Monday on a U.S. compound north of Baghdad as a wave of violence in the capital undermined the 6-day-old security campaign conducted by Iraqi and U.S. forces.

In a sign of the sectarian tensions threatening the country, a Sunni woman appeared on television to say she had been raped by Iraqi national police, most of whom are Shiite. The charge was rejected by Prime Minister Nouri al-Maliki, a Shiite, who called it "made-up noise."

Two U.S. soldiers were killed in the raid on the compound in Tarmiyah, about 30 miles north of Baghdad. Three other soldiers died in an attack on their patrol southwest of Baghdad on Monday. The U.S. military also announced the deaths of three Marines and a soldier in combat over the past three days in Anbar province, bringing the U.S. death toll to nine since Saturday.

The assault in Tarmiyah began with a suicide car bomber who ignited a fuel tank inside the walls of the U.S. compound. Insurgent gunmen then fired into the chaos that ensued.

Helicopters were dispatched from the nearby U.S. base at Taji to evacuate the wounded. The fighting lasted for hours and ended only after U.S. jets and ground reinforcements arrived at the besieged compound.

Besides the two U.S. soldiers killed, 17 were wounded, the military said. A group aligned with Al Qaeda in Iraq claimed responsibility for the attack.

There was violence in Baghdad as well, despite the new security effort concentrated there.

At least 11 people were reported killed in a mortar attack on a Shiite enclave and five died when a suicide attacker with an explosive belt boarded a bus bound for the mostly Shiite district of Karradah in central Baghdad, The Associated Press reported. About 9 miles northwest of Baghdad, gunmen stopped a minivan and killed all 13 people aboard.

Nearly 100 people have died in attacks in the Baghdad area in the last two days, mostly in areas that are predominantly Shiite. The worst violence occurred Sunday when two car bombs exploded in the Shiite neighborhood of the Baghdad al-Jadid, killing 62 people and injuring more than 130. That attack followed a lull in violence in the first four days of the security crackdown, known officially as "Impose the Law."

Sunnis have criticized the new security plan, saying they are being unfairly targeted. The Sunni woman's allegation that she was assaulted by three members of the national police fed Sunni apprehensions about "Impose the Law."

"This is one of the signs that this plan will fail like others before," said Sunni parliament member Mohammed al-Dyni, a critic of al-Maliki.

The rape allegations first appeared Monday in the Baghdad newspaper Azzaman and were repeated later on Al-Jazeera television. The veiled woman, wearing what appeared to be a hospital bracelet, described the ordeal in detail as she wept on camera.

The report prompted a swift denial by Prime Minister al-Maliki, who said the woman in question had been sought for arrest by Iraqi security forces, and that medical tests showed she had not been assaulted.

In a statement early Tuesday, al-Maliki declared: "The aim of this made-up noise—which is done by known political partisans—is to distort the 'Impose the Law' security plan and to tarnish our armed forces that are hunting down the terrorist organizations."

He added that the accused officers will be rewarded for enduring false accusations.

But the allegation and other Sunni grievances may pose a significant challenge to the security push.

"We hope the security plan will target those who violate the law," said parliament member Omer al-Jebouri, of the Iraqi Front for National Dialogue. "The previous plans did not succeed, and this plan, I don't think it will make more progress than the others, unless we stop the sectarian talk."

"Otherwise," he warned, "there will be huge problems in the country."

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In other violence Monday:

A suicide car bomber attacked a police checkpoint in the Sunni city of Ramadi in Anbar province, killing two Iraqi police officers, the U.S. military said. Shortly after, a second suicide car bomber struck a house near the checkpoint, wounding eight women and five children.

Five people, including a 6-year-old boy, were killed by a roadside bomb in the northern city of Tal Afar, local official Najim Abdullah said.

Tribune foreign correspondent Liz Sly and Nadeem Majeed in Baghdad contributed to this report, along with Tribune news services.

Car Bombs Kill At Least 11 In Baghdad (AP)

AP, February 20, 2007

Car bombs killed at least 11 people in Baghdad on Tuesday as militants show increasing defiance to a major security operation in the capital.

A car rigged with explosives tore through a street in the Sadiyah district in southwestern Baghdad. At least six people were killed and 14 injured, police said.

The neighborhood is mixed between the majority Shiites and Sunnis, whose militant factions are blamed for many of the recent bombings and attacks.

Later, a suicide attacker drove a bomb-laden car into a vegetable market in the Shiite enclave of Dora in southern Baghdad. At least five people were killed and seven injured, police said.

The same market was targeted last month by three car bombs that killed 10 people.

More than 100 people have been killed in the Baghdad area since Sunday, when twin blasts in a market claimed 62 lives. U.S. and Iraqi forces last week launched a massive effort of house-to-house searches and checkpoints around Baghdad to try to cripple extremist factions.

Outside Baghdad, more than 100 people were hospitalized complaining of breathing problems after a truck carrying fuel tanks exploded north of Baghdad, police and medical officials said.

At least one person died in the blast near Taji, about 12 miles northwest of Baghdad, said Mohammad Abbas, an emergency room overseer at Kazmiyah Hospital.

People treated at Kazmiyah and other hospitals said they had trouble breathing and were vomiting, but the cause was not immediately known, he said. Among those hospitalized were dozens of children.

Chemical experts collected samples from the tanker and conducted air tests.

Military Says Attacks In Baghdad Have Dropped (USAT)

By Oren Dorell And Rick Jervis

USA Today, February 20, 2007

BAGHDAD — The number of extremist attacks in Baghdad has declined over the past two weeks since a new security plan took hold, although the relative lull may be short-lived, the U.S. military said Monday.

Bombings on Monday that killed more than 40 Iraqis demonstrated that extremists were still staging attacks aimed at grabbing headlines, but the overall number of attacks on U.S. and Iraqi troops has fallen, said Lt. Col. Christopher Garver, a spokesman for the U.S. military.

Reinforcements began arriving last month as part of President Bush's plan to expand the U.S. force by 21,500. They have joined with Iraqi forces to provide a 24-hour presence in some violent neighborhoods where troops previously had patrolled only by daylight. New roadblocks and house-to-house sweeps have targeted sectarian militias.

Garver said there had been fewer attacks in the past few days. He declined to provide statistics.

"We also look for the enemy to look for opportunities to attack back," Garver said. "They still want to launch spectacular attacks to embarrass the government."

Gen. David Petraeus, the new commander of U.S. forces in Iraq, warned last month that it could be late summer before it becomes clear whether the new security plan is working.

Garver said there has been a decline in reported sectarian kidnappings and apparent murder victims in the Baghdad morgue. The average number of bodies brought to the morgue a day has dropped in the past week to 10 from 50 to 60 a month ago, the Associated Press reported.

Mohamed Al Daiyni, a member of Al Tawafek, the largest Sunni coalition in the parliament, said violence was down because "all the fighting groups are hiding."

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"If there is any lull in violence, it will be temporary," Al Daiyni said. "I am not optimistic at all, and I know the chaos will be back."

Garver said the motives might prove irrelevant.

"Them putting off their attacks has the potential to work in our favor," Garver said. "The longer we have to get the police and army into the neighborhoods and accomplishing the mission, the better chance we have to get the security to take hold."

Hundreds of militia members and leaders have been detained in security operations over the past three weeks, said Maj. Steven Lamb, a military spokesman.

Lamb said the area around Haifa Street in central Baghdad, where U.S. forces engaged in violent street battles a month ago, is now mostly in the hands of Iraqi forces.

"It's taking small bites of the city," Lamb said.

The relative lull follows a violent 2006 in Iraq. The number of insurgent attacks increased by 20% last year to 40,801 attacks, according to U.S. military data obtained by USA TODAY.

Also Monday:

·Insurgents staged a daylight assault against a U.S. combat post north of the capital Monday — first striking with a suicide car bombing, then firing on soldiers pinned down in a former Iraqi police station. At least two U.S. soldiers were killed and 17 wounded, the military said.

·On a highway just northwest of Baghdad, gunmen stopped a minivan and killed all 13 occupants, accusing them of opposing al-Qaeda in Iraq, police and witnesses told the Associated Press.

Mixed Welcome For Baghdad Surge (CSM)

By Scott Peterson

The Christian Science Monitor, February 20, 2007

BAGHDAD

Iraqi and American forces are meeting mixed results – that often vary street by street and day by day – as they struggle to regain control of Baghdad.

Two days of relative calm in the capital prompted Prime Minister Nouri al-Maliki to declare a "dazzling success" in the security clampdown, as officials reported an 80 percent drop in violence.

Some neighborhoods are seeing tentative early progress in this city of 6 million, where a surge of Iraqi and American forces started last week. The effort is meant to replace rampant violence with security, crush militants, and enable tens of thousands of people displaced by sectarian fighting to return to their homes.

But the relative calm has been followed by car and suicide bombs that killed 60 on Sunday and at least 10 more Monday.

Throughout Baghdad, the security plan is being viewed through a sectarian lens, despite Mr. Maliki's promise to pummel equally Sunni insurgents and Shiite militias.

For example, buoyed by hope that he could return home after being forced out by Sunni insurgents, Moayad entered his street Saturday behind Iraqi commandos backed by Americans.

The carpenter and 50 other Shiite residents were pleased to see a dozen insurgents arrested, cuffed, and blindfolded.

But as they picked through their trashed houses in the religiously mixed Al Amel neighborhood, their sense of safety was short-lived. "When [the Iraqi commandos] finished, an American officer came and said to release [the insurgents]," says Moayad and other witnesses. "Even the Iraqi officers were very angry, and went back to their base."

While inexplicable, that decision drew angry reactions from Shiites there that wanted to return home – and highlights the colliding sectarian interests at play as US and Iraqi forces seek to impose order.

When those Sunnis who had occupied their houses were released in Al Amel – two of whom had attempted to kill him one month ago, he says – Moayad and other Shiite returnees had no choice but to depart again.

"I think the Americans want the security plan to fail," he asserts. "I was very hopeful [when it was announced]. But today, after the Americans released these insurgents, I will never respect US troops again."

A US military spokesman said he could not yet comment upon the specific incident by press time, but said it would be pursued: "This is serious allegation, and we're definitely going to be looking into it," said US Army Sgt. Matthew Roe.

Monday in Al Amel district, where Moayad once lived, Iraqi commandos driving through came under fire from Sunni insurgents. One Iraqi soldier was killed and three wounded in an attack in which residents joined with their rifles – later the Iraqi commander thanked them, witnesses said – to quell the insurgent shooting.

Maliki said the bombs "confirm the defeat of these perpetrators and their failure in confronting our armed forces, which are determined to cleanse the dens of terrorism."

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But the string of bombings show how difficult reining in Iraq's violence will be. One attack Monday left two US soldiers dead and at least 17 wounded when a bomb exploded in a sophisticated attack on an American-Iraqi base north of Baghdad.

Daily average of deaths drops

Still, many Iraqis say they have seen some positive steps in the days since the surge officially came into effect last Thursday. And not just because several hundred Iraqis are reported to have been able to return home, or that the daily average of 50 dead bodies on the streets has dropped to single digits in recent days.

"People are very, very happy," with the replacement of a commando unit that refused to go after Shiite militiamen by a regular Iraqi Army unit in the southeast district of Zafaraniyeh, says a resident who could not be named.

"When they came 10 days ago, there was chaos and killing. Since then, I have not heard of a single person being killed," says the resident. It is the new Iraqi commander who is making the difference.

"He came and took the Shiite and Sunni clerics to lunch and told them: 'I am not a sectarian man, and all should be under the law, Sunni and Shiite,' " says the resident, quoting the new commander. " 'If you help me, we will help you. If you don't cooperate with me, you will be breaking the law, and I will crush you.' "

That commander has "made many changes and tells people he will be responsible for supplying all families with cooking fuel," says the Zafaraniyeh resident. He has also marked each official checkpoint with a large number – so people can more easily spot fake checkpoints – and his Iraqi forces are searching every vehicle, including police convoys. On Friday, a joint US-Iraq checkpoint there snagged a "police" colonel who proved to be an imposter after calls were made to the Ministry of Interior to check his identity.

The insurgent stronghold of Dora, with its Sunni majority, has also been a key target of US and Iraqi efforts since the Baghdad security plan was first announced more than a month ago. In a 3:30 a.m. raid a month back, US troops arrived in two helicopters, surrounded a house, and took away two key insurgents.

"They had very sure information," says Dora resident who watched the raid take place. "When [the US] captured these guys, many people had a good feeling, because these two people caused big problems. They forced many [Shiite] families to leave. They were known insurgents."

In subsequent raids, US and Iraqi forces have tread carefully, looking for information about suspect trouble-makers as much as breaking in doors and searching suspicious cars for weaponry and bombs. This resident was handed a scrap of paper, printed in Arabic, which gives a mobile phone number and e-mail address to pass on tips to a US infantry unit, and reads: "Please call this number, to tell about any terrorist activities."

While carefully behaved US troops and their Iraqi translators may glean some information this way, other actions undermine their cause. In one case, the brother of this Dora resident was searched. The family was told to wait in the kitchen. US troops left, and then as the Iraqis were leaving, one asked the family to "check their money." Indeed, nearly $200 in Iraqi currency had disappeared. The Iraqi officer – in a line the family does not believe–blamed the Americans, and then left.

Sectarian view of the surge

So far the surge has yielded little head-to-head confrontation between US forces and Sunni insurgents and Shiite militias. US officers say they expect both sides to have hidden their weapons or drifted away for the time being, until the surge passes.

Shiite areas controlled by the Mahdi Army, loyal to anti-American cleric Moqtada al-Sadr, are meant to be a particular US target because of links with death squads that have been killing dozens of Sunnis a day. Maliki's government, which relies on Mr. Sadr's supporter to rule, is reported to have pushed for Sunni areas to be cleaned up first.

Sunni leaders have cried foul, with Vice President Tariq al-Hashemi telling Al Jazeera TV on Sunday that leaks of the plan to Shiite militia chiefs meant a "golden opportunity for Iraq has been squandered."

But the perspective from Shiite areas is exactly the opposite.

"[Shiites] believe that this security plan is against the Shiites of Iraq – it's an American plan, [President George] Bush's plan, to limit the Shiites of Iraq," says a resident of Sadr City, the sprawling Shiite slum and Mahdi Army stronghold of northeast Baghdad.

"The dirty Iraqi troops with the Americans, they detain many, many people," the resident says, referring to a special Iraqi unit based at the Baghdad Airport that works with US forces in some cases. "If they see a picture of Moqtada in your house, they will detain you."

The cleric himself, this resident says, has ordered his followers – who battled US forces twice in 2004 – not to take on the Americans. Mahdi Army fighters confirm those orders.

"We are following Moqtada's orders, and if he says don't fight [the Americans], we won't," says a Mahdi Army fighter who took part in those 2004 uprisings, and asked not to be named. "We know America wants to make a mass killing of Sadrists, so we should avoid this, by following Moqtada's orders."

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And the growing US presence is not universally rejected in Sadr City. "Sometimes they stop the bad people – it's a good service for us, and we should stop them. I feel safer," adds the resident. "Some people are happy with the [Iraqi] troops, and cook dinner for them."

But it may be some time before the Shiite residents of Al Amel, in south Baghdad, make peace with the US troops who they say enabled the release of the arrested Sunni insurgents on Saturday.

Al Amel resident Sadiq, who would not give his last name, fled over the New Year, after a gang of Sunnis – including three (former) friends – shot up his house one night, sending a message to multiple Shiite households to leave.

"We surrendered to reality," says Sadiq, who once ran a computer gaming center on the main street. "We are not fighters or armed. We just took our ID cards, and left our money and gold. We expected to go back."

But now that money and gold is stolen. Along with six computers he was keeping at home, after his business was forced to close. "Today, the important thing is to return back to my home," he says. "I have an unknown future."

So does Moayad, who would also only give his first name, who was attacked by two gunmen early one morning a month ago, as he went to clean his car. A video on his mobile phone shows the vehicle peppered with 15 rounds.

"When they came to assassinate me, they came without any masks, because they were sure they would kill me," says Moayad, who himself wore a mask during the Saturday operation, so he would not be recognized by insurgents.

He has received many phone calls, crudely threatening him and his family. And the same day that gunmen attacked him, he had another close call. Saying goodbye to other neighbors who had congratulated him on his good luck at surviving, he was standing in the doorway with his arm raised when a sniper shot through the cloth of his shirt at the armpit.

Three days later, out of money and ammunition, Moayad gave up his home.

"We are disappointed by the government and US soldiers," says Moayad. "In the future, if they don't help us, we will have to call on the militias and join them, even though that will not solve the problems."

Marines In Iraq's Al Anbar Cope With Daily Grind (LAT)

By Tony Perry

The Los Angeles Times, February 20, 2007

In farming communities along the Syrian border, U.S. Marines work with Iraqis to open health clinics and a job center and to improve trash collection and water delivery.

In Fallouja, Marines at a center for displaced people greet Sunni Muslims from Baghdad seeking sanctuary from Shiite Muslim death squads.

And along the sniper alley of a freeway that runs between Fallouja and Ramadi, Marines patrol less like warriors than traffic cops.

Rather than charge into battle, most Marines in Iraq's western desert are engaged in nation building on a piecemeal basis, the kind of venture President Bush once publicly disdained. Trained to win quick, decisive victories with firepower and bravery, Marines in Al Anbar province instead face a daily grind. Most never fire their weapons.

The Marine Corps has even changed the rules for its coveted Combat Action Ribbon, allowing troops to win the award even when no shots are fired.

A sign outside the chow hall at the base in this town near the Syrian border sums up the slow, incremental nature of the campaign: "Rebuilding Iraq one meal at a time."

Bush said during his State of the Union address that "this is not the fight we entered in Iraq, but it is the fight we are in." To the 20,000-plus troops in Al Anbar, soon to be reinforced under the administration's troop-increase plan, that wasn't news.

"I wasn't taught any of these things in infantry school," said Lt. Col. Scott Shuster, commander of the 3rd Battalion, 4th Regiment, with responsibility for Qaim.

Al Anbar, the vast province that sprawls from the Euphrates River valley west to the borders of Syria, Jordan and Saudi Arabia, remains deadly. About one-third of U.S. casualties since the invasion of Iraq in 2003 have occurred here, and the danger of roadside bombs in particular is ever present. At nearly every base, a list of Marines killed in action is posted on a wall.

"Inside the wire, [duty in Iraq] is better; outside the wire, it's not," said Lance Cpl. Stephen Herring, 20, of Pontiac, Mich., referring to the security of the base.

What has changed is not the violence, but the U.S. expectations. Just over two years ago, after the second battle of Fallouja, Lt. Gen. John F. Sattler, then commander of the 1st Marine Expeditionary Force, boasted that U.S. forces had "broken the back of the insurgency." Now the watchword is that all gains are small and that prevailing here could take years.

"I think we're making progress," said Capt. Glen Taylor, executive officer of Golf Company of the 2nd Battalion, 8th Regiment, with troops in a run-down hotel in the farm town of Saqlawiya. "I don't know it will ever be enough, but I think the progress is real."

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Fighting an insurgency is frustrating. "You cut off the head and the body doesn't necessarily die," Taylor said.

For one group of Marines, Al Anbar is a target-rich environment: The civil affairs groups, often reservists, describe their mission with the military acronym SWEAT, which refers to rebuilding the sewage, water, electricity, academic and trash-removal infrastructure ravaged by decades of neglect and three years of insurgent attacks.

"The challenges are the same as back home, just 100 times more difficult," said Staff Sgt. Christopher Garcia, a city planner in San Antonio.

Elsewhere in the province, Americans find themselves taking on duties they had not expected. In Ramadi, an Army lieutenant colonel trained as an artillery officer spends his days trying to make sure Iraqi police get paid, lest they desert and join the insurgents. In Haditha, Marines patrol on foot, greeting Iraqis at a market, trying to win hearts and minds one at a time.

In numerous communities, including Saqlawiya, Marines listen to the complaints of Iraqis about war-damaged homes and businesses, making payments in cases where the damage was caused by Marines. Every payment comes with a gentle lecture: It's time you choose between the insurgents and us.

There is an ad hoc quality to much of the Marines' strategy. "We're just trying to explore all avenues," Lt. Col. Blair Estep said.

There have been setbacks almost everywhere, sometimes caused by trusting the wrong people: Iraqi contractors who turn out to be insurgents; sheiks pretending to have more authority than they do; scam artists trying to get payments, such as a woman in Ramadi who showed the Marines her husband's death certificate, which was dated the following day.

Marine leaders plead for patience among their troops and the American public. A counterinsurgency operation such as the one in Al Anbar is slow, and gauging its progress is like trying to measure a child's growth on a daily basis, Maj. Gen. Richard Zilmer said.

Even when there are hopeful signs, they are contradicted by disappointing ones.

Lt. Col. James Donnellan, who commands a Marine battalion with responsibility for a triad of towns along the Euphrates, is buoyed by support from the local police chief and a friendly, if tentative, attitude from residents.

Still, the competency of the police is questionable. When a joint Marine-Iraqi convoy was attacked recently, police officers began firing in all directions. Donnellan said it was fortunate no civilians or friendly forces were hurt. "Luckily the police are no better shots than the terrorists," he said.

For the enlisted ranks, particularly those stationed in more austere settings, away from the comforts of mess halls and movie nights and Internet cafes, the "Groundhog Day" repetition of duty in Al Anbar can be wearing.

"Sometimes you get down, because it seems nothing is going right," said Lance Cpl. Korby Rhodes, 21, of Park City, Kan., stationed at the spartan Camp Gannon. "You just have to get over it. You can't linger, you just have to get over it."

Young men become Marines to fight, not to spend their days protecting convoys from roadside bombs or trying to mentor Iraqis on how to be police officers in their own country.

"I had more of an idea of OIF1 stuck in my head," said Lance Cpl. Robert Warren, 20, of Palmdale, using the military acronym for the 2003 U.S.-led assault on Baghdad.

Commanders watch for signs that Marines, out of frustration or exhaustion, are too rough with the civilians they encounter at checkpoints or on foot patrols.

"There is a tendency among the young Marines to think it's as kinetic [combative] as it was once," said Maj. John Polidoro, whose troops live in tents in the dusty Euphrates valley.

Troops who have seen buddies killed by roadside bombs or snipers have learned to mourn quickly and move on.

"It's not like it gets easier, it's like we're bottling it up, saving our grief," said Navy corpsman Adam O'Gara, 27, in his second deployment in Iraq.

Col. Sean MacFarland, commander of the 1st Brigade of the 1st Armored Division, an Army unit that controls Ramadi and answers to a Marine general, said the Al Anbar strategy could be summarized by a quotation from British philosopher Thomas Hobbes: "Be sociable with them that will be sociable, and be formidable with them that will not."

Reminded that Hobbes also said that life is "poor, nasty, brutish and short," MacFarland replied, "Yes, that sounds like Ramadi."

Conservatives Target GOP War Critics In Congress (POL)

By Patrick O'Connor And Josh Kraushaar

The Politico, February 20, 2007

House Republican leaders and conservative activists are targeting critics of President Bush's plan to send more combat forces into Iraq -- and some GOP lawmakers are on the hit list.

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Amid a mounting campaign in Congress to limit Bush's military options, conservatives led by talk show host Hugh Hewitt have created an advocacy group designed to counter the anti-war MoveOn.org. And its first round of targets will be the 17 GOP lawmakers who voted for last week's Democratic resolution in the House opposing the troop increases.

First in the sights of the new Victory Caucus is Rep. Ric Keller, R-Fla., whose district includes Orlando.

While Hewitt carries considerable sway among conservatives, the fledgling Victory Caucus starts out with little of the money and prominence of MoveOn.org, now nationally entrenched as a liberal interest group.

At the same time, House Republicans are hitting Democrats who represent districts Bush won in hopes of preventing a congressional majority that would restrict money for Afghanistan and Iraq. The GOP is flooding those districts with news releases and e-mails warning that Democrats are undermining U.S. troops.

Republicans claim the campaign already has paid off in South Dakota, where the Sioux Falls Argus Leader ran a column over the weekend highlighting how Democratic Rep. Stephanie Herseth is pinched between party leaders and conservative voters in the state.

"We will certainly expose any Democrat who promised to fund the troops in order to get elected who turns around and supports a slow-bleed strategy now that they're here and their leadership is calling the shots," said Jessica Boulanger, communications director for the National Republican Congressional Committee.

The GOP political strategy is to shift the focus away from an unpopular war and unpopular president to the Republican claim that Democrats would abandon the troops.

"They're trying to go on offense on their biggest liability, and it's not going to work because they're losing on the issue," said Jennifer Crider, communications director for the Democratic Congressional Campaign Committee.

Republicans are trying to force a House vote on a binding measure to prevent cutting or restricting money for the war.

Rep. Sam Johnson of Texas, a prisoner of war in Vietnam, is leading the effort, with the backing of Minority Whip Roy Blunt of Missouri and his chief deputy, Rep. Eric Cantor of Virginia. They are gathering signatures for a discharge petition to force a vote on the issue, but the effort is almost certain to fail because it would need to attract some Democratic support.

In the meantime, the Victory Caucus hopes to shame Republicans into sticking with their leaders on upcoming votes on defense spending. "This is a means of getting out a message," said Dean Barnett, a member of the Victory Caucus Board of Governors. "We're letting the political class know there's a huge chunk of people out there that want victory."

Keller is a prime target, organizers say, because of his House speech last week comparing the Iraq war with a neighbor's unkempt lawn. "Imagine that you have a next-door neighbor who refuses to mow his lawn, and the weeds are up to his waist," Keller said. "You mow his lawn for him every single week. The neighbor never says thank you, he hates you and sometimes he takes out a gun and shoots at you. Under these circumstances, would you keep mowing his lawn forever?"

Barnett responded on his blog: "In the virtual special ed class that is our Congress, Keller sits in the virtual corner wearing the virtual dunce cap."

Keller is in many ways a surprising target for conservatives. He won a competitive primary in 2000 by running to the right of his opponent -- on an anti-abortion, anti-tax platform that won support from the conservative Club for Growth.

"The Iraq issue transcends partisan politics," Barnett said. "Keller may be a rock-ribbed conservative but on the biggest issue of our day, he's got it wrong."

Hewitt is asking his listeners to identify any potential primary challengers to Keller who are supportive of the Iraq war and to commit funding to such a campaign. He also announced he would not be donating to the National Republican Congressional Committee because of its support for "White Flag Republicans."

Weekly Standard editor Bill Kristol sounded a similar note on "Fox News Sunday."

"There's something called primaries we have in America, and there will be primary challenges in the Republican Party against some of those congressmen," Kristol said. "And they deserve to be primaried, because they are acting, I think, in a shameful way."

Unlike their Senate counterparts, most of the 17 dissenting House Republicans will not likely face tough re-election campaigns.

Only Rep. Jim Walsh, R-N.Y., had a difficult re-election in 2006. And based on the demographics of their districts, Republican Reps. Mike Castle of Delaware, Jim Ramstad of Minnesota, Mark Kirk of Illinois and Keller could face serious challenges next year.

None of the perennially targeted GOP incumbents, such as Reps. Christopher Shays of Connecticut, Heather Wilson of New Mexico or Jim Gerlach of Pennsylvania, voted with the Democrats.

Liberal bloggers have already been involved in several high-profile primary battles with limited success. They helped Ned Lamont topple Sen. Joseph I. Lieberman in the Democratic primary, but he lost in the general election and Lieberman was elected as an independent.

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They also were unsuccessful when Democrat Ciro Rodriguez fell short in his primary challenge against Rep. Henry Cuellar, D-Texas. Later, Rodriguez came back to defeat Republican Rep. Henry Bonilla in a December special election.

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by polarbear on 02.20.2007 at 12:51 AM

On the budget side, Democrats and centrist Republicans should shift substantial funding for combat operations in Iraq over to the Veterans's Administration budget and the DOD budget for Walter Reed Army Medical Center. Long term care for Veterans is atrocious. The number of wounded veterans returning from Iraq is greater than expected, and they are not getting the care they need. See:

?Soldiers Face Neglect, Frustration at Army's Top Medical Facility? Sunday, February 18, 2007. Anne Hall & Dana Priest. Washington Post.

?The Hotel Aftermath? Monday, February 19, 2007, Anne Hall & Dana Priest. Washington Post.

Democrats and centrist Republicans should stand with the vets on this issue. Our veterans should be receiving the best care available, not mice-infested, run-down, isolated tenement dorms serving as an excuse for treatment. For more information, see www.votevets.org.

by jimmyo on 02.20.2007 at 12:41 AM

The war on Iraq was a collosal blunder from Day 1, in large part a product of the aggressive campaign by Israeli Lobby/neocons to get our country involved in wars with Israel's enemies (a campaign that continues still). Republicans were in power at the time; if the Democrats had been in power the same organizations would have waged the same campaign and the result might well have been the same. So honest Republicans should not be afraid to call the Iraq war what it is ... a collosal blunder and a national disgrace. But now, given the present situation, what is now best for America? That is a reasonable subject for discussion and no honest representative, Republican or Democrat, should duck the issue or cede his judgment to party leaders. This is a time for courage and leadership, a time to act in America's best interests. It is not a time for politics.

by Steve Slatten on 02.19.2007 at 11:47 PM

Yes, let the Republicans primary their only sensible members out of existence. Americans have HAD IT with this sham of a war. I think some GOP House members understand this and they're tired of being deck hands on Bush's Titanic. If the GOP didn't get the memo that voters sent them in '06, they'll just keep on losing. Sounds good to me!

by tnproud2b on 02.19.2007 at 10:51 PM

I see Mr Scott is back with yet another spamfest - riding the coattails of the Politco in order to drive interest in his own website. Which is a laughably juvenile endeavour, as you'll see.

by BYRON TRAVEL on 02.19.2007 at 10:39 PM

IN 2002 in Georgia, the Republicans ran T V ads against Senator Max Clelland featuring Pictures of Clelland always followed by Osama Bin Laden ? Saxby Chambliss thought it was fair advertising ? Why does it not surprise me that they would turn on their own ? I can just imagine what the "turncoats" will see and hear? I am guessing terms like "un-american"--- "aide &comfort to the enemy"--- ? Can anyone think of other famous putdowns they use ?

by Hugh E. Scott on 02.19.2007 at 09:35 PM

So who is Hugh Hewitt? you might wonder.

Simple answer. An arch neocon who, like 99% of rightwing pundits, never wore the the uniform much less saw combat.

Hewitt shares air time at Townhall Talk Radio with four other neocons who never served: PNAC founder Bill Bennett, Mike Ghallager, Michael Medved and Dennis Praeger.

There is one more member of the goose-stepping Townhall group worth mentioning: John Newbury, whose talk show is called "National Defense."

He makes no bones about his rightwing Republican bent. On the Townhall website, Newbury sells self-described "conservative" T-shirts which he calls the "largest selection of liberal-baiting merchandise on the Net."

He also touts two favorable books about 2008 GOP presidential candidates John McCain and Mitt Romney. There are no pro-Democrat publications or other such products advertised on Newbury's home page.

And who helps pay John Newbury's salary?

The Veterans of Foreign Wars (VFW), which is supposed to be a NONpartisan association. By sponsoring John Newbury and no other voice on Townhall Talk Radio, the VFW shows itself at the national level to be a biased rightwing organization.

The political prejudice also proves how pervasive is the neconservative movement. For that reason, with much regret, I withdrew my VFW membership application in January 2007.

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Hugh E. Scott, Vietnam vet, lifelong registered Republican and creator/editor of www.King-George.biz -- the only website with hardcopy proof of White House corruption.

by TomT on 02.19.2007 at 09:29 PM

Please let this be true! I knew there would come a time when Red State would merge into Khmer Rouge.

by Mooner on 02.19.2007 at 08:51 PM

I can't believe this whole mess. It's the same old politics as usual. The dems are no better than the republicans. This country is in dire need of a third party that can reform the way congress and the senate operate. Until all the old fat cats are booted out and replaced with people that really reflect the national mood on Iraq, the economy, immigration , education, roe v. wade etc., we deserve these fat white dudes and their equally repugnant business as usual attitudes.

by namegoeshere on 02.19.2007 at 08:49 PM

Another "stay the course" strategy?

Another scare tactic?

So what else is new?

by BubbaofNY on 02.19.2007 at 08:34 PM

They eat their young. Target away chickenhawks. The people shall always remember the spirit of their vindictiveness.

by The Boss on 02.19.2007 at 08:19 PM

?

by The Boss on 02.19.2007 at 08:18 PM

This Josh kid is rockin'. Why cant I email him?

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The Antiwar Rallying Point (WP)

By E. J. Dionne

The Washington Post, February 20, 2007

Two things are now abundantly clear about the future of U.S. policy toward Iraq. First, majorities in both houses of Congress have lost faith in President Bush's approach to the war. Second, the president will do all he can to resist changing his strategy by trying to split his critics into ineffectual factions.

Bush's choice is certainly bad for opponents of the war, but it's also bad for American foreign policy.

The president is inviting a full-scale confrontation over his warmaking powers in the expectation that the Democrats' narrow majorities will deprive them of the votes they need to win such a fight. He is ready to split the country rather than give any ground to those who ask whether it's wise to risk ensnaring American troops in a Sunni-Shiite civil war.

The challenge to critics of the war is to make the debate about Bush, not about themselves, and to make clear that the president has rebuffed all efforts to pursue a bipartisan path out of Iraq, beginning with his rejection of the core recommendations of the Iraq Study Group, headed by James A. Baker III and Lee Hamilton.

Changing our policy will require a substantial Republican rebellion. The 17 House Republicans who voted for the resolution opposing the president's surge and the seven Senate Republicans who tried to get a vote for the House-passed measure are a start.

The next steps pursued by the war's critics must be premised on the goal of expanding this circle of Republican opposition, because, as Sen. Jack Reed (D-R.I.) put it on "Meet the Press" over the weekend, "Republican influence on the president might be more decisive than the Democratic voices."

For now, the war's opponents are focused on three strategies. One would be to cut off funds for the war, but there is currently no majority in either house for this. A second approach, expected to come from Rep. John Murtha (D-Pa.), would propose restrictions on troop deployments -- for example, forbidding the redeployment of units that have been home for less than a year and imposing substantial training requirements on the troops who are sent.

The Murtha measure would at least force a much-needed debate on the damage this war has done to our armed forces and the extraordinary burdens being borne by the brave minority of Americans who serve. It would also sidestep the political damage of doing anything that could be construed by Bush's supporters as "failing to support our troops."

But the sense that the proposal has been crafted in part for reasons of political convenience and the intricate restrictions it would place on the military are precisely what could doom it. The war's opponents need other options.

A third path, offered by Sens. Joseph Biden (D-Del.) and Carl Levin (D-Mich.), would have Congress revisit its original 2002 Iraq resolution to make clear that the war authorized then (against Saddam Hussein and what turned out to be nonexistent weapons of mass destruction) had nothing to do with putting American troops in the midst of a Muslim civil war now.

The Biden-Levin idea has the advantage of pushing Republicans who are quietly doubtful about Bush's path out into the open. In particular, Sen. Richard Lugar (R-Ind.), who rightly called this weekend for a more bipartisan approach to Iraq, nonetheless keeps voting his party's line. That, in turn, enables Bush to pursue the very sort of divisive partisanship on the war that Lugar says he's against.

Lugar and others in his party who harbor doubts about Bush's approach must be challenged again and again to justify actions that allow the president to bull ahead by dividing his opposition.

Rep. Chris Van Hollen (D-Md.) has an additional idea: Opponents of the war need to force full consideration of the original Baker-Hamilton proposals that, he said, promised to put American policy "on a trajectory to have our combat troops out of Iraq this time next year" and reflected "the center of gravity in Congress." Whatever its flaws, the Iraq Study Group report could still serve as a focal point for sharply reducing America's military role in Iraq before the 2008 election.

"The refusal of the administration to try to work with others to resolve this in a responsible manner has created a very polarized atmosphere," Van Hollen said. "They've refused to listen to anyone else."

That should be the central theme of the president's critics because it's true -- and because it offers the best rallying cry for those seeking to change a disastrous policy.

postchat@aol.com

A Big Fight On The Hill (USNEWS)

By Silla Brush

U.S. News and World Report, February 19, 2007

Congress has been talking about it for weeks, jousting, posturing, and trading partisan jabs. Last week, the Democrats who control the House of Representatives finally got around to actually voting on President Bush's new policy in Iraq. After four days of debate, the 246-to-182 ballot in favor of a brief, nonbinding resolution opposing the president's plan to add more than 20,000 troops seemed, well, anticlimactic.

Perhaps that's because it was. While it was a resounding vote of no confidence in the president's plan, it was also just the first of many legislative battles as Congress decides how strenuously to exert its constitutional powers to control funding for the war. That process is many months away from conclusion, but the political stakes are ratcheting up almost by the day.

Democrats voted nearly unanimously for the resolution last week, save for two members, and they were joined by a varied lot of 17 Republicans. Some, like Walter Jones of North Carolina, were early supporters of the Iraq war who eventually turned against the president. Others, like Michael Castle of Delaware, could face tough re-election campaigns in 2008.

Hanging tough. Despite the increasing pressure, the president shows no signs of backing away from his insistence on "victory." He hopes that the situation improves and that Iraqi forces can gradually take more responsibility. But he believes he can accomplish the planned troop surge and maintain whatever troop levels are necessary through the end of his presidency, in January 2009, White House advisers say. Those advisers are clinging to the hope that, in the end, most congressional Democrats won't vote to cut off funds for the troops.

Democrats are calling the House resolution "Step 1" in their approach toward shaping Iraq policy. Next up is the Senate, which so far has failed to even muster a vote on Iraq. At week's end, senators were poised to take up a measure that could lead to consideration of the same language passed by the House.

But the fight on Capitol Hill is already shifting to much tougher ground: the budget process. The president is requesting $93.4 billion in supplemental funding for the wars in Iraq and Afghanistan, and next month Congress will consider whether to make changes to that budget request or other alterations to Bush's plan. In mid-March, the House International Relations Committee will hold hearings to consider about a dozen bills on Iraq, including efforts to withdraw troops from Iraq and proposals to force the Defense Department to change how it reviews contracts in Iraq for fraud and abuse.

In interviews and announcements last week coordinated with antiwar interest groups, Rep. John Murtha, the Pennsylvania Democrat shepherding the Pentagon spending bill through Congress as chairman of the Defense Appropriations Subcommittee, detailed a process that would set conditions on the bill, thereby tying the president's hands. Murtha's plan-Democratic activists

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dub it "the readiness strategy"-would, in part, require that soldiers have at least one year at home before they're redeployed for a second tour and would ensure that troops have appropriate training and equipment under military guidelines. It would also end "stop loss" procedures that extend soldiers' tours. The upshot? "This vote will limit the options of the president," Murtha says, "and should stop the surge."

The Elusive Quds Force (NSWK)

By Christopher Dickey And John Barry

Newsweek, February 19, 2007

The Iranian Special Operations unit called the Quds Force has for years been accused, with or without evidence, of assassinations and terrorist attacks as far away as Argentina. But its specialty is different: striking fear in the hearts of generals. Over the past 25 years, the Quds Force has proved ferociously effective at organizing, training and equipping guerrillas to confront the world's most vaunted armies. Quds played a vital role in creating Hizbullah to fight the Israelis in Lebanon. It supported the legendary Ahmed Shah Massoud against the Russians and his Taliban rivals in Afghanistan. Quds helped the Bosnians hold back the Serbian war machine. And now—it's in Iraq.

"What matters is that they're there," President George W. Bush said last week. Precisely why, at whose direction or invitation, and with what long-term goals: all that remains in doubt. Bush, even as he said the group had "harmed our troops," suggested how much remains unknown: "I do not know whether or not the Quds Force was ordered from the top echelons of [the Iranian] government. But my point is: what's worse—them ordering it and it happening, or them not ordering it and it happening?"

Actually, what's worse is that the unit appears to be as close to America's Shiite and Kurdish allies as to splinter groups accused of killing perhaps 170 of the more than 3,000 American soldiers who've died in Iraq. The relationship between the Quds Force and figures like Iraqi President Jalal Talabani or Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq (both of whom have been received in the White House recently) goes back two decades to the days when only Tehran was aiding Saddam Hussein's enemies. "Do the Americans think they would stop working with us because Americans told them so?" says an Iranian intelligence official who is not authorized to speak on the record. Quds operatives captured recently were working directly under the protection, respectively, of Talabani and Hakim.

Because of the bad intelligence that the Bush administration used to pave the way to war with Iraq in 2003, skeptics worry it may be using similar tactics to provoke a fight with Iran. But when it comes to the Quds Force, the American military's concerns are much more down to earth. The weapons known as "explosively formed penetrators" or EFPs, which Quds allegedly helped design and supply to some Shiite factions in Iraq, send a molten slug at phenomenal speed through heavy armor. Each one costs perhaps $50, but is capable of crippling an Abrams tank that costs more than $4 million, and they are increasingly common.

Meanwhile, since the beginning of the year, U.S. helicopters have been shot out of the sky with unprecedented frequency. Although none of the five confirmed shootdowns have been linked to the Quds Force, or to Iran, U.S. commanders are worried about their troops' ability to move on the ground and in the air. So they're looking for any way to relieve the pressure—to stop the flow of Iranian arms—three Army sources told NEWSWEEK on condition of anonymity. Publicizing the threat and pushing back against Iran is one idea. But taking aim at this new enemy will be a challenge, given the risk of hitting a friend.

War Of Words (USNEWS)

By Anna Mulrine And Kevin Whitelaw

U.S. News and World Report, February 19, 2007

It should have been a pretty straightforward case: Shiite militias are using Iranian weapons to kill U.S. soldiers in Iraq. On that, the evidence is clear. But when unnamed officials at a hastily convened briefing in Baghdad went a step further, accusing Iranian officials "at the highest levels" of funneling a particularly deadly form of roadside bomb to the Shiite militias, it raised more questions than it answered. For one thing, while the analysts laid out detailed evidence that the armor-piercing "explosively formed penetrators," or EFPs, originated in Iran, they offered nothing to support the allegation of Iranian government involvement.

Confusing matters further, several senior U.S. officials-including the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, Gen. William Caldwell, the chief spokesman for U.S. forces in Iraq, and even President Bush-made a point of walking back from the accusation. "It is clear that Iranians are involved, and it's clear that materials from Iran are involved," Pace told the Voice of America, "but I would not say by what I know that the Iranian government clearly knows or is complicit."

In Washington and other capitals, many were left questioning the allegations and wondering aloud what, exactly, the Bush administration was hoping to achieve. Was this a prelude to stronger action against Iran or simply a clumsy warning to the

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regime to stop its support of Shiite militias? The Bush White House ran smack into a growing credibility gap of its own making-a hangover from its handling of intelligence regarding Iraq's alleged weapons of mass destruction before the invasion. It spent the rest of the week trying to explain its intentions.

The controversy's timing was, at best, inconvenient. Last week, the House of Representatives was engaged in a marathon debate over Bush's "surge strategy" (Page 25). Bush struggled to turn the nation's attention back to his long-awaited security crackdown in Baghdad, but at a rare press conference, the questions kept returning to Iran.

Back in Baghdad, military officials insisted the briefing was not a prelude to a new war but a simple matter of force protection. "We need these actions to stop," said Caldwell. But to explain the ill-fated decision to present the Iran intelligence anonymously in Baghdad, some Pentagon officials pointed to what they call the new Powell doctrine: Don't get stuck being the fall guy for the administration's intelligence claims. (This is a nod to the discredited case that former Secretary of State Colin Powell made to the United Nations about Iraq's alleged weapons of mass destruction.) "Nobody wants to be Powell. He could have been president, and there was no one more credible in 2002," says a senior Pentagon official, of the decision to withhold the identities of the briefers. "That sends a big signal. Powell is now essentially derided as a tool of the administration."

The briefing, originally planned about two weeks earlier, was delayed by an arduous review process. The intelligence on EFPs was widely vetted in Washington before it was delivered in Baghdad. Senior military and intelligence officials, along with National Security Council aides and the Director of National Intelligence's Iran mission manager, all reviewed the presentation. U.S. News has learned that additional allegations against Tehran were removed because the intelligence was not conclusive enough. Despite all these efforts, the final briefing (hurriedly scheduled after the talking points leaked to a New York Times reporter) left many confused.

Pentagon To Fill Iraq Reconstruction Jobs Temporarily (NYT)

By Thom Shanker

The New York Times, February 20, 2007

WASHINGTON, Feb. 19 — The Pentagon and State Department have worked out a deal to send a small number of military personnel and Defense Department civilians to Iraq for several months until Foreign Service officers and State Department contract workers with specialized skills can fill those jobs, senior officials said Monday.

The internal administration discussions over filling the posts had exposed tensions between the military and civilian agencies over how to share responsibilities in carrying out President Bush's new strategy for stabilizing and rebuilding Iraq — in particular, how to fill hazardous positions in new provincial reconstruction teams.

The State Department had asked the Pentagon to come up with military personnel or civilians to fill about one-third of the 350 new State Department jobs in Iraq. While the numbers involved are relatively small, the debate raised larger issues of whether the government was properly organized to carry out a long-term occupation of a country like Iraq.

The State Department's written request for military personnel to fill some of the positions temporarily, received in late January, was met with frustration by a number of senior Pentagon officials and military officers.

But last week, Defense Secretary Robert M. Gates agreed to the State Department request. About 120 military personnel or Pentagon civilians will fill the jobs for up to four months, according to three senior officials who were briefed on the discussions.

The officials said the stopgap measure would give the State Department time to identify Foreign Service officers to serve in political and economic development jobs in Iraq and to use new Congressional financing to hire people with technical skills that are not routinely part of diplomatic missions overseas.

The officials said the jobs included industrial development specialists, public health advisers, engineers, veterinarians, agricultural experts and lawyers who specialize in creating or enhancing judicial institutions.

While those skills are not a standard part of the diplomatic corps, they are found among active duty military and reserve personnel. It is those people who will be asked to step in temporarily.

"We are moving forward to try and fill many if not all of those positions, and can certainly manage it for 60, 90 or 120 days," a senior Defense Department official said.

Another senior Pentagon official said, "Rather than waiting for the funding and contracting process, we want to push the envelope to get the provincial reconstruction teams running as rapidly as we can."

Mr. Gates and Secretary of State Condoleezza Rice have not publicly discussed the specifics of the agreement. But they met at the State Department last week, and Ms. Rice spoke in positive terms of cooperation between the departments.

"This is one of several meetings that the secretary and I have been holding and will continue to hold on major issues that Defense and State are confronting together in the global war on terror," Ms. Rice said at the time. "It gives us a chance to get the

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people who are really responsible for managing these issues on a day-to-day basis together with us to solve the problems that we face and to take advantage of the opportunity."

The president's new strategy calls for the State Department to step up its efforts in Iraq, by doubling to 20 the number of provincial reconstruction teams. That increase would be in tandem with the deployment of 21,500 more troops to Baghdad and Anbar Province to the west.

"We need to put more energy into government at lower levels, at the provincial level and, in some cases, at the municipal level," a senior Defense Department official said.

Another official said the additional provincial reconstruction teams, to be managed by State Department personnel, would not focus on "brick and mortar" construction, but on "trying to reconstruct governmental capacity — the ability for the Iraqi government at all levels to effectively deliver services."

The State Department-run reconstruction teams will rely on military personnel for security and to escort convoys, Pentagon and State Department officials said. Striking a balance between assigning troops to day-to-day combat missions versus providing security for nonmilitary efforts has caused some tensions in the past.

At the core of the debate is a clash of cultures, civilian and military, and assessments of the mission. Many in the military have said that while administration officials routinely speak of the United States as "a nation at war," by far the bulk of the mission is being carried by those in uniform, while the rest of the government is not on a similar war footing.

But across the civilian agencies, which have only a fraction of the Pentagon's personnel and budget, government workers say the question is whether a few hundred unarmed civilians spread across Iraq can make a significant difference in promoting democracy and reconstruction in the middle of a war zone, when more than 130,000 troops are not succeeding in that task.

Iraq-refugee Plan Facesbipartisan Opposition (WT)

By Audrey Hudson

The Washington Times, February 20, 2007

A new program by the Bush administration to admit 7,000 Iraqi refugees into the United States this year is meeting with some resistance on both sides of the political aisle.

Rep. Tom Tancredo, Colorado Republican, says the policy flies in the face of U.S. law, and Ted Strickland, Ohio's Democratic governor, says refugees are not welcome in his state.

"I think Ohio and Ohioans have contributed a lot to Iraq in terms of blood, sweat and too many tears," Mr. Strickland said. "I am sympathetic to the plight of the innocent Iraqi people who have fled that country. However, I would not want to ask Ohioans to accept a greater burden than they already have borne for the Bush administration's failed policies."

In addition to opening U.S. borders to refugees, the United States will contribute $18 million for a worldwide resettlement and relief program for 20,000 Iraqi refugees this year.

Current law states that no Iraqi nationals should be permitted to enter the United States until the government of Iraq cooperates with U.S. efforts to repatriate Iraqi criminal aliens back to their home nation, Mr. Tancredo says.

Since 2003, the United States has allowed 463 Iraqi refugees to relocate, a number Mr. Tancredo calls "too many."

"I believe caving in to this pressure would be a colossal mistake and would very likely violate U.S. law," Mr. Tancredo said in a letter to Mr. Bush on Friday. "I hope you will resist pressure from international bureaucrats at the United Nations and order the Department of State to bring its policy in line with United States law."

Up to 2 million Iraqis have fled their country, primarily to Syria and Jordan, and Secretary of State Condoleezza Rice earlier this month formed a special task force to coordinate refugee assistance. The administration announced last week the United States will accept one-third of the 20,000 refugees who will be screened and approved this year by the office of the United Nations High Commissioner for Refugees (UNHCR).

The United States cut back on the number of Iraqis seeking refuge after the September 11 terrorist attacks with tighter screening controls, said Ellen Sauerbrey, assistant secretary of state for population, refugees and migration.

"The numbers dropped off so dramatically that UNHCR found it not a very attractive destination and were making very few referrals to the U.S.," she said.

The program has the support of key Democrats in the Senate, including Sen. Edward M. Kennedy of Massachusetts and Sen. Patrick J. Leahy of Vermont, who say the United States should contribute $30 million, half the cost of refugee-resettlement worldwide.

"While we can't solve this problem alone, we have a moral responsibility to do all that we can and provide the necessary leadership to prevent this crisis from getting worse," said Mr. Kennedy. "Our invasion of Iraq led to this crisis, and we have a clear responsibility to do more to ease it."

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The process of seeking refuge in the United States is long and arduous, and Mrs. Sauerbrey concedes that only half, or about 3,500, will be ready to travel to the United States by September.

Only refugees who have been referred by UNHCR or by the U.S. Embassy in Iraq are eligible, and must first pass background checks, medical tests and other requirements.

Nongovernmental organizations determine where in the United States refugees are resettled based on the availability of housing, employment, needed services, readiness of host communities and a variety of other factors. If a refugee has a relative in the United States, every effort is made to resettle the refugee near that relative.

Iraqi Oil Wealth Stays Locked Up (WSJ)

By Chip Cummins And Hassan Hafidh

The Wall Street Journal, February 20, 2007

Foreign technology and capital are seen as vital to restoring Iraq's crumbling oil industry. But as a draft petroleum law inches its way toward the Iraqi parliament, fresh opposition to the legislation is emerging, underscoring the difficulty that may still lie ahead for any move to invite in international oil companies.

A petroleum law could provide a significant political boost for Iraq's shaky government, by setting down how money from newly developed fields would be shared among the country's three dominant ethnic regions -- the mostly Kurdish north, the Sunni center and the Shiite south. Reaching an agreement on sharing Iraq's energy resources, by far the nation's major source of wealth, will be critical to achieving long-term peace in the war-torn country.

U.S. officials and petroleum experts have been advising Iraqi politicians almost from the start of the American occupation nearly four years ago about how to build a legal framework that would enable foreign oil-field development. International majors have been reluctant to venture into the country until violence subsides and before politicians endorse a law spelling out legal rights and financial terms for foreign firms.

In recent months, Iraqi politicians have made some progress. In its current form, the legislation envisions the re-creation of an Iraqi state oil company, and it gives broad latitude to officials from the country's various regions to encourage foreign investment and development. Kurdish officials had balked at earlier provisions calling for specific federal approval of development deals between regional governments and foreign firms.

The Iraqi cabinet discussed a revised draft of the petroleum law late last week. The cabinet is expected to meet perhaps as early as this week to take up the issue again, according to Assem Jihad, a spokesman for the Ministry of Oil in Baghdad. If the cabinet agrees on a working draft, it would be forwarded to parliament for debate and ratification.

The legislation still faces significant political hurdles. Earlier this month, an influential union of oil workers in the country's south said it will oppose the legislation. In a speech to more than 200 delegates at a conference in Basra in early February, union leader Hassan Jumaa condemned the legislation as opening Iraq's oil wealth to foreign exploitation.

"History will not forgive those who play recklessly with our wealth," he said. "We consider the new law unbalanced and incoherent with the hopes of those who work in the oil industry. It has been drafted in a great rush in harsh circumstances."

The rhetoric echoes the sentiment of many everyday Iraqi citizens. The nationalization of the Iraqi oil industry in the 1970s under Saddam Hussein remains a point of pride for many Iraqis, and opposition still runs deep to any hint of foreign interference.

Also, opposition has emerged from prominent former Iraqi oil officials, who have recently fled the country's chaos but continue to hold some sway in Baghdad's oil bureaucracy. Because of the escalating sectarian violence and political polarization, these officials fear, rushing through a petroleum law could cause more harm than good to the industry.

North Africa Feared As Staging Ground For Terror (NYT)

By Craig S. Smith

The New York Times, February 20, 2007

TUNIS — The plan, hatched for months in the arid mountains of North Africa, was to attack the American and British Embassies here. It ended in a series of gun battles in January that killed a dozen militants and left two Tunisian security officers dead.

But the most disturbing aspect of the violence in this normally placid, tourist-friendly nation is that it came from across the border in Algeria, where an Islamic terrorist organization has vowed to unite radical Islamic groups across North Africa.

Counterterrorism officials on three continents say the trouble in Tunisia is the latest evidence that a brutal Algerian group with a long history of violence is acting on its promise: to organize extremists across North Africa and join the remnants of Al Qaeda into a new international force for jihad.

[Last week, the group claimed responsibility for seven nearly simultaneous bombings that destroyed police stations in towns east of Algiers, the Algerian capital, killing six people.]

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This article was prepared from interviews with American government and military officials, French counterterrorism officials, Italian counterterrorism prosecutors, Algerian terrorism experts, Tunisian government officials and a Tunisian attorney working with Islamists charged with terrorist activities.

They say North Africa, with its vast, thinly governed stretches of mountain and desert, could become an Afghanistan-like terrorist hinterland within easy striking distance of Europe. That is all the more alarming because of the deep roots that North African communities have in Europe and the ease of travel between the regions. For the United States, the threat is also real because of visa-free travel to American cities for most European passport holders.

The violent Algerian group the Salafist Group for Preaching and Combat, known by its French initials G.S.P.C., has for several years been under American watch.

"The G.S.P.C. has become a regional terrorist organization, recruiting and operating in all of your countries — and beyond," Henry A. Crumpton, then the United States ambassador at large for counterterrorism, said at a counterterrorism conference in Algiers last year. "It is forging links with terrorist groups in Morocco, Nigeria, Mauritania, Tunisia and elsewhere."

Officials say the group is funneling North African fighters to Iraq, but is also turning militants back toward their home countries.

The ambitions of the group are particularly troubling to counterterrorism officials on the watch for the re-emergence of networks that were largely interrupted in the wake of the Sept. 11, 2001, attacks. While most estimates put the current membership of the group in the hundreds, it has survived more than a decade of Algerian government attempts to eradicate it. It is now the best-organized and -financed terrorist group in the region.

Last year, on the fifth anniversary of the Sept. 11 attacks, Al Qaeda chose the G.S.P.C. as its representative in North Africa. In January, the group reciprocated by switching its name to Al Qaeda of the Islamic Maghreb, claiming that the Qaeda leader, Osama bin Laden, had ordered the change.

"Al Qaeda's aim is for the G.S.P.C. to become a regional force, not solely an Algerian one," said the French counterterrorism magistrate, Jean-Louis Bruguière, in Paris. He calls the Algerian group the biggest terrorist threat facing France today.

"We know from cases that we're working on that the G.S.P.C.'s mission is now to recruit people in Morocco and Tunisia, train them and send them back to their countries of origin or Europe to mount attacks," he said.

The G.S.P.C. was created in 1998 as an offshoot of the Armed Islamic Group, which along with other Islamist guerrilla forces fought a brutal decade-long civil war after the Algerian military canceled elections in early 1992 because an Islamist party was poised to win.

In 2003, a G.S.P.C. leader in southern Algeria kidnapped 32 European tourists, some of whom were released for a ransom of 5 million euros (about $6.5 million at current exchange rates), paid by Germany.

Officials say the leader, Amari Saifi, bought weapons and recruited fighters before the United States military helped corner and catch him in 2004. He is now serving a life sentence in Algeria.

Change of Leadership

Since then, an even more radical leader, Abdelmalek Droukdel, has taken over the group. The Algerian military says he cut his teeth in the 1990s as a member of the Armed Islamic Group's feared Ahoual or "horror" company, blamed for some of the most gruesome massacres of Algeria's civil war.

He announced his arrival with a truck bomb at the country's most important electrical production facility in June 2004, and focused on associating the group with Al Qaeda.

Links to the G.S.P.C. soon began appearing in terrorism cases elsewhere in North Africa and in Europe.

In 2005, Moroccan authorities arrested a man named Anour Majrar, and told Italy and France that he and two other militants had visited G.S.P.C. leaders in Algeria earlier that year.

His interrogation led to arrests in Algeria, Italy and France, where Mr. Majrar's associates were quickly linked to an attempted robbery of 5 million euros at an armored car depot in Beauvais, north of Paris. A hole had been blown in a wall at the depot with military-grade C4 plastic explosives, but it was not big enough for the men to get through.

A later investigation turned up Kalashnikov assault rifles, French Famas military assault rifles, rocket-propelled grenades, TNT and two more pounds of C4. French counterterrorism officials say the group was planning attacks on the Paris Metro, the city's Orly Airport, and the headquarters of the Direction de la Surveillance du Territoire, France's domestic intelligence agency.

Italian prosecutors say a related cell in Milan was planning attacks on the city's police headquarters and on the Basilica of San Petronio in Bologna, whose 15th-century fresco depicts the Prophet Muhammad in hell.

The G.S.P.C. or its members in Algeria appear to have become a touchstone for groups suspected of being terror cells across the region, in much the way that Qaeda representatives in London were a decade ago.

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Wiretaps, interrogation of terrorism suspects and recovered documents suggest that the network has associates in France, Italy, Turkey and even Greece, which is favored as an entry point to Europe because of its relatively lax immigration controls, counterterrorism officials say.

There had been hints that the North African groups were planning more formal cooperation as far back as 2005, when Moroccan intelligence authorities found messages sent by Islamic militants to Osama bin Laden, according to European counterintelligence officials.

Evidence of an Alliance

Indications that a cross-border alliance was under way came in June 2005, when the G.S.P.C. attacked a military outpost in Mauritania, killing 15 soldiers. The attackers fled into Mali, according to the United States military.

Moroccan police officers raiding suspected Islamic militant cells last summer also found documents discussing a union between the G.S.P.C. and the Islamic Combatant Group in Morocco, the Islamic Fighting Group in Libya and several smaller Tunisian groups, intelligence officials say.

In September, Al Qaeda's second in command, Ayman al-Zawahri, released a videotape in which he said that his global terrorist network had joined forces with the G.S.P.C.

The video was followed by an unsettling increase in terrorist attacks across the region, including one against Halliburton employees in Algeria in December that left one Algerian dead and nine people wounded.

But the strongest evidence yet of the G.S.P.C.'s North African cross-border cooperation came in January when Tunisia announced that it had killed 12 Islamic extremists and captured 15 of them. Officials said that six of the extremists had crossed into the country from Algeria.

Their 36-year-old leader, Lassad Sassi, was a former Tunisian policeman who ran a terrorist cell in Milan until May 2001 before fleeing to Algeria, according to an Italian prosecutor, Armando Spataro.

Mr. Sassi, now dead, is still listed as a defendant in a current terrorism trial in Milan, which began before he died. He was charged in absentia with providing military clothing and money to the G.S.P.C. while financing and planning suicide bomb attacks in Italy.

Tunisian officials say that Mr. Sassi and five other men — four Tunisians and one Mauritanian — crossed the rugged border from Algeria into Tunisia months ago.

They set up a base in the mountains of Djebel Terif, where Mr. Sassi trained 20 other Tunisian men in the use of automatic weapons and explosives.

A Trail of Violence

The decision to move against the group began when the police in the Tunis suburb of Hammam Lif detained a young woman in December who led them to a house where a gun battle left two suspected terrorists dead, two officers wounded and two other men in custody, a police officer involved said. His account of the events could not be independently verified.

Another arrest led the police into the hills toward the training camp.

Three of the militants and a Tunisian Army captain were killed during a chase through the mountains. Tunisian security forces mounted a search in which 13 more men were arrested and Mr. Sassi was killed.

The remnants of the group fled and members were later tracked down and killed in another gun battle.

Tunisian officials have sought to play down the G.S.P.C. link, and have said the recently dismantled group's target was the West.

In fact, according to Samir Ben Amor, a Tunisian attorney who defends many young Tunisian Islamists, more than 600 young Tunisian Islamists have been arrested in the past two years — more than 100 in the past two months — trying to make their way to Iraq to fight the United States.

"It's the same thing that we saw in Bosnia, Kosovo and above all Afghanistan," said Mr. Bruguière, the French magistrate. "Al Qaeda's objective is to create an operational link between the groups in Iraq and the G.S.P.C."

Tunisia is among the most vulnerable of the North African countries, because its rigid repression of Islam has created a well of resentment among religious youth, and its popularity as a tourist destination for Europeans makes it a target.

Tunisian security forces found Google Earth satellite images of the American and British Embassies as well as the names of diplomats who worked in both buildings. But according to the police officer involved in the case and journalists in Tunisia, the targets also included hotels and nightclubs.

An attack on those sites would have dealt a heavy blow to Tunisia's tourist industry, one of the country's most important sources of foreign exchange. An April 2002 bombing of a synagogue on the Tunisian tourist island of Djerba, for which the G.S.P.C. claimed responsibility, helped sink the country's economic growth that year to its slowest rate in a decade.

Terrorist Networks Lure Young Moroccans To War In Far-Off Iraq (WP)

DOJ_NMG_0133785

By Craig Whitlock

The Washington Post, February 20, 2007

TETOUAN, Morocco -- In the Arab world, this hilly North African city is about as far as you can get from Iraq. But for many young men here, the call to join what they view as a holy war resonates loudly across the 3,000-mile divide.

About two dozen men from Tetouan and nearby towns in the Rif Mountains have traveled to Iraq in the past 18 months to volunteer as fighters or suicide bombers, according to local residents and officials. Moroccan authorities said the men were recruited by international terrorist networks affiliated with al-Qaeda that have deepened their roots in North Africa since the invasion of Iraq four years ago.

To stanch the flow, U.S. intelligence and military officials have tried to trace the fighters' steps. On the basis of DNA evidence recovered from the scenes of suicide attacks, as well as other clues, officials have confirmed that at least two bombers came from Tetouan, a city of more than 320,000 across the Strait of Gibraltar from southern Spain.

One of them, Abdelmonaim el-Amrani, a 22-year-old laborer, abandoned his wife and infant child in Tetouan to go to Iraq. On March 6, 2006, just before sunset, he drove a red Volkswagen Passat stuffed with explosives into a funeral tent in a village near Baqubah, Iraq, according to witnesses. Six people were reported killed and 27 injured. It was months before Amrani's family in Tetouan learned of his fate from Moroccan police.

Foreign fighters in Iraq account for only a small percentage of the combatants attacking U.S. troops and their Iraqi allies. U.S. military officials and independent analysts peg the number at no more than a few thousand. But as the war drags on, it continues to serve as a powerful rallying tool for radical Islamic networks around the world that have developed recruiting pipelines as far afield as Europe and Southeast Asia.

Moroccan authorities said they have identified more than 50 volunteers who have gone to Iraq since 2003, and many more are believed to have made the journey undetected. Security officials here said the problem is worse in other Arab countries.

Under U.S. pressure to act, Moroccan officials have tried to disrupt the recruiting networks in recent months, arresting more than 50 people since November.

"We have chosen to be extremely vigilant," Interior Minister Chakib Benmoussa said in an interview in Rabat, the capital. "These cells all have international connections. They can function because they certainly all have support, especially in regard to training and in regard to logistics."

But Morocco and its neighbors are finding it increasingly difficult to suppress the militants. Several networks that used to operate independently in North Africa have put aside their differences, united in part by the ongoing violence in Iraq.

Last month, for example, a group in Algeria that has waged a decade-long insurgency against the government there announced that it had changed its name to al-Qaeda in the Islamic Maghreb -- a reference to African lands north of the Sahara -- and joined forces with affiliates in Tunisia, Morocco, Libya and Mauritania.

The organization asserted responsibility for a coordinated operation on Feb. 13 in which seven targets, mostly police stations, were bombed in a district east of Algiers. Six people were reported killed and 13 injured. In a telephone call to the Arab satellite television network al-Jazeera, an unidentified spokesman said the group was looking to expand its targets to focus on American interests. "Wherever we can find a U.S. presence, we will, God willing, pursue it and its agents," he said.

In December, the same group attacked a bus loaded with foreign contractors in a military-controlled zone of Algiers, killing the Algerian driver. Nine people were wounded, including four Britons and an American.

In Tunisia, a cell belonging to the same network engaged in a gun battle Jan. 3 with police outside Tunis, the capital, resulting in 12 deaths. According to European news media, the cell had drawn up plans to attack the U.S., Italian and British embassies.

Despite the surge in local strikes, North African intelligence officials and analysts said that al-Qaeda affiliates in the region remain focused on Iraq and rely on the faraway conflict as a recruiting tool.

"The big state for al-Qaeda is Iraq," said Mohamed Darif, a political science professor and terrorism expert at Hassan II-Mohammedia University in Morocco. "Al-Qaeda has the same strategy as the United States: It wants to win in Iraq so it can transform the whole region. They are fixated on Iraq."

In Tetouan, the local economy and culture lean more toward Europe than the Middle East. The narrow streets and whitewashed buildings appear to have changed little since the first half of the 20th century, when the city was the colonial capital of Spanish Morocco. Most storefronts feature signs in both Spanish and Arabic. Young men wear the jerseys of their favorite European soccer teams, particularly those from Barcelona and Madrid.

Although it is still not clear why so many men from Tetouan decided to abandon their lives and go to Iraq, there are some clues. Relatives and friends said several of the men were well-educated -- many took classes at local community colleges -- but struggled to make ends meet. They noted that the men's religious beliefs appeared to have deepened and that they had begun wearing long beards and loose-fitting Afghan-style clothes.

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Moncef ben Masaoud, 21, died in a suicide attack in Baqubah last fall, according to neighbors and relatives. Skilled in computers and math, he had attended college classes in nearby Tangier. On July 27, 2006, he left home as usual for school, but never returned.

"He told me he'd be coming back the same day," his father, Haj Ahmed Masaoud, a tire dealer in a Tetouan market, told the Moroccan newsmagazine Le Journal Hebdomadaire. "In mid-August, he called me and told me he was doing fine. He said he was in Syria. That was the last contact we had with him."

Masaoud was a close friend of Amrani, the young father who also carried out a suicide bombing near Baqubah, as well as a third Tetouan man, Yones Achebbak, 23, who left for Iraq last fall. Achebbak's fate is unknown.

All three men attended the same mosque in Tetouan, a white-arched building perched on a slope in the slum district of Mezouak. The mosque's imam, Fatal Abdelillah, was arrested in November as part of the investigation into the Iraqi recruiting ring.

It was not the first time the mosque and the Mezouak slum had drawn the attention of counterterrorism investigators. Five men from the area are suspects in the March 11, 2004, train bombings in Madrid, which killed 191 people and injured more than 1,800.

Al-Qaeda recruiters have focused on Tetouan because it has several extremist mosques but also because of its proximity to Europe, Moroccan officials and analysts said. Spanish counterterrorism authorities have warned that recruiting networks are also active in the nearby Spanish territories of Ceuta and Melilla, enclaves on the northern Moroccan coast that are a holdover from the days when the region was a Spanish colony.

"Al-Qaeda was working very hard to create coordination cells in Tetouan, because it's a close point of contact to Europe," said Darif, the Moroccan terrorism analyst. He said the Moroccan cells smuggle recruits and other operatives across the Mediterranean Sea to Spain, where they pick up false passports and move on to Turkey or Syria before slipping into Iraq.

The recruiters screen rigorously, according to counterterrorism officials. Designated "watchers" hang around radical mosques and other places to look for young men angry about the conflicts in places such as Iraq and the Palestinian territories. For months, the watchers try to whip up the potential volunteers' emotions further and convince them that they have a religious duty to intervene.

"The recruitment does not exclusively take place in the poorest parts of society, nor in the category of illiterates," said Benmoussa, the interior minister. Instead, he said, recruiters "target a category of people that is extremely sensitive to what they consider international injustice."

Candidates are subjected to psychological assessments from a distance to determine if they are really willing to die for the cause. Background checks are run to ensure that they are not informers, officials said. Those who make the final cut are assigned to "handlers," who arrange the trip to Iraq.

The volunteers are sometimes trained to use explosives and weapons before they leave, but it is rare that they are taught more than the basics, said Nick Pratt, a retired Marine colonel and terrorism expert at the George C. Marshall European Center for Security Studies in Garmisch-Partenkirchen, Germany.

The recruits are valued more for their zeal than their skill because of their primary mission: suicide attacks against U.S. and Iraqi forces, as well as Shiite foes in the nation's sectarian conflict. Pratt said research has shown that suicide bombings are embraced by networks affiliated with al-Qaeda because they are more lethal and generate more publicity. He said a suicide attack, on average, causes six times as many deaths and 12 times as many injuries as a conventional attack, such as a roadside bomb explosion.

"The recruiters for al-Qaeda are some of the most important players right now in that organization," Pratt said. "They have a profile, and they know what they're looking for in terms of recruits." Counterterrorism officials, he added, are more concerned with stopping the recruiters than the volunteers. "They're not so much concerned with the guys who become cannon fodder," he said.

Moroccan authorities have made several rounds of arrests since November, many of them in Tetouan. Most recently, on Jan. 4, the government said it had arrested 26 people and "smashed a terrorist structure with international connections specializing in the recruitment and transport of volunteers to Iraq."

Some Moroccan lawmakers and relatives of those arrested said U.S. officials have pressured Morocco to act since they discovered the Tetouan connection to Iraq. The U.S. Embassy in Rabat declined to comment.

Mustapha Khalfi, a member of Parliament from the opposition Justice and Development Party, said the government was arresting suspects, based on little evidence, to please U.S. officials. "They are pushing us to do some bad things," he said. "This conflicts with U.S. policy to strengthen democracy and to strengthen human rights."

Khalfi said the number of Moroccans joining the fight in Iraq had been exaggerated. At the same time, he added, as long as the U.S. military remains in Iraq, many Moroccans will feel duty-bound to help the resistance.

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"There's a long tradition in the Muslim world of solidarity against occupation," he said. "It's rooted in our society. To explain it and understand it is easy."

Afghan Forces Retake Western Town (AP)

By Amir Shah,

AP, February 20, 2007

Afghan security forces supported by NATO troops on Tuesday retook a town in western Afghanistan that briefly had fallen to Taliban militants, an official said.

About 200 Afghan police and soldiers moved into the remote town of Bakwa in Farah province at 5 a.m. and faced no resistance, said Gov. Muhajuddin Baluch. He said some NATO troops joined the operation.

The Afghan forces were searching the vicinity for the militants, who moved into Bakwa on Monday and briefly held it and then left, taking three seized vehicles with them, he said.

It was the second time this month that the government has lost control of a district in the region.

Meanwhile, a U.S. soldier was killed during combat operations on Monday in the Naray area of eastern Kunar province, the U.S. military said in a brief statement.

At least 297 American soldiers have died in and around Afghanistan since U.S. forces invaded in late 2001 to topple the hard-line Taliban regime. The name of the latest fatality was being withheld pending notification of next of kin, the statement said.

U.S.-led coalition forces dropped a 2,000-pound bomb on a cave where insurgents retreated after a clash in southern Uruzgan province on Monday, U.S. military spokesman Lt. Col. David Accetta said. He had no details on insurgent casualties.

Afghan Forces Retake District Briefly Held By Taliban (AFP)

AFP, February 20, 2007

Afghan and international troops retook a district capital in southwestern Afghanistan early on Tuesday, easily pushing out Taliban rebels who held the town for around 24 hours, according to the government.

The town of Bakwa in the western province of Farah was under government control and security reinforcements were there, the interior ministry said.

"We occupied Bakwa this morning at 5:30 am (0100 GMT) and the Taliban were pushed back," spokesman Zemarai Bashary told AFP. The rebels had heard the security forces were arriving and had moved out, he said.

"Currently security has been brought back to the district. The district headquarters is okay, it is not destroyed," Bashary said.

About 300 Taliban stormed the town Monday, forcing out a weak police force that fled the area, provincial officials said.

Taliban insurgents last year captured a handful of districts in this manner but were pushed out by international forces backing the fragile Afghan government.

However, they have been holding the southern town of Musa Qala -- about 150 kilometres (93 miles) east of Bakwa -- for more than two weeks. The authorities say they are waiting for the right time to retake the area.

Citing security reasons, Bashary would not say how many security forces were involved in the early morning operation in Bakwa -- capital of a district of the same name -- or how many were in the town.

He said that the Taliban group that arrived Monday was around three times larger than the police force that had been there and numbered around 40.

Afghanistan's government is unable to establish a presence and maintain authority in vast swathes of the volatile country.

The police force is particularly stretched at 60,000 policemen for roughly 29 million people.

A priority for Afghanistan's internationally-backed efforts to find stability after three decades of fighting is to train up and boost the police.

The country is also putting in place a 11,200-strong "auxiliary police force" of men who are given guns and badges after 80 hours' training.

Asked about the weak resistance Taliban encountered in remote towns, Bashary said: "We are trying to reinforce these districts, especially the southern districts. We are trying to send auxiliary police as soon as possible."

"We have the power to reoccupy every place of country that is attacked by the enemy. But we are waiting in Musa Qala. As soon as we find a proper and good time, we will occupy the district."

The NATO-led International Security Assistance Force (ISAF) has killed two of the commanders of the Musa Qala takeover in precision strikes but this has failed to dislodge the rebels.

The capture of the town, in the province of Helmand, is significant because the government asked British ISAF there to keep out of the area on the request of tribal elders who believed they could also keep the Taliban out.

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The extremist religious Taliban movement is trying to claw its way back into power with an insurgency launched months after it was removed from government in 2001 in a US-led invasion.

The insurgency was at its deadliest last year with more than 4,000 people killed, most of them rebels, and 2007 is expected to be just as intense.

Taliban Seize Rural District In Southwest As Police Flee (NYT)

By Abdul Waheed Wafa

The New York Times, February 20, 2007

KABUL, Afghanistan, Feb. 19 — Taliban insurgents seized control of a district in southwestern Afghanistan on Monday as the Afghan police abandoned their post and fled, officials said.

The district is the second to fall into Taliban hands this month, and its capture underlines the precarious hold of the government and NATO troops in the remote districts of southern Afghanistan.

The midmorning attack occurred in the Baqwa district of Farah Province, where few NATO or Afghan troops are deployed. A small number of American soldiers run a reconstruction team in the provincial capital, but the districts are left to the local police, who lack staff and weapons.

The police in Baqwa town warned their provincial headquarters that the Taliban were advancing in such large numbers they could not hold the district office, according to Baryalai Khan, the secretary to the provincial police chief.

"At 11:30, we lost telephone and radio contact with our police in Baqwa district, and it seems the district is in the hands of the Taliban," he said. "According to the people of the town, our policemen escaped in different directions, and the Taliban are in the district, although not in the center for fear of bombardment."

"We don't know if there are any casualties among our police," he said. "We have no contact with them." Four policemen were killed and three wounded by a remote-controlled mine in the same district on Sunday, he added.

Taliban forces have often overrun district offices in the past, sacking them and then usually leaving after a few hours. But this year they have seized and held entire regions.

British NATO forces and Afghan troops, however, claimed success in an attack over the weekend on a Taliban stronghold in Helmand Province, just east of Farah.

The operation unfolded south of Gamsir and concentrated on three major compounds, destroying a tunnel complex linking them.

"We were able to hit them hard in the largest deliberate operation there has been down there, and disrupt their command and control," Lt. Col. Rory Bruce told [a news agency] on Monday from the British task force headquarters.

He said that a "significant number" of enemy fighters had been killed, but did not give a precise figure. There were no British casualties.

On Sunday, insurgents fired twice on a Canadian military convoy moving at night through the southern city of Kandahar, a NATO statement said. Two Afghans — a homeless man and a police officer — were killed by the Canadians in the ensuing firefight, the statement said. NATO said both shootings were under investigation.

British Troops Attack Taliban Stronghold (USAT)

USA Today, February 20, 2007

British NATO forces destroyed a "major Taliban headquarters and stronghold" in Garmsir, in Afghanistan's Helmand province, Lt. Col. Rory Bruce said Monday at the British task force headquarters in London. He said the troops killed a "significant number" of Taliban fighters and disrupted their command system. The forces destroyed a network of trenches and tunnels and pushed the Taliban guerrillas from where they were massing for a spring offensive, Bruce said.

Priest, 4 nuns jailed over fatal exorcism

Romanian Orthodox priest Daniel Petru Corogeanu was sentenced to 14 years in prison in the death of a nun during an exorcism ritual at Holy Trinity convent in Tanacu, Romania, in 2005. Maricica Irina Cornici, 23, died after she was bound to a cross and left without food for three days. Corogeanu said he was trying to take evil spirits out of her and that she was restrained because she was violent. Four nuns were sentenced to prison terms ranging from five to eight years.

Mexico's anti-drug troops get big pay raise

Mexican soldiers fighting drug traffickers will get a nearly 50% pay increase to insulate them from corruption. President Felipe Calderón said the raise, retroactive to Jan. 1, will increase monthly take-home pay for troops to $474 from $319. Corruption is widespread in law enforcement, and drug traffickers routinely buy off low-paid officers. Calderón has spearheaded anti-drug efforts since taking office.

Russia warns against anti-missile bases

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Poland and the Czech Republic risk being targeted by Russian missiles if they agree to host a proposed U.S. missile-defense system, the head of Russia's missile forces warned. Gen. Nikolai Solovtsov said it would take less than six years to build nuclear missiles if Moscow pulls out of a U.S. agreement that banned them. He said the missile-defense plan would upset stability.

Czech Prime Minister Mirek Topolanek said his country and Poland favor the U.S. plan to put 10 interceptor missiles in Poland and a radar site in the Czech Republic. Russian President Vladimir Putin has said he does not trust U.S. claims that the missile-defense system is meant to counter threats from Iran.

Top Colombian official quits amid scandal

Colombian Foreign Minister Maria Consuelo Araujo resigned four days after her brother, a senator, was jailed on charges of colluding with the paramilitaries and kidnapping a potential political rival. Sen. Alvaro Araujo was the eighth federal lawmaker jailed for allegedly backing and benefiting from militia intimidation of voters. The militias are behind some of the worst massacres in Colombia's civil conflict. President Alvaro Uribe appointed Fernando Araujo, who escaped from six-year rebel captivity six weeks ago, to the Cabinet post. He is not related to the other Araujos.

Opium Wars (WSJ)

By Vanda Felbab-brown

The Wall Street Journal, February 20, 2007

As NATO braces for a spring Taliban offensive in Afghanistan, many in the Bush administration, the Congress and the United Nations Office on Drugs and Crime are calling for it to take on a prominent role in combating the narcotics trade. Although this task is meant to help Afghanistan repress the worrisome, if predictable, expansion of its opium economy, it will greatly hamper NATO's effectiveness. NATO's crucial role is to establish security throughout the country -- and not to dilute its focus in eradication and interdiction missions that are presently bound to fail.

It is not that NATO should simply turn a blind eye to the opium trade. But it should focus on where it can make a difference. Success in counterinsurgency requires the ability to establish a permanent presence in ever-larger sectors and to consistently protect the population from insurgent reprisals, thus winning the minds part of the hearts-and-minds struggle. NATO's troop density in Afghanistan is still far too low to provide such security, despite the extension of duty tours for several thousand U.S. soldiers. Expanding their mission to include drug eradication will only further thin NATO's presence, while jeopardizing its ability to control areas and persuade the population that it can protect them from the Taliban. Without this assurance, the population will at best sit on the fence, and at worse succumb to Taliban pressure.

Even more important, it will cost NATO the loss of the population's hearts. The rural population is critically dependent on the opium economy for a basic livelihood. Without any viable alternatives, destroying the crop greatly antagonizes the population against those who carry it out -- local tribal elites, state officials and Kabul.

Drug eradication efforts so far have allowed the Taliban to reintegrate itself into the opium economy and rebuild some of its political capital with the population, by offering itself as a protector of the population and its poppy fields. Meanwhile, the damage to the crops has generated a new wave of economic refugees to Pakistan, many of whom have been replenishing the ranks of the Taliban. There's another critical problem. Reliable, accurate and actionable human intelligence is the key to winning a counterinsurgency campaign. The willingness of the population to provide such intelligence on the Taliban is already minimal, and NATO's direct participation in eradication will halt it altogether.

Yes, the Taliban is profiting financially from the Afghan drug trade (in addition to profiting politically from eradication), but eradication will not cut off financial resources to the Taliban, rendering it physically weak and easy to defeat. The Taliban was able to regroup and rebuild its organization in Pakistan and Afghanistan between 2002 and 2004 without access to large profits from the opium economy, which was at that time dominated by various warlords, many of whom are now government officials at all levels of the Afghan government. It was able to replenish its physical resources by donations from the Middle East and collections in Pakistan, as well as by participating in other smuggling activities. In fact, no belligerent group has been bankrupted by the effort to eradicate drugs. For example, even after years of fumigation and under pressure from the Colombian military, the FARC guerilla group is showing no signs of hurting financially. Eradication will also fail to weaken the Taliban physically; indeed it will only strengthen them politically, while undermining NATO's intelligence acquisition.

Participating in interdiction which focuses on apprehending traffickers and destroying labs is somewhat less problematic for NATO, but even such a mission is not without crucial problems. Steadily expanding in Afghanistan since the 1980s (with the 2000 eradication campaign by the Taliban being temporary and unsustainable), the opium economy deeply underlines much of Afghanistan's political, economic and social life. The traders and traffickers are not alien criminals. Many are members of tribal elites with crucial sway over the population.

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Drug interdiction will at the least induce these traders and traffickers to pressure the population to stop cooperating with NATO, if not more directly support the Taliban. This could easily jeopardize as well the reconstruction and economic functions of the provincial reconstruction teams, thus further weakening the minimal efforts at long-term alternative development. Interdiction should be carried out -- by special national interdiction units -- to eliminate at least some corruption and impunity of the key traffickers, but NATO should stay out of it.

NATO does have an important role to play in counternarcotics -- namely, to defeat the insurgency. Without stability throughout the country and security on the ground, counternarcotics measures will not succeed. Alternative livelihood programs will not have a chance to take off. Without stability, even repressive measures, such as eradication, will only lead to cycles of replanting, social strife, and a strengthened insurgency.

Ms. Felbab-Brown is a research fellow at the Brookings Institution.

Remember Al Qaeda? They're Baaack (LAT)

By Bruce Hoffman,

The Los Angeles Times, February 20, 2007

Defeating Osama bin Laden's resurgent terrorist network requires far more than military might.

'AL QAEDA," President Bush declared confidently in October, "is on the run." The extremists, he said, had "played their hand." The masterminds of the organization had been "brought to justice."

But just as we underestimated Al Qaeda before 9/11, we risk making the same mistake now. Although Al Qaeda is often spoken of as if it is in retreat — a broken and beaten organization incapable of mounting attacks, its leadership cut off, living in caves somewhere in remotest Waziristan — the truth is that the organization is not on the run but on the march. It has regrouped and reorganized from the setbacks it suffered during the initial phases of the global war on terrorism and is marshaling its forces to continue the epic struggle begun more than 10 years ago.

Rather than being degraded to the point that it can threaten only softer, more accessible targets like hotels and mass transit, Al Qaeda is very much sticking with its classic playbook of simultaneous, spectacular strikes against even hardened objectives. In other words, we have more to fear from this resilient organization, not less.

Ongoing investigations increasingly suggest that recent terrorist threats and attacks — the foiled 2004 plan to stage simultaneous suicide attacks in the United States, the 2005 suicide bus and subway bombings in London and the August 2006 plot to blow up 10 planes over the Atlantic — were all coordinated in some way by Al Qaeda and not by homegrown terror groups.

Consider what we have learned since the London bombings. Initially, British authorities concluded that the attacks were the work of disaffected British Muslims, self-radicalized and self-selected and operating purely within the country. We have subsequently learned, however, that the cell's ringleader, Mohamed Sidique Khan, and a fellow bomber visited Pakistani terrorist camps between late 2004 and early 2005 and met there with Al Qaeda operatives.

In addition, following the London attacks, a reliable source working for Britain's security service recognized Khan from news reports and claimed to have seen him at an Al Qaeda camp in Afghanistan in 1999 or 2000.

The London bombings' pedigree is familiar. Exactly a year earlier, British and American authorities had disrupted a plot by a London-based Al Qaeda cell to carry out simultaneous suicide attacks on the New York Stock Exchange, the Prudential Center in Newark, N.J., and the headquarters of the International Monetary Fund and the World Bank in Washington. The trail again led to Pakistan.

And this summer's plot to simultaneously bomb U.S. airliners was foiled after arrests in Pakistan again led British and U.S. officials to another British terrorist cell planning to attack American targets.

Rather than "Al Qaeda R.I.P.," we face an Al Qaeda that has risen from the grave. It has been able to adapt and adjust to the changes imposed on its operations by the U.S.-led war on terrorism and reestablish its command and control over international terrorism from the sanctuary it has established in Pakistan's North Waziristan.

Just last month, this alarming development produced a dramatic reversal in the Bush administration's public assessment of the Al Qaeda threat. In contrast to long-standing White House claims, the annual threat assessment presented by outgoing National Intelligence Director John D. Negroponte to the Senate Select Committee on Intelligence painted a disquieting picture of a highly resilient terrorist movement that, he said, is cultivating stronger operational connections to affiliates throughout the Middle East, North Africa and Europe.

Al Qaeda's stunning resurrection, before the very eyes of American military forces stationed across the border in southern Afghanistan, begs the question of how the most powerful country in the world can launch a six-year, no-holds-barred, global war on terrorism — at great cost to its pocketbook and international standing — only to find the main target of these Herculean efforts still alive and kicking.

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In retrospect, it appears that Iraq blinded us to the possibility of an Al Qaeda renaissance. The United States' entanglement there has consumed the attention and resources of our country's military and intelligence communities — at precisely the time that Osama bin Laden and other senior Al Qaeda commanders were in their most desperate straits and stood to benefit most from this distraction. What's more, even as we took solace in the president's argument that we were "fighting terrorists over there, so that we don't have to fight them here," Al Qaeda was regrouping.

Pakistan is both the problem and the solution to the most salient terrorist threat still directed against us. Al Qaeda and its Taliban allies could not function without the passive connivance of Pakistani authorities. Moreover, agreements concluded over the past two years between President Pervez Musharraf and the restive tribes along the Afghan border have assured Al Qaeda the noninterference with its activities that enables it to thrive. At the same time, the pivotal role played by Pakistan in the disruption of major attacks and the arrests of low-level plotters shows how dependent the U.S. remains on even this partial cooperation.

Defeating Al Qaeda requires, foremost, that our assessments and analyses be anchored firmly to sound, empirical judgment and not blinded by conjecture and wishful thinking. Second, we need to refocus our attention and efforts on Pakistan and Afghanistan, where, in the months after 9/11, Al Qaeda was indeed on the run. Third, Al Qaeda cannot be defeated by military means alone because it relies on propaganda and radicalization.

Accordingly, the U.S. needs a strategy that better combines the tactical elements of systematically destroying and weakening Al Qaeda's capabilities alongside the equally critical imperatives of countering the resonance of that movement's message and breaking the cycle of terrorist recruitment and replenishment that has both sustained and replenished Al Qaeda.

Syria's Terror Networks (WT)

By Farid N. Ghadry

The Washington Times, February 20, 2007

The Syrian regime is just as complicit as Iran in moving forward hostile activities specifically designed to kill Americans. The evidence is there and widely acknowledged by those in the know, but U.S. political and military leadership have proved hesitant to publicly pursue a tandem case against both Iran and Syria, despite the very prominent linkages that exist between the two in fermenting a wide spectrum of terror operations targeting U.S. forces.

The recent implication of Iran's elite Revolutionary Guard Qods Force in facilitating the movement of deadly weapons and "super" IEDs specially designed to inflict maximum casualties and penetrate armor speaks to only one half of the real story.

Regional intelligence services and inside sources from within Sunni officer corps opposed to the Assad regime have identified major foreign-fighter training camps in northern Syria and just outside Damascus overseen by Syrian Military Intelligence and run by former Iraqi Ba'athi Generals and senior Saddam Fedayeen commanders.

One major foreign fighter camp exists in the Latakia province in northern Syria, a mountainous area replete with Syrian Military Intelligence facilities and wide swaths of ostensibly government property closed to the public. The Iraqi officer in charge there is one Maj. Gen. Majid Sulayman. Yet another such camp exists 40 kilometers to the west of the border town of Qamishli, which lies in the Kurdish area in the northeastern tip of Syria bordering Iraq and Turkey; it is run by Maj. Gen. Qays al-Adhami. The al-Shaybani camp lies 30 kilometers south of Damascus and also trains foreign fighters. The al-Ikhals camp lies in the heart of the Qaysun mountain range near Damascus.

The al Qaeda connection is not that far removed. Arab papers report that the recent movement of large numbers of al Qaeda in Iraq fighters from Syria into Palestinian refugee camps in northern Lebanon and Beirut are sounding alarm bells that the Syrian security services are preparing to use these heavily armed and visibly well-funded cells to launch attacks against the anti-Syrian democratic government of Lebanon.

These cells are directed by Syrian extremists such as Shakir Absi, Abu Qa Qa, Sheikh Hashem Minqara and Abu-Khalid Imlah, who have historical ties with Syrian intelligence; all were formerly imprisoned in special detention centers run by the Political Security Directorate and then suddenly released by the good graces of Syrian security around the same time in 2005. Absi and Imlah maintain the strongest ties to Syrian intelligence. Absi -- a former officer in the Syrian air force -- and Imlah -- the former head of SMI -- supported Fatah al-Intifadah -- who later created his own Fatah al-Islam offshoot.

What's more, European security services are warning that senior al Qaeda leadership figures Abdul Hadi al-Iraqi and Atiyah Abdul-Rahman have tasked al Qaeda assets in the Levant to prepare for major international operations targeting Western Europe and even the U.S homeland. Operational planning is said to be progressing with potential targets already cased out. And these are just the Sunni extremists that the Syrians support.

Mr. Chizari, one of the major IRGC commanders netted by Coalition Forces in December, was present in Damascus a month prior to his capture where he was meeting with senior Syrian leadership and the Lebanese Hezbollah officials in charge of

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a specially designated "Force 2800" which focuses on supporting fellow radical Shi'ite groups like the ones responsible for the recent kidnapping and execution of four U.S. soldiers in Karbala.

Mr. Chizari is the deputy for Iraq operations to Brig. Gen. Qasim Soleimani, who in turn heads Qods Force external operations and is strategic guide to IRGC activities in the Palestinian territories, Lebanon, Iraq and Afghanistan. The super IEDs, also known as explosive formed penetrators, would never have proliferated so widely in Iraq had it not been for the work of IRGC officials like Gen. Soleimani and Mr. Chizari. Gen. Soleimani's other right-hand man, Ja'afar al-Ibrahimi, aka Abu Mahdi al Muhandis, also attended these meetings. Muhandis is a senior Badr Brigade operator with close ties to Hezbollah and a central node to the IRGC supply network to anti-U.S. Shi'ite militias in Iraq. Mr. Muhandis was also recently identified by the United States as being behind the bombing of the U.S. embassy in Kuwait in the early 1980s as well.

The Syrian-Iranian regime terror connection is further underscored by Gen. Soleimani's participation in high-level discussions on a monthly basis with Syrian leadership, including Assad's brother and brother-in law.

Imad Mugniyeh, the infamous Hezbollah special operations super-terrorist who still retains a $5 million bounty on his head -- placed by the FBI due to his role in planning the Marine barrack and embassy bombings in Beirut in 1982 -- is also said to attend these meetings. Sources say that Mugniyeh was designated by Hezbollah Secretary-General Hassan Nasrallah as the head of Force 2800.

The case is apparent and it goes beyond the circumstantial. The Syrian regime is not merely dabbling in terror sponsorship in an ad hoc manner. This is a concerted and strategic effort designed to inflict the maximum punishment upon the United States and its allies, not just in the region but across the globe.

The full scope and depth of regime involvement in enabling acts of self-sustaining terror might never be known. But enough indicators have subsequently arisen within the shadow of Iran's own pernicious designs against the United States and struggling democratic allies in the Arab world, to realize that, left unchecked, we might find ourselves suddenly overwhelmed and outflanked by an enemy that, for the sake of expediency, was ignored.

Farid N. Ghadry is president of the Reform Party of Syria.

Moral Waivers And The Military (NYT)

The New York Times, February 20, 2007

The Iraq war has plunged the Army into a vicious cycle of declining standards. Multiple, extended tours of duty have sapped morale and blighted recruiting. New plans for a larger overall force could reduce pressures but would also mean that recruiters would have to meet higher quotas.

To keep filling the ranks, the Army has had to keep lowering its expectations. Diluting educational, aptitude and medical standards has not been enough. Nor have larger enlistment bonuses plugged the gap. So the Army has found itself recklessly expanding the granting of “moral waivers,” which let people convicted of serious misdemeanors and even some felonies enlist in its ranks.

Last year, such waivers were granted to 8,129 men and women — or more than one out of every 10 new Army recruits. That number is up 65 percent since 2003, the year President Bush ordered the invasion of Iraq. In the last three years, more than 125,000 moral waivers have been granted by America’s four military services.

Most of last year’s Army waivers were for serious misdemeanors, like aggravated assault, robbery, burglary and vehicular homicide. But around 900 — double the number in 2003 — were for felonies. Worse, the Army does no systematic tracking of recruits with waivers once it signs them up, and it does not always pay enough attention to any adjustment problems. Without adequate monitoring and counseling, handing out guns to people who have already committed crimes poses a danger to the other soldiers they serve with and to the innocent civilians they are supposed to protect.

There is a long and honorable history of young people who have had minor scrapes with the law joining the military and successfully turning their lives around. But those who have committed more serious crimes, especially those involving weapons, vehicular homicide or sexual abuse, should generally be denied moral waivers. And those who do qualify for waivers should be monitored, counseled and carefully supervised.

The fastest way to drop the rate of moral waivers would be for the Army to rebuild its recently tarnished reputation among less problematic young Americans. That will require an end to involuntarily extended tours of duty and accelerated, multiple redeployments into combat. The military is America’s face to much of the world. It ought to present the best face of American youth.

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The Firing Of Carol C. Lam (HARTC)

The Hartford Courant, February 19, 2007

A decision by Justice Department officials to fire federal prosecutor Carol C. Lam in San Diego for unspecified performance-related reasons is getting curiouser and curiouser.

Ms. Lam is among a dozen U.S. attorneys around the country who have been told to resign. Justice Department officials say the firings are for just cause; in Ms. Lam's case at least, the decision appears to be just political.

Ms. Lam headed the investigation into former U.S. Rep. Randy "Duke" Cunningham, a prominent San Diego Republican who pleaded guilty last year to tax evasion, conspiring to commit bribery, wire fraud and mail fraud. Prosecutors say Mr. Cunningham accepted at least $2.5 million in bribes from defense contractors.

On Tuesday, a San Diego grand jury returned an 11-count indictment against Kyle "Dusty" Foggo, the CIA's executive director from November 2004 to May of last year. Mr. Foggo is accused of steering business to his friend, Brent R. Wilkes, a California businessman and top Republican fundraiser. Mr. Foggo gave Mr. Wilkes classified information pertaining to the CIA, competing contractors and "other matters," according to the indictment.

The Cunningham and Foggo probes are pieces of a larger, ongoing investigation into the way lawmakers directed federal contracts toward friends and campaign supporters.

Both inquiries were overseen by Ms. Lam.

Her firing appears to have less to do with performance-related deficiency than it does political retaliation by high-level Justice Department officials who may also be attempting to derail an investigation that's potentially embarrassing to other members of Congress and the White House.

John McKay's Mysterious Exit (SEAPI)

By Carl Tobias, GUEST COLUMNIST

Seattle Post-Intelligencer, February 20, 2007

The controversy involving December's forced resignation of U.S. Attorneys, who are the chief prosecutors for six federal districts in the West, has heated up and focused on John McKay, who recently stepped down as the U.S. Attorney for the Western District of Washington.

On Feb. 6, the Senate Judiciary Committee held a hearing to analyze whether the Department of Justice was sacrificing prosecutorial independence by politicizing U.S. Attorney firing and hiring. Because it is unclear why McKay was forced out, Congress must continue evaluating his departure, and, if he resigned for questionable reasons, it should address them.

The hearing produced certain information, yet it provoked new questions. Deputy Attorney General Paul McNulty testified that the resignations were for non-specific "performance-related" reasons. This prompted an immediate, sharp response from Western District of Washington Chief Judge Robert Lasnik and his colleagues: "We unanimously agreed that (John McKay) was an absolutely superb U.S. Attorney (and for DOJ) to suggest otherwise is unfair." He elaborated that local prosecutors and sheriffs and the FBI "never had the kind of service" in terms of "cooperation and aggressive handling of cases that they had under McKay's leadership."

The expeditious, thorough, informed response by the Western District judges is extraordinary. Federal judges rarely and with extreme caution publicly address Department of Justice interaction with U.S. Attorneys' offices because of separation of powers concerns and mutual respect. However, this response's unusual nature and its thorough, expert character suggest how deeply the judges feel about McKay's abilities. Moreover, district judges know much about U.S. attorneys' competence, because that office appears daily in the judges' courtrooms.

Many others admire McKay's professionalism. Seven months before McKay was asked to resign, he earned a stellar DOJ performance review, which found him "an effective, well-regarded and capable leader of the (office) and the District's law enforcement community." King County Prosecutor Norm Maleng also lauded McKay: "He did an outstanding job and took the office to a new level." In short, McKay was the U.S. Attorney's U. S. Attorney.

Like a true professional, McKay quietly tendered his resignation when asked, understanding that U.S. Attorneys serve at DOJ's pleasure. However, the suggestion that McKay's resignation was performance-related apparently proved too much and he challenged it, stating "that is unfair." The suggestion "reflects on my former colleagues in the office and the good work that we did, and I know that's not true." McKay said DOJ ordered him to resign on Dec. 7, but he "was given no explanation (and) certainly was told of no performance issues."

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One concern lawmakers voiced is that U.S. Attorney resignation and appointment have become too politicized and are based on political factors, not merit, which can erode U.S. Attorneys' independence. Sen. Charles Schumer, D-N.Y., contended that even the departure and appointment of leading "federal prosecutors has become infused and corrupted with political" considerations. Top DOJ officials strongly deny that politics prompted the resignations. In January, Attorney General Alberto Gonzales stated he would not force a U.S. Attorney to leave for political reasons or stop an ongoing investigation and, at the recent hearing, McNulty agreed.

Some lawmakers have taken action. Sen. Patty Murray, D-Wash., said "McKay has worked diligently for our region, and it is deeply disconcerting that he could have been let go for political reasons," while Congress and the public "have no tolerance for the politicization" of his office.

Murray asked DOJ to inform her "exactly what it means by 'performance-related' reasons and reassure (her) that McKay was not dismissed solely on the basis of partisan politics."

Lawmakers should continue investigating why John McKay resigned and, if he departed for inappropriate, politically animated reasons, initiate action.

Legislators who agree with those notions must cooperate with others to ascertain why McKay left and adopt any correctives that are required.

Carl Tobias is the Williams Professor at the University of Richmond School of Law.

CORPORATE SCANDALS:

Emails Reveal Backdating Scheme (WSJ)

By Mark Boslet And Mark Maremont

The Wall Street Journal, February 19, 2007

Mercury Complaint Claims Wide Efforts Among Executives

As part of a years-long scheme to backdate stock options at Mercury Interactive Corp., former executives allegedly altered documents, repeatedly changed the dates of some option grants, and sent each other emails discussing the improper practice, according to a court document that has been at the center of a battle over confidentiality in the case.

In one 2000 email quoted in the court document, filed in state court in California by shareholders suing the former executives, a Mercury finance executive wrote to another official about using "magic backdating ink" to manipulate the date of an options grant. Another employee whose grant allegedly was backdated was told in an email that "the stock price drop made us change the grant date" and "you will be happier with the new price."

In another incident described in the filing, insiders allegedly covered up fax headers on documents to disguise the fact that an options grant was approved by directors long after its purported date.

The court document appears to provide some of the most vivid evidence yet of how options backdating took root and flourished inside a company, depicting a culture of lax controls in which top executives openly discussed how to manipulate the dates of options to make them more favorable to themselves and other insiders.

Mercury was one of the first companies ensnared in the options-backdating scandal, and it previously has admitted that its top executives improperly altered the dates of more than 50 option grants between 1996 and 2002. The Mountain View, Calif., software company, which was acquired by Hewlett-Packard Co. late last year for $4.5 billion, previously restated years of financial results, reducing its pretax income by $566.7 million from 1992 to 2004 -- nearly all because of options-related problems. Most of its top executives from the period in question have left the firm.

Mercury is one of about 140 companies being investigated in a broad federal probe of options backdating. Last week, a former chief executive of Take-Two Interactive Software Inc. and a former general counsel of Monster Worldwide Inc. separately pleaded guilty to options-related criminal charges in New York.

Stock options, a popular compensation tool, give employees the right to buy a company's stock at a preset "strike price," typically the market price on the date of grant. In theory, recipients can't profit unless the share price rises. At some companies, executives improperly backdated grants by pretending options were issued at an earlier time when the market price was lower, thus increasing the potential profit.

The new information about the Mercury case is contained in a 35-page shareholder-derivative complaint, originally filed in September under seal in Superior Court in Santa Clara, Calif., against four former top executives of the company. On Feb. 5, the judge overseeing the case, James P. Kleinberg, ordered it dismissed on a matter of standing, ruling that the plaintiffs no longer have a stake in the company after H-P's purchase. It is unclear if the plaintiffs will appeal that order, which didn't address the complaint's merits.

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Several news organizations have been waging a legal battle to have some documents in the case unsealed. The former Mercury executives have opposed unsealing the documents. Judge Kleinberg has ordered the documents opened to public view, but they remain sealed pending appeal.

A copy of the complaint was appended to another filing in the case, and a Dow Jones News Service reporter obtained the document from the court's files late Friday. Neither Dow Jones & Co. nor The Wall Street Journal is a party to the legal attempt to unseal the documents.

Although filed on behalf of two shareholders, the complaint says it was prosecuted "at the request of" a special committee of Mercury's board, which last year decided to support the shareholder suit against the four former executives. The complaint appears to lean heavily on documents and other information from an internal probe overseen by Mercury's board.

The defendants in the case are: Sharlene Abrams and Douglas P. Smith, both former chief financial officers; Susan Skaer, a former general counsel; and Kenneth Klein, a former chief operating officer. The complaint alleges the four granted themselves more than three million backdated options, locking in a total of $54.3 million in immediate paper gains. In total, the four made "millions in illicit profit" by selling Mercury shares valued at about $88 million, the complaint alleges.

Jared Kopel, an attorney for Mr. Klein, said only "we can't comment on a document that the courts ordered to remain under seal." Brandon Wisoff, an attorney for Ms. Abrams, also cited the confidentiality order in refraining from commenting.

Patrick Robbins, who represents Mr. Smith, said: "This complaint contained irresponsibly inaccurate and incomplete recitations of events involving Mr. Smith, who did nothing wrong. We are gratified that the court has dismissed these claims."

An attorney for Ms. Skaer couldn't be immediately reached to comment. In past news reports, an attorney for Ms. Skaer has denied she did anything wrong.

Email messages discussing backdating were frequent among Mercury executives, the court complaint says. In one exchange from May 1999, officials debated how to set the date of an April 1999 grant, even though the purported date had passed weeks before. "[W]hat is the date for the April grant going to be?" Susie Fregoso, a payroll manager, asked Ms. Abrams on May 5. "Right now I have it as April 7 with a price of $27.125. You had mentioned that this might change, any news?"

In another email exchange from Aug. 3, 2000, discussing whether an employee could be retroactively included in an already-issued option grant -- which would have been improper unless the company took a special earnings charge -- Assistant Controller Kathy Hawkes tells Ms. Fregoso: "I betcha that Sharlene [Abrams] will overrule these types of things...and we will use her magic backdating ink," according to the court records.

Another April 2000 email appears to describe how former Chief Executive Amnon Landan and Ms. Abrams supposedly backdated a grant to a new employee, who was promised stock options in her job-offer letter. The trouble was, Mercury's stock price was falling, and the officials wanted to wait to lock in a lower price. "The reason the paperwork was not sent out is because the stock price drop made us change the grant date so that you could get the lower price," says the April 28, 2000 message to the new hire from Ms. Fregoso, the payroll manager, as quoted in the filing. "The 'New' grant is being approved next week by Sharlene [Abrams]/Amnon [Landan]. I know it has been a while, but believe me, you will be happier with the new price." It ended with a smiley-face emoticon.

In a mid-March 2002 email, general counsel Ms. Skaer wrote to Mr. Smith, the finance chief, suggesting they use a date two weeks earlier for a grant to 30 new employees, "unless we think the price will be better than that later this month" according to the complaint. "Let me know what you'd like to do," she added.

In addition, Mercury officials falsified records, including hiring agreements, to cover their tracks, the court document asserts. Mr. Smith was hired as an executive vice president in mid-2000. According to the complaint, the board approved a grant of 450,000 options to Mr. Smith on July 25, 2000, when Mercury's stock price was $94.69.

It claims Ms. Abrams and Ms. Skaer falsified Mr. Smith's employment letter to make it appear he was hired on May 23, 2000, and then priced his options on that date, when the share price was $65.20. The backdating added $13.3 million in potential profit to the grant, according to the complaint.

A May 22 employment letter was drawn up for Mr. Smith, which he signed and dated May 23, the complaint says. Bogus compensation committee minutes dated May 23 also were drawn up, claiming the board approved Mr. Smith's grant on that date, the complaint says. But electronic "metadata," or electronic tagging information, shows that the minutes weren't created until July 26, it adds.

Other documents were falsified in early 2002, according to the records. At the time, Mercury's share price was rising, and the defendants allegedly decided to backdate an option grant to Mr. Smith and Ms. Skaer to early November 2001, when the stock was significantly lower. In January, Mr. Landan, the former CEO, sent an email to outside directors seeking their consent for the earlier date, the complaint claims. When the directors faxed back the consent forms bearing the November grant date, the complaint says, "Skaer, or someone at her direction, intentionally falsified and altered [the documents] by whiting out the January 20, 2002 fax dates at the top of the return faxes."

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The supposed alteration failed because one of the faxes was sent upside down, and the original date was left on one of the documents, the complaint alleges. Final approval for the grant wasn't obtained until a Feb. 12, 2002, board meeting, when the defendants allegedly changed the date yet again, to one several days earlier in November that was even more favorable to them, the complaint says.

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CRIMINAL LAW:

The Defendant Isn't The Only Player With A Personal Stake In The Libby Verdict (NYT)

By Neil A. Lewis

The New York Times, February 19, 2007

WASHINGTON, Feb. 18 — As lawyers for I. Lewis Libby Jr. make their final argument to the jury on Tuesday, they face the daunting task of raising sufficient doubts about the government's assertion that Mr. Libby lied to a grand jury and federal investigators.

Prosecutors have built a detailed case to support their charges, presenting several plausible witnesses whose testimony conflicts with Mr. Libby's sworn statements. Still, the prosecution has the burden of convincing the jurors of Mr. Libby's guilt beyond a reasonable doubt, an imprecise concept that makes the outcome of most complicated criminal trials unpredictable.

Peter Zeidenberg, a Justice Department prosecutor, is to begin the summation case for the government. He will be followed by Theodore V. Wells Jr., Mr. Libby's chief defense lawyer. As is customary in federal criminal trials, the prosecutors will have the last word, and it will be by Patrick J. Fitzgerald, the chief prosecutor. Each side will have a total of three hours.

While there are numerous lawyers on both sides, it is Mr. Wells and Mr. Fitzgerald who have emerged as the leading adversaries. They have argued dozens of legal issues before Judge Reggie B. Walton, politely jostled each other at the lectern and less politely complained about each other's tactics.

The stakes are obvious for Mr. Libby, Vice President Dick Cheney's former chief of staff, who faces five felony charges for allegedly lying during an investigation of who leaked to reporters the name of a C.I.A. operative, Valerie Wilson. But there are significant stakes as well for Mr. Wells and Mr. Fitzgerald.

At the end of 2003, Mr. Fitzgerald, the chief federal prosecutor in Chicago, was chosen as special counsel to investigate the leak of Ms. Wilson's identity. Her name was first disclosed in a July 14, 2003, column by Robert D. Novak only days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV. Mr. Wilson, a former ambassador, had accused the Bush White House of knowingly distorting intelligence about Iraq's efforts to obtain material for its nuclear program in order to bolster the case for going to war.

Mr. Fitzgerald successfully pressed reporters to give evidence about their confidential interviews, even sending one, Judith Miller of The New York Times, to jail for 85 days before she agreed to testify to the grand jury.

Mr. Fitzgerald discovered who leaked Ms. Wilson's name to Mr. Novak — Richard L. Armitage, a deputy secretary of state and Karl Rove, President Bush's top political adviser — but did not bring criminal charges against them. He did, however, charge Mr. Libby, who he said had obstructed justice and committed perjury by giving untruthful answers to the grand jury and the Federal Bureau of Investigation.

It was a serious crime, he told reporters, because it was like "throwing sand in the umpire's face," impeding the prosecutor's mission. For Mr. Fitzgerald, the outcome of the trial will in part be a verdict on his decision to seek Mr. Libby's indictment.

Mr. Wells, a renowned defense lawyer, has characteristically thrown himself into his work. He has bested prosecutors in the past in defending public officials, and in this case he has battled over every sliver of an issue. Mr. Wells, along with William H. Jeffress Jr., put on a short defense last week; much of their strategy was based on discrediting Mr. Fitzgerald's witnesses during cross-examination.

Lawrence Barcella, a former federal prosecutor and experienced white-collar defense lawyer in Washington, said that closing statements were important but often not as crucial as nonlawyers might think.

"Actually, opening statements are more important," Mr. Barcella said, saying that studies and conventional wisdom among trial lawyers showed that jurors typically made up their minds early in the trial.

Dan K. Webb, also a prominent defense lawyer who was the chief federal prosecutor in Chicago, disagreed. Mr. Webb said in an interview that he thought closing statements were often "the most important part of a trial" because a lawyer could weave a persuasive closing argument as well as a favorable factual summary of the case.

"It's a combination of skilled closing argument and effective cross-examinations that win most cases," he said.

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In their closing arguments, both sides will strive to project believability, but with markedly different styles. Mr. Wells's closing speeches are filled with emotion and motion, as his arms wave and he strides about in front of the jury, expressing indignation at the government's case.

Mr. Fitzgerald, along with Mr. Zeidenberg, is expected to offer straightforward and unemotional presentations.

The prosecution wants to offer a streamlined and simplified argument that Mr. Libby lied in two grand jury appearances and two F.B.I. interviews when he said he had not discussed Ms. Wilson with two reporters. To believe that, the jurors will be told by prosecutors, they will have to disbelieve several witnesses, including the two reporters.

In addition, they will have to discount the testimony of several officials who said Mr. Libby knew of Ms. Wilson's identity before he said he learned it from Tim Russert of NBC News.

Mr. Wells will probably focus on inconsistencies he and Mr. Jeffress exposed in cross-examination, demonstrating that nobody's memory is perfect.

In two days of cross-examination of Mr. Russert, for instance, Mr. Wells nicked and slashed at his credibility and character. But it was unclear if he had cast doubt on Mr. Russert's essential testimony, that Mr. Libby was lying when he swore that he had learned about Ms. Wilson from Mr. Russert.

In his opening statement, Mr. Wells said that Mr. Libby had been made a scapegoat by unnamed White House officials who wanted to protect Mr. Rove because of his political importance to Mr. Bush.

But Mr. Wells did not present any testimony to support that thesis, and will probably be barred from repeating it in his closing statement.

Trial Spotlights Cheney's Power As An Infighter (NYT)

By Jim Rutenberg

The New York Times, February 20, 2007

WASHINGTON, Feb. 19 — A picture taking shape from hours of testimony and reams of documents in the trial of I. Lewis Libby Jr. shatters any notion that the White House was operating as a model of cohesion throughout President Bush's first term.

The trial against Mr. Libby has centered on a narrow case of perjury, with days of sparring between the defense and prosecution lawyers over the numbing details of three-year-old conversations between White House officials and journalists. But a close reading of the testimony and evidence in the case is more revelatory, bringing into bolder relief a portrait of a vice president with free rein to operate inside the White House as he saw fit in order to debunk the charges of a critic of the war in Iraq.

The evidence in the trial shows Vice President Dick Cheney and Mr. Libby, his former chief of staff, countermanding and even occasionally misleading colleagues at the highest levels of Mr. Bush's inner circle as the two pursued their own goal of clearing the vice president's name in connection with flawed intelligence used in the case for war.

The testimony in the trial, which is heading for final arguments as early as Tuesday, calls into question whether Mr. Cheney, known as a consummate inside player, operated as effectively as his reputation would hold. For all of his machinations, Mr. Cheney's efforts sometimes faltered as he tried, with the help of Mr. Libby, to push back against critics during a crucial period in the early summer of 2003, when Mr. Bush's initial case for war was beginning to fall apart. In some of their efforts, Mr. Cheney and his agent, Mr. Libby, appeared even maladroit in the art of news management.

While others on the White House team were primarily concerned about Mr. Bush, the evidence has shown that Mr. Libby had a more acute concern about his own boss. Unbeknownst to their colleagues, according to testimony, the two carried out a covert public relations campaign to defend not only the case for war but also Mr. Cheney's connection to the flawed intelligence.

In doing so, they used some of the most sensitive and classified intelligence data available, information others on Mr. Bush's team was not yet prepared to put to use in a public fight against a war critic.

A Quiet Scramble

At one point in the trial an adviser to Mr. Cheney recounted leaving a room in discomfort when she heard Mr. Libby sharing information from one of the government's most highly classified documents, not knowing Mr. Libby had secret presidential approval in hand. In his own testimony, Mr. Libby told of a failed effort to stanch negative coverage from Chris Matthews of MSNBC by trying to exploit a rivalry between him and Tim Russert, the Washington bureau chief at NBC News.

Mr. Cheney and Mr. Libby were trying in particular to distance the vice president from an assertion that Saddam Hussein had sought large quantities of nuclear material in Africa that was ultimately deemed questionable.

Mr. Cheney was given ownership of the claim by a former ambassador, Joseph C. Wilson IV, who wrote in an Op-Ed article in The New York Times on July 6, 2003, that he had been dispatched to Africa because of questions by Mr. Cheney's office. Mr. Wilson wrote that he returned from Africa highly doubtful about the claim and reported that to the Central Intelligence Agency and the State Department.

When Mr. Bush repeated the claim months later — in a 16-word sentence of his 2003 State of the Union address weeks before the Iraq invasion — Mr. Wilson wrote that he was compelled to question publicly whether Mr. Cheney had ignored his findings because they were inconvenient to the case against Iraq.

Even prosecution witnesses have testified that while Mr. Cheney had asked for more information about the accusation that Mr. Hussein sought uranium in Africa more than a year before the invasion, he did not know that Mr. Wilson was sent to investigate. And, witnesses said at trial, he did not learn about the trip until Mr. Wilson began to make his case publicly. This might explain why Mr. Cheney was so intent on debunking Mr. Wilson.

News of Mr. Wilson's mission, its findings and Mr. Cheney's supposed role in his assignment first surfaced two months before he stepped forward with his article, in reports that described him only as an anonymous former ambassador. Mr. Wilson decided to reveal himself after concluding that his anonymous account was not being taken seriously enough, according to testimony.

But those earlier reports prompted a quiet scramble by Mr. Libby to figure out who this anonymous ambassador was, who had sent him on his mission and what had happened with his findings. By the time Mr. Wilson came forward, Mr. Libby and Mr. Cheney knew that Mr. Wilson had been dispatched to Africa by the C.I.A. unit where his wife, Valerie, worked. The eventual exposure of her identity as a covert operative set forth the investigation that led to Mr. Libby's trial this year.

Mr. Libby faces charges that he lied to authorities who were looking into whether, in defending against Mr. Wilson's accusations, the administration intentionally exposed the identity of Mrs. Wilson to undercut her husband and clear Mr. Cheney. A jury will decide if Mr. Libby misled investigators or, as his defense asserts, lost track of what he said or learned amid a hectic schedule.

White House officials denied several requests for comment about the testimony and the story it generally tells, citing a reluctance to comment on anything involving the trial.

Declassifying and Leaking

Mr. Wilson's July 6 article was, in Mr. Libby's view, "a very serious attack." In his grand jury testimony, which was shared in the current trial, he said the charges amounted to a potentially severe blow to the administration credibility.

And the day after the Op-Ed article ran, the president's press secretary, Ari Fleischer, said the White House had lost confidence in the uranium assertion.

Mr. Libby's notes from a White House meeting of senior presidential advisers on the morning of July 8 — the sort of meeting that staff members rarely discuss publicly — read, "Uranium story is becoming a question of the president's trustworthiness." The notes quote Karl Rove, the presidential adviser tasked with Mr. Bush's re-election, as lamenting, "Now they have accepted Joe Wilson as credible expert." The notes reflected a general concern that the White House was not moving swiftly enough to contain the damage.

What others present at that White House meeting did not know was that Mr. Libby and Mr. Cheney were already conducting their own quiet campaign. Its purpose was to show not only that the White House had ample reason to believe the flawed intelligence even after Mr. Wilson's mission but also to defend against Mr. Cheney's alleged connection to the uranium claim.

Mr. Libby testified to the grand jury that an angry Mr. Cheney had by then already directed him to approach a reporter he regarded as suitable, Judith Miller of The New York Times, to make his case. Mr. Libby was under instruction to describe the vice president's ignorance of Mr. Wilson's mission and to discuss parts of the National Intelligence Estimate from October 2002 as well as another intelligence document showing the C.I.A. continued promoting the theory about Iraq's efforts to acquire uranium months after Mr. Wilson's trip.

The release of the intelligence estimate was a sensitive issue. Others in the administration had considered doing so that spring when Mr. Wilson's claim first surfaced, but faced resistance from the C.I.A. One investigator questioned in the trial testified that Mr. Libby's notes indicated that George J. Tenet, then director of central intelligence, was personally opposed to doing so.

Mr. Libby said he found a way around that resistance by getting backdoor approval from the president. In a hush-hush meeting described in testimony, Mr. Libby asked the vice president's chief counsel, David S. Addington, whether the president could declassify intelligence personally, effectively without C.I.A. knowledge or approval.

Mr. Addington testified that as he explained to Mr. Libby that indeed the president could do so, Mr. Libby shushed him. "He extended his hands out and pushed down a little like that, that would indicate, 'Hold your voice down,' " Mr. Addington said at the trial. Mr. Libby testified that Mr. Cheney then went to Mr. Bush and got a presidential declassification.

White House officials have said Mr. Bush did not know how Mr. Cheney and Mr. Libby intended to use the intelligence.

Mr. Libby's attempt to use the newly declassified data with Ms. Miller failed. He met with her for two hours at the St. Regis Hotel on July 8.

But, as Mr. Libby told the grand jury, going to Ms. Miller was "a poor choice" because she never used the information.

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Cathie Martin, Mr. Cheney's former communications director, recalled her discomfort at seeing Mr. Libby reading from the estimate later in the day while he called back reporters covering the story, at Mr. Cheney's direction, among them Andrea Mitchell of NBC News.

Other senior officials were perplexed when they apparently saw some of Mr. Libby's handiwork from those phone calls in action. After Ms. Mitchell reported that night on NBC News that "The White House blamed an October C.I.A. report for ignoring Wilson's information," the president's deputy national security adviser, Stephen J. Hadley, indicated that he had got an earful from Mr. Tenet, according to Ms. Martin's testimony.

Ms. Martin testified that at a senior staff meeting the following morning Mr. Hadley strongly hinted he thought she was responsible and told her the finger-pointing had been a disservice to the president. According to Ms. Martin's testimony, Mr. Libby let her take the blame and "looked down" as Mr. Hadley shared his chagrin. Mr. Cheney, she said, later told her not to worry about it.

Spinning Wheels

It was one of several times when Mr. Libby and Mr. Cheney were portrayed as disregarding Mr. Hadley, who now holds Condoleezza Rice's former title of national security adviser but was then her second in command.

At a meeting on July 10, Mr. Hadley had suggested to Mr. Libby and Mr. Cheney that the intelligence estimate could be leaked to a friendly reporter, Mr. Libby testified that his notes said. But neither he nor Mr. Cheney told Mr. Hadley that they had started trying to do so days earlier.

But all the same, their effort was by no means a smashing success.

Mr. Libby was frustrated that Mr. Matthews of MSNBC, for instance, was continuing to assert that Mr. Cheney had ignored Mr. Wilson's findings.

His notes indicate that Mary Matalin, the longtime Cheney political adviser, suggested that he call Mr. Russert to complain. NBC is a co-owner of MSNBC. "Call Tim. He hates Chris," Mr. Libby's notes read, according to testimony. His later call to Mr. Russert, he lamented to the grand jury, did not bear fruit.

The notes also indicated that Ms. Matalin said the White House needed a "Tenet-like" statement to clear the president. In fact, Mr. Tenet released a statement the following day — after tense negotiations with Mr. Libby and Mr. Hadley — taking responsibility for the bad intelligence.

Mr. Fleischer testified that he was pleased with the statement as the president's spokesman; Ms. Martin testified that it did not go far enough from the perspective of her office. And under the direction of the vice president, Mr. Libby continued his public relations push.

With the West Wing and the C.I.A. seemingly in open feud, it ultimately fell to Mr. Hadley to step forward and say on July 22 that it was his fault that the questionable claim wound up in the president's speech.

The Mystery Man In Scooter Libby Trial (NSWK)

By Michael Isikoff

Newsweek, February 19, 2007

Richard Hohlt is the heavy hitter you've never heard of.

Robert Novak, as usual, had a scoop to unload—only this time, it was from the witness stand. Testifying last week in the trial of Vice President Dick Cheney's former chief of staff, I. Lewis (Scooter) Libby, the conservative columnist gruffly described how he first learned from two top Bush administration officials that Valerie Plame, wife of Iraq war critic Joseph Wilson, was a CIA officer. But then Novak injected a new name into the drama—one that virtually nobody in the courtroom knew.

Asked by one of Libby's lawyers if he had talked about Plame with anybody else before outing her in his column, Novak said he'd discussed her with a lobbyist named Richard Hohlt. Who, the lawyer pressed, is Hohlt? "He's a very good source of mine" whom I talk to "every day," Novak replied. Indeed, Hohlt is such a good source that after Novak finished his column naming Plame, he testified, he did something most journalists rarely do: he gave the lobbyist an advance copy of his column. What Novak didn't tell the jury is what the lobbyist then did with it: Hohlt confirmed to NEWSWEEK that he faxed the forthcoming column to their mutual friend Karl Rove (one of Novak's sources for the Plame leak), thereby giving the White House a heads up on the bombshell to come.

The trial of Libby—who is charged with lying about his own alleged role in the disclosure of Plame's identity—has revealed much about how government officials and journalists swap secrets. But Hohlt's outing was especially revealing. Unlike many of the high-profile Washington players who have populated the Plame affair, Hohlt is a Beltway power broker of a different sort. He works quietly, rarely makes the papers and likes it that way. Hohlt, 58, came to Washington more than 30 years ago as an aide to Sen. Richard Lugar. He now represents A-list clients like Bristol Myers, Chevron, JPMorgan Chase and the Nuclear Energy

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Association. At the same time, he raises buckets of cash for the Republican Party: he was designated a "Super Ranger," a fund-raiser who raked in more than $500,000 for President Bush's re-election.

But Hohlt's more significant role may be his leadership of a secretive social group of GOP heavy hitters and, occasionally, White House officials, who convene to smoke cigars and mull over politics. The group's name: the Off The Record Club. Hohlt is the club's "keeper of the flame," says one participant who, like others contacted for this story, didn't want to be named because it violates the group's rules. Each month or so for more than 15 years, Hohlt has booked a room at a posh Washington hotel or restaurant and invited the guests for dinner. Among the regulars, according to three participants: fellow lobbyists Ken Duberstein, Charlie Black and Vin Weber. Rove and White House chief of staff Josh Bolten "have both attended these meetings on occasion," says a White House spokesperson. (Duberstein and Weber did not respond to requests for comment. Black wouldn't talk about the club because "one of the purposes of it is to be off the record," he says.) "It's really just a bunch of old-timers who like to shoot the breeze," Hohlt tells NEWSWEEK. "We can complain about our clients, complain about what's going on on the Hill." (Hohlt's most recent gripe: a new D.C. smoking ban that has snuffed out the after-dinner stogies.) The club, participants say, helps the White House with damage control—they prodded GOP pols to back the president's post-Katrina cleanup—and thinks up ways to get the party's message across to the press.

That's where Hohlt has proved most valuable. An accomplished information trader, Hohlt serves as a background source for a select group of Washington journalists—Novak above all. "He's known as the person you go to to try to get stuff in Novak's column," says one semiregular OTR participant. (Novak says it is "ridiculous" to suggest he writes what Hohlt wants.)

After Novak first told Hohlt that he was working on a hot story about ex-ambassador Joe Wilson, Hohlt says he e-mailed Rove to expect a phone call from Novak. Then Hohlt began pressing Novak to learn the juicy details. On July 11, 2003, three days before the column was published, Novak gave him a preview copy. (Unknown to Hohlt, Rove had already confirmed to Novak that Wilson's wife worked at the CIA.) That same day, Hohlt e-mailed details about the column to Rove, and later faxed him the entire unpublished article. (Rove's lawyer confirms this account.) "I was just trying to be helpful," Hohlt says. His role as a go-between later earned him a visit from the FBI, but it stayed secret until now. And that was just fine with Hohlt, who says that his greatest accomplishment as a lobbyist has been "staying out of the press." Thanks to last week's testimony, his cover—like Valerie Plame's—is now blown.

WHAT VINCE CAN DO (PHDN)

By Michael Hinkelman

Philadelphia Daily News, February 19, 2007

WHEN THE FEDS delivered a hefty 267-page, 139-count indictment against state Sen. Vince Fumo on Feb. 6, they were trying to show they've got the goods on him, a former federal prosecutor said.

But is it really a "slam dunk" case against the Prince of Philadelphia, who has pleaded not guilty to the charges?

Or are there strategies that Fumo can use to beat the case?

Yes, say defense lawyers and legal experts. This case is winnable for Fumo.

Fumo is charged with defrauding the state Senate and a South Philly charity of more than $2 million by using Senate staffers and charity workers for his personal and political benefit.

His lawyer, Richard A. Sprague, calls the indictment malicious and politically motivated, and says the feds didn't appreciate or understand how Fumo's office operates.

Sprague said he didn't want to tip his hand about how he'll defend Fumo, so the Daily News contacted some prominent defense attorneys to see how they might defend the embattled pol.

Here are some strategies they suggested.

Delay, delay, delay

A prominent criminal defense attorney and former federal prosecutor said he would do everything he could to keep the case from going to trial.

"I'd use every legal maneuver I could," said Carmen C. Nasuti. "I'd try to get the indictment dismissed, I'd try to get evidence excluded and I'd file as many pretrial motions as I could."

Nasuti said once the trial starts and evidence is admitted, there are "little things" that can't be readily explained or easily defended.

In this case, he said, one of those little things is the allegation that Fumo hired a private eye with state money to snoop on his political rivals and his ex-wife and ex-girlfriends.

The O.J. Simpson defense

The feds investigated Fumo for four years, and Sprague has said prosecutors want to "destroy" Fumo.

Some lawyers said this could be the linchpin of a strategy where the defense tries to paint prosecutors as overzealous or having misplaced enforcement priorities.

Who else gets investigated for four years? And what else could the feds have been investigating if they didn't divert so many resources to "destroy" Fumo?

"This could be just like the O. J. Simpson case where the jury was more interested in sending a message about misconduct in the L.A. Police Department than convicting Simpson of murder," even though the evidence pointed to Simpson's guilt, said attorney Charles A. Peruto Jr.

Even if jurors have evidence of Fumo's guilt, they might "hand it back to him," Peruto said, if they think prosecutors unfairly targeted Fumo.

"Jurors would focus more on the good things Fumo has done, and the people he's helped," Peruto said.

Fumo as his own best defense

Many white-collar defense lawyers don't want their high-profile clients to testify because it's high-risk and could undermine previous gains they've made with jurors.

But Fumo's situation is different, some say.

"My own experience is, if you have an engaging client and you know he has a plausible explanation for conduct the government claims is illegal, then put him on the stand," said Jack Meyerson, a former federal prosecutor who prosecuted Fumo in 1980 on fraud charges.

Fumo, who is smart and charming, testified in his own defense in his 1980 trial.

A jury convicted him and two others in that case, but the convictions were tossed out by a federal judge and his decision was upheld on appeal.

The senator will almost certainly see the jury this time as a small group of voters he can - and must - win over. As he told his fellow senators on Feb. 5, he wasn't just in a fight to save his political career but a fight for "everything that I hold dear."

If that's the case, how can he not tell his story to the jury?

"This case is going to hinge on Fumo's testimony," predicted attorney William Spade, a former city prosecutor who defended ex-city treasurer Corey Kemp in 2005.

"It's his to win or lose because it's all about his character, and jurors are going to want to hear from him. It's not even debatable," Spade said.

Make it about Pat, not Vince

Sprague has said the indictment was "born of political ambition," referring to U.S. Attorney Pat Meehan.

Pundits have speculated that if Meehan bags Fumo, his political upside is sky-high. He would be seen as taking down one of the state's most powerful Democratic pols and cleaning up the city's political cesspool.

"Find an explanation for [the prosecution] which is different from the government's case and try to build on that," said NiaLena Caravasos, a partner in the firm of former Philadelphia District Attorney F. Emmett Fitzpatrick.

Winning high-profile cases can launch political careers, she said.

Caravasos noted that Rudolph Giuliani first made a name for himself when, as Manhattan's U.S. attorney in 1989, he got a 98-count racketeering and securities fraud indictment of then-Wall Street junk bond king Michael Milken.

Milken copped a plea to six lesser charges and served almost two years in prison. And Giuliani? He became a two-term mayor of New York and is now a leading candidate for the GOP presidential nomination in 2008.

Play the politics card

A study by two retired communications professors of federal investigations of more than 300 local officeholders and candidates from 2001 to 2006 by the Bush Justice Department found that 85 percent of the targets were Democrats.

The Justice Department has declined to comment on the study and Meehan has said that politics plays no role in his office's investigations.

More recently, the Bush Justice Department has come under fire for removing the sitting U.S. attorney for Arkansas and replacing him with a former political operative for Karl Rove, Bush's chief political adviser.

A defense based on the Bush Justice Department's bias would almost certainly hinge on jury selection, several defense lawyers said.

"If there are an equal number of Democrats on the jury panel as Republicans, the defense might be able to take advantage of the anti-Bush administration sentiment out there," said Meyerson.

Fumo is a 24/7 guy

Fumo said during a speech on the Senate floor on Feb. 5 that his staffers "routinely" work at all hours of the day and no public business is ever slighted.

"I have a 24/7 operation," he said.

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Defense attorneys said it wouldn't be difficult to find Fumo staffers to testify to this.

"I could see myself putting on a 24/7 defense," said Spade.

It's "not disingenuous" to think that Fumo staffers allegedly doing personal favors for Fumo during regular working hours made up for it by working on their own time.

"People who work hard or who love their boss or job know that you take your work home with you and you work on weekends. Jurors can understand that," Spade said.

Whichever strategy is employed, the case is fraught with potential peril for both the feds and Fumo, Caravasos said.

"This is a case that has the potential to explode for either side," she said. "The prosecution could be seen as pushing an agenda. The defense could be viewed as being disingenuous with the jury. For both sides, humility will go a long way, if they can dial it back and recognize that."

Justices To Revisit Thorny Issue Of Sentencing Guidelines In First Cases After Recess (NYT)

By Linda Greenhouse

The New York Times, February 20, 2007

WASHINGTON, Feb. 19 — The Supreme Court returns on Tuesday from a monthlong recess to face a daunting and urgent task: explaining what it meant two years ago when it ruled that the federal sentencing guidelines were to be treated as "advisory," no longer binding on federal judges.

The decision that dropped that bombshell on the criminal justice system, United States v. Booker, has not penetrated public consciousness in the way that, say, the Miranda decision on the right against self-incrimination did a generation ago. But in its own way, it has been no less revolutionary, creating turmoil in criminal sentencing.

The justices will hear arguments on Tuesday morning in two cases that will provide the latest chapter, although almost certainly not the final one, in the court's continuing and, to many, profoundly unsettling reappraisal of the roles of juries and judges in criminal sentencing.

The Booker decision came in two parts, each decided by a different 5-to-4 majority, with only Justice Ruth Bader Ginsburg joining the majority in both halves. The court ruled on the one hand that the sentencing guidelines violated defendants' Sixth Amendment right to trial by jury by giving judges, rather than juries, the power to make the factual findings that determined where to set the actual sentence within the range provided by the guidelines.

It then ruled that the guidelines system could nonetheless be saved as long as the guidelines were considered advisory rather than mandatory, to be consulted by judges in the course of imposing sentences that would be upheld on appeal as long as they were not "unreasonable." A debate over the meaning of "unreasonable" lies at the heart of the two cases the court will hear on Tuesday.

The court has acquired two new justices since the Booker decision, adding still more uncertainty to this complex picture. Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. replaced two justices, Chief Justice William H. Rehnquist and Justice Sandra Day O'Connor, who believed that the guidelines were constitutional. Those justices were thus dissenters from the first half of the opinion and joined the majority in the second half to permit the continued use of "advisory" guidelines.

But last month, Chief Justice Roberts joined the court's 6-to-3 decision striking down California's sentencing law on the ground that it gave judges more power than the court's recent precedents permit. Chief Justice Rehnquist would almost certainly have come down on the other side. Chief Justice Roberts's vote in that case, Cunningham v. California, at least suggests the possibility that the new chief justice may believe that the guidelines pose a constitutional problem that cannot be remedied by the device of calling them advisory.

In the Booker decision, the justices expected Congress, which established the guidelines system in the Sentencing Reform Act of 1984, to respond by amending the law to meet the court's objections; "the ball now lies in Congress's court," Justice Stephen G. Breyer wrote for the majority in the decision's second half.

But Congress has not acted and shows little appetite for doing so. After allowing dozens of sentencing appeals to accumulate and watching conflicts among the federal circuits over how to interpret the Booker ruling grow more entrenched, the justices in November accepted two cases that frame different aspects of the same basic question: what is the role of the sentencing guidelines in the post-Booker world?

The new cases break down that broad question into a series of smaller questions of great practical importance:

If a sentence is within the range set by the guidelines, should that sentence be presumed to be reasonable? Does a sentence outside the range carry a presumption of unreasonableness and require a special justification? What kind of justification? If the guidelines are entitled to more weight than the other sentencing factors that Congress included in the Sentencing Reform Act, how much more weight?

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On the other hand, if the guidelines are simply one factor among others, how are their often harsh terms to be reconciled with the statute's instruction to judges to "impose a sentence sufficient, but not greater than necessary"?

Of all these issues, the reasonableness presumption for a guidelines sentence is the most important, for the reason that judges have continued to impose sentences within the guidelines most of the time — in 86 percent of all sentences, according to a study last year by the United States Sentencing Commission. Of the 12 regional appellate circuits, 7 have adopted the presumption.

To the Justice Department and the sentencing commission, the agency that determines the sentencing guidelines for all federal offenses, the presumption of reasonableness is the correct response to the Booker decision, consistent with both the ruling and the statute. To the defense bar and others who criticize the sentencing guidelines as overly rigid and mechanistic, the presumption defies the constitutional holding of the Booker ruling.

The presumption "simply resurrects the system rejected in Booker," Thomas N. Cochran, an assistant federal public defender in Greensboro, N.C., told the court in the brief he filed on behalf of Victor A. Rita Jr., the defendant in one of the two new cases. Mr. Cochran will argue Mr. Rita's case, Rita v. United States, No. 06-5754. It is an appeal from the United States Court of Appeals for the Fourth Circuit, in Richmond, Va., one of the circuits that has adopted the reasonableness presumption.

Mr. Rita is a retired marine and former criminal investigator for the immigration service, 57 years old and in poor health in part because of injuries suffered in Vietnam and the Persian Gulf war. He was convicted of obstructing justice and making false statements to a federal grand jury that was investigating the sale of kits for making machine guns.

He argued that his military and government service and poor health warranted a sentence below the 33-to-41-month range provided by the guidelines. But the trial judge imposed a 33-month sentence, which the Fourth Circuit, applying the reasonableness presumption, affirmed.

In the second case, Claiborne v. United States, No. 06-5618, the trial judge was notably more sympathetic to the defendant, Mario Claiborne, who pleaded guilty in Federal District Court in St. Louis to possession of cocaine with intent to distribute. Mr. Claiborne, then 20 years old, faced a sentence of 37 to 46 months.

But the trial judge imposed a sentence of only 15 months, telling Mr. Claiborne that a higher sentence "would be tantamount to throwing you away." The government appealed, and the United States Court of Appeals for the Eighth Circuit ruled that the "extraordinary" variance, 60 percent lower than the low end of the guidelines range, could be justified only by equivalently extraordinary circumstances, which it found were not present.

Mr. Claiborne, who is also represented by an assistant federal public defender, Michael Dwyer, has served his 15 months. If the justices uphold the Eighth Circuit, he faces resentencing and a possible return to federal prison.

Supreme Court Revisits How Much Leeway Judges Can Have In Sentencing (CSM)

By Warren Richey

The Christian Science Monitor, February 20, 2007

WASHINGTON

Two years ago, the US Supreme Court struck down the federal sentencing guidelines system because it forced judges in some cases to increase a criminal's punishment based on information that had never been proved to a jury.

The Constitution says that every defendant has a right to a jury trial, and the high court ruled that such a mandatory sentencing system violates that right.

Instead of invalidating the entire guidelines system and leaving it to Congress to fix the problem, five justices agreed to craft a remedy to retain most of the guidelines. But the result has confused many judges across the country and caused federal appeals courts to rule in conflicting ways.

Tuesday, the high court is set to hear oral argument in two cases that analysts say may help clear up some of the confusion. The decision will be closely watched.

"We are talking about the rules that govern every federal case – 80,000 cases a year," says Marc Miller, a law professor and sentencing scholar at the University of Arizona College of Law.

In its 2005 decision, the Supreme Court ruled that the sentencing guidelines were no longer mandatory, only advisory. "The district courts, while not bound to apply the guidelines, must consult those guidelines and take them into account when sentencing," Justice Stephen Breyer, declared in a second part of that decision.

Justice Breyer didn't stop there. He and his four colleagues empowered the appeals courts to police this new sentencing system by examining whether sentencing judges were being unreasonable in the way they determined punishment.

In a dissent, Justice Antonin Scalia warned that Breyer's remedial action would "wreak havoc" in federal district and appeals courts. Although it is unclear exactly how much havoc has been wreaked, there is no doubt that many courts are struggling to interpret the decision.

At issue is how much weight judges should give to the guidelines now that they are only advisory?

On one side are those who argue that sentencing judges should be free to adopt or reject the guidelines on an equal footing with several other factors Congress has identified as important sentencing objectives. The key, they say, is that judges rely on reasoned judgment rather than a mechanical guidelines formula to mete out punishments.

On the other side are those who say the guidelines must be afforded an exalted status among sentencing factors since they represent the collective wisdom of the US Sentencing Commission created by Congress.

Five of the nation's 12 appeals courts have embraced the former approach, while seven have embraced the latter approach.

Specifically, the question is whether appeals court judges should award a presumption of reasonableness to any sentence imposed within the range of the guidelines.

Such an approach promotes clarity, stability, and uniformity in the sentencing nationwide, supporters say.

Critics say it erodes the advisory nature of the guidelines and judicial flexibility at sentencing, potentially raising the same constitutional objection that led to mandatory guidelines being struck down in 2005.

The two cases being heard Tuesday had been decided by appeals courts that award a presumption of reasonableness to sentences imposed within the guideline range.

One involves Victor Rita, a decorated combat veteran of the Vietnam and Gulf wars, who was convicted in North Carolina of making two false statements to federal agents about a parts kit he had purchased for a vintage battle rifle. Mr. Rita had no prior criminal history and there were no aggravating characteristics related to his background. But a pre-sentence report prepared under the federal sentencing guidelines classified Rita as an "accessory after the fact" to alleged import violations by the company that sold him the parts kit.

That classification – never presented to the jury at his trial – doubled his potential prison term from 15 to 33 months.

The judge sentenced Rita to 33 months in prison in accord with the guidelines. The Fourth US Circuit Court of Appeals upheld the sentence as presumptively reasonable since it was within the guidelines.

Rita's lawyers say the courts placed too much weight on the guidelines and never explained why other factors pointing to a lesser sentence were rejected.

The other case involves an example of a judge imposing a sentence that is less than half as long as the guidelines suggest.

Mario Claiborne pleaded guilty to distribution and possession of crack cocaine. He had evidence of a stable home life, no prior criminal history, and no one was threatened or injured during the crime. But the bag of crack cocaine weighed 5.03 grams. The extra 0.03 grams significantly increased his potential prison term.

Nonetheless, Mr. Claiborne's sentencing judge rejected the suggested guidelines sentence of 37 months and instead imposed a 15-month prison term.

Federal prosecutors appealed, and the Eighth US Circuit Court of Appeals reversed the sentence. The appeals court said that a guidelines sentence is "presumed reasonable" and that a sentencing judge who rejects the guidelines sentence must offer a compelling justification to warrant the difference between the higher and lower sentence.

The Bush administration is urging the court to declare that guidelines are entitled to a presumption of reasonableness.

"The guidelines are written and revised by an expert agency, with an intent to integrate [all other sentencing] factors and with input from Congress and sentencing judges across the country," writes US Solicitor General Paul Clement in his brief.

Lawyers for Claiborne and Rita say the sentencing judge should consider all the relevant sentencing factors and hand down a fair and just sentence. If the guidelines are truly advisory, a judge's sentence should be upheld, they say, even when it deviates from the guidelines.

The ruling is not likely to change dramatically the leniency or severity of most sentences, analysts say, but if the court rejects the presumption-of-reasonableness approach, it will probably trigger a somewhat greater variation of sentences.

DA BOOTS PROBER-TURNED-MOB-SWEETIE (NYPOST)

By Larry Celona

The New York Post, February 19, 2007

An investigator for the Brooklyn DA's Office has been forced to resign amid allegations she fell for a jailed mobster - and hatched a plan to bear his love child, The Post has learned.

The 37-year-old prober had been assigned to protect the "mob associate" while he was being held in secret hotel rooms for interviews about the bombshell corruption case involving ex-FBI agent Lindley DeVecchio, sources said.

The sources identified her as Maria Biagini, a 15-year veteran of DA Charles Hynes' office who left her job last week.

A Hynes spokesman confirmed the investigator's resignation, but declined to elaborate.

The former investigator, who is now the subject of a federal probe, could not be reached for comment.

Hynes had temporarily taken custody of the federal prisoner to interview him about DeVecchio, the sources said.

DeVecchio is the one-time star FBI supervisor accused of giving sensitive - and deadly - information to Colombo boss Gregory "The Grim Reaper" Scarpa.

Biagini was assigned to keep the mobster under wraps and protect him while he was out of jail, the sources said.

She allegedly loosened her prisoner's strings and allowed him to contact his family and take money from relatives. He used the cash to throw dinner parties, attended by his family and the investigator - all in violation of DA policies, the sources said.

After the prisoner was returned to jail, the investigator allegedly wrote him several letters and visited - which led authorities to uncover their relationship.

In one letter, she suggested a bizarre scheme to get him released to a fertility doctor, who would collect sperm that could be used to impregnate her.

Authorities declined to identify the witness, but insisted he hadn't been a major player in their case and wasn't expected to testify in court even before the relationship was discovered.

Once the FBI's most famous gangland agent, DeVecchio was indicted almost a year ago on four murder charges for allegedly providing inside information to the mob, which then ordered the killings.

Brooklyn prosecutors charged DeVecchio had a "corrupt" relationship with Scarpa, who allegedly had the agent on his payroll in the 1980s.

Scarpa died in 1994 from AIDS.

DeVecchio has maintained his innocence, and his lawyer called word of the investigator's resignation "disturbing."

"If it's true, it's obviously very disturbing," said the lawyer, Mark Bederow.

Additional reporting by Alex Ginsberg

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FBI Probes Edmund Ford's MLGW Bills (WMC)

WMC-TV, February 20, 2007

Action News 5 has learned federal agents have subpoenaed records from Memphis Light, Gas and Water concerning City Councilman Edmund Ford's previous utility payments.

Sources tell Action News 5 the FBI has interviewed a number of City leaders during the past week and a statement from the public utility confirms that officials there have responded to a subpoena for records. Their interest - we've learned - revolves around embattled Councilman Edmund Ford, recently indicted on charges he took bribes in exchange for votes.

Sources confirm that agents have subpoenaed three years worth of utility bills in Ford's name.

FBI Questions MLGW About Edmond Ford (WHBQ)

WHBQ-TV, February 20, 2007

-- Memphis, Tenn. (WHBQ FOX13 MyFoxMemphis.com) -- The FBI and MLGW are working together as part of a federal investigation that involves a Memphis City Council member.

FOX13 has confirmed that FBI agents questioned several MLGW employees about a former customer, who was also the former chairman of the city's utility committee, Edmond Ford.

Last week MLGW hosted some unexpected guests.

"Last Tuesday and Wednesday we were visited by representatives from the Federal Bureau of Investigation," said Odell Horton, Jr., an MLGW attorney.

MLGW said the federal agents, armed with a subpoena, spent several hours over the two days talking to four employees.

"They were asking about a particular person's accounts...They were asking in particular to an ongoing investigation. It is my understanding that at this point and time it is inappropriate to talk about a particular person's account," said Horton, Jr.

Horton said the company had no idea the FBI agents were coming, but said MLGW cooperated completely.

The visit by the FBI comes amid a federal corruption investigation into Memphis City Councilman Edmund Ford, the former chairmen of the council's Utility Committee.

"I think at this point in time it is inappropriate to talk about any customer's account," said Horton. "They were asking about billing. Issues with billing, what type of issues were they looking for in terms of billing in terms of payment plans and those types of things," said Horton.

Despite MLGW's statement, FOX13 has confirmed that federal investigators did question employees about Councilman Ford.

So what happens next?

MLGW said it expects to forward some paperwork to the FBI over the next couple of days.

It's not clear if the agents will be returning to MLGW.

Ford's attorney Michael Schools had no comment for the story. He said neither he nor his client has any idea what the feds are looking for or what it's connected to.

FOX13 was unable to get in contact with with the FBI.

Councilwoman Carol Chumney, the current chair of the utility committee, said she didn't know about the FBI visit, but she plans to make inquiries into what happened and why she wasn't informed.

Councilman Once Oversaw Budget, Hasn't Been Paying (MCA)

By Trevor Aaronson

Memphis Commercial Appeal, February 20, 2007

Indicted City Councilman Edmund Ford hasn't been paying his power bills -- and federal authorities want to know why.

Last week, the city's publicly owned utility company, Memphis Light, Gas and Water Division, received federal grand jury subpoenas requesting all billing information for three of Ford's MLGW accounts as well as internal communications related to those accounts.

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MLGW general counsel Odell Horton Jr. confirmed that money is owed on the accounts but would not say how much. He refused to disclose the property addresses to which the utility accounts were assigned.

"MLGW is cooperating with an ongoing investigation," Horton said. "At this point in time, we think it is inappropriate to discuss any particular customer's account regarding this investigation."

Horton said MLGW will comply with the subpoenas by Friday.

The owner of E. H. Ford Mortuary Service, Ford was until recently chairman of the council's General Services & Utilities Committee, which oversees MLGW's budget and spending.

It's unclear whether the subpoenas relate to a new investigation of Ford or an inquiry into possible malfeasance at MLGW.

Ford did not return calls, and MLGW president and chief executive Joseph Lee III declined to comment.

This isn't the first time Ford, who has declared bankruptcy three times, proved to be a problem customer for MLGW.

In January 2003, before Ford was appointed chairman of the committee that provides oversight to MLGW, The Commercial Appeal reported that the councilman's electricity service had been disconnected multiple times for overdue bills ranging from $120.66 to $4,342.18. At the time, Ford advocated flexible billing plans at MLGW.

"Sometimes my business is good, sometimes it's bad," he told the newspaper in 2003. "That's not the issue. It's not about my bill."

Now, it is about Ford's bill. And MLGW already has begun to combat the public-relations problem.

On Feb. 15, two days after MLGW's attorney said the company received the first subpoena, the public utility announced a plan to increase collection efforts on nearly $6 million in delinquent accounts.

Money has been at the root of the council member's recent legal problems. On Dec. 19, 2006, federal prosecutors indicted Councilmen Ford and Rickey Peete on bribery and extortion charges following an FBI sting starring lobbyist Joe Cooper.

FBI Unit Aims To Focus The Inquiry On Child Abductions (SLPD)

By Robert Patrick

St. Louis Post-Dispatch, February 20, 2007

Special Agent Dirk Tarpley was working a routine day on the FBI's violent crime squad last month in Kansas City when he got the call.

"Can you go?" was the question, even before he was told where or why.

Within an hour, Tarpley was rushing across Missouri, astounded to be headed to a place he had been just four months before, after someone kidnapped a girl named Abby Woods.

This time the missing child was a boy named William "Ben" Ownby.

Tarpley is a member of the bureau's 48-member Child Abduction Rapid Deployment Team, a year-old unit designed to rush experienced help to local police dealing with a suspected abduction.

Neither Tarpley nor other investigators interviewed for this report would comment on the case against Michael J. Devlin, who has been charged with kidnapping Ben Ownby and Shawn Hornbeck, or the specifics of the investigation.

But they are eager to talk about what their new setup offers, saying they hope it causes local authorities to call them more quickly and more often.

Both Ben and Abby were taken from Franklin County, where Sheriff Gary Toelke worked closely with the team.

"I couldn't ask for better help than what we got," Toelke said. "If this was a member of my own family, I'd want them investigating."

Before the formation of the team, each FBI office relied on its own expertise, said Roland Corvington, special agent in charge at St. Louis. It could reach out to other offices or to a child abduction unit at Quantico, Va., but most of that help would be by phone.

Now, specialists arrive in person within hours, drawn from across the region. Some agents drove or flew to Franklin County from Oklahoma, Texas, Ohio and Wisconsin.

In the Ownby case, the family notified the sheriff's office, which summoned the FBI. Supervisory Special Agent Tom Blades said an agent was sent from Rolla, Mo., who assessed the situation and called for the rapid deployment unit.

In such a case, calls go out to assemble a team of four to six of the members who are closest and available to leave immediately.

They bring equipment, training and experience investigating kidnapping, violent crime and all kinds of offenses against children. Contrary to common misconceptions, the FBI doesn't have to wait 24 hours or until there is evidence a state line was crossed.

The most hectic time in any investigation is the start, Tarpley said, calling it "controlled chaos." The unit specializes in taming it.

Agents advise local investigators on steps to take and leads to follow. "We're there to help focus the investigation," he said. The FBI teams, said Tarpley, "aren't going to solve any cases per se. The one thing the bureau can bring is an incredible amount of experience and resources..."

Corvington says the team keeps the local strategy on the right track. He noted, "We can't allow ourselves to waste time following one particular path when we should be on another."

Sheriff Toelke called the outside help "just unbelievable."

Local investigators may be good, Tarpley said, but they may have never seen a child abduction before — or not seen as many as the members of the Child Abduction Rapid Deployment team.

He had high praise for local officials on the Franklin Couny cases.

Contrary to the FBI's common portrayal on TV, Tarpley said, agents don't come in and take over. "We're just there to assist," he emphasized.

"It's not about credit. We come in under the radar, and we leave under the radar. And that's the way we like it. Anything that happens is the result of the hard work of the local and federal investigators on the ground," Tarpley said. "We just act to focus it."

Once the focus is achieved, the team may slip away. In fact, members of the team were gone before Ben and Shawn were found in Devlin's apartment, Tarpley explained. "We had done our job."

A Few Degrees Of Separation From Hillary Clinton's Top Adviser (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 20, 2007

Mark J. Penn is a man who wears many hats: high-paid political and corporate pollster, chief executive of an international communications and lobbying company, and chief strategist to New York Sen. Hillary Rodham Clinton's bid for the Democratic presidential nomination.

Enough connections for you?

Well, there are more. Penn's firm, Burson-Marsteller Worldwide -- with 2,000 employees and $300 million a year in revenue -- owns BKSH & Associates, the major lobbying firm chaired by Charles R. Black Jr. That's right, Black, counselor to Republican presidents, reports to Clinton's top strategist.

The connections get even more entangled. Burson-Marsteller is a subsidiary of WPP Group, a London-based advertising and PR giant that owns many of the biggest names on K Street. These include Quinn Gillespie & Associates, Wexler & Walker Public Policy Associates, Timmons & Co., Ogilvy Government Relations Worldwide (formerly the Federalist Group), Public Strategies Inc., Dewey Square Group and Hill & Knowlton.

To be more precise, Penn's parent company employs as lobbyists and advisers an ex-chairman of the Republican National Committee (Edward W. Gillespie), a former House GOP leader (Robert S. Walker), a top GOP fundraiser (Wayne L. Berman), and the former media adviser to President Bush (Mark McKinnon).

WPP's Democrats are just as well known. They include an ex-aide to President Jimmy Carter (Anne Wexler), an ex-aide to President Bill Clinton (Jack Quinn), an ex-Cabinet officer for Clinton and Bush (Norman Y. Mineta), and a former top presidential campaign adviser for Al Gore and John Kerry (Michael J. Whouley).

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The range of interests represented by these people is a staggering list of corporate America's who's who, with Penn himself a longtime adviser to Microsoft.

"This is a classic example of how big money has inextricably intertwined the campaign advising and lobbying worlds of modern-day Washington with potential conflicts of interest all over the place," said Fred Wertheimer, president of Democracy 21, a watchdog group.

WPP insists that things are not quite so intertwined and that its units are strictly segregated. "The various WPP businesses are purposely run independently, and there is no risk of any conflict between clients," said Howard Paster, who is Penn's boss, an ex-aide to President Clinton and a high-level volunteer for Hillary Clinton's campaign.

"I also, personally, don't do any lobbying," added Penn, 53.

But WPP does encourage cross-referrals, especially to avoid conflicts within its firms. "We occasionally will do things with one of the other companies," said Quinn, whose firm worked with Burson-Marsteller's polling firm, Penn, Schoen & Berland Associates, on the reelection of Italy's former prime minister Silvio Berlusconi. The polling firm, of which Penn remains president, is the WPP unit that will be paid millions by the Clinton campaign for Penn's attention.

And Clinton will be happy to pay it. "He's a critical member of our campaign, and we're lucky to have him," Clinton spokesman Phil Singer said.Jefferson's Reprieve?

The U.S. Court of Appeals for the D.C. Circuit has reversed the conviction of a former District police detective in a case that experts believe might make it tougher for the feds to prosecute Rep. William J. Jefferson (D-La.).

The court voted 7 to 5 on Feb. 9 to overturn the 2002 conviction of Nelson Valdes on three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450.

But the court ruled that the gratuities law did not apply to Valdes's conduct -- his use of the databases was not "an official act" because it did not spur a police investigation.

The same issue hovers around Jefferson. He's under investigation for allegedly taking cash -- $90,000 of which was famously found in his freezer -- in exchange for using his congressional clout to arrange business deals. Two businessmen have pleaded guilty to giving Jefferson money to promote a company marketing new technology in Africa. But was that promotion an "official act"?

"Prosecutors are not only going to have to prove that a gratuity was given," said ethics expert Kenneth A. Gross, "but that it was for an action that was within the official duties of the government official." That's now harder after Valdes.Earmarks Were Us

Citizens Against Government Waste is Washington's leading opponent of pork-barrel spending. Its annual Pig Book, which lists the government's narrow giveaways, is used by news outlets worldwide to ridicule federal earmarks.

But now that these pet projects are being scaled back -- the Pig Book this year will be more a pamphlet than a book -- CAGW is expanding its other efforts against government wastefulness. It is stepping up campaigns against farm subsidies and federal interference on the Internet. It's also going global, fostering affiliates as far flung as South Korea and Jamaica.

Luckily, its donations remain strong despite the decline of earmarks, said President Thomas A. Schatz, who has worked for the $5 million-a-year group for two decades. "We haven't seen the end of waste -- to say the least," he said.Democratic Hires of the Week

Democrats, who are now in demand thanks to their takeover on Capitol Hill, are shuffling jobs all over town. Bruce Andrews was stolen away from Quinn Gillespie & Associates to run the Washington office of Ford Motor Co. He will be replaced at Quinn Gillespie by Chris McCannell, former chief of staff to Rep. Joseph Crowley (D-N.Y.).

Elsewhere, Stephen Brown left Dutko Worldwide to open the Washington office for Tesoro, an oil refining and marketing firm. R. Scott Silverthorne left the Capital One Financial's lobby shop to become vice president for government affairs of MasterCard Worldwide. And Broderick Johnson, a former chief House lobbyist for President Bill Clinton, is moving to Bryan Cave Strategies from AT&T. Johnson, one of Washington's top African American lobbyists, was pursued for weeks by several firms and was represented by superlawyer Robert Barnett.

Democratic job jumping has been particularly pronounced among high-tech groups. Former congressman Dave McCurdy (D-Okla.) departed the Electronic Industries Alliance after nine years to head the Alliance of Automobile Manufacturers. Harris Miller, former president of the Information Technology Association of America, was named president of the Career College Association. And David Hantman, chief of staff to Sen. Charles E. Schumer (D-N.Y.), will join Yahoo's lobbying office.It's All in a Name

RightClick Strategies, a consulting firm that has long helped Republican lawmakers design their Web sites, changed its name after last year's elections to Adfero Group, erasing any implication that it's only right-leaning. The firm said the switch was planned before the Democratic sweep.

Parry, Romani DeConcini & Symms, on the other hand, is extremely straightforward. Its Web site is LobbyCongress.com.

Gunman Ignites Frederick Inferno (WP)

By Philip Rucker And William Wan

The Washington Post, February 20, 2007

A gunman entered a liquor store in Frederick yesterday, shot at police, locked himself in the store during a 30-minute standoff and ignited a fire that engulfed and gutted a two-story shopping plaza along one of the Western Maryland city's major commercial corridors, police said.

James Douglas, 29, of Frederick walked into Jim's Liquors at Antietam Village Center about 12:30 p.m., showed the owner a handgun and told him, "Get out," Frederick Police Lt. Thomas Chase said. Police said the store's owner, whose name they would not release, called Douglas a frequent customer and knew him by a nickname, "Menace."

Nobody else was in the store, Chase said, and the owner left to call police. When two officers pulled up, Douglas fired at least one shot at them through the store's glass door. Police then surrounded the shopping plaza and ordered nearby businesses to lock their doors and windows.

Alone in the store, Douglas called friends and relatives on his cellphone. Police crisis management officers reached him on the line, Chase said.

"While we were negotiating with him, he set the store on fire," Chase said.

Authorities had not located Douglas last night, and police said it is likely that he died in the fire. Nobody else was injured, Chase said. He added that a search of the liquor store will begin this morning.

Douglas apparently lit boxes of liquor to ignite the blaze, which spread quickly and destroyed all 14 stores in the center, Chase said. "It's completely gutted," he said.

The 1970s-era shopping center, in the 1500 block of Opossumtown Pike, is at the heart of Frederick's commercial corridor. Roads around the center were closed for nearly four hours, snarling holiday traffic.

Businesses destroyed in the blaze included a branch of Frederick County Bank, a Dunkin' Donuts, a Quiznos sandwich shop, a medical supply store, a hair salon and a dry cleaner. A restaurant on the bottom floor, Latino Grill, was going to open next week, but it was destroyed.

Police have not determined why Douglas targeted the liquor store but said there are no confirmed past grudges with the owner. Authorities characterized the incident as an attempted armed robbery.

"Anytime a guy walks into a liquor store with a gun, it would draw us to conclude that he's robbing the place," Chase said.

Douglas lived one block from the store in the three-story Country Hill Apartments, according to several neighbors who said they were his friends. They said when they heard sirens, they went out to watch.

Leslie Horner, 33, said she listened as a friend and Douglas talked to each other on their cellphones. The friend asked Douglas, " 'Do you have anyone in there with you? Do you have any hostages?' " said Horner, who said she has known Douglas for 10 years. She said she will never forget his answer: " 'No, it's just me and God in here now.' "

Another friend, Shantel Harris, said Douglas "said he wanted to come out, but he was so scared they'd shoot him."

While firefighters hosed down the ambers, a woman who identified herself as Douglas's sister ran through the police tape screaming and cursing at authorities.

"I lost a life!" she yelled, pointing at the charred shopping center. She would not give her name to reporters.

The fire let off billowing clouds of black smoke and a pungent odor from burning brick and metal across Frederick, witnesses said.

Bottles of alcohol accelerated the fire, Chase said.

"You could hear muffled popping sounds as the liquor bottles were burst from the flames," he said.

Bystanders said they could feel heat from the fire a block away.

Flames tore through the shopping center surprisingly fast, said George William, manager of a Roy Rogers restaurant across the street.

"I was in shock," he said. "It was dark. We have a fog all over the place. The roadway was just covered in smoke."

Eyewitness Jim Conway said: "The cannons of water were just pouring into the building. When I came here, the middle of the roof was still up, and now just look at it."

The flames melted the center's brown metal roof, which was left hanging in slivers.

It took nearly one hour for firefighters to control the blaze in the smoldering shopping center. As late as 5 p.m., small fires were still burning in one of the shops.

Staff members at La Petite Academy, a child-care center across the street from the plaza, who were supervising more than a dozen children, locked the center's doors for 3 1/2 hours after learning that a gunman was in the area. "As soon as we heard

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about the incidents going on, we immediately went on lockdown," employee Nicole Ohanian said. "It was just for the children's safety."

Employees in an accounting firm, also across the street and also under lockdown, said they watched the blaze from their office windows.

A man who would identify himself only as Kim said he has owned Antietam Village Dry Cleaners in the center for 12 years. He was evacuated and left his papers, car keys and coat in the store.

"Someone started shouting, 'Get out! Get out!' " Kim said, standing coatless in the frigid winter air.

Danielle Poe, on her way to her job as a medical assistant at Plastic Surgery One, pulled into the parking lot and found police officers with guns aimed at the liquor store. She was not allowed to get out of her car.

"There were cops with assault weapons," said Poe, 26.

One officer "told everyone to get back because they were in the line of fire," she said. "I saw some people run. . . . Two seconds later, there were flames inside the store. Within minutes, the whole top floor of the building was in flames."

Nancy Piper, 58, who has lived a block away for 30 years, was a longtime customer of Jim's Liquors.

"It had a great bunch of people working there," Piper said. "They would even carry your purchases out to the car for you. Everyone was on a first-name basis with them."

After A Rampage, Trying To Grasp What Led A Son To Kill (NYT)

By Martin Stolz

The New York Times, February 20, 2007

SALT LAKE CITY, Feb. 19 — At 1 a.m. last Tuesday, the parents of Sulejman Talovic called the police to report him missing. After watching television news coverage, they feared he might be among those dead or wounded in a shooting rampage at a mall here. One hour later, with the arrival of detectives, they discovered the shocking truth, that their son, 18, was the gunman.

In six minutes on the night of Feb. 12, Mr. Talovic shot nine customers at the Trolley Square mall, killing five and seriously injuring four others. The attack ended when the police shot and killed Mr. Talovic after he refused to surrender his 12-gauge shotgun.

Mr. Talovic's motive remains a mystery, investigators say.

In the week of grief and confusion since the shooting, the Talovic family has been struggling to unearth some explanations. Their reflections, inadequate as they may seem, revolve around a handful of formative experiences: war in his native Bosnia, rejection at school and difficulty in assimilating in the United States, they said Sunday in the living room of his aunt's tidy apartment.

If the public has come to see Mr. Talovic as a deranged killer, the family knew him as a shy and generous boy.

The gunman's aunt, Ajka Omerovic, and his father, who was visibly exhausted, spoke to a reporter just hours after Mr. Talovic's body was cleansed in an Islamic ritual in preparation for its burial in Tuzla, Bosnia, expected later this month, and after days of funerals for shooting victims across the Salt Lake Valley.

At the funerals, two of the victims' families called on the public to forgive the teenager and to support his family in their sorrow.

The Talovics are saddened and bewildered, said the father, Suljo Talovic, 42. The last time he saw his son alive was at home after work, he said. Sulejman had returned from his job at a uniform laundry company, showered and left without comment. At 2 a.m., detectives came to the door and informed the family of his crime and death. Within hours, Sabira Talovic, Sulejman's 37-year-old mother, collapsed and was hospitalized with what her husband said was a heart attack.

"It's very painful," Suljo Talovic explained, his syntax slightly imperfect but his message clear. "I have pain for my son. I have pain for everybody who has died. I am sorry for everybody."

The Talovics had no information on how Sulejman had obtained his weapons and ammunition. The police could not be reached to comment on a report in The Salt Lake Tribune that the shotgun had been bought legally at a sporting goods store.

In Bosnia, the Talovics lived on a small subsistence farm in the village of Talovici. Suljo Talovic, also a carpenter, often worked on construction projects in Switzerland and in Belgrade, the Yugoslav capital. Until Serbian forces began a siege of Talovici in April 1992, they said, theirs had been a humble but happy life, surrounded by more than 100 relatives.

When the Serbian militias arrived, Suljo hid in the hills. In the village, his family went without food for days at a stretch. Life was defined by explosions and gunfire. The family said Sulejman, then 4, had seen his baby sister die at home because of a lack of medicine. Some family members believed he had seen his grandfather's execution, though there was disagreement over that.

After a year, Sabira escaped with Sulejman on foot and on a relief supply truck to Srebrenica. Some weeks later, her husband was reunited with the family in Tuzla, where they remained for several years.

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In 1998, Sulejman and his family moved to Utah, where his aunt, Ms. Omerovic, the sister of Suljo, had established roots. In the Sunday interview, Ms. Omerovic expressed gratitude to Americans, who she said had helped the refugees to "forget about the war," a sentiment expressed repeatedly in recent days by Bosnian-Americans in Utah.

Sulejman, a bashful child, struggled with English and with relationships. Ms. Omerovic, who sometimes supervised him as a dishwasher at the Utah Jazz arena, said she had seen her nephew joking with co-workers. "He was willing to be friendly," she said. "He just didn't find his way on how to do it."

In 2004, two classmates threatened Sulejman with a knife, his father said. His mother, frightened, then signed a form releasing him from attending school, the family said.

Sulejman began accompanying his father to construction jobs, and he readily handed over his earnings to help his parents and three younger sisters.

Police investigators are now trying to assemble a psychological profile of Sulejman.

His father, who says he abhors violence, said that perhaps his son had been affected by an accumulation of bad experiences, "a little bit, little bit, little bit, and after too much, he's like an explosion."

The Talovics said they wished they could question Sulejman and understand the shooting. Ms. Omerovic said the Bosnian civil war alone as an explanation made no sense to her because all Bosnians had been "touched by war" but had not committed crimes.

"We are praying to God," the aunt said, "and asking God to forgive Sulejman for what he did and to forgive his soul."

Florida Executioner Says Procedures Were Followed (NYT)

By Lynn Waddell And Abby Goodnough

The New York Times, February 20, 2007

TAMPA, Fla., Feb. 19 — A member of Florida's execution team told a panel studying lethal injection protocols on Monday that intravenous lines had been placed properly in the arms of a condemned inmate who took 34 minutes, twice as long as normal, to die.

The man, who testified by phone and whose voice was electronically altered to shield his identity, said he had medical qualifications but would not elaborate. He added that in any event he did not consider the execution a medical procedure.

"Absolutely nothing is remotely connected with medicine," the man told the panel, which former Gov. Jeb Bush appointed in December to study whether Florida's lethal injection system could be improved. "From that point on, the condemned inmate will not leave the chamber alive. It is done as quickly as possible. It is done as humanely as can be done under the circumstances."

The man, who identified himself only as "medically qualified," was the second member of Florida's execution team to address the panel this month.

On Feb. 9, the lead executioner in the case of Angel Diaz, who took 34 minutes to die, told the panel, "I have no medical training or qualifications."

Some witnesses to the execution have said that Mr. Diaz, who was put to death on Dec. 13, gasped and appeared to grimace in pain as the procedure stalled. But state corrections officials have told the panel that he did not voice discomfort or appear to be in pain.

A preliminary medical examiner's report suggested that intravenous needles placed in Mr. Diaz's right and left arms plunged through his veins into tissue, preventing the drugs from quickly entering his bloodstream. An autopsy found a 12-inch chemical burn on Mr. Diaz's right arm and an 11-inch burn on his left.

Mr. Bush halted executions in Florida on Dec. 16, when the preliminary autopsy results came out, and appointed the panel to study lethal injection protocols. The panel is to submit recommendations to Gov. Charlie Crist by March 1.

Monday was the fifth time that the lethal injection commission met. It has heard testimony from doctors and prison officials as well as from members of the execution team. State Senator Victor Crist, a member of the panel who helped write Florida's lethal injection law, said Monday that based on the testimony so far, he did not think anything had gone wrong with Mr. Diaz's execution other than the unusual amount of time it took.

Like most states with lethal injection, Florida uses three drugs: one to put the inmate to sleep, one to paralyze his body and a third to stop the heart.

Senator Crist, who is not related to the governor, said he planned to recommend several changes to ensure that future executions did not raise questions about whether the execution was done properly and whether the inmate suffered. He said camera surveillance should be added so that the execution team, stationed outside the execution chamber, could view the inmate from angles other than through the existing window.

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He also said that the inmate's IV line should be checked after the administration of each drug to make sure it was properly inserted, and that the inmate should be "thumped or shaken" to make sure he was unconscious after receiving anesthesia.

"Doggone it, go out there and thump on them, shake the body to make sure they are out," Senator Crist said. "If the first drug is administered properly, then regardless of what else is pumped into his system he will never know it."

Armed And Dangerous (WP)

The Washington Post, February 20, 2007

CPL. KEITH Washington, the Prince George's County police officer who shot two unarmed furniture deliverymen in a dispute at his home three weeks ago, one of them fatally, is on administrative leave pending the outcome of an investigation into the incident. That status notwithstanding, he remains certified as a police officer, meaning he is still authorized to carry a weapon issued by the department. Given what is known about his past, and his repeated problems with anger management, you'd think Prince Georgians might justifiably be nervous about that.

But not Jack Johnson, the Prince George's county executive. Mr. Johnson is an old associate and booster of Cpl. Washington's, having hired him first as his driver and then, two years ago, as his deputy director of homeland security, despite public warnings about Cpl. Washington's checkered past, volcanic temper and tendency to turn routine encounters into tempestuous ones. Now that Cpl. Washington has killed one man and badly injured another, Mr. Johnson says the officer will not be returning to his position in the county department of homeland security. Well, that's comforting. Less comforting, however, is Mr. Johnson's prescription -- that Cpl. Washington resume work as a police officer.

In fact, it's hard to think of a worse place for Cpl. Washington than the police department. In incident after incident over the years, on duty and off, including ones involving his daughter, his homeowners association and a fender bender that he was investigating, Cpl. Washington is alleged to have exhibited rough, menacing or violent behavior, often in response to seemingly ordinary circumstances. Three years ago he was suspended from the police force for an off-duty scuffle. Now, using his service weapon, a 9mm Beretta, he has shot two unarmed Marlo employees who were delivering a bed set to his home; both were apparently hit multiple times.

We hope an ongoing investigation will reveal how a dispute over the delivery of a bed set escalated to the point where Cpl. Washington not only brandished a weapon but felt it necessary to pull the trigger again and again. The facts surrounding those shootings are still uncertain: One man is dead; another hasn't yet talked to police, prosecutors or a grand jury; and Cpl. Washington's own account hasn't been heard in public. So we won't prejudge the outcome of the investigation. But it seems fair to wonder whether Mr. Johnson's cavalier prescription -- to send Cpl. Washington back to active duty as a police officer -- is not premature, at the very least.

CIVIL LAW:

Hillary's Brother Due Back In Court (WT)

By Jim Mcelhatton

The Washington Times, February 20, 2007

A federal judge has reopened a bankruptcy case in which a trustee is demanding that one of Sen. Hillary Rodham Clinton's brothers repay more than $100,000 in purported loans from a carnival outfit whose owner was pardoned by President Clinton.

Anthony D. Rodham received $107,000 in payments from Tennessee-based United Shows of America Inc. before the company went bankrupt in 2002, according to court records.

United Shows' owners -- Edgar Gregory Jr. and his wife, Vonna Jo Gregory -- were pardoned by Mr. Clinton in March 2000, despite an objection by the Justice Department. The couple was convicted of bank fraud in 1982 for illegally giving loans to friends. Mr. Gregory died in 2004.

After court-appointed trustee Michael Collins took over the company's finances, he obtained a default judgment against Mr. Rodham, saying he "received the benefit of the loans without making any repayment."

Mr. Collins' collection effort spawned court actions last year against Mr. Rodham in D.C. Superior Court and the U.S. Bankruptcy Court in Alexandria.

In September, an attorney for Mr. Rodham, of Vienna, Va., persuaded a federal judge to set aside the default judgment, saying he did not get proper notice of some of the proceedings.

After setting aside the default judgment, the case was essentially closed because of what Mr. Collins called a procedural glitch.

U.S. Bankruptcy Judge Marian F. Harrison on Jan. 30 granted a request by Mr. Collins to reopen the case.

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A status hearing was scheduled for today in Nashville, Tenn., but likely will be continued until next week, Mr. Collins said.

"We want to get the case on a scheduling track, so we can proceed to trial," he said.

Mr. Rodham has declined to speak about the case, and his attorney did not return a phone call yesterday.

Mrs. Clinton, New York Democrat, announced last month that she was forming a presidential exploratory committee. Yesterday, a spokesman for her presidential exploratory committee had no comment.

When Mr. Clinton pardoned the Gregorys, Mr. Rodham reportedly said he worked for United Shows as a consultant. He denied taking money to lobby for the couple's pardon.

Mr. Rodham has not filed an answer to Mr. Collins' complaint. But in legal pleadings, his attorney, Samuel Crocker, said Mr. Rodham says the money that he received from United Shows was compensation, not loans.

"Defendant was owed compensation for the services he rendered," Mr. Crocker stated in the filings.

However, Mr. Collins, in bankruptcy filings last year, said each of the 16 checks from United Shows to Mr. Rodham had a note at the bottom indicating that the payments were loans.

In addition, Mr. Crocker said Mr. Rodham received a summons but never found out that there had been a motion for a default judgment because the notice was sent to the wrong address. Mr. Rodham previously lived in the District.

Once Mr. Collins obtained a default judgment last year, he hired attorneys to file collection judgments to pursue Mr. Rodham's assets in the District and Virginia.

Mr. Collins said he is not ruling out a settlement in the case. He said an out-of-court agreement seemed to be a possibility.

Although the default judgment was set aside, Mr. Rodham has been ordered by Judge Harrison to pay more than $19,000 to cover Mr. Collins' legal expenses in connection with the collection efforts.

Mr. Collins said Mr. Rodham has complied with that court order.

Don't Fall For Hot Pink Camels (NYT)

The New York Times, February 19, 2007

Wall Street analysts may be applauding R. J. Reynolds for introducing a feminized version of its macho Camel cigarette brand, and company executives clearly think they have hit on an innovative marketing strategy. But this new attempt to woo women smokers can only be viewed as another cynical blow to public health.

The Reynolds executives apparently don't care that lung cancer among women is the only major form of cancer whose death toll is rising. Lung cancer kills far more American women than does the much more feared breast cancer. And smoking is overwhelmingly the leading cause of lung cancer, not to mention its contribution to heart disease, emphysema and all sorts of other health problems.

So now comes R. J. Reynolds with its new female-friendly Camel No. 9 and a campaign to promote it costing an estimated $25 million to $50 million. The name is supposed to evoke "cloud nine" or being "dressed to the nines," according to Reynolds marketers, although some think it may also suggest luxury perfumes like Chanel No. 19 and romantic songs like "Love Potion No. 9." As described by Stuart Elliott in last Thursday's Times, the company is reaching out to women with slogans like "light and luscious," hot pink and teal packages and ads adorned with flowers.

This would all seem laughable if it were not so pernicious. No doubt Reynolds will fall back on a tobacco company mantra: it's not trying to woo new smokers to a dangerous product; it's just trying to convert existing ones to its brand. But we all know that the tobacco business will wither away unless it finds new smokers to replace those who quit or die.

Bipartisan bills were introduced in both houses of Congress last week to give the Food and Drug Administration needed authority to regulate tobacco products and restrict marketing to young people, consistent with free-speech principles. That may not do much to wean their elders from the habit. But it could stop young women from being entrapped by cynical marketers.

CIVIL RIGHTS:

A Hearing Without Being Heard (WP)

By Robert Barnes

The Washington Post, February 20, 2007

JACKSONVILLE, Ala. -- Lilly M. Ledbetter says she almost stopped breathing when she heard her name called that day, her eight-year battle over alleged pay discrimination finally reaching the ultimate legal forum, the U.S. Supreme Court.

"We'll hear argument next in Ledbetter versus Goodyear Tire and Rubber Company," Chief Justice John G. Roberts Jr. announced.

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The odds are akin to being struck by lightning, having your case plucked from the thousands of others who have vowed, like you, to take the fight all the way to the Supreme Court. And then you find it's not so much about you anymore.

It was the only time that November morning that any of the nine justices spoke Lilly Ledbetter's name.

When she thought back last week on the arguments before the court, she remembered them as not being much about her complaints about Goodyear, or Goodyear's complaints about her. "Except when my lawyer got up, it [seemed to be] based on changing the law somewhere down the line," she said. "That's what it boils down to, I guess. It tends to leave the person out."

At a forum late last year, Justices Antonin Scalia and Stephen G. Breyer, usually the court's yin and yang on matters of constitutional interpretation, agreed that that is how it should be. They were asked whether their duty was to provide justice for those who came before the court or simply to interpret the law.

"The point of the law is to satisfy a human desire for justice," Breyer explained, but he added: "You don't necessarily get to that end by simply trying to look for what is the intuitively nicer result in each case."

Scalia was blunter. "By the time you get up to an appellate court -- and lawyers ought to learn this -- I don't much care about your particular case," he said. "I am not about to produce a better result in your case at the expense of creating terrible results in a hundred other cases."

A specific Supreme Court decision may contain obvious benefits for the winner -- see George W. Bush, circa 2000. But it can often be an inconclusive way station for the plaintiff, sometimes leading only to additional years of litigation.

Jose Antonio Lopez, for instance, has already won his case at the Supreme Court this term. The justices ruled 8 to 1 that the Bush administration cannot automatically deport legal immigrants convicted of minor drug crimes.

But the decision came a little late for Lopez, who had returned to Mexico rather than remain in jail to see if the Supreme Court would take his case. His lawyer is trying to get him a new hearing in this country. But the more lasting impact of Lopez v. Gonzales is that thousands of immigrants may now contest the government's deportation plans.

Supreme Court cases outlive the individuals who give them a name, and give rise to legal precedents beyond the specific cases. That explains why Ledbetter finds herself supported by a large contingent of women's groups and civil rights organizations that she had never given much thought to -- "The ACLU is supporting me; I don't know how we picked them up" -- and opposed by the U.S. Chamber of Commerce and the Bush administration.

She knows it's not personal.The Law's Fine Print

What justices find interesting in Ledbetter's case, according to the language of the Supreme Court, is this:

Whether and under what circumstances a plaintiff may bring an action under Title VII of the Civil Rights Act of 1964 alleging illegal pay discrimination when the disparate pay is received during the statutory limitations period, but is the result of intentionally discriminatory pay decisions that occurred outside the limitations period.

What Ledbetter and Goodyear have been fighting over since 1998 when, at the company's urging, she took the early-retirement offer is this:

Whether she was paid less than the men she worked with because of discrimination or because she wasn't a very good worker.

There's no dispute that after nearly 20 years at the Goodyear plant in Gadsden, Ala., most of them in a salaried managerial position, Ledbetter, 68, was paid less than any of the men she worked with, even those with less seniority.

Ledbetter had always thought that was the case -- some of her bosses had even told her so. But it was spelled out clearly in an anonymous letter she received after she stopped working for Goodyear that contained the rankings and salaries of everyone she worked with.

Her lawyers showed it to the jury on a huge board.

But Goodyear contended that the salaries must be looked at with the rankings. The company said Ledbetter's lower pay was the result of a merit pay plan meant to even the field, and reward supervisors for good work rather than longevity. Ledbetter was typically at the bottom of the rankings, the company argued, and even then she received raises, albeit smaller than those of the men ranked above her.

The jury sided with Ledbetter, saying it was "more likely than not" that she had been paid "an unequal salary because of her sex." Jurors awarded her $3,514,417.

Which was reduced to $360,000 by the judge, who said that was the maximum the law allowed.

Which was reduced to $0 by the U.S. Court of Appeals for the 11th Circuit, which said Goodyear may have discriminated against Ledbetter at some point, but not in the 180 days before she filed her complaint, as the Title VII law prescribes.

Which is what has the justices interested.

Ledbetter's lawyers, backed by the Equal Employment Opportunity Commission, said that the 11th Circuit's decision is contrary to law the Supreme Court itself has established, and that many other lower courts have followed. They argue, in effect,

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that pay decisions tainted by discrimination become new violations of Title VII each time that employee receives a paycheck. So the discriminatory action fell within the time guidelines in the law, they say.

But Goodyear's lawyers said that the 11th Circuit had gotten the standard right, and that the law is intended to stop ongoing discrimination. Ledbetter could not show that the company had discriminated against her the last time it decided to approve or withhold a pay raise. The solicitor general -- the lawyer who represents the official position of the government before the court -- agreed, and in a notable break, said the EEOC was misreading the Supreme Court's earlier decisions.Awaiting a Decision

Ledbetter flew up from Alabama for the oral arguments, scheduled for the Monday after Thanksgiving. From her spot in the second row, she watched for signs. She knew that it takes at least four justices to agree to hear a case, and although those sessions are secret, she assumed they were for her. But she didn't know who they were, nor whose vote could be the fifth one she needed.

She didn't think it would be Roberts. Genial in public appearances, he's a sharp-edged questioner, and she recalled his comments being all about whether a finding for Ledbetter would undo the statute of limitations and open employers to decades-old discrimination complaints, she said.

Ledbetter was intrigued by Justice Clarence Thomas, who she'd been told might not automatically be on her side. As is his custom, Thomas did not ask a question during the hour-long argument, but Ledbetter thought he seemed unusually interested.

"He kept sending out for law books -- he had that poor guy running -- and by the end he had a stack of books up to there," she said.

And Ledbetter had a good feeling about the only woman behind that long mahogany bench; Justice Ruth Bader Ginsburg's questions sounded most supportive, she said. Out on the court plaza later that day, after the reporters had gone, a Georgetown professor introduced herself to Ledbetter and told her that Ginsburg had been discriminated against early in her legal career.

But sympathies are one thing, as Breyer and Scalia indicated in that December forum, and the law is another.

"If you're incapable of producing a policy result that you don't like simply because the statute requires it," Scalia told his audience, then look for another line of work. "Run for Congress or something."

Waiting in Jacksonville for a decision that could come anytime before the court finishes its term at the end of June, Ledbetter said she thinks it could go either way.

"I think it's moved on to the law," she said. "Strictly the law."

Study: Stricter Voting ID Rules Hurt '04 Turnout (USAT)

By Richard Wolf

USA Today, February 20, 2007

WASHINGTON — Voter identification requirements designed to combat fraud can reduce turnout, particularly among minorities, a new study shows.

A study by the Eagleton Institute of Politics at Rutgers University shows turnout in 2004 was about 4% lower in states that required voters to sign their name or produce documentation. Hispanic turnout was 10% lower; the difference was about 6% for blacks and Asian-Americans.

The study, presented to the U.S. Election Assistance Commission this month, comes as voter identification requirements are being subjected to increased scrutiny. Two researchers last year told the Election Assistance Commission that they found little evidence of voter fraud at polling places.

Thomas O'Neill, who led the Eagleton research team, said the new study shows that "the harm may be as great as the benefit."

The commission's chairwoman, Donetta Davidson, called the study "premature." More work needs to be done, she said. "You can't make determinations based on one year," she said. "We have new states that have ID requirements now that weren't in that review."

In 2005, Indiana enacted the nation's stiffest photo ID law. Yet turnout increased 2% in November compared with 2002, the previous non-presidential federal election year.

In local races before the November elections, "we could not find one instance where a legitimate voter could not vote," said Indiana Secretary of State Todd Rokita, a Republican.

Under federal law, first-time voters must verify their identity. Nearly half the states go further, requiring some identification from all voters — ranging from a signature to a government-issued photo ID, which is required only in Indiana.

Photo ID laws in Georgia and Missouri have been blocked in court. A photo ID law in Florida allows voters to choose from many forms of identification.

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Liberal groups such as Common Cause have fought the measures on claims that they disenfranchise the poor, minorities and seniors.

Several states are considering photo ID laws this year, including California, Colorado, Kansas, Mississippi, Oklahoma, Texas and Washington. Most of the efforts face substantial opposition. "We've been beating that horse for two or three years now," said Tim Storey, an elections expert at the National Conference of State Legislatures. "The states that were going to do it have mostly done it."

The Eagleton Institute research relied on data from 2004, before some of the toughest ID laws were passed. It shows that as requirements stiffen — from stating a name to signing it to presenting documentation — turnout drops slightly. The researchers considered other factors, including contested elections, registration requirements, race, ethnicity, age, education and income. They used a 2004 Census Bureau survey to determine racial and ethnic breakdowns.

"It validates some of the things that have been said all along about the problems of voter ID," said Kimball Brace of Election Data Services. Taken together with the earlier research by Tova Wang and Job Serebrov that found little evidence of voter fraud at polling places, it shows voter ID laws can have more of a negative than a positive impact, Brace said.

Advocates of tougher ID requirements cite Indiana. The state did extensive voter education before the election and allowed voters without ID to cast provisional ballots, which are less likely to be counted.

"It wasn't the horrible thing that some feared," said Thor Hearne of the conservative American Center for Voting Rights. Hearne predicted continued support for state ID laws if they are carefully drafted and implemented to avoid a drop in turnout.

Campaign Strengthens For A Voting Paper Trail (WP)

By Zachary A. Goldfarb, Special To The Washington Post

The Washington Post, February 19, 2007

Efforts are intensifying in Congress to pass legislation that would require electronic touch-screen voting machines used in federal elections to provide paper trails that could be checked in the case of a recount.

The new momentum is the result of lingering concerns about the machines as the 2008 presidential primaries fast approach, as well as strong support for changes by the new Democratic majority, with Sen. Dianne Feinstein (D-Calif.), chair of the Rules Committee, taking a leading role.

"We are closer to paper-trail legislation than we have been before," said Doug Chapin, director of Electionline.org, an elections clearinghouse.

"Democrats are committed to election-reform legislation that requires all voting machines produce a paper trail," said Brendan Daly, a spokesman for House Speaker Nancy Pelosi (D-Calif.).

The work at the national level echoes moves in many states. Often under pressure from voting-rights groups, 27 states have decided to require paper trails.

Last month, Gov. Charlie Crist of Florida went a step further, asking the legislature to pay for replacing touch-screen machines by next year with optical-scan devices, which read paper ballots. Virginia and Maryland are considering similar moves.

Florida has special significance because it was home to the recount dispute in the 2000 presidential election that began the national focus on how Americans vote. In response to that election, Congress passed a law in 2002 that provided billions of dollars to the states to replace outdated voting machines.

The new, high-tech machines were in many cases easier to use and more accessible for disabled people. But a coalition of computer scientists and voting-rights groups argued that the touch-screen devices without printers were vulnerable to tampering and that results could not be verified if they broke down.

In Congress, Rep. Rush D. Holt (D-N.J.) has introduced legislation to require paper trails and audits that test the paper results against the electronic tally, among other things. The bill has nearly 200 co-sponsors, and Holt wants it to take effect before the first primaries in January. Feinstein plans to introduce a similar bill soon.

"In basic terms, it would reestablish the principles of reliability and auditability," Holt said. "Citizens are disturbed that they feel they can't rely on the results of the election."

Weighing heavily on the minds of Democrats is last year's congressional race in Sarasota, Fla. Congress has seated Republican Vern Buchanan, but Democrat Christine Jennings says the Electronics Systems & Software touch-screen machines failed to count 18,000 votes that were cast for other offices but did not indicate a vote for Congress.

Without a paper record, there is no way for the machine to do a recount; Jennings has asked in court for access to the machines' source code -- the inner workings of the software that runs the machines -- to see whether there was a glitch. So far, she has not received access and has filed a protest with the House Administration Committee.

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"Imagine what would happen if a similar undercount occurred in a swing-state election in the presidential contest and there was no independent means of verification," Feinstein said during a hearing on election administration this month. She asked government auditors to probe the Sarasota case.

Not everyone agrees paper trails are a panacea. Daniel Tokaji, assistant law professor at Ohio State University and associate director of its election-law program, said Holt's bill's focus on paper trails reflects a desire for a simple fix.

"It could well create more problems in terms of both creating post-election litigation and creating administrative problems in counting these paper strips," Tokaji said. "We know they can be compromised, torn, crumpled," and have printing problems, he said.

While Congress considers voting machine legislation, the Election Assistance Commission, the federal agency that helps states run elections, is taking a more direct role in testing the machines before they are used.

In the past, an association of state election directors had certified testing labs on a volunteer basis. That approach generated concerns that labs would use varying standards and would not be subject to sufficient oversight.

These concerns were heightened last month when it was revealed that a Colorado company had been temporarily banned from testing equipment, after authorities said it was failing to exercise proper quality control.

Now the Election Assistance Commission will certify labs in consultation with the National Institute of Standards and Technology (NIST).

"It's the first time the federal government has ever been involved in testing voting equipment and, with NIST recommending their accreditation, that puts a more stringent position on the labs to meet all of the qualifications," said the chairman of the Election Assistance Commission, Donetta Davidson. "That definitely puts more credibility in the process."

New Jersey Begins Offering Civil Unions To Gay Couples (WSJ/AP)

The Wall Street Journal, February 20, 2007

Hundreds of gay couples received the same legal protections as married couples early Monday when a law took effect to make New Jersey the third U.S. state to offer civil unions.

The civil unions -- which offer the legal benefits but not the title of marriage -- were granted automatically to the hundreds of gay New Jersey couples who have been joined in civil unions or married in other states or nations.

At least one couple held a ceremony at the first possible moment. Steven Goldstein and Daniel Gross reaffirmed their Vermont civil union shortly after midnight. They would have had the rights in New Jersey even without holding a midnight ceremony here.

State Sen. Loretta Weinberg, a prime sponsor of the civil unions law who hosted ceremonies for couples including Messrs. Goldstein and Gross in her office, called the day "a big giant step forward." A handful of town halls across the state also opened at 12:01 a.m. to accept civil union license applications from couples who had not been so joined previously. They must wait 72 hours before they can hold civil union ceremonies, and several plan to exchange vows early Thursday.

Among those couples were Marty Finkle and Michael Plake of South Orange. A few dozen friends, Mr. Finkle's 17-year-old daughter and several local officials showed up to cheer the couple as they filled out paperwork in their town hall. The couple also was one of the first in the state to register in a domestic partnership in 2004. Domestic partnerships offered a handful of the benefits and obligations of civil unions.

New Jersey lawmakers hastily created civil unions last December, less than two months after a state Supreme Court decision held that gay couples had a right to the same benefits as married couples.

Gay rights activists in the state say they will continue to press for full marriage rights through both political channels and lawsuits. Some social conservative groups, meanwhile, are pledging to block same-sex marriage by pressing for an amendment to the state constitution that prohibits such unions. Forty-five states have legal or constitutional bans on same-sex marriages. Only Massachusetts allows gay couples to marry, while California offers domestic partnerships.

Mr. Goldstein, the chairman of the gay rights group Garden State Equality, and Mr. Gross, a vice president at Goldman Sachs, held their ceremony behind a desk in a cramped office instead of a more idyllic or religious spot. There were several kisses, a prayer reading, friends and journalists, but no music, no dancing and none of the breaking-of-the-glass that is traditional in Jewish weddings. The couple did that in a Jewish wedding service in Canada in 2002 -- the first same-sex union featured in the wedding pages of the New York Times -- and promised even grander festivities if they can gain the right to marry in New Jersey.

As part of their ceremony, their rabbi, Elliott Tepperman, asked the people gathered: "Do you vow to continue your support for true marriage equality?" "This was really all about receiving a piece of paper that had some recognition of our status," Mr. Gross said. Teaneck registrar Laura Turnbull finished processing their civil union license -- No. 1 -- at 12:09 a.m.

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Meanwhile, in Asbury Park -- a community revived largely by a growing gay population and one where two men were married, though it was not recognized in 2004 -- five gay couples completed civil union licenses in the first hour of the day.

Eagerness And Some Resignation As Civil Union Law Takes Effect (NYT)

By Ellen Barry

The New York Times, February 20, 2007

ASBURY PARK, N.J., Feb. 19 — Mark Rado and Degn Schubert could be forgiven for sounding a little jaded on Monday, as they waited with four other couples in the lobby of the Asbury Park Municipal and Police Complex.

This would be, by their own count, the seventh time that they had tried to make their union official. They twice registered as domestic partners in California, organized an elaborate commitment ceremony, and then married, ecstatically, under the watch of Mayor Gavin Newsom of San Francisco. Then the state annulled that marriage, along with other same-sex marriages, and Mr. Rado and Mr. Schubert once again registered as domestic partners.

Now they were doing it again: Waiting, with a bouquet of alstroemeria and purple tulips, for Asbury Park's deputy city clerk, D. Kiki Tomek, to take their application for a civil union in New Jersey.

"It becomes sort of a chore," said Mr. Schubert, who is 40 and lives in Asbury Park. They discussed which of their proliferating anniversaries they would celebrate. June 28? Feb. 13? Or the date three days from Monday, when their civil union can be performed, Feb. 22?

"I wish they would just call it marriage," Mr. Schubert said, "and be done with it."

About a dozen couples visited clerks' offices in New Jersey on Monday, the first day on which people were allowed to submit applications for civil unions, which guarantee all the rights and benefits of heterosexual marriage. New Jersey is the third state to offer civil unions, following Vermont, which introduced them to rapt national attention in 2000, and Connecticut, which quietly followed suit in 2005.

Massachusetts is the only state in which same-sex couples can marry. California has a domestic partnership law that guarantees many of the rights of marriage.

A handful of couples in New Jersey were so eager to take advantage of the new law that they waited outside clerks' offices until 12:01 on Monday, when the first civil unions could be processed. Among that group, some said the experience was bittersweet; activists had held out hope that New Jersey would follow Massachusetts as the second state to grant same-sex couples the right to marry.

But Beth Asaro, 47, who submitted an application for a civil union with her partner, Joanne Schailey, in Lambertville, could not contain her happiness. She said her outright joy at forming a civil union could be a function of her age and the hostility she faced when she was younger.

"Being gay, you're used to kind of hiding it and not making it front and center of your personality," Ms. Asaro said, "but last night, man, we were out there — that we had gotten these rights from our state. It was pretty exciting, very validating and very liberating."

Civil unions, she said, are "enough for right now."

"I know it sounds so trite," she said, "but it's true."

There was a jovial atmosphere on Monday outside Asbury Park's vital statistics office, where couples filled out their applications beside stacks of recycling bulletins and annual water quality reports. The star of the show was Ms. Tomek, who is beloved among gay people in Asbury Park for processing marriage licenses for same-sex couples for three days in March 2004, an act of guerrilla clerkship that was almost immediately blocked, via a faxed letter, by the state attorney general.

Ms. Tomek opened up the office for the occasion Monday morning — a federal holiday — wearing an animal-print tunic, high-heeled boots and big gold-hoop earrings; when Tom Pivinski, 64, said he had not brought government identification, she good-naturedly agreed to identify him by examining one of his tattoos. One by one, she swore in applicants and told them where to sign.

"Come to Asbury Park, baby, where it all happens," said Terence J. Reidy, Asbury Park's city manager.

The new law stemmed from a lawsuit filed in 2002, when seven same-sex couples were denied marriage licenses. The case, Lewis v. Harris, was eventually appealed to the New Jersey Supreme Court, which ruled in October that the State Constitution guarantees same-sex couples all the rights and benefits of marriage.

But the court passed on to the Legislature the thorny question of whether same-sex unions could be called "marriage," reasoning that "the great engine for social change in this country has always been the democratic process." On Dec. 21, Gov. Jon S. Corzine signed a law that created a legal structure for civil unions.

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Applicants for civil unions — like prospective brides and grooms — must wait three days before a license is granted and a ceremony performed, so couples who submitted applications on Monday are planning to hold rapid-fire civil union ceremonies early Thursday morning — at 12:01, 12:05, 12:07 and 12:10 a.m.

Others will not have to wait. The state attorney general, Stuart J. Rabner, announced on Friday that gay couples with marriages or civil unions performed in other states or countries would have their status recognized as civil unions in New Jersey. The state's first civil union ceremony was performed at 12:01 a.m. Monday, in Teaneck, for Steven Goldstein, the chairman of Garden State Equality, and his partner, Daniel Gross, whose civil union had been performed in Vermont.

Mr. Goldstein, who fought vigorously last fall to legalize gay marriage in New Jersey, said the ceremony was "one of the most bittersweet moments" of his life. He said the small turnout Monday morning was proof that other gay couples felt the same way.

"There's a bit of happiness on one hand, but no satisfaction," he said. "Before, we in the gay community sat in the back of the bus. Now, we're allowed to sit in the middle of the bus."

But Bill Whitefield, 40, who stopped by Ms. Tomek's desk Monday afternoon, said the light showing proved just the opposite. Three years ago, he said, gay couples in Asbury Park crowded into this office to apply for marriage licenses, panicked that their rights would be taken away by new laws.

Since the ruling in Lewis v. Harris, he said, that urgency is gone. He and his partner are in no rush; they are thinking of marrying in two years. Mr. Whitefield, a native of Nashville, said he had heard plenty of grumbling about the civil union law, and he wishes his friends would look at the bright side.

"We have a lot of New York radicals here," he said. "I say that with the utmost affection."

ANTITRUST:

Merger Would End Satellite Radio's Rivalry (NYT)

By Richard Siklos And Andrew Ross Sorkin

The New York Times, February 20, 2007

The nation's two satellite radio services, Sirius and XM, announced plans yesterday to merge, a move that would end their costly competition for radio personalities and subscribers but that is also sure to raise antitrust issues.

The two companies, which report close to 14 million subscribers, hoped to revolutionize the radio industry with a bevy of niche channels offering everything from fishing tips to salsa music, and media personalities like Howard Stern and Oprah Winfrey, with few commercials. But neither has yet turned an annual profit and both have had billions in losses.

While there had been speculation of a merger, neither side had engaged in serious negotiations until December, when both companies determined it was in their best interests to complete a deal while the Bush administration was in power, people in the negotiations said.

The companies said yesterday that their $13 billion merger — code-named Project Big Sky by XM — would give consumers a broader range of programming, while eliminating overlapping stations that focus on genres of music. At the same time, they said, they could cut duplicated costs in sales and marketing.

A merger would require antitrust approval from the Justice Department and would have to be considered in the public interest by the Federal Communications Commission.

Under their operating licenses, XM and Sirius were prohibited from ever owning each other's license. The commission could waive that rule. But critics pointed to its rejection of the merger of the satellite television broadcasters EchoStar and DirecTV four years ago.

Questioned last month about a possible Sirius-XM merger, the F.C.C. chairman, Kevin J. Martin, initially appeared to be skeptical, but later said that if such a deal were proposed, the agency would consider it.

In a statement yesterday, Mr. Martin acknowledged that the F.C.C. rule could complicate a merger but said the commission would evaluate the proposal. "The hurdle here, however, would be high," he said.

The proposed merger, first reported yesterday by The New York Post, promises to be a test of whether regulators will see a combination of XM and Sirius as a monopoly of satellite radio communications or whether they will consider other audio entertainment, like iPods, Internet radio and HD radio, to be competitors.

"If the only competition to XM is Sirius, then you don't let the deal through," said Blair Levin, managing director of Stifel Nicolaus & Company and a former F.C.C. chief of staff. But Mr. Blair said he expected the F.C.C. to approve the merger.

"It's my view that in looking at this picture, the Justice Department is going to conclude that the market is contestable, that there's various ways these services compete and they'll allow this merger."

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Both Sirius and XM have been rapidly adding customers since they began selling the concept of subscription-based radio available coast to coast about six years ago. XM ended 2006 with nearly eight million customers but Sirius increased its subscriber base by 80 percent last year, to about six million, after it signed Mr. Stern in a $725 million cash and stock deal.

Still, both companies had expected faster growth, and the real number of subscribers may be less than appears at first glance. Many receive the service free for a trial period when buying a new car or truck.

The two services have some $6 billion in accumulated losses. Both companies' share prices have slumped recently as investors cooled on the companies' prospects for generating profits, given the heavy costs of acquiring programming talent like Mr. Stern and the radio rights to the National Football League and Major League Baseball.

The companies' services are, for the moment, not compatible. If the merger were approved, officials said yesterday, they would provide subscribers with technology that would allow them access to both services.

Each sells subscriptions for $12.95 a month. The cost of the combined service is yet to be determined.

Pricing the service is only one of many commercial and operational challenges the merger would face. For one thing, XM has prided itself on being advertising-free while Sirius sells ads on its talk radio fare, including Mr. Stern's shows.

Craig E. Moffett, an analyst with Sanford C. Bernstein & Company, said it was not clear that Mr. Stern, Ms. Winfrey and some of the other major draws on the channels would be readily accessible to the merged companies' wider audience.

Mel Karmazin, the longtime broadcasting executive who has been chief executive of Sirius for the past two years, said he had tried to reach Mr. Stern, who is on vacation, but had not yet done so, and a company spokesman said Sirius does not discuss its contracts.

The new company's name and where it would be based — Sirius is in New York and XM in Washington — have not yet been determined. Mr. Karmazin would continue as chief executive while Gary Parsons, XM's chairman, would remain as chairman of the merged company.

In an interview yesterday, Mr. Karmazin and Mr. Parsons said they believed they could prove the combination would be in the public interest.

Mr. Parsons said that unlike EchoStar and DirecTV, whose only rival was cable television, the satellite radio companies have a very small audience compared with the ways people get music, information and entertainment in audio formats, including iPods and the Internet. "The only thing that you could even think of as similar between those companies and us is that they both use satellites," Mr. Karmazin said.

But critics are lining up. The National Association of Broadcasters, a trade group that represents broadcast radio and television stations, issued a statement within hours of the XM-Sirius announcement.

"In coming weeks, policy makers will have to weigh whether an industry that makes Howard Stern its poster child should be rewarded with a monopoly," it said.

XM and Sirius had been in a mating dance for years, with Mr. Karmazin and Mr. Parsons flirting both publicly and privately. According to people involved in the talks, they began serious talks just before Christmas.

Anxious about Mr. Karmazin and Mr. Parsons being spotted together, the two sides decided to meet in an inconspicuous spot: the Upper East Side apartment of one of Mr. Parsons's bankers, Dennis S. Hersch, a former lawyer who joined JPMorgan Chase two years ago.

Mr. Karmazin met with Mr. Parsons for several hours in Mr. Hersch's living room one morning in late December, these people said. They sat on sofas flanked by their advisers, James B. Lee and Mr. Hersch of JPMorgan Chase, which represented XM, and Paul Taubman of Morgan Stanley, which worked for Sirius. The men decided to pursue a deal.

An army of merger and antitrust lawyers for both sides worked several marathon weeks of conference calls and trips to Washington to gauge the political climate for the transaction before opining that the deal should pass regulatory muster. Simpson Thacher & Bartlett and Wiley Rein are representing Sirius; XM is being advised by Skadden, Arps, Slate, Meagher & Flom; Jones Day; and Latham & Watkins.

About a month later, the two sides reconvened, this time at Mr. Karmazin's apartment in the Trump International Hotel and Tower just off Columbus Circle overlooking Central Park. It was a daylong negotiation. But both sides were far apart on price: Mr. Karmazin didn't want to pay much of a premium and Mr. Parsons was seeking an even higher one than he got yesterday. Mr. Parsons and his advisers left the apartment thinking the talks might collapse.

About a week later, after talking to their boards, the two sides were coaxed back together, both giving a little on price. Two weeks ago, Mr. Parsons returned to Mr. Karmazin's apartment. This time, the men reached a deal and shook hands on it.

Sirius To Acquire Larger Rival XM For $4.57 Billion (Correct) (BLOOM)

By Christopher Stern

Bloomberg, February 20, 2007

(Corrects dateline.)

Feb. 19 (Bloomberg) -- Sirius Satellite Radio Inc. agreed to buy larger rival XM Satellite Radio Holdings Inc. for $4.57 billion in stock to combine the only pay radio companies and stem billions of dollars in losses.

Mel Karmazin, chief executive officer of New York-based Sirius, will be CEO of the combined company, and Gary Parsons, chairman of Washington-based XM, will continue as chairman, the companies said today in a statement.

Sirius and XM faced pressure to merge after losing a combined $7 billion to attract subscribers over the past eight years and signing talent including Howard Stern and Oprah Winfrey. The merger will face antitrust scrutiny and must also be approved by the U.S. Federal Communications Commission.

``To make themselves stronger in the long term, they really need to benefit from the synergies a combination offers them,'' said David Bank, an analyst at RBC Capital Markets in New York. ``I see it as a huge positive.''

The combined companies will attempt to cut costs by negotiating new programming agreements and deals with automakers who install the devices in cars, said Bank, who rated XM shares ``outperform'' and Sirius ``sector perform.''

Under the terms of the accord, which the companies describe as a merger of equals, XM investors will receive 4.6 shares of Sirius common stock for each share they own. Shareholders of each will own about 50 percent of the combined radio company.

New Board

The deal values XM at $17.02 a share, based on Feb. 16 closing prices, the last trading day in the U.S. markets before Presidents Day. That represents a 22 percent premium over XM's close of $13.98. Sirius closed at $3.70. The companies have combined debt of $2.56 billion and cash of about $638 million as of September.

The new company's board will consist of 12 members, including Karmazin, 63, and Parsons, 56, four independent members named by each company, and one representative from each of General Motors Corp. and American Honda. Hugh Panero, 50, CEO of XM, will continue in his role until deal closes, which both companies expect this year.

Sirius and XM will operate independently until the deal is completed, the companies said. The name of the combined company and the location of its headquarters will be decided later.

Regulatory Scrutiny

Sirius and XM anticipate a rigorous review by the Justice Department and FCC. The companies said today they are competing for customers in a broad media landscape that includes products such as Apple Inc.'s iPod, cell phones that play music and Internet music stations.

``What this is really about is war,'' said Karmazin, who has spent four decades in the radio industry and was president of Viacom Inc. before joining Sirius in November 2004.

When the FCC authorized XM and Sirius to offer satellite radio service in 1997, it barred the two companies from merging. The FCC envisioned the two would compete with each other and provide consumers with an alternative to traditional radio.

The proposed merger will face a high level of scrutiny at the FCC, Chairman Kevin Martin said in an e-mailed statement.

``The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices,'' Martin said.

Sirius and XM will argue the competitive landscape has changed since the commission passed the rule barring them from combining 10 years ago.

Competes with iPod?

``From a government perspective, it's tricky,'' said Blair Levin, a media policy analyst with St. Louis-based Stifel Nicolaus & Co. ``Does something like the iPod really compete with satellite radio?'' If federal regulators decide it doesn't, the deal is likely to be rejected, Levin said.

Shares of both Sirius and XM declined 47 percent last year on concern over losses and subscriber growth.

XM finished the year with 7.63 million subscribers, shy of the 7.7 million to 7.9 million it had forecast in November. The number of users rose 29 percent from 2005.

Sirius subscribers increased 82 percent to 6 million last year, in line with its forecast.

As of Feb. 16, Sirius had a market value of $5.2 billion, while XM was valued at $3.75 billion.

Sirius And XM Agree To Merge, Despite Hurdles (WSJ)

By Sarah Mcbride, Dennis K. Berman And Amy Schatz

The Wall Street Journal, February 20, 2007

The proposed $11.4 billion merger of struggling satellite-radio operators XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc. sets up a crucial test for the nation's regulators: how to weigh the limits of consolidation against rapid changes in media technology.

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The deal is structured as a 50-50 "merger of equals," giving XM and Sirius shareholders an equal stake in the combined company, and potentially uniting a roster of talent that includes Sirius's shock jock Howard Stern and daytime-TV personality Oprah Winfrey, one of XM's biggest stars. The agreement calls for Sirius Chief Executive Mel Karmazin to serve as CEO of the new entity, which would have more than $2.3 billion in long-term debt. XM Chairman Gary Parsons would be chairman.

TEXT OF STATEMENT

Read the text of the statement1 by XM and Sirius on their merger of equals. · Tale of the Tape: XM and Sirius2

But because XM and Sirius are the only two companies licensed by the Federal Communications Commission to offer satellite radio in the U.S., the deal is likely to face significant regulatory obstacles.

Broadcasters said yesterday that they will fight the proposed merger, and FCC Chairman Kevin Martin released an unusually grim statement saying that the two companies will face a "high" hurdle, since the FCC still has a 1997 rule on its books specifically forbidding such a deal which would need to be tossed. The transaction also requires the Justice Department's blessing.

Indeed, XM and Sirius may be rushing into a deal because they sense the regulatory terrain will only get tougher. People close to the matter said that the two companies acted because the climate is already changing with the election of a Democratic-controlled Congress. Future developments -- such as the possibility of a Democratic president -- could make it even harder for the proposed merger to pass muster.

In their strategy, the two companies may be subtly acknowledging the risks before them: By conceiving their deal as a merger of equals and declining to say which company name would emerge ascendant, they minimize the business risks should the deal fall through. If, for example, the combined company were to be dubbed Sirius, XM could be vulnerable to a decline in sales during a regulatory review period that could last a year. A person familiar with the negotiations said the two companies have set March 1, 2008, as their "drop-dead date," after which either side can walk away if approval is not granted.

The coming regulatory battle is likely to focus on the definition of satellite radio's market. The two companies are expected to argue that the rules established a decade ago, which require two satellite rivals to ensure competition, simply don't apply in today's entertainment landscape.

Since 1997, a host of new listening options have emerged, making the issue of choice in satellite radio less important for consumers. Executives cite a new digital technology called HD radio, iPod digital music players, Internet radio and music over mobile phones as competitors that didn't exist when the satellite licenses were first awarded.

Just a few years ago, the two satellite rivals were the hot new technology on the media scene, offering consumers greater choice in both music and talk programming in exchange for a monthly subscription fee. But while both companies have continued to add subscribers steadily, their growth has slowed, in part because of the other new devices and services competing for the same potential listeners.

Both XM and Sirius have continued to lose money. In 2005, the companies had combined losses of $1.5 billion, after losing a combined $1.4 billion the year before. Their 2006 results haven't been released, but Goldman Sachs analyst Mark Wienkes estimates that Sirius lost $1.1 billion on revenue of $628.8 million last year, while XM lost $658.2 million on revenue of $914 million.

Consumers and their advocates are likely to worry that a combined company would mean higher prices for satellite-radio service. Both companies now charge $12.95 a month.

But company executives say market forces would limit the possibility of higher prices. "We are competing with companies that give away their product for free," said Mr. Karmazin, alluding to conventional over-the-air radio.

Satellite-radio customers will still be able to use their existing satellite radios for the foreseeable future, but to take advantage of a combined service, they probably would need to upgrade to a newer radio. Currently, Sirius and XM run on separate, incompatible systems, although a team of engineers from both companies has been working on a radio that could pull in both signals.

"The benefits to the subscribers are awesome," Sirius's Mr. Karmazin said in an interview. "We can combine [research and development] resources and come up with cooler, more advanced products that will satisfy them more. We're going to have the ability to negotiate better with our receiver manufacturers."

The companies could also eliminate duplicative services. For example, XM features a Christian-music-themed channel called "The Message," while Sirius has its own Christian pop channel dubbed "Spirit." By Mr. Karmazin's reckoning, the two companies could eliminate such overlap and concentrate on unique shows and new technology to deliver it. "There's going to be more consumer choice," Mr. Karmazin said.

It remains to be seen whether the FCC shares that view. In his statement yesterday evening, Mr. Martin said the FCC would certainly review the deal, but "the companies would need to demonstrate that consumers would clearly be better off -- with both more choice and affordable prices."

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A larger problem for the companies, however, is opposition from broadcasters, to whom Mr. Martin has been an ally in the past. Two years ago, the National Association of Broadcasters lobbied hard against XM's effort to acquire WCS Wireless LLC for $195 million. The deal would have given XM additional radio frequencies and allowed it to expand its service.

Broadcasters, however, complained that XM would use the acquisition to provide local programming, which isn't allowed under its current license. Ultimately, the deal fell through after languishing without action at the FCC for nearly a year.

The broadcasters quickly went on the offensive yesterday. "When the FCC authorized satellite radio, it specifically found that the public would be served best by two competitive nationwide systems," said NAB spokesman Dennis Wharton. "Now, with their stock prices at rock bottom and their business model in disarray because of profligate spending practices, they seek a government bailout to avoid competing in the marketplace."

The FCC's five commissioners will need to be convinced that there's enough competition in the market to support a merger. One issue the agency will likely consider, FCC officials say, is satellite radio's popularity with consumers and the two companies' long-term prospects if they don't merge.

With the FCC currently immersed in what's likely to be a protracted fight over changes to media-ownership limits, it may not be an auspicious time to propose a deal to consolidate the satellite-radio industry.

Democrats at the FCC have been more assertive since their party took control of Congress. And some lawmakers have already begun to express doubts about the deal.

Massachusetts Democrat Edward Markey, chairman of the House subcommittee that oversees the FCC, said yesterday that he will review the proposed merger's effect on consumers. "In light of the dramatic consolidation of radio ownership...I believe that the merger of the only two satellite radio companies must be assessed with an eye toward ensuring that it does not have a similar, deleterious effect on diversity on the dial and localism in radio coverage and reporting," he said in a statement.

Under the deal, XM shareholders will receive a fixed exchange of 4.6 shares of Sirius for each of their XM shares. Based on stock prices Friday, that meant that XM holders would receive $17.02 for each of their shares, a premium to Friday's close of $13.98. XM Chairman Parsons had argued for more, people familiar with the matter said, based on his company's more-extensive deals with auto makers and its 7.6 million subscribers, compared with Sirius's six million. But Mr. Karmazin stuck to his guns, stressing Sirius's bigger market capitalization and faster growth rate.

The market was already responding to the possibility of a deal on Friday, bidding XM stock up by nearly 8%. In agreeing to a premium for XM, Sirius is getting a larger ownership stake than if it had simply contributed its business into a new company.

So-called "mergers of equals" have had a dubious track record, according to a number of academic studies of big corporate transactions. That's largely because under such plans, companies can end up bickering over managerial control and strategy, which can be distracting and ultimately costly to shareholders.

Sirius and XM executives played down that prospect. "Synergies have become such a very large element of value compared to the individual values of the companies," said Mr. Parsons, though he conceded that the two sides debated for months about who should own the biggest part of the company. "That drove us to look at it together."

Sirius has performed better in recent quarters at retail, winning large numbers of customers who walk into a store to buy a satellite radio to add to their car. But XM has positioned itself better for the future, signing up more deals with auto makers such as General Motors Corp., so cars roll off factory lines with satellite radios preinstalled.

Expensive programming one-upmanship has weighed on the stock prices at both companies. For example, in 2004, Sirius said it would pay $500 million over five years, not including performance-based bonuses, to broadcast a morning show starring the colorful Mr. Stern. Two weeks later, XM said it would pay $650 million over 11 years to broadcast Major League Baseball.

"The strategic benefits of a merger would be tremendous," said Craig Moffett, an analyst at Sanford C. Bernstein. "Programming contract renewals would no longer be the subject of bidding wars. Automotive revenue-sharing agreements and retailer commission deals would suddenly be uncontested."

Sirius was advised on the deal by Morgan Stanley and law firms Simpson Thacher & Bartlett LLP and Wiley Rein LLP. XM was advised by J.P. Morgan Chase & Co. and law firms Skadden Arps, Slate, Meagher & Flom; Jones Day; and Latham & Watkins.

How Sirius-XM Merger Would Cut Companies' Costs Still Unclear (USAT)

By David Lieberman

USA Today, February 20, 2007

NEW YORK — The vision of a robustly competitive satellite radio business came crashing to Earth on Monday, as the industry's once bitter rivals — Sirius (SIRI) and XM Satellite Radio — agreed to merge, creating a company valued at $13 billion, including $1.6 billion in debt.

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Each of the two has created an array of radio channels, and they've amassed more than 13 million subscribers between them but never made a profit.

The announcement also created uncertainty, and provided few answers, for current subscribers and those considering buying one of the services. The two systems are incompatible, and virtually all satellite radios are designed for one and can't receive the other.

PRESS RELEASE: Sirius and XM deal

Sirius CEO Mel Karmazin, who would hold that job at the still-unnamed combined company, sought to reassure consumers.

"You should assume that we're going to continue for a very, very long period of time to offer the Sirius and XM service," he says. "Once this merger is approved, we'll be able to work with receiver manufacturers and chip-set designers to have a next-generation radio that can pick up both services."

Left unanswered is what will happen to consumers who have one of the current generation of radios once it's time to blend the companies.

"The companies will have to announce a fairly complicated technology-migration plan," says Sanford C. Bernstein analyst Craig Moffett.

More may become known today in a conference call the companies plan for analysts and the press.

In addition to the tech hurdles, the companies will have to get the deal to pass muster with antitrust officials and the Federal Communications Commission.

"The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices," FCC Chairman Kevin Martin said in a statement. "The hurdle here, however, would be high."

Congress also might have something to say. Rep. Edward Markey, D-Mass., who chairs the House Subcommittee on Telecommunications and the Internet, said in a statement, "The merger of the only two satellite radio companies must be assessed with an eye toward ensuring that it does not have a … deleterious effect on diversity on the dial and localism in radio coverage and reporting."

The potential for a drawn-out merger transition, following a lengthy approval process, makes it uncertain when executives might find as much as $7 billion a year in savings that they say they can realize, for example by eliminating redundant channels and expenses for transmission and marketing.

Consumer advocates, for their part, likely will pressure regulators and lawmakers for major concessions — if they don't ask for the deal to be rejected outright.

"We're going to raise questions," says Consumers Union's Gene Kimmelman. "I'm not going to say we're going to oppose. I don't know enough about the economics."

He adds that the group likely will call for a la carte pricing, enabling consumers to pay just for the channels they want, and for the merged company to carry additional public-interest programming.

Meanwhile, the National Association of Broadcasters trade association says it'll use its muscle to fight the proposed merger.

"In the coming weeks, policymakers will have to weigh whether an industry that makes (shock jock) Howard Stern its poster child should be rewarded with a monopoly platform for offensive programming," NAB Executive Vice President Dennis Wharton said in a statement.

But the deal should find lots of fans on Wall Street.

Investors and analysts have been disappointed by the slowing growth rate for new subscriptions at Sirius and XM. They picked up a combined 1.8 million subscribers in the fourth quarter of 2006, which is down 12% from the same period in 2005, UBS estimates.

Automakers, led by General Motors, Toyota and Honda, are the biggest contributors to XM's subscriber base. They offer the radios in almost all of their new cars. Sirius has similar deals with Ford, DaimlerChrysler and VW/Audi.

Meanwhile, both companies are grappling with high costs for high-profile content, including XM's deals with Major League Baseball and Oprah Winfrey and Sirius' pacts with the NFL and Stern.

It has become unclear when either of the young companies might be profitable. As a result, "The benefits of a merger are simply too good to pass up," Moffett says. "There are obvious financial synergies from the fact that these two companies run similar operations."

Sirius will offer 4.6 of its shares for each XM share, leaving each side with 50% of the new venture. Sirius closed Friday at $3.70 while XM was at $13.98.

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If approved — something the companies expect by year's end — it will be run by Karmazin, a blunt New York native who built Infinity Broadcasting into a power in conventional radio and helped to make Stern one of the medium's most popular personalities.

XM Chairman Gary Parsons would be chairman. XM Chief Executive Hugh Panero would stay on until the merger closes.

Antitrust fight ahead

It's hard to predict how the bruising fight in Washington will play out. "I think it's more likely than not the government approves it," says Stifel Nicolaus analyst Blair Levin. "But it's a close call."

Antitrust officials will examine whether a satellite radio monopoly would have too much power to raise subscription fees and ad rates, and to force programmers to accept lower payments.

If they can show that broadcast radio will keep the cost of satellite radio from skyrocketing, then "they have a good chance" of winning approval, says William Baer, former head of the Federal Trade Commission's competition bureau and a lawyer with Arnold & Porter.

The NAB and others are expected to argue that a national satellite radio monopoly could overwhelm free, over-the-air local broadcasters. For example, the new company might gobble up top talent — and possibly win additional business in the biggest markets by offering them channels with local news, weather and information.

"That would put them in direct competition with the NAB constituents," Moffett says. "And the NAB is a force to be reckoned with in Washington."

The FCC would have to reverse its mandate in 1995, when it allocated satellite radio spectrum, that "one (satellite radio) licensee will not be permitted to acquire control of the other remaining" one.

A few weeks ago, the companies' stock dropped when Martin cited the rule as an impediment to a linkup. Two days later, however, he noted that the companies could seek a waiver of the rule.

"When the FCC authorized satellite radio, it specifically found that the public would be served best by two competitive nationwide systems," Wharton says. "Now, with their stock prices at rock bottom and their business model in disarray because of profligate spending practices, they seek a government bailout to avoid competing in the marketplace."

Sirius and XM say that they're optimistic. "We would not be announcing this if we did not believe that we could be getting approval," Karmazin says.

They say that they're making the market more competitive, not less.

"Ten years ago, when these satellite radio licenses were being awarded, there were not any iPods; there was no (digital) HD Radio; there was no (community broadband) WiMax; there were not cellphones with music on them," Parsons says. "You've seen an explosion of these alternatives, which are very attractive to the consumer, but they're things that we have to compete with. And if you look at the size of all of those industries putting forth those choices, we're still the young upstarts in the early stages of our growth phase."

If the FCC approves a deal, it's still likely to impose some conditions, Levin says. For example, it could require the combined company to create a family-friendly tier of stations to shield children from risqué shows and to agree to not raise prices for a certain period.

If the companies get their way and merge, they'll face a host of other potentially vexing challenges.

Each has a distinct corporate culture. XM prides itself on its frugality, building its headquarters in a transitional neighborhood in Washington. Sirius spent freely on talent and built a lavish, high-tech studio in Rockefeller Center.

About 34% of XM's revenue goes to programming and marketing expenses, while 47% of Sirius' revenue is eaten up by those costs.

Satellite Radio Firms Plan To Merge (WP)

By Charles Babington And Thomas Heath

The Washington Post, February 20, 2007

XM and Sirius, the two satellite radio companies that have spent millions of dollars trying to woo pay-for-service customers, yesterday announced plans to merge in hopes of stemming losses and offering an even larger smorgasbord of music, talk and sports.

If approved by federal regulators, the merger would give all satellite subscribers access to Sirius's Howard Stern, pro football games and NASCAR races, as well as XM's Oprah Winfrey, Major League Baseball and Bob Dylan.

Before XM Satellite Radio Holdings of the District and Sirius Satellite Radio of New York can combine, however, the companies must persuade the Justice Department and Federal Communications Commission that they are complying with antitrust laws, a claim that land-based broadcasters and consumer groups are likely to dispute. XM and Sirius contend that customers have ample audio choices through devices such as iPods and cellphones.

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The FCC bars a single company from controlling the satellite radio market, but FCC Chairman Kevin J. Martin recently noted that such rules can be changed. Martin said yesterday that the hurdle "would be high. . . . The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

Officials said the new company's name and headquarters would be determined later. Customers, who now pay $12.95 per month for each company's service, would be able to choose a cafeteria-style range of channels.

"In fact, it will become a company with greater consumer choice," said Gary M. Parsons, chairman of XM. "Certainly, two companies combined would be a much stronger programming lineup."

The merger would be a milestone in the evolution of commercial radio. XM and Sirius, founded in the early 1990s, predicted that enough people would be willing to pay for a wide array of radio choices -- with clear reception, no fundraising appeals and commercial-free music stations -- to allow the providers to turn a profit.

But their bidding war for on-air talent escalated dramatically. Sirius spent $500 million over five years to employ Stern, who earned another $300 million in stock for meeting certain subscriber goals. XM signed Winfrey to a three-year, $55 million contract. Both companies have spent millions of dollars on professional sports deals.

Sirius has reported losses of $3.4 billion over five years. In mid-2006, XM reported a quarterly loss of $231 million, but the company said it had a positive cash flow by the year's end.

Both firms' stocks have experienced a bumpy ride over the past several years. Shares of XM, which number more than 300 million, soared to nearly $40 in 2005 but closed Friday at $13.98 per share. Sirius, which has more than 1.4 billion shares, reached nearly $9 at its peak in 2005. Sirius shares closed Friday at $3.70 per share.

In a joint statement, Sirius and XM executives called the proposed deal an "all-stock merger of equals" with a combined "enterprise value" of about $13 billion. The figure is their estimation of the combined operation's worth, including net debt of about $1.6 billion.

XM shareholders would receive 4.6 shares of Sirius common stock for each XM share they own. Mel Karmazin, chief executive of Sirius, would become the new company's chief executive. Parsons, chairman of XM, would become chairman of the merged company. The new company's 12-member board of directors would include Karmazin, Parsons and four independent members designated by each company. General Motors and American Honda, which include satellite radio as a standard feature in many new cars, would each provide one board member.

"We believe the standard for approving the deal is whether this is in the public interest," Karmazin said in a conference call with reporters. "We believe there is tremendous benefit that accrues to the public."

Officials said they hope to complete the merger, which was approved by the boards of both companies, by the end of the year.

XM and Sirius face emerging competition from the conversion of AM and FM stations to digital broadcast signals. Traditional analog AM and FM broadcasts provide only one channel per frequency and limited sound quality. In the past few years, however, most AM and FM stations have converted to digital signals, which improves sound quality and gives them the ability to broadcast "side channels" in addition to their main frequencies.

The proposed merger also faces significant regulatory and technological hurdles. The most recent merger attempt comparable to the XM-Sirius proposal came in 2002, when the satellite TV companies Echostar Communications and DirecTV tried to merge. The two companies told the FCC and the Justice Department that they needed to combine resources and expand programming to compete against what they called the "monopoly" of cable-TV providers. They promised more channel choices and the rollout of high-speed Internet access via satellite. The FCC and Justice Department rejected the merger, calling it a clear-cut "two-to-one" deal that would probably result in higher prices for satellite-TV subscribers.

William Baer, an antitrust lawyer at Arnold & Porter, said regulators would give the proposed merger a close look. "It comes down to price competition," Baer said. "At the end of the day, they have to be able to show that the pricing of satellite radio is going to be constrained by these alternative forms of listening, such as standard radio, iPods, Internet radio and cellphones. The question that the Department of Justice will look at is whether satellite radio prices will go up if there is only one provider tomorrow."

Rebecca Arbogast, a telecom industry analyst for the brokerage firm Stifel Nicolaus, said XM and Sirius were smart to start the merger effort in time to complete it before Democrats have the chance to win the presidency -- and appoint top Justice Department and FCC officials. "If they waited until a Democratic attorney general were in place, then it would be a much closer call," Arbogast said.

To help the proposed XM-Sirius merger at the FCC, Sirius has hired the communications law firm Wiley Rein of the District. Managing partner Richard E. Wiley is a former FCC chairman. Martin, the FCC chairman, is a former associate of the firm.

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The proposed XM-Sirius merger will face opposition from the National Association of Broadcasters, the trade group of AM and FM radio stations, and local television stations, which has fought the satellite radio services on various fronts since their inception.

"Given the government's history of opposing monopolies in all forms, NAB would be shocked if federal regulators permitted a merger of XM and Sirius," NAB spokesman Dennis Wharton said in a statement. "In coming weeks, policymakers will have to weigh whether an industry that makes Howard Stern its poster child should be rewarded with a monopoly platform for offensive programming."

The NAB has fought XM's rollout of local traffic and weather channels, now in 21 areas, including the District and Baltimore. The NAB says the move violates the spirit of the FCC's intention to license a national satellite radio service. Radio stations in those areas fear losing advertising to XM, which airs commercials on its traffic and weather reports, unlike its music channels.

Gene Kimmelman of Consumers Union said his organization will "raise some antitrust concerns, forcing Justice to look at whether there's a unique satellite market that needs to be preserved with competition."

If the merger is approved, XM and Sirius must reconcile different forms of satellite technology. XM's two satellites are in low-angle, geo-stationary orbit in the Southern sky above the United States. Sirius's three satellites orbit in a figure-eight over North America. Because Sirius's satellites are directly overhead, their signals are less likely to be blocked by tall buildings, trees and mountain ridgelines to the south. However, because the Sirius satellites move in the sky throughout the day, Sirius customers with stationary units sometimes have to move their antennas from one side of the house to another. The problem is less pronounced for Sirius mobile units, such as in cars.

Both services augment their satellite feeds with hundreds of terrestrial "repeater" devices mounted on structures around the country that help broadcast the signal in high-density areas, such as cities.

Sirius struggled with management and technical problems and fell behind XM early on, then surged ahead by launching its first satellite in 2000. XM beat Sirius to rollout, launching its service in September 2001. Sirius made a limited rollout five months later. By the end of 2006, Sirius had 6 million subscribers to XM's 7.6 million.

XM subscriber John Goodman of Tuckahoe, N.Y., said he has several questions about how the deal will affect him.

"My biggest question is what happens to my XM receiver," Goodman said. "I have spent over $100 on my XM receiver so I can listen to the Red Sox games when I'm in the house or outside. How does all this impact me?"

XM, Sirius Cut Deal To Unite Satellite Forces (WT)

By Kara Rowland

The Washington Times, February 20, 2007

Rivals XM Satellite Radio and Sirius Satellite Radio agreed to combine in a $13 billion stock transaction, the companies announced yesterday.

Under the deal, billed as a "merger of equals," Sirius Chief Executive Officer Mel Karmazin and XM Chairman Gary Parsons will keep their respective positions in the combined company. XM CEO Hugh Panero will stay on until the deal closes, which the companies expect to happen by the end of the year.

Shareholders of District-based XM and Sirius, based in New York, each will own about 50 percent of the new company, whose name and headquarters have not been determined.

The deal, pending regulatory approval, would join the only players in the decade-old industry. Together, XM and Sirius fund a roster of high-profile talent ranging from shock-jock Howard Stern to daytime talk-show queen Oprah Winfrey, catering to 14 million subscribers.

"We are excited for the many opportunities that an XM and Sirius combination will provide consumers," Mr. Parsons and Mr. Panero said in a joint statement that touted more programming choices and billions of dollars in savings.

While receivers for both companies can't receive signals from each other, Mr. Parsons and Mr. Karmazin told the Associated Press yesterday they are developing receivers that could receive both signals. Meanwhile, the company is working on other arrangements to bring formerly exclusive programming to both subscriber bases, they said.

Currently, XM has more than 7.6 million subscribers and a market capitalization -- the value of a company based on the stock price multiplied by the number of shares outstanding -- of $3.75 billion, while Sirius has more than 6 million subscribers and a market cap of $5.2 billion.

The rate of subscriber growth has slowed at both companies, which had combined revenue of $1.5 billion last year. XM and Sirius also have drawn the ire of Wall Street for bleeding millions of dollars on competing with each other over the years for high-priced talent.

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"This is happening because investors are just out of patience," said Tom Taylor, editor of Inside Radio. "They're just tired of this spiral of red ink, of losing money and costs that continue to go on."

The two companies' rosters mirror each other. XM boasts of personalities such as Oprah and shock jocks Opie and Anthony, with content from Major League Baseball, IndyCar Series Racing and college football's Bowl Championship Series. The Sirius lineup includes Mr. Stern, Martha Stewart, the National Football League, NASCAR and the National Basketball Association.

The merger must be approved by the Federal Communications Commission and Department of Justice.

The FCC's rules on satellite radio licenses currently bar such a deal, and Chairman Kevin J. Martin said yesterday the regulatory hurdle would be "high."

"Obviously, the commission will evaluate any transaction filed to make a determination whether or not approval would be in the public interest. The hurdle here, however, would be high as the commission originally prohibited one company from holding the only two satellite radio licenses. The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices," said Mr. Martin, a Republican.

The Justice Department did not respond to requests for comment yesterday, a federal holiday.

Sirius and XM are expected to make the case that market conditions have changed significantly since 1997, and they alluded to that in their announcement yesterday.

"The combined company will be better positioned to compete effectively with the continually expanding array of entertainment alternatives that consumers have embraced since the Federal Communications Commission first granted our satellite radio licenses a decade ago," Mr. Parsons and Mr. Panero said.

Representatives for Sirius and XM did not return calls seeking additional comment.

Rumors of a merger between Sirius and XM have been brewing for months, fueled by analysts' speculation and public statements made by the companies' executives. Last month, at the International Consumer Electronics Show in Las Vegas, both Mr. Parsons and Mr. Karmazin appeared open to the idea, with Mr. Karmazin noting that "consolidation creates value."

The deal has its critics. In a statement yesterday, Dennis Wharton, executive vice president of the National Association of Broadcasters, described the deal as "a government bailout to avoid competing in the marketplace." The NAB is a trade group whose members include traditional radio stations.

The board of directors for the combined company will have 12 members. In addition to Mr. Parsons and Mr. Karmazin, each company will name four members. General Motors Corp. and Honda Motor Co. will each have a seat.

The companies will hold a conference call this morning to discuss the deal.

On Friday, shares of XM closed at $13.98 and Sirius closed at $3.70 on Nasdaq. Markets were closed yesterday in observance of Presidents Day.

Sirius CEO Spent His Career Making Deals (USAT)

By Laura Petrecca

USA Today, February 20, 2007

If there's anything that Mel Karmazin knows, it's the art of the deal.

The 63-year-old media executive has spent most of his career expanding the reach — and public profile — of the companies he's run.

Since he joined Sirius Satellite Radio in November 2004 as CEO, he's signed big-name talent to create channels such as Martha Stewart Living Radio and Jamie Foxx's The Foxxhole. Now, with the planned XM and Sirius merger, he's slated to take over as CEO of the combined company.

The native New Yorker got his start as a radio ad salesman at WCBS in 1967. He joined John Kluge's Metromedia in 1970, rising to general manager, before leaving in 1981 to become president of Infinity Broadcasting. He became Infinity's CEO in 1988.

It was in the 1980s and 1990s at Infinity that he really made his mark — expanding it from a fledgling company to a radio empire, buying up stations around the country, particularly in major markets.

It also was at Infinity that Karmazin first worked with Howard Stern. (Although Karmazin was Stern's boss when both worked for Infinity, he didn't engineer the shock jock's highly publicized move to Sirius. Stern jumped over before Karmazin.)

In January 1997, Karmazin became CEO of CBS Radio when Infinity and Westinghouse/CBS merged. By May of that year, he was named CEO of the CBS Station Group of radio and TV station assets. After Viacom acquired CBS in 2000, Karmazin became that company's president and chief operating officer.

Let XM And Sirius Merge (LAT)

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The Los Angeles Times, February 20, 2007

The FCC shouldn't stop the nation's two providers of satellite radio from joining forces, because they would be only one of many in the audio entertainment business.

FEDERAL REGULATORS are notoriously slow to act, yet it took the chairman of the Federal Communications Commission less than half a day to erect a daunting roadblock to the proposed merger of the country's two satellite radio services, XM and Sirius. Within hours of the companies' announcement of their intention to combine operations, FCC Chairman Kevin J. Martin reacted, saying that XM and Sirius "would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

Martin's two-pronged test sets a nearly insurmountable bar. It's hard to argue that "more choice" results when the only two suppliers of a product combine, or that the merged entity will be deterred from hiking the fees paid by its subscribers (14 million at last count). In addition, when the FCC issued two licenses for a national satellite radio service in 1997, it said that they could not be owned by a single company.

That said, Martin's statement is inconsistent with the approach the FCC has taken on media consolidation in general. The goal should be to promote choice not in the niche occupied by XM and Sirius but in the general market of audio entertainment. That market is very competitive, particularly among national players.

Consider a few statistics. Half of the new cars sold in the U.S. this year will have stereo systems designed to work seamlessly with an iPod. These and similar devices can also play podcasts — a recorded program that emulates over-the-air radio — from more than 44,000 sources. Of the roughly 12,500 over-the-air stations pumping out conventional radio broadcasts, about 1,200 also broadcast in digital — frequently, with more than one channel in different formats. And a growing number of mobile devices are able to tap into the expanding ranks of online music services.

Meanwhile, Sirius and XM are bleeding money at a prodigious rate as they try to amass the subscribers needed to overcome their debt and depreciation costs. Allowing them to merge could save them billions of dollars in marketing and maintenance expenses while preserving satellite radio as one of many alternatives available to consumers.

Anticipating resistance from the FCC, the companies said they would let people subscribe to channels on a more a la carte basis — a favorite cause of Martin's, at least where cable and satellite TV are concerned — and broaden their programming. They also said the combination would lead to less expensive receivers and more advanced services, such as delivering improved traffic and weather reports. The FCC should look at these concessions, declare victory and approve the merger.

Hollywood Gets Tough On Movie Copying In Canada (NYT)

By Ian Austen

The New York Times, February 19, 2007

OTTAWA, Feb. 18 — Canada heavily promotes itself as a place to make films. But now it has a more dubious distinction: an analysis by the Motion Picture Association of America has found that 30 to 40 percent of the bootleg DVDs sold in the United States were made by camcorders smuggled into Canadian theaters.

In response, 20th Century Fox Film is considering holding back film releases for the Canadian market, and the film industry in general is calling for stricter Canadian laws. One theater chain has even equipped some its staff with night-vision goggles to better ferret out copiers.

The apparent rise of Canada's illegal film industry stems from several factors. Tighter federal and state laws in the United States covering film piracy have not been matched by similar legislation in Canada. And because most film releases are simultaneous in Canada and the United States, Canadian pirates get a head start relative to their counterparts abroad.

And, finally, even industry officials acknowledge that Canadian pirates offer technically superior work.

"There are professional Canadian camcord rings and they are very, very good at what they do," said John G. Malcolm, the director of worldwide antipiracy operations for the Motion Picture Association of America in Los Angeles. "There is a premium placed on getting early copies and high-quality copies. Everyone in the industry knows that camcording in Canada is a major, major problem."

The film industry's estimate of how many black market DVDs originate from Canadian multiplexes is not simply a guess. In many release prints, almost unnoticeable identification marks are scattered throughout random frames.

On the studios' behalf, Technicolor and Deluxe Laboratories, the leading producers of those prints, regularly analyze illicit DVDs as well as online film postings, uncover the identification codes and then use them to trace the copies back to the theater where they were videotaped.

In Canada, that trail usually leads to theaters in the Montreal area, which is estimated to be the source of three-quarters of the illicit copies that come from the country.

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In the United States, federal law as well as 40 state laws can impose harsh penalties for videotaping movies from theater screens, a process known as camming. In Canada, however, it violates copyright laws only if the police can show in court that the camera operator intended to commercially distribute copies of the recording.

"It's very hard for us to prove that a person is actually doing that," said Ellis Jacob, the president and chief executive of Cineplex Entertainment, Canada's dominant theater chain, speaking from Toronto. "All we can do is get rid of the patron and ask them not to come back."

Like everyone in the Canadian theater business, Mr. Jacob has received two letters from Bruce Snyder, the president of domestic distribution for Fox. (All studios treat Canada as part of the United States market.) The messages were blunt. Describing the situation in Canada as "an out of control epidemic," Mr. Snyder warned the theater owners that Fox may delay Canadian releases by several weeks.

In an interview, Mr. Snyder said he has no complaints about companies like Cineplex, which are, after all, his customers.

"I am not mad at the exhibition community," Mr. Snyder said. "The exhibitors are doing everything they can to help us." Like Mr. Jacob, his concerns are with Canadian law and law enforcement.

Canada accounts for about 7 to 10 percent of a film's total North American revenue. The spillover effect of movie coverage by American television and publications would be diminished if Mr. Snyder delayed Canadian releases.

"It's a drastic step," Mr. Snyder said. "But you've got to plug that hole somehow. It could be short-term damage for long-term benefit."

In the interim, Cineplex has supplied several theater managers with night-vision goggles and increased the surveillance of theaters, particularly during afternoon screenings. After an extensive investigation, the Royal Canadian Mounted Police arrested one Montreal man in September for taping movies. Working with the Federal Bureau of Investigation, the Canadian police has traced his handiwork to black-market DVDs sold in New York.

Because prosecutors are still working out formal charges, the man cannot be identified. Sgt. Jean-Yves Ducharme of the Mounted Police in Montreal said the man is less than 30 years old and "a person who did not make a lot of money out of it."

The suspect, he added, was a computer enthusiast who appeared to be motivated by producing high-quality copies and distributing them as close to a film's release as possible.

Canada's theater owners and other film industry groups are pressing the Canadian government to make the simple act of recording from a theater screen a crime. Mr. Jacob said they have received little response to date.

Christian Girouard, a spokesman for Canada's justice department, said officials were discussing the situation with the industry and other government departments. He said he was unable to describe what, if any, measures might be taken.

Scor Likely Isn't Done Pursuing Converium (WSJ)

By Ian Mcdonald And Goran Mijuk

The Wall Street Journal, February 20, 2007

Swiss reinsurer Converium Holding AG spurned a takeover proposal from French rival Scor SA. But the courtship isn't likely over and it may be the first of many this year in the European insurance sector.

Converium said yesterday its board rejected a proposed offer of three billion Swiss francs ($2.43 billion) made by Scor over the weekend. If merged, the two companies could leapfrog several competitors to become one of the world's five largest reinsurers depending on how it's measured. Reinsurance firms essentially backstop insurance companies' biggest risks in return for a cut of their premiums.

Scor said it secured a 32.9% stake in Converium and approached the board regarding a proposed offer of 21 francs a share for the rest -- a 12% premium to the stock's closing price Friday. A 33.3% stake would require a formal offer, according to Swiss securities rules. Scor said it is convinced that a tie-up makes sense, so it is unlikely that chatter about a merger between the two will end there.

Scor said a merger with Converium was "a unique strategic opportunity to create a top five global multiline reinsurer in this time of market consolidation."

Converium said the offer "fundamentally fails to recognize the value of Converium's franchise and growth prospects, and is not in the interest of Converium, its shareholders and its customers."

A Converium spokesman noted that Scor's official stake will be filed publicly this week and that Converium remains focused on growth and profitability targets laid out in recent weeks. A Scor spokesman declined to comment beyond the company's statement.

The Scor offer could be the first of several in the insurance sector this year. Cost cuts and below-average claims have left many European insurers with billions more than regulators require to back up their policies. At the same time, maturing insurance

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markets in the U.S. and Europe have lead analysts to expect single-digit premium growth -- particularly in property-casualty coverage -- in coming years. Some players may seek growth by buying up rivals with today's excess cash.

"I think it will be a busy year," said Joseph Rohm, a financial-services analyst with T. Rowe Price Group Inc. in London. "Because of all the excess capital being generated and the difficulties some companies will have finding growth, I think we'll see a lot more deals."

Analysts have estimated that European insurers finished 2006 with more than €50 billion, or about $66 billion, more in the bank than regulators require. Greater scale typically benefits insurers by potentially lowering their borrowing costs. This will be a greater focus in coming years as new solvency rules expected in 2010 will favor companies with broader diversification.

This could lead smaller participants such as Scor and Converium to weigh merging. "This offer is a good example of the kinds of deals we might see this year," Mr. Rohm said.

Scor's move follows the 2006 takeover by Swiss Reinsurance Co. of General Electric Co.'s reinsurance operations, a deal that was aimed at boosting both companies' capital strength and global reach.

A takeover by Scor would create a company with substantial life and nonlife business with annual premiums of about €5.3 billion. It would catapult the combined entity close to the world's largest reinsurers -- led by Swiss Re; Munich Re AG; Berkshire Hathaway Re, a unit of Berkshire Hathaway Inc.; and Germany's Hannover Re AG.

Analysts said the timing of the bid was sensible as Converium shares are relatively inexpensive due to the company's restructuring.

But some, such as Oddo Securities analyst Nicolas Jacob, warned that investors worry Scor would have to make another call on capital markets to finance a merger and that the move indicates a troubling strategic shift toward the risky nonlife reinsurance sector, where Converium is focused. Scor came close to financial collapse in 2002 after losses from contracts written in the 1990s plunged it deep into the red. It was saved by capital increases of more than €1 billion and a huge restructuring plan.

Its focus shifted toward life reinsurance, which has a steadier claims record than the more volatile property-and-casualty reinsurance sector that is often prone to huge claims from catastrophes.

Scor shares fell 7.3% to €19.57 in Paris yesterday. Converium rose nearly 14% to 21.35 francs in Zurich.

Converium is still smarting from a heavy restructuring in the wake of a massive reserve shortfall in the U.S. in 2004, which required the company to issue new shares, reduce staff and leave the U.S. reinsurance market. Although it has since turned profitable and boasts a strong capital base, Converium is still rated triple-B by most rating agencies, a level deemed too low for a reinsurer to do bulk business.

However, Converium expects an upgrade to the crucial A-level later this year once an industrywide probe by the U.S. Securities and Exchange Commission is expected to be finalized. Such a step wouldn't just boost its share price but also likely help spur premium growth and profitability, analysts said.

Vulcan To Acquire Florida Rock (WSJ)

By Dennis K. Berman

The Wall Street Journal, February 20, 2007

Making a long-term wager on the now-faltering construction markets in the U.S. Sunbelt region, Vulcan Materials Co. yesterday said it agreed to acquire Florida Rock Industries Inc. in a cash and stock deal valued at about $4.6 billion.

Florida Rock makes construction aggregates such as concrete and distributes gravel and sand.

The total blended cash and stock consideration of $68.03 a share, based on the 4 p.m. price of Vulcan Materials' stock Friday of $111.81 a share, represents a premium of 45% for Florida Rock shareholders based on the company's own 4 p.m. Friday stock price of $46.96. The price is only slightly above Florida Rock's 52-week-high of $66.10.

In an interview, Vulcan Chief Executive Officer Donald M. James said the combined company's largest market will be in public infrastructure, such as highways. That said, "we are not afraid of the residential market. We recognize there is a correction going on. This is an opportune time for Vulcan to make a transaction."

Florida Rock's shares have fallen 17% over the past year, as investors feared booming growth in Florida would taper off as part of a nationwide real-estate slowdown.

"It's a cyclical business," noted Florida Rock CEO John D. Baker. "Housing markets clearly got ahead of themselves, and we're going to see a correction. It may take three months or it may take six months."

He noted, however, that "Florida is going to come back. Florida is looking to when the first baby boomer turns 65 in a year or two. Long term that's a great thing, and that's what Vulcan saw" in making the deal.

Vulcan is based in Birmingham, Ala., while Florida Rock has its headquarters in Jacksonville, Fla.

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The deal, which should close in mid-2007, is expected to be neutral to Vulcan Materials' earnings this year and accretive next year and beyond.

Vulcan Materials said it anticipates annual pretax cost synergies of about $50 million and expects the combined company to have aggregate reserves totaling about 13.9 billion tons.

Goldman Sachs Group Inc. and Wachtell, Lipton, Rosen & Katz acted as financial and legal advisers to Vulcan Materials. Lazard Ltd. and law firms Weil, Gotshal & Manges LLP and McGuireWoods LLP advised Florida Rock.

Apple Gets More Time To Answer IPhone Suit (WSJ)

The Wall Street Journal, February 20, 2007

Apple Inc. was granted more time to respond to Cisco Systems Inc.'s claim that its new iPhone mobile handset infringes on a Cisco trademark. Cisco said it agreed to give Apple until tomorrow to file its legal response in the case. The San Jose, Calif., networking company said Apple asked for a second extension after the initial extension ended Thursday, and Cisco complied. Cisco filed suit in U.S. District Court in San Francisco on Jan. 10, arguing the Cupertino, Calif., maker of electronic products and computers infringed on a trademark Cisco obtained in 2000 with its acquisition of Infogear Technology Corp. Cisco markets a phone with the iPhone name through its Linksys division. Apple has called the suit "silly" and says that other products also use the iPhone name, but the companies have been trying to resolve the issue through negotiations.

Supreme Court To Rule On US Patent Law (FT)

By Patti Waldmeir In Washington

Financial Times, February 20, 2007

The Supreme Court will on Wednesday test the global reach of US patent law, in a case that could have big implications for new technology industries such as software and biotechnology.

The case concerns whether Microsoft should be liable for damages overseas for infringing a software patent owned by AT&T for the manufacture of synthetic speech. It will test the extraterritorial application of US patent law in the information age at a time when courts around the world are struggling to apply national laws to increasingly globalised economic activity.

However, the court is also being urged to use the case to look at a much bigger issue: the scope of what can be patented in the first place, including software. If the court takes up that issue – a move that is far from guaranteed – it could make an even bigger impact on US patents and incentives for innovation.

The software group and the telecommunications company have hired powerful lawyers to fight this battle whilst a wide range of high-tech, biotech and other corporations, as well as the US government, have joined the legal battle by filing “friend of the court” briefs warning of the impact of the case on the future of US innovation.

The federal appeals court that heard the Microsoft case gave US patent law a very broad reach but the Supreme Court may take a more narrow view, giving high-tech companies more protection against patent lawsuits based on exports.

AT&T won a claim that Microsoft infringed its -patent by including its technology in the Windows operating systems installed in computers built in the US. This case tests whether Microsoft must also pay when it sends Windows versions including the AT&T technology overseas for installation in -foreign-made computers.

The dispute centres on a law aimed at preventing companies from circumventing US patent law by shipping “components” overseas for assembly. The case tests whether software is such a “component” and whether creating copies of software overseas from a master disk shipped from the US is covered by that law.

The case will be heard at a time of unprecedented up-heaval in the patent system. The Supreme Court is expected to rule shortly in a case that could set new standards for when an inventions is deemed too obvious to warrant a patent. Congress is also planning substantial legislative reforms.

The Virtue Of Patents (WSJ)

By Laura Peter

The Wall Street Journal, February 20, 2007

There is a large risk that Congress may deform the patent system rather than reform it. For in its quest to modernize the antiquated and underfunded system for protecting our inventions, Congress has trotted out an easy target -- so-called "patent trolls" -- to justify changes that would stifle innovation, benefiting large technology companies at the expense of smaller ones.

"Patent trolls" are typically companies that buy patent rights from inventors, then receive royalties from other companies who actually use the patents. Inventors get either a single payment, or a share of the royalties. In some cases trolls (like other patent owners) must go to court to enforce their patents; and like any group, some of them use abusive litigation against large technology companies in the hopes of extorting settlements.

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But large technology companies often "troll" themselves, using their own portfolio of thousands (if not tens of thousands) of patents to sue smaller firms financially unable to defend themselves. And when the claims are unmerited or frivolous, this is a rather convenient way to stifle competition.

Thus, it is right to end frivolous trolling, but the right way is through narrow, targeted reform. Unfortunately, some reform proposals cast too wide a net, and would hurt small technology companies' ability to benefit from their own inventions.

First, Congress is considering proposals that would excessively limit the ability of small technology companies to amend pending patent applications known as "continuation" patents. These patents, however, are a primary way that emerging technology companies protect themselves. One invention can actually consist of tens of smaller inventions, but it can be prohibitively costly for an emerging company to file patents covering all of them; and sometimes the potential value of a component invention is not apparent until a market develops later. Thus, limiting these patents too much would just reward copycats with resources, and not the innovators.

Second, Congress is considering greatly expanding the ability of large technology companies to challenge smaller companies' patents even after they are issued. As a witness testified, a cheaper, faster alternative to litigation for challenging the validity of patents would help eliminate the need to pay for many licenses -- this, however, is wrongheaded. Already, well-funded companies have proved their willingness to pile multiple challenges in multiple proceedings on smaller firms.

Currently, for example, a large company can challenge a patent both in court and with the federal Patent Office, forcing a small firm to fight on two fronts. Adding yet another battlefront would simply hurt smaller firms, who are often pushed to the brink of bankruptcy defending their rights, without ensuring greater justice.

Finally, these and other proposed reforms would materially increase the costs of filing for patents. This could devastate emerging companies which pour all of their resources into the tools and people needed to turn their ideas into products. They often are not patent-savvy, or cannot afford the huge expense of filing good patents.

To fully appreciate how vulnerable emerging companies can be, keep in mind that patents can cost anywhere from $5,000, to $50,000. In Silicon Valley, the price for a good-quality patent is about $12,000. Does it seem absurd that these relatively small sums could stand in the way of emerging companies? Ask yourself whether Don Hewlett or Steve Jobs could have afforded the patents necessary to protect themselves if their filing and litigation costs surged at the same time a larger company sent lawyers to their garage doors.

By weakening the patent system, Congress would harm the ability for smaller companies to benefit from their innovations. If they cannot reap these benefits, they will not have the money to invest in commercializing their innovations and bringing them to market. And, without that money, they will be unable to invest in other new products and technology, meaning that innovation could become the purview of a few large companies with big budgets.

There is, however, a reason why so many advances come from garages, living rooms and basements -- large companies do not have as much freedom to pursue creativity to where it might lead them. Emerging companies, however, often begin as research and development firms who only later try to generate revenue to help them reach the critical mass so that they can become true manufacturers.

So, when you hear about patent trolls, think of Segway (inventors of the two-wheeled, self-balancing transportation device), think of Andre Pavel (the inventor of the Walkman personal stereo), and yes, think of H-P and Apple decades ago. They each were at the forefront cutting-edge technology and had to defend and assert their patents to become what they are today.

Ms. Peter is general counsel of Immersion Corporation and recently served on a judicial committee on patent litigation reform in Texas.

Neutrality On The Net Gets High '08 Profile (WP)

By Charles Babington

The Washington Post, February 20, 2007

Bloggers and other Internet activists made their marks in the past two presidential elections chiefly by building networks of political enthusiasts and raising money for candidates. Now, they are pushing aggressively into policymaking -- and not just over high-profile issues such as Iraq.

They are pressing candidates to back a handful of issues that are obscure to many Americans but vital to those who base their livelihoods on the Internet and track its development.

Armed with massive e-mail lists and high-speed networks, these activists are bypassing the familiar campaign tactics of door-knocking and phone-banking. They are also using their new-age technologies for an old-fashioned purpose: making politicians take note of their legislative priorities.

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One of those is "net neutrality." Hardly a household term, it has no overtly partisan or ideological dimensions. Yet it is shaping up as a Democratic issue this year, largely because its most fervid advocates are liberal bloggers and other Internet activists who play a big role in the early stages of choosing a Democratic presidential nominee.

Unlike their Republican counterparts, every major Democratic presidential candidate has endorsed net neutrality. The move keeps them in good standing with powerful grass-roots groups, such as MoveOn.org, and costs them little in return -- perhaps a bit of space on campaign Web sites to promote a matter that comparatively few voters might explore.

Net neutrality is a principle that bars Internet providers, primarily phone and cable companies, from charging higher rates to Web-based firms in return for giving their content priority treatment on the pathways to consumers. Without such restrictions, proponents say, a user might find it time-consuming, or even impossible, to call up a favorite site that carriers have relegated to slower lanes for economic or even philosophical reasons.

"It's an issue that really captures the attention of one of their core constituencies, especially the bloggers and 'netroots,' " said Craig Aaron of Free Press, a group that champions net neutrality. "For candidates looking to appeal to those folks, it was important to take a stand," he said, even though "nobody was talking about it a year ago."

A veteran Democratic consultant who spoke on condition of anonymity was more blunt. Among Democratic candidates, she said, "if you're not for net neutrality, then the blogs will kick your" rear. The grass-roots groups that strongly favor it are relatively small but very noisy, she said, "and you just don't want to have to deal with that."

Opposing net neutrality are the telephone and cable companies that control the "pipes" that transport Internet content from producers to users. The companies say they need flexibility to manage Internet traffic, even if it eventually means charging higher rates for priority service.

For several years, the issue has been debated mainly in legal and telecom circles. Recent telecom mergers have raised its profile, however, as regulators considered the possible ramifications of consolidating control over the Internet's major pathways.

Net neutrality restrictions "could prevent broadband providers from offering enhanced levels of service for specialized applications such a telemedicine, or to offer their own branded or co-branded products or services," said Christopher Wolf, co-chairman of Hands Off the Internet, a group sponsored by phone and cable companies . Such arrangements, he said at a recent Federal Trade Commission workshop, "will help pay for the build-out of the next generation of Internet pipes."

Moreover, Wolf said, his industry's critics cannot cite an example in which any U.S. user has been blocked.

But some groups that rely heavily on their Web sites to share information, raise money or promote causes say they fear it's only a matter of time. They cite, for example, a 2005 comment by William L. Smith, then chief technology officer for BellSouth, which has merged with AT&T, that Internet service providers should be able to charge a firm such as Yahoo for the opportunity to have its search site load faster than Google's site.

Last spring, the debate over net neutrality barely scratched the consciousness of Congress, let alone the general public, after a House subcommittee defeated an effort to add net-neutrality restrictions to a multi-faceted telecommunications bill. The 23 to 8 vote goaded more than 850 interest groups, many, but not all, politically left of center, to form a coalition called SavetheInternet.com.

Members included organizations such as Common Cause and the American Civil Liberties Union, but the name that really grabbed the attention of Democratic officials was MoveOn.org. The group, founded in 1998 to oppose the impeachment of President Bill Clinton, rocked the political establishment in 2003 and 2004 with its ability to rally supporters and raise money for causes such as opposing the Iraq war.

With MoveOn.org urging its 3 million members to sign and deliver pro-net-neutrality petitions to senators last spring, congressional support began to grow. The net-neutrality language died in an 11 to 11 Senate committee vote, but its backers claimed a moral victory after a wide-ranging telecom bill, which lacked their amendment, eventually collapsed.

The debate's partisan nature has surprised and disappointed some advocates, who note that conservative groups such as the Christian Coalition of America and the Gun Owners of America are part of the SavetheInternet coalition. The Christian Coalition of America, in its policy statement, said net neutrality is "extremely important to America's grassroots organizations and those Americans who want to ensure the cable and phone companies controlling access to the Internet will not discriminate against groups like Christian Coalition of America." Michele Combs, a spokeswoman for the Christian Coalition of America, said that net neutrality is a nonpartisan matter and that "the conservative side has not been educated on the issue."

MoveOn.org officials agree that net neutrality should transcend political lines. "There's a growing online people-powered movement that has increasing relevance in our politics," said Adam Green, a spokesman for MoveOn.org. "An issue like net neutrality, which directly taps into Internet issues, . . . could have a special energy in the political season," he said. "Every Republican and Democrat who uses the Internet is threatened by corporations that want to control which Web sites people can access."

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ENVIRONMENT:

Global-warming Theory And The Eugenics Precedent (WT)

By John Linder, The Washington Times

The Washington Times, February 19, 2007

"Global Warming" had a precursor in capturing the hearts and minds of the world. Michael Crichton, in his novel "State of Fear," brilliantly juxtaposes the world's current political embrace of "global warming" with the popular embrace of the "science" of eugenics a century ago. For nearly 50 years, from the late 1800s through the first half of the 20th century, there grew a common political acceptance by the world's thinkers, political leaders and media elite that the "science" of eugenics was settled science. There were a few lonely voices trying to be heard in the wilderness in opposition to this bogus science, but they were ridiculed or ignored.

Believers in eugenics argued that we could improve the human race by controlling reproduction. The most respected scientists from Harvard, Yale, Princeton and other bastions of intellectual rigor retreated to a complex on Long Island named Cold Spring Harbor. Their support came from the Ford Foundation, the Rockefeller Foundation and the Harriman fortune working with the U.S. Departments of Agriculture, State and other agencies.

The "science" was not lacking important public supporters. Theodore Roosevelt, Winston Churchill and Woodrow Wilson were enthusiastic believers. The theory won approval of Supreme Court justices, leaders in higher education and Nobel Prize winners. The founder of Planned Parenthood, Margaret Sanger, was one of the most vocal adherents. She established the first "birth control" clinic in 1916.

They believed that "the best" human beings were not having as many children as inferior ones -- the foreigners, immigrants, Jews, Blacks, degenerates, the unfit and the "feeble minded." Sanger said "fostering the good-for-nothing at the expense of the good is an extreme cruelty." She spoke of the burden of caring for "this dead weight of human waste." H.G. Wells spoke against "ill-trained swarms of inferior citizens." Roosevelt said, "Society has no business to permit degenerates to reproduce their kind." George Bernard Shaw said that only eugenics could save mankind.

Twenty-nine states passed laws allowing sterilization. Ultimately, 60,000 Americans were sterilized -- some legally. The Germans were the most progressive. They had help. The Rockefeller Foundation funded the Kaiser Wilhelm Institute and the work of its central racial scientists, one of whom was Josef Mengele.

Ultimately the "mental defectives" in Germany were brought to newly built houses where they were interviewed. They were then shown to a back room where they were gassed. Eventually the German program was expanded into a vast network that killed 10 million undesirables. After World War II many of the public adherents to the pseudoscience of eugenics went silent. Colleges removed the textbooks and stopped teaching it.

But not everyone went away. As recently as July 24, 2003 Tony Platt testified before the California Senate Judiciary Committee on S.R. 20 relative to eugenics. He agreed that the state should apologize for its actions.

One must ask, "How in the world did university researchers come to conclusions that defended this outrageous affront to society?" A look back at the research concluded that the researchers adjusted their outcomes to support the theory of those paying for the research. This is not unusual. It is very easy to believe that the settled science regarding climate change is just as suspicious, and indeed may be another example of pseudo-science capturing the imagination of politicians, actors and the media elite who have a desperate need to embrace some "science" which may force us to change the way we live our lives. H. L. Mencken once wrote, "The urge to save humanity is almost always a false front for the urge to rule it." We see pictures of huge blocks of ice crashing into the sea from the Antarctic Peninsula, which comprises about 2 percent of the continent. The fact that the remaining 98 percent of Antarctica is growing by 26.8 gigatons of ice per year is ignored.

We are told today that human activity is causing a dramatic increase in carbon dioxide levels that is responsible for "global warming." While a congressional delegation was visiting the Antarctic expedition in January of 2003 we were shown the results of the Vostok ice-sheet cores where temperatures and CO2 levels were measured as far as 400,000 years ago. At that time, the level of CO2 was 280 parts per million parts of atmosphere (ppm), about what it was 20 years ago. The levels of CO2 and temperature rode up and down in consonance over 400,00 years. "Who," I asked, "was burning the fossil fuels 400,000 years ago?" I was treated as though I was rude.

It has been known for years that most CO2 is dissolved in the oceans. It is called "carbon sinking." The oceans typically contain 60 times as much CO2 as the atmosphere. It is also known that colder waters dissolve more CO2 than warm waters. Which do you think is cause and which is effect? We currently have CO2 levels of about 380 ppm. A recent study completed at UC Davis concluded that the amount of CO2 in the atmosphere 300 million years ago was on the order of 2,000 ppm. Then this,

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"the same increase that experts expect by the end of this century as remaining reserves of fossil fuels are burned." If it is a given that human burning of fossil fuels is what will cause an increase of CO2 levels up to 2,000 ppm in the next 93 years, don't they owe us an explanation as to who burned those fossil fuels 300 million years ago? In fact we are being treated to a modern scientific shell game. The most prevalent and efficient greenhouse gas is not CO2; it is water vapor, which accounts for about 60 percent of the heat-trapping gases while CO2 accounts for about 26 percent. So, why are we being served a daily diet of our destroying the environment with our behavior as it relates to CO2? Because our behavior has little to do with the amount of water vapor, so it is a non-starter when it comes to those whose principal goal is ruling our lives.

In order to focus on you and what you are doing to increase the CO2 in the atmosphere, which, as everyone knows will destroy the globe, we do not discuss the activities of termites. Fifteen years ago it was estimated that the digestive tracts of termites produce about 50 billion tons of CO2 and methane annually. That was more than the world's production from burning fossil fuel. Additionally, cattle, horses and other ruminant animals are huge producers of both CO2 and methane, but, being unable to respond to our demands on this issue, their activity is ignored.

When it comes to methane, another greenhouse gas, termites are responsible for 11 percent of the world's production from natural sources. Seventy-six percent comes from wetlands, which provide habitat conducive to bacteria, which produce 145 million metric tons of methane per year during the decomposition of organic material. It is curious that the very alarmists on climate change are alarmists on saving and increasing wetlands.

It becomes clear from the literature -- not to mention documentary films -- produced by the alarmists, that if human beings do not change the way we live the planet is doomed. This is not the first charge against human behavior. Many of you will remember the "scientific" studies 30 years ago about the destruction of the ozone layer, particularly at the poles, that would reduce the atmosphere's ability to stop infrared rays from the sun. We would see increasing incidence of skin cancer and increasing temperatures. It was theorized that this was caused by the increased production of chlorofluorocarbons (CFCs) that were used -- as Freon -- in refrigeration units.

When Freon was invented it was considered a miracle gas. It replaced, in refrigeration units, a combination of toxic gases that, if released, actually killed people. But the settled science concluded that human activity was a threat to the planet. We outlawed the production of CFCs and thousands of people across the world died from eating rancid food due to the loss of refrigeration.

The world's production of CFCs peaked at 1.1 million tons per year. If 100 percent of that was released it would have added 750,000 tons of chlorine into the atmosphere. That is insignificant compared to the 300 million tons the oceans yield annually by the evaporation of seawater alone. But that couldn't be controlled so the alarmists went after us.

Indeed, the eruption of Mt. Pinatubo in June of 1991 produced some of the highest levels of chlorine and bromines in history and led to some of the lowest ozone levels ever recorded. You would not know that today. The earth survived.

Today, if there is a settled science, it is adduced by climatologists who have been observing and studying the world for decades. Many are retired and not seeking government grants for research and thus not inclined to reach outcomes that are politically popular. Most have been through more than one alarmist cycle of doom. The predictions by scientists in Time magazine's "Another Ice Age?" in 1974 and Newsweek's "The Cooling World" in 1975 come to mind. The latter article stated that scientists "are almost unanimous in the view that the trend will reduce agricultural productivity for the rest of the century. If the climactic change is as profound as some of the pessimists fear, the resulting famines could be catastrophic."

But wise old heads believe that we are going through normal cycles of heating and cooling that we have seen over hundreds of millions of years as the earth heats and cools when the activity of the sun changes. The earth is heated by the sun. The sun is impacted by magnetic forces creating outbursts called sunspots, which increase the heat it imparts. During the coldest period in the Little Ice Age, which ended near the end of the 19th century, sunspots almost completely disappeared for 70 years. The earth cooled. Sunspot activity has been declining for a number of years and is expected decline by 40 percent over the next decade. The world is about to enter a cooling period. Be prepared to change your lifestyle.

Rep. John Linder is a Georgia Republican who serves on the House Ways and Means Committee.

Scientist Group Warns Of Warming 'Threat' (WP)

By Juliet Eilperin, Washington Post Staff Writer

The Washington Post, February 19, 2007

The board of the American Association for the Advancement of Science, the nation's leading general science organization, yesterday issued a consensus statement declaring global climate change "a growing threat to society."

The statement, released at a town hall meeting of school teachers in San Francisco, marked the first time that the board of the influential AAAS, publisher of the journal Science, has taken a stand on global warming. AAAS held its annual meeting there

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over the weekend and organized the town hall on climate change, along with the California Science Teachers Association, the National Science Teachers Association and the United Educators of San Francisco, a union group.

The board's statement attributes Earth's recent warming to human activity, noting: "The atmospheric concentration of carbon dioxide, a critical greenhouse gas, is higher than it has been for at least 650,000 years. The average temperature of the Earth is heading for levels not experienced for millions of years."

The board called for "rapidly reducing greenhouse gas emissions," warning: "Delaying action to address climate change will increase the environmental and societal consequences as well as the costs."

It was the second high-profile statement on the issue in recent weeks: Last month, the United States Climate Action Partnership, a coalition of major companies and environmental groups, called for a mandatory cap on U.S. greenhouse gas emissions in order to curb further global warming. On Tuesday, the Global Roundtable on Climate Change, a coalition of European and U.S. firms such as Air France, Alcoa and Florida Power & Light, chaired by Columbia University professor Jeffrey Sachs, plans to announce a worldwide framework for addressing climate change.

AAAS President John Holdren, a professor of environmental policy at Harvard University, has also publicly backed federal limits on carbon dioxide and other greenhouse gases.

"As droughts, heat waves, floods wildfires and severe storms intensify, damages to ecosystems and human society are growing apace," Holdren, who also directs the Woods Hole Research Center, a research and policy analysis institute in Massachusetts, wrote in a letter to the attendees.

The association aired a video at the town hall focusing on the 600 residents of Shishmaref, Alaska, who live on the shores of the Arctic Ocean and are facing beach erosion and thinning ice. Ken Stenek, a science teacher in Shishmaref who attended the session, said the 4,000-year-old Inupiaq village where he lives has been transformed by rising temperatures.

Susanne Moser, a research scientist at the National Center for Atmospheric Research, said the statement by the society reflected scientists' increasing focus on the question of global warming.

"In some sense, it's a continuation of the confirming and reaffirming and underlining of the consensus of mainstream science on climate change," Moser said. "It's really strengthening the case and political momentum" for cutting greenhouse gas emissions.

AAAS also issued at the meeting a teaching guide to global climate change. Teachers said it would help them better educate children about the scientific basis for global warming, since the information on the subject is evolving so quickly.

With New Pipeline Plan, Alaska's Governor Enters Precarious Territory (NYT)

By William Yardley

The New York Times, February 19, 2007

JUNEAU, Alaska, Feb. 15 — The new administration of Gov. Sarah Palin has been full of firsts. Ms. Palin, a Republican, is Alaska's first female governor and, at 42, its youngest.

She held her inauguration in frosty Fairbanks, a first that suited her conservative supporters but slighted the traditional host, this rainy, remote and less Republican state capital. She also appears to be the only governor in history whose spouse is a champion snowmobile racer and a former Arctic oil worker, and is widely referred to as First Dude.

Now, two months after taking office, Ms. Palin wants to become the first Alaska governor to deliver what many others have sought without success: construction of a $30 billion pipeline to transport natural gas from the state's North Slope to markets in the lower 48 states.

It is an enormous project that could strengthen Alaska's energy-based economy for decades to come, while also, according to some estimates, supplying 7 percent of the nation's natural gas annually.

But pulling off this first is shaping up to be more complicated.

Elected by a wide margin after promising to bring "new energy" and "transparency" to the pipeline project, Ms. Palin took office in December and immediately backed away from the negotiations that her predecessor, Frank H. Murkowski, had been pursuing with the three major energy companies that control much of the land where gas would be developed.

Ms. Palin has long criticized those negotiations as back-room dealings whose extensive incentives and tax breaks would have benefited the energy companies, BP, Exxon Mobil and ConocoPhillips, far more than they would have Alaska.

"Don't get me started," she said in an interview in her Capitol office on Thursday.

So next month, Ms. Palin intends to introduce the Alaska Gasline Inducement Act, a bill that would open the bidding to new players, as well as the old ones. She says her plan would ensure new jobs and access to gas for state residents. She also says that whoever gets to control the pipeline must allow for its potential expansion so that other gas developers can use it at reasonable prices, thus encouraging more development.

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The new plan, however, would delay a formal agreement until next year at the earliest, and it would be another decade, until 2018, before the pipeline was in operation.

Ms. Palin won votes last fall for vowing to take just such steps, but in taking them, she has stirred concern beyond Alaska at a time when the Bush administration says it wants to develop new sources of energy.

In a report to Congress last month, the Federal Energy Regulatory Commission said "the schedule for an Alaska gas pipeline has slipped considerably." The state's senior senator, Ted Stevens, a Republican famous for bringing big projects home, has openly expressed worry.

And on Tuesday, Rex W. Tillerson, the chairman and chief executive of Exxon Mobil, one of the companies that hopes to build the pipeline, said: "I don't really know where we are. I don't think it looks like Alaska knows where it wants to go, either."

Ms. Palin dismissed that talk. But next week, when she attends a National Governors Association meeting in Washington, she plans to visit Alaska's Congressional delegation and meet with officials at Exxon Mobil and the Federal Energy Regulatory Commission, among others. Besides putting minds at ease, she said, she wants to broaden the appeal of the project with the goal of gaining leverage in negotiations.

"This project is so much bigger than Alaska and Alaska's interests," Ms. Palin said. "This is for the nation. This is to supply domestically safe sources of fuel. We're going to be able to do that. We should be leading in a national energy plan."

The report by the energy commission suggested just such thinking, although it had a more urgent tone than in earlier assessments and sprinkled in some skepticism.

"The main obstacle to progress on an Alaskan gas pipeline is the failure to resolve state issues necessary before a project sponsor will commit to go forward," the report said. "The fresh competitive approach announced by the new governor must be successful if Alaska gas is to be part of the nation's energy supply solution in the coming years."

Steve Rinehart, a spokesman for BP Exploration Alaska, which controls the most land in the area expected to be developed first, said that with natural gas prices projected to stay relatively high and oil production on the North Slope declining, "the time has come to bring that gas to market."

"It makes sense economically," Mr. Rinehart said. "It makes sense for the life of this oil field."

But in the past, aides to Ms. Palin said, the big energy companies refused to commit to expanding the pipeline or to allow outside companies to use it for reasonable fees.

Mr. Rinehart disagreed. "We were ready to address those issues," he said, "but the process stopped."

Critical to pushing a plan through is the state's 60-member, Republican-controlled Legislature. Mr. Murkowski, a former United States senator, clashed with state lawmakers over his pipeline plan through his final days in office. Ms. Palin, by contrast, has echoed their concerns about giving away too much in tax breaks to the energy companies.

"What the governor has is a lot of credibility with the public," said State Representative John Harris, the speaker of the House. "She's been a breath of fresh air, in my opinion."

Lyda Green, president of the Senate, said Ms. Palin came to office without the intimate knowledge of the energy and financial industries that Mr. Murkowski had. But "she's a very quick study," Ms. Green said. "She has good people around her."

Ms. Palin has brought back some top staff members who left in protest over how Mr. Murkowski had been conducting the pipeline negotiations. Now she wants them to help her complete the deal that Mr. Murkowski never could.

"We are crafting this whole process with our arms open, even for Exxon," Ms. Palin said. "Come on in and let us know what you have in terms of a proposal to commercialize Alaska's natural gas."

Environment: What Are You Doing Here? (NSWK)

By Richard Wolffe

Newsweek, February 19, 2007

He heads Treasury, not the EPA, but Hank Paulson is investing time in making this White House greener.

Judging by the photos on the walls of his vast office, the new Treasury secretary has a gentler approach to the world than, say, Vice President Dick Cheney. While Cheney likes to hunt small birds with a shotgun, Hank Paulson shoots them with a camera. Photos of unusual birds—Paulson's vacation pictures, taken by his wife—hang above Bloomberg computer terminals feeding the latest Wall Street data to his desk. "If you look around here," he tells NEWSWEEK, gesturing at his photos, "I have spent a huge percentage of my time off in beautiful places, outdoor places, saving the land, wilderness, parks ... Conservation is my passion."

Paulson is a rare species inside the Bush administration. Environmentalists see this White House as a bastion of backward thinking; Bush has angered them (and America's allies) by sometimes questioning the science of global warming. Yet Paulson cares deeply about climate change: during his seven-year run as chairman and CEO of Goldman Sachs, the investment bank issued a policy paper backing the science on warming and promoting investment in alternative energy.

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In recent months Paulson has played a leading role in the administration's debate about energy—and he's had an impact on environmental policy. It was Paulson who encouraged the former oil executives in the West Wing to embrace ambitious targets to cut by 20 percent the amount of gas Americans are forecast to consume by 2017 (part of the plan outlined in Bush's State of the Union). White House officials portray the policy as a team effort, but identify Paulson as a driver. "He was very involved in the energy proposal," says a senior White House official, who declined to be named while talking about the internal debate.

Paulson had an expansive view of his job almost as soon as he started in June. By August he had identified energy security as one of his priorities, as well as Social Security reform and trade with China. A small team began working on ideas outside traditional Treasury business—some of them so politically sensitive that the team feared they might leak out before the November elections. Among them: putting a floor on the price of oil to subsidize alternative fuels. White House and Treasury officials deemed that idea too costly to administer—and out of line with GOP ideology. So Paulson's team worked with Bush's economic aides and the Department of Energy to head in a new direction: setting higher standards for fuel efficiency and alternatives like ethanol to spur new technologies. But there was some pushback. Bush's aides were concerned about the impact these proposals would have on a weakened Detroit, since higher-mileage standards favor foreign rivals. The solution was to allow for variable efficiency standards by car size.

Environmental groups were disappointed that Paulson didn't persuade Bush to wage a war against global warming. But the goal of using more alternative fuels and raising auto efficiency is still a significant change for an administration whose vice president once pooh-poohed conservation as "a sign of personal virtue." (Cheney's policy request: that the strategic petroleum reserve be doubled during the next 20 years.) Even green advocates concede there are some positive steps in the new strategy. "They are apparently serious about raising fuel-economy standards, and that is the most meaningful thing in the plan," says Dave Hamilton, director of global warming and energy programs at the Sierra Club.

To Paulson, the new energy strategy succeeds by giving something to just about everyone—even if green activists aren't totally thrilled. "Some people's expectations got so high they thought it was going to solve all the environmental problems, energy security, it was going to encompass everything, and they were disappointed," he says. "This policy has got some important positives for the environment, but they are collateral." Paulson may be an avid bird watcher, but while he's working for President Bush, he's keeping his head out of the clouds.

Mr. Spitzer's Chance On Warming (NYT)

The New York Times, February 20, 2007

Given the concerns of the new Democratic Congress, as well as persuasive new scientific evidence of the dangers of climate change, Washington may finally be ready to address the problem of global warming. The chances of that would be better still if New York's new governor, Eliot Spitzer, would commit himself and the state to a cause that needs all the friends it can get.

Mr. Spitzer should quickly commit himself to establishing ambitious goals for reducing emissions of carbon dioxide from cars, power plants and other industrial sources in New York State, and to writing regulations to achieve those goals. That will mean butting heads with powerful constituencies like the utilities, but Mr. Spitzer has always enjoyed a good fight. And with California's governor, Arnold Schwarzenegger, already committed, Mr. Spitzer's intervention could tip the national debate and compel Washington to move more quickly than it might have to endorse meaningful federal legislation.

California has pointed the way. In October it became the first state to mandate reductions of greenhouse gas emissions from every sector of the economy. The plan calls for reducing such emissions to 1990 levels by 2020, with a longer-range goal of an 80 percent reduction by 2050. A state law already requires automobile companies to begin producing more fuel-efficient cars. And in January, Mr. Schwarzenegger ordered refineries and other fuel producers to reduce emissions by 10 percent, largely through the development of alternative fuels. California has also warned that it will stop buying electricity from power producers outside the state that produce heavy carbon dioxide emissions.

This would be a hard act to follow for any governor, but to some extent Mr. Spitzer's path has already been smoothed by his predecessor, George Pataki. Mr. Pataki joined with California in demanding more fuel-efficient cars and increased funds for energy-efficiency programs, and he directed that by 2013 one-quarter of New York's power must be produced by renewable fuels. And — perhaps most important — Mr. Pataki enrolled New York in an effort to reduce regional greenhouse gas emissions involving seven Northeastern states.

Mr. Spitzer, who built a formidable environmental record of his own as attorney general, has endorsed all of these programs. But he will have to go further if he intends to match Mr. Schwarzenegger. Among other things, he must help get the regional greenhouse initiative up and running, and make sure that any new power plants built to meet the state's energy needs use the most modern technologies and add as little as possible to the atmosphere's already heavy carbon burden.

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This is a tall order even for an aggressive new governor. But the good news is that most of what Mr. Spitzer must do can be accomplished by executive order, thus skirting an unadventurous Legislature that tends to prefer business as usual.

FBI/DEA/ATF/USMS:

Informal Survey Shows Shops Have Halted Sales Of Paraphernalia (ESG)

Elmira Star-Gazette, February 20, 2007

A crackdown on retail stores selling products that might be used in conjunction with illegal drugs in the city of Elmira appeared to be having an impact Monday.

In an informal survey by the Star-Gazette on Monday of seven city convenience and variety stores, only one offered an item that probably has no other use than for inhaling illegal drugs.

Last Friday, Elmira Police Chief W. Scott Drake III and a member of the United States Drug Enforcement Administration visited five businesses in the city that were found to be selling drug paraphernalia, including crack and methamphetamine pipes, scales and drug packaging materials.

The businesses had been visited on Jan. 24 and asked to voluntarily stop selling the items. Four of the five businesses were still selling the materials Friday.

Those businesses were put on notice that it is a violation of federal law to sell drug paraphernalia, and they were told that if they continued, they would be subject to arrest and the seizure of their businesses.

The crackdown was part of Operation Halt, the city's broad effort to reduce and eliminate drug trafficking and drug-related crime.

"We won't hesitate to go after them with the full force of local, state and federal laws," Drake said in a news release.

The five stores allegedly involved haven't been publicly identified. But the stores surveyed Monday by the Star-Gazette were both privately owned variety stores and chain convenience stores.

Some clerks said they had never sold such items as cigar wrappers and rose pipes while others said they once did, but have removed all such items from their shelves.

Those who said they had removed drug-related paraphernalia said they did so at the request of the police because they didn't want to risk breaking any laws.

Rose pipes are an item that cost less than $2 that purports to be a gift item of a miniature flower sealed by foil in a cylindrical glass tube. However, police said its only use is for inhaling illegal drugs like crack cocaine and meth.

None of the seven stores visited Monday had so-called drug starter kits -- common items like scales and small sealed plastic bags.

"The chief and his command staff deserve a lot of credit," Elmira Mayor John Tonello said Monday night. "They have made a huge impact in a short amount of time."

Tonello said he is also impressed with the citizens and business involvement in reporting suspicious activity on the new police tip-line.

The Elmira Police Department's new anonymous tip line, (607) 271-HALT (4258), has fielded 53 calls since its debut Jan. 24 as part of the drug control effort.

"By using 271-HALT, citizens are helping us crack down on crime," Drake said. "We're off to a great start."

It's an idea that appeals to regular citizens who want to help improve their communities.

"To me, drugs are the scourge of the world," said Penelope Patros, 77, of Elmira, who thinks Operation Halt is worth a try.

Criminal Organizations Using The Internet To Recruit, Rob (ABC)

By PIERRE THOMAS, JACK DATE And NITYA VENKATARAMAN

ABC News, February 19, 2007

Feb. 19, 2007 — Imagine being a prisoner in your own neighborhood.

That's how Wichita, Kan., police Chief Norman Williams describes communities struggling with the unexpected and emerging epidemic of gang violence in U.S. cities.

Watch Part 1 of Pierre Thomas' two-part series on gangs tonight on "World News with Charles Gibson."

"They feel that there is no way out, that there's no hope, and so they just have to live with it. It has a tremendous impact on quality of life in a in a neighborhood," Williams said of those communities.

Williams says that there's a new generation of gang members, and that they're starting as young as ages 11 to 14.

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"The concerns you have with that generation is they do not have a criminal history. And so because they do not have a criminal history, we don't have a lot of information on them," Williams said.

Without that information, Williams says, members of the new gang generation will commit many crimes before they develop criminal records — acts that will instill fear and danger within many communities.

"What we're finding is a lot of our kids have no respect for life. They don't respect their life, and thereby they don't respect other peoples' lives. They think that the violence is like playing a video game. You turn it on and off. And it's not," he said.

Gang Recruitment Moves Online

According to a recent survey by the Justice Department, there are currently more than 21,000 gangs in the United States. Their membership is 700,000 strong and growing, and they're using the Internet to recruit members.

By posting online content that glorifies the thug lifestyle, gangs are using the Web to recruit — some using children as young as 8 years old as part of the online recruiting process, known as "Net Banging."

They sell drugs and guns, run car theft and prostitution rings, and use "bling" — money, cars, and jewelry — to entice troubled teens from poor neighborhoods, many with little or no family to speak of.

And the types of gangs fueling the country's surge in violence run the gamut: international gangs like MS-13, the Bloods and Crips, motorcycle gangs and local street gangs.

How Gangs Emerge

Chip Burress, assistant director of the FBI's Criminal Division, said, "It's not becoming an epidemic, it is an epidemic."

Burress says gang activity "starts small" with a handful of people who "begin to get a little more organized in their patterns of activity."

"They take control of territories and [they] recruit new members. They have to have some mechanism for making money, and usually that's in the drug trade, or the gang, or the firearms trade," Burress said.

"With that, you begin to get numbers," he said, "and you begin to get the type of traffic in an area that brings the standard of living down for the people that are living in that neighborhood."

An Inside Look at Gang Initiation

Undercover FBI video released to ABC News reveals footage from one gang initiation: a group of Bloods gathering with potential recruits in East Orange, N.J.

As their meeting began, the gang's leader, Tewhan Massacre Butler, preached to new recruits.

"I put my life on the line for y'all every day, every day," Butler says. "I am facing the rest of my life in prison for every one of y'all."

Some of the recruits in the video — many who appear to be teenagers — are eager to "bang," or join the Bloods.

"I am ready to bang it official," one recruit says.

"Ready to bang for the Blood here," says another.

To join, the initiates must endure an intense beating for at least 31 seconds.

The FBI says the Bloods in the video, known as the "Double II Set," were a particularly violent subset of the gang, murdering more than two dozen people over a three-year period.

FBI special agent "John," who targets the group, said one case in particular continued to haunt him.

"Right here, at this spot, a father was killed in front of his children," he said.

"He was killed trying to protect his son from becoming a member of the Bloods," the special agent said. "The man that killed him told another member of the Bloods, 'Take me to get my gun. I'm gonna show you how to murder somebody.'"

One of the challenges the FBI faced when dealing with the Bloods was that the gang was so open about violence that community members were terrified to come forward.

The FBI says it has dismantled that particular franchise of the Bloods. To date, 42 members have been convicted under federal racketeering laws. Though some communities have not been this lucky, in the last year there have been 500 fewer acts of violence on what had been the gang's turf.

The Federal System

The FBI's Burress says the benefit of having the FBI engaged is access to the federal prison system.

"Gang members who go away to local jails, or even state penitentiaries, go to places where they're not as uncomfortable. They go into structures in prisons that they're very comfortable with." Burress said.

Burress said: "With the federal system, what you get is that gang member's suddenly going to a prison far, far away in a structure where he or she's not comfortable in. As a result, we, I think we do a greater service to the community by putting these guys away in areas where they're not able to continue their criminal enterprise."

Scandal In Colombia Raises Skepticism On Capitol Hill (WP)

By Juan Forero, Washington Post Foreign Service
The Washington Post, February 17, 2007

BOGOTA, Colombia, Feb. 16 -- U.S. support for Colombia has been a foregone conclusion under the administration of President Ãlvaro Uribe, who was elected in 2002. But with a widening scandal tying the president's close supporters to paramilitary groups, policymakers on Capitol Hill say skepticism of Uribe's government is mounting, leading to closer scrutiny of a proposed aid package and free-trade agreement with the Andean nation.

On Thursday, Sen. Ãlvaro AraÃºjo Castro, the brother of Foreign Minister Maria Consuelo AraÃºjo, was arrested along with three other senators and a congressman. Authorities said they are investigating links that those lawmakers -- along with a sixth legislator who remains at large -- may have had ties to a paramilitary organization that has terrorized the country for years while shipping tons of cocaine to U.S. cities.

And Friday, the Supreme Court, which is heading a probe of Congress, announced that it would provide prosecutors with documentation to help determine whether the foreign minister's father, Ãlvaro AraÃºjo Noguera, had ties to paramilitary groups and participated in the kidnapping of a businessman. The foreign minister's cousin, Hernando Molina, governor of the state of Cesar, is also under investigation by authorities for allegedly collaborating with paramilitary groups to carry out killings and finance his campaign.

Uribe said he would stand fast behind his foreign minister in the midst of a scandal that has put eight congressmen behind bars and led to the questioning of dozens of national and local politicians. At a news conference Friday, Foreign Minister AraÃºjo told reporters, "I'm going to keep working with efficiency, honor, results and joy."

Officials in Washington said Uribe's support for the foreign minister would not help the Colombian government in its negotiations with U.S. lawmakers.

"The effects of what we call 'para-gate,' among Colombia followers in Congress, are that more and more folks are starting to get a bit skeptical regarding support, because there's a question of how far-reaching the relationship between the paramilitaries and the government officials is, vis-Ã -vis the president," a senior aide to a Republican senator said on condition of anonymity. "The confidence that we have in Uribe has been what's carried this for so long. That confidence has been brought into question."

Rep. Sander M. Levin (D-Mich.) said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia.

"Colombia F.T.A. cannot pass the Congress, as constructed, and Plan Colombia is in more jeopardy because of these scandals, the infiltration of the paramilitary into the inner workings of the Colombian government," Levin said by telephone from Washington. "I voted for Plan Colombia, at least the first few times, but this is a very worrisome development."

Though lawmakers in Washington remain intensely focused on Iraq, it is not lost on policymakers that Colombia remains the biggest recipient of U.S. assistance outside of the Middle East and Afghanistan. Nearly $4.7 billion has been funneled to Colombia since Plan Colombia, an extensive aid package designed to defoliate coca and erode support for Marxist rebels, was instituted in 2000. The assistance has helped Colombia lower violence and tightened bonds between Bogota and Washington.

But Colombia continues to produce more than enough cocaine to meet world demand. And despite a highly touted demobilization that started in 2003, paramilitary groups still thrive, with shadowy new forces killing rivals, union leaders and peasants while battling guerrillas for control of the country's lucrative drug business. In the midst of this tumult, the Supreme Court and a team of prosecutors have begun to unearth extensive ties between paramilitary commanders and dozens of congressmen, regional politicians from coastal states and mid-level administration officials.

For Uribe, the scandal couldn't have come at a worse moment. He, Vice President Francisco Santos and Defense Minister Juan Manuel Santos have made recent trips to the United States to press for approval of a free-trade agreement and more assistance to help the state take control of an unruly countryside. In Colombia's latest proposal, Uribe and his cabinet say they want to spend $44 billion in the coming years -- a program that would rely on a heavy infusion of aid from Washington and European countries.

"The whole scandal and the fact that all of these people are close confidants of the president are really going to muddy the waters as they're looking at a free-trade agreement and a new aid package in a democratically controlled Congress," said Adam Isacson, who closely tracks U.S. aid to Colombia for the Center for International Policy in Washington. "The Colombian government has a rather big sales job ahead of it, and this makes it infinitely harder for them to do that sales job."

Vice President Santos, in an interview, said that the disclosures would never have come out if Uribe's government had not entered into negotiations with the paramilitary organizations, a process that he said not only led to a full-scale disarmament but emboldened institutions such as the Supreme Court to investigate authorities' paramilitary ties.

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"We're going to deal with it openly, and confront reality and let the chips fall where they may," Santos said. "The most important thing is that we clearly present what we've done. The United States Congress should be totally calm about there being complete transparency here."

The Bush administration has reiterated its support for Uribe. "We remain committed to the free-trade agreement," Tom Casey, a State Department spokesman, told reporters in Washington. He added that the administration would continue to back anti-narcotics operations in Colombia.

But the latest disclosures have drawn heated criticism, from organizations such as Human Rights Watch and from some of Capitol Hill's more influential shapers of U.S. policy in Latin America, including Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Appropriations foreign operations subcommittee.

"This confirms the concerns that many have had for a long time, that the paramilitaries have infiltrated the economic and political establishment of Colombian society," he said in a statement. "It should give us some pause as to who we are dealing with."

Police Needing Heavier Weapons (USAT)

By Kevin Johnson

USA Today, February 20, 2007

WASHINGTON — Law enforcement agencies across the country have been upgrading their firepower to deal with what they say is the increasing presence of high-powered weapons on the streets.

Scott Knight, chairman of the Firearms Committee of the International Association of Chiefs of Police, says an informal survey of about 20 departments revealed that since 2004 all of the agencies have either added weapons to officers' patrol units or have replaced existing weaponry with military-style arms.

Knight, police chief in Chaska, Minn., says the upgrades have occurred since a national ban on certain assault weapons expired in September 2004. The ban, passed in 1994, in part prohibited domestic gunmakers from producing semi-automatic weapons and ammunition dispensers holding more than 10 rounds.

"This (weapons upgrade) is being done with an eye to the absolute knowledge that more higher-caliber weapons are on the street since the expiration of the ban," Knight said. He said his own department of about 20 officers is in the midst of determining whether to upgrade its weapons.

Ron Stucker, criminal investigations chief of the Orange County Sheriff's Department in Florida, says the department has been rearming many of its deputies with assault weapons in the past two years.

Stucker says deputies are now "frequently" encountering assault weapons in local robberies and during simple traffic stops. Weapons seizures in Orlando have increased overall by 26% since 2004.

It was not immediately clear whether assault weapons were driving the increase in weapons seizures or were directly linked to the county's record number of homicides in 2006, Stucker says.

In Houston, where homicides were up as much as 25% in 2006 over the previous year, Police Chief Harold Hurtt says the AK-47 assault rifle has become "kind of a weapon of choice" for warring gangs, major drug distributors and immigrant smugglers in a city that has become a major transit point for criminals.

"The reality on the street is that many of these weapons are readily available," says Hurtt, whose department began upgrading its weaponry with assault-style arms about three years ago before he arrived from Phoenix.

Last year, because of the escalation of violence and firepower on the street, Hurtt says he ordered patrol officers to wear body armor. Wearing armor had long been a matter of personal choice for officers.

The chief also is considering a proposal from officers to put 12-gauge shotguns back inside their patrol cars so they can be more accessible.

He said shotguns were moved to the car trunks when the cabs became crowded with laptop computers and other equipment.

Paul Erhardt, a spokesman for major gun manufacturer Sigarms, says the 2001 terrorist attacks, the violence following Hurricane Katrina and other high-profile incidents involving weapons contributed more to law enforcement's interest in rearming officers than any concerns raised by the expiring assault weapons ban. Erhardt's company outfits about 40% of the statewide law enforcement agencies in the USA.

IMMIGRATION:

State Ruling Will Help Some Foreigners Convicted In Florida Fight Deportation (MH)

By Alfonso Chardy And Jay Weaver

The Miami Herald, February 19, 2007

Owran Green thought he made a good deal when he agreed more than 13 years ago to plead no contest to assault and battery charges in Broward County in exchange for probation and no jail time.

It would be years before he realized his mistake. The Jamaican, now 35, learned from an immigration attorney that his plea renderered him deportable under a decade-old federal law that made expulsion of most convicted criminals mandatory.

But this past fall, the Florida Supreme Court issued a landmark ruling that could help Green and hundreds of other foreign nationals in the same predicament avoid expulsion if they can show they cut their plea deals without being legally warned about deportation.

The high court's ruling could provide convicted foreigners with another layer of defense against stepped-up efforts by Homeland Security after the Sept. 11, 2001, terrorist attacks to rid the country of immigration violators, particularly those with criminal convictions.

The unanimous Green ruling, issued Oct. 26, has given renewed hope to numerous convicted foreigners now seeking withdrawal of plea deals -- including dozens in Miami-Dade Circuit Court.

Almost all of the pleas in question were struck in the 1990s, when judges didn't uniformly advise defendants they could be deported by pleading guilty or no contest to charges. Most of those defendants have served sentences and are now seeking to have convictions thrown out to inoculate themselves against possible deportation.

"It's had a considerable impact in all of our criminal divisions," said prosecutor Penny Brill, chief of the legal division at the Miami-Dade State Attorney's Office. ``It's now an easier standard for these defendants to meet."

In Green's case, he sought to withdraw his plea in September 2003, arguing that had he been warned about deportation he would have taken his chances at trial. A judge rejected his petition because no actual deportation proceedings had begun.

Green's appeals eventually reached the state's highest court. In the little-publicized opinion, the Supreme Court gave a boost to convicted foreigners seeking to withdraw pleas -- if they can show they were not properly advised by defense lawyers or presiding judges that their convictions could lead to deportation.

The Green ruling, reaffirmed Feb. 8 by the Florida Supreme Court in the Miami-Dade case of Mario Gaston, drastically changed the legal standard for convicted foreign nationals. They now only have to show they were unaware they were "subject" to deportation -- not actually facing a "threat" of expulsion. That was the previous state standard dating to 2000.

The state Supreme Court opinion imposes a two-year deadline to seek such withdrawals. The only exception: if convicted foreign nationals can prove they were unable to ascertain the likelihood of deportation during the two-year period.

"In the short run, it will be of substantial assistance because it lowers the standard of what you need to reopen your criminal case," said Miami attorney Ira Kurzban, an expert in immigration law. But Kurzban criticized the two-year deadline as too restrictive.

Green and his Fort Lauderdale attorney, Michael Cohen, declined comment.

But Jerrard Cutrone, Gaston's Miami attorney, said the Green ruling will benefit many defendants like his client.

"It gives them a chance to revisit their pleas," said Cutrone.

Gaston, a Haitian, pleaded guilty to a charge of carrying a concealed firearm in 1994 and got three months' probation. In August 2004, he asked to withdraw his plea because he was not warned about deportation. The court granted his motion, but the state appealed. The Florida Supreme Court on Feb. 8, citing the Green opinion, ruled in Gaston's favor.

The Green ruling came more than a decade after Congress in 1996 passed laws aimed at deporting all foreign nationals convicted of "aggravated felony" crimes such as drug trafficking. Then in 2001, the U.S. Supreme Court gave some protection to certain foreign nationals who pleaded guilty prior to enactment of the 1996 laws and were not advised that pleading could lead to deportation.

According to congressional and Justice Department figures, more than 238,000 foreign nationals are incarcerated in federal, state and local jails nationwide or about 11 percent of the 2.2 million inmate population in all facilities.

Vacating a plea is a significant step under immigration law.

Convicted foreign nationals can stop their deportation if they meet at least three requirements: They had legal status such as a green card for several years before being convicted; their guilty pleas were vacated; and they face no further charges.

Not all foreigners convicted of aggravated felonies are automatically placed in deportation proceedings.

After they've served their sentences, most wind up in proceedings when they draw the attention of immigration authorities either upon arrival from a trip abroad or while seeking an immigration document such as a work permit, green card or citizenship.

This may change.

A senior immigration official told The Miami Herald last month that Homeland Security is seeking arrangements with Florida correctional authorities to identify all deportable foreign-born convicts while in jail or under probation. That way, Homeland

Security can place the foreign inmates in deportation proceedings when they begin their sentences so they can be booted out of the country when they finish their time.

The arrangement would reduce the amount of detention space now needed to hold these convicts in deportation proceedings and cut back on the amount of time immigration agents spend tracking deportable convicts released from jail or in hiding.

The official asked not to be identified because he had no formal authorization to discuss the information publicly.

A program to identify and place in deportation proceedings foreign-born convicts in jail or under probation has been a goal of the immigration service since the late 1990s. But it requires far more money and personnel.

More than 89,000 foreign nationals with convictions were deported in fiscal year 2005, according to the Yearbook of Immigration Statistics.

Border Crackdown Spawns Violence (WP)

By Sylvia Moreno, Washington Post Staff Writer

The Washington Post, February 19, 2007

More Deaths Occurring as Smugglers Fight Over Valuable Human Cargo

SILVERBELL, Ariz. -- Among the statuesque saguaro cactuses in the desert south of this old mining town lies the remnant of a crime scene that federal authorities say signals a troubling and escalated level of violence associated with the human smuggling trade.

Sometime in the pitch-black early morning hours of Feb. 8, a pickup packed with illegal immigrants from Central America, on their way to a presumed stash house in Phoenix, was attacked by two men shooting high-powered assault weapons. The four witnesses found tell conflicting stories about the time, place and other details about the shooting. The abandoned vehicle and two bodies were found near Silverbell, 70 miles north of the Arizona-Mexico border; another body and two survivors were found on the side of a dirt road eight miles north of the mining town.

Three immigrants -- a woman and two men -- were killed, and another woman was seriously wounded by three rounds from an AK-47. An alleged smuggler, whose hand was shattered by gunfire during the attack, is under arrest. The truck driver and another two dozen immigrants remain missing. Inside the yellow police tape strung across prickly pear and ocotillo cactuses lay staples the immigrants carried on their trek across the desert: a package of bologna and a plastic water jug. Personal effects taken from the dead, including blood-smeared pictures of children left behind in Guatemala and El Salvador, are now sealed away as evidence in the Pima County Sheriff's Department.

It is not clear whether this attack was the work of rival smugglers, extremist vigilantes or what are known in Spanish slang here as bajadores-- crews of bandits who steal human cargo throughout southern Arizona and from Phoenix stash houses to extort ransom from their families in Latin America or the United States. What is unusual, said Alonzo PeÃ±a, the new U.S. Immigration and Customs Enforcement special agent in charge of Arizona, is the recent frequency of the violence, the fact these incidents resulted in deaths and that they occurred in the desert, where the crime scenes are hard to find within the thousands of acres of sand and brush.

"There's more and more sophisticated, high-powered assault-type weapons being used . . . and there are back-to-back incidents," PeÃ±a said.

Smuggling violence has increased in Arizona during the past six months, the byproduct of a clampdown by federal immigration authorities, PeÃ±a said. The U.S.-Mexico border in Arizona remains the busiest illegal entry point in the country, but the increased concentration of Border Patrol agents and National Guard troops stationed there during the past year has made it harder to cross.

In the past 18 months, enforcement operations have been stepped up in Arizona, with strong backing from Gov. Janet Napolitano (D), who declared a state of emergency in Arizona's border counties in 2005 because of illegal immigration.

Those efforts appear to be working. Border Patrol statistics show that arrests of illegal immigrants in the Tucson sector, which includes 135 miles of border, dropped 11 percent overall last year and are down 9 percent since October, compared with the same period the year before. Deaths from heatstroke and dehydration in the Arizona desert just north of the border, which averaged 160 annually between 2000 and 2005, also dropped slightly last year, said Pima County Medical Examiner Bruce Parks.

The result, PeÃ±a said, is that a cargo of illegal immigrants that makes it across the border is worth more now. "This is raising the cost to do business for the smugglers," PeÃ±a said about the stricter border enforcement. "The commodity is more valuable, so [rival] smugglers are trying to get hold of it."

A few days after the assault near Silverbell, two men were found dead in the desert west of Phoenix, which local authorities believe was connected to illegal smuggling. In late January, a truckload of illegal immigrants was ambushed in the desert near

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Eloy by several armed men wearing camouflage clothing and berets, surviving immigrants said. The driver was killed and one immigrant was wounded.

Just last week Pima County authorities found another body in the desert. Officials estimated it had been dead for two weeks and said they believed it was also connected to human smuggling.

"Unfortunately, this is a common occurrence," said Pima County Sheriff Clarence Dupnik, whose detectives are charged with solving the homicide near Silverbell. "This is not an aberration. And to be honest, the chances of solving this is not good."

With illegal immigrants facing increased risk of capture at or near the border, smuggling organizations are waiting for them to get well north of the border before hijacking them, usually at gunpoint. For some years, such incidents have been seen in and around Phoenix, where the bajadores break into immigrant stash houses to take over what is known as the "collections process." While immigrants wait for relatives and friends to send the agreed-upon smuggling fees so they can move on to their final destinations farther north or west, the bajadores take the group hostage and begin extorting exorbitant ransom fees.

One such violent crew, known as the Franco organization, with roots in Sinaloa, Mexico, made its mark four years ago in Phoenix by taking hostage more than 50 illegal immigrants in a stash house and viciously beating them, burning them with cigarettes and putting plastic bags over their heads while holding them at gunpoint.

A month ago, one Franco bandit was sentenced in U.S. District Court in Phoenix to life in prison plus seven years on a conviction of conspiracy, hostage-taking, harboring illegal aliens, and possessing and using a firearm to commit violence. Another participant in the hostage-taking had been sentenced previously, and three other defendants are set for sentencing next month.

Between April 2005 and July 2006, 65 similar cases involving Phoenix stash houses were discovered by federal agents, PeÃ±a said. Still, the recent desert shootings, resulting in fatalities, stand out.

"Sadly, violence has become the norm," said Angel RascÃ³n, a special agent in the Bureau of Immigration and Customs Enforcement's Phoenix office. But when they "end up happening in such frequency and in death, that's alarming."

U.S. 'Rewarded' Alien For His Testimony (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 19, 2007

An illegal alien got a "get out of jail free card" plus U.S. legal documents and monetary compensation from federal prosecutors in exchange for his testimony against a U.S. Border Patrol agent accused of using excessive force during an arrest.

Former agent David Sipe, who was convicted and fired, recently won an acquittal at a court-ordered retrial.

A federal appeals court in Texas ordered the new trial, saying prosecutors gave the illegal alien and two others additional inducements not disclosed at the time for their testimony, including Social Security cards, witness fees, permits allowing travel to and from Mexico, living expenses and free use of government phones.

"The government stated in writing the aliens were allowed to remain and work in the United States pending trial and specified that 'no other promises or advantages' had been given," the court said. "That was not true."

Mr. Sipe, 35, of Bethany, Okla., was convicted in 2001 after a five-day jury trial in McAllen, Texas, before U.S. District Judge Ricardo Hinojosa. U.S. Attorney Mervyn Mosbacker Jr.'s office charged the agent with using excessive force and causing bodily injury in the 2000 arrest of a Mexican national, Jose Guevara.

Mr. Sipe's attorney, Jack Lamar Wolfe, sought a new trial, accusing prosecutors of "misrepresentations and nondisclosures." After a hearing, Judge Hinojosa ordered a new trial, a ruling upheld by a 5th U.S. Circuit Court of Appeals panel in Austin, Texas.

The appeals court agreed that prosecutors suppressed evidence that would have been favorable to Mr. Sipe's defense. The new trial was moved to Brownsville, Texas, before U.S. District Judge Andrew Hanen, and an acquittal was handed down Jan. 26.

The court said that in its pre-sentence report, prosecutors disclosed information to a probation officer they had not given to the defense, including evidence that the illegal aliens had received numerous benefits in exchange for their testimony.

"They were essentially given all, and more, of the benefits they were arrested for trying to obtain illegally benefits so valuable that they took great risks to obtain them by crossing the border illegally," the court said.

Mr. Sipe, through his attorney, is seeking to be reinstated. Mr. Wolfe said his client was fired because of the conviction "and for no other reason, so with that conviction now gone, he ought to be able to get his job back."

In its ruling, the court also said the government failed to disclose that after Mr. Sipe's arrest and before the trial, Mr. Guevara was caught by Border Patrol agents in the company of illegal aliens, and the arresting agents released him when he displayed a card given to him by prosecutors.

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"Since Guevara had been granted free passage in his deal with the government, his arrest with illegal aliens was evidence that he was a transporter, as well as evidence of the extent of the government's support accorded him in order to obtain his testimony," the court said. "As the defense termed it, Guevara was given a 'get out of jail card.' "

The court said that although there was evidence of Mr. Sipe's guilt, the prosecution's withholdings prevented him from exposing "significant weaknesses in the government's case at every turn."

Mr. Sipe was indicted in November 2000 for using excessive force. Before the trial began, he filed motions seeking, among other things, what benefits the government had given the aliens. The government responded by saying three aliens who would be called to testify Mr. Guevara, Nehemias Diaz and Evarado Sanchez and were allowed to remain in the United States to work pending trial, but that "no other promises or advantages" had been given.

The court said the government also failed to disclose that the other two illegal aliens called to testify in exchange for immunity had been living with Mr. Guevara during the months before trial.

In 2000, Mr. Sipe was on the border near Penitas, Texas, responding to a sensor alarm when he spotted 12 to 15 illegal aliens. After ordering the group to halt, records show, Mr. Guevara, Mr. Diaz and Mr. Sanchez fled into an area of heavy reeds. Mr. Sipe said he was defending himself when he struck Mr. Guevara with a flashlight.

Mr. Guevara required five stitches in his head and later won an $80,000 settlement from the government.

A Fair Shake (WP)

The Washington Post, February 19, 2007

Asylum from the asylum process

TWO YEARS AGO, the U.S. Commission on International Religious Freedom released a report detailing the upsetting inconsistency with which immigration agents and judges treat foreigners seeking asylum in the United States. The study's conclusion: Asylum seekers are often not given a fair chance to argue their cases, putting legitimate claimants -- especially those who can't contact a lawyer -- at risk of being sent back to their countries of origin, where they face retribution from their governments. This month, the commission issued a follow-up that included a report card on the government's progress since the original study. Both the Department of Homeland Security and the Justice Department earned a fair number of D's and F's from the bipartisan group.

In the 2005 report, the commission found that statements taken by immigration officers early in the process were often incomplete and that claimants were often not given the chance to correct them. Yet immigration judges heavily relied on the statements to make their determinations. Access to legal counsel was also found to be inconsistent, a major problem when, according to the commission, asylum seekers with lawyers are about 11 times as likely to have their applications approved.

The commission has not conducted an exhaustive study examining the scale of these problems since its 2005 report. Rather, the panel used the government's sins of omission as evidence that the situation has not improved over the past two years. It noted that the Department of Homeland Security in particular has released little information on the progress, if any, it has made on implementing many of the recommendations in the 2005 report.

Leaving aside some of the more controversial recommendations the commission offered in its previous report -- such as giving front-line officers the power to grant asylum at an early stage -- there is no good reason that, after two years, Homeland Security has not been able to adopt much of the commission's advice. This includes expanding video monitoring systems at border stations, improving training and instruction of federal immigration agents, and ensuring consistent access to pro bono legal services. If the government has made progress, it should get credit. If it hasn't, the U.S. Commission on International Religious Freedom, and Americans in general, should know.

Immigrants: The Unsung Heroes Of The U.S. Economy (USNEWS)

By Renuka Rayasam

U.S. News and World Report, February 18, 2007

While illegal immigration attracts the spotlight, another facet of the issue is just coming into view: Immigrant entrepreneurs are helping fuel the U.S. economy. Recent studies show not only that immigrants are starting businesses at a faster rate than native-born Americans but that many of those businesses are refreshing neglected inner-city neighborhoods.

That's what Alfredo Rodriguez wants to do in a small corner of Newark, N.J. The native of the Dominican Republic moved to New York when he was 5 years old and has worked in the grocery business since he was 12. In 2002, he bought a 53,000-square-foot supermarket and transformed it to meet the tastes of Hispanic shoppers. Now about 90 percent of his customers are Latin American immigrants. Every week 5,000 customers visit his store for staples like frozen plantains, boosting his annual sales to $9 million.

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"Hispanic immigrants spend more than traditional customers," says Rodriguez, a U.S. citizen. Not only are they willing to pay more for items that remind them of home, but many also like to cook generous portions in case an unexpected visitor drops by, he says. He wants to expand his Xtra Supermarket and make the surrounding strip into a center that caters to immigrants.

It's the kind of pattern that's enlivening immigrant pockets in cities like New York and Los Angeles, according to the Center for an Urban Future. In 2005, first-generation immigrants started 22 of L.A.'s 100 fastest-growing companies, the center says. From 1994 through 2004, while the number of new companies grew 9.6 percent in New York overall, in the Flushing neighborhood of Queens, an immigrant magnet, they grew 54.6 percent.

Billions. Like Rodriguez, many of the new entrepreneurs are starting companies that cater to local communities, whether by selling India's Bollywood movies or East Asia's bubble tea. "They are the first ones to be able to respond to the consumer face of the immigrant community," says Michael Barrera, head of the U.S. Hispanic Chamber of Commerce. Barrera estimates that by 2010 the number of Hispanic-owned businesses will grow to 3.2 million from 2 million today and will generate $465 billion in goods and services.

About 85,000 immigrants started new companies in 2005, according to the Kauffman Foundation. That newcomers start businesses at a higher rate than native-born Americans "comes as no surprise," says Robert Litan, Kauffman's vice president of research and policy. "Immigrants have a higher propensity to be self-employed, because often it is the only way to crack the economic system."

Even highly educated immigrants may lack the language skills or cultural knowledge necessary to break into corporate America, says Susan Au Allen, president of the U.S. Pan Asian American Chamber of Commerce. They often prefer to be their own boss, she says. About a quarter of the engineering and technology companies started from 1995 through 2005 had at least one immigrant founder, according to a Duke University and University of California-Berkeley study.

To get started, immigrants typically tap into family networks with established local roots, says Litan. It's how Rodriguez got his start in the grocery business. In 1985, he bought his first grocery in Queens with the $25 a week his mother had been setting aside for him for a decade. After he sold that store, he began working at his father-in-law's stores before branching out on his own again. "It's just natural," Rodriguez says, that he followed in other immigrants' footsteps.

TAX:

Ebay Fights Plan To Shop Users To IRS (FT)

By Eoin Callan In Washington

Financial Times, February 20, 2007

Ebay is fiercely resisting a Bush administration plan it says will force it to snitch on customers who are not paying tax on billions earned on the popular online auction site.

The Treasury estimates it could collect $2bn in unpaid tax if companies such as eBay reported American users who carry out more than 100 transactions worth at least $5,000 a year to the Internal Revenue Service.

But an eBay spokesperson said: “We do not believe it is our responsibility to serve as the go-between. We believe that it is the seller’s responsibility.” The company pointed out that many users file self-employment and business tax returns based on their eBay income.

Ebay said it would co-operate with IRS investigations into specific persons but would not voluntarily report its customers’ sales “en masse”.

The US measure, planned to come into effect on January 1, 2008, would only affect American users of eBay, but separately this week UK Revenue and Customs warned taxpayers to report income from eBay activity or face penalties.

Ebay says the measure is especially unfair because it does not apply to rivals such as Craigslist, the online classified advertisement site, whose business models do not have the auction or payment tools of eBay.

Ebay has more than 200m registered users of its auction services and estimates 4.3m rely on its website for a significant portion of their income.

The company, which has a market valuation of $47bn, has mobilised its extensive lobbying network in Washington to resist the Treasury by challenging its authority and questioning the legality of the government proposals.

Pamela Olson, a tax partner at Skadden, said: “The proposal is aimed at companies like eBay facilitating the sale of personal property for their customers.”

Representative Rick Boucher, a member of the internet caucus in Congress, said he had been in touch with eBay and would rally opposition on Capitol Hill.

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Barbara Weltman, an expert on eBay sellers, said the company did little to encourage tax compliance by customers, but already collated the data the IRS was seeking.

"It is a burden but it is doable," she said.

The company is marshalling legal arguments that it does not meet the government's definition of a "broker" and that the millions of auctions that take place on its websites are not actually auctions.

"We do offer sellers auction-like transactions but they are not auctions," said a spokesperson, citing technical definitions in state law that an auction has no fixed end-time.

The fate of the Treasury plan is likely to depend on the success of eBay's lobbying and wider talks between the administration and Congress about President George W Bush's budget proposals.

CONGRESS-ADMINISTRATION:

Senate GOP Ready To Fight For Agenda (WT)

By Christina Bellantoni, The Washington Times

The Washington Times, February 19, 2007

Senate Republicans have pledged to fight for up-or-down votes on President Bush's judicial nominees and to make his tax cuts permanent, but they face an uphill battle in pushing their agenda.

Republican leaders have outlined seven issues they plan to highlight in the shadow of the Democratic majority, which has its own priorities and the power to bring them to the floor.

"Obviously, in the minority we don't get to set the agenda, but we expect to be offering our ideas" in the form of amendments to other proposals, said Senate Minority Leader Mitch McConnell, Kentucky Republican.

Senate Republican Conference Chairman Jon Kyl of Arizona said his party unanimously agreed on a set of guiding principles and revealed them in advance of forthcoming legislative specifics.

Mr. Kyl called the seven principles a "good starting point" Thursday as lawmakers prepared for a weeklong recess. In addition to judges and tax cuts, the broad principles promise a commitment to "fiscal restraint" and to fight the war on terrorism, among other things.

"We are committed not only to effectively communicating our vision for the nation but also demonstrating through debate and legislative action that Republican ideas are better for America," Mr. Kyl said.

Democrats weren't sure what to make of the Republican plan.

"There's very little to quibble with because much of it comes straight out of the Democratic agenda," said Jim Manley, spokesman for Senate Majority Leader Harry Reid, Nevada Democrat.

As for judicial nominees, Mr. Reid has promised to quickly hold votes on "consensus" candidates.

"But if the president sends us divisive, right-wing ideologues, he can expect to face trouble in the Senate," Mr. Manley said.

Democrats have blocked many of Mr. Bush's nominees using a filibuster.

Among the other examples of legislation Mr. Kyl said may result from the Republican principles:

·Attempting to make the Bush tax cuts permanent;

·Supporting Mr. Bush's plan to increase the size of the military;

·Pushing earmark reform;

·Expanding domestic oil production and alternative energy research.

Another of the seven issues is related to health care. Republicans say they will propose creation of small-business health-insurance plans, expansion of health savings accounts and support for the health care tax plan Mr. Bush promoted in his State of the Union address last month, with the idea "all Americans can receive quality health care."

"It's not enough just to play defense. You need to have a positive agenda that you believe in and that you're going to fight for," said Senate Minority Whip Trent Lott, Mississippi Republican.

One of the thornier issues at the bottom of the Republican agenda is immigration reform.

Last year, 23 Senate Republicans faced wrath from conservatives for joining Democrats to pass a "comprehensive" immigration plan that opponents said rewards illegal aliens.

Mr. Kyl said members learned from the November elections, and he thinks both parties are "committed" to dealing with an immigration plan.

"We are all reformulating our views on how to proceed with this," he said, noting broad Republican support for securing the border and making sure workplaces follow immigration law.

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Mr. Manley said when the Senate returns from recess it will likely consider implementing the remainder of the September 11 commission recommendations, passing changes to the prescription-drug program and funding for embryonic stem-cell research. All three measures have already passed the House.

Information, Please (WP)

By Elizabeth Williamson

The Washington Post, February 19, 2007

Deep inside the Library of Congress, 500 researchers pound out the secret intelligence Congress uses to make law.

Legislators request 6,000 Congressional Research Service reports a year, on weapons systems and farm subsidies, prescription prices and energy use. Together, they offer what lobbyists and industry want most: clues to what's next on the Hill.

For years, open-government groups have fought to make the reports public, and for years, many lawmakers have kept them under wraps. Or so they thought.

By insisting on secrecy, Congress instead created a bootleg market for the research. Every day, a small Texas company compiles the reports and sells them to lobbyists, lawyers and others who pay thousands of dollars for a peek at the reports and what they say about the congressional agenda. And it's all legal.

"How I get them is my trade secret . . . but I get them all," said Walt Seager, who digs up the reports for Gallery Watch, a legislative tracking service.

The Congressional Research Service (CRS) was established in 1914 as Congress's supplier of nonpartisan research and analysis. Its reports are neither classified nor copyrighted, but they've long been the exclusive property of lawmakers, who distribute them as they see fit. Taxpayers supply the agency's $100 million annual budget, inspiring open-government groups and some lawmakers, including Sens. John McCain (R-Ariz.) and Patrick J. Leahy (D-Vt.) to push for public release of CRS reports.

"The Library of Congress is a national treasure. The public deserves ready access to the reports it prepares for Congress, and easy online retrieval is the obvious answer," Leahy said. "We need to keep moving toward that goal."

But each time the topic comes up, it runs into a wall erected by lawmakers such as Sen. Ted Stevens (R-Alaska), who "like many members of Congress, views CRS as an extension of his staff," said Aaron Saunders, Stevens's spokesman. If the reports were made public, "every time a member requests a particular document, the public may infer that he's staking out a particular policy position."

CRS's director, Daniel P. Mulhollan, has left it to Congress to decide. "Once a report is produced for the Congress, it becomes the property of the Congress," he said in a statement. "CRS itself has no public role and is prohibited by law from publishing its work."

It's up to members and committees, Mulhollan said, to release the reports "directly, by inclusion in congressional publications or through their own Web sites."

Open-government groups have a problem with that: "CRS is Congress's brain, and it's useful for the public to be plugged into it," says Steven Aftergood, an open-government advocate who runs the Federation of American Scientists' Secrecy News blog.

Aftergood and others have fought back by posting every CRS report they can find on their Web sites. But watchdog groups have released only about 10 percent of the total, not enough to reveal the patterns that suggest what Congress might do next.

Subscribers to Gallery Watch pay about $4,000 a year to get all the CRS reports, online and searchable, delivered weekly.

Gallery Watch sells other legislative tracking tools, but the reports are the key reason clients subscribe, said Patrick Riendeau, a sales executive. Besides lobbyists, lawyers, and corporations, universities and news organizations subscribe.

At a recent meeting for potential customers, Riendeau explained that clients scan the reports for intelligence "kind of how the CIA operates," by spotting the political trends suggested by their contents and timing, he said. About a year ago, lawmakers made a flurry of requests for CRS reports related to North Korean counterfeiting of U.S. currency; not until months later, when the Treasury Department cracked down on North Korea, did the issue appear in newspapers.

Gallery Watch, owned by the Capitol Hill newspaper Roll Call, gets the publications from Seager, 68, a former trade magazine journalist based in Damascus, who for 20 years has mined the Hill for them.

"I'm just an old Washington journalist who knows how to find things," Seager said. He got started, he said, two decades ago when he found a CRS catalogue of new reports in a congressman's office. He made copies of it and sold subscriptions, with instructions on how to get the reports by contacting lawmakers. When CRS stopped publishing the listing, Seager started finding the reports himself.

"I upload an average of about 100 a week" to Gallery Watch, he said.

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If the reports were ever made available to all, "I would comfortably retire to my mountain retreat in West Virginia and be very happy, because that's the way it should be -- taxpayers pay for them," he said.

But he doesn't think that will happen. For one thing, he said, "incumbents like to provide them to their constituents [saying] 'glad to be of service, hint, hint, remember me at election time.' "

Second, he said, CRS is "a think tank working for [members] exclusively and not for the people running against them. They've got all this brainpower behind them making them look very knowledgeable."

"The less I know, the better," said Gallery Watch Senior Vice President Arnie Thomas about Seager's methods.

While he would not provide a list of clients, citing privacy concerns, the company's Web site client list includes lobbying and law firms, Mitsubishi, the Mashantucket Pequot Tribal Nation and the Department of Agriculture.

Deloitte & Touche lobbyists hailed Gallery Watch in an online testimonial: "With the collapse of Enron . . . almost daily there were numerous bills being introduced that required us to research and analyze the impact of the proposed legislation on the accounting profession," one said. "We need a tool to tell us when something is going on."

Hospital Investigates Former Aid Chief (WP)

By Dana Priest And Anne Hull

The Washington Post, February 20, 2007

For the past three years, Michael J. Wagner directed the Army's largest effort to help the most vulnerable soldiers at Walter Reed Army Medical Center. His office in Room 3E01 of the world-renowned hospital was supposed to match big-hearted donors with thousands of wounded soldiers who could not afford to feed their children, pay mortgages, buy plane tickets or put up visiting families in nearby hotels.

But while he was being paid to provide this vital service to patients, outpatients and their relations, Wagner was also seeking funders and soliciting donations for his own new charity, based in Texas, according to documents and interviews with current and former staff members. Some families also said Wagner treated them callously and made it hard for them to receive assistance.

Last week, Walter Reed launched a criminal investigation of Wagner after The Washington Post sought a response to his activities while he ran the Army's Medical Family Assistance Center, a position he left several weeks ago. Maj. Gen. George W. Weightman, the commander at Walter Reed, said the probe by the Criminal Investigation Command (CID) "reflects the seriousness with which we take these allegations."

Weightman's legal adviser, Col. Samuel Smith, said that "it would clearly be a conflict of interest" prohibited by federal law, Army regulations and Defense Department ethics rules if Wagner used his position to solicit funds for his own organization.

The saga of the Medical Family Assistance Center is just one example of the problems at Walter Reed, where nearly 700 soldiers and Marines from the wars in Iraq and Afghanistan live as outpatients while recuperating. Some families are happy with the help they received from Wagner and his office, and many soldiers and their families applauded the dedication of workers there. Others said that they had problems with Wagner and that the center seemed chaotic and disorganized.

"We had many family members who came to me because they couldn't get a respectful and compassionate response from Dr. Wagner," said Peggy Baker, director of a charity that helps wounded soldiers, Operation First Response.

Wagner, who has a doctorate in education, resigned his position last month to work full time on his Military, Veteran and Family Assistance Foundation, based in Dallas. The foundation includes the Phoenix Project, which runs marriage retreats for soldiers returning from combat. According to its Web site, the foundation is supported by several corporations, other foundations and individuals.

In a phone interview, Wagner denied he had solicited funds or made contact with donors during office hours. "It's just not true," he said. "I intentionally stayed out of that. I couldn't do that. I couldn't do both." He said he is not paid by the foundation. The documents that would verify that have not yet been filed with the Internal Revenue Service.

Wagner said his superiors "knew of my involvement right from the beginning." Weightman said the command had been unaware of Wagner's Texas charity until recently.

Wagner defended his work at the center. "My only purpose and my priority 12 to 19 hours a day was to assist the families of the wounded," he said. "I saw 6,000 people coming back from Iraq and Afghanistan. I did my best, but I'm not God. What I did there was a job that was superhuman."

Wagner said that the charity was founded by his brother and that he did not officially become its executive director until he left Walter Reed. But fundraising documents from early January, before he resigned, list him as the director, and the organization's Web site called him its executive director months before he resigned.

In a fundraising letter he signed shortly before he quit the Medical Family Assistance Center, Wagner referred to his work at Walter Reed. As head of the center, he wrote, "I have had over a thousand citizens in this great country asking what they

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might be able to do at Walter Reed for our wounded troops and their families. I found myself telling them that Walter Reed was blessed with the outpouring of the goodness and generosity of the American public and that if they were really interested in assisting, they should look within their own communities."

But, his letter continued, "I realized they were not working with their local communities so . . . I decided to found the Military, Veteran and Family Assistance Foundation to do just this, to do what I am able to help our soldiers reenter their home and local community."

Wagner included an ambitious business plan to take the charity from a $237,000 pilot project in the first year, which ended in August 2006 -- while he was working at Walter Reed -- to a $145 million foundation by 2011. He signed the letter "Executive Director and Founder."

Leita Sosin, an 11-year Army veteran who worked in Wagner's office for two years, said she complained to him and to co-workers about his involvement with the charity. "It really broke me to see what he was doing," said Sosin, 29, a former Army operating-room technician. "Instead of working with the families at Walter Reed and with us, he spent all his time putting together the Phoenix Project."

Moscow Spencer, a case manager fired by Wagner in October, also complained to her co-workers. "All day long he'd work on his program," she said. "If someone came in to donate money, he would talk to them about his project."

Sosin said the office was overwhelmed by the number of families who needed assistance and who were confused by the complex bureaucracy. "Everyone needed help, but you couldn't get them the help as fast as they needed it," she said. "Someone like me could scream all day about how it was broken, but no one wanted to take the time to fix it."

She also said Wagner was arrogant toward some staff members and families. "People got hurt in the process, whether it be financially or because he promised a lot of things he never followed up on," she said.

In April, Sosin said, she laid out her concerns in a three-page letter to her superiors. She received no response and resigned. Wagner said that Sosin never complained to him and that he had no idea why she quit.

Poverty among soldiers returning from war is not uncommon. While they continue to live on the Army payroll until they return to active duty or are discharged, some experience a substantial decrease in pay when combat pay or hazard pay disappears.

Some Army families breach the poverty line when a spouse quits a job to help the soldier recuperate; the mortgage bill doesn't stop, and they still need to feed their children. Many turn to the generosity of a public eager to prove they have not forgotten the troops' sacrifices. While staff members and soldiers acknowledge that some families take advantage of the plentiful freebies at Walter Reed, many others ask for help only as a last resort.

The assistance center is supposed to be the connection between a soldier's family and private donors. Until recently, it did not accept cash contributions but instead matched families' needs -- for bus or plane tickets, clothing, emergency food vouchers, grants for mortgages or living expenses -- with organizations set up to help.

According to Walter Reed, an average of 14 families a day seek assistance from the center. While it is difficult to quantify the value of donations, the center received $4,500 worth of phone cards in 2006 and handled $1.9 million worth of donated plane tickets. Weightman said the center's staff was recently increased from five to nine employees, with two people assigned to keeping track of the donations, and training has been improved.

The system for receiving donations is often confusing, even for the staff, Weightman said. "There's too much for any one person to know, but depending on the question, they may know [the answer] or direct you to the person who does know it."

Some soldiers go directly to the many volunteer organizations set up to help the wounded. Last year, Wagner began an effort to funnel all requests and donations through the family assistance center. It was a good idea, said Sosin and others, but because Wagner seemed preoccupied, a bottleneck of requests resulted.

"It was really all at the expense of the service member," said Sandra Butterfield, who worked at Walter Reed as an ombudsman for a Defense Department-funded relief organization. "He decreed that everything had to go through him," and it didn't seem to matter if that slowed the process. Officials, she said, "don't understand what it meant to have no money. Family members changed the sheets, empty the bedpan. But they are leaving their homes across the country. . . . Every day I came home angry."

Some families were also angered by the way Wagner treated them.

"The patient care was absolutely wonderful, but the administration was horrible, especially Dr. Wagner," said Maria Mendez, whose 25-year-old nephew, Spec. Roberto Reyes Jr., suffered severe brain and limb damage when a mine exploded near him outside Baghdad. "It was like running around in circles. He was never around."

"They were unprofessional, discourteous and uncompassionate all in one," Mendez said. "I was very surprised. You figure any family who's gone through such devastation, then faces this, to be treated with such unprofessionalism . . . it's like you're putting salt on the wounds."

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Frustrated, Mendez set up an account for her sister, Aida Rivera, Reyes's mother, to pay for her stay at Walter Reed. Rivera eventually got financial assistance from the Army and outside organizations, but she also received a $3,519 bill from Mologne House, a hotel at Walter Reed, for her stay as her son's nonmedical attendant.

Staff members from other offices also complained to the command about Wagner, according to memos obtained by The Post. In one, an employee, who asked not to be named, questioned why a soldier's mother "who had subsisted on dried soups . . . due to her lack of funds" could not get help. Four months after approaching the center, the memo said, the mother had not received the per diem owed her as her child's nonmedical attendant "and has no cash for essentials nor emergencies."

A wife who accompanied her wounded husband, who was based in Germany, said Wagner asked her repeatedly why she did not return to Germany so she could continue working. The woman "reported she felt harassed and bullied but that she held her ground," the employee's memo states.

Wagner said families were often angry at his office, not because it failed them but because they were distraught over their situation. "Their true need is an emotional one. They're going to be angry at somebody. . . . I did my best; no, more than my best."

Army Fixing Patients' Housing (WP)

By Dana Priest And Anne Hull

The Washington Post, February 20, 2007

Walter Reed Army Medical Center began repairs yesterday on Building 18, a former hotel that is used to house outpatients recuperating from injuries suffered in Iraq and Afghanistan and that has been plagued with mold, leaky plumbing and a broken elevator.

The facility's commander, Maj. Gen. George W. Weightman, said Army staff members inspected each of the 54 rooms at the building and discovered that outstanding repair orders for half the rooms had not been completed. He said that mold removal had begun on several rooms and that holes in ceilings, stained carpets and leaking faucets were being fixed.

Walter Reed, the Army's premier medical facility, has turned into a holding ground for wounded soldiers during 5 1/2 years of sustained combat. Almost 700 outpatients suffering from physical injuries and psychological problems live on the 113-acre military post or in nearby quarters. Many linger there for 18 months or longer as they move through the Army's numbing bureaucracy.

A Washington Post series over the weekend described "The Other Walter Reed," where overdoses, suicide attempts and depression among outpatients are the parallel narrative to the spit-polish hallways of the renowned hospital.

Building 18, in particular, symbolizes the indifference and neglect that many of the wounded say they experience at Walter Reed.

Yesterday, Weightman said a broken elevator in the building had been repaired and soldiers were working to improve the outside of the building, including removing ice and snow. The slippery conditions have kept some soldiers in their rooms. A garage door that has been broken for months will soon be repaired as well.

Spec. Jeremy Duncan, whose room has a moldy wall that was featured in one photograph in the Post series, has been moved to another room while workers make repairs. Duncan will be able to return to his room when the work is completed, Weightman said.

Walter Reed and Army officials have been "meeting continuously for three days" since the articles began appearing, Weightman said. A large roundtable meeting with Army and Defense Department officials will take place at the Pentagon early this morning to continue talks about improvements in the outpatient system, he added.

Weightman said the medical center has received an outpouring of concern about conditions and procedures since the articles appeared and has taken steps to improve what soldiers and their families describe as a messy battlefield of bureaucratic problems and mistreatment.

"We're starting to attack how we'll fix and mitigate" some of the problems, he said.

Social workers will now be stationed around the clock at Mologne House, the 200-room hotel on the post where many of the outpatients live. Plans are being developed to better train other staff members who deal with outpatient needs.

The Army will also consider moving some outpatients to its other medical centers throughout the United States and will determine over the next weeks whether more workers are needed at Walter Reed.

Fast-Changing CIA Puts New Emphasis On Recruiting (WP)

By Stephen Barr

The Washington Post, February 19, 2007

At CIA headquarters, iPods are banned. So are cellphones.

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"No personal media things," said Karen Mullet, the agency's chief of employee support.

Workplace restrictions like these are among the smaller sacrifices that CIA employees make on behalf of the nation's security. But a wave of new hires at the agency are very, very tech savvy and, it seems, not shy about their interests.

"They are pushing us to change in ways that, from a security perspective, we might not be ready to change," said Cindy Bower, the CIA's chief of human resources. "They want to use BlackBerrys, and they've got iPods they want to bring in and listen to music."

The new hires also are prodding the agency to improve its information technology systems. "They want it faster and better," said Michael J. Morell, associate deputy director and the No. 3 at the agency. "I think it is a very healthy thing."

Perhaps no federal agency is changing as rapidly as the CIA. The terrorist attacks of Sept. 11, 2001, shook up an intelligence community that had been downsizing since the end of the Cold War. Since then, recruitment and hiring have become a CIA priority.

Forty percent of the workforce has arrived since Sept. 11, 2001. Of the new hires, 60 percent are under age 30, and 85 percent are under 40. One in six have military experience.

"We are bringing in today more people than we ever have before," Morell said. The agency set a record for new hires in fiscal 2006 and is likely to come close to doing so again this year and again in fiscal 2008.

Today's CIA looks like "what we call a double-humped camel," Morell said. Most employees have been employed less than five years or more than 15 years, "and not much in that five- to 15-year period," he said.

Despite criticism and controversy in the months after Sept. 11 from Congress and outside investigators, the CIA has proved to be one of the most attractive parts of government for people interested in public service.

Last year, the agency received 134,000 rÃ©sumÃ©s and is on pace to get 160,000 this year, Morell said. That's up from 39,000 to 63,000 a year before the terrorist attacks.

The CIA reviews every rÃ©sumÃ©, but cannot respond to every applicant. Morell and Mullet said the agency is working to change that.

The agency is increasing its ranks of analysts and operations officers (better known as spies), but also needs engineers and professionals in finance, logistics and medicine.

Getting hired, of course, is not easy. The agency looks for people with language skills who have lived abroad and who are at mid-career with experience in industry. About 60 percent of recruits have overseas experience, and about 40 percent have advanced degrees.

Although a quarter of job applicants say they have foreign-language capability, CIA tests find that only 12 percent are proficient.

The hiring process takes nine to 12 months -- from the time a rÃ©sumÃ© is submitted until a letter of acceptance is sent, setting a start date. Employment offers hinge on receiving security clearances, and about 25 percent do not get them, Mullet said.

The hiring surge is part of a "strategic intent" developed by CIA Director Michael V. Hayden that includes an "analysts forward initiative," aimed at getting more intelligence analysts into overseas positions so they gain regional expertise more quickly, and a "leadership development initiative" to make sure the CIA has people who can manage its changing workforce.

Hayden also has called for enhancing diversity at the CIA, eliminating time in grade as a factor in promotions to put more weight on job performance, and requiring rotational assignments across directorates before promotions.

Senior officials are making progress on reshaping the workforce, Morell said. They have identified jobs that require foreign-language skills, and about half have been filled by officers "with significant language capability," he said. That's an improvement over the past four years, and Hayden has formed a group "to figure out what we can do to make it even better," Morell said.

The CIA is especially interested in hiring people who speak Chinese, Arabic, Korean, Farsi, Dari, Pashtu, Urdu and other "mission-critical" languages.

Efforts to improve diversity are paying off and should make it easier for the CIA to operate around the world, Morell said.

In fiscal 2006, 23 percent of new hires were African Americans, Hispanics, Asian Americans and Native Americans. The CIA also is hiring Arab Americans, Persian Americans and South Asian Americans, Morell said.

Half of the managers are minorities or women, a higher proportion than four years ago. Of Hayden's senior leadership team, 35 percent are minorities or women, Morell said. About 30 percent of station chiefs are minorities or women, up from 20 percent three years ago. "So the trends are in the right direction, but we need to do better," Morell said.

The hiring surge, he said, "puts a huge responsibility on this organization to hire the right people, to train them, to develop them." That, and "how well those folks do, will determine how well this agency does 10, 15, 20 years from now," Morell said. "So we are taking very seriously how we invest in them."

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Even though employees must leave their iPods and cellphones in their cars while at work on the CIA campus near McLean, the agency has not had problems keeping younger workers.

"We have not yet seen the conventional wisdom of the last five years that Generation Xers and Gen Ys are going to job-hop," Morell said.

Power Shifts In Scalia's Favor On Supreme Court (LAT)

By David G. Savage

The Los Angeles Times, February 20, 2007

WASHINGTON — It has been two decades in the making, but this is the year Justice Antonin Scalia, the Supreme Court's most outspoken dissenter, could emerge as a leader of a new conservative majority among the justices.

Between now and late June, the court is set to hand down decisions in four areas of law -- race, religion, abortion regulation and campaign finance -- where Scalia's views may now represent the majority.

In each of those areas, the retirement of centrist Justice Sandra Day O'Connor and her replacement with Justice Samuel A. Alito Jr. figure to tip the court to the right. That would give 70-year old Scalia the chance to take on a role that has largely eluded him: speaking for the court in major rulings.

Scalia is not known for seeing shades of gray in legal disputes; instead, he has favored clear rules and broad decisions.

A series of broad-brush rulings could put Scalia's stamp on some key social issues in the United States. A Scalia-led majority would be likely to outlaw the use of racial guidelines to achieve integration, allow a greater role for religion in public life, uphold stricter regulation of abortion and strike down campaign-funding laws on free-speech grounds.

It is a prospect dreaded by liberals but eagerly awaited by many on the right.

"I'm looking forward to the next 10 to 12 years," said Terry Eastland, publisher of the conservative Weekly Standard.

Although his majority opinions have been few, Scalia's influence has been considerable, especially among lawyers inspired by his championing of "originalism," or strict adherence to the original meaning of the words in the Constitution.

"Justice Scalia has had a bigger impact off the court than on it," said Michael Gerhardt, a law professor at the University of North Carolina. "In his speeches and his opinions, he is trying to reach a wider audience."

Scalia does not grant media interviews, but in recent years he has spoken regularly at colleges and law schools, and he rarely fails to make news with an off-the-cuff comment. When asked to explain his role in the Bush v. Gore decision that halted Florida's recount in the 2000 presidential race, his standard rejoinder is: "Get over it."

"I'm a textualist. I'm an originalist. I'm not a nut," he told students at Claremont McKenna College in Claremont, Calif., earlier this month.

His dissenting opinions have won him "a nearly cult-like following among many conservatives," said author Kevin A. Ring, whose book "Scalia Dissents" contains the justice's writings in a dozen areas of law.

Still, much more than memorable dissents were predicted when Scalia was unanimously confirmed to the high court in 1986. A former law professor, he was seen as smart, witty and charming. Many foresaw him leading a conservative counterrevolution.

But he has never quite lived up to the early promise.

His temperament may be to blame, says George Washington University law professor Jeffrey Rosen in a newly published book that accompanies a PBS series on the Supreme Court. Rosen wrote that Scalia's gruff and acerbic style and his know-it-all manner turned colleagues against him.

His conservative admirers say the blame lies not with Scalia, but with Republican appointees, such as Justices Anthony M. Kennedy, David H. Souter and O'Connor, who turned out not to be true conservatives.

"He is not a split-the-difference type of jurist, and he has needed one extra person on his side," Eastland said.

Even when in the majority, Scalia has written surprisingly few major opinions. William H. Rehnquist, who was chief justice from 1986 to 2005, rarely turned to Scalia, because doing so risked losing the crucial votes of moderates, in particular O'Connor and Kennedy. Often Scalia and his primary ally on the court, Justice Clarence Thomas, wanted to go further.

Last year, there were signs of change. The new chief justice, John G. Roberts Jr., turned to Scalia to write two key opinions.

One concerned whether drug evidence should be thrown out because police, although armed with a search warrant, rushed into a house. Scalia's opinion not only upheld the evidence but also cast doubt on the future of the "exclusionary rule," the doctrine that says judges should exclude illegally seized evidence.

When given a chance to write a decision on wetlands, Scalia's opinion cast aside 30 years of environmental law and largely limited the federal clean-water authority to "navigable" waterways.

In both cases, Kennedy added separate opinions that undercut Scalia's views.

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In sessions that begin Tuesday, this term will give Scalia a chance to make a mark in several areas in which Kennedy usually sides with conservatives.

For example, Scalia has scorned the notion of a strict separation of church and state. Rather, he has said the First Amendment was intended only to bar the government from supporting an official national religion. In his first year on the court, he defended the teaching of creationism in public schools. He has voted regularly since then to allow the government to promote religion in general.

Feb. 28, the court will hear a challenge to the White House Faith-Based and Community Initiatives. A Wisconsin group called the Freedom from Religion Foundation sued, contending the program was an unconstitutional "propaganda vehicle for religion."

The justices will hear the Bush administration's claim that the lawsuit should be thrown out because taxpayers do not have the legal standing to challenge how the president and his advisers conduct their affairs. If the Supreme Court agrees, the ruling could make it much harder for critics to go to court to contest government programs that promote religion.

On other issues, Scalia has argued that campaign finance laws are unconstitutional because they infringe the free-speech rights of donors and candidates.

In late April, the court will hear a new challenge to the part of the McCain-Feingold law that forbids corporations and unions from buying broadcast ads that mention a candidate for federal office within 60 days before a general election or 30 days before a primary. The court could decide the issue narrowly, but a broad Scalia-like opinion could cast doubt on most laws that restrict the raising and spending of campaign money.

Scalia also has called for a strict ban on the use of race by government agencies, including schools and colleges. Without fail, he has voted against affirmative-action policies, but because of O'Connor, the court's majority has stopped short of outlawing affirmative action.

In December, the justices heard a challenge to the use of racial integration guidelines by school districts in Seattle and Louisville, Ky. A decision on that issue, due soon, gives the court's conservative bloc a chance to broadly reject race-based policies.

Also pending is a challenge to the federal Partial-Birth Abortion Ban Act of 2003, a measure that would outlaw certain midterm abortion procedures. The case does not call into doubt the basic right to abortion set in Roe v. Wade, but a broad ruling in favor of the ban could trigger more stringent regulation of abortion in the United States.

Scalia has repeatedly called for overturning Roe v. Wade and leaving it to states to decide whether to permit or forbid abortion.

The heart of Scalia's message is that much of what the Supreme Court has done in recent decades amounts to an illegitimate power grab. The justices overstep their authority when they stretch the Constitution to resolve current controversies, he says. Issues such as abortion, gay rights and the death penalty should be decided by voters and elected lawmakers, not by judges, he argues.

"I'm one who believes the Constitution should be interpreted exactly as it was adopted," he said in a recent speech. "It should be interpreted as it was written -- nothing more, not less."

Liberal law professors say originalism is more effective as a slogan than as a formula for shaping legal opinions. "It is a good for public relations, and it's good to put in speeches, but it doesn't work in deciding cases," Harvard University law professor Mark Tushnet said.

Scalia's critics also say he has not consistently followed his own theory.

For example, Scalia has regularly voted in favor of white males who challenged affirmative-action policies that benefit blacks, Hispanics or women. He has done so on the basis of the 14th Amendment, adopted after the Civil War, which says no state may deny any person "the equal protection of the laws." Originally, the amendment was intended to protect blacks from discrimination by Southern whites.

The Constitution puts no such "equal protection" restriction on Congress or the federal government. Yet, when white contractors sued in the 1990s to challenge federal policies that benefited minorities, Scalia voted to strike them down as unconstitutional, even though neither words nor the history of the Constitution prohibited such programs.

Scalia's use of originalism "tends to persuade those who already agree with him," said Duke University law professor Erwin Chemerinsky, but "it doesn't persuade those who disagree with him."

Grassley Seeks Democrats' Help On Taxes (RC)

By Emily Pierce

Roll Call, February 20, 2007

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In a role reversal, Senate Finance ranking member Chuck Grassley (R-Iowa) has warned that he may block a House-Senate conference on the minimum-wage bill unless he is assured his Democratic colleagues will join him in demanding inclusion of a sizable tax-cut package.

"The contours of the deal should be known if details can't be," a Grassley aide said of his insistence that Democrats agree to pursue a small-business tax package that is much larger than the $1.4 billion House-passed proposal.

When they were in the minority, Democrats threatened to block House-Senate conferences on a variety of bills, charging that the Republican majority would shut them out of the process and produce final legislation with no Democratic input.

Anticipating criticism from Democrats, the Grassley aide pointed out that Republicans agreed to "pre-conference" a large corporate tax package in the 109th Congress — assuring Senate Democrats, for example, that the measure would be revenue-neutral, among other things. Once they secured those promises, Democrats finally allowed the measure to be sent to conference with the House. Before that, Senate Democrats had blocked three votes to end debate on the motion to appoint conferees, the aide said.

This time, Grassley is hoping for a similar outcome for himself. The Senate-passed minimum-wage bill included a much more robust $8.3 billion small-business tax-cut package, but in a Democratic-controlled House-Senate legislative conference, Grassley is concerned that the Senate package could be whittled significantly or eliminated entirely, considering that House Democratic leaders originally balked at coupling their minimum-wage increase bill with small-business tax cuts.

Mindful that Grassley could lead a potential filibuster of one of the Democrats' top legislative priorities, Senate Majority Leader Harry Reid (D-Nev.) has not ruled out the idea of pre-conferencing the minimum-wage-hike bill, and he has been talking actively with Republicans on how to proceed to conference, said Reid spokesman Jim Manley. Reid has said he does not believe a minimum-wage bill could receive Senate approval without a package of small-business tax breaks.

It remains unclear where Senate Finance Chairman Max Baucus (D-Mont.) stands on the question of reaching a deal with Grassley on the scope of the bill before a formal House-Senate conference is convened. A Baucus spokeswoman would not speak directly to the notion of pre-conferencing the bill but said, "Chairman Baucus is going to work with all his colleagues — Senate and House — to craft final legislation that can move through the Senate and get a minimum wage increase."

House Ways and Means Chairman Charlie Rangel (D-N.Y.) likely will react coolly to Grassley's gambit, given that Rangel generated the smaller House tax package only under pressure from House Democratic leaders after vigorously arguing that majorities in both chambers would support a "clean" minimum-wage increase.

Even after drafting his tax bill, Rangel accused Grassley of "hold[ing] the minimum wage bill hostage unless we passed $8 billion in tax cuts for business. ... If they would remove the threat of filibuster, it would pass both houses without the $8 billion tax cut." Rangel made the comments Feb. 15 on PBS' "NewsHour with Jim Lehrer."

A Rangel spokesman would say only, "He believes that [they] can figure it out in conference."

Senate Republicans are wary of the political and public relations pitfalls of appearing to block completion of a minimum-wage bill, if they back Grassley in any floor fight.

GOP Senators are still feeling the sting of being blamed for the impasse over that chamber's Iraq debate, several Republican sources said.

"For Republicans to hold together ... there also has to be some political pressure to counter what the press is writing," said one Senate tax aide. "The merits of what [Republicans] are fighting for just aren't getting reported."

The aide added, that "Republican Senators need a sense of how it's going to play out" if they vote to block conferees.

In addition, lobbyists for small businesses and restaurants need to "step up and keep the heat on Republicans and Democrats to pass tax cuts. ... They could be a very powerful grass-roots force," the aide said.

Given the gamesmanship over the bill, "Republicans need to sit down and figure out where their guys are on the House [tax] bill," said one source who closely follows the House and Senate tax-writing committees.

Because Republican intransigence on the minimum-wage issue was used successfully against many GOP incumbents in the 2006 elections, politically vulnerable Republicans may feel pressure to accept the smaller House tax package just to get the issue off the front pages, the source noted.

However, the source doubted enough GOP Senators would be susceptible to splitting with the party to reach the filibuster-breaking 60-vote threshold.

The Republican "leadership assumes that maybe five or six would be for the House bill, but not 10," the source said.

Fed Chief Warned On Inflation Target (FT)

By Krishna Guha In Washington
Financial Times, February 20, 2007

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It would be a "terrible mistake" for the Federal Reserve to adopt any form of inflation target to guide its interest rate decisions, Barney Frank, the Democratic chairman of the House financial services committee, has told the Financial Times.

Mr Frank, whose committee is one of two in Congress charged with oversight of the US central bank, said such a target "would come at the expense of equal consideration of the other main goal, that is employment".

His comments come as Fed policymakers enter the later stages of a far-reaching strategy review that has included detailed debate over the merits of adopting an inflation target.

Ben Bernanke, chairman of the Fed, believes that the bank would be better off with a relatively flexible inflation target – one that would be achieved on average, rather than within a specific time, giving maximum latitude to respond to output shocks.

However, Fed watchers say that, in order to make any such change, Mr Bernanke would need at least the tacit consent of key figures in Congress. Mr Frank's unequivocal statements suggest this consent will still be difficult to secure even after generally favourable congressional hearings last week.

In an interview, Mr Frank told the FT that Mr Bernanke "has a statutory mandate for stable prices and low unemployment. If you target one of them, and not the other, it seems to me that will inevitably be favoured."

Mr Frank noted that Alan Greenspan, the former Fed chairman, always resisted an inflation target on the grounds that it would reduce his operational flexibility.

"I think Alan Greenspan was right not to do that in the 1990s," Mr Frank said. The lack of a formal inflation target helped Mr Greenspan probe how low unemployment could fall without generating inflation.

Advocates of an inflation target at the Fed say it is important to distinguish between the relatively rigid form of target used, for instance, by the Bank of England, and the relatively flexible form favoured by Mr Bernanke.

Mr Frank, though, said he would not support even a flexible target "without equal attention to unemployment also". He agreed that Mr Bernanke and his colleagues probably had an implicit inflation target in mind already, but said it would be dangerous to make it explicit.

"I think when you make it more transparent you enhance its importance," Mr Frank said. "No question he has something in his head. But when you make it public you lose flexibility."

Mr Frank said he would listen to the Fed chairman's arguments, but suggested he was quite firm in his views. "I am always willing to talk to him," he said. "But he is as likely to change my mind as I am to change his."

Women Post Job Gains, Data Show (WSJ)

By Dean Treftz

The Wall Street Journal, February 20, 2007

WASHINGTON -- Women took on slightly more than half of U.S. jobs created in the first part of the decade and made gains in securing the most lucrative openings.

Women posted a net increase of 1.7 million jobs paying above the median salary, while men gained a net increase of just over 220,000 of such positions, according to a Bureau of Labor Statistics report for the years 2000-2005.

Overall, men gained 1,804,000 jobs and women 1,996,000, or 52.5% of the total increase, for the period studied.

Women outpaced men in obtaining work that pays in the top quarter of all jobs, primarily positions in the health-care, financial and managerial fields, according to the report. At the end of 2005, 1.1 million more of those jobs were held by women, while 200,000 fewer men held such jobs as widespread layoffs cut manufacturing employment. But the wage gap persists: In 2005, the median weekly pay for women was $486, or 73% of that for men -- $663.

The BLS report3 by economist Randy Ilg found that from 2000 through 2005, service jobs accounted for the largest portion of the net 3.8 million increase in wage and salary positions. Most of the 2.3 million service positions were in food preparation and service, health-care support, and personal care and service, with four of five of those jobs paying below the 2005 overall median of $577 a week.

During the study period, 1.9 million above-the-median manufacturing jobs were lost, the bulk of which -- 1.4 million -- had been held by men. Meantime, the number of construction jobs grew by nearly one million. Though construction is often thought of as providing higher-earning jobs, the report showed construction work accounted for many of the new, lower-paying jobs filled by men.

Jared Bernstein, an economist at the Economic Policy Institute, said an increase in unskilled, immigrant labor might explain the downward trend in construction wages.

Many lower-end office jobs disappeared with new technology and employer belt-tightening, Mr. Bernstein said.

In trying to figure out whether the economy primarily has been adding low-paying jobs, many economists looked only at what industries provided job growth, and from that they estimated how good those jobs were based on the previous median pay

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within a specific industry, Mr. Ilg said. That approach, he said, could be problematic, explaining that "the amount of information you can glean from that [data] is limited because you are looking at one figure for an industry."

Building Slump? Not On The Commercial Side. (CSM)

By Ron Scherer

The Christian Science Monitor, February 20, 2007

NEW YORK

The residential housing market may be hibernating this winter, but hard hats around the country are increasingly busy setting I-beams and rivets on new towers, warehouses, industrial parks, and retail space.

Residential construction fell 2 percent last year, but private commercial construction rose 16 percent, and public construction was up 10 percent, according to the US Census Bureau. The last time the business was this strong was seven years ago, says Kenneth Simonson, chief economist for the Associated General Contractors.

Behind the commercial-construction push is a combination of powerful economic forces: For one, gigantic investment pools – some from overseas – are looking for places to invest. Also, an enormous growth of imports into the United States is spurring a rush to build new warehouse space. Moreover, developers are building new communities that offer environmentally friendly spaces to work and require less commuting time. These complexes also offer nightlife and restaurant options.

In some areas, commercial rents are rising, reflecting the growing demand for first-class office space. "There is a shortage of space in various markets around the country," says Alan Beaudette, chairman of the National Association of Industrial and Office Properties in Herndon, Va. "A growing economy justifies new industrial and retail projects."

Indeed, some construction specialties were soaring last year. Construction for new hotels was up 52 percent compared with 2005, according to preliminary figures by the US Commerce Department. Likewise, factory building rose 20 percent, and office building 18 percent<b/>.

The pickup is so strong that it has absorbed many workers who had been involved in residential construction. Last month, for example, while 80,000 jobs were lost in residential construction, commercial contractors hired 180,000 workers.

That's no surprise to Brian O'Neill, chairman of O'Neill Properties Group in King of Prussia, Pa. "We're targeting workers who have been building houses. We're happy to have them," he says.

Mr. O'Neill expects to do $1.6 billion in business this year – double his best year ever. Some of his projects are typical of the vibrant construction economy: He's building offices for technology companies, healthcare providers, and consultants. In Malvern, Pa., which used to have a steel mill, his company is erecting a mixed-use community that will total 1.6 million square feet.

The business is now so good that some construction executives are worried. "We are always concerned when there is so much money out there, it entices people to build what should not have been built in the first place," says Mr. Beaudette, who is also senior vice president of Lowe Enterprises Real Estate Group in Irvine, Calif. "[Five to 10 years ago], it was easier to find high teen returns on your investment, and that is now more difficult."

In fact, the commercial construction market is driving up the price of essential building materials such as cement, steel, and gypsum. And it goes beyond commodities: There may even be shortages of contractors who can handle complex projects, says Bill Scott, executive vice president at Linbeck Construction in Houston.

"Clients want more individual control, more capability, and flexibility, which adds complexity to how buildings are planned," he says. "There is going to be a shortage of good contractors for highly complex projects."

For example, his company, which normally does not build warehouses, is erecting a large warehouse in the Port of Houston for a long-term client. "It's being planned so the client has great flexibility to rent to a wide variety of people – and that means complex lighting and fire protection," he says.

The Houston project is just part of a huge explosion of warehouse construction. In the Port of Houston alone, some 3 million square feet of new space is being added, Mr. Scott says. "It's all part of the drive to get goods unloaded from ships and moved across the country."

Even some parts of the country where construction has lagged in the past are experiencing a boom. That's the case in Denver, says Michael Brendle, a design principal at the architectural firm RNL. A 22-story tower and five-story building – both being built to "green" standards – are going up in the downtown area. The developer is building them on "spec" – that is, without major tenants signed up in advance. "It shows a lot of confidence in the market," says Mr. Brendle.

One of the hottest building concepts is mixed-use development. Cheri Morris, CEO of Hedgewood Commercial Properties, is involved in a $50 million restoration of Woodstock, Ga., outside of Atlanta.

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Like many new projects today, Woodstock is trying to use "sustainable" principles. For example, Ms. Morris says, "We feel every resident should be able to get into the village in a five-minute walk." In addition, homes are placed on smaller lots, leaving more room for common space. The completely remodeled village is scheduled to open by December of this year.

For Investors, Strong Enough Is Good Enough (WSJ)

By E.s. Browning

The Wall Street Journal, February 20, 2007

It is the kind of surprise investors love to get: The economy seems to be just a little stronger than most people expected. Not enough to worry anyone; just enough to push stocks higher.

Data on items such as fourth-quarter economic growth and consumer spending have come in a tad better than markets expected late last year.

As a result, the Dow Jones Industrial Average has continued its steady rise, and stocks that do better in a strong economy have been among the leaders.

The Dow Jones Transportation Average, which sagged late last year amid worries about an economic slowdown, has become a leader again. Smaller stocks, which depend more than big ones on the ups and downs of the economy, are back on the rise, with middle-size stocks among the big gainers.

The mood is downright bullish.

"The economy is operating in a very sweet spot," says David Kotok, president of money-management firm Cumberland Advisors in Vineland, N.J., which manages $850 million in stocks and bonds.

Amid solid growth with minimal inflation world-wide, the world's stock markets are feeding on one another's success. "With a little bit of good news, the surprise could be that they could work their way a lot higher," Mr. Kotok says.

That kind of optimism has powered stocks higher since July. Skeptics, who have been wrong so far, point out that things look so good that it would be hard for them to get better. Few money managers see signs of any serious trouble, and that is a disquieting sign of complacency to some of the most skeptical investors. Some predict small gains, some predict big gains, some predict small declines -- but almost no one sees a big decline on the horizon.

Investors have heard such warnings for months now and, by and large, they have ignored them -- to their profit. Some see the sweet spot continuing for months or even years, with the economy resilient and the inflation rate moderate. If the skeptics are right, it would be time for a pullback.

Neither the Dow industrials nor the Standard & Poor's 500-stock index has seen as much as a 2% pullback from a high since July 14 -- the longest period without such a pullback since 1954. The markets are getting "positively giddy," says Russ Koesterich, senior portfolio manager at Barclays Global Investors in San Francisco. He sees a pullback coming.

"You have to question whether for the short term this is a good time to be putting money to work," he says.

He worries that, because of the economy's strength, inflation could pick up. That could force the Federal Reserve to raise interest rates. Higher rates hurt corporate profits by raising costs for businesses and consumers, and a Fed rate increase could send major indexes down 10% or more, he says.

So he likes "defensive" stocks, such as those of health-care and household-products companies, whose steady businesses keep them stable in most economic and market conditions. He likes European stocks. He worries that smaller U.S. stocks, among the big gainers, could fall harder than large ones on any bad news, because they are more volatile and more dependent on good economic news.

Janna Sampson, director of portfolio management at OakBrook Investments in Lisle, Ill., adds that inflation has remained tame in part because oil prices fell back last fall from summer highs. If they stay down, inflation probably will remain under control, and the Fed probably can avoid raising interest rates, she says. She thinks that is likely. The risk is that no one, including the experts, is very good at predicting the price of oil.

"I don't think the Fed has a much better handle than I do on oil prices," Ms. Sampson says.

She is focusing her investments on companies that will be able to pass on higher prices in case inflation stays high, such as Waste Management Inc. and Automatic Data Processing Inc. She says she doesn't think the market will stay tranquil.

"I think we are going to have a lot of volatility based on what people think the Fed will do and how fast the economy is growing, and what oil prices are doing," she says, although she says she thinks broad indexes will finish the year higher.

There are some investors who think the economy may be less robust than it appears. They point to the most recent data, late last week, showing consumer confidence, housing starts, retail sales and industrial production all a bit weaker than expected.

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They think a less-robust economy would be good news because it could induce the Fed to cut interest rates later this year to give the economy a lift. Interest-rate futures markets show investors once again pushing up the odds that the Fed will cut rates later this year. Lower rates would help stocks, just as higher rates would hurt.

That kind of scenario supports "this kind of placid, low-volatility, upward-drifting market," says Jeffrey Kleintop, chief investment strategist at PNC Wealth Management, the investment-advisory arm of PNC Bank in Pittsburgh.

So he isn't buying into the recent gains in stocks of companies that would benefit from a strong economy. He prefers some areas that didn't rise as much last year, such as health-care and technology stocks, which he thinks could catch up.

Some managers add that, if U.S. growth turns out to be softer than it has appeared, foreign stocks could continue to do better than U.S. stocks, especially some of the foreign markets that haven't soared of late.

"We like places like Hong Kong and Japan that have lagged behind," as well as some markets in continental Europe, suggests Max Darnell, chief investment officer at First Quadrant in Pasadena, Calif., which oversees $35 billion in investments.

Stocks Usually Thrive As Presidential Election Nears (USAT)

By Adam Shell

USA Today, February 20, 2007

NEW YORK — The relationship between politics and stock market profitability tends to be most cordial in the year prior to a presidential election.

It is that historical statistical quirk that should provide some solace to investors concerned about another calendar-related anomaly on Wall Street: the fact that stocks have not had a 2% pullback since July 14, a span of 149 trading sessions. That uninterrupted uptrend, says Ned Davis Research, lags behind only a correctionless stretch that ended in 1954.

It's hard to ignore just how well stocks have fared in the third year of the four-year presidential cycle. The last time the Dow Jones industrial average posted a negative return in a pre-presidential election year was 1939, when it fell 2.9% amid brewing World War II clouds, says the Stock Trader's Almanac.

"The only severe loss … occurred in 1931 during the Depression," when the Dow fell 52.7%, writes Almanac editor Jeffrey Hirsch.

The gains are usually of the double-digit variety. Jeffrey Kleintop, investment strategist at PNC Wealth Management, says the Standard & Poor's 500 index has posted average gains of 22% in year three of the four-year cycle. "And," he adds, "never experienced a loss."

That's a key reason Kleintop listed the bullish presidential cycle as the No. 1 thing that "could go right" in his 2007 investment forecast. He notes that the pattern of stellar returns has less to do with the election and more with the tendency of the political party in power to do what is necessary to keep the economy humming.

It often is profitable for investors to be more aggressive in years three and four of a presidential cycle, a 2004 study by Pepperdine University economics professor Marshall Nickles found.

The study, citing data going back to 1952, found that investors who invested $1,000 in the S&P 500 on Oct. 1 of the second year of the four-year cycle — a period in which stocks tend to bottom — and sold on Dec. 31 of the election year would have made money in all 13 election cycles. The initial $1,000 investment would have grown to $72,701 by 2000 had the investor executed the strategy in all 13 cycles. But a person who invested $1,000 on Jan. 1 of the inaugural year and sold on Sept. 30 of year two of the presidential term would have suffered losses in seven of 13 cycles and lost $357.

While Nickles warns that it is risky to "anticipate specific turns in the market," he concludes that "investing for the 27 months before a U.S. presidential election certainly seems to be more profitable than investing during the 21 months after the election."

Job Corps Plans Makeover For A Changed Economy (NYT)

By Erik Eckholm

The New York Times, February 20, 2007

LAUREL, Md. — Over the last four decades, even as failed experiments and partisan disputes took the luster off the war on poverty, the Job Corps, the government's main effort to give poorly educated youths a second chance at a diploma and a trade, was widely seen as one of the few success stories.

But now, as the economy has turned against those with low skills and researchers have questioned the long-term impact of the Job Corps on the lives of its graduates, this remnant of the Great Society is facing an urgent need to reinvent itself.

"Once you could go into the Job Corps and get a G.E.D. and go out and make a living," said Esther R. Johnson, a career executive in the Labor Department with a doctorate in education who took over the corps last March. "You can't do that anymore."

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Dr. Johnson wants the Job Corps to aim higher, helping graduates into careers with a bigger paycheck.

To do that she plans to lengthen the average stay for many graduates beyond the current 11.4 months, improving their reading, math and vocational skills. She also wants trade courses to connect more closely with college programs and emerging industries, and she thinks the corps must double the number of graduates, now just 10 percent, who go on to higher education. All this can be done, Dr. Johnson said in an interview, within a budget flat-lined at $1.5 billion in recent years, mainly by increasing the rigor of courses while cutting other costs.

Bridgette Hunter, 18, illustrates the potential benefits of a program that, if it can fulfill its goals, is needed more than ever. She dropped out of school in Baltimore last March, in 12th grade but many credits short of a diploma. "I was with the wrong people," Ms. Hunter explained.

She quickly realized that her ambitions and behavior were out of sync. By October she had entered the Woodland Job Corps Center here, brushing up on reading and math as she took courses in health care while sharing a dorm room and rising at 6:30 a.m. with a 10 p.m. curfew.

"I want to be wealthy," Ms. Hunter said. "My ambition is to become an R.N.," she added, admitting with a shrug that her notion of wealth was a relative one. "And I knew that sitting around doing nothing wouldn't get me there."

At the center, where 300 students live and work in a sprawl of brick dormitories, classrooms and workshops, Ms. Hunter has already earned her G.E.D. and will soon be certified as a nursing assistant. In newly added services, she has the help of a volunteer mentor, a scientist from Washington who is helping her scout colleges, while outside tutors are helping her prepare for the SATs. Grant money is available for nursing, and she could qualify as a registered nurse after two years in a community college.

Since President Lyndon B. Johnson created the Job Corps as part of his "unconditional war on poverty," two million Americans have passed through its residential centers, which number 122 nationwide, with three more planned.

Despite the corps's high cost to the government — now $26,000 an entrant — evidence suggests it has paid off, increasing earnings and reducing crime.

With prospects for the less-educated getting worse and millions of young people, especially black men, unemployed or stuck in dead-end minimum-wage jobs, salvaging "disconnected youth" has become a prime antipoverty target.

In 2005, 4.4 million youths ages 16 to 24 were neither in school nor working, according to an analysis by Andrew Sum, director of the Center for Labor Market Studies at Northeastern University, who calls this an ominous portent. "How much time you're out of school and out of work in the late teens and early 20s is a strong predictor of future joblessness, poverty and dependence in your late 20s," Dr. Sum said.

Both the government and private groups are looking for answers.

"What to do for very disadvantaged youth is the most perplexing social problem we face, in part because so few of the things we have tried have worked," said Gordon L. Berlin, president of M.D.R.C., a group in New York that evaluates antipoverty efforts.

Along with the Job Corps, the federal government supports a program run by the National Guard for about 10,000 16- to 18-year-old dropouts per year, combining five months of schooling in a military-style camp with another year of mentoring. The Labor Department also contributes $50 million a year to Youthbuild, which with an additional $130 million in private financing runs 226 nonresidential programs for 8,000 students a year. Participants renovate low-income housing as they study.

With better training, high school diplomas or, better, degrees from community colleges, many graduates of such programs, it is hoped, will become chefs instead of hamburger flippers; plumbers, electricians or carpenters instead of pickup laborers; nurses instead of health aides. A newer course at the Laurel center trains students to install cable and other electronic systems.

A study published in 2001 that surveyed Job Corps graduates and a control group, conducted by Mathematica Policy Research for the Labor Department, found that the program led to significant increases in self-reported earnings over four years and to lower arrest rates.

But a second analysis, released by the Labor Department in 2006, was dismaying: only the older participants, those in their 20s when they entered the centers, showed any gains in earnings, and they were slight.

Debate about the studies continues, but the findings helped drive the new effort to rejuvenate the corps.

Of roughly 60,000 low-income youths who enter the Job Corps each year, all voluntarily, three-fourths have not graduated from high school.

In Laurel, students live in college-style dorms. The days are divided between academic study and hands-on work: carpentry students practice building walls and roofs; electrical students wire a mock house.

Nationally, 30 percent of entrants leave within the first two months, either because they break the rules or they do not like the regimented life. Among the rest, 60 percent leave with a G.E.D., a regular high school diploma, certification in a trade or a combination of these.

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Michael Whitfield of Washington said he had a change of heart after quitting school in the 11th grade.

"I got to thinking, is this all I'm going to do for the rest of my life?" Mr. Whitfield recalled as he prepared to leave the Laurel center after nine months, having earned his high school diploma and completed courses in electrical contracting and carpentry.

Now 19, he has been accepted by a two-year college where he will study criminal justice to become a police or parole officer. He credited the Job Corps with helping him straighten up and discover his goals. "I really can't see people making it these days without a diploma," he said. "I was lucky; I had a second chance."

The Real Patriots (NYT)

By Bob Herbert

The New York Times, February 19, 2007

If we could manage to get past the tedious and the odious — like the empty speculation on whether a woman can win, or whether Barack Obama is black enough — we might be able to engage the essential issue facing the U.S. at this point in our history.

And that is whether, once the Bush administration has finally and mercifully run its course, the country goes back to being a reasonably peaceful, lawful, constructive force in the world, or whether we continue down the bullying, warlike, unilateral, irresponsible, unlawful and profoundly ineffective path laid out by Bush, Cheney & Co.

The question is not so much whether a Republican or a Democrat takes the White House in the next election; it's whether the American people can take back their country.

I don't think most Americans are up for perennial warfare. And whatever the polls might say, it's very hard for me to accept that the men and women who rise from their seats and cover their hearts at the start of sporting events are really in favor of dismantling the system of checks and balances, or holding people in prison for years without charging them, or torturing prisoners in U.S. custody, or giving the president the raw power and unsavory privileges of an emperor.

It was Richard Nixon who said, "When the president does it, that means that it is not illegal."

George W. Bush and Dick Cheney, operating behind the mammoth fig leaf of national security, took this theoretical absurdity to heart and put it into widespread practice.

There are, however, many thoughtful Americans who want to stop this calamitous disregard for the rule of law, two of whom I'll mention today — Frederick A. O. Schwarz Jr. and Senator Chris Dodd.

Mr. Schwarz is one of the most decent men I've known. I covered him when he was the chief lawyer for New York City during the Koch administration. He was then, and still is, the quintessential straight arrow.

In the 1970s Mr. Schwarz was chief counsel for the Church Committee (named after its chairman, Senator Frank Church), which uncovered extraordinary abuses and led to historic changes in the nation's intelligence services. He is now the senior counsel at the Brennan Center for Justice at New York University Law School.

To say that Mr. Schwarz is disturbed by some of the things that have occurred during the presidency of George W. Bush is an understatement. In a book to be published next month by The New Press, "Unchecked and Unbalanced: Presidential Power in a Time of Terror," Mr. Schwarz and a colleague at the Brennan Center, Aziz Z. Huq, write:

"For the first time in American history, the executive branch claims authority under the Constitution to set aside laws permanently — including prohibitions on torture and warrantless eavesdropping on Americans. A frightening idea decisively rejected at America's birth — that a president, like a king, can do no wrong — has reemerged to justify torture and indefinite presidential detention."

Undermining checks and balances here at home and acting unilaterally abroad have made us less safe, said Mr. Schwarz. Some of the actions the U.S. has taken "have so hurt our reputation," he said, "that Abu Ghraib and Guantánamo Bay have become in many eyes more the symbol of America than the Statue of Liberty."

Senator Dodd, a Connecticut Democrat who is running for president, has introduced legislation that would definitively bar the use of evidence obtained by torture or coercion, reinstate full U.S. adherence to the Geneva Conventions and restore rights of habeas corpus for certain terror suspects that were stripped away by the federal government last year.

(Habeas corpus is a legal proceeding that allows suspects to challenge their detention in a court of law. To get a sense of its significance, imagine that you were locked up somewhere and were not permitted to show that a mistake had been made, that you were innocent. Imagine that you, or a loved one, were held under those circumstances for a period of years, or forever.)

Senator Dodd said this corrosion of the rule of law has been tolerated primarily because "people have been frightened." As he put it, in an atmosphere of crisis, "the temptation to succumb to the demagoguery of these things is strong."

The senator and Mr. Schwarz, in their different ways, are among the many quiet patriots who are spreading the word that the very meaning of the United States, the whole point of this fragile experiment in representative democracy, will be lost if the nation's ironclad commitment to the rule of law is allowed to unravel.

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Would C-SPAN Count? (LAT)

The Los Angeles Times, February 19, 2007

Once again, Congress is flirting with the idea of censoring violence on TV. Once again, its efforts are misguided.

JUST WHAT, EXACTLY, constitutes a program that's too violent for kids to watch on TV? How about the story of a gun-blasting bounty hunter destroying a neighborhood as he tries to kill or capture his nihilistic offspring? That, after all, is what one sees in Walt Disney's "Lilo & Stitch," a hit movie for … kids, and a perfect illustration of the fundamental problems posed by Congress' flirtation with regulating violent TV programming.

Responding to a request from lawmakers, the Federal Communications Commission has drafted a report outlining what Congress might do to curb excessively violent programs. Objectionably violent shows, it says, could be banned during the hours that children are most likely to be watching TV (6 a.m. to 10 p.m.), just as indecent programming is. Congress could force cable operators to sell channels on an a la carte basis, rather than bundling them into packages that can't be customized. And the difficult task of defining excessive violence could be done by the federal government without violating the 1st Amendment.

There's plenty of evidence that television shows are more graphically violent than ever, both on cable networks and on free over-the-air TV. Simply noting this problem, however, doesn't prove that government censorship can solve it.

Requiring programs such as "24" to be aired after 10 p.m. wouldn't stop kids from watching a recorded version the next afternoon. Nor would it have much effect on the Internet, where networks are posting a growing number of reruns for viewers to watch on demand. And it's hard to imagine Congress barring news programs before 10 p.m., and there's no shortage of violence on the news.

A similar problem underlies the proposal to mandate a la carte cable pricing. It would be a boon to consumers if cable and satellite TV operators did business this way. But even in an a la carte regime, the channels with programming that distresses anti-violence activists are likely to be among the most frequently bought, simply because their programs are in high demand.

What censorship would do is deter networks from airing valuable but bloody shows that don't quite qualify as news, while generating lawsuits over what inevitably will be inconsistent standards for judging violence on TV. Would cartoons be treated the same way as live action? How about realistic historical fare? Would "Saving Private Ryan" get a pass? Then how about "The Passion of the Christ"? What about psychological violence?

The government shouldn't be making these calls; parents should. Online, there's plenty of help for parents trying to identify inappropriate shows for their kids, and there's technology in every TV set, cable converter box and satellite receiver to help screen out violent programming. If they still don't like how much violence their TV is bringing into their home, they should just turn it off.

The 10 Worst Presidents (USNEWS)

By Jay Tolson

U.S. News and World Report, February 19, 2007

Is George W. Bush's presidency shaping up to be one of the worst in U.S. history? You hear the question being asked more and more these days. And more and more, you hear the same answer. With Iraq a shambles and trust in the administration declining, it is probably not surprising that 54 percent of respondents in a recent USA Today/Gallup survey said that history would judge Bush a below-average or poor president, more than twice the number who gave such a rating to any of the five preceding occupants of the White House, including Gerald Ford and Jimmy Carter.

Public opinion is a notoriously fickle beast, of course, which is why historians and other custodians of the long view prefer to reserve judgment until they can speak of their subjects in the past tense. But clearly something about Bush ii has inspired many historians to abandon their usual caution. Meena Bose, a Hofstra University political scientist who has written about presidential ratings, says that the scholars' rush to rank the current president comes out of an acute awareness of the long-term consequences of his policies. "Since it's hard to see how Iraq will work out for the better," Bose says, " it's hard not to pass judgments."

Whatever his reasons, Princeton University historian Sean Wilentz created a minor sensation last year when he published a resounding verdict in Rolling Stone magazine: "Barring a cataclysmic event on the order of the terrorist attacks of September 11, after which the public might rally around the White House once again, there seems to be little the administration can do to avoid being ranked on the lowest tier of U.S. presidents." Bush partisans had a ready explanation for that assessment: liberal bias. But while Wilentz makes no secret of his liberalism, he referred to an informal survey of 415 historians in 2004 in which 81 percent of the respondents stated that the Bush administration would go down as a failure.

Bush's own view of how history will treat him comes across in his frequent allusions to Harry Truman, another famously unpopular sitting president whose reputation rose sharply as scholars began to appreciate his role in laying the foundations for

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America's success in the Cold War. And if Iraq turns out to be a beacon of democracy in the Middle East 10 years from now, there will be a lot of scholars eating crow.

Attempts to rate the Bush presidency are at best premature, but they do raise valuable questions. Is there, to begin with, a scholarly consensus on who America's worst chief executives are? If there were a negative Mount Rushmore, which presidents would have their faces carved into it? What qualities seem to distinguish poor presidencies? And finally, do rankings really help us understand presidential leadership and individual presidencies, or do they, in the words of Princeton University political scientist Fred Greenstein, "divert attention from the full range of presidential experience"?

Credit, or blame, for the first scholarly ranking of the presidents usually goes to Harvard historian Arthur Schlesinger Sr., who conducted a poll for Life magazine in 1948. He asked 55 specialists in American history to rate the presidents as great, near great, average, below average, or failure. Claiming the cellar of that list were Warren G. Harding and, in ascending order, Ulysses S. Grant, Franklin Pierce, James Buchanan, Zachary Taylor, Millard Fillmore, Calvin Coolidge, John Tyler, Benjamin Harrison, and Herbert Hoover.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, February 19, 2007

Don't call the new release Amazing Grace just another political thriller. What was once billed as an educational movie is fast becoming the model for bipartisanship. For weeks the hottest flick in the political and religious underground, Amazing Grace debuts at the White House this week, capping President Bush's focus on Black History Month. "We really think this is a wonderful movie that can inspire a new direction in Washington," says a Bushie.

"Our film shows the good that politics can do," says Erik Lokkesmoe, the film's project manager. Amazing Grace charts the effort of British politician William Wilberforce to end the slave trade 200 years ago with the help of an odd team that included former slave ship Capt. John Newton, who wrote Amazing Grace after finding God. Former Rep. Floyd Flake, now the president of Ohio's Wilberforce University, thinks all his former House colleagues should see it. "They could learn a lesson from it," he tells us. Even though it doesn't hit theaters until February 23, Bush is late to the endorsement parade. A crowd from liberal Rep. John Lewis to conservative Sen. Sam Brownback and groups from the Humane Society to Focus on the Family have applauded it, prompting movie makers to almost yawn at the White House invitation. "We find that these kinds of invitations and opportunities are everywhere," says Lokkesmoe.

This Supreme Court Stuff Is Hard Work

He didn't use the word lazy, but that was Sen. Arlen Specter's suggestion when he asked Associate Supreme Court Justice Anthony Kennedy if taking two months off in summer limited the number of cases heard by the high court. "I don't think my colleagues would say we are under-worked," says Kennedy. "We are very proud that we get work done every year on schedule and on time. Our docket is 100 percent finished on July 1st," he explains. "The only way we can do that is by taking two months to read and recover and so forth before we come back."

Shaming Those Wimpy D.C. Drivers

OK, so Washingtonians can't drive in the snow. But do we have to be sneered at by smug snow senators like Vermont's Patrick Leahy? On a day last week when a few inches shut down much of the District, Leahy opened a committee hearing with some Green Mountain State chest-pounding. "A little snow's not going to stop us," he bragged at the sparsely populated hearing. "We had 2 feet of snow overnight," he says of his home state. "I'm told that a number of places opened as much as an hour late. It's a new generation, and they go slowly."

Jackie to Joan: Rein In Your Man

Kennedy buffs rejoice: What's thought to be the biggest-ever cache of JFK and Jackie O memorabilia is heading to auction, including a racy letter from Jackie to Sen. Edward Kennedy's former wife, Joan, urging her to rein in her wandering hubby, a life preserver from JFK's sailboat Victura, and the former first lady's own 8-mm movie camera. We've noted auctions by Alexander Autographs before, but this one, online February 24-25 at alexautographs.com, is really rich. Just consider the Jackie-to-Joan letter, worth an estimated $5,000 to $7,000. In the unsigned letter, Jackie tells Joan to take charge of the family and balk when Teddy spends too much time with his siblings or worse. "This is the 20th century-not the 19th-" she pens, "where little woman stayed home on a pedestal with the kids & her rosary." The best part is how the goods became public. Seems a former helper recovered the items from Joan's Cape Cod home and put them in storage. But she forgot to pay the bill; the stuff was auctioned off, and the top bidder is cashing in.

An Immigration Balancing Act (WT)

By Stephen Dinan

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The Washington Times, February 20, 2007

It's usually thought of as the kinder, gentler arm of immigration, but U.S. Citizenship and Immigration Services helps nab an average of five criminals a day, including the occasional murder suspect -- a point that agency Director Emilio Gonzalez underscores when he discusses the USCIS role in the Homeland Security Department.

A little more than a year ago, Mr. Gonzalez took over the agency in charge of granting citizenship, green cards signifying a legal permanent immigrant and visas for work or study. In that year, he has started a pilot program to test a new naturalized citizenship exam, finished off a backlog of millions of benefit applications and created several offices that would put national security first at the agency.

But those who interact most with USCIS say Mr. Gonzalez's tenure will succeed or fail on his latest proposal to increase fees an average of more than 60 percent in order to finish the transformation from a much-maligned 20th-century paper-based bureaucracy into 21st-century streamlined, self-sufficient, services-based enterprise.

"All those people that are out there complaining about long waits, dingy buildings, poorly trained personnel, this is an opportunity for us to take those into account and fix it," Mr. Gonzalez said last week from his office overlooking Massachusetts Avenue and Union Station.

"We have been woefully underfunded, even under the days of [the former Immigration and Naturalization Service] and the Justice Department," he said in defending the proposed new fees. "There's absolutely no way I could in good conscience continue to head an agency that's treading water. We're coasting. And when you're coasting, you're going backwards; nobody ever coasted uphill."

It's a touchy issue that goes straight to the heart of legal immigration and who should pick up the tab for applying.

His proposal is already meeting resistance on Capitol Hill, where some Democrats called on him to rethink how the agency does business.

"Many in the immigrant community see the increase for what it is -- increasing the cost of the American dream, telling those least fortunate among us they probably need not apply," said Rep. John Conyers Jr., Michigan Democrat and chairman of the House Judiciary Committee.

But as a Cuban-born immigrant whose parents brought him to the U.S. as a child, Mr. Gonzalez considers himself an advocate for the immigrant community and says he hopes "to convey that immigration, done properly, works."

And as a former Army officer, he is fond of saying there is a reason that his agency is part of Homeland Security. He takes pride in the fact that his agency turns over an average of five names a day to law-enforcement agencies -- for everything up to and including those being sought on murder charges.

"Those are folks who think they can get away with murder, literally, come in to get a new green card, come in with a wife or girlfriend to help them apply for a benefit. We run a check and find out there's a warrant on these folks," Mr. Gonzalez said.

He has created a special unit to handle difficult national-security cases and also created a benefit revocation unit, which is designed to help officials at the local offices go after those whose green card or citizenship should be taken away.

The balance between security and openness doesn't always strike outsiders as correct, and they let him know it.

"I get hate mail by the hundreds," he said, adding that it comes from both sides of the debate.

Immigrant advocates say they don't see much progress from Mr. Gonzalez's first year.

"I can't say that he's really made his mark yet," said Crystal Williams, deputy director of programs at the American Immigration Lawyers Association. "Certainly, the fees are his first attempt to make a mark, and it's not the kind of mark you like to see."

She said that the "jury is still out" on the citizenship test and that many of the other issues he's trying to tackle are perennial problems that others have failed to solve.

"I'm not seeing an awful lot new here," she said. "Admittedly, he's only the second director of USCIS, but there have been commissioners of INS for many years before him who have tried to address the adjudication side of things before him, and quite honestly, none of them have succeeded."

She also said she's noticed a change that actually seems to have begun after the September 11 terrorist attacks. Before that, she said, adjudicators used to look at applications and see whether the preponderance of the evidence favored approval.

"Now many -- if not most -- of them seem to look at an application and ask themselves, how can I deny this, and if they can't find a way to deny it, only then approve it," she said.

Mr. Gonzalez raised some eyebrows in Miami two weeks ago when he compared the immigration debate in Congress over granting citizenship to illegal aliens to the civil rights movement. In the interview last week, he said he wasn't trying to stir controversy.

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"The comparison is not on the substance but on the scope," he said. "You have legislation that is going to change the lives of millions and millions of people. You have legislation that is going to address individuals that are invisible today yet are standing right in front of us."

'Milestone Of Achievement' On The Hill (WP)

By Lyndsey Layton

The Washington Post, February 20, 2007

At 6 feet 2 inches tall, Lorraine C. Miller cuts a striking figure in the polished hallways of the U.S. Capitol. Last week, the woman with regal bearing gained another, more lasting distinction. She was sworn in as clerk of the House of Representatives, the first African American to hold the seat since it was created in 1789.

"This is another milestone of achievement, not just of black people but of all people," said Thomas Tyler, who directs the senior choir at the Shiloh Baptist Church in the District, where Miller sings first alto.

House Speaker Nancy Pelosi (D-Calif.) tapped Miller for the job, citing her work ethic, knowledge of the Hill and ability to make connections across party lines, in addition to her trailblazer status.

"I was the first woman, and I had a responsibility to do other firsts," Pelosi said at a recent reception honoring Miller. "I've done a lot of things since I became speaker, but none have given me more pride and been more thrilling to me than to swear in Lorraine Miller."

Miller had been among Pelosi's senior advisers. After the Democrats won control of Congress in November and it was clear that Pelosi would ascend to the House speaker's job, members of her staff began lobbying for various appointments. All except Miller.

"I sought her out and asked if she wanted the job," Pelosi said. "That speaks to her modesty, that she didn't put her name out, that I had to ask her if she was interested."

She was, of course.

The clerk runs the day-to-day operations of the House of Representatives, handling everything from stationery supplies to the voting process on the House floor to managing the page program. She said she intends to put special focus on the page program, which has been plagued by scandal, with former Rep. Mark Foley (R-Fla.) resigning after sending inappropriate computer messages to male former pages.

The nonpartisan office oversees nine divisions that employ 276 people. It pays $163,700 a year and comes with one of the best offices in the Capitol, boasting a commanding view of the Mall and the Washington Monument.

But Miller's rise to become an officer of the House did not begin with great promise.

She started her working life as a high school government teacher in Fort Worth. She was more intrigued by politics than teaching, however, and once a year for 10 years she wrote to then-Rep. Jim Wright (D-Tex.) and inquired about openings on his staff. Each time, she received a standard rejection letter.

Eventually, she moved to Washington, enrolled in a graduate program at American University and campaigned until she landed a job in Wright's office. "She doesn't take no for an answer, so you might as well save time" is how Pelosi described Miller's tenacity.

In her first two weeks in Wright's office, Miller answered telephones until one day a caller asked for the chief of staff. Miller said he was unavailable. "Tell him it's Jim," the caller said. "Jim who?" she asked.

She was reassigned shortly thereafter but quickly memorized the sound of Wright's voice. She developed a habit of memorizing the voices of House members and now can identify most by voice, Republican or Democrat.

Miller worked for Wright for 11 years, including while he was speaker. She also worked for another speaker, Thomas S. Foley (D-Wash.), as well as Rep. John Lewis (D-Ga.). She worked for two years in the White House during the Clinton administration as deputy assistant to the president, serving as his liaison to the House, and joined the Federal Trade Commission and later the Federal Communications Commission.

She still owns a house in Forth Worth, where she returns once a month, as well as her family's cattle farm in East Texas. "I love going down there," she said of the farm. "The smell of cow manure and pine needles. It's so relaxed, so different from life here. The only worry is what are you going to bring to the church social."

Though she maintains her Texas roots, and cheers for the Dallas Cowboys, Miller has made connections in the District. Since 2004, she has served as president of the D.C. chapter of the NAACP.

Family, fellow churchgoers and a large contingent of friends from Fort Worth, including two Texas state legislators, toasted Miller at the evening reception. Several wore yellow roses, as in "The Yellow Rose of Texas," pinned to their lapels.

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"She will now have two names -- Madam Clerk and Poopie Pie," said Miller's sister, Marietta. The two women call each other best friend and share a house in LeDroit Park, where Marietta says it is not unusual for Lorraine to return from work at 2:30 a.m.

Miller is so garrulous that she repeatedly interrupted her own remarks at the party to call out to familiar faces in the room. "If a young person could look at my journey and feel inspired to achieve . . . Hi, Ernie," she said. "Hi, Dwight -- I remember Dwight when he attended dental school at Howard. He worked at Church's Fried Chicken. He makes grand theft money now," she told the howling crowd.

NASA Goes Deep (NYT)

By Carolyn Porco

The New York Times, February 20, 2007

AFTER years of spending our nation's space budget building an orbiting space station of questionable utility, serviced by an operationally expensive space shuttle of unsafe design, NASA has set a new direction for the future of human spaceflight. Once again, we have our sights on the Moon ... and beyond. We are finally, bodily, going to make our way into space, this time to stay.

It is an opinion long and widely held within the space-exploration community that the Nixon administration's termination of the program that built the Saturn V Moon rocket was a gargantuan mistake.

One of the biggest challenges in exploring space is propulsion — that is, getting from point A to B efficiently, safely and quickly. And when the cargo is human, the challenges are even greater. One of our crowning technological achievements during the 1960s was the Apollo program and, in particular, the development of the Saturn V rocket. The Saturn V was the largest, most powerful vehicle the United States had ever built. It had a launching capacity more than five times greater, a developmental cost 25 percent lower and a build-and-operate cost less than half of that of today's space shuttle.

In those early days, the possibilities for human space travel were intoxicating. Back then, NASA plans called for an aggressive integrated human flight program that would expand on the developments of Apollo: the establishment of a 50-person lunar base, a 100-person Earth-orbiting space station and human landfall on Mars, all by the mid-1980s. Those plans also included a 50-person semi-permanent Martian base by the end of the 20th century. Instead, we went nowhere.

Why? Because, largely for political reasons, we renounced the Moon, abandoned Apollo and the Saturn V and retreated to low Earth orbit, where we've spent the last 25 years going around in circles.

The cost to the nation of this misstep was enormous. For starters, we lost an investment, adjusted for inflation to 2007 dollars, of $160 billion. That was the cost to get to, land on, walk on, drive on and otherwise explore the Moon. (Of that amount, $29 billion, in inflation-adjusted dollars, was the approximate cost of the Saturn V.)

What's more, the production facilities for the Saturn V and the other lunar exploration components, like the command and lunar modules, were all closed. At that point, we lost both the technological means for human deep space exploration and the collective knowledge of tens of thousands of engineers and scientists trained in human spaceflight.

Equally troubling is what we put in place of Apollo. The $38 billion developmental cost of the shuttle has gotten us nowhere in the solar system fast. And the International Space Station could have been built with only half a dozen Saturn V launchings instead of the more than two dozen shuttle trips that will be required to finish it. The bottom line: a colossal misuse of funds and a disheartening lack of progress and loss of time.

The termination of the Saturn V program also had a stifling effect on the robotic exploration of other planets. In essence, we lost the ability to deliver larger, and in some cases faster, payloads elsewhere in the solar system.

Take, as an example, the 5,600-kilogram Cassini spacecraft, which was launched in 1997 and is now in orbit around Saturn. Its launching was timed so that after spending two years looping around the inner solar system to pick up speed, it could rendezvous with massive Jupiter for an additional boost that would send it to Saturn. All told, its flight time took seven years.

Had the Saturn V, modified with an appropriate fourth upper stage, been used to launch Cassini directly to Jupiter first, its flight time to Saturn could have been cut by more than half. In space, as on Earth, time is money, and the money saved could have been spent elsewhere.

Alternatively, for the same flight time, a vehicle of greater launching capacity can deliver a heavier payload. Take as an example the 480-kilogram New Horizons spacecraft, launched over a year ago to fly by Pluto in 2015 and eventually to explore the Kuiper Belt of icy debris that lies beyond it. Had it been launched on a modified Saturn V rocket, New Horizons could have carried a payload that was 15 times heavier and far more scientifically capable.

In the end, instead of having a ubiquitous presence throughout the solar system, humans haven't set foot on the Moon in 35 years, and even our robotic explorations in that time have been throttled because we deliberately reduced our access to deep space.

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Today, however, NASA is again looking up and out. Vigorous efforts are under way to complete the space station in order to fulfill international commitments that would be unwise to violate. When that is done, the plan is to retire the space shuttle in 2010 in favor of a new program to return to the Moon, with a party of humans, by 2020. A mainstay of this program is the Ares launching system, capable of sending 65 metric tons to the Moon — exceeding the capacity of the Saturn V by more than 40 percent.

The official plans call not for flag-planting and grab-a-few-rocks-and-go but, by 2025, a solar-powered, human-tended, continuously inhabited research outpost rising from either the north or south pole of the Moon, where sunlight is persistent and water ice may be present. Sustainability, made possible in part by the use of lunar resources, is one goal. Another is on-site preparations for a push to the next outpost, Mars.

And human spaceflight is not the only enterprise to benefit. Robotic reconnaissance, which by necessity must precede the dispatch of humans, has been ongoing for nearly 50 years. In that time, all the simple things have been done. Future missions to the planets and their moons will be more ambitious than anything yet tried.

As one example, imagine what our future robotic travels around Saturn might be like. The Saturn planetary system includes Titan, a cold Mercury-sized moon with a dense, organic-laden, hazy atmosphere and a strangely Earth-like, variegated surface sculptured by winds and hydrocarbon rains. It also includes Enceladus, a moon one-tenth the size of Titan, whose jets of water vapor and fine icy particles extend thousands of miles into space and may very likely erupt from organic-rich liquid water reservoirs just below its surface — making this satellite arguably the most promising target we have available to us for astrobiological investigation.

A scientifically comprehensive mission to this part of the solar system, using Ares and a Cassini-like trajectory to Saturn, could easily include several exploratory vehicles. One would be a Saturn orbiter far more capable than Cassini. This vehicle, in turn, would be large enough to carry and deliver a fully equipped balloon-borne scientific payload to float through the atmosphere of Titan and study its surface up close, and an Enceladus lander with equipment that could determine the moon's physical properties and ascertain whether or not pre-biotic chemistry, and perhaps life, has arisen there.

In other words, robotic exploration, and the insights that will be gained from it into the character, development and evolution of planetary bodies and even life itself, will be taken to new heights and, in turn, pave the way for the eventual arrival of humans throughout the solar system. Anyone up for an extreme excursion to the Enceladus Interplanetary Geyser Park?

All told, the subtext is invigorating and unmistakable: Humanity's future need not be confined to mere survival on our home planet. Other worlds beckon, we know how to reach them and we will once more be outward bound.

And we will not be alone. China, India and Russia, all eager to be or remain prominent players on the world stage, have independent plans to stride the lunar surface. And Australia, Canada, Japan and the member nations of the European Space Agency will be pooling their resources with us in the return to the Moon — a circumstance that will bring the cost of the effort to any one nation within reason.

THIS won't be a space race so much as a global exodus undertaken by an international community. And peaceful cooperation among nations, as a tangible means to build strong lasting international partnerships and defuse tensions and conflicts in the future, will be a welcome result.

In hindsight, maybe the pace of progress was predictable. Humans first explored Antarctica in the early 20th century. Decades passed before we had the technology that would allow us to establish a permanent presence. History will indicate the same for our interplanetary forays. Our initial "small step for a man" on the Moon took place in 1969. A half-century later, we will be there anew, to live and work.

To reach that future will require two critical ingredients: adequate financing and a long-term cross-administration commitment that supports steady, uninterrupted progress. Our first reach for the Moon took us from President Kennedy's spoken words to the lunar surface in little over eight years under a budget profile that saw peaks in annual NASA budget of more than $30 billion in current dollars — a shocking number by today's standards and a good measure of how important we then considered the endeavor.

While sustained budgets of that magnitude are out of the question today, what is not out of the question is our ability to pay to keep the goal front and center. We are now spending in Iraq, in a single month, $9 billion — more than half the annual budget NASA needs to stay on course.

Forty-five years ago today, John Glenn Jr. became the first American to venture into orbit around the Earth. Just 9 years old, I knew at that moment that the future would be big and wide, and that I might go places no one had ever been before.

There could be no better way today to encourage an equally optimistic belief in the future than to embark on an odyssey that presents tremendous challenges, demands discipline and rigor, requires decades-long focus, inspires international cooperation, promotes lasting peace, improves life for all and paints a stirring vision of an expanded human presence beyond the Earth. There could be no better way to say: the future is boundless, and it belongs to us.

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OTHER NEWS:

Bipartisan Coalition Pushes For Education Reform (Politico)

By Andrew Glass

Politico, February 20, 2007

Business and civic leaders, worried about the poor preparation U.S. public schools are giving students to compete in the 21st century's global economy, have forged a bipartisan coalition to press for broad education reforms. Some of the first fruits of their new partnership are scheduled to be shown on Feb. 28, when the U.S. Chamber of Commerce and the Center for American Progress plan to unveil their joint platform for change. The project has been in the works since last April.

Their common initiative comes in the wake of a nationwide poll the chamber conducted on how the business community assesses the American education system. In response to one key question, 87 percent of the 571 business organizations that answered the online survey said the current No Child Left Behind requirements should extend all the way through high school.

To qualify for federal subsidies, the law, enacted in 2001, requires public schools to annually measure the reading and math skill levels of students in grades three through eight and at least once in high school.

"It absolutely shocked me when I got those results back," said Jacque Johnson, executive director of education and workforce development at the chamber. "They revealed that there's wide support out there for taking action. There's a pre-election window that's open to extend the provisions with a target date for action in May or June, but that window is likely to close next year if nothing is done."

On Feb. 13, a "Commission on No Child Left Behind," sponsored by the Aspen Institute, released its own blueprint for what Congress should do. Secretary of Education Margaret Spellings said that report, in laying out needed adjustments, reflects "the broad, bipartisan commitment to improving our nation's schools that was behind" the original legislation.

"It was a good optic," Johnson said of the commission's news conference, which Spellings attended. All four major congressional players were there, which Johnson took to be a positive sign. They are Sen. Edward M. Kennedy, D-Mass., chairman of the Senate Committee on Health, Education, Labor and Pensions; Rep. George Miller, D-Calif., chairman of the House Education and Labor Committee; and their respective ranking members, Sen. Michael B. Enzi, R-Wyo., and Rep. Buck McKeon, R-Calif.

"The key people on the Hill want it (the reauthorization) to be bipartisan," Johnson added.

For next week's launch of the education reform initiative, the chamber and the center are presenting their top guns: Thomas J. Donohue, the chamber's veteran president and CEO, and John D. Podesta, the center's president and CEO who was former President Bill Clinton's chief of staff. In addition to releasing the reform proposals, the two groups plan to grade all 50 state education programs, plus that of the District of Columbia, from kindergarten through 12th grade. The idea is to gauge how well today's students are being prepared for tomorrow's jobs.

"We will not rank them," Johnson said, referring to the analysis, which is called "Leaders and Laggards: A State-by-State Report Card on Educational Effectiveness." Johnson said the "report card" would cover nine specific areas, including "academic achievement, the rigor of its academic standards, post-secondary workforce readiness and, somewhat uniquely, a business-oriented look at 'return on investment.' "

Frederick M. Hess, director of education policy studies at the conservative-leaning American Enterprise Institute, acted as a third partner in preparing the analysis. In 2004, he published "Common Sense School Reform" (Palgrave MacMillan). His book begins: "School reform is the province of utopians, apologists, and well-intended practitioners who inhabit a cloistered world where conviction long ago displaced competence."

"My views haven't changed in the last three years," said Hess, who holds a doctorate in government from Harvard.

He'll be joined in a panel discussion on Feb. 28 by Cynthia G. Brown, director of education policy for the Podesta-led center, and Ulrich Boser, a contributing editor at U.S. News and World Report. Arthur J. Rothkopf, a senior vice president at the chamber who was President George H.W. Bush's deputy secretary of transportation, will moderate the discussion; he recently retired as president of Lafayette College in Easton, Pa.

What Can Schools Do? (USAT)

By Charles C. Haynes And Marvin W. Berkowitz

USA Today, February 20, 2007

After the endless headlines involving corrupt politicians, corporate cheats, doped-up sports stars and Internet predators, you might think that the American people would be demanding more character education in schools.

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Think again.

"Good character," like the weather, gets a lot of talk — but too little action. We bemoan the loss of integrity and lack of responsibility in American public life. We decry the numbing statistics about teenage substance abuse, sexual promiscuity and gang activity. We wring our hands over surveys that report widespread cheating in schools and colleges. And then we move on to more important things.

Test scores, for example.

That's right: Standardized test results seem to trump everything else in education these days. No matter how many warning bells are sounded about the crisis of character in our society and despite the long-standing understanding that education is for the whole child, all we want to hear is how each school did on the exam.

Reading and math are important, but if we care about our kids (and our future) shouldn't we be paying more attention to the kinds of human beings who do the math and read the books?

"To educate a person in mind and not in morals," said Theodore Roosevelt, "is to educate a menace to society."

Fortunately, taking academics and character seriously in schools isn't an either/or proposition. Done well, character development enhances academic performance. Just ask Kristen Pelster, principal of Ridgewood Middle School, a rural/suburban school of about 503 students (42% of them economically disadvantaged) in Arnold, Mo.

When Pelster arrived as assistant principal six years ago, Ridgewood had all the marks of the proverbial "failing school": high absenteeism, low academic achievement and a constant stream of discipline problems. Located in a poor community plagued by inadequate housing and meth labs, the school had graffiti on the walls, profanity echoing in the halls and a rusty chain fence surrounding it. It could have been the movie set for Blackboard Jungle.

Working as a team, Pelster and then-Principal Tim Crutchley, who was also new, made a commitment to transform Ridgewood. First, they diagnosed the problem: Students didn't feel as though anyone cared about them or the school.

Then they articulated a vision for "a school where there is caring, a sense of belonging and academic achievement."

Facing angry parents and a dispirited staff, Crutchley and Pelster knew they had much convincing to do. When they first arrived at Ridgewood, dozens of parents had requested that their children be moved to another school. Step One was to clean up the physical environment (the rusty fence was the first thing to go).

Initially, "caring" was a lot like "tough love." Crutchley and Pelster raised the bar on attendance, often going to truant students' homes to bring them to school. They established a "failure is not an option" program that prohibited the giving of zeros for missing work. Students had to make up missing homework during lunch hour. Teachers were required to integrate character education into academic lessons and behavior management.

By the end of the first year, the two leaders had won over a core team of teachers, critical support that, with the help of parents and members of the community, let the school progress.

The Ridgewood activists learned early on that "character education" is far more than slogans or quick-fix lessons about a word of the week. To be effective, character education must become integral to the daily actions of everyone in the school community.

It starts with the faculty. Early in the process, Crutchley and Pelster drove out teachers who didn't show concern for students and recruited teachers who did.

They allocated resources to provide staff development. This modest investment in teacher training — a few thousand dollars — constituted almost the entire cost to implement their plan.

Effective character education is not an add-on, but instead uses "teachable moments" in every classroom. Seventh-grade teacher Kacie Heiken, for example, has her students write and illustrate fairy tales that have a positive moral lesson. The students go to elementary schools and read their stories to classes before donating the books to a local children's hospital.

In American history classes, students study veterans, war and military service, culminating in a school-wide celebration of Veterans Day that includes breakfast and a patriotic slide show for local veterans and their families.

Science students recently collaborated with a local church group to build a nature trail.

Ridgewood's effort extends beyond the curriculum. For half an hour each day, students meet with an adult mentor in small family-like advisory groups. "The advisory helps form strong relationships between staff and student and among students. It creates a sense of being more of a family than an institution," Crutchley says.

But character education at Ridgewood isn't solely, or even predominantly, a top-down process. Daily class meetings include ethics discussions led by students. A one-semester course in "teen leadership" prepares students to take the lead in implementing an honor code and dealing with problems such as bullying.

Parents also play a key role. After all, they have primary responsibility for the moral development of their kids. While some parents have abdicated this responsibility, most want schools to reinforce and model the moral values taught at home. Many

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Ridgewood parents now volunteer at the school, and attendance at parent conferences has risen from 44.5% in 2000 to 75% in 2005.

Today, Crutchley is assistant superintendent of the district and Pelster, now principal, presides over a transformed Ridgewood.

Academic performance is up, disciplinary referrals are down by more than 70%, and the student failure rate has dropped to zero. Attendance has also improved, with the formerly daily home visits for truant students now down to four or five per year.

The rusty fence and graffiti are long gone, replaced by displays of student classwork and high expectations: Ridgewood has been on Missouri's list of Top Ten Most Improved Schools for four of the past five years.

In October, Ridgewood was one of 10 schools and districts in the nation to be recognized as a 2006 National School of Character by the Character Education Partnership.

Ridgewood's turnaround may be unusual, but it is not unique. "Schools of Character," schools that are implementing a comprehensive plan for character education, can be found in school districts across the USA. No study has yet been done on how many schools are providing character education, but the need is clear and the interest is understandably immense.

Ridgewood is a remarkable case study, but the success of character education is well-documented. It works.

Victor Battistich of the University of Missouri-St. Louis, examined all the scientific research of the past 15 years and concluded that "comprehensive, high-quality character education" can prevent a wide range of problems, including "aggressive and antisocial behaviors, drug use, precocious sexual activity, criminal activities, academic underachievement and school failure."

So why aren't all schools doing it? In the early history of public education, developing good character was seen as an essential part of preparing people for citizenship in a democratic society. But in the latter part of the 20th century, many public schools moved away from the traditional emphasis on character and citizenship as American society grew more complex and diverse.

Today, character education is making a comeback. Thirty-one states mandate or encourage character education by statute. While pronouncements by legislatures don't necessarily translate into quality character education programs, it's a start.

Much is at stake in getting this right. At this critical moment in America's history, we need far more than higher math and reading scores. We need citizens who have the strength of character to uphold democratic freedom in the face of unprecedented challenges at home and abroad.

"Only a virtuous people are capable of freedom," is the familiar aphorism from Benjamin Franklin. Less well-known, but worth recalling, is the warning in the sentence that follows: "As nations become corrupt and vicious, they have more need of masters."

Charles C. Haynes is senior scholar at the First Amendment Center in Washington. Marvin W. Berkowitz is the Sanford N. McDonnell Professor of Character Education at the University of Missouri-St. Louis.

McCain: Rumsfeld Was One Of The Worst (AP)

By Bruce Smith, Associated Press Writer

AP, February 20, 2007

Republican presidential candidate John McCain said Monday the war in Iraq has been mismanaged for years and former Defense Secretary Donald Rumsfeld will be remembered as one of the worst in history.

"We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war," the Arizona senator told an overflow crowd of more than 800 at a retirement community near Hilton Head Island, S.C. "The price is very, very heavy and I regret it enormously."

McCain, the ranking Republican on the Senate Armed Services Committee, complained that Rumsfeld never put enough troops on the ground to succeed in Iraq.

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history," McCain said to applause.

The comments were in sharp contrast to McCain's statement when Rumsfeld resigned in November, and failed to address the reality that President Bush is the commander in chief.

"While Secretary Rumsfeld and I have had our differences, he deserves Americans' respect and gratitude for his many years of public service," McCain said last year when Rumsfeld stepped down.

On a two-day campaign swing in South Carolina, McCain fielded questions from the crowd for more than an hour and said the United States can succeed in Iraq with additional troops and a new strategy. McCain has been a strong proponent of using more troops and favors Bush's increase of some 21,500 U.S. forces in the nearly four-year-old war.

"I have been saying for 3 1/2 years that we would be in this sad situation and this critical situation we are in today," he said.

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McCain's bid for president was sidetracked in South Carolina in 2000 after a victory in New Hampshire. George W. Bush won the primary here and went on to win the nomination and White House.

"In life, one of the worst things you can do is hold a grudge," he said. "I felt the important thing for me to do with my life was to move forward after we lost our race. You have seen other people who have lost who mire themselves in bitterness and self pity. That's not what my life is all about."

Some in the crowd were Bush supporters who have not yet decided on a 2008 candidate.

"It's too early to say," said Paul Baker, a retiree from Niagara Falls, N.Y., who has lived in South Carolina about four years. "I'm just going to wait it out and see what happens."

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Why John McCain (WSJ)

By Phil Gramm

The Wall Street Journal, February 20, 2007

Four years ago I decided to quit while I was ahead and concluded my 24-year political career. When I left the Senate, I also left the public policy debate and talking-head role to those actually in the arena. However, because I believe that the 2008 presidential election will be the most important election since 1980, I have decided to rejoin the national debate and exercise my right as a private citizen to express a strongly held opinion about who should be elected, and why.

When the poet Edwin Markham wrote "Lincoln, the Man of the People," he spoke of the gathering crisis and the man sent to "meet the mortal need." For Markham, the gathering crisis was the great Civil War, and the man sent to meet the mortal need was Abraham Lincoln.

Today's mortal need is for a leader who trusts our people enough to tell them the truth about the festering domestic problems that have been swept under the rug for a quarter-century. We need a president who can face up to these problems even as he leads an increasingly reluctant country in a war against a dangerous enemy that will follow us home from any battlefield on which we are defeated.

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Where is such a leader to be found? American history gives us a clue where to look: When the times have required great leaders in the past, they seem to have been there all the while, just waiting to be called. John Adams wrote in his diary in 1774 that "We have not Men, fit for the Times. We are deficient in Genius, in Education, in Travel, in Fortune -- in every Thing. I feel unutterable Anxiety."

Yet, at that very moment, the greatest assemblage of leadership the world has ever known was emerging all around him. We seem, for some reason, to be able to see greatness only in the rearview mirror.

I believe the man we need to meet the mortal need today is here. He is experienced, but has not lost his common sense or his ability to be outraged. His conservatism is not the result of a studied philosophy, but of common sense and personal observation. His name is John McCain. He might not be the right president for all times, but he is the right president for these times.

Today we have an unnecessary budget deficit, the result of wanton waste and dishonesty. John McCain has been a lonely but clarion voice on this issue: "Bills that perpetuate wasteful spending should be vetoed," he says. "Not some of them, all of them. The numbers should shock us; indifference to them should shame us."

This is not a concern he discovered when he decided to run for president. I first heard him say these things when we served together in the House many years ago. To ask if he would really take on the spending establishment that runs Congress is to ask if water will wet, if fire will burn. If you want to end the spending spree in Washington, he is your man.

John McCain understands instinctively that just as "in war, there is no substitute for victory, in peace, there is no substitute for growth." He believes that "the strength of our economy promotes freedom not just at home but in every distant corner of our planet. End growth in America and the lights start to go out all over the world."

The success of the Reagan program taught Sen. McCain that growth requires responsible, limited government and ever-expanding freedom. As he has said, "The answer to deficits is not to raise taxes or repeal the [Bush] tax cuts but to restrain our spending habit. If the federal government can not be funded by current revenues then we must reduce its size."

Others tell us that pigs have wings and we can have it all: more spending, more government, lower taxes and more freedom. John McCain's says that "tax cuts work best when accompanied by lower spending." Yes, he understands that cutting taxes creates the incentive to work, save and invest; and that sometimes you have to cut taxes first to get the economy going and then control spending. But in his common-sense view, as in the immutable laws that govern our world, you can't let government spend it and let the taxpayer keep it for very long. Nothing endangers the Bush tax cuts today as much as the spending orgy that the very proponents of those tax cuts allowed to occur.

Sen. McCain stands tall, and often alone, in his support for free trade against special interests and against the politicians who would risk destroying our economy to win an election. His view is straightforward and ratified by all our national experience: "Free trade is the key to economic growth, and a key to U.S. economic success. We need to stand up for free trade with no ifs, ands or buts about it. We let free trade and globalization be politicized at our own peril."

But he is not blind or callous to the real costs imposed on the few as trade and globalization create prosperity for the many. In his view, "We must remain committed to education, retraining and help for displaced workers, all the while reminding ourselves that our ability to change is a great strength of our nation." But, he adds, "We cannot let fear and the appeals of protectionism lead us backwards."

John McCain is one of the few politicians in America who consistently levels with us about the mounting insolvency of Social Security and Medicare. "We have made promises that we cannot keep. Some day the government will be forced to make dramatic cuts in these programs, or crippling increases in taxes on workers or both." For Sen. McCain, salvaging the social safety net and saving the economy means making the hard choices now to right the current system for those already in it, and building a new system for future workers based on real investments, not empty promises.

Being honest about Social Security and Medicare is a necessary but not sufficient condition for fixing a broken system. Think for a moment about all the possible candidates running for president next year, and then ask yourself this question: Who else has shown any ability to reach across the party divide and build a bipartisan consensus? Who else could lead worried Americans and shame a reluctant Congress into action? Who else would stay on course with political flak exploding all around him, and his political life hanging in the balance? The easy answer is -- no one but John McCain.

Which candidate is best equipped to lead an America at war, with battle lines raging in far away places and on Main Street, where you live? It is in meeting this mortal need more than any other that John McCain stands head and shoulders above the alternatives. Only he has the life experience to know what is really entailed in sending young men and women into combat. With a son at Annapolis and a son in the Marine Corps, he still has plenty of "skin in the game." His life experience and intimate knowledge of defense and foreign policy give Sen. McCain moral authority.

In a democracy, power is useless unless you can use it; what candidate would have more credibility in using power and rallying public support for a long and difficult struggle? Who would be more effective than John McCain in using American military

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power in its highest and best use -- the deterrence of adversaries? A president -- who knows war and has the authority to unite our people to make war when we must -- can thwart enemies, unite friends and win peace. John McCain would be that president.

Greatness seems to visit those who know themselves, what they believe in and why. Abraham Lincoln knew those things. The savior of the union was a protectionist and a proponent of big government projects -- and in the 1850s or 1870s he might have made an average or poor president. But in 1860, Lincoln was the right man for that moment. He was on a mission to save the union, and he did.

The great leader of my lifetime was Ronald Reagan. He knew what he believed in and what he needed to do in 1980, and he meant to do it. He didn't run for the glory of being president; he ran to change America and the world. He didn't just want to hold the office; he wanted to use it.

Over the years there have been issues where I have differed with Sen. McCain. But as I look at the gathering storm that will challenge the next president and imperil our country, not one of those issues is relevant to the task ahead. The presidency is a terrible thing to waste. I believe that if the American people make him president, John McCain won't waste it.

Mr. Gramm is a former U.S. senator from Texas.

In Limbo In Washington, McCain Comes Alive In Iowa (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 19, 2007

Campaigning for Conservatives, He Plays Up Fiscal Discipline

DAVENPORT, Iowa, Feb. 18 -- Former Texas senator Phil Gramm was wrapping up his introduction in Des Moines on Saturday morning when a white-haired man wearing gray slacks and a big, brown leather jacket ambled up the aisle and stopped at the side of the stage, the curl of a smile on his lips.

It was Sen. John McCain.

Back in Washington, McCain has shown little of the exuberance of the Republican outsider who challenged George W. Bush for the GOP presidential nomination in 2000. Now virtually hostage to the success of Bush's Iraq war policy, which he has defended and criticized, McCain has appeared subdued, even dour.

In interviews, the Arizona Republican has spoken almost in monotone, defending his support for sending more troops into battle in Iraq. On NBC's "Meet the Press" recently, his body language conveyed distinct discomfort with the constant attention he receives about the war's potential impact on his presidential aspirations.

But as he campaigned across Iowa this weekend, there were flashes of the old McCain. During town hall meetings in Des Moines, Cedar Rapids and Davenport, he staunchly defended his position on the war, decried a Republican Party that he said has lost its way and punctuated question-and-answer sessions with his particular brand of humor.

"I had my glass of ethanol this morning, and I'm feeling good," he said to ripples of laughter as he delivered his opening remarks to a jampacked audience in a Des Moines hotel ballroom. "I hope you did, too. Tastes good."

When a man said he was serving in the Marines in Vietnam around the time McCain was being held in a North Vietnamese prison camp, the senator interjected, "Why didn't you come get me?"

As the audience broke into laughter, the man responded, "Marines always love to rescue the Navy when they get the chance."

"That's what you get for being a smart [expletive]," McCain said of being turned into the butt of the joke.

A young man in Davenport said pointedly: "You ditched Iowa in 2000. Why should we support you?" The candidate responded, to peals of laughter: "You know, we should never let these young punks in. No respect. You remind me of my own kids."

The ethanol joke was not lost on anyone, either. When he ran for president eight years ago, McCain skipped the Iowa caucuses, saying he did not have the resources to compete both there and in New Hampshire. But many Republicans suspected that his opposition to ethanol subsidies, vital to the Iowa economy, influenced his decision to stay out of the state.

McCain lost that first race for president after a bitter fight with Bush, who proved more adept at appealing to the Republican base. Now back for a second try for the GOP nomination, support for ethanol -- he says it is economically justifiable now that oil prices have risen -- is just one of a number of things he has been willing to swallow to try to win.

The McCain team is focused on building an infrastructure of financial and political support second to none in the GOP field. The candidate himself, whose formal announcement will come next month, is determined to make himself acceptable to Republicans who spurned him the last time around.

McCain's path to the nomination is made less difficult by the absence of a top-tier candidate with the ability to consolidate the conservative base of the party. Former New York mayor Rudolph W. Giuliani is far more liberal on social issues than McCain

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is, and former Massachusetts governor Mitt Romney is struggling to explain his conversion from a social moderate in the 1990s to an ardent conservative now that he is running for president.

McCain advisers believe he can change attitudes among many culturally conservative voters and win the nomination as the favorite of the GOP establishment. On what was McCain's first campaign swing through Iowa since setting up his presidential campaign committee, the differences between 2000 and today were evident.

Seeking the 2000 nomination, McCain ran as a maverick and a reformer, an appeal that played especially well with independent voters. This time he presents himself as the candidate who can restore core principles to the Republican Party, which he says became intoxicated by power before losing its congressional majorities in the 2006 midterm elections.

His message this time is more overtly conservative, and his campaign identifies more openly with the socially conservative wing of the party. McCain and his advisers stress his quarter-century record of support for antiabortion legislation, and when it came time for an opening prayer on Saturday morning, McCain's Iowa chairman, David Roederer, made sure the audience knew that the campaign's Maxine Sieleman, who hosts a daily Christian radio show that airs throughout the state, is "one of Iowa's leading social conservatives."

McCain still has issues with conservative Republicans over immigration and a constitutional amendment banning same-sex marriage, and he supports stem cell research. Some conservatives will have to be convinced that the man who trashed Jerry Falwell and Pat Robertson eight years ago is truly one of them now, although he has patched up with Falwell.

A longtime scourge of pork-barrel spending and a proponent of fiscal discipline, McCain is well positioned on an issue that has gained more currency among conservative Republicans because of the mushrooming spending during Bush's presidency. "I'll veto every pork-barrel bill that comes across my desk, and I'll make the people famous who put it in," he said in Cedar Rapids. "I promise you."

Across Iowa on Saturday, Gramm, who unsuccessfully sought the GOP nomination in 1996 but remains a symbol of fiscal conservatism within the party, helped reinforce that message. "We need a president who will stop the spending spree, balance the budget and make the Bush tax cuts permanent -- and that's what John McCain will do," he said.

McCain's hopes for winning the White House may be tied directly to Iraq. A majority of Republicans agree with Bush's plan to add combat troops there, and neither Giuliani nor Romney has staked out a position different from McCain's or the president's on the preeminent issue facing the country. But as the Senate's leading proponent of the Bush plan, McCain has put himself at odds with a majority of the American people.

"The one thing I'm sure of is, next January when the Iowa caucuses take place, it will be a very different scenario in Iraq than now," he told reporters aboard his chartered plane as he flew between Cedar Rapids and Davenport on Saturday. "So if we're starting to show success, then obviously the fact that I supported this is good. If it continues to deteriorate . . . ." He trailed off. No one needed him to finish the sentence.

When a reporter suggested that his fate ultimately may not be in his hands, McCain replied: "Yep. That's why I can't worry about it and I don't worry about it. There's nothing I can do about it."

McCain Runs A Different Race (POL)

By Jonathan Martin

The Politico, February 19, 2007

DAVENPORT, Iowa -- The jokes were familiar. So was the casual banter with voters who showed up at town hall meetings to meet the candidate. But the contrast this weekend was unmistakable: Sen. John McCain is a different man running in a vastly different moment than the last time he sought the presidency.

In 2000, McCain lost the Republican presidential nomination but established himself as perhaps the most arresting politician of his generation with a rollicking campaign style that mingled startling candor with towel-snapping humor and nearly inexhaustible high spirits.

This weekend in Iowa, McCain's old ebullience was replaced by a mood that seemed to fluctuate between sober and downright morose as he and the voters he met kept returning to a single topic: Iraq.

Nor was the weekend an exception. In recent interviews, McCain has similarly projected a grim and sometimes ashen aura while grappling with a war debate that for now is permeating his candidacy.

McCain made three stops across the Hawkeye State on Saturday while most of his colleagues were back in Washington taking up an unsuccessful motion to continue debate on the resolution on the Iraq troop "surge."

In a jam-packed conference room at the Hotel Fort Des Moines, McCain was met with nine consecutive questions that were a steady barrage of opinions, observations and pleas for action on Iraq and the wider threat of terrorism. McCain expected to discuss a wider range of issues. He said he was skipping glancingly over the Republican hot-button of immigration because he expected it to come up during the questioning. It didn't.

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When it comes to the war, the same candor that energized supporters in 2000 is now virtually assured to leave them depressed. Picking up the mantra from his 2000 campaign, the Arizonan said he'd offer "a little straight talk" about Iraq.

"If we fail, I don't know what the other options are," he acknowledged. "I can give you lots of other options, but I'm not sure they would have the support of the American people."

Pressed by one veteran of the conflict why the success stories in Iraq were not being told back home, McCain acknowledged that there had been progress in some parts of the country. "Having said that," McCain was quick to add, "if Baghdad is on the verge of chaos, Anbar Province doesn't matter."

When Marty Baddeloo of West Des Moines demanded to know the "cost of being successful in Iraq ... rounded out to the nearest $25 billion," McCain replied with the obvious: "You reflect the frustrations many Americans feel," he said.

"In a few months," McCain predicted, "we'll know if the Iraqi government is doing the things we want them to do." But, he admitted, "I don't know how soon we're going to know militarily" if the surge is working.

Another man pressed McCain on what his "Plan B" was in case the additional U.S. troops into Iraq failed to stem the violence. "I promise," McCain responded, "I think about it every day."

It showed. Dressed casually in a brown leather bomber jacket, sweater and gray slacks, McCain deployed his usual mix of corny cracks and jocular repartee with audience members. But the levity was no match for the deeply serious questions that McCain found himself on the receiving end of at his first stop of the day in Des Moines.

Invoking the name of a local National Guardswoman who recently perished in a helicopter crash in Iraq, one Vietnam veteran in the audience put it plainly: "Iowans are dying, too."

Even a man who complained about the high price of his drug prescription prefaced his remarks by noting that he'd lost a grandson in Iraq. At this, McCain lowered his head and closed his eyes tightly.

As Sen. Phil Gramm, the former Texas senator and one-time presidential aspirant reminded each stop along the way in his introduction, McCain has "a son at Annapolis and a son in the Marine Corps."

For the McCain family, in other words, the war is no distant thing. So when the veteran, son of a veteran and father of a veteran to be (Jimmy, the Marine, is slated to deploy to Anbar Province this summer) said that "presidents don't lose wars, political parties don't lose wars, nations lose wars," he was trying to elevate the discussion above politics. But it's difficult to see how McCain's presidential aspirations won't be tied to a conflict that he's linked so closely within the public mind.

For a Republican base that still supports their commander in chief, McCain's outspoken and unyielding support for an aggressive posture in Iraq, the cardinal issue of the day, has the potential to heal old wounds left from his 2000 primary battle against George W. Bush and his conservative allies. But the same views could also torpedo his hopes to win the support of a larger electorate fed up with the continued loss of blood and treasure abroad.

Asked at a news conference following the Des Moines event about whether his support for Bush's plan would help alleviate suspicion from the conservatives who dominate his party's nominating process, McCain wouldn't talk about the politics of the war. "I've said all along that I won't be concerned if it helps me or hurts me with anyone." Iraq, McCain said, "transcends any political ambition I may have."

The next two stops following Des Moines, at equally full banquet rooms in Cedar Rapids and then here along the Mississippi River, brought a broader range of questions, including many about domestic issues. Still, the reality of a war time election continued to loom.

"We're in a very difficult time, a very difficult time in our nation's history and difficult time in other parts of the world, too," McCain intoned.

Trying to add an optimistic note, however, McCain promised that "there is not a single problem that this great nation can't overcome."

And, McCain offered, he could lead the way in such a challenging year. Indeed it took the question of a 7-year-old to bring the candidate closest to talking about the impact of Iraq on his campaign.

"I want to know why you want to be our president," asked Colin, a first-grader doing a serviceable impersonation of Roger Mudd.

Because, McCain replied in the same sober tones he'd sounded all day, "I believe my life has prepared me with the experience and knowledge and vision to lead this country in very difficult times."

Romney Supports 'Don't Ask, Don't Tell' (WP)

By John Solomon, Washington Post Staff Writer

The Washington Post, February 19, 2007

Former Massachusetts governor Mitt Romney (R), who once advocated allowing gays to serve openly in the military, said yesterday that he does not think the Pentagon should change its "don't ask, don't tell" policy in the midst of the Iraq war.

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" 'Don't ask, don't tell' has worked well. We're in the middle of a conflict. Now is not the time for a change in that regard, and I don't have a policy posture as to allowing gays in the military to serve there openly," Romney, a presidential candidate, said on ABC's "This Week."

Romney also addressed his revised positions over the years on subjects key to social conservatives and discussed his Mormon faith. Both are issues that have emerged early in his presidential bid.

"I'm not running for pastor in chief. I'm running for commander in chief," he said, dismissing concerns that his faith might affect his policies by saying all religions share common values as "one family of humanity."

On other key issues, Romney said:

Â· He opposes discrimination against gays and lesbians but supports a federal amendment defining marriage as limited to a man and a woman. "Marriage is primarily an institution to help develop children. And children's development, I believe, is greatly enhanced by access to a mom and a dad," he said.

Â· President Bush's decision to increase the number of troops in Iraq is "the right thing to do."

Â· He believes that "abortion is taking human life." Although Romney ran for the Senate in 1994 as a pro-choice candidate, he said yesterday that the decision on whether abortions should be legal should be left to the states. "There are lots of things that are morally very difficult, and in some cases repugnant, that we let states decide," he said.

Romney's wife, Ann, joined him for the interview. She said she and her husband discussed, before he decided to run, whether the stress of a campaign might aggravate her multiple sclerosis.

"I clearly don't have enormous reserves of energy and I really do hit 'Empty' pretty quickly, and I've got to learn how to manage that," she said.

Romney Defends Position On Stem Cells (AP)

By Henry C. Jackson

AP, February 20, 2007

Republican presidential candidate Mitt Romney on Monday defended his opposition to most embryonic stem cell research despite its scientific promise to cure diseases like multiple sclerosis that afflicts his wife, Ann.

In an interview with The Associated Press, the former Massachusetts governor said he was confident that research on adult stem cells and the existing embryonic stem cell lines could eventually provide the medical answers.

"I believe that science is able to receive the stem cells necessary for research through means that don't represent a serious, moral problem," Romney said.

Scientists say embryonic stem cells hold the most promise and the research may eventually lead to treatment and perhaps cures for diseases such as Parkinson's and juvenile diabetes. Stem cells are created in the first days after conception, but some people such as social conservatives and President Bush oppose the research because days-old embryos — usually left over from fertility treatments — are destroyed in the effort to isolate the cells.

In August 2001, Bush restricted government funding to research using only the embryonic stem cell lines then in existence, groups of stem cells kept alive and propagating in lab dishes. Only about 21 of those lines are available for study, most created in ways that preclude use in humans.

Romney favors work on those lines and said if elected, he would increase funds for research of adult stem cells.

"It avoids all of the moral concerns and therefore presents scientific opportunity without moral dilemma," he said. "And I found no one to dispute the potential of such avenues of exploration that was able to convince me that these did not have merit."

Romney said his wife would play a prominent role in his campaign for president.

"Were she not healthy I would not have run ... " he told the AP. "She is able to manage her disease such that she does not overdo or cause herself physical problem. Were that not the case, we'd have made a different decision. We'd be in the sun somewhere."

Romney ran as a moderate in his unsuccessful bid for Senate in 1994, when he expressed support for abortion rights. He now opposes abortion, a shift that has caused consternation among some conservatives. During a campaign stop in Iowa, Romney said he did not know if the state's voters would support his recent switch on abortion.

"I respond to the questions as they arise. President Reagan was pro-choice as governor and became convinced he was wrong," he told the AP

Romney defended his recent decision to join the National Rifle Association, saying that he has always supported the 2nd Amendment and dismissing criticism that his membership amounts to political opportunism.

"I'm happy to support the NRA. They supported my campaign for governor and I clearly hope they support my campaign for president," he said.

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Romney also defended his decision to vote for Democrat Paul Tsongas in the 1992 Massachusetts Democratic presidential primary.

"We have an open primary where we can vote for people other than Bill Clinton and I voted against Bill Clinton," he said.

Romney has been criticized for voting in the primary, and for giving multiple justifications for his vote. Romney scoffed at the notion that he was giving rivaling justifications for his vote.

"I pulled a Democratic primary ballot, and voted for Paul Tsongas as opposed to Bill Clinton. There was no Republican contest of significance at that time, as I recall," he said.

During his campaign appearance, Romney chided national Democrats for suggesting diplomatic negotiations with Iran, calling it a country with "jihadist leadership" more bent on destruction than the Soviet Union.

"We think of the Soviet Union as being a nuclear superpower that we negotiated with but the Soviet Union was not suicidal, it was not genocidal," Romney told reporters in Sioux City on Monday. "They wanted to maintain their integrity and not ever suffer a nuclear attack. Iran has a different orientation. We have to recognize it as a jihadist leadership with (Iranian Pres. Mahmoud) Ahmadinejad."

The Talented Mr. Romney (WP)

By Richard Cohen

The Washington Post, February 20, 2007

I have been following the zigs and zags of Mitt Romney, the former Massachusetts governor and now Republican presidential candidate, watching him grow progressively less progressive, sort of making himself up as he goes along. As a result, I surf the Web with trepidation, bracing myself for the story that I fear might be coming: "Romney Says He Is Not Really a Mormon."

I joke, of course. But the way things are going, I would not be surprised if the possibility of a Romney religious conversion has gone from inconceivable to a focus group for, as they say, further study. After all, the same bloc of voters -- conservative Christians -- that once found Romney suspiciously liberal on abortion and gay rights does not much like his Mormonism, either. This nice touch of intolerance has got to worry Romney. In recent polls, something like one-third of all voters have said they would be less likely to vote for a Mormon candidate -- and the figure is a bit higher (39 percent) among Republicans. Iowa, where conservative Christians comprise about 37 percent of the GOP electorate, could be trouble.

What's an ambitious, square-jawed opportunist to do? He might do as he has done in the past and change his position. He once was nicely supportive of gay issues -- not marriage, but civil unions -- and of repealing the odious "don't ask, don't tell" provisions relating to military service. Romney once felt so strongly about gay rights that he even went to the left of Ted Kennedy in their 1994 senatorial battle. "The gay community needs more support from the Republican Party," Romney said in an interview that year. And in a letter written in 1994 to the Log Cabin Republicans, he looked forward to the day when gays and lesbians could serve "openly and honestly in our nation's military." That day will not come should he become president, he has said recently. Peering into the homophobic heart of GOP primary voters, Romney now thinks gays ought to stay in the closet. He has changed his mind.

Something similar happened on abortion. Where once Romney wanted it safe and legal, he now clearly just wants it illegal. This metamorphosis came as he studied the issue of embryonic stem cell research and had nothing to do, mind you, with his race for the Republican nomination. Okay, I too have evolved on certain aspects of the abortion issue -- late-term abortion, for instance -- but a total flip from always legal to always illegal (the clear message he's sending abortion foes) can have only one explanation: Potomac fever.

Romney is not the only Republican candidate to mothball principles for the campaign. Rudy Giuliani is now not as pro-choice as he used to be, and John McCain has hired the very mudslingers he once wanted to garrote. But Romney is in a class of his own. He used to have fairly reasonable positions on gun control. Within the past year, though, he joined the National Rifle Association -- an admission made under some duress Sunday to George Stephanopoulos on ABC's "This Week." In fact, to watch Romney on the show was to see a thoroughly counterfeit man. If he were a coin, a vending machine would spit him out.

Of course, I do not really expect Romney to renounce his religion since, among other things, it would cost him more votes than it would gain him. But I do suggest that his craven crawl toward the White House shows a man of obvious talents and experience who illustrates how broken our system is. Why should anyone have to tailor his beliefs to get past ideological bottlenecks in the early primary states? For Republicans, it's the religious right; for Democrats, it's economic pressure groups such as teachers unions. The rest of us can only stand by, helpless, waiting for extremists to pick a man or woman on the basis of issues that mean less to us -- not the war in Iraq, for instance, but gay civil unions.

If there is one thing to say for the system, though, it is that it subjects presidential candidates to a kind of torture. We learn early on which of them have principles, backbone and pride in themselves -- the sort of integrity we want in a president. Since all

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politicians, like lovers and mattress salesmen, lie a bit, we do not expect purity. But Romney has taken things too far. I don't know whether he has any respect for himself, but he sure as hell has none for us.

Obama Tests His Strength In The South (POLITICO)

By Mike Allen

The Politico, February 20, 2007

RICHMOND, Va. – At the annual Jefferson-Jackson Dinner of the Democratic Party of Virginia on Saturday, the Hillary Clinton signs and bumper stickers were free, as were "I'm in to Win" buttons featuring the New York senator. But "Obama '08 Gear" was for sale – T-shirt, $20; button, $10; sign, $5. And he had a lot more takers than she did, suggesting he might be making early inroads in a tough region that once was Confederate soil.

Party officials say their previous record for the dinner was 1,400 seats. But after Sen. Barack Obama of Illinois was announced as the keynote speaker, sales ballooned and the party kept expanding the dinner until it had space for 3,200 at the Greater Richmond Convention Center.

A few hours before the dinner, Obama and Gov. Tim Kaine met reporters on the front porch of the Executive Mansion, which is tucked behind the Virginia Capitol and is the oldest continuously occupied governor's residence in the United States. Obama had campaigned for Kaine, who was now returning the favor by becoming the first governor outside of Obama's home state of Illinois to endorse his presidential candidacy.

Obama had just flown up from a rapturous reception in South Carolina, where the largest newspaper, The State, had made him the banner headline on the Saturday paper: " 'Let's get busy,' Obama urges Columbia crowd." South Carolina's primary is Jan. 29, 2008, putting it toward the front of the pack, just after caucuses in Iowa and Nevada and the primary in New Hampshire.

Virginia's primary is Feb. 12 and with big states like California contemplating moving theirs up to Feb. 5, the nominee could be decided before the Old Dominion chimes in. But Virginia, the 12th largest state, has been getting more Democratic with hordes of newcomers to Northern Virginia and Hampton Roads, although George W. Bush won the state by 8 points in 2000 and 9 points in 2004.

For the endorsement news conference, Kaine and Obama were accompanied by their wives, Anne Holton and Michelle Obama. All four graduated from Harvard Law School.

Suddenly standing next to the coolest kid in the class, Kaine said the next president will "have to reconnect our nation to the nations of the world in a very profound way," and he said Obama "has a very, very unique ability to do that" and would be "a president who will help us get into a politics … that's a lot more about results and about people" than about partisan advantage.

Then it was Obama's turn to speak to the 10 television cameras, from all parts of the commonwealth. "People have been noticing we've been attracting big crowds," he said. "I'd like to say it's just me. But I think I have come to represent, in the minds of some, turning a new page and getting beyond the slash-and-burn, very tactical politics that we've become accustomed to in Washington."

It was overcast and chilly. A few birds chirped. Bob Lewis of the Associated Press, wearing a big hat, asked the first question, noting this "historical moment" in a city that once was the capital of the Confederacy. Lewis asked what the endorsement means about Obama's viability in the South and about how things have changed.

"I have to confess that you may be more eloquent than I am on this point," Obama began. "I think you make a powerful point. Here we are in the heart of what was the Confederacy. For me to be able to stand here as an African-American reflects the enormous progress that this country has made and to some degree represents not the perfection of the Union, but a whole lot of progress in perfecting this Union – one more step that we have taken to live up to the essential creed that Virginia's first citizen, Thomas Jefferson, wrote about in the Declaration of Independence. It's humbling because, as I've said before, I'm standing on the shoulders of an awful lot of people who have done an awful lot of work."

Obama repeated a point he made on CBS's "60 Minutes" – that he won't blame skin color if he loses. "I'm also mindful," he said with Kaine at his side, "that ultimately the decision that voters across America make with respect to who will lead them in these difficult times is not going to be based on symbolism. It's going to be based on who can make sure that America's safe, who can make sure that health care is affordable and accessible, who can ensure that our children are being educated to compete in the world economy – issues that span region, and span race."

Two experts on Southern politics were quite bullish on Barack. Hastings Wyman, founder of the Southern Political Report, said that while Clinton retains her hold on the African-American establishment, which is crucial in Southern primaries, Obama has the most appeal among younger African-Americans. "If public opinion in the black community swings sharply toward him, the establishment will follow," Wyman said. "He has not done that so far, however."

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Larry J. Sabato, director of the Center for Politics at the University of Virginia, says his students “are nuts about” Obama and that among Democratic students, “He’s the only one they’re interested in. He’s like Reagan or Kennedy, with an ability to connect with people individually in a large group. Hillary? Get real. She doesn’t have that. Whatever ‘it’ is, he has it.”

So can we expect to see “Rebels for Obama” bumper stickers on pickup trucks? Don’t count on it, but Obama told the press gathered not far from Monument Avenue, which is lined with tributes to Confederate generals: “Part of my campaign, I hope, is to remind people of the capacity for this nation to change, and to evolve.”

Obama Memoir Left Out Credits For Activism, Critics Say (LAT)

By Peter Wallsten

The Los Angeles Times, February 19, 2007

The drama began with a tiny ad in a local newspaper — a notice that asbestos was about to be removed from the management office at Altgeld Gardens, the all-black public housing complex where young Barack Obama worked as a community organizer.

"You think it's in our apartments?" a worried mother asked.

"I don't know," Obama replied. "But we can find out."

What followed, Obama says in a memoir, was a life-altering experience, an early taste of his ability to motivate the powerless and work the levers of government. As the 24-year-old mentor to public housing residents, Obama says he initiated and led efforts that thrust Altgeld's asbestos problem into the headlines, pushing city officials to call hearings and a reluctant housing authority to start a cleanup.

But others tell the story much differently.

They say Obama did not play the singular role in the asbestos episode that he portrays in the best-selling memoir, "Dreams From My Father: A Story of Race and Inheritance." Credit for pushing officials to deal with the cancer-causing substance, according to interviews and news accounts from that period, also goes to a well-known, pre-existing group at Altgeld Gardens and to a local newspaper called the Chicago Reporter. Obama does not mention either one in his book.

"Just because someone writes it doesn't make it true," said Hazel Johnson, a longtime Altgeld resident who worked with Obama on the asbestos campaign, and who began pushing for a variety of environmental cleanups years before he arrived.

U.S. Rep. Bobby L. Rush (D-Ill.) said it was Johnson's work, as well as asbestos testing conducted by the Chicago Reporter, that sparked the interest of Chicago officials and prompted Rush, who at the time was a City Council member, to launch an inquiry. While he has not read Obama's memoir, Rush, who has been a political rival of Obama's in recent years, said Johnson's role was so prominent that he was "offended" by anyone telling the Altgeld story without including her.

"Was [Obama] involved in stuff? Absolutely," said Robert Ginsburg, an activist who worked in Altgeld with Johnson and Obama. "But there was stuff happening before him, and after him."

No one disputes that Obama was active in organizing Altgeld residents. Several who worked directly with him say that he was the most effective organizer they had seen — a surprise, given his youth. "He was our motivator" said Callie Smith, now 50, who was active in Obama's group. "We did all the work, but he was our inspiration."

The varying accounts of what occurred 20 years ago are noteworthy because Obama, now a freshman U.S. senator, has begun a campaign for the White House after three years on the national stage.

Beyond Illinois, where Obama was a state legislator, much of what the public knows about the Chicago Democrat comes from his two best-selling books. On the campaign trail, he has said that through the books he has revealed more of himself to the public than has any other candidate. They provide "insights into how I think and how I feel about the issues facing America," he told reporters this month, according to an account in the Wall Street Journal. Many people coming to his rallies bring copies.

But "Dreams From My Father," the first of Obama's books, is not a historical account. In it, Obama uses literary techniques that are rarely found in political memoirs.

Dialogue in the memoir is an "approximation of what was actually said or relayed to me," Obama wrote in its introduction. For the sake of compression, he wrote, some characters are "composites of people I've known, and some events appear out of precise chronology." Most names in the book were changed for the sake of privacy, he wrote.

And while most memoirs place their authors at the center of events, critics of "Dreams From My Father" say it is unfair in omitting the others who were responsible for the successes of the asbestos campaign, an event that Obama portrays as central to his maturation as a political leader. For example, Johnson is not mentioned, and no character in the book appears to resemble her, even though she was already a prominent Altgeld activist and her presence in the anti-asbestos effort is confirmed by interviews and news accounts at the time.

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An Obama spokesman said that the memoir was never intended to be a complete account of Altgeld or an attempt to portray Obama as a hero, but merely the recollections of one activist. Published in 1994 and re-released in 2004, the book primarily tracks Obama's journey to racial identity as the child of a black, Kenyan father and a white mother from Kansas.

"This is making a mountain out of flat land," said Robert Gibbs, the Obama spokesman, referring to inquiries from The Times. "The book isn't a history of social efforts to help the area. It was about what he was involved in."

Built in the 1940s to house black industrial workers, Altgeld Gardens has long been called a "toxic doughnut." The community is surrounded by a massive landfill, a paint factory, an odor-emitting sewage plant and the polluted Calumet River.

Obama arrived at Altgeld soon after graduating from Columbia University in 1983. He had taken a job with a small group called the Developing Communities Project, which aimed to help people in the wake of plant closures and other economic troubles.

Obama and his group helped persuade the city to open a job center. Working with parents at a local school, he tried to improve basic services at the housing project: repairing the toilets, the windows, the heating system.

Then, he writes, the asbestos threat appeared.

As detailed in the memoir, Obama's group was tipped off to the problem when a woman named "Sadie" noticed a classified ad that solicited bids to remove asbestos from the Altgeld management office.

"I don't know if it means anything," says "Sadie" in the book, "but I wanted to see what you thought."

Obama encouraged the group to ask the on-site manager about the asbestos. But they were fearful of confronting authority, Obama wrote, and unsure how to respond when their first inquiry produced no answers.

"What do we do now?" Obama quoted one parent as asking.

"We go downtown," Obama answered. "If they won't come to us, we'll go to them."

Obama then guided the group — which he said one person dubbed "Obama's Army" — through two dramatic, confrontational meetings with housing officials in 1986. The meetings drew news coverage and produced results, his memoir says.

In the first meeting, at Chicago Housing Authority headquarters downtown, Obama's group secured a promise of immediate asbestos testing at Altgeld and prompted aldermen to call hearings.

The second meeting was a chaotic event in which 500 Altgeld residents ran Chicago's top housing official off the grounds. But it produced "a victory of sorts," Obama wrote, as workers in "moon-suits" soon appeared and started sealing asbestos.

In the book, Obama wrote that his success in motivating the residents still inspires him. "I changed as a result of that bus trip, in a fundamental way," he wrote of confronting the housing officials downtown.

"That bus ride kept me going, I think. Maybe it still does."

Even as he campaigns for the White House, Obama speaks about his time in Altgeld. His first television interview after announcing his candidacy this month, on CBS's "60 Minutes," featured Obama leading a driving tour through the housing project.

But other forces — unacknowledged in Obama's book, but receiving public attention at the time — were at work in the asbestos story.

At the same time Altgeld tenants were asking their questions, the respected Chicago Reporter newspaper published an exposé of asbestos problems in a different housing project. It also asserted that heating pipes at other Chicago projects had similar asbestos insulation.

The Reporter's investigation was cited repeatedly on television and in local newspapers, and the Chicago Sun-Times credited it with bringing the asbestos problem to light.

"That article stirred me, and it stirred many others," said Rush, the former alderman, who said he initiated a City Council inquiry into asbestos because of the Chicago Reporter story. A long-serving congressman, Rush faced a primary election challenge from Obama in 2000, but he has since endorsed Obama's presidential campaign.

Obama's Altgeld Gardens account also omits the work of Johnson.

She was already widely known for her pioneering work in pushing officials to investigate environmental hazards at local industrial sites. Spurred by her husband's premature death from lung cancer, Johnson had begun documenting the health complaints of Altgeld residents in the late 1970s. Johnson formed a group called People for Community Recovery and tried to cajole scientists to study possible links between the ailments that residents reported to her and the harmful substances around their community.

One of those scientists, Regnal Jones, visited Johnson in the early 1980s and recalls sitting in her kitchen as she laid out hundreds of index cards listing the illnesses throughout Altgeld. He said he was "blown away" by Johnson's survey.

During that visit, Jones said, he inspected Johnson's apartment and concluded that her heating pipes were insulated with asbestos. From that point on, Johnson says, she included asbestos in her complaints to government officials.

As Obama became involved in the asbestos issue, Johnson was among those who worked with him.

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In interviews, she said she helped plan the Altgeld tenants' confrontational trip to the Chicago Housing Authority, meeting occasionally with Obama in her living room. Press accounts show that she was part of the protest.

Today, Johnson, now 72, is particularly disturbed that Obama's memoir portrayed the tenants as meek and confused, highlighting one parent who was illiterate. Johnson had been quoted on many occasions in the press by the time she met Obama. She had persuaded city officials to request the tests that found hazardous materials in local drinking water.

"Why would he paint us as so pathetic?" asked Cheryl Johnson, Hazel's daughter, who now runs the Altgeld group her mother founded. "Isn't a memoir supposed to be accurate?"

"There's no way that you could have done anything out there without knowing that this little old lady had been in Altgeld forever," said Jones, who was working for the city health department at the time.

Another Chicago community organizer said he had no quarrel with the license that Obama took in his memoir. "If you were writing your movie, I'm sure you'd be the star," said Salim Al Nurridin. "It's his movie."

The Hot Ticket In Hollywood: An Evening With Obama (NYT)

By David M. Halbfinger

The New York Times, February 20, 2007

BEVERLY HILLS, Calif., Feb. 19 — Tom Hanks has bought a $2,300 ticket. So have Jennifer Aniston, Eddie Murphy and Denzel Washington. The studio bosses from Universal, Paramount, Disney and 20th Century Fox have all sent checks or faxed their credit card numbers, too.

Given the A-list stars, movie and music moguls, and top Hollywood dealmakers who have sent their R.S.V.P.'s, one would think the man of honor at Tuesday night's benefit at the Beverly Hilton would be getting a lifetime achievement award. But the toast of the evening is Barack Obama, the 45-year-old first-term Democratic senator from Illinois, in his first foray to Los Angeles as a declared presidential candidate.

It is hard to say whether the unusual heat behind the evening owes more to interest in Mr. Obama or to the three men who spearheaded the fund-raiser: the DreamWorks co-founders David Geffen, Jeffrey Katzenberg and Steven Spielberg.

The haul is expected to be at least $1 million, making it the first major event here of the presidential campaign. (Senator Hillary Rodham Clinton, Democrat of New York, will get a chance to flex her own Hollywood fund-raising muscles on March 24 at the estate of Ronald Burkle, the supermarket tycoon.) Originally set for a restaurant with room for 400 people, the Obama event was moved over the weekend to a hotel ballroom with a capacity of 600, and payments were still filtering in by fax.

Of chief concern to a much smaller group of fund-raisers was that they be credited for any attendees they invited; those with at least 20 tickets to their name have been asked to dine with Mr. Obama at Mr. Geffen's Beverly Hills mansion after the reception.

One movie producer who raised enough money to attend the dinner said he had done so merely because many of his friends wanted to meet the senator but would have had no other way of buying a ticket — though he confessed that he also wanted to "kick the tires" on Mr. Obama himself. Yet he insisted on anonymity, saying he was also a supporter of Mrs. Clinton, and "I just don't want to hurt her feelings."

Neither the reception nor the dinner is limited to Hollywood people; Alan C. Fox, a shopping mall owner and manager in Studio City, Calif., said he had raised about $150,000 from friends in real estate and finance, some already Obama enthusiasts, others skeptical but curious.

The ticket price of $2,300 reflects the maximum individual donation to a federal campaign, and, unlike those behind so many other Hollywood galas, organizers of this one vowed to bar the door to freeloaders, no matter how famous.

"We've turned down people who asked to bring a guest," said Andy Spahn, a political adviser to Mr. Spielberg and Mr. Katzenberg, among other industry people. "There will be no comps. Celebs are writing checks. Everybody's writing."

Among the industry players who have contributed are Peter A. Chernin, chairman and chief executive of News Corporation's Fox Group; Ron Meyer, the president of Universal Studios; Richard Cook, chairman of Walt Disney Studios; and Brad Grey, chairman of Paramount Pictures.

The scale of the event amounts to a coup, political operatives in Los Angeles said, since even veteran senators seldom take more than $50,000 to $100,000 from fund-raisers this early in the campaign cycle. Former Senator John Edwards, a frequent Los Angeles visitor, raised about $100,000 at a much smaller reception on Wednesday, for example — and the entertainment-industry contingent did not go much beyond the creator of the TNT show "The Closer," James Duff, and the actor Gary Cole, who played a vice president on "The West Wing."

Despite that, aides to Mr. Obama, loath to let the spotlight on their candidate drift to his wealthy donors or newfound Hollywood ties, declined to discuss the event except to say it would be closed to the news media.

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What is known is that there will be no red carpet or V.I.P. room, no sit-down dinner and scant opportunity for one-on-one conversation with Mr. Obama, except for those who make it to Mr. Geffen's home. "It's going to be very democratic, with a small D," Mr. Spahn said.

Can This System Be Saved? (WP)

The Washington Post, February 20, 2007

THE PRESIDENTIAL public financing system is probably dead for the 2008 campaign. Certainly, the notion that candidates would limit their spending during the primary season in return for receiving federal matching funds has become quaint; the limits are so outdated and the amount of funds that can be raised so great that no serious candidate will take that bargain. And, for the first time, it looks as if the second part of the post-Watergate financing reform -- providing each major-party nominee with full financing for the general election campaign -- is about to become extinct as well.

Top-tier candidates of both parties, including Sens. Hillary Rodham Clinton (D-N.Y.) and John McCain (R-Ariz.) and former senator John Edwards, have already started raising money for a general election race. (They'll have to give it back if they don't win the nomination.) So has Sen. Barack Obama (D-Ill.), but with a twist: Mr. Obama has asked the Federal Election Commission to rule on whether he could legally collect money for the general election campaign but ultimately decide to take public funding were he to win the nomination and his GOP opponent followed suit.

As Mr. Obama put it in his letter to the FEC, "Should both major parties' nominees elect to receive public funding, this would preserve the public financing system, now in danger of collapse, and facilitate the conduct of campaigns freed from any dependence on private fundraising." The FEC has said it is speeding up its review of Mr. Obama's intriguing proposal, which turns, as a legal matter, on the question of whether the candidate would be deemed to have "accepted" money he is raising for the general election campaign if he keeps it separate and unused. If the money has been raised but not "accepted," Mr. Obama argues, he could still choose to return it and take public financing instead.

Linguistically, this might be a stretch that only a former Harvard Law Review president could love. But as a matter of policy, it could salvage a failing system to promote the aims underlying the law. As Mr. Obama put it, "Congress concluded some thirty years ago that the public funding alternative . . . would serve core purposes in the public interest: limiting the escalation of campaign spending and the associated pressures on candidates to raise, at the expense of time devoted to public dialogue, ever vaster sums of money."

Interpreting the law in a way that would allow the nominees the chance to call off the fundraising arms race would further the purpose of the campaign finance law and avoid the first fully privately financed presidential campaign since Watergate. The FEC should allow that, and Mr. Obama's rivals in both parties should pledge, if they win the nomination, to help save the system, not destroy it.

Richardson Wants No Attacks Among Dems (USAT)

USA Today, February 19, 2007

New Mexico Gov. Bill Richardson said he and all other Democratic presidential candidates should sign a pledge not to attack one another. Such a pact would mean "we will go into a general election stronger," Richardson said Sunday on CNN's Late Edition.

Richardson also said that as "the only Westerner in the race," he will have to do well in Nevada's early presidential caucuses next year. "It's a neighbor state. It's a state of diversity," said Richardson, whose mother was Mexican. Richardson acknowledged that he's behind in the polls, but he added, "It's a year away."

The Iowa caucuses are first on the Democratic political calendar for 2008, then Nevada, followed by New Hampshire's primary and South Carolina's.

Bush has two benign moles removed

Two moles removed from President Bush's left temple were non-cancerous, White House spokesman Alex Conant said.

The skin growths were removed Friday during a brief procedure at the White House.

Bush has had lesions removed before: a precancerous lesion on his left arm in August, a non-cancerous skin growth on his neck in July 2005, small lesions from his left shoulder and face in 2004, and others from his face in December 2001. None was cancerous.

Senate leader's son joins Clinton camp

Senate Majority Leader Harry Reid, D-Nev., has not endorsed a Democratic presidential candidate, but his son, Rory, has signed on as Nevada chairman for Sen. Hillary Rodham Clinton's presidential bid.

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Rory Reid, 44, is chairman of the Clark County, Nev., Commission and a former chairman of the Nevada State Democratic Party. He will be senior adviser on Western issues, including public lands, resources and conservation, transportation, growth and affordable housing, the New York senator's campaign said in a statement Sunday.

As Clinton Runs, Some Old Foes Stay On Sideline (NYT)

By David D. Kirkpatrick

The New York Times, February 19, 2007

WASHINGTON, Feb. 16 — Back when Senator Hillary Rodham Clinton was first lady, no one better embodied what she once called the "vast right-wing conspiracy" than Richard Mellon Scaife.

Mr. Scaife, reclusive heir to the Mellon banking fortune, spent more than $2 million investigating and publicizing accusations about the supposed involvement of Mrs. Clinton and former President Bill Clinton in corrupt land deals, sexual affairs, drug running and murder.

But now, as Mrs. Clinton is running for the Democratic presidential nomination, Mr. Scaife's checkbook is staying in his pocket.

Christopher Ruddy, who once worked full-time for Mr. Scaife investigating the Clintons and now runs a conservative online publication he co-owns with Mr. Scaife, said, "Both of us have had a rethinking."

"Clinton wasn't such a bad president," Mr. Ruddy said. "In fact, he was a pretty good president in a lot of ways, and Dick feels that way today."

As for the conservative response to Mrs. Clinton's campaign, Mr. Ruddy said, "The level of intensity and anger toward Hillary is not getting to the level that it was toward Bill Clinton when he was president." He added, "She has moderated and developed a separate image."

H. Yale Gutnick, a longtime lawyer for Mr. Scaife, said his client was unavailable for comment.

To judge by conservative talk radio, Mrs. Clinton appears to be the most reviled politician in the country. But others in the conservative movement say it is easy to be deceived by what is on the airwaves and by the marketing of anti-Clinton paraphernalia, books and movies. (Among items on sale at conservative Web sites: "No Way in Hellary" barbecue aprons; "Hillary Scares Me" baby onesies; and buttons that say simply "Hillary Hater.")

For every conservative who says Mrs. Clinton will feel the wrath of the movement's grass-roots organizers later in the campaign, particularly if she becomes her party's nominee, another expresses doubt that Clinton foes can ever be revved up as they once were.

Some of her former antagonists say that terrorism and war have made the political battles of her husband's administration — gay men and lesbians in the military, the White House travel office, Monica Lewinsky — seem remote, if not trivial.

"I think the country is burned out on it," said Cliff Jackson, a lawyer in Little Rock, Ark., who helped set in motion several scandals involving accusations of philandering by Mr. Clinton. Mr. Jackson said he had no plans to oppose Mrs. Clinton's candidacy, and in a personal blog he recently praised her husband's post-presidential efforts to fight AIDS in Africa.

The level of animosity that a Clinton candidacy could arouse is a pivotal question in the 2008 campaign.

Mrs. Clinton has made the anticipated attacks against her a staple of her fund-raising appeals, saying she will need money to fight back. But that expected onslaught is also a linchpin of other Democrats' arguments that she is too polarizing to win.

Many Republicans, meanwhile, say her candidacy is the best hope to reunify their party at a time when many conservatives are unhappy with the ideological credentials of the front-runners for the Republican nomination.

And for conservative organizers, publishers and merchandise-makers, her nomination would be an opportunity to revive what once seemed like the anti-Clinton industry.

"She is the designated devil," said David A. Keene, chairman of the American Conservative Union, whose Conservative Political Action Conference next month in Washington will showcase assorted anti-Clinton T-shirts and gear.

But Mr. Keene and many other conservative fund-raisers and organizers acknowledge that the grass-roots hatred for Mrs. Clinton and her husband has subsided substantially since they left the White House.

National efforts to raise money to stop Mrs. Clinton's Senate campaigns in New York in 2000 and 2006 never got off the ground. Nor did plans to raise money for a "counter-Clinton" library in Little Rock. And conservatives note to their consternation that at the moment the woman they treat as the incarnation of 1960s liberalism appears to be campaigning as the least liberal of the Democratic front-runners.

Still, Mr. Keene said, "Her image as the wicked witch of the left was burned in the minds of conservatives and the larger public before she tried to moderate her image." He noted that polls consistently give her the highest unfavorable ratings among the front-runners, typically more than a third of the public. (Her favorable ratings are also unusually high.)

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Howard Wolfson, a spokesman for Mrs. Clinton, said any nominee would face a barrage from the right. "I think that history demonstrates that whoever the nominee is is going to engender opposition from the right, and we will certainly be prepared," Mr. Wolfson said.

Mrs. Clinton's campaign has attracted some new enemies. John LeBoutillier, a former Republican congressman from New York and conservative commentator, said he started a Stop Hillary political action committee in part because he thought her opponents "gave her a free pass" in her two Senate races.

"I started by trying to figure out what it is about her that bugs the heck out of people," Mr. LeBoutillier said, mainly by looking at public polls. He said his organization recently spent $20,000 to run television commercials in Iowa featuring footage of a handful of potential Democratic caucus-goers saying that they distrusted Mrs. Clinton as a power-hungry opportunist.

Still, he acknowledged that his group had struggled for money.

Richard H. Collins, a Dallas investor, has taken over an unrelated group that was conceived by the Republican consultant Arthur J. Finkelstein to oppose Mrs. Clinton. Mr. Collins, who redirected the group toward the presidential race, said he had put in about $200,000 in "seed money" to start a Web site, www.stophernow.com. It plays cartoons of Mrs. Clinton as the host of a late-night talk show who is in the habit of batting guests over the head with a hammer.

"The idea is to present Hillary Clinton as she is and not as the person she is pretending to be," using humor, Mr. Collins said.

David N. Bossie, the president of the conservative group Citizens United who played a pivotal role in publicizing accusations about the Clintons during their White House years, has announced plans to collaborate on a documentary film attacking Mrs. Clinton with Dick Morris, the Clintons' estranged political adviser. Mr. Morris has made a career out of criticizing the Clintons in books and a syndicated column. Mr. Bossie has moved on to write books criticizing the last two Democratic presidential nominees and to produce four conservative political films.

Many conservatives still consider Mrs. Clinton the Helen of Troy of direct mail, the face who can launch a thousand donations. Richard Viguerie, a direct mail pioneer who worked on former Mayor Rudolph W. Giuliani's short-lived Senate campaign against Mrs. Clinton in 1999, said he had not had such success in four decades of fund-raising.

"We couldn't mail enough," Mr. Viguerie said. "The money was just coming in in bucketloads from all over the country."

But by the time the Clintons had left the White House in 2000, Morton Blackwell, another veteran conservative, found mailings for his Emergency Committee to Stop Hillary Rodham Clinton had little success. "The experience with the initial solicitation persuaded me not to do any more," Mr. Blackwell said.

As a senator from New York, Mrs. Clinton has built an alliance with some former critics like Rupert Murdoch, chairman of News Corporation. He has raised money for her, and his New York Post has grown respectful in its coverage.

Still Mr. Viguerie, speaking by phone from a meeting at the office of a founding father of the conservative movement, Paul Weyrich, said they would attack Mrs. Clinton with everything they had. "The vast right-wing conspiracy lives," he said.

Wrong Is Right (NYT)

By Paul Krugman

The New York Times, February 20, 2007

Many people are perplexed by the uproar over Senator Hillary Clinton's refusal to say, as former Senator John Edwards has, that she was wrong to vote for the Iraq war resolution. Why is it so important to admit past error? And yes, it was an error — she may not have intended to cast a vote for war, but the fact is the resolution did lead to war; she may not have believed that President Bush would abuse the power he was granted, but the fact is he did.

The answer can be summed up in two words: heckuva job. Or, if you want a longer version: Medals of Freedom to George Tenet, who said Saddam had W.M.D., Tommy Franks, who failed to secure Iraq, and Paul Bremer, who botched the occupation.

For the last six years we have been ruled by men who are pathologically incapable of owning up to mistakes. And this pathology has had real, disastrous consequences. The situation in Iraq might not be quite so dire — and we might even have succeeded in stabilizing Afghanistan — if Mr. Bush or Vice President Dick Cheney had been willing to admit early on that things weren't going well or that their handpicked appointees weren't the right people for the job.

The experience of Bush-style governance, together with revulsion at the way Karl Rove turned refusal to admit error into a political principle, is the main reason those now-famous three words from Mr. Edwards — "I was wrong" — matter so much to the Democratic base.

The base is remarkably forgiving toward Democrats who supported the war. But the base and, I believe, the country want someone in the White House who doesn't sound like another George Bush. That is, they want someone who doesn't suffer from an infallibility complex, who can admit mistakes and learn from them.

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And there's another reason the admission by Mr. Edwards that he was wrong is important. If we want to avoid future quagmires, we need a president who is willing to fight the inside-the-Beltway conventional wisdom on foreign policy, which still — in spite of all that has happened — equates hawkishness with seriousness about national security, and treats those who got Iraq right as somehow unsound. By admitting his own error, Mr. Edwards makes it more credible that he would listen to a wider range of views.

In truth, it's the second issue, not the first, that worries me about Mrs. Clinton. Although she's smart and sensible, she's very much the candidate of the Beltway establishment — an establishment that has yet to come to terms with its own failure of nerve and judgment over Iraq. Still, she's at worst a triangulator, not a megalomaniac; she's not another Dick Cheney.

I wish we could say the same about all the major presidential aspirants.

Senator John McCain, whose reputation for straight talk is quickly getting bent out of shape, appears to share the Bush administration's habit of rewriting history to preserve an appearance of infallibility.

Last month Senator McCain asserted that he knew full well what we were getting into by invading Iraq: "When I voted to support this war," Mr. McCain said on MSNBC, "I knew it was probably going to be long and hard and tough, and those that voted for it and thought that somehow it was going to be some kind of an easy task, then I'm sorry they were mistaken."

But back in September 2002, he told Larry King, "I believe that the operation will be relatively short," and "I believe that the success will be fairly easy."

And as for Rudy Giuliani, there are so many examples of his inability to accept criticism that it's hard to choose.

Here's an incident from 1997. When New York magazine placed ads on city buses declaring that the publication was "possibly the only good thing in New York Rudy hasn't taken credit for," the then-mayor ordered the ads removed — and when a judge ordered the ads placed back on, he appealed the decision all the way up to the United States Supreme Court.

Now imagine how Mr. Giuliani would react on being told, say, that his choice to head Homeland Security is actually a crook. Oh, wait.

But back to Mrs. Clinton's problem. For some reason she and her advisers failed to grasp just how fed up the country is with arrogant politicians who can do no wrong. I don't think she falls in that category; but her campaign somehow thought it was still a good idea to follow Karl Rove's playbook, which says that you should never, ever admit to a mistake. And that playbook has led them into a political trap.

After A Delicately Worded Pitch, Clinton Draws Cheers (NYT)

By Patrick Healy

The New York Times, February 20, 2007

COLUMBIA, S.C., Feb. 19 — Senator Hillary Rodham Clinton told an audience of black voters on Monday that they would be "breaking barriers" if they supported her for president in 2008 — deliberately signaling that they could still take pride in making history if they chose a woman over one of their own, Senator Barack Obama of Illinois.

It was a delicately worded pitch — Mrs. Clinton did not mention Mr. Obama by name — and it drew applause. Another remark, that "anyone can be president," set off an ecstatic standing ovation.

Afterward, several black voters said they would support Mrs. Clinton, a New York Democrat, on the merits, and postpone a vote for Mr. Obama until a future presidential election, once he had more experience.

The two Democrats, rivals for their party's presidential nomination, were both in South Carolina this holiday weekend competing for the support of blacks, who cast almost half of the votes in the Democratic primary here in 2004. South Carolina is scheduled to be fourth in the string of nominating primaries and caucuses for the 2008 race.

Mrs. Clinton's task here became more complicated last week when one of her prominent black supporters, State Senator Robert Ford of South Carolina, said that nominating Mr. Obama would be a disaster.

"Every Democrat running on that ticket next year would lose because he's black and he's top of the ticket," said Mr. Ford, who is black.

The remark caused a sensation. Mr. Ford apologized.

Mr. Obama said Saturday that history was full of examples of people telling blacks, "We can't." He then said that, with black support, he could say to voters, "Yes, we can."

The Clinton campaign criticized the Ford jab, but Mrs. Clinton said nothing herself, advisers said.

In an interview with The Associated Press in South Carolina on Monday, Mrs. Clinton was pressed on hot-button issues in the state. She said she would like to see the Confederate battle flag removed from the Statehouse grounds in Columbia, and she denied that there was anything untoward about a consulting contract that her campaign executed recently with the firm of an influential black state senator here who agreed to endorse her around the same time.

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Mrs. Clinton put her own gentle spin on Mr. Ford's remark at a forum here at Allen University, a historically black institution, by arguing that a candidate could make history by winning in 2008 — and that she should be that candidate.

"I believe this presidential election is about breaking barriers — and this is the campaign, and I am the candidate with the experience to break the barriers," Mrs. Clinton said.

A little later, hundreds of audience members, many of them black women, stood and cheered when Mrs. Clinton asked, "Can a woman be president?" Many stood and cheered again, seconds later, when she added, "I believe one of the great things about America is, anyone can be president, and what it depends upon is the individual."

Mrs. Clinton also referred several times to her husband, former President Bill Clinton, who is widely popular with black Democrats.

After the forum, several black audience members said they would support Mrs. Clinton over Mr. Obama, and added that race was not a factor for them.

"All in all, I feel she's the better candidate — her experience as a senator, in the White House," said Angel Matta Jr., a freshman at Allen. "After more time, Obama will be a great president, too."

Mrs. Clinton also appeared at a tribute Monday in Charleston for the state's most powerful black Democrat, Representative James E. Clyburn, majority whip of the United States House, who also met with Mr. Obama over the weekend. While Mr. Clyburn is holding off on an endorsement, he urged Mrs. Clinton to try to make history.

"No one has ever won who did not run," he said. "Run, Hillary, run!"

In S.C., Sen. Clinton Targets Black Vote (WP)

By Chris Cillizza

The Washington Post, February 20, 2007

COLUMBIA, S.C., Feb. 19 -- Sen. Hillary Rodham Clinton of New York courted black voters, considered crucial to securing the Democratic presidential nomination, in a series of campaign stops in South Carolina on Monday in which she cast the 2008 election as a chance to make history.

"I believe this presidential campaign is about breaking barriers," Clinton said at a town hall meeting in the state's capital. "This is the campaign, and I am the candidate."

Each of Clinton's appearances was aimed at projecting her as the candidate best equipped to deal with the hopes and hardships of black voters. She called on state leaders to remove the Confederate flag from the grounds of the State House here, as have several other Democratic candidates. Then, after her town hall event at Allen University -- a historically black institution in Columbia -- she headed south to a gathering in Florence in honor of Mayor Frank Willis.

Clinton closed the day in Charleston, speaking at a gala honoring Rep. James E. Clyburn (D-S.C.), who is widely regarded as the most influential black politician in the state. Clinton praised Clyburn -- the third-ranking Democrat in the House -- for his efforts "to find common ground and then stand his ground."

She also noted that the Book of James is one of her favorites in the New Testament -- a religious reference that was greeted with calls of approval and clapping by the overflow crowd packed into a union hall.

Clyburn returned the favor moments later, touting Clinton's "tremendous record of public service and a tremendous campaign that she is running."

Clinton's visit came less than 48 hours after Sen. Barack Obama (D-Ill.) campaigned here, and even during Clinton's speech in Columbia word was circulating that Obama had secured the endorsement of Dick Harpootlian, a former state party chairman.

Obama's attempt to step on Clinton's day in South Carolina underscored the behind-the-scenes back-and-forth between the two top Democratic candidates for the support of black voters, who are expected to make up about half of the electorate in the state's presidential primary Jan. 29.

Clinton scored something of a coup last week by securing the endorsement of state Sen. Darrell Jackson, an influential leader in South Carolina's black community. But the momentum was compromised by allegations that she secured Jackson's support by offering him a lucrative consulting contract.

Jackson, the emcee at the Columbia event, has insisted that several campaigns had made offers to hire his consulting firm. On Monday, Clinton, too, denied any quid pro quo.

These events were far from the minds of the hundreds of people who packed halls across the state to catch a glimpse of Clinton.

Chris Lykes, a black man from Swansea who attended the Columbia meeting, reflected the ambivalence of voters torn between their strong loyalties to Clinton and their attraction to a new face in Obama.

Lykes said that Clinton had "answered all the tough questions" and that he supports the former first lady.

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Asked his feelings about Obama, though, Lykes said the senator's being black "matters a whole lot" in his decision, and he acknowledged he had yet to choose between the two candidates.

Although Obama is widely seen as the first black candidate with a serious shot at winning the presidency, national polling shows Clinton with a wide lead among black voters.

In a recent Washington Post-ABC News survey, Clinton led Obama by 60 percent to 20 percent among black voters -- a wider margin than the 41 percent to 17 percent lead she held over the freshman senator among the broader Democratic primary electorate.

Much of Clinton's strong support in the black community is due to the affection that many African Americans hold for her husband, former president Bill Clinton.

Those warm feelings were on display Monday, as the very mention of his name brought a roar from the crowd. "I was always a big fan of your husband," said one man who stood to pose a question in Columbia. "I thought he did a great job."

Asked why she is qualified to lead the nation in a time of peril at home and abroad, Clinton referred to the time she spent by her husband's side in Washington.

"During the eight years of Bill's presidency, I had a front row seat on history [and saw] the difficult decisions any commander in chief has to make," she said. "I learned both what works and what doesn't work."

Clinton Emphasizes Her Gender As Strategy (POL)

By Ben Smith

The Politico, February 20, 2007

COLUMBIA, S.C. -- Roberta Stokes said she cried Monday morning when she heard Hillary Rodham Clinton ask whether America is ready for a woman to be president. "That was emotional to me," said Stokes, 69, a retired teacher. "A lot of people don't understand that a woman is strong enough to do that." But Stokes said she'd also been moved when Sen. Barack Obama, D-Ill., came to Columbia last week, carrying the promise that he could become the first black president. "I couldn't make a choice right now on them," she said.

Clinton spent Monday morning before a mostly black, mostly female crowd in the South Carolina capital, and she seemed to grasp Stokes' choice clearly. Her pitch was equally clear: One pioneer at a time.

"I believe this presidential election is about breaking barriers," Clinton said. "This is the campaign and I am the candidate with the experience to break those barriers."

Clinton's tailored case to a black audience reflected her new directness in talking about herself as a woman and a mother. Former British Prime Minister Margaret Thatcher reportedly took voice lessons to sound more like a man; Clinton has gone in the other direction since announcing her bid for the presidency, speaking more explicitly about her sex than ever before in her political career. And while the shift has the lofty aim of trying to change national attitudes toward women, it also reflects a cold, strategic reality.

"I like numbers. I like politics because it is about the bottom line," said Ann Lewis, a former White House communications director who has long been, among other roles, Clinton's liaison to women's groups. "Fifty-four percent of the electorate in November 2004 was women."

Clinton is the only woman among the 10 or so Democrats seeking the presidency, and despite a persistent storyline of discomfort among many women about her candidacy, she has a history of drawing women's support. In New York last year, she won re-election to the Senate with 73 percent of women voting for her and 61 percent of men, according to exit polls. The first major national group to endorse her presidential campaign was the powerhouse EMILY's List, which backs female candidates. And Clinton, alone among candidates for the presidency in a world of mostly male political junkies, draws mostly female crowds.

The new emphasis on gender by a candidate who once famously disparaged baking cookies and having teas -- enraging many women who enjoyed both those activities -- takes many forms, explicit and implicit. Clinton's new stump speech raises, before she can be asked, the question of whether Americans will elect a female president, and she speaks at times specifically as a woman and as a mother.

Clinton describes her campaign in what is a traditionally feminine vocabulary: She launched her bid for the White House in a video expressing her desire to "chat" with the electorate. She pledges to be a president who will "listen." Her campaign events are described as "conversations."

In a telephone interview last week, Lewis resisted the notion that the campaign is speaking primarily to women, and suggested that it differs from other campaigns merely in speaking as directly to women as to men. "What is unusual is that this is a campaign in which women are not sort of an afterthought," Lewis said. "The traditional Democratic campaign would go along saying, 'Of course we're talking to everybody,' and then would look at their numbers around Labor Day and say, 'We've got to do a better job talking to women.' "

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Clinton's explicit embrace of her gender was a choice, and it represents a gamble of sorts. Though most polling shows a gender gap between parties and candidates, other factors -- such as race and income -- are typically stronger determinants of voters' preference. And according to a Siena College poll released Monday, 12 percent of Americans still say they wouldn't vote for a woman for president. Other polling has suggested that Americans are more comfortable with female legislators than executives. But it's a gamble that appears, so far, to be paying off. In particular, Clinton appears to have managed to avoid a mass defection of African-American supporters to Obama.

In interviews with black women of her own, baby boomer generation, it appeared clear that for voters affected by the notion of electing a pioneer, Clinton is able to compete with Obama. "We need a woman," said Joy Silver, 60, an African-American nurse attending the Columbia event. "I think she's going to make it."

Clinton drew roars from the Columbia crowd when she told them, "I am proud to be a woman." But while Clinton connects with women, she faces a challenge of not alienating another, only slightly less important demographic group that has, perhaps, grown accustomed to being the center of candidates' attention: men.

"It's not a zero-sum game," insisted Lewis. "This is not about throwing men over the side."

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by Show Me on 02.20.2007 at 12:46 AM

To accuse Hillary of lack of substance and not understanding the issues is in itself an ill-informed comment. She has spent her life studing the issues even her republican opponents in the Senate admit that she always does her homework and is usually the smartest person in the room.What does a comment like tnproud2b's add to the conversation, how stupid.

by tnproud2b on 02.19.2007 at 10:56 PM

Since Hillary Clinton is so adamant about being a woman - I'm inclined to believe she's not. Seriously. Doesn anybody *really* know Hillary's gender?

by Macabee on 02.19.2007 at 09:23 PM

Sedona has a pretty good point. Gender has nothing to do with Hillary Clinton's qualifications (as race has nothing to do with Obama's bid). Playing the gender card seems to evidenc a lack of substance and understanding of the issues facing the country. Hillary's biggest challenge isn't her gender, but the fact that she's part of the status quo... part of a political system which has run amok and is out of touch with America. The great majority of this country is sick and tired of these self-serving, self-applauding Washington insiders who are obsessed with power for power's sake and have nothing at all in common with the rest of the country. Get real, Hillary. No one cares if you wear a skirt. What people care about is how you intend to fix a country which is falling into Third-Worldom!

by Sedona on 02.19.2007 at 08:26 PM

Hillary Clinton's 'gender' doesn't have anything to do with being President, after all, there are more than a few excellent female Chief Executives of major corporations and a few really good women Governors in America, what Hillary Clinton doesn't have is one minute of executive or chief executive experience in either the public or private sector, nor has she made one political decision in her life in which the responsibility for the results have been hers and hers alone. Something a Governor, President, and Chief Executive of a company does on a routine basis.

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Clinton Defends S.C. Campaign Hire (AP)

By Jim Davenport

AP, February 20, 2007

Democratic presidential candidate Hillary Rodham Clinton on Monday denied that her campaign traded money for an endorsement from one of South Carolina's most influential black politicians.

In an interview with The Associated Press, Clinton responded to questions about the consulting contract her campaign negotiated with state Sen. Darrell Jackson, who last week endorsed her candidacy rather than of top rivals John Edwards or Sen. Barack Obama, D-Ill.

"Senator Jackson was someone who was involved in my husband's campaigns. He was someone we turned to for political advice and counsel and I'm proud to have him on my team," Clinton told the AP.

Soon after the endorsement, Jackson acknowledged that his media consulting firm had negotiated a $10,000 per month contract with Clinton's campaign. Jackson has said he turned down more lucrative contracts from other candidates.

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Although he backed Edwards, the former North Carolina senator, in the 2004 Democratic presidential primary, Jackson said he now supports Clinton because she has the best shot of winning the White House.

Mo Elleithee, a Clinton spokesman, said Friday that Jackson's firm will advise the campaign on "political matters in South Carolina, outreach, organizing issues" and purchasing advertising.

Jackson introduced Clinton when she spoke to more than 1,500 people gathered at Allen University, a historically black college in Columbia, where she lashed out at President Bush's troop buildup in Iraq, saying that Iraq needs to know "the blank check days are over."

On Monday evening, Clinton attended a tribute in Charleston to Majority Whip Jim Clyburn, a leading black member of Congress as No. 3 in the House leadership. African-Americans account for 49 percent of the state's Democratic primary vote.

Clinton, who spoke to the AP during her first trip to this early voting state since announcing her White House bid, also said South Carolina should remove the Confederate flag from its Statehouse grounds, in part because the nation should unite under one banner while at war.

"I think about how many South Carolinians have served in our military and who are serving today under our flag and I believe that we should have one flag that we all pay honor to, as I know that most people in South Carolina do every single day," the New York senator said.

"I personally would like to see it removed from the Statehouse grounds."

Other Democratic hopefuls, including Sens. Joe Biden of Delaware and Chris Dodd of Connecticut, have said the flag should come down. The banner, which once flew over the Statehouse dome and now flies nearby, is the subject of an ongoing NAACP boycott.

Clinton is one of several Democrats to draw huge crowds during campaign stops in the state, but she said during the interview that her party will have a tough time winning in GOP-heavy South Carolina.

"I think it's going to be hard for any Democrat to carry the state," she said. "The Republican Party is very strong here."

Clinton's visit comes close on the heels of Obama's two-day trip to the state in which he drew crowds of about 2,000 people.

Authentic Obama (WP)

By Eugene Robinson

The Washington Post, February 20, 2007

ORANGEBURG, S.C. -- Is Barack Obama "authentically" black? Come on, be real. Is the pope Catholic?

Obama made his first campaign trip to this early-primary state over the weekend, drawing about 3,000 people to a rally in Columbia, the state capital, and 2,000 to a "town hall meeting" here in the city where I was born and raised. If those who rose early Saturday morning to attend the Orangeburg event constitute a representative focus group, black voters will want to weigh Obama's policy positions against those of the other candidates before deciding whom to support. But they won't spend a lot of time pondering his identity.

Among the dignitaries with front-row seats in the auditorium at Claflin University (where my mother used to be head librarian) was state legislator Gilda Cobb-Hunter, an African American, who had no patience for the "blackness" question that reporters kept asking.

"People talk as if this is, like, some kind of option for him," Cobb-Hunter said. "When Obama looks in the mirror in the morning, what do you think he sees? There is no way that he has any confusion about being a man of color. I think this issue is being manufactured by people who want to get us off focus. I don't hear the national media questioning Hillary Clinton about being a woman."

But what about the argument, posed by a couple of contrarian black columnists, that since Obama is not the descendant of slaves (white mother from America, black father from Kenya), he's a different kind of African American? "As time passes, very few people are going be able to say they marched in the civil rights movement," Cobb-Hunter said. "Are the people asking this question saying that if you didn't live through the Civil War, you can't understand slavery?"

Most of those in Obama's audience here had some past or present association with Claflin or nearby South Carolina State University, both of which are historically black colleges. Making my way through the crowd of old friends and neighbors, I wasn't able to find anyone willing to qualify Obama's blackness with an asterisk.

Henry N. Tisdale, Claflin's dynamic president -- the institution was failing when he took over in 1994 and now is firmly established in U.S. News & World Report's annual list of America's best colleges -- was less blunt than Cobb-Hunter, but no less dismissive of the question: "I think that in today's global and multicultural society, we will find persons such as Barack Obama becoming not the exception but the rule, and giving hope to all who want to live the American dream."

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House Majority Whip James E. Clyburn, whose district includes Orangeburg, rearranged his schedule so he could be here to introduce Obama. "I thank him for giving new hope and inspiration to a new generation," Clyburn said. "Obama is able to run today because Rosa Parks sat down. . . . He is able to run today to give hopes and dreams to all of us."

I should make clear that none of these kind words added up to a formal endorsement. Almost a year remains before the South Carolina Democratic primary, scheduled for Jan. 29, in which African Americans will cast about half of all votes. Both Hillary Clinton and John Edwards hope to win significant black support in this state; I would advise them, and others, that trying to convince people that Obama somehow isn't black enough would be a poor use of precious time and resources.

Obama was comfortable in the town hall format, pacing like a talk-show host without notes or a lectern. His first big applause line was a call to fix "a health-care system that's broken." Someone in the audience yelled, "We want you to fix it!" and Obama yelled back, "We're going to fix it."

There were more cheers when he reiterated his opposition to the Iraq war, but he really got the crowd going when he talked about the national hunger for "a new kind of politics." People "want something new," he said, and the crowd enthusiastically agreed.

One woman, asking a question, mangled his name into "Barama." The candidate picked up on it immediately, saying that "they call me 'Alabama,' they call me 'yo' mama,' " but all that matters is that "I have your vote."

One of his biggest applause lines -- perhaps predictably, in a college town -- was a call for black Americans to "get over this anti-intellectualism we see in our community sometimes." And when he ended with a rousing "Yes, we can!" set piece, he exited the way every candidate wants to leave any room: with people on their feet, cheering for more.

Could Bill Clinton Take Over His Wife's Senate Seat If He Becomes The First First Husband? Some Think So. (WASHEX)

By Bill Sammon, The Examiner

Washington Examiner, February 20, 2007

WASHINGTON - If Hillary Rodham Clinton wins the presidency, some top Democrats would like to see her husband, former President Bill Clinton, appointed to serve out Hillary's unexpired Senate term.

"As a senator, he'd be a knockout," said Harold Ickes, who was once a top White House aide to Bill Clinton and now gives behind-the-scenes advice to Hillary. "He knows issues, he loves public policy and he's a good politician."

Some Democrats and political analysts say Bill Clinton would thrive in the world's greatest deliberative body, much like Lyndon Johnson did before he became president.

"President Clinton would excel in the Senate," said Paul Begala, who helped Bill Clinton get elected and served in the White House as a top aide.

"Why not?" Begala added. "He excelled as attorney general and governor of Arkansas, he excelled as president and he's been a model of the modern Senate spouse."

Larry Sabato, director of the Center for Politics at the University of Virginia, agreed.

"Clinton is a natural for the Senate," Sabato said. "He loves to talk and schmooze. He could be a great vote-organizer. Majority Leader Clinton?"

Such a scenario is not beyond the realm of possibility now that the governor's mansion in New York is occupied by a Democrat, Eliot Spitzer, who succeeded Republican Gov. George Pataki last month. If Hillary Clinton wins the White House, Spitzer would likely appoint a fellow Democrat to take over her Senate seat.

So far, speculation about potential successors has focused on New York Attorney General Andrew Cuomo and environmental lawyer Robert F. Kennedy Jr., whose father once held the same Senate seat.

But Spitzer could just as easily appoint Bill Clinton, who, under New York law, would fill his wife's Senate seat through 2010. A special election would then be held, and the winner would serve the final two years of her term, which expires in 2012.

Although Ickes would love to see Bill Clinton in the Senate, he considers the scenario a long shot.

"I think there'd be a real call on [Spitzer] to appoint a black senator," Ickes said. "I think there'd be a real call on him to appoint a Hispanic senator."

Bill Clinton, who was once dubbed America's "first black president" by author Toni Morrison, would not be the first former president to serve in Congress. John Quincy Adams had a long career in the House after his presidency, and Andrew Johnson served briefly in the Senate after a stint in the White House. Johnson and Clinton are the only two presidents in history to have been impeached by the House. Both were acquitted by the Senate.

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Political analysts say a Senate seat for Bill would go a long way toward solving a potentially nettlesome problem for Hillary — what to do with her husband if they return to the White House. The former president currently maintains an office in Harlem and a home with his wife in Chappaqua, N.Y.

"Nothing will solve the Bill problem entirely," Sabato said. "He will be restless and underfoot for Hillary, in part because he is the more talented pol."

There would also be financial ramifications.

"It would certainly lower the family income because there are restrictions on how much a senator can bring in on speeches and so forth," said presidential scholar Stephen Hess of George Washington University. "Of course he'd have housing, because she'd put him up in the Lincoln Bedroom or something."

Bush, Like Clinton, Presiding Over The Decline Of His Party (RC)

By Louis Jacobson

Roll Call, February 20, 2007

With the National Governors Association winter meeting set to begin later this week and the 2008 presidential race continuing to simmer, it seems an appropriate time to look at how both former President Bill Clinton and President Bush presided over a significant decline in their own parties' downballot fortunes.

Granted, the parallels aren't exact. For Clinton, the biggest drop in gubernatorial, legislative and Congressional seats came in 1994, two years after he was elected, whereas for Bush, it came after six years in office. And generally speaking, the declines in Democratic downballot strength under Clinton were steeper than those the Republicans have suffered under Bush (though if the trends from 2006 continue, the GOP could cumulatively be looking at Clinton-scale losses two years from now).

Still, despite the shadings of difference, it's hard to ignore the similarities.

After six years of Clinton, the Democratic Party claimed 13 fewer governorships than it had at the start of his presidency, seven fewer state Houses and five fewer state Senates — not to mention 47 fewer Democrats in the House and 12 fewer Democrats in the Senate.

Republicans now hold seven fewer governorships, five fewer state Senates and two fewer state Houses than they did when Bush took office, as well as 19 fewer House seats and one less Senate seat.

Six-year totals are the only appropriate way to measure Bush against Clinton. However, every metric discussed here also declined under Clinton during his full, eight-year run, and for some offices, the declines actually accelerated (see chart).

Of course, this unraveling of party fortunes is not entirely the fault of the men at the top of the ticket. Sooner or later, ancestrally Democratic rural conservatives, particularly those in the South, were going to become Republicans, whether that shift came in 1994 or later. Similarly, moderate suburbanites in Northeastern states seem destined to abandon their long-standing GOP habits.

In addition, downballot erosion during two-term presidencies is a well-established feature where Congress is concerned. For instance, former President Ronald Reagan lost eight Senate seats and 15 House seats in his first six years in office. If their consecutive terms are taken as one, former Presidents Richard Nixon and Gerald Ford lost five Senate seats and 48 House seats. Former Presidents John Kennedy and Lyndon Johnson, measured the same way, held steady in the Senate but lost 14 House seats in six years. And former President Dwight Eisenhower lost 14 Senate seats and 68 House seats over his first six years.

The number of GOP governors serving alongside Nixon after his first inauguration in 1969 was 31. By 1975 — the year after what would have been his second midterm election, had he not resigned — the number of Republican governors had plummeted to 13.

Even Reagan saw the number of GOP governors drop by seven on the eve of his second midterm election in 1986; he avoided the same fate as other presidents only because Republicans surged in gubernatorial elections in 1986, gaining a net of eight seats.

"Governors and legislators fall victim to diminished base turnout in nonpresidential years," said Republican strategist Patrick Davis. "I think you could surmise that the president's popularity, or lack of it, impacts his ability to motivate voters beyond the party activists to vote for 'his' candidates."

History aside, the larger-than-life personas of both Clinton and Bush — and their polarizing effect on the electorate — almost certainly contributed to their party's downballot decline.

The big Democratic losses of 1994 are widely attributed to frustration over the shortcomings of Clinton's first two years in office, from the controversy over gays in the military to his failure to enact health care reform. Later, the Monica Lewinsky scandal made Clinton an imperfect role model for his party. Clinton's push to stave off impeachment, while ultimately doing his

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GOP pursuers significant damage, likely prevented the White House from undertaking the kinds of efforts that could have aided Democrats running for lower office.

Bush-era Republicans, for their part, survived the 2002 and 2004 elections in better shape than the Clinton-era Democrats did in 1994 and 1996, but the chickens came home to roost in 2006. Much like the Lewinsky scandal for Clinton, the Iraq War sucked the air out of Bush's second term. As was the case with Democrats after 1994, Republicans chose to run away from their leader last year.

Both Clinton and Bush also benefited from, and were burdened by, having unified control of Congress and the executive branch — Clinton for two years and Bush for the better part of six. Unified control tends to raise expectations — and makes it easier to pin blame when the public mood sours.

In recent years, said George Mason University political scientist Michael McDonald, political polarization has meant a heightened nationalization of downballot elections. That means that downballot offices are more vulnerable to national swings.

"I don't think it is a coincidence that these two large swings were against the president's party, since centrist voters tend to like divided government," he said.

"These two-term presidents are often caught in some scandal which becomes a distraction," added Donna Brazile, a Democratic strategist and Roll Call contributing writer. "In Clinton's case, it was a steady drumbeat of scandals brewing, and then came Monica. With Bush, it's the war," as well as the scandals surrounding former Rep. Mark Foley (R-Fla.) and imprisoned ex-lobbyist Jack Abramoff.

In other words, Clinton and Bush had to face extended periods in office when they needed to focus on their own political survival, rather than on aiding their party. And that had to hurt further down the ballot.

"Presidential campaigning in 1992 for Clinton and in 2000 for Bush was largely driven by a 'clean, new message,' and it followed that downballot candidates benefited," said one Republican strategist. "In subsequent years, the agenda of the national party dominated discussion, and like it or not, Members of Congress, governors and legislators were seen as somewhat beholden to those national agendas."

Some political experts, however, caution against drawing overly broad conclusions from the data.

Bernadette Budde, senior vice president of the Business Industry Political Action Committee, evokes the old Buffalo Springfield song that goes, "There's somethin' happenin' here/What it is ain't exactly clear."

"I wouldn't try too hard to quantify or figure out the 'what,'" Budde said. "We know that 'churning' at one level affects all other levels of the ballot, even if there is some lag. Voter dissatisfaction takes a while to rumble through the system."

For this reason, she said, BIPAC prefers to use the metaphor of an earthquake rather than a wave for changes like those that took hold in the 2006 election cycle.

"The evolution of what voters want continues, even if the electorate can't quite define the solutions to problems vexing their lives," she said. "Everyone elected in 2006 still sits atop an active fault line. Shifting tectonic plates have altered the political map, and when the earth stops moving, nothing will ever look the same."

Joe Biden And The Mouth That Soars (POL)

By Roger Simon

The Politico, February 20, 2007

AMES, Iowa -- Joe Biden is in the 27th minute of his five-minute presentation, but nobody in the church basement has slipped away, nobody is nodding off, nobody is doing anything but following his every word.

"It was a mistake," he says in reply to a question about his vote to authorize the Iraq war. "I regret my vote."

Joe Biden's mouth can get him in trouble, but when it is working right, the words drop from his lips like pearls, and nodding heads now spread through the audience like ripples on a pond.

Biden's full reply to the attendees of the Story County Annual Soup Supper takes 4 minutes and 45 seconds -- it can take him 4 minutes and 45 seconds to say "hello" -- but here is the short version:

"It was a mistake," Biden says. "I regret my vote. I regret not realizing how incompetent (the Bush administration) would be. The president did not level with us. And if I had known it, I would never have voted to give him that authority in the first place."

The applause washes over him. It threatens to go on and on until he cuts it off by saying: "I want to do yes-or-no answers from now on."

Everybody laughs.

"But that was an important question," Biden says.

How important? Well, imagine that question being asked at a Democratic debate -- as surely it will be -- with all the Democratic candidates on stage.

Biden will say his vote was a mistake. As will Chris Dodd. As will John Edwards.

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Hillary Clinton?

She will say, I guess, what she said in Dover, N.H., the other day: "If the most important thing to any of you is choosing someone who did not cast that vote or has said his vote was a mistake, then there are others to choose from."

And Joe Biden wants to make sure he is one of the others they choose.

Most politicians love to serve but hate to run, and you can hardly blame them: Running is when you get the least respect. Running is when the voters remind you that you are a job applicant and they are doing the hiring.

But Biden, a senator from Delaware, seems to live for campaigning, live for the give and take, live for switching audiences from rapt attention to raucous laughter and back again.

Joe Biden is a glad-hander in the best sense of the word: He looks glad to be grasping each person's hand, looking the person in the eye, answering some question or exchanging some pleasantry -- "You're going to a wedding in Delaware? What hotel? You're kidding! I live four miles from that hotel!" -- and then, spying the next person down the row, saying, "I'm coming for you! I'm coming!"

At the soup supper, he kneels down on one knee on the tile floor next to an elderly woman and, gripping her hand, says in a loud whisper: "Let the press know I'm not a phony."

Does it really matter? Voters appreciate this much effort even if the candidate is faking sincerity.

The church basement is redolent of soup and succotash. People sit at long tables covered by oilcloths. Power strips have been supplied, not for laptops, but for the 18 crockpots in which the soups and stews bubble and simmer. A mild snowstorm (fewer than 5 inches) has been going on outside, but every seat is filled and some people are standing against the walls.

Retail politics like this has been derided. And while it is true that candidates even in retail states like Iowa and New Hampshire will end up reaching more people by TV than in person, the tradition is a powerful one and best not dismissed.

Real retail events are not grip-and-grins, where the candidate stands in a receiving line, spending only a few seconds with each voter. Real retail demands time, and Biden is spending the time.

He walks up and down between the tables. His long white hair is combed straight back. He is wearing a light blue shirt and dark blue tie, a navy blue blazer and gray slacks that break exquisitely over his tasseled black loafers.

Tasseled black loafers? Well, you can take the boy out of Delaware, but …

Actually, even though Biden is the only man in the room wearing a tie, let alone tasseled loafers, it works. Iowans don't want candidates showing up in work shirts and overalls pretending to be one of them. They just want somebody who understands them.

But why all this effort for Iowa? Why are so many candidates coming so early? Because they all fear the race for the nomination is going to be over very quickly and there will be no time to recover if they stumble and fall.

So they all have the same strategy: Win early, win often.

And it all starts here, in places like this, in church basements in Iowa.

I caught up with Biden by phone Monday and he told me a story -- it took him about 4 minutes and 45 seconds -- about how he was campaigning in Delaware as a young man and he met a guy at a gas station who was wearing a John Deere cap and was slouching on a chair around a potbelly stove.

"Why should I vote for you?" the man asked.

"Because I'm just like you," Biden replied.

The man sat up straight. "Boy, if you ain't different than me," he said, "I ain't voting for you!"

Biden and I both laughed.

"I guess I am a street politician," Biden said. "My whole career, whenever I wanted to get a sense of what people were thinking, the only way I trust it is to go out and listen to people. It sounds corny, but it is true."

I mentioned his tasseled loafers, and we both laughed again.

"Iowa is authentic, and they are looking for authenticity," he said. "I don't wear funny hats. But the major thing about Iowa, New Hampshire, South Carolina, is that they want to look you in the eye and poke you."

Poke you?

"What they want to do," Biden said, "is kick the tires before they buy the car."

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by Show Me on 02.20.2007 at 12:54 AM

I love Joe Biden. I hope Hillary Makes him her Secretary of State.

by Invertedgc on 02.20.2007 at 12:53 AM

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I have been a fan of Biden for some years - he was always the guy who spoke his mind and sometimes did it too freely, as was evidenced by his early Obama gaffe. At least when he spoke he said intelligent things (most of the time) and kept you on your toes.

I agree that a candidate is likely to emerge from the many second tier hopefuls. It will be interesting to see how Biden carries himself during the debates. Obama is the most gifted orator, and Biden is a distant second, but I think that is where is best shot is going to come. He ought to at least be able to talk circles around Edwards and Clinton. It's going to be a fun season for politico's!

by AnyoneButHilary08 on 02.19.2007 at 10:09 PM

Maybe all the jockeying up front between the Democrat's Big 3 will cause all three heavy hitters to punch themselves out. Maybe a dark horse-like glad handing Joe Biden-can take the nomination. If he stays close, it'll at least keep the race interesting.

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Will '08 Democrats Follow Murtha, Vote To Cut Troop Funds? (RC)

By Morton M. Kondracke

Roll Call, February 20, 2007

As dangerous as President Bush's record on Iraq may be to Republican presidential candidates in 2008, Democrats also are risking revival of fears that their party is weak on foreign policy.

If Democratic candidates embrace the strategy of Rep. John Murtha (D-Pa.) to cut off funds for U.S. troops in Iraq, they deserve to be compared to the losers of the past — George McGovern, Jimmy Carter, Walter Mondale, Michael Dukakis and Sen. John Kerry (D-Mass.).

All lost presidential elections — often by landslides — mainly because voters perceived them as being unreliable in protecting the country from foreign adversaries.

This year, as in the past, the force-averse liberal base of the party is demanding ever-stronger statements and actions in opposition to the Iraq War and party leaders are obliging, with Murtha, Speaker Nancy Pelosi (D-Calif.) and presidential candidates either obliging or leading the process.

Sen. Hillary Rodham Clinton (D-N.Y.) is being massively pressured to apologize for her 2002 vote authorizing the war, as former Sen. John Edwards (D-N.C.) did. Sen. Barack Obama (D-Ill.), who opposed the war from the beginning, has set a deadline for withdrawal of U.S. forces, as has Edwards. Clinton hasn't, but she says she would end the war if it's still going in 2009.

It's true that Bush's misguided and deeply unpopular policies in Iraq probably put an even greater political burden on Republicans.

The leading GOP presidential candidates, Sen. John McCain (Ariz.), former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney, all feel obligated to defend the war and Bush's current "surge."

But they also are trying to distance themselves from the tactics and strategies — largely the work of former Defense Secretary Donald Rumsfeld — that have led the U.S. to the brink of disaster in Iraq.

This is not likely to work for the GOP candidates if Bush's surge policy fails. If the Iraq War ends the way the Vietnam War did in 1975, with a U.S. defeat, the next president is likely to be a Democrat, much as Carter won for the Democrats in 1976.

But it's worth remembering that Carter pretended to be a hawkish Democrat when running against then-incumbent President Gerald Ford — an Annapolis graduate and former nuclear submariner — and, at that, Ford almost beat him.

Democrats, to their credit, are not repeating all the errors of the Vietnam era. They do not disparage U.S. soldiers — quite the contrary, they claim to favor withdrawal as a means of protecting the troops.

Also, in the main, they profess to understand that the U.S. is involved in a long-term war on terror and favor a larger military, a better intelligence service and more forces in Afghanistan.

Still, there are reasons to doubt that, when it comes to new challenges, Democrats actually will be strong enough to protect the country and sustain the public's trust.

The Murtha proposal for de-funding the surge is cleverly drawn as a troop-protection measure, barring funds for deployment of units to Iraq that don't meet training, equipment or time-at-home standards.

But Republicans already are setting the stage to rightly characterize Murtha's plan as a denial of reinforcements for troops already in the field. And it's an attempt by Congress to micromanage a war, telling the commander in chief how to deploy his forces.

Moreover, Murtha announced his plans on an Internet program hosted by MoveOn.org, one of the most liberal elements of the Democratic coalition, evidence the McGovernite wing of the party is now in control of its foreign policy.

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Will candidates Clinton, Obama, Edwards and others follow the Murtha line? Indeed, will moderate House Members like Majority Leader Steny Hoyer (D-Md.) and Rep. Rahm Emanuel (D-Ill.)?

They'll be tempted, for sure, if polls continue to show — as last week's Fox News poll did — that a majority of voters (54 percent) oppose a funding increase for U.S. operations in Iraq.

But according to the Congressional Research Service, this would represent the first time ever that Congress has voted to cut funding during actual war operations. In the cases of Vietnam and Somalia, cuts were voted after U.S. forces had already returned home, designed to keep them from going back.

Chances are strong that the Murtha ploy won't really affect Bush's actions because the surge already is under way and can be paid for out of already appropriated funds.

But will the next step of Iraq doves be stronger measures to deny funds for future operations, perhaps imposing a deadline for U.S. involvement? And will the '08 candidates be herded into this posture, too?

There's a precedent for Democrats heading like lemmings off a left-wing cliff. It was in the 1984 campaign, when Democrats vied with each other to claim first authorship of the "nuclear freeze" idea, which would have left the Soviet Union with a monopoly of intermediate-range missiles pointed at Europe.

The freeze idea was utterly discredited when then-President Ronald Reagan succeeded in winning a Soviet stand-down by getting Germany to agree to deploy U.S. Pershing missiles on its soil.

It's unfortunately clear that the Democratic Party lacks any candidate representing the foreign-policy toughness of Presidents Franklin Roosevelt, Harry Truman, John Kennedy or Lyndon Johnson. But do its candidates want to follow in the footsteps of Carter and Kerry?

States Race To Set Earlier Primaries (CSM)

By Daniel B. Wood

The Christian Science Monitor, February 20, 2007

LOS ANGELES

California is poised to play the first card in what experts say will be a national game of "reschedule your state's primary." The stakes: which state can gain significant influence over the presidential nominating process.

California's bid to move its 2008 primary from June to Feb. 5 – already approved by the state Senate and expected to clear the Assembly this week – is intended to force presidential candidates to stump in the Golden State, addressing issues dear to voters here before the contest is all but decided by others. Gov. Arnold Schwarzenegger (R) has said he will sign the bill.

But already, nine states have tentatively scheduled primaries or caucuses for Feb. 5, and more may pile on as states jockey to meet notification deadlines: May for Democrats, September for Republicans. Among the delegate-rich states considering that date: Illinois, New Jersey, and Texas. Florida has a bill pending that would leapfrog them by moving its primary to Jan. 29.

The irony in all the jockeying is that, with so much change afoot, no state may achieve its aim, analysts say. The probable outcome of a front-loaded primary schedule is an early winnowing of the candidate field, with Feb. 5 becoming a do-or-die date, and a clipped-back period of time in which voters can assess presidential hopefuls at town halls and in their living rooms.

"California and other states that are trying to play calendar games are apt to find out that their plans backfire," says Larry Sabato, a political scientist at the University of Virginia. "We are courting disaster."

Feb. 5 could become a de facto national primary, political analysts say, because candidates who underperform in that vote would have trouble attracting donations that allow them to continue campaigning. And the party nominations could easily be sewn up in the three weeks between the Iowa caucuses on Jan. 14 and the Feb. 5 sweepstakes – giving the public insufficient time to watch and test the candidates, they say.

"With that many states front-loading their primary dates, the presidential campaign may get closure sooner, but people in each party may end up regretting the choice," says Jack Pitney, a political scientist at Claremont McKenna College in California. He cites the meteoric rise in 2004 of Howard Dean, the early Democratic front-runner, who later flamed out when voters watched him more closely over months of campaigning.

"They may find out things about the anointed nominees that they don't like, but find them out too late," says Dr. Pitney.

If states such as Florida, Michigan, and Illinois follow California's lead, he and others say, presidential nominations for both parties could be sewn up 10 months before the general election in November.

"We are about to have the most extended presidential campaign in American history, and that is the last thing the public wants," says Mr. Sabato.

These assessments do not cancel out the rationale for California and other states that want more clout in who picks presidential nominees, analysts say.

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"A Feb. 5 primary for California means California issues are finally going to be addressed by the candidates, rather than just farm or New England issues," says Robert Stern, president of the Center for Governmental Studies. "It means California voters – not just California donors like big Hollywood celebrities – [would] have a bigger say in the presidential primary."

If candidates are forced to consider California voters, concerns such as offshore oil drilling, illegal immigration, national security, and the environment might move up the issue agenda of candidates, say Mr. Stern and others.

Campaign styles and strategies may also be affected if more states move their primaries to Feb. 5. Campaigns in the early-voting states of Iowa, New Hampshire, and South Carolina have been characterized by up-close-and-personal meetings in coffee shops, meeting halls, and restaurants. If states with big populations and large terrain – like California – are added to the early-primary mix, candidates will no doubt adjust their money-raising and money-spending strategies.

"You won't see Hillary [Rodham] Clinton coming out to shake hands with voters in a small restaurant in L.A.," says Stern. "The state is simply too big. She'll need to spend her money more on television ads, radio, organizing staffs and logistics."

A candidate would also need more money earlier, to even consider a presidential race. That would represent a big change, some say. The day would be over when a candidate could plan to build a viable candidacy by attracting enough voters in a small state, and hope momentum and funds snowball from there.

The only way to end the primary chaos is to pass a constitutional amendment that would create a more uniform primary voting structure, says Sabato. One idea, he says, is to create four regional primaries – one each in April, May, June, and July, with national party conventions in August. The order of the regional primary votes would change with each presidential election cycle, decided by lottery Jan. 1.

"This would kill the permanent campaign because no [candidate] would know where to start and would eliminate the slingshot effect of winning just a couple of early primaries and vaulting to national prominence," says Sabato. "It makes so much sense it will never happen."

Two Democrats Refuse Party Cash (POL)

By Josh Kraushaar

The Politico, February 20, 2007

Despite Democratic successes in last November's midterm, two rookie Democratic congresswomen already are rejecting financial assistance from their leadership, a striking move aimed at cultivating an independent image for voters back home.

Reps. Nancy Boyda of Kansas and Carol Shea-Porter of New Hampshire have declined to participate in the Democratic Congressional Campaign Committee's "Frontline" program, which helps vulnerable members raise money early and receive logistical support for their re-election bids.

Twenty-nine members, including 24 freshmen, qualified for the program in mid-February. DCCC officials were not immediately available for comment. The DCCC official blog noted, however, that the campaign committee was not "writing off" Boyda and Shea-Porter and left open the possibility of helping both if they were subjected to GOP attacks.

Boyda would have been a prime candidate for assistance. She represents a solidly Republican district where President Bush received 59 percent of the vote against Sen. John F. Kerry, D-Mass., in the 2004 presidential election.

Boyda spokeswoman Shanan Guinn said the congresswoman wants to position herself as an independent heading into 2008.

"She's making her own decisions based on what people want her to focus on," Guinn said. "She ran an independent campaign in 2006, and her constituents want to see her run an independent campaign again."

When Boyda ran against Rep. Jim Ryun in 2004, she embraced the trappings of a modern-day campaign. She raised nearly as much money as Ryun, hired big-name Democratic consultants and spent plentifully on television ads.

Chastened by a 15-point defeat, Boyda in 2006 scaled back her operations and ran what one Democratic operative called a "Kansas-centric campaign." Her husband, Steve, served as her campaign manager. Instead of running expensive ads on television, she bought informational inserts in the local newspaper. She didn't receive support from the DCCC until the final weeks of her campaign.

While Boyda's ability to prevail against long odds worked in 2006, it will be difficult for her to run an under-the-radar campaign for a second time. Republicans have identified her as one of their top targets in 2008. And she's even drawn fire from Democrats after commenting she was planning to vote for President Bush's troop increase because her district voted for the president twice. (Instead, on Friday she voted for the Democratic resolution opposing the president's troop increase.)

Ryun is now seeking a rematch. He may face a primary challenge from state Treasurer Lynn Jenkins, who has been elected twice in landslides.

Shea-Porter's decision to bypass the DCCC program is less surprising. In 2006 the committee backed her primary opponent, Jim Craig, and didn't provide any money for her upset victory over Republican Rep. Jeb Bradley.

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Shea-Porter shunned consultants throughout the whole bare-bones campaign, relying on a group of dedicated party activists. Her home's oven served as a repository for campaign literature. Her 82-year-old mother was the star of one of her campaign's two commercials. She spent $253,000 on her successful bid -- the lowest amount among winning challengers.

"I appreciated the offer," Shea-Porter said of the DCCC incumbent retention program. "I decided to run the campaign the way that I did before -- retail politics.

"I am happy to follow a grassroots campaign," she said. "But I am asking the Republican opponent to carry the same kind of campaign."

Shea-Porter added that she reserves the right to change her mind if her Republican opponent engages in negative campaigning.

She ended the year with about $68,000 in the bank, and has raised $7,380 since the election.

State Democratic Chairman Kathy Sullivan said Shea-Porter will soon be holding small fundraisers in New Hampshire and understands she will have to raise more money than in 2006. But Sullivan thinks her strategy to bypass the DCCC will benefit her politically in New Hampshire, where retail, grassroots politics rules.

"Will she drive the DCCC a little bit crazy because she's not the traditional D.C. candidate? Sure," Sullivan said. "But people like that here in New Hampshire."

Shea-Porter's low-budget, quirky campaign style will make her an inviting GOP target for 2008. With presidential and Senate races driving up turnout, Republicans believe that they'll be in better position to challenge her. Bradley has already declared he's running again in 2008, though he may face a primary challenge from the right.

But if dismay over the Iraq war remains a central issue, Shea-Porter could again be propelled by what proved to be a winning issue last year.

"She knows her district, she knows how she won," said Sullivan. "People like the fact she's independent. She likes telling the party bosses that they can't tell her what to do."

For Republican strategists, the decisions by Shea-Porter and Boyda to reject party help raise their political vulnerabilities in 2008.

"This confirms what we already know -- that these are going to be top pickup opportunities for us," said Julie Shutley, spokeswoman for the National Republican Congressional Committee.

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Slamming Tax Cuts Seen As A Risky Move (WT)

By Donald Lambro, The Washington Times

The Washington Times, February 19, 2007

Virtually all the Democratic presidential contenders have denounced President Bush's tax cuts and called for raising the rates on wealthier Americans, but Republican strategists say their plan will backfire in the 2008 election.

Bashing the Bush tax cuts as "tax cuts for the wealthy" has become the favorite Democratic mantra ever since he enacted his across-the-board tax-reduction plan in 2001 -- which included increased tax credits for families with children and lower tax rates for every income bracket.

Every Democrat seeking the presidential nomination who was in Congress at the time voted against the Bush tax cuts and has called for repealing some of the income-tax rate reductions if they are elected president. Most say their tax increases would hit only the very wealthiest Americans earning more than $200,000 a year.

Republican tax-cut advocates say: "Don't believe it."

If the Democrats campaign on raising taxes just for people at the top tax rate, "it will backfire on them for two reasons," said economic strategist Cesar Conda, a former chief domestic policy adviser to Vice President Dick Cheney.

"Number one: A lot of small businesses, small proprietorships, pay the top individual tax rate, so they will be raising taxes on small businesses and entrepreneurs. Number two: A lot of the polls I've seen suggest that the American people don't believe that the Democratic tax increases will stop at just the rich, that eventually it will hit the middle class," Mr. Conda said.

"The Democrats are falling into the trap of becoming the tax-and-spend party again," said Mr. Conda, now a private consultant and economic adviser to former Massachusetts Gov. Mitt Romney, a 2008 Republican presidential candidate.

Some Democrats are also cautioning their party's presidential aspirants to be careful how they present their tax proposals to the voters next year.

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"Democrats have to define themselves as proponents in the battle for the middle class, so that any tax increases they espouse, like rolling back part of the Bush tax cuts for the wealthy, should be used primarily for middle class tax cuts," said James Kessler, issues director for the Third Way, a centrist Democratic advocacy group.

"Each party comes into the political races with preconceptions. The preconceptions about the Democrats is that they are more likely to raise taxes than the Republicans, so you do have to be careful. Democrats need to have a series of middle class tax cuts that are real," Mr. Kessler said.

But with few exceptions, the Democratic contenders have railed against all of the Bush tax cuts without making distinctions in its provisions, blaming the tax cuts for everything from the budget deficits to fighting the war on terrorism.

"If we hadn't passed the big tax cuts last spring that undermined our fiscal responsibility and our ability to deal with this new threat of terrorism, we wouldn't be in the fix we're in today," Sen. Hillary Rodham Clinton of New York said in the fall of 2001 after the September 11 attacks.

Sen. Barack Obama of Illinois, also a tax-cut critic, wrote in his best-selling book "The Audacity of Hope" that Mr. Bush's tax cuts worsened perceived wage stagnation and income inequality. Although he was not in the Senate when the tax cuts were passed, he voted last year against extending the capital-gains tax cut and for repealing it.

More recently, former Sen. John Edwards of North Carolina proposed increasing the tax rate for the top 35 percent in order to raise up to $120 billion to pay for his universal health care plan.

New Mexico Gov. Bill Richardson may be the only exception among the Democratic candidates. In his first term as governor, Mr. Richardson reduced income-tax rates across the spectrum, as Mr. Bush did, cutting the state's top income-tax rate from 8.2 percent to 4.9 percent over five years.

Matching Free Trade With Taxes (WP)

By Sebastian Mallaby

The Washington Post, February 19, 2007

The last time a Democrat controlled the White House, he defended globalization. He understood that trade creates losers, and he sought to assist them with progressive tax and spending policies. But today's leading Democrats are flirting with the opposite approach. They are forthright in their complaints about trade. But, with the notable exception of John Edwards, they are surprisingly reluctant to propose tax hikes.

You can see why Democratic sentiment has shifted. Globalization is no longer what it was when Bill Clinton shepherded the North American Free Trade Agreement and the Uruguay Round through Congress. China's economy has quadrupled in size; India has emerged as a competitor; the sense of insecurity has spread from a handful of vulnerable industries to much of the economy. And yet if they reverse the Clinton formula, the Democrats will be doubly wrong. They will be swallowing left-wing propaganda about trade and right-wing propaganda about tax cuts.

Paradoxically, the changes that have made globalization less popular have rendered resistance to it less fruitful. Back in the 1980s, trade put pressure on big, vertically integrated industries: cars, electronics. In the new world of outsourcing and global supply chains, vertically integrated enterprises have been sliced into discreet processes; trade now puts pressure on tasks rather than on industries. Back-office administration and phone-based customer support may shift to India, and this shift may affect industries from banking to medical services. The manufacturing and assembly of components may be outsourced to Mexico or Asia, and this change may affect everything from toys to telephones.

So trade now threatens workers in more industries. Even if it still causes less dislocation than technological change, we shouldn't be surprised that anti-globalization sentiment has sharpened. But the advent of competition in tasks also renders protectionist remedies less sensible than ever.

In the era of vertically integrated industries, there was a superficial plausibility in the economic-nationalist case for trade barriers. Big American corporations that did nearly all of their production at home were up against Japanese and German rivals that were equally rooted in their own countries: "If they win, we lose" was an understandable attitude. But now this picture has been scrambled. America Inc. had become Global Inc.: It's hard to erect trade barriers without disrupting corporate America's supply chains. The world's fastest-rising trader illustrates the point. More than half of Chinese exports are made by subsidiaries of foreign companies.

Advocates of trade barriers want to protect workers as well as corporations, but this rationale is also fraying. The old case for tariffs was based on the fact that trade-affected workers were often geographically clustered: If cheap Asian steel hammered a Midwestern steel town, protectionists argued that steelworkers could not be expected to adapt and find new jobs because steel was the sole prop of their communities. But the new competition in tasks rather than industries renders the tragedy of the company town increasingly rare. If a data-entry clerk loses her job in Omaha, she can probably find other work without having to move.

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So trade protectionism, which always damaged economic growth, has now lost the few arguments that supported it. Globalization has caused understandable anxieties, but tariffs are a useless therapy. The alternative of helping globalization's losers with tax-financed spending programs is more promising by far. For, contrary to what conservatives routinely assert, tax-and-spend programs need not be bad for the economy.

Consider the work of Peter Lindert of the University of California at Davis. In a magisterial work published three years ago, Lindert analyzed tax-financed transfers across rich economies and found no correlation with the rate of growth or with gross domestic product per person. This, Lindert continued, should not be surprising. What matters for growth is less the quantity of tax and spending programs than their quality.

Lindert is no party-line liberal. He argues that high taxes in Europe don't damage growth because they hit consumption and labor rather than savings and capital: This is an uncomfortable point for those who want the tax system to be progressive. But Lindert also argues that high taxes are compatible with growth if the revenue is spent well. Investments in education and public infrastructure boost a country's growth rate. Programs that break the link between employment and health insurance enhance the flexibility of workers. Subsidized child care keeps women in the workforce, encouraging employers to invest in training them.

None of this suggests that high taxes are risk-free, especially if they finance programs with no growth payoff -- such as entitlements for the elderly. But knee-jerk opposition to raising taxes is misguided. The government could and should spend more on making health care portable and retraining displaced workers. That is a much better bet than protectionism.

In Iowa, The Living Room Has Fallen Out Of Favor (NYT)

By Adam Nagourney

The New York Times, February 19, 2007

DUBUQUE, Iowa, Feb. 18 — Iowa, with its first-in-the-nation presidential caucuses, has been celebrated for 30 years for its intimate campaigns where future presidents would perch on living room couches or sit at kitchen tables and take questions from 20 or 30 people late into the night.

But it was standing room only on Sunday afternoon at the Grand River Center here, where hundreds of people showed up for a forum with John Edwards, a Democratic candidate for president. When Mr. Edwards asked for questions, dozens of hands shot up. Many were still up when he called an end to the meeting.

Mr. Edwards's experience has been shared by most of the major candidates on recent visits to Iowa, almost a year before the caucuses. It is evidence of what appears to be the demise of the living room campaign, signaling a potentially profound change in the way presidential campaigns are conducted here, and to a lesser extent in New Hampshire.

A chapter in American political history that began in 1976 when Jimmy Carter rose from obscurity by working the living rooms and kitchens of Iowa may be drawing to a end. It is, at least for this election cycle, the victim of an era of celebrity candidates tracked by busloads of reporters, and of intense interest in the 2008 race among voters, who are turning out in numbers that would fill many, many living rooms.

"Perhaps it's time to write the obit to the living room," David Yepsen, the state's premier political columnist, wrote in The Des Moines Register after Senator Barack Obama drew thousands of people to a gym in Ames. "They are now relics of past campaigns, as ancient as the torchlight parade. Rock-star candidates need room for their fans and the gawkers."

Chuck Larson, a former chairman of the Iowa Republican Party and a senior adviser to the campaign of Senator John McCain, said that when Mr. McCain planned his campaign stops here for this weekend, he did not even try to set up the kind of small gatherings that were once Iowa's signature political events. "For any candidate of significance, I think those days are in all honesty gone," Mr. Larson said Sunday.

To a certain extent — and with all due respect to veteran chroniclers of the American political system given to nostalgia and perhaps idealized memories of past Iowa journeys — this may not be an entirely bad thing.

The events for Mr. Obama, the Democratic senator from Illinois, were bustling with young faces that were not familiar to many Iowa political activists. The crowds turning out for the candidates suggest that this extraordinarily competitive and wide-open campaign, taking place amid a nationwide debate on the war in Iraq and on the heels of the Democrats' recapturing of Congress, has engaged Americans in a way they have not been engaged in a long time. While the sites may be bigger and less intimate, candidates like Mr. Edwards and Senator Hillary Rodham Clinton are still inviting question after question.

Mr. Obama and Mrs. Clinton have also at least tried to have some smaller gatherings, but there is no getting around the fact that living rooms have given way to hotel ballrooms, coliseums and gymnasiums.

Some Iowans have noticed the change. They wonder if, or perhaps hope, this is a passing phase.

Theresa Grutz, a special education teacher from Dubuque, lamented the change as she took her place at Mr. Edwards's forum here. "You get to ask questions," she said of the more intimate gatherings. "You keep asking them and you keep asking them until you get an answer, and not a sound bite."

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Mr. Larson argued that there were some advantages to the new style. Mr. McCain saw 1,200 potential caucusgoers in three events on Saturday, compared with perhaps 100 he could have met in private homes. Mr. Larson said smaller meetings were less crucial because of the advent of Internet video streaming.

On the other hand, candidates have lost the laboratories that gave them a chance to learn about issues and formulate responses to tough questions, and make beginner mistakes, out of sight of rival campaigns and reporters.

Jennifer O'Malley, the Iowa director of Mr. Edwards's campaign, said the more personal campaigning, with candidates spending time with voters, was critical for caucuses, in which people need to be particularly motivated to turn out for two hours on a Monday night.

"A conversation with voters is much more important than a television ad," she said.

Some campaign officials said they expected voters' attendance to die down and news media interest to fade as the candidates continued an exhausting trudge across the state, before exploding again in the final weeks, as has historically been the case. Of course, that might just mean that a crowd of 800 would drop to 400.

Mrs. Clinton and Mr. Obama have gamely tried to replicate the living room experience, but it has not worked particularly well.

A Clinton event in Cedar Rapids was, unusually though understandably, invitation-only. Even so, the house became so crowded that people had to peer around corners and over shoulders to catch a glimpse of Mrs. Clinton. To deal with the crush of national reporters — a big part of the problem — her campaign assigned one to act as pool correspondent and share the information; inevitably, however, others sneaked in.

Last week, Mr. Obama's campaign aides scheduled one session in the home of Tom and Patti Friend of Iowa Falls. But after the Friends put a notice of the event in the newspaper, 200 people showed up, spilling out of the living room. When Mr. Obama walked through the door, the booming applause made it clear that the gathering was not so intimate after all; he had to climb up the stairs to find a speck of floor to speak from.

One day after Mr. Obama appeared there, he bounded onto the stage at the Field House at the University of New Hampshire in Durham. Christine Sohl, who arrived early to get a seat about 20 rows back, recalled meeting a little-known governor named Bill Clinton in a group of no more than 20 people.

Four campaigns later, she strained to see Mr. Obama. "This is as close as we'll get," she said.

Campaigns Find New Homes In Iowa (USAT)

By Judy Keen, Usa Today

USA Today, February 19, 2007

Downtown Des Moines rents getting too pricey

Development in downtown Des Moines is forcing some presidential campaigns to locate their offices in the suburbs, ending an era when cheap, temporary headquarters were clustered in the city center.

For years, it's been easy to walk between many candidates' offices, downtown hotels for news conferences and favorite eateries such as 801 Steak & Chop House, frequented by reporters and political operatives with expense accounts.

Hanging out downtown was part of the charm of the presidential primary season, when everyone working the campaigns camped out in Des Moines for weeks. Now, many campaign headquarters are 7 or 8 miles away.

"Candidates want inexpensive space. They're going to have to move out of town to get that right now," says Dennis Connolly, a commercial real estate agent in Des Moines since 1977. "There's a lot of tearing down and putting up new structures downtown."

Iowa hosts the nation's first presidential voting in its caucuses, and Des Moines is the political and geographic center of the state.

Parts of "candidate row" on Locust Street have been replaced by a new park, Western Gateway, and new buildings around it. Other downtown buildings were demolished or converted to apartments and condos.

In 2003, the headquarters of Democratic Sen. John Kerry and Vermont Gov. Howard Dean were a block apart on Locust. The building Kerry's campaign occupied now displays antique cars. Dean's former headquarters is in a building about to be renovated.

Democratic Sen. John Edwards' office was four blocks away on Grand Avenue. That space, a former auto dealership, is vacant. Edwards' office this year is east of downtown.

"There were wonderful opportunities four years ago for campaigns with vacant buildings downtown that landlords couldn't rent," says Susan Ramsey, spokeswoman for the Greater Des Moines Partnership, which helps businesses locate or expand. "Those opportunities don't exist any longer."

Instead, campaign offices are scattered elsewhere:

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·The national headquarters for Tom Vilsack, a former Iowa governor seeking the Democratic nomination, is on the city's western edge. "We're closer to the airport, closer to the freeway and there's plenty of growth space," spokesman Josh Earnest says.

·Sen. John McCain's campaign didn't even consider locating downtown, says Dave Roederer, state chairman of the Arizona Republican's campaign. The suburban Urbandale office is cheaper, "especially when you factor in the parking," he says.

·Former Arkansas governor Mike Huckabee's staff will soon move to Urbandale, about 8 miles from downtown.

"People don't want to drive all the way downtown at night to volunteer," says Eric Woolson, a spokesman for the Republican's Iowa campaign.

·The headquarters of former Massachusetts governor Mitt Romney's Republican campaign also will be in Urbandale.

"It just makes a lot more sense in terms of finding volunteers" who live there and in nearby West Des Moines and Clive, says Tim Albrecht, a Romney spokesman. "At the end of the day, it's all about location."

Sunshine For Hoods (WSJ)

The Wall Street Journal, February 20, 2007

Following the example of Eliot Spitzer, state attorneys general have had a field day using their power to accuse all and sundry of wrong-doing. So it's only fair that a little sun is now beginning to shine on the cozy business relationships between these AGs and their trial lawyer buddies.

The sight won't be pretty, judging from a recent Associated Press report that former California AG Bill Lockyer's office concealed tens of millions of dollars in contracts with lobbyists and legal firms. California has an open-records law so the public can see how officials spend their money. Yet Mr. Lockyer's office incorrectly labeled dozens of contracts "confidential" and thus kept them out of public sight.

Now state treasurer, Mr. Lockyer says this was just a simple mistake. But the records sure are revealing. The law firm of Cotkin, Collins and Ginsberg received a $2 million contract to work on an insurance case. That same firm has donated to Mr. Lockyer's political committees. Two other no-bid contracts, worth as much as $489,000, went to the Ferguson Group, a Washington lobbying outfit. Ferguson's president was the legislative director for former California Congressman Vic Fazio, a Lockyer pal.

Going back to 2003, Mr. Lockyer's office labeled as "confidential" more than 1,700 contracts valued at more than $100 million. The AP asked California's Department of Justice -- now run by Attorney General Jerry Brown -- to inspect a sample of 131 contracts. That review found that only 12 deserved to be confidential. One test of Mr. Brown's desire for honest government will be whether he now allows a review of all contracts.

This episode also has Californians calling for legislation to require its AG both to publicly disclose contracts and subject them to competitive bidding. A movement -- led by the American Legislative Exchange Council and the Institute for Legal Reform -- is also spreading for model legislation known as the "Private Attorney Retention Sunshine Act." So far, seven states have adopted some variant of legislation, and West Virginia and Mississippi are debating whether to follow suit.

Mississippi is a fitting place for this fight, as it may well be the birthplace of AG-tort bar collusion. In the 1990s, then-Attorney General Mike Moore hired several tort lawyer friends to take the lead in his mammoth tobacco suit. Trial lawyer Dickie Scruggs later acknowledged making hundreds of millions of dollars in contingency fees; not bad for government work.

Current AG Jim Hood struck an equally suspicious deal as part of his $100 million settlement in 2005 with MCI/WorldCom over back taxes. Mr. Hood hired attorney Joey Langston as outside counsel to represent Mississippi in negotiations with MCI. Mr. Langston's firm shared half of $14 million in legal fees as a result of the settlement. You won't be shocked to learn Mr. Langston was Mr. Hood's largest individual campaign contributor.

As a reaction to this mutual back-scratching, the Mississippi senate earlier this month passed a sunshine act to require the AG to solicit proposals from at least three law firms for contracts larger than $1 million; it would also set up a review board to inspect proposals. Mr. Hood went bananas, claiming it was a "politically motivated" bill designed to "prevent the state from catching" corporations that defraud consumers. He's rallying Democrats to oppose the bill. The office of West Virginia AG Darrell McGraw has been similarly dismissive of legislators' desire to spotlight his trial-bar contracts.

You have to smile at their nerve. These are the same AGs who deplore the mere appearance of a "conflict of interest" in business, and who justify their lawsuits as protecting state consumers. Yet they don't seem to think it's a conflict if their offices sign contracts with law firms that return a cut of their profits back to the AGs as campaign contributions.

Even worse, these contracts often include contingency fee deals that guarantee outside lawyers a slice of any settlement. This means the AGs can initiate legal proceedings against an industry with little risk to the state, while the outside attorneys have every incentive to push for the highest dollar settlement. Doing justice takes a backseat to the big-dollar payout. This AG-tort bar alliance confronts companies with a double whammy that makes it far more risky to fight a lawsuit. Even companies that are

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unfairly sued are inclined to settle, and the AGs can thus impose new rules and regulations via lawsuit rather than having to pass legislation.

State attorney generals have become an unchecked source of government abuse in recent years, combining political ambition with the awesome power to prosecute. They need to be reined in, and a good place to start is by exposing their sweetheart contracts with their trial lawyer friends and campaign contributors.

New York's Bully Governor (NYT)

The New York Times, February 19, 2007

Almost everybody who voted for Gov. Eliot Spitzer last year realized that he would not tread lightly. In fact, Governor Spitzer's pugilistic tendency was probably a main reason for his landslide victory. It is also why 60 percent of New Yorkers recently agreed with Mr. Spitzer that he is just the "steamroller" that is needed for one of the worst legislatures in the country.

Nevertheless, those lawmakers seemed stunned when Mr. Spitzer came out slugging after they exhibited some of their lesser instincts. When the governor began openly criticizing individual legislators in their home districts, the Albany crowd went into culture shock. They talked about how Mr. Spitzer was not playing by the rules. They talked about how he was upsetting the political etiquette. Joseph Bruno, the Senate leader, whined to reporters last week that the governor was a "bully." Maybe so. But a bully is just what New York needs right now — a governor strong, smart and articulate enough to break up the Albany cartel.

The downturn in Mr. Spitzer's relations with the legislative establishment came earlier this month when legislators, particularly Mr. Spitzer's fellow Democrats in the Assembly, reneged on a deal to pick a new state comptroller. Instead of choosing one of three finalists picked by former comptrollers, they decided on Assemblyman Thomas DiNapoli, who is far less qualified. Legislators who celebrated this big, in-your-face victory over the governor should by now be worrying about their jobs.

Minutes after that vote, the governor went on the attack. As he traveled around the state to promote his budget, he added criticism for two fellow Democrats who had voted for Mr. DiNapoli — Assemblymen George Latimer of Westchester and William Magnarelli of Syracuse. That sent a loud signal that individual lawmakers can no longer hide behind their leaders and coast to re-election.

Mr. Spitzer and his staff are also taking other detours around the ultrapowerful legislative leaders — Mr. Bruno and Assembly Speaker Sheldon Silver. If Mr. Spitzer can break these two leaders' stranglehold on public policy, more power to him.

Other governors are undoubtedly watching to see if Mr. Spitzer's high-intensity strategy will work over the long term. Both California's Arnold Schwarzenegger and New Jersey's Jon Corzine have been forced to make peace with wayward legislatures to get anything done. Mr. Spitzer will also have to negotiate with lawmakers to get a budget, begin reforms and pass the progressive laws the state has needed for some time. But unlike other governors who spend too much time wooing and not enough time challenging, Mr. Spitzer can now negotiate his reform agenda from a position of strength.

Blair Backs Tougher Gun Laws For Youths (WP)

By Mary Jordan, Washington Post Foreign Service

The Washington Post, February 19, 2007

LONDON, Feb. 18 -- Prime Minister Tony Blair announced Sunday that he wanted to lower to 17 the age at which a mandatory five-year sentence could be imposed for illegally possessing a gun. The announcement followed the shooting deaths of three teenagers.

Britain has strict gun laws, and even most of its police officers do not carry guns. But a recent spurt in shootings and youth gang violence has alarmed many Britons and led to armed police patrols in areas of south London.

Currently, defendants older than 21 must serve a minimum five-year prison sentence if convicted of illegally possessing a firearm. But Blair, in an interview with the BBC, said, "We've got to lower that age . . . down to the age of 17."

Speaking ahead of an emergency summit on gun crime this week, Blair said his government is seeking to overhaul violent crime laws, including adding penalties for gang membership and measures to protect people who testify against gangs.

Police said gun crime fell last year, but 2007 has started with several shooting deaths.

In the past two weeks, James Smartt-Ford, 16, was gunned down at a south London ice rink and Michael Dosunmu, 15, was shot and killed by a gunman in his bedroom. Eight days later, Billy Cox, 15, was shot dead at his home, also in south London. Another man was shot and killed Saturday in London, and three people were injured in two weekend shootings in Manchester, in northwest England.

The killings, particularly those involving young people, have underscored the menacing culture of youth gangs, armed with knives, hammers and, increasingly, guns.

Although gun crime is still relatively uncommon here -- there were 50 firearm-related killings last year in England and Wales -- many Britons are concerned that young people see them as a cool accessory.

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"We have got to analyze what is going wrong here," Blair said. "Is it a general state of British society, British young people? And I think it isn't. It is about a specific problem within a specific criminal culture to do with guns and gangs."

Some say the shootings are a symptom of troubled British youths and families.

"The issue here is the circumstances they grow up in, the broken families -- and that's not confined to any one sector of society -- and the massively rife drug culture," David Davis, a leading member of the opposition Conservative Party, said Sunday. "The problems have been growing for a decade."

Will Deal Give N. Korea Millions In Cash? (NSWK)

By Mark Hosenball And Richard Wolffe

Newsweek, February 19, 2007

Hard-liners already loathe the new deal in which Kim Jong Il's regime has agreed to halt activity at its main nuclear plant in return for emergency oil supplies. John Bolton, who recently departed as U.S. envoy to the United Nations, told NEWSWEEK: "We violated the principle that we don't reward bad behavior." Promises to ease North Korea's economic squeeze are among key elements of the deal (struck by the United States and other participants in the Six-Party diplomatic talks). Among the provisions of the agreement are promises by the United States to begin direct talks with North Korea about "moving toward full diplomatic relations," and that Washington will take steps to remove Pyongyang from its official list of state sponsors of terrorism. In return, Pyongyang agreed to "shut down and seal" its main nuke reactor at Yongbyon.

But Pyongyang may also get access to controversial bank accounts. Meeting in Beijing three weeks ago, North Korean and U.S. Treasury officials held detailed talks about 52 bank accounts in Macau's Banco Delta Asia that the Macau government froze after Washington in 2005 accused the bank of money laundering. The 52 accounts, containing about $24 million, were frozen on suspicion that North Korea was using them for illicit purposes. Washington is still threatening to issue an order curbing U.S. banks' dealing with Banco Delta Asia, which has now been taken over by the government of Macau. But U.S. officials, who asked for anonymity due to the sensitivity of the subject, indicated that following further discussions with Washington, it is possible Macau authorities may lift restrictions on some of the accounts, enabling Pyongyang to regain some of its cash.

Administration hard-liners appear to have been unable to thwart diplomacy. Former officials close to Vice President Dick Cheney, who asked not to be identified characterizing his views, suggest he does not like the deal but believes there are enough get-out clauses to ensure either that Pyongyang complies or the whole bargain collapses. Cheney had long influenced North Korea policy through powerful bureaucratic allies who battled what they viewed as State Department appeasers. But Bolton, a leading hawk on North Korea, left the administration when Congress refused to confirm him as permanent U.N. ambassador. Robert Joseph, another key hard-liner, is soon to leave his job as State Department under secretary for arms control. Cheney himself may be the last hard-liner. But White House aides, along with the veep's allies (anonymous when discussing the men's relationship), acknowledge that Bush relies far less on Cheney's judgment now than he did earlier in his presidency.

Hold The Applause (USNEWS)

By Thomas Omestad

U.S. News and World Report, February 19, 2007

Last week's nuclear deal with North Korea, said a smiling Condoleezza Rice, took "patient, creative, and tough diplomacy." All true, but the secretary of state's upbeat summary masked an array of obstacles that had to be overcome merely to start down the long road toward stripping North Korea of any nuclear weapons and facilities. The obstacles included not only the North's legendary obstinance but also bitter disputes within the Bush administration. President Bush now appears to have sided with those who favor engaging Pyongyang over those who want to squeeze it in hopes of hastening the "evil" regime's collapse. "Rice was convinced, and that convinced the president," said Michael Green, Bush's former top Asia hand at the National Security Council.

And yet for all the relief by fatigued negotiators from the United States and five other countries, the hardest tasks have been left for the future. In its first phase, the accord will not eliminate any of North Korea's nuclear weapons. Experts estimate the North now has between four and 13 bombs' worth of plutonium.

Administration officials have insisted they would not reward the North's nuclear "bad behavior." But that, hard-line critics complain, is just what the deal does. Paradoxically, their assertion that North Korea had bested the United States is shared by some deal backers. Their complaint: The years of delay allowed Pyongyang to multiply its plutonium stockpile since the crisis erupted in October 2002. Says a former U.S. official, "We could have done this four years ago and gotten a better deal."

The "ABC" policy. The new accord brought immediate comparisons with the Clinton administration's 1994 bilateral pact that until 2002 delivered fuel aid, among other benefits, for a reactor freeze. The Clinton approach was the foil against which hawks rallied, dubbing the Bush policy "ABC"-Anything but Clinton. The idea was to do nothing to abet the survival of Kim Jong

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Il's repressive regime. Last week, Rice argued that the new pact should be more durable because it is multilateral, backed up by power players like Russia, South Korea, Japan, and, especially, China. U.S. News has learned that China, host of the talks, pushed back on Pyongyang for nearly scuttling the accord by demanding even more energy aid.

The agreement builds on the September 2005 joint principles for denuclearizing the North in exchange for security guarantees and economic and political benefits. Pyongyang is now obligated to halt and seal its Yongbyon reactor within 60 days, verified by U.N. inspectors. It will receive initial aid of 50,000 tons of heavy fuel oil. As it disables nuclear facilities in a second phase, it gets 950,000 tons of fuel oil-all told worth $250 million to $300 million.

Key move. U.S. officials also will try to rapidly resolve a dispute with North Korea over money-laundering sanctions that nearly derailed progress in the nuclear talks. Five working groups will meet on security, political, and economic issues. One will focus on normalizing U.S.-North Korea ties. Washington agreed to "begin the process" of removing the North from the U.S. terrorism list and from countries sanctioned under the Trading with the Enemy Act. That could be key for Pyongyang. "They want a normal, long-term relationship with the United States," says Stanford University scholar John Lewis, who has visited North Korea 15 times.

Bush, Howard Discuss North Korea, Wars In Iraq And Afghanistan (AFP)

AFP, February 20, 2007

WASHINGTON - US President George W. Bush spoke with Australian Prime Minister John Howard about the North Korea nuclear deal and the military campaigns in Iraq and Afghanistan, the White House said.

Bush spoke to Howard by telephone as US Vice President Dick Cheney headed to Japan and Australia to discuss their roles in Iraq and Afghanistan and common challenges like China's rise and North Korea's nuclear program.

The two leaders spoke a week after a breakthrough nuclear deal was reached at talks in Beijing between the United States, the two Koreas, China, Japan and Russia.

Bush and Howard "discussed the recent agreement at the Six Party talks," White House National Security Council spokesman Gordon Johndroe said in a statement.

Under the deal, the Stalinist regime has 60 days to shut down its main Yongbyon nuclear reactor and allow United Nations nuclear inspectors back into the country.

The energy-starved regime would in turn receive a first tranche of 50,000 tonnes of fuel oil -- part of an eventual one million tonnes and additional diplomatic, security and other guarantees if it permanently disables its key nuclear facilities.

Bush and Howard also discussed the wars in Iraq and Afghanistan. Australia contributes troops to both efforts.

"The president thanked the prime minister for Australia's continuing support in Iraq and Afghanistan," Johndroe said.

Bush and Howard also discussed "the detainee issue and shared expectations of a fair and orderly process," he said without elaborating.

The Australian government has been pressing Washington to try as soon as possible Australian terror suspect David Hicks, who has been held at the US military prison in Guantanamo Bay, Cuba for more than five years.

Hicks, 31, was captured in Afghanistan in late 2001 where he was alleged to have been fighting with Taliban forces against US troops.

Cheney's Influence Lessens In Second Term (WP)

By Michael Abramowitz

The Washington Post, February 20, 2007

Mistrustful of North Korea and its willingness to keep promises, Vice President Cheney worked hard in President Bush's first term to prevent talks aimed at halting that country's push to develop a nuclear bomb. At one point three years ago, he even bypassed the State Department to intervene in delicate negotiations over Pyongyang's nuclear activities.

But this month Cheney stayed out of the way as a top State Department negotiator wrapped up a nuclear agreement with North Korea -- a deal that many of the vice president's conservative allies consider foolhardy and that some of his own staff are said to find hard to swallow.

The contrast underscores the vice president's shifting status in Washington. There is no evidence that Cheney's close relationship with Bush has been lessened. But there is also little doubt that the causes he has championed -- a tough skepticism of negotiations with dictatorships such as North Korea and the forceful exercise of presidential authority -- are being rethought within the Bush administration, according to officials inside the government and experts outside it.

The North Korea deal is only the latest example of a new pragmatism forced on the administration by a series of court decisions, the deteriorating situation in Iraq and -- perhaps most of all -- the Democratic takeover of Congress.

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The White House has made a concerted effort to be more conciliatory with Capitol Hill; to make rhetorical nods to issues such as global warming and income inequality, which drew little attention in Bush's first term; to permit court review of secret wiretapping of terrorism suspects; and to make new diplomatic initiatives in the Middle East and elsewhere.

"There's no question in the current political situation that Cheney has lost clout," said Leslie H. Gelb, former president of the Council on Foreign Relations. "He's lost clout because Bush has to prove he's not an international confrontationalist, warmonger and diplomatic bungler. If you have such a reputation, you can't function as president."

It hasn't helped Cheney that his former chief of staff, I. Lewis "Scooter" Libby -- who had aggressively advanced the vice president's interests through a sometimes hostile bureaucracy -- has been sidelined because of his role in the Valerie Plame case. The government's perjury case against Libby will go to the jury this week after a trial that exposed the vice president's large behind-the-scenes involvement in seeking to discredit Joseph C. Wilson IV, a former ambassador who accused Cheney and other administration officials of twisting intelligence in the run-up to the Iraq war.

Some conservatives close to the administration see Libby's resignation after his indictment in late 2005 as part of the unraveling of a Cheney network, leaving a void that Secretary of State Condoleezza Rice, the engineer of the North Korea deal, has exploited. Others who have departed include Defense Secretary Donald H. Rumsfeld; his deputy, Paul D. Wolfowitz; and lower-level aides with long-standing ties to Cheney.

One former administration official, who spoke on the condition of anonymity to talk more candidly, said Cheney's office has "disappeared" on foreign policy under Libby's replacement, David Addington, and the vice president's foreign policy adviser, John P. Hannah. "Addington and Hannah are smart people, but they are no Scooter. Scooter worked 25 hours a day and he had Addington and Hannah working for him, so it was a powerful combination," this source said. "The result is that Cheney is taking a back seat, and there is no check or balance on Condi in foreign policy. It is what Condi decides and what the president agrees to."

Figuring out how much influence Cheney has is a longtime Washington parlor game -- but the answer is ultimately unknowable, given that almost all of his advice is offered privately, and both the president and his No. 2 zealously guard the details. The two meet for a private lunch once a week, share intelligence briefings and get together with staff for policy discussions.

Only 37 percent of Americans view Cheney favorably, according to the most recent USA Today-Gallup poll, but he remains an important emissary to key constituencies, foreign and domestic. He elicited laughter last week when, speaking to the National Association of Manufacturers in the middle of a snowstorm, he quipped, "The good news is, the federal government is shut down today -- so everybody's safe." He left yesterday for a long-planned trip to Australia and Japan, where he is expected to reassure the allies about the North Korea deal.

Cheney still shows up two or three times a month at policy lunches for Senate Republicans. "I know that he is very comfortable fundamentally with the approach the Bush administration has taken to the war on terrorism, which is go after them hard, keep them on the run and empower moderates," said Sen. Lindsey O. Graham (R-S.C.).

But many who know Cheney believe he is out of step with the current tenor of the administration, noting that he has offered none of the concessions of error that Bush has tried out recently to regain lost credibility on Iraq.

"Dick was always very realistic," said Kenneth L. Adelman, the Reagan administration arms-control official who has known Cheney for more than three decades. "I don't really understand how month after month he gets briefings showing Iraq's getting worse and worse, and he engages in all this happy talk. Bush has become more realistic. Certainly [Defense Secretary Robert M.] Gates is more realistic, so the happy talk from the Pentagon is over. Yet Cheney is still stuck in the mold."

The negotiations for the North Korea deal showed how much things have changed in Bush's second term. Three years ago, when Cheney's influence was at its peak, U.S. negotiators had rigid instructions to demand that Pyongyang dismantle its programs before receiving benefits, and had almost no authority to speak directly to North Korean officials.

This time, in meetings with Chinese and South Korean officials in Vietnam in November, Rice raised the idea of obtaining an "early harvest" -- a freeze on North Korea's main nuclear facility -- to start the process, administration officials said. She empowered her chief negotiator, Christopher R. Hill, to work out the details during a one-on-one meeting with the North Koreans in Berlin last month.

Under the deal, North Korea would receive an initial supply of fuel oil for the freeze. Pyongyang also promised to disable the facility and take further steps toward denuclearization in return for additional economic, energy and humanitarian assistance. The accord left for future negotiations the question of what to do with North Korea's existing nuclear weapons; Pyongyang declared itself a nuclear power in October after exploding a nuclear device. Many conservatives worry that the new arrangement could relieve North Korea of pressure from the United States without any guarantee it will eventually get rid of the weapons.

Lea Anne McBride, Cheney's spokeswoman, said he supports the plan and agrees with Bush that the North Koreans "have to prove themselves by following through on the deal."

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Sources who have spoken with administration officials said Cheney's staff is not happy with the agreement, and former administration officials said they have a hard time believing that Cheney does not share those sentiments. They pointed, for instance, to the agreement's language calling for new "working groups" to settle outstanding issues, something they said he has long opposed.

But some Cheney associates said they doubt he will work against the plan. "The one thing about Cheney is he has never done anything the boss didn't want him to do," said a longtime friend from previous administrations, who suggested that Cheney's acquiescence in the nuclear deal may have been a tactical concession, given the United States' eroding position in the world.

"I think he's someone who is very strategic in his thinking," said Aaron L. Friedberg, a Princeton University professor who served as an adviser to Cheney on national security from 2003 to 2005. "He's prepared to make adjustments and trade-offs as the situation warrants. . . . I suspect in a number of situations he would have preferred to push harder and take a tougher stand, but he has always been a pragmatist."

Cheney Due In Japan To Push NKorea Deal (AFP)

AFP, February 20, 2007

US Vice President Dick Cheney has headed to Asia with his first scheduled stop in Japan, a key US ally which has voiced increasing concern about the White House's approach on North Korea and Iraq.

Cheney will also travel to Australia and the US Pacific territory of Guam on a trip that comes on the heels of a breakthrough deal on North Korea and plans to deploy more than 20,000 extra US troops to insurgency-plagued Iraq.

The vice president will take pains to thank Japan and Australia for their help in Iraq and Afghanistan and may urge them to consider ways to beef up their presence in both war-torn countries, a senior US official said.

"We will talk about where there are places where we need to have more done, what other contributions we and other countries can make to the efforts of both those conflicts," the official told reporters on condition of anonymity.

In Tokyo, Cheney will aim to dispel any worries about the North Korean deal, emphasising that it is only a good "first step" towards stripping the regime of its nuclear weapons programmes, he said.

Japan has refused to fund the deal, under which North Korea would receive badly needed fuel aid, due to an emotionally charged row over Pyongyang's past abductions of Japanese citizens.

"I think it's reasonable to expect very serious discussions on North Korea and also some other issues that we are jointly faced with," a senior Japanese official who declined to be named said ahead of Cheney's visit.

On Wednesday, the US vice president will meet with top leaders including Prime Minister Shinzo Abe, and have an audience with Japan's emperor and empress.

Cheney will not, however, meet with Defense Minister Fumio Kyuma, who last month sharply criticized the decision to invade Iraq. A US official said Cheney's schedule was "locked in place" before Kyuma requested a meeting.

Officially pacifist Japan took the landmark step of sending troops to Iraq on a non-combat mission but former prime minister Junichiro Koizumi withdrew them before handing over power to Abe in September.

The Japanese official downplayed disagreements between the allies, saying Abe had "reiterated support for US policy and the determination of his government to carry out various measures of cooperation."

But a poll carried Tuesday by the Asahi Shimbun showed that 57 percent of Japanese shared Kyuma's view that President George W. Bush was wrong to invade Iraq.

An overwhelming 81 percent backed Abe in refusing to fund the North Korea deal, with only 11 percent expressing opposition, said the liberal newspaper's poll of 1,940 voters.

Cheney will meet Friday with Australian opposition leader Kevin Rudd -- at Rudd's request, the US official said. Rudd has said his Labor Party would not back any increase in the number of Australian troops in Iraq, even military trainers.

However, Prime Minister John Howard said Monday Australia might send up to 70 additional military instructors to Iraq and deploy more troops in Afghanistan.

Cheney will meet on Saturday with Howard, who has complained about US handling of the country's sole terror suspect jailed at Guantanamo Bay, David Hicks, the so-called "Australian Taliban."

Listen, Mr. Cheney (LAT)

By Philip J. Cunningham

The Los Angeles Times, February 20, 2007

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WHEN Shinzo Abe meets Dick Cheney in Japan this week, a special kind of chemistry will be in effect. The hawkish Japanese prime minister and the bellicose U.S. vice president, self-described friends, have more in common than declining poll numbers. They both have war on their minds.

What we have on the one side is Abe, a historical revisionist, glorifying the losers of the last world war to reshape the past. On the other side you have Cheney, a hard-line unilateralist who has been one of the biggest planners and defenders of the American-led war in Iraq.

Cheney is visiting Japan this week, according to the White House, to thank officials there for "their efforts in Iraq and Afghanistan." Japan has sent noncombat troops to Iraq and has supplied logistical support in Afghanistan. But even as backing for the Iraq war continues to slip at home, Cheney will arrive in a Japan roiled by its own debate about rising militarism.

The latest example came when Japanese Defense Minister Fumio Kyuma suggested last month that the war in Iraq was a mistake. He was criticized roundly by Abe's people. Now, apparently as a punishment, the Bush administration asked Japan not to schedule a meeting between Cheney and Kyuma during this week's visit.

Thus, Cheney will snub the defense chief, the very person he would be expected to talk to in a visit focusing on defense and security issues. The message seems to be: Friends don't criticize friends. Japan, historically the bully of Asia, instinctively understands such threatening behavior.

There was no rational reason for Japan to get entangled in Iraq, and there's even less reason to become involved in Iran. However, Cheney appears bent on whipping up support for a reluctant Japan to continue to follow the Bush administration's lead in the war-torn Mideast. In refusing to meet with the defense minister, Cheney seems to be saying, in effect, that a silent nod to the wise is sufficient.

But the Japanese can say no, and why shouldn't they? What does the long-term Japan-U.S. relationship get out of this temporary subservience? Is it really in the interest of the Japanese people to bind their fate to the declining fortunes of the Bush-Cheney team?

Or might this be a good time, as opposition leader Ichiro Ozawa belatedly suggested a few weeks ago, to point out the obvious folly of U.S. ways, as a friend would, helping a friend?

Japan has yet to finish apologizing for the mess it made the last time it went to war, so why drag it into a new one?

The U.S. occupation of post-World War II Japan, with the attendant promulgation of a unique "peace constitution," was designed to make a former warrior nation allergic to war, and it largely succeeded. It is not only Japan's neighbors who get upset when Japanese pols visit the Yasukuni war shrine, which honors Japanese war criminals among the war dead; in fact, more than half of those polled in Japan are against such visits as well. From time to time, veteran U.S. voices, such as former Rep. Henry Hyde (R-Ill.), remind us that official visits to a shrine that makes a mockery of such events as Pearl Harbor and Nanjing do not serve U.S.-Japan interests either.

Likewise, Japan should listen carefully to what other American statesmen are saying about Tokyo's whitewash of critical history questions. A motion by Rep. Mike Honda (D-San Jose) calling for an apology on the oft-denied issue of Imperial Japan's "sex slaves" and other wartime injustices is not anti-Japan bullying but a nudge, from a friend to a friend, saying we need to agree on basic facts for the relationship to go forward.

The widespread Japanese commitment to peace, after the devastation of Hiroshima and Nagasaki, extends to an understandable abhorrence of nuclear weapons. Yet military analysts say that U.S. ships armed with nuclear weapons routinely pull into Japanese ports such as Yokosuka and Okinawa — making a sham of Japan's "three nonnuclear principles" (not possessing, producing or permitting nuclear weapons into the country).

Cheney is scheduled to have a photo-op aboard the U.S. aircraft carrier Kitty Hawk during his visit — an insensitive move that might well come to be regretted as a "mission accomplished" moment for the vice president. Tokyo's flamboyant mayor, Shintaro Ishihara, has already primed the public by asserting — without apparent evidence — that the Kitty Hawk is nuclear-equipped.

Instead of posing on the carrier, Cheney should take the time to hear what Kyuma and other Japanese critics of the Iraq war have to say.

South Korean, US Officials To Meet On North Korea Nuke Accord (AFP)

AFP, February 20, 2007

South Korea's deputy foreign minister has headed to Washington for talks with US officials on ways to follow up on last week's deal on scrapping North Korea's nuclear programme, his ministry said.

Shim Yoon-Joe was to hold talks with US Undersecretary of State Nicholas Burns during his visit from Tuesday to Saturday, the ministry said.

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He would also meet other officials including John C. Rood, assistant secretary of state for international security and nonproliferation, and Jack D. Crouch II, deputy national security advisor.

At six-nation talks in Beijing last week, North Korea agreed to start disabling its nuclear facilities in exchange for badly-needed energy aid.

As a first step it will shut down and seal its Yongbyon reactor within 60 days, admit UN nuclear inspectors and receive 50,000 tons of heavy fuel oil or equivalent assistance in return.

Further steps to disable nuclear facilities would be rewarded with up to 950,000 tons of heavy oil or other aid.

Critics say the deal does not address the North's existing weapons or plutonium stockpile, or its suspected uranium-based weapons research programme. Supporters call it a good start.

The agreement is "the first step in a long series that includes the complete renunciation of nuclear weaponry and facilities within North Korea," White House spokesman Tony Snow said Sunday.

"If they are going to get the benefits down the road including ultimately as much as a million tons of heavy oil, they've got to perform."

Seoul officials point out that the North must eventually submit a list of its nuclear facilities and programmes, including any uranium-based one.

Shim's US trip precedes a planned visit by South Korea's Foreign Minister Song Min-Soon early next month, Yonhap news agency said.

The Plan That Moved Pyongyang (WP)

By Philip Zelikow

The Washington Post, February 20, 2007

In 2006, the headlines from North Korea were depressing. Pyongyang was headed down the path of escalation: missile tests in July, testing a nuclear weapon in October. Now, 2007 has opened with encouraging news -- a breakthrough in Beijing. In effect, the agreement announced last week was answering the bomb test with a successful test of diplomacy. But this deal makes more sense if we understand the broader strategy, set in motion some time ago, that is starting to play out.

In 2005, the United States energized its flagging North Korea efforts on two tracks. One was diplomatic, the other defensive. The diplomatic strategy was never just about North Korea. The Korean Peninsula has repeatedly been a battleground for the great powers in Northeast Asia. The United States, particularly Secretary of State Condoleezza Rice and her deputy, Robert Zoellick, saw a way to break this mold: China, Japan and Russia were flexing new diplomatic muscle. The North Korean problem could be an opportunity to unite potential rivals in common effort, an enterprise without precedent in Northeast Asia.

The defensive approach responded to North Korea's outlaw strategy for economic survival. Protecting the integrity of the international financial system was just one of the ways to show the North's leaders that trafficking in contraband was not a sustainable solution to their problems.

By late 2005, both policies had been set in motion. In September, Assistant Secretary of State Christopher Hill and his counterparts from South Korea, North Korea, China, Japan and Russia had negotiated a joint framework for comprehensive diplomatic action. Meanwhile, enforcement actions that had been pending against North Korea's partners in money laundering, such as Macau's Banco Delta Asia, were rolled out.

Then the Bush administration paused. It had been preparing to follow up with new diplomatic initiatives, but the administration was uncertain and divided about how much further to go until North Korea moved. As for the North Koreans, they were indeed hit hard as members of the international financial community became increasingly reluctant to handle their suspect transactions. Furious, they boycotted the six-party talks and tried to advertise their own strength, a course that culminated in the nuclear test last October.

After that test, Rice leaned hard on the regional diplomatic relationships she had nurtured. First -- and fast -- came U.N. Security Council Resolution 1718, the most potent action against North Korea that the United Nations had taken since 1953, when the Korean War was suspended.

Having shown the North that it had underestimated regional solidarity, the United States next moved to change the dynamic, to break the cycle of escalation. That month, Chinese President Hu Jintao and President Bush came to a strategic understanding about North Korea. They agreed that diplomacy needed to be given another chance. But the diplomacy couldn't just be a gloss, busywork that only gave the appearance of action.

To turn this strategic understanding into policy, Rice developed a two-stage strategy. First the six parties would move quickly to offset the nuclear test with unprecedented commitments from the North Koreans to stop and reverse their nuclear development and to bring back the system of monitoring by the International Atomic Energy Agency. Some called this an "early harvest" -- testing whether the ground could yield anything fruitful.

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If it did, then in the second stage the six parties would follow up. But rather than returning to the old, painful pattern of piecemeal nuclear bribery, the diplomacy would have to move simultaneously on multiple fronts: scrapping the nuclear program, building normal economic cooperation, tackling the normalization of relations and -- perhaps most engaging -- getting at the unresolved issues of the Korean War.

Thus, later in October, Rice shuttled across Northeast Asia to reassure allies and win support for this diplomatic design, especially in Beijing.

Pressure had its place. So did diplomatic ingenuity. One Chinese official said to Rice, "It is better to play with two hands." And talking with the North Koreans would not be a problem, Rice concluded, if doing so did not undermine the vital regional foundation and if the North Koreans actually had something to say.

Last week's deal, skillfully negotiated by Rice and Hill with their counterparts, delivers a plan for the "early harvest." A "good, initial step" was Rice's careful phrase. The broader context in which the agreement was reached helps explain what she meant. The United States and its negotiating partners have successfully carried out a diplomatic test.

The next two months will show whether the design remains valid. Rice has agreed to a six-party meeting of foreign ministers, including the North Koreans. We will see whether the Bush administration and its counterparts can launch the second stage, when the desired outcomes to be produced from this diplomacy may finally come into view.

The writer is a history professor at the University of Virginia. From 2005 until 2007 he was counselor of the State Department.

Head Of UN Nuclear Agency Gloomy On Iran Breakthrough (FT)

By Daniel Dombey

Financial Times, February 20, 2007

Mohamed ElBaradei has not given up hope that the US and Iran will one day sit down and negotiate their -differences away, but in the much shorter term his prognosis is bleak.

Tomorrow, in his capacity as director general of the International Atomic Energy Agency, the United Nations' nuclear watchdog, Mr ElBaradei is due to certify that Iran has failed to comply with UN demands to halt sensitive parts of its nuclear programme.

"I will continue to make a last-ditch effort to try to convince them that it is in their interest to find a way to go into negotiations," he told the Financial Times in an interview in London. "If that doesn't happen, and I don't see that it is going to happen overnight, I will have to report negatively."

He adds, however, that there will still be scope for a diplomatic breakthrough until the week of March 5, when the IAEA board meets and the issue is taken out of his hands.

Mr ElBaradei makes little attempt to disguise his lack of enthusiasm for the US's drive to impose more sanctions on Tehran and push the Islamic republic into suspending activity related to uranium enrichment, which can produce both nuclear fuel and weapons grade material.

In December the UN Security Council agreed sanctions on the transfer of -missile and nuclear technology to Iran, and the issue is set to return to New York after Mr ElBaradei's report tomorrow.

"Our experience without exception is that sanctions alone do not work and in most cases radicalise the regime and hurt the people who are not supposed to be hurt," he says. "If you create an environment in which Iran feels isolated, in which Iran is subject to further sanctions, then some of these worst case scenarios could take place, because then you would put the hardliners in the driver's seat."

In his eyes, the suspension of Iran's current "research and development" enrichment activities is no longer the real issue.

Far more important for him is ensuring that Tehran does not install an industrial scale capacity of 3,000 centrifuges - enough to begin producing fissile material for a bomb - within months, further limit the work of UN inspectors, or leave the Nuclear Non-proliferation Treaty.

As for the perpetual rumbles that Washington or Israel might yet contemplate the use of force, "even if [the Iranians] were not going to develop a nuclear weapon today, this would be a sure recipe for them to go down that route . . . Go for the military option and then either you'll have a repeat of North Korea [which has developed nuclear weapons] or you have a repeat of Iraq, and these are not our greatest achievements as civilised human beings."

Instead, Mr ElBaradei has been championing the idea of a "time-out" in which both Iran's nuclear programme and the sanctions targeted against it would be put on ice.

He acknowledges that the idea would allow the two sides to act simultaneously, rather than demanding that Tehran must halt enrichment as a precondition for any further steps.

"It's just a question of how to get both sides to the negotiating table while saving face," he says.

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"The Iranian issue will only be resolved when the US takes a decision to engage Iran directly . . The nuclear issue is the tip of the iceberg."

Russia expects delay to Tehran reactor

By Neil Buckley in Moscow and Gareth Smyth in Tehran

Russia warned yesterday that the launch of the Iranian nuclear reactor at Bushehr could be delayed because Tehran had fallen behind with payments and because of problems with sourcing some equipment from third countries.

Officials from Russia's atomic energy agency and from Atomstroiexport, the Russian contractor building the station, said Tehran had not made payments for more than a month, after insisting on paying in euros instead of dollars.

Tehran has been shifting transactions to euros, but has also admitted difficulties in raising finance due to western banks and financiers reducing involvement after US pressure.

Bushehr was excluded, at Russian insistence, from December's UN Security Council resolution giving Iran a 60-day deadline, expiring tomorrow, to end its nuclear activities.

A Twofold Approach To Tehran (WSJ)

By Jay Solomon And Yochi J. Dreazen

The Wall Street Journal, February 20, 2007

As Iran's power in the Middle East grows, the Bush administration is pursuing a two-pronged strategy of directly challenging Tehran in places such as Iraq and Lebanon, while seeking to exploit fissures believed to be emerging in Iran's social and political systems.

The strategy includes military movements to underscore American resolve as well as financial pressure to drive a wedge between Iran's leaders and the country's merchants. Friday, the Treasury Department announced sanctions on three Iranian energy companies.

U.S. officials say the strategy isn't designed to court a war. Still, it is fraught with risks. Iran could misread or overreact to some American moves; strategists at the Pentagon say U.S. attempts to target Iranian agents operating inside Iraq could stoke a larger response from Tehran's paramilitary forces, such as the Iranian Revolutionary Guard Corps.

There are signs this escalating pressure is having some effect on Iran and opening opportunities for advancement in U.S. foreign policy, whether containing Iran's nuclear ambitions or underpinning a democratically elected government in Lebanon. But rather than seeking a quick fix to the contest against Iran, Bush administration officials say they are bracing for a long struggle to curb Tehran's influence in the region.

"We are convinced that sooner or later the costs will be so high that they [the Iranians] will have to come to the negotiating table," said Nicholas Burns, the State Department's point man on Iran. "I don't believe a conflict with Iran is inevitable. ... We've got time."

U.S. efforts to confront Iran are driven by decade-old fears that the Islamic republic will seek to export its anti-American, revolutionary doctrine across the Middle East. Iran's growing influence in the region also could further embolden Islamist militias like Hezbollah and Hamas fighting Israel and imperil U.S. access to Mideast energy reserves.

Many Middle East analysts are skeptical about the Bush administration's ability to induce political change in Iran. Siding with Saddam Hussein in the 1980-88 Iran-Iraq War, Washington further radicalized Iranian society while strengthening Iraq's despot. Attempts by the Reagan and Clinton administrations to reach out to relative moderates in Iran resulted in diplomatic frustrations and political embarrassments.

U.S. officials mapping the emerging strategy toward Iran have depicted a security posture that, in many ways, echoes the containment Washington employed against the Soviet Union during the Cold War. This entails confronting pro-Iranian groups wherever they operate in the world, while using economic and military tools to undermine the government in Tehran.

The administration has sought to stoke internal opposition to President Mahmoud Ahmadinejad by increasingly choking off his country's ties to the global economy. White House officials say Tehran's business and clerical elite are increasingly at odds with the Iranian president's confrontational stance toward the international community on issues like Iran's nuclear program and Israel's right to exist, and they fear his stance could isolate them internationally.

The Treasury is moving to exert more pressure on Tehran by imposing financial sanctions on three Iranian companies allegedly involved in supporting Tehran's nuclear program. The policy prohibits U.S. companies from doing business with the three firms, which are all owned by the Atomic Energy Organization of Iran, and freezes any assets they may have in the U.S.

U.S. officials say these measures underpin a wider push by the international community to impose financial penalties, through the United Nations, on Iranian companies and individuals believed to be aiding Tehran's alleged pursuit of nuclear weapons.

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Jitters in Iran's financial markets and the poor showing of candidates associated with Mr. Ahmadinejad in recent Iranian elections are fueling optimism within the Bush administration that such measures are starting to have an impact. U.S. officials also point to recent editorials in Iranian state-owned newspapers criticizing many of the Iranian president's policies.

"This is not a monolithic government" in Iran, Mr. Burns said last week in a speech at the Brookings Institution, a Washington think tank. Disaffected ethnic groups are stoking opposition to the government. Last week, an ethnic Baluchi separatist group claimed responsibility for bombing a bus carrying Revolutionary Guard cadres in the eastern province of Sistan-Baluchistan. Tehran had originally blamed the attack on the U.S. While Washington has denied involvement, some U.S. officials say, the U.S. should exploit Iran's ethnic fissures to restrain Tehran. Ethnic Kurd, Turk and Arab minorities have historically opposed Iran's largely Persian central government.

The largest potential flashpoint between Iran and the U.S. remains Iraq. President Bush pledged to increase efforts to choke off what he says is Iran's funneling of munitions and arms to Shiite militias there. Critics say the White House is overstating Iran's involvement in Iraq's discord, potentially to blame Tehran for some U.S. setbacks. Senior Bush administration officials say drawing redlines in Iraq is crucial to blunting Tehran's ambitions throughout the region.

Elsewhere in the Middle East, the U.S. and its allies have intensified proxy battles against Iran in recent weeks. In Lebanon, the U.S. and Saudi Arabia have increased economic and military aid to the government of Prime Minister Fuad Siniora to ward off efforts by Hezbollah -- Lebanon's radical Shiite group, which is backed by Iran -- to grab more power. The Bush administration has also increased aid to the Palestinian Authority and its leader, Mahmoud Abbas, in a bid to blunt the power of Iranian-funded Hamas.

Critics of the Bush administration's Iran strategy say successes may prove short-lived. U.S. efforts to arrest or kill Iranian agents in Iraq could fuel a backlash by Iranian-backed Shiite groups in Iraq and other countries and potentially spark a wider Middle East war, they say.

Pushing for the removal of Mr. Ahmadinejad, the Iranian president, meanwhile, is unlikely to significantly moderate Iran's positions, many Iran experts say. For one, the president's popularity could rise if Washington is seen as overtly trying to topple him. Many other Iranian officials have voiced a commitment to maintaining Iran's nuclear program, and Iran's broader society is seen to be behind it.

Iran Launches Large-scale War Games (AP)

By Ali Akbar Dareini

AP, February 20, 2007

Iran began its largest war games in almost a year Monday, just two days ahead of a U.N. Security Council deadline for Iran to halt uranium enrichment or face further economic sanctions.

The elite Revolutionary Guards began three days of ground maneuvers, state-run media reported Monday.

State television said the exercise is the biggest since last March and is taking place in 16 of Iran's 30 provinces. The broadcast said an estimated 60,000 troops are participating in the maneuvers.

"All weapons possessed by the Guards' ground force ... including new weapons, will be tested during the war games," Gen. Mohammad Reza Zahedi, commander of the Guards' ground force, was quoted by the official Islamic Republic News Agency as saying Monday.

The Revolutionary Guards is an elite military corps with more than 200,000 members and its own naval and air forces. It is independent of the regular armed forces and controlled directly by the supreme leader. It oversees vital interests such as oil and natural gas installations and the nation's missile arsenal.

In January, the Guards held three days of war games.

The Security Council approved a resolution against Iran on Dec. 23 that imposed economic sanctions and gave Iran 60 days to halt uranium enrichment, otherwise it will consider additional measures.

As tensions mount over Iran's nuclear standoff with the West, the United States and Iran have pursued an escalating series of military moves, with Washington sending more aircraft carrier battle groups to the region and Iran responding with more frequent maneuvers.

The United States and several of its Western allies believe that Iran is using its nuclear program to produce an atomic weapon — charges Iran denies, saying its aim is to generate electricity.

Iran has said it will never give up its right under the Nuclear Nonproliferation Treaty to enrich uranium and produce nuclear fuel. Enriched to a low level, uranium is used to produce nuclear fuel but further enrichment makes it suitable for use in building an atomic bomb.

Russia Will Slow Work On Iran's Nuclear Plant (NYT)

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By Andrew E. Kramer

The New York Times, February 20, 2007

MOSCOW, Feb. 19 — Russia said Monday that it would slow work on Iran's nearly completed Bushehr nuclear power plant.

Russia contended that Iran had not made the last two $25 million monthly payments, in a dispute about whether it could pay in euros instead of dollars.

The move added a new twist to the deeply contentious project to build a Russian-designed light-water reactor in Iran, a decade-old deal that is a factor in the United States' concerns over Iran's nuclear ambitions.

The dispute, which became public on Monday, will delay, perhaps by a year, any delivery of nuclear fuel to Iran, Russian officials and experts said. Low-enriched uranium fuel was scheduled to be shipped next month.

"The accounts are not being paid," said Ivan A. Dybov, spokesman for Rosatom, the Russian nuclear agency. What is at issue, he said, is a request made last month by an Iranian bank to settle accounts in euros rather than dollars. The Iranian government has a stated policy of settling contracts and holding reserves in currencies other than the dollar.

As part of its effort to halt Iran's nuclear program, the United States has encouraged European banks to freeze Iranian dollar-denominated accounts.

An Iranian official denied that the country had been late in making payments. "We have made all the payments so far based on the contract and the agreed installments," said Muhammad Saeedi, the deputy director of the Atomic Energy Organization, the official IRNA news agency reported.

"We will try to come up with a solution for the financial problem of the Russian contractor, which is their problem, not the problem of the Iranian side, in the next few days," he added.

A former Iranian president, Ali Akbar Hashemi Rafsanjani, said, "World powers are trying to dominate international organizations and deny Iran's right, but we expect our friends to stop such moves," IRNA reported.

A United Nations ultimatum to Iran to halt uranium enrichment expires on Wednesday. But the commercial arm-twisting was also in keeping with the Kremlin's policy lately of pumping up the bottom line across a spectrum of state businesses, from oil and gas to nuclear power.

Analysts say rising prices for steel and heavy machinery have probably made the Bushehr project unprofitable.

Russia refused payment in euros without opening the contract to renegotiation, Mr. Dybov said. The Iranians settled less than 25 percent of the bill in January and missed February's payment entirely, he said. "We aren't turning down the euros" on principle, Mr. Dybov said, but he added that any change must be incorporated in a contract amendment. The payment conditions and the exact amount of the shortfall are commercial secrets, he said.

Russian officials also cited as a cause of the delay a holdup in the delivery of safety equipment for the reactor from an unspecified third country. The plant was scheduled to begin operations in September.

Now, they probably will not begin before mid-2008, said Andrei Cherkasenko, a board member of the Russian state nuclear power company Atompromresursy, the Russian press agency Interfax reported.

The conflict was not the first dispute between the countries over the plant. "From time to time, the Russians get fed up with the Iranians" and work slows, Rose Gottemoeller, the director of the Carnegie Moscow Center, said in a telephone interview. "The Russians have been very canny in using the Bushehr project to back up their diplomacy" by modulating the construction schedule, she said.

Iran Cash Lapse Puts Nuke Plan In Peril (WT/AP)

By Vladimir Isachenkov

The Washington Times, February 20, 2007

MOSCOW -- The opening of a Russian-built nuclear power plant in Iran could be delayed because Iran has fallen behind in payments, Russian officials said yesterday.

A top Iranian nuclear official swiftly denied that payments had been disrupted, in the latest dispute surrounding the deal at the heart of the two countries' nuclear cooperation.

Under an agreement reached last year, Russia was to ship nuclear fuel to Bushehr -- Iran's first nuclear plant -- by next month and open the facility in September, with electricity generation to start by November.

Iran agreed in a separate deal to return to Russia all spent fuel from the plant in southern Iran for reprocessing. The move was intended to assuage global concerns that the fuel could be diverted to make nuclear weapons.

Iran broke the schedule of payments this year under the $1 billion contract, said a Russian official who asked not be named because he was not authorized to speak to the press.

He said the Iranians blamed the delay on the need to switch payments from dollars to euros.

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"The launch schedule definitely could be affected," said Sergei Novikov, a spokesman for Russia's nuclear power agency.

Mohammad Saeedi, the deputy head of the Atomic Energy Organization of Iran, denied that Tehran had been late in making payments.

"Iran has had no delay whatsoever in making payments for the Bushehr nuclear power plant," Mr. Saeedi was quoted as saying by the Islamic Republic News Agency.

The dispute erupted during persistent diplomatic efforts to persuade Iran to halt uranium enrichment in order to allay international fears that it could be seeking nuclear weapons.

Although a delay in opening Bushehr is likely to anger Iran, Russia gave no indication that it was maneuvering to scrap the deal, which has provoked Western criticism.

Russia emphasizes that Iran has the right to a peaceful nuclear energy program, and President Vladimir Putin and other officials have said that the Bushehr contract would be honored.

Mr. Putin's increasingly defiant posture toward the United States makes it unlikely that the Kremlin would opt out of the agreement.

"Russia remains firmly committed to the Bushehr deal, and Putin's recent statements make a change in attitude highly improbable," said Yevgeny Volk, head of the Heritage Foundation's Moscow office.

In December, Russia supported a U.N. Security Council resolution imposing limited sanctions against Iran over its refusal to stop uranium enrichment, but only after a proposal imposing restrictions on the Bushehr plant was dropped.

The United States and some allies say Iran's nuclear program is aimed at developing nuclear weapons. Iran maintains it is intended only to generate electricity.

Word of the Bushehr delay surfaced as Iran hurriedly arranged talks today with the International Atomic Energy Agency (IAEA) just ahead of the U.N. nuclear watchdog's report that could expose Tehran to even broader sanctions over its disputed nuclear program.

Iran's top security official, Ali Larijani, will meet with IAEA director Mohamed ElBaradei, who in a report to the Security Council later this week is expected to confirm that Tehran has defied a 60-day council deadline to stop enriching uranium.

Separately, Mr. ElBaradei said in a published interview Iran would be able to install 3,000 centrifuges as the basis for "industrial-scale" enrichment in six to 12 months.

Gholamreza Aghazadeh, who heads Iran's nuclear programs, is pushing for an even earlier completion date, according to a report by diplomats who visited Iran two weeks ago.

Mr. ElBaradei told the London-based Financial Times newspaper that it was too late for the world to deny Iran enrichment know-how, meaning that only diplomatic compromise, not sanctions, could resolve the crisis.

Soaring Energy Use Puts Oil Squeeze On Iran (WSJ)

By Bill Spindle

The Wall Street Journal, February 20, 2007

AHVAZ, Iran -- Iran sits on one-tenth of the world's known oil supplies but is using so much energy these days it may start rationing gasoline as soon as next month.

Part of the reason lies with people such as 42-year-old Seyd Jessem Moosavi. No one in Mr. Moosavi's family had an automobile when he was growing up. He was the first to buy one, followed quickly by his father. Now all five of his brothers have cars, and Mr. Moosavi just bought one for his 25-year-old son.

He also recently opened a car wash, where he stood on a recent afternoon in this southern Iranian city directing customers from the busy street to his corps of young scrubbers. "With no car wash in the neighborhood and more and more cars, I thought this would be good," he said.

Mr. Moosavi's booming new business underscores one of the biggest challenges facing Iran today. As the country has grown wealthier selling oil and gas, Iranians have themselves become large consumers of energy. Government subsidies, which make energy nearly free to consumers and businesses, stoke the demand further.

At the same time, a combination of Western sanctions and Iranian policies has discouraged foreign investment in oil fields, causing production to stagnate. The result: Iran's oil exports could dry up in as little as a decade, according to some who have studied the situation.

That's a looming disaster for Iran, which derives about 85% of its export income from the sale of oil. "The industry is in a crisis," says Mehdi Varzi, a former Iranian diplomat and national oil company official who heads a London-based consulting company, Varzi Energy.

The impact would be felt far beyond Iran. The country produced 3.8 million barrels of oil a day in 2006, almost 5% of the world's total supply, according to the Organization of Petroleum Exporting Countries. It exported an average of about 2.5 million

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barrels of that each day. Should those sales decline, Iran's largest customers, Japan and China, would scramble for other supplies, pushing up prices for everyone.

Avoiding an export squeeze is one reason Iran argues it needs to consider nuclear energy. But that ambition has contributed to a diplomatic impasse with the West. Bush administration officials describe Iran's nuclear program as little more than a ruse to conceal what they say is a hidden effort to build nuclear weapons. Iranian officials deny that, arguing that nuclear plants could handle some of the soaring domestic energy demand, leaving more oil and gas to export and avoiding difficult domestic choices.

Indeed, several other Middle East countries -- including Egypt and the world's largest oil exporter, Saudi Arabia -- also are investigating nuclear energy programs, citing similar reasons.

More Vulnerable

Iran's energy woes could make it more vulnerable to international economic sanctions, say officials from the U.S. and other countries who favor strengthening the set of punishments the United Nations Security Council has placed on the country. Even many Iranian officials concede that the longstanding ban the U.S. has placed on American oil companies working in Iran has hampered the country's ability to develop its oil fields adequately.

Others, however, suggest that sanctions can also make it easier for the Iranian regime to blame outsiders for the disruptions that solving the problem could entail.

Once seen as little more than a giant petrol station to the world, Middle Eastern oil suppliers are now becoming some of the largest consumers of energy anywhere. They are attempting to diversify their economies, often by encouraging energy-thirsty industries such as refineries and processing of metals like aluminum. Meanwhile, record numbers of young people are growing up and establishing households. Already, the Middle East and North Africa's population of some 300 million consumes almost as much oil as 1.2 billion Chinese.

Iran, where a huge population bulge is reaching adulthood, is confronting the export crunch earlier and more acutely than others. Iran already consumes more oil than all but 15 other countries on earth, according to the International Energy Agency, which monitors the world energy market. In 1995, Iranians used the equivalent of 34% of the oil they pumped from the ground, exporting the rest. Last year they used 40%. In Iran's natural-gas industry, the pinch has already begun. Although Iran has 15% of the world's gas reserves, the country imported more than it exported in 2005. In January, Iran briefly cut off gas exports to Turkey as the Iranian government struggled with a surge in domestic use during a stretch of cold weather.

Iran's leaders are keenly aware of these problems. But in recent years, they've avoided making difficult choices as global oil prices climbed. Export revenues rose even as the amount of oil exported has remained steady or even fallen.

Nonetheless, the situation is already wreaking havoc with the government's budget. Iran subsidizes most energy, including gasoline, diesel and many other refined products. Consumers and businesses alike benefit. Overall, energy subsidies cost the government as much as $40 billion, equivalent to almost a quarter of the country's entire economic output, according to Bijan Zanganeh, a former Iranian oil minister. That spending is fanning inflation in the broader economy. "It's unacceptable and it can't continue," he says.

Yet in Ahvaz, it's clear that pushing oil and gas production higher and demand lower won't be easy. Khuzestan province, the center of the country's energy industry, already generates 17% of Iran's electricity. But that's not enough to keep electricity flowing here in the provincial capital all the time.

Residents of the city, whose population has grown by one-third in the past decade to 1.3 million, are packing more people into the warrens of apartment blocks within the older city center. And they're also moving into new housing sprouting up all around the fringes of the city.

Meanwhile, inexpensive consumer appliances have flooded the country in recent years from low-cost manufacturing bases like China and Turkey. Even young couples of modest means can now afford new refrigerators, air conditioners, and microwave ovens. Better-off ones buy the luxury items -- blenders, juicers, egg cookers and coffee makers -- that fill an ever-widening number of shops in the heart of the city's traditional bazaar.

The appliance section alone now takes up two city blocks, side-by-side with vendors displaying barrels of pistachios and dates and clothing. "Financially, I'm able to afford it now," says Vahid Javadi, a 33-year-old schoolteacher, shopping in the bazaar for a washing machine with his wife.

Ibrahim Marwani, a 40-year-old electrician, spends most of his workdays trying to upgrade rickety old electrical wiring for customers. "These days, they want to overhaul everything," he says. He had to redo the wiring in his own house, he says, to keep up with the growing need for power as he's purchased two refrigerators, two televisions, a stereo, DVD player and two air conditioners that "run around-the-clock" during summer days when temperatures regularly reach 110 degrees.

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Some of the Middle East's first oil came from wells not far from Ahvaz, starting in 1908 when Persia's British overseers began drilling operations in the nearby desert. Ever since, Khuzestan Province has been the center of Iran's ascent to the ranks of the world's top oil producers.

Under the regime of the last Shah, Mohammad Reza Pahlavi, Iranian oil production reached 6.6 million barrels per day in 1974, five years before the revolution ushered in Ayatollah Ruhollah Khomeini and the Islamic Republic that rules the country today. Oil production crashed as the turmoil of the revolution segued into an eight-year war with next-door-neighbor Iraq. Oil fields and refineries were bombed and crucial maintenance ignored. By the early 1980s, only about 1.3 million barrels per day were being pumped from the ground.

Ahvaz and the nearby port and refining centers of Abadan and Khorramshar were especially hard hit. Saddam Hussein's Iraqi forces invaded Khorramshar, and shelled Ahvaz and Abadan. Many residents fled. When the war ended in 1988, the cities were key to an intense program, pushed along by national desperation, to get the country's oil industry back on its feet.

In Abadan, one of the country's largest refineries, largely destroyed by Iraqi shelling, was slowly brought back into operation. It still only processes about half the 630,000 barrels a day of crude it did at its prerevolutionary peak. But residents of the city still point to that comeback with pride, since it was accomplished with very little foreign capital or expertise. Oil production also climbed back to close to 4 million barrels a day in the late 1990s.

Those comebacks, which were achieved with little outside assistance, helped the clerical government in Tehran consolidate its power. But many of Iran's producing oil fields are now old and overall could be losing production of as much as 500,000 barrels a day each year. That shortfall has to be made up with new production or the country's overall oil output will fall.

Yet to keep up exports, Iran will also have to keep ahead of Iranians' own thirst for gas and oil, which is growing at a double-digit pace. So far, it is losing the race.

Much of the problem is waste. A recent study by a parliamentary committee said that 18.5% of the country's electricity is lost before it even reaches consumers, due to rickety infrastructure, corruption and mismanagement.

Bigger Problem

But an even bigger problem is the consumers themselves. That's because subsidies make energy practically free in Iran, discouraging any serious energy conservation. Gasoline, for example, costs about 40 cents a gallon at the pump. That's encouraged an explosion of use, as Iranians add new cars while continuing to use fuel-guzzling old models. It has also encouraged a brisk smuggling trade as Iranians buy millions of gallons of fuel at the subsidized price and truck them into neighboring Pakistan, Turkey, Afghanistan and Iraq for sale at market rates.

Demand has now far outstripped the country's refinery capacity. The government has shelled out at least $7 billion on gasoline imports alone so far this fiscal year, which ends in March. Much of that money was drawn from the country's rainy-day oil surplus fund, which is supposed to be used only on capital projects or during periods when global oil prices are low.

Next year, if nothing is done to change the situation, the bill could top $9 billion, government officials have warned. So plans to begin rationing fuel are being drawn up. But the government nixed a similar initiative last year for fear of a political backlash. This time, President Mahmoud Ahmadinejad says the government is serious about cutting back consumption, though he acknowledged recently it's politically impossible to get rid of subsidies and raise pump prices the 40% to 50% that would require anytime soon.

In Ahvaz, gasoline quotas aren't likely to win the government many fans. "I'm concerned," says 29-year-old taxi driver Farzad Mesbinia, adding that he heard that if rations are imposed he would be limited to 5.8 gallons of subsidized gasoline a day. "With that, I can't get by," he says as he inches his cab forward in two long queues at a busy gas station here.

Massive Plan

To alleviate these problems, and the looming export squeeze, the government has also embarked on a massive plan to try to boost oil and gas production. But there are problems with both initiatives. The Azadegan oil field, located about an hour's drive west of Ahvaz near the border with Iraq, underscores some of them.

The field, discovered in late 1990s, is among the largest deposits in the world. It holds about 26 billion barrels oil and could one day produce as much as 260,000 barrels a day, Iranian officials estimate. It's the kind of field U.S. oil majors would be keen to help develop, were it not for U.S. government sanctions on Iran preventing them from participating. In 2004, Iran signed a deal to allow a Japanese company, Inpex, to take a 75% stake in the field and develop it. But for years, the project remained stalled by the need to remove land mines left from the war. The U.S. also urged Japan behind the scenes to scale back its involvement in the project, as Iran's confrontation with the international community over its nuclear program has escalated.

After years of dispute between the Iranians and Japanese over why the project wasn't proceeding, Inpex's 75% stake was cut to 10% last year. Management of the project was handed over to an Iranian company. The upshot: Little progress has been made in getting the oil out of the ground -- and without significant new foreign participation that's unlikely to change, according to

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many observers inside and outside Iran's oil industry. Overall, industry officials estimate between $100 billion and $120 billion is needed to get Iran's oil production back on track.

Adding refinery capacity in hopes of cutting fuel imports has proved an equally tough slog, although the Iranian government has now allotted $16 billion to the task of building three new refineries and boosting the capacity of the existing ones, including the one in Abadan.

In addition to that, the government has taken the unprecedented step of allowing some private entrepreneurs to step into the energy game. Jamal Hayat is hoping to take advantage of that opening.

Born in Ahvaz, Mr. Hayat moved with his parents to Tehran as a youth. He calls Khuzestan Province "the ideal place" for a $50 billion refinery and electrical power plant he and his brother, who was born in Abadan, are trying to build between the two cities of their births. "This is the province of black gold," says Mr. Hayat.

Five years after the brothers approached Tehran officials for permission to build the refinery, however, the planned site for the plant remains a fallow field in the desert. The Hayat brothers now hope to complete construction in a year.

Europe And The Mullahs (WSJ)

The Wall Street Journal, February 20, 2007

On the record, Europe claims to be as concerned as America about a nuclear-armed Iran. The record also shows, however, that Europe's biggest countries do a booming business with the Islamic Republic. And so far for the Continentals, manna trumps security.

The European Union -- led by Germany, France and Italy -- has long been Iran's largest trading partner. Its share of Iran's total imports is about 35%. Even more notable: Its trade with Tehran has expanded since Iran's secret nuclear program was exposed. Between 2003 and 2005, Europe's exports rose 29% to €12.9 billion; machinery, transport equipment and chemicals make up the bulk of the sales. Imports from Iran, predominantly oil, increased 62% to €11.4 billion in that period.

In the absence of an official embargo against Tehran, private EU companies have sought commercial opportunities in Iran. But the real story here is that these businesses are subsidized by European taxpayers. Government-backed export guarantees have fueled the expansion in trade. That, in turn, has boosted Iran's economy and -- indirectly by filling government coffers with revenues -- its nuclear program. The German record stands out. In its 2004 annual report on export guarantees, Berlin's Economics Ministry dedicated a special section to Iran that captures its giddy excitement about business with Tehran.

"Federal Government export credit guarantees played a crucial role for German exports to Iran; the volume of coverage of Iranian buyers rose by a factor of almost 3.5 to some €2.3 billion compared to the previous year," the report said. "The Federal Government thus insured something like 65% of total German exports to the country. Iran lies second in the league of countries with the highest coverage in 2004, hot on the heels of China."

Iran tops Germany's list of countries with the largest outstanding export guarantees, totaling €5.5 billion. France's export guarantees to Iran amount to about €1 billion. Italy's come to €4.5 billion, accounting for 20% of Rome's overall guarantee portfolio. Little Austria had, at the end of 2005, €800 million of its exports to Iran covered by guarantees.

The Europeans aren't simply facilitating business between private companies. The vast majority of Iranian industry is state-controlled, while even private companies have been known to act as fronts for the country's nuclear program. EU taxpayers underwrite trade and investment that would otherwise be deterred by the risks of doing business with a rogue regime.

It's also hard not to see a connection between Europe's commercial interests and its lenient diplomacy. The U.N.'s December sanctions resolution orders countries to freeze the assets of only 10 specific companies and 12 individuals with ties to Iran's nuclear program. Europe's governments continue to resist U.S. calls for financial sanctions, and the German Chamber of Commerce recently estimated that tougher economic sanctions would cost 10,000 German jobs.

As if on cue, Foreign Minister Frank-Walter Steinmeier last week detected in Tehran a "new ambition" to resume talks. The last time the Europeans promoted such diplomatic negotiations, Iran won two more years to get closer to its goal of becoming a nuclear power. In 2004, according to the Frankfurter Allgemeine Zeitung daily, then-Foreign Minister Joschka Fischer told Iranians to consider Europe a "protective shield" against U.S. pressure. The EU continues to provide a shield for its business interests in Iran, and thus a lifeline to a regime that is unpopular at home and sponsors terror abroad.

Mideast Talks Conclude With Little Result (NYT)

By Helene Cooper And Steven Erlanger

The New York Times, February 20, 2007

JERUSALEM, Feb. 19 — An American-sponsored meeting between Israeli and Palestinian leaders meant to start a new peace initiative after six years ended Monday with little more concrete than a promise to meet again.

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For most of its period in office, the Bush administration has kept a hands-off stance in Arab-Israeli peace negotiations, but the meeting was evidence of a new commitment by Secretary of State Condoleezza Rice to try to improve a deteriorating situation.

Ms. Rice and her aides made it clear that her efforts had been complicated by the recent decision in principle of the Palestinian Authority president, Mahmoud Abbas, to bring his Fatah faction into a unity government with Hamas, which Israel, the United States and the European Union consider a terrorist organization.

She suggested that if this meeting had not been scheduled beforehand, the Israeli prime minister, Ehud Olmert, might not have agreed to meet with Mr. Abbas, whom she praised nevertheless for supporting international and Israeli demands that the Palestinians recognize Israel's right to exist, forswear violence and accept previously negotiated agreements with the Israelis.

Although Hamas has not agreed to any of those requirements, a new unity government may come closer to meeting them than the Hamas movement itself. But Ms. Rice said she doubted that such a government would come close enough to satisfy the Americans and the Israelis.

The joint statement read by Ms. Rice after two hours of talks on Monday with Mr. Olmert and Mr. Abbas was vague. The two men "discussed their views of the diplomatic and political horizon," the statement said, and agreed to meet again "soon."

Neither Mr. Olmert nor Mr. Abbas appeared by Ms. Rice's side as she read the statement, reflecting the tenuous nature of the talks, which appear to be so fragile that no side has even been willing to label them negotiations. One American official called them "an informal dialogue," and the official statement referred to them simply as efforts.

The commitment from Mr. Olmert to meet again with Mr. Abbas is a minor victory for Mr. Abbas, known as Abu Mazen, because it signals that Israel will continue to deal with him despite his unity government plans.

Mr. Olmert said later: "There will be a dialogue, and we will continue the communication channel with Abu Mazen. We will not accept a situation in which we have no channels of communication with the Palestinian public, as I think this will be a dire mistake, all this without compromising over the principle we have established: not to conduct ties or acknowledge institutions that fail to endorse the basic principles which are the foundation to any future dealings."

A top Palestinian negotiator, Saeb Erekat, said Mr. Abbas had agreed to the unity government deal, signed in Mecca, Saudi Arabia, to end weeks of fighting between Hamas and Fatah. He added that Mr. Abbas, as the legal representative of the Palestinians as head of the Palestine Liberation Organization, "recognizes Israel, and that's what really matters."

Ms. Rice made it clear that she felt it wise to continue to talk to Palestinians like Mr. Abbas who accept Israel and nonviolence, which she said represented the views of a majority of Palestinians.

But a Palestinian unity government that does not recognize Israel or renounce violence — and thus far, the Abbas-Hamas agreement does not do so — will make any talks on what is being called a "political and diplomatic horizon" for a settlement even more complicated.

It is one thing for Israel to begin talks with Mr. Abbas while it is boycotting the unity government he helped to negotiate. But it is another for Israel to make meaningful progress toward concluding such negotiations and reaching a peace deal with a government that refuses to recognize it or renounce violence against it.

Ms. Rice defended the decision to hold the meeting. "Sure, we could have said we'll just wait until it all sorts out, " she said. But she added that the Mecca agreement had strained relations between Mr. Abbas and Mr. Olmert to the point that the two needed to clear the air between them. "It's really valuable that they sat face to face," she said.

Some analysts who had been critical of the Bush administration's earlier stance on peace talks agreed. "In this environment, given the odds against even launching a process, what she's done is an achievement," said Aaron David Miller, a scholar at the Woodrow Wilson Center who was a senior adviser for Arab-Israeli relations at the State Department under the previous three presidents.

But the odds for success remain long, he cautioned, until the Palestinians acquire a government that is willing to recognize Israel. "Oddly enough, we're now dressed up for the party, but we've got nowhere to go," he said.

Beyond that, Israel's government is deeply skeptical of Mr. Abbas's ability to deliver calm, let alone a peace agreement. Mr. Olmert and his aides view Mr. Abbas as weakened by the Mecca agreement. A senior Israeli security official said the Saudis treated Mr. Abbas not so much as the Palestinian president, but as a leader of Fatah and an equal to the exiled Hamas political leader, Khaled Meshal.

The Israelis take the view that Mr. Abbas arrived at Mecca weakened by the recent fighting in the Gaza Strip, in which forces loyal to Hamas took over northern Gaza and large parts of Gaza City. Fatah forces did not collapse, but they did not defeat Hamas and were perceived as weaker.

In Gaza, a Hamas spokesman, Ismail Radwan, said Ms. Rice "did not succeed in pressuring President Abbas to withdraw from the unity government." He said Hamas "calls on the U.S. administration to respect the Palestinian people's will and recognize the government and open a dialogue with the government."

DOJ_NMG_0133920

Rice's Mideast Talks Yield Little Except A Promise To Meet Again (WP)

By Glenn Kessler

The Washington Post, February 20, 2007

JERUSALEM, Feb. 19 -- Secretary of State Condoleezza Rice on Monday hosted talks between Israeli and Palestinian leaders on ways to build an independent Palestinian state, but the summit appeared to yield little but a pledge to meet again.

Rice's role was intended to signal her deepening commitment to helping resolve the conflict, but the talks demonstrated the difficulties ahead. Neither Israeli Prime Minister Ehud Olmert nor Palestinian Authority President Mahmoud Abbas accompanied Rice when she met with reporters after more than two hours of talks.

The "useful and productive meeting" included discussion of the "diplomatic and political horizon" of creating a Palestinian state, Rice said, reading a statement issued in the name of the three officials. The two leaders requested "American participation and leadership in facilitating efforts to overcome obstacles, rally regional and international support and move forward toward peace," Rice said. "In that vein, I expect to return to the region soon."

Although Rice told reporters traveling with her that the two leaders spent "substantial time" discussing the contours of a Palestinian state, some Palestinian officials said Olmert had dismissed discussions about the future until immediate concerns were addressed, including the fate of an Israeli soldier who is being held prisoner in the Gaza Strip.

In any case, Rice acknowledged that a recent Palestinian unity deal, which will leave the militant Hamas group in power, had scaled back her ambitions.

"You could not have walked into that room and said, 'All right, let's talk about your views of the political and diplomatic horizon' " in the wake of the unity accord, which appears to fall short of international demands to recognize Israel, Rice told reporters. But she said there was "real value" in having the two leaders hash out their differences instead of communicating through the news media or surrogates.

In interviews, Palestinian officials were pessimistic about the prospects for talks. Israeli officials, meanwhile, appeared pleased that pressure that might have been exerted on them by the United States was deferred because of the uncertainty over the new Palestinian government.

A month ago, when the summit was announced, Rice hoped to demonstrate progress on moving toward a Palestinian state, but Abbas upended that ambition by unexpectedly agreeing to allow his moderate Fatah party to join a government led by Hamas, or the Islamic Resistance Movement. Abbas said he made the move to end the street battles between the two factions that had killed scores of Palestinians.

Rice had made several trips to Jerusalem in just over four months, in part to ensure a successful summit. She insisted on going ahead with the meeting despite Israeli misgivings, but the summit appears to have mostly devolved into a ground-level discussion on improving the lives of Palestinians. Senior U.S. officials, who confessed they had been surprised about Abbas's unity accord, generally were tight-lipped about the contents of the talks, except to say it was an opportunity to "clear the air."

In the end, Olmert and Abbas agreed only to hold another bilateral discussion on Palestinian movement and access -- but not on the creation of a separate negotiating track for a Palestinian state.

For the benefit of television cameras, Rice, Abbas and Olmert clasped hands and smiled politely as the meeting began. After about an hour of what Rice described as pro forma discussion of outstanding issues -- including the unity deal -- she moved the meeting up to her hotel suite, with its spectacular views of the Old City.

Palestinian officials said that given the tensions with Israel over the unity deal, the meeting would not have taken place if Rice had not insisted on . Israeli officials have said they would snub the new unity government, though after the meeting Olmert said he would continue to work with Abbas, who is an independently elected president.

The peace process has been nearly moribund for three years, as neither side has fulfilled initial steps outlined in a U.S.-backed peace plan. Rice hopes to jump-start peace talks by sketching what she calls a "political horizon" -- the outlines of a Palestinian state -- so that the Palestinian people will support Abbas in his effort to negotiate an agreement with the Israelis.

In theory, this marked the first time Israeli and Palestinian leaders have discussed the contours of a Palestinian state since the aborted peace talks brokered by President Bill Clinton in his waning days in office six years ago. Officials on all sides had striven to keep expectations low for the talks, saying this was only an informal meeting to help build momentum for a new peace process.

"We try to define it as confidence-building," said Olmert spokeswoman Miri Eisin. "You have to meet somebody and talk to him and see if you have confidence and trust each other and see if there is a sense that you can go forward."

Rice Calls Mideast Meeting 'Productive' (LAT)

By Ken Ellingwood

DOJ_NMG_0133921

The Los Angeles Times, February 20, 2007

JERUSALEM — Secretary of State Condoleezza Rice hosted an Israeli-Palestinian summit here Monday, but the session produced little beyond promises to uphold past agreements and meet again soon.

Rice characterized the three-way gathering with Israeli Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas as "useful and productive," though her summary of the two-hour, 20-minute session was largely a checklist of commitments previously made by the two sides.

Rice billed the meeting as an opportunity for the two leaders to informally explore ways to restart peace talks after more than six years of conflict. She said they did some of that, but also discussed agreements that have not been fully met, such as the 2005 pact on borders aimed at further opening the Gaza Strip to the outside world.

Olmert and Abbas reaffirmed their support of the U.S.-backed diplomatic blueprint known as the "road map" and discussed how to begin reviving it, Rice said. The plan, which lays out a step-by-step path to an independent Palestinian state alongside Israel, has languished since it was unveiled in 2003 because neither side has fulfilled even initial commitments.

Rice said she planned to return to the region soon but did not say when. Olmert and Abbas plan to meet on their own before that.

"They reiterated their desire for American participation and leadership in facilitating efforts to overcome obstacles, rally regional and international support and move forward toward peace. In that vein, I expect to return to the region soon," Rice said in terse remarks after the session.

Olmert and Abbas did not accompany Rice in issuing the statement, and did not meet with the media separately.

No one on either side expected much from the summit, given the weakened political condition of both Olmert and Abbas. Hopes sank further in recent days because of confusion over plans for a Palestinian unity government in which Abbas' Fatah party is to join hands with the radical Hamas movement.

Abbas, a relative moderate, agreed to join a governing alliance with Hamas after months of factional violence that has left more than 100 Palestinians dead. Hamas, whose charter calls for Israel's destruction, has ruled alone since winning parliamentary elections early last year.

Abbas has justified the deal, reached two weeks ago in Mecca, Saudi Arabia, as a way to end the fighting between the rival Palestinian factions. He also hopes that creation of a unity government will end international limits on aid to the Palestinians imposed after Hamas came to power.

But Israel has threatened to snub the proposed government, as it has the Hamas administration, unless the government meets international demands to recognize the Jewish state, renounce violence and abide by past Israeli-Palestinian agreements. Israel also demands the release of a soldier captured last summer by Gaza-based militants.

Olmert said later Monday that Israel would work with Abbas, who was elected separately as Palestinian Authority president.

Rice has said the U.S. will not make a decision on whether to recognize the government until it is formed, but she indicated that it would have to meet the international conditions to gain U.S. acceptance.

The wording of the Mecca agreement appears to fall short of satisfying those demands, laid down last year by the so-called quartet of Middle East mediators: the U.S., European Union, Russia and United Nations. The Mecca pact promises only that the new government will "respect" international resolutions and past peace agreements; it does not clearly recognize Israel.

Rice did not provide details on the discussions. Olmert and Abbas also agreed to respect a cease-fire in place in the Gaza Strip since November, though it has been marred by occasional rocket attacks on Israel by Palestinian militants.

It was the second time Olmert and Abbas have met during the last two months. The prior summit, in December, produced only modest concessions by Israel.

Olmert promised to reduce the number of roadblocks in the West Bank and to transfer $100 million in taxes and customs revenues, part of the funds collected by Israel and withheld from the Palestinians since Hamas took power. The money was transferred last month, but Palestinians and Israeli rights groups say few roadblocks were cleared.

This time, Rice kept the agenda clear of those sorts of nuts-and-bolts issues. She said the purpose instead was to explore a "diplomatic and political horizon," meaning the possible outlines of a peace between the two sides and how to get there.

U.S. officials say that the prospects of a brighter future through peace talks could strengthen Palestinian moderates such as Abbas as a counterweight to Hamas. But in Monday's meeting, the leaders did not appear to have broached the issues likely to be the most difficult to resolve in reaching a final peace accord, such as borders, the status of Jerusalem and the fate of Palestinian refugees.

Monday's meeting took place in a luxury Israeli hotel overlooking Jerusalem's walled Old City. The three first met around a small table in a carpeted conference room, but after about an hour they relocated to Rice's suite to continue the discussions in a more relaxed setting.

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Speaking with a group of reporters late Monday, Rice said the meeting was "enormously valuable" because it gave Olmert and Abbas a chance to talk during a delicate moment created by the formation of the Palestinian unity government.

"I frankly don't know how long it might have been before they would have talked with each other, were it not for the coincidence of this meeting having been scheduled," she said.

Olmert, Abbas Revive Peace Negotiations (WT)

By Joshua Mitnick

The Washington Times, February 20, 2007

JERUSALEM -- Israeli and Palestinian leaders sat down yesterday for the first comprehensive peace talks in six years and emerged with a promise to continue the negotiations in spite of daunting problems ahead.

The two-hour meeting, brokered by Secretary of State Condoleezza Rice, produced no immediate breakthroughs but will allow Washington to show its Arab allies it is working to resolve one of the region's toughest problems.

As expected, the summit was overshadowed by Palestinian Authority President Mahmoud Abbas' decision last week to form a coalition government with the militant group Hamas, which steadfastly refuses to renounce violence or recognize Israel.

"The real value here was that they sat down to talk with each other pretty early in this process," Miss Rice told reporters after the meeting at the luxurious David Citadel Hotel.

Given Israeli Prime Minister Ehud Olmert's reluctance to deal with any Palestinian government that includes Hamas, Miss Rice said, "I frankly don't know how long it might have been before they would have talked with each other were it not for the coincidence of this meeting having been scheduled."

A communique issued after the summit offered few details about the talks, which were described in diplomatic terms as "useful and productive." But Miss Rice said she would return to the region soon, and that the bilateral talks would continue in coming weeks.

Frustrated by years without progress on the U.S.-backed "road map" peace plan, Mr. Olmert and Mr. Abbas had agreed to begin discussing the political "horizon" -- an allusion to principles that would underpin any final peace deal.

But hopes for progress were dimmed by Mr. Abbas' Saudi-brokered unity government deal with Hamas, which failed even to acknowledge international demands that the Palestinian administration recognize Israel, renounce violence and honor past agreements.

The omission took the United States by surprise and led some Israelis to call for Mr. Olmert to boycott the meeting.

Nevertheless, Miss Rice said the two leaders had been able to air their concerns in a candid, respectful atmosphere. The three stepped onto a balcony at one point to view the Old City together and later shared lunch with aides and ministers.

Mr. Olmert reassured members of his Kadima party afterward that there would be no easing of the three international demands. "We would not recognize any government that won't meet these obligations, and we won't cooperate with such a government or its ministers," he said.

But he said Israel would continue to be in contact with the Palestinian Authority to ease humanitarian conditions and to coordinate the fight against terrorist groups. The Palestinian territories have been hard hit by a cutoff in international aid since Hamas formed a government last February.

Mr. Abbas reportedly appealed to the U.S. and Israel to withhold judgment on the new Palestinian government. The Palestinians have argued that Hamas' agreement to sit in a unity government while Mr. Abbas negotiates peace with Israel marks an important evolution among the Islamic militants.

Any progress on final status talks, which would boost Palestinian confidence in negotiations, is thought to strengthen Mr. Abbas in his power struggle with Hamas.

"We view this meeting as a beginning and not an end," said Palestinian spokesman Saeb Erekat. "The meeting was not supposed to wave a magic wand to solve all the problems."

The summit also helps the Bush administration to show its Arab allies that it is doing its best to bring the sides together. Miss Rice said last month she had gotten the message "loud and clear" that Washington had to do more to encourage talks between the Israelis and Palestinians.

The sides last talked about peace in 2001 during the final days of the Clinton administration and the beginning of the Palestinian uprising.

The U.S. introduced the road map near the peak of the violence in mid-2003, but the Israelis and Palestinians alike failed to follow through on the series of parallel confidence-building measures.

Some observers say that after six years without talks, a mere return to continuing negotiations would be a significant achievement.

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"If there is good will and there is a confidence-building process, we might not reach a comprehensive peace, but we could get back on track," said Mohammed Dajani, a political science professor at Al Quds University.

"At least the present administration could take the credit for going from a state of confrontation and violence to dialogue."

Middle East Talks End Without Progress (FT)

By Harvey Morris

Financial Times, February 20, 2007

A meeting that Israeli and Palestinian leaders held on Monday with Condoleezza Rice, the US secretary of state, matched its low expectations when they agreed on little more substantial than a willingness to meet again.

After talks with Ehud Olmert, the Israeli prime minister, and Mahmoud Abbas, the Palestinian Authority president, that lasted just over two hours, Ms Rice said the three affirmed their commitment to a two-state solution of the Middle East conflict.

Ms Rice read a prepared statement in which she said the meeting had been useful and productive, but neither she nor her interlocutors offered any further comment on what had originally been billed as the forum for a possible breakthrough.

Against the background of Mr Abbas's deal to create a national unity government with the ruling Hamas party – regarded by Washington as a terrorist organisation – earlier hopes that the meeting would dramatically jump-start the stalled peace process had already faded.

"You are seeing a lot of expectations managed by a lot of weak leaders," said a Palestinian official. "So, in that sense, everyone got what they wanted."

The primary purpose of the accord between Hamas and Mr Abbas's Fatah was to avert further conflict among their warring militias. Its second aim of persuading international donors to lift a ban on direct aid to the PA looks unlikely to be fulfilled in the short term.

Monday's statement noted that the Middle East Quartet – the US, European Union, United Nations and Russia – required any PA government to recognise Israel, commit itself to non-violence and accept previous agreements, including those relating to the Quartet's own "road map".

Neither the US nor Israel believes the Mecca accord, in which Hamas agreed to "respect" existing agreements with Israel, went far enough.

Ismail Haniyeh, the Hamas prime minister who resigned along with his cabinet last week, has up to five weeks to form a government in which Fatah and independents will share power.

Pointing to positive aspects of Monday's meeting, Palestinian officials noted that the Israeli government appeared ready to maintain its relations with Mr Abbas despite his embrace of Hamas. He and Mr Olmert are to meet again soon, the statement added.

Some suggested this might allow for the emergence of a less high-profile negotiating track, which Mr Abbas was known to prefer.

Ms Rice said she would return to the region soon but gave no date for a further tripartite meeting. "That's a tool that everybody can pick up and use when everybody thinks it's useful to do it," Sean McCormack, state department spokesman, said.

Slow Start To New US Bid For Israeli-Palestinian Peace (CSM)

By Joshua Mitnick

The Christian Science Monitor, February 20, 2007

JERUSALEM

US Secretary of State Condoleezza Rice held a summit with Israeli and Palestinian leaders Monday in a bid to reenergize the stalled peace process.

The trilateral talks with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas fell short of any significant progress, but marked the first time in six years that the sides have discussed a two-state solution face to face.

The summit also devoted time to discussing Mr. Abbas's controversial "unity" government agreement with the Palestinian militant group Hamas.

The US wanted the sides to start hashing out a political "horizon," an allusion to the principles for a final peace deal. But Abbas's new partnership with Hamas in some ways brings the sides back to square one, forcing them to focus on the Islamic militants' refusal to recognize Israel, accept peace agreements, or renounce violence.

These talks, which are the most significant US push for peace since the introduction of the "road map" peace plan in 2003, came at a time of uncertainty regarding the character of a Hamas-Fatah unity government that was agreed to earlier this month in the Muslim holy city of Mecca, Saudi Arabia.

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The Quartet – the US, United Nations, European Union, and Russia – has demanded that any Palestinian government recognize Israel, accept previous peace deals, and renounce violence, but the Hamas-Fatah unity government deal in Mecca only pledges to "respect" past peace agreements.

Inconclusive talks, vague language

The vague language of the summit communiqué reflected the awkward effort to restart negotiations for the first time since President Bush took office: "The President and the Prime Minister discussed their views of the diplomatic and political horizon and how it might unfold toward the two-state vision of President Bush."

Describing the two-hour meeting as "useful and productive," Ms. Rice said that she expects to return to the region soon, and that both she and Mr. Olmert had agreed to meet each other soon. A State Department official said there are no plans for another three-way meeting.

While Olmert and Rice are waiting for the formation of the new unity government before passing judgment, they have both said that Quartet demands must form the foundation of any peace process.

"It simply can't be the case that a political horizon can be built on a basis where one of the parties doesn't accept the right of the other to exist," she told reporters on Monday. "I haven't seen anything to date that suggests that this is a government that's going to meet the Quartet's principles."

Serious questions about the peace process

There are difficulties on the Israeli side as well.

With Olmert dogged by low public-approval ratings following Israel's stymied war effort in Lebanon over the summer, it is questionable whether Olmert himself would have the public backing to negotiate a final peace deal.

"[The talks] seemed to be pretty inconclusive, as expected. Judging by what we heard, they didn't seem to decide anything. A lot will depend on how [the new Palestinian 'unity' government] is formed," says Yossi Alpher, the co-editor of the Arab-Israeli opinion website www.bitterlemons.org.

"Given Abbas's weakness, and given Olmert's weakness, and given the low energy level of what the [Bush] administration is ready to invest, there's no peace process there," says Mr. Alpher.

Despite the inconclusive results of the meeting, the analyst says that the summit helps the US demonstrate to its Arab allies that it is doing its best to prod the sides back to the negotiating table. The Bush administration has been accused of not being proactive enough to encourage talks between Israelis and Palestinians.

Israelis and Palestinians last negotiated a peace treaty in 2001, in the waning days of the Clinton administration and the early days of the Palestinian uprising.

The US introduced the "road map" peace initiative near the peak of the violence in mid-2003, but it quickly lost steam as Israelis and Palestinians failed to follow through on parallel confidence-building measures that were conditions for restarting political negotiations.

With less than two years left in Bush's tenure, it is unclear whether there is enough time for his administration to see the peace process through to a final agreement.

But some observers say that after six years of no talks, a return to consistent negotiations would be a significant achievement.

"If there is good will and a confidence-building process, we might not reach a comprehensive peace, but we could get back on track," says Mohammed Dejani, a political science professor at Al Quds University in Jerusalem. "At least the present administration could take the credit for going from a state of confrontation and violence to dialogue."

Mideast Summit Ends With Little Progress (AP)

By Anne Gearan

AP, February 20, 2007

A Mideast peace summit designed to open a new chapter for Israelis and Palestinians fed up with violence concluded Monday with no new agreements and a pledge to keep talking.

The United States, which had pushed for the session, said it was an accomplishment merely to hold such a get together for the first time in six years. After two hours of talks with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas, Secretary of State Condoleezza Rice stood alone in a bare-bones hotel function room to call the session "useful and productive."

The prospect of any immediate success here essentially was hijacked by Abbas' surprise announcement last week that he will govern hand-in-hand with the militant group Hamas. The United States and Israel list Hamas as a terrorist group and refuse all dealings with the group.

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Speaking to reporters, Rice said the meeting was particularly valuable, however, in light of the lingering uncertainties over Abbas' pact with Hamas.

"I think the real value here is that they sat down to talk with each other pretty early in this process," Rice said.

"I could have made the decision that, well, I'll just wait until this all sorts out," Rice said, but she said that could have created new obstacles. "We thought it would be best to go ahead," the secretary added.

Neither Rice nor other U.S. officials would describe the content of the session, although Israeli and Palestinian officials offered some details.

Olmert said he and Abbas agreed to maintain an open channel of communication, focused both on improving the lives of Palestinians and stopping terrorism.

"What we have heard today has nothing to do with a partnership," said Mohammed Dahlan, an Abbas confidant.

"Abu Mazen is determined to go ahead with this national unity government. There is no backing down," Dahlan said.

Abbas has said that the deal brokered by Saudi Arabia is the best one he could get from Hamas, and that he would move ahead with forming a coalition. The power-sharing deal is seen as crucial to halting internal Palestinian fighting that has killed more than 130 since May.

Abbas and Olmert also discussed possibly extending a 3-month-old cease-fire covering the Gaza Strip to include the West Bank, said Palestinian negotiator Saeb Erekat.

Hamas spokesman Ismail Radwan called Monday's summit a failure.

"Rice did not succeed in pressuring President Abbas to withdraw from the unity government. We call on the U.S. administration to respect the Palestinian people's will and recognize the government and open a dialogue with the government," he said.

A senior State Department official, speaking on condition of anonymity to describe the closed-door session, said it was an "an irreplaceable opportunity to clear the air."

Meanwhile, Israeli police arrested three protesters who managed to enter the floor of the Jerusalem hotel where Rice is staying, a spokesman said.

The three entered the hotel, climbed the stairs to the floor where Rice is staying and shouted before they were stopped by bodyguards, police spokesman Micky Rosenfeld said. They called on the United States to free Jonathan Pollard, an American who is serving a life term in the United States for spying for Israel.

Israeli police arrested the three before they got very close to Rice's room, Rosenfeld said. It was not clear if Rice was in the room at the time, he said.

The three-way meeting was planned before Abbas made his pact with Hamas. The gathering was meant to offer weary Palestinians a brighter vision for their future by opening a discussion of the contours of an eventual Palestinian state.

It also was a way to strengthen Abbas in his power struggle with Hamas, which surprised the Bush administration by defeating Abbas' secular Fatah Party in elections 13 months ago.

Although U.S. officials brush off any suggestion the pact has tainted Abbas, diplomats have not hidden their displeasure with both the content and timing of the deal he made.

Both the United States and Israel have said they will continue to deal with Abbas, although it is unclear how much authority he will command in the new government.

The Bush administration resisted the troubled Israeli-Palestinian negotiations during Bush's first term, but is displaying a new interest in the old problem. Rice said she understands that the United States plays a crucial role as host and prod, U.S. officials said.

The Hamas deal shifted the ground for talks, but Abbas and Olmert agreed to meet separately soon and Rice said she will return quickly.

There is no set date for another three-way meeting.

"That's a tool that everybody can pick up and use when everybody thinks its useful to do it," State Department spokesman Sean McCormack said following the meeting.

All sides had low expectations for Monday's three-way session, even before last week's announcement. The session was billed as a baby step to build confidence between two sides estranged by historic grievances and years of low-level fighting.

The session got off to a lackluster start, with Rice, Abbas and Olmert clasping hands together and flashing polite smiles for the cameras in a spare hotel conference room.

The three met without any aides, except for Rice's Arabic interpreter, officials said.

After about an hour, they moved to Rice's suite overlooking Jerusalem's Old City, continuing talks for another hour in a more comfortable setting. At one point the group walked onto Rice's balcony, each with a view of some of the most revered and disputed real estate in the world.

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Many of the core questions that frame the hoped-for destination — an independent Palestine alongside Israel — apparently would not be on the table Monday. Those include the borders and the fate of disputed areas of Jerusalem.

A third or more of the session was devoted to discussion of the planned coalition government.

Rice Meets Mideast Leaders But Little Progress (AFP)

By David Millikin

AFP, February 20, 2007

US Secretary of State Condoleezza Rice held a rare summit with Israeli and Palestinian leaders but achieved little concrete progress in reviving the peace process other than a pledge for further talks.

Rice said all sides had discussed a future Palestinian state at the first such meeting in nearly four years, but warned that peace would not come through terror, in a clear reference to the dominant Islamist movement Hamas.

Israeli Prime Minister Ehud Olmert and Palestinian president Mahmud Abbas agreed to meet again "soon," Rice said, adding that she also planned to return to the region to pursue peace efforts.

Hopes of a breakthrough in Middle East peacemaking have been complicated by a deal between Abbas and Hamas -- blacklisted by the West as a terrorist group -- to form a unity government in a bid to end a crippling aid boycott.

After the talks, Olmert insisted Israel would not cooperate with any government that did not meet international demands for peace, while Hamas lashed out at what it labelled US isolationism and "blackmail".

Ismail Haniya, the head of the outgoing Hamas-dominated cabinet who will also lead the new unity administration, said he "regretted that the American administration always behaves according to the logic of isolation and boycott which has proved to be a failure".

Abbas's office announced that the president would head to Britain, Germany and France later in the week to press for a more welcoming approach to the new government from the European Union.

"All three of us affirmed our commitment to a two-state solution, agreed that a Palestinian state cannot be born of violence and terror, and reiterated our acceptance of previous agreements and obligations, including the roadmap," Rice said after more than two-and-a-half hours of talks in a Jerusalem hotel.

Monday's meeting was the first of its kind since 2003 when Rice's predecessor, Colin Powell, met Olmert's predecessor, Ariel Sharon and Abbas, then Palestinian prime minister.

Rice denied it had been thin on outcome.

"I certainly think that it had a confidence-building outcome because, again, this is a period of considerable uncertainty and I'm not sure when they would have sat down to try to come to terms with some of those uncertainties, to try to get answers to each others' questions," she said.

A senior US official said the Israeli and Palestinian leaders had agreed to meet again within weeks. But Rice's visit, her 10th to Jerusalem as secretary of state and her fourth in just five months, comes with both Olmert and Abbas weakened by political struggles at home.

Rice said they had discussed the long-standing international demands of the Palestinian government, as Fatah and Hamas work to form a unity cabinet they hope will lead to a resumption of desperately needed Western funding.

"The president and prime minister also discussed issues arising from the agreement for the formation of a Palestinian national unity government and the position of the Quartet that any Palestinian Authority government must be committed to non-violence, recognition of Israel and acceptance of previous agreements and obligations, including regarding the roadmap," she said.

The European Union, Israel and the United States have insisted the new government meet the three conditions in exchange for ending their boycott.

While Abbas says the new unity government will honour existing agreements with Israel, implicitly recognising the Jewish state, Washington has remained publicly non-committal and Israel has rejected the deal outright.

Olmert said Israel would not work with a Palestinian government that snubbed the conditions but that he would maintain contact with Abbas.

"We will not recognize any government that does not honour these commitments. Neither will we cooperate with it or its ministers," he told a meeting of his centrist Kadima party.

Abbas's spokesman Nabil Abu Rudeina said the Palestinian president would travel to London Wednesday, Berlin Thursday and Paris Friday "in a bid to end the siege imposed on the Palestinian people and explain the Mecca agreement" which set the framework for the new unity government.

Palestinian chief negotiator Saeb Erakat said Abbas insisted the new cabinet should be judged on having recognized his authority to negotiate with Israel.

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Old Foes Join In Anger Over India Train Bombing (NYT)

By Somini Sengupta

The New York Times, February 20, 2007

DIWANA, India, Feb. 19 — A day after two homemade bombs killed at least 66 people on a train traveling to Pakistan from India, the governments of both countries on Monday condemned the attack and pledged that it would not deter their aim of reducing longstanding hostilities on the subcontinent.

The office of Manmohan Singh, the Indian prime minister, on Monday morning called the bombing "an act of terror" and promised to apprehend those responsible. Pakistan also denounced the attack, which occurred on the eve of a visit by Khurshid Mehmood Kasuri, the Pakistani foreign minister, to the Indian capital, New Delhi, and two weeks before officials from both countries were to meet for the first time to share information on terrorism-related activities.

The train had ferried more than 600 passengers from Delhi to the India-Pakistan border. The bombs exploded just after midnight Sunday, trapping slumbering passengers aboard the Attari Express in flames. By early Monday, when the bodies were pulled from train, they were so severely burned it was difficult to tell who they were, let alone whether they were Indian or Pakistani.

All told, 66 bodies were taken out of two burned-out compartments; 13 survivors somehow escaped, including an infant and Kamruddin, 60, a small thin man from Multan, Pakistan, who thanked God as an ambulance carried him to an Indian government hospital in New Delhi on Monday. Kamruddin recalled making his way to the door of his coach and having someone pull him out.

Twelve hours later, the two coaches were still smoldering.

Peace talks between India and Pakistan have crawled along for three years, yielding little more than an accord on transportation links like the Attari Express. The two last stepped close to the brink of war in early 2002. They have fought each other in three wars since independence from British rule in 1947.

"This is an act of sabotage," Laloo Prasad Yadav, the Indian railroad minister, told reporters in the eastern city of Patna, according to wire service reports. "This is an attempt to derail the improving relationship between India and Pakistan."

In a statement reported by [a news agency], Gen. Pervez Musharraf, the Pakistani president, said, "We will not allow elements which want to sabotage the ongoing peace process to succeed in their nefarious designs."

The overnight train, en route from Delhi to the border post at Attari, began service 30 years ago, and after a two-year suspension at a time of acute enmity between India and Pakistan, resumed service in January 2004. From Attari, passengers board a second train, which takes them to Lahore, Pakistan.

The explosions occurred when the train had advanced about a mile from Diwana, a tiny station here surrounded by fields of wheat.

Three other bombs were found in the train's other coaches, according to police and railroad officials; a police officer at the scene said he saw a suitcase packed with eight to nine bottles filled with an unknown liquid, along with a plastic detonator.

V. K. Duggal, the home secretary, told reporters that sulfur and kerosene had probably been used.

Mr. Yadav, the railroad minister, said Monday evening that one person had been detained in connection with the blasts, according to [a news agency], but offered no further details.

Navtej Sarna, a spokesman for the Indian Ministry of External Affairs, told reporters that visas would be issued to Pakistani relatives of those who were feared dead. On Monday afternoon, police officers worked in the sun to identify victims at the main government hospital in Panipat, the nearest city to the site of the explosions, recording the remnants they had found: singed passports, a wallet, a key.

The attack occurred almost exactly five years after a fire on a train killed 59 Hindu pilgrims in Gujarat State, in western India, setting off some of the worst communal carnage in India's history, in which at least 1,100 people were killed, mostly Muslims. Last July, a series of synchronized bombs went off on commuter trains in Mumbai, India's largest city, killing about 180 people.

In the attack on Sunday, bombs went off inside two coaches, toward the back of the train, shortly after it left Diwana at 11:53 p.m., two officials at the station said. By the time the first fire trucks arrived, the two coaches were ablaze, and the air smelled of burning plastic and flesh, according to B. D. Ahuja, the fire station officer at Panipat.

Satya Narain Sharma, a firefighter who was among the first to reach the scene at 12:10 a.m. said that when fire crews tried to pry open the first door, it did not budge. Later, they found behind it a pile of bodies, all apparently passengers trying to escape. They found a second door open and began pulling out the dead. Muhammad Wasim Khan said his uncle, Shaffiq Ahmed Khan, from Karachi, was among the dead. Shaffiq Ahmed Khan and his sons, Aarish, 15, and Sammy, 9, had come to visit relatives in Delhi. They stayed for a month and began to make their way home on Sunday night, their bags stuffed with gifts: clothes, fancy

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soap and packets of Rajanigandha-brand paan masala, a North Indian mouth-freshener. They stuffed their money into their shoes, relatives said, so it would not be taken by the police along the way.

On Sunday night, Muhammad Wasim Khan settled them into the fourth coach from the back, and waved goodbye from the platform. The next afternoon, he found his uncle's body at the hospital in Panipat. He recognized him by the brown coat he wore, and the money stuffed inside his shoes. His face was burned beyond recognition. The two boys had been admitted to Safdarjung Hospital in New Delhi.

At the Old Delhi railroad station, distraught friends and relatives began gathering before dawn to learn who had been killed and who had escaped alive, but at the emergency assistance booth on Platform 15, officials had little information.

Mohammad Aslam, a bangle manufacturer, who accompanied five of his cousins to the train on Sunday night, said his repeated requests for information were brushed off by station staff members. "They keep saying 'How can we give you information when we know nothing ourselves?' " he said.

He said there had been no security searches before passengers boarded the train. Nodding toward the row of police officers searching people at the entrance to the station, opening suitcases and checking handbags, he said, "None of that was there yesterday."

Moscow Warns Neighbours Over US Shield (FT)

By Neil Buckley, Jan Cienski And Hugh Williamson

Financial Times, February 20, 2007

Poland and the Czech Republic could be targeted by Russian missiles if they host elements of the planned US missile defence system, the commander of Russia's strategic missile forces warned on Monday.

The warning came as both Warsaw and Prague signalled they were likely to respond positively to US requests for them to host anti-missile defence bases.

Germany also on Monday expressed concern about the stand-off over the missile defence project, with Frank-Walter Steinmeier, foreign minister, criticising the US and Nato for not addressing Russia's worries over the system earlier. Russia continued to make clear its deep opposition to the system as General Nikolai Solovtsov warned that basing parts of it in eastern Europe risked undermining strategic stability.

"If the governments of Poland, the Czech Republic and other countries make this decision . . . [Russia's] strategic missile troops will be able to target those facilities," he said.

His comments come after criticisms of the project by Vladimir Putin, Russian president. General Yuri Baluyevsky, chief of the Russian army, has warned that Moscow might withdraw from the 1987 Intermediate-Range Nuclear Forces treaty unless the US dropped its plans. The strategic missile forces commander echoed that threat yesterday, saying Russia could resume production of medium-range missiles within five or six years.

"We have all the documents, we have the technology, especially as the missiles used to be produced by existing enterprises.

Therefore resuming production, provided there are relevant decisions, will be easy enough," Gen Solovtsov said.

During a visit to Warsaw on Monday, Mirek Topolanek, the Czech prime minister, said Poland and the Czech Republic would have to undertake a large communication effort to explain the programme to Russia as well as to Germany and France – and to their own populations.

But he said it was "naïve" to suppose that the US had not consulted Russia over the project. Jaroslaw Kaczynski, his Polish counterpart, said the shield was "not aimed at any normal country".

"We will attempt to persuade the Russians that which is obvious and which they of course realise, that this is in no way an installation directed at them," he said.

Mr Kaczynski said: "We are jointly deeply convinced that important decisions concerning the security and future of our countries and Europe have to be taken – I'm speaking here of the shield."

The US state department did not comment on the Russian threat but said the defensive system it was developing with the Czech and Polish governments was in no way targeted at Russia.

"We have offered to co-operate with Russia on missile defence. We think we face a common set of threats emanating from the Middle East as well as other areas," a spokesman said.

Russia has dismissed US arguments that the shield – with tracking radar in the Czech Republic and missiles in Poland – is designed to allow Europe and the eastern US to intercept missiles launched from rogue nations in the Middle East.

Mr Steinmeier said in a newspaper interview: "Because the sites for the stationing [of the missile defence system] are quite near Russia, one should have talked about it with Russia beforehand."

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Henning Riecke, security expert at Berlin's DGAP foreign affairs institute, said it was clear to the German government that Russia was not threatened by the proposed defence system, but Berlin was keen to maintain stable relations with Moscow.

Ex-allies Warned On Anti-missile Defense Plan (WT/AP)

By Vladimir Isachenkov

The Washington Times, February 20, 2007

MOSCOW -- Poland and the Czech Republic risk being targeted by Russian missiles if they agree to host a proposed U.S. missile defense system, a top Russian general warned yesterday.

Russia has been increasingly bellicose in its response to the U.S. proposal to build the missile defense system in Eastern Europe. President Vladimir Putin has said he does not trust U.S. explanations that the system would protect the American East Coast and Europe from any missiles launched by "rogue nations" in the Middle East.

Gen. Nikolai Solovtsov, head of Russia's missile forces, said the system would upset strategic stability. It would be the first such site in Europe.

"If the governments of Poland and the Czech Republic take such a step ... the Strategic Missile Forces will be capable of targeting these facilities if a relevant decision is made," he said.

Also yesterday, Czech Prime Minister Mirek Topolanek said his country and Poland were in favor of the U.S. missile defense proposal.

"I think it is in our joint interest to negotiate this initiative and to build in our area the missile defense," Mr. Topolanek said after talks in Warsaw with Polish Prime Minister Jaroslaw Kaczynski.

The bases in Poland and the Czech Republic would be designed to intercept missiles being developed by Iran, U.S. Air Force Lt. Gen. Henry A. Obering, director of the Missile Defense Agency, said last month. Two other bases in Alaska and California would protect the United States from threats from North Korea, Gen. Obering said.

Mr. Kaczynski brushed aside Russia's fears, saying, "The missile defense is not directed against any normal state.

"Any statement suggesting that the missile defense would change the alignment of forces in Europe is a misunderstanding," he said. "This truth is being conveyed to our partners in the West and the East."

State Department spokesman Edgar Vasquez said the United States has worked closely with the Czech and Polish governments to develop the missile defense system and that it was in no way directed at Russia.

"We have offered to cooperate with Russia on missile defense because we believe we face a common threat emanating from the Middle East as well as other areas," Mr. Vasquez said.

Gen. Solovtsov said he was concerned that the United States, which plans to deploy 10 interceptors in Poland, could boost those numbers in the future.

The general also said it would take Russia less than six years to build upgraded medium-range missiles if Moscow decided to pull out of a 1987 agreement with the United States that bans their deployment.

"It is not difficult to restore their production," Gen. Solovtsov said at a press conference. "The missiles were dismantled, but the production technology has remained."

Russian military officials have said Moscow's decision to pull out of the Intermediate-Range Nuclear Forces Treaty would depend on whether the United States goes ahead with the missile defense plan.

The agreement was negotiated by Soviet leader Mikhail Gorbachev and President Reagan.

Our Strange Devotion To The Kremlin (WP)

By Anne Applebaum

The Washington Post, February 20, 2007

"I have a difficult time explaining that speech. It doesn't accord with either the world as we see it nor with the character of our interactions with the Russians."

-- Condoleezza Rice, Feb. 15

Ten days have passed since the Russian president, Vladimir Putin, made a speech in Munich accusing the United States of plunging the planet into "an abyss of permanent conflicts," of deliberately encouraging the spread of weapons of mass destruction, and (this from a country that regularly blackmails and manipulates its neighbors) of having "overstepped its national borders in every way." During that time, the American secretary of state -- quoted above -- has not been alone in expressing surprise. With varying degrees of shock, commentators and politicians have speculated about the significance of Putin's "new" language, wondering whether it means Russia's road to democracy has reached a fork, whether Putin was really speaking to his domestic audience or whether the speech heralded some kind of policy change.

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In fact, the only thing continually surprising about President Putin is the surprise itself. For we have long known a great deal about Putin, about his biography -- his time as a KGB officer in East Germany, his years in the government of St. Petersburg -- and about his personal philosophy, too. We have long known, for example, that he is a great admirer of Yuri Andropov, the former Soviet leader best remembered for his belief that "order and discipline," as defined by the KGB, would revive the weakened Soviet Union of the 1980s. Way back in 1999, Putin went so far as to dedicate a plaque to Andropov in a corner of the Lubyanka, once the headquarters of the KGB as well as its most notorious political prison.

Since then, Putin has not ceased emulating many of the methods of the Andropov-era KGB, including its paranoid suspicion of America. He continues to treat all Western organizations in Russia, whatever their purpose, as "spies and diversionaries." He has used Russian television -- all state-owned or state-influenced -- to portray the recent mysterious deaths of his critics, including one by polonium poisoning, as part of a nefarious Western plot to discredit his government. In the wake of the 2004 Beslan school massacre, he hinted that American support for Chechen terrorists was to blame. I myself have heard that claim repeated in Moscow more than once.

Nevertheless, we were surprised, are surprised and apparently always will be surprised by Putin, just as we were surprised by Yeltsin before him and Gorbachev before that. Despite Putin's background and his well-known views, President Bush from the beginning of his term treated Putin the way all American presidents treat all Russian leaders: as America's new best friends. Bush, infamously, looked deep into Putin's eyes, found him to be " straightforward and trustworthy" and invited him to his ranch.

Not so many years earlier, when President Boris Yeltsin was up for reelection, President Bill Clinton told his main Soviet adviser, Strobe Talbott, that "I want this guy to win so bad it hurts." Never mind that inside Russia, Yeltsin was already associated with massive theft and economic chaos, or that his regime was perceived internally as corrupt and nepotistic: The American president went out of his way to visit Moscow during the campaign, just to make sure Yeltsin won.

It is, if you think about it, an odd phenomenon. After all, American presidents generally don't campaign on behalf of their French counterparts or look deep into the eyes of German chancellors in order to divine their true natures. While at times very friendly, neither Clinton nor Bush seems to have felt a mystical connection to British Prime Minister Tony Blair.

Yet Russian politicians still seem to make American politicians grow starry-eyed and lose their bearings. Perhaps it's a secret longing for the glamour of those Cold War summits, for the days when it seemed as if the personal relations between superpower statesmen could ward off the destruction of the entire planet. Or perhaps they put something in the vodka -- sorry, mineral water -- at those elegant Kremlin lunches.

Either way, it's time to kick the habit. True, it is perfectly possible that whoever leads Russia after Putin steps down (if Putin steps down) will be a nicer, friendlier person. It is perfectly possible that we will find areas of cooperation with him, just as we sometimes do with Putin. But however friendly and cooperative, however much a "democrat" he appears to be, I hope we'll avoid the instant professions of eternal friendship. At the very least, we'll avoid being unpleasantly surprised, yet again, if things turn out otherwise.

US And EU Trade Zone Gathers Pace (FT)

By Andrew Bounds In Brussels

Financial Times, February 20, 2007

The US and European Union could set a date for the creation of a transatlantic trading zone at a summit in April, diplomats say.

The idea of harmonising rules and regulations between the world's biggest economies to boost growth has gathered momentum since Angela Merkel, German chancellor, embraced it in January.

Both sides have taken up the so-called Merkel initiative as a way of re-invigorating the partnership after tension over Iraq and the Doha trade round.

Boyden Gray, US ambassador to the EU, said: "The political commitment is there from the president and members of his cabinet. It is a great opportunity."

Mr Gray said it was likely the objective would be set at the summit but stressed that more work was needed on how it would be achieved.

"There are political and structural problems. You have to set up a mechanism involving members of Congress and the European parliament. It has to outlive individual presidents and committee chairmen. It will take a long time."

John Bruton, EU ambassador to the US, last week said involving the US Congress. which jealously guards its regulatory powers, would be key but the goal was vital. "New models of motor cars have to be crashed twice, once to comply with the EU standard and again to comply with the US standard.

"We simply cannot afford to load more costs on the shoulders of our customers, or place more restrictions in the way of our businesses, if we are to beat our global competitors."

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There are panels of technocrats from both sides, but Mr Bruton said they would make swift progress only if politicians set targets. “All regulations ultimately have a political source,” he said.

Some people compare the Merkel initiative with the creation of the EU single market, which existed on paper for decades before becoming a reality. It was only after EU leaders set a timetable for action that barriers began to fall.

Bob Bennett, a US Republican senator, will on Thursday meet José Manuel Barroso, Commission president, and hand over a timetable to conclude talks by 2015.

The report, prepared for legislators of the Transatlantic Policy Network by Bruce Stokes of the German Marshall Fund and seen by the Financial Times, calls for studies on how to tackle each sector and then a two-step process to implement the market.

From 2007-10 negotiators should aim to harmonise accounting standards, chemicals regulations, customs co-operation, healthcare records and sign an open skies air transport deal.

From 2011-15 they would tackle such sensitive areas as entry requirements, capital market regulation and cargo. Many of these have been complicated by US security concerns.

The trade departments of the EU and US remain sceptical of concluding a deal. Peter Mandelson, EU trade commissioner, while welcoming the initiative, said recently: “It is going to take a great deal of effort and may not be possible.”

Embassy Row (WT)

By James Morrison

The Washington Times, February 20, 2007

Rugs to riches

Afghanistan's ambassador is hoping that the ancient art of rug weaving will help spur development in his Central Asian nation, which is struggling with Taliban terrorism and donor fatigue from nations that have so far failed to put up the money to match their aid promises.

"Afghan rugs connect you to thousands of years of history, a group of talented artists halfway around the world, and a reconstruction process that is helping millions of people find security, prosperity, education and new hope," Ambassador Said T. Jawad said at a recent exhibit of Afghan rugs in Atlanta.

"Afghanistan's rug trade is at least 1,000 years old. The Silk Road and Afghanistan were the nexus of civilizations, knowledge and trade, stretching from Spain to China. Today, Afghan rugs are regaining their fame and recognition for excellent value, superb quality, rich colors and unique patterns."

The exhibit, attended by top U.S. officials, attracted wealthy investors who bought nearly all of the rugs on display.

David Sampson, U.S. deputy commerce secretary, noted that the exhibition was a "smart step" toward the goal of promoting Afghanistan's traditional rug industry, which generates $50 million in annual exports.

Mr. Jawad urged buyers to help Afghanistan's economy by investing in its arts and crafts, which have tax-free access to the U.S. market. He noted that his country is trying to recover from 30 years of conflict -- from the Soviet invasion in 1979 to the resurgent threat from the extremist Taliban, trying to regain power after the United States overthrew them in 2001 for sheltering Osama bin Laden and his al Qaeda terrorist network.

"You are helping millions of women and families struggling to recover from three decades of war and despair," the ambassador said.

"Afghans are grateful for your support and assistance and the sacrifices of your soldiers fighting to defend freedom in Afghanistan, here in the U.S. and all over the world. They are all heroes."

Darfur dispute

Andrew Natsios, the special U.S. envoy to Sudan, angered the Africa Action network by dismissing the term "genocide" in connection with the humanitarian crisis in the Darfur region of the African nation.

Mr. Natsios earlier this month told an audience at Georgetown University, "The term 'genocide' is counter to the facts of what is really occurring in Darfur."

Nii Akuetteh, executive director the Washington-based advocacy group, said Sudan clearly intends to destroy communities of black African farmers through proxy Arab militias.

"Natsios' declaration that genocide is no longer occurring in Darfur denies the reality on the ground and conflicts with numerous statements from the White House and State Department over the past two years," Mr. Akuetteh said.

"This is more than a semantic change. Natsios' claim represents a calculated attempt to re-characterize the crisis, undermine its urgency and obviate the need for new U.S. action to address it."

In an interview last week, however, Mr. Natsios re-emphasized the threat posed by the militias to more than 2.5 million refugees displaced since 2003, when so-called Janjaweed militias began slaughtering civilians and burning villages in response to anti-government rebel attacks.

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Mr. Natsios told the [a] news agency that the Sudanese government has "lost control" in Darfur.

"There is anarchy in Darfur. The risk is that if the [nongovernmental organizations] leave, the U.N. humanitarian agencies leave, there will be no one to care for these people in the camps who can be trusted," he said.

"There is a potential for an explosion if the agencies leave that would match the risk" to the local population that occurred in 2003 and 2004, Mr. Natsios said.

The result "would be a blood bath," he warned.

The conflict has claimed between 300,000 and 400,000 lives.

Let's Start A War, One We Can Win (NYT)

By Nicholas D. Kristof

The New York Times, February 20, 2007

AFETA, Ethiopia

They were two old men, one arriving by motorcade with bodyguards and the other groping blindly as he shuffled on a footpath with a stick, but for a moment the orbits of Jimmy Carter and Mekonnen Leka intersected on this remote battlefield in southern Ethiopia.

Mr. Mekonnen, who thinks he may be 78, is a patient in Mr. Carter's war on river blindness. He is so blind that he rarely leaves the house any more, but on this occasion he staggered to the village clinic to get a treatment for the worms inside him.

His skin is mottled because the worms cause ferocious itching, especially when they become more active at night. He and other victims scratch until they are bloodied and their skin is partly worn away. Ultimately the worms travel to the eye, where they often destroy the victim's sight.

Ethiopia has the largest proportion of blind people in the world, 1.2 percent, because of the combined effects of river blindness and trachoma. As in many African countries, the wrenching emblem of poverty is a tiny child leading a blind beggar by a stick.

As Mr. Mekonnen waited on a bench by the clinic, there was a flurry of activity, and an Ethiopian announced in the Amharic language that "a great elder" had arrived. Then Mr. Mekonnen heard voices speaking a foreign language and a clicking of cameras, and finally the whirlwind around Mr. Carter moved on.

"Do you know who that was?" I asked Mr. Mekonnen.

"I couldn't see," he replied.

"Have you ever heard of Jimmy Carter?"

"No."

Yet in remote places like this, former President Carter, at 82, is leading a private war on disease that should inspire and shame President Bush and other world leaders into joining. It's not just that Mr. Carter's wars have been more successful than Mr. Bush's; Mr. Carter is also rehabilitating the image of the U.S. abroad and transforming the lives of the world's most wretched peoples. (For a video of Mr. Carter's trip, please go to www.nytimes.com/ontheground.)

On the previous night, Mr. Mekonnen had slept under a mosquito net for the first time in his life, as part of a Carter initiative to wipe out malaria and elephantiasis in this region. And Mr. Mekonnen now uses an outhouse as a result of a Carter Center initiative to build 350,000 outhouses in rural Ethiopia to defeat blindness from trachoma.

Mr. Carter has almost managed to wipe out one horrific ailment — Guinea worm — and is making great strides against others, including river blindness and elephantiasis. In this area, people are taking an annual dose of a medicine called Mectizan — donated by Merck, which deserves huge credit — that prevents itching and blindness.

Mectizan also gets rid of intestinal worms, leaving Ethiopian villagers stronger and more able to work or attend school. Among adults, the deworming revives sex drive, so some people have named their children Mectizan.

Mr. Carter's private campaign against the diseases of poverty, put together with pennies and duct tape, is a model of what our government could do. Imagine if the U.S. resolved that it would wipe out malaria and elephantiasis (both are spread by mosquitoes, so a combined campaign makes sense). What if we celebrated science not by trying to go to Mars but by extinguishing malaria? What if we tried to burnish America's image abroad not only with press releases and propaganda broadcasts, but also with a bold campaign against disease?

So I wish that President Bush could visit villages like this and see what Mr. Carter has accomplished as a private individual. Mr. Bush, to his great credit, has financed a major campaign against AIDS that will save nine million lives, and he is also increasing spending against malaria — but not nearly as energetically as he is increasing the number of troops in Iraq. So I asked Mr. Carter whether President Bush should be pushing not for a possible war with Iran, but for a war on malaria.

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“That would certainly be my preference,” he said. “I thought the war in Iraq was one of the worst mistakes our country ever made, and we’re possibly about to make an even worse mistake by precipitating a war with Iran. But I would like to see us shift away from war being a high priority, to diplomacy and benevolent causes.”

So, President Bush, how about if we as a nation join Mr. Carter’s war on diseases that afflict the world’s poorest peoples — and are one reason they are so poor. That’s a war that would unite Americans, not divide them. Come on, Mr. Bush, sound the trumpets!

Economics For Dummies (WSJ)

The Wall Street Journal, February 20, 2007

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Just when you think world economic policy might be moving in a more sensible direction, along comes Latin America. This month's lesson in how not to create prosperity comes from Argentina, which has decided that the way to whip inflation is to throw out inconvenient statistics.

Recently the Peronist government of President Nestór Kirchner sacked an official at its National Statistics and Census Institute for refusing to agree to alter the "methodology" used to calculate inflation in January. Armed guards then escorted a political appointee to replace her.

As his government heads into the season of negotiating labor contracts, Mr. Kirchner has an incentive to underestimate inflation. And sure enough, five days after this dismissal, the government released its January inflation number of 1.1%, well below the 1.5% to 2% expected by non-government economists. These private economists say that, to reach the lower number, the new director agreed to modify increases in the cost of fruits and vegetables and understate soaring health insurance premiums and higher prices in tourism.

Employees of the Statistics Institute protested outside their offices and issued a statement accusing the government of "tampering" with the inflation index. International markets did not react well either. Inflation-linked Argentine peso bonds sold off almost 4%. Mr. Kirchner has responded by referring to the protesters as "mafiosas." Mark it down as one more reason Argentina can't shake its reputation as an economic banana republic.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Bush Draws Link Between Revolutionary War, Struggle Against Terror. USA Today (2/20, 8A, 2.27M) reports, "President Bush honored the 275th birthday of the nation's first president Monday, likening George Washington's long struggle that gave birth to a nation to the war on global terrorism. 'Today, we're fighting a new war to defend our liberty and our people and our way of life,' Bush said in front of Washington's home along the banks of the Potomac River in Mount Vernon, Va." Bush "chose the Presidents Day holiday to make his first visit as president to Mount Vernon. He and first lady Laura Bush helped lay a wreath at Washington's tomb, then the president gave a speech on the lawn of the estate." Bush quipped, "I feel right at home here. After all, this is the home of the first George W." The AP (2/20, Raum) notes Bush said, "As we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone. … Over the centuries, America has succeeded because we have always tried to maintain the decency and the honor of our first president."

Likewise, the Los Angeles Times (2/20, Gerstenzang, 850K) reports Bush "linked the ideals of the first president to the war being fought by the 43rd, saying Washington's goals guided the nation's quest to extend freedom beyond its borders."

The Washington Post (2/20, A5, Jackman, 690K), meanwhile, reports "Bush's remarks consisted mainly of a reflection on Washington's life and impact on the United States, with brief allusions to today's war."

But the New York Times (2/20, Stolberg, 1.16M) reports Bush "implicitly compared himself to his predecessor. 'With the advantage of hindsight, it is easy to take George Washington's successes for granted,' Mr. Bush said after enumerating Washington's achievements as commander of the Continental Army and later as president. But 'America's path to freedom was long and it was hard,' he continued, 'and the outcome was never really certain.'" McClatchy (2/20, Douglas) also says Bush "drew comparisons between America's first wartime president and the current one. He likened Washington's struggles in fighting for and forging democracy to his global war on terrorism."

The Washington Times (2/20, Dinan, 88K) reports, "As he nears the end of his own two terms as president and his Iraq policy faces heavy criticism, Mr. Bush, the 43rd president, seems to take solace in the fact that historians are still digesting the first president's legacy. 'My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it and just do what he thinks is right, and make the tough choices necessary,' he said at a press conference late last year." Bush "clearly has done some of his own analyzing about Washington, praising him several times for being steady as a wartime leader. 'In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable,' he said."

Australian Official Says US Will Turn Hicks Over By End Of Year. The New York Times (2/19, Johnston, 1.16M) reports Australian Foreign Minister Alexander Downer said Sunday "that his government had reached a deal to allow David Hicks, who has been held at the American military base in Guantánamo Bay, Cuba, for more than five years without trial, to return to Australia by the end of the year." American military prosecutors "have accused Mr. Hicks, 31, an Australian citizen, of attempted murder in violation of the laws of war and providing material support for terrorism. Mr. Hicks, who was captured in Afghanistan in late 2001, is expected to be formally charged soon." Downer said US authorities "had told him that if Mr. Hicks was found guilty by the military tribunal, he would be allowed to serve out his sentence in an Australian prison."

US To Conduct Large-Scale Anti-Terror Exercise On Guam. The Washington Times/AFP (2/20) reports, "The world's biggest anti-terrorism exercise will be held this year on Guam, underscoring the Pacific island's growing importance to Washington, officials said yesterday. Exercise TopOff4 is part of a series of large-scale maneuvers established to strengthen the U.S. ability to respond to terrorist attacks involving weapons of mass destruction." US Coast Guard Commander William Marhoffer said that "TopOff4 'is a domestic counterterrorism exercise. ... It involves the intelligence communities, the Department of Homeland Security, the FBI, the Department of

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Defense, the U.S. Coast Guard.' The exercise is expected to simulate a maritime terrorist attack."

Madrid Attack Defendant Says Refusal To Be Informant Prompted Arrest. The AP (2/20) reports, "A Moroccan who ran the shop where most of the cellphone cards used to set off the bombs in the 2004 Madrid train attacks were sold said Monday he was implicated in the case as punishment for refusing to be a police informant." Jamal Zougam "denied he was a member of al-Qaeda or other radical Islamic groups, or that he had ever trained in terrorist camps in Afghanistan. He also condemned the Madrid blasts, and said he had never thought of his host country as an enemy." In additional testimony yesterday, bombing suspect Syrian Basel Ghalyoun "acknowledged that he was a friend of Tunisian Serhan Ben Abdelmajid Fakhet and other ringleaders who blew themselves up as police moved to arrest them weeks after the attacks but denied having anything to do with the bombings."

European Terror Investigators Have Wider Powers Than US Counterparts. In a Wall Street Journal (2/20, 2.04M) column, Bret Stephens writes that the Napoleonic Code gives "French investigative magistrate and counterterrorism supremo Jean-Louis Bruguiere" many powers that the Constitution denies to US counter-terror officials. "In the U.S., Mr. Bruguiere's activities would amount to one long and tangled violation of the First, Fourth, Fifth, Sixth and Eighth Amendments to the Constitution. … In France, however, Mr. Bruguiere…is a folk hero." Stephens adds, "All this calls into question the seriousness, if not the sincerity, of European complaints that under the Bush administration the U.S. has become a serial human-rights violator. … When President Bush declared a war on terror after 9/11, it was because he had no other realistic legal alternative. And when the rest of us make invidious comparisons between Europe and America, we should keep our fundamental differences in mind. There is no European 82nd Airborne, and there is no American Jean-Louis Bruguiere."

Trial Of Accused Madrid Train Bombers Broadcast Over Web. The New York Times (2/19, Carvajal, 1.16M) reports that on the "opening day of Spain's trial of 29 men accused in the deadly Madrid train bombings, police officers ringed the maximum-security brick courtroom while a helicopter whirled overhead." But with "the click of a computer mouse, anyone can peek inside the inner sanctum for a glimpse of Spanish judges in black robes with white lace cuffs facing suspects barricaded behind bulletproof glass." That "YouTube-style window has been opened by a high-tech legal services company, Datadiar, which is streaming live coverage of the trial on its Web site, datadiar.com, and posting archived video testimony that began with the appearance on Thursday of the first suspect, Rabei Osman Sayed Ahmed, known as Muhammad the Egyptian" The "rare running view of what stands to be a legal marathon is of keen interest to a nation still haunted by questions about who set off the bombs on March 11, 2004, killing 191 and wounding nearly 2,000 on four commuter trains."

HOMELAND RESPONSE:

DHS Ramps Up Nuclear Weapons Detection Efforts. U.S. News and World Report (2/26, Marek, 2.03M) reports, "Nuclear bombs are the rare weapon that can kill hundreds of thousands. And experts say the unleashing of a dirty bomb-a conventional explosive laced with radioactive material-could sicken thousands of people and cause unparalleled economic damage. So it's not surprising that DHS and New York-area authorities are planning an aggressive approach in coming months: They'll surround Manhattan with radiation detectors they hope can sniff out a weapon before it does harm. But it's an ambitious, expensive effort, and critics worry they're going too far, too fast. … Today's detection efforts, however, are limited by technology." The "vast majority" of machines "can't distinguish between harmful and harmless, naturally occurring radiation. Still, DHS's current approach has been quietly gaining speed in the past year."

U.S. News and World Report (2/26, Kingsbury, 2.03M) also reports that in December 1945, Robert Oppenheimer wasquoted as saying, "If you hired me to walk through the cellars of Washington to see whether there were atomic bombs, I think my most important tool would be a screwdriver to open the crates and look. I think that just walking by, swinging a little gadget would not give me the information." US News adds, "Not everyone completely agrees; Department of Homeland Security officials say new state-of-the-art detectors can do a much better job than that. But the basic point is still valid-and alarming."

DHS To Work With States On Chemical Plant Security Concerns. USA Today (2/20, 3A, Hall, 2.27M)

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reports, "New government rules seeking to thwart terrorist attacks on chemical plants are facing stiff opposition from state leaders, environmentalists and others who say the regulations are flawed, vague and unlikely to protect the public." Sen. Joe Lieberman has wrote to DHS Secretary Michael Chertoff this month saying that the rules, set to take effect in April, "are seriously flawed and could have a very harmful impact." Agency spokesman Russ Knocke "says the department is reviewing the complaints and will work with plant managers, state officials and other groups to address their concerns." USA Today notes that New Jersey Gov. Jon Corzine has complained that the federal rules would weaken "stricter chemical security rules" passed in his state in 2005. However, "Knocke says the nation must have uniform security policies."

Congressional Democrats Urge Tighter Security For Subways. USA Today (2/19, 1A, Hall, 2.27M) reports congressional Democrats "now in charge of homeland security are pushing ahead with legislation to tighten security in the nation's subways and other mass-transit systems." Senate Banking and Urban Affairs committee Chairman Chris Dodd, D-Conn. said, "These are ripe, easy targets. Commuters shouldn't have to play Russian roulette when they get on the train in the morning." USA adds Dodd's panel "has approved legislation authorizing $3.5 billion over the next three years on transit security. The committee oversees mass transit." Meanwhile, House Homeland Security Committee Chairman Bennie Thompson "says his panel's legislation will mandate more training for transit workers, whistle-blower protection for those who reveal security lapses, increased screening at stations and federal grants for mass-transit security."

NYTimes Calls For Repeal Of Provisions That Ease Declaration Of Martial Law. The New York Times (2/19, 1.16M) says in an editorial, "A disturbing recent phenomenon in Washington is that laws that strike to the heart of American democracy have been passed in the dead of night. So it was with a provision quietly tucked into the enormous defense budget bill at the Bush administration's behest that makes it easier for a president to override local control of law enforcement and declare martial law." The provision, "signed into law in October, weakens two obscure but important bulwarks of liberty." The first, posse comitatus, "is the doctrine that bars military forces, including a federalized National Guard, from engaging in law enforcement." The other "is the Insurrection Act of 1807, which provides the major exemptions to posse comitatus. It essentially limits a president's use of the military in law enforcement to putting down lawlessness, insurrection and rebellion, where a state is violating federal law or depriving people of constitutional rights." There is "a bipartisan bill, introduced by Senators Patrick Leahy, Democrat of Vermont, and Christopher Bond, Republican of Missouri, and backed unanimously by the nation's governors, that would repeal the stealthy revisions. Congress should pass it."

Justice Sought For Japanese Taken From Latin America During WWII. In a n op-ed for the Washington Post (2/19, A19, 690K) Reps. Xavier Becerra and Dan Lungren write, "2,300 people of Japanese descent from 13 Latin American countries who were taken from their homes and forcibly transported to the Crystal City camp during World War II. The U.S. government orchestrated and financed the deportation of Japanese Latin Americans for use in prisoner-of-war exchanges with Japan. Eight hundred people were sent across the Pacific, while the remaining Japanese Latin Americans were held in camps without due process until after the war ended.." The congressmen add, "Further study of the events surrounding the deportation and incarceration of Japanese Latin Americans is merited and necessary. That is why we have introduced H.R. 662, the Commission on Wartime Relocation and Internment of Latin Americans of Japanese Descent Act."

Settlement Expected In Hurricane Lawsuits. USA Today (2/19, 1B, Chu, 2.27M) reports, "The first major insurance settlement involving a group of hurricane-damaged homes in Louisiana is in its final stages and could be announced as soon as in a week or two, according to the attorney for the homeowners who sued. The likely multimillion-dollar deal would cover about 165 homeowners insured by Louisiana Citizens -- the state-created insurer of last resort -- in Cameron Parish, where the 2005 hurricanes reduced homes to slabs, says Jennifer Jones, the homeowners' lawyer." Jones "cautioned that the settlement could still be scuttled. But if it succeeds, it could provide a model for resolving hundreds other such cases in the state. The deal would not affect thousands of homes damaged by the New Orleans levee breach after Hurricane Katrina."

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Katrina "Voluntourists" Noted. USA Today (2/19, Copeland, 2.27M) reports on Katrina "voluntourists," a "massive wave of volunteers -- half a million, by one estimate -- who have come here from across the nation in the nearly 18 months since Katrina struck. In storm-ravaged Mississippi, their impact has been immeasurable. From Pascagoula in the east to Bay St. Louis in the west, these volunteers have been the one positive constant for residents who have battled through lengthy power outages, mosquito infestations, stuffy FEMA trailers, recalcitrant insurers and an often molasses-slow government bureaucracy."

Many In New Orleans Said To Be Ready To Leave City. The CBS Evening News (2/19, story 9, 2:25, Mitchell, 7.66M) reported that as "a successful Mardi Gras" in New Orleans comes to a close, more than 700,000 tourists are set to leave following Fat Tuesday, and "many of the city's prominent residents may soon be following." CBS (Smith) continued, "A recent study by the University of New Orleans found that nearly a third of the people here say they might be moving in the next two years. For people who stayed after the storm, day-to-day life in the big easy has been anything but. … The homicide rate is one of the highest in the country and 17 officers a month are quitting the police department." City councilman Oliver Thomas was shown saying that living in the city is "a little tougher right now. But it's worth it."

WAR NEWS:

Al Qaeda Attack Against US Outpost In Iraq Raises Alarms. Coverage of yesterday's attack on a US outpost outside Baghdad, reportedly carried our by an Al Qaeda-linked group, is being portrayed as an ominous sign for President Bush's new Iraq strategy. All three networks led with the story, which is also being covered on the front pages of today's major newspapers. ABC World News (2/19, lead story, 2:45, Gibson, 8.78M) reported, "Part of the President's new plan in Baghdad is to place US forces in a number of outposts in and around the city. One of those outposts, heavily-fortified, occupied by about 100 American troops, came under attack today. Two Americans were killed, 17 wounded. The attack raises new concerns. If the additional US troops now in the city restrict insurgents, will they start attacking outside the city? And it raises the question about whether smaller outposts put America's troops in greater danger." Here's ABC's Miguel Marquez." ABC (Marquez) added, "Explosions thundered throughout Iraq today, as insurgents appeared to mount a surge of their own. … The Al Qaeda group, Islamic State of Iraq, claimed the responsibility for the attack. The claims couldn't be verified. As many as 60 similar bases will eventually house US troops taking part in the surge. They are smaller and less secure than most other US bases." ABC World News (2/19, story 2, 1:40, Gibson, 8.78M) later reported, "Overall, six US troops died in Iraq today, bringing this month's US death toll to 59."

The CBS Evening News (2/19, lead story, 2:25, Mitchell, 7.66M) attributed the attack to "Sunni insurgents," and said they "are responding to the US and Iraqi sweep of Baghdad with some new tactics of their own. They made a direct in-your-face attack today on a US combat base outside Baghdad." CBS (Logan) added, "This was a rare and brazen assault on a US base carried out in broad daylight by gunmen intent on killing and wounding as many American soldiers as possible."

NBC Nightly News (2/19, lead story, 2:05, Williams, 9.87M) reported, "There is a strong possibility that we are looking at a big change in the war in Iraq happening right now before our very eyes." NBC (Arraf) added, "Al Qaeda in Iraq has claimed responsibility for this attack," one "US officials are calling coordinated and sophisticated. It was also devastating. … Interior Ministry sources say it happened like this. Two suicide bombers drove their cars to the outer perimeter of a police station used by US forces. That perimeter was protected by concrete blast barriers and barbed wire. They detonated the cars, killing two soldiers at the gates. As other US troops rushed out of the police station a third bomber drove up and detonated his car. A building in the compound collapsed. Then a firefight broke out between US troops and insurgents armed with rocket propelled grenades, sniper rifles and AK-47's. As the fighting raged, American helicopters touched down to evacuate wounded soldiers. Tonight, US troops have sealed the roads in and out of the farming community where for the last few months, the only defense against Sunni insurgents have been the US soldiers attacked today."

NBC Nightly News (2/19, story 2, 2:00, Engel, 9.87M) later reported, "We're seeing foot patrols again in Baghdad that we haven't seen in a long time. More hearts and mind campaign. There are also vulnerabilities. These small bases are not as well protected. What we saw today is that the enemy is trying to probe the weaknesses and look for weaknesses in the new battle plan and it looks like they found

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at least one. … It is very much a new war. A lot of people say this feels like 2003, that the war is starting again. This is a new battle plan. The battle plan to end the war in Iraq and finally establish some sort of stability."

The New York Times (2/20, Santora, 1.16M) reports the attack "appeared to be part of a renewed drive by insurgents in recent weeks as more American and Iraqi troops flood the streets of Baghdad and thousands of marines head to western Anbar Province to try to stem the violence. Hundreds of Iraqis have died in a recent wave of car bombings in Baghdad and elsewhere." Insurgents "have been able to shoot down more helicopters through coordinated assaults, captured documents suggest, and American and Iraqi military officials say they are concerned that militants are moving to areas where the American troop presence remains thin."

The Washington Post (2/20, A8, Londono, Ricks, 690K) also says "the coordinated frontal attack -- which occurred as hundreds of American soldiers are being deployed to small, similarly vulnerable inner-city posts -- appeared to be a shift toward more aggressive tactics. … Sunni insurgent attacks on U.S. forces have become increasingly sophisticated and effective in recent months." The Los Angeles Times (2/20, Daragahi, 850K) runs a similar report.

The Chicago Tribune (2/20, Janega, 617K) also recounts that "in a sign of the sectarian tensions threatening the country, a Sunni woman appeared on television to say she had been raped by Iraqi national police, most of whom are Shiite. The charge was rejected by Prime Minister Nouri al-Maliki, a Shiite, who called it 'made-up noise.'" Sunnis "have criticized the new security plan, saying they are being unfairly targeted. The Sunni woman's allegation that she was assaulted by three members of the national police fed Sunni apprehensions about 'Impose the Law.'"

Car Bombs Kill At Least 11 In Baghdad. The AP (2/20) reports, "Car bombs killed at least 11 people in Baghdad on Tuesday as militants show increasing defiance to a major security operation in the capital. ... More than 100 people have been killed in the Baghdad area since Sunday, when twin blasts in a market claimed 62 lives. U.S. and Iraqi forces last week launched a massive effort of house-to-house searches and checkpoints around Baghdad to try to cripple extremist factions."

Decline In Number Of Insurgent Attacks Seen As Temporary "Lull." USA Today (2/20, 11A, Dorell, Jervis, 2.27M) reports "the number of extremist attacks in Baghdad has declined over the past two weeks since a new security plan took hold, although the relative lull may be short-lived, the US military said Monday. Bombings on Monday that killed more than 40 Iraqis demonstrated that extremists were still staging attacks aimed at grabbing headlines," but "the overall number of attacks on US and Iraqi troops has fallen, said Lt. Col. Christopher Garver, a spokesman for the US military." Gen. David Petraeus, "the new commander of U.S. forces in Iraq, warned last month that it could be late summer before it becomes clear whether the new security plan is working." Mohamed Al Daiyni, "a member of Al Tawafek, the largest Sunni coalition in the parliament, said violence was down because 'all the fighting groups are hiding.' 'If there is any lull in violence, it will be temporary,' Al Daiyni said."

The Christian Science Monitor (2/20, Peterson, 59K) reports "Iraqi and American forces are meeting mixed results – that often vary street by street and day by day – as they struggle to regain control of Baghdad. … Some neighborhoods are seeing tentative early progress in this city of 6 million, where a surge of Iraqi and American forces started last week." The Monitor adds, "Shiite areas controlled by the Mahdi Army, loyal to anti-American cleric Moqtada al-Sadr, are meant to be a particular US target because of links with death squads that have been killing dozens of Sunnis a day. Maliki's government, which relies on Mr. Sadr's supporter to rule, is reported to have pushed for Sunni areas to be cleaned up first. Sunni leaders have cried foul."

Marines In Anbar Province Cope With "Daily Grind." The Los Angeles Times (2/20, Perry, 850K) reports, "Rather than charge into battle, most Marines in Iraq's western desert are engaged in nation building on a piecemeal basis, the kind of venture…Bush once publicly disdained. Trained to win quick, decisive victories with firepower and bravery, Marines in Al Anbar province instead face a daily grind. Most never fire their weapons. ... What has changed is not the violence, but the U.S. expectations. ... Now the watchword is that all gains are small and that prevailing here could take years. ... A counterinsurgency operation such as the one in Al Anbar is slow, and gauging its progress is like trying to measure a child's growth on a daily basis, Maj. Gen. Richard Zilmer said. Even when there are hopeful signs, they are contradicted by disappointing ones."

Democrats Readying Draft Of War Reauthorization. CNN's Situation Room (2/19) reported, "Democratic sources say the Senate Foreign Relations and Armed Services chairmen are now writing a

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resolution reauthorizing the war, but limiting US troops in Iraq to a support, not a combat role." In a phone interview from Iraq, Senator Jon Kyl told CNN that limiting the mission there "would be a huge mistake when we are just beginning to execute a new strategy."

On Fox News' "Your World With Neil Cavuto" (2/19, Cavuto), Rep. Tom Davis, an opponent of the Iraq troop surge, said the House resolution passed last week "sends a lot of messages. This is a democracy. And, of course, there is a lot of dissent, even within the Pentagon, about this troop surge. That's why some generals were replaced. … I am afraid that the surge is going to produce more Gold Star moms. … The Iraqis have to step to the plate. And one of the things this resolution did, in my opinion, is, it sends a very strong message to the Iraqis. They are going to have to step up to the plate. And they can't rely on Americans to continue to do this."

House GOP Leaders, Conservatives Activists Target Surge Critics. The Politico (2/20, O'Connor, Kraushaar) reports House Republican leaders "and conservative activists are targeting critics of President Bush's plan to send more combat forces into Iraq -- and some GOP lawmakers are on the hit list." Amid a "mounting campaign in Congress to limit Bush's military options, conservatives led by talk show host Hugh Hewitt have created an advocacy group designed to counter the anti-war MoveOn.org. And its first round of targets will be the 17 GOP lawmakers who voted for last week's Democratic resolution in the House opposing the troop increases." The first member in "the sights of the new Victory Caucus is Rep. Ric Keller, R-Fla., whose district includes Orlando." House Republicans are also "hitting Democrats who represent districts Bush won in hopes of preventing a congressional majority that would restrict money for Afghanistan and Iraq. The GOP is flooding those districts with news releases and e-mails warning that Democrats are undermining U.S. troops." Republicans "claim the campaign already has paid off in South Dakota, where the Sioux Falls Argus Leader ran a column over the weekend highlighting how Democratic Rep. Stephanie Herseth is pinched between party leaders and conservative voters in the state."

Fineman Says Republicans "Caved." On MSNBC's "Hardball" (2/19, Matthews), MSNBC political analyst Howard Fineman said congressional Republicans "are throwing away what little credibility they have. They are giving in to…Bush in his effort to prevent the Congress from doing anything. … [If congressional Democrats] can't get this resolution, how are they going to get one to cut off funding for the troops? Because that is much more dangerous politically. One would have thought that this was pretty much of an easy get for almost all members of Congress. But the White House put on the pressure and the Republicans caved, virtually all of them."

Democrats' Possible Strategies Outlined. E.J. Dionne writes in the Washington Post (2/20, A13, 690K), "Two things are now abundantly clear about the future of US policy toward Iraq. First, majorities in both houses of Congress have lost faith in President Bush's approach to the war. Second, the president will do all he can to resist changing his strategy by trying to split his critics into ineffectual factions. Bush's choice is certainly bad for opponents of the war, but it's also bad for American foreign policy. … For now, the war's opponents are focused on three strategies. One would be to cut off funds for the war, but there is currently no majority in either house for this. A second approach, expected to come from Rep. John Murtha (D-Pa.), would propose restrictions on troop deployments -- for example, forbidding the redeployment of units that have been home for less than a year and imposing substantial training requirements on the troops who are sent. … A third path, offered by Sens. Joseph Biden (D-Del.) and Carl Levin (D-Mich.), would have Congress revisit its original 2002 Iraq resolution to make clear that the war authorized then (against Saddam Hussein and what turned out to be nonexistent weapons of mass destruction) had nothing to do with putting American troops in the midst of a Muslim civil war now." Rep. Chris Van Hollen "has an additional idea: Opponents of the war need to force full consideration of the original Baker-Hamilton proposals."

Vilsack Calls For Taking US Troops "Out Of Harm's Way." In an interview with CNN's Situation Room (2/19, 5:15PM), Iowa Gov. Tom Vilsack said, "Capping the number of troops" in Iraq "is simply maintaining the status quo, staying the course." Instead, he said the US needs "a change of course. We need to take our troops out of harm's way and we need to do it now." Calling the situation in Iraq a "civil war," Vilsack said the war "can only be resolved in a political resolution among the Iraqis themselves. And it's time to transfer responsibility to make those decisions to the Iraqis."

House Vote Unlikely To Impact Bush's Iraq Policy. U.S. News and World Report (2/26, Brush, 2.03M) reports, "Congress has been talking about it for weeks, jousting, posturing, and trading partisan jabs. Last week, the

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Democrats who control the House of Representatives finally got around to actually voting on President Bush's new policy in Iraq. … While it was a resounding vote of no confidence in the president's plan, it was also just the first of many legislative battles as Congress decides how strenuously to exert its constitutional powers to control funding for the war." According to US News, "the president shows no signs of backing away from his insistence on 'victory.' He hopes that the situation improves and that Iraqi forces can gradually take more responsibility." White House advisers "are clinging to the hope that, in the end, most congressional Democrats won't vote to cut off funds for the troops."

Iran's Quds Force Reportedly Close To US Allies In Iraq. Newsweek (2/26, Dickey, Barry, 3.12M) reports, "The Iranian Special Operations unit called the Quds Force has for years been accused, with or without evidence, of assassinations and terrorist attacks as far away as Argentina. But its specialty is different: striking fear in the hearts of generals. Over the past 25 years, the Quds Force has proved ferociously effective at organizing, training and equipping guerrillas to confront the world's most vaunted armies. Quds played a vital role in creating Hizbullah to fight the Israelis in Lebanon. It supported the legendary Ahmed Shah Massoud against the Russians and his Taliban rivals in Afghanistan. Quds helped the Bosnians hold back the Serbian war machine. And now -- it's in Iraq." Quds "appears to be as close to America's Shiite and Kurdish allies as to splinter groups. … The relationship between the Quds Force and figures like Iraqi President Jalal Talabani or Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq (both of whom have been received in the White House recently) goes back two decades to the days when only Tehran was aiding Saddam Hussein's enemies."

Reaction To Iranian Weapons Allegations Seen As Evidence Of "Credibility Gap." U.S. News and World Report (2/26, Mulrine, Whitelaw, 2.03M) reports, "It should have been a pretty straightforward case: Shiite militias are using Iranian weapons to kill U.S. soldiers in Iraq. On that, the evidence is clear. But when unnamed officials at a hastily convened briefing in Baghdad went a step further, accusing Iranian officials 'at the highest levels' of funneling a particularly deadly form of roadside bomb to the Shiite militias, it raised more questions than it answered. For one thing, while the analysts laid out detailed evidence that the armor-piercing 'explosively formed penetrators,' or EFPs, originated in Iran, they offered nothing to support the allegation of Iranian government involvement. Confusing matters further, several senior U.S. officials-including the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, Gen. William Caldwell, the chief spokesman for U.S. forces in Iraq, and even President Bush-made a point of walking back from the accusation. … In Washington and other capitals, many were left questioning the allegations and wondering aloud what, exactly, the Bush administration was hoping to achieve." US news adds, "The Bush White House ran smack into a growing credibility gap of its own making -- a hangover from its handling of intelligence regarding Iraq's alleged weapons of mass destruction before the invasion."

State Department, Pentagon Reach Deal On Iraq Reconstruction Jobs. The New York Times (2/20, A6, Shanker, 1.16M) reports the Pentagon and State Department "have worked out a deal to send a small number of military personnel and Defense Department civilians to Iraq for several months until Foreign Service officers and State Department contract workers with specialized skills can fill those jobs," senior officials said Monday. The discussions over filling the posts "had exposed tensions between the military and civilian agencies over how to share responsibilities in carrying out President Bush's new strategy for stabilizing and rebuilding Iraq -- in particular, how to fill hazardous positions in new provincial reconstruction teams." The State Department had asked the Pentagon "to come up with military personnel or civilians to fill about one-third of the 350 new State Department jobs in Iraq. While the numbers involved are relatively small, the debate raised larger issues of whether the government was properly organized to carry out a long-term occupation of a country like Iraq."

Iraq Refugee Plan Faces Bipartisan Opposition. The Washington Times (2/20, Hudson, 88K) reports the State Department's plan to admit 7,000 Iraqi refugees into the United States this year "is meeting with some resistance on both sides of the political aisle." Rep. Tom Tancredo (R) "says the policy flies in the face of US law" and Ohio Gov. Ted Strickland (D) "says refugees are not welcome in his state." However, the program "has the support of key Democrats in the Senate, including Sen. Edward M. Kennedy of Massachusetts and Sen. Patrick J. Leahy of Vermont, who say the United States should contribute $30 million, half the cost of refugee-resettlement

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worldwide." Sen. Kennedy argues that the US has "a moral responsibility to do all that we can" since "our invasion of Iraq led to this crisis, and we have a clear responsibility to do more to ease it."

Many Iraqis Opposed To Allowing Foreign Involvement In Oil Industry. The Wall Street Journal (2/20, Cummins, Hafidh, Jordan, 2.04M) reports, "Foreign technology and capital are seen as vital to restoring Iraq's crumbling oil industry. But as a draft petroleum law inches its way toward the Iraqi parliament, fresh opposition to the legislation is emerging, underscoring the difficulty that may still lie ahead for any move to invite in international oil companies." US officials and "petroleum experts have been advising Iraqi politicians almost from the start of the American occupation nearly four years ago about how to build a legal framework that would enable foreign oil-field development. International majors have been reluctant to venture into the country until violence subsides and before politicians endorse a law spelling out legal rights and financial terms for foreign firms." The Journal adds, "In its current form, the legislation envisions the re-creation of an Iraqi state oil company, and it gives broad latitude to officials from the country's various regions to encourage foreign investment and development. … The legislation still faces significant political hurdles. Earlier this month, an influential union of oil workers in the country's south said it will oppose the legislation." Also, "the nationalization of the Iraqi oil industry in the 1970s under Saddam Hussein remains a point of pride for many Iraqis, and opposition still runs deep to any hint of foreign interference. Also, opposition has emerged from prominent former Iraqi oil officials, who have recently fled the country's chaos but continue to hold some sway in Baghdad's oil bureaucracy."

North Africa Could Be New War On Terror Front. The New York Times (2/20, Smith, 1.16M) reports from Tunisia, "The plan, hatched for months in the arid mountains of North Africa, was to attack the American and British Embassies here. It ended in a series of gun battles in January that killed a dozen militants and left two Tunisian security officers dead. ... Counterterrorism officials on three continents say the trouble in Tunisia is the latest evidence that a brutal Algerian group with a long history of violence is acting on its promise: to organize extremists across North Africa and join the remnants of Al Qaeda into a new international force for jihad." Experts "say North Africa, with its vast, thinly governed stretches of mountain and desert, could become an Afghanistan-like terrorist hinterland within easy striking distance of Europe. That is all the more alarming because of the deep roots that North African communities have in Europe and the ease of travel between the regions. For the United States, the threat is also real because of visa-free travel to American cities for most European passport holders. The violent Algerian group the Salafist Group for Preaching and Combat, known by its French initials G.S.P.C., has for several years been under American watch."

Moroccans Lured To Join Insurgency In Iraq. The Washington Post (2/20, A1, Whitlock, 690K) reports from Morocco, "About two dozen men from Tetouan and nearby towns in the Rif Mountains have traveled to Iraq in the past 18 months to volunteer as fighters or suicide bombers, according to local residents and officials. Moroccan authorities said the men were recruited by international terrorist networks affiliated with al-Qaeda that have deepened their roots in North Africa since the invasion of Iraq four years ago. ... Foreign fighters in Iraq account for only a small percentage of the combatants attacking U.S. troops and their Iraqi allies. U.S. military officials and independent analysts peg the number at no more than a few thousand. But as the war drags on, it continues to serve as a powerful rallying tool for radical Islamic networks around the world that have developed recruiting pipelines as far afield as Europe and Southeast Asia. Moroccan authorities said they have identified more than 50 volunteers who have gone to Iraq since 2003, and many more are believed to have made the journey undetected. ... Morocco and its neighbors are finding it increasingly difficult to suppress the militants. Several networks that used to operate independently in North Africa have put aside their differences, united in part by the ongoing violence in Iraq."

Afghan Forces Retake Western Town. The AP (2/20, Shah) reports, "Afghan security forces supported by NATO troops on Tuesday retook a town in western Afghanistan that briefly had fallen to Taliban militants, an official said. About 200 Afghan police and soldiers moved into the remote town of Bakwa in Farah province at 5 a.m. and faced no resistance, said Gov. Muhajuddin Baluch. ... It was the second time this month that the government has lost control of a district in the region." The AP adds, "Meanwhile, a U.S. soldier was killed during combat operations on

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Monday in the Naray area of eastern Kunar province, the U.S. military said in a brief statement." AFP (2/20) reports the retaking of the town but adds that Taliban members "have been holding the southern town of Musa Qala -- about 150 kilometres (93 miles) east of Bakwa -- for more than two weeks. The authorities say they are waiting for the right time to retake the area. ... Afghanistan's government is unable to establish a presence and maintain authority in vast swathes of the volatile country."

Before that development, the New York Times (2/20, Wafa, 1.16M) reported, "Taliban insurgents seized control of a district in southwestern Afghanistan on Monday as the Afghan police abandoned their post and fled, officials said." The district "is the second to fall into Taliban hands this month, and its capture underlines the precarious hold of the government and NATO troops in the remote districts of southern Afghanistan."

British Troops Destroy Taliban Stronghold. USA Today (2/20, 8A, 2.27M) reports, "British NATO forces destroyed a 'major Taliban headquarters and stronghold' in Garmsir, in Afghanistan's Helmand province, Lt. Col. Rory Bruce said Monday at the British task force headquarters in London." He said "the troops killed a 'significant number' of Taliban fighters and disrupted their command system."

NATO Urged To Focus On Defeating Taliban, Not Combating Narcotics Trade. Vanda Felbab-Brown, a research fellow at the Brookings Institution, writes in the Wall Street Journal (2/20, A16, 2.04M), "As NATO braces for a spring Taliban offensive in Afghanistan, many in the Bush administration, the Congress and the United Nations Office on Drugs and Crime are calling for it to take on a prominent role in combating the narcotics trade. Although this task is meant to help Afghanistan repress the worrisome, if predictable, expansion of its opium economy, it will greatly hamper NATO's effectiveness." NATO's "crucial role is to establish security throughout the country -- and not to dilute its focus in eradication and interdiction missions that are presently bound to fail." NATO "does have an important role to play in counternarcotics -- namely, to defeat the insurgency."

Al Qaeda Reportedly Regrouping In Pakistan. NBC Nightly News (2/19, story 3, 2:10, Williams, 9.87M) reported, "There are new anxieties this evening about what is said to be Al Qaeda's new strength in a remote part of the world where the US has been fighting them since shortly after 9/11. ... Andrea Mitchell reports tonight on the resurgence of Al Qaeda in bin Laden territory." NBC (Mitchell) added, "More than five years after 9/11, US officials say Al Qaeda leaders are back, out of their caves, re-establishing command and control. Setting up small training camps in northwest Pakistan, only half a mile from the Afghan border, unleashing a new generation of terrorists." Maj. Gen. Azhar Ali Shah, Pakistan Army: "It is physically not possible to 100% seal the [Afghan] border." Mitchell: "Another reason for Al Qaeda's resurgence, experts say, the war in Iraq." Prof. Bruce Hoffman, terrorism expert: "They've seen in our entanglement in Iraq, an opportunity, an enormous opportunity to resuscitate themselves, to continue to marshal their forces."

The CBS Evening News (2/19, story 2, 2:05, Mitchell, 7.66M) reported, "Another US soldier was killed today in Afghanistan. President Bush is calling for a NATO troop buildup there for a spring offensive against Al Qaeda. But the terror network apparently is building up its forces as well." CBS (Axelrod) added, "Western intelligence sources say these pictures show Al Qaeda training camps operating in remote areas of Pakistan near the Afghanistan border. After years spent running for their lives, the highest ranking Al Qaeda leaders are now beginning to reassert their command-and-control structure at camps where jihadists are trained and the next large-scale attacks on the West are planned." CBS consultant John Brennan: "Zawahiri is probably having operational engagement with a number of his lieutenants and commanders, so it is a worrisome development." ... Axelrod: "This reemergence of an Al Qaeda threat in the borderlands has prompted President Bush to act. Some 3,200 US troops who are set to come home from Afghanistan have now been ordered to stay."

Pakistan's Ambassador in Washington, Mahmud Durrani, told CNN's Situation Room (2/19, 7:02PM) that "there may be an odd place" where they are hiding out, but "to say they have reestablished themselves and there are a lot of compounds and they're rejuvenated, that is incorrect." The ambassador also "rejects any notion of American forces crossing into Pakistan to go after Al Qaeda, even though they have targeted forces there from the air."

Hoffman Argues For Multipronged Strategy Against Al Qaeda. In the Los Angeles Times (2/20, 850K), op-ed contributor and Georgetown professor Bruce Hoffman writes, "Al Qaeda's stunning resurrection, before the very eyes of American military forces stationed across the border in

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southern Afghanistan, begs the question of how the most powerful country in the world can launch a six-year, no-holds-barred, global war on terrorism — at great cost to its pocketbook and international standing — only to find the main target of these Herculean efforts still alive and kicking. In retrospect, it appears that Iraq blinded us to the possibility of an Al Qaeda renaissance. ... Pakistan is both the problem and the solution to the most salient terrorist threat still directed against us. Al Qaeda and its Taliban allies could not function without the passive connivance of Pakistani authorities." Hoffman recommends three tactics to defeat Al Qaeda: "Defeating Al Qaeda requires, foremost, that our assessments and analyses be anchored firmly to sound, empirical judgment and not blinded by conjecture and wishful thinking. Second, we need to refocus our attention and efforts on Pakistan and Afghanistan, where, in the months after 9/11, Al Qaeda was indeed on the run. Third, Al Qaeda cannot be defeated by military means alone because it relies on propaganda and radicalization."

Syrian Opposition Leader Says Assad Regime Complicit In Terrorism. Farid N. Ghadry, president of the Reform Party of Syria, writes in today's Washington Times (2/20, 88K), "The Syrian regime is just as complicit as Iran in moving forward hostile activities specifically designed to kill Americans. The evidence is there and widely acknowledged by those in the know, but US political and military leadership have proved hesitant to publicly pursue a tandem case against both Iran and Syria, despite the very prominent linkages that exist between the two in fermenting a wide spectrum of terror operations targeting US forces. … Regional intelligence services and inside sources from within Sunni officer corps opposed to the Assad regime have identified major foreign-fighter training camps in northern Syria and just outside Damascus overseen by Syrian Military Intelligence and run by former Iraqi Ba'athi Generals and senior Saddam Fedayeen commanders. One major foreign fighter camp exists in the Latakia province in northern Syria, a mountainous area replete with Syrian Military Intelligence facilities and wide swaths of ostensibly government property closed to the public." Ghadry adds, "The al Qaeda connection is not that far removed. Arab papers report that the recent movement of large numbers of al Qaeda in Iraq fighters from Syria into Palestinian refugee camps in northern Lebanon and Beirut are sounding alarm bells that the Syrian security services are preparing to use these heavily armed and visibly well-funded cells to launch attacks against the anti-Syrian democratic government of Lebanon."

NYTimes Says Army "Lowering Its Expectations" To Fill Ranks. The New York Times (2/20, 1.16M) editorializes, "To keep filling the ranks, the Army has had to keep lowering its expectations. ... So the Army has found itself recklessly expanding the granting of 'moral waivers,' which let people convicted of serious misdemeanors and even some felonies enlist in its ranks. ... Those who have committed more serious crimes, especially those involving weapons, vehicular homicide or sexual abuse, should generally be denied moral waivers. And those who do qualify for waivers should be monitored, counseled and carefully supervised. The fastest way to drop the rate of moral waivers would be for the Army to rebuild its recently tarnished reputation among less problematic young Americans. That will require an end to involuntarily extended tours of duty and accelerated, multiple redeployments into combat."

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Dismissal Of US Attorneys Sparks Continuing Commentary. The Hartford Courant (2/19) editorializes, "A decision by Justice Department officials to fire federal prosecutor Carol C. Lam in San Diego for unspecified performance-related reasons is getting curiouser and curiouser." The Courant continues, "Ms. Lam is among a dozen U.S. attorneys around the country who have been told to resign. Justice Department officials say the firings are for just cause; in Ms. Lam's case at least, the decision appears to be just political. … Ms. Lam headed the investigation into former U.S. Rep. Randy 'Duke' Cunningham, a prominent San Diego Republican who pleaded guilty last year to tax evasion, conspiring to commit bribery, wire fraud and mail fraud. Prosecutors say Mr. Cunningham accepted at least $2.5 million in bribes from defense contractors." The Courant adds, "On Tuesday, a San Diego grand jury returned an 11-count indictment against Kyle 'Dusty' Foggo, the CIA's executive director from November 2004 to May of last year. Mr. Foggo is accused of steering business to his friend, Brent R. Wilkes, a California businessman and top Republican fundraiser. … The Cunningham and Foggo probes are pieces of a larger,

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ongoing investigation into the way lawmakers directed federal contracts toward friends and campaign supporters. … Both inquiries were overseen by Ms. Lam." The Courant concludes, "Her firing appears to have less to do with performance-related deficiency than it does political retaliation by high-level Justice Department officials who may also be attempting to derail an investigation that's potentially embarrassing to other members of Congress and the White House."

In a column for the Seattle Post-Intelligencer (2/20), University of Richmond law professor Carl Tobias writes, "The controversy involving December's forced resignation of U.S. Attorneys, who are the chief prosecutors for six federal districts in the West, has heated up and focused on John McKay, who recently stepped down as the U.S. Attorney for the Western District of Washington." Tobias continues, "On Feb. 6, the Senate Judiciary Committee held a hearing to analyze whether the Department of Justice was sacrificing prosecutorial independence by politicizing U.S. Attorney firing and hiring. Because it is unclear why McKay was forced out, Congress must continue evaluating his departure, and, if he resigned for questionable reasons, it should address them. … The hearing produced certain information, yet it provoked new questions. Deputy Attorney General Paul McNulty testified that the resignations were for non-specific 'performance-related' reasons. This prompted an immediate, sharp response from Western District of Washington Chief Judge Robert Lasnik and his colleagues: 'We unanimously agreed that (John McKay) was an absolutely superb U.S. Attorney (and for DOJ) to suggest otherwise is unfair.' He elaborated that local prosecutors and sheriffs and the FBI 'never had the kind of service' in terms of 'cooperation and aggressive handling of cases that they had under McKay's leadership.'" Tobias adds, "The expeditious, thorough, informed response by the Western District judges is extraordinary. Federal judges rarely and with extreme caution publicly address Department of Justice interaction with U.S. Attorneys' offices because of separation of powers concerns and mutual respect. However, this response's unusual nature and its thorough, expert character suggest how deeply the judges feel about McKay's abilities. Moreover, district judges know much about U.S. attorneys' competence, because that office appears daily in the judges' courtrooms. … Lawmakers should continue investigating why John McKay resigned and, if he departed for inappropriate, politically animated reasons, initiate action. … Legislators who agree with those notions must cooperate with others to ascertain why McKay left and adopt any correctives that are required."

CORPORATE SCANDALS:

Emails Shed Light On Mercury Options Backdating Scheme. The Wall Street Journal (2/19, A4, Boslet, Maremont) reports, "As part of a years-long scheme to backdate stock options at Mercury Interactive Corp., former executives allegedly altered documents, repeatedly changed the dates of some option grants, and sent each other emails discussing the improper practice, according to a court document that has been at the center of a battle over confidentiality in the case." The Journal continues, "In one 2000 email quoted in the court document, filed in state court in California by shareholders suing the former executives, a Mercury finance executive wrote to another official about using 'magic backdating ink' to manipulate the date of an options grant. Another employee whose grant allegedly was backdated was told in an email that 'the stock price drop made us change the grant date' and 'you will be happier with the new price.'" The Journal notes, "In another incident described in the filing, insiders allegedly covered up fax headers on documents to disguise the fact that an options grant was approved by directors long after its purported date. … The court document appears to provide some of the most vivid evidence yet of how options backdating took root and flourished inside a company, depicting a culture of lax controls in which top executives openly discussed how to manipulate the dates of options to make them more favorable to themselves and other insiders. … Mercury was one of the first companies ensnared in the options-backdating scandal, and it previously has admitted that its top executives improperly altered the dates of more than 50 option grants between 1996 and 2002. The Mountain View, Calif., software company, which was acquired by Hewlett-Packard Co. late last year for $4.5 billion, previously restated years of financial results, reducing its pretax income by $566.7 million from 1992 to 2004 -- nearly all because of options-related problems. Most of its top executives from the period in question have left the firm. … Mercury is one of about 140 companies being investigated in a broad federal probe of options backdating. Last week, a former chief executive of Take-Two Interactive Software Inc. and a former general counsel of Monster Worldwide Inc. separately

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pleaded guilty to options-related criminal charges in New York."

CRIMINAL LAW:

Lawyers In Libby Trial To Make Final Arguments Today. The New York Times (2/19, Lewis, 1.16M) reports, "As lawyers for I. Lewis Libby Jr. make their final argument to the jury on Tuesday, they face the daunting task of raising sufficient doubts about the government's assertion that Mr. Libby lied to a grand jury and federal investigators." Prosecutors "have built a detailed case to support their charges, presenting several plausible witnesses whose testimony conflicts with Mr. Libby's sworn statements. Still, the prosecution has the burden of convincing the jurors of Mr. Libby's guilt beyond a reasonable doubt, an imprecise concept that makes the outcome of most complicated criminal trials unpredictable. Peter Zeidenberg, a Justice Department prosecutor, is to begin the summation case for the government. He will be followed by Theodore V. Wells Jr., Mr. Libby's chief defense lawyer." The Times adds, "The stakes are obvious for Mr. Libby, Vice President Dick Cheney's former chief of staff, who faces five felony charges for allegedly lying during an investigation of who leaked to reporters the name of a C.I.A. operative, Valerie Wilson. But there are significant stakes as well for Mr. Wells and Mr. Fitzgerald.

Libby Evidence Said To Show Cheney's "Free Rein" In Bush's First Term. Under the headline "Trial Spotlights Cheney's Power as an Infighter," the New York Times (2/20, Rutenberg, 1.16M) reports, "A picture taking shape from hours of testimony and reams of documents in the trial of I. Lewis Libby Jr. shatters any notion that the White House was operating as a model of cohesion throughout President Bush's first term," and "a close reading of the testimony and evidence in the case" reveals "a portrait of a vice president with free rein to operate inside the White House as he saw fit in order to debunk the charges of a critic of the war in Iraq. The evidence in the trial shows Vice President Dick Cheney and Mr. Libby…countermanding and even occasionally misleading colleagues at the highest levels of Mr. Bush's inner circle as the two pursued their own goal of clearing the vice president's name in connection with flawed intelligence used in the case for war." The Times notes, "While others on the White House team were primarily concerned about Mr. Bush, the evidence has shown that Mr. Libby had a more acute concern about his own boss."

White House Officials Tied To Secretive GOP Club Led By Hohlt. Newsweek's Michael Isikoff (2/26) reports, "Testifying last week in the trial of…I. Lewis (Scooter) Libby," columnist Robert Novak "said he'd discussed " Valerie Plame's CIA status "with a lobbyist named Richard Hohlt. … Indeed, Hohlt is such a good source that after Novak finished his column naming Plame, he testified, he did something most journalists rarely do: he gave the lobbyist an advance copy of his column. What Novak didn't tell the jury is what the lobbyist then did with it: Hohlt confirmed to NEWSWEEK that he faxed the forthcoming column to their mutual friend Karl Rove (one of Novak's sources for the Plame leak), thereby giving the White House a heads up on the bombshell to come." Newsweek adds, "Hohlt's more significant role may be his leadership of a secretive social group of GOP heavy hitters and, occasionally, White House officials, who convene to smoke cigars and mull over politics. The group's name: the Off The Record Club. … Rove and White House chief of staff Josh Bolten 'have both attended these meetings on occasion,' says a White House spokesperson."

Possible Defense Strategies For Fumo Examined. The Philadelphia Daily News (2/19, Hinkelman) reports, "When the Feds delivered a hefty 267-page, 139-count indictment against state Sen. Vince Fumo on Feb. 6, they were trying to show they've got the goods on him, a former federal prosecutor said. … But is it really a 'slam dunk' case against the Prince of Philadelphia, who has pleaded not guilty to the charges? … Or are there strategies that Fumo can use to beat the case? … Yes, say defense lawyers and legal experts. This case is winnable for Fumo." The News continues, "Fumo is charged with defrauding the state Senate and a South Philly charity of more than $2 million by using Senate staffers and charity workers for his personal and political benefit. … His lawyer, Richard A. Sprague, calls the indictment malicious and politically motivated, and says the feds didn't appreciate or understand how Fumo's office operates. … Sprague said he didn't want to tip his hand about how he'll defend Fumo, so the Daily News contacted some prominent defense attorneys to see how they might defend the embattled pol. … Here are some strategies they suggested." The News adds, "Delay, delay, delay … A prominent criminal defense attorney and former federal prosecutor said he would do everything he could to keep the

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case from going to trial. … 'I'd use every legal maneuver I could,' said Carmen C. Nasuti. 'I'd try to get the indictment dismissed, I'd try to get evidence excluded and I'd file as many pretrial motions as I could.' … Nasuti said once the trial starts and evidence is admitted, there are 'little things' that can't be readily explained or easily defended." The News notes, "The O.J. Simpson defense … The feds investigated Fumo for four years, and Sprague has said prosecutors want to 'destroy' Fumo. … Some lawyers said this could be the linchpin of a strategy where the defense tries to paint prosecutors as overzealous or having misplaced enforcement priorities." The News continues, "Fumo as his own best defense … Many white-collar defense lawyers don't want their high-profile clients to testify because it's high-risk and could undermine previous gains they've made with jurors. … But Fumo's situation is different, some say. … 'My own experience is, if you have an engaging client and you know he has a plausible explanation for conduct the government claims is illegal, then put him on the stand," said Jack Meyerson, a former federal prosecutor who prosecuted Fumo in 1980 on fraud charges."

High Court To Revisit Sentencing Guidelines. The New York Times (2/20, Greenhouse, 1.16M) reports, "The Supreme Court returns on Tuesday from a monthlong recess to face a daunting and urgent task: explaining what it meant two years ago when it ruled that the federal sentencing guidelines were to be treated as 'advisory,' no longer binding on federal judges." The decision that "dropped that bombshell on the criminal justice system, United States v. Booker, has not penetrated public consciousness in the way that, say, the Miranda decision on the right against self-incrimination did a generation ago. But in its own way, it has been no less revolutionary, creating turmoil in criminal sentencing." The justices "will hear arguments on Tuesday morning in two cases that will provide the latest chapter, although almost certainly not the final one, in the court's continuing and, to many, profoundly unsettling reappraisal of the roles of juries and judges in criminal sentencing."

The Christian Science Monitor (2/20, Richey, 59K) reports, "On one side are those who argue that sentencing judges should be free to adopt or reject the guidelines on an equal footing with several other factors Congress has identified as important sentencing objectives. The key, they say, is that judges rely on reasoned judgment rather than a mechanical guidelines formula to mete out punishments." On the other side are "those who say the guidelines must be afforded an exalted status among sentencing factors since they represent the collective wisdom of the US Sentencing Commission created by Congress. Five of the nation's 12 appeals courts have embraced the former approach, while seven have embraced the latter approach." The Monitor adds, "Specifically, the question is whether appeals court judges should award a presumption of reasonableness to any sentence imposed within the range of the guidelines."

DeVecchio Case Investigator Resigns Over Relationship With Mob Witness. The New York Post (2/19, Celona, 631K) reported, "An investigator for the Brooklyn DA's Office has been forced to resign amid allegations she fell for a jailed mobster -- and hatched a plan to bear his love child, The Post has learned. The 37-year-old prober had been assigned to protect the 'mob associate' while he was being held in secret hotel rooms for interviews about the bombshell corruption case involving ex-FBI agent Lindley DeVecchio, sources said. The sources identified her as Maria Biagini, a 15-year veteran of DA Charles Hynes' office who left her job last week." The Post noted, "She allegedly loosened her prisoner's strings and allowed him to contact his family and take money from relatives. He used the cash to throw dinner parties, attended by his family and the investigator -- all in violation of DA policies, the sources said. After the prisoner was returned to jail, the investigator allegedly wrote him several letters and visited -- which led authorities to uncover their relationship."

FBI Subpoenas Memphis Utility's Records In City Council Probe. WMC-TV Memphis (2/19) reported on its Web site from a broadcast story that "federal agents have subpoenaed records from Memphis Light, Gas and Water concerning City Councilman Edmund Ford's previous utility payments. Sources tell Action News 5 the FBI has interviewed a number of City leaders during the past week and a statement from the public utility confirms that officials there have responded to a subpoena for records. Their interest…revolves around embattled Councilman Edmund Ford, recently indicted on charges he took bribes in exchange for votes." WHBQ-TV Memphis (2/19) noted MLGW counsel Odell Horton "said the company had no idea the FBI agents were coming, but said MLGW cooperated completely. … MLGW said it expects to forward some paperwork to the FBI over the next couple of days. It's not

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clear if the agents will be returning to MLGW." Meanwhile, City Councilwoman Carol Chumney "said she didn't know about the FBI visit, but she plans to make inquiries into what happened and why she wasn't informed."

The Memphis Commercial Appeal (2/20, Aaronson, 163K) reports Ford "hasn't been paying his power bills -- and federal authorities want to know why." Horton "confirmed that money is owed on the accounts but would not say how much. He refused to disclose the property addresses to which the utility accounts were assigned." The Commercial Appeal notes, "Money has been at the root of the council member's recent legal problems. On Dec. 19, 2006, federal prosecutors indicted Councilmen Ford and Rickey Peete on bribery and extortion charges following an FBI sting starring lobbyist Joe Cooper."

FBI Child Abduction Teams Provide Crucial Support To Local Police. The St. Louis Post-Dispatch (2/19, Patrick, 297K) reported Special Agent Dirk Tarpley "is a member of the bureau's 48-member Child Abduction Rapid Deployment Team, a year-old unit designed to rush experienced help to local police dealing with a suspected abduction. Neither Tarpley nor other investigators interviewed for this report would comment on the case against Michael J. Devlin, who has been charged with kidnapping Ben Ownby and Shawn Hornbeck, or the specifics of the investigation. But they are eager to talk about what their new setup offers, saying they hope it causes local authorities to call them more quickly and more often." On the Devlin case, Franklin County Sheriff Gary Toelke "worked closely with the team. 'I couldn't ask for better help than what we got,' Toelke said. 'If this was a member of my own family, I'd want them investigating.'" The Post-Dispatch notes St. Louis SAC Roland Corvington said that "before the formation of the team, each FBI office relied on its own expertise," but "now, specialists arrive in person within hours, drawn from across the region. … Contrary to the FBI's common portrayal on TV, Tarpley said, agents don't come in and take over. 'We're just there to assist,' he emphasized."

Appellate Ruling Could Make Jefferson Conviction More Difficult. The Washington Post (2/20, A11, Birnbaum, 690K) reports the US Court of Appeals for the DC Circuit "has reversed the conviction of a former District police detective in a case that experts believe might make it tougher for the feds to prosecute Rep. William J. Jefferson (D-La.)." The court voted "7 to 5 on Feb. 9 to overturn the 2002 conviction of Nelson Valdes on three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450." The court ruled "that the gratuities law did not apply to Valdes's conduct -- his use of the databases was not 'an official act' because it did not spur a police investigation." The "same issue hovers around Jefferson," who is "under investigation for allegedly taking cash -- $90,000 of which was famously found in his freezer -- in exchange for using his congressional clout to arrange business deals. Two businessmen have pleaded guilty to giving Jefferson money to promote a company marketing new technology in Africa. But was that promotion an 'official act?'"

Maryland Shopping Center Destroyed After Police Standoff. The Washington Post (2/20, B1, Rucker, Wan) reports, "A gunman entered a liquor store in Frederick yesterday, shot at police, locked himself in the store during a 30-minute standoff and ignited a fire that engulfed and gutted a two-story shopping plaza along one of the Western Maryland city's major commercial corridors, police said." The Post continues, "James Douglas, 29, of Frederick walked into Jim's Liquors at Antietam Village Center about 12:30 p.m., showed the owner a handgun and told him, 'Get out,' Frederick Police Lt. Thomas Chase said. Police said the store's owner, whose name they would not release, called Douglas a frequent customer and knew him by a nickname, 'Menace.' … Nobody else was in the store, Chase said, and the owner left to call police. When two officers pulled up, Douglas fired at least one shot at them through the store's glass door. Police then surrounded the shopping plaza and ordered nearby businesses to lock their doors and windows." The Post adds, "Authorities had not located Douglas last night, and police said it is likely that he died in the fire. Nobody else was injured, Chase said. He added that a search of the liquor store will begin this morning. … Douglas apparently lit boxes of liquor to ignite the blaze, which spread quickly and destroyed all 14 stores in the center, Chase said."

Family Struggles To Understand Son's Role In Utah Rampage. The New York Times (2/20, Stolz) reports from Salt Lake City, "At 1 a.m. last Tuesday, the parents of Sulejman Talovic called the police to report him missing. After watching television news coverage, they feared

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he might be among those dead or wounded in a shooting rampage at a mall here. One hour later, with the arrival of detectives, they discovered the shocking truth, that their son, 18, was the gunman." The Times continues, "In six minutes on the night of Feb. 12, Mr. Talovic shot nine customers at the Trolley Square mall, killing five and seriously injuring four others. The attack ended when the police shot and killed Mr. Talovic after he refused to surrender his 12-gauge shotgun. … Mr. Talovic's motive remains a mystery, investigators say." The Times adds, "In the week of grief and confusion since the shooting, the Talovic family has been struggling to unearth some explanations. Their reflections, inadequate as they may seem, revolve around a handful of formative experiences: war in his native Bosnia, rejection at school and difficulty in assimilating in the United States, they said Sunday in the living room of his aunt's tidy apartment. … If the public has come to see Mr. Talovic as a deranged killer, the family knew him as a shy and generous boy. … The gunman's aunt, Ajka Omerovic, and his father, who was visibly exhausted, spoke to a reporter just hours after Mr. Talovic's body was cleansed in an Islamic ritual in preparation for its burial in Tuzla, Bosnia, expected later this month, and after days of funerals for shooting victims across the Salt Lake Valley." The Times notes, "The Talovics had no information on how Sulejman had obtained his weapons and ammunition. The police could not be reached to comment on a report in The Salt Lake Tribune that the shotgun had been bought legally at a sporting goods store."

Panel Probes Florida Execution Techniques. The New York Times (2/20, Waddell, Goodnough) reports from Tampa, FL, "A member of Florida's execution team told a panel studying lethal injection protocols on Monday that intravenous lines had been placed properly in the arms of a condemned inmate who took 34 minutes, twice as long as normal, to die." The Times continues, "The man, who testified by phone and whose voice was electronically altered to shield his identity, said he had medical qualifications but would not elaborate. He added that in any event he did not consider the execution a medical procedure. … 'Absolutely nothing is remotely connected with medicine,' the man told the panel, which former Gov. Jeb Bush appointed in December to study whether Florida's lethal injection system could be improved. 'From that point on, the condemned inmate will not leave the chamber alive. It is done as quickly as possible. It is done as humanely as can be done under the circumstances.'" The Times adds, "The man, who identified himself only as 'medically qualified,' was the second member of Florida's execution team to address the panel this month. … On Feb. 9, the lead executioner in the case of Angel Diaz, who took 34 minutes to die, told the panel, 'I have no medical training or qualifications.' … Some witnesses to the execution have said that Mr. Diaz, who was put to death on Dec. 13, gasped and appeared to grimace in pain as the procedure stalled. But state corrections officials have told the panel that he did not voice discomfort or appear to be in pain. … A preliminary medical examiner's report suggested that intravenous needles placed in Mr. Diaz's right and left arms plunged through his veins into tissue, preventing the drugs from quickly entering his bloodstream. An autopsy found a 12-inch chemical burn on Mr. Diaz's right arm and an 11-inch burn on his left." The Times notes, "Mr. Bush halted executions in Florida on Dec. 16, when the preliminary autopsy results came out, and appointed the panel to study lethal injection protocols. The panel is to submit recommendations to Gov. Charlie Crist by March 1."

WPost Questions Shooting Suspect's Status As PG County Officer. The Washington Post (2/20, A12) editorializes, "Cp. Keith Washington, the Prince George's County police officer who shot two unarmed furniture deliverymen in a dispute at his home three weeks ago, one of them fatally, is on administrative leave pending the outcome of an investigation into the incident. That status notwithstanding, he remains certified as a police officer, meaning he is still authorized to carry a weapon issued by the department. Given what is known about his past, and his repeated problems with anger management, you'd think Prince Georgians might justifiably be nervous about that. … But not Jack Johnson, the Prince George's county executive. Mr. Johnson is an old associate and booster of Cpl. Washington's, having hired him first as his driver and then, two years ago, as his deputy director of homeland security, despite public warnings about Cpl. Washington's checkered past, volcanic temper and tendency to turn routine encounters into tempestuous ones. Now that Cpl. Washington has killed one man and badly injured another, Mr. Johnson says the officer will not be returning to his position in the county department of homeland security. Well, that's comforting. Less comforting, however, is Mr. Johnson's prescription -- that Cpl. Washington resume work as a police officer." The Post concludes, "We hope an ongoing

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investigation will reveal how a dispute over the delivery of a bed set escalated to the point where Cpl. Washington not only brandished a weapon but felt it necessary to pull the trigger again and again. The facts surrounding those shootings are still uncertain: One man is dead; another hasn't yet talked to police, prosecutors or a grand jury; and Cpl. Washington's own account hasn't been heard in public. So we won't prejudge the outcome of the investigation. But it seems fair to wonder whether Mr. Johnson's cavalier prescription -- to send Cpl. Washington back to active duty as a police officer -- is not premature, at the very least."

CIVIL LAW:

Clinton's Brother Faces Renewed Claims In Bankruptcy Case. The Washington Times (2/20, McElhatton, 88K) reports a Federal judge "has reopened a bankruptcy case in which a trustee is demanding that one of Sen. Hillary Rodham Clinton's brothers repay more than $100,000 in purported loans from a carnival outfit whose owner was pardoned by President Clinton." Anthony D. Rodham "received $107,000 in payments from Tennessee-based United Shows of America Inc. before the company went bankrupt in 2002, according to court records." United Shows' owners – "Edgar Gregory Jr. and his wife, Vonna Jo Gregory -- were pardoned by Mr. Clinton in March 2000, despite an objection by the Justice Department. The couple was convicted of bank fraud in 1982 for illegally giving loans to friends. Mr. Gregory died in 2004."

NYTimes Supports Giving FDA Power To Regulate Tobacco Industry. The New York Times (2/19, 1.16M), in an editorial, writes, "Wall Street analysts may be applauding R. J. Reynolds for introducing a feminized version of its macho Camel cigarette brand, and company executives clearly think they have hit on an innovative marketing strategy. But this new attempt to woo women smokers can only be viewed as another cynical blow to public health. … Bipartisan bills were introduced in both houses of Congress last week to give the Food and Drug Administration needed authority to regulate tobacco products and restrict marketing to young people, consistent with free-speech principles. That may not do much to wean their elders from the habit. But it could stop young women from being entrapped by cynical marketers."

CIVIL RIGHTS:

Plaintiffs Often Distanced From SCOTUS Hearings Of Their Cases. The Washington Post (2/20, A3, Barnes) reports from Jacksonville, AL, "Lilly M. Ledbetter says she almost stopped breathing when she heard her name called that day, her eight-year battle over alleged pay discrimination finally reaching the ultimate legal forum, the U.S. Supreme Court. … 'We'll hear argument next in Ledbetter versus Goodyear Tire and Rubber Company,' Chief Justice John G. Roberts Jr. announced. … The odds are akin to being struck by lightning, having your case plucked from the thousands of others who have vowed, like you, to take the fight all the way to the Supreme Court. And then you find it's not so much about you anymore." The Post continues, "It was the only time that November morning that any of the nine justices spoke Lilly Ledbetter's name. … When she thought back last week on the arguments before the court, she remembered them as not being much about her complaints about Goodyear, or Goodyear's complaints about her. 'Except when my lawyer got up, it [seemed to be] based on changing the law somewhere down the line,' she said. 'That's what it boils down to, I guess. It tends to leave the person out.'" The Post adds, "At a forum late last year, Justices Antonin Scalia and Stephen G. Breyer, usually the court's yin and yang on matters of constitutional interpretation, agreed that that is how it should be. They were asked whether their duty was to provide justice for those who came before the court or simply to interpret the law. … 'The point of the law is to satisfy a human desire for justice,' Breyer explained, but he added: 'You don't necessarily get to that end by simply trying to look for what is the intuitively nicer result in each case.' … Scalia was blunter. 'By the time you get up to an appellate court -- and lawyers ought to learn this -- I don't much care about your particular case,' he said. 'I am not about to produce a better result in your case at the expense of creating terrible results in a hundred other cases.' … A specific Supreme Court decision may contain obvious benefits for the winner -- see George W. Bush, circa 2000. But it can often be an inconclusive way station for the plaintiff, sometimes leading only to additional years of litigation. … Supreme Court cases outlive the individuals who give them a name, and give rise to legal precedents beyond the specific cases. That explains why Ledbetter finds herself supported by a large contingent of women's groups and civil rights organizations that she had

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never given much thought to – 'The ACLU is supporting me; I don't know how we picked them up' -- and opposed by the U.S. Chamber of Commerce and the Bush administration."

Voter ID Laws Said To Reduce Minority Turnout. USA Today (2/20, 5A, Wolf, 2.27M) reports voter identification requirements "designed to combat fraud can reduce turnout, particularly among minorities, a new study shows." A study by the Eagleton Institute of Politics at Rutgers University "shows turnout in 2004 was about 4% lower in states that required voters to sign their name or produce documentation. Hispanic turnout was 10% lower; the difference was about 6% for blacks and Asian-Americans." The study, "presented to the U.S. Election Assistance Commission this month, comes as voter identification requirements are being subjected to increased scrutiny. Two researchers last year told the Election Assistance Commission that they found little evidence of voter fraud at polling places."

Congressional Democrats Call For E-Voting Paper Trails. The Washington Post (2/19, A17, Goldfarb, 690K) reports, "Efforts are intensifying in Congress to pass legislation that would require electronic touch-screen voting machines used in federal elections to provide paper trails that could be checked in the case of a recount. The new momentum is the result of lingering concerns about the machines as the 2008 presidential primaries fast approach, as well as strong support for changes by the new Democratic majority, with Sen. Dianne Feinstein (D-Calif.), chair of the Rules Committee, taking a leading role. … 'Democrats are committed to election-reform legislation that requires all voting machines produce a paper trail,' said Brendan Daly, a spokesman for House Speaker Nancy Pelosi (D-Calif.). The work at the national level echoes moves in many states. Often under pressure from voting-rights groups, 27 states have decided to require paper trails. Last month, Gov. Charlie Crist of Florida went a step further, asking the legislature to pay for replacing touch-screen machines by next year with optical-scan devices, which read paper ballots. Virginia and Maryland are considering similar moves."

New Jersey Civil Union Law Goes Into Effect. The AP (2/20) reports, "Hundreds of gay couples received the same legal protections as married couples early Monday when a law took effect to make New Jersey the third U.S. state to offer civil unions. The civil unions -- which offer the legal benefits but not the title of marriage -- were granted automatically to the hundreds of gay New Jersey couples who have been joined in civil unions or married in other states or nations." New Jersey lawmakers "hastily created civil unions last December, less than two months after a state Supreme Court decision held that gay couples had a right to the same benefits as married couples."

The New York Times (2/20, Barry, 1.16M) says "about a dozen couples visited clerks' offices in New Jersey on Monday, the first day on which people were allowed to submit applications for civil unions, which guarantee all the rights and benefits of heterosexual marriage." New Jersey "is the third state to offer civil unions, following Vermont, which introduced them to rapt national attention in 2000, and Connecticut, which quietly followed suit in 2005."

ANTITRUST:

Sirius To Merge With Rival XM IN $4.57 Billion Deal. The New York Times (2/20, Siklos, Sorkin) reports, "The nation's two satellite radio services, Sirius and XM, announced plans yesterday to merge, a move that would end their costly competition for radio personalities and subscribers but that is also sure to raise antitrust issues." The Times continues, "The two companies, which report close to 14 million subscribers, hoped to revolutionize the radio industry with a bevy of niche channels offering everything from fishing tips to salsa music, and media personalities like Howard Stern and Oprah Winfrey, with few commercials. But neither has yet turned an annual profit and both have had billions in losses. … While there had been speculation of a merger, neither side had engaged in serious negotiations until December, when both companies determined it was in their best interests to complete a deal while the Bush administration was in power, people in the negotiations said." The Times adds, "The companies said yesterday that their $13 billion merger — code-named Project Big Sky by XM — would give consumers a broader range of programming, while eliminating overlapping stations that focus on genres of music. At the same time, they said, they could cut duplicated costs in sales and marketing. … A merger would require antitrust approval from the Justice Department and would have to be considered in the public interest by the Federal Communications Commission."

Bloomberg (2/20, Stern) reports, "Mel Karmazin, chief executive officer of New York-based Sirius, will be CEO of the

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combined company, and Gary Parsons, chairman of Washington-based XM, will continue as chairman, the companies said today in a statement. … Sirius and XM faced pressure to merge after losing a combined $7 billion to attract subscribers over the past eight years and signing talent including Howard Stern and Oprah Winfrey. The merger will face antitrust scrutiny and must also be approved by the U.S. Federal Communications Commission." Bloomberg adds, "Under the terms of the accord, which the companies describe as a merger of equals, XM investors will receive 4.6 shares of Sirius common stock for each share they own. Shareholders of each will own about 50 percent of the combined radio company."

The Wall Street Journal (2/20, A1, McBride, Berman, Schatz) reports, "Broadcasters said yesterday that they will fight the proposed merger, and FCC Chairman Kevin Martin released an unusually grim statement saying that the two companies will face a 'high' hurdle, since the FCC still has a 1997 rule on its books specifically forbidding such a deal which would need to be tossed. The transaction also requires the Justice Department's blessing." The Journal adds, "Indeed, XM and Sirius may be rushing into a deal because they sense the regulatory terrain will only get tougher. People close to the matter said that the two companies acted because the climate is already changing with the election of a Democratic-controlled Congress. Future developments -- such as the possibility of a Democratic president -- could make it even harder for the proposed merger to pass muster. … In their strategy, the two companies may be subtly acknowledging the risks before them: By conceiving their deal as a merger of equals and declining to say which company name would emerge ascendant, they minimize the business risks should the deal fall through. If, for example, the combined company were to be dubbed Sirius, XM could be vulnerable to a decline in sales during a regulatory review period that could last a year. A person familiar with the negotiations said the two companies have set March 1, 2008, as their 'drop-dead date,' after which either side can walk away if approval is not granted. … The coming regulatory battle is likely to focus on the definition of satellite radio's market. The two companies are expected to argue that the rules established a decade ago, which require two satellite rivals to ensure competition, simply don't apply in today's entertainment landscape."

USA Today (2/20, Lieberman) reports, "The vision of a robustly competitive satellite radio business came crashing to Earth on Monday, as the industry's once bitter rivals — Sirius (SIRI) and XM Satellite Radio — agreed to merge, creating a company valued at $13 billion, including $1.6 billion in debt." USA continues, "Each of the two has created an array of radio channels, and they've amassed more than 13 million subscribers between them but never made a profit. … The announcement also created uncertainty, and provided few answers, for current subscribers and those considering buying one of the services. The two systems are incompatible, and virtually all satellite radios are designed for one and can't receive the other." USA adds, "Sirius CEO Mel Karmazin, who would hold that job at the still-unnamed combined company, sought to reassure consumers. … 'You should assume that we're going to continue for a very, very long period of time to offer the Sirius and XM service,' he says. 'Once this merger is approved, we'll be able to work with receiver manufacturers and chip-set designers to have a next-generation radio that can pick up both services.' … Left unanswered is what will happen to consumers who have one of the current generation of radios once it's time to blend the companies. … In addition to the tech hurdles, the companies will have to get the deal to pass muster with antitrust officials and the Federal Communications Commission. … Congress also might have something to say. Rep. Edward Markey, D-Mass., who chairs the House Subcommittee on Telecommunications and the Internet, said in a statement, 'The merger of the only two satellite radio companies must be assessed with an eye toward ensuring that it does not have a … deleterious effect on diversity on the dial and localism in radio coverage and reporting.'"

The Washington Post (2/20, A1, Babington, Heath) reports, "If approved by federal regulators, the merger would give all satellite subscribers access to Sirius's Howard Stern, pro football games and NASCAR races, as well as XM's Oprah Winfrey, Major League Baseball and Bob Dylan. … Before XM Satellite Radio Holdings of the District and Sirius Satellite Radio of New York can combine, however, the companies must persuade the Justice Department and Federal Communications Commission that they are complying with antitrust laws, a claim that land-based broadcasters and consumer groups are likely to dispute. XM and Sirius contend that customers have ample audio choices through devices such as iPods and cellphones. … The FCC bars a single company from controlling the satellite radio market, but FCC Chairman Kevin J. Martin recently noted that such rules can be changed. Martin said yesterday that the

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hurdle 'would be high. . . . The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.'" The Post notes, "The merger would be a milestone in the evolution of commercial radio. XM and Sirius, founded in the early 1990s, predicted that enough people would be willing to pay for a wide array of radio choices -- with clear reception, no fundraising appeals and commercial-free music stations -- to allow the providers to turn a profit. … But their bidding war for on-air talent escalated dramatically. Sirius spent $500 million over five years to employ Stern, who earned another $300 million in stock for meeting certain subscriber goals. XM signed Winfrey to a three-year, $55 million contract. Both companies have spent millions of dollars on professional sports deals."

The Washington Times (2/20, Rowland) reports, "Currently, XM has more than 7.6 million subscribers and a market capitalization -- the value of a company based on the stock price multiplied by the number of shares outstanding -- of $3.75 billion, while Sirius has more than 6 million subscribers and a market cap of $5.2 billion. … The rate of subscriber growth has slowed at both companies, which had combined revenue of $1.5 billion last year. XM and Sirius also have drawn the ire of Wall Street for bleeding millions of dollars on competing with each other over the years for high-priced talent."

Sirius CEO Knows Art Of Deal. USA Today (2/20, 2B, Petrecca) reports, "If there's anything that Mel Karmazin knows, it's the art of the deal. … The 63-year-old media executive has spent most of his career expanding the reach — and public profile — of the companies he's run." USA continues, "Since he joined Sirius Satellite Radio in November 2004 as CEO, he's signed big-name talent to create channels such as Martha Stewart Living Radio and Jamie Foxx's The Foxxhole. Now, with the planned XM and Sirius merger, he's slated to take over as CEO of the combined company. … The native New Yorker got his start as a radio ad salesman at WCBS in 1967. He joined John Kluge's Metromedia in 1970, rising to general manager, before leaving in 1981 to become president of Infinity Broadcasting. He became Infinity's CEO in 1988." USA adds, "It was in the 1980s and 1990s at Infinity that he really made his mark — expanding it from a fledgling company to a radio empire, buying up stations around the country, particularly in major markets. … It also was at Infinity that Karmazin first worked with Howard Stern. (Although Karmazin was Stern's boss when both worked for Infinity, he didn't engineer the shock jock's highly publicized move to Sirius. Stern jumped over before Karmazin.)"

More Commentary. The Los Angeles Times (2/20) editorializes, "Federal regulators are notoriously slow to act, yet it took the chairman of the Federal Communications Commission less than half a day to erect a daunting roadblock to the proposed merger of the country's two satellite radio services, XM and Sirius. Within hours of the companies' announcement of their intention to combine operations, FCC Chairman Kevin J. Martin reacted, saying that XM and Sirius 'would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.'" The Times continues, "Martin's two-pronged test sets a nearly insurmountable bar. It's hard to argue that 'more choice' results when the only two suppliers of a product combine, or that the merged entity will be deterred from hiking the fees paid by its subscribers (14 million at last count). In addition, when the FCC issued two licenses for a national satellite radio service in 1997, it said that they could not be owned by a single company. … .That said, Martin's statement is inconsistent with the approach the FCC has taken on media consolidation in general. The goal should be to promote choice not in the niche occupied by XM and Sirius but in the general market of audio entertainment. That market is very competitive, particularly among national players." The Times adds, "Anticipating resistance from the FCC, the companies said they would let people subscribe to channels on a more a la carte basis — a favorite cause of Martin's, at least where cable and satellite TV are concerned — and broaden their programming. They also said the combination would lead to less expensive receivers and more advanced services, such as delivering improved traffic and weather reports. The FCC should look at these concessions, declare victory and approve the merger."

Movie Industry Cracks Down On Canadian Pirating. The New York Times (2/19, Austen) reports, "Canada heavily promotes itself as a place to make films. But now it has a more dubious distinction: an analysis by the Motion Picture Association of America has found that 30 to 40 percent of the bootleg DVDs sold in the United States were made by camcorders smuggled into Canadian theaters." The Times continues, "In response, 20th Century Fox Film is considering holding back film releases for the Canadian market, and the film industry in general is calling for stricter

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Canadian laws. One theater chain has even equipped some its staff with night-vision goggles to better ferret out copiers." The Times adds, "The apparent rise of Canada's illegal film industry stems from several factors. Tighter federal and state laws in the United States covering film piracy have not been matched by similar legislation in Canada. And because most film releases are simultaneous in Canada and the United States, Canadian pirates get a head start relative to their counterparts abroad. … And, finally, even industry officials acknowledge that Canadian pirates offer technically superior work. … The film industry's estimate of how many black market DVDs originate from Canadian multiplexes is not simply a guess. In many release prints, almost unnoticeable identification marks are scattered throughout random frames. … In the United States, federal law as well as 40 state laws can impose harsh penalties for videotaping movies from theater screens, a process known as camming. In Canada, however, it violates copyright laws only if the police can show in court that the camera operator intended to commercially distribute copies of the recording."

Scor Likely To Continue Pursuit Of Converium. The Wall Street Journal (2/20, A3, Mcdonald, Mijuk) reports, "Swiss reinsurer Converium Holding AG spurned a takeover proposal from French rival Scor SA. But the courtship isn't likely over and it may be the first of many this year in the European insurance sector." The Journal continues, "Converium said yesterday its board rejected a proposed offer of three billion Swiss francs ($2.43 billion) made by Scor over the weekend. If merged, the two companies could leapfrog several competitors to become one of the world's five largest reinsurers depending on how it's measured. Reinsurance firms essentially backstop insurance companies' biggest risks in return for a cut of their premiums." The Journal adds, "Scor said it secured a 32.9% stake in Converium and approached the board regarding a proposed offer of 21 francs a share for the rest -- a 12% premium to the stock's closing price Friday. A 33.3% stake would require a formal offer, according to Swiss securities rules. Scor said it is convinced that a tie-up makes sense, so it is unlikely that chatter about a merger between the two will end there. … Scor said a merger with Converium was 'a unique strategic opportunity to create a top five global multiline reinsurer in this time of market consolidation.' … A Converium spokesman noted that Scor's official stake will be filed publicly this week and that Converium remains focused on growth and profitability targets laid out in recent weeks. … The Scor offer could be the first of several in the insurance sector this year. Cost cuts and below-average claims have left many European insurers with billions more than regulators require to back up their policies. At the same time, maturing insurance markets in the U.S. and Europe have lead analysts to expect single-digit premium growth -- particularly in property-casualty coverage -- in coming years. Some players may seek growth by buying up rivals with today's excess cash."

Vulcan To Acquire Florida Rock In Cash-Stock Deal. The Wall Street Journal (2/20, Berman) reports, "Making a long-term wager on the now-faltering construction markets in the U.S. Sunbelt region, Vulcan Materials Co. yesterday said it agreed to acquire Florida Rock Industries Inc. in a cash and stock deal valued at about $4.6 billion." The Journal continues, "Florida Rock makes construction aggregates such as concrete and distributes gravel and sand." The Journal adds, "The total blended cash and stock consideration of $68.03 a share, based on the 4 p.m. price of Vulcan Materials' stock Friday of $111.81 a share, represents a premium of 45% for Florida Rock shareholders based on the company's own 4 p.m. Friday stock price of $46.96. The price is only slightly above Florida Rock's 52-week-high of $66.10. … In an interview, Vulcan Chief Executive Officer Donald M. James said the combined company's largest market will be in public infrastructure, such as highways. … Florida Rock's shares have fallen 17% over the past year, as investors feared booming growth in Florida would taper off as part of a nationwide real-estate slowdown. … The deal, which should close in mid-2007, is expected to be neutral to Vulcan Materials' earnings this year and accretive next year and beyond."

Apple Gets More Time To Respond To iPhone Suit. The Wall Street Journal (2/20, B3) reports, "Apple Inc. was granted more time to respond to Cisco Systems Inc.'s claim that its new iPhone mobile handset infringes on a Cisco trademark." The Journal continues, "Cisco said it agreed to give Apple until tomorrow to file its legal response in the case. The San Jose, Calif., networking company said Apple asked for a second extension after the initial extension ended Thursday, and Cisco complied." The Journal adds, "Cisco filed suit in U.S. District Court in San Francisco on Jan. 10, arguing the Cupertino, Calif., maker of

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electronic products and computers infringed on a trademark Cisco obtained in 2000 with its acquisition of Infogear Technology Corp. Cisco markets a phone with the iPhone name through its Linksys division. Apple has called the suit 'silly' and says that other products also use the iPhone name, but the companies have been trying to resolve the issue through negotiations."

Justices To Address Reach Of US Patent Laws. The Financial Times (2/20, Waldmeir) reports, "The Supreme Court will on Wednesday test the global reach of US patent law, in a case that could have big implications for new technology industries such as software and biotechnology." The case "concerns whether Microsoft should be liable for damages overseas for infringing a software patent owned by AT&T for the manufacture of synthetic speech. It will test the extraterritorial application of US patent law in the information age at a time when courts around the world are struggling to apply national laws to increasingly globalised economic activity." However, "the court is also being urged to use the case to look at a much bigger issue: the scope of what can be patented in the first place, including software. If the court takes up that issue – a move that is far from guaranteed – it could make an even bigger impact on US patents and incentives for innovation."

Congress Urged To Maintain Patent System. In an op-ed for the Wall Street Journal (2/20, A17), Laura Peter, general counsel of Immersion Corporation who recently served on a judicial committee on patent litigation reform in Texas, writes, "There is a large risk that Congress may deform the patent system rather than reform it. For in its quest to modernize the antiquated and underfunded system for protecting our inventions, Congress has trotted out an easy target -- so-called 'patent trolls' -- to justify changes that would stifle innovation, benefiting large technology companies at the expense of smaller ones. … 'Patent trolls' are typically companies that buy patent rights from inventors, then receive royalties from other companies who actually use the patents. Inventors get either a single payment, or a share of the royalties. In some cases trolls (like other patent owners) must go to court to enforce their patents; and like any group, some of them use abusive litigation against large technology companies in the hopes of extorting settlements. … But large technology companies often 'troll' themselves, using their own portfolio of thousands (if not tens of thousands) of patents to sue smaller firms financially unable to defend themselves. And when the claims are unmerited or frivolous, this is a rather convenient way to stifle competition." Peter adds, "Thus, it is right to end frivolous trolling, but the right way is through narrow, targeted reform. Unfortunately, some reform proposals cast too wide a net, and would hurt small technology companies' ability to benefit from their own inventions. … First, Congress is considering proposals that would excessively limit the ability of small technology companies to amend pending patent applications known as 'continuation' patents. These patents, however, are a primary way that emerging technology companies protect themselves. … Thus, limiting these patents too much would just reward copycats with resources, and not the innovators." Peter notes, "Second, Congress is considering greatly expanding the ability of large technology companies to challenge smaller companies' patents even after they are issued. … Already, well-funded companies have proved their willingness to pile multiple challenges in multiple proceedings on smaller firms. … Adding yet another battlefront would simply hurt smaller firms, who are often pushed to the brink of bankruptcy defending their rights, without ensuring greater justice. … Finally, these and other proposed reforms would materially increase the costs of filing for patents. This could devastate emerging companies which pour all of their resources into the tools and people needed to turn their ideas into products. They often are not patent-savvy, or cannot afford the huge expense of filing good patents. … So, when you hear about patent trolls, think of Segway (inventors of the two-wheeled, self-balancing transportation device), think of Andre Pavel (the inventor of the Walkman personal stereo), and yes, think of H-P and Apple decades ago. They each were at the forefront cutting-edge technology and had to defend and assert their patents to become what they are today."

Bloggers Promote Net Neutrality Issue. The Washington Post (2/20, D1, Babington, 690K) reports, "Bloggers and other Internet activists made their marks in the past two presidential elections chiefly by building networks of political enthusiasts and raising money for candidates. Now, they are pushing aggressively into policymaking -- and not just over high-profile issues such as Iraq." They are "pressing candidates to back a handful of issues that are obscure to many Americans but vital to those who base their livelihoods on the Internet and track its development." The activists "are also using their new-age technologies for an old-fashioned

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purpose: making politicians take note of their legislative priorities. One of those is 'net neutrality.'" The issue "has no overtly partisan or ideological dimensions. Yet it is shaping up as a Democratic issue this year, largely because its most fervid advocates are liberal bloggers and other Internet activists who play a big role in the early stages of choosing a Democratic presidential nominee." Every "major Democratic presidential candidate has endorsed net neutrality. The move keeps them in good standing with powerful grass-roots groups, such as MoveOn.org, and costs them little in return -- perhaps a bit of space on campaign Web sites to promote a matter that comparatively few voters might explore." It is "a principle that bars Internet providers, primarily phone and cable companies, from charging higher rates to Web-based firms in return for giving their content priority treatment on the pathways to consumers."

ENVIRONMENT:

Linder Casts Doubt On Global Warming Science. In a Washington Times op-ed (2/19), GOP Rep. John Linder writes that "wise old heads believe that we are going through normal cycles of heating and cooling that we have seen over hundreds of millions of years as the earth heats and cools when the activity of the sun changes. The earth is heated by the sun. The sun is impacted by magnetic forces creating outbursts called sunspots, which increase the heat it imparts. During the coldest period in the Little Ice Age, which ended near the end of the 19th century, sunspots almost completely disappeared for 70 years. The earth cooled." Linder concludes, "Sunspot activity has been declining for a number of years and is expected decline by 40 percent over the next decade. The world is about to enter a cooling period. Be prepared to change your lifestyle."

Scientists Group Says Warming "A Growing Threat." The Washington Post (2/19, A20, Eilperin, 690K) reports, "The board of the American Association for the Advancement of Science, the nation's leading general science organization, yesterday issued a consensus statement declaring global climate change 'a growing threat to society.'" The statement, "released at a town hall meeting of school teachers in San Francisco, marked the first time that the board of the influential AAAS, publisher of the journal Science, has taken a stand on global warming."

New Alaska Governor Pursuing Natural Gas Pipeline Project. The New York Times (2/19, Yardley, 1.16M) reports Alaska Gov. Sarah Palin "wants to become the first Alaska governor to deliver what many others have sought without success: construction of a $30 billion pipeline to transport natural gas from the state's North Slope to markets in the lower 48 states. It is an enormous project that could strengthen Alaska's energy-based economy for decades to come, while also, according to some estimates, supplying 7 percent of the nation's natural gas annually. … Elected by a wide margin after promising to bring 'new energy' and 'transparency' to the pipeline project, Ms. Palin took office in December and immediately backed away from the negotiations that her predecessor, Frank H. Murkowski, had been pursuing with the three major energy companies that control much of the land where gas would be developed. Ms. Palin has long criticized those negotiations as back-room dealings whose extensive incentives and tax breaks would have benefited the energy companies, BP, Exxon Mobil and ConocoPhillips, far more than they would have Alaska."

Paulson Influencing Administration's Environmental Policy. Newsweek (2/26, Wolffe, 3.12M) reports, "He heads Treasury, not the EPA, but Hank Paulson is investing time in making this White House greener. … Paulson is a rare species inside the Bush administration," who "cares deeply about climate change: during his seven-year run as chairman and CEO of Goldman Sachs, the investment bank issued a policy paper backing the science on warming and promoting investment in alternative energy. In recent months Paulson has played a leading role in the administration's debate about energy -- and he's had an impact on environmental policy. It was Paulson who encouraged the former oil executives in the West Wing to embrace ambitious targets to cut by 20 percent the amount of gas Americans are forecast to consume by 2017 (part of the plan outlined in Bush's State of the Union). White House officials portray the policy as a team effort, but identify Paulson as a driver."

NYTimes Urges Spitzer Action On Emissions To "Tip National Debate." The New York Times (2/20, 1.16M) suggests Gov. Spitzer, who built a "formidable environmental record" as attorney general, should "quickly commit himself to establishing ambitious goals for reducing emissions of carbon dioxide from cars, power plants and

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other industrial sources in New York State, and to writing regulations to achieve those goals." The paper says such a commitment could "tip the national debate and compel Washington to move more quickly," given "persuasive new scientific evidence," progress made by CA Gov. Arnold Schwarzenegger, and the concerns of a new Democratic Congress. The paper says prior commitments between Schwarzenegger and Pataki "smoothed" the way for Spitzer to "some extent." Spitzer "must help get the regional greenhouse initiative up and running, and make sure that any new power plants built to meet the state's energy needs use the most modern technologies and add as little as possible to the atmosphere's already heavy carbon burden." The paper concludes by saying this is a "tall order" for Spitzer, but most of these initiatives could be accomplished via executive order, thus "skirting an unadventurous Legislature that tends to prefer business as usual."

FBI/DEA/ATF/USMS:

Drug Paraphernalia Sales Targeted In New York. The Elmira (NY) Star-Gazette (2/20) reports a crackdown on retail stores "selling products that might be used in conjunction with illegal drugs in the city of Elmira appeared to be having an impact Monday. In an informal survey by the Star-Gazette on Monday of seven city convenience and variety stores, only one offered an item that probably has no other use than for inhaling illegal drugs. Last Friday, Elmira Police Chief W. Scott Drake III and a member of the United States Drug Enforcement Administration visited five businesses in the city that were found to be selling drug paraphernalia, including crack and methamphetamine pipes, scales and drug packaging materials."

Report: Gangs Use "Net Banging" To Find Recruits. On its Web site, ABC News (2/19) reports that according to a recent survey by the Justice Department, there "are currently more than 21,000 gangs in the United States. Their membership is 700,000 strong and growing, and they're using the Internet to recruit members. By posting online content that glorifies the thug lifestyle, gangs are using the Web to recruit — some using children as young as 8 years old as part of the online recruiting process, known as 'Net Banging.'"

"Economic Refugees" Said To Be Replenishing Taliban Ranks As Poppies Are Eradicated. In the Wall Street Journal (2/20, A16) Vanda Felbab-Brown writes, "As NATO braces for a spring Taliban offensive in Afghanistan, many in the Bush administration, the Congress and the United Nations Office on Drugs and Crime are calling for it to take on a prominent role in combating the narcotics trade. Although this task is meant to help Afghanistan repress the worrisome, if predictable, expansion of its opium economy, it will greatly hamper NATO's effectiveness. NATO's crucial role is to establish security throughout the country -- and not to dilute its focus in eradication and interdiction missions that are presently bound to fail. … Meanwhile, the damage to the crops has generated a new wave of economic refugees to Pakistan, many of whom have been replenishing the ranks of the Taliban."

Scandal Said To Be Putting Plan Colombia In Jeopardy. The Washington Post (2/17) reported Rep. Sander M. Levin (D-Mich.) "said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia. 'Colombia F.T.A. cannot pass the Congress, as constructed, and Plan Colombia is in more jeopardy because of these scandals, the infiltration of the paramilitary into the inner workings of the Colombian government,' Levin said." The Post notes that on Thursday, "Sen. Álvaro Araújo Castro, the brother of Foreign Minister Maria Consuelo Araújo, was arrested along with three other senators and a congressman. Authorities said they are investigating links that those lawmakers -- along with a sixth legislator who remains at large -- may have had ties to a paramilitary organization that has terrorized [Colombia] for years while shipping tons of cocaine to U.S. cities."

Police Chiefs Worried About Spread Of Assault Rifles. USA Today (2/20, 1A, Johnson) reports, "Law enforcement agencies across the country have been upgrading their firepower to deal with what they say is the increasing presence of high-powered weapons on the streets." USA Continues, "Scott Knight, chairman of the Firearms Committee of the International Association of Chiefs of Police, says an informal survey of about 20 departments revealed that since 2004 all of the agencies have either added weapons to officers' patrol units or have replaced existing weaponry with military-style arms." USA adds, "Knight,

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police chief in Chaska, Minn., says the upgrades have occurred since a national ban on certain assault weapons expired in September 2004. The ban, passed in 1994, in part prohibited domestic gunmakers from producing semi-automatic weapons and ammunition dispensers holding more than 10 rounds. … 'This (weapons upgrade) is being done with an eye to the absolute knowledge that more higher-caliber weapons are on the street since the expiration of the ban,' Knight said.He said his own department of about 20 officers is in the midst of determining whether to upgrade its weapons. … Ron Stucker, criminal investigations chief of the Orange County Sheriff's Department in Florida, says the department has been rearming many of its deputies with assault weapons in the past two years. … Stucker says deputies are now 'frequently' encountering assault weapons in local robberies and during simple traffic stops. Weapons seizures in Orlando have increased overall by 26% since 2004."

IMMIGRATION:

Florida Ruling Will Help Foreign Convicts Fight Deportation. The Miami Herald (2/19, Chardy, Weaver) reports, "Owran Green thought he made a good deal when he agreed more than 13 years ago to plead no contest to assault and battery charges in Broward County in exchange for probation and no jail time. … It would be years before he realized his mistake. The Jamaican, now 35, learned from an immigration attorney that his plea renderered him deportable under a decade-old federal law that made expulsion of most convicted criminals mandatory. … But this past fall, the Florida Supreme Court issued a landmark ruling that could help Green and hundreds of other foreign nationals in the same predicament avoid expulsion if they can show they cut their plea deals without being legally warned about deportation." The Herald continues, "The high court's ruling could provide convicted foreigners with another layer of defense against stepped-up efforts by Homeland Security after the Sept. 11, 2001, terrorist attacks to rid the country of immigration violators, particularly those with criminal convictions. … The unanimous Green ruling, issued Oct. 26, has given renewed hope to numerous convicted foreigners now seeking withdrawal of plea deals -- including dozens in Miami-Dade Circuit Court." The Herald adds, "Almost all of the pleas in question were struck in the 1990s, when judges didn't uniformly advise defendants they could be deported by pleading guilty or no contest to charges. Most of those defendants have served sentences and are now seeking to have convictions thrown out to inoculate themselves against possible deportation. … 'It's had a considerable impact in all of our criminal divisions,' said prosecutor Penny Brill, chief of the legal division at the Miami-Dade State Attorney's Office. 'It's now an easier standard for these defendants to meet.' … In Green's case, he sought to withdraw his plea in September 2003, arguing that had he been warned about deportation he would have taken his chances at trial. A judge rejected his petition because no actual deportation proceedings had begun."

Border Violence On The Rise In Arizona. The Washington Post (2/19, A3, Moreno, 690K) reports on the "unusual," according to Alonzo Peña, new US Immigration and Customs Enforcement special agent in charge of Arizona, "recent frequency" of incidents of border violence, "the fact these incidents resulted in deaths and that they occurred in the desert, where the crime scenes are hard to find within the thousands of acres of sand and brush. … Smuggling violence has increased in Arizona during the past six months, the byproduct of a clampdown by federal immigration authorities, Peña said." The US-Mexico border in Arizona "remains the busiest illegal entry point in the country, but the increased concentration of Border Patrol agents and National Guard troops stationed there during the past year has made it harder to cross. In the past 18 months, enforcement operations have been stepped up in Arizona, with strong backing from Gov. Janet Napolitano (D), who declared a state of emergency in Arizona's border counties in 2005 because of illegal immigration."

Illegal Who Testified Against Border Agent Was Given Documents, Money. The Washington Times (2/19, Seper, 88K) reports, "An illegal alien got a 'get out of jail free card' plus US legal documents and monetary compensation from federal prosecutors in exchange for his testimony against a U.S. Border Patrol agent accused of using excessive force during an arrest. Former agent David Sipe, who was convicted and fired, recently won an acquittal at a court-ordered retrial." The Times adds, "A federal appeals court in Texas ordered the new trial, saying prosecutors gave the illegal alien and two others additional inducements not disclosed at the time for their testimony, including Social Security cards, witness fees, permits allowing travel to and

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from Mexico, living expenses and free use of government phones."

US Asylum Process Said To Remain Inconsistent. The Washington Post (2/19, A18, 690K) says in an editorial that two years ago, "the U.S. Commission on International Religious Freedom released a report detailing the upsetting inconsistency with which immigration agents and judges treat foreigners seeking asylum in the United States. The study's conclusion: Asylum seekers are often not given a fair chance to argue their cases, putting legitimate claimants -- especially those who can't contact a lawyer -- at risk of being sent back to their countries of origin, where they face retribution from their governments. This month, the commission issued a follow-up that included a report card on the government's progress since the original study. Both the Department of Homeland Security and the Justice Department earned a fair number of D's and F's from the bipartisan group."

Immigrant Entrepreneurs Boost Inner-City Economies. U.S. News and World Report (2/26, Rayasam, 2.03M) reports, "Immigrant entrepreneurs are helping fuel the U.S. economy. Recent studies show not only that immigrants are starting businesses at a faster rate than native-born Americans but that many of those businesses are refreshing neglected inner-city neighborhoods. … It's the kind of pattern that's enlivening immigrant pockets in cities like New York and Los Angeles, according to the Center for an Urban Future."

TAX:

Ebay Opposes Administration Plan To Report Users To IRS. The Financial Times (2/20, Callan) reports, "Ebay is fiercely resisting a Bush administration plan it says will force it to snitch on customers who are not paying tax on billions earned on the popular online auction site." The Times continues, "The Treasury estimates it could collect $2bn in unpaid tax if companies such as eBay reported American users who carry out more than 100 transactions worth at least $5,000 a year to the Internal Revenue Service. … But an eBay spokesperson said: 'We do not believe it is our responsibility to serve as the go-between. We believe that it is the seller's responsibility.' The company pointed out that many users file self-employment and business tax returns based on their eBay income." The Times adds, "Ebay said it would co-operate with IRS investigations into specific persons but would not voluntarily report its customers' sales 'en masse'. … The US measure, planned to come into effect on January 1, 2008, would only affect American users of eBay, but separately this week UK Revenue and Customs warned taxpayers to report income from eBay activity or face penalties."

CONGRESS-ADMINISTRATION:

Senate GOP Outlines Seven-Point Agenda. The Washington Times (2/19, Bellantoni, 88K) reports, "Senate Republicans have pledged to fight for up-or-down votes on President Bush's judicial nominees and to make his tax cuts permanent, but they face an uphill battle in pushing their agenda. Republican leaders have outlined seven issues they plan to highlight in the shadow of the Democratic majority, which has its own priorities and the power to bring them to the floor." Senate Republican Conference Chairman Jon Kyl of Arizona "said his party unanimously agreed on a set of guiding principles and revealed them in advance of forthcoming legislative specifics. … Attempting to make the Bush tax cuts permanent; Supporting Mr. Bush's plan to increase the size of the military; Pushing earmark reform; Expanding domestic oil production and alternative energy research. Another of the seven issues is related to health care. Republicans say they will propose creation of small-business health-insurance plans, expansion of health savings accounts and support for the health care tax plan Mr. Bush promoted in his State of the Union address last month, with the idea 'all Americans can receive quality health care.' … One of the thornier issues at the bottom of the Republican agenda is immigration reform."

Groups Call On Congress To Make CRS Reports Public. The Washington Post (2/19, A17, Williamson, 690K) reports, "Deep inside the Library of Congress, 500 researchers pound out the secret intelligence Congress uses to make law. Legislators request 6,000 Congressional Research Service reports a year, on weapons systems and farm subsidies, prescription prices and energy use. Together, they offer what lobbyists and industry want most: clues to what's next on the Hill. For years, open-government groups have fought to make the reports public, and for years, many lawmakers have kept them under wraps.

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Or so they thought." The Post adds, "By insisting on secrecy, Congress instead created a bootleg market for the research. Every day, a small Texas company compiles the reports and sells them to lobbyists, lawyers and others who pay thousands of dollars for a peek at the reports and what they say about the congressional agenda. And it's all legal. … Open-government groups have a problem with that," and they "have fought back by posting every CRS report they can find on their Web sites. But watchdog groups have released only about 10 percent of the total, not enough to reveal the patterns that suggest what Congress might do next."

Walter Reed Aid Director Allegedly Had Conflict Of Interest. The Washington Post (2/20, A1, Priest, Hull, 690K) reports that for the "past three years, Michael J. Wagner directed the Army's largest effort to help the most vulnerable soldiers at Walter Reed Army Medical Center." He was responsible for matching "big-hearted donors with thousands of wounded soldiers who could not afford to feed their children, pay mortgages, buy plane tickets or put up visiting families in nearby hotels." But while "he was being paid to provide this vital service to patients, outpatients and their relations, Wagner was also seeking funders and soliciting donations for his own new charity, based in Texas, according to documents and interviews with current and former staff members. Some families also said Wagner treated them callously and made it hard for them to receive assistance." The medical center has "launched a criminal investigation of Wagner after The Washington Post sought a response to his activities while he ran the Army's Medical Family Assistance Center, a position he left several weeks ago."

Walter Reed Hospital Repairing Outpatient Housing. The Washington Post (2/20, A1, Priest, Hull, 690K) reports Walter Reed Army Medical Center "began repairs yesterday on Building 18, a former hotel that is used to house outpatients recuperating from injuries suffered in Iraq and Afghanistan and that has been plagued with mold, leaky plumbing and a broken elevator." Facility's commander Maj. Gen. George W. Weightman "said Army staff members inspected each of the 54 rooms at the building and discovered that outstanding repair orders for half the rooms had not been completed. He said that mold removal had begun on several rooms and that holes in ceilings, stained carpets and leaking faucets were being fixed." The Post adds Walter Reed, "the Army's premier medical facility, has turned into a holding ground for wounded soldiers during 5 1/2 years of sustained combat. Almost 700 outpatients suffering from physical injuries and psychological problems live on the 113-acre military post or in nearby quarters. Many linger there for 18 months or longer as they move through the Army's numbing bureaucracy."

Younger CIA Employees Chafe At Ban On Personal Media Items. The Washington Post (2/19, D1, Barr, 690K) reports in its "Federal Diary" column that at CIA headquarters, "iPods are banned. So are cellphones." Workplace restrictions "like these are among the smaller sacrifices that CIA employees make on behalf of the nation's security. But a wave of new hires at the agency are very, very tech savvy and, it seems, not shy about their interests." Cindy Bower, the CIA's chief of human resources, said, "They are pushing us to change in ways that, from a security perspective, we might not be ready to change. They want to use BlackBerrys, and they've got iPods they want to bring in and listen to music." The Post adds the "new hires also are prodding the agency to improve its information technology systems. 'They want it faster and better,' said Michael J. Morell, associate deputy director and the No. 3 at the agency. 'I think it is a very healthy thing.'" The Post adds, "Perhaps no federal agency is changing as rapidly as the CIA. The terrorist attacks of Sept. 11, 2001, shook up an intelligence community that had been downsizing since the end of the Cold War. Since then, recruitment and hiring have become a CIA priority." Forty percent "of the workforce has arrived since Sept. 11, 2001. Of the new hires, 60 percent are under age 30, and 85 percent are under 40. One in six have military experience."

Scalia Said To Wield More Power In Roberts Court. The Los Angeles Times (2/20, Savage, 850K) reports, "It has been two decades in the making, but this is the year Justice Antonin Scalia, the Supreme Court's most outspoken dissenter, could emerge as a leader of a new conservative majority among the justices. Between now and late June, the court is set to hand down decisions in four areas of law -- race, religion, abortion regulation and campaign finance -- where Scalia's views may now represent the majority." The Times adds, "In each of those areas, the retirement of centrist Justice Sandra Day O'Connor and her replacement with Justice Samuel A. Alito Jr. figure to tip the court to the right." That "would give 70-year old Scalia the

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chance to take on a role that has largely eluded him: speaking for the court in major rulings." Scalia, adds the Times, "is not known for seeing shades of gray in legal disputes; instead, he has favored clear rules and broad decisions."

Grassley Warns He May Block Minimum Wage Conference. Roll Call (2/20, Pierce) reports, "In a role reversal, Senate Finance ranking member Chuck Grassley (R-Iowa) has warned that he may block a House-Senate conference on the minimum-wage bill unless he is assured his Democratic colleagues will join him in demanding inclusion of a sizable tax-cut package. 'The contours of the deal should be known if details can't be,' a Grassley aide said of his insistence that Democrats agree to pursue a small-business tax package that is much larger than the $1.4 billion House-passed proposal." Roll Call adds, "Anticipating criticism from Democrats, the Grassley aide pointed out that Republicans agreed to 'pre-conference' a large corporate tax package in the 109th Congress — assuring Senate Democrats, for example, that the measure would be revenue-neutral, among other things. Once they secured those promises, Democrats finally allowed the measure to be sent to conference with the House. Before that, Senate Democrats had blocked three votes to end debate on the motion to appoint conferees, the aide said. … Mindful that Grassley could lead a potential filibuster of one of the Democrats' top legislative priorities, Senate Majority Leader Harry Reid (D-Nev.) has not ruled out the idea of pre-conferencing the minimum-wage-hike bill, and he has been talking actively with Republicans on how to proceed to conference, said Reid spokesman Jim Manley."

Frank Says Adoption Of Inflation Target Would Be A "Terrible Mistake." The Financial Times (2/20, Guha) reports, "It would be a 'terrible mistake' for the Federal Reserve to adopt any form of inflation target to guide its interest rate decisions, Barney Frank, the Democratic chairman of the House financial services committee, has told the Financial Times." Frank, "whose committee is one of two in Congress charged with oversight of the US central bank, said such a target 'would come at the expense of equal consideration of the other main goal, that is employment.'" Ben Bernanke, "chairman of the Fed, believes that the bank would be better off with a relatively flexible inflation target – one that would be achieved on average, rather than within a specific time, giving maximum latitude to respond to output shocks. However, Fed watchers say that, in order to make any such change, Mr Bernanke would need at least the tacit consent of key figures in Congress."

Women Making Faster Gains Than Men In Job Market. The Wall Street Journal (2/20, Treftz, 2.04M) reports, "Women took on slightly more than half of US jobs created in the first part of the decade and made gains in securing the most lucrative openings. Women posted a net increase of 1.7 million jobs paying above the median salary, while men gained a net increase of just over 220,000 of such positions, according to a Bureau of Labor Statistics report for the years 2000-2005. … Overall, men gained 1,804,000 jobs and women 1,996,000, or 52.5% of the total increase, for the period studied." The Journal adds, "Women outpaced men in obtaining work that pays in the top quarter of all jobs."

Commercial Construction Experiencing Boom. The Christian Science Monitor (2/20, Scherer, 59K) reports, "Residential construction fell 2 percent last year, but private commercial construction rose 16 percent, and public construction was up 10 percent, according to the US Census Bureau. The last time the business was this strong was seven years ago, says Kenneth Simonson, chief economist for the Associated General Contractors. Behind the commercial-construction push is a combination of powerful economic forces: For one, gigantic investment pools… are looking for places to invest. Also, an enormous growth of imports into the United States is spurring a rush to build new warehouse space. Moreover, developers are building new communities that offer environmentally friendly spaces to work and require less commuting time. These complexes also offer nightlife and restaurant options." The Monitor adds, "Even some parts of the country where construction has lagged in the past are experiencing a boom."

Stock Markets Expected To Continue Record Climb. The Wall Street Journal (2/20, C1, Browning, 2.04M) reports, "It is the kind of surprise investors love to get: The economy seems to be just a little stronger than most people expected. Not enough to worry anyone; just enough to push stocks higher Data on items such as fourth-quarter economic growth and consumer spending have come in a tad better than markets expected late last year." As a result, the Dow Jones Industrial Average "has continued its steady rise, and stocks that do better in a strong economy have been among the leaders." On Wall Street, "the mood is downright bullish. … Amid solid growth with minimal inflation world-

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wide, the world's stock markets are feeding on one another's success."

USA Today (2/20, 1B, Shell, 2.27M), meanwhile, says "the relationship between politics and stock market profitability tends to be most cordial in the year prior to a presidential election. It is that historical statistical quirk that should provide some solace to investors concerned about another calendar-related anomaly on Wall Street: the fact that stocks have not had a 2% pullback since July 14, a span of 149 trading sessions. That uninterrupted uptrend, says Ned Davis Research, lags behind only a correctionless stretch that ended in 1954."

Job Corps Revamps Programs For New Economy. The New York Times (2/20, Eckholm, 1.16M) reports, "As the economy has turned against those with low skills and researchers have questioned the long-term impact of the Job Corps on the lives of its graduates, this remnant of the Great Society is facing an urgent need to reinvent itself." Dr. Esther R. Johnson, a "career executive in the Labor Department with a doctorate in education who took over the corps last March," said, "Once you could go into the Job Corps and get a G.E.D. and go out and make a living. You can't do that anymore." The Times adds, "Dr. Johnson wants the Job Corps to aim higher, helping graduates into careers with a bigger paycheck." To do that "she plans to lengthen the average stay for many graduates beyond the current 11.4 months, improving their reading, math and vocational skills. She also wants trade courses to connect more closely with college programs and emerging industries, and she thinks the corps must double the number of graduates, now just 10 percent, who go on to higher education." Dr. Johnson says this "can be done…within a budget flat-lined at $1.5 billion in recent years, mainly by increasing the rigor of courses while cutting other costs."

Herbert Looks Forward To End Of Bush's Administration. The New York Times' Bob Herbert (2/19) writes, "The essential issue facing the U.S. at this point in our history" is "whether, once the Bush administration has finally and mercifully run its course, the country goes back to being a reasonably peaceful, lawful, constructive force in the world, or whether we continue down the bullying, warlike, unilateral, irresponsible, unlawful and profoundly ineffective path laid out by Bush, Cheney & Co. … I don't think most Americans are up for perennial warfare."

LATimes Criticizes Congressional "Censorship" Of TV Violence. The Los Angeles Times (2/19, 850K) says in an editorial that in response to "a request from lawmakers, the Federal Communications Commission has drafted a report outlining what Congress might do to curb excessively violent programs. Objectionably violent shows, it says, could be banned during the hours that children are most likely to be watching TV (6 a.m. to 10 p.m.), just as indecent programming is." But while there is "plenty of evidence that television shows are more graphically violent than ever, both on cable networks and on free over-the-air TV," simply "noting this problem, however, doesn't prove that government censorship can solve it." What censorship "would do is deter networks from airing valuable but bloody shows that don't quite qualify as news, while generating lawsuits over what inevitably will be inconsistent standards for judging violence on TV." The government "shouldn't be making these calls; parents should."

Historians "Abandon Their Usual Caution" In Judging Bush's Presidency. U.S. News and World Report (2/26, Tolson, 2.03M), in its cover article on "The 10 Worst Presidents," reports, "Is George W. Bush's presidency shaping up to be one of the worst in U.S. history? You hear the question being asked more and more these days. And more and more, you hear the same answer. With Iraq a shambles and trust in the administration declining, it is probably not surprising that 54 percent of respondents in a recent USA Today/Gallup survey said that history would judge Bush a below-average or poor president. … Public opinion is a notoriously fickle beast, of course, which is why historians and other custodians of the long view prefer to reserve judgment until they can speak of their subjects in the past tense. But clearly something about Bush ii has inspired many historians to abandon their usual caution."

Conservative Judges May Be Bush's Lasting Legacy. US News & World Report's "Washington Whispers" column (2/18, Bedard) reports, "The White House is still holding out hope that it will have a chance to name a third justice to the Supreme Court and cement its conservative tilt for generations to come. 'We need one more on the Supreme Court,' says a Bushie who was instrumental in getting Chief Justice John G. Roberts and Associate Justice Samuel Alito aboard. But with Democrats now running the Senate, pushing another conservative through might be hard. … Meantime, the White House is seeking to add 17 more

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U.S. Circuit Court judges before leaving town in 2009. 'This is our biggest legacy,' says the official. And rightly so: Almost 30 percent of federal judges are Bush picks, he says."

Gonzalez's Tenure At USCIS Said To Ride On Success Of Fee Increase. The Washington Times (2/20, Dinan, 88K) reports though US Citizenship and Immigration Services is "usually thought of as the kinder, gentler arm of immigration," the agency "helps nab an average of five criminals a day, including the occasional murder suspect -- a point that agency Director Emilio Gonzalez underscores when he discusses the USCIS role in the Homeland Security Department." In the year since he took over the agency, Gonzalez "has started a pilot program to test a new naturalized citizenship exam, finished off a backlog of millions of benefit applications and created several offices that would put national security first at the agency. But those who interact most with USCIS say Mr. Gonzalez's tenure will succeed or fail on his latest proposal to increase fees an average of more than 60 percent in order to finish the transformation from a much-maligned 20th-century paper-based bureaucracy into 21st-century streamlined, self-sufficient, services-based enterprise."

Pelosi Taps First Black Woman To Be House Clerk. The Washington Post (2/20, A11, Layton, 690K) reports that at "6 feet 2 inches tall, Lorraine C. Miller cuts a striking figure in the polished hallways of the U.S. Capitol. Last week, the woman with regal bearing gained another, more lasting distinction. She was sworn in as clerk of the House of Representatives, the first African American to hold the seat since it was created in 1789." House Speaker Nancy Pelosi (D-Calif.) "tapped Miller for the job, citing her work ethic, knowledge of the Hill and ability to make connections across party lines, in addition to her trailblazer status."

NASA's Renewed Focus On Lunar Exploration Applauded. In an op-ed for the New York Times (2/20, 1.16M) planetary scientist Carolyn Porco writes, "After years of spending our nation's space budget building an orbiting space station of questionable utility, serviced by an operationally expensive space shuttle of unsafe design, NASA has set a new direction for the future of human spaceflight. Once again, we have our sights on the Moon ... and beyond. We are finally, bodily, going to make our way into space, this time to stay." Porco adds that the official plans "call not for flag-planting and grab-a-few-rocks-and-go but, by 2025, a solar-powered, human-tended, continuously inhabited research outpost. … What is not out of the question is our ability to pay to keep the goal front and center. We are now spending in Iraq, in a single month, $9 billion — more than half the annual budget NASA needs to stay on course."

OTHER NEWS:

US Chamber, Center For American Progress To Release Joint Program For Education. The Politico (2/20, Glass) reports that on February 28, the U.S. Chamber of Commerce and the Center for American Progress "plan to unveil their joint platform for change." The chamber reported a poll of businesses showed 87 percent "said the current No Child Left Behind requirements should extend all the way through high school." The two organizations' presidents Thomas J. Donohue and John D. Podesta will release their platform and also "plan to grade all 50 state education programs, plus that of the District of Columbia, from kindergarten through 12th grade."

Educators Call For More Attention To Character Education. Charles C. Haynes, senior scholar at the First Amendment Center in Washington, and Marvin W. Berkowitz, Sanford N. McDonnell Professor of Character Education at the University of Missouri-St. Louis, write in USA Today (2/20, 13A, 2.27M) in favor of the importance of character education, writing "shouldn't we be paying more attention to the kinds of human beings who do the math and read the books?" The two praise the work of Principal Kristen Pelster of Ridgewood Middle School, in Arnold, Missouri who, along with now former-Principal Tim Crutchley adopted a program of character education resulting in higher academic performance, fewer disciplinary problems "and the student failure rate has dropped to zero."

McCain Says He Supports Overturning Roe Vs. Wade. The AP (2/19, Davenport) reports Sen. John McCain "said Sunday the court decision that legalized abortion should be overturned." McCain told a crowd in South Carolina: "I do not support Roe versus Wade. It should be overturned." McCain "also vowed that if elected, he would appoint judges who 'strictly interpret the Constitution of the United States and do not legislate from the bench.'" The AP adds, "McCain's campaign also announced early Sunday that he had been endorsed by former Oklahoma Gov. Frank

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Keating, who had been considering his own bid for the White House, and former Texas Sen. Phil Gramm.

McCain Blasts Rumsfeld At South Carolina Stop. The AP (2/20, Smith) reports Sen. John McCain said "the war in Iraq has been mismanaged for years and former Defense Secretary Donald Rumsfeld will be remembered as one of the worst in history." Speaking to "an overflow crowd of more than 800 at a retirement community near Hilton Head Island, SC," McCain said, "We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war. The price is very, very heavy and I regret it enormously." The AP adds McCain, "the ranking Republican on the Senate Armed Services Committee, complained that Rumsfeld never put enough troops on the ground to succeed in Iraq." McCain said, "I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history." The AP adds McCain's "comments were in sharp contrast to McCain's statement when Rumsfeld resigned in November, and failed to address the reality that President Bush is the commander in chief."

Fox News' Special Report (2/19, Garrett) reported Sen. John McCain "pushed for conservative support in South Carolina. Today he bashed the Senate's rare Saturday session to vote on whether to debate a non-binding resolution opposing the president's Iraq troop surge." McCain was shown saying, "It was a charade and a joke and a publicity stunt on the part of the Democrats in the Senate, because they wanted to embarrass the president of the United States, my friends."

McCain Said To Be Following Bush Playbook. On MSNBC's "Hardball" (2/19, Matthews), MSNBC political analyst Howard Fineman said, "The McCain people are following the George W. Bush playbook to the extent they possibly can. The same donors, the same issues, the same at the attitudes all the way down the line. And it is so ironic given where McCain was seven years ago."

Gramm Says McCain Is The Best Leader For Our Times. In a Wall Street Journal op-ed (2/20, A17), former Sen. Phil Gramm says, "Today's mortal need is for a leader who trusts our people enough to tell them the truth about the festering domestic problems that have been swept under the rug for a quarter-century. We need a president who can face up to these problems even as he leads an increasingly reluctant country in a war against a dangerous enemy that will follow us home from any battlefield on which we are defeated." Gramm adds, "I believe the man we need to meet the mortal need today is here. He is experienced, but has not lost his common sense or his ability to be outraged. His conservatism is not the result of a studied philosophy, but of common sense and personal observation. His name is John McCain. He might not be the right president for all times, but he is the right president for these times." Gramm cites the budget deficit, free trade, and entitlement reform, among other issues.

More Energetic, Conservative McCain On Display In Iowa. The Washington Post (2/19, A4, Balz, 690K) reports McCain "has shown little of the exuberance of the Republican outsider…in 2000. Now virtually hostage to the success of Bush's Iraq war policy…McCain has appeared subdued, even dour. … But as he campaigned across Iowa this weekend, there were flashes of the old McCain." McCain "staunchly defended his position on the war, decried a Republican Party that he said has lost its way and punctuated question-and-answer sessions with his particular brand of humor. When a man said he was serving in the Marines in Vietnam around the time McCain was being held in a North Vietnamese prison camp, the senator interjected, 'Why didn't you come get me?'" According to the Post, "the differences between 2000 and today were evident. … This time he presents himself as the candidate who can restore core principles to the Republican Party, which he says became intoxicated by power before losing its congressional majorities in the 2006 midterm elections. His message this time is more overtly conservative, and his campaign identifies more openly with the socially conservative wing of the party."

The Politico (2/19, Martin), in an article with a strikingly dissimilar analysis of McCain's weekend campaigning, reports, "This weekend in Iowa, McCain's old ebullience was replaced by a mood that seemed to fluctuate between sober and downright morose as he and the voters he met kept returning to a single topic: Iraq. Nor was the weekend an exception." McCain "deployed his usual mix of corny cracks and jocular repartee with audience members. But the levity was no match for the deeply serious questions that McCain found himself on the receiving end of at his first stop of the day in Des Moines."

Romney Now Supports "Don't Ask, Don't Tell" Policy. The Washington Post (2/19, A4, Solomon, 690K) reports former Massachusetts governor Mitt Romney, "who once advocated allowing gays to serve openly in the

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military, said yesterday that he does not think the Pentagon should change its 'don't ask, don't tell' policy in the midst of the Iraq war. ' 'Don't ask, don't tell' has worked well. We're in the middle of a conflict. Now is not the time for a change in that regard, and I don't have a policy posture as to allowing gays in the military to serve there openly,' Romney…said on ABC's 'This Week.'"

Romney Defends Opposition To Stem Cell Research. The AP (2/20, Jackson) reports Mitt Romney "on Monday defended his opposition to most embryonic stem cell research despite its scientific promise to cure diseases like multiple sclerosis that afflicts his wife, Ann." Romney said in an interview "he was confident that research on adult stem cells and the existing embryonic stem cell lines could eventually provide the medical answers." Romney said, "I believe that science is able to receive the stem cells necessary for research through means that don't represent a serious, moral problem." The AP adds Romney said "his wife would play a prominent role in his campaign for president." Romney said, "Were she not healthy I would not have run. … She is able to manage her disease such that she does not overdo or cause herself physical problem. Were that not the case, we'd have made a different decision. We'd be in the sun somewhere." Romney also "defended his recent decision to join the National Rifle Association, saying that he has always supported the 2nd Amendment and dismissing criticism that his membership amounts to political opportunism." He "defended his decision to vote for Democrat Paul Tsongas in the 1992 Massachusetts Democratic presidential primary." Romney said, "We have an open primary where we can vote for people other than Bill Clinton and I voted against Bill Clinton."

Romney Defends Faith At Florida Event. Fox News' Special Report (2/19, Garrett) reported, "One of McCain's rivals, former Massachusetts Governor Mitt Romney, confronts skepticism of a different kind, his Mormon faith. A heckler raised it this weekend in Florida." Unidentified heckler: "You sir, you are a pretender. You do not know the lord. You are a Mormon." Romney: "Let me offer a thought, and that is one of the great things about this great land is we have people of different faiths and different persuasions, and I'm convinced that the nation does need to have people of different faiths, but we need to have a person of faith lead the country." Garrett: "The Mormon issue comes up a lot, and in this case at least, it appears Romney got the better of that encounter. Romney faces pro- choice, and pro-abortion, and pro-life skepticism as well."

NBC Correspondent "Trashes" Romney. On Fox News' "The O'Reilly Factor" (2/19), Bill O'Reilly said, "More evidence that NBC News is now a committed left wing organization. After Republican Mitt Romney announced he was running for president, NBC News correspondent Chip Reid trashed him." Reid was shown saying, "He's barely out of the starting blocks, and I'm going to go right for his knees. No. 1, he's a Mormon. That's something evangelicals have a problem with. No. 2, he's a flip- flopper." O'Reilly added, "All right, he's a flip-flopper. It's hard to believe when you understand that Mr. Reid covers Congress for the NBC Nightly News with Brian Williams. Nice objectivity. The woman giggling with him is Anna Marie Cox, works for TIME magazine, use to edit a Marxist magazine. OK. Ms. Cox did. Now, there was nobody in that discussion sticking up for Romney. Nobody." Fox News analyst Michelle Malkin added, "Well, the Reid clip was remarkable. First, his Tony Soprano pose about going after -- you know, right for...Mitt Romney's knees. Ha, ha, ha. And then you got the giggly Anna Marie Cox, you know, breaking out into laughter over that. And then just the political characterization that is just so out of touch from reality. … I think this was implications for the larger political coverage, leading up to 2008 for sure."

Cohen Says Romney "Thoroughly Counterfeit." In his Washington Post column (2/20, A13), Richard Cohen says, "I have been following the zigs and zags of Mitt Romney, the former Massachusetts governor and now Republican presidential candidate, watching him grow progressively less progressive, sort of making himself up as he goes along. As a result, I surf the Web with trepidation, bracing myself for the story that I fear might be coming: 'Romney Says He Is Not Really a Mormon.'" What's an "ambitious, square-jawed opportunist to do? He might do as he has done in the past and change his position." Cohen cites Romney's change of position on issues such as gay rights, abortion, adding he is "in a class of his own. He used to have fairly reasonable positions on gun control. Within the past year, though, he joined the National Rifle Association -- an admission made under some duress Sunday to George Stephanopoulos on ABC's 'This Week.' ' In fact, to watch Romney on the show was to see a thoroughly counterfeit man."

Obama Said To Be Overtaking Clinton In The South. The Politico's Mike Allen (2/19) writes, "At the

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annual Jefferson-Jackson Dinner of the Democratic Party of Virginia on Saturday, the Hillary Clinton signs and bumper stickers were free," while "'Obama '08 Gear' was for sale – T-shirt, $20; button, $10; sign, $5. And he had a lot more takers than she did, suggesting he might be making early inroads in a tough region that once was Confederate soil. Party officials say their previous record for the dinner was 1,400 seats. But after" Obama "was announced as the keynote speaker, sales ballooned and the party kept expanding the dinner until tit had space for 3,200 at the Greater Richmond Convention Center. A few hours before the dinner, Gov. Tim Kaine became the first governor outside of Illinois to endorse Obama. Hastings Wyman, founder of the Southern Political Report, "said that while Clinton retains her hold on the African-American establishment, which is crucial in Southern primaries, Obama has the most appeal among younger African-Americans." Larry J. Sabato, director of the Center for Politics at the University of Virginia, "says his students 'are nuts about' Obama and that among Democratic students, 'He's the only one they're interested in. He's like Reagan or Kennedy, with an ability to connect with people individually in a large group. Hillary? Get real. She doesn't have that. Whatever 'it' is, he has it.'"

Obama Accused Of Overstating His Community Involvement In His Memoir. The Los Angeles Times (2/19, Wallsten, 850K) reports, "The drama began with a tiny ad in a local newspaper — a notice that asbestos was about to be removed from the management office at Altgeld Gardens, the all-black public housing complex where young Barack Obama worked as a community organizer. … As the 24-year-old mentor to public housing residents, Obama says he initiated and led efforts that thrust Altgeld's asbestos problem into the headlines," but "others tell the story much differently. They say Obama did not play the singular role in the asbestos episode that he portrays in the best-selling memoir, 'Dreams From My Father: A Story of Race and Inheritance.' … 'Just because someone writes it doesn't make it true,' said Hazel Johnson, a longtime Altgeld resident who…began pushing for a variety of environmental cleanups years before he arrived." Rep. Bobby L. Rush "said it was Johnson's work…that sparked the interest of Chicago officials. … While he has not read Obama's memoir, Rush, who has been a political rival of Obama's in recent years, said Johnson's role was so prominent that he was 'offended' by anyone telling the Altgeld story without including her."

Hollywood A-List To Attend Obama Fundraiser. The New York Times (2/20, Halbfinger, 1.16M) reports Tom Hanks "has bought a $2,300 ticket. So have Jennifer Aniston, Eddie Murphy and Denzel Washington. The studio bosses from Universal, Paramount, Disney and 20th Century Fox have all sent checks or faxed their credit card numbers, too." Given the "A-list stars, movie and music moguls, and top Hollywood dealmakers who have sent their R.S.V.P.'s, one would think the man of honor at Tuesday night's benefit at the Beverly Hilton would be getting a lifetime achievement award. But the toast of the evening is" Sen. Barack Obama, "in his first foray to Los Angeles as a declared presidential candidate." It is "hard to say whether the unusual heat behind the evening owes more to interest in Mr. Obama or to the three men who spearheaded the fund-raiser: the DreamWorks co-founders David Geffen, Jeffrey Katzenberg and Steven Spielberg." The "haul is expected to be at least $1 million, making it the first major event here of the presidential campaign. (Senator Hillary Rodham Clinton, Democrat of New York, will get a chance to flex her own Hollywood fund-raising muscles on March 24 at the estate of Ronald Burkle, the supermarket tycoon.)"

Axelrod Optimistic About Campaign's Course. On MSNBC's "Hardball" (2/19, Matthews), Obama strategist David Axelrod says, "Well, I am very encouraged, Chris, by what I see. Everywhere he has gone, and you were down there freezing with us in Springfield, when 15,000 people showed up for his announcement. He has been getting enormous crowds wherefore he goes. And I don't think it is just because of him. And I think he is sensational. But that is not why people are coming. They are coming because they really want to believe again and check back in and change the politics of this country. I think that is very powerful. And so I have a very optimistic feeling about this campaign." Asked how Obama would defeat Sen. Hillary Clinton in a Democratic primary, Axelrod said, "Sometimes it is hard to stop an idea whose time has come. I think people want to turn page, they want to move forward. They are looking to the future. I think Barack Obama represents the future."

WPost Says FEC Should Accept Obama's Plan To Preserve Public Financing. The Washington Post (2/20, A12, 690K) notes in an editorial that Sen. Obama "has asked the Federal Election Commission to rule on whether he could legally collect money for the general election campaign but ultimately decide to take public funding were he to win the nomination and his GOP opponent followed suit." The FEC

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"has said it is speeding up its review of Mr. Obama's intriguing proposal, which turns, as a legal matter, on the question of whether the candidate would be deemed to have 'accepted' money he is raising for the general election campaign if he keeps it separate and unused. If the money has been raised but not 'accepted,' Mr. Obama argues, he could still choose to return it and take public financing instead." This "might be a stretch that only a former Harvard Law Review president could love . But as a matter of policy, it could salvage a failing system to promote the aims underlying the law." The FEC "should allow that, and Mr. Obama's rivals in both parties should pledge, if they win the nomination, to help save the system, not destroy it."

Clinton Pollster's Firm Said To Have Potential Conflicts Of Interest. The Washington Post (2/20, A11, Birnbaum, 690K) reports Mark J. Penn "is a man who wears many hats: high-paid political and corporate pollster, chief executive of an international communications and lobbying company, and chief strategist to New York Sen. Hillary Rodham Clinton's bid for the Democratic presidential nomination." But Penn's firm, "Burson-Marsteller Worldwide -- with 2,000 employees and $300 million a year in revenue -- owns BKSH & Associates, the major lobbying firm chaired by Charles R. Black Jr. That's right, Black, counselor to Republican presidents, reports to Clinton's top strategist." Burson-Marsteller is "a subsidiary of WPP Group, a London-based advertising and PR giant that owns many of the biggest names on K Street. These include Quinn Gillespie & Associates, Wexler & Walker Public Policy Associates, Timmons & Co., Ogilvy Government Relations Worldwide (formerly the Federalist Group), Public Strategies Inc., Dewey Square Group and Hill & Knowlton." The "range of interests represented by' lobbyists employed by these firms "is a staggering list of corporate America's who's who, with Penn himself a longtime adviser to Microsoft." Fred Wertheimer, president of Democracy 21, said, "This is a classic example of how big money has inextricably intertwined the campaign advising and lobbying worlds of modern-day Washington with potential conflicts of interest all over the place."

Reid's Son Joins Clinton Campaign. USA Today (2/19, 4A, 2.27M) reports Senate Majority Leader Harry Reid's son Rory "has signed on as Nevada chairman for Sen. Hillary Rodham Clinton's presidential bid. Rory Reid, 44, is chairman of the Clark County, Nev., Commission and a former chairman of the Nevada State Democratic Party. He will be senior adviser on Western issues, including public lands, resources and conservation, transportation, growth and affordable housing, the New York senator's campaign said in a statement Sunday."

Some Conservatives' Animosity Towards Clinton Has Mellowed. The New York Times (2/19, Kirkpatrick, 1.16M) reports, "Back when Senator Hillary Rodham Clinton was first lady, no one better embodied what she once called the 'vast right-wing conspiracy' than Richard Mellon Scaife." Scaife "spent more than $2 million investigating and publicizing accusations about the supposed involvement of Mrs. Clinton and former President Bill Clinton in corrupt land deals, sexual affairs, drug running and murder. But now…Scaife's checkbook is staying in his pocket. Christopher Ruddy, who once worked full-time for Mr. Scaife investigating the Clintons…said, 'Both of us have had a rethinking.' 'Clinton wasn't such a bad president,' Mr. Ruddy said. 'In fact, he was a pretty good president in a lot of ways, and Dick feels that way today.'" According to the Times, "For every conservative who says Mrs. Clinton will feel the wrath of the movement's grass-roots organizers later in the campaign…another expresses doubt that Clinton foes can ever be revved up as they once were."

Krugman Credits Edwards For Saying He Was Wrong To Authorize Iraq War. The New York Times' Paul Krugman (2/19) writes, "Many people are perplexed by the uproar over Senator Hillary Clinton's refusal to say, as former Senator John Edwards has, that she was wrong to vote for the Iraq war resolution. Why is it so important to admit past error? … For the last six years we have been ruled by men who are pathologically incapable of owning up to mistakes. And this pathology has had real, disastrous consequences. The situation in Iraq might not be quite so dire — and we might even have succeeded in stabilizing Afghanistan — if Mr. Bush or Vice President Dick Cheney had been willing to admit early on that things weren't going well or that their handpicked appointees weren't the right people for the job. The experience of Bush-style governance, together with revulsion at the way Karl Rove turned refusal to admit error into a political principle, is the main reason those now-famous three words from Mr. Edwards — 'I was wrong' — matter so much to the Democratic base."

Clinton, Obama Compete For Black Vote In South Carolina. Fox News' Special Report (2/19, Hume) reported, "Democratic presidential candidates are

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confronting the issue of race. The question is not only whether the country is ready for a black president, but whether black voters are likely to cast their ballots as a block for an African-American candidate." Fox News (Serrie) added, "Democratic presidential hopefuls are courting the black vote in South Carolina, a state where African-American accounted for 49 percent of the vote in the party's last presidential primary." Sen. Hillary Clinton: "I am the candidate with the experience to break the barriers, to win on behalf of the people of our country." Fox added, "Sen. Hillary Rodham Clinton held a morning rally at historically black Allen University in Columbia, the same city where Friday Illinois Senator Barack Obama appeared to suggest he was blazing a new trail as an African American presidential candidate." Sen. Obama: Twenty years ago, nobody would have believed this crowd right here in South Carolina." Fox added, "South Carolina voters have mixed reaction on whether race, or for that matter gender, will have an effect on the outcome of the 2008 election."

The New York Times (2/20, Healy, 1.16M) reports Senator Hillary Rodham Clinton "told an audience of black voters on Monday that they would be 'breaking barriers' if they supported her for president in 2008 — deliberately signaling that they could still take pride in making history if they chose a woman over one of their own, Senator Barack Obama of Illinois." It was "a delicately worded pitch — Mrs. Clinton did not mention Mr. Obama by name — and it drew applause. Another remark, that 'anyone can be president,' set off an ecstatic standing ovation." Clinton and Obama "were both in South Carolina this holiday weekend competing for the support of blacks, who cast almost half of the votes in the Democratic primary here in 2004." Clinton's "task here became more complicated last week when one of her prominent black supporters, State Senator Robert Ford of South Carolina, said that nominating Mr. Obama would be a disaster." Ford said, "Every Democrat running on that ticket next year would lose because he's black and he's top of the ticket." The Times adds Obama "said Saturday that history was full of examples of people telling blacks, 'We can't.' He then said that, with black support, he could say to voters, 'Yes, we can.'" The Times adds Mrs. Clinton "also appeared at a tribute Monday in Charleston for the state's most powerful black Democrat, Representative James E. Clyburn, majority whip of the United States House, who also met with Mr. Obama over the weekend."

The Washington Post (2/20, A4, Cillizza, 690K) reports Clinton "courted black voters, considered crucial to securing the Democratic presidential nomination, in a series of campaign stops in South Carolina on Monday in which she cast the 2008 election as a chance to make history." Each of Clinton's "appearances was aimed at projecting her as the candidate best equipped to deal with the hopes and hardships of black voters. She called on state leaders to remove the Confederate flag from the grounds of the State House here, as have several other Democratic candidates. Then, after her town hall event at Allen University -- a historically black institution in Columbia -- she headed south to a gathering in Florence in honor of Mayor Frank Willis." Clinton's visit "came less than 48 hours after Sen. Barack Obama (D-Ill.) campaigned here, and even during Clinton's speech in Columbia word was circulating that Obama had secured the endorsement of Dick Harpootlian, a former state party chairman."

The Politico (2/20, Smith) reports Clinton's "tailored case to a black audience reflected her new directness in talking about herself as a woman and a mother. Former British Prime Minister Margaret Thatcher reportedly took voice lessons to sound more like a man; Clinton has gone in the other direction since announcing her bid for the presidency, speaking more explicitly about her sex than ever before in her political career. And while the shift has the lofty aim of trying to change national attitudes toward women, it also reflects a cold, strategic reality." Clinton's "explicit embrace of her gender was a choice, and it represents a gamble of sorts" that "appears, so far, to be paying off. In particular, Clinton appears to have managed to avoid a mass defection of African-American supporters to Obama."

Hillary Clinton Denies Buying Black Legislator's Endorsement. The AP (2/20, Davenport) reports Sen. Hillary Rodham Clinton "on Monday denied that her campaign traded money for an endorsement from one of South Carolina's most influential black politicians." In an interview, Clinton "responded to questions about the consulting contract her campaign negotiated with state Sen. Darrell Jackson, who last week endorsed her candidacy rather than of top rivals John Edwards or Sen. Barack Obama, D-Ill." Clinton said, "Senator Jackson was someone who was involved in my husband's campaigns. He was someone we turned to for political advice and counsel and I'm proud to have him on my team." The AP adds, "Soon after the endorsement, Jackson acknowledged that his media consulting firm had negotiated

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a $10,000 per month contract with Clinton's campaign. Jackson has said he turned down more lucrative contracts from other candidates." Although he "backed Edwards, the former North Carolina senator, in the 2004 Democratic presidential primary, Jackson said he now supports Clinton because she has the best shot of winning the White House."

Questions About Obama's Racial Identity Criticized. In his Washington Post column (2/20, A13), Eugene Robinson says, "Is Barack Obama 'authentically' black? Come on, be real. Is the pope Catholic?" Obama "made his first campaign trip to" South Carolina, "drawing about 3,000 people to a rally in Columbia, the state capital, and 2,000 to a 'town hall meeting' here in the city where I was born and raised. If those who rose early Saturday morning to attend the Orangeburg event constitute a representative focus group, black voters will want to weigh Obama's policy positions against those of the other candidates before deciding whom to support. But they won't spend a lot of time pondering his identity." State legislator Gilda Cobb-Hunter, "an African American," had "no patience for the 'blackness' question that reporters kept asking." Cobb-Hunter said, "People talk as if this is, like, some kind of option for him. … I don't hear the national media questioning Hillary Clinton about being a woman."

Giuliani Said To Be "Nightmare" Candidate For Religious Right. On Fox News' "Your World With Neil Cavuto" (2/19, Cavuto), David Kuo, former deputy director of the Office of Faith-Based and Community Initiatives said Rudy Giuliani "really is a nightmare candidacy for the religious right. He is extremely popular. He is extremely well-liked. And his candidacy really does expose deep fissures within the religious conservative movement, because, on the one hand, you have a religious conservative leadership that has been around for the last 20 years or so. But, more and more, you have young evangelicals, you have people outside of the sort of religious right mainstream who are looking at his candidacy, and who are very fascinated by it. And, so, it -- you could well see a Giuliani nomination. And that could well bring in sort of a religious right war within the GOP."

Bill Clinton Seen As Potential Senate Replacement For His Wife. The Washington Examiner (2/18, Sammon) reported, "If Hillary Rodham Clinton wins the presidency, some top Democrats would like to see her husband, former President Bill Clinton, appointed to serve out Hillary's unexpired Senate term. 'As a senator, he'd be a knockout,' said Harold Ickes, who was once a top White House aide to Bill Clinton and now gives behind-the-scenes advice to Hillary. … 'President Clinton would excel in the Senate,' said Paul Begala, who helped Bill Clinton get elected and served in the White House as a top aide." The Examiner notes that "so far, speculation about potential successors has focused on New York Attorney General Andrew Cuomo and environmental lawyer Robert F. Kennedy Jr."

Bill Clinton Said To Have Little Interest In Senate. On Fox News' Hannity & Colmes" (2/19), host Sean Hannity said, "With Senator Hillary Clinton making her run for the White House, many supporters are looking at husband Bill to fill her Senate seat if she wins. First-term New York governor Eliot Spitzer, a Democrat, would be forced to appoint a replacement for Hillary. And Clinton supporters are already lobbying for the former President." Columnist Dick Morris added, "Well, I'm not sure he wants to go back to work for a living, Sean. He's having a nice time and I think he would thoroughly enjoy being first husband in the White House. And I think he would want to treat that job expansively. I think the more likely role for him would be kind of like roving ambassador. I think Hillary would use him to tour the world and develop relationships that she needs and to advise her on foreign policy." Morris added that Spitzer is "a very, very good governor with a tremendous future and I think some potential himself to be president. And I think that he's going to want to appoint a protégé."

Richardson Calls On Democratic Candidates To Avoid Intra-Party Attacks. USA Today (2/19, 4A, 2.27M) reports New Mexico Gov. Bill Richardson "said he and all other Democratic presidential candidates should sign a pledge not to attack one another. Such a pact would mean 'we will go into a general election stronger,' Richardson said Sunday on CNN's Late Edition.

Parallels Between Decline In Party Fortunes Under Bush, Clinton Noted. Roll Call (2/20, Jacobson) reports that with the National Governors Association winter meeting "set to begin later this week and the 2008 presidential race continuing to simmer, it seems an appropriate time to look at how both former President Bill Clinton and President Bush presided over a significant decline in their own parties' downballot fortunes." For

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Clinton, "the biggest drop in gubernatorial, legislative and Congressional seats came in 1994, two years after he was elected, whereas for Bush, it came after six years in office. And generally speaking, the declines in Democratic downballot strength under Clinton were steeper than those the Republicans have suffered under Bush (though if the trends from 2006 continue, the GOP could cumulatively be looking at Clinton-scale losses two years from now)." The "larger-than-life personas of both Clinton and Bush — and their polarizing effect on the electorate — almost certainly contributed to their party's downballot decline."

Biden's Said To Have Gift For Retail Politics. The Politico (2/20, Simon) reports, "Joe Biden is in the 27th minute of his five-minute presentation, but nobody in the church basement" in Ames, Iowa, "has slipped away, nobody is nodding off, nobody is doing anything but following his every word." Biden's mouth "can get him in trouble, but when it is working right, the words drop from his lips like pearls, and nodding heads now spread through the audience like ripples on a pond." Most politicians "love to serve but hate to run, and you can hardly blame them: Running is when you get the least respect. Running is when the voters remind you that you are a job applicant and they are doing the hiring. But Biden, a senator from Delaware, seems to live for campaigning, live for the give and take, live for switching audiences from rapt attention to raucous laughter and back again." Joe Biden is "a glad-hander in the best sense of the word: He looks glad to be grasping each person's hand, looking the person in the eye, answering some question or exchanging some pleasantry." Does it "really matter? Voters appreciate this much effort even if the candidate is faking sincerity."

Anti-War Wing Of Democratic Party Pressuring '08 Candidates. In his Roll Call column (2/20), Morton Kondracke says, "As dangerous as President Bush's record on Iraq may be to Republican presidential candidates in 2008, Democrats also are risking revival of fears that their party is weak on foreign policy." If Democratic candidates "embrace the strategy of Rep. John Murtha (D-Pa.) to cut off funds for U.S. troops in Iraq, they deserve to be compared to the losers of the past — George McGovern, Jimmy Carter, Walter Mondale, Michael Dukakis and Sen. John Kerry (D-Mass.)." Those candidates "lost presidential elections — often by landslides — mainly because voters perceived them as being unreliable in protecting the country from foreign adversaries." This year, "as in the past, the force-averse liberal base of the party is demanding ever-stronger statements and actions in opposition to the Iraq War and party leaders are obliging, with Murtha, Speaker Nancy Pelosi (D-Calif.) and presidential candidates either obliging or leading the process."

Rush To Reschedule Primaries Could Backfire. The Christian Science Monitor (2/20, Wood, 59K) reports California is "poised to play the first card in what experts say will be a national game of 'reschedule your state's primary.' The stakes: which state can gain significant influence over the presidential nominating process." California's bid "to move its 2008 primary from June to Feb. 5 – already approved by the state Senate and expected to clear the Assembly this week – is intended to force presidential candidates to stump in the Golden State, addressing issues dear to voters here before the contest is all but decided by others. Gov. Arnold Schwarzenegger (R) has said he will sign the bill." But already, "nine states have tentatively scheduled primaries or caucuses for Feb. 5, and more may pile on as states jockey to meet notification deadlines: May for Democrats, September for Republicans. Among the delegate-rich states considering that date: Illinois, New Jersey, and Texas. Florida has a bill pending that would leapfrog them by moving its primary to Jan. 29." But the "probable outcome of a front-loaded primary schedule is an early winnowing of the candidate field, with Feb. 5 becoming a do-or-die date, and a clipped-back period of time in which voters can assess presidential hopefuls at town halls and in their living rooms." University of Virginia political analyst Larry Sabato said, "California and other states that are trying to play calendar games are apt to find out that their plans backfire. We are courting disaster."

Two House Democrats Refuse DCCC Aid. The Politico (2/20, Kraushaar) reports that despite Democratic "successes in last November's midterm, two rookie Democratic congresswomen already are rejecting financial assistance from their leadership, a striking move aimed at cultivating an independent image for voters back home." KS2 Rep. Nancy Boyda (D) and NH1 Rep. Carol Shea-Porter (D) "have declined to participate in the Democratic Congressional Campaign Committee's 'Frontline' program, which helps vulnerable members raise money early and receive logistical support for their re-election

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bids." Twenty-nine members, "including 24 freshmen, qualified for the program in mid-February." Boyda "would have been a prime candidate for assistance. She represents a solidly Republican district where President Bush received 59 percent of the vote against Sen. John F. Kerry, D-Mass., in the 2004 presidential election." Shea-Porter's decision "to bypass the DCCC program is less surprising. In 2006 the committee backed her primary opponent, Jim Craig, and didn't provide any money for her upset victory over Republican Rep. Jeb Bradley."

Democrats' Opposition To Bush Tax Cuts Could Hurt Them In General Election. The Washington Times (2/19, Lambro, 88K) reports, "Virtually all the Democratic presidential contenders have denounced President Bush's tax cuts and called for raising the rates on wealthier Americans, but Republican strategists say their plan will backfire in the 2008 election. … Every Democrat seeking the presidential nomination who was in Congress at the time voted against the Bush tax cuts and has called for repealing some of the income-tax rate reductions if they are elected president. Most say their tax increases would hit only the very wealthiest Americans earning more than $200,000 a year. Republican tax-cut advocates say: 'Don't believe it.' If the Democrats campaign on raising taxes just for people at the top tax rate, 'it will backfire on them for two reasons,' said economic strategist Cesar Conda, a former chief domestic policy adviser to Vice President Dick Cheney."

The Washington Post's Sebastian Mallaby (2/19, A19) writes, "The last time a Democrat controlled the White House, he defended globalization. He understood that trade creates losers, and he sought to assist them with progressive tax and spending policies. But today's leading Democrats are flirting with the opposite approach. They are forthright in their complaints about trade. But, with the notable exception of John Edwards, they are surprisingly reluctant to propose tax hikes."

Traditional Door-To-Door Iowa Campaigns Seen As No Longer Viable. The New York Times (2/19, Nagourney, 1.16M) reports Iowa "has been celebrated for 30 years for its intimate campaigns where future presidents would perch on living room couches or sit at kitchen tables and take questions from 20 or 30 people late into the night. But it was standing room only on Sunday afternoon at the Grand River Center here, where hundreds of people showed up for a forum with John Edwards. … When Mr. Edwards asked for questions, dozens of hands shot up. Many were still up when he called an end to the meeting. Mr. Edwards's experience has been shared by most of the major candidates on recent visits to Iowa, almost a year before the caucuses. It is evidence of what appears to be the demise of the living room campaign, signaling a potentially profound change in the way presidential campaigns are conducted here, and to a lesser extent in New Hampshire."

Campaigns Establish Headquarters Outside Of Des Moines. USA Today (2/19, 3A, Keen, 2.27M) reports, "Development in downtown Des Moines is forcing some presidential campaigns to locate their offices in the suburbs, ending an era when cheap, temporary headquarters were clustered in the city center."

WSJournal Seeks Greater Oversight Of State AGs. Given recent news about California AG Bill Lockyer, the Wall Street Journal (2/20, 2.04M) says state attorneys general have followed the example of Eliot Spitzer since they "have had a field day using their power to accuse all and sundry of wrong-doing. … State attorney generals have become an unchecked source of government abuse in recent years, combining political ambition with the awesome power to prosecute. They need to be reined in, and a good place to start is by exposing their sweetheart contracts with their trial lawyer friends and campaign contributors."

NYTimes Encourages Spitzer To Reform State Legislature. The New York Times (2/19, 1.16M) editorializes, "Almost everybody who voted for Gov. Eliot Spitzer last year realized that he would not tread lightly. … Nevertheless, those lawmakers seemed stunned when Mr. Spitzer came out slugging after they exhibited some of their lesser instincts. When the governor began openly criticizing individual legislators in their home districts, the Albany crowd went into culture shock. They talked about how Mr. Spitzer was not playing by the rules. They talked about how he was upsetting the political etiquette. Joseph Bruno, the Senate leader, whined to reporters last week that the governor was a 'bully.' Maybe so. But a bully is just what New York needs right now — a governor strong, smart and articulate enough to break up the Albany cartel."

Blair Calls For Tougher UK Gun Laws. The Washington Post (2/19, A14, Jordan, 690K) reports British Prime Minister Tony Blair "announced Sunday that he wanted

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to lower to 17 the age at which a mandatory five-year sentence could be imposed for illegally possessing a gun. The announcement followed the shooting deaths of three teenagers." Blair said his government "is seeking to overhaul violent crime laws, including adding penalties for gang membership and measures to protect people who testify against gangs."

Cheney Reportedly Unhappy With North Korean Deal. Newsweek (2/26, Hosenball, Wolffe, 3.12M) reports, "Hard-liners already loathe the new deal in which Kim Jong Il's regime has agreed to halt activity at its main nuclear plant in return for emergency oil supplies. John Bolton, who recently departed as U.S. envoy to the United Nations, told NEWSWEEK: 'We violated the principle that we don't reward bad behavior.'." Newsweek adds, "Administration hard-liners appear to have been unable to thwart diplomacy. Former officials close to Vice President Dick Cheney, who asked not to be identified characterizing his views, suggest he does not like the deal but believes there are enough get-out clauses to ensure either that Pyongyang complies or the whole bargain collapses. Cheney had long influenced North Korea policy through powerful bureaucratic allies who battled what they viewed as State Department appeasers. But Bolton, a leading hawk on North Korea, left the administration when Congress refused to confirm him as permanent U.N. ambassador. Robert Joseph, another key hard-liner, is soon to leave his job as State Department under secretary for arms control. Cheney himself may be the last hard-liner. But White House aides, along with the veep's allies (anonymous when discussing the men's relationship), acknowledge that Bush relies far less on Cheney's judgment now than he did earlier in his presidency."

U.S. News and World Report (2/26, Omestead, 2.03M) reports, "Administration officials have insisted they would not reward the North's nuclear 'bad behavior.' But that, hard-line critics complain, is just what the deal does. Paradoxically, their assertion that North Korea had bested the United States is shared by some deal backers. Their complaint: The years of delay allowed Pyongyang to multiply its plutonium stockpile since the crisis erupted in October 2002. Says a former U.S. official, 'We could have done this four years ago and gotten a better deal.'"

Bush, Howard Discuss North Korea, War On Terror. AFP (2/20) reports, "US President George W. Bush spoke with Australian Prime Minister John Howard about the North Korea nuclear deal and the military campaigns in Iraq and Afghanistan, the White House said." Bush "spoke to Howard by telephone as US Vice President Dick Cheney headed to Japan and Australia to discuss their roles in Iraq and Afghanistan and common challenges like China's rise and North Korea's nuclear program." The two "spoke a week after a breakthrough nuclear deal was reached at talks in Beijing between the United States, the two Koreas, China, Japan and Russia." White House National Security Council spokesman Gordon Johndroe said in a statement that Bush and Howard "discussed the recent agreement at the Six Party talks."

North Korean Deal Said To Highlight Cheney's Declining Influence. The Washington Post (2/20, A5, Abramowitz, 690K) reports, "Mistrustful of North Korea and its willingness to keep promises, Vice President Cheney worked hard in President Bush's first term to prevent talks aimed at halting that country's push to develop a nuclear bomb." However, the State Department reached a nuclear agreement with North Korea earlier this month, "a deal that many of the vice president's conservative allies consider foolhardy and that some of his own staff are said to find hard to swallow." But the "contrast underscores the vice president's shifting status in Washington." While "there is no evidence that Cheney's close relationship with Bush has been lessened," there is "also little doubt that the causes he has championed…are being rethought within the Bush administration, according to officials inside the government and experts outside it." The North Korea deal is "only the latest example of a new pragmatism forced on the administration by a series of court decisions, the deteriorating situation in Iraq and -- perhaps most of all -- the Democratic takeover of Congress." Some conservatives see I. Lewis "Scooter" Libby's resignation after his indictment in late 2005 "as part of the unraveling of a Cheney network, leaving a void that" Secretary of State Condoleezza Rice, "the engineer of the North Korea deal, has exploited."

Cheney To Reassure Japan On Korea Accord. AFP (2/20) reports Vice President Dick Cheney "has headed to Asia with his first scheduled stop in Japan, a key US ally which has voiced increasing concern about the White House's approach on North Korea and Iraq." Cheney will also travel to Australia and Guam. In Tokyo, Cheney will "aim to dispel any worries about the North Korean deal,

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emphasizing that it is only a good 'first step' towards stripping the regime of its nuclear weapons programs." Japan has "refused to fund the deal…due to an emotionally charged row over Pyongyang's past abductions of Japanese citizens."

Professor Accuses Cheney Of "Snubbing" Japanese Defense Secretary. Philip J. Cunningham, professor at Doshisha University in Kyoto, writes in a Los Angeles Times (2/20, 850K) op-ed that during his upcoming visit to Japan, Vice President Cheney "will snub the defense chief, the very person he would be expected to talk to in a visit focusing on defense and security issues. The message seems to be: Friends don't criticize friends." Cunningham notes that "there was no rational reason for Japan to get entangled in Iraq, and there's even less reason to become involved in Iran. However, Cheney appears bent on whipping up support for a reluctant Japan to continue to follow the Bush administration's lead in the war-torn Mideast. In refusing to meet with the defense minister, Cheney seems to be saying, in effect, that a silent nod to the wise is sufficient."

Burns To Meet With South Korean Official On Accord. AFP (2/20) reports South Korea's deputy foreign minister is traveling to Washington "for talks with US officials on ways to follow up on last week's deal on scrapping North Korea's nuclear program," his ministry said. Shim Yoon-Joe was will hold talks with Undersecretary of State Nicholas Burns, Assistant Secretary of State John C. Rood, and deputy NSA Jack D. Crouch.

Zelikow Welcomes Deal As "Successful Test Of Diplomacy." Philip Zelikow, former advisor to Secretary Rice, writes in the Washington Post (2/20, A13, 690K) that the agreement with Pyongyang represents "a successful test of diplomacy." Last week's deal, "skillfully negotiated by Rice and [Assistant Secretary of State Christopher] Hill with their counterparts, delivers a plan for the 'early harvest.' A 'good, initial step' was Rice's careful phrase." But Zelikow warned that "the next two months will show whether the design remains valid. Rice has agreed to a six-party meeting of foreign ministers, including the North Koreans. We will see whether the Bush administration and its counterparts can launch the second stage, when the desired outcomes to be produced from this diplomacy may finally come into view."

ElBaradei Says Nuclear Accord With Iran Unlikely In Short Term. The Financial Times (2/20, A1, Dombey) reports IAEA chief Mohamed ElBaradei "has not given up hope that the US and Iran will one day sit down and negotiate their differences away, but in the much shorter term his prognosis is bleak." On Tuesday, ElBaradei is "due to certify that Iran has failed to comply with UN demands to halt sensitive parts of its nuclear program," but in an interview with the Times, he said he "will continue to make a last-ditch effort to try to convince them that it is in their interest to find a way to go into negotiations." If that doesn't happen, he warned, "I don't see that it is going to happen overnight, I will have to report negatively."

US Taking Twofold Approach To Tehran. The Wall Street Journal (2/20, A6, Solomon, Dreazen, 2.04M) reports, "As Iran's power in the Middle East grows, the Bush administration is pursuing a two-pronged strategy of directly challenging Tehran in places such as Iraq and Lebanon, while seeking to exploit fissures believed to be emerging in Iran's social and political systems." The strategy includes "military movements to underscore American resolve, as well as financial pressure to drive a wedge between Iran's leaders and the country's merchants." US officials say the strategy "isn't designed to court a war. Still, it is fraught with risks." For example, Iran "could misread or overreact to some American moves." At the same time, "Many Middle East analysts are skeptical about the Bush administration's ability to induce political change in Iran."

Iran Launches Large-Scale War Games. The AP (2/20, Dareini) reports Iran Monday launched "its largest war games in almost a year," two days ahead of a U.N. Security Council deadline for Iran to halt uranium enrichment or face further economic sanctions. State television said the three-day exercise is "the biggest since last March and is taking place in 16 of Iran's 30 provinces," with an estimated 60,000 troops participating in the maneuvers.

Iranian Ships Enter Iraqi Waters. CNN's Situation Room (2/19, 7:26PM) reported, "US military officials are trying to figure out Iran's intentions. CNN has learned that Iranian boats crossed into Iraqi waters at the northern end of the Persian Gulf in the past ten days. The boats sailed near Iraq's off shore oil terminals to gauge the military response. Officials say it was not seen as an aggressive act."

Russia To Slow Work On Iranian Nuclear Plant. The New York Times (2/20, A8, Kramer, 1.16M) reports Russia said Monday "it would slow work on Iran's nearly completed Bushehr nuclear power plant." The move follows a disclosure from Russia that Iran "had not made the last two $25 million monthly payments, in a dispute about whether it could pay in euros instead of dollars," and "added a new twist

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to the deeply contentious project." The dispute will also "delay, perhaps by a year, any delivery of nuclear fuel to Iran," Russian officials said. The Washington Times/AP (2/20, Isachenkov) runs a similar report.

Increased Demand, Sanctions May Force Iran To Limit Energy Use. The Wall Street Journal (2/20, A1, Spindle, 2.04M) reports Iran "sits on one-tenth of the world's known oil supplies but is using so much energy these days it may start rationing gasoline as soon as next month." The Journal notes that "as the country has grown wealthier selling oil and gas, Iranians have themselves become large consumers of energy. Government subsidies, which make energy nearly free to consumers and businesses, stoke the demand further. At the same time, a combination of Western sanctions and Iranian policies has discouraged foreign investment in oil fields, causing production to stagnate. The result: Iran's oil exports could dry up in as little as a decade, according to some who have studied the situation."

WSJournal Says EU Subsidizing Business Investment In Iran. The Wall Street Journal (2/20, A16, 2.04M) editorializes, "On the record, Europe claims to be as concerned as America about a nuclear-armed Iran. The record also shows, however, that Europe's biggest countries do a booming business with the Islamic Republic. And so far for the Continentals, manna trumps security." The Journal adds, "In the absence of an official embargo against Tehran, private EU companies have sought commercial opportunities in Iran. But the real story here is that these businesses are subsidized by European taxpayers. Government-backed export guarantees have fueled the expansion in trade. That, in turn, has boosted Iran's economy and -- indirectly by filling government coffers with revenues -- its nuclear program. The German record stands out. In its 2004 annual report on export guarantees, Berlin's Economics Ministry dedicated a special section to Iran that captures its giddy excitement about business with Tehran."

Mideast Summit Ends With Little Result. The New York Times (2/20, A8, Cooper, Erlanger, 1.16M) reports a summit sponsored by Secretary Rice between Israeli and Palestinian leaders "meant to start a new peace initiative" ended Monday "with little more concrete than a promise to meet again." Rice and her aides "made it clear that her efforts had been complicated" by the recent decision by Palestinian President Mahmoud Abbas to form a unity government with Hamas. She "suggested that if this meeting had not been scheduled beforehand," Israeli Prime Minister Ehud Olmert "might not have agreed to meet with Mr. Abbas, whom she praised nevertheless for supporting international and Israeli demands that the Palestinians recognize Israel's right to exist, forswear violence and accept previously negotiated agreements with the Israelis." Although Hamas has not agreed to those requirements, Rice "said she doubted that such a government would come close enough to satisfy the Americans and the Israelis." Following Monday's meeting, Rice read a joint statement, but "neither Mr. Olmert nor Mr. Abbas appeared by Ms. Rice's side as she read the statement, reflecting the tenuous nature of the talks, which appear to be so fragile that no side has even been willing to label them negotiations." However, the commitment from Olmert to meet again with Abbas "is a minor victory" for Abbas, "because it signals that Israel will continue to deal with him despite his unity government plans."

Under the headline "Rice's Mideast Talks Yield Little Except A Promise To Meet Again," the Washington Post (2/20, A10, Kessler, 690K) says the summit "appeared to yield little but a pledge to meet again." Rice's participation in the talks "was intended to signal her deepening commitment to helping resolve the conflict, but the talks demonstrated the difficulties ahead."

The Los Angeles Times (2/20, Ellingwood, 850K) reports in Monday's meeting, the leaders "did not appear to have broached the issues likely to be the most difficult to resolve in reaching a final peace accord, such as borders, the status of Jerusalem and the fate of Palestinian refugees."

The Washington Times (2/20, Mitnick, 88K) says the meeting "produced no immediate breakthroughs but will allow Washington to show its Arab allies it is working to resolve one of the region's toughest problems."

Similarly, the Financial Times (2/20, Morris) says the meeting's outcome "matched its low expectations" as participants "agreed on little more substantial than a willingness to meet again."

The Christian Science Monitor (2/20, Mitnick, 59K) says the "vague language of the summit communiqué reflected the awkward effort to restart negotiations."

The AP (2/20, Gearan) adds, "The prospect of any immediate success here essentially was hijacked by Abbas' surprise announcement last week that he will govern hand-in-hand with the militant group Hamas."

AFP (2/20, Millikin) reports that after the talks, Olmert "insisted Israel would not cooperate with any government that

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did not meet international demands for peace, while Hamas lashed out at what it labeled US isolationism and 'blackmail.'"

Terrorists Strike At Train In India. ABC World News (2/19, story 3, :35, Gibson, 8.78M) reported, "There was terror in India. The target a symbol of that country's peace process with neighboring Pakistan. Two bombs ignited a fire on a train called the Peace Express, which runs between the two countries. India and Pakistan are rival nuclear powers. Today, leaders in both countries denounced the attack, which killed 66 Indians and Pakistanis. The death toll could have been much higher – the entire train had been booby trapped. But the bombs went off in only two of the cars."

The CBS Evening News (2/19, story 3, :20, Mitchell, 7.66M) noted "leaders of both countries called" the attack "terrorism, but no one has claimed responsibility." Likewise, NBC Nightly News (2/19, story 8, :25, Williams, 9.87M) reported there's "no indication yet of who carried out the attack." The New York Times (2/20, Sengupta, 1.16M), among other major newspapers, also reports the story.

Moscow Warns Warsaw, Prague Over US Missile Shield. The Financial Times (2/20, Buckley, Cienski, Williamson) reports the commander of Russia's strategic missile forces, General Nikolai Solovtsov, Monday warned Poland and the Czech Republic they "could be targeted by Russian missiles if they host elements of the planned US missile defense system." The warning came "as both Warsaw and Prague signaled they were likely to respond positively" to US requests for them to host anti-missile defense bases. Also Monday, Germany "expressed concern about the stand-off over the missile defense project," with Foreign Minister Frank-Walter Steinmeier "criticizing the US and NATO for not addressing Russia's worries over the system earlier." The Washington Times/AP (2/20, Isachenkov) also reports the story.

US Officials Urged To Avoid "Professions Of Eternal Friendship" Toward Russian Leaders. Anne Applebaum writes in the Washington Post (2/20, A13, 690K) that "Russian politicians still seem to make American politicians grow starry-eyed and lose their bearings. Perhaps it's a secret longing for the glamour of those Cold War summits, for the days when it seemed as if the personal relations between superpower statesmen could ward off the destruction of the entire planet. Or perhaps they put something in the vodka -- sorry, mineral water -- at those elegant Kremlin lunches. Either way, it's time to kick the habit. True, it is perfectly possible that whoever leads Russia after Putin steps down (if Putin steps down) will be a nicer, friendlier person. It is perfectly possible that we will find areas of cooperation with him, just as we sometimes do with Putin. But however friendly and cooperative, however much a 'democrat' he appears to be, I hope we'll avoid the instant professions of eternal friendship."

US, EU Closer To Deal On Transatlantic Trading Zone. The Financial Times (2/20, Bounds) reports, "The US and European Union could set a date for the creation of a transatlantic trading zone at a summit in April, diplomats say. The idea of harmonising rules and regulations between the world's biggest economies to boost growth has gathered momentum since Angela Merkel, German chancellor, embraced it in January." Both sides "have taken up the so-called Merkel initiative as a way of re-invigorating the partnership after tension over Iraq and the Doha trade round." Boyden Gray, US ambassador to the EU, said, "The political commitment is there from the president and members of his cabinet. It is a great opportunity." Gray "said it was likely the objective would be set at the summit but stressed that more work was needed on how it would be achieved."

Natsios Draws Criticism For Remarks On Sudan. In its "Embassy Row" column, the Washington Times (2/20, Morrison, 88K) reports US special envoy to Sudan, Andrew Natsios, "angered the Africa Action network by dismissing the term 'genocide' in connection with the humanitarian crisis in the Darfur region of the African nation." In an address earlier this month at Georgetown University, Natsios said, "The term 'genocide' is counter to the facts of what is really occurring in Darfur." Nii Akuetteh, executive director the Washington-based advocacy group, said Natsios' characterization "denies the reality on the ground and conflicts with numerous statements from the White House and State Department over the past two years."

Kristof Urges Bush To Join Carter's "War On Diseases" That Afflict World's Poor. Nicholas Kristof writes in the New York Times (2/20, 1.16M), "Ethiopia has the largest proportion of blind people in the world, 1.2 percent, because of the combined effects of river blindness and trachoma. As in many African countries, the wrenching

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emblem of poverty is a tiny child leading a blind beggar by a stick." In "remote places like this, former President Carter, at 82, is leading a private war on disease that should inspire and shame President Bush and other world leaders into joining. It's not just that Mr. Carter's wars have been more successful than Mr. Bush's; Mr. Carter is also rehabilitating the image of the US abroad and transforming the lives of the world's most wretched peoples. … So, President Bush, how about if we as a nation join Mr. Carter's war on diseases that afflict the world's poorest peoples -- and are one reason they are so poor. That's a war that would unite Americans, not divide them. Come on, Mr. Bush, sound the trumpets!"

WSJournal Suggests Argentina Is "Economic Banana Republic." The Wall Street Journal (2/20, 2.04M) editorializes, "Just when you think world economic policy might be moving in a more sensible direction, along comes Latin America. This month's lesson in how not to create prosperity comes from Argentina, which has decided that the way to whip inflation is to throw out inconvenient statistics. Recently the Peronist government of President Nestór Kirchner sacked an official at its National Statistics and Census Institute for refusing to agree to alter the 'methodology' used to calculate inflation in January." As his government "heads into the season of negotiating labor contracts, Mr. Kirchner has an incentive to underestimate inflation. And sure enough, five days after this dismissal, the government released its January inflation number of 1.1%, well below the 1.5% to 2% expected by non-government economists. … Mark it down as one more reason Argentina can't shake its reputation as an economic banana republic."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Give Him An A For Ambition."
"In JetBlue's Wake, A Push For Fliers' Rights."
"Supreme Court's New Tilt Could Put Scalia On A Roll."
"Far-Flung Suburbs Want Good Life Too."
"Insurgents Strike U.S. Outpost In Iraq."
"Anglicans Tense But Not Split After Talks."

USA Today:
"Police Needing Heavier Weapons."
"'Abandoned' In Cheyenne."
"Women's Heart Risk Underestimated."

New York Times:
"Iraqi Militants Launch Attack On U.S. Outpost."
"Merger Would End Satellite Radio's Rivalry."
"Spitzer Backs Plan For Indian Casino In Catskills."
"North Africa Feared As Staging Ground For Terror."
"Anglicans Rebuke U.S. Branch On Same-Sex Unions."
"Trial Spotlights Cheney's Power As An Infighter."

Washington Post:
"Army Fixing Patients' Housing."
"Black Parents Seek To Raise Ambitions."
"Satellite Radio Firms Plan To Merge."
"Terrorist Networks Lure Young Moroccans To War In Far-Off Iraq."
"Hospital Investigates Former Aid Chief."
"That Little Voice Telling You To Skip I-95? It's Your Car."

Washington Times:
"Fasten Your Seat Belts For Bumper Ride."
"Crackdown In Iraq Spurs Violent Day."
"An Immigration Balancing Act."
"XM, Sirius Cut Deal To Unite Satellite Forces."
"Angelicans Urge Action On Same-Sex Conflict."
"Chocolate A Treat For You And Your Brain."

Detroit Free Press:
"Ford Is Awash In Buyouts."
"Chrysler's Value Is In The Eyes Of Beholders."
"Where Is Tara Lynn Grant."
"Cox Takes Heat Over Canceling Detroit Gun Program."

Atlanta Journal-Constitution:
"Georgia Cashes In On Energy Crunch."
"Hearts At Risk Women Warned."
"Clues Found To Civil War Prison Site."
"Injured vet Deploys For Gold Dome Tour."

Houston Chronicle:
"Eckels' New Boss: Fulbright Law Firm."
"Aspirin A Day? It May Help In Women."
"U.S. Post Struck In Daylight Assault."
"TAKS Time, And Stakes Are High."
"Strangers Put Fear Aside, Try In Vain To Pull 2 From Wreckage."

Story Lineup From Last Night's Network News:
ABC: Iraq Sectarian Violence; Protecting Troops-Iraq; Train Bombs-India; Three Climbers Lost-MT. Hood; JetBlue

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Cancellations; Gang Violence; Sirius & XM Merger; Preventing Heart Disease; Presidential Moments.

CBS: Iraq-Insurgent Violence; Afghanistan-Al Qaeda; India Bombing; Women-Heart Disease; XM-Sirius Merger; JetBlue Cancellations; Mount Hood Rescue; Elder Care; New Orleans Departures; JFK Film; Martha Stewart-Trademark Dispute.

NBC: Al Qaeda Attack-Iraq; Change In Fighting-Iraq; Al Qaeda-Analysis; JetBlue Cancellations; Preventing Heart Disease; Sirius & XM Merger; Caring For The Elderly; Train Bombings-India; Climbers Lost-MT Hood; Presidential Moments.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: OR-Climbers Rescued; JetBlue Cancellations; Cheney-Japan; Iraq-Attack On US Base; Iraq-Fuel Truck Explosion; Satellite Radio Merger; Australia To Ban Incandescent Light Bulbs; Tokyo Stock Exchange.

CBS: Iraq-Fuel Truck Explosion; MD-Liquor Store Gunman; OR-Climbers Rescued; Libby Trial; American Heart Association-Warning For Women; McCain Meets With Religious Broadcasters in Florida; Fat Tuesday; Spike Lee's Katrina Documentary Wins Polk Award.

NPR: Afghanistan-Western Town Retaken After Being Seized By Taliban; Iraq-Fuel Truck Explosion; Bush-President's Day; San Diego-Catholic Bishop's Letter About Payments To Sexual Abuse Victims; JetBlue Cancellations; Mexican Lawmaker Ambushed By Gunmen; NJ-Civil Unions.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a ceremonial swearing-in for Director of National Intelligence Mike McConnell, Bolling Air Force Base; participates in Meeting on Health Care Initiatives, Roosevelt Room, pool at bottom.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Attends a briefing on the Northwestern Hawaiian Islands Marine National Monument, hosted by the Council on Environmental Quality.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: UTILITY REGULATORS _ National Association of Regulatory Utility Commissioners (NARUC) holds its Annual Winter Committee Meetings. Discussion topics include climate change, video franchising, pipeline safety and critical infrastructure. Highlights: Stuart Rothenberg, publisher, The Rothernberg Political Report, during the general session. 8:30 a.m. Christine Todd Whitman, former EPA commissioner and New Jersey governor. 1:30 p.m. Steven R. Specker, president and CEO, Electric Power Research Institute. 1:30 p.m. NARUC, the Federal Communications Commission and the National Association of State Utility Consumer Advocates hold a joint news conference. Location: Renaissance Washington Hotel, 999 9th St. NW.

AFRICAN AMERICAN COMMUNITIES _ 8:30 a.m. - 11 a.m. Robert M. Franklin, author of ``Crisis in the Village: Restoring Hope in African American Communities," speaks on why he beleives far too many African American communities are losing ground 50 years after the Civil Rights Movement. He will be joined in a panel discussion by E.J. Dionne, journalist, political commentator and op-ed columnist for The Washington Post; Marian Wright Edelman, founder and president of the Children's Defense Fund; Hugh Price: former president of the National Urban League; senior fellow of the Brookings Institution; Cheryl Sanders: professor of Christian Ethics at Howard University School of Divinity; Jim Wallis, president and executive director of Sojourners/Call to Renewal, editor-in-chief of Sojourners magazine. Location: National Press Club.

HEALTH CARE SPENDING _ 9:30 a.m. - 11 a.m. Economists from the federal government's Centers for Medicare and Medicaid Services will discuss their ten-year projections of national health care spending. Location: National Press Club, Zenger Room.

ENERGY INITIATIVE-BODMAN _ 10 a.m. Energy Secretary Bodman holds media availability. He'll discuss the Energy Initiative, among other topics. Location: Hotel Sofitel, 806 15th St. Notes: Former Sen. John Breaux nd former Long Beach Mary Beverly O'Neill will attend.

WAL-MART _ 10 a.m. - 11:30 a.m. The American Enterprise Institute hosts a book forum, ``The Wal-Mart Revolution," a discussuion of Wal-Mart's effect on the U.S. economy and the role of Wal Mart in the 2008 election. Presenter: Richard Vedder, co-author of The Wal-Mart Revolution; Discussants: Michael Barone, U.S. News & World Report; and Andrew Grossman, Grossman Innovative Strategies, founder of Wal-Mart Watch. Moderator: Kevin A. Hassett, AEI. Location: Wohlstetter Conference Center, 12th floor, AEI 1150 17th St. NW.

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CAVANEY-ENERGY FUTURE _ 12 p.m. American Petroleum Institute President and CEO Red Cavaney addresses a National Press Club morning newsmaker. Topic: America's Energy Future." Location: National Press Club, Zenger Room.

HUD-HOMELESS _ 1 p.m. HUD Deputy Secretary Roy A. Bernardi holds teleconference to announce $1.4 billion in homeless assistance. Grants will benefit more than 5,300 programs in local communities throughout the country. Contacts: Brian Sullivan, 202-708-0685. Notes: Reporters should call (866) 780-1271 no later than 12:55 p.m. EST Conference ID number is 9491647.

ELECTRIC EFFICIENCY _ 2:30 p.m. Edison Electric Institute President Tom Kuhn and Natural Resources Defense Councils Air & Energy Program Director Ashok Gupta hold news conference. They'll announce recommendations for new efficiency standards governing electric utility distribution transformers, marking a first-ever agreement on appliance standards from Americas investor-owned and public-power electric utilities and major energy efficiency and environmental groups. Location: Renaissance Washington Hotel, 999 9th St. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, FEBRUARY 20, 2007 7:45 AM EST

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TERRORISM NEWS:

Bush Draws Link Between Revolutionary War, Struggle Against Terror. USA Today (2/20, 8A, 2.27M) reports, "President Bush honored the 275th birthday of the nation's first president Monday, likening George Washington's long struggle that gave birth to a nation to the war on global terrorism. 'Today, we're fighting a new war to defend our liberty and our people and our way of life,' Bush said in front of Washington's home along the banks of the Potomac River in Mount Vernon, Va." Bush "chose the Presidents Day holiday to make his first visit as president to Mount Vernon. He and first lady Laura Bush helped lay a wreath at Washington's tomb, then the president gave a speech on the lawn of the estate." Bush quipped, "I feel right at home here. After all, this is the home of the first George W." The AP (2/20, Raum) notes Bush said, "As we work to advance the cause of freedom around the world, we remember that the father of our country believed that the freedoms we secured in our revolution were not meant for Americans alone. … Over the centuries, America has succeeded because we have always tried to maintain the decency and the honor of our first president."

Likewise, the Los Angeles Times (2/20, Gerstenzang, 850K) reports Bush "linked the ideals of the first president to the war being fought by the 43rd, saying Washington's goals guided the nation's quest to extend freedom beyond its borders."

The Washington Post (2/20, A5, Jackman, 690K), meanwhile, reports "Bush's remarks consisted mainly of a reflection on Washington's life and impact on the United States, with brief allusions to today's war."

But the New York Times (2/20, Stolberg, 1.16M) reports Bush "implicitly compared himself to his predecessor. 'With the advantage of hindsight, it is easy to take George Washington's successes for granted,' Mr. Bush said after enumerating Washington's achievements as commander of the Continental Army and later as president. But 'America's path to freedom was long and it was hard,' he continued, 'and the outcome was never really certain.'" McClatchy (2/20, Douglas) also says Bush "drew comparisons between America's first wartime president and the current one. He likened Washington's struggles in fighting for and forging democracy to his global war on terrorism."

The Washington Times (2/20, Dinan, 88K) reports, "As he nears the end of his own two terms as president and his Iraq policy faces heavy criticism, Mr. Bush, the 43rd president, seems to take solace in the fact that historians are still digesting the first president's legacy. 'My attitude is, if they're still analyzing No. 1, 43 ought not to worry about it and just do what he thinks is right, and make the tough choices necessary,' he said at a press conference late last year." Bush "clearly has done some of his own analyzing about Washington, praising him several times for being steady as a wartime leader. 'In the end, General Washington understood that the Revolutionary War was a test of wills, and his will was unbreakable,' he said."

Australian Official Says US Will Turn Hicks Over By End Of Year. The New York Times (2/19, Johnston, 1.16M) reports Australian Foreign Minister Alexander Downer said Sunday "that his government had reached a deal to allow David Hicks, who has been held at the American military base in Guantánamo Bay, Cuba, for more than five years without trial, to return to Australia by the end of the year." American military prosecutors "have accused Mr. Hicks, 31, an Australian citizen, of attempted murder in violation of the laws of war and providing material support for terrorism. Mr. Hicks, who was captured in Afghanistan in late 2001, is expected to be formally charged soon." Downer said US authorities "had told him that if Mr. Hicks was found guilty by the military tribunal, he would be allowed to serve out his sentence in an Australian prison."

US To Conduct Large-Scale Anti-Terror Exercise On Guam. The Washington Times/AFP (2/20) reports, "The world's biggest anti-terrorism exercise will be held this year on Guam, underscoring the Pacific island's growing importance to Washington, officials said yesterday. Exercise TopOff4 is part of a series of large-scale maneuvers established to strengthen the U.S. ability to respond to terrorist attacks involving weapons of mass destruction." US Coast Guard Commander William Marhoffer said that "TopOff4 'is a domestic counterterrorism exercise. ... It involves the intelligence communities, the Department of Homeland Security, the FBI, the Department of Defense, the U.S. Coast Guard.' The exercise is expected to simulate a maritime terrorist attack."

Madrid Attack Defendant Says Refusal To Be Informant Prompted Arrest. The AP (2/20) reports, "A Moroccan who ran the shop where most of the cellphone cards used to set off the bombs in the 2004 Madrid train attacks were sold said Monday he was implicated in the case as punishment for refusing to be a police informant." Jamal Zougam "denied he was a member of al-Qaeda or other radical Islamic groups, or that he had ever trained in terrorist camps in Afghanistan. He also condemned the Madrid blasts, and said he had never thought of his host country as an enemy." In additional testimony yesterday, bombing

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suspect Syrian Basel Ghalyoun "acknowledged that he was a friend of Tunisian Serhan Ben Abdelmajid Fakhet and other ringleaders who blew themselves up as police moved to arrest them weeks after the attacks but denied having anything to do with the bombings."

European Terror Investigators Have Wider Powers Than US Counterparts. In a Wall Street Journal (2/20, 2.04M) column, Bret Stephens writes that the Napoleonic Code gives "French investigative magistrate and counterterrorism supremo Jean-Louis Bruguiere" many powers that the Constitution denies to US counter-terror officials. "In the U.S., Mr. Bruguiere's activities would amount to one long and tangled violation of the First, Fourth, Fifth, Sixth and Eighth Amendments to the Constitution. … In France, however, Mr. Bruguiere…is a folk hero." Stephens adds, "All this calls into question the seriousness, if not the sincerity, of European complaints that under the Bush administration the U.S. has become a serial human-rights violator. … When President Bush declared a war on terror after 9/11, it was because he had no other realistic legal alternative. And when the rest of us make invidious comparisons between Europe and America, we should keep our fundamental differences in mind. There is no European 82nd Airborne, and there is no American Jean-Louis Bruguiere."

Trial Of Accused Madrid Train Bombers Broadcast Over Web. The New York Times (2/19, Carvajal, 1.16M) reports that on the "opening day of Spain's trial of 29 men accused in the deadly Madrid train bombings, police officers ringed the maximum-security brick courtroom while a helicopter whirled overhead." But with "the click of a computer mouse, anyone can peek inside the inner sanctum for a glimpse of Spanish judges in black robes with white lace cuffs facing suspects barricaded behind bulletproof glass." That "YouTube-style window has been opened by a high-tech legal services company, Datadiar, which is streaming live coverage of the trial on its Web site, datadiar.com, and posting archived video testimony that began with the appearance on Thursday of the first suspect, Rabei Osman Sayed Ahmed, known as Muhammad the Egyptian" The "rare running view of what stands to be a legal marathon is of keen interest to a nation still haunted by questions about who set off the bombs on March 11, 2004, killing 191 and wounding nearly 2,000 on four commuter trains."

HOMELAND RESPONSE:

DHS Ramps Up Nuclear Weapons Detection Efforts. U.S. News and World Report (2/26, Marek, 2.03M) reports, "Nuclear bombs are the rare weapon that can kill hundreds of thousands. And experts say the unleashing of a dirty bomb-a conventional explosive laced with radioactive material-could sicken thousands of people and cause unparalleled economic damage. So it's not surprising that DHS and New York-area authorities are planning an aggressive approach in coming months: They'll surround Manhattan with radiation detectors they hope can sniff out a weapon before it does harm. But it's an ambitious, expensive effort, and critics worry they're going too far, too fast. … Today's detection efforts, however, are limited by technology." The "vast majority" of machines "can't distinguish between harmful and harmless, naturally occurring radiation. Still, DHS's current approach has been quietly gaining speed in the past year."

U.S. News and World Report (2/26, Kingsbury, 2.03M) also reports that in December 1945, Robert Oppenheimer wasquoted as saying, "If you hired me to walk through the cellars of Washington to see whether there were atomic bombs, I think my most important tool would be a screwdriver to open the crates and look. I think that just walking by, swinging a little gadget would not give me the information." US News adds, "Not everyone completely agrees; Department of Homeland Security officials say new state-of-the-art detectors can do a much better job than that. But the basic point is still valid-and alarming."

DHS To Work With States On Chemical Plant Security Concerns. USA Today (2/20, 3A, Hall, 2.27M) reports, "New government rules seeking to thwart terrorist attacks on chemical plants are facing stiff opposition from state leaders, environmentalists and others who say the regulations are flawed, vague and unlikely to protect the public." Sen. Joe Lieberman has wrote to DHS Secretary Michael Chertoff this month saying that the rules, set to take effect in April, "are seriously flawed and could have a very harmful impact." Agency spokesman Russ Knocke "says the department is reviewing the complaints and will work with plant managers, state officials and other groups to address their concerns." USA Today notes that New Jersey Gov. Jon Corzine has complained that the federal rules would weaken "stricter chemical security rules" passed in his state in 2005. However, "Knocke says the nation must have uniform security policies."

Congressional Democrats Urge Tighter Security For Subways. USA Today (2/19, 1A, Hall, 2.27M) reports congressional Democrats "now in charge of homeland security are pushing ahead with legislation to tighten security in the nation's subways and other mass-transit systems." Senate Banking and Urban Affairs committee Chairman Chris Dodd, D-Conn. said, "These are ripe, easy targets. Commuters shouldn't have to play Russian roulette when they get on the train in the morning." USA adds Dodd's panel "has approved legislation authorizing

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$3.5 billion over the next three years on transit security. The committee oversees mass transit." Meanwhile, House Homeland Security Committee Chairman Bennie Thompson "says his panel's legislation will mandate more training for transit workers, whistle-blower protection for those who reveal security lapses, increased screening at stations and federal grants for mass-transit security."

NYTimes Calls For Repeal Of Provisions That Ease Declaration Of Martial Law. The New York Times (2/19, 1.16M) says in an editorial, "A disturbing recent phenomenon in Washington is that laws that strike to the heart of American democracy have been passed in the dead of night. So it was with a provision quietly tucked into the enormous defense budget bill at the Bush administration's behest that makes it easier for a president to override local control of law enforcement and declare martial law." The provision, "signed into law in October, weakens two obscure but important bulwarks of liberty." The first, posse comitatus, "is the doctrine that bars military forces, including a federalized National Guard, from engaging in law enforcement." The other "is the Insurrection Act of 1807, which provides the major exemptions to posse comitatus. It essentially limits a president's use of the military in law enforcement to putting down lawlessness, insurrection and rebellion, where a state is violating federal law or depriving people of constitutional rights." There is "a bipartisan bill, introduced by Senators Patrick Leahy, Democrat of Vermont, and Christopher Bond, Republican of Missouri, and backed unanimously by the nation's governors, that would repeal the stealthy revisions. Congress should pass it."

Justice Sought For Japanese Taken From Latin America During WWII. In a n op-ed for the Washington Post (2/19, A19, 690K) Reps. Xavier Becerra and Dan Lungren write, "2,300 people of Japanese descent from 13 Latin American countries who were taken from their homes and forcibly transported to the Crystal City camp during World War II. The U.S. government orchestrated and financed the deportation of Japanese Latin Americans for use in prisoner-of-war exchanges with Japan. Eight hundred people were sent across the Pacific, while the remaining Japanese Latin Americans were held in camps without due process until after the war ended.." The congressmen add, "Further study of the events surrounding the deportation and incarceration of Japanese Latin Americans is merited and necessary. That is why we have introduced H.R. 662, the Commission on Wartime Relocation and Internment of Latin Americans of Japanese Descent Act."

Settlement Expected In Hurricane Lawsuits. USA Today (2/19, 1B, Chu, 2.27M) reports, "The first major insurance settlement involving a group of hurricane-damaged homes in Louisiana is in its final stages and could be announced as soon as in a week or two, according to the attorney for the homeowners who sued. The likely multimillion-dollar deal would cover about 165 homeowners insured by Louisiana Citizens -- the state-created insurer of last resort -- in Cameron Parish, where the 2005 hurricanes reduced homes to slabs, says Jennifer Jones, the homeowners' lawyer." Jones "cautioned that the settlement could still be scuttled. But if it succeeds, it could provide a model for resolving hundreds other such cases in the state. The deal would not affect thousands of homes damaged by the New Orleans levee breach after Hurricane Katrina."

Katrina "Voluntourists" Noted. USA Today (2/19, Copeland, 2.27M) reports on Katrina "voluntourists," a "massive wave of volunteers -- half a million, by one estimate -- who have come here from across the nation in the nearly 18 months since Katrina struck. In storm-ravaged Mississippi, their impact has been immeasurable. From Pascagoula in the east to Bay St. Louis in the west, these volunteers have been the one positive constant for residents who have battled through lengthy power outages, mosquito infestations, stuffy FEMA trailers, recalcitrant insurers and an often molasses-slow government bureaucracy."

Many In New Orleans Said To Be Ready To Leave City. The CBS Evening News (2/19, story 9, 2:25, Mitchell, 7.66M) reported that as "a successful Mardi Gras" in New Orleans comes to a close, more than 700,000 tourists are set to leave following Fat Tuesday, and "many of the city's prominent residents may soon be following." CBS (Smith) continued, "A recent study by the University of New Orleans found that nearly a third of the people here say they might be moving in the next two years. For people who stayed after the storm, day-to-day life in the big easy has been anything but. … The homicide rate is one of the highest in the country and 17 officers a month are quitting the police department." City councilman Oliver Thomas was shown saying that living in the city is "a little tougher right now. But it's worth it."

WAR NEWS:

Al Qaeda Attack Against US Outpost In Iraq Raises Alarms. Coverage of yesterday's attack on a US outpost outside Baghdad, reportedly carried our by an Al Qaeda-linked group, is being portrayed as an ominous sign for President Bush's new Iraq strategy. All three networks led with the story, which is also being covered on the front pages of today's major newspapers. ABC World News (2/19, lead story, 2:45, Gibson, 8.78M) reported, "Part of the President's new plan in Baghdad is to place US forces in a number of outposts in and around the city. One of those outposts,

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heavily-fortified, occupied by about 100 American troops, came under attack today. Two Americans were killed, 17 wounded. The attack raises new concerns. If the additional US troops now in the city restrict insurgents, will they start attacking outside the city? And it raises the question about whether smaller outposts put America's troops in greater danger." Here's ABC's Miguel Marquez." ABC (Marquez) added, "Explosions thundered throughout Iraq today, as insurgents appeared to mount a surge of their own. … The Al Qaeda group, Islamic State of Iraq, claimed the responsibility for the attack. The claims couldn't be verified. As many as 60 similar bases will eventually house US troops taking part in the surge. They are smaller and less secure than most other US bases." ABC World News (2/19, story 2, 1:40, Gibson, 8.78M) later reported, "Overall, six US troops died in Iraq today, bringing this month's US death toll to 59."

The CBS Evening News (2/19, lead story, 2:25, Mitchell, 7.66M) attributed the attack to "Sunni insurgents," and said they "are responding to the US and Iraqi sweep of Baghdad with some new tactics of their own. They made a direct in-your-face attack today on a US combat base outside Baghdad." CBS (Logan) added, "This was a rare and brazen assault on a US base carried out in broad daylight by gunmen intent on killing and wounding as many American soldiers as possible."

NBC Nightly News (2/19, lead story, 2:05, Williams, 9.87M) reported, "There is a strong possibility that we are looking at a big change in the war in Iraq happening right now before our very eyes." NBC (Arraf) added, "Al Qaeda in Iraq has claimed responsibility for this attack," one "US officials are calling coordinated and sophisticated. It was also devastating. … Interior Ministry sources say it happened like this. Two suicide bombers drove their cars to the outer perimeter of a police station used by US forces. That perimeter was protected by concrete blast barriers and barbed wire. They detonated the cars, killing two soldiers at the gates. As other US troops rushed out of the police station a third bomber drove up and detonated his car. A building in the compound collapsed. Then a firefight broke out between US troops and insurgents armed with rocket propelled grenades, sniper rifles and AK-47's. As the fighting raged, American helicopters touched down to evacuate wounded soldiers. Tonight, US troops have sealed the roads in and out of the farming community where for the last few months, the only defense against Sunni insurgents have been the US soldiers attacked today."

NBC Nightly News (2/19, story 2, 2:00, Engel, 9.87M) later reported, "We're seeing foot patrols again in Baghdad that we haven't seen in a long time. More hearts and mind campaign. There are also vulnerabilities. These small bases are not as well protected. What we saw today is that the enemy is trying to probe the weaknesses and look for weaknesses in the new battle plan and it looks like they found at least one. … It is very much a new war. A lot of people say this feels like 2003, that the war is starting again. This is a new battle plan. The battle plan to end the war in Iraq and finally establish some sort of stability."

The New York Times (2/20, Santora, 1.16M) reports the attack "appeared to be part of a renewed drive by insurgents in recent weeks as more American and Iraqi troops flood the streets of Baghdad and thousands of marines head to western Anbar Province to try to stem the violence. Hundreds of Iraqis have died in a recent wave of car bombings in Baghdad and elsewhere." Insurgents "have been able to shoot down more helicopters through coordinated assaults, captured documents suggest, and American and Iraqi military officials say they are concerned that militants are moving to areas where the American troop presence remains thin."

The Washington Post (2/20, A8, Londono, Ricks, 690K) also says "the coordinated frontal attack -- which occurred as hundreds of American soldiers are being deployed to small, similarly vulnerable inner-city posts -- appeared to be a shift toward more aggressive tactics. … Sunni insurgent attacks on U.S. forces have become increasingly sophisticated and effective in recent months." The Los Angeles Times (2/20, Daragahi, 850K) runs a similar report.

The Chicago Tribune (2/20, Janega, 617K) also recounts that "in a sign of the sectarian tensions threatening the country, a Sunni woman appeared on television to say she had been raped by Iraqi national police, most of whom are Shiite. The charge was rejected by Prime Minister Nouri al-Maliki, a Shiite, who called it 'made-up noise.'" Sunnis "have criticized the new security plan, saying they are being unfairly targeted. The Sunni woman's allegation that she was assaulted by three members of the national police fed Sunni apprehensions about 'Impose the Law.'"

Car Bombs Kill At Least 11 In Baghdad. The AP (2/20) reports, "Car bombs killed at least 11 people in Baghdad on Tuesday as militants show increasing defiance to a major security operation in the capital. ... More than 100 people have been killed in the Baghdad area since Sunday, when twin blasts in a market claimed 62 lives. U.S. and Iraqi forces last week launched a massive effort of house-to-house searches and checkpoints around Baghdad to try to cripple extremist factions."

Decline In Number Of Insurgent Attacks Seen As Temporary "Lull." USA Today (2/20, 11A, Dorell, Jervis, 2.27M) reports "the number of extremist attacks in Baghdad has declined over the past two weeks since a new security plan took hold, although the relative lull may be short-lived, the US military said Monday. Bombings on Monday that killed more than 40 Iraqis demonstrated that extremists were still staging attacks aimed at grabbing headlines," but "the overall number of attacks on US and Iraqi troops has fallen, said Lt. Col. Christopher Garver, a spokesman for the US

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military." Gen. David Petraeus, "the new commander of U.S. forces in Iraq, warned last month that it could be late summer before it becomes clear whether the new security plan is working." Mohamed Al Daiyni, "a member of Al Tawafek, the largest Sunni coalition in the parliament, said violence was down because 'all the fighting groups are hiding.' 'If there is any lull in violence, it will be temporary,' Al Daiyni said."

The Christian Science Monitor (2/20, Peterson, 59K) reports "Iraqi and American forces are meeting mixed results – that often vary street by street and day by day – as they struggle to regain control of Baghdad. … Some neighborhoods are seeing tentative early progress in this city of 6 million, where a surge of Iraqi and American forces started last week." The Monitor adds, "Shiite areas controlled by the Mahdi Army, loyal to anti-American cleric Moqtada al-Sadr, are meant to be a particular US target because of links with death squads that have been killing dozens of Sunnis a day. Maliki's government, which relies on Mr. Sadr's supporter to rule, is reported to have pushed for Sunni areas to be cleaned up first. Sunni leaders have cried foul."

Marines In Anbar Province Cope With "Daily Grind." The Los Angeles Times (2/20, Perry, 850K) reports, "Rather than charge into battle, most Marines in Iraq's western desert are engaged in nation building on a piecemeal basis, the kind of venture…Bush once publicly disdained. Trained to win quick, decisive victories with firepower and bravery, Marines in Al Anbar province instead face a daily grind. Most never fire their weapons. ... What has changed is not the violence, but the U.S. expectations. ... Now the watchword is that all gains are small and that prevailing here could take years. ... A counterinsurgency operation such as the one in Al Anbar is slow, and gauging its progress is like trying to measure a child's growth on a daily basis, Maj. Gen. Richard Zilmer said. Even when there are hopeful signs, they are contradicted by disappointing ones."

Democrats Readying Draft Of War Reauthorization. CNN's Situation Room (2/19) reported, "Democratic sources say the Senate Foreign Relations and Armed Services chairmen are now writing a resolution reauthorizing the war, but limiting US troops in Iraq to a support, not a combat role." In a phone interview from Iraq, Senator Jon Kyl told CNN that limiting the mission there "would be a huge mistake when we are just beginning to execute a new strategy."

On Fox News' "Your World With Neil Cavuto" (2/19, Cavuto), Rep. Tom Davis, an opponent of the Iraq troop surge, said the House resolution passed last week "sends a lot of messages. This is a democracy. And, of course, there is a lot of dissent, even within the Pentagon, about this troop surge. That's why some generals were replaced. … I am afraid that the surge is going to produce more Gold Star moms. … The Iraqis have to step to the plate. And one of the things this resolution did, in my opinion, is, it sends a very strong message to the Iraqis. They are going to have to step up to the plate. And they can't rely on Americans to continue to do this."

House GOP Leaders, Conservatives Activists Target Surge Critics. The Politico (2/20, O'Connor, Kraushaar) reports House Republican leaders "and conservative activists are targeting critics of President Bush's plan to send more combat forces into Iraq -- and some GOP lawmakers are on the hit list." Amid a "mounting campaign in Congress to limit Bush's military options, conservatives led by talk show host Hugh Hewitt have created an advocacy group designed to counter the anti-war MoveOn.org. And its first round of targets will be the 17 GOP lawmakers who voted for last week's Democratic resolution in the House opposing the troop increases." The first member in "the sights of the new Victory Caucus is Rep. Ric Keller, R-Fla., whose district includes Orlando." House Republicans are also "hitting Democrats who represent districts Bush won in hopes of preventing a congressional majority that would restrict money for Afghanistan and Iraq. The GOP is flooding those districts with news releases and e-mails warning that Democrats are undermining U.S. troops." Republicans "claim the campaign already has paid off in South Dakota, where the Sioux Falls Argus Leader ran a column over the weekend highlighting how Democratic Rep. Stephanie Herseth is pinched between party leaders and conservative voters in the state."

Fineman Says Republicans "Caved." On MSNBC's "Hardball" (2/19, Matthews), MSNBC political analyst Howard Fineman said congressional Republicans "are throwing away what little credibility they have. They are giving in to…Bush in his effort to prevent the Congress from doing anything. … [If congressional Democrats] can't get this resolution, how are they going to get one to cut off funding for the troops? Because that is much more dangerous politically. One would have thought that this was pretty much of an easy get for almost all members of Congress. But the White House put on the pressure and the Republicans caved, virtually all of them."

Democrats' Possible Strategies Outlined. E.J. Dionne writes in the Washington Post (2/20, A13, 690K), "Two things are now abundantly clear about the future of US policy toward Iraq. First, majorities in both houses of Congress have lost faith in President Bush's approach to the war. Second, the president will do all he can to resist changing his strategy by trying to split his critics into ineffectual factions. Bush's choice is certainly bad for opponents of the war, but it's also bad for American foreign policy. … For now, the war's opponents are focused on three strategies. One would be to cut off funds for the war, but there is currently no majority in either house for this. A second approach, expected to come from Rep. John Murtha

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(D-Pa.), would propose restrictions on troop deployments -- for example, forbidding the redeployment of units that have been home for less than a year and imposing substantial training requirements on the troops who are sent. … A third path, offered by Sens. Joseph Biden (D-Del.) and Carl Levin (D-Mich.), would have Congress revisit its original 2002 Iraq resolution to make clear that the war authorized then (against Saddam Hussein and what turned out to be nonexistent weapons of mass destruction) had nothing to do with putting American troops in the midst of a Muslim civil war now." Rep. Chris Van Hollen "has an additional idea: Opponents of the war need to force full consideration of the original Baker-Hamilton proposals."

Vilsack Calls For Taking US Troops "Out Of Harm's Way." In an interview with CNN's Situation Room (2/19, 5:15PM), Iowa Gov. Tom Vilsack said, "Capping the number of troops" in Iraq "is simply maintaining the status quo, staying the course." Instead, he said the US needs "a change of course. We need to take our troops out of harm's way and we need to do it now." Calling the situation in Iraq a "civil war," Vilsack said the war "can only be resolved in a political resolution among the Iraqis themselves. And it's time to transfer responsibility to make those decisions to the Iraqis."

House Vote Unlikely To Impact Bush's Iraq Policy. U.S. News and World Report (2/26, Brush, 2.03M) reports, "Congress has been talking about it for weeks, jousting, posturing, and trading partisan jabs. Last week, the Democrats who control the House of Representatives finally got around to actually voting on President Bush's new policy in Iraq. … While it was a resounding vote of no confidence in the president's plan, it was also just the first of many legislative battles as Congress decides how strenuously to exert its constitutional powers to control funding for the war." According to US News, "the president shows no signs of backing away from his insistence on 'victory.' He hopes that the situation improves and that Iraqi forces can gradually take more responsibility." White House advisers "are clinging to the hope that, in the end, most congressional Democrats won't vote to cut off funds for the troops."

Iran's Quds Force Reportedly Close To US Allies In Iraq. Newsweek (2/26, Dickey, Barry, 3.12M) reports, "The Iranian Special Operations unit called the Quds Force has for years been accused, with or without evidence, of assassinations and terrorist attacks as far away as Argentina. But its specialty is different: striking fear in the hearts of generals. Over the past 25 years, the Quds Force has proved ferociously effective at organizing, training and equipping guerrillas to confront the world's most vaunted armies. Quds played a vital role in creating Hizbullah to fight the Israelis in Lebanon. It supported the legendary Ahmed Shah Massoud against the Russians and his Taliban rivals in Afghanistan. Quds helped the Bosnians hold back the Serbian war machine. And now -- it's in Iraq." Quds "appears to be as close to America's Shiite and Kurdish allies as to splinter groups. … The relationship between the Quds Force and figures like Iraqi President Jalal Talabani or Abdul Aziz al-Hakim of the Supreme Council for the Islamic Revolution in Iraq (both of whom have been received in the White House recently) goes back two decades to the days when only Tehran was aiding Saddam Hussein's enemies."

Reaction To Iranian Weapons Allegations Seen As Evidence Of "Credibility Gap." U.S. News and World Report (2/26, Mulrine, Whitelaw, 2.03M) reports, "It should have been a pretty straightforward case: Shiite militias are using Iranian weapons to kill U.S. soldiers in Iraq. On that, the evidence is clear. But when unnamed officials at a hastily convened briefing in Baghdad went a step further, accusing Iranian officials 'at the highest levels' of funneling a particularly deadly form of roadside bomb to the Shiite militias, it raised more questions than it answered. For one thing, while the analysts laid out detailed evidence that the armor-piercing 'explosively formed penetrators,' or EFPs, originated in Iran, they offered nothing to support the allegation of Iranian government involvement. Confusing matters further, several senior U.S. officials-including the chairman of the Joint Chiefs of Staff, Gen. Peter Pace, Gen. William Caldwell, the chief spokesman for U.S. forces in Iraq, and even President Bush-made a point of walking back from the accusation. … In Washington and other capitals, many were left questioning the allegations and wondering aloud what, exactly, the Bush administration was hoping to achieve." US news adds, "The Bush White House ran smack into a growing credibility gap of its own making -- a hangover from its handling of intelligence regarding Iraq's alleged weapons of mass destruction before the invasion."

State Department, Pentagon Reach Deal On Iraq Reconstruction Jobs. The New York Times (2/20, A6, Shanker, 1.16M) reports the Pentagon and State Department "have worked out a deal to send a small number of military personnel and Defense Department civilians to Iraq for several months until Foreign Service officers and State Department contract workers with specialized skills can fill those jobs," senior officials said Monday. The discussions over filling the posts "had exposed tensions between the military and civilian agencies over how to share responsibilities in carrying out President Bush's new strategy for stabilizing and rebuilding Iraq -- in particular, how to fill hazardous positions in new provincial reconstruction teams." The State Department had asked the Pentagon "to come up with military personnel or civilians to fill about one-third of the

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350 new State Department jobs in Iraq. While the numbers involved are relatively small, the debate raised larger issues of whether the government was properly organized to carry out a long-term occupation of a country like Iraq."

Iraq Refugee Plan Faces Bipartisan Opposition. The Washington Times (2/20, Hudson, 88K) reports the State Department's plan to admit 7,000 Iraqi refugees into the United States this year "is meeting with some resistance on both sides of the political aisle." Rep. Tom Tancredo (R) "says the policy flies in the face of US law" and Ohio Gov. Ted Strickland (D) "says refugees are not welcome in his state." However, the program "has the support of key Democrats in the Senate, including Sen. Edward M. Kennedy of Massachusetts and Sen. Patrick J. Leahy of Vermont, who say the United States should contribute $30 million, half the cost of refugee-resettlement worldwide." Sen. Kennedy argues that the US has "a moral responsibility to do all that we can" since "our invasion of Iraq led to this crisis, and we have a clear responsibility to do more to ease it."

Many Iraqis Opposed To Allowing Foreign Involvement In Oil Industry. The Wall Street Journal (2/20, Cummins, Hafidh, Jordan, 2.04M) reports, "Foreign technology and capital are seen as vital to restoring Iraq's crumbling oil industry. But as a draft petroleum law inches its way toward the Iraqi parliament, fresh opposition to the legislation is emerging, underscoring the difficulty that may still lie ahead for any move to invite in international oil companies." US officials and "petroleum experts have been advising Iraqi politicians almost from the start of the American occupation nearly four years ago about how to build a legal framework that would enable foreign oil-field development. International majors have been reluctant to venture into the country until violence subsides and before politicians endorse a law spelling out legal rights and financial terms for foreign firms." The Journal adds, "In its current form, the legislation envisions the re-creation of an Iraqi state oil company, and it gives broad latitude to officials from the country's various regions to encourage foreign investment and development. … The legislation still faces significant political hurdles. Earlier this month, an influential union of oil workers in the country's south said it will oppose the legislation." Also, "the nationalization of the Iraqi oil industry in the 1970s under Saddam Hussein remains a point of pride for many Iraqis, and opposition still runs deep to any hint of foreign interference. Also, opposition has emerged from prominent former Iraqi oil officials, who have recently fled the country's chaos but continue to hold some sway in Baghdad's oil bureaucracy."

North Africa Could Be New War On Terror Front. The New York Times (2/20, Smith, 1.16M) reports from Tunisia, "The plan, hatched for months in the arid mountains of North Africa, was to attack the American and British Embassies here. It ended in a series of gun battles in January that killed a dozen militants and left two Tunisian security officers dead. ... Counterterrorism officials on three continents say the trouble in Tunisia is the latest evidence that a brutal Algerian group with a long history of violence is acting on its promise: to organize extremists across North Africa and join the remnants of Al Qaeda into a new international force for jihad." Experts "say North Africa, with its vast, thinly governed stretches of mountain and desert, could become an Afghanistan-like terrorist hinterland within easy striking distance of Europe. That is all the more alarming because of the deep roots that North African communities have in Europe and the ease of travel between the regions. For the United States, the threat is also real because of visa-free travel to American cities for most European passport holders. The violent Algerian group the Salafist Group for Preaching and Combat, known by its French initials G.S.P.C., has for several years been under American watch."

Moroccans Lured To Join Insurgency In Iraq. The Washington Post (2/20, A1, Whitlock, 690K) reports from Morocco, "About two dozen men from Tetouan and nearby towns in the Rif Mountains have traveled to Iraq in the past 18 months to volunteer as fighters or suicide bombers, according to local residents and officials. Moroccan authorities said the men were recruited by international terrorist networks affiliated with al-Qaeda that have deepened their roots in North Africa since the invasion of Iraq four years ago. ... Foreign fighters in Iraq account for only a small percentage of the combatants attacking U.S. troops and their Iraqi allies. U.S. military officials and independent analysts peg the number at no more than a few thousand. But as the war drags on, it continues to serve as a powerful rallying tool for radical Islamic networks around the world that have developed recruiting pipelines as far afield as Europe and Southeast Asia. Moroccan authorities said they have identified more than 50 volunteers who have gone to Iraq since 2003, and many more are believed to have made the journey undetected. ... Morocco and its neighbors are finding it increasingly difficult to suppress the militants. Several networks that used to operate independently in North Africa have put aside their differences, united in part by the ongoing violence in Iraq."

Afghan Forces Retake Western Town. The AP (2/20, Shah) reports, "Afghan security forces supported by NATO troops on Tuesday retook a town in western Afghanistan that briefly had fallen to Taliban militants, an official said. About 200 Afghan police and soldiers moved into the remote town of Bakwa in Farah province at 5 a.m. and faced no resistance, said Gov. Muhajuddin Baluch. ... It was the second time this month that the government has lost

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control of a district in the region." The AP adds, "Meanwhile, a U.S. soldier was killed during combat operations on Monday in the Naray area of eastern Kunar province, the U.S. military said in a brief statement." AFP (2/20) reports the retaking of the town but adds that Taliban members "have been holding the southern town of Musa Qala -- about 150 kilometres (93 miles) east of Bakwa -- for more than two weeks. The authorities say they are waiting for the right time to retake the area. ... Afghanistan's government is unable to establish a presence and maintain authority in vast swathes of the volatile country."

Before that development, the New York Times (2/20, Wafa, 1.16M) reported, "Taliban insurgents seized control of a district in southwestern Afghanistan on Monday as the Afghan police abandoned their post and fled, officials said." The district "is the second to fall into Taliban hands this month, and its capture underlines the precarious hold of the government and NATO troops in the remote districts of southern Afghanistan."

British Troops Destroy Taliban Stronghold. USA Today (2/20, 8A, 2.27M) reports, "British NATO forces destroyed a 'major Taliban headquarters and stronghold' in Garmsir, in Afghanistan's Helmand province, Lt. Col. Rory Bruce said Monday at the British task force headquarters in London." He said "the troops killed a 'significant number' of Taliban fighters and disrupted their command system."

NATO Urged To Focus On Defeating Taliban, Not Combating Narcotics Trade. Vanda Felbab-Brown, a research fellow at the Brookings Institution, writes in the Wall Street Journal (2/20, A16, 2.04M), "As NATO braces for a spring Taliban offensive in Afghanistan, many in the Bush administration, the Congress and the United Nations Office on Drugs and Crime are calling for it to take on a prominent role in combating the narcotics trade. Although this task is meant to help Afghanistan repress the worrisome, if predictable, expansion of its opium economy, it will greatly hamper NATO's effectiveness." NATO's "crucial role is to establish security throughout the country -- and not to dilute its focus in eradication and interdiction missions that are presently bound to fail." NATO "does have an important role to play in counternarcotics -- namely, to defeat the insurgency."

Al Qaeda Reportedly Regrouping In Pakistan.

NBC Nightly News (2/19, story 3, 2:10, Williams, 9.87M) reported, "There are new anxieties this evening about what is said to be Al Qaeda's new strength in a remote part of the world where the US has been fighting them since shortly after 9/11. ... Andrea Mitchell reports tonight on the resurgence of Al Qaeda in bin Laden territory." NBC (Mitchell) added, "More than five years after 9/11, US officials say Al Qaeda leaders are back, out of their caves, re-establishing command and control. Setting up small training camps in northwest Pakistan, only half a mile from the Afghan border, unleashing a new generation of terrorists." Maj. Gen. Azhar Ali Shah, Pakistan Army: "It is physically not possible to 100% seal the [Afghan] border." Mitchell: "Another reason for Al Qaeda's resurgence, experts say, the war in Iraq." Prof. Bruce Hoffman, terrorism expert: "They've seen in our entanglement in Iraq, an opportunity, an enormous opportunity to resuscitate themselves, to continue to marshal their forces."

The CBS Evening News (2/19, story 2, 2:05, Mitchell, 7.66M) reported, "Another US soldier was killed today in Afghanistan. President Bush is calling for a NATO troop buildup there for a spring offensive against Al Qaeda. But the terror network apparently is building up its forces as well." CBS (Axelrod) added, "Western intelligence sources say these pictures show Al Qaeda training camps operating in remote areas of Pakistan near the Afghanistan border. After years spent running for their lives, the highest ranking Al Qaeda leaders are now beginning to reassert their command-and-control structure at camps where jihadists are trained and the next large-scale attacks on the West are planned." CBS consultant John Brennan: "Zawahiri is probably having operational engagement with a number of his lieutenants and commanders, so it is a worrisome development." ... Axelrod: "This reemergence of an Al Qaeda threat in the borderlands has prompted President Bush to act. Some 3,200 US troops who are set to come home from Afghanistan have now been ordered to stay."

Pakistan's Ambassador in Washington, Mahmud Durrani, told CNN's Situation Room (2/19, 7:02PM) that "there may be an odd place" where they are hiding out, but "to say they have reestablished themselves and there are a lot of compounds and they're rejuvenated, that is incorrect." The ambassador also "rejects any notion of American forces crossing into Pakistan to go after Al Qaeda, even though they have targeted forces there from the air."

Hoffman Argues For Multipronged Strategy Against Al Qaeda. In the Los Angeles Times (2/20, 850K), op-ed contributor and Georgetown professor Bruce Hoffman writes, "Al Qaeda's stunning resurrection, before the very eyes of American military forces stationed across the border in southern Afghanistan, begs the question of how the most powerful country in the world can launch a six-year, no-holds-barred, global war on terrorism — at great cost to its pocketbook and international standing — only to find the main target of these Herculean efforts still alive and kicking. In retrospect, it appears that Iraq blinded us to the possibility of an Al Qaeda renaissance. ... Pakistan is both the problem and the solution to the most salient terrorist threat still directed against us. Al Qaeda and its Taliban allies could not function without the passive connivance of Pakistani authorities." Hoffman recommends three tactics to defeat Al Qaeda: "Defeating Al Qaeda requires, foremost, that our

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assessments and analyses be anchored firmly to sound, empirical judgment and not blinded by conjecture and wishful thinking. Second, we need to refocus our attention and efforts on Pakistan and Afghanistan, where, in the months after 9/11, Al Qaeda was indeed on the run. Third, Al Qaeda cannot be defeated by military means alone because it relies on propaganda and radicalization."

Syrian Opposition Leader Says Assad Regime Complicit In Terrorism. Farid N. Ghadry, president of the Reform Party of Syria, writes in today's Washington Times (2/20, 88K), "The Syrian regime is just as complicit as Iran in moving forward hostile activities specifically designed to kill Americans. The evidence is there and widely acknowledged by those in the know, but US political and military leadership have proved hesitant to publicly pursue a tandem case against both Iran and Syria, despite the very prominent linkages that exist between the two in fermenting a wide spectrum of terror operations targeting US forces. … Regional intelligence services and inside sources from within Sunni officer corps opposed to the Assad regime have identified major foreign-fighter training camps in northern Syria and just outside Damascus overseen by Syrian Military Intelligence and run by former Iraqi Ba'athi Generals and senior Saddam Fedayeen commanders. One major foreign fighter camp exists in the Latakia province in northern Syria, a mountainous area replete with Syrian Military Intelligence facilities and wide swaths of ostensibly government property closed to the public." Ghadry adds, "The al Qaeda connection is not that far removed. Arab papers report that the recent movement of large numbers of al Qaeda in Iraq fighters from Syria into Palestinian refugee camps in northern Lebanon and Beirut are sounding alarm bells that the Syrian security services are preparing to use these heavily armed and visibly well-funded cells to launch attacks against the anti-Syrian democratic government of Lebanon."

NYTimes Says Army "Lowering Its Expectations" To Fill Ranks. The New York Times (2/20, 1.16M) editorializes, "To keep filling the ranks, the Army has had to keep lowering its expectations. ... So the Army has found itself recklessly expanding the granting of 'moral waivers,' which let people convicted of serious misdemeanors and even some felonies enlist in its ranks. ... Those who have committed more serious crimes, especially those involving weapons, vehicular homicide or sexual abuse, should generally be denied moral waivers. And those who do qualify for waivers should be monitored, counseled and carefully supervised. The fastest way to drop the rate of moral waivers would be for the Army to rebuild its recently tarnished reputation among less problematic young Americans. That will require an end to involuntarily extended tours of duty and accelerated, multiple redeployments into combat."

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Dismissal Of US Attorneys Sparks Continuing Commentary. The Hartford Courant (2/19) editorializes, "A decision by Justice Department officials to fire federal prosecutor Carol C. Lam in San Diego for unspecified performance-related reasons is getting curiouser and curiouser." The Courant continues, "Ms. Lam is among a dozen U.S. attorneys around the country who have been told to resign. Justice Department officials say the firings are for just cause; in Ms. Lam's case at least, the decision appears to be just political. … Ms. Lam headed the investigation into former U.S. Rep. Randy 'Duke' Cunningham, a prominent San Diego Republican who pleaded guilty last year to tax evasion, conspiring to commit bribery, wire fraud and mail fraud. Prosecutors say Mr. Cunningham accepted at least $2.5 million in bribes from defense contractors." The Courant adds, "On Tuesday, a San Diego grand jury returned an 11-count indictment against Kyle 'Dusty' Foggo, the CIA's executive director from November 2004 to May of last year. Mr. Foggo is accused of steering business to his friend, Brent R. Wilkes, a California businessman and top Republican fundraiser. … The Cunningham and Foggo probes are pieces of a larger, ongoing investigation into the way lawmakers directed federal contracts toward friends and campaign supporters. … Both inquiries were overseen by Ms. Lam." The Courant concludes, "Her firing appears to have less to do with performance-related deficiency than it does political retaliation by high-level Justice Department officials who may also be attempting to derail an investigation that's potentially embarrassing to other members of Congress and the White House."

In a column for the Seattle Post-Intelligencer (2/20), University of Richmond law professor Carl Tobias writes, "The controversy involving December's forced resignation of U.S. Attorneys, who are the chief prosecutors for six federal districts in the West, has heated up and focused on John McKay, who recently stepped down as the U.S. Attorney for the Western District of Washington." Tobias continues, "On Feb. 6, the Senate Judiciary Committee held a hearing to analyze whether the Department of Justice was sacrificing prosecutorial independence by politicizing U.S. Attorney firing and hiring. Because it is unclear why McKay was forced out, Congress must continue evaluating his departure, and, if he resigned for questionable reasons, it should address them. … The hearing produced certain information, yet it provoked new questions. Deputy Attorney General Paul McNulty testified that the resignations were for non-specific 'performance-related' reasons. This prompted an immediate,

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sharp response from Western District of Washington Chief Judge Robert Lasnik and his colleagues: 'We unanimously agreed that (John McKay) was an absolutely superb U.S. Attorney (and for DOJ) to suggest otherwise is unfair.' He elaborated that local prosecutors and sheriffs and the FBI 'never had the kind of service' in terms of 'cooperation and aggressive handling of cases that they had under McKay's leadership.'" Tobias adds, "The expeditious, thorough, informed response by the Western District judges is extraordinary. Federal judges rarely and with extreme caution publicly address Department of Justice interaction with U.S. Attorneys' offices because of separation of powers concerns and mutual respect. However, this response's unusual nature and its thorough, expert character suggest how deeply the judges feel about McKay's abilities. Moreover, district judges know much about U.S. attorneys' competence, because that office appears daily in the judges' courtrooms. … Lawmakers should continue investigating why John McKay resigned and, if he departed for inappropriate, politically animated reasons, initiate action. … Legislators who agree with those notions must cooperate with others to ascertain why McKay left and adopt any correctives that are required."

CORPORATE SCANDALS:

Emails Shed Light On Mercury Options Backdating Scheme. The Wall Street Journal (2/19, A4, Boslet, Maremont) reports, "As part of a years-long scheme to backdate stock options at Mercury Interactive Corp., former executives allegedly altered documents, repeatedly changed the dates of some option grants, and sent each other emails discussing the improper practice, according to a court document that has been at the center of a battle over confidentiality in the case." The Journal continues, "In one 2000 email quoted in the court document, filed in state court in California by shareholders suing the former executives, a Mercury finance executive wrote to another official about using 'magic backdating ink' to manipulate the date of an options grant. Another employee whose grant allegedly was backdated was told in an email that 'the stock price drop made us change the grant date' and 'you will be happier with the new price.'" The Journal notes, "In another incident described in the filing, insiders allegedly covered up fax headers on documents to disguise the fact that an options grant was approved by directors long after its purported date. … The court document appears to provide some of the most vivid evidence yet of how options backdating took root and flourished inside a company, depicting a culture of lax controls in which top executives openly discussed how to manipulate the dates of options to make them more favorable to themselves and other insiders. … Mercury was one of the first companies ensnared in the options-backdating scandal, and it previously has admitted that its top executives improperly altered the dates of more than 50 option grants between 1996 and 2002. The Mountain View, Calif., software company, which was acquired by Hewlett-Packard Co. late last year for $4.5 billion, previously restated years of financial results, reducing its pretax income by $566.7 million from 1992 to 2004 -- nearly all because of options-related problems. Most of its top executives from the period in question have left the firm. … Mercury is one of about 140 companies being investigated in a broad federal probe of options backdating. Last week, a former chief executive of Take-Two Interactive Software Inc. and a former general counsel of Monster Worldwide Inc. separately pleaded guilty to options-related criminal charges in New York."

CRIMINAL LAW:

Lawyers In Libby Trial To Make Final Arguments Today. The New York Times (2/19, Lewis, 1.16M) reports, "As lawyers for I. Lewis Libby Jr. make their final argument to the jury on Tuesday, they face the daunting task of raising sufficient doubts about the government's assertion that Mr. Libby lied to a grand jury and federal investigators." Prosecutors "have built a detailed case to support their charges, presenting several plausible witnesses whose testimony conflicts with Mr. Libby's sworn statements. Still, the prosecution has the burden of convincing the jurors of Mr. Libby's guilt beyond a reasonable doubt, an imprecise concept that makes the outcome of most complicated criminal trials unpredictable. Peter Zeidenberg, a Justice Department prosecutor, is to begin the summation case for the government. He will be followed by Theodore V. Wells Jr., Mr. Libby's chief defense lawyer." The Times adds, "The stakes are obvious for Mr. Libby, Vice President Dick Cheney's former chief of staff, who faces five felony charges for allegedly lying during an investigation of who leaked to reporters the name of a C.I.A. operative, Valerie Wilson. But there are significant stakes as well for Mr. Wells and Mr. Fitzgerald.

Libby Evidence Said To Show Cheney's "Free Rein" In Bush's First Term. Under the headline "Trial Spotlights Cheney's Power as an Infighter," the New York Times (2/20, Rutenberg, 1.16M) reports, "A picture taking shape from hours of testimony and reams of documents in the trial of I. Lewis Libby Jr. shatters any notion that the White House was operating as a model of cohesion throughout President Bush's first term," and "a close reading of the testimony and evidence in the case" reveals "a portrait of a vice president with free rein to operate inside the White House as he saw fit in order to debunk the charges of a critic of the war in Iraq. The evidence in the trial shows Vice

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President Dick Cheney and Mr. Libby…countermanding and even occasionally misleading colleagues at the highest levels of Mr. Bush's inner circle as the two pursued their own goal of clearing the vice president's name in connection with flawed intelligence used in the case for war." The Times notes, "While others on the White House team were primarily concerned about Mr. Bush, the evidence has shown that Mr. Libby had a more acute concern about his own boss."

White House Officials Tied To Secretive GOP Club Led By Hohlt. Newsweek's Michael Isikoff (2/26) reports, "Testifying last week in the trial of…I. Lewis (Scooter) Libby," columnist Robert Novak "said he'd discussed " Valerie Plame's CIA status "with a lobbyist named Richard Hohlt. … Indeed, Hohlt is such a good source that after Novak finished his column naming Plame, he testified, he did something most journalists rarely do: he gave the lobbyist an advance copy of his column. What Novak didn't tell the jury is what the lobbyist then did with it: Hohlt confirmed to NEWSWEEK that he faxed the forthcoming column to their mutual friend Karl Rove (one of Novak's sources for the Plame leak), thereby giving the White House a heads up on the bombshell to come." Newsweek adds, "Hohlt's more significant role may be his leadership of a secretive social group of GOP heavy hitters and, occasionally, White House officials, who convene to smoke cigars and mull over politics. The group's name: the Off The Record Club. … Rove and White House chief of staff Josh Bolten 'have both attended these meetings on occasion,' says a White House spokesperson."

Possible Defense Strategies For Fumo Examined. The Philadelphia Daily News (2/19, Hinkelman) reports, "When the Feds delivered a hefty 267-page, 139-count indictment against state Sen. Vince Fumo on Feb. 6, they were trying to show they've got the goods on him, a former federal prosecutor said. … But is it really a 'slam dunk' case against the Prince of Philadelphia, who has pleaded not guilty to the charges? … Or are there strategies that Fumo can use to beat the case? … Yes, say defense lawyers and legal experts. This case is winnable for Fumo." The News continues, "Fumo is charged with defrauding the state Senate and a South Philly charity of more than $2 million by using Senate staffers and charity workers for his personal and political benefit. … His lawyer, Richard A. Sprague, calls the indictment malicious and politically motivated, and says the feds didn't appreciate or understand how Fumo's office operates. … Sprague said he didn't want to tip his hand about how he'll defend Fumo, so the Daily News contacted some prominent defense attorneys to see how they might defend the embattled pol. … Here are some strategies they suggested." The News adds, "Delay, delay, delay … A prominent criminal defense attorney and former federal prosecutor said he would do everything he could to keep the case from going to trial. … 'I'd use every legal maneuver I could,' said Carmen C. Nasuti. 'I'd try to get the indictment dismissed, I'd try to get evidence excluded and I'd file as many pretrial motions as I could.' … Nasuti said once the trial starts and evidence is admitted, there are 'little things' that can't be readily explained or easily defended." The News notes, "The O.J. Simpson defense … The feds investigated Fumo for four years, and Sprague has said prosecutors want to 'destroy' Fumo. … Some lawyers said this could be the linchpin of a strategy where the defense tries to paint prosecutors as overzealous or having misplaced enforcement priorities." The News continues, "Fumo as his own best defense … Many white-collar defense lawyers don't want their high-profile clients to testify because it's high-risk and could undermine previous gains they've made with jurors. … But Fumo's situation is different, some say. … 'My own experience is, if you have an engaging client and you know he has a plausible explanation for conduct the government claims is illegal, then put him on the stand," said Jack Meyerson, a former federal prosecutor who prosecuted Fumo in 1980 on fraud charges."

High Court To Revisit Sentencing Guidelines. The New York Times (2/20, Greenhouse, 1.16M) reports, "The Supreme Court returns on Tuesday from a monthlong recess to face a daunting and urgent task: explaining what it meant two years ago when it ruled that the federal sentencing guidelines were to be treated as 'advisory,' no longer binding on federal judges." The decision that "dropped that bombshell on the criminal justice system, United States v. Booker, has not penetrated public consciousness in the way that, say, the Miranda decision on the right against self-incrimination did a generation ago. But in its own way, it has been no less revolutionary, creating turmoil in criminal sentencing." The justices "will hear arguments on Tuesday morning in two cases that will provide the latest chapter, although almost certainly not the final one, in the court's continuing and, to many, profoundly unsettling reappraisal of the roles of juries and judges in criminal sentencing."

The Christian Science Monitor (2/20, Richey, 59K) reports, "On one side are those who argue that sentencing judges should be free to adopt or reject the guidelines on an equal footing with several other factors Congress has identified as important sentencing objectives. The key, they say, is that judges rely on reasoned judgment rather than a mechanical guidelines formula to mete out punishments." On the other side are "those who say the guidelines must be afforded an exalted status among sentencing factors since they represent the collective wisdom of the US Sentencing Commission created by Congress. Five of the nation's 12 appeals courts have embraced the former approach, while seven have embraced the latter approach." The Monitor adds, "Specifically, the question is whether appeals court

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judges should award a presumption of reasonableness to any sentence imposed within the range of the guidelines."

DeVecchio Case Investigator Resigns Over Relationship With Mob Witness. The New York Post (2/19, Celona, 631K) reported, "An investigator for the Brooklyn DA's Office has been forced to resign amid allegations she fell for a jailed mobster -- and hatched a plan to bear his love child, The Post has learned. The 37-year-old prober had been assigned to protect the 'mob associate' while he was being held in secret hotel rooms for interviews about the bombshell corruption case involving ex-FBI agent Lindley DeVecchio, sources said. The sources identified her as Maria Biagini, a 15-year veteran of DA Charles Hynes' office who left her job last week." The Post noted, "She allegedly loosened her prisoner's strings and allowed him to contact his family and take money from relatives. He used the cash to throw dinner parties, attended by his family and the investigator -- all in violation of DA policies, the sources said. After the prisoner was returned to jail, the investigator allegedly wrote him several letters and visited -- which led authorities to uncover their relationship."

FBI Subpoenas Memphis Utility's Records In City Council Probe. WMC-TV Memphis (2/19) reported on its Web site from a broadcast story that "federal agents have subpoenaed records from Memphis Light, Gas and Water concerning City Councilman Edmund Ford's previous utility payments. Sources tell Action News 5 the FBI has interviewed a number of City leaders during the past week and a statement from the public utility confirms that officials there have responded to a subpoena for records. Their interest…revolves around embattled Councilman Edmund Ford, recently indicted on charges he took bribes in exchange for votes." WHBQ-TV Memphis (2/19) noted MLGW counsel Odell Horton "said the company had no idea the FBI agents were coming, but said MLGW cooperated completely. … MLGW said it expects to forward some paperwork to the FBI over the next couple of days. It's not clear if the agents will be returning to MLGW." Meanwhile, City Councilwoman Carol Chumney "said she didn't know about the FBI visit, but she plans to make inquiries into what happened and why she wasn't informed."

The Memphis Commercial Appeal (2/20, Aaronson, 163K) reports Ford "hasn't been paying his power bills -- and federal authorities want to know why." Horton "confirmed that money is owed on the accounts but would not say how much. He refused to disclose the property addresses to which the utility accounts were assigned." The Commercial Appeal notes, "Money has been at the root of the council member's recent legal problems. On Dec. 19, 2006, federal prosecutors indicted Councilmen Ford and Rickey Peete on bribery and extortion charges following an FBI sting starring lobbyist Joe Cooper."

FBI Child Abduction Teams Provide Crucial Support To Local Police. The St. Louis Post-Dispatch (2/19, Patrick, 297K) reported Special Agent Dirk Tarpley "is a member of the bureau's 48-member Child Abduction Rapid Deployment Team, a year-old unit designed to rush experienced help to local police dealing with a suspected abduction. Neither Tarpley nor other investigators interviewed for this report would comment on the case against Michael J. Devlin, who has been charged with kidnapping Ben Ownby and Shawn Hornbeck, or the specifics of the investigation. But they are eager to talk about what their new setup offers, saying they hope it causes local authorities to call them more quickly and more often." On the Devlin case, Franklin County Sheriff Gary Toelke "worked closely with the team. 'I couldn't ask for better help than what we got,' Toelke said. 'If this was a member of my own family, I'd want them investigating.'" The Post-Dispatch notes St. Louis SAC Roland Corvington said that "before the formation of the team, each FBI office relied on its own expertise," but "now, specialists arrive in person within hours, drawn from across the region. … Contrary to the FBI's common portrayal on TV, Tarpley said, agents don't come in and take over. 'We're just there to assist,' he emphasized."

Appellate Ruling Could Make Jefferson Conviction More Difficult. The Washington Post (2/20, A11, Birnbaum, 690K) reports the US Court of Appeals for the DC Circuit "has reversed the conviction of a former District police detective in a case that experts believe might make it tougher for the feds to prosecute Rep. William J. Jefferson (D-La.)." The court voted "7 to 5 on Feb. 9 to overturn the 2002 conviction of Nelson Valdes on three counts of receiving illegal gratuities. Prosecutors said he passed along information from restricted law enforcement databases to an FBI informant who paid him $450." The court ruled "that the gratuities law did not apply to Valdes's conduct -- his use of the databases was not 'an official act' because it did not spur a police investigation." The "same issue hovers around Jefferson," who is "under investigation for allegedly taking cash -- $90,000 of which was famously found in his freezer -- in exchange for using his congressional clout to arrange business deals. Two businessmen have pleaded guilty to giving Jefferson money to promote a company marketing new technology in Africa. But was that promotion an 'official act?'"

Maryland Shopping Center Destroyed After Police Standoff. The Washington Post (2/20, B1, Rucker, Wan) reports, "A gunman entered a liquor store in

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Frederick yesterday, shot at police, locked himself in the store during a 30-minute standoff and ignited a fire that engulfed and gutted a two-story shopping plaza along one of the Western Maryland city's major commercial corridors, police said." The Post continues, "James Douglas, 29, of Frederick walked into Jim's Liquors at Antietam Village Center about 12:30 p.m., showed the owner a handgun and told him, 'Get out,' Frederick Police Lt. Thomas Chase said. Police said the store's owner, whose name they would not release, called Douglas a frequent customer and knew him by a nickname, 'Menace.' … Nobody else was in the store, Chase said, and the owner left to call police. When two officers pulled up, Douglas fired at least one shot at them through the store's glass door. Police then surrounded the shopping plaza and ordered nearby businesses to lock their doors and windows." The Post adds, "Authorities had not located Douglas last night, and police said it is likely that he died in the fire. Nobody else was injured, Chase said. He added that a search of the liquor store will begin this morning. … Douglas apparently lit boxes of liquor to ignite the blaze, which spread quickly and destroyed all 14 stores in the center, Chase said."

Family Struggles To Understand Son's Role In Utah Rampage. The New York Times (2/20, Stolz) reports from Salt Lake City, "At 1 a.m. last Tuesday, the parents of Sulejman Talovic called the police to report him missing. After watching television news coverage, they feared he might be among those dead or wounded in a shooting rampage at a mall here. One hour later, with the arrival of detectives, they discovered the shocking truth, that their son, 18, was the gunman." The Times continues, "In six minutes on the night of Feb. 12, Mr. Talovic shot nine customers at the Trolley Square mall, killing five and seriously injuring four others. The attack ended when the police shot and killed Mr. Talovic after he refused to surrender his 12-gauge shotgun. … Mr. Talovic's motive remains a mystery, investigators say." The Times adds, "In the week of grief and confusion since the shooting, the Talovic family has been struggling to unearth some explanations. Their reflections, inadequate as they may seem, revolve around a handful of formative experiences: war in his native Bosnia, rejection at school and difficulty in assimilating in the United States, they said Sunday in the living room of his aunt's tidy apartment. … If the public has come to see Mr. Talovic as a deranged killer, the family knew him as a shy and generous boy. … The gunman's aunt, Ajka Omerovic, and his father, who was visibly exhausted, spoke to a reporter just hours after Mr. Talovic's body was cleansed in an Islamic ritual in preparation for its burial in Tuzla, Bosnia, expected later this month, and after days of funerals for shooting victims across the Salt Lake Valley." The Times notes, "The Talovics had no information on how Sulejman had obtained his weapons and ammunition. The police could not be reached to comment on a report in The Salt Lake Tribune that the shotgun had been bought legally at a sporting goods store."

Panel Probes Florida Execution Techniques. The New York Times (2/20, Waddell, Goodnough) reports from Tampa, FL, "A member of Florida's execution team told a panel studying lethal injection protocols on Monday that intravenous lines had been placed properly in the arms of a condemned inmate who took 34 minutes, twice as long as normal, to die." The Times continues, "The man, who testified by phone and whose voice was electronically altered to shield his identity, said he had medical qualifications but would not elaborate. He added that in any event he did not consider the execution a medical procedure. … 'Absolutely nothing is remotely connected with medicine,' the man told the panel, which former Gov. Jeb Bush appointed in December to study whether Florida's lethal injection system could be improved. 'From that point on, the condemned inmate will not leave the chamber alive. It is done as quickly as possible. It is done as humanely as can be done under the circumstances.'" The Times adds, "The man, who identified himself only as 'medically qualified,' was the second member of Florida's execution team to address the panel this month. … On Feb. 9, the lead executioner in the case of Angel Diaz, who took 34 minutes to die, told the panel, 'I have no medical training or qualifications.' … Some witnesses to the execution have said that Mr. Diaz, who was put to death on Dec. 13, gasped and appeared to grimace in pain as the procedure stalled. But state corrections officials have told the panel that he did not voice discomfort or appear to be in pain. … A preliminary medical examiner's report suggested that intravenous needles placed in Mr. Diaz's right and left arms plunged through his veins into tissue, preventing the drugs from quickly entering his bloodstream. An autopsy found a 12-inch chemical burn on Mr. Diaz's right arm and an 11-inch burn on his left." The Times notes, "Mr. Bush halted executions in Florida on Dec. 16, when the preliminary autopsy results came out, and appointed the panel to study lethal injection protocols. The panel is to submit recommendations to Gov. Charlie Crist by March 1."

WPost Questions Shooting Suspect's Status As PG County Officer. The Washington Post (2/20, A12) editorializes, "Cp. Keith Washington, the Prince George's County police officer who shot two unarmed furniture deliverymen in a dispute at his home three weeks ago, one of them fatally, is on administrative leave pending the outcome of an investigation into the incident. That status notwithstanding, he remains certified as a police officer, meaning he is still authorized to carry a weapon issued by the department. Given what is known about his past, and his repeated problems with anger management, you'd think

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Prince Georgians might justifiably be nervous about that. … But not Jack Johnson, the Prince George's county executive. Mr. Johnson is an old associate and booster of Cpl. Washington's, having hired him first as his driver and then, two years ago, as his deputy director of homeland security, despite public warnings about Cpl. Washington's checkered past, volcanic temper and tendency to turn routine encounters into tempestuous ones. Now that Cpl. Washington has killed one man and badly injured another, Mr. Johnson says the officer will not be returning to his position in the county department of homeland security. Well, that's comforting. Less comforting, however, is Mr. Johnson's prescription -- that Cpl. Washington resume work as a police officer." The Post concludes, "We hope an ongoing investigation will reveal how a dispute over the delivery of a bed set escalated to the point where Cpl. Washington not only brandished a weapon but felt it necessary to pull the trigger again and again. The facts surrounding those shootings are still uncertain: One man is dead; another hasn't yet talked to police, prosecutors or a grand jury; and Cpl. Washington's own account hasn't been heard in public. So we won't prejudge the outcome of the investigation. But it seems fair to wonder whether Mr. Johnson's cavalier prescription -- to send Cpl. Washington back to active duty as a police officer -- is not premature, at the very least."

CIVIL LAW:

Clinton's Brother Faces Renewed Claims In Bankruptcy Case. The Washington Times (2/20, McElhatton, 88K) reports a Federal judge "has reopened a bankruptcy case in which a trustee is demanding that one of Sen. Hillary Rodham Clinton's brothers repay more than $100,000 in purported loans from a carnival outfit whose owner was pardoned by President Clinton." Anthony D. Rodham "received $107,000 in payments from Tennessee-based United Shows of America Inc. before the company went bankrupt in 2002, according to court records." United Shows' owners – "Edgar Gregory Jr. and his wife, Vonna Jo Gregory -- were pardoned by Mr. Clinton in March 2000, despite an objection by the Justice Department. The couple was convicted of bank fraud in 1982 for illegally giving loans to friends. Mr. Gregory died in 2004."

NYTimes Supports Giving FDA Power To Regulate Tobacco Industry. The New York Times (2/19, 1.16M), in an editorial, writes, "Wall Street analysts may be applauding R. J. Reynolds for introducing a feminized version of its macho Camel cigarette brand, and company executives clearly think they have hit on an innovative marketing strategy. But this new attempt to woo women smokers can only be viewed as another cynical blow to public health. … Bipartisan bills were introduced in both houses of Congress last week to give the Food and Drug Administration needed authority to regulate tobacco products and restrict marketing to young people, consistent with free-speech principles. That may not do much to wean their elders from the habit. But it could stop young women from being entrapped by cynical marketers."

CIVIL RIGHTS:

Plaintiffs Often Distanced From SCOTUS Hearings Of Their Cases. The Washington Post (2/20, A3, Barnes) reports from Jacksonville, AL, "Lilly M. Ledbetter says she almost stopped breathing when she heard her name called that day, her eight-year battle over alleged pay discrimination finally reaching the ultimate legal forum, the U.S. Supreme Court. … 'We'll hear argument next in Ledbetter versus Goodyear Tire and Rubber Company,' Chief Justice John G. Roberts Jr. announced. … The odds are akin to being struck by lightning, having your case plucked from the thousands of others who have vowed, like you, to take the fight all the way to the Supreme Court. And then you find it's not so much about you anymore." The Post continues, "It was the only time that November morning that any of the nine justices spoke Lilly Ledbetter's name. … When she thought back last week on the arguments before the court, she remembered them as not being much about her complaints about Goodyear, or Goodyear's complaints about her. 'Except when my lawyer got up, it [seemed to be] based on changing the law somewhere down the line,' she said. 'That's what it boils down to, I guess. It tends to leave the person out.'" The Post adds, "At a forum late last year, Justices Antonin Scalia and Stephen G. Breyer, usually the court's yin and yang on matters of constitutional interpretation, agreed that that is how it should be. They were asked whether their duty was to provide justice for those who came before the court or simply to interpret the law. … 'The point of the law is to satisfy a human desire for justice,' Breyer explained, but he added: 'You don't necessarily get to that end by simply trying to look for what is the intuitively nicer result in each case.' … Scalia was blunter. 'By the time you get up to an appellate court -- and lawyers ought to learn this -- I don't much care about your particular case,' he said. 'I am not about to produce a better result in your case at the expense of creating terrible results in a hundred other cases.' … A specific Supreme Court decision may contain obvious benefits for the winner -- see George W. Bush, circa 2000. But it can often be an inconclusive way station for the plaintiff, sometimes leading only to additional years of litigation. … Supreme Court cases outlive the individuals who give them a name, and give rise to legal precedents beyond the specific cases. That explains why Ledbetter finds herself supported

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by a large contingent of women's groups and civil rights organizations that she had never given much thought to – 'The ACLU is supporting me; I don't know how we picked them up' -- and opposed by the U.S. Chamber of Commerce and the Bush administration."

Voter ID Laws Said To Reduce Minority Turnout. USA Today (2/20, 5A, Wolf, 2.27M) reports voter identification requirements "designed to combat fraud can reduce turnout, particularly among minorities, a new study shows." A study by the Eagleton Institute of Politics at Rutgers University "shows turnout in 2004 was about 4% lower in states that required voters to sign their name or produce documentation. Hispanic turnout was 10% lower; the difference was about 6% for blacks and Asian-Americans." The study, "presented to the U.S. Election Assistance Commission this month, comes as voter identification requirements are being subjected to increased scrutiny. Two researchers last year told the Election Assistance Commission that they found little evidence of voter fraud at polling places."

Congressional Democrats Call For E-Voting Paper Trails. The Washington Post (2/19, A17, Goldfarb, 690K) reports, "Efforts are intensifying in Congress to pass legislation that would require electronic touch-screen voting machines used in federal elections to provide paper trails that could be checked in the case of a recount. The new momentum is the result of lingering concerns about the machines as the 2008 presidential primaries fast approach, as well as strong support for changes by the new Democratic majority, with Sen. Dianne Feinstein (D-Calif.), chair of the Rules Committee, taking a leading role. … 'Democrats are committed to election-reform legislation that requires all voting machines produce a paper trail,' said Brendan Daly, a spokesman for House Speaker Nancy Pelosi (D-Calif.). The work at the national level echoes moves in many states. Often under pressure from voting-rights groups, 27 states have decided to require paper trails. Last month, Gov. Charlie Crist of Florida went a step further, asking the legislature to pay for replacing touch-screen machines by next year with optical-scan devices, which read paper ballots. Virginia and Maryland are considering similar moves."

New Jersey Civil Union Law Goes Into Effect. The AP (2/20) reports, "Hundreds of gay couples received the same legal protections as married couples early Monday when a law took effect to make New Jersey the third U.S. state to offer civil unions. The civil unions -- which offer the legal benefits but not the title of marriage -- were granted automatically to the hundreds of gay New Jersey couples who have been joined in civil unions or married in other states or nations." New Jersey lawmakers "hastily created civil unions last December, less than two months after a state Supreme Court decision held that gay couples had a right to the same benefits as married couples."

The New York Times (2/20, Barry, 1.16M) says "about a dozen couples visited clerks' offices in New Jersey on Monday, the first day on which people were allowed to submit applications for civil unions, which guarantee all the rights and benefits of heterosexual marriage." New Jersey "is the third state to offer civil unions, following Vermont, which introduced them to rapt national attention in 2000, and Connecticut, which quietly followed suit in 2005."

ANTITRUST:

Sirius To Merge With Rival XM IN $4.57 Billion Deal. The New York Times (2/20, Siklos, Sorkin) reports, "The nation's two satellite radio services, Sirius and XM, announced plans yesterday to merge, a move that would end their costly competition for radio personalities and subscribers but that is also sure to raise antitrust issues." The Times continues, "The two companies, which report close to 14 million subscribers, hoped to revolutionize the radio industry with a bevy of niche channels offering everything from fishing tips to salsa music, and media personalities like Howard Stern and Oprah Winfrey, with few commercials. But neither has yet turned an annual profit and both have had billions in losses. … While there had been speculation of a merger, neither side had engaged in serious negotiations until December, when both companies determined it was in their best interests to complete a deal while the Bush administration was in power, people in the negotiations said." The Times adds, "The companies said yesterday that their $13 billion merger — code-named Project Big Sky by XM — would give consumers a broader range of programming, while eliminating overlapping stations that focus on genres of music. At the same time, they said, they could cut duplicated costs in sales and marketing. … A merger would require antitrust approval from the Justice Department and would have to be considered in the public interest by the Federal Communications Commission."

Bloomberg (2/20, Stern) reports, "Mel Karmazin, chief executive officer of New York-based Sirius, will be CEO of the combined company, and Gary Parsons, chairman of Washington-based XM, will continue as chairman, the companies said today in a statement. … Sirius and XM faced pressure to merge after losing a combined $7 billion to attract subscribers over the past eight years and signing talent including Howard Stern and Oprah Winfrey. The merger will face antitrust scrutiny and must also be approved by the U.S. Federal Communications Commission." Bloomberg adds, "Under the terms of the accord, which the companies describe as a merger of equals, XM investors will receive 4.6

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shares of Sirius common stock for each share they own. Shareholders of each will own about 50 percent of the combined radio company."

The Wall Street Journal (2/20, A1, McBride, Berman, Schatz) reports, "Broadcasters said yesterday that they will fight the proposed merger, and FCC Chairman Kevin Martin released an unusually grim statement saying that the two companies will face a 'high' hurdle, since the FCC still has a 1997 rule on its books specifically forbidding such a deal which would need to be tossed. The transaction also requires the Justice Department's blessing." The Journal adds, "Indeed, XM and Sirius may be rushing into a deal because they sense the regulatory terrain will only get tougher. People close to the matter said that the two companies acted because the climate is already changing with the election of a Democratic-controlled Congress. Future developments -- such as the possibility of a Democratic president -- could make it even harder for the proposed merger to pass muster. … In their strategy, the two companies may be subtly acknowledging the risks before them: By conceiving their deal as a merger of equals and declining to say which company name would emerge ascendant, they minimize the business risks should the deal fall through. If, for example, the combined company were to be dubbed Sirius, XM could be vulnerable to a decline in sales during a regulatory review period that could last a year. A person familiar with the negotiations said the two companies have set March 1, 2008, as their 'drop-dead date,' after which either side can walk away if approval is not granted. … The coming regulatory battle is likely to focus on the definition of satellite radio's market. The two companies are expected to argue that the rules established a decade ago, which require two satellite rivals to ensure competition, simply don't apply in today's entertainment landscape."

USA Today (2/20, Lieberman) reports, "The vision of a robustly competitive satellite radio business came crashing to Earth on Monday, as the industry's once bitter rivals — Sirius (SIRI) and XM Satellite Radio — agreed to merge, creating a company valued at $13 billion, including $1.6 billion in debt." USA continues, "Each of the two has created an array of radio channels, and they've amassed more than 13 million subscribers between them but never made a profit. … The announcement also created uncertainty, and provided few answers, for current subscribers and those considering buying one of the services. The two systems are incompatible, and virtually all satellite radios are designed for one and can't receive the other." USA adds, "Sirius CEO Mel Karmazin, who would hold that job at the still-unnamed combined company, sought to reassure consumers. … 'You should assume that we're going to continue for a very, very long period of time to offer the Sirius and XM service,' he says. 'Once this merger is approved, we'll be able to work with receiver manufacturers and chip-set designers to have a next-generation radio that can pick up both services.' … Left unanswered is what will happen to consumers who have one of the current generation of radios once it's time to blend the companies. … In addition to the tech hurdles, the companies will have to get the deal to pass muster with antitrust officials and the Federal Communications Commission. … Congress also might have something to say. Rep. Edward Markey, D-Mass., who chairs the House Subcommittee on Telecommunications and the Internet, said in a statement, 'The merger of the only two satellite radio companies must be assessed with an eye toward ensuring that it does not have a … deleterious effect on diversity on the dial and localism in radio coverage and reporting.'"

The Washington Post (2/20, A1, Babington, Heath) reports, "If approved by federal regulators, the merger would give all satellite subscribers access to Sirius's Howard Stern, pro football games and NASCAR races, as well as XM's Oprah Winfrey, Major League Baseball and Bob Dylan. … Before XM Satellite Radio Holdings of the District and Sirius Satellite Radio of New York can combine, however, the companies must persuade the Justice Department and Federal Communications Commission that they are complying with antitrust laws, a claim that land-based broadcasters and consumer groups are likely to dispute. XM and Sirius contend that customers have ample audio choices through devices such as iPods and cellphones. … The FCC bars a single company from controlling the satellite radio market, but FCC Chairman Kevin J. Martin recently noted that such rules can be changed. Martin said yesterday that the hurdle 'would be high. . . . The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.'" The Post notes, "The merger would be a milestone in the evolution of commercial radio. XM and Sirius, founded in the early 1990s, predicted that enough people would be willing to pay for a wide array of radio choices -- with clear reception, no fundraising appeals and commercial-free music stations -- to allow the providers to turn a profit. … But their bidding war for on-air talent escalated dramatically. Sirius spent $500 million over five years to employ Stern, who earned another $300 million in stock for meeting certain subscriber goals. XM signed Winfrey to a three-year, $55 million contract. Both companies have spent millions of dollars on professional sports deals."

The Washington Times (2/20, Rowland) reports, "Currently, XM has more than 7.6 million subscribers and a market capitalization -- the value of a company based on the stock price multiplied by the number of shares outstanding -- of $3.75 billion, while Sirius has more than 6 million subscribers and a market cap of $5.2 billion. … The rate of subscriber growth has slowed at both companies, which had combined revenue of $1.5 billion last year. XM and Sirius also have drawn the ire of Wall Street for bleeding millions of

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dollars on competing with each other over the years for high-priced talent."

Sirius CEO Knows Art Of Deal. USA Today (2/20, 2B, Petrecca) reports, "If there's anything that Mel Karmazin knows, it's the art of the deal. … The 63-year-old media executive has spent most of his career expanding the reach — and public profile — of the companies he's run." USA continues, "Since he joined Sirius Satellite Radio in November 2004 as CEO, he's signed big-name talent to create channels such as Martha Stewart Living Radio and Jamie Foxx's The Foxxhole. Now, with the planned XM and Sirius merger, he's slated to take over as CEO of the combined company. … The native New Yorker got his start as a radio ad salesman at WCBS in 1967. He joined John Kluge's Metromedia in 1970, rising to general manager, before leaving in 1981 to become president of Infinity Broadcasting. He became Infinity's CEO in 1988." USA adds, "It was in the 1980s and 1990s at Infinity that he really made his mark — expanding it from a fledgling company to a radio empire, buying up stations around the country, particularly in major markets. … It also was at Infinity that Karmazin first worked with Howard Stern. (Although Karmazin was Stern's boss when both worked for Infinity, he didn't engineer the shock jock's highly publicized move to Sirius. Stern jumped over before Karmazin.)"

More Commentary. The Los Angeles Times (2/20) editorializes, "Federal regulators are notoriously slow to act, yet it took the chairman of the Federal Communications Commission less than half a day to erect a daunting roadblock to the proposed merger of the country's two satellite radio services, XM and Sirius. Within hours of the companies' announcement of their intention to combine operations, FCC Chairman Kevin J. Martin reacted, saying that XM and Sirius 'would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.'" The Times continues, "Martin's two-pronged test sets a nearly insurmountable bar. It's hard to argue that 'more choice' results when the only two suppliers of a product combine, or that the merged entity will be deterred from hiking the fees paid by its subscribers (14 million at last count). In addition, when the FCC issued two licenses for a national satellite radio service in 1997, it said that they could not be owned by a single company. … .That said, Martin's statement is inconsistent with the approach the FCC has taken on media consolidation in general. The goal should be to promote choice not in the niche occupied by XM and Sirius but in the general market of audio entertainment. That market is very competitive, particularly among national players." The Times adds, "Anticipating resistance from the FCC, the companies said they would let people subscribe to channels on a more a la carte basis — a favorite cause of Martin's, at least where cable and satellite TV are concerned — and broaden their programming. They also said the combination would lead to less expensive receivers and more advanced services, such as delivering improved traffic and weather reports. The FCC should look at these concessions, declare victory and approve the merger."

Movie Industry Cracks Down On Canadian Pirating. The New York Times (2/19, Austen) reports, "Canada heavily promotes itself as a place to make films. But now it has a more dubious distinction: an analysis by the Motion Picture Association of America has found that 30 to 40 percent of the bootleg DVDs sold in the United States were made by camcorders smuggled into Canadian theaters." The Times continues, "In response, 20th Century Fox Film is considering holding back film releases for the Canadian market, and the film industry in general is calling for stricter Canadian laws. One theater chain has even equipped some its staff with night-vision goggles to better ferret out copiers." The Times adds, "The apparent rise of Canada's illegal film industry stems from several factors. Tighter federal and state laws in the United States covering film piracy have not been matched by similar legislation in Canada. And because most film releases are simultaneous in Canada and the United States, Canadian pirates get a head start relative to their counterparts abroad. … And, finally, even industry officials acknowledge that Canadian pirates offer technically superior work. … The film industry's estimate of how many black market DVDs originate from Canadian multiplexes is not simply a guess. In many release prints, almost unnoticeable identification marks are scattered throughout random frames. … In the United States, federal law as well as 40 state laws can impose harsh penalties for videotaping movies from theater screens, a process known as camming. In Canada, however, it violates copyright laws only if the police can show in court that the camera operator intended to commercially distribute copies of the recording."

Scor Likely To Continue Pursuit Of Converium. The Wall Street Journal (2/20, A3, Mcdonald, Mijuk) reports, "Swiss reinsurer Converium Holding AG spurned a takeover proposal from French rival Scor SA. But the courtship isn't likely over and it may be the first of many this year in the European insurance sector." The Journal continues, "Converium said yesterday its board rejected a proposed offer of three billion Swiss francs ($2.43 billion) made by Scor over the weekend. If merged, the two companies could leapfrog several competitors to become one of the world's five largest reinsurers depending on how it's measured. Reinsurance firms essentially backstop insurance companies' biggest risks in return for a cut of their premiums." The Journal adds, "Scor said it secured a 32.9% stake in Converium and approached the board regarding a proposed offer of 21 francs a share for the rest -- a 12% premium to the stock's closing price Friday. A 33.3% stake would require a

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formal offer, according to Swiss securities rules. Scor said it is convinced that a tie-up makes sense, so it is unlikely that chatter about a merger between the two will end there. … Scor said a merger with Converium was 'a unique strategic opportunity to create a top five global multiline reinsurer in this time of market consolidation.' … A Converium spokesman noted that Scor's official stake will be filed publicly this week and that Converium remains focused on growth and profitability targets laid out in recent weeks. … The Scor offer could be the first of several in the insurance sector this year. Cost cuts and below-average claims have left many European insurers with billions more than regulators require to back up their policies. At the same time, maturing insurance markets in the U.S. and Europe have lead analysts to expect single-digit premium growth -- particularly in property-casualty coverage -- in coming years. Some players may seek growth by buying up rivals with today's excess cash."

Vulcan To Acquire Florida Rock In Cash-Stock Deal. The Wall Street Journal (2/20, Berman) reports, "Making a long-term wager on the now-faltering construction markets in the U.S. Sunbelt region, Vulcan Materials Co. yesterday said it agreed to acquire Florida Rock Industries Inc. in a cash and stock deal valued at about $4.6 billion." The Journal continues, "Florida Rock makes construction aggregates such as concrete and distributes gravel and sand." The Journal adds, "The total blended cash and stock consideration of $68.03 a share, based on the 4 p.m. price of Vulcan Materials' stock Friday of $111.81 a share, represents a premium of 45% for Florida Rock shareholders based on the company's own 4 p.m. Friday stock price of $46.96. The price is only slightly above Florida Rock's 52-week-high of $66.10. … In an interview, Vulcan Chief Executive Officer Donald M. James said the combined company's largest market will be in public infrastructure, such as highways. … Florida Rock's shares have fallen 17% over the past year, as investors feared booming growth in Florida would taper off as part of a nationwide real-estate slowdown. … The deal, which should close in mid-2007, is expected to be neutral to Vulcan Materials' earnings this year and accretive next year and beyond."

Apple Gets More Time To Respond To iPhone Suit. The Wall Street Journal (2/20, B3) reports, "Apple Inc. was granted more time to respond to Cisco Systems Inc.'s claim that its new iPhone mobile handset infringes on a Cisco trademark." The Journal continues, "Cisco said it agreed to give Apple until tomorrow to file its legal response in the case. The San Jose, Calif., networking company said Apple asked for a second extension after the initial extension ended Thursday, and Cisco complied." The Journal adds, "Cisco filed suit in U.S. District Court in San Francisco on Jan. 10, arguing the Cupertino, Calif., maker of electronic products and computers infringed on a trademark Cisco obtained in 2000 with its acquisition of Infogear Technology Corp. Cisco markets a phone with the iPhone name through its Linksys division. Apple has called the suit 'silly' and says that other products also use the iPhone name, but the companies have been trying to resolve the issue through negotiations."

Justices To Address Reach Of US Patent Laws. The Financial Times (2/20, Waldmeir) reports, "The Supreme Court will on Wednesday test the global reach of US patent law, in a case that could have big implications for new technology industries such as software and biotechnology." The case "concerns whether Microsoft should be liable for damages overseas for infringing a software patent owned by AT&T for the manufacture of synthetic speech. It will test the extraterritorial application of US patent law in the information age at a time when courts around the world are struggling to apply national laws to increasingly globalised economic activity." However, "the court is also being urged to use the case to look at a much bigger issue: the scope of what can be patented in the first place, including software. If the court takes up that issue – a move that is far from guaranteed – it could make an even bigger impact on US patents and incentives for innovation."

Congress Urged To Maintain Patent System. In an op-ed for the Wall Street Journal (2/20, A17), Laura Peter, general counsel of Immersion Corporation who recently served on a judicial committee on patent litigation reform in Texas, writes, "There is a large risk that Congress may deform the patent system rather than reform it. For in its quest to modernize the antiquated and underfunded system for protecting our inventions, Congress has trotted out an easy target -- so-called 'patent trolls' -- to justify changes that would stifle innovation, benefiting large technology companies at the expense of smaller ones. … 'Patent trolls' are typically companies that buy patent rights from inventors, then receive royalties from other companies who actually use the patents. Inventors get either a single payment, or a share of the royalties. In some cases trolls (like other patent owners) must go to court to enforce their patents; and like any group, some of them use abusive litigation against large technology companies in the hopes of extorting settlements. … But large technology companies often 'troll' themselves, using their own portfolio of thousands (if not tens of thousands) of patents to sue smaller firms financially unable to defend themselves. And when the claims are unmerited or frivolous, this is a rather convenient way to stifle competition." Peter adds, "Thus, it is right to end frivolous trolling, but the right way is through narrow, targeted reform. Unfortunately, some reform proposals cast too wide a net, and would hurt small technology companies' ability to benefit from their own

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inventions. … First, Congress is considering proposals that would excessively limit the ability of small technology companies to amend pending patent applications known as 'continuation' patents. These patents, however, are a primary way that emerging technology companies protect themselves. … Thus, limiting these patents too much would just reward copycats with resources, and not the innovators." Peter notes, "Second, Congress is considering greatly expanding the ability of large technology companies to challenge smaller companies' patents even after they are issued. … Already, well-funded companies have proved their willingness to pile multiple challenges in multiple proceedings on smaller firms. … Adding yet another battlefront would simply hurt smaller firms, who are often pushed to the brink of bankruptcy defending their rights, without ensuring greater justice. … Finally, these and other proposed reforms would materially increase the costs of filing for patents. This could devastate emerging companies which pour all of their resources into the tools and people needed to turn their ideas into products. They often are not patent-savvy, or cannot afford the huge expense of filing good patents. … So, when you hear about patent trolls, think of Segway (inventors of the two-wheeled, self-balancing transportation device), think of Andre Pavel (the inventor of the Walkman personal stereo), and yes, think of H-P and Apple decades ago. They each were at the forefront cutting-edge technology and had to defend and assert their patents to become what they are today."

Bloggers Promote Net Neutrality Issue. The Washington Post (2/20, D1, Babington, 690K) reports, "Bloggers and other Internet activists made their marks in the past two presidential elections chiefly by building networks of political enthusiasts and raising money for candidates. Now, they are pushing aggressively into policymaking -- and not just over high-profile issues such as Iraq." They are "pressing candidates to back a handful of issues that are obscure to many Americans but vital to those who base their livelihoods on the Internet and track its development." The activists "are also using their new-age technologies for an old-fashioned purpose: making politicians take note of their legislative priorities. One of those is 'net neutrality.'" The issue "has no overtly partisan or ideological dimensions. Yet it is shaping up as a Democratic issue this year, largely because its most fervid advocates are liberal bloggers and other Internet activists who play a big role in the early stages of choosing a Democratic presidential nominee." Every "major Democratic presidential candidate has endorsed net neutrality. The move keeps them in good standing with powerful grass-roots groups, such as MoveOn.org, and costs them little in return -- perhaps a bit of space on campaign Web sites to promote a matter that comparatively few voters might explore." It is "a principle that bars Internet providers, primarily phone and cable companies, from charging higher rates to Web-based firms in return for giving their content priority treatment on the pathways to consumers."

ENVIRONMENT:

Linder Casts Doubt On Global Warming Science. In a Washington Times op-ed (2/19), GOP Rep. John Linder writes that "wise old heads believe that we are going through normal cycles of heating and cooling that we have seen over hundreds of millions of years as the earth heats and cools when the activity of the sun changes. The earth is heated by the sun. The sun is impacted by magnetic forces creating outbursts called sunspots, which increase the heat it imparts. During the coldest period in the Little Ice Age, which ended near the end of the 19th century, sunspots almost completely disappeared for 70 years. The earth cooled." Linder concludes, "Sunspot activity has been declining for a number of years and is expected decline by 40 percent over the next decade. The world is about to enter a cooling period. Be prepared to change your lifestyle."

Scientists Group Says Warming "A Growing Threat." The Washington Post (2/19, A20, Eilperin, 690K) reports, "The board of the American Association for the Advancement of Science, the nation's leading general science organization, yesterday issued a consensus statement declaring global climate change 'a growing threat to society.'" The statement, "released at a town hall meeting of school teachers in San Francisco, marked the first time that the board of the influential AAAS, publisher of the journal Science, has taken a stand on global warming."

New Alaska Governor Pursuing Natural Gas Pipeline Project. The New York Times (2/19, Yardley, 1.16M) reports Alaska Gov. Sarah Palin "wants to become the first Alaska governor to deliver what many others have sought without success: construction of a $30 billion pipeline to transport natural gas from the state's North Slope to markets in the lower 48 states. It is an enormous project that could strengthen Alaska's energy-based economy for decades to come, while also, according to some estimates, supplying 7 percent of the nation's natural gas annually. … Elected by a wide margin after promising to bring 'new energy' and 'transparency' to the pipeline project, Ms. Palin took office in December and immediately backed away from the negotiations that her predecessor, Frank H. Murkowski, had been pursuing with the three major energy companies that control much of the land where gas would be developed. Ms. Palin has long criticized those negotiations as back-room dealings whose extensive incentives and tax breaks would have benefited the energy companies, BP, Exxon Mobil and ConocoPhillips, far more than they would have Alaska."

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Paulson Influencing Administration's Environmental Policy. Newsweek (2/26, Wolffe, 3.12M) reports, "He heads Treasury, not the EPA, but Hank Paulson is investing time in making this White House greener. … Paulson is a rare species inside the Bush administration," who "cares deeply about climate change: during his seven-year run as chairman and CEO of Goldman Sachs, the investment bank issued a policy paper backing the science on warming and promoting investment in alternative energy. In recent months Paulson has played a leading role in the administration's debate about energy -- and he's had an impact on environmental policy. It was Paulson who encouraged the former oil executives in the West Wing to embrace ambitious targets to cut by 20 percent the amount of gas Americans are forecast to consume by 2017 (part of the plan outlined in Bush's State of the Union). White House officials portray the policy as a team effort, but identify Paulson as a driver."

NYTimes Urges Spitzer Action On Emissions To "Tip National Debate." The New York Times (2/20, 1.16M) suggests Gov. Spitzer, who built a "formidable environmental record" as attorney general, should "quickly commit himself to establishing ambitious goals for reducing emissions of carbon dioxide from cars, power plants and other industrial sources in New York State, and to writing regulations to achieve those goals." The paper says such a commitment could "tip the national debate and compel Washington to move more quickly," given "persuasive new scientific evidence," progress made by CA Gov. Arnold Schwarzenegger, and the concerns of a new Democratic Congress. The paper says prior commitments between Schwarzenegger and Pataki "smoothed" the way for Spitzer to "some extent." Spitzer "must help get the regional greenhouse initiative up and running, and make sure that any new power plants built to meet the state's energy needs use the most modern technologies and add as little as possible to the atmosphere's already heavy carbon burden." The paper concludes by saying this is a "tall order" for Spitzer, but most of these initiatives could be accomplished via executive order, thus "skirting an unadventurous Legislature that tends to prefer business as usual."

FBI/DEA/ATF/USMS:

Drug Paraphernalia Sales Targeted In New York. The Elmira (NY) Star-Gazette (2/20) reports a crackdown on retail stores "selling products that might be used in conjunction with illegal drugs in the city of Elmira appeared to be having an impact Monday. In an informal survey by the Star-Gazette on Monday of seven city convenience and variety stores, only one offered an item that probably has no other use than for inhaling illegal drugs. Last Friday, Elmira Police Chief W. Scott Drake III and a member of the United States Drug Enforcement Administration visited five businesses in the city that were found to be selling drug paraphernalia, including crack and methamphetamine pipes, scales and drug packaging materials."

Report: Gangs Use "Net Banging" To Find Recruits. On its Web site, ABC News (2/19) reports that according to a recent survey by the Justice Department, there "are currently more than 21,000 gangs in the United States. Their membership is 700,000 strong and growing, and they're using the Internet to recruit members. By posting online content that glorifies the thug lifestyle, gangs are using the Web to recruit — some using children as young as 8 years old as part of the online recruiting process, known as 'Net Banging.'"

"Economic Refugees" Said To Be Replenishing Taliban Ranks As Poppies Are Eradicated. In the Wall Street Journal (2/20, A16) Vanda Felbab-Brown writes, "As NATO braces for a spring Taliban offensive in Afghanistan, many in the Bush administration, the Congress and the United Nations Office on Drugs and Crime are calling for it to take on a prominent role in combating the narcotics trade. Although this task is meant to help Afghanistan repress the worrisome, if predictable, expansion of its opium economy, it will greatly hamper NATO's effectiveness. NATO's crucial role is to establish security throughout the country -- and not to dilute its focus in eradication and interdiction missions that are presently bound to fail. … Meanwhile, the damage to the crops has generated a new wave of economic refugees to Pakistan, many of whom have been replenishing the ranks of the Taliban."

Scandal Said To Be Putting Plan Colombia In Jeopardy. The Washington Post (2/17) reported Rep. Sander M. Levin (D-Mich.) "said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia. 'Colombia F.T.A. cannot pass the Congress, as constructed, and Plan Colombia is in more jeopardy because of these scandals, the infiltration of the paramilitary into the inner workings of the Colombian government,' Levin said." The Post notes that on Thursday, "Sen. Álvaro Araújo Castro, the brother of Foreign Minister Maria Consuelo Araújo, was arrested along with three other senators and a congressman. Authorities said they are investigating links that those lawmakers -- along with a sixth legislator who remains at large -- may have had ties to a

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paramilitary organization that has terrorized [Colombia] for years while shipping tons of cocaine to U.S. cities."

Police Chiefs Worried About Spread Of Assault Rifles. USA Today (2/20, 1A, Johnson) reports, "Law enforcement agencies across the country have been upgrading their firepower to deal with what they say is the increasing presence of high-powered weapons on the streets." USA Continues, "Scott Knight, chairman of the Firearms Committee of the International Association of Chiefs of Police, says an informal survey of about 20 departments revealed that since 2004 all of the agencies have either added weapons to officers' patrol units or have replaced existing weaponry with military-style arms." USA adds, "Knight, police chief in Chaska, Minn., says the upgrades have occurred since a national ban on certain assault weapons expired in September 2004. The ban, passed in 1994, in part prohibited domestic gunmakers from producing semi-automatic weapons and ammunition dispensers holding more than 10 rounds. … 'This (weapons upgrade) is being done with an eye to the absolute knowledge that more higher-caliber weapons are on the street since the expiration of the ban,' Knight said.He said his own department of about 20 officers is in the midst of determining whether to upgrade its weapons. … Ron Stucker, criminal investigations chief of the Orange County Sheriff's Department in Florida, says the department has been rearming many of its deputies with assault weapons in the past two years. … Stucker says deputies are now 'frequently' encountering assault weapons in local robberies and during simple traffic stops. Weapons seizures in Orlando have increased overall by 26% since 2004."

IMMIGRATION:

Florida Ruling Will Help Foreign Convicts Fight Deportation. The Miami Herald (2/19, Chardy, Weaver) reports, "Owran Green thought he made a good deal when he agreed more than 13 years ago to plead no contest to assault and battery charges in Broward County in exchange for probation and no jail time. … It would be years before he realized his mistake. The Jamaican, now 35, learned from an immigration attorney that his plea renderered him deportable under a decade-old federal law that made expulsion of most convicted criminals mandatory. … But this past fall, the Florida Supreme Court issued a landmark ruling that could help Green and hundreds of other foreign nationals in the same predicament avoid expulsion if they can show they cut their plea deals without being legally warned about deportation." The Herald continues, "The high court's ruling could provide convicted foreigners with another layer of defense against stepped-up efforts by Homeland Security after the Sept. 11, 2001, terrorist attacks to rid the country of immigration violators, particularly those with criminal convictions. … The unanimous Green ruling, issued Oct. 26, has given renewed hope to numerous convicted foreigners now seeking withdrawal of plea deals -- including dozens in Miami-Dade Circuit Court." The Herald adds, "Almost all of the pleas in question were struck in the 1990s, when judges didn't uniformly advise defendants they could be deported by pleading guilty or no contest to charges. Most of those defendants have served sentences and are now seeking to have convictions thrown out to inoculate themselves against possible deportation. … 'It's had a considerable impact in all of our criminal divisions,' said prosecutor Penny Brill, chief of the legal division at the Miami-Dade State Attorney's Office. 'It's now an easier standard for these defendants to meet.' … In Green's case, he sought to withdraw his plea in September 2003, arguing that had he been warned about deportation he would have taken his chances at trial. A judge rejected his petition because no actual deportation proceedings had begun."

Border Violence On The Rise In Arizona. The Washington Post (2/19, A3, Moreno, 690K) reports on the "unusual," according to Alonzo Peña, new US Immigration and Customs Enforcement special agent in charge of Arizona, "recent frequency" of incidents of border violence, "the fact these incidents resulted in deaths and that they occurred in the desert, where the crime scenes are hard to find within the thousands of acres of sand and brush. … Smuggling violence has increased in Arizona during the past six months, the byproduct of a clampdown by federal immigration authorities, Peña said." The US-Mexico border in Arizona "remains the busiest illegal entry point in the country, but the increased concentration of Border Patrol agents and National Guard troops stationed there during the past year has made it harder to cross. In the past 18 months, enforcement operations have been stepped up in Arizona, with strong backing from Gov. Janet Napolitano (D), who declared a state of emergency in Arizona's border counties in 2005 because of illegal immigration."

Illegal Who Testified Against Border Agent Was Given Documents, Money. The Washington Times (2/19, Seper, 88K) reports, "An illegal alien got a 'get out of jail free card' plus US legal documents and monetary compensation from federal prosecutors in exchange for his testimony against a U.S. Border Patrol agent accused of using excessive force during an arrest. Former agent David Sipe, who was convicted and fired, recently won an acquittal at a court-ordered retrial." The Times adds, "A federal appeals court in Texas ordered the new trial, saying prosecutors gave the illegal alien and two others additional inducements not disclosed at the time for their testimony, including Social Security cards, witness fees, permits allowing travel to and

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from Mexico, living expenses and free use of government phones."

US Asylum Process Said To Remain Inconsistent. The Washington Post (2/19, A18, 690K) says in an editorial that two years ago, "the U.S. Commission on International Religious Freedom released a report detailing the upsetting inconsistency with which immigration agents and judges treat foreigners seeking asylum in the United States. The study's conclusion: Asylum seekers are often not given a fair chance to argue their cases, putting legitimate claimants -- especially those who can't contact a lawyer -- at risk of being sent back to their countries of origin, where they face retribution from their governments. This month, the commission issued a follow-up that included a report card on the government's progress since the original study. Both the Department of Homeland Security and the Justice Department earned a fair number of D's and F's from the bipartisan group."

Immigrant Entrepreneurs Boost Inner-City Economies. U.S. News and World Report (2/26, Rayasam, 2.03M) reports, "Immigrant entrepreneurs are helping fuel the U.S. economy. Recent studies show not only that immigrants are starting businesses at a faster rate than native-born Americans but that many of those businesses are refreshing neglected inner-city neighborhoods. … It's the kind of pattern that's enlivening immigrant pockets in cities like New York and Los Angeles, according to the Center for an Urban Future."

TAX:

Ebay Opposes Administration Plan To Report Users To IRS. The Financial Times (2/20, Callan) reports, "Ebay is fiercely resisting a Bush administration plan it says will force it to snitch on customers who are not paying tax on billions earned on the popular online auction site." The Times continues, "The Treasury estimates it could collect $2bn in unpaid tax if companies such as eBay reported American users who carry out more than 100 transactions worth at least $5,000 a year to the Internal Revenue Service. … But an eBay spokesperson said: 'We do not believe it is our responsibility to serve as the go-between. We believe that it is the seller's responsibility.' The company pointed out that many users file self-employment and business tax returns based on their eBay income." The Times adds, "Ebay said it would co-operate with IRS investigations into specific persons but would not voluntarily report its customers' sales 'en masse'. … The US measure, planned to come into effect on January 1, 2008, would only affect American users of eBay, but separately this week UK Revenue and Customs warned taxpayers to report income from eBay activity or face penalties."

CONGRESS-ADMINISTRATION:

Senate GOP Outlines Seven-Point Agenda. The Washington Times (2/19, Bellantoni, 88K) reports, "Senate Republicans have pledged to fight for up-or-down votes on President Bush's judicial nominees and to make his tax cuts permanent, but they face an uphill battle in pushing their agenda. Republican leaders have outlined seven issues they plan to highlight in the shadow of the Democratic majority, which has its own priorities and the power to bring them to the floor." Senate Republican Conference Chairman Jon Kyl of Arizona "said his party unanimously agreed on a set of guiding principles and revealed them in advance of forthcoming legislative specifics. … Attempting to make the Bush tax cuts permanent; Supporting Mr. Bush's plan to increase the size of the military; Pushing earmark reform; Expanding domestic oil production and alternative energy research. Another of the seven issues is related to health care. Republicans say they will propose creation of small-business health-insurance plans, expansion of health savings accounts and support for the health care tax plan Mr. Bush promoted in his State of the Union address last month, with the idea 'all Americans can receive quality health care.' … One of the thornier issues at the bottom of the Republican agenda is immigration reform."

Groups Call On Congress To Make CRS Reports Public. The Washington Post (2/19, A17, Williamson, 690K) reports, "Deep inside the Library of Congress, 500 researchers pound out the secret intelligence Congress uses to make law. Legislators request 6,000 Congressional Research Service reports a year, on weapons systems and farm subsidies, prescription prices and energy use. Together, they offer what lobbyists and industry want most: clues to what's next on the Hill. For years, open-government groups have fought to make the reports public, and for years, many lawmakers have kept them under wraps. Or so they thought." The Post adds, "By insisting on secrecy, Congress instead created a bootleg market for the research. Every day, a small Texas company compiles the reports and sells them to lobbyists, lawyers and others who pay thousands of dollars for a peek at the reports and what they say about the congressional agenda. And it's all legal. … Open-government groups have a problem with that," and they "have fought back by posting every CRS report they can find on their Web sites. But watchdog groups have released only about 10 percent of the total, not enough to reveal the patterns that suggest what Congress might do next."

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Walter Reed Aid Director Allegedly Had Conflict Of Interest. The Washington Post (2/20, A1, Priest, Hull, 690K) reports that for the "past three years, Michael J. Wagner directed the Army's largest effort to help the most vulnerable soldiers at Walter Reed Army Medical Center." He was responsible for matching "big-hearted donors with thousands of wounded soldiers who could not afford to feed their children, pay mortgages, buy plane tickets or put up visiting families in nearby hotels." But while "he was being paid to provide this vital service to patients, outpatients and their relations, Wagner was also seeking funders and soliciting donations for his own new charity, based in Texas, according to documents and interviews with current and former staff members. Some families also said Wagner treated them callously and made it hard for them to receive assistance." The medical center has "launched a criminal investigation of Wagner after The Washington Post sought a response to his activities while he ran the Army's Medical Family Assistance Center, a position he left several weeks ago."

Walter Reed Hospital Repairing Outpatient Housing. The Washington Post (2/20, A1, Priest, Hull, 690K) reports Walter Reed Army Medical Center "began repairs yesterday on Building 18, a former hotel that is used to house outpatients recuperating from injuries suffered in Iraq and Afghanistan and that has been plagued with mold, leaky plumbing and a broken elevator." Facility's commander Maj. Gen. George W. Weightman "said Army staff members inspected each of the 54 rooms at the building and discovered that outstanding repair orders for half the rooms had not been completed. He said that mold removal had begun on several rooms and that holes in ceilings, stained carpets and leaking faucets were being fixed." The Post adds Walter Reed, "the Army's premier medical facility, has turned into a holding ground for wounded soldiers during 5 1/2 years of sustained combat. Almost 700 outpatients suffering from physical injuries and psychological problems live on the 113-acre military post or in nearby quarters. Many linger there for 18 months or longer as they move through the Army's numbing bureaucracy."

Younger CIA Employees Chafe At Ban On Personal Media Items. The Washington Post (2/19, D1, Barr, 690K) reports in its "Federal Diary" column that at CIA headquarters, "iPods are banned. So are cellphones." Workplace restrictions "like these are among the smaller sacrifices that CIA employees make on behalf of the nation's security. But a wave of new hires at the agency are very, very tech savvy and, it seems, not shy about their interests." Cindy Bower, the CIA's chief of human resources, said, "They are pushing us to change in ways that, from a security perspective, we might not be ready to change. They want to use BlackBerrys, and they've got iPods they want to bring in and listen to music." The Post adds the "new hires also are prodding the agency to improve its information technology systems. 'They want it faster and better,' said Michael J. Morell, associate deputy director and the No. 3 at the agency. 'I think it is a very healthy thing.'" The Post adds, "Perhaps no federal agency is changing as rapidly as the CIA. The terrorist attacks of Sept. 11, 2001, shook up an intelligence community that had been downsizing since the end of the Cold War. Since then, recruitment and hiring have become a CIA priority." Forty percent "of the workforce has arrived since Sept. 11, 2001. Of the new hires, 60 percent are under age 30, and 85 percent are under 40. One in six have military experience."

Scalia Said To Wield More Power In Roberts Court. The Los Angeles Times (2/20, Savage, 850K) reports, "It has been two decades in the making, but this is the year Justice Antonin Scalia, the Supreme Court's most outspoken dissenter, could emerge as a leader of a new conservative majority among the justices. Between now and late June, the court is set to hand down decisions in four areas of law -- race, religion, abortion regulation and campaign finance -- where Scalia's views may now represent the majority." The Times adds, "In each of those areas, the retirement of centrist Justice Sandra Day O'Connor and her replacement with Justice Samuel A. Alito Jr. figure to tip the court to the right." That "would give 70-year old Scalia the chance to take on a role that has largely eluded him: speaking for the court in major rulings." Scalia, adds the Times, "is not known for seeing shades of gray in legal disputes; instead, he has favored clear rules and broad decisions."

Grassley Warns He May Block Minimum Wage Conference. Roll Call (2/20, Pierce) reports, "In a role reversal, Senate Finance ranking member Chuck Grassley (R-Iowa) has warned that he may block a House-Senate conference on the minimum-wage bill unless he is assured his Democratic colleagues will join him in demanding inclusion of a sizable tax-cut package. 'The contours of the deal should be known if details can't be,' a Grassley aide said of his insistence that Democrats agree to pursue a small-business tax package that is much larger than the $1.4 billion House-passed proposal." Roll Call adds, "Anticipating criticism from Democrats, the Grassley aide pointed out that Republicans agreed to 'pre-conference' a large corporate tax package in the 109th Congress — assuring Senate Democrats, for example, that the measure would be revenue-neutral, among other things. Once they secured those promises, Democrats finally allowed the measure to be sent to conference with the House. Before that, Senate Democrats

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had blocked three votes to end debate on the motion to appoint conferees, the aide said. … Mindful that Grassley could lead a potential filibuster of one of the Democrats' top legislative priorities, Senate Majority Leader Harry Reid (D-Nev.) has not ruled out the idea of pre-conferencing the minimum-wage-hike bill, and he has been talking actively with Republicans on how to proceed to conference, said Reid spokesman Jim Manley."

Frank Says Adoption Of Inflation Target Would Be A "Terrible Mistake." The Financial Times (2/20, Guha) reports, "It would be a 'terrible mistake' for the Federal Reserve to adopt any form of inflation target to guide its interest rate decisions, Barney Frank, the Democratic chairman of the House financial services committee, has told the Financial Times." Frank, "whose committee is one of two in Congress charged with oversight of the US central bank, said such a target 'would come at the expense of equal consideration of the other main goal, that is employment.'" Ben Bernanke, "chairman of the Fed, believes that the bank would be better off with a relatively flexible inflation target – one that would be achieved on average, rather than within a specific time, giving maximum latitude to respond to output shocks. However, Fed watchers say that, in order to make any such change, Mr Bernanke would need at least the tacit consent of key figures in Congress."

Women Making Faster Gains Than Men In Job Market. The Wall Street Journal (2/20, Treftz, 2.04M) reports, "Women took on slightly more than half of US jobs created in the first part of the decade and made gains in securing the most lucrative openings. Women posted a net increase of 1.7 million jobs paying above the median salary, while men gained a net increase of just over 220,000 of such positions, according to a Bureau of Labor Statistics report for the years 2000-2005. … Overall, men gained 1,804,000 jobs and women 1,996,000, or 52.5% of the total increase, for the period studied." The Journal adds, "Women outpaced men in obtaining work that pays in the top quarter of all jobs."

Commercial Construction Experiencing Boom. The Christian Science Monitor (2/20, Scherer, 59K) reports, "Residential construction fell 2 percent last year, but private commercial construction rose 16 percent, and public construction was up 10 percent, according to the US Census Bureau. The last time the business was this strong was seven years ago, says Kenneth Simonson, chief economist for the Associated General Contractors. Behind the commercial-construction push is a combination of powerful economic forces: For one, gigantic investment pools… are looking for places to invest. Also, an enormous growth of imports into the United States is spurring a rush to build new warehouse space. Moreover, developers are building new communities that offer environmentally friendly spaces to work and require less commuting time. These complexes also offer nightlife and restaurant options." The Monitor adds, "Even some parts of the country where construction has lagged in the past are experiencing a boom."

Stock Markets Expected To Continue Record Climb. The Wall Street Journal (2/20, C1, Browning, 2.04M) reports, "It is the kind of surprise investors love to get: The economy seems to be just a little stronger than most people expected. Not enough to worry anyone; just enough to push stocks higher Data on items such as fourth-quarter economic growth and consumer spending have come in a tad better than markets expected late last year." As a result, the Dow Jones Industrial Average "has continued its steady rise, and stocks that do better in a strong economy have been among the leaders." On Wall Street, "the mood is downright bullish. … Amid solid growth with minimal inflation world-wide, the world's stock markets are feeding on one another's success."

USA Today (2/20, 1B, Shell, 2.27M), meanwhile, says "the relationship between politics and stock market profitability tends to be most cordial in the year prior to a presidential election. It is that historical statistical quirk that should provide some solace to investors concerned about another calendar-related anomaly on Wall Street: the fact that stocks have not had a 2% pullback since July 14, a span of 149 trading sessions. That uninterrupted uptrend, says Ned Davis Research, lags behind only a correctionless stretch that ended in 1954."

Job Corps Revamps Programs For New Economy. The New York Times (2/20, Eckholm, 1.16M) reports, "As the economy has turned against those with low skills and researchers have questioned the long-term impact of the Job Corps on the lives of its graduates, this remnant of the Great Society is facing an urgent need to reinvent itself." Dr. Esther R. Johnson, a "career executive in the Labor Department with a doctorate in education who took over the corps last March," said, "Once you could go into the Job Corps and get a G.E.D. and go out and make a living. You can't do that anymore." The Times adds, "Dr. Johnson wants the Job Corps to aim higher, helping graduates into careers with a bigger paycheck." To do that "she plans to lengthen the average stay for many graduates beyond the current 11.4 months, improving their reading, math and vocational skills. She also wants trade courses to connect more closely with college programs and emerging industries, and she thinks the corps must double the number of graduates, now just 10 percent, who go on to higher education." Dr. Johnson says this "can be done…within a budget flat-lined at $1.5 billion in recent years, mainly by increasing the rigor of courses while cutting other costs."

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Herbert Looks Forward To End Of Bush's Administration. The New York Times' Bob Herbert (2/19) writes, "The essential issue facing the U.S. at this point in our history" is "whether, once the Bush administration has finally and mercifully run its course, the country goes back to being a reasonably peaceful, lawful, constructive force in the world, or whether we continue down the bullying, warlike, unilateral, irresponsible, unlawful and profoundly ineffective path laid out by Bush, Cheney & Co. … I don't think most Americans are up for perennial warfare."

LATimes Criticizes Congressional "Censorship" Of TV Violence. The Los Angeles Times (2/19, 850K) says in an editorial that in response to "a request from lawmakers, the Federal Communications Commission has drafted a report outlining what Congress might do to curb excessively violent programs. Objectionably violent shows, it says, could be banned during the hours that children are most likely to be watching TV (6 a.m. to 10 p.m.), just as indecent programming is." But while there is "plenty of evidence that television shows are more graphically violent than ever, both on cable networks and on free over-the-air TV," simply "noting this problem, however, doesn't prove that government censorship can solve it." What censorship "would do is deter networks from airing valuable but bloody shows that don't quite qualify as news, while generating lawsuits over what inevitably will be inconsistent standards for judging violence on TV." The government "shouldn't be making these calls; parents should."

Historians "Abandon Their Usual Caution" In Judging Bush's Presidency. U.S. News and World Report (2/26, Tolson, 2.03M), in its cover article on "The 10 Worst Presidents," reports, "Is George W. Bush's presidency shaping up to be one of the worst in U.S. history? You hear the question being asked more and more these days. And more and more, you hear the same answer. With Iraq a shambles and trust in the administration declining, it is probably not surprising that 54 percent of respondents in a recent USA Today/Gallup survey said that history would judge Bush a below-average or poor president. … Public opinion is a notoriously fickle beast, of course, which is why historians and other custodians of the long view prefer to reserve judgment until they can speak of their subjects in the past tense. But clearly something about Bush ii has inspired many historians to abandon their usual caution."

Conservative Judges May Be Bush's Lasting Legacy. US News & World Report's "Washington Whispers" column (2/18, Bedard) reports, "The White House is still holding out hope that it will have a chance to name a third justice to the Supreme Court and cement its conservative tilt for generations to come. 'We need one more on the Supreme Court,' says a Bushie who was instrumental in getting Chief Justice John G. Roberts and Associate Justice Samuel Alito aboard. But with Democrats now running the Senate, pushing another conservative through might be hard. … Meantime, the White House is seeking to add 17 more U.S. Circuit Court judges before leaving town in 2009. 'This is our biggest legacy,' says the official. And rightly so: Almost 30 percent of federal judges are Bush picks, he says."

Gonzalez's Tenure At USCIS Said To Ride On Success Of Fee Increase. The Washington Times (2/20, Dinan, 88K) reports though US Citizenship and Immigration Services is "usually thought of as the kinder, gentler arm of immigration," the agency "helps nab an average of five criminals a day, including the occasional murder suspect -- a point that agency Director Emilio Gonzalez underscores when he discusses the USCIS role in the Homeland Security Department." In the year since he took over the agency, Gonzalez "has started a pilot program to test a new naturalized citizenship exam, finished off a backlog of millions of benefit applications and created several offices that would put national security first at the agency. But those who interact most with USCIS say Mr. Gonzalez's tenure will succeed or fail on his latest proposal to increase fees an average of more than 60 percent in order to finish the transformation from a much-maligned 20th-century paper-based bureaucracy into 21st-century streamlined, self-sufficient, services-based enterprise."

Pelosi Taps First Black Woman To Be House Clerk. The Washington Post (2/20, A11, Layton, 690K) reports that at "6 feet 2 inches tall, Lorraine C. Miller cuts a striking figure in the polished hallways of the U.S. Capitol. Last week, the woman with regal bearing gained another, more lasting distinction. She was sworn in as clerk of the House of Representatives, the first African American to hold the seat since it was created in 1789." House Speaker Nancy Pelosi (D-Calif.) "tapped Miller for the job, citing her work ethic, knowledge of the Hill and ability to make connections across party lines, in addition to her trailblazer status."

NASA's Renewed Focus On Lunar Exploration Applauded. In an op-ed for the New York Times (2/20, 1.16M) planetary scientist Carolyn Porco writes, "After years of spending our nation's space budget building an orbiting space station of questionable utility, serviced by an operationally expensive space shuttle of unsafe design, NASA has set a new direction for the future of human spaceflight. Once again, we have our sights on the Moon ... and beyond. We are finally, bodily, going to make our way into space, this time to stay." Porco adds that the official

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plans "call not for flag-planting and grab-a-few-rocks-and-go but, by 2025, a solar-powered, human-tended, continuously inhabited research outpost. … What is not out of the question is our ability to pay to keep the goal front and center. We are now spending in Iraq, in a single month, $9 billion — more than half the annual budget NASA needs to stay on course."

OTHER NEWS:

US Chamber, Center For American Progress To Release Joint Program For Education. The Politico (2/20, Glass) reports that on February 28, the U.S. Chamber of Commerce and the Center for American Progress "plan to unveil their joint platform for change." The chamber reported a poll of businesses showed 87 percent "said the current No Child Left Behind requirements should extend all the way through high school." The two organizations' presidents Thomas J. Donohue and John D. Podesta will release their platform and also "plan to grade all 50 state education programs, plus that of the District of Columbia, from kindergarten through 12th grade."

Educators Call For More Attention To Character Education. Charles C. Haynes, senior scholar at the First Amendment Center in Washington, and Marvin W. Berkowitz, Sanford N. McDonnell Professor of Character Education at the University of Missouri-St. Louis, write in USA Today (2/20, 13A, 2.27M) in favor of the importance of character education, writing "shouldn't we be paying more attention to the kinds of human beings who do the math and read the books?" The two praise the work of Principal Kristen Pelster of Ridgewood Middle School, in Arnold, Missouri who, along with now former-Principal Tim Crutchley adopted a program of character education resulting in higher academic performance, fewer disciplinary problems "and the student failure rate has dropped to zero."

McCain Says He Supports Overturning Roe Vs. Wade. The AP (2/19, Davenport) reports Sen. John McCain "said Sunday the court decision that legalized abortion should be overturned." McCain told a crowd in South Carolina: "I do not support Roe versus Wade. It should be overturned." McCain "also vowed that if elected, he would appoint judges who 'strictly interpret the Constitution of the United States and do not legislate from the bench.'" The AP adds, "McCain's campaign also announced early Sunday that he had been endorsed by former Oklahoma Gov. Frank Keating, who had been considering his own bid for the White House, and former Texas Sen. Phil Gramm.

McCain Blasts Rumsfeld At South Carolina Stop. The AP (2/20, Smith) reports Sen. John McCain said "the war in Iraq has been mismanaged for years and former Defense Secretary Donald Rumsfeld will be remembered as one of the worst in history." Speaking to "an overflow crowd of more than 800 at a retirement community near Hilton Head Island, SC," McCain said, "We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war. The price is very, very heavy and I regret it enormously." The AP adds McCain, "the ranking Republican on the Senate Armed Services Committee, complained that Rumsfeld never put enough troops on the ground to succeed in Iraq." McCain said, "I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history." The AP adds McCain's "comments were in sharp contrast to McCain's statement when Rumsfeld resigned in November, and failed to address the reality that President Bush is the commander in chief."

Fox News' Special Report (2/19, Garrett) reported Sen. John McCain "pushed for conservative support in South Carolina. Today he bashed the Senate's rare Saturday session to vote on whether to debate a non-binding resolution opposing the president's Iraq troop surge." McCain was shown saying, "It was a charade and a joke and a publicity stunt on the part of the Democrats in the Senate, because they wanted to embarrass the president of the United States, my friends."

McCain Said To Be Following Bush Playbook. On MSNBC's "Hardball" (2/19, Matthews), MSNBC political analyst Howard Fineman said, "The McCain people are following the George W. Bush playbook to the extent they possibly can. The same donors, the same issues, the same at the attitudes all the way down the line. And it is so ironic given where McCain was seven years ago."

Gramm Says McCain Is The Best Leader For Our Times. In a Wall Street Journal op-ed (2/20, A17), former Sen. Phil Gramm says, "Today's mortal need is for a leader who trusts our people enough to tell them the truth about the festering domestic problems that have been swept under the rug for a quarter-century. We need a president who can face up to these problems even as he leads an increasingly reluctant country in a war against a dangerous enemy that will follow us home from any battlefield on which we are defeated." Gramm adds, "I believe the man we need to meet the mortal need today is here. He is experienced, but has not lost his common sense or his ability to be outraged. His conservatism is not the result of a studied philosophy, but of common sense and personal observation. His name is John McCain. He might not be the right president for all times, but he is the right president for these times." Gramm cites the budget deficit, free trade, and entitlement reform, among other issues.

More Energetic, Conservative McCain On Display In Iowa. The Washington Post (2/19, A4, Balz, 690K) reports

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McCain "has shown little of the exuberance of the Republican outsider…in 2000. Now virtually hostage to the success of Bush's Iraq war policy…McCain has appeared subdued, even dour. … But as he campaigned across Iowa this weekend, there were flashes of the old McCain." McCain "staunchly defended his position on the war, decried a Republican Party that he said has lost its way and punctuated question-and-answer sessions with his particular brand of humor. When a man said he was serving in the Marines in Vietnam around the time McCain was being held in a North Vietnamese prison camp, the senator interjected, 'Why didn't you come get me?'" According to the Post, "the differences between 2000 and today were evident. … This time he presents himself as the candidate who can restore core principles to the Republican Party, which he says became intoxicated by power before losing its congressional majorities in the 2006 midterm elections. His message this time is more overtly conservative, and his campaign identifies more openly with the socially conservative wing of the party."

The Politico (2/19, Martin), in an article with a strikingly dissimilar analysis of McCain's weekend campaigning, reports, "This weekend in Iowa, McCain's old ebullience was replaced by a mood that seemed to fluctuate between sober and downright morose as he and the voters he met kept returning to a single topic: Iraq. Nor was the weekend an exception." McCain "deployed his usual mix of corny cracks and jocular repartee with audience members. But the levity was no match for the deeply serious questions that McCain found himself on the receiving end of at his first stop of the day in Des Moines."

Romney Now Supports "Don't Ask, Don't Tell" Policy. The Washington Post (2/19, A4, Solomon, 690K) reports former Massachusetts governor Mitt Romney, "who once advocated allowing gays to serve openly in the military, said yesterday that he does not think the Pentagon should change its 'don't ask, don't tell' policy in the midst of the Iraq war. ' 'Don't ask, don't tell' has worked well. We're in the middle of a conflict. Now is not the time for a change in that regard, and I don't have a policy posture as to allowing gays in the military to serve there openly,' Romney…said on ABC's 'This Week.'"

Romney Defends Opposition To Stem Cell Research. The AP (2/20, Jackson) reports Mitt Romney "on Monday defended his opposition to most embryonic stem cell research despite its scientific promise to cure diseases like multiple sclerosis that afflicts his wife, Ann." Romney said in an interview "he was confident that research on adult stem cells and the existing embryonic stem cell lines could eventually provide the medical answers." Romney said, "I believe that science is able to receive the stem cells necessary for research through means that don't represent a serious, moral problem." The AP adds Romney said "his wife would play a prominent role in his campaign for president." Romney said, "Were she not healthy I would not have run. … She is able to manage her disease such that she does not overdo or cause herself physical problem. Were that not the case, we'd have made a different decision. We'd be in the sun somewhere." Romney also "defended his recent decision to join the National Rifle Association, saying that he has always supported the 2nd Amendment and dismissing criticism that his membership amounts to political opportunism." He "defended his decision to vote for Democrat Paul Tsongas in the 1992 Massachusetts Democratic presidential primary." Romney said, "We have an open primary where we can vote for people other than Bill Clinton and I voted against Bill Clinton."

Romney Defends Faith At Florida Event. Fox News' Special Report (2/19, Garrett) reported, "One of McCain's rivals, former Massachusetts Governor Mitt Romney, confronts skepticism of a different kind, his Mormon faith. A heckler raised it this weekend in Florida." Unidentified heckler: "You sir, you are a pretender. You do not know the lord. You are a Mormon." Romney: "Let me offer a thought, and that is one of the great things about this great land is we have people of different faiths and different persuasions, and I'm convinced that the nation does need to have people of different faiths, but we need to have a person of faith lead the country." Garrett: "The Mormon issue comes up a lot, and in this case at least, it appears Romney got the better of that encounter. Romney faces pro- choice, and pro-abortion, and pro-life skepticism as well."

NBC Correspondent "Trashes" Romney. On Fox News' "The O'Reilly Factor" (2/19), Bill O'Reilly said, "More evidence that NBC News is now a committed left wing organization. After Republican Mitt Romney announced he was running for president, NBC News correspondent Chip Reid trashed him." Reid was shown saying, "He's barely out of the starting blocks, and I'm going to go right for his knees. No. 1, he's a Mormon. That's something evangelicals have a problem with. No. 2, he's a flip- flopper." O'Reilly added, "All right, he's a flip-flopper. It's hard to believe when you understand that Mr. Reid covers Congress for the NBC Nightly News with Brian Williams. Nice objectivity. The woman giggling with him is Anna Marie Cox, works for TIME magazine, use to edit a Marxist magazine. OK. Ms. Cox did. Now, there was nobody in that discussion sticking up for Romney. Nobody." Fox News analyst Michelle Malkin added, "Well, the Reid clip was remarkable. First, his Tony Soprano pose about going after -- you know, right for...Mitt Romney's knees. Ha, ha, ha. And then you got the giggly Anna Marie Cox, you know, breaking out into laughter over that. And then just the political characterization that is just so out of touch from reality. … I think this was implications for the larger political coverage, leading up to 2008 for sure."

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Cohen Says Romney "Thoroughly Counterfeit." In his Washington Post column (2/20, A13), Richard Cohen says, "I have been following the zigs and zags of Mitt Romney, the former Massachusetts governor and now Republican presidential candidate, watching him grow progressively less progressive, sort of making himself up as he goes along. As a result, I surf the Web with trepidation, bracing myself for the story that I fear might be coming: 'Romney Says He Is Not Really a Mormon.'" What's an "ambitious, square-jawed opportunist to do? He might do as he has done in the past and change his position." Cohen cites Romney's change of position on issues such as gay rights, abortion, adding he is "in a class of his own. He used to have fairly reasonable positions on gun control. Within the past year, though, he joined the National Rifle Association -- an admission made under some duress Sunday to George Stephanopoulos on ABC's 'This Week.' ' In fact, to watch Romney on the show was to see a thoroughly counterfeit man."

Obama Said To Be Overtaking Clinton In The South. The Politico's Mike Allen (2/19) writes, "At the annual Jefferson-Jackson Dinner of the Democratic Party of Virginia on Saturday, the Hillary Clinton signs and bumper stickers were free," while "'Obama '08 Gear' was for sale – T-shirt, $20; button, $10; sign, $5. And he had a lot more takers than she did, suggesting he might be making early inroads in a tough region that once was Confederate soil. Party officials say their previous record for the dinner was 1,400 seats. But after" Obama "was announced as the keynote speaker, sales ballooned and the party kept expanding the dinner until tit had space for 3,200 at the Greater Richmond Convention Center. A few hours before the dinner, Gov. Tim Kaine became the first governor outside of Illinois to endorse Obama. Hastings Wyman, founder of the Southern Political Report, "said that while Clinton retains her hold on the African-American establishment, which is crucial in Southern primaries, Obama has the most appeal among younger African-Americans." Larry J. Sabato, director of the Center for Politics at the University of Virginia, "says his students 'are nuts about' Obama and that among Democratic students, 'He's the only one they're interested in. He's like Reagan or Kennedy, with an ability to connect with people individually in a large group. Hillary? Get real. She doesn't have that. Whatever 'it' is, he has it.'"

Obama Accused Of Overstating His Community Involvement In His Memoir. The Los Angeles Times (2/19, Wallsten, 850K) reports, "The drama began with a tiny ad in a local newspaper — a notice that asbestos was about to be removed from the management office at Altgeld Gardens, the all-black public housing complex where young Barack Obama worked as a community organizer. … As the 24-year-old mentor to public housing residents, Obama says he initiated and led efforts that thrust Altgeld's asbestos problem into the headlines," but "others tell the story much differently. They say Obama did not play the singular role in the asbestos episode that he portrays in the best-selling memoir, 'Dreams From My Father: A Story of Race and Inheritance.' … 'Just because someone writes it doesn't make it true,' said Hazel Johnson, a longtime Altgeld resident who…began pushing for a variety of environmental cleanups years before he arrived." Rep. Bobby L. Rush "said it was Johnson's work…that sparked the interest of Chicago officials. … While he has not read Obama's memoir, Rush, who has been a political rival of Obama's in recent years, said Johnson's role was so prominent that he was 'offended' by anyone telling the Altgeld story without including her."

Hollywood A-List To Attend Obama Fundraiser. The New York Times (2/20, Halbfinger, 1.16M) reports Tom Hanks "has bought a $2,300 ticket. So have Jennifer Aniston, Eddie Murphy and Denzel Washington. The studio bosses from Universal, Paramount, Disney and 20th Century Fox have all sent checks or faxed their credit card numbers, too." Given the "A-list stars, movie and music moguls, and top Hollywood dealmakers who have sent their R.S.V.P.'s, one would think the man of honor at Tuesday night's benefit at the Beverly Hilton would be getting a lifetime achievement award. But the toast of the evening is" Sen. Barack Obama, "in his first foray to Los Angeles as a declared presidential candidate." It is "hard to say whether the unusual heat behind the evening owes more to interest in Mr. Obama or to the three men who spearheaded the fund-raiser: the DreamWorks co-founders David Geffen, Jeffrey Katzenberg and Steven Spielberg." The "haul is expected to be at least $1 million, making it the first major event here of the presidential campaign. (Senator Hillary Rodham Clinton, Democrat of New York, will get a chance to flex her own Hollywood fund-raising muscles on March 24 at the estate of Ronald Burkle, the supermarket tycoon.)"

Axelrod Optimistic About Campaign's Course. On MSNBC's "Hardball" (2/19, Matthews), Obama strategist David Axelrod says, "Well, I am very encouraged, Chris, by what I see. Everywhere he has gone, and you were down there freezing with us in Springfield, when 15,000 people showed up for his announcement. He has been getting enormous crowds wherefore he goes. And I don't think it is just because of him. And I think he is sensational. But that is not why people are coming. They are coming because they really want to believe again and check back in and change the politics of this country. I think that is very powerful. And so I have a very optimistic feeling about this campaign." Asked how Obama would defeat Sen. Hillary Clinton in a Democratic primary, Axelrod said, "Sometimes it is hard to stop an idea whose time has come. I think people want to

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turn page, they want to move forward. They are looking to the future. I think Barack Obama represents the future."

WPost Says FEC Should Accept Obama's Plan To Preserve Public Financing. The Washington Post (2/20, A12, 690K) notes in an editorial that Sen. Obama "has asked the Federal Election Commission to rule on whether he could legally collect money for the general election campaign but ultimately decide to take public funding were he to win the nomination and his GOP opponent followed suit." The FEC "has said it is speeding up its review of Mr. Obama's intriguing proposal, which turns, as a legal matter, on the question of whether the candidate would be deemed to have 'accepted' money he is raising for the general election campaign if he keeps it separate and unused. If the money has been raised but not 'accepted,' Mr. Obama argues, he could still choose to return it and take public financing instead." This "might be a stretch that only a former Harvard Law Review president could love . But as a matter of policy, it could salvage a failing system to promote the aims underlying the law." The FEC "should allow that, and Mr. Obama's rivals in both parties should pledge, if they win the nomination, to help save the system, not destroy it."

Clinton Pollster's Firm Said To Have Potential Conflicts Of Interest. The Washington Post (2/20, A11, Birnbaum, 690K) reports Mark J. Penn "is a man who wears many hats: high-paid political and corporate pollster, chief executive of an international communications and lobbying company, and chief strategist to New York Sen. Hillary Rodham Clinton's bid for the Democratic presidential nomination." But Penn's firm, "Burson-Marsteller Worldwide -- with 2,000 employees and $300 million a year in revenue -- owns BKSH & Associates, the major lobbying firm chaired by Charles R. Black Jr. That's right, Black, counselor to Republican presidents, reports to Clinton's top strategist." Burson-Marsteller is "a subsidiary of WPP Group, a London-based advertising and PR giant that owns many of the biggest names on K Street. These include Quinn Gillespie & Associates, Wexler & Walker Public Policy Associates, Timmons & Co., Ogilvy Government Relations Worldwide (formerly the Federalist Group), Public Strategies Inc., Dewey Square Group and Hill & Knowlton." The "range of interests represented by" lobbyists employed by these firms "is a staggering list of corporate America's who's who, with Penn himself a longtime adviser to Microsoft." Fred Wertheimer, president of Democracy 21, said, "This is a classic example of how big money has inextricably intertwined the campaign advising and lobbying worlds of modern-day Washington with potential conflicts of interest all over the place."

Reid's Son Joins Clinton Campaign. USA Today (2/19, 4A, 2.27M) reports Senate Majority Leader Harry Reid's son Rory "has signed on as Nevada chairman for Sen. Hillary Rodham Clinton's presidential bid. Rory Reid, 44, is chairman of the Clark County, Nev., Commission and a former chairman of the Nevada State Democratic Party. He will be senior adviser on Western issues, including public lands, resources and conservation, transportation, growth and affordable housing, the New York senator's campaign said in a statement Sunday."

Some Conservatives' Animosity Towards Clinton Has Mellowed. The New York Times (2/19, Kirkpatrick, 1.16M) reports, "Back when Senator Hillary Rodham Clinton was first lady, no one better embodied what she once called the 'vast right-wing conspiracy' than Richard Mellon Scaife." Scaife "spent more than $2 million investigating and publicizing accusations about the supposed involvement of Mrs. Clinton and former President Bill Clinton in corrupt land deals, sexual affairs, drug running and murder. But now…Scaife's checkbook is staying in his pocket. Christopher Ruddy, who once worked full-time for Mr. Scaife investigating the Clintons…said, 'Both of us have had a rethinking.' 'Clinton wasn't such a bad president,' Mr. Ruddy said. 'In fact, he was a pretty good president in a lot of ways, and Dick feels that way today.'" According to the Times, "For every conservative who says Mrs. Clinton will feel the wrath of the movement's grass-roots organizers later in the campaign…another expresses doubt that Clinton foes can ever be revved up as they once were."

Krugman Credits Edwards For Saying He Was Wrong To Authorize Iraq War. The New York Times' Paul Krugman (2/19) writes, "Many people are perplexed by the uproar over Senator Hillary Clinton's refusal to say, as former Senator John Edwards has, that she was wrong to vote for the Iraq war resolution. Why is it so important to admit past error? … For the last six years we have been ruled by men who are pathologically incapable of owning up to mistakes. And this pathology has had real, disastrous consequences. The situation in Iraq might not be quite so dire — and we might even have succeeded in stabilizing Afghanistan — if Mr. Bush or Vice President Dick Cheney had been willing to admit early on that things weren't going well or that their handpicked appointees weren't the right people for the job. The experience of Bush-style governance, together with revulsion at the way Karl Rove turned refusal to admit error into a political principle, is the main reason those now-famous three words from Mr. Edwards — 'I was wrong' — matter so much to the Democratic base."

Clinton, Obama Compete For Black Vote In South Carolina. Fox News' Special Report (2/19, Hume) reported, "Democratic presidential candidates are confronting the issue of race. The question is not only whether the country is ready for a black president, but whether black voters are likely to cast their ballots as a block for an African-American candidate." Fox News (Serrie) added, "Democratic

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presidential hopefuls are courting the black vote in South Carolina, a state where African-American accounted for 49 percent of the vote in the party's last presidential primary." Sen. Hillary Clinton: "I am the candidate with the experience to break the barriers, to win on behalf of the people of our country." Fox added, "Sen. Hillary Rodham Clinton held a morning rally at historically black Allen University in Columbia, the same city where Friday Illinois Senator Barack Obama appeared to suggest he was blazing a new trail as an African American presidential candidate." Sen. Obama: Twenty years ago, nobody would have believed this crowd right here in South Carolina." Fox added, "South Carolina voters have mixed reaction on whether race, or for that matter gender, will have an effect on the outcome of the 2008 election."

The New York Times (2/20, Healy, 1.16M) reports Senator Hillary Rodham Clinton "told an audience of black voters on Monday that they would be 'breaking barriers' if they supported her for president in 2008 — deliberately signaling that they could still take pride in making history if they chose a woman over one of their own, Senator Barack Obama of Illinois." It was "a delicately worded pitch — Mrs. Clinton did not mention Mr. Obama by name — and it drew applause. Another remark, that 'anyone can be president,' set off an ecstatic standing ovation." Clinton and Obama "were both in South Carolina this holiday weekend competing for the support of blacks, who cast almost half of the votes in the Democratic primary here in 2004." Clinton's "task here became more complicated last week when one of her prominent black supporters, State Senator Robert Ford of South Carolina, said that nominating Mr. Obama would be a disaster." Ford said, "Every Democrat running on that ticket next year would lose because he's black and he's top of the ticket." The Times adds Obama "said Saturday that history was full of examples of people telling blacks, 'We can't.' He then said that, with black support, he could say to voters, 'Yes, we can.'" The Times adds Mrs. Clinton "also appeared at a tribute Monday in Charleston for the state's most powerful black Democrat, Representative James E. Clyburn, majority whip of the United States House, who also met with Mr. Obama over the weekend."

The Washington Post (2/20, A4, Cillizza, 690K) reports Clinton "courted black voters, considered crucial to securing the Democratic presidential nomination, in a series of campaign stops in South Carolina on Monday in which she cast the 2008 election as a chance to make history." Each of Clinton's "appearances was aimed at projecting her as the candidate best equipped to deal with the hopes and hardships of black voters. She called on state leaders to remove the Confederate flag from the grounds of the State House here, as have several other Democratic candidates. Then, after her town hall event at Allen University -- a historically black institution in Columbia -- she headed south to a gathering in Florence in honor of Mayor Frank Willis." Clinton's visit "came less than 48 hours after Sen. Barack Obama (D-Ill.) campaigned here, and even during Clinton's speech in Columbia word was circulating that Obama had secured the endorsement of Dick Harpootlian, a former state party chairman."

The Politico (2/20, Smith) reports Clinton's "tailored case to a black audience reflected her new directness in talking about herself as a woman and a mother. Former British Prime Minister Margaret Thatcher reportedly took voice lessons to sound more like a man; Clinton has gone in the other direction since announcing her bid for the presidency, speaking more explicitly about her sex than ever before in her political career. And while the shift has the lofty aim of trying to change national attitudes toward women, it also reflects a cold, strategic reality." Clinton's "explicit embrace of her gender was a choice, and it represents a gamble of sorts" that "appears, so far, to be paying off. In particular, Clinton appears to have managed to avoid a mass defection of African-American supporters to Obama."

Hillary Clinton Denies Buying Black Legislator's Endorsement. The AP (2/20, Davenport) reports Sen. Hillary Rodham Clinton "on Monday denied that her campaign traded money for an endorsement from one of South Carolina's most influential black politicians." In an interview, Clinton "responded to questions about the consulting contract her campaign negotiated with state Sen. Darrell Jackson, who last week endorsed her candidacy rather than of top rivals John Edwards or Sen. Barack Obama, D-Ill." Clinton said, "Senator Jackson was someone who was involved in my husband's campaigns. He was someone we turned to for political advice and counsel and I'm proud to have him on my team." The AP adds, "Soon after the endorsement, Jackson acknowledged that his media consulting firm had negotiated a $10,000 per month contract with Clinton's campaign. Jackson has said he turned down more lucrative contracts from other candidates." Although he "backed Edwards, the former North Carolina senator, in the 2004 Democratic presidential primary, Jackson said he now supports Clinton because she has the best shot of winning the White House."

Questions About Obama's Racial Identity Criticized. In his Washington Post column (2/20, A13), Eugene Robinson says, "Is Barack Obama 'authentically' black? Come on, be real. Is the pope Catholic?" Obama "made his first campaign trip to" South Carolina, "drawing about 3,000 people to a rally in Columbia, the state capital, and 2,000 to a 'town hall meeting' here in the city where I was born and raised. If those who rose early Saturday morning to attend the Orangeburg event constitute a representative focus group, black voters will want to weigh Obama's policy positions against those of the other candidates before deciding whom to support. But they won't spend a lot of time pondering his identity." State legislator Gilda Cobb-Hunter,

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"an African American," had "no patience for the 'blackness' question that reporters kept asking." Cobb-Hunter said, "People talk as if this is, like, some kind of option for him. … I don't hear the national media questioning Hillary Clinton about being a woman."

Giuliani Said To Be "Nightmare" Candidate For Religious Right. On Fox News' "Your World With Neil Cavuto" (2/19, Cavuto), David Kuo, former deputy director of the Office of Faith-Based and Community Initiatives said Rudy Giuliani "really is a nightmare candidacy for the religious right. He is extremely popular. He is extremely well-liked. And his candidacy really does expose deep fissures within the religious conservative movement, because, on the one hand, you have a religious conservative leadership that has been around for the last 20 years or so. But, more and more, you have young evangelicals, you have people outside of the sort of religious right mainstream who are looking at his candidacy, and who are very fascinated by it. And, so, it -- you could well see a Giuliani nomination. And that could well bring in sort of a religious right war within the GOP."

Bill Clinton Seen As Potential Senate Replacement For His Wife. The Washington Examiner (2/18, Sammon) reported, "If Hillary Rodham Clinton wins the presidency, some top Democrats would like to see her husband, former President Bill Clinton, appointed to serve out Hillary's unexpired Senate term. 'As a senator, he'd be a knockout,' said Harold Ickes, who was once a top White House aide to Bill Clinton and now gives behind-the-scenes advice to Hillary. … 'President Clinton would excel in the Senate,' said Paul Begala, who helped Bill Clinton get elected and served in the White House as a top aide." The Examiner notes that "so far, speculation about potential successors has focused on New York Attorney General Andrew Cuomo and environmental lawyer Robert F. Kennedy Jr."

Bill Clinton Said To Have Little Interest In Senate. On Fox News' Hannity & Colmes" (2/19), host Sean Hannity said, "With Senator Hillary Clinton making her run for the White House, many supporters are looking at husband Bill to fill her Senate seat if she wins. First-term New York governor Eliot Spitzer, a Democrat, would be forced to appoint a replacement for Hillary. And Clinton supporters are already lobbying for the former President." Columnist Dick Morris added, "Well, I'm not sure he wants to go back to work for a living, Sean. He's having a nice time and I think he would thoroughly enjoy being first husband in the White House. And I think he would want to treat that job expansively. I think the more likely role for him would be kind of like roving ambassador. I think Hillary would use him to tour the world and develop relationships that she needs and to advise her on foreign policy." Morris added that Spitzer is "a very, very good governor with a tremendous future and I think some potential himself to be president. And I think that he's going to want to appoint a protégé."

Richardson Calls On Democratic Candidates To Avoid Intra-Party Attacks. USA Today (2/19, 4A, 2.27M) reports New Mexico Gov. Bill Richardson "said he and all other Democratic presidential candidates should sign a pledge not to attack one another. Such a pact would mean 'we will go into a general election stronger,' Richardson said Sunday on CNN's Late Edition.

Parallels Between Decline In Party Fortunes Under Bush, Clinton Noted. Roll Call (2/20, Jacobson) reports that with the National Governors Association winter meeting "set to begin later this week and the 2008 presidential race continuing to simmer, it seems an appropriate time to look at how both former President Bill Clinton and President Bush presided over a significant decline in their own parties' downballot fortunes." For Clinton, "the biggest drop in gubernatorial, legislative and Congressional seats came in 1994, two years after he was elected, whereas for Bush, it came after six years in office. And generally speaking, the declines in Democratic downballot strength under Clinton were steeper than those the Republicans have suffered under Bush (though if the trends from 2006 continue, the GOP could cumulatively be looking at Clinton-scale losses two years from now)." The "larger-than-life personas of both Clinton and Bush — and their polarizing effect on the electorate — almost certainly contributed to their party's downballot decline."

Biden's Said To Have Gift For Retail Politics. The Politico (2/20, Simon) reports, "Joe Biden is in the 27th minute of his five-minute presentation, but nobody in the church basement" in Ames, Iowa, "has slipped away, nobody is nodding off, nobody is doing anything but following his every word." Biden's mouth "can get him in trouble, but when it is working right, the words drop from his lips like pearls, and nodding heads now spread through the audience like ripples on a pond." Most politicians "love to serve but hate to run, and you can hardly blame them: Running is when you get the least respect. Running is when the voters remind you that you are a job applicant and they are doing the hiring. But Biden, a senator from Delaware, seems to live for campaigning, live for the give and take, live for switching audiences from rapt attention to raucous laughter and back again." Joe Biden is "a glad-hander in the best sense of the word: He looks glad to be grasping each person's hand, looking the person in the eye, answering some question or exchanging some pleasantry." Does it "really matter? Voters

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appreciate this much effort even if the candidate is faking sincerity."

Anti-War Wing Of Democratic Party Pressuring '08 Candidates. In his Roll Call column (2/20), Morton Kondracke says, "As dangerous as President Bush's record on Iraq may be to Republican presidential candidates in 2008, Democrats also are risking revival of fears that their party is weak on foreign policy." If Democratic candidates "embrace the strategy of Rep. John Murtha (D-Pa.) to cut off funds for U.S. troops in Iraq, they deserve to be compared to the losers of the past — George McGovern, Jimmy Carter, Walter Mondale, Michael Dukakis and Sen. John Kerry (D-Mass.)." Those candidates "lost presidential elections — often by landslides — mainly because voters perceived them as being unreliable in protecting the country from foreign adversaries." This year, "as in the past, the force-averse liberal base of the party is demanding ever-stronger statements and actions in opposition to the Iraq War and party leaders are obliging, with Murtha, Speaker Nancy Pelosi (D-Calif.) and presidential candidates either obliging or leading the process."

Rush To Reschedule Primaries Could Backfire. The Christian Science Monitor (2/20, Wood, 59K) reports California is "poised to play the first card in what experts say will be a national game of 'reschedule your state's primary.' The stakes: which state can gain significant influence over the presidential nominating process." California's bid "to move its 2008 primary from June to Feb. 5 – already approved by the state Senate and expected to clear the Assembly this week – is intended to force presidential candidates to stump in the Golden State, addressing issues dear to voters here before the contest is all but decided by others. Gov. Arnold Schwarzenegger (R) has said he will sign the bill." But already, "nine states have tentatively scheduled primaries or caucuses for Feb. 5, and more may pile on as states jockey to meet notification deadlines: May for Democrats, September for Republicans. Among the delegate-rich states considering that date: Illinois, New Jersey, and Texas. Florida has a bill pending that would leapfrog them by moving its primary to Jan. 29." But the "probable outcome of a front-loaded primary schedule is an early winnowing of the candidate field, with Feb. 5 becoming a do-or-die date, and a clipped-back period of time in which voters can assess presidential hopefuls at town halls and in their living rooms." University of Virginia political analyst Larry Sabato said, "California and other states that are trying to play calendar games are apt to find out that their plans backfire. We are courting disaster."

Two House Democrats Refuse DCCC Aid. The Politico (2/20, Kraushaar) reports that despite Democratic "successes in last November's midterm, two rookie Democratic congresswomen already are rejecting financial assistance from their leadership, a striking move aimed at cultivating an independent image for voters back home." KS2 Rep. Nancy Boyda (D) and NH1 Rep. Carol Shea-Porter (D) "have declined to participate in the Democratic Congressional Campaign Committee's 'Frontline' program, which helps vulnerable members raise money early and receive logistical support for their re-election bids." Twenty-nine members, "including 24 freshmen, qualified for the program in mid-February." Boyda "would have been a prime candidate for assistance. She represents a solidly Republican district where President Bush received 59 percent of the vote against Sen. John F. Kerry, D-Mass., in the 2004 presidential election." Shea-Porter's decision "to bypass the DCCC program is less surprising. In 2006 the committee backed her primary opponent, Jim Craig, and didn't provide any money for her upset victory over Republican Rep. Jeb Bradley."

Democrats' Opposition To Bush Tax Cuts Could Hurt Them In General Election. The Washington Times (2/19, Lambro, 88K) reports, "Virtually all the Democratic presidential contenders have denounced President Bush's tax cuts and called for raising the rates on wealthier Americans, but Republican strategists say their plan will backfire in the 2008 election. … Every Democrat seeking the presidential nomination who was in Congress at the time voted against the Bush tax cuts and has called for repealing some of the income-tax rate reductions if they are elected president. Most say their tax increases would hit only the very wealthiest Americans earning more than $200,000 a year. Republican tax-cut advocates say: 'Don't believe it.' If the Democrats campaign on raising taxes just for people at the top tax rate, 'it will backfire on them for two reasons,' said economic strategist Cesar Conda, a former chief domestic policy adviser to Vice President Dick Cheney."

The Washington Post's Sebastian Mallaby (2/19, A19) writes, "The last time a Democrat controlled the White House, he defended globalization. He understood that trade creates losers, and he sought to assist them with progressive tax and spending policies. But today's leading Democrats are flirting with the opposite approach. They are forthright in their complaints about trade. But, with the notable exception of John Edwards, they are surprisingly reluctant to propose tax hikes."

Traditional Door-To-Door Iowa Campaigns Seen As No Longer Viable. The New York Times (2/19, Nagourney, 1.16M) reports Iowa "has been celebrated for 30 years for its intimate campaigns where future presidents would perch on living room couches or sit at kitchen tables and take questions from 20 or 30 people late

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into the night. But it was standing room only on Sunday afternoon at the Grand River Center here, where hundreds of people showed up for a forum with John Edwards. … When Mr. Edwards asked for questions, dozens of hands shot up. Many were still up when he called an end to the meeting. Mr. Edwards's experience has been shared by most of the major candidates on recent visits to Iowa, almost a year before the caucuses. It is evidence of what appears to be the demise of the living room campaign, signaling a potentially profound change in the way presidential campaigns are conducted here, and to a lesser extent in New Hampshire."

Campaigns Establish Headquarters Outside Of Des Moines. USA Today (2/19, 3A, Keen, 2.27M) reports, "Development in downtown Des Moines is forcing some presidential campaigns to locate their offices in the suburbs, ending an era when cheap, temporary headquarters were clustered in the city center."

WSJournal Seeks Greater Oversight Of State AGs. Given recent news about California AG Bill Lockyer, the Wall Street Journal (2/20, 2.04M) says state attorneys general have followed the example of Eliot Spitzer since they "have had a field day using their power to accuse all and sundry of wrong-doing. … State attorney generals have become an unchecked source of government abuse in recent years, combining political ambition with the awesome power to prosecute. They need to be reined in, and a good place to start is by exposing their sweetheart contracts with their trial lawyer friends and campaign contributors."

NYTimes Encourages Spitzer To Reform State Legislature. The New York Times (2/19, 1.16M) editorializes, "Almost everybody who voted for Gov. Eliot Spitzer last year realized that he would not tread lightly. … Nevertheless, those lawmakers seemed stunned when Mr. Spitzer came out slugging after they exhibited some of their lesser instincts. When the governor began openly criticizing individual legislators in their home districts, the Albany crowd went into culture shock. They talked about how Mr. Spitzer was not playing by the rules. They talked about how he was upsetting the political etiquette. Joseph Bruno, the Senate leader, whined to reporters last week that the governor was a 'bully.' Maybe so. But a bully is just what New York needs right now — a governor strong, smart and articulate enough to break up the Albany cartel."

Blair Calls For Tougher UK Gun Laws. The Washington Post (2/19, A14, Jordan, 690K) reports British Prime Minister Tony Blair "announced Sunday that he wanted to lower to 17 the age at which a mandatory five-year sentence could be imposed for illegally possessing a gun. The announcement followed the shooting deaths of three teenagers." Blair said his government "is seeking to overhaul violent crime laws, including adding penalties for gang membership and measures to protect people who testify against gangs."

Cheney Reportedly Unhappy With North Korean Deal. Newsweek (2/26, Hosenball, Wolffe, 3.12M) reports, "Hard-liners already loathe the new deal in which Kim Jong Il's regime has agreed to halt activity at its main nuclear plant in return for emergency oil supplies. John Bolton, who recently departed as U.S. envoy to the United Nations, told NEWSWEEK: 'We violated the principle that we don't reward bad behavior.'." Newsweek adds, "Administration hard-liners appear to have been unable to thwart diplomacy. Former officials close to Vice President Dick Cheney, who asked not to be identified characterizing his views, suggest he does not like the deal but believes there are enough get-out clauses to ensure either that Pyongyang complies or the whole bargain collapses. Cheney had long influenced North Korea policy through powerful bureaucratic allies who battled what they viewed as State Department appeasers. But Bolton, a leading hawk on North Korea, left the administration when Congress refused to confirm him as permanent U.N. ambassador. Robert Joseph, another key hard-liner, is soon to leave his job as State Department under secretary for arms control. Cheney himself may be the last hard-liner. But White House aides, along with the veep's allies (anonymous when discussing the men's relationship), acknowledge that Bush relies far less on Cheney's judgment now than he did earlier in his presidency."

U.S. News and World Report (2/26, Omestead, 2.03M) reports, "Administration officials have insisted they would not reward the North's nuclear 'bad behavior.' But that, hard-line critics complain, is just what the deal does. Paradoxically, their assertion that North Korea had bested the United States is shared by some deal backers. Their complaint: The years of delay allowed Pyongyang to multiply its plutonium stockpile since the crisis erupted in October 2002. Says a former U.S. official, 'We could have done this four years ago and gotten a better deal.'"

Bush, Howard Discuss North Korea, War On Terror. AFP (2/20) reports, "US President George W. Bush spoke with Australian Prime Minister John Howard about the North Korea nuclear deal and the military campaigns in Iraq and Afghanistan, the White House said." Bush "spoke to Howard by telephone as US Vice President Dick Cheney headed to Japan and Australia to discuss their roles in Iraq and Afghanistan and common challenges like China's rise and North Korea's nuclear program." The two "spoke a week after a breakthrough nuclear deal was reached at talks in Beijing between the United States, the two Koreas, China, Japan and Russia." White House National Security Council

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spokesman Gordon Johndroe said in a statement that Bush and Howard "discussed the recent agreement at the Six Party talks."

North Korean Deal Said To Highlight Cheney's Declining Influence. The Washington Post (2/20, A5, Abramowitz, 690K) reports, "Mistrustful of North Korea and its willingness to keep promises, Vice President Cheney worked hard in President Bush's first term to prevent talks aimed at halting that country's push to develop a nuclear bomb." However, the State Department reached a nuclear agreement with North Korea earlier this month, "a deal that many of the vice president's conservative allies consider foolhardy and that some of his own staff are said to find hard to swallow." But the "contrast underscores the vice president's shifting status in Washington." While "there is no evidence that Cheney's close relationship with Bush has been lessened," there is "also little doubt that the causes he has championed…are being rethought within the Bush administration, according to officials inside the government and experts outside it." The North Korea deal is "only the latest example of a new pragmatism forced on the administration by a series of court decisions, the deteriorating situation in Iraq and -- perhaps most of all -- the Democratic takeover of Congress." Some conservatives see I. Lewis "Scooter" Libby's resignation after his indictment in late 2005 "as part of the unraveling of a Cheney network, leaving a void that" Secretary of State Condoleezza Rice, "the engineer of the North Korea deal, has exploited."

Cheney To Reassure Japan On Korea Accord. AFP (2/20) reports Vice President Dick Cheney "has headed to Asia with his first scheduled stop in Japan, a key US ally which has voiced increasing concern about the White House's approach on North Korea and Iraq." Cheney will also travel to Australia and Guam. In Tokyo, Cheney will "aim to dispel any worries about the North Korean deal, emphasizing that it is only a good 'first step' towards stripping the regime of its nuclear weapons programs." Japan has "refused to fund the deal…due to an emotionally charged row over Pyongyang's past abductions of Japanese citizens."

Professor Accuses Cheney Of "Snubbing" Japanese Defense Secretary. Philip J. Cunningham, professor at Doshisha University in Kyoto, writes in a Los Angeles Times (2/20, 850K) op-ed that during his upcoming visit to Japan, Vice President Cheney "will snub the defense chief, the very person he would be expected to talk to in a visit focusing on defense and security issues. The message seems to be: Friends don't criticize friends." Cunningham notes that "there was no rational reason for Japan to get entangled in Iraq, and there's even less reason to become involved in Iran. However, Cheney appears bent on whipping up support for a reluctant Japan to continue to follow the Bush administration's lead in the war-torn Mideast. In refusing to meet with the defense minister, Cheney seems to be saying, in effect, that a silent nod to the wise is sufficient."

Burns To Meet With South Korean Official On Accord. AFP (2/20) reports South Korea's deputy foreign minister is traveling to Washington "for talks with US officials on ways to follow up on last week's deal on scrapping North Korea's nuclear program," his ministry said. Shim Yoon-Joe was will hold talks with Undersecretary of State Nicholas Burns, Assistant Secretary of State John C. Rood, and deputy NSA Jack D. Crouch.

Zelikow Welcomes Deal As "Successful Test Of Diplomacy." Philip Zelikow, former advisor to Secretary Rice, writes in the Washington Post (2/20, A13, 690K) that the agreement with Pyongyang represents "a successful test of diplomacy." Last week's deal, "skillfully negotiated by Rice and [Assistant Secretary of State Christopher] Hill with their counterparts, delivers a plan for the 'early harvest.' A 'good, initial step' was Rice's careful phrase." But Zelikow warned that "the next two months will show whether the design remains valid. Rice has agreed to a six-party meeting of foreign ministers, including the North Koreans. We will see whether the Bush administration and its counterparts can launch the second stage, when the desired outcomes to be produced from this diplomacy may finally come into view."

ElBaradei Says Nuclear Accord With Iran Unlikely In Short Term. The Financial Times (2/20, A1, Dombey) reports IAEA chief Mohamed ElBaradei "has not given up hope that the US and Iran will one day sit down and negotiate their differences away, but in the much shorter term his prognosis is bleak." On Tuesday, ElBaradei is "due to certify that Iran has failed to comply with UN demands to halt sensitive parts of its nuclear program," but in an interview with the Times, he said he "will continue to make a last-ditch effort to try to convince them that it is in their interest to find a way to go into negotiations." If that doesn't happen, he warned, "I don't see that it is going to happen overnight, I will have to report negatively."

US Taking Twofold Approach To Tehran. The Wall Street Journal (2/20, A6, Solomon, Dreazen, 2.04M) reports, "As Iran's power in the Middle East grows, the Bush administration is pursuing a two-pronged strategy of directly challenging Tehran in places such as Iraq and Lebanon, while seeking to exploit fissures believed to be emerging in Iran's social and political systems." The strategy includes "military movements to underscore American resolve, as well as financial pressure to drive a wedge between Iran's leaders and the country's merchants." US officials say the strategy "isn't designed to court a war. Still, it is fraught with risks." For example, Iran "could misread or overreact to some American moves." At the same time, "Many Middle East

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analysts are skeptical about the Bush administration's ability to induce political change in Iran."

Iran Launches Large-Scale War Games. The AP (2/20, Dareini) reports Iran Monday launched "its largest war games in almost a year," two days ahead of a U.N. Security Council deadline for Iran to halt uranium enrichment or face further economic sanctions. State television said the three-day exercise is "the biggest since last March and is taking place in 16 of Iran's 30 provinces," with an estimated 60,000 troops participating in the maneuvers.

Iranian Ships Enter Iraqi Waters. CNN's Situation Room (2/19, 7:26PM) reported, "US military officials are trying to figure out Iran's intentions. CNN has learned that Iranian boats crossed into Iraqi waters at the northern end of the Persian Gulf in the past ten days. The boats sailed near Iraq's off shore oil terminals to gauge the military response. Officials say it was not seen as an aggressive act."

Russia To Slow Work On Iranian Nuclear Plant. The New York Times (2/20, A8, Kramer, 1.16M) reports Russia said Monday "it would slow work on Iran's nearly completed Bushehr nuclear power plant." The move follows a disclosure from Russia that Iran "had not made the last two $25 million monthly payments, in a dispute about whether it could pay in euros instead of dollars," and "added a new twist to the deeply contentious project." The dispute will also "delay, perhaps by a year, any delivery of nuclear fuel to Iran," Russian officials said. The Washington Times/AP (2/20, Isachenkov) runs a similar report.

Increased Demand, Sanctions May Force Iran To Limit Energy Use. The Wall Street Journal (2/20, A1, Spindle, 2.04M) reports Iran "sits on one-tenth of the world's known oil supplies but is using so much energy these days it may start rationing gasoline as soon as next month." The Journal notes that "as the country has grown wealthier selling oil and gas, Iranians have themselves become large consumers of energy. Government subsidies, which make energy nearly free to consumers and businesses, stoke the demand further. At the same time, a combination of Western sanctions and Iranian policies has discouraged foreign investment in oil fields, causing production to stagnate. The result: Iran's oil exports could dry up in as little as a decade, according to some who have studied the situation."

WSJournal Says EU Subsidizing Business Investment In Iran. The Wall Street Journal (2/20, A16, 2.04M) editorializes, "On the record, Europe claims to be as concerned as America about a nuclear-armed Iran. The record also shows, however, that Europe's biggest countries do a booming business with the Islamic Republic. And so far for the Continentals, manna trumps security." The Journal adds, "In the absence of an official embargo against Tehran, private EU companies have sought commercial opportunities in Iran. But the real story here is that these businesses are subsidized by European taxpayers. Government-backed export guarantees have fueled the expansion in trade. That, in turn, has boosted Iran's economy and -- indirectly by filling government coffers with revenues -- its nuclear program. The German record stands out. In its 2004 annual report on export guarantees, Berlin's Economics Ministry dedicated a special section to Iran that captures its giddy excitement about business with Tehran."

Mideast Summit Ends With Little Result. The New York Times (2/20, A8, Cooper, Erlanger, 1.16M) reports a summit sponsored by Secretary Rice between Israeli and Palestinian leaders "meant to start a new peace initiative" ended Monday "with little more concrete than a promise to meet again." Rice and her aides "made it clear that her efforts had been complicated" by the recent decision by Palestinian President Mahmoud Abbas to form a unity government with Hamas. She "suggested that if this meeting had not been scheduled beforehand," Israeli Prime Minister Ehud Olmert "might not have agreed to meet with Mr. Abbas, whom she praised nevertheless for supporting international and Israeli demands that the Palestinians recognize Israel's right to exist, forswear violence and accept previously negotiated agreements with the Israelis." Although Hamas has not agreed to those requirements, Rice "said she doubted that such a government would come close enough to satisfy the Americans and the Israelis." Following Monday's meeting, Rice read a joint statement, but "neither Mr. Olmert nor Mr. Abbas appeared by Ms. Rice's side as she read the statement, reflecting the tenuous nature of the talks, which appear to be so fragile that no side has even been willing to label them negotiations." However, the commitment from Olmert to meet again with Abbas "is a minor victory" for Abbas, "because it signals that Israel will continue to deal with him despite his unity government plans."

Under the headline "Rice's Mideast Talks Yield Little Except A Promise To Meet Again," the Washington Post (2/20, A10, Kessler, 690K) says the summit "appeared to yield little but a pledge to meet again." Rice's participation in the talks "was intended to signal her deepening commitment to helping resolve the conflict, but the talks demonstrated the difficulties ahead."

The Los Angeles Times (2/20, Ellingwood, 850K) reports in Monday's meeting, the leaders "did not appear to have broached the issues likely to be the most difficult to resolve in reaching a final peace accord, such as borders, the status of Jerusalem and the fate of Palestinian refugees."

The Washington Times (2/20, Mitnick, 88K) says the meeting "produced no immediate breakthroughs but will allow Washington to show its Arab allies it is working to resolve one of the region's toughest problems."

Similarly, the Financial Times (2/20, Morris) says the meeting's outcome "matched its low expectations" as

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participants "agreed on little more substantial than a willingness to meet again."

The Christian Science Monitor (2/20, Mitnick, 59K) says the "vague language of the summit communiqué reflected the awkward effort to restart negotiations."

The AP (2/20, Gearan) adds, "The prospect of any immediate success here essentially was hijacked by Abbas' surprise announcement last week that he will govern hand-in-hand with the militant group Hamas."

AFP (2/20, Millikin) reports that after the talks, Olmert "insisted Israel would not cooperate with any government that did not meet international demands for peace, while Hamas lashed out at what it labeled US isolationism and 'blackmail.'"

Terrorists Strike At Train In India. ABC World News (2/19, story 3, :35, Gibson, 8.78M) reported, "There was terror in India. The target a symbol of that country's peace process with neighboring Pakistan. Two bombs ignited a fire on a train called the Peace Express, which runs between the two countries. India and Pakistan are rival nuclear powers. Today, leaders in both countries denounced the attack, which killed 66 Indians and Pakistanis. The death toll could have been much higher – the entire train had been booby trapped. But the bombs went off in only two of the cars."

The CBS Evening News (2/19, story 3, :20, Mitchell, 7.66M) noted "leaders of both countries called" the attack "terrorism, but no one has claimed responsibility." Likewise, NBC Nightly News (2/19, story 8, :25, Williams, 9.87M) reported there's "no indication yet of who carried out the attack." The New York Times (2/20, Sengupta, 1.16M), among other major newspapers, also reports the story.

Moscow Warns Warsaw, Prague Over US Missile Shield. The Financial Times (2/20, Buckley, Cienski, Williamson) reports the commander of Russia's strategic missile forces, General Nikolai Solovtsov, Monday warned Poland and the Czech Republic they "could be targeted by Russian missiles if they host elements of the planned US missile defense system." The warning came "as both Warsaw and Prague signaled they were likely to respond positively" to US requests for them to host anti-missile defense bases. Also Monday, Germany "expressed concern about the stand-off over the missile defense project," with Foreign Minister Frank-Walter Steinmeier "criticizing the US and NATO for not addressing Russia's worries over the system earlier." The Washington Times/AP (2/20, Isachenkov) also reports the story.

US Officials Urged To Avoid "Professions Of Eternal Friendship" Toward Russian Leaders. Anne Applebaum writes in the Washington Post (2/20, A13, 690K) that "Russian politicians still seem to make American politicians grow starry-eyed and lose their bearings. Perhaps it's a secret longing for the glamour of those Cold War summits, for the days when it seemed as if the personal relations between superpower statesmen could ward off the destruction of the entire planet. Or perhaps they put something in the vodka -- sorry, mineral water -- at those elegant Kremlin lunches. Either way, it's time to kick the habit. True, it is perfectly possible that whoever leads Russia after Putin steps down (if Putin steps down) will be a nicer, friendlier person. It is perfectly possible that we will find areas of cooperation with him, just as we sometimes do with Putin. But however friendly and cooperative, however much a 'democrat' he appears to be, I hope we'll avoid the instant professions of eternal friendship."

US, EU Closer To Deal On Transatlantic Trading Zone. The Financial Times (2/20, Bounds) reports, "The US and European Union could set a date for the creation of a transatlantic trading zone at a summit in April, diplomats say. The idea of harmonising rules and regulations between the world's biggest economies to boost growth has gathered momentum since Angela Merkel, German chancellor, embraced it in January." Both sides "have taken up the so-called Merkel initiative as a way of re-invigorating the partnership after tension over Iraq and the Doha trade round." Boyden Gray, US ambassador to the EU, said, "The political commitment is there from the president and members of his cabinet. It is a great opportunity." Gray "said it was likely the objective would be set at the summit but stressed that more work was needed on how it would be achieved."

Natsios Draws Criticism For Remarks On Sudan. In its "Embassy Row" column, the Washington Times (2/20, Morrison, 88K) reports US special envoy to Sudan, Andrew Natsios, "angered the Africa Action network by dismissing the term 'genocide' in connection with the humanitarian crisis in the Darfur region of the African nation." In an address earlier this month at Georgetown University, Natsios said, "The term 'genocide' is counter to the facts of what is really occurring in Darfur." Nii Akuetteh, executive director the Washington-based advocacy group, said Natsios' characterization "denies the reality on the ground and conflicts with numerous statements from the White House and State Department over the past two years."

Kristof Urges Bush To Join Carter's "War On Diseases" That Afflict World's Poor. Nicholas Kristof writes in the New York Times (2/20, 1.16M), "Ethiopia has the largest proportion of blind people in the world, 1.2 percent, because of the combined effects of river blindness and trachoma. As in many African countries, the wrenching emblem of poverty is a tiny child leading a blind beggar by a stick." In "remote places like this, former President Carter, at 82, is leading a private war on disease that should inspire and

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shame President Bush and other world leaders into joining. It's not just that Mr. Carter's wars have been more successful than Mr. Bush's; Mr. Carter is also rehabilitating the image of the US abroad and transforming the lives of the world's most wretched peoples. … So, President Bush, how about if we as a nation join Mr. Carter's war on diseases that afflict the world's poorest peoples -- and are one reason they are so poor. That's a war that would unite Americans, not divide them. Come on, Mr. Bush, sound the trumpets!"

WSJournal Suggests Argentina Is "Economic Banana Republic." The Wall Street Journal (2/20, 2.04M) editorializes, "Just when you think world economic policy might be moving in a more sensible direction, along comes Latin America. This month's lesson in how not to create prosperity comes from Argentina, which has decided that the way to whip inflation is to throw out inconvenient statistics. Recently the Peronist government of President Nestór Kirchner sacked an official at its National Statistics and Census Institute for refusing to agree to alter the 'methodology' used to calculate inflation in January." As his government "heads into the season of negotiating labor contracts, Mr. Kirchner has an incentive to underestimate inflation. And sure enough, five days after this dismissal, the government released its January inflation number of 1.1%, well below the 1.5% to 2% expected by non-government economists. … Mark it down as one more reason Argentina can't shake its reputation as an economic banana republic."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Give Him An A For Ambition."
"In JetBlue's Wake, A Push For Fliers' Rights."
"Supreme Court's New Tilt Could Put Scalia On A Roll."
"Far-Flung Suburbs Want Good Life Too."
"Insurgents Strike U.S. Outpost In Iraq."
"Anglicans Tense But Not Split After Talks."

USA Today:
"Police Needing Heavier Weapons."
"'Abandoned' In Cheyenne."
"Women's Heart Risk Underestimated."

New York Times:
"Iraqi Militants Launch Attack On U.S. Outpost."
"Merger Would End Satellite Radio's Rivalry."
"Spitzer Backs Plan For Indian Casino In Catskills."
"North Africa Feared As Staging Ground For Terror."
"Anglicans Rebuke U.S. Branch On Same-Sex Unions."
"Trial Spotlights Cheney's Power As An Infighter."

Washington Post:
"Army Fixing Patients' Housing."
"Black Parents Seek To Raise Ambitions."
"Satellite Radio Firms Plan To Merge."
"Terrorist Networks Lure Young Moroccans To War In Far-Off Iraq."
"Hospital Investigates Former Aid Chief."
"That Little Voice Telling You To Skip I-95? It's Your Car."

Washington Times:
"Fasten Your Seat Belts For Bumper Ride."
"Crackdown In Iraq Spurs Violent Day."
"An Immigration Balancing Act."
"XM, Sirius Cut Deal To Unite Satellite Forces."
"Angelicans Urge Action On Same-Sex Conflict."
"Chocolate A Treat For You And Your Brain."

Detroit Free Press:
"Ford Is Awash In Buyouts."
"Chrysler's Value Is In The Eyes Of Beholders."
"Where Is Tara Lynn Grant."
"Cox Takes Heat Over Canceling Detroit Gun Program."

Atlanta Journal-Constitution:
"Georgia Cashes In On Energy Crunch."
"Hearts At Risk Women Warned."
"Clues Found To Civil War Prison Site."
"Injured vet Deploys For Gold Dome Tour."

Houston Chronicle:
"Eckels' New Boss: Fulbright Law Firm."
"Aspirin A Day? It May Help In Women."
"U.S. Post Struck In Daylight Assault."
"TAKS Time, And Stakes Are High."
"Strangers Put Fear Aside, Try In Vain To Pull 2 From Wreckage."

Story Lineup From Last Night's Network News:
ABC: Iraq Sectarian Violence; Protecting Troops-Iraq; Train Bombs-India; Three Climbers Lost-MT. Hood; JetBlue Cancellations; Gang Violence; Sirius & XM Merger; Preventing Heart Disease; Presidential Moments.
CBS: Iraq-Insurgent Violence; Afghanistan-Al Qaeda; India Bombing; Women-Heart Disease; XM-Sirius Merger; JetBlue Cancellations; Mount Hood Rescue; Elder Care; New Orleans Departures; JFK Film; Martha Stewart-Trademark Dispute.
NBC: Al Qaeda Attack-Iraq; Change In Fighting-Iraq; Al Qaeda-Analysis; JetBlue Cancellations; Preventing Heart Disease; Sirius & XM Merger; Caring For The Elderly; Train Bombings-India; Climbers Lost-MT Hood; Presidential Moments.

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Story Lineup From This Morning's Radio News Broadcasts:

ABC: OR-Climbers Rescued; JetBlue Cancellations; Cheney-Japan; Iraq-Attack On US Base; Iraq-Fuel Truck Explosion; Satellite Radio Merger; Australia To Ban Incandescent Light Bulbs; Tokyo Stock Exchange.

CBS: Iraq-Fuel Truck Explosion; MD-Liquor Store Gunman; OR-Climbers Rescued; Libby Trial; American Heart Association-Warning For Women; McCain Meets With Religious Broadcasters in Florida; Fat Tuesday; Spike Lee's Katrina Documentary Wins Polk Award.

NPR: Afghanistan-Western Town Retaken After Being Seized By Taliban; Iraq-Fuel Truck Explosion; Bush-President's Day; San Diego-Catholic Bishop's Letter About Payments To Sexual Abuse Victims; JetBlue Cancellations; Mexican Lawmaker Ambushed By Gunmen; NJ-Civil Unions.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Participates in a ceremonial swearing-in for Director of National Intelligence Mike McConnell, Bolling Air Force Base; participates in Meeting on Health Care Initiatives, Roosevelt Room, pool at bottom.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Attends a briefing on the Northwestern Hawaiian Islands Marine National Monument, hosted by the Council on Environmental Quality.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: UTILITY REGULATORS _ National Association of Regulatory Utility Commissioners (NARUC) holds its Annual Winter Committee Meetings. Discussion topics include climate change, video franchising, pipeline safety and critical infrastructure. Highlights: Stuart Rothenberg, publisher, The Rothernberg Political Report, during the general session. 8:30 a.m. Christine Todd Whitman, former EPA commissioner and New Jersey governor. 1:30 p.m. Steven R. Specker, president and CEO, Electric Power Research Institute. 1:30 p.m. NARUC, the Federal Communications Commission and the National Association of State Utility Consumer Advocates hold a joint news conference. Location: Renaissance Washington Hotel, 999 9th St. NW.

AFRICAN AMERICAN COMMUNITIES _ 8:30 a.m. - 11 a.m. Robert M. Franklin, author of ``Crisis in the Village: Restoring Hope in African American Communities," speaks on why he beleives far too many African American communities are losing ground 50 years after the Civil Rights Movement. He will be joined in a panel discussion by E.J. Dionne, journalist, political commentator and op-ed columnist for The Washington Post; Marian Wright Edelman, founder and president of the Children's Defense Fund; Hugh Price: former president of the National Urban League; senior fellow of the Brookings Institution; Cheryl Sanders: professor of Christian Ethics at Howard University School of Divinity; Jim Wallis, president and executive director of Sojourners/Call to Renewal, editor-in-chief of Sojourners magazine. Location: National Press Club.

HEALTH CARE SPENDING _ 9:30 a.m. - 11 a.m. Economists from the federal government's Centers for Medicare and Medicaid Services will discuss their ten-year projections of national health care spending. Location: National Press Club, Zenger Room.

ENERGY INITIATIVE-BODMAN _ 10 a.m. Energy Secretary Bodman holds media availability. He'll discuss the Energy Initiative, among other topics. Location: Hotel Sofitel, 806 15th St. Notes: Former Sen. John Breaux nd former Long Beach Mary Beverly O'Neill will attend.

WAL-MART _ 10 a.m. - 11:30 a.m. The American Enterprise Institute hosts a book forum, ``The Wal-Mart Revolution," a discussuion of Wal-Mart's effect on the U.S. economy and the role of Wal Mart in the 2008 election. Presenter: Richard Vedder, co-author of The Wal-Mart Revolution; Discussants: Michael Barone, U.S. News & World Report; and Andrew Grossman, Grossman Innovative Strategies, founder of Wal-Mart Watch. Moderator: Kevin A. Hassett, AEI. Location: Wohlstetter Conference Center, 12th floor, AEI 1150 17th St. NW.

CAVANEY-ENERGY FUTURE _ 12 p.m. American Petroleum Institute President and CEO Red Cavaney addresses a National Press Club morning newsmaker. Topic: America's Energy Future." Location: National Press Club, Zenger Room.

HUD-HOMELESS _ 1 p.m. HUD Deputy Secretary Roy A. Bernardi holds teleconference to announce $1.4 billion in homeless assistance. Grants will benefit more than 5,300 programs in local communities throughout the country. Contacts: Brian Sullivan, 202-708-0685. Notes: Reporters should call (866) 780-1271 no later than 12:55 p.m. EST Conference ID number is 9491647.

ELECTRIC EFFICIENCY _ 2:30 p.m. Edison Electric Institute President Tom Kuhn and Natural Resources Defense Councils Air & Energy Program Director Ashok Gupta hold news conference. They'll announce recommendations for new efficiency standards governing electric utility distribution transformers, marking a first-ever agreement on appliance standards from Americas investor-owned and public-power electric utilities and major energy efficiency and environmental groups. Location: Renaissance Washington Hotel, 999 9th St. NW.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 17, 2007 7:45 AM EST

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TERRORISM NEWS:

NY Man Accused Of Wanting To Fund Terror (MH)

The Miami Herald, February 17, 2007

NEW YORK - A businessman was charged Friday with secretly trying to pass along thousands of dollars to buy night vision goggles and other equipment for a terrorist training camp in Afghanistan.

Abdul Tawala Ibn Ali Alishtari, 53, of Ardsley, was accused in Manhattan federal court of financing terrorism and material support of terrorism.

The indictment said he accepted an unspecified amount of money between June and December to transfer $152,000 that he believed was being sent to Pakistan and Afghanistan to support an Afghanistan terrorist training camp.

The indictment also charged him with scheming to defraud investors by obtaining millions of dollars for a "Flat Eletronic Data Interchange" and promising high guaranteed rates of return.

Alishtari, also known as Michael Mixon, was scheduled to make an initial court appearance Friday afternoon. It was not immediately clear who would represent Alishtari in court, where he was born, or whether any money actually reached terrorists.

'TERROR' $$ MAN CHARGED (NYPOST)

By Kati Cornell

The New York Post, February 17, 2007

A Westchester businessman and purported peace activist was nabbed by the feds for allegedly plotting to funnel more than $150,000 to terrorists at training camps in Afghanistan and Pakistan.

DOJ_NMG_0134027

Abdul Tawala Ibn Ali Alishtari, an American-born Moroccan from Ardsley, was ordered held without bail yesterday for agreeing to send $152,000 overseas to pay for night-vision goggles and other equipment for terrorists during an FBI sting operation.

The accused terror buyer was nabbed by the FBI Thursday and charged with providing material support to terrorists, as well as money-laundering and wire-fraud charges, which carry a maximum of 95 years in prison.

Prior to his arrest, Alishtari, 53, also known as Michael Dixon, had agreed to cooperate with law enforcement. But the deal fell through before he provided substantial assistance, according to a source close to the case.

Alishtari also is accused of swindling millions of dollars in a bogus Bronx-based loan program.

Defense lawyer David Greenfield entered a not guilty plea on behalf of Alishtari and declined further comment.

Alishtari drew media attention in 2003 for launching an annual movie project in Florida called Global Peace Film Festival.

The self-described activist has also posted poetry on numerous Web sites advocating peace and radical Muslim ideology, as well as personal pledges to dedicate his time and money to stopping child slavery, fraud and violence.

kati.cornell@nypost.com

Ardsley Businessman Accused Of Aiding Terrorists (WPJN)

By TIMOTHY O'CONNOR, THE JOURNAL NEWS

White Plains Journal News, February 17, 2007

NEW YORK - An Ardsley businessman was accused yesterday of trying to funnel $152,000 to terrorists for night vision goggles at a training camp in Afghanistan.

Abdul Tawala Ibn Ali Alishtari, 53, of 472 Ashford Ave. was arrested in New York City by agents with the Joint Terrorism Task Force of the FBI and New York City Police Department. An indictment was unsealed yesterday in U.S. District Court in New York charging Alishtari, who claims to be a banker, with financing terrorism, material support of terrorism, money laundering, wire fraud and conspiracy.

Federal prosecutors accuse Alishtari of accepting a payment to transfer $152,000 for an unidentified party with the understanding that the money was going to be used to fund terrorist training in Pakistan and Afghanistan. Alishtari also is accused of scamming millions of dollars from investors through a phony loan investment program called "Flat Electronic Data Interchange."

A woman who answered the phone at Alishtari's home yesterday and identified herself as his wife cried when informed of the charges against her husband. She said she last saw him Thursday when he left in a cab for a business meeting. FBI agents later raided the family's home, she said, without telling her why they were there.

"My husband is innocent," she said and declined further comment.

On his blog and on an MSN group titled "atalishtarispeeches," Alishtari calls himself a "conservative Republican" and a "Reagan Republican" devoted to peace, dedicated to halting child slavery as well as "Internet fraud, violence and online scams hurting innocent children, women, and families so help me God."

He blames past problems with Flat Electronic Data Interchange, which has an office in the Bronx, on an unnamed convicted financial fraud artist. Alishtari says he now heads a company called IDPixie LLC that purports to offer identity theft protection solutions. He also claims to be a two-time recipient of the National Republican Congressional Committee's New York state Businessman of the Year award. He says he founded the Global Peace Film Festival. Efforts to reach Nina Streich, the festival's director, were unsuccessful.

Federal authorities released few details about how the case against Alishtari started. The indictment makes no mention of an undercover operative or a cooperating witness. It is unclear whether the case was based on a sting operation.

The indictment charges that Alishtari arranged for the transfer of $152,000 in funds that "he believed were being sent to Pakistan and Afghanistan to be used to support a terrorist training camp in Afghanistan." He is accused of transferring $25,000 from a bank account in New York to one in Montreal as part of the scheme.

Alishtari was arraigned before a federal magistrate in Manhattan and ordered held without bail. He faces up to 95 years in prison if convicted. His lawyer, David Greenfield, did not return calls seeking comment.

DOJ_NMG_0134028

Reach Timothy O'Connor at tpoconnor@lohud.com or 914-694-3523.

Feds Say He Helped Fund Terror Camps (NYDN)

New York Daily News, February 17, 2007

A Westchester County peace advocate has been charged with sending $152,000 to overseas terror camps to pay for night-vision goggles, Manhattan federal prosecutors said yesterday.

Abdul Tawala Ibn Ali Alishtari, 53, of Ardsley, was accused of providing material support for terrorists in a five-count indictment handed up yesterday.

Late last year, Alishtari agreed to transfer $152,000 that he knew would be used to fund terror camps in Afghanistan and Pakistan, prosecutors said. And from 1998 to 2004, he allegedly scammed millions from investors by guaranteeing high returns - returns that didn't materialize.

Alishtari, who posts free-form peace poetry on the Internet, is also accused of money laundering for allegedly transferring $25,000 from a New York bank to one in Montreal, knowing that the money was going to terrorists, prosecutors said.

Thomas Zambito

City Briefs (NSDY)

By ANTHONY M. DESTEFANO; CARL MACGOWAN; ROCCO PARASCANDOLA

Long Island Newsday, February 17, 2007

MAN FACES TERROR SUPPORT CHARGES. A Westchester County man was arrested Friday on charges he attempted to send more than $150,000 to a terrorism training camp in Asia so that night vision equipment could be purchased, officials said. Abdul Tawala Ibn Ali Alishtari, 53, was charged in a six count indictment unsealed Friday in Manhattan federal court with attempted material support of terrorism and other charges. He was ordered held without bail. The indictment accused Alishtari, whose country of origin and citizenship weren't disclosed, with attempting last year to transfer $152,000 that he believed was being sent to Pakistan and Afghanistan to support a terrorism training center. The indictment said that the money was to be used to purchase equipment such as night vision goggles. Alishtari, who officials said lives in Ardsley, also was charged in the indictment with trying to launder $25,000 in cash by sending it to Canada to help terrorism. The indictment also accused Alishtari, known also as "Michael Mixon," with running a massive investment fraud from 1998 to 2004 that caused millions of dollars in losses. - ANTHONY M. DESTEFANO

PINK HOUSE GANG LEADER CONVICTED. The leader of Brooklyn's Pink Houses gang faces life in prison after being convicted Friday on conspiracy and extortion charges. Larone Graham, 37, was convicted on eight of 12 counts in federal court in Central Islip. The jury deliberated for more than a week and also acquitted him of a robbery charge and three counts of firearms possession. In addition to conspiracy and extortion, Graham was convicted of a weapons charge and one count of using explosives during the commission of a felony. U.S. District Judge Joanna Seybert will sentence Graham on May 11. Graham was accused of running a crew of thieves who robbed jewelry stores, a Manhattan clothing store, a Brooklyn cigarette wholesaler and a drug dealer. The robberies, which began in December 2003 and continued until January 2005, often involved pistol-whipping employees whose hands were bound with plastic ties, prosecutors said. Two robberies occurred on Long Island and others took place in every New York City borough except Staten Island. In one incident, Graham ordered the abduction of a rival, Jamel Thompson, who was suspected of taking more than his fair share of the $2.5 million stolen by the gang. Prosecutors said Thompson was taken to Rockaway Beach, where a Pink Houses member used a pistol to fire point-blank shots at him. Thompson survived and testified against Graham. Defense attorney Bruce Barket of Garden City said he was "saddened but not surprised" by the verdict, adding he was pleased that Graham was acquitted on four counts. Barket said he plans to appeal. - CARL MACGOWAN

B'KLYN JURY INDICTS COP'S HUSBAND. The husband of a cop was indicted Friday by a Brooklyn grand jury in the attempted murder of city police Officer Andrew Suarez in Park Slope, officials said. Jose Rivera, 31, was charged with attempted murder in the first and second degree and attempted assault in the incident last Saturday, according to Brooklyn District Attorney Charles Hynes. Suarez was shot while in an unmarked police car on Sixth Avenue and Prospect Place. He was wounded in the attack but has been released from the hospital. According to Hynes, after Rivera pulled up next to a Suarez's car the officer pulled

out his badge and asked Rivera if he was lost. It was then that Rivera pulled out a gun and fired, hitting Suarez, Hynes said in a prepared statement. Officials said that the other cops in the car with Suarez returned fire and struck Rivera's car several times as it drove away. Rivera's wife, Officer Jacqueline Melendez-Rivera, is suspected of trying to hide her husband's bullet-riddled car. She was charged with obstructing governmental administration, hindering prosecution and tampering with physical evidence. Melendez-Rivera, 37, was not indicted Friday and is free on bail. Her husband is being held without bail, said a spokesman for Hynes. If convicted of the most serious charge of attempted murder, Rivera faces a maximum 25 years to life in prison. - ANTHONY M. DESTEFANO

TWO PEDESTRIANS STRUCK BY CITY BUS. Two women were struck by a city bus in midtown Friday, but did not suffer life-threatening injuries, police said. The 10 a.m. accident occurred when the bus was trying to make a left turn onto First Avenue, from East 40th Street. The bus driver hit the brakes when he saw a pedestrian motioning toward him, police said, but by then two women, ages 25 and 27, already had been struck. One suffered a fractured leg, while the other was less seriously hurt. They were in stable condition at Bellevue Hospital Center. Police said both the driver and the pedestrians had the green light and that the driver did not see the women. No charges were filed or summonses issued. - ROCCO PARASCANDOLA

Family Says Inmate's Hunger Strike Not Near End (AP)

By Estes Thompson

AP, February 17, 2007

Raleigh | A former Florida university professor who has stopped eating in prison to protest his treatment sounds fine and doesn't intend to give up his nearly monthlong hunger strike, his wife said Friday.

Sami al-Arian, 49, pleaded guilty last year to conspiring to help a Palestinian terror group by making and receiving contributions.

Al-Arian stopped eating Jan. 22 after federal officials told him he had to testify before a grand jury about Muslim charities in northern Virginia that had helped finance his think tank in Tampa, Fla. He had been held in contempt before for not appearing before a grand jury in Alexandria, Va.

During his strike, Al-Arian is drinking just four glasses of water a day. His daughter Laila said earlier in the week he had lost 30 pounds since he stopped eating and that he hit his head after fainting Tuesday.

Al-Arian was moved this week from a jail in Warsaw, Va., to the Federal Medical Facility at Butner, about 22 miles north of Raleigh.

A former University of South Florida computer engineering professor, al-Arian wants to be released so he can leave the United States, his wife said in a telephone interview Friday.

"We worry about Sami, but at the same time we try to do our best to get him out of this whole situation," Nahla al-Arian said during an interview.

Nahla al-Arian traveled with supporters from Florida this week to Washington to see Florida representatives and plead al-Arian's case.

One supporter, Lois Price, who said she met the al-Arians through a United Church of Christ in Tampa, said al-Arian "believes in the American system and justice for all people."

Al-Arian contends his guilty plea relieves him of any obligation to cooperate with the government. Two federal judges have ruled he must testify.

Prosecutors have accused al-Arian of being an active member of the terrorist group Palestinian Islamic Jihad, which has carried out suicide bombings against Israel. He was acquitted of some charges and the jury was hung on others following a six-month trial in 2005. Al-Arian entered his guilty plea in April.

This is at least the second hunger strike for Al-Arian. He started one shortly after he was arrested in February 2003 and continued for 140 days, his supporters say.

Milan Court Indicts 26 Americans In Abduction (WP)

By Sarah Delaney, Craig Whitlock, Washington Post Foreign Service

The Washington Post, February 17, 2007

DOJ_NMG_0134030

CIA Operatives May Be Tried in Absentia

ROME, Feb. 16 -- An Italian judge gave approval Friday for what will be the first overseas criminal trial of CIA officers involved in a covert counterterrorism operation, as a court in Milan indicted more than two dozen Americans on charges of kidnapping a radical Muslim cleric four years ago.

After a judicial hearing that lasted two months, the court handed down indictments against 25 CIA operatives, a U.S. Air Force lieutenant colonel and five Italian spies who are accused of grabbing an imam, Osama Mustafa Hassan Nasr, off the street and stuffing him into a white van as he walked to noonday prayers Feb. 17, 2003. Nasr was taken from Milan to his native Egypt, where he claims he was tortured in prison for more than three years.

The trial is scheduled to open June 8 and will challenge the legality of a long-standing CIA practice known as "extraordinary rendition," in which terrorism suspects are secretly abducted and taken to other countries for interrogation. None of the American defendants is in custody, nor are they expected to appear in court. Prosecutors said they will be tried in absentia.

Arrest warrants against the CIA operatives were obtained in 2005. A judge approved the indictments Friday after the judicial hearing and a lengthy criminal investigation that retraced in minute detail how the CIA put together the kidnapping plot.

The CIA and the State Department declined to comment on the indictments. "This is an issue that is before the judiciary in Italy," State Department spokesman Tom Casey said.

It is the second case in which criminal charges have been filed against CIA officers for illegally abducting a terrorism suspect. German prosecutors in Munich issued arrest warrants last month for 13 CIA operatives suspected of kidnapping a Lebanese German man, Khaled el-Masri, in the Balkans in December 2003 and taking him to Afghanistan. He was released five months later after the CIA realized they had grabbed the wrong man.

In addition, the Swiss government announced this week that it had approved a criminal investigation into the use of Switzerland's airspace to fly Nasr from Italy to a U.S. military base in Germany after his abduction.

He was put on another CIA-chartered plane to Cairo soon afterward.

The Milan prosecution team, headed by investigating magistrate Armando Spataro, has asked the Italian government to file a request with the U.S. Justice Department for extradition of the 26 American defendants. The request has already been refused once, by Roberto Castelli, then Italy's justice minister. But it is being reconsidered by a new Italian government that came to power last year.

The indictment publishes the names of the 25 CIA operatives, including the CIA's former Rome station chief Jeffrey Castelli and former Milan substation chief Robert Seldon Lady, who are accused of conspiring with the Italian military intelligence agency, known as Sismi.

Most of the CIA operatives named in the indictments had been using undercover aliases; prosecutors said they do not know the operatives' true identities and acknowledged that it is unlikely they will be found or brought to Italy to stand trial.

A former Sismi director, Gen. Nicolo Pollari, has also been charged.

Arianna Barbazza, a Milan lawyer who has been appointed to represent several of the U.S. defendants, said she and other defense attorneys in the case had been unable to contact their clients. She said it was highly unlikely that the United States would respond to an extradition request, even if the Italian government decided to make one.

Barbazza said the trial will probably reveal more about the Italian spies and their agency, "because it will attempt to verify whether Sismi was aware beforehand of the kidnapping."

Matilde Sansalone, who represents the CIA's former Rome station chief and two other Americans, said the apparent decision by the CIA operatives not to hire their own lawyers "demonstrates a specific choice to not participate in the proceedings."

Sansalone said she and other defense lawyers would not contest Nasr's abduction but would argue that there is insufficient evidence to find individual defendants guilty.

Nasr was released this week by an Egyptian court after spending nearly four years in prison. He is staying with his family in Alexandria, Egypt, and is considering filing a civil lawsuit against the Italian and U.S. governments, according to a Cairo lawyer, Montasser al-Zayat, who has worked on his behalf.

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Attorneys involved in the case said it was unlikely Nasr would return to Milan to testify in the trial; he faces arrest in Italy on terrorism-related charges that were filed after his abduction. Sansalone said the outcome of the trial could change if Nasr does testify, however.

This week the Italian government also asked the country's constitutional court to determine whether investigators overstepped their legal authority by ordering wiretaps of the Italian spies' telephone calls. A ruling in the government's favor could be a setback to the prosecutor's case.

Americans To Stand Trial In Rendition Case (FT)

By Tony Barber

Financial Times, February 17, 2007

An Italian judge on Friday ordered 25 alleged CIA agents and the former head of Italy's military intelligence service to be put on trial on charges of kidnapping an Egyptian imam in Milan and spiriting him abroad in February 2003.

The trial will be the first criminal prosecution of people alleged to have been involved in the US Central Intelligence Agency's controversial abductions of terrorist suspects after the attacks on the US of September 11 2001.

It also presents a fresh problem for US-Italian relations, already dogged by disputes over the planned expansion of a US military base in north-eastern Italy and the ability of Italy's centre-left government to keep Italian forces fighting under Nato auspices in Afghanistan.

Caterina Interlandi, the Milan judge who ordered the trial, set June 8 as the date for the start of the proceedings.

The case concerns Osama Mustafa Hassan Nasr, also known as Abu Omar, who prosecutors say was kidnapped on a Milan street, bundled into a van, driven to a US airbase at Aviano, flown to another US base in Germany and then taken to Egypt for interrogation.

Among those accused are 26 Americans, all but one alleged to be CIA agents, and Nicolò Pollari, the former head of Italy's military intelligence service, whom the government removed from his post last November.

None of the Americans is believed to be in Italy at present, and it appears improbable that any will show up voluntarily for the trial. Their court-appointed lawyers say they are not even in contact with their clients.

From the point of view of the US and Italian governments, however, the case has the potential to throw an unwelcome light on the degree to which Italy co-operated with the CIA kidnapping policy, known as the "rendition programme".

The centre-left government of Romano Prodi, prime minister, is unwilling to meet prosecutors' demands to seek the extradition of the Americans so that they appear in court in Milan.

The kidnapping of Mr Nasr occurred one month before the US-led invasion of Iraq, when Silvio Berlusconi, the centre-right opposition leader, was prime minister. He prided himself on being a devoted ally of the US but says his government was not involved in the abduction.

Mr Pollari has likewise denied responsibility for the kidnapping and told the court in a pre-trial hearing last month that he had "opposed any illegal actions" that may have taken place in connection with Mr Nasr.

Americans Indicted In Cleric's Abduction (WT/AP)

By Colleen Barry, Associated Press

The Washington Times, February 17, 2007

MILAN, Italy -- An Italian judge indicted 25 suspected CIA agents and a U.S. Air Force lieutenant colonel yesterday in the purported kidnapping and torture of an Egyptian cleric who had been under investigation for recruiting Islamist fighters.

The indictment paves the way for Italy to try the Americans, along with five Italians, in June in the first criminal trial over the CIA's extraordinary rendition program.

But prosecutors think that many of the American names in the indictment are aliases, and even if Italy requests the Americans' extradition -- a move that would strain U.S.-Italian relations -- it is unlikely that the agents, who have all left Italy, would be turned over for prosecution.

All the U.S. agents have court-appointed attorneys, who say they have had no contact with their clients. In Italy, defendants can be tried in absentia.

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The CIA did not comment yesterday on the case, which has put an uncomfortable spotlight on intelligence operations and increased U.S.-European disagreement over combating terrorism.

Prosecutors say five Italian intelligence officials worked with the Americans to abduct Osama Moustafa Hassan Nasr from a Milan street on Feb. 17, 2003.

Mr. Nasr was purportedly taken to the Aviano Air Base near Venice and then flown to the Ramstein Air Base in southern Germany and onward to Egypt, where he was held for four years and, his attorney said, tortured. He was freed earlier this week by an Egyptian court that ruled his detention was "unfounded."

The Swiss government this week approved prosecutors' plans to investigate the flight that purportedly took Mr. Nasr over Swiss airspace from Italy to Germany. And a German prosecutor recently issued arrest warrants for 13 persons in connection with the purported CIA-orchestrated kidnapping of a German citizen.

Italian prosecutors say the operation was a breach of their country's sovereignty that compromised Italy's own anti-terrorism efforts.

Mr. Nasr, who had the status of political refugee in Italy, was under investigation for terrorism-related activities at the time of his abduction, and Milan prosecutors issued a warrant for his arrest more than two years after he disappeared from Milan, while he was in Egyptian custody.

All but one of the Americans have been identified as CIA agents, including the former Milan station chief Robert Seldon Lady and former Rome station chief Jeffrey Castelli. The other is Air Force Lt. Col. Joseph L. Romano III, who was stationed at the time at Aviano.

Among the Italians indicted by Judge Caterina Interlandi was the former chief of military intelligence, Nicolo Pollari, and his former deputy, Marco Mancini. Mr. Pollari has denied any involvement by Italian intelligence.

Italy Indicts 26, Many From C.I.A., In '03 Abduction (NYT)

By Ian Fisher

The New York Times, February 17, 2007

ROME, Feb. 16 —An Italian judge indicted 26 Americans on Friday, most of them C.I.A. officers, in what will become the first trial of the American program of secretly whisking away terror suspects. Italy's former top spy was also indicted.

Despite the indictment, issued by a judge in Milan, it is unlikely that any of the Americans, one of whom is an Air Force colonel, will ever face trial here. The trial is expected to take place in June.

The indictments came in connection with the case of a radical Egyptian cleric, Hassan Mustafa Osama Nasr. The cleric, known as Abu Omar, disappeared near his mosque in Milan on Feb. 17, 2003, and said he was kidnapped.

He was freed this week from jail in Egypt, where he says he was taken and tortured.

The indictment marked a turning point in Europe, where anger is high at the American program of "extraordinary renditions," an aggressive policy of seizing suspected terrorists on foreign soil and interrogating them at secret locations in a third country.

Though the Italian indictment is the first in which such a case was ordered to trial, this week the Swiss government approved an investigation into the flight that was said to have carried Mr. Nasr from Italy to Germany, through Swiss airspace. The flight reportedly then went from an American air base in Germany to Egypt.

Late last month, a German court issued an arrest warrant for 13 people suspected of involvement in the kidnapping in Macedonia of a German citizen of Lebanese descent. There are also investigations into extraordinary renditions in Portugal and Spain.

In the meantime this week, a European Union parliamentary committee issued a detailed report into what it said were "at least" 1,245 secret C.I.A. flights in Europe, some of them involving extraordinary renditions. The report, which awaits approval by Parliament, is particularly sensitive because it suggested forcefully that a number of governments knew of the flights.

"We believe there has been either active collusion by several E.U. governments or turning a blind eye," one member of the European Parliament, Baroness Sarah Ludford of Britain, said this week.

All the operatives, who included the top two C.I.A. officials in Italy at the time, have left the country. A spokesman for the C.I.A. declined to comment on the indictment, and an American government official said that no extradition requests had been received from Italy for those charged. If Italy did seek extradition, there seems little chance the Bush administration would agree.

Here in Italy, the possible complicity of the government of Silvio Berlusconi, the prime minister at the time, is one of the most difficult issues in the case. Among the Italians indicted Friday were Nicolo Pollari, who until earlier this year was Italy's chief of military intelligence, and his former deputy, Marco Mancini.

Mr. Pollari has denied responsibility, saying he cannot defend himself because he would need to use evidence classified as state secrets. The suggestion is that officials outranking Mr. Pollari gave approval for the kidnapping. "We are very disappointed by the decision of the judge, being convinced that the lack of proof and the acquisition of documents covered by secrets of state demonstrates Pollari's innocence," Mr. Pollari's lawyer, Tittal Madia, said, according to the newspaper Corriere della Sera.

The case has snarled Italian politics with several complications. This week, the government of Prime Minister Romano Prodi asked the Constitutional Court to review whether the prosecutor in Mr. Nasr's case, Armando Spataro, overstepped his bounds by wiretapping the phones of Italian agents.

On Friday, Mr. Spataro said in a statement that he "astonished" by the government's move, saying he had followed all the laws in gathering evidence.

Meanwhile, a member of Mr. Prodi's government, Antonio Di Pietro, minister of infrastructure and a former corruption prosecutor, criticized the government for not having requested the extradition of the officers.

Mr. Prodi's government has not said whether it will make such requests. But the issue looms as one more source of conflict between Italy and the United States.

While both American and Italian officials say the relationship remains solid, it has been tested in recent months on several fronts. A big demonstration is being planned on Saturday in Vicenza, in northern Italy, where the Americans have asked to enlarge an existing air base, and Italian officials have recently criticized American actions in Iraq, Lebanon and Somalia.

Earlier this month, an Italian court ordered an American soldier to stand trial for the death in Iraq of Nicola Calipari, an Italian secret service agent killed in 2005 while securing the release of a kidnapped Italian journalist. The soldier is unlikely to be extradited to Italy.

Judge Orders Padilla Jail Personnel To Testify (WP)

By Peter Whoriskey, Washington Post Staff Writer

The Washington Post, February 17, 2007

MIAMI, Feb. 16 -- Officials at the Navy brig where terrorism suspect Jose Padilla was held for 3 1/2 years as an enemy combatant were ordered Friday to testify at a hearing to determine his psychological competency, a ruling that allows the defense to press its claims that sensory deprivation and torture in confinement have rendered the alleged al-Qaeda operative unfit to stand trial.

The ruling marks one of the few times since the Sept. 11, 2001, terrorist attacks that officials responsible for the jail conditions and interrogations of terrorism suspects have been called to testify, and it is the first time in the Padilla case.

Federal prosecutors objected strenuously to allowing the testimony, arguing that the focus of the competency hearing should be on Padilla's psychological state, which they believe is adequate, and not necessarily on what past events might have caused post-traumatic stress disorder, as defense attorneys allege.

During a hearing Friday, U.S. District Judge Marcia Cooke grew tired of the government's objections.

"The only thing that comes to mind is: 'Methinks the lady doth protest too much,' " she told prosecutors.

Cooke ordered four people to appear at a hearing scheduled for Thursday: Sandy Seymour, who was technical director at the brig; Craig Noble, brig psychologist; Mike Reheuser, a Defense Department attorney; and Andrew Cruz, a brig social worker.

Joanne Mariner, counterterrorism director at Human Rights Watch, said the ruling is significant because while complaints of mistreatment from terrorism suspects have been frequent, it is rare that officials knowledgeable about their confinement have been called to testify.

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"This could provide official confirmation of prisoner accounts of abuse," she said. "If they confirm elements of his story, it would have enormous credibility with the public."

After he was arrested in 2002, Padilla was considered so dangerous that he was held without charges at the Navy brig -- a so-called "enemy combatant" accused of plotting a radiological "dirty bomb" attack and later of conspiring with al-Qaeda to blow up apartment buildings with natural gas.

After more than three years at the brig, he was transferred to the civilian legal system, where he faces charges of conspiring to commit murder, kidnapping and other violent acts in the name of Islam. The trial is scheduled for April.

Padilla, 36, and his attorneys have claimed that while incarcerated at the brig in Charleston, S.C., he was forced to stand hooded in painful stress positions, given a drug as a "truth serum," subjected to noxious odors that made his eyes and nose run, and forced to endure sleep deprivation, extreme cold, and harsh lights.

He told a psychologist that at the brig that he sometimes begged his guards not to put him in "the cage," but he would not say what went on there. The conditions of his incarceration have rendered him unable to assist in his own defense, his attorneys said.

"When approached by his attorneys, he begs them, 'Please, please, please' not to have to discuss his case," according to psychiatrist Angela Hegarty, who interviewed him for 22 hours.

A Bureau of Prisons psychologist has found Padilla competent to stand trial, and prosecutors argue that by relating his claims of torture to his attorneys, Padilla has shown his psychological competence to assist in his own defense. But the court-appointed psychologist from the Bureau of Prisons, Rodolfo Buigas, did not interview Padilla, who refused to cooperate. Instead, Buigas talked with brig officials and others about Padilla's behavior.

Florida: Padilla Lawyers Can Question Officials (NYT)

By Bloomberg News

The New York Times, February 17, 2007

Lawyers for Jose Padilla, seeking to prove he is unfit to stand trial, won the right to question government personnel who observed him at a Navy brig and a federal detention center. Judge Marcia Cooke of Federal District Court in Miami ordered eight Defense Department and Justice Department officials to appear for questioning at Mr. Padilla's competency hearing next Thursday. The eight were previously interviewed for a United States Bureau of Prisons report that prosecutors cite as evidence that Mr. Padilla is mentally competent. Mr. Padilla, a 36-year-old American citizen accused of being an operative for Al Qaeda, is scheduled to go on trial April 16.

Military Justice Goes AWOL (NYT)

By Stephen Budiansky

The New York Times, February 17, 2007

Leesburg, Va.

THIS week President Bush issued a final executive order authorizing military commissions to begin trying suspected terrorists. Under rules drafted by the Pentagon last month, the commissions would be permitted to sentence defendants to imprisonment or even death on the basis of hearsay or coerced testimony.

This lack of basic legal protections provided by civilian courts or courts-martial has brought condemnation at home and abroad as an abandonment of this nation's historic commitment to liberty and the rule of law.

Yet when military commissions — an American invention — were first instituted 150 years ago, they were hailed around the world as an advance for humanity and principles of justice.

The occasion was the Mexican-American War, the first time the United States Army had been involved in an extended military operation beyond the country's borders. In 1846 Gen. Winfield Scott's forces were ordered to seize Mexico City to bring an end to the fighting. Scott immediately foresaw that, as an occupation commander, he would be facing a huge problem of maintaining order both among the Mexicans in the territory he controlled and among his own troops in a foreign land.

The traditional view of the laws of war held that an occupying army could do anything, the legal maxim being "Inter arma leges silent": In time of war, the laws are silent. As a result, the phrase "martial law" was widely seen by Americans as

synonymous with sheer tyranny. People recoiled at the notion of a military officer administering law over a civilian population, even an enemy population.

In Congress, many members denounced martial law and inter arma leges silent as a holdover of a barbaric past. Scott asked President James K. Polk for a clarification of his authority as occupation commander. The president ducked the issue.

So Scott issued his own order. In February 1847, he published General Orders No. 20, which enumerated ordinary recognized civilian crimes and created the military commission to try them.

Scott's motive was equal parts necessity (maintaining public order) and shrewd politics (appealing to the Mexican population to cooperate with his forces). In place of arbitrary and raw power and summary justice at gunpoint, a system of impartial courts gave Mexicans the assurance that they would be treated fairly.

Scott in particular wanted to impress upon the civilians the contrast between American justice and the lawlessness they had endured when the Mexican forces led by Gen. Antonio López de Santa Anna rode through their villages, looting, raping and killing.

By the same token, Scott used military commissions to try — and punish — American soldiers who had committed crimes, including rape and theft, against local citizens. This, too, was not lost on the populace.

General Orders No. 20 became the spark that ignited an international revolution in thinking about martial law. It established for the first time the principle that an occupation commander was subject to a higher legal authority, same as civilian government. It became the model for orders promulgated during the Civil War that established military commissions and guided federal occupation commanders in their administration.

These later orders reiterated the revolutionary principle that martial law did not mean arbitrary power or tyranny over an enemy; rather, as a panel of officers who drafted the key Civil War era order on martial law declared, it was exactly the opposite. Far from signifying military oppression, the panel stated, martial law would be "strictly guided by the principles of justice, honor, and humanity — virtues adorning a soldier even more than other men, for the very reason that he possesses the power of his arms against the unarmed."

It is a measure of how far we have come as a nation — and in values at one time widely held — that military commissions, once seen as a great stride forward for American principles of justice and the rule of law, will now for ever after be associated with the abridgement of rights.

And it is a cruel insult to American military honor that where the nation once saw its military as called to an even higher duty in administering justice — because of the special place honor and duty hold for the soldier — it has now turned to the military as a way to shirk the American tradition of "justice, honor and humanity."

HOMELAND RESPONSE:

Port Authority Now Accepts Dubai Deal, Easing Debate (NYT)

By Ken Belson

The New York Times, February 17, 2007

A day after two United States senators called the Port Authority of New York and New Jersey greedy and obstructionist, the agency signed off on a deal that would let DP World, a Dubai-based port operator, sell its leases to A.I.G. Global Investment Group.

In return for its consent, the Port Authority will receive $10 million from A.I.G. to help pay for an overpass that will make it easier for trucks to deliver containers from the company's terminal to train lines. A.I.G. also agreed to spend more than $40 million to improve operations at its terminal at the Port of Newark.

The agreement was somewhat of a compromise by the Port Authority, which had asked for $30 million to cover investments it had made on behalf of DP World and a $50 million commitment from A.I.G. to spend on the port.

The deal all but closes a politically charged debate over which companies should run port terminals in the United States and in particular the New York area. DP World, the port operator owned by the royal Maktoum family of Dubai, United Arab

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Emirates, inadvertently set off a firestorm last year when it bought P&O Ports North America, a British company that operated ports in New York, New Jersey, Philadelphia and elsewhere.

Concerned about security at the ports, members of Congress demanded that DP World sell to an American firm its leases to operate terminals in six cities in the United States. In December, DP World and A.I.G. Global Investment Group, an arm of the American insurance giant, reached an agreement estimated at more than a billion dollars.

Five other port authorities, including those in Philadelphia and Miami, had consented to the handover without any financial conditions.

DP World and A.I.G. called the request for compensation by the Port Authority of New York and New Jersey unprecedented and unreasonable.

Fearing the deal might fall apart, two United States senators, Charles E. Schumer of New York and Robert Menendez of New Jersey, who opposed Dubai's ownership, accused the authority of standing in the way and of trying to extract money from the companies unfairly.

"I'm glad the Port Authority finally came to its senses," Mr. Schumer said of the compromise. "It's a good deal for all the companies involved, the New York port and the security of the nation. It took a while, but it's a fair settlement."

The Port Authority said its requests, while unprecedented, were not unreasonable. The $10 million that A.I.G. will pay upfront covers about half the cost of the overpass that will reduce the time it takes for containers to get to trains. The $40 million to be invested over the life of the lease will also raise the value of A.I.G.'s terminal, the authority said.

Officials at the Port Authority wanted that commitment because they worried that A.I.G., which has never operated port terminals, might simply resell its lease in a few years for a profit.

According to sources involved in the negotiations, A.I.G. had told the authority that its plans included investing more than $40 million anyway.

The deal could close as early as mid-March if all regulatory approvals are received.

"We ended up with something we wanted to get done: a contribution to a public investment and a commitment to the long-term health of the port," said Stephen Sigmund, a spokesman for the Port Authority.

Dubai Ports Clears Snag To Selling U.S. Holdings (WSJ/AP)

The Wall Street Journal, February 17, 2007

Six major U.S. port operations will come under U.S. ownership after Dubai Ports World cleared a final, $50 million hurdle Friday, to end a year-long political conflict over security at the nation's cargo terminals.

DP World, based in United Arab Emirates, agreed in December to sell its U.S. ports operations to AIG Global Investment Group, following months of criticism that the UAE firm couldn't be trusted running the security-sensitive shipping apparatus.

That deal suddenly foundered this week when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal.

The business brinkmanship led two U.S. senators on Thursday to dub the Port Authority's demands greedy, and threaten political payback if the agency didn't back down.

Late Friday, officials said they had struck a deal to resolve the impasse, with AIG agreeing to make more than $40 million of infrastructure improvements, as well as a direct payment of $10 million to the Port Authority.

DP World Poised To Clear Hurdle (FT)

By Christopher Grimes

Financial Times, February 17, 2007

DP World was set on Friday night to clear a final hurdle to unloading its six US port assets to AIG, the US insurer, after satisfying last-minute – and potentially deal-breaking – demands made by the Port Authority of New York and New Jersey.

The deal comes a day after two US senators lashed out against the Port Authority for demanding $84m in payments before transferring the lease of the Port Newark Container Terminal to AIG.

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The senators, Chuck Schumer of New York and Robert Menendez of New Jersey, led last year's bitter political fight that forced the Dubai-based DP World to sell off the assets.

The senators argued last year that allowing DP World to run the ports would jeopardise national security.

The group agreed in December to sell the $1bn-plus port assets to AIG, satisfying the politicians' desire for a US-based operator.

This week, it emerged that the Port Authority of New York and New Jersey wanted AIG to pay millions in cash and future infrastructure improvements before agreeing to a deal.

The authority also wanted payments to cover improvements it had made at the container terminal in the last year.

Sen Schumer said on Thursday that the authority's demands amounted to a "ransom fee" and threatened not to back future requests if it persisted with its demands.

Mohammed Sharaf, chief executive of DP World, said the group had never faced a similar demand elsewhere in the world.

He said if the Port Authority had persisted with the demands, the group would be willing to walk away from the deal. Transfer of four of the other US terminals – Miami, New Orleans, Philadelphia and Tampa, Florida – had been made without the addition of such fees.

On Friday night, the groups said they reached an agreement in principle that would allow the deal to move ahead. Ports America, the AIG unit, said it would spend at least $50m in capital improvements at the Newark terminal, including $10m for new rail infrastructure.

"We're pleased that we've reached an agreement that both protects our public investment and helps ensure that AIG is a long-term partner in the health and growth of the ports," a Port Authority spokesman said.

Mr Schumer praised the deal last night, saying that the Port Authority had "come to its senses".

AIG Spokesman Chris Winans said in a statement: "We are extremely pleased that we could work with the Port Authority and DP World to reach a beneficial outcome in the acquisition of the Port Newark Container Terminal."

Driver's License Emerges As Crime-Fighting Tool, But Privacy Advocates Worry (NYT)

By Adam Liptak

The New York Times, February 17, 2007

BOSTON, Feb. 12 — On the second floor of a state office building here, upstairs from a food court, three facial-recognition specialists are revolutionizing American law enforcement. They work for the Massachusetts motor vehicles department.

Last year they tried an experiment, for sport. Using computerized biometric technology, they ran a mug shot from the Web site of "America's Most Wanted," the Fox Network television show, against the state's database of nine million digital driver's license photographs.

The computer found a match. A man who looked very much like Robert Howell, the fugitive in the mug shot, had a Massachusetts driver's license under another name. Mr. Howell was wanted in Massachusetts on rape charges.

The analysts passed that tip along to the police, who tracked him down to New York City, where he was receiving welfare benefits under the alias on the driver's license. Mr. Howell was arrested in October.

At least six other states have or are working on similar enormous databases of driver's license photographs. Coupled with increasingly accurate facial-recognition technology, the databases may become a radical innovation in law enforcement.

Other biometric databases are more useful for now. But DNA and fingerprint information, for instance, are not routinely collected from the general public. Most adults, on the other hand, have a driver's license with a picture on it, meaning that the relevant databases for facial-recognition analysis already exist. And while the current technology requires good-quality photographs, the day may not be far off when images from ordinary surveillance cameras will routinely help solve crimes.

Critics say the databases may therefore also represent a profound threat to privacy.

"What is the D.M.V.?" asked Lee Tien, a lawyer with the Electronic Frontier Foundation and a privacy advocate. "Does it license motor vehicles and drivers? Or is it really an identification arm of law enforcement?"

Anne L. Collins, the Massachusetts registrar of motor vehicles, said that people seeking a driver's license at least implicitly consent to allowing their images to be used for other purposes.

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"One of the things a driver's license has become," Ms. Collins said, "is evidence that you are who you say you are."

The databases are primarily intended to prevent people from obtaining multiple licenses under different names. That can help prevent identity theft and stop people who try to get a second license after their first has been suspended.

"The states are finding hundreds of cases of fraud each year in each state," said J. Scott Carr, executive vice president of the Digimarc Corporation, which says it has sold biometric technology to motor vehicle departments in seven states and has a role in the production of more than two-thirds of all driver's licenses in the United States.

But the databases can also be used for law enforcement purposes beyond detecting fraud.

A page concerning Mr. Howell, printed out from the "America's Most Wanted" Web site, is taped to the wall of the investigators' office here. It is a kind of trophy.

"It's always exciting when you get a hit and you're getting someone really bad off the streets," said Maria Conlon, a facial-recognition specialist at the Registry of Motor Vehicles. "That's when everyone's morale goes up."

Most of the work is less glamorous. The analysts' main job is to check roughly 5,000 new driver's license photographs every day against the database. A computer algorithm that takes into account about 8,000 facial data points does a rough cut, and analysts examine potential matches, rejecting the vast majority.

That computers alone cannot do the job does not surprise Richard M. Smith, an expert in digital security. "It's probably one of the more inaccurate biometrics," Mr. Smith said, referring to facial-recognition technologies.

After computers narrow the field of potential matches, Ms. Conlon and her colleagues get to work.

"We don't look at hair," Ms. Conlon said. "We do look at lips, noses, ears."

Scars and tattoos can be useful, but what seem to be birthmarks are often passing blemishes. Some people make it easy by wearing the same clothes, though they are seeking licenses under different names. They have, Ms. Conlon said, "a registry outfit."

The program, in place since April, has yielded more than 1,000 apparent fraud cases referred to the state police. Other potential matches identified by the computers and confirmed by analysts have turned out to be clerical errors where, for instance, the wrong information was attached to a person's photograph. In the six months ending in January, analysts found 157 twins among the images flagged as potential matches.

The database's second function, as a resource for law enforcement agencies, is growing in popularity. Police chiefs from around the state e-mail digital photographs for comparison with the database, sometimes several times a day.

And other uses are not hard to imagine. Coroners have on three occasions sent over photographs of dead people they could not identify. The analysts struck out, perhaps because of the quality of the images.

"To make it work at all," Mr. Smith said, "you have to have good control of camera angle and lighting." Passport and driver's license photographs, along with mug shots, are ideal.

Other sorts of images are not useful — yet. "A video surveillance camera is probably not going to give it to you," Mr. Smith said.

In time, though, the combination of facial recognition and other information — from financial records, mobile phones, automobile positioning devices and other sources — may do away with the ability to move anonymously through the world, Mr. Tien, the privacy advocate, said.

"The real question with biometrics," he said, "is that they are part of a cluster of technologies that will allow for location tracking in both public and private places."

The case against Mr. Howell fizzled last week. He had been charged with invading a home at gunpoint in Dorchester in August 2002 and holding three people captive for hours, repeatedly raping one of them. He fled after being released on bail, said Jake Wark, a spokesman for the district attorney's office, leading to his inclusion on the television show's most-wanted list.

But after Mr. Howell was caught through his license photo, the prosecutors re-examined their case. In the intervening years, the victims disappeared, and prosecutors think they may have left the country. Without their testimony, prosecutors concluded, there was no way to take the case to trial. Prosecutors formally abandoned the case on Friday, and they let Mr. Howell go.

"He is in the wind right now," Mr. Wark said.

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WAR NEWS:

House Rebukes Bush On Iraq (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, February 17, 2007

17 Republicans Join 229 Democrats in Opposing Deployment of More Troops

Capping four days of passionate, often angry debate, the House yesterday delivered President Bush its first rebuke since the Iraq war was launched nearly four years ago, voting 246 to 182 to oppose the administration's planned deployment of 21,500 additional combat troops to Iraq.

Seventeen Republicans voted with all but two Democrats to approve a resolution that expresses support for U.S. combat forces but opposes the additional deployments. Democrats portrayed the vote as a bipartisan slap at the White House, but Republican leaders kept GOP defections below even their most optimistic estimates, as the debate crescendoed to a dramatic close yesterday.

Although the measure is nonbinding, proponents and opponents delivered outsized predictions of the vote's consequences. Democrats asserted that it will begin to turn the political tide so decisively that the president will have no choice but to begin bringing U.S. forces home, while Republicans warned darkly that the House has emboldened murderous Islamic terrorists at the expense not only of American lives but also of America's way of life.

"Our enemies will be the only ones satisfied by this debate," warned Rep. Eric Cantor (Va.), the Republicans' chief deputy whip. "They will have received all the political rhetoric they require to convince their followers that complete victory is at hand."

But House Speaker Nancy Pelosi (D-Calif.) said that the resolution's passage "will signal a change in direction in Iraq that will end the fighting and bring our troops home safely and soon."

The Senate plans to hold an unusual weekend session today to vote on whether to proceed with a debate on the House-passed resolution. Although the resolution is merely an expression of lawmakers' views, Pelosi and other House Democrats have vowed to impose conditions on their support for Bush's war-funding request. Those stipulations could curtail troop deployments and alter the course of U.S. involvement in Iraq.

Bush did not publicly comment on the House vote, but White House press secretary Tony Snow said in a statement: "The president believes that the Congress should provide the full funding and flexibility our Armed Forces need to succeed in their mission to protect our country."

Some liberals and conservatives dismissed the House resolution as merely a symbolic gesture and said that Democratic leaders should have resorted to binding legislation if they were serious about stopping the troop buildup. But House Majority Leader Steny H. Hoyer (D-Md.) said that Bush would have vetoed such a bill, with no possibility of an override. The nonbinding resolution is not dependent on the president's signature.

"What the president cannot veto is the opinion of the Congress of the United States, the judgment of the Congress of the United States, the counsel of the Congress of the United States," Hoyer added, pounding on a lectern after the vote. "Let us hope that the commander in chief hears this counsel."

If anything, the Republicans were even more dramatic, as they concluded a debate that sent 393 of the House's 434 members -- 221 Democrats and 172 Republicans -- to the floor over a grueling 44 hours and 55 minutes.

House Minority Leader John A. Boehner (R-Ohio) called the vote "the first step down a very treacherous path, a path that if followed will endanger Americans for decades to come."

As Pelosi delivered her closing remarks in the House chamber, Republican leaders abandoned the floor and crossed the Capitol to appear with their Senate counterparts and denounce what they called the Democrats' "slow-bleed strategy" for the war.

Still, House Democratic Caucus Chairman Rahm Emanuel (Ill.) noted, yesterday's House vote marked the first time Republicans in significant numbers have broken with Bush on the war. The 17 dissidents included longtime GOP foes of the war, such as Reps. Walter B. Jones (N.C.) and Ron Paul (Tex.), but also low-key backbenchers such as Reps. Timothy V.

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Johnson (Ill.) and Fred Upton (Mich.), staunch conservatives such as Reps. Bob Inglis (S.C.) and Howard Coble (N.C.), and moderates who usually stick with the leadership, such as Reps. Mark Steven Kirk (Ill.) and Phil English (Pa.).

Locally, Reps. Thomas M. Davis III (Va.) and Wayne T. Gilchrest (Md.) voted for the resolution, along with all of Maryland's and Virginia's Democrats.

Just two Democrats, Reps. Jim Marshall (Ga.) and Gene Taylor (Miss.) voted against the measure.

In contrast, a two-day debate in June over a pro-Bush Iraq war resolution drafted by House Republicans ended with 42 Democrats joining the Republicans. Just three Republicans broke rank then.

On Oct. 10, 2002, the House voted 296 to 133 to authorize Bush to go to war with Iraq, with 81 Democrats joining 215 Republicans to pass the measure.

GOP leaders said they did not pressure any of their members in yesterday's vote, nor did they count votes ahead of time. But behind the scenes, "there was tremendous pressure from the White House," said Davis, who added that he was bombarded with facts and information sheets pressing for a "no" vote.

A senior Republican lawmaker said that, at the start of the week, the GOP leadership expected to lose upward of 50 members, but that number dropped into the mid-30s by the middle of the week. After Rep. John P. Murtha (D-Pa.) went public with his plans to curtail troop deployments, the number dropped down into the teens, settling at 17 by the vote on Friday.

"I think Murtha absolutely exposed them for what they are," Cantor said. The longer the debate went on, he said, the more GOP leaders felt that their side was firming up against the resolution. "Murtha's announcement did it for us," Cantor added. "There was clearly a significant shift in the debate."

With public opinion turning firmly against the war, the Democrats believe they were in a no-lose situation politically. Rep. Chris Van Hollen (Md.), chairman of the Democratic Congressional Campaign Committee, reiterated a well-worn attack line when he said that Republicans had "rubber-stamped the president's failed policies in Iraq."

"There are a lot of people who clearly didn't get the message that the American people sent in the last election," he said. "Every constituent has a right to know where their members stood on this issue, and every constituent will know."

Democrats in the Senate face a similar political dynamic. Senate Minority Leader Mitch McConnell (R-Ky.) said yesterday that most Republicans will block a debate on the House-passed resolution until they are guaranteed a vote on a resolution opposing any effort to cut off funding for the war. He predicted that Democrats will muster nowhere near the 60 votes they would need today to move to a debate on the resolution opposing additional troop deployments.

Many Republicans will not bother to show up in the rare Saturday session. Sen. John McCain (Ariz.) will be campaigning for president in Iowa. A Democratic counterpart, Sen. Barack Obama (Ill.), will be campaigning in South Carolina.

Democratic aides said that will only mean another round of newspaper headlines proclaiming that Republicans are blocking a debate on the war.

"Let us be clear," Senate Majority Leader Harry M. Reid (D-Nev.) said, "anyone voting 'no' tomorrow is voting to give the president a green light to escalate the war."

House Votes Against Troop Surge In Iraq (WT)

By Jon Ward

The Washington Times, February 17, 2007

The Democratic-led House yesterday voted against President Bush's plan to send more troops to Iraq, a nonbinding but symbolic action that Republicans said is defeatist and a step backward in the war on terrorism.

"Today we have had an historic victory for the American people," said House Speaker Nancy Pelosi, who voted against the war in 2002.

The 97-word resolution, which opposes sending 21,500 more troops to Iraq, passed 246-182. The vote was preceded by 44 hours and 55 minutes of debate over four days. Seventeen Republicans voted for the measure, and two Democrats voted against it.

The president's spokesman said the resolution won't change Mr. Bush's plan, adding that early signs of its success would leave those who voted for the resolution having to explain themselves later.

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"Members of Congress have taken their own gamble here. They're gambling on failure -- some members, at least," White House press secretary Tony Snow said.

The White House is downplaying yesterday's House vote -- and one planned for today in the Senate on another Iraq war resolution -- arguing that the more important votes were last month's Senate confirmation of Army Gen. David H. Petraeus to command U.S. forces in Iraq andan upcoming vote on an emergency spending bill to fund the war on terrorism.

Meanwhile, House Republican leaders are vowing to defeat Democratic plans to begin slowly choking off funding for the war. Democrats intend to introduce legislation next month that they hope will limit the president's use of money in the supplemental war-funding request.

House Minority Whip Roy Blunt, Missouri Republican, said the resolution "is clearly the first step toward defunding the troops and the war against Islamic totalitarianism."

Rep. John P. Murtha, Pennsylvania Democrat, said Thursday that he hopes to require certification for adequate training and equipment for any deployed troops, and to place caps on how long those troops can serve and be enlisted.

"They won't be able to do the deployment," said Mr. Murtha, who voted in favor of authorizing the war.

House Minority Leader John A. Boehner, Ohio Republican, denounced the plan "to eliminate funding for our troops that are in harm's way."

Democrats insist the best way to "support the troops" is to take them out of what they say is a civil war in Iraq.

Rep. Henry A. Waxman, California Democrat, who voted for the war, said it "has weakened our fight against al Qaeda. In fact the war has enhanced the group's recruitment."

Republicans insist that Iraq is a hard but necessary fight against terrorists and insurgents backed by Iran and Syria, and that the conflict is part of the country's broader fight against terrorism.

The four-day debate, in which 392 of 434 House lawmakers participated, came to a dramatic conclusion yesterday afternoon.

Republicans sent Rep. Sam Johnson of Texas, a prisoner of war in Vietnam for almost seven years, to the House floor as their last speaker.

"Let my body serve as a brutal reminder that we must not repeat the mistakes of the past," said Mr. Johnson, 76. "We must not cut off funding for the troops."

Republicans gave Mr. Johnson a two-minute standing ovation and were joined by the smattering of Democrats in the chamber.

Rep. Ike Skelton of Missouri closed the debate for the Democrats. Mr. Skelton, who voted to authorize the war, said that sending more troops "will embroil [them] more deeply in a sectarian conflict [that] cannot be won militarily."

Immediately after the resolution passed, Senate Majority Leader Harry Reid, Nevada Democrat, sent out a release that said the Senate "must join the House and vote on the escalation."

Mr. Reid has taken the unusual step of bringing senators in for a weekend vote today on closing off amendments to an anti-surge resolution identical to the House bill.

Democrats say Republicans are avoiding an up-or-down vote on the surge, but Republicans say they want to vote on alternative resolutions, one of which would guarantee no funding cuts for the military.

"Senate Republicans want a vote in support of funding for the troops," said Senate Minority Leader Mitch McConnell, Kentucky Republican, who said he expects to defeat Mr. Reid's attempt to stifle debate on other resolutions.

A Divided House Denounces Plan For More Troops (NYT)

By Jeff Zeleny, Michael Luo

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — A sharply divided House of Representatives passed a resolution on Friday formally repudiating President Bush's decision to send more than 20,000 new combat troops to Iraq.

The rare wartime rebuke to the commander in chief — an act that is not binding, but that carries symbolic significance — was approved 246-to-182, with 17 Republicans breaking ranks to join all but two Democrats in supporting the resolution.

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Passage was never in doubt, but the debate, lasting full days and much of three nights, brought nearly every member to the floor to declare, briefly but often vehemently, where they stood on a short, resolution affirming support for the troops but denouncing Mr. Bush's new approach to the war.

"We owe our troops a course of action in Iraq that is worthy of their sacrifice," said Speaker Nancy Pelosi, a California Democrat. "Today, we set the stage for a new direction in Iraq."

With 392 members speaking, the debate lasted twice as long as when Congress voted in 2002 to authorize the use of force against Iraq.

And it illustrated how the partisan divide over the war has deepened. While Democratic leaders had purposefully written the resolution to attract a bipartisan following, the number of Republicans who joined them was only about half of what some Democrats had predicted.

"Republicans may have lost the vote on this nonbinding resolution," said Representative John A. Boehner of Ohio, the Republican minority leader. "But we won the debate."

The Senate is expected to consider Saturday whether to move toward a vote on an Iraq resolution, but there, enough Republicans are expected to hold ranks to block the Democrats' approach, at least for now. In political terms, the resolution carries weight because of public sentiment, particularly from voters who placed Democrats in control of Congress.

Several historians compared its significance to the repeal by Congress in 1971 of the Gulf of Tonkin resolution authorizing the Vietnam War. That vote did not halt the conflict as members of Congress approved continued financing for two more years.

The House resolution stood out, historians said, because it criticized a specific battlefield tactic proposed by the president. It also could set the stage for a more consequential clash with the White House if Congress begins exercising broader power and authority in an effort to bring the war to a close, possibly by restricting financing.

"Never before in our history has Congress attempted to control or restrict strategic battlefield decisions," Representative Peter T. King, Republican of New York, said. "It is wrong as a matter of policy and it will come back to haunt us for years to come."

The deliberations represented the third major Iraq debate in four years, but with Democrats controlling Congress, the rules, tone and outcome changed. Republicans were not allowed to offer their own alternative proposal, but they forcefully defended the president and his policy.

Now, questions of financing the conflict loom large for Democrats in Congress. The White House and Republicans pre-emptively accused the party of starting along a path to cut financing for the troops, a suggestion Democratic leaders denied. But some of their rank and file are pressing for exactly that.

On Friday afternoon, as the debate neared an end, people seated in the gallery applauded when Ms. Pelosi praised the fortitude of American forces. Lawmakers and spectators rose as she called for a moment of silence to honor the more than 3,100 United States troops who have died in Iraq since the conflict began.

The resolution specifically stated Congress's disapproval of the president's plan to deploy more than 20,000 troops to Iraq, which Mr. Bush outlined in a speech on Jan. 10. But through more than 45 hours of deliberations, the debate grew far beyond the context of the resolution.

The arguments grew familiar as the hours marched past, with lawmaker after lawmaker rising to address what was typically a nearly empty chamber. Democrats argued that Americans should not referee a civil war, that previous efforts to pour more troops into Iraq had failed and that diplomatic measures were the only way out of the crisis.

Republicans, meanwhile, sought to portray the war in Iraq as a key battleground in a titanic global struggle against militant Islam and criticized the resolution as a slap in the face for troops on the battlefield. Failure in Iraq, they said, would lead to widespread instability in the region.

"What we're doing with this resolution is not a salute to G.I. Joe," said Representative Phil Gingrey, a Georgia Republican. "It's a capitulation to Jihadist Joe."

The White House, reacting to the vote, turned its attention to what many assume will be the next fight: the president's spending request for the wars in Iraq and Afghanistan.

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"The president," Tony Snow, the White House spokesman, said, "believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country."

Even before the House voted at midafternoon, senators had already started to speak about the resolution in their chamber. The Senate has been locked in a stalemate over Iraq for two weeks, but Democratic leaders are seeking to put Republicans on the record during a brief Saturday session.

Senator Jon Kyl of Arizona, the chairman of the Republican Conference, dismissed the significance of the weekend vote, which is on a procedural question, and announced that he and Senator Bob Corker, Republican of Tennessee, were flying to Baghdad instead. Two Democrats scheduled to take the trip canceled.

Senator John McCain, Republican of Arizona, planned to miss the vote to campaign in Iowa. Senator Hillary Rodham Clinton planned to break away from campaigning in New Hampshire to vote.

Iraq has dominated this session of Congress. While Democrats are broadly aligned against the war, there is little unity on the next step. Some lawmakers seek to cut financing and cap troop levels while others propose delving into war strategy.

"There is a long tradition of Congressional dissent during wartime, but I don't know that it's ever formalized itself the way this is shaping up," said the associate Senate historian, Donald Ritchie. "Taking a stand in opposition to a commander in chief's decision on a war policy, that's unusual."

After the vote, Democratic leaders painted their victory as an expression of public outrage at the war and a sign that the new Congress intends to challenge the president. "It's the first time he has had a review of his policy, rather than a rubber stamp," said Representative Rahm Emanuel of Illinois, chairman of the Democratic Caucus.

Representative Boehner, the Republican leader, said the Iraq debate highlighted the intentions by Democrats to begin reducing financing of the war, which he described as "a slow-bleed policy that cuts off funding and reinforcements for our troops in harm's way."

Representative John P. Murtha, a Pennsylvania Democrat who oversees defense appropriations, has said he would seek to block new deployments by requiring troops to meet a series of conditions and training guidelines. A day before the vote, he presented his plan in a 24-minute broadcast on MoveCongress.org, a Web site dedicated to ending the war.

Democratic lawmakers and senior aides said they believed Mr. Murtha's appearance could have kept some Republicans from supporting the resolution, fearful of being linked to the antiwar coalition.

But for all the attention paid to the symbolic resolution, it remains an open question whether it will have much immediate effect.

"It is very hard to change war policy from Capitol Hill," said Representative David R. Obey, a Wisconsin Democrat and chairman of the Appropriations Committee. "We won't have a real solution on Iraq until Republicans walk down to the White House and say, Mr. President, the jig is up, this is a bad direction and you need to rethink what you're doing."

Partisanship Marks House Vote Against Troop Surge (LAT)

By Richard Simon

The Los Angeles Times, February 17, 2007

WASHINGTON — The House on Friday renounced President Bush's decision to send more U.S. troops to Iraq, the first official challenge by the new Democratic majority on Capitol Hill to his management of the war.

The nonbinding resolution expressing disapproval of the troop buildup passed 246-182 largely along party lines, with 17 Republicans joining 229 Democrats to back the rare wartime rebuke of a commander-in-chief. Voting against it were 180 Republicans and two Democrats.

The sharp partisan split was a disappointment to Democratic leaders who had hoped for more GOP support and lessened the vote's political impact.

Still, it marked a milestone in the declining public support for the nearly four-year war and signified the growing Democratic determination to press for a de-escalation of the U.S. involvement in the military conflict.

"Today, in a loud voice, the Congress of the United States have said to the president, `Mr. President, we need a new direction in Iraq'," said House Majority Leader Steny Hoyer, D-Md.

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During this week's four-day debate on the resolution, lawmakers of both sides of the argument characterized it as a first step toward a more concrete Democratic push to change Bush's course in Iraq. An effort already is under way in the House to attach strings to the latest White House funding request for the war, a move aimed at delaying -- and perhaps thwarting -- much of the new troop deployment.

Democrats warned the president to take heed. "If need be, Congress will end this war -- with binding legislation," said Rep. Allan Mollohan, D-W.Va., a senior member of the House Appropriations Committee.

Democrats gained control of the House and Senate in last fall's election due in a large part to voter disaffection with the war. The Senate will meet in a rare Saturday session for a vote on whether their chamber will take up the House resolution.

Bush has said he intended to ignore the message sent by the House measure, though he has expressed concern about Congress taking further action that would limit his stewardship of the war.

Following the House vote, the White House issued a statement saying that Bush ordered the troop buildup "because he, like most Americans, believed the existing situation in Iraq was unacceptable."

It also noted that Congress will have the opportunity to "show its support for the troops" by approving his request for $93 billion in additional war funding, with most of the money targeted for Iraq.

Republicans were gearing up for the new fight, portraying the symbolic resolution as the opening gambit in a "slow-bleed" strategy that would cut off funding for troops in harm's way.

Several GOP lawmakers pressed that case in arguing against the measure on Friday. House Minority Whip Roy Blunt, R-Mo., criticized the resolution as the start of "an all-too-binding spiral toward defeat in a fight that we cannot afford to lose."

The two-sentence resolution first states that "Congress and the American people will continue to support and protect" U.S. forces serving in Iraq, phrasing that Democrats hoped would undercut attacks that they were undermining the troops.

The second sentence says Congress "disapproves of the decision" Bush announced in a nationally televised speech Jan. 10 to add 21,500 troops to the 135,000-plus already in Iraq.

GOP leaders considered it a victory to limit defections to 17 of their 201 members. Still, discontent within a GOP caucus that once provided near lock-step support for Bush's Iraq policies was evident in the debate leading up to the vote. In their floor speeches, several GOP lawmakers distanced themselves from the troop increase and said they doubted it would quell the violence in Iraq, even as they announced their intention to oppose the resolution.

In a typical comment, Rep. Roscoe Bartlett, R-Md., said Friday he was voting against the measure "not because I believe that the (troop) surge will be helpful, but rather because I believe that a yes vote will send the wrong message to our enemies and might send the wrong message to our troops."

Democratic leaders asserted that they were pleased with the GOP support the resolution garnered.

"This is the first time you've had a break in the Republicans' blind support for a policy that has led us into a blind alley," said Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus.

But the difficulties facing Democrats in influencing Bush's war strategy likely will be apparent Saturday as the Senate meets to try to move forward with a debate on the House resolution.

Senate Majority Leader Harry Reid, D-Nev., has been trying for weeks to engage the chamber in a discussion on the troop-increase plan. Reid said Friday, "Americans deserve to know whether their senator stands with the president and his plan to deepen our military commitment in Iraq."

In the Senate, however, the minority party has more tools than in the House to keep an issue from coming up, and Republicans have succeeded in blocking Reid's efforts.

GOP Senate leaders have opposed allowing the debate on the troop increase to proceed because Reid has refused to permit a vote on an alternative Republican resolution aimed at waylaying moves to cut military funding.

"There's no question that the Democrats in the House and Senate intend to tie the president's hands when it comes to the conduct of war in Iraq," Senate Minority Leader Mitch McConnell, R-Ky., said Friday. "That's why we want a vote in the House and Senate that says ... the United States Congress will not cut funding for our troops in harm's way."

During the House's four days of often heated debate, 392 of the chamber's 434 members spoke (there is one vacancy). Many of the lawmakers sprinkled their speeches with quotations from President Lincoln, Napoleon and other historical figures.

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The resolution's opponents contended it would embolden America's enemies and demoralize U.S. troops. They also repeatedly assailed Democrats for failing to offer an alternative to Bush's plan in Iraq, a fight they said was a crucial front in the larger war on terrorism.

Friday's vote was in stark contrast to earlier votes on the war when the House was under Republican rule. In 2002, the House voted 296-133 to authorize the U.S.-led invasion of Iraq.

House Rebukes Bush Iraq Plan 246-182 (WSJ)

By David Rogers

The Wall Street Journal, February 17, 2007

WASHINGTON -- Breaking with President Bush over the war in Iraq, 17 Republicans joined House Democrats in approving a resolution rejecting the administration's decision to add more than 21,000 new combat troops by May.

Though largely symbolic, the 246-182 vote opens a new chapter in the Iraq debate that will force grittier fights this spring and summer, testing Mr. Bush's powers as commander in chief against Congress's control of the funds he needs for the war.

"As even the president acknowledges, we retain the power of the purse and we will have ample opportunity to exercise that power," said Rep. Alan Mollohan (D., W.Va.). "It is a last call for us to work together ... on ending this war. It is the last call for the president to come back to the people."

White House allies in the Senate expect to stall action on the nonbinding measure in a rare Saturday session called by the Democratic leadership. But the Republican defections and new Democratic unity underscore how much the political landscape has changed in the past year.

Eight months ago, only three House Republicans opposed a similar resolution supporting the war effort and warmly praising the government of Prime Minister Nouri al-Maliki. By comparison, even Republicans who stood with the president in this week's debate were often critical of Mr. Maliki and leery of committing more U.S. forces.

The White House was pleased to hold down its losses to 17 -- lower than some earlier predictions. But the counterweight is that since November's elections, the president has faced an almost solid wall of Democratic skepticism toward his military tactics. Last June, 42 House Democrats supported the administration-backed resolution; yesterday only two -- from Georgia and Mississippi -- sided with the White House.

As a result, the four days of debate foreshadowed the tough slog ahead unless lawmakers and Mr. Bush can reach some consensus. Republicans hammered home the argument that passage of the resolution could damage the morale of troops in Iraq. Invoking memories of Vietnam, the party chose to close debate with an emotional appeal by Rep. Sam Johnson (R., Texas), an Air Force veteran and former POW from that war.

"The pain inflicted by your country's indifference is tenfold that inflicted by your ruthless captors," Mr. Johnson said to a standing ovation.

Reflecting on the fight ahead, Speaker Nancy Pelosi questioned if Mr. Bush "is moveable in terms of the course of action he wants to take militarily," but said she hoped the House vote would make him more "open to a truly robust initiative" to find a diplomatic and political settlement to the fighting.

The California Democrat said the Republicans were using a "stale" argument in accusing the Democrats of not supporting the troops in the war. But as Congress reasserts itself, she said both lawmakers and the White House had to recognize each other's role.

The first test will be a $93.4 billion emergency spending request for the war that the House Appropriations Committee must consider three weeks from now. Rep. John Murtha (D., Pa.), the bill's manager, said he is going to give the military "all the money they want" and more than the administration's request for readiness. But Mr. Murtha will also recommend adding restrictions that could slow the troop increase and make it harder to maintain the higher troop levels once the 21,000 have been added.

He said he believes he can get this bill out of the House committee but acknowledged that his ideas will face tougher sledding in the Senate. "It's very, very hard," he said. But Mr. Murtha, a Vietnam veteran like Mr. Johnson, already is looking ahead to the next round when the massive 2008 defense bill must be debated. "I think in the '08 bill, we're going to start looking at benchmarks," he said, and if those goals aren't met, it could then lay the groundwork for the beginning of a U.S. withdrawal.

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House Rejects Troop Surge Plan (CHIT)

By Bay Fang, Naftali Bendavid

Chicago Tribune, February 17, 2007

WASHINGTON -- Rebuking President Bush on a war that enjoyed great support at its outset but has become deeply unpopular, the House went on record Friday opposing Bush's plan to add 21,500 troops in Iraq, with 17 Republicans joining all but two Democrats in voicing their disapproval.

The nonbinding resolution, approved on a 246-182 vote, was Congress' most forceful action yet to challenge Bush's conduct of the war after November's congressional elections, in which the Democrats were catapulted to a majority in both houses of Congress, largely by the public's growing frustration with the Iraq conflict.

Even some of the strongest opponents of the resolution voiced little faith Friday in Bush's escalation strategy, stressing instead the importance of backing the troops, supporting the commander-in-chief and showing steadfastness in fighting terrorism.

The White House and Republican House leadership had worked feverishly over four days of debate this week to stem defections from the GOP side, concerned about the political impact if a large majority of lawmakers opposed the president. Republican leaders also complained that Democrats did not allow them to offer alternative resolutions more supportive of the president.

But Democrats, confident that the public is with them on Iraq, argued that the war has been misguided and poorly executed and that sending the additional troops would only produce more American deaths without turning the tide of what has become a bitter civil war.

The president had no immediate comment on the House action. His spokesman said Bush was too occupied with other duties to watch the proceedings on television.

The rhetoric on the House floor Friday was emotional, sweeping and at times agonized, with orators on both sides speaking of honoring the dead, staying true to the nation's mission and respecting the Constitution. In a chamber that often sees a lone congressman addressing an empty chamber, many seats were filled, and particularly eloquent speeches were met with standing ovations. It was perhaps the closest Congress had come in three decades to the impassioned debates that animated the nation during the Vietnam War.

"The stakes in Iraq are too high to recycle proposals that have little prospect for success," said House Speaker Nancy Pelosi of California, in a rare speech from the House floor. "The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home."

Rep. Sam Johnson, a Texas Republican who served seven years as a prisoner of war in Vietnam, was equally impassioned as he wrapped up the debate, during which 390 of 434 lawmakers spoke. "Now it's time to stand up for my friends who did not make it home, and for those who fought and died in Iraq already," Johnson said in opposing the resolution. "We must not cut funding for our troops. We must stick by them." He ended his remarks with a salute.

Rep. Patrick Murphy (D-Pa.), one of five new congressmen who are war veterans, talked about having to drive a Humvee with no doors down what was known as "Ambush Alley" in Baghdad.

"Half those names on the Vietnam [Memorial] wall are there after the civilian leadership in our country knew that it was strategically a mistake to stay there," he said. "But they didn't have the courage to stand up. This Congress is showing the courage to stand up."

Potentially adding to the power of the rebuke, the Senate plans to debate a measure identical to the House resolution Saturday. Republican leaders will try to block that vote with procedural moves, but the Senate action raises the possibility of a unified congressional response to a military move the White House considers the province of the executive branch.

One outspoken supporter of the deployment, Sen. John McCain (R-Ariz.), characterized the Senate action as a "partisan stunt." The presidential contender was in Chicago and told reporters he intended to keep his campaign schedule in Iowa rather than return to the capitol for the debate.

"I think it's an insult to the public and our soldiers to pretend we're discharging our responsibilities to them when all we're doing is debating a meaningless, meaningless resolution," McCain said.

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The House vote portends a larger battle next month, when Bush's request for a $93 billion supplemental Pentagon spending measure will come before Congress. Rep. John Murtha (D-Pa.), who heads the subcommittee that oversees military spending, said he plans to offer legislation that will put such strict standards on deployments—requiring that troops spend one year at home between combat tours, for example—that Bush will have no choice but to start bringing troops home.

"They won't be able to continue," the former Marine said in a Webcast on an antiwar site. "They won't be able to do the deployment."

Republican critics said that Friday's vote was a purely political statement and that the smaller-than-expected number of Republican defections meant a compromised victory for Democrats.

"This was a political vote that gave members who wanted to be on the record that they didn't support the war, to be on the record," said Rep. Bill Young (R-Fla.), who held Murtha's post on the House panel until January.

Nevertheless, the vote marked the completion of a dramatic turnaround from the fall of 2002, when the House acquiesced, 296-133, to Bush's request to authorize military action in Iraq.

Rep. Rahm Emanuel (D-Ill.) said, "There have been over a half a dozen votes in the United States Congress that have rubber-stamped the president's policy in Iraq. This is the first vote in a four-year war that rejected the policy."

In The House: Four Days Of Warnings, Reason And Rising Voices On Iraq (LAT)

By Nicole Gaouette, Times Staff Writer

The Los Angeles Times, February 17, 2007

'For the most part, the tenor of the debate rose to the occasion,' Pelosi said after about 45 hours of Iraq speeches.

WASHINGTON — The House debate this week on the war in Iraq was marked by emotional commentaries and dire warnings about the costs of escalating the U.S. commitment or reducing it. On Friday, the deliberations ended with a new element: an audience.

During most of the four days consumed by the rhetorical face-off, lawmakers filed into a mostly empty House chamber to deliver their speeches. A sprinkling of aides and a few other members of Congress looked on, though frequently they were chatting among themselves or thumbing their BlackBerrys.

The mood and the interest level changed on Friday, however, as the House neared its vote on the resolution opposing President Bush's deployment of more troops to Iraq. The measure, though nonbinding, was viewed by both sides as fraught with significance.

Democrats and Republicans alike crowded the chamber by midafternoon to cheer their sides during the final appeals for votes. Spectators waiting to enter the third-floor public galleries lined the halls and the marble stairs.

Lawmakers on both sides of the issue said their votes were important. For some, the issue was personal.

That was evident when Rep. Patrick Murphy (D-Pa.), an Iraq combat veteran, countered GOP assertions that Democrats were undermining troop morale.

"We are the troops" said Murphy, 33, his voice rising and his face suddenly flushed. "Friends that we served with when we deployed are … saying, 'Thank God one of our own is standing up and speaking truth to power.' "

It was also evident when 76-year-old Sam Johnson (R-Texas), a prisoner of war in Vietnam for almost seven years, shuffled to the floor on his cane three times during the week to speak against the resolution.

"I know what it does to morale and mission success," to have Congress express disapproval of a war effort, Johnson, whose body is twisted from years of beatings and confinement in leg irons, said Friday.

"Moms and dads watching the news need to know that the Congress will not leave their sons and daughters in harm's way without support," he continued. "Let my body serve as a brutal reminder that we must not repeat the mistakes of the past."

Johnson was the next-to-last of 392 lawmakers who spoke in the debate that began early Tuesday afternoon. As he finished, fellow Republicans in the now-crowded chamber rose to applaud him for a full two minutes. Johnson hauled himself up from his chair and shook his fist in acknowledgment.

Some Democrats briefly joined the ovation. Rep. Ike Skelton (D-Mo.), who as chairman of the House Armed Service Committee gave his party's last speech, paid him homage at the start of his remarks.

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On Friday, after a total of 44 hours and 55 minutes of debate, Speaker Nancy Pelosi (D-San Francisco) declared that "for the most part, the tenor of the debate rose to the occasion."

As lawmakers filed out of the chamber after the vote, some rushing to catch planes to their districts, many said they believed they had participated in a historic event.

Rep. Timothy J. Walz (D-Minn.) a former Army National Guardsman who served in Afghanistan and who rooms in Washington with Murphy, said he was "thankful" for the chance to vote for the resolution.

He said that Rep. Tom Lantos (D-Burlingame) had told him, "There is nothing nonbinding about the vote of a U.S. congressman representing his or her district in that sacred chamber, especially on an issue as important as a war."

Rep. Mike Pence (R-Ind.) took a few minutes to explain why he viewed the vote as a "successful failure."

The number of Republicans — 17 — who joined with virtually all of the House Democrats to pass the resolution was below some expectations for GOP defections. That kept the tally below the two-thirds threshold that would be needed to override a presidential veto of future war-related legislation.

"The real battle is coming, and Republicans have laid a foundation to defend funding for the troops," Pence said.

Congress Flexes Its Muscles On Iraq (NSDY)

By Timothy M. Phelps, Craig Gordon

Newsday, February 17, 2007

WASHINGTON -- To its proponents, Friday's Iraq vote in the House was the historic answer to the embarrassments of 1964 and 2002, when Congress overwhelmingly approved wars in Vietnam and Iraq that would become unpopular.

To its opponents, the nonbinding statement of disapproval of the president's war plan was at best a meaningless gesture, at worst a terrible precedent or even a solace to America's enemies.

Scholars saw it as major shift in a trend that had lately seen Congress dominated on such issues by the presidency.

"People will look back in history and see it as the first step in an effort by Congress to limit the commander-in-chief powers of this president," said James Thurber of American University, an authority on Congress and the presidency.

"It's similar to the early steps with regard to Vietnam," he said. "It's not the same as setting timelines and cutting money, but I think those things are likely to come unless there is a significant change on the ground in Baghdad."

"It's enormously consequential because there's been no debate [about Iraq] before," said Ross Baker, an expert on Congress and the presidency at Rutgers University. "It's a reasonable place to start."

"What we're talking about at this stage is a battle over public opinion," Baker said. "It's a declaration of one of the four parts of the federal government that there's dissatisfaction with the war."

To be sure, Friday's vote was merely symbolic and doesn't limit President George W. Bush's ability to carry out the war as he sees fit. But coming a little more than a year after a near-unanimous reaffirmation of the war in the House, it was a stunning rebuke to Bush, signifying just how isolated he and the Republicans are in pursuing a course of adding troops in Iraq.

"It seems like he's ready to go ahead against his own Chiefs of Staff, top generals and the American people," not to mention of majority in Congress, Thurber said.

Bush this week worked to downplay the significance of the vote, saying in effect that the Democrats were within their rights to go on record as they saw fit as long as they didn't meddle with war funding. But some experts saw the vote as an important victory for new Democratic House Speaker Nancy Pelosi.

"Pelosi really did pull this one off as well as could be expected," said Stephen Hess, a presidential scholar at George Washington University. "She got it down to a message you could read on the head of a pin -- 'support the troops, oppose the surge.'"

Rep. Steve Israel (D-Huntington), who voted in favor, said the vote Friday was the "mirror image of the Gulf of Tonkin resolution" on Vietnam in 1964.

"For the first time the House of Representatives has sent the administration a bipartisan statement of policy that their war plans should be changed and I think that it's significant as a matter of policy today and as a matter of historical context."

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But Rep. Peter King (R-Seaford) said that as far as he knew, it was the first time Congress had "ever legislated against a particular battlefield strategy. To me its a very bad precedent."

King, and outside experts, said the fact that only 17 Republicans voted for the resolution was a disappointment to the Democrats and did not bode well for Democratic intentions to start putting binding restrictions on use of funds in Iraq.

"This vote isn't as overwhelming as I thought it would be, so that isn't exactly a harbinger that the next one would pass," said Hess.

House Passes Nonbinding Resolution On Iraq (SFC)

By Edward Epstein

San Francisco Chronicle, February 17, 2007

The House sent President Bush a double-barreled confrontational message today, telling him it opposes his latest buildup of troops in Iraq and in the next few weeks will try to start curtailing military operations in the war zone.

The Democratic-led House approved 246 to 182 a nonbinding resolution expressing the support of Congress for the U.S. troops serving in Iraq while opposing Bush's plan to send 21,500 more combat troops into the war.

Seventeen Republicans joined 229 Democrats in voting for the resolution. Two Democrats and 180 Republicans voted against it.

Before the House voted after 45 hours of debate that began Tuesday, lawmakers heard Speaker Nancy Pelosi reiterate her position that the 97-word resolution is just the start of the Democratic effort to end the four-year-old war.

"The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home," Pelosi said in the debate's final hours before a chamber half-full of Democrats who had been summoned to hear their new speaker. The Republican side was all but empty as she spoke.

Next up for the House will be legislation being pushed by one of Pelosi's closest allies, Rep. John Murtha, D-Pa., that will seek to limit Bush's ability to deploy more troops to Iraq. Murtha, the chairman of the panel overseeing military spending, plans to attach his proposals as conditions next month to Bush's latest $100 billion war spending request. Murtha said he will require that no units be sent to Iraq until fully trained and equipped, including the latest armored protection against roadside bombs.

Murtha also plans, with Pelosi's full support, to require military units receive more time at home before they can be redeployed to Iraq and to end the practice of "stop loss" in which miliary personnel are kept on active duty past their date for leaving the service.

Today's House passage of the resolution spurred Senate Majority Leader Harry Reid, D-Nev., to try to break the partisan deadlock over the war in the upper chamber.

Republicans earlier blocked a vote on a more wide-ranging bipartisan resolution against Bush's plan that had been sponsored by Sen. John Warner, R-Va., a former Navy secretary and past chairman of the Armed Services Committee.

Reid plans a rare Saturday vote -- when the body should have begun its weeklong Presidents' Day recess -- on a motion to proceed with debate on the House-approved statement.

But the minority leader, Sen. Mitch McConnell, R-Ky., told reporters Friday that he remains confident he can muster enough Republicans to block Reid's latest effort, which would need 60 votes to pass. Democrats hold a 51-49 majority in the Senate.

McConnell appeared with the House Minority Leader John Boehner, R-Ohio, to demand votes in both chambers on proposals that Congress not cut funding for the war while U.S. forces are in the field.

Bush has said that while he disagrees with Pelosi and Murtha and their supporters he respects their right to make their case opposing his latest troop increase.

Bush's spokesman, Tony Snow, said Murtha's proposals to require better training and equipment as well as longer times between deployments were dangerous.

"Anything that is going to tie the hands of military commanders and deny both the funds and flexibility they're going to need, he will take a dim view of," Snow said of the president.

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"We're just not going to get into trying to characterize a specific position about a bill that has yet to see the light of day," Snow added.

Bush spoke with Iraqi Prime Minister Nouri Al Maliki on Friday and encouraged him to have his forces take a more active role in fighting insurgents. The president said he conveyed "a message of urgency to the Iraqi government that our patience is not unlimited and that we expect that government to perform."

The final hours of the House debate -- in which 392 members spoke -- were pointed as both sides repeated the themes that have sounded since Tuesday.

Republicans opponents said the resolution was contradictory in praising the troops but opposing their mission. They also said it amounted to micromanaging military strategy.

"Are we really best equipped to decide what reinforcements are sent into battle?" asked Rep. Greg Walden, R-Ore. "Isn't that better left to the commanders in the field?"

Rep. Mike Ferguson, R-N.J., acknowledged that Bush's strategy hasn't worked too well, but said the Democrats, by opposing Bush's "surge," were in effect endorsing the status quo.

"The prospected of success are dwindling but a new and amplified effort may offer the best hope we have for success and for the Iraqi government," Ferguson said.

And Republicans warned that the Iraq war is part of the broader fight against Islamic extremism.

"What we're doing with this resolution is not a salute to GI Joe. It's a salute to jihadist Joe," said Rep. Phil Gingrey, R-Ga.

But Democrats said it's time for a sharp change of course with Iraq stuck in a civil war as the American military operation soon enters its fifth year with more than 3,100 Americans killed and more than $400 billion spent.

"Sending 21,000 more troops is nothing but stay the course on steroids," said Rep. Xavier Becerra, D-Los Angeles

Rep. Paul Hodes, D-N.H., one of the Democratic freshman who ousted a GOP incumbent last November on an anti-war platform, said Congress must rein in the president. "The administration is in a parallel universe of its own creation," Hodes said.

While the resolution doesn't require Bush to do anything, its proponents hope it sends him a strong signal that he should sit down with Congress' Democratic leaders to discuss new strategy.

Rep. Tom Lantos, D-San Mateo, one of the resolution's bipartisan co-sponsors, said calling the resolution nonbinding ignores its real power.

"What could be more binding on the president than the view of the elected representatives of the American people?" asked Lantos, the chairman of the House Foreign Affairs Committee.

Boehner, who accuses the Democrats of slowly trying to suffocate the miliary effort in Iraq, challenged them to a direct debate on cutting off funding.

"Let's get away from the shadow boxing, the slow bleed," and have an up-or-down vote on funding, rather than attaching conditions to future spending legislation, he said.

House Vote Repudiates Iraq Policy (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, February 17, 2007

Paul is the only Texan among 17 GOP dissenters

WASHINGTON — The Democratic-controlled House, joined by U.S. Rep. Ron Paul of Lake Jackson and 16 other Republicans, on Friday delivered a symbolic but stern repudiation of President Bush's decision to deploy 21,500 more troops to Iraq.

Only two Democrats defected in the showdown with the White House over an increasingly unpopular war that has claimed the lives of more than 3,100 U.S. troops.

On the 246-182 vote, the Democrats were joined by a smaller-than-expected group of Republicans. Early predictions suggested that as many as 60 Republicans skittish over the public's growing opposition to the war would back the resolution engineered by Democratic legislative leaders.

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With the exception of Paul, Texas' 18 other Republicans and 13 Democrats voted along party lines. Paul, who has a strong Libertarian streak and is weighing a GOP presidential bid, was the only Texas Republican who voted against the 2002 resolution authorizing Bush to go to war to depose Saddam Hussein.

"Resorting to a medical analogy: A wrong diagnosis was made at the beginning of the war, and the wrong treatment was prescribed," said Paul, a physician. "Refusing to reassess our mistakes and insisting on just more and more of a failed remedy is destined to kill the patient. In this case, the casualties will be our liberties and prosperity here at home and peace abroad."

Across the Capitol, Senate Majority Leader Harry Reid, of Nevada, set a rare Saturday vote to bring up the identical resolution in the Senate. Sen. John Cornyn, of Texas, and other Republicans said they would block Democrats from getting the 60 votes necessary to bring up the measure unless they also can vote on an alternative that would oppose any cuts in troop funding.

Emotional clashDuring four days of House debate, Democrats and Republicans clashed in often emotional, personal terms about the future course of the U.S. military campaign in Iraq and the broader fight against Islamic militants.

Republicans warned that the resolution marks the first step in a Democratic campaign to prevent Bush from deploying additional troops by cutting off funds.

Democrats, mulling a number of ways to place constraints on Bush's ability to deploy more troops to Iraq, will get a chance to do so when they take up his request for $93 billion in additional war funds.

Former Vietnam POW Sam Johnson, a Republican congressman from the Dallas area, beseeched colleagues Friday to reject the resolution, which affirms support for the troops but disapproves of Bush's decision to send more to Iraq.

"Our troops and their families want, need and deserve the full support of the country and the Congress," Johnson said, receiving a standing ovation as lawmakers from both parties saluted his heroism. "Moms and dads watching the news need to know that the Congress will not leave their sons and daughters in harm's way without support."

Johnson and his allies insisted that withdrawal from Iraq would destabilize the Middle East and embolden al-Qaida. Democrats argued that the United States is mired in a civil war that can be won only by diplomatic means and with Iraqi resolve. Staying in Iraq brings with it a far greater peril, they said.

"The longer it takes us to resolve the situation in Iraq, the longer resources and attention will continue to be diverted from the war on terrorism," said House Speaker Nancy Pelosi, of California. "Our ability to respond to the escalating conflict in Afghanistan and other potential crises in the world is constrained severely by the deterioration in military readiness to levels not seen since the Vietnam era."

Facing the reality that the resolution would pass, the White House did little to lobby against it and now is focused on the steps Democrats will take to block the so-called troop surge.

"What the president is insistent upon is that our forces have the funds they need and the flexibility required to continue to execute not only the Baghdad security plan, but the way forward that's designed to secure the situation in Iraq," White House spokesman Tony Snow said.

House Minority Leader John Boehner, of Ohio, called "unthinkable" any strategy to deny funding for troops.

"The American people will not support a strategy that involves pulling the rug out from under American troops," Boehner said.

Opposition to escalationEfforts to limit Bush's ability to deploy troops could prove a far tougher vote for Democrats, who fear being viewed as denying the troops necessary armor, protection and support.

A new AP poll found that while 63 percent of Americans oppose a troop surge, two-thirds also reject the idea of cutting off funds to the troops.

Rep. Al Green, D-Houston, said he was unsure how he'd vote on the Democrats' possible next action.

"I don't make snap decisions about how we will handle issues concerning our military because our military makes ... the freedoms that we enjoy possible," Green said. "For me, it would be a serious vote and I would think long and hard before I cast a vote one way or another."

Rep. Ted Poe, R-Humble, previewed the strategy Republicans would use to fight any funding cuts.

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"Does this Congress want to tell our troops in the ground 'Do more with less even though we in Congress have it within our power to give you aid?' " Poe asked.

He dramatically read to the House the letter a besieged William Barrett Travis wrote from the Alamo in 1836 begging for reinforcements.

Thirty-two men joined the 150 or so fighters inside the San Antonio mission, whose defenders were killed a few days later by Mexican soldiers.

House Opposes Iraq Buildup (DMN)

The Dallas Morning News, February 17, 2007

WASHINGTON – The House voted Friday to oppose a troop buildup in Iraq, the first time since the war began nearly four years ago that Congress has gone on record against President Bush's policy.

Seizing that momentum, Senate Democratic leaders are delaying their weeklong recess to vote today on whether to consider the House's measure. They'll try to pressure enough Senate Republicans up for re-election next year to join them and allow the debate to begin – or they'll blast those Republicans as supporting the escalation of an unpopular war.

While the House's 246-182 vote on a nonbinding resolution carries no force of law, its political symbolism gives it some historic significance. Congress has rarely objected to a president's military strategy once combat is under way.

"People will look back in history and see it as the first step in an effort by Congress to limit the commander-in-chief powers of this president," said James Thurber of American University, an authority on Congress and the presidency.

"It's similar to the early [congressional] steps with regard to Vietnam," he said. "It's not the same as setting timelines and cutting money, but I think those things are likely to come unless there is a significant change on the ground in Baghdad."

Seventeen Republicans voted for the resolution – about half what Democrats had hoped for – while two Democrats from conservative districts voted against it: Reps. Gene Taylor of Mississippi and Jim Marshall of Georgia.

War opponents hope Friday's vote will serve as a turning point, the first of several actions that the Democratic-led Congress will take to pressure the president to redeploy troops to Afghanistan, the Middle East or elsewhere, or bring them home. Within minutes of the vote, Democrats said their next move would be to challenge Mr. Bush's request for $93 billion in new funds for the Pentagon

But getting binding anti-war legislation through the Senate, where Democrats hold only a 51-49 majority, and past Mr. Bush's veto, will be difficult, if not impossible.

HOW TEXANS VOTED

All Texas Democrats in the House voted for the resolution, as did Republican Ron Paul of Surfside. The rest of the state's GOP representatives voted against it.

Mr. Bush made no comment on the developments in the House, and his spokesman said the president was too busy to watch the proceedings on television.

Mr. Bush has already said passage of the measure will not deter him from proceeding with the deployment of 21,500 troops, designed primarily to quell sectarian violence in heavily populated Baghdad.

Emotional, agonizing

The rhetoric on the House floor Friday was emotional, sweeping and at times agonized, with orators on both sides speaking of honoring the dead, staying true to the nation's mission and respecting the Constitution. In a chamber that often sees a lone congressman addressing an empty chamber, many seats were filled, and particularly eloquent speeches were met with standing ovations. It was perhaps the closest Congress had come in three decades to the impassioned debates that animated the nation during the Vietnam War.

"The stakes in Iraq are too high to recycle proposals that have little prospect for success," said House Speaker Nancy Pelosi of California, who led the House in a moment of silence, out of respect, she said, for those who fought, and "particularly those who have lost their lives in the war, and their families."

Vietnam POW

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Rep. Sam Johnson, the Plano Republican who served seven years as a prisoner of war in Vietnam, was equally impassioned as he wrapped up the four-day debate, during which 390 of 434 lawmakers spoke. As he stepped to the microphone, lawmakers in both parties rose to applaud his heroism.

"Now it's time to stand up for my friends who did not make it home and for those who fought and died in Iraq already," he said in opposing the resolution. "We must not cut funding for our troops. We must stick by them," he added, snapping off a salute as he finished his remarks to another ovation.

House Denounces Bush's Iraq Strategy (FT)

By Edward Luce

Financial Times, February 17, 2007

The US House of Representatives on Friday issued a rebuke to George W. Bush's Iraq strategy in the first concrete demonstration of opposition to the war by Capitol Hill since the US-led invasion almost four years ago.

The 246-182 vote was non-binding and will have no impact on Mr Bush's plan to deploy 21,500 extra troops in addition to the 131,000 already there as part of his "new way forward in Iraq" unveiled last month.

But leaders of the Democratic party, which won midterm congressional elections in November largely on the back ofdisaffection over Iraq, said yesterday's symbolic step would be followed by measures to limit Mr Bush's ability to "escalate" the war.

The vote, to be followed by a similar one in the Senate on Saturday, marked the most significant questioning of a US president's wartime authority since the 1970 vote to rescind the 1964 Gulf of Tonkin resolution, which led to war in Vietnam.

Nancy Pelosi, Democratic speaker of the House, said: "The stakes in Iraq are too high to recycle proposals that have little prospect for success. The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home."

The White House said Friday's resolution went against the wishes of the Iraqi government and the US military in Iraq.

Republican leaders said the Democratic party was attempting a "slow bleed" of operations in Iraq that would culminate in a move to cut off congressional funding for US troops there. Seventeen of the 201-strong Republican caucus voted with Friday's resolution, fewer than party leaders had feared.

"They [supporters of the resolution] are gambling on failure," said Tony Snow, White House spokesman. "The president has a plan for success...What we're afraid of is that this is, in fact, going to serve as a precursor for cutting off our troops."

Democratic leaders plan to tread a fine line in the next few weeks that will involve taking further steps to oppose Mr Bush's prosecution of the war - such as attaching conditions to future congressional funding of military operations - while also making it clear they will continue to support American troops in the field.

"The Democratic party is highly conscious of the fact that the overwhelming majority of the American public opposed the Vietnam war and yet it was the Democrats who emerged as the losers politically," said Mark Schmitt at the New America Foundation, a centrist think-tank in Washington.

Among Democratic plans being floated are measures that would require the Iraqi government to meet certain benchmarks before new funds were authorised and conditions on the US administration's ability to redeploy military units to the battlefield. The US army has complained that it is severely under-equipped and overstretched.

House OKs Measure Opposing Troop Surge (AP)

By David Espo

AP, February 16, 2007

WASHINGTON (AP) - The Democratic-controlled House issued a symbolic rejection of President Bush's decision to deploy more troops to Iraq on Friday, opening an epic confrontation between Congress and commander in chief over an unpopular war that has taken the lives of more than 3,100 U.S. troops.

The vote on the nonbinding measure was 246-182, and within minutes, Democrats said their next move would be to challenge Bush's request for $93 billion in new funds for the Pentagon.

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"The stakes in Iraq are too high to recycle proposals that have little prospect for success," said Speaker Nancy Pelosi, leader of Democrats who gained power last fall in elections framed by public opposition to the war.

"The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home," she vowed after the vote, in which 17 Republicans joined 229 Democrats in a wartime rebuke to the president.

Citing recent comments by Democrats, Bush's Republican allies said repeatedly the measure would lead to attempts to cut off funds for the troops. Outnumbered, they turned to GOP Rep. Sam Johnson of Texas to close their case - and the former Vietnam prisoner of war stepped to the microphone as lawmakers in both parties rose to applaud his heroism.

"Now it's time to stand up for my friends who did not make it home, and for those who fought and died in Iraq already," he said. "We must not cut funding for our troops. We must stick by them," he added, snapping off a salute as he completed his remarks to yet another ovation.

Moving quickly, Senate Majority Leader Harry Reid, D-Nev., set a test vote for Saturday on an identical measure, and several presidential contenders in both parties rearranged their weekend campaign schedules to be present.

Republican senators said in advance they would deny Democrats the 60 votes needed to advance the resolution, adding they would insist on equal treatment for a GOP-drafted alternative that opposes any reduction in funds for the troops.

Even so there were signs of Republican restlessness on the issue. Only two members of the GOP rank and file sided with Democrats on an earlier procedural vote; the total figured to be higher this time.

The House vote completed a turnabout from the fall of 2002, when the House bowed, 296-133, to Bush's request to authorize military action against Iraqi ruler Saddam Hussein.

U.S.-led troops made quick work of his regime but soon found themselves targeted in a country where long-suppressed sectarian rivalries flared and outside forces rushed to intervene. Tens of thousands of Iraqis have died in the ensuing war, along with more than 3,100 U.S. troops.

Bush made no comment on the developments in the House, and his spokesman said the president was too busy to watch the proceedings on television.

After a secure videoconference with Iraqi Prime Minister Nouri al-Maliki, Bush said the Iraqis reported providing troops to fight alongside Americans, making sure that no ethnic or religious factions are ignored in the security operations, providing $10 billion toward reconstruction and working on an oil revenue-sharing law.

"That's good news for the Iraqi people. And it should give people here in the United States confidence that his government knows its responsibilities and is following through on those responsibilities," Bush said.

More than 390 of 434 lawmakers spoke during nearly 45 hours of dignified debate that spilled across four days - an unusual amount of time devoted to what Republicans and Democrats alike said was the most significant issue confronting the country.

House Republican Leader John Boehner appeared to choke back tears at one point as he read from a letter that a husband of a former congressional aide wrote home before being killed in Fallujah.

Pelosi led the House in a moment of silence, out of respect, she said, for those who fought, and "particularly those who have lost their lives in the war, and their families."

Supporters of the nonbinding resolution included 229 Democrats and 17 Republicans - fewer GOP defections than Democrats had hoped to get and the White House and its allies had feared. Two Democrats joined 180 Republicans in opposition.

The developments unfolded as a new poll showed more than half those surveyed view the war as a hopeless cause.

A sizable majority, 63 percent, opposes the decision to dispatch more troops, although support for Bush's plan has risen in the past few weeks from 26 percent to 35 percent, according to the AP-Ipsos poll.

The House measure disapproves of Bush's decision to increase troop strength, and pledges that Congress will "support and protect" the troops.

Bush has already said passage of the measure will not deter him from proceeding with the deployment of another 21,500 troops, designed primarily to quell sectarian violence in heavily populated Baghdad.

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Already, troops of the Army's 82nd Airborne have arrived in Iraq. Another brigade is in Kuwait, undergoing final training before proceeding to Iraq. Three more brigades are ticketed for the Baghdad area, one each in March, April and May.

In addition, the Pentagon is sending two Marine battalions to Anbar Province in the western part of the country, the heart of the Sunni insurgency.

Bush and his allies in Congress calculated days ago that the House measure would pass, and increasingly have focused their energy on the next steps in the Democrats' attempt to end U.S. participation in the war.

"The President believes that the Congress should provide the full funding and flexibility our Armed Forces need to succeed in their mission to protect our country," said White House press secretary Tony Snow.

But Rep. David Obey, D-Wis., who chairs the committee that will review Bush's request, said, "the president wants a supplemental (spending bill). If he wants it, he's going to have to accept certain things."

Democrats have made clear in recent days they will use Bush's spending request to impose certain standards of readiness, training and rest for the troops.

"That stops the surge (in troops) for all intents and purposes, because ... they cannot sustain the deployment," Rep. John Murtha, D-Pa., said recently.

Republicans pointed to Murtha's remarks repeatedly during the day as evidence that despite their claims to the contrary, Democrats intend to cut off funds for the troops.

"This is all part of their plan to eliminate funding for our troops that are in harm's way. And we stand here as Republicans ... committed to making sure our troops in harm's way have all the funds and equipment they need to win this war in Iraq," said Boehner of Ohio, the Republican leader.

House Rebukes Bush On Iraq Troop Surge (HILL)

By Klaus Marre, Jackie Kucinich

The Hill, February 16, 2007

With bipartisan support, the House Friday passed 246-182 a non-binding resolution expressing its disapproval of President Bush's plan to send more combat troops to Iraq.

Seventeen Republicans joined all but two Democrats in supporting the measure. Two Democrats and four Republicans did not vote.

House Speaker Nancy Pelosi (D-Calif.) said the vote on the resolution, which supports the troops but rejects the surge of U.S. forces, would send a "strong message" to Bush. "The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home," she said.

But House Minority Leader John Boehner (R-Ohio) said the vote is "the first step down a treacherous path." He accused Democrats of wanting to "micromanage the war" through the power of the purse. Rep. Ileana Ros-Lehtinen (R-Fla.) said the resolution transfers the House into 435 generals.

Republicans voting for the resolution were Reps. Mike Castle (Del.), Howard Coble (N.C.), Tom Davis (Va.), John Duncan Jr. (Tenn.), Phil English (Pa.), Wayne Gilchrest (Md.), Bob Inglis (S.C.), Tim Johnson (Ill.), Walter Jones (N.C.), Ric Keller (Fla.), Mark Kirk (Ill.), Steven LaTourette (Ohio), Ron Paul (Texas), Tom Petri (Wis.), Jim Ramstad (Minn.), Fred Upton (Mich.) and James Walsh (N.Y.).

Democratic Reps. Gene Taylor (Miss.) and Jim Marshall (Ga.) voted with the Republicans.

Despite the loss, Republican leaders were pleased to limit the defections. At the beginning of the week, House Minority Whip Roy Blunt (R-Mo.) said estimates of as many as 60 Republicans crossing party lines were not "at all unreasonable." Blunt said the final vote count showed that the GOP "won the debate."

The White House responded to the vote by pointing out that the measure is non-binding.

"[The president's surge plan] enjoys the support of the Iraqi government and U.S. military leadership, including Gen. David Petraeus, Commander of the Multi-National Force in Iraq, who recently was confirmed to his post by an 81-0 vote in the Senate," said White House spokesman Tony Snow.

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"The president ordered a new way forward in Iraq because he, like most Americans, believed the existing situation in Iraq was unacceptable. The president concluded that this new strategy was necessary in order to help the Iraqi government gain control over Baghdad, assume more responsibility for security, and pursue reconciliation of all of Iraq's communities."

Snow added that Congress will soon "have the opportunity to show its support for the troops in Iraq by funding the supplemental appropriations request the president has submitted, and which our men and women in combat are counting on."

The White House spokesman also told reporters Friday that the resolution did not come up during a 45-minute conversation between the president and Iraqi Prime Minister Nouri al-Maliki.

Pelosi said Congress owes the troops "a course of action in Iraq that is worthy of their sacrifice." The Speaker said placing the emphasis on training Iraqi forces would allow "the phased redeployment of our forces from Iraq to begin within the next four to six months."

Senate Majority Leader Harry Reid (D-Nev.) has said he favors the House resolution over a bipartisan Senate measure and will seek to bring it to a vote in the upper chamber. The Senate will meet Saturday and vote on cloture on the resolution.

House Passes Iraq Resolution As Senate Readies For Saturday Vote (RC)

By John Stanton

RollCall.com, February 16, 2007

The House passed a nonbinding resolution Friday afternoon opposing President Bush's plan to increase troop levels in Iraq, as Senators were preparing for what is expected to be a brief but bitter Saturday session during which Majority Leader Harry Reid (D-Nev.) will attempt to bring the measure to the floor.

The resolution passed the House, 246-182, with 17 Republicans joining all but two Democrats in voting "aye."

On the Senate side, although Democrats at press time appeared to have peeled off several Republicans — notably Sen. John Warner (R-Va.) — senior Democratic aides said Reid likely would fall just short of the 60 votes needed to end a GOP filibuster. One aide predicted Democrats would fall just three or four votes short of breaking the filibuster.

While Democratic aides said every member of their Caucus aside from Sen. Tim Johnson (S.D.) would attend the Saturday vote — despite the angry private protests of the crowd of 2008 presidential aspirants — several Republicans were expected to skip the vote. Sens. Kit Bond (R-Mo.) and Jon Kyl (R-Ariz.), both announced today they would forgo the vote.

Outside organizations were gearing up for a last-minute push to pressure vulnerable Republican incumbents to break with their leaders and end the filibuster. MoveOn.org, VoteVets and Americans Against Escalation In Iraq were all planning phone banking, e-mail campaigns and "citizen lobbying" trips to Capitol Hill for today and Saturday morning targeting GOP moderates up for re-election in 2008.

One lawmaker who will not be present for Saturday's vote is Senate GOP Conference Chairman Jon Kyl (Ariz.), who will be leaving before the roll call vote to lead an official visit to Iraq.

Sen. Bob Corker (R-Tenn.) also will be on the trip, as will a handful of House Members from both parties.

House Rebukes The President On Iraq (CNN)

CNN.com, February 16, 2007

WASHINGTON (CNN) -- Seventeen Republicans joined Democrats on Friday in passing a two-sentence resolution denouncing President Bush's plan to boost troop levels in Iraq.

The resolution passed easily, 246-182.

Democratic leaders on Saturday will attempt to bring the same measure to the floor in the Senate. (Full story)

Democrats hailed the victory, while outside the chamber, Republican congressional leadership blasted the resolution, calling it the first step toward de-funding the war.

House Speaker Nancy Pelosi, a California Democrat, said the passage of the non-binding resolution "should send a very clear and firm message to the president of the United States: that the American people spoke in November, that they wanted a new direction in Iraq. This resolution today sets the stage for that new direction," she said.

"The Congress of the United States knows that if we pass a bill, a law, a binding document, the president can veto that," said House Majority Leader Steny Hoyer of Maryland. "What the president cannot veto is the opinion of the Congress of the United

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States, the judgment of the United States Congress, the advice and counsel of the Congress of the United States. He cannot veto that."

The resolution says that Congress supports the military but disapproves of Bush's plan to send 21,500 additional troops to Iraq. A clear majority of Republicans battled to the end against the resolution.

"One vision sees no hope for us in Iraq and counsels that we withdraw, just give up," said Ileana Ros-Lehtinen of Florida, the ranking Republican on the Foreign Affairs Committee. "By contrast, the other vision focuses on success."

House Minority Leader John Boehner of Ohio said he was concerned that the "Democrats in the House and Senate intend to tie the president's hands when it comes to the conduct of war in Iraq. That's why we want a vote in the House and Senate that says that we will not, we the United States Congress, will not cut funding for our troops in harm's way."

The Democratic leadership has said it will not cut funds for troops already in Iraq, but Sen. John Murtha, chairman of the committee in charge of the Defense Department's purse strings, has already signaled he may attempt to tie future deployments to legislation requiring the troops be fully equipped and armored before they're allowed to be shipped out.

Republicans say that's not necessary.

"What we have now is a system where you can move personnel very quickly; they marry up with the equipment in places like Kuwait and they move into the battle," said Rep. Duncan Hunter of California, the ranking Republican on the House Armed Services Committee. "So our ability to move people quickly and move equipment quickly to the fight to save American lives and American interests will very much be compromised by any of these micromanaging policies.

"Micromanaging DoD personnel policies and trying to choke off equipment and people for the war-fighting theater is extremely dangerous," Hunter said.

The White House acknowledged the resolution's passage, noting in a statement from Press Secretary Tony Snow's office that the president's plan "enjoys the support of the Iraqi government and U.S. military leadership, including Gen. David Petraeus, commander of the Multi-National Force in Iraq, who recently was confirmed to his post by an 81-0 vote in the Senate."

"The resolution is nonbinding. Soon, Congress will have the opportunity to show its support for the troops in Iraq by funding the supplemental appropriations request the president has submitted, and which our men and women in combat are counting on," the statement said. "The president believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country."

Now that the House has completed its debate, the showdown moves to the Senate, where Senate Majority Leader Harry Reid of Nevada has promised to bring up the same resolution Saturday. Reid urged Senate Republicans to drop procedural moves that blocked votes on similar Senate resolutions last week.

"We demand an up-or-down vote," Reid said Thursday. "The resolution says we support the troops and oppose the escalation of the presence in Iraq. We're determined to give our troops and the American people the debate they deserve."

But it was not clear whether Reid and his allies will get the 60 votes needed for the Senate to cut off debate on other matters and bring up the issue. Minority Leader Mitch McConnell of Kentucky said Republicans will insist on "a measure of fairness" that will allow them to offer alternative resolutions, including one stating the Senate won't cut off money for troops in the field.

"If we have only one alternative, it will involve a vote on funding the troops," said McConnell. He predicted enough Republicans would stick with him to prevent the House resolution from coming to the floor.

On February 5, all but two Republican senators voted to block debate on another non-binding resolution backed by most Democrats and several Republicans that would have expressed the Senate's opposition to deploying additional troops.

Republicans said Reid's latest move appears to leave behind that measure, backed by Virginia Republican John Warner, the influential former chairman of the Senate Armed Services Committee, and current Armed Services Committee Chairman Carl Levin, a Democrat from Michigan.

Published polls indicate a solid majority of the U.S. public opposes the Bush plan, and Democrats said the November election victories that put them in control of Congress show Americans want to wind down the nearly four-year-old war.

US House Rejects Bush Iraq Plan (BBC)

BBC.com, February 16, 2007

DOJ_NMG_0134058

The US House of Representatives has voted in favour of a resolution criticising President George W Bush's decision to send extra troops to Iraq.

Seventeen of his Republican Party joined the Democrats in passing the non-binding motion 246 to 182.

The vote follows days of fierce debate, during which the Democrats have made it clear that more decisive steps to limit Mr Bush's war policy could follow.

The Senate is due to vote on Saturday on whether to debate the troop plan.

Text of resolution Previous Senate attempts to debate the anti-troop surge resolution have been met with delaying tactics from Republican members.

If senators do vote to consider the resolution in their unusual Saturday session, Mr Bush faces the possibility that both chambers of Congress will repudiate his Iraq policy within two days, says the BBC's Justin Webb in Washington.

Although both the Congressional resolutions are non-binding, the president needs the legislators to support his $93bn (£48bn) emergency troop funding measure.

"The president believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country," the White House said in a statement shortly after the vote.

White House officials said Mr Bush had been too busy to watch the proceedings on television.

'Tragic goal'

The House vote brought to a close the first full debate there since the Democrats took control of Congress in November.

Written by the Democrats, the resolution states that the House "will continue to support and protect" US soldiers in Iraq but that it "disapproves" of the 21,500-strong troop increase.

The bipartisan resolution today may be non-binding. But it will send a strong message to the president

Speaker Nancy Pelosi About 400 of 434 representatives in the House spoke during four days of debate.

Speaking after the vote, House of Representatives Speaker Nancy Pelosi said it would send an unmistakable signal to the White House.

"The president's escalation plan repeats past mistakes. The stakes in Iraq are too high to recycle proposals that have little prospect for success.

"The bipartisan resolution today may be non-binding. But it will send a strong message to the president - we here in Congress are committed to protecting and supporting our troops."

Ms Pelosi had earlier warned there would be "no more blank cheques" for Mr Bush on Iraq.

House Minority Leader John Boehner had urged lawmakers to vote against the motion, saying it was "the first step towards a tragic, unthinkable goal".

"We face a sophisticated, determined enemy who wants to annihilate our way of life," he said.

"We have a duty to stand and fight against those that seek to destroy America and the freedom that defines us."

Democrats Signal A Wider Battle Lasting The Rest Of President's Term (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, February 17, 2007

After enjoying great deference in the conduct of national security for his first six years in office, President Bush now faces an assertive opposition Congress that has left him on the defensive. The nonbinding resolution passed by the House yesterday on a largely party-line vote seems certain to be the first of a series of actions that will challenge Bush for the remainder of his presidency.

At stake is not just Bush's decision to send an additional 21,500 U.S. troops to Iraq, the plan specifically renounced by the resolution. By extension, the 246 to 182 vote passed judgment on Bush's overall stewardship of the war in Iraq and, more broadly, on his leadership in the world. At a time when the president is confronting Iran over its nuclear enrichment program, the House vote demonstrates that he has far less latitude to take aggressive action than he might have had in the past.

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"This is an important moment," said Zbigniew Brzezinski, who was President Jimmy Carter's national security adviser and is now a counselor at the Center for Strategic and International Studies. "And it's an important moment not only about what's in the past, or even in the present, but also what might be happening in the future."

The resolution, he said, "tells the president that the country's increasingly tired of the war and the country's reaction to his provoking a new war would be even worse."

Both sides recognized that the House vote, along with a Senate vote scheduled for today, represents the opening salvo in a more protracted struggle. "To me, this is kind of a baby step. It doesn't have teeth," said David J. Rothkopf, author of "Running the World," a book on the making of modern foreign policy. "The real question is going to be whether the Democratic leadership goes further and challenges funding, because that's where Congress historically has been able to show its influence."

House Speaker Nancy Pelosi (D-Calif.) and her close adviser, Rep. John P. Murtha (D-Pa.), are devising a strategy to tie Bush's hands by placing conditions on future funding for the war, such as requiring any units sent to Iraq to meet certain standards for training, equipment and rest between deployments. Because those conditions might be hard to meet, they could slowly constrict Bush's ability to keep up troop levels.

But yesterday's vote signaled peril for the Democratic congressional leadership as well. Despite deep Republican discontent with the course of the war, Democrats were unable to persuade more than 17 members of the president's party to register that dissatisfaction with their votes. If Democratic leaders could not build a broader bipartisan coalition for a symbolic vote, it may prove much harder to attract Republican support for proposals to limit Bush's options in Iraq.

Many Democratic strategists remain allergic to repeating the finale of the Vietnam War, when Congress voted to cut funds for the South Vietnamese government and the nation fell to the North in 1975. For years afterward, Democrats have struggled to shed the image of being soft on defense, which is why they were so eager to bring along more Republicans yesterday.

The White House privately pressed that point with wavering Republicans. Even as Bush resigned himself to certain passage of a resolution with no substantive force and publicly made little effort to oppose it, aides such as national security adviser Stephen J. Hadley lobbied GOP lawmakers to stick with the president to avoid emboldening Democrats down the line. "If Republicans go along with this," an administration official said, "it sends a message to Murtha about what he might be able to do with the supplemental" war-spending measure.

Administration allies warned about the precedent beyond Bush as well. "If Congress proceeds to throttle the president's strategy, then it will seriously undercut the ability of future presidents to do what they need to do to protect the nation in a time of war," said James Phillips, a foreign policy scholar at the Heritage Foundation. "It's a mistake to think you can effectively run a war by committee."

The president and Congress have wrestled over national security since the founding of the nation. The first congressional investigation back in 1792 when George Washington was president looked into a bloody military defeat inflicted by Native Americans. Congress challenged the White House during the Mexican-American War and the Civil War, rejected the Treaty of Versailles negotiated by Woodrow Wilson after World War I, and tried to keep Franklin D. Roosevelt from aiding allies facing threats from Nazi Germany.

The clash between branches came to a head during the Vietnam War, when Congress rescinded the Gulf of Tonkin Resolution that Lyndon B. Johnson had used to justify an escalation. A measure to cut off money for the war was rejected in 1970 but increased pressure on Richard M. Nixon to turn the fighting over to the South Vietnamese. As Nixon withdrew U.S. forces, Congress in 1973 cut off funding for "offensive" operations, in effect ratifying what by then was the president's stated course. A 1974 vote cut aid to South Vietnamese forces by 50 percent after U.S. forces were already gone, leading to the fall of Saigon.

Tension between the executive and legislative branches over national security has percolated since then. Congress restricted Ronald Reagan from funding the contra rebels in Nicaragua, and the Senate rejected the Comprehensive Test Ban Treaty submitted by Bill Clinton. But the tension had not reached the Vietnam War level until yesterday.

"There's always been a lot of dissent in wartime," said Senate historian Donald A. Ritchie. Sometimes, as in Vietnam, it takes a while to build, he added: "There's a certain point when everybody marches together. They were very much united with Johnson in '65 and '66. But when the war turned bad, that's when they broke away. The same was true in the Civil War, and the same was true in any protracted war when things didn't go well."

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A Symbolic Vote Is A Sign Of Bitter Debates To Come (NYT)

By Sheryl Gay Stolberg

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — The symbolic House vote on Friday opposing the American troop buildup in Iraq was an act of Congressional defiance that lays the groundwork for an even more bitter and ultimately more consequential clash over whether and how lawmakers might restrict President Bush's authority to prosecute the war.

Even before the vote, the White House and Democrats who control Congress were girding for the next fight, over Mr. Bush's request for $99.6 billion in emergency spending for military operations in Iraq and Afghanistan. Already, Democrats are contemplating moves that, while short of cutting off money for the war, would restrict how Mr. Bush can spend it by limiting the Pentagon's ability to recycle troops back to Iraq after they have returned home.

The 246-to-182 vote, with 17 Republicans crossing party lines to join Democrats, was a stark reminder of how isolated Mr. Bush has become as he presses ahead with his increasingly unpopular Iraq policy. The president himself seemed resigned to the outcome. At a news conference on Wednesday, he told reporters, "They have every right to express their opinion."

At this point, it is unclear whether that opinion will eventually translate into the political resolve to rein in Mr. Bush. But by emboldening critics of the Iraq war, the vote has made the debate over financing, which would have been unthinkable even six months ago, a virtual certainty. "What the president is getting is a real indication that the weather is going to get worse," said Tom Daschle, the former Senate Democratic leader. "He's going to be in the middle of a huge storm."

At his news conference on Wednesday, Mr. Bush seemed to be telling lawmakers to bring it on. "I'm going to make it very clear to the members of Congress, starting now," he said, "that they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done."

American history is replete with examples of clashes between Congress and the White House over war powers. Congress, for example, used its power of the purse to bar covert military assistance for the Nicaraguan contras — a move that led to the Iran-contra scandal under President Reagan — and to cap the number of troops in Vietnam.

When it comes to the war in Iraq, Mr. Bush has been betting that Congress will be unwilling to play that kind of "constitutional hardball," in the words of Martin S. Lederman, an expert on presidential war powers at the Georgetown University School of Law.

If Congress does try to restrict financing, Mr. Bush could be forced into a difficult choice of abiding by a statute he does not approve of, or asserting he has the constitutional authority to flout it.

Or, if lawmakers attach restrictions to a military spending measure, he could find himself in the uncomfortable position of vetoing a bill that provides money for the troops.

Allies of Mr. Bush make clear he will not accept financing restrictions without a fight.

"No president can afford to accept that kind of condition," said David B. Rivkin, a lawyer for the Reagan and first Bush administrations, who has been an ardent supporter of Mr. Bush in Iraq. "If Congress can do this to the president, the president, instead of being head of a co-equal branch, is a ward of Congress, a flunky."

For Democrats, the debate is not without political risk. They do not want to seem unpatriotic by advocating withdrawal of financial support for soldiers engaged in battle. At the same time, they are under intense pressure from the antiwar faction of their party and mindful of the results of midterm elections in November, which put them in the majority and have been widely interpreted as a call to bring the troops home.

On the House floor, Speaker Nancy Pelosi tried to give voice to the Democrats' balancing act. "The bipartisan resolution today is nonbinding," she said, "but it will send a strong message to the president: we are committed to supporting the troops and we disapprove of the escalation."

But symbolically opposing the president's plan to add more than 20,000 troops is not enough for war opponents, who have been banding together in state legislatures around the country to pass their own nonbinding resolutions and are pressing Congress to do more.

"We want the war to end," said the author of one such bill, Jeanne Kohl-Welles, who represents Seattle in the Washington State Senate.

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"We want to have no more escalation, period," she said. "Rather than a nonbinding resolution, I would like Congress to take action to make it binding."

Just how Democrats will proceed is not entirely clear. Senator Joseph R. Biden Jr., the Delaware Democrat who is running for president, wants to repeal the 2002 resolution authorizing the Iraq war. Representative John P. Murtha, the Pennsylvania Democrat who leads the House subcommittee that oversees the Pentagon budget, is drafting his own version of the president's financing request that could effectively limit troop deployments to Iraq.

The Murtha plan has already proven explosive. ThePolitico.com, a Web site that covers politics, dubbed it a "slow-bleed strategy," a term that Republicans seized upon. In an online commentary posted Friday, William Kristol, editor of The Weekly Standard, wrote, "The national Democratic Party has become the puppet of antiwar groups."

The president, meanwhile, has pursued a kind of divide-and-conquer strategy, pitting the Senate against the House. With the Senate set to take up the House resolution on Saturday, he has been reminding reporters that the Senate had overwhelmingly confirmed Gen. David H. Petraeus — who supports the troop buildup — as the new American troop commander in Iraq. Why, Mr. Bush asks, would the House disapprove of the plan that the Senate has sent General Petraeus to carry out?

People on both sides say the Senate is unlikely to muster the votes to pass the House resolution, let alone restrain spending authority.

Mr. Bush has been urging Congress and the American public to give his troop buildup a chance, and for a while, at least, that argument may hold. The question is, how long?

Senate Democrats To Try Again For War Debate (POL)

By John Bresnahan, Carrie Budoff

The Politico, February 16, 2007

Senate Democrats, following four days of often-contentious war debate in the House, will try again Saturday to force debate of President Bush's plan to deploy another 21,500 troops in Iraq, but their second attempt in two weeks appears unlikely to succeed.

Several Republican senators, including John Warner of Virginia, intend to vote with Democrats. But Minority Leader Mitch McConnell, R-Ky., said that he did not expect Democrats to stitch together the 60 votes necessary to move the Senate toward a debate on the anti-surge resolution approved by the House.

On Friday, the House adopted a Democratic non-binding resolution rejecting President Bush's plan to send another 21,500 troops into Iraq.

The vote was 246 to 182, largely along party lines.

Seventeen Republicans broke ranks with the president and their own House leadership and supported the measure. Only two Democrats opposed it.

At the White House, press secretary Tony Snow pointedly noted the House resolution was non-binding.

"Soon, Congress will have the opportunity to show its support for the troops in Iraq by funding the supplemental appropriations request the president has submitted, and which our men and women in combat are counting on.'' Snow said, adding the "president believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country."

In the House, the number of GOP defectors was smaller than Republican leaders had initially feared, thanks to a lobbying campaign by the president; his national security adviser, Stephen Hadley; and top GOP House leaders.

The 17 Republicans supporting the resolution were: Reps Mike Castle of Delaware, Howard Coble of North Carolina, Tom Davis of Virginia, John J. Duncan Jr. of Tennessee, Phil English of Pennsylvania, Wayne Gilchrest of Maryland, Bob Inglis of South Carolina; Timothy V. Johnson of Illinois, Walter B. Jones Jr. of North Carolina, Ric Keller, Fla.; Mark Kirk of Illinois, Steven C. LaTourette of Ohio, Ron Paul of Texas, Tom Petri of Wisconsin; Jim Ramstad of Minnesota, Fred Upton of Michigan, and Jim Walsh of New York.

Everyone but Inglis, Johnson and Petri had been mentioned as Republicans who would likely cross the aisle and vote with the Democrats.

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The two Democrats who voted against the resolution were Reps. Jim Marshall of Georgia and Gene Taylor of Mississippi.

Republican leaders were confident the defections would be under 20, a significant drop from the beginning of the week when Democrats were projecting 40 to 60 Republican defections.

Minority Whip Roy Blunt, R-Mo., told a group of reporters afterward that Democratic projections of 40 to 50 defections at the early part of the week were not off base.

"We never had an opportunity to win the vote,'' he said, "but I thought we won the debate.''

In the Senate, At least one Republican in a group of seven that sent a letter last week to Senate leaders urging a debate will stick with his party. Sen. George Voinovich, R-Ohio, said Friday that he will vote against the cloture motion because Democrats are not allowing debate on alternative resolutions, including one favored by GOP leaders to protect funding for troops in Iraq.

"The American people want Congress to play a role in the way this war is being handled," Voinovich said in a statement. "The first step is to demand a better plan, and we owe the people more than the 10 lines in the House resolution. You can't even begin to address a real solution to a complex situation in 10 lines."

A spokesman for Senate Majority Leader Harry Reid said "it remains to be seen whether we can get to 60 votes."

"Sen. Reid remains hopeful," said spokesman Jim Manley. "If not, we will be right back at this issue shortly after the recess."

Reid expects attendance from all members of the Democratic caucus, with the exception of Sen. Tim Johnson of South Dakota, who is still recovering from brain surgery, Manley said.

The rare Saturday session forced several presidential candidates to rework their weekend campaign schedules.

The Senate's third ranking leader, Jon Kyl, R-Ariz., said he will not cancel his plans to travel to Iraq Saturday – a trip that had been in the works for a month.

"What more important place could you be?" Kyl asked reporters Friday at a Capitol news conference. "Getting the real story, not the story that is being spun here on Capitol Hill."

Not The "Real Vote" (WP)

The Washington Post, February 17, 2007

Or so Rep. John Murtha says of the House's Iraq resolution.

REP. JOHN MURTHA (D-Pa.) has a message for anyone who spent the week following the House of Representatives' marathon debate on Iraq: You've been distracted by a sideshow. "We have to be careful that people don't think this is the vote," the 74-year-old congressman said of the House's 246-182 decision in favor of a resolution disapproving of President Bush's troop surge. "The real vote will come on the legislation we're putting together." That would be Mr. Murtha's plan to "stop the surge" and "force a redeployment" of U.S. forces from Iraq while ducking the responsibility that should come with such a radical step.

We'll return to Mr. Murtha's plan, but first it's worth considering the five days of debate that he so breezily dismissed. It's true that nonbinding resolutions won't stop the troop surge, which is already underway. But after years of minimal debate and oversight of the war, the House Democratic leadership was right to allow scores of representatives to speak at some length on Iraq. Some of the speeches were little more than partisan rhetoric, but there were also intelligent and heartfelt interventions, especially from veterans of Iraq and Vietnam.

The House vote does matter: It ought to increase the pressure on Mr. Bush and the Iraqi government to follow through on their pledges to accompany the military campaign with tangible steps toward political accords and economic reconstruction. Senate leaders would be wise to reach an agreement today allowing a similar debate. And both chambers should aggressively conduct oversight hearings aimed at holding the administration to its promise to link continued U.S. troop deployments to Iraqi performance.

Mr. Murtha has a different idea. He would stop the surge by crudely hamstringing the ability of military commanders to deploy troops. In an interview carried Thursday by the Web site MoveCongress.org, Mr. Murtha said he would attach language to a war funding bill that would prohibit the redeployment of units that have been at home for less than a year, stop the extension of tours beyond 12 months, and prohibit units from shipping out if they do not train with all of their equipment. His aim, he made clear, is not to improve readiness but to "stop the surge." So why not straightforwardly strip the money out of the appropriations bill -- an action Congress is clearly empowered to take -- rather than try to micromanage the Army in a way that may be

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unconstitutional? Because, Mr. Murtha said, it will deflect accusations that he is trying to do what he is trying to do. "What we are saying will be very hard to find fault with," he said.

Mr. Murtha's cynicism is matched by an alarming ignorance about conditions in Iraq. He continues to insist that Iraq "would be more stable with us out of there," in spite of the consensus of U.S. intelligence agencies that early withdrawal would produce "massive civilian casualties." He says he wants to force the administration to "bulldoze" the Abu Ghraib prison, even though it was emptied of prisoners and turned over to the Iraqi government last year. He wants to "get our troops out of the Green Zone" because "they are living in Saddam Hussein's palace"; could he be unaware that the zone's primary occupants are the Iraqi government and the U.S. Embassy?

It would be nice to believe that Mr. Murtha does not represent the mainstream of the Democratic Party or the thinking of its leadership. Yet when asked about Mr. Murtha's remarks Thursday, House Speaker Nancy Pelosi (D-Calif.) offered her support. Does Ms. Pelosi really believe that the debate she orchestrated this week was not "the real vote"? If the answer is yes, she is maneuvering her party in a way that can only do it harm.

On To The Hard Part On Iraq (NYT)

The New York Times, February 17, 2007

President Bush lost touch long ago with Iraq's political reality — not to mention Americans' anguish and disbelief at his mismanagement of the war. So we welcome the House of Representatives' long-overdue attempt to shake some sense into Mr. Bush with a resolution opposing his decision to send another 20,000 combat troops to fight this disastrous war without any plan to end it.

Yet yesterday's vote, in which 17 Republicans joined the Democrats to produce a margin of 246 to 182, was the easy part. It takes no great courage or creativity for a politician to express continuing support for the troops and opposition to a vastly unpopular and unpromising military escalation. Even if the Senate manages to overcome its procedural self-hobbling and approve a similar resolution, the war and the mismanagement will go on.

The next necessary steps will require harder thinking and harder choices. Congress needs to do what Mr. Bush is refusing to do: link further financing for the war to the performance of Iraq's Shiite-led government, which is making no serious effort to rescue its country from civil war.

Congress needs to impose clear benchmarks and rigorous timetables, insisting that the Iraqi government stop equivocating and start disarming sectarian militias, adopt a formula to share oil revenues equitably and end employment discrimination against Sunni Arabs. Congress must be prepared to cut off financing if the Iraqis refuse.

We fear that clever maneuvers like the one proposed by Representative John Murtha, reportedly with the backing of Speaker Nancy Pelosi, to dress up a reduction in troop strength as a "support the troops" measure won't help contain the war or make American troops safer. Mr. Murtha would link this year's war financing to the Pentagon's adoption of new deployment rules, including longer stretches from the battlefield for returning troops, more specialized training and better defensive equipment. That would let representatives cast a politically safe vote for financing the war, while forcing the Pentagon to gradually reduce the number of active duty troops available to serve in Iraq.

This page has advocated many of the same reforms — but not as a back-door way of forcing lower troop numbers in Iraq. Congress's overriding goal must be to find the most responsible way to extricate American troops from what is becoming an increasingly unwinnable war, while trying to contain the suffering and minimizing the damage to American interests in the region.

Instead of camouflaged troop squeezes, Congress needs to grasp the problem straight on and do what the administration won't do. It must impose tough requirements and deadlines on the Iraqi government, and link the future of all American troops in Iraq to the timely achievement of these goals.

House Irresolution (WSJ)

The Wall Street Journal, February 17, 2007

A funny thing happened yesterday on the way to the House of Representatives' vote to "support" the troops but assail their mission in Iraq: The majority for this "non-binding" attempt at gathering political cover was a lot smaller than advertised.

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Yes, the Democrats carried the day, 246-182, and thus can say to their antiwar supporters that they "sent a message," or something, to President Bush and the Iraqis. But the margin was smaller than media speculation had predicted, with only 17 Republicans heading for the tall grass.

Minority Leader John Boehner and the GOP leadership deserve credit for making a spirited argument against the resolution that clearly won over many of their skittish backbenchers. Credit, too, to such "moderate" GOP Members as John McHugh of New York and Jim Saxton of New Jersey, who opposed the resolution despite the unpopularity of the war in their states. And credit as well to the two Democrats, Gene Taylor of Mississippi and Jim Marshall of Georgia, who didn't join their party's defeatist ranks.

As for those in favor, no fewer than 69 Members were for the war before they were against it. By our count, 13 Republicans and 56 Democrats voted to authorize the war in October 2002, when it was popular, but yesterday voted against it now that the going is tough. We have more respect for those, such as Texas Republican Ron Paul or Ohio Democrat Dennis Kucinich, who voted against the war from the start.

The immediate effect of the modest majority vote may be to slow the momentum for Speaker Nancy Pelosi's "slow-bleed" strategy to micromanage the war without actually cutting off funds. Democrats don't want to leave their fingerprints on defeat in Iraq by actually voting to bring the troops home. So instead, they're hoping to put restrictions on troop deployments that will make it impossible for the Iraq commander, General David Petraeus, to fulfill his mission. Yesterday's vote showed that if Democrats want to execute this cynical duck-and-run, they will have to do it without much Republican help.

Words Of War (LAT)

The Los Angeles Times, February 17, 2007

Great oratory isn't the House's strong suit. But at least its members actually voted on Iraq policy.

FORTUNATELY FOR Congress, actions speak louder than words — even symbolic actions such as the House of Representatives' approval Friday of a nonbinding resolution opposing the "surge" of U.S. troops to Iraq.

The surge is necessary, but the resolution may be as well — as a way to hold President Bush to his commitment that U.S. involvement in Iraq is not open-ended. Still, the world will little note, nor long remember, the words that were uttered by House members before the 246-182 vote. Congress is often a cave of winds, but with a few exceptions the House's Iraq debate was a blowhard's paradise.

This debate had it all: pointless recriminations about the original decision to invade Iraq and topple Saddam Hussein; strained analogies to Pearl Harbor, the Alamo and an unfriendly neighbor who won't mow his own lawn; invocations of Osama bin Laden (as the real enemy in Iraq or, alternatively, as the real enemy from whom Iraq has distracted us); and, on both sides, simplistic depictions of what's going on in Iraq as either a civil war with no international implications (a scenario attractive to supporters of the resolution) or the epicenter of the worldwide "war on terror" (an article of faith for some opponents).

Non sequiturs and contradictions abounded. Some opponents of the resolution ridiculed it as meaningless and "fake"; others warned that it was all too substantial, the first step in a Democratic master plan to defund the war directly or by erecting new "readiness" requirements that would make the surge impractical. (Such proposals are in the air but aren't affected by this resolution.) Meanwhile, some supporters of the resolution talked as if it would not only stop the surge (which it won't) but end current U.S. involvement in Iraq.

Perhaps the most perplexing aspect of the debate was the near-universal emphasis on "supporting the troops," a mantra so malleable that it was cited by both supporters and opponents of the resolution. For Rep. Yvette D. Clarke (D-N.Y.), supporting the troops meant moving them "out of harm's way." But Rep. Elton Gallegly (R-Simi Valley) asked Democrats: "How can we say you support the troops when you don't support sending the people necessary to back them up to do the job that we sent them there to do to start with?"

Perhaps it was too much to expect eloquence or even originality in this week's debate. But what the members said was less important than what they did, which was to give vent to the American people's impatience with a war that has cost more than 3,000 American lives and will soon begin its fifth year.

Rice Makes Unannounced Visit To Iraqi Capital (WP)

DOJ_NMG_0134065

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 17, 2007

BAGHDAD, Feb. 17 -- Secretary of State Condoleezza Rice made an unannounced visit to Baghdad Saturday for meetings with U.S. and Iraqi officials, arriving in the embattled capital as the Iraqi government reported initial success in a new security effort.

Rice was expected to hold a town hall-style meeting with U.S. Embassy and military personnel in the heavily fortified Green Zone and later meet with senior Iraqi government officials, according to Lou Fintor, a spokesman for the embassy. The secretary of state, who arrived at about 11:30 a.m. Baghdad time, planned to brief reporters on her visit Saturday afternoon. No further details about her trip were immediately disclosed.

Rice, the highest-ranking U.S. official to visit Iraq since the start of the new crackdown on sectarian violence in Baghdad, made the previously unannounced stop as part of a trip to the Middle East. She was scheduled to fly to Israel this weekend for a meeting with Israeli Foreign Minister Tzipi Livni, and she planned to hold talks Monday in Jerusalem with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas.

Her visit came amid a relative lull in violence, which the Iraqi government held up as a promising sign that the new Baghdad security plan is off to a good start. A top U.S. military official cautioned, however, that it might be a temporary letup as militant organizations assess the new measures and gear up to fight back.

Prime Minister Nouri al-Maliki assured President Bush Friday that the three-day-old plan "has achieved fabulous success," according to an account of the conversation released by the prime minister's office. Speaking by secure video link-up, Maliki also told Bush that officials will be "firm in dealing with any side that breaks the law, regardless" of their sect.

U.S. Maj. Gen. Joseph F. Fil Jr., the commander of the 1st Cavalry Division in Baghdad, spoke of the recent calm in more cautious terms. "We do expect there are going to be some very rough, difficult days ahead," Fil told reporters at the Pentagon Friday, speaking from Baghdad in a video link-up, according to a transcript. "This enemy knows how -- they understand lethality, and they have a thirst for blood like I have never seen anywhere before."

Meanwhile on Friday, a U.S. military spokesman said the leader of a powerful Sunni insurgent group in Iraq was not wounded in a clash with police, denying a report from Iraq's Interior Ministry. "We believe that al-Masri was not killed or wounded in any action yesterday," Lt. Col. Christopher C. Garver said Friday.

A ministry spokesman said Thursday night that the leader of al-Qaeda in Iraq, who is known by the alias Abu Ayyub al-Masri, was injured in a shootout with police earlier that evening. The spokesman also said one of Masri's top deputies, Abu Abdullah al-Mujamie, was killed in a gun battle with police near Samarra.

A statement posted online attributed to the insurgent group denied that Masri had been killed and accused the Iraqi government of fabricating the report.

However, an al-Qaeda in Iraq leader confirmed the death of the deputy in a phone interview Thursday night. Repeated attempts to reach ministry sources Friday for further details on the reported clash were unsuccessful.

Iraqi and U.S. forces have been sweeping targeted areas of the city to root out insurgents and restore order in neighborhoods. So far, officials say, they have met little resistance.

The increased patrols are accompanied by other security measures, such as tightened controls at the borders with Syria and Iran and a crackdown on civilians carrying weapons.

To support the growing number of U.S. Army brigades in the Baghdad area, Pentagon officials said Friday that an additional division headquarters of about 1,000 soldiers will be sent three months earlier than expected. The 3rd Infantry Division headquarters, based at Fort Stewart, Ga., will deploy to Iraq in March instead of June. The soldiers will provide command and control, intelligence, surveillance and reconnaissance.

The acceleration of the deployment reflects an immediate need for more support for what will be 10 U.S. brigades in Iraq's capital, officials said. There are currently eight brigades operating under the 1st Cavalry Division's leadership.

The deployment is the headquarters' third to Iraq, including the initial invasion of Baghdad in 2003. The unit's original June deployment was announced in November and was scheduled to be part of President Bush's plan to send about 17,500 additional U.S. troops to Baghdad.

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Staff writer Josh White in Washington and special correspondent Waleed Saffar in Baghdad contributed to this report.

Secretary Of State Rice Visits Baghdad (AP)

By Anne Gearan

AP, February 17, 2007

The success of a new security crackdown in Baghdad will be measured largely on how well the U.S.-backed government capitalizes on any respite of sectarian violence, Secretary of State Condoleezza Rice said Saturday.

Rice made an unannounced visit to the Iraqi capital to check on the early days of the campaign to put down tit-for-tat violence between Sunnis and Shiites that has consumed Baghdad and contributed to the exodus of an estimated 3.8 million Iraqis from their homes.

Insurgent violence remains a concern. Rice's plane circled the airport for 30 minutes before landing because of military action in the city.

The joint U.S.-Iraqi campaign is under way as the House delivered a symbolic blow to President Bush's strategy to turn around an unpopular war that has been largely stalemated by internal Iraqi reprisal killings and terror campaigns that have little to do with U.S. forces.

"If in fact militias decide to stand down and stop killing innocent Iraqis ... that can't be a bad thing," Rice told reporters traveling with her. "But how the Iraqis use the breathing space that that might provide is what's really important."

Rice spoke with American troops and U.S. Embassy personnel before a scheduled meeting with Iraqi Prime Minister Nouri al-Maliki, a Shiite. The beleaguered official is increasingly seen as unwilling or unable to deliver security, essential public services or political inclusion for minority Sunnis.

Rice is the highest-level U.S. official in Iraq since the recent start of a massive security operation in the Iraqi capital. The visit was not previously announced as part of her trip to the Middle East.

She told the U.S. forces and diplomats that their work was worthwhile in helping Iraq and securing the safety of the U.S. at the same time.

"When you see Iraqis toiling and squabbling and struggling ... remember it's not easy to build a democracy," Rice said.

Rice will get an update on the security operation begun just days ago from U.S. generals, but she told reporters that the campaign appeared to be off to a good start. The number of Iraqi civilians killed in Baghdad's sectarian violence fell drastically Friday, and officials credited the security operation begun in force just days ago.

Ten bodies were reported by the morgue in the capital, compared to an average of 40- to 50 per day common in recent months, as parts of Baghdad have descended into a lawless jumble of gang killings and sectarian payback.

While the reduction in killings was a relief, U.S. officials sounded a note of caution. Maj. Gen. Joseph Fil, commander of U.S. forces in Baghdad, said militias and insurgents have apparently decided to lie low at least during these early days of the security crackdown.

"They're watching us carefully," Fil said Friday. "There's an air of suspense."

But in the northern Iraqi city of Kirkuk a suicide car bomber rammed into a crowded market on Saturday moments after a booby-trapped vehicle exploded, killing at least nine people and injuring 60, the police said. The back-to-back blasts shattered the brief lull in major violence around the country.

Meanwhile in Washington, the House of Representatives on Friday passed a nonbinding resolution, 246-182, voicing opposition to Bush's decision to send 21,500 additional troops into Iraq. The Senate was to meet in a rare Saturday session to consider a similar measure.

Rice Grilled On Extra Funding Sought For Iraq, Afghanistan (WP)

By Karen Deyoung, Washington Post Staff Writer

The Washington Post, February 17, 2007

Skeptical lawmakers yesterday demanded a detailed accounting of how Secretary of State Condoleezza Rice plans to spend $6 billion in supplemental funds that the administration has asked for the State Department this year, much of it for Iraq and Afghanistan.

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"I think you've got a lot of explaining to do," Rep. David R. Obey (D-Wis.) told Rice at a hearing of the House Appropriations subcommittee on state and foreign operations. "A huge majority of the funds in the supplemental are for military, not political or economic or reconstructive, purposes."

Both Republicans and Democrats asked pointed questions about the rising cost of efforts that seem to be failing, despite newly announced U.S. strategies for both countries. Even as the administration has asked for more money, Rep. Frank R. Wolf (R-Va.) told Rice, it ought to increase its diplomatic engagement with Iraq's neighbors in the Middle East.

"I plead with you, I beg of you," Wolf said, "if we're going to ask a young man or woman in our military to go to Iraq three different times, it's not asking too much . . . to send somebody to engage with regard to the Syrians."

Rice replied: "We don't have an ideological problem with talking to Syria." But, she said, "there just isn't any evidence that they're trying to change their behavior."

The supplemental funding is in addition to more than $140 billion in emergency money that President Bush has requested, primarily to fund new military operations. In a Thursday address, he urged Congress to provide $11.8 billion to accelerate military and police training and reconstruction in Afghanistan, where he said al-Qaeda and the Taliban are launching new offensives after having been "driven from power" by U.S. forces in 2001.

In a video posted on the Internet yesterday, al-Qaeda appeared to ridicule Bush's latest remarks. "Bush raved in his latest speech . . . that he has deprived al-Qaeda of a safe haven in Afghanistan," said a voice attributed to and read over a photograph of Osama bin Laden's deputy, Ayman al-Zawahiri. "The entire world bears witness to his barefaced lie."

The 24-minute video, marked as a product of al-Qaeda's video arm and made available and translated by the Alexandria-based analysis firm IntelCenter, is the longest and most sophisticated to date from Afghanistan. After Zawahiri's introduction, it purports to document an undated mujaheddin attack on a U.S. military encampment in Afghanistan. IntelCenter said it thinks the voice-over narration was provided by Adam Gadahn, the California native who has been indicted in absentia on a charge of treason for alleged al-Qaeda activities.

Intelligence and military officials in Washington did not dispute that the video is an al-Qaeda product. But they noted that it is not a recent recording, because the fighters are shown in warm-weather clothing amid greenery.

Regarding the claimed military operation, a Pentagon official said that "no one has been able to verify what they're talking about." The official said that U.S. and NATO forces in Afghanistan have not lost any direct engagements with Taliban or al-Qaeda forces. He said it is possible that the scenes of fighters preparing for battle and firing weapons may have been juxtaposed with those of a deserted compound once occupied by the U.S. military.

In yesterday's hearing, Rice acknowledged the poor results in U.S. efforts to stem Afghan opium production, which reached record levels last year.

"I have to say this is a case where priority and success actually are not linked," she said in response to a question from Rep. Jerry Lewis (R-Calif.). "We have put enormous effort into this, and it's just a tough problem to crack."

"Yeah, but it's not good enough," Lewis replied. He has heard a lot about various U.S. counternarcotics programs, he said, "but there have been no results."

Panel members sharply questioned both the supplemental budget and the other funding requests, including a planned $250 million cash payment to the government of Lebanon, $86 million requested for security assistance for Palestinian Authority President Mahmoud Abbas, and more than $500 million being spent for a new U.S. Embassy in Baghdad.

Rice said a major portion of the Iraq money would fund the expanded Provincial Reconstruction Teams. The teams, led by U.S. diplomats, are located in Baghdad neighborhoods and elsewhere in the country, where they assist in developing the Iraqi economy and governance.

The teams, embedded with U.S. military units, are expected to "bring about 40,000 jobs [to] critical areas" in Iraq, Rice said. Iraqi government money, she said, would pay for additional job creation.

The Iraqi expenditure of $10 billion in reconstruction and job-creation funds was one of the "benchmarks" for the Baghdad government that Bush set when he announced his new strategy last month. Iraq has a $12.5 billion surplus of previously budgeted but unspent funds.

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Rice pledged yesterday that the administration will see to it that Iraq's Shiite-dominated government spends the money, with at least $2 billion going to areas outside the capital. In White House remarks yesterday, after a conversation with Iraqi Prime Minister Nouri al-Maliki, Bush said that Maliki has already "met that benchmark" by again budgeting the money.

Maliki Hails Lull In Violence (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 17, 2007

BAGHDAD, Feb. 16 -- The relative lull in violence is a promising sign that the Baghdad security plan is off to a good start, the Iraqi prime minister said yesterday, while a top U.S. military official cautioned that it might be a temporary letup as militant organizations assess the new measures and gear up to fight back.

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Staff writer Josh White in Washington and special correspondent Waleed Saffar in Baghdad contributed to this report.

Baghdad Plan Is A "Success," Iraq Prime Minister Tells Bush (NYT)

By Marc Santora

The New York Times, February 17, 2007

BAGHDAD, Feb. 16 — Prime Minister Nuri Kamal al-Maliki told President Bush on Friday that the increased effort to provide security in Baghdad had gone exceedingly well so far, Mr. Maliki's office said in a statement.

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The two spoke via video link and, according the statement, Mr. Maliki said, “The security plan has been a dazzling success during its first days.”

Across Baghdad, there were signs of the heightened troop presence, as cars were searched at new checkpoints and raids resulted in the arrest of at least 35 people, according to Iraqi officials.

Maj. Gen. Joseph F. Fil Jr., commander of the First Cavalry Division in Baghdad, told reporters on Friday that there had been a substantial reduction in violence in the past 48 hours, which he attributed both to the increased troop presence and the decision by Sunni and Shiite militants to keep a low profile.

“They’re watching us carefully,” he said. “There’s an air of suspense throughout the city. We believe, there’s no question about it, that many of these extremists are laying low and watching to see what it is we do and how we do it. How long that will last, we don’t know.”

American military officers also disputed Iraqi reports that the commander of Al Qaeda in Mesopotamia, Abu Ayyub al-Masri, was wounded in recent fighting, saying they have seen no evidence to support the claim.

Still, in an interview on Friday, Iraq’s Interior Ministry spokesman, Gen. Abdul Kareem Khalaf, continued to maintain that Mr. Masri had been wounded in fighting near Balad, north of Baghdad. He said Mr. Masri was wounded Thursday afternoon, then managed to flee. But two other Iraqi officials contradicted that account.

In Hilla, south of Baghdad, the Iraqi security forces arrested 34 members of a messianic Shiite splinter group that just three weeks ago tried to overthrow the Shiite clerical hierarchy in Najaf.

In heavy fighting in January, hundreds of members of the group, called the Soldiers of Heaven, were killed as American forces joined the Iraqis in a daylong battle in which an American attack helicopter was shot down.

Jury Remains Out On Baghdad Crackdown (HC/AP)

By Brian Murphy,

Houston Chronicle/AP, February 17, 2007

BAGHDAD, Iraq — As a military offensive seeks to bring Baghdad from the brink of anarchy, a top Iraqi security officer tried Friday to measure its early stages using the grim logic of a place with daily bloodshed: by counting the bodies arriving at the morgue. A total of 10 corpses were collected off the streets — apparently all victims of the city's lawless jumble of gang justice and sectarian payback. The daily body tally recently has often been 40 or more, excluding major bombings, said Brig. Gen. Qassim Moussawi.

This was the basis for an upbeat message by Moussawi, a spokesman for the joint U.S.-Iraqi security sweep that began this week and has so far faced limited resistance. But his American counterparts remain much more guarded.

"I would say that it is way too early to establish any trends," said Lt. Col. Chris Garver, a U.S. military spokesman. "We've just started to focus our operations. We have months to go to see if we are going to succeed or not."

Maj. Gen. Joseph Fil, commander of U.S. forces in Baghdad, attributed the reduction in violence not only to the increased security presence but also to an apparent decision by the militias and insurgents to lay low for a while.

"But make no mistake, we do not believe ... that's going to continue, and we do expect there are going to be some very rough, difficult days ahead," Fil said. "And this enemy knows how — they understand lethality and they have a thirst for blood like I have never seen anywhere before."

The contrasting outlooks cut across the entire mission, dubbed Operation Law and Order, which seeks to reclaim the streets. Powerful militias and freelance vigilantes have carved Baghdad into fiefdoms and made even daily errands a gamble that could end with a car bombing or gunfire.

The Iraqis are eager to show clear progress to boost the leadership of Prime Minister Nouri al-Maliki. U.S. commanders, however, are approaching the neighbor-by-neighbor sweep as a methodical campaign without quick victories — learning from past mistakes of pouring through an area, only to find that militiamen simply went underground and returned after American forces left.

"We are just at the beginning stages," reminded Garver.

But evidence of the offensive against militants appeared around the country.

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Borders to Iran and Syria have been temporarily sealed in attempts to foil suspected supply routes. In Diyala province northeast of Baghdad, U.S. forces are under sharply escalating attacks from Sunni Muslim insurgents — suggesting that some groups have shifted from Baghdad to other areas to sidestep the crackdown in the capital.

U.S. military officials said demolition experts destroyed a bomb-making factory they linked to the al-Qaida in Iraq faction in Salman Pak, just southwest of Baghdad. The statement said the workshop contained about 1,000 pounds of explosives.

But doubt was cast on another reported blow to al-Qaida in Iraq.

The Interior Ministry said that leader Abu Hamza al-Muhajir, also known as Abu Ayyub al-Masri, was wounded and an aide killed Thursday in a clash with Iraqi forces near Balad, north of Baghdad.

Garver, the U.S. military spokesman, later said the Pentagon had no information that al-Masri was hit. The al-Masri deputy reported killed, identified as Abu Abdullah al-Majemaai, was detained last week and remains in jail, said an Iraqi army officer, who spoke on condition of anonymity because he was not authorized to disclose the information.

In a statement posted on an Islamic militant Web site on Friday, the al-Qaida-affilated Islamic State of Iraq purportedly denied that al-Masri was wounded. It said the Iraqi government was "making up such news that has been denied even by their masters, the Americans."

Iraqi security officials also said 34 armed men belonging to a messianic Shiite cult were detained near Hillah, about 60 miles south of Baghdad.

The Soldiers of Heaven, or Jund al-Samaa, cult was involved in a fierce gunbattle last month with Iraqi forces who accused it of planning to kill Shiite clerics and others in a bid to force the return of the "Hidden Imam" — a descendant of the Prophet Muhammad who disappeared as a child in the 9th century. Shiites believe he will return one day to bring justice.

In mosques Friday, some Muslim clerics supported the general goals of the military push to calm Baghdad. But others used the weekly prayers to denounce the American troop buildup in Baghdad.

Political leaders, too, quarreled over the widening security sweeps — reflecting starkly opposing perspectives among Iraq's two Muslim groups.

The majority Shiites have generally favored the campaign as a way to neutralize Sunni militant groups, blamed for waves of recent car bombings. Sunnis — who enjoyed a privileged position under Saddam Hussein — believe Shiite factions will use the military push to try to cement controls of key areas in Baghdad.

Sunni lawmaker Dhafir Al-Ani said on Al-Arabiya television that the Baghdad security plan had lost the "element of surprise" because it was announced long in advance, giving Shiite militiamen time to flee to Iran. He also claimed Shiite militias had provided security forces with some of the names on their wanted list.

But a Shiite lawmaker, Hadi Al-Amiri, backed the U.S.-Iraqi crackdown as a way to "target all those who cause the Iraqi bloodshed."

In Geneva, the International Organization for Migration offered a bleak picture of Iraqis trying to escape the violence and insecurity. Nearly 18,000 people have left their homes in the past three weeks in central and southern Iraq — some fleeing for the borders and others taking shelter in makeshift housing.

As many as 1 million Iraqis could flee their homes this year unless the unrest is brought under control, said a report by the 120-nation agency. An estimated 1.4 million Iraqis have already left their homes.

"The numbers of people that are being displaced are increasing every day," said Jemini Pandya, a spokeswoman for the group. "The security situation is not improving. It's not changing."

In other developments:

_ The Pentagon said it is sending an Army division headquarters staff of about 1,000 soldiers to Baghdad three months ahead of schedule, a move intended to improve the Army's ability to command and control the thousands of extra combat troops that President Bush has ordered to Iraq.

_ Iraq's Sunni vice president, Tariq al-Hashemi, told the Arabic language daily Al-Hayat that Sunni insurgents who are "honorable and genuine" must be given the chance to join the political process now that the United States is eager to pull its troops from Iraq. He said U.S. and Iraqi representatives must negotiate "with the participation of the resistance" after "America has failed to run the country."

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_ On Saturday, two explosions tore through a crowded market area in the northern city of Kirkuk, killing at least five people and injuring 17, police said. The first blast came from a car rigged with explosives and was followed by a suicide attacker who drove a bomb-laden car into a busy area, which included a bus depot in a mostly Kurdish district of the city, authorities said. The blasts also damaged about 20 shops.

Sadr Commanders Flee Crackdown In Iraq (FT)

By Roula Khalaf

Financial Times, February 17, 2007

Iraqi officials on Friday reported an "exodus" of commanders from the Shia Mahdi army, as armed groups seek to protect themselves from the US military crackdown in Baghdad and preserve their organisations.

Mystery has swirled over the whereabouts of Moqtada al-Sadr, the fiery cleric whose Mahdi army is accused by the US of a leading role in the sectarian violence that has devastated the capital.

Mr Sadr has always kept a low profile, fearing he might be captured or killed by US troops. US officials say he has fled Iraq and is hiding in Iran. His aides denounce the US assertions and say he remains in his country.

Jalal Talabani, the Iraqi president, late on Thursday said Mr Sadr, whose group is a partner in the governing Shia coalition, had ordered his commanders to leave Iraq to facilitate the US operation in the city.

A senior Iraqi official told the FT on Friday that there has been an "exodus" of commanders over recent days, and that Mr Sadr is likely to have travelled to Iran, though he had no idea how long he would stay there. Iranian officials say they have no comment on Mr Sadr's whereabouts.

"All groups that are armed and those who are suspected of violence, whether from Mahdi or other organisations, saw that the government and the US were serious about the security plan and that everyone would be targeted," said the official. "They fled, in a cautious attempt on their part to prevent capture."

The senior official denied that the government had helped co-ordinate the "exodus" or asked Mahdi commanders with links to Iran to move out of Iraq for their own protection.

But the move by Mahdi commanders has highlighted the dilemma facing the Iraqi government as it seeks to balance support for the US operations with pressure from domestic coalition partners whom it relies upon for political backing.

It is not clear how long the Mahdi commanders will stay away. In previous security crackdowns in the capital, militias and Sunni insurgents faded but re-appeared when US forces retreated.

Iraqi officials say the return depends on the US and the government's ability to establish their authority in Baghdad. "If we're able to establish government authority, it will be more difficult for them to re-establish their own power on the ground," said the senior government official.

One Shia Iraqi political adviser said the departure of Mahdi commanders would facilitate the military crackdown on the Sunni insurgents. By the time the commanders come back the insurgents may have been sufficiently weakened, reducing the need for Shia militias to fight a sectarian war, he suggested.

The retreat of the Mahdi commanders comes as Iran adopts a cautious approach to the intensifying US pressure against its alleged involvement in Iraqi violence, amid growing concern in Tehran that Washington could be preparing for direct military action against the Islamic republic.

The relationship between the Mahdi army and Iran has been at the centre of US-Iranian tensions. The US insists elements in Tehran have provided the militia with sophisticated explosives. Iran denies the allegations.

Sunni Insurgents Carrying Fight North Out Of Baghdad (HC/AP)

By Lauren Frayer,

Houston Chronicle/AP, February 17, 2007

BAQOUBA, IRAQ — Sunni insurgents have been streaming out of Baghdad to escape the security crackdown, carrying the fight to neighboring Diyala province where direct fire attacks on Americans have nearly doubled since last summer, U.S. soldiers say.

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That has led to sharp fighting only 35 miles north of the capital in a province known as "Little Iraq" because of its near-equal mix of Sunni and Shiite Arabs as well as Kurds. At stake is a strategic region that extends from the northeastern gates of Baghdad to the Iranian border.

"I was here in 2004 and I don't remember them ever attacking tanks in open daylight, but now that's exactly what they're doing," said Capt. Paul Carlock, 31, of Chattanooga, Tenn., a company commander in the Army's 1st Battalion, 12th Cavalry Regiment. "There's a big Sunni influx here, and in the last month or so it's been pretty violent."

Some U.S. officers suspect the advance publicity for the Baghdad security plan may have encouraged extremists — both Sunnis and Shiites — to flee the capital for surrounding provinces, including Diyala, where fewer U.S. troops are stationed.

Even before President Bush announced last month that he was sending in 21,500 more soldiers, mostly to Baghdad, violence had been steadily decreasing in the capital and increasing in Diyala.

Prime Minister Nouri al-Maliki told President Bush that the increased effort to provide security in Baghdad had gone exceedingly well so far.

The two spoke Friday via video link and al-Maliki said, "The security plan has been a dazzling success during its first days." A total of only 10 corpses were collected Thursday off Baghdad streets. The daily body tally has often been 40 or more.

Maj. Gen. Joseph Fil, commander of U.S. forces in Baghdad, attributed the reduction in Baghdad violence not only to the increased security presence but also to an apparent decision by the militias and insurgents to lay low for a while.

"But make no mistake, we do not believe ... that's going to continue, and we do expect there are going to be some very rough, difficult days ahead," Fil said. "And this enemy knows how — they understand lethality and they have a thirst for blood like I have never seen anywhere before."

On Thursday, a rooftop sniper fired on members of the 12th Cavalry as they patrolled a suburb of Baqouba with Iraqi soldiers. Shots rang out for about 15 minutes until a Bradley Fighting Vehicle arrived and drove off the attackers.

Gates Follows Rumsfeld With A Less Combative Case For The Defence (FT)

By Demetri Sevastopulo

Financial Times, February 17, 2007

Before Robert Gates held his first Pentagon press conference as defence secretary, reporters were curious how his modus operandi would differ from Donald Rumsfeld's, his predecessor. When he opened with something Mr Rumsfeld rarely gave - an apology - it was clear a new era had dawned.

Sitting between reporters at a large table, Mr Gates apologised for the crowded room and for holding the briefing on Friday afternoon, before explaining that he would prefer "a more informal setting than the dais and the big sign behind me".

Although he returned to the Pentagon briefing room - where Mr Rumsfeld enjoyed lecturing reporters from the podium - for his second "round table", Mr Gates sat at a small table, prompting a joke that he resembled an anchor man for the Pentagon television channel.

Asked if he was trying to distinguish himself from the "acknowledged master of the Pentagon briefing", Mr Gates, who as director of the Central Intelligence Agency, had few public dealings with the media, said he would "never be in that category".

He added that he was not making a statement about the past. But he appeared to do just that when he explained his preference for "more of a conversation than a one-way means of communication".

Mr Rumsfeld, who might best be described as charismatically antagonistic, revelled in answering not the question posed to him but the question he wanted to be asked.

Travelling to Europe last week, Mr Gates seemed almost shy in comparison. But when interrogated in Seville about the evident contrast with Mr Rumsfeld, he warmed up, saying he found the questioning "amusing". "As an old Kremlinologist, it shouldn't surprise me," he said.

Then he closed by saying that people could judge for themselves after his speech to a security conference in Munich whether he would take "a different path than secretary Rumsfeld".

He did. Mr Rumsfeld ruffled many feathers by splitting US allies into "old Europe" and "new Europe".

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Remarking in Munich that European countries had often been pigeonholed into categories - the "free world" versus the "Iron Curtain" - Mr Gates drew guffaws when he said: "Some have even spoken in terms of 'old' Europe versus 'new'."

But in his less abrasive manner, he also delivered a Rumsfeld-like message in reminding the mostly European audience Nato was a "military alliance" and not a "social club".

Back in the Pentagon press room on Thursday, Mr Gates maintained his non-combative style. Asked about recent comments by a US general that the trail for Osama bin Laden had "gone cold", Mr Gates would reply only that the al-Qaeda leader should "keep looking over [his] shoulder".

Responding to a similar question in 2001, Mr Rumsfeld gave the New York Times a dose of the typically entertaining, yet infuriatingly evasive, answers that ultimately reduced the news value of his press conferences. "If you're chasing the chicken around the chicken yard and you don't have him yet and the question is, 'how close are you?' the answer is, 'it's tough to characterise because there's lots of zigs and zags'."

In a sign Mr Gates may be seeing his honeymoon draw to a close, he came under pressure over recent contradictory statements by members of the military and Bush administration officials about the extent to which top Iranian officials had approved attacks on US solders in Iraq.

Ultimately, said Larry Di Rita, the former Pentagon spokesman, Mr Gates would probably have to deal with the "inescapably confrontational" nature of Washington press conferences. "[But] if secretary Gates wants to find ways even on the margins to take some of that edge out, more power to him," he said.

Some In Surge To Deploy Earlier (WT/AP)

The Washington Times, February 17, 2007

The Pentagon said yesterday it is sending an Army division headquarters staff of about 1,000 soldiers to Baghdad three months ahead of schedule, a move intended to improve the Army's ability to command and control the thousands of extra combat troops that President Bush has ordered to Iraq.

The 3rd Infantry Division headquarters staff will deploy from Fort Stewart, Ga., next month -- about three months earlier than planned, according to an Army statement. It said family members have been notified of the change.

It is the 3rd Infantry's third deployment to Iraq. The first was during the initial invasion in 2003.

The decision to send them early is related to Bush's decision to deploy an extra five Army brigades -- about 17,500 soldiers -- to Baghdad as part of the president's new approach to stabilizing the country amid rising sectarian violence.

There currently is just one Army division headquarters staff in Baghdad -- the 1st Cavalry Division. That unit's commander, Maj. Gen. Joseph Fil, Jr., told Pentagon reporters by video teleconference from Baghdad that he saw no need for another division headquarters staff, but he said the matter was being studied.

"I've told my bosses that it's just fine, that we do not have a command-and-control issue right now," he said.

Gen. Fil also said he has requested an unspecified number of extra attack helicopters and combat engineers, and that U.S. and U.S.-trained Iraqi army troops face a determined and ruthless foe in the capital region.

"They have a thirst for blood like I have never seen anywhere before," Gen. Fil said.

A division headquarters normally would command no more than about five brigades. Gen. Fil's division currently has eight ground combat brigades operating with it, including a brigade of the 82nd Airborne Division, which was the first of the five extra brigades under Mr. Bush's plan to arrive in Baghdad. It got there in January.

The next to arrive, the 4th Brigade, 1st Infantry Division, from Fort Riley, Kan., is now in Kuwait conducting its final training before heading to Baghdad later this month. The three other brigades -- including two from the 3rd Infantry Division -- are scheduled to go between March and May.

Since Mr. Bush's announcement of the troop buildup on Jan. 10, when he said 17,500 more soldiers would go to Baghdad and about 4,000 more Marines would go to western Anbar province, there has been controversy over the actual size of the buildup.

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The Congressional Budget Office, a nonpartisan arm of Congress, said recently that the Pentagon might need to send 15,000 to 28,000 combat support and combat service support troops to Iraq, in addition to the 21,500 combat troops. But Defense Secretary Robert M. Gates has said that estimate grossly exaggerates the need for support forces.

Al Qaeda's Outrages Swing Sunnis To U.S. (WT)

By Pamela Hess, United Press International

The Washington Times, February 17, 2007

RAMADI, Iraq -- Sunni tribes in troubled Anbar province have begun working closely with U.S. and government forces, contributing nearly 2,400 men to the police department and 1,600 to a newly organized tribal security force, authorities say.

U.S. troops are training and equipping the new tribal forces, which are called Emergency Response Units (ERUs), and are charged with defending the areas where they live, according to the local U.S. commander.

By a U.S. count, 12 of the Ramadi area's 21 tribes are cooperating in the security effort, six are considered neutral, and three are actively hostile. That is almost the reverse of the tribal posture last June, when three were cooperative and 12 were hostile.

For nearly four years, the tribes around Ramadi survived by playing both sides, working with U.S. forces when it suited them, while at the same time helping or tolerating Sunni insurgent groups and al Qaeda in Iraq -- the terrorist organization once led by Jordanian Abu Musab Zarqawi.

That changed in August, according to U.S. Army Col. Sean MacFarland, commander of the 1st Brigade Combat Team, 1st Armored Division, which has been responsible for security operations in Ramadi since June.

Al Qaeda in Iraq -- which has also turned its intimidation tactics on the tribal leaders -- kidnapped and killed Sheik Khalid of the Albu Ali Jassim tribe and left his body where it could not be found, preventing the family from burying him within 24 hours as prescribed by Muslim tradition.

"Al Qaeda overplayed its hand," Col. MacFarland said at his headquarters, a dusty base on the west side of Ramadi.

At a meeting that month, several sheiks drew up an 11-point declaration vowing to fight al Qaeda, within the rule of law, and declaring solidarity with coalition and government security forces. It is a movement referred to by the tribes as "the Awakening."

Al Qaeda "assassinated a lot of the sheiks," said Sheik Ahmed Abureeshah, 41, whose brother, Sheik Sitar, is the driving force behind the initiative. "They killed my father. They killed three of my brothers. They killed 14 other sheiks from different tribes. ...

"Then we met the sheiks of the tribe one after one, and we decided that we must put our hands together and fight to defeat these criminals."

The tribes sent hundreds of young men to join the police -- more than 1,000 in December and more than that last month, a record recruiting effort for the province.

The men were assigned to police stations in their own tribes' neighborhoods, giving the tribes a vested interest in their success and contributing to unusually high rates of policemen turning up for work. Others were organized into the ERUs, which operate in the countryside while the police remain in the cities.

Improved security, in turn, made it possible for the brigade to pour in reconstruction money, enabling some $3 million in projects to be undertaken.

As the benefits of cooperation became evident, "the tribes began flipping, like a domino effect," Col. MacFarland said. "Almost every week, we get another sheik knocking on our door."

Ramadi remains dangerous for Americans -- Col. MacFarland's brigade has lost 85 troops in the area -- but the improvement in security is measurable.

From July 2006 to January 2007, the daily average number of attacks fell by 38 percent and roadside bomb attacks dropped by 57 percent to an 18-month low.

The roadside bombs also are getting smaller and less complex, enabling the brigade and the Iraqi police to find more than 80 percent of improvised explosive devices before they detonate.

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It is "a very significant indicator that this potent weapon system has become less effective in Ramadi," Col. MacFarland said.

More important to the colonel, attacks are occurring farther from the town center and from the main road -- suggesting that residents are not tolerating insurgents the way they once did, and are tipping off police to suspicious activities.

Jury Remains Out On Baghdad Crackdown (AP)

By Brian Murphy, Associated Press Writer

AP, February 17, 2007

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This was the basis for an upbeat message by Moussawi, a spokesman for the joint U.S.-Iraqi security sweep that began this week and has so far faced limited resistance. But his American counterparts remain much more guarded.

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Iranian Force, Focus Of U.S., Still A Mystery (NYT)

By Scott Shane

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — Like so much else about the Iranian state, the Quds Force, which conducts overseas operations for Iran's Islamic Revolutionary Guard Corps, remains remarkably mysterious even to those who closely study the country.

The Quds Force is under intense scrutiny by American intelligence agencies because it is suspected of supplying sophisticated explosives to Iraqi militants. Among those detained in recent American raids on Iranian offices in Iraq were several Iranians identified by the United States military as Quds operatives, including a diplomat said to be the No. 2 official in the Quds Force.

Questions about what exactly Quds Force officers have done and whether they acted at the direction of the Iranian leadership have taken on particular urgency as the Bush administration sends more troops to damp the violence in Baghdad. But the competing power centers inside the Iranian government, and the intense secrecy that obscures decision making, make answers elusive.

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"We know that the Quds Force is involved," Defense Secretary Robert M. Gates told reporters on Thursday. "We know the Quds Force is a paramilitary arm of the I.R.G.C.," he added, using the abbreviation for the Islamic Revolutionary Guard Corps.

"So we assume that the leadership of the I.R.G.C. knows about this," Mr. Gates said. "Whether or not more senior political leaders in Iran know about it, we don't know."

Most independent experts say it is only logical to assume that Iran deployed large numbers of operatives in Iraq as soon as Saddam Hussein was ousted in 2003. Many of Iraq's Shiite clerics, politicians and militia leaders have close ties to Iran, where some spent years in exile while Mr. Hussein and the Sunnis of his Baath Party ruled Iraq.

And the past role of the Quds Force as the long arm of the Islamic revolution abroad, performing a mix of military, intelligence and training operations, has been widely reported in past conflicts like those in Lebanon and Bosnia. Its name, the Arabic word for Jerusalem, symbolizes the Iranian government's commitment to driving Israelis out of the occupied Palestinian territories.

The Quds Force "is the handpicked elite of an already elite ideological army," said Abbas Milani, director of Iranian studies at Stanford University.

As part of the Revolutionary Guard, the force officially answers to the supreme religious leader, Ayatollah Ali Khamenei, and not the Iranian president, Mahmoud Ahmadinejad, though Mr. Ahmadinejad is believed to have personal ties to many senior guard officials.

But the Quds Force is cloaked in secrecy inside Iran and is the subject of considerable guesswork from scholars in the United States, who in interviews this week offered estimates of its size ranging from 3,000 to 50,000 men. The true number, along with details of the strength and budget of the entire Revolutionary Guard, is hidden even from the Iranian Parliament, said Mr. Milani, according to legislators he has spoken with.

Some specialists even question whether the Quds Force exists as a formal unit clearly delineated from the rest of the Revolutionary Guard.

"It could be that anyone with an intelligence role in the Revolutionary Guard is just called Quds," said Vali R. Nasr, who studies Iran and political Islam at the Naval Postgraduate School.

Whether properly identified as part of the Quds Force or not, members of the Revolutionary Guard mobilized intelligence and paramilitary agents in Lebanon in the 1980s, where they trained the Shiite militia Hezbollah; in Afghanistan, during the anti-Soviet jihad in the 1980s and episodically since then; in the former Yugoslavia, supporting the Bosnian Muslims against Serbian forces; and in other trouble spots.

The guard has also been accused of supporting terrorist attacks outside Iran, notably the 1996 truck bomb attack on the Khobar Towers complex in Saudi Arabia that killed 19 American service members. In December, a federal judge ruled that the government of Iran bore responsibility for the Khobar Towers attack and ordered Tehran to pay survivors of those killed more than $253 million.

The Revolutionary Guard was created after the Islamic revolution that overthrew the shah in 1979. The government of Ayatollah Ruhollah Khomeini did not trust the existing Iranian military, where support for the monarchy remained strong. The new rulers established the guard as a parallel military force, recruited from among the revolution's most devout religious supporters.

In the past 25 years, the Revolutionary Guard, whose strength is estimated by Western specialists at 125,000 to 300,000, has gradually evolved into more of a conventional military and has become deeply involved in lucrative business enterprises inside and outside Iran. But all along, it has conducted overseas operations, both covert and overt, often under the Quds Force name.

The actions of the Quds Force are not necessarily ordered by Ayatollah Khamenei, and the supreme leader may not even get reports of all its actions, said Hooshang Amirahmadi, director of the Center for Middle Eastern Studies at Rutgers University. "The Iranian government is a very loose grouping of power centers," blurring lines of control and authority, he said.

There have been past instances of actions by rogue intelligence officers that the Iranian government has disavowed. In 1999, for example, Iran's Intelligence Ministry blamed rogue officers for the killings of five prominent critics of the government's conservative wing.

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But Mr. Amirahmadi said he did not think the Iranian leadership should be allowed to sidestep responsibility for actions by its operatives in Iraq. "The Bush administration can't say, 'We have a C.I.A., but we don't control it,' " he said, adding that the same rules should apply to Tehran.

Though the American allegations about the Quds Force have received attention from administration officials and the media only in recent weeks, they are not new. On several occasions over the last year, senior Pentagon officials have spoken publicly about the Iranian role in Iraq.

More recently, Bush administration officials have engaged in a balancing act, engaging in harsher rhetoric about Iranian actions and offering more evidence on sophisticated improvised explosive devices, which they say are traceable to Iran, but vehemently denying they have any plans to go to war against the country.

But by all accounts, the imperfect nature of American intelligence agencies' reporting on Iran makes certain conclusions difficult to reach. "I just don't think we have a very acute understanding of the internal workings of the regime in Iran," said Patrick Clawson, an Iran expert at the Washington Institute for Near East Policy.

Businessman Sentenced In Iraq Scheme (NYT/AP)

By The Associated Press

The New York Times, February 17, 2007

An American businessman whose companies made more than $8 million in Iraq reconstruction money through a gifts-for-contracts scheme was sentenced to 46 months in prison. The businessman, Philip H. Bloom, who has lived in Romania for many years, pleaded guilty last year to bribery and conspiracy to commit money laundering. Mr. Bloom admitted bribing military personnel with jewelry, computers, cigars and sexual favors. Three Army Reserve officers were indicted last week as part of the case; the officers, Col. Curtis G. Whiteford of Utah, Lt. Col. Debra M. Harrison of New Jersey and Lt. Col. Michael B. Wheeler of Wisconsin, were accused of steering contracts to Mr. Bloom from 2003 to 2005.

Missing In Baghdad: My Father (WSJ)

By Sarmad Ali

The Wall Street Journal, February 17, 2007

About 5 o'clock on a mid-December morning, I was awakened by a call from my brother in Iraq. "Dad is missing," he said. He was upset and some of his anger spilled out at me: "You should be here," he shouted. "You don't seem to care."

My father had left home in Baghdad that morning to go to the auto-repair shop across town where he works. Fifteen minutes after he left, car bombs exploded on his route to work and he hasn't been seen since.

His disappearance set off a desperate search by my family through the netherworld of war-torn Baghdad. It also put me in the agonizing position of trying to help my family with the violent dislocations of civil war -- over the phone, from thousands of miles away. I'm the oldest son and have been studying and working in New York for more than two years. Since my father vanished, my three grown siblings and my mother have looked to me as the head of the family.

Every time I hear about a bomb going off, I brace myself for the worst possible news. Last February, my entire family went missing for two weeks, without a word. When my cellphone rings and an Iraqi number shows up on the display, I say a silent prayer before answering.

My life has always been marked by Saddam Hussein's wars. Born to Sunni parents -- my mother a homemaker, my father a mechanic -- I grew up in a brick house in a poor Baghdad neighborhood where Sunnis and Shias lived together. War with neighboring Iran dominated my early childhood. Many nights, Iranian jet fighters roared overhead. Most afternoons, we would watch "Sowar min Al-Marakah" ("Pictures from the Battle"), a propaganda show featuring battlefield footage and the mangled corpses of Iranian soldiers. My parents once gave me medication to fight a recurring nightmare of being squashed under an Iranian tank.

I was in primary school in 1991 when Operation Desert Storm kicked off after Saddam Hussein's invasion of Kuwait. Once, a U.S. missile hit a spice factory near our home. We smelled the spices, thought it was a chemical attack and covered our mouths with wet towels. During most of my teens, we lived under U.N. sanctions on government-issued rations of staple foods.

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There were happy times, too. Some of my fondest childhood memories are of the celebrations surrounding the Muslim religious holiday of Eid. During the festival, my father used to take me, my sisters and my brother to the park for amusement rides, to eat kebab and to walk at night by the Tigris River.

I always wanted to be a journalist. But under Saddam, studying journalism was pointless, since all newspapers were run and rigorously monitored by the government. In middle school, I started teaching myself English, practicing with translation texts and old American newsmagazines left in our basement by a relative. I used to spend hours memorizing vocabulary lists and looking up new words in an outdated dictionary. I dreamed of going to school in a Western country, of traveling the world and writing about it.

A radio that Mr. Ali brought to New York from Baghdad. He inherited it from his late grandfather and used it in Iraq to listen to the BBC in Arabic and English during and after the U.S. invasion of Iraq.

By 2003, at the time of the U.S. invasion of Iraq, we were already used to war. My family evacuated to the countryside, with the exception of my father, who said that if he had to die, he would rather die at home.

We returned several weeks later, after Saddam was toppled. My father welcomed us back, but he appeared broken. A secular Sunni and fervent patriot, he had been against the American invasion and never thought it would happen. Now, he had become pessimistic about the future of his country: The looting in the aftermath of the invasion disgusted him. "They stole everything from the government buildings around us," he said, as we walked in the door. "TVs, computers, and even water pipes."

But life continued. My father went back to work; my younger sister and brother went to high school, and my older sister, who had graduated with a degree in English, helped my mother around the house. I found a job as a journalist for a new local English-language paper. I reported stories on bombings, reconstruction projects and other news from all over Iraq.

The violence increased. I had been on the job less than one year when the editor, an Iraqi-American, left the country, afraid that his life was in danger. Along with three other journalists, I kept the publication alive on the Web, posting news items from an Internet cafe in downtown Baghdad.

Before he left, the editor got me in touch with Columbia University in the U.S., which shortly afterward offered me a scholarship to study journalism. My parents said I should accept. I did, and four months later I took off. The morning I left, my brother insisted on carrying my big suitcase to the cab. My mother splashed a pitcher of water behind me, an Iraqi tradition wishing a traveler a safe return home.

With $300 in my pocket, I took a 15-hour cab ride to Jordan, and a plane to New York from there.

By August 2004, I settled in New York, enjoying the life of a newcomer in his 20s. I started to take classes and learned new things, from buckling my seat belt in a plane to working out in a gym; from using a washing machine to eating sushi and tandoori dishes. Later, I landed an internship, and then a reporting job with this newspaper.

During one conversation with his mother, Mr Ali asked her for some of his favorite Iraqi recipes: lentil soup, tomato sauce with beans and Iraqi-style biryani. He scribbled them down on envelopes and keeps them next to his bed.

But as I was getting used to my comfortable new life, I was also regularly pulled back into Iraq, where things were getting worse. A few months after my arrival in New York, I was chatting with a friend in Baghdad on my cellphone when he told me that an acquaintance had died in a roadside bomb attack. I became afraid of getting calls from Iraq, sometimes not answering them. I considered changing my phone number so no one could call me with bad news -- but I could still call people back home when I felt like it. Other times, I became obsessed with fear and would call to check on my family and friends, burning through a 400-minute calling card in a weekend.

When Al-Askari's famous gold-domed Shiite mosque was bombed last February, violence erupted throughout Iraq. Suddenly I couldn't get in touch with anyone back home. I didn't know whether my family members were dead or alive, whether they were taken by gunmen for ethnic reasons or if it was just that their phone line was down. I stopped eating, stopped going to work. I tried calling at three different times every day, to no avail. They surfaced two weeks later, safe and sound, after having fled to the countryside to stay with distant relatives, in an effort to escape violence or retaliation against Sunnis.

During an instant-message conversation with a friend in Iraq, the war dealt me its first massive blow: Haider Al-Maliki, a friend from university in Baghdad who had come to visit me in New York the year before, was found dead, his body riddled with 13 bullets. He was stopped by unknown gunmen while in a cab in the southern city of Amarah and shot on the spot. Other friends

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began going to their jobs at the government and in the Green Zone in disguise, trying to avoid Haider's fate. One friend poses as a student, while another takes a roundabout route to work for fear of being followed.

Meanwhile, my sister, seeing that ethnic violence was increasing near our neighborhood, asked me if the family should buy a gun. "Ask the neighbors what they are doing," I told her, not knowing what to do. When we talked a week later, my family had opted against it.

My father kept going to work every day, despite the rising violence. It was one way of staying sane. Then, in December, he went missing, and I got my brother's frantic call.

I told my brother to calm down and said that I was here to help -- that I left the country to help the family. "You are there, with air conditioning, entertaining yourself, while we are here in hell," he retorted.

I tried to ignore the comments -- I had heard them from him before -- and told him to focus on the matter at hand. He did. After dad left, he said, there was a huge bombing near the central station where he was supposed to transfer to another bus. Dad never showed up at work and never came back home.

I told him to go to the area of the bombing -- a busy marketplace in central Baghdad -- to see where the wounded were taken. I also called three of my old friends in Baghdad to ask them to accompany him. My brother had already asked some of our cousins to visit police stations to see if my father had been taken into custody.

A few hours later, we talked again. By that time, my brother had visited a local hospital, where most victims were taken. He said that my father wasn't on the hospital's official list of the dead, so he walked around to see if he could recognize him among the wounded. He described a scene of chaos and carnage: Blood was everywhere, people were weeping in the halls, hospital staff were running back and forth -- but my father was nowhere to be found.

An Iraqi-flag key chain bought by Mr. Ali the first time he visited the United Nations. It hangs on the wall of his apartment.

Two days after the bombing, I called my friend Ala and asked him to go to the hospital morgue to see if my father might be among the unidentified dead, victims who weren't carrying IDs or were burned beyond recognition. Ala went and checked three charred bodies, but concluded they were not my father. One was too fat, he said. Another had hair, while my father is bald. And the last one was too young and short to be my father.

My cousin went to a nearby police station, a mini-fortress surrounded by barbed wire and sandbags, to see if my father was mistakenly being held. He told the lieutenant that he was looking for his uncle and gave him the name. He wasn't there.

A week passed and my father still hadn't been found. On the phone, my mother sounded faint and sick but kept saying she was all right. She told me to take care of myself and that my father would come back. She insisted that my father was fine. Her proof: He was not at the morgue.

My older sister couldn't keep up appearances. She stopped eating, stopped taking showers and descended into a depression, my younger sister said. She hadn't been well for more than a year, ever since several cars exploded near her on a market square. Back then, the sight of a child's charred body had sent her into shock. For days, all she could do was hug her knees and murmur over and over: "Poor girl, they killed her, animals." She recalled running through streets awash with blood and sewage, packed with civilians pushing flat wooden carts on which they piled the wounded and the dead. Her condition improved only after she got antidepressants. But after my father went missing, she spiraled back into a severe depression. Medical assistance proved elusive this time, with violence deterring nurses from visiting.

On my way to the gym one recent day, I got a call from my brother with more bad news. A mortar shell hit near my house and damaged the already-fragile bedroom walls. "Do you know that your mother and sisters are sleeping in the hallway shivering in this cold winter?" my brother said. I told him I would send money. Exasperated, he said that even with money they wouldn't be able to fix the room and that they would sleep in my old bedroom from now on.

I feel responsible for my family, but at the same time helpless. I am not a U.S. citizen, or a permanent resident. My guest status here prevents me from being able to bring my family to join me. I ask them to stay strong and take care and stay indoors. I try to give them hope, although I know it could be a false hope. Sometimes I stop calling them for a few weeks to avoid listening to all this.

I've considered going back many times, mostly because I miss my family and I haven't seen them for more than two years. But that is risky -- both because of the growing violence and because it's not certain that I could leave the U.S. and return. My

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mother says I should stay here. "Don't even think of coming back," she told me on the phone a few weeks ago. "People are leaving, not coming."

These days, my mother and sisters don't go outside the house at all. None of them have traveled before. They don't have passports. And they don't have the money it takes to buy tickets, taxi rides, hotel rooms. They say there are no guarantees of finding a way to make a living in neighboring countries like Jordan.

I seek consolation in small things that remind me of home. I keep three envelopes with my mother's recipes scribbled on them -- lentil soup, tomato sauce with beans and Iraqi-style biryani -- next to my bed. When bad things happen back home, I cook them. My laptop is stocked with songs about Baghdad. I search the Internet for pictures of Iraq before the U.S. invasion. Pictures of the Tigris River. Of bustling Baghdad streets. Of the past that is no longer.

Occasionally, I talk to the few Iraqis I know in the U.S. -- a friend in Michigan, another in Massachusetts. A small Iraqi-flag key chain hangs on a nail sticking out of my wall.

Bombings in the news send me scurrying to my computer for information about the exact time and location of the explosions. I lay curled under my green comforter, going over in my mind where my family members and friends might have been at the time.

New friends keep me company. While civil war raged in Iraq, I attended parties celebrating Thanksgiving, Christmas and New Year's. At Christmas break, I went to the home of a friend's aunt in Connecticut; I shopped for gifts -- books, a T-shirt, a scarf, a tie -- and we ate a big dinner.

I don't tell my friends in America too much about what is happening with my family in Iraq. I try to avoid talking about the war because it's so far removed from the word of restaurants, coffee shops, and polite conversations. I worry people won't understand or don't want to be bothered. During a recent dinner in New York's Chinatown, a friend asked, "How's your family?" When I told her about my father, she was shocked. She offered condolences and said I shouldn't hesitate to ask her for help. I felt grateful, but a little awkward because I knew that neither she nor anyone else who means well can really change things for my family.

Sometimes, my family becomes hopeless and says my father must be dead -- otherwise he would have returned by now. Other days, they are more optimistic, saying that he may have been taken by kidnappers and he will be released.

The last time we talked, my younger sister pleaded with me to help her find a way out of Baghdad. She said she would cook and clean for me, if I could just figure out a way to get her out of there. It made my heart sink.

Trying to check on the fate of my father, I called my brother on his cellphone -- the only phone in my family's possession -- late last month. That day, bombs had gone off on a Shiite market where he likes to shop for DVDs and CDs. Press reports said there were more than 80 dead. He did not pick up his phone. Not the next day either. I recently reached a friend in Iraq, who said he had seen my brother. But I'm still waiting for him to call back.

For Baghdad's Uprooted Girls, School Offers A Hard Haven (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, February 17, 2007

Families Fled Sectarian Killing

BAGHDAD -- The textbooks at their new school might call their predicament "forced internal displacement," but the Iraqi girls living this phenomenon describe it in different terms.

Safwan Abbas worries about failing math. Fatima Hamza wanders the halls missing her friends. To finish the hours of nightly reading she needs to catch up to her classmates, Hadil Muhanned now must wear wire-rimmed glasses.

In Baghdad alone, 38,766 people have been driven from their homes by the daily sectarian killing, the United Nations reports, and the echoes of this mass migration resonate every day at Amil High School for Girls in Baghdad. Located in the relatively safe Shiite area of Kadhimiyah, along the western bank of the Tigris River, the whitewashed concrete schoolhouse has become a haven for Shiite Muslim students fleeing with their families from the religious segregation now pulling apart many of Baghdad's neighborhoods.

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In the past three months, Amil High School has accepted 135 new students, pushing the school's population over 1,000, and more families show up each day. Iraq's Human Rights Ministry has sent employees to distribute skirts, backpacks and shoes to the new pupils.

Teachers who once taught in a room of 40 students now cram more than 70 girls into a class, sometimes three to a desk. Headmistress Suad Kokaz has instituted after-school tutoring sessions for the new students, many of whom attended classes only sporadically at their old schools because of the threat of violence. The school's guidance counselor, Shulair Abdullah, keeps a list, now 16 names long, of students who have lost family members to violence in recent months.

"I run around screaming every day, this is such a hard job," Kokaz said. "I have never witnessed such a challenge."

Like countless others in Baghdad, Safwan Abbas's life as a 14-year-old changed with a missive. Until October, she had lived with her parents and two brothers in the predominantly Sunni neighborhood of Ghazaliya in western Baghdad. But the message on the leaflet that was dropped in their yard was blunt: "You are infidels and you have 72 hours to leave," she recalled.

"I was so scared, I thought they were going to kill us at any second," she said.

When they arrived in Kadhimiyah, Safwan, a round-faced girl with a soft voice and dark eyes, enrolled at Amil with great trepidation. She walked the speckled-tile hallways, ringing with the shouts of the elementary students who share the building, and stared at the bare white classroom walls, feeling disoriented.

"The first time I came here, I felt like a stranger. I had this feeling that I had to return to my neighborhood," she said. "It has been very difficult to adjust. It's not just a matter of finding friends. I feel desperate here, it's so frustrating. I can't adjust myself. I miss all my girlfriends and my house."

For three straight weeks, she said, she couldn't stop crying. She remembers her nightly gossipy phone calls, sometimes lasting more than three hours, with her best friend, Tahani Talib. She still has her cellphone, but her parents have decided they won't pay for the minutes now that they spend $385 a month for rent -- a hefty sum in Baghdad, and about double what an Iraqi family could expect to pay in that neighborhood before the war. Safwan often passes nights and the Friday holiday studying, but she has not been able to understand the math classes at Amil.

"This is the first year I have ever flunked in mathematics," she said. "It's very hard seeing my girlfriends pass the exams, and I'm not passing. I'm trying to do my best, but it's so hard."

After four hours of morning classes each day, Hadil Muhanned, 17, said she spends up to seven hours studying to meet the academic demands of Amil. It was enough reading -- geography, physics, English, history, chemistry, math -- that she needed to get glasses. But each day feels more like a relief than a struggle, she said.

Before her family moved from the predominantly Sunni neighborhood of Adel, Hadil was one of the few Shiite students who attended al-Khuroud High School. She rarely went more than twice a week because of fighting in the neighborhood. One student and her father were kidnapped, she said. Gunmen assassinated a school security guard. The girls read the graffiti scrawled on the neighborhood's concrete walls: "There is no existence for Shia."

On Jan. 28, after Hadil had left, a mortar shell crashed down on al-Khuroud, killing at least five girls and wounding more than 20 others, leaving windows shattered and blood spattered on the school's stone steps.

"We were living in constant anxiety," she said. "Here we at least feel comfortable. We are living as one."

In the past year, threats of violence have driven more than 470,000 people from their homes in Iraq, the United Nations says. They often flee religiously mixed neighborhoods to live among the relative protection of their own sect.

Within Baghdad, militias and insurgents have systematically tried to homogenize mixed neighborhoods. Many neighborhoods on the western side of the capital have become more predominantly Sunni, while Shiites have tended to congregate east of the Tigris. Near Amil High, internal refugees have begun living in abandoned school buildings, one sliver of a humanitarian crisis that has overwhelmed the government's resources, according to Abdul-Samad Sultan, the minister of displacement and migration.

"Really, we need international help, because you could use the whole budget of the country and it will not be enough. Because these people have lost everything, they need fuel, they need electricity, there's a lack of sanitation, education, jobs," he said. "Many of these families are, of course, far, far below the poverty line."

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Since November, freshman Fatima Hamza, 15, her parents, four brothers and two sisters have shared a one-bedroom apartment in Kadhimiyah after also fleeing the Adel neighborhood. Sitting in the office of Kokaz, the headmistress, a black head scarf embroidered with flowers covering her dark hair, Fatima bit her finger and quietly explained her new discomfort.

"Before that, in our schools there, we had our friends and our house and our home, but here it is different," she said. "It is hard psychologically, leaving that all behind."

"I'm getting along all right with the classes, but I'm having trouble relating to people," she added, then lowered her voice to a whisper, out of earshot of the headmistress: "Not everyone feels happy about us being here."

The influx of new students from Sunni neighborhoods has also placed a strain on the teachers and administrators. Kokaz, who said many new students are months behind her school in the state curriculum, has asked her teachers to allow students to postpone exams if they are not ready.

"They are treating the school like savages," said Majda Chechan, head of the elementary school that shares the building with Amil. "They broke the stairs."

The guidance counselor, Abdullah, holds therapy sessions with some of the new students to discuss their emotional problems and their difficulty accepting their new surroundings. Several of the students refused to believe their new circumstances were permanent.

"Maybe the situation will change?" Fatima said in the headmistress's office. "Most of my friends are also displaced. We hope this cannot last forever."

Al-Qaida Releases Video Of Afghan Attack (HC/AP)

By Jasper Mortimer,

Houston Chronicle/AP, February 17, 2007

CAIRO, Egypt — Al-Qaida posted today a video showing what it claimed to be an insurgent attack on a military position of U.S. and Afghan forces in southern Afghanistan.

The video appears to be an attempt by the terrorist network to disparage U.S. claims to be winning the war against the Taliban and allied militia in Afghanistan. It argues that the people of Afghanistan support the insurgents and provide physical assistance to their attacks on U.S.-Afghan forces.

The tape begins with the deputy leader of al-Qaida, Ayman al-Zawahri, ridiculing President Bush's claim to have deprived al-Qaida of a safe haven in Afghanistan, calling it a "barefaced lie."

Al-Zawahri, who speaks in Arabic with an English translation in subtitles, seems to be referring to a Bush speech on Jan. 10 when the president said that U.S. forces "took away al-Qaida's safe haven in Afghanistan — and we will not allow them to re-establish it in Iraq."

With a narrator speaking in American-accented English, the tape then shows video film of what it claims is an attack on a military position in Arghandab, a district in Zabul province, 100 miles northeast of the southern city of Kandahar.

The narrator, who sounds like the American al-Qaida member Adam Gadahn, claims that the position is "liberated" by the insurgents. However, the film does not show the insurgents capturing the target — a compound of mud-plastered buildings in a valley — during the night-time battle. It only shows the insurgents walking through the compound in daylight.

When asked about the video, the district chief of Arghandab, Fazel Bari, told The Associated Press that the only recent clash in that area was last month when NATO-led troops and Afghan forces were ambushed by suspected Taliban militants on the road between Arghandab and Qalat, the provincial capital.

Bari said the NATO and Afghan troops suffered no casualties, but they detained one man after the battle, which ended with the Taliban retreating.

The authenticity of the scenes shown could not be verified. The video carried the logo of the al-Qaida media production company, as-Sahab, and it was posted on an Islamic Web site known for hosting extremist material.

Al-Qaida appeared to have issued the tape on Thursday with the title "Holocaust of the Americans in the land of Khorasan, the Islamic emirate: Capture of an American post, Arghandab." The name Khorasan refers to Afghanistan.

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The video shows the insurgents firing at the alleged post but their weapons cannot be discerned because it is night. Tracer bullets cross the sky, fire is returned and one sees explosions of what are said to be rocket-propelled grenades.

"After a fierce battle, the mujahideen (holy warriors) begin their retreat from the zone of operations," the narrator says in English. The tape quotes a fighter as saying: "We retreated after about 45 minutes of fighting."

In the day time footage, the video shows a dusty compound of single-story buildings which were once occupied by Americans soldiers. Scrawled on the walls are words such as: "Scalp Hunters," "CPT ASHWOKTH UTAH. N6 '06 ETT," and "Spc Smith Commo US Army 2006."

ETT stands for Embedded Training Teams — the U.S. and other Western soldiers who serve as mentors to the Afghan security forces.

The English-speaking narrator says the camera is going around "the liberated area to bring us pictures from inside the cleansed military bases."

An empty packet of Lay's potato chips is found and the camera focuses on the name of the Saudi manufacturer, Saudi Snack Food Co. Ltd, as the narrator says: "As is always the case in our tours of liberated bases, we find evidence that the primary financiers of this crusade are the puppet regimes of the Gulf."

The video shows a beige, battle-wrecked pickup truck that has the number RTS323 on its hood. A small crowd of men stone the vehicle, as the narrator says: "The mujahideen and local residents celebrate the victory in their own special way."

An Afghan with a white beard and black turban, purportedly a resident of the nearby village, tells the camera what the foreigners were like: "The people suffered a lot because of these devils. No one could leave his house, not even for absolutions and prayers. We couldn't even light a lamp at night. Thanks to Allah, the infidels have left.

"The people are very happy about the coming of the Taliban," he says.

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Associated Press Writers Maggie Michael in Cairo and Noor Khan in Kandahar, Afghanistan, contributed to this report

Bills Would Let Military Death Benefit Go To Guardian (WP)

By Donna St. George

The Washington Post, February 17, 2007

Lawmakers introduced companion bills in the House and Senate yesterday that would allow grandparents and other relatives raising children of fallen troops to be designated as beneficiaries of a $100,000 "death gratuity."

The bills, by Sen. Chuck Hagel (R-Neb.) and Rep. Tom Latham (R-Iowa), followed a story yesterday in The Washington Post that profiled Susan Jaenke, an Iowa woman who is raising a 9-year-old granddaughter after Jaenke's 29-year-old daughter, Petty Officer 2nd Class Jaime S. Jaenke, was killed by a roadside bomb in Iraq.

Susan Jaenke could not collect the $100,000 benefit her daughter thought she had assigned to her because of strict next-of-kin regulations. Of the proposed change in law, she said yesterday: "To us, this would have made all the difference in the world."

The House bill leaves an opening for courts to resolve retroactive cases such as the Jaenkes', in which the fallen service member "left a clear expression of intent."

A Giant Doom Magnet (NYT)

By Maureen Dowd

The New York Times, February 17, 2007

So I was sitting around watching “Oprah” yesterday afternoon when I realized how I could stop W. and Crazy Dick from blowing up any more stuff.

All I needed to do was Unleash my Unfathomable Magnetic Power into the Universe!

Energy flows where intention goes. Or maybe it’s the other way around.

Anyhow, Oprah taught me how to stop abusing myself and learn The Secret. I finally get it: because the Law of Attraction dictates that like attracts like, my negativity toward the president and vice president is attracting their negativity and multiplying the negative vibrations in the cosmos, creating some sort of giant doom magnet.

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I need to examine my unforgiving stance toward them and use my power of visualization to let them know that in my consciousness and awareness, they cannot determine my destiny. I am severing those emotional and vibratory tonalities that keep me tied to their toxic energy, causing me to repeat the same old pattern of bemoaning in the newspaper their same old pattern of blundering in the Middle East.

Oprah did her second show in eight days on "The Secret," the self-help book (and DVD) by Rhonda Byrne, an Australian reality-TV producer. The book hit No. 1 on the USA Today best-seller list this week.

At first glance, "The Secret" might seem like inane piffle, a psychobabble cross between Dr. Phil and "The Da Vinci Code," a new-age spin on Norman Vincent Peale's 1952 classic, "The Power of Positive Thinking" and the Beach Boys' "Good Vibrations." But that's a negative way of thinking.

James Arthur Ray, a teacher of The Secret method, who talked to Oprah, says it's "very, very scientific."

"If you think you're this meat suit running around, you know, you have to think again," he said. "You're a field of energy in a larger field of energy."

Oprah enthused that The Secret "really is touching a nerve around the world" because "so many people are hungry for guidance and meaning." Ms. Byrne claims it improved her eyesight; others say it works on everything from weight loss to panic attacks to getting rich to snagging the mate of your dreams or a good parking space.

"We create our own circumstances by the choices that we make, and the choices that we make are fueled by our thoughts," Oprah explained in her first show. "So our thoughts are the most powerful thing that we have here on earth. And based upon what we think — and [what] we think determines who we are — we attract who we are into our lives."

Or as the book so eloquently puts it, "You must feel good about You."

If it works on eyesight, can't it work on foresight? Can't we use The Secret on the secretive Bush White House to prevent a calamity in Iran?

According to the Sacred Principles set out by the Law of Attraction Specialists, the universe responds to your thoughts. So if I want certified chuckleheads to stop mucking up American foreign policy, all I have to do is let the universe know. I forgive the president for being a goose and the vice president for being a snake, and I start thinking about the sort of amazing, or even mildly competent, leaders I deserve to have in my life.

Maybe W. should read the book. He likes things biblical, and "The Secret" says it takes its Creative Process from the New Testament.

He would learn, as Mr. Ray said, that "trying is failing with honor," adding: "Take the word 'try' out of your vocabulary. You either do it or you don't."

W. could have applied that to Iraq, where he has always done only enough to fail, including with the Surge.

A main tenet of The Secret is learning to avoid the chain reaction of churlishness, which begins with a single thought: "The one bad thought attracted more bad thoughts, the frequency locked in, and eventually something went wrong. Then as you reacted to that one thing going wrong, you attracted more things going wrong."

It's an apt description of Iraq policy. A bad thought that led to more bad thoughts, and the negative frequency is now locked in on Iran, which is responding with its own negative frequency.

With The Secret, W. will realize that all he needs to do to change his current reality is admit that it's fake. (Similar to the wisdom of Dorothy clicking her shoes three times.)

Once he stops his chain reaction of negative thought, I can stop my chain reaction of negative thought. And then there will be peace on earth and parking spaces for everyone.

DOJ:

Interim Ark. U.S. Attorney Won't Seek Job (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, February 17, 2007

Former Rove Aide Says Senate Democrats Would Block Permanent Nomination

Tim Griffin, the former White House aide who has been at the center of a political storm over U.S. attorneys' firings, said yesterday that he will not seek the nomination to be chief federal prosecutor in Little Rock.

Griffin, 38, a military lawyer who previously worked for presidential adviser Karl Rove and for the Republican National Committee, was appointed interim U.S. attorney in Little Rock in December on the White House's recommendation. The Justice Department said it intended to nominate Griffin for the job permanently.

But Griffin said yesterday that he would be unlikely to be confirmed for the job because of opposition from key Democratic senators, including Mark Pryor (Ark.) and Judiciary Committee Chairman Patrick J. Leahy (Vt.).

"I'm not going to get fair consideration from Senator Pryor, my home-state senator, or the Judiciary Committee, particularly under Leahy," Griffin said in an interview. "I decided that there was nothing to gain by submitting myself to that circus."

Griffin's decision, which was reported by the Arkansas Democrat-Gazette, is the latest development in the controversy over the abrupt firings of seven U.S. attorneys. The dismissals angered lawmakers of both parties and have prompted a battle over the attorney general's power to name replacements.

Under a little-noticed provision of the USA Patriot Act reauthorization law approved last year, Attorney General Alberto R. Gonzales may appoint interim prosecutors indefinitely.

Senate Republicans on Thursday blocked a bill approved by the Senate Judiciary Committee to return to the previous system, which allows district courts to name an interim prosecutor if a permanent U.S. attorney is not chosen within 120 days of a vacancy.

Griffin said he will remain in the job for "as long as they need me."

Justice spokeswoman Gina Talamona said in a statement that "the attorney general is disappointed that Senator Pryor would not support Tim's confirmation. We are pleased that he is willing to serve as interim United States Attorney until a candidate is nominated and confirmed."

The Little Rock job has been a focus of the debate over the fired prosecutors because Griffin's predecessor, Bud Cummins, was specifically asked to resign to make way for Griffin.

Congressional aides who were briefed on the issue this week said that Griffin was recommended for the job by Harriet E. Miers, the former White House counsel, who called a Gonzales aide to push for his appointment. Miers told Pryor in December that Griffin was "our person" for the Little Rock job, said Michael Teague, a Pryor spokesman.

Teague said Griffin's sharp comments about Pryor and other Democrats underscore the need for a confirmation process to ensure U.S. attorneys are not overly partisan.

Sen. Charles E. Schumer (D-N.Y.), a Judiciary Committee member, said in an interview that "Mr. Griffin is proving to be the partisan he always seemed to be."

Griffin said it is "ridiculous" for senators to complain about White House involvement in his hiring and that complaints about his experience are unfair, after 10 years in the U.S. Army Reserve Judge Advocate General Corps and a short stint at the Justice Department.

Deputy Attorney General Paul J. McNulty and other Justice officials have sought to distance the Arkansas dismissal from the other prosecutors' firings, which they have said were prompted by "performance-related" problems. Those six were all asked to resign in telephone calls Dec. 7.

Gonzales told senators in January that he "would never, ever make a change in a United States attorney for political reasons."

After Criticism Of Dismissal, Justice Dept. Shifts Course (NYT)

By David Johnston

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — The prosecutor whose appointment as an interim United States attorney in Arkansas has ignited a furor in Congress will not be nominated for the job permanently, the Justice Department said on Friday.

The appointment of the prosecutor, J. Timothy Griffin, as the temporary successor to H. E. Cummins III as United States attorney prompted Democrats to complain that Mr. Cummins and several other United States attorneys had been removed for political motives.

The withdrawal of Mr. Griffin as the probable candidate to succeed Mr. Cummins permanently was a setback for the Justice Department, which had sought to portray the dismissals as a routine personnel matter.

Mr. Griffin is a military and civilian prosecutor, but Democrats said he was better known for his political ties to the Bush administration. He had been a political director for the Republican National Committee and, more recently, a deputy to Karl Rove, the senior White House political adviser, working on personnel matters.

On Thursday evening, Attorney General Alberto R. Gonzales called several Arkansas lawmakers to advise them that Mr. Griffin's name would be withdrawn, Congressional aides said. The calls came after several weeks of increasingly vocal criticism about the appointment from Democrats, including the two Democratic senators from Arkansas, Mark Pryor and Blanche Lincoln.

"Tim Griffin is a talented and experienced lawyer and prosecutor who has a deep commitment to public service," said Gina Talamona, a Justice Department spokeswoman.

Ms. Talamona added: "Given Tim's strong qualifications, the attorney general is disappointed that Senator Pryor would not support Tim's confirmation. We are pleased that he is willing to serve as interim United States attorney until a candidate is nominated and confirmed."

Asked to comment on the withdrawal of Mr. Griffin's candidacy, aides to Mr. Pryor and Ms. Lincoln pointed on Friday to earlier statements each had made expressing concern about Mr. Cummins's departure and Mr. Griffin's selection.

In the end, Mr. Griffin withdrew his name from contention, but his chances seemed to decline last week when Paul J. McNulty, the deputy attorney general, said at a Senate Judiciary Committee hearing that Mr. Cummins's removal was not based on any flaw in his performance, but rather to make room for Mr. Griffin.

At that hearing, Mr. Pryor testified as a witness, saying he would not support Mr. Griffin if President Bush nominated him for the job permanently.

Mr. Cummins is among 7 to 10 United States attorneys who have recently been removed by the Justice Department. Officials there have said the dismissals were largely intended to replace poorly performing United States attorneys and were not an effort to interfere with any prosecutions.

But several ousted prosecutors have said that they had received highly positive evaluations when their performance was reviewed by the Justice Department, and Democrats have said they may hold further hearings to explore the dismissals.

Rove Associate Won't Seek U.S. Attorney Post Permanently (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, February 17, 2007

WASHINGTON - A former aide to presidential adviser Karl Rove who replaced one of the recently ousted U.S. attorneys has decided not to seek the job permanently after concluding that the Senate would block his confirmation.

Tim Griffin, the U.S. attorney in Little Rock, said Friday that he wasn't asked to step aside by the administration, despite the controversy sparked by Attorney General Alberto Gonzales' unexpected firings of seven Republican-appointed U.S. attorneys.

Griffin, 38, said he would be willing to remain interim U.S. attorney until a replacement is named. Under a change in the law last year, that means he could stay in office until the end of President Bush's term.

"I will be here as long as the White House and Department of Justice wants me here," he said. "Under the law, I could be here, hypothetically, until end of 2008 or early 2009."

Justice Department officials described Griffin as a talented and experienced lawyer, and accused Sen. Mark Pryor, D-Ark., of trying to block Griffin from becoming a permanent U.S. attorney. Justice Department officials said Friday that the administration would work with the Arkansas delegation to find a replacement. Gonzales has told senators that he'll submit all U.S. attorney candidates for Senate confirmation.

"Given Tim's strong qualifications, the attorney general is disappointed that Senator Pryor would not support Tim's confirmation," Justice Department spokeswoman Gina Talamona said.

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Administration officials have been forced to defend the firings in recent weeks after critics raised concerns that well-respected U.S. attorneys were being removed to make way for handpicked candidates who would be less likely to buck the White House.

Griffin took office after the Justice Department asked longtime U.S. attorney Bud Cummins to step aside. Justice Department officials later acknowledged that Cummins was removed to make way for Griffin and not for any "performance-related" reasons. The department cited unspecified performance issues as justification for firing the other six prosecutors.

Griffin, a former spokesman for the Republican National Committee, was criticized as having more impressive political credentials than courtroom experience. Former White House counsel Harriet Miers had asked the Justice Department to appoint him. Griffin, a former military attorney, was a prosecutor in Little Rock for about a year and an independent counsel for three years.

Gonzales called Pryor on Thursday night to tell him that the Justice Department would not ask the Senate to confirm Griffin.

Gonzales promised that the administration would seek confirmation for another candidate, but he didn't say when an announcement would be made, said Michael Teague, Pryor's spokesman.

Teague said Pryor hadn't made up his mind about Griffin, but simply wanted him to come before the Senate for confirmation.

Pryor was concerned that a change in the Patriot Act last March meant that Griffin could stay in office indefinitely without confirmation.

"It's not about Tim Griffin," Teague said. "It's about restoring legitimacy to the process."

Cozy At The Beach (WP)

The Washington Post, February 17, 2007

A Justice Department lawyer invests with a lobbyist, settles with his company -- and is told there's no ethics problem.

IT'S THE KIND of story that seems to confirm everything people believe is sleazy about the way Washington works. Last March, Sue Ellen Wooldridge, then the head of the Justice Department's environmental division, bought a $1 million vacation home with Don R. Duncan, the top lobbyist for oil company ConocoPhillips. Nine months later, Ms. Wooldridge signed off on a settlement agreement that let ConocoPhillips delay the installation of pollution-control equipment and the payment of fines.

Just to make matters cozier, the third owner of the beach house is J. Steven Griles, the former No. 2 official at the Interior Department who's now the target of a Justice Department criminal investigation into his dealings with lobbyist Jack Abramoff. Oh, and Ms. Wooldridge, who lives with Mr. Griles, once worked with him at Interior, where she gave Mr. Griles ethics advice and defended his actions during an inspector general investigation.

Justice officials and Ms. Wooldridge's lawyer say she checked with a department ethics lawyer and got the go-ahead to buy the home. "There was no need to recuse herself from ConocoPhillips since she was advised by the appropriate ethics officials that there was not a conflict," her lawyer, Stephen Grafman, told the Associated Press. We'd like to understand more about the basis for that advice; Mr. Grafman says he has a written ethics opinion from Justice but declined to release it, saying that should be left to the department. Given Mr. Duncan's key position as the head of the company's Washington office, and Ms. Wooldridge's similarly key role as assistant attorney general, the assertion that Duncan didn't lobby Wooldridge doesn't give much comfort. The entanglements -- an investment with a senior employee of a company whose interests she's involved with overseeing -- look just terrible. Recusal should have been a no-brainer.

Ms. Wooldridge has left the department, but Justice, responding to inquiries from Reps. John Conyers Jr. (D-Mich.) and Rahm Emanuel (D-Ill.), said yesterday that its Office of Professional Responsibility was looking into the matter. In the meantime, here's an ethics tip: If you have to ask the ethics folks for advice about whether you can do something, you probably shouldn't do it.

CORPORATE SCANDALS:

Case Could Avoid Trial (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, February 17, 2007

Defense wants civil resolution to the charges

Three former Merrill Lynch & Co. executives whose 2004 fraud and conspiracy convictions in an Enron case were overturned last year may avoid facing another jury.

Upon informing U.S. District Judge Ewing Werlein on Friday that the government wanted to retry the case "sooner rather than later," Assistant U.S. Attorney Arnold Spencer said prosecutors also would "continue our conversations" with defense attorneys to resolve it without a second trial.

Spencer declined to elaborate, as did attorneys for two of the defendants. But one of the defense attorneys, Dan Cogdell, said he was "looking for a civil resolution, not a criminal resolution," such as a settlement with the Securities and Exchange Commission.

Werlein, who presided over the first trial, encouraged some sort of nontrial resolution. He said prosecutors should "at least ponder" where the government's time, money and energy is best spent.

"So I wish you well in your conversations. I hope you will be able to be successful," the judge said.

Friday's hearing came nearly six months after a three-judge panel of the 5th U.S. Circuit Court of Appeals threw out most jury convictions of Daniel Bayly, James Brown, Robert Furst and a fourth former Merrill executive, William Fuhs.

The case involves a year-end 1999 deal in which the government contends the brokerage pretended to buy three power plants on barges from Enron so the energy company could appear to have met quarterly earnings targets. The defendants claimed the deal was proper.

Jurors acquitted in-house Enron accountant Sheila Kahanek while convicting the four Merrill defendants and Dan Boyle, a former Enron finance executive.

Brown lawyer Cogdell represented Kahanek, who called him "my hero" upon her acquittal. He said Friday he "can't wait to revisit this case."

The appeals panel erased Fuhs' convictions for lack of evidence, and he cannot be retried. Boyle did not appeal and is serving a three-year, 10-month prison term.

The panel also upheld Brown's convictions of perjury and obstruction of justice for lying to a grand jury about the nature of the deal. Cogdell and Sidney Powell, another of Brown's new attorneys, are seeking to appeal that decision to the U.S. Supreme Court.

But regarding the reversals, the panel's 2-1 ruling said the original prosecutors improperly presented a theory to win the fraud and conspiracy convictions. The opinion said the government wrongly claimed the men deprived Enron of their honest services because their actions were in line with corporate goals and didn't rob the energy company or shareholders of money or property.

The opinion also said it "should not be read to suggest that no dishonest, fraudulent, wrongful or criminal act has occurred."

Gary Brown, who probed the barge deal as special counsel for the Senate Committee on Governmental Affairs, said Friday that even with the reversals, the case sent a message to Wall Street that investment bankers shouldn't help companies fudge their financial results.

"I think people have gotten that message loud and clear, but there needs to be some resolution that's clear these people are guilty of some wrongdoing," said Brown, who is not related to defendant James Brown. He said a civil settlement would suffice, "given the fact that they've also served some time."

Powell said James Brown "wants to be vindicated."

Bayly, former head of investment banking for Merrill, and Furst, the brokerage's former liaison with Enron, served nearly a year in prison when they and Fuhs were released in June 2006 pending their appeals.

CRIMINAL LAW:

Federal Probe Floods Statehouse With Subpoenas (NSL)

By Ted Sherman And Jeff Whelan, Star-ledger Staff

Newark Star-Ledger (NJ), February 17, 2007

Democratic, Republican leaders served as inquiry into Trenton budget process grows

New Jersey legislative officials were hit with a volley of federal subpoenas yesterday, in a rapidly expanding corruption investigation into the Statehouse by U.S. Attorney Christopher Christie.

The subpoenas were served on both the Democratic and Republican leadership in the Senate and the Assembly -- seeking information on how millions in public funds were handed out over the last three years.

It was the latest development in a federal probe that began last April with an investigation into state Sen. Wayne Bryant (D-Camden), who was accused by a federal monitor of using his position to steer funding to the state's medical university after he received a "no-work" job there. The matter has now expanded into an inquiry into how lawmakers divvy up public funds.

The subpoenas, delivered by FBI agents late Friday afternoon as lawmakers were heading home, left many in Trenton thunderstruck.

"Trenton is on fire," declared Assemblyman Kevin O'Toole (R-Essex), as news of the subpoenas broke. "This is equivalent to Rome burning."

Lawmakers and other Statehouse veterans could not recall a federal probe ever going as deeply into the state's budget process.

Among those who received subpoenas were Senate President Richard Codey (D-Essex); Senate Minority Leader Leonard Lance (R-Hunterdon); Senate Majority Leader Bernard Kenny (D-Hudson); Assembly Speaker Joseph Roberts (D-Camden); Assembly Minority Leader Alex DeCroce (R-Morris), and Assembly Majority Leader Bonnie Watson Coleman (D-Mercer), legislative officials confirmed.

All planned to comply, said officials for both sides.

Michael Drewniak, spokesman for the U.S. Attorney's Office, had no comment and would neither confirm nor deny the issuance of subpoenas.

The subpoenas came after Christie's ongoing, behind-the-scenes fight for records from the Office of Legislative Services, which has been resisting his demand for information.

The Sunday Star-Ledger first reported the secret court showdown over those records last week, and the expanding inquiry by the U.S. Attorney into the Legislature.

Leaders of the Democratic-controlled Legislature have maintained that the scope of that earlier subpoena was narrowly focused -- and not necessarily indicative of a broader investigation into the Legislature itself. Yesterday's wide-ranging requests, however, made it clear that Christie was looking deeply into how the Legislature divvies up public funding.

Sources with direct knowledge of the probe have said that prosecutors are exploring whether some lawmakers have sought, through the state budget process, to steer money to nonprofit organizations that would have directly benefited them or their families.

Yesterday's subpoenas requested documents and communications from 2004 to present -- including e-mails, letters, memos and faxes -- regarding "property-tax assistance and community development grants and any other grants or assistance, commonly referred to as Christmas tree items," according to three legislative sources who saw them.

Republicans were quick to point out that Democrats have controlled the Legislature, and the budget process, during that period.

The Legislature each year awards millions in state grants with little public scrutiny or oversight. Spending for these legislative initiatives -- known in New Jersey as Christmas tree items -- more than doubled in the past five years, to nearly $350 million. Most of the money, in the form of community development grants, has historically gone to the party in power in Trenton, under a largely secretive process.

Codey said they would provide the information being sought.

"We will comply 100 percent, in every way, shape and form," he said.

Lance, confirming that his office received a subpoena, said the Republican Senate Office would also comply "completely and expeditiously" with the subpoenas.

"We have been in no way involved in the dead of night budget additions of recent years," he said. "There needs to be total transparency with regard to legislative additions to the annual state budget."

Assembly Republican Communications Director Bill Guhl, confirming the Assembly Republican Office had been served with a subpoena requesting information related to grants and budget items, said they have been clear that the Legislature should comply with the U.S. Attorney.

"We are fully cooperating with all requests from the U.S. Attorney's Office," said Guhl.

Roberts also pledged cooperation.

"Corruption is not a partisan issue. If the U.S. Attorney is going to conduct an investigation into allegations of wrongdoing, it's an inquiry that we welcome and will assist in," he said.

Roberts has already been directly questioned by FBI agents in connection with the Bryant investigation, as has several other legislators and legislative budget officials.

"I have tried to be as helpful as possible about the federal government's questions about Senator Bryant," Roberts said in a written statement late yesterday. "Federal officials spoke to me for about a half hour in December. ... I can't discuss specifics but the conversation was brief and professional."

Bryant has been a focal point of the U.S. Attorney since last year, after a federal monitor said the former chairman of the powerful appropriations committee used his position to steer state funding to the University of Medicine and Dentistry of New Jersey.

The monitor said Bryant funneled more than $12.5 million to the university's School of Osteopathic Medicine in Stratford, after he was hired to a "no-work" job that boosted his pension credits.

Federal authorities subsequently subpoenaed records about Bryant from the state Legislature, Gloucester County and Rutgers University -- where Bryant also held jobs -- and Bryant later resigned from his seat as Senate budget chairman.

Three subpoenas were served in October on the Office of Legislative Services, the state Senate and the state Treasury Department in connection with the Bryant investigation.

The Senate and the Treasury Department quickly complied with the request for information last fall. OLS, however, would not respond to the subpoena -- citing attorney-client privilege, sources have said.

In addition to serving as the nonpartisan research and operations arm of the Legislature, OLS acts as counsel to the Legislature and its members.

That led to a closed door hearing in U.S. District Court on Wednesday, as Christie sought to compel the legislative office to comply.

The stalemate turned into a politically charged debate this week spearheaded by Republicans, who accused the Democrats of a cover-up.

The Democrats on Thursday responded with charges that there was no broad investigation of the Legislature, and complained of "sensationalized media accounts based on false information about this investigation."

Staff writers Deborah Howlett and Joe Donohue contributed to this report.

Payment After Mayor's Affair Is Questioned (NYT)

By Jesse Mckinley

The New York Times, February 17, 2007

SAN FRANCISCO, Feb. 16 — In the latest development in a lingering political scandal, the city attorney here is investigating whether any laws were broken in a payment to a married woman who had an affair with Mayor Gavin Newsom.

The woman, Ruby Rippey-Tourk, worked full time in City Hall as the mayor's appointments secretary until last May, when she took a three-month unpaid leave to seek treatment for a substance abuse problem.

While she was on leave, several unidentified city employees donated their sick time to Ms. Rippey-Tourk under a program that allows city employees to transfer sick time to other city employees. After she returned from leave, Ms. Rippey-Tourk formally resigned, and was paid out the cash equivalent of that accumulated time, a little more than $10,000.

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Sam Singer, a spokesman for Ms. Rippey-Tourk, said he was not at liberty to say who had transferred their time, but that the mayor had not. Mr. Singer added that the payment was "acceptable and legal."

But on Thursday, the city attorney, Dennis Herrera, said he would examine the payment to make sure it had been "done properly under city laws and procedures."

Peter Ragone, a spokesman for the mayor, said his office welcomed the review. "We are confident the matter was handled appropriately and humanely," Mr. Ragone said.

The inquiry comes as Mr. Newsom is trying to shake off the damage from his admission last month that he had a brief sexual relationship with Ms. Rippey-Tourk in late 2005, when he was in the process of getting a divorce. Ms. Rippey-Tourk is married to Alex Tourk, who had been managing Mr. Newsom's campaign for a second term until the affair prompted his resignation.

Payments to Mr. Tourk have also been examined during the fallout from the scandal. The mayor initially promised to pay him a salary from campaign funds until he could find a new job.

After city lawyers suggested that such payments might raise ethical or legal issues, Mr. Newsom pledged to pay Mr. Tourk personally out of his own fortune, which he made from a wine and restaurant business.

Shortly after news of his affair broke, Mr. Newsom acknowledged an alcohol problem and has sought continuing treatment at an out-patient rehabilitation program here. Since then, one member of the city's board of supervisors has called for the mayor's resignation, and several prospective mayoral candidates have suggested that the popular Mr. Newsom may be vulnerable in November.

Lawyer Accused Of Destroying Evidence In Connecticut Pornography Case (NYT)

By Matthew J. Malone

The New York Times, February 17, 2007

GREENWICH, Conn., Feb. 16 — A well-known lawyer was indicted on Friday on charges that he obstructed justice and destroyed evidence in the investigation of a former church choir director whose laptop computer contained images of naked boys.

The lawyer, Philip D. Russell, 48, of Stamford, appeared in United States District Court in Bridgeport and pleaded not guilty. He was released on $100,000 bail.

Mr. Russell is accused of destroying a laptop computer containing pornography that was owned by Robert F. Tate, the longtime music director at Christ Church here. Mr. Tate pleaded guilty in January to possessing 150 to 300 images of naked boys and faces a maximum sentence of 10 years in prison.

The indictment said that two unidentified church officials and Mr. Russell, who was acting as a lawyer for the church, confronted Mr. Tate in October after a church employee who had been using the laptop discovered the pornographic images. Mr. Tate admitted that the images were his and promptly resigned.

Mr. Russell then took the laptop and dismantled it, the indictment said.

Prosecutors said Mr. Russell and the church officials allowed Mr. Tate to remove his possessions from his church apartment and arranged for him to fly from Connecticut to California. He was later arrested in Los Angeles.

Many parishioners have supported Mr. Tate, who ran the church's renowned choir for three decades. Some helped him pay his bond.

It is unclear whether there will be other indictments. Several people affiliated with the church have hired lawyers, and the Rev. Jeffrey Walker, the church's rector, has been called before the grand jury at least twice. Prosecutors did not return calls seeking comment.

Christ Church, an Episcopal congregation of 1,500, has many prominent parishioners. It was the boyhood church of former President George H. W. Bush.

Mr. Russell's lawyer, Thomas J. Williams, said Mr. Russell was optimistic that if his case was not dismissed, a jury would find his actions lawful.

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Mark Phillips, a lawyer who has worked with Mr. Russell for 17 years, said, “I have no doubt that whatever Phil may have done, that in no way did he think he was violating any law or any ethical guideline.”

Some legal observers say Mr. Russell’s case could be a test of a provision of the Sarbanes-Oxley law that places greater responsibility on lawyers to preserve evidence in situations that may become the subject of criminal prosecutions.

Congress passed the law to tighten oversight of corporations in the aftermath of the Enron debacle and other corporate fraud cases. Some of those scandals involved allegations that files and e-mail messages were destroyed before criminal charges could be brought.

Mark A. Dubois, the chief disciplinary counsel for the Connecticut Judicial Branch, said he had spoken to local bar associations in recent months to educate lawyers on the provision. He said lawyers were taken aback by the news.

“You could hear a pin drop,” Mr. Dubois said.

California: Warrant Issued In Attack On Elie Wiesel (NYT)

By Carolyn Marshall

The New York Times, February 17, 2007

The San Francisco Police Department issued an arrest warrant for a man suspected of attacking Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize. The man, Eric Hunt, 22, of Sussex County, N.J., is accused of assaulting Mr. Wiesel, 78, on Feb. 1, as he was attending an interfaith conference. Mr. Hunt, who is not yet in custody but has been located, will be charged with a hate crime, the police said in a statement. He was identified as a suspect, the police said, after claiming to be the attacker in an Internet posting.

House Dems Back Federal Shield Law (SFC)

By Zachary Coile, Chronicle Washington Bureau

San Francisco Chronicle, February 17, 2007

It would protect reporters from revealing their sources to government prosecutors

Washington -- House lawmakers, with the support of top Democratic leaders, are preparing to fast-track long-stalled legislation that would shield reporters in most cases from having to reveal their sources to federal prosecutors.

The move follows the Justice Department's decision this week to withdraw a subpoena for two Chronicle reporters after a defense lawyer pleaded guilty to leaking grand jury transcripts in the Bay Area Laboratory Co-Operative investigation, in which top athletes testified they had used illegal steroids.

Reps. Mike Pence, R-Ind., and Rick Boucher, D-Va., plan to reintroduce their federal media shield legislation next month with the support of House Judiciary Committee Chairman John Conyers, D-Mich. Conyers has pledged to move the bill through his committee quickly and to the House floor.

Sens. Chris Dodd, D-Conn., and Richard Lugar, R-Ind., are preparing to reintroduce a similar bill in the Senate, although proponents suggest it may be tougher to get a filibuster-proof 60-vote majority in the Senate, given the Bush administration's opposition.

The Chronicle case has been used by the bill's supporters as Exhibit A for why Congress should pass a law protecting journalists from having to name their sources or turn over materials to the government.

Pence, who met last month with Chronicle reporters Lance Williams and Mark Fainaru-Wada in his Capitol Hill office, said even though the journalists were spared a threatened 18-month prison sentence, their case exposed the lack of protections for journalists and their confidential sources in federal courts.

"While these reporters won't go to jail, in many respects the First Amendment is still behind bars," Pence said in an interview. "This case stands as a stark testament to the need for Congress to adopt a federal media shield statute."

Thirty-two states, including California, and the District of Columbia have media shield laws, and 17 other states have recognized some form of privilege of confidentiality between reporters and their sources. But the protections do not cover reporters in cases in federal court.

The shield law debate comes as high-profile journalists have testified under subpoena in the Washington trial of former White House aide Lewis "Scooter" Libby, who is charged with lying about the disclosure of a CIA agent's name.

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Lawmakers also are watching the case of blogger Josh Wolf, who set a record last week for a journalist imprisoned for contempt after spending his 169th day in prison for refusing to hand over a videotape of an anarchist protest in San Francisco.

The Chronicle subpoenas were withdrawn after attorney Troy Ellerman, who once represented the founder and another executive of BALCO, pleaded guilty to four felony charges in federal court this week. He faces a sentence of up to two years in prison after acknowledging that he allowed Fainaru-Wada to take notes from the transcripts of testimony in the BALCO case.

Williams and Fainaru-Wada came to Washington last month to discuss their case and lobby for a shield law. Top lawmakers -- including House Speaker Nancy Pelosi of San Francisco and Conyers -- sent letters to Attorney General Alberto Gonzales urging him to withdraw the subpoenas.

"Lance and Mark were very effective when they were here a few weeks ago. People are now paying attention," said Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press.

"Do I think they would pay more attention if (the reporters) were sitting in jail? Yeah," she said. "But this situation was egregious enough I think it's still going to be a very useful example for us to use up on Capitol Hill."

Lawmakers said they still believe the subpoenas to Chronicle reporters and the looming sentence of the leaker have sent an alarming message to both journalists and their sources.

"I don't know who put pressure on the source to reveal his identity, but I can say there is a chilling effect with respect to journalists, who are now going to be less willing to engage in investigative reporting where a confidential source may be involved," Boucher said.

"And the greater harm is the willingness of sources generally to come forward when they realize that ... a reporter can be threatened with jail time."

Sponsors of the House bill say they have redrafted it to include three major exceptions where reporters would be required to reveal information: in cases where disclosure could prevent imminent harm to national security; in cases where journalists were first-hand observers to a crime; and in cases where a corporation's trade secret was revealed.

Even though the Chronicle subpoenas have been withdrawn, Boucher said he believes the case remains one of the most compelling arguments for a federal shield law.

"This was probably the most egregious use of the prosecutorial power of the federal government to extract a confidential source from a reporter that we have seen to date. Because the subject matter did not involve national security, it did not involve imminent harm to anyone. This was a matter of finding out information about steroid use by a professional athlete."

E-mail Zachary Coile at zcoile@sfchronicle.com.

Doolittle Defends Bribery Case Figure (SACBEE)

By David Whitney, Bee Washington Bureau

The Sacramento Bee, February 17, 2007

He doubts his friend is guilty of charges tied to ex-Rep. Cunningham.

Rep. John Doolittle, R-Roseville, said Friday that he believes in the innocence of a close friend and political supporter indicted this week on charges related to the bribery of former San Diego-area Rep. Randy "Duke" Cunningham.

Brent Wilkes, a Poway defense contractor whose business Doolittle had helped land a $37 million contract, was indicted on corruption charges, including paying bribes and providing prostitutes for Cunningham, who's now in prison.

Wilkes entered a not guilty plea to the charges, handed up by a federal grand jury, in a federal court in San Diego on Wednesday. He later sent out an e-mail proclaiming his innocence.

"The investigation and its accompanying deliberate leaks of false rumors has destroyed my reputation and inflicted critical wounds on all of my business interests," Wilkes said. "Let me say loud and clear: I never bribed Duke Cunningham or anyone else."

Doolittle said in an earlier interview that he befriended Wilkes though Ed Buckham, a former staff member for then-Rep. Tom DeLay who became a lobbyist for the Alexandria Strategy Group and was a close associate of convicted lobbyist Jack Abramoff. Doolittle also has described Abramoff as a close friend.

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Over the course of their relationship, Wilkes and his wife, Regina, together with his companies and associates, contributed tens of thousands of dollars to Doolittle's re-election committee and political action committee.

In April 2005, Wilkes' corporate jet was used to fly DeLay to Las Vegas for a fundraiser at the Venetian Resort Hotel Casino for Doolittle's PAC, the Superior California Federal Leadership Fund. Wilkes contributed $10,000 to Doolittle at that event.

Later, Doolittle acknowledged he included a $37 million item in the Defense Department's budget to pay for a contract to one of Wilkes' companies, PerfectWave. He also said he tried to win a House contract for another Wilkes company, ADCS.

Asked about Wilkes' indictment during a telephone news conference Friday, Doolittle said he has read his friend's statement, and believes him.

"That's the Brent Wilkes I know," Doolittle said. But in an apparent reference to Abramoff, the congressman said that "I must admit that there are other examples of these people who turned out to be different than I imagined.

"But I've always said I don't believe Brent Wilkes could be involved in something like this," Doolittle said. "The behavior they've alleged about Brent Wilkes is inconsistent with everything I know about the man. I'll be shocked if it turns out differently."

In his own dealings with the Justice Department with regard to the ongoing Abramoff political corruption scandal, Doolittle said his attorneys have reported no progress in their efforts to clear his name in connection with any allegations of wrongdoing.

Doolittle has spent more than $100,000 in legal fees in that effort. He said Friday that he is not aware of any new legal fees charged to his re-election campaign recently, but added that "the bills just keep rolling in."

Doolittle was re-elected to a ninth term last November by a narrow three-point margin. He attributed the close vote in part to publicity about his association with Abramoff. Doolittle recently announced a 10-point plan to reconnect with voters, a key part of which begins next week with a series of town hall meetings throughout his congressional district. About the writer:

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State Awaits Changes In Sex Offender Registry (LANSSJ)

By Erik Adams, Capital News Service

Lansing (MI) State Journal, February 17, 2007

Feds working on standardization, assigning duties

A Senate bill would amend the state's 1994 sex offender registry law to follow federal registry requirements.

But unfortunately, federal officials haven't revealed those requirements.

The bill would expand information about ex-cons on the State Police public sex offender registry to include details about vehicles they own, their places of employment and convictions for other crimes.

Advertisement

2006 mandate

That would comply with a 2006 federal mandate that requires standardization of information in state registries so they can be integrated into the National Sex Offender Registry.

However, the U.S. Justice Department hasn't announced what standardization would entail. It's up to that department to read what Congress ordered and determine exactly what it means, said Sgt. Matt Bolger, legislative liaison for the State Police.

"Federal law is nowhere near as easy to read as state law is," he said.

"We're kind of waiting on that determination from the Department of Justice on what our duties are going to be."

Once those duties have been determined, Michigan lawmakers can amend state law to comply, Bolger said.

Sen. Wayne Kuipers, R-Holland, is the bill's sponsor. Darin Ackerman, Kuipers' chief of staff, said the legislation is intended to get a jump on the federal regulations.

Changes anticipated

The Senate Judiciary Committee won't take action on the bill until the regulations are announced, at which point any necessary changes will be made, he said.

In January, the State Police launched a new version of the Michigan registry that features the anticipated changes.

Bolger said offenders are not yet required to provide the additional information and that his agency hasn't been collecting it.

'Coming soon'

"There are some data on there, like registration details - last verification date, date of initial registration, date of registration expiration - those all show 'coming soon,' " Bolger said.

Shelli Weisberg, legislative director for the American Civil Liberties Union of Michigan, said the additional information could create problems for individuals other than those in the registry, such as employers.

"It would be unfortunate if an employer chose to hire someone who's on the registry - because there are so many people who are on the registry who are not dangerous and would be fabulous employees - because having the employer's place of business connected to that registry would most likely cause hardship to the employer," she said.

What The CIA Leak Case Is About (WP)

By Byron York

The Washington Post, February 17, 2007

At the end of each witness's testimony in the perjury and obstruction trial of Lewis "Scooter" Libby, after prosecutors and defense attorneys examined and cross-examined, U.S. District Judge Reggie B. Walton asked jurors to write down any questions they had. Walton would then look through the papers, decide which questions were appropriate and pose them to the witness.

Now, as the case heads to the jury, those queries are our best hints about what jurors are thinking.

But last week there was a moment when we got a hint not from a question that Walton asked, but from one he refused to ask. After the testimony of star prosecution witness Tim Russert, Walton scanned the jurors' queries and announced, "There is going to be one question I'm not going to ask. I've concluded that that question is not appropriate and therefore you should not speculate as to what the response would have been."

What was he talking about? A moment later, Walton told the jurors: "What Mrs. Wilson's status was at the CIA, whether it was covert or not covert, is not something that you're going to hear any evidence presented to you on in this trial."

"Whether she was, or whether she was not, covert is not relevant to the issues you have to decide in this case," he said.

It is The Thing That Cannot Be Spoken at the Libby trial.

From the first day, Walton has said that jurors will not be allowed to know, or even ask, about the status -- covert, classified or otherwise -- of Valerie Plame Wilson, the woman at the heart of the CIA leak case. "You must not consider these matters in your deliberations or speculate or guess about them," he told jurors in his opening instructions.

A few days later, on Jan. 29, Walton told everyone in the courtroom that the jurors are not the only ones in the dark about Mrs. Wilson's status. "I don't know, based on what has been presented to me in this case, what her status was," Walton said. Two days later, he added, "I to this day don't know what her actual status was."

Walton's reasoning is this: The trial is about whether Libby lied to the grand jury in the CIA leak investigation. Prosecutor Patrick Fitzgerald never charged anyone with leaking the identity of a covert or classified agent. Libby isn't on trial for that, so jurors -- and judge -- don't need to know.

The problem is, the entire case stems from accusations that the Bush White House illegally leaked Mrs. Wilson's identity in an effort to get back at her husband, former ambassador Joseph Wilson, for his high-profile criticism of the administration's case for war in Iraq. That's why the CIA leak investigation began, and it's why Libby appeared before a grand jury, leading to the perjury charges against him. It's what the CIA leak case is about. Yet Walton has told jurors to put it out of their minds.

However well-intentioned, the prohibition isn't working; the question of Mrs. Wilson's status came up in court virtually every day. Take, for example, the time prosecutors played tapes of all eight hours of Libby's grand jury testimony.

And what was Libby asked about?

"Did you have any sense that if you revealed the person's identity out at the CIA you may be compromising the identity of a covert person?" Fitzgerald was recorded as asking Libby.

"No, sir," Libby responded. "I mean, my, my understanding is that most of the people at the CIA are not covert . . ."

"You didn't consider that there might be a risk that a person working at the CIA might be overt to other CIA employees and even sometimes to the government, but may be operating undercover -- or might otherwise be a covert person?"

"I had no sense that it was something classified."

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The jury heard it all, aided by their own copies of the transcript and exhibits. Of course, if they thought about Mrs. Wilson's status, they would have been violating Judge Walton's order.

Then there was the argument Fitzgerald had with defense lawyer Ted Wells over Fitzgerald's theory that Libby lied because he was afraid for his job after President Bush announced that anyone who leaked classified information about a CIA agent would be fired.

Wait a minute, said Wells. "The jury has been instructed that the issue of whether it was classified or whether she was covert will not be presented in this case."

"I'm not going to tell the jury the information was classified," Fitzgerald responded. "I will tell the jury that there was an investigation into whether the law was violated."

Of course, we all knew -- and the jury knew too, since it was discussed in Libby's grand jury testimony -- that the law to which Fitzgerald referred was the one barring disclosure of a covert agent's identity.

Outside the courtroom, Fitzgerald has said that Mrs. Wilson's status was in fact classified. The Libby indictment says that, too. But the judge has not allowed the jury to see the indictment, either.

The result is that jurors have heard constant suggestions that some sort of crime, committed by the administration and perhaps by Libby himself, lies at the bottom of the case. An air of accusation hangs over the courtroom.

But the accusation can't be discussed.

Maybe in the end, jurors will be able to make sense of it all. But it's more likely that even after the trial ends, they'll still have one question they want answered.

The writer is White House correspondent for National Review.

CIVIL LAW:

GE To Record $115 Million Expense For Asbestos Claims (WSJ)

By Kathryn Kranhold

The Wall Street Journal, February 17, 2007

General Electric Co. said it will record a $115 million after-tax expense in the first quarter after losing a decade-long battle with its insurers over payments for thousands of asbestos-related claims.

In a decision released this week, the New York State Court of Appeals upheld lower-court rulings preventing GE from tapping secondary insurance to cover claims brought mostly by individuals exposed to asbestos-insulated turbines. The Court of Appeals is the state's highest court.

To date, GE, based in Fairfield, Conn., has paid more than $500 million to settle asbestos-related cases, according to court documents. GE said 509,000 asbestos-related claims were filed against the company through 2006; 40,000 are pending. GE said claims settled to date have mostly been covered by both GE's primary and secondary carriers; the rest are being covered by GE. GE didn't make the asbestos but used it to insulate turbines.

GE spokesman Gary Sheffer said, in a statement, GE was "disappointed in the decision, which is contrary to how the majority of courts have ruled." Mr. Sheffer said GE is reviewing its options.

Mr. Sheffer said the expense, amounting to about one cent per share, would have no impact on GE's financial forecast for the first quarter. GE has said it expects net income of between $4.5 billion and $4.6 billion, or 43 cents to 45 cents a share.

The lawsuit centered on whether GE's asbestos-related claims should be treated as one incident under its insurance policies issued between 1965 and 1985 or whether each claim should be treated individually.

GE was responsible for the first $5 million in coverage on each occurrence. After the first $5 million, GE could access more than $2 billion in secondary insurance.

GE argued that the claims were one occurrence, allowing it to tap the excess insurance. However, the court ruled that each claim was a single occurrence, limiting GE's access to the insurance, since few individual claims exceed $5 million. GE's primary insurer, Electric Mutual Liability Insurance Co., a GE affiliate, became insolvent in 1995.

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"GE was attempting to change a longstanding New York law on how the number of occurrences is decided in this context," said Michael Balch, of Skadden, Arps, Slate, Meagher & Flom LLP, who represented one of the insurers. He said GE wanted to consider as one occurrence "400,000-plus cases arising at thousands of sites across the country dating back 70 to 80 years."

Mr. Sheffer said the number of cases being filed each year is declining, down to 7,000 last year, compared with 61,000 in 2002. He said more cases are also being resolved without payment. More than 80% of the pending cases are for claimants who aren't sick, Mr. Sheffer said.

GE hopes "courts around the nation will follow the lead of many jurisdictions and dismiss such cases or place them on a deferred docket," he said.

Federal Appeals Court Probes Validity Of Lawsuit Over Tire-pressure Monitors (DEN)

By David Shepardson, Detroit News Washington Bureau

Detroit News, February 17, 2007

WASHINGTON --A three-judge federal appeals court panel today expressed skepticism toward tire makers and an auto safety group who say federal regulators have watered down rules requiring tire pressure monitoring systems in all new vehicles starting this fall.

Tire makers and Public Citizen argue the National Highway Traffic Safety Administration's regulation, aimed at making automakers install tire-pressure warning systems, falls far short of what Congress intended when it passed a 2000 law requiring that all vehicles be equipped with such monitors by Sept 1.

The legislation came in the wake of a recall of 13 million tires on Ford Explorers and other vehicles that were linked to nearly 280 deaths.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia heard the challenge to the NHTSA rule today, more than three years after another appeals court threw out NHTSA's first tire pressure regulation, issued in 2002.

Judges David Sentelle, Brett Kavanaugh and A. Raymond Randolph questioned whether the tire makers and Public Citizen had the legal right or "standing" to file the suit.

Marc Machlin, a lawyer for Public Citizen, noted that more than 78,000 accidents yearly are caused by under inflated tires. "It's a very serious issue," Machlin said, but was quickly cut off by Sentelle.

The plaintiffs must overcome several hurdles: one is showing that there is a "non-trivial" higher risk from the rule NHTSA imposed versus the type of tire monitoring rules they are seeking. They also must show they have a legal right to file the suit.

Sentelle said if there is only a general risk for everyone, the matter is best decided by "the political branches" -- i.e. Congress and the White House. Sentelle said under the Public Citizen theory, drivers, passengers and pedestrians -- basically everyone in the United States -- would have a right to sue.

"If everyone has standing, than no one has standing," he said.

"What has the (Transportation) department done to prevent the companies from making safer tires?" Sentelle asked. He questioned how federal regulators could be held to account by tire makers.

But Kavanaugh also asked some tough questions of Justice Department attorney H. Thomas Byron III. He said it was "odd" that NHTSA could "water down" or effectively eliminate some of the requirements that Congress set in its statute.

Byron said Congress couldn't have meant to mandate an "impossible" requirement, namely that automakers certify that their systems work with all replacement tires.

NHTSA acknowledges that up to 1 percent of replacement tires would make tire pressure systems inoperative -- or 2.25 million of the 225 million replacement tires sold annually in the United States, a figure Byron sought to downplay. "That's still a lot," Kavanaugh said.Public Citizen, along with tire makers Goodyear Tire & Rubber, Bridgestone/Firestone North America, Cooper Tire & Rubber and Pirelli Tire, and the industry trade group Tire Industry Association, filed the suit against the U.S. Transportation Department and NHTSA.

"NHTSA's watered-down standards will cause more tire failures, leading to more deaths, injuries and property damage than standards meeting statutory requirements," lawyers for Public Citizen, the safety advocacy group, wrote in a legal brief filed late last month.

It has been estimated that the requirements will cost automakers up to $1.2 billion annually to fully implement, beginning in the 2008 model year. Car manufacturers argue that the lawsuit is an attempt by the tire industry to shift their warranty costs onto them.

Tire makers say NHTSA's regulation puts drivers and passengers at risk because it fails to provide for warning drivers of low tire pressure soon enough, doesn't require the systems to work with replacement tires and allows the monitors to be tested under conditions that don't take into account cold weather extremes, which can alter tire performance.

The regulation being challenged mandates that tire pressure monitoring systems alert drivers within 20 minutes if any tire is 25 percent or more below the recommended inflation level. NHTSA's prior proposal had set the figure at 10 minutes.

When the systems are in place, a radio transmitter sends a signal to an onboard computer that lights a warning signal on the dashboard.

The rule under challenge also says all testing on the system would be done on a test track in San Angelo, Texas, which critics said would not take into account cold weather.

The regulation was issued in April 2005, after an appeals court ruled in August 2003 that NHTSA's original 2002 regulation, which set the alert level at 30 percent below recommended inflation, adopted "a standard that permits plainly inferior systems" and that was "arbitrary and capricious."

The April 2005 rule was weakened from several earlier NHTSA proposals. NHTSA rejected calls from Public Citizen and the American Automobile Association to set the alert level at 20 percent below the recommended inflation. The agency also relaxed other requirements, including that the monitoring systems work with replacement tires or spares, saying "we expect a typical vehicle will outlast its original set of tires."

Tire companies acknowledge that they are concerned about higher warranty costs, lawsuits and customer dissatisfaction.

"Tire manufacturers and the government should strive in developing standards … to make tires safer and should not adopt a less safer alternative," wrote James Stroble, manager of product analysis at Goodyear Tire & Rubber, in a court filing.

"Minimizing tire failures is a very important goal of my company."

NHTSA says it was within its authority to write the regulation and honored the intent of Congress.

It also emphasized that drivers "subject to repeated warnings when a tire is only slightly under-inflated would quickly become frustrated by the frequent exercise of re-inflating a tire by only a small amount."

NHTSA said the systems aren't designed to "warn the driver of extremely rapid pressure losses that could accompany a vehicle encounter with a road hazard."

Automakers say the burden belongs on tire makers.

"Their own products will fail if more stringent regulations are not imposed on someone else -- in this case, the vehicle manufacturers," wrote Erika Jones, who represents the automakers, in a court brief. "But the product failure that the tire manufacturers cite -- failure due to severe under-inflation -- is preventable by the tire manufacturers themselves."

NHTSA estimates the system will cost as much as $65 per vehicle and save 120 lives annually and prevent about 8,400 injuries. Public Citizen argues imposing a tougher tire pressure standard that it says could save more than 150 lives and 10,000 injuries annually, while NHTSA said it would save just 4 lives a year.

In November 2000 -- in response to the Ford Firestone recalls -- Congress required the National Highway Traffic Safety Administration within 1 year to complete a rulemaking "to require a warning system in new motor vehicles to indicate to the operator when a tire is significantly under inflated."

The widely publicized tire recalls in 2000 and 2001 were sparked by a spate of rollover accidents that killed an estimated 270 people. Ford spent more than $3 billion and more than 14 million Firestone tires were recalled.

One key problem is that many drivers rarely check their tire pressure. A 2001 NHTSA survey found just 33 percent check tire pressure on a regular basis Another study found that more than a quarter of all cars and SUVs on the road have under inflated tires.

Spokesmen for Ford, General Motors and DaimlerChrysler said 70 percent of 2007 model vehicles under 10,000 pounds have the tire pressure monitoring systems, and they will be in all 2008 models, as required.

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CIVIL RIGHTS:

Justice Department Backs Sober House Suit (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 17, 2007

The U.S. Department of Justice filed a legal brief Friday contending that a Boca Raton ordinance banning so-called sober houses from residential neighborhoods clearly violates federal housing law.

The Justice Department brief was filed in a lawsuit by a sober house operator against the city that went to trial last month. It asks a federal judge to declare the ordinance invalid and prevent the city from enforcing it. The ordinance, passed by the City Council in May 2002, would require the sober houses to move into areas of the city zoned for medical centers and hotels.

The ordinance has never been enforced because of the threat of litigation. Steve Manko, the owner of two large sober house apartment complexes -- Boca House for men and Awakenings for women -- sued the city in March 2003. The American Civil Liberties Union, representing former and current Boca House clients, also was involved in the case.

Manko's attorney, William Hill of Miami, said he was encouraged by the Justice Department filing because it supports the plaintiffs' position. The plaintiffs contend that the ordinance violates the federal Fair Housing Act and also the Americans with Disabilities Act. Under those federal provisions, people who are in recovery from alcohol or drug addiction are considered to be disabled or handicapped, providing them with housing protections.

"I'm ecstatic," Hill said. "It could not be clearer. The Department of Justice is saying what we have been saying all along: This ordinance violates the Fair Housing Act on its face. The city should have realized this was wrong years ago and not put us through this. Instead, the city has been putting forth a defense that is not legal under the Fair Housing Act."

The city maintains that Manko's sober houses are commercial and medical operations -- involving on-site drug testing, counseling and other services -- that are inappropriate for a residential neighborhood.

Jamie Cole, an attorney for the city, said the Justice Department filing did not raise any new issues.

"We believe the medical and commercial activities taking place in a residential area are inappropriate. There was no evidence in the trial that on-site activities such as these were necessary," Cole said. "If Boca House would change their operations and not do these medical-commercial operations, we would have no problem with them housing recovering substance abusers."

The Justice Department filed a separate suit against the city over the alleged housing violations in September. That case is pending. The judge hearing Manko's suit invited the Justice Department to file Friday's brief.

During the trial, U.S. District Judge Donald Middlebrooks expressed concerns about the breadth of the ordinance relegating the sober houses to commercial districts, as well as the commercial aspect of the sober house operations. He said he would rule as quickly as he could after receiving briefs from the plaintiffs, the city and the Justice Department.

Justice Department attorney Nancy Langworthy wrote that the city's ordinance "singles out for regulation housing for disabled persons and is discriminatory on its face." Langworthy asked the judge to award damages to several former and current residents of Boca House and to impose a fine on the city "to vindicate the public interest."

Attorneys for the city asked the judge to order Boca House to stop providing on-site drug testing, counseling and Alcoholics Anonymous meetings.

Manko's attorney asked the judge to award about $925,000 to Manko for lost profits, but the judge said that was a tenuous claim. Jim Green, an attorney hired by the ACLU to represent the Boca House clients, asked the judge to award them $5,000 to $20,000 apiece.

"These are people in recovery trying to make a new life. Being told they are not welcome in residential neighborhoods hurts," Green said.

If the judge finds the ordinance violates housing laws, the plaintiffs could be entitled to attorneys' fees. If the city wins, its attorneys could collect fees from the plaintiffs. The city estimated the case would cost $600,000 in fees, while the plaintiffs estimated their costs would be $850,000.

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Smile, You're On N.Y.P.D. Camera (NYT)

The New York Times, February 17, 2007

The New York Police Department has generally had the public on its side when it comes to securing the city since the Sept. 11 attacks. For their part, New Yorkers seem perfectly willing to put up with inconveniences, including traffic stops and bag searches. But the police have more and more overstepped their bounds by routinely and indiscriminately videotaping demonstrations of every kind, even peaceful ones. A federal judge was right this week to order the police to curb this conduct.

The practical effect of the order is to compel law-enforcement officers to obey guidelines that require them to state a reason to suspect unlawful activity before they videotape demonstrators. They must also get department authorization. That's a modest requirement. The city contends the current practice is not strictly unconstitutional, but the prospect of being photographed by police while merely protesting can have a chilling effect on free speech.

The city agreed in 1985 to abide by guidelines for police tactics as part of a settlement of a lawsuit by Vietnam-era political activists. Four years ago, after the 9/11 attacks, a judge agreed to give the police greater powers to investigate political groups. Unfortunately, the cops ignored the part about having a rationale for video surveillance.

This week, the same district court judge, Charles Haight Jr., rebuked the city for that failure. He said it was fine for the police to videotape the hundreds of bike riders who take to the streets on the last Friday of every month as an environmental protest, because the riders have a history of traffic violations. But taping a peaceful demonstration by activists for the homeless in front of Mayor Michael Bloomberg's home, as was done in 2005, was pointless because the group posed no security threat.

Judge Haight's lyrical opinion alluded to Longfellow, Greek mythology and even The New Yorker. We hope none of it goes over the heads of the city government, which should now move quickly to ensure the court, and the public, that it will protect New Yorkers' civil liberties.

ANTITRUST:

GM, DaimlerChrysler Deny Buyout Talks (WT)

By Sean Lengell, The Washington Times

The Washington Times, February 17, 2007

The Big Two?

The world's largest automaker is set to expand further, as General Motors Corp. is negotiating to buy the struggling Chrysler division from its German parent, DaimlerChrysler AG, sources with knowledge of the talks said.

GM and DaimlerChrysler officials have denied the existence of any talks.

"We're not going to comment on speculations concerning [any] discussions between [DaimlerChrysler] and GM," GM spokesman Tom Wilkinson said yesterday. "As we've said in the past, we've frequently discussed areas of mutual interest with other carmakers, and in a lot of cases, these discussions don't lead anywhere."

Nevertheless, Detroit and Wall Street were buzzing after the German business publication Manager Magazin reported Wednesday that GM and DaimlerChrysler were negotiating a buyout of Chrysler.

Speculation of a buyout intensified yesterday after the U.S. trade publication Automotive News reported that "high level talks" of a buyout between DaimlerChrysler and GM executives are being held.

DaimlerChrysler Chief Executive Officer Dieter Zetsche, when announcing plans Wednesday to cut 13,000 jobs at assembly plants throughout the United States, didn't rule out the possibility of spinning off the Chrysler Group.

"We don't know if any of this is true or not, but the fact that both [companies] are not commenting and the stock market is going crazy indicates that maybe there is something," said John Wolkonowicz, senior analyst with Global Insight of a Lexington, Mass., who tracks the auto industry.

"You can come up with scenarios where this makes good sense for GM. It's not necessarily a silly thing for them to do at all."

DaimlerChrysler's U.S. shares rose $3.08, or 4.4 percent, to close at $73.33 on the New York Stock Exchange. It was the shares' highest closing price since January 2000. GM shares fell 10 cents to $36.34.

Some industry experts say DaimlerChrysler executives in Germany have given up on Chrysler and want to sell the U.S. division.

"So GM could end up getting a good deal here," Mr. Wolkonowicz said.

Chrysler has bounced between losses and profits since Daimler-Benz AG purchased the U.S. automaker in 1998.

Yet aside from a poor third quarter last year, Chrysler vehicles reported strong sales for much of 2005 and 2006.

"Nobody in Germany was saying [in 2005 and 2006] let's get rid of Chrysler while we lose all this money on Mercedes-Benz," said auto analyst Charlie Hughes, former head of North American operations for Land Rover and Mazda. "So now, all of a sudden, this isn't a good marriage?

"Attitudes have changed rather abruptly [at DaimlerChrysler], which tells me basically those were the underlying attitudes all the time."

GM also may be pursuing Chrysler simply to keep Chrysler out of the hands of competitors, some analysts say.

"GM is in an aggressive mood, quietly confident that they have a lot of their house in order," said Jim Sanfilippo, an analyst at Automotive Marketing Consultants in Bloomfield Hills, Mich. "Both of these companies are North American-based; there is a common work force."

Still, many industry experts say they are skeptical.

Chrysler is cutting jobs and closing its Newark, Del., plant after a $1.5 billion loss last year. GM is reducing employment and shutting factories in North America after sales declines in the United States.

"GM isn't that flush with cash, so I don't know what they would bring to the party to buy [Chrysler] with," Mr. Hughes said.

Erich Merkle of IRN Inc., a Michigan automotive consulting firm, said GM has too many brands and plants to consider buying Chrysler.

GM "has got far too many plants that are underutilized," Mr. Merkle said. "They need to close their own plants."

Both companies have a "full plate" of issues they need to resolve, said David Healy, a Burnham Securities analyst in Sierra Vista, Ariz., who owns GM shares.

"I see no synergies at the corporate level" between GM and DaimlerChrysler," he said. "They have matching product lines and are trying to fix capacity and labor issues."

GM Reportedly In Talks With Daimler To Buy Chrysler Unit (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, February 17, 2007

Shares of DaimlerChrysler climbed yesterday after media reports that General Motors was in talks to buy the German firm's Chrysler division.

Chrysler officials in Germany played down the reports, saying the primary focus now for Chrysler was a restructuring aimed at returning it to profitability. And U.S. industry executives struggled yesterday to assess how GM would benefit from an alliance with Chrysler. GM is in the process of shrinking its operations in an attempt to increase its profit.

Other potential Chrysler suitors include European or Asian carmakers seeking a bigger foothold in North America. Renault-Nissan Motor chief executive Carlos Ghosn, who unsuccessfully sought to enter into an alliance with General Motors last year, has said he is open to new partners. He has not, however, publicly expressed interest in Chrysler.

Adding Chrysler to his alliance could help Ghosn build up his clout in the United States, the world's largest and most profitable auto market. Another key player is China's Chery Automotive, which has been trying to establish a presence here over the past few years.

The trade publication Automotive News, echoing reports in the German media, cited unidentified sources say saying GM had entered into high-level talks to buy Chrysler. Other reports have said two companies were discussing the possibility of entering into a joint-development project to build sport-utility vehicles.

DaimlerChrysler's shares gained more than $9 this week, including $3.08 yesterday, to close at $73.33 on the New York Stock Exchange. Shares were up 4.4 percent yesterday and 14 percent for the week.

In a statement yesterday, GM said: "We are not going to comment on the speculation concerning discussions between DaimlerChrysler and GM related to Chrysler."

Some industry executives suggested that GM could be interested in one or more pieces of Chrysler, rather than trying to absorb the whole company. Already, GM and DaimlerChrysler collaborate on gas-electric hybrid systems for big trucks in a consortium that includes the German automaker BMW.

An industry executive said that buying all of Chrysler could give GM additional volume and allow it to remain the world's largest automaker. Toyota is on track to supplant GM at the top this year.

Under pressure from German shareholders, DaimlerChrysler Chairman Dieter Zetsche said Thursday that he was open to all options related to Chrysler's future, including a spinoff or a sale. DaimlerChrysler also announced a recovery plan for Chrysler that includes laying off 13,000 workers and slowing production at plants that produce pickups and minivans.

DaimlerChrysler officials have said they expect Chrysler to lose money in 2007 but to achieve a profit margin of 2.5 percent by 2008. Analysts say DaimlerChrysler's other divisions, including the Mercedes-Benz car group, would offset Chrysler's losses.

The reaction in German publications yesterday to a possible spinoff was summed up by the word befreiungsschlag, which means a kind of liberation.

Until now, a separation of the two automakers had been a taboo subject, particularly when DaimlerChrysler was controlled by Juergen E. Schrempp, its former chairman. Schrempp was the main force behind the merger. Analysts said that Zetsche has now opened the path to a separation. Zetsche spent five years in Auburn Hills, Mich., as chief executive of Chrysler, leading a campaign to improve profitability.

GM And DaimlerChrysler Cozy Up, But A Merger Would Be Tricky (WSJ)

By John D. Stoll And Dennis K. Berman

The Wall Street Journal, February 17, 2007

Shares in DaimlerChrysler AG jumped to a seven-year high on renewed speculation that General Motors Corp. could buy the company's Chrysler Group unit, a further sign that a spinoff of Chrysler has strong backing among investors.

Several people familiar with the situation said it is unlikely GM would buy Chrysler, although one person with knowledge of the matter said such a deal has been touched on in recent discussions between the two auto makers.

Detroit, New York Abuzz

The rumors created a hullabaloo in Detroit and on Wall Street. Their variety -- touching on everything from acquisition theories to a possible production alliance -- speaks to the difficulty that Daimler may have in managing the process.

GM and Chrysler are discussing joining forces to develop a large sport-utility vehicle and possibly a small car made in Korea, several people familiar with the matter said, adding that a "production deal" is the most likely scenario.

On Wall Street, the focus also turned to Detroit's labor negotiations with the United Auto Workers. As so much of the industry's future is based around this contract, the issue presents a chicken-and-egg paradox for potential buyers.

Many people discounted the idea of a spinoff, saying that it would do little to fix Chrylser's main problems of cost structure and product appeal. That said, these people pointed out that what is best for the remaining Daimler side of the company may not be best for Chrysler's side.

DaimlerChrysler investors clearly favor the idea of selling Chrysler, long the smallest of Detroit's Big Three and now even smaller than Toyota Motor Corp. in the U.S. market.

On Friday, buyers snapped up DaimlerChrysler shares, pushing them up $3.08, or 4.4%, to $73.33 as of 4 p.m. in New York Stock Exchange composite trading (see chart below with Abreast of the Market). The stock last closed above $73 on Jan. 19, 2000, about two years after the merger that created the German-American auto maker and only months before Chrysler's first major earnings breakdown.

GM investors were less enthusiastic. GM shares, which recently hit a 52-week high, closed at $36.34, down 10 cents in Big Board trading.

A deal linking GM, the world's largest auto maker, and Chrysler would likely face many hurdles, including antitrust questions, integration challenges and opposition from workers.

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The head of the GM European Employee Forum, which represents GM workers in Europe, said Friday he doesn't believe GM would or should buy Chrysler. "Chrysler doesn't have the right products for the U.S. customer," Klaus Franz said in a telephone interview.

Billions Lost

DaimlerChrysler in the past week reported a 40% drop in fourth quarter earnings because of a $1.5 billion loss at Chrysler. GM has its own problems. After posting a $10.6 billion loss in 2005, GM lost $3 billion over the first nine months of last year as it booked restructuring charges.

Friday's speculation was sparked by a report in Automotive News that cited unnamed sources in Germany and the U.S. A similar article had been reported a day earlier by a German business magazine, Manager Magazin.

--Stephen Power contributed to this article.

Write to John D. Stoll at john.stoll@dowjones.com1 and Dennis K. Berman at dennis.berman@wsj.com2

GM In Exploratory Talks With Chrysler (FT)

By John Reed In London, Richard Milne In Frankfurt And Bernard Simon In Toronto

Financial Times, February 17, 2007

General Motors is in exploratory talks with Chrysler after DaimlerChrysler, its German parent, this week said it might sell the struggling US unit.

Other potential suitors for Chrysler, including car companies and private equity groups, have also expressed preliminary interest, insiders told the Financial Times on Friday.

Daimler's US shares rose as much as 6.1 per cent as rumours of the talks emerged.

The Stuttgart-based German-US company made the approach to GM through its bankers after saying it was considering "all options" for Chrysler, which lost €1.1bn ($1.4bn) last year. "Yes, we are in talks," a GM insider told the FT. "They started on Wednesday."

The talks were preliminary, and it remained unclear whether they might result in an offer to buy Chrysler, joint ventures in specific areas, or any deal at all. "We are in a very early stage," the GM official said.

People close to Daimler said there had been "lots of conversations" with several carmakers since the announcement.

"Everyone you can imagine is going to kick the tyres here," said one.

The head of a US investment bank in Germany said a number of private equity firms were in discussion with DaimlerChrysler.

It has hired JPMorgan to advise it on its options. A person involved in the talks said no substantive discussions with any potential buyer had taken place but that a range of carmakers and private equity houses were likely to be interested.

Daimler declined to comment. However, there was a feeling at the company that it did not want to be rushed into anything, and wanted to study all options in detail, from an outright sale to a Chrysler spin-off.

GM said: "We do have discussions with other carmakers with issues of mutual interest, but we won't comment on any speculation of discussions."

GM, which this year is expected to be overtaken by Japan's Toyota as the world's biggest carmaker, last year explored then rejected the possibility of an alliance with Renault and Nissan.

Analysts expressed scepticism on Friday that GM's shareholders would support the idea of a tie-up with Chrysler, the most focused of Detroit's Big Three, at a time when both face declining sales in the world's biggest car market.

GM has not made a full car-company acquisition in its recent history, although, like other groups, it forms ad hoc alliances and joint ventures.

However, "if DaimlerChrysler really want to sell Chrysler, then Rick will have to examine what the potential advantage would be", the GM official said, referring to Rick Wagoner, chief executive.

Analysts Are Skeptical Of G.M.-Chrysler Merger (NYT)

By Micheline Maynard

The New York Times, February 17, 2007

DOJ_NMG_0134105

DETROIT, Feb. 16 —The willingness by DaimlerChrysler to cut loose its Chrysler Group, ending its nine-year trans-Atlantic partnership, is drawing cheers from investors.

Shares of the German company rose nearly 14.4 percent this week, capped by a climb on Friday that was fueled by speculation that General Motors and Chrysler were holding talks. DaimlerChrysler ended the week at $73.33, up $3.08.

The talk is doing little for G.M., however. Its shares rose less than 1 percent this week, closing Friday at $36.34, down 10 cents.

On Wednesday, DaimlerChrysler said it was keeping all its options open for Chrysler, refusing to rule out a sale or a strategic partner for its American unit.

That same day, the German magazine Manager reported that high-level talks were taking place about the possible purchase of Chrysler by G.M., a report echoed on Friday by news organizations including Automotive News.

Officials at G.M. and Chrysler refused to comment.

Senior automobile executives meet frequently to discuss issues of mutual interest, so any talks between G.M. and Chrysler would not be that unusual.

Three weeks ago, Ford's chairman, William Clay Ford Jr.; G.M.'s chief executive, Rick Wagoner; and Chrysler's chief executive, Thomas W. LaSorda, were all on hand for an Economic Club of Detroit luncheon, where the topic was the nation's health care problems.

But Wall Street analysts were skeptical of an outright sale of Chrysler to G.M.

"We see a deal as possible, but by no means certain," Jonathan Steinmetz, an automobile analyst with Morgan Stanley, said in a research report Friday.

Efraim Levy, an analyst with Standard & Poor's Equity Research, added: "We see no rationale for G.M. to purchase its struggling competitor." Mr. Levy reiterated on Friday his sell rating on G.M. shares.

Indeed, G.M. has plenty on its plate, an important reason it ultimately decided not to pursue a global alliance last year with Nissan of Japan and Renault of France, despite the urging of the billionaire Kirk Kerkorian, who was then G.M.'s largest shareholder.

The primary thing that Chrysler would bring G.M. is a return to its size 20 years ago, before it set out on a series of painful revampings that have eliminated more than 100,000 blue-collar jobs and led to the closing of more than three dozen factories.

G.M. ended 2006 with 24.3 percent of the American car market, while Chrysler held 13 percent.

So if it bought Chrysler outright, and kept all its operations intact, G.M. would again control over just a third of the American car market.

That would easily allow it to fend off a challenge from Toyota, which passed Chrysler last year to rank as the third-biggest player in the American car market, with 15.4 percent.

Toyota is on track this year to unseat Ford for the second spot, given that it is opening new factories as Ford is shutting them under its own reorganization plan.

But in recent months, G.M. said it was willing to give up several more points of market share to return to solid profits. Further job cuts and plant closings are scheduled to continue through 2008.

Taking on Chrysler now would only take attention away from the task at hand, Mr. Levy said. "G.M. has little to gain and should not be distracted from its own turnaround plans," he wrote.

By contrast, Daimler investors are seeing long-awaited gains.

At Friday's close, DaimlerChrysler stock was within $1.20 of a 52-week high, prompting some analysts to predict it could be headed much higher, to levels rarely seen since the heady days after the 1998 merger.

That alone is reason enough to keep the rumors swirling a little longer, analysts said, giving DaimlerChrysler time to see whether any potential suitors come forward for Chrysler. It has hired JPMorgan as a strategic adviser.

Doubtless, there may be such suitors, Mr. Steinmetz said, if only out of curiosity. Automakers rarely get a chance to see internal data that become available when a company goes on the market.

Banco Bilbao To Expand U.S. Presence By Buying Compass Bancshares (NYT)

DOJ_NMG_0134106

By Julia Werdigier

The New York Times, February 17, 2007

LONDON, Feb. 16 — Banco Bilbao Vizcaya Argentaria, Spain's second-largest bank, after Santander, agreed to buy Compass Bancshares of the United States for $9.6 billion, making its biggest acquisition abroad in a market where it seeks to strengthen its foothold.

Banco Bilbao, or BBVA, said Friday that Compass shareholders can choose to receive either $71.80 in cash or 2.8 new BBVA shares for each of their current Compass shares. The offer represents a premium of about 16 percent to the average Compass share price during the last 10 days and 8 percent above Friday's closing price.

Spain's banks have profited from significant growth in the Spanish economy and a sharp increase in mortgage lending, even to foreigners who are buying holiday homes in the country. BBVA, based in Bilbao, in northern Spain, and Banco Santander Central Hispano, the country's largest bank, have used their profits to expand into Latin America, where economic growth has spurred demand for banking services.

BBVA owns BBVA Bancomer, the largest bank in Mexico by assets, while Santander has spent a total of $17 billion on various Latin American acquisitions since 1996. Santander now owns Mexico's No. 3 bank, Serfin, and Brazil's seventh-largest lender, Banespa.

Last year, BBVA agreed to buy State National Bancshares and Texas Regional Bancshares for 2.1 billion euros. With the acquisition of Compass, based in Birmingham, Ala., BBVA will generate about 10 percent of its earnings in the United States. It will have 622 branches in Alabama, Arizona, Colorado, Florida, New Mexico and Texas, holding a total of $47 billion of assets.

"Even though we can see the rationale behind expanding in the region, the price is very full," said Andy Lynch, who manages about 3 billion euros in European equities at Schroders in London. BBVA is paying about four times the book value of Compass and as much as 20 times its forecast 2007 earnings, according to Mr. Lynch.

Shares in BBVA dropped to 19.49 euros, down 2.4 percent, on the stock exchange in Madrid. The shares have risen 17 percent in the last year, giving it a market value of 69 billion euros ($90.6 billion).

Spain's banks have had strong growth. BBVA generated 1.8 billion euros in profit from Mexico and the United States in 2006 after building a franchise that taps the cross-border market among the Hispanic community in the United States. Santander, which paid £8.3 billion for Abbey National of Britain in 2004, said this month that higher revenue from Latin America helped raise fourth-quarter profit 13 percent.

Their growth and strong management have made Spain's banks a possible target for acquisitions by Europe's giant banks. But BBVA's acquisition of Compass may actually now make it less of a potential takeover target.

Francisco Gonzalo, BBVA's chairman, said last September that the bank received approaches from European and non-European rivals. BBVA's shares have gained after speculation that it could be of interest to the London-based HSBC Holdings or to Société Générale of France.

Mr. Gonzalo expansion plans were set back last year when he was outbid by BNP Paribas of France in an effort to buy the Italian lender BNL. The acquisition would have been BBVA's biggest since it paid 10.5 billion euros for Argentaria in 2000.

Spanish Banks Become Major Global Players (WSJ)

By Keith Johnson

The Wall Street Journal, February 17, 2007

BBVA-Compass Deal Is Just the Latest; Target: U.S. Market

MADRID -- The Spaniards are coming, the Spaniards are coming -- and they want your deposits.

Spain's two main retail banks have moved from the bush leagues to become among the largest, most efficient, most profitable in the world. And one of them just made a big play to take on two U.S. giants in a lucrative American market.

Banco Bilbao Vizcaya Argentaria SA's agreement to buy Alabama-based Compass Bancshares Inc. for $9.6 billion, announced Friday, would give it hundreds of branches in the South and West, including 163 in Texas, a fast-growing market. That would pit Madrid-based BBVA against Bank of America Corp. and J.P. Morgan Chase & Co., the Lone Star State's two biggest banks.

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That deal follows Spain-based Banco Santander Central Hispano SA's acquisition last year of a 25% stake in Philadelphia-based Sovereign Bancorp, which has almost 800 branches in nine states.

BBVA was all bluster in announcing the deal. BBVA "is much more advanced than the Citis or the J.P. Morgans" at nuts-and-bolts retail banking, said Chairman and Chief Executive Francisco González.

The U.S. rivals are expected to put up a fight. "They're competing against some of our best retail banks," said Jefferson L. Harralson, a bank analyst at Keefe, Bruyette & Woods. "It's going to be hard for them to move market share, and it's going to be hard for them keep market share."

The deal follows a string of acquisitions that have turned BBVA and Santander into the world's 15th-largest and ninth-largest banks respectively by stock-market value. Both reported record full-year profits this month.

Santander increased its assets eightfold over the past decade, thanks to massive expansion in Latin America and the United Kingdom. Despite the growth, the bank has boosted its return on equity, a key profitability measure, to about 21%, up from about 14% in 1996. BBVA is slightly smaller but even more profitable, with a return on equity of about 24%. On that score, both Spanish banks outperform Citigroup Inc., Bank of America and HSBC Holdings PLC, the big British bank.

Shares in BBVA and Santander have trailed their more sedate peers because the market expects them to keep making pricey acquisitions. The Compass deal sent BBVA's stock on Friday down 2.4% in Madrid and its American depositary shares down 2.5% on the New York Stock Exchange. Compass shares rallied 6.5% on the Nasdaq Stock Market (see chart on page B3).

The Compass purchase was BBVA's biggest ever, and Mr. González says he wants it to be one of the world's biggest banks by the end of 2008. Santander swore off acquisitions after the Sovereign deal, but it stoked deal fears anew this month by taking a 2% stake in Capitalia SpA, Italy's No. 3 lender.

The Spanish banks' efficiency stems from stiff home-market competition. To survive, they overhauled their businesses. Both invested heavily in new computer systems in the early 1990s that are just now being fully implemented. The new systems offer advantages over the traditional databases that scatter information on customers into various business "silos."

That helps BBVA and Santander sell more products to each customer than European and U.S. peers. BBVA sells almost five products to each customer, compared with about three products per customer at Compass.

As a result, for every €100, or about $130, of income, BBVA and Santander spend €43 and €48, respectively -- compared with €50 at HSBC and €55 for Compass, considered one of the Sunbelt's best-run banks. Both banks also have invested heavily in other areas, especially risk management. Both have impressive nonperforming-loan rates of less than 1%, even including their Latin American operations.

BBVA is using its computer system to change banking in Mexico, where it has attracted four million customers in the past two years. Recovering from the economic shocks of the 1990s, banking services there are trickling down to the broader population. BBVA has two million low-income "virtual" Mexican customers who deposit paychecks and spend money via credit accounts. Maintenance costs for such accounts are low, widening profit margins.

The bank originally entered the U.S. with acquisitions of Valley Bank, Laredo National Bancshares and Texas National Bancshares over the past two years, hoping to funnel money from Mexican immigrants in the U.S. to relatives' BBVA accounts in Mexico.

Now Mr. González wants to expand to more affluent American customers in Texas. The state has no major hometown player, making it one of the most competitive markets in the country. Several banks are buying and building branches there, including Capital One Financial Corp., of McLean, Va.; Wachovia Corp., of Charlotte, N.C.; and Washington Mutual Inc., of Seattle.

BBVA has taken on considerable risk with the Compass deal, which was put together by BBVA's advisers at Morgan Stanley, its lawyers at Cleary Gottlieb Steen & Hamilton LLP, Compass's advisers at Sandler O'Neill & Partners, and its lawyers at Balch & Bingham and Wachtell, Lipton, Rosen & Katz. The deal increases BBVA's exposure to dollar earnings, which could fall against the euro, the bank's home currency. Mr. González says it is a long-term play.

"If we can successfully introduce our model there, we will have reached an enormous milestone," he says.

--Valerie Bauerlein in Atlanta and Carrick Mollenkamp in London contributed to this article.

DOJ_NMG_0134108

BBVA Expands In US With $9.6bn Deal (FT)

By Mark Mulligan In Madrid

Financial Times, February 17, 2007

BBVA, Spain's second-largest bank, on Friday stepped up its push into the US by unveiling an agreed $9.6bn (€7.3bn) acquisition of Compass Bancshares, a franchise covering six states.

News of the deal drew a cool reception from investors, who drove BBVA shares down 5 per cent in early trading. However, by the close on the Madrid stock exchange they had recovered ground, and finished down 2.7 per cent at €19.49.

Analysts voiced concerns about the dilutive effect of the planned €4bn capital increase to part-fund the deal, which comes just three months after a €3bn share issue aimed at improving the balance sheet.

There were also worries about the erosion of BBVA's core capital ratios. "History shows investors should be wary of acquisitive companies," UBS said.

However, Standard & Poor's affirmed the bank's credit ratings, highlighting BBVA's "healthy asset quality, conservative risk management and a benign economic environment in most markets".

Shareholders in the US retail bank, which is present in Alabama, New Mexico, Arizona, Florida, Colorado and Texas, will be offered 2.8 American Depositary Shares of BBVA per Compass share, or $71.82 in cash.

The Spanish bank said the offer represented a 16 per cent premium over Compass's average trading price over the past 10 days. It will finance the purchase through the capital increase, supplemented with the proceeds of planned asset sales. Among these is the disposal of its 5 per cent stake in Iberdrola, Spain's second-largest power group.

BBVA, described the deal as a "decisive step" in its US campaign, which until now has involved the purchase of small banking franchises in Texas.

In 2005 it paid $850m for Laredo National Bancshares and last year acquired State National Bancshares and Texas Regional Bancshares for $2.7bn.

Although its strategy was built on linking Mexican immigrants in Texas with its Bancomer operation in Mexico, chief executive Francisco González said on Friday BBVA saw scope for exporting the "universal" Spanish banking model to the US. "When it comes to offering full financial services, we are ahead of the pack, compared with our American peers," he told the FT.

With $34.2bn in assets, 417 branches and profits last year of $460m, Compass is by far BBVA's most important US – and global – purchase to date. The deal confirms its growing frustration with Europe, where in 2005 it abandoned plans to buy Banca Nazionale de Lavoro of Italy.

Newspapers Tribune Moves Closer To A Corporate Rewrite (WSJ)

By Sarah Ellison

The Wall Street Journal, February 17, 2007

As the auction for Tribune Co. limps to a close, it is becoming clear that newspaper publishers can't sell their way out of their current woes.

Tribune's board of directors is scheduled to meet late this coming week, and while it is uncertain they will emerge from the meeting with an announcement, company management and advisers are casting aside outside offers and working on what is being billed as a "self-help" plan.

That is another way of saying that nobody came to Tribune's rescue.

Typically, if a company avoids a takeover, employees and management breathe a sigh of relief and go back to business as usual. But if this auction ends as many expect, Tribune will have to self-inflict the kinds of harsh changes that normally come from an outside buyer. That will mean even steeper cost cutting and asset sales.

That is partly because Tribune, along with many other newspaper players, waited too long to take the dramatic action that now is being thrust upon them. Tribune was forced into the auction process by its largest shareholder, the Chandler family, which pushed for action just as panic was building about the industry's prospects. The irony is that the Chandlers were too late. They are angling to remove themselves from the newspaper business they should have gotten out of years ago, when they sold Times Mirror Co. to Tribune in 2000. Today, the options are much more limited.

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John Rogers, chairman and chief executive of Ariel Capital Management, one of Tribune's biggest holders, says the market's fear of newspaper companies is a result of "group think."

"We may be looking back on things in the long term and say that this was the bottom of the cycle," he says. By that rationale, it is a good time to buy into the industry. But timing the comeback of the industry is a risky bet, and one that few investors are willing to take.

Under the current plan, at least Tribune's fate is all in the Chicago family. Sam Zell, a Windy City real-estate mogul, and the Chandlers are still circling Tribune, though any chance of either party making a successful offer is unlikely. Tribune isn't comfortable with either proposal being proffered, and neither party seems willing to increase the terms.

Under the structure being considered, the company would spin off its television stations and pay out a dividend to its shareholders. Then, one possibility is that the McCormick Tribune Foundation -- Tribune's second-largest shareholder behind the Chandler family -- would help buy out part of the Chandlers' stake in the company.

That would solve two problems for Tribune. It would reduce the Chandlers' influence -- possibly booting them off the board -- and increase control for the management-friendly foundation, which is controlled by two former Tribune executives. The three other foundation board members are current Tribune executives who have recused themselves from decision making while the sale process is under way.

The foundation is adamant that it acts independently from the company. But in the past 50 years, the foundation has had only 20 directors, all of whom have been current or former Tribune officials. Foundation offices sit just floors away from Tribune management in Chicago's Tribune Tower.

It is hard to see how buying up more newspaper stock is good for the McCormick Tribune Foundation. If most shareholders are trying to get out of the newspaper business, why wouldn't the McCormick Tribune Foundation want the same?

Vt., N.H. Ski Areas To Be Sold (BOS)

By Chris Reidy, Globe Staff

The Boston Globe, February 17, 2007

Missouri's Peak Resorts to pay $73.5 million for Mount Snow, Attitash

Two New England ski resorts, Mount Snow in Vermont and Attitash in New Hampshire, are set to be sold for $73.5 million.

American Skiing Co. of Utah said yesterday it has entered into an accord to sell Mount Snow and Attitash to Peak Resorts Inc. of Missouri.

Included in the proposed sale of Mount Snow and Attitash are the commercial cores of the Grand Summit Hotels at both locations, said American Skiing, which added that the buyer will assume $2 million in debt and other liabilities.

Saying that the sale is expected to close on or before April 30, American Skiing said it plans to use the proceeds to reduce existing debt and for working capital.

The deal will give Eureka, Mo.-based Peak Resorts its first major ski areas. That company operates half a dozen tiny ski areas in Missouri, Ohio, Kentucky, and New Hampshire.

The sale will leave American Skiing with five resorts in the Northeast and Utah.

American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. David Hirasawa, the company's investor-relations manager, said Steamboat is expected to change hands by March.

American Skiing has been investing heavily in The Canyons, its flagship 3,700-acre resort in Park City, which added terrain and lifts this winter. It also owns Killington and Pico, neighbors in central Vermont, and Maine's Sunday River and Sugarloaf/USA.

The company said Mount Snow, the closest major Vermont resort to the New York City metro area, is the fifth most popular eastern US ski area. It has an 18-hole golf course.

Attitash is a smaller, 280-acre ski hill in the heart of New Hampshire's Mount Washington Valley. It has a water park and alpine slide.

Both resorts sit partly on national forest land, and the sale will require the consent of the US Forest Service. Stockholder approval also will be required.

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Hirasawa said the sale also is subject to an antitrust review by the US Justice Department.

Executives at Peak Resorts Inc. didn't immediately return a phone message seeking comment.

Vermont Resort Sold To Missouri Company (AP)

By Paul Foy, The Associated Press

AP, February 17, 2007

SALT LAKE CITY -- American Skiing Co. said Friday it agreed to sell Vermont's Mount Snow and New Hampshire's Attitash ski areas to Peak Resorts Inc. of Missouri.

American Skiing will sell the two resorts along with Grand Summit Hotels at both locations for $73.5 million, said David Hirasawa, the company's investor-relations manager.

Peak Resorts also will assume $2 million in debt and other liabilities at Mount Snow and Attitash, the company said.

The company planned to keep the management team at Mount Snow but had not made decisions about other staffing, said Tim Boyd, Peak's chief executive officer.

The purchase will give Eureka, Mo.-based Peak Resorts its first major ski areas. That company operates half a dozen tiny ski areas in Missouri, Ohio, Kentucky and New Hampshire.

American Skiing, based in Park City, Utah, said it will use the money to reduce debt and for working capital.

The sale is set for the end of April and will leave American Skiing with five resorts in the Northeast and Utah.

American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. Hirasawa said Steamboat is expected to change hands by March.

American Skiing has been investing heavily in The Canyons, its flagship 3,700-acre resort in Park City, which added terrain and lifts this winter. It also owns Killington and Pico, neighbors in central Vermont, and Maine's Sunday River and Sugarloaf/USA.

The company said Dover's Mount Snow, the closest major Vermont resort to the New York City metro area, is the fifth most popular eastern U.S. ski area. It has an 18-hole golf course.

Attitash is a 280-acre ski hill in the heart of New Hampshire's Mount Washington Valley. It has a water park and alpine slide.

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Hirasawa said the sale also is subject to an antitrust review by the U.S. Justice Department.

Executives at Peak Resorts Inc. didn't immediately return a phone message seeking comment.

ENVIRONMENT:

Interior Ethics Lapses Rarely Punished (BOS)

By John Donnelly, Globe Staff

The Boston Globe, February 17, 2007

IG: Royalty loss could cost US tens of billions

WASHINGTON -- Officials at the US Interior Department received free golf outings, dinners, hunting trips, and box seats at sporting events from companies they monitored, but were rarely punished for the ethics violations, other than being ordered to attend two-hour ethics courses, the department's inspector general told a House panel yesterday.

Testifying before the House Natural Resources Committee, Earl E. Devaney said the ethical lapses were part of a department-wide culture "replete with a lack of accountability."

Devaney, who for seven years has been the independent overseer of a department that manages oil leases, national parks, and Native American affairs, has been in charge of numerous investigations inside the Interior Department, including one probe that has drawn intense scrutiny: What was behind the omission of royalty payments to the government in oil and gas contracts from 1998 to 1999.

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He said the loss of the payments, which kick in when oil and gas prices reached certain levels, could cost taxpayers "tens of billions of dollars" over the lifetime of the contracts. Six criminal investigations were now under way by the Justice Department relating to unethical behavior in the department, Devaney said.

Asked why the Interior Department has had so many ethical and management problems, Devaney suggested it was simply greed.

"Outside of the money at the Treasury Department, everything else [of value] that someone would want is at Interior -- oil, gas, mines, land, and water," he said. "It's been my experience that when a lot of money is at stake, bad people will show up eventually."

Still, he told the committee that "99.9 percent" of department employees were dedicated and ethical and that Dirk A. Kempthorne , the current department secretary, has in the past year tried to tackle a multitude of serious problems.

"In fairness to him, I have discerned a dramatic shift in attitude since his arrival," Devaney said.

Shane Wolfe , a department spokesman, said he was "heartened" by Devaney's statements noting the change at the department. "There is, of course, room for improvement in any organization," Wolfe added, "and we welcome the work of the inspector general in highlighting the areas that may need improvement."

Congress and Devaney's office have been investigating the broader issue of whether the Interior Department has been properly collecting money from its oil and gas contracts with energy companies. The New York Times first reported the omission of royalty payments during the late 1990s; Devaney said yesterday that he believed Kempthorne first learned of the omissions because of the Times story.

Devaney, 59, said the department's problems were deep and wide, including ineffective law enforcement , notably in Native American detention facilities; inadequate protection of some national parks' resources; a failure to follow funding and procurement laws; and an unethically cozy relationship among senior officials and companies seeking government contracts.

He also said that the Minerals Management Service rarely audited its major contracts and that the organization never reviewed the smaller ones even though they totaled millions of dollars.

"Throughout the department, the appearance of preferential treatment in awarding contracts and procurements has come to our attention far too frequently, and the failure of department officials to remain at arm ' s length from prohibited sources is pervasive," said Devaney, a Boston native who was a police officer in Dennis, Mass., in the late 1960s.

He said senior officials caught in ethical lapses were treated more leniently than junior employees. From 2003 to 2006, he said, his investigators identified 71 employees whose actions triggered ethics probes. The vast majority of those penalized were low- to mid-ranking employees.

Of the 21 senior officials whose ethical behavior was reviewed, more than half were not disciplined, Devaney said. The remainder received a reprimand that often involved a two-hour course on ethics, a transfer, or the option to resign, he said.

Representative Edward J. Markey , a Massachusetts Democrat and a member of the committee, said the findings shows "an upside-down system that punishes junior employees while rewarding or giving a pass to senior officials who have been responsible for horrendous errors in judgment, potentially criminal activities, and the loss of billions in taxpayer revenues."

Robin M. Nazzaro , director of the Government Accountability Office's Natural Resources and Environmental department , told the House panel that the royalty mismanagement could cost taxpayers as much as $10 billion for 576 active leases granted during 1998 and 1999 under the Clinton administration. Another $60 billion in royalties could be at risk because of a lawsuit filed by an oil company challenging the government's right to charge it royalties, she said.

Nazzaro also identified a separate set of problems in addition to Devaney's investigations, including the Interior Department's poor strategy in dealing with the growing number of wildfires, its inadequate land appraisals that have led to the "loss of millions" of dollars, and its failure to collect fees from tourist operations in at least three national parks.

But the committee seemed most interested in the loss of billions of dollars in oil and gas royalty contracts in the late 1990s that inadvertently allowed companies to avoid payments. Devaney characterized it as a mistake; he said he found no criminal intent.

Representative Steve Pearce , a Republican from New Mexico, countered that it must have been a "deliberate omission" and called Devaney's report a "great disservice." Devaney said he stood by the accuracy of his report.

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Six companies have agreed to pay royalties on the leases for production . But 50 other companies have refused to sign any agreement, contending that the US government is legally bound to the contract.

In Energy Conservation, Calif. Sees Light (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, February 17, 2007

Progressive Policy Makes It a Model in Global Warming Fight

At the height of the 1973 energy crisis, Arthur H. Rosenfeld had a revelation.

Disturbed about having to spend half an hour in line at a gas station one Friday night, the particle physicist calculated that keeping his floor of offices brightly lit all weekend as usual would consume the equivalent of five gallons of gasoline. So Rosenfeld took what then seemed like a bold step: He turned off the lights.

For 30 years, Rosenfeld has been one of the forces guiding California on a mission of conservation. And today the state uses less energy per capita than any other state in the country, defying the international image of American energy gluttony. Since 1974, California has held its per capita energy consumption essentially constant, while energy use per person for the United States overall has jumped 50 percent.

California has managed that feat through a mixture of mandates, regulations and high prices. The state has been able to cut greenhouse-gas emissions, keep utility companies happy and maintain economic growth. And in the wake of the Intergovernmental Panel on Climate Change report on global warming, California serves as a model for other states seeking a similar path to energy reduction. Now California is pushing further in its effort to cut automobile pollution, spur use of solar energy and cap greenhouse gases.

"California really represents what the rest of the country could do if it paid a bit more attention to energy efficiency," says Greg Kats, managing principal at Capital E, an energy and clean-technology advisory firm. "California is the best argument we have about how to very cost-effectively both reduce energy consumption and cut greenhouse gases. And they've made money doing it." Kats estimates that the average Californian family spends about $800 a year less on energy than it would have without efficiency improvements over the past 20 years.

Today, as an energy consumer, California is more like thrifty Denmark than the rest of the energy-guzzling United States. While the average American burns 12,000 kilowatt-hours a year of electricity, the average Californian burns less than 7,000 -- and that's counting renewable energy sources.

California has managed to cut its contributions to global warming, too. Carbon dioxide emissions per capita in California have fallen by 30 percent since 1975, while U.S. per capita carbon dioxide emissions have remained essentially level.

"If we're going to delay global warming, what we can do in a big hurry is energy efficiency: better cars, better buildings, better industry," says Rosenfeld, who is now a member of the California Energy Commission and who last year won the Energy Department's $375,000 Enrico Fermi Award for his contributions to national energy efficiency. "It's not the whole story. But I think it's at least half the story."

California does have natural advantages. The climate is mild in much of the state, and its high-tech and service sectors are less energy-intensive than older, heavy industry in some other states. However, even accounting for those differences, California has vastly improved its energy efficiency. The growing population and economy are still driving up electricity demand about 1 percent a year, enough to require a new power-generating station every couple of years. But if the state had not changed its pre-1974 trend of electricity consumption, by today it would have needed the equivalent of one nuclear plant every eight miles between San Diego and San Francisco, Rosenfeld says.

The reason for California's success is no secret: Electricity there is expensive, so people use less of it. Thanks to its use of pricey renewables and natural gas and its spurning of cheap coal, California's rates are almost 13 cents a kilowatt hour, according to the Energy Information Administration. The other most-energy-frugal states, such as New Jersey and New Hampshire, charge about 12 cents and 14 cents a kilowatt hour, respectively. Hawaii, which relies on oil-fired plants, tops EIA's list at about 21 cents.

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"If the history of energy consumption in the U.S. has taught us anything, it is that cost drives conservation," says Chris Cooper, executive director of the Network for New Energy Choices.

Three of the nation's most profligate users of energy -- Wyoming, Kentucky and Alabama -- have one thing in common: low prices. Their electricity prices range from 5.25 cents a kilowatt hour to 7.06 cents, according to the EIA.

"What's dirt cheap tends to get treated like dirt," Rosenfeld says.

The District, also a wasteful user of energy, has a rate of 10.70 cents a kilowatt hour, only after recent rate increases. Virginia charges average 6.78 cents, and Maryland is at 10.03 cents.

Besides high prices, California has long-standing mandates. In 1974, the state enacted its first building standards for energy efficiency.

In 1976, the governor, Jerry Brown, was looking for a way to make good on his pledge to stop the construction of the proposed one gigawatt Sundesert nuclear plant in Southern California. The answer turned out to be refrigerators -- more efficient refrigerators.

Brown learned, in a meeting with Rosenfeld, who by that time had turned his full attention toward promoting energy efficiency, that California's refrigerators were using the equivalent of five Sundesert plants. A modest improvement in their efficiency would more than offset the need for new power plants, Rosenfeld told him. So the state adopted stringent appliance standards -- before the federal government did -- and staved off construction of the Sundesert plant. The change in California's refrigerators has saved energy equal to all the hydroelectric power produced nationwide, Rosenfeld says.

Next, California adopted an innovative approach to utility regulation called decoupling so that the utilities' profits were no longer linked to simply increasing sales.

Before then, electric utilities made more money when people bought more electricity. So a Midwest utility gave away energy guzzling light bulbs; in California and elsewhere, electric utilities promoted electric stoves or electric water heaters, appliances that run more cleanly and efficiently on natural gas. In December 1973, Rosenfeld had called Pacific Gas & Electric to challenge a newspaper ad the utility was running that said: "Don't mess with the thermostat. You'll use more gas heating your house in the morning than you'll save overnight." Rosenfeld asked the company's research head if he kept his coffee on the stove all night to avoid reheating it in the morning.

In 1982, the state Public Utilities Commission came up with the decoupling idea that would allow utility profits to grow while sales declined. It set separate targets for utility revenue and electricity usage; excess revenue would be returned to consumers; a shortfall in revenue would be added to the next year's consumer bills. Greater efficiency could boost profit margins. Rates are now reviewed every six to 12 months instead of every three years. (A similar approach for natural gas utilities had been adopted in 1978.)

The power companies quickly altered their focus. Now, Rosenfeld says, the state and the utilities spend $700 million a year to promote energy efficiency. "It's cheaper than building power plants," he says. At the moment, the program has expired but is up for renewal.

California remains the only state to have adopted decoupling, though proposals are pending in seven states.

"There's an element of stability of revenues that is very attractive," said Steve Kline, a vice president at Pacific Gas & Electric. "We don't have those huge swings that other companies do if there is an incredibly cold or hot winter." And that, he added, "is viewed favorably in the financial community."

Some utilities that favor decoupling are getting support from their traditional foes: environmentalists. Ralph Cavanagh, senior attorney for the Natural Resources Defense Council in California, has filed written testimony on behalf of Idaho Power Co., which is asking that state's Public Utilities Commission to implement the practice.

"We have to break the link between their financial health and their electricity and natural gas sales," says Cavanagh. "If their financial health is tied to increasing sales, they're unlikely to be efficiency partners."

Energy-efficiency targets are also built into California's solar promotion program. To qualify for a $2,000 rebate, homeowners must show that their homes beat building standards for energy efficiency by 15 percent or more. Often, a change in the color of a home's roof from black to white can save as much electricity as the new solar panels generate, Rosenfeld says.

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Many of these techniques grow out of work Rosenfeld did at the Center for Building Science at the Lawrence Berkeley National Laboratory, which he founded in 1975. Over 20 years, the lab developed a variety of energy-efficiency technologies, including electronic ballasts that led to compact fluorescent lamps and a coating for glass that allows light in but blocks heat from either entering (during summer) or escaping (during winter).

But much of the motivation remains economic. The state's disastrous experiment in electricity deregulation -- deregulating supplies while capping retail prices -- led to a supply crisis and rolling blackouts in 2001. Soon, prices rose; PG&E sought bankruptcy protection.

Many manufacturers complain that the high electricity prices make the state an unappealing place to do business. Since 2001, California has lost 375,000 manufacturing jobs, a 19.9 percent drop that slightly exceeded the nationwide decline of 17 percent. Some firms -- such as Buck Knives, with 250 jobs, or bottle manufacturer Bomatic, with 100 jobs -- moved to states such as Idaho or Utah, where they said expenses, including energy, were lower.

Gino DiCaro, a spokesman for the California Manufacturers and Technology Association, says manufacturing investment is also "stalled" because of uncertainty about how the new legislation authorizing limits on greenhouse gases will affect energy costs.

"We've lost a lot of manufacturing jobs and we can't replace them," says DiCaro. While it's hard to blame the state's high energy costs alone, he says, "we know that . . . energy is one of the largest portions of a manufacturer's operating budget."

But for those homeowners and businesses staying in California, the high prices have provided a big incentive for greater efficiency.

Laura Scher, chief executive of Working Assets, a wireless, long distance and credit card company that donates part of its revenue to socially progressive organizations, said she checked her home's meter every week during the electricity crisis in the summer of 2001 and unplugged her family's second refrigerator. "Part of it is our prices got really high," she said. But she added that California's habits go back much further. "It's sort of a culture to be an energy conserver here," she said.

The Future Of Farming (NYT)

The New York Times, February 17, 2007

Six months ago, it was an even bet whether there would be a new farm bill in 2007. The big commodity farmers, and the interest groups that represent them, were hoping that Congress would simply extend the 2002 Farm Bill, a regressive grab bag for big agriculture. These hopes have now been disappointed. Mike Johanns, the secretary of agriculture, has unveiled his proposals for a new farm bill, which on the whole seems remarkably promising.

Mr. Johanns seems to have little desire to protect entrenched subsidies and a very strong desire to improve the environment. The question is whether Congress will listen to him or to the lobbyists.

The problems with the current farm subsidy system are legion. At home, it drives small farmers out of business and compromises the environment. Abroad, it penalizes third-world farmers and jeopardizes international trade talks.

Mr. Johanns aims to change much of that, first by ending payments to farmers with an adjusted gross income above $200,000. There will also be money for small farmers and growers of specialty crops, loans and grants to poor rural communities and help for young farmers who want to get started in an industry that has grown gray with age.

The bill also calls for $7.8 billion over 10 years to help protect the environment — which makes it the most generous conservation program the Bush administration has offered in the last six years. The bill would make it easier for farmers to enroll in conservation programs and protect conservation acreage from the urge to plow it up when prices skyrocket. The bill could also turn out to be one of the administration's more innovative energy initiatives. Implicitly recognizing that corn ethanol needs no more subsidies, it offers incentives to grow grasses that could be turned into another fuel called cellulosic ethanol.

There is much to applaud in this bill. Then again, there was much to like about the last farm bill, and we know what happened to that. Congress left many of the old subsidies intact, and failed to nourish the conservation programs. We are hoping the new Congress will have the good sense to reverse the policies that have done so much damage to rural America, and in doing so offer hope to its small farmers.

Stronger CAFE (LAT)

DOJ_NMG_0134115

The Los Angeles Times, February 17, 2007

Competing bills to increase auto fuel standards are gaining traction, although some are better than others.

REPUBLICAN SEN. Ted Stevens' resistance to fighting climate change is melting faster than his home state's glaciers. The senior senator from Alaska proposed a bill last month aimed at raising automotive fuel economy standards, in some ways higher than a competing bill backed by such traditional environmentalists as Sen. Barbara Boxer (D-Calif.)

Stevens' about-face on fuel economy (he voted against a bill two years ago similar to the one he just introduced) is welcome, even if many of his proposal's details aren't. Across-the-aisle initiatives like his are part of the reason this Congress stands a good chance of making the most meaningful improvements to the Corporate Average Fuel Economy standards since they were created during the last fuel crisis in the 1970s.

There are several competing fuel economy packages percolating in Congress. Stevens' bill is the least helpful; it calls for a 40 miles per gallon minimum for all passenger cars by 2017 — higher even than the plan by Sen. Dianne Feinstein (D-Calif.) — but it doesn't apply to pickups and SUVs, which are most in need of improvement. It also overreaches by creating a sweeping national trading system for greenhouse gas emissions.

Feinstein's bill, backed by Boxer, calls for automakers' entire fleets to average 35 mpg by 2019 (the current standard is 27.5 mpg for cars, 22.2 for pickups and SUVs, based on the averages of each vehicle sold). Feinstein's bill would do away with the separate light truck standard, which no longer makes sense. Pickups and SUVs were given a pass in the 1970s because at the time they were mostly commercial vehicles and relatively scarce; now that SUVs are commonplace passenger vehicles, there's no reason to give them special breaks.

Improving fuel economy would both reduce the carbon emissions that are warming the globe and lessen U.S. reliance on foreign oil. But would it prove financially unfeasible for Detroit? That's hard to predict, though a University of Michigan study last fall argued that improving fuel economy would actually boost automakers' financial health.

Such conclusions are highly speculative, but it doesn't take a PhD to see that Japanese automakers are growing U.S. market share while their American competitors shrink, at least partly because Japanese cars get better mileage. Japanese automakers would suffer less than Detroit because their lineups already tend not to be as heavily focused on gas guzzlers.

Of the bills on the table, Feinstein's looks to be the most sensible. But any of them would be better than the toothless mandate proposed last month by President Bush in his State of the Union address. Congress is giving Bush's CAFE proposals the attention they deserve: none at all.

FBI/DEA/ATF/USMS:

FBI: No Role In Staging March (ORS)

By Henry Pierson Curtis, Sentinel Staff Writer

The Orlando Sentinel, February 17, 2007

But use of informant at neo-Nazi rally doesn't surprise some

The FBI played no role in staging a neo-Nazi rally last year in Orlando, a statement released Friday says.

Questions about the bureau's possible involvement were raised earlier this week when a hearing in federal court disclosed that a paid FBI informant and member of the National Socialist Movement organized the white supremacist march.

"In no way did the FBI initiate, organize, or sponsor the NSM rally," the statement from the agency's Orlando office says.

The Orlando march, through a predominantly black neighborhood last February, came just months after neo-Nazi marches in Toledo, Ohio, erupted into violence.

The identity of the informant and march organizer, David Gletty of Orlando, came out in a hearing Wednesday concerning the arrests of two white supremacists charged with conspiracy to distribute cocaine.

The suspects were arrested by the FBI with the help of Gletty, 39, who wore a recording device when he agreed to help John Rock, 35, and Tom Martin, 23, impersonate police officers in a scheme to rob black drug dealers, according to testimony.

Rock and Martin remain held without bail in the Seminole County Jail.

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Word that there was an FBI informant at the Orlando march came as no surprise to neo-Nazis, the ACLU or anyone involved with law enforcement.

Many agencies use informants, and in its statement Friday, the FBI explained some of the benefits.

"By the nature of its investigative mission, the FBI . . . must aggressively pursue intelligence avenues that bring it into contact with individuals and/or organizations in unsavory and/or illegal activity," the statement says.

In fact, snitches are so common in the underworld and fringe political movements that almost everyone is suspect.

"If someone starts talking about building bombs, we know right away they're a government agent or an idiot. We don't want either," said Jeff Schoep, head of the National Socialist Movement, in a telephone call from headquarters in Minneapolis. "We have a strict policy with our members to remain 100 percent legal."

Glen Katron, a spokesman for the American Civil Liberties Union's Orlando office, said it would have objected to the FBI's involvement only had the agency tried to restrict the marchers' constitutional rights.

Quite simply, observers say, the world of cops and robbers revolves around often dangerous characters willing to sell out their friends, family and enemies.

"It's kind of a delicate balance," said Boston College Law School Professor Robert M. Bloom. "How much do you allow an informant to do certain things?"

Law enforcement agencies often help informants avoid jail time on minor or nonviolent crimes in return for making cases against more dangerous criminals, Bloom said.

That type of arrangement came out in federal court Wednesday when an FBI agent detailed the bureau's work with its informant, who a defense lawyer identified as Gletty.

FBI Agent Kevin Farrington and Assistant U.S. Attorney Robert Bodnar did not name their informant during that hearing.

But without naming him, Farrington testified under cross-examination that Gletty had been picked up in Alabama last year on a charge of impersonating a police officer. That charge was dropped after Alabama authorities contacted the FBI, even though the FBI did not request special treatment, Farrington said.

Gletty could not be reached for comment Friday.

The FBI has a long history of using informants and occasionally getting burned by them.

One of the most notorious examples was James "Whitey" Bulger, still on the 10 Most-Wanted List in connection with 18 murders alleged to have been committed while Bulger was working as an FBI informant in Boston.

"The costs outweighed the benefits," in that case, Bloom said.

Law enforcement agencies in Orange County spend more than $100,000 a year to buy information, primarily in drug cases, according to interviews Friday.

"All the good stories you get about busts going down are based on informants," said Bill Lutz, head of the Metropolitan Bureau of Investigation, which has used 1,100 informants since 1978.

"Here's the problem: As one of our lawyers once said, 'In order to catch fish you've got to use stinky bait.' They're the bait that allows us to catch the bigger fish."

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Legal Sideshow, Not Home Run Hoopla, Follows Bonds (NYT)

By Murray Chass

The New York Times, February 17, 2007

When Babe Ruth broke Roger Connor's career home run record, no one paid much attention. Connor had hit 138 home runs in the 1880s and 1890s, and Ruth passed him in 1921 with little or no fanfare. Much was made of Henry Aaron eclipsing Ruth's record in 1974, but even then probably the most notable thing that happened was that Aaron shoved a box of strawberries in a reporter's face.

But Barry Bonds's threat to Aaron's record of 755 couldn't generate more of a sideshow.

Bonds's pursuit of the record — he needs 22 home runs to break it — is entwined with the issue of steroids. Did he or did he not use them to slug 213 home runs in a four-season span from 2000 through 2003? Or did he just use a good grade of flaxseed oil?

One act of the sideshow was written out of the script when Bonds signed his $15.8 million contract for the 2007 season the other day, 10 weeks after he and the Giants agreed to its terms and two weeks after he first signed it.

A second version of the contract became necessary when the commissioner's office struck an appearance clause from the original version. Bonds became upset by another clause in the contract after it leaked out. That clause says the Giants can void the contract if Bonds is indicted.

Any indictment would be put together by the United States attorney's office in San Francisco, which has a new interim head, Scott N. Schools, who replaced Kevin V. Ryan. Schools is a career federal prosecutor who previously served as a general counsel in the Justice Department. For now, he will run a San Francisco office that was apparently divided last summer over whether to push right then and there for an indictment of Bonds.

The term of the federal grand jury that was meeting at that point was about to expire, and lawyers involved in the Bay Area Laboratory Co-Operative steroid-distribution case say there was a split among assistant United States attorneys about seeking an indictment before that jury was dismissed. The lawyers said their understanding was that Ryan decided not to go forward.

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Luke Macaulay, the spokesman for the San Francisco office, said Ryan would not comment. Jeffrey Nedrow and Matthew Parrella, assistant United States attorneys in that office who have been involved in the Balco case, declined to comment on the issue of division in the office. Attempts to interview Schools through requests submitted to the public affairs office of the Justice Department and to Macaulay were unsuccessful.

But a federal law enforcement official with knowledge of the San Francisco office, who was not authorized to speak publicly on the matter, did not dispute the notion that an indictment was debated last summer. In addition, Major League Baseball officials said they were told there was at least some sentiment within Ryan's staff to indict Bonds, but that Ryan was not ready to do so.

Michael Rains, a lawyer for Bonds, said he was given the same information.

"It was Ryan who had to pull back," Rains said, "because they didn't have the evidence and they made the decision to try and get additional evidence from Greg Anderson."

Anderson, Bonds's former trainer, has been jailed three times in connection with the Balco case. He served three months after pleading guilty to steroids distribution, and he is now in his second prison term for refusing to testify before grand juries seeking to determine if Bonds lied under oath about steroids use.

Anderson served 57 days on a civil-contempt charge last year and has been in prison for three months, since last Nov. 20, on another contempt charge. This sentence could run for another year, until the term of the current grand jury expires.

Based on Anderson's continued incarceration, the perception is that Ryan felt Anderson's testimony was essential to building a solid case that Bonds perjured himself before the initial grand jury.

Ryan, however, is gone, and it's not known how Schools will view the case.

Will he find that the case against Bonds is strong enough to proceed without Anderson? Will he keep Anderson in jail, hoping he will end his silence? Or will he abandon any effort to indict Bonds?

Asked how the office might proceed, Parrella said: "Without addressing the issue of whether there's a case or a grand jury investigation, typically the new U. S. attorney is the person who ultimately makes decisions on cases."

Mark Geragos, Anderson's lawyer, offered his own idea.

"Any reasonable, rational person at this point would realize that Greg Anderson isn't going to talk," Geragos said in a telephone interview. "Keeping him in there is punitive. They should take a page from the administration letting Ryan go. They should let Greg go."

Bonds also faces possible charges of money laundering, income-tax evasion and violation of banking laws, but Rains said: "This has never had the footprints of a tax case. This has always been about trying to nail Barry for perjury."

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Anderson's willingness to remain in jail has prompted speculation that Bonds will take care of him financially. "There's no truth to that," said Geragos, adding that anyone who said that would be accusing Bonds of obstruction of justice.

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The grand jury that is sitting in San Francisco, with its term expected to end next February, is the third in the Balco/Bonds investigation. The Bonds indictment debate would have come toward the end of the second grand jury's term last July.

A debate on whether to indict is not uncommon in a United States attorney's office, said Jerry Johnson, who as the United States attorney in Pittsburgh prosecuted the baseball cocaine cases in 1985.

"That kind of thing happens in U. S. attorneys' offices," he said in a telephone interview earlier this week. Then he explained the philosophy of the man in charge: "My name is on the door, and I will make the final decision. Whether it's declining or going forward on a case, if the U. S. attorney isn't making the final decision, that person wouldn't be doing his job. It's the U. S. attorney's decision, no one else's."

Johnson added, "Oftentimes, it takes as much or more courage to decline a case as it does to bring an indictment."

IMMIGRATION:

Support Swells For Agents Who Shot Drug Smuggler (WP)

By Darryl Fears, Washington Post Staff Writer

The Washington Post, February 17, 2007

Conservatives Lead Movement to Free Ex-Border Patrolmen

Early this week, the Bush administration urged angry conservatives to remain calm over the convictions of two former Border Patrol agents who shot an unarmed Mexican drug smuggler, but petitions for their release continued to flood the White House.

It did not help that one the lawmen, Ignacio Ramos, was attacked by Latino gang members in his cell at the Yazoo City Federal Correctional Complex in Mississippi and beaten bloody. Days after prison officials confirmed the beating on Feb. 8, Department of Homeland Security officials admitted that an inspector general's report erroneously quoted Border Patrol agents as saying Ramos and his partner, Jose Compean, intended to kill Mexicans.

Rep. Tom Tancredo (R-Colo.), founder of the House Immigration Reform Caucus and a presidential candidate, visited Ramos in prison and told him of the movement against his incarceration, including candlelight vigils, rallies, and a storm of criticism on conservative talk radio and television. Rep. Dana Rohrabacher (R-Calif.) threatened to call for impeachment proceedings against President Bush if the agents were harmed in prison, and Sen. Dianne Feinstein (D-Calif.) promised to look into the matter.

John Gage, president of the American Federation of Government Employees, said that the 700 people who will attend the organization's annual convention in Washington on Feb. 25 will "speak with one voice" against the prosecution and conviction of the agents. The union, which represents Border Patrol agents and other federal workers, implored Bush in a letter this month to pardon Ramos and Compean.

"We think this thing has been mishandled from the start," Gage said. "We're meeting . . . with the head of the Bureau of Prisons. I'm going to raise some hell there to find out why these guys are in that particular institution."

According to a report by the DHS inspector general's office, the incident that landed the agents in trouble started on Feb. 17, 2005, when Asvaldo Aldrete-Davila, an admitted Mexican drug smuggler, drove across the border into Texas with 740 pounds of marijuana. He saw Border Patrol agents trailing him, panicked, and drove into a ditch.

During the chase that followed, Aldrete-Davila scuffled with Compean after the agent tried to smack him with the butt of a shotgun. The agents said they saw something in the suspect's hand and feared for their lives, according to the report and court testimony.

A fuselage of bullets from Compean and Ramos missed. Finally, Ramos took careful aim as Aldrete-Davila neared the border and hit him in the buttocks.

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After the shooting, the agents collected all shell casings at the scene, threw them away and did not mention the shooting to superiors, a violation of Border Patrol procedures that call for an oral report after a weapon is discharged, according to the report and court records.

Investigators granted immunity to Aldrete-Davila to lure him back across the border. The story he told was corroborated by other officers at the scene, the report said.

In March last year, Ramos and Compean were found guilty of multiple charges, including assault with a dangerous weapon, discharge of a firearm in commission of a crime, and tampering with a crime scene. Judge Kathleen Cardone issued an 11-year prison sentence to Ramos and a 12-year sentence to Compean in October. The agents appealed to a higher court, and their conservative supporters started to pressure Bush to release them.

Since the convictions, a group called Grassfire.org has collected 40,000 signatures on a "Pardon the Agents" petition. Angry congressional Republicans -- including Rep. Ted Poe (Tex.), Rep. Phil Gingrey (Ga.) and Rep. Walter B. Jones (N.C.) -- also wrote Bush to say they are flummoxed over why the government accepted the word of an illegal-immigrant drug dealer over that of government agents.

"There's clearly a lot of interest in this issue," White House spokeswoman Dana Perino said. She said the Bush administration has a policy against revealing the number of letters, petitions and requests it receives on any given matter.

"The president has urged everyone to look at the facts of the case, as they were convicted by a jury of their peers," Perino said. "There is a legal process that every defendant is entitled to, and we should let that play out."

Mexico: U.S. Security Chief In First Visit (NYT)

By James C. McKinley

The New York Times, February 17, 2007

On his first official visit to Mexico, Homeland Security Secretary Michael Chertoff said he considered an expanded guest-worker program for Mexican migrants as key to stopping terrorists and criminals from slipping into the United States. “Every time a Border Patrol officer is transporting a load of future housekeepers and landscapers to some place to be returned, he’s not looking for drug dealers or drug loads,” Mr. Chertoff said after two days of meetings with Mexico’s top security officials.

CONGRESS-ADMINISTRATION:

House Advances Minimum Wage Hike (WP)

By Lori Montgomery, Washington Post Staff Writer

The Washington Post, February 17, 2007

The House yesterday overwhelmingly approved a modest package of tax breaks for restaurants and small businesses, moving Congress one step closer to approving the first increase in the federal minimum wage in nearly a decade.

On a vote of 360 to 45, the House agreed to extend and expand credits and deductions to save taxpayers $1.3 billion over 10 years. It would adjust the tax code to increase collections by a similar amount. The measure would also guarantee that restaurant owners could keep a tax credit worth an estimated $500 million over 10 years.

The measure now moves to the Senate, which passed a far more generous $8.3 billion tax package this month under pressure from Republicans who refused to support a higher minimum wage unless it included tax relief for small businesses. Leaders in both chambers were optimistic yesterday that their differences could be resolved after Congress returns at the end of the month from its first break of the session.

"The House tax relief package aimed at the small businesses most affected by the increase in the minimum wage is a good first step, but we can do much better," Senate Minority Leader Mitch McConnell (R-Ky.) said in a written statement. "While I support the more robust Senate package, I know we can create a stronger bipartisan package that provides meaningful benefits to both those who earn the minimum wage and those who pay it."

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Both chambers have agreed to raise the minimum wage to $7.25 an hour, from $5.15, over two years. The minimum wage now is the lowest in 50 years when adjusted for inflation, and a raise for the nation's lowest-paid workers is among the top priorities of the new Democratic congressional majority.

At first, House leaders insisted that the Senate approve the minimum-wage increase without adding small-business tax breaks. But that push failed in the Senate, and House leaders quickly reconsidered their position. Leadership aides were uncertain yesterday whether negotiations over the tax packages would take place in a conference committee or by some other method.

The two packages offer similar forms of tax relief, though the Senate bill is far more generous. For example, both packages would extend tax credits for employers who hire former welfare recipients, at-risk youth and other targeted groups, as well as a law that allows small businesses to quickly deduct $112,000 for equipment purchases. However, the House bill would raise the deduction amount to $125,000. And both packages contain specific breaks for restaurants, which employ a large number of the nation's minimum-wage workers.

The bigger difference is in how the each chamber would pay for the tax breaks. The House would close a loophole that permits wealthy taxpayers to shelter income by shifting it to their children. It would also create an accounting gimmick that would get more money from businesses with assets of more than $1 billion in 2012 and then reduce their taxes by the same amount in 2013.

The Senate package, in contrast, squarely targets corporations, executives and other highly paid workers by closing tax shelters, eliminating the deduction for fines and penalties paid in connection with lawsuits and barring executives from placing more than $1 million a year in deferred compensation plans.

Business lobbyists have already chosen sides, with the National Federation of Independent Business and small-business groups supporting the Senate package. The U.S. Chamber of Commerce, meanwhile, is lobbying for the House bill in hopes of killing Senate provisions that it finds objectionable, including the limit on deferred compensation, one of the most popular perks in corporate America.

Tax Breaks Sweeten House Wage Measure (WSJ)

By Sarah Lueck

The Wall Street Journal, February 17, 2007

WASHINGTON -- The House overwhelmingly approved more than $1 billion in small-business tax breaks to be attached to an increase in the minimum wage, paving the way for compromise talks with the Senate over lifting the hourly pay floor for the first time in a decade.

For the minimum-wage increase to become law, the chambers must meld the House small-business tax breaks with a bigger Senate-passed tax package valued at $8 billion in breaks in 10 years. The challenge: to settle on a tax package that is substantial enough to persuade a sufficient number of Senate Republicans to support a pay raise they say will hurt small employers, yet small enough to appease House Democrats, who initially balked at attaching any tax breaks to the minimum-wage bill.

On top of that, the House and Senate have agreed to work under a budgeting constraint that requires any tax breaks to be offset by revenue increases, so as not to increase the deficit. The Senate's larger tax-break package required an array of offsets that would restrict corporate tax shelters and loopholes and limit executive deferred-compensation plans, among other changes.

Some of those items have been criticized in the House, as well as by some business groups. In fact, many business groups have backed the House version of the wage measure because it avoids some of the more painful offsets, even though it means fewer tax breaks.

To get to the compromise on the size of the tax breaks, the House would likely have to agree to move closer to the Senate's view. Friday, just before the House's 360-45 passage of its small-business bill, Republican Sen. Charles Grassley of Iowa, the ranking member of the Finance Committee, called the House package "puny."

There is common ground on the substance of some breaks. Both the House and Senate bills would extend a credit for businesses that employ disadvantaged workers and a deduction for small companies' equipment expenses.

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"I know there are differences between the bills, but I'm confident they'll be worked out," said Sen. Max Baucus, the Montana Democrat who is chairman of the Senate Finance Committee. The bill would raise the minimum wage by $2.10 an hour -- from $5.15 to $7.25 -- over two years.

Even if the House and Senate meet in the middle on the amount of tax breaks, it could be challenging to find $4 billion in offsets that are agreeable to both sides. Key members of the House have criticized some of the larger offsets in the Senate bill: limits on "sale-in, lease-out" tax shelters (SILOs) and "corporate inversions," in which companies reincorporate in a foreign country to avoid paying U.S. taxes on foreign income.

The deferred-compensation provisions have prompted an outcry from business groups much larger than the revenue the measures are estimated to raise, making some in the House question whether it is worth including them.

House Ways and Means Chairman Charles Rangel, a New York Democrat, has said the SILO and inversion provisions are problematic because they are retroactive.

Specifically, the Senate bill would move back the effective date of existing limits and bar companies who used such arrangements from getting tax benefits in the future.

Familiar Problem Stalls Minimum Wage Bill (NYT)

By Edmund L. Andrews

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — When Democrats campaigned last fall to recapture control of Congress, few domestic issues seemed to have as much winning potential as raising the minimum wage.

Democrats ostentatiously signed pledges to block any pay increase for Congress until it raised the minimum wage. They organized ballot initiatives to raise the state minimum wage. And when they did recapture the House and the Senate, Democrats made it a top priority.

Yet after six weeks in power, the Democratic-led House and Senate have yet to agree on a final bill. The obstacle is the same one that stymied Republicans time after time when they had control: paralyzingly thin margins in the Senate.

On Friday, the House voted 360 to 45 to pass a $1.3 billion tax cut for small business, which will be linked to a bill that would raise the minimum wage to $7.25 an hour from $5.15. But the Senate, where Democrats need Republican votes to prevent a filibuster, has coupled the minimum wage bill with $8.3 billion in tax cuts for small business.

Lawmakers are not expected to reconcile the difference until after their “Presidents’ Day District Work Period” next week, and it remains unclear how difficult those negotiations will be. Further muddying the outlook is a split between small-business groups and big-business groups over which bill to support.

“I would not say we’re surprised at the delay,” said Representative Sander M. Levin, Democrat of Michigan. “But I would say we are chagrined.”

Few lawmakers doubt that Congress will eventually approve the higher minimum wage, which was last raised 10 years ago. The battle is over how much business groups and Republicans can demand in return.

Republican lawmakers have demanded that Congress link an increase in the minimum wage, which business groups have long opposed, to tax cuts that they say would ease the burden for small businesses. House Democrats initially ignored those demands, passing a “clean” minimum-wage bill with no tax cuts last month.

But Senate Democrats, who needed Republican votes to attain a 60-vote majority to cut off debate, agreed to include $8.3 billion in tax cuts over the next five years.

The Senate tax cuts included a one-year extension of a tax cut that lets small companies write off up to $100,000 a year in equipment spending as well as extensions of tax breaks that allow restaurants and small shops to write off property improvements more quickly.

Those measures have strong support from small-business groups, led by the National Federation of Independent Business. But the Senate bill provoked strong opposition from the United States Chamber of Commerce, which objected to revenue-raising provisions that would have eliminated tax deductions on certain forms of executive compensation and for the cost of settling lawsuits.

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The Chamber, which represents both small and large companies, supported the House bill with its smaller tax cut and provided enough political cover for 141 Republicans to join 219 Democrats in voting for passage.

"Bipartisanship is alive and well in the House of Representatives," Representative Charles B. Rangel, Democrat of New York and chairman of the House Ways and Means Committee, declared after the vote on Friday.

Some Republicans were far less enthusiastic than their votes suggested, taking comfort in the fact that they had exacted at least some price for their cooperation.

"The simplest argument in favor of this is that it's got the Chamber's support," said Representative Darrell Issa, Republican of California, who voted aye but complained that the bill was not a "real tax cut" at all.

"They're giving a tax cut to small business but raising taxes on the rich," Mr. Issa said.

One provision, for example, would eliminate a tax break that allows wealthy families to reduce capital gains taxes by shifting some of their income to their children.

Mr. Levin, a senior member of the Ways and Means Committee, said he and most other House Democrats would have preferred to avoid the whole issue of tax cuts.

"It's all about getting 60 votes in the Senate," he said wearily.

Senator Max Baucus, Democrat of Montana and chairman of the Senate Finance Committee, said lawmakers were within weeks of reaching their goal. "I know there are differences between the bills," he said, "but I'm confident they'll be worked out."

Even if the House and the Senate come to agreement, the skirmish over comparatively small tax cuts tied to the minimum-wage bill is likely to be a harbinger of far more vexing battles later this year.

House Passes Minimum Wage Bill With Tax Breaks (WT/AP)

By Associated Press

The Washington Times, February 17, 2007

The House overwhelmingly approved business tax breaks worth $1.8 billion over 10 years yesterday, a key step toward forging a congressional compromise on increasing the minimum wage.

The vote on the tax cuts was 360-45.

Passage of a wage increase for the lowest-paid workers now depends on how quickly the House and Senate work out differences between their tax packages. The Senate tax breaks -- worth $8.3 billion -- are more than four times bigger than the ones passed in the House.

Senate Finance Committee Chairman Max Baucus, Montana Democrat, said House and Senate negotiators could reconcile differences in the bills within two or three weeks.

"The minimum wage provision is going to trump all of this and is going to drive us to get this thing done pretty quickly," Mr. Baucus said.

Under the House bill, small businesses would see an extension in some tax write-offs that are scheduled to expire and would be able to continue to claim a tax credit for hiring disadvantaged workers. The legislation also would ensure that restaurants, which can deduct Social Security taxes paid on tips above the minimum wage, would not be hurt by the wage rise.

The House bill also would raise revenue by closing a loophole that permits wealthy taxpayers to shift income to their children and avoid higher taxes on capital gains and dividends.

The House vote displayed the influence the Senate's Republican minority can have on congressional legislation. House Democrats had demanded a minimum wage bill without any tax provisions. Senate Democrats insisted that without some tax relief, the minimum wage would lose necessary Republican backing.

Senate Republican officials predicted the final tax package would be closer to the House version than the Senate's. Small-business groups have sided with the Senate, but the U.S. Chamber of Commerce is lobbying for the House version.

The bipartisan agreement behind the House tax package was in stark contrast to the largely partisan debate on Iraq that consumed the House for most of the week. Lawmakers held up the House bill as a model for legislative cooperation. Still, some Republicans complained that Democrats prevented them from offering amendments on the House floor.

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Rep. Charles B. Rangel, New York Democrat and chairman of the House tax-writing Ways and Means Committee, said the legislation "should set the tone for the rest of the Congress as we search for common ground and solutions to tough issues."

The minimum wage bill had become the new Democratic majority's first legislative challenge. The $2.10 an hour increase -- from $5.15 to $7.25 over two years -- was a Democratic campaign issue last year and was at the top of the party's legislative agenda. But the bill faltered when House and Senate Democrats disagreed on the need for tax cuts.

With its $8.3 billion tax package, the Senate would extend tax credits and tax write-offs and provide new tax preferences to certain companies. It also would eliminate some tax shelters and add new taxes on lawsuit settlements and punitive damage payments and on deferred compensation packages for higher-paid executives.

"The House package is puny," said Sen. Charles E. Grassley of Iowa, the ranking Republican on the Senate Finance Committee. He called for a compromise that would close tax loopholes, raise more revenue and "help small businesses that sometimes are hurt by an increase in the minimum wage."

Groups representing small businesses, such as the National Federation of Independent Business, prefer the larger Senate bill. The U.S. Chamber of Commerce supports the House bill because it objects to the Senate's revenue provisions, particularly the plan to eliminate deductions for payments in lawsuits.

President Has 2 Moles Removed From His Face (WP/AP)

By Associated Press

The Washington Post, February 17, 2007

President Bush had two moles removed from his left temple yesterday. His doctors say they expect tests on the skin growths to show that they are noncancerous.

The five-minute procedure, called a shave biopsy, was performed in the White House office of Bush's official physician, Richard J. Tubb.

Stephen Krivda, a dermatologist from Walter Reed Army Medical Center, performed the procedure, for which only a local anesthetic was required.

Bush will have a one-inch scab on his temple, spokesman Scott Stanzel said. Test results will be available by the middle of next week.

"The doctors expect that both moles are benign," Stanzel said.

Bush has had several lesions removed before: a precancerous lesion on his left arm in August, a noncancerous skin growth on his neck in July 2005, small lesions from his left shoulder and face in 2004, and others from his face in December 2001. None has been cancerous, but the president has regular checkups to guard against any lesions advancing to a more dangerous stage.

The procedure came about at the president's initiation. On Monday, he showed one mole he noticed to Tubb, who noticed another and recommended that both be removed, Stanzel said.

Controversy Likely To Follow Cheney To Asia (LAT)

By Maura Reynolds, James Gerstenzang

The Los Angeles Times, February 17, 2007

Recent events haven't been kind to the vice president, but ex-aides aren't counting him out.

WASHINGTON — Vice President Dick Cheney is set to depart Monday for a weeklong trip to Asia, and many in Washington are wondering whether he might be grateful for an excuse to high-tail it out of town. The past few weeks have not been kind to the vice president — or at least to his public image.

Last week, a close ally was dressed down by the Pentagon inspector general for skewing intelligence before the Iraq war. The trial of his former chief of staff has depicted the vice president's office as a center of underhanded intrigue. And this week's announcement of a nuclear agreement with North Korea appears to be a repudiation of Cheney's long-term opposition to a deal.

Those events, culminating months of bad news for the conservative wing of the Republican Party, have prompted speculation that the once-formidable vice president — the most powerful in American history — has become a spent force.

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But while Cheney's public standing and his approval ratings appear to have suffered, he remains a highly visible presence when it comes to administration policy, both foreign and domestic. And the ultimate source of Cheney's influence, his seemingly unique relationship with President Bush, shows no visible sign of change.

Mary Matalin, the former senior Cheney aide who still serves as an informal advisor, acknowledged that it might look as if he has lost a few battles in the recent past; but, she said, such public perceptions matter little.

"He doesn't operate in the realm of winner-loser. He's got an audience of one," Matalin said. "The notion that he's lost or gained relative to the audience of one is backed up by not one scintilla of evidence."

Former aides and defenders say that Cheney was never as powerful as his critics feared, and that he is not as diminished now as critics might hope.

"Yes, there has been some ebb in his influence, but that's part of the normal life cycle of an administration," said Stephen Yates, a former member of the vice president's national security staff who now works as an international business consultant. "He wasn't 12 feet tall before, and he's not 2 feet tall now."

For a vice president who put a high value in keeping his profile low and his advice to the president private, Cheney has been anything but invisible.

He has long been — and remains still — the keeper of the conservative faith in the White House. He continues to be an outspoken defender of an administration struggling to fix the centerpiece of its foreign policy, the war in Iraq. And he seems undaunted by a public that expresses dissatisfaction with the overall direction of the country.

Several of those roles were on display Wednesday when the vice president delivered an address to the National Assn. of Manufacturers. He told the largely conservative audience that the president would veto a bill that would set rules for how workers vote for union representation — a bill the group opposes.

Cheney also tossed a bit of conservative red meat to the crowd, noting that a snowstorm overnight had shuttered much of the city. "The good news is, the federal government's shut down today. So everybody's safe," the vice president said. Cheney has held positions in the federal government for most of his adult life, but the audience laughed anyway.

To some extent, Cheney suffers from circumstances of the political calendar: He said long ago that he would not run for president, and the president he serves is a lame duck.

"Political history would say that vice presidents who have no [political] ambition become lame ducks even earlier" than their presidents, said Paul C. Light, a New York University professor who has long studied the vice presidency.

Moreover, many of Cheney's administration soul mates are no longer on the job.

Former Secretary of Defense Donald H. Rumsfeld was forced to resign last fall. Cheney's former chief of staff, I. Lewis "Scooter" Libby, stepped down after he was indicted on charges of lying to investigators probing a leak of classified information. Former Undersecretary of State John R. Bolton has left the administration after serving as temporary, unconfirmed U.S. ambassador to the United Nations.

Several former Cheney aides said the vice president's staff had lost influence within the White House. His current chief of staff, David S. Addington, does not have the same status as Libby, who held multiple positions including "assistant to the president," which gave him a seat in more White House meetings.

And on Capitol Hill, congressional Republicans lament the departure of Cheney's former legislative aide, Brenda Becker.

"His personal influence hasn't diminished, but at the staff level, the office of the vice president isn't as influential as it was," said one former aide who was not authorized to speak about the vice president on the record.

Cheney is scheduled to visit U.S. troops stationed on the Pacific island of Guam and to pay a visit to two allies who have contributed to operations in Iraq: Japan and Australia. The White House announcement said that "the president has asked the vice president to thank these two allies for their efforts in Iraq and Afghanistan."

But already there are complications. News reports from Tokyo have said Cheney would not meet with Japan's minister of defense, who has publicly criticized U.S. policy in Iraq. And in Australia, the visit may turn out to be a liability for Prime Minister John Howard, who is running for reelection. Australian polls show a strong majority disapproves of the war and Australia's contribution to it.

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In short, Cheney is unlikely to flee controversy just by leaving Washington. "He's going to Australia. He's going to Japan. He's the go-to guy on the Hill," said Matalin. "And he's taking a lot of incoming."

Cheney Tours With Bush's Confidence (CHIT)

By Mark Silva

Chicago Tribune, February 17, 2007

WASHINGTON -- Vice President Dick Cheney has lost his chief of staff and confidant, who now faces an imminent verdict in a federal courtroom for alleged perjury. And Cheney's party has lost control of Congress, with midterm elections widely viewed as a repudiation of the Bush administration's Iraq war policy.

Yet Cheney has not lost his influence with President Bush, who often has counted on his sharp-tongued No. 2 to launch the most searing offensives against political and administration critics. And, since the retirement of former Defense Secretary Donald Rumsfeld and a recasting of the administration, Bush has counted even more on the hardest of his hard-liners to hold the White House line.

Now, with the administration besieged by congressional critics of the war in Iraq yet boasting of sudden progress in a nuclear standoff with North Korea, Cheney will make a weeklong tour of the Pacific. He will offer a nod of thanks to Bush's supporters in the "war on terror," but also pointed reminders of the risks still posed by powers intent on undermining Western democracy.

Delivering speeches throughout the region, Cheney will arrive Tuesday in Japan, which has supported the U.S. effort in Iraq but whose defense minister recently criticized the invasion of Iraq as "wrong." He will close the trip Sunday in Australia, whose prime minister is one of Bush's staunchest allies in the war.

The vice president plans a rally for U.S. troops and a speech aboard the USS Kitty Hawk based at Yokosuka, Japan, the only American aircraft carrier "permanently forward-deployed" and the oldest U.S. Navy ship still in service. He will have another rally for troops at Andersen Air Force Base in Guam en route to Australia.

Japan and Australia "are probably two of the best allies we have anywhere in the world," said one senior administration official, calling Cheney's diplomatic mission a cementing of cherished friendships. Despite some of Cheney's predictions about the American mission in Iraq proving wrong—most notably his assertion in May 2005 that the insurgency was in its "last throes"—he has retained his stature in an administration whose most powerful players have moved, moved on or lost stature. With the movement of Secretary of State Condoleezza Rice from the White House to Foggy Bottom, the demotion of political adviser Karl Rove from his policy role at the White House and the replacement of Rumsfeld after the midterm elections, Cheney has held on to a powerful role.

He has have served four presidents—Richard Nixon, Gerald Ford, and the two George Bushes. But his influence with the current president may be unmatched historically.

"The vice president has always had easy access to the Oval Office in a way that no other vice president ever had," said Mike Green, former director of Asian affairs for the president's National Security Council. And, Green said, Cheney holds a singular role since Rumsfeld's departure.

"He is the president's close confidant and has an opportunity to weigh in on all sorts of issues on ways that the rest of the government never sees… and that hasn't changed," Green said.

When the campaigning president has required attack tactics, Cheney has stepped to the plate. When the wartime president has required someone to confront his critics, Cheney has stood ready with bruising words for the "defeatism" of Democrats willing to retreat in the face of terrorism. "The president and I cannot prevent certain politicians from losing their memory, or their backbone," Cheney said during the 2006 campaign, but "we're going to continue throwing their own words back at them."

Asked in a recent interview with Newsweek magazine if he takes personally the criticism that some have leveled at him, Cheney said, "Well, I'm vice president, and they're not."

In the midst of casual speculation around Washington that Cheney, 66, might not serve out his term, Bush made a point of laying that to rest during an address to the American Enterprise Institute last week. Noting that more than 20 scholars of the

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conservative think tank have served in his administration, including Cheney, he also noted that "a few have returned to the fold." But, Bush said, "You'll have to wait two more years to get another one to return to the fold. Dick Cheney is occupied."

The vice president has not only enjoyed unprecedented influence with this president, but also has asserted in new and broadening ways the powers of his own office.

Former Vice President Walter Mondale has complained: "One of the problems now is that this vice president… seems to have stepped across a line that we thought was important at the time…. This vice presidency is troubling to me because time and time again we have seen the establishment of almost a parallel national security council" with Cheney filtering information flowing to the president.

Cheney has operated his own national security team, which retired Army Col. Larry Wilkerson, chief of staff to former Secretary of State Colin Powell, has accused of spying on the president's own National Security Council. And Cheney has not only exercised his authority to classify secret information, but also has refused to account for how much information he is classifying. He has asserted an exemption from the annual reporting that the president has demanded all executive agencies make to the National Archives because his role is not merely as an executive officer, but a legislative one as well, serving as president of the Senate.

If predecessors tended to focus on narrow missions, Wilkerson said in an interview with the Tribune, "Along came Dick Cheney, and it's everything. He's got a staff that can stick its nose in anything."

Still, Cheney has lost the trusted aide who once oversaw his national security operation, former chief of staff I. Lewis "Scooter" Libby. He is standing trial on charges of lying to federal authorities investigating the leak of a CIA agent's identity—the wife of a former ambassador who challenged some of the White House's rationale for the run-up to the war and accused the White House of manipulating intelligence.

Libby, who initially had said he learned of the relationship from news reporters in the summer of 2003, later testified that the first to tell him of the connection was his boss: Cheney. The trial has shown that others in the administration leaked the information to reporters.

Even with loss of Libby from his office, one knowledgeable insider requesting anonymity said Cheney is his own staff and counsel where it counts most, inside the Oval Office of the Bush White House.

"Yes, there was a separate [national security] staff set up by the vice president, and yes they created a certain mystique," the source said. "But the real power of the vice president was that he could go in and talk to the president about whatever he wanted, and staff didn't always know what he was saying."

An Awkward Plea (NYT)

By Ann Althouse

The New York Times, February 17, 2007

It's hard to ask for a raise, especially when you're a judge. Look at poor Justice Anthony Kennedy supplicating before the Senate Judiciary Committee on Valentine's Day. With stilted locutions — "it's frankly most awkward for me" — he staked out pedantic points about the constitutional scheme of separation of powers, and lumbered toward a conclusion that federal judges need to make more money.

His theory worked the theme of "excellence": unless the pay is good, excellent judges will leave the bench, excellent lawyers and law professors will not accept appointments, and if the judges aren't excellent, they won't be independent, as the Constitution contemplates. (Unfortunately, the Constitution also contemplates the justices' having to beg Congress for a raise, or Justice Kennedy wouldn't have found himself straining through that theory.)

Senator Arlen Specter acted as though he found this all very enlightening. When you come before us, you appear on television, and you're educating the public, he said. But I don't think Kennedy's excellence theory had actually impressed him. It was more that he perceived a segue to the subject he wanted to drag onto center stage.

He had just reintroduced his bill to require the Supreme Court to televise its oral arguments, and he wanted to talk about cameras in the courtroom: think of the profound educational effect of showing the oral arguments; you justices are already going

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on TV all the time to explain your notions; people get their information through TV, so you ought to let them see the room, see how you operate.

Earlier, Justice Kennedy had brushed off Senator Patrick Leahy, who had convened the hearing by going on about those terrible hotheads who denounce the judiciary, call for impeachment and even threaten violence against judges. Justice Kennedy sounded unperturbed: there should be a public debate about what the Constitution means — it's the people's Constitution — and it might be nice if everyone were rational and respectful, but we're used to the "hurly-burly, rough and tumble" of democracy.

For Justice Kennedy, the real threat to the judiciary is the low pay.

But Senator Specter's Congressionally imposed cameras stirred up the justice. It would change the "collegial dynamic." Justice Kennedy portrayed the justices' interaction with the attorney at oral argument as almost a private undertaking. The justices, who haven't yet talked with each other about the case, "are using the attorney to have a conversation with ourselves," he said. He quickly added: "And with the attorney."

He took a stern tone: "This is a dynamic that works." He pinched his fingers together as if he could forcibly squeeze the Congress out of the Supreme Court's domain. He paused a long time, trying, it seemed, to contain his emotion and find the proper attitude.

He went with abject pleading: "Please, Senator, don't introduce into the dynamics that I have with my colleagues the temptation — the insidious temptation — to think that one of my colleagues is trying to get a sound bite for the television. We don't want that." He had come to beg for more money to reach some idealized form of independence understood as a matter of excellence. And now, here he was fending off the intrusion of the dreaded cameras into his precious collegial conversation. Isn't part of this independence deciding when to let everyone watch them?

Needing to present himself as an excellent judge, Justice Kennedy couldn't say anything intemperate. Think of what he didn't say.

If the pay is low, the judges will be the kind of people who don't care that much about money. They might be monkish scholars, or they might be ideologues who see in the law whatever it is they think is good for us. Justice Kennedy could say that judicial work is satisfying in ways that have nothing to do with money. He couldn't say that we can't trust people who don't care enough about money.

We need judges who are the kind of solid, common-sense lawyers who factor money into their decisions. These are the same people who take the kind of conventional law-firm jobs that pay a good salary and require the greatest sacrifice to leave.

Low judicial pay should trouble us not because the judges will somehow lack "excellence." It should trouble us because the law will be articulated by ideologues and recluses.

Rep. Jefferson To Get Homeland Security Seat (WP/AP)

The Washington Post, February 17, 2007

House Speaker Nancy Pelosi (D-Calif.), who yanked embattled Rep. William J. Jefferson off a powerful tax committee last year, has decided to put him on the Homeland Security panel, aides to the Louisiana Democrat confirmed yesterday.

The move infuriated some Republicans, who accuse him of being a potential security risk.

Jefferson has been the subject of an ongoing federal bribery investigation related to a telecommunications deal in Africa. His Capitol Hill office and his homes in Washington and New Orleans have been raided by the FBI, and he was kicked off the Ways and Means Committee last June after affidavits and evidence seized in the raids became public.

Nevertheless, Jefferson won reelection in December to a ninth term, and he has been an outspoken critic of the federal response to Hurricane Katrina. Pelosi's decision to appoint Jefferson to the committee must still be formally approved by House Democrats.

"It sends a terrible message," said Rep. Peter T. King (N.Y.), the committee's ranking Republican. "They couldn't trust him to write tax policy, so why should he be given access to our nation's top secrets or making policy for national defense?

"Members of the committee have access to intelligence secrets, plots here in the country, overseas, and people under suspicion. This shows how unimportant the Democrats think homeland security is," King said.

Jefferson's chief of staff, Eugene Green, called King's criticism "ridiculous and just politics."

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"Representing New Orleans as he does, we're very concerned as to what happened in the wake of Hurricane Katrina," Green said. "It's just natural for the congressman to serve his constituents on a committee of this nature."

New Push Grows For FDA Regulation Of Tobacco (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, February 17, 2007

After years of falling short, advocates of requiring the Food and Drug Administration to regulate tobacco are again waging that fight in Congress -- and this time, they say, the odds are in their favor. Really.

A bipartisan group of lawmakers introduced legislation last week to grant the FDA authority over the manufacturing, marketing and sale of tobacco products, including the power to restrict advertising, require stronger warning labels, and regulate the amount of nicotine and other ingredients. The agency would not be able to ban tobacco.

"Congress cannot in good conscience allow the federal agency most responsible for protecting the public health to remain powerless to deal with the enormous risks of tobacco, the most deadly of all consumer products," said Sen. Edward M. Kennedy (D-Mass.), the lead sponsor and chairman of the Senate Health, Education, Labor and Pensions Committee.

"This bill is long overdue," said Rep. Henry A. Waxman (D-Calif.), chairman of the House Government Reform Committee and the lead sponsor in the House. "Despite the fact that cigarettes kill over 400,000 Americans each year, and despite the fact this is the most toxic substance that is sold legally and when used as intended has the potential to kill, there is virtually no regulation of tobacco by the federal government."

Rhetoric like this has been flying around Capitol Hill for years. The FDA claimed the authority to regulate tobacco in the mid-1990s during the Clinton administration, but the effort was challenged by tobacco companies and overturned by the Supreme Court in 2000. What followed were several attempts to pass legislation in Congress, many of which attracted broad-based support -- including from cigarette maker Philip Morris USA. But invariably the bills hit an impasse and died. Legislation to regulate tobacco won approval in the Senate in 2004, but GOP leaders never allowed a vote on it in the House, the bill's supporters say.

Now, with Democrats in control of Congress for the first time since 1994, proponents say the legislation has a far better chance.

"This is the year when we can pass meaningful legislation," said Rep. Thomas M. Davis III, the lead GOP sponsor in the House, whose father died of emphysema.

Sen. John Cornyn (Tex.), the top Republican sponsor in the Senate, said 54 percent of smokers take up the habit before age 18. The legislation "is the best way to address the public health concerns and the marketing concerns we have about children being targeted and addicted to a drug like nicotine," he said.

The FDA would have the power to end vending-machine and self-service sales, prohibit tobacco advertising near schools and playgrounds, ban fruit- or candy-flavored cigarettes and stop cigarette makers from using claims such as "light" or "low-tar" unless they are scientifically proven.

The White House, generally no fan of expanding government regulation, referred calls to the Department of Health and Human Services, where a spokeswoman said officials were still reviewing the legislation. It is supported by groups such as the American Heart Association and the Campaign for Tobacco Free Kids, and it once again has the backing of market leader Philip Morris USA, maker of Marlboro cigarettes.

"In the long term, it's good for our business if fewer people get sick and die from smoking," said Steven C. Parrish, a senior vice president of Altria Group Inc., Philip Morris's parent company.

But R.J. Reynolds Tobacco Co. plans to fight the legislation, saying it would help entrench Philip Morris's dominant position by limiting advertising opportunities, something Philip Morris denies.

"If you eliminate ways for competition to communicate with an audience, common sense and logic tells you that the primary beneficiary of that is the marketplace leader," said Reynolds spokesman David Howard, who added that the company was open to discussing "reasonable" regulation.

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Sen. Richard Burr (R-N.C.) has said he opposes the bill. Another potential roadblock is Senate Minority Leader Mitch McConnell (R-Ky.), whose state is also home to many tobacco growers.

"I am concerned that giving the FDA the authority to regulate tobacco will have a major impact our farmers, therefore, I will closely review the legislation . . . to ensure that it not only protects our children but also the farmers, their families and the communities they support," McConnell said in a statement.

Daniel E. Smith, president of the American Cancer Society Cancer Action Network, a lobbying group, predicted "a heck of a fight with Senator McConnell." But Smith said Cornyn's support should help garner the 60 votes needed to avoid a filibuster in the Senate.

Matthew L. Myers, president of the Campaign for Tobacco-Free Kids, said, "This will be a dogfight because the opposition is well funded and will stop at no end, but it appears there is now a broad bipartisan consensus to push it over the top."

GSA Defends Administrator In Hill Inquiry (WP)

By Scott Higham, Robert O'Harrow, Washington Post Staff Writers

The Washington Post, February 17, 2007

Agency Says Chief Takes Responsibility For No-Bid Order

The U.S. General Services Administration has responded to a congressional inquiry by saying its chief, Lurita Alexis Doan, did nothing improper last summer when she tried to arrange for a study by a company run by a woman with whom she had a "close professional relationship."

In a Feb. 2 response to Rep. Henry A. Waxman (D-Calif.), the agency said Doan was trying to promote diversity when she signed a "service order" for the $20,000 project. That July 25 document was intended to authorize a company, Diversity Best Practices, run by Edie Fraser, to write a 24-page report and analysis concerning the GSA's use of businesses owned by minorities or women.

At the time, GSA contracts worth more than $2,500 had to be competitively bid. The proposed project was terminated in August because it "did not meet government contract requirements," the agency said in its six-page response.

In the response, GSA Associate Administrator Kevin Messner rejected "the implication that her intentions were improper" and said the project was stopped before any money changed hands.

"A procedural mistake was made, discovered and corrected," Messner wrote. "In an initial attempt as new Administrator to champion the cause of small minority, women, and disabled veteran-owned businesses, the Administrator recognized and took responsibility for the mistake."

Waxman, chairman of the House Government Reform Committee, which oversees the GSA, sent a letter to the agency raising questions about the events following a Jan. 19 story in The Washington Post. Waxman asked the agency to produce e-mails and other documents relating to the no-bid order and disputes between Doan and her inspector general's office.

A spokeswoman for Waxman said the committee is reviewing the GSA's response and declined to comment further.

Shortly after she became GSA administrator in May, Doan clashed with the agency's inspector general over budget matters. Last year, the inspector general's office launched its own investigation of the attempted project with Diversity Best Practices.

Doan told The Post in a taped interview last month that she took over the agency in a time of falling revenue and morale. In its response to Waxman, the GSA noted that Doan wanted the inspector general's office to rely on its $43 million budget appropriated by Congress and no longer depend on an extra $5 million that came from other GSA divisions. That additional money had been mandated by the White House Office of Management and Budget to help bolster contract audits in 2003.

"What started out as yesterday's benefit to help them out with their budget has turned into today's entitlement," Doan said in the interview.

The GSA's response said that the inspector general refused to identify any areas for possible cuts in its budget, despite an agency-wide push by Doan to reduce spending. Instead, the inspector general's office "demanded a substantial increase in spending" in its budget, according to the response. The $5 million in extra funding is included in the 2008 budget submitted by President Bush, along with an increase of about $4 million for the inspector general's overall budget.

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In September, the inspector general's office notified Doan and Fraser of its investigation into the circumstances surrounding the $20,000 no-bid project, issuing subpoenas for e-mails and other documents.

The budget dispute drew a questioning letter on Oct. 20 from Sen. Charles E. Grassley (R-Iowa), then chairman of the Senate Finance Committee. He urged Doan to maintain the inspector general's independence. He said money used to fund contract audits had "saved the taxpayers more than $1 billion over the past two years." Grassley sent a letter yesterday to the Senate Appropriations Committee requesting that money to fund contract audits become a permanent part of the inspector general's budget.

The GSA released a statement yesterday: "The Administrator has only opposed unaccountable and undisciplined spending, not increased oversight. Any characterization of pre-decisional budget discussions that suggests otherwise is simply inaccurate."

After the Post story about the diversity study, Waxman sent Doan a letter requesting further information about possible "procurement irregularities." In its response to Waxman, the GSA said The Post's article was "characterized by inaccuracy and prejudice" and a "mischaracterization of the facts."

A lawyer hired by Doan, John J. Walsh, said in a Feb. 5 letter to The Post that Doan has been a victim of a "push back" by the inspector general's office against her attempt to "reduce wasteful spending throughout the agency, including the OIG."

The GSA called Fraser "the recognized leader" in the diversity field and said Doan reached out to Fraser about the "need for a very short and inexpensive report." Doan said in the interview that she authorized the report to promote GSA's diversity initiatives at the request of Felipe Mendoza, who runs the agency's Office of Small Business Utilization.

The GSA's response said that Doan signed a service order to authorize the work but that no contract was "ever executed."

Walsh said Doan was not "sidestepping" procurement rules but instead had submitted the no-bid order "into the contracting process."

Doan told The Post: "I handed this off, and then that was the last that I worried about it."

GSA staff, including legal counsel, determined that the arrangement did not comply with federal contracting rules.

On Aug. 4, GSA contracting officer Donna C. Hughes wrote to Fraser: "The U.S. General Services Administration (GSA) hereby notifies you that the contract, evidenced by the enclosed Confirmation of Service Order Prepared for GSA, signed and dated July 25, 2006, is terminated in its entirety."

Fraser is president and chief executive of Public Affairs Group Inc., the umbrella company of Business Women's Network and Diversity Best Practices, the division that was to have written the report. At the time of the proposal, Public Affairs Group was owned by iVillage Inc., a subsidiary of NBC Universal Inc.

The GSA response said Doan has a "close professional relationship" but "no personal contractual arrangement with Edie Fraser or Diversity Best Practices of any kind."

The GSA also responded to a question about whether Doan had intervened in the suspension process involving five large government contractors who had paid $66 million to settle fraud allegations that they kept travel rebates that should have gone back to the GSA.

The Post reported that a GSA official had issued letters to the five firms asking them to explain why they should not be suspended or debarred. Under the process, companies can avoid being suspended from government work by accepting responsibility, paying restitution and putting in place remediation plans.

Doan said in the interview that she had not been briefed on what she viewed as an important issue. Doan wrote in a Nov. 10 e-mail to top GSA officials: "If these letters can be stopped until cooler heads can prevail and discuss what the appropriate mechanism is to obtain the information that CAO [chief acquisition officer] requires, that would be best."

The GSA said that Doan was told that a decision had already been made to debar the firms. The GSA said Doan requested a briefing and took no further action.

"It is a distortion to equate a desire to be informed promptly when such decisions are pending with interference in this process," the GSA said in its response to Waxman.

The companies eventually avoided suspension or debarment by agreeing to return travel rebates in the future.

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In addition to Walsh, Doan has personally retained Washington lawyer Reginald J. Brown and media consultant Mark Corallo. A third lawyer for Doan, retired Maj. Gen. Michael J. Nardotti Jr., has requested that the President's Council on Integrity and Efficiency open an investigation into whether the GSA inspector general's office leaked confidential information and documents.

A spokesman for the GSA's inspector general's office declined to comment yesterday.

VA Suspends Some Medical Research (AP)

By Ben Evans

AP, February 16, 2007

WASHINGTON - Veterans Affairs Secretary Jim Nicholson has suspended activities at seven specialized research centers across the country after an unprotected computer hard drive disappeared from one of the facilities in Alabama last month.

In an internal memo obtained by The Associated Press, Nicholson called the department's latest data breach "tragic" and ordered the VA's Research Enhancement Award Programs to shut down until they are certified as meeting security standards.

The research centers focus on studies involving large amounts of data. The center in Birmingham, called the Deep South Center on Effectiveness, collects data for improving quality of care.

Writing to VA's top management on Thursday, Nicholson also said the department would begin unannounced inspections at VA sites nationwide.

"It is now clear to me that there are still too many VA employees, both in senior positions and elsewhere, who either still do not comprehend the seriousness of this issue, or who consciously disregard its seriousness," he wrote.

Nicholson has come under sharp criticism on Capitol Hill in the past year over a series of computer security failures that put sensitive personal information for millions of veterans at risk.

In the latest incident, a backup hard drive containing data such as Social Security numbers for up to 1.8 million veterans and physicians was reported missing Jan. 22 from a research site in Birmingham, Ala.

As a federal investigation proceeds, officials have remained tightlipped about the case. But in the letter, Nicholson wrote that the employee was a research assistant and the hard drive may have been stolen. The VA acknowledged earlier this week that the hard drive was not encrypted, a violation of the department's policy.

"This represents a failure of leadership in overseeing data security at Birmingham _ a failure that may be widespread throughout our Department," Nicholson wrote.

VA officials have said the data on the missing hard drive, including for some 1.3 million non-VA physicians across the country, was being used for a study.

Similar sites are in Portland, Ore.; Denver, Colo.; East Orange, N.J.; San Francisco, Calif.; White River Junction, Vt.; and San Antonio, Texas.

VA spokesman Matt Burns confirmed the letter Friday. He said the security reviews would be expedited but that it is unclear how long the research would be interrupted.

"The benefits of any research must be weighed against the importance of protecting the information that's being used," he said.

The Birmingham disclosure comes after a string of similar incidents recently, including the theft last spring of data on 26.5 million veterans from a VA employee's home in Maryland.

In auditing the department's security procedures last year, federal investigators found weak management and lax rules.

Nicholson said in August the agency would upgrade its computers with encryption technology, making data unreadable for unauthorized users. The department also recently hired an outside firm to improve employee practices.

House Veterans Affairs Committee Chairman Bob Filner, D-Calif., said this week he plans to hold a hearing on the Birmingham incident later this month.

Rep. Artur Davis, D-Ala., called Nicholson's actions "good steps" but said the memo underscores the need for legislation strengthening data requirements at government agencies.

Work Suspended At Veterans Research Centers (NYT/AP)

By The Associated Press

The New York Times, February 17, 2007

Veterans Affairs Secretary Jim Nicholson has suspended activities at seven specialized research centers across the country after an unprotected computer hard drive disappeared last month from one of the facilities in Birmingham, Ala. In an internal memorandum, Mr. Nicholson called the department's latest data breach "tragic" and ordered its Research Enhancement Award Programs centers shut down until they were certified as meeting security standards. The Alabama center, called the Deep South Center on Effectiveness, collects data for improving care. Writing to the department's top management on Thursday, Mr. Nicholson also said unannounced inspections would begin at V.A. sites nationwide.

Earmarked For Death (WSJ)

The Wall Street Journal, February 17, 2007

You know the culture of spending on Capitol Hill is in bad repute when even legendary appropriator Robert Byrd of West Virginia is condemning earmarks. This week Mr. Byrd proclaimed on the Senate floor that the just-completed 2007 budget "does not, does not, N-O-T, include earmarks. We eliminate over 9,300 earmarks."

We're about to find out if he and his comrades really mean it. On Thursday, White House budget director Rob Portman issued little-noticed guidance to all federal departments and agencies that no Congressional requests for spending should be accommodated unless they are "specifically identified in statutory text" -- which is to say, the law.

This may sound like it ought to be regular practice, but it's a revolution in the Beltway. That's because, in order to dodge the legislative earmark limits that Mr. Byrd has been bragging about, Members have been speed-dialing executive branch officials and asking them to fund their specific earmark requests out of agency budgets even though they were purged from the larger budget bill. This Congressional lobbying can be hard for the average federal bureaucrat to refuse, since he doesn't want to offend those on Capitol Hill who control his budget. Mr. Portman's directive is intended to stiffen these backbones against such Congressional extortion.

If the attempt succeeds in reducing earmarks, this means the Fiscal 2007 federal budget could have the fewest number of these pork-barrel projects in many a year. By the way, thanks to efforts late last year by GOP Senators Jim DeMint of South Carolina and Tom Coburn of Oklahoma to block a last-minute bipartisan spending splurge, the 2007 budget holds overall federal appropriated spending to the rate of inflation; recent years have often seen three times that.

The budget does still contain a few spending tricks. For example, it moves $3.1 billion to finance obsolete military base closings in order to pay for such Democratic priorities as Pell grants and global AIDS funding. Closing bases would save money in the long run and the money is supposed to finance the Base Realignment and Closure process that Congress approved.

But all told, the Fiscal 2007 is a change for the better. If the executive branch follows the new White House guidance, we could come remarkably close to the miracle of an "earmark-free" year. We assume Senator Byrd will applaud.

OTHER NEWS:

Sharp Drop In Housing Starts Adds To Fear Of Wider Economic Impact (WSJ)

By Jeff Bater, Brian Blackstone

The Wall Street Journal, February 17, 2007

A sharp drop-off in new-home construction is adding to concerns that the housing downturn's impact could linger well into this year and eventually seep into the wider economy.

Builders slashed construction of new homes last month to the lowest level in nearly a decade, a move that underscores the severity of the sector's slump and signals it will likely continue to be a drag on the economy at least through midyear. The slip in homebuilding last year subtracted more than 1 percentage point from inflation-adjusted economic growth over the second half of 2006.

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Monthly home-construction readings are volatile and prone to weather-induced fluctuations, and last month's plunge may somewhat overstate the market weakness. But signs of deterioration in riskier segments of the home-mortgage market, along with stagnant or declining home prices in many parts of the country, provide additional reason for concern.

The plunge in new homebuilding activity in January -- down 14.3% from December and 37.8% from January 2006 levels -- could eventually hasten a recovery by reducing the overhang of unsold homes, however.

So far, the weakness in housing has yet to spill over significantly to consumer spending, the dominant driver of U.S. economic growth. Instead, it has slowed the pace of expansion just enough to reverse last year's inflation surge. Still, the possibility of further deterioration in the sector this year remains a primary risk to economic growth -- particularly if it is accompanied by rising loan defaults or a broad tightening of credit standards.

So far, defaults and late payments have remained very low on prime mortgages, which are made to lower-risk borrowers and account for the bulk of home loans. But late payments have risen swiftly over the past year on subprime mortgages -- those made to risky borrowers with spotty credit histories -- and on "Alt-A" mortgages, a category between prime and subprime which includes many loans for which borrowers haven't documented their income. According to trade publication Inside Mortgage Finance, 13% of mortgages outstanding are subprime.

In November, payments were at least 60 days overdue on 12.9% of subprime loans packaged into mortgage securities, up from 8.1% a year earlier, according to First American LoanPerformance, a research firm in San Francisco. For Alt-A loans, the delinquency rate jumped to 2.1% in November from 1.1% a year earlier.

The upsurge in late payments and delinquencies has created turbulence among subprime lenders, and some large banks that bought subprime loans a couple of years ago have been pressuring subprime-mortgage lenders to buy them back. In its most recent survey of senior loan officers, released last week, the U.S. Federal Reserve found that some banks are getting more stringent to guard against this threat of defaults. About 18% of domestic banks reported that they had tightened credit standards on residential-mortgage loans over the past three months, the Fed said, adding that this was "the highest net fraction posted since the early 1990s."

But Fed officials and many other economists say the problems in subprime lending aren't severe enough at this point to significantly hamper economic growth. Doug Duncan, chief economist of the Mortgage Bankers Association, a Washington-based trade group, said only 6% of homeowners have subprime, adjustable-rate mortgages. Even if one-tenth of these end up in foreclosure -- the peak hit after the 2001 recession -- Mr. Duncan said that "it's hard to see how that can be a macroeconomic event."

Concern would rise if troubles spread further among lower-risk borrowers and lead to more defaults of Alt-A mortgages.

Another risk is that many subprime loans were made to buy houses in high-priced areas, which may be more vulnerable to price declines. Any widespread delinquencies on these loans could result in lenders seizing the underlying homes and dumping them on the market. That could exacerbate the industry's inventory problem, which has already put downward pressure on prices and forced builders to increase discounts and incentives.

Torn between yesterday's housing report's implications of slower growth and diminished inflationary pressure -- which makes additional interest-rate increases less likely -- stocks were virtually unchanged yesterday. The Dow Jones Industrial Average rose three points to close at 12768.

Pat Moroney, who heads the Phoenix division of Standard Pacific Homes, a California-based home builder, said sales-cancellation rates in Phoenix soared as high as 70% at times last year, and averaged 50% for the year as a whole. The company has been offering incentives to potential buyers between $15,000 and $100,000 to help move unsold homes in some markets, up from $5,000 to $10,000 in 2005.

"We worked pretty hard to get through our backlog" of unsold homes, Mr. Moroney said. "We've pushed a lot of cancellations through." In January, the cancellation rate fell to 32%, he said.

Given the stockpile of unsold homes, many industry officials and economists greeted the sharp drop in new-home construction last month as welcome news. "I think it's a positive indicator," said Ara K. Hovnanian, chief executive officer of Hovnanian Enterprises Inc., a large home builder based in Red Bank, N.J. He said the figures reflect a decrease in new-home

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orders over the past year and will help builders clear their inventories, paving the way for a gradual recovery to begin later this year.

Economists say the sooner builders cut back, the sooner a rebound can occur. "We look at this number, and it makes us a bit more optimistic about when we're going to see a recovery," said Todd Vencil, a housing analyst at BB&T Capital Markets in Richmond, Va.

Meanwhile, the industry's continuing supply adjustment is likely to continue to affect the broader economy. Dave Seiders, chief economist at the National Association of Home Builders, predicts that the cut in residential investment will shave one percentage point from the economy's inflation-adjusted growth rate in the first quarter, more than he was anticipating late last year.

"Now we're talking about a heavier hit," he said.

Job losses in the sector are also likely to mount. Zoltan Pozsar, an economist at Moody's Economy.com, said 170,000 housing-related jobs have been cut since April 2006. Luckily, the rest of the economy has added nearly 1.78 million jobs over that span, and the labor market continues to boost wages and provide support for increased consumer spending.

Separately, the Labor Department said wholesale prices fell 0.6% last month and was only 0.2% higher than a year ago, another indication of ebbing inflation concerns. And the University of Michigan said consumer sentiment slid to 93.3 in early February from 96.9 at the end of January.

January Housing Starts Dive (WP)

By Howard Schneider, Washington Post Staff Writer

The Washington Post, February 17, 2007

Lowest Figure in a Decade Sparks Concern Over Overall Growth

Housing starts dropped to their lowest level in nearly a decade last month, and permits for new construction also declined, pointing to continued weakness in a sector of the economy that can drag down growth overall.

The Commerce Department reported yesterday that the pace of home building dropped more than 14 percent in January compared with the month before, to a seasonally adjusted annual rate of 1.4 million houses. That's the slowest annual rate since the late 1990s. Permits for new construction fell to a seasonally adjusted annual rate of 1,568,000 -- a drop of 3 percent from the prior month and more than 28 percent from the year before.

The release of the government statistics followed a study by the National Association of Realtors showing that home prices in about half of the country's metropolitan areas fell in the last three months of 2006 compared with the year before -- the first time the group documented such a decline in the 28 years it has collected data.

The Washington area was among the losers: The average price of homes sold in the last three months of 2006 fell 2.6 percent, to $421,600, compared with the year before.

Collectively, the statistics undermined gains posted at the end of last year, when an increase in permits and housing starts and rising demand for homes led some to conclude that the housing slump was beginning to abate. With a large inventory of unsold homes on the market, however, the latest reports will likely renew concern that weakness in the housing market could cause broader problems.

While housing starts alone aren't necessarily a good predictor -- weather can drive the number up or down in deceptive ways -- a renewed decline in housing permit applications supported a "bearish" outlook for growth in coming months, said Ian Shepherdson, chief U.S. economist for the High Frequency Economics consulting firm.

The housing data are positive in one sense: They are likely to reinforce the view that the risk of inflation will remain moderate in coming months, a conclusion supported by another new report showing that the wholesale prices paid to producers fell in January. Lower energy prices and a decline in auto and truck prices led that 0.6 percent decrease.

The deepening slump in housing could have broad implications for the economy. Rising home values have been an important component of economic growth in recent years, giving homeowners a sense of increased wealth and emboldening them to tap the equity in their homes to pay for improvements and renovations, and other major expenses such as college tuition.

Historically low interest rates provided an added incentive to spend.

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With interest rates now higher and the real estate market stagnant, some analysts expect consumers to reverse course and clamp down.

However, David Lereah, the chief economist for the Realtors' association, said he felt the group's recent price study caught the housing market at its low point.

"This information confirms 2006 was the year of contraction, and hopefully the fourth quarter was the bottom of this current business cycle," Lereah said in a written release accompanying the report.

Housing Starts Fell Sharply In January (NYT)

By Jeremy W. Peters

The New York Times, February 17, 2007

The predicted bottoming-out of the housing market appears, for now, to still be just a prediction.

The Commerce Department said yesterday that construction of new homes in January slowed to the lowest rate in almost a decade. And in a sign that the months ahead could hold further gloom for the residential real estate market, the number of building permits issued last month also declined.

The seasonally adjusted annual rate of home starts dropped 38 percent compared with a year earlier, to 1.4 million in January, meaning that builders would start construction on only 1.4 million new homes this year if that rate continued. That compares with a rate of 2.3 million in January 2006. The number of building permits authorized fell to a rate of 1.6 million, from 2.2 million a year earlier — a 29 percent decline.

Economists said that some of the decline could be attributed to the weather — January was the first month this winter that was cold enough in many regions of the country to disrupt construction. But economists seemed to agree that most of the drop-off in residential construction indicated that builders were pulling back from a market that was oversaturated with unsold homes and short on buyers.

“I don’t think this is a weather story,” said David Seiders, chief economist of the National Association of Home Builders. “I think this is real stuff. The question is, Where is the real bottom for starts and permits?”

The Northeast was the only region where construction did not decline. Builders there increased construction by 9 percent, compared with December.

The sharpest drop was in the West, where construction declined 29 percent. In the Midwest, construction fell 15 percent; in the South, it dropped 12 percent.

The sharp decline in January followed two month-to-month increases in new-home construction. Those numbers, combined with some encouraging mortgage application data and other signs of tentative improvement in housing, led some economists to conclude that the worst of the slump had passed. But the new statistics contradicted that notion.

“People started getting a little too excited,” said Richard F. Moody, chief economist of Mission Residential, a real estate investment firm. “Over the longer term, the outlook for housing is fairly positive. But it’s going to take us some time to unwind the excess buildup.”

To help shrink the growing backlog of unsold homes, builders are increasingly paying closing costs and offering other incentives like free vacations. In January, 52 percent of builders surveyed by the home builders’ association said they were paying closing costs. When the housing market was at its peak in 2003, as few as 10 percent of builders said they were doing so.

Because new homes account for only about 15 percent of all homes sold in the United States each year, some economists have pointed to signs of improvement in the market for previously owned homes as evidence that the housing downturn is stabilizing. The sales rate for existing homes rose in October and November, and was down less than 1 percent in December.

This week, Ben S. Bernanke, the Federal Reserve chairman, told Congress that “some tentative signs of stabilization have recently appeared in the housing market.” He also noted the rather limited impact the slump had had on the rest of the economy.

Boom In The Mountains Creates A Housing Shortage (NYT)

By Jim Robbins

The New York Times, February 17, 2007

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BIG SKY, Mont. — The Big Sky region, just north of an entrance to Yellowstone National Park, has boomed in recent years, attracting skiers and other outdoor enthusiasts and fueling a construction and employment boom.

But soaring land prices and building costs have put the price of housing far beyond the reach of many new resort and construction workers.

Faced with a severe housing shortage for its workers, at least two resorts, the Yellowstone Club and Big Sky Resorts, picked an unusual solution. Each bought a motel it intended to continue operating for travelers, as well as for housing workers and contractors.

With its purchase of the Whitewater Inn, formerly a Comfort Inn, Big Sky Resorts picked up 56 rooms.

"We're a growing resort with 900 staff, and we want to attract the best staff," said Dax Schieffer, public relations manager for Big Sky Resorts, which is owned by Boyne U.S.A. "The plan is to have the employees stay here during peak season."

The Yellowstone Club is the new owner of Buck's T-4 Lodge, a 72-room motel just up the road from the Whitewater Inn.

The owner of the Yellowstone Club, Tim Blixseth, said his company had 500 employees and 1,000 subcontractors. Using Buck's to help house them will help reduce the "couple of million" dollars a year that the company spends for buses and mileage.

"It was a good strategic buy for us," Bob Sumpter, vice president for real estate development for the company, said. "We do not plan to change the operation one iota."

Both companies said workers would receive discounts on rooms, which rent for $100 to $150 a night depending on the season. Who gets those discounts and how much they amount to depend on what a worker's "job is and how much we need them," Mr. Schieffer said.

Many workers are choosing to double or triple up to save money, which can make for lively, if cramped, quarters.

Isabella Silva of Belo Horizonte, Brazil, lives in a Whitewater Inn room with three young male co-workers from Brazil. Each pays $230 a month for the crowded living space that is mostly taken up by three beds and a mattress on the floor. Ms. Silva and her roommates do most of their cooking in microwave ovens; they have wireless Internet and access to the motel pool and waterslide.

"These boys, oh my," Ms. Silva, 21, said shaking her head and smiling. "But it's O.K. We work most of the time. So we don't spend much time in the room."

Mr. Schieffer said he did not think that guests would mind sharing space with employees.

"I'd like to think everyone can get along," he said. "You don't say, 'Employees, don't go here,' or, 'Don't go there.' "

Instead, he said: "It's self-segregating. It works itself out."

Lots that sell for more than $200,000 today were going for a fifth of that three years ago, and construction costs run $700 or more a square foot, compared with $100 to $200 in most Montana cities.

Compounding the problem is the region's location, which is awkward to accommodate the boom. Big Sky is 32 miles southwest of Bozeman.

But the two-lane road between the two runs through a narrow canyon that is ice covered and treacherous in winter.

An estimated 1,500 cars commute back and forth each day.

"They all have to drive from Bozeman every morning and back," Cathy Gorman, a real estate broker here, said. "It's bizarre, and it's dangerous. We've had a lot of deaths on that road."

Public transportation is infrequent. The Yellowstone Club runs four or five buses a day between here and Bozeman.

Ms. Silva said she and many other workers took the ski bus to Bozeman at the end of a day and shopped all night at the Wal-Mart store there because there was no bus back until morning.

As a result, housing at the mountain resorts is the best option for many.

Kyle Zimmerman, born in Chicago, just moved from a two-bedroom condo crammed with skis, clothes and furniture that he shared with four other people.

The monthly rent was $1,300 plus utilities, and Mr. Zimmerman, who has two jobs, including one at a pizzeria, paid $200 for the right to sleep in a closet.

"To make it affordable, you have to cram people in," Mr. Zimmerman, 22, said. "It was all right for a year."

His replacement in the closet? "The guy that had the couch."

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Not surprisingly, Mr. Zimmerman applauded the resorts' buying the motels.

"Every year, I hear there's going to be new employee housing, but it never happens," he said. "You've got to put them somewhere."

Humpty-Dumpty Housing (NYT)

The New York Times, February 17, 2007

There is no sugarcoating the latest news on the United States housing market. The slump in home prices from the end of 2005 to the end of 2006 was the biggest year-over-year drop since the National Association of Realtors started keeping track in 1982. There are no reasons to believe that's the worst of it.

Prices fell in 73 of the nation's 149 major markets in the last quarter of 2006, compared with 45 declining markets in the third quarter, revealing a downturn that is not only deep but wide.

At the same time, the number of existing-home sales declined in 40 states, with precipitous drops in previously red-hot markets like Arizona, Florida, Nevada, California and Virginia.

On top of that, a glut of unsold homes virtually ensures that prices will fall further before sales pick up. At the end of 2006, the vacancy rate for family homes was the highest it has been since the Commerce Department started keeping records in 1956.

Yet it came as a shock to many economists yesterday when the government reported that construction of new homes fell in January by 14.3 percent. The consensus forecast had been for a drop of less than 3 percent.

The bust will slow job growth this year in construction and related industries and with it, consumer spending. The severity of these economic side effects will depend on the strength of the overall job market and the stability of interest rates — both of which are anybody's guess.

Squarely in harm's way, however, are low- and middle-income homeowners, many of whom have mortgages with rates that are due to adjust upward this year and next. With delinquencies already surging, it is inevitable that a combination of higher mortgage payments and weakening home prices will cause many homeowners to default.

Lenders and regulators should prepare to do all they can to help. During the housing bubble, regulators stood by as mortgages were extended to borrowers with poor or no credit and little or no money for a down payment. Now that delinquencies and defaults are rising, lending standards are being tightened dramatically. That will make it harder for many existing homeowners to refinance their loans, thus hastening defaults. Lenders and regulators must use the utmost flexibility in applying the new standards. They got marginal buyers into the homes in the first place. They should now make every effort to keep them there.

Stocks End Week Mixed On Weak Economic Data (WSJ)

By Joanna L. Ossinger

The Wall Street Journal, February 17, 2007

Stocks took a breather after three straight days of gains, lagging most of the day, but pulled a quick move higher in the last hour to virtually break even.

Weaker-than-expected economic data and comments from Microsoft's chief executive indicating some revenue expectations were too high hurt the major indexes.

The Dow Jones Industrial Average rose 2.56 to 12767.57, hitting a record for a third straight day with its late move into the black. The S&P 500 lost 1.27 to 1455.54, and the Nasdaq Composite Index was off 0.79 to 2496.31.

Small stocks and the broader market showed their strength. The Russell 2000 added 2.72 points to close at a record 818.15, and the DJ Wilshire 5000 ended at 14733.61, up 1.71 to a fresh seven-year closing high.

The major indexes all finished the week with gains of more than 1%. The Dow's weekly advance was its biggest in three months, and the index is up 2.4% year-to-date. The Nasdaq is up 3.4% on the year, and is 6.51 points off its six-year high, which was clocked on Jan. 12. The S&P 500 has advanced 2.6% so far this year.

Markets were rattled early Friday, after the Commerce Department said January housing starts plunged by 14.3% to a seasonally adjusted 1.408 million annual rate, the lowest point in nearly 10 years. Wall Street expected a 2.6% decline.

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Timothy Rogers, chief economist at Briefing.com, said investors shouldn't make too much of the decline. "The volatility is expected," he said, particularly with weather turning worse in January after a mild start to the winter. Mr. Rogers said he was "looking for a stronger pace come the spring buying season."

The preliminary University of Michigan consumer-sentiment index declined to 93.3 in mid-February, from 96.9 in January. Economists had expected a smaller drop.

Also, Chicago Federal Reserve President Michael Moskow said in a speech that he thinks "the risk of inflation remaining too high is greater than the risk of growth falling too low," but his words seemed to have little effect on markets that just spent two days hanging on Fed Chairman Ben Bernanke's words.

"It's likely almost an overt effort by Fed members" to do a balancing act on the signals they send, said Delta Global Advisors Chief Technical Strategist Bruce Zaro.

The Labor Department said the producer price index for finished goods fell 0.6% in January, after rising 0.9% in December and 1.8% in November. The core PPI, which excludes volatile food and energy prices, increased 0.2%. The numbers matched economist forecasts.

"The pressure on prices is somewhat muted now," Mr. Rogers said. He expects to see a gradual slowing of "contained growth." He noted that the next major economic release will be the Wednesday announcement by the Department of Labor on the January consumer-price index.

Big movers among Dow components included DuPont and Merck, up 1.4% and 0.9% respectively; Boeing, off 0.8%; and Pfizer, down 0.9%.

Microsoft shares slipped 2.4% to $28.74 after Chief Executive Steve Ballmer said some analyst revenue views for Vista might be too high considering what expectations are for personal-computer sales growth.

Continuing the flurry of merger-and-acquisition activity, Spain's Banco Bilbao Vizcaya Argentaria agreed to purchase Compass Bancshares for about $9.6 billion. The deal would give13 the Spanish bank substantial new heft in Texas, a market it has identified as a place for major expansion because of the flow of money between the U.S. and Mexico. Compass shares rose 6.5% to $70.70, while BBVA lost 2.5% to $25.57.

"There's a lot of cash out there, and I think investors are being relatively rational" with the premiums they expect from takeouts, said Jason Goepfert, chief executive of Sundial Capital Research. "I don't think there's speculative fervor" at this point.

Notable movers among other stocks included Sprint Nextel, which rose 2.1%, and Qualcomm, which sprang 2.9% higher. Qualcomm's MediaFlo system for broadcast mobile TV has been winning customers, and this week Oppenheimer upgraded the company to "buy" from "neutral."

A report in industry publication Automotive News suggested General Motors was in talks to purchase Chrysler Group. Chrysler parent DaimlerChrysler was up 4.4% to $73.33; GM slipped on the news, but recovered, ending 0.3% lower. Ford Motor, one of the most actively traded stocks on the NYSE, tumbled 0.8%.

Mills Corp. declined 4.6% to $25.48 after the real-estate investment company agreed to be bought by Simon Property Group and Farallon Capital Management for $25.25 a share.

Crude-oil prices added $1.30 to $59.29 a barrel as the U.S. government warned about an escalation of militant attacks in key producer Nigeria. OPEC's new secretary general said he feels the market is "stable."

In major market action:

Stocks broke even.14 On the New York Stock Exchange Thursday, 1,664 stocks advanced and 1,648 declined on volume of 1.36 billion shares.

Bonds gained.15 The 10-year Treasury note rose 4/32, or $1.25 for every $1,000 invested, yielding 4.69%. The 30-year bond was up 9/32, yielding 4.788%.

The dollar strengthened slightly.16 The euro was at $1.3139 from $1.3145 at Thursday's close. The dollar was at 119.35 yen from 119.22 yen late Thursday.

Treasury Prices Climb On "Comforting" Data (WSJ)

By Laurence Norman

DOJ_NMG_0134139

The Wall Street Journal, February 17, 2007

Treasury-bond markets chalked up gains Friday, with prices rising modestly on weaker-than-expected housing and consumer-confidence data.

The benchmark 10-year note was up 4/32, or $1.25 per $1,000 face value, at 99 16/32. Its yield fell to 4.69% from 4.706% Thursday, as yields move inversely to prices. The 30-year bond rose 9/32 to 99 13/32 to yield 4.788%.

Morning gains briefly took the 10-year note's yield down to 4.66%, its lowest level since Jan. 10, before it reversed course in a short session. U.S. bond markets closed early Friday ahead of the Presidents Day weekend.

The data, including weak housing starts and soft consumer-confidence numbers, were "comforting" for bond markets, said John Spinello, Treasurys strategist at Jefferies & Co., indicating that housing "will continue to be a drag on the economy."

Mr. Spinello said there has been a string of weaker economic data in recent days which, alongside this past week's remarks from Federal Reserve Chairman Ben Bernanke, had helped the 10-year Treasury yield fall some 0.12 percentage point since Wednesday morning.

Investors read Mr. Bernanke's testimony to Congress Wednesday and Thursday as being less aggressive on the possibility of further Fed rate increases than they had feared.

Crude-Oil Prices Near $60 On Concerns About Nigeria (WSJ)

By Masood Farivar

The Wall Street Journal, February 17, 2007

Oil futures rallied 2.4% and climbed above $59 after the government warned about more militant attacks in Nigeria and the Organization of Petroleum Exporting Countries' secretary-general said producers were showing compliance with the group's new oil-production target.

The rally followed a volatile week in oil markets and came as traders closed bets on lower prices ahead of the long weekend. Floor trading on the New York Mercantile Exchange is closed Monday for Presidents Day, but electronic trading on the Chicago Mercantile Exchange's Globex platform will be available.

The front-month March crude-futures contract on the Nymex jumped $1.40 to $59.39 a barrel, a sharp recovery from its intraday low of $57.59 a barrel. The contract expires Tuesday.

In other commodity news:

EXCHANGES: A lobby group representing users of the futures markets released a statement Friday expressing concern about the announced merger between the Chicago Mercantile Exchange and CBOT Holdings Inc.'s Chicago Board of Trade.

The two futures exchanges -- the largest providers of exchange-traded financial-derivative contracts -- would combine to create CME Group and have a commanding market share of more than 85% of the market for U.S. futures-exchange trading, said the Futures Industry Association.

The FIA said the announced deal -- while creating possible cost savings -- "would concentrate significant market power...substantially lessen competition...and raise even higher the barriers to entry for new competitors." The FIA said the emergence of new competition may "overcome the anti-competitive effects of the merger."

The CME said in a statement that its merger "increases competition in the global derivatives marketplace and better positions the U.S. to compete."

CORN: Prices on the CBOT climbed as the market reacted to a private weather company's forecast that wet weather in the spring could delay corn plantings and may be followed by dryness during the summer that could impede growth. Nearby March corn rose 9.5 cents to $4.17 a bushel.

COFFEE: Prices on the New York Board of Trade fell because of an increase in U.S. stocks of unroasted coffee beans. The March contract closed down 2.1 cents to $1.1320 a pound.

Alan Who? (LAT)

The Los Angeles Times, February 17, 2007

Fed Chairman Ben S. Bernanke is so candid with Congress, he may make members forget his predecessor.

DOJ_NMG_0134140

FEDERAL RESERVE Chairman Ben S. Bernanke's testimony on Capitol Hill this week was so clear and succinct — and bullish — that investors may soon forget about his predecessor, Alan Greenspan. Bernanke's message that the economy is enjoying healthy growth, low unemployment and little inflation soothed financial markets, but it was his forthright, substantive answers that awed members of the Senate and House committees that oversee the nation's central bank.

Indeed, Bernanke, who's been on the job just over a year, performed better than he should have, politely answering too many questions.

The independence of the central bank that oversees the nation's financial system and monetary policy — regulating the supply of money in the economy and interest rates — instills a great deal of confidence in the dollar and in the nation's financial sector. Such independence may seem an abstraction, but it should be a tangible reality to legislators charged with overseeing the bank's work. If they don't get it, who will?

So it was discouraging watching these senators (on Wednesday) and House members (on Thursday) expending so much hot air trying to get the patient Bernanke to agree to any number of their legislative priorities or pet theories.

He endorsed certain approaches to affordable housing development, "good policies" (as opposed to bad policies?) to deal with the nation's aging population, the building of liquefied natural gas terminals, reducing government guarantees for anti-terrorism insurance, moves to force more transparency in CEO compensation packages, health insurance portability, more preschool programs and fewer "Law & Order" spinoffs.

OK, he didn't get into TV programming. But he could have. The point is that the chairman of the Federal Reserve should refuse to wade into any policy debates that exceed his reach. Although Bernanke did say President Bush's tax cuts have been a net positive for the economy, he resisted repeated entreaties from members of both parties to take sides on upcoming battles over tax policy. This is what tarnished Greenspan's independence. In one amusing aside on Wednesday, Sen. John E. Sununu (R-N.H.) tried to make a case for why it's appropriate to have the Fed chairman talk about education (something about it being an "input") but not tax policy.

Bernanke probably felt that he was weighing in on what he considered noncontroversial (if also nonrelevant) issues, but he'd be wise to stick to macroeconomic conditions and monetary policy. The Fed's credibility will be enhanced every time he says, "That's none of my business."

Back At Home, McCain Annoys The G.O.P. Right (NYT)

By Jennifer Steinhauer

The New York Times, February 17, 2007

SURPRISE, Ariz., Feb. 13 — The chairman of the local Republican Party here in the most populous county in Arizona has in his possession a bright yellow button with a black line slashed through the name McCain.

“I don’t wear it out very often,” said the chairman, Lyle Tuttle of the Maricopa County Republican Committee, in a slightly sheepish coda to a 20-minute vituperation about the state’s senior senator, served up from his living room chair.

“I think those who do not support Senator McCain,” Mr. Tuttle continued, “if they could just get the word out and help people to understand what has happened with him, we could have an impact.”

No doubt about it, Senator John McCain, the Arizona Republican who would like to be president, is a popular man in his state, having won re-election in 2004 with about 76 percent of the vote.

But a vocal slice of the state’s most conservative Republicans, reflecting concerns about Mr. McCain held by some conservatives nationwide, are agitating against him in a way that they hope might throw off his incipient presidential campaign.

In a recent telephone poll by Arizona State University, 54 percent of the state’s Republican voters who were queried favored Mr. McCain in a presidential primary next February, a small enough majority to incite his critics and encourage some Republican rivals.

“Arizona is one place where we are very well organized,” said Kevin Madden, a spokesman for the presidential campaign of Mitt Romney, the Republican and former Massachusetts governor.

“We think we can go out there and make the case on pro-family issues, on fiscal issues and on strong borders,” Mr. Madden added.

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Meanwhile, disgusted with Mr. McCain's position on proposed changes to immigration laws (he advocates legalization that would not require illegal immigrants to leave the country), with what some see as wavering on the issue of gay marriage (he lent his name to a state ballot initiative to ban it but did not support a constitutional amendment), and with the campaign finance act that bears his name, some Arizona Republicans are making trouble for Mr. McCain.

They have elected local party leaders whom he opposes, criticized his policy positions and thrown early support to other potential primary candidates — all in the hope of tripping up Mr. McCain on his own doorstep.

"They can make trouble for him," said Bruce D. Merrill, an Arizona State University political scientist and polling expert. "It is too early in terms of voting to tell, but it certainly could potentially affect people's decision to give him money."

The senator's supporters are quick to write off the detractors as a fringe of the raucous state party that will be flattened like pita bread once primary day arrives next year. As a practical matter, Mr. McCain's supporters point out, Arizona's large swaths of independent voters can vote in the Republican primary, which will be a boon to Mr. McCain even if he loses some votes within his own party.

"When I was a little kid, I was really into western movies," said Matt Salmon, former chairman of the Arizona Republican Party, who resigned with the intention to work for Mr. McCain's presidential campaign. "In one of those, the cavalry was outmanned by attacking Indians, so they put a bunch of branches on the backs of horses, who then kicked up a lot of dust to make it look like there were a lot more people than there were. These guys drag around a lot of branches and kick up a lot of dust."

Outnumbered or not, Mr. McCain's critics now hold leadership positions in Maricopa County, the state's most Republican enclave and biggest media market, which includes Phoenix. Their passion about the immigration issue, their flirtations with other candidates and their persistent harping underscore the skepticism about Mr. McCain that already exists among many hard-line conservatives here and around the nation.

They have been angered by Mr. McCain's opposition to tax cuts backed by the White House; by his immigration position, which places him on a collision course with other Republicans; by his moves to close a loophole on gun purchases; and by his vote for the fetal stem cell research bill.

The Maricopa County Republican Party recently conducted a straw poll that depicted Mr. McCain as losing badly to Representative Duncan Hunter of California, a conservative unknown to the majority of Arizona voters, then touted it with unmasked glee. The poll was derided as a sham by Mr. Merrill, the political scientist, and others who questioned the methodology.

Among some Republicans here, Mr. Romney, a Mormon who may benefit from his faith's strongholds around the state, is also mentioned as a viable alternative to Mr. McCain. Mr. Romney is supported by Joe Arpaio, the Maricopa County sheriff, among others.

Mr. McCain "can't just take it as a given that he is going to win here," said Randy Pullen, the new chairman of the Arizona Republican Party, who got the post by narrowly defeating a more moderate Republican backed by Mr. McCain. "He is going to have to work."

In some ways, Mr. McCain's troubles here reflect a fracas within the state party that has pit its more centrist members, long the stronghold of its leadership, against its most hard-line factions who call Mr. McCain "elitist."

For several years, various critics have complained that he has been aloof, that he has a brittle temper and that he has made missteps on key conservative issues.

Although Mr. McCain was ultimately victorious in the 2000 presidential primary, Gov. Jane Dee Hull of Arizona, a fellow Republican, took the unusual step of endorsing his opponent, George W. Bush, who was then Texas governor.

In 2001, two unsuccessful recall movements arose against the senator. In 2005, some groups around the state that advocate a strict deportation policy for illegal immigrants wrote letters of censure or displeasure attacking Mr. McCain for his stance. "The grass roots are burning mad," said Gary Watson, former chairman of the Mohave County Republican Central Committee. "We want to defend our borders. We don't want them to have citizenship."

So who would be better for Arizona?

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“I am real excited about Rudy Giuliani,” said Mr. Watson, even though the former New York mayor has a more liberal record on abortion rights, gun control and gay rights than Mr. McCain. “The social issues are a little bit looser than what I appreciate,” Mr. Watson said. “But he is stronger than McCain on the border issue, and the border issue is so immense to deal with.”

While much of the rumbling against Mr. McCain is among party leaders, they have managed to leave an impression among some voters.

“I could be persuaded to vote for someone else,” Kathleen Hall, 60, a Republican who supported Mr. Bush in 2000, said as she sipped coffee in a Scottsdale outdoor mall this week. “McCain is not my favorite candidate. He would just as easily tomorrow turn into a Democrat.”

Mr. McCain, who was elected to Congress from Arizona in 1982 and who succeeded Barry Goldwater in the Senate in 1986, does not appear to be shivering.

“Folks recognize that he is a principled and committed conservative who has delivered for his constituents,” said Danny Diaz, a spokesman for Mr. McCain’s presidential exploratory committee.

And plenty of people think it is a fool’s errand to try to prove otherwise.

“Anybody who thinks John McCain wouldn’t win a Republican primary in Arizona is not living in the real world,” said Mr. Merrill, the Arizona State University political scientist.

That does not mean they won’t try.

“He would do a lot better in the general here than he would do in the primary,” said Jack Hustead, who chairs the Apache County Republican Committee, “because in a primary, there are other options.”

McCain To Preach Abstinence In S.C. (AP)

By Jim Davenport

AP, February 16, 2007

Most presidential candidates are trying to get people to say "yes." Republican Sen. John McCain will be encouraging South Carolina students to say "no."

The Arizona lawmaker is scheduled to speak Sunday night to about 1,500 middle and high school students about abstaining from premarital sex. Abstinence and abortion loom large as issues in this first-in-the-South primary state in the heart of the Bible Belt.

"Senator McCain has a long legislative record of supporting abstinence-based initiatives in his record in the U.S. Senate," said Trey Walker, McCain's South Carolina campaign director. "He thinks that abstinence is healthier and should be promoted in our society for young people."

The event is to follow McCain's appearance at a hot dog and ice cream social.

McCain is courting Christian conservatives in his bid for the GOP nomination. Recently, Christian leader James Dobson said he wouldn't support McCain because of his opposition to a constitutional amendment banning same-sex marriage. McCain opposes gay marriage but says it should be regulated by the states.

Alexia Newman, who runs the Carolina Pregnancy Center, said her student rally is costing about $22,000. McCain isn't putting money into the event, but "if he wants to support this rally, that'd be great," Newman said.

"We're excited he would want to come and endorse what we're doing," she said. "It's going to be a high-energy night."

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RICHMOND, Va. (AP) — While Democratic Sen. Barack Obama has the backing of Virginia Gov. Timothy M. Kaine, rival John Edwards is getting the endorsement of the state's Democratic Party chairman.

Former state legislator C. Richard Cranwell announced his support for the former North Carolina senator two days after officials with close ties to Kaine said the governor will back Obama.

"This indicates that Virginia is in play for the presidential sweepstakes for the first time in a long time," Cranwell said in an Associated Press interview Friday.

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WASHINGTON (AP) — Republican Newt Gingrich has a message for all the presidential candidates: it's just plain stupid to start running this early.

The former House Speaker who might end up being a candidate derided the early entry into the presidential race by so many candidates.

"I think the current process of spending an entire year running in order to spend an entire year running in order to get sworn in January 2009 is stupid," Gingrich said at a National Press Club event with Democratic Sen. Charles Schumer of New York.

"I wouldn't consider thinking about running for president prior to late September," said Gingrich.

The only reason to start this early, he said, was to line the pockets of the high-paid political consultants.

The man behind the 1994 "Contract with America" that won control of the House for the GOP said a big part of the problem was current finance laws that force candidates to spend so much of their time fundraising.

Gingrich and Schumer appeared together to promote books they had written.

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LITTLE ROCK, Ark. (AP) — Arkansas' ethics panel dismissed a complaint Friday against former Gov. Mike Huckabee over the presidential candidate's destruction of computer hard drives from his office.

By a 3-0 vote, the commission voted to dismiss the complaint filed last month against Huckabee. Jim Parsons of Bella Vista, Ark., accused Huckabee of violating the state's Freedom of Information Act by crushing the computer hard drives before he left office last month.

Graham Sloan, director of the commission, said the panel ruled that it did not have jurisdiction in the case.

"We're just not the enforcement agency with regard to the FOI," Sloan said.

Huckabee has defended the destruction of the drives, saying it was done to protect sensitive information such as employees' or constituents' Social Security numbers and credit card information.

Huckabee spent the remaining $13,000 in the governor's emergency fund to destroy the computer equipment before he left office Jan. 9.

Hard drives for 83 computers and four servers were destroyed, or crushed, after some information was downloaded onto backup tapes, the Department of Information Systems said.

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DES MOINES, Iowa (AP) — Democratic presidential candidate Tom Vilsack says being a punch line to Jay Leno's jokes is a plus.

"When you are just below the margin of error in polls, anything anybody says about you is important," Vilsack said Thursday on NBC's "Tonight Show."

In the show's opening skit, a security guard would not allow Vilsack on the set because he did not recognize him. Leno came to Vilsack's rescue and verified that he was a presidential candidate and the show's guest.

Though Leno often poked fun at Vilsack's relative obscurity in the presidential race, the former Iowa governor argued that his appearance with Leno will help his candidacy and distinguish him from the better-known candidates.

"I think any time you get an opportunity to be in front of a national audience, especially an opportunity to show an interesting life story, it's going to help," Vilsack told reporters during a conference call after the show's taping.

Leno ribbed Vilsack about having a small campaign staff and asked him how he would compete with candidates such as Sens. Hillary Rodham Clinton and Barack Obama.

"I saw your skeleton crew out there — two guys and a Hertz rent a car. How's that work?" Leno asked.

"Well, I'm not a rock star," Vilsack replied, "I'm rock solid."

Rudy Giuliani Visits Richmond (WDBJ)

WDBJ7.com, February 16, 2007

Rudy Giuliani met with some of Virginia's Republican Party before heading to a Richmond dinner designed to fatten his war chest.

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The Republican is changing his focus from motivational speaking to running full-time for President. As someone who's seen first hand what terrorist are capable of on American soil, Giuliani says now is no time for the U.S. to show weakness in the Middle East.

The former mayor lived in the Commonwealth while working in the Ford administration. He is expected to be back a lot this year.

Giuliani would like to see the nation devote more resources to developing alternative energies. He campaigned for Jerry Kilgore when he ran for governor several years ago. Now Kilgore is returning the favor. He's organizing Republican support for Giuliani in the Old Dominion.

Another presidential hopeful hoping Virginia will play to his favor is Senator Barrack Obama. The Democrat will be in Richmond tomorrow for his own fundraiser. He's also expected to pick up an endorsement from Governor Tim Kaine.

Romney Explains '92 Vote For Tsongas (ABC)

By Jonathan Greenberger

ABCNews.com, February 16, 2007

Republican presidential candididate Mitt Romney offered a new explanation today for why he supported a Democrat in 1992.

That year, Romney, then a registered independent, voted for former Sen. Paul Tsongas in the 1992 Democratic presidential primary. He told ABC's George Stephanopoulos, in an interview that will air Sunday on "This Week," that his vote was meant as a tactical maneuver aimed at finding the weakest opponent for incumbent President George H.W. Bush.

"In Massachusetts, if you register as an independent, you can vote in either the Republican or Democratic primary," said Romney, who until he made an unsuccessful run for Senate in 1994 had spent his adult life as a registered independent. "When there was no real contest in the Republican primary, I'd vote in the Democrat primary, vote for the person who I thought would be the weakest opponent for the Republican."

But 12 years ago, the Boston Globe reported that Romney was giving a different explanation for his vote for Tsongas.

"Romney confirmed he voted for former U.S. Sen. Paul Tsongas in the state's 1992 Democratic presidential primary, saying he did so both because Tsongas was from Massachusetts and because he favored his ideas over those of Bill Clinton," the Boston Globe's Scot Lehigh and Frank Phillips wrote on Feb. 3, 1994. "He added he had been sure the G.O.P. would renominate George Bush, for whom he voted in the fall election."

Romney's contention that his vote for Tsongas was a vote for the weakest opponent for Bush - a phenomenon that political scientists refer to as "raiding" - surprised Professor William Mayer of Northeastern University in Boston.

"That would have been a strange election to have done that in, in the sense that Paul Tsongas was obviously going to carry his home state" of Massachusetts, said Mayer. Tsongas won the Massachusetts primary with 66 percent of the vote.

While statistical evidence of "raiding" is hard to come by, Mayer said most political scientists believe it is rare, since typically only 3 to 4 percent of voters in a Republican primary are actually Democrats, and vice versa. It is rarer still, he said, for an independent, as Romney was, to "raid": "If you're so determined to help George Bush in 92 that you're willing to vote for Paul Tsongas, it probably means you weren't an independent."

Romney has previously come under fire for donating to a series of Democratic candidates in the 1992 election, including then-Congressmen Dick Swett, D-N.H., and John LaFalce, D-N.Y.

What Matters About Mitt Romney (WP)

By Stephen Stromberg

The Washington Post, February 17, 2007

In 1967, a moderate governor of Michigan ran for the Republican presidential nomination and, for a time, was a favorite among many in the party. His support for the civil rights movement also gave him valuable crossover appeal. But after reversing course on the Vietnam War, his campaign fizzled.

What did not ruin George Romney's aspirations was his faith.

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Like his son Mitt, George Romney was a devout Mormon. Religion, as the truism goes, is far more influential in American politics today than it was in the 1960s. Forty years after his father ran, Mitt Romney's faith has elicited a cover story in the New Republic, a front-page feature in the New York Times and obligatory mentions in otherwise standard coverage of the formal kickoff of his campaign this week. Romney, it seems, might be the first presidential candidate since Al Smith whose campaign suffers seriously because of his regular attendance at Sunday services.

Writers often note that evangelical voters, now considered consequential in Southern Republican primaries, distrust Mormons. It is too easy, however, to claim that the two Romney candidacies' differing challenges simply reflect the altered composition of Republican primary voters since 1968. In a recent Post-ABC News poll, 35 percent of respondents said they would be less likely to vote for a candidate who is Mormon.

Regular cover stories in news magazines, such as Time's "Mormons, Inc." in 1997, highlight the role Mormonism now plays in the popular imagination and reflect a widespread fascination with the church. Having grown up Mormon in West Los Angeles, I know that many Americans outside of evangelical communities are uncomfortable with Mormonism. Somehow, my particular religious identification, hardly my defining characteristic, was adequate grounds for my high school nickname -- Stormin' Mormon -- and the basis for seemingly endless grilling on the faith's eccentricities. The church's history of polygamy, for example, is off-putting to many. But Mormonism can provoke extreme reactions for deeper reasons.

After decades of explosive growth, the Church of Jesus Christ of Latter-day Saints is no longer a relatively small, quirky, American-bred offshoot of Protestant Christianity but an increasingly influential institution that erects large temples in major cities, sends most of its young men on two-year proselytizing missions and operates big businesses across the country. The Mormons, critics say, are secretive and strange, and they are controlling more and more of your world.

The church's growth in power and prominence reflects its highly organized structure -- headed by a prophet who Mormons believe speaks for God -- that not only encourages but demands unusually active participation from congregants. To some outsiders, this can make it seem conspiratorial. On the lower- and middle-management levels, the church does not employ a professional clergy. Instead, everyday members are integrated into the institutional hierarchy and balance this responsibility with their professional lives. Romney himself has served as a stake president, an office loosely akin to that of a Catholic bishop. This fusion of laity and clergy means that rank-and-file Mormons are bound to the pronouncements of church leaders in a way that Catholic parishioners are not -- indeed, rank-and-file Mormons often are the ones implementing church policy.

Mormon culture also precludes the sort of passive association with the church that many Christian denominations in the United States tacitly allow. Members are either "active" or "inactive," and to remain in the former category, one must regularly attend Sunday services -- which run for three hours -- and accept a role such as choral director or Sunday school teacher or stake president. To be Mormon is to be an exceptionally committed participant in the community. This demanding communitarian streak strikes some as cultish, leading to the fear that Romney would be a tool of the church's First Presidency.

But regardless of how uncomfortable some of these characteristics make some feel, it is unproductive to focus on Romney's Mormonism. A candidate's faith, like that of an L.A. high school student or anyone else is ultimately a complex and personal phenomenon, even in the context of a highly centralized religious organization. My experience in Mormon congregations across the country has taught me that it is impossible to tell precisely how individual Mormons will apply their religious principles to their professional lives. And beyond encouraging hard work and honesty, the church itself is hardly definitive on the subject. Consider the divergent examples of other well-known Mormons -- those of Sen. Orrin Hatch (R-Utah) and Senate Majority Leader Harry Reid (D-Nev.), say.

No one but Romney can know how his beliefs might affect his judgment. Instead of focusing on his faith, it would be much more worthwhile for voters to judge Mitt Romney on his evolving political agenda -- as Republicans did when George Romney ran in 1967.

The writer is a member of the editorial page staff. His e-mail address isstrombergs@washpost.com.

Washington Goes Hollywood: Democratic Hopefuls Seek Cash (WSJ)

By John Harwood

The Wall Street Journal, February 17, 2007

DOJ_NMG_0134146

Campaign debates often turn on values. Next week, some important political players in Hollywood and Silicon Valley will demonstrate theirs: they like what's hip, new, attractive and future-oriented.

In the 1990s, that was Bill Clinton's breakthrough baby boomer presidency. In 2007, it's Barack Obama's multiracial, post-boomer candidacy.

That is why three luminous Hollywood names -- the Dreamworks trio of Steven Spielberg, Jeffrey Katzenberg and David Geffen -- are hosting an Obama fund-raiser in Los Angeles Tuesday. And it's why one of Mr. Obama's guides through Silicon Valley is Wade Randlett, an early Democratic force there through the TechNet advocacy group.

The two power centers represent increasingly important sources of Democratic campaign cash. The entertainment industry gave federal candidates $22 million in 2006 donations, according to the Web site opensecrets.org. That's more than either drug companies or the oil and gas industry. The $17 million from the high-tech industry lagged just behind those traditional powers. Nearly two-thirds of those entertainment checks went to Democrats, as did slightly more than half the high-tech money.

Hollywood will prove more hospitable. Antiwar sentiment is fiercer there, and Mr. Obama benefits from his early opposition to President Bush's Iraq policy in contrast to Hillary Clinton's 2002 vote to authorize the war. Silicon Valley keeps a closer eye on tax and regulatory policy, where Mr. Obama's views are less defined.

Mrs. Clinton -- soon to make her own northern California swing, including a visit to Google executives -- can boast of the shimmering New Economy boom on her husband's watch. And she will inherit important pieces of the financial machine that her campaign chairman, Terry McAuliffe, put together for Bill Clinton then. Media mogul Haim Saban, for instance, has signed up for Team Clinton once again.

The first woman with a prime shot at the presidency has some new backers, too. Legendary music producer Quincy Jones and executive Clarence Avant have agreed to help her -- especially valuable recruits this year because they, like Mr. Obama, are African-American.

"If those two put their shoulders to the wheel, that's a huge deal," says one of Mrs. Clinton's financial "Hill-raisers." That's a critical "if," because even the richest American can't contribute more than $2,300 to any candidate's primary campaign. In presidential fund raising, it takes a networker. Of course, the senator from New York has a potent financial network on Wall Street. The 2006 campaign donations from the securities and investment industries exceed those of Hollywood and Silicon Valley put together, opensecrets.org figures show.

The third top-tier Democrat, John Edwards, enjoys backing from fellow trial lawyers and lucrative ties to labor unions -- an even greater source of 2006 donations than securities and investment firms. But Mr. Obama's Left Coast trip next week makes clear he will prove a handful for both rivals in the early primary contest over money.

Young Voters Find Voice On Facebook (WP)

By Jose Antonio Vargas, Washington Post Staff Writer

The Washington Post, February 17, 2007

Site's Candidate Groups Are Grass-Roots Politics for the Web Generation

Late on the day that Sen. Barack Obama (D-Ill.) announced he was forming a presidential exploratory committee, Farouk Olu Aregbe logged on to Facebook.com, the popular online community where college students post profiles, share photos and blog. On a whim he created a group called "One Million Strong for Barack."

"I remember thinking, there's got to be more supporters out there," said Farouk, 26, who advises student government at the University at Missouri at Columbia.

Farouk's group had 100 members in the first hour. In less than five days, 10,000. By the third week, nearly 200,000. Yesterday, a month after he created the group, it had 278,100 members.

There are more than 500 Obama groups on Facebook. One of the first, "Students for Barack Obama," was created on July 7 by Meredith Segal, a junior at Bowdoin College who first heard of Obama when he gave the keynote speech at the Democratic National Convention in 2004. Instead of starting "a petition or something" to encourage the freshman senator to run for president, she turned to her Facebook page, created a group and invited people (first her friends, later strangers) to join.

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Now it's a political action committee with nearly 62,000 members and chapters at 80 colleges, the most structured grass-roots student movement -- there's a director of field operations, an Internet director, a finance director and a blog team director -- in the presidential campaign so far. "Young people are on the Web," said Segal, 21. "That's how we're organizing."

Obama's Facebook supporters post photos of Obama on their pages alongside snapshots of birthday parties, nephews and girlfriends. They link to the latest Obama news ("Gov. Kaine of Va. to endorse Obama"), talk about their favorite Obama quotes ("I think mine is, 'I'm so overexposed, I'm making Paris Hilton look like a recluse' ") and engage in a 24-hour conversation about their candidate ("I told you guys sometime back that once Obama announces his candidacy, the sharks are going to come biting . . ."), linked to one another in the kind of community reserved for longtime players of World of Warcraft or incessant "American Idol" fans.

A few weeks ago, Segal's group staged a rally at George Mason University that drew an estimated 3,000 students -- and an appearance from Obama himself. This past Sunday, her group's Iowa State University chapter helped promote a rally that attracted more than 5,000.

While the Illinois senator's presidential campaign has outpaced his rivals in the enthusiasm it has generated on Facebook and other social-networking sites such as Friendster and MySpace, no one knows whether such online excitement can translate to votes.

Ask Howard Dean, the Web candidate of 2004. The Democratic former Vermont governor raised millions of dollars on the Web, generated huge amounts of buzz and then learned during the Iowa caucuses that online excitement did not guarantee offline foot soldiers -- or the right foot soldiers in a state that likes its volunteers homegrown.

Meetup.com helped energize the Dean campaign, but more sophisticated social-networking sites such as Facebook, Friendster and MySpace were not a factor during the 2004 election. A recent Pew Research Center poll, however, reported that 54 percent of 18-to-25-year-olds have used them. And Joe Trippi, who spearheaded Dean's e-campaign, is among those who believe they will play a significant role in the current race.

"It took our campaign six months to get 139,000 people on an e-mail list," Trippi said. "It took one Facebook group, what, barely a month to get 200,000? That's astronomical."

Peter Levine, deputy director of the Center for Information and Research on Civic Learning and Engagement, a nonpartisan research center at the University of Maryland that studies young potential voters, predicts what he calls "the Facebook Effect."

"Everybody -- the pundits, the online strategists -- have been waiting for the first candidate to really hit a home run with the social-networking sites," Levine said. "Obama's message is attractive to a certain type of young person. He's saying: 'You have a role to play. This is about you. About your role.' There's a real hunger for that kind of message."

Added Todd Zeigler of the Bivings Group, a D.C.-based Internet communications firm that works with Republicans: "The key point here is that the support for Obama on these social-networking sites is not being driven by the campaign itself. It is something spontaneous as opposed to something the campaign itself is orchestrating. This shows a real enthusiasm for Obama's candidacy among young people that you aren't seeing for any other candidates at this point."

Obama's main Democratic opponents, Sen. Hillary Rodham Clinton (N.Y.) and former senator John Edwards (N.C.), have also used the Web to speak directly to voters, sidestepping mainstream media. But the Illinois senator's campaign seems to have taken some of its cues from sites such as Facebook. The campaign Web site, launched last Saturday, allows visitors to blog, keep track of their fundraising contributions, make a list of events and so on. And there is a Facebook link at the bottom of his home page.

K. Daniel Glover, who edits National Journal's Technology Daily, said that for candidates, "it's all about using the Internet to connect to people," the same way candidates connect with the local precinct chairmen and state party officials. But Glover cautioned against expecting too much from the Internet, especially when it comes to younger voters. "I don't think anyone is going to be elected because he/she is all the rage on Facebook," he said.

Clinton has about the same number of Facebook groups as Obama, but the largest has only about 3,000 members, and many of the sites are maintained by opponents. For every group called "African-Americans for Hillary Rodham Clinton" (95 members), there is a group called "A second Bush was bad enough, don't give me a second Clinton" (55 members). Sen. John McCain (R-Ariz.) has some presence on the site; a group called "John McCain in 2008" has 1,617 members. And though Obama

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himself has a few detractors -- a group that calls itself "Anybody That Would Support Barack Obama for President is a Moronic Liberal" has 424 members -- no one comes close to his overall popularity.

At 11 a.m. yesterday, "One Million Strong for Barack" had 278,100 members. Two and a half hours later, 278,537. Three hours later, 279,070.

Obama Stirs Columbia Crowd Of 3,000 (GAN)

By Ron Barnett

Gannett, February 17, 2007

COLUMBIA, S.C. — Barak Obama made his first campaign stop Friday in South Carolina, delivering a rousing can-do message to an enthusiastic crowd of 3,000 at Columbia's convention center.

"I don't believe in this can't-do, won't-do, won't-even-try style of leadership," the senator from Illinois said, drawing chants of "Yes, we can!" from the sign-waving throng.

Hitting one of the early primary states in the first week since announcing his candidacy for the Democratic Party's presidential nomination, Obama told supporters he doesn't believe those who say a black man can't be elected.

"Twenty years ago, nobody would have believed this crowd in South Carolina," he said of the racially mixed group.

He tried to distance himself from his rivals in the primary about the situation in Iraq, saying, "I'm proud of the fact that I was against this war from the start."

He talked about divisive politics preventing solutions to problems in health care, education and foreign policy.

He didn't mention the state's contentious Confederate flag display. The NAACP has called for a boycott of tourism in South Carolina over the presence of the flag on statehouse grounds, a few blocks from where Obama spoke.

Some who came to see Obama said they hadn't made up their minds about him but liked what they had seen.

"He's a family man, and I love his position on health care," said Kindle Johnson, a 30-year-old lawyer from Rock Hill, S.C., who was trying to decide between Obama and Sen. Hillary Clinton, D-N.Y.

Reg Blair, a 43-year-old music professor at the University of South Carolina, said he is pretty much sold on the first-term senator from Chicago.

"I haven't been so inspired by a presidential candidate in a long time," he said. "I think he's the hope of the Democratic Party."

Obama wooed the crowd with his easy demeanor, joking about his "funny name" and looking even taller than 6-foot-2 on a square boxing-ring-sized stage.

He gave a brief history lesson, with each chapter, from the Revolutionary War to the Civil War to women's suffrage to the Civil Rights movement, illustrating that Americans have always done what conventional wisdom said couldn't be done.

"Each generation said we can do better than we're doing right now," he said. "Sometimes I feel like that spirit has been lost in America."

The crowd grew quiet as he spoke of 9/11 and his view of the mistakes the Bush administration made in its aftermath.

"Four hundred billion dollars, more than 3,000 lives, and we still see no end in sight," he said of the war in Iraq. "We've got to match our military might with the strength of our diplomacy."

He spoke of diverting money from the war to education and trimming inefficiencies out of the health care system if he is elected.

"There is no reason why by the end of the next president's term — by the end of my term — that we can't have affordable health care for every person in this country," he said, drawing cheers from the crowd.

He said South Carolina could benefit from his energy proposals for more home-grown bio-fuel and said America now sends $800 billion a year for oil to "some of the most hostile countries on earth."

"We end up funding both sides of the war on terrorism," he said.

Edwards' Populist Spirit Resonates With Silicon Valley Insiders (SFC)

By Carla Marinucci

San Francisco Chronicle, February 17, 2007

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Democratic presidential candidate John Edwards, in an informal living room discussion this week with about 150 Silicon Valley insiders, said the Bush administration has failed America by demonstrating "enormous incompetence" at home in areas such as responding to Hurricane Katrina and abroad in Iraq.

The former North Carolina senator said that in the year and a half since Hurricane Katrina, "billions have been allocated" for rebuilding New Orleans without major relief to the vast numbers of poor residents.

"Is there any change? No, I can't see it," said Edwards, who announced his candidacy from New Orleans. "Where is that money?"

And in Iraq, where the president has called for increasing the number of troops by 21,500, he said, "the incompetence is almost beyond comprehension."

"I voted for this war. And I was wrong," he said. But it is "not enough for us to pass a resolution and give speeches" to condemn the president's troop increase, Edwards said to applause. "It's time for us to stop going along."

Edwards' shirtsleeves appeal during an intimate evening of dinner and conversation was delivered in the Woodside home of influential venture capitalist Andy Rappaport and his wife, Deborah -- both generous philanthropists and major donors to progressive political causes. With his under-the-radar trip to the Bay Area, Edwards, the Democratic Party's vice presidential candidate in 2004, displayed his strengths as a populist candidate who marshals the battle-hardened campaign experience of New York Sen. Hillary Rodham Clinton and the oratory gifts of Illinois Sen. Barack Obama -- the other leading Democratic presidential candidates.

Edwards' visit also dramatized how Silicon Valley has cemented its importance as the Hollywood North of presidential politics -- a required stop where candidates seek campaign cash and support among influence-wielding leaders in the capital of high tech.

Another Democratic presidential contender, former Iowa Gov. Tom Vilsack, used the setting of the Commonwealth Club of California in San Francisco this week to unveil a detailed policy to control greenhouse gas emissions, a favorite topic of Silicon Valley, where innovators are rushing to create green technologies. And Republican presidential candidate Rudolph Giuliani, the former New York mayor, addressed the Churchill Club in Santa Clara last week to talk up his leadership experience to tech leaders.

Obama is scheduled to meet Monday with tech gurus -- and has done his own culling of the area. Earlier this month, he addressed a conference call that packed supporters into a Peninsula home and raised $300,000 in about an hour, sources said.

Several of the guests at Edwards' talk this week said they also will attend a San Francisco lunch Friday for Clinton that will be hosted by major Democratic donor Susie Tompkins Buell.

In Woodside, Edwards' audience reflected the diverse profile of many of the valley's leaders: Some were longtime admirers, some were candidate shopping and some were Republicans disenchanted with their own candidates.

David desJardins, one of Google's early engineers and now a venture capitalist and consultant, said he and his wife, author Nancy Blachman, were happy to write checks to Edwards -- in addition to other leading Democrats such as Obama and Clinton -- to ensure that it is "not money, but ideas" that decide the Democratic race.

"We're feeling so positive that we have at least three good candidates," said Emy Thurber, a state Democratic Party official. "Edwards has a powerful message ... Hillary is so capable and skillful ... and Obama is smart, bright and young, with a great resume."

Still undecided, she said she would attend Bay Area fundraisers for Obama on Monday and Clinton on Friday.

Other Democratic presidential hopefuls include longtime Sens. Joseph Biden of Delaware and Chris Dodd of Connecticut and New Mexico Gov. Bill Richardson.

Edwards, in his talk, addressed a range of issues that clearly resonated with many in the group: the war in Iraq, and matters closer to home such as the need to address what he called the "moral issue" of poverty in America and the opportunity gap.

"If we're not the party that stands up for the little guy, you tell me," he said, "who's going to do it?

"We need a president who actually believes in the capacity of our people ... to rise and create change. The power in America is not just in the Oval Office," he said motioning around the room to a crowd of nodding heads. "It's out here."

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The former senator also encouraged debate from the politically attuned audience -- and, even in this wealthy crowd, stood his ground among those who questioned increased taxes on those making more than $200,000 a year to pay for his universal health care plan.

With some presidential hopefuls promising to trim the national deficit without raising taxes and tackle the expensive issue of health care, Edwards responded, "you can't have both. It's a lie to say you can have both."

Richardson Says NH His Early Top Priority (NHUL)

By John DiStaso

New Hampshire Union Leader, February 17, 2007

MANCHESTER – New Mexico Gov. Bill Richardson says he will focus more time, staff and resources to New Hampshire than to any other early primary or caucus state.

In an interview yesterday as he began a two-day swing through the first-primary state, the Democratic Presidential candidate said he will participate in a debate scheduled for April 5, to be sponsored by CNN, WMUR and the New Hampshire Union Leader.

He said that as a Westerner, he "must do well" in Nevada, where the Democratic National Committee has scheduled a new caucus after Iowa's traditional lead-off event but before the New Hampshire primary.

But, he said, "for me, New Hampshire is going to be my main state to concentrate on, staff-wise, resources. I consider this a breakthrough state for me."

Richardson said last summer he will campaign in New Hampshire even if Secretary of State William Gardner sets the primary for a date at odds with the DNC's calendar. He would risk losing any delegates won in New Hampshire by doing so.

Richardson said, "New Hampshire is very important because it's the state that everybody considers the state that leads to the Presidency, and I don't mind saying that. We've got to compete in every state, but New Hampshire will be the top priority for me."

Richardson said that while other Democratic candidates running for office may be receiving big endorsements, he has the most experience in the field as a current governor and former congressman, ambassador and energy secretary.

"I've actually done some of the things that need to be done" as President, he said.

Richardson yesterday planned to campaign in downtown Manchester, Concord, Tilton and Holderness and plans to be in Manchester, Concord, Portsmouth and Hampton today.

Richardson Urges Diplomacy In Mideast (AP)

By Beverley Wang

AP, February 16, 2007

Democratic presidential candidate Bill Richardson said Friday that President Bush should learn from recent successes with North Korea and engage in intense diplomatic negotiations in the Middle East to end the Iraq war.

"He finally used diplomacy and it works," Richardson said on the first day of a two-day visit to the early voting state of New Hampshire. "My hope is that he uses that lesson ... to talk to Syria about Hezbollah and Iraq, and that he talks to Iran about getting out of Iraq and stop their meddling there.

"I believe that a good concrete dialogue with those two countries — with the U.S. having tough smart positions — could achieve something," the New Mexico governor said during a telephone interview with The Associated Press.

Richardson campaigned in the early voting state after raising $2 million at a fundraiser in New Mexico on Thursday. The total puts him in good standing in the Democratic race although he isn't as well known as some of his rivals.

Richardson, a former U.N. ambassador who has negotiated with North Korea and Saddam Hussein, said his own Iraq plan combines diplomacy with a troop withdrawal by the end of 2007.

Diplomacy could take two paths, he said. The United States should negotiate with Iraq's three main ethnic groups to set territorial boundaries and divide the government and control over oil.

The United States also should lead talks with Iran, Syria, Saudi Arabia and Egypt to get their cooperation in securing and rebuilding Iraq.

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"I believe that would at least give Iraq a chance to keep itself together and not be overrun by a sectarian conflict," he said.

On the same day the U.S. House passed a nonbinding resolution rebuking the president's decision to send more troops to Iraq, the former congressman said Congress should have spent time working on a resolution to bring a real end to the war.

"A nonbinding resolution I believe is just being done for cover for members that want to vote a certain way," he said. "They're worried about their re-election prospects."

Richardson: War Vote Should Decide Control (NHUL)

By John DiStaso

New Hampshire Union Leader, February 17, 2007

MANCHESTER – Congress should stop focusing on nonbinding resolutions and should vote instead on whether to take back from President Bush its 2002 authorization for the U.S. participation in the war in Iraq, Democratic Presidential candidate Bill Richardson said yesterday.

The New Mexico governor and former United Nations ambassador, congressman and Clinton administration energy secretary said he favors a "withdrawal with honor and dignity and efficiency." A "de-authorization" vote "would be based on the War Powers Act, and it would be the first statement on the war," he said.

The House yesterday passed a resolution disapproving of Bush's troop "surge" while pledging that Congress will "support and protect" the troops. The Senate is scheduled to take up the measure today.

But Richardson said lawmakers "should stop voting on resolutions that mean nothing."

In the first of a two-day New Hampshire campaign swing, Richardson said Bush should "use the lesson he just learned in North Korea," where he won a nuclear weapons agreement by having his administration negotiate directly with the North Korean government.

Richardson said a U.S. withdrawal from Iraq should be used as "leverage" for diplomacy. The United States should try to bring Iran, Syria, Egypt and Saudi Arabia into negotiations on "security and reconstruction."

At the same time, he said, the United States should convene a "reconciliation conference" in Iraq to include the Sunnis, the Shiia and the Kurds.

"You force them to have a coalition government, to divide up oil revenues, divide up the territory, not as separate countries, but territorial boundaries," he said.

Negotiating with Iran and Syria "won't be easy, but you can deliver benchmarks and tougher messages by talking directly to them, and you can see if there are areas of common ground."

Voting to de-authorize the war "would mean the President would lose the authority to conduct the war" but not immediately cut funding for the troops, Richardson said. "It would be the clearest legal message the President would get, and he would be forced to find a way to stop the war and engage in diplomacy.

"You withdraw with honor and dignity and efficiency, and you set up this diplomatic structure," he said.

Richardson supported Bush's call for more troops for Afghanistan, but said, "We're overstretched. I don't know where he's going to get them" while still conducting war in Iraq.

Richardson said the United States "is very vulnerable to oil shock, which will affect our national security." He said that as President, he would call for "an Apollo-like, man-on-the-moon effort" to reduce U.S. dependence on oil from 65 percent to 10 percent in 10 years.

"Not a little energy bill here and there," he said. "This will take massive public and private investment, tax incentives to develop renewable technologies." He would set fuel efficiency requirements at 40 miles per gallon and "concentrate on efficient fuels."

He would also promote "green buildings, solar roofs in schools, and retrofit homes for energy efficiency, more efficient air conditioning, more efficient lighting. And we will conserve, and the federal government will do its part."

Nuclear power "has to be on the table," Richardson said, "because it doesn't have greenhouse gas emissions. But what do you do with the waste? That has to be resolved."

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He said that as energy secretary from 1998 to 2001, he issued an order that air conditioners had to be 30 percent more energy-efficient.

"The air-conditioning companies got mad," he said. "Bush came in; they reversed my order. But then we went to court and won.

"We tried to be more energy-efficient, but we didn't push as much as we should have," Richardson said. "I'm not blameless. We pushed, but the Congress wouldn't accept it. Big oil is still very strong."

But he said he does not advocate big taxes on oil. "Let's find ways for big oil to invest more in refining capacity and renewable energy and drilling in America," but not in the Alaska National Wildlife Refuge (ANWR).

Richardson, asked how he differs from the other Democratic candidates, cited his endorsement last October by the National Rifle Association.

"I'm a hunter," he said. "I respect the Second Amendment. I'm not for assault weapons, but I'm a Westerner, and (hunting) is part of the culture."

He supports the death penalty for "the most heinous of crimes," is pro-choice and supports domestic unions, but opposes gay marriage.

On fiscal policies, Richardson said, he supports tax cuts for the middle class, including in capital gains. He said he would also cut taxes "for companies that pay more than the prevailing wage. I've had tax cuts for companies for technology start-ups" in New Mexico.

"The Democratic Party, our first solution is to tax, and I'm not of that school," he said.

Richardson supports universal health care programs similar to those in Massachusetts and California, "where you have mandates and incentives for workers and companies. It's a partnership that has to happen between hospitals, doctors and patients and the state and federal governments."

But, he said, "I believe you finance it through the budget. I would not be for financing it by new taxes."

He proposes ending congressional earmarks and would spend on community colleges some of the money saved by ending the Iraq war.

Sen. Joe Biden Touts His Plan For Iraq (AP)

By Henry C. Jackson, Associated Press Writer

AP, February 16, 2007

Sen. Joe Biden said he is the only Democratic presidential candidate who has a plan for Iraq, dismissing the ideas of other contenders as tactics that would leave the Middle East in peril. "They have tactics, not a plan," Biden told The Associated Press on Friday.

"What are they going to do, stop the civil war? ... There's a lot of people who have ideas about how to get out, but not many ideas about how to leave something more stable behind."

The Delaware senator, opening a three-day swing through Iowa, spoke during an interview at the Ames Municipal Airport before heading to the Story County Democrats Soup Supper for a speech.

Biden expounded on his plans for Iraq during the interview, and touted himself as the Democrat with the best and broadest knowledge of foreign policy.

Biden said violence in Iraq could be alleviated if the country implements what he calls a federal system, in which Kurds, Shiites and Sunnis would be divided into separate regions to avoid conflict.

"The only way you get control is if one of three things happen," he said. "One, one side wins in a bloodbath, ... two, the desire to fight expires, ... or three, you install a federal system."

Biden said his plan for Iraq and years of service on the Senate's Foreign Relations Committee, which he chairs, would allow him to make a compelling case to voters.

"I think the next president will have to show a depth and breadth of knowledge in national security matters," he said. "They'll need to have the right plans and right ideas."

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Biden said he believes his campaign will overcome remarks he made earlier this month about fellow contender Sen. Barack Obama, D-Ill. Biden called Obama the "first mainstream" black to run for president, and referred to him as "clean" and "articulate."

Biden reiterated his previous apologies and noted that his campaign had secured the support of prominent black leaders since his comments.

"I think we're beyond that," he said. "And the good news is that I have a 35-year record on civil rights.

"But I'm not going to compliment anyone anymore. I should have been more sensible."

Biden's trip to Iowa is his first since formally announcing a presidential bid. The trip got off to a bumpy start Friday: An event at a veterans home in Marshalltown was canceled after bad weather forced Biden's airplane to land in Indiana.

Biden was also scheduled to depart Iowa early Saturday morning to return to Washington for a rare Saturday session of the Senate. Democrats need 60 votes to advance a nonbinding resolution criticizing President Bush's plan to boost the number of U.S. forces in Iraq.

"It's just too important," Biden said of the Iraq vote.

The vote meant Biden had to cancel several events he had been scheduled to attend on Saturday, though he planned to fly back to Davenport for a Democratic Party event. He also had a handful of events scheduled on Sunday in Iowa, which will open the presidential nominating season in January with its precinct caucuses.

Texas Senator Bucks Trend, Stands Solidly By Bush (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, February 17, 2007

In a sea of Republican doubt, Sen. John Cornyn of Texas is all about certainty.

He is certain that President Bush's decision to send more troops into battle is the right move. He is certain that Democratic war thinking is wrong. Despite the growing misgivings of so many GOP lawmakers, Cornyn is certain that the United States should stay in Iraq until the job is done.

The freshman senator is such a throwback to the early days of GOP fealty to Bush that his Senate Web site includes a "compassionate conservatism" link. Choosing survival over solidarity, other Republicans are seeking political cover. Cornyn, 55, is one of 20 GOP senators up for reelection in 2008, but he is trying a different strategy from most of the others: unwavering loyalty.

He not only supports Bush's troop-increase plan, but he describes any alternative in the starkest possible terms. "Are we going to allow Iraq to become another failed state which will then serve as a launching pad for future terrorist attacks, perhaps including against the United States?" Cornyn asked during a recent Senate floor speech.

"Now is not the time to choose a path of retreat and defeat -- as many of the [Howard] Dean Democrats would have us follow," he said in defending Bush's anti-terrorism strategy.

Cornyn opposes a nonbinding resolution approved by the House yesterday that criticizes Bush's decision to boost troop levels in Iraq. The Senate is scheduled to meet in a special weekend session today to decide whether to begin debating that resolution.

Cornyn is a favorite at the White House, but his unalloyed defense of Bush's Iraq policies have some back home wondering whether he has gone too far.

"He's pretty much married himself to the president and to Karl" Rove, Bush's top political adviser, said Harvey Kronberg, editor of the Quorum Report political newsletter. "I'm just speculating, but we like to see a modest amount of independence here in Texas."

With his white hair and tall, regal bearing, Cornyn showed up in Washington in January 2003 as a Bush insider. He had a long friendship with Rove and possessed a nickname bestowed upon him by the president: "Corndog." Speaking at a campaign event before Cornyn's election, Bush called the former Texas attorney general "a man who can help us get some things done to make America a safer and stronger and better place for all of us."

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The new senator's White House connections gave him instant clout. Cornyn won a seat on the high-profile, and highly partisan, Judiciary Committee and quickly took a prominent role in several major political battles, including a long-running dispute with Democrats over some of Bush's most conservative judicial nominees.

He gained a reputation as a vocal, if somewhat predictable, advocate for the conservative agenda. The one area where Cornyn has broken with Bush is immigration -- the senator has staked out a more conservative position. Having formerly served on the Texas Supreme Court, Cornyn is particularly bothered by "activist" judges, whom he accuses of promoting liberal causes from the bench.

The Democrats' takeover of Congress last fall was a wake-up call for many Republicans to begin distancing themselves from the White House. Cornyn himself branched out recently by teaming up with Sen. Edward M. Kennedy (D-Mass.) on a tobacco-regulation bill and Sen. Dianne Feinstein (D-Calif.) on a homeland security funding measure.

On the war, however, he has been unwavering in his support of Bush.

Cornyn has sided with Bush on a series of controversial, war-related issues. He endorsed a White House proposal for trying "unlawful enemy combatants" that sought to limit Geneva Conventions protections. When the National Security Agency's secret program to intercept international telephone calls from the United States was revealed, Cornyn called it a "useful tool" to protect Americans from terrorism. He was one of nine senators to oppose an amendment to ban the use of "cruel, inhuman or degrading treatment or punishment" against anyone in U.S. government custody.

Some Republican war supporters, most notably Sen. John McCain (R-Ariz.), have harshly criticized Bush's handling of the conflict. Cornyn resists any such talk. In a recent CNN interview, Wolf Blitzer put him on the spot with the question, "How much of a credibility problem does the Bush administration have right now?"

Cornyn smoothly deflected. "Well, the problem is, Wolf, we have so many members of the United States Senate who are running for 2008, I think we need to put this in a larger context. But the fact of the matter is that we need to do whatever we can to protect our troops. And the fact is that the Iranians are very much involved in what's happening in Iraq right now."

Pressed on the subject in an interview, Cornyn conceded, "Clearly no war is going to proceed without mistakes, and I think there have been mistakes made."

Cornyn is not surprised that some of his Republican colleagues are turning skittish on Bush. "That's a function of the president's [poor] approval rating. When it's soaring, people are rallying around him. When his numbers are in the tank, that is diminished. But I really do believe that this is more important than the next election and who's up and who's down in Washington," Cornyn said.

The lack of daylight between Bush and Cornyn, particularly over the war, has raised a few eyebrows among Democrats and within Texas political circles.

"He needs to more clearly stand on his own two feet and stop saying, 'I agree with the president,' " said Cal Jillson, a Southern Methodist University political scientist.

"Even in Texas, total fidelity to George Bush is not the wisest move, substantively or politically," said Sen. Charles E. Schumer (N.Y.), the Senate Democrats' campaign chairman. "The whole world is changing. There's an opening in every part of the country, including in Texas, like there wasn't even five years ago."

Democrats' political prospects in Texas brightened considerably last year, after a Democrat captured the seat of former House majority leader Tom DeLay (R) in the general election and Democrat Ciro Rodriguez won a surprisingly convincing victory over Rep. Henry Bonilla (R), in a December runoff election in the massive 23rd Congressional District.

A few weeks later, the Texas Blue, a progressive Web site, raised the question of Cornyn's potential vulnerability. The evidence: two years of monthly tracking polls that showed Cornyn's job approval rating barely breaking 45 percent and a random sample of Texas residents conducted in December that detected a slight shift in favor toward Democrats.

Cornyn questioned the tracking poll's methodology, noting the firm, Survey USA, relies on recorded "robocalls," rather than using live agents to query voters. But his reaction suggested he had seen the numbers. He has raised $3.2 million for his 2008 campaign, more than any other incumbent GOP senator.

"I'm preparing for whatever happens," Cornyn said.

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California Gives Stem Cell Research Grants (NYT/AP)

By The Associated Press

The New York Times, February 17, 2007

BURLINGAME, Calif., Feb. 16 (AP) — California's stem cell agency gave out nearly $45 million in research grants to about 20 state universities and nonprofit research laboratories on Friday, far exceeding the federal government's annual outlays for stem cell work.

In issuing the first significant research grants in its two-year history, the agency, the California Institute for Regenerative Medicine, became the biggest financial backer of human embryonic stem cell research.

Stanford University researchers were the biggest winners, receiving 12 grants worth a combined $8 million, including the first publicly financed human embryo cloning project.

The Salk Institute in San Diego and the J. David Gladstone Institute in San Francisco were among the 10 nonprofit research centers receiving grants.

Next month, another round of 25 grants worth about $80 million will go to established stem cell scientists.

Loans Launch State's Stem Cell Ambitions (LAT)

By Mary Engel, Times Staff Writer

The Los Angeles Times, February 17, 2007

California draws on public money, awarding about $45 million to 20 research institutions.

SAN FRANCISCO — Public money began flowing to embryonic stem cell research Friday for the first time since Californians voted to make their state a haven for a scientific endeavor that the Bush administration refused to fund on moral grounds.

Drawing on a state loan, the board created to oversee the ambitious enterprise awarded 72 grants to 20 institutions statewide for a total of about $45 million.

The funding is a fraction of the decade-long, $300-million-a-year juggernaut voters approved under 2004's Proposition 71, the Stem Cell Research and Cures Act. But it signaled the determination of the voter-created California Institute for Regenerative Medicine to make the state a player in the nascent field even as the bonds remain frozen by litigation.

"We can't afford to wait when it comes to advancing a life-saving science," Gov. Arnold Schwarzenegger said Friday at a news conference.

To tide the state over during the lawsuits, Schwarzenegger arranged the $150-million state loan last summer on the day that President Bush vetoed legislation aimed at loosening federal funding restrictions.

Bush has expressed moral concerns about destruction of embryos during such research, as have several plaintiffs in the California lawsuits.

The state money exceeds the $38 million the National Institutes of Health spent on human embryonic stem cell research nationwide in 2006. Federal funding is limited to research on 22 embryonic stem cell lines — each one a group of cells derived from the same embryo — that existed before August 2001, the day President Bush announced his policy.

"We all know every marathon starts with a first step," the governor said. "But let's take that first step. Let's start the marathon. Let's not hold it up."

Schwarzenegger, on crutches because of his December skiing accident and flanked by people in wheelchairs, called the scientists doing stem cell research "our newest action heroes."

The grants were a bonanza for the UC system, with UC San Francisco receiving eight; UCLA seven; UC San Diego and UC Irvine six each; UC Riverside, UC Santa Cruz, UC Davis and UC Berkeley receiving two each. Even the new UC Merced got one. The biggest winner was Stanford University, which took home 12 grants. USC received four. The private nonprofit Burnham Institute for Medical Research in La Jolla received eight.

All 72 grants ranged from $251,000 to $808,000.

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Friday's two-year grants, aimed at young scientists and established veterans new to stem cell research, give a hint of the promise and challenges of this field of medical research. The work has generated both hope and hype since scientists at the University of Wisconsin derived the first human embryonic stem cells just eight years ago.

For the grant-awarding process, a group of 15 scientists from outside California and eight patient advocates from the institute's oversight board ranked 231 proposals.

The top-scoring proposal, drawing $612,000, was from UC San Diego. It will look for the signal that triggers a human embryonic stem cell to develop into a particular type of brain neuron. Stem cells are able to form into any kind of cell in the body.

"If successful," the proposal's synopsis reads, "these experiments would provide a therapeutic strategy for the treatment of Alzheimer's disease and other disorders that are characterized by loss of forebrain neurons."

It went without saying that such a result, if it is achieved at all, would involve years of research beyond the two funded by the grant.

"The project may not work but the applicant is the right researcher to try it," wrote the reviewers.

The board originally intended to award 30 grants for a total of about $24 million, but it increased the number of grants after seeing the scope and quality of the proposals, said Robert Klein, an influential backer of Proposition 71 and chairman of the oversight board.

"It's a historic opportunity to make a difference," Klein said.

After more than 12 hours of deliberation Thursday night and Friday morning, the full board made selections from the proposals, which were numbered and had the names of institutions and people removed. The institute staff advised board members, many of whom work for universities or institutions with proposals, on when to recuse themselves because of a possible conflict of interest.

The process drew some complaints from two government watchdog groups, which pointed out that Connecticut, which funds a much smaller stem cell research effort, identified all the institutions and scientists it awarded by name, including those rejected. The groups called on the board to publish the names of the California institutions that applied for grants but were denied.

But even they praised the spirited discussions and lengthy deliberations that went into choosing the grantees.

"Many of us had expressed concern that the board would act as a rubber stamp and not delve into this in a serious way," said John Simpson of Santa Monica-based Foundation for Taxpayer and Consumer Rights. "This is a very good process."

The litigation that has held up funding from the bond was brought by taxpayer groups and religious organizations. On Wednesday, a state appellate court heard oral arguments on the plaintiffs' appeal of a decision by the Alameda County Superior Court in April that upheld the constitutionality of the institute and its citizen oversight committee. The plaintiffs have said they will go to the California Supreme Court if necessary.

The state loan is to be repaid by bond money if the stem cell institute wins the lawsuit.

"They're on their own if they lose the litigation," said Ted Costa, who heads People's Advocate, a Sacramento-based taxpayer organization that is one of the plaintiffs.

Friday's awards were the first in a batch of three to be issued this spring, all funded by the state loan. The next will go to experienced stem cell scientists and the third to help fund shared laboratories.

The board named Friday's grants in honor of Dr. Leon J. Thal, the chairman of UC San Diego's neurosciences department who died this month in a plane crash. The renowned expert on Alzheimer's disease was a member of the oversight board.

Two Liberals Walk Into A Bar... (LAT)

By Martin Miller, Times Staff Writer

The Los Angeles Times, February 17, 2007

To many blue state-types, the Fox News Channel is already funny. But this weekend the media outlet famous for its patriotic fervor and red state champion Bill O'Reilly will try to be intentionally so.

Intended by its conservative creators as a counterbalance to "The Daily Show" and "The Colbert Report" on Comedy Central, "The 1/2 -Hour News Hour" premieres Sunday at 7 p.m. and will satirize current events and pop culture from a distinctly

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right of center viewpoint. Much like the 24-hour news channel itself, the show is out to fill a void in the marketplace, which the show's creators perceive as decidedly liberal.

"We thought it would be fun to have some unabashedly conservative entertainment," said Manny Coto, one of the show's creators and executive producers. "Our audience will be the millions who tune in to Rush Limbaugh and like-minded people who want that same kind of acerbic commentary and liberal bashing they get on his radio show everyday."

Added Ned Rice, another one of the show's creators and writers: "We're after the half of the country that doesn't think Jon Stewart is the only comedy that is needed."

Their show opens with something unlikely to be seen anytime soon on Stewart's "The Daily Show" or "Saturday Night Live." Limbaugh appears as the president of the United States and acid-tongued author Ann Coulter is his vice president.

The skit takes place in 2009 and is a joke, of course. Limbaugh was corralled into appearing in the skit by Joel Surnow, the show's executive producer and creator. The two struck up a friendship four years ago as a result of Limbaugh's enthusiasm for Surnow's hugely successful action-thriller program, "24."

(Surnow himself was the subject of an unflattering profile in the Feb. 19 issue of the New Yorker magazine. In it, he jokingly referred to himself as a "right wing nut job" — a description the story implicitly argues might actually be accurate. Surnow has been highly critical of the piece.)

So far, Fox News Channel has ordered only two episodes of "The 1/2 -Hour News Hour." The first one will receive an "encore" presentation Feb. 25, and a new second show is slated to air March 4.

Surnow is confident that even with minimal ratings, the show will be greenlighted for weekly production. That could happen, he added, as early as next week.

Even with the considerable success of "24," Surnow still had trouble getting the show on the air. The Fox network, which airs "24," turned it down. But thanks to a long-standing friendship with Fox News Chairman Roger Ailes, Surnow was able to convince the executive to give his new show a chance.

"I don't know how many people have been pitching shows like this," said Surnow. "But up to now, the ones that get on seem to be pretty liberal leaning."

Hollywood isn't exactly choking on a conservative talent pool, Surnow said, who nevertheless rejected the idea a liberal agenda has suppressed a program like his in the past.

"I just don't think there are a lot of conservative writers and most of them are probably apolitical or lean some to the left," he said. "There may be a little barrier to entry, but talent will eventually mow those down."

The " 1/2 -Hour News Hour" is structured in a mock news format like "The Daily Show," but instead of a single anchor, there are two. As billed, the first show takes aim at Democratic politicians, environmentalists and the American Civil Liberties Union.

In one bit, an anchor states that, if elected to the White House, Hillary Rodham Clinton has vowed to pick a diverse cabinet — of "angry lesbians."

In another bit, it's reported that Iran, the recent host of an international conference denying the Holocaust, is now denying that the meeting was ever held.

"There are too many liberal sacred cows," said Coto, who is also an executive producer on "24." "Like Hillary Clinton may get an occasional swipe here and there, but they don't go after them the way they go after Bush or Cheney."

The show released a clip earlier this week on the YouTube website mocking the media's hyperventilation over the presidential bid of Sen. Barack Obama (D-Ill.).

The clip quickly climbed up the viral video charts with hundreds of thousands of hits by midweek. Of course, it's unclear whether viewers found the bit funny or were merely curious about the conservative stab at political humor.

What are liberal critics going to think of the show?

"They're going to love it," joked Surnow. "They're going to have another place to shoot all their arrows."

Fox News Takes On Jon Stewart (POL)

By Helena Andrews

DOJ_NMG_0134158

The Politico, February 16, 2007

This Sunday at 10 p.m., Fox News Channel will debut a news/comedy hybrid the network hopes will deflate the crush young Americans have on Jon Stewart.

Produced by Joel Surnow, the brains behind Fox's hit "24," "The Half-Hour News Hour" is a mock news satire (but for conservatives) that will hopefully make everyone forget about Comedy Central's "The Daily Show." Some have dubbed it the "un-Daily Show."

"I thought it was hilarious," said Jason Apuzzo, co-director of the Liberty Film Festival in Los Angeles. The third annual festival showed a pilot of "The Half-Hour News Hour" in November. "I think there's definitely a market for something like this because I think that most of comedy tends to be oriented toward a more liberal sensibility."

Several blogs have had a less than warm and fuzzy reaction to the show. "What a pathetic attempt at comedy. I certainly won't watch it, but then I don't watch the Fox News Channel anyway," wrote one critic on Popwatch, a blog for the magazine Entertainment Weekly.

Ana Marie Cox had this to say on her Time.com blog: "As anyone who has dabbled in comedy can tell you, starting out with a political objective or message is pretty much death for the funny."

Surnow, however, knows his audience. In November he told the Hollywood Reporter that the show "would play more to the Fox News audience than the Michael Moore channel."

The New Yorker recently wrote a 7,000-word piece on the popularity of Surnow's other show, "24," and its conservative implications. The show, according to the magazine, operates off of the nation's paranoia since the attacks of Sept. 11, 2001.

Surnow, who sometimes enjoys a cigar in his office with buddy Rush Limbaugh, said that in Hollywood party affiliation doesn't matter when the ratings are up. So the fact that he's a conservative in notoriously liberal La La Land has been a non-issue until now. With the "News Hour" set to debut its first episode, he told the New Yorker he's been "exposed."

Of course, Youtube.com is already in on the action. A two-minute-long snippet of the show has been viewed 327,060 times as of Friday. The opening graphics are reminiscent of that other comedy show, with flying titles and the stock red, white and blue color scheme.

Anchor Kurt Long begins with this joke: "Illinois Senator Barack Obama admits that as a teenager he sometimes used cocaine. This news sent Obama's approval rating among Democrats plummeting to all-time low of 99.9 percent."

The studio then echoes with boisterous laughter.

And the Obama quips don't stop there.

"But in a related story Senator Obama has been endorsed for president by former Washington, D.C., Mayor Marion Barry." And there was more on Obama's middle name, Hussein, and mock features in a fictional Barack Obama magazine, such as: "A Life in Politics: My 18-month Journey."

Whether or not the jokes are about Obama himself or simply the hype surrounding him (which everyone can agree on) is up to the viewer.

Apuzzo, however, remained open as to whether the show audience will wear red or blue. "I don't think that Joel intends this to be exclusively oriented towards a conservative market," he said.

The pseudo public service announcement that Fox ran to promote the show makes the matter somewhat more clear.

A booming TV announcer says the show may offend the following: "the left, the far left, anyone standing to the left."

Fox News Channel's "1/2 Hour News Hour": Right Funny, In Spots (WP)

By Tom Shales, Washington Post Staff Writer

The Washington Post, February 17, 2007

Can political conservatives be funny? George F. Will and William F. Buckley Jr., among a few others, are great wits, but that's different from setting out to generate peals of laughter throughout the land, and managing to do it. "The 1/2 Hour News Hour," a new weekly series from Fox News Channel, aims in part to prove that the right is not so full of itself that it can't get off a zinger or two.

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Obviously patterned after "The Daily Show" on Comedy Central (which was just as obviously patterned on the "Weekend Update" segment of NBC's "Saturday Night Live"), "The 1/2 Hour News Hour" (premiering tomorrow night) is for the most part a straightforward mock newscast in which lefties are by far the favored targets. Thus the question "Can the right laugh at itself?" is neither addressed nor answered.

Despite constant, unrelenting protestations that "the media" are controlled by liberals, conservatism has hardly been absent from recent popular humor. For years, a major contributor to "Update," and the author of "SNL's" "cold open" sketch, was a conservative Republican, James Downey. The outrageous puppet movie "Team America" used many Hollywood liberals as literal targets, blowing them to proverbial kingdom come.

All that aside, " 1/2 Hour" definitely has its moments. Anchors "Jennifer Lange" and "Kent McNally" (Jenn Robertson and Kurt Long -- why didn't they just use their real names?) sit at a simple desk and deliver the facetious items without any of the dreadful, overboard mugging and mincing of "Daily Show's" obnoxious Jon Stewart.

The show opens with something of a sketch, however: It's 2009 and guess who's president? Rush Limbaugh, whom we discover seated at an Oval Officey desk and reciting his lines mechanically. When he calls for the vice president, in walks that spooky vampire Ann Coulter, too malicious and frightening to ever be funny. Still, the pair do have a certain star power.

On comes the artificial news. Hillary Rodham Clinton has pledged wide-ranging variety in her version of a Clinton administration, it's reported; she vows to appoint "a diverse group . . . of angry lesbians." An overlong segment on politically correct children's books includes such titles as "Harry Potter and the Alternate Lifestyle" and, for the developmentally challenged, "The Little Engine That Couldn't Quite."

There's a running gag about environmental activist Ed Begley Jr. attempting to get to the studio in a car that runs on, among other things, poopy, and mock commercials trashing the American Civil Liberties Union -- "protecting criminals from people like you since 1920." Here, though, the desire to deliver partisan swift kicks tends to override any impulse to amuse.

On the other hand, a segment in which a "game-show host and climatologist" attempts to link all public events, including Britney Spears's lack of underwear, to global warming has its chucklesome side, as does a plea from "Girl No. 13 on 'Deal or No Deal' " to drum up more causes for Hollywood celebrities to support, because the supply is running low. The inevitable Barack Obama jokes include the observation that a minor scandal caused his popularity among Democrats to plummet "to an all-time low of 99.9 percent."

Executive-produced by Joel Surnow, the man behind Fox's sadistic and preposterous (one hopes) "24," and undoubtedly encouraged by enfant terrible and Fox boss Roger Ailes, "The 1/2 Hour News Hour" is on the semi-amateurish side some of the time, and when it picks on dead revolutionaries such as Che Guevara, it seems lazy as well as tacky.

But those on the left anticipating, and probably hoping for, some kind of ghastly disaster will be disappointed -- and may even feel like joining in the (apparently canned) laughter more times than they'd expect. In a nutshell: It isn't terrible.

The 1/2 Hour News Hour (30 minutes) premieres tomorrow night at 10 on Fox News Channel.

It's Reported, They Mock, You Decide (NYT)

By Alessandra Stanley

The New York Times, February 17, 2007

Making fun of the president is not ideological. Not making fun of the president, on the other hand, is.

And that's what distinguishes "The ½ Hour News Hour," a Fox News version of "The Daily Show With Jon Stewart," from most other satirical shows. Comedians like Mr. Stewart, Stephen Colbert, Jay Leno and David Letterman ridicule whoever is in power, be it Bill Clinton or President Bush, John McCain or Nancy Pelosi.

The Fox News comedy only leans on the left.

On a mock news program much like "Weekend Update" on "Saturday Night Live," the targets are Hillary Rodham Clinton, Barack Obama, global warming, Hollywood liberals, politically correct children's books ("Harry Potter and the Alternative Lifestyle") and the American Civil Liberties Union. A few riffs by the fake anchors, Kurt McNally (Kurt Long) and Jennifer Lange (Jennifer Robertson), are funny, yet others fall flat. But strangely, given the current wealth of material, there are no jokes about Mr. Bush, Dick Cheney or I. Lewis Libby Jr.

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Sometimes the humor is so heavy-handed that it seems almost like self-parody. The premiere tomorrow opens with Rush Limbaugh and Ann Coulter in a skit set in January 2009. Mr. Limbaugh is the newly elected commander in chief, and he tells his fellow Americans that his Democratic opponent, Howard Dean, is "finally getting the medical attention he has so desperately needed for so long," which is a strange joke for Mr. Limbaugh to make, given his history of pain killers and prescription fraud.

Any notion that Mr. Limbaugh is trying to be slyly self-deprecating is quickly deflated by the earnest indignation fueling this comedy show.

Almost 30 years after the Reagan revolution, conservatives have to tilt pretty far to portray themselves as marginalized and downtrodden. Republicans controlled the House and the Senate until only recently, and they still run the White House, but the impulse to paint themselves as a persecuted minority leading a cultural war against the Hollywood-led liberal media dies hard.

It's a strange new comic order when the actor and environmentalist Ed Begley Jr. and his hybrid cars loom larger than the Iraq war, the deficit or White House leaks.

It's not surprising that a Fox News comedy show would share the same bunker sensibility as the rest of the network. That 24-hour cable news channel was created as a conservative antidote to mainstream news organizations. The us-against-them empire keeps growing. Rupert Murdoch announced that his latest venture, the Fox Business Channel, would be "more business-friendly than CNBC." (If nothing else, that is perhaps a sign that Mr. Murdoch does have a sense of humor.)

"The ½ Hour News Hour" is not even the first comedy show on Fox News. "Red Eye," a loose and slightly naughty late-night talk show, has a conservative but flippant bent. The host, Greg Gutfeld, says his show is "like Anderson Cooper without the poppers." But the panelists are young and try to be hip, so they mostly talk off the cuff about sex, stupid news items and celebrities.

" ½ Hour" is more tightly wound. Some of the writing is clever. "After months of being criticized for hosting a Holocaust denial conference in December," Mr. McNally says, "the Iranian government is now denying that the conference ever took place." He adds, "Or if it did, that attendance figures were greatly exaggerated by a Zionist-controlled media."

But most of the punch lines are silly, and the material too skimpy and narrow in range. It has been a long time since anyone laughed at jokes about Representative Dennis J. Kucinich, Democrat of Ohio.

There is nothing wrong with Fox News adding a comedy show to its roster, and in some ways it's quite fitting. Humor is by definition unfair and unbalanced, but it is most effective when it is more evenly and broadly spread.

Bush Discusses Mideast With Israeli PM, Saudi King (AFP)

AFP, February 17, 2007

US President George W. Bush discussed the situation in the Middle East with Israeli Prime Minister Ehud Olmert and Saudi Arabia's King Abdullah, the White House said.

The telephone talks came just before US Secretary of State Condoleezza Rice headed to the Middle East to host a rare summit between Israeli and Palestinian leaders that she hopes will break new ground in reviving peace negotiations frozen for nearly seven years.

Monday's meeting with Palestinian president Mahmud Abbas and Olmert was the focus of Bush's talks with the Israeli prime minister, the White House said in a statement.

Bush also "discussed the situation in Iraq and developments in Israeli-Palestinian affairs" with the Saudi king, the White House added.

Rice has in recent months heralded the existence of a "new opening" for progress towards Israeli-Arab peace and the creation of an independent state for Palestinians, and has billed Monday's summit in Jerusalem as a high-profile jump through that breach.

Wait-and-see Policy On Hamas Damps Expectations For Jerusalem Summit (FT)

By Harvey Morris

Financial Times, February 17, 2007

Officials have set the bar so low for a US-Israeli-Palestinian summit in Jerusalem on Monday that even a modest step towards a revival of the moribund peace process is likely to be spun as a giant leap.

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The Bush administration, bogged down in Iraq and assailed in Congress, badly wants to hear some good news from the Middle East. The timing, however, could hardly be worse.

Mahmoud Abbas's em-brace of Hamas, the Islamist group, has raised questions of the Palestinian Authority president's suitability as a peace partner, while a domestic crisis of confidence in Ehud Olmert, the Israeli prime minister, has cast doubt on his ability to break the deadlock.

Condoleezza Rice, the US secretary of state, who arrives tonight for bilateral talks with the two leaders before Monday's tripartite meeting, said peace efforts were "obviously more complicated because of the uncertainties surrounding the [Palestinian] national unity government".

The Hamas government that ruled the PA since the Islamists' election victory a year ago quit this week to pave the way for formation of a new cabinet in which it will share power with Mr Abbas's Fatah movement and independents.

The move, in the wake of a February 8 accord signed in Mecca by the two rival parties, brought enormous relief to the Gaza Strip, where more than 100 people had died in factional violence.

It left questions unanswered, however, on how far the new government would go to fulfil international principles that it recognise Israel, renounce violence and abide by existing agreements. Unless western donor countries are satisfied, an embargo on direct aid to the Palestinian government will remain in force.

In the hiatus between the Mecca accord and the government being sworn in, the US, its Middle East quartet partners - the European Union, United Nations and Russia - and even Israel have adopted a policy of wait-and-see.

"We don't like what's happened on the Palestinian side but we don't want to shut the door completely," a senior Israeli official told the Financial Times. "We will still try to work something out with Mahmoud Abbas."

The Israeli side, however, has quashed expectations, particularly in Europe, that Monday's summit might focus on skipping some of the more contentious elements of the Quartet's "road map" plan and head to final settlement talks, offering the Palestinians what diplomats call a "political horizon".

Tzipi Livni, the Israeli foreign minister, appeared tempted by the idea but it is not one that Mr Olmert would have much chance of selling to the right wing of his quarrelsome coalition.

Palestinians are now so buoyed by the Fatah-Hamas rapprochement that they see themselves as the most confident player within the trio of Israel, the US and the PA.

"Mecca gives President Abbas the freedom to negotiate. It was clear the US wasn't in favour of a Hamas government," said Ziad Abu Amr, an independent likely to be named as foreign minister in a new unity government. "But if the Americans are realistic, the best thing is to deal with Hamas in a constructive way."

Fatah officials and independents believe that Hamas, eager to rehabilitate itself in the eyes of the international community after a year of failed government, has moved towards the mainstream, despite its reluctance to recognise Israel.

"Fatah didn't embrace the Hamas political programme," said Mr Abu Amr. "I would say it's the other way round."

Israel, for the time being, tends to see the glass as half empty rather than half full. "The fact is Hamas moved a little bit, which is positive," said the Israeli official. "But we don't think it moved far enough. Mahmoud Abbas moved towards Hamas, which we don't like."

Palestinians officials meanwhile hoped their political accord would turn the Bush administration away from a perceived policy of seeking the removal of Hamas, by force if necessary. The White House's attempts to boost Fatah's military strength were set back this week when Congress froze $86m (£41m, €65m) destined to bolster Mr Abbas in his conflict with the Islamists.

"Hamas is now committed to the international rules," said Alaa Yaghi, a Fatah parliamentarian. "What more does the US want? If they don't want Hamas, it means they don't want peace on the ground."

Bush Plans Deep Cuts To Andean Drug War Budget (WT)

By Martin Arostegui, The Washington Times

The Washington Times, February 17, 2007

DOJ_NMG_0134162

SANTA CRUZ, Bolivia -- President Bush's new budget calls for deep cuts in the leading U.S. program to fight drug trafficking in the Andean region, amid growing clashes over drug policy between Washington and leftist governments in Venezuela and Bolivia.

The cuts to the Andean Counterdrug Initiative (ACI) affect every country in the region except Colombia. They have been criticized by governments in the area, as well as by U.S. counternarcotics officials and some lawmakers on Capitol Hill.

"It would be the largest across-the-board reduction in aid since the war on drugs began," said one U.S. diplomatic official, who asked not to be named.

The ACI was designed to help local efforts to reduce the flow of illegal drugs, which surged in the late 1980s when cocaine production skyrocketed and powerful drug cartels emerged.

The ACI would receive $442.8 million under the fiscal 2008 budget that Mr. Bush submitted to Congress earlier this month, down 23 percent from the estimated spending for the current fiscal year and off nearly 40 percent from $727.2 million in fiscal 2006. The largest percentage cuts would be in Peru and Bolivia, which remain major producers of coca.

More than $2 million in anti-drug aid budgeted for Venezuela in fiscal 2007 was never spent as American officials feuded with populist anti-U.S. President Hugo Chavez over counternarcotics policy. Venezuela would get no ACI money in the new budget.

Venezuelan Foreign Minister Nicolas Maduro criticized the cuts, but told reporters in Caracas earlier this month that his country would not bend to U.S. "blackmail."

The Bush budget also proposed a sharp cut in ACI funds to Bolivia, where leftist President Evo Morales, a close Chavez ally, has announced a major increase in the amount of land set aside for legal coca production. Bolivia would receive $30 million in ACI money in fiscal 2008, down from almost $80 million in fiscal 2006.

Hugo Acha, a Bolivian legal consultant on drug policy, said, "There is no point in the U.S. giving aid if the objectives are not being met. The war on drugs appears to have become a mere formality."

But Ecuador's Foreign Minister Maria Fernanda Espinosa warned that the cuts will be seen as a punishment for countries in the region that elect governments that clash with Washington.

Even Peru, which has good relations with the United States, is facing a cutback.

Peruvian Prime Minister Jorge del Castillo said in an interview, "Peru should receive more aid rather than having it cut, in view of the magnitude of the problem we face, which is equal to Colombia."

Romulo Pizarro, Peru's top counternarcotics official, said he planned to lead a delegation to Washington next month to argue against the ACI reductions. He said Lima was meeting its objectives under the program.

"We understand the State Department wants to use the money from South America elsewhere," he said. Asked if he thought the money could go to Iraq, he said, "That's right."

Secretary of State Condoleezza Rice defended the cuts on Capitol Hill last week while facing pointed questioning from lawmakers.

Miss Rice said the administration was only shifting money to more effective programs on a country-by-country basis, while keeping overall aid to the region high. Much of the counternarcotics money would move to other development accounts and to the Millennium Challenge Corp., Mr. Bush's signature foreign-aid program.

"It's not just an across-the-board, mindless cut on Latin America," she said.

She acknowledged that some funds had been cut to countries that were less cooperative in U.S. counternarcotics efforts.

"There are some places, for instance, Bolivia, where our opportunities are somewhat more limited than they've been because of the nature of the government there," she said.

Another senior U.S. official earlier this week said the State Department was driving the ACI cuts.

The official, speaking on background, said the shift had wide support, but warned that as countries such as Colombia and Peru focus on development or "soft-side remedies," terrorists and drug cartels in the region could "strike back with a vengeance."

"Why signal to the rest of the Andean nations that those who line up with us will see a cut in funding for their anti-drug efforts?" the official said.

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Scandal In Colombia Raises Skepticism On Capitol Hill (WP)

By Juan Forero, Washington Post Foreign Service

The Washington Post, February 17, 2007

BOGOTA, Colombia, Feb. 16 -- U.S. support for Colombia has been a foregone conclusion under the administration of President Ãlvaro Uribe, who was elected in 2002. But with a widening scandal tying the president's close supporters to paramilitary groups, policymakers on Capitol Hill say skepticism of Uribe's government is mounting, leading to closer scrutiny of a proposed aid package and free-trade agreement with the Andean nation.

On Thursday, Sen. Ãlvaro AraÃºjo Castro, the brother of Foreign Minister Maria Consuelo AraÃºjo, was arrested along with three other senators and a congressman. Authorities said they are investigating links that those lawmakers -- along with a sixth legislator who remains at large -- may have had ties to a paramilitary organization that has terrorized the country for years while shipping tons of cocaine to U.S. cities.

And Friday, the Supreme Court, which is heading a probe of Congress, announced that it would provide prosecutors with documentation to help determine whether the foreign minister's father, Ãlvaro AraÃºjo Noguera, had ties to paramilitary groups and participated in the kidnapping of a businessman. The foreign minister's cousin, Hernando Molina, governor of the state of Cesar, is also under investigation by authorities for allegedly collaborating with paramilitary groups to carry out killings and finance his campaign.

Uribe said he would stand fast behind his foreign minister in the midst of a scandal that has put eight congressmen behind bars and led to the questioning of dozens of national and local politicians. At a news conference Friday, Foreign Minister AraÃºjo told reporters, "I'm going to keep working with efficiency, honor, results and joy."

Officials in Washington said Uribe's support for the foreign minister would not help the Colombian government in its negotiations with U.S. lawmakers.

"The effects of what we call 'para-gate,' among Colombia followers in Congress, are that more and more folks are starting to get a bit skeptical regarding support, because there's a question of how far-reaching the relationship between the paramilitaries and the government officials is, vis-Ã-vis the president," a senior aide to a Republican senator said on condition of anonymity. "The confidence that we have in Uribe has been what's carried this for so long. That confidence has been brought into question."

Rep. Sander M. Levin (D-Mich.) said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia.

"Colombia F.T.A. cannot pass the Congress, as constructed, and Plan Colombia is in more jeopardy because of these scandals, the infiltration of the paramilitary into the inner workings of the Colombian government," Levin said by telephone from Washington. "I voted for Plan Colombia, at least the first few times, but this is a very worrisome development."

Though lawmakers in Washington remain intensely focused on Iraq, it is not lost on policymakers that Colombia remains the biggest recipient of U.S. assistance outside of the Middle East and Afghanistan. Nearly $4.7 billion has been funneled to Colombia since Plan Colombia, an extensive aid package designed to defoliate coca and erode support for Marxist rebels, was instituted in 2000. The assistance has helped Colombia lower violence and tightened bonds between Bogota and Washington.

But Colombia continues to produce more than enough cocaine to meet world demand. And despite a highly touted demobilization that started in 2003, paramilitary groups still thrive, with shadowy new forces killing rivals, union leaders and peasants while battling guerrillas for control of the country's lucrative drug business. In the midst of this tumult, the Supreme Court and a team of prosecutors have begun to unearth extensive ties between paramilitary commanders and dozens of congressmen, regional politicians from coastal states and mid-level administration officials.

For Uribe, the scandal couldn't have come at a worse moment. He, Vice President Francisco Santos and Defense Minister Juan Manuel Santos have made recent trips to the United States to press for approval of a free-trade agreement and more assistance to help the state take control of an unruly countryside. In Colombia's latest proposal, Uribe and his cabinet say they want to spend $44 billion in the coming years -- a program that would rely on a heavy infusion of aid from Washington and European countries.

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"The whole scandal and the fact that all of these people are close confidants of the president are really going to muddy the waters as they're looking at a free-trade agreement and a new aid package in a democratically controlled Congress," said Adam Isacson, who closely tracks U.S. aid to Colombia for the Center for International Policy in Washington. "The Colombian government has a rather big sales job ahead of it, and this makes it infinitely harder for them to do that sales job."

Vice President Santos, in an interview, said that the disclosures would never have come out if Uribe's government had not entered into negotiations with the paramilitary organizations, a process that he said not only led to a full-scale disarmament but emboldened institutions such as the Supreme Court to investigate authorities' paramilitary ties.

"We're going to deal with it openly, and confront reality and let the chips fall where they may," Santos said. "The most important thing is that we clearly present what we've done. The United States Congress should be totally calm about there being complete transparency here."

The Bush administration has reiterated its support for Uribe. "We remain committed to the free-trade agreement," Tom Casey, a State Department spokesman, told reporters in Washington. He added that the administration would continue to back anti-narcotics operations in Colombia.

But the latest disclosures have drawn heated criticism, from organizations such as Human Rights Watch and from some of Capitol Hill's more influential shapers of U.S. policy in Latin America, including Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Appropriations foreign operations subcommittee.

"This confirms the concerns that many have had for a long time, that the paramilitaries have infiltrated the economic and political establishment of Colombian society," he said in a statement. "It should give us some pause as to who we are dealing with."

Chávez Threatens To Jail Violators Of Price Controls (NYT)

By Simon Romero

The New York Times, February 17, 2007

CARACAS, Venezuela, Feb. 16 — Faced with an accelerating inflation rate and shortages of basic foods like beef, chicken and milk, President Hugo Chávez has threatened to jail grocery store owners and nationalize their businesses if they violate the country's expanding price controls.

Food producers and economists say the measures announced late Thursday night, which include removing three zeroes from the denomination of Venezuela's currency, are likely to backfire and generate even more acute shortages and higher prices for consumers. Inflation climbed to an annual rate of 18.4 percent a year in January, the highest in Latin America and far above the official target of 10 to 12 percent.

Mr. Chávez, whose leftist populism remains highly popular among Venezuela's poor and working classes, seemed unfazed by criticism of his policies. Appearing live on national television, he called for the creation of "committees of social control," essentially groups of his political supporters whose purpose would be to report on farmers, ranchers, supermarket owners and street vendors who circumvent the state's effort to control food prices.

"It is surreal that we've arrived at a point where we are in danger of squandering a major oil boom," said José Guerra, a former chief of economic research at Venezuela's central bank, who left Mr. Chavez's government in 2004. "If the government insists on sticking to policies that are clearly failing, we may be headed down the road of Zimbabwe."

For now, Venezuela remains far from any nightmarish economic meltdown. The country, which has the largest conventional oil reserves outside the Middle East, is still enjoying a revenue windfall from historically high oil prices, resulting in a surge in consumer spending and lavish government financing for an array of social welfare and infrastructure programs. Dollar reserves at the central bank total more than $35 billion.

The economy grew by more than 10 percent last year, helping Mr. Chávez glide to a re-election victory in December with 63 percent of the vote. Yet economists who have worked with Mr. Chávez's government say that soaring public spending is overheating Venezuela's economy, generating imbalances in the distribution of products from sugar to basic construction materials like wallboard.

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Public spending grew last year by more than 50 percent and has more than doubled since the start of 2004, as Mr. Chávez has channeled oil revenues into social programs and projects like bridges, highways, trains, subways, museums and, in a departure for a country where baseball reigns supreme, soccer stadiums.

In an indicator of concern with Mr. Chávez's economic policies, which included nationalizing companies in the telephone and electricity industries, foreign direct investment was negative in the first nine months of 2006. The last year Venezuela had a net investment outflow was in 1986.

Shortages of basic foods have been sporadic since the government strengthened price controls in 2003 after a debilitating strike by oil workers. But in recent weeks, the scarcity of items like meat and chicken have led to a panicked reaction by federal authorities as they try to understand how such shortages could develop in a seemingly flourishing economy.

Entering a supermarket here is a bizarre experience. Shelves are fully stocked with Scotch whiskey, Argentine wines and imported cheeses like brie and Camembert, but basic staples like black beans and desirable cuts of beef like sirloin are often absent. Customers, even those in the government's own Mercal chain of subsidized grocery stores, are left with choices like pork neck bones, rabbit and unusual cuts of lamb.

With shoppers limited to just two large packages of sugar, a black market in sugar has developed among street vendors in parts of Caracas. "This country is going to turn into Cuba, or Chávez will have to give in," said Cándida de Gómez, 54, a shopper at a private supermarket in Los Palos Grandes, a district in the capital.

José Vielma Mora, the chief of Seniat, the government's tax agency, oversaw a raid this month on a warehouse here where officials seized about 165 tons of sugar. Mr. Vielma said the raid exposed hoarding by vendors who were unwilling to sell the sugar at official prices. He and other officials in Mr. Chávez's government have repeatedly blamed the shortages on producers, intermediaries and grocers.

Those in the food industry argue that the price controls prevented them from making a profit after inflation rose and the value of Venezuela's currency plunged in black market trading in recent weeks. The bolívar, the country's currency, fell more than 30 percent to about 4,400 to the dollar in unofficial trading following Mr. Chávez's nationalization of Venezuela's main telephone company, CANTV, and its largest electric utility, Electricidad de Caracas.

Fears that more private companies could be nationalized have put further pressure on the currency as rich Venezuelans try to take money out of the country. Concern over capital flight has made the government jittery, with vague threats issued to newspapers that publish unofficial currency rates (officially the bolívar is quoted at about 2,150 to the dollar).

Regardless of efforts to stop illicit currency trading, the weaker bolívar has made imported food, fertilizers and agricultural equipment more expensive. Venezuela, despite boasting some of South America's most fertile farmland, still imports more than half its food, largely from Argentina, Brazil, Colombia and the United States.

Supermarket owners expressed relief when the government this week cut value-added taxes on retail food sales and raised the prices on more than 100 staples in an effort to alleviate the shortages. The announcement included an average 32 percent increase in beef prices and a 45 percent increase in chicken prices.

Following Mr. Chávez's nationalization threat, supermarket owners were cautious in their public statements. "As long as we are complying with the regulations, I don't believe there will be any type of reprisal," said Luis Rodríguez, executive director of the National Supermarket Association.

But many were clearly torn, afraid that their stores could be seized if they complained, but at a loss as to how to continue operating. "If I don't sell at the regulated price they'll fine me, and if I don't sell meat I'll be out of business," said a butcher shop owner here.

During his television broadcast, Mr. Chávez said his measures would be laid out in a decree, a power that his rubber-stamp legislature just bestowed upon him. He acknowledged that removing taxes on food sales would deprive the government of more than $3 billion in revenues, higher than the military budget, but he said tax increases on luxuries like beach homes and yachts would make up for part of the shortfall.

Mr. Chávez also said he would raise subsidies for state-owned grocery stores. Economists say such subsidies, together with hefty loans to farmers, have allowed the price controls to function relatively well until recent weeks.

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But recent expropriations of farms and ranches, part of Mr. Chávez's effort to empower state-financed cooperatives, have also weighed on domestic food production as the new managers retool operations. So has the flood of petrodollars into the economy, easing food imports and making some domestic producers uncompetitive, an affliction common to oil economies.

"There seems to be a basic misunderstanding in Chávez's government of what is driving scarcity and inflation," said Francisco Rodríguez, a former chief economist at Venezuela's National Assembly who teaches at Wesleyan University.

"There are competent people in the government who know that Chávez needs to lower spending if he wants to defeat these problems," Mr. Rodríguez said. "But there are few people in positions of power who are willing to risk telling him what he needs to hear."

Mexico's Economy Loses Steam (LAT)

By Marla Dickerson, Times Staff Writer

The Los Angeles Times, February 17, 2007

Sluggish manufacturing and falling exports to the U.S. are blamed for the deceleration. Slowing growth could spur emigration.

MEXICO CITY — Mexico's economy slowed in the last three months of 2006, and that could have consequences in the United States: Tough times in Mexico typically fuel immigration north of the border.

Mexico's gross domestic product expanded 4.3% in the October-to-December period from the final quarter of 2005, according to figures released Friday by the finance ministry. It was the third consecutive period of slower growth in the nation's economic output and a sharp decline from the 5.5% expansion registered in the first quarter.

The deceleration was blamed largely on a sluggish factory sector and a slowdown in exports to Mexico's principal customer, the United States.

Some analysts believe it portends a challenging year ahead for new President Felipe Calderon, who campaigned on promises of creating millions of jobs and vibrant economic growth for Mexico.

"When I took a look at some of the numbers I said, 'Uh-oh,' " said Eugenio Aleman, a senior economist for Wells Fargo & Co. in Minnesota. "Things are not looking good."

On the year, Mexico posted GDP growth of 4.8%, the strongest since 2000. High oil prices pumped record tax revenue into government coffers. The nation had a banner year in job creation.

But Aleman and other economists are cautious about the nation's prospects this year. The economy of the United States, Mexico's biggest trading partner, is weakening. Mexico's inflation has been rising, its oil production is slipping, and the nation's bellwether auto sector has hit a speed bump.

The United States has long served as an escape valve for struggling Mexicans, but there are signs that this funnel is tightening. Growth in the sums of money sent home by Mexican workers slowed to a trickle in November and December compared with the final months of 2005. It's an indication that stiffer border enforcement might be making it harder for undocumented Mexicans to reach America.

That will increase pressure on Calderon to reach a migratory accord with the United States. Unemployment in Mexico has soared. Rising prices on basics including tortillas, milk and eggs have sparked street protests. Millions of families rely on the remittances sent home, which have become the nation's second-largest source of foreign exchange behind oil revenue.

Much of the slowdown in economic growth is attributed to manufacturing. Mexico's factory sector expanded 3.1% in the final quarter of the year. In the first three months of the year it grew a sizzling 7.1%, driven by rebounding auto production.

But the Big Three's woes are being felt south of the border. The Mexican plants of Ford Motor Co., General Motors Corp. and DaimlerChrysler account for about 70% of the cars assembled here, most of which end up in American showrooms.

A U.S. sales slump trimmed Mexican production and exports by 5% in December. The trend accelerated in January as exports tumbled to 88,915 vehicles, a 20.7% drop from January 2006.

Mexico's overall export growth slipped to 6% in November and 4% in December after an average increase of 19% over the first 10 months of the year. Industrial production grew an anemic 1.6% in December, much lower than forecasts.

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Meanwhile, consumer prices have been rising. Mexico ended 2006 with an inflation rate of 4.05%, up from 3.3% in 2005, sparked largely by skyrocketing prices for tomatoes, tortillas and other basic foodstuffs. Further increases could force Mexico's central bank to raise interest rates, a move that would help curb inflation but would be a further millstone on growth.

"They don't want to tighten policy and increase the risk of a much sharper decline in economic activity," said Marcela Meirelles, Latin America economist with Trust Company of the West in Los Angeles.

Mexico's oil sector probably won't be as much of a help to the economy in 2007 as it has in years past. Petroleum prices have declined steeply since last summer's record highs, meaning less oil revenue for Mexico's treasury. Production also has fallen sharply at Cantarell, its largest oil field, a major worry in a nation that last year relied on petrodollars to fund nearly 40 % of public spending.

Remittances too are showing signs of weakness. Mexican workers last year sent home a record $23 billion to their families. But the pace of growth decelerated markedly over the course of the year.

In the first quarter of 2006, remittances grew 27.5% compared with the January-to-March period in 2005. In the final three months of last year, remittances were up just 5.5% over the same period the year before. November and December were virtually flat.

Slower growth could be a result of tighter U.S. border enforcement. That's a sign of progress for border agents but a potential blow for Mexico, where remittances have become a pillar of the economy.

"That's worrisome," said Christian Stracke, emerging markets analyst with New York-based credit research firm CreditSights Inc. He said remittances play a major role in Mexico's balance of payments. "It's something we're going to have to keep an eye on."

Stracke said Mexico's construction sector, which expanded 5.9% in the fourth quarter, should continue to be a bright spot in 2007.

He said credit should also help keep the Mexican economy moving. Banks and retailers last year extended record amounts of credit card, auto loan, mortgage and other retail credit, which has bolstered consumer spending.

Detained AIDS Doctor Allowed To Visit U.S. Later, China Says (NYT)

By Jim Yardley

The New York Times, February 17, 2007

BEIJING, Saturday, Feb. 17 — China gave in to international pressure on Friday and agreed to release a prominent AIDS doctor from house arrest so she can attend an awards ceremony in Washington next month.

“We’re just really excited about it,” said Wenchi Yu Perkins, an officer with Vital Voices Global Partnership, a nonprofit women’s advocacy group that will honor the doctor, Gao Yaojie, in March along with other women from around the world.

“I just talked to Dr. Gao,” Ms. Perkins added. “She confirmed that last night an official visited and informed her that they would respect her wish to come to the U.S. I think that is the best gift for her for the Chinese New Year.”

Senator Hillary Rodham Clinton, an honorary co-chairwoman of Vital Voices, announced China’s decision on Friday after receiving the news from the Chinese ambassador in Washington. Mrs. Clinton said in a statement that she was “delighted” and that she had been assured that Dr. Gao would “be allowed to travel freely to the United States.”

Dr. Gao, 80, has been kept under house arrest since Feb. 1 in the central China city of Zhengzhou in Henan Province. Authorities detained her to stop her from traveling to apply for a travel visa , friends and AIDS advocates said.

Dr. Gao is famously outspoken, and although China has taken a more open approach toward AIDS in recent years, officials were apparently worried she might say something provocative or embarrassing in Washington. She gained international attention for her work helping to expose the government-sponsored blood-selling operations that caused thousands of farmers to be infected with H.I.V. during the 1990s.

Dr. Gao’s detention had attracted international attention and brought pressure on the Chinese government. On Tuesday, a provincial newspaper, Henan Daily, published a photograph and article detailing how provincial officials had visited Dr. Gao to wish her “sincere greetings” for the upcoming Lunar New Year. Many AIDS advocates saw the photograph and assumed it meant that China had released her. But, in fact, she was still under house arrest.

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Dr. Gao could not be reached for comment on Saturday morning.

NATO Calls Antimissile Worries Unfounded (NYT)

By Judy Dempsey

The New York Times, February 17, 2007

Gen. John Craddock of the United States Army, who recently took over as the NATO supreme allied commander in Europe, said Russia had nothing to fear from a planned antimissile system that the United States wants to install in Poland and the Czech Republic. "It's been clearly stated what the U.S. intention is," he said, "and that is to provide defense against missiles from a rogue nation." Although he did not name any country, the antimissile site would be designed to stop attacks by Iran against the United States and its European allies. Last weekend, President Vladimir V. Putin of Russia reacted angrily to the plan to install a missile defense system in former Soviet Bloc countries, saying it would set off a new arms race. On Thursday, Gen. Yuri N. Baluyevsky, the chief of the Russian military's general staff, said that if the United States went through with the system, Russia might drop out of the intermediate-range nuclear forces treaty of 1987, in which the United States and the Soviet Union agreed to eliminate land-based ballistic and cruise nuclear missiles with a range of 310 to 3,410 miles.

7 Get Life Sentences In Bombings Of Istanbul Synagogue And Office (NYT)

By Sebnem Arsu

The New York Times, February 17, 2007

ISTANBUL, Feb. 16 — A court on Friday sentenced seven Muslim men to life in prison and several dozen other people to lesser terms for their involvement in the deadly bombings of Jewish and British sites here in 2003.

The bombings killed more than 60 people and wounded hundreds more. Suicide bombers drove four explosive-laden trucks into two synagogues, the British Consulate and the HSBC headquarters here in two coordinated attacks five days apart. HSBC is a London-based banking and financial services company.

After a judge read their sentences, some of those convicted shouted, "Long live hell for nonbelievers!" and another yelled, "God is great!"

The life sentences were given to those who were determined to have been masterminds of the plot. Six of the seven denied any links with Al Qaeda and sought acquittal. The judge sentenced 41 other defendants to prison terms ranging from 3 to 18 years on a variety of charges, while 26 defendants were acquitted.

One of those who drew a life term was Louai al-Sakka, a Syrian whom security officials have described as a senior member of the Qaeda network in Iraq. He was found guilty of planning the attacks and providing financing.

Mr. Sakka was arrested in 2005 in Turkey while, according to the authorities, he was preparing a suicide attack on an Israeli cruise ship that was to carry tourists to Antalya, a Turkish Mediterranean port. At the time, the police said plans for the attack and high-powered explosives had been found at his residence.

Earlier this week, local news organizations said Turkish intelligence officials had told them that Al Qaeda had planned to kidnap Mr. Sakka on the way to the courthouse, a warning that prompted heavy security for the last two days of the trial.

Friday's session was dominated by another defendant, Harun Ilhan, who proudly declared himself a member of Al Qaeda and declared that he had been the ringleader of the four Istanbul bombings.

He read from a 700-page defense that he carried in a plastic grocery bag, spending more than four hours reading 83 pages about his hatred of the Turkish state and social deterioration in non-Muslim societies before the judge interrupted, asking him to summarize the rest.

Mr. Ilhan refused, saying, "You have this one-time chance to see why I've done this, became a member of Al Qaeda, how Al Qaeda works and has been supported worldwide, but you're just shutting me up."

After a brief exchange, the judge found Mr. Ilhan in contempt of court and ordered him out of the courtroom, but he refused to move and was carried out by five army guards.

Erkan Gabi Talu, 39, who lost his 8-year-old daughter, Annette Rubinstein Talu, and his mother, Anna Kant Talu, in one of the attacks, watched as Mr. Ilhan was removed. He said he was disappointed to have been denied access to the courtroom at the time of the sentencing.

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"I've been waiting for all these years to see their faces at time of the verdict, but I'm denied this moment of limited joy," Mr. Talu said. "In my next visit to her grave, I wished to tell my daughter that she could rest in peace, but with all these acquittals and mild jail terms, I will not be able to do that."

The 2003 attacks were shocking for Turkey's predominantly Muslim population because of the high death toll, but also because Turks thought the country would be spared attacks by radical Islamic militants.

Seven Jailed For Turkey Bombings (BBC)

BBC.com, February 16, 2007

A court in Turkey has sentenced seven people to life in prison for the 2003 Istanbul bombings which killed 58 people including the UK consul-general.

A Syrian, Loai al-Saqa, was jailed for masterminding and securing finance for the attacks on the UK consulate, two synagogues and an HSBC bank branch.

The remaining six were Turkish citizens convicted of organising the bombings.

A total of 74 people were tried - many received lighter sentences and 26 of them were acquitted.

As the verdicts were read out to a packed courtroom, several defendants shouted "God is great".

The judge ruled that five of those sentenced to life, including Saqa, should not be allowed to benefit from any sentence reductions or amnesties.

'High-level operative'

The court was told that a group of men, calling themselves Warriors for Islam, came together to plan the attacks on the direct orders of Osama Bin Laden.

In court, many of the defendants admitted attending training camps in Afghanistan for Islamic extremists - but all but one man denied any part in the Istanbul attacks.

The UK consulate in Istanbul was one of the targets Harun Ilhan, one of the men jailed for life, admitted plotting the bombings and being a member of al-Qaeda.

Saqa - who had denied involvement in the attacks - was described by the state prosecutor as a high-level operative for al-Qaeda.

"Hey my hero brothers! Do not worry for me. Victory is very near," Saqa said during final arguments.

Also sentenced to life in prison were Fevzi Yitiz - for helping to build the truck bombs - and Yusuf Polat, Baki Yigit, Osman Eken and Adnan Ersoz.

Seyit Ertul was convicted of leading an al-Qaeda cell in the Turkish town of Konya and was sentenced to 18 years in prison.

Hamid Obysi was sentenced to 12-and-a-half years for membership of al-Qaeda, bomb-making and producing false identity cards

Twenty-nine people received sentences of six years and three months and 10 more were sentenced to three years and nine months for helping the bombings.

UK Foreign Secretary Margaret Beckett welcomed the verdicts.

"These were abhorrent acts, two of which specifically targeted British interests," she said.

Rwanda Genocide Accusation Causes An Uproar (LAT)

By Sebastian Rotella, Times Staff Writer

The Los Angeles Times, February 17, 2007

A French judge says the current leader, Paul Kagame, ordered the killings that set off the genocide.

— More than a decade after the genocide, a mystery still lies at the heart of Rwanda's darkness.

But France's most celebrated anti-terrorism magistrate believes he knows who assassinated two African presidents on April 6, 1994. The shooting down of the Rwandan presidential jet that night was followed by the killings of an estimated 800,000 people, most of them members of the Tutsi minority.

In a report to French prosecutors late last year, Magistrate Jean-Louis Bruguiere accused the Tutsi leader who is now president of Rwanda, Paul Kagame, of ordering the assassination.

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The investigation includes allegations that U.S. and U.N. officials helped quash earlier inquiries to protect Kagame, an ally of the United States.

The French judge's report, which was obtained by The Times, has caused an uproar in Africa and Europe, and led Kagame's government to break off relations with France.

A United Nations tribunal is judging perpetrators of the genocide, but the ghosts of Rwanda still haunt a world community that failed to intervene. French investigators do not claim that the assassination was the sole cause of the genocide. Tensions already were growing between Tutsis and Rwanda's majority Hutus. But Bruguiere alleges that Kagame sacrificed fellow Tutsis in a brutal "political calculation" aimed at toppling the Hutu-dominated government.

"Kagame deliberately chose a modus operandi that, in the particularly tense environment ... between the Hutu and Tutsi communities, could only cause bloody retaliation against the Tutsi community," says the judge's report, which recommends that prosecutors file formal charges.

Former U.N. investigators who initially looked into the assassination told Bruguiere that their bosses had blocked efforts to pursue leads implicating Kagame. The 67-page French report presents testimony from exiled Kagame bodyguards, spies and commanders. They identified a commando team that allegedly shot down the plane, killing President Juvenal Habyarimana and the president of neighboring Burundi, as well as their aides and the French crew.

In November, Bruguiere issued warrants for nine high-ranking Rwandan officials in the investigation, which he opened in response to a complaint from the widow of one of the French pilots. The judge also urged a U.N. war crimes tribunal on Rwanda to investigate Kagame, who as a head of state is immune from prosecution.

The warrants put Rwandan suspects in danger of arrest if they travel, and Kagame also could be in jeopardy once he leaves office. But a trial in France seems remote for now.

In response to the warrants, Kagame accused the French of trying to conceal their ties to former Hutu leaders and said the prosecution amounted to blaming the victims.

"Mr. Bruguiere is an impostor, a politician," Kagame said. "If he were a judge, he would raise the question of the implication of France in the genocide of the Tutsis in Rwanda."

Magistrate ruffles feathers

Bruguiere's eight-year investigation led French detectives through a diaspora of Rwandan exiles in Africa, Europe and North America. It also revealed intrigue sometimes pitting France and its African allies against forces supported by the United States and Britain.

Bruguiere, 63, has ruffled diplomatic feathers before. He charged six Libyan intelligence officials, including the brother-in-law of the nation's leader, Moammar Kadafi, in the bombing of a flight from Zaire — now known as Congo — to Paris in 1989 that killed 170 people. The charges irritated French diplomats who had been trying to improve relations with Kadafi, but a French court eventually convicted the Libyans in absentia.

The high-profile Rwanda prosecution could culminate the career of the swashbuckling French magistrate. Facing mandatory retirement in two years, Bruguiere is likely to run for the legislature this spring and could also aspire to a Cabinet post.

Critics accuse Bruguiere of grandstanding and sloppiness. His report contains "disconcerting errors" such as misspelled names, Le Monde newspaper said. One of the witnesses, a former Kagame soldier living in Europe, has reversed his testimony and denied that he participated in shooting down the plane.

But a former chief U.N. investigator applauded Bruguiere for taking a new look at the case. The version of events advanced by the Rwandan government is that extremist Hutus killed the president as a pretext for launching the genocide, but Rwandan authorities have never charged anyone in the assassination.

"People feel very comfortable because there's a version of history out there, they've published books, made films, and they feel comfortable leaving it alone," said Michael Hourigan, an Australian who says he quit in disgust when ordered to stop investigating Kagame. "Someone needs to explain why there's been no investigation."

Among the dozen Tutsi dissidents who testified in the inquiry was Aloys Ruyenzi, a former Kagame bodyguard with the wary manner of a man accustomed to looking over his shoulder.

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Ruyenzi, 35, says he fled to Europe because Rwandan operatives tried to kill him when he turned against the government. During an interview, he confirmed the testimony he gave to Bruguiere.

"It was my wish to testify," he said. "Nobody forced me to do it."

Ruyenzi is one of many English-speaking Tutsis who grew up in Rwanda's neighbor, Uganda. He received military training in Uganda and became an intelligence sergeant in a Rwandan exile force led by Kagame. He recalls with pride that he was chosen in 1992 to become one of Kagame's bodyguards.

Kagame led an incursion from Uganda, a U.S. ally, into Rwanda, where Hutu governments had for years repressed the Tutsis, often brutally. His crack 600-man guerrilla army forced a truce with Habyarimana, a Hutu who had staunch French backing.

Ruyenzi said he stood guard on March 31, 1994, as Kagame and five top aides discussed shooting down Habyarimana's plane. Col. Theoneste Lizinde, a military advisor, was a key plotter, Ruyenzi said.

"Lizinde was from Rwanda, not an exile, so he knew the territory more than the others," Ruyenzi said. "Lizinde gave the report on where the plane should be shot. The place was near the airport. My testimony was not hearsay. I was an eyewitness. I heard what Kagame said. I was in the room. His quote was: 'If the president does not die, we could not win the war.' "

Ruyenzi and other witnesses testified that shoulder-borne Soviet-made SAM-16 missiles were smuggled to the area in a load of firewood. On April 6, a missile team infiltrated a Hutu-controlled semirural area near the airport in Kigali, the Rwandan capital, the report says.

Habyarimana and President Cyprien Ntayamira of Burundi returned together that evening from peace talks in nearby Tanzania. Their Falcon 50 jet descended into the sights of the commando unit about 8:25 p.m., according to the report. It names Sub-Lt. Franck Nziza as the fighter whose missile blew up the plane and sent flames and wreckage raining onto the presidential estate next to the airport.

"They came back ... and said what they did," Ruyenzi said. "They were promoted."

Hours later, Hutu soldiers intercepted two radio communications, one in the presence of a U.N. peacekeeping officer, in which Kagame's troops alluded to their success, investigators say.

French investigators later traced the missiles to a stock sold by Russia to Uganda, which provided them to Kagame's troops, the report said.

Investigators say that rising hostility between Hutus and Tutsis before the assassination, as well as the downing of the plane, contributed to the genocide that followed. Extremist Hutus had been broadcasting venomous anti-Tutsi propaganda over the radio for weeks. But the investigators accuse Kagame of exposing Rwandan Tutsis to murderous retaliation by Hutus in a ploy to create chaos and seize power.

The Kagame government adheres to the contrasting theory that extremist Hutus angry about the peace deal with the Tutsis killed Habyarimana.

At first, that scenario shaped the thinking of Hourigan, the Australian former U.N. investigator, and his American deputy, retired FBI supervisor James Lyons, who were sent to the killing fields in 1996 to lead a multinational team.

"All the academic and press comment was that it was Hutus around the president," Hourigan said. "But we never, ever met anyone who could give us substantive information to back up those leads. They were empty statements, vague and very generalized."

Leader implicated

In early 1997, U.N. investigators developed three informants close to Kagame who implicated their leader.

"They had firsthand knowledge, and they said it had been a special unit that did black-bag jobs," meaning covert killings, Lyons said in an interview. "Two of the informants knew each other, but the third didn't [know either of them]. That lent credence to what they were saying."

On March 7 of that year, Hourigan used a secure phone at the U.S. Embassy in Kigali to report to Louise Arbour, a war crimes prosecutor based in The Hague, according to testimony.

Hourigan says the prosecutor encouraged him. But when he visited The Hague days later, he said, she ordered him to drop the investigation of Kagame.

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"She had already made her mind up," Hourigan said. "It was almost like the end of a marriage. It wasn't a debate."

Arbour, now the U.N. high commissioner for human rights, has declined to comment.

Hourigan also testified that he thought there was a link between his call on the U.S. Embassy phone and Arbour's about-face. He said in his testimony that he suspected that U.S. spies learned of the emerging focus on Kagame and that Washington leaned on U.N. brass to protect the Tutsi leader.

U.S. officials who served under President Clinton say it is farfetched to think Washington helped quash the investigation. But Herman Cohen, the assistant secretary of State for Africa under President George H.W. Bush, said the idea was plausible because U.S. officials felt guilty about failing to intervene in the genocide.

"The Clinton administration really did everything possible to protect Kagame," Cohen said.

A spokesman for the U.N. genocide tribunal, based in Arusha, Tanzania, declined to comment on that debate. But he said Hourigan's internal report has remained available to prosecutors.

The tribunal has "enormous interest" in Bruguiere's report, spokesman Everard O'Donnell said. But it has not officially received the report and will not be pressured by outside forces, he said.

"Nobody tells the prosecutor what to do," O'Donnell said in a telephone interview.

He said the trials so far had contradicted the idea that the assassination triggered the genocide.

"The whole point about the genocide is that it was planned, preplanned," O'Donnell said. "Although the crash, the killing of the presidents, plays a role, it is not the cause of the genocide."

As for the accusations against Kagame, O'Donnell said the evidence was mixed. "The position is very much today that it's a whodunit," he said. "And we don't know whodunit."

Potential witnesses killed

In a chilling footnote, two potential witnesses identified by the U.N. investigative team were killed in Nairobi, the Kenyan capital, team officials and French investigators say.

Lizinde, named as a lead plotter, was kidnapped and slain in 1996 as he prepared to write a book about the assassination, the French report says. His family accuses Rwandan agents of the killing, citing documents in which Lizinde said he fled to Zaire and then Kenya after being targeted by Kagame's forces, the report says.

The other man slain was former Interior Minister Seth Sendashonga. Kenyan police accused a Rwandan diplomat of trying to kill him in 1996 and deported the official; Sendashonga was killed two years later.

A former Rwandan military intelligence agent living in the United States testified that the killing was the work of a covert unit created to silence dissidents. Sendashonga was dangerous because he "knew about the project of the attack on the presidential plane," the witness, Jean-Pierre Mugabe, told French investigators.

Ruyenzi, the former bodyguard, worries about meeting the same fate. Having lost loved ones in the horror nearly 13 years ago, he said, justice should disregard politics and ethnicity.

"I'm a Tutsi and I don't support anybody who is a criminal," he said. "If he is a Tutsi, let him answer for what he did. If he is a Hutu, let him answer for what he did."

UN Chief Proposes Ambitious Overhaul (FT)

By Mark Turner

Financial Times, February 17, 2007

Ban Ki-moon, the United Nations' new secretary general, on Friday warned that an unprecedented global surge in UN peacekeeping operations had left its leadership "impossibly overstretched" and unable to cope without serious reform.

In an ambitious restructuring proposal sent to the General Assembly, he said in the past three years alone nine missions had been started or significantly expanded and three more were on the way.

There are 100,000 peacekeeping personnel in the field, an all-time high, and over the coming year that could increase by 40 per cent. "Our system is dramatically strained and overstretched . . . at a time when we can least afford it," Mr Ban said. "The current approach for mounting and sustaining peacekeeping operations will not sustain the explosive growth."

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The core of his proposal is to split the peacekeeping department in two by creating a new department for field support. This would also take in parts of the UN that deal with personnel management and recruitment, and free peacekeeping operations officials to focus on strategy.

Mr Ban, however, faces a deep reluctance by governments to cede any authority to UN bureaucracy. After a troubled first month, he was beset by complaints from rich and poor countries alike that he was not consulting enough and that his team did not appear to understand how the UN worked.

Mr Ban appears to have listened to the criticism. On his return from a two-week trip, he began an outreach campaign with influential countries. The complaints have subsequently become more muted.

"He has done a better job in explaining his proposals now," said a western diplomat, although there remained confusion over the process. "Certainly it is not the way it was two weeks ago: a lot of people want to help him, and don't want the sec retary general to fail in the first thing he does," the diplomat said.

Edward Luck, an international affairs professor at Columbia University who has been advising Mr Ban, said: "In retrospect there was probably more of a problem with presentation than substance. . . It's a good sign that the more he explains the more he people are comfortable with it."

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

NY Man Accused Of Wanting To Fund Terror (MH)

The Miami Herald, February 17, 2007

NEW YORK - A businessman was charged Friday with secretly trying to pass along thousands of dollars to buy night vision goggles and other equipment for a terrorist training camp in Afghanistan.

Abdul Tawala Ibn Ali Alishtari, 53, of Ardsley, was accused in Manhattan federal court of financing terrorism and material support of terrorism.

The indictment said he accepted an unspecified amount of money between June and December to transfer $152,000 that he believed was being sent to Pakistan and Afghanistan to support an Afghanistan terrorist training camp.

The indictment also charged him with scheming to defraud investors by obtaining millions of dollars for a "Flat Eletronic Data Interchange" and promising high guaranteed rates of return.

Alishtari, also known as Michael Mixon, was scheduled to make an initial court appearance Friday afternoon. It was not immediately clear who would represent Alishtari in court, where he was born, or whether any money actually reached terrorists.

'TERROR' $$ MAN CHARGED (NYPOST)

By Kati Cornell

The New York Post, February 17, 2007

A Westchester businessman and purported peace activist was nabbed by the feds for allegedly plotting to funnel more than $150,000 to terrorists at training camps in Afghanistan and Pakistan.

Abdul Tawala Ibn Ali Alishtari, an American-born Moroccan from Ardsley, was ordered held without bail yesterday for agreeing to send $152,000 overseas to pay for night-vision goggles and other equipment for terrorists during an FBI sting operation.

The accused terror buyer was nabbed by the FBI Thursday and charged with providing material support to terrorists, as well as money-laundering and wire-fraud charges, which carry a maximum of 95 years in prison.

Prior to his arrest, Alishtari, 53, also known as Michael Dixon, had agreed to cooperate with law enforcement. But the deal fell through before he provided substantial assistance, according to a source close to the case.

Alishtari also is accused of swindling millions of dollars in a bogus Bronx-based loan program.

Defense lawyer David Greenfield entered a not guilty plea on behalf of Alishtari and declined further comment.

Alishtari drew media attention in 2003 for launching an annual movie project in Florida called Global Peace Film Festival.

The self-described activist has also posted poetry on numerous Web sites advocating peace and radical Muslim ideology, as well as personal pledges to dedicate his time and money to stopping child slavery, fraud and violence.

kati.cornell@nypost.com

Ardsley Businessman Accused Of Aiding Terrorists (WPJN)

By TIMOTHY O'CONNOR, THE JOURNAL NEWS

White Plains Journal News, February 17, 2007

NEW YORK - An Ardsley businessman was accused yesterday of trying to funnel $152,000 to terrorists for night vision goggles at a training camp in Afghanistan.

Abdul Tawala Ibn Ali Alishtari, 53, of 472 Ashford Ave. was arrested in New York City by agents with the Joint Terrorism Task Force of the FBI and New York City Police Department. An indictment was unsealed yesterday in U.S. District Court in New York charging Alishtari, who claims to be a banker, with financing terrorism, material support of terrorism, money laundering, wire fraud and conspiracy.

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Federal prosecutors accuse Alishtari of accepting a payment to transfer $152,000 for an unidentified party with the understanding that the money was going to be used to fund terrorist training in Pakistan and Afghanistan. Alishtari also is accused of scamming millions of dollars from investors through a phony loan investment program called "Flat Electronic Data Interchange."

A woman who answered the phone at Alishtari's home yesterday and identified herself as his wife cried when informed of the charges against her husband. She said she last saw him Thursday when he left in a cab for a business meeting. FBI agents later raided the family's home, she said, without telling her why they were there.

"My husband is innocent," she said and declined further comment.

On his blog and on an MSN group titled "atalishtarispeeches," Alishtari calls himself a "conservative Republican" and a "Reagan Republican" devoted to peace, dedicated to halting child slavery as well as "Internet fraud, violence and online scams hurting innocent children, women, and families so help me God."

He blames past problems with Flat Electronic Data Interchange, which has an office in the Bronx, on an unnamed convicted financial fraud artist. Alishtari says he now heads a company called IDPixie LLC that purports to offer identity theft protection solutions. He also claims to be a two-time recipient of the National Republican Congressional Committee's New York state Businessman of the Year award. He says he founded the Global Peace Film Festival. Efforts to reach Nina Streich, the festival's director, were unsuccessful.

Federal authorities released few details about how the case against Alishtari started. The indictment makes no mention of an undercover operative or a cooperating witness. It is unclear whether the case was based on a sting operation.

The indictment charges that Alishtari arranged for the transfer of $152,000 in funds that "he believed were being sent to Pakistan and Afghanistan to be used to support a terrorist training camp in Afghanistan." He is accused of transferring $25,000 from a bank account in New York to one in Montreal as part of the scheme.

Alishtari was arraigned before a federal magistrate in Manhattan and ordered held without bail. He faces up to 95 years in prison if convicted. His lawyer, David Greenfield, did not return calls seeking comment.

Reach Timothy O'Connor at tpoconnor@lohud.com or 914-694-3523.

Feds Say He Helped Fund Terror Camps (NYDN)

New York Daily News, February 17, 2007

A Westchester County peace advocate has been charged with sending $152,000 to overseas terror camps to pay for night-vision goggles, Manhattan federal prosecutors said yesterday.

Abdul Tawala Ibn Ali Alishtari, 53, of Ardsley, was accused of providing material support for terrorists in a five-count indictment handed up yesterday.

Late last year, Alishtari agreed to transfer $152,000 that he knew would be used to fund terror camps in Afghanistan and Pakistan, prosecutors said. And from 1998 to 2004, he allegedly scammed millions from investors by guaranteeing high returns - returns that didn't materialize.

Alishtari, who posts free-form peace poetry on the Internet, is also accused of money laundering for allegedly transferring $25,000 from a New York bank to one in Montreal, knowing that the money was going to terrorists, prosecutors said.

Thomas Zambito

City Briefs (NSDY)

By ANTHONY M. DESTEFANO; CARL MACGOWAN; ROCCO PARASCANDOLA

Long Island Newsday, February 17, 2007

MAN FACES TERROR SUPPORT CHARGES. A Westchester County man was arrested Friday on charges he attempted to send more than $150,000 to a terrorism training camp in Asia so that night vision equipment could be purchased, officials said. Abdul Tawala Ibn Ali Alishtari, 53, was charged in a six count indictment unsealed Friday in Manhattan federal court with attempted material support of terrorism and other charges. He was ordered held without bail. The indictment accused Alishtari, whose country of origin and citizenship weren't disclosed, with attempting last year to transfer $152,000 that he believed was being sent to Pakistan and Afghanistan to support a terrorism training center. The indictment said that the money was to be used to purchase equipment such as night vision goggles. Alishtari, who officials said lives in Ardsley, also was charged in the indictment with trying to launder $25,000 in cash by sending it to Canada to help terrorism. The indictment also accused Alishtari, known also as "Michael Mixon," with running a massive investment fraud from 1998 to 2004 that caused millions of dollars in losses. - ANTHONY M. DESTEFANO

PINK HOUSE GANG LEADER CONVICTED. The leader of Brooklyn's Pink Houses gang faces life in prison after being convicted Friday on conspiracy and extortion charges. Larone Graham, 37, was convicted on eight of 12 counts in federal court

in Central Islip. The jury deliberated for more than a week and also acquitted him of a robbery charge and three counts of firearms possession. In addition to conspiracy and extortion, Graham was convicted of a weapons charge and one count of using explosives during the commission of a felony. U.S. District Judge Joanna Seybert will sentence Graham on May 11. Graham was accused of running a crew of thieves who robbed jewelry stores, a Manhattan clothing store, a Brooklyn cigarette wholesaler and a drug dealer. The robberies, which began in December 2003 and continued until January 2005, often involved pistol-whipping employees whose hands were bound with plastic ties, prosecutors said. Two robberies occurred on Long Island and others took place in every New York City borough except Staten Island. In one incident, Graham ordered the abduction of a rival, Jamel Thompson, who was suspected of taking more than his fair share of the $2.5 million stolen by the gang. Prosecutors said Thompson was taken to Rockaway Beach, where a Pink Houses member used a pistol to fire point-blank shots at him. Thompson survived and testified against Graham. Defense attorney Bruce Barket of Garden City said he was "saddened but not surprised" by the verdict, adding he was pleased that Graham was acquitted on four counts. Barket said he plans to appeal. - CARL MACGOWAN

B'KLYN JURY INDICTS COP'S HUSBAND. The husband of a cop was indicted Friday by a Brooklyn grand jury in the attempted murder of city police Officer Andrew Suarez in Park Slope, officials said. Jose Rivera, 31, was charged with attempted murder in the first and second degree and attempted assault in the incident last Saturday, according to Brooklyn District Attorney Charles Hynes. Suarez was shot while in an unmarked police car on Sixth Avenue and Prospect Place. He was wounded in the attack but has been released from the hospital. According to Hynes, after Rivera pulled up next to a Suarez's car the officer pulled out his badge and asked Rivera if he was lost. It was then that Rivera pulled out a gun and fired, hitting Suarez, Hynes said in a prepared statement. Officials said that the other cops in the car with Suarez returned fire and struck Rivera's car several times as it drove away. Rivera's wife, Officer Jacqueline Melendez-Rivera, is suspected of trying to hide her husband's bullet-riddled car. She was charged with obstructing governmental administration, hindering prosecution and tampering with physical evidence. Melendez-Rivera, 37, was not indicted Friday and is free on bail. Her husband is being held without bail, said a spokesman for Hynes. If convicted of the most serious charge of attempted murder, Rivera faces a maximum 25 years to life in prison. - ANTHONY M. DESTEFANO

TWO PEDESTRIANS STRUCK BY CITY BUS. Two women were struck by a city bus in midtown Friday, but did not suffer life-threatening injuries, police said. The 10 a.m. accident occurred when the bus was trying to make a left turn onto First Avenue, from East 40th Street. The bus driver hit the brakes when he saw a pedestrian motioning toward him, police said, but by then two women, ages 25 and 27, already had been struck. One suffered a fractured leg, while the other was less seriously hurt. They were in stable condition at Bellevue Hospital Center. Police said both the driver and the pedestrians had the green light and that the driver did not see the women. No charges were filed or summonses issued. - ROCCO PARASCANDOLA

Family Says Inmate's Hunger Strike Not Near End (AP)

By Estes Thompson

AP, February 17, 2007

Raleigh | A former Florida university professor who has stopped eating in prison to protest his treatment sounds fine and doesn't intend to give up his nearly monthlong hunger strike, his wife said Friday.

Sami al-Arian, 49, pleaded guilty last year to conspiring to help a Palestinian terror group by making and receiving contributions.

Al-Arian stopped eating Jan. 22 after federal officials told him he had to testify before a grand jury about Muslim charities in northern Virginia that had helped finance his think tank in Tampa, Fla. He had been held in contempt before for not appearing before a grand jury in Alexandria, Va.

During his strike, Al-Arian is drinking just four glasses of water a day. His daughter Laila said earlier in the week he had lost 30 pounds since he stopped eating and that he hit his head after fainting Tuesday.

Al-Arian was moved this week from a jail in Warsaw, Va., to the Federal Medical Facility at Butner, about 22 miles north of Raleigh.

A former University of South Florida computer engineering professor, al-Arian wants to be released so he can leave the United States, his wife said in a telephone interview Friday.

"We worry about Sami, but at the same time we try to do our best to get him out of this whole situation," Nahla al-Arian said during an interview.

Nahla al-Arian traveled with supporters from Florida this week to Washington to see Florida representatives and plead al-Arian's case.

One supporter, Lois Price, who said she met the al-Arians through a United Church of Christ in Tampa, said al-Arian "believes in the American system and justice for all people."

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Al-Arian contends his guilty plea relieves him of any obligation to cooperate with the government. Two federal judges have ruled he must testify.

Prosecutors have accused al-Arian of being an active member of the terrorist group Palestinian Islamic Jihad, which has carried out suicide bombings against Israel. He was acquitted of some charges and the jury was hung on others following a six-month trial in 2005. Al-Arian entered his guilty plea in April.

This is at least the second hunger strike for Al-Arian. He started one shortly after he was arrested in February 2003 and continued for 140 days, his supporters say.

Milan Court Indicts 26 Americans In Abduction (WP)

By Sarah Delaney, Craig Whitlock, Washington Post Foreign Service

The Washington Post, February 17, 2007

CIA Operatives May Be Tried in Absentia

ROME, Feb. 16 -- An Italian judge gave approval Friday for what will be the first overseas criminal trial of CIA officers involved in a covert counterterrorism operation, as a court in Milan indicted more than two dozen Americans on charges of kidnapping a radical Muslim cleric four years ago.

After a judicial hearing that lasted two months, the court handed down indictments against 25 CIA operatives, a U.S. Air Force lieutenant colonel and five Italian spies who are accused of grabbing an imam, Osama Mustafa Hassan Nasr, off the street and stuffing him into a white van as he walked to noonday prayers Feb. 17, 2003. Nasr was taken from Milan to his native Egypt, where he claims he was tortured in prison for more than three years.

The trial is scheduled to open June 8 and will challenge the legality of a long-standing CIA practice known as "extraordinary rendition," in which terrorism suspects are secretly abducted and taken to other countries for interrogation. None of the American defendants is in custody, nor are they expected to appear in court. Prosecutors said they will be tried in absentia.

Arrest warrants against the CIA operatives were obtained in 2005. A judge approved the indictments Friday after the judicial hearing and a lengthy criminal investigation that retraced in minute detail how the CIA put together the kidnapping plot.

The CIA and the State Department declined to comment on the indictments. "This is an issue that is before the judiciary in Italy," State Department spokesman Tom Casey said.

It is the second case in which criminal charges have been filed against CIA officers for illegally abducting a terrorism suspect. German prosecutors in Munich issued arrest warrants last month for 13 CIA operatives suspected of kidnapping a Lebanese German man, Khaled el-Masri, in the Balkans in December 2003 and taking him to Afghanistan. He was released five months later after the CIA realized they had grabbed the wrong man.

In addition, the Swiss government announced this week that it had approved a criminal investigation into the use of Switzerland's airspace to fly Nasr from Italy to a U.S. military base in Germany after his abduction.

He was put on another CIA-chartered plane to Cairo soon afterward.

The Milan prosecution team, headed by investigating magistrate Armando Spataro, has asked the Italian government to file a request with the U.S. Justice Department for extradition of the 26 American defendants. The request has already been refused once, by Roberto Castelli, then Italy's justice minister. But it is being reconsidered by a new Italian government that came to power last year.

The indictment publishes the names of the 25 CIA operatives, including the CIA's former Rome station chief Jeffrey Castelli and former Milan substation chief Robert Seldon Lady, who are accused of conspiring with the Italian military intelligence agency, known as Sismi.

Most of the CIA operatives named in the indictments had been using undercover aliases; prosecutors said they do not know the operatives' true identities and acknowledged that it is unlikely they will be found or brought to Italy to stand trial.

A former Sismi director, Gen. Nicolo Pollari, has also been charged.

Arianna Barbazza, a Milan lawyer who has been appointed to represent several of the U.S. defendants, said she and other defense attorneys in the case had been unable to contact their clients. She said it was highly unlikely that the United States would respond to an extradition request, even if the Italian government decided to make one.

Barbazza said the trial will probably reveal more about the Italian spies and their agency, "because it will attempt to verify whether Sismi was aware beforehand of the kidnapping."

Matilde Sansalone, who represents the CIA's former Rome station chief and two other Americans, said the apparent decision by the CIA operatives not to hire their own lawyers "demonstrates a specific choice to not participate in the proceedings."

Sansalone said she and other defense lawyers would not contest Nasr's abduction but would argue that there is insufficient evidence to find individual defendants guilty.

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Nasr was released this week by an Egyptian court after spending nearly four years in prison. He is staying with his family in Alexandria, Egypt, and is considering filing a civil lawsuit against the Italian and U.S. governments, according to a Cairo lawyer, Montasser al-Zayat, who has worked on his behalf.

Attorneys involved in the case said it was unlikely Nasr would return to Milan to testify in the trial; he faces arrest in Italy on terrorism-related charges that were filed after his abduction. Sansalone said the outcome of the trial could change if Nasr does testify, however.

This week the Italian government also asked the country's constitutional court to determine whether investigators overstepped their legal authority by ordering wiretaps of the Italian spies' telephone calls. A ruling in the government's favor could be a setback to the prosecutor's case.

Americans To Stand Trial In Rendition Case (FT)

By Tony Barber

Financial Times, February 17, 2007

An Italian judge on Friday ordered 25 alleged CIA agents and the former head of Italy's military intelligence service to be put on trial on charges of kidnapping an Egyptian imam in Milan and spiriting him abroad in February 2003.

The trial will be the first criminal prosecution of people alleged to have been involved in the US Central Intelligence Agency's controversial abductions of terrorist suspects after the attacks on the US of September 11 2001.

It also presents a fresh problem for US-Italian relations, already dogged by disputes over the planned expansion of a US military base in north-eastern Italy and the ability of Italy's centre-left government to keep Italian forces fighting under Nato auspices in Afghanistan.

Caterina Interlandi, the Milan judge who ordered the trial, set June 8 as the date for the start of the proceedings.

The case concerns Osama Mustafa Hassan Nasr, also known as Abu Omar, who prosecutors say was kidnapped on a Milan street, bundled into a van, driven to a US airbase at Aviano, flown to another US base in Germany and then taken to Egypt for interrogation.

Among those accused are 26 Americans, all but one alleged to be CIA agents, and Nicolò Pollari, the former head of Italy's military intelligence service, whom the government removed from his post last November.

None of the Americans is believed to be in Italy at present, and it appears improbable that any will show up voluntarily for the trial. Their court-appointed lawyers say they are not even in contact with their clients.

From the point of view of the US and Italian governments, however, the case has the potential to throw an unwelcome light on the degree to which Italy co-operated with the CIA kidnapping policy, known as the "rendition programme".

The centre-left government of Romano Prodi, prime minister, is unwilling to meet prosecutors' demands to seek the extradition of the Americans so that they appear in court in Milan.

The kidnapping of Mr Nasr occurred one month before the US-led invasion of Iraq, when Silvio Berlusconi, the centre-right opposition leader, was prime minister. He prided himself on being a devoted ally of the US but says his government was not involved in the abduction.

Mr Pollari has likewise denied responsibility for the kidnapping and told the court in a pre-trial hearing last month that he had "opposed any illegal actions" that may have taken place in connection with Mr Nasr.

Americans Indicted In Cleric's Abduction (WT/AP)

By Colleen Barry, Associated Press

The Washington Times, February 17, 2007

MILAN, Italy -- An Italian judge indicted 25 suspected CIA agents and a U.S. Air Force lieutenant colonel yesterday in the purported kidnapping and torture of an Egyptian cleric who had been under investigation for recruiting Islamist fighters.

The indictment paves the way for Italy to try the Americans, along with five Italians, in June in the first criminal trial over the CIA's extraordinary rendition program.

But prosecutors think that many of the American names in the indictment are aliases, and even if Italy requests the Americans' extradition -- a move that would strain U.S.-Italian relations -- it is unlikely that the agents, who have all left Italy, would be turned over for prosecution.

All the U.S. agents have court-appointed attorneys, who say they have had no contact with their clients. In Italy, defendants can be tried in absentia.

The CIA did not comment yesterday on the case, which has put an uncomfortable spotlight on intelligence operations and increased U.S.-European disagreement over combating terrorism.

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Prosecutors say five Italian intelligence officials worked with the Americans to abduct Osama Moustafa Hassan Nasr from a Milan street on Feb. 17, 2003.

Mr. Nasr was purportedly taken to the Aviano Air Base near Venice and then flown to the Ramstein Air Base in southern Germany and onward to Egypt, where he was held for four years and, his attorney said, tortured. He was freed earlier this week by an Egyptian court that ruled his detention was "unfounded."

The Swiss government this week approved prosecutors' plans to investigate the flight that purportedly took Mr. Nasr over Swiss airspace from Italy to Germany. And a German prosecutor recently issued arrest warrants for 13 persons in connection with the purported CIA-orchestrated kidnapping of a German citizen.

Italian prosecutors say the operation was a breach of their country's sovereignty that compromised Italy's own anti-terrorism efforts.

Mr. Nasr, who had the status of political refugee in Italy, was under investigation for terrorism-related activities at the time of his abduction, and Milan prosecutors issued a warrant for his arrest more than two years after he disappeared from Milan, while he was in Egyptian custody.

All but one of the Americans have been identified as CIA agents, including the former Milan station chief Robert Seldon Lady and former Rome station chief Jeffrey Castelli. The other is Air Force Lt. Col. Joseph L. Romano III, who was stationed at the time at Aviano.

Among the Italians indicted by Judge Caterina Interlandi was the former chief of military intelligence, Nicolo Pollari, and his former deputy, Marco Mancini. Mr. Pollari has denied any involvement by Italian intelligence.

Italy Indicts 26, Many From C.I.A., In '03 Abduction (NYT)

By Ian Fisher

The New York Times, February 17, 2007

ROME, Feb. 16 —An Italian judge indicted 26 Americans on Friday, most of them C.I.A. officers, in what will become the first trial of the American program of secretly whisking away terror suspects. Italy's former top spy was also indicted.

Despite the indictment, issued by a judge in Milan, it is unlikely that any of the Americans, one of whom is an Air Force colonel, will ever face trial here. The trial is expected to take place in June.

The indictments came in connection with the case of a radical Egyptian cleric, Hassan Mustafa Osama Nasr. The cleric, known as Abu Omar, disappeared near his mosque in Milan on Feb. 17, 2003, and said he was kidnapped.

He was freed this week from jail in Egypt, where he says he was taken and tortured.

The indictment marked a turning point in Europe, where anger is high at the American program of "extraordinary renditions," an aggressive policy of seizing suspected terrorists on foreign soil and interrogating them at secret locations in a third country.

Though the Italian indictment is the first in which such a case was ordered to trial, this week the Swiss government approved an investigation into the flight that was said to have carried Mr. Nasr from Italy to Germany, through Swiss airspace. The flight reportedly then went from an American air base in Germany to Egypt.

Late last month, a German court issued an arrest warrant for 13 people suspected of involvement in the kidnapping in Macedonia of a German citizen of Lebanese descent. There are also investigations into extraordinary renditions in Portugal and Spain.

In the meantime this week, a European Union parliamentary committee issued a detailed report into what it said were "at least" 1,245 secret C.I.A. flights in Europe, some of them involving extraordinary renditions. The report, which awaits approval by Parliament, is particularly sensitive because it suggested forcefully that a number of governments knew of the flights.

"We believe there has been either active collusion by several E.U. governments or turning a blind eye," one member of the European Parliament, Baroness Sarah Ludford of Britain, said this week.

All the operatives, who included the top two C.I.A. officials in Italy at the time, have left the country. A spokesman for the C.I.A. declined to comment on the indictment, and an American government official said that no extradition requests had been received from Italy for those charged. If Italy did seek extradition, there seems little chance the Bush administration would agree.

Here in Italy, the possible complicity of the government of Silvio Berlusconi, the prime minister at the time, is one of the most difficult issues in the case. Among the Italians indicted Friday were Nicolo Pollari, who until earlier this year was Italy's chief of military intelligence, and his former deputy, Marco Mancini.

Mr. Pollari has denied responsibility, saying he cannot defend himself because he would need to use evidence classified as state secrets. The suggestion is that officials outranking Mr. Pollari gave approval for the kidnapping. "We are very disappointed by the decision of the judge, being convinced that the lack of proof and the acquisition of documents covered by

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secrets of state demonstrates Pollari's innocence," Mr. Pollari's lawyer, Tittal Madia, said, according to the newspaper Corriere della Sera.

The case has snarled Italian politics with several complications. This week, the government of Prime Minister Romano Prodi asked the Constitutional Court to review whether the prosecutor in Mr. Nasr's case, Armando Spataro, overstepped his bounds by wiretapping the phones of Italian agents.

On Friday, Mr. Spataro said in a statement that he "astonished" by the government's move, saying he had followed all the laws in gathering evidence.

Meanwhile, a member of Mr. Prodi's government, Antonio Di Pietro, minister of infrastructure and a former corruption prosecutor, criticized the government for not having requested the extradition of the officers.

Mr. Prodi's government has not said whether it will make such requests. But the issue looms as one more source of conflict between Italy and the United States.

While both American and Italian officials say the relationship remains solid, it has been tested in recent months on several fronts. A big demonstration is being planned on Saturday in Vicenza, in northern Italy, where the Americans have asked to enlarge an existing air base, and Italian officials have recently criticized American actions in Iraq, Lebanon and Somalia.

Earlier this month, an Italian court ordered an American soldier to stand trial for the death in Iraq of Nicola Calipari, an Italian secret service agent killed in 2005 while securing the release of a kidnapped Italian journalist. The soldier is unlikely to be extradited to Italy.

Judge Orders Padilla Jail Personnel To Testify (WP)

By Peter Whoriskey, Washington Post Staff Writer

The Washington Post, February 17, 2007

MIAMI, Feb. 16 -- Officials at the Navy brig where terrorism suspect Jose Padilla was held for 3 1/2 years as an enemy combatant were ordered Friday to testify at a hearing to determine his psychological competency, a ruling that allows the defense to press its claims that sensory deprivation and torture in confinement have rendered the alleged al-Qaeda operative unfit to stand trial.

The ruling marks one of the few times since the Sept. 11, 2001, terrorist attacks that officials responsible for the jail conditions and interrogations of terrorism suspects have been called to testify, and it is the first time in the Padilla case.

Federal prosecutors objected strenuously to allowing the testimony, arguing that the focus of the competency hearing should be on Padilla's psychological state, which they believe is adequate, and not necessarily on what past events might have caused post-traumatic stress disorder, as defense attorneys allege.

During a hearing Friday, U.S. District Judge Marcia Cooke grew tired of the government's objections.

"The only thing that comes to mind is: 'Methinks the lady doth protest too much,' " she told prosecutors.

Cooke ordered four people to appear at a hearing scheduled for Thursday: Sandy Seymour, who was technical director at the brig; Craig Noble, brig psychologist; Mike Reheuser, a Defense Department attorney; and Andrew Cruz, a brig social worker.

Joanne Mariner, counterterrorism director at Human Rights Watch, said the ruling is significant because while complaints of mistreatment from terrorism suspects have been frequent, it is rare that officials knowledgeable about their confinement have been called to testify.

"This could provide official confirmation of prisoner accounts of abuse," she said. "If they confirm elements of his story, it would have enormous credibility with the public."

After he was arrested in 2002, Padilla was considered so dangerous that he was held without charges at the Navy brig -- a so-called "enemy combatant" accused of plotting a radiological "dirty bomb" attack and later of conspiring with al-Qaeda to blow up apartment buildings with natural gas.

After more than three years at the brig, he was transferred to the civilian legal system, where he faces charges of conspiring to commit murder, kidnapping and other violent acts in the name of Islam. The trial is scheduled for April.

Padilla, 36, and his attorneys have claimed that while incarcerated at the brig in Charleston, S.C., he was forced to stand hooded in painful stress positions, given a drug as a "truth serum," subjected to noxious odors that made his eyes and nose run, and forced to endure sleep deprivation, extreme cold, and harsh lights.

He told a psychologist that at the brig that he sometimes begged his guards not to put him in "the cage," but he would not say what went on there. The conditions of his incarceration have rendered him unable to assist in his own defense, his attorneys said.

"When approached by his attorneys, he begs them, 'Please, please, please' not to have to discuss his case," according to psychiatrist Angela Hegarty, who interviewed him for 22 hours.

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A Bureau of Prisons psychologist has found Padilla competent to stand trial, and prosecutors argue that by relating his claims of torture to his attorneys, Padilla has shown his psychological competence to assist in his own defense. But the court-appointed psychologist from the Bureau of Prisons, Rodolfo Buigas, did not interview Padilla, who refused to cooperate. Instead, Buigas talked with brig officials and others about Padilla's behavior.

Florida: Padilla Lawyers Can Question Officials (NYT)

By Bloomberg News

The New York Times, February 17, 2007

Lawyers for Jose Padilla, seeking to prove he is unfit to stand trial, won the right to question government personnel who observed him at a Navy brig and a federal detention center. Judge Marcia Cooke of Federal District Court in Miami ordered eight Defense Department and Justice Department officials to appear for questioning at Mr. Padilla's competency hearing next Thursday. The eight were previously interviewed for a United States Bureau of Prisons report that prosecutors cite as evidence that Mr. Padilla is mentally competent. Mr. Padilla, a 36-year-old American citizen accused of being an operative for Al Qaeda, is scheduled to go on trial April 16.

Military Justice Goes AWOL (NYT)

By Stephen Budiansky

The New York Times, February 17, 2007

Leesburg, Va.

THIS week President Bush issued a final executive order authorizing military commissions to begin trying suspected terrorists. Under rules drafted by the Pentagon last month, the commissions would be permitted to sentence defendants to imprisonment or even death on the basis of hearsay or coerced testimony.

This lack of basic legal protections provided by civilian courts or courts-martial has brought condemnation at home and abroad as an abandonment of this nation's historic commitment to liberty and the rule of law.

Yet when military commissions — an American invention — were first instituted 150 years ago, they were hailed around the world as an advance for humanity and principles of justice.

The occasion was the Mexican-American War, the first time the United States Army had been involved in an extended military operation beyond the country's borders. In 1846 Gen. Winfield Scott's forces were ordered to seize Mexico City to bring an end to the fighting. Scott immediately foresaw that, as an occupation commander, he would be facing a huge problem of maintaining order both among the Mexicans in the territory he controlled and among his own troops in a foreign land.

The traditional view of the laws of war held that an occupying army could do anything, the legal maxim being "Inter arma leges silent": In time of war, the laws are silent. As a result, the phrase "martial law" was widely seen by Americans as synonymous with sheer tyranny. People recoiled at the notion of a military officer administering law over a civilian population, even an enemy population.

In Congress, many members denounced martial law and inter arma leges silent as a holdover of a barbaric past. Scott asked President James K. Polk for a clarification of his authority as occupation commander. The president ducked the issue.

So Scott issued his own order. In February 1847, he published General Orders No. 20, which enumerated ordinary recognized civilian crimes and created the military commission to try them.

Scott's motive was equal parts necessity (maintaining public order) and shrewd politics (appealing to the Mexican population to cooperate with his forces). In place of arbitrary and raw power and summary justice at gunpoint, a system of impartial courts gave Mexicans the assurance that they would be treated fairly.

Scott in particular wanted to impress upon the civilians the contrast between American justice and the lawlessness they had endured when the Mexican forces led by Gen. Antonio López de Santa Anna rode through their villages, looting, raping and killing.

By the same token, Scott used military commissions to try — and punish — American soldiers who had committed crimes, including rape and theft, against local citizens. This, too, was not lost on the populace.

General Orders No. 20 became the spark that ignited an international revolution in thinking about martial law. It established for the first time the principle that an occupation commander was subject to a higher legal authority, same as civilian government. It became the model for orders promulgated during the Civil War that established military commissions and guided federal occupation commanders in their administration.

These later orders reiterated the revolutionary principle that martial law did not mean arbitrary power or tyranny over an enemy; rather, as a panel of officers who drafted the key Civil War era order on martial law declared, it was exactly the opposite. Far from signifying military oppression, the panel stated, martial law would be "strictly guided by the principles of justice, honor,

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and humanity — virtues adorning a soldier even more than other men, for the very reason that he possesses the power of his arms against the unarmed."

It is a measure of how far we have come as a nation — and in values at one time widely held — that military commissions, once seen as a great stride forward for American principles of justice and the rule of law, will now for ever after be associated with the abridgement of rights.

And it is a cruel insult to American military honor that where the nation once saw its military as called to an even higher duty in administering justice — because of the special place honor and duty hold for the soldier — it has now turned to the military as a way to shirk the American tradition of "justice, honor and humanity."

HOMELAND RESPONSE:

Port Authority Now Accepts Dubai Deal, Easing Debate (NYT)

By Ken Belson

The New York Times, February 17, 2007

A day after two United States senators called the Port Authority of New York and New Jersey greedy and obstructionist, the agency signed off on a deal that would let DP World, a Dubai-based port operator, sell its leases to A.I.G. Global Investment Group.

In return for its consent, the Port Authority will receive $10 million from A.I.G. to help pay for an overpass that will make it easier for trucks to deliver containers from the company's terminal to train lines. A.I.G. also agreed to spend more than $40 million to improve operations at its terminal at the Port of Newark.

The agreement was somewhat of a compromise by the Port Authority, which had asked for $30 million to cover investments it had made on behalf of DP World and a $50 million commitment from A.I.G. to spend on the port.

The deal all but closes a politically charged debate over which companies should run port terminals in the United States and in particular the New York area. DP World, the port operator owned by the royal Maktoum family of Dubai, United Arab Emirates, inadvertently set off a firestorm last year when it bought P&O Ports North America, a British company that operated ports in New York, New Jersey, Philadelphia and elsewhere.

Concerned about security at the ports, members of Congress demanded that DP World sell to an American firm its leases to operate terminals in six cities in the United States. In December, DP World and A.I.G. Global Investment Group, an arm of the American insurance giant, reached an agreement estimated at more than a billion dollars.

Five other port authorities, including those in Philadelphia and Miami, had consented to the handover without any financial conditions.

DP World and A.I.G. called the request for compensation by the Port Authority of New York and New Jersey unprecedented and unreasonable.

Fearing the deal might fall apart, two United States senators, Charles E. Schumer of New York and Robert Menendez of New Jersey, who opposed Dubai's ownership, accused the authority of standing in the way and of trying to extract money from the companies unfairly.

"I'm glad the Port Authority finally came to its senses," Mr. Schumer said of the compromise. "It's a good deal for all the companies involved, the New York port and the security of the nation. It took a while, but it's a fair settlement."

The Port Authority said its requests, while unprecedented, were not unreasonable. The $10 million that A.I.G. will pay upfront covers about half the cost of the overpass that will reduce the time it takes for containers to get to trains. The $40 million to be invested over the life of the lease will also raise the value of A.I.G.'s terminal, the authority said.

Officials at the Port Authority wanted that commitment because they worried that A.I.G., which has never operated port terminals, might simply resell its lease in a few years for a profit.

According to sources involved in the negotiations, A.I.G. had told the authority that its plans included investing more than $40 million anyway.

The deal could close as early as mid-March if all regulatory approvals are received.

"We ended up with something we wanted to get done: a contribution to a public investment and a commitment to the long-term health of the port," said Stephen Sigmund, a spokesman for the Port Authority.

Dubai Ports Clears Snag To Selling U.S. Holdings (WSJ/AP)

The Wall Street Journal, February 17, 2007

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Six major U.S. port operations will come under U.S. ownership after Dubai Ports World cleared a final, $50 million hurdle Friday, to end a year-long political conflict over security at the nation's cargo terminals.

DP World, based in United Arab Emirates, agreed in December to sell its U.S. ports operations to AIG Global Investment Group, following months of criticism that the UAE firm couldn't be trusted running the security-sensitive shipping apparatus.

That deal suddenly foundered this week when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal.

The business brinkmanship led two U.S. senators on Thursday to dub the Port Authority's demands greedy, and threaten political payback if the agency didn't back down.

Late Friday, officials said they had struck a deal to resolve the impasse, with AIG agreeing to make more than $40 million of infrastructure improvements, as well as a direct payment of $10 million to the Port Authority.

DP World Poised To Clear Hurdle (FT)

By Christopher Grimes

Financial Times, February 17, 2007

DP World was set on Friday night to clear a final hurdle to unloading its six US port assets to AIG, the US insurer, after satisfying last-minute – and potentially deal-breaking – demands made by the Port Authority of New York and New Jersey.

The deal comes a day after two US senators lashed out against the Port Authority for demanding $84m in payments before transferring the lease of the Port Newark Container Terminal to AIG.

The senators, Chuck Schumer of New York and Robert Menendez of New Jersey, led last year's bitter political fight that forced the Dubai-based DP World to sell off the assets.

The senators argued last year that allowing DP World to run the ports would jeopardise national security.

The group agreed in December to sell the $1bn-plus port assets to AIG, satisfying the politicians' desire for a US-based operator.

This week, it emerged that the Port Authority of New York and New Jersey wanted AIG to pay millions in cash and future infrastructure improvements before agreeing to a deal.

The authority also wanted payments to cover improvements it had made at the container terminal in the last year.

Sen Schumer said on Thursday that the authority's demands amounted to a "ransom fee" and threatened not to back future requests if it persisted with its demands.

Mohammed Sharaf, chief executive of DP World, said the group had never faced a similar demand elsewhere in the world.

He said if the Port Authority had persisted with the demands, the group would be willing to walk away from the deal. Transfer of four of the other US terminals – Miami, New Orleans, Philadelphia and Tampa, Florida – had been made without the addition of such fees.

On Friday night, the groups said they reached an agreement in principle that would allow the deal to move ahead. Ports America, the AIG unit, said it would spend at least $50m in capital improvements at the Newark terminal, including $10m for new rail infrastructure.

"We're pleased that we've reached an agreement that both protects our public investment and helps ensure that AIG is a long-term partner in the health and growth of the ports," a Port Authority spokesman said.

Mr Schumer praised the deal last night, saying that the Port Authority had "come to its senses".

AIG Spokesman Chris Winans said in a statement: "We are extremely pleased that we could work with the Port Authority and DP World to reach a beneficial outcome in the acquisition of the Port Newark Container Terminal."

Driver's License Emerges As Crime-Fighting Tool, But Privacy Advocates Worry (NYT)

By Adam Liptak

The New York Times, February 17, 2007

BOSTON, Feb. 12 — On the second floor of a state office building here, upstairs from a food court, three facial-recognition specialists are revolutionizing American law enforcement. They work for the Massachusetts motor vehicles department.

Last year they tried an experiment, for sport. Using computerized biometric technology, they ran a mug shot from the Web site of "America's Most Wanted," the Fox Network television show, against the state's database of nine million digital driver's license photographs.

The computer found a match. A man who looked very much like Robert Howell, the fugitive in the mug shot, had a Massachusetts driver's license under another name. Mr. Howell was wanted in Massachusetts on rape charges.

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The analysts passed that tip along to the police, who tracked him down to New York City, where he was receiving welfare benefits under the alias on the driver's license. Mr. Howell was arrested in October.

At least six other states have or are working on similar enormous databases of driver's license photographs. Coupled with increasingly accurate facial-recognition technology, the databases may become a radical innovation in law enforcement.

Other biometric databases are more useful for now. But DNA and fingerprint information, for instance, are not routinely collected from the general public. Most adults, on the other hand, have a driver's license with a picture on it, meaning that the relevant databases for facial-recognition analysis already exist. And while the current technology requires good-quality photographs, the day may not be far off when images from ordinary surveillance cameras will routinely help solve crimes.

Critics say the databases may therefore also represent a profound threat to privacy.

"What is the D.M.V.?" asked Lee Tien, a lawyer with the Electronic Frontier Foundation and a privacy advocate. "Does it license motor vehicles and drivers? Or is it really an identification arm of law enforcement?"

Anne L. Collins, the Massachusetts registrar of motor vehicles, said that people seeking a driver's license at least implicitly consent to allowing their images to be used for other purposes.

"One of the things a driver's license has become," Ms. Collins said, "is evidence that you are who you say you are."

The databases are primarily intended to prevent people from obtaining multiple licenses under different names. That can help prevent identity theft and stop people who try to get a second license after their first has been suspended.

"The states are finding hundreds of cases of fraud each year in each state," said J. Scott Carr, executive vice president of the Digimarc Corporation, which says it has sold biometric technology to motor vehicle departments in seven states and has a role in the production of more than two-thirds of all driver's licenses in the United States.

But the databases can also be used for law enforcement purposes beyond detecting fraud.

A page concerning Mr. Howell, printed out from the "America's Most Wanted" Web site, is taped to the wall of the investigators' office here. It is a kind of trophy.

"It's always exciting when you get a hit and you're getting someone really bad off the streets," said Maria Conlon, a facial-recognition specialist at the Registry of Motor Vehicles. "That's when everyone's morale goes up."

Most of the work is less glamorous. The analysts' main job is to check roughly 5,000 new driver's license photographs every day against the database. A computer algorithm that takes into account about 8,000 facial data points does a rough cut, and analysts examine potential matches, rejecting the vast majority.

That computers alone cannot do the job does not surprise Richard M. Smith, an expert in digital security. "It's probably one of the more inaccurate biometrics," Mr. Smith said, referring to facial-recognition technologies.

After computers narrow the field of potential matches, Ms. Conlon and her colleagues get to work.

"We don't look at hair," Ms. Conlon said. "We do look at lips, noses, ears."

Scars and tattoos can be useful, but what seem to be birthmarks are often passing blemishes. Some people make it easy by wearing the same clothes, though they are seeking licenses under different names. They have, Ms. Conlon said, "a registry outfit."

The program, in place since April, has yielded more than 1,000 apparent fraud cases referred to the state police. Other potential matches identified by the computers and confirmed by analysts have turned out to be clerical errors where, for instance, the wrong information was attached to a person's photograph. In the six months ending in January, analysts found 157 twins among the images flagged as potential matches.

The database's second function, as a resource for law enforcement agencies, is growing in popularity. Police chiefs from around the state e-mail digital photographs for comparison with the database, sometimes several times a day.

And other uses are not hard to imagine. Coroners have on three occasions sent over photographs of dead people they could not identify. The analysts struck out, perhaps because of the quality of the images.

"To make it work at all," Mr. Smith said, "you have to have good control of camera angle and lighting." Passport and driver's license photographs, along with mug shots, are ideal.

Other sorts of images are not useful — yet. "A video surveillance camera is probably not going to give it to you," Mr. Smith said.

In time, though, the combination of facial recognition and other information — from financial records, mobile phones, automobile positioning devices and other sources — may do away with the ability to move anonymously through the world, Mr. Tien, the privacy advocate, said.

"The real question with biometrics," he said, "is that they are part of a cluster of technologies that will allow for location tracking in both public and private places."

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The case against Mr. Howell fizzled last week. He had been charged with invading a home at gunpoint in Dorchester in August 2002 and holding three people captive for hours, repeatedly raping one of them. He fled after being released on bail, said Jake Wark, a spokesman for the district attorney's office, leading to his inclusion on the television show's most-wanted list.

But after Mr. Howell was caught through his license photo, the prosecutors re-examined their case. In the intervening years, the victims disappeared, and prosecutors think they may have left the country. Without their testimony, prosecutors concluded, there was no way to take the case to trial. Prosecutors formally abandoned the case on Friday, and they let Mr. Howell go.

"He is in the wind right now," Mr. Wark said.

WAR NEWS:

House Rebukes Bush On Iraq (WP)

By Jonathan Weisman, Washington Post Staff Writer

The Washington Post, February 17, 2007

17 Republicans Join 229 Democrats in Opposing Deployment of More Troops

Capping four days of passionate, often angry debate, the House yesterday delivered President Bush its first rebuke since the Iraq war was launched nearly four years ago, voting 246 to 182 to oppose the administration's planned deployment of 21,500 additional combat troops to Iraq.

Seventeen Republicans voted with all but two Democrats to approve a resolution that expresses support for U.S. combat forces but opposes the additional deployments. Democrats portrayed the vote as a bipartisan slap at the White House, but Republican leaders kept GOP defections below even their most optimistic estimates, as the debate crescendoed to a dramatic close yesterday.

Although the measure is nonbinding, proponents and opponents delivered outsized predictions of the vote's consequences. Democrats asserted that it will begin to turn the political tide so decisively that the president will have no choice but to begin bringing U.S. forces home, while Republicans warned darkly that the House has emboldened murderous Islamic terrorists at the expense not only of American lives but also of America's way of life.

"Our enemies will be the only ones satisfied by this debate," warned Rep. Eric Cantor (Va.), the Republicans' chief deputy whip. "They will have received all the political rhetoric they require to convince their followers that complete victory is at hand."

But House Speaker Nancy Pelosi (D-Calif.) said that the resolution's passage "will signal a change in direction in Iraq that will end the fighting and bring our troops home safely and soon."

The Senate plans to hold an unusual weekend session today to vote on whether to proceed with a debate on the House-passed resolution. Although the resolution is merely an expression of lawmakers' views, Pelosi and other House Democrats have vowed to impose conditions on their support for Bush's war-funding request. Those stipulations could curtail troop deployments and alter the course of U.S. involvement in Iraq.

Bush did not publicly comment on the House vote, but White House press secretary Tony Snow said in a statement: "The president believes that the Congress should provide the full funding and flexibility our Armed Forces need to succeed in their mission to protect our country."

Some liberals and conservatives dismissed the House resolution as merely a symbolic gesture and said that Democratic leaders should have resorted to binding legislation if they were serious about stopping the troop buildup. But House Majority Leader Steny H. Hoyer (D-Md.) said that Bush would have vetoed such a bill, with no possibility of an override. The nonbinding resolution is not dependent on the president's signature.

"What the president cannot veto is the opinion of the Congress of the United States, the judgment of the Congress of the United States, the counsel of the Congress of the United States," Hoyer added, pounding on a lectern after the vote. "Let us hope that the commander in chief hears this counsel."

If anything, the Republicans were even more dramatic, as they concluded a debate that sent 393 of the House's 434 members -- 221 Democrats and 172 Republicans -- to the floor over a grueling 44 hours and 55 minutes.

House Minority Leader John A. Boehner (R-Ohio) called the vote "the first step down a very treacherous path, a path that if followed will endanger Americans for decades to come."

As Pelosi delivered her closing remarks in the House chamber, Republican leaders abandoned the floor and crossed the Capitol to appear with their Senate counterparts and denounce what they called the Democrats' "slow-bleed strategy" for the war.

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Still, House Democratic Caucus Chairman Rahm Emanuel (Ill.) noted, yesterday's House vote marked the first time Republicans in significant numbers have broken with Bush on the war. The 17 dissidents included longtime GOP foes of the war, such as Reps. Walter B. Jones (N.C.) and Ron Paul (Tex.), but also low-key backbenchers such as Reps. Timothy V. Johnson (Ill.) and Fred Upton (Mich.), staunch conservatives such as Reps. Bob Inglis (S.C.) and Howard Coble (N.C.), and moderates who usually stick with the leadership, such as Reps. Mark Steven Kirk (Ill.) and Phil English (Pa.).

Locally, Reps. Thomas M. Davis III (Va.) and Wayne T. Gilchrest (Md.) voted for the resolution, along with all of Maryland's and Virginia's Democrats.

Just two Democrats, Reps. Jim Marshall (Ga.) and Gene Taylor (Miss.) voted against the measure.

In contrast, a two-day debate in June over a pro-Bush Iraq war resolution drafted by House Republicans ended with 42 Democrats joining the Republicans. Just three Republicans broke rank then.

On Oct. 10, 2002, the House voted 296 to 133 to authorize Bush to go to war with Iraq, with 81 Democrats joining 215 Republicans to pass the measure.

GOP leaders said they did not pressure any of their members in yesterday's vote, nor did they count votes ahead of time. But behind the scenes, "there was tremendous pressure from the White House," said Davis, who added that he was bombarded with facts and information sheets pressing for a "no" vote.

A senior Republican lawmaker said that, at the start of the week, the GOP leadership expected to lose upward of 50 members, but that number dropped into the mid-30s by the middle of the week. After Rep. John P. Murtha (D-Pa.) went public with his plans to curtail troop deployments, the number dropped down into the teens, settling at 17 by the vote on Friday.

"I think Murtha absolutely exposed them for what they are," Cantor said. The longer the debate went on, he said, the more GOP leaders felt that their side was firming up against the resolution. "Murtha's announcement did it for us," Cantor added. "There was clearly a significant shift in the debate."

With public opinion turning firmly against the war, the Democrats believe they were in a no-lose situation politically. Rep. Chris Van Hollen (Md.), chairman of the Democratic Congressional Campaign Committee, reiterated a well-worn attack line when he said that Republicans had "rubber-stamped the president's failed policies in Iraq."

"There are a lot of people who clearly didn't get the message that the American people sent in the last election," he said. "Every constituent has a right to know where their members stood on this issue, and every constituent will know."

Democrats in the Senate face a similar political dynamic. Senate Minority Leader Mitch McConnell (R-Ky.) said yesterday that most Republicans will block a debate on the House-passed resolution until they are guaranteed a vote on a resolution opposing any effort to cut off funding for the war. He predicted that Democrats will muster nowhere near the 60 votes they would need today to move to a debate on the resolution opposing additional troop deployments.

Many Republicans will not bother to show up in the rare Saturday session. Sen. John McCain (Ariz.) will be campaigning for president in Iowa. A Democratic counterpart, Sen. Barack Obama (Ill.), will be campaigning in South Carolina.

Democratic aides said that will only mean another round of newspaper headlines proclaiming that Republicans are blocking a debate on the war.

"Let us be clear," Senate Majority Leader Harry M. Reid (D-Nev.) said, "anyone voting 'no' tomorrow is voting to give the president a green light to escalate the war."

House Votes Against Troop Surge In Iraq (WT)

By Jon Ward

The Washington Times, February 17, 2007

The Democratic-led House yesterday voted against President Bush's plan to send more troops to Iraq, a nonbinding but symbolic action that Republicans said is defeatist and a step backward in the war on terrorism.

"Today we have had an historic victory for the American people," said House Speaker Nancy Pelosi, who voted against the war in 2002.

The 97-word resolution, which opposes sending 21,500 more troops to Iraq, passed 246-182. The vote was preceded by 44 hours and 55 minutes of debate over four days. Seventeen Republicans voted for the measure, and two Democrats voted against it.

The president's spokesman said the resolution won't change Mr. Bush's plan, adding that early signs of its success would leave those who voted for the resolution having to explain themselves later.

"Members of Congress have taken their own gamble here. They're gambling on failure -- some members, at least," White House press secretary Tony Snow said.

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The White House is downplaying yesterday's House vote -- and one planned for today in the Senate on another Iraq war resolution -- arguing that the more important votes were last month's Senate confirmation of Army Gen. David H. Petraeus to command U.S. forces in Iraq andan upcoming vote on an emergency spending bill to fund the war on terrorism.

Meanwhile, House Republican leaders are vowing to defeat Democratic plans to begin slowly choking off funding for the war. Democrats intend to introduce legislation next month that they hope will limit the president's use of money in the supplemental war-funding request.

House Minority Whip Roy Blunt, Missouri Republican, said the resolution "is clearly the first step toward defunding the troops and the war against Islamic totalitarianism."

Rep. John P. Murtha, Pennsylvania Democrat, said Thursday that he hopes to require certification for adequate training and equipment for any deployed troops, and to place caps on how long those troops can serve and be enlisted.

"They won't be able to do the deployment," said Mr. Murtha, who voted in favor of authorizing the war.

House Minority Leader John A. Boehner, Ohio Republican, denounced the plan "to eliminate funding for our troops that are in harm's way."

Democrats insist the best way to "support the troops" is to take them out of what they say is a civil war in Iraq.

Rep. Henry A. Waxman, California Democrat, who voted for the war, said it "has weakened our fight against al Qaeda. In fact the war has enhanced the group's recruitment."

Republicans insist that Iraq is a hard but necessary fight against terrorists and insurgents backed by Iran and Syria, and that the conflict is part of the country's broader fight against terrorism.

The four-day debate, in which 392 of 434 House lawmakers participated, came to a dramatic conclusion yesterday afternoon.

Republicans sent Rep. Sam Johnson of Texas, a prisoner of war in Vietnam for almost seven years, to the House floor as their last speaker.

"Let my body serve as a brutal reminder that we must not repeat the mistakes of the past," said Mr. Johnson, 76. "We must not cut off funding for the troops."

Republicans gave Mr. Johnson a two-minute standing ovation and were joined by the smattering of Democrats in the chamber.

Rep. Ike Skelton of Missouri closed the debate for the Democrats. Mr. Skelton, who voted to authorize the war, said that sending more troops "will embroil [them] more deeply in a sectarian conflict [that] cannot be won militarily."

Immediately after the resolution passed, Senate Majority Leader Harry Reid, Nevada Democrat, sent out a release that said the Senate "must join the House and vote on the escalation."

Mr. Reid has taken the unusual step of bringing senators in for a weekend vote today on closing off amendments to an anti-surge resolution identical to the House bill.

Democrats say Republicans are avoiding an up-or-down vote on the surge, but Republicans say they want to vote on alternative resolutions, one of which would guarantee no funding cuts for the military.

"Senate Republicans want a vote in support of funding for the troops," said Senate Minority Leader Mitch McConnell, Kentucky Republican, who said he expects to defeat Mr. Reid's attempt to stifle debate on other resolutions.

A Divided House Denounces Plan For More Troops (NYT)

By Jeff Zeleny, Michael Luo

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — A sharply divided House of Representatives passed a resolution on Friday formally repudiating President Bush's decision to send more than 20,000 new combat troops to Iraq.

The rare wartime rebuke to the commander in chief — an act that is not binding, but that carries symbolic significance — was approved 246-to-182, with 17 Republicans breaking ranks to join all but two Democrats in supporting the resolution.

Passage was never in doubt, but the debate, lasting full days and much of three nights, brought nearly every member to the floor to declare, briefly but often vehemently, where they stood on a short, resolution affirming support for the troops but denouncing Mr. Bush's new approach to the war.

"We owe our troops a course of action in Iraq that is worthy of their sacrifice," said Speaker Nancy Pelosi, a California Democrat. "Today, we set the stage for a new direction in Iraq."

With 392 members speaking, the debate lasted twice as long as when Congress voted in 2002 to authorize the use of force against Iraq.

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And it illustrated how the partisan divide over the war has deepened. While Democratic leaders had purposefully written the resolution to attract a bipartisan following, the number of Republicans who joined them was only about half of what some Democrats had predicted.

"Republicans may have lost the vote on this nonbinding resolution," said Representative John A. Boehner of Ohio, the Republican minority leader. "But we won the debate."

The Senate is expected to consider Saturday whether to move toward a vote on an Iraq resolution, but there, enough Republicans are expected to hold ranks to block the Democrats' approach, at least for now. In political terms, the resolution carries weight because of public sentiment, particularly from voters who placed Democrats in control of Congress.

Several historians compared its significance to the repeal by Congress in 1971 of the Gulf of Tonkin resolution authorizing the Vietnam War. That vote did not halt the conflict as members of Congress approved continued financing for two more years.

The House resolution stood out, historians said, because it criticized a specific battlefield tactic proposed by the president. It also could set the stage for a more consequential clash with the White House if Congress begins exercising broader power and authority in an effort to bring the war to a close, possibly by restricting financing.

"Never before in our history has Congress attempted to control or restrict strategic battlefield decisions," Representative Peter T. King, Republican of New York, said. "It is wrong as a matter of policy and it will come back to haunt us for years to come."

The deliberations represented the third major Iraq debate in four years, but with Democrats controlling Congress, the rules, tone and outcome changed. Republicans were not allowed to offer their own alternative proposal, but they forcefully defended the president and his policy.

Now, questions of financing the conflict loom large for Democrats in Congress. The White House and Republicans pre-emptively accused the party of starting along a path to cut financing for the troops, a suggestion Democratic leaders denied. But some of their rank and file are pressing for exactly that.

On Friday afternoon, as the debate neared an end, people seated in the gallery applauded when Ms. Pelosi praised the fortitude of American forces. Lawmakers and spectators rose as she called for a moment of silence to honor the more than 3,100 United States troops who have died in Iraq since the conflict began.

The resolution specifically stated Congress's disapproval of the president's plan to deploy more than 20,000 troops to Iraq, which Mr. Bush outlined in a speech on Jan. 10. But through more than 45 hours of deliberations, the debate grew far beyond the context of the resolution.

The arguments grew familiar as the hours marched past, with lawmaker after lawmaker rising to address what was typically a nearly empty chamber. Democrats argued that Americans should not referee a civil war, that previous efforts to pour more troops into Iraq had failed and that diplomatic measures were the only way out of the crisis.

Republicans, meanwhile, sought to portray the war in Iraq as a key battleground in a titanic global struggle against militant Islam and criticized the resolution as a slap in the face for troops on the battlefield. Failure in Iraq, they said, would lead to widespread instability in the region.

"What we're doing with this resolution is not a salute to G.I. Joe," said Representative Phil Gingrey, a Georgia Republican. "It's a capitulation to Jihadist Joe."

The White House, reacting to the vote, turned its attention to what many assume will be the next fight: the president's spending request for the wars in Iraq and Afghanistan.

"The president," Tony Snow, the White House spokesman, said, "believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country."

Even before the House voted at midafternoon, senators had already started to speak about the resolution in their chamber. The Senate has been locked in a stalemate over Iraq for two weeks, but Democratic leaders are seeking to put Republicans on the record during a brief Saturday session.

Senator Jon Kyl of Arizona, the chairman of the Republican Conference, dismissed the significance of the weekend vote, which is on a procedural question, and announced that he and Senator Bob Corker, Republican of Tennessee, were flying to Baghdad instead. Two Democrats scheduled to take the trip canceled.

Senator John McCain, Republican of Arizona, planned to miss the vote to campaign in Iowa. Senator Hillary Rodham Clinton planned to break away from campaigning in New Hampshire to vote.

Iraq has dominated this session of Congress. While Democrats are broadly aligned against the war, there is little unity on the next step. Some lawmakers seek to cut financing and cap troop levels while others propose delving into war strategy.

"There is a long tradition of Congressional dissent during wartime, but I don't know that it's ever formalized itself the way this is shaping up," said the associate Senate historian, Donald Ritchie. "Taking a stand in opposition to a commander in chief's decision on a war policy, that's unusual."

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After the vote, Democratic leaders painted their victory as an expression of public outrage at the war and a sign that the new Congress intends to challenge the president. “It’s the first time he has had a review of his policy, rather than a rubber stamp,” said Representative Rahm Emanuel of Illinois, chairman of the Democratic Caucus.

Representative Boehner, the Republican leader, said the Iraq debate highlighted the intentions by Democrats to begin reducing financing of the war, which he described as “a slow-bleed policy that cuts off funding and reinforcements for our troops in harm’s way.”

Representative John P. Murtha, a Pennsylvania Democrat who oversees defense appropriations, has said he would seek to block new deployments by requiring troops to meet a series of conditions and training guidelines. A day before the vote, he presented his plan in a 24-minute broadcast on MoveCongress.org, a Web site dedicated to ending the war.

Democratic lawmakers and senior aides said they believed Mr. Murtha’s appearance could have kept some Republicans from supporting the resolution, fearful of being linked to the antiwar coalition.

But for all the attention paid to the symbolic resolution, it remains an open question whether it will have much immediate effect.

“It is very hard to change war policy from Capitol Hill,” said Representative David R. Obey, a Wisconsin Democrat and chairman of the Appropriations Committee. “We won’t have a real solution on Iraq until Republicans walk down to the White House and say, Mr. President, the jig is up, this is a bad direction and you need to rethink what you’re doing.”

Partisanship Marks House Vote Against Troop Surge (LAT)

By Richard Simon

The Los Angeles Times, February 17, 2007

WASHINGTON — The House on Friday renounced President Bush's decision to send more U.S. troops to Iraq, the first official challenge by the new Democratic majority on Capitol Hill to his management of the war.

The nonbinding resolution expressing disapproval of the troop buildup passed 246-182 largely along party lines, with 17 Republicans joining 229 Democrats to back the rare wartime rebuke of a commander-in-chief. Voting against it were 180 Republicans and two Democrats.

The sharp partisan split was a disappointment to Democratic leaders who had hoped for more GOP support and lessened the vote's political impact.

Still, it marked a milestone in the declining public support for the nearly four-year war and signified the growing Democratic determination to press for a de-escalation of the U.S. involvement in the military conflict.

"Today, in a loud voice, the Congress of the United States have said to the president, `Mr. President, we need a new direction in Iraq'," said House Majority Leader Steny Hoyer, D-Md.

During this week's four-day debate on the resolution, lawmakers of both sides of the argument characterized it as a first step toward a more concrete Democratic push to change Bush's course in Iraq. An effort already is under way in the House to attach strings to the latest White House funding request for the war, a move aimed at delaying -- and perhaps thwarting -- much of the new troop deployment.

Democrats warned the president to take heed. "If need be, Congress will end this war -- with binding legislation," said Rep. Allan Mollohan, D-W.Va., a senior member of the House Appropriations Committee.

Democrats gained control of the House and Senate in last fall's election due in a large part to voter disaffection with the war. The Senate will meet in a rare Saturday session for a vote on whether their chamber will take up the House resolution.

Bush has said he intended to ignore the message sent by the House measure, though he has expressed concern about Congress taking further action that would limit his stewardship of the war.

Following the House vote, the White House issued a statement saying that Bush ordered the troop buildup "because he, like most Americans, believed the existing situation in Iraq was unacceptable."

It also noted that Congress will have the opportunity to "show its support for the troops" by approving his request for $93 billion in additional war funding, with most of the money targeted for Iraq.

Republicans were gearing up for the new fight, portraying the symbolic resolution as the opening gambit in a "slow-bleed" strategy that would cut off funding for troops in harm's way.

Several GOP lawmakers pressed that case in arguing against the measure on Friday. House Minority Whip Roy Blunt, R-Mo., criticized the resolution as the start of "an all-too-binding spiral toward defeat in a fight that we cannot afford to lose."

The two-sentence resolution first states that "Congress and the American people will continue to support and protect" U.S. forces serving in Iraq, phrasing that Democrats hoped would undercut attacks that they were undermining the troops.

The second sentence says Congress "disapproves of the decision" Bush announced in a nationally televised speech Jan. 10 to add 21,500 troops to the 135,000-plus already in Iraq.

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GOP leaders considered it a victory to limit defections to 17 of their 201 members. Still, discontent within a GOP caucus that once provided near lock-step support for Bush's Iraq policies was evident in the debate leading up to the vote. In their floor speeches, several GOP lawmakers distanced themselves from the troop increase and said they doubted it would quell the violence in Iraq, even as they announced their intention to oppose the resolution.

In a typical comment, Rep. Roscoe Bartlett, R-Md., said Friday he was voting against the measure "not because I believe that the (troop) surge will be helpful, but rather because I believe that a yes vote will send the wrong message to our enemies and might send the wrong message to our troops."

Democratic leaders asserted that they were pleased with the GOP support the resolution garnered.

"This is the first time you've had a break in the Republicans' blind support for a policy that has led us into a blind alley," said Rep. Rahm Emanuel, D-Ill., chairman of the House Democratic Caucus.

But the difficulties facing Democrats in influencing Bush's war strategy likely will be apparent Saturday as the Senate meets to try to move forward with a debate on the House resolution.

Senate Majority Leader Harry Reid, D-Nev., has been trying for weeks to engage the chamber in a discussion on the troop-increase plan. Reid said Friday, "Americans deserve to know whether their senator stands with the president and his plan to deepen our military commitment in Iraq."

In the Senate, however, the minority party has more tools than in the House to keep an issue from coming up, and Republicans have succeeded in blocking Reid's efforts.

GOP Senate leaders have opposed allowing the debate on the troop increase to proceed because Reid has refused to permit a vote on an alternative Republican resolution aimed at waylaying moves to cut military funding.

"There's no question that the Democrats in the House and Senate intend to tie the president's hands when it comes to the conduct of war in Iraq," Senate Minority Leader Mitch McConnell, R-Ky., said Friday. "That's why we want a vote in the House and Senate that says ... the United States Congress will not cut funding for our troops in harm's way."

During the House's four days of often heated debate, 392 of the chamber's 434 members spoke (there is one vacancy). Many of the lawmakers sprinkled their speeches with quotations from President Lincoln, Napoleon and other historical figures.

The resolution's opponents contended it would embolden America's enemies and demoralize U.S. troops. They also repeatedly assailed Democrats for failing to offer an alternative to Bush's plan in Iraq, a fight they said was a crucial front in the larger war on terrorism.

Friday's vote was in stark contrast to earlier votes on the war when the House was under Republican rule. In 2002, the House voted 296-133 to authorize the U.S.-led invasion of Iraq.

House Rebukes Bush Iraq Plan 246-182 (WSJ)

By David Rogers

The Wall Street Journal, February 17, 2007

WASHINGTON -- Breaking with President Bush over the war in Iraq, 17 Republicans joined House Democrats in approving a resolution rejecting the administration's decision to add more than 21,000 new combat troops by May.

Though largely symbolic, the 246-182 vote opens a new chapter in the Iraq debate that will force grittier fights this spring and summer, testing Mr. Bush's powers as commander in chief against Congress's control of the funds he needs for the war.

"As even the president acknowledges, we retain the power of the purse and we will have ample opportunity to exercise that power," said Rep. Alan Mollohan (D., W.Va.). "It is a last call for us to work together ... on ending this war. It is the last call for the president to come back to the people."

White House allies in the Senate expect to stall action on the nonbinding measure in a rare Saturday session called by the Democratic leadership. But the Republican defections and new Democratic unity underscore how much the political landscape has changed in the past year.

Eight months ago, only three House Republicans opposed a similar resolution supporting the war effort and warmly praising the government of Prime Minister Nouri al-Maliki. By comparison, even Republicans who stood with the president in this week's debate were often critical of Mr. Maliki and leery of committing more U.S. forces.

The White House was pleased to hold down its losses to 17 -- lower than some earlier predictions. But the counterweight is that since November's elections, the president has faced an almost solid wall of Democratic skepticism toward his military tactics. Last June, 42 House Democrats supported the administration-backed resolution; yesterday only two -- from Georgia and Mississippi -- sided with the White House.

As a result, the four days of debate foreshadowed the tough slog ahead unless lawmakers and Mr. Bush can reach some consensus. Republicans hammered home the argument that passage of the resolution could damage the morale of troops in

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Iraq. Invoking memories of Vietnam, the party chose to close debate with an emotional appeal by Rep. Sam Johnson (R., Texas), an Air Force veteran and former POW from that war.

"The pain inflicted by your country's indifference is tenfold that inflicted by your ruthless captors," Mr. Johnson said to a standing ovation.

Reflecting on the fight ahead, Speaker Nancy Pelosi questioned if Mr. Bush "is moveable in terms of the course of action he wants to take militarily," but said she hoped the House vote would make him more "open to a truly robust initiative" to find a diplomatic and political settlement to the fighting.

The California Democrat said the Republicans were using a "stale" argument in accusing the Democrats of not supporting the troops in the war. But as Congress reasserts itself, she said both lawmakers and the White House had to recognize each other's role.

The first test will be a $93.4 billion emergency spending request for the war that the House Appropriations Committee must consider three weeks from now. Rep. John Murtha (D., Pa.), the bill's manager, said he is going to give the military "all the money they want" and more than the administration's request for readiness. But Mr. Murtha will also recommend adding restrictions that could slow the troop increase and make it harder to maintain the higher troop levels once the 21,000 have been added.

He said he believes he can get this bill out of the House committee but acknowledged that his ideas will face tougher sledding in the Senate. "It's very, very hard," he said. But Mr. Murtha, a Vietnam veteran like Mr. Johnson, already is looking ahead to the next round when the massive 2008 defense bill must be debated. "I think in the '08 bill, we're going to start looking at benchmarks," he said, and if those goals aren't met, it could then lay the groundwork for the beginning of a U.S. withdrawal.

House Rejects Troop Surge Plan (CHIT)

By Bay Fang, Naftali Bendavid

Chicago Tribune, February 17, 2007

WASHINGTON -- Rebuking President Bush on a war that enjoyed great support at its outset but has become deeply unpopular, the House went on record Friday opposing Bush's plan to add 21,500 troops in Iraq, with 17 Republicans joining all but two Democrats in voicing their disapproval.

The nonbinding resolution, approved on a 246-182 vote, was Congress' most forceful action yet to challenge Bush's conduct of the war after November's congressional elections, in which the Democrats were catapulted to a majority in both houses of Congress, largely by the public's growing frustration with the Iraq conflict.

Even some of the strongest opponents of the resolution voiced little faith Friday in Bush's escalation strategy, stressing instead the importance of backing the troops, supporting the commander-in-chief and showing steadfastness in fighting terrorism.

The White House and Republican House leadership had worked feverishly over four days of debate this week to stem defections from the GOP side, concerned about the political impact if a large majority of lawmakers opposed the president. Republican leaders also complained that Democrats did not allow them to offer alternative resolutions more supportive of the president.

But Democrats, confident that the public is with them on Iraq, argued that the war has been misguided and poorly executed and that sending the additional troops would only produce more American deaths without turning the tide of what has become a bitter civil war.

The president had no immediate comment on the House action. His spokesman said Bush was too occupied with other duties to watch the proceedings on television.

The rhetoric on the House floor Friday was emotional, sweeping and at times agonized, with orators on both sides speaking of honoring the dead, staying true to the nation's mission and respecting the Constitution. In a chamber that often sees a lone congressman addressing an empty chamber, many seats were filled, and particularly eloquent speeches were met with standing ovations. It was perhaps the closest Congress had come in three decades to the impassioned debates that animated the nation during the Vietnam War.

"The stakes in Iraq are too high to recycle proposals that have little prospect for success," said House Speaker Nancy Pelosi of California, in a rare speech from the House floor. "The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home."

Rep. Sam Johnson, a Texas Republican who served seven years as a prisoner of war in Vietnam, was equally impassioned as he wrapped up the debate, during which 390 of 434 lawmakers spoke. "Now it's time to stand up for my friends who did not make it home, and for those who fought and died in Iraq already," Johnson said in opposing the resolution. "We must not cut funding for our troops. We must stick by them." He ended his remarks with a salute.

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Rep. Patrick Murphy (D-Pa.), one of five new congressmen who are war veterans, talked about having to drive a Humvee with no doors down what was known as "Ambush Alley" in Baghdad.

"Half those names on the Vietnam [Memorial] wall are there after the civilian leadership in our country knew that it was strategically a mistake to stay there," he said. "But they didn't have the courage to stand up. This Congress is showing the courage to stand up."

Potentially adding to the power of the rebuke, the Senate plans to debate a measure identical to the House resolution Saturday. Republican leaders will try to block that vote with procedural moves, but the Senate action raises the possibility of a unified congressional response to a military move the White House considers the province of the executive branch.

One outspoken supporter of the deployment, Sen. John McCain (R-Ariz.), characterized the Senate action as a "partisan stunt." The presidential contender was in Chicago and told reporters he intended to keep his campaign schedule in Iowa rather than return to the capitol for the debate.

"I think it's an insult to the public and our soldiers to pretend we're discharging our responsibilities to them when all we're doing is debating a meaningless, meaningless resolution," McCain said.

The House vote portends a larger battle next month, when Bush's request for a $93 billion supplemental Pentagon spending measure will come before Congress. Rep. John Murtha (D-Pa.), who heads the subcommittee that oversees military spending, said he plans to offer legislation that will put such strict standards on deployments—requiring that troops spend one year at home between combat tours, for example—that Bush will have no choice but to start bringing troops home.

"They won't be able to continue," the former Marine said in a Webcast on an antiwar site. "They won't be able to do the deployment."

Republican critics said that Friday's vote was a purely political statement and that the smaller-than-expected number of Republican defections meant a compromised victory for Democrats.

"This was a political vote that gave members who wanted to be on the record that they didn't support the war, to be on the record," said Rep. Bill Young (R-Fla.), who held Murtha's post on the House panel until January.

Nevertheless, the vote marked the completion of a dramatic turnaround from the fall of 2002, when the House acquiesced, 296-133, to Bush's request to authorize military action in Iraq.

Rep. Rahm Emanuel (D-Ill.) said, "There have been over a half a dozen votes in the United States Congress that have rubber-stamped the president's policy in Iraq. This is the first vote in a four-year war that rejected the policy."

In The House: Four Days Of Warnings, Reason And Rising Voices On Iraq (LAT)

By Nicole Gaouette, Times Staff Writer

The Los Angeles Times, February 17, 2007

'For the most part, the tenor of the debate rose to the occasion,' Pelosi said after about 45 hours of Iraq speeches.

WASHINGTON — The House debate this week on the war in Iraq was marked by emotional commentaries and dire warnings about the costs of escalating the U.S. commitment or reducing it. On Friday, the deliberations ended with a new element: an audience.

During most of the four days consumed by the rhetorical face-off, lawmakers filed into a mostly empty House chamber to deliver their speeches. A sprinkling of aides and a few other members of Congress looked on, though frequently they were chatting among themselves or thumbing their BlackBerrys.

The mood and the interest level changed on Friday, however, as the House neared its vote on the resolution opposing President Bush's deployment of more troops to Iraq. The measure, though nonbinding, was viewed by both sides as fraught with significance.

Democrats and Republicans alike crowded the chamber by midafternoon to cheer their sides during the final appeals for votes. Spectators waiting to enter the third-floor public galleries lined the halls and the marble stairs.

Lawmakers on both sides of the issue said their votes were important. For some, the issue was personal.

That was evident when Rep. Patrick Murphy (D-Pa.), an Iraq combat veteran, countered GOP assertions that Democrats were undermining troop morale.

"We are the troops" said Murphy, 33, his voice rising and his face suddenly flushed. "Friends that we served with when we deployed are … saying, 'Thank God one of our own is standing up and speaking truth to power.' "

It was also evident when 76-year-old Sam Johnson (R-Texas), a prisoner of war in Vietnam for almost seven years, shuffled to the floor on his cane three times during the week to speak against the resolution.

"I know what it does to morale and mission success," to have Congress express disapproval of a war effort, Johnson, whose body is twisted from years of beatings and confinement in leg irons, said Friday.

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"Moms and dads watching the news need to know that the Congress will not leave their sons and daughters in harm's way without support," he continued. "Let my body serve as a brutal reminder that we must not repeat the mistakes of the past."

Johnson was the next-to-last of 392 lawmakers who spoke in the debate that began early Tuesday afternoon. As he finished, fellow Republicans in the now-crowded chamber rose to applaud him for a full two minutes. Johnson hauled himself up from his chair and shook his fist in acknowledgment.

Some Democrats briefly joined the ovation. Rep. Ike Skelton (D-Mo.), who as chairman of the House Armed Service Committee gave his party's last speech, paid him homage at the start of his remarks.

On Friday, after a total of 44 hours and 55 minutes of debate, Speaker Nancy Pelosi (D-San Francisco) declared that "for the most part, the tenor of the debate rose to the occasion."

As lawmakers filed out of the chamber after the vote, some rushing to catch planes to their districts, many said they believed they had participated in a historic event.

Rep. Timothy J. Walz (D-Minn.) a former Army National Guardsman who served in Afghanistan and who rooms in Washington with Murphy, said he was "thankful" for the chance to vote for the resolution.

He said that Rep. Tom Lantos (D-Burlingame) had told him, "There is nothing nonbinding about the vote of a U.S. congressman representing his or her district in that sacred chamber, especially on an issue as important as a war."

Rep. Mike Pence (R-Ind.) took a few minutes to explain why he viewed the vote as a "successful failure."

The number of Republicans — 17 — who joined with virtually all of the House Democrats to pass the resolution was below some expectations for GOP defections. That kept the tally below the two-thirds threshold that would be needed to override a presidential veto of future war-related legislation.

"The real battle is coming, and Republicans have laid a foundation to defend funding for the troops," Pence said.

Congress Flexes Its Muscles On Iraq (NSDY)

By Timothy M. Phelps, Craig Gordon

Newsday, February 17, 2007

WASHINGTON -- To its proponents, Friday's Iraq vote in the House was the historic answer to the embarrassments of 1964 and 2002, when Congress overwhelmingly approved wars in Vietnam and Iraq that would become unpopular.

To its opponents, the nonbinding statement of disapproval of the president's war plan was at best a meaningless gesture, at worst a terrible precedent or even a solace to America's enemies.

Scholars saw it as major shift in a trend that had lately seen Congress dominated on such issues by the presidency.

"People will look back in history and see it as the first step in an effort by Congress to limit the commander-in-chief powers of this president," said James Thurber of American University, an authority on Congress and the presidency.

"It's similar to the early steps with regard to Vietnam," he said. "It's not the same as setting timelines and cutting money, but I think those things are likely to come unless there is a significant change on the ground in Baghdad."

"It's enormously consequential because there's been no debate [about Iraq] before," said Ross Baker, an expert on Congress and the presidency at Rutgers University. "It's a reasonable place to start."

"What we're talking about at this stage is a battle over public opinion," Baker said. "It's a declaration of one of the four parts of the federal government that there's dissatisfaction with the war."

To be sure, Friday's vote was merely symbolic and doesn't limit President George W. Bush's ability to carry out the war as he sees fit. But coming a little more than a year after a near-unanimous reaffirmation of the war in the House, it was a stunning rebuke to Bush, signifying just how isolated he and the Republicans are in pursuing a course of adding troops in Iraq.

"It seems like he's ready to go ahead against his own Chiefs of Staff, top generals and the American people," not to mention of majority in Congress, Thurber said.

Bush this week worked to downplay the significance of the vote, saying in effect that the Democrats were within their rights to go on record as they saw fit as long as they didn't meddle with war funding. But some experts saw the vote as an important victory for new Democratic House Speaker Nancy Pelosi.

"Pelosi really did pull this one off as well as could be expected," said Stephen Hess, a presidential scholar at George Washington University. "She got it down to a message you could read on the head of a pin -- 'support the troops, oppose the surge.'"

Rep. Steve Israel (D-Huntington), who voted in favor, said the vote Friday was the "mirror image of the Gulf of Tonkin resolution" on Vietnam in 1964.

"For the first time the House of Representatives has sent the administration a bipartisan statement of policy that their war plans should be changed and I think that it's significant as a matter of policy today and as a matter of historical context."

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But Rep. Peter King (R-Seaford) said that as far as he knew, it was the first time Congress had "ever legislated against a particular battlefield strategy. To me its a very bad precedent."

King, and outside experts, said the fact that only 17 Republicans voted for the resolution was a disappointment to the Democrats and did not bode well for Democratic intentions to start putting binding restrictions on use of funds in Iraq.

"This vote isn't as overwhelming as I thought it would be, so that isn't exactly a harbinger that the next one would pass," said Hess.

House Passes Nonbinding Resolution On Iraq (SFC)

By Edward Epstein

San Francisco Chronicle, February 17, 2007

The House sent President Bush a double-barreled confrontational message today, telling him it opposes his latest buildup of troops in Iraq and in the next few weeks will try to start curtailing military operations in the war zone.

The Democratic-led House approved 246 to 182 a nonbinding resolution expressing the support of Congress for the U.S. troops serving in Iraq while opposing Bush's plan to send 21,500 more combat troops into the war.

Seventeen Republicans joined 229 Democrats in voting for the resolution. Two Democrats and 180 Republicans voted against it.

Before the House voted after 45 hours of debate that began Tuesday, lawmakers heard Speaker Nancy Pelosi reiterate her position that the 97-word resolution is just the start of the Democratic effort to end the four-year-old war.

"The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home," Pelosi said in the debate's final hours before a chamber half-full of Democrats who had been summoned to hear their new speaker. The Republican side was all but empty as she spoke.

Next up for the House will be legislation being pushed by one of Pelosi's closest allies, Rep. John Murtha, D-Pa., that will seek to limit Bush's ability to deploy more troops to Iraq. Murtha, the chairman of the panel overseeing military spending, plans to attach his proposals as conditions next month to Bush's latest $100 billion war spending request. Murtha said he will require that no units be sent to Iraq until fully trained and equipped, including the latest armored protection against roadside bombs.

Murtha also plans, with Pelosi's full support, to require military units receive more time at home before they can be redeployed to Iraq and to end the practice of "stop loss" in which miliary personnel are kept on active duty past their date for leaving the service.

Today's House passage of the resolution spurred Senate Majority Leader Harry Reid, D-Nev., to try to break the partisan deadlock over the war in the upper chamber.

Republicans earlier blocked a vote on a more wide-ranging bipartisan resolution against Bush's plan that had been sponsored by Sen. John Warner, R-Va., a former Navy secretary and past chairman of the Armed Services Committee.

Reid plans a rare Saturday vote -- when the body should have begun its weeklong Presidents' Day recess -- on a motion to proceed with debate on the House-approved statement.

But the minority leader, Sen. Mitch McConnell, R-Ky., told reporters Friday that he remains confident he can muster enough Republicans to block Reid's latest effort, which would need 60 votes to pass. Democrats hold a 51-49 majority in the Senate.

McConnell appeared with the House Minority Leader John Boehner, R-Ohio, to demand votes in both chambers on proposals that Congress not cut funding for the war while U.S. forces are in the field.

Bush has said that while he disagrees with Pelosi and Murtha and their supporters he respects their right to make their case opposing his latest troop increase.

Bush's spokesman, Tony Snow, said Murtha's proposals to require better training and equipment as well as longer times between deployments were dangerous.

"Anything that is going to tie the hands of military commanders and deny both the funds and flexibility they're going to need, he will take a dim view of," Snow said of the president.

"We're just not going to get into trying to characterize a specific position about a bill that has yet to see the light of day," Snow added.

Bush spoke with Iraqi Prime Minister Nouri Al Maliki on Friday and encouraged him to have his forces take a more active role in fighting insurgents. The president said he conveyed "a message of urgency to the Iraqi government that our patience is not unlimited and that we expect that government to perform."

The final hours of the House debate -- in which 392 members spoke -- were pointed as both sides repeated the themes that have sounded since Tuesday.

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Republicans opponents said the resolution was contradictory in praising the troops but opposing their mission. They also said it amounted to micromanaging military strategy.

"Are we really best equipped to decide what reinforcements are sent into battle?" asked Rep. Greg Walden, R-Ore. "Isn't that better left to the commanders in the field?"

Rep. Mike Ferguson, R-N.J., acknowledged that Bush's strategy hasn't worked too well, but said the Democrats, by opposing Bush's "surge," were in effect endorsing the status quo.

"The prospected of success are dwindling but a new and amplified effort may offer the best hope we have for success and for the Iraqi government," Ferguson said.

And Republicans warned that the Iraq war is part of the broader fight against Islamic extremism.

"What we're doing with this resolution is not a salute to GI Joe. It's a salute to jihadist Joe," said Rep. Phil Gingrey, R-Ga.

But Democrats said it's time for a sharp change of course with Iraq stuck in a civil war as the American military operation soon enters its fifth year with more than 3,100 Americans killed and more than $400 billion spent.

"Sending 21,000 more troops is nothing but stay the course on steroids," said Rep. Xavier Becerra, D-Los Angeles

Rep. Paul Hodes, D-N.H., one of the Democratic freshman who ousted a GOP incumbent last November on an anti-war platform, said Congress must rein in the president. "The administration is in a parallel universe of its own creation," Hodes said.

While the resolution doesn't require Bush to do anything, its proponents hope it sends him a strong signal that he should sit down with Congress' Democratic leaders to discuss new strategy.

Rep. Tom Lantos, D-San Mateo, one of the resolution's bipartisan co-sponsors, said calling the resolution nonbinding ignores its real power.

"What could be more binding on the president than the view of the elected representatives of the American people?" asked Lantos, the chairman of the House Foreign Affairs Committee.

Boehner, who accuses the Democrats of slowly trying to suffocate the miliary effort in Iraq, challenged them to a direct debate on cutting off funding.

"Let's get away from the shadow boxing, the slow bleed," and have an up-or-down vote on funding, rather than attaching conditions to future spending legislation, he said.

House Vote Repudiates Iraq Policy (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, February 17, 2007

Paul is the only Texan among 17 GOP dissenters

WASHINGTON — The Democratic-controlled House, joined by U.S. Rep. Ron Paul of Lake Jackson and 16 other Republicans, on Friday delivered a symbolic but stern repudiation of President Bush's decision to deploy 21,500 more troops to Iraq.

Only two Democrats defected in the showdown with the White House over an increasingly unpopular war that has claimed the lives of more than 3,100 U.S. troops.

On the 246-182 vote, the Democrats were joined by a smaller-than-expected group of Republicans. Early predictions suggested that as many as 60 Republicans skittish over the public's growing opposition to the war would back the resolution engineered by Democratic legislative leaders.

With the exception of Paul, Texas' 18 other Republicans and 13 Democrats voted along party lines. Paul, who has a strong Libertarian streak and is weighing a GOP presidential bid, was the only Texas Republican who voted against the 2002 resolution authorizing Bush to go to war to depose Saddam Hussein.

"Resorting to a medical analogy: A wrong diagnosis was made at the beginning of the war, and the wrong treatment was prescribed," said Paul, a physician. "Refusing to reassess our mistakes and insisting on just more and more of a failed remedy is destined to kill the patient. In this case, the casualties will be our liberties and prosperity here at home and peace abroad."

Across the Capitol, Senate Majority Leader Harry Reid, of Nevada, set a rare Saturday vote to bring up the identical resolution in the Senate. Sen. John Cornyn, of Texas, and other Republicans said they would block Democrats from getting the 60 votes necessary to bring up the measure unless they also can vote on an alternative that would oppose any cuts in troop funding.

Emotional clashDuring four days of House debate, Democrats and Republicans clashed in often emotional, personal terms about the future course of the U.S. military campaign in Iraq and the broader fight against Islamic militants.

Republicans warned that the resolution marks the first step in a Democratic campaign to prevent Bush from deploying additional troops by cutting off funds.

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Democrats, mulling a number of ways to place constraints on Bush's ability to deploy more troops to Iraq, will get a chance to do so when they take up his request for $93 billion in additional war funds.

Former Vietnam POW Sam Johnson, a Republican congressman from the Dallas area, beseeched colleagues Friday to reject the resolution, which affirms support for the troops but disapproves of Bush's decision to send more to Iraq.

"Our troops and their families want, need and deserve the full support of the country and the Congress," Johnson said, receiving a standing ovation as lawmakers from both parties saluted his heroism. "Moms and dads watching the news need to know that the Congress will not leave their sons and daughters in harm's way without support."

Johnson and his allies insisted that withdrawal from Iraq would destabilize the Middle East and embolden al-Qaida. Democrats argued that the United States is mired in a civil war that can be won only by diplomatic means and with Iraqi resolve. Staying in Iraq brings with it a far greater peril, they said.

"The longer it takes us to resolve the situation in Iraq, the longer resources and attention will continue to be diverted from the war on terrorism," said House Speaker Nancy Pelosi, of California. "Our ability to respond to the escalating conflict in Afghanistan and other potential crises in the world is constrained severely by the deterioration in military readiness to levels not seen since the Vietnam era."

Facing the reality that the resolution would pass, the White House did little to lobby against it and now is focused on the steps Democrats will take to block the so-called troop surge.

"What the president is insistent upon is that our forces have the funds they need and the flexibility required to continue to execute not only the Baghdad security plan, but the way forward that's designed to secure the situation in Iraq," White House spokesman Tony Snow said.

House Minority Leader John Boehner, of Ohio, called "unthinkable" any strategy to deny funding for troops.

"The American people will not support a strategy that involves pulling the rug out from under American troops," Boehner said.

Opposition to escalationEfforts to limit Bush's ability to deploy troops could prove a far tougher vote for Democrats, who fear being viewed as denying the troops necessary armor, protection and support.

A new AP poll found that while 63 percent of Americans oppose a troop surge, two-thirds also reject the idea of cutting off funds to the troops.

Rep. Al Green, D-Houston, said he was unsure how he'd vote on the Democrats' possible next action.

"I don't make snap decisions about how we will handle issues concerning our military because our military makes ... the freedoms that we enjoy possible," Green said. "For me, it would be a serious vote and I would think long and hard before I cast a vote one way or another."

Rep. Ted Poe, R-Humble, previewed the strategy Republicans would use to fight any funding cuts.

"Does this Congress want to tell our troops in the ground 'Do more with less even though we in Congress have it within our power to give you aid?' " Poe asked.

He dramatically read to the House the letter a besieged William Barrett Travis wrote from the Alamo in 1836 begging for reinforcements.

Thirty-two men joined the 150 or so fighters inside the San Antonio mission, whose defenders were killed a few days later by Mexican soldiers.

House Opposes Iraq Buildup (DMN)

The Dallas Morning News, February 17, 2007

WASHINGTON – The House voted Friday to oppose a troop buildup in Iraq, the first time since the war began nearly four years ago that Congress has gone on record against President Bush's policy.

Seizing that momentum, Senate Democratic leaders are delaying their weeklong recess to vote today on whether to consider the House's measure. They'll try to pressure enough Senate Republicans up for re-election next year to join them and allow the debate to begin – or they'll blast those Republicans as supporting the escalation of an unpopular war.

While the House's 246-182 vote on a nonbinding resolution carries no force of law, its political symbolism gives it some historic significance. Congress has rarely objected to a president's military strategy once combat is under way.

"People will look back in history and see it as the first step in an effort by Congress to limit the commander-in-chief powers of this president," said James Thurber of American University, an authority on Congress and the presidency.

"It's similar to the early [congressional] steps with regard to Vietnam," he said. "It's not the same as setting timelines and cutting money, but I think those things are likely to come unless there is a significant change on the ground in Baghdad."

Seventeen Republicans voted for the resolution – about half what Democrats had hoped for – while two Democrats from conservative districts voted against it: Reps. Gene Taylor of Mississippi and Jim Marshall of Georgia.

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War opponents hope Friday's vote will serve as a turning point, the first of several actions that the Democratic-led Congress will take to pressure the president to redeploy troops to Afghanistan, the Middle East or elsewhere, or bring them home. Within minutes of the vote, Democrats said their next move would be to challenge Mr. Bush's request for $93 billion in new funds for the Pentagon

But getting binding anti-war legislation through the Senate, where Democrats hold only a 51-49 majority, and past Mr. Bush's veto, will be difficult, if not impossible.

HOW TEXANS VOTED

All Texas Democrats in the House voted for the resolution, as did Republican Ron Paul of Surfside. The rest of the state's GOP representatives voted against it.

Mr. Bush made no comment on the developments in the House, and his spokesman said the president was too busy to watch the proceedings on television.

Mr. Bush has already said passage of the measure will not deter him from proceeding with the deployment of 21,500 troops, designed primarily to quell sectarian violence in heavily populated Baghdad.

Emotional, agonizing

The rhetoric on the House floor Friday was emotional, sweeping and at times agonized, with orators on both sides speaking of honoring the dead, staying true to the nation's mission and respecting the Constitution. In a chamber that often sees a lone congressman addressing an empty chamber, many seats were filled, and particularly eloquent speeches were met with standing ovations. It was perhaps the closest Congress had come in three decades to the impassioned debates that animated the nation during the Vietnam War.

"The stakes in Iraq are too high to recycle proposals that have little prospect for success," said House Speaker Nancy Pelosi of California, who led the House in a moment of silence, out of respect, she said, for those who fought, and "particularly those who have lost their lives in the war, and their families."

Vietnam POW

Rep. Sam Johnson, the Plano Republican who served seven years as a prisoner of war in Vietnam, was equally impassioned as he wrapped up the four-day debate, during which 390 of 434 lawmakers spoke. As he stepped to the microphone, lawmakers in both parties rose to applaud his heroism.

"Now it's time to stand up for my friends who did not make it home and for those who fought and died in Iraq already," he said in opposing the resolution. "We must not cut funding for our troops. We must stick by them," he added, snapping off a salute as he finished his remarks to another ovation.

House Denounces Bush's Iraq Strategy (FT)

By Edward Luce

Financial Times, February 17, 2007

The US House of Representatives on Friday issued a rebuke to George W. Bush's Iraq strategy in the first concrete demonstration of opposition to the war by Capitol Hill since the US-led invasion almost four years ago.

The 246-182 vote was non-binding and will have no impact on Mr Bush's plan to deploy 21,500 extra troops in addition to the 131,000 already there as part of his "new way forward in Iraq" unveiled last month.

But leaders of the Democratic party, which won midterm congressional elections in November largely on the back ofdisaffection over Iraq, said yesterday's symbolic step would be followed by measures to limit Mr Bush's ability to "escalate" the war.

The vote, to be followed by a similar one in the Senate on Saturday, marked the most significant questioning of a US president's wartime authority since the 1970 vote to rescind the 1964 Gulf of Tonkin resolution, which led to war in Vietnam.

Nancy Pelosi, Democratic speaker of the House, said: "The stakes in Iraq are too high to recycle proposals that have little prospect for success. The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home."

The White House said Friday's resolution went against the wishes of the Iraqi government and the US military in Iraq.

Republican leaders said the Democratic party was attempting a "slow bleed" of operations in Iraq that would culminate in a move to cut off congressional funding for US troops there. Seventeen of the 201-strong Republican caucus voted with Friday's resolution, fewer than party leaders had feared.

"They [supporters of the resolution] are gambling on failure," said Tony Snow, White House spokesman. "The president has a plan for success...What we're afraid of is that this is, in fact, going to serve as a precursor for cutting off our troops."

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Democratic leaders plan to tread a fine line in the next few weeks that will involve taking further steps to oppose Mr Bush's prosecution of the war - such as attaching conditions to future congressional funding of military operations - while also making it clear they will continue to support American troops in the field.

"The Democratic party is highly conscious of the fact that the overwhelming majority of the American public opposed the Vietnam war and yet it was the Democrats who emerged as the losers politically," said Mark Schmitt at the New America Foundation, a centrist think-tank in Washington.

Among Democratic plans being floated are measures that would require the Iraqi government to meet certain benchmarks before new funds were authorised and conditions on the US administration's ability to redeploy military units to the battlefield. The US army has complained that it is severely under-equipped and overstretched.

House OKs Measure Opposing Troop Surge (AP)

By David Espo

AP, February 16, 2007

WASHINGTON (AP) - The Democratic-controlled House issued a symbolic rejection of President Bush's decision to deploy more troops to Iraq on Friday, opening an epic confrontation between Congress and commander in chief over an unpopular war that has taken the lives of more than 3,100 U.S. troops.

The vote on the nonbinding measure was 246-182, and within minutes, Democrats said their next move would be to challenge Bush's request for $93 billion in new funds for the Pentagon.

"The stakes in Iraq are too high to recycle proposals that have little prospect for success," said Speaker Nancy Pelosi, leader of Democrats who gained power last fall in elections framed by public opposition to the war.

"The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home," she vowed after the vote, in which 17 Republicans joined 229 Democrats in a wartime rebuke to the president.

Citing recent comments by Democrats, Bush's Republican allies said repeatedly the measure would lead to attempts to cut off funds for the troops. Outnumbered, they turned to GOP Rep. Sam Johnson of Texas to close their case - and the former Vietnam prisoner of war stepped to the microphone as lawmakers in both parties rose to applaud his heroism.

"Now it's time to stand up for my friends who did not make it home, and for those who fought and died in Iraq already," he said. "We must not cut funding for our troops. We must stick by them," he added, snapping off a salute as he completed his remarks to yet another ovation.

Moving quickly, Senate Majority Leader Harry Reid, D-Nev., set a test vote for Saturday on an identical measure, and several presidential contenders in both parties rearranged their weekend campaign schedules to be present.

Republican senators said in advance they would deny Democrats the 60 votes needed to advance the resolution, adding they would insist on equal treatment for a GOP-drafted alternative that opposes any reduction in funds for the troops.

Even so there were signs of Republican restlessness on the issue. Only two members of the GOP rank and file sided with Democrats on an earlier procedural vote; the total figured to be higher this time.

The House vote completed a turnabout from the fall of 2002, when the House bowed, 296-133, to Bush's request to authorize military action against Iraqi ruler Saddam Hussein.

U.S.-led troops made quick work of his regime but soon found themselves targeted in a country where long-suppressed sectarian rivalries flared and outside forces rushed to intervene. Tens of thousands of Iraqis have died in the ensuing war, along with more than 3,100 U.S. troops.

Bush made no comment on the developments in the House, and his spokesman said the president was too busy to watch the proceedings on television.

After a secure videoconference with Iraqi Prime Minister Nouri al-Maliki, Bush said the Iraqis reported providing troops to fight alongside Americans, making sure that no ethnic or religious factions are ignored in the security operations, providing $10 billion toward reconstruction and working on an oil revenue-sharing law.

"That's good news for the Iraqi people. And it should give people here in the United States confidence that his government knows its responsibilities and is following through on those responsibilities," Bush said.

More than 390 of 434 lawmakers spoke during nearly 45 hours of dignified debate that spilled across four days - an unusual amount of time devoted to what Republicans and Democrats alike said was the most significant issue confronting the country.

House Republican Leader John Boehner appeared to choke back tears at one point as he read from a letter that a husband of a former congressional aide wrote home before being killed in Fallujah.

Pelosi led the House in a moment of silence, out of respect, she said, for those who fought, and "particularly those who have lost their lives in the war, and their families."

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Supporters of the nonbinding resolution included 229 Democrats and 17 Republicans - fewer GOP defections than Democrats had hoped to get and the White House and its allies had feared. Two Democrats joined 180 Republicans in opposition.

The developments unfolded as a new poll showed more than half those surveyed view the war as a hopeless cause.

A sizable majority, 63 percent, opposes the decision to dispatch more troops, although support for Bush's plan has risen in the past few weeks from 26 percent to 35 percent, according to the AP-Ipsos poll.

The House measure disapproves of Bush's decision to increase troop strength, and pledges that Congress will "support and protect" the troops.

Bush has already said passage of the measure will not deter him from proceeding with the deployment of another 21,500 troops, designed primarily to quell sectarian violence in heavily populated Baghdad.

Already, troops of the Army's 82nd Airborne have arrived in Iraq. Another brigade is in Kuwait, undergoing final training before proceeding to Iraq. Three more brigades are ticketed for the Baghdad area, one each in March, April and May.

In addition, the Pentagon is sending two Marine battalions to Anbar Province in the western part of the country, the heart of the Sunni insurgency.

Bush and his allies in Congress calculated days ago that the House measure would pass, and increasingly have focused their energy on the next steps in the Democrats' attempt to end U.S. participation in the war.

"The President believes that the Congress should provide the full funding and flexibility our Armed Forces need to succeed in their mission to protect our country," said White House press secretary Tony Snow.

But Rep. David Obey, D-Wis., who chairs the committee that will review Bush's request, said, "the president wants a supplemental (spending bill). If he wants it, he's going to have to accept certain things."

Democrats have made clear in recent days they will use Bush's spending request to impose certain standards of readiness, training and rest for the troops.

"That stops the surge (in troops) for all intents and purposes, because ... they cannot sustain the deployment," Rep. John Murtha, D-Pa., said recently.

Republicans pointed to Murtha's remarks repeatedly during the day as evidence that despite their claims to the contrary, Democrats intend to cut off funds for the troops.

"This is all part of their plan to eliminate funding for our troops that are in harm's way. And we stand here as Republicans ... committed to making sure our troops in harm's way have all the funds and equipment they need to win this war in Iraq," said Boehner of Ohio, the Republican leader.

House Rebukes Bush On Iraq Troop Surge (HILL)

By Klaus Marre, Jackie Kucinich

The Hill, February 16, 2007

With bipartisan support, the House Friday passed 246-182 a non-binding resolution expressing its disapproval of President Bush's plan to send more combat troops to Iraq.

Seventeen Republicans joined all but two Democrats in supporting the measure. Two Democrats and four Republicans did not vote.

House Speaker Nancy Pelosi (D-Calif.) said the vote on the resolution, which supports the troops but rejects the surge of U.S. forces, would send a "strong message" to Bush. "The passage of this legislation will signal a change in direction in Iraq that will end the fighting and bring our troops home," she said.

But House Minority Leader John Boehner (R-Ohio) said the vote is "the first step down a treacherous path." He accused Democrats of wanting to "micromanage the war" through the power of the purse. Rep. Ileana Ros-Lehtinen (R-Fla.) said the resolution transfers the House into 435 generals.

Republicans voting for the resolution were Reps. Mike Castle (Del.), Howard Coble (N.C.), Tom Davis (Va.), John Duncan Jr. (Tenn.), Phil English (Pa.), Wayne Gilchrest (Md.), Bob Inglis (S.C.), Tim Johnson (Ill.), Walter Jones (N.C.), Ric Keller (Fla.), Mark Kirk (Ill.), Steven LaTourette (Ohio), Ron Paul (Texas), Tom Petri (Wis.), Jim Ramstad (Minn.), Fred Upton (Mich.) and James Walsh (N.Y.).

Democratic Reps. Gene Taylor (Miss.) and Jim Marshall (Ga.) voted with the Republicans.

Despite the loss, Republican leaders were pleased to limit the defections. At the beginning of the week, House Minority Whip Roy Blunt (R-Mo.) said estimates of as many as 60 Republicans crossing party lines were not "at all unreasonable." Blunt said the final vote count showed that the GOP "won the debate."

The White House responded to the vote by pointing out that the measure is non-binding.

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"[The president's surge plan] enjoys the support of the Iraqi government and U.S. military leadership, including Gen. David Petraeus, Commander of the Multi-National Force in Iraq, who recently was confirmed to his post by an 81-0 vote in the Senate," said White House spokesman Tony Snow.

"The president ordered a new way forward in Iraq because he, like most Americans, believed the existing situation in Iraq was unacceptable. The president concluded that this new strategy was necessary in order to help the Iraqi government gain control over Baghdad, assume more responsibility for security, and pursue reconciliation of all of Iraq's communities."

Snow added that Congress will soon "have the opportunity to show its support for the troops in Iraq by funding the supplemental appropriations request the president has submitted, and which our men and women in combat are counting on."

The White House spokesman also told reporters Friday that the resolution did not come up during a 45-minute conversation between the president and Iraqi Prime Minister Nouri al-Maliki.

Pelosi said Congress owes the troops "a course of action in Iraq that is worthy of their sacrifice." The Speaker said placing the emphasis on training Iraqi forces would allow "the phased redeployment of our forces from Iraq to begin within the next four to six months."

Senate Majority Leader Harry Reid (D-Nev.) has said he favors the House resolution over a bipartisan Senate measure and will seek to bring it to a vote in the upper chamber. The Senate will meet Saturday and vote on cloture on the resolution.

House Passes Iraq Resolution As Senate Readies For Saturday Vote (RC)

By John Stanton

RollCall.com, February 16, 2007

The House passed a nonbinding resolution Friday afternoon opposing President Bush's plan to increase troop levels in Iraq, as Senators were preparing for what is expected to be a brief but bitter Saturday session during which Majority Leader Harry Reid (D-Nev.) will attempt to bring the measure to the floor.

The resolution passed the House, 246-182, with 17 Republicans joining all but two Democrats in voting "aye."

On the Senate side, although Democrats at press time appeared to have peeled off several Republicans — notably Sen. John Warner (R-Va.) — senior Democratic aides said Reid likely would fall just short of the 60 votes needed to end a GOP filibuster. One aide predicted Democrats would fall just three or four votes short of breaking the filibuster.

While Democratic aides said every member of their Caucus aside from Sen. Tim Johnson (S.D.) would attend the Saturday vote — despite the angry private protests of the crowd of 2008 presidential aspirants — several Republicans were expected to skip the vote. Sens. Kit Bond (R-Mo.) and Jon Kyl (R-Ariz.), both announced today they would forgo the vote.

Outside organizations were gearing up for a last-minute push to pressure vulnerable Republican incumbents to break with their leaders and end the filibuster. MoveOn.org, VoteVets and Americans Against Escalation In Iraq were all planning phone banking, e-mail campaigns and "citizen lobbying" trips to Capitol Hill for today and Saturday morning targeting GOP moderates up for re-election in 2008.

One lawmaker who will not be present for Saturday's vote is Senate GOP Conference Chairman Jon Kyl (Ariz.), who will be leaving before the roll call vote to lead an official visit to Iraq.

Sen. Bob Corker (R-Tenn.) also will be on the trip, as will a handful of House Members from both parties.

House Rebukes The President On Iraq (CNN)

CNN.com, February 16, 2007

WASHINGTON (CNN) -- Seventeen Republicans joined Democrats on Friday in passing a two-sentence resolution denouncing President Bush's plan to boost troop levels in Iraq.

The resolution passed easily, 246-182.

Democratic leaders on Saturday will attempt to bring the same measure to the floor in the Senate. (Full story)

Democrats hailed the victory, while outside the chamber, Republican congressional leadership blasted the resolution, calling it the first step toward de-funding the war.

House Speaker Nancy Pelosi, a California Democrat, said the passage of the non-binding resolution "should send a very clear and firm message to the president of the United States: that the American people spoke in November, that they wanted a new direction in Iraq. This resolution today sets the stage for that new direction," she said.

"The Congress of the United States knows that if we pass a bill, a law, a binding document, the president can veto that," said House Majority Leader Steny Hoyer of Maryland. "What the president cannot veto is the opinion of the Congress of the United States, the judgment of the United States Congress, the advice and counsel of the Congress of the United States. He cannot veto that."

DOJ_NMG_0134203

The resolution says that Congress supports the military but disapproves of Bush's plan to send 21,500 additional troops to Iraq. A clear majority of Republicans battled to the end against the resolution.

"One vision sees no hope for us in Iraq and counsels that we withdraw, just give up," said Ileana Ros-Lehtinen of Florida, the ranking Republican on the Foreign Affairs Committee. "By contrast, the other vision focuses on success."

House Minority Leader John Boehner of Ohio said he was concerned that the "Democrats in the House and Senate intend to tie the president's hands when it comes to the conduct of war in Iraq. That's why we want a vote in the House and Senate that says that we will not, we the United States Congress, will not cut funding for our troops in harm's way."

The Democratic leadership has said it will not cut funds for troops already in Iraq, but Sen. John Murtha, chairman of the committee in charge of the Defense Department's purse strings, has already signaled he may attempt to tie future deployments to legislation requiring the troops be fully equipped and armored before they're allowed to be shipped out.

Republicans say that's not necessary.

"What we have now is a system where you can move personnel very quickly; they marry up with the equipment in places like Kuwait and they move into the battle," said Rep. Duncan Hunter of California, the ranking Republican on the House Armed Services Committee. "So our ability to move people quickly and move equipment quickly to the fight to save American lives and American interests will very much be compromised by any of these micromanaging policies.

"Micromanaging DoD personnel policies and trying to choke off equipment and people for the war-fighting theater is extremely dangerous," Hunter said.

The White House acknowledged the resolution's passage, noting in a statement from Press Secretary Tony Snow's office that the president's plan "enjoys the support of the Iraqi government and U.S. military leadership, including Gen. David Petraeus, commander of the Multi-National Force in Iraq, who recently was confirmed to his post by an 81-0 vote in the Senate."

"The resolution is nonbinding. Soon, Congress will have the opportunity to show its support for the troops in Iraq by funding the supplemental appropriations request the president has submitted, and which our men and women in combat are counting on," the statement said. "The president believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country."

Now that the House has completed its debate, the showdown moves to the Senate, where Senate Majority Leader Harry Reid of Nevada has promised to bring up the same resolution Saturday. Reid urged Senate Republicans to drop procedural moves that blocked votes on similar Senate resolutions last week.

"We demand an up-or-down vote," Reid said Thursday. "The resolution says we support the troops and oppose the escalation of the presence in Iraq. We're determined to give our troops and the American people the debate they deserve."

But it was not clear whether Reid and his allies will get the 60 votes needed for the Senate to cut off debate on other matters and bring up the issue. Minority Leader Mitch McConnell of Kentucky said Republicans will insist on "a measure of fairness" that will allow them to offer alternative resolutions, including one stating the Senate won't cut off money for troops in the field.

"If we have only one alternative, it will involve a vote on funding the troops," said McConnell. He predicted enough Republicans would stick with him to prevent the House resolution from coming to the floor.

On February 5, all but two Republican senators voted to block debate on another non-binding resolution backed by most Democrats and several Republicans that would have expressed the Senate's opposition to deploying additional troops.

Republicans said Reid's latest move appears to leave behind that measure, backed by Virginia Republican John Warner, the influential former chairman of the Senate Armed Services Committee, and current Armed Services Committee Chairman Carl Levin, a Democrat from Michigan.

Published polls indicate a solid majority of the U.S. public opposes the Bush plan, and Democrats said the November election victories that put them in control of Congress show Americans want to wind down the nearly four-year-old war.

US House Rejects Bush Iraq Plan (BBC)

BBC.com, February 16, 2007

The US House of Representatives has voted in favour of a resolution criticising President George W Bush's decision to send extra troops to Iraq.

Seventeen of his Republican Party joined the Democrats in passing the non-binding motion 246 to 182.

The vote follows days of fierce debate, during which the Democrats have made it clear that more decisive steps to limit Mr Bush's war policy could follow.

The Senate is due to vote on Saturday on whether to debate the troop plan.

Text of resolution Previous Senate attempts to debate the anti-troop surge resolution have been met with delaying tactics from Republican members.

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If senators do vote to consider the resolution in their unusual Saturday session, Mr Bush faces the possibility that both chambers of Congress will repudiate his Iraq policy within two days, says the BBC's Justin Webb in Washington.

Although both the Congressional resolutions are non-binding, the president needs the legislators to support his $93bn (£48bn) emergency troop funding measure.

"The president believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country," the White House said in a statement shortly after the vote.

White House officials said Mr Bush had been too busy to watch the proceedings on television.

'Tragic goal'

The House vote brought to a close the first full debate there since the Democrats took control of Congress in November.

Written by the Democrats, the resolution states that the House "will continue to support and protect" US soldiers in Iraq but that it "disapproves" of the 21,500-strong troop increase.

The bipartisan resolution today may be non-binding. But it will send a strong message to the president

Speaker Nancy Pelosi About 400 of 434 representatives in the House spoke during four days of debate.

Speaking after the vote, House of Representatives Speaker Nancy Pelosi said it would send an unmistakable signal to the White House.

"The president's escalation plan repeats past mistakes. The stakes in Iraq are too high to recycle proposals that have little prospect for success.

"The bipartisan resolution today may be non-binding. But it will send a strong message to the president - we here in Congress are committed to protecting and supporting our troops."

Ms Pelosi had earlier warned there would be "no more blank cheques" for Mr Bush on Iraq.

House Minority Leader John Boehner had urged lawmakers to vote against the motion, saying it was "the first step towards a tragic, unthinkable goal".

"We face a sophisticated, determined enemy who wants to annihilate our way of life," he said.

"We have a duty to stand and fight against those that seek to destroy America and the freedom that defines us."

Democrats Signal A Wider Battle Lasting The Rest Of President's Term (WP)

By Peter Baker, Washington Post Staff Writer

The Washington Post, February 17, 2007

After enjoying great deference in the conduct of national security for his first six years in office, President Bush now faces an assertive opposition Congress that has left him on the defensive. The nonbinding resolution passed by the House yesterday on a largely party-line vote seems certain to be the first of a series of actions that will challenge Bush for the remainder of his presidency.

At stake is not just Bush's decision to send an additional 21,500 U.S. troops to Iraq, the plan specifically renounced by the resolution. By extension, the 246 to 182 vote passed judgment on Bush's overall stewardship of the war in Iraq and, more broadly, on his leadership in the world. At a time when the president is confronting Iran over its nuclear enrichment program, the House vote demonstrates that he has far less latitude to take aggressive action than he might have had in the past.

"This is an important moment," said Zbigniew Brzezinski, who was President Jimmy Carter's national security adviser and is now a counselor at the Center for Strategic and International Studies. "And it's an important moment not only about what's in the past, or even in the present, but also what might be happening in the future."

The resolution, he said, "tells the president that the country's increasingly tired of the war and the country's reaction to his provoking a new war would be even worse."

Both sides recognized that the House vote, along with a Senate vote scheduled for today, represents the opening salvo in a more protracted struggle. "To me, this is kind of a baby step. It doesn't have teeth," said David J. Rothkopf, author of "Running the World," a book on the making of modern foreign policy. "The real question is going to be whether the Democratic leadership goes further and challenges funding, because that's where Congress historically has been able to show its influence."

House Speaker Nancy Pelosi (D-Calif.) and her close adviser, Rep. John P. Murtha (D-Pa.), are devising a strategy to tie Bush's hands by placing conditions on future funding for the war, such as requiring any units sent to Iraq to meet certain standards for training, equipment and rest between deployments. Because those conditions might be hard to meet, they could slowly constrict Bush's ability to keep up troop levels.

But yesterday's vote signaled peril for the Democratic congressional leadership as well. Despite deep Republican discontent with the course of the war, Democrats were unable to persuade more than 17 members of the president's party to register that dissatisfaction with their votes. If Democratic leaders could not build a broader bipartisan coalition for a symbolic vote, it may prove much harder to attract Republican support for proposals to limit Bush's options in Iraq.

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Many Democratic strategists remain allergic to repeating the finale of the Vietnam War, when Congress voted to cut funds for the South Vietnamese government and the nation fell to the North in 1975. For years afterward, Democrats have struggled to shed the image of being soft on defense, which is why they were so eager to bring along more Republicans yesterday.

The White House privately pressed that point with wavering Republicans. Even as Bush resigned himself to certain passage of a resolution with no substantive force and publicly made little effort to oppose it, aides such as national security adviser Stephen J. Hadley lobbied GOP lawmakers to stick with the president to avoid emboldening Democrats down the line. "If Republicans go along with this," an administration official said, "it sends a message to Murtha about what he might be able to do with the supplemental" war-spending measure.

Administration allies warned about the precedent beyond Bush as well. "If Congress proceeds to throttle the president's strategy, then it will seriously undercut the ability of future presidents to do what they need to do to protect the nation in a time of war," said James Phillips, a foreign policy scholar at the Heritage Foundation. "It's a mistake to think you can effectively run a war by committee."

The president and Congress have wrestled over national security since the founding of the nation. The first congressional investigation back in 1792 when George Washington was president looked into a bloody military defeat inflicted by Native Americans. Congress challenged the White House during the Mexican-American War and the Civil War, rejected the Treaty of Versailles negotiated by Woodrow Wilson after World War I, and tried to keep Franklin D. Roosevelt from aiding allies facing threats from Nazi Germany.

The clash between branches came to a head during the Vietnam War, when Congress rescinded the Gulf of Tonkin Resolution that Lyndon B. Johnson had used to justify an escalation. A measure to cut off money for the war was rejected in 1970 but increased pressure on Richard M. Nixon to turn the fighting over to the South Vietnamese. As Nixon withdrew U.S. forces, Congress in 1973 cut off funding for "offensive" operations, in effect ratifying what by then was the president's stated course. A 1974 vote cut aid to South Vietnamese forces by 50 percent after U.S. forces were already gone, leading to the fall of Saigon.

Tension between the executive and legislative branches over national security has percolated since then. Congress restricted Ronald Reagan from funding the contra rebels in Nicaragua, and the Senate rejected the Comprehensive Test Ban Treaty submitted by Bill Clinton. But the tension had not reached the Vietnam War level until yesterday.

"There's always been a lot of dissent in wartime," said Senate historian Donald A. Ritchie. Sometimes, as in Vietnam, it takes a while to build, he added: "There's a certain point when everybody marches together. They were very much united with Johnson in '65 and '66. But when the war turned bad, that's when they broke away. The same was true in the Civil War, and the same was true in any protracted war when things didn't go well."

A Symbolic Vote Is A Sign Of Bitter Debates To Come (NYT)

By Sheryl Gay Stolberg

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — The symbolic House vote on Friday opposing the American troop buildup in Iraq was an act of Congressional defiance that lays the groundwork for an even more bitter and ultimately more consequential clash over whether and how lawmakers might restrict President Bush's authority to prosecute the war.

Even before the vote, the White House and Democrats who control Congress were girding for the next fight, over Mr. Bush's request for $99.6 billion in emergency spending for military operations in Iraq and Afghanistan. Already, Democrats are contemplating moves that, while short of cutting off money for the war, would restrict how Mr. Bush can spend it by limiting the Pentagon's ability to recycle troops back to Iraq after they have returned home.

The 246-to-182 vote, with 17 Republicans crossing party lines to join Democrats, was a stark reminder of how isolated Mr. Bush has become as he presses ahead with his increasingly unpopular Iraq policy. The president himself seemed resigned to the outcome. At a news conference on Wednesday, he told reporters, "They have every right to express their opinion."

At this point, it is unclear whether that opinion will eventually translate into the political resolve to rein in Mr. Bush. But by emboldening critics of the Iraq war, the vote has made the debate over financing, which would have been unthinkable even six months ago, a virtual certainty. "What the president is getting is a real indication that the weather is going to get worse," said Tom Daschle, the former Senate Democratic leader. "He's going to be in the middle of a huge storm."

At his news conference on Wednesday, Mr. Bush seemed to be telling lawmakers to bring it on. "I'm going to make it very clear to the members of Congress, starting now," he said, "that they need to fund our troops and they need to make sure we have the flexibility necessary to get the job done."

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American history is replete with examples of clashes between Congress and the White House over war powers. Congress, for example, used its power of the purse to bar covert military assistance for the Nicaraguan contras — a move that led to the Iran-contra scandal under President Reagan — and to cap the number of troops in Vietnam.

When it comes to the war in Iraq, Mr. Bush has been betting that Congress will be unwilling to play that kind of "constitutional hardball," in the words of Martin S. Lederman, an expert on presidential war powers at the Georgetown University School of Law.

If Congress does try to restrict financing, Mr. Bush could be forced into a difficult choice of abiding by a statute he does not approve of, or asserting he has the constitutional authority to flout it.

Or, if lawmakers attach restrictions to a military spending measure, he could find himself in the uncomfortable position of vetoing a bill that provides money for the troops.

Allies of Mr. Bush make clear he will not accept financing restrictions without a fight.

"No president can afford to accept that kind of condition," said David B. Rivkin, a lawyer for the Reagan and first Bush administrations, who has been an ardent supporter of Mr. Bush in Iraq. "If Congress can do this to the president, the president, instead of being head of a co-equal branch, is a ward of Congress, a flunky."

For Democrats, the debate is not without political risk. They do not want to seem unpatriotic by advocating withdrawal of financial support for soldiers engaged in battle. At the same time, they are under intense pressure from the antiwar faction of their party and mindful of the results of midterm elections in November, which put them in the majority and have been widely interpreted as a call to bring the troops home.

On the House floor, Speaker Nancy Pelosi tried to give voice to the Democrats' balancing act. "The bipartisan resolution today is nonbinding," she said, "but it will send a strong message to the president: we are committed to supporting the troops and we disapprove of the escalation."

But symbolically opposing the president's plan to add more than 20,000 troops is not enough for war opponents, who have been banding together in state legislatures around the country to pass their own nonbinding resolutions and are pressing Congress to do more.

"We want the war to end," said the author of one such bill, Jeanne Kohl-Welles, who represents Seattle in the Washington State Senate.

"We want to have no more escalation, period," she said. "Rather than a nonbinding resolution, I would like Congress to take action to make it binding."

Just how Democrats will proceed is not entirely clear. Senator Joseph R. Biden Jr., the Delaware Democrat who is running for president, wants to repeal the 2002 resolution authorizing the Iraq war. Representative John P. Murtha, the Pennsylvania Democrat who leads the House subcommittee that oversees the Pentagon budget, is drafting his own version of the president's financing request that could effectively limit troop deployments to Iraq.

The Murtha plan has already proven explosive. ThePolitico.com, a Web site that covers politics, dubbed it a "slow-bleed strategy," a term that Republicans seized upon. In an online commentary posted Friday, William Kristol, editor of The Weekly Standard, wrote, "The national Democratic Party has become the puppet of antiwar groups."

The president, meanwhile, has pursued a kind of divide-and-conquer strategy, pitting the Senate against the House. With the Senate set to take up the House resolution on Saturday, he has been reminding reporters that the Senate had overwhelmingly confirmed Gen. David H. Petraeus — who supports the troop buildup — as the new American troop commander in Iraq. Why, Mr. Bush asks, would the House disapprove of the plan that the Senate has sent General Petraeus to carry out?

People on both sides say the Senate is unlikely to muster the votes to pass the House resolution, let alone restrain spending authority.

Mr. Bush has been urging Congress and the American public to give his troop buildup a chance, and for a while, at least, that argument may hold. The question is, how long?

Senate Democrats To Try Again For War Debate (POL)

By John Bresnahan, Carrie Budoff

The Politico, February 16, 2007

Senate Democrats, following four days of often-contentious war debate in the House, will try again Saturday to force debate of President Bush's plan to deploy another 21,500 troops in Iraq, but their second attempt in two weeks appears unlikely to succeed.

Several Republican senators, including John Warner of Virginia, intend to vote with Democrats. But Minority Leader Mitch McConnell, R-Ky., said that he did not expect Democrats to stitch together the 60 votes necessary to move the Senate toward a debate on the anti-surge resolution approved by the House.

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On Friday, the House adopted a Democratic non-binding resolution rejecting President Bush's plan to send another 21,500 troops into Iraq.

The vote was 246 to 182, largely along party lines.

Seventeen Republicans broke ranks with the president and their own House leadership and supported the measure. Only two Democrats opposed it.

At the White House, press secretary Tony Snow pointedly noted the House resolution was non-binding.

"Soon, Congress will have the opportunity to show its support for the troops in Iraq by funding the supplemental appropriations request the president has submitted, and which our men and women in combat are counting on.'' Snow said, adding the "president believes that the Congress should provide the full funding and flexibility our armed forces need to succeed in their mission to protect our country."

In the House, the number of GOP defectors was smaller than Republican leaders had initially feared, thanks to a lobbying campaign by the president; his national security adviser, Stephen Hadley; and top GOP House leaders.

The 17 Republicans supporting the resolution were: Reps Mike Castle of Delaware, Howard Coble of North Carolina, Tom Davis of Virginia, John J. Duncan Jr. of Tennessee, Phil English of Pennsylvania, Wayne Gilchrest of Maryland, Bob Inglis of South Carolina; Timothy V. Johnson of Illinois, Walter B. Jones Jr. of North Carolina, Ric Keller, Fla.; Mark Kirk of Illinois, Steven C. LaTourette of Ohio, Ron Paul of Texas, Tom Petri of Wisconsin; Jim Ramstad of Minnesota, Fred Upton of Michigan, and Jim Walsh of New York.

Everyone but Inglis, Johnson and Petri had been mentioned as Republicans who would likely cross the aisle and vote with the Democrats.

The two Democrats who voted against the resolution were Reps. Jim Marshall of Georgia and Gene Taylor of Mississippi.

Republican leaders were confident the defections would be under 20, a significant drop from the beginning of the week when Democrats were projecting 40 to 60 Republican defections.

Minority Whip Roy Blunt, R-Mo., told a group of reporters afterward that Democratic projections of 40 to 50 defections at the early part of the week were not off base.

"We never had an opportunity to win the vote,'' he said, "but I thought we won the debate.''

In the Senate, At least one Republican in a group of seven that sent a letter last week to Senate leaders urging a debate will stick with his party. Sen. George Voinovich, R-Ohio, said Friday that he will vote against the cloture motion because Democrats are not allowing debate on alternative resolutions, including one favored by GOP leaders to protect funding for troops in Iraq.

"The American people want Congress to play a role in the way this war is being handled," Voinovich said in a statement. "The first step is to demand a better plan, and we owe the people more than the 10 lines in the House resolution. You can't even begin to address a real solution to a complex situation in 10 lines."

A spokesman for Senate Majority Leader Harry Reid said "it remains to be seen whether we can get to 60 votes."

"Sen. Reid remains hopeful," said spokesman Jim Manley. "If not, we will be right back at this issue shortly after the recess."

Reid expects attendance from all members of the Democratic caucus, with the exception of Sen. Tim Johnson of South Dakota, who is still recovering from brain surgery, Manley said.

The rare Saturday session forced several presidential candidates to rework their weekend campaign schedules.

The Senate's third ranking leader, Jon Kyl, R-Ariz., said he will not cancel his plans to travel to Iraq Saturday – a trip that had been in the works for a month.

"What more important place could you be?" Kyl asked reporters Friday at a Capitol news conference. "Getting the real story, not the story that is being spun here on Capitol Hill."

Not The "Real Vote" (WP)

The Washington Post, February 17, 2007

Or so Rep. John Murtha says of the House's Iraq resolution.

REP. JOHN MURTHA (D-Pa.) has a message for anyone who spent the week following the House of Representatives' marathon debate on Iraq: You've been distracted by a sideshow. "We have to be careful that people don't think this is the vote," the 74-year-old congressman said of the House's 246-182 decision in favor of a resolution disapproving of President Bush's troop surge. "The real vote will come on the legislation we're putting together." That would be Mr. Murtha's plan to "stop the surge" and "force a redeployment" of U.S. forces from Iraq while ducking the responsibility that should come with such a radical step.

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We'll return to Mr. Murtha's plan, but first it's worth considering the five days of debate that he so breezily dismissed. It's true that nonbinding resolutions won't stop the troop surge, which is already underway. But after years of minimal debate and oversight of the war, the House Democratic leadership was right to allow scores of representatives to speak at some length on Iraq. Some of the speeches were little more than partisan rhetoric, but there were also intelligent and heartfelt interventions, especially from veterans of Iraq and Vietnam.

The House vote does matter: It ought to increase the pressure on Mr. Bush and the Iraqi government to follow through on their pledges to accompany the military campaign with tangible steps toward political accords and economic reconstruction. Senate leaders would be wise to reach an agreement today allowing a similar debate. And both chambers should aggressively conduct oversight hearings aimed at holding the administration to its promise to link continued U.S. troop deployments to Iraqi performance.

Mr. Murtha has a different idea. He would stop the surge by crudely hamstringing the ability of military commanders to deploy troops. In an interview carried Thursday by the Web site MoveCongress.org, Mr. Murtha said he would attach language to a war funding bill that would prohibit the redeployment of units that have been at home for less than a year, stop the extension of tours beyond 12 months, and prohibit units from shipping out if they do not train with all of their equipment. His aim, he made clear, is not to improve readiness but to "stop the surge." So why not straightforwardly strip the money out of the appropriations bill -- an action Congress is clearly empowered to take -- rather than try to micromanage the Army in a way that may be unconstitutional? Because, Mr. Murtha said, it will deflect accusations that he is trying to do what he is trying to do. "What we are saying will be very hard to find fault with," he said.

Mr. Murtha's cynicism is matched by an alarming ignorance about conditions in Iraq. He continues to insist that Iraq "would be more stable with us out of there," in spite of the consensus of U.S. intelligence agencies that early withdrawal would produce "massive civilian casualties." He says he wants to force the administration to "bulldoze" the Abu Ghraib prison, even though it was emptied of prisoners and turned over to the Iraqi government last year. He wants to "get our troops out of the Green Zone" because "they are living in Saddam Hussein's palace"; could he be unaware that the zone's primary occupants are the Iraqi government and the U.S. Embassy?

It would be nice to believe that Mr. Murtha does not represent the mainstream of the Democratic Party or the thinking of its leadership. Yet when asked about Mr. Murtha's remarks Thursday, House Speaker Nancy Pelosi (D-Calif.) offered her support. Does Ms. Pelosi really believe that the debate she orchestrated this week was not "the real vote"? If the answer is yes, she is maneuvering her party in a way that can only do it harm.

On To The Hard Part On Iraq (NYT)

The New York Times, February 17, 2007

President Bush lost touch long ago with Iraq's political reality — not to mention Americans' anguish and disbelief at his mismanagement of the war. So we welcome the House of Representatives' long-overdue attempt to shake some sense into Mr. Bush with a resolution opposing his decision to send another 20,000 combat troops to fight this disastrous war without any plan to end it.

Yet yesterday's vote, in which 17 Republicans joined the Democrats to produce a margin of 246 to 182, was the easy part. It takes no great courage or creativity for a politician to express continuing support for the troops and opposition to a vastly unpopular and unpromising military escalation. Even if the Senate manages to overcome its procedural self-hobbling and approve a similar resolution, the war and the mismanagement will go on.

The next necessary steps will require harder thinking and harder choices. Congress needs to do what Mr. Bush is refusing to do: link further financing for the war to the performance of Iraq's Shiite-led government, which is making no serious effort to rescue its country from civil war.

Congress needs to impose clear benchmarks and rigorous timetables, insisting that the Iraqi government stop equivocating and start disarming sectarian militias, adopt a formula to share oil revenues equitably and end employment discrimination against Sunni Arabs. Congress must be prepared to cut off financing if the Iraqis refuse.

We fear that clever maneuvers like the one proposed by Representative John Murtha, reportedly with the backing of Speaker Nancy Pelosi, to dress up a reduction in troop strength as a "support the troops" measure won't help contain the war or make American troops safer. Mr. Murtha would link this year's war financing to the Pentagon's adoption of new deployment rules, including longer stretches from the battlefield for returning troops, more specialized training and better defensive equipment. That would let representatives cast a politically safe vote for financing the war, while forcing the Pentagon to gradually reduce the number of active duty troops available to serve in Iraq.

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This page has advocated many of the same reforms — but not as a back-door way of forcing lower troop numbers in Iraq. Congress's overriding goal must be to find the most responsible way to extricate American troops from what is becoming an increasingly unwinnable war, while trying to contain the suffering and minimizing the damage to American interests in the region.

Instead of camouflaged troop squeezes, Congress needs to grasp the problem straight on and do what the administration won't do. It must impose tough requirements and deadlines on the Iraqi government, and link the future of all American troops in Iraq to the timely achievement of these goals.

House Irresolution (WSJ)

The Wall Street Journal, February 17, 2007

A funny thing happened yesterday on the way to the House of Representatives' vote to "support" the troops but assail their mission in Iraq: The majority for this "non-binding" attempt at gathering political cover was a lot smaller than advertised.

Yes, the Democrats carried the day, 246-182, and thus can say to their antiwar supporters that they "sent a message," or something, to President Bush and the Iraqis. But the margin was smaller than media speculation had predicted, with only 17 Republicans heading for the tall grass.

Minority Leader John Boehner and the GOP leadership deserve credit for making a spirited argument against the resolution that clearly won over many of their skittish backbenchers. Credit, too, to such "moderate" GOP Members as John McHugh of New York and Jim Saxton of New Jersey, who opposed the resolution despite the unpopularity of the war in their states. And credit as well to the two Democrats, Gene Taylor of Mississippi and Jim Marshall of Georgia, who didn't join their party's defeatist ranks.

As for those in favor, no fewer than 69 Members were for the war before they were against it. By our count, 13 Republicans and 56 Democrats voted to authorize the war in October 2002, when it was popular, but yesterday voted against it now that the going is tough. We have more respect for those, such as Texas Republican Ron Paul or Ohio Democrat Dennis Kucinich, who voted against the war from the start.

The immediate effect of the modest majority vote may be to slow the momentum for Speaker Nancy Pelosi's "slow-bleed" strategy to micromanage the war without actually cutting off funds. Democrats don't want to leave their fingerprints on defeat in Iraq by actually voting to bring the troops home. So instead, they're hoping to put restrictions on troop deployments that will make it impossible for the Iraq commander, General David Petraeus, to fulfill his mission. Yesterday's vote showed that if Democrats want to execute this cynical duck-and-run, they will have to do it without much Republican help.

Words Of War (LAT)

The Los Angeles Times, February 17, 2007

Great oratory isn't the House's strong suit. But at least its members actually voted on Iraq policy.

FORTUNATELY FOR Congress, actions speak louder than words — even symbolic actions such as the House of Representatives' approval Friday of a nonbinding resolution opposing the "surge" of U.S. troops to Iraq.

The surge is necessary, but the resolution may be as well — as a way to hold President Bush to his commitment that U.S. involvement in Iraq is not open-ended. Still, the world will little note, nor long remember, the words that were uttered by House members before the 246-182 vote. Congress is often a cave of winds, but with a few exceptions the House's Iraq debate was a blowhard's paradise.

This debate had it all: pointless recriminations about the original decision to invade Iraq and topple Saddam Hussein; strained analogies to Pearl Harbor, the Alamo and an unfriendly neighbor who won't mow his own lawn; invocations of Osama bin Laden (as the real enemy in Iraq or, alternatively, as the real enemy from whom Iraq has distracted us); and, on both sides, simplistic depictions of what's going on in Iraq as either a civil war with no international implications (a scenario attractive to supporters of the resolution) or the epicenter of the worldwide "war on terror" (an article of faith for some opponents).

Non sequiturs and contradictions abounded. Some opponents of the resolution ridiculed it as meaningless and "fake"; others warned that it was all too substantial, the first step in a Democratic master plan to defund the war directly or by erecting new "readiness" requirements that would make the surge impractical. (Such proposals are in the air but aren't affected by this resolution.) Meanwhile, some supporters of the resolution talked as if it would not only stop the surge (which it won't) but end current U.S. involvement in Iraq.

Perhaps the most perplexing aspect of the debate was the near-universal emphasis on "supporting the troops," a mantra so malleable that it was cited by both supporters and opponents of the resolution. For Rep. Yvette D. Clarke (D-N.Y.), supporting the troops meant moving them "out of harm's way." But Rep. Elton Gallegly (R-Simi Valley) asked Democrats: "How can we say you support the troops when you don't support sending the people necessary to back them up to do the job that we sent them there to do to start with?"

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Perhaps it was too much to expect eloquence or even originality in this week's debate. But what the members said was less important than what they did, which was to give vent to the American people's impatience with a war that has cost more than 3,000 American lives and will soon begin its fifth year.

Rice Makes Unannounced Visit To Iraqi Capital (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 17, 2007

BAGHDAD, Feb. 17 -- Secretary of State Condoleezza Rice made an unannounced visit to Baghdad Saturday for meetings with U.S. and Iraqi officials, arriving in the embattled capital as the Iraqi government reported initial success in a new security effort.

Rice was expected to hold a town hall-style meeting with U.S. Embassy and military personnel in the heavily fortified Green Zone and later meet with senior Iraqi government officials, according to Lou Fintor, a spokesman for the embassy. The secretary of state, who arrived at about 11:30 a.m. Baghdad time, planned to brief reporters on her visit Saturday afternoon. No further details about her trip were immediately disclosed.

Rice, the highest-ranking U.S. official to visit Iraq since the start of the new crackdown on sectarian violence in Baghdad, made the previously unannounced stop as part of a trip to the Middle East. She was scheduled to fly to Israel this weekend for a meeting with Israeli Foreign Minister Tzipi Livni, and she planned to hold talks Monday in Jerusalem with Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas.

Her visit came amid a relative lull in violence, which the Iraqi government held up as a promising sign that the new Baghdad security plan is off to a good start. A top U.S. military official cautioned, however, that it might be a temporary letup as militant organizations assess the new measures and gear up to fight back.

Prime Minister Nouri al-Maliki assured President Bush Friday that the three-day-old plan "has achieved fabulous success," according to an account of the conversation released by the prime minister's office. Speaking by secure video link-up, Maliki also told Bush that officials will be "firm in dealing with any side that breaks the law, regardless" of their sect.

U.S. Maj. Gen. Joseph F. Fil Jr., the commander of the 1st Cavalry Division in Baghdad, spoke of the recent calm in more cautious terms. "We do expect there are going to be some very rough, difficult days ahead," Fil told reporters at the Pentagon Friday, speaking from Baghdad in a video link-up, according to a transcript. "This enemy knows how -- they understand lethality, and they have a thirst for blood like I have never seen anywhere before."

Meanwhile on Friday, a U.S. military spokesman said the leader of a powerful Sunni insurgent group in Iraq was not wounded in a clash with police, denying a report from Iraq's Interior Ministry. "We believe that al-Masri was not killed or wounded in any action yesterday," Lt. Col. Christopher C. Garver said Friday.

A ministry spokesman said Thursday night that the leader of al-Qaeda in Iraq, who is known by the alias Abu Ayyub al-Masri, was injured in a shootout with police earlier that evening. The spokesman also said one of Masri's top deputies, Abu Abdullah al-Mujamie, was killed in a gun battle with police near Samarra.

A statement posted online attributed to the insurgent group denied that Masri had been killed and accused the Iraqi government of fabricating the report.

However, an al-Qaeda in Iraq leader confirmed the death of the deputy in a phone interview Thursday night. Repeated attempts to reach ministry sources Friday for further details on the reported clash were unsuccessful.

Iraqi and U.S. forces have been sweeping targeted areas of the city to root out insurgents and restore order in neighborhoods. So far, officials say, they have met little resistance.

The increased patrols are accompanied by other security measures, such as tightened controls at the borders with Syria and Iran and a crackdown on civilians carrying weapons.

To support the growing number of U.S. Army brigades in the Baghdad area, Pentagon officials said Friday that an additional division headquarters of about 1,000 soldiers will be sent three months earlier than expected. The 3rd Infantry Division headquarters, based at Fort Stewart, Ga., will deploy to Iraq in March instead of June. The soldiers will provide command and control, intelligence, surveillance and reconnaissance.

The acceleration of the deployment reflects an immediate need for more support for what will be 10 U.S. brigades in Iraq's capital, officials said. There are currently eight brigades operating under the 1st Cavalry Division's leadership.

The deployment is the headquarters' third to Iraq, including the initial invasion of Baghdad in 2003. The unit's original June deployment was announced in November and was scheduled to be part of President Bush's plan to send about 17,500 additional U.S. troops to Baghdad.

Staff writer Josh White in Washington and special correspondent Waleed Saffar in Baghdad contributed to this report.

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Secretary Of State Rice Visits Baghdad (AP)

By Anne Gearan

AP, February 17, 2007

The success of a new security crackdown in Baghdad will be measured largely on how well the U.S.-backed government capitalizes on any respite of sectarian violence, Secretary of State Condoleezza Rice said Saturday.

Rice made an unannounced visit to the Iraqi capital to check on the early days of the campaign to put down tit-for-tat violence between Sunnis and Shiites that has consumed Baghdad and contributed to the exodus of an estimated 3.8 million Iraqis from their homes.

Insurgent violence remains a concern. Rice's plane circled the airport for 30 minutes before landing because of military action in the city.

The joint U.S.-Iraqi campaign is under way as the House delivered a symbolic blow to President Bush's strategy to turn around an unpopular war that has been largely stalemated by internal Iraqi reprisal killings and terror campaigns that have little to do with U.S. forces.

"If in fact militias decide to stand down and stop killing innocent Iraqis ... that can't be a bad thing," Rice told reporters traveling with her. "But how the Iraqis use the breathing space that that might provide is what's really important."

Rice spoke with American troops and U.S. Embassy personnel before a scheduled meeting with Iraqi Prime Minister Nouri al-Maliki, a Shiite. The beleaguered official is increasingly seen as unwilling or unable to deliver security, essential public services or political inclusion for minority Sunnis.

Rice is the highest-level U.S. official in Iraq since the recent start of a massive security operation in the Iraqi capital. The visit was not previously announced as part of her trip to the Middle East.

She told the U.S. forces and diplomats that their work was worthwhile in helping Iraq and securing the safety of the U.S. at the same time.

"When you see Iraqis toiling and squabbling and struggling ... remember it's not easy to build a democracy," Rice said.

Rice will get an update on the security operation begun just days ago from U.S. generals, but she told reporters that the campaign appeared to be off to a good start. The number of Iraqi civilians killed in Baghdad's sectarian violence fell drastically Friday, and officials credited the security operation begun in force just days ago.

Ten bodies were reported by the morgue in the capital, compared to an average of 40- to 50 per day common in recent months, as parts of Baghdad have descended into a lawless jumble of gang killings and sectarian payback.

While the reduction in killings was a relief, U.S. officials sounded a note of caution. Maj. Gen. Joseph Fil, commander of U.S. forces in Baghdad, said militias and insurgents have apparently decided to lie low at least during these early days of the security crackdown.

"They're watching us carefully," Fil said Friday. "There's an air of suspense."

But in the northern Iraqi city of Kirkuk a suicide car bomber rammed into a crowded market on Saturday moments after a booby-trapped vehicle exploded, killing at least nine people and injuring 60, the police said. The back-to-back blasts shattered the brief lull in major violence around the country.

Meanwhile in Washington, the House of Representatives on Friday passed a nonbinding resolution, 246-182, voicing opposition to Bush's decision to send 21,500 additional troops into Iraq. The Senate was to meet in a rare Saturday session to consider a similar measure.

Rice Grilled On Extra Funding Sought For Iraq, Afghanistan (WP)

By Karen Deyoung, Washington Post Staff Writer

The Washington Post, February 17, 2007

Skeptical lawmakers yesterday demanded a detailed accounting of how Secretary of State Condoleezza Rice plans to spend $6 billion in supplemental funds that the administration has asked for the State Department this year, much of it for Iraq and Afghanistan.

"I think you've got a lot of explaining to do," Rep. David R. Obey (D-Wis.) told Rice at a hearing of the House Appropriations subcommittee on state and foreign operations. "A huge majority of the funds in the supplemental are for military, not political or economic or reconstructive, purposes."

Both Republicans and Democrats asked pointed questions about the rising cost of efforts that seem to be failing, despite newly announced U.S. strategies for both countries. Even as the administration has asked for more money, Rep. Frank R. Wolf (R-Va.) told Rice, it ought to increase its diplomatic engagement with Iraq's neighbors in the Middle East.

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"I plead with you, I beg of you," Wolf said, "if we're going to ask a young man or woman in our military to go to Iraq three different times, it's not asking too much . . . to send somebody to engage with regard to the Syrians."

Rice replied: "We don't have an ideological problem with talking to Syria." But, she said, "there just isn't any evidence that they're trying to change their behavior."

The supplemental funding is in addition to more than $140 billion in emergency money that President Bush has requested, primarily to fund new military operations. In a Thursday address, he urged Congress to provide $11.8 billion to accelerate military and police training and reconstruction in Afghanistan, where he said al-Qaeda and the Taliban are launching new offensives after having been "driven from power" by U.S. forces in 2001.

In a video posted on the Internet yesterday, al-Qaeda appeared to ridicule Bush's latest remarks. "Bush raved in his latest speech . . . that he has deprived al-Qaeda of a safe haven in Afghanistan," said a voice attributed to and read over a photograph of Osama bin Laden's deputy, Ayman al-Zawahiri. "The entire world bears witness to his barefaced lie."

The 24-minute video, marked as a product of al-Qaeda's video arm and made available and translated by the Alexandria-based analysis firm IntelCenter, is the longest and most sophisticated to date from Afghanistan. After Zawahiri's introduction, it purports to document an undated mujaheddin attack on a U.S. military encampment in Afghanistan. IntelCenter said it thinks the voice-over narration was provided by Adam Gadahn, the California native who has been indicted in absentia on a charge of treason for alleged al-Qaeda activities.

Intelligence and military officials in Washington did not dispute that the video is an al-Qaeda product. But they noted that it is not a recent recording, because the fighters are shown in warm-weather clothing amid greenery.

Regarding the claimed military operation, a Pentagon official said that "no one has been able to verify what they're talking about." The official said that U.S. and NATO forces in Afghanistan have not lost any direct engagements with Taliban or al-Qaeda forces. He said it is possible that the scenes of fighters preparing for battle and firing weapons may have been juxtaposed with those of a deserted compound once occupied by the U.S. military.

In yesterday's hearing, Rice acknowledged the poor results in U.S. efforts to stem Afghan opium production, which reached record levels last year.

"I have to say this is a case where priority and success actually are not linked," she said in response to a question from Rep. Jerry Lewis (R-Calif.). "We have put enormous effort into this, and it's just a tough problem to crack."

"Yeah, but it's not good enough," Lewis replied. He has heard a lot about various U.S. counternarcotics programs, he said, "but there have been no results."

Panel members sharply questioned both the supplemental budget and the other funding requests, including a planned $250 million cash payment to the government of Lebanon, $86 million requested for security assistance for Palestinian Authority President Mahmoud Abbas, and more than $500 million being spent for a new U.S. Embassy in Baghdad.

Rice said a major portion of the Iraq money would fund the expanded Provincial Reconstruction Teams. The teams, led by U.S. diplomats, are located in Baghdad neighborhoods and elsewhere in the country, where they assist in developing the Iraqi economy and governance.

The teams, embedded with U.S. military units, are expected to "bring about 40,000 jobs [to] critical areas" in Iraq, Rice said. Iraqi government money, she said, would pay for additional job creation.

The Iraqi expenditure of $10 billion in reconstruction and job-creation funds was one of the "benchmarks" for the Baghdad government that Bush set when he announced his new strategy last month. Iraq has a $12.5 billion surplus of previously budgeted but unspent funds.

Rice pledged yesterday that the administration will see to it that Iraq's Shiite-dominated government spends the money, with at least $2 billion going to areas outside the capital. In White House remarks yesterday, after a conversation with Iraqi Prime Minister Nouri al-Maliki, Bush said that Maliki has already "met that benchmark" by again budgeting the money.

Maliki Hails Lull In Violence (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 17, 2007

BAGHDAD, Feb. 16 -- The relative lull in violence is a promising sign that the Baghdad security plan is off to a good start, the Iraqi prime minister said yesterday, while a top U.S. military official cautioned that it might be a temporary letup as militant organizations assess the new measures and gear up to fight back.

Prime Minister Nouri al-Maliki assured President Bush that the three-day-old plan "has achieved fabulous success," according to an account of the conversation released by the prime minister's office. Speaking by secure video link-up, Maliki also told Bush that officials will be "firm in dealing with any side that breaks the law, regardless" of their sect.

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U.S. Maj. Gen. Joseph F. Fil Jr., the commander of the 1st Cavalry Division in Baghdad, spoke of the recent calm in more cautious terms. "We do expect there are going to be some very rough, difficult days ahead," Fil told reporters at the Pentagon, speaking from Baghdad in a video link-up, according to a transcript. "This enemy knows how -- they understand lethality, and they have a thirst for blood like I have never seen anywhere before."

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Staff writer Josh White in Washington and special correspondent Waleed Saffar in Baghdad contributed to this report.

Baghdad Plan Is A "Success," Iraq Prime Minister Tells Bush (NYT)

By Marc Santora

The New York Times, February 17, 2007

BAGHDAD, Feb. 16 — Prime Minister Nuri Kamal al-Maliki told President Bush on Friday that the increased effort to provide security in Baghdad had gone exceedingly well so far, Mr. Maliki's office said in a statement.

The two spoke via video link and, according the statement, Mr. Maliki said, "The security plan has been a dazzling success during its first days."

Across Baghdad, there were signs of the heightened troop presence, as cars were searched at new checkpoints and raids resulted in the arrest of at least 35 people, according to Iraqi officials.

Maj. Gen. Joseph F. Fil Jr., commander of the First Cavalry Division in Baghdad, told reporters on Friday that there had been a substantial reduction in violence in the past 48 hours, which he attributed both to the increased troop presence and the decision by Sunni and Shiite militants to keep a low profile.

"They're watching us carefully," he said. "There's an air of suspense throughout the city. We believe, there's no question about it, that many of these extremists are laying low and watching to see what it is we do and how we do it. How long that will last, we don't know."

American military officers also disputed Iraqi reports that the commander of Al Qaeda in Mesopotamia, Abu Ayyub al-Masri, was wounded in recent fighting, saying they have seen no evidence to support the claim.

Still, in an interview on Friday, Iraq's Interior Ministry spokesman, Gen. Abdul Kareem Khalaf, continued to maintain that Mr. Masri had been wounded in fighting near Balad, north of Baghdad. He said Mr. Masri was wounded Thursday afternoon, then managed to flee. But two other Iraqi officials contradicted that account.

In Hilla, south of Baghdad, the Iraqi security forces arrested 34 members of a messianic Shiite splinter group that just three weeks ago tried to overthrow the Shiite clerical hierarchy in Najaf.

In heavy fighting in January, hundreds of members of the group, called the Soldiers of Heaven, were killed as American forces joined the Iraqis in a daylong battle in which an American attack helicopter was shot down.

DOJ_NMG_0134214

Jury Remains Out On Baghdad Crackdown (HC/AP)

By Brian Murphy,

Houston Chronicle/AP, February 17, 2007

BAGHDAD, Iraq — As a military offensive seeks to bring Baghdad from the brink of anarchy, a top Iraqi security officer tried Friday to measure its early stages using the grim logic of a place with daily bloodshed: by counting the bodies arriving at the morgue. A total of 10 corpses were collected off the streets — apparently all victims of the city's lawless jumble of gang justice and sectarian payback. The daily body tally recently has often been 40 or more, excluding major bombings, said Brig. Gen. Qassim Moussawi.

This was the basis for an upbeat message by Moussawi, a spokesman for the joint U.S.-Iraqi security sweep that began this week and has so far faced limited resistance. But his American counterparts remain much more guarded.

"I would say that it is way too early to establish any trends," said Lt. Col. Chris Garver, a U.S. military spokesman. "We've just started to focus our operations. We have months to go to see if we are going to succeed or not."

Maj. Gen. Joseph Fil, commander of U.S. forces in Baghdad, attributed the reduction in violence not only to the increased security presence but also to an apparent decision by the militias and insurgents to lay low for a while.

"But make no mistake, we do not believe ... that's going to continue, and we do expect there are going to be some very rough, difficult days ahead," Fil said. "And this enemy knows how — they understand lethality and they have a thirst for blood like I have never seen anywhere before."

The contrasting outlooks cut across the entire mission, dubbed Operation Law and Order, which seeks to reclaim the streets. Powerful militias and freelance vigilantes have carved Baghdad into fiefdoms and made even daily errands a gamble that could end with a car bombing or gunfire.

The Iraqis are eager to show clear progress to boost the leadership of Prime Minister Nouri al-Maliki. U.S. commanders, however, are approaching the neighbor-by-neighbor sweep as a methodical campaign without quick victories — learning from past mistakes of pouring through an area, only to find that militiamen simply went underground and returned after American forces left.

"We are just at the beginning stages," reminded Garver.

But evidence of the offensive against militants appeared around the country.

Borders to Iran and Syria have been temporarily sealed in attempts to foil suspected supply routes. In Diyala province northeast of Baghdad, U.S. forces are under sharply escalating attacks from Sunni Muslim insurgents — suggesting that some groups have shifted from Baghdad to other areas to sidestep the crackdown in the capital.

U.S. military officials said demolition experts destroyed a bomb-making factory they linked to the al-Qaida in Iraq faction in Salman Pak, just southwest of Baghdad. The statement said the workshop contained about 1,000 pounds of explosives.

But doubt was cast on another reported blow to al-Qaida in Iraq.

The Interior Ministry said that leader Abu Hamza al-Muhajir, also known as Abu Ayyub al-Masri, was wounded and an aide killed Thursday in a clash with Iraqi forces near Balad, north of Baghdad.

Garver, the U.S. military spokesman, later said the Pentagon had no information that al-Masri was hit. The al-Masri deputy reported killed, identified as Abu Abdullah al-Majemaai, was detained last week and remains in jail, said an Iraqi army officer, who spoke on condition of anonymity because he was not authorized to disclose the information.

In a statement posted on an Islamic militant Web site on Friday, the al-Qaida-affilated Islamic State of Iraq purportedly denied that al-Masri was wounded. It said the Iraqi government was "making up such news that has been denied even by their masters, the Americans."

Iraqi security officials also said 34 armed men belonging to a messianic Shiite cult were detained near Hillah, about 60 miles south of Baghdad.

The Soldiers of Heaven, or Jund al-Samaa, cult was involved in a fierce gunbattle last month with Iraqi forces who accused it of planning to kill Shiite clerics and others in a bid to force the return of the "Hidden Imam" — a descendant of the Prophet Muhammad who disappeared as a child in the 9th century. Shiites believe he will return one day to bring justice.

In mosques Friday, some Muslim clerics supported the general goals of the military push to calm Baghdad. But others used the weekly prayers to denounce the American troop buildup in Baghdad.

Political leaders, too, quarreled over the widening security sweeps — reflecting starkly opposing perspectives among Iraq's two Muslim groups.

The majority Shiites have generally favored the campaign as a way to neutralize Sunni militant groups, blamed for waves of recent car bombings. Sunnis — who enjoyed a privileged position under Saddam Hussein — believe Shiite factions will use the military push to try to cement controls of key areas in Baghdad.

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Sunni lawmaker Dhafir Al-Ani said on Al-Arabiya television that the Baghdad security plan had lost the "element of surprise" because it was announced long in advance, giving Shiite militiamen time to flee to Iran. He also claimed Shiite militias had provided security forces with some of the names on their wanted list.

But a Shiite lawmaker, Hadi Al-Amiri, backed the U.S.-Iraqi crackdown as a way to "target all those who cause the Iraqi bloodshed."

In Geneva, the International Organization for Migration offered a bleak picture of Iraqis trying to escape the violence and insecurity. Nearly 18,000 people have left their homes in the past three weeks in central and southern Iraq — some fleeing for the borders and others taking shelter in makeshift housing.

As many as 1 million Iraqis could flee their homes this year unless the unrest is brought under control, said a report by the 120-nation agency. An estimated 1.4 million Iraqis have already left their homes.

"The numbers of people that are being displaced are increasing every day," said Jemini Pandya, a spokeswoman for the group. "The security situation is not improving. It's not changing."

In other developments:

_ The Pentagon said it is sending an Army division headquarters staff of about 1,000 soldiers to Baghdad three months ahead of schedule, a move intended to improve the Army's ability to command and control the thousands of extra combat troops that President Bush has ordered to Iraq.

_ Iraq's Sunni vice president, Tariq al-Hashemi, told the Arabic language daily Al-Hayat that Sunni insurgents who are "honorable and genuine" must be given the chance to join the political process now that the United States is eager to pull its troops from Iraq. He said U.S. and Iraqi representatives must negotiate "with the participation of the resistance" after "America has failed to run the country."

_ On Saturday, two explosions tore through a crowded market area in the northern city of Kirkuk, killing at least five people and injuring 17, police said. The first blast came from a car rigged with explosives and was followed by a suicide attacker who drove a bomb-laden car into a busy area, which included a bus depot in a mostly Kurdish district of the city, authorities said. The blasts also damaged about 20 shops.

Sadr Commanders Flee Crackdown In Iraq (FT)

By Roula Khalaf

Financial Times, February 17, 2007

Iraqi officials on Friday reported an “exodus” of commanders from the Shia Mahdi army, as armed groups seek to protect themselves from the US military crackdown in Baghdad and preserve their organisations.

Mystery has swirled over the whereabouts of Moqtada al-Sadr, the fiery cleric whose Mahdi army is accused by the US of a leading role in the sectarian violence that has devastated the capital.

Mr Sadr has always kept a low profile, fearing he might be captured or killed by US troops. US officials say he has fled Iraq and is hiding in Iran. His aides denounce the US assertions and say he remains in his country.

Jalal Talabani, the Iraqi president, late on Thursday said Mr Sadr, whose group is a partner in the governing Shia coalition, had ordered his commanders to leave Iraq to facilitate the US operation in the city.

A senior Iraqi official told the FT on Friday that there has been an “exodus” of commanders over recent days, and that Mr Sadr is likely to have travelled to Iran, though he had no idea how long he would stay there. Iranian officials say they have no comment on Mr Sadr’s whereabouts.

“All groups that are armed and those who are suspected of violence, whether from Mahdi or other organisations, saw that the government and the US were serious about the security plan and that everyone would be targeted,” said the official. “They fled, in a cautious attempt on their part to prevent capture.”

The senior official denied that the government had helped co-ordinate the “exodus” or asked Mahdi commanders with links to Iran to move out of Iraq for their own protection.

But the move by Mahdi commanders has highlighted the dilemma facing the Iraqi government as it seeks to balance support for the US operations with pressure from domestic coalition partners whom it relies upon for political backing.

It is not clear how long the Mahdi commanders will stay away. In previous security crackdowns in the capital, militias and Sunni insurgents faded but re-appeared when US forces retreated.

Iraqi officials say the return depends on the US and the government’s ability to establish their authority in Baghdad. “If we’re able to establish government authority, it will be more difficult for them to re-establish their own power on the ground,” said the senior government official.

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One Shia Iraqi political adviser said the departure of Mahdi commanders would facilitate the military crackdown on the Sunni insurgents. By the time the commanders come back the insurgents may have been sufficiently weakened, reducing the need for Shia militias to fight a sectarian war, he suggested.

The retreat of the Mahdi commanders comes as Iran adopts a cautious approach to the intensifying US pressure against its alleged involvement in Iraqi violence, amid growing concern in Tehran that Washington could be preparing for direct military action against the Islamic republic.

The relationship between the Mahdi army and Iran has been at the centre of US-Iranian tensions. The US insists elements in Tehran have provided the militia with sophisticated explosives. Iran denies the allegations.

Sunni Insurgents Carrying Fight North Out Of Baghdad (HC/AP)

By Lauren Frayer,

Houston Chronicle/AP, February 17, 2007

BAQOUBA, IRAQ — Sunni insurgents have been streaming out of Baghdad to escape the security crackdown, carrying the fight to neighboring Diyala province where direct fire attacks on Americans have nearly doubled since last summer, U.S. soldiers say.

That has led to sharp fighting only 35 miles north of the capital in a province known as "Little Iraq" because of its near-equal mix of Sunni and Shiite Arabs as well as Kurds. At stake is a strategic region that extends from the northeastern gates of Baghdad to the Iranian border.

"I was here in 2004 and I don't remember them ever attacking tanks in open daylight, but now that's exactly what they're doing," said Capt. Paul Carlock, 31, of Chattanooga, Tenn., a company commander in the Army's 1st Battalion, 12th Cavalry Regiment. "There's a big Sunni influx here, and in the last month or so it's been pretty violent."

Some U.S. officers suspect the advance publicity for the Baghdad security plan may have encouraged extremists — both Sunnis and Shiites — to flee the capital for surrounding provinces, including Diyala, where fewer U.S. troops are stationed.

Even before President Bush announced last month that he was sending in 21,500 more soldiers, mostly to Baghdad, violence had been steadily decreasing in the capital and increasing in Diyala.

Prime Minister Nouri al-Maliki told President Bush that the increased effort to provide security in Baghdad had gone exceedingly well so far.

The two spoke Friday via video link and al-Maliki said, "The security plan has been a dazzling success during its first days." A total of only 10 corpses were collected Thursday off Baghdad streets. The daily body tally has often been 40 or more.

Maj. Gen. Joseph Fil, commander of U.S. forces in Baghdad, attributed the reduction in Baghdad violence not only to the increased security presence but also to an apparent decision by the militias and insurgents to lay low for a while.

"But make no mistake, we do not believe ... that's going to continue, and we do expect there are going to be some very rough, difficult days ahead," Fil said. "And this enemy knows how — they understand lethality and they have a thirst for blood like I have never seen anywhere before."

On Thursday, a rooftop sniper fired on members of the 12th Cavalry as they patrolled a suburb of Baqouba with Iraqi soldiers. Shots rang out for about 15 minutes until a Bradley Fighting Vehicle arrived and drove off the attackers.

Gates Follows Rumsfeld With A Less Combative Case For The Defence (FT)

By Demetri Sevastopulo

Financial Times, February 17, 2007

Before Robert Gates held his first Pentagon press conference as defence secretary, reporters were curious how his modus operandi would differ from Donald Rumsfeld's, his predecessor. When he opened with something Mr Rumsfeld rarely gave - an apology - it was clear a new era had dawned.

Sitting between reporters at a large table, Mr Gates apologised for the crowded room and for holding the briefing on Friday afternoon, before explaining that he would prefer "a more informal setting than the dais and the big sign behind me".

Although he returned to the Pentagon briefing room - where Mr Rumsfeld enjoyed lecturing reporters from the podium - for his second "round table", Mr Gates sat at a small table, prompting a joke that he resembled an anchor man for the Pentagon television channel.

Asked if he was trying to distinguish himself from the "acknowledged master of the Pentagon briefing", Mr Gates, who as director of the Central Intelligence Agency, had few public dealings with the media, said he would "never be in that category".

He added that he was not making a statement about the past. But he appeared to do just that when he explained his preference for "more of a conversation than a one-way means of communication".

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Mr Rumsfeld, who might best be described as charismatically antagonistic, revelled in answering not the question posed to him but the question he wanted to be asked.

Travelling to Europe last week, Mr Gates seemed almost shy in comparison. But when interrogated in Seville about the evident contrast with Mr Rumsfeld, he warmed up, saying he found the questioning "amusing". "As an old Kremlinologist, it shouldn't surprise me," he said.

Then he closed by saying that people could judge for themselves after his speech to a security conference in Munich whether he would take "a different path than secretary Rumsfeld".

He did. Mr Rumsfeld ruffled many feathers by splitting US allies into "old Europe" and "new Europe".

Remarking in Munich that European countries had often been pigeonholed into categories - the "free world" versus the "Iron Curtain" - Mr Gates drew guffaws when he said: "Some have even spoken in terms of 'old' Europe versus 'new'."

But in his less abrasive manner, he also delivered a Rumsfeld-like message in reminding the mostly European audience Nato was a "military alliance" and not a "social club".

Back in the Pentagon press room on Thursday, Mr Gates maintained his non-combative style. Asked about recent comments by a US general that the trail for Osama bin Laden had "gone cold", Mr Gates would reply only that the al-Qaeda leader should "keep looking over [his] shoulder".

Responding to a similar question in 2001, Mr Rumsfeld gave the New York Times a dose of the typically entertaining, yet infuriatingly evasive, answers that ultimately reduced the news value of his press conferences. "If you're chasing the chicken around the chicken yard and you don't have him yet and the question is, 'how close are you?' the answer is, 'it's tough to characterise because there's lots of zigs and zags'."

In a sign Mr Gates may be seeing his honeymoon draw to a close, he came under pressure over recent contradictory statements by members of the military and Bush administration officials about the extent to which top Iranian officials had approved attacks on US solders in Iraq.

Ultimately, said Larry Di Rita, the former Pentagon spokesman, Mr Gates would probably have to deal with the "inescapably confrontational" nature of Washington press conferences. "[But] if secretary Gates wants to find ways even on the margins to take some of that edge out, more power to him," he said.

Some In Surge To Deploy Earlier (WT/AP)

The Washington Times, February 17, 2007

The Pentagon said yesterday it is sending an Army division headquarters staff of about 1,000 soldiers to Baghdad three months ahead of schedule, a move intended to improve the Army's ability to command and control the thousands of extra combat troops that President Bush has ordered to Iraq.

The 3rd Infantry Division headquarters staff will deploy from Fort Stewart, Ga., next month -- about three months earlier than planned, according to an Army statement. It said family members have been notified of the change.

It is the 3rd Infantry's third deployment to Iraq. The first was during the initial invasion in 2003.

The decision to send them early is related to Bush's decision to deploy an extra five Army brigades -- about 17,500 soldiers -- to Baghdad as part of the president's new approach to stabilizing the country amid rising sectarian violence.

There currently is just one Army division headquarters staff in Baghdad -- the 1st Cavalry Division. That unit's commander, Maj. Gen. Joseph Fil, Jr., told Pentagon reporters by video teleconference from Baghdad that he saw no need for another division headquarters staff, but he said the matter was being studied.

"I've told my bosses that it's just fine, that we do not have a command-and-control issue right now," he said.

Gen. Fil also said he has requested an unspecified number of extra attack helicopters and combat engineers, and that U.S. and U.S.-trained Iraqi army troops face a determined and ruthless foe in the capital region.

"They have a thirst for blood like I have never seen anywhere before," Gen. Fil said.

A division headquarters normally would command no more than about five brigades. Gen. Fil's division currently has eight ground combat brigades operating with it, including a brigade of the 82nd Airborne Division, which was the first of the five extra brigades under Mr. Bush's plan to arrive in Baghdad. It got there in January.

The next to arrive, the 4th Brigade, 1st Infantry Division, from Fort Riley, Kan., is now in Kuwait conducting its final training before heading to Baghdad later this month. The three other brigades -- including two from the 3rd Infantry Division -- are scheduled to go between March and May.

Since Mr. Bush's announcement of the troop buildup on Jan. 10, when he said 17,500 more soldiers would go to Baghdad and about 4,000 more Marines would go to western Anbar province, there has been controversy over the actual size of the buildup.

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The Congressional Budget Office, a nonpartisan arm of Congress, said recently that the Pentagon might need to send 15,000 to 28,000 combat support and combat service support troops to Iraq, in addition to the 21,500 combat troops. But Defense Secretary Robert M. Gates has said that estimate grossly exaggerates the need for support forces.

Al Qaeda's Outrages Swing Sunnis To U.S. (WT)

By Pamela Hess, United Press International

The Washington Times, February 17, 2007

RAMADI, Iraq -- Sunni tribes in troubled Anbar province have begun working closely with U.S. and government forces, contributing nearly 2,400 men to the police department and 1,600 to a newly organized tribal security force, authorities say.

U.S. troops are training and equipping the new tribal forces, which are called Emergency Response Units (ERUs), and are charged with defending the areas where they live, according to the local U.S. commander.

By a U.S. count, 12 of the Ramadi area's 21 tribes are cooperating in the security effort, six are considered neutral, and three are actively hostile. That is almost the reverse of the tribal posture last June, when three were cooperative and 12 were hostile.

For nearly four years, the tribes around Ramadi survived by playing both sides, working with U.S. forces when it suited them, while at the same time helping or tolerating Sunni insurgent groups and al Qaeda in Iraq -- the terrorist organization once led by Jordanian Abu Musab Zarqawi.

That changed in August, according to U.S. Army Col. Sean MacFarland, commander of the 1st Brigade Combat Team, 1st Armored Division, which has been responsible for security operations in Ramadi since June.

Al Qaeda in Iraq -- which has also turned its intimidation tactics on the tribal leaders -- kidnapped and killed Sheik Khalid of the Albu Ali Jassim tribe and left his body where it could not be found, preventing the family from burying him within 24 hours as prescribed by Muslim tradition.

"Al Qaeda overplayed its hand," Col. MacFarland said at his headquarters, a dusty base on the west side of Ramadi.

At a meeting that month, several sheiks drew up an 11-point declaration vowing to fight al Qaeda, within the rule of law, and declaring solidarity with coalition and government security forces. It is a movement referred to by the tribes as "the Awakening."

Al Qaeda "assassinated a lot of the sheiks," said Sheik Ahmed Abureeshah, 41, whose brother, Sheik Sitar, is the driving force behind the initiative. "They killed my father. They killed three of my brothers. They killed 14 other sheiks from different tribes. ...

"Then we met the sheiks of the tribe one after one, and we decided that we must put our hands together and fight to defeat these criminals."

The tribes sent hundreds of young men to join the police -- more than 1,000 in December and more than that last month, a record recruiting effort for the province.

The men were assigned to police stations in their own tribes' neighborhoods, giving the tribes a vested interest in their success and contributing to unusually high rates of policemen turning up for work. Others were organized into the ERUs, which operate in the countryside while the police remain in the cities.

Improved security, in turn, made it possible for the brigade to pour in reconstruction money, enabling some $3 million in projects to be undertaken.

As the benefits of cooperation became evident, "the tribes began flipping, like a domino effect," Col. MacFarland said. "Almost every week, we get another sheik knocking on our door."

Ramadi remains dangerous for Americans -- Col. MacFarland's brigade has lost 85 troops in the area -- but the improvement in security is measurable.

From July 2006 to January 2007, the daily average number of attacks fell by 38 percent and roadside bomb attacks dropped by 57 percent to an 18-month low.

The roadside bombs also are getting smaller and less complex, enabling the brigade and the Iraqi police to find more than 80 percent of improvised explosive devices before they detonate.

It is "a very significant indicator that this potent weapon system has become less effective in Ramadi," Col. MacFarland said.

More important to the colonel, attacks are occurring farther from the town center and from the main road -- suggesting that residents are not tolerating insurgents the way they once did, and are tipping off police to suspicious activities.

Jury Remains Out On Baghdad Crackdown (AP)

By Brian Murphy, Associated Press Writer

DOJ_NMG_0134219

AP, February 17, 2007

As a military offensive seeks to bring Baghdad from the brink of anarchy, a top Iraqi security officer tried Friday to measure its early stages using the grim logic of a place with daily bloodshed: by counting the bodies arriving at the morgue. A total of 10 corpses were collected off the streets — apparently all victims of the city's lawless jumble of gang justice and sectarian payback. The daily body tally recently has often been 40 or more, excluding major bombings, said Brig. Gen. Qassim Moussawi.

This was the basis for an upbeat message by Moussawi, a spokesman for the joint U.S.-Iraqi security sweep that began this week and has so far faced limited resistance. But his American counterparts remain much more guarded.

"I would say that it is way too early to establish any trends," said Lt. Col. Chris Garver, a U.S. military spokesman. "We've just started to focus our operations. We have months to go to see if we are going to succeed or not."

Maj. Gen. Joseph Fil, commander of U.S. forces in Baghdad, attributed the reduction in violence not only to the increased security presence but also to an apparent decision by the militias and insurgents to lay low for a while.

"But make no mistake, we do not believe ... that's going to continue, and we do expect there are going to be some very rough, difficult days ahead," Fil said. "And this enemy knows how — they understand lethality and they have a thirst for blood like I have never seen anywhere before."

The contrasting outlooks cut across the entire mission, dubbed Operation Law and Order, which seeks to reclaim the streets. Powerful militias and freelance vigilantes have carved Baghdad into fiefdoms and made even daily errands a gamble that could end with a car bombing or gunfire.

The Iraqis are eager to show clear progress to boost the leadership of Prime Minister Nouri al-Maliki. U.S. commanders, however, are approaching the neighbor-by-neighbor sweep as a methodical campaign without quick victories — learning from past mistakes of pouring through an area, only to find that militiamen simply went underground and returned after American forces left.

"We are just at the beginning stages," reminded Garver.

But evidence of the offensive against militants appeared around the country.

Borders to Iran and Syria have been temporarily sealed in attempts to foil suspected supply routes. In Diyala province northeast of Baghdad, U.S. forces are under sharply escalating attacks from Sunni Muslim insurgents — suggesting that some groups have shifted from Baghdad to other areas to sidestep the crackdown in the capital.

U.S. military officials said demolition experts destroyed a bomb-making factory they linked to the al-Qaida in Iraq faction in Salman Pak, just southwest of Baghdad. The statement said the workshop contained about 1,000 pounds of explosives.

But doubt was cast on another reported blow to al-Qaida in Iraq.

The Interior Ministry said that leader Abu Hamza al-Muhajir, also known as Abu Ayyub al-Masri, was wounded and an aide killed Thursday in a clash with Iraqi forces near Balad, north of Baghdad.

Garver, the U.S. military spokesman, later said the Pentagon had no information that al-Masri was hit. The al-Masri deputy reported killed, identified as Abu Abdullah al-Majemaai, was detained last week and remains in jail, said an Iraqi army officer, who spoke on condition of anonymity because he was not authorized to disclose the information.

In a statement posted on an Islamic militant Web site on Friday, the al-Qaida-affilated Islamic State of Iraq purportedly denied that al-Masri was wounded. It said the Iraqi government was "making up such news that has been denied even by their masters, the Americans."

Iraqi security officials also said 34 armed men belonging to a messianic Shiite cult were detained near Hillah, about 60 miles south of Baghdad.

The Soldiers of Heaven, or Jund al-Samaa, cult was involved in a fierce gunbattle last month with Iraqi forces who accused it of planning to kill Shiite clerics and others in a bid to force the return of the "Hidden Imam" — a descendant of the Prophet Muhammad who disappeared as a child in the 9th century. Shiites believe he will return one day to bring justice.

In mosques Friday, some Muslim clerics supported the general goals of the military push to calm Baghdad. But others used the weekly prayers to denounce the American troop buildup in Baghdad.

Political leaders, too, quarreled over the widening security sweeps — reflecting starkly opposing perspectives among Iraq's two Muslim groups.

The majority Shiites have generally favored the campaign as a way to neutralize Sunni militant groups, blamed for waves of recent car bombings. Sunnis — who enjoyed a privileged position under Saddam Hussein — believe Shiite factions will use the military push to try to cement controls of key areas in Baghdad.

Sunni lawmaker Dhafir Al-Ani said on Al-Arabiya television that the Baghdad security plan had lost the "element of surprise" because it was announced long in advance, giving Shiite militiamen time to flee to Iran. He also claimed Shiite militias had provided security forces with some of the names on their wanted list.

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But a Shiite lawmaker, Hadi Al-Amiri, backed the U.S.-Iraqi crackdown as a way to "target all those who cause the Iraqi bloodshed."

In Geneva, the International Organization for Migration offered a bleak picture of Iraqis trying to escape the violence and insecurity. Nearly 18,000 people have left their homes in the past three weeks in central and southern Iraq — some fleeing for the borders and others taking shelter in makeshift housing.

As many as 1 million Iraqis could flee their homes this year unless the unrest is brought under control, said a report by the 120-nation agency. An estimated 1.4 million Iraqis have already left their homes.

"The numbers of people that are being displaced are increasing every day," said Jemini Pandya, a spokeswoman for the group. "The security situation is not improving. It's not changing."

In other developments:

· The Pentagon said it is sending an Army division headquarters staff of about 1,000 soldiers to Baghdad three months ahead of schedule, a move intended to improve the Army's ability to command and control the thousands of extra combat troops that President Bush has ordered to Iraq.

· Iraq's Sunni vice president, Tariq al-Hashemi, told the Arabic language daily Al-Hayat that Sunni insurgents who are "honorable and genuine" must be given the chance to join the political process now that the United States is eager to pull its troops from Iraq. He said U.S. and Iraqi representatives must negotiate "with the participation of the resistance" after "America has failed to run the country."

Iranian Force, Focus Of U.S., Still A Mystery (NYT)

By Scott Shane

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — Like so much else about the Iranian state, the Quds Force, which conducts overseas operations for Iran's Islamic Revolutionary Guard Corps, remains remarkably mysterious even to those who closely study the country.

The Quds Force is under intense scrutiny by American intelligence agencies because it is suspected of supplying sophisticated explosives to Iraqi militants. Among those detained in recent American raids on Iranian offices in Iraq were several Iranians identified by the United States military as Quds operatives, including a diplomat said to be the No. 2 official in the Quds Force.

Questions about what exactly Quds Force officers have done and whether they acted at the direction of the Iranian leadership have taken on particular urgency as the Bush administration sends more troops to damp the violence in Baghdad. But the competing power centers inside the Iranian government, and the intense secrecy that obscures decision making, make answers elusive.

"We know that the Quds Force is involved," Defense Secretary Robert M. Gates told reporters on Thursday. "We know the Quds Force is a paramilitary arm of the I.R.G.C.," he added, using the abbreviation for the Islamic Revolutionary Guard Corps.

"So we assume that the leadership of the I.R.G.C. knows about this," Mr. Gates said. "Whether or not more senior political leaders in Iran know about it, we don't know."

Most independent experts say it is only logical to assume that Iran deployed large numbers of operatives in Iraq as soon as Saddam Hussein was ousted in 2003. Many of Iraq's Shiite clerics, politicians and militia leaders have close ties to Iran, where some spent years in exile while Mr. Hussein and the Sunnis of his Baath Party ruled Iraq.

And the past role of the Quds Force as the long arm of the Islamic revolution abroad, performing a mix of military, intelligence and training operations, has been widely reported in past conflicts like those in Lebanon and Bosnia. Its name, the Arabic word for Jerusalem, symbolizes the Iranian government's commitment to driving Israelis out of the occupied Palestinian territories.

The Quds Force "is the handpicked elite of an already elite ideological army," said Abbas Milani, director of Iranian studies at Stanford University.

As part of the Revolutionary Guard, the force officially answers to the supreme religious leader, Ayatollah Ali Khamenei, and not the Iranian president, Mahmoud Ahmadinejad, though Mr. Ahmadinejad is believed to have personal ties to many senior guard officials.

But the Quds Force is cloaked in secrecy inside Iran and is the subject of considerable guesswork from scholars in the United States, who in interviews this week offered estimates of its size ranging from 3,000 to 50,000 men. The true number, along with details of the strength and budget of the entire Revolutionary Guard, is hidden even from the Iranian Parliament, said Mr. Milani, according to legislators he has spoken with.

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Some specialists even question whether the Quds Force exists as a formal unit clearly delineated from the rest of the Revolutionary Guard.

"It could be that anyone with an intelligence role in the Revolutionary Guard is just called Quds," said Vali R. Nasr, who studies Iran and political Islam at the Naval Postgraduate School.

Whether properly identified as part of the Quds Force or not, members of the Revolutionary Guard mobilized intelligence and paramilitary agents in Lebanon in the 1980s, where they trained the Shiite militia Hezbollah; in Afghanistan, during the anti-Soviet jihad in the 1980s and episodically since then; in the former Yugoslavia, supporting the Bosnian Muslims against Serbian forces; and in other trouble spots.

The guard has also been accused of supporting terrorist attacks outside Iran, notably the 1996 truck bomb attack on the Khobar Towers complex in Saudi Arabia that killed 19 American service members. In December, a federal judge ruled that the government of Iran bore responsibility for the Khobar Towers attack and ordered Tehran to pay survivors of those killed more than $253 million.

The Revolutionary Guard was created after the Islamic revolution that overthrew the shah in 1979. The government of Ayatollah Ruhollah Khomeini did not trust the existing Iranian military, where support for the monarchy remained strong. The new rulers established the guard as a parallel military force, recruited from among the revolution's most devout religious supporters.

In the past 25 years, the Revolutionary Guard, whose strength is estimated by Western specialists at 125,000 to 300,000, has gradually evolved into more of a conventional military and has become deeply involved in lucrative business enterprises inside and outside Iran. But all along, it has conducted overseas operations, both covert and overt, often under the Quds Force name.

The actions of the Quds Force are not necessarily ordered by Ayatollah Khamenei, and the supreme leader may not even get reports of all its actions, said Hooshang Amirahmadi, director of the Center for Middle Eastern Studies at Rutgers University. "The Iranian government is a very loose grouping of power centers," blurring lines of control and authority, he said.

There have been past instances of actions by rogue intelligence officers that the Iranian government has disavowed. In 1999, for example, Iran's Intelligence Ministry blamed rogue officers for the killings of five prominent critics of the government's conservative wing.

But Mr. Amirahmadi said he did not think the Iranian leadership should be allowed to sidestep responsibility for actions by its operatives in Iraq. "The Bush administration can't say, 'We have a C.I.A., but we don't control it,' " he said, adding that the same rules should apply to Tehran.

Though the American allegations about the Quds Force have received attention from administration officials and the media only in recent weeks, they are not new. On several occasions over the last year, senior Pentagon officials have spoken publicly about the Iranian role in Iraq.

More recently, Bush administration officials have engaged in a balancing act, engaging in harsher rhetoric about Iranian actions and offering more evidence on sophisticated improvised explosive devices, which they say are traceable to Iran, but vehemently denying they have any plans to go to war against the country.

But by all accounts, the imperfect nature of American intelligence agencies' reporting on Iran makes certain conclusions difficult to reach. "I just don't think we have a very acute understanding of the internal workings of the regime in Iran," said Patrick Clawson, an Iran expert at the Washington Institute for Near East Policy.

Businessman Sentenced In Iraq Scheme (NYT/AP)

By The Associated Press

The New York Times, February 17, 2007

An American businessman whose companies made more than $8 million in Iraq reconstruction money through a gifts-for-contracts scheme was sentenced to 46 months in prison. The businessman, Philip H. Bloom, who has lived in Romania for many years, pleaded guilty last year to bribery and conspiracy to commit money laundering. Mr. Bloom admitted bribing military personnel with jewelry, computers, cigars and sexual favors. Three Army Reserve officers were indicted last week as part of the case; the officers, Col. Curtis G. Whiteford of Utah, Lt. Col. Debra M. Harrison of New Jersey and Lt. Col. Michael B. Wheeler of Wisconsin, were accused of steering contracts to Mr. Bloom from 2003 to 2005.

Missing In Baghdad: My Father (WSJ)

By Sarmad Ali

The Wall Street Journal, February 17, 2007

About 5 o'clock on a mid-December morning, I was awakened by a call from my brother in Iraq. "Dad is missing," he said. He was upset and some of his anger spilled out at me: "You should be here," he shouted. "You don't seem to care."

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My father had left home in Baghdad that morning to go to the auto-repair shop across town where he works. Fifteen minutes after he left, car bombs exploded on his route to work and he hasn't been seen since.

His disappearance set off a desperate search by my family through the netherworld of war-torn Baghdad. It also put me in the agonizing position of trying to help my family with the violent dislocations of civil war -- over the phone, from thousands of miles away. I'm the oldest son and have been studying and working in New York for more than two years. Since my father vanished, my three grown siblings and my mother have looked to me as the head of the family.

Every time I hear about a bomb going off, I brace myself for the worst possible news. Last February, my entire family went missing for two weeks, without a word. When my cellphone rings and an Iraqi number shows up on the display, I say a silent prayer before answering.

My life has always been marked by Saddam Hussein's wars. Born to Sunni parents -- my mother a homemaker, my father a mechanic -- I grew up in a brick house in a poor Baghdad neighborhood where Sunnis and Shias lived together. War with neighboring Iran dominated my early childhood. Many nights, Iranian jet fighters roared overhead. Most afternoons, we would watch "Sowar min Al-Marakah" ("Pictures from the Battle"), a propaganda show featuring battlefield footage and the mangled corpses of Iranian soldiers. My parents once gave me medication to fight a recurring nightmare of being squashed under an Iranian tank.

I was in primary school in 1991 when Operation Desert Storm kicked off after Saddam Hussein's invasion of Kuwait. Once, a U.S. missile hit a spice factory near our home. We smelled the spices, thought it was a chemical attack and covered our mouths with wet towels. During most of my teens, we lived under U.N. sanctions on government-issued rations of staple foods.

There were happy times, too. Some of my fondest childhood memories are of the celebrations surrounding the Muslim religious holiday of Eid. During the festival, my father used to take me, my sisters and my brother to the park for amusement rides, to eat kebab and to walk at night by the Tigris River.

I always wanted to be a journalist. But under Saddam, studying journalism was pointless, since all newspapers were run and rigorously monitored by the government. In middle school, I started teaching myself English, practicing with translation texts and old American newsmagazines left in our basement by a relative. I used to spend hours memorizing vocabulary lists and looking up new words in an outdated dictionary. I dreamed of going to school in a Western country, of traveling the world and writing about it.

A radio that Mr. Ali brought to New York from Baghdad. He inherited it from his late grandfather and used it in Iraq to listen to the BBC in Arabic and English during and after the U.S. invasion of Iraq.

By 2003, at the time of the U.S. invasion of Iraq, we were already used to war. My family evacuated to the countryside, with the exception of my father, who said that if he had to die, he would rather die at home.

We returned several weeks later, after Saddam was toppled. My father welcomed us back, but he appeared broken. A secular Sunni and fervent patriot, he had been against the American invasion and never thought it would happen. Now, he had become pessimistic about the future of his country: The looting in the aftermath of the invasion disgusted him. "They stole everything from the government buildings around us," he said, as we walked in the door. "TVs, computers, and even water pipes."

But life continued. My father went back to work; my younger sister and brother went to high school, and my older sister, who had graduated with a degree in English, helped my mother around the house. I found a job as a journalist for a new local English-language paper. I reported stories on bombings, reconstruction projects and other news from all over Iraq.

The violence increased. I had been on the job less than one year when the editor, an Iraqi-American, left the country, afraid that his life was in danger. Along with three other journalists, I kept the publication alive on the Web, posting news items from an Internet cafe in downtown Baghdad.

Before he left, the editor got me in touch with Columbia University in the U.S., which shortly afterward offered me a scholarship to study journalism. My parents said I should accept. I did, and four months later I took off. The morning I left, my brother insisted on carrying my big suitcase to the cab. My mother splashed a pitcher of water behind me, an Iraqi tradition wishing a traveler a safe return home.

With $300 in my pocket, I took a 15-hour cab ride to Jordan, and a plane to New York from there.

By August 2004, I settled in New York, enjoying the life of a newcomer in his 20s. I started to take classes and learned new things, from buckling my seat belt in a plane to working out in a gym; from using a washing machine to eating sushi and tandoori dishes. Later, I landed an internship, and then a reporting job with this newspaper.

During one conversation with his mother, Mr Ali asked her for some of his favorite Iraqi recipes: lentil soup, tomato sauce with beans and Iraqi-style biryani. He scribbled them down on envelopes and keeps them next to his bed.

But as I was getting used to my comfortable new life, I was also regularly pulled back into Iraq, where things were getting worse. A few months after my arrival in New York, I was chatting with a friend in Baghdad on my cellphone when he told me that

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an acquaintance had died in a roadside bomb attack. I became afraid of getting calls from Iraq, sometimes not answering them. I considered changing my phone number so no one could call me with bad news -- but I could still call people back home when I felt like it. Other times, I became obsessed with fear and would call to check on my family and friends, burning through a 400-minute calling card in a weekend.

When Al-Askari's famous gold-domed Shiite mosque was bombed last February, violence erupted throughout Iraq. Suddenly I couldn't get in touch with anyone back home. I didn't know whether my family members were dead or alive, whether they were taken by gunmen for ethnic reasons or if it was just that their phone line was down. I stopped eating, stopped going to work. I tried calling at three different times every day, to no avail. They surfaced two weeks later, safe and sound, after having fled to the countryside to stay with distant relatives, in an effort to escape violence or retaliation against Sunnis.

During an instant-message conversation with a friend in Iraq, the war dealt me its first massive blow: Haider Al-Maliki, a friend from university in Baghdad who had come to visit me in New York the year before, was found dead, his body riddled with 13 bullets. He was stopped by unknown gunmen while in a cab in the southern city of Amarah and shot on the spot. Other friends began going to their jobs at the government and in the Green Zone in disguise, trying to avoid Haider's fate. One friend poses as a student, while another takes a roundabout route to work for fear of being followed.

Meanwhile, my sister, seeing that ethnic violence was increasing near our neighborhood, asked me if the family should buy a gun. "Ask the neighbors what they are doing," I told her, not knowing what to do. When we talked a week later, my family had opted against it.

My father kept going to work every day, despite the rising violence. It was one way of staying sane. Then, in December, he went missing, and I got my brother's frantic call.

I told my brother to calm down and said that I was here to help -- that I left the country to help the family. "You are there, with air conditioning, entertaining yourself, while we are here in hell," he retorted.

I tried to ignore the comments -- I had heard them from him before -- and told him to focus on the matter at hand. He did. After dad left, he said, there was a huge bombing near the central station where he was supposed to transfer to another bus. Dad never showed up at work and never came back home.

I told him to go to the area of the bombing -- a busy marketplace in central Baghdad -- to see where the wounded were taken. I also called three of my old friends in Baghdad to ask them to accompany him. My brother had already asked some of our cousins to visit police stations to see if my father had been taken into custody.

A few hours later, we talked again. By that time, my brother had visited a local hospital, where most victims were taken. He said that my father wasn't on the hospital's official list of the dead, so he walked around to see if he could recognize him among the wounded. He described a scene of chaos and carnage: Blood was everywhere, people were weeping in the halls, hospital staff were running back and forth -- but my father was nowhere to be found.

An Iraqi-flag key chain bought by Mr. Ali the first time he visited the United Nations. It hangs on the wall of his apartment.

Two days after the bombing, I called my friend Ala and asked him to go to the hospital morgue to see if my father might be among the unidentified dead, victims who weren't carrying IDs or were burned beyond recognition. Ala went and checked three charred bodies, but concluded they were not my father. One was too fat, he said. Another had hair, while my father is bald. And the last one was too young and short to be my father.

My cousin went to a nearby police station, a mini-fortress surrounded by barbed wire and sandbags, to see if my father was mistakenly being held. He told the lieutenant that he was looking for his uncle and gave him the name. He wasn't there.

A week passed and my father still hadn't been found. On the phone, my mother sounded faint and sick but kept saying she was all right. She told me to take care of myself and that my father would come back. She insisted that my father was fine. Her proof: He was not at the morgue.

My older sister couldn't keep up appearances. She stopped eating, stopped taking showers and descended into a depression, my younger sister said. She hadn't been well for more than a year, ever since several cars exploded near her on a market square. Back then, the sight of a child's charred body had sent her into shock. For days, all she could do was hug her knees and murmur over and over: "Poor girl, they killed her, animals." She recalled running through streets awash with blood and sewage, packed with civilians pushing flat wooden carts on which they piled the wounded and the dead. Her condition improved only after she got antidepressants. But after my father went missing, she spiraled back into a severe depression. Medical assistance proved elusive this time, with violence deterring nurses from visiting.

On my way to the gym one recent day, I got a call from my brother with more bad news. A mortar shell hit near my house and damaged the already-fragile bedroom walls. "Do you know that your mother and sisters are sleeping in the hallway shivering in this cold winter?" my brother said. I told him I would send money. Exasperated, he said that even with money they wouldn't be able to fix the room and that they would sleep in my old bedroom from now on.

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I feel responsible for my family, but at the same time helpless. I am not a U.S. citizen, or a permanent resident. My guest status here prevents me from being able to bring my family to join me. I ask them to stay strong and take care and stay indoors. I try to give them hope, although I know it could be a false hope. Sometimes I stop calling them for a few weeks to avoid listening to all this.

I've considered going back many times, mostly because I miss my family and I haven't seen them for more than two years. But that is risky -- both because of the growing violence and because it's not certain that I could leave the U.S. and return. My mother says I should stay here. "Don't even think of coming back," she told me on the phone a few weeks ago. "People are leaving, not coming."

These days, my mother and sisters don't go outside the house at all. None of them have traveled before. They don't have passports. And they don't have the money it takes to buy tickets, taxi rides, hotel rooms. They say there are no guarantees of finding a way to make a living in neighboring countries like Jordan.

I seek consolation in small things that remind me of home. I keep three envelopes with my mother's recipes scribbled on them -- lentil soup, tomato sauce with beans and Iraqi-style biryani -- next to my bed. When bad things happen back home, I cook them. My laptop is stocked with songs about Baghdad. I search the Internet for pictures of Iraq before the U.S. invasion. Pictures of the Tigris River. Of bustling Baghdad streets. Of the past that is no longer.

Occasionally, I talk to the few Iraqis I know in the U.S. -- a friend in Michigan, another in Massachusetts. A small Iraqi-flag key chain hangs on a nail sticking out of my wall.

Bombings in the news send me scurrying to my computer for information about the exact time and location of the explosions. I lay curled under my green comforter, going over in my mind where my family members and friends might have been at the time.

New friends keep me company. While civil war raged in Iraq, I attended parties celebrating Thanksgiving, Christmas and New Year's. At Christmas break, I went to the home of a friend's aunt in Connecticut; I shopped for gifts -- books, a T-shirt, a scarf, a tie -- and we ate a big dinner.

I don't tell my friends in America too much about what is happening with my family in Iraq. I try to avoid talking about the war because it's so far removed from the word of restaurants, coffee shops, and polite conversations. I worry people won't understand or don't want to be bothered. During a recent dinner in New York's Chinatown, a friend asked, "How's your family?" When I told her about my father, she was shocked. She offered condolences and said I shouldn't hesitate to ask her for help. I felt grateful, but a little awkward because I knew that neither she nor anyone else who means well can really change things for my family.

Sometimes, my family becomes hopeless and says my father must be dead -- otherwise he would have returned by now. Other days, they are more optimistic, saying that he may have been taken by kidnappers and he will be released.

The last time we talked, my younger sister pleaded with me to help her find a way out of Baghdad. She said she would cook and clean for me, if I could just figure out a way to get her out of there. It made my heart sink.

Trying to check on the fate of my father, I called my brother on his cellphone -- the only phone in my family's possession -- late last month. That day, bombs had gone off on a Shiite market where he likes to shop for DVDs and CDs. Press reports said there were more than 80 dead. He did not pick up his phone. Not the next day either. I recently reached a friend in Iraq, who said he had seen my brother. But I'm still waiting for him to call back.

For Baghdad's Uprooted Girls, School Offers A Hard Haven (WP)

By Joshua Partlow, Washington Post Foreign Service

The Washington Post, February 17, 2007

Families Fled Sectarian Killing

BAGHDAD -- The textbooks at their new school might call their predicament "forced internal displacement," but the Iraqi girls living this phenomenon describe it in different terms.

Safwan Abbas worries about failing math. Fatima Hamza wanders the halls missing her friends. To finish the hours of nightly reading she needs to catch up to her classmates, Hadil Muhanned now must wear wire-rimmed glasses.

In Baghdad alone, 38,766 people have been driven from their homes by the daily sectarian killing, the United Nations reports, and the echoes of this mass migration resonate every day at Amil High School for Girls in Baghdad. Located in the relatively safe Shiite area of Kadhimiyah, along the western bank of the Tigris River, the whitewashed concrete schoolhouse has become a haven for Shiite Muslim students fleeing with their families from the religious segregation now pulling apart many of Baghdad's neighborhoods.

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In the past three months, Amil High School has accepted 135 new students, pushing the school's population over 1,000, and more families show up each day. Iraq's Human Rights Ministry has sent employees to distribute skirts, backpacks and shoes to the new pupils.

Teachers who once taught in a room of 40 students now cram more than 70 girls into a class, sometimes three to a desk. Headmistress Suad Kokaz has instituted after-school tutoring sessions for the new students, many of whom attended classes only sporadically at their old schools because of the threat of violence. The school's guidance counselor, Shulair Abdullah, keeps a list, now 16 names long, of students who have lost family members to violence in recent months.

"I run around screaming every day, this is such a hard job," Kokaz said. "I have never witnessed such a challenge."

Like countless others in Baghdad, Safwan Abbas's life as a 14-year-old changed with a missive. Until October, she had lived with her parents and two brothers in the predominantly Sunni neighborhood of Ghazaliya in western Baghdad. But the message on the leaflet that was dropped in their yard was blunt: "You are infidels and you have 72 hours to leave," she recalled.

"I was so scared, I thought they were going to kill us at any second," she said.

When they arrived in Kadhimiyah, Safwan, a round-faced girl with a soft voice and dark eyes, enrolled at Amil with great trepidation. She walked the speckled-tile hallways, ringing with the shouts of the elementary students who share the building, and stared at the bare white classroom walls, feeling disoriented.

"The first time I came here, I felt like a stranger. I had this feeling that I had to return to my neighborhood," she said. "It has been very difficult to adjust. It's not just a matter of finding friends. I feel desperate here, it's so frustrating. I can't adjust myself. I miss all my girlfriends and my house."

For three straight weeks, she said, she couldn't stop crying. She remembers her nightly gossipy phone calls, sometimes lasting more than three hours, with her best friend, Tahani Talib. She still has her cellphone, but her parents have decided they won't pay for the minutes now that they spend $385 a month for rent -- a hefty sum in Baghdad, and about double what an Iraqi family could expect to pay in that neighborhood before the war. Safwan often passes nights and the Friday holiday studying, but she has not been able to understand the math classes at Amil.

"This is the first year I have ever flunked in mathematics," she said. "It's very hard seeing my girlfriends pass the exams, and I'm not passing. I'm trying to do my best, but it's so hard."

After four hours of morning classes each day, Hadil Muhanned, 17, said she spends up to seven hours studying to meet the academic demands of Amil. It was enough reading -- geography, physics, English, history, chemistry, math -- that she needed to get glasses. But each day feels more like a relief than a struggle, she said.

Before her family moved from the predominantly Sunni neighborhood of Adel, Hadil was one of the few Shiite students who attended al-Khuroud High School. She rarely went more than twice a week because of fighting in the neighborhood. One student and her father were kidnapped, she said. Gunmen assassinated a school security guard. The girls read the graffiti scrawled on the neighborhood's concrete walls: "There is no existence for Shia."

On Jan. 28, after Hadil had left, a mortar shell crashed down on al-Khuroud, killing at least five girls and wounding more than 20 others, leaving windows shattered and blood spattered on the school's stone steps.

"We were living in constant anxiety," she said. "Here we at least feel comfortable. We are living as one."

In the past year, threats of violence have driven more than 470,000 people from their homes in Iraq, the United Nations says. They often flee religiously mixed neighborhoods to live among the relative protection of their own sect.

Within Baghdad, militias and insurgents have systematically tried to homogenize mixed neighborhoods. Many neighborhoods on the western side of the capital have become more predominantly Sunni, while Shiites have tended to congregate east of the Tigris. Near Amil High, internal refugees have begun living in abandoned school buildings, one sliver of a humanitarian crisis that has overwhelmed the government's resources, according to Abdul-Samad Sultan, the minister of displacement and migration.

"Really, we need international help, because you could use the whole budget of the country and it will not be enough. Because these people have lost everything, they need fuel, they need electricity, there's a lack of sanitation, education, jobs," he said. "Many of these families are, of course, far, far below the poverty line."

Since November, freshman Fatima Hamza, 15, her parents, four brothers and two sisters have shared a one-bedroom apartment in Kadhimiyah after also fleeing the Adel neighborhood. Sitting in the office of Kokaz, the headmistress, a black head scarf embroidered with flowers covering her dark hair, Fatima bit her finger and quietly explained her new discomfort.

"Before that, in our schools there, we had our friends and our house and our home, but here it is different," she said. "It is hard psychologically, leaving that all behind."

"I'm getting along all right with the classes, but I'm having trouble relating to people," she added, then lowered her voice to a whisper, out of earshot of the headmistress: "Not everyone feels happy about us being here."

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The influx of new students from Sunni neighborhoods has also placed a strain on the teachers and administrators. Kokaz, who said many new students are months behind her school in the state curriculum, has asked her teachers to allow students to postpone exams if they are not ready.

"They are treating the school like savages," said Majda Chechan, head of the elementary school that shares the building with Amil. "They broke the stairs."

The guidance counselor, Abdullah, holds therapy sessions with some of the new students to discuss their emotional problems and their difficulty accepting their new surroundings. Several of the students refused to believe their new circumstances were permanent.

"Maybe the situation will change?" Fatima said in the headmistress's office. "Most of my friends are also displaced. We hope this cannot last forever."

Al-Qaida Releases Video Of Afghan Attack (HC/AP)

By Jasper Mortimer,

Houston Chronicle/AP, February 17, 2007

CAIRO, Egypt — Al-Qaida posted today a video showing what it claimed to be an insurgent attack on a military position of U.S. and Afghan forces in southern Afghanistan.

The video appears to be an attempt by the terrorist network to disparage U.S. claims to be winning the war against the Taliban and allied militia in Afghanistan. It argues that the people of Afghanistan support the insurgents and provide physical assistance to their attacks on U.S.-Afghan forces.

The tape begins with the deputy leader of al-Qaida, Ayman al-Zawahri, ridiculing President Bush's claim to have deprived al-Qaida of a safe haven in Afghanistan, calling it a "barefaced lie."

Al-Zawahri, who speaks in Arabic with an English translation in subtitles, seems to be referring to a Bush speech on Jan. 10 when the president said that U.S. forces "took away al-Qaida's safe haven in Afghanistan — and we will not allow them to re-establish it in Iraq."

With a narrator speaking in American-accented English, the tape then shows video film of what it claims is an attack on a military position in Arghandab, a district in Zabul province, 100 miles northeast of the southern city of Kandahar.

The narrator, who sounds like the American al-Qaida member Adam Gadahn, claims that the position is "liberated" by the insurgents. However, the film does not show the insurgents capturing the target — a compound of mud-plastered buildings in a valley — during the night-time battle. It only shows the insurgents walking through the compound in daylight.

When asked about the video, the district chief of Arghandab, Fazel Bari, told The Associated Press that the only recent clash in that area was last month when NATO-led troops and Afghan forces were ambushed by suspected Taliban militants on the road between Arghandab and Qalat, the provincial capital.

Bari said the NATO and Afghan troops suffered no casualties, but they detained one man after the battle, which ended with the Taliban retreating.

The authenticity of the scenes shown could not be verified. The video carried the logo of the al-Qaida media production company, as-Sahab, and it was posted on an Islamic Web site known for hosting extremist material.

Al-Qaida appeared to have issued the tape on Thursday with the title "Holocaust of the Americans in the land of Khorasan, the Islamic emirate: Capture of an American post, Arghandab." The name Khorasan refers to Afghanistan.

The video shows the insurgents firing at the alleged post but their weapons cannot be discerned because it is night. Tracer bullets cross the sky, fire is returned and one sees explosions of what are said to be rocket-propelled grenades.

"After a fierce battle, the mujahideen (holy warriors) begin their retreat from the zone of operations," the narrator says in English. The tape quotes a fighter as saying: "We retreated after about 45 minutes of fighting."

In the day time footage, the video shows a dusty compound of single-story buildings which were once occupied by Americans soldiers. Scrawled on the walls are words such as: "Scalp Hunters," "CPT ASHWOKTH UTAH. N6 '06 ETT," and "Spc Smith Commo US Army 2006."

ETT stands for Embedded Training Teams — the U.S. and other Western soldiers who serve as mentors to the Afghan security forces.

The English-speaking narrator says the camera is going around "the liberated area to bring us pictures from inside the cleansed military bases."

An empty packet of Lay's potato chips is found and the camera focuses on the name of the Saudi manufacturer, Saudi Snack Food Co. Ltd, as the narrator says: "As is always the case in our tours of liberated bases, we find evidence that the primary financiers of this crusade are the puppet regimes of the Gulf."

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The video shows a beige, battle-wrecked pickup truck that has the number RTS323 on its hood. A small crowd of men stone the vehicle, as the narrator says: "The mujahideen and local residents celebrate the victory in their own special way."

An Afghan with a white beard and black turban, purportedly a resident of the nearby village, tells the camera what the foreigners were like: "The people suffered a lot because of these devils. No one could leave his house, not even for absolutions and prayers. We couldn't even light a lamp at night. Thanks to Allah, the infidels have left.

"The people are very happy about the coming of the Taliban," he says.

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Associated Press Writers Maggie Michael in Cairo and Noor Khan in Kandahar, Afghanistan, contributed to this report

Bills Would Let Military Death Benefit Go To Guardian (WP)

By Donna St. George

The Washington Post, February 17, 2007

Lawmakers introduced companion bills in the House and Senate yesterday that would allow grandparents and other relatives raising children of fallen troops to be designated as beneficiaries of a $100,000 "death gratuity."

The bills, by Sen. Chuck Hagel (R-Neb.) and Rep. Tom Latham (R-Iowa), followed a story yesterday in The Washington Post that profiled Susan Jaenke, an Iowa woman who is raising a 9-year-old granddaughter after Jaenke's 29-year-old daughter, Petty Officer 2nd Class Jaime S. Jaenke, was killed by a roadside bomb in Iraq.

Susan Jaenke could not collect the $100,000 benefit her daughter thought she had assigned to her because of strict next-of-kin regulations. Of the proposed change in law, she said yesterday: "To us, this would have made all the difference in the world."

The House bill leaves an opening for courts to resolve retroactive cases such as the Jaenkes', in which the fallen service member "left a clear expression of intent."

A Giant Doom Magnet (NYT)

By Maureen Dowd

The New York Times, February 17, 2007

So I was sitting around watching “Oprah” yesterday afternoon when I realized how I could stop W. and Crazy Dick from blowing up any more stuff.

All I needed to do was Unleash my Unfathomable Magnetic Power into the Universe!

Energy flows where intention goes. Or maybe it’s the other way around.

Anyhow, Oprah taught me how to stop abusing myself and learn The Secret. I finally get it: because the Law of Attraction dictates that like attracts like, my negativity toward the president and vice president is attracting their negativity and multiplying the negative vibrations in the cosmos, creating some sort of giant doom magnet.

I need to examine my unforgiving stance toward them and use my power of visualization to let them know that in my consciousness and awareness, they cannot determine my destiny. I am severing those emotional and vibratory tonalities that keep me tied to their toxic energy, causing me to repeat the same old pattern of bemoaning in the newspaper their same old pattern of blundering in the Middle East.

Oprah did her second show in eight days on “The Secret,” the self-help book (and DVD) by Rhonda Byrne, an Australian reality-TV producer. The book hit No. 1 on the USA Today best-seller list this week.

At first glance, “The Secret” might seem like inane piffle, a psychobabble cross between Dr. Phil and “The Da Vinci Code,” a new-age spin on Norman Vincent Peale’s 1952 classic, “The Power of Positive Thinking” and the Beach Boys’ “Good Vibrations.” But that’s a negative way of thinking.

James Arthur Ray, a teacher of The Secret method, who talked to Oprah, says it’s “very, very scientific.”

“If you think you’re this meat suit running around, you know, you have to think again,” he said. “You’re a field of energy in a larger field of energy.”

Oprah enthused that The Secret “really is touching a nerve around the world” because “so many people are hungry for guidance and meaning.” Ms. Byrne claims it improved her eyesight; others say it works on everything from weight loss to panic attacks to getting rich to snagging the mate of your dreams or a good parking space.

“We create our own circumstances by the choices that we make, and the choices that we make are fueled by our thoughts,” Oprah explained in her first show. “So our thoughts are the most powerful thing that we have here on earth. And based upon what we think — and [what] we think determines who we are — we attract who we are into our lives.”

Or as the book so eloquently puts it, “You must feel good about You.”

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If it works on eyesight, can't it work on foresight? Can't we use The Secret on the secretive Bush White House to prevent a calamity in Iran?

According to the Sacred Principles set out by the Law of Attraction Specialists, the universe responds to your thoughts. So if I want certified chuckleheads to stop mucking up American foreign policy, all I have to do is let the universe know. I forgive the president for being a goose and the vice president for being a snake, and I start thinking about the sort of amazing, or even mildly competent, leaders I deserve to have in my life.

Maybe W. should read the book. He likes things biblical, and "The Secret" says it takes its Creative Process from the New Testament.

He would learn, as Mr. Ray said, that "trying is failing with honor," adding: "Take the word 'try' out of your vocabulary. You either do it or you don't."

W. could have applied that to Iraq, where he has always done only enough to fail, including with the Surge.

A main tenet of The Secret is learning to avoid the chain reaction of churlishness, which begins with a single thought: "The one bad thought attracted more bad thoughts, the frequency locked in, and eventually something went wrong. Then as you reacted to that one thing going wrong, you attracted more things going wrong."

It's an apt description of Iraq policy. A bad thought that led to more bad thoughts, and the negative frequency is now locked in on Iran, which is responding with its own negative frequency.

With The Secret, W. will realize that all he needs to do to change his current reality is admit that it's fake. (Similar to the wisdom of Dorothy clicking her shoes three times.)

Once he stops his chain reaction of negative thought, I can stop my chain reaction of negative thought. And then there will be peace on earth and parking spaces for everyone.

DOJ:

Interim Ark. U.S. Attorney Won't Seek Job (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, February 17, 2007

Former Rove Aide Says Senate Democrats Would Block Permanent Nomination

Tim Griffin, the former White House aide who has been at the center of a political storm over U.S. attorneys' firings, said yesterday that he will not seek the nomination to be chief federal prosecutor in Little Rock.

Griffin, 38, a military lawyer who previously worked for presidential adviser Karl Rove and for the Republican National Committee, was appointed interim U.S. attorney in Little Rock in December on the White House's recommendation. The Justice Department said it intended to nominate Griffin for the job permanently.

But Griffin said yesterday that he would be unlikely to be confirmed for the job because of opposition from key Democratic senators, including Mark Pryor (Ark.) and Judiciary Committee Chairman Patrick J. Leahy (Vt.).

"I'm not going to get fair consideration from Senator Pryor, my home-state senator, or the Judiciary Committee, particularly under Leahy," Griffin said in an interview. "I decided that there was nothing to gain by submitting myself to that circus."

Griffin's decision, which was reported by the Arkansas Democrat-Gazette, is the latest development in the controversy over the abrupt firings of seven U.S. attorneys. The dismissals angered lawmakers of both parties and have prompted a battle over the attorney general's power to name replacements.

Under a little-noticed provision of the USA Patriot Act reauthorization law approved last year, Attorney General Alberto R. Gonzales may appoint interim prosecutors indefinitely.

Senate Republicans on Thursday blocked a bill approved by the Senate Judiciary Committee to return to the previous system, which allows district courts to name an interim prosecutor if a permanent U.S. attorney is not chosen within 120 days of a vacancy.

Griffin said he will remain in the job for "as long as they need me."

Justice spokeswoman Gina Talamona said in a statement that "the attorney general is disappointed that Senator Pryor would not support Tim's confirmation. We are pleased that he is willing to serve as interim United States Attorney until a candidate is nominated and confirmed."

The Little Rock job has been a focus of the debate over the fired prosecutors because Griffin's predecessor, Bud Cummins, was specifically asked to resign to make way for Griffin.

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Congressional aides who were briefed on the issue this week said that Griffin was recommended for the job by Harriet E. Miers, the former White House counsel, who called a Gonzales aide to push for his appointment. Miers told Pryor in December that Griffin was "our person" for the Little Rock job, said Michael Teague, a Pryor spokesman.

Teague said Griffin's sharp comments about Pryor and other Democrats underscore the need for a confirmation process to ensure U.S. attorneys are not overly partisan.

Sen. Charles E. Schumer (D-N.Y.), a Judiciary Committee member, said in an interview that "Mr. Griffin is proving to be the partisan he always seemed to be."

Griffin said it is "ridiculous" for senators to complain about White House involvement in his hiring and that complaints about his experience are unfair, after 10 years in the U.S. Army Reserve Judge Advocate General Corps and a short stint at the Justice Department.

Deputy Attorney General Paul J. McNulty and other Justice officials have sought to distance the Arkansas dismissal from the other prosecutors' firings, which they have said were prompted by "performance-related" problems. Those six were all asked to resign in telephone calls Dec. 7.

Gonzales told senators in January that he "would never, ever make a change in a United States attorney for political reasons."

After Criticism Of Dismissal, Justice Dept. Shifts Course (NYT)

By David Johnston

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — The prosecutor whose appointment as an interim United States attorney in Arkansas has ignited a furor in Congress will not be nominated for the job permanently, the Justice Department said on Friday.

The appointment of the prosecutor, J. Timothy Griffin, as the temporary successor to H. E. Cummins III as United States attorney prompted Democrats to complain that Mr. Cummins and several other United States attorneys had been removed for political motives.

The withdrawal of Mr. Griffin as the probable candidate to succeed Mr. Cummins permanently was a setback for the Justice Department, which had sought to portray the dismissals as a routine personnel matter.

Mr. Griffin is a military and civilian prosecutor, but Democrats said he was better known for his political ties to the Bush administration. He had been a political director for the Republican National Committee and, more recently, a deputy to Karl Rove, the senior White House political adviser, working on personnel matters.

On Thursday evening, Attorney General Alberto R. Gonzales called several Arkansas lawmakers to advise them that Mr. Griffin's name would be withdrawn, Congressional aides said. The calls came after several weeks of increasingly vocal criticism about the appointment from Democrats, including the two Democratic senators from Arkansas, Mark Pryor and Blanche Lincoln.

"Tim Griffin is a talented and experienced lawyer and prosecutor who has a deep commitment to public service," said Gina Talamona, a Justice Department spokeswoman.

Ms. Talamona added: "Given Tim's strong qualifications, the attorney general is disappointed that Senator Pryor would not support Tim's confirmation. We are pleased that he is willing to serve as interim United States attorney until a candidate is nominated and confirmed."

Asked to comment on the withdrawal of Mr. Griffin's candidacy, aides to Mr. Pryor and Ms. Lincoln pointed on Friday to earlier statements each had made expressing concern about Mr. Cummins's departure and Mr. Griffin's selection.

In the end, Mr. Griffin withdrew his name from contention, but his chances seemed to decline last week when Paul J. McNulty, the deputy attorney general, said at a Senate Judiciary Committee hearing that Mr. Cummins's removal was not based on any flaw in his performance, but rather to make room for Mr. Griffin.

At that hearing, Mr. Pryor testified as a witness, saying he would not support Mr. Griffin if President Bush nominated him for the job permanently.

Mr. Cummins is among 7 to 10 United States attorneys who have recently been removed by the Justice Department. Officials there have said the dismissals were largely intended to replace poorly performing United States attorneys and were not an effort to interfere with any prosecutions.

But several ousted prosecutors have said that they had received highly positive evaluations when their performance was reviewed by the Justice Department, and Democrats have said they may hold further hearings to explore the dismissals.

Rove Associate Won't Seek U.S. Attorney Post Permanently (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, February 17, 2007

DOJ_NMG_0134230

WASHINGTON - A former aide to presidential adviser Karl Rove who replaced one of the recently ousted U.S. attorneys has decided not to seek the job permanently after concluding that the Senate would block his confirmation.

Tim Griffin, the U.S. attorney in Little Rock, said Friday that he wasn't asked to step aside by the administration, despite the controversy sparked by Attorney General Alberto Gonzales' unexpected firings of seven Republican-appointed U.S. attorneys.

Griffin, 38, said he would be willing to remain interim U.S. attorney until a replacement is named. Under a change in the law last year, that means he could stay in office until the end of President Bush's term.

"I will be here as long as the White House and Department of Justice wants me here," he said. "Under the law, I could be here, hypothetically, until end of 2008 or early 2009."

Justice Department officials described Griffin as a talented and experienced lawyer, and accused Sen. Mark Pryor, D-Ark., of trying to block Griffin from becoming a permanent U.S. attorney. Justice Department officials said Friday that the administration would work with the Arkansas delegation to find a replacement. Gonzales has told senators that he'll submit all U.S. attorney candidates for Senate confirmation.

"Given Tim's strong qualifications, the attorney general is disappointed that Senator Pryor would not support Tim's confirmation," Justice Department spokeswoman Gina Talamona said.

Administration officials have been forced to defend the firings in recent weeks after critics raised concerns that well-respected U.S. attorneys were being removed to make way for handpicked candidates who would be less likely to buck the White House.

Griffin took office after the Justice Department asked longtime U.S. attorney Bud Cummins to step aside. Justice Department officials later acknowledged that Cummins was removed to make way for Griffin and not for any "performance-related" reasons. The department cited unspecified performance issues as justification for firing the other six prosecutors.

Griffin, a former spokesman for the Republican National Committee, was criticized as having more impressive political credentials than courtroom experience. Former White House counsel Harriet Miers had asked the Justice Department to appoint him. Griffin, a former military attorney, was a prosecutor in Little Rock for about a year and an independent counsel for three years.

Gonzales called Pryor on Thursday night to tell him that the Justice Department would not ask the Senate to confirm Griffin.

Gonzales promised that the administration would seek confirmation for another candidate, but he didn't say when an announcement would be made, said Michael Teague, Pryor's spokesman.

Teague said Pryor hadn't made up his mind about Griffin, but simply wanted him to come before the Senate for confirmation.

Pryor was concerned that a change in the Patriot Act last March meant that Griffin could stay in office indefinitely without confirmation.

"It's not about Tim Griffin," Teague said. "It's about restoring legitimacy to the process."

Cozy At The Beach (WP)

The Washington Post, February 17, 2007

A Justice Department lawyer invests with a lobbyist, settles with his company -- and is told there's no ethics problem.

IT'S THE KIND of story that seems to confirm everything people believe is sleazy about the way Washington works. Last March, Sue Ellen Wooldridge, then the head of the Justice Department's environmental division, bought a $1 million vacation home with Don R. Duncan, the top lobbyist for oil company ConocoPhillips. Nine months later, Ms. Wooldridge signed off on a settlement agreement that let ConocoPhillips delay the installation of pollution-control equipment and the payment of fines.

Just to make matters cozier, the third owner of the beach house is J. Steven Griles, the former No. 2 official at the Interior Department who's now the target of a Justice Department criminal investigation into his dealings with lobbyist Jack Abramoff. Oh, and Ms. Wooldridge, who lives with Mr. Griles, once worked with him at Interior, where she gave Mr. Griles ethics advice and defended his actions during an inspector general investigation.

Justice officials and Ms. Wooldridge's lawyer say she checked with a department ethics lawyer and got the go-ahead to buy the home. "There was no need to recuse herself from ConocoPhillips since she was advised by the appropriate ethics officials that there was not a conflict," her lawyer, Stephen Grafman, told the Associated Press. We'd like to understand more about the basis for that advice; Mr. Grafman says he has a written ethics opinion from Justice but declined to release it, saying that should be left to the department. Given Mr. Duncan's key position as the head of the company's Washington office, and Ms. Wooldridge's similarly key role as assistant attorney general, the assertion that Duncan didn't lobby Wooldridge doesn't give much comfort. The entanglements -- an investment with a senior employee of a company whose interests she's involved with overseeing -- look just terrible. Recusal should have been a no-brainer.

Ms. Wooldridge has left the department, but Justice, responding to inquiries from Reps. John Conyers Jr. (D-Mich.) and Rahm Emanuel (D-Ill.), said yesterday that its Office of Professional Responsibility was looking into the matter. In the meantime, here's an ethics tip: If you have to ask the ethics folks for advice about whether you can do something, you probably shouldn't do it.

CORPORATE SCANDALS:

Case Could Avoid Trial (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, February 17, 2007

Defense wants civil resolution to the charges

Three former Merrill Lynch & Co. executives whose 2004 fraud and conspiracy convictions in an Enron case were overturned last year may avoid facing another jury.

Upon informing U.S. District Judge Ewing Werlein on Friday that the government wanted to retry the case "sooner rather than later," Assistant U.S. Attorney Arnold Spencer said prosecutors also would "continue our conversations" with defense attorneys to resolve it without a second trial.

Spencer declined to elaborate, as did attorneys for two of the defendants. But one of the defense attorneys, Dan Cogdell, said he was "looking for a civil resolution, not a criminal resolution," such as a settlement with the Securities and Exchange Commission.

Werlein, who presided over the first trial, encouraged some sort of nontrial resolution. He said prosecutors should "at least ponder" where the government's time, money and energy is best spent.

"So I wish you well in your conversations. I hope you will be able to be successful," the judge said.

Friday's hearing came nearly six months after a three-judge panel of the 5th U.S. Circuit Court of Appeals threw out most jury convictions of Daniel Bayly, James Brown, Robert Furst and a fourth former Merrill executive, William Fuhs.

The case involves a year-end 1999 deal in which the government contends the brokerage pretended to buy three power plants on barges from Enron so the energy company could appear to have met quarterly earnings targets. The defendants claimed the deal was proper.

Jurors acquitted in-house Enron accountant Sheila Kahanek while convicting the four Merrill defendants and Dan Boyle, a former Enron finance executive.

Brown lawyer Cogdell represented Kahanek, who called him "my hero" upon her acquittal. He said Friday he "can't wait to revisit this case."

The appeals panel erased Fuhs' convictions for lack of evidence, and he cannot be retried. Boyle did not appeal and is serving a three-year, 10-month prison term.

The panel also upheld Brown's convictions of perjury and obstruction of justice for lying to a grand jury about the nature of the deal. Cogdell and Sidney Powell, another of Brown's new attorneys, are seeking to appeal that decision to the U.S. Supreme Court.

But regarding the reversals, the panel's 2-1 ruling said the original prosecutors improperly presented a theory to win the fraud and conspiracy convictions. The opinion said the government wrongly claimed the men deprived Enron of their honest services because their actions were in line with corporate goals and didn't rob the energy company or shareholders of money or property.

The opinion also said it "should not be read to suggest that no dishonest, fraudulent, wrongful or criminal act has occurred."

Gary Brown, who probed the barge deal as special counsel for the Senate Committee on Governmental Affairs, said Friday that even with the reversals, the case sent a message to Wall Street that investment bankers shouldn't help companies fudge their financial results.

"I think people have gotten that message loud and clear, but there needs to be some resolution that's clear these people are guilty of some wrongdoing," said Brown, who is not related to defendant James Brown. He said a civil settlement would suffice, "given the fact that they've also served some time."

Powell said James Brown "wants to be vindicated."

Bayly, former head of investment banking for Merrill, and Furst, the brokerage's former liaison with Enron, served nearly a year in prison when they and Fuhs were released in June 2006 pending their appeals.

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CRIMINAL LAW:

Federal Probe Floods Statehouse With Subpoenas (NSL)

By Ted Sherman And Jeff Whelan, Star-ledger Staff

Newark Star-Ledger (NJ), February 17, 2007

Democratic, Republican leaders served as inquiry into Trenton budget process grows

New Jersey legislative officials were hit with a volley of federal subpoenas yesterday, in a rapidly expanding corruption investigation into the Statehouse by U.S. Attorney Christopher Christie.

The subpoenas were served on both the Democratic and Republican leadership in the Senate and the Assembly -- seeking information on how millions in public funds were handed out over the last three years.

It was the latest development in a federal probe that began last April with an investigation into state Sen. Wayne Bryant (D-Camden), who was accused by a federal monitor of using his position to steer funding to the state's medical university after he received a "no-work" job there. The matter has now expanded into an inquiry into how lawmakers divvy up public funds.

The subpoenas, delivered by FBI agents late Friday afternoon as lawmakers were heading home, left many in Trenton thunderstruck.

"Trenton is on fire," declared Assemblyman Kevin O'Toole (R-Essex), as news of the subpoenas broke. "This is equivalent to Rome burning."

Lawmakers and other Statehouse veterans could not recall a federal probe ever going as deeply into the state's budget process.

Among those who received subpoenas were Senate President Richard Codey (D-Essex); Senate Minority Leader Leonard Lance (R-Hunterdon); Senate Majority Leader Bernard Kenny (D-Hudson); Assembly Speaker Joseph Roberts (D-Camden); Assembly Minority Leader Alex DeCroce (R-Morris), and Assembly Majority Leader Bonnie Watson Coleman (D-Mercer), legislative officials confirmed.

All planned to comply, said officials for both sides.

Michael Drewniak, spokesman for the U.S. Attorney's Office, had no comment and would neither confirm nor deny the issuance of subpoenas.

The subpoenas came after Christie's ongoing, behind-the-scenes fight for records from the Office of Legislative Services, which has been resisting his demand for information.

The Sunday Star-Ledger first reported the secret court showdown over those records last week, and the expanding inquiry by the U.S. Attorney into the Legislature.

Leaders of the Democratic-controlled Legislature have maintained that the scope of that earlier subpoena was narrowly focused -- and not necessarily indicative of a broader investigation into the Legislature itself. Yesterday's wide-ranging requests, however, made it clear that Christie was looking deeply into how the Legislature divvies up public funding.

Sources with direct knowledge of the probe have said that prosecutors are exploring whether some lawmakers have sought, through the state budget process, to steer money to nonprofit organizations that would have directly benefited them or their families.

Yesterday's subpoenas requested documents and communications from 2004 to present -- including e-mails, letters, memos and faxes -- regarding "property-tax assistance and community development grants and any other grants or assistance, commonly referred to as Christmas tree items," according to three legislative sources who saw them.

Republicans were quick to point out that Democrats have controlled the Legislature, and the budget process, during that period.

The Legislature each year awards millions in state grants with little public scrutiny or oversight. Spending for these legislative initiatives -- known in New Jersey as Christmas tree items -- more than doubled in the past five years, to nearly $350 million. Most of the money, in the form of community development grants, has historically gone to the party in power in Trenton, under a largely secretive process.

Codey said they would provide the information being sought.

"We will comply 100 percent, in every way, shape and form," he said.

Lance, confirming that his office received a subpoena, said the Republican Senate Office would also comply "completely and expeditiously" with the subpoenas.

"We have been in no way involved in the dead of night budget additions of recent years," he said. "There needs to be total transparency with regard to legislative additions to the annual state budget."

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Assembly Republican Communications Director Bill Guhl, confirming the Assembly Republican Office had been served with a subpoena requesting information related to grants and budget items, said they have been clear that the Legislature should comply with the U.S. Attorney.

"We are fully cooperating with all requests from the U.S. Attorney's Office," said Guhl.

Roberts also pledged cooperation.

"Corruption is not a partisan issue. If the U.S. Attorney is going to conduct an investigation into allegations of wrongdoing, it's an inquiry that we welcome and will assist in," he said.

Roberts has already been directly questioned by FBI agents in connection with the Bryant investigation, as has several other legislators and legislative budget officials.

"I have tried to be as helpful as possible about the federal government's questions about Senator Bryant," Roberts said in a written statement late yesterday. "Federal officials spoke to me for about a half hour in December. ... I can't discuss specifics but the conversation was brief and professional."

Bryant has been a focal point of the U.S. Attorney since last year, after a federal monitor said the former chairman of the powerful appropriations committee used his position to steer state funding to the University of Medicine and Dentistry of New Jersey.

The monitor said Bryant funneled more than $12.5 million to the university's School of Osteopathic Medicine in Stratford, after he was hired to a "no-work" job that boosted his pension credits.

Federal authorities subsequently subpoenaed records about Bryant from the state Legislature, Gloucester County and Rutgers University -- where Bryant also held jobs -- and Bryant later resigned from his seat as Senate budget chairman.

Three subpoenas were served in October on the Office of Legislative Services, the state Senate and the state Treasury Department in connection with the Bryant investigation.

The Senate and the Treasury Department quickly complied with the request for information last fall. OLS, however, would not respond to the subpoena -- citing attorney-client privilege, sources have said.

In addition to serving as the nonpartisan research and operations arm of the Legislature, OLS acts as counsel to the Legislature and its members.

That led to a closed door hearing in U.S. District Court on Wednesday, as Christie sought to compel the legislative office to comply.

The stalemate turned into a politically charged debate this week spearheaded by Republicans, who accused the Democrats of a cover-up.

The Democrats on Thursday responded with charges that there was no broad investigation of the Legislature, and complained of "sensationalized media accounts based on false information about this investigation."

Staff writers Deborah Howlett and Joe Donohue contributed to this report.

Payment After Mayor's Affair Is Questioned (NYT)

By Jesse Mckinley

The New York Times, February 17, 2007

SAN FRANCISCO, Feb. 16 — In the latest development in a lingering political scandal, the city attorney here is investigating whether any laws were broken in a payment to a married woman who had an affair with Mayor Gavin Newsom.

The woman, Ruby Rippey-Tourk, worked full time in City Hall as the mayor's appointments secretary until last May, when she took a three-month unpaid leave to seek treatment for a substance abuse problem.

While she was on leave, several unidentified city employees donated their sick time to Ms. Rippey-Tourk under a program that allows city employees to transfer sick time to other city employees. After she returned from leave, Ms. Rippey-Tourk formally resigned, and was paid out the cash equivalent of that accumulated time, a little more than $10,000.

Sam Singer, a spokesman for Ms. Rippey-Tourk, said he was not at liberty to say who had transferred their time, but that the mayor had not. Mr. Singer added that the payment was "acceptable and legal."

But on Thursday, the city attorney, Dennis Herrera, said he would examine the payment to make sure it had been "done properly under city laws and procedures."

Peter Ragone, a spokesman for the mayor, said his office welcomed the review. "We are confident the matter was handled appropriately and humanely," Mr. Ragone said.

The inquiry comes as Mr. Newsom is trying to shake off the damage from his admission last month that he had a brief sexual relationship with Ms. Rippey-Tourk in late 2005, when he was in the process of getting a divorce. Ms. Rippey-Tourk is married to Alex Tourk, who had been managing Mr. Newsom's campaign for a second term until the affair prompted his resignation.

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Payments to Mr. Tourk have also been examined during the fallout from the scandal. The mayor initially promised to pay him a salary from campaign funds until he could find a new job.

After city lawyers suggested that such payments might raise ethical or legal issues, Mr. Newsom pledged to pay Mr. Tourk personally out of his own fortune, which he made from a wine and restaurant business.

Shortly after news of his affair broke, Mr. Newsom acknowledged an alcohol problem and has sought continuing treatment at an out-patient rehabilitation program here. Since then, one member of the city's board of supervisors has called for the mayor's resignation, and several prospective mayoral candidates have suggested that the popular Mr. Newsom may be vulnerable in November.

Lawyer Accused Of Destroying Evidence In Connecticut Pornography Case (NYT)

By Matthew J. Malone

The New York Times, February 17, 2007

GREENWICH, Conn., Feb. 16 — A well-known lawyer was indicted on Friday on charges that he obstructed justice and destroyed evidence in the investigation of a former church choir director whose laptop computer contained images of naked boys.

The lawyer, Philip D. Russell, 48, of Stamford, appeared in United States District Court in Bridgeport and pleaded not guilty. He was released on $100,000 bail.

Mr. Russell is accused of destroying a laptop computer containing pornography that was owned by Robert F. Tate, the longtime music director at Christ Church here. Mr. Tate pleaded guilty in January to possessing 150 to 300 images of naked boys and faces a maximum sentence of 10 years in prison.

The indictment said that two unidentified church officials and Mr. Russell, who was acting as a lawyer for the church, confronted Mr. Tate in October after a church employee who had been using the laptop discovered the pornographic images. Mr. Tate admitted that the images were his and promptly resigned.

Mr. Russell then took the laptop and dismantled it, the indictment said.

Prosecutors said Mr. Russell and the church officials allowed Mr. Tate to remove his possessions from his church apartment and arranged for him to fly from Connecticut to California. He was later arrested in Los Angeles.

Many parishioners have supported Mr. Tate, who ran the church's renowned choir for three decades. Some helped him pay his bond.

It is unclear whether there will be other indictments. Several people affiliated with the church have hired lawyers, and the Rev. Jeffrey Walker, the church's rector, has been called before the grand jury at least twice. Prosecutors did not return calls seeking comment.

Christ Church, an Episcopal congregation of 1,500, has many prominent parishioners. It was the boyhood church of former President George H. W. Bush.

Mr. Russell's lawyer, Thomas J. Williams, said Mr. Russell was optimistic that if his case was not dismissed, a jury would find his actions lawful.

Mark Phillips, a lawyer who has worked with Mr. Russell for 17 years, said, "I have no doubt that whatever Phil may have done, that in no way did he think he was violating any law or any ethical guideline."

Some legal observers say Mr. Russell's case could be a test of a provision of the Sarbanes-Oxley law that places greater responsibility on lawyers to preserve evidence in situations that may become the subject of criminal prosecutions.

Congress passed the law to tighten oversight of corporations in the aftermath of the Enron debacle and other corporate fraud cases. Some of those scandals involved allegations that files and e-mail messages were destroyed before criminal charges could be brought.

Mark A. Dubois, the chief disciplinary counsel for the Connecticut Judicial Branch, said he had spoken to local bar associations in recent months to educate lawyers on the provision. He said lawyers were taken aback by the news.

"You could hear a pin drop," Mr. Dubois said.

California: Warrant Issued In Attack On Elie Wiesel (NYT)

By Carolyn Marshall

The New York Times, February 17, 2007

The San Francisco Police Department issued an arrest warrant for a man suspected of attacking Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize. The man, Eric Hunt, 22, of Sussex County, N.J., is accused of assaulting Mr. Wiesel, 78, on Feb. 1, as he was attending an interfaith conference. Mr. Hunt, who is not yet in custody but has

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been located, will be charged with a hate crime, the police said in a statement. He was identified as a suspect, the police said, after claiming to be the attacker in an Internet posting.

House Dems Back Federal Shield Law (SFC)

By Zachary Coile, Chronicle Washington Bureau

San Francisco Chronicle, February 17, 2007

It would protect reporters from revealing their sources to government prosecutors

Washington -- House lawmakers, with the support of top Democratic leaders, are preparing to fast-track long-stalled legislation that would shield reporters in most cases from having to reveal their sources to federal prosecutors.

The move follows the Justice Department's decision this week to withdraw a subpoena for two Chronicle reporters after a defense lawyer pleaded guilty to leaking grand jury transcripts in the Bay Area Laboratory Co-Operative investigation, in which top athletes testified they had used illegal steroids.

Reps. Mike Pence, R-Ind., and Rick Boucher, D-Va., plan to reintroduce their federal media shield legislation next month with the support of House Judiciary Committee Chairman John Conyers, D-Mich. Conyers has pledged to move the bill through his committee quickly and to the House floor.

Sens. Chris Dodd, D-Conn., and Richard Lugar, R-Ind., are preparing to reintroduce a similar bill in the Senate, although proponents suggest it may be tougher to get a filibuster-proof 60-vote majority in the Senate, given the Bush administration's opposition.

The Chronicle case has been used by the bill's supporters as Exhibit A for why Congress should pass a law protecting journalists from having to name their sources or turn over materials to the government.

Pence, who met last month with Chronicle reporters Lance Williams and Mark Fainaru-Wada in his Capitol Hill office, said even though the journalists were spared a threatened 18-month prison sentence, their case exposed the lack of protections for journalists and their confidential sources in federal courts.

"While these reporters won't go to jail, in many respects the First Amendment is still behind bars," Pence said in an interview. "This case stands as a stark testament to the need for Congress to adopt a federal media shield statute."

Thirty-two states, including California, and the District of Columbia have media shield laws, and 17 other states have recognized some form of privilege of confidentiality between reporters and their sources. But the protections do not cover reporters in cases in federal court.

The shield law debate comes as high-profile journalists have testified under subpoena in the Washington trial of former White House aide Lewis "Scooter" Libby, who is charged with lying about the disclosure of a CIA agent's name.

Lawmakers also are watching the case of blogger Josh Wolf, who set a record last week for a journalist imprisoned for contempt after spending his 169th day in prison for refusing to hand over a videotape of an anarchist protest in San Francisco.

The Chronicle subpoenas were withdrawn after attorney Troy Ellerman, who once represented the founder and another executive of BALCO, pleaded guilty to four felony charges in federal court this week. He faces a sentence of up to two years in prison after acknowledging that he allowed Fainaru-Wada to take notes from the transcripts of testimony in the BALCO case.

Williams and Fainaru-Wada came to Washington last month to discuss their case and lobby for a shield law. Top lawmakers -- including House Speaker Nancy Pelosi of San Francisco and Conyers -- sent letters to Attorney General Alberto Gonzales urging him to withdraw the subpoenas.

"Lance and Mark were very effective when they were here a few weeks ago. People are now paying attention," said Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press.

"Do I think they would pay more attention if (the reporters) were sitting in jail? Yeah," she said. "But this situation was egregious enough I think it's still going to be a very useful example for us to use up on Capitol Hill."

Lawmakers said they still believe the subpoenas to Chronicle reporters and the looming sentence of the leaker have sent an alarming message to both journalists and their sources.

"I don't know who put pressure on the source to reveal his identity, but I can say there is a chilling effect with respect to journalists, who are now going to be less willing to engage in investigative reporting where a confidential source may be involved," Boucher said.

"And the greater harm is the willingness of sources generally to come forward when they realize that ... a reporter can be threatened with jail time."

Sponsors of the House bill say they have redrafted it to include three major exceptions where reporters would be required to reveal information: in cases where disclosure could prevent imminent harm to national security; in cases where journalists were first-hand observers to a crime; and in cases where a corporation's trade secret was revealed.

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Even though the Chronicle subpoenas have been withdrawn, Boucher said he believes the case remains one of the most compelling arguments for a federal shield law.

"This was probably the most egregious use of the prosecutorial power of the federal government to extract a confidential source from a reporter that we have seen to date. Because the subject matter did not involve national security, it did not involve imminent harm to anyone. This was a matter of finding out information about steroid use by a professional athlete."

E-mail Zachary Coile at zcoile@sfchronicle.com.

Doolittle Defends Bribery Case Figure (SACBEE)

By David Whitney, Bee Washington Bureau

The Sacramento Bee, February 17, 2007

He doubts his friend is guilty of charges tied to ex-Rep. Cunningham.

Rep. John Doolittle, R-Roseville, said Friday that he believes in the innocence of a close friend and political supporter indicted this week on charges related to the bribery of former San Diego-area Rep. Randy "Duke" Cunningham.

Brent Wilkes, a Poway defense contractor whose business Doolittle had helped land a $37 million contract, was indicted on corruption charges, including paying bribes and providing prostitutes for Cunningham, who's now in prison.

Wilkes entered a not guilty plea to the charges, handed up by a federal grand jury, in a federal court in San Diego on Wednesday. He later sent out an e-mail proclaiming his innocence.

"The investigation and its accompanying deliberate leaks of false rumors has destroyed my reputation and inflicted critical wounds on all of my business interests," Wilkes said. "Let me say loud and clear: I never bribed Duke Cunningham or anyone else."

Doolittle said in an earlier interview that he befriended Wilkes though Ed Buckham, a former staff member for then-Rep. Tom DeLay who became a lobbyist for the Alexandria Strategy Group and was a close associate of convicted lobbyist Jack Abramoff. Doolittle also has described Abramoff as a close friend.

Over the course of their relationship, Wilkes and his wife, Regina, together with his companies and associates, contributed tens of thousands of dollars to Doolittle's re-election committee and political action committee.

In April 2005, Wilkes' corporate jet was used to fly DeLay to Las Vegas for a fundraiser at the Venetian Resort Hotel Casino for Doolittle's PAC, the Superior California Federal Leadership Fund. Wilkes contributed $10,000 to Doolittle at that event.

Later, Doolittle acknowledged he included a $37 million item in the Defense Department's budget to pay for a contract to one of Wilkes' companies, PerfectWave. He also said he tried to win a House contract for another Wilkes company, ADCS.

Asked about Wilkes' indictment during a telephone news conference Friday, Doolittle said he has read his friend's statement, and believes him.

"That's the Brent Wilkes I know," Doolittle said. But in an apparent reference to Abramoff, the congressman said that "I must admit that there are other examples of these people who turned out to be different than I imagined.

"But I've always said I don't believe Brent Wilkes could be involved in something like this," Doolittle said. "The behavior they've alleged about Brent Wilkes is inconsistent with everything I know about the man. I'll be shocked if it turns out differently."

In his own dealings with the Justice Department with regard to the ongoing Abramoff political corruption scandal, Doolittle said his attorneys have reported no progress in their efforts to clear his name in connection with any allegations of wrongdoing.

Doolittle has spent more than $100,000 in legal fees in that effort. He said Friday that he is not aware of any new legal fees charged to his re-election campaign recently, but added that "the bills just keep rolling in."

Doolittle was re-elected to a ninth term last November by a narrow three-point margin. He attributed the close vote in part to publicity about his association with Abramoff. Doolittle recently announced a 10-point plan to reconnect with voters, a key part of which begins next week with a series of town hall meetings throughout his congressional district. About the writer:

The Bee's David Whitney can be reached at (202) 383-0004 or dwhitney@mcclatchydc.com.

State Awaits Changes In Sex Offender Registry (LANSSJ)

By Erik Adams, Capital News Service

Lansing (MI) State Journal, February 17, 2007

Feds working on standardization, assigning duties

A Senate bill would amend the state's 1994 sex offender registry law to follow federal registry requirements.

But unfortunately, federal officials haven't revealed those requirements.

The bill would expand information about ex-cons on the State Police public sex offender registry to include details about vehicles they own, their places of employment and convictions for other crimes.

Advertisement

2006 mandate

That would comply with a 2006 federal mandate that requires standardization of information in state registries so they can be integrated into the National Sex Offender Registry.

However, the U.S. Justice Department hasn't announced what standardization would entail. It's up to that department to read what Congress ordered and determine exactly what it means, said Sgt. Matt Bolger, legislative liaison for the State Police.

"Federal law is nowhere near as easy to read as state law is," he said.

"We're kind of waiting on that determination from the Department of Justice on what our duties are going to be."

Once those duties have been determined, Michigan lawmakers can amend state law to comply, Bolger said.

Sen. Wayne Kuipers, R-Holland, is the bill's sponsor. Darin Ackerman, Kuipers' chief of staff, said the legislation is intended to get a jump on the federal regulations.

Changes anticipated

The Senate Judiciary Committee won't take action on the bill until the regulations are announced, at which point any necessary changes will be made, he said.

In January, the State Police launched a new version of the Michigan registry that features the anticipated changes.

Bolger said offenders are not yet required to provide the additional information and that his agency hasn't been collecting it.

'Coming soon'

"There are some data on there, like registration details - last verification date, date of initial registration, date of registration expiration - those all show 'coming soon,' " Bolger said.

Shelli Weisberg, legislative director for the American Civil Liberties Union of Michigan, said the additional information could create problems for individuals other than those in the registry, such as employers.

"It would be unfortunate if an employer chose to hire someone who's on the registry - because there are so many people who are on the registry who are not dangerous and would be fabulous employees - because having the employer's place of business connected to that registry would most likely cause hardship to the employer," she said.

What The CIA Leak Case Is About (WP)

By Byron York

The Washington Post, February 17, 2007

At the end of each witness's testimony in the perjury and obstruction trial of Lewis "Scooter" Libby, after prosecutors and defense attorneys examined and cross-examined, U.S. District Judge Reggie B. Walton asked jurors to write down any questions they had. Walton would then look through the papers, decide which questions were appropriate and pose them to the witness.

Now, as the case heads to the jury, those queries are our best hints about what jurors are thinking.

But last week there was a moment when we got a hint not from a question that Walton asked, but from one he refused to ask. After the testimony of star prosecution witness Tim Russert, Walton scanned the jurors' queries and announced, "There is going to be one question I'm not going to ask. I've concluded that that question is not appropriate and therefore you should not speculate as to what the response would have been."

What was he talking about? A moment later, Walton told the jurors: "What Mrs. Wilson's status was at the CIA, whether it was covert or not covert, is not something that you're going to hear any evidence presented to you on in this trial."

"Whether she was, or whether she was not, covert is not relevant to the issues you have to decide in this case," he said.

It is The Thing That Cannot Be Spoken at the Libby trial.

From the first day, Walton has said that jurors will not be allowed to know, or even ask, about the status -- covert, classified or otherwise -- of Valerie Plame Wilson, the woman at the heart of the CIA leak case. "You must not consider these matters in your deliberations or speculate or guess about them," he told jurors in his opening instructions.

A few days later, on Jan. 29, Walton told everyone in the courtroom that the jurors are not the only ones in the dark about Mrs. Wilson's status. "I don't know, based on what has been presented to me in this case, what her status was," Walton said. Two days later, he added, "I to this day don't know what her actual status was."

Walton's reasoning is this: The trial is about whether Libby lied to the grand jury in the CIA leak investigation. Prosecutor Patrick Fitzgerald never charged anyone with leaking the identity of a covert or classified agent. Libby isn't on trial for that, so jurors -- and judge -- don't need to know.

The problem is, the entire case stems from accusations that the Bush White House illegally leaked Mrs. Wilson's identity in an effort to get back at her husband, former ambassador Joseph Wilson, for his high-profile criticism of the administration's case

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for war in Iraq. That's why the CIA leak investigation began, and it's why Libby appeared before a grand jury, leading to the perjury charges against him. It's what the CIA leak case is about. Yet Walton has told jurors to put it out of their minds.

However well-intentioned, the prohibition isn't working; the question of Mrs. Wilson's status came up in court virtually every day. Take, for example, the time prosecutors played tapes of all eight hours of Libby's grand jury testimony.

And what was Libby asked about?

"Did you have any sense that if you revealed the person's identity out at the CIA you may be compromising the identity of a covert person?" Fitzgerald was recorded as asking Libby.

"No, sir," Libby responded. "I mean, my, my understanding is that most of the people at the CIA are not covert . . ."

"You didn't consider that there might be a risk that a person working at the CIA might be overt to other CIA employees and even sometimes to the government, but may be operating undercover -- or might otherwise be a covert person?"

"I had no sense that it was something classified."

The jury heard it all, aided by their own copies of the transcript and exhibits. Of course, if they thought about Mrs. Wilson's status, they would have been violating Judge Walton's order.

Then there was the argument Fitzgerald had with defense lawyer Ted Wells over Fitzgerald's theory that Libby lied because he was afraid for his job after President Bush announced that anyone who leaked classified information about a CIA agent would be fired.

Wait a minute, said Wells. "The jury has been instructed that the issue of whether it was classified or whether she was covert will not be presented in this case."

"I'm not going to tell the jury the information was classified," Fitzgerald responded. "I will tell the jury that there was an investigation into whether the law was violated."

Of course, we all knew -- and the jury knew too, since it was discussed in Libby's grand jury testimony -- that the law to which Fitzgerald referred was the one barring disclosure of a covert agent's identity.

Outside the courtroom, Fitzgerald has said that Mrs. Wilson's status was in fact classified. The Libby indictment says that, too. But the judge has not allowed the jury to see the indictment, either.

The result is that jurors have heard constant suggestions that some sort of crime, committed by the administration and perhaps by Libby himself, lies at the bottom of the case. An air of accusation hangs over the courtroom.

But the accusation can't be discussed.

Maybe in the end, jurors will be able to make sense of it all. But it's more likely that even after the trial ends, they'll still have one question they want answered.

The writer is White House correspondent for National Review.

CIVIL LAW:

GE To Record $115 Million Expense For Asbestos Claims (WSJ)

By Kathryn Kranhold

The Wall Street Journal, February 17, 2007

General Electric Co. said it will record a $115 million after-tax expense in the first quarter after losing a decade-long battle with its insurers over payments for thousands of asbestos-related claims.

In a decision released this week, the New York State Court of Appeals upheld lower-court rulings preventing GE from tapping secondary insurance to cover claims brought mostly by individuals exposed to asbestos-insulated turbines. The Court of Appeals is the state's highest court.

To date, GE, based in Fairfield, Conn., has paid more than $500 million to settle asbestos-related cases, according to court documents. GE said 509,000 asbestos-related claims were filed against the company through 2006; 40,000 are pending. GE said claims settled to date have mostly been covered by both GE's primary and secondary carriers; the rest are being covered by GE. GE didn't make the asbestos but used it to insulate turbines.

GE spokesman Gary Sheffer said, in a statement, GE was "disappointed in the decision, which is contrary to how the majority of courts have ruled." Mr. Sheffer said GE is reviewing its options.

Mr. Sheffer said the expense, amounting to about one cent per share, would have no impact on GE's financial forecast for the first quarter. GE has said it expects net income of between $4.5 billion and $4.6 billion, or 43 cents to 45 cents a share.

The lawsuit centered on whether GE's asbestos-related claims should be treated as one incident under its insurance policies issued between 1965 and 1985 or whether each claim should be treated individually.

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GE was responsible for the first $5 million in coverage on each occurrence. After the first $5 million, GE could access more than $2 billion in secondary insurance.

GE argued that the claims were one occurrence, allowing it to tap the excess insurance. However, the court ruled that each claim was a single occurrence, limiting GE's access to the insurance, since few individual claims exceed $5 million. GE's primary insurer, Electric Mutual Liability Insurance Co., a GE affiliate, became insolvent in 1995.

"GE was attempting to change a longstanding New York law on how the number of occurrences is decided in this context," said Michael Balch, of Skadden, Arps, Slate, Meagher & Flom LLP, who represented one of the insurers. He said GE wanted to consider as one occurrence "400,000-plus cases arising at thousands of sites across the country dating back 70 to 80 years."

Mr. Sheffer said the number of cases being filed each year is declining, down to 7,000 last year, compared with 61,000 in 2002. He said more cases are also being resolved without payment. More than 80% of the pending cases are for claimants who aren't sick, Mr. Sheffer said.

GE hopes "courts around the nation will follow the lead of many jurisdictions and dismiss such cases or place them on a deferred docket," he said.

Federal Appeals Court Probes Validity Of Lawsuit Over Tire-pressure Monitors (DEN)

By David Shepardson, Detroit News Washington Bureau

Detroit News, February 17, 2007

WASHINGTON --A three-judge federal appeals court panel today expressed skepticism toward tire makers and an auto safety group who say federal regulators have watered down rules requiring tire pressure monitoring systems in all new vehicles starting this fall.

Tire makers and Public Citizen argue the National Highway Traffic Safety Administration's regulation, aimed at making automakers install tire-pressure warning systems, falls far short of what Congress intended when it passed a 2000 law requiring that all vehicles be equipped with such monitors by Sept 1.

The legislation came in the wake of a recall of 13 million tires on Ford Explorers and other vehicles that were linked to nearly 280 deaths.

A three-judge panel of the U.S. Court of Appeals for the District of Columbia heard the challenge to the NHTSA rule today, more than three years after another appeals court threw out NHTSA's first tire pressure regulation, issued in 2002.

Judges David Sentelle, Brett Kavanaugh and A. Raymond Randolph questioned whether the tire makers and Public Citizen had the legal right or "standing" to file the suit.

Marc Machlin, a lawyer for Public Citizen, noted that more than 78,000 accidents yearly are caused by under inflated tires. "It's a very serious issue," Machlin said, but was quickly cut off by Sentelle.

The plaintiffs must overcome several hurdles: one is showing that there is a "non-trivial" higher risk from the rule NHTSA imposed versus the type of tire monitoring rules they are seeking. They also must show they have a legal right to file the suit.

Sentelle said if there is only a general risk for everyone, the matter is best decided by "the political branches" -- i.e. Congress and the White House. Sentelle said under the Public Citizen theory, drivers, passengers and pedestrians -- basically everyone in the United States -- would have a right to sue.

"If everyone has standing, than no one has standing," he said.

"What has the (Transportation) department done to prevent the companies from making safer tires?" Sentelle asked. He questioned how federal regulators could be held to account by tire makers.

But Kavanaugh also asked some tough questions of Justice Department attorney H. Thomas Byron III. He said it was "odd" that NHTSA could "water down" or effectively eliminate some of the requirements that Congress set in its statute.

Byron said Congress couldn't have meant to mandate an "impossible" requirement, namely that automakers certify that their systems work with all replacement tires.

NHTSA acknowledges that up to 1 percent of replacement tires would make tire pressure systems inoperative -- or 2.25 million of the 225 million replacement tires sold annually in the United States, a figure Byron sought to downplay. "That's still a lot," Kavanaugh said.Public Citizen, along with tire makers Goodyear Tire & Rubber, Bridgestone/Firestone North America, Cooper Tire & Rubber and Pirelli Tire, and the industry trade group Tire Industry Association, filed the suit against the U.S. Transportation Department and NHTSA.

"NHTSA's watered-down standards will cause more tire failures, leading to more deaths, injuries and property damage than standards meeting statutory requirements," lawyers for Public Citizen, the safety advocacy group, wrote in a legal brief filed late last month.

It has been estimated that the requirements will cost automakers up to $1.2 billion annually to fully implement, beginning in the 2008 model year. Car manufacturers argue that the lawsuit is an attempt by the tire industry to shift their warranty costs onto them.

Tire makers say NHTSA's regulation puts drivers and passengers at risk because it fails to provide for warning drivers of low tire pressure soon enough, doesn't require the systems to work with replacement tires and allows the monitors to be tested under conditions that don't take into account cold weather extremes, which can alter tire performance.

The regulation being challenged mandates that tire pressure monitoring systems alert drivers within 20 minutes if any tire is 25 percent or more below the recommended inflation level. NHTSA's prior proposal had set the figure at 10 minutes.

When the systems are in place, a radio transmitter sends a signal to an onboard computer that lights a warning signal on the dashboard.

The rule under challenge also says all testing on the system would be done on a test track in San Angelo, Texas, which critics said would not take into account cold weather.

The regulation was issued in April 2005, after an appeals court ruled in August 2003 that NHTSA's original 2002 regulation, which set the alert level at 30 percent below recommended inflation, adopted "a standard that permits plainly inferior systems" and that was "arbitrary and capricious."

The April 2005 rule was weakened from several earlier NHTSA proposals. NHTSA rejected calls from Public Citizen and the American Automobile Association to set the alert level at 20 percent below the recommended inflation. The agency also relaxed other requirements, including that the monitoring systems work with replacement tires or spares, saying "we expect a typical vehicle will outlast its original set of tires."

Tire companies acknowledge that they are concerned about higher warranty costs, lawsuits and customer dissatisfaction.

"Tire manufacturers and the government should strive in developing standards … to make tires safer and should not adopt a less safer alternative," wrote James Stroble, manager of product analysis at Goodyear Tire & Rubber, in a court filing.

"Minimizing tire failures is a very important goal of my company."

NHTSA says it was within its authority to write the regulation and honored the intent of Congress.

It also emphasized that drivers "subject to repeated warnings when a tire is only slightly under-inflated would quickly become frustrated by the frequent exercise of re-inflating a tire by only a small amount."

NHTSA said the systems aren't designed to "warn the driver of extremely rapid pressure losses that could accompany a vehicle encounter with a road hazard."

Automakers say the burden belongs on tire makers.

"Their own products will fail if more stringent regulations are not imposed on someone else -- in this case, the vehicle manufacturers," wrote Erika Jones, who represents the automakers, in a court brief. "But the product failure that the tire manufacturers cite -- failure due to severe under-inflation -- is preventable by the tire manufacturers themselves."

NHTSA estimates the system will cost as much as $65 per vehicle and save 120 lives annually and prevent about 8,400 injuries. Public Citizen argues imposing a tougher tire pressure standard that it says could save more than 150 lives and 10,000 injuries annually, while NHTSA said it would save just 4 lives a year.

In November 2000 -- in response to the Ford Firestone recalls -- Congress required the National Highway Traffic Safety Administration within 1 year to complete a rulemaking "to require a warning system in new motor vehicles to indicate to the operator when a tire is significantly under inflated."

The widely publicized tire recalls in 2000 and 2001 were sparked by a spate of rollover accidents that killed an estimated 270 people. Ford spent more than $3 billion and more than 14 million Firestone tires were recalled.

One key problem is that many drivers rarely check their tire pressure. A 2001 NHTSA survey found just 33 percent check tire pressure on a regular basis Another study found that more than a quarter of all cars and SUVs on the road have under inflated tires.

Spokesmen for Ford, General Motors and DaimlerChrysler said 70 percent of 2007 model vehicles under 10,000 pounds have the tire pressure monitoring systems, and they will be in all 2008 models, as required.

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CIVIL RIGHTS:

Justice Department Backs Sober House Suit (FLSUNSEN)

By Peter Franceschina, South Florida Sun-sentinel

South Florida Sun-Sentinel, February 17, 2007

DOJ_NMG_0134241

The U.S. Department of Justice filed a legal brief Friday contending that a Boca Raton ordinance banning so-called sober houses from residential neighborhoods clearly violates federal housing law.

The Justice Department brief was filed in a lawsuit by a sober house operator against the city that went to trial last month. It asks a federal judge to declare the ordinance invalid and prevent the city from enforcing it. The ordinance, passed by the City Council in May 2002, would require the sober houses to move into areas of the city zoned for medical centers and hotels.

The ordinance has never been enforced because of the threat of litigation. Steve Manko, the owner of two large sober house apartment complexes -- Boca House for men and Awakenings for women -- sued the city in March 2003. The American Civil Liberties Union, representing former and current Boca House clients, also was involved in the case.

Manko's attorney, William Hill of Miami, said he was encouraged by the Justice Department filing because it supports the plaintiffs' position. The plaintiffs contend that the ordinance violates the federal Fair Housing Act and also the Americans with Disabilities Act. Under those federal provisions, people who are in recovery from alcohol or drug addiction are considered to be disabled or handicapped, providing them with housing protections.

"I'm ecstatic," Hill said. "It could not be clearer. The Department of Justice is saying what we have been saying all along: This ordinance violates the Fair Housing Act on its face. The city should have realized this was wrong years ago and not put us through this. Instead, the city has been putting forth a defense that is not legal under the Fair Housing Act."

The city maintains that Manko's sober houses are commercial and medical operations -- involving on-site drug testing, counseling and other services -- that are inappropriate for a residential neighborhood.

Jamie Cole, an attorney for the city, said the Justice Department filing did not raise any new issues.

"We believe the medical and commercial activities taking place in a residential area are inappropriate. There was no evidence in the trial that on-site activities such as these were necessary," Cole said. "If Boca House would change their operations and not do these medical-commercial operations, we would have no problem with them housing recovering substance abusers."

The Justice Department filed a separate suit against the city over the alleged housing violations in September. That case is pending. The judge hearing Manko's suit invited the Justice Department to file Friday's brief.

During the trial, U.S. District Judge Donald Middlebrooks expressed concerns about the breadth of the ordinance relegating the sober houses to commercial districts, as well as the commercial aspect of the sober house operations. He said he would rule as quickly as he could after receiving briefs from the plaintiffs, the city and the Justice Department.

Justice Department attorney Nancy Langworthy wrote that the city's ordinance "singles out for regulation housing for disabled persons and is discriminatory on its face." Langworthy asked the judge to award damages to several former and current residents of Boca House and to impose a fine on the city "to vindicate the public interest."

Attorneys for the city asked the judge to order Boca House to stop providing on-site drug testing, counseling and Alcoholics Anonymous meetings.

Manko's attorney asked the judge to award about $925,000 to Manko for lost profits, but the judge said that was a tenuous claim. Jim Green, an attorney hired by the ACLU to represent the Boca House clients, asked the judge to award them $5,000 to $20,000 apiece.

"These are people in recovery trying to make a new life. Being told they are not welcome in residential neighborhoods hurts," Green said.

If the judge finds the ordinance violates housing laws, the plaintiffs could be entitled to attorneys' fees. If the city wins, its attorneys could collect fees from the plaintiffs. The city estimated the case would cost $600,000 in fees, while the plaintiffs estimated their costs would be $850,000.

Smile, You're On N.Y.P.D. Camera (NYT)

The New York Times, February 17, 2007

The New York Police Department has generally had the public on its side when it comes to securing the city since the Sept. 11 attacks. For their part, New Yorkers seem perfectly willing to put up with inconveniences, including traffic stops and bag searches. But the police have more and more overstepped their bounds by routinely and indiscriminately videotaping demonstrations of every kind, even peaceful ones. A federal judge was right this week to order the police to curb this conduct.

The practical effect of the order is to compel law-enforcement officers to obey guidelines that require them to state a reason to suspect unlawful activity before they videotape demonstrators. They must also get department authorization. That's a modest requirement. The city contends the current practice is not strictly unconstitutional, but the prospect of being photographed by police while merely protesting can have a chilling effect on free speech.

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The city agreed in 1985 to abide by guidelines for police tactics as part of a settlement of a lawsuit by Vietnam-era political activists. Four years ago, after the 9/11 attacks, a judge agreed to give the police greater powers to investigate political groups. Unfortunately, the cops ignored the part about having a rationale for video surveillance.

This week, the same district court judge, Charles Haight Jr., rebuked the city for that failure. He said it was fine for the police to videotape the hundreds of bike riders who take to the streets on the last Friday of every month as an environmental protest, because the riders have a history of traffic violations. But taping a peaceful demonstration by activists for the homeless in front of Mayor Michael Bloomberg's home, as was done in 2005, was pointless because the group posed no security threat.

Judge Haight's lyrical opinion alluded to Longfellow, Greek mythology and even The New Yorker. We hope none of it goes over the heads of the city government, which should now move quickly to ensure the court, and the public, that it will protect New Yorkers' civil liberties.

ANTITRUST:

GM, DaimlerChrysler Deny Buyout Talks (WT)

By Sean Lengell, The Washington Times

The Washington Times, February 17, 2007

The Big Two?

The world's largest automaker is set to expand further, as General Motors Corp. is negotiating to buy the struggling Chrysler division from its German parent, DaimlerChrysler AG, sources with knowledge of the talks said.

GM and DaimlerChrysler officials have denied the existence of any talks.

"We're not going to comment on speculations concerning [any] discussions between [DaimlerChrysler] and GM," GM spokesman Tom Wilkinson said yesterday. "As we've said in the past, we've frequently discussed areas of mutual interest with other carmakers, and in a lot of cases, these discussions don't lead anywhere."

Nevertheless, Detroit and Wall Street were buzzing after the German business publication Manager Magazin reported Wednesday that GM and DaimlerChrysler were negotiating a buyout of Chrysler.

Speculation of a buyout intensified yesterday after the U.S. trade publication Automotive News reported that "high level talks" of a buyout between DaimlerChrysler and GM executives are being held.

DaimlerChrysler Chief Executive Officer Dieter Zetsche, when announcing plans Wednesday to cut 13,000 jobs at assembly plants throughout the United States, didn't rule out the possibility of spinning off the Chrysler Group.

"We don't know if any of this is true or not, but the fact that both [companies] are not commenting and the stock market is going crazy indicates that maybe there is something," said John Wolkonowicz, senior analyst with Global Insight of a Lexington, Mass., who tracks the auto industry.

"You can come up with scenarios where this makes good sense for GM. It's not necessarily a silly thing for them to do at all."

DaimlerChrysler's U.S. shares rose $3.08, or 4.4 percent, to close at $73.33 on the New York Stock Exchange. It was the shares' highest closing price since January 2000. GM shares fell 10 cents to $36.34.

Some industry experts say DaimlerChrysler executives in Germany have given up on Chrysler and want to sell the U.S. division.

"So GM could end up getting a good deal here," Mr. Wolkonowicz said.

Chrysler has bounced between losses and profits since Daimler-Benz AG purchased the U.S. automaker in 1998.

Yet aside from a poor third quarter last year, Chrysler vehicles reported strong sales for much of 2005 and 2006.

"Nobody in Germany was saying [in 2005 and 2006] let's get rid of Chrysler while we lose all this money on Mercedes-Benz," said auto analyst Charlie Hughes, former head of North American operations for Land Rover and Mazda. "So now, all of a sudden, this isn't a good marriage?

"Attitudes have changed rather abruptly [at DaimlerChrysler], which tells me basically those were the underlying attitudes all the time."

GM also may be pursuing Chrysler simply to keep Chrysler out of the hands of competitors, some analysts say.

"GM is in an aggressive mood, quietly confident that they have a lot of their house in order," said Jim Sanfilippo, an analyst at Automotive Marketing Consultants in Bloomfield Hills, Mich. "Both of these companies are North American-based; there is a common work force."

Still, many industry experts say they are skeptical.

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Chrysler is cutting jobs and closing its Newark, Del., plant after a $1.5 billion loss last year. GM is reducing employment and shutting factories in North America after sales declines in the United States.

"GM isn't that flush with cash, so I don't know what they would bring to the party to buy [Chrysler] with," Mr. Hughes said.

Erich Merkle of IRN Inc., a Michigan automotive consulting firm, said GM has too many brands and plants to consider buying Chrysler.

GM "has got far too many plants that are underutilized," Mr. Merkle said. "They need to close their own plants."

Both companies have a "full plate" of issues they need to resolve, said David Healy, a Burnham Securities analyst in Sierra Vista, Ariz., who owns GM shares.

"I see no synergies at the corporate level" between GM and DaimlerChrysler," he said. "They have matching product lines and are trying to fix capacity and labor issues."

GM Reportedly In Talks With Daimler To Buy Chrysler Unit (WP)

By Sholnn Freeman, Washington Post Staff Writer

The Washington Post, February 17, 2007

Shares of DaimlerChrysler climbed yesterday after media reports that General Motors was in talks to buy the German firm's Chrysler division.

Chrysler officials in Germany played down the reports, saying the primary focus now for Chrysler was a restructuring aimed at returning it to profitability. And U.S. industry executives struggled yesterday to assess how GM would benefit from an alliance with Chrysler. GM is in the process of shrinking its operations in an attempt to increase its profit.

Other potential Chrysler suitors include European or Asian carmakers seeking a bigger foothold in North America. Renault-Nissan Motor chief executive Carlos Ghosn, who unsuccessfully sought to enter into an alliance with General Motors last year, has said he is open to new partners. He has not, however, publicly expressed interest in Chrysler.

Adding Chrysler to his alliance could help Ghosn build up his clout in the United States, the world's largest and most profitable auto market. Another key player is China's Chery Automotive, which has been trying to establish a presence here over the past few years.

The trade publication Automotive News, echoing reports in the German media, cited unidentified sources say saying GM had entered into high-level talks to buy Chrysler. Other reports have said two companies were discussing the possibility of entering into a joint-development project to build sport-utility vehicles.

DaimlerChrysler's shares gained more than $9 this week, including $3.08 yesterday, to close at $73.33 on the New York Stock Exchange. Shares were up 4.4 percent yesterday and 14 percent for the week.

In a statement yesterday, GM said: "We are not going to comment on the speculation concerning discussions between DaimlerChrysler and GM related to Chrysler."

Some industry executives suggested that GM could be interested in one or more pieces of Chrysler, rather than trying to absorb the whole company. Already, GM and DaimlerChrysler collaborate on gas-electric hybrid systems for big trucks in a consortium that includes the German automaker BMW.

An industry executive said that buying all of Chrysler could give GM additional volume and allow it to remain the world's largest automaker. Toyota is on track to supplant GM at the top this year.

Under pressure from German shareholders, DaimlerChrysler Chairman Dieter Zetsche said Thursday that he was open to all options related to Chrysler's future, including a spinoff or a sale. DaimlerChrysler also announced a recovery plan for Chrysler that includes laying off 13,000 workers and slowing production at plants that produce pickups and minivans.

DaimlerChrysler officials have said they expect Chrysler to lose money in 2007 but to achieve a profit margin of 2.5 percent by 2008. Analysts say DaimlerChrysler's other divisions, including the Mercedes-Benz car group, would offset Chrysler's losses.

The reaction in German publications yesterday to a possible spinoff was summed up by the word befreiungsschlag, which means a kind of liberation.

Until now, a separation of the two automakers had been a taboo subject, particularly when DaimlerChrysler was controlled by Juergen E. Schrempp, its former chairman. Schrempp was the main force behind the merger. Analysts said that Zetsche has now opened the path to a separation. Zetsche spent five years in Auburn Hills, Mich., as chief executive of Chrysler, leading a campaign to improve profitability.

GM And DaimlerChrysler Cozy Up, But A Merger Would Be Tricky (WSJ)

By John D. Stoll And Dennis K. Berman

The Wall Street Journal, February 17, 2007

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Shares in DaimlerChrysler AG jumped to a seven-year high on renewed speculation that General Motors Corp. could buy the company's Chrysler Group unit, a further sign that a spinoff of Chrysler has strong backing among investors.

Several people familiar with the situation said it is unlikely GM would buy Chrysler, although one person with knowledge of the matter said such a deal has been touched on in recent discussions between the two auto makers.

Detroit, New York Abuzz

The rumors created a hullabaloo in Detroit and on Wall Street. Their variety -- touching on everything from acquisition theories to a possible production alliance -- speaks to the difficulty that Daimler may have in managing the process.

GM and Chrysler are discussing joining forces to develop a large sport-utility vehicle and possibly a small car made in Korea, several people familiar with the matter said, adding that a "production deal" is the most likely scenario.

On Wall Street, the focus also turned to Detroit's labor negotiations with the United Auto Workers. As so much of the industry's future is based around this contract, the issue presents a chicken-and-egg paradox for potential buyers.

Many people discounted the idea of a spinoff, saying that it would do little to fix Chrylser's main problems of cost structure and product appeal. That said, these people pointed out that what is best for the remaining Daimler side of the company may not be best for Chrysler's side.

DaimlerChrysler investors clearly favor the idea of selling Chrysler, long the smallest of Detroit's Big Three and now even smaller than Toyota Motor Corp. in the U.S. market.

On Friday, buyers snapped up DaimlerChrysler shares, pushing them up $3.08, or 4.4%, to $73.33 as of 4 p.m. in New York Stock Exchange composite trading (see chart below with Abreast of the Market). The stock last closed above $73 on Jan. 19, 2000, about two years after the merger that created the German-American auto maker and only months before Chrysler's first major earnings breakdown.

GM investors were less enthusiastic. GM shares, which recently hit a 52-week high, closed at $36.34, down 10 cents in Big Board trading.

A deal linking GM, the world's largest auto maker, and Chrysler would likely face many hurdles, including antitrust questions, integration challenges and opposition from workers.

The head of the GM European Employee Forum, which represents GM workers in Europe, said Friday he doesn't believe GM would or should buy Chrysler. "Chrysler doesn't have the right products for the U.S. customer," Klaus Franz said in a telephone interview.

Billions Lost

DaimlerChrysler in the past week reported a 40% drop in fourth quarter earnings because of a $1.5 billion loss at Chrysler. GM has its own problems. After posting a $10.6 billion loss in 2005, GM lost $3 billion over the first nine months of last year as it booked restructuring charges.

Friday's speculation was sparked by a report in Automotive News that cited unnamed sources in Germany and the U.S. A similar article had been reported a day earlier by a German business magazine, Manager Magazin.

--Stephen Power contributed to this article.

Write to John D. Stoll at john.stoll@dowjones.com1 and Dennis K. Berman at dennis.berman@wsj.com2

GM In Exploratory Talks With Chrysler (FT)

By John Reed In London, Richard Milne In Frankfurt And Bernard Simon In Toronto

Financial Times, February 17, 2007

General Motors is in exploratory talks with Chrysler after DaimlerChrysler, its German parent, this week said it might sell the struggling US unit.

Other potential suitors for Chrysler, including car companies and private equity groups, have also expressed preliminary interest, insiders told the Financial Times on Friday.

Daimler's US shares rose as much as 6.1 per cent as rumours of the talks emerged.

The Stuttgart-based German-US company made the approach to GM through its bankers after saying it was considering "all options" for Chrysler, which lost €1.1bn ($1.4bn) last year. "Yes, we are in talks," a GM insider told the FT. "They started on Wednesday."

The talks were preliminary, and it remained unclear whether they might result in an offer to buy Chrysler, joint ventures in specific areas, or any deal at all. "We are in a very early stage," the GM official said.

People close to Daimler said there had been "lots of conversations" with several carmakers since the announcement.

"Everyone you can imagine is going to kick the tyres here," said one.

The head of a US investment bank in Germany said a number of private equity firms were in discussion with DaimlerChrysler.

It has hired JPMorgan to advise it on its options. A person involved in the talks said no substantive discussions with any potential buyer had taken place but that a range of carmakers and private equity houses were likely to be interested.

Daimler declined to comment. However, there was a feeling at the company that it did not want to be rushed into anything, and wanted to study all options in detail, from an outright sale to a Chrysler spin-off.

GM said: "We do have discussions with other carmakers with issues of mutual interest, but we won't comment on any speculation of discussions."

GM, which this year is expected to be overtaken by Japan's Toyota as the world's biggest carmaker, last year explored then rejected the possibility of an alliance with Renault and Nissan.

Analysts expressed scepticism on Friday that GM's shareholders would support the idea of a tie-up with Chrysler, the most focused of Detroit's Big Three, at a time when both face declining sales in the world's biggest car market.

GM has not made a full car-company acquisition in its recent history, although, like other groups, it forms ad hoc alliances and joint ventures.

However, "if DaimlerChrysler really want to sell Chrysler, then Rick will have to examine what the potential advantage would be", the GM official said, referring to Rick Wagoner, chief executive.

Analysts Are Skeptical Of G.M.-Chrysler Merger (NYT)

By Micheline Maynard

The New York Times, February 17, 2007

DETROIT, Feb. 16 —The willingness by DaimlerChrysler to cut loose its Chrysler Group, ending its nine-year trans-Atlantic partnership, is drawing cheers from investors.

Shares of the German company rose nearly 14.4 percent this week, capped by a climb on Friday that was fueled by speculation that General Motors and Chrysler were holding talks. DaimlerChrysler ended the week at $73.33, up $3.08.

The talk is doing little for G.M., however. Its shares rose less than 1 percent this week, closing Friday at $36.34, down 10 cents.

On Wednesday, DaimlerChrysler said it was keeping all its options open for Chrysler, refusing to rule out a sale or a strategic partner for its American unit.

That same day, the German magazine Manager reported that high-level talks were taking place about the possible purchase of Chrysler by G.M., a report echoed on Friday by news organizations including Automotive News.

Officials at G.M. and Chrysler refused to comment.

Senior automobile executives meet frequently to discuss issues of mutual interest, so any talks between G.M. and Chrysler would not be that unusual.

Three weeks ago, Ford's chairman, William Clay Ford Jr.; G.M.'s chief executive, Rick Wagoner; and Chrysler's chief executive, Thomas W. LaSorda, were all on hand for an Economic Club of Detroit luncheon, where the topic was the nation's health care problems.

But Wall Street analysts were skeptical of an outright sale of Chrysler to G.M.

"We see a deal as possible, but by no means certain," Jonathan Steinmetz, an automobile analyst with Morgan Stanley, said in a research report Friday.

Efraim Levy, an analyst with Standard & Poor's Equity Research, added: "We see no rationale for G.M. to purchase its struggling competitor." Mr. Levy reiterated on Friday his sell rating on G.M. shares.

Indeed, G.M. has plenty on its plate, an important reason it ultimately decided not to pursue a global alliance last year with Nissan of Japan and Renault of France, despite the urging of the billionaire Kirk Kerkorian, who was then G.M.'s largest shareholder.

The primary thing that Chrysler would bring G.M. is a return to its size 20 years ago, before it set out on a series of painful revampings that have eliminated more than 100,000 blue-collar jobs and led to the closing of more than three dozen factories.

G.M. ended 2006 with 24.3 percent of the American car market, while Chrysler held 13 percent.

So if it bought Chrysler outright, and kept all its operations intact, G.M. would again control over just a third of the American car market.

That would easily allow it to fend off a challenge from Toyota, which passed Chrysler last year to rank as the third-biggest player in the American car market, with 15.4 percent.

Toyota is on track this year to unseat Ford for the second spot, given that it is opening new factories as Ford is shutting them under its own reorganization plan.

But in recent months, G.M. said it was willing to give up several more points of market share to return to solid profits. Further job cuts and plant closings are scheduled to continue through 2008.

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Taking on Chrysler now would only take attention away from the task at hand, Mr. Levy said. "G.M. has little to gain and should not be distracted from its own turnaround plans," he wrote.

By contrast, Daimler investors are seeing long-awaited gains.

At Friday's close, DaimlerChrysler stock was within $1.20 of a 52-week high, prompting some analysts to predict it could be headed much higher, to levels rarely seen since the heady days after the 1998 merger.

That alone is reason enough to keep the rumors swirling a little longer, analysts said, giving DaimlerChrysler time to see whether any potential suitors come forward for Chrysler. It has hired JPMorgan as a strategic adviser.

Doubtless, there may be such suitors, Mr. Steinmetz said, if only out of curiosity. Automakers rarely get a chance to see internal data that become available when a company goes on the market.

Banco Bilbao To Expand U.S. Presence By Buying Compass Bancshares (NYT)

By Julia Werdigier

The New York Times, February 17, 2007

LONDON, Feb. 16 — Banco Bilbao Vizcaya Argentaria, Spain's second-largest bank, after Santander, agreed to buy Compass Bancshares of the United States for $9.6 billion, making its biggest acquisition abroad in a market where it seeks to strengthen its foothold.

Banco Bilbao, or BBVA, said Friday that Compass shareholders can choose to receive either $71.80 in cash or 2.8 new BBVA shares for each of their current Compass shares. The offer represents a premium of about 16 percent to the average Compass share price during the last 10 days and 8 percent above Friday's closing price.

Spain's banks have profited from significant growth in the Spanish economy and a sharp increase in mortgage lending, even to foreigners who are buying holiday homes in the country. BBVA, based in Bilbao, in northern Spain, and Banco Santander Central Hispano, the country's largest bank, have used their profits to expand into Latin America, where economic growth has spurred demand for banking services.

BBVA owns BBVA Bancomer, the largest bank in Mexico by assets, while Santander has spent a total of $17 billion on various Latin American acquisitions since 1996. Santander now owns Mexico's No. 3 bank, Serfin, and Brazil's seventh-largest lender, Banespa.

Last year, BBVA agreed to buy State National Bancshares and Texas Regional Bancshares for 2.1 billion euros. With the acquisition of Compass, based in Birmingham, Ala., BBVA will generate about 10 percent of its earnings in the United States. It will have 622 branches in Alabama, Arizona, Colorado, Florida, New Mexico and Texas, holding a total of $47 billion of assets.

"Even though we can see the rationale behind expanding in the region, the price is very full," said Andy Lynch, who manages about 3 billion euros in European equities at Schroders in London. BBVA is paying about four times the book value of Compass and as much as 20 times its forecast 2007 earnings, according to Mr. Lynch.

Shares in BBVA dropped to 19.49 euros, down 2.4 percent, on the stock exchange in Madrid. The shares have risen 17 percent in the last year, giving it a market value of 69 billion euros ($90.6 billion).

Spain's banks have had strong growth. BBVA generated 1.8 billion euros in profit from Mexico and the United States in 2006 after building a franchise that taps the cross-border market among the Hispanic community in the United States. Santander, which paid £8.3 billion for Abbey National of Britain in 2004, said this month that higher revenue from Latin America helped raise fourth-quarter profit 13 percent.

Their growth and strong management have made Spain's banks a possible target for acquisitions by Europe's giant banks. But BBVA's acquisition of Compass may actually now make it less of a potential takeover target.

Francisco Gonzalo, BBVA's chairman, said last September that the bank received approaches from European and non-European rivals. BBVA's shares have gained after speculation that it could be of interest to the London-based HSBC Holdings or to Société Générale of France.

Mr. Gonzalo expansion plans were set back last year when he was outbid by BNP Paribas of France in an effort to buy the Italian lender BNL. The acquisition would have been BBVA's biggest since it paid 10.5 billion euros for Argentaria in 2000.

Spanish Banks Become Major Global Players (WSJ)

By Keith Johnson

The Wall Street Journal, February 17, 2007

BBVA-Compass Deal Is Just the Latest; Target: U.S. Market

MADRID -- The Spaniards are coming, the Spaniards are coming -- and they want your deposits.

Spain's two main retail banks have moved from the bush leagues to become among the largest, most efficient, most profitable in the world. And one of them just made a big play to take on two U.S. giants in a lucrative American market.

DOJ_NMG_0134247

Banco Bilbao Vizcaya Argentaria SA's agreement to buy Alabama-based Compass Bancshares Inc. for $9.6 billion, announced Friday, would give it hundreds of branches in the South and West, including 163 in Texas, a fast-growing market. That would pit Madrid-based BBVA against Bank of America Corp. and J.P. Morgan Chase & Co., the Lone Star State's two biggest banks.

That deal follows Spain-based Banco Santander Central Hispano SA's acquisition last year of a 25% stake in Philadelphia-based Sovereign Bancorp, which has almost 800 branches in nine states.

BBVA was all bluster in announcing the deal. BBVA "is much more advanced than the Citis or the J.P. Morgans" at nuts-and-bolts retail banking, said Chairman and Chief Executive Francisco González.

The U.S. rivals are expected to put up a fight. "They're competing against some of our best retail banks," said Jefferson L. Harralson, a bank analyst at Keefe, Bruyette & Woods. "It's going to be hard for them to move market share, and it's going to be hard for them keep market share."

The deal follows a string of acquisitions that have turned BBVA and Santander into the world's 15th-largest and ninth-largest banks respectively by stock-market value. Both reported record full-year profits this month.

Santander increased its assets eightfold over the past decade, thanks to massive expansion in Latin America and the United Kingdom. Despite the growth, the bank has boosted its return on equity, a key profitability measure, to about 21%, up from about 14% in 1996. BBVA is slightly smaller but even more profitable, with a return on equity of about 24%. On that score, both Spanish banks outperform Citigroup Inc., Bank of America and HSBC Holdings PLC, the big British bank.

Shares in BBVA and Santander have trailed their more sedate peers because the market expects them to keep making pricey acquisitions. The Compass deal sent BBVA's stock on Friday down 2.4% in Madrid and its American depositary shares down 2.5% on the New York Stock Exchange. Compass shares rallied 6.5% on the Nasdaq Stock Market (see chart on page B3).

The Compass purchase was BBVA's biggest ever, and Mr. González says he wants it to be one of the world's biggest banks by the end of 2008. Santander swore off acquisitions after the Sovereign deal, but it stoked deal fears anew this month by taking a 2% stake in Capitalia SpA, Italy's No. 3 lender.

The Spanish banks' efficiency stems from stiff home-market competition. To survive, they overhauled their businesses. Both invested heavily in new computer systems in the early 1990s that are just now being fully implemented. The new systems offer advantages over the traditional databases that scatter information on customers into various business "silos."

That helps BBVA and Santander sell more products to each customer than European and U.S. peers. BBVA sells almost five products to each customer, compared with about three products per customer at Compass.

As a result, for every €100, or about $130, of income, BBVA and Santander spend €43 and €48, respectively -- compared with €50 at HSBC and €55 for Compass, considered one of the Sunbelt's best-run banks. Both banks also have invested heavily in other areas, especially risk management. Both have impressive nonperforming-loan rates of less than 1%, even including their Latin American operations.

BBVA is using its computer system to change banking in Mexico, where it has attracted four million customers in the past two years. Recovering from the economic shocks of the 1990s, banking services there are trickling down to the broader population. BBVA has two million low-income "virtual" Mexican customers who deposit paychecks and spend money via credit accounts. Maintenance costs for such accounts are low, widening profit margins.

The bank originally entered the U.S. with acquisitions of Valley Bank, Laredo National Bancshares and Texas National Bancshares over the past two years, hoping to funnel money from Mexican immigrants in the U.S. to relatives' BBVA accounts in Mexico.

Now Mr. González wants to expand to more affluent American customers in Texas. The state has no major hometown player, making it one of the most competitive markets in the country. Several banks are buying and building branches there, including Capital One Financial Corp., of McLean, Va.; Wachovia Corp., of Charlotte, N.C.; and Washington Mutual Inc., of Seattle.

BBVA has taken on considerable risk with the Compass deal, which was put together by BBVA's advisers at Morgan Stanley, its lawyers at Cleary Gottlieb Steen & Hamilton LLP, Compass's advisers at Sandler O'Neill & Partners, and its lawyers at Balch & Bingham and Wachtell, Lipton, Rosen & Katz. The deal increases BBVA's exposure to dollar earnings, which could fall against the euro, the bank's home currency. Mr. González says it is a long-term play.

"If we can successfully introduce our model there, we will have reached an enormous milestone," he says.

--Valerie Bauerlein in Atlanta and Carrick Mollenkamp in London contributed to this article.

BBVA Expands In US With $9.6bn Deal (FT)

By Mark Mulligan In Madrid

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Financial Times, February 17, 2007

BBVA, Spain's second-largest bank, on Friday stepped up its push into the US by unveiling an agreed $9.6bn (€7.3bn) acquisition of Compass Bancshares, a franchise covering six states.

News of the deal drew a cool reception from investors, who drove BBVA shares down 5 per cent in early trading. However, by the close on the Madrid stock exchange they had recovered ground, and finished down 2.7 per cent at €19.49.

Analysts voiced concerns about the dilutive effect of the planned €4bn capital increase to part-fund the deal, which comes just three months after a €3bn share issue aimed at improving the balance sheet.

There were also worries about the erosion of BBVA's core capital ratios. "History shows investors should be wary of acquisitive companies," UBS said.

However, Standard & Poor's affirmed the bank's credit ratings, highlighting BBVA's "healthy asset quality, conservative risk management and a benign economic environment in most markets".

Shareholders in the US retail bank, which is present in Alabama, New Mexico, Arizona, Florida, Colorado and Texas, will be offered 2.8 American Depositary Shares of BBVA per Compass share, or $71.82 in cash.

The Spanish bank said the offer represented a 16 per cent premium over Compass's average trading price over the past 10 days. It will finance the purchase through the capital increase, supplemented with the proceeds of planned asset sales. Among these is the disposal of its 5 per cent stake in Iberdrola, Spain's second-largest power group.

BBVA, described the deal as a "decisive step" in its US campaign, which until now has involved the purchase of small banking franchises in Texas.

In 2005 it paid $850m for Laredo National Bancshares and last year acquired State National Bancshares and Texas Regional Bancshares for $2.7bn.

Although its strategy was built on linking Mexican immigrants in Texas with its Bancomer operation in Mexico, chief executive Francisco González said on Friday BBVA saw scope for exporting the "universal" Spanish banking model to the US. "When it comes to offering full financial services, we are ahead of the pack, compared with our American peers," he told the FT.

With $34.2bn in assets, 417 branches and profits last year of $460m, Compass is by far BBVA's most important US – and global – purchase to date. The deal confirms its growing frustration with Europe, where in 2005 it abandoned plans to buy Banca Nazionale de Lavoro of Italy.

Newspapers Tribune Moves Closer To A Corporate Rewrite (WSJ)

By Sarah Ellison

The Wall Street Journal, February 17, 2007

As the auction for Tribune Co. limps to a close, it is becoming clear that newspaper publishers can't sell their way out of their current woes.

Tribune's board of directors is scheduled to meet late this coming week, and while it is uncertain they will emerge from the meeting with an announcement, company management and advisers are casting aside outside offers and working on what is being billed as a "self-help" plan.

That is another way of saying that nobody came to Tribune's rescue.

Typically, if a company avoids a takeover, employees and management breathe a sigh of relief and go back to business as usual. But if this auction ends as many expect, Tribune will have to self-inflict the kinds of harsh changes that normally come from an outside buyer. That will mean even steeper cost cutting and asset sales.

That is partly because Tribune, along with many other newspaper players, waited too long to take the dramatic action that now is being thrust upon them. Tribune was forced into the auction process by its largest shareholder, the Chandler family, which pushed for action just as panic was building about the industry's prospects. The irony is that the Chandlers were too late. They are angling to remove themselves from the newspaper business they should have gotten out of years ago, when they sold Times Mirror Co. to Tribune in 2000. Today, the options are much more limited.

John Rogers, chairman and chief executive of Ariel Capital Management, one of Tribune's biggest holders, says the market's fear of newspaper companies is a result of "group think."

"We may be looking back on things in the long term and say that this was the bottom of the cycle," he says. By that rationale, it is a good time to buy into the industry. But timing the comeback of the industry is a risky bet, and one that few investors are willing to take.

Under the current plan, at least Tribune's fate is all in the Chicago family. Sam Zell, a Windy City real-estate mogul, and the Chandlers are still circling Tribune, though any chance of either party making a successful offer is unlikely. Tribune isn't comfortable with either proposal being proffered, and neither party seems willing to increase the terms.

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Under the structure being considered, the company would spin off its television stations and pay out a dividend to its shareholders. Then, one possibility is that the McCormick Tribune Foundation -- Tribune's second-largest shareholder behind the Chandler family -- would help buy out part of the Chandlers' stake in the company.

That would solve two problems for Tribune. It would reduce the Chandlers' influence -- possibly booting them off the board -- and increase control for the management-friendly foundation, which is controlled by two former Tribune executives. The three other foundation board members are current Tribune executives who have recused themselves from decision making while the sale process is under way.

The foundation is adamant that it acts independently from the company. But in the past 50 years, the foundation has had only 20 directors, all of whom have been current or former Tribune officials. Foundation offices sit just floors away from Tribune management in Chicago's Tribune Tower.

It is hard to see how buying up more newspaper stock is good for the McCormick Tribune Foundation. If most shareholders are trying to get out of the newspaper business, why wouldn't the McCormick Tribune Foundation want the same?

Vt., N.H. Ski Areas To Be Sold (BOS)

By Chris Reidy, Globe Staff

The Boston Globe, February 17, 2007

Missouri's Peak Resorts to pay $73.5 million for Mount Snow, Attitash

Two New England ski resorts, Mount Snow in Vermont and Attitash in New Hampshire, are set to be sold for $73.5 million.

American Skiing Co. of Utah said yesterday it has entered into an accord to sell Mount Snow and Attitash to Peak Resorts Inc. of Missouri.

Included in the proposed sale of Mount Snow and Attitash are the commercial cores of the Grand Summit Hotels at both locations, said American Skiing, which added that the buyer will assume $2 million in debt and other liabilities.

Saying that the sale is expected to close on or before April 30, American Skiing said it plans to use the proceeds to reduce existing debt and for working capital.

The deal will give Eureka, Mo.-based Peak Resorts its first major ski areas. That company operates half a dozen tiny ski areas in Missouri, Ohio, Kentucky, and New Hampshire.

The sale will leave American Skiing with five resorts in the Northeast and Utah.

American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. David Hirasawa, the company's investor-relations manager, said Steamboat is expected to change hands by March.

American Skiing has been investing heavily in The Canyons, its flagship 3,700-acre resort in Park City, which added terrain and lifts this winter. It also owns Killington and Pico, neighbors in central Vermont, and Maine's Sunday River and Sugarloaf/USA.

The company said Mount Snow, the closest major Vermont resort to the New York City metro area, is the fifth most popular eastern US ski area. It has an 18-hole golf course.

Attitash is a smaller, 280-acre ski hill in the heart of New Hampshire's Mount Washington Valley. It has a water park and alpine slide.

Both resorts sit partly on national forest land, and the sale will require the consent of the US Forest Service. Stockholder approval also will be required.

Hirasawa said the sale also is subject to an antitrust review by the US Justice Department.

Executives at Peak Resorts Inc. didn't immediately return a phone message seeking comment.

Vermont Resort Sold To Missouri Company (AP)

By Paul Foy, The Associated Press

AP, February 17, 2007

SALT LAKE CITY -- American Skiing Co. said Friday it agreed to sell Vermont's Mount Snow and New Hampshire's Attitash ski areas to Peak Resorts Inc. of Missouri.

American Skiing will sell the two resorts along with Grand Summit Hotels at both locations for $73.5 million, said David Hirasawa, the company's investor-relations manager.

Peak Resorts also will assume $2 million in debt and other liabilities at Mount Snow and Attitash, the company said.

The company planned to keep the management team at Mount Snow but had not made decisions about other staffing, said Tim Boyd, Peak's chief executive officer.

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The purchase will give Eureka, Mo.-based Peak Resorts its first major ski areas. That company operates half a dozen tiny ski areas in Missouri, Ohio, Kentucky and New Hampshire.

American Skiing, based in Park City, Utah, said it will use the money to reduce debt and for working capital.

The sale is set for the end of April and will leave American Skiing with five resorts in the Northeast and Utah.

American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. Hirasawa said Steamboat is expected to change hands by March.

American Skiing has been investing heavily in The Canyons, its flagship 3,700-acre resort in Park City, which added terrain and lifts this winter. It also owns Killington and Pico, neighbors in central Vermont, and Maine's Sunday River and Sugarloaf/USA.

The company said Dover's Mount Snow, the closest major Vermont resort to the New York City metro area, is the fifth most popular eastern U.S. ski area. It has an 18-hole golf course.

Attitash is a 280-acre ski hill in the heart of New Hampshire's Mount Washington Valley. It has a water park and alpine slide.

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Hirasawa said the sale also is subject to an antitrust review by the U.S. Justice Department.

Executives at Peak Resorts Inc. didn't immediately return a phone message seeking comment.

ENVIRONMENT:

Interior Ethics Lapses Rarely Punished (BOS)

By John Donnelly, Globe Staff

The Boston Globe, February 17, 2007

IG: Royalty loss could cost US tens of billions

WASHINGTON -- Officials at the US Interior Department received free golf outings, dinners, hunting trips, and box seats at sporting events from companies they monitored, but were rarely punished for the ethics violations, other than being ordered to attend two-hour ethics courses, the department's inspector general told a House panel yesterday.

Testifying before the House Natural Resources Committee, Earl E. Devaney said the ethical lapses were part of a department-wide culture "replete with a lack of accountability."

Devaney, who for seven years has been the independent overseer of a department that manages oil leases, national parks, and Native American affairs, has been in charge of numerous investigations inside the Interior Department, including one probe that has drawn intense scrutiny: What was behind the omission of royalty payments to the government in oil and gas contracts from 1998 to 1999.

He said the loss of the payments, which kick in when oil and gas prices reached certain levels, could cost taxpayers "tens of billions of dollars" over the lifetime of the contracts. Six criminal investigations were now under way by the Justice Department relating to unethical behavior in the department, Devaney said.

Asked why the Interior Department has had so many ethical and management problems, Devaney suggested it was simply greed.

"Outside of the money at the Treasury Department, everything else [of value] that someone would want is at Interior -- oil, gas, mines, land, and water," he said. "It's been my experience that when a lot of money is at stake, bad people will show up eventually."

Still, he told the committee that "99.9 percent" of department employees were dedicated and ethical and that Dirk A. Kempthorne , the current department secretary, has in the past year tried to tackle a multitude of serious problems.

"In fairness to him, I have discerned a dramatic shift in attitude since his arrival," Devaney said.

Shane Wolfe , a department spokesman, said he was "heartened" by Devaney's statements noting the change at the department. "There is, of course, room for improvement in any organization," Wolfe added, "and we welcome the work of the inspector general in highlighting the areas that may need improvement."

Congress and Devaney's office have been investigating the broader issue of whether the Interior Department has been properly collecting money from its oil and gas contracts with energy companies. The New York Times first reported the omission of royalty payments during the late 1990s; Devaney said yesterday that he believed Kempthorne first learned of the omissions because of the Times story.

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Devaney, 59, said the department's problems were deep and wide, including ineffective law enforcement , notably in Native American detention facilities; inadequate protection of some national parks' resources; a failure to follow funding and procurement laws; and an unethically cozy relationship among senior officials and companies seeking government contracts.

He also said that the Minerals Management Service rarely audited its major contracts and that the organization never reviewed the smaller ones even though they totaled millions of dollars.

"Throughout the department, the appearance of preferential treatment in awarding contracts and procurements has come to our attention far too frequently, and the failure of department officials to remain at arm ' s length from prohibited sources is pervasive," said Devaney, a Boston native who was a police officer in Dennis, Mass., in the late 1960s.

He said senior officials caught in ethical lapses were treated more leniently than junior employees. From 2003 to 2006, he said, his investigators identified 71 employees whose actions triggered ethics probes. The vast majority of those penalized were low- to mid-ranking employees.

Of the 21 senior officials whose ethical behavior was reviewed, more than half were not disciplined, Devaney said. The remainder received a reprimand that often involved a two-hour course on ethics, a transfer, or the option to resign, he said.

Representative Edward J. Markey , a Massachusetts Democrat and a member of the committee, said the findings shows "an upside-down system that punishes junior employees while rewarding or giving a pass to senior officials who have been responsible for horrendous errors in judgment, potentially criminal activities, and the loss of billions in taxpayer revenues."

Robin M. Nazzaro , director of the Government Accountability Office's Natural Resources and Environmental department , told the House panel that the royalty mismanagement could cost taxpayers as much as $10 billion for 576 active leases granted during 1998 and 1999 under the Clinton administration. Another $60 billion in royalties could be at risk because of a lawsuit filed by an oil company challenging the government's right to charge it royalties, she said.

Nazzaro also identified a separate set of problems in addition to Devaney's investigations, including the Interior Department's poor strategy in dealing with the growing number of wildfires, its inadequate land appraisals that have led to the "loss of millions" of dollars, and its failure to collect fees from tourist operations in at least three national parks.

But the committee seemed most interested in the loss of billions of dollars in oil and gas royalty contracts in the late 1990s that inadvertently allowed companies to avoid payments. Devaney characterized it as a mistake; he said he found no criminal intent.

Representative Steve Pearce , a Republican from New Mexico, countered that it must have been a "deliberate omission" and called Devaney's report a "great disservice." Devaney said he stood by the accuracy of his report.

Six companies have agreed to pay royalties on the leases for production . But 50 other companies have refused to sign any agreement, contending that the US government is legally bound to the contract.

In Energy Conservation, Calif. Sees Light (WP)

By Steven Mufson, Washington Post Staff Writer

The Washington Post, February 17, 2007

Progressive Policy Makes It a Model in Global Warming Fight

At the height of the 1973 energy crisis, Arthur H. Rosenfeld had a revelation.

Disturbed about having to spend half an hour in line at a gas station one Friday night, the particle physicist calculated that keeping his floor of offices brightly lit all weekend as usual would consume the equivalent of five gallons of gasoline. So Rosenfeld took what then seemed like a bold step: He turned off the lights.

For 30 years, Rosenfeld has been one of the forces guiding California on a mission of conservation. And today the state uses less energy per capita than any other state in the country, defying the international image of American energy gluttony. Since 1974, California has held its per capita energy consumption essentially constant, while energy use per person for the United States overall has jumped 50 percent.

California has managed that feat through a mixture of mandates, regulations and high prices. The state has been able to cut greenhouse-gas emissions, keep utility companies happy and maintain economic growth. And in the wake of the Intergovernmental Panel on Climate Change report on global warming, California serves as a model for other states seeking a similar path to energy reduction. Now California is pushing further in its effort to cut automobile pollution, spur use of solar energy and cap greenhouse gases.

"California really represents what the rest of the country could do if it paid a bit more attention to energy efficiency," says Greg Kats, managing principal at Capital E, an energy and clean-technology advisory firm. "California is the best argument we have about how to very cost-effectively both reduce energy consumption and cut greenhouse gases. And they've made money doing it." Kats estimates that the average Californian family spends about $800 a year less on energy than it would have without efficiency improvements over the past 20 years.

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Today, as an energy consumer, California is more like thrifty Denmark than the rest of the energy-guzzling United States. While the average American burns 12,000 kilowatt-hours a year of electricity, the average Californian burns less than 7,000 -- and that's counting renewable energy sources.

California has managed to cut its contributions to global warming, too. Carbon dioxide emissions per capita in California have fallen by 30 percent since 1975, while U.S. per capita carbon dioxide emissions have remained essentially level.

"If we're going to delay global warming, what we can do in a big hurry is energy efficiency: better cars, better buildings, better industry," says Rosenfeld, who is now a member of the California Energy Commission and who last year won the Energy Department's $375,000 Enrico Fermi Award for his contributions to national energy efficiency. "It's not the whole story. But I think it's at least half the story."

California does have natural advantages. The climate is mild in much of the state, and its high-tech and service sectors are less energy-intensive than older, heavy industry in some other states. However, even accounting for those differences, California has vastly improved its energy efficiency. The growing population and economy are still driving up electricity demand about 1 percent a year, enough to require a new power-generating station every couple of years. But if the state had not changed its pre-1974 trend of electricity consumption, by today it would have needed the equivalent of one nuclear plant every eight miles between San Diego and San Francisco, Rosenfeld says.

The reason for California's success is no secret: Electricity there is expensive, so people use less of it. Thanks to its use of pricey renewables and natural gas and its spurning of cheap coal, California's rates are almost 13 cents a kilowatt hour, according to the Energy Information Administration. The other most-energy-frugal states, such as New Jersey and New Hampshire, charge about 12 cents and 14 cents a kilowatt hour, respectively. Hawaii, which relies on oil-fired plants, tops EIA's list at about 21 cents.

"If the history of energy consumption in the U.S. has taught us anything, it is that cost drives conservation," says Chris Cooper, executive director of the Network for New Energy Choices.

Three of the nation's most profligate users of energy -- Wyoming, Kentucky and Alabama -- have one thing in common: low prices. Their electricity prices range from 5.25 cents a kilowatt hour to 7.06 cents, according to the EIA.

"What's dirt cheap tends to get treated like dirt," Rosenfeld says.

The District, also a wasteful user of energy, has a rate of 10.70 cents a kilowatt hour, only after recent rate increases. Virginia charges average 6.78 cents, and Maryland is at 10.03 cents.

Besides high prices, California has long-standing mandates. In 1974, the state enacted its first building standards for energy efficiency.

In 1976, the governor, Jerry Brown, was looking for a way to make good on his pledge to stop the construction of the proposed one gigawatt Sundesert nuclear plant in Southern California. The answer turned out to be refrigerators -- more efficient refrigerators.

Brown learned, in a meeting with Rosenfeld, who by that time had turned his full attention toward promoting energy efficiency, that California's refrigerators were using the equivalent of five Sundesert plants. A modest improvement in their efficiency would more than offset the need for new power plants, Rosenfeld told him. So the state adopted stringent appliance standards -- before the federal government did -- and staved off construction of the Sundesert plant. The change in California's refrigerators has saved energy equal to all the hydroelectric power produced nationwide, Rosenfeld says.

Next, California adopted an innovative approach to utility regulation called decoupling so that the utilities' profits were no longer linked to simply increasing sales.

Before then, electric utilities made more money when people bought more electricity. So a Midwest utility gave away energy guzzling light bulbs; in California and elsewhere, electric utilities promoted electric stoves or electric water heaters, appliances that run more cleanly and efficiently on natural gas. In December 1973, Rosenfeld had called Pacific Gas & Electric to challenge a newspaper ad the utility was running that said: "Don't mess with the thermostat. You'll use more gas heating your house in the morning than you'll save overnight." Rosenfeld asked the company's research head if he kept his coffee on the stove all night to avoid reheating it in the morning.

In 1982, the state Public Utilities Commission came up with the decoupling idea that would allow utility profits to grow while sales declined. It set separate targets for utility revenue and electricity usage; excess revenue would be returned to consumers; a shortfall in revenue would be added to the next year's consumer bills. Greater efficiency could boost profit margins. Rates are now reviewed every six to 12 months instead of every three years. (A similar approach for natural gas utilities had been adopted in 1978.)

The power companies quickly altered their focus. Now, Rosenfeld says, the state and the utilities spend $700 million a year to promote energy efficiency. "It's cheaper than building power plants," he says. At the moment, the program has expired but is up for renewal.

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California remains the only state to have adopted decoupling, though proposals are pending in seven states.

"There's an element of stability of revenues that is very attractive," said Steve Kline, a vice president at Pacific Gas & Electric. "We don't have those huge swings that other companies do if there is an incredibly cold or hot winter." And that, he added, "is viewed favorably in the financial community."

Some utilities that favor decoupling are getting support from their traditional foes: environmentalists. Ralph Cavanagh, senior attorney for the Natural Resources Defense Council in California, has filed written testimony on behalf of Idaho Power Co., which is asking that state's Public Utilities Commission to implement the practice.

"We have to break the link between their financial health and their electricity and natural gas sales," says Cavanagh. "If their financial health is tied to increasing sales, they're unlikely to be efficiency partners."

Energy-efficiency targets are also built into California's solar promotion program. To qualify for a $2,000 rebate, homeowners must show that their homes beat building standards for energy efficiency by 15 percent or more. Often, a change in the color of a home's roof from black to white can save as much electricity as the new solar panels generate, Rosenfeld says.

Many of these techniques grow out of work Rosenfeld did at the Center for Building Science at the Lawrence Berkeley National Laboratory, which he founded in 1975. Over 20 years, the lab developed a variety of energy-efficiency technologies, including electronic ballasts that led to compact fluorescent lamps and a coating for glass that allows light in but blocks heat from either entering (during summer) or escaping (during winter).

But much of the motivation remains economic. The state's disastrous experiment in electricity deregulation -- deregulating supplies while capping retail prices -- led to a supply crisis and rolling blackouts in 2001. Soon, prices rose; PG&E sought bankruptcy protection.

Many manufacturers complain that the high electricity prices make the state an unappealing place to do business. Since 2001, California has lost 375,000 manufacturing jobs, a 19.9 percent drop that slightly exceeded the nationwide decline of 17 percent. Some firms -- such as Buck Knives, with 250 jobs, or bottle manufacturer Bomatic, with 100 jobs -- moved to states such as Idaho or Utah, where they said expenses, including energy, were lower.

Gino DiCaro, a spokesman for the California Manufacturers and Technology Association, says manufacturing investment is also "stalled" because of uncertainty about how the new legislation authorizing limits on greenhouse gases will affect energy costs.

"We've lost a lot of manufacturing jobs and we can't replace them," says DiCaro. While it's hard to blame the state's high energy costs alone, he says, "we know that . . . energy is one of the largest portions of a manufacturer's operating budget."

But for those homeowners and businesses staying in California, the high prices have provided a big incentive for greater efficiency.

Laura Scher, chief executive of Working Assets, a wireless, long distance and credit card company that donates part of its revenue to socially progressive organizations, said she checked her home's meter every week during the electricity crisis in the summer of 2001 and unplugged her family's second refrigerator. "Part of it is our prices got really high," she said. But she added that California's habits go back much further. "It's sort of a culture to be an energy conserver here," she said.

The Future Of Farming (NYT)

The New York Times, February 17, 2007

Six months ago, it was an even bet whether there would be a new farm bill in 2007. The big commodity farmers, and the interest groups that represent them, were hoping that Congress would simply extend the 2002 Farm Bill, a regressive grab bag for big agriculture. These hopes have now been disappointed. Mike Johanns, the secretary of agriculture, has unveiled his proposals for a new farm bill, which on the whole seems remarkably promising.

Mr. Johanns seems to have little desire to protect entrenched subsidies and a very strong desire to improve the environment. The question is whether Congress will listen to him or to the lobbyists.

The problems with the current farm subsidy system are legion. At home, it drives small farmers out of business and compromises the environment. Abroad, it penalizes third-world farmers and jeopardizes international trade talks.

Mr. Johanns aims to change much of that, first by ending payments to farmers with an adjusted gross income above $200,000. There will also be money for small farmers and growers of specialty crops, loans and grants to poor rural communities and help for young farmers who want to get started in an industry that has grown gray with age.

The bill also calls for $7.8 billion over 10 years to help protect the environment — which makes it the most generous conservation program the Bush administration has offered in the last six years. The bill would make it easier for farmers to enroll in conservation programs and protect conservation acreage from the urge to plow it up when prices skyrocket. The bill could also turn out to be one of the administration's more innovative energy initiatives. Implicitly recognizing that corn ethanol needs no more subsidies, it offers incentives to grow grasses that could be turned into another fuel called cellulosic ethanol.

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There is much to applaud in this bill. Then again, there was much to like about the last farm bill, and we know what happened to that. Congress left many of the old subsidies intact, and failed to nourish the conservation programs. We are hoping the new Congress will have the good sense to reverse the policies that have done so much damage to rural America, and in doing so offer hope to its small farmers.

Stronger CAFE (LAT)

The Los Angeles Times, February 17, 2007

Competing bills to increase auto fuel standards are gaining traction, although some are better than others.

REPUBLICAN SEN. Ted Stevens' resistance to fighting climate change is melting faster than his home state's glaciers. The senior senator from Alaska proposed a bill last month aimed at raising automotive fuel economy standards, in some ways higher than a competing bill backed by such traditional environmentalists as Sen. Barbara Boxer (D-Calif.)

Stevens' about-face on fuel economy (he voted against a bill two years ago similar to the one he just introduced) is welcome, even if many of his proposal's details aren't. Across-the-aisle initiatives like his are part of the reason this Congress stands a good chance of making the most meaningful improvements to the Corporate Average Fuel Economy standards since they were created during the last fuel crisis in the 1970s.

There are several competing fuel economy packages percolating in Congress. Stevens' bill is the least helpful; it calls for a 40 miles per gallon minimum for all passenger cars by 2017 — higher even than the plan by Sen. Dianne Feinstein (D-Calif.) — but it doesn't apply to pickups and SUVs, which are most in need of improvement. It also overreaches by creating a sweeping national trading system for greenhouse gas emissions.

Feinstein's bill, backed by Boxer, calls for automakers' entire fleets to average 35 mpg by 2019 (the current standard is 27.5 mpg for cars, 22.2 for pickups and SUVs, based on the averages of each vehicle sold). Feinstein's bill would do away with the separate light truck standard, which no longer makes sense. Pickups and SUVs were given a pass in the 1970s because at the time they were mostly commercial vehicles and relatively scarce; now that SUVs are commonplace passenger vehicles, there's no reason to give them special breaks.

Improving fuel economy would both reduce the carbon emissions that are warming the globe and lessen U.S. reliance on foreign oil. But would it prove financially unfeasible for Detroit? That's hard to predict, though a University of Michigan study last fall argued that improving fuel economy would actually boost automakers' financial health.

Such conclusions are highly speculative, but it doesn't take a PhD to see that Japanese automakers are growing U.S. market share while their American competitors shrink, at least partly because Japanese cars get better mileage. Japanese automakers would suffer less than Detroit because their lineups already tend not to be as heavily focused on gas guzzlers.

Of the bills on the table, Feinstein's looks to be the most sensible. But any of them would be better than the toothless mandate proposed last month by President Bush in his State of the Union address. Congress is giving Bush's CAFE proposals the attention they deserve: none at all.

FBI/DEA/ATF/USMS:

FBI: No Role In Staging March (ORS)

By Henry Pierson Curtis, Sentinel Staff Writer

The Orlando Sentinel, February 17, 2007

But use of informant at neo-Nazi rally doesn't surprise some

The FBI played no role in staging a neo-Nazi rally last year in Orlando, a statement released Friday says.

Questions about the bureau's possible involvement were raised earlier this week when a hearing in federal court disclosed that a paid FBI informant and member of the National Socialist Movement organized the white supremacist march.

"In no way did the FBI initiate, organize, or sponsor the NSM rally," the statement from the agency's Orlando office says.

The Orlando march, through a predominantly black neighborhood last February, came just months after neo-Nazi marches in Toledo, Ohio, erupted into violence.

The identity of the informant and march organizer, David Gletty of Orlando, came out in a hearing Wednesday concerning the arrests of two white supremacists charged with conspiracy to distribute cocaine.

The suspects were arrested by the FBI with the help of Gletty, 39, who wore a recording device when he agreed to help John Rock, 35, and Tom Martin, 23, impersonate police officers in a scheme to rob black drug dealers, according to testimony.

Rock and Martin remain held without bail in the Seminole County Jail.

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Word that there was an FBI informant at the Orlando march came as no surprise to neo-Nazis, the ACLU or anyone involved with law enforcement.

Many agencies use informants, and in its statement Friday, the FBI explained some of the benefits.

"By the nature of its investigative mission, the FBI . . . must aggressively pursue intelligence avenues that bring it into contact with individuals and/or organizations in unsavory and/or illegal activity," the statement says.

In fact, snitches are so common in the underworld and fringe political movements that almost everyone is suspect.

"If someone starts talking about building bombs, we know right away they're a government agent or an idiot. We don't want either," said Jeff Schoep, head of the National Socialist Movement, in a telephone call from headquarters in Minneapolis. "We have a strict policy with our members to remain 100 percent legal."

Glen Katron, a spokesman for the American Civil Liberties Union's Orlando office, said it would have objected to the FBI's involvement only had the agency tried to restrict the marchers' constitutional rights.

Quite simply, observers say, the world of cops and robbers revolves around often dangerous characters willing to sell out their friends, family and enemies.

"It's kind of a delicate balance," said Boston College Law School Professor Robert M. Bloom. "How much do you allow an informant to do certain things?"

Law enforcement agencies often help informants avoid jail time on minor or nonviolent crimes in return for making cases against more dangerous criminals, Bloom said.

That type of arrangement came out in federal court Wednesday when an FBI agent detailed the bureau's work with its informant, who a defense lawyer identified as Gletty.

FBI Agent Kevin Farrington and Assistant U.S. Attorney Robert Bodnar did not name their informant during that hearing.

But without naming him, Farrington testified under cross-examination that Gletty had been picked up in Alabama last year on a charge of impersonating a police officer. That charge was dropped after Alabama authorities contacted the FBI, even though the FBI did not request special treatment, Farrington said.

Gletty could not be reached for comment Friday.

The FBI has a long history of using informants and occasionally getting burned by them.

One of the most notorious examples was James "Whitey" Bulger, still on the 10 Most-Wanted List in connection with 18 murders alleged to have been committed while Bulger was working as an FBI informant in Boston.

"The costs outweighed the benefits," in that case, Bloom said.

Law enforcement agencies in Orange County spend more than $100,000 a year to buy information, primarily in drug cases, according to interviews Friday.

"All the good stories you get about busts going down are based on informants," said Bill Lutz, head of the Metropolitan Bureau of Investigation, which has used 1,100 informants since 1978.

"Here's the problem: As one of our lawyers once said, 'In order to catch fish you've got to use stinky bait.' They're the bait that allows us to catch the bigger fish."

Henry Pierson Curtis can be reached at 407-420-5257 or hcurtis@orlandosentinel.com.

Legal Sideshow, Not Home Run Hoopla, Follows Bonds (NYT)

By Murray Chass

The New York Times, February 17, 2007

When Babe Ruth broke Roger Connor's career home run record, no one paid much attention. Connor had hit 138 home runs in the 1880s and 1890s, and Ruth passed him in 1921 with little or no fanfare. Much was made of Henry Aaron eclipsing Ruth's record in 1974, but even then probably the most notable thing that happened was that Aaron shoved a box of strawberries in a reporter's face.

But Barry Bonds's threat to Aaron's record of 755 couldn't generate more of a sideshow.

Bonds's pursuit of the record — he needs 22 home runs to break it — is entwined with the issue of steroids. Did he or did he not use them to slug 213 home runs in a four-season span from 2000 through 2003? Or did he just use a good grade of flaxseed oil?

One act of the sideshow was written out of the script when Bonds signed his $15.8 million contract for the 2007 season the other day, 10 weeks after he and the Giants agreed to its terms and two weeks after he first signed it.

A second version of the contract became necessary when the commissioner's office struck an appearance clause from the original version. Bonds became upset by another clause in the contract after it leaked out. That clause says the Giants can void the contract if Bonds is indicted.

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Any indictment would be put together by the United States attorney's office in San Francisco, which has a new interim head, Scott N. Schools, who replaced Kevin V. Ryan. Schools is a career federal prosecutor who previously served as a general counsel in the Justice Department. For now, he will run a San Francisco office that was apparently divided last summer over whether to push right then and there for an indictment of Bonds.

The term of the federal grand jury that was meeting at that point was about to expire, and lawyers involved in the Bay Area Laboratory Co-Operative steroid-distribution case say there was a split among assistant United States attorneys about seeking an indictment before that jury was dismissed. The lawyers said their understanding was that Ryan decided not to go forward.

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Luke Macaulay, the spokesman for the San Francisco office, said Ryan would not comment. Jeffrey Nedrow and Matthew Parrella, assistant United States attorneys in that office who have been involved in the Balco case, declined to comment on the issue of division in the office. Attempts to interview Schools through requests submitted to the public affairs office of the Justice Department and to Macaulay were unsuccessful.

But a federal law enforcement official with knowledge of the San Francisco office, who was not authorized to speak publicly on the matter, did not dispute the notion that an indictment was debated last summer. In addition, Major League Baseball officials said they were told there was at least some sentiment within Ryan's staff to indict Bonds, but that Ryan was not ready to do so.

Michael Rains, a lawyer for Bonds, said he was given the same information.

"It was Ryan who had to pull back," Rains said, "because they didn't have the evidence and they made the decision to try and get additional evidence from Greg Anderson."

Anderson, Bonds's former trainer, has been jailed three times in connection with the Balco case. He served three months after pleading guilty to steroids distribution, and he is now in his second prison term for refusing to testify before grand juries seeking to determine if Bonds lied under oath about steroids use.

Anderson served 57 days on a civil-contempt charge last year and has been in prison for three months, since last Nov. 20, on another contempt charge. This sentence could run for another year, until the term of the current grand jury expires.

Based on Anderson's continued incarceration, the perception is that Ryan felt Anderson's testimony was essential to building a solid case that Bonds perjured himself before the initial grand jury.

Ryan, however, is gone, and it's not known how Schools will view the case.

Will he find that the case against Bonds is strong enough to proceed without Anderson? Will he keep Anderson in jail, hoping he will end his silence? Or will he abandon any effort to indict Bonds?

Asked how the office might proceed, Parrella said: "Without addressing the issue of whether there's a case or a grand jury investigation, typically the new U. S. attorney is the person who ultimately makes decisions on cases."

Mark Geragos, Anderson's lawyer, offered his own idea.

"Any reasonable, rational person at this point would realize that Greg Anderson isn't going to talk," Geragos said in a telephone interview. "Keeping him in there is punitive. They should take a page from the administration letting Ryan go. They should let Greg go."

Bonds also faces possible charges of money laundering, income-tax evasion and violation of banking laws, but Rains said: "This has never had the footprints of a tax case. This has always been about trying to nail Barry for perjury."

Anderson's willingness to remain in jail has prompted speculation that Bonds will take care of him financially. "There's no truth to that," said Geragos, adding that anyone who said that would be accusing Bonds of obstruction of justice.

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The grand jury that is sitting in San Francisco, with its term expected to end next February, is the third in the Balco/Bonds investigation. The Bonds indictment debate would have come toward the end of the second grand jury's term last July.

A debate on whether to indict is not uncommon in a United States attorney's office, said Jerry Johnson, who as the United States attorney in Pittsburgh prosecuted the baseball cocaine cases in 1985.

"That kind of thing happens in U. S. attorneys' offices," he said in a telephone interview earlier this week. Then he explained the philosophy of the man in charge: "My name is on the door, and I will make the final decision. Whether it's declining or going forward on a case, if the U. S. attorney isn't making the final decision, that person wouldn't be doing his job. It's the U. S. attorney's decision, no one else's."

Johnson added, "Oftentimes, it takes as much or more courage to decline a case as it does to bring an indictment."

IMMIGRATION:

Support Swells For Agents Who Shot Drug Smuggler (WP)

By Darryl Fears, Washington Post Staff Writer

The Washington Post, February 17, 2007

Conservatives Lead Movement to Free Ex-Border Patrolmen

Early this week, the Bush administration urged angry conservatives to remain calm over the convictions of two former Border Patrol agents who shot an unarmed Mexican drug smuggler, but petitions for their release continued to flood the White House.

It did not help that one the lawmen, Ignacio Ramos, was attacked by Latino gang members in his cell at the Yazoo City Federal Correctional Complex in Mississippi and beaten bloody. Days after prison officials confirmed the beating on Feb. 8, Department of Homeland Security officials admitted that an inspector general's report erroneously quoted Border Patrol agents as saying Ramos and his partner, Jose Compean, intended to kill Mexicans.

Rep. Tom Tancredo (R-Colo.), founder of the House Immigration Reform Caucus and a presidential candidate, visited Ramos in prison and told him of the movement against his incarceration, including candlelight vigils, rallies, and a storm of criticism on conservative talk radio and television. Rep. Dana Rohrabacher (R-Calif.) threatened to call for impeachment proceedings against President Bush if the agents were harmed in prison, and Sen. Dianne Feinstein (D-Calif.) promised to look into the matter.

John Gage, president of the American Federation of Government Employees, said that the 700 people who will attend the organization's annual convention in Washington on Feb. 25 will "speak with one voice" against the prosecution and conviction of the agents. The union, which represents Border Patrol agents and other federal workers, implored Bush in a letter this month to pardon Ramos and Compean.

"We think this thing has been mishandled from the start," Gage said. "We're meeting . . . with the head of the Bureau of Prisons. I'm going to raise some hell there to find out why these guys are in that particular institution."

According to a report by the DHS inspector general's office, the incident that landed the agents in trouble started on Feb. 17, 2005, when Asvaldo Aldrete-Davila, an admitted Mexican drug smuggler, drove across the border into Texas with 740 pounds of marijuana. He saw Border Patrol agents trailing him, panicked, and drove into a ditch.

During the chase that followed, Aldrete-Davila scuffled with Compean after the agent tried to smack him with the butt of a shotgun. The agents said they saw something in the suspect's hand and feared for their lives, according to the report and court testimony.

A fuselage of bullets from Compean and Ramos missed. Finally, Ramos took careful aim as Aldrete-Davila neared the border and hit him in the buttocks.

After the shooting, the agents collected all shell casings at the scene, threw them away and did not mention the shooting to superiors, a violation of Border Patrol procedures that call for an oral report after a weapon is discharged, according to the report and court records.

Investigators granted immunity to Aldrete-Davila to lure him back across the border. The story he told was corroborated by other officers at the scene, the report said.

In March last year, Ramos and Compean were found guilty of multiple charges, including assault with a dangerous weapon, discharge of a firearm in commission of a crime, and tampering with a crime scene. Judge Kathleen Cardone issued an 11-year prison sentence to Ramos and a 12-year sentence to Compean in October. The agents appealed to a higher court, and their conservative supporters started to pressure Bush to release them.

Since the convictions, a group called Grassfire.org has collected 40,000 signatures on a "Pardon the Agents" petition. Angry congressional Republicans -- including Rep. Ted Poe (Tex.), Rep. Phil Gingrey (Ga.) and Rep. Walter B. Jones (N.C.) -- also wrote Bush to say they are flummoxed over why the government accepted the word of an illegal-immigrant drug dealer over that of government agents.

"There's clearly a lot of interest in this issue," White House spokeswoman Dana Perino said. She said the Bush administration has a policy against revealing the number of letters, petitions and requests it receives on any given matter.

"The president has urged everyone to look at the facts of the case, as they were convicted by a jury of their peers," Perino said. "There is a legal process that every defendant is entitled to, and we should let that play out."

Mexico: U.S. Security Chief In First Visit (NYT)

By James C. McKinley

The New York Times, February 17, 2007

On his first official visit to Mexico, Homeland Security Secretary Michael Chertoff said he considered an expanded guest-worker program for Mexican migrants as key to stopping terrorists and criminals from slipping into the United States. “Every time

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a Border Patrol officer is transporting a load of future housekeepers and landscapers to some place to be returned, he's not looking for drug dealers or drug loads," Mr. Chertoff said after two days of meetings with Mexico's top security officials.

CONGRESS-ADMINISTRATION:

House Advances Minimum Wage Hike (WP)

By Lori Montgomery, Washington Post Staff Writer

The Washington Post, February 17, 2007

The House yesterday overwhelmingly approved a modest package of tax breaks for restaurants and small businesses, moving Congress one step closer to approving the first increase in the federal minimum wage in nearly a decade.

On a vote of 360 to 45, the House agreed to extend and expand credits and deductions to save taxpayers $1.3 billion over 10 years. It would adjust the tax code to increase collections by a similar amount. The measure would also guarantee that restaurant owners could keep a tax credit worth an estimated $500 million over 10 years.

The measure now moves to the Senate, which passed a far more generous $8.3 billion tax package this month under pressure from Republicans who refused to support a higher minimum wage unless it included tax relief for small businesses. Leaders in both chambers were optimistic yesterday that their differences could be resolved after Congress returns at the end of the month from its first break of the session.

"The House tax relief package aimed at the small businesses most affected by the increase in the minimum wage is a good first step, but we can do much better," Senate Minority Leader Mitch McConnell (R-Ky.) said in a written statement. "While I support the more robust Senate package, I know we can create a stronger bipartisan package that provides meaningful benefits to both those who earn the minimum wage and those who pay it."

Both chambers have agreed to raise the minimum wage to $7.25 an hour, from $5.15, over two years. The minimum wage now is the lowest in 50 years when adjusted for inflation, and a raise for the nation's lowest-paid workers is among the top priorities of the new Democratic congressional majority.

At first, House leaders insisted that the Senate approve the minimum-wage increase without adding small-business tax breaks. But that push failed in the Senate, and House leaders quickly reconsidered their position. Leadership aides were uncertain yesterday whether negotiations over the tax packages would take place in a conference committee or by some other method.

The two packages offer similar forms of tax relief, though the Senate bill is far more generous. For example, both packages would extend tax credits for employers who hire former welfare recipients, at-risk youth and other targeted groups, as well as a law that allows small businesses to quickly deduct $112,000 for equipment purchases. However, the House bill would raise the deduction amount to $125,000. And both packages contain specific breaks for restaurants, which employ a large number of the nation's minimum-wage workers.

The bigger difference is in how the each chamber would pay for the tax breaks. The House would close a loophole that permits wealthy taxpayers to shelter income by shifting it to their children. It would also create an accounting gimmick that would get more money from businesses with assets of more than $1 billion in 2012 and then reduce their taxes by the same amount in 2013.

The Senate package, in contrast, squarely targets corporations, executives and other highly paid workers by closing tax shelters, eliminating the deduction for fines and penalties paid in connection with lawsuits and barring executives from placing more than $1 million a year in deferred compensation plans.

Business lobbyists have already chosen sides, with the National Federation of Independent Business and small-business groups supporting the Senate package. The U.S. Chamber of Commerce, meanwhile, is lobbying for the House bill in hopes of killing Senate provisions that it finds objectionable, including the limit on deferred compensation, one of the most popular perks in corporate America.

Tax Breaks Sweeten House Wage Measure (WSJ)

By Sarah Lueck

The Wall Street Journal, February 17, 2007

WASHINGTON -- The House overwhelmingly approved more than $1 billion in small-business tax breaks to be attached to an increase in the minimum wage, paving the way for compromise talks with the Senate over lifting the hourly pay floor for the first time in a decade.

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For the minimum-wage increase to become law, the chambers must meld the House small-business tax breaks with a bigger Senate-passed tax package valued at $8 billion in breaks in 10 years. The challenge: to settle on a tax package that is substantial enough to persuade a sufficient number of Senate Republicans to support a pay raise they say will hurt small employers, yet small enough to appease House Democrats, who initially balked at attaching any tax breaks to the minimum-wage bill.

On top of that, the House and Senate have agreed to work under a budgeting constraint that requires any tax breaks to be offset by revenue increases, so as not to increase the deficit. The Senate's larger tax-break package required an array of offsets that would restrict corporate tax shelters and loopholes and limit executive deferred-compensation plans, among other changes.

Some of those items have been criticized in the House, as well as by some business groups. In fact, many business groups have backed the House version of the wage measure because it avoids some of the more painful offsets, even though it means fewer tax breaks.

To get to the compromise on the size of the tax breaks, the House would likely have to agree to move closer to the Senate's view. Friday, just before the House's 360-45 passage of its small-business bill, Republican Sen. Charles Grassley of Iowa, the ranking member of the Finance Committee, called the House package "puny."

There is common ground on the substance of some breaks. Both the House and Senate bills would extend a credit for businesses that employ disadvantaged workers and a deduction for small companies' equipment expenses.

"I know there are differences between the bills, but I'm confident they'll be worked out," said Sen. Max Baucus, the Montana Democrat who is chairman of the Senate Finance Committee. The bill would raise the minimum wage by $2.10 an hour -- from $5.15 to $7.25 -- over two years.

Even if the House and Senate meet in the middle on the amount of tax breaks, it could be challenging to find $4 billion in offsets that are agreeable to both sides. Key members of the House have criticized some of the larger offsets in the Senate bill: limits on "sale-in, lease-out" tax shelters (SILOs) and "corporate inversions," in which companies reincorporate in a foreign country to avoid paying U.S. taxes on foreign income.

The deferred-compensation provisions have prompted an outcry from business groups much larger than the revenue the measures are estimated to raise, making some in the House question whether it is worth including them.

House Ways and Means Chairman Charles Rangel, a New York Democrat, has said the SILO and inversion provisions are problematic because they are retroactive.

Specifically, the Senate bill would move back the effective date of existing limits and bar companies who used such arrangements from getting tax benefits in the future.

Familiar Problem Stalls Minimum Wage Bill (NYT)

By Edmund L. Andrews

The New York Times, February 17, 2007

WASHINGTON, Feb. 16 — When Democrats campaigned last fall to recapture control of Congress, few domestic issues seemed to have as much winning potential as raising the minimum wage.

Democrats ostentatiously signed pledges to block any pay increase for Congress until it raised the minimum wage. They organized ballot initiatives to raise the state minimum wage. And when they did recapture the House and the Senate, Democrats made it a top priority.

Yet after six weeks in power, the Democratic-led House and Senate have yet to agree on a final bill. The obstacle is the same one that stymied Republicans time after time when they had control: paralyzingly thin margins in the Senate.

On Friday, the House voted 360 to 45 to pass a $1.3 billion tax cut for small business, which will be linked to a bill that would raise the minimum wage to $7.25 an hour from $5.15. But the Senate, where Democrats need Republican votes to prevent a filibuster, has coupled the minimum wage bill with $8.3 billion in tax cuts for small business.

Lawmakers are not expected to reconcile the difference until after their “Presidents’ Day District Work Period” next week, and it remains unclear how difficult those negotiations will be. Further muddying the outlook is a split between small-business groups and big-business groups over which bill to support.

“I would not say we’re surprised at the delay,” said Representative Sander M. Levin, Democrat of Michigan. “But I would say we are chagrined.”

Few lawmakers doubt that Congress will eventually approve the higher minimum wage, which was last raised 10 years ago. The battle is over how much business groups and Republicans can demand in return.

Republican lawmakers have demanded that Congress link an increase in the minimum wage, which business groups have long opposed, to tax cuts that they say would ease the burden for small businesses. House Democrats initially ignored those demands, passing a “clean” minimum-wage bill with no tax cuts last month.

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But Senate Democrats, who needed Republican votes to attain a 60-vote majority to cut off debate, agreed to include $8.3 billion in tax cuts over the next five years.

The Senate tax cuts included a one-year extension of a tax cut that lets small companies write off up to $100,000 a year in equipment spending as well as extensions of tax breaks that allow restaurants and small shops to write off property improvements more quickly.

Those measures have strong support from small-business groups, led by the National Federation of Independent Business. But the Senate bill provoked strong opposition from the United States Chamber of Commerce, which objected to revenue-raising provisions that would have eliminated tax deductions on certain forms of executive compensation and for the cost of settling lawsuits.

The Chamber, which represents both small and large companies, supported the House bill with its smaller tax cut and provided enough political cover for 141 Republicans to join 219 Democrats in voting for passage.

"Bipartisanship is alive and well in the House of Representatives," Representative Charles B. Rangel, Democrat of New York and chairman of the House Ways and Means Committee, declared after the vote on Friday.

Some Republicans were far less enthusiastic than their votes suggested, taking comfort in the fact that they had exacted at least some price for their cooperation.

"The simplest argument in favor of this is that it's got the Chamber's support," said Representative Darrell Issa, Republican of California, who voted aye but complained that the bill was not a "real tax cut" at all.

"They're giving a tax cut to small business but raising taxes on the rich," Mr. Issa said.

One provision, for example, would eliminate a tax break that allows wealthy families to reduce capital gains taxes by shifting some of their income to their children.

Mr. Levin, a senior member of the Ways and Means Committee, said he and most other House Democrats would have preferred to avoid the whole issue of tax cuts.

"It's all about getting 60 votes in the Senate," he said wearily.

Senator Max Baucus, Democrat of Montana and chairman of the Senate Finance Committee, said lawmakers were within weeks of reaching their goal. "I know there are differences between the bills," he said, "but I'm confident they'll be worked out."

Even if the House and the Senate come to agreement, the skirmish over comparatively small tax cuts tied to the minimum-wage bill is likely to be a harbinger of far more vexing battles later this year.

House Passes Minimum Wage Bill With Tax Breaks (WT/AP)

By Associated Press

The Washington Times, February 17, 2007

The House overwhelmingly approved business tax breaks worth $1.8 billion over 10 years yesterday, a key step toward forging a congressional compromise on increasing the minimum wage.

The vote on the tax cuts was 360-45.

Passage of a wage increase for the lowest-paid workers now depends on how quickly the House and Senate work out differences between their tax packages. The Senate tax breaks -- worth $8.3 billion -- are more than four times bigger than the ones passed in the House.

Senate Finance Committee Chairman Max Baucus, Montana Democrat, said House and Senate negotiators could reconcile differences in the bills within two or three weeks.

"The minimum wage provision is going to trump all of this and is going to drive us to get this thing done pretty quickly," Mr. Baucus said.

Under the House bill, small businesses would see an extension in some tax write-offs that are scheduled to expire and would be able to continue to claim a tax credit for hiring disadvantaged workers. The legislation also would ensure that restaurants, which can deduct Social Security taxes paid on tips above the minimum wage, would not be hurt by the wage rise.

The House bill also would raise revenue by closing a loophole that permits wealthy taxpayers to shift income to their children and avoid higher taxes on capital gains and dividends.

The House vote displayed the influence the Senate's Republican minority can have on congressional legislation. House Democrats had demanded a minimum wage bill without any tax provisions. Senate Democrats insisted that without some tax relief, the minimum wage would lose necessary Republican backing.

Senate Republican officials predicted the final tax package would be closer to the House version than the Senate's. Small-business groups have sided with the Senate, but the U.S. Chamber of Commerce is lobbying for the House version.

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The bipartisan agreement behind the House tax package was in stark contrast to the largely partisan debate on Iraq that consumed the House for most of the week. Lawmakers held up the House bill as a model for legislative cooperation. Still, some Republicans complained that Democrats prevented them from offering amendments on the House floor.

Rep. Charles B. Rangel, New York Democrat and chairman of the House tax-writing Ways and Means Committee, said the legislation "should set the tone for the rest of the Congress as we search for common ground and solutions to tough issues."

The minimum wage bill had become the new Democratic majority's first legislative challenge. The $2.10 an hour increase -- from $5.15 to $7.25 over two years -- was a Democratic campaign issue last year and was at the top of the party's legislative agenda. But the bill faltered when House and Senate Democrats disagreed on the need for tax cuts.

With its $8.3 billion tax package, the Senate would extend tax credits and tax write-offs and provide new tax preferences to certain companies. It also would eliminate some tax shelters and add new taxes on lawsuit settlements and punitive damage payments and on deferred compensation packages for higher-paid executives.

"The House package is puny," said Sen. Charles E. Grassley of Iowa, the ranking Republican on the Senate Finance Committee. He called for a compromise that would close tax loopholes, raise more revenue and "help small businesses that sometimes are hurt by an increase in the minimum wage."

Groups representing small businesses, such as the National Federation of Independent Business, prefer the larger Senate bill. The U.S. Chamber of Commerce supports the House bill because it objects to the Senate's revenue provisions, particularly the plan to eliminate deductions for payments in lawsuits.

President Has 2 Moles Removed From His Face (WP/AP)

By Associated Press

The Washington Post, February 17, 2007

President Bush had two moles removed from his left temple yesterday. His doctors say they expect tests on the skin growths to show that they are noncancerous.

The five-minute procedure, called a shave biopsy, was performed in the White House office of Bush's official physician, Richard J. Tubb.

Stephen Krivda, a dermatologist from Walter Reed Army Medical Center, performed the procedure, for which only a local anesthetic was required.

Bush will have a one-inch scab on his temple, spokesman Scott Stanzel said. Test results will be available by the middle of next week.

"The doctors expect that both moles are benign," Stanzel said.

Bush has had several lesions removed before: a precancerous lesion on his left arm in August, a noncancerous skin growth on his neck in July 2005, small lesions from his left shoulder and face in 2004, and others from his face in December 2001. None has been cancerous, but the president has regular checkups to guard against any lesions advancing to a more dangerous stage.

The procedure came about at the president's initiation. On Monday, he showed one mole he noticed to Tubb, who noticed another and recommended that both be removed, Stanzel said.

Controversy Likely To Follow Cheney To Asia (LAT)

By Maura Reynolds, James Gerstenzang

The Los Angeles Times, February 17, 2007

Recent events haven't been kind to the vice president, but ex-aides aren't counting him out.

WASHINGTON — Vice President Dick Cheney is set to depart Monday for a weeklong trip to Asia, and many in Washington are wondering whether he might be grateful for an excuse to high-tail it out of town. The past few weeks have not been kind to the vice president — or at least to his public image.

Last week, a close ally was dressed down by the Pentagon inspector general for skewing intelligence before the Iraq war. The trial of his former chief of staff has depicted the vice president's office as a center of underhanded intrigue. And this week's announcement of a nuclear agreement with North Korea appears to be a repudiation of Cheney's long-term opposition to a deal.

Those events, culminating months of bad news for the conservative wing of the Republican Party, have prompted speculation that the once-formidable vice president — the most powerful in American history — has become a spent force.

But while Cheney's public standing and his approval ratings appear to have suffered, he remains a highly visible presence when it comes to administration policy, both foreign and domestic. And the ultimate source of Cheney's influence, his seemingly unique relationship with President Bush, shows no visible sign of change.

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Mary Matalin, the former senior Cheney aide who still serves as an informal advisor, acknowledged that it might look as if he has lost a few battles in the recent past; but, she said, such public perceptions matter little.

"He doesn't operate in the realm of winner-loser. He's got an audience of one," Matalin said. "The notion that he's lost or gained relative to the audience of one is backed up by not one scintilla of evidence."

Former aides and defenders say that Cheney was never as powerful as his critics feared, and that he is not as diminished now as critics might hope.

"Yes, there has been some ebb in his influence, but that's part of the normal life cycle of an administration," said Stephen Yates, a former member of the vice president's national security staff who now works as an international business consultant. "He wasn't 12 feet tall before, and he's not 2 feet tall now."

For a vice president who put a high value in keeping his profile low and his advice to the president private, Cheney has been anything but invisible.

He has long been — and remains still — the keeper of the conservative faith in the White House. He continues to be an outspoken defender of an administration struggling to fix the centerpiece of its foreign policy, the war in Iraq. And he seems undaunted by a public that expresses dissatisfaction with the overall direction of the country.

Several of those roles were on display Wednesday when the vice president delivered an address to the National Assn. of Manufacturers. He told the largely conservative audience that the president would veto a bill that would set rules for how workers vote for union representation — a bill the group opposes.

Cheney also tossed a bit of conservative red meat to the crowd, noting that a snowstorm overnight had shuttered much of the city. "The good news is, the federal government's shut down today. So everybody's safe," the vice president said. Cheney has held positions in the federal government for most of his adult life, but the audience laughed anyway.

To some extent, Cheney suffers from circumstances of the political calendar: He said long ago that he would not run for president, and the president he serves is a lame duck.

"Political history would say that vice presidents who have no [political] ambition become lame ducks even earlier" than their presidents, said Paul C. Light, a New York University professor who has long studied the vice presidency.

Moreover, many of Cheney's administration soul mates are no longer on the job.

Former Secretary of Defense Donald H. Rumsfeld was forced to resign last fall. Cheney's former chief of staff, I. Lewis "Scooter" Libby, stepped down after he was indicted on charges of lying to investigators probing a leak of classified information. Former Undersecretary of State John R. Bolton has left the administration after serving as temporary, unconfirmed U.S. ambassador to the United Nations.

Several former Cheney aides said the vice president's staff had lost influence within the White House. His current chief of staff, David S. Addington, does not have the same status as Libby, who held multiple positions including "assistant to the president," which gave him a seat in more White House meetings.

And on Capitol Hill, congressional Republicans lament the departure of Cheney's former legislative aide, Brenda Becker.

"His personal influence hasn't diminished, but at the staff level, the office of the vice president isn't as influential as it was," said one former aide who was not authorized to speak about the vice president on the record.

Cheney is scheduled to visit U.S. troops stationed on the Pacific island of Guam and to pay a visit to two allies who have contributed to operations in Iraq: Japan and Australia. The White House announcement said that "the president has asked the vice president to thank these two allies for their efforts in Iraq and Afghanistan."

But already there are complications. News reports from Tokyo have said Cheney would not meet with Japan's minister of defense, who has publicly criticized U.S. policy in Iraq. And in Australia, the visit may turn out to be a liability for Prime Minister John Howard, who is running for reelection. Australian polls show a strong majority disapproves of the war and Australia's contribution to it.

In short, Cheney is unlikely to flee controversy just by leaving Washington. "He's going to Australia. He's going to Japan. He's the go-to guy on the Hill," said Matalin. "And he's taking a lot of incoming."

Cheney Tours With Bush's Confidence (CHIT)

By Mark Silva

Chicago Tribune, February 17, 2007

WASHINGTON -- Vice President Dick Cheney has lost his chief of staff and confidant, who now faces an imminent verdict in a federal courtroom for alleged perjury. And Cheney's party has lost control of Congress, with midterm elections widely viewed as a repudiation of the Bush administration's Iraq war policy.

Yet Cheney has not lost his influence with President Bush, who often has counted on his sharp-tongued No. 2 to launch the most searing offensives against political and administration critics. And, since the retirement of former Defense Secretary

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Donald Rumsfeld and a recasting of the administration, Bush has counted even more on the hardest of his hard-liners to hold the White House line.

Now, with the administration besieged by congressional critics of the war in Iraq yet boasting of sudden progress in a nuclear standoff with North Korea, Cheney will make a weeklong tour of the Pacific. He will offer a nod of thanks to Bush's supporters in the "war on terror," but also pointed reminders of the risks still posed by powers intent on undermining Western democracy.

Delivering speeches throughout the region, Cheney will arrive Tuesday in Japan, which has supported the U.S. effort in Iraq but whose defense minister recently criticized the invasion of Iraq as "wrong." He will close the trip Sunday in Australia, whose prime minister is one of Bush's staunchest allies in the war.

The vice president plans a rally for U.S. troops and a speech aboard the USS Kitty Hawk based at Yokosuka, Japan, the only American aircraft carrier "permanently forward-deployed" and the oldest U.S. Navy ship still in service. He will have another rally for troops at Andersen Air Force Base in Guam en route to Australia.

Japan and Australia "are probably two of the best allies we have anywhere in the world," said one senior administration official, calling Cheney's diplomatic mission a cementing of cherished friendships. Despite some of Cheney's predictions about the American mission in Iraq proving wrong—most notably his assertion in May 2005 that the insurgency was in its "last throes"—he has retained his stature in an administration whose most powerful players have moved, moved on or lost stature. With the movement of Secretary of State Condoleezza Rice from the White House to Foggy Bottom, the demotion of political adviser Karl Rove from his policy role at the White House and the replacement of Rumsfeld after the midterm elections, Cheney has held on to a powerful role.

He has have served four presidents—Richard Nixon, Gerald Ford, and the two George Bushes. But his influence with the current president may be unmatched historically.

"The vice president has always had easy access to the Oval Office in a way that no other vice president ever had," said Mike Green, former director of Asian affairs for the president's National Security Council. And, Green said, Cheney holds a singular role since Rumsfeld's departure.

"He is the president's close confidant and has an opportunity to weigh in on all sorts of issues on ways that the rest of the government never sees… and that hasn't changed," Green said.

When the campaigning president has required attack tactics, Cheney has stepped to the plate. When the wartime president has required someone to confront his critics, Cheney has stood ready with bruising words for the "defeatism" of Democrats willing to retreat in the face of terrorism. "The president and I cannot prevent certain politicians from losing their memory, or their backbone," Cheney said during the 2006 campaign, but "we're going to continue throwing their own words back at them."

Asked in a recent interview with Newsweek magazine if he takes personally the criticism that some have leveled at him, Cheney said, "Well, I'm vice president, and they're not."

In the midst of casual speculation around Washington that Cheney, 66, might not serve out his term, Bush made a point of laying that to rest during an address to the American Enterprise Institute last week. Noting that more than 20 scholars of the conservative think tank have served in his administration, including Cheney, he also noted that "a few have returned to the fold." But, Bush said, "You'll have to wait two more years to get another one to return to the fold. Dick Cheney is occupied."

The vice president has not only enjoyed unprecedented influence with this president, but also has asserted in new and broadening ways the powers of his own office.

Former Vice President Walter Mondale has complained: "One of the problems now is that this vice president… seems to have stepped across a line that we thought was important at the time…. This vice presidency is troubling to me because time and time again we have seen the establishment of almost a parallel national security council" with Cheney filtering information flowing to the president.

Cheney has operated his own national security team, which retired Army Col. Larry Wilkerson, chief of staff to former Secretary of State Colin Powell, has accused of spying on the president's own National Security Council. And Cheney has not only exercised his authority to classify secret information, but also has refused to account for how much information he is classifying. He has asserted an exemption from the annual reporting that the president has demanded all executive agencies make to the National Archives because his role is not merely as an executive officer, but a legislative one as well, serving as president of the Senate.

If predecessors tended to focus on narrow missions, Wilkerson said in an interview with the Tribune, "Along came Dick Cheney, and it's everything. He's got a staff that can stick its nose in anything."

Still, Cheney has lost the trusted aide who once oversaw his national security operation, former chief of staff I. Lewis "Scooter" Libby. He is standing trial on charges of lying to federal authorities investigating the leak of a CIA agent's identity—the

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wife of a former ambassador who challenged some of the White House's rationale for the run-up to the war and accused the White House of manipulating intelligence.

Libby, who initially had said he learned of the relationship from news reporters in the summer of 2003, later testified that the first to tell him of the connection was his boss: Cheney. The trial has shown that others in the administration leaked the information to reporters.

Even with loss of Libby from his office, one knowledgeable insider requesting anonymity said Cheney is his own staff and counsel where it counts most, inside the Oval Office of the Bush White House.

"Yes, there was a separate [national security] staff set up by the vice president, and yes they created a certain mystique," the source said. "But the real power of the vice president was that he could go in and talk to the president about whatever he wanted, and staff didn't always know what he was saying."

An Awkward Plea (NYT)

By Ann Althouse

The New York Times, February 17, 2007

It's hard to ask for a raise, especially when you're a judge. Look at poor Justice Anthony Kennedy supplicating before the Senate Judiciary Committee on Valentine's Day. With stilted locutions — "it's frankly most awkward for me" — he staked out pedantic points about the constitutional scheme of separation of powers, and lumbered toward a conclusion that federal judges need to make more money.

His theory worked the theme of "excellence": unless the pay is good, excellent judges will leave the bench, excellent lawyers and law professors will not accept appointments, and if the judges aren't excellent, they won't be independent, as the Constitution contemplates. (Unfortunately, the Constitution also contemplates the justices' having to beg Congress for a raise, or Justice Kennedy wouldn't have found himself straining through that theory.)

Senator Arlen Specter acted as though he found this all very enlightening. When you come before us, you appear on television, and you're educating the public, he said. But I don't think Kennedy's excellence theory had actually impressed him. It was more that he perceived a segue to the subject he wanted to drag onto center stage.

He had just reintroduced his bill to require the Supreme Court to televise its oral arguments, and he wanted to talk about cameras in the courtroom: think of the profound educational effect of showing the oral arguments; you justices are already going on TV all the time to explain your notions; people get their information through TV, so you ought to let them see the room, see how you operate.

Earlier, Justice Kennedy had brushed off Senator Patrick Leahy, who had convened the hearing by going on about those terrible hotheads who denounce the judiciary, call for impeachment and even threaten violence against judges. Justice Kennedy sounded unperturbed: there should be a public debate about what the Constitution means — it's the people's Constitution — and it might be nice if everyone were rational and respectful, but we're used to the "hurly-burly, rough and tumble" of democracy.

For Justice Kennedy, the real threat to the judiciary is the low pay.

But Senator Specter's Congressionally imposed cameras stirred up the justice. It would change the "collegial dynamic." Justice Kennedy portrayed the justices' interaction with the attorney at oral argument as almost a private undertaking. The justices, who haven't yet talked with each other about the case, "are using the attorney to have a conversation with ourselves," he said. He quickly added: "And with the attorney."

He took a stern tone: "This is a dynamic that works." He pinched his fingers together as if he could forcibly squeeze the Congress out of the Supreme Court's domain. He paused a long time, trying, it seemed, to contain his emotion and find the proper attitude.

He went with abject pleading: "Please, Senator, don't introduce into the dynamics that I have with my colleagues the temptation — the insidious temptation — to think that one of my colleagues is trying to get a sound bite for the television. We don't want that." He had come to beg for more money to reach some idealized form of independence understood as a matter of excellence. And now, here he was fending off the intrusion of the dreaded cameras into his precious collegial conversation. Isn't part of this independence deciding when to let everyone watch them?

Needing to present himself as an excellent judge, Justice Kennedy couldn't say anything intemperate. Think of what he didn't say.

If the pay is low, the judges will be the kind of people who don't care that much about money. They might be monkish scholars, or they might be ideologues who see in the law whatever it is they think is good for us. Justice Kennedy could say that judicial work is satisfying in ways that have nothing to do with money. He couldn't say that we can't trust people who don't care enough about money.

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We need judges who are the kind of solid, common-sense lawyers who factor money into their decisions. These are the same people who take the kind of conventional law-firm jobs that pay a good salary and require the greatest sacrifice to leave.

Low judicial pay should trouble us not because the judges will somehow lack “excellence.” It should trouble us because the law will be articulated by ideologues and recluses.

Rep. Jefferson To Get Homeland Security Seat (WP/AP)

The Washington Post, February 17, 2007

House Speaker Nancy Pelosi (D-Calif.), who yanked embattled Rep. William J. Jefferson off a powerful tax committee last year, has decided to put him on the Homeland Security panel, aides to the Louisiana Democrat confirmed yesterday.

The move infuriated some Republicans, who accuse him of being a potential security risk.

Jefferson has been the subject of an ongoing federal bribery investigation related to a telecommunications deal in Africa. His Capitol Hill office and his homes in Washington and New Orleans have been raided by the FBI, and he was kicked off the Ways and Means Committee last June after affidavits and evidence seized in the raids became public.

Nevertheless, Jefferson won reelection in December to a ninth term, and he has been an outspoken critic of the federal response to Hurricane Katrina. Pelosi's decision to appoint Jefferson to the committee must still be formally approved by House Democrats.

"It sends a terrible message," said Rep. Peter T. King (N.Y.), the committee's ranking Republican. "They couldn't trust him to write tax policy, so why should he be given access to our nation's top secrets or making policy for national defense?

"Members of the committee have access to intelligence secrets, plots here in the country, overseas, and people under suspicion. This shows how unimportant the Democrats think homeland security is," King said.

Jefferson's chief of staff, Eugene Green, called King's criticism "ridiculous and just politics."

"Representing New Orleans as he does, we're very concerned as to what happened in the wake of Hurricane Katrina," Green said. "It's just natural for the congressman to serve his constituents on a committee of this nature."

New Push Grows For FDA Regulation Of Tobacco (WP)

By Christopher Lee, Washington Post Staff Writer

The Washington Post, February 17, 2007

After years of falling short, advocates of requiring the Food and Drug Administration to regulate tobacco are again waging that fight in Congress -- and this time, they say, the odds are in their favor. Really.

A bipartisan group of lawmakers introduced legislation last week to grant the FDA authority over the manufacturing, marketing and sale of tobacco products, including the power to restrict advertising, require stronger warning labels, and regulate the amount of nicotine and other ingredients. The agency would not be able to ban tobacco.

"Congress cannot in good conscience allow the federal agency most responsible for protecting the public health to remain powerless to deal with the enormous risks of tobacco, the most deadly of all consumer products," said Sen. Edward M. Kennedy (D-Mass.), the lead sponsor and chairman of the Senate Health, Education, Labor and Pensions Committee.

"This bill is long overdue," said Rep. Henry A. Waxman (D-Calif.), chairman of the House Government Reform Committee and the lead sponsor in the House. "Despite the fact that cigarettes kill over 400,000 Americans each year, and despite the fact this is the most toxic substance that is sold legally and when used as intended has the potential to kill, there is virtually no regulation of tobacco by the federal government."

Rhetoric like this has been flying around Capitol Hill for years. The FDA claimed the authority to regulate tobacco in the mid-1990s during the Clinton administration, but the effort was challenged by tobacco companies and overturned by the Supreme Court in 2000. What followed were several attempts to pass legislation in Congress, many of which attracted broad-based support -- including from cigarette maker Philip Morris USA. But invariably the bills hit an impasse and died. Legislation to regulate tobacco won approval in the Senate in 2004, but GOP leaders never allowed a vote on it in the House, the bill's supporters say.

Now, with Democrats in control of Congress for the first time since 1994, proponents say the legislation has a far better chance.

"This is the year when we can pass meaningful legislation," said Rep. Thomas M. Davis III, the lead GOP sponsor in the House, whose father died of emphysema.

Sen. John Cornyn (Tex.), the top Republican sponsor in the Senate, said 54 percent of smokers take up the habit before age 18. The legislation "is the best way to address the public health concerns and the marketing concerns we have about children being targeted and addicted to a drug like nicotine," he said.

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The FDA would have the power to end vending-machine and self-service sales, prohibit tobacco advertising near schools and playgrounds, ban fruit- or candy-flavored cigarettes and stop cigarette makers from using claims such as "light" or "low-tar" unless they are scientifically proven.

The White House, generally no fan of expanding government regulation, referred calls to the Department of Health and Human Services, where a spokeswoman said officials were still reviewing the legislation. It is supported by groups such as the American Heart Association and the Campaign for Tobacco Free Kids, and it once again has the backing of market leader Philip Morris USA, maker of Marlboro cigarettes.

"In the long term, it's good for our business if fewer people get sick and die from smoking," said Steven C. Parrish, a senior vice president of Altria Group Inc., Philip Morris's parent company.

But R.J. Reynolds Tobacco Co. plans to fight the legislation, saying it would help entrench Philip Morris's dominant position by limiting advertising opportunities, something Philip Morris denies.

"If you eliminate ways for competition to communicate with an audience, common sense and logic tells you that the primary beneficiary of that is the marketplace leader," said Reynolds spokesman David Howard, who added that the company was open to discussing "reasonable" regulation.

Sen. Richard Burr (R-N.C.) has said he opposes the bill. Another potential roadblock is Senate Minority Leader Mitch McConnell (R-Ky.), whose state is also home to many tobacco growers.

"I am concerned that giving the FDA the authority to regulate tobacco will have a major impact our farmers, therefore, I will closely review the legislation . . . to ensure that it not only protects our children but also the farmers, their families and the communities they support," McConnell said in a statement.

Daniel E. Smith, president of the American Cancer Society Cancer Action Network, a lobbying group, predicted "a heck of a fight with Senator McConnell." But Smith said Cornyn's support should help garner the 60 votes needed to avoid a filibuster in the Senate.

Matthew L. Myers, president of the Campaign for Tobacco-Free Kids, said, "This will be a dogfight because the opposition is well funded and will stop at no end, but it appears there is now a broad bipartisan consensus to push it over the top."

GSA Defends Administrator In Hill Inquiry (WP)

By Scott Higham, Robert O'Harrow, Washington Post Staff Writers

The Washington Post, February 17, 2007

Agency Says Chief Takes Responsibility For No-Bid Order

The U.S. General Services Administration has responded to a congressional inquiry by saying its chief, Lurita Alexis Doan, did nothing improper last summer when she tried to arrange for a study by a company run by a woman with whom she had a "close professional relationship."

In a Feb. 2 response to Rep. Henry A. Waxman (D-Calif.), the agency said Doan was trying to promote diversity when she signed a "service order" for the $20,000 project. That July 25 document was intended to authorize a company, Diversity Best Practices, run by Edie Fraser, to write a 24-page report and analysis concerning the GSA's use of businesses owned by minorities or women.

At the time, GSA contracts worth more than $2,500 had to be competitively bid. The proposed project was terminated in August because it "did not meet government contract requirements," the agency said in its six-page response.

In the response, GSA Associate Administrator Kevin Messner rejected "the implication that her intentions were improper" and said the project was stopped before any money changed hands.

"A procedural mistake was made, discovered and corrected," Messner wrote. "In an initial attempt as new Administrator to champion the cause of small minority, women, and disabled veteran-owned businesses, the Administrator recognized and took responsibility for the mistake."

Waxman, chairman of the House Government Reform Committee, which oversees the GSA, sent a letter to the agency raising questions about the events following a Jan. 19 story in The Washington Post. Waxman asked the agency to produce e-mails and other documents relating to the no-bid order and disputes between Doan and her inspector general's office.

A spokeswoman for Waxman said the committee is reviewing the GSA's response and declined to comment further.

Shortly after she became GSA administrator in May, Doan clashed with the agency's inspector general over budget matters. Last year, the inspector general's office launched its own investigation of the attempted project with Diversity Best Practices.

Doan told The Post in a taped interview last month that she took over the agency in a time of falling revenue and morale. In its response to Waxman, the GSA noted that Doan wanted the inspector general's office to rely on its $43 million budget

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appropriated by Congress and no longer depend on an extra $5 million that came from other GSA divisions. That additional money had been mandated by the White House Office of Management and Budget to help bolster contract audits in 2003.

"What started out as yesterday's benefit to help them out with their budget has turned into today's entitlement," Doan said in the interview.

The GSA's response said that the inspector general refused to identify any areas for possible cuts in its budget, despite an agency-wide push by Doan to reduce spending. Instead, the inspector general's office "demanded a substantial increase in spending" in its budget, according to the response. The $5 million in extra funding is included in the 2008 budget submitted by President Bush, along with an increase of about $4 million for the inspector general's overall budget.

In September, the inspector general's office notified Doan and Fraser of its investigation into the circumstances surrounding the $20,000 no-bid project, issuing subpoenas for e-mails and other documents.

The budget dispute drew a questioning letter on Oct. 20 from Sen. Charles E. Grassley (R-Iowa), then chairman of the Senate Finance Committee. He urged Doan to maintain the inspector general's independence. He said money used to fund contract audits had "saved the taxpayers more than $1 billion over the past two years." Grassley sent a letter yesterday to the Senate Appropriations Committee requesting that money to fund contract audits become a permanent part of the inspector general's budget.

The GSA released a statement yesterday: "The Administrator has only opposed unaccountable and undisciplined spending, not increased oversight. Any characterization of pre-decisional budget discussions that suggests otherwise is simply inaccurate."

After the Post story about the diversity study, Waxman sent Doan a letter requesting further information about possible "procurement irregularities." In its response to Waxman, the GSA said The Post's article was "characterized by inaccuracy and prejudice" and a "mischaracterization of the facts."

A lawyer hired by Doan, John J. Walsh, said in a Feb. 5 letter to The Post that Doan has been a victim of a "push back" by the inspector general's office against her attempt to "reduce wasteful spending throughout the agency, including the OIG."

The GSA called Fraser "the recognized leader" in the diversity field and said Doan reached out to Fraser about the "need for a very short and inexpensive report." Doan said in the interview that she authorized the report to promote GSA's diversity initiatives at the request of Felipe Mendoza, who runs the agency's Office of Small Business Utilization.

The GSA's response said that Doan signed a service order to authorize the work but that no contract was "ever executed."

Walsh said Doan was not "sidestepping" procurement rules but instead had submitted the no-bid order "into the contracting process."

Doan told The Post: "I handed this off, and then that was the last that I worried about it."

GSA staff, including legal counsel, determined that the arrangement did not comply with federal contracting rules.

On Aug. 4, GSA contracting officer Donna C. Hughes wrote to Fraser: "The U.S. General Services Administration (GSA) hereby notifies you that the contract, evidenced by the enclosed Confirmation of Service Order Prepared for GSA, signed and dated July 25, 2006, is terminated in its entirety."

Fraser is president and chief executive of Public Affairs Group Inc., the umbrella company of Business Women's Network and Diversity Best Practices, the division that was to have written the report. At the time of the proposal, Public Affairs Group was owned by iVillage Inc., a subsidiary of NBC Universal Inc.

The GSA response said Doan has a "close professional relationship" but "no personal contractual arrangement with Edie Fraser or Diversity Best Practices of any kind."

The GSA also responded to a question about whether Doan had intervened in the suspension process involving five large government contractors who had paid $66 million to settle fraud allegations that they kept travel rebates that should have gone back to the GSA.

The Post reported that a GSA official had issued letters to the five firms asking them to explain why they should not be suspended or debarred. Under the process, companies can avoid being suspended from government work by accepting responsibility, paying restitution and putting in place remediation plans.

Doan said in the interview that she had not been briefed on what she viewed as an important issue. Doan wrote in a Nov. 10 e-mail to top GSA officials: "If these letters can be stopped until cooler heads can prevail and discuss what the appropriate mechanism is to obtain the information that CAO [chief acquisition officer] requires, that would be best."

The GSA said that Doan was told that a decision had already been made to debar the firms. The GSA said Doan requested a briefing and took no further action.

"It is a distortion to equate a desire to be informed promptly when such decisions are pending with interference in this process," the GSA said in its response to Waxman.

The companies eventually avoided suspension or debarment by agreeing to return travel rebates in the future.

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In addition to Walsh, Doan has personally retained Washington lawyer Reginald J. Brown and media consultant Mark Corallo. A third lawyer for Doan, retired Maj. Gen. Michael J. Nardotti Jr., has requested that the President's Council on Integrity and Efficiency open an investigation into whether the GSA inspector general's office leaked confidential information and documents.

A spokesman for the GSA's inspector general's office declined to comment yesterday.

VA Suspends Some Medical Research (AP)

By Ben Evans

AP, February 16, 2007

WASHINGTON - Veterans Affairs Secretary Jim Nicholson has suspended activities at seven specialized research centers across the country after an unprotected computer hard drive disappeared from one of the facilities in Alabama last month.

In an internal memo obtained by The Associated Press, Nicholson called the department's latest data breach "tragic" and ordered the VA's Research Enhancement Award Programs to shut down until they are certified as meeting security standards.

The research centers focus on studies involving large amounts of data. The center in Birmingham, called the Deep South Center on Effectiveness, collects data for improving quality of care.

Writing to VA's top management on Thursday, Nicholson also said the department would begin unannounced inspections at VA sites nationwide.

"It is now clear to me that there are still too many VA employees, both in senior positions and elsewhere, who either still do not comprehend the seriousness of this issue, or who consciously disregard its seriousness," he wrote.

Nicholson has come under sharp criticism on Capitol Hill in the past year over a series of computer security failures that put sensitive personal information for millions of veterans at risk.

In the latest incident, a backup hard drive containing data such as Social Security numbers for up to 1.8 million veterans and physicians was reported missing Jan. 22 from a research site in Birmingham, Ala.

As a federal investigation proceeds, officials have remained tightlipped about the case. But in the letter, Nicholson wrote that the employee was a research assistant and the hard drive may have been stolen. The VA acknowledged earlier this week that the hard drive was not encrypted, a violation of the department's policy.

"This represents a failure of leadership in overseeing data security at Birmingham _ a failure that may be widespread throughout our Department," Nicholson wrote.

VA officials have said the data on the missing hard drive, including for some 1.3 million non-VA physicians across the country, was being used for a study.

Similar sites are in Portland, Ore.; Denver, Colo.; East Orange, N.J.; San Francisco, Calif.; White River Junction, Vt.; and San Antonio, Texas.

VA spokesman Matt Burns confirmed the letter Friday. He said the security reviews would be expedited but that it is unclear how long the research would be interrupted.

"The benefits of any research must be weighed against the importance of protecting the information that's being used," he said.

The Birmingham disclosure comes after a string of similar incidents recently, including the theft last spring of data on 26.5 million veterans from a VA employee's home in Maryland.

In auditing the department's security procedures last year, federal investigators found weak management and lax rules.

Nicholson said in August the agency would upgrade its computers with encryption technology, making data unreadable for unauthorized users. The department also recently hired an outside firm to improve employee practices.

House Veterans Affairs Committee Chairman Bob Filner, D-Calif., said this week he plans to hold a hearing on the Birmingham incident later this month.

Rep. Artur Davis, D-Ala., called Nicholson's actions "good steps" but said the memo underscores the need for legislation strengthening data requirements at government agencies.

Work Suspended At Veterans Research Centers (NYT/AP)

By The Associated Press

The New York Times, February 17, 2007

Veterans Affairs Secretary Jim Nicholson has suspended activities at seven specialized research centers across the country after an unprotected computer hard drive disappeared last month from one of the facilities in Birmingham, Ala. In an internal memorandum, Mr. Nicholson called the department's latest data breach "tragic" and ordered its Research Enhancement Award Programs centers shut down until they were certified as meeting security standards. The Alabama center, called the Deep

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South Center on Effectiveness, collects data for improving care. Writing to the department's top management on Thursday, Mr. Nicholson also said unannounced inspections would begin at V.A. sites nationwide.

Earmarked For Death (WSJ)

The Wall Street Journal, February 17, 2007

You know the culture of spending on Capitol Hill is in bad repute when even legendary appropriator Robert Byrd of West Virginia is condemning earmarks. This week Mr. Byrd proclaimed on the Senate floor that the just-completed 2007 budget "does not, does not, N-O-T, include earmarks. We eliminate over 9,300 earmarks."

We're about to find out if he and his comrades really mean it. On Thursday, White House budget director Rob Portman issued little-noticed guidance to all federal departments and agencies that no Congressional requests for spending should be accommodated unless they are "specifically identified in statutory text" -- which is to say, the law.

This may sound like it ought to be regular practice, but it's a revolution in the Beltway. That's because, in order to dodge the legislative earmark limits that Mr. Byrd has been bragging about, Members have been speed-dialing executive branch officials and asking them to fund their specific earmark requests out of agency budgets even though they were purged from the larger budget bill. This Congressional lobbying can be hard for the average federal bureaucrat to refuse, since he doesn't want to offend those on Capitol Hill who control his budget. Mr. Portman's directive is intended to stiffen these backbones against such Congressional extortion.

If the attempt succeeds in reducing earmarks, this means the Fiscal 2007 federal budget could have the fewest number of these pork-barrel projects in many a year. By the way, thanks to efforts late last year by GOP Senators Jim DeMint of South Carolina and Tom Coburn of Oklahoma to block a last-minute bipartisan spending splurge, the 2007 budget holds overall federal appropriated spending to the rate of inflation; recent years have often seen three times that.

The budget does still contain a few spending tricks. For example, it moves $3.1 billion to finance obsolete military base closings in order to pay for such Democratic priorities as Pell grants and global AIDS funding. Closing bases would save money in the long run and the money is supposed to finance the Base Realignment and Closure process that Congress approved.

But all told, the Fiscal 2007 is a change for the better. If the executive branch follows the new White House guidance, we could come remarkably close to the miracle of an "earmark-free" year. We assume Senator Byrd will applaud.

OTHER NEWS:

Sharp Drop In Housing Starts Adds To Fear Of Wider Economic Impact (WSJ)

By Jeff Bater, Brian Blackstone

The Wall Street Journal, February 17, 2007

A sharp drop-off in new-home construction is adding to concerns that the housing downturn's impact could linger well into this year and eventually seep into the wider economy.

Builders slashed construction of new homes last month to the lowest level in nearly a decade, a move that underscores the severity of the sector's slump and signals it will likely continue to be a drag on the economy at least through midyear. The slip in homebuilding last year subtracted more than 1 percentage point from inflation-adjusted economic growth over the second half of 2006.

Monthly home-construction readings are volatile and prone to weather-induced fluctuations, and last month's plunge may somewhat overstate the market weakness. But signs of deterioration in riskier segments of the home-mortgage market, along with stagnant or declining home prices in many parts of the country, provide additional reason for concern.

The plunge in new homebuilding activity in January -- down 14.3% from December and 37.8% from January 2006 levels -- could eventually hasten a recovery by reducing the overhang of unsold homes, however.

So far, the weakness in housing has yet to spill over significantly to consumer spending, the dominant driver of U.S. economic growth. Instead, it has slowed the pace of expansion just enough to reverse last year's inflation surge. Still, the possibility of further deterioration in the sector this year remains a primary risk to economic growth -- particularly if it is accompanied by rising loan defaults or a broad tightening of credit standards.

So far, defaults and late payments have remained very low on prime mortgages, which are made to lower-risk borrowers and account for the bulk of home loans. But late payments have risen swiftly over the past year on subprime mortgages -- those made to risky borrowers with spotty credit histories -- and on "Alt-A" mortgages, a category between prime and subprime which includes many loans for which borrowers haven't documented their income. According to trade publication Inside Mortgage Finance, 13% of mortgages outstanding are subprime.

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In November, payments were at least 60 days overdue on 12.9% of subprime loans packaged into mortgage securities, up from 8.1% a year earlier, according to First American LoanPerformance, a research firm in San Francisco. For Alt-A loans, the delinquency rate jumped to 2.1% in November from 1.1% a year earlier.

The upsurge in late payments and delinquencies has created turbulence among subprime lenders, and some large banks that bought subprime loans a couple of years ago have been pressuring subprime-mortgage lenders to buy them back. In its most recent survey of senior loan officers, released last week, the U.S. Federal Reserve found that some banks are getting more stringent to guard against this threat of defaults. About 18% of domestic banks reported that they had tightened credit standards on residential-mortgage loans over the past three months, the Fed said, adding that this was "the highest net fraction posted since the early 1990s."

But Fed officials and many other economists say the problems in subprime lending aren't severe enough at this point to significantly hamper economic growth. Doug Duncan, chief economist of the Mortgage Bankers Association, a Washington-based trade group, said only 6% of homeowners have subprime, adjustable-rate mortgages. Even if one-tenth of these end up in foreclosure -- the peak hit after the 2001 recession -- Mr. Duncan said that "it's hard to see how that can be a macroeconomic event."

Concern would rise if troubles spread further among lower-risk borrowers and lead to more defaults of Alt-A mortgages.

Another risk is that many subprime loans were made to buy houses in high-priced areas, which may be more vulnerable to price declines. Any widespread delinquencies on these loans could result in lenders seizing the underlying homes and dumping them on the market. That could exacerbate the industry's inventory problem, which has already put downward pressure on prices and forced builders to increase discounts and incentives.

Torn between yesterday's housing report's implications of slower growth and diminished inflationary pressure -- which makes additional interest-rate increases less likely -- stocks were virtually unchanged yesterday. The Dow Jones Industrial Average rose three points to close at 12768.

Pat Moroney, who heads the Phoenix division of Standard Pacific Homes, a California-based home builder, said sales-cancellation rates in Phoenix soared as high as 70% at times last year, and averaged 50% for the year as a whole. The company has been offering incentives to potential buyers between $15,000 and $100,000 to help move unsold homes in some markets, up from $5,000 to $10,000 in 2005.

"We worked pretty hard to get through our backlog" of unsold homes, Mr. Moroney said. "We've pushed a lot of cancellations through." In January, the cancellation rate fell to 32%, he said.

Given the stockpile of unsold homes, many industry officials and economists greeted the sharp drop in new-home construction last month as welcome news. "I think it's a positive indicator," said Ara K. Hovnanian, chief executive officer of Hovnanian Enterprises Inc., a large home builder based in Red Bank, N.J. He said the figures reflect a decrease in new-home orders over the past year and will help builders clear their inventories, paving the way for a gradual recovery to begin later this year.

Economists say the sooner builders cut back, the sooner a rebound can occur. "We look at this number, and it makes us a bit more optimistic about when we're going to see a recovery," said Todd Vencil, a housing analyst at BB&T Capital Markets in Richmond, Va.

Meanwhile, the industry's continuing supply adjustment is likely to continue to affect the broader economy. Dave Seiders, chief economist at the National Association of Home Builders, predicts that the cut in residential investment will shave one percentage point from the economy's inflation-adjusted growth rate in the first quarter, more than he was anticipating late last year.

"Now we're talking about a heavier hit," he said.

Job losses in the sector are also likely to mount. Zoltan Pozsar, an economist at Moody's Economy.com, said 170,000 housing-related jobs have been cut since April 2006. Luckily, the rest of the economy has added nearly 1.78 million jobs over that span, and the labor market continues to boost wages and provide support for increased consumer spending.

Separately, the Labor Department said wholesale prices fell 0.6% last month and was only 0.2% higher than a year ago, another indication of ebbing inflation concerns. And the University of Michigan said consumer sentiment slid to 93.3 in early February from 96.9 at the end of January.

January Housing Starts Dive (WP)

By Howard Schneider, Washington Post Staff Writer

The Washington Post, February 17, 2007

Lowest Figure in a Decade Sparks Concern Over Overall Growth

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Housing starts dropped to their lowest level in nearly a decade last month, and permits for new construction also declined, pointing to continued weakness in a sector of the economy that can drag down growth overall.

The Commerce Department reported yesterday that the pace of home building dropped more than 14 percent in January compared with the month before, to a seasonally adjusted annual rate of 1.4 million houses. That's the slowest annual rate since the late 1990s. Permits for new construction fell to a seasonally adjusted annual rate of 1,568,000 -- a drop of 3 percent from the prior month and more than 28 percent from the year before.

The release of the government statistics followed a study by the National Association of Realtors showing that home prices in about half of the country's metropolitan areas fell in the last three months of 2006 compared with the year before -- the first time the group documented such a decline in the 28 years it has collected data.

The Washington area was among the losers: The average price of homes sold in the last three months of 2006 fell 2.6 percent, to $421,600, compared with the year before.

Collectively, the statistics undermined gains posted at the end of last year, when an increase in permits and housing starts and rising demand for homes led some to conclude that the housing slump was beginning to abate. With a large inventory of unsold homes on the market, however, the latest reports will likely renew concern that weakness in the housing market could cause broader problems.

While housing starts alone aren't necessarily a good predictor -- weather can drive the number up or down in deceptive ways -- a renewed decline in housing permit applications supported a "bearish" outlook for growth in coming months, said Ian Shepherdson, chief U.S. economist for the High Frequency Economics consulting firm.

The housing data are positive in one sense: They are likely to reinforce the view that the risk of inflation will remain moderate in coming months, a conclusion supported by another new report showing that the wholesale prices paid to producers fell in January. Lower energy prices and a decline in auto and truck prices led that 0.6 percent decrease.

The deepening slump in housing could have broad implications for the economy. Rising home values have been an important component of economic growth in recent years, giving homeowners a sense of increased wealth and emboldening them to tap the equity in their homes to pay for improvements and renovations, and other major expenses such as college tuition.

Historically low interest rates provided an added incentive to spend.

With interest rates now higher and the real estate market stagnant, some analysts expect consumers to reverse course and clamp down.

However, David Lereah, the chief economist for the Realtors' association, said he felt the group's recent price study caught the housing market at its low point.

"This information confirms 2006 was the year of contraction, and hopefully the fourth quarter was the bottom of this current business cycle," Lereah said in a written release accompanying the report.

Housing Starts Fell Sharply In January (NYT)

By Jeremy W. Peters

The New York Times, February 17, 2007

The predicted bottoming-out of the housing market appears, for now, to still be just a prediction.

The Commerce Department said yesterday that construction of new homes in January slowed to the lowest rate in almost a decade. And in a sign that the months ahead could hold further gloom for the residential real estate market, the number of building permits issued last month also declined.

The seasonally adjusted annual rate of home starts dropped 38 percent compared with a year earlier, to 1.4 million in January, meaning that builders would start construction on only 1.4 million new homes this year if that rate continued. That compares with a rate of 2.3 million in January 2006. The number of building permits authorized fell to a rate of 1.6 million, from 2.2 million a year earlier — a 29 percent decline.

Economists said that some of the decline could be attributed to the weather — January was the first month this winter that was cold enough in many regions of the country to disrupt construction. But economists seemed to agree that most of the drop-off in residential construction indicated that builders were pulling back from a market that was oversaturated with unsold homes and short on buyers.

“I don’t think this is a weather story,” said David Seiders, chief economist of the National Association of Home Builders. “I think this is real stuff. The question is, Where is the real bottom for starts and permits?”

The Northeast was the only region where construction did not decline. Builders there increased construction by 9 percent, compared with December.

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The sharpest drop was in the West, where construction declined 29 percent. In the Midwest, construction fell 15 percent; in the South, it dropped 12 percent.

The sharp decline in January followed two month-to-month increases in new-home construction. Those numbers, combined with some encouraging mortgage application data and other signs of tentative improvement in housing, led some economists to conclude that the worst of the slump had passed. But the new statistics contradicted that notion.

"People started getting a little too excited," said Richard F. Moody, chief economist of Mission Residential, a real estate investment firm. "Over the longer term, the outlook for housing is fairly positive. But it's going to take us some time to unwind the excess buildup."

To help shrink the growing backlog of unsold homes, builders are increasingly paying closing costs and offering other incentives like free vacations. In January, 52 percent of builders surveyed by the home builders' association said they were paying closing costs. When the housing market was at its peak in 2003, as few as 10 percent of builders said they were doing so.

Because new homes account for only about 15 percent of all homes sold in the United States each year, some economists have pointed to signs of improvement in the market for previously owned homes as evidence that the housing downturn is stabilizing. The sales rate for existing homes rose in October and November, and was down less than 1 percent in December.

This week, Ben S. Bernanke, the Federal Reserve chairman, told Congress that "some tentative signs of stabilization have recently appeared in the housing market." He also noted the rather limited impact the slump had had on the rest of the economy.

Boom In The Mountains Creates A Housing Shortage (NYT)

By Jim Robbins

The New York Times, February 17, 2007

BIG SKY, Mont. — The Big Sky region, just north of an entrance to Yellowstone National Park, has boomed in recent years, attracting skiers and other outdoor enthusiasts and fueling a construction and employment boom.

But soaring land prices and building costs have put the price of housing far beyond the reach of many new resort and construction workers.

Faced with a severe housing shortage for its workers, at least two resorts, the Yellowstone Club and Big Sky Resorts, picked an unusual solution. Each bought a motel it intended to continue operating for travelers, as well as for housing workers and contractors.

With its purchase of the Whitewater Inn, formerly a Comfort Inn, Big Sky Resorts picked up 56 rooms.

"We're a growing resort with 900 staff, and we want to attract the best staff," said Dax Schieffer, public relations manager for Big Sky Resorts, which is owned by Boyne U.S.A. "The plan is to have the employees stay here during peak season."

The Yellowstone Club is the new owner of Buck's T-4 Lodge, a 72-room motel just up the road from the Whitewater Inn.

The owner of the Yellowstone Club, Tim Blixseth, said his company had 500 employees and 1,000 subcontractors. Using Buck's to help house them will help reduce the "couple of million" dollars a year that the company spends for buses and mileage.

"It was a good strategic buy for us," Bob Sumpter, vice president for real estate development for the company, said. "We do not plan to change the operation one iota."

Both companies said workers would receive discounts on rooms, which rent for $100 to $150 a night depending on the season. Who gets those discounts and how much they amount to depend on what a worker's "job is and how much we need them," Mr. Schieffer said.

Many workers are choosing to double or triple up to save money, which can make for lively, if cramped, quarters.

Isabella Silva of Belo Horizonte, Brazil, lives in a Whitewater Inn room with three young male co-workers from Brazil. Each pays $230 a month for the crowded living space that is mostly taken up by three beds and a mattress on the floor. Ms. Silva and her roommates do most of their cooking in microwave ovens; they have wireless Internet and access to the motel pool and waterslide.

"These boys, oh my," Ms. Silva, 21, said shaking her head and smiling. "But it's O.K. We work most of the time. So we don't spend much time in the room."

Mr. Schieffer said he did not think that guests would mind sharing space with employees.

"I'd like to think everyone can get along," he said. "You don't say, 'Employees, don't go here,' or, 'Don't go there.' "

Instead, he said: "It's self-segregating. It works itself out."

Lots that sell for more than $200,000 today were going for a fifth of that three years ago, and construction costs run $700 or more a square foot, compared with $100 to $200 in most Montana cities.

Compounding the problem is the region's location, which is awkward to accommodate the boom. Big Sky is 32 miles southwest of Bozeman.

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But the two-lane road between the two runs through a narrow canyon that is ice covered and treacherous in winter.

An estimated 1,500 cars commute back and forth each day.

"They all have to drive from Bozeman every morning and back," Cathy Gorman, a real estate broker here, said. "It's bizarre, and it's dangerous. We've had a lot of deaths on that road."

Public transportation is infrequent. The Yellowstone Club runs four or five buses a day between here and Bozeman.

Ms. Silva said she and many other workers took the ski bus to Bozeman at the end of a day and shopped all night at the Wal-Mart store there because there was no bus back until morning.

As a result, housing at the mountain resorts is the best option for many.

Kyle Zimmerman, born in Chicago, just moved from a two-bedroom condo crammed with skis, clothes and furniture that he shared with four other people.

The monthly rent was $1,300 plus utilities, and Mr. Zimmerman, who has two jobs, including one at a pizzeria, paid $200 for the right to sleep in a closet.

"To make it affordable, you have to cram people in," Mr. Zimmerman, 22, said. "It was all right for a year."

His replacement in the closet? "The guy that had the couch."

Not surprisingly, Mr. Zimmerman applauded the resorts' buying the motels.

"Every year, I hear there's going to be new employee housing, but it never happens," he said. "You've got to put them somewhere."

Humpty-Dumpty Housing (NYT)

The New York Times, February 17, 2007

There is no sugarcoating the latest news on the United States housing market. The slump in home prices from the end of 2005 to the end of 2006 was the biggest year-over-year drop since the National Association of Realtors started keeping track in 1982. There are no reasons to believe that's the worst of it.

Prices fell in 73 of the nation's 149 major markets in the last quarter of 2006, compared with 45 declining markets in the third quarter, revealing a downturn that is not only deep but wide.

At the same time, the number of existing-home sales declined in 40 states, with precipitous drops in previously red-hot markets like Arizona, Florida, Nevada, California and Virginia.

On top of that, a glut of unsold homes virtually ensures that prices will fall further before sales pick up. At the end of 2006, the vacancy rate for family homes was the highest it has been since the Commerce Department started keeping records in 1956.

Yet it came as a shock to many economists yesterday when the government reported that construction of new homes fell in January by 14.3 percent. The consensus forecast had been for a drop of less than 3 percent.

The bust will slow job growth this year in construction and related industries and with it, consumer spending. The severity of these economic side effects will depend on the strength of the overall job market and the stability of interest rates — both of which are anybody's guess.

Squarely in harm's way, however, are low- and middle-income homeowners, many of whom have mortgages with rates that are due to adjust upward this year and next. With delinquencies already surging, it is inevitable that a combination of higher mortgage payments and weakening home prices will cause many homeowners to default.

Lenders and regulators should prepare to do all they can to help. During the housing bubble, regulators stood by as mortgages were extended to borrowers with poor or no credit and little or no money for a down payment. Now that delinquencies and defaults are rising, lending standards are being tightened dramatically. That will make it harder for many existing homeowners to refinance their loans, thus hastening defaults. Lenders and regulators must use the utmost flexibility in applying the new standards. They got marginal buyers into the homes in the first place. They should now make every effort to keep them there.

Stocks End Week Mixed On Weak Economic Data (WSJ)

By Joanna L. Ossinger

The Wall Street Journal, February 17, 2007

Stocks took a breather after three straight days of gains, lagging most of the day, but pulled a quick move higher in the last hour to virtually break even.

Weaker-than-expected economic data and comments from Microsoft's chief executive indicating some revenue expectations were too high hurt the major indexes.

The Dow Jones Industrial Average rose 2.56 to 12767.57, hitting a record for a third straight day with its late move into the black. The S&P 500 lost 1.27 to 1455.54, and the Nasdaq Composite Index was off 0.79 to 2496.31.

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Small stocks and the broader market showed their strength. The Russell 2000 added 2.72 points to close at a record 818.15, and the DJ Wilshire 5000 ended at 14733.61, up 1.71 to a fresh seven-year closing high.

The major indexes all finished the week with gains of more than 1%. The Dow's weekly advance was its biggest in three months, and the index is up 2.4% year-to-date. The Nasdaq is up 3.4% on the year, and is 6.51 points off its six-year high, which was clocked on Jan. 12. The S&P 500 has advanced 2.6% so far this year.

Markets were rattled early Friday, after the Commerce Department said January housing starts plunged by 14.3% to a seasonally adjusted 1.408 million annual rate, the lowest point in nearly 10 years. Wall Street expected a 2.6% decline.

Timothy Rogers, chief economist at Briefing.com, said investors shouldn't make too much of the decline. "The volatility is expected," he said, particularly with weather turning worse in January after a mild start to the winter. Mr. Rogers said he was "looking for a stronger pace come the spring buying season."

The preliminary University of Michigan consumer-sentiment index declined to 93.3 in mid-February, from 96.9 in January. Economists had expected a smaller drop.

Also, Chicago Federal Reserve President Michael Moskow said in a speech that he thinks "the risk of inflation remaining too high is greater than the risk of growth falling too low," but his words seemed to have little effect on markets that just spent two days hanging on Fed Chairman Ben Bernanke's words.

"It's likely almost an overt effort by Fed members" to do a balancing act on the signals they send, said Delta Global Advisors Chief Technical Strategist Bruce Zaro.

The Labor Department said the producer price index for finished goods fell 0.6% in January, after rising 0.9% in December and 1.8% in November. The core PPI, which excludes volatile food and energy prices, increased 0.2%. The numbers matched economist forecasts.

"The pressure on prices is somewhat muted now," Mr. Rogers said. He expects to see a gradual slowing of "contained growth." He noted that the next major economic release will be the Wednesday announcement by the Department of Labor on the January consumer-price index.

Big movers among Dow components included DuPont and Merck, up 1.4% and 0.9% respectively; Boeing, off 0.8%; and Pfizer, down 0.9%.

Microsoft shares slipped 2.4% to $28.74 after Chief Executive Steve Ballmer said some analyst revenue views for Vista might be too high considering what expectations are for personal-computer sales growth.

Continuing the flurry of merger-and-acquisition activity, Spain's Banco Bilbao Vizcaya Argentaria agreed to purchase Compass Bancshares for about $9.6 billion. The deal would give13 the Spanish bank substantial new heft in Texas, a market it has identified as a place for major expansion because of the flow of money between the U.S. and Mexico. Compass shares rose 6.5% to $70.70, while BBVA lost 2.5% to $25.57.

"There's a lot of cash out there, and I think investors are being relatively rational" with the premiums they expect from takeouts, said Jason Goepfert, chief executive of Sundial Capital Research. "I don't think there's speculative fervor" at this point.

Notable movers among other stocks included Sprint Nextel, which rose 2.1%, and Qualcomm, which sprang 2.9% higher. Qualcomm's MediaFlo system for broadcast mobile TV has been winning customers, and this week Oppenheimer upgraded the company to "buy" from "neutral."

A report in industry publication Automotive News suggested General Motors was in talks to purchase Chrysler Group. Chrysler parent DaimlerChrysler was up 4.4% to $73.33; GM slipped on the news, but recovered, ending 0.3% lower. Ford Motor, one of the most actively traded stocks on the NYSE, tumbled 0.8%.

Mills Corp. declined 4.6% to $25.48 after the real-estate investment company agreed to be bought by Simon Property Group and Farallon Capital Management for $25.25 a share.

Crude-oil prices added $1.30 to $59.29 a barrel as the U.S. government warned about an escalation of militant attacks in key producer Nigeria. OPEC's new secretary general said he feels the market is "stable."

In major market action:

Stocks broke even.14 On the New York Stock Exchange Thursday, 1,664 stocks advanced and 1,648 declined on volume of 1.36 billion shares.

Bonds gained.15 The 10-year Treasury note rose 4/32, or $1.25 for every $1,000 invested, yielding 4.69%. The 30-year bond was up 9/32, yielding 4.788%.

The dollar strengthened slightly.16 The euro was at $1.3139 from $1.3145 at Thursday's close. The dollar was at 119.35 yen from 119.22 yen late Thursday.

Treasury Prices Climb On "Comforting" Data (WSJ)

By Laurence Norman

DOJ_NMG_0134275

The Wall Street Journal, February 17, 2007

Treasury-bond markets chalked up gains Friday, with prices rising modestly on weaker-than-expected housing and consumer-confidence data.

The benchmark 10-year note was up 4/32, or $1.25 per $1,000 face value, at 99 16/32. Its yield fell to 4.69% from 4.706% Thursday, as yields move inversely to prices. The 30-year bond rose 9/32 to 99 13/32 to yield 4.788%.

Morning gains briefly took the 10-year note's yield down to 4.66%, its lowest level since Jan. 10, before it reversed course in a short session. U.S. bond markets closed early Friday ahead of the Presidents Day weekend.

The data, including weak housing starts and soft consumer-confidence numbers, were "comforting" for bond markets, said John Spinello, Treasurys strategist at Jefferies & Co., indicating that housing "will continue to be a drag on the economy."

Mr. Spinello said there has been a string of weaker economic data in recent days which, alongside this past week's remarks from Federal Reserve Chairman Ben Bernanke, had helped the 10-year Treasury yield fall some 0.12 percentage point since Wednesday morning.

Investors read Mr. Bernanke's testimony to Congress Wednesday and Thursday as being less aggressive on the possibility of further Fed rate increases than they had feared.

Crude-Oil Prices Near $60 On Concerns About Nigeria (WSJ)

By Masood Farivar

The Wall Street Journal, February 17, 2007

Oil futures rallied 2.4% and climbed above $59 after the government warned about more militant attacks in Nigeria and the Organization of Petroleum Exporting Countries' secretary-general said producers were showing compliance with the group's new oil-production target.

The rally followed a volatile week in oil markets and came as traders closed bets on lower prices ahead of the long weekend. Floor trading on the New York Mercantile Exchange is closed Monday for Presidents Day, but electronic trading on the Chicago Mercantile Exchange's Globex platform will be available.

The front-month March crude-futures contract on the Nymex jumped $1.40 to $59.39 a barrel, a sharp recovery from its intraday low of $57.59 a barrel. The contract expires Tuesday.

In other commodity news:

EXCHANGES: A lobby group representing users of the futures markets released a statement Friday expressing concern about the announced merger between the Chicago Mercantile Exchange and CBOT Holdings Inc.'s Chicago Board of Trade.

The two futures exchanges -- the largest providers of exchange-traded financial-derivative contracts -- would combine to create CME Group and have a commanding market share of more than 85% of the market for U.S. futures-exchange trading, said the Futures Industry Association.

The FIA said the announced deal -- while creating possible cost savings -- "would concentrate significant market power...substantially lessen competition...and raise even higher the barriers to entry for new competitors." The FIA said the emergence of new competition may "overcome the anti-competitive effects of the merger."

The CME said in a statement that its merger "increases competition in the global derivatives marketplace and better positions the U.S. to compete."

CORN: Prices on the CBOT climbed as the market reacted to a private weather company's forecast that wet weather in the spring could delay corn plantings and may be followed by dryness during the summer that could impede growth. Nearby March corn rose 9.5 cents to $4.17 a bushel.

COFFEE: Prices on the New York Board of Trade fell because of an increase in U.S. stocks of unroasted coffee beans. The March contract closed down 2.1 cents to $1.1320 a pound.

Alan Who? (LAT)

The Los Angeles Times, February 17, 2007

Fed Chairman Ben S. Bernanke is so candid with Congress, he may make members forget his predecessor.

FEDERAL RESERVE Chairman Ben S. Bernanke's testimony on Capitol Hill this week was so clear and succinct — and bullish — that investors may soon forget about his predecessor, Alan Greenspan. Bernanke's message that the economy is enjoying healthy growth, low unemployment and little inflation soothed financial markets, but it was his forthright, substantive answers that awed members of the Senate and House committees that oversee the nation's central bank.

Indeed, Bernanke, who's been on the job just over a year, performed better than he should have, politely answering too many questions.

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The independence of the central bank that oversees the nation's financial system and monetary policy — regulating the supply of money in the economy and interest rates — instills a great deal of confidence in the dollar and in the nation's financial sector. Such independence may seem an abstraction, but it should be a tangible reality to legislators charged with overseeing the bank's work. If they don't get it, who will?

So it was discouraging watching these senators (on Wednesday) and House members (on Thursday) expending so much hot air trying to get the patient Bernanke to agree to any number of their legislative priorities or pet theories.

He endorsed certain approaches to affordable housing development, "good policies" (as opposed to bad policies?) to deal with the nation's aging population, the building of liquefied natural gas terminals, reducing government guarantees for anti-terrorism insurance, moves to force more transparency in CEO compensation packages, health insurance portability, more preschool programs and fewer "Law & Order" spinoffs.

OK, he didn't get into TV programming. But he could have. The point is that the chairman of the Federal Reserve should refuse to wade into any policy debates that exceed his reach. Although Bernanke did say President Bush's tax cuts have been a net positive for the economy, he resisted repeated entreaties from members of both parties to take sides on upcoming battles over tax policy. This is what tarnished Greenspan's independence. In one amusing aside on Wednesday, Sen. John E. Sununu (R-N.H.) tried to make a case for why it's appropriate to have the Fed chairman talk about education (something about it being an "input") but not tax policy.

Bernanke probably felt that he was weighing in on what he considered noncontroversial (if also nonrelevant) issues, but he'd be wise to stick to macroeconomic conditions and monetary policy. The Fed's credibility will be enhanced every time he says, "That's none of my business."

Back At Home, McCain Annoys The G.O.P. Right (NYT)

By Jennifer Steinhauer

The New York Times, February 17, 2007

SURPRISE, Ariz., Feb. 13 — The chairman of the local Republican Party here in the most populous county in Arizona has in his possession a bright yellow button with a black line slashed through the name McCain.

“I don’t wear it out very often,” said the chairman, Lyle Tuttle of the Maricopa County Republican Committee, in a slightly sheepish coda to a 20-minute vituperation about the state’s senior senator, served up from his living room chair.

“I think those who do not support Senator McCain,” Mr. Tuttle continued, “if they could just get the word out and help people to understand what has happened with him, we could have an impact.”

No doubt about it, Senator John McCain, the Arizona Republican who would like to be president, is a popular man in his state, having won re-election in 2004 with about 76 percent of the vote.

But a vocal slice of the state’s most conservative Republicans, reflecting concerns about Mr. McCain held by some conservatives nationwide, are agitating against him in a way that they hope might throw off his incipient presidential campaign.

In a recent telephone poll by Arizona State University, 54 percent of the state’s Republican voters who were queried favored Mr. McCain in a presidential primary next February, a small enough majority to incite his critics and encourage some Republican rivals.

“Arizona is one place where we are very well organized,” said Kevin Madden, a spokesman for the presidential campaign of Mitt Romney, the Republican and former Massachusetts governor.

“We think we can go out there and make the case on pro-family issues, on fiscal issues and on strong borders,” Mr. Madden added.

Meanwhile, disgusted with Mr. McCain’s position on proposed changes to immigration laws (he advocates legalization that would not require illegal immigrants to leave the country), with what some see as wavering on the issue of gay marriage (he lent his name to a state ballot initiative to ban it but did not support a constitutional amendment), and with the campaign finance act that bears his name, some Arizona Republicans are making trouble for Mr. McCain.

They have elected local party leaders whom he opposes, criticized his policy positions and thrown early support to other potential primary candidates — all in the hope of tripping up Mr. McCain on his own doorstep.

“They can make trouble for him,” said Bruce D. Merrill, an Arizona State University political scientist and polling expert. “It is too early in terms of voting to tell, but it certainly could potentially affect people’s decision to give him money.”

The senator’s supporters are quick to write off the detractors as a fringe of the raucous state party that will be flattened like pita bread once primary day arrives next year. As a practical matter, Mr. McCain’s supporters point out, Arizona’s large swaths of independent voters can vote in the Republican primary, which will be a boon to Mr. McCain even if he loses some votes within his own party.

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"When I was a little kid, I was really into western movies," said Matt Salmon, former chairman of the Arizona Republican Party, who resigned with the intention to work for Mr. McCain's presidential campaign. "In one of those, the cavalry was outmanned by attacking Indians, so they put a bunch of branches on the backs of horses, who then kicked up a lot of dust to make it look like there were a lot more people than there were. These guys drag around a lot of branches and kick up a lot of dust."

Outnumbered or not, Mr. McCain's critics now hold leadership positions in Maricopa County, the state's most Republican enclave and biggest media market, which includes Phoenix. Their passion about the immigration issue, their flirtations with other candidates and their persistent harping underscore the skepticism about Mr. McCain that already exists among many hard-line conservatives here and around the nation.

They have been angered by Mr. McCain's opposition to tax cuts backed by the White House; by his immigration position, which places him on a collision course with other Republicans; by his moves to close a loophole on gun purchases; and by his vote for the fetal stem cell research bill.

The Maricopa County Republican Party recently conducted a straw poll that depicted Mr. McCain as losing badly to Representative Duncan Hunter of California, a conservative unknown to the majority of Arizona voters, then touted it with unmasked glee. The poll was derided as a sham by Mr. Merrill, the political scientist, and others who questioned the methodology.

Among some Republicans here, Mr. Romney, a Mormon who may benefit from his faith's strongholds around the state, is also mentioned as a viable alternative to Mr. McCain. Mr. Romney is supported by Joe Arpaio, the Maricopa County sheriff, among others.

Mr. McCain "can't just take it as a given that he is going to win here," said Randy Pullen, the new chairman of the Arizona Republican Party, who got the post by narrowly defeating a more moderate Republican backed by Mr. McCain. "He is going to have to work."

In some ways, Mr. McCain's troubles here reflect a fracas within the state party that has pit its more centrist members, long the stronghold of its leadership, against its most hard-line factions who call Mr. McCain "elitist."

For several years, various critics have complained that he has been aloof, that he has a brittle temper and that he has made missteps on key conservative issues.

Although Mr. McCain was ultimately victorious in the 2000 presidential primary, Gov. Jane Dee Hull of Arizona, a fellow Republican, took the unusual step of endorsing his opponent, George W. Bush, who was then Texas governor.

In 2001, two unsuccessful recall movements arose against the senator. In 2005, some groups around the state that advocate a strict deportation policy for illegal immigrants wrote letters of censure or displeasure attacking Mr. McCain for his stance. "The grass roots are burning mad," said Gary Watson, former chairman of the Mohave County Republican Central Committee. "We want to defend our borders. We don't want them to have citizenship."

So who would be better for Arizona?

"I am real excited about Rudy Giuliani," said Mr. Watson, even though the former New York mayor has a more liberal record on abortion rights, gun control and gay rights than Mr. McCain. "The social issues are a little bit looser than what I appreciate," Mr. Watson said. "But he is stronger than McCain on the border issue, and the border issue is so immense to deal with."

While much of the rumbling against Mr. McCain is among party leaders, they have managed to leave an impression among some voters.

"I could be persuaded to vote for someone else," Kathleen Hall, 60, a Republican who supported Mr. Bush in 2000, said as she sipped coffee in a Scottsdale outdoor mall this week. "McCain is not my favorite candidate. He would just as easily tomorrow turn into a Democrat."

Mr. McCain, who was elected to Congress from Arizona in 1982 and who succeeded Barry Goldwater in the Senate in 1986, does not appear to be shivering.

"Folks recognize that he is a principled and committed conservative who has delivered for his constituents," said Danny Diaz, a spokesman for Mr. McCain's presidential exploratory committee.

And plenty of people think it is a fool's errand to try to prove otherwise.

"Anybody who thinks John McCain wouldn't win a Republican primary in Arizona is not living in the real world," said Mr. Merrill, the Arizona State University political scientist.

That does not mean they won't try.

"He would do a lot better in the general here than he would do in the primary," said Jack Hustead, who chairs the Apache County Republican Committee, "because in a primary, there are other options."

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McCain To Preach Abstinence In S.C. (AP)

By Jim Davenport

AP, February 16, 2007

Most presidential candidates are trying to get people to say "yes." Republican Sen. John McCain will be encouraging South Carolina students to say "no."

The Arizona lawmaker is scheduled to speak Sunday night to about 1,500 middle and high school students about abstaining from premarital sex. Abstinence and abortion loom large as issues in this first-in-the-South primary state in the heart of the Bible Belt.

"Senator McCain has a long legislative record of supporting abstinence-based initiatives in his record in the U.S. Senate," said Trey Walker, McCain's South Carolina campaign director. "He thinks that abstinence is healthier and should be promoted in our society for young people."

The event is to follow McCain's appearance at a hot dog and ice cream social.

McCain is courting Christian conservatives in his bid for the GOP nomination. Recently, Christian leader James Dobson said he wouldn't support McCain because of his opposition to a constitutional amendment banning same-sex marriage. McCain opposes gay marriage but says it should be regulated by the states.

Alexia Newman, who runs the Carolina Pregnancy Center, said her student rally is costing about $22,000. McCain isn't putting money into the event, but "if he wants to support this rally, that'd be great," Newman said.

"We're excited he would want to come and endorse what we're doing," she said. "It's going to be a high-energy night."

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RICHMOND, Va. (AP) — While Democratic Sen. Barack Obama has the backing of Virginia Gov. Timothy M. Kaine, rival John Edwards is getting the endorsement of the state's Democratic Party chairman.

Former state legislator C. Richard Cranwell announced his support for the former North Carolina senator two days after officials with close ties to Kaine said the governor will back Obama.

"This indicates that Virginia is in play for the presidential sweepstakes for the first time in a long time," Cranwell said in an Associated Press interview Friday.

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WASHINGTON (AP) — Republican Newt Gingrich has a message for all the presidential candidates: it's just plain stupid to start running this early.

The former House Speaker who might end up being a candidate derided the early entry into the presidential race by so many candidates.

"I think the current process of spending an entire year running in order to spend an entire year running in order to get sworn in January 2009 is stupid," Gingrich said at a National Press Club event with Democratic Sen. Charles Schumer of New York.

"I wouldn't consider thinking about running for president prior to late September," said Gingrich.

The only reason to start this early, he said, was to line the pockets of the high-paid political consultants.

The man behind the 1994 "Contract with America" that won control of the House for the GOP said a big part of the problem was current finance laws that force candidates to spend so much of their time fundraising.

Gingrich and Schumer appeared together to promote books they had written.

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LITTLE ROCK, Ark. (AP) — Arkansas' ethics panel dismissed a complaint Friday against former Gov. Mike Huckabee over the presidential candidate's destruction of computer hard drives from his office.

By a 3-0 vote, the commission voted to dismiss the complaint filed last month against Huckabee. Jim Parsons of Bella Vista, Ark., accused Huckabee of violating the state's Freedom of Information Act by crushing the computer hard drives before he left office last month.

Graham Sloan, director of the commission, said the panel ruled that it did not have jurisdiction in the case.

"We're just not the enforcement agency with regard to the FOI," Sloan said.

Huckabee has defended the destruction of the drives, saying it was done to protect sensitive information such as employees' or constituents' Social Security numbers and credit card information.

Huckabee spent the remaining $13,000 in the governor's emergency fund to destroy the computer equipment before he left office Jan. 9.

Hard drives for 83 computers and four servers were destroyed, or crushed, after some information was downloaded onto backup tapes, the Department of Information Systems said.

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DES MOINES, Iowa (AP) — Democratic presidential candidate Tom Vilsack says being a punch line to Jay Leno's jokes is a plus.

"When you are just below the margin of error in polls, anything anybody says about you is important," Vilsack said Thursday on NBC's "Tonight Show."

In the show's opening skit, a security guard would not allow Vilsack on the set because he did not recognize him. Leno came to Vilsack's rescue and verified that he was a presidential candidate and the show's guest.

Though Leno often poked fun at Vilsack's relative obscurity in the presidential race, the former Iowa governor argued that his appearance with Leno will help his candidacy and distinguish him from the better-known candidates.

"I think any time you get an opportunity to be in front of a national audience, especially an opportunity to show an interesting life story, it's going to help," Vilsack told reporters during a conference call after the show's taping.

Leno ribbed Vilsack about having a small campaign staff and asked him how he would compete with candidates such as Sens. Hillary Rodham Clinton and Barack Obama.

"I saw your skeleton crew out there — two guys and a Hertz rent a car. How's that work?" Leno asked.

"Well, I'm not a rock star," Vilsack replied, "I'm rock solid."

Rudy Giuliani Visits Richmond (WDBJ)

WDBJ7.com, February 16, 2007

Rudy Giuliani met with some of Virginia's Republican Party before heading to a Richmond dinner designed to fatten his war chest.

The Republican is changing his focus from motivational speaking to running full-time for President. As someone who's seen first hand what terrorist are capable of on American soil, Giuliani says now is no time for the U.S. to show weakness in the Middle East.

The former mayor lived in the Commonwealth while working in the Ford administration. He is expected to be back a lot this year.

Giuliani would like to see the nation devote more resources to developing alternative energies. He campaigned for Jerry Kilgore when he ran for governor several years ago. Now Kilgore is returning the favor. He's organizing Republican support for Giuliani in the Old Dominion.

Another presidential hopeful hoping Virginia will play to his favor is Senator Barrack Obama. The Democrat will be in Richmond tomorrow for his own fundraiser. He's also expected to pick up an endorsement from Governor Tim Kaine.

Romney Explains '92 Vote For Tsongas (ABC)

By Jonathan Greenberger

ABCNews.com, February 16, 2007

Republican presidential candididate Mitt Romney offered a new explanation today for why he supported a Democrat in 1992.

That year, Romney, then a registered independent, voted for former Sen. Paul Tsongas in the 1992 Democratic presidential primary. He told ABC's George Stephanopoulos, in an interview that will air Sunday on "This Week," that his vote was meant as a tactical maneuver aimed at finding the weakest opponent for incumbent President George H.W. Bush.

"In Massachusetts, if you register as an independent, you can vote in either the Republican or Democratic primary," said Romney, who until he made an unsuccessful run for Senate in 1994 had spent his adult life as a registered independent. "When there was no real contest in the Republican primary, I'd vote in the Democrat primary, vote for the person who I thought would be the weakest opponent for the Republican."

But 12 years ago, the Boston Globe reported that Romney was giving a different explanation for his vote for Tsongas.

"Romney confirmed he voted for former U.S. Sen. Paul Tsongas in the state's 1992 Democratic presidential primary, saying he did so both because Tsongas was from Massachusetts and because he favored his ideas over those of Bill Clinton," the Boston Globe's Scot Lehigh and Frank Phillips wrote on Feb. 3, 1994. "He added he had been sure the G.O.P. would renominate George Bush, for whom he voted in the fall election."

Romney's contention that his vote for Tsongas was a vote for the weakest opponent for Bush - a phenomenon that political scientists refer to as "raiding" - surprised Professor William Mayer of Northeastern University in Boston.

"That would have been a strange election to have done that in, in the sense that Paul Tsongas was obviously going to carry his home state" of Massachusetts, said Mayer. Tsongas won the Massachusetts primary with 66 percent of the vote.

While statistical evidence of "raiding" is hard to come by, Mayer said most political scientists believe it is rare, since typically only 3 to 4 percent of voters in a Republican primary are actually Democrats, and vice versa. It is rarer still, he said, for

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an independent, as Romney was, to "raid": "If you're so determined to help George Bush in 92 that you're willing to vote for Paul Tsongas, it probably means you weren't an independent."

Romney has previously come under fire for donating to a series of Democratic candidates in the 1992 election, including then-Congressmen Dick Swett, D-N.H., and John LaFalce, D-N.Y.

What Matters About Mitt Romney (WP)

By Stephen Stromberg

The Washington Post, February 17, 2007

In 1967, a moderate governor of Michigan ran for the Republican presidential nomination and, for a time, was a favorite among many in the party. His support for the civil rights movement also gave him valuable crossover appeal. But after reversing course on the Vietnam War, his campaign fizzled.

What did not ruin George Romney's aspirations was his faith.

Like his son Mitt, George Romney was a devout Mormon. Religion, as the truism goes, is far more influential in American politics today than it was in the 1960s. Forty years after his father ran, Mitt Romney's faith has elicited a cover story in the New Republic, a front-page feature in the New York Times and obligatory mentions in otherwise standard coverage of the formal kickoff of his campaign this week. Romney, it seems, might be the first presidential candidate since Al Smith whose campaign suffers seriously because of his regular attendance at Sunday services.

Writers often note that evangelical voters, now considered consequential in Southern Republican primaries, distrust Mormons. It is too easy, however, to claim that the two Romney candidacies' differing challenges simply reflect the altered composition of Republican primary voters since 1968. In a recent Post-ABC News poll, 35 percent of respondents said they would be less likely to vote for a candidate who is Mormon.

Regular cover stories in news magazines, such as Time's "Mormons, Inc." in 1997, highlight the role Mormonism now plays in the popular imagination and reflect a widespread fascination with the church. Having grown up Mormon in West Los Angeles, I know that many Americans outside of evangelical communities are uncomfortable with Mormonism. Somehow, my particular religious identification, hardly my defining characteristic, was adequate grounds for my high school nickname -- Stormin' Mormon -- and the basis for seemingly endless grilling on the faith's eccentricities. The church's history of polygamy, for example, is off-putting to many. But Mormonism can provoke extreme reactions for deeper reasons.

After decades of explosive growth, the Church of Jesus Christ of Latter-day Saints is no longer a relatively small, quirky, American-bred offshoot of Protestant Christianity but an increasingly influential institution that erects large temples in major cities, sends most of its young men on two-year proselytizing missions and operates big businesses across the country. The Mormons, critics say, are secretive and strange, and they are controlling more and more of your world.

The church's growth in power and prominence reflects its highly organized structure -- headed by a prophet who Mormons believe speaks for God -- that not only encourages but demands unusually active participation from congregants. To some outsiders, this can make it seem conspiratorial. On the lower- and middle-management levels, the church does not employ a professional clergy. Instead, everyday members are integrated into the institutional hierarchy and balance this responsibility with their professional lives. Romney himself has served as a stake president, an office loosely akin to that of a Catholic bishop. This fusion of laity and clergy means that rank-and-file Mormons are bound to the pronouncements of church leaders in a way that Catholic parishioners are not -- indeed, rank-and-file Mormons often are the ones implementing church policy.

Mormon culture also precludes the sort of passive association with the church that many Christian denominations in the United States tacitly allow. Members are either "active" or "inactive," and to remain in the former category, one must regularly attend Sunday services -- which run for three hours -- and accept a role such as choral director or Sunday school teacher or stake president. To be Mormon is to be an exceptionally committed participant in the community. This demanding communitarian streak strikes some as cultish, leading to the fear that Romney would be a tool of the church's First Presidency.

But regardless of how uncomfortable some of these characteristics make some feel, it is unproductive to focus on Romney's Mormonism. A candidate's faith, like that of an L.A. high school student or anyone else is ultimately a complex and personal phenomenon, even in the context of a highly centralized religious organization. My experience in Mormon congregations across the country has taught me that it is impossible to tell precisely how individual Mormons will apply their religious principles to their professional lives. And beyond encouraging hard work and honesty, the church itself is hardly definitive on the subject. Consider the divergent examples of other well-known Mormons -- those of Sen. Orrin Hatch (R-Utah) and Senate Majority Leader Harry Reid (D-Nev.), say.

No one but Romney can know how his beliefs might affect his judgment. Instead of focusing on his faith, it would be much more worthwhile for voters to judge Mitt Romney on his evolving political agenda -- as Republicans did when George Romney ran in 1967.

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Washington Goes Hollywood: Democratic Hopefuls Seek Cash (WSJ)

By John Harwood

The Wall Street Journal, February 17, 2007

Campaign debates often turn on values. Next week, some important political players in Hollywood and Silicon Valley will demonstrate theirs: they like what's hip, new, attractive and future-oriented.

In the 1990s, that was Bill Clinton's breakthrough baby boomer presidency. In 2007, it's Barack Obama's multiracial, post-boomer candidacy.

That is why three luminous Hollywood names -- the Dreamworks trio of Steven Spielberg, Jeffrey Katzenberg and David Geffen -- are hosting an Obama fund-raiser in Los Angeles Tuesday. And it's why one of Mr. Obama's guides through Silicon Valley is Wade Randlett, an early Democratic force there through the TechNet advocacy group.

The two power centers represent increasingly important sources of Democratic campaign cash. The entertainment industry gave federal candidates $22 million in 2006 donations, according to the Web site opensecrets.org. That's more than either drug companies or the oil and gas industry. The $17 million from the high-tech industry lagged just behind those traditional powers. Nearly two-thirds of those entertainment checks went to Democrats, as did slightly more than half the high-tech money.

Hollywood will prove more hospitable. Antiwar sentiment is fiercer there, and Mr. Obama benefits from his early opposition to President Bush's Iraq policy in contrast to Hillary Clinton's 2002 vote to authorize the war. Silicon Valley keeps a closer eye on tax and regulatory policy, where Mr. Obama's views are less defined.

Mrs. Clinton -- soon to make her own northern California swing, including a visit to Google executives -- can boast of the shimmering New Economy boom on her husband's watch. And she will inherit important pieces of the financial machine that her campaign chairman, Terry McAuliffe, put together for Bill Clinton then. Media mogul Haim Saban, for instance, has signed up for Team Clinton once again.

The first woman with a prime shot at the presidency has some new backers, too. Legendary music producer Quincy Jones and executive Clarence Avant have agreed to help her -- especially valuable recruits this year because they, like Mr. Obama, are African-American.

"If those two put their shoulders to the wheel, that's a huge deal," says one of Mrs. Clinton's financial "Hill-raisers." That's a critical "if," because even the richest American can't contribute more than $2,300 to any candidate's primary campaign. In presidential fund raising, it takes a networker. Of course, the senator from New York has a potent financial network on Wall Street. The 2006 campaign donations from the securities and investment industries exceed those of Hollywood and Silicon Valley put together, opensecrets.org figures show.

The third top-tier Democrat, John Edwards, enjoys backing from fellow trial lawyers and lucrative ties to labor unions -- an even greater source of 2006 donations than securities and investment firms. But Mr. Obama's Left Coast trip next week makes clear he will prove a handful for both rivals in the early primary contest over money.

Young Voters Find Voice On Facebook (WP)

By Jose Antonio Vargas, Washington Post Staff Writer

The Washington Post, February 17, 2007

Site's Candidate Groups Are Grass-Roots Politics for the Web Generation

Late on the day that Sen. Barack Obama (D-Ill.) announced he was forming a presidential exploratory committee, Farouk Olu Aregbe logged on to Facebook.com, the popular online community where college students post profiles, share photos and blog. On a whim he created a group called "One Million Strong for Barack."

"I remember thinking, there's got to be more supporters out there," said Farouk, 26, who advises student government at the University at Missouri at Columbia.

Farouk's group had 100 members in the first hour. In less than five days, 10,000. By the third week, nearly 200,000. Yesterday, a month after he created the group, it had 278,100 members.

There are more than 500 Obama groups on Facebook. One of the first, "Students for Barack Obama," was created on July 7 by Meredith Segal, a junior at Bowdoin College who first heard of Obama when he gave the keynote speech at the Democratic National Convention in 2004. Instead of starting "a petition or something" to encourage the freshman senator to run for president, she turned to her Facebook page, created a group and invited people (first her friends, later strangers) to join.

Now it's a political action committee with nearly 62,000 members and chapters at 80 colleges, the most structured grass-roots student movement -- there's a director of field operations, an Internet director, a finance director and a blog team director -- in the presidential campaign so far. "Young people are on the Web," said Segal, 21. "That's how we're organizing."

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Obama's Facebook supporters post photos of Obama on their pages alongside snapshots of birthday parties, nephews and girlfriends. They link to the latest Obama news ("Gov. Kaine of Va. to endorse Obama"), talk about their favorite Obama quotes ("I think mine is, 'I'm so overexposed, I'm making Paris Hilton look like a recluse' ") and engage in a 24-hour conversation about their candidate ("I told you guys sometime back that once Obama announces his candidacy, the sharks are going to come biting . . ."), linked to one another in the kind of community reserved for longtime players of World of Warcraft or incessant "American Idol" fans.

A few weeks ago, Segal's group staged a rally at George Mason University that drew an estimated 3,000 students -- and an appearance from Obama himself. This past Sunday, her group's Iowa State University chapter helped promote a rally that attracted more than 5,000.

While the Illinois senator's presidential campaign has outpaced his rivals in the enthusiasm it has generated on Facebook and other social-networking sites such as Friendster and MySpace, no one knows whether such online excitement can translate to votes.

Ask Howard Dean, the Web candidate of 2004. The Democratic former Vermont governor raised millions of dollars on the Web, generated huge amounts of buzz and then learned during the Iowa caucuses that online excitement did not guarantee offline foot soldiers -- or the right foot soldiers in a state that likes its volunteers homegrown.

Meetup.com helped energize the Dean campaign, but more sophisticated social-networking sites such as Facebook, Friendster and MySpace were not a factor during the 2004 election. A recent Pew Research Center poll, however, reported that 54 percent of 18-to-25-year-olds have used them. And Joe Trippi, who spearheaded Dean's e-campaign, is among those who believe they will play a significant role in the current race.

"It took our campaign six months to get 139,000 people on an e-mail list," Trippi said. "It took one Facebook group, what, barely a month to get 200,000? That's astronomical."

Peter Levine, deputy director of the Center for Information and Research on Civic Learning and Engagement, a nonpartisan research center at the University of Maryland that studies young potential voters, predicts what he calls "the Facebook Effect."

"Everybody -- the pundits, the online strategists -- have been waiting for the first candidate to really hit a home run with the social-networking sites," Levine said. "Obama's message is attractive to a certain type of young person. He's saying: 'You have a role to play. This is about you. About your role.' There's a real hunger for that kind of message."

Added Todd Zeigler of the Bivings Group, a D.C.-based Internet communications firm that works with Republicans: "The key point here is that the support for Obama on these social-networking sites is not being driven by the campaign itself. It is something spontaneous as opposed to something the campaign itself is orchestrating. This shows a real enthusiasm for Obama's candidacy among young people that you aren't seeing for any other candidates at this point."

Obama's main Democratic opponents, Sen. Hillary Rodham Clinton (N.Y.) and former senator John Edwards (N.C.), have also used the Web to speak directly to voters, sidestepping mainstream media. But the Illinois senator's campaign seems to have taken some of its cues from sites such as Facebook. The campaign Web site, launched last Saturday, allows visitors to blog, keep track of their fundraising contributions, make a list of events and so on. And there is a Facebook link at the bottom of his home page.

K. Daniel Glover, who edits National Journal's Technology Daily, said that for candidates, "it's all about using the Internet to connect to people," the same way candidates connect with the local precinct chairmen and state party officials. But Glover cautioned against expecting too much from the Internet, especially when it comes to younger voters. "I don't think anyone is going to be elected because he/she is all the rage on Facebook," he said.

Clinton has about the same number of Facebook groups as Obama, but the largest has only about 3,000 members, and many of the sites are maintained by opponents. For every group called "African-Americans for Hillary Rodham Clinton" (95 members), there is a group called "A second Bush was bad enough, don't give me a second Clinton" (55 members). Sen. John McCain (R-Ariz.) has some presence on the site; a group called "John McCain in 2008" has 1,617 members. And though Obama himself has a few detractors -- a group that calls itself "Anybody That Would Support Barack Obama for President is a Moronic Liberal" has 424 members -- no one comes close to his overall popularity.

At 11 a.m. yesterday, "One Million Strong for Barack" had 278,100 members. Two and a half hours later, 278,537. Three hours later, 279,070.

Obama Stirs Columbia Crowd Of 3,000 (GAN)

By Ron Barnett
Gannett, February 17, 2007

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COLUMBIA, S.C. — Barak Obama made his first campaign stop Friday in South Carolina, delivering a rousing can-do message to an enthusiastic crowd of 3,000 at Columbia's convention center.

"I don't believe in this can't-do, won't-do, won't-even-try style of leadership," the senator from Illinois said, drawing chants of "Yes, we can!" from the sign-waving throng.

Hitting one of the early primary states in the first week since announcing his candidacy for the Democratic Party's presidential nomination, Obama told supporters he doesn't believe those who say a black man can't be elected.

"Twenty years ago, nobody would have believed this crowd in South Carolina," he said of the racially mixed group.

He tried to distance himself from his rivals in the primary about the situation in Iraq, saying, "I'm proud of the fact that I was against this war from the start."

He talked about divisive politics preventing solutions to problems in health care, education and foreign policy.

He didn't mention the state's contentious Confederate flag display. The NAACP has called for a boycott of tourism in South Carolina over the presence of the flag on statehouse grounds, a few blocks from where Obama spoke.

Some who came to see Obama said they hadn't made up their minds about him but liked what they had seen.

"He's a family man, and I love his position on health care," said Kindle Johnson, a 30-year-old lawyer from Rock Hill, S.C., who was trying to decide between Obama and Sen. Hillary Clinton, D-N.Y.

Reg Blair, a 43-year-old music professor at the University of South Carolina, said he is pretty much sold on the first-term senator from Chicago.

"I haven't been so inspired by a presidential candidate in a long time," he said. "I think he's the hope of the Democratic Party."

Obama wooed the crowd with his easy demeanor, joking about his "funny name" and looking even taller than 6-foot-2 on a square boxing-ring-sized stage.

He gave a brief history lesson, with each chapter, from the Revolutionary War to the Civil War to women's suffrage to the Civil Rights movement, illustrating that Americans have always done what conventional wisdom said couldn't be done.

"Each generation said we can do better than we're doing right now," he said. "Sometimes I feel like that spirit has been lost in America."

The crowd grew quiet as he spoke of 9/11 and his view of the mistakes the Bush administration made in its aftermath.

"Four hundred billion dollars, more than 3,000 lives, and we still see no end in sight," he said of the war in Iraq. "We've got to match our military might with the strength of our diplomacy."

He spoke of diverting money from the war to education and trimming inefficiencies out of the health care system if he is elected.

"There is no reason why by the end of the next president's term — by the end of my term — that we can't have affordable health care for every person in this country," he said, drawing cheers from the crowd.

He said South Carolina could benefit from his energy proposals for more home-grown bio-fuel and said America now sends $800 billion a year for oil to "some of the most hostile countries on earth."

"We end up funding both sides of the war on terrorism," he said.

Edwards' Populist Spirit Resonates With Silicon Valley Insiders (SFC)

By Carla Marinucci

San Francisco Chronicle, February 17, 2007

Democratic presidential candidate John Edwards, in an informal living room discussion this week with about 150 Silicon Valley insiders, said the Bush administration has failed America by demonstrating "enormous incompetence" at home in areas such as responding to Hurricane Katrina and abroad in Iraq.

The former North Carolina senator said that in the year and a half since Hurricane Katrina, "billions have been allocated" for rebuilding New Orleans without major relief to the vast numbers of poor residents.

"Is there any change? No, I can't see it," said Edwards, who announced his candidacy from New Orleans. "Where is that money?"

And in Iraq, where the president has called for increasing the number of troops by 21,500, he said, "the incompetence is almost beyond comprehension."

"I voted for this war. And I was wrong," he said. But it is "not enough for us to pass a resolution and give speeches" to condemn the president's troop increase, Edwards said to applause. "It's time for us to stop going along."

Edwards' shirtsleeves appeal during an intimate evening of dinner and conversation was delivered in the Woodside home of influential venture capitalist Andy Rappaport and his wife, Deborah -- both generous philanthropists and major donors to progressive political causes. With his under-the-radar trip to the Bay Area, Edwards, the Democratic Party's vice presidential

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candidate in 2004, displayed his strengths as a populist candidate who marshals the battle-hardened campaign experience of New York Sen. Hillary Rodham Clinton and the oratory gifts of Illinois Sen. Barack Obama -- the other leading Democratic presidential candidates.

Edwards' visit also dramatized how Silicon Valley has cemented its importance as the Hollywood North of presidential politics -- a required stop where candidates seek campaign cash and support among influence-wielding leaders in the capital of high tech.

Another Democratic presidential contender, former Iowa Gov. Tom Vilsack, used the setting of the Commonwealth Club of California in San Francisco this week to unveil a detailed policy to control greenhouse gas emissions, a favorite topic of Silicon Valley, where innovators are rushing to create green technologies. And Republican presidential candidate Rudolph Giuliani, the former New York mayor, addressed the Churchill Club in Santa Clara last week to talk up his leadership experience to tech leaders.

Obama is scheduled to meet Monday with tech gurus -- and has done his own culling of the area. Earlier this month, he addressed a conference call that packed supporters into a Peninsula home and raised $300,000 in about an hour, sources said.

Several of the guests at Edwards' talk this week said they also will attend a San Francisco lunch Friday for Clinton that will be hosted by major Democratic donor Susie Tompkins Buell.

In Woodside, Edwards' audience reflected the diverse profile of many of the valley's leaders: Some were longtime admirers, some were candidate shopping and some were Republicans disenchanted with their own candidates.

David desJardins, one of Google's early engineers and now a venture capitalist and consultant, said he and his wife, author Nancy Blachman, were happy to write checks to Edwards -- in addition to other leading Democrats such as Obama and Clinton -- to ensure that it is "not money, but ideas" that decide the Democratic race.

"We're feeling so positive that we have at least three good candidates," said Emy Thurber, a state Democratic Party official. "Edwards has a powerful message ... Hillary is so capable and skillful ... and Obama is smart, bright and young, with a great resume."

Still undecided, she said she would attend Bay Area fundraisers for Obama on Monday and Clinton on Friday.

Other Democratic presidential hopefuls include longtime Sens. Joseph Biden of Delaware and Chris Dodd of Connecticut and New Mexico Gov. Bill Richardson.

Edwards, in his talk, addressed a range of issues that clearly resonated with many in the group: the war in Iraq, and matters closer to home such as the need to address what he called the "moral issue" of poverty in America and the opportunity gap.

"If we're not the party that stands up for the little guy, you tell me," he said, "who's going to do it?

"We need a president who actually believes in the capacity of our people ... to rise and create change. The power in America is not just in the Oval Office," he said motioning around the room to a crowd of nodding heads. "It's out here."

The former senator also encouraged debate from the politically attuned audience -- and, even in this wealthy crowd, stood his ground among those who questioned increased taxes on those making more than $200,000 a year to pay for his universal health care plan.

With some presidential hopefuls promising to trim the national deficit without raising taxes and tackle the expensive issue of health care, Edwards responded, "you can't have both. It's a lie to say you can have both."

Richardson Says NH His Early Top Priority (NHUL)

By John DiStaso

New Hampshire Union Leader, February 17, 2007

MANCHESTER – New Mexico Gov. Bill Richardson says he will focus more time, staff and resources to New Hampshire than to any other early primary or caucus state.

In an interview yesterday as he began a two-day swing through the first-primary state, the Democratic Presidential candidate said he will participate in a debate scheduled for April 5, to be sponsored by CNN, WMUR and the New Hampshire Union Leader.

He said that as a Westerner, he "must do well" in Nevada, where the Democratic National Committee has scheduled a new caucus after Iowa's traditional lead-off event but before the New Hampshire primary.

But, he said, "for me, New Hampshire is going to be my main state to concentrate on, staff-wise, resources. I consider this a breakthrough state for me."

Richardson said last summer he will campaign in New Hampshire even if Secretary of State William Gardner sets the primary for a date at odds with the DNC's calendar. He would risk losing any delegates won in New Hampshire by doing so.

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Richardson said, "New Hampshire is very important because it's the state that everybody considers the state that leads to the Presidency, and I don't mind saying that. We've got to compete in every state, but New Hampshire will be the top priority for me."

Richardson said that while other Democratic candidates running for office may be receiving big endorsements, he has the most experience in the field as a current governor and former congressman, ambassador and energy secretary.

"I've actually done some of the things that need to be done" as President, he said.

Richardson yesterday planned to campaign in downtown Manchester, Concord, Tilton and Holderness and plans to be in Manchester, Concord, Portsmouth and Hampton today.

Richardson Urges Diplomacy In Mideast (AP)

By Beverley Wang

AP, February 16, 2007

Democratic presidential candidate Bill Richardson said Friday that President Bush should learn from recent successes with North Korea and engage in intense diplomatic negotiations in the Middle East to end the Iraq war.

"He finally used diplomacy and it works," Richardson said on the first day of a two-day visit to the early voting state of New Hampshire. "My hope is that he uses that lesson ... to talk to Syria about Hezbollah and Iraq, and that he talks to Iran about getting out of Iraq and stop their meddling there.

"I believe that a good concrete dialogue with those two countries — with the U.S. having tough smart positions — could achieve something," the New Mexico governor said during a telephone interview with The Associated Press.

Richardson campaigned in the early voting state after raising $2 million at a fundraiser in New Mexico on Thursday. The total puts him in good standing in the Democratic race although he isn't as well known as some of his rivals.

Richardson, a former U.N. ambassador who has negotiated with North Korea and Saddam Hussein, said his own Iraq plan combines diplomacy with a troop withdrawal by the end of 2007.

Diplomacy could take two paths, he said. The United States should negotiate with Iraq's three main ethnic groups to set territorial boundaries and divide the government and control over oil.

The United States also should lead talks with Iran, Syria, Saudi Arabia and Egypt to get their cooperation in securing and rebuilding Iraq.

"I believe that would at least give Iraq a chance to keep itself together and not be overrun by a sectarian conflict," he said.

On the same day the U.S. House passed a nonbinding resolution rebuking the president's decision to send more troops to Iraq, the former congressman said Congress should have spent time working on a resolution to bring a real end to the war.

"A nonbinding resolution I believe is just being done for cover for members that want to vote a certain way," he said. "They're worried about their re-election prospects."

Richardson: War Vote Should Decide Control (NHUL)

By John DiStaso

New Hampshire Union Leader, February 17, 2007

MANCHESTER – Congress should stop focusing on nonbinding resolutions and should vote instead on whether to take back from President Bush its 2002 authorization for the U.S. participation in the war in Iraq, Democratic Presidential candidate Bill Richardson said yesterday.

The New Mexico governor and former United Nations ambassador, congressman and Clinton administration energy secretary said he favors a "withdrawal with honor and dignity and efficiency." A "de-authorization" vote "would be based on the War Powers Act, and it would be the first statement on the war," he said.

The House yesterday passed a resolution disapproving of Bush's troop "surge" while pledging that Congress will "support and protect" the troops. The Senate is scheduled to take up the measure today.

But Richardson said lawmakers "should stop voting on resolutions that mean nothing."

In the first of a two-day New Hampshire campaign swing, Richardson said Bush should "use the lesson he just learned in North Korea," where he won a nuclear weapons agreement by having his administration negotiate directly with the North Korean government.

Richardson said a U.S. withdrawal from Iraq should be used as "leverage" for diplomacy. The United States should try to bring Iran, Syria, Egypt and Saudi Arabia into negotiations on "security and reconstruction."

At the same time, he said, the United States should convene a "reconciliation conference" in Iraq to include the Sunnis, the Shiia and the Kurds.

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"You force them to have a coalition government, to divide up oil revenues, divide up the territory, not as separate countries, but territorial boundaries," he said.

Negotiating with Iran and Syria "won't be easy, but you can deliver benchmarks and tougher messages by talking directly to them, and you can see if there are areas of common ground."

Voting to de-authorize the war "would mean the President would lose the authority to conduct the war" but not immediately cut funding for the troops, Richardson said. "It would be the clearest legal message the President would get, and he would be forced to find a way to stop the war and engage in diplomacy.

"You withdraw with honor and dignity and efficiency, and you set up this diplomatic structure," he said.

Richardson supported Bush's call for more troops for Afghanistan, but said, "We're overstretched. I don't know where he's going to get them" while still conducting war in Iraq.

Richardson said the United States "is very vulnerable to oil shock, which will affect our national security." He said that as President, he would call for "an Apollo-like, man-on-the-moon effort" to reduce U.S. dependence on oil from 65 percent to 10 percent in 10 years.

"Not a little energy bill here and there," he said. "This will take massive public and private investment, tax incentives to develop renewable technologies." He would set fuel efficiency requirements at 40 miles per gallon and "concentrate on efficient fuels."

He would also promote "green buildings, solar roofs in schools, and retrofit homes for energy efficiency, more efficient air conditioning, more efficient lighting. And we will conserve, and the federal government will do its part."

Nuclear power "has to be on the table," Richardson said, "because it doesn't have greenhouse gas emissions. But what do you do with the waste? That has to be resolved."

He said that as energy secretary from 1998 to 2001, he issued an order that air conditioners had to be 30 percent more energy-efficient.

"The air-conditioning companies got mad," he said. "Bush came in; they reversed my order. But then we went to court and won.

"We tried to be more energy-efficient, but we didn't push as much as we should have," Richardson said. "I'm not blameless. We pushed, but the Congress wouldn't accept it. Big oil is still very strong."

But he said he does not advocate big taxes on oil. "Let's find ways for big oil to invest more in refining capacity and renewable energy and drilling in America," but not in the Alaska National Wildlife Refuge (ANWR).

Richardson, asked how he differs from the other Democratic candidates, cited his endorsement last October by the National Rifle Association.

"I'm a hunter," he said. "I respect the Second Amendment. I'm not for assault weapons, but I'm a Westerner, and (hunting) is part of the culture."

He supports the death penalty for "the most heinous of crimes," is pro-choice and supports domestic unions, but opposes gay marriage.

On fiscal policies, Richardson said, he supports tax cuts for the middle class, including in capital gains. He said he would also cut taxes "for companies that pay more than the prevailing wage. I've had tax cuts for companies for technology start-ups" in New Mexico.

"The Democratic Party, our first solution is to tax, and I'm not of that school," he said.

Richardson supports universal health care programs similar to those in Massachusetts and California, "where you have mandates and incentives for workers and companies. It's a partnership that has to happen between hospitals, doctors and patients and the state and federal governments."

But, he said, "I believe you finance it through the budget. I would not be for financing it by new taxes."

He proposes ending congressional earmarks and would spend on community colleges some of the money saved by ending the Iraq war.

Sen. Joe Biden Touts His Plan For Iraq (AP)

By Henry C. Jackson, Associated Press Writer

AP, February 16, 2007

Sen. Joe Biden said he is the only Democratic presidential candidate who has a plan for Iraq, dismissing the ideas of other contenders as tactics that would leave the Middle East in peril. "They have tactics, not a plan," Biden told The Associated Press on Friday.

"What are they going to do, stop the civil war? ... There's a lot of people who have ideas about how to get out, but not many ideas about how to leave something more stable behind."

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The Delaware senator, opening a three-day swing through Iowa, spoke during an interview at the Ames Municipal Airport before heading to the Story County Democrats Soup Supper for a speech.

Biden expounded on his plans for Iraq during the interview, and touted himself as the Democrat with the best and broadest knowledge of foreign policy.

Biden said violence in Iraq could be alleviated if the country implements what he calls a federal system, in which Kurds, Shiites and Sunnis would be divided into separate regions to avoid conflict.

"The only way you get control is if one of three things happen," he said. "One, one side wins in a bloodbath, ... two, the desire to fight expires, ... or three, you install a federal system."

Biden said his plan for Iraq and years of service on the Senate's Foreign Relations Committee, which he chairs, would allow him to make a compelling case to voters.

"I think the next president will have to show a depth and breadth of knowledge in national security matters," he said. "They'll need to have the right plans and right ideas."

Biden said he believes his campaign will overcome remarks he made earlier this month about fellow contender Sen. Barack Obama, D-Ill. Biden called Obama the "first mainstream" black to run for president, and referred to him as "clean" and "articulate."

Biden reiterated his previous apologies and noted that his campaign had secured the support of prominent black leaders since his comments.

"I think we're beyond that," he said. "And the good news is that I have a 35-year record on civil rights.

"But I'm not going to compliment anyone anymore. I should have been more sensible."

Biden's trip to Iowa is his first since formally announcing a presidential bid. The trip got off to a bumpy start Friday: An event at a veterans home in Marshalltown was canceled after bad weather forced Biden's airplane to land in Indiana.

Biden was also scheduled to depart Iowa early Saturday morning to return to Washington for a rare Saturday session of the Senate. Democrats need 60 votes to advance a nonbinding resolution criticizing President Bush's plan to boost the number of U.S. forces in Iraq.

"It's just too important," Biden said of the Iraq vote.

The vote meant Biden had to cancel several events he had been scheduled to attend on Saturday, though he planned to fly back to Davenport for a Democratic Party event. He also had a handful of events scheduled on Sunday in Iowa, which will open the presidential nominating season in January with its precinct caucuses.

Texas Senator Bucks Trend, Stands Solidly By Bush (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, February 17, 2007

In a sea of Republican doubt, Sen. John Cornyn of Texas is all about certainty.

He is certain that President Bush's decision to send more troops into battle is the right move. He is certain that Democratic war thinking is wrong. Despite the growing misgivings of so many GOP lawmakers, Cornyn is certain that the United States should stay in Iraq until the job is done.

The freshman senator is such a throwback to the early days of GOP fealty to Bush that his Senate Web site includes a "compassionate conservatism" link. Choosing survival over solidarity, other Republicans are seeking political cover. Cornyn, 55, is one of 20 GOP senators up for reelection in 2008, but he is trying a different strategy from most of the others: unwavering loyalty.

He not only supports Bush's troop-increase plan, but he describes any alternative in the starkest possible terms. "Are we going to allow Iraq to become another failed state which will then serve as a launching pad for future terrorist attacks, perhaps including against the United States?" Cornyn asked during a recent Senate floor speech.

"Now is not the time to choose a path of retreat and defeat -- as many of the [Howard] Dean Democrats would have us follow," he said in defending Bush's anti-terrorism strategy.

Cornyn opposes a nonbinding resolution approved by the House yesterday that criticizes Bush's decision to boost troop levels in Iraq. The Senate is scheduled to meet in a special weekend session today to decide whether to begin debating that resolution.

Cornyn is a favorite at the White House, but his unalloyed defense of Bush's Iraq policies have some back home wondering whether he has gone too far.

"He's pretty much married himself to the president and to Karl" Rove, Bush's top political adviser, said Harvey Kronberg, editor of the Quorum Report political newsletter. "I'm just speculating, but we like to see a modest amount of independence here in Texas."

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With his white hair and tall, regal bearing, Cornyn showed up in Washington in January 2003 as a Bush insider. He had a long friendship with Rove and possessed a nickname bestowed upon him by the president: "Corndog." Speaking at a campaign event before Cornyn's election, Bush called the former Texas attorney general "a man who can help us get some things done to make America a safer and stronger and better place for all of us."

The new senator's White House connections gave him instant clout. Cornyn won a seat on the high-profile, and highly partisan, Judiciary Committee and quickly took a prominent role in several major political battles, including a long-running dispute with Democrats over some of Bush's most conservative judicial nominees.

He gained a reputation as a vocal, if somewhat predictable, advocate for the conservative agenda. The one area where Cornyn has broken with Bush is immigration -- the senator has staked out a more conservative position. Having formerly served on the Texas Supreme Court, Cornyn is particularly bothered by "activist" judges, whom he accuses of promoting liberal causes from the bench.

The Democrats' takeover of Congress last fall was a wake-up call for many Republicans to begin distancing themselves from the White House. Cornyn himself branched out recently by teaming up with Sen. Edward M. Kennedy (D-Mass.) on a tobacco-regulation bill and Sen. Dianne Feinstein (D-Calif.) on a homeland security funding measure.

On the war, however, he has been unwavering in his support of Bush.

Cornyn has sided with Bush on a series of controversial, war-related issues. He endorsed a White House proposal for trying "unlawful enemy combatants" that sought to limit Geneva Conventions protections. When the National Security Agency's secret program to intercept international telephone calls from the United States was revealed, Cornyn called it a "useful tool" to protect Americans from terrorism. He was one of nine senators to oppose an amendment to ban the use of "cruel, inhuman or degrading treatment or punishment" against anyone in U.S. government custody.

Some Republican war supporters, most notably Sen. John McCain (R-Ariz.), have harshly criticized Bush's handling of the conflict. Cornyn resists any such talk. In a recent CNN interview, Wolf Blitzer put him on the spot with the question, "How much of a credibility problem does the Bush administration have right now?"

Cornyn smoothly deflected. "Well, the problem is, Wolf, we have so many members of the United States Senate who are running for 2008, I think we need to put this in a larger context. But the fact of the matter is that we need to do whatever we can to protect our troops. And the fact is that the Iranians are very much involved in what's happening in Iraq right now."

Pressed on the subject in an interview, Cornyn conceded, "Clearly no war is going to proceed without mistakes, and I think there have been mistakes made."

Cornyn is not surprised that some of his Republican colleagues are turning skittish on Bush. "That's a function of the president's [poor] approval rating. When it's soaring, people are rallying around him. When his numbers are in the tank, that is diminished. But I really do believe that this is more important than the next election and who's up and who's down in Washington," Cornyn said.

The lack of daylight between Bush and Cornyn, particularly over the war, has raised a few eyebrows among Democrats and within Texas political circles.

"He needs to more clearly stand on his own two feet and stop saying, 'I agree with the president,' " said Cal Jillson, a Southern Methodist University political scientist.

"Even in Texas, total fidelity to George Bush is not the wisest move, substantively or politically," said Sen. Charles E. Schumer (N.Y.), the Senate Democrats' campaign chairman. "The whole world is changing. There's an opening in every part of the country, including in Texas, like there wasn't even five years ago."

Democrats' political prospects in Texas brightened considerably last year, after a Democrat captured the seat of former House majority leader Tom DeLay (R) in the general election and Democrat Ciro Rodriguez won a surprisingly convincing victory over Rep. Henry Bonilla (R), in a December runoff election in the massive 23rd Congressional District.

A few weeks later, the Texas Blue, a progressive Web site, raised the question of Cornyn's potential vulnerability. The evidence: two years of monthly tracking polls that showed Cornyn's job approval rating barely breaking 45 percent and a random sample of Texas residents conducted in December that detected a slight shift in favor toward Democrats.

Cornyn questioned the tracking poll's methodology, noting the firm, Survey USA, relies on recorded "robocalls," rather than using live agents to query voters. But his reaction suggested he had seen the numbers. He has raised $3.2 million for his 2008 campaign, more than any other incumbent GOP senator.

"I'm preparing for whatever happens," Cornyn said.

California Gives Stem Cell Research Grants (NYT/AP)

By The Associated Press

The New York Times, February 17, 2007

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BURLINGAME, Calif., Feb. 16 (AP) — California's stem cell agency gave out nearly $45 million in research grants to about 20 state universities and nonprofit research laboratories on Friday, far exceeding the federal government's annual outlays for stem cell work.

In issuing the first significant research grants in its two-year history, the agency, the California Institute for Regenerative Medicine, became the biggest financial backer of human embryonic stem cell research.

Stanford University researchers were the biggest winners, receiving 12 grants worth a combined $8 million, including the first publicly financed human embryo cloning project.

The Salk Institute in San Diego and the J. David Gladstone Institute in San Francisco were among the 10 nonprofit research centers receiving grants.

Next month, another round of 25 grants worth about $80 million will go to established stem cell scientists.

Loans Launch State's Stem Cell Ambitions (LAT)

By Mary Engel, Times Staff Writer

The Los Angeles Times, February 17, 2007

California draws on public money, awarding about $45 million to 20 research institutions.

SAN FRANCISCO — Public money began flowing to embryonic stem cell research Friday for the first time since Californians voted to make their state a haven for a scientific endeavor that the Bush administration refused to fund on moral grounds.

Drawing on a state loan, the board created to oversee the ambitious enterprise awarded 72 grants to 20 institutions statewide for a total of about $45 million.

The funding is a fraction of the decade-long, $300-million-a-year juggernaut voters approved under 2004's Proposition 71, the Stem Cell Research and Cures Act. But it signaled the determination of the voter-created California Institute for Regenerative Medicine to make the state a player in the nascent field even as the bonds remain frozen by litigation.

"We can't afford to wait when it comes to advancing a life-saving science," Gov. Arnold Schwarzenegger said Friday at a news conference.

To tide the state over during the lawsuits, Schwarzenegger arranged the $150-million state loan last summer on the day that President Bush vetoed legislation aimed at loosening federal funding restrictions.

Bush has expressed moral concerns about destruction of embryos during such research, as have several plaintiffs in the California lawsuits.

The state money exceeds the $38 million the National Institutes of Health spent on human embryonic stem cell research nationwide in 2006. Federal funding is limited to research on 22 embryonic stem cell lines — each one a group of cells derived from the same embryo — that existed before August 2001, the day President Bush announced his policy.

"We all know every marathon starts with a first step," the governor said. "But let's take that first step. Let's start the marathon. Let's not hold it up."

Schwarzenegger, on crutches because of his December skiing accident and flanked by people in wheelchairs, called the scientists doing stem cell research "our newest action heroes."

The grants were a bonanza for the UC system, with UC San Francisco receiving eight; UCLA seven; UC San Diego and UC Irvine six each; UC Riverside, UC Santa Cruz, UC Davis and UC Berkeley receiving two each. Even the new UC Merced got one. The biggest winner was Stanford University, which took home 12 grants. USC received four. The private nonprofit Burnham Institute for Medical Research in La Jolla received eight.

All 72 grants ranged from $251,000 to $808,000.

Friday's two-year grants, aimed at young scientists and established veterans new to stem cell research, give a hint of the promise and challenges of this field of medical research. The work has generated both hope and hype since scientists at the University of Wisconsin derived the first human embryonic stem cells just eight years ago.

For the grant-awarding process, a group of 15 scientists from outside California and eight patient advocates from the institute's oversight board ranked 231 proposals.

The top-scoring proposal, drawing $612,000, was from UC San Diego. It will look for the signal that triggers a human embryonic stem cell to develop into a particular type of brain neuron. Stem cells are able to form into any kind of cell in the body.

"If successful," the proposal's synopsis reads, "these experiments would provide a therapeutic strategy for the treatment of Alzheimer's disease and other disorders that are characterized by loss of forebrain neurons."

It went without saying that such a result, if it is achieved at all, would involve years of research beyond the two funded by the grant.

"The project may not work but the applicant is the right researcher to try it," wrote the reviewers.

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The board originally intended to award 30 grants for a total of about $24 million, but it increased the number of grants after seeing the scope and quality of the proposals, said Robert Klein, an influential backer of Proposition 71 and chairman of the oversight board.

"It's a historic opportunity to make a difference," Klein said.

After more than 12 hours of deliberation Thursday night and Friday morning, the full board made selections from the proposals, which were numbered and had the names of institutions and people removed. The institute staff advised board members, many of whom work for universities or institutions with proposals, on when to recuse themselves because of a possible conflict of interest.

The process drew some complaints from two government watchdog groups, which pointed out that Connecticut, which funds a much smaller stem cell research effort, identified all the institutions and scientists it awarded by name, including those rejected. The groups called on the board to publish the names of the California institutions that applied for grants but were denied.

But even they praised the spirited discussions and lengthy deliberations that went into choosing the grantees.

"Many of us had expressed concern that the board would act as a rubber stamp and not delve into this in a serious way," said John Simpson of Santa Monica-based Foundation for Taxpayer and Consumer Rights. "This is a very good process."

The litigation that has held up funding from the bond was brought by taxpayer groups and religious organizations. On Wednesday, a state appellate court heard oral arguments on the plaintiffs' appeal of a decision by the Alameda County Superior Court in April that upheld the constitutionality of the institute and its citizen oversight committee. The plaintiffs have said they will go to the California Supreme Court if necessary.

The state loan is to be repaid by bond money if the stem cell institute wins the lawsuit.

"They're on their own if they lose the litigation," said Ted Costa, who heads People's Advocate, a Sacramento-based taxpayer organization that is one of the plaintiffs.

Friday's awards were the first in a batch of three to be issued this spring, all funded by the state loan. The next will go to experienced stem cell scientists and the third to help fund shared laboratories.

The board named Friday's grants in honor of Dr. Leon J. Thal, the chairman of UC San Diego's neurosciences department who died this month in a plane crash. The renowned expert on Alzheimer's disease was a member of the oversight board.

Two Liberals Walk Into A Bar... (LAT)

By Martin Miller, Times Staff Writer

The Los Angeles Times, February 17, 2007

To many blue state-types, the Fox News Channel is already funny. But this weekend the media outlet famous for its patriotic fervor and red state champion Bill O'Reilly will try to be intentionally so.

Intended by its conservative creators as a counterbalance to "The Daily Show" and "The Colbert Report" on Comedy Central, "The 1/2 -Hour News Hour" premieres Sunday at 7 p.m. and will satirize current events and pop culture from a distinctly right of center viewpoint. Much like the 24-hour news channel itself, the show is out to fill a void in the marketplace, which the show's creators perceive as decidedly liberal.

"We thought it would be fun to have some unabashedly conservative entertainment," said Manny Coto, one of the show's creators and executive producers. "Our audience will be the millions who tune in to Rush Limbaugh and like-minded people who want that same kind of acerbic commentary and liberal bashing they get on his radio show everyday."

Added Ned Rice, another one of the show's creators and writers: "We're after the half of the country that doesn't think Jon Stewart is the only comedy that is needed."

Their show opens with something unlikely to be seen anytime soon on Stewart's "The Daily Show" or "Saturday Night Live." Limbaugh appears as the president of the United States and acid-tongued author Ann Coulter is his vice president.

The skit takes place in 2009 and is a joke, of course. Limbaugh was corralled into appearing in the skit by Joel Surnow, the show's executive producer and creator. The two struck up a friendship four years ago as a result of Limbaugh's enthusiasm for Surnow's hugely successful action-thriller program, "24."

(Surnow himself was the subject of an unflattering profile in the Feb. 19 issue of the New Yorker magazine. In it, he jokingly referred to himself as a "right wing nut job" — a description the story implicitly argues might actually be accurate. Surnow has been highly critical of the piece.)

So far, Fox News Channel has ordered only two episodes of "The 1/2 -Hour News Hour." The first one will receive an "encore" presentation Feb. 25, and a new second show is slated to air March 4.

Surnow is confident that even with minimal ratings, the show will be greenlighted for weekly production. That could happen, he added, as early as next week.

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Even with the considerable success of "24," Surnow still had trouble getting the show on the air. The Fox network, which airs "24," turned it down. But thanks to a long-standing friendship with Fox News Chairman Roger Ailes, Surnow was able to convince the executive to give his new show a chance.

"I don't know how many people have been pitching shows like this," said Surnow. "But up to now, the ones that get on seem to be pretty liberal leaning."

Hollywood isn't exactly choking on a conservative talent pool, Surnow said, who nevertheless rejected the idea a liberal agenda has suppressed a program like his in the past.

"I just don't think there are a lot of conservative writers and most of them are probably apolitical or lean some to the left," he said. "There may be a little barrier to entry, but talent will eventually mow those down."

The " 1/2 -Hour News Hour" is structured in a mock news format like "The Daily Show," but instead of a single anchor, there are two. As billed, the first show takes aim at Democratic politicians, environmentalists and the American Civil Liberties Union.

In one bit, an anchor states that, if elected to the White House, Hillary Rodham Clinton has vowed to pick a diverse cabinet — of "angry lesbians."

In another bit, it's reported that Iran, the recent host of an international conference denying the Holocaust, is now denying that the meeting was ever held.

"There are too many liberal sacred cows," said Coto, who is also an executive producer on "24." "Like Hillary Clinton may get an occasional swipe here and there, but they don't go after them the way they go after Bush or Cheney."

The show released a clip earlier this week on the YouTube website mocking the media's hyperventilation over the presidential bid of Sen. Barack Obama (D-Ill.).

The clip quickly climbed up the viral video charts with hundreds of thousands of hits by midweek. Of course, it's unclear whether viewers found the bit funny or were merely curious about the conservative stab at political humor.

What are liberal critics going to think of the show?

"They're going to love it," joked Surnow. "They're going to have another place to shoot all their arrows."

Fox News Takes On Jon Stewart (POL)

By Helena Andrews

The Politico, February 16, 2007

This Sunday at 10 p.m., Fox News Channel will debut a news/comedy hybrid the network hopes will deflate the crush young Americans have on Jon Stewart.

Produced by Joel Surnow, the brains behind Fox's hit "24," "The Half-Hour News Hour" is a mock news satire (but for conservatives) that will hopefully make everyone forget about Comedy Central's "The Daily Show." Some have dubbed it the "un-Daily Show."

"I thought it was hilarious," said Jason Apuzzo, co-director of the Liberty Film Festival in Los Angeles. The third annual festival showed a pilot of "The Half-Hour News Hour" in November. "I think there's definitely a market for something like this because I think that most of comedy tends to be oriented toward a more liberal sensibility."

Several blogs have had a less than warm and fuzzy reaction to the show. "What a pathetic attempt at comedy. I certainly won't watch it, but then I don't watch the Fox News Channel anyway," wrote one critic on Popwatch, a blog for the magazine Entertainment Weekly.

Ana Marie Cox had this to say on her Time.com blog: "As anyone who has dabbled in comedy can tell you, starting out with a political objective or message is pretty much death for the funny."

Surnow, however, knows his audience. In November he told the Hollywood Reporter that the show "would play more to the Fox News audience than the Michael Moore channel."

The New Yorker recently wrote a 7,000-word piece on the popularity of Surnow's other show, "24," and its conservative implications. The show, according to the magazine, operates off of the nation's paranoia since the attacks of Sept. 11, 2001.

Surnow, who sometimes enjoys a cigar in his office with buddy Rush Limbaugh, said that in Hollywood party affiliation doesn't matter when the ratings are up. So the fact that he's a conservative in notoriously liberal La La Land has been a non-issue until now. With the "News Hour" set to debut its first episode, he told the New Yorker he's been "exposed."

Of course, Youtube.com is already in on the action. A two-minute-long snippet of the show has been viewed 327,060 times as of Friday. The opening graphics are reminiscent of that other comedy show, with flying titles and the stock red, white and blue color scheme.

Anchor Kurt Long begins with this joke: "Illinois Senator Barack Obama admits that as a teenager he sometimes used cocaine. This news sent Obama's approval rating among Democrats plummeting to all-time low of 99.9 percent."

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The studio then echoes with boisterous laughter.

And the Obama quips don't stop there.

"But in a related story Senator Obama has been endorsed for president by former Washington, D.C., Mayor Marion Barry." And there was more on Obama's middle name, Hussein, and mock features in a fictional Barack Obama magazine, such as: "A Life in Politics: My 18-month Journey."

Whether or not the jokes are about Obama himself or simply the hype surrounding him (which everyone can agree on) is up to the viewer.

Apuzzo, however, remained open as to whether the show audience will wear red or blue. "I don't think that Joel intends this to be exclusively oriented towards a conservative market," he said.

The pseudo public service announcement that Fox ran to promote the show makes the matter somewhat more clear.

A booming TV announcer says the show may offend the following: "the left, the far left, anyone standing to the left."

Fox News Channel's "1/2 Hour News Hour": Right Funny, In Spots (WP)

By Tom Shales, Washington Post Staff Writer

The Washington Post, February 17, 2007

Can political conservatives be funny? George F. Will and William F. Buckley Jr., among a few others, are great wits, but that's different from setting out to generate peals of laughter throughout the land, and managing to do it. "The 1/2 Hour News Hour," a new weekly series from Fox News Channel, aims in part to prove that the right is not so full of itself that it can't get off a zinger or two.

Obviously patterned after "The Daily Show" on Comedy Central (which was just as obviously patterned on the "Weekend Update" segment of NBC's "Saturday Night Live"), "The 1/2 Hour News Hour" (premiering tomorrow night) is for the most part a straightforward mock newscast in which lefties are by far the favored targets. Thus the question "Can the right laugh at itself?" is neither addressed nor answered.

Despite constant, unrelenting protestations that "the media" are controlled by liberals, conservatism has hardly been absent from recent popular humor. For years, a major contributor to "Update," and the author of "SNL's" "cold open" sketch, was a conservative Republican, James Downey. The outrageous puppet movie "Team America" used many Hollywood liberals as literal targets, blowing them to proverbial kingdom come.

All that aside, " 1/2 Hour" definitely has its moments. Anchors "Jennifer Lange" and "Kent McNally" (Jenn Robertson and Kurt Long -- why didn't they just use their real names?) sit at a simple desk and deliver the facetious items without any of the dreadful, overboard mugging and mincing of "Daily Show's" obnoxious Jon Stewart.

The show opens with something of a sketch, however: It's 2009 and guess who's president? Rush Limbaugh, whom we discover seated at an Oval Officey desk and reciting his lines mechanically. When he calls for the vice president, in walks that spooky vampire Ann Coulter, too malicious and frightening to ever be funny. Still, the pair do have a certain star power.

On comes the artificial news. Hillary Rodham Clinton has pledged wide-ranging variety in her version of a Clinton administration, it's reported; she vows to appoint "a diverse group . . . of angry lesbians." An overlong segment on politically correct children's books includes such titles as "Harry Potter and the Alternate Lifestyle" and, for the developmentally challenged, "The Little Engine That Couldn't Quite."

There's a running gag about environmental activist Ed Begley Jr. attempting to get to the studio in a car that runs on, among other things, poopy, and mock commercials trashing the American Civil Liberties Union -- "protecting criminals from people like you since 1920." Here, though, the desire to deliver partisan swift kicks tends to override any impulse to amuse.

On the other hand, a segment in which a "game-show host and climatologist" attempts to link all public events, including Britney Spears's lack of underwear, to global warming has its chucklesome side, as does a plea from "Girl No. 13 on 'Deal or No Deal' " to drum up more causes for Hollywood celebrities to support, because the supply is running low. The inevitable Barack Obama jokes include the observation that a minor scandal caused his popularity among Democrats to plummet "to an all-time low of 99.9 percent."

Executive-produced by Joel Surnow, the man behind Fox's sadistic and preposterous (one hopes) "24," and undoubtedly encouraged by enfant terrible and Fox boss Roger Ailes, "The 1/2 Hour News Hour" is on the semi-amateurish side some of the time, and when it picks on dead revolutionaries such as Che Guevara, it seems lazy as well as tacky.

But those on the left anticipating, and probably hoping for, some kind of ghastly disaster will be disappointed -- and may even feel like joining in the (apparently canned) laughter more times than they'd expect. In a nutshell: It isn't terrible.

The 1/2 Hour News Hour (30 minutes) premieres tomorrow night at 10 on Fox News Channel.

It's Reported, They Mock, You Decide (NYT)

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By Alessandra Stanley

The New York Times, February 17, 2007

Making fun of the president is not ideological. Not making fun of the president, on the other hand, is.

And that's what distinguishes "The ½ Hour News Hour," a Fox News version of "The Daily Show With Jon Stewart," from most other satirical shows. Comedians like Mr. Stewart, Stephen Colbert, Jay Leno and David Letterman ridicule whoever is in power, be it Bill Clinton or President Bush, John McCain or Nancy Pelosi.

The Fox News comedy only leans on the left.

On a mock news program much like "Weekend Update" on "Saturday Night Live," the targets are Hillary Rodham Clinton, Barack Obama, global warming, Hollywood liberals, politically correct children's books ("Harry Potter and the Alternative Lifestyle") and the American Civil Liberties Union. A few riffs by the fake anchors, Kurt McNally (Kurt Long) and Jennifer Lange (Jennifer Robertson), are funny, yet others fall flat. But strangely, given the current wealth of material, there are no jokes about Mr. Bush, Dick Cheney or I. Lewis Libby Jr.

Sometimes the humor is so heavy-handed that it seems almost like self-parody. The premiere tomorrow opens with Rush Limbaugh and Ann Coulter in a skit set in January 2009. Mr. Limbaugh is the newly elected commander in chief, and he tells his fellow Americans that his Democratic opponent, Howard Dean, is "finally getting the medical attention he has so desperately needed for so long," which is a strange joke for Mr. Limbaugh to make, given his history of pain killers and prescription fraud.

Any notion that Mr. Limbaugh is trying to be slyly self-deprecating is quickly deflated by the earnest indignation fueling this comedy show.

Almost 30 years after the Reagan revolution, conservatives have to tilt pretty far to portray themselves as marginalized and downtrodden. Republicans controlled the House and the Senate until only recently, and they still run the White House, but the impulse to paint themselves as a persecuted minority leading a cultural war against the Hollywood-led liberal media dies hard.

It's a strange new comic order when the actor and environmentalist Ed Begley Jr. and his hybrid cars loom larger than the Iraq war, the deficit or White House leaks.

It's not surprising that a Fox News comedy show would share the same bunker sensibility as the rest of the network. That 24-hour cable news channel was created as a conservative antidote to mainstream news organizations. The us-against-them empire keeps growing. Rupert Murdoch announced that his latest venture, the Fox Business Channel, would be "more business-friendly than CNBC." (If nothing else, that is perhaps a sign that Mr. Murdoch does have a sense of humor.)

"The ½ Hour News Hour" is not even the first comedy show on Fox News. "Red Eye," a loose and slightly naughty late-night talk show, has a conservative but flippant bent. The host, Greg Gutfeld, says his show is "like Anderson Cooper without the poppers." But the panelists are young and try to be hip, so they mostly talk off the cuff about sex, stupid news items and celebrities.

" ½ Hour" is more tightly wound. Some of the writing is clever. "After months of being criticized for hosting a Holocaust denial conference in December," Mr. McNally says, "the Iranian government is now denying that the conference ever took place." He adds, "Or if it did, that attendance figures were greatly exaggerated by a Zionist-controlled media."

But most of the punch lines are silly, and the material too skimpy and narrow in range. It has been a long time since anyone laughed at jokes about Representative Dennis J. Kucinich, Democrat of Ohio.

There is nothing wrong with Fox News adding a comedy show to its roster, and in some ways it's quite fitting. Humor is by definition unfair and unbalanced, but it is most effective when it is more evenly and broadly spread.

Bush Discusses Mideast With Israeli PM, Saudi King (AFP)

AFP, February 17, 2007

US President George W. Bush discussed the situation in the Middle East with Israeli Prime Minister Ehud Olmert and Saudi Arabia's King Abdullah, the White House said.

The telephone talks came just before US Secretary of State Condoleezza Rice headed to the Middle East to host a rare summit between Israeli and Palestinian leaders that she hopes will break new ground in reviving peace negotiations frozen for nearly seven years.

Monday's meeting with Palestinian president Mahmud Abbas and Olmert was the focus of Bush's talks with the Israeli prime minister, the White House said in a statement.

Bush also "discussed the situation in Iraq and developments in Israeli-Palestinian affairs" with the Saudi king, the White House added.

Rice has in recent months heralded the existence of a "new opening" for progress towards Israeli-Arab peace and the creation of an independent state for Palestinians, and has billed Monday's summit in Jerusalem as a high-profile jump through that breach.

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Wait-and-see Policy On Hamas Damps Expectations For Jerusalem Summit (FT)

By Harvey Morris

Financial Times, February 17, 2007

Officials have set the bar so low for a US-Israeli-Palestinian summit in Jerusalem on Monday that even a modest step towards a revival of the moribund peace process is likely to be spun as a giant leap.

The Bush administration, bogged down in Iraq and assailed in Congress, badly wants to hear some good news from the Middle East. The timing, however, could hardly be worse.

Mahmoud Abbas's em-brace of Hamas, the Islamist group, has raised questions of the Palestinian Authority president's suitability as a peace partner, while a domestic crisis of confidence in Ehud Olmert, the Israeli prime minister, has cast doubt on his ability to break the deadlock.

Condoleezza Rice, the US secretary of state, who arrives tonight for bilateral talks with the two leaders before Monday's tripartite meeting, said peace efforts were "obviously more complicated because of the uncertainties surrounding the [Palestinian] national unity government".

The Hamas government that ruled the PA since the Islamists' election victory a year ago quit this week to pave the way for formation of a new cabinet in which it will share power with Mr Abbas's Fatah movement and independents.

The move, in the wake of a February 8 accord signed in Mecca by the two rival parties, brought enormous relief to the Gaza Strip, where more than 100 people had died in factional violence.

It left questions unanswered, however, on how far the new government would go to fulfil international principles that it recognise Israel, renounce violence and abide by existing agreements. Unless western donor countries are satisfied, an embargo on direct aid to the Palestinian government will remain in force.

In the hiatus between the Mecca accord and the government being sworn in, the US, its Middle East quartet partners - the European Union, United Nations and Russia - and even Israel have adopted a policy of wait-and-see.

"We don't like what's happened on the Palestinian side but we don't want to shut the door completely," a senior Israeli official told the Financial Times. "We will still try to work something out with Mahmoud Abbas."

The Israeli side, however, has quashed expectations, particularly in Europe, that Monday's summit might focus on skipping some of the more contentious elements of the Quartet's "road map" plan and head to final settlement talks, offering the Palestinians what diplomats call a "political horizon".

Tzipi Livni, the Israeli foreign minister, appeared tempted by the idea but it is not one that Mr Olmert would have much chance of selling to the right wing of his quarrelsome coalition.

Palestinians are now so buoyed by the Fatah-Hamas rapprochement that they see themselves as the most confident player within the trio of Israel, the US and the PA.

"Mecca gives President Abbas the freedom to negotiate. It was clear the US wasn't in favour of a Hamas government," said Ziad Abu Amr, an independent likely to be named as foreign minister in a new unity government. "But if the Americans are realistic, the best thing is to deal with Hamas in a constructive way."

Fatah officials and independents believe that Hamas, eager to rehabilitate itself in the eyes of the international community after a year of failed government, has moved towards the mainstream, despite its reluctance to recognise Israel.

"Fatah didn't embrace the Hamas political programme," said Mr Abu Amr. "I would say it's the other way round."

Israel, for the time being, tends to see the glass as half empty rather than half full. "The fact is Hamas moved a little bit, which is positive," said the Israeli official. "But we don't think it moved far enough. Mahmoud Abbas moved towards Hamas, which we don't like."

Palestinians officials meanwhile hoped their political accord would turn the Bush administration away from a perceived policy of seeking the removal of Hamas, by force if necessary. The White House's attempts to boost Fatah's military strength were set back this week when Congress froze $86m (£41m, €65m) destined to bolster Mr Abbas in his conflict with the Islamists.

"Hamas is now committed to the international rules," said Alaa Yaghi, a Fatah parliamentarian. "What more does the US want? If they don't want Hamas, it means they don't want peace on the ground."

Bush Plans Deep Cuts To Andean Drug War Budget (WT)

By Martin Arostegui, The Washington Times

The Washington Times, February 17, 2007

SANTA CRUZ, Bolivia -- President Bush's new budget calls for deep cuts in the leading U.S. program to fight drug trafficking in the Andean region, amid growing clashes over drug policy between Washington and leftist governments in Venezuela and Bolivia.

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The cuts to the Andean Counterdrug Initiative (ACI) affect every country in the region except Colombia. They have been criticized by governments in the area, as well as by U.S. counternarcotics officials and some lawmakers on Capitol Hill.

"It would be the largest across-the-board reduction in aid since the war on drugs began," said one U.S. diplomatic official, who asked not to be named.

The ACI was designed to help local efforts to reduce the flow of illegal drugs, which surged in the late 1980s when cocaine production skyrocketed and powerful drug cartels emerged.

The ACI would receive $442.8 million under the fiscal 2008 budget that Mr. Bush submitted to Congress earlier this month, down 23 percent from the estimated spending for the current fiscal year and off nearly 40 percent from $727.2 million in fiscal 2006. The largest percentage cuts would be in Peru and Bolivia, which remain major producers of coca.

More than $2 million in anti-drug aid budgeted for Venezuela in fiscal 2007 was never spent as American officials feuded with populist anti-U.S. President Hugo Chavez over counternarcotics policy. Venezuela would get no ACI money in the new budget.

Venezuelan Foreign Minister Nicolas Maduro criticized the cuts, but told reporters in Caracas earlier this month that his country would not bend to U.S. "blackmail."

The Bush budget also proposed a sharp cut in ACI funds to Bolivia, where leftist President Evo Morales, a close Chavez ally, has announced a major increase in the amount of land set aside for legal coca production. Bolivia would receive $30 million in ACI money in fiscal 2008, down from almost $80 million in fiscal 2006.

Hugo Acha, a Bolivian legal consultant on drug policy, said, "There is no point in the U.S. giving aid if the objectives are not being met. The war on drugs appears to have become a mere formality."

But Ecuador's Foreign Minister Maria Fernanda Espinosa warned that the cuts will be seen as a punishment for countries in the region that elect governments that clash with Washington.

Even Peru, which has good relations with the United States, is facing a cutback.

Peruvian Prime Minister Jorge del Castillo said in an interview, "Peru should receive more aid rather than having it cut, in view of the magnitude of the problem we face, which is equal to Colombia."

Romulo Pizarro, Peru's top counternarcotics official, said he planned to lead a delegation to Washington next month to argue against the ACI reductions. He said Lima was meeting its objectives under the program.

"We understand the State Department wants to use the money from South America elsewhere," he said. Asked if he thought the money could go to Iraq, he said, "That's right."

Secretary of State Condoleezza Rice defended the cuts on Capitol Hill last week while facing pointed questioning from lawmakers.

Miss Rice said the administration was only shifting money to more effective programs on a country-by-country basis, while keeping overall aid to the region high. Much of the counternarcotics money would move to other development accounts and to the Millennium Challenge Corp., Mr. Bush's signature foreign-aid program.

"It's not just an across-the-board, mindless cut on Latin America," she said.

She acknowledged that some funds had been cut to countries that were less cooperative in U.S. counternarcotics efforts.

"There are some places, for instance, Bolivia, where our opportunities are somewhat more limited than they've been because of the nature of the government there," she said.

Another senior U.S. official earlier this week said the State Department was driving the ACI cuts.

The official, speaking on background, said the shift had wide support, but warned that as countries such as Colombia and Peru focus on development or "soft-side remedies," terrorists and drug cartels in the region could "strike back with a vengeance."

"Why signal to the rest of the Andean nations that those who line up with us will see a cut in funding for their anti-drug efforts?" the official said.

Scandal In Colombia Raises Skepticism On Capitol Hill (WP)

By Juan Forero, Washington Post Foreign Service

The Washington Post, February 17, 2007

BOGOTA, Colombia, Feb. 16 -- U.S. support for Colombia has been a foregone conclusion under the administration of President Ãlvaro Uribe, who was elected in 2002. But with a widening scandal tying the president's close supporters to paramilitary groups, policymakers on Capitol Hill say skepticism of Uribe's government is mounting, leading to closer scrutiny of a proposed aid package and free-trade agreement with the Andean nation.

On Thursday, Sen. Ãlvaro AraÃºjo Castro, the brother of Foreign Minister Maria Consuelo AraÃºjo, was arrested along with three other senators and a congressman. Authorities said they are investigating links that those lawmakers -- along with a sixth

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legislator who remains at large -- may have had ties to a paramilitary organization that has terrorized the country for years while shipping tons of cocaine to U.S. cities.

And Friday, the Supreme Court, which is heading a probe of Congress, announced that it would provide prosecutors with documentation to help determine whether the foreign minister's father, Ãlvaro AraÃºjo Noguera, had ties to paramilitary groups and participated in the kidnapping of a businessman. The foreign minister's cousin, Hernando Molina, governor of the state of Cesar, is also under investigation by authorities for allegedly collaborating with paramilitary groups to carry out killings and finance his campaign.

Uribe said he would stand fast behind his foreign minister in the midst of a scandal that has put eight congressmen behind bars and led to the questioning of dozens of national and local politicians. At a news conference Friday, Foreign Minister AraÃºjo told reporters, "I'm going to keep working with efficiency, honor, results and joy."

Officials in Washington said Uribe's support for the foreign minister would not help the Colombian government in its negotiations with U.S. lawmakers.

"The effects of what we call 'para-gate,' among Colombia followers in Congress, are that more and more folks are starting to get a bit skeptical regarding support, because there's a question of how far-reaching the relationship between the paramilitaries and the government officials is, vis-Ã -vis the president," a senior aide to a Republican senator said on condition of anonymity. "The confidence that we have in Uribe has been what's carried this for so long. That confidence has been brought into question."

Rep. Sander M. Levin (D-Mich.) said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia.

"Colombia F.T.A. cannot pass the Congress, as constructed, and Plan Colombia is in more jeopardy because of these scandals, the infiltration of the paramilitary into the inner workings of the Colombian government," Levin said by telephone from Washington. "I voted for Plan Colombia, at least the first few times, but this is a very worrisome development."

Though lawmakers in Washington remain intensely focused on Iraq, it is not lost on policymakers that Colombia remains the biggest recipient of U.S. assistance outside of the Middle East and Afghanistan. Nearly $4.7 billion has been funneled to Colombia since Plan Colombia, an extensive aid package designed to defoliate coca and erode support for Marxist rebels, was instituted in 2000. The assistance has helped Colombia lower violence and tightened bonds between Bogota and Washington.

But Colombia continues to produce more than enough cocaine to meet world demand. And despite a highly touted demobilization that started in 2003, paramilitary groups still thrive, with shadowy new forces killing rivals, union leaders and peasants while battling guerrillas for control of the country's lucrative drug business. In the midst of this tumult, the Supreme Court and a team of prosecutors have begun to unearth extensive ties between paramilitary commanders and dozens of congressmen, regional politicians from coastal states and mid-level administration officials.

For Uribe, the scandal couldn't have come at a worse moment. He, Vice President Francisco Santos and Defense Minister Juan Manuel Santos have made recent trips to the United States to press for approval of a free-trade agreement and more assistance to help the state take control of an unruly countryside. In Colombia's latest proposal, Uribe and his cabinet say they want to spend $44 billion in the coming years -- a program that would rely on a heavy infusion of aid from Washington and European countries.

"The whole scandal and the fact that all of these people are close confidants of the president are really going to muddy the waters as they're looking at a free-trade agreement and a new aid package in a democratically controlled Congress," said Adam Isacson, who closely tracks U.S. aid to Colombia for the Center for International Policy in Washington. "The Colombian government has a rather big sales job ahead of it, and this makes it infinitely harder for them to do that sales job."

Vice President Santos, in an interview, said that the disclosures would never have come out if Uribe's government had not entered into negotiations with the paramilitary organizations, a process that he said not only led to a full-scale disarmament but emboldened institutions such as the Supreme Court to investigate authorities' paramilitary ties.

"We're going to deal with it openly, and confront reality and let the chips fall where they may," Santos said. "The most important thing is that we clearly present what we've done. The United States Congress should be totally calm about there being complete transparency here."

The Bush administration has reiterated its support for Uribe. "We remain committed to the free-trade agreement," Tom Casey, a State Department spokesman, told reporters in Washington. He added that the administration would continue to back anti-narcotics operations in Colombia.

But the latest disclosures have drawn heated criticism, from organizations such as Human Rights Watch and from some of Capitol Hill's more influential shapers of U.S. policy in Latin America, including Sen. Patrick J. Leahy (D-Vt.), chairman of the Senate Appropriations foreign operations subcommittee.

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"This confirms the concerns that many have had for a long time, that the paramilitaries have infiltrated the economic and political establishment of Colombian society," he said in a statement. "It should give us some pause as to who we are dealing with."

Chávez Threatens To Jail Violators Of Price Controls (NYT)

By Simon Romero

The New York Times, February 17, 2007

CARACAS, Venezuela, Feb. 16 — Faced with an accelerating inflation rate and shortages of basic foods like beef, chicken and milk, President Hugo Chávez has threatened to jail grocery store owners and nationalize their businesses if they violate the country's expanding price controls.

Food producers and economists say the measures announced late Thursday night, which include removing three zeroes from the denomination of Venezuela's currency, are likely to backfire and generate even more acute shortages and higher prices for consumers. Inflation climbed to an annual rate of 18.4 percent a year in January, the highest in Latin America and far above the official target of 10 to 12 percent.

Mr. Chávez, whose leftist populism remains highly popular among Venezuela's poor and working classes, seemed unfazed by criticism of his policies. Appearing live on national television, he called for the creation of "committees of social control," essentially groups of his political supporters whose purpose would be to report on farmers, ranchers, supermarket owners and street vendors who circumvent the state's effort to control food prices.

"It is surreal that we've arrived at a point where we are in danger of squandering a major oil boom," said José Guerra, a former chief of economic research at Venezuela's central bank, who left Mr. Chavez's government in 2004. "If the government insists on sticking to policies that are clearly failing, we may be headed down the road of Zimbabwe."

For now, Venezuela remains far from any nightmarish economic meltdown. The country, which has the largest conventional oil reserves outside the Middle East, is still enjoying a revenue windfall from historically high oil prices, resulting in a surge in consumer spending and lavish government financing for an array of social welfare and infrastructure programs. Dollar reserves at the central bank total more than $35 billion.

The economy grew by more than 10 percent last year, helping Mr. Chávez glide to a re-election victory in December with 63 percent of the vote. Yet economists who have worked with Mr. Chávez's government say that soaring public spending is overheating Venezuela's economy, generating imbalances in the distribution of products from sugar to basic construction materials like wallboard.

Public spending grew last year by more than 50 percent and has more than doubled since the start of 2004, as Mr. Chávez has channeled oil revenues into social programs and projects like bridges, highways, trains, subways, museums and, in a departure for a country where baseball reigns supreme, soccer stadiums.

In an indicator of concern with Mr. Chávez's economic policies, which included nationalizing companies in the telephone and electricity industries, foreign direct investment was negative in the first nine months of 2006. The last year Venezuela had a net investment outflow was in 1986.

Shortages of basic foods have been sporadic since the government strengthened price controls in 2003 after a debilitating strike by oil workers. But in recent weeks, the scarcity of items like meat and chicken have led to a panicked reaction by federal authorities as they try to understand how such shortages could develop in a seemingly flourishing economy.

Entering a supermarket here is a bizarre experience. Shelves are fully stocked with Scotch whiskey, Argentine wines and imported cheeses like brie and Camembert, but basic staples like black beans and desirable cuts of beef like sirloin are often absent. Customers, even those in the government's own Mercal chain of subsidized grocery stores, are left with choices like pork neck bones, rabbit and unusual cuts of lamb.

With shoppers limited to just two large packages of sugar, a black market in sugar has developed among street vendors in parts of Caracas. "This country is going to turn into Cuba, or Chávez will have to give in," said Cándida de Gómez, 54, a shopper at a private supermarket in Los Palos Grandes, a district in the capital.

José Vielma Mora, the chief of Seniat, the government's tax agency, oversaw a raid this month on a warehouse here where officials seized about 165 tons of sugar. Mr. Vielma said the raid exposed hoarding by vendors who were unwilling to sell the sugar at official prices. He and other officials in Mr. Chávez's government have repeatedly blamed the shortages on producers, intermediaries and grocers.

Those in the food industry argue that the price controls prevented them from making a profit after inflation rose and the value of Venezuela's currency plunged in black market trading in recent weeks. The bolívar, the country's currency, fell more than 30 percent to about 4,400 to the dollar in unofficial trading following Mr. Chávez's nationalization of Venezuela's main telephone company, CANTV, and its largest electric utility, Electricidad de Caracas.

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Fears that more private companies could be nationalized have put further pressure on the currency as rich Venezuelans try to take money out of the country. Concern over capital flight has made the government jittery, with vague threats issued to newspapers that publish unofficial currency rates (officially the bolívar is quoted at about 2,150 to the dollar).

Regardless of efforts to stop illicit currency trading, the weaker bolívar has made imported food, fertilizers and agricultural equipment more expensive. Venezuela, despite boasting some of South America's most fertile farmland, still imports more than half its food, largely from Argentina, Brazil, Colombia and the United States.

Supermarket owners expressed relief when the government this week cut value-added taxes on retail food sales and raised the prices on more than 100 staples in an effort to alleviate the shortages. The announcement included an average 32 percent increase in beef prices and a 45 percent increase in chicken prices.

Following Mr. Chávez's nationalization threat, supermarket owners were cautious in their public statements. "As long as we are complying with the regulations, I don't believe there will be any type of reprisal," said Luis Rodríguez, executive director of the National Supermarket Association.

But many were clearly torn, afraid that their stores could be seized if they complained, but at a loss as to how to continue operating. "If I don't sell at the regulated price they'll fine me, and if I don't sell meat I'll be out of business," said a butcher shop owner here.

During his television broadcast, Mr. Chávez said his measures would be laid out in a decree, a power that his rubber-stamp legislature just bestowed upon him. He acknowledged that removing taxes on food sales would deprive the government of more than $3 billion in revenues, higher than the military budget, but he said tax increases on luxuries like beach homes and yachts would make up for part of the shortfall.

Mr. Chávez also said he would raise subsidies for state-owned grocery stores. Economists say such subsidies, together with hefty loans to farmers, have allowed the price controls to function relatively well until recent weeks.

But recent expropriations of farms and ranches, part of Mr. Chávez's effort to empower state-financed cooperatives, have also weighed on domestic food production as the new managers retool operations. So has the flood of petrodollars into the economy, easing food imports and making some domestic producers uncompetitive, an affliction common to oil economies.

"There seems to be a basic misunderstanding in Chávez's government of what is driving scarcity and inflation," said Francisco Rodríguez, a former chief economist at Venezuela's National Assembly who teaches at Wesleyan University.

"There are competent people in the government who know that Chávez needs to lower spending if he wants to defeat these problems," Mr. Rodríguez said. "But there are few people in positions of power who are willing to risk telling him what he needs to hear."

Mexico's Economy Loses Steam (LAT)

By Marla Dickerson, Times Staff Writer

The Los Angeles Times, February 17, 2007

Sluggish manufacturing and falling exports to the U.S. are blamed for the deceleration. Slowing growth could spur emigration.

MEXICO CITY — Mexico's economy slowed in the last three months of 2006, and that could have consequences in the United States: Tough times in Mexico typically fuel immigration north of the border.

Mexico's gross domestic product expanded 4.3% in the October-to-December period from the final quarter of 2005, according to figures released Friday by the finance ministry. It was the third consecutive period of slower growth in the nation's economic output and a sharp decline from the 5.5% expansion registered in the first quarter.

The deceleration was blamed largely on a sluggish factory sector and a slowdown in exports to Mexico's principal customer, the United States.

Some analysts believe it portends a challenging year ahead for new President Felipe Calderon, who campaigned on promises of creating millions of jobs and vibrant economic growth for Mexico.

"When I took a look at some of the numbers I said, 'Uh-oh,' " said Eugenio Aleman, a senior economist for Wells Fargo & Co. in Minnesota. "Things are not looking good."

On the year, Mexico posted GDP growth of 4.8%, the strongest since 2000. High oil prices pumped record tax revenue into government coffers. The nation had a banner year in job creation.

But Aleman and other economists are cautious about the nation's prospects this year. The economy of the United States, Mexico's biggest trading partner, is weakening. Mexico's inflation has been rising, its oil production is slipping, and the nation's bellwether auto sector has hit a speed bump.

The United States has long served as an escape valve for struggling Mexicans, but there are signs that this funnel is tightening. Growth in the sums of money sent home by Mexican workers slowed to a trickle in November and December

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compared with the final months of 2005. It's an indication that stiffer border enforcement might be making it harder for undocumented Mexicans to reach America.

That will increase pressure on Calderon to reach a migratory accord with the United States. Unemployment in Mexico has soared. Rising prices on basics including tortillas, milk and eggs have sparked street protests. Millions of families rely on the remittances sent home, which have become the nation's second-largest source of foreign exchange behind oil revenue.

Much of the slowdown in economic growth is attributed to manufacturing. Mexico's factory sector expanded 3.1% in the final quarter of the year. In the first three months of the year it grew a sizzling 7.1%, driven by rebounding auto production.

But the Big Three's woes are being felt south of the border. The Mexican plants of Ford Motor Co., General Motors Corp. and DaimlerChrysler account for about 70% of the cars assembled here, most of which end up in American showrooms.

A U.S. sales slump trimmed Mexican production and exports by 5% in December. The trend accelerated in January as exports tumbled to 88,915 vehicles, a 20.7% drop from January 2006.

Mexico's overall export growth slipped to 6% in November and 4% in December after an average increase of 19% over the first 10 months of the year. Industrial production grew an anemic 1.6% in December, much lower than forecasts.

Meanwhile, consumer prices have been rising. Mexico ended 2006 with an inflation rate of 4.05%, up from 3.3% in 2005, sparked largely by skyrocketing prices for tomatoes, tortillas and other basic foodstuffs. Further increases could force Mexico's central bank to raise interest rates, a move that would help curb inflation but would be a further millstone on growth.

"They don't want to tighten policy and increase the risk of a much sharper decline in economic activity," said Marcela Meirelles, Latin America economist with Trust Company of the West in Los Angeles.

Mexico's oil sector probably won't be as much of a help to the economy in 2007 as it has in years past. Petroleum prices have declined steeply since last summer's record highs, meaning less oil revenue for Mexico's treasury. Production also has fallen sharply at Cantarell, its largest oil field, a major worry in a nation that last year relied on petrodollars to fund nearly 40% of public spending.

Remittances too are showing signs of weakness. Mexican workers last year sent home a record $23 billion to their families. But the pace of growth decelerated markedly over the course of the year.

In the first quarter of 2006, remittances grew 27.5% compared with the January-to-March period in 2005. In the final three months of last year, remittances were up just 5.5% over the same period the year before. November and December were virtually flat.

Slower growth could be a result of tighter U.S. border enforcement. That's a sign of progress for border agents but a potential blow for Mexico, where remittances have become a pillar of the economy.

"That's worrisome," said Christian Stracke, emerging markets analyst with New York-based credit research firm CreditSights Inc. He said remittances play a major role in Mexico's balance of payments. "It's something we're going to have to keep an eye on."

Stracke said Mexico's construction sector, which expanded 5.9% in the fourth quarter, should continue to be a bright spot in 2007.

He said credit should also help keep the Mexican economy moving. Banks and retailers last year extended record amounts of credit card, auto loan, mortgage and other retail credit, which has bolstered consumer spending.

Detained AIDS Doctor Allowed To Visit U.S. Later, China Says (NYT)

By Jim Yardley

The New York Times, February 17, 2007

BEIJING, Saturday, Feb. 17 — China gave in to international pressure on Friday and agreed to release a prominent AIDS doctor from house arrest so she can attend an awards ceremony in Washington next month.

“We’re just really excited about it,” said Wenchi Yu Perkins, an officer with Vital Voices Global Partnership, a nonprofit women’s advocacy group that will honor the doctor, Gao Yaojie, in March along with other women from around the world.

“I just talked to Dr. Gao,” Ms. Perkins added. “She confirmed that last night an official visited and informed her that they would respect her wish to come to the U.S. I think that is the best gift for her for the Chinese New Year.”

Senator Hillary Rodham Clinton, an honorary co-chairwoman of Vital Voices, announced China’s decision on Friday after receiving the news from the Chinese ambassador in Washington. Mrs. Clinton said in a statement that she was “delighted” and that she had been assured that Dr. Gao would “be allowed to travel freely to the United States.”

Dr. Gao, 80, has been kept under house arrest since Feb. 1 in the central China city of Zhengzhou in Henan Province. Authorities detained her to stop her from traveling to apply for a travel visa , friends and AIDS advocates said.

Dr. Gao is famously outspoken, and although China has taken a more open approach toward AIDS in recent years, officials were apparently worried she might say something provocative or embarrassing in Washington. She gained international

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attention for her work helping to expose the government-sponsored blood-selling operations that caused thousands of farmers to be infected with H.I.V. during the 1990s.

Dr. Gao's detention had attracted international attention and brought pressure on the Chinese government. On Tuesday, a provincial newspaper, Henan Daily, published a photograph and article detailing how provincial officials had visited Dr. Gao to wish her "sincere greetings" for the upcoming Lunar New Year. Many AIDS advocates saw the photograph and assumed it meant that China had released her. But, in fact, she was still under house arrest.

Dr. Gao could not be reached for comment on Saturday morning.

NATO Calls Antimissile Worries Unfounded (NYT)

By Judy Dempsey

The New York Times, February 17, 2007

Gen. John Craddock of the United States Army, who recently took over as the NATO supreme allied commander in Europe, said Russia had nothing to fear from a planned antimissile system that the United States wants to install in Poland and the Czech Republic. "It's been clearly stated what the U.S. intention is," he said, "and that is to provide defense against missiles from a rogue nation." Although he did not name any country, the antimissile site would be designed to stop attacks by Iran against the United States and its European allies. Last weekend, President Vladimir V. Putin of Russia reacted angrily to the plan to install a missile defense system in former Soviet Bloc countries, saying it would set off a new arms race. On Thursday, Gen. Yuri N. Baluyevsky, the chief of the Russian military's general staff, said that if the United States went through with the system, Russia might drop out of the intermediate-range nuclear forces treaty of 1987, in which the United States and the Soviet Union agreed to eliminate land-based ballistic and cruise nuclear missiles with a range of 310 to 3,410 miles.

7 Get Life Sentences In Bombings Of Istanbul Synagogue And Office (NYT)

By Sebnem Arsu

The New York Times, February 17, 2007

ISTANBUL, Feb. 16 — A court on Friday sentenced seven Muslim men to life in prison and several dozen other people to lesser terms for their involvement in the deadly bombings of Jewish and British sites here in 2003.

The bombings killed more than 60 people and wounded hundreds more. Suicide bombers drove four explosive-laden trucks into two synagogues, the British Consulate and the HSBC headquarters here in two coordinated attacks five days apart. HSBC is a London-based banking and financial services company.

After a judge read their sentences, some of those convicted shouted, "Long live hell for nonbelievers!" and another yelled, "God is great!"

The life sentences were given to those who were determined to have been masterminds of the plot. Six of the seven denied any links with Al Qaeda and sought acquittal. The judge sentenced 41 other defendants to prison terms ranging from 3 to 18 years on a variety of charges, while 26 defendants were acquitted.

One of those who drew a life term was Louai al-Sakka, a Syrian whom security officials have described as a senior member of the Qaeda network in Iraq. He was found guilty of planning the attacks and providing financing.

Mr. Sakka was arrested in 2005 in Turkey while, according to the authorities, he was preparing a suicide attack on an Israeli cruise ship that was to carry tourists to Antalya, a Turkish Mediterranean port. At the time, the police said plans for the attack and high-powered explosives had been found at his residence.

Earlier this week, local news organizations said Turkish intelligence officials had told them that Al Qaeda had planned to kidnap Mr. Sakka on the way to the courthouse, a warning that prompted heavy security for the last two days of the trial.

Friday's session was dominated by another defendant, Harun Ilhan, who proudly declared himself a member of Al Qaeda and declared that he had been the ringleader of the four Istanbul bombings.

He read from a 700-page defense that he carried in a plastic grocery bag, spending more than four hours reading 83 pages about his hatred of the Turkish state and social deterioration in non-Muslim societies before the judge interrupted, asking him to summarize the rest.

Mr. Ilhan refused, saying, "You have this one-time chance to see why I've done this, became a member of Al Qaeda, how Al Qaeda works and has been supported worldwide, but you're just shutting me up."

After a brief exchange, the judge found Mr. Ilhan in contempt of court and ordered him out of the courtroom, but he refused to move and was carried out by five army guards.

Erkan Gabi Talu, 39, who lost his 8-year-old daughter, Annette Rubinstein Talu, and his mother, Anna Kant Talu, in one of the attacks, watched as Mr. Ilhan was removed. He said he was disappointed to have been denied access to the courtroom at the time of the sentencing.

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"I've been waiting for all these years to see their faces at time of the verdict, but I'm denied this moment of limited joy," Mr. Talu said. "In my next visit to her grave, I wished to tell my daughter that she could rest in peace, but with all these acquittals and mild jail terms, I will not be able to do that."

The 2003 attacks were shocking for Turkey's predominantly Muslim population because of the high death toll, but also because Turks thought the country would be spared attacks by radical Islamic militants.

Seven Jailed For Turkey Bombings (BBC)

BBC.com, February 16, 2007

A court in Turkey has sentenced seven people to life in prison for the 2003 Istanbul bombings which killed 58 people including the UK consul-general.

A Syrian, Loai al-Saqa, was jailed for masterminding and securing finance for the attacks on the UK consulate, two synagogues and an HSBC bank branch.

The remaining six were Turkish citizens convicted of organising the bombings.

A total of 74 people were tried - many received lighter sentences and 26 of them were acquitted.

As the verdicts were read out to a packed courtroom, several defendants shouted "God is great".

The judge ruled that five of those sentenced to life, including Saqa, should not be allowed to benefit from any sentence reductions or amnesties.

'High-level operative'

The court was told that a group of men, calling themselves Warriors for Islam, came together to plan the attacks on the direct orders of Osama Bin Laden.

In court, many of the defendants admitted attending training camps in Afghanistan for Islamic extremists - but all but one man denied any part in the Istanbul attacks.

The UK consulate in Istanbul was one of the targets Harun Ilhan, one of the men jailed for life, admitted plotting the bombings and being a member of al-Qaeda.

Saqa - who had denied involvement in the attacks - was described by the state prosecutor as a high-level operative for al-Qaeda.

"Hey my hero brothers! Do not worry for me. Victory is very near," Saqa said during final arguments.

Also sentenced to life in prison were Fevzi Yitiz - for helping to build the truck bombs - and Yusuf Polat, Baki Yigit, Osman Eken and Adnan Ersoz.

Seyit Ertul was convicted of leading an al-Qaeda cell in the Turkish town of Konya and was sentenced to 18 years in prison.

Hamid Obysi was sentenced to 12-and-a-half years for membership of al-Qaeda, bomb-making and producing false identity cards

Twenty-nine people received sentences of six years and three months and 10 more were sentenced to three years and nine months for helping the bombings.

UK Foreign Secretary Margaret Beckett welcomed the verdicts.

"These were abhorrent acts, two of which specifically targeted British interests," she said.

Rwanda Genocide Accusation Causes An Uproar (LAT)

By Sebastian Rotella, Times Staff Writer

The Los Angeles Times, February 17, 2007

A French judge says the current leader, Paul Kagame, ordered the killings that set off the genocide.

— More than a decade after the genocide, a mystery still lies at the heart of Rwanda's darkness.

But France's most celebrated anti-terrorism magistrate believes he knows who assassinated two African presidents on April 6, 1994. The shooting down of the Rwandan presidential jet that night was followed by the killings of an estimated 800,000 people, most of them members of the Tutsi minority.

In a report to French prosecutors late last year, Magistrate Jean-Louis Bruguiere accused the Tutsi leader who is now president of Rwanda, Paul Kagame, of ordering the assassination.

The investigation includes allegations that U.S. and U.N. officials helped quash earlier inquiries to protect Kagame, an ally of the United States.

The French judge's report, which was obtained by The Times, has caused an uproar in Africa and Europe, and led Kagame's government to break off relations with France.

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A United Nations tribunal is judging perpetrators of the genocide, but the ghosts of Rwanda still haunt a world community that failed to intervene. French investigators do not claim that the assassination was the sole cause of the genocide. Tensions already were growing between Tutsis and Rwanda's majority Hutus. But Bruguiere alleges that Kagame sacrificed fellow Tutsis in a brutal "political calculation" aimed at toppling the Hutu-dominated government.

"Kagame deliberately chose a modus operandi that, in the particularly tense environment ... between the Hutu and Tutsi communities, could only cause bloody retaliation against the Tutsi community," says the judge's report, which recommends that prosecutors file formal charges.

Former U.N. investigators who initially looked into the assassination told Bruguiere that their bosses had blocked efforts to pursue leads implicating Kagame. The 67-page French report presents testimony from exiled Kagame bodyguards, spies and commanders. They identified a commando team that allegedly shot down the plane, killing President Juvenal Habyarimana and the president of neighboring Burundi, as well as their aides and the French crew.

In November, Bruguiere issued warrants for nine high-ranking Rwandan officials in the investigation, which he opened in response to a complaint from the widow of one of the French pilots. The judge also urged a U.N. war crimes tribunal on Rwanda to investigate Kagame, who as a head of state is immune from prosecution.

The warrants put Rwandan suspects in danger of arrest if they travel, and Kagame also could be in jeopardy once he leaves office. But a trial in France seems remote for now.

In response to the warrants, Kagame accused the French of trying to conceal their ties to former Hutu leaders and said the prosecution amounted to blaming the victims.

"Mr. Bruguiere is an impostor, a politician," Kagame said. "If he were a judge, he would raise the question of the implication of France in the genocide of the Tutsis in Rwanda."

Magistrate ruffles feathers

Bruguiere's eight-year investigation led French detectives through a diaspora of Rwandan exiles in Africa, Europe and North America. It also revealed intrigue sometimes pitting France and its African allies against forces supported by the United States and Britain.

Bruguiere, 63, has ruffled diplomatic feathers before. He charged six Libyan intelligence officials, including the brother-in-law of the nation's leader, Moammar Kadafi, in the bombing of a flight from Zaire — now known as Congo — to Paris in 1989 that killed 170 people. The charges irritated French diplomats who had been trying to improve relations with Kadafi, but a French court eventually convicted the Libyans in absentia.

The high-profile Rwanda prosecution could culminate the career of the swashbuckling French magistrate. Facing mandatory retirement in two years, Bruguiere is likely to run for the legislature this spring and could also aspire to a Cabinet post.

Critics accuse Bruguiere of grandstanding and sloppiness. His report contains "disconcerting errors" such as misspelled names, Le Monde newspaper said. One of the witnesses, a former Kagame soldier living in Europe, has reversed his testimony and denied that he participated in shooting down the plane.

But a former chief U.N. investigator applauded Bruguiere for taking a new look at the case. The version of events advanced by the Rwandan government is that extremist Hutus killed the president as a pretext for launching the genocide, but Rwandan authorities have never charged anyone in the assassination.

"People feel very comfortable because there's a version of history out there, they've published books, made films, and they feel comfortable leaving it alone," said Michael Hourigan, an Australian who says he quit in disgust when ordered to stop investigating Kagame. "Someone needs to explain why there's been no investigation."

Among the dozen Tutsi dissidents who testified in the inquiry was Aloys Ruyenzi, a former Kagame bodyguard with the wary manner of a man accustomed to looking over his shoulder.

Ruyenzi, 35, says he fled to Europe because Rwandan operatives tried to kill him when he turned against the government. During an interview, he confirmed the testimony he gave to Bruguiere.

"It was my wish to testify," he said. "Nobody forced me to do it."

Ruyenzi is one of many English-speaking Tutsis who grew up in Rwanda's neighbor, Uganda. He received military training in Uganda and became an intelligence sergeant in a Rwandan exile force led by Kagame. He recalls with pride that he was chosen in 1992 to become one of Kagame's bodyguards.

Kagame led an incursion from Uganda, a U.S. ally, into Rwanda, where Hutu governments had for years repressed the Tutsis, often brutally. His crack 600-man guerrilla army forced a truce with Habyarimana, a Hutu who had staunch French backing.

Ruyenzi said he stood guard on March 31, 1994, as Kagame and five top aides discussed shooting down Habyarimana's plane. Col. Theoneste Lizinde, a military advisor, was a key plotter, Ruyenzi said.

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"Lizinde was from Rwanda, not an exile, so he knew the territory more than the others," Ruyenzi said. "Lizinde gave the report on where the plane should be shot. The place was near the airport. My testimony was not hearsay. I was an eyewitness. I heard what Kagame said. I was in the room. His quote was: 'If the president does not die, we could not win the war.' "

Ruyenzi and other witnesses testified that shoulder-borne Soviet-made SAM-16 missiles were smuggled to the area in a load of firewood. On April 6, a missile team infiltrated a Hutu-controlled semirural area near the airport in Kigali, the Rwandan capital, the report says.

Habyarimana and President Cyprien Ntayamira of Burundi returned together that evening from peace talks in nearby Tanzania. Their Falcon 50 jet descended into the sights of the commando unit about 8:25 p.m., according to the report. It names Sub-Lt. Franck Nziza as the fighter whose missile blew up the plane and sent flames and wreckage raining onto the presidential estate next to the airport.

"They came back ... and said what they did," Ruyenzi said. "They were promoted."

Hours later, Hutu soldiers intercepted two radio communications, one in the presence of a U.N. peacekeeping officer, in which Kagame's troops alluded to their success, investigators say.

French investigators later traced the missiles to a stock sold by Russia to Uganda, which provided them to Kagame's troops, the report said.

Investigators say that rising hostility between Hutus and Tutsis before the assassination, as well as the downing of the plane, contributed to the genocide that followed. Extremist Hutus had been broadcasting venomous anti-Tutsi propaganda over the radio for weeks. But the investigators accuse Kagame of exposing Rwandan Tutsis to murderous retaliation by Hutus in a ploy to create chaos and seize power.

The Kagame government adheres to the contrasting theory that extremist Hutus angry about the peace deal with the Tutsis killed Habyarimana.

At first, that scenario shaped the thinking of Hourigan, the Australian former U.N. investigator, and his American deputy, retired FBI supervisor James Lyons, who were sent to the killing fields in 1996 to lead a multinational team.

"All the academic and press comment was that it was Hutus around the president," Hourigan said. "But we never, ever met anyone who could give us substantive information to back up those leads. They were empty statements, vague and very generalized."

Leader implicated

In early 1997, U.N. investigators developed three informants close to Kagame who implicated their leader.

"They had firsthand knowledge, and they said it had been a special unit that did black-bag jobs," meaning covert killings, Lyons said in an interview. "Two of the informants knew each other, but the third didn't [know either of them]. That lent credence to what they were saying."

On March 7 of that year, Hourigan used a secure phone at the U.S. Embassy in Kigali to report to Louise Arbour, a war crimes prosecutor based in The Hague, according to testimony.

Hourigan says the prosecutor encouraged him. But when he visited The Hague days later, he said, she ordered him to drop the investigation of Kagame.

"She had already made her mind up," Hourigan said. "It was almost like the end of a marriage. It wasn't a debate."

Arbour, now the U.N. high commissioner for human rights, has declined to comment.

Hourigan also testified that he thought there was a link between his call on the U.S. Embassy phone and Arbour's about-face. He said in his testimony that he suspected that U.S. spies learned of the emerging focus on Kagame and that Washington leaned on U.N. brass to protect the Tutsi leader.

U.S. officials who served under President Clinton say it is farfetched to think Washington helped quash the investigation. But Herman Cohen, the assistant secretary of State for Africa under President George H.W. Bush, said the idea was plausible because U.S. officials felt guilty about failing to intervene in the genocide.

"The Clinton administration really did everything possible to protect Kagame," Cohen said.

A spokesman for the U.N. genocide tribunal, based in Arusha, Tanzania, declined to comment on that debate. But he said Hourigan's internal report has remained available to prosecutors.

The tribunal has "enormous interest" in Bruguiere's report, spokesman Everard O'Donnell said. But it has not officially received the report and will not be pressured by outside forces, he said.

"Nobody tells the prosecutor what to do," O'Donnell said in a telephone interview.

He said the trials so far had contradicted the idea that the assassination triggered the genocide.

"The whole point about the genocide is that it was planned, preplanned," O'Donnell said. "Although the crash, the killing of the presidents, plays a role, it is not the cause of the genocide."

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As for the accusations against Kagame, O'Donnell said the evidence was mixed. "The position is very much today that it's a whodunit," he said. "And we don't know whodunit."

Potential witnesses killed

In a chilling footnote, two potential witnesses identified by the U.N. investigative team were killed in Nairobi, the Kenyan capital, team officials and French investigators say.

Lizinde, named as a lead plotter, was kidnapped and slain in 1996 as he prepared to write a book about the assassination, the French report says. His family accuses Rwandan agents of the killing, citing documents in which Lizinde said he fled to Zaire and then Kenya after being targeted by Kagame's forces, the report says.

The other man slain was former Interior Minister Seth Sendashonga. Kenyan police accused a Rwandan diplomat of trying to kill him in 1996 and deported the official; Sendashonga was killed two years later.

A former Rwandan military intelligence agent living in the United States testified that the killing was the work of a covert unit created to silence dissidents. Sendashonga was dangerous because he "knew about the project of the attack on the presidential plane," the witness, Jean-Pierre Mugabe, told French investigators.

Ruyenzi, the former bodyguard, worries about meeting the same fate. Having lost loved ones in the horror nearly 13 years ago, he said, justice should disregard politics and ethnicity.

"I'm a Tutsi and I don't support anybody who is a criminal," he said. "If he is a Tutsi, let him answer for what he did. If he is a Hutu, let him answer for what he did."

UN Chief Proposes Ambitious Overhaul (FT)

By Mark Turner

Financial Times, February 17, 2007

Ban Ki-moon, the United Nations' new secretary general, on Friday warned that an unprecedented global surge in UN peacekeeping operations had left its leadership "impossibly overstretched" and unable to cope without serious reform.

In an ambitious restructuring proposal sent to the General Assembly, he said in the past three years alone nine missions had been started or significantly expanded and three more were on the way.

There are 100,000 peacekeeping personnel in the field, an all-time high, and over the coming year that could increase by 40 per cent. "Our system is dramatically strained and overstretched . . . at a time when we can least afford it," Mr Ban said. "The current approach for mounting and sustaining peacekeeping operations will not sustain the explosive growth."

The core of his proposal is to split the peacekeeping department in two by creating a new department for field support. This would also take in parts of the UN that deal with personnel management and recruitment, and free peacekeeping operations officials to focus on strategy.

Mr Ban, however, faces a deep reluctance by governments to cede any authority to UN bureaucracy. After a troubled first month, he was beset by complaints from rich and poor countries alike that he was not consulting enough and that his team did not appear to understand how the UN worked.

Mr Ban appears to have listened to the criticism. On his return from a two-week trip, he began an outreach campaign with influential countries. The complaints have subsequently become more muted.

"He has done a better job in explaining his proposals now," said a western diplomat, although there remained confusion over the process. "Certainly it is not the way it was two weeks ago: a lot of people want to help him, and don't want the secretary general to fail in the first thing he does," the diplomat said.

Edward Luck, an international affairs professor at Columbia University who has been advising Mr Ban, said: "In retrospect there was probably more of a problem with presentation than substance. . . It's a good sign that the more he explains the more he people are comfortable with it."

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

FBI Arrests New York Man In Terror-Funding Sting. In a widely-distributed story, the AP (2/17) reported, "A businessman was charged Friday with secretly trying to pass along thousands of dollars to buy night vision goggles and other equipment for a terrorist training camp in Afghanistan. Abdul Tawala Ibn Ali Alishtari, 53, of Ardsley, was accused in Manhattan federal court of financing terrorism and material support of terrorism. The indictment said he accepted an unspecified amount of money between June and December to transfer $152,000 that he believed was being sent to Pakistan and Afghanistan to support an Afghanistan terrorist training camp." The New York Post (2/17, Cornell) noted Alishtari "was nabbed by the FBI

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Thursday and charged with providing material support to terrorists, as well as money-laundering and wire-fraud charges, which carry a maximum of 95 years in prison. Prior to his arrest, Alishtari…had agreed to cooperate with law enforcement. But the deal fell through before he provided substantial assistance, according to a source close to the case."

The White Plains Journal News (2/17, O'Connor) reported, "A woman who answered the phone at Alishtari's home yesterday and identified herself as his wife cried when informed of the charges against her husband. She said she last saw him Thursday when he left in a cab for a business meeting. FBI agents later raided the family's home, she said, without telling her why they were there." The Journal News noted, "On his blog and on an MSN group titled 'atalishtarispeeches,' Alishtari calls himself a 'conservative Republican' and a 'Reagan Republican' devoted to peace, dedicated to halting child slavery as well as 'Internet fraud, violence and online scams hurting innocent children, women, and families so help me God.'" The New York Daily News (2/17, Zambito) and Newday (2/17, DeStefano) also briefly reported on Alishtari's arrest.

Al-Arian Plans To Continue Hunger Strike. In a widely-distributed story, the AP (2/17) reported, "A former Florida university professor who has stopped eating in prison to protest his treatment sounds fine and doesn't intend to give up his nearly monthlong hunger strike, his wife said Friday." Sami al-Arian "stopped eating Jan. 22 after federal officials told him he had to testify before a grand jury about Muslim charities in northern Virginia that had helped finance his think tank in Tampa, Fla." The AP added, "al-Arian wants to be released so he can leave the United States, his wife said in a telephone interview Friday. 'We worry about Sami, but at the same time we try to do our best to get him out of this whole situation,' Nahla al-Arian said during an interview."

Italian Court Indicts 25 CIA Officers Over "Extraordinary Rendition." ABC World News (2/16, story 4, :10, Gibson, 8.78M) reported, "In Italy, a judge ordered 26 Americans, most of them CIA agents, to stand trial in the case of a terrorism suspect who said he was kidnapped, flown to Egypt, and then tortured. This would be the first trial of its kind."

The Washington Post (2/17, A1, Delaney, Whitlock, 690K) reports, "An Italian judge gave approval Friday for what will be the first overseas criminal trial of CIA officers involved in a covert counterterrorism operation, as a court in Milan indicted more than two dozen Americans on charges of kidnapping a radical Muslim cleric four years ago. After a judicial hearing that lasted two months, the court handed down indictments against 25 CIA operatives, a U.S. Air Force lieutenant colonel and five Italian spies who are accused of grabbing an imam, Osama Mustafa Hassan Nasr, off the street and stuffing him into a white van as he walked to noonday prayers Feb. 17, 2003. Nasr was taken from Milan to his native Egypt, where he claims he was tortured in prison for more than three years."

The Financial Times (2/17, Barber) reports, "The centre-left government of Romano Prodi, prime minister, is unwilling to meet prosecutors' demands to seek the extradition of the Americans so that they appear in court in Milan."

The Washington Times/AP (2/17, Barry) reports the Italian prosecutors "think that many of the American names in the indictment are aliases, and even if Italy requests the Americans' extradition -- a move that would strain U.S.-Italian relations -- it is unlikely that the agents, who have all left Italy, would be turned over for prosecution. All the U.S. agents have court-appointed attorneys, who say they have had no contact with their clients. In Italy, defendants can be tried in absentia."

The New York Times (2/17, A1, Fisher, 1.16M) reports the indictment "marked a turning point in Europe, where anger is high at the American program of 'extraordinary renditions.' … Though the Italian indictment is the first in which such a case was ordered to trial, this week the Swiss government approved an investigation into the flight that was said to have carried Mr. Nasr from Italy to Germany, through Swiss airspace. The flight reportedly then went from an American air base in Germany to Egypt. Late last month, a German court issued an arrest warrant for 13 people suspected of involvement in the kidnapping in Macedonia of a German citizen of Lebanese descent. There are also investigations into extraordinary renditions in Portugal and Spain. In the meantime this week, a European Union parliamentary committee issued a detailed report into what it said were 'at least' 1,245 secret C.I.A. flights in Europe, some of them involving extraordinary renditions."

Navy Brig Personnel Ordered To Testify Regarding Padilla's Treatment. The Washington Post (2/17, A17, Whoriskey, 690K) reports, "Officials at the

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Navy brig where terrorism suspect Jose Padilla was held for 3 1/2 years as an enemy combatant were ordered Friday to testify at a hearing to determine his psychological competency, a ruling that allows the defense to press its claims that sensory deprivation and torture in confinement have rendered the alleged al-Qaeda operative unfit to stand trial. … Federal prosecutors objected strenuously to allowing the testimony, arguing that the focus of the competency hearing should be on Padilla's psychological state, which they believe is adequate, and not necessarily on what past events might have caused post-traumatic stress disorder, as defense attorneys allege. During a hearing Friday, U.S. District Judge Marcia Cooke grew tired of the government's objections."

The New York Times (2/17, A11, News, 1.16M) reports Cooke "ordered eight Defense Department and Justice Department officials to appear for questioning at Mr. Padilla's competency hearing next Thursday. The eight were previously interviewed for a United States Bureau of Prisons report that prosecutors cite as evidence that Mr. Padilla is mentally competent."

History Of US Military Commissions Explored. In an op-ed for the New York Times (2/17, A15, 1.16M), historian Stephen Budiansky writes, "This week President Bush issued a final executive order authorizing military commissions to begin trying suspected terrorists. Under rules drafted by the Pentagon last month, the commissions would be permitted to sentence defendants to imprisonment or even death on the basis of hearsay or coerced testimony. This lack of basic legal protections provided by civilian courts or courts-martial has brought condemnation at home and abroad as an abandonment of this nation's historic commitment to liberty and the rule of law. Yet when military commissions -- an American invention -- were first instituted 150 years ago, they were hailed around the world as an advance for humanity and principles of justice."

HOMELAND RESPONSE:

Port Authority Clears Dubai Ports World Selloff. The New York Times (2/17, B2, Belson, 1.16M) reports, "A day after two United States senators called the Port Authority of New York and New Jersey greedy and obstructionist, the agency signed off on a deal that would let DP World, a Dubai-based port operator, sell its leases to A.I.G. Global Investment Group. In return for its consent, the Port Authority will receive $10 million from A.I.G. to help pay for an overpass that will make it easier for trucks to deliver containers from the company's terminal to train lines. A.I.G. also agreed to spend more than $40 million to improve operations at its terminal at the Port of Newark. The agreement was somewhat of a compromise by the Port Authority, which had asked for $30 million to cover investments it had made on behalf of DP World and a $50 million commitment from A.I.G. to spend on the port."

The Wall Street Journal (2/17, A3, 2.04M) reports DP World "agreed in December to sell its U.S. ports operations to AIG Global Investment Group, following months of criticism that the UAE firm couldn't be trusted running the security-sensitive shipping apparatus. That deal suddenly foundered this week when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal." The Financial Times (2/17, Grimes) reports Sen. Charles Schumer "said on Thursday that the authority's demands amounted to a 'ransom fee' and threatened not to back future requests if it persisted with its demands."

States Use Driver's License Databases To Fight Crime. The New York Times (2/17, A10, Liptak, 1.16M) reports seven states "have or are working on…enormous databases of driver's license photographs. Coupled with increasingly accurate facial-recognition technology, the databases may become a radical innovation in law enforcement. Other biometric databases are more useful for now. But DNA and fingerprint information, for instance, are not routinely collected from the general public. Most adults, on the other hand, have a driver's license with a picture on it, meaning that the relevant databases for facial-recognition analysis already exist. And while the current technology requires good-quality photographs, the day may not be far off when images from ordinary surveillance cameras will routinely help solve crimes. Critics say the databases may therefore also represent a profound threat to privacy."

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WAR NEWS:

House Passes Nonbinding Iraq Resolution, With 17 Republicans In Support. Even though the outcome was long expected, broadcast networks led with the House vote on the two-line resolution expressing disapproval of President Bush's planned deployment of more troops to Iraq, and most major newspapers put the story on the front page. Many reports say the vote was a "rebuke" of the President. While coverage throughout the past week has examined how many Republicans were likely to support the resolution, with estimates ranging from 20 to 60, few reports focus on the fact that just 17 Republicans voted for the nonbinding measure, or that the number was lower than expected. With two Democrats voting against the resolution, it passed 246-182. Republicans voting yes were Reps. Michael Castle, Howard Coble, Tom Davis, Jimmy Duncan, Phil English, Wayne Gilchrest, Bob Inglis, Timothy Johnson, Walter Jones, Ric Keller, Mark Kirk, Steve LaTourette, Ron Paul, Tom Petri, Jim Ramstad, Fred Upton, and James Walsh. Democrats voting no were Reps. Jim Marshall and Gene Taylor.

ABC World News (2/16, lead story, 3:05, Gibson, 8.78M) said the House issued a "strong rebuke to the President's policy in Iraq" with the vote, saying that while "opposing a president during a time of war is historic, so was this vote merely symbolic, for what the House did today does not actually restrict the President in any way." ABC (Tapper): "It was the first official opposition to the war in Iraq in congressional history." NBC Nightly News (2/16, lead story, 3:05, Williams, 9.87M) introduced its report by saying the "White House today said the President was too busy with other matters to watch live television coverage of the vote that is tonight being called the start of an epic confrontation, between Congress and the Commander-in-Chief."

The CBS Evening News (2/16, lead story, 2:12, Couric, 7.66M) said, "The words were simple and clear. After four days of debate, the House passed a resolution today that says it disapproves of the decision of President George W. Bush to deploy more than 20,000 additional US combat troops to Iraq. … The vote was symbolic, but it's just the beginning of a campaign by congressional opponents of the war to try to stop it." House Speaker Nancy Pelosi: "This resolution today sets the stage for that new direction, one in which we will focus on other than military initiatives." Also on the CBS Evening News (2/16, story 2,:50, 7.66M), White House correspondent Jim Axelrod said, "The President is dug in on this, and the surge is actually already under way. So what's going to settle all this, it would seem, is what happens on the streets of Baghdad."

The Washington Post (2/17, Weisman, 690K) headlines its front-page report "House Rebukes Bush On Iraq," saying the House, "capping four days of passionate, often angry debate," delivered Bush "its first rebuke since the Iraq war was launched nearly four years ago." While the resolution "is nonbinding, proponents and opponents delivered outsized predictions of the vote's consequences. Democrats asserted that it will begin to turn the political tide so decisively that the president will have no choice but to begin bringing U.S. forces home, while Republicans warned darkly that the House has emboldened murderous Islamic terrorists at the expense not only of American lives but also of America's way of life." The Washington Times (2/17, Ward, 88K) leads its front-page reports by saying Republicans said the "nonbinding but symbolic action…is defeatist and a step backward in the war on terrorism."

The New York Times (2/17, Zeleny, Luo, 1.16M) runs its story under the front-page headline "A Divided House Denounces Plan For More Troops," saying the "sharply divided" House passed a measure "formally repudiating President Bush's decision" to send more troops to Iraq. The Times says passage "was never in doubt, but the debate, lasting full days and much of three nights, brought nearly every member to the floor to declare, briefly but often vehemently, where they stood on a short, resolution affirming support for the troops but denouncing Mr. Bush's new approach to the war. … With 392 members speaking, the debate lasted twice as long as when Congress voted in 2002 to authorize the use of force against Iraq." The Times is one of the few sources to prominently point out that "the number of Republicans who joined them was only about half of what some Democrats had predicted." Minority Leader John Boehner said, "Republicans may have lost the vote on this nonbinding resolution. But we won the debate." NBC Nightly News (2/16, story 2, 2:15, Gregory, 9.87M) said officials at the White House said the 17 Republican defections were "fewer defections than they actually expected," but the "response over here was still muted. It was certainly a political blow."

The Los Angeles Times (2/17, Simon, 850K) says the "sharp partisan split was a disappointment to Democratic leaders, who had hoped for more GOP support, and it lessened the vote's political impact. Still, the vote marked a

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milestone in the declining public support for the nearly 4-year-old war, and it signified the growing Democratic determination to press for a de-escalation of U.S. involvement in the conflict." The Wall Street Journal (2/17, A3, Rogers, 2.04M) overlooks the earlier GOP defection estimates, saying the "Republican defections and new Democratic unity underscore how much the political landscape has changed in the past year. Eight months ago, only three House Republicans opposed a similar resolution supporting the war effort and warmly praising the government of Prime Minister Nouri al-Maliki. By comparison, even Republicans who stood with the president in this week's debate were often critical of Mr. Maliki and leery of committing more U.S. forces."

The Chicago Tribune (2/17, Fang, Bendavid, 617K) says the "rhetoric on the House floor Friday was emotional, sweeping and at times agonized, with orators on both sides speaking of honoring the dead, staying true to the nation's mission and respecting the Constitution. In a chamber that often sees a lone congressman addressing an empty chamber, many seats were filled, and particularly eloquent speeches were met with standing ovations. It was perhaps the closest Congress had come in three decades to the impassioned debates that animated the nation during the Vietnam War." The Los Angeles Times (2/17, Gaouette, 850K) says "Democrats and Republicans alike crowded the chamber by midafternoon to cheer their sides during the final appeals for votes. Spectators waiting to enter the third-floor public galleries lined the halls and the marble stairs."

Newsday (2/17, Phelps, Gordon) says that while to supporters, "Friday's Iraq vote in the House was the historic answer to the embarrassments of 1964 and 2002, when Congress overwhelmingly approved wars in Vietnam and Iraq that would become unpopular," to its "opponents, the nonbinding statement of disapproval of the president's war plan was at best a meaningless gesture, at worst a terrible precedent or even a solace to America's enemies." The San Francisco Chronicle (2/17, Epstein, 384K) called it a "double-barreled confrontational message" from the House to the President, "telling him it opposes his latest buildup of troops in Iraq and in the next few weeks will try to start curtailing military operations in the war zone."

The Houston Chronicle (2/17, Mittelstadt, 530K) calls it a "symbolic but stern repudiation," while the Dallas Morning News (2/17, 500K) says "war opponents hope Friday's vote will serve as a turning point, the first of several actions that the Democratic-led Congress will take to pressure the president to redeploy troops to Afghanistan, the Middle East or elsewhere, or bring them home."

Among the other sources reporting on the debate and vote are the Financial Times (2/17, Luce), AP (2/16, Espo), the Web site of The Hill (2/16, Marre, Kucinich), RollCall.com (2/16, Stanton), CNN.com (2/16), and BBC.com (2/16).

Symbolic Vote Could Be Just The Beginning Of Democrats' Efforts. In a front-page analysis, the Washington Post (2/17, Baker, 690K) reports says while the resolution "specifically renounced" the troop increase, "by extension, the 246 to 182 vote passed judgment on Bush's overall stewardship of the war in Iraq and, more broadly, on his leadership in the world. At a time when the president is confronting Iran over its nuclear enrichment program, the House vote demonstrates that he has far less latitude to take aggressive action than he might have had in the past." But the vote "signaled peril for the Democratic congressional leadership as well. Despite deep Republican discontent with the course of the war, Democrats were unable to persuade more than 17 members of the president's party to register that dissatisfaction with their votes. If Democratic leaders could not build a broader bipartisan coalition for a symbolic vote, it may prove much harder to attract Republican support for proposals to limit Bush's options in Iraq."

A New York Times (2/17, A6, Stolberg, 1.16M) analysis piece also looks at what the symbolic vote portends, saying the "act of Congressional defiance…lays the groundwork for an even more bitter and ultimately more consequential clash over whether and how lawmakers might restrict President Bush's authority to prosecute the war." It is still unclear whether congressional Democrats have the "political resolve to rein in Mr. Bush. But by emboldening critics of the Iraq war, the vote has made the debate over financing, which would have been unthinkable even six months ago, a virtual certainty."

Members Of Congress Discuss Their Votes. Rep. Patrick Murphy said on CNN's Newsroom (2/16, Harris), "I believe that we need a new direction in Iraq. I served there in Iraq in 2003 and came home in 2004, literally three years ago. And I believe that, still, the Iraqis are sitting on the sideline. And it's time for them to step up and really fight for their country. … Gen. Petraeus is a great leader. And Secretary Gates, I like the fact that he's been much more open and has been very open with this Congress, which is needed."

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Rep. Joe Sestak said on MSNBC's Hardball (2/16, Matthews), "I voted for this resolution because I don't believe doubling down on a bad military bet. We have tried this before, we have increased troops by 12,000 since August and it hasn't worked. More than that, every day that I was forward deployed, leading men and women into harm's way, whether it was while I was on the ground in Afghanistan or with my battle group over in combat in Afghanistan or in Iraq, I wanted to know that back here the men and women, the policy makers are thinking about the best use."

Rep. Peter King said on MSNBC's Hardball (2/16, Matthews), "I strongly oppose the resolution. I think it's absolutely wrong for Congress to be injecting itself into a strategic battlefield decision. The Senate unanimously confirmed Gen. Petraeus. I've been to Iraq with Gen. Petraeus. He's our finest commander over there. He says this plan can work, he wants to make it work, he's already implementing it and for us to be in effect undermining him, and that's what we're doing by saying that the plan won't work, we're substituting our decision for that of Gen. Petraeus. And also, the logical sequence, or the logical connection, between today's vote and the next vote would have to be, I believe, a vote toward cutting off funds, which by the way is what Jack Murtha and Nancy Pelosi are already talking about, by imposing so many conditions on the next appropriations bill, to in effect make it impossible to pay for the troops that will be there."

Rep. Tim Walberg said on CNN's Newsroom (2/16, Harris), "Whether or not it's binding or nonbinding, it is making a statement. And just as General Washington came back from the Revolutionary War to the Congress and said send me help and support and encouragement, and they denied that, General Washington and the troops went back and won the war. And of that we are grateful. I think the same will take place here. But with this resolution, we are saying to the troops, we support you, we don't support your mission. And that's my concern."

Rep. Virgil Goode said on Fox News' Your World (2/16, Cavuto), "I wish the vote had been different, but it was closer than many anticipated. And I think the arguments against the resolution were gaining ground. … I believe that those on the ground in Iraq, the terrorists, and those with al Qaeda are encouraged by it. They say it shows a lack of unity in the United States."

Senate Cloture Vote Expected To Fail. ABC World News (2/16, story 2, 1:20, 8.78M) anchor Charles Gibson asked George Stephanopoulos, "The Senate comes in to vote tomorrow." ABC's Jake Tapper "says they don't have the votes to pass it. Why go through the exercise?" Stephanopoulos: "Because Harry Reid, the Senate majority leader, wants to put pressure on those Republicans in the Senate who actually support the surge. Both Republicans and Democrats agree that there are probably about 55 votes for this resolution right now, but not the 60 that it would take to break the filibuster and get it to the floor. So, Mr. Reid wants to put the pressure on those senators who support this resolution and don't support the surge." Gibson: "Bottom line, what you're telling me is Democrats don't have the votes overall in Congress, to pass even a nonbinding resolution opposing the war." Stephanopoulos: "They don't. They don't right now, even though there is a majority in the House and the Senate in support of this resolution."

The Politico (2/16, Bresnahan, Budoff) also says that while Senate Democrats "will try again Saturday to force debate" on their resolution, "their second attempt in two weeks appears unlikely to succeed." Several Republicans including John Warner "intend to vote with Democrats." But Minority Leader Mitch McConnell said he "did not expect Democrats to stitch together the 60 votes necessary to move the Senate toward a debate on the anti-surge resolution approved by the House."

Hagel To Vote For Cloture. Sen. Chuck Hagel said on PBS' NewsHour (2/16, Lehrer), "I will vote for cloture tomorrow, and the reason I will is this is just another procedural vote. We do need to move this forward now. We've given the two leaders two weeks to try to resolve this. They have, at least so far, been unable to do it. We need to have the next series of votes. This is a procedural vote, and I will vote to move the procedure along. … I doubt if there will be 60 votes tomorrow. But, again, I think we should keep our eye focused on the issue here, and that is debate of resolutions and votes on those resolutions."

More Commentary On House Vote. The Washington Post (2/17, A30, 690K) editorializes, "Rep. John Murtha (D-Pa.) has a message for anyone who spent the week following the House of Representatives' marathon debate on Iraq: You've been distracted by a sideshow." But "the House vote does matter: It ought to increase the pressure on Mr. Bush and the Iraqi government to follow through on their pledges to accompany the military campaign with tangible steps toward political accords and economic reconstruction. Senate leaders would be wise to reach an

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agreement today allowing a similar debate. And both chambers should aggressively conduct oversight hearings aimed at holding the administration to its promise to link continued U.S. troop deployments to Iraqi performance."

The New York Times (2/17, A14, 1.16M) editorializes, "President Bush lost touch long ago with Iraq's political reality -- not to mention Americans' anguish and disbelief at his mismanagement of the war. So we welcome the House of Representatives' long-overdue attempt to shake some sense into Mr. Bush with a resolution opposing his decision to send another 20,000 combat troops to fight this disastrous war without any plan to end it. Yet yesterday's vote, in which 17 Republicans joined the Democrats to produce a margin of 246 to 182, was the easy part. It takes no great courage or creativity for a politician to express continuing support for the troops and opposition to a vastly unpopular and unpromising military escalation. Even if the Senate manages to overcome its procedural self-hobbling and approve a similar resolution, the war and the mismanagement will go on. The next necessary steps will require harder thinking and harder choices."

The Wall Street Journal (2/17, A8, 2.04M) editorializes, "A funny thing happened yesterday on the way to the House of Representatives' vote to 'support' the troops but assail their mission in Iraq: The majority for this 'non-binding' attempt at gathering political cover was a lot smaller than advertised. Yes, the Democrats carried the day, 246-182, and thus can say to their antiwar supporters that they 'sent a message,' or something, to President Bush and the Iraqis. But the margin was smaller than media speculation had predicted, with only 17 Republicans heading for the tall grass. … Yesterday's vote showed that if Democrats want to execute this cynical duck-and-run, they will have to do it without much Republican help."

The Los Angeles Times (2/17, 850K) editorializes, "Fortunately for Congress, actions speak louder than words -- even symbolic actions such as the House of Representatives' approval Friday of a nonbinding resolution opposing the 'surge' of U.S. troops to Iraq. The surge is necessary, but the resolution may be as well -- as a way to hold President Bush to his commitment that U.S. involvement in Iraq is not open-ended. Still, the world will little note, nor long remember, the words that were uttered by House members before the 246-182 vote. Congress is often a cave of winds, but with a few exceptions the House's Iraq debate was a blowhard's paradise."

Rice On Unannounced Visit To Baghdad. WashingtonPost.com (2/17) reported early today that Secretary of State Rice "made an unannounced visit to Baghdad Saturday for meetings with U.S. and Iraqi officials, arriving in the embattled capital as the Iraqi government reported initial success in a new security effort." Embassy spokesman Lou Fintor announced that Rice "was expected to hold a town hall-style meeting with U.S. Embassy and military personnel in the heavily fortified Green Zone and later meet with senior Iraqi government officials." Rice arrived at about 11:30 a.m. Baghdad time, or 3:30 a.m. EST, and "planned to brief reporters on her visit" this afternoon. She "made the previously unannounced stop as part of a trip to the Middle East."

A late AP (2/17, Gearan) piece notes Rice said in Baghdad that "the success of a new security crackdown in Baghdad will be measured largely on how well the U.S.-backed government capitalizes on any respite of sectarian violence." She "made an unannounced visit to the Iraqi capital to check on the early days of the campaign to put down tit-for-tat violence between Sunnis and Shiites that has consumed Baghdad and contributed to the exodus of an estimated 3.8 million Iraqis from their homes."

Rice Said To Face Skeptical House Appropriations Subcommittee. The Washington Post (2/17, A16, DeYoung, 690K) reports Rice was "grilled" by the House Appropriations Subcommittee on State, Foreign Operations and Related Programs. "Skeptical lawmakers yesterday demanded a detailed accounting of how [Rice] plans to spend $6 billion in supplemental funds that the administration has asked for the State Department this year, much of it for Iraq and Afghanistan." Members from both parties "asked pointed questions about the rising cost of efforts that seem to be failing, despite newly announced U.S. strategies for both countries."

Maliki Touts Plan's "Fabulous Success" To Bush. In a conversation with President Bush yesterday, the Washington Post (2/17, A20, Ernesto Londono, 690K) reports, Iraqi Prime Minister Nouri al-Maliki said "the relative lull in violence is a promising sign that the Baghdad security plan is off to a good start." He "assured President Bush that the three-day-old plan 'has achieved fabulous success,' according to an account of the conversation released by the prime minister's office. Speaking by secure video link-up,

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Maliki also told Bush that officials will be 'firm in dealing with any side that breaks the law, regardless' of their sect."

The New York Times (2/17, Santora, 1.16M) says Maliki "told President Bush on Friday that the increased effort to provide security in Baghdad had gone exceedingly well so far." Also, "across Baghdad, there were signs of the heightened troop presence, as cars were searched at new checkpoints and raids resulted in the arrest of at least 35 people." Maj. Gen. Joseph Fil Jr. "told reporters on Friday that there had been a substantial reduction in violence in the past 48 hours, which he attributed both to the increased troop presence and the decision by Sunni and Shiite militants to keep a low profile."

"Jury Remains Out" On Crackdown's Success. The AP (2/17, Murphy) reports, "As a military offensive seeks to bring Baghdad from the brink of anarchy, a top Iraqi security officer tried Friday to measure its early stages using the grim logic of a place with daily bloodshed: by counting the bodies arriving at the morgue. A total of 10 corpses were collected off the streets ... This was the basis for an upbeat message by [Qassim] Moussawi, a spokesman for the joint U.S.-Iraqi security sweep that began this week and has so far faced limited resistance. But his American counterparts remain much more guarded. ... The contrasting [US and Iraqi outlooks cut across the entire mission, dubbed Operation Law and Order, which seeks to reclaim the streets."

Sadr Commanders Flee Iraqi Crackdown. The Financial Times (2/17, Khalaf) reports, "Iraqi officials on Friday reported an 'exodus' of commanders from the Shia Mahdi army, as armed groups seek to protect themselves from the US military crackdown in Baghdad and preserve their organisations. Mystery has swirled over the whereabouts of Moqtada al-Sadr, the fiery cleric whose Mahdi army is accused by the US of a leading role in the sectarian violence that has devastated the capital. ... It is not clear how long the Mahdi commanders will stay away. In previous security crackdowns in the capital, militias and Sunni insurgents faded but re-appeared when US forces retreated."

Sunni Insurgents Carry Fight North Of Baghdad. The AP (2/17, Frayer) reports, "Sunni insurgents have been streaming out of Baghdad to escape the security crackdown, carrying the fight to neighboring Diyala province where direct fire attacks on Americans have nearly doubled since last summer, U.S. soldiers say. That has led to sharp fighting only 35 miles north of the capital in a province known as 'Little Iraq' because of its near-equal mix of Sunni and Shiite Arabs as well as Kurds. ... Some U.S. officers suspect the advance publicity for the Baghdad security plan may have encouraged extremists — both Sunnis and Shiites — to flee the capital for surrounding provinces, including Diyala, where fewer U.S. troops are stationed."

Gates Proves "Less Combative" Than Rumsfeld. The Financial Times (2/17, Sevastopulo) reports, "Before Robert Gates held his first Pentagon press conference as defence secretary, reporters were curious how his modus operandi would differ from Donald Rumsfeld's, his predecessor. When he opened with something Mr Rumsfeld rarely gave - an apology - it was clear a new era had dawned." Gates proved "almost shy" compared to the "charismatically antagonistic" Rumsfeld, but "In a sign Mr Gates may be seeing his honeymoon draw to a close, he came under pressure over recent contradictory statements by members of the military and Bush administration officials about the extent to which top Iranian officials had approved attacks on US solders in Iraq."

Some US Forces In Surge To Deploy Ahead Of Schedule. NBC Nightly News (2/16, story 3, 2:40, Williams, 9.87M) reported, "Thousands of US troops are either already on their way to Iraq or about to deploy for there. That is the case with the US Army Third Infantry division, which you'd recall led the original march into Baghdad, the tip of the spear, now going back months ahead of schedule." The Washington Times/AP (2/17) reports, "The Pentagon said yesterday it is sending an Army division headquarters staff of about 1,000 soldiers to Baghdad three months ahead of schedule, a move intended to improve the Army's ability to command and control the thousands of extra combat troops that President Bush has ordered to Iraq. The 3rd Infantry Division headquarters staff will deploy from Fort Stewart, Ga., next month -- about three months earlier than planned, according to an Army statement."

ABC World News (2/16, story 3, 2:05, Gibson, 8.78M) reported, "Ironically, while the Congress debates the advisability of the President's surge, the surge itself has begun. US and Iraqi troops have launched the increased security crackdown this week. And so far, there are encouraging signs, as they've met little resistance so far." ABC (Karl): "The new effort to secure Baghdad isn't even a week old. But already, the Iraqi military says violence is down.

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Iraqi officials offer a morbid statistic. Only 10 bodies showed up at the Baghdad morgue today, compared to the usual average of forty to fifty a day."

Children Of Troops Endure Parents' Absence. The CBS Evening News (2/16, story 7, 3:15, Couric, 7.66M) reported, "CBS News In Focus : The home front.. As Americans in uniform fight overseas, their families need the courage to carry on without them: 163,000 US servicemen and women are serving in Iraq and Afghanistan, and according to the Pentagon, these American heroes have at least that many children back in the States." CBS (Bowen): "By all appearances, Chloe Clark elementary school is typical, until you take a closer look." Coley Fannin: "How many of us are from military families?" Bowen: "Half the 300 students here come from Army families. ... And counselor Coley Fannin's job is to help them learn how to cope. He holds weekly group sessions. ... So they learn to cope, but that doesn't mean 10-year-old Trey Nesbit likes it."

Al Qaeda's Abuses Swing Anbar Sunnis To US Side. The Washington Times (2/17, Hess, 88K) reports on its front page, "Sunni tribes in troubled Anbar province have begun working closely with U.S. and government forces, contributing nearly 2,400 men to the police department and 1,600 to a newly organized tribal security force, authorities say. ... By a U.S. count, 12 of the Ramadi area's 21 tribes are cooperating in the security effort, six are considered neutral, and three are actively hostile. That is almost the reverse of the tribal posture last June, when three were cooperative and 12 were hostile."

Suicide Bomber Kills Nine In Kirkuk. The AP (2/17, Murphy) reports, "A suicide car bomber rammed into a crowded market in northern Iraq moments after a booby-trapped vehicle exploded Saturday, killing at least nine people and injuring 60, police said. The back-to-back blasts in the oil hub of Kirkuk broke a brief lull in major violence around the country as U.S. and Iraqi forces try to regain control of Baghdad and other key areas from gangs and militias."

Quds Force Remains A Mystery. The New York Times (2/17, A1, Shane, 1.16M) reports, "Like so much else about the Iranian state, the Quds Force, which conducts overseas operations for Iran's Islamic Revolutionary Guard Corps, remains remarkably mysterious even to those who closely study the country. The Quds Force is under intense scrutiny by American intelligence agencies because it is suspected of supplying sophisticated explosives to Iraqi militants." Defense Secretary Gates is quoted as saying, "We know that the Quds Force is involved." The Times continues, "But the Quds Force is cloaked in secrecy inside Iran and is the subject of considerable guesswork from scholars in the United States, who in interviews this week offered estimates of its size ranging from 3,000 to 50,000 men. The true number, along with details of the strength and budget of the entire Revolutionary Guard, is hidden even from the Iranian Parliament, said [scholar Abbas] Milani, according to legislators he has spoken with. Some specialists even question whether the Quds Force exists as a formal unit clearly delineated from the rest of the Revolutionary Guard."

Businessman Sentenced For Role In Iraq Scheme. The New York Times/AP (2/17, A11) reports in a four-sentence brief, "An American businessman whose companies made more than $8 million in Iraq reconstruction money through a gifts-for-contracts scheme was sentenced to 46 months in prison. The businessman, Philip H. Bloom, who has lived in Romania for many years, pleaded guilty last year to bribery and conspiracy to commit money laundering."

Iraqi Reporter Describes Search For Missing Father And Brother. In a first-person account for the Wall Street Journal (2/17, A1, 2.04M), Iraqi emigre Sarmad Ali writes, "My father had left home in Baghdad that morning to go to the auto-repair shop across town where he works. Fifteen minutes after he left, car bombs exploded on his route to work and he hasn't been seen since. ... I feel responsible for my family, but at the same time helpless. I am not a U.S. citizen, or a permanent resident. My guest status here prevents me from being able to bring my family to join me." Ali now fears his brother may have been killed in a bombing: "He did not pick up his phone. Not the next day either. I recently reached a friend in Iraq, who said he had seen my brother. But I'm still waiting for him to call back."

Baghdad Girls Find Haven In School. The Washington Post (2/17, A18, Partlow, 690K) reports, "In Baghdad alone, 38,766 people have been driven from their homes by the daily sectarian killing, the United Nations reports, and the echoes of this mass migration resonate every day at Amil High School for Girls in Baghdad. Located in the relatively safe Shiite area of Kadhimiyah, along the western bank of the Tigris River, the whitewashed concrete

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schoolhouse has become a haven for Shiite Muslim students fleeing with their families from the religious segregation now pulling apart many of Baghdad's neighborhoods. In the past three months, Amil High School has accepted 135 new students, pushing the school's population over 1,000, and more families show up each day. Iraq's Human Rights Ministry has sent employees to distribute skirts, backpacks and shoes to the new pupils."

Al Qaeda Releases Afghan Attack Video. The AP (2/16, Mortimer) reports, "Al-Qaida posted today a video showing what it claimed to be an insurgent attack on a military position of U.S. and Afghan forces in southern Afghanistan. The video appears to be an attempt by the terrorist network to disparage U.S. claims to be winning the war against the Taliban and allied militia in Afghanistan. ... The narrator, who sounds like the American al-Qaida member Adam Gadahn, claims that the [depicted] position is 'liberated' by the insurgents. However, the film does not show the insurgents capturing the target -- a compound of mud-plastered buildings in a valley -- during the night-time battle. It only shows the insurgents walking through the compound in daylight."

Lawmakers Introduce Bill To Let Death Benefit Go To Guardian. The Washington Post (2/17, A6, George, 690K) reports, "Lawmakers introduced companion bills in the House and Senate yesterday that would allow grandparents and other relatives raising children of fallen troops to be designated as beneficiaries of a $100,000 'death gratuity.' The bills, by Sen. Chuck Hagel (R-Neb.) and Rep. Tom Latham (R-Iowa), followed a story yesterday in The Washington Post that profiled Susan Jaenke, an Iowa woman who is raising a 9-year-old granddaughter after Jaenke's 29-year-old daughter, Petty Officer 2nd Class Jaime S. Jaenke, was killed by a roadside bomb in Iraq. Susan Jaenke could not collect the $100,000 benefit her daughter thought she had assigned to her because of strict next-of-kin regulations."

Injured Marine Becomes Minor League Pitcher. ABC World News (2/16, story 11, 3:00, Gibson, 8.78M) reported, "Finally tonight, our 'Person of the Week,' someone moving into the world of sport that we can all root for." Cpl. Cooper Brannon: "They say Marines don't cry, right? You know, this is one of my biggest dreams of my whole life. You know?" Gibson: "Twenty-two-year-old Cooper Brannan is trading one uniform for another. Just this week, the Marine Corporal signed a minor league contract to pitch for the San Diego Padres. ... He sustained serious wounds to his left hand. Three fingers were severed. Doctors were only able to reattach two of them."

Dowd Says Self-Help "Secret" Has War Policy Relevance. New York Times (2/17, A15, 1.16M) columnist Maureen Dowd writes mockingly, "Oprah did her second show in eight days on 'The Secret,' the self-help book (and DVD) by Rhonda Byrne, an Australian reality-TV producer. ... A main tenet of The Secret is learning to avoid the chain reaction of churlishness, which begins with a single thought: 'The one bad thought attracted more bad thoughts, the frequency locked in, and eventually something went wrong. Then as you reacted to that one thing going wrong, you attracted more things going wrong.' It's an apt description of Iraq policy. A bad thought that led to more bad thoughts, and the negative frequency is now locked in on Iran, which is responding with its own negative frequency."

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Former Rove Aide Will Not Seek Arkansas US Attorney Post. The Washington Post (2/17, A10, Eggen, 690K) reports Tim Griffin, "a military lawyer who previously worked for presidential adviser Karl Rove and for the Republican National Committee," said "he will not seek the nomination to be chief federal prosecutor in Little Rock. Griffin "was appointed interim U.S. attorney in Little Rock in December on the White House's recommendation. The Justice Department said it intended to nominate Griffin for the job permanently. But Griffin said yesterday that he would be unlikely to be confirmed for the job because of opposition from key Democratic senators, including Mark Pryor (Ark.) and Judiciary Committee Chairman Patrick J. Leahy (Vt.). … Griffin's decision, which was reported by the Arkansas Democrat-Gazette, is the latest development in the controversy over the abrupt firings of seven U.S. attorneys. The dismissals angered lawmakers of both parties and have prompted a battle over the attorney general's power to name replacements." The New York Times (2/17, A12, Johnston, 1.16M) reports, "On Thursday evening, Attorney General Alberto R. Gonzales called several Arkansas lawmakers to advise them that Mr. Griffin's name would be withdrawn, Congressional aides said."

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McClatchy Newspapers (2/17, Taylor) reports, "Griffin, 38, said he would be willing to remain interim U.S. attorney until a replacement is named. Under a change in the law last year, that means he could stay in office until the end of President Bush's term. … 'I will be here as long as the White House and Department of Justice wants me here,' he said. 'Under the law, I could be here, hypothetically, until end of 2008 or early 2009.'" McClatchy adds, "Justice Department officials described Griffin as a talented and experienced lawyer, and accused Sen. Mark Pryor, D-Ark., of trying to block Griffin from becoming a permanent U.S. attorney. Justice Department officials said Friday that the administration would work with the Arkansas delegation to find a replacement. Gonzales has told senators that he'll submit all U.S. attorney candidates for Senate confirmation. … 'Given Tim's strong qualifications, the attorney general is disappointed that Senator Pryor would not support Tim's confirmation,' Justice Department spokeswoman Gina Talamona said." McClatchy notes, "Administration officials have been forced to defend the firings in recent weeks after critics raised concerns that well-respected U.S. attorneys were being removed to make way for handpicked candidates who would be less likely to buck the White House. .. Gonzales called Pryor on Thursday night to tell him that the Justice Department would not ask the Senate to confirm Griffin. … Gonzales promised that the administration would seek confirmation for another candidate, but he didn't say when an announcement would be made, said Michael Teague, Pryor's spokesman."

WPost Decries DOJ And Interior Officials' Ties To Lobbyist. The Washington Post (2/17, A30, 690K), ina n editorial, writes, "It's the kind of story that seems to confirm everything people believe is sleazy about the way Washington works. Last March, Sue Ellen Wooldridge, then the head of the Justice Department's environmental division, bought a $1 million vacation home with Don R. Duncan, the top lobbyist for oil company ConocoPhillips. Nine months later, Ms. Wooldridge signed off on a settlement agreement that let ConocoPhillips delay the installation of pollution-control equipment and the payment of fines. Just to make matters cozier, the third owner of the beach house is J. Steven Griles, the former No. 2 official at the Interior Department who's now the target of a Justice Department criminal investigation into his dealings with lobbyist Jack Abramoff. Oh, and Ms. Wooldridge, who lives with Mr. Griles, once worked with him at Interior, where she gave Mr. Griles ethics advice and defended his actions during an inspector general investigation. … Ms. Wooldridge has left the department, but Justice…said yesterday that its Office of Professional Responsibility was looking into the matter."

CORPORATE SCANDALS:

Defense Seeks Civil Resolution Of Enron-Related Case. The Houston Chronicle (2/17, Hays) reports, "Three former Merrill Lynch & Co. executives whose 2004 fraud and conspiracy convictions in an Enron case were overturned last year may avoid facing another jury." The Chronicle continues, "Upon informing U.S. District Judge Ewing Werlein on Friday that the government wanted to retry the case 'sooner rather than later,' Assistant U.S. Attorney Arnold Spencer said prosecutors also would 'continue our conversations' with defense attorneys to resolve it without a second trial. … Spencer declined to elaborate, as did attorneys for two of the defendants. But one of the defense attorneys, Dan Cogdell, said he was 'looking for a civil resolution, not a criminal resolution,' such as a settlement with the Securities and Exchange Commission." The Chronicle adds, "Werlein, who presided over the first trial, encouraged some sort of nontrial resolution. He said prosecutors should 'at least ponder' where the government's time, money and energy is best spent. … 'So I wish you well in your conversations. I hope you will be able to be successful,' the judge said." The Chronicle notes, "Friday's hearing came nearly six months after a three-judge panel of the 5th U.S. Circuit Court of Appeals threw out most jury convictions of Daniel Bayly, James Brown, Robert Furst and a fourth former Merrill executive, William Fuhs. … The case involves a year-end 1999 deal in which the government contends the brokerage pretended to buy three power plants on barges from Enron so the energy company could appear to have met quarterly earnings targets. The defendants claimed the deal was proper. … Jurors acquitted in-house Enron accountant Sheila Kahanek while convicting the four Merrill defendants and Dan Boyle, a former Enron finance executive."

CRIMINAL LAW:

FBI Serves Subpoenas On New Jersey Lawmakers In Widening Probe. The Newark

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Star-Ledger (2/17, Sherman, Whelan) reported, "New Jersey legislative officials were hit with a volley of federal subpoenas" Friday, "in a rapidly expanding corruption investigation into the Statehouse by U.S. Attorney Christopher Christie. The subpoenas were served on both the Democratic and Republican leadership in the Senate and the Assembly -- seeking information on how millions in public funds were handed out over the last three years." The Star-Ledger added, "The subpoenas, delivered by FBI agents late Friday afternoon as lawmakers were heading home, left many in Trenton thunderstruck. 'Trenton is on fire,' declared Assemblyman Kevin O'Toole (R-Essex), as news of the subpoenas broke. … Lawmakers and other Statehouse veterans could not recall a federal probe ever going as deeply into the state's budget process." The Star-Ledger noted, "Sources with direct knowledge of the probe have said that prosecutors are exploring whether some lawmakers have sought, through the state budget process, to steer money to nonprofit organizations that would have directly benefited them or their families."

Payments To Woman Who Had Affair With San Francisco Mayor Under Probe. The New York Times (2/17, McKinley) reports from San Francisco, "In the latest development in a lingering political scandal, the city attorney here is investigating whether any laws were broken in a payment to a married woman who had an affair with Mayor Gavin Newsom." The Times continues, "The woman, Ruby Rippey-Tourk, worked full time in City Hall as the mayor's appointments secretary until last May, when she took a three-month unpaid leave to seek treatment for a substance abuse problem. … While she was on leave, several unidentified city employees donated their sick time to Ms. Rippey-Tourk under a program that allows city employees to transfer sick time to other city employees. After she returned from leave, Ms. Rippey-Tourk formally resigned, and was paid out the cash equivalent of that accumulated time, a little more than $10,000." The Times adds, "Sam Singer, a spokesman for Ms. Rippey-Tourk, said he was not at liberty to say who had transferred their time, but that the mayor had not. Mr. Singer added that the payment was 'acceptable and legal.' … But on Thursday, the city attorney, Dennis Herrera, said he would examine the payment to make sure it had been 'done properly under city laws and procedures.' … Peter Ragone, a spokesman for the mayor, said his office welcomed the review. 'We are confident the matter was handled appropriately and humanely,' Mr. Ragone said." The Times notes, "The inquiry comes as Mr. Newsom is trying to shake off the damage from his admission last month that he had a brief sexual relationship with Ms. Rippey-Tourk in late 2005, when he was in the process of getting a divorce. Ms. Rippey-Tourk is married to Alex Tourk, who had been managing Mr. Newsom's campaign for a second term until the affair prompted his resignation."

Connecticut Attorney Accused Of Destroying Evidence In Child Porn Case. The New York Times (2/17, Malone) reports from Greenwich, CT, "A well-known lawyer was indicted on Friday on charges that he obstructed justice and destroyed evidence in the investigation of a former church choir director whose laptop computer contained images of naked boys." The Times continues, "The lawyer, Philip D. Russell, 48, of Stamford, appeared in United States District Court in Bridgeport and pleaded not guilty. He was released on $100,000 bail. … Mr. Russell is accused of destroying a laptop computer containing pornography that was owned by Robert F. Tate, the longtime music director at Christ Church here. Mr. Tate pleaded guilty in January to possessing 150 to 300 images of naked boys and faces a maximum sentence of 10 years in prison." The Times adds, "The indictment said that two unidentified church officials and Mr. Russell, who was acting as a lawyer for the church, confronted Mr. Tate in October after a church employee who had been using the laptop discovered the pornographic images. Mr. Tate admitted that the images were his and promptly resigned. … Mr. Russell then took the laptop and dismantled it, the indictment said. … Prosecutors said Mr. Russell and the church officials allowed Mr. Tate to remove his possessions from his church apartment and arranged for him to fly from Connecticut to California. He was later arrested in Los Angeles." The Times notes, "It is unclear whether there will be other indictments. Several people affiliated with the church have hired lawyers, and the Rev. Jeffrey Walker, the church's rector, has been called before the grand jury at least twice. Prosecutors did not return calls seeking comment. … Some legal observers say Mr. Russell's case could be a test of a provision of the Sarbanes-Oxley law that places greater responsibility on lawyers to preserve evidence in situations that may become the subject of criminal prosecutions."

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San Francisco Police Issue Warrant In Wiesel Attack. The New York Times (2/17, Marshall) reports, "The San Francisco Police Department issued an arrest warrant for a man suspected of attacking Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize." The Times continues, "The man, Eric Hunt, 22, of Sussex County, N.J., is accused of assaulting Mr. Wiesel, 78, on Feb. 1, as he was attending an interfaith conference." The Times adds, "Mr. Hunt, who is not yet in custody but has been located, will be charged with a hate crime, the police said in a statement. He was identified as a suspect, the police said, after claiming to be the attacker in an Internet posting."

House Democrats Back Federal Shield Law. The San Francisco Chronicle (2/17, Coile) reports, "House lawmakers, with the support of top Democratic leaders, are preparing to fast-track long-stalled legislation that would shield reporters in most cases from having to reveal their sources to federal prosecutors." The Chronicle continues, "The move follows the Justice Department's decision this week to withdraw a subpoena for two Chronicle reporters after a defense lawyer pleaded guilty to leaking grand jury transcripts in the Bay Area Laboratory Co-Operative investigation, in which top athletes testified they had used illegal steroids." The Chronicle adds, "Reps. Mike Pence, R-Ind., and Rick Boucher, D-Va., plan to reintroduce their federal media shield legislation next month with the support of House Judiciary Committee Chairman John Conyers, D-Mich. Conyers has pledged to move the bill through his committee quickly and to the House floor. … Sens. Chris Dodd, D-Conn., and Richard Lugar, R-Ind., are preparing to reintroduce a similar bill in the Senate, although proponents suggest it may be tougher to get a filibuster-proof 60-vote majority in the Senate, given the Bush administration's opposition. … The Chronicle case has been used by the bill's supporters as Exhibit A for why Congress should pass a law protecting journalists from having to name their sources or turn over materials to the government."

Doolittle Defends Wilkes In Cunningham Bribery Probe. The Sacramento Bee (2/17, Whitney) reports, "Rep. John Doolittle, R-Roseville, said Friday that he believes in the innocence of a close friend and political supporter indicted this week on charges related to the bribery of former San Diego-area Rep. Randy 'Duke' Cunningham." The Bee continues, "Brent Wilkes, a Poway defense contractor whose business Doolittle had helped land a $37 million contract, was indicted on corruption charges, including paying bribes and providing prostitutes for Cunningham, who's now in prison. … Wilkes entered a not guilty plea to the charges, handed up by a federal grand jury, in a federal court in San Diego on Wednesday. He later sent out an e-mail proclaiming his innocence. … 'The investigation and its accompanying deliberate leaks of false rumors has destroyed my reputation and inflicted critical wounds on all of my business interests,' Wilkes said. 'Let me say loud and clear: I never bribed Duke Cunningham or anyone else.'" The Bee notes, "Doolittle said in an earlier interview that he befriended Wilkes though Ed Buckham, a former staff member for then-Rep. Tom DeLay who became a lobbyist for the Alexandria Strategy Group and was a close associate of convicted lobbyist Jack Abramoff. Doolittle also has described Abramoff as a close friend. … Over the course of their relationship, Wilkes and his wife, Regina, together with his companies and associates, contributed tens of thousands of dollars to Doolittle's re-election committee and political action committee. … In April 2005, Wilkes' corporate jet was used to fly DeLay to Las Vegas for a fundraiser at the Venetian Resort Hotel Casino for Doolittle's PAC, the Superior California Federal Leadership Fund. Wilkes contributed $10,000 to Doolittle at that event. … Later, Doolittle acknowledged he included a $37 million item in the Defense Department's budget to pay for a contract to one of Wilkes' companies, PerfectWave. He also said he tried to win a House contract for another Wilkes company, ADCS. … Asked about Wilkes' indictment during a telephone news conference Friday, Doolittle said he has read his friend's statement, and believes him."

Michigan Lawmakers Await DOJ Standards On Sex Offender Registry. The Lansing (MI) State Journal (2/17, Adams) reports, "A Senate bill would amend the state's 1994 sex offender registry law to follow federal registry requirements. … But unfortunately, federal officials haven't revealed those requirements." The Journal continues, "The bill would expand information about ex-cons on the State Police public sex offender registry to include details about vehicles they own, their places of employment and convictions for other crimes. … That would comply with a 2006 federal mandate that requires standardization of information in state registries so they can be integrated into the National Sex Offender Registry. … However, the U.S.

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Justice Department hasn't announced what standardization would entail. It's up to that department to read what Congress ordered and determine exactly what it means, said Sgt. Matt Bolger, legislative liaison for the State Police. … 'Federal law is nowhere near as easy to read as state law is,' he said. … 'We're kind of waiting on that determination from the Department of Justice on what our duties are going to be.'" The Journal notes, "Once those duties have been determined, Michigan lawmakers can amend state law to comply, Bolger said."

Judge's Order Regarding Plame's Status Questioned. In an op-ed for the Washington Post (2/17, A31, 690K) the National Review's Byron York writes, "At the end of each witness's testimony in the perjury and obstruction trial of Lewis 'Scooter' Libby, after prosecutors and defense attorneys examined and cross-examined, U.S. District Judge Reggie B. Walton asked jurors to write down any questions they had. Walton would then look through the papers, decide which questions were appropriate and pose them to the witness. … But last week there was a moment when we got a hint not from a question that Walton asked, but from one he refused to ask. After the testimony of star prosecution witness Tim Russert, Walton scanned the jurors' queries and announced, 'There is going to be one question I'm not going to ask. I've concluded that that question is not appropriate and therefore you should not speculate as to what the response would have been.' What was he talking about? A moment later, Walton told the jurors: 'What Mrs. Wilson's status was at the CIA, whether it was covert or not covert, is not something that you're going to hear any evidence presented to you on in this trial.' 'Whether she was, or whether she was not, covert is not relevant to the issues you have to decide in this case,' he said. It is The Thing That Cannot Be Spoken at the Libby trial. … The result is that jurors have heard constant suggestions that some sort of crime, committed by the administration and perhaps by Libby himself, lies at the bottom of the case. An air of accusation hangs over the courtroom. But the accusation can't be discussed."

CIVIL LAW:

GE To Book $115 In Asbestos Claims Expenses. The Wall Street Journal (2/17, A3, Kranhold) reports, "General Electric Co. said it will record a $115 million after-tax expense in the first quarter after losing a decade-long battle with its insurers over payments for thousands of asbestos-related claims." The Journal continues, "In a decision released this week, the New York State Court of Appeals upheld lower-court rulings preventing GE from tapping secondary insurance to cover claims brought mostly by individuals exposed to asbestos-insulated turbines. The Court of Appeals is the state's highest court." The Journal adds, "To date, GE, based in Fairfield, Conn., has paid more than $500 million to settle asbestos-related cases, according to court documents. GE said 509,000 asbestos-related claims were filed against the company through 2006; 40,000 are pending. GE said claims settled to date have mostly been covered by both GE's primary and secondary carriers; the rest are being covered by GE. GE didn't make the asbestos but used it to insulate turbines. … GE spokesman Gary Sheffer said, in a statement, GE was 'disappointed in the decision, which is contrary to how the majority of courts have ruled.' Mr. Sheffer said GE is reviewing its options. … Mr. Sheffer said the expense, amounting to about one cent per share, would have no impact on GE's financial forecast for the first quarter. GE has said it expects net income of between $4.5 billion and $4.6 billion, or 43 cents to 45 cents a share. … The lawsuit centered on whether GE's asbestos-related claims should be treated as one incident under its insurance policies issued between 1965 and 1985 or whether each claim should be treated individually."

DC Circuit Panel Hears Suit Over Tire-Pressure Monitors. The Detroit News (2/17, Shepardson) reports, "A three-judge federal appeals court panel today expressed skepticism toward tire makers and an auto safety group who say federal regulators have watered down rules requiring tire pressure monitoring systems in all new vehicles starting this fall." The News continues, "Tire makers and Public Citizen argue the National Highway Traffic Safety Administration's regulation, aimed at making automakers install tire-pressure warning systems, falls far short of what Congress intended when it passed a 2000 law requiring that all vehicles be equipped with such monitors by Sept 1." The News adds, "The legislation came in the wake of a recall of 13 million tires on Ford Explorers and other vehicles that were linked to nearly 280 deaths. … A three-judge panel of the U.S. Court of Appeals for the District of Columbia heard the challenge to the NHTSA rule today, more than three years after another appeals court threw out

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NHTSA's first tire pressure regulation, issued in 2002. … Judges David Sentelle, Brett Kavanaugh and A. Raymond Randolph questioned whether the tire makers and Public Citizen had the legal right or 'standing' to file the suit. … Marc Machlin, a lawyer for Public Citizen, noted that more than 78,000 accidents yearly are caused by under inflated tires." The News notes, "The plaintiffs must overcome several hurdles: one is showing that there is a 'non-trivial' higher risk from the rule NHTSA imposed versus the type of tire monitoring rules they are seeking. They also must show they have a legal right to file the suit. … Sentelle said if there is only a general risk for everyone, the matter is best decided by 'the political branches' -- i.e. Congress and the White House. Sentelle said under the Public Citizen theory, drivers, passengers and pedestrians -- basically everyone in the United States -- would have a right to sue. … But Kavanaugh also asked some tough questions of Justice Department attorney H. Thomas Byron III. He said it was 'odd' that NHTSA could 'water down' or effectively eliminate some of the requirements that Congress set in its statute. … Byron said Congress couldn't have meant to mandate an 'impossible' requirement, namely that automakers certify that their systems work with all replacement tires."

CIVIL RIGHTS:

DOJ Backs Florida Sober House Suit. The South Florida Sun-Sentinel (2/17, Franceschina) reports, "The U.S. Department of Justice filed a legal brief Friday contending that a Boca Raton ordinance banning so-called sober houses from residential neighborhoods clearly violates federal housing law." The Sun-Sentinel continues, "The Justice Department brief was filed in a lawsuit by a sober house operator against the city that went to trial last month. It asks a federal judge to declare the ordinance invalid and prevent the city from enforcing it. The ordinance, passed by the City Council in May 2002, would require the sober houses to move into areas of the city zoned for medical centers and hotels." The Sun-Sentinel adds, "The ordinance has never been enforced because of the threat of litigation. Steve Manko, the owner of two large sober house apartment complexes -- Boca House for men and Awakenings for women -- sued the city in March 2003. The American Civil Liberties Union, representing former and current Boca House clients, also was involved in the case. … Manko's attorney, William Hill of Miami, said he was encouraged by the Justice Department filing because it supports the plaintiffs' position. The plaintiffs contend that the ordinance violates the federal Fair Housing Act and also the Americans with Disabilities Act. Under those federal provisions, people who are in recovery from alcohol or drug addiction are considered to be disabled or handicapped, providing them with housing protections. … 'I'm ecstatic,' Hill said. 'It could not be clearer. The Department of Justice is saying what we have been saying all along: This ordinance violates the Fair Housing Act on its face. The city should have realized this was wrong years ago and not put us through this. Instead, the city has been putting forth a defense that is not legal under the Fair Housing Act.' … Jamie Cole, an attorney for the city, said the Justice Department filing did not raise any new issues. … The Justice Department filed a separate suit against the city over the alleged housing violations in September. That case is pending. The judge hearing Manko's suit invited the Justice Department to file Friday's brief. … Justice Department attorney Nancy Langworthy wrote that the city's ordinance 'singles out for regulation housing for disabled persons and is discriminatory on its face.' Langworthy asked the judge to award damages to several former and current residents of Boca House and to impose a fine on the city 'to vindicate the public interest.'"

NYTimes Urges New York To Curb Police Camera Use. The New York Times (2/17) editorializes, "The New York Police Department has generally had the public on its side when it comes to securing the city since the Sept. 11 attacks. For their part, New Yorkers seem perfectly willing to put up with inconveniences, including traffic stops and bag searches. But the police have more and more overstepped their bounds by routinely and indiscriminately videotaping demonstrations of every kind, even peaceful ones. A federal judge was right this week to order the police to curb this conduct." The Times continues, "The practical effect of the order is to compel law-enforcement officers to obey guidelines that require them to state a reason to suspect unlawful activity before they videotape demonstrators. They must also get department authorization. That's a modest requirement. The city contends the current practice is not strictly unconstitutional, but the prospect of being photographed by police while merely protesting can have a chilling effect on free speech." The Times concludes that the city government "should now move quickly to ensure the

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court, and the public, that it will protect New Yorkers' civil liberties."

ANTITRUST:

GM Reportedly Discussing Buyout Of DaimlerChrysler. The Washington Times (2/17, Lengell) reports, "The world's largest automaker is set to expand further, as General Motors Corp. is negotiating to buy the struggling Chrysler division from its German parent, DaimlerChrysler AG, sources with knowledge of the talks said." The Times continues, "GM and DaimlerChrysler officials have denied the existence of any talks. … 'We're not going to comment on speculations concerning [any] discussions between [DaimlerChrysler] and GM,' GM spokesman Tom Wilkinson said yesterday. 'As we've said in the past, we've frequently discussed areas of mutual interest with other carmakers, and in a lot of cases, these discussions don't lead anywhere.'" The Times adds, "Nevertheless, Detroit and Wall Street were buzzing after the German business publication Manager Magazin reported Wednesday that GM and DaimlerChrysler were negotiating a buyout of Chrysler. … Speculation of a buyout intensified yesterday after the U.S. trade publication Automotive News reported that 'high level talks' of a buyout between DaimlerChrysler and GM executives are being held."

The Washington Post (2/17, D1, Freeman) reports, "Shares of DaimlerChrysler climbed yesterday after media reports that General Motors was in talks to buy the German firm's Chrysler division." The Post continues, "Chrysler officials in Germany played down the reports, saying the primary focus now for Chrysler was a restructuring aimed at returning it to profitability. And U.S. industry executives struggled yesterday to assess how GM would benefit from an alliance with Chrysler. GM is in the process of shrinking its operations in an attempt to increase its profit. … Other potential Chrysler suitors include European or Asian carmakers seeking a bigger foothold in North America. Renault-Nissan Motor chief executive Carlos Ghosn, who unsuccessfully sought to enter into an alliance with General Motors last year, has said he is open to new partners. He has not, however, publicly expressed interest in Chrysler."

The Wall Street Journal (2/17, B3, Stoll, Berman) reports, "GM and Chrysler are discussing joining forces to develop a large sport-utility vehicle and possibly a small car made in Korea, several people familiar with the matter said, adding that a 'production deal' is the most likely scenario. … On Wall Street, the focus also turned to Detroit's labor negotiations with the United Auto Workers. As so much of the industry's future is based around this contract, the issue presents a chicken-and-egg paradox for potential buyers." The Journal adds, "Many people discounted the idea of a spinoff, saying that it would do little to fix Chrylser's main problems of cost structure and product appeal. That said, these people pointed out that what is best for the remaining Daimler side of the company may not be best for Chrysler's side. … DaimlerChrysler investors clearly favor the idea of selling Chrysler, long the smallest of Detroit's Big Three and now even smaller than Toyota Motor Corp. in the U.S. market. … A deal linking GM, the world's largest auto maker, and Chrysler would likely face many hurdles, including antitrust questions, integration challenges and opposition from workers."

The Financial Times (2/17, Reed, Milne, Simon) reports, "Analysts expressed scepticism on Friday that GM's shareholders would support the idea of a tie-up with Chrysler, the most focused of Detroit's Big Three, at a time when both face declining sales in the world's biggest car market. … GM has not made a full car-company acquisition in its recent history, although, like other groups, it forms ad hoc alliances and joint ventures."

The New York Times (2/17, Maynard) reports, "The willingness by DaimlerChrysler to cut loose its Chrysler Group, ending its nine-year trans-Atlantic partnership, is drawing cheers from investors. … Shares of the German company rose nearly 14.4 percent this week, capped by a climb on Friday that was fueled by speculation that General Motors and Chrysler were holding talks. DaimlerChrysler ended the week at $73.33, up $3.08." The Times continues, "The talk is doing little for G.M., however. Its shares rose less than 1 percent this week, closing Friday at $36.34, down 10 cents. … On Wednesday, DaimlerChrysler said it was keeping all its options open for Chrysler, refusing to rule out a sale or a strategic partner for its American unit." The Times adds, "At Friday's close, DaimlerChrysler stock was within $1.20 of a 52-week high, prompting some analysts to predict it could be headed much higher, to levels rarely seen since the heady days after the 1998 merger. … That alone is reason enough to keep the rumors swirling a little longer, analysts said, giving DaimlerChrysler time to see whether any potential suitors come forward for Chrysler. It has hired JPMorgan as a strategic adviser."

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Banco Bilbao To Buy Compass Bancshares. The New York Times (2/17, Werdigier) reports, "Banco Bilbao Vizcaya Argentaria, Spain's second-largest bank, after Santander, agreed to buy Compass Bancshares of the United States for $9.6 billion, making its biggest acquisition abroad in a market where it seeks to strengthen its foothold." The Times continues, "Banco Bilbao, or BBVA, said Friday that Compass shareholders can choose to receive either $71.80 in cash or 2.8 new BBVA shares for each of their current Compass shares. The offer represents a premium of about 16 percent to the average Compass share price during the last 10 days and 8 percent above Friday's closing price." The Times adds, "Spain's banks have profited from significant growth in the Spanish economy and a sharp increase in mortgage lending, even to foreigners who are buying holiday homes in the country. BBVA, based in Bilbao, in northern Spain, and Banco Santander Central Hispano, the country's largest bank, have used their profits to expand into Latin America, where economic growth has spurred demand for banking services. … BBVA owns BBVA Bancomer, the largest bank in Mexico by assets, while Santander has spent a total of $17 billion on various Latin American acquisitions since 1996. Santander now owns Mexico's No. 3 bank, Serfin, and Brazil's seventh-largest lender, Banespa."

The Wall Street Journal (2/17, B1, Johnson) reports, "Spain's two main retail banks have moved from the bush leagues to become among the largest, most efficient, most profitable in the world. And one of them just made a big play to take on two U.S. giants in a lucrative American market." The Journal continues, "Banco Bilbao Vizcaya Argentaria SA's agreement to buy Alabama-based Compass Bancshares Inc. for $9.6 billion, announced Friday, would give it hundreds of branches in the South and West, including 163 in Texas, a fast-growing market. That would pit Madrid-based BBVA against Bank of America Corp. and J.P. Morgan Chase & Co., the Lone Star State's two biggest banks. … That deal follows Spain-based Banco Santander Central Hispano SA's acquisition last year of a 25% stake in Philadelphia-based Sovereign Bancorp, which has almost 800 branches in nine states." The Journal adds, "BBVA was all bluster in announcing the deal. BBVA 'is much more advanced than the Citis or the J.P. Morgans' at nuts-and-bolts retail banking, said Chairman and Chief Executive Francisco González. … The U.S. rivals are expected to put up a fight. 'They're competing against some of our best retail banks,' said Jefferson L. Harralson, a bank analyst at Keefe, Bruyette & Woods. 'It's going to be hard for them to move market share, and it's going to be hard for them keep market share.' … The deal follows a string of acquisitions that have turned BBVA and Santander into the world's 15th-largest and ninth-largest banks respectively by stock-market value. Both reported record full-year profits this month."

The Financial Times (2/17, Mulligan) reports, "Analysts voiced concerns about the dilutive effect of the planned €4bn capital increase to part-fund the deal, which comes just three months after a €3bn share issue aimed at improving the balance sheet. … There were also worries about the erosion of BBVA's core capital ratios. 'History shows investors should be wary of acquisitive companies,' UBS said."

Tribune Moves Toward "Self-Help" Auction Plan. The Wall Street Journal (2/17, A2, Ellison) reports, "As the auction for Tribune Co. limps to a close, it is becoming clear that newspaper publishers can't sell their way out of their current woes." The Journal continues, "Tribune's board of directors is scheduled to meet late this coming week, and while it is uncertain they will emerge from the meeting with an announcement, company management and advisers are casting aside outside offers and working on what is being billed as a 'self-help' plan. … That is another way of saying that nobody came to Tribune's rescue." The Journal adds, "Typically, if a company avoids a takeover, employees and management breathe a sigh of relief and go back to business as usual. But if this auction ends as many expect, Tribune will have to self-inflict the kinds of harsh changes that normally come from an outside buyer. That will mean even steeper cost cutting and asset sales. … That is partly because Tribune, along with many other newspaper players, waited too long to take the dramatic action that now is being thrust upon them. Tribune was forced into the auction process by its largest shareholder, the Chandler family, which pushed for action just as panic was building about the industry's prospects. The irony is that the Chandlers were too late. They are angling to remove themselves from the newspaper business they should have gotten out of years ago, when they sold Times Mirror Co. to Tribune in 2000. Today, the options are much more limited. … Under the current plan, at least Tribune's fate is all in the Chicago family. Sam Zell, a Windy City real-estate mogul, and the Chandlers are still circling Tribune, though any chance of either party making a successful offer is unlikely. Tribune isn't comfortable with

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either proposal being proffered, and neither party seems willing to increase the terms."

New England Ski Resorts To Be Sold. The Boston Globe (2/17, Reidy) reports, "Two New England ski resorts, Mount Snow in Vermont and Attitash in New Hampshire, are set to be sold for $73.5 million." The Globe continues, "American Skiing Co. of Utah said yesterday it has entered into an accord to sell Mount Snow and Attitash to Peak Resorts Inc. of Missouri. … Included in the proposed sale of Mount Snow and Attitash are the commercial cores of the Grand Summit Hotels at both locations, said American Skiing, which added that the buyer will assume $2 million in debt and other liabilities." The Globe adds, "Saying that the sale is expected to close on or before April 30, American Skiing said it plans to use the proceeds to reduce existing debt and for working capital. … The deal will give Eureka, Mo.-based Peak Resorts its first major ski areas. That company operates half a dozen tiny ski areas in Missouri, Ohio, Kentucky, and New Hampshire. … The sale will leave American Skiing with five resorts in the Northeast and Utah. … American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. David Hirasawa, the company's investor-relations manager, said Steamboat is expected to change hands by March. … Both resorts sit partly on national forest land, and the sale will require the consent of the US Forest Service. Stockholder approval also will be required. … Hirasawa said the sale also is subject to an antitrust review by the US Justice Department."

The AP (2/17, Foy) reports, "The sale is set for the end of April and will leave American Skiing with five resorts in the Northeast and Utah. … American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. Hirasawa said Steamboat is expected to change hands by March." The AP adds, "American Skiing has been investing heavily in The Canyons, its flagship 3,700-acre resort in Park City, which added terrain and lifts this winter. It also owns Killington and Pico, neighbors in central Vermont, and Maine's Sunday River and Sugarloaf/USA. … The company said Dover's Mount Snow, the closest major Vermont resort to the New York City metro area, is the fifth most popular eastern U.S. ski area. It has an 18-hole golf course."

ENVIRONMENT:

IG Finds Interior Ethics Lapses Are Rarely Punished. The Boston Globe (2/17, Donnelly) reports, "Officials at the US Interior Department received free golf outings, dinners, hunting trips, and box seats at sporting events from companies they monitored, but were rarely punished for the ethics violations, other than being ordered to attend two-hour ethics courses, the department's inspector general told a House panel yesterday." The Globe continues, "Testifying before the House Natural Resources Committee, Earl E. Devaney said the ethical lapses were part of a department-wide culture 'replete with a lack of accountability.' … Devaney, who for seven years has been the independent overseer of a department that manages oil leases, national parks, and Native American affairs, has been in charge of numerous investigations inside the Interior Department, including one probe that has drawn intense scrutiny: What was behind the omission of royalty payments to the government in oil and gas contracts from 1998 to 1999. … He said the loss of the payments, which kick in when oil and gas prices reached certain levels, could cost taxpayers 'tens of billions of dollars' over the lifetime of the contracts. Six criminal investigations were now under way by the Justice Department relating to unethical behavior in the department, Devaney said." The Globe notes, "Asked why the Interior Department has had so many ethical and management problems, Devaney suggested it was simply greed. … 'Outside of the money at the Treasury Department, everything else [of value] that someone would want is at Interior -- oil, gas, mines, land, and water,' he said. 'It's been my experience that when a lot of money is at stake, bad people will show up eventually.' … Still, he told the committee that '99.9 percent' of department employees were dedicated and ethical and that Dirk A. Kempthorne , the current department secretary, has in the past year tried to tackle a multitude of serious problems."

California Seen As Model For States Seeking To Conserve Energy. The Washington Post (2/17, A1, Mufson, 690K) reports California "uses less energy per capita than any other state in the country, defying the international image of American energy gluttony. Since 1974, California has held its per capita energy consumption essentially constant, while energy use per person for the

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United States overall has jumped 50 percent. California has managed that feat through a mixture of mandates, regulations and high prices. The state has been able to cut greenhouse-gas emissions, keep utility companies happy and maintain economic growth. And in the wake of the Intergovernmental Panel on Climate Change report on global warming, California serves as a model for other states seeking a similar path to energy reduction. Now California is pushing further in its effort to cut automobile pollution, spur use of solar energy and cap greenhouse gases."

NYTimes Praises Johanns Farm Bill Proposals. The New York Times (2/17, A14, 1.16M) editorializes, "Mike Johanns, the secretary of agriculture, has unveiled his proposals for a new farm bill, which on the whole seems remarkably promising. Mr. Johanns seems to have little desire to protect entrenched subsidies and a very strong desire to improve the environment. The question is whether Congress will listen to him or to the lobbyists. … The bill also calls for $7.8 billion over 10 years to help protect the environment — which makes it the most generous conservation program the Bush administration has offered in the last six years."

LATimes Pleased By Stevens' Shift On CAFE Standards. The Los Angeles Times (2/17, 850K) editorializes, "Sen. Ted Stevens' resistance to fighting climate change is melting faster than his home state's glaciers. The senior senator from Alaska proposed a bill last month aimed at raising automotive fuel economy standards, in some ways higher than a competing bill backed by such traditional environmentalists as Sen. Barbara Boxer (D-Calif.) Stevens' about-face on fuel economy (he voted against a bill two years ago similar to the one he just introduced) is welcome, even if many of his proposal's details aren't. Across-the-aisle initiatives like his are part of the reason this Congress stands a good chance of making the most meaningful improvements to the Corporate Average Fuel Economy standards since they were created during the last fuel crisis in the 1970s."

FBI/DEA/ATF/USMS:

FBI Played No Role In Neo-Nazi Rally Organized By Florida Informant. In a story distributed by McClatchy, the Orlando Sentinel (2/17, Curtis) reported, "The FBI played no role in staging a neo-Nazi rally last year in Orlando, a statement released Friday says. Questions about the bureau's possible involvement were raised earlier this week when a hearing in federal court disclosed that a paid FBI informant and member of the National Socialist Movement organized the white supremacist march. 'In no way did the FBI initiate, organize, or sponsor the NSM rally,' the statement from the agency's Orlando office says." The Sentinel added, "Many agencies use informants, and in its statement Friday, the FBI explained some of the benefits. 'By the nature of its investigative mission, the FBI . . . must aggressively pursue intelligence avenues that bring it into contact with individuals and/or organizations in unsavory and/or illegal activity,' the statement says." However, the Sentinel noted, "The FBI has a long history of using informants and occasionally getting burned by them. One of the most notorious examples was James 'Whitey' Bulger, still on the 10 Most-Wanted List in connection with 18 murders."

Baseball's Bonds Chases Record While Legal Problems Mount. The New York Times (2/17, Chass) reports, "When Babe Ruth broke Roger Connor's career home run record, no one paid much attention. Connor had hit 138 home runs in the 1880s and 1890s, and Ruth passed him in 1921 with little or no fanfare. Much was made of Henry Aaron eclipsing Ruth's record in 1974, but even then probably the most notable thing that happened was that Aaron shoved a box of strawberries in a reporter's face. … But Barry Bonds's threat to Aaron's record of 755 couldn't generate more of a sideshow." The Times continues, "Bonds's pursuit of the record — he needs 22 home runs to break it — is entwined with the issue of steroids. Did he or did he not use them to slug 213 home runs in a four-season span from 2000 through 2003? Or did he just use a good grade of flaxseed oil?" The Times adds, "One act of the sideshow was written out of the script when Bonds signed his $15.8 million contract for the 2007 season the other day, 10 weeks after he and the Giants agreed to its terms and two weeks after he first signed it. … A second version of the contract became necessary when the commissioner's office struck an appearance clause from the original version. Bonds became upset by another clause in the contract after it leaked out. That clause says the Giants can void the contract if Bonds is indicted." The Times notes, "Any indictment would be put together by the United States attorney's office in San Francisco, which has a new interim head, Scott N. Schools, who replaced

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Kevin V. Ryan. Schools is a career federal prosecutor who previously served as a general counsel in the Justice Department. For now, he will run a San Francisco office that was apparently divided last summer over whether to push right then and there for an indictment of Bonds. … The term of the federal grand jury that was meeting at that point was about to expire, and lawyers involved in the Bay Area Laboratory Co-Operative steroid-distribution case say there was a split among assistant United States attorneys about seeking an indictment before that jury was dismissed. The lawyers said their understanding was that Ryan decided not to go forward."

IMMIGRATION:

Movement To Free Imprisoned Border Guards Gains Momentum. The Washington Post (2/17, A2, Fears, 690K) reports, "Early this week, the Bush administration urged angry conservatives to remain calm over the convictions of two former Border Patrol agents who shot an unarmed Mexican drug smuggler, but petitions for their release continued to flood the White House. It did not help that one the lawmen, Ignacio Ramos, was attacked by Latino gang members in his cell…and beaten bloody. Days after prison officials confirmed the beating on Feb. 8, Department of Homeland Security officials admitted that an inspector general's report erroneously quoted Border Patrol agents as saying Ramos and his partner, Jose Compean, intended to kill Mexicans." Rep. Tom Tancredo "visited Ramos in prison and told him of the movement against his incarceration." Rep. Dana Rohrabacher "threatened to call for impeachment proceedings against President Bush if the agents were harmed in prison." Sen. Dianne Feinstein "promised to look into the matter."

Chertoff Touts Guest Worker Program In Mexico. The New York Times (2/17, A8, McKinley, 1.16M) reports, "On his first official visit to Mexico, Homeland Security Secretary Michael Chertoff said he considered an expanded guest-worker program for Mexican migrants as key to stopping terrorists and criminals from slipping into the United States. 'Every time a Border Patrol officer is transporting a load of future housekeepers and landscapers to some place to be returned, he's not looking for drug dealers or drug loads,' Mr. Chertoff said after two days of meetings with Mexico's top security officials."

CONGRESS-ADMINISTRATION:

House Passes Small Business Tax Breaks As Part Of Minimum Wage Deal. The Washington Post (2/17, D1, Montgomery, 690K) reports the House "overwhelmingly approved a modest package of tax breaks for restaurants and small businesses, moving Congress one step closer to approving the first increase in the federal minimum wage in nearly a decade. On a vote of 360 to 45, the House agreed to extend and expand credits and deductions to save taxpayers $1.3 billion over 10 years. It would adjust the tax code to increase collections by a similar amount. The measure would also guarantee that restaurant owners could keep a tax credit worth an estimated $500 million over 10 years. The measure now moves to the Senate, which passed a far more generous $8.3 billion tax package this month under pressure from Republicans who refused to support a higher minimum wage unless it included tax relief for small businesses."

The Wall Street Journal (2/17, A3, Lueck, 2.04M) reports Sen. Charles Grassley "called the House package 'puny.' There is common ground on the substance of some breaks . Both the House and Senate bills would extend a credit for businesses that employ disadvantaged workers and a deduction for small companies' equipment expenses. 'I know there are differences between the bills, but I'm confident they'll be worked out,' said Sen. Max Baucus, the Montana Democrat who is chairman of the Senate Finance Committee. The bill would raise the minimum wage by $2.10 an hour -- from $5.15 to $7.25 -- over two years."

The New York Times (2/17, A10, Andrews, 1.16M) reports, "Lawmakers are not expected to reconcile the difference until after their 'Presidents' Day District Work Period' next week, and it remains unclear how difficult those negotiations will be. Further muddying the outlook is a split between small-business groups and big-business groups over which bill to support. 'I would not say we're surprised at the delay,' said Representative Sander M. Levin, Democrat of Michigan. 'But I would say we are chagrined.' Few lawmakers doubt that Congress will eventually approve the higher minimum wage, which was last raised 10 years ago. The battle is over how much business groups and Republicans can demand in return."

The Washington Times/AP (2/17) reports, "Groups representing small businesses, such as the National

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Federation of Independent Business, prefer the larger Senate bill. The U.S. Chamber of Commerce supports the House bill because it objects to the Senate's revenue provisions, particularly the plan to eliminate deductions for payments in lawsuits."

Two Moles Removed From Bush's Left Temple. The Washington Post/AP (2/17, A11) reports President Bush "had two moles removed from his left temple yesterday. His doctors say they expect tests on the skin growths to show that they are noncancerous. The five-minute procedure, called a shave biopsy, was performed in the White House office of Bush's official physician, Richard J. Tubb. Stephen Krivda, a dermatologist from Walter Reed Army Medical Center, performed the procedure, for which only a local anesthetic was required." ABC World News (2/16, story 5, :20, Gibson, 8.78M), the CBS Evening News (2/16, story 8, Couric, 7.66M), and NBC Nightly News (2/16, Williams, 9.87M) all ran brief items on the procedure.

Cheney Departing For Asia With Many Worries But Also Bush's Confidence. Two reports on Vice President Cheney's trip to Asia this week cast Cheney's role and influence in starkly different terms. Under the headline "Controversy Likely To Follow Cheney To Asia," the Los Angeles Times (2/17, Reynolds, Gerstenzang, 850K) reports says with Cheney "set to depart Monday for a weeklong trip to Asia," many in Washington "are wondering whether he might be grateful for an excuse to high-tail it out of town. The past few weeks have not been kind to the vice president -- or at least to his public image."

But the Chicago Tribune (2/17, Silva, 617K) headlines its story "Cheney Tours With Bush's Confidence," and while, like the Times piece, it recounts Cheney's recent woes, the story says Cheney "has not lost his influence with President Bush, who often has counted on his sharp-tongued No. 2 to launch the most searing offensives against political and administration critics. And, since the retirement of former Defense Secretary Donald Rumsfeld and a recasting of the administration, Bush has counted even more on the hardest of his hard-liners to hold the White House line." With the Bush Administration now "besieged by congressional critics of the war in Iraq yet boasting of sudden progress in a nuclear standoff with North Korea, Cheney will make a weeklong tour of the Pacific. He will offer a nod of thanks to Bush's supporters in the 'war on terror,' but also pointed reminders of the risks still posed by powers intent on undermining Western democracy."

Low Judicial Pay Said To Discourage Top Candidates. In an op-ed for the New York Times (2/17, A15, 1.16M) University of Wisconsin law professor Anne Althouse writes, "It's hard to ask for a raise, especially when you're a judge. Look at poor Justice Anthony Kennedy supplicating before the Senate Judiciary Committee on Valentine's Day. With stilted locutions — 'it's frankly most awkward for me' — he staked out pedantic points about the constitutional scheme of separation of powers, and lumbered toward a conclusion that federal judges need to make more money. … If the pay is low, the judges will be the kind of people who don't care that much about money. They might be monkish scholars, or they might be ideologues who see in the law whatever it is they think is good for us. … Low judicial pay should trouble us not because the judges will somehow lack 'excellence.' It should trouble us because the law will be articulated by ideologues and recluses."

Pelosi Gives Jefferson Seat On Homeland Security Panel. The Washington Post (2/17, A9, 690K) reports House Speaker Nancy Pelosi, "who yanked embattled Rep. William J. Jefferson off a powerful tax committee last year, has decided to put him on the Homeland Security panel, aides to the Louisiana Democrat confirmed yesterday. The move infuriated some Republicans, who accuse him of being a potential security risk. Jefferson has been the subject of an ongoing federal bribery investigation related to a telecommunications deal in Africa."

Bill Giving FDA Power To Regulate Tobacco Garners Bipartisan Support. The Washington Post (2/17, A8, Lee, 690K) reports, "After years of falling short, advocates of requiring the Food and Drug Administration to regulate tobacco are again waging that fight in Congress -- and this time, they say, the odds are in their favor. … A bipartisan group of lawmakers introduced legislation last week to grant the FDA authority over the manufacturing, marketing and sale of tobacco products, including the power to restrict advertising, require stronger warning labels, and regulate the amount of nicotine and other ingredients. The agency would not be able to ban tobacco." The Post notes the FDA "claimed the authority to regulate tobacco in the mid-1990s…but the effort was challenged by tobacco companies

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and overturned by the Supreme Court in 2000. What followed were several attempts to pass legislation in Congress, many of which attracted broad-based support -- including from cigarette maker Philip Morris USA. But invariably the bills hit an impasse and died. … 'This is the year when we can pass meaningful legislation,' said Rep. Thomas M. Davis III, the lead GOP sponsor in the House, whose father died of emphysema. Sen. John Cornyn (Tex.), the top Republican sponsor in the Senate, said 54 percent of smokers take up the habit before age 18. The legislation 'is the best way to address the public health concerns and the marketing concerns we have about children being targeted and addicted to a drug like nicotine,' he said."

GSA Responds To Waxman Inquiry Regarding Noncompetitive Contract. The Washington Post (2/17, A4, Higham, O'Harrow, 690K) reports the U.S. General Services Administration "has responded to a congressional inquiry by saying its chief, Lurita Alexis Doan, did nothing improper last summer when she tried to arrange for a study by a company run by a woman with whom she had a 'close professional relationship.' In a Feb. 2 response to Rep. Henry A. Waxman (D-Calif.), the agency said Doan was trying to promote diversity when she signed a 'service order' for the $20,000 project. That July 25 document was intended to authorize a company, Diversity Best Practices, run by Edie Fraser, to write a 24-page report and analysis concerning the GSA's use of businesses owned by minorities or women." GSA Associate Administrator Kevin Messner "rejected 'the implication that her intentions were improper' and said the project was stopped before any money changed hands."

VA Secretary Shuts Down Research Centers After Loss Of Hard Drive. The AP (2/16, Evans) reports Veterans Affairs Secretary Jim Nicholson "has suspended activities at seven specialized research centers across the country after an unprotected computer hard drive disappeared from one of the facilities in Alabama last month. In an internal memo obtained by The Associated Press, Nicholson called the department's latest data breach 'tragic' and ordered the VA's Research Enhancement Award Programs to shut down until they are certified as meeting security standards." The New York Times/AP (2/17, A11) carried an abbreviated version of this story.

WSJournal Notes Portman's Guidance On Formerly Earmarked Projects. The Wall Street Journal (2/17, A8, 2.04M), in an editorial, writes, "On Thursday, White House budget director Rob Portman issued little-noticed guidance to all federal departments and agencies that no Congressional requests for spending should be accommodated unless they are 'specifically identified in statutory text' -- which is to say, the law. This may sound like it ought to be regular practice, but it's a revolution in the Beltway. That's because, in order to dodge the legislative earmark limits…Members have been speed-dialing executive branch officials and asking them to fund their specific earmark requests out of agency budgets even though they were purged from the larger budget bill. This Congressional lobbying can be hard for the average federal bureaucrat to refuse, since he doesn't want to offend those on Capitol Hill who control his budget. Mr. Portman's directive is intended to stiffen these backbones against such Congressional extortion."

OTHER NEWS:

Monthly Housing Starts Fall To Lowest Level In A Decade. ABC World News (2/16, story 8, :15, Gibson, 8.78M) reported, "The struggling housing market has just turned in another weak showing. New home construction plunged more than 14% last month, to the lowest level in 10 years. Bad weather gets some of the blame. But permits for future construction were also down in January." The CBS Evening News (2/16, story 3, 1:50, Couric, 7.66M) also said the "housing market is in a slump. Just today, the government reported that builders were putting up new homes last month at the slowest pace in nearly ten years. And with demand for homes down, prices are falling as well." NBC Nightly News (2/16, story 8, 1:30, Williams, 9.87M) also reported on the decline in housing starts.

The Wall Street Journal (2/17, Bater, Blackstone, 2.04M) puts the story on its front page, saying "builders slashed construction of new homes last month to the lowest level in nearly a decade, a move that underscores the severity of the sector's slump and signals it will likely continue to be a drag on the economy at least through midyear." The Washington Post (2/17, D2, Schneider, 690K) says housing starts fell to "the slowest annual rate since the late 1990s." The New York Times (2/17, C3, Peters, 1.16M) says

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economists "seemed to agree that most of the drop-off in residential construction indicated that builders were pulling back from a market that was oversaturated with unsold homes and short on buyers." The New York Times (2/17, A10, Robbins, 1.16M) also runs a feature on the housing situation in Montana, where a boom has had the reverse effect, creating a shortage.

NYTimes Says Lenders, Regulators Must Step In. The New York Times (2/17, A14, 1.16M) editorializes, "There is no sugarcoating the latest news on the United States housing market. The slump in home prices from the end of 2005 to the end of 2006 was the biggest year-over-year drop since the National Association of Realtors started keeping track in 1982. There are no reasons to believe that's the worst of it. … The bust will slow job growth this year in construction and related industries and with it, consumer spending. The severity of these economic side effects will depend on the strength of the overall job market and the stability of interest rates -- both of which are anybody's guess. Squarely in harm's way, however, are low- and middle-income homeowners. … Lenders and regulators should prepare to do all they can to help."

Stocks Essentially Unchanged Friday. The Wall Street Journal (2/17, Ossinger, 2.04M) reports stocks "took a breather after three straight days of gains, lagging most of the day, but pulled a quick move higher in the last hour to virtually break even." The Dow Jones Industrial Average "rose 2.56 to 12767.57, hitting a record for a third straight day with its late move into the black. The S&P 500 lost 1.27 to 1455.54," while the Nasdaq "was off 0.79 to 2496.31." NBC Nightly News (2/16, story 6, :10, Williams, 9.87M) briefly reported the numbers. In addition, the Wall Street Journal (2/17, B4, Norman, 2.04M) says treasury-bond markets "chalked up gains Friday."

Crude Oil Climbs Above $59. The Wall Street Journal (2/17, B4, Farivar, 2.04M) reports crude oil futures "rallied 2.4% and climbed above $59 after the government warned about more militant attacks in Nigeria" and the OPEC secretary-general said producers "were showing compliance with the group's new oil-production target." The March crude-futures contract "jumped $1.40 to $59.39 a barrel" in New York.

LATimes Says Bernanke Compares Favorably To Greenspan. The Los Angeles Times (2/17, 850K), in an editorial, writes, "Federal Reserve Chairman Ben S. Bernanke's testimony on Capitol Hill this week was so clear and succinct — and bullish — that investors may soon forget about his predecessor, Alan Greenspan. Bernanke's message that the economy is enjoying healthy growth, low unemployment and little inflation soothed financial markets, but it was his forthright, substantive answers that awed members of the Senate and House committees that oversee the nation's central bank. Indeed, Bernanke, who's been on the job just over a year, performed better than he should have, politely answering too many questions."

McCain Faces Problems With Home State GOP. A front-page New York Times (2/17, Steinhauer, 1.16M) story headlined "Back At Home, McCain Annoys The G.O.P. Right" looks at what Arizona Republicans think about Sen. John McCain. The Maricopa County Republican Committee chairman "has in his possession a bright yellow button with a black line slashed through the name McCain," just one sign of the "vocal slice of the state's most conservative Republicans, reflecting concerns about Mr. McCain held by some conservatives nationwide," who "are agitating against him in a way that they hope might throw off his incipient presidential campaign." McCain's critics "now hold leadership positions in Maricopa County, the state's most Republican enclave and biggest media market, which includes Phoenix. Their passion about the immigration issue, their flirtations with other candidates and their persistent harping underscore the skepticism about Mr. McCain that already exists among many hard-line conservatives here and around the nation."

McCain To Discuss Abstinence In South Carolina. The AP (2/16, Davenport) reports McCain will be in South Carolina Sunday night to address "about 1,500 middle and high school students about abstaining from premarital sex. Abstinence and abortion loom large as issues in this first-in-the-South primary state in the heart of the Bible Belt." McCain "is courting Christian conservatives in his bid for the GOP nomination."

Giuliani Raises Funds In Richmond. Richmond's WDBJ7.com (2/16) reports Rudy Giuliani "met with some of Virginia's Republican Party before heading to a Richmond dinner designed to fatten his war chest. … As someone who's seen first hand what terrorist are capable of

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on American soil, Giuliani says now is no time for the U.S. to show weakness in the Middle East."

Romney Discusses 1992 Primary Vote For Democrat Tsongas. ABCNews.com (2/16, Greenberger) reports Mitt Romney "offered a new explanation today for why he supported a Democrat in 1992." Romney, "then a registered independent, voted for former Sen. Paul Tsongas in the 1992 Democratic presidential primary. He told ABC's George Stephanopoulos, in an interview that will air Sunday on 'This Week,' that his vote was meant as a tactical maneuver aimed at finding the weakest opponent for incumbent President George H.W. Bush." However, "12 years ago, the Boston Globe reported that Romney was giving a different explanation for his vote for Tsongas. 'Romney confirmed he voted for former U.S. Sen. Paul Tsongas in the state's 1992 Democratic presidential primary, saying he did so both because Tsongas was from Massachusetts and because he favored his ideas over those of Bill Clinton,' the Boston Globe's Scot Lehigh and Frank Phillips wrote on Feb. 3, 1994. 'He added he had been sure the G.O.P. would renominate George Bush, for whom he voted in the fall election.'"

Voters Urged To Look Beyond Romney's Mormonism. In the Washington Post (2/17, A31, 690K), Stephen Stromberg writes that while Gov. George Romney's 1968 presidential campaign "fizzled," what "did not ruin" his "aspirations was his faith. Like his son Mitt, George Romney was a devout Mormon. Religion, as the truism goes, is far more influential in American politics today than it was in the 1960s." But a "candidate's faith, like that of an L.A. high school student or anyone else is ultimately a complex and personal phenomenon, even in the context of a highly centralized religious organization. … No one but Romney can know how his beliefs might affect his judgment. Instead of focusing on his faith, it would be much more worthwhile for voters to judge Mitt Romney on his evolving political agenda -- as Republicans did when George Romney ran in 1967."

Arkansas Ethics Panel Dismisses Complaint Against Huckabee. The AP (2/16, Davenport) reports, "Arkansas' ethics panel dismissed a complaint Friday against former Gov. Mike Huckabee over the presidential candidate's destruction of computer hard drives from his office. By a 3-0 vote, the commission voted to dismiss the complaint filed last month against Huckabee." Huckabee "has defended the destruction of the drives, saying it was done to protect sensitive information such as employees' or constituents' Social Security numbers and credit card information."

Obama Making Headway With Hollywood, Silicon Valley Players. The Wall Street Journal (2/17, A2, Harwood, 2.04M) reports, "Campaign debates often turn on values. Next week, some important political players in Hollywood and Silicon Valley will demonstrate theirs: they like what's hip, new, attractive and future-oriented. In the 1990s, that was Bill Clinton's breakthrough baby boomer presidency. In 2007, it's Barack Obama's multiracial, post-boomer candidacy. That is why three luminous Hollywood names -- the Dreamworks trio of Steven Spielberg, Jeffrey Katzenberg and David Geffen -- are hosting an Obama fund-raiser in Los Angeles Tuesday. And it's why one of Mr. Obama's guides through Silicon Valley is Wade Randlett, an early Democratic force there through the TechNet advocacy group."

In a front-page story, the Washington Post (2/17, Vargas, 690K) reports on the role Facebook.com is having in recruiting young volunteers and supporters for presidential campaigns. The piece focuses largely on Obama.

Obama Makes First South Carolina Visit. Gannett (2/17, Barnett) reports Obama "made his first campaign stop Friday in South Carolina, delivering a rousing can-do message to an enthusiastic crowd of 3,000 at Columbia's convention center." Obama "told supporters he doesn't believe those who say a black man can't be elected. 'Twenty years ago, nobody would have believed this crowd in South Carolina,' he said of the racially mixed group."

Edwards Makes Pitch To Prospective Silicon Valley Donors. The San Francisco Chronicle (2/17, B2, Marinucci, 384K) reports John Edwards, "in an informal living room discussion this week with about 150 Silicon Valley insiders, said the Bush administration has failed America by demonstrating 'enormous incompetence' at home in areas such as responding to Hurricane Katrina and abroad in Iraq." His "shirtsleeves appeal during an intimate evening of dinner and conversation was delivered in the Woodside home of influential venture capitalist Andy Rappaport and his wife, Deborah."

Virginia Democratic Chairman Backing Edwards. The AP (2/16, Davenport) reports Virginia Democratic Party Chairman C. Richard Cranwell will back Edwards, making the announcement "two days after officials with close ties" to

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Gov. Tim Kaine said the governor will back Sen. Barack Obama. Cranwell said, "This indicates that Virginia is in play for the presidential sweepstakes for the first time in a long time."

Richardson Says New Hampshire Must Be "Breakthrough State For Me." The New Hampshire Union Leader (2/17, DiStaso) reports Gov. Bill Richardson "says he will focus more time, staff and resources to New Hampshire than to any other early primary or caucus state." Richardson "said that as a Westerner, he 'must do well' in Nevada, where the Democratic National Committee has scheduled a new caucus after Iowa's traditional lead-off event but before the New Hampshire primary. But, he said, 'for me, New Hampshire is going to be my main state to concentrate on, staff-wise, resources. I consider this a breakthrough state for me.'" The AP (2/16, Wang) says Richardson campaigned in New Hampshire "after raising $2 million at a fundraiser in New Mexico on Thursday. The total puts him in good standing in the Democratic race although he isn't as well known as some of his rivals."

Richardson Says Congress Should "Stop Voting On Resolutions That Mean Nothing." In another report, the New Hampshire Union Leader (2/17, DiStaso) says Richardson also said Congress "should stop focusing on nonbinding resolutions and should vote instead on whether to take back from President Bush its 2002 authorization for the U.S. participation in the war in Iraq. … Richardson said lawmakers 'should stop voting on resolutions that mean nothing.'"

Biden Says He Is Only Democratic Contender With An Iraq Plan. The AP (2/16, Jackson) reports Sen. Joseph Bide, in Iowa Friday, said he is "the only Democratic presidential candidate who has a plan for Iraq, dismissing the ideas of other contenders as tactics that would leave the Middle East in peril." Biden said, "They have tactics, not a plan. What are they going to do, stop the civil war? ... There's a lot of people who have ideas about how to get out, but not many ideas about how to leave something more stable behind."

Cornyn's Support For Bush Said To Leave Him Potentially Vulnerable. The Washington Post (2/17, A5, Murray, 690K) reports, "In a sea of Republican doubt," Sen. John Cornyn "is all about certainty. He is certain that President Bush's decision to send more troops into battle is the right move. He is certain that Democratic war thinking is wrong. Despite the growing misgivings of so many GOP lawmakers, Cornyn is certain that the United States should stay in Iraq until the job is done. The freshman senator is such a throwback to the early days of GOP fealty to Bush that his Senate Web site includes a 'compassionate conservatism' link." According to the Post, Cornyn "is a favorite at the White House, but his unalloyed defense of Bush's Iraq policies have some back home wondering whether he has gone too far. … The lack of daylight between Bush and Cornyn, particularly over the war, has raised a few eyebrows among Democrats and within Texas political circles." The Texas Blue, a "progressive" Web site, "raised the question of Cornyn's potential vulnerability. The evidence: two years of monthly tracking polls that showed Cornyn's job approval rating barely breaking 45 percent and a random sample of Texas residents conducted in December that detected a slight shift in favor toward Democrats."

California Dispenses $45 Million In Stem Cell Research Grants. The New York Times/AP (2/17, A10) reports, "California's stem cell agency gave out nearly $45 million in research grants to about 20 state universities and nonprofit research laboratories on Friday, far exceeding the federal government's annual outlays for stem cell work." The Los Angeles Times (2/17, Engel, 850K) reports, "The funding is a fraction of the decade-long, $300-million-a-year juggernaut voters approved under 2004's Proposition 71, the Stem Cell Research and Cures Act. But it signaled the determination of the voter-created California Institute for Regenerative Medicine to make the state a player in the nascent field even as the bonds remain frozen by litigation. 'We can't afford to wait when it comes to advancing a life-saving science,' Gov. Arnold Schwarzenegger said Friday at a news conference. To tide the state over during the lawsuits, Schwarzenegger arranged the $150-million state loan last summer on the day that President Bush vetoed legislation aimed at loosening federal funding restrictions."

Fox News Channel To Premiere Conservative "Daily Show" Rival. The Los Angeles Times (2/17, Miller, 850K) reports, "Intended by its conservative creators as a counterbalance to 'The Daily Show' and 'The Colbert Report' on Comedy Central, 'The 1/2 -Hour News Hour' premieres Sunday" on the Fox News

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Channel "and will satirize current events and pop culture from a distinctly right of center viewpoint. Much like the 24-hour news channel itself, the show is out to fill a void in the marketplace, which the show's creators perceive as decidedly liberal." The Politico (2/16, Andrews) reports, "Produced by Joel Surnow, the brains behind Fox's hit '24,' 'The Half-Hour News Hour' is a mock news satire (but for conservatives) that will hopefully make everyone forget about Comedy Central's 'The Daily Show.' Washington Post (2/17, C1, 690K) reviewer Tom Shales says the show "definitely has its moments," and the New York Times (2/17, Stanley, 1.16M) also has a review.

Bush Telephones Abdullah, Olmert Ahead Of Rice's Middle East Mission. AFP (2/17) notes a White House announcement that President Bush "discussed the situation in the Middle East with Israeli Prime Minister Ehud Olmert and Saudi Arabia's King Abdullah." Those "telephone talks came just before" Secretary of State Condoleezza Rice "headed to the Middle East to host a rare summit between Israeli and Palestinian leaders that she hopes will break new ground in reviving peace negotiations frozen for nearly seven years." The statement said that "Monday's meeting with Palestinian President Mahmud Abbas and Olmert was the focus of Bush's talks with" Olmert. Bush "also 'discussed the situation in Iraq and developments in Israeli-Palestinian affairs' with the Saudi king."

The Financial Times (2/17, Morris) says "officials have set the bar so low" for Rice's effort "that even a modest step towards a revival of the moribund peace process is likely to be spun as a giant leap." The Administration, "bogged down in Iraq and assailed in Congress, badly wants to hear some good news from the Middle East. The timing, however, could hardly be worse." Abbas' "embrace of Hamas, the Islamist group, has raised questions of the Palestinian Authority president's suitability as a peace partner, while a domestic crisis of confidence in [Olmert] has cast doubt on his ability to break the deadlock."

Bush Budget Would Trim Andean Counterdrug Program. The Washington Times (2/17, Arostegui, 88K) reports President Bush's FY08 budget request "calls for deep cuts in the leading U.S. program to fight drug trafficking in the Andean region, amid growing clashes over drug policy between Washington and leftist governments in Venezuela and Bolivia. The cuts to the Andean Counterdrug Initiative (ACI) affect every country in the region except Colombia." The proposed funding levels "have been criticized by governments in the area, as well as by U.S. counternarcotics officials and some lawmakers on Capitol Hill." The Times says the request for $442.8 million for ACI is "down 23 percent from the estimated spending for the current fiscal year and off nearly 40 percent from $727.2 million in fiscal 2006."

Colombian President's Domestic "Scandals" Said To Strain US Support. The Washington Post (2/17, A28, Forero, 690K) notes the "widening scandal" facing Colombian President Alvaro Uribe and his allies "raises skepticism" within Congress of aid programs to Bogota. Noting Thursday's arrest of four senators including the foreign minister's brother, the Post notes, "Officials in Washington said Uribe's support for the foreign minister would not help the Colombian government in its negotiations with U.S. lawmakers." Rep. Sander Levin "said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia." The Post adds, "Though lawmakers in Washington remain intensely focused on Iraq, it is not lost on policymakers that Colombia remains the biggest recipient of U.S. assistance outside of the Middle East and Afghanistan." Notably, "for Uribe, the scandal couldn't have come at a worse moment." While the "Bush administration has reiterated its support for Uribe," the "latest disclosures have drawn heated criticism, from organizations such as Human Rights Watch and from some of Capitol Hill's more influential shapers of U.S. policy in Latin America, including" Senate Appropriations Foreign Operations Subcommittee Chairman Patrick Leahy.

Battling Inflation, Shortages, Chavez Cracks Down Price Control Violators. The New York Times (2/17, A3, Romero, 1.16M) reports, "Faced with an accelerating inflation rate and shortages of basic foods like beef, chicken and milk, President Hugo Chávez has threatened to jail grocery store owners and nationalize their businesses if they violate the country's expanding price controls." Some experts believe those "measures…are likely to backfire and generate even more acute shortages and higher prices for consumers." Chavez "seemed unfazed by criticism of his policies. Appearing live on national television, he called for the creation of 'committees of social control,'

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essentially groups of his political supporters whose purpose would be to report on farmers, ranchers, supermarket owners and street vendors who circumvent the state's effort to control food prices." Despite 10 percent economic expansion in 2006, "economists who have worked with Mr. Chávez's government say that soaring public spending is overheating Venezuela's economy, generating imbalances in the distribution of products from sugar to basic construction materials like wallboard."

Economic Factors Conspire To Slow Mexican Growth. Under the front-page headline, "Mexico's Economy Loses Steam," the Los Angeles Times (2/17, Dickerson, 850K) reports the Mexican economy "slowed in the last three months of 2006, and that could have consequences in the United States: Tough times in Mexico typically fuel immigration north of the border." The "deceleration was blamed largely on a sluggish factory sector and a slowdown in exports to Mexico's principal customer, the United States." The year-long GDP growth of 4.8% was "the strongest since 2000," as "high oil prices pumped record tax revenue into government coffers" and Mexico "had a banner year in job creation." However, the Times says "the economy of the United States, Mexico's biggest trading partner, is weakening. Mexico's inflation has been rising, its oil production is slipping, and the nation's bellwether auto sector has hit a speed bump."

Prominent Chinese AIDS Doctor To Attend Washington Ceremony. The New York Times (2/17, A4, Yardley, 1.16M) notes Beijing "gave in to international pressure on Friday and agreed to release a prominent AIDS doctor from house arrest so she can attend an awards ceremony in Washington next month." Gao Yaojie, who has been under house arrest since the first of the month, will be honored by Vital Voices Global Partnership. Sen. Hillary Clinton, "an honorary co-chairwoman of Vital Voices, announced China's decision on Friday after receiving the news from the Chinese ambassador in Washington." Gao "is famously outspoken, and although China has taken a more open approach toward AIDS in recent years, officials were apparently worried she might say something provocative or embarrassing in Washington."

NATO Calls Missile Defense Worries Unfounded. The New York Times (2/17, A8, Dempsey, 1.16M) reports in a five-sentence brief, "Gen. John Craddock of the United States Army, who recently took over as the NATO supreme allied commander in Europe, said Russia had nothing to fear from a planned antimissile system that the United States wants to install in Poland and the Czech Republic. 'It's been clearly stated what the U.S. intention is," he said, "and that is to provide defense against missiles from a rogue nation.' Although he did not name any country, the antimissile site would be designed to stop attacks by Iran against the United States and its European allies."

Turkish Court Sentences 2003 Istanbul Bombers. The New York Times (2/17, A7, Arsu, 1.16M) reports a Turkish court "sentenced seven Muslim men to life in prison and several dozen other people to lesser terms for their involvement in the deadly bombings of Jewish and British sites [in Istanbul] in 2003." Those car "bombings killed more than 60 people and wounded hundreds more." The "life sentences were given to those who were determined to have been masterminds of the plot. Six of the seven denied any links with Al Qaeda and sought acquittal. The judge sentenced 41 other defendants to prison terms ranging from 3 to 18 years on a variety of charges, while 26 defendants were acquitted." BBC.com (2/16) adds the court "sentenced seven people to life in prison for the 2003 Istanbul bombings which killed 58 people including the UK consul-general."

French Judge Implicates Rwandan President In Assassination That Sparked Genocide. A 2,000-word piece on the front page of the Los Angeles Times (2/17, Rotella, 850K) discusses French Magistrate Jean-Louis Bruguiere's controversial report implicating Rwandan President Paul Kagame in the 1994 assassination for former President Juvenal Habyarimana and his Burundian counterpart. His "investigation includes allegations that U.S. and U.N. officials helped quash earlier inquiries to protect Kagame, an ally of the United States. The French judge's report, which was obtained by The Times, has caused an uproar in Africa and Europe, and led Kagame's government to break off relations with France." While Bruguiere and his colleagues "do not claim that the assassination was the sole cause of the genocide," he "alleges that Kagame sacrificed fellow Tutsis in a brutal 'political calculation' aimed at toppling the Hutu-dominated government." Kagame "adheres to the contrasting theory that extremist Hutus angry about the peace deal with the Tutsis

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killed Habyarimana." Notably, "former U.N. investigators who initially looked into the assassination told Bruguiere that their bosses had blocked efforts to pursue leads implicating Kagame."

UN's Ban Says Split Peacekeeping Department Would Improve Operations. The Financial Times (2/17, Turner) notes UN Secretary-General Ban Ki-moon "warned that an unprecedented global surge in UN peacekeeping operations had left its leadership 'impossibly overstretched' and unable to cope without serious reform." The Times calls Ban's plan "an ambitious restructuring proposal," and says he seeks "to split the peacekeeping department in two by creating a new department for field support. This would also take in parts of the UN that deal with personnel management and recruitment, and free peacekeeping operations officials to focus on strategy." The Times warns that Ban "faces a deep reluctance by governments to cede any authority to UN bureaucracy. After a troubled first month, he was beset by complaints from rich and poor countries alike that he was not consulting enough and that his team did not appear to understand how the UN worked."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Split House Condemns Iraq Troop Surge Plan."
"Rwanda Accusation Causes Uproar."
"Mexico Slump Could Drive Migration."
"Film Puts Focus On Pedophile Priest."

New York Times:
"A Divided House Denounces Plan For More Troops."
"Italy Indicts 26, Many From C.I.A., In '03 Abduction."
"Iranian Force, Focus Of U.S., Still A Mystery."
"Furor On Rush To Require Cervical Cancer Vaccine."
"More Girls Take Part In High School Wrestling."
"Back At Home, McCain Annoys The G.O.P. Right."
"Mayor Relents, Forgiving Tickets On Iced-In Cars."

Washington Post:
"House Rebukes Bush On Iraq."
"Young Voters Find Voice On Facebook."
"GOP Rift Swells In Va. General Assembly."
"Milan Court Indicts 26 Americans In Abduction."
"In Energy Conservation, Calif. Sees Light."
"Democrats Signal A Wider Battle Lasting The Rest Of President's Term."

Washington Times:
"House Votes Against Troop Surge In Iraq."
"Al Qaeda's Outrages Swing Sunnis To U.S."
"GM, DaimlerChrysler Deny Buyout Talks."
"Airline Pilot Hailed As Hero For Foiling Armed Hijacker."
"Anglican Leaders Spurn U.S. Peer."

Detroit Free Press:
"Will GM Really Buy Chrysler?"
"Gm Turns Up $200M In Earnings."
"DCX To Sell U.S. Brands In China."
"Daytona 500: Drop The Flag."

Atlanta Journal-Constitution:
"Most Of S. Springs Water Turned Off."
"House Rejects Troop Surge."
"Toddler Attacked, Killed By Dogs."
"Peanut Butter Refunds At Stores."
"Pilot, Passengers Foil Hijacker."
"Local Agencies Join Deportation."
"Parents Guilty In Death Of Son, 8."

Dallas Morning News:
"Adult Video Retailer May Halt Red Bird Build."
"Dallas County Jail Frees 700, Will Boost Staff."
"Police: Man's Obsession Led To Murder."
"$3M Bid For Oswald's Reputed Sniper's Perch Falls Through."
"FW Judge Dismisses Suit Over Water Gardens Drownings."
"House Opposes Iraq Buildup."
"Texans Could Get Rebates On Hybrid Vehicles."

Houston Chronicle:
"Targeted Wife Blasts Husband's Greed, Lust, Laziness."
"DPS Crime Lab Employee's Arrest Could Hurt Cases."
"Merrill Lynch Execs Could Avoid Enron Case Retrial."
"Comptroller: Keep Texas College Tuition Plan Shut."
"House Vote Repudiates Bush's Iraq Surge Policy."
"McGrady Spreads Joy Around All-Star Game."
"Scofflaws Face Arrest In Crackdown On Fines."
"Astros Pitching Coach Wallace Back At Work."
"Rising Fuel Costs Lift Southwest's Low Fares."
"HISD Student, 8, Takes Cocaine To School."

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Story Lineup From Last Night's Network News:

ABC: House Resolution; House Resolution Analysis; Troop Surge; Italy Arrests; Bush Mole Removal; German Paraglider; Air Travelers' Bill Of Rights; Housing Market; Deadly School Plot; University Of Illinois Mascot; Injured Marine Becomes Pitcher.

CBS: House Resolution; White House Reaction To Resolution; Housing Market; Florida Home Sellers; Pennsylvania Storm Response; Air Travelers' Bill Of Rights; Children Of Troops; Bush Mole Removal; Winter Weather; Mother With Cervical Cancer.

NBC: House Resolution; White House Reaction To Resolution; Bush Mole Removal; Troops Returning To Iraq; Winter Weather; Auto Companies; Wall Street Report; Elderly Parents; Housing Market; Flight Attendant Makes A Difference.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No events scheduled.

VICE PRESIDENT CHENEY — No events scheduled.

US Senate: Convenes for procedural vote on resolution regarding President Bush's Iraq strategy.

US House: Not in session.

Other: NASA-TEACHERS _ NASA and the National Institute of Aerospace (NIA) host the 12th Annual Pre-Service Teacher Conference. The conference was created to help undergraduate education students develop the confidence and skills to teach mathematics and science effectively using cutting-edge technology and educational materials that NASA can provide. Former astronaut Bernard Harris, Jr., will open the conference as the keynote speaker. Harris was the payload commander on shuttle flight STS-63, the first flight of a new joint Russian-American Space Program in 1995. During the flight, Harris became the first African-American to walk in space. Location: Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, Va. Contacts: Sonja Alexander, 202-358-1761

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 17, 2007 7:45 AM EST

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TERRORISM NEWS:

FBI Arrests New York Man In Terror-Funding Sting. In a widely-distributed story, the AP (2/17) reported, "A businessman was charged Friday with secretly trying to pass along thousands of dollars to buy night vision goggles and other equipment for a terrorist training camp in Afghanistan. Abdul Tawala Ibn Ali Alishtari, 53, of Ardsley, was accused in Manhattan federal court of financing terrorism and material support of terrorism. The indictment said he accepted an unspecified amount of money between June and December to transfer $152,000 that he believed was being sent to Pakistan and Afghanistan to support an Afghanistan terrorist training camp." The New York Post (2/17, Cornell) noted Alishtari "was nabbed by the FBI Thursday and charged with providing material support to terrorists, as well as money-laundering and wire-fraud charges, which carry a maximum of 95 years in prison. Prior to his arrest, Alishtari…had agreed to cooperate with law enforcement. But the deal fell through before he provided substantial assistance, according to a source close to the case."

The White Plains Journal News (2/17, O'Connor) reported, "A woman who answered the phone at Alishtari's home yesterday and identified herself as his wife cried when informed of the charges against her husband. She said she last saw him Thursday when he left in a cab for a business meeting. FBI agents later raided the family's home, she said, without telling her why they were there." The Journal News noted, "On his blog and on an MSN group titled 'atalishtarispeeches,' Alishtari calls himself a 'conservative Republican' and a 'Reagan Republican' devoted to peace, dedicated to halting child slavery as well as 'Internet fraud, violence and online scams hurting innocent children, women, and families so help me God.'" The New York Daily News (2/17, Zambito) and Newday (2/17, DeStefano) also briefly reported on Alishtari's arrest.

Al-Arian Plans To Continue Hunger Strike. In a widely-distributed story, the AP (2/17) reported, "A former Florida university professor who has stopped eating in prison to protest his treatment sounds fine and doesn't intend to give up his nearly monthlong hunger strike, his wife said Friday." Sami al-Arian "stopped eating Jan. 22 after federal officials told him he had to testify before a grand jury about Muslim charities in northern Virginia that had helped finance his think tank in Tampa, Fla." The AP added, "al-Arian wants to be released so he can leave the United States, his wife said in a telephone interview Friday. 'We worry about Sami, but at the same time we try to do our best to get him out of this whole situation,' Nahla al-Arian said during an interview."

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Italian Court Indicts 25 CIA Officers Over "Extraordinary Rendition." ABC World News (2/16, story 4, :10, Gibson, 8.78M) reported, "In Italy, a judge ordered 26 Americans, most of them CIA agents, to stand trial in the case of a terrorism suspect who said he was kidnapped, flown to Egypt, and then tortured. This would be the first trial of its kind."

The Washington Post (2/17, A1, Delaney, Whitlock, 690K) reports, "An Italian judge gave approval Friday for what will be the first overseas criminal trial of CIA officers involved in a covert counterterrorism operation, as a court in Milan indicted more than two dozen Americans on charges of kidnapping a radical Muslim cleric four years ago. After a judicial hearing that lasted two months, the court handed down indictments against 25 CIA operatives, a U.S. Air Force lieutenant colonel and five Italian spies who are accused of grabbing an imam, Osama Mustafa Hassan Nasr, off the street and stuffing him into a white van as he walked to noonday prayers Feb. 17, 2003. Nasr was taken from Milan to his native Egypt, where he claims he was tortured in prison for more than three years."

The Financial Times (2/17, Barber) reports, "The centre-left government of Romano Prodi, prime minister, is unwilling to meet prosecutors' demands to seek the extradition of the Americans so that they appear in court in Milan."

The Washington Times/AP (2/17, Barry) reports the Italian prosecutors "think that many of the American names in the indictment are aliases, and even if Italy requests the Americans' extradition -- a move that would strain U.S.-Italian relations -- it is unlikely that the agents, who have all left Italy, would be turned over for prosecution. All the U.S. agents have court-appointed attorneys, who say they have had no contact with their clients. In Italy, defendants can be tried in absentia."

The New York Times (2/17, A1, Fisher, 1.16M) reports the indictment "marked a turning point in Europe, where anger is high at the American program of 'extraordinary renditions.' … Though the Italian indictment is the first in which such a case was ordered to trial, this week the Swiss government approved an investigation into the flight that was said to have carried Mr. Nasr from Italy to Germany, through Swiss airspace. The flight reportedly then went from an American air base in Germany to Egypt. Late last month, a German court issued an arrest warrant for 13 people suspected of involvement in the kidnapping in Macedonia of a German citizen of Lebanese descent. There are also investigations into extraordinary renditions in Portugal and Spain. In the meantime this week, a European Union parliamentary committee issued a detailed report into what it said were 'at least' 1,245 secret C.I.A. flights in Europe, some of them involving extraordinary renditions."

Navy Brig Personnel Ordered To Testify Regarding Padilla's Treatment. The Washington Post (2/17, A17, Whoriskey, 690K) reports, "Officials at the Navy brig where terrorism suspect Jose Padilla was held for 3 1/2 years as an enemy combatant were ordered Friday to testify at a hearing to determine his psychological competency, a ruling that allows the defense to press its claims that sensory deprivation and torture in confinement have rendered the alleged al-Qaeda operative unfit to stand trial. … Federal prosecutors objected strenuously to allowing the testimony, arguing that the focus of the competency hearing should be on Padilla's psychological state, which they believe is adequate, and not necessarily on what past events might have caused post-traumatic stress disorder, as defense attorneys allege. During a hearing Friday, U.S. District Judge Marcia Cooke grew tired of the government's objections."

The New York Times (2/17, A11, News, 1.16M) reports Cooke "ordered eight Defense Department and Justice Department officials to appear for questioning at Mr. Padilla's competency hearing next Thursday. The eight were previously interviewed for a United States Bureau of Prisons report that prosecutors cite as evidence that Mr. Padilla is mentally competent."

History Of US Military Commissions Explored. In an op-ed for the New York Times (2/17, A15, 1.16M), historian Stephen Budiansky writes, "This week President Bush issued a final executive order authorizing military commissions to begin trying suspected terrorists. Under rules drafted by the Pentagon last month, the commissions would be permitted to sentence defendants to imprisonment or even death on the basis of hearsay or coerced testimony. This lack of basic legal protections provided by civilian courts or courts-martial has brought condemnation at home and abroad as an abandonment of this nation's historic commitment to liberty and the rule of law. Yet when military commissions -- an American invention -- were first instituted 150 years ago, they were hailed around the world as an advance for humanity and principles of justice."

HOMELAND RESPONSE:

Port Authority Clears Dubai Ports World Selloff. The New York Times (2/17, B2, Belson, 1.16M) reports, "A day after two United States senators called the Port Authority of New York and New Jersey greedy and obstructionist, the agency signed off on a deal that would let DP World, a Dubai-based port operator, sell its leases to A.I.G. Global Investment Group. In return for its consent, the Port Authority will receive $10 million from A.I.G. to help pay for an overpass that will make it easier for trucks to deliver containers from the company's terminal to train lines. A.I.G.

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also agreed to spend more than $40 million to improve operations at its terminal at the Port of Newark. The agreement was somewhat of a compromise by the Port Authority, which had asked for $30 million to cover investments it had made on behalf of DP World and a $50 million commitment from A.I.G. to spend on the port."

The Wall Street Journal (2/17, A3, 2.04M) reports DP World "agreed in December to sell its U.S. ports operations to AIG Global Investment Group, following months of criticism that the UAE firm couldn't be trusted running the security-sensitive shipping apparatus. That deal suddenly foundered this week when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal." The Financial Times (2/17, Grimes) reports Sen. Charles Schumer "said on Thursday that the authority's demands amounted to a 'ransom fee' and threatened not to back future requests if it persisted with its demands."

States Use Driver's License Databases To Fight Crime. The New York Times (2/17, A10, Liptak, 1.16M) reports seven states "have or are working on…enormous databases of driver's license photographs. Coupled with increasingly accurate facial-recognition technology, the databases may become a radical innovation in law enforcement. Other biometric databases are more useful for now. But DNA and fingerprint information, for instance, are not routinely collected from the general public. Most adults, on the other hand, have a driver's license with a picture on it, meaning that the relevant databases for facial-recognition analysis already exist. And while the current technology requires good-quality photographs, the day may not be far off when images from ordinary surveillance cameras will routinely help solve crimes. Critics say the databases may therefore also represent a profound threat to privacy."

WAR NEWS:

House Passes Nonbinding Iraq Resolution, With 17 Republicans In Support. Even though the outcome was long expected, broadcast networks led with the House vote on the two-line resolution expressing disapproval of President Bush's planned deployment of more troops to Iraq, and most major newspapers put the story on the front page. Many reports say the vote was a "rebuke" of the President. While coverage throughout the past week has examined how many Republicans were likely to support the resolution, with estimates ranging from 20 to 60, few reports focus on the fact that just 17 Republicans voted for the nonbinding measure, or that the number was lower than expected. With two Democrats voting against the resolution, it passed 246-182. Republicans voting yes were Reps. Michael Castle, Howard Coble, Tom Davis, Jimmy Duncan, Phil English, Wayne Gilchrest, Bob Inglis, Timothy Johnson, Walter Jones, Ric Keller, Mark Kirk, Steve LaTourette, Ron Paul, Tom Petri, Jim Ramstad, Fred Upton, and James Walsh. Democrats voting no were Reps. Jim Marshall and Gene Taylor.

ABC World News (2/16, lead story, 3:05, Gibson, 8.78M) said the House issued a "strong rebuke to the President's policy in Iraq" with the vote, saying that while "opposing a president during a time of war is historic, so was this vote merely symbolic, for what the House did today does not actually restrict the President in any way." ABC (Tapper): "It was the first official opposition to the war in Iraq in congressional history." NBC Nightly News (2/16, lead story, 3:05, Williams, 9.87M) introduced its report by saying the "White House today said the President was too busy with other matters to watch live television coverage of the vote that is tonight being called the start of an epic confrontation, between Congress and the Commander-in-Chief."

The CBS Evening News (2/16, lead story, 2:12, Couric, 7.66M) said, "The words were simple and clear. After four days of debate, the House passed a resolution today that says it disapproves of the decision of President George W. Bush to deploy more than 20,000 additional US combat troops to Iraq. … The vote was symbolic, but it's just the beginning of a campaign by congressional opponents of the war to try to stop it." House Speaker Nancy Pelosi: "This resolution today sets the stage for that new direction, one in which we will focus on other than military initiatives." Also on the CBS Evening News (2/16, story 2,:50, 7.66M), White House correspondent Jim Axelrod said, "The President is dug in on this, and the surge is actually already under way. So what's going to settle all this, it would seem, is what happens on the streets of Baghdad."

The Washington Post (2/17, Weisman, 690K) headlines its front-page report "House Rebukes Bush On Iraq," saying the House, "capping four days of passionate, often angry debate," delivered Bush "its first rebuke since the Iraq war was launched nearly four years ago." While the resolution "is nonbinding, proponents and opponents delivered outsized predictions of the vote's consequences. Democrats asserted that it will begin to turn the political tide so decisively that the president will have no choice but to begin bringing U.S. forces home, while Republicans warned darkly that the House has emboldened murderous Islamic terrorists at the expense not only of American lives but also of America's way of life." The Washington Times (2/17, Ward, 88K) leads its front-page reports by saying Republicans said the "nonbinding but symbolic action…is defeatist and a step backward in the war on terrorism."

The New York Times (2/17, Zeleny, Luo, 1.16M) runs its story under the front-page headline "A Divided House

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Denounces Plan For More Troops," saying the "sharply divided" House passed a measure "formally repudiating President Bush's decision" to send more troops to Iraq. The Times says passage "was never in doubt, but the debate, lasting full days and much of three nights, brought nearly every member to the floor to declare, briefly but often vehemently, where they stood on a short, resolution affirming support for the troops but denouncing Mr. Bush's new approach to the war. … With 392 members speaking, the debate lasted twice as long as when Congress voted in 2002 to authorize the use of force against Iraq." The Times is one of the few sources to prominently point out that "the number of Republicans who joined them was only about half of what some Democrats had predicted." Minority Leader John Boehner said, "Republicans may have lost the vote on this nonbinding resolution. But we won the debate." NBC Nightly News (2/16, story 2, 2:15, Gregory, 9.87M) said officials at the White House said the 17 Republican defections were "fewer defections than they actually expected," but the "response over here was still muted. It was certainly a political blow."

The Los Angeles Times (2/17, Simon, 850K) says the "sharp partisan split was a disappointment to Democratic leaders, who had hoped for more GOP support, and it lessened the vote's political impact. Still, the vote marked a milestone in the declining public support for the nearly 4-year-old war, and it signified the growing Democratic determination to press for a de-escalation of U.S. involvement in the conflict." The Wall Street Journal (2/17, A3, Rogers, 2.04M) overlooks the earlier GOP defection estimates, saying the "Republican defections and new Democratic unity underscore how much the political landscape has changed in the past year. Eight months ago, only three House Republicans opposed a similar resolution supporting the war effort and warmly praising the government of Prime Minister Nouri al-Maliki. By comparison, even Republicans who stood with the president in this week's debate were often critical of Mr. Maliki and leery of committing more U.S. forces."

The Chicago Tribune (2/17, Fang, Bendavid, 617K) says the "rhetoric on the House floor Friday was emotional, sweeping and at times agonized, with orators on both sides speaking of honoring the dead, staying true to the nation's mission and respecting the Constitution. In a chamber that often sees a lone congressman addressing an empty chamber, many seats were filled, and particularly eloquent speeches were met with standing ovations. It was perhaps the closest Congress had come in three decades to the impassioned debates that animated the nation during the Vietnam War." The Los Angeles Times (2/17, Gaouette, 850K) says "Democrats and Republicans alike crowded the chamber by midafternoon to cheer their sides during the final appeals for votes. Spectators waiting to enter the third-floor public galleries lined the halls and the marble stairs."

Newsday (2/17, Phelps, Gordon) says that while to supporters, "Friday's Iraq vote in the House was the historic answer to the embarrassments of 1964 and 2002, when Congress overwhelmingly approved wars in Vietnam and Iraq that would become unpopular," to its "opponents, the nonbinding statement of disapproval of the president's war plan was at best a meaningless gesture, at worst a terrible precedent or even a solace to America's enemies." The San Francisco Chronicle (2/17, Epstein, 384K) called it a "double-barreled confrontational message" from the House to the President, "telling him it opposes his latest buildup of troops in Iraq and in the next few weeks will try to start curtailing military operations in the war zone."

The Houston Chronicle (2/17, Mittelstadt, 530K) calls it a "symbolic but stern repudiation," while the Dallas Morning News (2/17, 500K) says "war opponents hope Friday's vote will serve as a turning point, the first of several actions that the Democratic-led Congress will take to pressure the president to redeploy troops to Afghanistan, the Middle East or elsewhere, or bring them home."

Among the other sources reporting on the debate and vote are the Financial Times (2/17, Luce), AP (2/16, Espo), the Web site of The Hill (2/16, Marre, Kucinich), RollCall.com (2/16, Stanton), CNN.com (2/16), and BBC.com (2/16).

Symbolic Vote Could Be Just The Beginning Of Democrats' Efforts. In a front-page analysis, the Washington Post (2/17, Baker, 690K) reports says while the resolution "specifically renounced" the troop increase, "by extension, the 246 to 182 vote passed judgment on Bush's overall stewardship of the war in Iraq and, more broadly, on his leadership in the world. At a time when the president is confronting Iran over its nuclear enrichment program, the House vote demonstrates that he has far less latitude to take aggressive action than he might have had in the past." But the vote "signaled peril for the Democratic congressional leadership as well. Despite deep Republican discontent with the course of the war, Democrats were unable to persuade more than 17 members of the president's party to register that dissatisfaction with their votes. If Democratic leaders could not build a broader bipartisan coalition for a symbolic vote, it may prove much harder to attract Republican support for proposals to limit Bush's options in Iraq."

A New York Times (2/17, A6, Stolberg, 1.16M) analysis piece also looks at what the symbolic vote portends, saying the "act of Congressional defiance…lays the groundwork for an even more bitter and ultimately more consequential clash over whether and how lawmakers might restrict President Bush's authority to prosecute the war." It is still unclear whether congressional Democrats have the "political resolve to rein in Mr. Bush. But by emboldening critics of the Iraq war, the vote has made the debate over financing, which would have been unthinkable even six months ago, a virtual certainty."

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Members Of Congress Discuss Their Votes. Rep. Patrick Murphy said on CNN's Newsroom (2/16, Harris), "I believe that we need a new direction in Iraq. I served there in Iraq in 2003 and came home in 2004, literally three years ago. And I believe that, still, the Iraqis are sitting on the sideline. And it's time for them to step up and really fight for their country. … Gen. Petraeus is a great leader. And Secretary Gates, I like the fact that he's been much more open and has been very open with this Congress, which is needed."

Rep. Joe Sestak said on MSNBC's Hardball (2/16, Matthews), "I voted for this resolution because I don't believe doubling down on a bad military bet. We have tried this before, we have increased troops by 12,000 since August and it hasn't worked. More than that, every day that I was forward deployed, leading men and women into harm's way, whether it was while I was on the ground in Afghanistan or with my battle group over in combat in Afghanistan or in Iraq, I wanted to know that back here the men and women, the policy makers are thinking about the best use."

Rep. Peter King said on MSNBC's Hardball (2/16, Matthews), "I strongly oppose the resolution. I think it's absolutely wrong for Congress to be injecting itself into a strategic battlefield decision. The Senate unanimously confirmed Gen. Petraeus. I've been to Iraq with Gen. Petraeus. He's our finest commander over there. He says this plan can work, he wants to make it work, he's already implementing it and for us to be in effect undermining him, and that's what we're doing by saying that the plan won't work, we're substituting our decision for that of Gen. Petraeus. And also, the logical sequence, or the logical connection, between today's vote and the next vote would have to be, I believe, a vote toward cutting off funds, which by the way is what Jack Murtha and Nancy Pelosi are already talking about, by imposing so many conditions on the next appropriations bill, to in effect make it impossible to pay for the troops that will be there."

Rep. Tim Walberg said on CNN's Newsroom (2/16, Harris), "Whether or not it's binding or nonbinding, it is making a statement. And just as General Washington came back from the Revolutionary War to the Congress and said send me help and support and encouragement, and they denied that, General Washington and the troops went back and won the war. And of that we are grateful. I think the same will take place here. But with this resolution, we are saying to the troops, we support you, we don't support your mission. And that's my concern."

Rep. Virgil Goode said on Fox News' Your World (2/16, Cavuto), "I wish the vote had been different, but it was closer than many anticipated. And I think the arguments against the resolution were gaining ground. … I believe that those on the ground in Iraq, the terrorists, and those with al Qaeda are encouraged by it. They say it shows a lack of unity in the United States."

Senate Cloture Vote Expected To Fail. ABC World News (2/16, story 2, 1:20, 8.78M) anchor Charles Gibson asked George Stephanopoulos, "The Senate comes in to vote tomorrow." ABC's Jake Tapper "says they don't have the votes to pass it. Why go through the exercise?" Stephanopoulos: "Because Harry Reid, the Senate majority leader, wants to put pressure on those Republicans in the Senate who actually support the surge. Both Republicans and Democrats agree that there are probably about 55 votes for this resolution right now, but not the 60 that it would take to break the filibuster and get it to the floor. So, Mr. Reid wants to put the pressure on those senators who support this resolution and don't support the surge." Gibson: "Bottom line, what you're telling me is Democrats don't have the votes overall in Congress, to pass even a nonbinding resolution opposing the war." Stephanopoulos: "They don't. They don't right now, even though there is a majority in the House and the Senate in support of this resolution."

The Politico (2/16, Bresnahan, Budoff) also says that while Senate Democrats "will try again Saturday to force debate" on their resolution, "their second attempt in two weeks appears unlikely to succeed." Several Republicans including John Warner "intend to vote with Democrats." But Minority Leader Mitch McConnell said he "did not expect Democrats to stitch together the 60 votes necessary to move the Senate toward a debate on the anti-surge resolution approved by the House."

Hagel To Vote For Cloture. Sen. Chuck Hagel said on PBS' NewsHour (2/16, Lehrer), "I will vote for cloture tomorrow, and the reason I will is this is just another procedural vote. We do need to move this forward now. We've given the two leaders two weeks to try to resolve this. They have, at least so far, been unable to do it. We need to have the next series of votes. This is a procedural vote, and I will vote to move the procedure along. … I doubt if there will be 60 votes tomorrow. But, again, I think we should keep our eye focused on the issue here, and that is debate of resolutions and votes on those resolutions."

More Commentary On House Vote. The Washington Post (2/17, A30, 690K) editorializes, "Rep. John Murtha (D-Pa.) has a message for anyone who spent the week following the House of Representatives' marathon debate on Iraq: You've been distracted by a sideshow." But "the House vote does matter: It ought to increase the pressure on Mr. Bush and the Iraqi government to follow through on their pledges to accompany the military campaign with tangible steps toward political accords and economic reconstruction. Senate leaders would be wise to reach an agreement today allowing a similar debate. And both chambers should aggressively conduct oversight hearings aimed at holding the

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administration to its promise to link continued U.S. troop deployments to Iraqi performance."

The New York Times (2/17, A14, 1.16M) editorializes, "President Bush lost touch long ago with Iraq's political reality -- not to mention Americans' anguish and disbelief at his mismanagement of the war. So we welcome the House of Representatives' long-overdue attempt to shake some sense into Mr. Bush with a resolution opposing his decision to send another 20,000 combat troops to fight this disastrous war without any plan to end it. Yet yesterday's vote, in which 17 Republicans joined the Democrats to produce a margin of 246 to 182, was the easy part. It takes no great courage or creativity for a politician to express continuing support for the troops and opposition to a vastly unpopular and unpromising military escalation. Even if the Senate manages to overcome its procedural self-hobbling and approve a similar resolution, the war and the mismanagement will go on. The next necessary steps will require harder thinking and harder choices."

The Wall Street Journal (2/17, A8, 2.04M) editorializes, "A funny thing happened yesterday on the way to the House of Representatives' vote to 'support' the troops but assail their mission in Iraq: The majority for this 'non-binding' attempt at gathering political cover was a lot smaller than advertised. Yes, the Democrats carried the day, 246-182, and thus can say to their antiwar supporters that they 'sent a message,' or something, to President Bush and the Iraqis. But the margin was smaller than media speculation had predicted, with only 17 Republicans heading for the tall grass. … Yesterday's vote showed that if Democrats want to execute this cynical duck-and-run, they will have to do it without much Republican help."

The Los Angeles Times (2/17, 850K) editorializes, "Fortunately for Congress, actions speak louder than words -- even symbolic actions such as the House of Representatives' approval Friday of a nonbinding resolution opposing the 'surge' of U.S. troops to Iraq. The surge is necessary, but the resolution may be as well -- as a way to hold President Bush to his commitment that U.S. involvement in Iraq is not open-ended. Still, the world will little note, nor long remember, the words that were uttered by House members before the 246-182 vote. Congress is often a cave of winds, but with a few exceptions the House's Iraq debate was a blowhard's paradise."

Rice On Unannounced Visit To Baghdad. WashingtonPost.com (2/17) reported early today that Secretary of State Rice "made an unannounced visit to Baghdad Saturday for meetings with U.S. and Iraqi officials, arriving in the embattled capital as the Iraqi government reported initial success in a new security effort." Embassy spokesman Lou Fintor announced that Rice "was expected to hold a town hall-style meeting with U.S. Embassy and military personnel in the heavily fortified Green Zone and later meet with senior Iraqi government officials." Rice arrived at about 11:30 a.m. Baghdad time, or 3:30 a.m. EST, and "planned to brief reporters on her visit" this afternoon. She "made the previously unannounced stop as part of a trip to the Middle East."

A late AP (2/17, Gearan) piece notes Rice said in Baghdad that "the success of a new security crackdown in Baghdad will be measured largely on how well the U.S.-backed government capitalizes on any respite of sectarian violence." She "made an unannounced visit to the Iraqi capital to check on the early days of the campaign to put down tit-for-tat violence between Sunnis and Shiites that has consumed Baghdad and contributed to the exodus of an estimated 3.8 million Iraqis from their homes."

Rice Said To Face Skeptical House Appropriations Subcommittee. The Washington Post (2/17, A16, DeYoung, 690K) reports Rice was "grilled" by the House Appropriations Subcommittee on State, Foreign Operations and Related Programs. "Skeptical lawmakers yesterday demanded a detailed accounting of how [Rice] plans to spend $6 billion in supplemental funds that the administration has asked for the State Department this year, much of it for Iraq and Afghanistan." Members from both parties "asked pointed questions about the rising cost of efforts that seem to be failing, despite newly announced U.S. strategies for both countries."

Maliki Touts Plan's "Fabulous Success" To Bush. In a conversation with President Bush yesterday, the Washington Post (2/17, A20, Ernesto Londono, 690K) reports, Iraqi Prime Minister Nouri al-Maliki said "the relative lull in violence is a promising sign that the Baghdad security plan is off to a good start." He "assured President Bush that the three-day-old plan 'has achieved fabulous success,' according to an account of the conversation released by the prime minister's office. Speaking by secure video link-up, Maliki also told Bush that officials will be 'firm in dealing with any side that breaks the law, regardless' of their sect."

The New York Times (2/17, Santora, 1.16M) says Maliki "told President Bush on Friday that the increased effort to provide security in Baghdad had gone exceedingly well so far." Also, "across Baghdad, there were signs of the heightened troop presence, as cars were searched at new checkpoints and raids resulted in the arrest of at least 35 people." Maj. Gen. Joseph Fil Jr. "told reporters on Friday that there had been a substantial reduction in violence in the past 48 hours, which he attributed both to the increased troop presence and the decision by Sunni and Shiite militants to keep a low profile."

"Jury Remains Out" On Crackdown's Success. The AP (2/17, Murphy) reports, "As a military offensive seeks to

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bring Baghdad from the brink of anarchy, a top Iraqi security officer tried Friday to measure its early stages using the grim logic of a place with daily bloodshed: by counting the bodies arriving at the morgue. A total of 10 corpses were collected off the streets ... This was the basis for an upbeat message by [Qassim] Moussawi, a spokesman for the joint U.S.-Iraqi security sweep that began this week and has so far faced limited resistance. But his American counterparts remain much more guarded. ... The contrasting [US and Iraqi outlooks cut across the entire mission, dubbed Operation Law and Order, which seeks to reclaim the streets."

Sadr Commanders Flee Iraqi Crackdown. The Financial Times (2/17, Khalaf) reports, "Iraqi officials on Friday reported an 'exodus' of commanders from the Shia Mahdi army, as armed groups seek to protect themselves from the US military crackdown in Baghdad and preserve their organisations. Mystery has swirled over the whereabouts of Moqtada al-Sadr, the fiery cleric whose Mahdi army is accused by the US of a leading role in the sectarian violence that has devastated the capital. ... It is not clear how long the Mahdi commanders will stay away. In previous security crackdowns in the capital, militias and Sunni insurgents faded but re-appeared when US forces retreated."

Sunni Insurgents Carry Fight North Of Baghdad. The AP (2/17, Frayer) reports, "Sunni insurgents have been streaming out of Baghdad to escape the security crackdown, carrying the fight to neighboring Diyala province where direct fire attacks on Americans have nearly doubled since last summer, U.S. soldiers say. That has led to sharp fighting only 35 miles north of the capital in a province known as 'Little Iraq' because of its near-equal mix of Sunni and Shiite Arabs as well as Kurds. ... Some U.S. officers suspect the advance publicity for the Baghdad security plan may have encouraged extremists — both Sunnis and Shiites — to flee the capital for surrounding provinces, including Diyala, where fewer U.S. troops are stationed."

Gates Proves "Less Combative" Than Rumsfeld. The Financial Times (2/17, Sevastopulo) reports, "Before Robert Gates held his first Pentagon press conference as defence secretary, reporters were curious how his modus operandi would differ from Donald Rumsfeld's, his predecessor. When he opened with something Mr Rumsfeld rarely gave - an apology - it was clear a new era had dawned." Gates proved "almost shy" compared to the "charismatically antagonistic" Rumsfeld, but "In a sign Mr Gates may be seeing his honeymoon draw to a close, he came under pressure over recent contradictory statements by members of the military and Bush administration officials about the extent to which top Iranian officials had approved attacks on US solders in Iraq."

Some US Forces In Surge To Deploy Ahead Of Schedule. NBC Nightly News (2/16, story 3, 2:40, Williams, 9.87M) reported, "Thousands of US troops are either already on their way to Iraq or about to deploy for there. That is the case with the US Army Third Infantry division, which you'd recall led the original march into Baghdad, the tip of the spear, now going back months ahead of schedule." The Washington Times/AP (2/17) reports, "The Pentagon said yesterday it is sending an Army division headquarters staff of about 1,000 soldiers to Baghdad three months ahead of schedule, a move intended to improve the Army's ability to command and control the thousands of extra combat troops that President Bush has ordered to Iraq. The 3rd Infantry Division headquarters staff will deploy from Fort Stewart, Ga., next month -- about three months earlier than planned, according to an Army statement."

ABC World News (2/16, story 3, 2:05, Gibson, 8.78M) reported, "Ironically, while the Congress debates the advisability of the President's surge, the surge itself has begun. US and Iraqi troops have launched the increased security crackdown this week. And so far, there are encouraging signs, as they've met little resistance so far." ABC (Karl): "The new effort to secure Baghdad isn't even a week old. But already, the Iraqi military says violence is down. Iraqi officials offer a morbid statistic. Only 10 bodies showed up at the Baghdad morgue today, compared to the usual average of forty to fifty a day."

Children Of Troops Endure Parents' Absence. The CBS Evening News (2/16, story 7, 3:15, Couric, 7.66M) reported, "CBS News In Focus : The home front.. As Americans in uniform fight overseas, their families need the courage to carry on without them: 163,000 US servicemen and women are serving in Iraq and Afghanistan, and according to the Pentagon, these American heroes have at least that many children back in the States." CBS (Bowen): "By all appearances, Chloe Clark elementary school is typical, until you take a closer look." Coley Fannin: "How many of us are from military families?" Bowen: "Half the 300 students here come from Army families. ... And counselor Coley Fannin's job is to help them learn how to cope. He holds weekly group sessions. ... So they learn to cope, but that doesn't mean 10-year-old Trey Nesbit likes it."

Al Qaeda's Abuses Swing Anbar Sunnis To US Side. The Washington Times (2/17, Hess, 88K) reports on its front page, "Sunni tribes in troubled Anbar province have begun working closely with U.S. and government forces, contributing nearly 2,400 men to the police department and 1,600 to a newly organized tribal security force, authorities say. ... By a U.S. count, 12 of the Ramadi area's 21 tribes are cooperating in the security effort, six are considered neutral, and three are actively hostile. That is almost the

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reverse of the tribal posture last June, when three were cooperative and 12 were hostile."

Suicide Bomber Kills Nine In Kirkuk. The AP (2/17, Murphy) reports, "A suicide car bomber rammed into a crowded market in northern Iraq moments after a booby-trapped vehicle exploded Saturday, killing at least nine people and injuring 60, police said. The back-to-back blasts in the oil hub of Kirkuk broke a brief lull in major violence around the country as U.S. and Iraqi forces try to regain control of Baghdad and other key areas from gangs and militias."

Quds Force Remains A Mystery. The New York Times (2/17, A1, Shane, 1.16M) reports, "Like so much else about the Iranian state, the Quds Force, which conducts overseas operations for Iran's Islamic Revolutionary Guard Corps, remains remarkably mysterious even to those who closely study the country. The Quds Force is under intense scrutiny by American intelligence agencies because it is suspected of supplying sophisticated explosives to Iraqi militants." Defense Secretary Gates is quoted as saying, "We know that the Quds Force is involved." The Times continues, "But the Quds Force is cloaked in secrecy inside Iran and is the subject of considerable guesswork from scholars in the United States, who in interviews this week offered estimates of its size ranging from 3,000 to 50,000 men. The true number, along with details of the strength and budget of the entire Revolutionary Guard, is hidden even from the Iranian Parliament, said [scholar Abbas] Milani, according to legislators he has spoken with. Some specialists even question whether the Quds Force exists as a formal unit clearly delineated from the rest of the Revolutionary Guard."

Businessman Sentenced For Role In Iraq Scheme. The New York Times/AP (2/17, A11) reports in a four-sentence brief, "An American businessman whose companies made more than $8 million in Iraq reconstruction money through a gifts-for-contracts scheme was sentenced to 46 months in prison. The businessman, Philip H. Bloom, who has lived in Romania for many years, pleaded guilty last year to bribery and conspiracy to commit money laundering."

Iraqi Reporter Describes Search For Missing Father And Brother. In a first-person account for the Wall Street Journal (2/17, A1, 2.04M), Iraqi emigre Sarmad Ali writes, "My father had left home in Baghdad that morning to go to the auto-repair shop across town where he works. Fifteen minutes after he left, car bombs exploded on his route to work and he hasn't been seen since. ... I feel responsible for my family, but at the same time helpless. I am not a U.S. citizen, or a permanent resident. My guest status here prevents me from being able to bring my family to join me." Ali now fears his brother may have been killed in a bombing: "He did not pick up his phone. Not the next day either. I recently reached a friend in Iraq, who said he had seen my brother. But I'm still waiting for him to call back."

Baghdad Girls Find Haven In School. The Washington Post (2/17, A18, Partlow, 690K) reports, "In Baghdad alone, 38,766 people have been driven from their homes by the daily sectarian killing, the United Nations reports, and the echoes of this mass migration resonate every day at Amil High School for Girls in Baghdad. Located in the relatively safe Shiite area of Kadhimiyah, along the western bank of the Tigris River, the whitewashed concrete schoolhouse has become a haven for Shiite Muslim students fleeing with their families from the religious segregation now pulling apart many of Baghdad's neighborhoods. In the past three months, Amil High School has accepted 135 new students, pushing the school's population over 1,000, and more families show up each day. Iraq's Human Rights Ministry has sent employees to distribute skirts, backpacks and shoes to the new pupils."

Al Qaeda Releases Afghan Attack Video. The AP (2/16, Mortimer) reports, "Al-Qaida posted today a video showing what it claimed to be an insurgent attack on a military position of U.S. and Afghan forces in southern Afghanistan. The video appears to be an attempt by the terrorist network to disparage U.S. claims to be winning the war against the Taliban and allied militia in Afghanistan. ... The narrator, who sounds like the American al-Qaida member Adam Gadahn, claims that the [depicted] position is 'liberated' by the insurgents. However, the film does not show the insurgents capturing the target -- a compound of mud-plastered buildings in a valley -- during the night-time battle. It only shows the insurgents walking through the compound in daylight."

Lawmakers Introduce Bill To Let Death Benefit Go To Guardian. The Washington Post (2/17, A6, George, 690K) reports, "Lawmakers introduced companion bills in the House and Senate yesterday that would allow grandparents and other relatives raising children of fallen troops to be designated as beneficiaries of a $100,000 'death gratuity.' The bills, by Sen. Chuck Hagel (R-Neb.) and Rep. Tom Latham (R-Iowa), followed a story yesterday in The Washington Post that profiled Susan Jaenke, an Iowa woman who is raising a 9-year-old granddaughter after Jaenke's 29-year-old daughter, Petty Officer 2nd Class Jaime S. Jaenke, was killed by a roadside bomb in Iraq. Susan Jaenke could not collect the $100,000 benefit her daughter thought she had assigned to her because of strict next-of-kin regulations."

Injured Marine Becomes Minor League Pitcher. ABC World News (2/16, story 11, 3:00, Gibson, 8.78M)

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reported, "Finally tonight, our 'Person of the Week,' someone moving into the world of sport that we can all root for." Cpl. Cooper Brannon: "They say Marines don't cry, right? You know, this is one of my biggest dreams of my whole life. You know?" Gibson: "Twenty-two-year-old Cooper Brannan is trading one uniform for another. Just this week, the Marine Corporal signed a minor league contract to pitch for the San Diego Padres. ... He sustained serious wounds to his left hand. Three fingers were severed. Doctors were only able to reattach two of them."

Dowd Says Self-Help "Secret" Has War Policy Relevance. New York Times (2/17, A15, 1.16M) columnist Maureen Dowd writes mockingly, "Oprah did her second show in eight days on 'The Secret,' the self-help book (and DVD) by Rhonda Byrne, an Australian reality-TV producer. ... A main tenet of The Secret is learning to avoid the chain reaction of churlishness, which begins with a single thought: 'The one bad thought attracted more bad thoughts, the frequency locked in, and eventually something went wrong. Then as you reacted to that one thing going wrong, you attracted more things going wrong.' It's an apt description of Iraq policy. A bad thought that led to more bad thoughts, and the negative frequency is now locked in on Iran, which is responding with its own negative frequency."

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Former Rove Aide Will Not Seek Arkansas US Attorney Post. The Washington Post (2/17, A10, Eggen, 690K) reports Tim Griffin, "a military lawyer who previously worked for presidential adviser Karl Rove and for the Republican National Committee," said "he will not seek the nomination to be chief federal prosecutor in Little Rock. Griffin "was appointed interim U.S. attorney in Little Rock in December on the White House's recommendation. The Justice Department said it intended to nominate Griffin for the job permanently. But Griffin said yesterday that he would be unlikely to be confirmed for the job because of opposition from key Democratic senators, including Mark Pryor (Ark.) and Judiciary Committee Chairman Patrick J. Leahy (Vt.). … Griffin's decision, which was reported by the Arkansas Democrat-Gazette, is the latest development in the controversy over the abrupt firings of seven U.S. attorneys. The dismissals angered lawmakers of both parties and have prompted a battle over the attorney general's power to name replacements." The New York Times (2/17, A12, Johnston, 1.16M) reports, "On Thursday evening, Attorney General Alberto R. Gonzales called several Arkansas lawmakers to advise them that Mr. Griffin's name would be withdrawn, Congressional aides said."

McClatchy Newspapers (2/17, Taylor) reports, "Griffin, 38, said he would be willing to remain interim U.S. attorney until a replacement is named. Under a change in the law last year, that means he could stay in office until the end of President Bush's term. … 'I will be here as long as the White House and Department of Justice wants me here,' he said. 'Under the law, I could be here, hypothetically, until end of 2008 or early 2009.'" McClatchy adds, "Justice Department officials described Griffin as a talented and experienced lawyer, and accused Sen. Mark Pryor, D-Ark., of trying to block Griffin from becoming a permanent U.S. attorney. Justice Department officials said Friday that the administration would work with the Arkansas delegation to find a replacement. Gonzales has told senators that he'll submit all U.S. attorney candidates for Senate confirmation. … 'Given Tim's strong qualifications, the attorney general is disappointed that Senator Pryor would not support Tim's confirmation,' Justice Department spokeswoman Gina Talamona said." McClatchy notes, "Administration officials have been forced to defend the firings in recent weeks after critics raised concerns that well-respected U.S. attorneys were being removed to make way for handpicked candidates who would be less likely to buck the White House. .. Gonzales called Pryor on Thursday night to tell him that the Justice Department would not ask the Senate to confirm Griffin. … Gonzales promised that the administration would seek confirmation for another candidate, but he didn't say when an announcement would be made, said Michael Teague, Pryor's spokesman."

WPost Decries DOJ And Interior Officials' Ties To Lobbyist. The Washington Post (2/17, A30, 690K), ina n editorial, writes, "It's the kind of story that seems to confirm everything people believe is sleazy about the way Washington works. Last March, Sue Ellen Wooldridge, then the head of the Justice Department's environmental division, bought a $1 million vacation home with Don R. Duncan, the top lobbyist for oil company ConocoPhillips. Nine months later, Ms. Wooldridge signed off on a settlement agreement that let ConocoPhillips delay the installation of pollution-control equipment and the payment of fines. Just to make matters cozier, the third owner of the beach house is J. Steven Griles, the former No. 2 official at the Interior Department who's now the target of a Justice Department criminal investigation into his dealings with lobbyist Jack Abramoff. Oh, and Ms. Wooldridge, who lives with Mr. Griles, once worked with him at Interior, where she gave Mr. Griles ethics advice and defended his actions during an inspector general investigation. … Ms. Wooldridge has left the department, but Justice…said yesterday that its Office of Professional Responsibility was looking into the matter."

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CORPORATE SCANDALS:

Defense Seeks Civil Resolution Of Enron-Related Case. The Houston Chronicle (2/17, Hays) reports, "Three former Merrill Lynch & Co. executives whose 2004 fraud and conspiracy convictions in an Enron case were overturned last year may avoid facing another jury." The Chronicle continues, "Upon informing U.S. District Judge Ewing Werlein on Friday that the government wanted to retry the case 'sooner rather than later,' Assistant U.S. Attorney Arnold Spencer said prosecutors also would 'continue our conversations' with defense attorneys to resolve it without a second trial. … Spencer declined to elaborate, as did attorneys for two of the defendants. But one of the defense attorneys, Dan Cogdell, said he was 'looking for a civil resolution, not a criminal resolution,' such as a settlement with the Securities and Exchange Commission." The Chronicle adds, "Werlein, who presided over the first trial, encouraged some sort of nontrial resolution. He said prosecutors should 'at least ponder' where the government's time, money and energy is best spent. … 'So I wish you well in your conversations. I hope you will be able to be successful,' the judge said." The Chronicle notes, "Friday's hearing came nearly six months after a three-judge panel of the 5th U.S. Circuit Court of Appeals threw out most jury convictions of Daniel Bayly, James Brown, Robert Furst and a fourth former Merrill executive, William Fuhs. … The case involves a year-end 1999 deal in which the government contends the brokerage pretended to buy three power plants on barges from Enron so the energy company could appear to have met quarterly earnings targets. The defendants claimed the deal was proper. … Jurors acquitted in-house Enron accountant Sheila Kahanek while convicting the four Merrill defendants and Dan Boyle, a former Enron finance executive."

CRIMINAL LAW:

FBI Serves Subpoenas On New Jersey Lawmakers In Widening Probe. The Newark Star-Ledger (2/17, Sherman, Whelan) reported, "New Jersey legislative officials were hit with a volley of federal subpoenas" Friday, "in a rapidly expanding corruption investigation into the Statehouse by U.S. Attorney Christopher Christie. The subpoenas were served on both the Democratic and Republican leadership in the Senate and the Assembly -- seeking information on how millions in public funds were handed out over the last three years." The Star-Ledger added, "The subpoenas, delivered by FBI agents late Friday afternoon as lawmakers were heading home, left many in Trenton thunderstruck. 'Trenton is on fire,' declared Assemblyman Kevin O'Toole (R-Essex), as news of the subpoenas broke. … Lawmakers and other Statehouse veterans could not recall a federal probe ever going as deeply into the state's budget process." The Star-Ledger noted, "Sources with direct knowledge of the probe have said that prosecutors are exploring whether some lawmakers have sought, through the state budget process, to steer money to nonprofit organizations that would have directly benefited them or their families."

Payments To Woman Who Had Affair With San Francisco Mayor Under Probe. The New York Times (2/17, McKinley) reports from San Francisco, "In the latest development in a lingering political scandal, the city attorney here is investigating whether any laws were broken in a payment to a married woman who had an affair with Mayor Gavin Newsom." The Times continues, "The woman, Ruby Rippey-Tourk, worked full time in City Hall as the mayor's appointments secretary until last May, when she took a three-month unpaid leave to seek treatment for a substance abuse problem. … While she was on leave, several unidentified city employees donated their sick time to Ms. Rippey-Tourk under a program that allows city employees to transfer sick time to other city employees. After she returned from leave, Ms. Rippey-Tourk formally resigned, and was paid out the cash equivalent of that accumulated time, a little more than $10,000." The Times adds, "Sam Singer, a spokesman for Ms. Rippey-Tourk, said he was not at liberty to say who had transferred their time, but that the mayor had not. Mr. Singer added that the payment was 'acceptable and legal.' … But on Thursday, the city attorney, Dennis Herrera, said he would examine the payment to make sure it had been 'done properly under city laws and procedures.' … Peter Ragone, a spokesman for the mayor, said his office welcomed the review. 'We are confident the matter was handled appropriately and humanely,' Mr. Ragone said." The Times notes, "The inquiry comes as Mr. Newsom is trying to shake off the damage from his admission last month that he had a brief sexual relationship with Ms. Rippey-Tourk in late 2005, when he was in the process of getting a divorce. Ms. Rippey-Tourk is married to Alex Tourk, who had been managing Mr. Newsom's campaign for a second term until the affair prompted his resignation."

Connecticut Attorney Accused Of Destroying Evidence In Child Porn Case. The New York Times (2/17, Malone) reports from Greenwich, CT, "A well-known lawyer was indicted on Friday on charges that he obstructed justice and destroyed evidence in the investigation of a former church choir director whose laptop computer contained images of naked boys." The Times continues, "The

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lawyer, Philip D. Russell, 48, of Stamford, appeared in United States District Court in Bridgeport and pleaded not guilty. He was released on $100,000 bail. … Mr. Russell is accused of destroying a laptop computer containing pornography that was owned by Robert F. Tate, the longtime music director at Christ Church here. Mr. Tate pleaded guilty in January to possessing 150 to 300 images of naked boys and faces a maximum sentence of 10 years in prison." The Times adds, "The indictment said that two unidentified church officials and Mr. Russell, who was acting as a lawyer for the church, confronted Mr. Tate in October after a church employee who had been using the laptop discovered the pornographic images. Mr. Tate admitted that the images were his and promptly resigned. … Mr. Russell then took the laptop and dismantled it, the indictment said. … Prosecutors said Mr. Russell and the church officials allowed Mr. Tate to remove his possessions from his church apartment and arranged for him to fly from Connecticut to California. He was later arrested in Los Angeles." The Times notes, "It is unclear whether there will be other indictments. Several people affiliated with the church have hired lawyers, and the Rev. Jeffrey Walker, the church's rector, has been called before the grand jury at least twice. Prosecutors did not return calls seeking comment. … Some legal observers say Mr. Russell's case could be a test of a provision of the Sarbanes-Oxley law that places greater responsibility on lawyers to preserve evidence in situations that may become the subject of criminal prosecutions."

San Francisco Police Issue Warrant In Wiesel Attack. The New York Times (2/17, Marshall) reports, "The San Francisco Police Department issued an arrest warrant for a man suspected of attacking Elie Wiesel, the Holocaust survivor, author and winner of the Nobel Peace Prize." The Times continues, "The man, Eric Hunt, 22, of Sussex County, N.J., is accused of assaulting Mr. Wiesel, 78, on Feb. 1, as he was attending an interfaith conference." The Times adds, "Mr. Hunt, who is not yet in custody but has been located, will be charged with a hate crime, the police said in a statement. He was identified as a suspect, the police said, after claiming to be the attacker in an Internet posting."

House Democrats Back Federal Shield Law. The San Francisco Chronicle (2/17, Coile) reports, "House lawmakers, with the support of top Democratic leaders, are preparing to fast-track long-stalled legislation that would shield reporters in most cases from having to reveal their sources to federal prosecutors." The Chronicle continues, "The move follows the Justice Department's decision this week to withdraw a subpoena for two Chronicle reporters after a defense lawyer pleaded guilty to leaking grand jury transcripts in the Bay Area Laboratory Co-Operative investigation, in which top athletes testified they had used illegal steroids." The Chronicle adds, "Reps. Mike Pence, R-Ind., and Rick Boucher, D-Va., plan to reintroduce their federal media shield legislation next month with the support of House Judiciary Committee Chairman John Conyers, D-Mich. Conyers has pledged to move the bill through his committee quickly and to the House floor. … Sens. Chris Dodd, D-Conn., and Richard Lugar, R-Ind., are preparing to reintroduce a similar bill in the Senate, although proponents suggest it may be tougher to get a filibuster-proof 60-vote majority in the Senate, given the Bush administration's opposition. … The Chronicle case has been used by the bill's supporters as Exhibit A for why Congress should pass a law protecting journalists from having to name their sources or turn over materials to the government."

Doolittle Defends Wilkes In Cunningham Bribery Probe. The Sacramento Bee (2/17, Whitney) reports, "Rep. John Doolittle, R-Roseville, said Friday that he believes in the innocence of a close friend and political supporter indicted this week on charges related to the bribery of former San Diego-area Rep. Randy 'Duke' Cunningham." The Bee continues, "Brent Wilkes, a Poway defense contractor whose business Doolittle had helped land a $37 million contract, was indicted on corruption charges, including paying bribes and providing prostitutes for Cunningham, who's now in prison. … Wilkes entered a not guilty plea to the charges, handed up by a federal grand jury, in a federal court in San Diego on Wednesday. He later sent out an e-mail proclaiming his innocence. … 'The investigation and its accompanying deliberate leaks of false rumors has destroyed my reputation and inflicted critical wounds on all of my business interests,' Wilkes said. 'Let me say loud and clear: I never bribed Duke Cunningham or anyone else.'" The Bee notes, "Doolittle said in an earlier interview that he befriended Wilkes though Ed Buckham, a former staff member for then-Rep. Tom DeLay who became a lobbyist for the Alexandria Strategy Group and was a close associate of convicted lobbyist Jack Abramoff. Doolittle also has described Abramoff as a close friend. … Over the course of their relationship, Wilkes and his wife, Regina, together with his companies and associates, contributed tens of thousands of dollars to Doolittle's re-election committee and political action committee. … In April 2005, Wilkes' corporate jet was used to fly DeLay to Las Vegas for a fundraiser at the Venetian Resort Hotel Casino for Doolittle's PAC, the Superior California Federal Leadership Fund. Wilkes contributed $10,000 to Doolittle at that event. … Later, Doolittle acknowledged he included a $37 million item in the Defense Department's budget to pay for a contract to one of Wilkes' companies, PerfectWave. He also said he tried to win a House contract for another Wilkes company, ADCS. … Asked about Wilkes' indictment during a telephone news

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conference Friday, Doolittle said he has read his friend's statement, and believes him."

Michigan Lawmakers Await DOJ Standards On Sex Offender Registry. The Lansing (MI) State Journal (2/17, Adams) reports, "A Senate bill would amend the state's 1994 sex offender registry law to follow federal registry requirements. … But unfortunately, federal officials haven't revealed those requirements." The Journal continues, "The bill would expand information about ex-cons on the State Police public sex offender registry to include details about vehicles they own, their places of employment and convictions for other crimes. … That would comply with a 2006 federal mandate that requires standardization of information in state registries so they can be integrated into the National Sex Offender Registry. … However, the U.S. Justice Department hasn't announced what standardization would entail. It's up to that department to read what Congress ordered and determine exactly what it means, said Sgt. Matt Bolger, legislative liaison for the State Police. … 'Federal law is nowhere near as easy to read as state law is,' he said. … 'We're kind of waiting on that determination from the Department of Justice on what our duties are going to be.'" The Journal notes, "Once those duties have been determined, Michigan lawmakers can amend state law to comply, Bolger said."

Judge's Order Regarding Plame's Status Questioned. In an op-ed for the Washington Post (2/17, A31, 690K) the National Review's Byron York writes, "At the end of each witness's testimony in the perjury and obstruction trial of Lewis 'Scooter' Libby, after prosecutors and defense attorneys examined and cross-examined, U.S. District Judge Reggie B. Walton asked jurors to write down any questions they had. Walton would then look through the papers, decide which questions were appropriate and pose them to the witness. … But last week there was a moment when we got a hint not from a question that Walton asked, but from one he refused to ask. After the testimony of star prosecution witness Tim Russert, Walton scanned the jurors' queries and announced, 'There is going to be one question I'm not going to ask. I've concluded that that question is not appropriate and therefore you should not speculate as to what the response would have been.' What was he talking about? A moment later, Walton told the jurors: 'What Mrs. Wilson's status was at the CIA, whether it was covert or not covert, is not something that you're going to hear any evidence presented to you on in this trial.' 'Whether she was, or whether she was not, covert is not relevant to the issues you have to decide in this case,' he said. It is The Thing That Cannot Be Spoken at the Libby trial. … The result is that jurors have heard constant suggestions that some sort of crime, committed by the administration and perhaps by Libby himself, lies at the bottom of the case. An air of accusation hangs over the courtroom. But the accusation can't be discussed."

CIVIL LAW:

GE To Book $115 In Asbestos Claims Expenses. The Wall Street Journal (2/17, A3, Kranhold) reports, "General Electric Co. said it will record a $115 million after-tax expense in the first quarter after losing a decade-long battle with its insurers over payments for thousands of asbestos-related claims." The Journal continues, "In a decision released this week, the New York State Court of Appeals upheld lower-court rulings preventing GE from tapping secondary insurance to cover claims brought mostly by individuals exposed to asbestos-insulated turbines. The Court of Appeals is the state's highest court." The Journal adds, "To date, GE, based in Fairfield, Conn., has paid more than $500 million to settle asbestos-related cases, according to court documents. GE said 509,000 asbestos-related claims were filed against the company through 2006; 40,000 are pending. GE said claims settled to date have mostly been covered by both GE's primary and secondary carriers; the rest are being covered by GE. GE didn't make the asbestos but used it to insulate turbines. … GE spokesman Gary Sheffer said, in a statement, GE was 'disappointed in the decision, which is contrary to how the majority of courts have ruled.' Mr. Sheffer said GE is reviewing its options. … Mr. Sheffer said the expense, amounting to about one cent per share, would have no impact on GE's financial forecast for the first quarter. GE has said it expects net income of between $4.5 billion and $4.6 billion, or 43 cents to 45 cents a share. … The lawsuit centered on whether GE's asbestos-related claims should be treated as one incident under its insurance policies issued between 1965 and 1985 or whether each claim should be treated individually."

DC Circuit Panel Hears Suit Over Tire-Pressure Monitors. The Detroit News (2/17, Shepardson) reports, "A three-judge federal appeals court panel today expressed skepticism toward tire makers and an auto safety group who say federal regulators have watered down rules requiring tire pressure monitoring systems in all new vehicles starting this fall." The News continues, "Tire makers and Public Citizen argue the National Highway Traffic Safety Administration's regulation, aimed at making automakers install tire-pressure warning systems, falls far short of what Congress intended when it passed a 2000 law requiring that all vehicles be equipped with such monitors by Sept 1." The News adds, "The legislation came in the wake of a recall of 13 million tires on Ford Explorers and other vehicles that were linked to

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nearly 280 deaths. … A three-judge panel of the U.S. Court of Appeals for the District of Columbia heard the challenge to the NHTSA rule today, more than three years after another appeals court threw out NHTSA's first tire pressure regulation, issued in 2002. … Judges David Sentelle, Brett Kavanaugh and A. Raymond Randolph questioned whether the tire makers and Public Citizen had the legal right or 'standing' to file the suit. … Marc Machlin, a lawyer for Public Citizen, noted that more than 78,000 accidents yearly are caused by under inflated tires." The News notes, "The plaintiffs must overcome several hurdles: one is showing that there is a 'non-trivial' higher risk from the rule NHTSA imposed versus the type of tire monitoring rules they are seeking. They also must show they have a legal right to file the suit. … Sentelle said if there is only a general risk for everyone, the matter is best decided by 'the political branches' -- i.e. Congress and the White House. Sentelle said under the Public Citizen theory, drivers, passengers and pedestrians -- basically everyone in the United States -- would have a right to sue. … But Kavanaugh also asked some tough questions of Justice Department attorney H. Thomas Byron III. He said it was 'odd' that NHTSA could 'water down' or effectively eliminate some of the requirements that Congress set in its statute. … Byron said Congress couldn't have meant to mandate an 'impossible' requirement, namely that automakers certify that their systems work with all replacement tires."

CIVIL RIGHTS:

DOJ Backs Florida Sober House Suit. The South Florida Sun-Sentinel (2/17, Franceschina) reports, "The U.S. Department of Justice filed a legal brief Friday contending that a Boca Raton ordinance banning so-called sober houses from residential neighborhoods clearly violates federal housing law." The Sun-Sentinel continues, "The Justice Department brief was filed in a lawsuit by a sober house operator against the city that went to trial last month. It asks a federal judge to declare the ordinance invalid and prevent the city from enforcing it. The ordinance, passed by the City Council in May 2002, would require the sober houses to move into areas of the city zoned for medical centers and hotels." The Sun-Sentinel adds, "The ordinance has never been enforced because of the threat of litigation. Steve Manko, the owner of two large sober house apartment complexes -- Boca House for men and Awakenings for women -- sued the city in March 2003. The American Civil Liberties Union, representing former and current Boca House clients, also was involved in the case. … Manko's attorney, William Hill of Miami, said he was encouraged by the Justice Department filing because it supports the plaintiffs' position. The plaintiffs contend that the ordinance violates the federal Fair Housing Act and also the Americans with Disabilities Act. Under those federal provisions, people who are in recovery from alcohol or drug addiction are considered to be disabled or handicapped, providing them with housing protections. … 'I'm ecstatic,' Hill said. 'It could not be clearer. The Department of Justice is saying what we have been saying all along: This ordinance violates the Fair Housing Act on its face. The city should have realized this was wrong years ago and not put us through this. Instead, the city has been putting forth a defense that is not legal under the Fair Housing Act.' … Jamie Cole, an attorney for the city, said the Justice Department filing did not raise any new issues. … The Justice Department filed a separate suit against the city over the alleged housing violations in September. That case is pending. The judge hearing Manko's suit invited the Justice Department to file Friday's brief. … Justice Department attorney Nancy Langworthy wrote that the city's ordinance 'singles out for regulation housing for disabled persons and is discriminatory on its face.' Langworthy asked the judge to award damages to several former and current residents of Boca House and to impose a fine on the city 'to vindicate the public interest.'"

NYTimes Urges New York To Curb Police Camera Use. The New York Times (2/17) editorializes, "The New York Police Department has generally had the public on its side when it comes to securing the city since the Sept. 11 attacks. For their part, New Yorkers seem perfectly willing to put up with inconveniences, including traffic stops and bag searches. But the police have more and more overstepped their bounds by routinely and indiscriminately videotaping demonstrations of every kind, even peaceful ones. A federal judge was right this week to order the police to curb this conduct." The Times continues, "The practical effect of the order is to compel law-enforcement officers to obey guidelines that require them to state a reason to suspect unlawful activity before they videotape demonstrators. They must also get department authorization. That's a modest requirement. The city contends the current practice is not strictly unconstitutional, but the prospect of being photographed by police while merely protesting can have a chilling effect on free speech." The Times concludes that the city government "should now move quickly to ensure the court, and the public, that it will protect New Yorkers' civil liberties."

ANTITRUST:

GM Reportedly Discussing Buyout Of DaimlerChrysler. The Washington Times (2/17, Lengell) reports, "The world's largest automaker is set to expand further, as General Motors Corp. is negotiating to buy the

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struggling Chrysler division from its German parent, DaimlerChrysler AG, sources with knowledge of the talks said." The Times continues, "GM and DaimlerChrysler officials have denied the existence of any talks. … 'We're not going to comment on speculations concerning [any] discussions between [DaimlerChrysler] and GM,' GM spokesman Tom Wilkinson said yesterday. 'As we've said in the past, we've frequently discussed areas of mutual interest with other carmakers, and in a lot of cases, these discussions don't lead anywhere.'" The Times adds, "Nevertheless, Detroit and Wall Street were buzzing after the German business publication Manager Magazin reported Wednesday that GM and DaimlerChrysler were negotiating a buyout of Chrysler. … Speculation of a buyout intensified yesterday after the U.S. trade publication Automotive News reported that 'high level talks' of a buyout between DaimlerChrysler and GM executives are being held."

The Washington Post (2/17, D1, Freeman) reports, "Shares of DaimlerChrysler climbed yesterday after media reports that General Motors was in talks to buy the German firm's Chrysler division." The Post continues, "Chrysler officials in Germany played down the reports, saying the primary focus now for Chrysler was a restructuring aimed at returning it to profitability. And U.S. industry executives struggled yesterday to assess how GM would benefit from an alliance with Chrysler. GM is in the process of shrinking its operations in an attempt to increase its profit. … Other potential Chrysler suitors include European or Asian carmakers seeking a bigger foothold in North America. Renault-Nissan Motor chief executive Carlos Ghosn, who unsuccessfully sought to enter into an alliance with General Motors last year, has said he is open to new partners. He has not, however, publicly expressed interest in Chrysler."

The Wall Street Journal (2/17, B3, Stoll, Berman) reports, "GM and Chrysler are discussing joining forces to develop a large sport-utility vehicle and possibly a small car made in Korea, several people familiar with the matter said, adding that a 'production deal' is the most likely scenario. … On Wall Street, the focus also turned to Detroit's labor negotiations with the United Auto Workers. As so much of the industry's future is based around this contract, the issue presents a chicken-and-egg paradox for potential buyers." The Journal adds, "Many people discounted the idea of a spinoff, saying that it would do little to fix Chrylser's main problems of cost structure and product appeal. That said, these people pointed out that what is best for the remaining Daimler side of the company may not be best for Chrysler's side. … DaimlerChrysler investors clearly favor the idea of selling Chrysler, long the smallest of Detroit's Big Three and now even smaller than Toyota Motor Corp. in the U.S. market. … A deal linking GM, the world's largest auto maker, and Chrysler would likely face many hurdles, including antitrust questions, integration challenges and opposition from workers."

The Financial Times (2/17, Reed, Milne, Simon) reports, "Analysts expressed scepticism on Friday that GM's shareholders would support the idea of a tie-up with Chrysler, the most focused of Detroit's Big Three, at a time when both face declining sales in the world's biggest car market. … GM has not made a full car-company acquisition in its recent history, although, like other groups, it forms ad hoc alliances and joint ventures."

The New York Times (2/17, Maynard) reports, "The willingness by DaimlerChrysler to cut loose its Chrysler Group, ending its nine-year trans-Atlantic partnership, is drawing cheers from investors. … Shares of the German company rose nearly 14.4 percent this week, capped by a climb on Friday that was fueled by speculation that General Motors and Chrysler were holding talks. DaimlerChrysler ended the week at $73.33, up $3.08." The Times continues, "The talk is doing little for G.M., however. Its shares rose less than 1 percent this week, closing Friday at $36.34, down 10 cents. … On Wednesday, DaimlerChrysler said it was keeping all its options open for Chrysler, refusing to rule out a sale or a strategic partner for its American unit." The Times adds, "At Friday's close, DaimlerChrysler stock was within $1.20 of a 52-week high, prompting some analysts to predict it could be headed much higher, to levels rarely seen since the heady days after the 1998 merger. … That alone is reason enough to keep the rumors swirling a little longer, analysts said, giving DaimlerChrysler time to see whether any potential suitors come forward for Chrysler. It has hired JPMorgan as a strategic adviser."

Banco Bilbao To Buy Compass Bancshares. The New York Times (2/17, Werdigier) reports, "Banco Bilbao Vizcaya Argentaria, Spain's second-largest bank, after Santander, agreed to buy Compass Bancshares of the United States for $9.6 billion, making its biggest acquisition abroad in a market where it seeks to strengthen its foothold." The Times continues, "Banco Bilbao, or BBVA, said Friday that Compass shareholders can choose to receive either $71.80 in cash or 2.8 new BBVA shares for each of their current Compass shares. The offer represents a premium of about 16 percent to the average Compass share price during the last 10 days and 8 percent above Friday's closing price." The Times adds, "Spain's banks have profited from significant growth in the Spanish economy and a sharp increase in mortgage lending, even to foreigners who are buying holiday homes in the country. BBVA, based in Bilbao, in northern Spain, and Banco Santander Central Hispano, the country's largest bank, have used their profits to expand into Latin America, where economic growth has spurred demand for banking services. … BBVA owns BBVA Bancomer, the largest bank in Mexico by assets, while Santander has spent

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a total of $17 billion on various Latin American acquisitions since 1996. Santander now owns Mexico's No. 3 bank, Serfin, and Brazil's seventh-largest lender, Banespa."

The Wall Street Journal (2/17, B1, Johnson) reports, "Spain's two main retail banks have moved from the bush leagues to become among the largest, most efficient, most profitable in the world. And one of them just made a big play to take on two U.S. giants in a lucrative American market." The Journal continues, "Banco Bilbao Vizcaya Argentaria SA's agreement to buy Alabama-based Compass Bancshares Inc. for $9.6 billion, announced Friday, would give it hundreds of branches in the South and West, including 163 in Texas, a fast-growing market. That would pit Madrid-based BBVA against Bank of America Corp. and J.P. Morgan Chase & Co., the Lone Star State's two biggest banks. … That deal follows Spain-based Banco Santander Central Hispano SA's acquisition last year of a 25% stake in Philadelphia-based Sovereign Bancorp, which has almost 800 branches in nine states." The Journal adds, "BBVA was all bluster in announcing the deal. BBVA 'is much more advanced than the Citis or the J.P. Morgans' at nuts-and-bolts retail banking, said Chairman and Chief Executive Francisco González. … The U.S. rivals are expected to put up a fight. 'They're competing against some of our best retail banks,' said Jefferson L. Harralson, a bank analyst at Keefe, Bruyette & Woods. 'It's going to be hard for them to move market share, and it's going to be hard for them keep market share.' … The deal follows a string of acquisitions that have turned BBVA and Santander into the world's 15th-largest and ninth-largest banks respectively by stock-market value. Both reported record full-year profits this month."

The Financial Times (2/17, Mulligan) reports, "Analysts voiced concerns about the dilutive effect of the planned €4bn capital increase to part-fund the deal, which comes just three months after a €3bn share issue aimed at improving the balance sheet. … There were also worries about the erosion of BBVA's core capital ratios. 'History shows investors should be wary of acquisitive companies,' UBS said."

Tribune Moves Toward "Self-Help" Auction Plan. The Wall Street Journal (2/17, A2, Ellison) reports, "As the auction for Tribune Co. limps to a close, it is becoming clear that newspaper publishers can't sell their way out of their current woes." The Journal continues, "Tribune's board of directors is scheduled to meet late this coming week, and while it is uncertain they will emerge from the meeting with an announcement, company management and advisers are casting aside outside offers and working on what is being billed as a 'self-help' plan. … That is another way of saying that nobody came to Tribune's rescue." The Journal adds, "Typically, if a company avoids a takeover, employees and management breathe a sigh of relief and go back to business as usual. But if this auction ends as many expect, Tribune will have to self-inflict the kinds of harsh changes that normally come from an outside buyer. That will mean even steeper cost cutting and asset sales. … That is partly because Tribune, along with many other newspaper players, waited too long to take the dramatic action that now is being thrust upon them. Tribune was forced into the auction process by its largest shareholder, the Chandler family, which pushed for action just as panic was building about the industry's prospects. The irony is that the Chandlers were too late. They are angling to remove themselves from the newspaper business they should have gotten out of years ago, when they sold Times Mirror Co. to Tribune in 2000. Today, the options are much more limited. … Under the current plan, at least Tribune's fate is all in the Chicago family. Sam Zell, a Windy City real-estate mogul, and the Chandlers are still circling Tribune, though any chance of either party making a successful offer is unlikely. Tribune isn't comfortable with either proposal being proffered, and neither party seems willing to increase the terms."

New England Ski Resorts To Be Sold. The Boston Globe (2/17, Reidy) reports, "Two New England ski resorts, Mount Snow in Vermont and Attitash in New Hampshire, are set to be sold for $73.5 million." The Globe continues, "American Skiing Co. of Utah said yesterday it has entered into an accord to sell Mount Snow and Attitash to Peak Resorts Inc. of Missouri. … Included in the proposed sale of Mount Snow and Attitash are the commercial cores of the Grand Summit Hotels at both locations, said American Skiing, which added that the buyer will assume $2 million in debt and other liabilities." The Globe adds, "Saying that the sale is expected to close on or before April 30, American Skiing said it plans to use the proceeds to reduce existing debt and for working capital. … The deal will give Eureka, Mo.-based Peak Resorts its first major ski areas. That company operates half a dozen tiny ski areas in Missouri, Ohio, Kentucky, and New Hampshire. … The sale will leave American Skiing with five resorts in the Northeast and Utah. … American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. David Hirasawa, the company's investor-relations manager, said Steamboat is expected to change hands by March. … Both resorts sit partly on national forest land, and the sale will require the consent of the US Forest Service. Stockholder approval also will be required. … Hirasawa said the sale also is subject to an antitrust review by the US Justice Department."

The AP (2/17, Foy) reports, "The sale is set for the end of April and will leave American Skiing with five resorts in the Northeast and Utah. … American Skiing already has agreed to sell Colorado's Steamboat Springs resort to Canadian resort operator Intrawest Corp. for $265 million. Hirasawa

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said Steamboat is expected to change hands by March." The AP adds, "American Skiing has been investing heavily in The Canyons, its flagship 3,700-acre resort in Park City, which added terrain and lifts this winter. It also owns Killington and Pico, neighbors in central Vermont, and Maine's Sunday River and Sugarloaf/USA. … The company said Dover's Mount Snow, the closest major Vermont resort to the New York City metro area, is the fifth most popular eastern U.S. ski area. It has an 18-hole golf course."

ENVIRONMENT:

IG Finds Interior Ethics Lapses Are Rarely Punished. The Boston Globe (2/17, Donnelly) reports, "Officials at the US Interior Department received free golf outings, dinners, hunting trips, and box seats at sporting events from companies they monitored, but were rarely punished for the ethics violations, other than being ordered to attend two-hour ethics courses, the department's inspector general told a House panel yesterday." The Globe continues, "Testifying before the House Natural Resources Committee, Earl E. Devaney said the ethical lapses were part of a department-wide culture 'replete with a lack of accountability.' … Devaney, who for seven years has been the independent overseer of a department that manages oil leases, national parks, and Native American affairs, has been in charge of numerous investigations inside the Interior Department, including one probe that has drawn intense scrutiny: What was behind the omission of royalty payments to the government in oil and gas contracts from 1998 to 1999. … He said the loss of the payments, which kick in when oil and gas prices reached certain levels, could cost taxpayers 'tens of billions of dollars' over the lifetime of the contracts. Six criminal investigations were now under way by the Justice Department relating to unethical behavior in the department, Devaney said." The Globe notes, "Asked why the Interior Department has had so many ethical and management problems, Devaney suggested it was simply greed. … 'Outside of the money at the Treasury Department, everything else [of value] that someone would want is at Interior -- oil, gas, mines, land, and water,' he said. 'It's been my experience that when a lot of money is at stake, bad people will show up eventually.' … Still, he told the committee that '99.9 percent' of department employees were dedicated and ethical and that Dirk A. Kempthorne , the current department secretary, has in the past year tried to tackle a multitude of serious problems."

California Seen As Model For States Seeking To Conserve Energy. The Washington Post (2/17, A1, Mufson, 690K) reports California "uses less energy per capita than any other state in the country, defying the international image of American energy gluttony. Since 1974, California has held its per capita energy consumption essentially constant, while energy use per person for the United States overall has jumped 50 percent. California has managed that feat through a mixture of mandates, regulations and high prices. The state has been able to cut greenhouse-gas emissions, keep utility companies happy and maintain economic growth. And in the wake of the Intergovernmental Panel on Climate Change report on global warming, California serves as a model for other states seeking a similar path to energy reduction. Now California is pushing further in its effort to cut automobile pollution, spur use of solar energy and cap greenhouse gases."

NYTimes Praises Johanns Farm Bill Proposals. The New York Times (2/17, A14, 1.16M) editorializes, "Mike Johanns, the secretary of agriculture, has unveiled his proposals for a new farm bill, which on the whole seems remarkably promising. Mr. Johanns seems to have little desire to protect entrenched subsidies and a very strong desire to improve the environment. The question is whether Congress will listen to him or to the lobbyists. … The bill also calls for $7.8 billion over 10 years to help protect the environment — which makes it the most generous conservation program the Bush administration has offered in the last six years."

LATimes Pleased By Stevens' Shift On CAFE Standards. The Los Angeles Times (2/17, 850K) editorializes, "Sen. Ted Stevens' resistance to fighting climate change is melting faster than his home state's glaciers. The senior senator from Alaska proposed a bill last month aimed at raising automotive fuel economy standards, in some ways higher than a competing bill backed by such traditional environmentalists as Sen. Barbara Boxer (D-Calif.) Stevens' about-face on fuel economy (he voted against a bill two years ago similar to the one he just introduced) is welcome, even if many of his proposal's details aren't. Across-the-aisle initiatives like his are part of the reason this Congress stands a good chance of making the most meaningful improvements to the Corporate Average Fuel Economy standards since they were created during the last fuel crisis in the 1970s."

FBI/DEA/ATF/USMS:

FBI Played No Role In Neo-Nazi Rally Organized By Florida Informant. In a story distributed by McClatchy, the Orlando Sentinel (2/17, Curtis) reported, "The FBI played no role in staging a neo-Nazi rally last year in Orlando, a statement released Friday says. Questions about the bureau's possible involvement were raised earlier this week when a hearing in federal court

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disclosed that a paid FBI informant and member of the National Socialist Movement organized the white supremacist march. 'In no way did the FBI initiate, organize, or sponsor the NSM rally,' the statement from the agency's Orlando office says." The Sentinel added, "Many agencies use informants, and in its statement Friday, the FBI explained some of the benefits. 'By the nature of its investigative mission, the FBI . . . must aggressively pursue intelligence avenues that bring it into contact with individuals and/or organizations in unsavory and/or illegal activity,' the statement says." However, the Sentinel noted, "The FBI has a long history of using informants and occasionally getting burned by them. One of the most notorious examples was James 'Whitey' Bulger, still on the 10 Most-Wanted List in connection with 18 murders."

Baseball's Bonds Chases Record While Legal Problems Mount. The New York Times (2/17, Chass) reports, "When Babe Ruth broke Roger Connor's career home run record, no one paid much attention. Connor had hit 138 home runs in the 1880s and 1890s, and Ruth passed him in 1921 with little or no fanfare. Much was made of Henry Aaron eclipsing Ruth's record in 1974, but even then probably the most notable thing that happened was that Aaron shoved a box of strawberries in a reporter's face. … But Barry Bonds's threat to Aaron's record of 755 couldn't generate more of a sideshow." The Times continues, "Bonds's pursuit of the record — he needs 22 home runs to break it — is entwined with the issue of steroids. Did he or did he not use them to slug 213 home runs in a four-season span from 2000 through 2003? Or did he just use a good grade of flaxseed oil?" The Times adds, "One act of the sideshow was written out of the script when Bonds signed his $15.8 million contract for the 2007 season the other day, 10 weeks after he and the Giants agreed to its terms and two weeks after he first signed it. … A second version of the contract became necessary when the commissioner's office struck an appearance clause from the original version. Bonds became upset by another clause in the contract after it leaked out. That clause says the Giants can void the contract if Bonds is indicted." The Times notes, "Any indictment would be put together by the United States attorney's office in San Francisco, which has a new interim head, Scott N. Schools, who replaced Kevin V. Ryan. Schools is a career federal prosecutor who previously served as a general counsel in the Justice Department. For now, he will run a San Francisco office that was apparently divided last summer over whether to push right then and there for an indictment of Bonds. … The term of the federal grand jury that was meeting at that point was about to expire, and lawyers involved in the Bay Area Laboratory Co-Operative steroid-distribution case say there was a split among assistant United States attorneys about seeking an indictment before that jury was dismissed. The lawyers said their understanding was that Ryan decided not to go forward."

IMMIGRATION:

Movement To Free Imprisoned Border Guards Gains Momentum. The Washington Post (2/17, A2, Fears, 690K) reports, "Early this week, the Bush administration urged angry conservatives to remain calm over the convictions of two former Border Patrol agents who shot an unarmed Mexican drug smuggler, but petitions for their release continued to flood the White House. It did not help that one the lawmen, Ignacio Ramos, was attacked by Latino gang members in his cell…and beaten bloody. Days after prison officials confirmed the beating on Feb. 8, Department of Homeland Security officials admitted that an inspector general's report erroneously quoted Border Patrol agents as saying Ramos and his partner, Jose Compean, intended to kill Mexicans." Rep. Tom Tancredo "visited Ramos in prison and told him of the movement against his incarceration." Rep. Dana Rohrabacher "threatened to call for impeachment proceedings against President Bush if the agents were harmed in prison." Sen. Dianne Feinstein "promised to look into the matter."

Chertoff Touts Guest Worker Program In Mexico. The New York Times (2/17, A8, McKinley, 1.16M) reports, "On his first official visit to Mexico, Homeland Security Secretary Michael Chertoff said he considered an expanded guest-worker program for Mexican migrants as key to stopping terrorists and criminals from slipping into the United States. 'Every time a Border Patrol officer is transporting a load of future housekeepers and landscapers to some place to be returned, he's not looking for drug dealers or drug loads,' Mr. Chertoff said after two days of meetings with Mexico's top security officials."

CONGRESS-ADMINISTRATION:

House Passes Small Business Tax Breaks As Part Of Minimum Wage Deal. The Washington Post (2/17, D1, Montgomery, 690K) reports the House "overwhelmingly approved a modest package of tax breaks for restaurants and small businesses, moving Congress one step closer to approving the first increase in the federal minimum wage in nearly a decade. On a vote of 360 to 45, the House agreed to extend and expand credits and deductions to save taxpayers $1.3 billion over 10 years. It would adjust the tax code to increase collections by a similar amount. The measure would also guarantee that restaurant

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owners could keep a tax credit worth an estimated $500 million over 10 years. The measure now moves to the Senate, which passed a far more generous $8.3 billion tax package this month under pressure from Republicans who refused to support a higher minimum wage unless it included tax relief for small businesses."

The Wall Street Journal (2/17, A3, Lueck, 2.04M) reports Sen. Charles Grassley "called the House package 'puny.' There is common ground on the substance of some breaks . Both the House and Senate bills would extend a credit for businesses that employ disadvantaged workers and a deduction for small companies' equipment expenses. 'I know there are differences between the bills, but I'm confident they'll be worked out,' said Sen. Max Baucus, the Montana Democrat who is chairman of the Senate Finance Committee. The bill would raise the minimum wage by $2.10 an hour -- from $5.15 to $7.25 -- over two years."

The New York Times (2/17, A10, Andrews, 1.16M) reports, "Lawmakers are not expected to reconcile the difference until after their 'Presidents' Day District Work Period' next week, and it remains unclear how difficult those negotiations will be. Further muddying the outlook is a split between small-business groups and big-business groups over which bill to support. 'I would not say we're surprised at the delay,' said Representative Sander M. Levin, Democrat of Michigan. 'But I would say we are chagrined.' Few lawmakers doubt that Congress will eventually approve the higher minimum wage, which was last raised 10 years ago. The battle is over how much business groups and Republicans can demand in return."

The Washington Times/AP (2/17) reports, "Groups representing small businesses, such as the National Federation of Independent Business, prefer the larger Senate bill. The U.S. Chamber of Commerce supports the House bill because it objects to the Senate's revenue provisions, particularly the plan to eliminate deductions for payments in lawsuits."

Two Moles Removed From Bush's Left Temple. The Washington Post/AP (2/17, A11) reports President Bush "had two moles removed from his left temple yesterday. His doctors say they expect tests on the skin growths to show that they are noncancerous. The five-minute procedure, called a shave biopsy, was performed in the White House office of Bush's official physician, Richard J. Tubb. Stephen Krivda, a dermatologist from Walter Reed Army Medical Center, performed the procedure, for which only a local anesthetic was required." ABC World News (2/16, story 5, :20, Gibson, 8.78M), the CBS Evening News (2/16, story 8, Couric, 7.66M), and NBC Nightly News (2/16, Williams, 9.87M) all ran brief items on the procedure.

Cheney Departing For Asia With Many Worries But Also Bush's Confidence. Two reports on Vice President Cheney's trip to Asia this week cast Cheney's role and influence in starkly different terms. Under the headline "Controversy Likely To Follow Cheney To Asia," the Los Angeles Times (2/17, Reynolds, Gerstenzang, 850K) reports says with Cheney "set to depart Monday for a weeklong trip to Asia," many in Washington "are wondering whether he might be grateful for an excuse to high-tail it out of town. The past few weeks have not been kind to the vice president -- or at least to his public image."

But the Chicago Tribune (2/17, Silva, 617K) headlines its story "Cheney Tours With Bush's Confidence," and while, like the Times piece, it recounts Cheney's recent woes, the story says Cheney "has not lost his influence with President Bush, who often has counted on his sharp-tongued No. 2 to launch the most searing offensives against political and administration critics. And, since the retirement of former Defense Secretary Donald Rumsfeld and a recasting of the administration, Bush has counted even more on the hardest of his hard-liners to hold the White House line." With the Bush Administration now "besieged by congressional critics of the war in Iraq yet boasting of sudden progress in a nuclear standoff with North Korea, Cheney will make a weeklong tour of the Pacific. He will offer a nod of thanks to Bush's supporters in the 'war on terror,' but also pointed reminders of the risks still posed by powers intent on undermining Western democracy."

Low Judicial Pay Said To Discourage Top Candidates. In an op-ed for the New York Times (2/17, A15, 1.16M) University of Wisconsin law professor Anne Althouse writes, "It's hard to ask for a raise, especially when you're a judge. Look at poor Justice Anthony Kennedy supplicating before the Senate Judiciary Committee on Valentine's Day. With stilted locutions — 'it's frankly most awkward for me' — he staked out pedantic points about the constitutional scheme of separation of powers, and lumbered toward a conclusion that federal judges need to make more money. … If the pay is low, the judges will be the kind of people who don't care that much about money. They might be monkish scholars, or they might be ideologues who see in the law whatever it is they think is good for us. … Low judicial pay should trouble us not because the judges will somehow lack 'excellence.' It should trouble us because the law will be articulated by ideologues and recluses."

Pelosi Gives Jefferson Seat On Homeland Security Panel. The Washington Post (2/17, A9, 690K) reports House Speaker Nancy Pelosi, "who yanked embattled Rep. William J. Jefferson off a powerful tax committee last year, has decided to put him on the Homeland Security

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panel, aides to the Louisiana Democrat confirmed yesterday. The move infuriated some Republicans, who accuse him of being a potential security risk. Jefferson has been the subject of an ongoing federal bribery investigation related to a telecommunications deal in Africa."

Bill Giving FDA Power To Regulate Tobacco Garners Bipartisan Support. The Washington Post (2/17, A8, Lee, 690K) reports, "After years of falling short, advocates of requiring the Food and Drug Administration to regulate tobacco are again waging that fight in Congress -- and this time, they say, the odds are in their favor. … A bipartisan group of lawmakers introduced legislation last week to grant the FDA authority over the manufacturing, marketing and sale of tobacco products, including the power to restrict advertising, require stronger warning labels, and regulate the amount of nicotine and other ingredients. The agency would not be able to ban tobacco." The Post notes the FDA "claimed the authority to regulate tobacco in the mid-1990s…but the effort was challenged by tobacco companies and overturned by the Supreme Court in 2000. What followed were several attempts to pass legislation in Congress, many of which attracted broad-based support -- including from cigarette maker Philip Morris USA. But invariably the bills hit an impasse and died. … 'This is the year when we can pass meaningful legislation,' said Rep. Thomas M. Davis III, the lead GOP sponsor in the House, whose father died of emphysema. Sen. John Cornyn (Tex.), the top Republican sponsor in the Senate, said 54 percent of smokers take up the habit before age 18. The legislation 'is the best way to address the public health concerns and the marketing concerns we have about children being targeted and addicted to a drug like nicotine,' he said."

GSA Responds To Waxman Inquiry Regarding Noncompetitive Contract. The Washington Post (2/17, A4, Higham, O'Harrow, 690K) reports the U.S. General Services Administration "has responded to a congressional inquiry by saying its chief, Lurita Alexis Doan, did nothing improper last summer when she tried to arrange for a study by a company run by a woman with whom she had a 'close professional relationship.' In a Feb. 2 response to Rep. Henry A. Waxman (D-Calif.), the agency said Doan was trying to promote diversity when she signed a 'service order' for the $20,000 project. That July 25 document was intended to authorize a company, Diversity Best Practices, run by Edie Fraser, to write a 24-page report and analysis concerning the GSA's use of businesses owned by minorities or women." GSA Associate Administrator Kevin Messner "rejected 'the implication that her intentions were improper' and said the project was stopped before any money changed hands."

VA Secretary Shuts Down Research Centers After Loss Of Hard Drive. The AP (2/16, Evans) reports Veterans Affairs Secretary Jim Nicholson "has suspended activities at seven specialized research centers across the country after an unprotected computer hard drive disappeared from one of the facilities in Alabama last month. In an internal memo obtained by The Associated Press, Nicholson called the department's latest data breach 'tragic' and ordered the VA's Research Enhancement Award Programs to shut down until they are certified as meeting security standards." The New York Times/AP (2/17, A11) carried an abbreviated version of this story.

WSJournal Notes Portman's Guidance On Formerly Earmarked Projects. The Wall Street Journal (2/17, A8, 2.04M), in an editorial, writes, "On Thursday, White House budget director Rob Portman issued little-noticed guidance to all federal departments and agencies that no Congressional requests for spending should be accommodated unless they are 'specifically identified in statutory text' -- which is to say, the law. This may sound like it ought to be regular practice, but it's a revolution in the Beltway. That's because, in order to dodge the legislative earmark limits…Members have been speed-dialing executive branch officials and asking them to fund their specific earmark requests out of agency budgets even though they were purged from the larger budget bill. This Congressional lobbying can be hard for the average federal bureaucrat to refuse, since he doesn't want to offend those on Capitol Hill who control his budget. Mr. Portman's directive is intended to stiffen these backbones against such Congressional extortion."

OTHER NEWS:

Monthly Housing Starts Fall To Lowest Level In A Decade. ABC World News (2/16, story 8, :15, Gibson, 8.78M) reported, "The struggling housing market has just turned in another weak showing. New home construction plunged more than 14% last month, to the lowest level in 10 years. Bad weather gets some of the blame. But permits for future construction were also down in January." The CBS Evening News (2/16, story 3, 1:50, Couric, 7.66M) also said the "housing market is in a slump. Just today, the government reported that builders were putting up new homes last month at the slowest pace in nearly ten years. And with demand for homes down, prices are falling as well." NBC Nightly News (2/16, story 8, 1:30, Williams, 9.87M) also reported on the decline in housing starts.

The Wall Street Journal (2/17, Bater, Blackstone, 2.04M) puts the story on its front page, saying "builders

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slashed construction of new homes last month to the lowest level in nearly a decade, a move that underscores the severity of the sector's slump and signals it will likely continue to be a drag on the economy at least through midyear." The Washington Post (2/17, D2, Schneider, 690K) says housing starts fell to "the slowest annual rate since the late 1990s." The New York Times (2/17, C3, Peters, 1.16M) says economists "seemed to agree that most of the drop-off in residential construction indicated that builders were pulling back from a market that was oversaturated with unsold homes and short on buyers." The New York Times (2/17, A10, Robbins, 1.16M) also runs a feature on the housing situation in Montana, where a boom has had the reverse effect, creating a shortage.

NYTimes Says Lenders, Regulators Must Step In. The New York Times (2/17, A14, 1.16M) editorializes, "There is no sugarcoating the latest news on the United States housing market. The slump in home prices from the end of 2005 to the end of 2006 was the biggest year-over-year drop since the National Association of Realtors started keeping track in 1982. There are no reasons to believe that's the worst of it. … The bust will slow job growth this year in construction and related industries and with it, consumer spending. The severity of these economic side effects will depend on the strength of the overall job market and the stability of interest rates -- both of which are anybody's guess. Squarely in harm's way, however, are low- and middle-income homeowners. … Lenders and regulators should prepare to do all they can to help."

Stocks Essentially Unchanged Friday. The Wall Street Journal (2/17, Ossinger, 2.04M) reports stocks "took a breather after three straight days of gains, lagging most of the day, but pulled a quick move higher in the last hour to virtually break even." The Dow Jones Industrial Average "rose 2.56 to 12767.57, hitting a record for a third straight day with its late move into the black. The S&P 500 lost 1.27 to 1455.54," while the Nasdaq "was off 0.79 to 2496.31." NBC Nightly News (2/16, story 6, :10, Williams, 9.87M) briefly reported the numbers. In addition, the Wall Street Journal (2/17, B4, Norman, 2.04M) says treasury-bond markets "chalked up gains Friday."

Crude Oil Climbs Above $59. The Wall Street Journal (2/17, B4, Farivar, 2.04M) reports crude oil futures "rallied 2.4% and climbed above $59 after the government warned about more militant attacks in Nigeria" and the OPEC secretary-general said producers "were showing compliance with the group's new oil-production target." The March crude-futures contract "jumped $1.40 to $59.39 a barrel" in New York.

LATimes Says Bernanke Compares Favorably To Greenspan. The Los Angeles Times (2/17, 850K), in an editorial, writes, "Federal Reserve Chairman Ben S. Bernanke's testimony on Capitol Hill this week was so clear and succinct — and bullish — that investors may soon forget about his predecessor, Alan Greenspan. Bernanke's message that the economy is enjoying healthy growth, low unemployment and little inflation soothed financial markets, but it was his forthright, substantive answers that awed members of the Senate and House committees that oversee the nation's central bank. Indeed, Bernanke, who's been on the job just over a year, performed better than he should have, politely answering too many questions."

McCain Faces Problems With Home State GOP. A front-page New York Times (2/17, Steinhauer, 1.16M) story headlined "Back At Home, McCain Annoys The G.O.P. Right" looks at what Arizona Republicans think about Sen. John McCain. The Maricopa County Republican Committee chairman "has in his possession a bright yellow button with a black line slashed through the name McCain," just one sign of the "vocal slice of the state's most conservative Republicans, reflecting concerns about Mr. McCain held by some conservatives nationwide," who "are agitating against him in a way that they hope might throw off his incipient presidential campaign." McCain's critics "now hold leadership positions in Maricopa County, the state's most Republican enclave and biggest media market, which includes Phoenix. Their passion about the immigration issue, their flirtations with other candidates and their persistent harping underscore the skepticism about Mr. McCain that already exists among many hard-line conservatives here and around the nation."

McCain To Discuss Abstinence In South Carolina. The AP (2/16, Davenport) reports McCain will be in South Carolina Sunday night to address "about 1,500 middle and high school students about abstaining from premarital sex. Abstinence and abortion loom large as issues in this first-in-the-South primary state in the heart of the Bible Belt." McCain "is courting Christian conservatives in his bid for the GOP nomination."

Giuliani Raises Funds In Richmond. Richmond's WDBJ7.com (2/16) reports Rudy Giuliani "met with some of Virginia's Republican Party before heading to a Richmond dinner designed to fatten his war chest. … As someone who's seen first hand what terrorist are capable of on American soil, Giuliani says now is no time for the U.S. to show weakness in the Middle East."

Romney Discusses 1992 Primary Vote For Democrat Tsongas. ABCNews.com (2/16, Greenberger) reports Mitt Romney "offered a new explanation today for why he supported a Democrat in 1992." Romney, "then a registered independent, voted for former Sen. Paul Tsongas in the 1992 Democratic presidential

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primary. He told ABC's George Stephanopoulos, in an interview that will air Sunday on 'This Week,' that his vote was meant as a tactical maneuver aimed at finding the weakest opponent for incumbent President George H.W. Bush." However, "12 years ago, the Boston Globe reported that Romney was giving a different explanation for his vote for Tsongas. 'Romney confirmed he voted for former U.S. Sen. Paul Tsongas in the state's 1992 Democratic presidential primary, saying he did so both because Tsongas was from Massachusetts and because he favored his ideas over those of Bill Clinton,' the Boston Globe's Scot Lehigh and Frank Phillips wrote on Feb. 3, 1994. 'He added he had been sure the G.O.P. would renominate George Bush, for whom he voted in the fall election.'"

Voters Urged To Look Beyond Romney's Mormonism. In the Washington Post (2/17, A31, 690K), Stephen Stromberg writes that while Gov. George Romney's 1968 presidential campaign "fizzled," what "did not ruin" his "aspirations was his faith. Like his son Mitt, George Romney was a devout Mormon. Religion, as the truism goes, is far more influential in American politics today than it was in the 1960s." But a "candidate's faith, like that of an L.A. high school student or anyone else is ultimately a complex and personal phenomenon, even in the context of a highly centralized religious organization. … No one but Romney can know how his beliefs might affect his judgment. Instead of focusing on his faith, it would be much more worthwhile for voters to judge Mitt Romney on his evolving political agenda -- as Republicans did when George Romney ran in 1967."

Arkansas Ethics Panel Dismisses Complaint Against Huckabee. The AP (2/16, Davenport) reports, "Arkansas' ethics panel dismissed a complaint Friday against former Gov. Mike Huckabee over the presidential candidate's destruction of computer hard drives from his office. By a 3-0 vote, the commission voted to dismiss the complaint filed last month against Huckabee." Huckabee "has defended the destruction of the drives, saying it was done to protect sensitive information such as employees' or constituents' Social Security numbers and credit card information."

Obama Making Headway With Hollywood, Silicon Valley Players. The Wall Street Journal (2/17, A2, Harwood, 2.04M) reports, "Campaign debates often turn on values. Next week, some important political players in Hollywood and Silicon Valley will demonstrate theirs: they like what's hip, new, attractive and future-oriented. In the 1990s, that was Bill Clinton's breakthrough baby boomer presidency. In 2007, it's Barack Obama's multiracial, post-boomer candidacy. That is why three luminous Hollywood names -- the Dreamworks trio of Steven Spielberg, Jeffrey Katzenberg and David Geffen -- are hosting an Obama fund-raiser in Los Angeles Tuesday. And it's why one of Mr. Obama's guides through Silicon Valley is Wade Randlett, an early Democratic force there through the TechNet advocacy group."

In a front-page story, the Washington Post (2/17, Vargas, 690K) reports on the role Facebook.com is having in recruiting young volunteers and supporters for presidential campaigns. The piece focuses largely on Obama.

Obama Makes First South Carolina Visit. Gannett (2/17, Barnett) reports Obama "made his first campaign stop Friday in South Carolina, delivering a rousing can-do message to an enthusiastic crowd of 3,000 at Columbia's convention center." Obama "told supporters he doesn't believe those who say a black man can't be elected. 'Twenty years ago, nobody would have believed this crowd in South Carolina,' he said of the racially mixed group."

Edwards Makes Pitch To Prospective Silicon Valley Donors. The San Francisco Chronicle (2/17, B2, Marinucci, 384K) reports John Edwards, "in an informal living room discussion this week with about 150 Silicon Valley insiders, said the Bush administration has failed America by demonstrating 'enormous incompetence' at home in areas such as responding to Hurricane Katrina and abroad in Iraq." His "shirtsleeves appeal during an intimate evening of dinner and conversation was delivered in the Woodside home of influential venture capitalist Andy Rappaport and his wife, Deborah."

Virginia Democratic Chairman Backing Edwards. The AP (2/16, Davenport) reports Virginia Democratic Party Chairman C. Richard Cranwell will back Edwards, making the announcement "two days after officials with close ties" to Gov. Tim Kaine said the governor will back Sen. Barack Obama. Cranwell said, "This indicates that Virginia is in play for the presidential sweepstakes for the first time in a long time."

Richardson Says New Hampshire Must Be "Breakthrough State For Me." The New Hampshire Union Leader (2/17, DiStaso) reports Gov. Bill Richardson "says he will focus more time, staff and resources to New Hampshire than to any other early primary or caucus state." Richardson "said that as a Westerner, he 'must do well' in Nevada, where the Democratic National Committee has scheduled a new caucus after Iowa's traditional lead-off event but before the New Hampshire primary. But, he said, 'for me, New Hampshire is going to be my main state to concentrate on, staff-wise, resources. I consider this a breakthrough state for me.'" The AP (2/16, Wang) says Richardson campaigned in New Hampshire "after raising $2 million at a fundraiser in New Mexico on Thursday. The total puts him in good standing in the Democratic race although he isn't as well known as some of his rivals."

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Richardson Says Congress Should "Stop Voting On Resolutions That Mean Nothing." In another report, the New Hampshire Union Leader (2/17, DiStaso) says Richardson also said Congress "should stop focusing on nonbinding resolutions and should vote instead on whether to take back from President Bush its 2002 authorization for the U.S. participation in the war in Iraq. … Richardson said lawmakers 'should stop voting on resolutions that mean nothing.'"

Biden Says He Is Only Democratic Contender With An Iraq Plan. The AP (2/16, Jackson) reports Sen. Joseph Bide, in Iowa Friday, said he is "the only Democratic presidential candidate who has a plan for Iraq, dismissing the ideas of other contenders as tactics that would leave the Middle East in peril." Biden said, "They have tactics, not a plan. What are they going to do, stop the civil war? ... There's a lot of people who have ideas about how to get out, but not many ideas about how to leave something more stable behind."

Cornyn's Support For Bush Said To Leave Him Potentially Vulnerable. The Washington Post (2/17, A5, Murray, 690K) reports, "In a sea of Republican doubt," Sen. John Cornyn "is all about certainty. He is certain that President Bush's decision to send more troops into battle is the right move. He is certain that Democratic war thinking is wrong. Despite the growing misgivings of so many GOP lawmakers, Cornyn is certain that the United States should stay in Iraq until the job is done. The freshman senator is such a throwback to the early days of GOP fealty to Bush that his Senate Web site includes a 'compassionate conservatism' link." According to the Post, Cornyn "is a favorite at the White House, but his unalloyed defense of Bush's Iraq policies have some back home wondering whether he has gone too far. … The lack of daylight between Bush and Cornyn, particularly over the war, has raised a few eyebrows among Democrats and within Texas political circles." The Texas Blue, a "progressive" Web site, "raised the question of Cornyn's potential vulnerability. The evidence: two years of monthly tracking polls that showed Cornyn's job approval rating barely breaking 45 percent and a random sample of Texas residents conducted in December that detected a slight shift in favor toward Democrats."

California Dispenses $45 Million In Stem Cell Research Grants. The New York Times/AP (2/17, A10) reports, "California's stem cell agency gave out nearly $45 million in research grants to about 20 state universities and nonprofit research laboratories on Friday, far exceeding the federal government's annual outlays for stem cell work." The Los Angeles Times (2/17, Engel, 850K) reports, "The funding is a fraction of the decade-long, $300-million-a-year juggernaut voters approved under 2004's Proposition 71, the Stem Cell Research and Cures Act. But it signaled the determination of the voter-created California Institute for Regenerative Medicine to make the state a player in the nascent field even as the bonds remain frozen by litigation. 'We can't afford to wait when it comes to advancing a life-saving science,' Gov. Arnold Schwarzenegger said Friday at a news conference. To tide the state over during the lawsuits, Schwarzenegger arranged the $150-million state loan last summer on the day that President Bush vetoed legislation aimed at loosening federal funding restrictions."

Fox News Channel To Premiere Conservative "Daily Show" Rival. The Los Angeles Times (2/17, Miller, 850K) reports, "Intended by its conservative creators as a counterbalance to 'The Daily Show' and 'The Colbert Report' on Comedy Central, 'The 1/2 -Hour News Hour' premieres Sunday" on the Fox News Channel "and will satirize current events and pop culture from a distinctly right of center viewpoint. Much like the 24-hour news channel itself, the show is out to fill a void in the marketplace, which the show's creators perceive as decidedly liberal." The Politico (2/16, Andrews) reports, "Produced by Joel Surnow, the brains behind Fox's hit '24,' 'The Half-Hour News Hour' is a mock news satire (but for conservatives) that will hopefully make everyone forget about Comedy Central's 'The Daily Show.' Washington Post (2/17, C1, 690K) reviewer Tom Shales says the show "definitely has its moments," and the New York Times (2/17, Stanley, 1.16M) also has a review.

Bush Telephones Abdullah, Olmert Ahead Of Rice's Middle East Mission. AFP (2/17) notes a White House announcement that President Bush "discussed the situation in the Middle East with Israeli Prime Minister Ehud Olmert and Saudi Arabia's King Abdullah." Those "telephone talks came just before" Secretary of State Condoleezza Rice "headed to the Middle East to host a rare summit between Israeli and Palestinian leaders that she hopes will break new ground in reviving peace negotiations frozen for nearly seven years." The statement said that "Monday's meeting with Palestinian President Mahmud Abbas and Olmert was the focus of Bush's talks with" Olmert. Bush "also 'discussed the situation in Iraq and developments in Israeli-Palestinian affairs' with the Saudi king."

The Financial Times (2/17, Morris) says "officials have set the bar so low" for Rice's effort "that even a modest step towards a revival of the moribund peace process is likely to be spun as a giant leap." The Administration, "bogged down in Iraq and assailed in Congress, badly wants to hear some good news from the Middle East. The timing, however, could hardly be worse." Abbas' "embrace of Hamas, the Islamist

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group, has raised questions of the Palestinian Authority president's suitability as a peace partner, while a domestic crisis of confidence in [Olmert] has cast doubt on his ability to break the deadlock."

Bush Budget Would Trim Andean Counterdrug Program. The Washington Times (2/17, Arostegui, 88K) reports President Bush's FY08 budget request "calls for deep cuts in the leading U.S. program to fight drug trafficking in the Andean region, amid growing clashes over drug policy between Washington and leftist governments in Venezuela and Bolivia. The cuts to the Andean Counterdrug Initiative (ACI) affect every country in the region except Colombia." The proposed funding levels "have been criticized by governments in the area, as well as by U.S. counternarcotics officials and some lawmakers on Capitol Hill." The Times says the request for $442.8 million for ACI is "down 23 percent from the estimated spending for the current fiscal year and off nearly 40 percent from $727.2 million in fiscal 2006."

Colombian President's Domestic "Scandals" Said To Strain US Support. The Washington Post (2/17, A28, Forero, 690K) notes the "widening scandal" facing Colombian President Alvaro Uribe and his allies "raises skepticism" within Congress of aid programs to Bogota. Noting Thursday's arrest of four senators including the foreign minister's brother, the Post notes, "Officials in Washington said Uribe's support for the foreign minister would not help the Colombian government in its negotiations with U.S. lawmakers." Rep. Sander Levin "said Colombian officials cannot count on easy passage of a free-trade agreement or military assistance, as is currently being provided under a program known as Plan Colombia." The Post adds, "Though lawmakers in Washington remain intensely focused on Iraq, it is not lost on policymakers that Colombia remains the biggest recipient of U.S. assistance outside of the Middle East and Afghanistan." Notably, "for Uribe, the scandal couldn't have come at a worse moment." While the "Bush administration has reiterated its support for Uribe," the "latest disclosures have drawn heated criticism, from organizations such as Human Rights Watch and from some of Capitol Hill's more influential shapers of U.S. policy in Latin America, including" Senate Appropriations Foreign Operations Subcommittee Chairman Patrick Leahy.

Battling Inflation, Shortages, Chavez Cracks Down Price Control Violators. The New York Times (2/17, A3, Romero, 1.16M) reports, "Faced with an accelerating inflation rate and shortages of basic foods like beef, chicken and milk, President Hugo Chávez has threatened to jail grocery store owners and nationalize their businesses if they violate the country's expanding price controls." Some experts believe those "measures…are likely to backfire and generate even more acute shortages and higher prices for consumers." Chavez "seemed unfazed by criticism of his policies. Appearing live on national television, he called for the creation of 'committees of social control,' essentially groups of his political supporters whose purpose would be to report on farmers, ranchers, supermarket owners and street vendors who circumvent the state's effort to control food prices." Despite 10 percent economic expansion in 2006, "economists who have worked with Mr. Chávez's government say that soaring public spending is overheating Venezuela's economy, generating imbalances in the distribution of products from sugar to basic construction materials like wallboard."

Economic Factors Conspire To Slow Mexican Growth. Under the front-page headline, "Mexico's Economy Loses Steam," the Los Angeles Times (2/17, Dickerson, 850K) reports the Mexican economy "slowed in the last three months of 2006, and that could have consequences in the United States: Tough times in Mexico typically fuel immigration north of the border." The "deceleration was blamed largely on a sluggish factory sector and a slowdown in exports to Mexico's principal customer, the United States." The year-long GDP growth of 4.8% was "the strongest since 2000," as "high oil prices pumped record tax revenue into government coffers" and Mexico "had a banner year in job creation." However, the Times says "the economy of the United States, Mexico's biggest trading partner, is weakening. Mexico's inflation has been rising, its oil production is slipping, and the nation's bellwether auto sector has hit a speed bump."

Prominent Chinese AIDS Doctor To Attend Washington Ceremony. The New York Times (2/17, A4, Yardley, 1.16M) notes Beijing "gave in to international pressure on Friday and agreed to release a prominent AIDS doctor from house arrest so she can attend an awards ceremony in Washington next month." Gao Yaojie, who has been under house arrest since the first of the month, will be honored by Vital Voices Global Partnership. Sen. Hillary Clinton, "an honorary co-chairwoman of Vital Voices, announced China's decision on Friday after receiving the news from the Chinese ambassador in Washington." Gao "is famously outspoken, and although China has taken a more open approach toward AIDS in recent years, officials were apparently worried she might say something provocative or embarrassing in Washington."

NATO Calls Missile Defense Worries Unfounded. The New York Times (2/17, A8, Dempsey,

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1.16M) reports in a five-sentence brief, "Gen. John Craddock of the United States Army, who recently took over as the NATO supreme allied commander in Europe, said Russia had nothing to fear from a planned antimissile system that the United States wants to install in Poland and the Czech Republic. 'It's been clearly stated what the U.S. intention is," he said, "and that is to provide defense against missiles from a rogue nation.' Although he did not name any country, the antimissile site would be designed to stop attacks by Iran against the United States and its European allies."

Turkish Court Sentences 2003 Istanbul Bombers. The New York Times (2/17, A7, Arsu, 1.16M) reports a Turkish court "sentenced seven Muslim men to life in prison and several dozen other people to lesser terms for their involvement in the deadly bombings of Jewish and British sites [in Istanbul] in 2003." Those car "bombings killed more than 60 people and wounded hundreds more." The "life sentences were given to those who were determined to have been masterminds of the plot. Six of the seven denied any links with Al Qaeda and sought acquittal. The judge sentenced 41 other defendants to prison terms ranging from 3 to 18 years on a variety of charges, while 26 defendants were acquitted." BBC.com (2/16) adds the court "sentenced seven people to life in prison for the 2003 Istanbul bombings which killed 58 people including the UK consul-general."

French Judge Implicates Rwandan President In Assassination That Sparked Genocide. A 2,000-word piece on the front page of the Los Angeles Times (2/17, Rotella, 850K) discusses French Magistrate Jean-Louis Bruguiere's controversial report implicating Rwandan President Paul Kagame in the 1994 assassination for former President Juvenal Habyarimana and his Burundian counterpart. His "investigation includes allegations that U.S. and U.N. officials helped quash earlier inquiries to protect Kagame, an ally of the United States. The French judge's report, which was obtained by The Times, has caused an uproar in Africa and Europe, and led Kagame's government to break off relations with France." While Bruguiere and his colleagues "do not claim that the assassination was the sole cause of the genocide," he "alleges that Kagame sacrificed fellow Tutsis in a brutal 'political calculation' aimed at toppling the Hutu-dominated government." Kagame "adheres to the contrasting theory that extremist Hutus angry about the peace deal with the Tutsis killed Habyarimana." Notably, "former U.N. investigators who initially looked into the assassination told Bruguiere that their bosses had blocked efforts to pursue leads implicating Kagame."

UN's Ban Says Split Peacekeeping Department Would Improve Operations. The Financial Times (2/17, Turner) notes UN Secretary-General Ban Ki-moon "warned that an unprecedented global surge in UN peacekeeping operations had left its leadership 'impossibly overstretched' and unable to cope without serious reform." The Times calls Ban's plan "an ambitious restructuring proposal," and says he seeks "to split the peacekeeping department in two by creating a new department for field support. This would also take in parts of the UN that deal with personnel management and recruitment, and free peacekeeping operations officials to focus on strategy." The Times warns that Ban "faces a deep reluctance by governments to cede any authority to UN bureaucracy. After a troubled first month, he was beset by complaints from rich and poor countries alike that he was not consulting enough and that his team did not appear to understand how the UN worked."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Split House Condemns Iraq Troop Surge Plan."
"Rwanda Accusation Causes Uproar."
"Mexico Slump Could Drive Migration."
"Film Puts Focus On Pedophile Priest."

New York Times:
"A Divided House Denounces Plan For More Troops."
"Italy Indicts 26, Many From C.I.A., In '03 Abduction."
"Iranian Force, Focus Of U.S., Still A Mystery."
"Furor On Rush To Require Cervical Cancer Vaccine."
"More Girls Take Part In High School Wrestling."
"Back At Home, McCain Annoys The G.O.P. Right."
"Mayor Relents, Forgiving Tickets On Iced-In Cars."

Washington Post:
"House Rebukes Bush On Iraq."
"Young Voters Find Voice On Facebook."
"GOP Rift Swells In Va. General Assembly."
"Milan Court Indicts 26 Americans In Abduction."
"In Energy Conservation, Calif. Sees Light."
"Democrats Signal A Wider Battle Lasting The Rest Of President's Term."

Washington Times:
"House Votes Against Troop Surge In Iraq."
"Al Qaeda's Outrages Swing Sunnis To U.S."
"GM, DaimlerChrysler Deny Buyout Talks."
"Airline Pilot Hailed As Hero For Foiling Armed Hijacker."
"Anglican Leaders Spurn U.S. Peer."

Detroit Free Press:
"Will GM Really Buy Chrysler?"

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"Gm Turns Up $200M In Earnings."
"DCX To Sell U.S. Brands In China."
"Daytona 500: Drop The Flag."

Atlanta Journal-Constitution:
"Most Of S. Springs Water Turned Off."
"House Rejects Troop Surge."
"Toddler Attacked, Killed By Dogs."
"Peanut Butter Refunds At Stores."
"Pilot, Passengers Foil Hijacker."
"Local Agencies Join Deportation."
"Parents Guilty In Death Of Son, 8."

Dallas Morning News:
"Adult Video Retailer May Halt Red Bird Build."
"Dallas County Jail Frees 700, Will Boost Staff."
"Police: Man's Obsession Led To Murder."
"$3M Bid For Oswald's Reputed Sniper's Perch Falls Through."
"FW Judge Dismisses Suit Over Water Gardens Drownings."
"House Opposes Iraq Buildup."
"Texans Could Get Rebates On Hybrid Vehicles."

Houston Chronicle:
"Targeted Wife Blasts Husband's Greed, Lust, Laziness."
"DPS Crime Lab Employee's Arrest Could Hurt Cases."
"Merrill Lynch Execs Could Avoid Enron Case Retrial."
"Comptroller: Keep Texas College Tuition Plan Shut."
"House Vote Repudiates Bush's Iraq Surge Policy."
"McGrady Spreads Joy Around All-Star Game."
"Scofflaws Face Arrest In Crackdown On Fines."
"Astros Pitching Coach Wallace Back At Work."
"Rising Fuel Costs Lift Southwest's Low Fares."
"HISD Student, 8, Takes Cocaine To School."

Story Lineup From Last Night's Network News:
ABC: House Resolution; House Resolution Analysis; Troop Surge; Italy Arrests; Bush Mole Removal; German Paraglider; Air Travelers' Bill Of Rights; Housing Market; Deadly School Plot; University Of Illinois Mascot; Injured Marine Becomes Pitcher.
CBS: House Resolution; White House Reaction To Resolution; Housing Market; Florida Home Sellers; Pennsylvania Storm Response; Air Travelers' Bill Of Rights; Children Of Troops; Bush Mole Removal; Winter Weather; Mother With Cervical Cancer.
NBC: House Resolution; White House Reaction To Resolution; Bush Mole Removal; Troops Returning To Iraq; Winter Weather; Auto Companies; Wall Street Report; Elderly Parents; Housing Market; Flight Attendant Makes A Difference.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:
PRESIDENT BUSH — No events scheduled.
VICE PRESIDENT CHENEY — No events scheduled.

US Senate: Convenes for procedural vote on resolution regarding President Bush's Iraq strategy.

US House: Not in session.

Other: NASA-TEACHERS _ NASA and the National Institute of Aerospace (NIA) host the 12th Annual Pre-Service Teacher Conference. The conference was created to help undergraduate education students develop the confidence and skills to teach mathematics and science effectively using cutting-edge technology and educational materials that NASA can provide. Former astronaut Bernard Harris, Jr., will open the conference as the keynote speaker. Harris was the payload commander on shuttle flight STS-63, the first flight of a new joint Russian-American Space Program in 1995. During the flight, Harris became the first African-American to walk in space. Location: Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, Va. Contacts: Sonja Alexander, 202-358-1761

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Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, February 20, 2007 10:56 AM
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AP

February 20, 2007

Administration backed by appellate court on detainee issue

Associated Press

WASHINGTON - Guantanamo Bay detainees may not challenge their detention in U.S. courts, a federal appeals court said Tuesday in a ruling upholding a key provision in President Bush's anti-terrorism law.

The U.S. Court of Appeals for the District of Columbia Circuit ruled 2-1 that civilian courts no longer have the authority to consider whether the military is illegally holding foreigners.

END

Mediafax (Romania)

BUCHAREST, Feb 20

Witness Brought From Iraq In Munaf File

Octavian Harseu is the witness requested by journalist Ovidiu Ohanesian, one of the three Romanians kidnapped in Iraq in 2005, in the terrorism file accusing Mohammad Munaf. The Bucharest Court of Appeals decided Harseu must be brought to Romania. The Romanian Ministry of Justice and the Romanian Embassy will try to bring him from Iraq.

The court analyzed Tuesday the CDs brought as evidence by Ohanesian, but the footage was not clear.

END

Mercury (Hobart, Australia)

February 20, 2007

US man again critical of Hicks

US ambassador Robert McCallum has hit out at supporters he says are painting an unduly sympathetic portrait of David Hicks, a man who left his children behind when he went to train with militants in the Middle East.

Mr McCallum, who last week described Guantanamo Bay inmates like Hicks as ruthless fanatics who would kill in the blink of an eye, defended his right to speak about the detainees .

``I'm always surprised that those who view things from a perspective that is favourable to Mr Hicks are allowed to talk about whatever they care to and make whatever allegations they care to," he said.

But Mr McCallum said when he spoke on behalf of the many American citizens traumatised by the September\l "l" 11\l "l" terrorist attacks it was viewed as prejudicial.

"(We are told) we cannot talk about anything because it might prejudice the case," he said.

Treasurer Peter Costello weighed into the debate yesterday when he claimed that Hicks could easily have killed Australian soldiers if he hadn't been caught by coalition forces.

END

Huntsville, AL, Times

February 17, 2007

Whistle-blower lawsuit settled

By DAVID HOLDEN Times Staff Writer

County averts trial, verdict over defunct jobs program

The Madison County Commission approved an out-of-court settlement Friday of a federal whistle-blower lawsuit that could save more than $1.3 million in taxpayers' money.

Five of the six commissioners voted to pay $53,750 as the county's part of a $110,000 settlement to end litigation that stemmed from the defunct Working Connection welfare-to-work program.

Tommie Lockhart of Huntsville, who sued in October 2001 under the federal False Claims Act, will receive 30 percent of the settlement. The government will receive a 70 percent share after payment of $45,000 to Lockhart's attorney, Kerri Riley, for legal fees.

Lockhart was executive director of the program from December 1999 to August 2000.

Commissioner Faye Dyer was absent Friday, and Commission Chairman Mike Gillespie does not vote unless there is a tie.

The Working Connection program, run out of former Commissioner Prince Preyer's District 6 office, was created in 1999 with a $4.7 million grant from the U.S. Department of Labor. The program was designed to help find jobs for parents who didn't have custody of their children, to help those parents pay child support.

The county used about $2.2 million of the grant but forfeited the remaining $2.5 million when the program closed in July 2002. The Labor Department determined that the program was being mismanaged and that not enough people were receiving help.

Madison County Attorney Julian Butler said Friday that the settlement is a good business decision. The county could have had to pay much more if the case went to trial in federal court. A trial was scheduled for March 19 before U.S. District Judge L. Scott Coogler.

The county and its insurance provider, St. Paul Travelers Insurance Co., will each pay $53,750. Abdul Jalloh and Sylvanus Ogburia, who both provided services for and received payments from the Working Connection program, will pay a combined $2,500.

Lockhart sued the commission under the federal whistle-blower law. The whistle-blower lawsuit was a sealed document in the federal court, and the commission did not learn that it was filed by Lockhart until July 2005, Butler said.

The county reached an out-of-court settlement with Lockhart, who claimed in an August 2001 lawsuit that

he was wrongly fired. Lockhart alleged that he lost his $42,300-a-year job as head of Working Connection in 2000 because he accused Preyer of mis-spending the grant money.

Two federal audits of the program determined that the county owed federal agencies a total of $369,573. The commission paid the government $153,113 to cover the disputed sums.

If the county had chosen to go to court in the whistle-blower litigation and lost, it could be ordered to pay three times the original disputed amount of $369,573 identified by the audits, Butler said. The county also could be required to pay $10,000 in civil penalties for each of 28 possible false claims allegedly submitted for payment under the welfare-to-work program, he said. The county's total exposure would be $1.54 million.

The $153,113 the county has already paid to settle the audits would be subtracted from the $1.54 million, leaving a balance of $1.3 million.

Commissioner Bob Harrison, who replaced Preyer as the District 6 representative, called the handling of the Working Connection program a dereliction of duty and irresponsibility that hampers the county's ability to win similar federal grants.

"Ultimately, the only people hurt were those who live in District 6," he said.

District 4 Commissioner Dale Strong asked if it is possible to recoup the money the county had paid to settle the issue by suing Preyer, Jalloh and Ogburia. "If you look at the record," he said, "I voted to close the program long before it was closed."

Harrison asked the commission to consider Strong's question at a later date.

END

Brownsville, TX, Herald

February 17, 2007

FBI raids hospital operator's office

By Michael Barnett

EDINBURG — FBI agents raided the Edinburg corporate offices of South Texas Health System on Friday in what company officials said was an investigation into possible Medicare and Medicaid fraud.

For several hours Friday morning, FBI agents took boxes of documents from the building at 1400 W. Trenton Road and placed them in a U-Haul truck.

Agents and other federal officials would not comment on the raid, saying they would make some information public in the coming days.

In a statement, Universal Health Services Inc., which operates South Texas Health System, said the raid was connected to an ongoing criminal investigation under the federal False Claims Act.

The investigation centers on Medicare and Medicaid rules regarding doctor employment and referrals, according to the statement. Investigators are examining what happened during a nearly six-year period ending in Nov. 21, 2005, when South Texas first received a federal subpoena

Medicaid and Medicare fraud often occurs when health care providers bill for fake patients or charge the government for services they did not render.

In several cases in the Rio Grande Valley, health-care providers have been accused of committing fraud without the knowledge of their bosses.

In December, mental health counselor Sigifredo Flores was accused of defrauding Medicaid of at least $20,000; Flores' employers, meanwhile, did not know about his alleged transactions.

In Cameron County, two men face charges that they embezzled between $20,000 and $100,000 from Medicaid while practicing medicine without licenses at a clinic.

Universal Health Services first disclosed the federal investigation into possible fraud in a report it filed with the Securities and Exchange Commission in March 2006. At the time, South Texas officials told The Monitor that they were unsure what or whom the government was targeting.

"We've asked the question whether we're a target and so on and have been told no," said Dan McLean, who was South Texas' CEO when the subpoena was served. "They play these things pretty close to the vest while they do their investigations."

Federal agents were similarly tight-lipped Friday as they went in and out of the medical company's building behind Edinburg Regional Medical Center off Trenton Road.

The building houses the CEO's office and the company's business, marketing and human resources departments, said Dalinda Guillen, spokeswoman for South Texas Health System.

Some of the employees of those departments were sent home Friday because the office was closed for the day. The raid did not interrupt hospital operations.

South Texas Health Systems also runs McAllen Medical Center, McAllen Heart Hospital and Edinburg Children's Hospital.

END

Baxter, AZ, Bulletin

February 20, 2007

Judge drops suit naming MH hospital

JOANNE BRATTON
Bulletin Staff Writer

A U.S. District Court judge dismissed a claim accusing a company that operated a rehabilitation unit at a Baxter County hospital of submitting false Medicare claims from 1999 to 2000.

The lawsuit was filed in August 2000 by Dr. Gregory Kersulis and Jimmie Wilson against RehabCare Group Inc. and Baxter County Regional Hospital, now Baxter Regional Medical Center. RehabCare, based in St. Louis, Mo., managed and staffed the acute rehabilitation unit at the hospital from 1996 to 2001.

The lawsuit alleged RehabCare and the hospital, which submitted the claims for Medicare

reimbursement, violated federal rules for reimbursement of Medicare and fired Kersulis and Wilson after they reported their alleged findings to superiors.

The suit was dismissed Jan. 29 by Judge G. Thomas Eisele, U.S. District Court, Western District in Little Rock, because of lack of evidence. RehabCare Group announced the judge's decision on its company Web site Friday, adding that Kersulis and Wilson agreed not to appeal the court's decision.

"We are very gratified by the decision in this case," said Nicole G. Vaccarella, vice president of Baxter Regional Medical Center. "We always believed Baxter Regional Medical Center acted properly and followed Medicare regulations, and we had faith the legal process would bear this out."

RehabCare also issued a statement in the case.

"Following several years of deliberation, we are very pleased that the court has reached a conclusion which correctly upholds our reputation and integrity and confirms our commitment to practice standards that follow the rule of the law," said David Groce, RehabCare senior vice president, in the company's news release.

Kersulis' and Wilson's lead attorney, Charles A. Banks of Little Rock, did not return a call for comment Monday.

Kersulis, a neurologist, worked as a medical director for RehabCare's rehabilitation unit at the hospital from October 1997 until he was fired in June of 2000. Wilson had worked as a physical therapist at RehabCare's facility at the hospital from 1994 until 2000. In the lawsuit, they each asked for three times the damages the government sustained and a $10,000 civil penalty for each violation. They also asked for two times the amount of back pay from their employers, plus interest, damages and attorney fees.

END

Virginia Pilot

February 20, 2007

Military pay rules overhaul slowed by lawsuits, union concerns

By LOUIS HANSEN, The Virginian-Pilot

NORFOLK - About 2,200 white-collar civilian Navy employees have been shifted to a new personnel system, a change that eventually could affect thousands more federal workers in Hampton Roads.

The move - already being fought by unions - is part of the National Security Personnel System, an overhaul of the management and personnel rules for civilians working for the Department of Defense.

The military believes the system, known by its shorthand NSPS, will force supervisors and employees to meet more often and create formal goals.

It eliminates the 15-step general schedule, or "GS," ratings and moves employee compensation into three pay ranges. The military says it will give supervisors more discretion to reward good employees and punish poor performers.

Organized labor groups say it gives the secretary of defense the power to void union agreements and shrink the civilian work force.

The Association of Federal Government Employees, the country's largest union for federal employees

with 600,000 members, and other unions have successfully sued in federal court to stop parts of the system even before it was implemented.

In February 2006, the U.S. District Court for the District of Columbia ruled the D efense D epartment plan failed to ensure that civilian employees can bargain collectively. The court also found the appeals process for personnel disputes was unfair and illegal.

The D efense D epartment is appealing the decision, but the lawsuit has slowed the system from being widely implemented.

In Hampton Roads, the 2,200 employees who were switched in late January are non union and hold administrative jobs in various Navy and Joint Forces headquarters. The local Navy civilian work force totals 26,000 employees with a $1.5 billion annual payroll.

Mark Honecker, executive director and chief of staff for Fleet Forces command in Norfolk, said training for the new system has taken between four and seven days for employees and supervisors.

He believes the system will allow workers to set clear goals and create a more motivated and focused work force.

"The supervisors are going to have to spend a lot more time sitting down and talking to the employees," he said.

Employees have been most concerned about salaries, he said. No one has lost pay under the new system, and most actually have received raises, he said.

Supervisors may have more control over compensation, he said, and employees will be rewarded for their performance, not simply longevity.

Honecker acknowledged that the employees, who help prepare the fleet for training and deployments, have been skeptical. Fleet Forces has held training sessions and town hall meetings for workers since last summer.

"Change is still a hard thing," Honecker said.

Matt Biggs, a lobbyist for the International Federation of Professional and Technical Engineers, said the plan was designed to kill unions and reduce pay for civilian workers.

"They've created an illegal personnel system," said Biggs, whose union joined the lawsuit.

Local employees are just starting to understand it.

Anna Pope, 29, spent 10 years in the Navy and an additional year working as a paralegal in two private law firms. She became a paralegal for the federal government for the benefits and stability.

So far, she likes the change: The system is closer to Navy evaluations that graded her on a performance scale.

"Pay was obviously the biggest issue," she said.

When Pope learned she would receive a raise, she concluded, "I t's a great system."

Gary Edwards, an environmental engineer with Fleet Forces, supervises nine other professional staffers. He sees the process as formalizing goals and missions within his office that used to be done informally.

It means more paperwork, he said, but he's optimistic.

He acknowledged that workers have mixed feelings but said: "T he jury's still out. Let's give it a chance."

END

OpEd News
February 19, 2007

Suicide Risk of Neurontin Kept Hidden for Years

The all-time poster child for a drug illegally promoted for off-label uses, is Neurontin, marketed by Warner-Lambert, and its Parke-Davis division, until Pfizer acquired the company in 2000.

The term "off-label" means prescribing a drug for indications not listed on the label, upping the recommended dose, prescribing a drug in combination with other medications, or using a drug with a patient population, such as children, not listed on the label.

As part of the approval process, the FDA reviews the drug's labeling, which must include the proposed claims about the drug's risks and benefits, as well as the directions for use.

If an indication is not listed, it means the drug maker has not submitted the required studies to prove the drug is safe and effective for that use. While physicians may prescribe a drug approved by the FDA for an unapproved use, it's against the law for a drug maker to influence doctors to prescribe a drug for uses outside the label.

Pfizer completed the acquisition of Warner-Lambert in June 2000, and four years later in May 2004, Pfizer pleaded guilty to illegally marketing Neurontin for unapproved uses and agreed to pay a $430 million, the second-largest settlement ever in a health care fraud prosecution, to settle charges brought by the US Department of Justice that included defrauding public health care programs.

The case specifically sought to recover the losses to public programs resulting from the off-label promotion of a drug and focused primarily on Medicaid, which spent an estimated $422 million on Neurontin between 1994 to mid-2000.

In the end, Pfizer paid $83.6 million to the federal government and $68.4 million to the 50 states and the District of Columbia. In addition, Pfizer agreed to pay the states a total of $38 million to settle liabilities under state consumer protection laws, and a $240 million criminal fine, according to the DOJ.

However, the settlement with the DOJ did not include damage awards for patients who may have been injured by Neurontin and many patients, or families representing deceased Neurontin victims, have filed lawsuits against the company.

Many of the cases are wrongful death actions based on the company's failure to warn about the risk of suicidality associated with the drug. In 2004, attorneys Derek braslow and Harris Pogust of the Pennsylvania law firm, Pogust & Braslow, began filing lawsuits on behalf of victims who became suicidal.

Pogust & Braslow represent plaintiff, Natalie Biedenbender, whose husband Mark committed suicide on July 9, 2005, at age 39, after being prescribed Neurontin off-label for back pain, in a wrongful death lawsuit.

According to the lawsuit, from July 1995 through at least August 5, 2002, the company engaged in a marketing program "to induce physicians to prescribe Neurontin, for medical conditions for which the FDA had not approved Neurontin to be used."

That program, the complaint charges, included (a) illegally promoting the sale and use of Neurontin for a

variety of conditions "for which defendants had not performed the required FDA testing or established safety and efficacy;" and (b) offering and paying illegal remuneration to doctors, "either directly or through third parties, to induce them to promote and prescribe Neurontin for off-label uses."

On May 17, 2004, Andrew Finkelstein, of the New York law firm of Finkelstein & Partners, submitted a citizen's petition to the FDA requesting that a black box suicide warning be added to the label and that a Dear Doctor letter be sent out to instructing physicians to be on alert for increased depression in patients taking the drug.

Mr Finkelstein also continued to remind the FDA about the rising number of suicides. In a March 21, 2005, letter to Dr Russell Katz, he wrote in part: "Enclosed you will find two hundred fifty eight MedWatch forms ... Each represents a suicide of an American who was on Neurontin when he or she took his or her own life."

"Many of these suicides likely could have been prevented," he said, "had both the treating physician and unsuspecting families been armed with full knowledge of the risks of suicide that was known to both the FDA and the manufacturer."

But as it turns out, the FDA was fully aware of the suicidality risk when Neurontin was recommended for approval in 1992, and Dr Katz oversaw the FDA's analysis of the clinical data provided to support the New Drug Application.

According to Mr Finkelstein, the evaluation of serious adverse events during the original clinical trials showed the risk of suicide was known and a major concern. In the letter to Dr Katz, he pointed out that an FDA reviewer specifically stated in December, 1992:

Serious adverse events may limit the drug's widespread usefulness. Depression, while it may not be an infrequent occurrence in the epileptic population, may become worse and require intervention or lead to suicide, as it has resulted in some suicidal attempts during clinical trials.

In fact, in the clinical trials, Neurontin was attributed to four people actually attempting suicide, two more having depression with suicidal ideations, and 22 participants reporting depression so severe it required pharmacologic intervention. Most alarming was that 19 of the 78 participants who reported depression had no prior history of depression.

"Clearly," Mr Finkelstein told Mr Katz, "the FDA did not approve this drug with any expectation of use beyond the approved indication."

Documents that surfaced in litigation also show that the FDA was aware of the off-label marketing scheme eight years before the DOJ settlement. In July, 1996, FDA official, Lesley Frank, wrote to Parke-Davis and said in part:

Parke-Davis may be promoting Neurontin for 'off-label' uses ... in printed promotional materials, in detail or sales presentations to physicians, and through the use of company-solicited physician participation in a series of teleconferences.

These promotions of Neurontin for off-label uses included, but were not limited to, its use in chronic pain, bipolar disorders, and other psychiatric conditions. As you are aware, Neurontin's only approved indication was for adjunctive therapy in the treatment of partial seizures with and without secondary generalization in adults with epilepsy.

The documents show that after 11 months, Parke-Davis sent a written response denying all the allegations and the FDA accepted the denials and the matter was dropped.

In reality, $430 million was chickenfeed to Pfizer, considering that at the time of the settlement, Neurontin sales were up 32% from 2003, and the 2004 sales were expected to exceed the $2.7 billion mark set in

2003. In actuality, the settlement amounted to only about 15% of the gross sales of Neurontin in 2003.

By 2002, a full 94% of Neurontin sales were for off-label use and according to the August 16, 2004, USA Today, when Pfizer settled the lawsuit, the Wall Street firm Lehman Bros estimated that 90% of the sales were still off-label.

At the time, Pfizer issued a statement that said the illegal practices took place before Pfizer acquired Warner-Lambert. However, sales figures clearly show that Pfizer was still reaping the benefits of the illegal promotion of Neurontin at the time of the settlement.

"Although Neurontin is prescribed for scores of off-label indications," Attorney Braslow reports, "since 2000 off-label use continues to be most common in the areas where the company focused its illegal marketing efforts such as bipolar disorder, peripheral neuropathy and migraine headaches."

"This increase," he points out, "is most likely a direct result of sales representatives and leading physicians, who were paid by the company recommending its use for these conditions."

According to Attorney Pogust, "there are no scientific studies that support Neurontin's use for pain disorders."

"But as a result of the company's previous promotional activities," he says, "tens of thousands of patients who could use other pain killing drugs whose effectiveness has been established, are given Neurontin."

"These prescriptions for pain," Mr Pogust notes, "are still being written, as a direct result of past illegal promotional activities."

"Likewise," he points out, "the off-label prescriptions of Neurontin for bipolar disorder, attention deficit disorder, and depression are also without any scientific evidence supporting such uses."

The off-label scheme was first revealed by whistleblower, David Franklin, a former Park-Davis employee who worked as a medical liaison, in a lawsuit against Warner-Lambert and its Parke-Davis division filed under the federal False Claims Act.

By Mr Franklin's estimates, as much as 90% of prescriptions for Neurontin were written off-label as a result of the illegal scheme which prosecutors claim dates back to1995. To back up his allegations, Mr Franklin offered a voicemail he saved from his boss that stated:

I want you out there every day selling Neurontin... holding their hand, whispering in their ear, Neurontin for pain, Neurontin for monotherapy, Neurontin for bipolar, Neurontin for everything. I don't want to see a single patient coming off Neurontin before they've been up to at least 4,800 milligrams a day.

His boss concluded by stating: "I don't want to hear that safety crap either. It's a great drug"

As a whistleblower in a case to recover federal funds, Mr Franklin was entitled to a percentage of the settlement and received $24.6 million

The Drug Industry Document Archive (DIDA), created by the Center for Knowledge Management at the University of California San Francisco Library in collaboration with faculty members, contains roughly 1,000 documents drawn primarily from the case titled, United States ex rel David Franklin vs Parke-Davis, Division of Warner-Lambert, which describe all the specific details on the Neutontin off-label marketing scheme.

In settling the charges, Pfizer pleaded guilty only to conduct occurring before August 21, 1996, even though the DOJ determined that illegal activities had occurred much later, making it possible for Pfizer to continue to participate in federally funded health care programs despite a health care fraud law that went into effect on August 21, 1996, that would have required its exclusion from public programs.

Pfizer escaped the severe penalties, that many critics say would have sent a clear message to companies engaging in such conduct to knock it off or risk losing the most treasured customer base of all public health care programs, even though Warner-Lambert had been convicted of a felony in 1995, for failing to report failures concerning other drugs, which meant the new charges were second offenses "punishable as felonies without regard to proof of intent to defraud or mislead."

Initially, Neurontin was approved only to treat epilepsy in combination with another drug, and at a maximum 1800 mg daily dose. But the DOJ found the drug was being promoted for a multitude of pain uses, psychiatric conditions such as bipolar disorder and anxiety, social phobia, and general mood stabilization, as well as certain unapproved uses within epilepsy treatment. According to the DOJ, the list of unapproved uses became so long that company employees called it the "snake oil" list.

Over all, the DOJ listed the potential harm caused by the illegal scheme as: (1) public health care programs paid more in reimbursement; (2) consumers paid for ineffective, experimental use and may have been improperly medicated; (3) patient's unnecessary exposure to adverse side effects; and (4) improper medication may have resulted where Neurontin was not as effective as another approved drug.

The DOJ listed six tactics involved in carrying out the off-label scheme as: (1) Detailing by sales representatives; (2) Use of Medical Liaisons; (3) Preceptorships; (4) Consultant meetings, speakers bureaus and advisory boards; (5) Series of teleconferences to disseminate off-label uses; and (6) Control of Purportedly Independent Medical Education.

Another element of the overall scheme to increase profits was to convince doctors to prescribe Neurontin at substantially higher doses than the maximum approved dose.

The DOJ produced evidence to show that Parke-Davis had arranged hundreds of teleconferences, meetings, and educational seminars, in addition to the detailing of individual doctors by sales representatives, to promote the off-label use of Neurontin.

In 1996, a Parke-Davis sales representative created a document that said sales representatives could ask doctors if they ever used other antiepileptic drugs for painful neuropathies and then mention that approximately 35% of all Neurontin use is non-seizure. This same document, entitled "Neurontin Can Do/Can't Do," also stated that sales representatives could present lunch programs on Neurontin and pain.

According to Mr Franklin, the company gave financial incentives to hundreds of doctors by inviting them to dinners, sports outings, and weekend trips to resorts where fellow-physicians were paid to speak about the use of Neurontin for unapproved indications.

The company founded a speakers' bureau, as a method of making large payments to physicians who gave presentations and court documents show doctors were paid to listen to speeches that took place on a "Bus to Yankee Stadium," a "World Yacht Cruise," and the "Braves Stadium."

During one trip in 1996, Parke-Davis paid for 18 doctors and their spouses to stay in Atlanta for 5 days to attend the Summer Olympics. The company paid for their meals, use of a resort, and travel to the games while the agenda for the seminar listed only 10.5 hours of business meetings, including one devoted to off-label uses for Neurontin.

The DOJ determined that the company kept track of how well these marketing efforts paid off. For instance, in a memo dated June 26, 1995, a marketing executive reported that doctors who attended dinners and listened to speeches from other physicians, wrote 70% more off-label prescriptions than doctors who did not attend.

Documents show that the company intentionally hired influential doctors from major teaching hospitals to speak at these events. For instance, Dr Steven Schachter, a professor at Harvard Medical School, received $71,477 between May 1994 and September 1997, and Dr B J Wilder, a former professor at the

University of Florida, was paid more than $300,000, and other doctors received more than $100,000 each.

The company also paid to disseminate papers and articles on off-label uses throughout the medical literature so that doctors would find themselves bombarded with information about the many uses for Neurontin, made to look like independent scientific papers.

For some uses, like monotherapy, the research was used to support an attempt to obtain FDA approval. But in other cases, the company's goal was to disseminate the information as widely as possible to increase off-label prescribing for conditions like pain and bipolar disorder, without ever trying to obtain approval.

To carry out this part of the scheme, Warner-Lambert hired two marketing firms to write the articles and then found doctors willing to sign on as authors. According to Mr Franklin, the PR firms were paid $12,000 per article and the doctors were paid $1,000.

The DOJ found more than twenty 20 articles published in various medical journals that were fully paid for by Parke-Davis. Critics say this tactic still affects off-label prescribing today. According to Mr Braslow, "since 1999, the types of off-label are most likely weighted in the precise areas where the drug maker focused its illegal marketing efforts: bipolar disorder, peripheral neuropathy, migraine, depression, etc."

"Because physicians were inundated with false information for years," Mr. Pogust says, "they continue to prescribe it for off-label uses for which there is no reliable scientific support."

Parke-Davis also infiltrated the continuing education arena where doctors were misled into believing that seminars on the off-label uses for Neurontin were independent educational programs, when they actually were marketing events set up by Park-Davis.

For example, prosecutors found an undisclosed relationship with a firm known as Physicians World where Parke-Davis employees transferred to the firm to run the company's speakers bureau.

At the same time, the DOJ discovered that in a division of Physicians World, known as Professional Post-Graduate Services, which purported to be an independent education provider presenting programs on anticonvulsants for pain to thousands of US doctors, Parke-Davis employees actually planned and developed the programs.

According to the DOJ, in late 1995, the company took the position that medical liaisons could discuss off-label issues with doctors, so long as the doctor asked a question about the topic first. Because physicians believed medical liaisons were persons with a scientific background and not employed to sell Neurontin, they were often able to gain access to doctors that the sales representatives could not.

For example, Mr Franklin was trained to increase the rate of prescriptions of Neurontin as monotherapy, and one of the ways he was able to gain access to doctors was by fraudulently presenting himself as a neurology specialist conducting research on epilepsy and the actions of anticonvulsant drugs.

Company records reveal an extensive pattern of misuse of medical liaisons. A January 31, 1996, memo describes a goal to "utilize the medical liaison group to target the Neurontin, Pain & Psychiatric market."

"Objective to conduct twice weekly Pain Teleconferences moderated by key Neuro Consultants," the memo states. "Goals 250 Physician participants quarterly."

One of the most alarming sales tactics identified during the DOJ's investigation was that sales representatives were allowed to review patient records, suggest an increase in Neurontin dosage, and "shadow" doctors while they examined patients, in exchange for paying the doctor a few hundred dollars a day.

According to the DOJ, at various times Parke-Davis made a conscious decision to not seek approval for a new use because it would have required solid proof from clinical trials that could not be provided.

Documents show that Parke-Davis even went to the trouble of determining how much could be made off Neurontin for a new approved use, compared to sales from marketing the drug off-label for the same use.

For example, a May 19, 1995, Marketing Assessment forecast potential revenue from Neurontin for bipolar without approval at $6 million in 1997, rising to $36 million in 1999. On the other hand, with approval, forecasted sales were almost $12 million in 1997, to over $80 million in 2002, but the company still decided not to seek approval for bipolar.

The DOJ found that similar projections were made for other uses including various types of pain but again, after evaluating the potential sales with and without approval, Parke-Davis decided to market Neurontin off-label instead of seeking approval.

The company also kept track of doctor's prescribing habits for Neurontin's competitors. In October of 1995, Parke-Davis determined that two competing epilepsy drugs, Tegretol and Depakote, had total sales of 18-27% for bipolar disorder, and up to 9% for pain, while at the time, only 1-2% of sales for Neurontin were for pain and bipolar.

The company continued to market the drug for bipolar even after studies showed it was ineffective for that use. The DOJ's sentencing Memorandum states: "One of the psychiatric uses for which Neurontin was promoted ... bipolar disorder, was particularly troubling because the Company had very weak evidence of Neurontin's efficacy in treating this condition."

"Indeed," the prosecutor wrote, "in one study ... the placebo was as effective or more effective than was Neurontin."

Yet with full knowledge of this study, medical liaisons told psychiatrists that early results from clinical trials indicated a 90% response rate for bipolar. Likewise, they told pediatricians that Neurontin was effective for children with attention deficit disorder, when no data other than occasional anecdotal evidence supported that claim.

And although no studies existed to prove that Neurontin was even as effective as inexpensive pain killers already on the market, medical liaisons told doctors that clinical trials demonstrated that Neurontin was highly effective in treating various pain syndromes and reported once again that a 90% response rate was found in the treatment of pain.

The DOJ also reports that the company continued to promote Neurontin for monotherapy even after the FDA refused to approve it. Parke-Davis sought approval in September 1996, but because one of the 2 clinical trials submitted with the application showed no demonstrable monotherapy efficacy, the application was denied.

Nonetheless, the DOJ produced evidence showing that Parke-Davis continued to promote Neurontin for monotherapy through at least 2000, without ever mentioning the rejected application, and that at one 1998 event, Parke-Davis went so far as to state that Neurontin is "now approved as monotherapy for seizures."

When caught red-handed promoting drugs for unapproved uses, drug makers always feign ignorance of the high rate of off-label prescribing. However in this instance, company documents show that Warner-Lambert regularly obtained detailed information on the number of prescriptions written for Neurontin and what indication they were written for.

Neurontin sales did finally drop to $182 million in the first quarter of 2005, but as a result of new generic competition on the market, according to USA Today on April 20, 2005.

END

Globe and Mail

February 20, 2007

UN wants guarantee that Canada won't repeat Arar errors

BRADLEY S. KLAPPER - Associated Press

GENEVA A United Nations anti-racism panel wants to know whether Canada can ensure that it will avoid repeating the kind of mistakes that led the United States to deport Maher Arar to Damascus, where he was tortured for nearly a year.

The committee -- a panel of 18 independent experts overseeing compliance with the UN's 38-year-old anti-racism treaty -- will hear from Canadian officials as part of its quadrennial review tomorrow.

Prime Minister Stephen Harper apologized last month for Ottawa's role in the Syrian-born Canadian's ordeal -- perhaps the best-known case of so-called 'extraordinary rendition,' in which the United States transfers foreign terrorism suspects without court approval to third countries for interrogation.

But the UN Committee on the Elimination of Racial Discrimination has asked what steps Canada has taken since toward new guidelines for information-sharing and monitoring of security probes so that forces 'have clear policies and more training on issues of racial, religious and ethnic profiling.'

Canada, in a 79-page submission to the committee, said it has undertaken several initiatives in recent years to combat racial profiling by police and security forces. It said its anti-terrorism measures are not directed against people of any particular religion or ethnic background.

The submission was filed with the Geneva-based committee before Mr. Harper's announcement last month that Mr. Arar would be compensated $10.5-million for his deportation and torture, which was due in part to intelligence from Ottawa that Canada acknowledges was inaccurate.

It also predates the release of a two-year public inquiry into the Arar case led by Dennis O'Connor, Associate Chief Justice of Ontario, which came up with 23 recommendations for policy changes.

Mr. Arar, a software engineer, was detained at New York's John F. Kennedy International Airport in 2002 during a stopover on his way home to Canada from a vacation with his family in Tunisia.

He said he was chained and shackled for 11 days for interrogation and then flown to Syria, where he was tortured and forced to make false confessions. He was released 10 months later, with Syrian officials saying they had no reason to hold him further.

A Canadian inquiry determined that Mr. Arar was indeed tortured, and cleared him of any terrorist links or suspicions. Since then, Ottawa has been demanding a formal apology from Washington, as well as the removal of Mr. Arar's name from no-fly and terrorist watch lists, which the U.S. government insists it has reasons to keep him on.

The UN panel also questioned Canada's aboriginal policies and asked that it explain how it guarantees aboriginal groups' rights to land and resources.

END

The Village Voice

February 19, 2007

Opinion: Is This America? Canada apologizes to its citizen kidnapped by CIA; U.S. keeps him on its terror list

by Nat Hentoff

February 19th, 2007 3:40 PM

We knew damn well if Maher Arar went to Syria, he'd be tortured. It's beneath the dignity of this country, a country that has always been a beacon of human rights, to send somebody to another country to be tortured . . . Let us not create more terrorism around the world by telling the world we cannot keep up to our basic standards and beliefs.
Senator Patrick Leahy, questioning Attorney General Alberto Gonzales on the CIA's kidnapping of Maher Arar

On the day the Constitutional Convention in Philadelphia ended in 1787, Benjamin Franklin told an inquiring citizen: "We have a Republic—if we can keep it." Two years later, in a letter to a friend, Franklin was more rhapsodic about the long-term impact of the American Revolution and its Constitution:

"God grant that not only the love of liberty, but a thorough knowledge of the rights of man, may [through our Revolution] pervade all the nations of the earth."

But on January 18, 2007, Vermont senator Patrick Leahy assessed how Bush's war on terrorism has affected many people around the world who do not hate us but no longer trust us as a lover of liberty and the rights of man. Said Leahy: "The administration's secret policies have reduced America's standing around the world to one of the lowest points in our history."

I expect that future historians of our continuing decline as a source of liberty and inspiration to the world will tell the story of Maher Arar.

In 2002, Arar, a software engineer and citizen of Canada, was kidnapped and flown by the CIA to Syria, where for 10 months he was held in an underground cell seven feet high, three feet wide, and six feet deep ("like a grave," he said). The persistent tortures he underwent finally forced him to make a false confession of connections to Al Qaeda.

On his release, Syrian officials admitted there was a total lack of evidence against him. Then, after a two-year inquiry and its 1,200-page report by a Canadian commission—in which the United States refused to participate—Dennis O'Connor, the chief justice of the Ontario Court of Appeal, said, "I'm able to say categorically that there is no evidence to indicate that Mr. Arar has committed any offense or that his activities constitute a threat to the security of Canada."

The official inquiry had determined that the Royal Canadian Mounted Police had given the CIA unsubstantiated, brittle "evidence" that Arar was probably some kind of Al Qaeda supporter. And that's why, when he was changing planes at Kennedy Airport on the way back to Canada after a vacation in Tunisia, Arar was abducted by the CIA and sent to his native Syria.

On December 7, 2006, the commissioner of the RCMP, Giuliano Zaccardelli, resigned because he had mishandled the case, saying he had "made a mistake" in not being aware of the false information the RCMP had given the CIA.

In this country, you will not be surprised to learn, no one—at the CIA, the Justice Department, or in Dick

Cheney's office of "dark arts"—has resigned or admitted any error at all.

Instead, Attorney General Alberto Gonzales was asked at a press conference whether the Justice Department might at least offer Arar—who can't find a job and still suffers from the effects of his stay in the grave-like Syrian cell—an apology. Astonishingly, since Arar's ordeal has been reported in detail in mainstream American newspapers as well as in the foreign press, Gonzales actually said: "We were not responsible for Mr. Arar's removal to Syria. I'm not aware that he was tortured, and I haven't read the [Canadian] commission report. He was initially detained because his name appeared on terrorist lists, and he was deported according to our immigration laws."

The attorney general did not mention that his Justice Department approved the removal of Arar or the special accommodations for Arar in a CIA plane, bound not for Canada, where he is a citizen, but for Syria's torture chambers. And Gonzales has yet to answer the insistent questions on that brutal rerouting from senators Leahy and Arlen Specter.

On January 26, Canadian prime minister Stephen Harper formally apologized to Arar: "We cannot go back and fix the injustice that occurred to Mr. Arar. However, we can make changes to lessen the likelihood that something like this will ever happen again."

Moreover, the prime minister added that Arar will receive $9 million in compensation. That will settle Arar's claim against the Canadian government for its RCMP having given the CIA false information about him.

The prime minister explained that the Canadian government decided the $9 million was about what Arar would have been awarded in a lawsuit. Arar's attorneys also received $879,000 in legal fees. (Arar's lawsuit against the U.S. has been dismissed in our courts on the basis of "state secrets.")

Meanwhile, the Associated Press reported on January 27 that "public resentment in Canada swelled . . . over U.S. officials' insistence that Arar would remain on its 'watch list' of potential suspects." (That order came from Alberto Gonzales and Homeland Security chief Michael Chertoff.)

Along with Arar on that terrorist list are his wife and two young children. The family is prohibited from flying into—or over—the United States. (Who knows what those kids would drop on us?)

At a televised news conference, Arar, with 10 Canadian flags behind him, said, according to the *Los Angeles Times*: "The struggle to clear my name has been long and hard. This struggle has taught me how important it is to stand up for human rights. I feel proud as a Canadian."

How proud do you feel as Alberto Gonzales insists there is secret information justifying Arar and his family being on the terrorist list? With Canada asking that they be removed from the list, Stockwell Day, the Canadian minister of public safety, went to see Chertoff and Gonzales and reviewed the whole secret dossier on Arar. He saw nothing justifying the exclusion of the Arars from this sweet land of liberty. Says Arar: "I will never be the same. The United States must take responsibility for what it did to me and must stop destroying more innocent lives with its unlawful actions."

END

FindLaw.com

February 20, 2007

COMMENTARY: Europe's Investigations of the CIA's Crimes

By JOANNE MARINER

A year ago, I testified before lawmakers about CIA involvement in kidnappings, enforced disappearances, and secret detentions. But rather than traveling to Washington to brief members of Congress about these practices, I headed to Brussels to participate in hearings before the European Parliament.

The topic was important, but the venue was odd. Although I appreciated European concern over CIA abuses--and understood that the complicity of European intelligence services was an important contributing factor--it seemed incongruous that Europeans, rather than Americans, were investigating these questions.

Over the past year, the contrast between European and U.S. responses has grown more stark. While the U.S. Congress has yet to hold hearings on the CIA's program of holding terrorism suspects in secret prisons, and sending others to foreign countries to be tortured, the European Parliament has just finished a thorough investigation of these activities.

Moreover, although the Department of Justice cannot seem to build a prosecution against even a single CIA operative implicated in the abuse of detainees, Italian and German prosecutors have now indicted 38 of them. In Italy, a judge is poised to go ahead with the trial of 26 Americans implicated in the 2003 kidnapping of an Egyptian imam from Milan. The man was delivered to Egypt, where he claims, very credibly, to have been badly tortured.

So if the Europeans can manage to undertake serious investigations of CIA counterterrorism abuses, why can't we?

Canada, Too

The contrast is striking. Even the U.S. courts, normally more solicitous of rights than other branches of government, have been reluctant to act. The Bush Administration has succeeded in getting suits knocked out of court on the mere possibility that they might lead to the disclosure of "state secrets" about CIA activities. In contrast, a Spanish court has just ordered Spain's intelligence service to declassify any documents it possesses pertaining to CIA flights in Spain.

It is not only the Europeans who have seriously examined these issues. In Canada, the government carried out a full-scale official inquiry into the case of Maher Arar, a dual Canadian-Syrian national who was badly tortured in Syria after the U.S. deported him there. In January, the Canadian Prime Minister offered Arar a public apology, as well as $12.5 million in compensation.

The United States, however, stubbornly refuses to take Arar off its terrorist watch list. And rather than hearing Arar's claim for compensation, a U.S. federal court dismissed his complaint last year, giving priority to what it deemed to be national security and foreign policy considerations.

Column continues below ↓

Embarrassment on Both Sides of the Atlantic

The reason that these investigations have gone forward in Europe and Canada is not simply that it's easier, politically, for them to reveal U.S. misdeeds. Indeed, these cases have also been extremely embarrassing for European and Canadian officials.

For example, in the case of Khaled el-Masri -- a German citizen who was abducted in Macedonia in 2004 and held for four months in a secret CIA prison in Afghanistan -- the German Foreign Minister has been dogged by charges that Berlin may have connived in the illegal detention. Italian officials, likewise, appear to have been implicated in the CIA's 2003 kidnapping of the Egyptian imam from Milan. Yet in these cases and others, European prosecutors, judges and legislators have pressed their governments to acknowledge responsibility for abuses.

Similarly, the official commission of inquiry that the Canadian government established to examine the case of Maher Arar concluded that Canada shared responsibility for Arar's torture in Syria. It found, specifically, that the Royal Canadian Mounted Police passed false information about Arar to the U.S.

authorities without placing any conditions upon how that information might be used.

But while officials on both sides of the Atlantic are implicated in serious abuses, it is only the Europeans and the Canadians who have shown any willingness to acknowledge their responsibility. Here, even in areas where the U.S. government appears to have moderated the CIA's practices, it has never acknowledged that the abuses that were committed were morally wrong and/or illegal.

In not a single case--even those involving abduction and torture--has this administration apologized for the CIA's behavior or repudiated its tactics. In fact, the Bush Administration has consistently and vehemently defended CIA abuses. Top officials may have employed a few euphemisms to disguise the practices--speaking of "alternative procedures," not torture--and "sensitive questioning," not coercive interrogation--but their public stance has left little doubt that the CIA's treatment of terrorism suspects was approved from on high.

Oversight by the New Congress

Congress, for its part, has done almost nothing to investigate these abuses. Not only has it failed to hold hearings or otherwise exercise effective oversight over the intelligence services, it passed legislation last September that reduces the likelihood of holding CIA operatives accountable.

The question now is whether the new Congress--facing a weakened executive--will act any differently. Sen. Patrick Leahy, chair of the Senate Judiciary Committee, has already written Attorney General Alberto Gonzales to request a presidential directive that may have authorized CIA practices such as torture and secret detention. It's a good first step, but the real test lies in how Leahy will respond now that Gonzales has refused to supply the document.

Not only have the CIA's abusive practices done serious harm to this country's moral standing abroad, they have been counterproductive in the fight against terrorism. As a study published by the National Defense Intelligence College recently concluded, there is no scientific evidence to show that these practices produce accurate or useful information.

It is in America's interest to investigate and prosecute these crimes, as much or more than it is in the interest of other countries. These are our crimes; the responsibility of dealing with them lies with us, too.

Joanne Mariner is a human rights attorney. Her previous columns on CIA detainees, Guantanamo, and other related topics are available in FindLaw's archive.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, February 21, 2007 8:54 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, February 21, 2007-
Attachments:	agnb070221.pdf; agnb070221.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, FEBRUARY 21, 2007 7:45 AM EST

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TERRORISM NEWS:

In Win For Bush, Federal Court Upholds Law On Gitmo Detainees. The AP (2/21, Yen) reports this morning, "In a victory for President Bush, a divided federal appeals court ruled Tuesday that Guantanamo Bay detainees cannot use the US court system to challenge their indefinite imprisonment. A Supreme Court appeal was promised." The 2-1 decision by the US Court of Appeals for the DC Circuit "dismisses hundreds of cases filed by foreign-born detainees in federal court and also threatens to strip away court access to millions of lawful permanent residents currently in the United States." The AP adds, "The two judges voting with the White House -- Judge A. Raymond Randolph and Judge David B. Sentelle -- were appointed by Republicans. President Reagan appointed Sentelle, and President George H.W. Bush appointed Randolph. The dissenter, Judge Judith W. Rogers, was appointed by President Clinton, a Democrat." White House deputy press secretary Dana Perino "called the decision 'a significant win' for the administration and said the Military Commissions Act provides 'sufficient and fair access to courts for these detainees.'"

The Wall Street Journal (2/21, A5, Bravin, 2.04M) reports that "in dissent, Judge Judith Rogers wrote that…Congress…had exceeded its authority. The Constitution provides that 'the privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it.'"

Like the AP, most media outlets describe the court's decision as a big win for Bush, although the ruling is generally being cast in a decidedly mixed light. The Los Angeles Times (2/21, Havermann, 850K) says it was "a victory for…Bush in his global war on terrorism," and NBC Nightly News (2/20, story 3, 3:00, Williams, 9.87M) spoke of "a victory for the Bush Administration and what it calls the war on terrorism." NBC (Pete Williams) added the ruling "says that nearly 400 detainees held at Gitmo, most of them for more than five years now, have no legal rights to plead for their freedom in federal courts in the US and only a few of them have any hope even of a hearing before a US military commission under new rules approved by Congress last year. Lawyers for the detainees say they now have nowhere to go, to claim that they were wrongly picked up in the first place." Also, "Democrats who now control Congress say they'll try to restore the authority to hear detainee appeals. And some Republicans say they'd favor that." GOP Sen. Arlen Specter was shown saying, "If Congress were to act, we could clear it up faster than the several years it will take for the Supreme Court to act on it."

ABC World News (2/20, story 3, :30, Gibson, 8.78M) said it was "a major victory for…Bush," while Fox News' Special Report (2/20, lead story, Hume) opened its broadcast last night noting that civil liberties groups "denounced the ruling, calling it a shameful example of the Bush Administration's 'anything goes' approach to the war on terror."

The Washington Times (2/21, Seper, 88K) calls the ruling a "key victory for the White House," but the Christian Science Monitor (2/21, Richey, Feldmann, 59K) says "most analysts emphasized the interim nature of the ruling. They view the 25-page panel opinion and 34-page dissent as a prelude to a major constitutional showdown at the nation's highest court."

The Financial Times (2/21, Sevastopulo) refers to a "significant legal victory" for the White House, and notes "Patrick Leahy and…Specter, the top Democrat and Republican lawmakers on the Senate judiciary committee, have introduced legislation that would restore the right of habeas to detainees at Guantanamo. … Lindsey Graham, the South Carolina Republican senator who was instrumental in the move to strip habeas rights, yesterday welcomed the decision, which he said would prevent 'frivolous' lawsuits."

The New York Times (2/21, Labaton, 1.16M) quotes Leahy saying, "The Military Commissions Act is a dangerous and misguided law that undercuts our freedoms and assaults our Constitution by removing vital checks and balances designed to prevent government overreaching and lawlessness." Shayana Kadidal, "a lawyer at the Center for Constitutional Rights, which represents many of the detainees, said, 'This decision empowers the president to do whatever he wishes to prisoners without any legal limitation as long as he does it offshore.'" Kadidal "said the ruling encouraged 'a contempt for international human rights law' and 'such notorious practices as extraordinary rendition': sending terrorism suspects abroad for interrogation, where, rights advocates say, they may face torture."

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USA Today (2/21, 3A, Parker, 2.27M) reports Rep. Ike Skelton, chairman of the House Armed Services Committee, had "announced a new review of detainees' legal protections." Pentagon spokesman Jeffrey Gordon "said the detainees at Guantanamo include some of the world's 'most vicious terrorist operatives.' He said none of Guantanamo's many critics 'have put forth a viable option to handle these dangerous men and prevent their return to terrorism.'"

The Washington Post (2/21, A1, White, 690K) reports, "Justice Department lawyers have argued for years that foreign detainees should not enjoy constitutional rights when they are detained in other countries amid accusations of terrorism against the United States and its allies. 'We are pleased with the decision of the US Court of Appeals for the D.C. Circuit upholding the constitutionality of the Military Commissions Act (MCA) and dismissing the consolidated Guantanamo detainee cases for lack of jurisdiction,' Erik Ablin, a department spokesman, said in a statement."

The Legal Times (2/21, Goldman) reports, "The 2-1 decision was sharply critical of the plaintiffs, who had argued that the language of the act forbidding U.S. courts to hear challenges to the detention of aliens detained as enemy combatants was ambiguous and did not necessarily apply to detainees whose cases were already pending in court. … 'The arguments are creative but not cogent,' wrote Judge A. Raymond Randolph. 'Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan,' wrote Randolph, referring to the 2006 decision, Hamdan v. Rumsfeld, which ruled that the military commissions set up by the Bush administration to try military detainees violate both international and U.S. military law. … 'To accept them would be to defy the will of Congress,' Randolph added, later calling the plaintiffs' argument 'nonsense.' … Randolph was joined in his decision by Judge David Sentelle." The Times notes, "After dispensing with the detainees' argument that the law was ambiguous, the court went on to assert the act's constitutionality. The Constitution's suspension clause, which says that the writ of habeas corpus can only be suspended for reasons of public safety during 'rebellion or invasion,' does not apply to areas outside U.S. sovereignty. And it is Cuba, the court asserted, not the United States, that has sovereignty over Guantanamo Bay. … In her dissent, Judge Judith Rogers strongly disagreed, writing that the majority opinion 'fundamentally misconstrues' the nature of the suspension clause. 'Far from conferring an individual right that might pertain only to persons substantially connected to the United States,' she wrote, 'the Suspension Clause is a limitation on the powers of Congress.'"

National Public Radio (2/21, Shapiro) reports, "The ruling is a clear blow to the Guantanamo detainees. Bill Goodman is legal director at the Center for Constitutional Rights, which represents a number of them. … 'Many of these people have done nothing,' Goodman says. 'They're there by accident and happenstance.' He added that not being able to 'raise the basic defense that "I've done nothing wrong" means that this is a huge trampling of rights.'" NPR adds, "This decision wipes out cases that challenged everything from lack of medical treatment at the facility to abusive interrogation tactics. David Rivkin worked in the Justice Department under President Reagan and the first President Bush. He says enemy combatants were never intended to get the same court access as criminal suspects. … 'There's been more judicial involvement in these types of decisions than in any war in American history,' Rivkin says. 'And for the critics it's still not enough.'" NPR notes, "Justice Department spokeswoman Tasia Scolinos noted in a statement that the Military Commissions Act, or MCA, does give detainees some legal review. … 'The decision reaffirms the validity of the framework that Congress established in the MCA,' Scolinos said, 'permitting Guantanamo detainees to challenge their detention through combatant status review tribunals with the opportunity for judicial review before the D.C. Circuit.'"

LATimes Urges Congress To Change Military Commissions Act. The Los Angeles Times (2/21, 850K) editorializes that "a federal appeals court has presented the Democratic-controlled 110th Congress with a challenge. Does it have the fortitude to undo an injustice perpetrated by the Republican-controlled 109th? The injustice came in the 2006 Military Commissions Act, which barred detainees at Guantanamo -- now numbering 395 -- from contesting their imprisonment by seeking writs of habeas corpus. This exclusion, like Guantanamo itself, has been an embarrassment to the United States." The Times adds, "There's a good reason to suspect that the Supreme Court might actually affirm this disappointing decision: It's not the same court that ruled for the detainees in 2004. … Rather than hope that the Supreme Court will rectify the act's flaws, Congress should act on its own to undo the law's habeas restrictions. Last year, 48 members of the Republican-controlled Senate voted for an amendment by…Specter that would have allowed detainees to file such petitions. Of the 51 who voted no, six are no longer in the Senate."

Audit Finds Inaccuracies In DOJ Anti-Terror Statistics. The AP (2/21, Jordan) reports, "Federal prosecutors counted immigration violations, marriage fraud and drug trafficking among anti-terror cases in the four years after 9/11 even though no evidence linked them to terror activity, a Justice Department audit said Tuesday." The AP continues, "Overall, nearly all of the terrorism-related statistics on investigations, referrals and cases examined by department Inspector General Glenn A. Fine were either

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diminished or inflated. Only two of 26 sets of department data reported between 2001 and 2005 were accurate, the audit found. … Responding, a Justice spokesman pointed to figures showing that prosecutors in the department's headquarters for the most part either accurately or underreported their data — underscoring what he called efforts to avoid pumping up federal terror statistics." The AP adds, "The numbers, used to monitor the department's progress in battling terrorists, are reported to Congress and the public and help, in part, shape the department's budget. … 'For these and other reasons, it is essential that the department report accurate terrorism-related statistics,' the audit concluded." The AP notes, "Fine's office took care to say the flawed data appear to be the result of 'decentralized and haphazard' methods of collection or disagreement over how the numbers are reported, and do not appear to be intentional. … Still, the errors led Sen. Charles E. Schumer, D-N.Y., to question whether the department had exaggerated the number of terror cases. … 'If the Department of Justice can't even get their own books in order, how are we supposed to have any confidence they are doing the job they should be?' said Schumer, who sits on the Senate Judiciary Committee, which oversees the department. 'Whether this is just an accounting error or an attempt to pad terror prosecution statistics for some other reason, the Department of Justice of all places should be classifying cases for what they are, not what they want us to think them to be.'"

The Chicago Tribune (2/21, Zajac) reports, "Although the Justice Department and the FBI have reorganized since the Sept. 11, 2001, terrorist attacks to make preventing future attacks a priority, Fine found that the agencies have done a poor job of providing statistical documentation for the work they are doing. … His report reviewed 26 categories of statistics and found inaccuracies, because of either inflated numbers or undercounting, in 24 of them." The Tribune adds, "Fine did not allege a deliberate attempt to mislead. He said information was 'inaccurately reported for a variety of reasons, including that [Justice] Department components could not provide support for the numbers reported, could not provide support for a terrorism link used to classify statistics as terrorism-related, and could not document that the activity reported occurred in the period reported.'" The Tribune adds, "Dean Boyd, a spokesman for the FBI and the Justice Department, which oversees U.S. attorneys, said both agencies were under stress from having to quickly ramp up an anti-terrorism capability after the 2001 attacks and have subsequently upgraded their tracking and labeling of cases to comport with many of Fine's recommendations for improvement. … Fine also found that unlike the FBI and the Executive Office for U.S. Attorneys, which coordinates the activities of 93 federal prosecutors in the U.S. and overseas territories, the Justice Department's Criminal Division consistently reported lower numbers of terrorism cases than it actually handled. … For instance, the criminal division recorded 195 guilty pleas or convictions in terrorism cases from Sept. 11, 2001, through Feb. 3, 2005, but Fine said there actually were 216." The Tribune notes, "Boyd said Fine's report should not be read as undercutting the Justice Department's credibility because Criminal Division figures are the ones 'used by DOJ in publicly quantifying their work.' … But Fine cautioned against taking too much comfort in the Criminal Division's understatement of its anti-terrorism work because the record-keeping behind it was so weak that there 'was no accurate basis for its reported numbers.' … The report is the latest in a string of analyses to question the accuracy of the Justice Department's terrorism data."

The Washington Post (2/21, A8, Eggen, 690K) notes, "The analysis is the latest to find serious faults with the Justice Department's terrorism statistics, some of which have been featured prominently in statements by President Bush or the attorney general as evidence of the terrorist threat and the department's successful efforts to combat it." The Chicago Tribune (2/21, Zajac, 617K) reports, "Boyd said Fine's report should not be read as undercutting the Justice Department's credibility because Criminal Division figures are the ones 'used by DOJ in publicly quantifying their work.' But Fine cautioned against taking too much comfort in the Criminal Division's understatement of its anti-terrorism work because the record-keeping behind it was so weak that there 'was no accurate basis for its reported numbers.'"

The Washington Times (2/21, Seper) reports, "Mr. Fine's office focused on terrorism convictions during fiscal 2003 and 2004 reported by EOUSA; the number of persons convicted or who pleaded guilty resulting from terrorism convictions from September 11, 2001, through Feb. 3, 2005, reported by the Criminal Division; and the number of terrorist threats tracked by the FBI in fiscal 2003 and 2004. … 'The Justice Department agrees fully with the Office of the Inspector General that the department must collect, verify and maintain accurate statistics on the important national security work being conducted at Main Justice, the FBI and in United States Attorney's Offices around the country,' according to the FBI. … The FBI said it has made improvements to its statistical reporting systems in recent years, specifically its case management and supporting information technology programs." The Times adds, "Justice Department spokesman Dean Boyd said the EOUSA has changed the way it counts and classifies anti-terrorism cases, and that the IG's findings, with respect to U.S. attorneys' statistics, 'largely boiled down to a difference of opinion over the definition of anti-terrorism.' … He also said criminal division prosecutors and the FBI also have changed their case reporting systems to more accurately reflect terror-related cases." McClatchy Newspapers (2/21) also reports on the audit.

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CNN's Lou Dobbs Tonight (2/10) opened its broadcast with "a report on troubling new concerns tonight about bureaucratic blunders and outright competence in the war against radical Islamist terrorism. Government auditors today blasted both the FBI and the Justice Department for using inaccurate statistics to claim successes in the war on terror. … Bottom line – the Inspector general says that for the most part the Justice Department was just flat out wrong. … One lawmaker says it's high time the Justice Department came forward with 'solid numbers instead of sugar-coated stories.'"

Federal Judge Rejects Delay In Phone Wiretap Suits. The San Francisco Chronicle (2/21, B-10, Egelko) reports, "A federal judge rejected the Bush administration's request Tuesday to put wiretapping lawsuits against telephone companies on hold while the government asks an appeals court to dismiss the suits on national security grounds." The Chronicle continues, "The ruling came from Chief U.S. District Judge Vaughn Walker of San Francisco, who is hearing more than 40 suits from around the nation accusing telecommunications companies of illegally collaborating with the government's electronic surveillance program. … Walker refused in July to dismiss the leading case, a suit accusing AT&T of sharing its telephone records and e-mail network with the National Security Agency. Walker rejected Bush administration arguments that allowing the case to proceed would expose vital secrets about the clandestine program and the company's alleged role in it." The Chronicle adds, "The Justice Department has asked the Ninth U.S. Circuit Court of Appeals to overturn the ruling and dismiss all the lawsuits. While that appeal is pending, government lawyers argued, any further action in Walker's court would waste time and money and increase the risk of a security breach. … But Walker ordered the companies Tuesday to respond to the suits by March 29 unless plaintiffs in particular cases agreed to a delay. … The judge also said lawyers for AT&T customers could ask him for permission to question company officials and to seek evidence on limited issues. Attorney Kurt Opsahl of the Electronic Frontier Foundation, which represents the plaintiffs, said those topics could include the company's structure and operation of its networks." The Chronicle notes, "Opsahl said plaintiffs' lawyers may also ask AT&T to present to Walker, in private, any evidence of government authorization that exists for its actions -- a subject that Justice Department lawyers have described as among the most sensitive in the case. Such secret submission of evidence, a procedure spelled out by federal law, would allow the judge to determine whether any surveillance in which the company participated was legal, Opsahl said. … Walker 'is trying to advance the case while being very sensitive to national security concerns,' Opsahl said."

FBI Translating Record Number Of Intercepts, Nearly Eliminating Backlog. US News & World Report (2/20, Kaplan) reported on its Web site, "Spurred by adding hundreds of new linguists and help from allies overseas, the FBI is translating a record 34,000 wiretapped conversations a month, bureau officials tell the Bad Guys blog. Long criticized for its lack of language specialists, the FBI, they say, is finally catching up to an unprecedented intake of foreign-language surveillance recordings, electronic data, and text since 9/11. Most of the wiretaps are tied to counterterrorism and counterintelligence cases, officials say. Since 9/11, the FBI's counterterrorism agents, in particular, have collected a mother lode of intelligence. … 'We've made great strides,' says Jeff Lanza, an FBI spokesman. 'Ninety-nine percent of the backlog has been eliminated.' Nearly a third of what remains is 'white noise' not expected to yield anything of value, officials say." US News noted, "The FBI has eased its backlog by markedly increasing its reservoir of translators. … The FBI has also turned to 'the language programs of allied intelligence agencies,' as well as to contract linguists, according to testimony by FBI Director Robert Mueller."

Bail Hearing Held For American Accused Of Joining Al Qaeda Group. The New York Times (2/21, Blumenthal, 1.16M) reports, "A thin and weakened 28-year-old American who the government says was captured last month in Kenya after joining Islamic terrorists fighting in Somalia appeared on Tuesday in federal court here to face charges of conspiring to use an unconventional weapon and receiving military training from Al Qaeda." Daniel J. Maldonado "stayed impassive as F.B.I. witnesses and prosecutors said he had admitted to having guarded a suspected spy who was later killed, to praising the Sept. 11, 2001, attacks and to offering himself as a suicide bomber." However, public defender Brent E. Newton's "cross-examination suggested that he intended to make an issue of Mr. Maldonado's treatment in custody and whether his client had properly waived his rights to a lawyer before F.B.I. agents questioned him."

The Houston Chronicle (2/21, George, 530K) reports, "A federal judge cut short a hearing for accused terrorist Daniel Joseph Maldonado late Tuesday to give his lawyers time to review reports about FBI interviews with their client. … The hearing, which will determine whether the government's case will continue, is to resume at 10 a.m. today." The Chronicle notes, "In Kenya, two senior FBI officials questioned Maldonado, who gave conflicting information during later interviews with another FBI agent and a Houston police officer. … Newton argued that even if Maldonado went overseas to fight jihad, there is no evidence that he intended to affiliate with al-Qaida." The AP (2/21) adds, "Newton asked

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McKinley if Maldonado, while 'interrogated' by FBI agents six times after his capture during a period of a week and a half was denied an attorney even though he had asked for one and was deprived of sleep. McKinley said Maldonado agreed to talk with agents while being 'questioned' and was treated well after his capture."

KPRC-TV Houston (2/20) reported on its Web site from a broadcast story, "it was revealed that Maldonado was approached to return to America and recruit English-speaking women to receive training in Somalia, a notion that alarmed local Islamic leaders. … It was also detailed in court how Maldonado allegedly took part in the beating and interrogation of a flight attendant who he accused of being a spy after the flight attendant took cell phone pictures of high-ranking al-Qaida members on a flight. The FBI agent said the flight attendant was eventually killed."

Alleged Terror Fundraiser Contributed $15,000 To NRCC. The AP (2/21, Sidoti) reports, "A New York man accused of trying to help terrorists in Afghanistan has donated some $15,000 to the House Republicans' campaign committee over three years. Abdul Tawala Ibn Ali Alishtari pleaded not guilty Friday in U.S. District Court in Manhattan to charges that include terrorism financing, material support of terrorism and money laundering. From April 2002 until August 2004, the man also known as 'Michael Mixon' gave donations ranging from $500 to $5,000 to the National Republican Congressional Committee," and NRCC spokeswoman Jessica Boulanger "said if Alishtari is found guilty, the organization would donate the money to charity."

The Hill (2/21, Blake) adds, "Democrats are asking how much access Alishtari had with Republicans and whether the NRCC would return the money. 'We are extremely concerned and disturbed by these charges, but we need to be careful not to rush to judgment as the judicial process moves forward,'…Boulanger said."

Administration Said To Ignore Terror Fundraising. In a Washington Times (2/21, 88K) op-ed, American Center for Democracy director Rachel Ehrenfeld writes, "Six years after al Qaeda attacked the United States, many policy-makers and 'terrorism experts' retain the misconception that terrorism does not require large amounts of money." Ehrenfeld criticizes the Center for American Progress Terrorism Index, saying that it does not include Saudi support for spreading Wahhabism, Iranian support of Hezbollah, Hamas and Palestinian Islamic Jihad, as well as terror funds raised through the illegal drug trade. Ehrenfeld adds, "It boggles the mind that the Bush administration continues to ignore terrorism's need for, and access to, a strong, international funding base, with large pockets even in the United States. More disturbing is the administration's unwillingness to identify the funding sources. … This willful blindness continues to undermine U.S. credibility with its allies and foes, and therefore its ability to curtail the money flow."

Muslim Groups Join Fast For Al-Arian. The Washington Times (2/21, Hudson) reports, "A coalition of Muslim groups is calling for a worldwide fast in support of Sami Al-Arian, a former college professor convicted of raising funds for a terrorist group who remains in jail on contempt charges for refusing to testify before a Virginia grand jury investigating other financiers of terrorism." The Times continues, "The American Muslim Taskforce for Civil Rights and Elections on Monday asked Muslims to fast every Monday, Wednesday and Friday along with Al-Arian, who has been on a hunger strike since Jan. 21." The Times adds, "Task force spokesman Agha Saeed says the response has been 'compassionate, caring, supportive and concern about Professor Al-Arian's health.' … The former University of South Florida computer-science professor was arrested in 2003 and pleaded guilty last year to assisting the Palestinian Islamic Jihad terrorist group. He was sentenced to time served and given an additional 18 months for refusing to testify against the International Institute of Islamic Thought (IIIT) and its role with the terrorist group. … The task force calls the additional sentence 'a form of harassment,' and along with Amnesty International, is demanding his release. The task force is made up of larger Muslim groups, including the American Muslim Alliance, Council on American-Islamic Relations (CAIR), the Islamic Circle of North America and United Muslims of America."

HOMELAND RESPONSE:

Gonzales To Tour Supermax Prison In Colorado. The Pueblo (CO) Chieftain (2/21, Roper) reports, "Attorney General Alberto Gonzales will visit the federal Supermax prison complex at Florence on Wednesday, four months after a federal inspection report cited a staff shortage as the reason for security and supervision problems there." The Chieftain continues, "Gonzales will tour the prison complex with Colorado Sens. Wayne Allard and Ken Salazar, who urged him to visit the nation's highest security federal prison after a Justice Department inspector general's report found a list of security problems. The most glaring was that the mail and telephone calls for convicted terrorists being held at the prison were not always being monitored. … Allard, a Republican, and Salazar, a Democrat, both met with Gonzales earlier this year and were told that Bureau of Prisons officials had added staff to Supermax, which holds 400 of the most dangerous prisoners in the federal prison system, such as Ramzi Yousef, who led the first bomb attack on the World Trade Center."

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The Chieftain notes, "Supermax officially is known as the U.S. Penitentiary, Administrative Maximum (ADX). According to a CNN broadcast last November, the inspector general's investigation was begun when Spanish police found letters from a Supermax inmate, Mohammed Salameh, were sent to a terror cell with links to the train bombings in Madrid. … The Justice Department report found that staffing at the prison had become so short that there were times when inmate mail and telephone calls were unmonitored. Also, there were times when there were no guards available to be in some cellblocks for an entire shift - although the cellblock was still staffed at the perimeter."

The Canon City (CO) Daily Record (2/21, Vela) reports, "Correctional officer safety and terrorism concerns have worried those who have been vocal in the issue of security at Fremont County's federal institutions. A report released in October of last year by the Department of Justice's inspector general indicates that mail and phone calls received from convicted terrorists at ADX have not been totally checked by BOP staff. Also, the inspector general reported that not enough staff was sufficiently capable of monitoring phone calls in foreign languages. … These concerns could because of an overall lack of staff at the prison. In November, the Bureau of Prisons — the governing body of a federal institutions — increased staff at Supermax, but the number of those staffed still lagged behind the number the prison opened with in 1994; that number was 240 correctional officers, today it is 220. … But the staffing concerns do not stop at Supermax. Earlier this year, a riot situation was narrowly averted at the United States Penitentiary in Florence. Correctional officers from ADX and the Florence Correctional Institution came to the aid of staff at USP where seven officers were injured breaking-up fighting inmates."

KCNC-TV, Denver, CO (2/20, 10:14 p.m.) broadcasted, "US General Alberto Gonzales will be touring the Super Max in Colorado as "part of the effort to tackle human rights there." The Super Max "holds some of the most high-profile criminals and terrorists in the country." Sen. Ken Salazar and Wayne Allard and Congressman Doug Lamborn will also be on that tour. KJCT-TV, Grand Junction, Durango, Montrose, CO (2/20, 10:06 p.m.) also broadcasted this story.

McConnell Sworn In As New Intelligence Director. USA Today (2/21, 8A, 2.27M) reports, "President Bush installed retired vice admiral Michael McConnell as the nation's second national intelligence director and said his challenge is to improve the quality of spy data and analysis in wartime." Bush "said the intelligence community needs significant improvements more than five years after the 9/11 terrorist attacks. He instructed McConnell to focus on finding more recruits with the language skills and cultural background to collect information on terrorist groups."

The Washington Post (2/21, A8, Pincus, 690K) notes Bush "paid tribute to McConnell's predecessor, Ambassador John D. Negroponte, who has moved back to the State Department as deputy secretary, saying he served with 'talent and distinction.' Nevertheless, Bush said that many elements of improving the intelligence community remain, including information sharing and the hiring of employees with the right language and cultural skills." McConnell "repeated yesterday a plan he disclosed to Congress at his confirmation hearing: that he will change security rules to make it easier for intelligence agencies to hire first- and second-generation Arabic-speaking Americans for very sensitive jobs."

Hawley Expects Full Implementation Of Secure Flight To Come In 2010. The New York Times (2/21, Lipton, 1.16M) reports TSA Administrator Kip Hawley "acknowledged" in an interview Tuesday that the federal government would not be ready to takeover "checking passenger names against terrorist watch lists, a top priority for aviation officials since the 2001 terrorist attacks, …until 2010, more than five years behind schedule." It "is the latest setback" in the "long-promised" Secure Flight program, "intended to enhance aviation safety, while reducing the number of passengers mistakenly identified as possible terrorists." Hawley said improvements to the program "will cost some $80 million" over the next year and a half and that the "enhanced system…will then require more than a year of testing, resulting in the estimate that it will be in full use sometime in 2010. Officials would not release an estimate of how much they expected to spend before the system was complete."

Survey Finds Park Police Doubt Agency Ready For Terror Attack. The Washington Times (2/21, Seper, Cella, 88K) reports, "A survey of US Park Police officers shows 97 percent of those who responded lack confidence in Chief Dwight E. Pettiford and 98 percent do not think the agency is as prepared as others to respond to a terrorist attack." The results of the survey, which also "found that 98 percent think the agency's command staff was not doing its best to protect the public" and that "94 percent said inadequate staffing makes their work sites unsafe," were described as "extremely disappointing" by James Austin of the Fraternal Order of Police, which conducted the survey. "Much of the criticism about Chief Pettiford, who was promoted to the job from a deputy position in March 2005, is that he has not pushed hard enough for funding increases. … Several field officers and supervisors, who asked not to be identified for fear of losing their jobs, say the situation is hurting the agency's ability to accomplish its mission and is understaffed by at least 20 percent."

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Nichols Claims McVeigh Said FBI Orchestrated OKC Bombing. The Deseret Morning News (2/21, Fattah) reports, "The only surviving convicted criminal in the April 19, 1995, bombing of the Alfred P. Murrah Federal Building in Oklahoma City is saying his co-conspirator, Timothy McVeigh, told him he was taking orders from a top FBI official in orchestrating the bombing. … However, one congressman who has investigated the bombings remains skeptical of Nichols' claims." Nichols' "declaration was filed as part of Salt Lake City attorney Jesse Trentadue's pending wrongful death suit against the government for the death of his brother in a federal corrections facility in Oklahoma City." The Morning News notes Nichols claims "McVeigh let slip during a bout of anger that he was taking instruction from former FBI official Larry Potts," who "retired from the FBI under intense pressure and criticism for the cover-up of an order to allow agents to shoot anyone seen leaving the Weaver cabin at Ruby Ridge. When contacted, the FBI's main office in Washington, D.C., said it could not provide immediate comment on Nichols' claims Tuesday.

FBI, DHS Launch Another Fingerprint Data-Sharing Pilot Program. Government Computer News (2/20, Dizard) reported, "The government's massive, technologically ambitious project to achieve connectivity between two critical biometric databases took a step forward as the Homeland Security Department and the FBI unveiled an additional pilot project." GCN noted, "The technological core of the data-sharing project involves modifications to the fingerprint comparison engines of the databases, among other changes. The bureau and the department already exchange data about each other's 'worst of the worst' criminal suspects, fugitives and immigration law violators. … The new pilot, which started operation on Feb. 1, will allow the sheriff's office in Harris County, Texas, to tap into additional IDENT records. In a joint press statement, the bureau and the department said that the Harris County Sheriff's Office already had 'booked a person for assault causing bodily injury to a family member and submitted the fingerprints for a background check.'"

Spitzer Supports Freedom Tower Construction, Open To Private Ownership. The New York Times (2/21, Confessore) reports on a downtown news conference of NJ Gov. Jon Corzine, Mayor Michael Bloomberg and Gov. Spitzer, who officially "changed his mind" about Freedom Tower construction, an issue he once referred to as "a white elephant." Amid criticism of the tower's "size, expense and design, as well as its failure to interest non-government tenants," Spitzer said he supported the construction of the tower, but the remarks were made "with no great enthusiasm," according to the Times. Spitzer said of his support, "This should not be interpreted to mean that this is the project I would have designed at its initiation. But where we are today, this is clearly the best and the wisest alternative." The paper adds, "Like Mr. Spitzer, Mr. Corzine and Mr. Bloomberg appeared more relieved than elated, a sign of how tumultuous the rebuilding effort has been since the Sept. 11 attacks." Spitzer also "seemed to wade" into the WTC memorial controversy by saying there was "room for discussion" when it comes to ordering the victims' names. Spitzer also promised not to hold a press conference "every time a brick is added to the foundation or a column goes up," which was an "apparent swipe" at former Gov. Pataki's public relations approach to ground zero. Pataki spokesman David Catalfamo responded, "I'm not sure if it was one too many or one too few press conferences. What I do know is that today's announcement is a reaffirmation of the vision advanced by Governor Pataki and a sign that the progress at the site will continue unabated." The AP (2/20, Westfeldt) notes that both Govs. Corzine and Spitzer support Freedom Tower construction and a proposal to sell the skyscraper to a private company. Corzine called this proposal "good public policy," but Spitzer said, "We will entertain these options if and when they arise." Like the Times, the AP notes that Spitzer changed his mind because of "a booming commercial real estate market and the need to move forward with long-delayed rebuilding." Focusing solely on the WTC Memorial, the AP (2/20) reports, "Bloomberg has said several times that his decision on how to arrange names of the dead around the Sept. 11 memorial is final. But Gov. Eliot Spitzer on Tuesday said that there was still time to talk about it."

Local Television. Teasing its lead story, NBC-TV New York (2/20, 6:00 p.m.) says Gov. Spitzer is "no longer likening the Freedom Tower to a white elephant," adding that he has "made no secret of the fact that he is not a fan." Yesterday however, Spitzer announced "he wouldn't place any roadblocks in the Freedom Tower's way," so the current design "is here to stay." Bloomberg said of Govs. Spitzer and Corzine's support, "This should put to rest any doubt about the Freedom Tower." Spitzer also said that he does not oppose, on a philosophical level, selling the Freedom Tower to a private entity that would have the responsibility of building, leasing and owning the tower. Similar reports were featured prominently in the front of several broadcasts, including WNYT-TV Albany (11:06 p.m.), RNEWS Rochester (8:01 p.m.), WCBS-TV New York (6:03 p.m.), WNYW-TV New York (6:09 p.m.), WBNG-TV Binghamton (5:33 p.m.) and WABC-TV New York (12:04 p.m.).

Enrollment Doubles For Bellevue's WTC Treatment Program. After the city gave Bellevue Hospital Center millions to treat sick people excluded from other 9/11 treatment programs, the New York Times (2/21, Depalma)

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says "the number of people being treated at the W.T.C. Environmental Health Center at Bellevue Hospital has doubled to more than 900. Several hundred more people are on a waiting list, including many low-income residents of Chinatown and the Lower East Side, and immigrant workers without health insurance. … Dr. Joan Reibman, a pulmonologist who directs the center, said that most of her patients had not been exposed to the dust as intensively as firefighters and workers who toiled on the debris pile, but that they might have been affected by the contaminated air nonetheless."

WSJournal Critical Of Attempt To Give Bargaining Rights To TSA Workers. The Wall Street Journal (2/21, 2.04M) editorializes, "Democrats figure they owe Big Labor for helping them take Congress, and now comes the payback. Tucked away in House and Senate bills that purport to implement the recommendations of the 9/11 Commission is a provision that the Commission most assuredly did not recommend: collective bargaining rights for the Transportation Safety Administration's 43,000 airport screeners." Democrats "are betting the White House won't have the nerve to veto an otherwise popular, if ill-understood, bill over this single provision. Our guess is that if Mr. Bush did veto such a bill, he'd find public sympathy for an argument that he was protecting a vital national security function from being corrupted by union politics."

Louisiana Levee Plans Said to Leave Rural Towns With Pre-Katrina Protection. USA Today (2/21, A1, Heath, 2.27M) reports on its front page that current state and federal plans for Louisiana's levees "would sacrifice dozens of coastal communities, some with thousands of residents, to the next Katrina-sized hurricane. The reason: Protecting them would cost too much." And though Randy Hanchey of the Louisiana's Department of Natural Resources said officials "believe that it's probably not possible to provide adequate protection that people should be living down there," the state has yet to encourage "residents to move from those areas. … Most of the places that would be outside the new barriers are rural towns slung along the few remaining patches of high ground near the receding coast. A draft of the state's plan released this month shows new levees would exclude areas that were home to more than 20,000 people before hurricanes Katrina and Rita hit."

WAR NEWS:

Reid Says Senate Will Seek Modification Of War Authorization. The AP (2/21, Riley) reports Senate Majority Leader Harry Reid "said Senate Democrats may move ahead on Monday with an effort to limit the 2002 measure authorizing Bush's use of force in Iraq. That move is planned despite a warning from Senate Republicans that it's certain to be vetoed and the veto would be upheld." Reid "repeated his statement that Iraq 'is the worst foreign policy blunder in the history of our country.' He said the war can't be won militarily, and what's needed is a political and regional solution that involves those with 'a larger stake in the neighborhood,' including Iran."

Democratic Candidates Stake Out Nuanced Positions On Iraq War Authorization. The Los Angeles Times (2/20, Barabak, 850K) reports Democratic presidential candidates "may be united in opposing the war in Iraq, but "that hasn't stopped them from fighting over the conflict. It is a skirmish over judgment, character and political mettle. Sen. Barack Obama "stresses his opposition to the invasion from the start and says those who voted to authorize the war, only to come around later, are at least partly to blame for today's problems. It shows, Obama says, the decision-making capacity each candidate would bring to the White House." Former Sen. John Edwards, "who has apologized for his initial war vote, suggests Sen. Hillary Rodham Clinton of New York has been too measured in her opposition. Implicit is the notion that a calculating front-runner has shaped her views more out of political consideration than principle." Clinton "has sharpened her tone and stepped up her antiwar rhetoric, but has not apologized for her initial stance on the war."

Sestak Seeks Withdrawal Of US Forces In Iraq By The End Of The Year. McClatchy (2/21, Schoof) reports Rep. Joe Sestak, who "commanded a carrier battle group in combat near Afghanistan, then in the Persian Gulf in the run-up to the Iraq war," has "introduced a bill calling for withdrawing all American forces from Iraq by the end of this year, while strengthening the U.S. military presence in the region and in Afghanistan." Sestak's bill "would cut off most money for military operations in Iraq by Dec. 31. … The main reason, he said, is that the war in Iraq is hurting American national security: It's diverted resources and attention from the fight against terrorism in Afghanistan and from other challenges to U.S. interests around the world." McClatchy notes Sestak "rejects the worst-case scenario arguments that Iraq will descend into genocide and a regional war if the United States leaves. … Iraqi sectarian leaders would realize that without the American military holding down the violence, 'they would have to accept the consequences that if they go too far, the retaliation against them might go too far.'"

Bush Reportedly Confident Democrats Will Not De-Fund Iraq War. The White House Bulletin (2/20) reported that President Bush "is confident that congressional Democrats won't be able to muster support for withdrawing from Iraq no matter what legislative gambit they use, according to White House officials. Bush, believing he retains

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a strong position on Capitol Hill regarding the war, at least for now, is much more focused on what's happening in the field rather than on the jockeying in Congress." White House strategists predict Senate Republicans "will serve as a bulwark against unwise actions by the House over the long term." White House spokesman Tony Snow told the Bulletin, "Pretty soon Congress is going to have to make a binding commitment to support the troops." White House officials "don't think that majority Democrats, in the end, will have the votes or the gumption to vote down the funding."

Cheney Says US Won't Back "Policy Of Retreat." The AP (2/21, Talmadge) reports from Japan, "Vice President Dick Cheney reaffirmed the Bush administration's commitment to the increasingly unpopular war in Iraq during a visit to a U.S. aircraft carrier Wednesday, saying 'the American people will not support a policy of retreat.'" He "was given a 19-gun salute as he boarded the USS Kitty Hawk at [Yokosuka naval base] just south of Tokyo."

Most Vulnerable House Republicans Endorsed Bush's "Surge." The Hill (2/21, Blake) reports, "Three months ago, the unpopularity of President Bush and the Iraq war led many House Republicans to the closest reelection bids of their careers. Now, most of those with freshly painted targets on their backs have given Democrats an early vote to tie them to Bush and the war. … Nearly all of those who narrowly survived in 2006 voted with Bush, possibly providing future opponents with campaign fodder." According to the Hill, of the 17 House Republicans who voted with Democrats on the resolution, "only one of them," Rep. James Walsh, "was among the approximately 20 House Republicans who won in 2006 by less than 5 percent." Rep. Christopher Shays "beat back an anti-war challenger by 3 percent in November, while he watched his two Connecticut Republican colleagues fall," but voted against the Democrats' resolution.

White House Points To GOP Frontrunners' Support For Bush's Iraq Policies. The White House Bulletin (2/20) reported, "White House strategists are heartened that the three leading candidates for the Republican presidential nomination -- Rudy Giuliani, John McCain, and Mitt Romney -- are holding firm in support of President Bush's Iraq policy -- insisting on victory. The strategists point out that Bush remains popular with conservative Republicans across the country and the candidates don't want to alienate those voters in the primaries and caucuses by distancing themselves too much from their president. 'No one wants to run as the anti-Bush,' says one West Wing insider -- at least not the perceived frontrunners."

Right, Left-Wing Activists Target Incumbents Over Surge Resolution Votes. The Washington Times (2/21, Ward, 88K) reports, "Anti-war groups are following members of Congress home during their week off, while groups who support the war are targeting those they call 'white flag Republicans' for defeat in the 2008 elections. The anti-war movement has 'very high expectations for this Congress,' said former Rep. Tom Andrews, Maine Democrat and national director of Win Without War. … The anti-war coalition has created a list of public events for senators and representatives who support the president's plan to send 21,500 more troops to Iraq. Mr. Andrews' group is urging anti-war activists across the country to attend these events and persuade their members of Congress to stop supporting the surge. Tomorrow, MoveOn will deliver letters to congressional offices, urging Congress to use its 'power of the purse' to stop the surge by constraining or cutting off funding." Conservative radio talk show host Hugh Hewitt's Victory Caucus is looking for primary opponents for the 17 congressmen and seven senators who opposed the president's surge plan.

Liberal Activists Upset By Centrist Democrats Target Tauscher. The Washington Post (2/21, A1, Eilperin, Grunwald, 690K), in a long front-page article, reports, "The Democratic majority was only three weeks old, but by Jan. 26, the grass-roots and Net-roots activists of the party's left wing had already settled on their new enemy: Rep. Ellen O. Tauscher (D-Calif.), the outspoken chair of the centrist New Democrat Coalition. Progressive blogs…were bashing her as a traitor to her party." MoveOn.org activists "were accusing her of helping President Bush send more troops to Iraq." According to the Post, "The anti-Tauscher backlash illustrates how the Democratic takeover has energized and emboldened the party's liberal base, ratcheting up the pressure on the party's moderates. That pressure is also reaching House Speaker Nancy Pelosi. Pelosi "has clashed with Tauscher in the past, but she's now eager to hold together her diverse caucus and to avoid the mistakes of GOP leaders who routinely ignored their moderates." Tauscher "has annoyed the left by supporting legislation to scale back the estate tax, tighten bankruptcy rules and promote free-trade agreements"

Few, If Any, House Members Read Full NIE On Iraq. The Hill (2/21, Soraghan) reports, "During last week's war debate, House members repeatedly cited the new National Intelligence Estimate (NIE) on Iraq. … But it seems very few, if any, House members read the full, classified version of the report. That 90-page tome is now available to all representatives, thanks to a surprise decision by the House Intelligence Committee a week before the debate. A sampling by The Hill could not find a single House member who had trekked to the committee's secure office in the Capitol to view the classified version of the document. When asked, many said that they had read only the three-and-a-half-page declassified summary of 'key judgments' that the office of the director of national intelligence released earlier this month."

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Wave Of Attacks Seen As Evidence That Iraqi Insurgents Are Adapting To US Tactics. The CBS Evening News (2/20, story 3, :25, Mitchell, 7.66M) reported that US troops in Baghdad "are continuing a security crackdown and Iraqi militants are responding by stepping up attacks. Today, car bombs and a suicide bomber killed at least 17 Iraqi civilians. And just north of Baghdad, a bomb destroyed a tanker filled with chlorine gas. At least nine people died. 150 got sick from the fumes. Officials say the explosive was planted under the tanker."

The Los Angeles Times (2/21, Berthelsen, 850K) reports that "several car bombings, shootings and explosions" in Iraq yesterday "suggested insurgents were finding new ways to evade the ongoing security crackdown by U.S. and Iraqi forces. At least six people were killed in what authorities described as a crude attempt to detonate a chemical weapon in Taji, about 12 miles northwest of Baghdad. Insurgents blew up a truck holding two tanks of chlorine gas, which were thrown clear of the vehicle and leaked, the U.S. military said. Scores of people suffered nausea, vomiting and irritated eyes from exposure to the gas, according to wire service reports. Prolonged exposure to high concentrations of the gas can cause deadly respiratory damage. … In the Shiite holy city of Najaf, a bomb Monday evening caused severe damage to a provincial office of the Iraqi National Accord, the party of former interim Prime Minister Iyad Allawi, who returned to Iraq last week in a bid to unify the nation's political factions."

Sophisticated SAM Used To Bring Down US Helicopter. The Washington Post (2/21, A9, Tyson, 690K) reports Maj. Gen. James E. Simmons, deputy U.S. commander in Iraq, "said yesterday that Sunni fighters probably used a sophisticated SA-14 or SA-16 shoulder-fired missile to shoot down a Marine helicopter on Feb. 7, killing all seven people on board. If confirmed…it would mark the first time since last summer that insurgents in Iraq struck U.S. aircraft with such an anti-aircraft missile, and it would provide fresh evidence of a new strategy of targeting helicopters. … The attack in Anbar province was the latest in a string of seven U.S. military and civilian helicopter downings in Iraq since last month. U.S. commanders say that Sunni and Shiite extremist groups have begun to use deadly strikes in a new and carefully planned effort to rally support for their causes." According to the Post, "The strategy of stepping up the targeting of U.S. helicopters, revealed in recently captured insurgent documents, was devised specifically to counter the U.S. and Iraqi military push to quell violence in Baghdad," Simmons said.

US Officials Wary Of Entering Relatively Stable Sadr City. The Los Angeles Times (2/21, Daragahi, 850K) reports U.S. and Iraqi forces "have moved aggressively in the past week to combat Sunni Arab insurgents" in Baghdad neighborhoods, but now "the forces face their most sensitive challenge: whether, when and how to move into the Shiite-dominated slum of Sadr City, stronghold of the Mahdi army militia." Sunnis "have long accused Shiite Prime Minister Nouri al-Maliki of allowing Sadr City to remain a safe haven for militias in order to maintain popular support from al-Sadr's followers. … U.S. and Iraqi military commanders "are concerned that if they move too aggressively, they could sabotage one of the few success stories in Iraq since the 2003 U.S.-led invasion. Even amid the bloodshed across Baghdad, customers fill Sadr City's shops. Construction workers repair its streets and sewage lines. Children play soccer on its dusty fields and walk to school along newly prettified squares, verdant emblems of progress in one of Iraq's most long-deprived quarters." The Times notes, "U.S. officials in Iraq have gone to pains not to depict Sadr City as a singular source of trouble."

82nd Airborne Establishes Presence Near Sadr City As Part Of New Strategy. Fox News's Special Report (2/20, Hume) reported, "Additional US troops are already patrolling one especially dangerous neighborhood in Baghdad. Despite their unpleasant living conditions, their morale is high…and they appear to have been well received." Fox went on to report, "In an abandoned and looted shopping mall in a formerly well-to-do Baathist community is now the home of the White Falcons, part of the 82nd Airborne. … The new mission, the so-called 'surge.' Here…it actually looks like one." According to Fox, "Four more brigades are scheduled to move into Baghdad over the next couple of months, bringing the total of additional troops to 17500." The 82nd Airborne's staging area "is in some of the most contentious neighborhoods in the city. … The area of operations will include areas including and adjacent to Sadr City."

Operations In Outlying Villages Key To New Baghdad Strategy. The Washington Post (2/21, A9, Partlow, 690K) reports, "The security plan for Baghdad is a fight not only in the teeming streets of the capital but also in places like this, a Sunni-dominated village on the northern outskirts, where U.S. commanders say the Sunni insurgent group al-Qaeda in Iraq is terrorizing Shiite residents, planning attacks on Americans and funneling explosives into Baghdad along a network of country roads. Hundreds of U.S. soldiers…pushed into Ibrahim bin Ali village Saturday morning for a two-day operation designed to take back the hamlet from insurgents and catalogue every fighting-age male in the village. 'This is a large part of the Baghdad security plan because this helps disrupt [al-Qaeda in Iraq] movement and foreign fighter movement into Baghdad,' said Maj. Chad Shields, a company commander."

US Officials Find Themselves In Middle Of Scandal Sparked By Rape Case. The New York Times (2/21, Santora, 1.16M) reports that "a 20-year-old Sunni woman

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from Baghdad appeared on the satellite television station Al Jazeera on Monday night with a horrific account of kidnapping and sexual assault at the hands of three officers in the Shiite-dominated Iraqi National Police. … Almost immediately, Shiite leaders lined up to condemn the woman, calling her charges propaganda aimed at undermining the new security campaign. Sunni politicians offered the woman their support. Whatever the truth of the accusation, though, it played to sectarian fears on both sides." The Times notes, "The Americans, who have advisers working with the Iraqi National Police, found themselves caught in the middle without answers. The woman said the Americans had rescued her from the officers and gave her medical treatment. … The American military said only that it was investigating the charges."

The Washington Post (2/21, A9, Londono, 690K) reports he woman said neighbors alerted U.S. soldiers that she had been arrested, which led to her release. She was admitted to Ibn Sina Hospital, which is run by the U.S. military. Iraqis treated there are generally admitted at the request of U.S. officials. 'The woman was here,' a hospital spokesman, 1st Lt. Justin Kocher, said Tuesday night. 'She received the care she needed,' he added, declining to elaborate." Maliki "injected himself into the case, issuing a news release announcing that the government had convened a committee to investigate and would hold the perpetrators responsible. … Hours later, Maliki reversed course, issuing another statement calling the woman an impostor and a criminal with three outstanding warrants. 'After confirming the falsehood of these claims,' it said, Maliki 'has ordered that these distinguished officers be honored.'"

Blair To Announce Partial Withdrawal Of Troops From Iraq. The New York Times (2/21, A12, Cowell, 1.16M) reports British Prime Minister Tony Blair is expected to announce Wednesday "that up to 1,500 of the 7,000 British troops in southern Iraq will begin withdrawing in coming weeks," the British news media reported today, quoting unidentified sources. An official spokesman for the prime minister "declined to confirm widespread reports in newspapers and from the BBC about a withdrawal, saying that Parliament should be informed first of any such move." In Washington, NSC spokesman Gordon Johndroe said that "while the United Kingdom is maintaining a robust force in southern Iraq, we're pleased that conditions in Basra have improved sufficiently that they are able to transition more control to the Iraqis." Johndroe added that President Bush and Blair had spoken to each another on Tuesday and that Bush "sees this as a sign of success and what is possible for us once we help the Iraqis deal with the sectarian violence in Baghdad." Blair's plans to reduce troop levels in Iraq is "a marked contrast" to Bush's plans to increase troop levels.

Fox News' Special Report (2/20, Hume) also said Bush spoke to Blair yesterday and that a National Security Council spokesman says the US and great Britain "share the same goal of turning over responsibility to Iraqi forces and reducing the number of coalition troops in Iraq."

The Financial Times (2/21, Blitz) says the number will be reduced "by about 1,600," paving the way "for Iraqi forces to begin taking control of the city of Basra." In a statement to the House of Commons, Blair "will present the reduction in troop numbers as an initially modest move that does not undermine the UK's fighting capability." For Blair, Wednesday's announcement "is highly symbolic. After being dogged by the debacle in Iraq for nearly four years, today's statement allows him to leave office conveying the impression -- albeit a limited one -- that the UK intervention has had some success." However, the announcement "will be watched with anxiety by politicians across the political divide in the US" as Bush seeks support for his plan to increase troop levels.

The CBS Evening News (2/20, story 2, :55, Axelrod, 7.66M) reported, "The White House says this is no surprise." Bush and Blair "have been talking about this since last summer. … The White House spokesman says what's happening with the British troops, they'd like to have it be a model for what happens for the US troops. In other words, the Iraqi security forces are able to handle more of its own security, the need for coalition troops diminishing. We should point out, however, the area of Iraq the British troops were responsible for is much less prone to sectarian violence."

NBC Nightly News (2/20, story 2, 1:00, Williams, 9.87M) reported, "This was not a surprise at the White House but it is something they're being asked to respond to tonight." NBC (Gregory) said "this is the kind of announcement that…Bush wanted to make last spring about the gradual withdrawal of US troops. That wasn't the case and of course now there is this so-called surge in place."

NBC Nightly News (2/20, lead story, 1:50, Williams, 9.87M) also asked, "What does this do to the Bush Administration's so-called troop surge as it gets underway and as more American fighters make their way now to Iraq where they may have to fight without their British partners?" NBC added that "unlike Baghdad and the Sunni triangle, the overwhelmingly Shiite population of the south is relatively calm. British casualties since the New Year there numbered just six shoulders."

The Washington Times (2/21, 88K) notes the British "handed over security responsibility for two of their four provinces to Iraqis last year and abandoned their main base in a third." Their forces are "concentrated in Basra itself and at a nearby air base. Commanders say they hope to withdraw from the city and keep a reserve force on standby at the base."

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The CBS Evening News (2/20, lead story, 1:05, Phillips, 7.66M) reported, "The British say this withdrawal is possible because they've been handing over more and more responsibility to Iraqi troops in their area. But…Blair has also been under huge political pressure at home to come up with a withdrawal plan from what has become a very unpopular war."

ABC World News (2/20, story 4, 1:20, Raddatz, 8.78M) reported "the British have turned it over to the Iraqis and all I can say is it might be more secure than other areas. … The British have obligations in Afghanistan. They want to send more troops in Afghanistan. They're stretched thin. Does that sound familiar?"

The Wall Street Journal/AP (2/21, A6) notes Blair is not expected to provide a deadline for "when the rest of Britain's forces would leave Iraq."

The Los Angeles Times (2/21, Murphy, 850K) reports, "The expected announcement to Parliament on Wednesday, which the prime minister's office refused to confirm, follows the British government's pledge to consider drawing down troops this year as the Iraqi military and police shoulder more responsibility for quelling sectarian violence." An "important signal came earlier this week, when Blair announced that a program to place Iraqi troops to take 'main frontline control' of security in the southern city of Basra had been 'successful,' clearing the way for British troops to assume a largely supportive role." USA Today (2/21, Jackson, Stinson, 2.27M) notes "Jeffrey White, an Iraq military expert at The Washington Institute for Near East Policy, said the move is 'not a good news story from the point of view of security.' A former Mideast analyst for the Defense Intelligence Agency, White said the British presence in southern Iraq 'acted as a check on a whole slew of bad guys.'"

Maliki Government Demolishing Famous War Monument Built By Saddam. The Wall Street Journal (2/21, A6, Dreazen, 2.04M) reports the government of Iraqi Prime Minister Nouri al-Maliki, "a Shiite with ties to Tehran," ordered the dismantling of Baghdad's "best-known landmark -- the giant crossed-sword arches built by Saddam Hussein after the Iran-Iraq War." The Journal notes, "The Shiite Muslim parties that dominate Iraq's government had quietly given orders to dismantle the statues, which have dominated the capital's skyline for 17 years. … For other Americans and Iraqis, however, it was cause for alarm -- and concern that the demolition of the monument" would "further fuel the country's intensifying sectarian strife and become another symbol of the central government's increasingly hard-line stance toward Iraq's Sunni Muslim minority." However, "Early yesterday afternoon, Iraqi officials began alerting U.S. embassy staffers that a demolition order had been given."

Deaths Of Soldiers From Small Towns Erode Support For Iraq War. ABC World News (2/20, story 5, 2:30, Gibson, 8.78M) reported, "There is new analysis of the military deaths that have occurred in Iraq. Small towns are quietly burying much of the brunt of loss. The findings by the Associated Press are not terribly surprising, as there is a disproportionate amount of troops that come from small communities in the military. But as we've seen so many times, when a small town loses a soldier, it reverberates throughout the town and affects that town in profound ways." ABC added that "nearly half the 3,100 American military fatalities in Iraq came from small towns. One out of five, from those with less than 5,000 residents, many of them poor communities. … The different reality involves dwindling support for the war in rural America, where it was once strongest. Down from 73% three years ago to 39% today."

Plan To Resettle Iraqi Christians In US Proves Controversial. Fox News' Special Report (2/20, Hume) reported, "Since the war in Iraq began four years ago, fewer than 500 Iraqis have been permitted to live in the US, even though an estimated 2 million refugees have fled Iraq. Post 911 security concerns are cited as the main reason, but the Bush Administration recently announced a change in that policy. A change that is not sitting well with everyone." Last week, the State Department "announced that 7000 refugees will be resettled in the US in the next year." Chaldean Christian say Muslim militias "routinely bomb their churches. Last spring, the Chaldean Federation of America launched a project to resettle 200,000 Chaldeans uprooted by the war. Volunteers say 17,000 Chaldean Christians, many of whom did translation or intelligence work for US troops, submitted applications to live in the US, most of them now living in limbo in middle eastern countries." A founder of the Minuteman Project "questions why President Bush wants to roll out the welcome mat for additional Iraqi refugees." Fox notes that "also critical of the refugee resettlement" is Ohio Democratic Gov. Ted Strickland. He "says he's sympathetic, but "would not want Ohioans to accept a greater burden than they already have borne for the Bush administration's failed policies." However, "after newspaper editorials blasted him, he apologized."

Suicide Bomber Wounds Six US Soldiers In Kabul. The New York Times (2/21, Wafa, 1.16M) reports, "A suicide bomber disguised as a doctor blew himself up Tuesday morning at the opening of a hospital ward built by American forces in eastern Afghanistan, wounding six American soldiers as they tackled him at the entrance, officials said. An American soldier was also killed farther north, in Kunar Province, on Monday, the United States military reported." The Times adds, "An Afghan security

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officer and an American soldier had stopped the man, and when he tried to escape, the soldier grabbed him, the governor said. The man was shot in the leg, and then set off the bomb, he said. A hospital staff member was wounded."

WPost Says Bush Allowing Al Qaeda A "Safe Heaven" In Pakistan. The Washington Post (2/21, 690K) editorializes, "We know now that allowing al-Qaeda a safe haven can have terrible consequences for US homeland security. And yet the Bush administration appears to be letting the threat develop again [in Pakistan]. ... Such indulgence, which has gone on for five years while [Gen. Pervez Musharraf] has tempered his action against Islamic extremists and suppressed Pakistan's pro-Western democratic parties, will be hard to defend if the consequences of allowing al-Qaeda a safe haven are unchanged."

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Interim Northern California US Attorney Sworn In. The Bay City News Service (2/21) reports, "A career federal prosecutor was sworn in at a ceremony in San Francisco today as the interim U.S. attorney for Northern California." BCNS continues, "Scott Schools, 44, who previously worked for the U.S. Justice Department in South Carolina and Washington D.C., was given the oath of office by Chief U.S. District Judge Vaughn Walker. … Schools told a courtroom gathering of federal lawyers and several judges, 'I'm very excited and honored to be here.'" BCNS adds, "Schools was appointed last week by Attorney General Alberto Gonzales to replace Kevin Ryan, who served in the top federal lawyer's job in San Francisco for 4 1/2 years. … Schools said after the swearing-in that he was about to hold his first meeting with his staff and was planning to tell the federal lawyers 'what my hopes and expectations are' for the job. … Schools will be in charge of about 115 lawyers in San Francisco, Oakland and San Jose who handle federal criminal cases as well as civil cases involving the U.S. government in coastal California from Monterey to the Oregon border." BCNS notes, "Under a provision of the federal Patriot Act reauthorization last year, Schools can remain in office as interim chief until a presidentially appointed U.S. attorney is confirmed by the Senate, which could be for the remaining two years of the Bush Administration. … Until the law was changed last year, the U.S. attorney general could appoint an interim U.S. attorney for only four months, after which the power to make a temporary appointment moved to the local federal court. … U.S. Sen. Dianne Feinstein, D-California, has criticized the change in the law on the ground that it can be used to bypass the Senate confirmation process."

More Commentary. The Providence Journal (2/21) editorializes, "The U.S. Senate should extend its inquiry into why the Bush administration has forced at least seven U.S. attorneys out of office. By tradition, presidents appoint these federal prosecutors when they first enter office. President Bush replaced nearly all those who had been appointed by Bill Clinton; President Clinton had done much the same before him. But it is odd for a president to remove his own choices, especially if they are performing adequately." The Journal continues, "One who got the boot, Carol Lam, oversaw the corruption investigation that put California GOP Rep. Randy Cunningham in prison. Two others targeted in the probe, Kyle Foggo and Brent Wilkes, were indicted just last week. Until retiring last spring, Mr. Foggo was the No. 3 official at the Central Intelligence Agency. Mr. Wilkes is a San Diego-area defense contractor. The indictments were handed up just a few days before Ms. Lam's scheduled departure, raising the question of whether there was more to come — and whether it will now be pursued. … Also out is Bush supporter H.E. Cummins III, a U.S. attorney in Arkansas credited with stepping up prosecutions of drug and gun cases. He is being replaced by J. Timothy Griffin, a former deputy to presidential adviser Karl Rove. Another casualty, Kevin Ryan of San Francisco, took on backdated stock options and steroid use by Major League Baseball players." The Journal concludes, "Some Democrats are pushing for a return to the old system, which seems better insulated from executive whims. The more heavily politicized these offices become, the less independently U.S. attorneys will act. The ultimate casualty is justice."

The Tri-City Herald (Kennewick, Paco, & Richland (WA), (2/21) editorializes, "The firing of federal prosecutor John McKay of Seattle is lamentable, but the job of U.S. attorney is - always has been - steeped in politics. … And some of politics, sadly, is steeped in lying. … So the explanations out of the Department of Justice that McKay and five other U.S. attorneys were fired for 'performance' issues call into question the source." The Herald continues, "Seven months before McKay was forced to resign, he received a glowing performance review from Justice Department evaluators, The Seattle Times reported. … Underscoring the mendacious assertions of 'performance problems' by the Washington, D.C., bureaucracy is the discovery that at least four more of the six attorneys fired had recently received similarly positive evaluations of their job performance." The Herald adds, "There's little doubt that McKay and at least most of the others weren't treated fairly. But fairness is separated from politics by more than just 605 pages in Webster's New World Dictionary. … It shouldn't work this way, but U.S. attorney appointments - and jobs - are among the most political in the country."

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DOJ Among Least Trusted Federal Agencies On Privacy Matters. National Journal's Technology Daily (2/21, Noyes) reports, "The CIA, Homeland Security Department and National Security Agency are the least trusted federal agencies when it comes to protecting Americans' privacy, according to a new study by the Ponemon Institute." Tech Daily continues, "The annual survey, which will be released Wednesday, asked more than 7,000 citizens whether they believe the government takes appropriate steps to safeguard personal information. Answers were mixed, but the overall trend suggested a decline in public trust since the think tank first studied the issue in 2004." Tech Daily adds, "The NSA has suffered a substantial flogging by lawmakers and privacy advocates amid questions in the past year over its domestic spying in search of terrorists. It also was revealed recently that the CIA has been utilizing a special subpoena power of the 2001 anti-terrorism law known as the USA PATRIOT Act to comb bank and credit-card records. … Homeland Security and the Transportation Security Administration, which were evaluated separately in the survey, have experienced their fair share of controversy over the mining of information from government and commercial databases and a program that screens travelers entering the United States." Tech Daily notes, "Attorney General Alberto Gonzales' office also was among the least trusted of the 74 federal entities included in the poll. … 'There's a clear correlation between bad publicity and poor privacy trust performance,' survey author Larry Ponemon said. Previous studies 'lacked a big headline negative event,' whereas this time, there were several."

CORPORATE SCANDALS:

Attorney Accidentally Discloses Mercury Backdating Document. The California Recorder (2/21, Graham) reports, "A fourth-year associate at Orrick, Herrington & Sutcliffe inadvertently disclosed a sensitive document about stock option backdating that the firm has spent the last five months fighting to keep under seal." The Recorder continues, "The document -- a complaint in a shareholder derivative action against former executives of Mercury Interactive Corp. -- contains explosive allegations against the executives and quotes extensively from e-mails in which the executives allegedly discuss backdating their own stock options. … 'What do you want to do about [Chief Financial Officer Douglas Smith]'s option since the price is going up?' former General Counsel Susan Skaer is quoted asking CEO Amnon Landon in one e-mail. 'Keep waiting?'" The Recorder adds, "The complaint, Morillo v. Abrams, 1:05-cv-50710, had been filed under seal on Sept. 22 as part of a confidentiality agreement with the executives' lawyers -- but without judicial approval. The Recorder and two other news organizations have been trying since then to unseal the complaint and its supporting exhibits. … But a Dow Jones News Service reporter discovered Friday that Orrick associate M. Todd Scott had inadvertently filed the complaint publicly with a motion to stay the derivative action in October. The Wall Street Journal posted the complaint on its Web site over the weekend and wrote a story about it on page A-4 of Tuesday's print edition." The Recorder notes, "In a filing for an emergency hearing on Tuesday, Orrick partner James Kramer wrote that Scott thought the complaint had been filed under seal when Scott included it as an exhibit to his own declaration. … 'At the time the exhibit was filed, counsel for Ms. Skaer intended for the exhibit to be filed under seal, and, indeed, believed the exhibit had been filed under seal,' Kramer wrote. 'Counsel continued in this belief until the afternoon of Feb. 16, 2007, at which time the court clerk notified all parties that the exhibit had not been filed under seal and was publicly available.' … The Mercury executives -- represented by Orrick; Wilson Sonsini Goodrich & Rosati; Shearman & Sterling; and Farella Braun & Martel -- have been fighting vigorously against The Recorder, the San Francisco Chronicle and Bloomberg to keep the complaint confidential. The executives succeeded in January in getting the derivative action dismissed for lack of standing, but shortly thereafter Santa Clara County, Calif., Judge James Kleinberg ordered that the complaint be unsealed nevertheless."

Fannie Mae Won't Pay Bonuses To Executives. The Wall Street Journal (2/21, Hagerty, Paletta, 2.04M) reports, "Fannie Mae, struggling to atone for a $6.3 billion accounting scandal, announced that it won't pay $44.4 million of shares in the company previously promised as bonuses to 46 current and former executives. The giant provider of funding for US home mortgages said it will 'take into income' that amount, previously expensed for unpaid share awards that were based on earnings growth that proved illusory." The decision "will cancel planned payments totaling about $11.4 million for former Chief Executive Officer Franklin D. Raines; $4.1 million for the current CEO, Daniel Mudd; and $3.4 million for a former chief financial officer, Timothy Howard, a spokesman said. … Among other current senior executives, Robert Levin, chief business officer, will miss out on about $2 million of shares; Michael Williams, chief operating officer, $1.9 million; and Peter Niculescu, executive vice president, $600,000. The planned awards were for incentive-pay cycles that ended in 2003 and 2004."

The Washington Post (2/21, D1, Hilzenrath, 690K) reports, "The awards, known as 'performance shares,' were one component of overall pay packages that typically included salaries, cash bonuses, stock options and other forms of compensation. The stock awards were granted on a

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rolling schedule, based on the company's performance over various three-year periods. For instance, executives had already received the first installment of awards for a cycle covering 2001 through 2003, and the board is not trying to reclaim that money, spokesman Chuck Greener said. Those awards were worth $4.1 million to Raines, $1.4 million to Howard and $1.8 million to Mudd." Regulators "have alleged that Fannie Mae's senior management intentionally manipulated the company's accounting to hit earnings targets and maximize bonuses. Raines's pay totaled more than $90 million from 1998 through 2003, the Office of Federal Housing Enterprise Oversight said last year."

CRIMINAL LAW:

Lawyers Make Closing Arguments At Libby Trial. The CBS Evening News (2/20, story 5, :30, Mitchell, 7.66M) reported that "the jury heard closing arguments in the trial of Scooter Libby, Vice President Cheney's former chief of staff. Libby is accused of lying to Federal agents and a grand jury of when he first learned the identity of CIA officer Valerie Plame Wilson. Prosecutors told the jury today there is a cloud over the Vice President's role in the case because they say Libby obstructed justice. The defense contends Libby did nothing wrong and the case is about faulty memories." Fox News' Special Report (2/20, Hume) noted, "Deputy prosecutor Peter Zeiderberg said that what Scooter Libby did was not a case of bad memory, but lying pure and simple. … Fitzgerald got the last word saying that the Vice President's office was obsessed with the Wilson trip and used his wife as a weapon against him."

NBC Nightly News (2/20, story 4, 1:50, Williams, 9.87M) reported noted, "Once again, one of our own was a key topic today." NBC (O'Donnell) added, "Lies to protect the White House. Lies to prevent political embarrassment. Lies to save a powerful job. That's the motive prosecutors methodically laid out today against…Libby. … But in a fiery, passionate appeal for Libby's freedom, his lawyer, Ted Wells, called this prosecution madness. Wells repeatedly zeroed in on Russert's credibility," and he "urged the jury not to let politics influence its verdict. 'Don't in this case sacrifice Scooter Libby for how you may feel about the war in Iraq or the Bush Administration.' And prosecutor Patrick Fitzgerald got political too, saying because Libby lied and obstructed justice, 'a cloud still hangs over the Vice President.'"

In a widely-distributed story, the AP (2/21, Apuzzo) reports, "Zeidenberg pointed to a flow chart showing arrows tracking information from several officials to Libby and on to other sources. With each conversation, it became less likely the CIA operative would just slip Libby's mind, Zeidenberg said. Wells presented a similar chart. Under each name and photograph, however, Wells noted their memory inconsistencies. Some changed their stories. Others seemed less certain in FBI interviews than they did on the stand." USA Today (2/21, 8A, Willing, 2.27M) notes "a tearful" Wells told jurors, "Don't … sacrifice Scooter Libby for how you may feel about the war in Iraq or about the Bush administration." However, Fitzgerald said Libby "threw sand in eyes of the FBI and grand jurors, he obstructed justice and he stole the truth from the judicial system."

Under the headline "Libby's Memory Is At The Heart Of The Case," the Los Angeles Times (2/21, Schmitt, Miller, 850K) also notes "Fitzgerald argued that Cheney's office was behind many of the prewar claims that Iraq had stockpiles of banned weapons and that it had aggressively sought to silence critics. 'Let's talk straight,' he said. 'There is a cloud over the vice president.'" The Times adds that Fitzgerald "opened his statement with an outburst. 'Madness! Madness! Outrageous!' he shouted, mocking the language of the defense attorneys who had sought to portray the case against their client as an overreach by a zealous prosecutor. The jurors, surprised by the unexpected display, perked up noticeably. But their attention waned as Fitzgerald spent an hour reviewing evidence, often talking so fast that it was hard to make out his words." The New York Times (2/21, Lewis, 1.16M) notes that "the prosecutors presented a detailed and businesslike summing up of their case," while Wells "countered with an intensely emotional defense ending in a choked sob."

The Financial Times (2/21, Daniel) and Washington Post (2/21, A4, Leonnig, Goldstein, 690K) similarly report on the closing arguments, while Dana Milbank writes in his Washington Post (2/21, A2, 690K) "Washington Sketch" column that Wells "may yet win an acquittal from the jury, which will start deliberations today. But it won't be because of the cohesion of his closing arguments. Libby was alternately portrayed as a man who told the truth, a man who inadvertently misspoke, and the victim of conspiracies involving everybody from President Bush to Tim Russert." Milbank notes, "Wells returned repeatedly to a note written by Vice President Cheney expressing concern that Libby was being sacrificed to protect others."

The Washington Post (2/21, C1, Weeks, 690K) also runs a generally sympathetic profile of Wells, noting that "through conversations and e-mails with friends, colleagues, his mother and others who know him well, a portrait emerges of a tough defense attorney who has mastered the balance between easygoing and hard-charging. Often he stands up for the Big Guy, comforting the comfortable. … After all, somebody has got to do it."

Isikoff Says Fitzgerald "Made It Clear" Libby Was "Protecting" Cheney. On MSNBC's Hardball (2/20, Matthews) Newsweek's Michael Isikoff said, "What today's

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closing arguments really underscored is why the White House was so nervous about this trial, why they were so reluctant to talk anything about it. One thing Patrick Fitzgerald said in his closing arguments that kind of stunned me, he…said 'there is a cloud on the vice president, but the cloud is there because Scooter Libby put it there. We, the prosecution, didn't put it there. Scooter Libby put it there by obstructing justice.' And then Fitzgerald ran through everything that Cheney did: writing the talking points, tearing out those articles from the newspaper and making those notes on them – 'did his wife send him a junket?' … Fitzgerald pretty much made it clear to the jury that Libby…was protecting the vice president of the United States."

Meanwhile, Tom DeFrank of the New York Daily News, also on MSNBC's Hardball (2/20, Matthews), said, "It's probably a very good week for the vice president to be in Asia right now because it hasn't been a good week for him." Fitzgerald "put the Vice President on trial, even though he was not charged with anything. But he was very much front and center in this trial from start to finish."

Justice To Launch New Focus On Export Enforcement Cases. The top counterespionage priority for the Justice Department in coming months will be so-called "export enforcement" cases, the sale or transfer of sensitive U.S. technologies to foreign entities or governments, or terrorist groups, J. Patrick Rowan, the new counterespionage and counter terrorism chief at the department told U.S News and the Bulletin. In an exclusive interview, Rowan said that one of his goals is to get the word out to federal prosecutors that the department will support them in pursuing these often complex, previously low-priority cases. "We're not talking about physical pieces of machinery as much as technology," Rowan says. He explained that foreign governments are learning that they can get more critical technical information unwittingly from U.S. graduate students and business people than under the "old model of a bunch of covert operatives sneaking around and hiding stuff behind a tree." With technology becoming increasingly sophisticated, says Rowan, and so much more portable, even a military code, or some kind of dual-use technology sold to a hostile nation or terrorist group could do a great deal of harm. A career prosecutor, Rowan is the deputy assistant attorney general for counter terrorism and counterespionage in the department's new National Security Division, which brings all of the department's national security programs under one umbrella. The division -- headed by the former U.S. Attorney for the District of Columbia, Kenneth Wainstein -- became operational last summer, and implements a key recommendation of the WMD commission, the presidential commission that investigated the intelligence failures that led to the war in Iraq. -- Bulletin exclusive from U.S. News

DOJ Not Planning To Reopen Berger Investigation. The Washington Times (2/21, Seper, 88K) reports the Justice Department "says it is unaware of any new facts to support a call by the former chairman of the House Oversight and Government Reform Committee for a new investigation into the theft of National Archives documents by former National Security Adviser Samuel R. Berger. Acting Assistant Attorney General Richard A. Hertling, in a letter Friday to the committee's new Democratic chairman, Rep. Henry A. Waxman of California, said an 'extensive investigation' led to a guilty plea by Mr. Berger in which he admitted removing the classified documents and the department 'stands by its investigation.' … His letter was in response to a report by Rep. Thomas M. Davis III, Virginia Republican and now the committee's ranking member, saying Justice gave Mr. Berger a 'free pass' in its investigation and called for the committee to investigate the matter instead."

National Archives IG's Accusations Against Berger Initially Dismissed By DOJ. The Washington Post (2/21, A13, Smith, 690K) reports, "While waving his own leg in the air in illustration, Paul Brachfeld, inspector general of the National Archives and Records Administration, asked the group rhetorically if 'something white' could be easily mistaken if it was wrapped around their legs, beneath their pant legs. Under debate during the Nov. 23, 2004, meeting was Brachfeld's contention…Berger could have stolen original, uncatalogued, highly classified terrorism documents 14 months earlier by wrapping them around his socks and beneath his pants, as National Archives staff member John Laster reported witnessing. … Brachfeld wanted the Justice Department to notify officials of the 9/11 Commission that Berger's actions -- in combination with a bungled Archives response -- might have obstructed the commission's review of Clinton's terrorism policies. The Justice Department spurned the advice, and some of Brachfeld's colleagues at the Archives greeted his warnings with accusations of disloyalty. But more than three years later, as Brachfeld and House lawmakers have pushed new details about Berger's actions onto the public record -- such as Berger's use of a construction site near the Archives to temporarily hide some of the classified documents -- Brachfeld's contentions have attracted fresh support."

DOJ Probe Of Senator Campbell's Staffers Continues. The Hill (2/21, Soraghan) reports, "It may have been forgotten by many, but the corruption investigation of the office of former Sen. Ben Nighthorse Campbell (R-Colo.) isn't over." The Hill continues, "The FBI and the Justice Department are pursuing the case, records show, nearly three years after it was opened and more than two years after Campbell left office. But charges have yet to be levied and an explanation as to why it's taken so long to wrap up has yet to

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be offered. … 'I don't understand why it would take so long,' said Tom Gorman, who heads a Denver-based, anti-drug task force and complained to the Justice Department that Campbell's office pressured him to award a no-bid contract. 'It didn't seem to me to be that complicated of a case.' … Campbell, too, said he's eager to put the investigation behind him, stressing that he has been told he is not a subject of the investigation. Investigators have not interviewed Campbell. … 'Senator Campbell is eager to learn the results of the Department of Justice's investigation into the alleged actions of a former staff member,' a Campbell spokeswoman, Kate Dando, said." The Hill notes, "The 'former staffer' is Campbell's onetime chief of staff, Ginnie Kontnik, who resigned just before the allegations surfaced. The Justice Department's anti-corruption unit is investigating a no-bid contract that Campbell and Kontnik tried to steer to a company co-owned by one of Campbell's top fundraisers. More sensationally, Kontnik allegedly shook down an underling for a $2,000 kickback in 2002. … A Jan. 12 letter from the Justice Department Criminal Division, obtained by The Hill, denied a request for documents about the investigation, saying they 'relate to open and on-going law enforcement proceedings being conducted by the Public Integrity Section,' referring to the department's anti-corruption unit. … The letter said releasing documents could interfere with the investigation."

DOJ, FBI Probing Wisconsin Travel Contracts. The AP (2/21, Foley) reports from Madison, WI, "The FBI and the state Department of Justice are continuing their investigation into Gov. Jim Doyle's administration, investigators said." The AP continues, "With one state employee convicted of steering a travel contract to a company with political ties to the governor, the criminal probe "remains open," the state Division of Criminal Investigation said in a letter to The Associated Press. … The disclosure means an investigation that distracted Doyle during his first term in office and gave ammunition to his critics could continue into his second. Doyle has not been accused of wrongdoing and has defended his administration from accusations of corruption." The AP adds, "The news came in DCI administrator James R. Warren's Feb. 14 response to a public records request for documents relating to the agency's investigation of the ravel contract. … Warren turned over more than 50 pages detailing the probe that led to last summer's conviction of Georgia Thompson, a state purchasing supervisor, on federal fraud charges. … But he declined to release an additional 105 pages, including 40 pages of FBI reports, that he said involve 'persons other than those who testified at the trial of Georgia Thompson.' … Their release would undermine the probe, he said. Warren also blacked out the identities of two people from the released records." The AP notes, "Prosecutors said Thompson steered a contract to a company whose executives gave $20,000 to Doyle's re-election campaign. She is serving 18 months in prison. After her trial, U.S. Attorney Steven Biskupic in Milwaukee told reporters the probe was not over. … Doyle's opponent in the November election, Republican Mark Green, repeatedly claimed Doyle's administration was facing 'an ongoing FBI investigation.' But the probe seemed to fizzle out as months went by with no additional action."

FBI Tennessee Waltz Tapes Show Ford Discussing Rolex From Developer. WREG-TV Memphis (2/20) reported on its Web site from a broadcast story, "Today there is surprising new evidence in the John Ford Tennessee Waltz Case. With video and audiotapes, the FBI says Ford took thousands of dollars in bribes. The hearing this afternoon is about the Rolex watch Ford said he received as a gift from Memphis developer Rusty Hyneman. … At one point, Ford is heard saying to an undercover FBI agent that he is going to receive a $50,000 Rolex because he did Hyneman a big favor. … He is on video again later, showing off the Rolex and telling another FBI agent that he paid zero for the watch because he did the developer a big favor by saving them up to $1.5 million dollars." WPTY-TV Memphis (2/20, Buduson) noted, "Ford's lawyers say there's no proof Hyneman gave Ford the watch. On Jan. 31, 2005, Ford changed his story. Ford told an undercover FBI agent he bought the watch. FBI agents acknowledge Hyneman has not saved any money for state environmental violations he faces."

WHBQ-TV Memphis (2/20, Cowman) reported, "Judge J. Daniel Breen did deny the defense's request to suppress the watch due to the way it was seized, saying the government had the right to seize it, but the judge still wants more proof on the relevance of the Rolex before he allows it into trial. … Defense attorneys said the judge probably won't rule on whether the Rolex will be admitted until once the trial has begun." WMC-TV Memphis (2/20) noted, "Hyneman was as evasive outside court Tuesday as he was inside. He pleaded the 5th on every question concerning his relationship with Ford. In other words, he answered nothing."

Memphis Official Calls For City Council Probe Of Edmund Ford Billing Practices. The Memphis Commercial Appeal (2/21, Jones, 163K) reports, "Chairman Tom Marshall wants the Memphis City Council to investigate billing practices at Memphis Light, Gas and Water Division in regard to fellow Councilman Edmund Ford. The chairman's request Tuesday came the same day The Commercial Appeal reported that a federal grand jury had subpoenaed three years of utility billing information for three of Ford's accounts." The Commercial Appeal adds, "Committee chairwoman Carol Chumney said she agreed to place the matter on March 6

committee agenda. Chumney later said she was open to looking into the matter, but is reserving judgment."

Tennessee Waltz Defendant Cooper Charged With DUI. The Tennessean (2/21, Alligood) reports, "State Sen. Jerry Cooper was legally drunk when he rolled his sport-utility vehicle on Interstate 24 earlier this month after attending three legislative receptions, the Tennessee Highway Patrol said Tuesday." Cooper, "who was already free on bail on federal fraud charges, was charged with drunken driving and speeding in connection with the Feb. 7 one-vehicle wreck in Rutherford County." The Tennessean notes, "Cooper was seriously injured in the wreck and is convalescing at home from rib fractures, a concussion and a severe arm injury. He will be arrested or required to turn himself in 'when he is physically able,' according to the THP statement."

Man Blames Prison Confession On Alleged Twin Brother. The Philadelphia Inquirer (2/21, Shiffman) reports, "Andre L. Henry - who stands accused of violent crimes against a police officer, two banks, two grand-jury witnesses, and eight fast-food restaurants - has offered jurors in his trial an unusual defense. … The man secretly recorded in a prison cell confessing? … Not him, Henry testified. It was his twin brother; they had traded cells in prison. … 'We figured, why not?' Henry told jurors. 'Who would know?'" The Inquirer continues, "A federal jury in Philadelphia is expected to begin deliberating Henry's fate this morning. If convicted of the most violent charges - including car-jacking and solicitation to murder - he probably faces life in prison. … In closing arguments yesterday, Assistant U.S. Attorney Michelle Rotella mocked Henry's assertion, and said the government had provided ample evidence that Henry doesn't have a twin brother. … 'His story is just absurd,' Rotella told the jury." The Inquirer adds, "Federal officials say Henry is an extremely violent man. In addition to the charges in this case, he faces state murder charges and, according to grand jury testimony, was investigated for an alleged plot to detonate pipe bombs inside the Gallery at Market East mall. … The alleged 2003 plot against shoppers and commuters at the Center City mall had not been previously reported. Henry was never charged with terror-related crimes; he and his lawyer, Christopher Warren, have denied that any attack was planned. … Jurors in his trial have not been told directly about the alleged Gallery plan. But during cross-examination, Henry unexpectedly began to talk about it, accusing Rotella of fabricating evidence against his family." The Inquirer notes, "The government's best evidence of a terror plot is the secret recording of Henry made by his cell mate - an unredacted copy of which was reviewed by The Inquirer. … At one point, Henry, who is a black Muslim, said on tape that the purpose of the blasts, timed for rush hour near the Market East SEPTA station, would represent 'domestic terrorism' against white Americans. … At another point on the recording, however, Henry said the purpose would be to divert Philadelphia police long enough to pull off a major bank robbery."

Delaware Man's Federal Appeal Cites Hearsay, Jury Instructions. The AP (2/21, Chase) reports from Dover, DE, "Thomas Capano's lawyer argued in a federal appeal yesterday that a judge had violated the convicted killer's constitutional right to a fair trial by refusing to let the jury consider charges other than murder and by allowing hearsay testimony." The AP continues, "In a 71-page brief supporting Capano's habeas corpus petition, attorney Joseph Bernstein said the Delaware Supreme Court had erred in upholding the judge's decision to give the 1998 jury only two options: acquittal or conviction for first-degree murder." The AP adds, "Under a 1980 U.S. Supreme Court ruling, a defendant in a capital murder case is entitled to jury instructions that include lesser offenses if any evidence supports those offenses, Bernstein told the Associated Press. … Capano, now 56, acknowledged in his trial that he had dumped the body of Anne Marie Fahey, who was Gov. Tom Carper's scheduling secretary, into the Atlantic Ocean, but said her death had been an accident. … 'If you're on a jury and you hear that, and you only have two options, what are you going to do?' Bernstein said. 'Even if you don't think it was intentional murder, you're not going to let him go.'" The AP notes, "Capano, once a wealthy and politically connected lawyer, was convicted of shooting Fahey, 30, in 1996, allegedly because she was breaking off an affair with him. … Bernstein also argued in the federal appeal that hearsay testimony by Fahey's friends and psychotherapists should have been excluded from the trial. … In 2001, the state Supreme Court upheld Capano's conviction, his death sentence, and Judge William Swain Lee's decision to reject lesser offenses such as manslaughter or criminally negligent homicide."

New York Man Pleads Guilty To Child Porn Charges. The Elmira (NY) Star-Gazette (2/21) reports, "John R. Maggese, 44, pleaded guilty today to a felony charge of possession of child pornography, according to a press release from the U.S. Department of Justice." The Star-Gazette continues, "Maggesse was accused of having child pornography on a computer he owned from July 2003 through August 2005, the release stated. He received the images over the Internet; some of the images showed children under 12 years old. … Maggese is scheduled to be sentenced at 2 p.m. May 24 in U.S. District Court in Rochester. The charges carry a maximum penalty of 10 years imprisonment, a $250,000 fine, or both."

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Investigator Pleads Guilty To Defrauding Law Firms. The New York Law Journal (2/21, Hamblett) reports, "A Montana man Tuesday pleaded guilty to defrauding law firms involved in major litigation by claiming to have proof of illegal activity by opposing counsel and parties." The Journal continues, "Michael Lair, 46, headed consumerdefense.com Inc., which held itself out as a consumer complaint investigator and researcher for large fraud cases. Tuesday, Lair admitted to defrauding attorneys and litigants of more than $311,000 in 2003 and 2006 as he pleaded guilty to four counts of wire fraud before Southern District of New York Judge John Keenan. … Under a plea agreement with Assistant U.S. Attorney Helen Cantwell, Lair is expected to be sentenced to serve somewhere between 2 years and 3 months to 2 years and 9 months in prison." The Journal adds, "The victims of the fraud included two of Manhattan's top litigation firms, Morvillo, Abramowitz, Grand, Iason; Anello & Bohrer; and Kasowitz, Benson, Torres & Friedman. … While the guilty plea Tuesday covered the litigation involving the Morvillo and Kasowitz firms, prosecutors had been prepared to obtain a superseding information that would have charged Lair with attempting to defraud 10 other firms in litigation in New York and other parts of the country. … Tuesday, with defense attorney Leonard Joy by his side, Lair told Judge Keenan, 'I agreed with a number of law firms to supply information about the parties involved in legal actions in which the law firms were involved. I charged the firms' fees knowing that I did not have and could not have obtained such information.'"

New York Lawyer Pleads Guilty To Stealing $20 Million From Bank, Client. The AP (2/19) reported, "A lawyer pleaded guilty to stealing more than $20 million from a bank and at least one client, spending the loot on vacation homes, a wedding and generous salaries for his employees, authorities said. Under a deal with prosecutors," Anthony Bellettieri of White Plains "faces more than a decade in prison after admitting in federal court to bank and mail fraud dating to at least 2003. Bellettieri, a real estate lawyer, stole the funds through check kiting." The AP noted, "According to J.P. Morgan Chase, the primary victim, the tactic worked partly because he used checks with a printed error. The scheme fell apart after the bank issued correct checks in November."

Five Plead Guilty In "Cult-Like" California Investment Fraud Scheme. The San Diego Union-Tribune (2/18, Thornton, 324K) reported, "Five men have pleaded guilty in federal court to defrauding investors of $20 million in a long-term scam that preyed mostly on churchgoers. John Harrell, the ringleader of the scam, admitted he recruited investors with bogus schemes and then spent all the money on himself and other members of the enterprise, said prosecutor Jason Forge." The Union-Tribune noted, "'Mr. Harrell and his co-conspirators utilized a complex fraud scheme to steal millions through promises of high rates of return with no risk,' said Dan Dzwilewski, head of the FBI office in San Diego. 'He also preyed on his victims' religious faiths and their suspicion of government. Today's result will make others think twice before defrauding the American public.' … Authorities described the organization as 'a cult-like investment scheme' that operated out of San Diego beginning in the late 1980s."

Former California Judge Sentenced For Child Pornography Possession. The Los Angeles Times (2/21, Hanley) reports, "A former Orange County judge collapsed in a Los Angeles federal courtroom Tuesday moments after being sentenced to 27 months in prison for possessing child pornography, bringing a dramatic end to a case that tested privacy rights and nearly fell apart because of a computer hacker's role in the investigation." The Times continues, "Ronald C. Kline was standing with his hands in his pockets and swaying slightly as U.S. District Judge Consuelo B. Marshall indicated he would do prison time. Kline's knees suddenly buckled and he fell backward, with his eyes closed, into the arms of one of his attorneys. … A nurse and paramedics rushed to the courtroom. . They monitored his heart and administered other tests on the 66-year-old Kline. He was on his feet about a half-hour later, and his attorneys said he was well enough to sit through the rest of the hearing." The Times adds, "When it resumed, Marshall also ordered Kline to serve three years' of strictly supervised probation. During that time, he cannot use the Internet or possess any technology — including a cell phone—that would allow Internet access without prior written approval. … Other conditions bar him from lingering within 100 feet of schools, parks and other common gathering points for children under 18. He must also register as a sex offender for the rest of his life. … Marshall said she based her ruling on a variety of factors, including a recommendation by probation officers that Kline serve between 27 and 33 months, the seriousness of the offense, Kline's lack of prior criminal history and his acceptance of responsibility." The Times notes, "Asst. U.S. Attorneys Gregory W. Staples and Deirdre Z. Eliot said they were satisfied with the ruling, even though they had asked for the maximum 33 months."

Woman In Prostitution Probe Pressures US To Drop Case. The Washington Times (2/21, Mcelhatton) reports, "A California woman who is the target in an ongoing criminal probe into the operation of her District-based escort agency has told federal authorities she will 'make life miserable' for former customers and employees unless her

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case is dropped, government attorneys say. … 'I cannot emphasize to you the terrible and quite unnecessary ramifications this case (civil and/or criminal) will set off, if permitted to advance for both sides,' Deborah Jean Palfrey wrote in an e-mail to the U.S. Attorney's Office. 'The press will have a field day at each of our expense.'" The Times continues, "Government attorneys referenced the e-mail in a recent motion to postpone civil forfeiture proceedings against Miss Palfrey pending the outcome of a criminal investigation. But an attorney for Miss Palfrey wants to move forward with the civil case, filing court papers last weekend detailing an attempt to depose former Clinton campaign adviser Dick Morris." The Times adds, "Mr. Morris, a news commentator who resigned from the Clinton campaign in 1996 amid a scandal involving escort services, is 'the only customer of the service who has publicly admitted using the services for "legal" sexual activity,' Miss Palfrey's attorney wrote in court papers." The Times adds, "Miss Palfrey, of Vallejo, Calif., has been the target of a two-year investigation by the Internal Revenue Service and U.S. Postal Service into whether she illegally earned money from prostitutes working as escorts for her business. … Miss Palfrey has not been charged criminally. … In October, federal agents seized more than $427,000 in cash and stocks from Miss Palfrey. In pleadings, authorities say the criminal investigation is ongoing."

Tennessee Businessman Convicted Of DOE Contract Fraud. The Knoxville News Sentinel (2/21, Satterfield) reports, "A lauded Oak Ridge businessman may soon be trading pinstripes for prison stripes. A jury in U.S. District Court on Tuesday convicted Reginald Hall, 54, of conspiracy to commit money laundering for a scheme to plunder money from the U.S. Department of Energy via fake invoices submitted as a subcontractor for the Oak Ridge National Laboratory. Jurors also found Hall guilty of money laundering and theft of government property. He was acquitted, however, of mail fraud and obstruction of justice." The News Sentinel notes, "Agents Randall Kizer and Rick Sample with DOE's Office of the Inspector General, Agent Bob Gibson of the FBI and Lt. Art Schettini of the Tennessee Valley Authority Police Criminal Investigation Division headed up the probe."

Deliveryman Tells Of Unprovoked Shooting By Maryland Official. The Washington Post (2/21, A1, Rich) reports, "A senior Prince George's County homeland security official who last month shot two unarmed furniture deliverymen opened fire without provocation after angrily ordering the men to leave his home, the surviving mover said in a statement provided last night to law enforcement authorities." The Post continues, "Keith A. Washington, who is also a county police officer, was combative almost from the moment the movers arrived at his Accokeek home, said Robert White, who worked for a contractor delivering for Marlo Furniture. 'As we were leaving we reached the top of the steps, and the customer said "I know how to get you the [expletive] out of my house" and I heard gunshots,' White said in the statement. … Later, White said, he listened as he lay bleeding while Washington falsely reported that the men he shot had attacked him with a pipe. 'I remember sitting there on the ground thinking to myself, I can't believe this is how it is going to be,' said White, 36, who dictated the statement from his hospital bed to his attorney. His co-worker, Brandon Clark, 22, died of his wounds Feb. 2 without giving a statement." The Post adds, "Washington has not spoken publicly since the shooting. A source familiar with the investigation has told The Post that, in a brief report filed immediately after the incident, Washington alleged that the movers were in a part of the house where they were not supposed to be. Police have said that Washington told them he acted in self-defense. … Police initially said they would probably charge the movers with assault but have since backed off that comment, saying they would make no determination until their investigation is complete. … White's attorney, Michael J. Winkelman, has not allowed police to interview his client, whose criminal record includes a burglary conviction, in part because of the possibility that police might try to build an assault case against White. In addition, Winkelman said he is concerned that White's providing a statement before Washington does so might allow Washington to fabricate a story that blames the movers in the shooting."

Police Seek Motive In Maryland Shopping Plaza Standoff, Fire. The Washington Post (2/21, B2, Vogel) reports, "Frederick authorities yesterday recovered a body believed to be that of a man who they say shot at police and started a fire that gutted a shopping plaza Monday." The Post continues, "The body, which was found about 12:30 p.m. behind the locked front door in the rubble of a destroyed liquor store at the Frederick shopping center, has been sent to the chief medical examiner's office in Baltimore for identification." The Post adds, "Frederick police were still trying to piece together how James Douglas's visit to a liquor store ended up in an inferno that destroyed the Antietam Village Center. … Police say Douglas, 30, of Frederick, walked into Jim's Liquors at the shopping plaza on Oppossumtown Pike about 12:30 p.m. Monday, showed the owner a handgun and ordered him out of the store. … When two officers pulled up, Douglas fired at least one shot at them through the store's glass door, police said. … Yesterday afternoon, fire marshals, police detectives and construction workers moved through the blackened remains of the plaza."

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Maryland Governor Explains His Opposition To Death Penalty. Writing in the Washington Post (2/21, 690K), Maryland Gov. Martin O'Malley asks, "Is the death penalty a just punishment for murder? Is the death penalty an effective deterrent to murder? … Are any of us willing to sacrifice a member of our own family -- wrongly convicted, sentenced and executed -- in order to secure the execution of five rightly convicted murders? And even if we were, could that public policy be called 'just'? I do not believe it can." But "what about the deterrent value of the death penalty? Does the use of the death penalty -- while rarely, if ever, 'just' -- save more innocent lives than it takes? The evidence indicates that it does not." O'Malley concludes that "absent a deterrent value, the damage done to the concept of human dignity by our conscious communal use of the death penalty is greater than the benefit of even a justly drawn retribution."

Maryland Officer Charged With Molesting Woman During Traffic Stop. The Washington Post (2/21, B6, McCaffrey) reports, "An Anne Arundel County police officer was charged with a sex offense yesterday, accused of coercing a woman to bare her breasts during a traffic stop, then molesting and photographing her. He told her she could avoid jail if she exposed herself, police said." The Post continues, "Joseph Mossmiller, 22, who joined the department in May, was charged before a District Court commissioner with a fourth-degree sex offense, second-degree assault, false imprisonment and misconduct in office, police said." The Post adds, "Three other officers were suspended in connection with the incident. Police declined to identify them or disclose what the led to their suspensions with pay except to say that they were also rookies but had not been at the scene of the traffic stop Jan. 20. … According to charging documents filed in District Court, the 18-year-old woman was driving with a female passenger whom she had just picked up at a bar when she was pulled over by a marked police car in the Pasadena area. … Mossmiller was released on his own recognizance yesterday after initially being sent to the county detention facility when he was unable to post a $250,000 bond, police said."

Youths Tell Of Grim Life On Traveling Magazine Sales Crews. The New York Times (2/21, Urbina) reports, "Two days after graduating from high school last June, Jonathan Pope left his home in Miamisburg, Ohio, to join a traveling magazine sales crew, thinking he would get to 'talk to people, party at night and see the country.' … Over the next six months, he and about 20 other crew members crossed 10 states, peddling subscriptions door to door, 10 to 14 hours a day, six days a week. Sleeping three to a room in cheap motels, lowest seller on the floor, they survived some days on less than $10 in food money while their earnings were kept 'on the books' for later payment. … By then, Mr. Pope said, he had seen several friends severely beaten by managers, he and several other crew members were regularly smoking methamphetamine with prostitutes living down the motel hallway, and there were warrants out for his arrest in five states for selling subscriptions without a permit. … After persuading his manager to let him leave, Mr. Pope was dropped off, without a ticket, $17 in his pocket, at a bus terminal near San Antonio, more than 1,000 miles from home." The Times continues, "More than two decades after a Senate investigation revealed widespread problems with these itinerant sellers, and despite several highly publicized fatal accidents and violent crimes involving the sales crews in recent years, the industry remains almost entirely unregulated. And while the industry says it has changed, advocates and law enforcement officials say the abuses persist." The Times adds, "In interviews over seven months, more than 50 current and former members from almost as many crews painted a similar picture of life on the road. … With striking uniformity, they told of violence, drug use, indebtedness and cheating of customers during their cross-country travels, often in unsafe vehicles and with drivers who lacked proper licenses."

Rise In Teenage "Sport Killings" Of Homeless Worries Authorities. CNN.com (2/21, Fantz) reports from Milwaukee, WI, "All Nathan Moore says he wanted to do was smoke pot and get drunk with his friends. Killing Rex Baum was never part of the plan that day in 2004. … 'It all started off as a game,' Moore said." CNN continues, "The 15-year-old and his friends were taunting the homeless man -- throwing sticks and leaves -- after having a couple of beers with him. … No big deal, Moore says, but he's sorry for what came next. … It was a mistake, he said, a sudden primal surge that made him and his friends Luis Oyola, 16, and 17-year-old Andrew Ihrcke begin punching and kicking Baum. … They hurled anything they could find -- rocks, bricks, even Baum's barbecue grill -- and pounded the 49-year-old with a pipe and with the baseball bat he kept at his campsite for protection. … After destroying Baum's camp, the boys left the homeless man -- head wedged in his own grill -- under a piece of plastic where they hoped the 'animals would eat' him. … Then, Moore says, they took off to grab a bite at McDonald's." CNN adds, "Baum's murder was indicative of a disturbing trend. … A National Coalition for the Homeless report says last year, there were 122 attacks and 20 murders against the homeless, the most attacks in nearly a decade. … 'It's disturbing to know that young people would literally kick someone when they're already down on their luck,' said Michael Stoops, the executive director of the Washington-based National Coalition for the Homeless. 'We recognize

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that this isn't every teenager, but for some this passes as amusement.'" CNN notes, "Criminologists call these wilding sprees 'sport killing,' -- largely middle-class teens, with no criminal records, assaulting the homeless with bats, golf clubs, paintball guns. … Some teens have even taped themselves in the act. Others have said they were inspired by 'Bumfights,' a video series created in 2002 and sold on the Web that features homeless people pummeling each other for the promise of a few bucks." CNN notes, "Stoops and Brian Levin, a California State University hate crimes expert, say common themes run through teen-on-homeless violence. The attackers are almost always boys, peer pressure and mob mentality sweep away caution, and parents don't suspect their children could be capable of such actions."

Congress Urged To Enact Federal Journalist-Source Privilege Law. In an op-ed for the New York Times (2/21, 1.16M) Geoffrey Stone, professor of law at the University of Chicago, writes, "Congress should expeditiously enact a federal journalist-source privilege law, which would protect journalists from compelled disclosure of their sources' confidential communications in the same way psychiatrists and lawyers are protected. Importantly, neither Congress nor the press should be unwilling to compromise when the alternative is to forgo such a privilege altogether."

CIVIL LAW:

High Court Voids $79.5 Million Tobacco Award. USA Today (2/21, Biskupic, 2.27M) reports, "The Supreme Court tossed out a $79.5 million award to a smoker's widow Tuesday in its first ever case testing punitive damages in a personal injury dispute." The decision "limits when jurors may consider the harm a company caused people who were not part of the case." The 5-4 ruling "is a victory for Philip Morris USA, which won another chance to challenge an Oregon jury's punitive damages award that was 97 times the actual damages for the death of Jesse Williams, a longtime Marlboro smoker."

McClatchy (2/21, Henderson) reports the 5-4 ruling, written by Justice Stephen Breyer, "said awarding damages to punish a company for harming nonparties to a suit amounted to taking property without due process." Chief Justice John G. Roberts and Justices Anthony Kennedy, David H. Souter and Samuel A. Alito Jr. agreed with Breyer. Justices John Paul Stevens, Antonin Scalia, Ruth Bader Ginsburg and Clarence Thomas dissented. Thomas and Scalia "objected to Tuesday's ruling for the same reasons they've resisted all the court's decisions limiting punitive damages: They don't think that the Constitution addresses the issue." That puts them "at odds with Roberts, Alito and Kennedy, the remaining justices in the court's politically conservative wing. … Stevens' vote represents a departure for him on this issue; he penned the 1996 ruling that established constitutional limits for punitive damages, but said Tuesday's ruling went too far."

The Legal Times (2/21, Mauro) reports, "Business advocates applauded the ruling as a major body blow, grounded in the Constitution, against high punitive damage awards. … 'This is a huge, huge win for corporate defendants,' said Lori Nugent, chair of the enterprise risks practice of Cozen O'Connor in Chicago, and author of a state-by-state guide on punitive damages. 'Lawyers who exhort jurors to send a message; that has to stop now. It rips the guts right out of a case.' … But plaintiffs groups say the decision won't change much, especially since the Court on Tuesday also said that harm to others could still be considered by jurors in determining the defendant's level of 'reprehensibility.' … 'Ultimately, I don't think this is going to be very significant. The Court was slaying dragons that don't exist,' said Robert Peck, who argued the case on behalf of Mayola Williams, widow of longtime Oregon smoker Jesse Williams, whose estate won the case against Philip Morris. On remand to Oregon, Peck said, the case could still result in a significant punitive damage award." The Times notes, "The ruling also disappointed some business groups because it explicitly stopped short of setting numerical limits on excessive punitive damages -- a holy grail for critics of the tort system. The Court's sidestep caused some tobacco-company stocks to dip on Wall Street after the ruling."

The Christian Science Monitor (2/21, Richey, 59K) notes "the US Supreme Court struck down the verdict because it said the jury violated due-process protections when it sought to punish the tobacco company for injuries suffered by nonparties to the litigation," while the Washington Post (2/21, A1, Barnes, 690K) says that "in sending the case back to Oregon courts for further litigation, the justices sidestepped a decision that industry had most wanted: whether to set a solid cap on how much could be awarded for punitive damages, perhaps based on a specific ratio to the actual damages done to the individual who brought the suit. Still, business advocates praised the decision."

The Wall Street Journal (2/21, A2, Bravin, O'Connell, 2.04M) calls the ruling "another boon for corporate defendants. But it wasn't the knockout blow against punitive damages that business had sought." The ruling "turned on the court's finding defendants can't be punished for harms suffered by consumers who aren't party to a lawsuit. But the justices refused to impose a formula, sought by business groups, that would limit punitive-damage awards."

ABC World News (2/20, story 2, 2:20, Greenberg, 8.78M) said "lawyers supporting Philip Morris said the ruling will stop runaway jury awards. Not only in tobacco cases, but

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in other types of lawsuits, including those for defective drugs and automobiles." Theodore Boutrous, Product Liability Advisory Council: "This, along with the court's previous decisions, help significantly bring fairness to the system." But "Robert Peck, a lawyer for Mrs. Williams, says the award was fair. And predicted a lower court will reinstate it, even under the new standard." Peck: "You still can say look how many Jesse Williams there are out there. This was massive misconduct on a scale that requires significant award."

The CBS Evening News (2/20, story 4, 2:40, Andrews, 7.66M) reported, "What is most likely to happen now is a new jury instruction will have to go out in cases where companies have lost, and the jury instruction will be something like you can't punish this company for all the other people it hurt even though it might have hurt other folks. You can't add to the money. That's likely not to eliminate huge jury verdicts but will probable diminish a lot of them."

The New York Times (2/21, Greenhouse, 1.16M) reports, "What happens next in this lawsuit may provide an early indication of the practical significance of the court's ruling, as far as it went. The case now goes back to the Oregon Supreme Court, which has options ranging from reinstating the award to ordering a new trial. The original trial of the suit, brought by Mayola Williams, whose husband, Jesse, died of lung cancer after smoking two packs of Marlboros a day for 45 years, took place in 1999." Sheila L. Birnbaum, a punitive damages specialist with Skadden, Arps, Slate, Meagher & Flom in New York, "said the court was requiring jurors to 'unring the bell' in a way that might prove difficult. 'It's very hard for jurors to disregard something they have heard,' she said." The Washington Times (2/21, Lopes, 88K) and Los Angeles Times (2/21, Savage, 850K) runs similar stories.

More Commentary. The New York Times (2/21, 1.16M) editorializes that the ruling "is a win for corporate wrongdoers. It stretches the Constitution's guarantee of due process in a way that will make it easier for companies that act reprehensibly to sidestep serious punishments." It also "provides unsettling new evidence that the court is more concerned about -- and more willing to protect -- the powerful than the powerless."

The Wall Street Journal (2/21, 2.04M) writes in an editorial, "The Supreme Court dealt another blow against runaway tort damages," and "maybe next time the Justices will go even further and provide some clearer guidance to lower courts." The Journal adds, "In any case, inflicting gigantic damages in civil cases without standards to guide either judges or juries are a real problem, despite what Justices Thomas and Scalia seem to believe. And in ruling that standards have to be applied in how these cases are argued -- and not only in the number that is finally arrived at -- the Court may have hit upon an important area for reform. But thanks to the Court's willingness to split too many differences, Philip Morris can't exhale just yet."

Five Indicted In Georgia On Health Care Billing Fraud Charges. The Atlanta Business Chronicle (2/20) reported, "A federal grand jury handed down two separate health-care fraud indictments today, charging a total of five health-care providers with fraudulently billing approximately $6 million, principally for a back pain procedure. According to the U.S. Attorney's office, Howard Berkowitz, 59, of Atlanta; Arthur Hargraves, 66, of Douglasville; and Daniel Puffenberger, 51, of Kissimmee, Fla., were each charged with five counts of health care fraud that they allegedly committed as owners of the Associated Spinal Care Network in Douglasville. … In another indictment, William Stearns, 45, of Marietta, Georgia, and Steven Levine, 50, of Roswell, were charged with health-care fraud and other violations that they allegedly committed as owners of the Comprehensive Care Medical Group in Marietta." The Chronicle noted, "The cases are being investigated by the FBI."

Doctors, Clinic Administrators Indicted In California Medicare Fraud Scam. The Los Angeles Times (2/15, Hanley, 850K) reported, "Nine doctors, six healthcare administrators and three associates were indicted…in a scam in which doughnuts, candy and other gifts were used to lure elderly and mentally ill patients into more than $12 million worth of unnecessary respiratory treatments that were fraudulently billed to Medicare, federal officials said. … The indictment alleges that doctors paid kickbacks to board-and-care administrators and other associates known as 'cappers' to gain access to residents, then ordered respiratory treatment for those residents regardless of whether they were suffering from such conditions. Therapists were paid to treat the residents, who were enticed with sodas, candy and doughnuts, authorities say."

The Orange County Register (2/15, Bernhard) reported, "Administrators at the facilities were typically paid $100 per resident they referred to the recruiter, federal prosecutors said. … All 18 defendants are expected to be arraigned March 19 in U.S. District Court in Santa Ana. The defendants face a maximum 10-year federal prison sentence for each health care fraud count, 20 years for each money laundering count and five years for each conspiracy count. The investigation was conducted by the FBI, the U.S. Postal Inspection Service and the IRS."

CIVIL RIGHTS:

Gonzales Announces New Program To Protect Religious Freedom. The AP (2/21, French) reports

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from Nashville, TN, "U.S. Attorney General Alberto Gonzales told Southern Baptists on Tuesday the Department of Justice is launching a new program to protect Americans from religious discrimination." The AP continues, "Gonzales said the First Freedom Project would increase education about religious discrimination by holding a series of training seminars throughout the country over coming months. … He also plans to create a Religious Freedom Task Force, which will review policies and religious discrimination cases. He said he doesn't yet know how much the program will cost. … 'One of our most cherished freedoms ... is our religious freedom,' he told leaders of the Southern Baptist Convention, the nation's largest Protestant denomination, in Nashville. 'It is a fundamental part of our nation's history.'" The AP adds, "The first training seminar will be held in Kansas City, Mo., in March, followed by seminars in Tampa, Fla., in April and Seattle, Wash., in May. Other dates and locations will be announced later. … As part of the new program, the Justice Department is also launching a Web site http://www.firstfreedom.gov, with information on enforcement and how to file a religious discrimination complaint." The AP notes, "On Tuesday the Justice Department also released its report on Enforcement of Laws Protecting Religious Freedom, which highlights the number of religious discrimination cases reviewed or investigated by the Department of Justice for fiscal years 2001-06 compared to 1995-2000. … Gonzales said the report shows the Department of Justice has looked into more religious discrimination cases under the Bush administration."

The Nashville Tennessean (2/21, Wadhwani) reports, "Saying the government has not always paid enough attention to religious discrimination, the country's top law enforcement official picked a gathering of Southern Baptist leaders in Nashville on Tuesday to announce a renewed push to protect religious freedoms." The Tennessean continues, "U.S. Attorney General Alberto Gonzales announced the establishment of a new Religious Freedom Task Force and stepped up enforcement efforts. … The Department of Justice's 'First Freedom Project' will review religious discrimination complaints, hold seminars to educate religious leaders about how to file complaints and launch a Web site with information on religious liberty laws, Gonzales said. … Local civil libertarians greeted the announcement with skepticism. If the First Freedom Project was meant to protect the religious freedoms of all Americans, why was it announced only to a room full of Southern Baptists, asked Hedy Weinberg, executive director of the Tennessee branch of the American Civil Liberties Union. … 'Why was just one particular religious community there?' she said. 'Religious freedom is a right all of us hold dear ... You'd think you'd want the rainbow of religious beliefs represented.'" The Tennessean adds, "Gonzales told reporters that he chose a meeting of the nation's largest Protestant denomination because, 'this is a group that's very interested in religious freedom.' … The gathering is a 'receptive audience that would appreciate' his message, he said."

Judge Schedules Thursday Hearing On Seale Motion To Dismiss. The AP (2/21, Elliott) reports, "A federal judge will hear arguments Thursday in reputed Ku Klux Klansman James Ford Seale's motion to dismiss kidnapping charges against him in the 1964 slayings of two black men. U.S. District Judge Henry T. Wingate scheduled the hearing for 8:30 a.m. at the federal courthouse in Jackson." The AP notes, "Seale and reputed KKK member Charles Marcus Edwards were arrested in 1964. But the FBI -- consumed by the search for three civil rights workers who had disappeared from Neshoba County that summer -- turned the case over to local authorities, who promptly threw out all charges."

Two California Prison Guards Charged With 2002 Beating, Cover-Up. The Riverside (CA) Press-Enterprise (2/21, Austin) reports, "A federal grand jury indicted two officers at the men's prison in Chino on Tuesday on accusations they hurled two shackled inmates to the ground and filed a false report to cover up the incident almost five years ago." The P-E continues, "Officer Robert McGowan, 37, of Apple Valley, and Sgt. Thomas Ramos, 50, of Montclair, were named in a three-count indictment stemming from a May 2002 incident that left two inmates with minor injuries. … Attorneys for the Department of Justice allege McGowan pulled two shackled inmates from a van and allowed them to fall to the ground after an altercation between the inmates and officers. Because of the shackles, the inmates were unable to protect themselves from the fall." The P-E adds, "Two weeks later, according to the attorneys, Ramos filed a false report to his boss. He claimed one of the inmates merely slipped even though he had been told that McGowan assaulted the shackled prisoner, charged the U.S. attorneys. … McGowan faces 20 years in prison on two counts of deprivation of rights under color of law, and Ramos faces 10 years on one count of obstruction of justice if convicted." The P-E notes, "Though nearly five years passed before Tuesday's indictment, the incident created a legislative stir in 2003 amid concerns of prisoner abuse, coverups by guards and dysfunction in the department's internal affairs investigative system. … The California Inspector General ordered the corrections department to hand over its files on the case to the Justice Department, said Bill Sessa, a spokesman for the California Department of Corrections and Rehabilitation. … McGowan and Ramos are scheduled for arraignment in March, said Thom Mrozek, spokesman for the U.S. attorney's office. … These kinds of cases are rare

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because it's necessary to prove the officer intended to violate the inmate's civil rights, Mrozek said. … 'The constitutionally protected rights of every citizen is something we take very seriously,' said Mrozek. 'You have the right to be free from assault -- even in prison.'"

DOJ Asked To Intervene In New Jersey Beach Access Dispute. The Asbury Park (NJ) Press (2/21, Williams) reports, "Long Branch (NJ) is waiting to hear from the state Department of Environmental Protection on its boardwalk improvement project." The Press continues, "A senior citizen from Ocean Boulevard is appealing to the U.S. Department of Justice to enforce requirements of the Americans with Disabilities Act in connection with oceanfront beach access. … Austin Gelzer, 80, had come before the City Council Jan. 23 to ask for help with beach access, and although officials said they would study the issue, they made no promises. … So Gelzer returned Feb. 13, determined to go to the Justice Department after having completed a complaint form that will go before the Civil Rights Division." The Press adds, "Gelzer is filing the complaint, he said, 'in the name of the disabled residents of Long Branch who have been denied access to the beach and public restrooms, and to some degree, sufficient parking facilities.' … Gelzer said the city was required, beginning in January 1995, to provide such accommodations. … On July 28, 2005, Gelzer met with City Business Administrator Howard Woolley Jr. and presented him with a petition signed by 150 people, protesting the lack of beach access. … Woolley said then the city could not afford to make improvements without the infusion of some $12 million promised by K. Hovnanian, the proposed developer of Beachfront South. … Mayor Adam Schneider has said the city will improve the steep access staircase, which is an annual necessity, but noted a sweeping boardwalk rebuilding program is set to begin within the next 12 months. … Schneider said even if the Justice Department ruled in Gelzer's favor, the city still would not be able to design and engineer a new ramp, get it approved by the DEP, and installed by Memorial Day."

Pro-Life Activists Highlight Survival Of Premature Baby. ABC World News (2/20, lead story, 2:40, Gibson, 8.78M) reported on the delayed release from the hospital of premature baby Amillia Taylor, "born last October, after just 21 weeks and 6 days in the womb. That, we believe, is a shorter period of gestation than any other infant that has ever survived. The fact that she has survived and grown to more than four pounds is about to go home is a miracle, yes. But a miracle that may have an affect over the debate over abortion." ABC (Harris) added, "Until now, the story of Amillia Taylor was a medical and human interest story. But today, it became a political story, as well." Despite the "fact that she's had some respiratory and digestive problems, her doctor says Amillia's prognosis is excellent." For "anti-abortion activists Amillia is a national poster child today they promised to hold her up as an example in future debates over restricting abortion. Only one state, North Carolina, explicitly prohibits aborting a fetus at the stage Amillia was born. Twelve states permit abortion at that point. Twenty-three leave it to a doctor to decide whether the fetus is viable and in 14 state there's are no laws on the books that would prevent such an abortion." Tony Perkins, Family Research Council: "As we see, with the advancement of medical technology, we have children surviving outside the womb younger and younger. And it really brings into focus how valuable and how precious this human life really is." Harris: "Bioethicists we spoke with today argue that Amillia is a miracle baby, and that it's unwise to change public policy based on miracles."

The CBS Evening News (2/20, story 12, :25, Mitchell, 7.66M) reported the story without playing up any political angle, noting, "Doctors say she is the earliest born preemie ever to survive. She'll be staying in the hospital a bit longer. Amelia Taylor was born in October at just under 22 weeks. She weighed less than 10 ounces, smaller than a can of soda. She's now four and a half pounds."

Dallas Settles Jail Mistreatment Suit. The AP (2/21, Curry) reports from Dallas, "County officials approved a nearly $1 million settlement Tuesday with the families of three mentally ill inmates who were denied medication while in the country's seventh-largest detention complex." The AP continues, "Just over half of the award went to James Mims, a Dallas County jail inmate whose psychiatric medications were withheld for two months in 2004, his attorney David Finn said. Mims also nearly died when water was shut off in his cell for two weeks. … 'They could just not afford to have this case go before a jury'" Finn said. … Commissioners approved the $950,000 agreement without discussion." The AP adds, "The federal civil rights lawsuit was filed in December 2004 on behalf of inmates Mims, Kennedy Nickerson and Clarence Lee Grant Jr., who died in custody. … Grant, who had paranoid schizophrenia, was found dead in his cell after not receiving medicine for five days in 2003, according to court records. An autopsy showed he died from complications of diabetes, pneumonia and other ailments. … Nickerson, who also has paranoid schizophrenia, was released from jail in 2003 without medication. A few days later he was found on the street dehydrated, suffering from fever and seizures, court records show. … The U.S. Department of Justice told the county in December that the jail violates inmates' rights by failing to provide adequate medical and mental health care, and warned that a lawsuit could be filed if the problems weren't fixed."

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Judge Declares Schwarzenegger's Prisoner Transfers Illegal. The Los Angeles Times (2/21, Warren, 850K) reports, "A Superior Court judge ruled today that Gov. Arnold Schwarzenegger acted illegally by declaring an emergency in California's overcrowded prisons and transferring inmates to other states. The ruling by Judge Gail Ohanesian says the governor violated the Emergency Services Act and the state constitution, and that contracts sending prisoners to lockups in Tennessee and Arizona are illegal." The judge's order "is stayed for 10 days, giving the state time to file an appeal." Ohanesian's ruling "is a major setback for Schwarzenegger as he grapples with an escalating crisis in the state's jam-packed prisons."

Writer Hopes Next Generation Makes Greater Racial Strides. In an op-ed for USA Today (2/21, 11A), Bruce Kluger, a contributing editor for Parenting magazine, writes, "(A)s we celebrate Black History Month, I wonder: What kind of responsibility do we parents have in educating our children about the sad legacy of racism that has run through our nation's life like a persistent electrical current? Do we bequeath that shame to our kids out of a sense of obligation, charging them with the task of carrying the long, hard fight of our troubled heritage into a new era? Or do we quietly give thanks for their blissful naiveté — their lucky late-century birth — and hope that the deeper sense of fairness that is already evident in their new generation may take root in America's future? Do we leave well enough alone?" Kluger continues, "To be sure, our country is experiencing a transformation that would have been unimaginable half a century ago. … Our last two secretaries of State have been African-American (likewise, both 2007 Super Bowl head coaches); our most talked-about presidential candidate is black; people of color populate executive suites and statehouses across the country in increasing numbers. And the only conversation about race that seems to interest Major League Baseball anymore is the one about the pennant. … Yet just because America's more notorious racial injustices are thankfully behind us — the segregated lunch counters, the unconscionable lynchings, the ignominious Jim Crow laws — thick capillaries of discrimination continue to pulse beneath our national skin. These lingering vestiges of that old-time racism are, in many ways, just as insidious as those we thought we'd thrown off with the great civil rights acts of the '60s, if only because they are more cleverly cloaked from view." Kluger adds, "Blacks continue to be shut out of polling places because of dubious technicalities. Families of color continue to carry a disproportionate share of our country's worst afflictions — from poverty and unemployment to teen pregnancy — at national rates that have consistently remained two to three times that of whites for the past 20 years. Minority youth continue to be isolated, not embraced, by our education system, despite the efforts of No Child Left Behind. And in November, another unarmed black man was killed in a hail of police bullets, just a subway ride from where my daughters go to school. It was a flashback to the bad old days. … This, to me, is what Black History Month is really about — a time to step back and measure our growth as a nation against the work that remains to be done. … We haven't yet reached Martin Luther King's mountaintop in America. But I have to believe that our children may one day take us there."

ANTITRUST:

DOJ Orders Mittal To Sell Maryland Steel Mill. The Washington Post (2/21, D1, Huslin) reports, "The Justice Department yesterday ordered international steel conglomerate Arcelor Mittal to sell off the venerable Sparrows Point mill near Baltimore, to preserve competition in the eastern U.S. tin mill market." The Post continues, "The divestiture of the 116-year-old plant, which in its heyday was the world's largest steelmaker, is not expected to have an immediate impact on its workforce or operations, union officials said. The plant once employed 30,000 people at the mill and nearby shipyards, and produced millions of tons of steel for guns, airplanes and warships during World War II." The Post adds, "Justice Department officials ordered the divestiture of Sparrows Point as a condition of Mittal Steel Co.'s $33 billion acquisition of Arcelor SA. The department had originally called for the Dutch company to spin off a Canadian subsidiary that makes tin mill products. But after that deal proved impossible for legal reasons, the Justice Department said Mittal would have to sell one of its other mills -- Sparrows Point or its plant in Weirton, W.Va. … Yesterday, the department decided it should be Sparrows Point, which manufactures rolled steel sheets primarily used to make cans for food, aerosols, paints and other products. Unlike Weirton, Sparrows Point produces the steel slabs used to manufacture tin mill products and would not have to develop new supply sources for the material if Mittal sold it, Justice Department officials said. … 'With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved,' said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division."

The AP (2/21, Dishneau) reports, "The proposed consent decree would allow Chicago-based Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, used primarily for food and aerosol cans." The AP adds, "Chicago Heights, Ill.-based Esmark Inc. said it might consider a joint venture to buy Sparrows Point if the Weirton mill is unavailable, and

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industry experts said a number of German, Indian and Russian companies are shopping for North American steel mills." The AP notes, "The United Steelworkers union, which represents the 2,106 production workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal. … The Justice Department said in a statement that a sale of the profitable Sparrows Point plant, with its deep-water port access, diversified equipment and production capacity of 500,000 tons of tin-plated products annually, would 'most reliably remedy the anticompetitive effects' of Mittal's merger with Luxembourg-based Arcelor. … Justice officials initially ordered Mittal to try to sell another mill, Dofasco Inc. of Canada. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. That left either Sparrows Point or the former Weirton Steel Corp. in Weirton, W.Va., Mittal's two U.S. tin-plated steel mills."

The Baltimore Sun (2/21, Connolly) reports, "For the third time in as many years, Sparrows Point is up for sale. And this time it's a rush job. … The Justice Department wants the sprawling Baltimore County steel plant to be under new ownership within 90 days to make sure that its current boss, Mittal Steel Co. NV, does not have too much control over the market for tin plate used to make cans for foods, aerosol sprays, paints and other products." The Sun adds, "Netherlands-based Mittal, which is merging with Luxembourg-based Arcelor SA in a $33 billion deal to create the world's largest steelmaker, had wanted to sell its Weirton W.Va., plant instead. … Selling Sparrows Point, an integrated manufacturer that can make steel from scratch, rather than the Weirton plant 'most reliably' addresses antitrust concerns, Thomas O. Barnett, the assistant attorney general in charge of the department's antitrust division, said Tuesday in a statement announcing the order. … 'Sparrows Point is a profitable and diversi fied facility' and 'unlike the Weirton mill, would not have to develop new sources of supply for this critical input upon its separation from Mittal Steel,' the Justice Department said. … Mittal cannot appeal the order but could be granted up to 60 more days to find a buyer, according to a Justice Department spokeswoman. The Justice Department would have to sign off on any deal."

AFP (2/21) reports, "The US government last August had approved Mittal's acquisition of Arcelor on the basis that Arcelor divested a Canadian company it owned called Dofasco Inc. … However, Arcelor was unable to divest the Canadian group due to ownership hurdles, and the Justice Department has now opted to require Arcelor to divest the Baltimore steel mill instead to satisfy US merger concerns."

Mill Expected To Draw Interested Potential Buyers. The Wall Street Journal (2/21, A4, Glader) reports, "Mittal Steel Co., ordered by the Justice Department to sell a plant in Maryland, is expected to draw bids from major companies in China, Russia and India as the number of plants for sale is dwindling." The Journal continues, "The Sparrows Point plant, near Baltimore, is more accessible than inland operations for imports of raw materials and exports of steel. It can produce about 3.9 billion tons of steel a year, including 500,000 tons of tin plate used to make cans for food, aerosols, paints and other products, and it could fetch upwards of $1 billion. … Sparrows Point 'has not been consistently profitable,' says New York-based steel analyst Chuck Bradford of Bradford Research/Soleil. 'But at least it is on the water, so it can bring in raw materials at a reasonable price.'" The Journal notes, "Bidders could include JSW Steel Ltd. or Ispat Industries Ltd., both based in India, or Russia's Evraz Group or OAO Severstal Group, both of which already own U.S. operations. China's Wuhan Steel Corp. and Anshan Iron & Steel Group Corp. also have a good deal of cash and are considering expanding. … Other potential bidders are Germany's ThyssenKrupp AG, which was unsuccessful in buying Canada's Dofasco Inc., and Brazil's Cia. Siderurgica Nacional, which failed in its attempt to buy Wheeling-Pittsburgh Corp."

Fate Of Weirton Mill Remains Uncertain. The Wheeling Intelligencer (2/21, Hanson) reports, "Mark Glyptis is keeping a positive attitude despite a big letdown Tuesday for his Independent Steelworkers. … Glyptis, president of the union which represents workers at Mittal's Weirton facility, said his union members are disappointed the Justice Department did not choose Weirton to be sold, as the tin mill has not benefited from being owned by Mittal Steel. … However, Mittal may still decide to sell Weirton, he noted. … 'We need to meet with senior officials with Mittal Steel to determine what that means to us and to Weirton,' Glyptis said of Mittal selling Sparrows Point." The Intelligencer adds, "Chicago-based Esmark Steel already has a nonbinding agreement with Mittal to purchase Weirton. However, before any deal is finalized, Esmark must have the ISU's blessing to purchase the Weirton mill. A former International Steel Group executive, Mitchell Hecht, also wants to purchase Weirton. … Meanwhile, according to the Associated Press, Esmark said it may consider a joint venture to buy Sparrow's Point if the Weirton Mill is unavailable. … Esmark President Craig Bouchard said his company would prefer to buy Weirton, but he wouldn't rule out the possibility of acquiring Sparrows Point."

The Pittsburgh Tribune-Review (2/21, Mortimer) reports, "Glyptis said he will meet with senior Mittal Steel exectives soon, and said he would try to ascertain their plans for Weirton. 'I don't know what their plans are,' he said. 'They can still divest Weirton.'" The Tribune-Review adds, "Glyptis said he volunteered to have Weirton sold because the mill has failed to thrive under Mittal's stewardship. 'We wanted to be sold because we feel our assets could be utilized at a

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higher rate,' he said. … The United Steelworkers union, which represents the 2,106 workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal. … 'The decision is unfortunate. It makes Mittal not as strong as it could be and does not assure Sparrows Point or Weirton a secure future,' David R. McCall, chairman of the union's Mittal Steel committee, said in a statement."

The Pittsburgh Post-Gazette (2/21, Boselovic) reports, "Despite the decision, which seeks to alleviate antitrust concerns raised by the merger of Arcelor and Mittal, the world's two largest steel producers, Esmark Chairman and Chief Executive Officer James P. Bouchard said he remains interested in purchasing some of Weirton's operations as well as the Sparrows Point, Md., plant that Arcelor Mittal was ordered to sell. … Mr. Bouchard was meeting at Weirton with representatives of that plant's Independent Steelworkers Union and the United Steelworkers union, which represents Wheeling-Pitt workers, when they learned of the decision." The Post-Gazette adds, "Mittal's acquisition of No. 2 Arcelor has raised concerns about a tightly controlled market for tin-coated sheet steel used in food cans and other contains. Even before the merger, Mittal and another steelmaker accounted for more than 74 percent of tin mill product sales in the eastern United States, Justice Department officials said. The other producer is U.S. Steel. … Sparrows Point, formerly operated by Bethlehem Steel, can produce more than 500,000 tons of tin product annually."

The Chicago Tribune (2/21, Miller) reports, "A ruling Justice Department antitrust authorities disclosed today promises to complicate Chicago-based Esmark Inc.'s expansion effort." The Tribune continues, "The fast-growing steel-distribution company has been expanding into steel production and it is currently in the process of acquiring a West Virginia steel maker known as Wheeling-Pitttsburgh Corp., through a 'reverse merger' that will turn closely held Esmark into a publicly traded company. … In addition to Wheeling-Pitt, Esmark has been making overtures to acquire Weirton Steel, based in Weirton, West Virginia." The Tribune notes, "Weirton has been thought to be potentially available because of Justice Department concerns linked to the pending mega-merger between the world's two biggest steel makers, Arcelor S.A. of Belgium and Netherlands-based Mittal Steel. … In August, the Justice Department -- which routinely reviews corporate mergers to see if they would damage marketplace competition -- agreed that it sign off on the Arcelor-Mittal combination if Mittal agreed to divest a steel mill that supplied certain products to the eastern U.S. … Under that so-called 'consent decree,' the Justice Department had the right to select for divestiture either Mittal's Weirton mill or Mittal's Sparrow's Point plant near Baltimore. … Most observers had figured that Weirton would be the plant to be jettisoned; that's why Esmark had been publicly expressing interest and holding talks with the plant's union management. … Today, however, the department's antitrust division unexpectedly said Mittal must shed the Sparrow's Point, Md. operation."

Fate Of Radio Merger Hinges On Market Definitions. The Wall Street Journal (2/21, B4, Schatz, Wilke) reports, "Federal approval of the proposed $11.4 billion merger of XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc. will hinge on how regulators define the companies' market." The Journal continues, "If Justice Department antitrust enforcers find a distinct market for satellite radio, the deal could be dead, because it would create a monopoly. But if the market instead includes the traditional radio industry, iPods and Internet radio, as the companies argue, the deal could win approval, though not without conditions." The Journal adds, "In a preview of the battle that will play out in Washington in months to come, consumer advocates and some lawmakers said yesterday that the deal will stifle competition and should be stopped. Sirius and XM countered that they need the deal to compete with other forms of audio entertainment. They say they face stiff competition from AM and FM radio, with 280 million listeners, as well as the hot new digital-music market, with more than 100 million iPods already sold. They even cite rising competition from music-enabled mobile phones and Internet radio. … History doesn't offer much encouragement for this argument. A similar merger between two satellite-television companies -- Hughes Electronics Corp. and EchoStar Communications Corp. -- was shot down in 2002. At the time, the TV companies argued that the $18 billion deal was needed to combine efforts to fight off strong competition from cable companies. But the Federal Communications Commission rejected the deal even before the Justice Department could act, saying it raised the risk of "immediate and substantial" harm to consumers through higher prices and less competition, particularly in rural areas that aren't served by cable companies. … In contrast, XM and Sirius are arguing, satellite radio competes with all forms of audio entertainment. In meetings with the regulators and on Capitol Hill, the companies will press this sweeping market definition. The broader the market, the more likely a deal will be approved: When Coca-Cola Co. sought to buy Dr Pepper in the mid-1980s, its experts argued in court that their market should include not just soft drinks but all potable liquids sold in North America, including water. The approach was dubbed the 'Lake Erie defense.' (The deal was opposed by regulators and eventually scotched.)"

The Washington Post (2/21, D3, Babington, Birnbaum) reports, "Winning approval for a proposed merger of the nation's two satellite-radio companies turns on whether regulators buy their argument that iPods, Internet radio and

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other new technologies have expanded so dramatically that a monopoly would not harm consumers' choices or purses." The Post continues, "It may be a difficult argument to win, but XM Satellite Holdings and Sirius Satellite Radio's officers say it's worth the gamble and have assembled an expensive and experienced team of lobbyists to aid them in the fight. Alone, the companies have suffered heavy losses and spent heavily on recruiting personalities such as Howard Stern and Oprah Winfrey and on marketing to compete against each other." The Post adds, "Now, New York-based Sirius and XM of the District are lining up some of the best-known and highest-paid lawyers and lobbyists, while competitors and consumer groups vow to fight back. The biggest potential roadblock for the merger is a 1997 Federal Communications Commission declaration that a single owner may not control the subscriber-only satellite radio business. … But the advance of technologies such as iPods and other MP3 players, music-playing cellphones and land-based radio stations with digital broadcasts offer so much music, news and talk that the competitive climate is radically different and the FCC should waive the 1997 rule, Sirius chief executive Mel Karmazin said in a conference call yesterday. 'Consumers today have a significantly broader range of audio entertainment options from which to choose,' he said. … All those new devices, however, are not directly analogous to satellite radio, and Karmazin's plea is a tough sell, said Chad Bartley, an analyst for Pacific Crest Securities. XM and Sirius provide 'the only paid-radio service out there,' he said, and regulators may be loath to turn them into a monopoly. He rated the chances for merger approval at 'less than 50-50.'"

The Financial Times (2/21, Chaffin) reports, "Sirius Satellite Radio and XM Satellite Radio yesterday portrayed themselves as two small players in an expanding and highly competitive consumer audio market as they sought to win over regulators for their planned merger." The Times continues, "In a conference call with investors, executives from the companies argued that technology had created an array of new competitors for their services beyond traditional free radio, including portable music devices, mobile phones capable of playing music, internet radio services, personal computers and others. … 'Competition in this market is robust, and we're seeing new entrants on a regular basis as disruptive technologies continue to emerge,' said Gary Parsons, chairman of XM, adding that satellite radio was still 'a small player by comparison'." The Times adds, "Antitrust concerns have shaped up as the biggest hurdle to an $11.4bn deal, not including debt, that would unite the two companies. When they were awarded broadcast licences a decade ago, the Federal Communications Commission mandated that neither company could own both satellite licences. … Following the deal's announcement on Monday, Kevin Martin, the FCC chairman, reminded the companies that the hurdle for approval would be 'high' given that provision."

Market Watch (2/21, Schroeder, Wilkerson) reports, "A month ago, the chairman of the Federal Communications Commission said a tie-up between satellite radio companies XM and Sirius wouldn't get past his agency. On Monday, the chiefs of those companies decided to challenge that vow." Market Watch continues, "Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. said Monday they were taking their proposed marriage to stockholders and regulators to get an OK for a combination worth $13 billion and the ears of 14 million paid subscribers. … It's a bold challenge: On Jan. 17, FCC chief Kevin Martin had said agency rules would prohibit 'one entity owning both of those [satellite] licenses.' … After the merger was announced, Martin issued a strongly worded statement reiterating his concerns. … 'The hurdle here ... would be high as the commission originally prohibited one company from holding the only two satellite radio licenses,' he said. 'The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.'" Market Watch notes, "The Sirius-XM combination would follow directly on the heels of the hotly debated merger between AT&T Inc. and BellSouth. The five-member commission of the FCC wrangled for nine months over whether to approve that deal, suggesting a similar combination of two big firms would have to endure the same withering scrutiny. … In AT&T's case, though, the company had the support of Martin, a Republican close to the White House. Sirius and XM not only face skepticism from the FCC chairman but probably from the panel's two Democrats, each of whom has been critical of media consolidation. The Democratic takeover of Congress probably doesn't help the cause of the satellite merger partners."

CNET News (2/21, Mills) reports, "Executives at Sirius Satellite Radio and XM Satellite Radio seem to think they have a better chance at turning a profit as one giant company than as bare-knuckled competitors." CNET continues, "The companies, struggling to reach profitability, announced Monday that they agreed to an all-stock "merger of equals," with shareholders of each company owning 50 percent of the combined company. XM shareholders would receive 4.6 shares of Sirius for each of their XM shares, setting the value of XM at about $5 billion. Sirius Chief Executive Mel Karmazin and XM Chairman Gary Parsons would both retain their titles, but for the combined company. … But getting federal regulators to sign off on the merger won't be easy, and perhaps in an effort to make walking away from the deal easier, the companies have not said what the name of the combined entity would be or where it would be located. The companies expect the transaction to be completed by the end of this year. There are plenty of questions about how this will play out in the coming months:" CNET notes, "The U.S.

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Department of Justice and the Federal Communications Commission must grant approval, posing a significant challenge. Because Sirius and XM are the only two satellite radio providers operating in the country, their merger would effectively create a monopoly. Federal legislation bars both satellite radio licenses from being owned by the same company to guard against high prices and other negative effects on consumers. … The defense (of the merger) will likely hinge on the definition of 'competition in the digital audio marketplace.' In announcing their merger plans, Sirius and XM said they faced competition from free "over-the-air" AM and FM radio, as well as from iPods and mobile-phone streaming, HD radio, Internet radio and next-generation wireless technologies. Complicating the defense could be the lawsuit record labels have filed against XM alleging that devices that allow people to capture music from XM's broadcasts and turn them into MP3 files for storing and replaying, like the Pioneer Inno, infringe on copyright."

FCC Seen As Tougher Hurdle Than DOJ. The AP (2/21, Dunbar) reports, "When the Federal Communications Commission auctioned off two exclusive licenses to create the satellite radio industry 10 years ago, it did not mince words on whether the competing providers could merge. … The agency said that one licensee will 'not be permitted to acquire control' of the other. The clause was inserted to ensure 'sufficient continuing competition' in the new business, it said. … But when dealing with the FCC, one should never say never. … 'The FCC can undo anything it does,' said Andrew Schwartzman, president and CEO of the Media Access Project, a public interest law firm in Washington. 'However, when you change course, you need a good reason to do it.'" The AP adds, "The companies will have to gain approval from the Justice Department as well as the FCC. Justice typically goes first in satellite mergers. If it blocks the deal, it's game over. But Schwartzman said that is unlikely to happen. … 'My guess is this Justice Department will be willing to accept any plausible argument that is presented to it,' he said. 'The FCC is a much tougher case.'" The AP notes, "The Justice Department looks at how mergers affect competition. The companies will argue that since the industry was created in 1997, times have changed, and so has the market. It's no longer radio, it's 'audio entertainment,' which includes terrestrial radio, digital 'high-definition' radio that offers better sound and more stations, Internet stations and even Apple iPods. … The FCC's review is different. The airwaves are owned by the public. Therefore the law requires that any transfers of control of licenses be done only if it serves the 'public interest, convenience and necessity.'"

New Climate Gives Hope For Approval. The New York Times (2/21, Sorkin) reports, "Mel Karmazin, the chief executive of Sirius Satellite Radio, made a lot of phone calls seeking advice before he entered into a merger deal with XM Satellite Radio on Monday. … Maybe he should have called Charles W. Ergen, the founder and chairman of EchoStar Communications." The Times continues, "Mr. Ergen could have given Mr. Karmazin an earful about his failed effort to merge EchoStar with DirecTV four years ago, a deal that seems eerily similar to the one Sirius and XM have proposed. … Will the government see things differently this time? … Michael K. Powell, the former chairman of the Federal Communications Commission who blocked the EchoStar-DirecTV deal, is not so sure. … 'I do think it could get through, but I don't think it's going to be an easy one,' he said. 'It's going to be incumbent on the companies to demonstrate that the analysis in EchoStar-DirecTV is different.'" The Times adds, "In opposing that deal, regulators — both from the F.C.C. and the Justice Department — argued the merger would create a monopoly. EchoStar and DirecTV, on the other hand, argued that the market should be defined more broadly than simply satellite television and should encompass cable television operators and telephone companies providing video over phone lines. … When Sirius and XM announced their merger on Monday, they made a similar argument — that their market is much bigger than just satellite radio. … 'In addition to existing competition from free "over-the-air" AM and FM radio as well as iPods and mobile phone streaming, satellite radio will face new challenges from the rapid growth of HD Radio, Internet radio and next generation wireless technologies,' the companies said. … There is no question that times have clearly changed: a decade ago, the argument for a Sirius-XM merger would have never had a chance." The Times notes, "The Justice Department's surprising approval of Whirlpool's acquisition of Maytag — a deal that created the nation's largest manufacturer of appliances with more than 50 percent market share — has encouraged others to proceed with deals that might have seemed to pose regulatory problems. … But Sirius and XM should not necessarily take solace in the shifting attitude in Washington and the Whirlpool decision, some antitrust experts suggest, because the deal's fate may be decided by the F.C.C., which issued two sets of satellite spectrum to Sirius and XM in order to create competition."

USA Today (2/21) reports, "Wall Street sure likes the signals that Sirius and XM Satellite Radio are beaming about their merger plans." USA continues, "XM shares soared 10.2% to $15.41 and Sirius was up about 6% to $3.92 on Tuesday, the first day of trading after the companies announced their deal to create a single — and still unnamed — satellite radio power to be run by Sirius CEO Mel Karmazin. … Despite the boost, the prices reflect some wariness among investors about whether the merger will actually take place. The deal must be approved by each company's shareholders, as well as by antitrust officials. And the Federal Communications Commission will have to agree

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to change a merger ban that is part of the original agreement when the companies were formed."

Radio Heads Seen As Temperamental Opposites. The Washington Post (2/21, D1, Ahrens) reports, "In the radio industry, Sirius Satellite Radio chief executive Mel Karmazin is like Bono or Prince or Charo: One name is sufficient. Say 'Mel,' and everyone knows who you're talking about. … The same cannot be said of XM Satellite Radio Holdings Chairman Gary M. Parsons. That's why some say, if the proposed merger between the two satellite companies is approved by regulators, the two executives may work well together." The Post continues, "Under the proposed merger, Karmazin would be the chief executive of the combined company, with Parsons chairing the board. There is no role in the new company for current XM chief executive Hugh Panero, whose duties have diminished since the XM board appointed director Nate Davis as president and chief operating officer in July. … Karmazin and Parsons are opposite in temperament and style, said Tom Taylor, editor of Inside Radio, an industry trade paper. Karmazin can be electric; Parsons is more laid-back."

More Commentary. The Financial Times (2/21) editorializes, "Howard Stern, the shock jock, may be the self-styled King of all Media, but his employer, Sirius, was certainly not talking world domination in its proposed merger with XM. For the satellite radio deal, which will create a company with a $13bn enterprise value, hinges more than most on regulatory approval. Expect a lot of emphasis on underserved communities and consumer choice and the vast array of alternatives for listeners. There cannot be many media deals that generate a presentation that includes a slide highlighting how many US vehicle registrations there are." The Times continues, "The companies have a point. Competition from AM/FM radio as well as new services, from iPods to streaming music for mobile phones, are real challenges for satellite radio. But Sirius and XM do not just have to make the pure antitrust case, they also have to convince the Federal Communications Commission that the public interest is best served by changing the rules governing their operating licences. It is a gamble, but US business has pulled off far greater ones. … Having said that, this will be a lobbying bunfight. The broadcasters have already weighed in and the market is taking a cautious view: XM's shares traded up strongly, but not as high as would be implied by the sweet 22 per cent premium tacked on to the terms of what was presented as a merger of equals." The Times concludes, "The companies gave little detail yesterday, bar a range of values for the synergies that, at its higher level, would represent more than the market capitalisations of either company. That looks punchy given the time it may take to realise the benefits. But the economic rationale for merging is still compelling. If only Mr Stern's gift of the gab could be brought to bear in persuading the FCC into thinking the same."

The Wall Street Journal (2/21, 2.04M) editorializes, "As the Federal Communications Commission ponders the merits of allowing satellite radio companies Sirius and XM to combine, let's hope the ghost of another proposed merger haunts the proceedings. In 2002 the FCC blocked satellite television rivals EchoStar and DirecTV from joining forces on the grounds that allowing the merger would decrease competition and lead to higher prices. Michael Powell, the FCC chairman at the time, said the deal would create a satellite monopoly. In the event, regulatory intervention, based on an overly narrow definition of the market, has only led to unfulfilled promise in satellite broadband." On news of the radio deal, "FCC Chairman Kevin Martin remarked that the regulatory hurdles 'would be high.' If so, the agency might want to write more up-to-date regulations. The current 'digital audio radio service' rules date to the late 1980s, before high definition radio, iPods, Pandora.com, music file-sharing and other options existed. The media landscape has changed a bit since The Police split up."

SCOTUS Overturns $79 Million Antitrust Judgment Against Weyerhaeuser. The AP (2/21, Woodward) reports, "The U.S. Supreme Court threw out a $79 million judgment against Weyerhaeuser Co. on Tuesday, but the forest products giant could face a new trial on antitrust claims from a defunct sawmill." The AP continues, "Ross-Simmons Hardwood Lumber Co. of Vancouver, Wash. - which went out of business in 2001 - convinced an Oregon jury that Weyerhaeuser paid too much for alder logs it didn't need, with the goal of driving competitors out of business. … Under federal antitrust law, the jury's award was tripled to $79 million." The AP adds, "Supreme Court justices overturned that 2003 judgment in a 9-0 ruling Tuesday, saying Ross-Simmons must meet a stricter legal standard than the trial court originally allowed. … Writing for the court, Justice Clarence Thomas said Ross-Simmons should have been required to prove that its competitor had a dangerous probability of recouping the losses it incurred in bidding up prices. … The failure to satisfy that standard 'cannot support the jury's verdict,' Thomas wrote." The AP notes, "Weyerhaeuser applauded Tuesday's decision. … 'The Court's unanimous ruling sets a clear standard that permits companies to bid competitively for raw materials without risk of violating antitrust laws,' Weyerhaeuser Vice President Sandy D. McDade said in a statement. … But Mike Haglund, a Portland, Ore.-based lawyer for Ross-Simmons, said he expects to prevail again if the case eventually returns to U.S. District Court for a new trial. … 'We're going to have to go back and retry it under that new standard,' Haglund said. 'I don't think the result will change - we'll still win. But it is a

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tougher standard.'" The AP notes, "The Bush administration asked the Supreme Court to take the case, arguing that the San Francisco-based appellate court erred by setting a low and confusing standard that threatened to 'chill pro-competitive conduct by companies that bid aggressively.'"

Bloomberg (2/21, Stohr) reports, "The ruling is a victory for large U.S. companies, giving them more room to bid aggressively for raw materials and other supplies without the risk of violating federal antitrust laws. Dow Chemical Co., Verizon Communications Inc., Coca-Cola Co. and Microsoft Corp. were among the companies that supported Weyerhaeuser at the Supreme Court. … 'There are myriad legitimate reasons -- ranging from benign to affirmatively procompetitive -- why a buyer might bid up input prices,' Justice Clarence Thomas wrote for the 9-0 court." Bloomberg adds, "The case centered on a judge's instruction to jurors that they could award damages if Weyerhaeuser bought 'more logs than it needed' and prevented Ross-Simmons Hardwood Lumber Co. from acquiring logs at a 'fair price.' … The 9th U.S. Circuit Court of Appeals in San Francisco upheld the instruction, rejecting Weyerhaeuser's contention that it was too vague to provide meaningful guidance."

Market Watch (2/21, Anderson) reports, "The decision rejected a ruling by the 9th U.S. Circuit Court of Appeals, San Francisco, that had allowed the lawsuit against Weyerhaeuser to proceed under a broader standard. … 'Predatory pricing and predatory bidding claims are analytically similar,' Justice Thomas wrote, saying the legal theory advanced in lower courts 'cannot support the jury's verdict.'"

Warner Moves Closer To Bid For EMI. The Wall Street Journal (2/21, A4, Patrick, Smith) reports, "Warner Music Group Corp. Chief Executive Edgar Bronfman Jr. has taken a step closer to realizing his long-held ambition to buy EMI Group PLC, persuading a small but well-organized group of independent record labels to end their opposition to such a purchase." The Journal continues, "Warner, the fourth-largest music company by revenue, yesterday said it approached EMI about buying the company a month ago, in what would be the fourth attempt in seven years to combine the music companies. EMI, the third-largest music company, confirmed the approach and said it was waiting for a formal offer. … The two companies have felt pressed to combine to cut costs in the face of flagging sales and to achieve sufficient scale to compete with their two much-larger rivals, Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG." The Journal adds, "It isn't clear how a Warner bid would be valued. EMI, whose stock has fallen recently after back-to-back profit warnings, has a market capitalization of £1.92 billion ($3.75 billion). Warner's market capitalization is $2.86 billion. … Crucially, Warner has reached an agreement with Impala, a trade group for independent European record labels, to end its opposition to a merger. Legal action by Impala derailed merger negotiations between Warner and EMI last year and threatened to disrupt a potential deal again. While it would be up to the European Commission to rule whether an EMI-Warner merger is anticompetitive, Impala's support makes approval more likely. U.S. antitrust authorities aren't expected to object because EMI doesn't have a strong position in the U.S. … Other hurdles to a deal also appear to be clearing. An antitrust decision on a related case -- the reconsideration of the 2004 merger of Sony's and Bertelsmann's music operations -- is due by summer. If approved, that will also remove one of the last impediments to an EMI takeover."

The Financial Times (2/21, Edgecliffe-Johnson) reports, "Warner Music has struck a truce with independent record labels that could clear the way for the US-listed group to make a $6bn (£3bn) bid for EMI and reset the balance of power in the music industry's negotiations with Apple and other digital distributors." The Times continues, "Warner has secured the support of the music companies' fiercest critic to revive merger talks with EMI, the British company behind Norah Jones and The Beatles. … No formal bid has been made and the terms of any offer are unclear but Warner said Impala, which represents independent music publishers and labels, had agreed to provide full and complete support for a Warner-EMI merger in front of regulators." The Times adds, "Warner has agreed to fund a digital rights licensing platform for independent music labels; to divest certain recorded music assets 'to reinforce the market power of the independent sector'; and to make other, unspecified commitments. … A two-year campaign by Impala led to last year's decision by the European Union's Court of First Instance to refer the 2004 clearance of the merger of Sony and Bertelsmann's recorded music businesses back to the European Commission. With the Commission expected to an-nounce a second stage to its Sony BMG review within two weeks, Impala said it would not drop its opposition to the Sony BMG deal, or to Universal Music's purchase of BMG Music Publishing."

More Commentary. The Financial Times (2/21, Hill) editorializes, "It is not too late for love between EMI and Warner Music and, however preliminary and imprecise their latest approach, the Americans have sweetened it with a silky skill worthy of Norah Jones herself." The Times continues, "Warner has sought to soothe worries about regulatory approval - still the biggest uncertainty overhanging any deal between the two music groups - by ensuring the support of independent record companies and music publishers that were the deal's biggest opponents. Combined with worsening conditions in the recorded music industry, that should make the European Commission more sympathetic towards a deal this time round. … The timing looks good, too: Warner

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contacted the British company on January 24, before the second of EMI's two profit warnings, but, by uncanny coincidence, the approach has only now come to light with the shares battered down to levels last seen in the final quarter of 2005." The Times adds, "The recent history of disappointments at EMI makes it difficult to see Warner returning with a bid near 320p - the price on last year's abortive offer, abandoned following a European court decision that threw the Sony BMG deal back into Brussels' merger review process. EMI has also cut costs further since last summer presenting Warner with fewer possible savings. But if the US group is sensible, a bid that splits the difference with yesterday's closing share price and last year's offer would put Eric Nicoli, EMI's embattled chief executive, in an awkward position. … If he were to grab such an offer and the European antitrust authorities later decided to block a merger, then he would have used up his final shred of credibility with investors. On the other hand, if he spurned Warner's advances on the grounds that the regulatory risk remained too high, he might scotch shareholders' best hope of realising decent value from their investment."

FTC Clears Biomet Buyout. The AP (2/21) reports from Warsaw, IN, "Orthopedics maker Biomet Inc. on Tuesday said it received antitrust approval from federal regulators for its proposed $10.9 billion acquisition by a group of private investment firms." The AP continues, "Biomet said the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. … Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group agreed to buy Biomet in December for $44 per share." The AP adds, "The deal, which is expected to close by the end of October, still needs the approval of Biomet's shareholders."

EU To Fine Elevator Makers For Operating Price-Fixing Cartel. The Financial Times (2/21, Buck) reports, "ThyssenKrupp, Schindler, Kone and Otis - the world's biggest lift manufacturers - will today be punished and fined by the European Commission for operating a price-fixing cartel." The Times continues, "The European Union antitrust watchdog issued formal charges against the four groups in October2005, and according to several people familiar with the case will hand down its final ruling at a meeting in Brussels tomorrow." The Times adds, "Together, the groups control about two-thirds of the world market for elevators and escalators, with Otis, a unit of US group United Technologies, the market leader. … They are accused of operating a cartel in Germany, the Netherlands, Belgium and Luxembourg between 1998 and 2004. Tobias Buck, Brussels."

EU Gives Antitrust Nod For Freeport-McMoRan To Buy Phelps. The AP (2/21) reports, "EU antitrust regulators on Tuesday cleared Freeport-McMoRan Copper & Gold Inc. to buy Phelps Dodge Corp., a deal that would create the world's largest publicly traded copper company -- and the largest metals and mining company based in North America." The AP continues, "The European Commission said that combining the two U.S.-based companies would not significantly impede competition in Europe, identifying only limited overlaps between the two that would not cause antitrust problems for rivals, suppliers or customers. … The companies announced in November that Freeport-McMoRan would acquire Phelps Dodge for US$25.9 billion (euro20.17 billion) in cash and stock." The AP adds, "The cash portion of the transaction totals US$18 billion (euro14.02 billion), and Freeport-McMoRan said it would issue 137 million shares to Phelps Dodge shareholders. That would give them about 38 percent of the combined company on a fully diluted basis. Freeport-McMoRan's board will also be expanded to include three independent Phelps Dodge directors. … The merged companies will operate under the Freeport-McMoRan Copper & Gold banner, though businesses operating as Phelps Dodge will continue to do so."

South Korea Fines Nine Petrochemical Firms For Collusion. The Wall Street Journal (2/21, Nam) reports, "South Korea's Fair Trade Commission fined nine domestic petrochemical companies a combined 105.1 billion won ($112.2 million) for colluding to fix the prices of petrochemical products for more than 10 years." The Journal continues, "A total of 10 companies, including the country's largest refiner, colluded to coordinate the prices of polypropylene and high-density polyethylene between April 1994 and April 2005, the antitrust agency said in a statement. … 'The collusion has resulted in 1.56 trillion won in damages to consumers,' the commission said." The Journal adds, "The commission said Honam Petrochemical Corp., one of the companies involved in the price collusion, wasn't penalized because of its contribution to the commission investigation. … The commission said it has also filed a complaint with prosecutors for further investigation against SK Corp., LG Chem Ltd., Korea Petrochemical Industrial Co., Daelim Industrial Co. and Hyosung Corp."

ENVIRONMENT:

Nuclear Plant's Safety Margins Eroding, Officials Say. In a 1,600-word story, the Los Angeles Times (2/21, Vartabedian, 850K) reports from the Pantex plant, "[L]ately, outside experts are questioning" whether the

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facility's "safety margins are eroding. Federal investigators are trying to assess the overall safety of the plant ... amid troubling safety snafus and what employees call an atmosphere of intimidation." DOE "officials acknowledge that the plant has fallen behind schedule on reliability testing of weapons. Long delays have occurred in decommissioning thousands of surplus warheads to satisfy disarmament pacts. They also concede the plant has maintenance problems and has violated safety procedures. But they insist there is no danger of a conventional or nuclear explosion. 'Pantex is safe, no doubt,' said Marty Schoenbauer, the acting chief of [DOE's] nuclear weapons program." Outside experts, "union officials and watchdog groups say ... that safety has regressed since 2000 as the most knowledgeable senior safety experts of the Cold War era retire and the plant's condition deteriorates." The "problems at Pantex came to light in the fall after Danielle Brian, executive director of the Project on Government Oversight, a Washington watchdog group, wrote two letters to Bodman complaining about safety."

Maryland Approves Car Pollution Legislation. The Washington Post (2/21, A1, Rein, 690K) reports, "The House of Delegates overwhelmingly approved legislation yesterday that could make Maryland the 12th state to force carmakers to slash emissions thought to cause global warming. Senate leaders predicted approval of a similar bill this week, and Gov. Martin O'Malley (D) has pledged to sign the legislation." The "stricter standards for cars and trucks hitting dealerships in 2010 would put Maryland in the forefront of states seeking to slow climate change, environmentalists said." But "automakers said the requirements would raise prices and reduce choices for consumers -- to make way for more fuel-efficient cars, fewer sport-utility and other large vehicles would be on the market." The 122 to 16 House vote "included Republican support and reflected the power of the state's environmental movement after passage of legislation last year to curb pollution from coal-fired power plants."

FBI/DEA/ATF/USMS:

Mueller Testimony Prompts Biden To Propose Funding For 1,000 New Agents. The Washington Times (2/21, McCaslin, 88K) reports in its "Inside the Beltway" column, "FBI Director Robert S. Mueller III's recent testimony before the Senate Judiciary Committee that FBI referrals for counterterrorism cases increased a whopping 671 percent between 2001 and 2003 -- and to this day require 'difficult choices in determining how to most effectively use the available agents' -- did not go unheeded." Sen. Joe Biden "has introduced legislation to add 1,000 FBI agents to the bureau's roster, all to focus exclusively on traditional criminal cases. Estimated cost: $160 million per year."

California Border Agents Help DEA, ATF With Pot Seizure. The Casa Grande Valley (CA) Dispatch (2/21) reports, "Border Patrol agents from the Casa Grande station helped in confiscating $3.7 million worth of marijuana over the weekend." The Dispatch continues, "Agents were asked to help a Bureau of Land Management ranger who was pursing two trucks camouflaged with tarps near Stanfield about 6:45 a.m. Sunday. … While agents responded, the ranger reported his vehicle was intentionally struck by one of the trucks." The Dispatch adds, "Agents found both trucks abandoned on Stanfield Road. They found 4,660 pounds of marijuana in the two trucks, as well as a loaded .45 caliber pistol. … One of the trucks was reported stolen in San Diego, Calif., and was turned over to the Arizona Department of Public Safety. … The other truck is being processed for forfeiture by the Border Patrol. The marijuana was turned over to the DEA and the gun was given to ATF. No arrests have been made and no injuries were reported."

Colombian Woman Found Guilty Of Participating In FARC Drug-Smuggling Operation. There are more than 100 media references to the conviction of a Colombian rebel accused in a drug-smuggling scheme, with many media outlets using the AP story. The AP (2/21) reports a Colombian woman "was found guilty Tuesday of participating in an operation to smuggle tons of cocaine to the United States. Authorities say her case showed the main rebel group in Colombia is deeply involved in illegal drugs. Nayibe Rojas, known in the Colombian rebel movement as 'Sonia,' was convicted by a jury of conspiracy to import and-or distribute 11 pounds or more of cocaine." The guilty verdict for Rojas "is a victory for the United States and Colombia, which have recently stepped up a campaign to portray the FARC, which is on the U.S. list of 'foreign terrorist organizations' as a drug-trafficking cartel." Media outlets that used the AP story include the New York Times, Houston Chronicle, Denver Post, and Seattle Post Intelligencer.

McClatchy Newspapers (2/20) reported the jury "also convicted two co-defendants, Jose Antonio Celis and Juan Diego Giraldo. Celis and Giraldo weren't members of FARC, but the prosecutors argued that all three had conspired to send more than 5 tons of cocaine to the United States." The San Jose Mercury News used the McClatchy story.

The Miami Herald (2/21) reports Rojas "was the first high-ranking member of the Revolutionary Armed Forces of Colombia, or FARC, convicted of drug running by a U.S. federal court, although the U.S. and Colombian governments have long alleged that the FARC was deeply involved in every facet of Colombia's cocaine industry."

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In Mississippi, Former Police Chief Sentenced In Extortion Case. The AP (2/20) reported a federal judge "sentenced Ruleville police Chief Ronald Robinson to 2 1/2 years in prison Tuesday for trying to extort protection money from drug dealers. Robinson agreed to plead guilty to extortion in an October plea deal that wiped out another extortion charge and four counts of attempting to aid in the possession of crack cocaine with the intent to distribute."

The Delta Democrat Times (2/21) reports Robinson "admitted…he obtained a cash payoff of $3,000 to which he was not entitled, in exchange for not pursuing drug and gambling related charges against an individual and for providing protection for an individual that he believed to be distributing crack cocaine." The Democrat Times notes the DEA's involvement in the case.

Jackson (MS) Clarion Ledger (2/20) also reported Robinson's sentencing.

Kentucky Prescription Drug "Kingpin" Gets 20-Year Sentence. The Lexington (KY) Herald-Leader (2/21) reports a Berea man who "was the kingpin of a drug ring was sentenced yesterday to 20 years in federal prison in one of the largest prescription drug investigations in Eastern Kentucky. Danny Clark, 51, was indicted in U.S. District Court in April along with other members of the ring including his brother Richard Clark, Marlene and Rufus Holmes, Samuel Duane Lawson and James Ellis Renner. Clark and others were arrested after a long-term investigation by Rockcastle and Laurel County Sheriff's deputies, London and Richmond police officers, Drug Enforcement Administration agents and the Kentucky State Police." According to the indictment, Clark "was the leader of a drug ring that sold oxycodone and methadone from January 1998 through April 2006 mostly in Madison and Rockcastle counties."

IMMIGRATION:

Increased Border Security Measures Said To Be Reducing Illegal Immigration. Under the headline "Tougher Tactics Deter Migrants At US Border," the New York Times (2/21, McKinley, 1.16M) describes the increase in US border enforcement as experienced by Eduardo Valenzuela, who had been making an illegal journey from Mexico into Colorado for the past decade. "'It's become much more difficult,' Mr. Valenzuela said, echoing the comments of dozens of other migrants." The times continues, "All along the border, there are signs that the measures the Border Patrol and other federal agencies have taken over the last year, from erecting new barriers to posting 6,000 National Guardsmen as armed sentinels, are beginning to slow the flow of illegal immigrants." Though some immigration experts argued that "it was too early to tell if the enforcement efforts had caused a permanent downturn," commanders with the Border Patrol "say they see no explanation for the drop-off across the entire 2,000-mile border other than stiffer enforcement deterring migrants. The slackening flow, they argue, belies the conventional wisdom that it is impossible to stem illegal migration."

Dobbs Says Chertoff Border Trip Likely "Just A Photo-Op." On CNN's Lou Dobbs Tonight (2/20, 6:30 pm) host Lou Dobbs noted that Secretary Chertoff was in Yuma, Arizona, to discuss new security barriers, but questioned whether it was "just a photo-op." Secretary Chertoff was shown welding part of the barrier and saying, "What the fencing does is it builds a barrier that slows up the people who want to cross illegally." CNN (Sylvester) continued, "A colorful photo-op, but critics say the border fence with Mexico is actually one of the nation's weakest security links. President Bush promised to build 700 miles of fencing as part of the Secure Fences Act signed in October. This year, only 75 miles of new actual border fence will be built. And by the time President Bush leaves office, there will only be 370 miles of fencing along the southern border. And much of it not fence that you can even see or touch: A virtual fence, sensors and cameras. Immigration reform groups say that's not good enough."

New Trial To Be Sought For Former Border Patrol Agents. The San Bernardino Sun (2/21) reports defense attorneys for two former El Paso, Texas, Border Patrol agents "convicted of shooting a Mexican drug smuggler will ask for a new trial based on evidence they say wasn't provided to them in court. Mary Stillinger, co-counsel for former Border Patrol agent Ignacio Ramos, said an April 12, 2005, Department of Homeland Security memo was never provided to them. The memo, written by Christopher Sanchez of the department's Inspector General's Office, acknowledged that all nine agents at the scene, including two supervisors, knew about the shooting, heard about the shooting and covered up the shooting."

Ontario, California's Daily Bulletin (2/20) reported, "Two convicted former El Paso Border Patrol agents accused by the U.S. Attorney of not filing a report when they shot a Mexican drug smuggler were prohibited by their own agency's firearms policy from doing so, according to documents obtained by the Daily Bulletin. … Ramos and [Jose Alonso] Compean were convicted last spring for shooting Osbaldo Aldrete-Davila, a Mexican drug smuggler, in the buttocks on Feb. 17, 2005. The agents are now serving 11 and 12 years, respectively, in federal prison."

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TAX:

Judge Refuses To Dismiss Tax-Evasion Charges Against Boston Rapper. The Boston Herald (2/21, Sweet, 184K) reports, "A federal judge refused to dismiss tax-evasion charges against a controversial Hub hip-hop artist on the opening day of his trial yesterday simply because the rapper's accountant was singing to the FBI and IRS about his alleged shenanignans. Lawyers for Ray 'Benzino' Scott, 41, former co-owner of the hip-hop magazine The Source, argued in court papers, 'There is something fundamentally wrong with the government employing (Scott's) controller to gather evidence of other crimes at the very same time the controller is ostensibly putting together the information necessary to prepare (Scott's) tax returns.' But U.S. District Court Judge Rya W. Zobel sided with federal prosecutors, who called Scott's eleventh-hour bid 'far from candid.'

CONGRESS-ADMINISTRATION:

Bush Presses Case For Healthcare Plan With Insurers. Market Watch (2/21, Watts) reports, "Faced with a growing chorus for some type of universal healthcare coverage, President Bush met with insurers Tuesday to argue his case for changing the tax code in a bid the White House says will make health insurance more affordable for many Americans." After meeting with the CEOs, "including the top executives at Aetna Inc.," Bush said, "I discussed my health care plan that would ... equalize the tax code so that the individual would be more likely to be able to purchase a plan, because I believe a good health care system is one that rewards the consumer, encourages the consumer, and makes sure the consumer has got the capacity to make viable choices." Market Watch adds that Bush, "in his State of the Union address last month, outlined a plan that would significantly alter the tax treatment of employer-provided health benefits." Democratic leaders "have said the Bush plan has little chance of advancing legislatively."

Bush's healthcare meeting generated little media coverage, print or otherwise. The exception were the handful of local TV newscasts that covered the event. KJCT-TV Grand Junction, CO (2/20, 10:08 pm) broadcast near the beginning of its 10 o'clock newscast that President Bush "is taking the next step toward getting his healthcare initiatives turned into law. The President outlined his plan during his State of the Union Address last month. Today, he discussed his objectives in detail with members of the health insurance community and small business leaders."

KCRG-TV Cedar Rapids (2/20, 10:00 pm) reported, "President Bush is trying to get Congress to enact his healthcare initiatives. … Today he" met "with members of the health insurance community and small business leaders at the White House. The President asked participants to lobby Congress to approve the policy."

WDAY-TV Fargo (2/20, 5:01 pm) also noted the White House meeting, adding, "Democrats say the President's plan will encourage companies to drop employee coverage." KEYT-TV Santa Barbara (2/20, 6:39 pm), KIFI-TV Idaho Falls (2/20, 5:23 pm), KTVA-TV Anchorage (2/20, 5:05 pm) ran very similar reports.

West Wing Likes Wyden's Bipartisan Offer On Health Care. The White House Bulletin/US News (2/20) reported that some West Wing insiders "have a new favorite among the Democrats," Sen. Ron Wyden of Oregon, who "took the lead in having a small group of senators send a letter to President Bush recently offering to work with the Administration on improving the health-care system, one of Bush's top priorities for the remainder of his Presidency." A GOP strategist "with close ties to the West Wing" tells the Bulletin, "The White House is very appreciative. We think it's sincere and a very good sign that we can have a constructive relationship with the Democrats." Bush is expected to call for bipartisan cooperation on health care -- just what Wyden is urging -- in a meeting on the subject this afternoon at the White House."

Bush Plan Seen As Unlikely To Reduce Uninsured. In a BusinessWeek (2/21) "Viewpoint" article, Robert Greenstein and Edwin Park of the Center on Budget and Policy Priorities say that Bush's health insurance proposal "is unlikely to significantly reduce the ranks of the uninsured, in part because it isn't targeted at the people who can least afford coverage. Moreover, the plan could cause many people in poor health to lose coverage by weakening the employer-based health system—the source of most Americans' health insurance—without putting a viable alternative in its place." There are "three basic problems with the President's plan." Most of the uninsured "would receive only modest help." The plan "would weaken employer-based coverage. While highly imperfect, the employer-based health system is the principal means for 'pooling' healthy and sick workers together, so that insurance is affordable for those in poor health." And finally, the plan "provides no viable pooling alternative to employer-based coverage."

Little Public Trust For Bush On Healthcare. The Wall Street Journal (2/21, 2.04M) reports a new Wall Street Journal Online/Harris health-care poll finds "nearly half of Americans don't trust President Bush to reform the nation's health-care system." Asked how much "they trust the president to come up with good policies for improving and reforming the U.S. health-care system, 49% said 'not at all,'

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while 16% said 'not much,' according to the online survey of 2,482 U.S. adults. By comparison, 18% said they trust Mr. Bush 'to some extent' and only 9% trust him 'a great deal' on the issue. The survey was conducted Feb. 7-9." The survey "found more confidence in Democrats than Republicans," and among "potential presidential contenders, 48% said they trust Democratic Sen. Hillary Clinton on the issue a great deal or to some extent, while 45% said the same about Democratic Sen. Barack Obama, 34% about Republican Sen. John McCain and 19% about Republican Mitt Romney, the former governor of Massachusetts."

Bush To Visit Chattanooga To Promote Healthcare Agenda. The Chattanoogan (2/20) reported, "A group opposed to the war in Iraq will protest during President Bush's visit to Chattanooga. But the Hamilton County Republican Party was urging a turnout of support for the President." The president is "set to fly into the Chattanooga Metropolitan Airport on Air Force One Wednesday morning." Bush is "due to make about a 20-minute tour of Erlanger Medical Center prior to going to the Convention Center. There he will hold a 'conversation on healthcare initiatives.'" Gov. Phil Bredesen "will join President Bush in Chattanooga on Wednesday 'for several events that will focus on expanding healthcare options for the uninsured.'" Also "set to be in the entourage are Sen. Lamar Alexander, Sen. Bob Corker and Rep. Zach Wamp."

Local newscasts in Tennessee on Tuesday reported on Bush's planned visit today, noting the stops are part of the President's efforts to promote healthcare reform. Local news also noted Bush's plans to give an award to a local volunteer. Some examples: WDEF-TV Chattanooga (2/20, 11:01 pm) broadcast at the top of its 11 o'clock newscast that the President "will tour Erlanger tomorrow, and plans to discuss healthcare access in a roundtable session later at the convention center. While in town, President Bush will honor one local woman for her dedication to volunteering. Debbie Chadwick will be awarded the USA Freedom Corps Greeter Award for her years of service at Life Care Center of Missionary Ridge."

WTVC-TV Chattanooga (2/20, 11:02 pm) said that "everywhere…Bush goes" he "honors one person who's made a difference in the lives of others." Debbie Chadwick "has Down's syndrome, but that has not stopped her from starting up three programs at the center. She'll get the award at the Chattanooga airport when the President gets off the plane tomorrow." WRCB-TV Chattanooga (2/20, 11:01 pm), WDSI-TV Chattanooga (2/20, 10:01 pm), WSMV-TV Nashville (2/20, 6:33 pm), WKRN-TV Nashville (2/20, 5:06 pm), and WREG-TV Memphis (2/20, 5:03 pm) also covered the President's visit.

Medicare Benefit Slows Growth In Prescription Drug Spending. The Washington Post (2/21, A6, Lee, 690K) reports Federal number analysts said "that the new Medicare drug benefit appears to be slowing the growth in national spending on prescription medicines because the drug plans are negotiating lower prices with drug companies." However, the analysts "also forecasted that overall health-care spending would continue to rise and would account for nearly 20 percent of the economy -- or more than $4 trillion a year -- by 2016. In contrast, health-care spending was about $2.1 trillion in 2006, accounting for about 16 percent of the economy." The findings "provide new fuel for the debate about whether Medicare could get better drug prices if the government negotiated with pharmaceutical companies. Many Democrats in Congress say it would, and the House has already passed legislation requiring the government to use its negotiating muscle."

The Los Angeles Times (2/21, Alonso-Zaldivar, 850K) reports, "Healthcare spending in the United States will nearly double over the next decade to $4.1 trillion in 2016, government economists said today, prompting concern that Americans cannot keep paying for cost increases that outstrip the growth of the economy." The healthcare bill "will average $12,782 for every man, woman and child in 2016, an increase from $7,498 this year, said the report, published online by the policy journal Health Affairs. Healthcare costs will account for nearly 20 cents out of every dollar Americans spend in 2016, up from about 16 cents today." And by 2016 — 'even before most baby boomers retire and become Medicare recipients — federal, state and local government will be picking up nearly half the national healthcare tab, putting pressure on Congress to curb benefits, raise taxes or both."

Roberts Opposed To Bush's Medicare, Medicaid Budget Plans. The AP (2/21, Hanna) reports Republican Sen. Pat Roberts is working with Democratic Sen. Blanche Lincoln "to block some of President Bush's budget proposals for social services, suggesting those recommendations could amount to 'rationing health care.'" Roberts said he "doubts Bush's proposals enjoy much support, so he would like Congress to avoid a lengthy back-and-forth before providing additional funds for the Medicare and Medicaid programs. He's most concerned about payments to hospitals that provide services to the programs' participants." Bush's proposals "are designed to save $76 billion over five years in Medicare, the program that provides medical services for the elderly. They also would trim $25 billion from Medicaid, the medical program for low-income people."

Employer Groups Want Tighter Family Leave Restrictions. The Hill (2/21, Holzer) reports, "Employer

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groups are trying to persuade the Bush administration to restrict the illnesses that qualify under the Family and Medical Leave Act (FMLA) and make it less tempting for workers to take sporadic time off under the law." The FMLA "requires businesses with at least 50 employees to give 12 weeks' unpaid leave to workers for the birth or adoption of a child or in the case of their own or a close family member's sickness." Employers say "weaknesses in the law and the regulations handed down since it was passed have spawned rampant abuse by shirkers and headaches for managers in charge of approving and tracking leave." The "latest push by employers to modify the FMLA comes on the heels of a Department of Labor (DoL) request in December for public comment on the law and just after Sen. Chris Dodd (D-Conn.), one of its original architects, introduced a bill Feb. 1 to expand the act. His legislation would ensure six weeks' paid leave under the FMLA, to be funded by the federal government, the employer and the employee."

Coterie Of Texas Aides Remains At Bush's Side. The New York Times (2/21, Stolberg, 1.16M) reports Israel Hernandez "was a fresh-faced college graduate from the Texas border town of Eagle Pass in the summer of 1993 when he landed a job in Dallas as the personal aide to the part-owner of the Texas Rangers George W. Bush." Now, "after nearly 14 years in Mr. Bush's employ, with a short break to get a master's degree, Mr. Hernandez, 37, travels the world promoting free trade as an assistant secretary of commerce. From his sun-drenched corner office, with its sweeping view of the Washington Monument, he can sit at his desk and watch the presidential helicopter, Marine One, ferry around the man to whom he owes his career." The Times adds, "Six years into Mr. Bush's presidency, the corps of loyal Texans who accompanied him to Washington from Austin remains a powerful force inside the administration, a steady source of comfort for an increasingly isolated president. No matter how grim the polls or dire the news in Iraq, they have stood by Mr. Bush — and been rewarded with plum jobs — as their lives have grown increasingly intertwined with one another's and with his." To hear "these people talk about the president is to meet a man many Americans have either forgotten or no longer recognize. Their George W. Bush is the compassionate conservative who helped soften the harsh image of the Republican Party, a man who chokes up at going-away parties, as he did last year for Andrew H. Card Jr., his departing chief of staff; a man unafraid of giving promotions to openly gay people, as he did with Mr. Hernandez, and who always remembers to ask how the family is." The Texas "circle includes three cabinet officials — Ms. Spellings, the education secretary; Attorney General Alberto R. Gonzalez; and Alphonso R. Jackson, the secretary of housing and urban development — as well as some of the best-known names in Washington: Karl Rove, the chief political strategist, Mr. Bartlett and Ms. Hughes."

Snow Appears Not To Be Troubled By Antagonistic Questioning. The White House Bulletin/US News (2/20) reported, "How is White House Press Secretary Tony Snow holding up under the increasingly antagonistic questioning of the press corps on Iraq, Iran, North Korea, President Bush's low approval ratings, and other issues?" One of Snow's "colleagues in the West Wing" tells the Bulletin, "He has fun with it. He loves to parry." The Bulletin adds, "Even amid adversarial sessions with reporters, Snow almost always manages to keep his good humor and he doesn't take the sharp-edged interrogations personally. The former conservative commentator on TV and radio says give-and-take is part of the job." A White House colleague says, "He just rolls with it." The Bulletin adds that other White House insiders "say Snow has learned to delegate, so he doesn't get wrapped up in the minutiae of media logistics, and is willing to refer reporters to other departments of government, such as the Pentagon and State Department, if he isn't comfortable talking about certain topics. This saves him time and lessens the aggravation." But Snow "likes to maintain his role as chief White House spokesman on the truly big issues, such as Iran and how the administration is dealing with Congress. Beyond all this, Snow is still giving speeches to Republican groups around the country to rally support for Bush." GOP insiders "say he is a considerable draw, especially among conservatives who admire his aggressive defense of the President and his daily push-back against the mainstream media."

Administration Officials Pledge To Address Concerns Raised By Walter Reed Expose. The Washington Post (2/21, Priest, Hull, 690K) reports the White House and congressional leaders yesterday "called…for swift investigation and repair of the problems plaguing outpatient care at Walter Reed Army Medical Center, as veterans groups and members of Congress in both parties expressed outrage over substandard housing and the slow, dysfunctional bureaucracy there." The Post "documented tattered conditions at Building 18, including mold, rot, mice and cockroaches, but also a larger bureaucratic indifference that has impeded some soldiers' recovery. ... Walter Reed's fixes are unlikely to immediately quiet the criticism from members of Congress, who received a flood of calls from the public and veterans groups asking how the problems could have been unknown to officials -- some of whom regularly visit Walter Reed."

NBC Nightly News (2/20, story 5, 2:15, Williams, 9.87M) reported, "The charges prompted the Pentagon to authorize an independent review of the situation at Walter Reed." NBC

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added that the President" often visits Walter Reed's state of the art inpatient Ward 57. But today his spokesman referred all questions to the Pentagon." Tony Snow, White House Press Secretary: "Well, I'll tell you what. Is the system working? Yes. Is it working perfectly? No."

CNN's Lou Dobbs Tonight (2/10) reported, "Many of our troops wounded in Iraq and Afghanistan receive treatment at Walter Reed Army Medical Center in Washington. The center describes itself as the Army's top medical facility. But tonight, there is rising outrage over what is nothing less than a failure of leadership in the care of our wounded troops at Walter Reed as first reported by the Washington Post. … Top Army leaders say they were unaware of the problem until they read about it in the paper Sunday." Army Secretary Francis Harvey "said the Army will look at conditions, not just here at Walter Reed, but at out-patient facilities around the country." CNN's Lou Dobbs added that for "the commander in chief to permit this" is "despicable."

CNN.com (2/20) reported Harvey "blamed a failure of leadership for substandard conditions in a building that is part of Walter Reed Army Medical Center and vowed Tuesday to move quickly to fix the problem. ... Harvey said he learned about the conditions in the building, a former hotel where some soldiers have been recuperating for more than a year and a half, on Sunday, when the Washington Post broke the story."

The AP (2/20) reports Sens. Barbara Mikulski and Patty Murray "urged Defense Secretary Robert Gates in a letter Tuesday to launch an inspector general's investigation." Sens. Barack Obama and Claire McCaskill "said they are working on legislation to improve the care of war veterans." The AP adds, "The Pentagon responded Tuesday by announcing that the Army has begun a review of medical care at Walter Reed and the Navy has undertaken a similar review at its National Naval Medical Center. The Pentagon also said an independent review group would be formed to investigate outpatient and administrative issues at the two military medical centers." More than 100 sites carried this story.

MSNBC's Hardball (2/20, Matthews) reported, "Today Washington is still focused on this week's big Washington Post story, which detailed the negligent treatment of wounded soldiers at Walter Reed Hospital -- patients recovering amidst filth, mold, rats and overall neglect." McCaskill, during an interview, said, "it's not the hospital that's the problem. It's the outpatient. And I think their system has been overloaded. I don't think they were prepared for the number of outpatients that they have, the serious injuries that are occurring, the loss of limbs, the need for social workers, the reintegration. They've overwhelmed these men and women with paperwork and bureaucracy. And they didn't have any place to put them. So they start putting them places that they shouldn't have put them."

The Washington Post (2/21, A14, 690K), in an editorial, writes, "Walter Reed's commander, Maj. Gen. George W. Weightman, says that conditions on the post will improve rapidly. His response is commendable, and it should not be forgotten that thousands of professionals and volunteers, civilian and military, are working hard to help veterans heal and adjust. But it also should not have taken newspaper articles to bring change to outpatient conditions at Walter Reed. And while filthy conditions at Building 18 are a temporary problem for these veterans, lowball settlements may leave soldiers and their families impoverished for life."

Budget Deficit Shrinking To Half Of Average Size Since 1970. The Christian Science Monitor (2/21, Trumbull, 59K) reports, "With the robust economy, tax revenues are pouring in. But rising costs lie ahead. Despite the ongoing costs of US military campaigns in Iraq and Afghanistan, the outlook for the federal budget has grown substantially brighter." Tax revenues "are rising much faster than spending, according to Treasury Department numbers released last week. The recent trend is strong enough that, were it to continue, the budget could move into surplus in barely a year, one economist calculates. Already, the federal deficit is shrinking toward about half the size that it has averaged since 1970, when analyzed as a percentage of gross domestic product." The "shift reflects a strong economy, with higher incomes and corporate profits generating a bigger flow of tax revenue. In turn, the Treasury's progress could help the economy by buoying investor confidence in the nation's fiscal position." However, "the improvement does little to stave off the long-run challenges to the nation's financial health, many economists say. Baby boomers are starting to retire, placing new demands on government. Costs for healthcare programs like Medicare are still projected to rise faster than overall inflation."

Murtha Says Peru Free-Trade Deal A Threat To National Security. The Hill (2/21, Swanson) reports Rep. John Murtha (D), "a close ally" of House Speaker Nancy Pelosi), "is calling elements of a Peru free-trade agreement (FTA) signed by the Bush administration a threat to national security. The chairman of the House Defense Appropriations subcommittee has warned Democratic leaders on trade that the deal grants a United Arab Emirates company the ability to invest in US ports." Murtha "has asked Ways and Means Chairman Charles Rangel (D-N.Y.) to demand that the administration alter the free-trade deal it negotiated with Peru to prevent enterprises there from investing in US landside port activities."

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White House Defends Rumsfeld. The Washington Times (2/21, Pierce, 88K) reports in its "Inside Politics" column, "The White House yesterday defended Donald H. Rumsfeld after criticism from Republican Sen. John McCain that he was one of the worst defense secretaries in history for his handling of the Iraq war. … 'We think Donald Rumsfeld was an enormously consequential and effective secretary of defense and somebody who led to the transformation of the Department of Defense. Senator McCain holds a different point of view,' White House spokesman Tony Snow said." The Times adds, "Asked if Mr. McCain's comments should be chalked up to election politics, Mr. Snow replied: 'I left the chalk at home.'"

Bolton Book Expected By End Of Year. The Washington Post's (2/21, A13) Al Kamen writes in his "In the Loop" column that John Bolton's "tell-all book on his days at the State Department and as ambassador to the United Nations could be coming out as early as the end of this year." Kamen says "top folks in Foggy Bottom and at the United Nations are most surely not going to be happy when this one comes out. The buzz is that it's going to focus mostly on Bolton's work at the United Nations, where he's said to be still upset at his inability to lop off 10 of the building's 38 floors that he had said were expendable." However, it is "unclear how Bolton will treat his most recent bosses, Colin Powell and Condoleezza Rice."

Johnson Leaves Hospital, Enters Rehab Facility. The Washington Post (2/21, A13, 690K) reports, "More than two months after suffering a brain hemorrhage, Sen. Tim Johnson (D-S.D.) has left a Washington hospital and entered a private rehabilitation facility, his office said yesterday. A spokeswoman refused to say whether the senator remained in Washington or was moved to a facility in South Dakota, citing family concerns about media scrutiny." ABC World News (2/20, story 8, :20, Gibson, 8.78M) noted "Johnson's illness had put the Democrats' one-seat advantage in the Senate in jeopardy."

State And Federal Governments' Unfunded Pension Liability Threatens Budgets. USA Today (2/21, 1A, Cauchon, 2.27M) reports, "More and more, retirees are finding that it pays to have worked for the government instead of the private sector. … As the first wave of 79 million baby boomers heads to retirement, the nation is dividing into two classes of workers: those who have government benefits and those who don't. The gap is accelerating in every way: pensions, medical benefits, retirement ages. Retired government workers are twice as likely to get a pension as their counterparts in the private sector, and the typical benefit is far more generous. The nation's 6 million retired civil servants — teachers, police, administrators, laborers — received a median benefit of $17,640 in 2005, according to the Congressional Research Service. Eleven million private-sector retirees covered by traditional pensions got $7,692. Governments' generosity could have serious consequences for taxpayers and pensioners. Some states…have troubled retirement systems that may require huge tax increases, spending cuts or even defaulting on promised benefits. The U.S. government has a bigger unfunded liability for military and civil servant retirement benefits ($4.7 trillion) than it does for Social Security ($4.6 trillion). The pension gap will continue to widen because governments pump far more money into employee pensions than companies do."

Survey Results Suggest Many Employees Unaware Of TSP Account Activity. The Washington Post's (2/21, D4, Barr) "Federal Diary" column reports, "For lack of a better phrase, we'll call them the TSP No-Shows. Some members of the Thrift Savings Plan rarely or never check to see how much money is in their retirement accounts. Others have seemingly vanished because their mail is returned to the TSP as undeliverable." The Post adds that the "problem of dropouts in a large organization" is hardly "surprising. The TSP, the 401(k)-type program for government workers, has more than 3.7 million members around the world. With more than $210 billion in assets, it is one of the nation's largest retirement programs. But the no-shows have emerged as a concern at the TSP, in part because of what the staff at the Federal Retirement Thrift Investment Board, which oversees the TSP, learned from a recent survey." The Post adds that the survey results suggest "about 16 percent of TSP members rarely or never review their retirement accounts. What was of more concern was the response from those who have most at stake in the TSP -- employees covered by the newer Federal Employees Retirement System -- because TSP savings will be a larger share of their retirement income. Of that group, 18 percent said they almost never or never look at their accounts."

Helen Thomas To Lose Front-Row Seat In New White House Briefing Room. The Politico (2/21) reports, "Every theater-style seat in the White House briefing room, now closed for renovation, had a brass plaque inscribed with the name of a news organization. Only one, in the middle of the front row, had a name: 'HELEN THOMAS,' it said. The unique assigned seat between the chairs for CBS News and ABC News was reserved for the legendary United Press International correspondent who is now a columnist for Hearst Newspapers." The press corps "is scheduled to move from temporary facilities back into the spiffed-up, rewired briefing room in May or June. Thomas, who has been questioning presidents and press secretaries for 46 years,

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plans to be there. But her front-row seat won't be." The Politico adds, "Plans call for her to be moved to the second row to make room for a cable news channel – a sign of Washington's changing pecking order, and of the new ways that Americans get their news."

NYTimes Urges Bush To Convene Task Force On Infrastructure Improvements. The New York Times (2/21, 1.16M) editorializes, "As William Yardley reported recently in The Times, the country's water and sewer lines, many of them a century old, are in terrible shape, leading to those collapsing roads. And the Army Corps of Engineers reported earlier this month that more than 120 levees around the country could fail in a major flood. New Orleans needs to remain an exception, rather than a sad model for the future." America's "ability to compete isn't just a matter of being inventive and having a good work ethic, but also depends on the ability to deliver products reliably and on time. The first president with a master's degree in business administration -- hint, he's the current Oval Office occupant -- should convene a task force of federal, state and local officials to address the growing problem."

WPost Urges Congressional Passage Of "Passengers' Bill Of Rights." The Washington Post (2/21, 690K) editorializes, "The renewed push for a passenger bill of rights gained traction in the Valentine's Day ice storm, when nine fully loaded JetBlue aircraft sat on the tarmac at John F. Kennedy airport in New York, some frozen to the ground, for six to 10 hours. In addition to the hundreds who were held hostage on stifling planes that ran out of food and water, hundreds more were stranded as JetBlue's operations ground to a halt." Sen. Barbara Boxer "introduced a passengers' bill of rights on Saturday and Rep. Mike Thompson (D-Calif.) plans to do the same next week. Both bills require airlines to allow travelers to get off planes after three hours of delay. That's more reasonable than what JetBlue is offering. And Mr. Thompson's bill goes a step further to mandate frequent updates on the cause and timing of delays.

OTHER NEWS:

Dow Closes At New All-Time High. The Wall Street Journal (2/21, McKay, 2.04M) reports, "Solid earnings at Wal-Mart Stores and a drop in oil prices outweighed weak results at Home Depot, sending the Dow Jones Industrial Average to another record. The blue-chip average gained 19.07 points, or 0.1%, to end at 12786.64, up 2.6% on the year. … Other market measures posted their highest closes in more than six years. The broad Standard & Poor's 500-stock index edged up 0.3%, or 4.14 points, to 1459.68, up 2.9% on the year." The Nasdaq Composite Index "added 0.7%, or 16.73 points, to 2513.04, up 4% on the year." USA Today (2/21, Shell, 2.27M), Washington Post (2/21, 690K) and Washington Times (2/21, 88K), among other major newspapers, run similar stories this morning.

Pump Prices Rise For Third Straight Week. ABC World News (2/20, story 7, :10, Gibson, 8.78M) reported, "The price of gas has gone up for the third week in a row. The government says the average price of a gallon rose 6 cents over the past week, hitting $2.30 on average, partly because oil prices have been rising with the cold weather."

Collapse Of Juror Leads To Mistrial In Malpractice Case. The New York Times (2/21, Zezima) reports from Boston, "A mistrial was declared on Tuesday in a medical malpractice case brought by the head football coach at the University of Notre Dame after a juror collapsed and the defendants, two doctors at Massachusetts General Hospital, rushed to help him." The Times continues, "The coach, Charlie Weis, who had N.F.L. coaching positions with the New England Patriots, the New York Giants and the New York Jets, has accused the doctors of negligence by letting him bleed internally for 30 hours after a gastric bypass in 2002. … Mr. Weis's lawyer said that he nearly died after the procedure and that the operation left his legs with nerve damage." The Times adds, "The doctors, Richard A. Ferguson and Charles M. Hodin, said that Mr. Weis knew the dangers of the operation and that bleeding was not uncommon after such surgery. … Around 10 a.m. as another doctor was testifying, a juror gasped and lost consciousness. The witness, with Drs. Ferguson and Hodin, rose and helped the juror, who was taken to a hospital. … After the juror left, Mr. Weis's lawyer, Michael Mone, asked Judge Charles T. Spurlock of Superior County in Suffolk County for a mistrial. In an interview, Mr. Mone said two jurors had told the judge that the events could influence their verdict."

Supreme Court To Hear State's Appeal On Judicial Selection Process. After two lower courts declared New York's judicial selection process unconstitutional on the grounds that it denies the freedom of political association, the New York Times (2/21, Greenhouse) says the U.S. Supreme Court has agreed to review that matter based on an appeal by the New York State Board of Elections; several political organizations; the incumbent State Supreme Court justices; and Attorney General Eliot Spitzer. The paper says Gov. Spitzer's view of the case "will be a matter of some interest as it goes forward. Addressing the Rockefeller Institute of Government shortly after his election as governor, Mr. Spitzer indicated that he did not support the

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existing system, which he said was 'in dire need of reform.' According to an account in The New York Law Journal, the governor-elect said that 'there must be a way to primary onto the ballot,' and added that 'I will not support anything that has a closed convention structure, where only those who came out of the convention could be on the ballot.'" The paper notes that primaries pose the problem of judicial candidates having to raise "considerable amounts of money."

Romney To Air First TV Ads. The New York Times (2/21, Nagourney, 1.16M) reports Mitt Romney "will run television advertisements in five states starting Wednesday, the latest sign of how quickly the 2008 campaign is moving." The ads "are an early move to inform Republican primary voters about his views and record at a time when he has come under some criticism by opponents for shifting his views on several issues. The television advertising campaign will begin in Iowa and New Hampshire on Wednesday and then expand to South Carolina, Florida and Michigan, all states with early 2008 contests, his aides said. The advertisements will run for about two weeks." As is "typical with early introductory advertisements, they focus heavily on presenting information about someone who is little known outside his state, focusing in particular on his tenure as head of the 2002 Winter Olympics in Salt Lake City."

Fox News' Special Report (2/20, Hume) reported that in "an unprecedentedly early move for position," Romney "has launched the first multi-state ad blitz of the campaign, hoping to define himself on his own terms by touching on both socially and fiscally conservative issues." Romney ad: "I believe the American people are overtaxed and the government is overfed. I believe our laws ought to be written by the people and not by unelected judges."

The Politico (2/21, Martin) reports the "spot also allows Romney to boost his name ID in the key early states, where he currently lags far behind the better-known Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani. While Romney has put together a solid organization in each of these initial nominating states and created buzz with the political class, he's yet to penetrate the larger population. These ads aim to change that."

Romney Camp Targets McCain On Abortion Issue. In a report on his blog at the website of The Politico (2/20), Jonathan Martin related, "The campaign of former Massachusetts Gov. Mitt Romney, whose stance on abortion has often been hard to pin down, now is attacking Sen. John McCain on the issue, accusing the Arizonan of ducking the debate over the right to life since his 2000 presidential bid. 'Ask the pro-life movement where his leadership has been in the six years since 2000 that he's been running for president,' says Gary Marx, who is charged with handling conservative outreach for Romney. 'What has he done?' But isn't it a bit audacious for the campaign of a candidate who was, in his own words, 'effectively pro-choice' as late as his 2002 gubernatorial run, to now take shots at the record of a consistently pro-life opponent? 'We're making sure that all primary voters and [conservative] leaders have full picture on all the candidates,' responds Marx. Which is why Marx sent an e-mail…last night to more than 100 influential social conservatives highlighting various news clips about McCain's stance on abortion, bolding and italicizing those lines that call into question the senator's commitment to ending the practice."

Romney's Political Views Said To Undergoing An "Extreme Makeover." In her Washington Post column (2/21, A15), Ruth Marcus says that in a 2006 interview, Mitt Romney did "his best not to explain his views on abortion," and his "baroque circumlocutions seemed to say so much about him. It was hard to know what Romney actually thought about abortion rights other than that this was a political minefield it was best to avoid stepping into for as long as possible. But it was also hard to see how a man with deeply held convictions on abortion rights -- either for or against -- could take a position so calibrated and inconclusive. Listening to Romney that day was like watching a chameleon in the fleeting moment that its color changes to suit its environment." Romney's "'Extreme Makeover: Political Edition' goes beyond abortion rights."

McCain Defends Outreach To Conservative Christians. The AP (2/21, Farrington) reports Sen. John McCain "is defending his outreach to conservative Christians, arguing that his effort is not political pandering to win the GOP nomination." McCain "met privately Monday with religious broadcasters in Orlando, Fla., then answered questions about his appeal to conservatives in Vero Beach." In the 2000 campaign, McCain "angered the party's right by calling evangelist leaders Pat Robertson and Jerry Falwell 'agents of intolerance.' Last spring, he spoke at Falwell's Liberty University although hard feelings still linger among some conservatives. Focus on the Family founder James Dobson has said he won't support McCain." McCain said, "Nobody accused me of courting and pandering to the liberals when I went to the New School. What I have found out in my life, is that every time I have done something for political reasons and not the right reasons, I have paid a very heavy price for it — a big price."

McCain Backing For Iraq Surge Hurts GOP Support. The Financial Times (2/21, Luce) reports, "Once considered the un-crowned Republican candidate for the 2008 presidential election, John McCain's fortunes are plummeting rapidly. And the senator's frustrations are beginning to show." At a campaign stop in South Carolina on Monday, McCain "lashed out at Donald Rumsfeld, the controversial former

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defence secretary, as 'one of the worst secretaries of defence in history.'" The Times adds that in spite "of his criticisms of the Bush administration's handling of the Iraq war since 2003, Mr McCain is starting to pay a price on the campaign trail." Since his strong show of support for President Bush's Iraq troop surge, McCain's "poll numbers among registered Republican voters and among the US public at large have fallen sharply."

McCain Picks Up Endorsements From DeWine, Other GOP Lawmakers. The Hill (2/21, Schor) reports Sen. McCain "yesterday picked up a 2008 endorsement from Ohio's former GOP senator, Mike DeWine, who maintains strong name-recognition in the quintessential swing state, despite losing his seat last year. Rep. Mike Castle (R-Del.) also joined McCain's 2008 bid." Of the "17 House Republicans who voted with Democrats on last week's resolution condemning the Bush administration's plan to add troops in Iraq, five are public McCain supporters: Reps. Ric Keller (Fla.), Fred Upton (Mich.), Steven LaTourette (Ohio), Mark Kirk (Ill.) and Castle."

2001 NARAL Speech Could Undercut Giuliani's Conservative Appeal. The Hill (2/21, Bolton) reports a speech Rudy Giuliani "delivered to an abortion-rights advocacy group when he was mayor of New York City and more recent comments about the Supreme Court could complicate his efforts to woo conservative votes in crucial presidential primary states." Giuliani will "test his new abortion talking points with conservative voters today when he campaigns in South Carolina, a state that is expected to pose an obstacle to centrist GOP presidential candidates next year." Giuliani, who "was an outspoken supporter of abortion rights when he ran for city office in the 1990s, has shifted his position to appeal to conservative voters by promising to nominate conservative jurists" such as Chief Justice John Roberts and Justice Samuel Alito "to the federal courts if elected president." But the "credibility of that stance is undermined by remarks Giuliani delivered in April of 2001 to the National Abortion & Reproduction Rights Action League, now known as NARAL Pro-Choice America." In the speech, Giuliani thanked NARAL for "taking the lead in establishing freedom of choice for all of us," and he "indicated then that he supported changing the Republican Party's platform on abortion."

Obama Attends Los Angeles Rally, Hollywood Fundraiser. The Los Angeles Times (2/21, Finnegan, 850K) reports Sen. Barack Obama "capped a three-day campaign swing through California today with a South Los Angeles rally where he told thousands of supporters he would 'transform the country' with sweeping change at home and abroad." Vowing to "shatter the insider culture of the nation's capital," Obama "said he would end the war in Iraq, expand health coverage to all Americans and fix the country's ailing public school system." Before "returning to his hometown of Chicago this evening, Obama plans to collect more than $1 million in Beverly Hills at a glitzy fund-raising reception thrown by DreamWorks studio founders David Geffen, Steven Spielberg and Jeffrey Katzenberg." Celebrities who "bought $2,300 tickets to the Beverly Hills Hilton soiree include Barbra Streisand and George Clooney, said Andy Spahn, an organizer of the event." After the reception, Obama is "scheduled to dine at Geffen's Beverly Hills estate with roughly 40 guests — those who raised at least $46,000 apiece. He raised money earlier this week in La Jolla, San Francisco and Palo Alto." The "huge crowd at the Crenshaw event reflected the extraordinary interest that Obama has generated among Democrats. It is highly unusual for a presidential candidate to draw thousands of supporters to a Los Angeles rally nearly a year before California's primary — or even to try."

The AP (2/21, Blood) reports, "Checks from Hollywood's A-list stars such as George Clooney, Eddie Murphy and Barbra Streisand added up to a one-night take of $1.3 million for" Obama, who "told an audience that included Spielberg, Oscar nominee Eddie Murphy, actress Jennifer Anniston and singer Jackson Browne that they have 'enormous power' that comes with 'enormous responsibility' because of their impact on American culture." Obama's "display of celebrity sizzle and campaign dollars challenges any assumptions that Hollywood dollars would default to Sen. Hillary Rodham Clinton, D-N.Y., who has long-standing ties to the industry, along with her husband, former President Clinton." Democratic consultant Garry South said, "I think this guy is for real."

The Washington Post (2/21, A4, Mosk, 690K) reports organizers "said they expected the freshman senator to leave town flush not only with money but also with valuable connections in a city that has for decades served as a lifeline for Democratic presidential contenders." The funds "collected now could provide an important boost, in that it will appear on Obama's first quarterly earnings report. Those figures, when released in April, will help signal his campaign's viability." A "clear undercurrent to yesterday's high-profile Hollywood swing was the ease with which Obama swept up support from entertainment industry titans who had once been squarely with President Bill Clinton and Sen. Hillary Rodham Clinton (D-N.Y.)."

The CBS Evening News (2/20, story 7, 2:25, Whitaker, 7.66M) reported Obama "is in Los Angeles today being treated like a movie star. He came early, and he'll be here often, because California is set to play a bigger role this election cycle than ever before. Hollywood is abuzz about who's going to win the gold -- not the Oscar, the political pot

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of gold Hollywood liberally dishes out each presidential election. That's why Barack Obama is in town tonight. A glitzy fundraiser with top-tier stars paying $2,300 each is expected to raise more than $1.5 million for the first-term senator. Obama is a real box office draw, says LA-based political blogger Arianna Huffington." Arianna Huffington: "Hollywood is a city, a town, that understands the power of casting, and, you know, Obama, they have found a leading man." Whitaker: "All the major candidates come to Hollywood for money." But almost "everyone assumed the deep affection and deep pockets Hollywood had for Bill Clinton would transfer to Hillary Clinton. Instead, the money people are hedging their bets. Stephen Spielberg is throwing fund raisers for Obama and Hillary." Leon Panetta, former White House chief of staff: "She cannot walk in the room and just say, you know, 'Remember me? I was with Bill Clinton.' That's not going to work anymore. She's going to have to earn it herself." Whitaker: "Next year, California and other big states plan to move their primaries up to early February and overshadow the smaller states." That means "that each candidate will have to raise about $20 million just to run in the California primary."

The Chicago Tribune (2/21, Dorning, Parson, 617K) reports Obama "made his debut as a presidential candidate among an A-list of Hollywood power and fame, tapping into one of the most formidable honey pots of Democratic money and connections." The "fact that the DreamWorks partners are so early in staging such a big party — expected to net at least $1 million — has drawn notable attention to Obama, especially as media from around the world assemble in advance of this weekend's Oscar ceremonies. For others in the circle, say some, it signals Obama as someone to take seriously."

Dowd Compares Obama's Hollywood Entrance With O'Hara's In "Gone With The Wind." In her New York Times column (2/21), Maureen Dowd says Obama has "made an entrance in Hollywood unmatched since Scarlett O'Hara swept into the Twelve Oaks barbecue. Instead of the Tarleton twins, the Illinois senator is flirting with the Dreamworks trio: Mr. Geffen, Steven Spielberg and Jeffrey Katzenberg, who gave him a party last night that raised $1.3 million and Hillary's hackles." She "didn't stand outside the gates to the Geffen mansion, where glitterati wolfed down Wolfgang Puck savories, singing the Jennifer Hudson protest anthem 'And I Am Telling You I'm Not Going.' But she's not exactly Little Miss Sunshine, either. Hillary loyalists have hissed at defecting donors to remember the good old days of jumping on the Lincoln Bedroom bed."

Obama To Deliver Keynote At Selma Bridge Commemoration. The AP (2/21, Farrington) reports Sen. Obama will "deliver the keynote address next month at the annual Bridge Crossing Jubilee that commemorates the 1965 Selma-to-Montgomery voting rights march, organizers said Tuesday." Obama is "scheduled to speak at a March 4 service at Brown Chapel A.M.E. Church, the site in Selma where marchers gathered in the historic protest that gave blacks across the South greater access to the ballot." Rep. Artur Davis, D-Ala., "who district includes Selma, asked Obama to participate and plans to hold a fundraiser for the Illinois senator."

Race Seen As Perplexing Issue For Obama. In his Washington Post column (2/21, B1), Courtland Milloy says, "Is Obama black enough for the black vote? Is he too black for the white vote? With a black father from Kenya and a white mother from Kansas, can he expect to take the mixed-race vote? It's as if the 'color line' had been encoded into the American DNA." According to "a recent survey by Zogby International, a majority of whites, 55 percent, classified Obama as 'biracial,' and 66 percent of blacks classified him as black. To some, it was ridiculous to question whether Obama was 'authentically black' when he was embraced by so many black people. But assigning him to that category only tightens the knot."

Edwards Denies Report He Considers Israel Threat To Peace. The AP (2/21, Farrington) reports John Edwards' presidential campaign "wants to make it clear that he does not consider Israel a threat to world peace." An Edwards spokesman "issued a statement Tuesday denying such a report on Variety.com. Columnist Peter Bart reported that Edwards told a Hollywood fundraiser last month that the possibility that Israel would bomb Iran's nuclear facilities is perhaps the greatest short-term threat to world peace."

Clinton Outlines Initiatives For Black Students And Businesses. The AP (2/21, Farrington) reports that during her first campaign trip to Florida, Sen. Hillary Clinton "criticized President Bush's education policy as doing little to help minorities and acknowledged that she is still searching for ways to raise minority student test scores." Clinton " said Bush's No Child Left Behind Act isn't providing a solution for raising test scores." Clinton "spoke and took questions for an hour from the mostly black audience of 300 in the Liberty City neighborhood. The event was sandwiched between fundraisers in Tampa, Miami and Hollywood that were closed to the press. The federal government can do more to help minority businesses by writing a road map for banks' roles in the communities, Clinton said." Clinton "also called for microlending programs and helping business owners to develop stronger business plans so they are more credit worthy."

Clinton's Use Of "Hillary" In Campaign Literature Noted. In an op-ed for the New York Times (2/21, 1.16M) Peter Funt, host of the television program "Candid Camera,"

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writes, "Someone has apparently decided that Mrs. Clinton will be the first major single-name candidate since 1952. … Mrs. Clinton announced her intentions via the Internet on a Web site called 'Hillary for President.' Incredibly, on the day of her announcement, the name 'Clinton' did not appear anywhere in the long text on the site's home page."

Democratic Presidential Candidates Converge On Nevada For Forum. USA Today (2/21, Lawrence, 2.27M) reports, "With eight prospects participating in a forum today," Carson City, NV "is experiencing a crush of attention usually reserved for places like Keene, N.H. or Davenport, Iowa. … Nevada's sudden clout arises from its new Jan. 19 slot on the Democratic primary calendar, between the Iowa caucuses (Jan. 14) and the New Hampshire primary that start the nomination season. Two questions surround Nevada: Can the state pull it off? Will New Hampshire, now slated for Jan. 22, move earlier to stay second? The Democrats' elevation of Nevada reflects their rising hopes for political success in Western states. President Bush won Nevada by less than 3 percentage points in 2004."

The CBS Evening News (2/20, story 8, :15, Mitchell, 7.66M) reported, "And the presidential race takes a new twist tomorrow. Most of the Democrats will be on the same stage for the first time in Nevada."

Obama Will Not Participate. Fox News' Special Report (2/20, Hume) noted that Nevada, "with its legalized gambling and prostitution, has been chosen by the Democratic party to caucus second after Iowa. A big candidates' forum is scheduled for Wednesday to promote caucus participation." Sen. Barack Obama visited Nevada Sunday butt is "skipping" Wednesday's forum. Sen. Hillary Clinton is "en-route to Nevada with the rest of the democratic field except for Obama."

Davis Defends Clinton's Iraq Vote. In an op-ed in The Hill (2/21), Lanny Davis says, "Although I am an ardent Iraq war critic and from the earliest days had serious doubts about granting the president discretionary authority to go to preemptive war in October 2002, I believe Sen. Clinton (whom I am supporting for president) has shown integrity and courage in refusing to pander to state that the vote at the time was a 'mistake' — given the information and belief she had concerning Saddam's WMD AND the clear conditions she set in her Senate speech explaining her vote." The "irony here is that Sen. Clinton is often criticized for seeming to be too calculating and opportunistic in taking positions on issues. Yet here she is standing on the truth and the facts known at the time, and refusing to pander and rewrite history."

Increasing Number Of Latino Evangelicals Bodes Well For GOP. Dick Morris writes in The Hill (2/21) reports, "A revolution is underway among America's Latino population that will have profound implications for the future of American politics. Of the 41.3 million Hispanics in the United States today, 37 percent identify themselves as 'born-again' or 'evangelical.' Just 10 years ago, the proportion that did so was about 15 percent. All told, there are now about 11 million Evangelical Protestant and 3 million Evangelical or Charismatic Catholic Latinos in the United States. In 1996, there were only 4 million." That shift "portends huge changes for American politics. With the Latino population swelling from 22 million in 1990 to 41 million in 2004, any change of these proportions in the beliefs of Hispanic-Americans will have a momentous impact on politics. Evangelicals, of any race or ethnicity, are fertile ground for Republicans and may provide a huge opening to swing the formerly Democratic Hispanic vote toward a more even-handed stance or even make it a core element of an emerging Republican majority. … Unfortunately, the hostile reception immigration reform has received from the GOP side of the aisle in Washington is turning off the very voters the Republicans can now, for the first time, hope to attract to their side. … It's time Republicans awakened to the political opportunities of Evangelical Hispanic conversions and got with the program."

Biden's Son And Brother Sue Former Business Partner. The Washington Post/Bloomberg (2/20, D2, Strasburg, Weidlich) reports that Sen. Joseph Biden's son R. Hunter Biden, a Washington lobbyist, "accused a former business partner of lying about his professional credentials and finances after they agreed to buy a hedge fund investment firm in 2006, according to a complaint in New York state court." Biden and James Biden, the senator's brother, "countersued Anthony Lotito Jr. on Feb. 13, saying he hid debts and falsely claimed he held securities licenses to lure them as partners in the planned $21.3 million acquisition. Lotito also persuaded the Bidens to hire a lawyer who had been convicted of fraud, according to the complaint."

Former State, CIA Officials To Launch Private Intelligence Firm. In its "Inside the Beltway" column, the Washington Times (2/21, 88K) reports Ambassador Cofer Black, the former ambassador-at-large and coordinator for counterterrorism at the State Department, and Rob Richer, who was the CIA's No. 2 for counterintelligence, "will create a new 'CIA-type' organization to address intelligence needs in the private sector. 'Terror attacks,' 'political instability,' 'avian-flu outbreaks,' and even severe weather events will be on the radar of the company, which the pair names Total Intelligence Solutions."

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MacKinnon Notes Elderly DC Woman's Death Caused By Shut-Off Utilities. In an op-ed for USA Today (2/21, 11A, 2.27M) Douglas MacKinnon, former White House and Pentagon official, writes, "On Jan. 17, Bessie Sanders of Washington was killed in a house fire. It was determined by the fire department that 'Ms. Bessie,'…lost her life when the candle she was using for illumination in her bedroom accidentally started a fire. During the coldest part of the year, Ms. Bessie was using a candle for light because her electricity, gas and water had all been shut off. In this country, the last remaining superpower, an elderly woman needlessly perished when her government failed her. Even as friends and neighbors alerted the District of Columbia that Ms. Bessie's utilities needed to be reactivated, according to The Washington Post, the bureaucracy apparently failed to do so because she did not personally make the call, and a Social Security number was not provided. District officials said they had no record of her asking for assistance."

Cheney Reassures Japan On Nuclear Deal. AFP (2/21, Knox) reports Vice President Cheney "reassured Japan that the North Korea nuclear deal was a 'good first step' after a worried Tokyo refused to fund the pact." Japan has also "refused to provide energy aid to the nuclear-armed communist regime until it resolves an emotionally charged row over the past kidnappings of Japanese nationals." The Vice President "discussed the kidnappings among other issues in a breakfast meeting with Chief Cabinet Secretary Yasuhisa Shiozaki," said Cheney spokeswoman Lea Anne McBride.

Under the headline, "Cheney's Visit To Japan Exposes Tensions," the Financial Times (2/20, Pilling) reports Japan's defense minister, Fumio Kyuma, Tuesday "felt obliged to explain why he would not be meeting" Cheney. The US Vice President, "Kyuma explained, could not be expected to meet a mere defense minister." Behind Kyuma's "humble remarks lie an awkward diplomatic moment" after earlier this month he "lashed out at US foreign policy, saying Washington was wrong to invade Iraq and lambasting its arrogant attitude towards Okinawa, the island where the bulk of US troops in Japan are stationed." Kyuma's remarks "provoked outrage among Japan-handlers in the Bush administration and the embarrassment that has followed is one of several points of contention."

Negroponte To Visit Asia To Shore Up Support For Accord. On its front page, the Financial Times (2/21, A1, Dinmore) reports Deputy Secretary of State John Negroponte's first mission is expected to take him to Asia next week "to shore up last week's breakthrough deal with North Korea." Negroponte will visit China, South Korea and Japan, officials said. One official said Negroponte "also planned to add Pyongyang to his itinerary, though others either denied this or said such a trip was unlikely at this stage." The Bush administration, "in particular Condoleezza Rice…has been fiercely criticized by Washington hawks over last week's deal." Officials admitted that a high-level visit to Pyongyang "would be controversial internally."

Iran Sets Conditions For Halt Of Nuclear Program. The AP (2/21, Jahn) reports Iran's chief nuclear envoy said Tuesday "his country wants to negotiate over its uranium enrichment program, on the eve of a U.N. Security Council deadline that carries the threat of harsher sanctions." But President Mahmoud Admadinejad "said Iran will halt enrichment only if Western nations do the same." Sanctions "could be triggered" by a report from IAEA chief Mohamed ElBaradei Wednesday to his agency's 35 board-member nations, which "is expected to say Iran has expanded enrichment activities instead of freezing them."

The Wall Street Journal/AP (2/21, A6) reports Bush administration officials "dismissed Iran's unusually conciliatory comments." White House spokesman Tony Snow called Ahmadinejad's pledge a "false offer," noting the Administration "hopes to push for new sanctions next month." Meanwhile, the Washington Times (2/21, Sands, 88K) reports State Department spokesman Tom Casey "said intensive negotiations are already under way" among the five permanent members of the U.N. Security Council "about a new resolution imposing new penalties and restrictions on Iran." Moscow and Beijing "have been reluctant to back the Bush administration's hard line on Iran," but US officials "were encouraged by reports this week that Russia may delay the delivery of fuel for a planned nuclear plant it is building for Iran."

The Financial Times (2/21, Dombey) reports, "Many western diplomats question why Iran is accelerating its enrichment activities while Bushehr, the nuclear power plant the uranium is intended to feed, is behind schedule and was delayed further this week because of Iran's alleged failure to pay its Russian contractors." In an interview with the Times, ElBaradei said, "Iran sees enrichment...as a strategic goal because they feel that this will bring them power, prestige and influence. They feel that this will bring them into the company of some of the large and influential [states], the 12, 13 countries with enrichment processing, even if they don't have a weapon."

Experts Urge West To "Ratchet Up The Pressure" On Iran, Not Talk. Danielle Pletka and Michael Rubin of the American Enterprise Institute write in the Wall Street Journal (2/21, A17, 2.04M) about how the West will respond to today's missed deadline. Earlier this month, they note, "Sir Richard Dalton, until recently Britain's ambassador in Tehran, called for direct talks between US and Iranian officials and suggested the West modify demands that the Islamic

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Republic suspend uranium enrichment. Unfortunately, his eagerness for dialogue is being echoed and amplified elsewhere, especially in the wake of the Bush administration's deal to pay North Korea for similar disarmament." However, Pletka and Rubin insist that "to change course now would signal the impotence of international institutions and multilateral diplomacy. History shows that when the supreme leader believes Western resolve is faltering, Iran will be more defiant and dangerous. Now is not the time to talk. If Washington and Europe truly believe in the primacy of multilateralism and diplomacy, now is the time to ratchet up the pressure."

US Commander Says Navy Buildup Came After Moves By Iran. In an interview with the AP (2/21, Krane), US Vice Adm. Patrick Walsh, the top US Navy commander in the Mideast, said Iran "has brought its war games maneuvers over the past year into busy shipping lanes in the Straits of Hormuz, the narrow mouth of the Persian Gulf through." These moves "have alarmed US officials about possible accidental confrontations that could boil over into war, and led to a recent build-up of Navy forces in the Gulf," Walsh said. Although the additional US firepower "has ratcheted up tensions with Iran," Walsh "said the increase aims to reassure Arab allies in the Gulf and prevent misunderstandings that could escalate into outright conflict."

Rice Seeks Arab Support For Abbas. AFP (2/21, Millikin) reports Secretary of State Condoleezza Rice Tuesday held talks in Jordan with intelligence chiefs of four Arab states "seen as crucial in backing Palestinian President Mahmoud Abbas in his power struggle with the radical Islamic group Hamas." Rice also briefed Jordan's King Abdullah II on her meeting Monday in Jerusalem with Abbas and Israeli Prime Minister Ehud Olmert. Rice's Mideast initiative "has been undermined by the power-sharing deal brokered by Saudi Arabia earlier this month which caught the US administration by surprise," according to a senior US official. The deal "infuriated Israel and almost torpedoed Monday's summit," officials said. However, while Rice "succeeded in bringing the meeting off and gaining a pledge by Olmert and Abbas to continue talking, tensions were apparent when neither man appeared at her side for the reading of a joint statement."

The Washington Post (2/21, A12, Kessler, 690K) says the "lackluster outcome of the Israeli-Palestinian summit brokered by Rice in Jerusalem on Monday suggests" the Secretary's earlier "optimism may be misplaced." While, "diplomats and Middle East experts applaud her willingness to invest her prestige in trying to solve an intractable problem," others "wonder whether her efforts are six years too late." However, Rice "insists that the conditions have never been better for peace." One Rice aide "conceded that there is 'diplomatic risk' to Rice forging ahead, but European officials are thrilled that she is now trying ideas they have long urged." A senior European official said Tuesday that "just the fact that Rice did not cancel the meeting in the face of Israeli resistance was a signal, because the administration has had a pattern of halting peace efforts at the first sign of trouble."

Israel Threatens To End Talks With Abbas. The AP (2/21, Gearan) reports Israel said Tuesday "it would stop dealing with Palestinian President Mahmoud Abbas if he goes ahead with plans to join Hamas in a new government." Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert, "ruled out any talks on a final peace deal with Abbas if he went ahead with plans to form a new Cabinet including Hamas." Israeli talks with Abbas "would be limited to matters such as improving living conditions for the Palestinians and ending Palestinian attacks against Israel."

The Washington Times (2/21, Kralev, 88K) reports Israeli Foreign Minister Tzipi Livni said the agreements between Hamas and Fatah "disappoint all who supported separating the extremists from the moderates and creating an alternative government in the Palestinian Authority."

Palestinian Factions Struggle To Maintain Truce. The Wall Street Journal (2/21, A9, Simpson, 2.04M) reports representatives of Hamas and Fatah both "acknowledged in separate interviews yesterday that tensions remain high and that there have been multiple breaches of their accord. Still, they said their fears about open warfare erupting anew were based on political and diplomatic processes far beyond the streets where their men maintain a tense standoff." One key factor, which remains unclear, "is whether Saudi Arabia will abide by its pledge to supply $1 billion to the new unity government. If it does, it is possible Mr. Abbas could continue to press ahead with Hamas even if the US and Israel shun the Palestinian government." US officials "also have declined to say whether they are pressuring the Saudi regime to freeze that pledge." Meanwhile, Secretary Rice "is in a precarious position. If she pushes too hard, she could create an even greater backlash across the region and beyond, since the deal has brought an end to Palestinian bloodshed."

Mecca Accord Added To Challenge US Faces In Brokering Peace Deal. The New York Times (2/21, A8, Cooper, 1.16M) says the Mecca accord "added to the already formidable challenge the United States faces as it tries to accomplish another strategic goal: getting the Palestinians and Israelis back to the negotiating table for peace talks for the first time in six years." The pact "largely torpedoed the American-sponsored meeting on Monday," leaving the Times to question, "So why did Saudi Arabia broker a power-sharing agreement" between Hamas and Fatah "at the same time that Secretary of State Condoleezza Rice had decided to try to revive peace talks?" One reason, it says, is that Saudi "wanted to help end the Palestinian-on-Palestinian violence,"

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but "another big reason, analysts said, is that the war in Iraq has intensified the split between Sunnis and Shiites, and deepened a power struggle between the Sunni royal family of Saudi Arabia, and Iran, which is largely Shiite." Although the US is "rooting for the Saudis in that power struggle, the two countries have some distinctly different ideas about how Saudi Arabia should fight for its leadership role in the region."

Congress Places Hold On Palestinian Aid. The Los Angeles Times (2/21, Richter, 850K) reports Congress is "holding up $86 million that the Bush administration is seeking to strengthen the security forces of Palestinian Authority President Mahmoud Abbas, in a new setback for the administration's efforts in the region." Rep. Nita M. Lowey (D-NY), chairwoman of the House Appropriations subcommittee on foreign operations, has put a hold on the funding, "saying she is not convinced the money will go to train and equip Abbas' security forces, as promised." Other lawmakers, including Democrats and Republicans, "have voiced concern that the money could end up in the hands of Hamas."

NYTimes Calls Jerusalem Meeting A "Charade." In an editorial, the New York Times (2/21, 1.16M) writes, "It speaks volumes when Secretary of State Condoleezza Rice flies to Jerusalem to try to revive peace talks between Prime Minister Ehud Olmert of Israel and President Mahmoud Abbas of the Palestinian Authority and cannot even get the two to show up when she reads out the content-free joint statement to which they have grudgingly agreed." The Times says the talks "reminds us of the six feckless years during which the Bush administration has squandered America's once commanding prestige in the region" and "portrays a secretary of state who clearly arrived with no new ideas -- and no idea of how to wheedle or pressure either side into making any of the compromises needed to stimulate the dangerously moribund peace effort." Rice's "diplomatic default was all the keener since this just might have been a moment for breaking the stalemate that has prevailed since Hamas won control of the Palestinian Parliament last year," the Times adds.

Ignatius Says US-Brokered Deal Will Help America's Image. The Washington Post's (2/21, A15) David Ignatius writes, "We are in the ditch in the Middle East. As bad as you think it is watching TV, it's worse. It's not just Iraq but the whole pattern of America's dealings with the Arab world. People aren't just angry at America – they've been that way to varying degrees since I first came here [Qatar] 27 years ago. What's worse is that they're giving up on us -- on our ability to make good decisions, to solve problems, to play the role of honest broker." To "get back on the road," Ignatius says, the US "must broker a settlement of the Israeli-Palestinian dispute." In order to achieve a settlement, he says Secretary Rice must insist that "America is a mediator in this conflict" and "its positions are independent of either side, and it is willing to talk to all parties to achieve peace."

Egypt Urged To Release Imprisoned Bloggers. Raja M. Kamal, an associate dean at the University of Chicago, and Tom G. Palmer, a senior fellow at the Cato Institute, writes in a Washington Post (2/21, A15, 690K) op-ed that "sincere friends of Egypt" should "call on the government to drop the charges" two bloggers critical of the regime, saying "it is the right thing to do, and it is the best thing for Egypt's standing in the modern world." Egypt, they note, is a signatory to the International Covenant on Civil and Political Rights, which guarantees the "freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media." Therefore, Kamal and Palmer argue, "Blogging should not be a crime."

Polish, Czech Officials Rebuff Moscow's Threats Over US Missile Plan. The New York Times (2/21, A6, Kramer, 1.16M) reports officials in the Czech Republic and Poland "vowed Tuesday that they would not be intimidated by Russia, a day after a general in Moscow declared that nuclear weapons could be aimed at their countries if they allowed the Bush administration to build ballistic missile defenses within their borders." In an interview on Polish radio, Prime Minister Jaroslaw Kaczynski dismissed the Russian threats as "clearly an attempt to intimidate." Meanwhile, the Czech foreign minister, Karel Schwarzenberg, said, "The Czechs will now think the shield is even more necessary." The Times says the dispute is "another sign of how quickly relations between Russia and Eastern Europe have been disrupted, descending this week and last into ominous talk of nuclear and military leverage reminiscent of the cold war."

The Washington Post (2/21, A10, Finn, 690K) says the "increasingly angry dispute" is "adding strain to already fragile US-Russian relations." Relations between the US and Russia "had already taken a hit this month when Russian President Vladimir Putin lashed out at Washington for its unilateral approach."

The Financial Times (2/21, Cienski, Anderson) notes that "while the right-of centre governments in Warsaw and Prague are keen to begin negotiations with Washington, opinion polls show opponents of the US bases significantly outnumber supporters." However, "Sweeteners could come in the form of a US decision to waive visas for Poles and Czechs, as well as money to modernise the countries armed forces."

Hadley Departs For Moscow. The AP (2/21) reports President Bush's national security adviser, Stephen Hadley, is embarking "on a high-level mission to Moscow and other European capitals, just over a week after incendiary remarks about Bush and the United States by Russian President Vladimir Putin." Stephen Hadley departed Tuesday for a four-

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day trip to Brussels, Moscow and Berlin, according to NSC spokesman Gordon Johndroe. In Brussels, Hadley planned to meet with NATO and European Union officials. In Moscow and Berlin, he was scheduled to sit down with his counterparts in the Russian and German governments. Although the trip has been planned for weeks, it "comes at a particularly delicate time in the Washington-Moscow relationship, meaning the Russian portion of his travels would be the most closely watched."

UN Approves Somalia Peacekeeping Force. The New York Times (2/21, A3, 1.16M) reports briefly that the U.N. Security Council Tuesday "authorized the dispatch of an African Union peacekeeping force to Somalia to help stabilize the country so a United Nations operation can take over in six months." The British-drafted resolution "urges African countries to furnish troops" and demands "guarantees of safety and access for international aid workers." Meanwhile, in Mogadishu Tuesday, the Washington Post/AP (2/21, A11) reports mortar rounds and rockets hit "in a series of attacks that killed 15 people and wounded more than 40, doctors and witnesses said." The violence, which targeted the presidential palace and seaport, was "among the worst since a two-week war in December."

In a news analysis, the New York Times (2/21, A3, Gettleman, 1.16M) reports, "Nearly every day, government forces and insurgents shell each other across Mogadishu's already dilapidated neighborhoods, scattering bodies and any remaining traces of hope. Gun prices are soaring and more clans are joining the underground, while an outbreak of cholera sweeps the countryside." Though it "is hard to believe," Somalia is "actually becoming a more violent and chaotic place. That is not how it was supposed to be. Nearly two months ago, an internationally-supported transitional government ousted the Islamist forces and steamed into Mogadishu…with great expectations. But confidence in the government -- never very high -- is rapidly bleeding away." Somalia now "seems to be just shy of total collapse -- again -- because the Ethiopian troops who provided the muscle to throw out the Islamists are withdrawing, yet none of the peacekeepers promised from other African countries have arrived."

EU Ministers Pledge Steep Emissions Cut If US And Others Join Effort. The New York Times (2/21, Kanter, 1.16M) reports, "Seeking to persuade other nations to curb greenhouse gas emissions, European Union ministers pledged Tuesday to raise their own targets if industrialized countries like the United States made similar efforts." EU "governments would be ready to cut emissions 30 percent below 1990 levels by 2020, from a current pledge of 20 percent, but only if other heavy polluters joined in, said Sigmar Gabriel, the German environment minister, who led a meeting in Brussels that formally endorsed the European targets." The "pledges, which match a proposal made by the European Commission last month, are signs that nations are gearing up for new negotiations on a global climate accord after 2012, when the first period covered by the Kyoto Protocol expires. The issue is expected to be on the agenda when Germany serves as host of a meeting in June of the Group of 8 nations." EU "countries are hoping to win pledges from big developing countries as well, including China and India."

The Los Angeles Times/AP (2/21) reports, "European Union environment ministers agreed Tuesday on an ambitious effort to cut greenhouse gas emissions to 20% below 1990 levels, a goal likely to lead to mandatory limits for cars." They "said the target could be pushed to 30% if other industrialized countries sign on to a global effort." The "target, which must be approved at an EU summit next month to become official, is a crucial first step in a global warming strategy that must be in place by the time the Kyoto Protocol expires in 2012." President Bush has kept the US "out of the Kyoto treaty, saying it would harm the U.S. economy. The Bush administration has said it is committed instead to advancing and investing in new technologies to combat global warming."

Experts Cast Doubt On Carbon Capture Technology. The New York Times (2/21, Wald, 1.16M) reports, "Within the next few years, power companies are planning to build about 150 coal plants to meet growing electricity demands. Despite expectations that global warming rules are coming, almost none of the plants will be built to capture" carbon dioxide. The Times adds, "Environmentalists are worried, but they put their faith in a technology that gasifies the coal before burning. Such plants are designed, they say, to be more adaptable to separating the carbon and storing it underground. Most utility officials counter that the gasification approach is more expensive and less reliable, but they say there is no need to worry because their tried-and-true method, known as pulverized coal, can also be equipped later with hardware to capture the global warming gas." However, "influential technical experts are casting doubts on both approaches." A major new study "concludes in a draft version that it is not clear which technology -- the so-called integrated gasification combined cycle or pulverized coal — will allow for the easiest carbon capture, because so much engineering work remains to be done."

UK Climate Change Study Said To Be "Right For The Wrong Reasons." New York Times (2/21, 1.16M) columnist David Leonhardt writes, "Last week, Sir Nicholas Stern, a top adviser to the British government, came to the United States to talk about climate change. In October, a

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commission he led released a 700-page report calling for 'urgent action' against global warming to prevent economic damage that could rival that of the world wars and the Great Depression." In "the minds of a lot of American economists, however, the review is a badly flawed piece of work." Critics' "main objection revolved around something called the discount rate. The Stern Review assumed that a dollar of economic damage prevented a century from now (adjusted for inflation) is roughly as valuable as a dollar spent reducing emissions today." "Technically," Leonhardt writes, "Sir Nicholas's opponents win the debate. But in practical terms, their argument has a weak link. They are assuming that the economic gains from, say, education will make future generations rich enough to make up for any damage caused by climate change." But "[n]o one knows whether this is true, let alone desirable, because no one knows what life will be like on a planet that is five degrees hotter." Focusing attention on "the catastrophic risks of climate change...is Sir Nicholas's biggest accomplishment, whatever you think of his math." As one critic "puts it, the Stern Review is 'right for the wrong reasons.'"

Global Warming Already "Bringing Misery" To Bangladeshi Village. The Los Angeles Times (2/21, Chu, 850K) reports from a village in Bangladesh, "Global warming has a taste in this village. It is the taste of salt." Warmer "weather and rising oceans are sending seawater surging up Bangladesh's rivers in greater volume and frequency than ever before, experts say, overflowing and seeping into the soil and water supply of thousands of people. Their lives are being squeezed by distant lands they have seen only on television — America, China and Russia at the top of the list — whose carbon emissions are pushing temperatures and sea levels upward." The Times adds, "Earlier this month, a long-awaited report by the United Nations said global warming fueled by human activity could lift temperatures by 8 degrees and the ocean's surface by 23 inches by 2100. Here in southwestern Bangladesh, the bleak future forecast by the report is already becoming reality, bringing misery along with it."

Campaign Urges End To Slavery. The Christian Science Monitor (2/21, Lampman, 59K) reports on the "The Amazing Change" campaign which "encourages people to sign a petition to end modern-day slavery, donate to the cause, and learn how they can take an active part in the movement." While slavery "takes different forms today, the impact remains devastating to lives around the globe," according to UN and US government statistics. The Monitor notes that "an estimated 300,000 children have been forced to serve as child soldiers in more than 30 conflicts. Each year, human trafficking for sexual servitude or forced labor moves 800,000 people across international borders, including some 17,500 foreigners trafficked into the United States. Some 200,000 people are considered to live enslaved in the US."

Kidnappings Paralyze Haitian Capitol. On its front page, the Washington Post (2/21, A1, Roig-Franzia, 690K) reports, "Despite the presence of thousands of U.N. troops and a new military offensive to root out gangs, armed thugs still rule much" of Port-Au-Prince, Haiti, where "a swarm of recent kidnappings is terrorizing residents and scaring away foreign investment." Haiti's government has been "powerless to stop the crisis," and international advisers "describe the police force and judicial system as critically dysfunctional and profoundly corrupt." The U.N., "which is engaged in background checks of police that officials believe could lead to the dismissal of 1,000 corrupt officers, is now overseeing the largest military operation to defeat gangs since being deployed here in 2004," and U.N. officials "hope to stem the flow of kidnap ransoms to gangs."

Weed's Biodiesel Potential Kindles Hope In Africa. The Washington Times (2/21, Palmer, 88K) reports, "Jatropha, a scruffy bush producing dry, black nuts, is triggering a scramble for land in Africa, with Norwegian, Indian and British companies looking to producing clean-burning biodiesel for cars and trucks." The Times adds, "Long used as nothing more than living fences meant to hold back the encroaching Sahara and Kalahari deserts, jatropha oil, the evidence shows, burns cleaner than fossil fuels. That, in turn, has experimental plantations popping up in Africa from Kenya to Ghana to South Africa." With "the growing attention of major oil distributors, jatropha is the little plant that could lift African farmers from lives of poverty and the continent into a fuel oil producer. ... It could, however, go the way of the emu farm: just another expensive farming fad that went bust instead of boom."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Safety Alarms Raised At Nuclear Weapons Plant"
"Climate Change Laps At Bangladesh's Shores"
"Judge Rejects Gov.'s Inmate Transfer Tactic"
"Detainees Lose Bid For Legal Rights"
"The Conflict In Iraq: The Sadr City Dilemma"
"Feeling The Tug Of Tradition"

USA Today:

"Britain Cutting Its Force In Iraq"
"La. Levee Plan Leaves Some Helpless"

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"More And More, Retirees Are Finding That It Pays To Have Worked For The Government Instead Of The Private Sector"

New York Times:
"Court Endorses Law's Curbs on Detainees"
"In Closing Pleas, Clashing Views on Libby's Role"
"Tougher Tactics Deter Migrants at U.S. Border"
"For Youths, a Grim Tour on Magazine Crews"
"Rape Accusation Reinforces Fears in a Divided Iraq"
"To Save Later, Some Employers Offer Free Drugs"
"Bush Friends, Loyal and Texan, Remain a Force"
"Japan's Central Bank Raises Key Lending Rate"
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"Takeover The Left's New Hit List"
"Va. Senate Approves Red-Light Cameras"
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"Md. House Approves Cut in Car Pollution"
"In Haiti, Abductions Hold Nation Hostage"
"Pr. George's Official Opened Fire Unprovoked, Deliveryman Says"

Washington Times:
"Owner Vows A Hassle In Escort-Service Probe"
"Weed's Biofuel Potential Sparks African Land Grab"
"Reward To Smoker's Widow Nixed By Top Court"
"Cancer-Virus Vaccine Targets Wrong Age Group"
"Cyprus Offers Moms Bonuses For More Babies"
"Watt is Wrong With The Bulb?"
"Metro Fare Rise A Last Resort"

Detroit Free Press:
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"Fat Then Fast"
"Prison To Be Closed By July, 1,500 To Be Freed"
"Life Quality And No Fault Rule To Clash"

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"Iraq Developments"
"Airport Workers Will Face Screening"
"Avondale Mall Teardown Turns Up Rat Catch Fever"
"A Mixed Message On Mixtapes: Are They PR Or Hip-Hop Piracy?"

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"Districts Seek Bilingual Ed Teachers In Mexico"
"Man Sorry For Conroe Rape; Innocent Kin Did Time"
"Obama Faces Uphill Fight For Houston's Black Vote"
"Texas Lawmakers Want Vicious-Dog Laws That Bite"
"Houston al-Qaida Case Hearing To Resume Today"

Story Lineup From Last Night's Network News:

ABC: Miracle Baby-Abortion Debate; SCOTUS-Tobacco Ruling; Terrorism Ruling; Iraq-UK Timetable; Iraq-Small Town Soldiers; JetBlue Unveils Customer Bill Of Rights; Price Of Gas Rising; Senator Johnson Recovering; Palm Beach County-Gang Violence; Mardi Gras; Hamburger Debate
CBS: Iraq-British Troops; Bush-British Troops; Iraq-Security Crackdown; Supreme Court-Punitive Damages; Libby Trial; Airlines-Lost Luggage; Obama-Hollywood Fundraiser; Democrats-Nevada Event; Elder Care; HPV Vaccine Lobbying; Probiotic Food; Premature Baby; Prince Harry-Iraq
NBC: Iraq-UK Timetable; UK Timetable-White House Reaction; Judicial Rulings-Terrorism, Tobacco; Libby Trial Closing Arguments; Walter Reed Living Conditions; Merck-Cervical Cancer Vaccine; Taking Care Of Elderly Parents; JetBlue Unveils Customer Bill Of Rights; Mardi Gras-Marsalis Interview

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Britain-Iraq Withdrawal; Obama-Iraq; Obama-Los Angeles Fundraiser; Iranian Nuclear Program-UN Deadline; Anna Nicole Smith-Burial Court Hearing; James Brown-Estate Legal Battle; Mardi Gras; CA-Prison Overcrowding; Merck-Cervical Cancer Vaccine Lobbying; OJ Simpson-TV Residuals; Britney Spears-Rehab.
CBS: Britain-Iraq Withdrawal; Iraq-Car Bombing; Iranian Nuclear Program-UN Deadline; Libby Trial; Merck-Cervical Cancer Vaccine Lobbying; Mardi Gras; CA-Prison Overcrowding; San Francisco-Holocaust Survivor Assaulted.
NPR: Iraq-Car Bombing; Britain-Iraq Withdrawal; Iranian Nuclear Program-UN Deadline; Albanians, Serbs-Kosovo Meeting; Libby Trial; Merck-Cervical Cancer Vaccine Lobbying; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Tours Erlanger Hospital-Baroness Campus, Chattanooga, Tenn.; participates in a conversation on health care initiatives, Chattanooga.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MEDICAL SCIENCE-MEDIA _ 9 a.m. - 5 p.m. Center for Medicine in the Public Interest host daylong conference, ``Media and Medical Science.'' Speakers include FDA Commissioner Dr. Andrew von Eschenbach. Location: Hyatt Regency, 400 New Jersey Ave. NW.

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JOHANNS _ 8 a.m. Agriculture Secretary Johanns speaks to the Washington International Trade Association. Location: Reagan Trade Center.

GUITIERREZ-CASTRO _ 9:30 a.m. US Commerce Secretary Carlos Guitterez speaks at Council of the Americas program on the future of Cuba and US policy after Castro. Location: Metropolitan Club, 1700 H St. NW.

GOVERNMENT EMPLOYEES _ 10 a.m. The American Federation of Govermnet Employees holds a telephone news briefing to discuss a number of legislative issues it plansto to explore at its annual legislative conference in Washington next week. These include: Full bargaining rights for TSA employees; preservation for the Federal Protection Service; increased funding for federal agency budgets including the Veteran Affairs budget and Social Security; rollback of A-76 provisions and changes to whistleblower protections for federal employees. Notes: Call-in number: 877-494-5165. Participant code: 475649.

US-INDIA _ 10 a.m. Assistant Commerce Secretary Christopher Padilla holds a media roundtable to discuss the Thursday-Friday meeting of the US-India High Technology Cooperation Group. Location: Room 3884, main Commerce.

AARP GOALS _ 10:30 a.m. AARP CEO Bill Novelli, others, hold a news briefing to discuss the organizations goals for the year. Location: 10th floor conference room, AARP, 601 E St. NW.

MUSLIM-HUNGER STRIKE _ 11 a.m. The Freedom Foundation, attorneys, others, hold a news conference in support of hunger-striking Muslim professor Sami Al-Arian to express concerns for his health. Location: Justice Dept., 9th and Pennsylvania Ave.

BAICKER _ 12 p.m. Council of Economic Advisers member Katherine Baicker speaks at the ``Washington Meets Wall Street health care conference. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

CLIMATE REPORT-COLORADO BASIN _ 12 p.m. Teleconference at 12 noon (9 a.m. PST) on National Academies report on the ``Colorado River Basin Water Management: Evaluating and Adjusting to Hydroclimate Variability." Contacts: NAS, 202-334-2138. Notes: Preregistration required at 202-334-2138 or newsnas.edu. Embargoed copies of report available starting at 12 noon PST on Tuesday, Feb. 21.

ECONOMICS-DEVELOPMENT _ 12 p.m. The World Bank holds a discussion on the new, 6th edition of ``Economics of Development," with Emmanuel Jiminez of World Bank, David Lindauer of Wellesley College and Steven Radelet of the Center for Global Development. Location: Room J1-050, 701 18th St. NW.

IRAQ-TERRORISM _ 12:15 p.m. - 1:45 p.m. The New America Foundation hosts a discussion, ``The Iraq Effect: War and the Incidence of Global Terrorism." Participants: Peter Bergen, Schwartz Senior Fellow, New America Foundation; Paul Cruickshank, Research Fellow, Center on Law and Security at the NYU School of Law; Steven Katz; Associate Publisher, Mother Jones. Location: New America Foundation, 1630 Connecticut Ave. NW, 7th Floor.

GUTIERREZ _ 12:20 p.m. Commerce Secretary Gutierrez speaks to a luncheon meeting of the Republican National Lawyers Association on the administration's priorities in maintaining the nation's economic and competitive edge in the world economy. Location: Tony Cheng's Restaurant, 619 H St. NW.

ESTABLISHMENT CLAUSE _ 12:30 p.m. The American Constitution Society for Law and Policy holds a discussion of an upcoming Supreme Court case concerning the right of taxpayers to enforce the Establishment Clause against programs such as the President's faith-based initiatives. Participants include Richard Katskee of Americans United for the Separation of Church and State, Judity Schaeffer of People for the American Way Foundation; Benjamin Bull of the Alliance Defense Fund, others. Location: National Press Club.

GOP-CANDIDATES _ 12:30 p.m. RNC Communications will host a media conference call with reporters to discuss the Carson City Democrat Presidential Candidates Forum and the RNC ``Meet the Candidates research package that will be released on Wednesday, Feb. 21. Contacts: Tracey Schmitt, 202-863-8614. Notes: Call-in number: 800-857-0298. Passcide: RNC.

KOHN-FINANCIAL STABILITY _ 1 p.m. Federal Reserve Board Vice Chairman Donald L. Kohn addresses an Exchequer Club Luncheon. Topic: ``Financial Stability: Preventing and Managing Crises. Location: University Club, 1135 16th St. NW.

ELECTRONIC WARFARE _ 2 p.m. - 2:45 p.m. The media is invited to attend an Army Electronic Warfare Round Table. Electronic Warfare is any military action involving the use of electromagnetic and directed energy to control the battle space and/or attack the enemy. Location: Room 1E 462, Army Public Affairs Conference Room, Pentagon.

NUCLEAR THREAT _ 6 p.m. Women in International Security and the Nuclear Threat Initiative hold screening of ``Last Best Chance," a docudrama. Panel discusssion to follow with Tammra Horning, Oak Ridge National Lab; Carie Lemack, Families of Sept. 11, others. Location: Carnegie Endowment, 1779 Massachusetts Ave. NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, FEBRUARY 21, 2007 7:45 AM EST

TODAY'S EDITION

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TERRORISM NEWS:

In Win For Bush, Federal Court Upholds Law On Gitmo Detainees. The AP (2/21, Yen) reports this morning, "In a victory for President Bush, a divided federal appeals court ruled Tuesday that Guantanamo Bay detainees cannot use the US court system to challenge their indefinite imprisonment. A Supreme Court appeal was promised." The 2-1 decision by the US Court of Appeals for the DC Circuit "dismisses hundreds of cases filed by foreign-born detainees in federal court and also threatens to strip away court access to millions of lawful permanent residents currently in the United States." The AP adds, "The two judges voting with the White House -- Judge A. Raymond Randolph and Judge David B. Sentelle -- were appointed by Republicans. President Reagan appointed Sentelle, and President George H.W. Bush appointed Randolph. The dissenter, Judge Judith W. Rogers, was appointed by President Clinton, a Democrat." White House deputy press secretary Dana Perino "called the decision 'a significant win' for the administration and said the Military Commissions Act provides 'sufficient and fair access to courts for these detainees.'"

The Wall Street Journal (2/21, A5, Bravin, 2.04M) reports that "in dissent, Judge Judith Rogers wrote that…Congress…had exceeded its authority. The Constitution provides that 'the privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it.'"

Like the AP, most media outlets describe the court's decision as a big win for Bush, although the ruling is generally being cast in a decidedly mixed light. The Los Angeles Times (2/21, Havermann, 850K) says it was "a victory for…Bush in his global war on terrorism," and NBC Nightly News (2/20, story 3, 3:00, Williams, 9.87M) spoke of "a victory for the Bush Administration and what it calls the war on terrorism." NBC (Pete Williams) added the ruling "says that nearly 400 detainees held at Gitmo, most of them for more than five years now, have no legal rights to plead for their freedom in federal courts in the US and only a few of them have any hope even of a hearing before a US military commission under new rules approved by Congress last year. Lawyers for the detainees say they now have nowhere to go, to claim that they were wrongly picked up in the first place." Also, "Democrats who now control Congress say they'll try to restore the authority to hear detainee appeals. And some Republicans say they'd favor that." GOP Sen. Arlen Specter was shown saying, "If Congress were to act, we could clear it up faster than the several years it will take for the Supreme Court to act on it."

ABC World News (2/20, story 3, :30, Gibson, 8.78M) said it was "a major victory for…Bush," while Fox News' Special Report (2/20, lead story, Hume) opened its broadcast last night noting that civil liberties groups "denounced the ruling, calling it a shameful example of the Bush Administration's 'anything goes' approach to the war on terror."

The Washington Times (2/21, Seper, 88K) calls the ruling a "key victory for the White House," but the Christian Science Monitor (2/21, Richey, Feldmann, 59K) says "most analysts emphasized the interim nature of the ruling. They view the 25-page panel opinion and 34-page dissent as a prelude to a major constitutional showdown at the nation's highest court."

The Financial Times (2/21, Sevastopulo) refers to a "significant legal victory" for the White House, and notes "Patrick Leahy and…Specter, the top Democrat and Republican lawmakers on the Senate judiciary committee, have introduced legislation that would restore the right of habeas to detainees at Guantanamo. … Lindsey Graham, the South Carolina Republican senator who was instrumental in the move to strip habeas rights, yesterday welcomed the decision, which he said would prevent 'frivolous' lawsuits."

The New York Times (2/21, Labaton, 1.16M) quotes Leahy saying, "The Military Commissions Act is a dangerous and misguided law that undercuts our freedoms and assaults our Constitution by removing vital checks and balances designed to prevent government overreaching and lawlessness." Shayana Kadidal, "a lawyer at the Center for Constitutional Rights, which represents many of the detainees, said, 'This decision empowers the president to do whatever he wishes to prisoners without any legal limitation as long as he does it offshore.'" Kadidal "said the ruling encouraged 'a contempt for international human rights law' and 'such notorious practices as extraordinary rendition': sending terrorism suspects abroad for interrogation, where, rights advocates say, they may face torture."

USA Today (2/21, 3A, Parker, 2.27M) reports Rep. Ike Skelton, chairman of the House Armed Services Committee, had "announced a new review of detainees' legal protections." Pentagon spokesman Jeffrey Gordon "said the detainees at Guantanamo include some of the world's 'most vicious terrorist operatives.' He said none of Guantanamo's many critics 'have put forth a viable option to handle these dangerous men and prevent their return to terrorism.'"

The Washington Post (2/21, A1, White, 690K) reports, "Justice Department lawyers have argued for years that

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foreign detainees should not enjoy constitutional rights when they are detained in other countries amid accusations of terrorism against the United States and its allies. 'We are pleased with the decision of the US Court of Appeals for the D.C. Circuit upholding the constitutionality of the Military Commissions Act (MCA) and dismissing the consolidated Guantanamo detainee cases for lack of jurisdiction,' Erik Ablin, a department spokesman, said in a statement."

The Legal Times (2/21, Goldman) reports, "The 2-1 decision was sharply critical of the plaintiffs, who had argued that the language of the act forbidding U.S. courts to hear challenges to the detention of aliens detained as enemy combatants was ambiguous and did not necessarily apply to detainees whose cases were already pending in court. … 'The arguments are creative but not cogent,' wrote Judge A. Raymond Randolph. 'Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan,' wrote Randolph, referring to the 2006 decision, Hamdan v. Rumsfeld, which ruled that the military commissions set up by the Bush administration to try military detainees violate both international and U.S. military law. … 'To accept them would be to defy the will of Congress,' Randolph added, later calling the plaintiffs' argument 'nonsense.' … Randolph was joined in his decision by Judge David Sentelle." The Times notes, "After dispensing with the detainees' argument that the law was ambiguous, the court went on to assert the act's constitutionality. The Constitution's suspension clause, which says that the writ of habeas corpus can only be suspended for reasons of public safety during 'rebellion or invasion,' does not apply to areas outside U.S. sovereignty. And it is Cuba, the court asserted, not the United States, that has sovereignty over Guantanamo Bay. … In her dissent, Judge Judith Rogers strongly disagreed, writing that the majority opinion 'fundamentally misconstrues' the nature of the suspension clause. 'Far from conferring an individual right that might pertain only to persons substantially connected to the United States,' she wrote, 'the Suspension Clause is a limitation on the powers of Congress.'"

National Public Radio (2/21, Shapiro) reports, "The ruling is a clear blow to the Guantanamo detainees. Bill Goodman is legal director at the Center for Constitutional Rights, which represents a number of them. … 'Many of these people have done nothing,' Goodman says. 'They're there by accident and happenstance.' He added that not being able to 'raise the basic defense that "I've done nothing wrong" means that this is a huge trampling of rights.'" NPR adds, "This decision wipes out cases that challenged everything from lack of medical treatment at the facility to abusive interrogation tactics. David Rivkin worked in the Justice Department under President Reagan and the first President Bush. He says enemy combatants were never intended to get the same court access as criminal suspects. … 'There's been more judicial involvement in these types of decisions than in any war in American history,' Rivkin says. 'And for the critics it's still not enough.'" NPR notes, "Justice Department spokeswoman Tasia Scolinos noted in a statement that the Military Commissions Act, or MCA, does give detainees some legal review. … 'The decision reaffirms the validity of the framework that Congress established in the MCA,' Scolinos said, 'permitting Guantanamo detainees to challenge their detention through combatant status review tribunals with the opportunity for judicial review before the D.C. Circuit.'"

LATimes Urges Congress To Change Military Commissions Act. The Los Angeles Times (2/21, 850K) editorializes that "a federal appeals court has presented the Democratic-controlled 110th Congress with a challenge. Does it have the fortitude to undo an injustice perpetrated by the Republican-controlled 109th? The injustice came in the 2006 Military Commissions Act, which barred detainees at Guantanamo -- now numbering 395 -- from contesting their imprisonment by seeking writs of habeas corpus. This exclusion, like Guantanamo itself, has been an embarrassment to the United States." The Times adds, "There's a good reason to suspect that the Supreme Court might actually affirm this disappointing decision: It's not the same court that ruled for the detainees in 2004. … Rather than hope that the Supreme Court will rectify the act's flaws, Congress should act on its own to undo the law's habeas restrictions. Last year, 48 members of the Republican-controlled Senate voted for an amendment by…Specter that would have allowed detainees to file such petitions. Of the 51 who voted no, six are no longer in the Senate."

Audit Finds Inaccuracies In DOJ Anti-Terror Statistics. The AP (2/21, Jordan) reports, "Federal prosecutors counted immigration violations, marriage fraud and drug trafficking among anti-terror cases in the four years after 9/11 even though no evidence linked them to terror activity, a Justice Department audit said Tuesday." The AP continues, "Overall, nearly all of the terrorism-related statistics on investigations, referrals and cases examined by department Inspector General Glenn A. Fine were either diminished or inflated. Only two of 26 sets of department data reported between 2001 and 2005 were accurate, the audit found. … Responding, a Justice spokesman pointed to figures showing that prosecutors in the department's headquarters for the most part either accurately or underreported their data — underscoring what he called efforts to avoid pumping up federal terror statistics." The AP adds, "The numbers, used to monitor the department's progress in battling terrorists, are reported to Congress and the public and help, in part, shape the department's budget. … 'For these and other reasons, it is essential that the

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department report accurate terrorism-related statistics,' the audit concluded." The AP notes, "Fine's office took care to say the flawed data appear to be the result of 'decentralized and haphazard' methods of collection or disagreement over how the numbers are reported, and do not appear to be intentional. … Still, the errors led Sen. Charles E. Schumer, D-N.Y., to question whether the department had exaggerated the number of terror cases. … 'If the Department of Justice can't even get their own books in order, how are we supposed to have any confidence they are doing the job they should be?' said Schumer, who sits on the Senate Judiciary Committee, which oversees the department. 'Whether this is just an accounting error or an attempt to pad terror prosecution statistics for some other reason, the Department of Justice of all places should be classifying cases for what they are, not what they want us to think them to be.'"

The Chicago Tribune (2/21, Zajac) reports, "Although the Justice Department and the FBI have reorganized since the Sept. 11, 2001, terrorist attacks to make preventing future attacks a priority, Fine found that the agencies have done a poor job of providing statistical documentation for the work they are doing. … His report reviewed 26 categories of statistics and found inaccuracies, because of either inflated numbers or undercounting, in 24 of them." The Tribune adds, "Fine did not allege a deliberate attempt to mislead. He said information was 'inaccurately reported for a variety of reasons, including that [Justice] Department components could not provide support for the numbers reported, could not provide support for a terrorism link used to classify statistics as terrorism-related, and could not document that the activity reported occurred in the period reported.'" The Tribune adds, "Dean Boyd, a spokesman for the FBI and the Justice Department, which oversees U.S. attorneys, said both agencies were under stress from having to quickly ramp up an anti-terrorism capability after the 2001 attacks and have subsequently upgraded their tracking and labeling of cases to comport with many of Fine's recommendations for improvement. … Fine also found that unlike the FBI and the Executive Office for U.S. Attorneys, which coordinates the activities of 93 federal prosecutors in the U.S. and overseas territories, the Justice Department's Criminal Division consistently reported lower numbers of terrorism cases than it actually handled. … For instance, the criminal division recorded 195 guilty pleas or convictions in terrorism cases from Sept. 11, 2001, through Feb. 3, 2005, but Fine said there actually were 216." The Tribune notes, "Boyd said Fine's report should not be read as undercutting the Justice Department's credibility because Criminal Division figures are the ones 'used by DOJ in publicly quantifying their work.' … But Fine cautioned against taking too much comfort in the Criminal Division's understatement of its anti-terrorism work because the record-keeping behind it was so weak that there 'was no accurate basis for its reported numbers.' … The report is the latest in a string of analyses to question the accuracy of the Justice Department's terrorism data."

The Washington Post (2/21, A8, Eggen, 690K) notes, "The analysis is the latest to find serious faults with the Justice Department's terrorism statistics, some of which have been featured prominently in statements by President Bush or the attorney general as evidence of the terrorist threat and the department's successful efforts to combat it." The Chicago Tribune (2/21, Zajac, 617K) reports, "Boyd said Fine's report should not be read as undercutting the Justice Department's credibility because Criminal Division figures are the ones 'used by DOJ in publicly quantifying their work.' But Fine cautioned against taking too much comfort in the Criminal Division's understatement of its anti-terrorism work because the record-keeping behind it was so weak that there 'was no accurate basis for its reported numbers.'"

The Washington Times (2/21, Seper) reports, "Mr. Fine's office focused on terrorism convictions during fiscal 2003 and 2004 reported by EOUSA; the number of persons convicted or who pleaded guilty resulting from terrorism convictions from September 11, 2001, through Feb. 3, 2005, reported by the Criminal Division; and the number of terrorist threats tracked by the FBI in fiscal 2003 and 2004. … 'The Justice Department agrees fully with the Office of the Inspector General that the department must collect, verify and maintain accurate statistics on the important national security work being conducted at Main Justice, the FBI and in United States Attorney's Offices around the country,' according to the FBI. … The FBI said it has made improvements to its statistical reporting systems in recent years, specifically its case management and supporting information technology programs." The Times adds, "Justice Department spokesman Dean Boyd said the EOUSA has changed the way it counts and classifies anti-terrorism cases, and that the IG's findings, with respect to U.S. attorneys' statistics, 'largely boiled down to a difference of opinion over the definition of anti-terrorism.' … He also said criminal division prosecutors and the FBI also have changed their case reporting systems to more accurately reflect terror-related cases." McClatchy Newspapers (2/21) also reports on the audit.

CNN's Lou Dobbs Tonight (2/10) opened its broadcast with "a report on troubling new concerns tonight about bureaucratic blunders and outright competence in the war against radical Islamist terrorism. Government auditors today blasted both the FBI and the Justice Department for using inaccurate statistics to claim successes in the war on terror. … Bottom line – the Inspector general says that for the most part the Justice Department was just flat out wrong. … One lawmaker says it's high time the Justice Department came forward with 'solid numbers instead of sugar-coated stories.'"

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Federal Judge Rejects Delay In Phone Wiretap Suits. The San Francisco Chronicle (2/21, B-10, Egelko) reports, "A federal judge rejected the Bush administration's request Tuesday to put wiretapping lawsuits against telephone companies on hold while the government asks an appeals court to dismiss the suits on national security grounds." The Chronicle continues, "The ruling came from Chief U.S. District Judge Vaughn Walker of San Francisco, who is hearing more than 40 suits from around the nation accusing telecommunications companies of illegally collaborating with the government's electronic surveillance program. … Walker refused in July to dismiss the leading case, a suit accusing AT&T of sharing its telephone records and e-mail network with the National Security Agency. Walker rejected Bush administration arguments that allowing the case to proceed would expose vital secrets about the clandestine program and the company's alleged role in it." The Chronicle adds, "The Justice Department has asked the Ninth U.S. Circuit Court of Appeals to overturn the ruling and dismiss all the lawsuits. While that appeal is pending, government lawyers argued, any further action in Walker's court would waste time and money and increase the risk of a security breach. … But Walker ordered the companies Tuesday to respond to the suits by March 29 unless plaintiffs in particular cases agreed to a delay. … The judge also said lawyers for AT&T customers could ask him for permission to question company officials and to seek evidence on limited issues. Attorney Kurt Opsahl of the Electronic Frontier Foundation, which represents the plaintiffs, said those topics could include the company's structure and operation of its networks." The Chronicle notes, "Opsahl said plaintiffs' lawyers may also ask AT&T to present to Walker, in private, any evidence of government authorization that exists for its actions -- a subject that Justice Department lawyers have described as among the most sensitive in the case. Such secret submission of evidence, a procedure spelled out by federal law, would allow the judge to determine whether any surveillance in which the company participated was legal, Opsahl said. … Walker 'is trying to advance the case while being very sensitive to national security concerns,' Opsahl said."

FBI Translating Record Number Of Intercepts, Nearly Eliminating Backlog. US News & World Report (2/20, Kaplan) reported on its Web site, "Spurred by adding hundreds of new linguists and help from allies overseas, the FBI is translating a record 34,000 wiretapped conversations a month, bureau officials tell the Bad Guys blog. Long criticized for its lack of language specialists, the FBI, they say, is finally catching up to an unprecedented intake of foreign-language surveillance recordings, electronic data, and text since 9/11. Most of the wiretaps are tied to counterterrorism and counterintelligence cases, officials say. Since 9/11, the FBI's counterterrorism agents, in particular, have collected a mother lode of intelligence. … 'We've made great strides,' says Jeff Lanza, an FBI spokesman. 'Ninety-nine percent of the backlog has been eliminated.' Nearly a third of what remains is 'white noise' not expected to yield anything of value, officials say." US News noted, "The FBI has eased its backlog by markedly increasing its reservoir of translators. … The FBI has also turned to 'the language programs of allied intelligence agencies,' as well as to contract linguists, according to testimony by FBI Director Robert Mueller."

Bail Hearing Held For American Accused Of Joining Al Qaeda Group. The New York Times (2/21, Blumenthal, 1.16M) reports, "A thin and weakened 28-year-old American who the government says was captured last month in Kenya after joining Islamic terrorists fighting in Somalia appeared on Tuesday in federal court here to face charges of conspiring to use an unconventional weapon and receiving military training from Al Qaeda." Daniel J. Maldonado "stayed impassive as F.B.I. witnesses and prosecutors said he had admitted to having guarded a suspected spy who was later killed, to praising the Sept. 11, 2001, attacks and to offering himself as a suicide bomber." However, public defender Brent E. Newton's "cross-examination suggested that he intended to make an issue of Mr. Maldonado's treatment in custody and whether his client had properly waived his rights to a lawyer before F.B.I. agents questioned him."

The Houston Chronicle (2/21, George, 530K) reports, "A federal judge cut short a hearing for accused terrorist Daniel Joseph Maldonado late Tuesday to give his lawyers time to review reports about FBI interviews with their client. … The hearing, which will determine whether the government's case will continue, is to resume at 10 a.m. today." The Chronicle notes, "In Kenya, two senior FBI officials questioned Maldonado, who gave conflicting information during later interviews with another FBI agent and a Houston police officer. … Newton argued that even if Maldonado went overseas to fight jihad, there is no evidence that he intended to affiliate with al-Qaida." The AP (2/21) adds, "Newton asked McKinley if Maldonado, while 'interrogated' by FBI agents six times after his capture during a period of a week and a half was denied an attorney even though he had asked for one and was deprived of sleep. McKinley said Maldonado agreed to talk with agents while being 'questioned' and was treated well after his capture."

KPRC-TV Houston (2/20) reported on its Web site from a broadcast story, "it was revealed that Maldonado was approached to return to America and recruit English-speaking women to receive training in Somalia, a notion that alarmed

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local Islamic leaders. … It was also detailed in court how Maldonado allegedly took part in the beating and interrogation of a flight attendant who he accused of being a spy after the flight attendant took cell phone pictures of high-ranking al-Qaida members on a flight. The FBI agent said the flight attendant was eventually killed."

Alleged Terror Fundraiser Contributed $15,000 To NRCC. The AP (2/21, Sidoti) reports, "A New York man accused of trying to help terrorists in Afghanistan has donated some $15,000 to the House Republicans' campaign committee over three years. Abdul Tawala Ibn Ali Alishtari pleaded not guilty Friday in U.S. District Court in Manhattan to charges that include terrorism financing, material support of terrorism and money laundering. From April 2002 until August 2004, the man also known as 'Michael Mixon' gave donations ranging from $500 to $5,000 to the National Republican Congressional Committee," and NRCC spokeswoman Jessica Boulanger "said if Alishtari is found guilty, the organization would donate the money to charity."

The Hill (2/21, Blake) adds, "Democrats are asking how much access Alishtari had with Republicans and whether the NRCC would return the money. 'We are extremely concerned and disturbed by these charges, but we need to be careful not to rush to judgment as the judicial process moves forward,'…Boulanger said."

Administration Said To Ignore Terror Fundraising. In a Washington Times (2/21, 88K) op-ed, American Center for Democracy director Rachel Ehrenfeld writes, "Six years after al Qaeda attacked the United States, many policy-makers and 'terrorism experts' retain the misconception that terrorism does not require large amounts of money." Ehrenfeld criticizes the Center for American Progress Terrorism Index, saying that it does not include Saudi support for spreading Wahhabism, Iranian support of Hezbollah, Hamas and Palestinian Islamic Jihad, as well as terror funds raised through the illegal drug trade. Ehrenfeld adds, "It boggles the mind that the Bush administration continues to ignore terrorism's need for, and access to, a strong, international funding base, with large pockets even in the United States. More disturbing is the administration's unwillingness to identify the funding sources. … This willful blindness continues to undermine U.S. credibility with its allies and foes, and therefore its ability to curtail the money flow."

Muslim Groups Join Fast For Al-Arian. The Washington Times (2/21, Hudson) reports, "A coalition of Muslim groups is calling for a worldwide fast in support of Sami Al-Arian, a former college professor convicted of raising funds for a terrorist group who remains in jail on contempt charges for refusing to testify before a Virginia grand jury investigating other financiers of terrorism." The Times continues, "The American Muslim Taskforce for Civil Rights and Elections on Monday asked Muslims to fast every Monday, Wednesday and Friday along with Al-Arian, who has been on a hunger strike since Jan. 21." The Times adds, "Task force spokesman Agha Saeed says the response has been 'compassionate, caring, supportive and concern about Professor Al-Arian's health.' … The former University of South Florida computer-science professor was arrested in 2003 and pleaded guilty last year to assisting the Palestinian Islamic Jihad terrorist group. He was sentenced to time served and given an additional 18 months for refusing to testify against the International Institute of Islamic Thought (IIIT) and its role with the terrorist group. … The task force calls the additional sentence 'a form of harassment,' and along with Amnesty International, is demanding his release. The task force is made up of larger Muslim groups, including the American Muslim Alliance, Council on American-Islamic Relations (CAIR), the Islamic Circle of North America and United Muslims of America."

HOMELAND RESPONSE:

Gonzales To Tour Supermax Prison In Colorado. The Pueblo (CO) Chieftain (2/21, Roper) reports, "Attorney General Alberto Gonzales will visit the federal Supermax prison complex at Florence on Wednesday, four months after a federal inspection report cited a staff shortage as the reason for security and supervision problems there." The Chieftain continues, "Gonzales will tour the prison complex with Colorado Sens. Wayne Allard and Ken Salazar, who urged him to visit the nation's highest security federal prison after a Justice Department inspector general's report found a list of security problems. The most glaring was that the mail and telephone calls for convicted terrorists being held at the prison were not always being monitored. … Allard, a Republican, and Salazar, a Democrat, both met with Gonzales earlier this year and were told that Bureau of Prisons officials had added staff to Supermax, which holds 400 of the most dangerous prisoners in the federal prison system, such as Ramzi Yousef, who led the first bomb attack on the World Trade Center." The Chieftain notes, "Supermax officially is known as the U.S. Penitentiary, Administrative Maximum (ADX). According to a CNN broadcast last November, the inspector general's investigation was begun when Spanish police found letters from a Supermax inmate, Mohammed Salameh, were sent to a terror cell with links to the train bombings in Madrid. … The Justice Department report found that staffing at the prison had become so short that there were times when inmate mail and telephone calls were unmonitored. Also, there were times when there were no guards available to be

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in some cellblocks for an entire shift - although the cellblock was still staffed at the perimeter."

The Canon City (CO) Daily Record (2/21, Vela) reports, "Correctional officer safety and terrorism concerns have worried those who have been vocal in the issue of security at Fremont County's federal institutions. A report released in October of last year by the Department of Justice's inspector general indicates that mail and phone calls received from convicted terrorists at ADX have not been totally checked by BOP staff. Also, the inspector general reported that not enough staff was sufficiently capable of monitoring phone calls in foreign languages. … These concerns could because of an overall lack of staff at the prison. In November, the Bureau of Prisons — the governing body of a federal institutions — increased staff at Supermax, but the number of those staffed still lagged behind the number the prison opened with in 1994; that number was 240 correctional officers, today it is 220. … But the staffing concerns do not stop at Supermax. Earlier this year, a riot situation was narrowly averted at the United States Penitentiary in Florence. Correctional officers from ADX and the Florence Correctional Institution came to the aid of staff at USP where seven officers were injured breaking-up fighting inmates."

KCNC-TV, Denver, CO (2/20, 10:14 p.m.) broadcasted, "US General Alberto Gonzales will be touring the Super Max in Colorado as "part of the effort to tackle human rights there." The Super Max "holds some of the most high-profile criminals and terrorists in the country." Sen. Ken Salazar and Wayne Allard and Congressman Doug Lamborn will also be on that tour. KJCT-TV, Grand Junction, Durango, Montrose, CO (2/20, 10:06 p.m.) also broadcasted this story.

McConnell Sworn In As New Intelligence Director. USA Today (2/21, 8A, 2.27M) reports, "President Bush installed retired vice admiral Michael McConnell as the nation's second national intelligence director and said his challenge is to improve the quality of spy data and analysis in wartime." Bush "said the intelligence community needs significant improvements more than five years after the 9/11 terrorist attacks. He instructed McConnell to focus on finding more recruits with the language skills and cultural background to collect information on terrorist groups."

The Washington Post (2/21, A8, Pincus, 690K) notes Bush "paid tribute to McConnell's predecessor, Ambassador John D. Negroponte, who has moved back to the State Department as deputy secretary, saying he served with 'talent and distinction.' Nevertheless, Bush said that many elements of improving the intelligence community remain, including information sharing and the hiring of employees with the right language and cultural skills." McConnell "repeated yesterday a plan he disclosed to Congress at his confirmation hearing: that he will change security rules to make it easier for intelligence agencies to hire first- and second-generation Arabic-speaking Americans for very sensitive jobs."

Hawley Expects Full Implementation Of Secure Flight To Come In 2010. The New York Times (2/21, Lipton, 1.16M) reports TSA Administrator Kip Hawley "acknowledged" in an interview Tuesday that the federal government would not be ready to takeover "checking passenger names against terrorist watch lists, a top priority for aviation officials since the 2001 terrorist attacks, …until 2010, more than five years behind schedule." It "is the latest setback" in the "long-promised" Secure Flight program, "intended to enhance aviation safety, while reducing the number of passengers mistakenly identified as possible terrorists." Hawley said improvements to the program "will cost some $80 million" over the next year and a half and that the "enhanced system…will then require more than a year of testing, resulting in the estimate that it will be in full use sometime in 2010. Officials would not release an estimate of how much they expected to spend before the system was complete."

Survey Finds Park Police Doubt Agency Ready For Terror Attack. The Washington Times (2/21, Seper, Cella, 88K) reports, "A survey of US Park Police officers shows 97 percent of those who responded lack confidence in Chief Dwight E. Pettiford and 98 percent do not think the agency is as prepared as others to respond to a terrorist attack." The results of the survey, which also "found that 98 percent think the agency's command staff was not doing its best to protect the public" and that "94 percent said inadequate staffing makes their work sites unsafe," were described as "extremely disappointing" by James Austin of the Fraternal Order of Police, which conducted the survey. "Much of the criticism about Chief Pettiford, who was promoted to the job from a deputy position in March 2005, is that he has not pushed hard enough for funding increases. … Several field officers and supervisors, who asked not to be identified for fear of losing their jobs, say the situation is hurting the agency's ability to accomplish its mission and is understaffed by at least 20 percent."

Nichols Claims McVeigh Said FBI Orchestrated OKC Bombing. The Deseret Morning News (2/21, Fattah) reports, "The only surviving convicted criminal in the April 19, 1995, bombing of the Alfred P. Murrah Federal Building in Oklahoma City is saying his co-conspirator, Timothy McVeigh, told him he was taking orders from a top FBI official in orchestrating the bombing. … However, one congressman who has investigated the bombings remains skeptical of Nichols' claims." Nichols' "declaration was filed as part of Salt Lake City attorney Jesse Trentadue's pending

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wrongful death suit against the government for the death of his brother in a federal corrections facility in Oklahoma City." The Morning News notes Nichols claims "McVeigh let slip during a bout of anger that he was taking instruction from former FBI official Larry Potts," who "retired from the FBI under intense pressure and criticism for the cover-up of an order to allow agents to shoot anyone seen leaving the Weaver cabin at Ruby Ridge. When contacted, the FBI's main office in Washington, D.C., said it could not provide immediate comment on Nichols' claims Tuesday.

FBI, DHS Launch Another Fingerprint Data-Sharing Pilot Program. Government Computer News (2/20, Dizard) reported, "The government's massive, technologically ambitious project to achieve connectivity between two critical biometric databases took a step forward as the Homeland Security Department and the FBI unveiled an additional pilot project." GCN noted, "The technological core of the data-sharing project involves modifications to the fingerprint comparison engines of the databases, among other changes. The bureau and the department already exchange data about each other's 'worst of the worst' criminal suspects, fugitives and immigration law violators. … The new pilot, which started operation on Feb. 1, will allow the sheriff's office in Harris County, Texas, to tap into additional IDENT records. In a joint press statement, the bureau and the department said that the Harris County Sheriff's Office already had 'booked a person for assault causing bodily injury to a family member and submitted the fingerprints for a background check.'"

Spitzer Supports Freedom Tower Construction, Open To Private Ownership. The New York Times (2/21, Confessore) reports on a downtown news conference of NJ Gov. Jon Corzine, Mayor Michael Bloomberg and Gov. Spitzer, who officially "changed his mind" about Freedom Tower construction, an issue he once referred to as "a white elephant." Amid criticism of the tower's "size, expense and design, as well as its failure to interest non-government tenants," Spitzer said he supported the construction of the tower, but the remarks were made "with no great enthusiasm," according to the Times. Spitzer said of his support, "This should not be interpreted to mean that this is the project I would have designed at its initiation. But where we are today, this is clearly the best and the wisest alternative." The paper adds, "Like Mr. Spitzer, Mr. Corzine and Mr. Bloomberg appeared more relieved than elated, a sign of how tumultuous the rebuilding effort has been since the Sept. 11 attacks." Spitzer also "seemed to wade" into the WTC memorial controversy by saying there was "room for discussion" when it comes to ordering the victims' names. Spitzer also promised not to hold a press conference "every time a brick is added to the foundation or a column goes up," which was an "apparent swipe" at former Gov. Pataki's public relations approach to ground zero. Pataki spokesman David Catalfamo responded, "I'm not sure if it was one too many or one too few press conferences. What I do know is that today's announcement is a reaffirmation of the vision advanced by Governor Pataki and a sign that the progress at the site will continue unabated." The AP (2/20, Westfeldt) notes that both Govs. Corzine and Spitzer support Freedom Tower construction and a proposal to sell the skyscraper to a private company. Corzine called this proposal "good public policy," but Spitzer said, "We will entertain these options if and when they arise." Like the Times, the AP notes that Spitzer changed his mind because of "a booming commercial real estate market and the need to move forward with long-delayed rebuilding." Focusing solely on the WTC Memorial, the AP (2/20) reports, "Bloomberg has said several times that his decision on how to arrange names of the dead around the Sept. 11 memorial is final. But Gov. Eliot Spitzer on Tuesday said that there was still time to talk about it."

Local Television. Teasing its lead story, NBC-TV New York (2/20, 6:00 p.m.) says Gov. Spitzer is "no longer likening the Freedom Tower to a white elephant," adding that he has "made no secret of the fact that he is not a fan." Yesterday however, Spitzer announced "he wouldn't place any roadblocks in the Freedom Tower's way," so the current design "is here to stay." Bloomberg said of Govs. Spitzer and Corzine's support, "This should put to rest any doubt about the Freedom Tower." Spitzer also said that he does not oppose, on a philosophical level, selling the Freedom Tower to a private entity that would have the responsibility of building, leasing and owning the tower. Similar reports were featured prominently in the front of several broadcasts, including WNYT-TV Albany (11:06 p.m.), RNEWS Rochester (8:01 p.m.), WCBS-TV New York (6:03 p.m.), WNYW-TV New York (6:09 p.m.), WBNG-TV Binghamton (5:33 p.m.) and WABC-TV New York (12:04 p.m.).

Enrollment Doubles For Bellevue's WTC Treatment Program. After the city gave Bellevue Hospital Center millions to treat sick people excluded from other 9/11 treatment programs, the New York Times (2/21, Depalma) says "the number of people being treated at the W.T.C. Environmental Health Center at Bellevue Hospital has doubled to more than 900. Several hundred more people are on a waiting list, including many low-income residents of Chinatown and the Lower East Side, and immigrant workers without health insurance. … Dr. Joan Reibman, a pulmonologist who directs the center, said that most of her patients had not been exposed to the dust as intensively as firefighters and workers who toiled on the debris pile, but that they might have been affected by the contaminated air nonetheless."

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WSJournal Critical Of Attempt To Give Bargaining Rights To TSA Workers. The Wall Street Journal (2/21, 2.04M) editorializes, "Democrats figure they owe Big Labor for helping them take Congress, and now comes the payback. Tucked away in House and Senate bills that purport to implement the recommendations of the 9/11 Commission is a provision that the Commission most assuredly did not recommend: collective bargaining rights for the Transportation Safety Administration's 43,000 airport screeners." Democrats "are betting the White House won't have the nerve to veto an otherwise popular, if ill-understood, bill over this single provision. Our guess is that if Mr. Bush did veto such a bill, he'd find public sympathy for an argument that he was protecting a vital national security function from being corrupted by union politics."

Louisiana Levee Plans Said to Leave Rural Towns With Pre-Katrina Protection. USA Today (2/21, A1, Heath, 2.27M) reports on its front page that current state and federal plans for Louisiana's levees "would sacrifice dozens of coastal communities, some with thousands of residents, to the next Katrina-sized hurricane. The reason: Protecting them would cost too much." And though Randy Hanchey of the Louisiana's Department of Natural Resources said officials "believe that it's probably not possible to provide adequate protection that people should be living down there," the state has yet to encourage "residents to move from those areas. … Most of the places that would be outside the new barriers are rural towns slung along the few remaining patches of high ground near the receding coast. A draft of the state's plan released this month shows new levees would exclude areas that were home to more than 20,000 people before hurricanes Katrina and Rita hit."

WAR NEWS:

Reid Says Senate Will Seek Modification Of War Authorization. The AP (2/21, Riley) reports Senate Majority Leader Harry Reid "said Senate Democrats may move ahead on Monday with an effort to limit the 2002 measure authorizing Bush's use of force in Iraq. That move is planned despite a warning from Senate Republicans that it's certain to be vetoed and the veto would be upheld." Reid "repeated his statement that Iraq 'is the worst foreign policy blunder in the history of our country.' He said the war can't be won militarily, and what's needed is a political and regional solution that involves those with 'a larger stake in the neighborhood,' including Iran."

Democratic Candidates Stake Out Nuanced Positions On Iraq War Authorization. The Los Angeles Times (2/20, Barabak, 850K) reports Democratic presidential candidates "may be united in opposing the war in Iraq, but "that hasn't stopped them from fighting over the conflict. It is a skirmish over judgment, character and political mettle. Sen. Barack Obama "stresses his opposition to the invasion from the start and says those who voted to authorize the war, only to come around later, are at least partly to blame for today's problems. It shows, Obama says, the decision-making capacity each candidate would bring to the White House." Former Sen. John Edwards, "who has apologized for his initial war vote, suggests Sen. Hillary Rodham Clinton of New York has been too measured in her opposition. Implicit is the notion that a calculating front-runner has shaped her views more out of political consideration than principle." Clinton "has sharpened her tone and stepped up her antiwar rhetoric, but has not apologized for her initial stance on the war."

Sestak Seeks Withdrawal Of US Forces In Iraq By The End Of The Year. McClatchy (2/21, Schoof) reports Rep. Joe Sestak, who "commanded a carrier battle group in combat near Afghanistan, then in the Persian Gulf in the run-up to the Iraq war," has "introduced a bill calling for withdrawing all American forces from Iraq by the end of this year, while strengthening the U.S. military presence in the region and in Afghanistan." Sestak's bill "would cut off most money for military operations in Iraq by Dec. 31. … The main reason, he said, is that the war in Iraq is hurting American national security: It's diverted resources and attention from the fight against terrorism in Afghanistan and from other challenges to U.S. interests around the world." McClatchy notes Sestak "rejects the worst-case scenario arguments that Iraq will descend into genocide and a regional war if the United States leaves. … Iraqi sectarian leaders would realize that without the American military holding down the violence, 'they would have to accept the consequences that if they go too far, the retaliation against them might go too far.'"

Bush Reportedly Confident Democrats Will Not De-Fund Iraq War. The White House Bulletin (2/20) reported that President Bush "is confident that congressional Democrats won't be able to muster support for withdrawing from Iraq no matter what legislative gambit they use, according to White House officials. Bush, believing he retains a strong position on Capitol Hill regarding the war, at least for now, is much more focused on what's happening in the field rather than on the jockeying in Congress." White House strategists predict Senate Republicans "will serve as a bulwark against unwise actions by the House over the long term." White House spokesman Tony Snow told the Bulletin, "Pretty soon Congress is going to have to make a binding commitment to support the troops." White House officials "don't think that majority Democrats, in the end, will have the votes or the gumption to vote down the funding."

Cheney Says US Won't Back "Policy Of Retreat." The AP (2/21, Talmadge) reports from Japan, "Vice President Dick Cheney reaffirmed the Bush administration's

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commitment to the increasingly unpopular war in Iraq during a visit to a U.S. aircraft carrier Wednesday, saying 'the American people will not support a policy of retreat.'" He "was given a 19-gun salute as he boarded the USS Kitty Hawk at [Yokosuka naval base] just south of Tokyo."

Most Vulnerable House Republicans Endorsed Bush's "Surge." The Hill (2/21, Blake) reports, "Three months ago, the unpopularity of President Bush and the Iraq war led many House Republicans to the closest reelection bids of their careers. Now, most of those with freshly painted targets on their backs have given Democrats an early vote to tie them to Bush and the war. … Nearly all of those who narrowly survived in 2006 voted with Bush, possibly providing future opponents with campaign fodder." According to the Hill, of the 17 House Republicans who voted with Democrats on the resolution, "only one of them," Rep. James Walsh, "was among the approximately 20 House Republicans who won in 2006 by less than 5 percent." Rep. Christopher Shays "beat back an anti-war challenger by 3 percent in November, while he watched his two Connecticut Republican colleagues fall," but voted against the Democrats' resolution.

White House Points To GOP Frontrunners' Support For Bush's Iraq Policies. The White House Bulletin (2/20) reported, "White House strategists are heartened that the three leading candidates for the Republican presidential nomination -- Rudy Giuliani, John McCain, and Mitt Romney -- are holding firm in support of President Bush's Iraq policy -- insisting on victory. The strategists point out that Bush remains popular with conservative Republicans across the country and the candidates don't want to alienate those voters in the primaries and caucuses by distancing themselves too much from their president. 'No one wants to run as the anti-Bush,' says one West Wing insider -- at least not the perceived frontrunners."

Right, Left-Wing Activists Target Incumbents Over Surge Resolution Votes. The Washington Times (2/21, Ward, 88K) reports, "Anti-war groups are following members of Congress home during their week off, while groups who support the war are targeting those they call 'white flag Republicans' for defeat in the 2008 elections. The anti-war movement has 'very high expectations for this Congress,' said former Rep. Tom Andrews, Maine Democrat and national director of Win Without War. … The anti-war coalition has created a list of public events for senators and representatives who support the president's plan to send 21,500 more troops to Iraq. Mr. Andrews' group is urging anti-war activists across the country to attend these events and persuade their members of Congress to stop supporting the surge. Tomorrow, MoveOn will deliver letters to congressional offices, urging Congress to use its 'power of the purse' to stop the surge by constraining or cutting off funding." Conservative radio talk show host Hugh Hewitt's Victory Caucus is looking for primary opponents for the 17 congressmen and seven senators who opposed the president's surge plan.

Liberal Activists Upset By Centrist Democrats Target Tauscher. The Washington Post (2/21, A1, Eilperin, Grunwald, 690K), in a long front-page article, reports, "The Democratic majority was only three weeks old, but by Jan. 26, the grass-roots and Net-roots activists of the party's left wing had already settled on their new enemy: Rep. Ellen O. Tauscher (D-Calif.), the outspoken chair of the centrist New Democrat Coalition. Progressive blogs…were bashing her as a traitor to her party." MoveOn.org activists "were accusing her of helping President Bush send more troops to Iraq." According to the Post, "The anti-Tauscher backlash illustrates how the Democratic takeover has energized and emboldened the party's liberal base, ratcheting up the pressure on the party's moderates. That pressure is also reaching House Speaker Nancy Pelosi. Pelosi "has clashed with Tauscher in the past, but she's now eager to hold together her diverse caucus and to avoid the mistakes of GOP leaders who routinely ignored their moderates." Tauscher "has annoyed the left by supporting legislation to scale back the estate tax, tighten bankruptcy rules and promote free-trade agreements"

Few, If Any, House Members Read Full NIE On Iraq. The Hill (2/21, Soraghan) reports, "During last week's war debate, House members repeatedly cited the new National Intelligence Estimate (NIE) on Iraq. … But it seems very few, if any, House members read the full, classified version of the report. That 90-page tome is now available to all representatives, thanks to a surprise decision by the House Intelligence Committee a week before the debate. A sampling by The Hill could not find a single House member who had trekked to the committee's secure office in the Capitol to view the classified version of the document. When asked, many said that they had read only the three-and-a-half-page declassified summary of 'key judgments' that the office of the director of national intelligence released earlier this month."

Wave Of Attacks Seen As Evidence That Iraqi Insurgents Are Adapting To US Tactics. The CBS Evening News (2/20, story 3, :25, Mitchell, 7.66M) reported that US troops in Baghdad "are continuing a security crackdown and Iraqi militants are responding by stepping up attacks. Today, car bombs and a suicide bomber killed at least 17 Iraqi civilians. And just north of Baghdad, a bomb destroyed a tanker filled with chlorine gas. At least nine people died. 150 got sick from the fumes. Officials say the explosive was planted under the tanker."

The Los Angeles Times (2/21, Berthelsen, 850K) reports that "several car bombings, shootings and explosions" in Iraq yesterday "suggested insurgents were finding new ways to evade the ongoing security crackdown by U.S. and Iraqi forces. At least six people were killed in what authorities

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described as a crude attempt to detonate a chemical weapon in Taji, about 12 miles northwest of Baghdad. Insurgents blew up a truck holding two tanks of chlorine gas, which were thrown clear of the vehicle and leaked, the U.S. military said. Scores of people suffered nausea, vomiting and irritated eyes from exposure to the gas, according to wire service reports. Prolonged exposure to high concentrations of the gas can cause deadly respiratory damage. … In the Shiite holy city of Najaf, a bomb Monday evening caused severe damage to a provincial office of the Iraqi National Accord, the party of former interim Prime Minister Iyad Allawi, who returned to Iraq last week in a bid to unify the nation's political factions."

Sophisticated SAM Used To Bring Down US Helicopter. The Washington Post (2/21, A9, Tyson, 690K) reports Maj. Gen. James E. Simmons, deputy U.S. commander in Iraq, "said yesterday that Sunni fighters probably used a sophisticated SA-14 or SA-16 shoulder-fired missile to shoot down a Marine helicopter on Feb. 7, killing all seven people on board. If confirmed…it would mark the first time since last summer that insurgents in Iraq struck U.S. aircraft with such an anti-aircraft missile, and it would provide fresh evidence of a new strategy of targeting helicopters. … The attack in Anbar province was the latest in a string of seven U.S. military and civilian helicopter downings in Iraq since last month. U.S. commanders say that Sunni and Shiite extremist groups have begun to use deadly strikes in a new and carefully planned effort to rally support for their causes." According to the Post, "The strategy of stepping up the targeting of U.S. helicopters, revealed in recently captured insurgent documents, was devised specifically to counter the U.S. and Iraqi military push to quell violence in Baghdad," Simmons said.

US Officials Wary Of Entering Relatively Stable Sadr City. The Los Angeles Times (2/21, Daragahi, 850K) reports U.S. and Iraqi forces "have moved aggressively in the past week to combat Sunni Arab insurgents" in Baghdad neighborhoods, but now "the forces face their most sensitive challenge: whether, when and how to move into the Shiite-dominated slum of Sadr City, stronghold of the Mahdi army militia." Sunnis "have long accused Shiite Prime Minister Nouri al-Maliki of allowing Sadr City to remain a safe haven for militias in order to maintain popular support from al-Sadr's followers. … U.S. and Iraqi military commanders "are concerned that if they move too aggressively, they could sabotage one of the few success stories in Iraq since the 2003 U.S.-led invasion. Even amid the bloodshed across Baghdad, customers fill Sadr City's shops. Construction workers repair its streets and sewage lines. Children play soccer on its dusty fields and walk to school along newly prettified squares, verdant emblems of progress in one of Iraq's most long-deprived quarters." The Times notes, "U.S. officials in Iraq have gone to pains not to depict Sadr City as a singular source of trouble."

82nd Airborne Establishes Presence Near Sadr City As Part Of New Strategy. Fox News's Special Report (2/20, Hume) reported, "Additional US troops are already patrolling one especially dangerous neighborhood in Baghdad. Despite their unpleasant living conditions, their morale is high…and they appear to have been well received." Fox went on to report, "In an abandoned and looted shopping mall in a formerly well-to-do Baathist community is now the home of the White Falcons, part of the 82nd Airborne. … The new mission, the so-called 'surge.' Here…it actually looks like one." According to Fox, "Four more brigades are scheduled to move into Baghdad over the next couple of months, bringing the total of additional troops to 17500." The 82nd Airborne's staging area "is in some of the most contentious neighborhoods in the city. … The area of operations will include areas including and adjacent to Sadr City."

Operations In Outlying Villages Key To New Baghdad Strategy. The Washington Post (2/21, A9, Partlow, 690K) reports, "The security plan for Baghdad is a fight not only in the teeming streets of the capital but also in places like this, a Sunni-dominated village on the northern outskirts, where U.S. commanders say the Sunni insurgent group al-Qaeda in Iraq is terrorizing Shiite residents, planning attacks on Americans and funneling explosives into Baghdad along a network of country roads. Hundreds of U.S. soldiers…pushed into Ibrahim bin Ali village Saturday morning for a two-day operation designed to take back the hamlet from insurgents and catalogue every fighting-age male in the village. 'This is a large part of the Baghdad security plan because this helps disrupt [al-Qaeda in Iraq] movement and foreign fighter movement into Baghdad,' said Maj. Chad Shields, a company commander."

US Officials Find Themselves In Middle Of Scandal Sparked By Rape Case. The New York Times (2/21, Santora, 1.16M) reports that "a 20-year-old Sunni woman from Baghdad appeared on the satellite television station Al Jazeera on Monday night with a horrific account of kidnapping and sexual assault at the hands of three officers in the Shiite-dominated Iraqi National Police. … Almost immediately, Shiite leaders lined up to condemn the woman, calling her charges propaganda aimed at undermining the new security campaign. Sunni politicians offered the woman their support. Whatever the truth of the accusation, though, it played to sectarian fears on both sides." The Times notes, "The Americans, who have advisers working with the Iraqi National Police, found themselves caught in the middle without answers. The woman said the Americans had rescued her from the officers and gave her medical treatment. … The American military said only that it was investigating the charges."

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The Washington Post (2/21, A9, Londono, 690K) reports he woman said neighbors alerted U.S. soldiers that she had been arrested, which led to her release. She was admitted to Ibn Sina Hospital, which is run by the U.S. military. Iraqis treated there are generally admitted at the request of U.S. officials. 'The woman was here,' a hospital spokesman, 1st Lt. Justin Kocher, said Tuesday night. 'She received the care she needed,' he added, declining to elaborate." Maliki "injected himself into the case, issuing a news release announcing that the government had convened a committee to investigate and would hold the perpetrators responsible. … Hours later, Maliki reversed course, issuing another statement calling the woman an impostor and a criminal with three outstanding warrants. 'After confirming the falsehood of these claims,' it said, Maliki 'has ordered that these distinguished officers be honored.'"

Blair To Announce Partial Withdrawal Of Troops From Iraq. The New York Times (2/21, A12, Cowell, 1.16M) reports British Prime Minister Tony Blair is expected to announce Wednesday "that up to 1,500 of the 7,000 British troops in southern Iraq will begin withdrawing in coming weeks," the British news media reported today, quoting unidentified sources. An official spokesman for the prime minister "declined to confirm widespread reports in newspapers and from the BBC about a withdrawal, saying that Parliament should be informed first of any such move." In Washington, NSC spokesman Gordon Johndroe said that "while the United Kingdom is maintaining a robust force in southern Iraq, we're pleased that conditions in Basra have improved sufficiently that they are able to transition more control to the Iraqis." Johndroe added that President Bush and Blair had spoken to each another on Tuesday and that Bush "sees this as a sign of success and what is possible for us once we help the Iraqis deal with the sectarian violence in Baghdad." Blair's plans to reduce troop levels in Iraq is "a marked contrast" to Bush's plans to increase troop levels.

Fox News' Special Report (2/20, Hume) also said Bush spoke to Blair yesterday and that a National Security Council spokesman says the US and great Britain "share the same goal of turning over responsibility to Iraqi forces and reducing the number of coalition troops in Iraq."

The Financial Times (2/21, Blitz) says the number will be reduced "by about 1,600," paving the way "for Iraqi forces to begin taking control of the city of Basra." In a statement to the House of Commons, Blair "will present the reduction in troop numbers as an initially modest move that does not undermine the UK's fighting capability." For Blair, Wednesday's announcement "is highly symbolic. After being dogged by the debacle in Iraq for nearly four years, today's statement allows him to leave office conveying the impression -- albeit a limited one -- that the UK intervention has had some success." However, the announcement "will be watched with anxiety by politicians across the political divide in the US" as Bush seeks support for his plan to increase troop levels.

The CBS Evening News (2/20, story 2, :55, Axelrod, 7.66M) reported, "The White House says this is no surprise." Bush and Blair "have been talking about this since last summer. … The White House spokesman says what's happening with the British troops, they'd like to have it be a model for what happens for the US troops. In other words, the Iraqi security forces are able to handle more of its own security, the need for coalition troops diminishing. We should point out, however, the area of Iraq the British troops were responsible for is much less prone to sectarian violence."

NBC Nightly News (2/20, story 2, 1:00, Williams, 9.87M) reported, "This was not a surprise at the White House but it is something they're being asked to respond to tonight." NBC (Gregory) said "this is the kind of announcement that…Bush wanted to make last spring about the gradual withdrawal of US troops. That wasn't the case and of course now there is this so-called surge in place."

NBC Nightly News (2/20, lead story, 1:50, Williams, 9.87M) also asked, "What does this do to the Bush Administration's so-called troop surge as it gets underway and as more American fighters make their way now to Iraq where they may have to fight without their British partners?" NBC added that "unlike Baghdad and the Sunni triangle, the overwhelmingly Shiite population of the south is relatively calm. British casualties since the New Year there numbered just six shoulders."

The Washington Times (2/21, 88K) notes the British "handed over security responsibility for two of their four provinces to Iraqis last year and abandoned their main base in a third." Their forces are "concentrated in Basra itself and at a nearby air base. Commanders say they hope to withdraw from the city and keep a reserve force on standby at the base."

The CBS Evening News (2/20, lead story, 1:05, Phillips, 7.66M) reported, "The British say this withdrawal is possible because they've been handing over more and more responsibility to Iraqi troops in their area. But…Blair has also been under huge political pressure at home to come up with a withdrawal plan from what has become a very unpopular war."

ABC World News (2/20, story 4, 1:20, Raddatz, 8.78M) reported "the British have turned it over to the Iraqis and all I can say is it might be more secure than other areas. … The British have obligations in Afghanistan. They want to send more troops in Afghanistan. They're stretched thin. Does that sound familiar?"

The Wall Street Journal/AP (2/21, A6) notes Blair is not expected to provide a deadline for "when the rest of Britain's forces would leave Iraq."

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The Los Angeles Times (2/21, Murphy, 850K) reports, "The expected announcement to Parliament on Wednesday, which the prime minister's office refused to confirm, follows the British government's pledge to consider drawing down troops this year as the Iraqi military and police shoulder more responsibility for quelling sectarian violence." An "important signal came earlier this week, when Blair announced that a program to place Iraqi troops to take 'main frontline control' of security in the southern city of Basra had been 'successful,' clearing the way for British troops to assume a largely supportive role." USA Today (2/21, Jackson, Stinson, 2.27M) notes "Jeffrey White, an Iraq military expert at The Washington Institute for Near East Policy, said the move is 'not a good news story from the point of view of security.' A former Mideast analyst for the Defense Intelligence Agency, White said the British presence in southern Iraq 'acted as a check on a whole slew of bad guys.'"

Maliki Government Demolishing Famous War Monument Built By Saddam. The Wall Street Journal (2/21, A6, Dreazen, 2.04M) reports the government of Iraqi Prime Minister Nouri al-Maliki, "a Shiite with ties to Tehran," ordered the dismantling of Baghdad's "best-known landmark -- the giant crossed-sword arches built by Saddam Hussein after the Iran-Iraq War." The Journal notes, "The Shiite Muslim parties that dominate Iraq's government had quietly given orders to dismantle the statues, which have dominated the capital's skyline for 17 years. … For other Americans and Iraqis, however, it was cause for alarm -- and concern that the demolition of the monument" would "further fuel the country's intensifying sectarian strife and become another symbol of the central government's increasingly hard-line stance toward Iraq's Sunni Muslim minority." However, "Early yesterday afternoon, Iraqi officials began alerting U.S. embassy staffers that a demolition order had been given."

Deaths Of Soldiers From Small Towns Erode Support For Iraq War. ABC World News (2/20, story 5, 2:30, Gibson, 8.78M) reported, "There is new analysis of the military deaths that have occurred in Iraq. Small towns are quietly burying much of the brunt of loss. The findings by the Associated Press are not terribly surprising, as there is a disproportionate amount of troops that come from small communities in the military. But as we've seen so many times, when a small town loses a soldier, it reverberates throughout the town and affects that town in profound ways." ABC added that "nearly half the 3,100 American military fatalities in Iraq came from small towns. One out of five, from those with less than 5,000 residents, many of them poor communities. … The different reality involves dwindling support for the war in rural America, where it was once strongest. Down from 73% three years ago to 39% today."

Plan To Resettle Iraqi Christians In US Proves Controversial. Fox News' Special Report (2/20, Hume) reported, "Since the war in Iraq began four years ago, fewer than 500 Iraqis have been permitted to live in the US, even though an estimated 2 million refugees have fled Iraq. Post 911 security concerns are cited as the main reason, but the Bush Administration recently announced a change in that policy. A change that is not sitting well with everyone." Last week, the State Department "announced that 7000 refugees will be resettled in the US in the next year." Chaldean Christian say Muslim militias "routinely bomb their churches. Last spring, the Chaldean Federation of America launched a project to resettle 200,000 Chaldeans uprooted by the war. Volunteers say 17,000 Chaldean Christians, many of whom did translation or intelligence work for US troops, submitted applications to live in the US, most of them now living in limbo in middle eastern countries." A founder of the Minuteman Project "questions why President Bush wants to roll out the welcome mat for additional Iraqi refugees." Fox notes that "also critical of the refugee resettlement" is Ohio Democratic Gov. Ted Strickland. He "says he's sympathetic, but "would not want Ohioans to accept a greater burden than they already have borne for the Bush administration's failed policies." However, "after newspaper editorials blasted him, he apologized."

Suicide Bomber Wounds Six US Soldiers In Kabul. The New York Times (2/21, Wafa, 1.16M) reports, "A suicide bomber disguised as a doctor blew himself up Tuesday morning at the opening of a hospital ward built by American forces in eastern Afghanistan, wounding six American soldiers as they tackled him at the entrance, officials said. An American soldier was also killed farther north, in Kunar Province, on Monday, the United States military reported." The Times adds, "An Afghan security officer and an American soldier had stopped the man, and when he tried to escape, the soldier grabbed him, the governor said. The man was shot in the leg, and then set off the bomb, he said. A hospital staff member was wounded."

WPost Says Bush Allowing Al Qaeda A "Safe Heaven" In Pakistan. The Washington Post (2/21, 690K) editorializes, "We know now that allowing al-Qaeda a safe haven can have terrible consequences for US homeland security. And yet the Bush administration appears to be letting the threat develop again [in Pakistan]. ... Such indulgence, which has gone on for five years while [Gen. Pervez Musharraf] has tempered his action against Islamic extremists and suppressed Pakistan's pro-Western democratic parties, will be hard to defend if the consequences of allowing al-Qaeda a safe haven are unchanged."

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Interim Northern California US Attorney Sworn In. The Bay City News Service (2/21) reports, "A career federal prosecutor was sworn in at a ceremony in San Francisco today as the interim U.S. attorney for Northern California." BCNS continues, "Scott Schools, 44, who previously worked for the U.S. Justice Department in South Carolina and Washington D.C., was given the oath of office by Chief U.S. District Judge Vaughn Walker. … Schools told a courtroom gathering of federal lawyers and several judges, 'I'm very excited and honored to be here.'" BCNS adds, "Schools was appointed last week by Attorney General Alberto Gonzales to replace Kevin Ryan, who served in the top federal lawyer's job in San Francisco for 4 1/2 years. … Schools said after the swearing-in that he was about to hold his first meeting with his staff and was planning to tell the federal lawyers 'what my hopes and expectations are' for the job. … Schools will be in charge of about 115 lawyers in San Francisco, Oakland and San Jose who handle federal criminal cases as well as civil cases involving the U.S. government in coastal California from Monterey to the Oregon border." BCNS notes, "Under a provision of the federal Patriot Act reauthorization last year, Schools can remain in office as interim chief until a presidentially appointed U.S. attorney is confirmed by the Senate, which could be for the remaining two years of the Bush Administration. … Until the law was changed last year, the U.S. attorney general could appoint an interim U.S. attorney for only four months, after which the power to make a temporary appointment moved to the local federal court. … U.S. Sen. Dianne Feinstein, D-California, has criticized the change in the law on the ground that it can be used to bypass the Senate confirmation process."

More Commentary. The Providence Journal (2/21) editorializes, "The U.S. Senate should extend its inquiry into why the Bush administration has forced at least seven U.S. attorneys out of office. By tradition, presidents appoint these federal prosecutors when they first enter office. President Bush replaced nearly all those who had been appointed by Bill Clinton; President Clinton had done much the same before him. But it is odd for a president to remove his own choices, especially if they are performing adequately." The Journal continues, "One who got the boot, Carol Lam, oversaw the corruption investigation that put California GOP Rep. Randy Cunningham in prison. Two others targeted in the probe, Kyle Foggo and Brent Wilkes, were indicted just last week. Until retiring last spring, Mr. Foggo was the No. 3 official at the Central Intelligence Agency. Mr. Wilkes is a San Diego-area defense contractor. The indictments were handed up just a few days before Ms. Lam's scheduled departure, raising the question of whether there was more to come — and whether it will now be pursued. … Also out is Bush supporter H.E. Cummins III, a U.S. attorney in Arkansas credited with stepping up prosecutions of drug and gun cases. He is being replaced by J. Timothy Griffin, a former deputy to presidential adviser Karl Rove. Another casualty, Kevin Ryan of San Francisco, took on backdated stock options and steroid use by Major League Baseball players." The Journal concludes, "Some Democrats are pushing for a return to the old system, which seems better insulated from executive whims. The more heavily politicized these offices become, the less independently U.S. attorneys will act. The ultimate casualty is justice."

The Tri-City Herald (Kennewick, Paco, & Richland (WA), (2/21) editorializes, "The firing of federal prosecutor John McKay of Seattle is lamentable, but the job of U.S. attorney is - always has been - steeped in politics. … And some of politics, sadly, is steeped in lying. … So the explanations out of the Department of Justice that McKay and five other U.S. attorneys were fired for 'performance' issues call into question the source." The Herald continues, "Seven months before McKay was forced to resign, he received a glowing performance review from Justice Department evaluators, The Seattle Times reported. … Underscoring the mendacious assertions of 'performance problems' by the Washington, D.C., bureaucracy is the discovery that at least four more of the six attorneys fired had recently received similarly positive evaluations of their job performance." The Herald adds, "There's little doubt that McKay and at least most of the others weren't treated fairly. But fairness is separated from politics by more than just 605 pages in Webster's New World Dictionary. … It shouldn't work this way, but U.S. attorney appointments - and jobs - are among the most political in the country."

DOJ Among Least Trusted Federal Agencies On Privacy Matters. National Journal's Technology Daily (2/21, Noyes) reports, "The CIA, Homeland Security Department and National Security Agency are the least trusted federal agencies when it comes to protecting Americans' privacy, according to a new study by the Ponemon Institute." Tech Daily continues, "The annual survey, which will be released Wednesday, asked more than 7,000 citizens whether they believe the government takes appropriate steps to safeguard personal information. Answers were mixed, but the overall trend suggested a decline in public trust since the think tank first studied the issue in 2004." Tech Daily adds, "The NSA has suffered a substantial flogging by lawmakers and privacy advocates amid questions in the past year over its domestic spying in search of terrorists. It also was revealed recently that the CIA has been utilizing a special subpoena power of the 2001 anti-terrorism

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law known as the USA PATRIOT Act to comb bank and credit-card records. … Homeland Security and the Transportation Security Administration, which were evaluated separately in the survey, have experienced their fair share of controversy over the mining of information from government and commercial databases and a program that screens travelers entering the United States." Tech Daily notes, "Attorney General Alberto Gonzales' office also was among the least trusted of the 74 federal entities included in the poll. … 'There's a clear correlation between bad publicity and poor privacy trust performance,' survey author Larry Ponemon said. Previous studies 'lacked a big headline negative event,' whereas this time, there were several."

CORPORATE SCANDALS:

Attorney Accidentally Discloses Mercury Backdating Document. The California Recorder (2/21, Graham) reports, "A fourth-year associate at Orrick, Herrington & Sutcliffe inadvertently disclosed a sensitive document about stock option backdating that the firm has spent the last five months fighting to keep under seal." The Recorder continues, "The document -- a complaint in a shareholder derivative action against former executives of Mercury Interactive Corp. -- contains explosive allegations against the executives and quotes extensively from e-mails in which the executives allegedly discuss backdating their own stock options. … 'What do you want to do about [Chief Financial Officer Douglas Smith]'s option since the price is going up?' former General Counsel Susan Skaer is quoted asking CEO Amnon Landon in one e-mail. 'Keep waiting?'" The Recorder adds, "The complaint, Morillo v. Abrams, 1:05-cv-50710, had been filed under seal on Sept. 22 as part of a confidentiality agreement with the executives' lawyers -- but without judicial approval. The Recorder and two other news organizations have been trying since then to unseal the complaint and its supporting exhibits. … But a Dow Jones News Service reporter discovered Friday that Orrick associate M. Todd Scott had inadvertently filed the complaint publicly with a motion to stay the derivative action in October. The Wall Street Journal posted the complaint on its Web site over the weekend and wrote a story about it on page A-4 of Tuesday's print edition." The Recorder notes, "In a filing for an emergency hearing on Tuesday, Orrick partner James Kramer wrote that Scott thought the complaint had been filed under seal when Scott included it as an exhibit to his own declaration. … 'At the time the exhibit was filed, counsel for Ms. Skaer intended for the exhibit to be filed under seal, and, indeed, believed the exhibit had been filed under seal,' Kramer wrote. 'Counsel continued in this belief until the afternoon of Feb. 16, 2007, at which time the court clerk notified all parties that the exhibit had not been filed under seal and was publicly available.' … The Mercury executives -- represented by Orrick; Wilson Sonsini Goodrich & Rosati; Shearman & Sterling; and Farella Braun & Martel -- have been fighting vigorously against The Recorder, the San Francisco Chronicle and Bloomberg to keep the complaint confidential. The executives succeeded in January in getting the derivative action dismissed for lack of standing, but shortly thereafter Santa Clara County, Calif., Judge James Kleinberg ordered that the complaint be unsealed nevertheless."

Fannie Mae Won't Pay Bonuses To Executives. The Wall Street Journal (2/21, Hagerty, Paletta, 2.04M) reports, "Fannie Mae, struggling to atone for a $6.3 billion accounting scandal, announced that it won't pay $44.4 million of shares in the company previously promised as bonuses to 46 current and former executives. The giant provider of funding for US home mortgages said it will 'take into income' that amount, previously expensed for unpaid share awards that were based on earnings growth that proved illusory." The decision "will cancel planned payments totaling about $11.4 million for former Chief Executive Officer Franklin D. Raines; $4.1 million for the current CEO, Daniel Mudd; and $3.4 million for a former chief financial officer, Timothy Howard, a spokesman said. … Among other current senior executives, Robert Levin, chief business officer, will miss out on about $2 million of shares; Michael Williams, chief operating officer, $1.9 million; and Peter Niculescu, executive vice president, $600,000. The planned awards were for incentive-pay cycles that ended in 2003 and 2004."

The Washington Post (2/21, D1, Hilzenrath, 690K) reports, "The awards, known as 'performance shares,' were one component of overall pay packages that typically included salaries, cash bonuses, stock options and other forms of compensation. The stock awards were granted on a rolling schedule, based on the company's performance over various three-year periods. For instance, executives had already received the first installment of awards for a cycle covering 2001 through 2003, and the board is not trying to reclaim that money, spokesman Chuck Greener said. Those awards were worth $4.1 million to Raines, $1.4 million to Howard and $1.8 million to Mudd." Regulators "have alleged that Fannie Mae's senior management intentionally manipulated the company's accounting to hit earnings targets and maximize bonuses. Raines's pay totaled more than $90 million from 1998 through 2003, the Office of Federal Housing Enterprise Oversight said last year."

CRIMINAL LAW:

Lawyers Make Closing Arguments At Libby Trial. The CBS Evening News (2/20, story 5, :30, Mitchell,

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7.66M) reported that "the jury heard closing arguments in the trial of Scooter Libby, Vice President Cheney's former chief of staff. Libby is accused of lying to Federal agents and a grand jury of when he first learned the identity of CIA officer Valerie Plame Wilson. Prosecutors told the jury today there is a cloud over the Vice President's role in the case because they say Libby obstructed justice. The defense contends Libby did nothing wrong and the case is about faulty memories." Fox News' Special Report (2/20, Hume) noted, "Deputy prosecutor Peter Zeiderberg said that what Scooter Libby did was not a case of bad memory, but lying pure and simple. … Fitzgerald got the last word saying that the Vice President's office was obsessed with the Wilson trip and used his wife as a weapon against him."

NBC Nightly News (2/20, story 4, 1:50, Williams, 9.87M) reported noted, "Once again, one of our own was a key topic today." NBC (O'Donnell) added, "Lies to protect the White House. Lies to prevent political embarrassment. Lies to save a powerful job. That's the motive prosecutors methodically laid out today against…Libby. … But in a fiery, passionate appeal for Libby's freedom, his lawyer, Ted Wells, called this prosecution madness. Wells repeatedly zeroed in on Russert's credibility," and he "urged the jury not to let politics influence its verdict. 'Don't in this case sacrifice Scooter Libby for how you may feel about the war in Iraq or the Bush Administration.' And prosecutor Patrick Fitzgerald got political too, saying because Libby lied and obstructed justice, 'a cloud still hangs over the Vice President.'"

In a widely-distributed story, the AP (2/21, Apuzzo) reports, "Zeidenberg pointed to a flow chart showing arrows tracking information from several officials to Libby and on to other sources. With each conversation, it became less likely the CIA operative would just slip Libby's mind, Zeidenberg said. Wells presented a similar chart. Under each name and photograph, however, Wells noted their memory inconsistencies. Some changed their stories. Others seemed less certain in FBI interviews than they did on the stand." USA Today (2/21, 8A, Willing, 2.27M) notes "a tearful" Wells told jurors, "Don't … sacrifice Scooter Libby for how you may feel about the war in Iraq or about the Bush administration." However, Fitzgerald said Libby "threw sand in eyes of the FBI and grand jurors, he obstructed justice and he stole the truth from the judicial system."

Under the headline "Libby's Memory Is At The Heart Of The Case," the Los Angeles Times (2/21, Schmitt, Miller, 850K) also notes "Fitzgerald argued that Cheney's office was behind many of the prewar claims that Iraq had stockpiles of banned weapons and that it had aggressively sought to silence critics. 'Let's talk straight,' he said. 'There is a cloud over the vice president.'" The Times adds that Fitzgerald "opened his statement with an outburst. 'Madness! Madness! Outrageous!' he shouted, mocking the language of the defense attorneys who had sought to portray the case against their client as an overreach by a zealous prosecutor. The jurors, surprised by the unexpected display, perked up noticeably. But their attention waned as Fitzgerald spent an hour reviewing evidence, often talking so fast that it was hard to make out his words." The New York Times (2/21, Lewis, 1.16M) notes that "the prosecutors presented a detailed and businesslike summing up of their case," while Wells "countered with an intensely emotional defense ending in a choked sob."

The Financial Times (2/21, Daniel) and Washington Post (2/21, A4, Leonnig, Goldstein, 690K) similarly report on the closing arguments, while Dana Milbank writes in his Washington Post (2/21, A2, 690K) "Washington Sketch" column that Wells "may yet win an acquittal from the jury, which will start deliberations today. But it won't be because of the cohesion of his closing arguments. Libby was alternately portrayed as a man who told the truth, a man who inadvertently misspoke, and the victim of conspiracies involving everybody from President Bush to Tim Russert." Milbank notes, "Wells returned repeatedly to a note written by Vice President Cheney expressing concern that Libby was being sacrificed to protect others."

The Washington Post (2/21, C1, Weeks, 690K) also runs a generally sympathetic profile of Wells, noting that "through conversations and e-mails with friends, colleagues, his mother and others who know him well, a portrait emerges of a tough defense attorney who has mastered the balance between easygoing and hard-charging. Often he stands up for the Big Guy, comforting the comfortable. … After all, somebody has got to do it."

Isikoff Says Fitzgerald "Made It Clear" Libby Was "Protecting" Cheney. On MSNBC's Hardball (2/20, Matthews) Newsweek's Michael Isikoff said, "What today's closing arguments really underscored is why the White House was so nervous about this trial, why they were so reluctant to talk anything about it. One thing Patrick Fitzgerald said in his closing arguments that kind of stunned me, he…said 'there is a cloud on the vice president, but the cloud is there because Scooter Libby put it there. We, the prosecution, didn't put it there. Scooter Libby put it there by obstructing justice.' And then Fitzgerald ran through everything that Cheney did: writing the talking points, tearing out those articles from the newspaper and making those notes on them – 'did his wife send him a junket?' … Fitzgerald pretty much made it clear to the jury that Libby…was protecting the vice president of the United States."

Meanwhile, Tom DeFrank of the New York Daily News, also on MSNBC's Hardball (2/20, Matthews), said, "It's probably a very good week for the vice president to be in Asia right now because it hasn't been a good week for him." Fitzgerald "put the Vice President on trial, even though he

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was not charged with anything. But he was very much front and center in this trial from start to finish."

Justice To Launch New Focus On Export Enforcement Cases. The top counterespionage priority for the Justice Department in coming months will be so-called "export enforcement" cases, the sale or transfer of sensitive U.S. technologies to foreign entities or governments, or terrorist groups, J. Patrick Rowan, the new counterespionage and counter terrorism chief at the department told U.S News and the Bulletin. In an exclusive interview, Rowan said that one of his goals is to get the word out to federal prosecutors that the department will support them in pursuing these often complex, previously low-priority cases. "We're not talking about physical pieces of machinery as much as technology," Rowan says. He explained that foreign governments are learning that they can get more critical technical information unwittingly from U.S. graduate students and business people than under the "old model of a bunch of covert operatives sneaking around and hiding stuff behind a tree." With technology becoming increasingly sophisticated, says Rowan, and so much more portable, even a military code, or some kind of dual-use technology sold to a hostile nation or terrorist group could do a great deal of harm. A career prosecutor, Rowan is the deputy assistant attorney general for counter terrorism and counterespionage in the department's new National Security Division, which brings all of the department's national security programs under one umbrella. The division -- headed by the former U.S. Attorney for the District of Columbia, Kenneth Wainstein -- became operational last summer, and implements a key recommendation of the WMD commission, the presidential commission that investigated the intelligence failures that led to the war in Iraq. -- Bulletin exclusive from U.S. News

DOJ Not Planning To Reopen Berger Investigation. The Washington Times (2/21, Seper, 88K) reports the Justice Department "says it is unaware of any new facts to support a call by the former chairman of the House Oversight and Government Reform Committee for a new investigation into the theft of National Archives documents by former National Security Adviser Samuel R. Berger. Acting Assistant Attorney General Richard A. Hertling, in a letter Friday to the committee's new Democratic chairman, Rep. Henry A. Waxman of California, said an 'extensive investigation' led to a guilty plea by Mr. Berger in which he admitted removing the classified documents and the department 'stands by its investigation.' … His letter was in response to a report by Rep. Thomas M. Davis III, Virginia Republican and now the committee's ranking member, saying Justice gave Mr. Berger a 'free pass' in its investigation and called for the committee to investigate the matter instead."

National Archives IG's Accusations Against Berger Initially Dismissed By DOJ. The Washington Post (2/21, A13, Smith, 690K) reports, "While waving his own leg in the air in illustration, Paul Brachfeld, inspector general of the National Archives and Records Administration, asked the group rhetorically if 'something white' could be easily mistaken if it was wrapped around their legs, beneath their pant legs. Under debate during the Nov. 23, 2004, meeting was Brachfeld's contention…Berger could have stolen original, uncatalogued, highly classified terrorism documents 14 months earlier by wrapping them around his socks and beneath his pants, as National Archives staff member John Laster reported witnessing. … Brachfeld wanted the Justice Department to notify officials of the 9/11 Commission that Berger's actions -- in combination with a bungled Archives response -- might have obstructed the commission's review of Clinton's terrorism policies. The Justice Department spurned the advice, and some of Brachfeld's colleagues at the Archives greeted his warnings with accusations of disloyalty. But more than three years later, as Brachfeld and House lawmakers have pushed new details about Berger's actions onto the public record -- such as Berger's use of a construction site near the Archives to temporarily hide some of the classified documents -- Brachfeld's contentions have attracted fresh support."

DOJ Probe Of Senator Campbell's Staffers Continues. The Hill (2/21, Soraghan) reports, "It may have been forgotten by many, but the corruption investigation of the office of former Sen. Ben Nighthorse Campbell (R-Colo.) isn't over." The Hill continues, "The FBI and the Justice Department are pursuing the case, records show, nearly three years after it was opened and more than two years after Campbell left office. But charges have yet to be levied and an explanation as to why it's taken so long to wrap up has yet to be offered. … 'I don't understand why it would take so long,' said Tom Gorman, who heads a Denver-based, anti-drug task force and complained to the Justice Department that Campbell's office pressured him to award a no-bid contract. 'It didn't seem to me to be that complicated of a case.' … Campbell, too, said he's eager to put the investigation behind him, stressing that he has been told he is not a subject of the investigation. Investigators have not interviewed Campbell. … 'Senator Campbell is eager to learn the results of the Department of Justice's investigation into the alleged actions of a former staff member,' a Campbell spokeswoman, Kate Dando, said." The Hill notes, "The 'former staffer' is Campbell's onetime chief of staff, Ginnie Kontnik, who resigned just before the allegations surfaced. The Justice Department's anti-corruption unit is investigating a no-bid contract that Campbell and Kontnik tried to steer to a company co-owned by one of Campbell's top fundraisers.

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More sensationally, Kontnik allegedly shook down an underling for a $2,000 kickback in 2002. … A Jan. 12 letter from the Justice Department Criminal Division, obtained by The Hill, denied a request for documents about the investigation, saying they 'relate to open and on-going law enforcement proceedings being conducted by the Public Integrity Section,' referring to the department's anti-corruption unit. … The letter said releasing documents could interfere with the investigation."

DOJ, FBI Probing Wisconsin Travel Contracts. The AP (2/21, Foley) reports from Madison, WI, "The FBI and the state Department of Justice are continuing their investigation into Gov. Jim Doyle's administration, investigators said." The AP continues, "With one state employee convicted of steering a travel contract to a company with political ties to the governor, the criminal probe "remains open," the state Division of Criminal Investigation said in a letter to The Associated Press. … The disclosure means an investigation that distracted Doyle during his first term in office and gave ammunition to his critics could continue into his second. Doyle has not been accused of wrongdoing and has defended his administration from accusations of corruption." The AP adds, "The news came in DCI administrator James R. Warren's Feb. 14 response to a public records request for documents relating to the agency's investigation of the ravel contract. … Warren turned over more than 50 pages detailing the probe that led to last summer's conviction of Georgia Thompson, a state purchasing supervisor, on federal fraud charges. … But he declined to release an additional 105 pages, including 40 pages of FBI reports, that he said involve 'persons other than those who testified at the trial of Georgia Thompson.' … Their release would undermine the probe, he said. Warren also blacked out the identities of two people from the released records." The AP notes, "Prosecutors said Thompson steered a contract to a company whose executives gave $20,000 to Doyle's re-election campaign. She is serving 18 months in prison. After her trial, U.S. Attorney Steven Biskupic in Milwaukee told reporters the probe was not over. … Doyle's opponent in the November election, Republican Mark Green, repeatedly claimed Doyle's administration was facing 'an ongoing FBI investigation.' But the probe seemed to fizzle out as months went by with no additional action."

FBI Tennessee Waltz Tapes Show Ford Discussing Rolex From Developer. WREG-TV Memphis (2/20) reported on its Web site from a broadcast story, "Today there is surprising new evidence in the John Ford Tennessee Waltz Case. With video and audiotapes, the FBI says Ford took thousands of dollars in bribes. The hearing this afternoon is about the Rolex watch Ford said he received as a gift from Memphis developer Rusty Hyneman. … At one point, Ford is heard saying to an undercover FBI agent that he is going to receive a $50,000 Rolex because he did Hyneman a big favor. … He is on video again later, showing off the Rolex and telling another FBI agent that he paid zero for the watch because he did the developer a big favor by saving them up to $1.5 million dollars." WPTY-TV Memphis (2/20, Buduson) noted, "Ford's lawyers say there's no proof Hyneman gave Ford the watch. On Jan. 31, 2005, Ford changed his story. Ford told an undercover FBI agent he bought the watch. FBI agents acknowledge Hyneman has not saved any money for state environmental violations he faces."

WHBQ-TV Memphis (2/20, Cowman) reported, "Judge J. Daniel Breen did deny the defense's request to suppress the watch due to the way it was seized, saying the government had the right to seize it, but the judge still wants more proof on the relevance of the Rolex before he allows it into trial. … Defense attorneys said the judge probably won't rule on whether the Rolex will be admitted until once the trial has begun." WMC-TV Memphis (2/20) noted, "Hyneman was as evasive outside court Tuesday as he was inside. He pleaded the 5th on every question concerning his relationship with Ford. In other words, he answered nothing."

Memphis Official Calls For City Council Probe Of Edmund Ford Billing Practices. The Memphis Commercial Appeal (2/21, Jones, 163K) reports, "Chairman Tom Marshall wants the Memphis City Council to investigate billing practices at Memphis Light, Gas and Water Division in regard to fellow Councilman Edmund Ford. The chairman's request Tuesday came the same day The Commercial Appeal reported that a federal grand jury had subpoenaed three years of utility billing information for three of Ford's accounts." The Commercial Appeal adds, "Committee chairwoman Carol Chumney said she agreed to place the matter on March 6 committee agenda. Chumney later said she was open to looking into the matter, but is reserving judgment."

Tennessee Waltz Defendant Cooper Charged With DUI. The Tennessean (2/21, Alligood) reports, "State Sen. Jerry Cooper was legally drunk when he rolled his sport-utility vehicle on Interstate 24 earlier this month after attending three legislative receptions, the Tennessee Highway Patrol said Tuesday." Cooper, "who was already free on bail on federal fraud charges, was charged with drunken driving and speeding in connection with the Feb. 7 one-vehicle wreck in Rutherford County." The Tennessean notes, "Cooper was seriously injured in the wreck and is convalescing at home from rib fractures, a concussion and a severe arm injury. He will be arrested or required to turn himself in 'when he is physically able,' according to the THP statement."

Man Blames Prison Confession On Alleged Twin Brother. The Philadelphia Inquirer (2/21, Shiffman) reports, "Andre L. Henry - who stands accused of violent

crimes against a police officer, two banks, two grand-jury witnesses, and eight fast-food restaurants - has offered jurors in his trial an unusual defense. … The man secretly recorded in a prison cell confessing? … Not him, Henry testified. It was his twin brother; they had traded cells in prison. … 'We figured, why not?' Henry told jurors. 'Who would know?'" The Inquirer continues, "A federal jury in Philadelphia is expected to begin deliberating Henry's fate this morning. If convicted of the most violent charges - including car-jacking and solicitation to murder - he probably faces life in prison. … In closing arguments yesterday, Assistant U.S. Attorney Michelle Rotella mocked Henry's assertion, and said the government had provided ample evidence that Henry doesn't have a twin brother. … 'His story is just absurd,' Rotella told the jury." The Inquirer adds, "Federal officials say Henry is an extremely violent man. In addition to the charges in this case, he faces state murder charges and, according to grand jury testimony, was investigated for an alleged plot to detonate pipe bombs inside the Gallery at Market East mall. … The alleged 2003 plot against shoppers and commuters at the Center City mall had not been previously reported. Henry was never charged with terror-related crimes; he and his lawyer, Christopher Warren, have denied that any attack was planned. … Jurors in his trial have not been told directly about the alleged Gallery plan. But during cross-examination, Henry unexpectedly began to talk about it, accusing Rotella of fabricating evidence against his family." The Inquirer notes, "The government's best evidence of a terror plot is the secret recording of Henry made by his cell mate - an unredacted copy of which was reviewed by The Inquirer. … At one point, Henry, who is a black Muslim, said on tape that the purpose of the blasts, timed for rush hour near the Market East SEPTA station, would represent 'domestic terrorism' against white Americans. … At another point on the recording, however, Henry said the purpose would be to divert Philadelphia police long enough to pull off a major bank robbery."

Delaware Man's Federal Appeal Cites Hearsay, Jury Instructions. The AP (2/21, Chase) reports from Dover, DE, "Thomas Capano's lawyer argued in a federal appeal yesterday that a judge had violated the convicted killer's constitutional right to a fair trial by refusing to let the jury consider charges other than murder and by allowing hearsay testimony." The AP continues, "In a 71-page brief supporting Capano's habeas corpus petition, attorney Joseph Bernstein said the Delaware Supreme Court had erred in upholding the judge's decision to give the 1998 jury only two options: acquittal or conviction for first-degree murder." The AP adds, "Under a 1980 U.S. Supreme Court ruling, a defendant in a capital murder case is entitled to jury instructions that include lesser offenses if any evidence supports those offenses, Bernstein told the Associated Press. … Capano, now 56, acknowledged in his trial that he had dumped the body of Anne Marie Fahey, who was Gov. Tom Carper's scheduling secretary, into the Atlantic Ocean, but said her death had been an accident. … 'If you're on a jury and you hear that, and you only have two options, what are you going to do?' Bernstein said. 'Even if you don't think it was intentional murder, you're not going to let him go.'" The AP notes, "Capano, once a wealthy and politically connected lawyer, was convicted of shooting Fahey, 30, in 1996, allegedly because she was breaking off an affair with him. … Bernstein also argued in the federal appeal that hearsay testimony by Fahey's friends and psychotherapists should have been excluded from the trial. … In 2001, the state Supreme Court upheld Capano's conviction, his death sentence, and Judge William Swain Lee's decision to reject lesser offenses such as manslaughter or criminally negligent homicide."

New York Man Pleads Guilty To Child Porn Charges. The Elmira (NY) Star-Gazette (2/21) reports, "John R. Maggese, 44, pleaded guilty today to a felony charge of possession of child pornography, according to a press release from the U.S. Department of Justice." The Star-Gazette continues, "Maggesse was accused of having child pornography on a computer he owned from July 2003 through August 2005, the release stated. He received the images over the Internet; some of the images showed children under 12 years old. … Maggese is scheduled to be sentenced at 2 p.m. May 24 in U.S. District Court in Rochester. The charges carry a maximum penalty of 10 years imprisonment, a $250,000 fine, or both."

Investigator Pleads Guilty To Defrauding Law Firms. The New York Law Journal (2/21, Hamblett) reports, "A Montana man Tuesday pleaded guilty to defrauding law firms involved in major litigation by claiming to have proof of illegal activity by opposing counsel and parties." The Journal continues, "Michael Lair, 46, headed consumerdefense.com Inc., which held itself out as a consumer complaint investigator and researcher for large fraud cases. Tuesday, Lair admitted to defrauding attorneys and litigants of more than $311,000 in 2003 and 2006 as he pleaded guilty to four counts of wire fraud before Southern District of New York Judge John Keenan. … Under a plea agreement with Assistant U.S. Attorney Helen Cantwell, Lair is expected to be sentenced to serve somewhere between 2 years and 3 months to 2 years and 9 months in prison." The Journal adds, "The victims of the fraud included two of Manhattan's top litigation firms, Morvillo, Abramowitz, Grand, Iason; Anello & Bohrer; and Kasowitz, Benson, Torres & Friedman. … While the guilty plea Tuesday covered the

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litigation involving the Morvillo and Kasowitz firms, prosecutors had been prepared to obtain a superseding information that would have charged Lair with attempting to defraud 10 other firms in litigation in New York and other parts of the country. … Tuesday, with defense attorney Leonard Joy by his side, Lair told Judge Keenan, 'I agreed with a number of law firms to supply information about the parties involved in legal actions in which the law firms were involved. I charged the firms' fees knowing that I did not have and could not have obtained such information.'"

New York Lawyer Pleads Guilty To Stealing $20 Million From Bank, Client. The AP (2/19) reported, "A lawyer pleaded guilty to stealing more than $20 million from a bank and at least one client, spending the loot on vacation homes, a wedding and generous salaries for his employees, authorities said. Under a deal with prosecutors," Anthony Bellettieri of White Plains "faces more than a decade in prison after admitting in federal court to bank and mail fraud dating to at least 2003. Bellettieri, a real estate lawyer, stole the funds through check kiting." The AP noted, "According to J.P. Morgan Chase, the primary victim, the tactic worked partly because he used checks with a printed error. The scheme fell apart after the bank issued correct checks in November."

Five Plead Guilty In "Cult-Like" California Investment Fraud Scheme. The San Diego Union-Tribune (2/18, Thornton, 324K) reported, "Five men have pleaded guilty in federal court to defrauding investors of $20 million in a long-term scam that preyed mostly on churchgoers. John Harrell, the ringleader of the scam, admitted he recruited investors with bogus schemes and then spent all the money on himself and other members of the enterprise, said prosecutor Jason Forge." The Union-Tribune noted, "'Mr. Harrell and his co-conspirators utilized a complex fraud scheme to steal millions through promises of high rates of return with no risk,' said Dan Dzwilewski, head of the FBI office in San Diego. 'He also preyed on his victims' religious faiths and their suspicion of government. Today's result will make others think twice before defrauding the American public.' … Authorities described the organization as 'a cult-like investment scheme' that operated out of San Diego beginning in the late 1980s."

Former California Judge Sentenced For Child Pornography Possession. The Los Angeles Times (2/21, Hanley) reports, "A former Orange County judge collapsed in a Los Angeles federal courtroom Tuesday moments after being sentenced to 27 months in prison for possessing child pornography, bringing a dramatic end to a case that tested privacy rights and nearly fell apart because of a computer hacker's role in the investigation." The Times continues, "Ronald C. Kline was standing with his hands in his pockets and swaying slightly as U.S. District Judge Consuelo B. Marshall indicated he would do prison time. Kline's knees suddenly buckled and he fell backward, with his eyes closed, into the arms of one of his attorneys. … A nurse and paramedics rushed to the courtroom. . They monitored his heart and administered other tests on the 66-year-old Kline. He was on his feet about a half-hour later, and his attorneys said he was well enough to sit through the rest of the hearing." The Times adds, "When it resumed, Marshall also ordered Kline to serve three years' of strictly supervised probation. During that time, he cannot use the Internet or possess any technology — including a cell phone—that would allow Internet access without prior written approval. … Other conditions bar him from lingering within 100 feet of schools, parks and other common gathering points for children under 18. He must also register as a sex offender for the rest of his life. … Marshall said she based her ruling on a variety of factors, including a recommendation by probation officers that Kline serve between 27 and 33 months, the seriousness of the offense, Kline's lack of prior criminal history and his acceptance of responsibility." The Times notes, "Asst. U.S. Attorneys Gregory W. Staples and Deirdre Z. Eliot said they were satisfied with the ruling, even though they had asked for the maximum 33 months."

Woman In Prostitution Probe Pressures US To Drop Case. The Washington Times (2/21, Mcelhatton) reports, "A California woman who is the target in an ongoing criminal probe into the operation of her District-based escort agency has told federal authorities she will 'make life miserable' for former customers and employees unless her case is dropped, government attorneys say. … 'I cannot emphasize to you the terrible and quite unnecessary ramifications this case (civil and/or criminal) will set off, if permitted to advance for both sides,' Deborah Jean Palfrey wrote in an e-mail to the U.S. Attorney's Office. 'The press will have a field day at each of our expense.'" The Times continues, "Government attorneys referenced the e-mail in a recent motion to postpone civil forfeiture proceedings against Miss Palfrey pending the outcome of a criminal investigation. But an attorney for Miss Palfrey wants to move forward with the civil case, filing court papers last weekend detailing an attempt to depose former Clinton campaign adviser Dick Morris." The Times adds, "Mr. Morris, a news commentator who resigned from the Clinton campaign in 1996 amid a scandal involving escort services, is 'the only customer of the service who has publicly admitted using the services for "legal" sexual activity,' Miss Palfrey's attorney wrote in court papers." The Times adds, "Miss Palfrey, of Vallejo, Calif., has been the target of a two-year investigation by the Internal Revenue Service and U.S. Postal Service into whether she

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illegally earned money from prostitutes working as escorts for her business. … Miss Palfrey has not been charged criminally. … In October, federal agents seized more than $427,000 in cash and stocks from Miss Palfrey. In pleadings, authorities say the criminal investigation is ongoing."

Tennessee Businessman Convicted Of DOE Contract Fraud. The Knoxville News Sentinel (2/21, Satterfield) reports, "A lauded Oak Ridge businessman may soon be trading pinstripes for prison stripes. A jury in U.S. District Court on Tuesday convicted Reginald Hall, 54, of conspiracy to commit money laundering for a scheme to plunder money from the U.S. Department of Energy via fake invoices submitted as a subcontractor for the Oak Ridge National Laboratory. Jurors also found Hall guilty of money laundering and theft of government property. He was acquitted, however, of mail fraud and obstruction of justice." The News Sentinel notes, "Agents Randall Kizer and Rick Sample with DOE's Office of the Inspector General, Agent Bob Gibson of the FBI and Lt. Art Schettini of the Tennessee Valley Authority Police Criminal Investigation Division headed up the probe."

Deliveryman Tells Of Unprovoked Shooting By Maryland Official. The Washington Post (2/21, A1, Rich) reports, "A senior Prince George's County homeland security official who last month shot two unarmed furniture deliverymen opened fire without provocation after angrily ordering the men to leave his home, the surviving mover said in a statement provided last night to law enforcement authorities." The Post continues, "Keith A. Washington, who is also a county police officer, was combative almost from the moment the movers arrived at his Accokeek home, said Robert White, who worked for a contractor delivering for Marlo Furniture. 'As we were leaving we reached the top of the steps, and the customer said "I know how to get you the [expletive] out of my house" and I heard gunshots,' White said in the statement. … Later, White said, he listened as he lay bleeding while Washington falsely reported that the men he shot had attacked him with a pipe. 'I remember sitting there on the ground thinking to myself, I can't believe this is how it is going to be,' said White, 36, who dictated the statement from his hospital bed to his attorney. His co-worker, Brandon Clark, 22, died of his wounds Feb. 2 without giving a statement." The Post adds, "Washington has not spoken publicly since the shooting. A source familiar with the investigation has told The Post that, in a brief report filed immediately after the incident, Washington alleged that the movers were in a part of the house where they were not supposed to be. Police have said that Washington told them he acted in self-defense. … Police initially said they would probably charge the movers with assault but have since backed off that comment, saying they would make no determination until their investigation is complete. … White's attorney, Michael J. Winkelman, has not allowed police to interview his client, whose criminal record includes a burglary conviction, in part because of the possibility that police might try to build an assault case against White. In addition, Winkelman said he is concerned that White's providing a statement before Washington does so might allow Washington to fabricate a story that blames the movers in the shooting."

Police Seek Motive In Maryland Shopping Plaza Standoff, Fire. The Washington Post (2/21, B2, Vogel) reports, "Frederick authorities yesterday recovered a body believed to be that of a man who they say shot at police and started a fire that gutted a shopping plaza Monday." The Post continues, "The body, which was found about 12:30 p.m. behind the locked front door in the rubble of a destroyed liquor store at the Frederick shopping center, has been sent to the chief medical examiner's office in Baltimore for identification." The Post adds, "Frederick police were still trying to piece together how James Douglas's visit to a liquor store ended up in an inferno that destroyed the Antietam Village Center. … Police say Douglas, 30, of Frederick, walked into Jim's Liquors at the shopping plaza on Oppossumtown Pike about 12:30 p.m. Monday, showed the owner a handgun and ordered him out of the store. … When two officers pulled up, Douglas fired at least one shot at them through the store's glass door, police said. … Yesterday afternoon, fire marshals, police detectives and construction workers moved through the blackened remains of the plaza."

Maryland Governor Explains His Opposition To Death Penalty. Writing in the Washington Post (2/21, 690K), Maryland Gov. Martin O'Malley asks, "Is the death penalty a just punishment for murder? Is the death penalty an effective deterrent to murder? … Are any of us willing to sacrifice a member of our own family -- wrongly convicted, sentenced and executed -- in order to secure the execution of five rightly convicted murders? And even if we were, could that public policy be called 'just'? I do not believe it can." But "what about the deterrent value of the death penalty? Does the use of the death penalty -- while rarely, if ever, 'just' -- save more innocent lives than it takes? The evidence indicates that it does not." O'Malley concludes that "absent a deterrent value, the damage done to the concept of human dignity by our conscious communal use of the death penalty is greater than the benefit of even a justly drawn retribution."

Maryland Officer Charged With Molesting Woman During Traffic Stop. The Washington Post (2/21, B6, McCaffrey) reports, "An Anne Arundel County

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police officer was charged with a sex offense yesterday, accused of coercing a woman to bare her breasts during a traffic stop, then molesting and photographing her. He told her she could avoid jail if she exposed herself, police said." The Post continues, "Joseph Mossmiller, 22, who joined the department in May, was charged before a District Court commissioner with a fourth-degree sex offense, second-degree assault, false imprisonment and misconduct in office, police said." The Post adds, "Three other officers were suspended in connection with the incident. Police declined to identify them or disclose what the led to their suspensions with pay except to say that they were also rookies but had not been at the scene of the traffic stop Jan. 20. … According to charging documents filed in District Court, the 18-year-old woman was driving with a female passenger whom she had just picked up at a bar when she was pulled over by a marked police car in the Pasadena area. … Mossmiller was released on his own recognizance yesterday after initially being sent to the county detention facility when he was unable to post a $250,000 bond, police said."

Youths Tell Of Grim Life On Traveling Magazine Sales Crews. The New York Times (2/21, Urbina) reports, "Two days after graduating from high school last June, Jonathan Pope left his home in Miamisburg, Ohio, to join a traveling magazine sales crew, thinking he would get to 'talk to people, party at night and see the country.' … Over the next six months, he and about 20 other crew members crossed 10 states, peddling subscriptions door to door, 10 to 14 hours a day, six days a week. Sleeping three to a room in cheap motels, lowest seller on the floor, they survived some days on less than $10 in food money while their earnings were kept 'on the books' for later payment. … By then, Mr. Pope said, he had seen several friends severely beaten by managers, he and several other crew members were regularly smoking methamphetamine with prostitutes living down the motel hallway, and there were warrants out for his arrest in five states for selling subscriptions without a permit. … After persuading his manager to let him leave, Mr. Pope was dropped off, without a ticket, $17 in his pocket, at a bus terminal near San Antonio, more than 1,000 miles from home." The Times continues, "More than two decades after a Senate investigation revealed widespread problems with these itinerant sellers, and despite several highly publicized fatal accidents and violent crimes involving the sales crews in recent years, the industry remains almost entirely unregulated. And while the industry says it has changed, advocates and law enforcement officials say the abuses persist." The Times adds, "In interviews over seven months, more than 50 current and former members from almost as many crews painted a similar picture of life on the road. … With striking uniformity, they told of violence, drug use, indebtedness and cheating of customers during their cross-country travels, often in unsafe vehicles and with drivers who lacked proper licenses."

Rise In Teenage "Sport Killings" Of Homeless Worries Authorities. CNN.com (2/21, Fantz) reports from Milwaukee, WI, "All Nathan Moore says he wanted to do was smoke pot and get drunk with his friends. Killing Rex Baum was never part of the plan that day in 2004. … 'It all started off as a game,' Moore said." CNN continues, "The 15-year-old and his friends were taunting the homeless man -- throwing sticks and leaves -- after having a couple of beers with him. … No big deal, Moore says, but he's sorry for what came next. … It was a mistake, he said, a sudden primal surge that made him and his friends Luis Oyola, 16, and 17-year-old Andrew Ihrcke begin punching and kicking Baum. … They hurled anything they could find -- rocks, bricks, even Baum's barbecue grill -- and pounded the 49-year-old with a pipe and with the baseball bat he kept at his campsite for protection. … After destroying Baum's camp, the boys left the homeless man -- head wedged in his own grill -- under a piece of plastic where they hoped the 'animals would eat' him. … Then, Moore says, they took off to grab a bite at McDonald's." CNN adds, "Baum's murder was indicative of a disturbing trend. … A National Coalition for the Homeless report says last year, there were 122 attacks and 20 murders against the homeless, the most attacks in nearly a decade. … 'It's disturbing to know that young people would literally kick someone when they're already down on their luck,' said Michael Stoops, the executive director of the Washington-based National Coalition for the Homeless. 'We recognize that this isn't every teenager, but for some this passes as amusement.'" CNN notes, "Criminologists call these wilding sprees 'sport killing,' -- largely middle-class teens, with no criminal records, assaulting the homeless with bats, golf clubs, paintball guns. … Some teens have even taped themselves in the act. Others have said they were inspired by 'Bumfights,' a video series created in 2002 and sold on the Web that features homeless people pummeling each other for the promise of a few bucks." CNN notes, "Stoops and Brian Levin, a California State University hate crimes expert, say common themes run through teen-on-homeless violence. The attackers are almost always boys, peer pressure and mob mentality sweep away caution, and parents don't suspect their children could be capable of such actions."

Congress Urged To Enact Federal Journalist-Source Privilege Law. In an op-ed for the New York Times (2/21, 1.16M) Geoffrey Stone, professor of law at the University of Chicago, writes, "Congress should expeditiously enact a federal journalist-source privilege law, which would protect journalists from compelled disclosure of their sources'

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confidential communications in the same way psychiatrists and lawyers are protected. Importantly, neither Congress nor the press should be unwilling to compromise when the alternative is to forgo such a privilege altogether."

CIVIL LAW:

High Court Voids $79.5 Million Tobacco Award.

USA Today (2/21, Biskupic, 2.27M) reports, "The Supreme Court tossed out a $79.5 million award to a smoker's widow Tuesday in its first ever case testing punitive damages in a personal injury dispute." The decision "limits when jurors may consider the harm a company caused people who were not part of the case." The 5-4 ruling "is a victory for Philip Morris USA, which won another chance to challenge an Oregon jury's punitive damages award that was 97 times the actual damages for the death of Jesse Williams, a longtime Marlboro smoker."

McClatchy (2/21, Henderson) reports the 5-4 ruling, written by Justice Stephen Breyer, "said awarding damages to punish a company for harming nonparties to a suit amounted to taking property without due process." Chief Justice John G. Roberts and Justices Anthony Kennedy, David H. Souter and Samuel A. Alito Jr. agreed with Breyer. Justices John Paul Stevens, Antonin Scalia, Ruth Bader Ginsburg and Clarence Thomas dissented. Thomas and Scalia "objected to Tuesday's ruling for the same reasons they've resisted all the court's decisions limiting punitive damages: They don't think that the Constitution addresses the issue." That puts them "at odds with Roberts, Alito and Kennedy, the remaining justices in the court's politically conservative wing. … Stevens' vote represents a departure for him on this issue; he penned the 1996 ruling that established constitutional limits for punitive damages, but said Tuesday's ruling went too far."

The Legal Times (2/21, Mauro) reports, "Business advocates applauded the ruling as a major body blow, grounded in the Constitution, against high punitive damage awards. … 'This is a huge, huge win for corporate defendants,' said Lori Nugent, chair of the enterprise risks practice of Cozen O'Connor in Chicago, and author of a state-by-state guide on punitive damages. 'Lawyers who exhort jurors to send a message; that has to stop now. It rips the guts right out of a case.' … But plaintiffs groups say the decision won't change much, especially since the Court on Tuesday also said that harm to others could still be considered by jurors in determining the defendant's level of 'reprehensibility.' … 'Ultimately, I don't think this is going to be very significant. The Court was slaying dragons that don't exist,' said Robert Peck, who argued the case on behalf of Mayola Williams, widow of longtime Oregon smoker Jesse Williams, whose estate won the case against Philip Morris. On remand to Oregon, Peck said, the case could still result in a significant punitive damage award." The Times notes, "The ruling also disappointed some business groups because it explicitly stopped short of setting numerical limits on excessive punitive damages -- a holy grail for critics of the tort system. The Court's sidestep caused some tobacco-company stocks to dip on Wall Street after the ruling."

The Christian Science Monitor (2/21, Richey, 59K) notes "the US Supreme Court struck down the verdict because it said the jury violated due-process protections when it sought to punish the tobacco company for injuries suffered by nonparties to the litigation," while the Washington Post (2/21, A1, Barnes, 690K) says that "in sending the case back to Oregon courts for further litigation, the justices sidestepped a decision that industry had most wanted: whether to set a solid cap on how much could be awarded for punitive damages, perhaps based on a specific ratio to the actual damages done to the individual who brought the suit. Still, business advocates praised the decision."

The Wall Street Journal (2/21, A2, Bravin, O'Connell, 2.04M) calls the ruling "another boon for corporate defendants. But it wasn't the knockout blow against punitive damages that business had sought." The ruling "turned on the court's finding defendants can't be punished for harms suffered by consumers who aren't party to a lawsuit. But the justices refused to impose a formula, sought by business groups, that would limit punitive-damage awards."

ABC World News (2/20, story 2, 2:20, Greenberg, 8.78M) said "lawyers supporting Philip Morris said the ruling will stop runaway jury awards. Not only in tobacco cases, but in other types of lawsuits, including those for defective drugs and automobiles." Theodore Boutrous, Product Liability Advisory Council: "This, along with the court's previous decisions, help significantly bring fairness to the system." But "Robert Peck, a lawyer for Mrs. Williams, says the award was fair. And predicted a lower court will reinstate it, even under the new standard." Peck: "You still can say look how many Jesse Williams there are out there. This was massive misconduct on a scale that requires significant award."

The CBS Evening News (2/20, story 4, 2:40, Andrews, 7.66M) reported, "What is most likely to happen now is a new jury instruction will have to go out in cases where companies have lost, and the jury instruction will be something like you can't punish this company for all the other people it hurt even though it might have hurt other folks. You can't add to the money. That's likely not to eliminate huge jury verdicts but will probable diminish a lot of them."

The New York Times (2/21, Greenhouse, 1.16M) reports, "What happens next in this lawsuit may provide an early indication of the practical significance of the court's ruling, as far as it went. The case now goes back to the Oregon Supreme Court, which has options ranging from reinstating the award to ordering a new trial. The original trial

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of the suit, brought by Mayola Williams, whose husband, Jesse, died of lung cancer after smoking two packs of Marlboros a day for 45 years, took place in 1999." Sheila L. Birnbaum, a punitive damages specialist with Skadden, Arps, Slate, Meagher & Flom in New York, "said the court was requiring jurors to 'unring the bell' in a way that might prove difficult. 'It's very hard for jurors to disregard something they have heard,' she said." The Washington Times (2/21, Lopes, 88K) and Los Angeles Times (2/21, Savage, 850K) runs similar stories.

More Commentary. The New York Times (2/21, 1.16M) editorializes that the ruling "is a win for corporate wrongdoers. It stretches the Constitution's guarantee of due process in a way that will make it easier for companies that act reprehensibly to sidestep serious punishments." It also "provides unsettling new evidence that the court is more concerned about -- and more willing to protect -- the powerful than the powerless."

The Wall Street Journal (2/21, 2.04M) writes in an editorial, "The Supreme Court dealt another blow against runaway tort damages," and "maybe next time the Justices will go even further and provide some clearer guidance to lower courts." The Journal adds, "In any case, inflicting gigantic damages in civil cases without standards to guide either judges or juries are a real problem, despite what Justices Thomas and Scalia seem to believe. And in ruling that standards have to be applied in how these cases are argued -- and not only in the number that is finally arrived at -- the Court may have hit upon an important area for reform. But thanks to the Court's willingness to split too many differences, Philip Morris can't exhale just yet."

Five Indicted In Georgia On Health Care Billing Fraud Charges. The Atlanta Business Chronicle (2/20) reported, "A federal grand jury handed down two separate health-care fraud indictments today, charging a total of five health-care providers with fraudulently billing approximately $6 million, principally for a back pain procedure. According to the U.S. Attorney's office, Howard Berkowitz, 59, of Atlanta; Arthur Hargraves, 66, of Douglasville; and Daniel Puffenberger, 51, of Kissimmee, Fla., were each charged with five counts of health care fraud that they allegedly committed as owners of the Associated Spinal Care Network in Douglasville. … In another indictment, William Stearns, 45, of Marietta, Georgia, and Steven Levine, 50, of Roswell, were charged with health-care fraud and other violations that they allegedly committed as owners of the Comprehensive Care Medical Group in Marietta." The Chronicle noted, "The cases are being investigated by the FBI."

Doctors, Clinic Administrators Indicted In California Medicare Fraud Scam. The Los Angeles Times (2/15, Hanley, 850K) reported, "Nine doctors, six healthcare administrators and three associates were indicted…in a scam in which doughnuts, candy and other gifts were used to lure elderly and mentally ill patients into more than $12 million worth of unnecessary respiratory treatments that were fraudulently billed to Medicare, federal officials said. … The indictment alleges that doctors paid kickbacks to board-and-care administrators and other associates known as 'cappers' to gain access to residents, then ordered respiratory treatment for those residents regardless of whether they were suffering from such conditions. Therapists were paid to treat the residents, who were enticed with sodas, candy and doughnuts, authorities say."

The Orange County Register (2/15, Bernhard) reported, "Administrators at the facilities were typically paid $100 per resident they referred to the recruiter, federal prosecutors said. … All 18 defendants are expected to be arraigned March 19 in U.S. District Court in Santa Ana. The defendants face a maximum 10-year federal prison sentence for each health care fraud count, 20 years for each money laundering count and five years for each conspiracy count. The investigation was conducted by the FBI, the U.S. Postal Inspection Service and the IRS."

CIVIL RIGHTS:

Gonzales Announces New Program To Protect Religious Freedom. The AP (2/21, French) reports from Nashville, TN, "U.S. Attorney General Alberto Gonzales told Southern Baptists on Tuesday the Department of Justice is launching a new program to protect Americans from religious discrimination." The AP continues, "Gonzales said the First Freedom Project would increase education about religious discrimination by holding a series of training seminars throughout the country over coming months. … He also plans to create a Religious Freedom Task Force, which will review policies and religious discrimination cases. He said he doesn't yet know how much the program will cost. … 'One of our most cherished freedoms ... is our religious freedom,' he told leaders of the Southern Baptist Convention, the nation's largest Protestant denomination, in Nashville. 'It is a fundamental part of our nation's history.'" The AP adds, "The first training seminar will be held in Kansas City, Mo., in March, followed by seminars in Tampa, Fla., in April and Seattle, Wash., in May. Other dates and locations will be announced later. … As part of the new program, the Justice Department is also launching a Web site http://www.firstfreedom.gov, with information on enforcement and how to file a religious discrimination complaint." The AP notes, "On Tuesday the Justice Department also released its report on Enforcement of Laws Protecting Religious

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Freedom, which highlights the number of religious discrimination cases reviewed or investigated by the Department of Justice for fiscal years 2001-06 compared to 1995-2000. … Gonzales said the report shows the Department of Justice has looked into more religious discrimination cases under the Bush administration."

The Nashville Tennessean (2/21, Wadhwani) reports, "Saying the government has not always paid enough attention to religious discrimination, the country's top law enforcement official picked a gathering of Southern Baptist leaders in Nashville on Tuesday to announce a renewed push to protect religious freedoms." The Tennessean continues, "U.S. Attorney General Alberto Gonzales announced the establishment of a new Religious Freedom Task Force and stepped up enforcement efforts. … The Department of Justice's 'First Freedom Project' will review religious discrimination complaints, hold seminars to educate religious leaders about how to file complaints and launch a Web site with information on religious liberty laws, Gonzales said. … Local civil libertarians greeted the announcement with skepticism. If the First Freedom Project was meant to protect the religious freedoms of all Americans, why was it announced only to a room full of Southern Baptists, asked Hedy Weinberg, executive director of the Tennessee branch of the American Civil Liberties Union. … 'Why was just one particular religious community there?' she said. 'Religious freedom is a right all of us hold dear ... You'd think you'd want the rainbow of religious beliefs represented.'" The Tennessean adds, "Gonzales told reporters that he chose a meeting of the nation's largest Protestant denomination because, 'this is a group that's very interested in religious freedom.' … The gathering is a 'receptive audience that would appreciate' his message, he said."

Judge Schedules Thursday Hearing On Seale Motion To Dismiss. The AP (2/21, Elliott) reports, "A federal judge will hear arguments Thursday in reputed Ku Klux Klansman James Ford Seale's motion to dismiss kidnapping charges against him in the 1964 slayings of two black men. U.S. District Judge Henry T. Wingate scheduled the hearing for 8:30 a.m. at the federal courthouse in Jackson." The AP notes, "Seale and reputed KKK member Charles Marcus Edwards were arrested in 1964. But the FBI -- consumed by the search for three civil rights workers who had disappeared from Neshoba County that summer -- turned the case over to local authorities, who promptly threw out all charges."

Two California Prison Guards Charged With 2002 Beating, Cover-Up. The Riverside (CA) Press-Enterprise (2/21, Austin) reports, "A federal grand jury indicted two officers at the men's prison in Chino on Tuesday on accusations they hurled two shackled inmates to the ground and filed a false report to cover up the incident almost five years ago." The P-E continues, "Officer Robert McGowan, 37, of Apple Valley, and Sgt. Thomas Ramos, 50, of Montclair, were named in a three-count indictment stemming from a May 2002 incident that left two inmates with minor injuries. … Attorneys for the Department of Justice allege McGowan pulled two shackled inmates from a van and allowed them to fall to the ground after an altercation between the inmates and officers. Because of the shackles, the inmates were unable to protect themselves from the fall." The P-E adds, "Two weeks later, according to the attorneys, Ramos filed a false report to his boss. He claimed one of the inmates merely slipped even though he had been told that McGowan assaulted the shackled prisoner, charged the U.S. attorneys. … McGowan faces 20 years in prison on two counts of deprivation of rights under color of law, and Ramos faces 10 years on one count of obstruction of justice if convicted." The P-E notes, "Though nearly five years passed before Tuesday's indictment, the incident created a legislative stir in 2003 amid concerns of prisoner abuse, coverups by guards and dysfunction in the department's internal affairs investigative system. … The California Inspector General ordered the corrections department to hand over its files on the case to the Justice Department, said Bill Sessa, a spokesman for the California Department of Corrections and Rehabilitation. … McGowan and Ramos are scheduled for arraignment in March, said Thom Mrozek, spokesman for the U.S. attorney's office. … These kinds of cases are rare because it's necessary to prove the officer intended to violate the inmate's civil rights, Mrozek said. … 'The constitutionally protected rights of every citizen is something we take very seriously,' said Mrozek. 'You have the right to be free from assault -- even in prison.'"

DOJ Asked To Intervene In New Jersey Beach Access Dispute. The Asbury Park (NJ) Press (2/21, Williams) reports, "Long Branch (NJ) is waiting to hear from the state Department of Environmental Protection on its boardwalk improvement project." The Press continues, "A senior citizen from Ocean Boulevard is appealing to the U.S. Department of Justice to enforce requirements of the Americans with Disabilities Act in connection with oceanfront beach access. … Austin Gelzer, 80, had come before the City Council Jan. 23 to ask for help with beach access, and although officials said they would study the issue, they made no promises. … So Gelzer returned Feb. 13, determined to go to the Justice Department after having completed a complaint form that will go before the Civil Rights Division." The Press adds, "Gelzer is filing the complaint, he said, 'in the name of the disabled residents of Long Branch who have been denied access to the beach and public restrooms, and

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to some degree, sufficient parking facilities.' … Gelzer said the city was required, beginning in January 1995, to provide such accommodations. … On July 28, 2005, Gelzer met with City Business Administrator Howard Woolley Jr. and presented him with a petition signed by 150 people, protesting the lack of beach access. … Woolley said then the city could not afford to make improvements without the infusion of some $12 million promised by K. Hovnanian, the proposed developer of Beachfront South. … Mayor Adam Schneider has said the city will improve the steep access staircase, which is an annual necessity, but noted a sweeping boardwalk rebuilding program is set to begin within the next 12 months. … Schneider said even if the Justice Department ruled in Gelzer's favor, the city still would not be able to design and engineer a new ramp, get it approved by the DEP, and installed by Memorial Day."

Pro-Life Activists Highlight Survival Of Premature Baby. ABC World News (2/20, lead story, 2:40, Gibson, 8.78M) reported on the delayed release from the hospital of premature baby Amillia Taylor, "born last October, after just 21 weeks and 6 days in the womb. That, we believe, is a shorter period of gestation than any other infant that has ever survived. The fact that she has survived and grown to more than four pounds is about to go home is a miracle, yes. But a miracle that may have an affect over the debate over abortion." ABC (Harris) added, "Until now, the story of Amillia Taylor was a medical and human interest story. But today, it became a political story, as well." Despite the "fact that she's had some respiratory and digestive problems, her doctor says Amillia's prognosis is excellent." For "anti-abortion activists Amillia is a national poster child today they promised to hold her up as an example in future debates over restricting abortion. Only one state, North Carolina, explicitly prohibits aborting a fetus at the stage Amillia was born. Twelve states permit abortion at that point. Twenty-three leave it to a doctor to decide whether the fetus is viable and in 14 state there's are no laws on the books that would prevent such an abortion." Tony Perkins, Family Research Council: "As we see, with the advancement of medical technology, we have children surviving outside the womb younger and younger. And it really brings into focus how valuable and how precious this human life really is." Harris: "Bioethicists we spoke with today argue that Amillia is a miracle baby, and that it's unwise to change public policy based on miracles."

The CBS Evening News (2/20, story 12, :25, Mitchell, 7.66M) reported the story without playing up any political angle, noting, "Doctors say she is the earliest born preemie ever to survive. She'll be staying in the hospital a bit longer. Amelia Taylor was born in October at just under 22 weeks. She weighed less than 10 ounces, smaller than a can of soda. She's now four and a half pounds."

Dallas Settles Jail Mistreatment Suit. The AP (2/21, Curry) reports from Dallas, "County officials approved a nearly $1 million settlement Tuesday with the families of three mentally ill inmates who were denied medication while in the country's seventh-largest detention complex." The AP continues, "Just over half of the award went to James Mims, a Dallas County jail inmate whose psychiatric medications were withheld for two months in 2004, his attorney David Finn said. Mims also nearly died when water was shut off in his cell for two weeks. … 'They could just not afford to have this case go before a jury'" Finn said. … Commissioners approved the $950,000 agreement without discussion." The AP adds, "The federal civil rights lawsuit was filed in December 2004 on behalf of inmates Mims, Kennedy Nickerson and Clarence Lee Grant Jr., who died in custody. … Grant, who had paranoid schizophrenia, was found dead in his cell after not receiving medicine for five days in 2003, according to court records. An autopsy showed he died from complications of diabetes, pneumonia and other ailments. … Nickerson, who also has paranoid schizophrenia, was released from jail in 2003 without medication. A few days later he was found on the street dehydrated, suffering from fever and seizures, court records show. … The U.S. Department of Justice told the county in December that the jail violates inmates' rights by failing to provide adequate medical and mental health care, and warned that a lawsuit could be filed if the problems weren't fixed."

Judge Declares Schwarzenegger's Prisoner Transfers Illegal. The Los Angeles Times (2/21, Warren, 850K) reports, "A Superior Court judge ruled today that Gov. Arnold Schwarzenegger acted illegally by declaring an emergency in California's overcrowded prisons and transferring inmates to other states. The ruling by Judge Gail Ohanesian says the governor violated the Emergency Services Act and the state constitution, and that contracts sending prisoners to lockups in Tennessee and Arizona are illegal." The judge's order "is stayed for 10 days, giving the state time to file an appeal." Ohanesian's ruling "is a major setback for Schwarzenegger as he grapples with an escalating crisis in the state's jam-packed prisons."

Writer Hopes Next Generation Makes Greater Racial Strides. In an op-ed for USA Today (2/21, 11A), Bruce Kluger, a contributing editor for Parenting magazine, writes, "(A)s we celebrate Black History Month, I wonder: What kind of responsibility do we parents have in educating our children about the sad legacy of racism that has run through our nation's life like a persistent electrical current? Do we bequeath that shame to our kids out of a sense of

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obligation, charging them with the task of carrying the long, hard fight of our troubled heritage into a new era? Or do we quietly give thanks for their blissful naiveté — their lucky late-century birth — and hope that the deeper sense of fairness that is already evident in their new generation may take root in America's future? Do we leave well enough alone?" Kluger continues, "To be sure, our country is experiencing a transformation that would have been unimaginable half a century ago. … Our last two secretaries of State have been African-American (likewise, both 2007 Super Bowl head coaches); our most talked-about presidential candidate is black; people of color populate executive suites and statehouses across the country in increasing numbers. And the only conversation about race that seems to interest Major League Baseball anymore is the one about the pennant. … Yet just because America's more notorious racial injustices are thankfully behind us — the segregated lunch counters, the unconscionable lynchings, the ignominious Jim Crow laws — thick capillaries of discrimination continue to pulse beneath our national skin. These lingering vestiges of that old-time racism are, in many ways, just as insidious as those we thought we'd thrown off with the great civil rights acts of the '60s, if only because they are more cleverly cloaked from view." Kluger adds, "Blacks continue to be shut out of polling places because of dubious technicalities. Families of color continue to carry a disproportionate share of our country's worst afflictions — from poverty and unemployment to teen pregnancy — at national rates that have consistently remained two to three times that of whites for the past 20 years. Minority youth continue to be isolated, not embraced, by our education system, despite the efforts of No Child Left Behind. And in November, another unarmed black man was killed in a hail of police bullets, just a subway ride from where my daughters go to school. It was a flashback to the bad old days. … This, to me, is what Black History Month is really about — a time to step back and measure our growth as a nation against the work that remains to be done. … We haven't yet reached Martin Luther King's mountaintop in America. But I have to believe that our children may one day take us there."

ANTITRUST:

DOJ Orders Mittal To Sell Maryland Steel Mill.

The Washington Post (2/21, D1, Huslin) reports, "The Justice Department yesterday ordered international steel conglomerate Arcelor Mittal to sell off the venerable Sparrows Point mill near Baltimore, to preserve competition in the eastern U.S. tin mill market." The Post continues, "The divestiture of the 116-year-old plant, which in its heyday was the world's largest steelmaker, is not expected to have an immediate impact on its workforce or operations, union officials said. The plant once employed 30,000 people at the mill and nearby shipyards, and produced millions of tons of steel for guns, airplanes and warships during World War II." The Post adds, "Justice Department officials ordered the divestiture of Sparrows Point as a condition of Mittal Steel Co.'s $33 billion acquisition of Arcelor SA. The department had originally called for the Dutch company to spin off a Canadian subsidiary that makes tin mill products. But after that deal proved impossible for legal reasons, the Justice Department said Mittal would have to sell one of its other mills -- Sparrows Point or its plant in Weirton, W.Va. … Yesterday, the department decided it should be Sparrows Point, which manufactures rolled steel sheets primarily used to make cans for food, aerosols, paints and other products. Unlike Weirton, Sparrows Point produces the steel slabs used to manufacture tin mill products and would not have to develop new supply sources for the material if Mittal sold it, Justice Department officials said. … 'With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved,' said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division."

The AP (2/21, Dishneau) reports, "The proposed consent decree would allow Chicago-based Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, used primarily for food and aerosol cans." The AP adds, "Chicago Heights, Ill.-based Esmark Inc. said it might consider a joint venture to buy Sparrows Point if the Weirton mill is unavailable, and industry experts said a number of German, Indian and Russian companies are shopping for North American steel mills." The AP notes, "The United Steelworkers union, which represents the 2,106 production workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal. … The Justice Department said in a statement that a sale of the profitable Sparrows Point plant, with its deep-water port access, diversified equipment and production capacity of 500,000 tons of tin-plated products annually, would 'most reliably remedy the anticompetitive effects' of Mittal's merger with Luxembourg-based Arcelor. … Justice officials initially ordered Mittal to try to sell another mill, Dofasco Inc. of Canada. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. That left either Sparrows Point or the former Weirton Steel Corp. in Weirton, W.Va., Mittal's two U.S. tin-plated steel mills."

The Baltimore Sun (2/21, Connolly) reports, "For the third time in as many years, Sparrows Point is up for sale. And this time it's a rush job. … The Justice Department wants the sprawling Baltimore County steel plant to be under new ownership within 90 days to make sure that its current boss, Mittal Steel Co. NV, does not have too much control over the market for tin plate used to make cans for foods,

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aerosol sprays, paints and other products." The Sun adds, "Netherlands-based Mittal, which is merging with Luxembourg-based Arcelor SA in a $33 billion deal to create the world's largest steelmaker, had wanted to sell its Weirton W.Va., plant instead. … Selling Sparrows Point, an integrated manufacturer that can make steel from scratch, rather than the Weirton plant 'most reliably' addresses antitrust concerns, Thomas O. Barnett, the assistant attorney general in charge of the department's antitrust division, said Tuesday in a statement announcing the order. … 'Sparrows Point is a profitable and diversi fied facility' and 'unlike the Weirton mill, would not have to develop new sources of supply for this critical input upon its separation from Mittal Steel,' the Justice Department said. … Mittal cannot appeal the order but could be granted up to 60 more days to find a buyer, according to a Justice Department spokeswoman. The Justice Department would have to sign off on any deal."

AFP (2/21) reports, "The US government last August had approved Mittal's acquisition of Arcelor on the basis that Arcelor divested a Canadian company it owned called Dofasco Inc. … However, Arcelor was unable to divest the Canadian group due to ownership hurdles, and the Justice Department has now opted to require Arcelor to divest the Baltimore steel mill instead to satisfy US merger concerns."

Mill Expected To Draw Interested Potential Buyers. The Wall Street Journal (2/21, A4, Glader) reports, "Mittal Steel Co., ordered by the Justice Department to sell a plant in Maryland, is expected to draw bids from major companies in China, Russia and India as the number of plants for sale is dwindling." The Journal continues, "The Sparrows Point plant, near Baltimore, is more accessible than inland operations for imports of raw materials and exports of steel. It can produce about 3.9 billion tons of steel a year, including 500,000 tons of tin plate used to make cans for food, aerosols, paints and other products, and it could fetch upwards of $1 billion. … Sparrows Point 'has not been consistently profitable,' says New York-based steel analyst Chuck Bradford of Bradford Research/Soleil. 'But at least it is on the water, so it can bring in raw materials at a reasonable price.'" The Journal notes, "Bidders could include JSW Steel Ltd. or Ispat Industries Ltd., both based in India, or Russia's Evraz Group or OAO Severstal Group, both of which already own U.S. operations. China's Wuhan Steel Corp. and Anshan Iron & Steel Group Corp. also have a good deal of cash and are considering expanding. … Other potential bidders are Germany's ThyssenKrupp AG, which was unsuccessful in buying Canada's Dofasco Inc., and Brazil's Cia. Siderurgica Nacional, which failed in its attempt to buy Wheeling-Pittsburgh Corp."

Fate Of Weirton Mill Remains Uncertain. The Wheeling Intelligencer (2/21, Hanson) reports, "Mark Glyptis is keeping a positive attitude despite a big letdown Tuesday for his Independent Steelworkers. … Glyptis, president of the union which represents workers at Mittal's Weirton facility, said his union members are disappointed the Justice Department did not choose Weirton to be sold, as the tin mill has not benefited from being owned by Mittal Steel. … However, Mittal may still decide to sell Weirton, he noted. … 'We need to meet with senior officials with Mittal Steel to determine what that means to us and to Weirton,' Glyptis said of Mittal selling Sparrows Point." The Intelligencer adds, "Chicago-based Esmark Steel already has a nonbinding agreement with Mittal to purchase Weirton. However, before any deal is finalized, Esmark must have the ISU's blessing to purchase the Weirton mill. A former International Steel Group executive, Mitchell Hecht, also wants to purchase Weirton. … Meanwhile, according to the Associated Press, Esmark said it may consider a joint venture to buy Sparrow's Point if the Weirton Mill is unavailable. … Esmark President Craig Bouchard said his company would prefer to buy Weirton, but he wouldn't rule out the possibility of acquiring Sparrows Point."

The Pittsburgh Tribune-Review (2/21, Mortimer) reports, "Glyptis said he will meet with senior Mittal Steel exectives soon, and said he would try to ascertain their plans for Weirton. 'I don't know what their plans are,' he said. 'They can still divest Weirton.'" The Tribune-Review adds, "Glyptis said he volunteered to have Weirton sold because the mill has failed to thrive under Mittal's stewardship. 'We wanted to be sold because we feel our assets could be utilized at a higher rate,' he said. … The United Steelworkers union, which represents the 2,106 workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal. … 'The decision is unfortunate. It makes Mittal not as strong as it could be and does not assure Sparrows Point or Weirton a secure future,' David R. McCall, chairman of the union's Mittal Steel committee, said in a statement."

The Pittsburgh Post-Gazette (2/21, Boselovic) reports, "Despite the decision, which seeks to alleviate antitrust concerns raised by the merger of Arcelor and Mittal, the world's two largest steel producers, Esmark Chairman and Chief Executive Officer James P. Bouchard said he remains interested in purchasing some of Weirton's operations as well as the Sparrows Point, Md., plant that Arcelor Mittal was ordered to sell. … Mr. Bouchard was meeting at Weirton with representatives of that plant's Independent Steelworkers Union and the United Steelworkers union, which represents Wheeling-Pitt workers, when they learned of the decision." The Post-Gazette adds, "Mittal's acquisition of No. 2 Arcelor has raised concerns about a tightly controlled market for tin-coated sheet steel used in food cans and other contains. Even before the merger, Mittal and another steelmaker accounted for more than 74 percent of tin mill product sales in the eastern United States, Justice Department officials said. The other producer is U.S. Steel. … Sparrows Point, formerly

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operated by Bethlehem Steel, can produce more than 500,000 tons of tin product annually."

The Chicago Tribune (2/21, Miller) reports, "A ruling Justice Department antitrust authorities disclosed today promises to complicate Chicago-based Esmark Inc.'s expansion effort." The Tribune continues, "The fast-growing steel-distribution company has been expanding into steel production and it is currently in the process of acquiring a West Virginia steel maker known as Wheeling-Pitttsburgh Corp., through a 'reverse merger' that will turn closely held Esmark into a publicly traded company. … In addition to Wheeling-Pitt, Esmark has been making overtures to acquire Weirton Steel, based in Weirton, West Virginia." The Tribune notes, "Weirton has been thought to be potentially available because of Justice Department concerns linked to the pending mega-merger between the world's two biggest steel makers, Arcelor S.A. of Belgium and Netherlands-based Mittal Steel. … In August, the Justice Department -- which routinely reviews corporate mergers to see if they would damage marketplace competition -- agreed that it sign off on the Arcelor-Mittal combination if Mittal agreed to divest a steel mill that supplied certain products to the eastern U.S. … Under that so-called 'consent decree,' the Justice Department had the right to select for divestiture either Mittal's Weirton mill or Mittal's Sparrow's Point plant near Baltimore. … Most observers had figured that Weirton would be the plant to be jettisoned; that's why Esmark had been publicly expressing interest and holding talks with the plant's union management. … Today, however, the department's antitrust division unexpectedly said Mittal must shed the Sparrow's Point, Md. operation."

Fate Of Radio Merger Hinges On Market Definitions. The Wall Street Journal (2/21, B4, Schatz, Wilke) reports, "Federal approval of the proposed $11.4 billion merger of XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc. will hinge on how regulators define the companies' market." The Journal continues, "If Justice Department antitrust enforcers find a distinct market for satellite radio, the deal could be dead, because it would create a monopoly. But if the market instead includes the traditional radio industry, iPods and Internet radio, as the companies argue, the deal could win approval, though not without conditions." The Journal adds, "In a preview of the battle that will play out in Washington in months to come, consumer advocates and some lawmakers said yesterday that the deal will stifle competition and should be stopped. Sirius and XM countered that they need the deal to compete with other forms of audio entertainment. They say they face stiff competition from AM and FM radio, with 280 million listeners, as well as the hot new digital-music market, with more than 100 million iPods already sold. They even cite rising competition from music-enabled mobile phones and Internet radio. … History doesn't offer much encouragement for this argument. A similar merger between two satellite-television companies -- Hughes Electronics Corp. and EchoStar Communications Corp. -- was shot down in 2002. At the time, the TV companies argued that the $18 billion deal was needed to combine efforts to fight off strong competition from cable companies. But the Federal Communications Commission rejected the deal even before the Justice Department could act, saying it raised the risk of "immediate and substantial" harm to consumers through higher prices and less competition, particularly in rural areas that aren't served by cable companies. … In contrast, XM and Sirius are arguing, satellite radio competes with all forms of audio entertainment. In meetings with the regulators and on Capitol Hill, the companies will press this sweeping market definition. The broader the market, the more likely a deal will be approved: When Coca-Cola Co. sought to buy Dr Pepper in the mid-1980s, its experts argued in court that their market should include not just soft drinks but all potable liquids sold in North America, including water. The approach was dubbed the 'Lake Erie defense.' (The deal was opposed by regulators and eventually scotched.)"

The Washington Post (2/21, D3, Babington, Birnbaum) reports, "Winning approval for a proposed merger of the nation's two satellite-radio companies turns on whether regulators buy their argument that iPods, Internet radio and other new technologies have expanded so dramatically that a monopoly would not harm consumers' choices or purses." The Post continues, "It may be a difficult argument to win, but XM Satellite Holdings and Sirius Satellite Radio's officers say it's worth the gamble and have assembled an expensive and experienced team of lobbyists to aid them in the fight. Alone, the companies have suffered heavy losses and spent heavily on recruiting personalities such as Howard Stern and Oprah Winfrey and on marketing to compete against each other." The Post adds, "Now, New York-based Sirius and XM of the District are lining up some of the best-known and highest-paid lawyers and lobbyists, while competitors and consumer groups vow to fight back. The biggest potential roadblock for the merger is a 1997 Federal Communications Commission declaration that a single owner may not control the subscriber-only satellite radio business. … But the advance of technologies such as iPods and other MP3 players, music-playing cellphones and land-based radio stations with digital broadcasts offer so much music, news and talk that the competitive climate is radically different and the FCC should waive the 1997 rule, Sirius chief executive Mel Karmazin said in a conference call yesterday. 'Consumers today have a significantly broader range of audio entertainment options from which to choose,' he said. … All those new devices, however, are not directly analogous to satellite radio, and Karmazin's plea is a tough sell, said Chad Bartley, an analyst

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for Pacific Crest Securities. XM and Sirius provide 'the only paid-radio service out there,' he said, and regulators may be loath to turn them into a monopoly. He rated the chances for merger approval at 'less than 50-50.'"

The Financial Times (2/21, Chaffin) reports, "Sirius Satellite Radio and XM Satellite Radio yesterday portrayed themselves as two small players in an expanding and highly competitive consumer audio market as they sought to win over regulators for their planned merger." The Times continues, "In a conference call with investors, executives from the companies argued that technology had created an array of new competitors for their services beyond traditional free radio, including portable music devices, mobile phones capable of playing music, internet radio services, personal computers and others. … 'Competition in this market is robust, and we're seeing new entrants on a regular basis as disruptive technologies continue to emerge,' said Gary Parsons, chairman of XM, adding that satellite radio was still 'a small player by comparison'." The Times adds, "Antitrust concerns have shaped up as the biggest hurdle to an $11.4bn deal, not including debt, that would unite the two companies. When they were awarded broadcast licences a decade ago, the Federal Communications Commission mandated that neither company could own both satellite licences. … Following the deal's announcement on Monday, Kevin Martin, the FCC chairman, reminded the companies that the hurdle for approval would be 'high' given that provision."

Market Watch (2/21, Schroeder, Wilkerson) reports, "A month ago, the chairman of the Federal Communications Commission said a tie-up between satellite radio companies XM and Sirius wouldn't get past his agency. On Monday, the chiefs of those companies decided to challenge that vow." Market Watch continues, "Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. said Monday they were taking their proposed marriage to stockholders and regulators to get an OK for a combination worth $13 billion and the ears of 14 million paid subscribers. … It's a bold challenge: On Jan. 17, FCC chief Kevin Martin had said agency rules would prohibit 'one entity owning both of those [satellite] licenses.' … After the merger was announced, Martin issued a strongly worded statement reiterating his concerns. … 'The hurdle here ... would be high as the commission originally prohibited one company from holding the only two satellite radio licenses,' he said. 'The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.'" Market Watch notes, "The Sirius-XM combination would follow directly on the heels of the hotly debated merger between AT&T Inc. and BellSouth. The five-member commission of the FCC wrangled for nine months over whether to approve that deal, suggesting a similar combination of two big firms would have to endure the same withering scrutiny. … In AT&T's case, though, the company had the support of Martin, a Republican close to the White House. Sirius and XM not only face skepticism from the FCC chairman but probably from the panel's two Democrats, each of whom has been critical of media consolidation. The Democratic takeover of Congress probably doesn't help the cause of the satellite merger partners."

CNET News (2/21, Mills) reports, "Executives at Sirius Satellite Radio and XM Satellite Radio seem to think they have a better chance at turning a profit as one giant company than as bare-knuckled competitors." CNET continues, "The companies, struggling to reach profitability, announced Monday that they agreed to an all-stock "merger of equals," with shareholders of each company owning 50 percent of the combined company. XM shareholders would receive 4.6 shares of Sirius for each of their XM shares, setting the value of XM at about $5 billion. Sirius Chief Executive Mel Karmazin and XM Chairman Gary Parsons would both retain their titles, but for the combined company. … But getting federal regulators to sign off on the merger won't be easy, and perhaps in an effort to make walking away from the deal easier, the companies have not said what the name of the combined entity would be or where it would be located. The companies expect the transaction to be completed by the end of this year. There are plenty of questions about how this will play out in the coming months:" CNET notes, "The U.S. Department of Justice and the Federal Communications Commission must grant approval, posing a significant challenge. Because Sirius and XM are the only two satellite radio providers operating in the country, their merger would effectively create a monopoly. Federal legislation bars both satellite radio licenses from being owned by the same company to guard against high prices and other negative effects on consumers. … The defense (of the merger) will likely hinge on the definition of 'competition in the digital audio marketplace.' In announcing their merger plans, Sirius and XM said they faced competition from free "over-the-air" AM and FM radio, as well as from iPods and mobile-phone streaming, HD radio, Internet radio and next-generation wireless technologies. Complicating the defense could be the lawsuit record labels have filed against XM alleging that devices that allow people to capture music from XM's broadcasts and turn them into MP3 files for storing and replaying, like the Pioneer Inno, infringe on copyright."

FCC Seen As Tougher Hurdle Than DOJ. The AP (2/21, Dunbar) reports, "When the Federal Communications Commission auctioned off two exclusive licenses to create the satellite radio industry 10 years ago, it did not mince words on whether the competing providers could merge. … The agency said that one licensee will 'not be permitted to acquire control' of the other. The clause was inserted to ensure 'sufficient continuing competition' in the new business, it said. … But when dealing with the FCC, one should never say never. … 'The FCC can undo anything it does,' said

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Andrew Schwartzman, president and CEO of the Media Access Project, a public interest law firm in Washington. 'However, when you change course, you need a good reason to do it.'" The AP adds, "The companies will have to gain approval from the Justice Department as well as the FCC. Justice typically goes first in satellite mergers. If it blocks the deal, it's game over. But Schwartzman said that is unlikely to happen. … 'My guess is this Justice Department will be willing to accept any plausible argument that is presented to it,' he said. 'The FCC is a much tougher case.'" The AP notes, "The Justice Department looks at how mergers affect competition. The companies will argue that since the industry was created in 1997, times have changed, and so has the market. It's no longer radio, it's 'audio entertainment,' which includes terrestrial radio, digital 'high-definition' radio that offers better sound and more stations, Internet stations and even Apple iPods. … The FCC's review is different. The airwaves are owned by the public. Therefore the law requires that any transfers of control of licenses be done only if it serves the 'public interest, convenience and necessity.'"

New Climate Gives Hope For Approval. The New York Times (2/21, Sorkin) reports, "Mel Karmazin, the chief executive of Sirius Satellite Radio, made a lot of phone calls seeking advice before he entered into a merger deal with XM Satellite Radio on Monday. … Maybe he should have called Charles W. Ergen, the founder and chairman of EchoStar Communications." The Times continues, "Mr. Ergen could have given Mr. Karmazin an earful about his failed effort to merge EchoStar with DirecTV four years ago, a deal that seems eerily similar to the one Sirius and XM have proposed. … Will the government see things differently this time? … Michael K. Powell, the former chairman of the Federal Communications Commission who blocked the EchoStar-DirecTV deal, is not so sure. … 'I do think it could get through, but I don't think it's going to be an easy one,' he said. 'It's going to be incumbent on the companies to demonstrate that the analysis in EchoStar-DirecTV is different.'" The Times adds, "In opposing that deal, regulators — both from the F.C.C. and the Justice Department — argued the merger would create a monopoly. EchoStar and DirecTV, on the other hand, argued that the market should be defined more broadly than simply satellite television and should encompass cable television operators and telephone companies providing video over phone lines. … When Sirius and XM announced their merger on Monday, they made a similar argument — that their market is much bigger than just satellite radio. … 'In addition to existing competition from free "over-the-air" AM and FM radio as well as iPods and mobile phone streaming, satellite radio will face new challenges from the rapid growth of HD Radio, Internet radio and next generation wireless technologies,' the companies said. … There is no question that times have clearly changed: a decade ago, the argument for a Sirius-XM merger would have never had a chance." The Times notes, "The Justice Department's surprising approval of Whirlpool's acquisition of Maytag — a deal that created the nation's largest manufacturer of appliances with more than 50 percent market share — has encouraged others to proceed with deals that might have seemed to pose regulatory problems. … But Sirius and XM should not necessarily take solace in the shifting attitude in Washington and the Whirlpool decision, some antitrust experts suggest, because the deal's fate may be decided by the F.C.C., which issued two sets of satellite spectrum to Sirius and XM in order to create competition."

USA Today (2/21) reports, "Wall Street sure likes the signals that Sirius and XM Satellite Radio are beaming about their merger plans." USA continues, "XM shares soared 10.2% to $15.41 and Sirius was up about 6% to $3.92 on Tuesday, the first day of trading after the companies announced their deal to create a single — and still unnamed — satellite radio power to be run by Sirius CEO Mel Karmazin. … Despite the boost, the prices reflect some wariness among investors about whether the merger will actually take place. The deal must be approved by each company's shareholders, as well as by antitrust officials. And the Federal Communications Commission will have to agree to change a merger ban that is part of the original agreement when the companies were formed."

Radio Heads Seen As Temperamental Opposites. The Washington Post (2/21, D1, Ahrens) reports, "In the radio industry, Sirius Satellite Radio chief executive Mel Karmazin is like Bono or Prince or Charo: One name is sufficient. Say 'Mel,' and everyone knows who you're talking about. … The same cannot be said of XM Satellite Radio Holdings Chairman Gary M. Parsons. That's why some say, if the proposed merger between the two satellite companies is approved by regulators, the two executives may work well together." The Post continues, "Under the proposed merger, Karmazin would be the chief executive of the combined company, with Parsons chairing the board. There is no role in the new company for current XM chief executive Hugh Panero, whose duties have diminished since the XM board appointed director Nate Davis as president and chief operating officer in July. … Karmazin and Parsons are opposite in temperament and style, said Tom Taylor, editor of Inside Radio, an industry trade paper. Karmazin can be electric; Parsons is more laid-back."

More Commentary. The Financial Times (2/21) editorializes, "Howard Stern, the shock jock, may be the self-styled King of all Media, but his employer, Sirius, was certainly not talking world domination in its proposed merger with XM. For the satellite radio deal, which will create a company with a $13bn enterprise value, hinges more than most on regulatory approval. Expect a lot of emphasis on underserved communities and consumer choice and the vast array of alternatives for listeners. There cannot be many

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media deals that generate a presentation that includes a slide highlighting how many US vehicle registrations there are." The Times continues, "The companies have a point. Competition from AM/FM radio as well as new services, from iPods to streaming music for mobile phones, are real challenges for satellite radio. But Sirius and XM do not just have to make the pure antitrust case, they also have to convince the Federal Communications Commission that the public interest is best served by changing the rules governing their operating licences. It is a gamble, but US business has pulled off far greater ones. … Having said that, this will be a lobbying bunfight. The broadcasters have already weighed in and the market is taking a cautious view: XM's shares traded up strongly, but not as high as would be implied by the sweet 22 per cent premium tacked on to the terms of what was presented as a merger of equals." The Times concludes, "The companies gave little detail yesterday, bar a range of values for the synergies that, at its higher level, would represent more than the market capitalisations of either company. That looks punchy given the time it may take to realise the benefits. But the economic rationale for merging is still compelling. If only Mr Stern's gift of the gab could be brought to bear in persuading the FCC into thinking the same."

The Wall Street Journal (2/21, 2.04M) editorializes, "As the Federal Communications Commission ponders the merits of allowing satellite radio companies Sirius and XM to combine, let's hope the ghost of another proposed merger haunts the proceedings. In 2002 the FCC blocked satellite television rivals EchoStar and DirecTV from joining forces on the grounds that allowing the merger would decrease competition and lead to higher prices. Michael Powell, the FCC chairman at the time, said the deal would create a satellite monopoly. In the event, regulatory intervention, based on an overly narrow definition of the market, has only led to unfulfilled promise in satellite broadband." On news of the radio deal, "FCC Chairman Kevin Martin remarked that the regulatory hurdles 'would be high.' If so, the agency might want to write more up-to-date regulations. The current 'digital audio radio service' rules date to the late 1980s, before high definition radio, iPods, Pandora.com, music file-sharing and other options existed. The media landscape has changed a bit since The Police split up."

SCOTUS Overturns $79 Million Antitrust Judgment Against Weyerhaeuser. The AP (2/21, Woodward) reports, "The U.S. Supreme Court threw out a $79 million judgment against Weyerhaeuser Co. on Tuesday, but the forest products giant could face a new trial on antitrust claims from a defunct sawmill." The AP continues, "Ross-Simmons Hardwood Lumber Co. of Vancouver, Wash. - which went out of business in 2001 - convinced an Oregon jury that Weyerhaeuser paid too much for alder logs it didn't need, with the goal of driving competitors out of business. … Under federal antitrust law, the jury's award was tripled to $79 million." The AP adds, "Supreme Court justices overturned that 2003 judgment in a 9-0 ruling Tuesday, saying Ross-Simmons must meet a stricter legal standard than the trial court originally allowed. … Writing for the court, Justice Clarence Thomas said Ross-Simmons should have been required to prove that its competitor had a dangerous probability of recouping the losses it incurred in bidding up prices. … The failure to satisfy that standard 'cannot support the jury's verdict,' Thomas wrote." The AP notes, "Weyerhaeuser applauded Tuesday's decision. … 'The Court's unanimous ruling sets a clear standard that permits companies to bid competitively for raw materials without risk of violating antitrust laws,' Weyerhaeuser Vice President Sandy D. McDade said in a statement. … But Mike Haglund, a Portland, Ore.-based lawyer for Ross-Simmons, said he expects to prevail again if the case eventually returns to U.S. District Court for a new trial. … 'We're going to have to go back and retry it under that new standard,' Haglund said. 'I don't think the result will change - we'll still win. But it is a tougher standard.'" The AP notes, "The Bush administration asked the Supreme Court to take the case, arguing that the San Francisco-based appellate court erred by setting a low and confusing standard that threatened to 'chill pro-competitive conduct by companies that bid aggressively.'"

Bloomberg (2/21, Stohr) reports, "The ruling is a victory for large U.S. companies, giving them more room to bid aggressively for raw materials and other supplies without the risk of violating federal antitrust laws. Dow Chemical Co., Verizon Communications Inc., Coca-Cola Co. and Microsoft Corp. were among the companies that supported Weyerhaeuser at the Supreme Court. … 'There are myriad legitimate reasons -- ranging from benign to affirmatively procompetitive -- why a buyer might bid up input prices,' Justice Clarence Thomas wrote for the 9-0 court." Bloomberg adds, "The case centered on a judge's instruction to jurors that they could award damages if Weyerhaeuser bought 'more logs than it needed' and prevented Ross-Simmons Hardwood Lumber Co. from acquiring logs at a 'fair price.' … The 9th U.S. Circuit Court of Appeals in San Francisco upheld the instruction, rejecting Weyerhaeuser's contention that it was too vague to provide meaningful guidance."

Market Watch (2/21, Anderson) reports, "The decision rejected a ruling by the 9th U.S. Circuit Court of Appeals, San Francisco, that had allowed the lawsuit against Weyerhaeuser to proceed under a broader standard. … 'Predatory pricing and predatory bidding claims are analytically similar,' Justice Thomas wrote, saying the legal theory advanced in lower courts 'cannot support the jury's verdict.'"

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Warner Moves Closer To Bid For EMI. The Wall Street Journal (2/21, A4, Patrick, Smith) reports, "Warner Music Group Corp. Chief Executive Edgar Bronfman Jr. has taken a step closer to realizing his long-held ambition to buy EMI Group PLC, persuading a small but well-organized group of independent record labels to end their opposition to such a purchase." The Journal continues, "Warner, the fourth-largest music company by revenue, yesterday said it approached EMI about buying the company a month ago, in what would be the fourth attempt in seven years to combine the music companies. EMI, the third-largest music company, confirmed the approach and said it was waiting for a formal offer. … The two companies have felt pressed to combine to cut costs in the face of flagging sales and to achieve sufficient scale to compete with their two much-larger rivals, Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG." The Journal adds, "It isn't clear how a Warner bid would be valued. EMI, whose stock has fallen recently after back-to-back profit warnings, has a market capitalization of £1.92 billion ($3.75 billion). Warner's market capitalization is $2.86 billion. … Crucially, Warner has reached an agreement with Impala, a trade group for independent European record labels, to end its opposition to a merger. Legal action by Impala derailed merger negotiations between Warner and EMI last year and threatened to disrupt a potential deal again. While it would be up to the European Commission to rule whether an EMI-Warner merger is anticompetitive, Impala's support makes approval more likely. U.S. antitrust authorities aren't expected to object because EMI doesn't have a strong position in the U.S. … Other hurdles to a deal also appear to be clearing. An antitrust decision on a related case -- the reconsideration of the 2004 merger of Sony's and Bertelsmann's music operations -- is due by summer. If approved, that will also remove one of the last impediments to an EMI takeover."

The Financial Times (2/21, Edgecliffe-Johnson) reports, "Warner Music has struck a truce with independent record labels that could clear the way for the US-listed group to make a $6bn (£3bn) bid for EMI and reset the balance of power in the music industry's negotiations with Apple and other digital distributors." The Times continues, "Warner has secured the support of the music companies' fiercest critic to revive merger talks with EMI, the British company behind Norah Jones and The Beatles. … No formal bid has been made and the terms of any offer are unclear but Warner said Impala, which represents independent music publishers and labels, had agreed to provide full and complete support for a Warner-EMI merger in front of regulators." The Times adds, "Warner has agreed to fund a digital rights licensing platform for independent music labels; to divest certain recorded music assets 'to reinforce the market power of the independent sector'; and to make other, unspecified commitments. … A two-year campaign by Impala led to last year's decision by the European Union's Court of First Instance to refer the 2004 clearance of the merger of Sony and Bertelsmann's recorded music businesses back to the European Commission. With the Commission expected to announce a second stage to its Sony BMG review within two weeks, Impala said it would not drop its opposition to the Sony BMG deal, or to Universal Music's purchase of BMG Music Publishing."

More Commentary. The Financial Times (2/21, Hill) editorializes, "It is not too late for love between EMI and Warner Music and, however preliminary and imprecise their latest approach, the Americans have sweetened it with a silky skill worthy of Norah Jones herself." The Times continues, "Warner has sought to soothe worries about regulatory approval - still the biggest uncertainty overhanging any deal between the two music groups - by ensuring the support of independent record companies and music publishers that were the deal's biggest opponents. Combined with worsening conditions in the recorded music industry, that should make the European Commission more sympathetic towards a deal this time round. … The timing looks good, too: Warner contacted the British company on January 24, before the second of EMI's two profit warnings, but, by uncanny coincidence, the approach has only now come to light with the shares battered down to levels last seen in the final quarter of 2005." The Times adds, "The recent history of disappointments at EMI makes it difficult to see Warner returning with a bid near 320p - the price on last year's abortive offer, abandoned following a European court decision that threw the Sony BMG deal back into Brussels' merger review process. EMI has also cut costs further since last summer presenting Warner with fewer possible savings. But if the US group is sensible, a bid that splits the difference with yesterday's closing share price and last year's offer would put Eric Nicoli, EMI's embattled chief executive, in an awkward position. … If he were to grab such an offer and the European antitrust authorities later decided to block a merger, then he would have used up his final shred of credibility with investors. On the other hand, if he spurned Warner's advances on the grounds that the regulatory risk remained too high, he might scotch shareholders' best hope of realising decent value from their investment."

FTC Clears Biomet Buyout. The AP (2/21) reports from Warsaw, IN, "Orthopedics maker Biomet Inc. on Tuesday said it received antitrust approval from federal regulators for its proposed $10.9 billion acquisition by a group of private investment firms." The AP continues, "Biomet said the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. … Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group

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agreed to buy Biomet in December for $44 per share." The AP adds, "The deal, which is expected to close by the end of October, still needs the approval of Biomet's shareholders."

EU To Fine Elevator Makers For Operating Price-Fixing Cartel. The Financial Times (2/21, Buck) reports, "ThyssenKrupp, Schindler, Kone and Otis - the world's biggest lift manufacturers - will today be punished and fined by the European Commission for operating a price-fixing cartel." The Times continues, "The European Union antitrust watchdog issued formal charges against the four groups in October2005, and according to several people familiar with the case will hand down its final ruling at a meeting in Brussels tomorrow." The Times adds, "Together, the groups control about two-thirds of the world market for elevators and escalators, with Otis, a unit of US group United Technologies, the market leader. … They are accused of operating a cartel in Germany, the Netherlands, Belgium and Luxembourg between 1998 and 2004. Tobias Buck, Brussels."

EU Gives Antitrust Nod For Freeport-McMoRan To Buy Phelps. The AP (2/21) reports, "EU antitrust regulators on Tuesday cleared Freeport-McMoRan Copper & Gold Inc. to buy Phelps Dodge Corp., a deal that would create the world's largest publicly traded copper company -- and the largest metals and mining company based in North America." The AP continues, "The European Commission said that combining the two U.S.-based companies would not significantly impede competition in Europe, identifying only limited overlaps between the two that would not cause antitrust problems for rivals, suppliers or customers. … The companies announced in November that Freeport-McMoRan would acquire Phelps Dodge for US$25.9 billion (euro20.17 billion) in cash and stock." The AP adds, "The cash portion of the transaction totals US$18 billion (euro14.02 billion), and Freeport-McMoRan said it would issue 137 million shares to Phelps Dodge shareholders. That would give them about 38 percent of the combined company on a fully diluted basis. Freeport-McMoRan's board will also be expanded to include three independent Phelps Dodge directors. … The merged companies will operate under the Freeport-McMoRan Copper & Gold banner, though businesses operating as Phelps Dodge will continue to do so."

South Korea Fines Nine Petrochemical Firms For Collusion. The Wall Street Journal (2/21, Nam) reports, "South Korea's Fair Trade Commission fined nine domestic petrochemical companies a combined 105.1 billion won ($112.2 million) for colluding to fix the prices of petrochemical products for more than 10 years." The Journal continues, "A total of 10 companies, including the country's largest refiner, colluded to coordinate the prices of polypropylene and high-density polyethylene between April 1994 and April 2005, the antitrust agency said in a statement. … 'The collusion has resulted in 1.56 trillion won in damages to consumers,' the commission said." The Journal adds, "The commission said Honam Petrochemical Corp., one of the companies involved in the price collusion, wasn't penalized because of its contribution to the commission investigation. … The commission said it has also filed a complaint with prosecutors for further investigation against SK Corp., LG Chem Ltd., Korea Petrochemical Industrial Co., Daelim Industrial Co. and Hyosung Corp."

ENVIRONMENT:

Nuclear Plant's Safety Margins Eroding, Officials Say. In a 1,600-word story, the Los Angeles Times (2/21, Vartabedian, 850K) reports from the Pantex plant, "[L]ately, outside experts are questioning" whether the facility's "safety margins are eroding. Federal investigators are trying to assess the overall safety of the plant ... amid troubling safety snafus and what employees call an atmosphere of intimidation." DOE "officials acknowledge that the plant has fallen behind schedule on reliability testing of weapons. Long delays have occurred in decommissioning thousands of surplus warheads to satisfy disarmament pacts. They also concede the plant has maintenance problems and has violated safety procedures. But they insist there is no danger of a conventional or nuclear explosion. 'Pantex is safe, no doubt,' said Marty Schoenbauer, the acting chief of [DOE's] nuclear weapons program." Outside experts, "union officials and watchdog groups say ... that safety has regressed since 2000 as the most knowledgeable senior safety experts of the Cold War era retire and the plant's condition deteriorates." The "problems at Pantex came to light in the fall after Danielle Brian, executive director of the Project on Government Oversight, a Washington watchdog group, wrote two letters to Bodman complaining about safety."

Maryland Approves Car Pollution Legislation. The Washington Post (2/21, A1, Rein, 690K) reports, "The House of Delegates overwhelmingly approved legislation yesterday that could make Maryland the 12th state to force carmakers to slash emissions thought to cause global warming. Senate leaders predicted approval of a similar bill this week, and Gov. Martin O'Malley (D) has pledged to sign the legislation." The "stricter standards for cars and trucks hitting dealerships in 2010 would put Maryland in the forefront of states seeking to slow climate change, environmentalists said." But "automakers said the requirements would raise prices and reduce choices for consumers -- to make way for

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more fuel-efficient cars, fewer sport-utility and other large vehicles would be on the market." The 122 to 16 House vote "included Republican support and reflected the power of the state's environmental movement after passage of legislation last year to curb pollution from coal-fired power plants."

FBI/DEA/ATF/USMS:

Mueller Testimony Prompts Biden To Propose Funding For 1,000 New Agents. The Washington Times (2/21, McCaslin, 88K) reports in its "Inside the Beltway" column, "FBI Director Robert S. Mueller III's recent testimony before the Senate Judiciary Committee that FBI referrals for counterterrorism cases increased a whopping 671 percent between 2001 and 2003 -- and to this day require 'difficult choices in determining how to most effectively use the available agents' -- did not go unheeded." Sen. Joe Biden "has introduced legislation to add 1,000 FBI agents to the bureau's roster, all to focus exclusively on traditional criminal cases. Estimated cost: $160 million per year."

California Border Agents Help DEA, ATF With Pot Seizure. The Casa Grande Valley (CA) Dispatch (2/21) reports, "Border Patrol agents from the Casa Grande station helped in confiscating $3.7 million worth of marijuana over the weekend." The Dispatch continues, "Agents were asked to help a Bureau of Land Management ranger who was pursing two trucks camouflaged with tarps near Stanfield about 6:45 a.m. Sunday. … While agents responded, the ranger reported his vehicle was intentionally struck by one of the trucks." The Dispatch adds, "Agents found both trucks abandoned on Stanfield Road. They found 4,660 pounds of marijuana in the two trucks, as well as a loaded .45 caliber pistol. … One of the trucks was reported stolen in San Diego, Calif., and was turned over to the Arizona Department of Public Safety. … The other truck is being processed for forfeiture by the Border Patrol. The marijuana was turned over to the DEA and the gun was given to ATF. No arrests have been made and no injuries were reported."

Colombian Woman Found Guilty Of Participating In FARC Drug-Smuggling Operation. There are more than 100 media references to the conviction of a Colombian rebel accused in a drug-smuggling scheme, with many media outlets using the AP story. The AP (2/21) reports a Colombian woman "was found guilty Tuesday of participating in an operation to smuggle tons of cocaine to the United States. Authorities say her case showed the main rebel group in Colombia is deeply involved in illegal drugs. Nayibe Rojas, known in the Colombian rebel movement as 'Sonia,' was convicted by a jury of conspiracy to import and-or distribute 11 pounds or more of cocaine." The guilty verdict for Rojas "is a victory for the United States and Colombia, which have recently stepped up a campaign to portray the FARC, which is on the U.S. list of 'foreign terrorist organizations' as a drug-trafficking cartel." Media outlets that used the AP story include the New York Times, Houston Chronicle, Denver Post, and Seattle Post Intelligencer.

McClatchy Newspapers (2/20) reported the jury "also convicted two co-defendants, Jose Antonio Celis and Juan Diego Giraldo. Celis and Giraldo weren't members of FARC, but the prosecutors argued that all three had conspired to send more than 5 tons of cocaine to the United States." The San Jose Mercury News used the McClatchy story.

The Miami Herald (2/21) reports Rojas "was the first high-ranking member of the Revolutionary Armed Forces of Colombia, or FARC, convicted of drug running by a U.S. federal court, although the U.S. and Colombian governments have long alleged that the FARC was deeply involved in every facet of Colombia's cocaine industry."

In Mississippi, Former Police Chief Sentenced In Extortion Case. The AP (2/20) reported a federal judge "sentenced Ruleville police Chief Ronald Robinson to 2 1/2 years in prison Tuesday for trying to extort protection money from drug dealers. Robinson agreed to plead guilty to extortion in an October plea deal that wiped out another extortion charge and four counts of attempting to aid in the possession of crack cocaine with the intent to distribute."

The Delta Democrat Times (2/21) reports Robinson "admitted…he obtained a cash payoff of $3,000 to which he was not entitled, in exchange for not pursuing drug and gambling related charges against an individual and for providing protection for an individual that he believed to be distributing crack cocaine." The Democrat Times notes the DEA's involvement in the case.

Jackson (MS) Clarion Ledger (2/20) also reported Robinson's sentencing.

Kentucky Prescription Drug "Kingpin" Gets 20-Year Sentence. The Lexington (KY) Herald-Leader (2/21) reports a Berea man who "was the kingpin of a drug ring was sentenced yesterday to 20 years in federal prison in one of the largest prescription drug investigations in Eastern Kentucky. Danny Clark, 51, was indicted in U.S. District Court in April along with other members of the ring including his brother Richard Clark, Marlene and Rufus Holmes, Samuel Duane Lawson and James Ellis Renner. Clark and others were arrested after a long-term investigation by Rockcastle and Laurel County Sheriff's deputies, London and Richmond police officers, Drug Enforcement Administration agents and the Kentucky State Police." According to the indictment, Clark "was the leader of a drug ring that sold

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oxycodone and methadone from January 1998 through April 2006 mostly in Madison and Rockcastle counties."

IMMIGRATION:

Increased Border Security Measures Said To Be Reducing Illegal Immigration. Under the headline "Tougher Tactics Deter Migrants At US Border," the New York Times (2/21, McKinley, 1.16M) describes the increase in US border enforcement as experienced by Eduardo Valenzuela, who had been making an illegal journey from Mexico into Colorado for the past decade. "'It's become much more difficult,' Mr. Valenzuela said, echoing the comments of dozens of other migrants." The times continues, "All along the border, there are signs that the measures the Border Patrol and other federal agencies have taken over the last year, from erecting new barriers to posting 6,000 National Guardsmen as armed sentinels, are beginning to slow the flow of illegal immigrants." Though some immigration experts argued that "it was too early to tell if the enforcement efforts had caused a permanent downturn," commanders with the Border Patrol "say they see no explanation for the drop-off across the entire 2,000-mile border other than stiffer enforcement deterring migrants. The slackening flow, they argue, belies the conventional wisdom that it is impossible to stem illegal migration."

Dobbs Says Chertoff Border Trip Likely "Just A Photo-Op." On CNN's Lou Dobbs Tonight (2/20, 6:30 pm) host Lou Dobbs noted that Secretary Chertoff was in Yuma, Arizona, to discuss new security barriers, but questioned whether it was "just a photo-op." Secretary Chertoff was shown welding part of the barrier and saying, "What the fencing does is it builds a barrier that slows up the people who want to cross illegally." CNN (Sylvester) continued, "A colorful photo-op, but critics say the border fence with Mexico is actually one of the nation's weakest security links. President Bush promised to build 700 miles of fencing as part of the Secure Fences Act signed in October. This year, only 75 miles of new actual border fence will be built. And by the time President Bush leaves office, there will only be 370 miles of fencing along the southern border. And much of it not fence that you can even see or touch: A virtual fence, sensors and cameras. Immigration reform groups say that's not good enough."

New Trial To Be Sought For Former Border Patrol Agents. The San Bernardino Sun (2/21) reports defense attorneys for two former El Paso, Texas, Border Patrol agents "convicted of shooting a Mexican drug smuggler will ask for a new trial based on evidence they say wasn't provided to them in court. Mary Stillinger, co-counsel for former Border Patrol agent Ignacio Ramos, said an April 12, 2005, Department of Homeland Security memo was never provided to them. The memo, written by Christopher Sanchez of the department's Inspector General's Office, acknowledged that all nine agents at the scene, including two supervisors, knew about the shooting, heard about the shooting and covered up the shooting."

Ontario, California's Daily Bulletin (2/20) reported, "Two convicted former El Paso Border Patrol agents accused by the U.S. Attorney of not filing a report when they shot a Mexican drug smuggler were prohibited by their own agency's firearms policy from doing so, according to documents obtained by the Daily Bulletin. … Ramos and [Jose Alonso] Compean were convicted last spring for shooting Osbaldo Aldrete-Davila, a Mexican drug smuggler, in the buttocks on Feb. 17, 2005. The agents are now serving 11 and 12 years, respectively, in federal prison."

TAX:

Judge Refuses To Dismiss Tax-Evasion Charges Against Boston Rapper. The Boston Herald (2/21, Sweet, 184K) reports, "A federal judge refused to dismiss tax-evasion charges against a controversial Hub hip-hop artist on the opening day of his trial yesterday simply because the rapper's accountant was singing to the FBI and IRS about his alleged shenanignans. Lawyers for Ray 'Benzino' Scott, 41, former co-owner of the hip-hop magazine The Source, argued in court papers, 'There is something fundamentally wrong with the government employing (Scott's) controller to gather evidence of other crimes at the very same time the controller is ostensibly putting together the information necessary to prepare (Scott's) tax returns.' But U.S. District Court Judge Rya W. Zobel sided with federal prosecutors, who called Scott's eleventh-hour bid 'far from candid.'

CONGRESS-ADMINISTRATION:

Bush Presses Case For Healthcare Plan With Insurers. Market Watch (2/21, Watts) reports, "Faced with a growing chorus for some type of universal healthcare coverage, President Bush met with insurers Tuesday to argue his case for changing the tax code in a bid the White House says will make health insurance more affordable for many Americans." After meeting with the CEOs, "including the top executives at Aetna Inc.," Bush said, "I discussed my health care plan that would ... equalize the tax code so that the individual would be more likely to be able to purchase a plan, because I believe a good health care system is one that rewards the consumer, encourages the consumer, and makes sure the consumer has got the capacity to make

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viable choices." Market Watch adds that Bush, "in his State of the Union address last month, outlined a plan that would significantly alter the tax treatment of employer-provided health benefits." Democratic leaders "have said the Bush plan has little chance of advancing legislatively."

Bush's healthcare meeting generated little media coverage, print or otherwise. The exception were the handful of local TV newscasts that covered the event. KJCT-TV Grand Junction, CO (2/20, 10:08 pm) broadcast near the beginning of its 10 o'clock newscast that President Bush "is taking the next step toward getting his healthcare initiatives turned into law. The President outlined his plan during his State of the Union Address last month. Today, he discussed his objectives in detail with members of the health insurance community and small business leaders."

KCRG-TV Cedar Rapids (2/20, 10:00 pm) reported, "President Bush is trying to get Congress to enact his healthcare initiatives. … Today he" met "with members of the health insurance community and small business leaders at the White House. The President asked participants to lobby Congress to approve the policy."

WDAY-TV Fargo (2/20, 5:01 pm) also noted the White House meeting, adding, "Democrats say the President's plan will encourage companies to drop employee coverage." KEYT-TV Santa Barbara (2/20, 6:39 pm), KIFI-TV Idaho Falls (2/20, 5:23 pm), KTVA-TV Anchorage (2/20, 5:05 pm) ran very similar reports.

West Wing Likes Wyden's Bipartisan Offer On Health Care. The White House Bulletin/US News (2/20) reported that some West Wing insiders "have a new favorite among the Democrats," Sen. Ron Wyden of Oregon, who "took the lead in having a small group of senators send a letter to President Bush recently offering to work with the Administration on improving the health-care system, one of Bush's top priorities for the remainder of his Presidency." A GOP strategist "with close ties to the West Wing" tells the Bulletin, "The White House is very appreciative. We think it's sincere and a very good sign that we can have a constructive relationship with the Democrats." Bush is expected to call for bipartisan cooperation on health care -- just what Wyden is urging -- in a meeting on the subject this afternoon at the White House."

Bush Plan Seen As Unlikely To Reduce Uninsured. In a BusinessWeek (2/21) "Viewpoint" article, Robert Greenstein and Edwin Park of the Center on Budget and Policy Priorities say that Bush's health insurance proposal "is unlikely to significantly reduce the ranks of the uninsured, in part because it isn't targeted at the people who can least afford coverage. Moreover, the plan could cause many people in poor health to lose coverage by weakening the employer-based health system—the source of most Americans' health insurance—without putting a viable alternative in its place." There are "three basic problems with the President's plan." Most of the uninsured "would receive only modest help." The plan "would weaken employer-based coverage. While highly imperfect, the employer-based health system is the principal means for 'pooling' healthy and sick workers together, so that insurance is affordable for those in poor health." And finally, the plan "provides no viable pooling alternative to employer-based coverage."

Little Public Trust For Bush On Healthcare. The Wall Street Journal (2/21, 2.04M) reports a new Wall Street Journal Online/Harris health-care poll finds "nearly half of Americans don't trust President Bush to reform the nation's health-care system." Asked how much "they trust the president to come up with good policies for improving and reforming the U.S. health-care system, 49% said 'not at all,' while 16% said 'not much,' according to the online survey of 2,482 U.S. adults. By comparison, 18% said they trust Mr. Bush 'to some extent' and only 9% trust him 'a great deal' on the issue. The survey was conducted Feb. 7-9." The survey "found more confidence in Democrats than Republicans," and among "potential presidential contenders, 48% said they trust Democratic Sen. Hillary Clinton on the issue a great deal or to some extent, while 45% said the same about Democratic Sen. Barack Obama, 34% about Republican Sen. John McCain and 19% about Republican Mitt Romney, the former governor of Massachusetts."

Bush To Visit Chattanooga To Promote Healthcare Agenda. The Chattanoogan (2/20) reported, "A group opposed to the war in Iraq will protest during President Bush's visit to Chattanooga. But the Hamilton County Republican Party was urging a turnout of support for the President." The president is "set to fly into the Chattanooga Metropolitan Airport on Air Force One Wednesday morning." Bush is "due to make about a 20-minute tour of Erlanger Medical Center prior to going to the Convention Center. There he will hold a 'conversation on healthcare initiatives.'" Gov. Phil Bredesen "will join President Bush in Chattanooga on Wednesday 'for several events that will focus on expanding healthcare options for the uninsured.'" Also "set to be in the entourage are Sen. Lamar Alexander, Sen. Bob Corker and Rep. Zach Wamp."

Local newscasts in Tennessee on Tuesday reported on Bush's planned visit today, noting the stops are part of the President's efforts to promote healthcare reform. Local news also noted Bush's plans to give an award to a local volunteer. Some examples: WDEF-TV Chattanooga (2/20, 11:01 pm) broadcast at the top of its 11 o'clock newscast that the President "will tour Erlanger tomorrow, and plans to discuss healthcare access in a roundtable session later at the convention center. While in town, President Bush will honor one local woman for her dedication to volunteering. Debbie Chadwick will be awarded the USA Freedom Corps Greeter

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Award for her years of service at Life Care Center of Missionary Ridge."

WTVC-TV Chattanooga (2/20, 11:02 pm) said that "everywhere…Bush goes" he "honors one person who's made a difference in the lives of others." Debbie Chadwick "has Down's syndrome, but that has not stopped her from starting up three programs at the center. She'll get the award at the Chattanooga airport when the President gets off the plane tomorrow." WRCB-TV Chattanooga (2/20, 11:01 pm), WDSI-TV Chattanooga (2/20, 10:01 pm), WSMV-TV Nashville (2/20, 6:33 pm), WKRN-TV Nashville (2/20, 5:06 pm), and WREG-TV Memphis (2/20, 5:03 pm) also covered the President's visit.

Medicare Benefit Slows Growth In Prescription Drug Spending. The Washington Post (2/21, A6, Lee, 690K) reports Federal number analysts said "that the new Medicare drug benefit appears to be slowing the growth in national spending on prescription medicines because the drug plans are negotiating lower prices with drug companies." However, the analysts "also forecasted that overall health-care spending would continue to rise and would account for nearly 20 percent of the economy -- or more than $4 trillion a year -- by 2016. In contrast, health-care spending was about $2.1 trillion in 2006, accounting for about 16 percent of the economy." The findings "provide new fuel for the debate about whether Medicare could get better drug prices if the government negotiated with pharmaceutical companies. Many Democrats in Congress say it would, and the House has already passed legislation requiring the government to use its negotiating muscle."

The Los Angeles Times (2/21, Alonso-Zaldivar, 850K) reports, "Healthcare spending in the United States will nearly double over the next decade to $4.1 trillion in 2016, government economists said today, prompting concern that Americans cannot keep paying for cost increases that outstrip the growth of the economy." The healthcare bill "will average $12,782 for every man, woman and child in 2016, an increase from $7,498 this year, said the report, published online by the policy journal Health Affairs. Healthcare costs will account for nearly 20 cents out of every dollar Americans spend in 2016, up from about 16 cents today." And by 2016 — 'even before most baby boomers retire and become Medicare recipients — federal, state and local government will be picking up nearly half the national healthcare tab, putting pressure on Congress to curb benefits, raise taxes or both."

Roberts Opposed To Bush's Medicare, Medicaid Budget Plans. The AP (2/21, Hanna) reports Republican Sen. Pat Roberts is working with Democratic Sen. Blanche Lincoln "to block some of President Bush's budget proposals for social services, suggesting those recommendations could amount to 'rationing health care.'" Roberts said he "doubts Bush's proposals enjoy much support, so he would like Congress to avoid a lengthy back-and-forth before providing additional funds for the Medicare and Medicaid programs. He's most concerned about payments to hospitals that provide services to the programs' participants." Bush's proposals "are designed to save $76 billion over five years in Medicare, the program that provides medical services for the elderly. They also would trim $25 billion from Medicaid, the medical program for low-income people."

Employer Groups Want Tighter Family Leave Restrictions. The Hill (2/21, Holzer) reports, "Employer groups are trying to persuade the Bush administration to restrict the illnesses that qualify under the Family and Medical Leave Act (FMLA) and make it less tempting for workers to take sporadic time off under the law." The FMLA "requires businesses with at least 50 employees to give 12 weeks' unpaid leave to workers for the birth or adoption of a child or in the case of their own or a close family member's sickness." Employers say "weaknesses in the law and the regulations handed down since it was passed have spawned rampant abuse by shirkers and headaches for managers in charge of approving and tracking leave." The "latest push by employers to modify the FMLA comes on the heels of a Department of Labor (DoL) request in December for public comment on the law and just after Sen. Chris Dodd (D-Conn.), one of its original architects, introduced a bill Feb. 1 to expand the act. His legislation would ensure six weeks' paid leave under the FMLA, to be funded by the federal government, the employer and the employee."

Coterie Of Texas Aides Remains At Bush's Side. The New York Times (2/21, Stolberg, 1.16M) reports Israel Hernandez "was a fresh-faced college graduate from the Texas border town of Eagle Pass in the summer of 1993 when he landed a job in Dallas as the personal aide to the part-owner of the Texas Rangers George W. Bush." Now, "after nearly 14 years in Mr. Bush's employ, with a short break to get a master's degree, Mr. Hernandez, 37, travels the world promoting free trade as an assistant secretary of commerce. From his sun-drenched corner office, with its sweeping view of the Washington Monument, he can sit at his desk and watch the presidential helicopter, Marine One, ferry around the man to whom he owes his career." The Times adds, "Six years into Mr. Bush's presidency, the corps of loyal Texans who accompanied him to Washington from Austin remains a powerful force inside the administration, a steady source of comfort for an increasingly isolated president. No matter how grim the polls or dire the news in

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Iraq, they have stood by Mr. Bush — and been rewarded with plum jobs — as their lives have grown increasingly intertwined with one another's and with his." To hear "these people talk about the president is to meet a man many Americans have either forgotten or no longer recognize. Their George W. Bush is the compassionate conservative who helped soften the harsh image of the Republican Party, a man who chokes up at going-away parties, as he did last year for Andrew H. Card Jr., his departing chief of staff; a man unafraid of giving promotions to openly gay people, as he did with Mr. Hernandez, and who always remembers to ask how the family is." The Texas "circle includes three cabinet officials — Ms. Spellings, the education secretary; Attorney General Alberto R. Gonzalez; and Alphonso R. Jackson, the secretary of housing and urban development — as well as some of the best-known names in Washington: Karl Rove, the chief political strategist, Mr. Bartlett and Ms. Hughes."

Snow Appears Not To Be Troubled By Antagonistic Questioning. The White House Bulletin/US News (2/20) reported, "How is White House Press Secretary Tony Snow holding up under the increasingly antagonistic questioning of the press corps on Iraq, Iran, North Korea, President Bush's low approval ratings, and other issues?" One of Snow's "colleagues in the West Wing" tells the Bulletin, "He has fun with it. He loves to parry." The Bulletin adds, "Even amid adversarial sessions with reporters, Snow almost always manages to keep his good humor and he doesn't take the sharp-edged interrogations personally. The former conservative commentator on TV and radio says give-and-take is part of the job." A White House colleague says, "He just rolls with it." The Bulletin adds that other White House insiders "say Snow has learned to delegate, so he doesn't get wrapped up in the minutiae of media logistics, and is willing to refer reporters to other departments of government, such as the Pentagon and State Department, if he isn't comfortable talking about certain topics. This saves him time and lessens the aggravation." But Snow "likes to maintain his role as chief White House spokesman on the truly big issues, such as Iran and how the administration is dealing with Congress. Beyond all this, Snow is still giving speeches to Republican groups around the country to rally support for Bush." GOP insiders "say he is a considerable draw, especially among conservatives who admire his aggressive defense of the President and his daily push-back against the mainstream media."

Administration Officials Pledge To Address Concerns Raised By Walter Reed Expose. The Washington Post (2/21, Priest, Hull, 690K) reports the White House and congressional leaders yesterday "called…for swift investigation and repair of the problems plaguing outpatient care at Walter Reed Army Medical Center, as veterans groups and members of Congress in both parties expressed outrage over substandard housing and the slow, dysfunctional bureaucracy there." The Post "documented tattered conditions at Building 18, including mold, rot, mice and cockroaches, but also a larger bureaucratic indifference that has impeded some soldiers' recovery. ... Walter Reed's fixes are unlikely to immediately quiet the criticism from members of Congress, who received a flood of calls from the public and veterans groups asking how the problems could have been unknown to officials -- some of whom regularly visit Walter Reed."

NBC Nightly News (2/20, story 5, 2:15, Williams, 9.87M) reported, "The charges prompted the Pentagon to authorize an independent review of the situation at Walter Reed." NBC added that the President" often visits Walter Reed's state of the art inpatient Ward 57. But today his spokesman referred all questions to the Pentagon." Tony Snow, White House Press Secretary: "Well, I'll tell you what. Is the system working? Yes. Is it working perfectly? No."

CNN's Lou Dobbs Tonight (2/10) reported, "Many of our troops wounded in Iraq and Afghanistan receive treatment at Walter Reed Army Medical Center in Washington. The center describes itself as the Army's top medical facility. But tonight, there is rising outrage over what is nothing less than a failure of leadership in the care of our wounded troops at Walter Reed as first reported by the Washington Post. … Top Army leaders say they were unaware of the problem until they read about it in the paper Sunday." Army Secretary Francis Harvey "said the Army will look at conditions, not just here at Walter Reed, but at out-patient facilities around the country." CNN's Lou Dobbs added that for "the commander in chief to permit this" is "despicable."

CNN.com (2/20) reported Harvey "blamed a failure of leadership for substandard conditions in a building that is part of Walter Reed Army Medical Center and vowed Tuesday to move quickly to fix the problem. ... Harvey said he learned about the conditions in the building, a former hotel where some soldiers have been recuperating for more than a year and a half, on Sunday, when the Washington Post broke the story."

The AP (2/20) reports Sens. Barbara Mikulski and Patty Murray "urged Defense Secretary Robert Gates in a letter Tuesday to launch an inspector general's investigation." Sens. Barack Obama and Claire McCaskill "said they are working on legislation to improve the care of war veterans." The AP adds, "The Pentagon responded Tuesday by announcing that the Army has begun a review of medical care at Walter Reed and the Navy has undertaken a similar review at its National Naval Medical Center. The Pentagon also said an independent review group would be formed to investigate outpatient and administrative issues at the two

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military medical centers." More than 100 sites carried this story.

MSNBC's Hardball (2/20, Matthews) reported, "Today Washington is still focused on this week's big Washington Post story, which detailed the negligent treatment of wounded soldiers at Walter Reed Hospital -- patients recovering amidst filth, mold, rats and overall neglect." McCaskill, during an interview, said, "it's not the hospital that's the problem. It's the outpatient. And I think their system has been overloaded. I don't think they were prepared for the number of outpatients that they have, the serious injuries that are occurring, the loss of limbs, the need for social workers, the reintegration. They've overwhelmed these men and women with paperwork and bureaucracy. And they didn't have any place to put them. So they start putting them places that they shouldn't have put them."

The Washington Post (2/21, A14, 690K), in an editorial, writes, "Walter Reed's commander, Maj. Gen. George W. Weightman, says that conditions on the post will improve rapidly. His response is commendable, and it should not be forgotten that thousands of professionals and volunteers, civilian and military, are working hard to help veterans heal and adjust. But it also should not have taken newspaper articles to bring change to outpatient conditions at Walter Reed. And while filthy conditions at Building 18 are a temporary problem for these veterans, lowball settlements may leave soldiers and their families impoverished for life."

Budget Deficit Shrinking To Half Of Average Size Since 1970. The Christian Science Monitor (2/21, Trumbull, 59K) reports, "With the robust economy, tax revenues are pouring in. But rising costs lie ahead. Despite the ongoing costs of US military campaigns in Iraq and Afghanistan, the outlook for the federal budget has grown substantially brighter." Tax revenues "are rising much faster than spending, according to Treasury Department numbers released last week. The recent trend is strong enough that, were it to continue, the budget could move into surplus in barely a year, one economist calculates. Already, the federal deficit is shrinking toward about half the size that it has averaged since 1970, when analyzed as a percentage of gross domestic product." The "shift reflects a strong economy, with higher incomes and corporate profits generating a bigger flow of tax revenue. In turn, the Treasury's progress could help the economy by buoying investor confidence in the nation's fiscal position." However, "the improvement does little to stave off the long-run challenges to the nation's financial health, many economists say. Baby boomers are starting to retire, placing new demands on government. Costs for healthcare programs like Medicare are still projected to rise faster than overall inflation."

Murtha Says Peru Free-Trade Deal A Threat To National Security. The Hill (2/21, Swanson) reports Rep. John Murtha (D), "a close ally" of House Speaker Nancy Pelosi), "is calling elements of a Peru free-trade agreement (FTA) signed by the Bush administration a threat to national security. The chairman of the House Defense Appropriations subcommittee has warned Democratic leaders on trade that the deal grants a United Arab Emirates company the ability to invest in US ports." Murtha "has asked Ways and Means Chairman Charles Rangel (D-N.Y.) to demand that the administration alter the free-trade deal it negotiated with Peru to prevent enterprises there from investing in US landside port activities."

White House Defends Rumsfeld. The Washington Times (2/21, Pierce, 88K) reports in its "Inside Politics" column, "The White House yesterday defended Donald H. Rumsfeld after criticism from Republican Sen. John McCain that he was one of the worst defense secretaries in history for his handling of the Iraq war. … 'We think Donald Rumsfeld was an enormously consequential and effective secretary of defense and somebody who led to the transformation of the Department of Defense. Senator McCain holds a different point of view,' White House spokesman Tony Snow said." The Times adds, "Asked if Mr. McCain's comments should be chalked up to election politics, Mr. Snow replied: 'I left the chalk at home.'"

Bolton Book Expected By End Of Year. The Washington Post's (2/21, A13) Al Kamen writes in his "In the Loop" column that John Bolton's "tell-all book on his days at the State Department and as ambassador to the United Nations could be coming out as early as the end of this year." Kamen says "top folks in Foggy Bottom and at the United Nations are most surely not going to be happy when this one comes out. The buzz is that it's going to focus mostly on Bolton's work at the United Nations, where he's said to be still upset at his inability to lop off 10 of the building's 38 floors that he had said were expendable." However, it is "unclear how Bolton will treat his most recent bosses, Colin Powell and Condoleezza Rice."

Johnson Leaves Hospital, Enters Rehab Facility. The Washington Post (2/21, A13, 690K) reports, "More than two months after suffering a brain hemorrhage, Sen. Tim Johnson (D-S.D.) has left a Washington hospital and entered a private rehabilitation facility, his office said yesterday. A spokeswoman refused to say whether the senator remained in Washington or was moved to a facility in South Dakota, citing family concerns about media scrutiny." ABC World News (2/20, story 8, :20, Gibson, 8.78M) noted

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"Johnson's illness had put the Democrats' one-seat advantage in the Senate in jeopardy."

State And Federal Governments' Unfunded Pension Liability Threatens Budgets. USA Today (2/21, 1A, Cauchon, 2.27M) reports, "More and more, retirees are finding that it pays to have worked for the government instead of the private sector. … As the first wave of 79 million baby boomers heads to retirement, the nation is dividing into two classes of workers: those who have government benefits and those who don't. The gap is accelerating in every way: pensions, medical benefits, retirement ages. Retired government workers are twice as likely to get a pension as their counterparts in the private sector, and the typical benefit is far more generous. The nation's 6 million retired civil servants — teachers, police, administrators, laborers — received a median benefit of $17,640 in 2005, according to the Congressional Research Service. Eleven million private-sector retirees covered by traditional pensions got $7,692. Governments' generosity could have serious consequences for taxpayers and pensioners. Some states…have troubled retirement systems that may require huge tax increases, spending cuts or even defaulting on promised benefits. The U.S. government has a bigger unfunded liability for military and civil servant retirement benefits ($4.7 trillion) than it does for Social Security ($4.6 trillion). The pension gap will continue to widen because governments pump far more money into employee pensions than companies do."

Survey Results Suggest Many Employees Unaware Of TSP Account Activity. The Washington Post's (2/21, D4, Barr) "Federal Diary" column reports, "For lack of a better phrase, we'll call them the TSP No-Shows. Some members of the Thrift Savings Plan rarely or never check to see how much money is in their retirement accounts. Others have seemingly vanished because their mail is returned to the TSP as undeliverable." The Post adds that the "problem of dropouts in a large organization" is hardly "surprising. The TSP, the 401(k)-type program for government workers, has more than 3.7 million members around the world. With more than $210 billion in assets, it is one of the nation's largest retirement programs. But the no-shows have emerged as a concern at the TSP, in part because of what the staff at the Federal Retirement Thrift Investment Board, which oversees the TSP, learned from a recent survey." The Post adds that the survey results suggest "about 16 percent of TSP members rarely or never review their retirement accounts. What was of more concern was the response from those who have most at stake in the TSP -- employees covered by the newer Federal Employees Retirement System -- because TSP savings will be a larger share of their retirement income. Of that group, 18 percent said they almost never or never look at their accounts."

Helen Thomas To Lose Front-Row Seat In New White House Briefing Room. The Politico (2/21) reports, "Every theater-style seat in the White House briefing room, now closed for renovation, had a brass plaque inscribed with the name of a news organization. Only one, in the middle of the front row, had a name: 'HELEN THOMAS,' it said. The unique assigned seat between the chairs for CBS News and ABC News was reserved for the legendary United Press International correspondent who is now a columnist for Hearst Newspapers." The press corps "is scheduled to move from temporary facilities back into the spiffed-up, rewired briefing room in May or June. Thomas, who has been questioning presidents and press secretaries for 46 years, plans to be there. But her front-row seat won't be." The Politico adds, "Plans call for her to be moved to the second row to make room for a cable news channel – a sign of Washington's changing pecking order, and of the new ways that Americans get their news."

NYTimes Urges Bush To Convene Task Force On Infrastructure Improvements. The New York Times (2/21, 1.16M) editorializes, "As William Yardley reported recently in The Times, the country's water and sewer lines, many of them a century old, are in terrible shape, leading to those collapsing roads. And the Army Corps of Engineers reported earlier this month that more than 120 levees around the country could fail in a major flood. New Orleans needs to remain an exception, rather than a sad model for the future." America's "ability to compete isn't just a matter of being inventive and having a good work ethic, but also depends on the ability to deliver products reliably and on time. The first president with a master's degree in business administration -- hint, he's the current Oval Office occupant -- should convene a task force of federal, state and local officials to address the growing problem."

WPost Urges Congressional Passage Of "Passengers' Bill Of Rights." The Washington Post (2/21, 690K) editorializes, "The renewed push for a passenger bill of rights gained traction in the Valentine's Day ice storm, when nine fully loaded JetBlue aircraft sat on the tarmac at John F. Kennedy airport in New York, some frozen to the ground, for six to 10 hours. In addition to the hundreds who were held hostage on stifling planes that ran out of food and water, hundreds more were stranded as JetBlue's operations ground to a halt." Sen. Barbara Boxer "introduced a passengers' bill of rights on Saturday and Rep. Mike Thompson (D-Calif.) plans to do the same next week. Both bills require airlines to allow travelers to get off planes after

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three hours of delay. That's more reasonable than what JetBlue is offering. And Mr. Thompson's bill goes a step further to mandate frequent updates on the cause and timing of delays.

OTHER NEWS:

Dow Closes At New All-Time High. The Wall Street Journal (2/21, McKay, 2.04M) reports, "Solid earnings at Wal-Mart Stores and a drop in oil prices outweighed weak results at Home Depot, sending the Dow Jones Industrial Average to another record. The blue-chip average gained 19.07 points, or 0.1%, to end at 12786.64, up 2.6% on the year. … Other market measures posted their highest closes in more than six years. The broad Standard & Poor's 500-stock index edged up 0.3%, or 4.14 points, to 1459.68, up 2.9% on the year." The Nasdaq Composite Index "added 0.7%, or 16.73 points, to 2513.04, up 4% on the year." USA Today (2/21, Shell, 2.27M), Washington Post (2/21, 690K) and Washington Times (2/21, 88K), among other major newspapers, run similar stories this morning.

Pump Prices Rise For Third Straight Week. ABC World News (2/20, story 7, :10, Gibson, 8.78M) reported, "The price of gas has gone up for the third week in a row. The government says the average price of a gallon rose 6 cents over the past week, hitting $2.30 on average, partly because oil prices have been rising with the cold weather."

Collapse Of Juror Leads To Mistrial In Malpractice Case. The New York Times (2/21, Zezima) reports from Boston, "A mistrial was declared on Tuesday in a medical malpractice case brought by the head football coach at the University of Notre Dame after a juror collapsed and the defendants, two doctors at Massachusetts General Hospital, rushed to help him." The Times continues, "The coach, Charlie Weis, who had N.F.L. coaching positions with the New England Patriots, the New York Giants and the New York Jets, has accused the doctors of negligence by letting him bleed internally for 30 hours after a gastric bypass in 2002. … Mr. Weis's lawyer said that he nearly died after the procedure and that the operation left his legs with nerve damage." The Times adds, "The doctors, Richard A. Ferguson and Charles M. Hodin, said that Mr. Weis knew the dangers of the operation and that bleeding was not uncommon after such surgery. … Around 10 a.m. as another doctor was testifying, a juror gasped and lost consciousness. The witness, with Drs. Ferguson and Hodin, rose and helped the juror, who was taken to a hospital. … After the juror left, Mr. Weis's lawyer, Michael Mone, asked Judge Charles T. Spurlock of Superior County in Suffolk County for a mistrial. In an interview, Mr. Mone said two jurors had told the judge that the events could influence their verdict."

Supreme Court To Hear State's Appeal On Judicial Selection Process. After two lower courts declared New York's judicial selection process unconstitutional on the grounds that it denies the freedom of political association, the New York Times (2/21, Greenhouse) says the U.S. Supreme Court has agreed to review that matter based on an appeal by the New York State Board of Elections; several political organizations; the incumbent State Supreme Court justices; and Attorney General Eliot Spitzer. The paper says Gov. Spitzer's view of the case "will be a matter of some interest as it goes forward. Addressing the Rockefeller Institute of Government shortly after his election as governor, Mr. Spitzer indicated that he did not support the existing system, which he said was 'in dire need of reform.' According to an account in The New York Law Journal, the governor-elect said that 'there must be a way to primary onto the ballot,' and added that 'I will not support anything that has a closed convention structure, where only those who came out of the convention could be on the ballot.'" The paper notes that primaries pose the problem of judicial candidates having to raise "considerable amounts of money."

Romney To Air First TV Ads. The New York Times (2/21, Nagourney, 1.16M) reports Mitt Romney "will run television advertisements in five states starting Wednesday, the latest sign of how quickly the 2008 campaign is moving." The ads "are an early move to inform Republican primary voters about his views and record at a time when he has come under some criticism by opponents for shifting his views on several issues. The television advertising campaign will begin in Iowa and New Hampshire on Wednesday and then expand to South Carolina, Florida and Michigan, all states with early 2008 contests, his aides said. The advertisements will run for about two weeks." As is "typical with early introductory advertisements, they focus heavily on presenting information about someone who is little known outside his state, focusing in particular on his tenure as head of the 2002 Winter Olympics in Salt Lake City."

Fox News' Special Report (2/20, Hume) reported that in "an unprecedentedly early move for position," Romney "has launched the first multi-state ad blitz of the campaign, hoping to define himself on his own terms by touching on both socially and fiscally conservative issues." Romney ad: "I believe the American people are overtaxed and the government is overfed. I believe our laws ought to be written by the people and not by unelected judges."

The Politico (2/21, Martin) reports the "spot also allows Romney to boost his name ID in the key early states, where he currently lags far behind the better-known Sen. John McCain of Arizona and former New York Mayor Rudy

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Giuliani. While Romney has put together a solid organization in each of these initial nominating states and created buzz with the political class, he's yet to penetrate the larger population. These ads aim to change that."

Romney Camp Targets McCain On Abortion Issue. In a report on his blog at the website of The Politico (2/20), Jonathan Martin related, "The campaign of former Massachusetts Gov. Mitt Romney, whose stance on abortion has often been hard to pin down, now is attacking Sen. John McCain on the issue, accusing the Arizonan of ducking the debate over the right to life since his 2000 presidential bid. 'Ask the pro-life movement where his leadership has been in the six years since 2000 that he's been running for president,' says Gary Marx, who is charged with handling conservative outreach for Romney. 'What has he done?' But isn't it a bit audacious for the campaign of a candidate who was, in his own words, 'effectively pro-choice' as late as his 2002 gubernatorial run, to now take shots at the record of a consistently pro-life opponent? 'We're making sure that all primary voters and [conservative] leaders have full picture on all the candidates,' responds Marx. Which is why Marx sent an e-mail…last night to more than 100 influential social conservatives highlighting various news clips about McCain's stance on abortion, bolding and italicizing those lines that call into question the senator's commitment to ending the practice."

Romney's Political Views Said To Undergoing An "Extreme Makeover." In her Washington Post column (2/21, A15), Ruth Marcus says that in a 2006 interview, Mitt Romney did "his best not to explain his views on abortion," and his "baroque circumlocutions seemed to say so much about him. It was hard to know what Romney actually thought about abortion rights other than that this was a political minefield it was best to avoid stepping into for as long as possible. But it was also hard to see how a man with deeply held convictions on abortion rights -- either for or against -- could take a position so calibrated and inconclusive. Listening to Romney that day was like watching a chameleon in the fleeting moment that its color changes to suit its environment." Romney's "'Extreme Makeover: Political Edition' goes beyond abortion rights."

McCain Defends Outreach To Conservative Christians. The AP (2/21, Farrington) reports Sen. John McCain "is defending his outreach to conservative Christians, arguing that his effort is not political pandering to win the GOP nomination." McCain "met privately Monday with religious broadcasters in Orlando, Fla., then answered questions about his appeal to conservatives in Vero Beach." In the 2000 campaign, McCain "angered the party's right by calling evangelist leaders Pat Robertson and Jerry Falwell 'agents of intolerance.' Last spring, he spoke at Falwell's Liberty University although hard feelings still linger among some conservatives. Focus on the Family founder James Dobson has said he won't support McCain." McCain said, "Nobody accused me of courting and pandering to the liberals when I went to the New School. What I have found out in my life, is that every time I have done something for political reasons and not the right reasons, I have paid a very heavy price for it — a big price."

McCain Backing For Iraq Surge Hurts GOP Support. The Financial Times (2/21, Luce) reports, "Once considered the un-crowned Republican candidate for the 2008 presidential election, John McCain's fortunes are plummeting rapidly. And the senator's frustrations are beginning to show." At a campaign stop in South Carolina on Monday, McCain "lashed out at Donald Rumsfeld, the controversial former defence secretary, as 'one of the worst secretaries of defence in history.'" The Times adds that in spite "of his criticisms of the Bush administration's handling of the Iraq war since 2003, Mr McCain is starting to pay a price on the campaign trail." Since his strong show of support for President Bush's Iraq troop surge, McCain's "poll numbers among registered Republican voters and among the US public at large have fallen sharply."

McCain Picks Up Endorsements From DeWine, Other GOP Lawmakers. The Hill (2/21, Schor) reports Sen. McCain "yesterday picked up a 2008 endorsement from Ohio's former GOP senator, Mike DeWine, who maintains strong name-recognition in the quintessential swing state, despite losing his seat last year. Rep. Mike Castle (R-Del.) also joined McCain's 2008 bid." Of the "17 House Republicans who voted with Democrats on last week's resolution condemning the Bush administration's plan to add troops in Iraq, five are public McCain supporters: Reps. Ric Keller (Fla.), Fred Upton (Mich.), Steven LaTourette (Ohio), Mark Kirk (Ill.) and Castle."

2001 NARAL Speech Could Undercut Giuliani's Conservative Appeal. The Hill (2/21, Bolton) reports a speech Rudy Giuliani "delivered to an abortion-rights advocacy group when he was mayor of New York City and more recent comments about the Supreme Court could complicate his efforts to woo conservative votes in crucial presidential primary states." Giuliani will "test his new abortion talking points with conservative voters today when he campaigns in South Carolina, a state that is expected to pose an obstacle to centrist GOP presidential candidates next year." Giuliani, who "was an outspoken supporter of abortion rights when he ran for city office in the 1990s, has shifted his position to appeal to conservative voters by promising to nominate conservative jurists" such as Chief Justice John Roberts and Justice Samuel Alito "to the federal courts if elected president." But the "credibility of that stance is undermined by remarks Giuliani delivered in April of 2001 to the National Abortion & Reproduction Rights Action

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League, now known as NARAL Pro-Choice America." In the speech, Giuliani thanked NARAL for "taking the lead in establishing freedom of choice for all of us," and he "indicated then that he supported changing the Republican Party's platform on abortion."

Obama Attends Los Angeles Rally, Hollywood Fundraiser. The Los Angeles Times (2/21, Finnegan, 850K) reports Sen. Barack Obama "capped a three-day campaign swing through California today with a South Los Angeles rally where he told thousands of supporters he would 'transform the country' with sweeping change at home and abroad." Vowing to "shatter the insider culture of the nation's capital," Obama "said he would end the war in Iraq, expand health coverage to all Americans and fix the country's ailing public school system." Before "returning to his hometown of Chicago this evening, Obama plans to collect more than $1 million in Beverly Hills at a glitzy fund-raising reception thrown by DreamWorks studio founders David Geffen, Steven Spielberg and Jeffrey Katzenberg." Celebrities who "bought $2,300 tickets to the Beverly Hills Hilton soiree include Barbra Streisand and George Clooney, said Andy Spahn, an organizer of the event." After the reception, Obama is "scheduled to dine at Geffen's Beverly Hills estate with roughly 40 guests — those who raised at least $46,000 apiece. He raised money earlier this week in La Jolla, San Francisco and Palo Alto." The "huge crowd at the Crenshaw event reflected the extraordinary interest that Obama has generated among Democrats. It is highly unusual for a presidential candidate to draw thousands of supporters to a Los Angeles rally nearly a year before California's primary — or even to try."

The AP (2/21, Blood) reports, "Checks from Hollywood's A-list stars such as George Clooney, Eddie Murphy and Barbra Streisand added up to a one-night take of $1.3 million for" Obama, who "told an audience that included Spielberg, Oscar nominee Eddie Murphy, actress Jennifer Anniston and singer Jackson Browne that they have 'enormous power' that comes with 'enormous responsibility' because of their impact on American culture." Obama's "display of celebrity sizzle and campaign dollars challenges any assumptions that Hollywood dollars would default to Sen. Hillary Rodham Clinton, D-N.Y., who has long-standing ties to the industry, along with her husband, former President Clinton." Democratic consultant Garry South said, "I think this guy is for real."

The Washington Post (2/21, A4, Mosk, 690K) reports organizers "said they expected the freshman senator to leave town flush not only with money but also with valuable connections in a city that has for decades served as a lifeline for Democratic presidential contenders." The funds "collected now could provide an important boost, in that it will appear on Obama's first quarterly earnings report. Those figures, when released in April, will help signal his campaign's viability." A "clear undercurrent to yesterday's high-profile Hollywood swing was the ease with which Obama swept up support from entertainment industry titans who had once been squarely with President Bill Clinton and Sen. Hillary Rodham Clinton (D-N.Y.)."

The CBS Evening News (2/20, story 7, 2:25, Whitaker, 7.66M) reported Obama "is in Los Angeles today being treated like a movie star. He came early, and he'll be here often, because California is set to play a bigger role this election cycle than ever before. Hollywood is abuzz about who's going to win the gold -- not the Oscar, the political pot of gold Hollywood liberally dishes out each presidential election. That's why Barack Obama is in town tonight. A glitzy fundraiser with top-tier stars paying $2,300 each is expected to raise more than $1.5 million for the first-term senator. Obama is a real box office draw, says LA-based political blogger Arianna Huffington." Arianna Huffington: "Hollywood is a city, a town, that understands the power of casting, and, you know, Obama, they have found a leading man." Whitaker: "All the major candidates come to Hollywood for money." But almost "everyone assumed the deep affection and deep pockets Hollywood had for Bill Clinton would transfer to Hillary Clinton. Instead, the money people are hedging their bets. Stephen Spielberg is throwing fund raisers for Obama and Hillary." Leon Panetta, former White House chief of staff: "She cannot walk in the room and just say, you know, 'Remember me? I was with Bill Clinton.' That's not going to work anymore. She's going to have to earn it herself." Whitaker: "Next year, California and other big states plan to move their primaries up to early February and overshadow the smaller states." That means "that each candidate will have to raise about $20 million just to run in the California primary."

The Chicago Tribune (2/21, Dorning, Parson, 617K) reports Obama "made his debut as a presidential candidate among an A-list of Hollywood power and fame, tapping into one of the most formidable honey pots of Democratic money and connections." The "fact that the DreamWorks partners are so early in staging such a big party — expected to net at least $1 million — has drawn notable attention to Obama, especially as media from around the world assemble in advance of this weekend's Oscar ceremonies. For others in the circle, say some, it signals Obama as someone to take seriously."

Dowd Compares Obama's Hollywood Entrance With O'Hara's In "Gone With The Wind." In her New York Times column (2/21), Maureen Dowd says Obama has "made an entrance in Hollywood unmatched since Scarlett O'Hara swept into the Twelve Oaks barbecue. Instead of the Tarleton twins, the Illinois senator is flirting with the Dreamworks trio: Mr. Geffen, Steven Spielberg and Jeffrey

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Katzenberg, who gave him a party last night that raised $1.3 million and Hillary's hackles." She "didn't stand outside the gates to the Geffen mansion, where glitterati wolfed down Wolfgang Puck savories, singing the Jennifer Hudson protest anthem 'And I Am Telling You I'm Not Going.' But she's not exactly Little Miss Sunshine, either. Hillary loyalists have hissed at defecting donors to remember the good old days of jumping on the Lincoln Bedroom bed."

Obama To Deliver Keynote At Selma Bridge Commemoration. The AP (2/21, Farrington) reports Sen. Obama will "deliver the keynote address next month at the annual Bridge Crossing Jubilee that commemorates the 1965 Selma-to-Montgomery voting rights march, organizers said Tuesday." Obama is "scheduled to speak at a March 4 service at Brown Chapel A.M.E. Church, the site in Selma where marchers gathered in the historic protest that gave blacks across the South greater access to the ballot." Rep. Artur Davis, D-Ala., "who district includes Selma, asked Obama to participate and plans to hold a fundraiser for the Illinois senator."

Race Seen As Perplexing Issue For Obama. In his Washington Post column (2/21, B1), Courtland Milloy says, "Is Obama black enough for the black vote? Is he too black for the white vote? With a black father from Kenya and a white mother from Kansas, can he expect to take the mixed-race vote? It's as if the 'color line' had been encoded into the American DNA." According to "a recent survey by Zogby International, a majority of whites, 55 percent, classified Obama as 'biracial,' and 66 percent of blacks classified him as black. To some, it was ridiculous to question whether Obama was 'authentically black' when he was embraced by so many black people. But assigning him to that category only tightens the knot."

Edwards Denies Report He Considers Israel Threat To Peace. The AP (2/21, Farrington) reports John Edwards' presidential campaign "wants to make it clear that he does not consider Israel a threat to world peace." An Edwards spokesman "issued a statement Tuesday denying such a report on Variety.com. Columnist Peter Bart reported that Edwards told a Hollywood fundraiser last month that the possibility that Israel would bomb Iran's nuclear facilities is perhaps the greatest short-term threat to world peace."

Clinton Outlines Initiatives For Black Students And Businesses. The AP (2/21, Farrington) reports that during her first campaign trip to Florida, Sen. Hillary Clinton "criticized President Bush's education policy as doing little to help minorities and acknowledged that she is still searching for ways to raise minority student test scores." Clinton " said Bush's No Child Left Behind Act isn't providing a solution for raising test scores." Clinton "spoke and took questions for an hour from the mostly black audience of 300 in the Liberty City neighborhood. The event was sandwiched between fundraisers in Tampa, Miami and Hollywood that were closed to the press. The federal government can do more to help minority businesses by writing a road map for banks' roles in the communities, Clinton said." Clinton "also called for microlending programs and helping business owners to develop stronger business plans so they are more credit worthy."

Clinton's Use Of "Hillary" In Campaign Literature Noted. In an op-ed for the New York Times (2/21, 1.16M) Peter Funt, host of the television program "Candid Camera," writes, "Someone has apparently decided that Mrs. Clinton will be the first major single-name candidate since 1952. … Mrs. Clinton announced her intentions via the Internet on a Web site called 'Hillary for President.' Incredibly, on the day of her announcement, the name 'Clinton' did not appear anywhere in the long text on the site's home page."

Democratic Presidential Candidates Converge On Nevada For Forum. USA Today (2/21, Lawrence, 2.27M) reports, "With eight prospects participating in a forum today," Carson City, NV "is experiencing a crush of attention usually reserved for places like Keene, N.H. or Davenport, Iowa. … Nevada's sudden clout arises from its new Jan. 19 slot on the Democratic primary calendar, between the Iowa caucuses (Jan. 14) and the New Hampshire primary that start the nomination season. Two questions surround Nevada: Can the state pull it off? Will New Hampshire, now slated for Jan. 22, move earlier to stay second? The Democrats' elevation of Nevada reflects their rising hopes for political success in Western states. President Bush won Nevada by less than 3 percentage points in 2004."

The CBS Evening News (2/20, story 8, :15, Mitchell, 7.66M) reported, "And the presidential race takes a new twist tomorrow. Most of the Democrats will be on the same stage for the first time in Nevada."

Obama Will Not Participate. Fox News' Special Report (2/20, Hume) noted that Nevada, "with its legalized gambling and prostitution, has been chosen by the Democratic party to caucus second after Iowa. A big candidates' forum is scheduled for Wednesday to promote caucus participation." Sen. Barack Obama visited Nevada Sunday butt is "skipping" Wednesday's forum. Sen. Hillary Clinton is "en-route to Nevada with the rest of the democratic field except for Obama."

Davis Defends Clinton's Iraq Vote. In an op-ed in The Hill (2/21), Lanny Davis says, "Although I am an ardent Iraq war critic and from the earliest days had serious doubts about granting the president discretionary authority to go to preemptive war in October 2002, I believe Sen. Clinton (whom I am supporting for president) has shown integrity and

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courage in refusing to pander to state that the vote at the time was a 'mistake' — given the information and belief she had concerning Saddam's WMD AND the clear conditions she set in her Senate speech explaining her vote." The "irony here is that Sen. Clinton is often criticized for seeming to be too calculating and opportunistic in taking positions on issues. Yet here she is standing on the truth and the facts known at the time, and refusing to pander and rewrite history."

Increasing Number Of Latino Evangelicals Bodes Well For GOP. Dick Morris writes in The Hill (2/21) reports, "A revolution is underway among America's Latino population that will have profound implications for the future of American politics. Of the 41.3 million Hispanics in the United States today, 37 percent identify themselves as 'born-again' or 'evangelical.' Just 10 years ago, the proportion that did so was about 15 percent. All told, there are now about 11 million Evangelical Protestant and 3 million Evangelical or Charismatic Catholic Latinos in the United States. In 1996, there were only 4 million." That shift "portends huge changes for American politics. With the Latino population swelling from 22 million in 1990 to 41 million in 2004, any change of these proportions in the beliefs of Hispanic-Americans will have a momentous impact on politics. Evangelicals, of any race or ethnicity, are fertile ground for Republicans and may provide a huge opening to swing the formerly Democratic Hispanic vote toward a more even-handed stance or even make it a core element of an emerging Republican majority. … Unfortunately, the hostile reception immigration reform has received from the GOP side of the aisle in Washington is turning off the very voters the Republicans can now, for the first time, hope to attract to their side. … It's time Republicans awakened to the political opportunities of Evangelical Hispanic conversions and got with the program."

Biden's Son And Brother Sue Former Business Partner. The Washington Post/Bloomberg (2/20, D2, Strasburg, Weidlich) reports that Sen. Joseph Biden's son R. Hunter Biden, a Washington lobbyist, "accused a former business partner of lying about his professional credentials and finances after they agreed to buy a hedge fund investment firm in 2006, according to a complaint in New York state court." Biden and James Biden, the senator's brother, "countersued Anthony Lotito Jr. on Feb. 13, saying he hid debts and falsely claimed he held securities licenses to lure them as partners in the planned $21.3 million acquisition. Lotito also persuaded the Bidens to hire a lawyer who had been convicted of fraud, according to the complaint."

Former State, CIA Officials To Launch Private Intelligence Firm. In its "Inside the Beltway" column, the Washington Times (2/21, 88K) reports Ambassador Cofer Black, the former ambassador-at-large and coordinator for counterterrorism at the State Department, and Rob Richer, who was the CIA's No. 2 for counterintelligence, "will create a new 'CIA-type' organization to address intelligence needs in the private sector. 'Terror attacks,' 'political instability,' 'avian-flu outbreaks,' and even severe weather events will be on the radar of the company, which the pair names Total Intelligence Solutions."

MacKinnon Notes Elderly DC Woman's Death Caused By Shut-Off Utilities. In an op-ed for USA Today (2/21, 11A, 2.27M) Douglas MacKinnon, former White House and Pentagon official, writes, "On Jan. 17, Bessie Sanders of Washington was killed in a house fire. It was determined by the fire department that 'Ms. Bessie,'…lost her life when the candle she was using for illumination in her bedroom accidentally started a fire. During the coldest part of the year, Ms. Bessie was using a candle for light because her electricity, gas and water had all been shut off. In this country, the last remaining superpower, an elderly woman needlessly perished when her government failed her. Even as friends and neighbors alerted the District of Columbia that Ms. Bessie's utilities needed to be reactivated, according to The Washington Post, the bureaucracy apparently failed to do so because she did not personally make the call, and a Social Security number was not provided. District officials said they had no record of her asking for assistance."

Cheney Reassures Japan On Nuclear Deal. AFP (2/21, Knox) reports Vice President Cheney "reassured Japan that the North Korea nuclear deal was a 'good first step' after a worried Tokyo refused to fund the pact." Japan has also "refused to provide energy aid to the nuclear-armed communist regime until it resolves an emotionally charged row over the past kidnappings of Japanese nationals." The Vice President "discussed the kidnappings among other issues in a breakfast meeting with Chief Cabinet Secretary Yasuhisa Shiozaki," said Cheney spokeswoman Lea Anne McBride.

Under the headline, "Cheney's Visit To Japan Exposes Tensions," the Financial Times (2/20, Pilling) reports Japan's defense minister, Fumio Kyuma, Tuesday "felt obliged to explain why he would not be meeting" Cheney. The US Vice President, "Kyuma explained, could not be expected to meet a mere defense minister." Behind Kyuma's "humble remarks lie an awkward diplomatic moment" after earlier this month he "lashed out at US foreign policy, saying Washington was wrong to invade Iraq and lambasting its arrogant attitude towards Okinawa, the island where the bulk of US troops in Japan are stationed." Kyuma's remarks "provoked outrage among Japan-handlers in the Bush administration and the

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embarrassment that has followed is one of several points of contention."

Negroponte To Visit Asia To Shore Up Support For Accord. On its front page, the Financial Times (2/21, A1, Dinmore) reports Deputy Secretary of State John Negroponte's first mission is expected to take him to Asia next week "to shore up last week's breakthrough deal with North Korea." Negroponte will visit China, South Korea and Japan, officials said. One official said Negroponte "also planned to add Pyongyang to his itinerary, though others either denied this or said such a trip was unlikely at this stage." The Bush administration, "in particular Condoleezza Rice…has been fiercely criticized by Washington hawks over last week's deal." Officials admitted that a high-level visit to Pyongyang "would be controversial internally."

Iran Sets Conditions For Halt Of Nuclear Program. The AP (2/21, Jahn) reports Iran's chief nuclear envoy said Tuesday "his country wants to negotiate over its uranium enrichment program, on the eve of a U.N. Security Council deadline that carries the threat of harsher sanctions." But President Mahmoud Admadinejad "said Iran will halt enrichment only if Western nations do the same." Sanctions "could be triggered" by a report from IAEA chief Mohamed ElBaradei Wednesday to his agency's 35 board-member nations, which "is expected to say Iran has expanded enrichment activities instead of freezing them."

The Wall Street Journal/AP (2/21, A6) reports Bush administration officials "dismissed Iran's unusually conciliatory comments." White House spokesman Tony Snow called Ahmadinejad's pledge a "false offer," noting the Administration "hopes to push for new sanctions next month." Meanwhile, the Washington Times (2/21, Sands, 88K) reports State Department spokesman Tom Casey "said intensive negotiations are already under way" among the five permanent members of the U.N. Security Council "about a new resolution imposing new penalties and restrictions on Iran." Moscow and Beijing "have been reluctant to back the Bush administration's hard line on Iran," but US officials "were encouraged by reports this week that Russia may delay the delivery of fuel for a planned nuclear plant it is building for Iran."

The Financial Times (2/21, Dombey) reports, "Many western diplomats question why Iran is accelerating its enrichment activities while Bushehr, the nuclear power plant the uranium is intended to feed, is behind schedule and was delayed further this week because of Iran's alleged failure to pay its Russian contractors." In an interview with the Times, ElBaradei said, "Iran sees enrichment...as a strategic goal because they feel that this will bring them power, prestige and influence. They feel that this will bring them into the company of some of the large and influential [states], the 12, 13 countries with enrichment processing, even if they don't have a weapon."

Experts Urge West To "Ratchet Up The Pressure" On Iran, Not Talk. Danielle Pletka and Michael Rubin of the American Enterprise Institute write in the Wall Street Journal (2/21, A17, 2.04M) about how the West will respond to today's missed deadline. Earlier this month, they note, "Sir Richard Dalton, until recently Britain's ambassador in Tehran, called for direct talks between US and Iranian officials and suggested the West modify demands that the Islamic Republic suspend uranium enrichment. Unfortunately, his eagerness for dialogue is being echoed and amplified elsewhere, especially in the wake of the Bush administration's deal to pay North Korea for similar disarmament." However, Pletka and Rubin insist that "to change course now would signal the impotence of international institutions and multilateral diplomacy. History shows that when the supreme leader believes Western resolve is faltering, Iran will be more defiant and dangerous. Now is not the time to talk. If Washington and Europe truly believe in the primacy of multilateralism and diplomacy, now is the time to ratchet up the pressure."

US Commander Says Navy Buildup Came After Moves By Iran. In an interview with the AP (2/21, Krane), US Vice Adm. Patrick Walsh, the top US Navy commander in the Mideast, said Iran "has brought its war games maneuvers over the past year into busy shipping lanes in the Straits of Hormuz, the narrow mouth of the Persian Gulf through." These moves "have alarmed US officials about possible accidental confrontations that could boil over into war, and led to a recent build-up of Navy forces in the Gulf," Walsh said. Although the additional US firepower "has ratcheted up tensions with Iran," Walsh "said the increase aims to reassure Arab allies in the Gulf and prevent misunderstandings that could escalate into outright conflict."

Rice Seeks Arab Support For Abbas. AFP (2/21, Millikin) reports Secretary of State Condoleezza Rice Tuesday held talks in Jordan with intelligence chiefs of four Arab states "seen as crucial in backing Palestinian President Mahmoud Abbas in his power struggle with the radical Islamic group Hamas." Rice also briefed Jordan's King Abdullah II on her meeting Monday in Jerusalem with Abbas and Israeli Prime Minister Ehud Olmert. Rice's Mideast initiative "has been undermined by the power-sharing deal brokered by Saudi Arabia earlier this month which caught the US administration by surprise," according to a senior US official. The deal "infuriated Israel and almost torpedoed Monday's summit," officials said. However, while Rice "succeeded in bringing the meeting off and gaining a pledge by Olmert and Abbas to continue talking, tensions were apparent when neither man appeared at her side for the reading of a joint statement."

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The Washington Post (2/21, A12, Kessler, 690K) says the "lackluster outcome of the Israeli-Palestinian summit brokered by Rice in Jerusalem on Monday suggests" the Secretary's earlier "optimism may be misplaced." While, "diplomats and Middle East experts applaud her willingness to invest her prestige in trying to solve an intractable problem," others "wonder whether her efforts are six years too late." However, Rice "insists that the conditions have never been better for peace." One Rice aide "conceded that there is 'diplomatic risk' to Rice forging ahead, but European officials are thrilled that she is now trying ideas they have long urged." A senior European official said Tuesday that "just the fact that Rice did not cancel the meeting in the face of Israeli resistance was a signal, because the administration has had a pattern of halting peace efforts at the first sign of trouble."

Israel Threatens To End Talks With Abbas. The AP (2/21, Gearan) reports Israel said Tuesday "it would stop dealing with Palestinian President Mahmoud Abbas if he goes ahead with plans to join Hamas in a new government." Miri Eisin, a spokeswoman for Israeli Prime Minister Ehud Olmert, "ruled out any talks on a final peace deal with Abbas if he went ahead with plans to form a new Cabinet including Hamas." Israeli talks with Abbas "would be limited to matters such as improving living conditions for the Palestinians and ending Palestinian attacks against Israel."

The Washington Times (2/21, Kralev, 88K) reports Israeli Foreign Minister Tzipi Livni said the agreements between Hamas and Fatah "disappoint all who supported separating the extremists from the moderates and creating an alternative government in the Palestinian Authority."

Palestinian Factions Struggle To Maintain Truce. The Wall Street Journal (2/21, A9, Simpson, 2.04M) reports representatives of Hamas and Fatah both "acknowledged in separate interviews yesterday that tensions remain high and that there have been multiple breaches of their accord. Still, they said their fears about open warfare erupting anew were based on political and diplomatic processes far beyond the streets where their men maintain a tense standoff." One key factor, which remains unclear, "is whether Saudi Arabia will abide by its pledge to supply $1 billion to the new unity government. If it does, it is possible Mr. Abbas could continue to press ahead with Hamas even if the US and Israel shun the Palestinian government." US officials "also have declined to say whether they are pressuring the Saudi regime to freeze that pledge." Meanwhile, Secretary Rice "is in a precarious position. If she pushes too hard, she could create an even greater backlash across the region and beyond, since the deal has brought an end to Palestinian bloodshed."

Mecca Accord Added To Challenge US Faces In Brokering Peace Deal. The New York Times (2/21, A8, Cooper, 1.16M) says the Mecca accord "added to the already formidable challenge the United States faces as it tries to accomplish another strategic goal: getting the Palestinians and Israelis back to the negotiating table for peace talks for the first time in six years." The pact "largely torpedoed the American-sponsored meeting on Monday," leaving the Times to question, "So why did Saudi Arabia broker a power-sharing agreement" between Hamas and Fatah "at the same time that Secretary of State Condoleezza Rice had decided to try to revive peace talks?" One reason, it says, is that Saudi "wanted to help end the Palestinian-on-Palestinian violence," but "another big reason, analysts said, is that the war in Iraq has intensified the split between Sunnis and Shiites, and deepened a power struggle between the Sunni royal family of Saudi Arabia, and Iran, which is largely Shiite." Although the US is "rooting for the Saudis in that power struggle, the two countries have some distinctly different ideas about how Saudi Arabia should fight for its leadership role in the region."

Congress Places Hold On Palestinian Aid. The Los Angeles Times (2/21, Richter, 850K) reports Congress is "holding up $86 million that the Bush administration is seeking to strengthen the security forces of Palestinian Authority President Mahmoud Abbas, in a new setback for the administration's efforts in the region." Rep. Nita M. Lowey (D-NY), chairwoman of the House Appropriations subcommittee on foreign operations, has put a hold on the funding, "saying she is not convinced the money will go to train and equip Abbas' security forces, as promised." Other lawmakers, including Democrats and Republicans, "have voiced concern that the money could end up in the hands of Hamas."

NYTimes Calls Jerusalem Meeting A "Charade." In an editorial, the New York Times (2/21, 1.16M) writes, "It speaks volumes when Secretary of State Condoleezza Rice flies to Jerusalem to try to revive peace talks between Prime Minister Ehud Olmert of Israel and President Mahmoud Abbas of the Palestinian Authority and cannot even get the two to show up when she reads out the content-free joint statement to which they have grudgingly agreed." The Times says the talks "reminds us of the six feckless years during which the Bush administration has squandered America's once commanding prestige in the region" and "portrays a secretary of state who clearly arrived with no new ideas -- and no idea of how to wheedle or pressure either side into making any of the compromises needed to stimulate the dangerously moribund peace effort." Rice's "diplomatic default was all the keener since this just might have been a moment for breaking the stalemate that has prevailed since Hamas won control of the Palestinian Parliament last year," the Times adds.

Ignatius Says US-Brokered Deal Will Help America's Image. The Washington Post's (2/21, A15) David Ignatius writes, "We are in the ditch in the Middle East. As bad as you think it is watching TV, it's worse. It's not just Iraq but the whole pattern of America's dealings with the Arab

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world. People aren't just angry at America – they've been that way to varying degrees since I first came here [Qatar] 27 years ago. What's worse is that they're giving up on us -- on our ability to make good decisions, to solve problems, to play the role of honest broker." To "get back on the road," Ignatius says, the US "must broker a settlement of the Israeli-Palestinian dispute." In order to achieve a settlement, he says Secretary Rice must insist that "America is a mediator in this conflict" and "its positions are independent of either side, and it is willing to talk to all parties to achieve peace."

Egypt Urged To Release Imprisoned Bloggers. Raja M. Kamal, an associate dean at the University of Chicago, and Tom G. Palmer, a senior fellow at the Cato Institute, writes in a Washington Post (2/21, A15, 690K) op-ed that "sincere friends of Egypt" should "call on the government to drop the charges" two bloggers critical of the regime, saying "it is the right thing to do, and it is the best thing for Egypt's standing in the modern world." Egypt, they note, is a signatory to the International Covenant on Civil and Political Rights, which guarantees the "freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media." Therefore, Kamal and Palmer argue, "Blogging should not be a crime."

Polish, Czech Officials Rebuff Moscow's Threats Over US Missile Plan. The New York Times (2/21, A6, Kramer, 1.16M) reports officials in the Czech Republic and Poland "vowed Tuesday that they would not be intimidated by Russia, a day after a general in Moscow declared that nuclear weapons could be aimed at their countries if they allowed the Bush administration to build ballistic missile defenses within their borders." In an interview on Polish radio, Prime Minister Jaroslaw Kaczynski dismissed the Russian threats as "clearly an attempt to intimidate." Meanwhile, the Czech foreign minister, Karel Schwarzenberg, said, "The Czechs will now think the shield is even more necessary." The Times says the dispute is "another sign of how quickly relations between Russia and Eastern Europe have been disrupted, descending this week and last into ominous talk of nuclear and military leverage reminiscent of the cold war."

The Washington Post (2/21, A10, Finn, 690K) says the "increasingly angry dispute" is "adding strain to already fragile US-Russian relations." Relations between the US and Russia "had already taken a hit this month when Russian President Vladimir Putin lashed out at Washington for its unilateral approach."

The Financial Times (2/21, Cienski, Anderson) notes that "while the right-of centre governments in Warsaw and Prague are keen to begin negotiations with Washington, opinion polls show opponents of the US bases significantly outnumber supporters." However, "Sweeteners could come in the form of a US decision to waive visas for Poles and Czechs, as well as money to modernise the countries armed forces."

Hadley Departs For Moscow. The AP (2/21) reports President Bush's national security adviser, Stephen Hadley, is embarking "on a high-level mission to Moscow and other European capitals, just over a week after incendiary remarks about Bush and the United States by Russian President Vladimir Putin." Stephen Hadley departed Tuesday for a four-day trip to Brussels, Moscow and Berlin, according to NSC spokesman Gordon Johndroe. In Brussels, Hadley planned to meet with NATO and European Union officials. In Moscow and Berlin, he was scheduled to sit down with his counterparts in the Russian and German governments. Although the trip has been planned for weeks, it "comes at a particularly delicate time in the Washington-Moscow relationship, meaning the Russian portion of his travels would be the most closely watched."

UN Approves Somalia Peacekeeping Force. The New York Times (2/21, A3, 1.16M) reports briefly that the U.N. Security Council Tuesday "authorized the dispatch of an African Union peacekeeping force to Somalia to help stabilize the country so a United Nations operation can take over in six months." The British-drafted resolution "urges African countries to furnish troops" and demands "guarantees of safety and access for international aid workers." Meanwhile, in Mogadishu Tuesday, the Washington Post/AP (2/21, A11) reports mortar rounds and rockets hit "in a series of attacks that killed 15 people and wounded more than 40, doctors and witnesses said." The violence, which targeted the presidential palace and seaport, was "among the worst since a two-week war in December."

In a news analysis, the New York Times (2/21, A3, Gettleman, 1.16M) reports, "Nearly every day, government forces and insurgents shell each other across Mogadishu's already dilapidated neighborhoods, scattering bodies and any remaining traces of hope. Gun prices are soaring and more clans are joining the underground, while an outbreak of cholera sweeps the countryside." Though it "is hard to believe," Somalia is "actually becoming a more violent and chaotic place. That is not how it was supposed to be. Nearly two months ago, an internationally-supported transitional government ousted the Islamist forces and steamed into Mogadishu…with great expectations. But confidence in the government -- never very high -- is rapidly bleeding away." Somalia now "seems to be just shy of total collapse -- again -- because the Ethiopian troops who provided the muscle to throw out the Islamists are withdrawing, yet none of the peacekeepers promised from other African countries have arrived."

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EU Ministers Pledge Steep Emissions Cut If US And Others Join Effort. The New York Times (2/21, Kanter, 1.16M) reports, "Seeking to persuade other nations to curb greenhouse gas emissions, European Union ministers pledged Tuesday to raise their own targets if industrialized countries like the United States made similar efforts." EU "governments would be ready to cut emissions 30 percent below 1990 levels by 2020, from a current pledge of 20 percent, but only if other heavy polluters joined in, said Sigmar Gabriel, the German environment minister, who led a meeting in Brussels that formally endorsed the European targets." The "pledges, which match a proposal made by the European Commission last month, are signs that nations are gearing up for new negotiations on a global climate accord after 2012, when the first period covered by the Kyoto Protocol expires. The issue is expected to be on the agenda when Germany serves as host of a meeting in June of the Group of 8 nations." EU "countries are hoping to win pledges from big developing countries as well, including China and India."

The Los Angeles Times/AP (2/21) reports, "European Union environment ministers agreed Tuesday on an ambitious effort to cut greenhouse gas emissions to 20% below 1990 levels, a goal likely to lead to mandatory limits for cars." They "said the target could be pushed to 30% if other industrialized countries sign on to a global effort." The "target, which must be approved at an EU summit next month to become official, is a crucial first step in a global warming strategy that must be in place by the time the Kyoto Protocol expires in 2012." President Bush has kept the US "out of the Kyoto treaty, saying it would harm the U.S. economy. The Bush administration has said it is committed instead to advancing and investing in new technologies to combat global warming."

Experts Cast Doubt On Carbon Capture Technology. The New York Times (2/21, Wald, 1.16M) reports, "Within the next few years, power companies are planning to build about 150 coal plants to meet growing electricity demands. Despite expectations that global warming rules are coming, almost none of the plants will be built to capture" carbon dioxide. The Times adds, "Environmentalists are worried, but they put their faith in a technology that gasifies the coal before burning. Such plants are designed, they say, to be more adaptable to separating the carbon and storing it underground. Most utility officials counter that the gasification approach is more expensive and less reliable, but they say there is no need to worry because their tried-and-true method, known as pulverized coal, can also be equipped later with hardware to capture the global warming gas." However, "influential technical experts are casting doubts on both approaches." A major new study "concludes in a draft version that it is not clear which technology -- the so-called integrated gasification combined cycle or pulverized coal — will allow for the easiest carbon capture, because so much engineering work remains to be done."

UK Climate Change Study Said To Be "Right For The Wrong Reasons." New York Times (2/21, 1.16M) columnist David Leonhardt writes, "Last week, Sir Nicholas Stern, a top adviser to the British government, came to the United States to talk about climate change. In October, a commission he led released a 700-page report calling for 'urgent action' against global warming to prevent economic damage that could rival that of the world wars and the Great Depression." In "the minds of a lot of American economists, however, the review is a badly flawed piece of work." Critics' "main objection revolved around something called the discount rate. The Stern Review assumed that a dollar of economic damage prevented a century from now (adjusted for inflation) is roughly as valuable as a dollar spent reducing emissions today." "Technically," Leonhardt writes, "Sir Nicholas's opponents win the debate. But in practical terms, their argument has a weak link. They are assuming that the economic gains from, say, education will make future generations rich enough to make up for any damage caused by climate change." But "[n]o one knows whether this is true, let alone desirable, because no one knows what life will be like on a planet that is five degrees hotter." Focusing attention on "the catastrophic risks of climate change...is Sir Nicholas's biggest accomplishment, whatever you think of his math." As one critic "puts it, the Stern Review is 'right for the wrong reasons.'"

Global Warming Already "Bringing Misery" To Bangladeshi Village. The Los Angeles Times (2/21, Chu, 850K) reports from a village in Bangladesh, "Global warming has a taste in this village. It is the taste of salt." Warmer "weather and rising oceans are sending seawater surging up Bangladesh's rivers in greater volume and frequency than ever before, experts say, overflowing and seeping into the soil and water supply of thousands of people. Their lives are being squeezed by distant lands they have seen only on television — America, China and Russia at the top of the list — whose carbon emissions are pushing temperatures and sea levels upward." The Times adds, "Earlier this month, a long-awaited report by the United Nations said global warming fueled by human activity could lift temperatures by 8 degrees and the ocean's surface by 23 inches by 2100. Here in southwestern Bangladesh, the bleak future forecast by the report is already becoming reality, bringing misery along with it."

Campaign Urges End To Slavery. The Christian Science Monitor (2/21, Lampman, 59K) reports on the "The Amazing Change" campaign which "encourages people to sign a petition to end modern-day slavery, donate to the

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cause, and learn how they can take an active part in the movement." While slavery "takes different forms today, the impact remains devastating to lives around the globe," according to UN and US government statistics. The Monitor notes that "an estimated 300,000 children have been forced to serve as child soldiers in more than 30 conflicts. Each year, human trafficking for sexual servitude or forced labor moves 800,000 people across international borders, including some 17,500 foreigners trafficked into the United States. Some 200,000 people are considered to live enslaved in the US."

Kidnappings Paralyze Haitian Capitol. On its front page, the Washington Post (2/21, A1, Roig-Franzia, 690K) reports, "Despite the presence of thousands of U.N. troops and a new military offensive to root out gangs, armed thugs still rule much" of Port-Au-Prince, Haiti, where "a swarm of recent kidnappings is terrorizing residents and scaring away foreign investment." Haiti's government has been "powerless to stop the crisis," and international advisers "describe the police force and judicial system as critically dysfunctional and profoundly corrupt." The U.N., "which is engaged in background checks of police that officials believe could lead to the dismissal of 1,000 corrupt officers, is now overseeing the largest military operation to defeat gangs since being deployed here in 2004," and U.N. officials "hope to stem the flow of kidnap ransoms to gangs."

Weed's Biodiesel Potential Kindles Hope In Africa. The Washington Times (2/21, Palmer, 88K) reports, "Jatropha, a scruffy bush producing dry, black nuts, is triggering a scramble for land in Africa, with Norwegian, Indian and British companies looking to producing clean-burning biodiesel for cars and trucks." The Times adds, "Long used as nothing more than living fences meant to hold back the encroaching Sahara and Kalahari deserts, jatropha oil, the evidence shows, burns cleaner than fossil fuels. That, in turn, has experimental plantations popping up in Africa from Kenya to Ghana to South Africa." With "the growing attention of major oil distributors, jatropha is the little plant that could lift African farmers from lives of poverty and the continent into a fuel oil producer. ... It could, however, go the way of the emu farm: just another expensive farming fad that went bust instead of boom."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Safety Alarms Raised At Nuclear Weapons Plant"
"Climate Change Laps At Bangladesh's Shores"
"Judge Rejects Gov.'s Inmate Transfer Tactic"
"Detainees Lose Bid For Legal Rights"
"The Conflict In Iraq: The Sadr City Dilemma"
"Feeling The Tug Of Tradition"

USA Today:
"Britain Cutting Its Force In Iraq"
"La. Levee Plan Leaves Some Helpless"
"More And More, Retirees Are Finding That It Pays To Have Worked For The Government Instead Of The Private Sector"

New York Times:
"Court Endorses Law's Curbs on Detainees"
"In Closing Pleas, Clashing Views on Libby's Role"
"Tougher Tactics Deter Migrants at U.S. Border"
"For Youths, a Grim Tour on Magazine Crews"
"Rape Accusation Reinforces Fears in a Divided Iraq"
"To Save Later, Some Employers Offer Free Drugs"
"Bush Friends, Loyal and Texan, Remain a Force"
"Japan's Central Bank Raises Key Lending Rate"
"Justices Overturn $79.5 Million Tobacco Ruling"

Washington Post:
"Justices Overturn Tobacco Award"
"Takeover The Left's New Hit List"
"Va. Senate Approves Red-Light Cameras"
"Expensive Upgrades"
"Guantanamo Detainees Lose Appeal"
"Md. House Approves Cut in Car Pollution"
"In Haiti, Abductions Hold Nation Hostage"
"Pr. George's Official Opened Fire Unprovoked, Deliveryman Says"

Washington Times:
"Owner Vows A Hassle In Escort-Service Probe"
"Weed's Biofuel Potential Sparks African Land Grab"
"Reward To Smoker's Widow Nixed By Top Court"
"Cancer-Virus Vaccine Targets Wrong Age Group"
"Cyprus Offers Moms Bonuses For More Babies"
"Watt is Wrong With The Bulb?"
"Metro Fare Rise A Last Resort"

Detroit Free Press:
"'07 Looks Critical For UAW"
"Fat Then Fast"
"Prison To Be Closed By July, 1,500 To Be Freed"
"Life Quality And No Fault Rule To Clash"

Atlanta Journal-Constitution:
"Britain To Pull Troops From Iraq, Reports Say"
"Iraq Developments"
"Airport Workers Will Face Screening"
"Avondale Mall Teardown Turns Up Rat Catch Fever"
"A Mixed Message On Mixtapes: Are They PR Or Hip-Hop Piracy?"

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Houston Chronicle:
"DPS Officials Were Told Of Lax Lab Security"
"Districts Seek Bilingual Ed Teachers In Mexico"
"Man Sorry For Conroe Rape; Innocent Kin Did Time"
"Obama Faces Uphill Fight For Houston's Black Vote"
"Texas Lawmakers Want Vicious-Dog Laws That Bite"
"Houston al-Qaida Case Hearing To Resume Today"

Story Lineup From Last Night's Network News:

ABC: Miracle Baby-Abortion Debate; SCOTUS-Tobacco Ruling; Terrorism Ruling; Iraq-UK Timetable; Iraq-Small Town Soldiers; JetBlue Unveils Customer Bill Of Rights; Price Of Gas Rising; Senator Johnson Recovering; Palm Beach County-Gang Violence; Mardi Gras; Hamburger Debate
CBS: Iraq-British Troops; Bush-British Troops; Iraq-Security Crackdown; Supreme Court-Punitive Damages; Libby Trial; Airlines-Lost Luggage; Obama-Hollywood Fundraiser; Democrats-Nevada Event; Elder Care; HPV Vaccine Lobbying; Probiotic Food; Premature Baby; Prince Harry-Iraq
NBC: Iraq-UK Timetable; UK Timetable-White House Reaction; Judicial Rulings-Terrorism, Tobacco; Libby Trial Closing Arguments; Walter Reed Living Conditions; Merck-Cervical Cancer Vaccine; Taking Care Of Elderly Parents; JetBlue Unveils Customer Bill Of Rights; Mardi Gras-Marsalis Interview

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Britain-Iraq Withdrawal; Obama-Iraq; Obama-Los Angeles Fundraiser; Iranian Nuclear Program-UN Deadline; Anna Nicole Smith-Burial Court Hearing; James Brown-Estate Legal Battle; Mardi Gras; CA-Prison Overcrowding; Merck-Cervical Cancer Vaccine Lobbying; OJ Simpson-TV Residuals; Britney Spears-Rehab.
CBS: Britain-Iraq Withdrawal; Iraq-Car Bombing; Iranian Nuclear Program-UN Deadline; Libby Trial; Merck-Cervical Cancer Vaccine Lobbying; Mardi Gras; CA-Prison Overcrowding; San Francisco-Holocaust Survivor Assaulted.
NPR: Iraq-Car Bombing; Britain-Iraq Withdrawal; Iranian Nuclear Program-UN Deadline; Albanians, Serbs-Kosovo Meeting; Libby Trial; Merck-Cervical Cancer Vaccine Lobbying; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Tours Erlanger Hospital-Baroness Campus, Chattanooga, Tenn.; participates in a conversation on health care initiatives, Chattanooga.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MEDICAL SCIENCE-MEDIA _ 9 a.m. - 5 p.m. Center for Medicine in the Public Interest host daylong conference, ``Media and Medical Science." Speakers include FDA Commissioner Dr. Andrew von Eschenbach. Location: Hyatt Regency, 400 New Jersey Ave. NW.

JOHANNS _ 8 a.m. Agriculture Secretary Johanns speaks to the Washington International Trade Association. Location: Reagan Trade Center.

GUITIERREZ-CASTRO _ 9:30 a.m. US Commerce Secretary Carlos Guitterez speaks at Council of the Americas program on the future of Cuba and US policy after Castro. Location: Metropolitan Club, 1700 H St. NW.

GOVERNMENT EMPLOYEES _ 10 a.m. The American Federation of Govermnet Employees holds a telephone news briefing to discuss a number of legislative issues it plansto to explore at its annual legislative conference in Washington next week. These include: Full bargaining rights for TSA employees; preservation for the Federal Protection Service; increased funding for federal agency budgets including the Veteran Affairs budget and Social Security; rollback of A-76 provisions and changes to whistleblower protections for federal employees. Notes: Call-in number: 877-494-5165. Participant code: 475649.

US-INDIA _ 10 a.m. Assistant Commerce Secretary Christopher Padilla holds a media roundtable to discuss the Thursday-Friday meeting of the US-India High Technology Cooperation Group. Location: Room 3884, main Commerce.

AARP GOALS _ 10:30 a.m. AARP CEO Bill Novelli, others, hold a news briefing to discuss the organizations goals for the year. Location: 10th floor conference room, AARP, 601 E St. NW.

MUSLIM-HUNGER STRIKE _ 11 a.m. The Freedom Foundation, attorneys, others, hold a news conference in support of hunger-striking Muslim professor Sami Al-Arian to express concerns for his health. Location: Justice Dept., 9th and Pennsylvania Ave.

BAICKER _ 12 p.m. Council of Economic Advisers member Katherine Baicker speaks at the ``Washington Meets Wall Street health care conference. Location: Mandarin Oriental Hotel, 1330 Maryland Ave. SW.

CLIMATE REPORT-COLORADO BASIN _ 12 p.m. Teleconference at 12 noon (9 a.m. PST) on National Academies report on the ``Colorado River Basin Water Management: Evaluating and Adjusting to Hydroclimate Variability." Contacts: NAS, 202-334-2138. Notes: Preregistration required at 202-334-2138 or newsnas.edu. Embargoed copies of report available starting at 12 noon PST on Tuesday, Feb. 21.

ECONOMICS-DEVELOPMENT _ 12 p.m. The World Bank holds a discussion on the new, 6th edition of ``Economics of Development," with Emmanuel Jiminez of

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World Bank, David Lindauer of Wellesley College and Steven Radelet of the Center for Global Development. Location: Room J1-050, 701 18th St. NW.

IRAQ-TERRORISM _ 12:15 p.m. - 1:45 p.m. The New America Foundation hosts a discussion, ``The Iraq Effect: War and the Incidence of Global Terrorism." Participants: Peter Bergen, Schwartz Senior Fellow, New America Foundation; Paul Cruickshank, Research Fellow, Center on Law and Security at the NYU School of Law; Steven Katz; Associate Publisher, Mother Jones. Location: New America Foundation, 1630 Connecticut Ave. NW, 7th Floor.

GUTIERREZ _ 12:20 p.m. Commerce Secretary Gutierrez speaks to a luncheon meeting of the Republican National Lawyers Association on the administration's priorities in maintaining the nation's economic and competitive edge in the world economy. Location: Tony Cheng's Restaurant, 619 H St. NW.

ESTABLISHMENT CLAUSE _ 12:30 p.m. The American Constitution Society for Law and Policy holds a discussion of an upcoming Supreme Court case concerning the right of taxpayers to enforce the Establishment Clause against programs such as the President's faith-based initiatives. Participants include Richard Katskee of Americans United for the Separation of Church and State, Judity Schaeffer of People for the American Way Foundation; Benjamin Bull of the Alliance Defense Fund, others. Location: National Press Club.

GOP-CANDIDATES _ 12:30 p.m. RNC Communications will host a media conference call with reporters to discuss the Carson City Democrat Presidential Candidates Forum and the RNC ``Meet the Candidates research package that will be released on Wednesday, Feb. 21. Contacts: Tracey Schmitt, 202-863-8614. Notes: Call-in number: 800-857-0298. Passcide: RNC.

KOHN-FINANCIAL STABILITY _ 1 p.m. Federal Reserve Board Vice Chairman Donald L. Kohn addresses an Exchequer Club Luncheon. Topic: ``Financial Stability: Preventing and Managing Crises. Location: University Club, 1135 16th St. NW.

ELECTRONIC WARFARE _ 2 p.m. - 2:45 p.m. The media is invited to attend an Army Electronic Warfare Round Table. Electronic Warfare is any military action involving the use of electromagnetic and directed energy to control the battle space and/or attack the enemy. Location: Room 1E 462, Army Public Affairs Conference Room, Pentagon.

NUCLEAR THREAT _ 6 p.m. Women in International Security and the Nuclear Threat Initiative hold screening of ``Last Best Chance," a docudrama. Panel discusssion to follow with Tammra Horning, Oak Ridge National Lab; Carie Lemack, Families of Sept. 11, others. Location: Carnegie Endowment, 1779 Massachusetts Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Court: Detainees Can't Challenge Cases (AP)

By Hope Yen, Associated Press Writer
AP, February 21, 2007

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In a victory for President Bush, a divided federal appeals court ruled Tuesday that Guantanamo Bay detainees cannot use the U.S. court system to challenge their indefinite imprisonment. A Supreme Court appeal was promised.

The 2-1 decision by the U.S. Court of Appeals for the D.C. Circuit dismisses hundreds of cases filed by foreign-born detainees in federal court and also threatens to strip away court access to millions of lawful permanent residents currently in the United States.

It upholds a key provision of the Military Commissions Act, which Bush pushed through Congress last year to set up a Defense Department system to prosecute terrorism suspects. Now, detainees must prove to three-officer military panels that they don't pose a terror threat.

Democrats newly in charge of Congress promised legislation aimed at giving detainees legal rights. Attorneys for detainees said they would appeal Tuesday's ruling to the Supreme Court.

"We're disappointed," said Shayana Kadidal of the Center for Constitutional Rights. "The bottom line is that according to two of the federal judges, the president can do whatever he wants without any legal limitations as long as he does it offshore."

The two judges voting with the White House — Judge A. Raymond Randolph and Judge David B. Sentelle — were appointed by Republicans. President Reagan appointed Sentelle, and President George H.W. Bush appointed Randolph. The dissenter, Judge Judith W. Rogers, was appointed by President Clinton, a Democrat.

White House deputy press secretary Dana Perino called the decision "a significant win" for the administration and said the Military Commissions Act provides "sufficient and fair access to courts for these detainees."

At the Justice Department, attorneys urged Chief Justice John G. Roberts to deny legal relief to Guantanamo prisoners. They also said that in the case of Sharaf al-Sanani, a Yemeni being held at Guantanamo, the government was no longer obligated to explain why he was being detained.

About 395 detainees are currently being held at the U.S. military base at Guantanamo Bay in Cuba. The first prisoners arrived more than five years ago, after the Sept. 11, 2001, terror attacks.

At issue is the right of habeas corpus, a basic tenet of the Constitution protecting detainees from unlawful imprisonment. Twice before, the Supreme Court ruled that right gave Guantanamo detainees full access to courts.

But in their latest ruling last June, justices suggested the president could ask Congress for more anti-terrorism authority, prompting passage of the commissions act that in part stripped federal court review.

Randolph, writing for the majority, said the new commissions act clearly blocked court access and was constitutional because a "foreign entity without property or presence in this country has no constitutional rights."

"The arguments are creative but not cogent. To accept them would be to defy the will of Congress," Randolph wrote in the 25-page opinion, which was joined by Sentelle.

In dissent, Rogers said the cases should proceed. She argued that the military hearings — known as Combatant Status Review Tribunals, or CSRTs — deprive detainees of critical due process rights provided by the Constitution by putting the legal burden on detainees to prove they aren't terrorist threats.

"District courts are well able to adjust these proceedings in light of the government's significant interests in guarding national security," Rogers wrote. "More significant still, continued detention may be justified by a CSRT on the basis of evidence resulting from torture."

Under the commissions act, the government may indefinitely detain foreigners who have been designated as "enemy combatants" and authorizes the CIA to use aggressive but undefined interrogation tactics.

A spokeswoman for Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., said Leahy had prioritized a bill that would restore detainees' legal rights, noting that some 12 million lawful permanent residents currently in the U.S. could also be stripped of rights if they were ever designated as "enemy combatants."

Leahy was referring to the case of Ali Saleh Kahlah Al-Marri, a citizen of Qatar, who was arrested in 2001 as an "enemy combatant" while studying in the United States. The Justice Department says the commissions law should apply to immigrants such as him, and the 4th U.S. Circuit Court of Appeals in Richmond, Va., is expected to issue a ruling soon.

A provision restoring detainees' rights, introduced by Leahy and then-Judiciary Chairman Arlen Specter, R-Pa., narrowly failed last year on a 48-51 vote.

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"The Military Commissions Act is a dangerous and misguided law that undercuts our freedoms and assaults our Constitution by removing vital checks and balances designed to prevent government overreaching and lawlessness," Leahy said in a statement.

But Sen. John Cornyn, R-Texas, who helped draft the new commission law, heralded the ruling as "respecting the will of Congress."

"The detainees held at Guantanamo Bay do not have an unfettered constitutional right," he said. "In fact, the legal and humane actions of the U.S. government stand in stark contrast to our al-Qaeda enemies who behead those they capture."

Rep. Ike Skelton, D-Mo., who chairs the House Armed Services Committee, said he will launch a congressional review to determine whether military hearings offer detainees legal protections to which they are entitled.

"The last thing that we would want is to convict an individual for terrorism and then have that conviction overturned because of fatal flaws in the military commissions law passed in the previous Congress," Skelton said.

Jonathan Hafetz, an attorney at the Brennan Center for Justice, said the ruling sends the wrong message about justice to U.S. citizens and the international community. Ultimately, it will be the Supreme Court that will have to sort out the legal mess, he said.

"It's a terrible ruling that contradicts centuries of Anglo-American history and allows the indefinite detention of innocent people without charge or judicial review," Hafetz said.

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On the Net:

The ruling can be found at:

http://pacer.cadc.uscourts.gov/docs/common/opinions/200702/05-5062b.pdf

Senate Judiciary Committee: http://judiciary.senate.gov

Court Rejects Detainees' Cases (WSJ)

By Jess Bravin

The Wall Street Journal, February 21, 2007

WASHINGTON -- A federal appeals court closed the courthouse doors to prisoners held at Guantanamo Bay, Cuba, ruling that legislation passed late last year eliminated their right to challenge their indefinite detention.

The 2-1 decision by the U.S. Court of Appeals for the District of Columbia Circuit tossed out dozens of pending cases, and was the latest -- although perhaps not the last -- swing of the pendulum on prisoner rights at Guantanamo. The impassioned language of the majority and dissenting opinions, both citing dueling historical precedents, illustrated the divide over the Constitution's relevance to the war on terrorism.

For Judge A. Raymond Randolph, who wrote the majority opinion, the case represented a vindication. In a 2003 ruling, he backed President Bush's claim that Guantanamo prisoners had no rights before federal courts, only to be reversed by the U.S. Supreme Court the following year. The pattern repeated in 2005, when he ruled that Guantanamo prisoner Salim Hamdan had no right to contest the legitimacy of the military trial the Bush administration set up for him -- a ruling likewise overturned within a year when the Supreme Court found that the president had exceeded his powers by acting outside congressional authorization. Congress followed by passing the Military Commissions Act, extending to prisoners some rights Mr. Bush initially had sought to deny, but stripping courts of jurisdiction to hear their habeas corpus claims, a typical right of prisoners to challenge the legitimacy of their detention.

"Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan," Judge Randolph wrote. Noting the act applies to all detainee claims "without exception," he wrote, "It is almost as if the proponents of these words were slamming their fists on the table shouting, 'When we say "all," we mean all -- without exception!'"

In dissent, Judge Judith Rogers wrote that this time, it was Congress that had exceeded its authority. The Constitution provides that "the privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the

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public safety may require it." Neither had occurred, she wrote, and Congress hadn't followed its practice during the four prior times it suspended habeas, most recently in Hawaii during World War II.

The decision is certain to be appealed to the Supreme Court, but even if the justices agree to hear the case, they are unlikely to do so before the court's next term, which begins in October.

On Capitol Hill, several lawmakers are proposing to restore some rights to Guantanamo prisoners. The Senate Judiciary Committee's chairman, Patrick Leahy (D., Vt.) and ranking Republican, Arlen Specter of Pennsylvania, have introduced legislation restoring habeas corpus rights. A separate bill by Sen. Christopher Dodd (D., Conn.) would go further, limiting the president's power to designate prisoners as "enemy combatants" to those captured in conflict zones. Several Guantanamo prisoners were captured far from the battlefield, in some cases arrested by their home governments and delivered to U.S. agents.

Guantanamo Challenges Rejected (LAT)

By Joel Havemann

The Los Angeles Times, February 21, 2007

WASHINGTON -- In a victory for President Bush in his global war on terrorism, a divided federal appeals court ruled today that the suspected enemy combatants at the Guantanamo Bay detention camp in Cuba had no right to challenge their imprisonment in U.S. courts.

In a 2-to-1 vote, a three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia held that the detainees had no access to U.S. courts because they were taken into custody overseas and held in a facility over which U.S. courts have no authority.

"Federal courts have no jurisdiction in these cases," wrote Judge A. Raymond Randolph for himself and Judge David Sentelle.

In her dissent, Judge Judith W. Rogers said Congress had no constitutional authority to deny individuals held by the U.S. government access to the federal courts.

Today's ruling will not be the last challenge to be lodged by the detainees. They will almost surely appeal to the Supreme Court.

Meanwhile, Congress, which has shifted from Republican control to Democratic since it passed the law under which the appeals court ruled, can repeal that law, although Bush would be likely to veto such a measure.

In an action urgently sought by Bush, Congress last fall passed the Military Commissions Act, which barred detainees from challenging their status in civilian U.S. courts. The Military Commissions Act was Congress' second attempt to validate the administration's effort to bring the detainees to trial at military tribunals.

The first was the Detainee Treatment Act, passed in 2005 after the Supreme Court had ruled that the detainees, with no charges having been filed against them, could not be held indefinitely at Guantanamo.

The Detainee Treatment Act held that "no court, justice or judge" had jurisdiction over the detainees at Guantanamo Bay.

After a legal challenge, the Supreme Court ruled that the measure did not apply to challenges to detainee status that were already in progress when the law was passed.

Congress then passed the Military Commissions Act, which the three-judge panel of the appeals court upheld.

To accept the detainees' arguments, wrote Randolph, "would be to defy the will of Congress."

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Court Hands Bush Win In Gitmo Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 21, 2007

A federal appeals court panel yesterday, in a 2-1 vote, upheld a key provision of anti-terrorism legislation signed by President Bush that blocks prisoners at Guantanamo Bay from challenging their detention in U.S. district courts.

"Federal courts have no jurisdiction in these cases," wrote Judge A. Raymond Randolph in the 25-page majority ruling, which was supported by Judge David B. Sentelle.

In a key victory for the White House in its war on terrorism, Judge Randolph, named to the bench by President Reagan, and Judge Sentelle, appointed by President George Bush, argued that Congress had successfully stripped the detainees of their right to seek a hearing through a writ of habeas corpus.

"The arguments are creative, but not cogent," Judge Randolph said in response to appeals by two detainees who asked the court to consider their unlawful-detention appeals.

"To accept them would be to defy the will of Congress. ... It is almost as if the proponents of these words were slamming their fists on the table shouting 'When we say "all," we mean all -- without exception!' " he said.

The U.S. Court of Appeals for the District of Columbia ruling will deny court hearings for hundreds of Guantanamo detainees with cases pending.

The dissenting opinion was written by Judge Judith W. Rogers, a Clinton appointee, who said the Defense Department had failed to create a fair substitute outside the federal courts where those detained at Guantanamo Bay, Cuba, could challenge their detention.

"While judgments of military necessity are entitled to deference by the courts, and while temporary custody during wartime may be justified in order properly to process those who have been captured, the executive has had ample opportunity during the past five years during which the detainees have been held at Guantanamo Bay to determine who is being held and for what reason," she said.

Congress passed the Military Commissions Act of 2006, which the president signed into law on Oct. 17. It said no court, justice or judge has jurisdiction to consider an application for a writ of habeas corpus by or on behalf of an alien detained as an enemy combatant. The Defense Department is holding 395 enemy combatants at Guantanamo.

White House spokesman Dana Perino called the ruling a "significant win" for the administration, adding that the Military Commissions Act provides "sufficient and fair access to courts for these detainees."

Justice Department spokesman Erik Ablin said the decision "reaffirms the validity of the framework that Congress established" in permitting Guantanamo detainees to challenge their detention through military hearings coordinated by the Defense Department.

Attorneys for the detainees said they were "disappointed" in the ruling and would appeal it to the Supreme Court.

"The bottom line is that according to two of the federal judges, the president can do whatever he wants without any legal limitations as long as he does it offshore," said Shayana Kadidal of the Center for Constitutional Rights.

No Federal Court For Guantanamo Detainees (CSM)

By Warren Richey And Linda Feldmann

The Christian Science Monitor, February 21, 2007

Detainees being held at the prison camp at Guantánamo Bay, Cuba, have lost their bid for access to US courts to challenge their open-ended detention in the war on terror.

In an important ruling announced Tuesday, a divided federal appeals court panel here dismissed cases filed by 63 detainees raising fundamental legal challenges to various aspects of the Bush administration's approach to the war.

The ruling applies to every pending or future case – in effect closing all but a few doors to the courthouse for those being held at Guantanamo.

"Federal courts have no jurisdiction in these cases," the appeals court declared.

The ruling is expected to be quickly appealed – perhaps to the full US Circuit Court of Appeals for the District of Columbia – or directly to the US Supreme Court.

"This is just a stop along the way to the Supreme Court," says David Remes, a lawyer at Covington and Burling in Washington, D.C., who represents 17 Yemenis being held at Guantanamo.

At the center of the appeals case was the assertion that the newly enacted Military Commissions Act of 2006 (MCA) was an unconstitutional suspension of the writ of habeas corpus. Lawyers for the detainees argued that their clients enjoyed a constitutional right to challenge their open-ended detention before a neutral judge. If the Bush administration's position prevailed, they said, it would mean that terror suspects at Guantanamo could be tossed into a legal black hole.

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Two of the three appeals-court judges disagreed. They ruled that Congress did not violate constitutional protections when it passed the MCA. The law was approved in part to overturn last summer's decision by the Supreme Court in Hamdan v. Rumsfeld, which overturned the military commission process proposed by the administration. Congress later passed the MCA.

"Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan. Everyone, that is, except the detainees," writes Judge Raymond Randolph in an opinion joined by Judge David Sentelle.

Judge Randolph says the detainee arguments are "creative but not cogent." He adds, "To accept them would be to defy the will of Congress."

In a dissent, Judge Judith Rogers said that she agrees that Congress attempted to withdraw federal court jurisdiction to detainee cases by passing the MCA. But she says Congress violated the suspension clause of the Constitution when it passed the law. The suspension clause says that those held by the US government have a right to challenge the legality of their detentions in court unless Congress has specifically suspended that right because of rebellion or invasion.

"The suspension clause is a limitation on the powers of Congress," Judge Rogers writes. "It is only by misreading the historical record and ignoring the Supreme Court's well-considered and binding dictum in Rasul v. Bush" that the court can conclude that it lacks jurisdiction to hear the detainees' cases.

In that decision, the Supreme Court ruled that some rights extend to detainees at Guantanamo. But the court did not detail the extent of those rights.

Most analysts emphasized the interim nature of the ruling. They view the 25-page panel opinion and 34-page dissent as a prelude to a major constitutional showdown at the nation's highest court.

"What's critical is [that] this case is going to the Supreme Court for final resolution," says Carl Tobias, a professor at the University of Richmond Law School. "We have a very splintered DC Circuit opinion."

Richard Samp, chief counsel at the Washington Legal Foundation, praised the appeals court ruling as "sound." But he too predicts the case is headed to high court.

"The issue of who does the writ of habeas corpus apply to has divided a lot of legal scholars and is something that is up in the air and will have to be decided," he says.

About 400 detainees are currently held at Guantanamo. According to MSNBC.com, 110 are labeled ready for release. Among the others, only several dozen are likely to face trial before special organized military commissions. For those remaining, there appears to be no end in sight to their detention.

Writing for the panel, Judge Randolph said that Congress could not have been clearer about its intent when it passed the Military Commission Act. The law says the repeal of habeas jurisdiction in Guantanamo cases applies in all cases without exception. "It is almost as if the proponents of these words were slamming their fists on the table shouting, "When we say 'all,' we mean all – without exception!"

Court Blow For Guantánamo Prisoners (FT)

By Demetri Sevastopulo

Financial Times, February 21, 2007

Prisoners at Guantánamo Bay cannot challenge their imprisonment at the US detention facility, an appeals court said on Tuesday, in delivering a significant legal victory to the White House.

The DC court of appeals ruled 2-1 that recent legislation precluded prisoners at the Cuba-based prison from contesting their detention in US civilian courts. The ruling comes as the Pentagon prepares to bring several detainees before the military commissions.

Congress passed the Military Commissions Act last year after the Supreme Court ruled that the original structure of the military commissions were unconstitutional. But the MCA also stripped detainees of habeas corpus - the right to appeal their detention in the US civil court system.

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In dismissing the case brought by inmates at Guantánamo contesting their imprisonment, Judge Randolph Raymond wrote Tuesday that the detainees had provided arguments that were "creative but not cogent", and that accepting them "would be to defy the will of Congress".

Human rights groups and lawyers for the detainees have argued that the MCA violates the constitution, which says habeas can only be suspended in cases of "rebellion or invasion". But Judge Raymond concluded that Congress was not obliged to provide the same standard for non-US citizens.

But Judge Judith Rogers, in a dissenting opinion, wrote that her colleagues had misconstrued the ability of Congress to suspend the right in the case of the Guantánamo detainees. She said Congress was obliged to provide an "dequate alternative remedy" under the constitution, but had not done so.

"The MCA is therefore void and does not deprive this court or the district courts of jurisdiction," she wrote.

Lawyers for the detainees said Tuesday they would appeal to the Supreme Court. Human rights experts said the ruling underscored the need for Congress to reinstate the right for detainees.

"The ruling highlights the need for Congress to act - and to do so quickly - to restore what is amongst the most important checks on executive overreaching," said Jennifer Daskal, Washington advocacy director at Human Rights Watch.

Patrick Leahy and Arlen Specter, the top Democrat and Republican lawmakers on the Senate judiciary committee, have introduced legislation that would restore the right of habeas to detainees at Guantanamo.

"I believe the dissenting opinion will be upheld because the Supreme Court has already ruled that detainees have habeas corpus rights even though they are at Guantanamo Bay," Mr Specter said yesterday. "While it will take the Supreme Court at least a year to decide the issue, the Congress could resolve it promptly by enacting the Leahy/Specter bill which restores habeas corpus rights."

Lindsey Graham, the South Carolina Republican senator who was instrumental in the move to strip habeas rights, yesterday welcomed the decision, which he said would prevent "frivolous" lawsuits.

"Never in the history of warfare have enemy prisoners been able to bring lawsuits about their detention," said Mr Graham. "Thousands of Germans and Japanese soldiers were captured and held by the military during World War II. Not one case was allowed in federal court where they were allowed to sue for their release. Our rules for the War on Terror should be no different."

Human Rights First said the ruling ran "counter to one of the most important checks on unbridled executive power enshrined in the US Constitution".

"If allowed to stand, this ruling would permit the government to hold prisoners, potentially indefinitely, without having to show to a court of law why the person has been detained," said Hina Shamsi of Human Rights First. "US courts are well able to decide detention cases that raise both national security and individual liberties concerns."

Court Endorses Law's Curbs On Detainees (NYT)

By Stephen Labaton

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — A divided federal appeals court on Tuesday upheld a new law stripping federal judges of authority to review foreign prisoners' challenges to their detention at Guantánamo Bay, Cuba.

The decision set the stage for a third trip to the Supreme Court for the detainees, who will once again ask the justices to consider a complex issue that tests the balance of power among the White House, Congress and the courts in the murky context of the fight against international terrorism.

It also prompted some senior Democratic lawmakers, who have fought the Bush administration on the matter before and who now hold sway in Congress, to vow enactment of a law more favorable to the prisoners.

The Supreme Court previously ruled twice that federal statutes empowered the courts to consider Guantánamo prisoners' habeas corpus petitions challenging the grounds for their detention. In response to those rulings, Congress twice rewrote law to limit the detainees' avenues of appeal. The most recent rewriting was at issue in Tuesday's 2-to-1 decision.

That law, the Military Commissions Act of 2006, was signed by President Bush last October. Its enactment followed the Supreme Court's rejection of his administration's earlier arguments that the right of habeas corpus — the fundamental right,

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centuries old, to ask a judge for release from unjust imprisonment — did not apply to foreigners being held outside the United States as enemy combatants.

The new law explicitly eliminated the federal courts' jurisdiction over habeas challenges by such prisoners. It instead set up military panels to review the justification of detention in individual cases, with limited right of appeal to the courts afterward.

In its ruling Tuesday, the United States Court of Appeals for the District of Columbia Circuit found that the new law did not violate the constitutional provision that bars the government from suspending habeas corpus except in "cases of rebellion or invasion." Two of the three appeals court judges, citing Supreme Court and other historical precedent, held that the right of habeas corpus did not extend to foreign citizens detained outside the United States.

The majority decision was written by Judge A. Raymond Randolph, whose two earlier opinions on habeas corpus and Guantánamo prisoners had also favored the Bush administration. Those opinions were reversed by the Supreme Court, but on statutory grounds rather than constitutional ones.

The dissenting judge on Tuesday, Judith W. Rogers, said the new law did violate the constitutional provision restricting the suspension of habeas corpus.

Administration officials welcomed the decision as a vindication of its position on the rights of detainees, after years of its halting efforts to create a legal process that would withstand tests in court.

"The decision," said Erik Ablin, a Justice Department spokesman, "reaffirms the validity of the framework that Congress established in the Military Commissions Act permitting Guantánamo detainees to challenge their detention through combatant status review tribunals with the opportunity for judicial review before the D.C. Circuit."

Tony Snow, the White House spokesman, said at his daily news briefing, "The court decided the position that we put forward." He declined to say more.

Lawyers representing the detainees vowed to seek a new review by the Supreme Court.

Shayana Kadidal, a lawyer at the Center for Constitutional Rights, which represents many of the detainees, said, "This decision empowers the president to do whatever he wishes to prisoners without any legal limitation as long as he does it offshore."

Mr. Kadidal said the ruling encouraged "a contempt for international human rights law" and "such notorious practices as extraordinary rendition": sending terrorism suspects abroad for interrogation, where, rights advocates say, they may face torture.

Democrats now in control of Congress said they would move quickly on legislation they recently introduced that would unambiguously give federal courts the right to consider detainees' habeas petitions.

"The Military Commissions Act is a dangerous and misguided law that undercuts our freedoms and assaults our Constitution by removing vital checks and balances designed to prevent government overreaching and lawlessness," said Senator Patrick J. Leahy, the Vermont Democrat who heads the Senate Judiciary Committee.

Last week Mr. Leahy joined a group of other Senate Democrats, including Christopher J. Dodd of Connecticut, Russell D. Feingold of Wisconsin and Robert Menendez of New Jersey, in introducing the legislation restoring habeas rights for the Guantánamo prisoners. Senator Arlen Specter of Pennsylvania, the Judiciary Committee's ranking Republican, also endorsed that measure last week, and said Tuesday that he believed the dissent from the new appeals court decision would ultimately prevail in the Supreme Court.

But other Republican lawmakers, including Senators John Cornyn of Texas and Lindsey Graham of South Carolina, both of whom also serve on the committee, applauded the ruling.

The decision, Lakhdar Boumediene v. George W. Bush, involved a consolidation of the cases of 63 detainees, all from foreign countries, who had sought review in two federal district courts. One judge had ruled that she had the authority to consider the cases, while another had ruled that he did not, and granted the administration's motion to dismiss the inmates' habeas petitions.

Writing for the appeals court, Judge Randolph first turned to the statutory issue. He said arguments put forward by the detainees' lawyers that the new law was not meant to apply to the prisoners at Guantánamo Bay "are creative but not cogent." Congress, he said, clearly meant to keep the federal courts from considering the detainees' cases.

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Turning to the question of whether Congress had acted within the Constitution, he said there had been no earlier cases in which a court had granted a habeas corpus petition for a foreign national held at an overseas military base. The Constitution, he said, "does not confer rights on aliens without property or presence within the United States."

The opinion was also signed by Judge David B. Sentelle.

In her dissent, Judge Rogers said: "Prior to the enactment of the Military Commissions Act, the Supreme Court acknowledged that the detainees held at Guantánamo had a statutory right to habeas corpus. The M.C.A. purports to withdraw that right but does so in a manner that offends the constitutional constraint on suspension."

Administration Backed On Detainees (USAT)

By Laura Parker

USA Today, February 21, 2007

A federal appeals panel handed the Bush administration a victory Tuesday in the long legal battle over foreign "enemy combatants" held without trial at Guantanamo Bay, Cuba.

The three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ruled 2-1 that hundreds of prisoners have no right to challenge their detention in federal court.

The decision upholds a law pushed through Congress in October after the U.S. Supreme Court struck down President Bush's plan to try detainees in military commissions. The high court ruled that the commissions were not authorized by federal law. It was the second time the justices had sided with the detainees on the issue of their right to challenge their detention in the courts.

Tuesday's ruling on the new Military Commissions Act sets up a third Supreme Court showdown.

"This decision empowers the president to do whatever he wishes to prisoners without any legal limitation as long as he does it off shore," said Shayana Kadidal, attorney at the Center for Constitutional Rights, which represents many of the detainees and plans an immediate appeal. "The matter will have to be resolved by the Supreme Court for a third time."

The Military Commissions Act allows the government to detain "enemy combatants" indefinitely. Its most criticized provision prevents detainees from challenging the legality of their detention in U.S. courts. Instead, under the law, military panels will review whether there is sufficient evidence to justify detention.

Aside from the court battle, the new Democratic-controlled Congress pressed efforts to revamp the law, which passed when Republicans controlled both chambers. Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, announced a new review of detainees' legal protections. Sen. Patrick Leahy, D-Vt., who chairs the Senate Judiciary Committee, promoted revisions to the law to restore detainees' legal rights. Leahy, in a statement, disagreed with the appeals panel's assessment, calling it "dangerous and misguided."

In dismissing the detainees' challenge, Judge A. Raymond Randolph wrote: "The arguments are creative but not cogent. To accept them would be to defy the will of Congress."

Judge Judith Rogers dissented, arguing that the military hearings deprive detainees of their due process rights by placing the legal burden on them to prove they are not a terrorist threat.

"The decision reaffirms the validity of the framework that Congress established," said Erik Ablin, a Justice Department spokesman.

Pentagon spokesman Jeffrey Gordon said the detainees at Guantanamo include some of the world's "most vicious terrorist operatives." He said none of Guantanamo's many critics "have put forth a viable option to handle these dangerous men and prevent their return to terrorism."

The prison at Guantanamo, which now houses 395 detainees, has drawn international criticism in the five years since it opened. President Bush repeatedly has said he would like to close it.

Guantanamo Detainees Lose Appeal (WP)

By Josh White

The Washington Post, February 21, 2007

DOJ_NMG_0134503

A federal appeals court ruled yesterday that hundreds of detainees in U.S. custody at Guantanamo Bay, Cuba, do not have the right to challenge their imprisonment in federal courts, a victory for the Bush administration that could lead to the Supreme Court again addressing the issue.

In its 2 to 1 decision, the U.S. Court of Appeals for the District of Columbia Circuit upheld one of the central components of the Military Commissions Act, the law enacted last year by a then-Republican-controlled Congress that stripped Guantanamo detainees of their right to such habeas corpus petitions. Lawyers have filed the petitions on behalf of virtually all of the nearly 400 detainees still at Guantanamo, challenging President Bush's right to hold them indefinitely without charges. Yesterday's ruling effectively dismisses the cases.

Attorneys for the detainees vowed to quickly petition the Supreme Court to hear the case.

Judge A. Raymond Randolph wrote in the majority opinion that to overrule the new law, which Bush signed in October, would "defy the will of Congress." He and Judge David B. Sentelle also found that historical interpretations of habeas corpus do not apply to foreign nationals not on U.S. soil, determining that the U.S. military prison at Guantanamo Bay is a leased property that falls under Cuban sovereignty.

"Federal courts have no jurisdiction in these cases," Randolph wrote in the combined cases of Al Odah v. USA and Boumediene v. Bush. "Our only recourse is to vacate the district courts' decisions and dismiss the cases for lack of jurisdiction."

In a lengthy dissent, Judge Judith W. Rogers raised two central questions of constitutional law that could form the basis of arguments before the Supreme Court, if it chooses to hear the case. She wrote that the writ of habeas corpus can apply to foreign nationals outside the United States and that Congress has not properly suspended habeas corpus, something it has done only four times, including during the Civil War.

Rogers wrote that Congress may suspend that right "when in cases of rebellion or invasion the public safety may require it" but that Congress has not invoked that power now, adding that its actions "exceed the powers of Congress."

Justice Department lawyers have argued for years that foreign detainees should not enjoy constitutional rights when they are detained in other countries amid accusations of terrorism against the United States and its allies.

"We are pleased with the decision of the U.S. Court of Appeals for the D.C. Circuit upholding the constitutionality of the Military Commissions Act (MCA) and dismissing the consolidated Guantanamo detainee cases for lack of jurisdiction," Erik Ablin, a department spokesman, said in a statement.

Shayana Kadidal, a lawyer with the Center for Constitutional Rights, which represents hundreds of Guantanamo detainees, said defense attorneys will petition the Supreme Court "as quickly as possible." He said the decision grants government officials broad latitude in its treatment of detainees and gives detainees no legal way to address it.

"This decision allows the president to basically do what he wants to prisoners without any legal limitation as long as he does it offshore," Kadidal said. He said that his clients at Guantanamo have experienced "disgust and exasperation at the American legal system" and that their "feelings of desperation" now will only grow.

Washington lawyer David Remes, who also represents Guantanamo detainees, said he is disappointed by the decision but not completely surprised. He expects the Supreme Court to hear the case.

In two decisions, the Supreme Court has upheld Guantanamo detainees' rights to contest their incarceration in federal courts. But the court also made it clear that Congress could weigh in on the issue, which it did by approving the Military Commissions Act. That law mandated special military trials for the detainees.

Douglas W. Kmiec, a professor of constitutional law at Pepperdine University, said it appears that Congress clearly intended to remove the court's jurisdiction. He said, however, that questions remain about the application of habeas rights and their evolution since the late 1700s.

"We're dealing with an area that has been subject to some difficult and subtle rulings from the beginning of the foundation of our country," Kmiec said. "The law has been a moving target."

Democrats, who now hold the majority in both houses, have vowed to quickly amend the Military Commissions Act with provisions that would restore habeas rights for detainees.

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Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, and the committee's ranking Republican, Arlen Specter (Pa.), have introduced a bill that would restore habeas corpus rights. Specter urged congressional action because the Supreme Court could take months to hear the case.

Sen. Christopher J. Dodd (Conn.), a candidate for the Democratic presidential nomination, introduced a bill last week that would return habeas corpus rights to detainees while clarifying other parts of the law. Dodd said yesterday his legislation is now "even more critical."

It is unclear whether Bush would veto such legislation, which would challenge a central element of his anti-terrorism platform.

D.C. Circuit Denies Detainee Challenges (LAW)

By T.r. Goldman, Legal Times

Legal Times, February 21, 2007

The U.S. Court of Appeals for the D.C. Circuit Tuesday ruled that Guantanamo Bay detainees do not have a right to petition for habeas corpus, letting stand a key piece of the Military Commissions Act passed by Congress late last year.

The 2-1 decision was sharply critical of the plaintiffs, who had argued that the language of the act forbidding U.S. courts to hear challenges to the detention of aliens detained as enemy combatants was ambiguous and did not necessarily apply to detainees whose cases were already pending in court.

"The arguments are creative but not cogent," wrote Judge A. Raymond Randolph. "Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan," wrote Randolph, referring to the 2006 decision, Hamdan v. Rumsfeld, which ruled that the military commissions set up by the Bush administration to try military detainees violate both international and U.S. military law.

"To accept them would be to defy the will of Congress," Randolph added, later calling the plaintiffs' argument "nonsense."

Randolph was joined in his decision by Judge David Sentelle.

After dispensing with the detainees' argument that the law was ambiguous, the court went on to assert the act's constitutionality. The Constitution's suspension clause, which says that the writ of habeas corpus can only be suspended for reasons of public safety during "rebellion or invasion," does not apply to areas outside U.S. sovereignty. And it is Cuba, the court asserted, not the United States, that has sovereignty over Guantanamo Bay.

In her dissent, Judge Judith Rogers strongly disagreed, writing that the majority opinion "fundamentally misconstrues" the nature of the suspension clause. "Far from conferring an individual right that might pertain only to persons substantially connected to the United States," she wrote, "the Suspension Clause is a limitation on the powers of Congress."

The decision makes it likely that the issue of habeas rights for the Guantanamo Bay detainees will end up in the Supreme Court.

"The Supreme Court has given detainees cert three times -- each time one of these cases has gone to them," says Joshua Colangelo-Bryan, an associate at Dorsey & Whitney, who represents two Bahrainis still being detained in Guantanamo Bay. "These are very fundamental questions."

Court Upholds Military Proceedings For Detainees (NPR)

By Ari Shapiro

National Public Radio, February 21, 2007

The federal appeals court has upheld the controversial detainee bill known as the Military Commissions Act. In a 2-1 ruling, the court said the measure constitutionally wiped out all of the pending court cases from detainees at Guantanamo Bay.

The act allows the government to try detainees in military proceedings, giving detainees access to federal civilian courts only for appeals.

Writing for the majority, Judge Raymond Randolph calls the detainees' arguments, "creative but not cogent." He says the logic in the dissent is "filled with holes."

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In that dissent, Judge Judith Rogers shoots back that the majority can only reach its conclusion, "by misreading the historical record and ignoring the Supreme Court." She says the Military Commissions Act is unconstitutional as written and cannot take away the courts' right to hear these cases.

The ruling is a clear blow to the Guantanamo detainees. Bill Goodman is legal director at the Center for Constitutional Rights, which represents a number of them.

Many of these people have done nothing," Goodman says. "They're there by accident and happenstance." He added that not being able to "raise the basic defense that 'I've done nothing wrong' means that this is a huge trampling of rights."

This decision wipes out cases that challenged everything from lack of medical treatment at the facility to abusive interrogation tactics. David Rivkin worked in the Justice Department under President Reagan and the first President Bush. He says enemy combatants were never intended to get the same court access as criminal suspects.

There's been more judicial involvement in these types of decisions than in any war in American history," Rivkin says. "And for the critics it's still not enough."

Justice Department spokeswoman Tasia Scolinos noted in a statement that the Military Commissions Act, or MCA, does give detainees some legal review.

"The decision reaffirms the validity of the framework that Congress established in the MCA," Scolinos said, "permitting Guantanamo detainees to challenge their detention through combatant status review tribunals with the opportunity for judicial review before the D.C. Circuit."

So although the detainees cannot file traditional habeas corpus claims challenging their detention, they can challenge the Combatant Status Review Tribunals that determine whether they are enemy combatants. Those challenges go directly to the court that decided this case today.

Wake Forest law professor Bobby Chesney says it's unclear how deeply those challenges can probe.

"One of the key issues here is whether that is an adequate alternative to habeas corpus," Chesney says, "and if it is, if it's a sufficient alternative, then habeas has not actually been suspended."

The final word on whether the detainees' lawsuits can continue is likely to come from the Supreme Court.

EDITORIAL Restore Habeas Rights (LAT)

The Los Angeles Times, February 21, 2007

IN UPHOLDING A LAW that denies detainees at Guantanamo Bay Naval Base the ancient right of prisoners to challenge their confinement in court, a federal appeals court has presented the Democratic-controlled 110th Congress with a challenge. Does it have the fortitude to undo an injustice perpetrated by the Republican-controlled 109th?

The injustice came in the 2006 Military Commissions Act, which barred detainees at Guantanamo — now numbering 395 — from contesting their imprisonment by seeking writs of habeas corpus. This exclusion, like Guantanamo itself, has been an embarrassment to the United States.

In 2004, the Supreme Court ruled 6 to 3 that detainees at the facility (which the U.S. leases from Cuba) could seek relief under a federal habeas corpus statute because Congress had previously placed the area under the "complete jurisdiction and control" of the U.S. But on Tuesday, a 2-1 majority of the U.S. Circuit Court of Appeals for the District of Columbia ruled that the Military Commissions Act essentially overruled the Supreme Court and should apply to all detainee cases, even those filed before the law was passed.

The high court could still correct the situation by ruling that the detainees have a constitutional right to bring habeas actions. In the 2004 case, Justice John Paul Stevens noted that habeas corpus is a "writ antecedent to statute … throwing its root deep into the genius of our common law." But in his opinion for the appeals court, Judge A. Raymond Randolph preempted that argument by claiming that, under English and early American law, habeas was not available to "an alien outside the territory of the sovereign." Congress, he suggested, has now placed Guantanamo in that "outside" category.

There's a good reason to suspect that the Supreme Court might actually affirm this disappointing decision: It's not the same court that ruled for the detainees in 2004.

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Sandra Day O'Connor, one of the six justices in the 2004 majority, has been replaced by Samuel A. Alito Jr., who is more sympathetic to claims of government power. Justice Anthony M. Kennedy, who concurred in 2004 because "Guantanamo Bay is in every practical respect a United States territory," might defer, as the appeals court did, to the Military Commissions Act's exclusion of Guantanamo from habeas jurisdiction.

Rather than hope that the Supreme Court will rectify the act's flaws, Congress should act on its own to undo the law's habeas restrictions. Last year, 48 members of the Republican-controlled Senate voted for an amendment by Sen. Arlen Specter (R-Pa.) that would have allowed detainees to file such petitions. Of the 51 who voted no, six are no longer in the Senate.

That change — plus dramatic Democratic gains in the House — augur well for passage of the Habeas Corpus Restoration Act of 2007, co-sponsored by Specter and Sen. Patrick J. Leahy (D-Vt.), now chairman of the Senate Judiciary Committee. And although the margin for approval may not be veto-proof, President Bush would be wise to allow Congress to atone for its own mistake.

Audit: Anti-terror Case Data Flawed (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 21, 2007

Federal prosecutors counted immigration violations, marriage fraud and drug trafficking among anti-terror cases in the four years after 9/11 even though no evidence linked them to terror activity, a Justice Department audit said Tuesday.

Overall, nearly all of the terrorism-related statistics on investigations, referrals and cases examined by department Inspector General Glenn A. Fine were either diminished or inflated. Only two of 26 sets of department data reported between 2001 and 2005 were accurate, the audit found.

Responding, a Justice spokesman pointed to figures showing that prosecutors in the department's headquarters for the most part either accurately or underreported their data — underscoring what he called efforts to avoid pumping up federal terror statistics.

The numbers, used to monitor the department's progress in battling terrorists, are reported to Congress and the public and help, in part, shape the department's budget.

"For these and other reasons, it is essential that the department report accurate terrorism-related statistics," the audit concluded.

Fine's office took care to say the flawed data appear to be the result of "decentralized and haphazard" methods of collection or disagreement over how the numbers are reported, and do not appear to be intentional.

Still, the errors led Sen. Charles E. Schumer, D-N.Y., to question whether the department had exaggerated the number of terror cases.

"If the Department of Justice can't even get their own books in order, how are we supposed to have any confidence they are doing the job they should be?" said Schumer, who sits on the Senate Judiciary Committee, which oversees the department. "Whether this is just an accounting error or an attempt to pad terror prosecution statistics for some other reason, the Department of Justice of all places should be classifying cases for what they are, not what they want us to think them to be."

Auditors looked at 26 categories of statistics — including numbers of suspects charged and convicted in terror cases, and terror-related threats against cities and other U.S. targets — compiled by the FBI, Justice's Criminal Division, and the Executive Office of U.S. Attorneys.

It found that data from the Executive Office of U.S. Attorneys were the most severely flawed. Auditors said the office, which compiles statistics from the 94 federal prosecutors' districts nationwide, both under- and over-counted the number of terror-related cases during a four-year period.

The office has since agreed to change the way it counts and classifies anti-terrorism cases, said department spokesman Dean Boyd.

Boyd denied suggestions that the department pumped up its numbers. He said Criminal Division prosecutors at Justice headquarters and the FBI have overhauled their respective case reporting systems since 2004 for a more accurate picture of

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terror-related workloads. Both agencies, he said, were strained to accurately report terrorism data in the flood of cases immediately after the Sept. 11, 2001, attacks.

"The notion that the Justice Department intentionally inflated its statistics is false and flatly contradicted by the OIG report itself," Boyd said.

In all but one area, Criminal Division prosecutors either accurately stated or underreported their data — the ones the department usually uses in public statements about its counterterror efforts, Boyd noted. He said the Justice Department has already completed most of the fixes recommended in the audit.

Much of the problem stemmed from how that office defines anti-terrorism cases.

A November 2001 federal crackdown on security breaches at airports, for example, yielded arrests on immigration and false document charges, but no evidence of terrorist activity. Nonetheless, the attorneys' office lumped them in with other anti-terror cases since they were investigated by federal Joint Terrorism Task Forces or with other counterterror measures.

Other examples, according to the audit, included:

_Charges against a marriage-broker for being paid to arrange six fraudulent marriages between Tunisians and U.S. citizens.

_Prosecution of a Mexican citizen who falsely identified himself as another person in a passport application.

_Charges against a suspect for dealing firearms without a license. The prosecutor handling the case told auditors it should not have been labeled as anti-terrorism.

"We do not agree that law enforcement efforts such as these should be counted as anti-terrorism," the audit concluded.

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On the Net:

The audit can be found at: http://www.usdoj.gov/oig/reports/plus/a0720/final.pdf

Report: Feds Overstate Terrorism Cases (CHIT)

By Andrew Zajac, Washington Bureau

Chicago Tribune, February 21, 2007

WASHINGTON -- Federal prosecutors and the FBI have significantly overstated the number of terrorism-related investigations and prosecutions they pursue, according to a highly critical report released Tuesday by a Justice Department watchdog.

The study by Inspector General Glenn Fine concluded that the overstatements occurred in large part because authorities count offenses such as document and marriage fraud and immigration violations as terrorism-related even when there was no discernible tie to terror.

Although the Justice Department and the FBI have reorganized since the Sept. 11, 2001, terrorist attacks to make preventing future attacks a priority, Fine found that the agencies have done a poor job of providing statistical documentation for the work they are doing.

His report reviewed 26 categories of statistics and found inaccuracies, because of either inflated numbers or undercounting, in 24 of them.

Fine did not allege a deliberate attempt to mislead. He said information was "inaccurately reported for a variety of reasons, including that [Justice] Department components could not provide support for the numbers reported, could not provide support for a terrorism link used to classify statistics as terrorism-related, and could not document that the activity reported occurred in the period reported."

He also found collection and reporting of terrorism-related statistics "decentralized and haphazard."

In 2004, U.S. attorneys reported 379 terror-related convictions, but Fine's investigators found documentation for 240.

That same year, the FBI reported tracking 4,499 terrorism-related threats, but Fine said only 4,049 were connected to terrorism, according to information supplied by the bureau.

The numbers of terror-related incidents dealt with by federal authorities are important because they could affect anti-terrorism funding, as well as the government's credibility on terrorism threats.

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The bulk of Fine's 140-page review covered cases from 2003 and 2004.

Dean Boyd, a spokesman for the FBI and the Justice Department, which oversees U.S. attorneys, said both agencies were under stress from having to quickly ramp up an anti-terrorism capability after the 2001 attacks and have subsequently upgraded their tracking and labeling of cases to comport with many of Fine's recommendations for improvement.

Fine also found that unlike the FBI and the Executive Office for U.S. Attorneys, which coordinates the activities of 93 federal prosecutors in the U.S. and overseas territories, the Justice Department's Criminal Division consistently reported lower numbers of terrorism cases than it actually handled.

For instance, the criminal division recorded 195 guilty pleas or convictions in terrorism cases from Sept. 11, 2001, through Feb. 3, 2005, but Fine said there actually were 216.

Boyd said Fine's report should not be read as undercutting the Justice Department's credibility because Criminal Division figures are the ones "used by DOJ in publicly quantifying their work."

But Fine cautioned against taking too much comfort in the Criminal Division's understatement of its anti-terrorism work because the record-keeping behind it was so weak that there "was no accurate basis for its reported numbers."

The report is the latest in a string of analyses to question the accuracy of the Justice Department's terrorism data.

In the past, department officials have emphasized that they are aggressively combating terrorism and would use so-called preventative prosecutions to deport or imprison people on immigration violations or other crimes rather than wait for a terrorist plot to develop.

Fine said his office "looked for, and accepted, any terrorism linkage" asserted by department officials but found many cases "where department officials provided no evidence to link the subject of the case to terrorist activity."

Among such cases were those of immigration violators caught up in sweeps like Operation Tarmac, begun soon after the Sept. 11 attacks, in which authorities combed airports looking for people linked to terrorism.

Boyd defended labeling such immigration cases as anti-terror matters because they were part of an effort to discourage terrorist infiltration of vulnerable facilities. But he said the Justice Department had agreed to clarify how it defines them.

Bruce Hoffman, a terrorism expert at the RAND Corp. think tank, said there is a significant deterrent value to sweeps and other crackdowns, but authorities need to be careful not to exaggerate what they're doing and to be as forthcoming as possible.

"Without explaining their methods more clearly, the public could look at it as 'crying wolf,'" Hoffman said.

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Justice Dept. Statistics On Terrorism Faulted (WP)

By Dan Eggen

The Washington Post, February 21, 2007

Most of the Justice Department's major statistics on terrorism cases are highly inaccurate, and federal prosecutors routinely count cases involving drug trafficking, marriage fraud and other unrelated crimes as part of anti-terrorism efforts, according to an audit released yesterday.

Inspector General Glenn A. Fine found that only two of the 26 sets of important statistics on domestic counterterrorism efforts compiled by Justice and the FBI from 2001 to 2005 were accurate, according to a 140-page report. The numbers were both inflated and understated, depending on the data cited and which part of the Justice Department was doing the counting, the report said.

The biggest problems were in numbers compiled by the Executive Office of U.S. Attorneys, which counted hundreds of terrorism cases that did not qualify for the designation because they involved minor crimes with no connection to terrorist activity, the report said.

In short, the report concluded, "The collection and reporting of terrorism-related statistics within the department is decentralized and haphazard."

The Justice Department said in a statement that it has already made most of the improvements suggested by Fine's office and that the U.S. attorneys' office would rename its "anti-terrorism" category to remove the implication that every case involves terrorism.

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The analysis is the latest to find serious faults with the Justice Department's terrorism statistics, some of which have been featured prominently in statements by President Bush or the attorney general as evidence of the terrorist threat and the department's successful efforts to combat it.

The data are used to justify expenditures and explain to Congress and to the public how the Justice Department is using its resources to protect the country against terrorist attacks, officials said.

"Congress, department managers and the public need accurate statistics in order to fully assess the department's anti-terrorism efforts," Fine said in a statement.

A 2005 Washington Post analysis of terrorism cases tallied by the Justice Department's Criminal Division showed that most defendants were charged with minor crimes unrelated to terrorism.

Fine's office examined similar data as part of its analysis but, unlike The Post, it accepted at face value any claims of a terrorism link by the government. Under those conditions, the report said, the Criminal Division actually understated the number of cases that would qualify as related to terrorism.

Justice Department spokesman Dean Boyd said "the notion that the Justice Department inflated its statistics is false and flatly contradicted by the [inspector general's] report itself, which found that the Criminal Division either accurately stated or understated the department's terrorism statistics in nearly all categories."

Fine's report was careful to stress that the inaccuracies did not appear to have been intentional but instead were the result of shoddy recordkeeping, disagreements over definitions and other problems.

Much of the report's criticisms centered on the U.S. attorneys' office at Justice headquarters, which compiles statistics from 93 federal prosecutors nationwide and in U.S. territories. The office dramatically over- or understated the number of terrorism-related cases during a four-year period, due in large part to the way officials defined "anti-terrorism" cases, the report said.

A prime example was a massive operation to crack down on security problems at airports, which yielded dozens of arrests for immigration charges and other crimes but none related to terrorism. Even so, Fine's report said, all of the cases were counted as anti-terrorism efforts.

The only two sets of accurate statistics were compiled by the FBI, which nonetheless provided inaccurate data in eight other categories, the report said.

Terror Statistics Deemed Inaccurate (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 21, 2007

The Justice Department's reporting of terrorism-related statistics is "decentralized and haphazard," according to an internal audit, which said immigration, marriage fraud and drug cases often were wrongly counted as terrorism-related.

In examining the accuracy of 26 terrorism-related statistical reports by the FBI, the Justice Department's criminal division and the Executive Office for U.S. Attorneys (EOUSA), Inspector General Glenn A. Fine said all but two were inaccurate -- lacking documentation and "significantly overstated or understated" by 10 percent or more.

"Department officials either had not established internal controls to ensure the statistics were accurately gathered, classified and reported, or did not document the internal controls used," he said. "We found many cases involving offenses such as immigration violations, marriage fraud or drug trafficking where department officials provided no evidence to link the subject of the case to terrorist activity."

The statistics, collected from the FBI, the department's criminal division and all 94 U.S. attorneys, are reported to senior Justice Department managers, Congress and the public.

Mr. Fine's office focused on terrorism convictions during fiscal 2003 and 2004 reported by EOUSA; the number of persons convicted or who pleaded guilty resulting from terrorism convictions from September 11, 2001, through Feb. 3, 2005, reported by the Criminal Division; and the number of terrorist threats tracked by the FBI in fiscal 2003 and 2004.

"The Justice Department agrees fully with the Office of the Inspector General that the department must collect, verify and maintain accurate statistics on the important national security work being conducted at Main Justice, the FBI and in United States Attorney's Offices around the country," according to the FBI.

The FBI said it has made improvements to its statistical reporting systems in recent years, specifically its case management and supporting information technology programs.

Justice Department spokesman Dean Boyd said the EOUSA has changed the way it counts and classifies anti-terrorism cases, and that the IG's findings, with respect to U.S. attorneys' statistics, "largely boiled down to a difference of opinion over the definition of anti-terrorism."

He also said criminal division prosecutors and the FBI also have changed their case reporting systems to more accurately reflect terror-related cases.

The report said the EOUSA significantly overstated the number of anti-terrorism defendants in cases it filed, the number of terrorism and terrorism-related convictions, and the number of terrorism-related defendants sent to prison. It said the criminal division significantly understated the number of persons convicted or who pleaded guilty in terrorism cases, and the number convicted with material support of terrorism.

Also, it said the FBI significantly overstated the number of counterterrorism threat assessments it issued, the number of presidential terrorist threat reports, and the number of terrorism-related convictions, but significantly understated the number of intelligence assessments and bulletins it issued and terrorist threats it tracked.

Audit Questions Accuracy Of Federal Terror Statistics (MCT)

McClatchy Newspapers, February 21, 2007

WASHINGTON - The Justice Department has routinely misrepresented the number of terrorism prosecutions, possibly undermining decisionmaking in the war on terrorism, an independent government audit found.

The report, released Tuesday by the Justice Department's inspector general, concluded that the department in most cases "could not provide support for the numbers reported or could not identify the terrorism link used to classify statistics as terrorism-related."

All but two of the 26 statistics reviewed from October 2000 through September 2005 were wrong. "These inaccuracies are important because department management and Congress need accurate terrorism-related statistics to make informed ... decisions," Inspector General Glenn Fine said in the report.

Part of the problem, according to Fine, was that the Justice Department routinely counted criminal cases as terrorism-related even when prosecutors had found no links to terrorism. Fine also blamed a "decentralized and haphazard" system.

Some in Congress have accused the department of manipulating the statistics to claim success in the war on terrorism.

Justice Department spokesman Dean Boyd said the inaccuracies found from 2002 to 2004 resulted partly from the reorganizations of the Justice Department and the FBI after 9/11. Since then, terrorism-case reporting has improved, he said.

Judge Rejects Delay Of Phone Wiretap Suits (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, February 21, 2007

U.S. seeks dismissal in appeals court over national security

A federal judge rejected the Bush administration's request Tuesday to put wiretapping lawsuits against telephone companies on hold while the government asks an appeals court to dismiss the suits on national security grounds.

The ruling came from Chief U.S. District Judge Vaughn Walker of San Francisco, who is hearing more than 40 suits from around the nation accusing telecommunications companies of illegally collaborating with the government's electronic surveillance program.

Walker refused in July to dismiss the leading case, a suit accusing AT&T of sharing its telephone records and e-mail network with the National Security Agency. Walker rejected Bush administration arguments that allowing the case to proceed would expose vital secrets about the clandestine program and the company's alleged role in it.

The Justice Department has asked the Ninth U.S. Circuit Court of Appeals to overturn the ruling and dismiss all the lawsuits. While that appeal is pending, government lawyers argued, any further action in Walker's court would waste time and money and increase the risk of a security breach.

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But Walker ordered the companies Tuesday to respond to the suits by March 29 unless plaintiffs in particular cases agreed to a delay.

The judge also said lawyers for AT&T customers could ask him for permission to question company officials and to seek evidence on limited issues. Attorney Kurt Opsahl of the Electronic Frontier Foundation, which represents the plaintiffs, said those topics could include the company's structure and operation of its networks.

Opsahl said plaintiffs' lawyers may also ask AT&T to present to Walker, in private, any evidence of government authorization that exists for its actions -- a subject that Justice Department lawyers have described as among the most sensitive in the case. Such secret submission of evidence, a procedure spelled out by federal law, would allow the judge to determine whether any surveillance in which the company participated was legal, Opsahl said.

Walker "is trying to advance the case while being very sensitive to national security concerns," Opsahl said.

An AT&T spokeswoman was unavailable for comment. The phone companies joined the administration's request to put the cases on hold.

In a separate order, Walker denied a request by The Chronicle and other news organizations to unseal some documents in the AT&T case. They include a statement by a former AT&T engineer, Mark Klein, about installation of equipment that allegedly would allow the government to screen customers' Internet messages, and a supporting declaration by J. Scott Marcus, a former Federal Communications Commission technology adviser.

AT&T says the documents contain trade secrets. Walker noted that the company released edited versions of the material last year, after negotiations with the plaintiffs, and said he may reconsider unsealing the rest of the documents if their content becomes critical to the outcome of the case.

Karl Olson, an attorney whose clients include The Chronicle, the Los Angeles Times, the Associated Press, the San Jose Mercury News, Bloomberg News and USA Today, said he was disappointed that Walker had deferred to AT&T's claim of trade secrets, which he described as flimsy. Among the information that remains sealed, Olson said, were the names of the city, San Francisco, and the street, Folsom, where the company's facility is located.

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FBI Translating Over 1,000 Wiretap Conversations A Day (USNEWS)

U.S. News and World Report, February 21, 2007

Spurred by adding hundreds of new linguists and help from allies overseas, the FBI is translating a record 34,000 wiretapped conversations a month, bureau officials tell the Bad Guys blog. Long criticized for its lack of language specialists, the FBI, they say, is finally catching up to an unprecedented intake of foreign-language surveillance recordings, electronic data, and text since 9/11.

Most of the wiretaps are tied to counterterrorism and counterintelligence cases, officials say. Since 9/11, the FBI's counterterrorism agents, in particular, have collected a mother lode of intelligence. In a widely overlooked report to the Senate Judiciary Committee in November, bureau officials ticked off their counterterrorism take over the past four years:

519,217 hours of audio

5,508,217 electronic data files

1,847,497 pages of text

A July 2005 audit by the Justice Department's inspector general found that the bureau's counterterrorism audio backlog had doubled over the preceding year to 8,354 hours. But in their Senate report, FBI officials counter that the backlog represents only 1.35 percent of all the audio collected, and that nearly all of the agency's text and electronic data files have now been translated.

"We've made great strides," says Jeff Lanza, an FBI spokesman. "Ninety-nine percent of the backlog has been eliminated." Nearly a third of what remains is "white noise" not expected to yield anything of value, officials say. Of most concern are 3,240 hours of "audio from very obscure languages and dialects," which the bureau is scrambling to find linguists for.

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The FBI has eased its backlog by markedly increasing its reservoir of translators. Since 2001, the number of FBI staff linguists has grown to 1,409, an 80 percent jump, officials say. The FBI has also turned to "the language programs of allied intelligence agencies," as well as to contract linguists, according to testimony by FBI Director Robert Mueller.

Since the 9/11 attacks in 2001, the number of national security wiretaps approved by the secret U.S. Foreign Intelligence Surveillance Court more than doubled, according to the Justice Department, from 934 in 2001 to 2,072 in 2005 – an increase of 122 percent. These include wiretaps of counterterrorism suspects as well as counterintelligence targets such as foreign spies in America. In addition, thousands of electronic intercepts are thought to have been made under the National Security Agency's controversial warrantless surveillance program begun after 9/11. (That program was recently brought under the Foreign Intelligence Surveillance Court's purview.)

By contrast, the growth has been much slower in criminal wiretaps, which include eavesdropping on Mafia bosses, corrupt officials, and other suspected lawbreakers. In 2001, authorities completed 1,491 of these intercepts authorized by federal and state courts, according to the Administrative Office of the United States Courts. That number grew to 1,773 in 2005, representing an increase of 19 percent.

American Faces Charges In Qaeda Case (NYT)

By Ralph Blumenthal

The New York Times, February 21, 2007

HOUSTON, Feb. 20 — A thin and weakened 28-year-old American who the government says was captured last month in Kenya after joining Islamic terrorists fighting in Somalia appeared on Tuesday in federal court here to face charges of conspiring to use an unconventional weapon and receiving military training from Al Qaeda.

The defendant, Daniel J. Maldonado, is a convert to Islam who grew up in Boston before moving here. Chained, Mr. Maldonado stayed impassive as F.B.I. witnesses and prosecutors said he had admitted to having guarded a suspected spy who was later killed, to praising the Sept. 11, 2001, attacks and to offering himself as a suicide bomber.

“What we have is a U.S. citizen homegrown Islamic jihadist right here,” said Gary Cobe, an assistant United States attorney.

The hearing, to determine whether enough evidence exists to continue to hold Mr. Maldonado without bond, hit a snag when his chief public defender, Brent E. Newton, argued that he could not properly examine F.B.I. witnesses without seeing their written reports.

Magistrate Judge Calvin Botley asked prosecutors to provide the reports for the resumption of the court on Wednesday.

The testimony added details to the government complaint and affidavit filed on Feb. 13, a day after Mr. Maldonado was taken into custody here after being flown from Kenya. He had been seized in Kenya on Jan. 21.

John McKinley of the counterterrorism squad of the Federal Bureau of Investigation in Houston said an unidentified confidential witness who corroborated Mr. Maldonado’s account told of Qaeda efforts to recruit American women to travel to Somalia to train for terrorist attacks in the United States.

The weapon in the complaint was said to be a bomb that the F.B.I. said Mr. Maldonado had seen how to make while “consorting” with a bomb maker in Kismayo, Somalia. The bomb maker reportedly used match tips and TNT to create explosive devices. No evidence was offered that Mr. Maldonado had made such a device.

The bureau also said that Mr. Maldonado had been trained in using an AK-47 and that he had pointed it at a prisoner, an unidentified flight attendant accused of spying against Al Qaeda by taking photographs with his cellphone.

Mr. Maldonado poked the man with his weapon and told him to “shut up,” Mr. Cobe, the prosecutor, said. Someone else later executed the prisoner, Agent McKinley said Mr. Maldonado had told him.

Agent McKinley, one of six who questioned Mr. Maldonado in Kenya, also testified that Mr. Maldonado’s wife and three children had joined him in Mogadishu, Somalia; that his wife had died of malaria there; and that agents had escorted the children back to Mr. Maldonado’s parents in New Hampshire.

Mr. Maldonado had been ill in Somalia, too, Mr. Newton, his lawyer, brought out in cross-examination. The testimony showed that he suffered from malnutrition that shrunk him to 105 pounds from 165. In court in green prison scrubs, he appeared gaunt, with shoulder-length brown hair parted in the center and a wispy beard and mustache.

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The government said Mr. Maldonado was also known as Daniel Aljughaifi. He also appeared to have undergone changes of heart.

"He told me some of the folks in the camp lied to him about taking care of his family," Agent McKinley testified. "He seemed kind of disillusioned by that."

Another agent who had questioned Mr. Maldonado in Kenya, Loretta Eglen-Anderson, said he at one point "advised us he had made false statements." Agent Eglen-Anderson said he made corrections in the written record "and signed that."

Mr. Newton's cross-examination suggested that he intended to make an issue of Mr. Maldonado's treatment in custody and whether his client had properly waived his rights to a lawyer before F.B.I. agents questioned him.

Agent McKinley said Mr. Maldonado told him that he had been in Somalia "to fight jihad, raising the word of Allah."

"He said he was angry at America," Agent McKinley testified. "He said he had no problem with the 9/11 attacks."

When asked in cross-examination, "Did he indicate why he was angry with America?" the agent replied, "Not to me."

Houston Al-Qaida Case On Hold (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 21, 2007

A federal judge cut short a hearing for accused terrorist Daniel Joseph Maldonado late Tuesday to give his lawyers time to review reports about FBI interviews with their client.

Maldonado, 28, is the first American accused of training with al-Qaida in Somalia. The hearing, which will determine whether the government's case will continue, is to resume at 10 a.m. today.

Also known as Daniel Aljughaifi, the Muslim convert left the U.S. in late 2005, spending his last few months in Houston. He trained at radical Islamic camps in southern Somalia from November until January, when Kenyan soldiers captured him and others — including British citizens and a Swede — as they fled Ethiopian fighters in Somalia, FBI Agent John McKinley testified Tuesday.

In Kenya, two senior FBI officials questioned Maldonado, who gave conflicting information during later interviews with another FBI agent and a Houston police officer.

"That's what their case hinges upon — the words he supposedly told the case agent and the police officer," Brent Newton, a federal public defender, told U.S. Magistrate Judge Calvin Botley.

The seven-page criminal complaint against Maldonado alleges there were al-Qaida fighters where he trained and studied bomb-making, a charge for which he faces up to life in prison.

Newton argued that even if Maldonado went overseas to fight jihad, there is no evidence that he intended to affiliate with al-Qaida. FBI agents escorted Maldonado back to Houston from Kenya last week.

Tuesday's delay was an unusual twist to a fairly routine process in which prosecutors argue to proceed with their case.

The hearing was postponed shortly after prosecutor Gary Cobe passionately launched into the government's argument.

"What we have here," Cobe declared, "is a U.S. citizen-homegrown-Islamic jihadi."

As Cobe raised his voice to explain how Maldonado went overseas to fight jihad, Botley interrupted and told prosecutors to hand over the FBI reports to Newton by 8 a.m. today.

Accused Terrorist From Houston Described As 'Militant' (KPRC)

KPRC-TV, February 21, 2007

HOUSTON -- A former Houston man suspected of training with al-Qaida was in federal court downtown Tuesday afternoon and described as a militant young man angry with the U.S., KPRC Local 2 reported.

Daniel Joseph Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, covered his face as he arrived for a detention hearing.

He's been held without bond on suspicion that he joined with al-Qaida to try and overthrow the Somali government.

During the hearing, more information about Maldonado was released.

He moved to Houston from New Hampshire in 2005. His last known address in the United States was a southwest Houston apartment.

An FBI special agent said Maldonado traveled to Egypt in November 2005 and to Somalia in 2006. That's where he allegedly joined the Islamic Courts Union and al-Qaida to fight jihad.

Special Agent John McKinley said Maldonado received training from a terrorist organization in physical fitness, weapons and explosives. In federal court, it was revealed that Maldonado was approached to return to America and recruit English-speaking women to receive training in Somalia, a notion that alarmed local Islamic leaders.

"To take matters in your own hands and interpret the religion the way that you see it fit by rejecting a life that you came from and then you become militaristic in that sense -- that's not the way to go about it," said Rodwan Saleh, the president of the Islamic Society of Greater Houston.

It was also detailed in court how Maldonado allegedly took part in the beating and interrogation of a flight attendant who he accused of being a spy after the flight attendant took cell phone pictures of high-ranking al-Qaida members on a flight. The FBI agent said the flight attendant was eventually killed.

The official testified that Maldonado initially intended to fight Somalians but said he then broadened his targets to Ethiopians and Americans.

The agent also said Maldonado was angry at America and had no problem with the Sept. 11 attacks.

Maldonado was captured in Kenya in January. He faces federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

Maldonado's arrest marks the first criminal prosecution of an American suspected of joining terrorists in Somalia, officials said.

GOP Donor Hit With Terror Charges (AP)

By Liz Sidoti, Associated Press Writer

AP, February 21, 2007

A New York man accused of trying to help terrorists in Afghanistan has donated some $15,000 to the House Republicans' campaign committee over three years.

Abdul Tawala Ibn Ali Alishtari pleaded not guilty Friday in U.S. District Court in Manhattan to charges that include terrorism financing, material support of terrorism and money laundering.

From April 2002 until August 2004, the man also known as "Michael Mixon" gave donations ranging from $500 to $5,000 to the National Republican Congressional Committee, according to Federal Election Commission reports and two campaign donor tracking Web sites, http://www.politicalmoneyline.com and http://www.opensecrets.org.

Jessica Boulanger, a spokeswoman for the NRCC, said if Alishtari is found guilty, the organization would donate the money to charity.

"We are extremely concerned and disturbed by these charges, but we need to be careful not to rush to judgment as the judicial process moves forward," Boulanger said.

In the federal indictment, the government said Alishtari, 53, of Ardsley, N.Y., also known as Mixon accepted an unspecified amount of money to transfer $152,000 to Pakistan and Afghanistan to support an Afghanistan terrorist training camp. He also stands accused of causing the transfer of about $25,000 from a bank account in New York to an account in Montreal, money the government says was to be used to provide material support to terrorists.

Also, the indictment says, Alishtari schemed to defraud investors by obtaining millions of dollars in a loan investment scheme that he called the "Flat Electronic Data Interchange" and that promised high guaranteed rates of return.

The charges carry a potential penalty of 95 years in prison.

Alishtari was detained pending a court appearance this week. Prosecutors said he was a danger to the community and a flight risk.

On campaign finance forms, Alishtari identified his occupation as either the owner, president or chief executive of a business called Global Protector Inc., or GlobalProtector.Net, Inc. In some filings he listed the business as being located in the Bronx and in other filings in Scarsdale, N.Y.

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A resume listed in his name and posted on an MSN group Web site on Jan. 8, 2007, identifies him as being an "industrialist and philanthropist" and references previous connections to the Republican Party.

The resume says that in 2003 Alishtari was named a National Republican Senatorial Committee "Inner Circle Member for Life" and was appointed to the NRCC's "White House Business Advisory Committee." The resume also says Alishtari was named the NRCC's New York state businessman of the year in 2002 and 2003.

The 2007 resume identifies him as the founder of IDPixie LLC, which is described as an "ID theft protection agency."

Terrorism Suspect Is Republican Donor (HILL)

By Aaron Blake

The Hill, February 21, 2007

A New York man who pleaded not guilty last week to charges of supporting terrorism contributed about $15,000 to the House Republicans' campaign committee and claimed to be involved with the Senate Republicans' campaign committee in recent years.

Abdul Tawala Ibn Ali Alishtari, also known as Michael Mixon, donated almost all of the money to the National Republican Congressional Committee (NRCC) during the 2004 election cycle and listed on his résumé that he was an "Inner Circle Life Member" with the National Republican Senatorial Committee (NRSC), the Associated Press reported.

The NRSC website says people can become "Inner Circle Life Members" by being nominated by a selection committee and donating $15,000 per person or $20,000 per couple.

An indictment states Alishtari accepted money to send $152,000 to Afghanistan and Pakistan to support a terrorist training camp. He is charged with terrorism financing, material support of terrorism and money laundering, and faces 95 years in prison.

Democrats are asking how much access Alishtari had with Republicans and whether the NRCC would return the money.

"We are extremely concerned and disturbed by these charges, but we need to be careful not to rush to judgment as the judicial process moves forward," NRCC spokeswoman Jessica Boulanger said. "If the individual in question is found guilty of a crime, it is our intent to donate the money to charity."

The NRSC did not comment by press time.

Propagating Terror (WT)

By Rachel Ehrenfeld

The Washington Times, February 21, 2007

Six years after al Qaeda attacked the United States, many policy-makers and "terrorism experts" retain the misconception that terrorism does not require large amounts of money. This myth was strengthened first with the September 11 Commission's report in 2003 and later reinforced by its October 2005 Progress Report, giving the government an A- for its "vigorous efforts against terror financing."

The Feb. 13 Terrorism Index of the Center for American Progress also lauds U.S. success in stopping terrorists' money all over the world. The Center for American Progress asked 116 U.S. foreign policy and terrorism experts to indicate how much progress has the U.S. government "made in implementing the 9/11 Commission recommendations since July 2004... to curtail terrorist financing." Most experts, in fact, "95 percent... said that some or a great deal of progress had been made."

The press release by the Center for American Progress offers the explanation that this is not surprising since "terrorists do not need large sums of cash to be deadly effective." Indeed, individual terrorist acts do not cost much; the World Trade Center attack on September 11 is estimated as al Qaeda's most costly, at $500,000, while the bombing of London's transit in July 2005, cost merely $2,000. Therefore, the report argues, the $140 million in terrorist assets, which the United States froze in 1,400 bank accounts worldwide during the last six years, is a great success.

But freezing $140 million did little to stop the fund flows to terrorists, especially when compared to the more than $90 billion that the Saudis spent since the 1970s to spread Wahhabism, one of the world's most virulent forms of Islam, which also produced al Qaeda. This Saudi-sponsored propagation of Islamist extremism is described by former CIA Director James Woolsey as "the soil in which Al-Qaeda and its sister terrorist organizations are flourishing." The hundreds of millions of dollars that the Saudis donated to the Palestinian Liberation Organization and Hamas just to fuel the intifada is but one example.

The report also ignores Iran's $100 million-plus in annual subsidies, for decades, to Hezbollah. Nor does it mention Iranian funds and weapons that bolster Hamas and Palestinian Islamic Jihad, whose cells are spread all over the world. Incredibly, there is nothing about the Iranian support of the Shi'ite in Iraq, or the cost of the Iranian made and supplied deadly weapons, including roadside bombs, and grenades "which spray molten metal ... [and] are responsible for the deaths of scores of American soldiers."

The Center for American Progress report talks about "terrorists money" in abstract. It says nothing about who transferred the money or who was the intended recipient. Was this al Qaeda's money? Hamas'? Or perhaps the Revolutionary Armed Forces of Colombia (FARC)? Most importantly, the report failed to take into account the cost of building, maintaining and expanding the multilayered international infrastructure of radical Islam, thus making terrorists attacks possible on demand.

Another major source for financing terrorism comes from the illegal drug trade. But following the lead of the September 11 Commission's reports, this Index also ignores the billions of dollars generated by heroin, cocaine and other illegal drugs, which corrupts many governments and destroys millions of lives while filling terrorists' coffers worldwide.

It boggles the mind that the Bush administration continues to ignore terrorism's need for, and access to, a strong, international funding base, with large pockets even in the United States. More disturbing is the administration's unwillingness to identify the funding sources. As long as the terror financiers remain unknown, we will not be able to sever the terrorists' lifeline.

This willful blindness continues to undermine U.S. credibility with its allies and foes, and therefore its ability to curtail the money flow. Ultimately, this U.S. approach allows the expansion of the Islamist terrorists' agenda and the spread of terrorism, further risking U.S. national security.

Rachel Ehrenfeld is director of the American Center for Democracy.

Muslim Groups Fast For Jailed Al-Arian (WT)

By Audrey Hudson, The Washington Times

The Washington Times, February 21, 2007

A coalition of Muslim groups is calling for a worldwide fast in support of Sami Al-Arian, a former college professor convicted of raising funds for a terrorist group who remains in jail on contempt charges for refusing to testify before a Virginia grand jury investigating other financiers of terrorism.

The American Muslim Taskforce for Civil Rights and Elections on Monday asked Muslims to fast every Monday, Wednesday and Friday along with Al-Arian, who has been on a hunger strike since Jan. 21.

Task force spokesman Agha Saeed says the response has been "compassionate, caring, supportive and concern about Professor Al-Arian's health."

The former University of South Florida computer-science professor was arrested in 2003 and pleaded guilty last year to assisting the Palestinian Islamic Jihad terrorist group. He was sentenced to time served and given an additional 18 months for refusing to testify against the International Institute of Islamic Thought (IIIT) and its role with the terrorist group.

The task force calls the additional sentence "a form of harassment," and along with Amnesty International, is demanding his release. The task force is made up of larger Muslim groups, including the American Muslim Alliance, Council on American-Islamic Relations (CAIR), the Islamic Circle of North America and United Muslims of America.

"The Muslim coalition is urging local communities to host information sessions at houses of worship and on college campuses to educate the public about Dr. Al-Arian's case," the task force said in a statement.

Daveed Gartenstein-Ross, a counterterrorism analyst and author of "My Year Inside Radical Islam," says prosecutors want Al-Arian's testimony to demonstrate the financial links between IIIT and his group and how the Palestinian Islamic Jihad was financed.

Mr. Gartenstein-Ross called the support through fasting "simply puzzling."

"I think on the one hand, there is a perception that Muslim civil rights are threatened, and there is a desire to support someone who might be a victim of an overzealous system, but it's important to take a look at the record and not blindly support something," Mr. Gartenstein-Ross said.

In sentencing Al-Arian last year, U.S. District Judge James Moody called him a "master manipulator" who "looked your neighbors in the eyes and said you had nothing to do with the Palestinian Islamic Jihad."

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"This trial exposed that as a lie. ... The evidence was clear in this case that you were a leader of the Palestinian Islamic Jihad," Judge Moody said. "Your only connection to widows and orphans is that you create them, even among the Palestinians; and you create them, not by sending your children to blow themselves out of existence. No. You exhort others to send their children."

In a letter to Attorney General Alberto Gonzales earlier this month, Amnesty International asked for an investigation into Al-Arian's treatment in prison, calling it "unacceptably harsh and punitive" and that he is being abused by guards "based, at least in part, on his political background."

HOMELAND RESPONSE:

Attorney General To Inspect Supermax (PUEBCH)

By Peter Roper, THE PUEBLO CHIEFTAIN

The Pueblo Chieftain, February 21, 2007

Attorney General Alberto Gonzales will visit the federal Supermax prison complex at Florence on Wednesday, four months after a federal inspection report cited a staff shortage as the reason for security and supervision problems there.

Gonzales will tour the prison complex with Colorado Sens. Wayne Allard and Ken Salazar, who urged him to visit the nation's highest security federal prison after a Justice Department inspector general's report found a list of security problems. The most glaring was that the mail and telephone calls for convicted terrorists being held at the prison were not always being monitored.

Allard, a Republican, and Salazar, a Democrat, both met with Gonzales earlier this year and were told that Bureau of Prisons officials had added staff to Supermax, which holds 400 of the most dangerous prisoners in the federal prison system, such as Ramzi Yousef, who led the first bomb attack on the World Trade Center.

Supermax officially is known as the U.S. Penitentiary, Administrative Maximum (ADX). According to a CNN broadcast last November, the inspector general's investigation was begun when Spanish police found letters from a Supermax inmate, Mohammed Salameh, were sent to a terror cell with links to the train bombings in Madrid.

The Justice Department report found that staffing at the prison had become so short that there were times when inmate mail and telephone calls were unmonitored. Also, there were times when there were no guards available to be in some cellblocks for an entire shift - although the cellblock was still staffed at the perimeter.

Other Supermax inmates have been accused of sending messages to prisoners in other states, ordering racial attacks and other criminal acts.

According to officers with the guards' union, Supermax is supposed to have 240 guards but has been functioning with fewer than 200.

Federal BOP officials said in January they were adding 18 additional guards to the staff.

Gonzales Plans Supermax Tour (CANCDR)

By Vic Vela

Canon City (CO) Daily Record, February 21, 2007

U.S. Attorney General Alberto Gonzales will tour Supermax on Wednesday in Florence, as will Congressional representatives as security concerns regarding the federal prison continue to capture the attention of those in Washington, D.C.

Colorado Sens. Ken Salazar and Wayne Allard will join Gonzales on the Administrative Maximum facility tour Wednesday. Fifth District Rep. Doug Lamborn, State Rep. Liane “Buffy” McFadyen, Florence Mayor Cindy Cox and union representatives will also tour the facilities.

A press conference will follow the tour.

“We want to be sure the Bureau of Prisons and the Department of Justice are putting resources into secu-rity at Supermax,” said Salazar during a conference last week.

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Correctional officer safety and terrorism concerns have worried those who have been vocal in the issue of security at Fremont County's federal institutions. A report released in October of last year by the Department of Justice's inspector general indicates that mail and phone calls received from convicted terrorists at ADX have not been totally checked by BOP staff. Also, the inspector general reported that not enough staff was sufficiently capable of monitoring phone calls in foreign languages.

These concerns could because of an overall lack of staff at the prison. In November, the Bureau of Prisons — the governing body of a federal institutions — increased staff at Supermax, but the number of those staffed still lagged behind the number the prison opened with in 1994; that number was 240 correctional officers, today it is 220.

But the staffing concerns do not stop at Supermax. Earlier this year, a riot situation was narrowly averted at the United States Penitentiary in Florence. Correctional officers from ADX and the Florence Correctional Institution came to the aid of staff at USP where seven officers were injured breaking-up fighting inmates.

"We have a guard-inmate ratio that I'm not sure is sufficient," said Salazar.

McFadyen agrees.

"You can't take staff from other institutions and put them in another," said McFadyen, who has been instrumental in bringing prison security concerns to the forefront. "It needs to be across the board."

While McFadyen's concerns have not totally eased, she sees some of the latest developments as good news. In late January, Congress passed the President signed a $463.5 billion appropriations bill for the Veterans Administration, Social Security Administration and the Bureau of Prisons.

With those moneys, the Bureau will received $4.97 billion for the 2007 fiscal year for salaries and expenses aimed at increasing the number of staff within the Bureau; this is a $143 million increase from the 2006 fiscal year budget.

In addition, the Bureau's buildings and facilities account will net the department $432 million, a substantial increase of $332 million to help construct new facilities and help alleviate overcrowding.

These budget increases, combined with the attorney general's visit Wednesday, please McFadyen, who says things are going in the right direction.

"We've been looking for attention at the national level for two years," she said. "I believe the crusade we've been on is now being heard."

Bush Swears In New Intelligence Director (USAT)

USA Today, February 21, 2007

President Bush installed retired vice admiral Michael McConnell as the nation's second national intelligence director and said his challenge is to improve the quality of spy data and analysis in wartime. Bush said the intelligence community needs significant improvements more than five years after the 9/11 terrorist attacks. He instructed McConnell to focus on finding more recruits with the language skills and cultural background to collect information on terrorist groups.

"Old policies have hampered some common-sense reforms, such as hiring first- and second-generation Americans who possess native language skills, cultural insights and a keen understanding of the threats we face," McConnell said.

McConnell, 63, replaces John Negroponte in the 2-year-old office overseeing activities across 16 agencies, including the CIA, FBI, National Security Agency and Defense Intelligence Agency. Negroponte has been nominated to be deputy secretary of State.

Romney to air campaign's first ad

Republican Mitt Romney airs his first presidential campaign ad today to introduce himself to voters in early primary states. The 60-second spot describes the former Massachusetts governor as a "business legend" who "rescued the Olympics" and "turned around a Democratic state." Romney himself says, "This is not a time for more talk and dithering in Washington. It's a time for action." The ad will air in Michigan, Iowa, New Hampshire, South Carolina and Florida.

It is the first ad by a top-tier contender in a race where total spending by all candidates could top $1 billion by the time it ends in November 2008.

Sen. Johnson released from hospital

DOJ_NMG_0134519

Sen. Tim Johnson, D-S.D., has entered a private rehabilitation facility, more than two months after suffering a debilitating brain hemorrhage. Spokeswoman Julianne Fisher would not say where Johnson is getting treatment. He was released Friday from George Washington University Hospital in Washington. After a stroke Dec. 13, Johnson underwent surgery to repair a malformed cluster of blood vessels in his brain.

Grants awarded for homeless programs

The Department of Housing and Urban Development awarded $1.36 billion in grants to support local homeless programs, a slight increase from last year. President Bush has requested $1.6 billion for the fiscal year that starts Oct. 1. Local agencies compete for most of the grants, which support more than 5,300 programs for such things as emergency and transitional housing, job training and substance-abuse counseling.

Justice audit faults terror-crime reporting

The Justice Department regularly counted crimes such as identity theft and immigration fraud as terrorism despite having no evidence linking them to terrorist activity, an inspector general's audit found.

The report by Inspector General Glenn Fine found serious errors in 24 of 26 sets of department data compiled from 2001 to 2004. The report called the methods for collecting and reporting terrorism-related data "haphazard," but said the errors appeared to be unintentional. Justice Department spokesman Dean Boyd said the office has since made improvements to track data. — Donna Leinwand

Retired Admiral Sworn In As Director Of Intelligence (WP)

By Walter Pincus

The Washington Post, February 21, 2007

Retired Vice Adm. John M. McConnell, sworn in yesterday as the second director of national intelligence, said new technologies and capabilities are needed to collect and analyze intelligence "because today's threats move at increasing speeds."

"The time needed to develop a terrorist plot, communicate it around the globe and put it into motion has been drastically reduced," he told the audience of 300 at his swearing-in ceremony, which included President Bush and the leaders of the nation's intelligence agencies. "The timeline is no longer a calendar -- it is a watch."

McConnell becomes the president's chief intelligence adviser and manager of the 16 agencies and about 100,000 people making up the U.S. intelligence community.

Bush described McConnell's job "one of the most difficult and important positions in our government in this time of war -- and we are a nation at war." And although the president and his advisers have been criticized for ignoring prewar intelligence about the dangers in Iraq, Bush said yesterday: "He'll find that I value the intelligence product. . . . He's going to find that the intelligence product is an important part of my strategic thought."

Bush also paid tribute to McConnell's predecessor, Ambassador John D. Negroponte, who has moved back to the State Department as deputy secretary, saying he served with "talent and distinction." Nevertheless, Bush said that many elements of improving the intelligence community remain, including information sharing and the hiring of employees with the right language and cultural skills. McConnell repeated yesterday a plan he disclosed to Congress at his confirmation hearing: that he will change security rules to make it easier for intelligence agencies to hire first- and second-generation Arabic-speaking Americans for very sensitive jobs.

Although it was not mentioned yesterday, another of McConnell's highest priorities will be in proposing a deputy DNI, a position that has been vacant since Gen. Michael V. Hayden moved to the CIA last year. He told the Senate Select Committee on Intelligence that his preference would be someone from within the community on the civilian side who is working on terrorism-related issues.

U.S. Official Admits To Big Delay In Revamping No-Fly Program (NYT)

By Eric Lipton

The New York Times, February 21, 2007

DOJ_NMG_0134520

WASHINGTON, Feb. 20 — The federal takeover of checking passenger names against terrorist watch lists, a top priority for aviation officials since the 2001 terrorist attacks, is not expected to be complete until 2010, more than five years behind schedule, a top Department of Homeland Security official acknowledged on Tuesday.

The delay in the timetable is the latest setback in a long-promised program intended to enhance aviation safety, while reducing the number of passengers mistakenly identified as possible terrorists.

Since the 1990s, airlines have been required to do the checks on their own. But they do not always use the most up-to-date watch lists, or computer software that is sophisticated enough to distinguish between similar names, like Catherine Stevens, and Cat Stevens, the former name of the British Muslim folk singer who had been added to a no-fly list.

The Transportation Security Administration, the agency in the Homeland Security Department leading the effort, has invested nearly $140 million and four years trying to start the system. Two earlier versions of the system, which is now called Secure Flight, failed, mostly because of civil libertarians' complaints that the vast new database would violate passenger privacy.

The agency's administrator, Kip Hawley, said in an interview Tuesday that after spending a year re-examining Secure Flight, officials have come up with a way to reduce mistakes, protect privacy rights and achieve the reliability needed to screen some two million passengers who fly each day.

It will cost some $80 million more in the next year and a half to develop the enhanced system, which will then require more than a year of testing, resulting in the estimate that it will be in full use sometime in 2010. Officials would not release an estimate of how much they expected to spend before the system was complete.

"All of us are anxious to get it started as soon possible," Mr. Hawley said. "But we are going to get it right before we set an artificial date and try to rush."

The government effort first drew scrutiny when officials disclosed that they intended to search for unknown terrorists by buying access to commercial repositories of personal data collected about consumers to look for any possible link between a passenger and a known terrorist like a common address or phone number.

The new system, which will not use commercial data, will simply check, ideally with greater accuracy, if a passenger is on the no-fly list or a "selectee list," which requires more intensive screening.

To reduce false alarms, under the new program, airline passengers will probably be required to provide a date of birth, Mr. Hawley said.

Mr. Hawley said he hoped that the start of the new system could be accelerated, assuming that opposition to it was not too intense.

Officials are looking for ways to reduce false alarms. That has included a detailed review of the existing no-fly list to eliminate erroneous, redundant or incorrect listings, which Mr. Hawley said should result in its being cut almost in half. He would not say how many names remained.

Park Police Survey Shows Doubt In Chief, Terror Readiness (WT)

By Jerry Seper And Matthew Cella

The Washington Times, February 21, 2007

A survey of U.S. Park Police officers shows 97 percent of those who responded lack confidence in Chief Dwight E. Pettiford and 98 percent do not think the agency is as prepared as others to respond to a terrorist attack.

The survey also found that 98 percent think the agency's command staff was not doing its best to protect the public. In addition, 94 percent said inadequate staffing makes their work sites unsafe, and 85 percent described their work conditions as "unsatisfactory," according to the survey.

"These results are extremely disappointing," said James Austin of the Fraternal Order of Police, which conducted the survey. "If there has been a change in our mission, we have not been notified."

Mr. Austin, chairman of the union's Park Police Labor Committee, also asked that agency officials consider the survey findings if they want to improve morale.

Park Police spokesman Lt. Scott Fear confirmed that the agency had received the findings but said officials would not discuss them with a reporter.

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Much of the criticism about Chief Pettiford, who was promoted to the job from a deputy position in March 2005, is that he has not pushed hard enough for funding increases.

The lack of federal funding for the agency has been a concern for years. Several field officers and supervisors, who asked not to be identified for fear of losing their jobs, say the situation is hurting the agency's ability to accomplish its mission and is understaffed by at least 20 percent.

Delegate Eleanor Holmes Norton, the District's nonvoting congressional representative, has vowed to seek more money for the agency this year and has called ongoing budget shortfalls the result of "congressional neglect."

Mrs. Norton, a Democrat, has said Park Police has received funding increases of 23 percent since the September 11 attacks, while Capitol Police have received funding increases of 105 percent. However, she made clear that bolstering protection around potential terrorist targets such as the Capitol was "fully warranted." She also said Congress, not Chief Pettiford, should address the issues.

Former Chief Teresa C. Chambers, who was fired after making public statements in December 2003 about the lack of employees and resources, told The Washington Times that continuing budget shortages for the agency provide "a good opportunity for the new Congress to pick up this important issue."

She said "a long history of insufficient staffing" contributed to the 2002 death of Officer Hakim Farthing, who was struck by a drunken driver while trying on foot to secure an accident scene on the Baltimore-Washington Parkway. Mrs. Chambers said Officer Farthing was killed because of an inadequate number of officers and police cars.

"I maintain that a contributing factor in Hakim's death was the lack of adequate staffing," she said.

Critics of Chief Pettiford, who replaced Mrs. Chambers, also say he lacks the visibility to get Congress' attention for additional manpower and other resources.

Others blamed the National Park Service, which oversees Park Police, for the budget shortfalls.

This is not the first time agency officers have complained about inadequate funding and the potential for dangerous consequences.

In July, officers at Park Police, the country's oldest uniformed federal police agency, said funding problems forced them to cancel several important programs, including cadet training classes.

Earlier this year, they said the lack of funding has resulted in vehicles too broken and dangerous to drive. Though no officer had been hurt or killed as a result of the shortfalls, "it is just a matter of time" before such an incident occurs, Mr. Austin said.

About 179 of the agency's roughly 600 officers responded to the survey, which also found that 96 percent think they have inadequate equipment to carry out their duties during a terrorist attack. In addition, 72 percent thought their level of training was inadequate for their job and 60 percent said their special training or certifications were not up to date.

Roughly 85 percent said the "icons" the agency is assigned to protect from terrorist attacks -- including the Statue of Liberty, the Washington Monument and the Golden Gate Bridge -- were not as secure as they could be, according to the survey.

The agency also provides foot, mounted, marine and air patrols to protect the Mall, Rock Creek and Anacostia parks, the Baltimore-Washington and George Washington Memorial parkways and dozens of parks in the District, Maryland and Virginia. It also provides escort to Vice President Dick Cheney.

Nichols Says Bombing Was FBI Op (DESERET)

By Geoffrey Fattah, Deseret Morning News

Deseret Morning News, February 21, 2007

Detailed confession filed in S.L. about Oklahoma City plot

The only surviving convicted criminal in the April 19, 1995, bombing of the Alfred P. Murrah Federal Building in Oklahoma City is saying his co-conspirator, Timothy McVeigh, told him he was taking orders from a top FBI official in orchestrating the bombing.

A declaration from Terry Lynn Nichols, filed in U.S. District Court in Salt Lake City, has proven to be one of the most detailed confessions by Nichols to date about his involvement in the bombing as well as the involvement of others. However, one congressman who has investigated the bombings remains skeptical of Nichols' claims.

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The declaration was filed as part of Salt Lake City attorney Jesse Trentadue's pending wrongful death suit against the government for the death of his brother in a federal corrections facility in Oklahoma City. Trentadue claims his brother was killed during an interrogation by FBI agents when agents mistook his brother for a suspect in the Oklahoma City bombing investigation.

The most shocking allegation in the 19-page signed declaration is Nichols' assertion that the whole bombing plot was an FBI operation and that McVeigh let slip during a bout of anger that he was taking instruction from former FBI official Larry Potts.

Potts was no stranger to anti-government confrontations, having been the lead FBI agent at Ruby Ridge in 1992, which led to the shooting death of Vicki Weaver, the wife of separatist Randy Weaver. Potts also was reportedly involved in the 51-day siege of the Branch Davidian compound in Waco, Texas in 1993, which resulted in a fire that killed 81 Branch Davidian followers.

Potts retired from the FBI under intense pressure and criticism for the cover-up of an order to allow agents to shoot anyone seen leaving the Weaver cabin at Ruby Ridge.

When contacted, the FBI's main office in Washington, D.C., said it could not provide immediate comment on Nichols' claims Tuesday.

Nichols claims that, in December 1992, McVeigh told him that "while he was serving in the U.S. Army, he had been recruited to carry out undercover missions."

In the next few years, the two men hatched the bombing plot. In October 1994, "McVeigh and I stole explosives from a quarry in Marion, Kansas consisting of 8 1/2 cases or boxes containing 229 (2-inch by 16-inch) sticks of the gel type explosive known as Tovex," Nichols wrote, adding that only a small amount was used in the actual bombing.

It was while traveling the gun-show circuit that Nichols claims the two obtained bombmaking knowledge and the materials used in the bombing. One example is that McVeigh allegedly attended a gun show in Knob Creek, Ky., in 1993.

"At this gun show, McVeigh had the opportunity to make contact with about 20 people who were bomb experts. McVeigh told me that he himself had no knowledge about how to construct a bomb, but that he always wanted to gain more knowledge about how to construct bombs," Nichols stated.

Nichols says he knew McVeigh was building the bomb, and in November 1994 he left for the Philippines to get away from the area to avoid being implicated.

"I did not want to be present when and if McVeigh did explode a bomb. Consequently, I left for the Philippines to be out of the country," he wrote.

That statement contradicts findings of Congressman Dana Rohrabacher, R-California, whose study on the bombing was made public last December. It indicated Nichols had traveled to the Philippines to receive bombing training by a possible foreign terrorist.

Having not heard of any bombing, Nichols said he returned to the U.S. in January 1995. It was later that, in a fit of rage, McVeigh mentioned Potts' name, Nichols wrote.

"McVeigh said he believed Potts was manipulating him and forcing him to 'go off script,' which I understood meant to change the target of the bombing," Nichols stated.

It wasn't until April 18, 1995, that Nichols said he helped McVeigh construct a bomb at Geary Lake. The bomb was comprised of "metal and white plastic" barrels which were filled with ammonium nitrate fertilizer and mixed with nitromethane. In all he estimates between 90 to 92 fifty-pound bags of fertilizer went into the barrels and explosive sticks were placed in the holes of each barrel.

Nichols said he had no further role in renting the Ryder truck and claims he did not know the target, only that McVeigh "wanted to make a statement" by "targeting some structure."

After hearing about the bombing of the federal building, which killed 168 adults and children, Nichols said he panicked when his name came up on the radio and he wanted to turn himself in — but not before hiding evidence, including explosives used in the bombing.

The claims made in the declaration have added yet more twists to the mystery surrounding the bombings. Some familiar with the bombing's history say Nichols' claims seem to indicate the FBI put McVeigh up to the plot as a draw for radicals, but that the situation got out of control and McVeigh became a runaway informant.

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After reviewing the declaration, Rohrabacher told the Deseret Morning News that Nichols' claims should be investigated but treated with extreme skepticism.

"I need to caution people to remember that Terry Nichols is a mass murderer," Rohrabacher said. "But if Terry Nichols is beginning to reveal some of the information that's been kept from the public, I'd be very happy about that."

Rohrabacher also expressed disappointment with the FBI and the Department of Justice for not adequately following up on indications there were others who helped Nichols and McVeigh.

The congressman said he no longer is chairman of the subcommittee that conducted the investigation and is "dismayed" that no one else in Congress seems interested in the matter.

Nichols said he has much more information, which he offered to former U.S. Attorney General John Ashcroft in 2004, but is willing to divulge only under sworn video deposition. Trentadue said he plans to seek that deposition of Nichols, but "I expect one hell of a fight with the Department of Justice."

Nichols is serving life in prison without parole after being convicted by a jury for his role in the bombing. McVeigh also was convicted and on June 11, 2001 was executed in Terre Haute, Ind.

FBI, DHS Launch Third Fingerprint System Data-sharing Pilot (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, February 21, 2007

The government's massive, technologically ambitious project to achieve connectivity between two critical biometric databases took a step forward as the Homeland Security Department and the FBI unveiled an additional pilot project.

The project to achieve information sharing between the FBI's Integrated Automated Fingerprint Identification System (IAFIS) and the Homeland Security's Automated Biometric Identification System (IDENT) database dates back in various forms for many years and is planned to extend forward for several years.

IDENT contains millions of two-fingerprint records gathered by the former Immigration and Naturalization Service, which now is part of DHS.

The FBI's Criminal Justice Information Services Division in Clarksburg, W.Va, maintains IAFIS to service customers in the federal, state and local law enforcement communities, the intelligence community, and other authorized users of federal fingerprint data. IAFIS' 10-fingerprint records date back in millions of cases to the dawn of federal fingerprint collection, ushered in by the bureau in the last century.

The technological core of the data-sharing project involves modifications to the fingerprint comparison engines of the databases, among other changes. The bureau and the department already exchange data about each other's "worst of the worst" criminal suspects, fugitives and immigration law violators.

Two existing pilots, in the Boston Police Department and the Dallas County Sheriff's Office, started testing the data exchange technology last year.

The new pilot, which started operation on Feb. 1, will allow the sheriff's office in Harris County, Texas, to tap into additional IDENT records.

In a joint press statement, the bureau and the department said that the Harris County Sheriff's Office already had "booked a person for assault causing bodily injury to a family member and submitted the fingerprints for a background check.

"Despite previous use of nine aliases and four different dates of birth, the person's fingerprints revealed a lengthy criminal and immigration history, including deportation proceedings; entered without inspection; probation violation; driving while intoxicated; fraud in connection with an immigration document; supervised release violator; and assault," FBI and DHS said. The new system automatically advised the law enforcement officers of the criminal history, the agencies said, facilitating state and federal prosecution of the accused

Spitzer Makes Switch Official: He Supports Freedom Tower (NYT)

By Nicholas Confessore

The New York Times, February 21, 2007

DOJ_NMG_0134524

Gov. Eliot Spitzer announced yesterday that he supported going ahead with construction of the Freedom Tower at ground zero, making official his change of mind about a project that he once called a white elephant.

Mr. Spitzer's remarks — made with no great enthusiasm — came at a news conference downtown with Mayor Michael R. Bloomberg and Gov. Jon S. Corzine of New Jersey. Despite the setting for his remarks, Mr. Spitzer said he "would not be in the business of having a press conference every time a brick is added to the foundation or a column goes up."

That was an apparent swipe at the public relations approach to ground zero under his predecessor, Gov. George E. Pataki. Rebuilding has moved only in fits and starts during the last several years, with most visible activity until recently accompanied by news conferences and photo opportunities.

David M. Catalfamo, a spokesman for Mr. Pataki, responded later: "I'm not sure if it was one too many or one too few press conferences. What I do know is that today's announcement is a reaffirmation of the vision advanced by Governor Pataki and a sign that the progress at the site will continue unabated."

The $3 billion Freedom Tower, the tallest and most symbolic of the five towers in the plan, has been widely criticized for its size, expense and design, as well as its failure to interest nongovernment tenants. Mr. Spitzer was critical of it during his campaign for governor, and when he took office he put the 1,776-foot building under review.

Last week, however, city, state, and Port Authority officials indicated that Mr. Spitzer had changed his mind, encouraged by the improving real estate market and apparent interest by some private investors in buying the Freedom Tower.

Yesterday, Mr. Spitzer said that while he had felt obligated to criticize aspects of the project he disliked, it was time to move on.

"This should not be interpreted to mean that this is the project I would have designed at its initiation," he added. "But where we are today, this is clearly the best and the wisest alternative."

Like Mr. Spitzer, Mr. Corzine and Mr. Bloomberg appeared more relieved than elated, a sign of how tumultuous the rebuilding effort has been since the Sept. 11 attacks.

"Maybe we would have done it differently if you could roll it all the way back to another day, but we live in the world we live in," Mr. Corzine said.

All three men deflected criticism of the tower's current design, saying it struck a necessary balance between security and aesthetics.

"I've said to Ray Kelly, our police chief, 'Would you let your kids work in this building?' " Mr. Bloomberg said; the Police Department had insisted on plan revisions to make the tower safer. "That's the standard that we have to build to. And he's looked me in the eye more than once and said, 'Yes.' "

After Mr. Bloomberg left for another event, Mr. Spitzer took more questions and seemed to wade into the controversy over the arrangement of the names of the dead at the 9/11 memorial. While the mayor, as chairman of the memorial foundation, contends that the matter has been settled, some families of the victims are not satisfied.

Mr. Spitzer said there was still room for discussion. "It is something that we will try to work through at the right time and the right place and get to a resolution that satisfies everybody," he said.

NY, NJ Govs Sign Off On Freedom Tower (AP)

By Amy Westfeldt, Associated Press Writer

AP, February 20, 2007

Govs Sign Off on Freedom Tower, but Push Sale of WTC Skyscraper

NEW YORK (AP) -- The governors of New York and New Jersey said Tuesday they support continued construction of the 1,776-foot Freedom Tower but also would favor selling the multibillion-dollar symbolic skyscraper being built at ground zero.

New York Gov. Eliot Spitzer, New Jersey Gov. Jon Corzine and Mayor Michael Bloomberg appeared together to sign off on the delayed, redesigned skyscraper that has been under construction for more than nine months.

Spitzer, who once called the planned building a "white elephant" that could not be profitable for the government agency that owned the World Trade Center, said after he was elected governor that he would look at the project again.

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He said Tuesday that a booming commercial real estate market and the need to move forward with long-delayed rebuilding at ground zero changed his mind.

"We're confident that this is not only viable, but profitable," said Spitzer. The federal and state government has promised to lease half of the tower's office space and the skyscraper -- which will cost more than $2.4 billion to build -- is on budget, he said.

But Spitzer added, "I don't have any opposition" to selling the tower, which the Port Authority is scheduled to finish building by 2011. "We will entertain these options if and when they arise."

Corzine said that selling the tower "would be good public policy." He said the Port Authority, which is run by both governors and owns airports, shipping terminals and bridges, should stay focused more on transportation than real estate.

Private investors have recently come to the agency with interest in ownership and development rights for the skyscraper and a second tower under the agency's control, Port Authority officials have said.

The agency agreed to build and lease two of the five planned towers last year when it renegotiated its lease with private developer Larry Silverstein, who is building three other towers on the site. It is sharing more than $7 billion in insurance proceeds and tax-exempt bonds to rebuild office space destroyed by the Sept. 11, 2001, terrorist attack.

No design changes are foreseen, despite critics' complaints that the tower's height makes it too much of a terrorist target and that a 20-story, windowless base makes the building look too forbidding.

The base "speaks less of resilience and tolerance than of paranoia. It's a building armored against an outside world that we no longer trust," wrote New York Times architecture critic Nicolai Ouroussoff in a column on Monday, urging that the building be redesigned.

Spitzer called the design a compromise "between the security needs that are real and pure aesthetics."

"I don't think it will look like a fortress," Bloomberg said. "There's nothing wrong with taking appropriate security actions."

Spitzer Says There's Time To Resolve 9/11 Memorial Names Issue (NSDY/AP)

Long Island Newsday, February 20, 2007

NEW YORK (AP) _ Mayor Michael Bloomberg has said several times that his decision on how to arrange names of the dead around the Sept. 11 memorial is final. But Gov. Eliot Spitzer on Tuesday said that there was still time to talk about it.

"Yes, I have opinions. No, this is not the moment to begin that very public discussion," Spitzer said when asked about the issue of naming the dead on the memorial, which has pitted the mayor against some Sept. 11 families that have launched a Web site to oppose his decision.

The mayor, who chairs the board of the nonprofit foundation building the memorial, announced in December that the nearly 3,000 victims of the 2001 attack and the 1993 World Trade Center bombing would be grouped by the tower or plane in which they died, and he said first responders' companies would be listed.

Families that opposed the decision wanted to list their loved ones' ages, the ranks of first responders, the tower floors on which they died and the names of the companies in the trade center. A Web site launched last month has 18,000 signatures on an online petition, Sept. 11 family member Edie Lutnick said.

Spitzer said Tuesday: "It is something that we will try to work through at the right time and the right place and get to a resolution that satisfies everybody."

The governor intended to speak to Bloomberg and New Jersey Gov. Jon Corzine about the names, Spitzer spokeswoman Jennifer Givner said later.

Bloomberg's office did not comment Tuesday. Last month, the mayor said of the issue: "You can't please everybody. I think the naming issue is something that has been decided."

After 9/11, Ailing Residents Find A Place To Turn (NYT)

By Anthony Depalma

The New York Times, February 21, 2007

They say they suffer the same rasping cough, shortness of breath and gastrointestinal pains as thousands of rescue and recovery workers who fell ill from the dust and smoke at ground zero. They worry, as the others do, that the future may bring more health problems.

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Yet residents, workers and students who returned to Lower Manhattan after the Sept. 11 attack say that their medical problems have largely been overlooked as officials focus increasing attention on the responders who were more exposed to the hazards.

"Not to take anything from them, but everything has been concentrated on the fire, police and E.M.T. guys," said Agustin Chaves, who lives and works in an apartment building two blocks from the World Trade Center site. "Nobody has been helping regular working people."

Mr. Chaves, 53, developed asthma and severe acid reflux about a year and a half after Sept. 11, 2001. As his condition worsened, he tried to find out whether it was connected to the dust he had breathed in after the twin towers collapsed. Then last fall he heard that the city was giving millions of dollars to Bellevue Hospital Center to treat people excluded from other programs, like the one that monitors and treats recovery workers at Mount Sinai Medical Center.

Since that announcement in September, the number of people being treated at the W.T.C. Environmental Health Center at Bellevue Hospital has doubled to more than 900. Several hundred more people are on a waiting list, including many low-income residents of Chinatown and the Lower East Side, and immigrant workers without health insurance. And after Mayor Michael R. Bloomberg last week encouraged residents who might have been exposed to the dust to be checked by the clinic's specialists, the number of patients is expected to rise substantially.

Dr. Joan Reibman, a pulmonologist who directs the center, said that most of her patients had not been exposed to the dust as intensively as firefighters and workers who toiled on the debris pile, but that they might have been affected by the contaminated air nonetheless.

Doctors and scientists have not definitively linked the dust to serious illnesses like cancer. But certain symptoms of respiratory and gastrointestinal ailments have been strongly associated with exposure to the dust. Thousands of firefighters developed gastrointestinal problems and what has become known as World Trade Center cough; the seriousness of their symptoms was found to be related to how soon they arrived at ground zero after the towers collapsed. Medical studies have also shown that they suffered substantial losses in lung capacity after working at the site.

Testing done by the Fire Department is considered especially important because all firefighters undergo thorough physical examinations every year, making it possible to track with a degree of medical certainty illnesses that developed after 9/11.

Most other studies about exposure to trade center dust — for example, the World Trade Center Health Registry of 71,000 workers, residents and volunteers — have been based on people's own reporting of when an ailment began, and thus were less reliable indicators of a link between the dust and disease.

However, in the past year, both the federal and city governments have expanded monitoring and treatment programs for recovery workers and others, based on the premise that there is some association between the dust and those respiratory ailments.

An overwhelming majority of residents in Lower Manhattan have not developed any illnesses because of the dust, Dr. Reibman said. But whether some patients who have come in complaining of symptoms actually were reacting to the dust may be determined by looking at the extent of the dust exposure and the person's medical history.

While ground zero recovery operations ended in June 2002, dust could have remained in interior spaces and duct work in nearby office and apartment buildings far longer. In many buildings that were never thoroughly cleaned, that dust may still be present.

Dr. Reibman said it was possible that some clinic patients believed that their symptoms were associated with the dust even though there may not be a connection. As a doctor in a public hospital, she said that did not matter to her as long as those who were sick could be cared for.

But she said many of her patients do have "asthma-like symptoms that we're treating. And a small number have more complex diseases. Where you fall in that spectrum depends on exposure and susceptibility."

Most patients are treated with medication, though a few who develop more serious illnesses are hospitalized at Bellevue whether or not a specific link to trade center dust can be proved.

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The half-dozen examining rooms at the clinic have been serving a constant stream of patients since Mr. Bloomberg pledged $16 million over five years for the clinic to treat anyone who needs it without charge. Dr. Reibman has so far adopted a policy that accepts nearly everyone.

Many people, like Mr. Chaves, arrive at the clinic with worry in their eyes and asthma inhalers in their pockets. He is the resident superintendent of a condominium complex on Greenwich Street. When his building was engulfed by dust on Sept. 11, he was standing guard in the lobby and was covered in a layer of fine particles.

About 18 months later, Mr. Chaves started having trouble breathing and began to think that his symptoms were connected to the trade center dust. His family doctor could not pinpoint what was wrong even as his condition worsened. He was once athletic and agile, he said, a basketball-court terror his sons could not catch.

"Now I can barely run around with the grandchildren," he said.

All the apartments in his building were professionally cleaned several years ago. But he finds the dust — a toxic mixture of chemicals and concrete that scientists say can be as caustic as drain cleaner — when he has to work in spaces above ceiling tiles.

Most alarming, he said, is finding the fluffy, gray dust when he or his men are called to remove a balky air conditioner from its slot in the building wall.

"We pull it out of the wall," Mr. Chaves said, "and all the dust is still in there."

The Bellevue clinic, which he visits every few weeks, has its roots in an asthma clinic that Dr. Reibman started in 1991 to investigate why the city had some of the highest rates of the disease in the country.

In 2002, she collaborated with the State Department of Health on a survey of residents who lived within a mile of ground zero. The study, one of only a few to deal with the effect on residents, found that about 60 percent of the 2,812 residents who responded complained of coughing, wheezing or shortness of breath that began after the terror attack.

The study has limitations. Those who responded to the survey were not given physical examinations, nor were their medical records checked for pre-existing health problems. Their responses were based on their own estimations of when their symptoms began.

In the same 2002 study, in a control group of residents about five miles from ground zero, 20 percent reported similar symptoms, again based solely on their own recollections.

Dr. Reibman's asthma clinic became part of the city's overall public health response in the months after 9/11. But it played a relatively small role until Mr. Bloomberg sharply increased funding in response to community pressure and emerging medical issues among recovery workers and others.

This month Manuel S. Bruno, 82, had his first examination at the clinic after reading news articles that said firefighters and police officers were developing serious, and sometimes fatal, illnesses.

Mr. Bruno said that shortly after he and his wife cleaned ground zero dust from their apartment on the Lower East Side, he developed an eye infection and an unusual rash. He said his regular doctors dismissed any possible link to the dust, attributing the symptoms to his age. Now he said he is willing to undergo specialized tests that the clinic's doctors ordered because, whether they find a link to ground zero dust or not, "at least maybe they can help me."

Another recent patient, Miguel Lopez, 40, said he had felt awful since he worked several months for a company that cleaned the dust from office buildings in Lower Manhattan. Without health insurance, he struggled for years to find someone to treat his severe rash and muscle ache before he heard about the specialists at the Bellevue clinic in October.

Mr. Lopez said he wanted to return to Ecuador, his native country, but was afraid to do so until he knew more about his medical condition.

"If something happens in 5 to 10 years," he said, "I don't want to be in Ecuador."

Dr. Reibman recently added psychiatrists, psychologists and social workers to the clinic staff because so many of her patients also have stress-related symptoms, stemming in part from their concerns about medical problems that could develop.

She said she was so overwhelmed with new patients that she had not had the time or staff to conduct a follow-up to her 2002 residential survey. And she is likely to get even busier. Mr. Bloomberg, in describing the city's comprehensive plan for dealing with 9/11 health problems last week, said that the Bellevue clinic might need to care for as many as 12,000 patients.

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Dr. Reibman said she did not know the extent of the health problems among Lower Manhattan residents, or how much money would be needed for treatment. But she shares data with the Mount Sinai program and the Fire Department and hopes to reach conclusions about 9/11-related symptoms and treatment.

Meanwhile, officials from the federal Environmental Protection Agency have said that trade center dust poses little continuing danger to residents. Still, in December, the agency offered to test and clean apartments in Lower Manhattan. (To register, residents and building owners can call 1-888-747-7725.)

In 2004, residents, workers and students in Lower Manhattan filed a federal class action lawsuit against the E.P.A., its former administrator, Christie Whitman, and other federal officials, seeking a more thorough cleanup and an aggressive screening and treatment program.

The suit, which does not ask for individual monetary awards, claims that Ms. Whitman deliberately distorted information and put families at risk by encouraging them to return to apartments, schools and places of business before comprehensive tests of the air quality were available.

Last year, Judge Deborah A. Batts of Federal District Court in Manhattan said that Ms. Whitman's statements that the air downtown was safe to breathe were misleading and "conscience-shocking." She allowed portions of the suit against Ms. Whitman and the agency to go forward.

Screening For Unions (WSJ)

The Wall Street Journal, February 21, 2007

Democrats figure they owe Big Labor for helping them take Congress, and now comes the payback. Tucked away in House and Senate bills that purport to implement the recommendations of the 9/11 Commission is a provision that the Commission most assuredly did not recommend: collective bargaining rights for the Transportation Safety Administration's 43,000 airport screeners.

Congress created TSA in 2001 without union rights on common sense grounds that the agency overseeing airport security was more like the Defense Department than, say, Agriculture. Unionization, with its myriad work rules, would make it harder for the executive branch to hire, fire, train and reassign workers to best meet changing terrorist threats.

Democrats haven't stopped trying to overturn that decision, and in 2002 they forced a showdown with President Bush over union rights as part of creating the Department of Homeland Security. Mr. Bush opposed the effort by Senate Democrats who were then in the majority, and the dispute helped the GOP gain Senate seats that November. This may explain why Democrats are now trying to unionize TSA sotto voce, under the cover of 9/11 Commission "reforms," and so far the press corps has barely noticed.

The Bush Administration has caught on, however, and opposes the change in TSA rules. Democrats are betting the White House won't have the nerve to veto an otherwise popular, if ill-understood, bill over this single provision. Our guess is that if Mr. Bush did veto such a bill, he'd find public sympathy for an argument that he was protecting a vital national security function from being corrupted by union politics.

La. Levee Plan Leaves Some Helpless (USAT)

By Brad Heath

USA Today, February 21, 2007

VENICE, La. — State and federal plans for a massive hurricane protection bulwark for Louisiana would sacrifice dozens of coastal communities, some with thousands of residents, to the next Katrina-sized hurricane. The reason: Protecting them would cost too much.

"We believe that it's probably not possible to provide adequate protection that people should be living down there," says Randy Hanchey of the state's Department of Natural Resources, which drafted one of the plans. Even so, the state has not encouraged residents to move from those areas.

The U.S. Army Corps of Engineers, ordered by Congress last year to design its own set of storm defenses, reached a similar conclusion, project manager Tim Axtman says. "The reality is, the cost of protection doesn't equate to what's there," he says.

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If state and federal recommendations are adopted, places such as Venice, a riverbank town of about 2,000 people south of New Orleans, will be left with hurricane protections comparable to the levees they had before Hurricane Katrina swamped them. Venice was devastated by Katrina, a Category 3 storm that came ashore with winds of 127 mph. In most places, existing barriers could not defend against a similar strike today, says Andrew MacInnes, who manages coastal issues in Plaquemines Parish.

The state and federal plans are due to be turned over to lawmakers this year. Together, they will recommend stringing hundreds of miles of fortified levees across the Louisiana coast and restoring or protecting vast stretches of fast-disappearing coastal wetlands, creating defenses around New Orleans and other populated areas that could withstand a storm more powerful than Katrina.

Final costs haven't been tallied, but Hanchey and Axtman each say the work will easily top $30 billion.

Most of the places that would be outside the new barriers are rural towns slung along the few remaining patches of high ground near the receding coast. A draft of the state's plan released this month shows new levees would exclude areas that were home to more than 20,000 people before hurricanes Katrina and Rita hit.

"We know they need to draw a line somewhere," MacInnes says. "But here?"

Efforts to rebuild those areas will be undermined if the government can't deliver better defenses against the next storm, says Lynda Banta, a councilwoman in coastal Plaquemines Parish. The area is still dotted with government-issued travel trailers. "People feel like they've been pushed under the rug — like the government doesn't want us to go back," she says.

Axtman says engineers are concerned that defending small coastal towns would siphon resources from bigger cities where more people are at risk. He says building bigger levees closer to the coast could increase the power with which storms can hit places such as New Orleans.

WAR NEWS:

Sen. Reid Discusses Iraq Troop Strategy (AP)

By Brendan Riley

AP, February 21, 2007

U.S. Senate Majority Leader Harry Reid questioned Tuesday whether word of a possible British troop withdrawal from Iraq would pressure President Bush into changing his war strategy, and said Senate Democrats will move ahead with their own efforts to limit the president's authority.

Asked about the impact of a possible announcement by Prime Minister Tony Blair of a new troop withdrawal timetable, Reid, D-Nev., said he doubted whether "it would make too much difference" for Bush.

"Well, in the past they've ignored everybody. So they might must ignore him too," Reid said. "Realistically it will give those of us who believe the course in Iraq is headed in the wrong direction ... more confidence that what we're doing is the right thing to do."

Reid also said Senate Democrats may move ahead on Monday with an effort to limit the 2002 measure authorizing Bush's use of force in Iraq. That move is planned despite a warning from Senate Republicans that it's certain to be vetoed and the veto would be upheld.

The new move follows a failed weekend effort by Democrats who control the Senate to force debate on a nonbinding resolution opposing Bush's deployment of 21,500 more combat troops to Iraq.

The 56-34 vote fell four short of the 60 needed, but Reid said the vote still showed a majority of senators voted against the escalation.

Reid also repeated his statement that Iraq "is the worst foreign policy blunder in the history of our country." He said the war can't be won militarily, and what's needed is a political and regional solution that involves those with "a larger stake in the neighborhood," including Iran.

Reid, in Carson City for a forum of most Democratic presidential candidates, also said he's not favoring any candidate at this point. He added it's "not the easiest thing to say" to the candidates — other than Hillary Clinton — that his son, Rory Reid, has signed on as her Nevada chairman.

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"I can't put numbers on who's No. 1, No. 2, who's going to win. I'm going to stay neutral on this," Reid said, when asked about the decision by his son, a former state Democratic Party chairman and currently chairman of the Clark County Commission.

Reid also declined to criticize U.S. Sen. John Ensign, R-Nev., who was one of several Republican senators not present for the weekend vote on Iraq.

"You haven't heard about our pact" to keep their differences out of the public, said Reid. "It's still there."

Reid commented at a news conference held prior to an address to the Nevada Legislature.

For Democrats, War Is Front And Center (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 21, 2007

CARSON CITY, NEV. — The Democrats seeking the White House may be united in opposing the war in Iraq. But that hasn't stopped them from fighting over the conflict.

It is a skirmish over judgment, character and political mettle.

Sen. Barack Obama of Illinois stresses his opposition to the invasion from the start and says those who voted to authorize the war, only to come around later, are at least partly to blame for today's problems. It shows, Obama says, the decision-making capacity each candidate would bring to the White House.

Former Sen. John Edwards of North Carolina, who has apologized for his initial war vote, suggests Sen. Hillary Rodham Clinton of New York has been too measured in her opposition. Implicit is the notion that a calculating front-runner has shaped her views more out of political consideration than principle.

Clinton has sharpened her tone and stepped up her antiwar rhetoric, but has not apologized for her initial stance on the war. Take it or leave it, she says, telling voters she would not make the same decision today but acted on the best information at the time.

That the war is front and center in the Democratic primary, as it was in 2004, is hardly surprising. Congress has spent weeks focused on the issue, and grim news from Iraq dominates the headlines. "Nothing is more central or important to the American public than what's going on in Iraq, period," said Peter Hart, a veteran Democratic pollster who is neutral in the party's primary.

A national survey released last week by the nonpartisan Pew Research Center found that support for the war continues to decline, with 53% of Americans believing the U.S. should bring its troops home as soon as possible. Opposition is even fiercer among Democrats — 83% in the Pew poll said things in Iraq were not going well and more than six in 10 said the U.S. mission there would definitely or probably fail. That is the audience Democrats are playing to in Iowa, New Hampshire and on Jay Leno's "Tonight Show," where former Iowa Gov. Tom Vilsack drew a burst of applause last week with his call to cut off funding for the war.

"People don't want political spin. They want someone decisive, someone who tells the truth," said Craig Varoga, a strategist for Vilsack. (The ex-governor has emerged as one of the most assertive antiwar critics, bringing to mind a similar long-shot candidate four years ago.) "If you flunk the No. 1 issue of our era by treating it as a political Rubik's Cube … you flunk the principal character issue of what it is to run for president."

Never mind that the differences among the major Democratic contenders are largely a matter of degree. All of them oppose an increase in U.S. troops. By contrast, the top Republican candidates have given President Bush their qualified support. And while the Democrats offer different timetables and exit strategies, each of them wants to reduce U.S. involvement in Iraq sooner rather than later.

"The truth is we're in a primary contest," said Mark Mellman, a 2004 strategist for Sen. John F. Kerry of Massachusetts, who, like Kerry, is sitting out this race. "A lot of times the goal is to magnify small differences into giant divides."

The leading Democratic contenders — all save Obama, who is campaigning in Iowa — will be in Carson City today for the first Western forum of the 2008 presidential campaign. The session in Nevada's pint-size capital is supposed to focus on working

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families and the food-on-the-table issues they face. But even if the candidates stray from those topics, there will be little chance for give-and-take on the war or any other subject.

The candidates will appear sequentially over two hours, fielding questions from ABC's George Stephanopolous. They will not share the stage, but have been invited to pose for a group photo. (Only Democrats will participate in the labor-sponsored event, held with an eye on the Nevada caucuses set for mid-January. Republicans have yet to settle on their nominating calendar.)

Four years ago, former Vermont Gov. Howard Dean used his vociferous antiwar position to launch himself from back in the Democratic pack and, for a time, emerge as the front-runner for the nomination. Dean surged not just because of his blunt talk on Iraq but also because he gave voice to the anger of many Democrats who thought the party had lost its spine after losing the 2000 campaign.

Winning back control of Congress might have taken some of the edge off that anger. But plenty of people in the party, especially activists, view Iraq as a test of a candidate's toughness — not as a potential commander in chief, but a partisan warrior. That too is driving the war debate among Democrats.

"There is a very significant part of the base that thought the party was too accommodating and too willing to capitulate to Bush, and the war was the prime symbol of that," Mellman said. In that sense, he said, the parsing of positions on Iraq reflects a larger debate "over the kind of Democratic Party one wants to see."

Of course, Dean's candidacy faded and Iraq receded as a voting issue in the 2004 primary. All of the leading Democratic presidential hopefuls converged in roughly the same place, criticizing Bush and the war.

Many expect the same thing to happen this time. They don't minimize the war — it may be the paramount issue facing the next president. But they say Democrats are, in a literal sense, playing to the crowds that are turning out for events at this early stage of the race.

"The people out there now are among the top [percent] of voters who will actually go the polls in January," said Dante Scala, a political scientist at New Hampshire's St. Anselm College. "A lot of them are motivated by single issues, especially the war, and you just have to wonder whether most voters who turn out are going to have that same concern."

For now, however, no truce is in sight.

Former Admiral Says All American Forces Should Pull Out By Year's End (MCT)

By Renee Schoof

McClatchy Newspapers, February 21, 2007

WASHINGTON - After the Sept. 11 terrorist attacks, U.S. Adm. Joe Sestak commanded a carrier battle group in combat near Afghanistan, then in the Persian Gulf in the run-up to the Iraq war.

Now a freshman member of the House of Representatives, Sestak, a Pennsylvania Democrat, has introduced a bill calling for withdrawing all American forces from Iraq by the end of this year, while strengthening the U.S. military presence in the region and in Afghanistan.

Sestak, who defeated 10-term Republican incumbent Curt Weldon in November, has a Ph.D. in political economy and government from Harvard University. He served as the director for defense policy on President Clinton's National Security Council and once was the director of the Navy's anti-terrorism unit.

His bill would cut off most money for military operations in Iraq by Dec. 31.

"I honestly believe that in the next few months we will move to this position," Sestak said in an interview. "It may not be my bill, but it will be something very similar."

The main reason, he said, is that the war in Iraq is hurting American national security: It's diverted resources and attention from the fight against terrorism in Afghanistan and from other challenges to U.S. interests around the world.

"We diverted our attention, our resources and our forces ... to Iraq," he said. "To my mind Afghanistan is the poster child for what isn't being done in this world where the real war on terrorism is elsewhere, not Iraq."

While focused on Iraq, he said, the military has been unable to move effectively from World War II-era tanks to 21st-century high-tech communication and intelligence.

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Spending on the war also has diverted investment from what he calls three "pillars of national security": health, education and economic development at home.

He rejects the worst-case scenario arguments that Iraq will descend into genocide and a regional war if the United States leaves.

"It changes all the incentives," Sestak said of his withdrawal plan.

Iraqi sectarian leaders would realize that without the American military holding down the violence, "they would have to accept the consequences that if they go too far, the retaliation against them might go too far."

Iran and Syria want to see the United States bleed in Iraq, Sestak said. But once the United States is gone, they'd want to avoid getting into a proxy war. Moreover, mostly Shiite Muslim Iran doesn't want Sunni Muslim terrorists growing powerful next door, he said.

Sestak's bill calls for moving Iraq-based American forces to bases outside the country but nearby and to Afghanistan or other trouble spots and sending some home. A strong U.S. presence near Iraq would permit special forces to be sent in on counterterrorism missions or to support Iraqi forces from the air, he said. American efforts to rebuild Iraq's government and economy would shift to diplomacy.

Sestak said that what got him into politics wasn't Iraq but his little daughter, Alexandra, age 5, who was diagnosed with a malignant brain tumor in July 2005. She's doing well after surgeries and chemotherapy, and Sestak hopes that buys time until a cure is found.

The walls of Sestak's office are covered with his child's art. He wears her blue plastic bead bracelet. Life in the cancer ward, he said, made him realize that he was fortunate to have access to top care, and inspired him to ponder how to improve the nation's health system. When doctors advised him to resume a normal life, he opted for politics. He serves on health-related House subcommittees and on the Armed Services Committee.

Cheney: U.S. Won't Relent In Iraq War (AP)

By Eric Talmadge,

AP, February 21, 2007

Vice President Dick Cheney reaffirmed the Bush administration's commitment to the increasingly unpopular war in Iraq during a visit to a U.S. aircraft carrier Wednesday, saying "the American people will not support a policy of retreat."

Cheney, who arrived in Japan on Tuesday, was given a 19-gun salute as he boarded the USS Kitty Hawk at this U.S. Navy base just south of Tokyo.

"We want to complete the mission, we want to get it done right, and then we want to come home, with honor," he told about 4,000 troops in the hangar bay.

Cheney said his brief visit to Japan was a gesture of appreciation for Tokyo, which has been one of Washington's most valuable allies in the war on terror.

He was scheduled later Wednesday to have dinner with Prime Minister Shinzo Abe and talk with Foreign Minister Taro Aso before departing early Thursday. Earlier in the day, he met with Emperor Akihito and Empress Michiko.

Also Wednesday, Cheney and Tokyo's top government spokesman, Yasuhisa Shiozaki, reiterated their countries' intentions to collaborate closely on missile defense and the realignment of U.S. troops stationed in Japan.

The U.S. has about 50,000 troops stationed throughout Japan under a mutual security pact that dates back to the 1960s. Tokyo and Washington have been reworking that alliance to make the presence more effective. They are also developing a joint missile defense shield.

Japan and the United States are also seeking to coordinate their stance on North Korea, which has rattled the region with its nuclear ambitions — and its first atomic bomb test in October — but earlier this month agreed to shut down its main nuclear reactor in exchange for energy aid and other incentives.

Despite the breakthrough, Japan has declined to contribute aid to the North until the issue of past abductions of its citizens is resolved. North Korea has admitted kidnapping Japanese in the late 1970s and '80s, but Japan believes it has not provided a full accounting of the victims.

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Abe said he planned to explain his government's position to Cheney, and said "the U.S. has already expressed its understanding on this issue."

Cheney was to meet the parents of one of the abductees before flying on to the U.S. Pacific island of Guam and to Australia, his final stop.

Vulnerable House Republicans Risk Ties To Bush On War Vote (HILL)

By Aaron Blake

The Hill, February 21, 2007

Three months ago, the unpopularity of President Bush and the Iraq war led many House Republicans to the closest reelection bids of their careers. Now, most of those with freshly painted targets on their backs have given Democrats an early vote to tie them to Bush and the war.

While Senate Republican defections on the non-binding anti-troop increase resolution last week tilted heavily toward those with tough reelection bids in 2008, the few House GOP crossovers came overwhelmingly from safe incumbents. Nearly all of those who narrowly survived in 2006 voted with Bush, possibly providing future opponents with campaign fodder.

Although many of these vulnerable Republicans expressed skepticism or opposition to the troop increase, they toed the party line and opposed the resolution, apparently in hopes that Democrats will overreach in future showdowns over Iraq, such as de-funding the war effort.

In all, 17 of 201 House Republicans voted with Democrats on the resolution. Only one of them, Rep. James Walsh (R-N.Y.), was among the approximately 20 House Republicans who won in 2006 by less than 5 percent — a threshold that Democrats have set for identifying potential 2008 targets.

The 17-vote defection was also smaller than expected. Predictions were as high as between 30 and 60 GOP votes for the measure, a purely symbolic resolution that many saw as an opportunity for Republicans to separate themselves from Bush on the record.

Rep. Christopher Shays (R-Conn.), for example, previously said that Bush's proposed troop increase would be a "huge mistake" if the Iraqis don't step up. But he struck a different tone during the House debate, when he criticized the resolution for failing to offer an alternative course in Iraq.

Shays beat back an anti-war challenger by 3 percent in November, while he watched his two Connecticut Republican colleagues fall.

"Two years ago, I believed this strategy had a better than even chance to work," Shays said last week. "Today it is less likely to succeed, but it is still the best opportunity we have."

Rep. Mike Ferguson (R-N.J.), who initially said he needed to be convinced that the increase was the correct choice, signaled that he had indeed come around.

The increase is "the best hope we have for the lasting success of the U.S. mission and for the future stability of Iraq's government," said Ferguson, who took less than 50 percent of the vote and won by less than 2 percent. "It may also be, I believe, our last chance for victory."

Offering similar sentiments were Republicans such as Reps. Charlie Dent (Pa.) and Mark Souder (Ind.), who each won by less than 10 percent, and Rep. Vern Buchanan (Fla.), a freshman whose race is still being contested. Souder railed against the war and said he disagrees with Bush, but voted against the resolution, saying "the battle has already begun."

Rep. Chris Van Hollen (Md.), the chairman of the Democratic Congressional Campaign Committee (DCCC), has indicated that he sees the Iraq issue retaining its political legs through the 2008 election. Before the vote, he accused Republicans who sided with Bush of being "rubber stamps" — an enduring slogan from 2006.

DCCC spokeswoman Jennifer Crider said the Bush-Iraq ties were particularly effective in races in the Northeast and Midwest, and cited polls showing that a clear majority of Americans oppose the troop increase.

The vote "just drives home the point that these members are tied to President Bush's failed Iraq strategy," Crider said.

Narrowly reelected Republicans could mistakenly conclude that if the issues of Bush and Iraq didn't bring them down in 2006, the same will hold in 2008, said Amy Walter, house editor of the Cook Political Report.

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She noted that the casualties of 2006 in fact included centrist House Republicans and Rep. Jim Leach (R-Iowa), who voted against the Iraq war.

"Voting record alone won't help in a bad political environment," Walter said. "But what you can hope for is that the other side overplays and overreaches."

Many Republicans didn't discuss the merits of the troop increase in detail during the debate, instead describing the vote as a political ploy and the first step on a slippery slope toward de-funding the war and hurting the troops.

Those voting with the president also included Reps. John Doolittle (R-Calif.), who won by 3 percent; Marilyn Musgrave (R-Colo.), who won by 3 percent; Jon Porter (R-Nev.), who won by 2 percent; Heather Wilson (R-N.M), who won by 1 percent; and New York Republicans Tom Reynolds and Randy Kuhl, who each won by about 3 percent.

Among the potential targets who voted for the resolution, Reps. Ric Keller (R-Fla.) and Mark Kirk (R-Ill.) each won by 7 percent.

Kirk comes from a district that Sen. John Kerry (D-Mass.) won in 2004, as does crossover Rep. Mike Castle (R-Del.). Democrats have also suggested a presidential bump could help them oust incumbents like Castle, even though he wasn't in any danger in 2006.

Conversely, of the seven GOP senators who voted Saturday to bring the Iraq resolution to a vote, five face reelection bids in 2008, including three of the most vulnerable: Norm Coleman (Minn.), Susan Collins (Maine) and Gordon Smith (Ore.).

Smith drew heat from Democrats for previously voting against cloture, and Sen. John Sununu (R-N.H.) remains under fire for opposing it.

War Debate Fuels Advocacy Groups (WT)

By Jon Ward

The Washington Times, February 21, 2007

Grass-roots organizing on both sides of the war issue has been galvanized by debate and anti-war resolutions in the Democrat-controlled Congress, and it appears the advocacy will grow more intense.

Anti-war groups are following members of Congress home during their week off, while groups who support the war are targeting those they call "white flag Republicans" for defeat in the 2008 elections.

The anti-war movement has "very high expectations for this Congress," said former Rep. Tom Andrews, Maine Democrat and national director of Win Without War.

"For the first time, there's a hope for a check and a balance on the administration," Mr. Andrews said. "Instead of banging your head against a wall, there's a chance that you might actually make some progress."

Win Without War is part of the Americans Against Escalation in Iraq coalition, which also includes MoveOn.org and the Service Employees International Union (SEIU). The groups are lobbying members of Congress while they are in their home districts this week.

The anti-war coalition has created a list of public events for senators and representatives who support the president's plan to send 21,500 more troops to Iraq. Mr. Andrews' group is urging anti-war activists across the country to attend these events and persuade their members of Congress to stop supporting the surge.

Tomorrow, MoveOn will deliver letters to congressional offices, urging Congress to use its "power of the purse" to stop the surge by constraining or cutting off funding.

"They're home for recess, and this is our best opportunity to influence what they do when they return to Washington. They need to know that we're not going to rest until they start bringing our troops home," said an e-mail to MoveOn supporters.

Rep. John P. Murtha, Pennsylvania Democrat, has outlined a strategy to limit President Bush's use of war funds that have been requested in a supplemental appropriation to be reviewed next month.

House Speaker Nancy Pelosi, California Democrat, and Majority Leader Steny H. Hoyer, Maryland Democrat, support Mr. Murtha's plan, and they say it is not the equivalent of cutting off funding for troops in harm's way.

Republicans say that constraining funding has "exactly the same effect as cutting off funding."

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"If you have people ... who need reinforcements desperately and they have to have those reinforcements within a matter of hours, and the reinforcements can't go because the Democrats have put down metrics that say it's unlawful for this Marine machine gunner to leave Camp Pendleton because he hasn't done his requisite 14 months in the States before he goes overseas, you've had exactly the same effect," said Rep. Duncan Hunter, California Republican and ranking member of the House Armed Services Committee.

Meanwhile, a grass-roots conservative group, called the Victory Caucus, is targeting the 17 congressmen and seven senators whom they have labeled "white flag Republicans."

The 17 congressmen Friday voted with the Democrat-led resolution opposing the president's surge plan. The seven senators voted Saturday to shut out Republican amendments to an anti-surge resolution.

The Victory Caucus, led by conservative radio talk show host Hugh Hewitt, is now looking for Republican primary candidates to challenge these legislators.

The Woman In The Middle (WP)

By Juliet Eilperin And Michael Grunwald

The Washington Post, February 21, 2007

The Democratic majority was only three weeks old, but by Jan. 26, the grass-roots and Net-roots activists of the party's left wing had already settled on their new enemy: Rep. Ellen O. Tauscher (D-Calif.), the outspoken chair of the centrist New Democrat Coalition.

Progressive blogs -- including two new ones, Ellen Tauscher Weekly and Dump Ellen Tauscher -- were bashing her as a traitor to her party. A new liberal political action committee had just named her its "Worst Offender." And in Tauscher's East Bay district office that day in January, eight MoveOn.org activists were accusing her of helping President Bush send more troops to Iraq.

Helping? Jennifer Barton, the lawmaker's district director, played them a DVD of Tauscher blasting the increase as an awful idea in a floor speech eight days earlier.

"The words are fine and good, but we are looking for leadership," scoffed Susan Schaller, one of the activists.

Leadership? Barton showed them the eight golden shovels Tauscher had received for bringing transportation projects to her suburban district, along with numerous awards she had won for her work protecting children, wetlands, affordable housing and abortion rights.

"That's fine and good," Schaller repeated, "but this is about Iraq."

The anti-Tauscher backlash illustrates how the Democratic takeover has energized and emboldened the party's liberal base, ratcheting up the pressure on the party's moderates. That pressure is also reaching House Speaker Nancy Pelosi (D-Calif.), a San Francisco liberal who recognizes that moderate voters helped sweep Democrats into the majority. Pelosi has clashed with Tauscher in the past, but she's now eager to hold together her diverse caucus and to avoid the mistakes of GOP leaders who routinely ignored their moderates.

So far, Pelosi and her leadership team seem determined to protect Tauscher and her 60 New Democrats -- up from 47 before the election. In fact, the day after Working for Us, the new progressive political action committee, targeted Tauscher, Pelosi sought her out at a caucus meeting and assured her: "I'm not going to let this happen." House Majority Leader Steny H. Hoyer (D-Md.) spent 20 minutes complaining to Working for Us founder Steve Rosenthal, who swiftly removed the hit list of "Worst Offenders" from the group's Web site.

Said Pelosi spokesman Brendan Daly: "We want to protect our incumbents. That's what we're about."

Democratic leaders want their activists to focus on beating Republicans. But the grass roots and Net roots believe the political tide is shifting their way, and they can provide the money, ground troops and buzz to challenge Democratic incumbents they don't like. MoveOn.org had two Bay Area chapters before the election; now it has 15, and they could all go to work against Tauscher in a primary. "Absolutely, we could take her out," said Markos Moulitsas ZÃºniga -- better known as Kos -- the Bay Area blogger behind the influential Daily Kos site.

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Tauscher was reelected with 68 percent of the vote, but she said she takes this threat seriously; she has already used it in fundraising appeals. And though she has always highlighted her independence -- shortly before the election, she warned Democrats not to "go off the left cliff" -- she's now emphasizing her party loyalty.

She was once the only California Democrat to oppose Pelosi's campaign for leadership, but she now marvels that the speaker's performance has been "absolutely perfect -- and she looks so beautiful doing it!" Tauscher's Web site no longer features photos of her with Bush or Sen. Joseph I. Lieberman (Conn.), who lost a Democratic primary of his own last year but won reelection as an independent.

Those photos survived in Google's cache; bloggers have dubbed one shot that appears to show Bush's hand on Tauscher's thigh "The Caress," an allusion to "The Kiss" -- video and photos showing Bush embracing Lieberman after the 2005 State of the Union address -- which dogged the senator in his fight against insurgent Ned Lamont. Tauscher donated and has helped raise a total of $2 million for Democrats over the past decade, and since 2003 she has voted with her party more than 90 percent of the time. This year, she has marched in lock step with Pelosi. But to Net-roots sites such as Daily Kos, Firedoglake, and Crooks and Liars, she's Lieberman in a pantsuit.

"I don't think it's a fair comparison," Tauscher said. "My colleagues look at this and say, 'If they're going after Ellen Tauscher, holy moly!' "'A Vicious Fight'

Why are they going after Ellen Tauscher?

She has annoyed the left by supporting legislation to scale back the estate tax, tighten bankruptcy rules and promote free-trade agreements. She served as vice chair of the pro-business Democratic Leadership Council, which many liberal activists dismiss as a quasi-Republican K Street front group. And she voted to authorize the Iraq war, although she did so with caveats, and she was quick to express her displeasure with its execution.

But liberal groups such as the Children's Defense Fund and the League of Conservation Voters give Tauscher impeccable report cards, while the National Rifle Association gives her straight F's.

"It's not just about her voting record," said Bob Brigham of San Francisco, an activist who recently started the Ellen Tauscher Weekly.

The latest blog wars began simmering in December after Tauscher led a New Democrat delegation to meet with Bush about bipartisan cooperation, irritating the Net roots. They boiled after her former chief of staff, Katie Merrill, posted a scathing piece on a California Web site attacking the Net roots for attacking Tauscher. Outraged activists immediately began mobilizing for a fight in 2008. "I didn't even know who Tauscher was 5 mins ago, but now I support a primary challenge against her," one typical commenter replied.

Brigham says it's never wise to tell the Net roots not to do something: "That's the worst move you can possibly make." But the anti-Tauscher backlash isn't just about pique, either. It's also partly about her district. And it's partly about her.

Tauscher grew up in working-class New Jersey, the daughter of a secretary and a shop steward for the meatpackers union. She was the first member of her family to attend college and, by 25, the youngest woman to hold a seat on the New York Stock Exchange. After 14 years on Wall Street, she married a technology executive (they're now divorced) and moved to California, where she became a Democratic fundraiser.

In 1996, Tauscher ran for Congress as a pro-business, pro-environment, pro-military centrist against Bill Baker, a conservative Republican she portrayed as too far right for his suburban swing district. Pelosi supported her, and she won. But when Pelosi ran for whip, Tauscher supported moderate Hoyer, a close friend. And later in 2001, Tauscher accused Pelosi and her allies in the California Senate of redrawing her congressional district as payback. The new district was much more Democratic, which made it a safer seat for the party, but not necessarily for Tauscher -- unless she followed Pelosi's lead.

That's why Kos has promised "a vicious fight for her seat." He's often portrayed as a raving ideologue, but he's really a savvy strategist; he has no problem supporting conservative Democrats in conservative districts, such as new Rep. Heath Shuler (N.C.). But he sees no need to tolerate a DLC type in Tauscher's district, where Sen. John F. Kerry (D-Mass.) received 58 percent of the presidential vote in 2004. And he said that primaries are the only way to force incumbents with safe seats to pay attention to constituents.

"We're creating real democracy," he said.

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Kos and MoveOn.org founder Eli Pariser serve on the board of They Work for Us -- an issue advocacy group affiliated with Working for Us -- which also plans to focus on Democrats more conservative than their districts.

"We're not going to the Heath Shulers of the world and saying, 'We want you to be more like Barney Frank,' " Rosenthal said, referring to the liberal congressman.

But Tauscher's district is not Pelosi's San Francisco or Kos's Berkeley. It's connected to Berkeley by tunnel, but as Tauscher likes to say, everything changes when you drive through that tunnel, even the microclimate. "Suddenly it's 25 degrees warmer, there's not a cloud in the sky and you know you're in Tauscher territory," she said.

Tauscher territory is mostly soccer moms, software executives and Restoration Hardware stores. It also includes the Lawrence Livermore National Laboratory, Travis Air Force Base and several farm towns. "Ellen's a perfect fit for that district," said Audrey Gordon, a local Democratic fundraiser. "We've got a lot of tough seats to defend this year; why on Earth would Democrats want to attack Ellen?"

Tauscher's liberal critics say she has undermined the party during the Bush years, making a fetish of bipartisanship at a time when Republicans had no interest in real compromise, demonizing the far left at a time when Democrats needed to unify against the far right. And they're still seething about her "left cliff" quote, which echoed GOP talking points before Election Day.

"She reinforces the idea that lefties are out-of-control children," said Brian Leubitz, who runs a liberal California blog called Calitics. "She provides cover for Republican extremists."

Tauscher says it's obvious that Democrats will alienate independent voters if they tack to the hard left and she won't apologize for stating the obvious. "The speaker has been indefatigable about saying she's going to govern from the center," she said. "I guess if you're looking to be offended, that's what's going to offend you."

Her rhetoric infuriates activists, who still quote her statements that she never met a trade deal she didn't like, even though she later voted against one, and that she slept fine after her 2002 vote to authorize the Iraq war, even though she now opposes it. She supports same-sex marriage, but she's not an activist's idea of a Bay Area politician: too Wall Street, too establishment, too comfortable with the Chamber of Commerce.

"You can sense her contempt for the grass roots," Leubitz said. "She really doesn't represent her district."Doing It Her Way

How does Tauscher represent her district?

On a typical day this month, she started with a three-hour Transportation and Infrastructure Committee markup. California faces a water crisis, and Tauscher had two water bills on the agenda that she had pushed for years. She made a point of allowing freshman Rep. Jerry McNerney (D-Calif.) to share credit on one bill; she had supported his centrist opponent in his primary, to the disgust of the Net roots, but now she was trying to help him keep his seat.

She then raced to catch the last minutes of an Armed Services Committee hearing, just in time to question Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff. As five women from the antiwar group Code Pink stood in protest, Tauscher asked two quick questions: Why didn't Bush's budget increase production of the C-17, a plane based at Travis? And how much would the president's troop increase cost?

Pace called the C-17 a "great aircraft" and hinted that he wouldn't be too upset if Tauscher, who chairs the subcommittee on strategic forces, stuck a few more into the budget, as she did last year. Gates then revealed the price of the troop increase: $5.6 billion.

"It's amazing how you can walk right in after doing something else for three hours and get them to answer the question nobody had asked," Tauscher said.

But Code Pink activist Zanne Joi, whose shirt read "Stop Funding, Start Impeaching," was not impressed. She said she was horrified that Tauscher hadn't challenged Gates about Iraq, that she had treated the increase as a done deal. "We need her to stand up and end this war," said Joi. She and her Code Pink colleagues recently told Tauscher that if she wouldn't support a bill calling for total withdrawal from Iraq within six months, they'd occupy one of her district offices.

Tauscher rolls her eyes at this kind of talk. She said she doesn't trust anything the Bush administration says, but it's the administration in power. "I want to represent my constituents, so I have to work with this president," she said. "I'm a pragmatic person. I don't have the luxury of saying, 'I'll come back in January 2009 and try to get some work done.' "

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Tauscher spent the rest of her day dealing with local issues. She talked immigration with the California Farm Bureau; she strategized about a contract to run Livermore with the University of California; she discussed a traffic plan for Alameda County with a group of public officials. A lawyer named John Gibson stopped by to thank Tauscher for telling his mother nice things about him at a recent event, shortly before his mother died. "I went out on a high note with my mother," he said.

To Tauscher, this is what it means to be a representative. "I bring people together. I get things done," she said. "And I get things done the way the speaker wants."Appeasing the Left

On Feb. 2, when the House Democrats held their annual retreat in Williamsburg, Gerald W. McEntee, president of the American Federation of State, County and Municipal Employees, made it clear that Working for Us didn't work for him.

"Our majority can disappear in a wisp," he told the members. "I'm the sheriff of the incumbent-protection program, and if you need help, let me know. In Blue America, there's no room for PACs to chase vulnerable members they have differences with."

From the crowd, a voice squealed: "Woo hoo!"

It was Tauscher.

Working for Us was created in January by a coalition of bloggers, trial lawyers and labor leaders, the trifecta of Democratic interest groups. But once the group took aim at Tauscher, the trial lawyers quietly withdrew. And Tauscher soon met for a glass of wine with Andy Stern, the feisty liberal who runs the Service Employees International Union; he assured her of his union's support, even though it had helped launch the political action committee. For 12 years, Republicans ran the House according to the "majority of the majority," which meant that the conservative majority within the GOP caucus ruled. Pelosi is trying to run her House according to a consensus of the majority, avoiding legislation that does not have broad Democratic support. She hasn't forced members in swing districts to take tough votes on same-sex marriage, gun control or trade. She is focused on the minimum wage, ethics reform and other issues that can bring together Tauscher and MoveOn.org.

"Having served in the majority and the minority, I can tell you, the majority is better," said Rep. Jane Harman (D-Calif.), another moderate who has sparred with Pelosi in the past. "It will take a big tent to keep it."

But Kos points to Harman as a perfect example of how the Net roots can keep Democrats in line. He said Harman used to be a constant irritant, a go-to quote for reporters looking for a Democrat to tweak liberals -- until she had to fight off a primary challenge from the left in 2006. "She's been great ever since," he said. Now Harman even writes on the liberal Huffington Post blog.

Kos can imagine a day when Tauscher still holds her seat but is no longer distasteful to the left. "That's what victory would look like -- a more responsive representative," he said. So when Tauscher praises Pelosi as "perfect on substance, perfect on optics," it's hard to know if that's a result of personal evolution, political trends, or blogospheric pressure, but it's music to Kos's ears. It's helpful to Democratic leaders, too.

Said Rosenthal, the Working for Us founder: "We want them to understand what we're doing helps and enhances the majority."

But Pelosi still faces two potential dangers.

She could work so hard to appease the moderates that she alienates her base. In fact, the left blogosphere is already grumbling that Democrats aren't doing enough to stop the war. And there's always the left cliff. Those moderate first-termers could be one-termers if Pelosi overplays her hand.

"Nancy knows our majority is fragile in its newness," Tauscher said. "If you keep our most endangered species in your frontal lobe, you know what you have to produce."

Staff researcher Madonna Lebling contributed to this report.

Many House Members Cite, But Don't Read, Full NIE Iraq Report (HILL)

By Mike Soraghan

The Hill, February 21, 2007

During last week's war debate, House members repeatedly cited the new National Intelligence Estimate (NIE) on Iraq. Judging from the debate, it supported both sides.

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Democratic Rep. David Wu (Ore.) warned that "[t]he fact that we are in a civil war is backed up by our own National Intelligence Estimate."

But Republican Jeb Hensarling (Texas) said the report shows that the U.S. troop presence in Iraq is preventing attacks within the United States.

"If we leave Iraq before subduing [the enemy], he will follow us to America, make no mistake about it ... Read the National Intelligence Estimate," Hensarling said.

But it seems very few, if any, House members read the full, classified version of the report. That 90-page tome is now available to all representatives, thanks to a surprise decision by the House Intelligence Committee a week before the debate.

A sampling by The Hill could not find a single House member who had trekked to the committee's secure office in the Capitol to view the classified version of the document. When asked, many said that they had read only the three-and-a-half-page declassified summary of "key judgments" that the office of the director of national intelligence released earlier this month.

The Hill's query of members was unscientific and non-comprehensive, so it asked Kira Maas, spokeswoman to House Intelligence Committee Chairman Silvestre Reyes (D-Texas), which members had dropped by the secure office to read the full report.

"I'm not sure, given the classified nature of the information, if that's something that's public," Maas said. She promised to check again with the committee, but she didn't call back over the course of the week. The Hill repeatedly left messages asking whether the problem was not the sensitive nature of the information but embarrassment that no one had bothered to read it.

Like most members, House Majority Leader Steny Hoyer (D-Md.) said he had read the unclassified summary available to the public, but not the full, classified report.

"That's just more detail," Hoyer said. "I think it has more specifics, but its conclusions aren't that different than the public version."

When the committee decided to let members review the classified version, it required them to take a secrecy oath before viewing the report in the committee's secure office in the Capitol. They are not to be allowed to leave with notes.

Rep. Diana DeGette (D-Colo.) also noted the NIE's conclusions about civil war on the floor of the House. But she said she drew her knowledge of the text from media reports. She said it was only one part of her decision-making on the Iraq resolution.

"The NIE adds to the weight of the evidence that we shouldn't escalate this," DeGette said.

Leading war critic John Murtha (D-Pa.) was dismissive of the classified NIE, but noted that he constantly reviews intelligence reports.

"I don't think there's anything in there I haven't seen in the press," Murtha said. "The best intelligence I get is in the field."

Rep. Greg Walden (R-Ore.) said he plans to read the full NIE, although he didn't do so in time for the debate. He said it's difficult to carve out the time to make a special trip to the Intelligence Committee office.

"You've got to go sit up there," Walden said. "The last time, there wasn't much more in the long version than there was in the summary."

A Peaceful Death, Then The Blast (LAT)

The Los Angeles Times, February 21, 2007

Unlike so many deaths in this city these days, the passing of Ahmed Lami was remarkable not for its violent end, but for its lack of bloodshed: He died of natural causes at 65.

But even peaceful death has become a magnet for violence. As his Shiite Muslim family and friends gathered to mourn his passing Tuesday afternoon under a tent in a middle-class, religiously mixed neighborhood on Palestine Street, a suicide bomber walked in, sat down and detonated his explosives, killing at least seven people and injuring 21.

The funeral blast was among several car bombings, shootings and explosions around Iraq on Tuesday that suggested insurgents were finding new ways to evade the ongoing security crackdown by U.S. and Iraqi forces.

At least six people were killed in what authorities described as a crude attempt to detonate a chemical weapon in Taji, about 12 miles northwest of Baghdad. Insurgents blew up a truck holding two tanks of chlorine gas, which were thrown clear of the vehicle and leaked, the U.S. military said. Scores of people suffered nausea, vomiting and irritated eyes from exposure to the

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gas, according to wire service reports. Prolonged exposure to high concentrations of the gas can cause deadly respiratory damage.

The U.S. military said a Marine died Tuesday during combat in Al Anbar province, in western Iraq. The death brought to 3,147 the number of U.S. military personnel killed in the Iraq theater since the March 2003 American-led invasion, according to the website icasualties.org.

At the Lami funeral, attendance was smaller than usual for such public events, because fear of death grips the capital. Lami's family even took precautions to guard against a car bomb attack, blocking entrances to the tent with a minibus and palm trunks.

But the suicide bomber took advantage of common courtesies extended to those attending such ceremonies, where food is served and strangers are welcome to partake.

"The suicide bomber came in and greeted us and sat down," said Lami's cousin, Sabur Abdul-Hussein, who suffered slight shrapnel wounds in the blast. "We thought he was poor, waiting for the feast to be served. We asked each other if someone might know him." After two minutes, Abdul-Hussein said, the stranger blew himself up.

Abdul-Hussein said his family had begun to feel safer when the new security plan was announced but now thought the city was gripped by violence that would not let go. Those killed in the funeral bombing were two of Abdul-Hussein's brothers and five of his cousins.

"The scene was chaos — women came out from the deceased's house and started wailing and beating their chests," he said. "And there were my relatives' bodies, scattered and torn to pieces."

In the Shiite holy city of Najaf, a bomb Monday evening caused severe damage to a provincial office of the Iraqi National Accord, the party of former interim Prime Minister Iyad Allawi, who returned to Iraq last week in a bid to unify the nation's political factions. Allawi, a onetime protege of Western intelligence agencies, had been living in London and Amman, Jordan, after his party fared poorly in 2005 parliamentary elections.

Police also found 25 corpses dumped around Baghdad. A source in the Interior Ministry said the bodies, all with gunshot wounds, bore no markings of torture, as they often have in the past.

The U.S. military on Tuesday also updated the number of American military personnel wounded in Monday's attack on a U.S. base in Tarmiya, about 25 miles north of Baghdad, from 17 to 29.

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Special correspondents in Baghdad, Najaf and Taji contributed to this report.

Copter Attacks In Iraq May Indicate New Battle Strategy (WP)

By Ann Scott Tyson

The Washington Post, February 21, 2007

The Army's senior aviation officer in Iraq said yesterday that Sunni fighters probably used a sophisticated SA-14 or SA-16 shoulder-fired missile to shoot down a Marine helicopter on Feb. 7, killing all seven people on board.

If confirmed by an ongoing Marine Corps investigation, it would mark the first time since last summer that insurgents in Iraq struck U.S. aircraft with such an anti-aircraft missile, and it would provide fresh evidence of a new strategy of targeting helicopters, according to Maj. Gen. James E. Simmons, deputy U.S. commander in Iraq.

Simmons said that, upon reviewing a videotape of the attack on the Marine Corps CH-46 Sea Knight transport helicopter, it appeared that the missile used was not the Vietnam-era SA-7, which insurgents and militias are known to have, but more likely an SA-14 or SA-16. Those pose a bigger threat because they have greater range, size and ability to overcome aircraft defensive systems. The helicopter's defensive system did not appear to deploy properly, the Marine Corps commandant, Gen. James T. Conway, testified before the Senate last week.

The Russian-manufactured SA-14 or SA-16 probably would have been brought into the country from abroad relatively recently, Simmons said in an interview.

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The attack in Anbar province was the latest in a string of seven U.S. military and civilian helicopter downings in Iraq since last month. U.S. commanders say that Sunni and Shiite extremist groups have begun to use deadly strikes in a new and carefully planned effort to rally support for their causes.

"The extremists on both ends of the spectrum, Sunni and Shia, recognized that whenever you have an aircraft shot down that belongs to the U.S. government, that is a spectacular international press event" and sends the message that "they are a capable adversary," Simmons said.

The strategy of stepping up the targeting of U.S. helicopters, revealed in recently captured insurgent documents, was devised specifically to counter the U.S. and Iraqi military push to quell violence in Baghdad, he said.

In addition to confronting missiles, the U.S. military is seeing an intensification of ground fire from automatic weapons against its helicopters. On Monday, for example, three U.S. military helicopters were struck by ground fire as they helped repel an unusually bold insurgent attack on an American outpost in the town of Tarmiyah, north of Baghdad. The pilots were able to fly the helicopters back to their bases, where the aircraft are undergoing repair.

Army and Marine Corps helicopters in Iraq carry out hundreds of missions each day. On average, they are shot at about 100 times a month, with 17 of them hit.

Simmons said some recent attacks exhibited unusual coordination, planning and patience. These include a Jan. 20 assault, when an Army Black Hawk helicopter was shot down northeast of Baghdad, killing 12, and one on Feb. 2, when an Apache attack helicopter was downed north of the capital, killing its crew of two.

In both cases, Simmons said, insurgents in heavily Sunni regions used multiple weapons systems, including heavy machine guns, "clearly emplaced to attack the aircraft" from several different directions. It was the first time in months that such a concerted effort had been made using multiple weapons systems to attack aircraft, he said.

Insurgents apparently readied for the attacks by watching U.S. flight patterns over several days.

"These are patient fighters," Simmons said, adding he believes the attacks were linked and involved fighters from the same Sunni extremist group.

All of the recent helicopter downings occurred during daylight hours. The U.S. military flies extensively at night, but it cannot limit operations to nighttime.

Instead, Simmons said the military is responding by giving pilots detailed updates on threats and terrain, directing them to the least risky routes, and then allowing them to modify their altitude, speed and course to evade attack.

Meanwhile, U.S. forces are aggressively going after groups believed to be responsible for the recent helicopter downings, Simmons said. "We're not being passive about this."

Joint Force Weighs Move On Sadr City (LAT)

The Los Angeles Times, February 21, 2007

U.S. and Iraqi forces have moved aggressively in the last week to combat Sunni Arab insurgents in neighborhoods across the capital and to establish a stronger presence in religiously mixed districts long plagued by sectarian violence.

But as the new security crackdown enters a second week, they face their most sensitive challenge: whether, when and how to move into the Shiite-dominated slum of Sadr City, stronghold of the Al Mahdi militia.

Political pressure has mounted to crack down on the Baghdad neighborhood that harbors the militia loyal to radical anti-American cleric Muqtada Sadr. Sunni Arabs, who make up the backbone of the insurgency, have long accused Shiite Prime Minister Nouri Maliki of allowing Sadr City to remain a haven for the militia to keep the support of Sadr's followers.

"We think that much of the … violence that comes as a result of operations emanating from Sadr City will be remarkably diminished if they crack down," said Ammar Wajuih, a leader of the Iraqi Islamic Party, the country's main Sunni political organization.

U.S. and Iraqi military commanders setting out the next steps of the Baghdad security plan are concerned about stirring up a hornet's nest in a neighborhood of more than 2 million Shiites.

They worry that by moving too aggressively they could sabotage one of the few success stories in Iraq since the 2003 U.S.-led invasion.

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The teeming streets of Sadr City are thriving while the rest of the violence-racked capital wilts. The district pulses with commerce and youth, even as huge stretches of Baghdad fade into ghost towns.

Sadr City may shelter troublemakers, but they're lying low for the most part now. Moreover, Sadr's deputies have endorsed the security crackdown.

Even amid the bloodshed across Baghdad, customers fill Sadr City's shops. Workers repair its streets and sewage lines. Children play soccer on its dusty fields and walk to school along newly prettified squares, verdant emblems of progress in a quarter long one of Iraq's most deprived.

"Sadr City has always been safe, with the exception of the suicide and roadside bomb attacks," said Talib Saad, a barber along the district's main thoroughfare.

U.S. troops took heavy casualties when they tried to storm Sadr City in the spring and summer of 2004. For the Americans, the grueling street fights with black-clad teens holding AK-47s while running down the streets represented a nadir few want to relive.

Rather than crush the Al Mahdi, the U.S. wound up bolstering Sadr's street credibility and undermining the popularity of then-Prime Minister Iyad Allawi, who was pro-American.

Any new move into Sadr City remains controversial among military experts. Army Gen. Jack Keane, a former vice chief of staff, and military analyst Frederick Kagan, who were among the most influential advocates of the current Bush administration plan to increase the number of U.S. troops in Iraq by 21,500, have warned that a push into Sadr City would unnecessarily unite the country's now-splintered Shiite leadership.

"Attempting to clear Sadr City would almost certainly force the [Al Mahdi militia] into [a direct] confrontation with American troops," they wrote in a January report for the American Enterprise Institute, a Washington think tank.

"It would also do enormous damage to [Maliki's] political base and would probably lead to the collapse of the Iraqi government."

But now at least one of the authors questions that view. In an interview Tuesday, Kagan adjusted his position and said some early signs of success, including Sadr's recent disappearance from public view and successful sweeps of other heavily Shiite neighborhoods nearby, suggest that U.S. forces could move into Sadr City earlier than Keane and Kagan had advocated.

"It appears that I overestimated the Sadrists and underestimated Maliki," Kagan said. "Our troops have operated in these neighborhoods and these neighborhoods are not resisting."

U.S. officials in Iraq have taken pains not to depict Sadr City as a singular source of trouble.

"Our intent is for people to recognize that we view it as any other place," said Army Lt. Col. Avanulas Smiley, a battalion commander with the 3rd Stryker Brigade Combat Team, which has been sweeping parts of north and east Baghdad as part of the crackdown that began Feb. 13.

But Sunnis insist on action. After years of watching their communities be targeted aggressively by local security forces and U.S. troops, Sunni leaders and officials insist that the success or failure of the security plan and possible reconciliation between sects hinges on whether Sadr City is treated like the hive of militants they consider it to be.

Beyond Baghdad, Grass-Roots Security (WP)

By Joshua Partlow

The Washington Post, February 21, 2007

IBRAHIM BIN ALI, Iraq -- The mud sucked at the soldiers' boots as they crept across the wet pasture after dawn. To their right, Humvees and tanks tracked the soldiers' progress from a narrow dirt road. To their left and in front stood cinder-block huts, shaded by date palm trees, where they believed the enemy was hiding.

The only sound as they approached the insurgent stronghold was the lowing of piebald cows and the faint gobble of turkeys.

"I'll tell you right now there's a lot of bad guys watching," Sgt. Anthony Palkki said.

The security plan for Baghdad is a fight not only in the teeming streets of the capital but also in places like this, a Sunni-dominated village on the northern outskirts, where U.S. commanders say the Sunni insurgent group al-Qaeda in Iraq is terrorizing

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Shiite residents, planning attacks on Americans and funneling explosives into Baghdad along a network of country roads. Hundreds of U.S. soldiers from the 2nd Battalion, 5th Cavalry Regiment, 1st Cavalry Division pushed into Ibrahim bin Ali village Saturday morning for a two-day operation designed to take back the hamlet from insurgents and catalogue every fighting-age male in the village.

"This is a large part of the Baghdad security plan because this helps disrupt [al-Qaeda in Iraq] movement and foreign fighter movement into Baghdad," said Maj. Chad Shields, a company commander. "It's about getting to the level of detail where you understand the town that you're operating in, and you know the people you're operating among."

Gaining this understanding is one of the most difficult challenges facing U.S. soldiers operating here. Over two days, more than 350 U.S. troops involved in the operation searched 95 homes, discovered about a dozen roadside bombs -- including two that exploded under their tanks, causing no injuries -- and took scattered small-arms fire. But they failed to capture a single insurgent.

Although the security plan has been cast as an Iraqi-led mission, no Iraqi police operate around Ibrahim bin Ali. And Lt. Col. Kurt Pinkerton, the battalion commander, said he could not persuade Iraqi army commandos to assist.

"They didn't return my calls," he said.

So the U.S. troops proceeded alone along muddy canals, over irrigation ditches, amid flocks of sheep. The supporting tanks and Humvees sealed off roads around the village. Soldiers swabbed some residents for traces of explosives, took digital photographs of every male adult and logged Global Positioning System readings to mark the location of each building. Commanders said the census was necessary to learn who might be out of place when they return. But even before the operation, officers warned that insurgents might flee such a large American onslaught, and finding them would be difficult.

"They know we're looking for bad guys, and they know we don't . . . know what the bad guys look like, so we've got to check everybody," Staff Sgt. Patrick O'Neil told other platoon leaders at the pre-mission briefing.

Once in the village, a platoon led by 1st Lt. Chris Larsen, 24, a West Point graduate, encountered several frustrations. Some residents blithely pronounced the area safe, even though guerrillas regularly attack U.S. patrols with roadside bombs, gunfire and rocket-propelled grenades. Others complained about the lack of jobs, electricity and fuel, and said they cower in their homes at the sound of explosions and don't know who is responsible.

"I am not afraid of your visit or of you, the Americans, I'm mostly happy when you come over. I'm afraid of the interaction between you and the terrorists and then firing starts," said one villager, Onaid Merza Alwan. "Or when the terrorists see you in my house and they start to wonder why you are here, maybe I'm giving you information. It's very scary."

"So where are these terrorists that are watching right now?" Larsen asked him.

"If the Americans cannot see them, can I see them?"

"Yeah, he'll know who they are," Larsen told his interpreter. "I don't know who they are. They look exactly the same. The bad guys and the good guys look exactly the same."

Some residents took a more defiant stand when questioned by the platoon.

"Any individual on Earth values his country and refuses occupation. I am hoping this is not an occupation," Hassan Ali Hamid Hassan, 27, a recent graduate in Arabic literature from Baghdad University, told Larsen. "Jihad is a duty. Jihad was within our power since the beginning to protect our women, our property, our way of living. Jihad is cited in the Koran."

"I am not liking this guy right now," Larsen said. Hassan eventually told the soldiers he did not support violence.

On Dec. 30, the battalion uncovered large weapons caches in the area, including a warehouse that contained 3,000 pounds of explosives, car bombs, explosive belts and propane-tank weapons. But Larsen's platoon discovered no illicit weapons on this weekend hunt, or at least no new weapons. One villager kept a forearm-size shell from the Iran-Iraq war in the 1980s that he had converted into a flower vase. Behind another house, the soldiers examined 11 Russian ammunition boxes that held spare car parts.

Gunfire broke out once, when a U.S. soldier shot a snarling dog.

"Use rocks from now on, please. Rocks!" Larsen shouted at the soldier. "We're trying not to scare these . . . people. Tell them that we're sorry."

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When the sun set, and the bats began to circle, the platoon moved into an Iraqi home, posted rooftop guards and spent the night on blankets on the concrete floor. Maintaining around-the-clock presence in trouble spots is key to the battalion's plan to disrupt the insurgents. For weeks the soldiers have lived in a series of abandoned houses in the village to send the message that their presence is not temporary. The Baghdad security plan encourages commanders to make such deployments, Pinkerton said.

The plan has "given them the authority, if you would, to go out there and occupy and sit full time," he said.

Without such heightened presence, he said, even armed residents are afraid to confront the insurgents. "I know they have AK-47 weapons in their house. What they'll always tell you is, 'until you're out here full time we can't' " respond, Pinkerton said.

To build a sense of trust, the soldiers in the operation tried to help the villagers. The platoon's medic, Pfc. Bruce Cardenas, 18, sterilized and bandaged one man's festering ankle wound. The soldiers spent part of the second day passing out truckloads of supplies -- rice, flour, blankets, kerosene heaters, stew, diapers -- to the residents. The handouts caused a mob scene, soldiers said.

After the Humvees rolled out Sunday afternoon, the commanders called the operation a success because it laid the groundwork for further counterinsurgency operations, familiarized them with the villagers and likely caused insurgents to flee, at least temporarily. Some of the soldiers on the ground were less sure.

"I think there will always be people who don't want us to be here," said Spec. Logan Gathman, 26, of Sacramento. "And whenever we show up the bad guys leave, anyway."

"I really thought there'd be more going on," Sgt. Josh York said.

Rape Accusation Reinforces Fears In A Divided Iraq (NYT)

By Marc Santora

The New York Times, February 21, 2007

BAGHDAD, Feb. 20 — The most wicked acts are spoken of openly and without reserve in Iraq. Torture, stabbings and bodies ripped to pieces in bombings are all part of the daily conversation.

Rape is different.

Rape is not mentioned by the victims, and rarely by the authorities. And when it is discussed publicly, as in several high-profile cases involving American soldiers and Iraqi women, it is usually left to the relatives of the victim to give the explicit details.

So when a 20-year-old Sunni woman from Baghdad appeared on the satellite television station Al Jazeera on Monday night with a horrific account of kidnapping and sexual assault at the hands of three officers in the Shiite-dominated Iraqi National Police, people across the country were stunned, some disbelieving, others horrified, but all riveted.

Almost immediately, Shiite leaders lined up to condemn the woman, calling her charges propaganda aimed at undermining the new security campaign. Sunni politicians offered the woman their support. Whatever the truth of the accusation, though, it played to sectarian fears on both sides.

For many Shiites, the charges appeared to be an attempt to smear them and attack the Shiite-led government; for Sunnis, the woman's account only highlighted what they already believed to be true — that the Iraqi government cares little for justice and promotes a Shiite agenda.

Bitter exchanges between politicians of various sects were relayed to millions on television, interspersed with clips of the woman telling her story, her face veiled, just the tears in her eyes visible.

The Americans, who have advisers working with the Iraqi National Police, found themselves caught in the middle without answers. The woman said the Americans had rescued her from the officers and gave her medical treatment. The American-backed, Shiite-led government said the Americans would show the woman's claims to be false.

The American military said only that it was investigating the charges.

That was also the first response of Prime Minister Nuri Kamal al-Maliki, who issued a statement soon after the woman appeared on television on Monday, promising a full investigation and the most severe punishment for anyone involved.

Only hours later, however, Mr. Maliki reversed himself. His office released a second statement after midnight, that one calling the woman a liar and a wanted criminal and going on to praise the officers involved.

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"It has been shown after medical examinations that the woman had not been subjected to any sexual attack whatsoever, and that there are three outstanding arrest warrants against her issued by security agencies," said the second statement. "After the allegations have been proven to be false, the prime minister has ordered that the officers accused be rewarded."

The government did not elaborate on the statement or say why the prime minister had so quickly reversed himself. His office only said that "known parties" had been responsible for the allegations.

But in siding with the security forces, Mr. Maliki threatened to only heighten the tensions surrounding the already highly charged case. His government also released the woman's name, which is not being published by The New York Times.

Sunni politicians rushed to her defense, accusing the government of revealing its true sectarian bias.

The case "should not be dealt with on a sectarian basis," said Saleem Abdullah, a spokesman for the Tawafiq bloc of Sunni parties, which helped the woman come forward. "She is a sister for all Iraqis."

He went on to say the government's handling of the issue could undermine its credibility in directing the security crackdown.

With fears of violence pervasive throughout the country, many Iraqis stay inside their homes whenever they can. Satellite television is their connection to the outside world and, just as often, their own country. On the two most prominent channels, Al Jazeera and Al Arabiya, they would have heard the woman telling her story over and over.

If she made up the story, it was an elaborate piece of propaganda and the contradictory statements by the Iraqi government only added to its power.

The woman was lying on a bed as she was interviewed, a blue blanket pulled up nearly to her chin. She had a light pink scarf covering her hair and a black scarf covering her face.

She said she was taken from her house on Sunday morning by the National Police while her husband was out, something no one disputes. The officers, she said, were looking for weapons but when they arrived at the police garrison, they accused her of cooking for Sunni insurgents.

It was at the garrison that she says the first officer raped her, covering her mouth to muffle her screams. Others were in the room at the time.

"I begged one of them to get me out," she said. "He said, 'No, no. I will after you give me one thing.' " She asked what that was, and he told her he wanted to "get close to me." She said she was led into a small room with a bed and a machine gun against the wall. Another officer came in and told the first man to leave. "Leave her to me," the man said, according to her account.

"I swear on the Koran and the Prophet Muhammad, I am not that kind of woman," she said she told the officer. He repeated her words scornfully and beat her with a black water hose, she said.

"If we want something, we will take; and things we don't want, we will kill," the woman said she was told.

She said that the attack was videotaped and that she was told she would be killed if she told anyone about it.

A nurse who said she treated the woman after the attack said that she saw signs of sexual and physical assault. The woman, according to the nurse, could identify one of her attackers because he was not wearing a mask, as were the others, and could identify a second attacker by a mark on his genitals.

The nurse would speak only on the condition of anonymity because she feared that Shiite militiamen would kill her for speaking out. The nurse said she was also wanted by the authorities, who believed the clinic she works at was used by insurgents.

She said the clinic was simply for Sunnis in the Amil neighborhood who were too afraid to the visit the Shiite-run hospital.

In Amil, which has been almost totally cleared of Sunnis, people were outraged, but not surprised. The woman's charges seemed to confirm their worst fears that the security forces were little better than militias in uniform.

A spokeswoman for the American military here in Baghdad, Lt. Col. Josslyn Aberle, confirmed that the woman had been detained by the Iraqi National Police on Sunday morning, but said that everything that happened after that was under investigation.

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But a senior Iraqi official, speaking only on the condition of anonymity because he did not want to be seen as critical of the Americans, said that he had alerted the American ambassador to Iraq, Zalmay Khalilzad, on the day the woman made her allegations, cautioning him that if the case was not handled delicately, it could further inflame sectarian passions.

A spokesman for Mr. Khalilzad could not be reached.

The sectarian tensions further complicated an already delicate topic in Iraqi society.

The most high-profile rape cases since the American invasion four years ago have involved charges against American soldiers. And even in those cases, it was left to the relatives to speak publicly. Iraqis said they could not remember the case of a rape victim going on television.

Sabah Salem, a professor at the Baghdad University College of Law, said that while men were occasionally charged with rape in Iraq and punished, many cases went unreported.

"Rape cases in Iraq are viewed as a shameful thing to any woman regardless of the fact that she is the victim," he said in an interview.

The charges and countercharges occurred on yet another day of unrelenting violence in the capital, as two car bombs and a suicide bomber, in separate attacks, killed at least 17 people. One of the car bombs exploded in a neighborhood that was visited earlier in the day by Mr. Maliki, on a rare foray outside of the Green Zone.

North of Baghdad, a truck carrying chlorine exploded, killing nine people, The Associated Press reported. More than 150 others were made violently ill by the toxic fumes.

A Rape Case Goes Public, Igniting Political Fray (WP)

By Ernesto Londoã±o

The Washington Post, February 21, 2007

BAGHDAD, Feb. 20 -- Most facts surrounding the reported rape that has become Iraq's latest political firestorm remain in dispute. But this much is clear:

Three Iraqi policemen, in the span of a few hours, went from being rape suspects to distinguished officers in the eyes of the Shiite-led government.

A Sunni woman's assertion that the officers sexually assaulted her was taken seriously enough to gain her admittance into a U.S.-run medical facility in the fortified Green Zone.

And the handling of the alleged assault has offered a window into Prime Minister Nouri al-Maliki's idea of damage control.

The 20-year-old married woman said she was taken to an Iraqi police station Sunday after police officers searched her house and accused her of aiding insurgents. She later graphically described her alleged sexual assault in a televised interview that has made her a fixture on Arab news channels since the story broke Monday.

The woman said neighbors alerted U.S. soldiers that she had been arrested, which led to her release. She was admitted to Ibn Sina Hospital, which is run by the U.S. military. Iraqis treated there are generally admitted at the request of U.S. officials.

"The woman was here," a hospital spokesman, 1st Lt. Justin Kocher, said Tuesday night. "She received the care she needed," he added, declining to elaborate.

Reports of rape are rare in Iraq, as in most of the Middle East. They seldom become newsworthy events. But Maliki injected himself into the case, issuing a news release announcing that the government had convened a committee to investigate and would hold the perpetrators responsible. The initial news release identified the woman, who has a common Sunni name.

Hours later, Maliki reversed course, issuing another statement calling the woman an impostor and a criminal with three outstanding warrants.

"After confirming the falsehood of these claims," it said, Maliki "has ordered that these distinguished officers be honored." It did not identify the officers or explain why the accolades were justified.

Saleh Muhamed al-Mutlaq, a Sunni member of parliament, decried the way Maliki handled the case and accused him of covering up the acts of what he said must have been a rogue group of officers at the Shiite-led Interior Ministry.

"They gave them a compliment," he said about the officers. "That's an insult to the family and the tribe. To do that in such a fast way is not fair. The investigation should have been done in a quiet, steady way, taking time to get the reality."

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The Sunni speaker of parliament, Mahmoud al-Mashhadani, also criticized Maliki. "By God, if you don't bring justice to this Muslim Iraqi woman, whom you should view as your sister or daughter," he said in a televised interview, "history will curse us with eternal disgrace."

The Islamic Army in Iraq, a Sunni insurgent group, weighed in more forcefully, issuing a statement on its Web site vowing to avenge the alleged assault. The statement declared a "state of maximum alert" and called on its followers to "intensify attacks against the Iraqi security forces" in support of Sunni Muslim women.

The threat came on a day when at least 11 people were killed by car bombs in the capital, a police spokesman said.

North of Baghdad, at least six people were killed and more than 100 hospitalized after a truck apparently carrying a toxic chemical exploded, another police spokesman said.

British Prime Minister Tony Blair planned to announce Wednesday the withdrawal of 1,500 British troops from Iraq in the coming months, rising to 3,000 by Christmas, the BBC reported Tuesday. Britain has about 7,000 troops in Iraq.

Meanwhile, the president of the Iraqi Journalists Union said U.S. troops raided the group's office Monday and detained 10 of its guards. Shihab al-Timimi called the raid "a strange and irresponsible act" and said he has called the U.S. ambassador in Iraq and the U.S. military.

Military officials did not immediately respond to an e-mail sent Tuesday night asking for information on the reported raid.

The U.S. military disclosed the death on Tuesday of a soldier killed in Anbar province in western Iraq.

Britain To Announce Trimming Of Iraq Force, Reports Say (NYT)

By Alan Cowell

The New York Times, February 21, 2007

LONDON, Wednesday, Feb. 21 — Prime Minister Tony Blair is planning to announce Wednesday that up to 1,500 of the 7,000 British troops in southern Iraq will begin withdrawing in coming weeks, the British news media reported, quoting unidentified sources.

An official spokesman for the prime minister declined to confirm widespread reports in newspapers and from the BBC about a withdrawal, saying that Parliament should be informed first of any such move.

But in Washington, a spokesman for the National Security Council, Gordon Johndroe, said that “while the United Kingdom is maintaining a robust force in southern Iraq, we’re pleased that conditions in Basra have improved sufficiently that they are able to transition more control to the Iraqis.”

Mr. Johndroe added that President Bush and Mr. Blair had spoken to each another on Tuesday and that Mr. Bush “sees this as a sign of success and what is possible for us once we help the Iraqis deal with the sectarian violence in Baghdad.”

Britain has insisted for several months that it will reduce its troop levels in Iraq as soon as Iraqi security forces can take over from them — a marked contrast to America’s decision to increase military personnel in and around Baghdad with a buildup of more than 20,000 troops.

Britain has long been America’s most prominent ally in Iraq, with most of its forces deployed in and around the city of Basra. But with British troops engaged in Afghanistan as well, senior military commanders here have complained that their forces are overstretched and might well be exacerbating tensions by their very presence in Iraq.

The announcement could have political significance, too.

Mr. Blair is readying himself to redeem a promise to step down this year. Political analysts say he wants to set a timetable to extricate British troops from a war that has proven deeply unpopular among Britons, overshadowing his legacy after almost 10 years in office.

British newspapers said he would announce Wednesday that a total of 3,000 soldiers would return home by the end of the year.

Mr. Blair routinely faces legislators’ questions in the House of Commons on Wednesdays when Parliament is in session and may make his announcement after that scheduled 30-minute appearance. He may also repeat what British officials have frequently said in the past — that troop withdrawals are dependent on the level of security in Basra.

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For several weeks, British and Iraqi forces have been conducting an operation code-named Sinbad to challenge Shiite militias in Basra. Mr. Blair said in a television interview on Sunday that the operation had been successful and that it was "now complete."

The newspaper The Sun said 1,500 troops scheduled to rotate out of Basra in April would not be replaced and others would withdraw to a heavily-fortified base. Britain has lost some 130 soldiers in the Iraq campaign.

British leaders, including Mr. Blair, have stressed that their mission in predominantly Shiite southern Iraq is less fraught than the insurgency and sectarian strife facing American and Iraqi forces in Baghdad.

The Ministry of Defense said Iraqi forces in southern Iraq took a "significant step" toward taking responsibility for Basra's security on Tuesday when an Iraqi Army division in Basra was transferred to Iraqi command.

Maj. Gen. Jonathan Shaw, a senior British commander in southern Iraq, called the move "another important milestone on the road to Iraqi self-reliance."

Some politicians saw the expected announcement of a withdrawal as closely tied to the as yet unannounced schedule for Mr. Blair's departure.

"I always assumed that he would want to be able to announce some limited withdrawal before he left," said Tony Benn, a retired member of the British Parliament and a fierce critic of the Iraq campaign. "It is nothing to do with the real question, it doesn't represent any change of policy whatsoever in my opinion, but tactically it looks good."

British Muslim leaders, who have been vociferously opposed to the war, generally welcome the idea of a British withdrawal. "We should never have been there in the first place, and of course the sooner we come out of this mess the better it is," said Sir Iqbal Sacranie, the former head of the Muslim Council of Britain.

Sir Menzies Campbell, leader of the antiwar Liberal Democrats, told the Press Association news agency that the expected announcement did not go far enough toward a complete British withdrawal.

Blair To Reveal 1,600 Cut In Iraq Troops (FT)

By James Blitz

Financial Times, February 21, 2007

Tony Blair is to announce on Wednesday that Britain will cut the number of UK troops stationed in Iraq by about 1,600 – the first time the UK's military presence in the country has been reduced since the 2003 invasion.

The Financial Times has learnt that Mr Blair will tell MPs that the current UK contingent in Iraq – numbering 7,100 troops – is to come down to 5,500. The reduction in troop numbers will pave the way for Iraqi forces to begin taking control of the city of Basra.

In a statement to the Commons, Mr Blair will present the reduction in troop numbers as an initially modest move that does not undermine the UK's fighting capability.

However, Mr Blair will also say that a large part of the UK military in and around Basra will now start to return to barracks, acting as a potential back-up force for the Iraqi military as it begins to take full control of Basra.

For Mr Blair, in his final months as prime minister, Wednesday's announcement is highly symbolic. After being dogged by the debacle in Iraq for nearly four years, today's statement allows him to leave office conveying the impression – albeit a limited one – that the UK intervention has had some success.

However, the announcement will be watched with anxiety by politicians across the political divide in the US. Britain's troop reduction comes as President George W. Bush has started to commit the US to a "surge" of US troop numbers in Iraq, a move contested by the Democrats in Congress.

Mr Blair, who on Tuesday spoke with Mr Bush about Wednesday's announcement, will insist that there has been no opposition from Washington to the British move.

Mr Blair has told allies that senior White House figures regard today's announcement as good news for the coalition because it underlines that parts of the US-UK invasion have gone well.

Even so, Mr Blair's critics are likely to argue that conditions in the south of the country, where British troops have been in operation, have always been more favourable than they are in Baghdad.

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Downing Street will want to convey today's announcement as one of the most significant stages of Mr Blair's final few months in office. Next month, Mr Blair plans to help pull off a big achievement in the Northern Ireland peace process, with hopes that a power-sharing executive will be formed after the assembly elections on March 7. Mr Blair is also focused on helping Angela Merkel, German chancellor, achieve agreement on a post-Kyoto deal on climate change at the G8 summit in June.

Apart from the situation in Iraq, Mr Blair is also likely to place emphasis on a possible climate change deal with Mr Bush – although White House concerns that Washington will only commit to a post-2012 treaty if China and India do the same have been taken into account.

Mr Blair's announcement on Iraq on Wednesday comes at the end of Operation Sinbad – a four-month security operation conducted by UK forces that has been aimed at gradually putting the Iraqis in front-line control of the city.

The British handed over security responsibility for two of their four provinces to Iraqis last year and abandoned their main base in a third.

The UK force is now concentrated in Basra itself and at a nearby air base.

Blair Readies Timeline For British Cuts In Iraq Force (WT)

The Washington Times, February 21, 2007

LONDON -- Prime Minister Tony Blair will announce today a new timetable for the withdrawal of British troops from Iraq, with 1,500 to return home in several weeks, the British Broadcasting Corp. reported.

Mr. Blair also will tell the House of Commons during his regular weekly appearance that about 3,000 British soldiers will have left southern Iraq by the end of 2007, if security there is sufficient, the BBC said, quoting government officials who weren't further identified.

The withdrawal was announced as President Bush implements a surge of 21,500 more troops for Iraq.

Mr. Blair said Sunday that Washington had not put pressure on London to maintain its troop numbers. Britain hopes to cut several thousand of its 7,000-member force in the southern city of Basra by midyear.

Britain put Iraqis in command of the main Iraqi army unit in Basra yesterday in an apparent move to pave the way for London to formally announce major cutbacks in troops.

"The Iraqi army division based in Basra has transferred from under coalition command, and is now -- for the first time -- taking its orders directly from an Iraqi headquarters in Baghdad," the British military said.

"The transfer is a significant step towards Iraqi forces taking responsibility for security in the city."

Since the 2003 invasion that toppled Saddam Hussein, British troops have been responsible for Iraq's southern-most four provinces, which are mainly Shi'ite and have been quieter than mixed or mainly Sunni areas patrolled by Americans. But a British decision to draw down forces could prove diplomatically sensitive at a time when Mr. Bush is sending thousands more American troops on a "surge" to fight sectarian violence in Baghdad.

The British handed over security responsibility for two of their four provinces to Iraqis last year and abandoned their main base in a third.

The force is now concentrated in Basra itself and at a nearby air base. Commanders say they hope to withdraw from the city and keep a reserve force on standby at the base.

U.K. May Pull 1,500 Troops From Iraq (WSJ/AP)

Associated Press

The Wall Street Journal, February 21, 2007

LONDON -- Prime Minister Tony Blair will announce today a new timetable for the withdrawal of British troops from Iraq, with 1,500 to return home in several weeks, the BBC reported.

Mr. Blair will also tell the House of Commons during his regular weekly appearance before it that a total of about 3,000 British soldiers will have left southern Iraq by the end of 2007, if the security there is sufficient, the British Broadcasting Corp. said, quoting government officials who weren't further identified.

The BBC said Mr. Blair wasn't expected to say when the rest of Britain's forces would leave Iraq. Currently, Britain has about 7,100 soldiers there.

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Britain has long been the most important coalition member in Iraq after the U.S. But Mr. Blair knows the British public and politicians from his own Labour Party want the troops out as quickly as possible, and don't want to see Britain stick with the U.S. in Iraq for the long haul.

Militarily, a British withdrawal isn't likely to have much effect on the stepped-up U.S. operation in Baghdad or the war with the Sunnis in Anbar province west of the Iraqi capital. However, Iraqi forces could have a tough time maintaining security in mostly Shiite southern Iraq, including Basra city.

Mr. Blair's Downing Street office refused to comment on the BBC report, which also said Blair would tell the Commons that if the situation worsens on the ground on Iraq, his new game plan could change.

The announcement comes even as President Bush implements an increase of 21,000 more troops for Iraq.

Messrs. Blair and Bush talked by secure video link yesterday morning, and President Bush views Britain's troop cutbacks as "a sign of success" in Iraq, said U.S. National Security Council spokesman Gordon Johndroe.

Nine Killed in Chlorine Gas Tank Explosion

A hidden bomb ripped through a tanker carrying chlorine gas Tuesday, killing nine people and filling hospital beds with more than 150 wheezing and frightened villagers after noxious plumes covered homes and schools north of Baghdad.

The attack was part of a string of blasts -- including a suicide bomber who killed seven mourners at a funeral -- that further rattled officials marking the first week of a major security crackdown seeking to calm the blood-soaked city. U.S. forces, meanwhile, called in airstrikes during intense clashes against insurgents in strongholds northwest of Baghdad.

With the death toll in the Baghdad area climbing above 100 since Sunday, Prime Minister Nouri al-Maliki tried to court some rare upbeat publicity with an even rarer event -- leaving his heavily guarded quarters for a visit to the city's streets and markets.

The bombing of the tanker took place near Taji, 12 miles northwest of Baghdad. A military spokesman, Brig. Gen. Qassim Moussawi, said a bomb was planted under the tanker, but it was not known whether it had a timer or was remotely detonated. His remarks contradicted earlier reports that a roadside bomb blew up the truck.

Hospitals were soon flooded with terrified people -- including many children -- complaining of breathing problems, vomiting and stinging eyes. Most of the people treated were released after several hours and there were no apparent life-threatening cases, hospital officials said.

Authorities were left questioning whether the bombing could signal a new tactic by militants to try to spread greater panic with chemical fallout.

Blair To Unveil British Troop Reduction From Iraq (LAT)

By Kim Murphy

The Los Angeles Times, February 21, 2007

LONDON -- British Prime Minister Tony Blair is expected to announce Britain's first major troop pullout from Iraq, with 1,500 troops likely to return home within the next few months, British news agencies reported Tuesday.

A total of 3,000 troops -- or more than 40 percent of Britain's contingent in Iraq -- could be pulled out by the end of the year, if the handover of security to Iraqi government forces in the southern part of the country continues to go smoothly, the reports said.

The expected announcement to Parliament on Wednesday, which the prime minister's office refused to confirm, follows the British government's pledge to consider drawing down troops this year as the Iraqi military and police shoulder more responsibility for quelling sectarian violence.

An important signal came earlier this week, when Blair announced that a program to place Iraqi troops to take "main frontline control" of security in the southern city of Basra had been "successful," clearing the way for British troops to assume a largely supportive role.

Critics have questioned just how successful Iraqi forces have been when taking charge. The Iraqis also have been assigned the lead in at least two other provinces of southern Iraq.

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"It is absolutely true, as we have said for months, that as the Iraqis are more capable down in Basra of taking control of their own security, we will scale down," with the proviso that sufficient troops are "in reserve" to help in the event a "particular problem" arises," Blair told the BBC's Sunday AM over the weekend.

"The operation that we have been conducting in Basra is now complete, and that operation has specifically been to put the Iraqi forces in the main frontline control of security within the city," he said.

He said British forces in the south face a somewhat easier task than that of the Americans, who are preparing to deploy 21,500 additional troops in Baghdad and Anbar province, because there is no Sunni insurgency or al-Qaida suicide attacks in the predominately Shiite Basra area.

Several British newspapers and the BBC reported that Blair Wednesday will tell Parliament he plans to reduce Britain's 7,100-troop contingent to 5,500, with most of the reduction coming from troops now deployed in Basra.

A Blair spokesman said Tuesday night: "The prime minister has said that Parliament will have to be told about this matter first."

In Washington, the White House said it is grateful for Britain's past and future military support in Iraq. Blair and President Bush spoke on Tuesday, when the British prime minister presumably briefed Bush on his plans.

The Financial Times said Blair will assure members of Parliament that Bush expressed no opposition to a pullback.

Blair To Announce Timetable For Pulling Troops From Iraq (USAT)

By David Jackson And Jeffrey Stinson

USA Today, February 21, 2007

WASHINGTON — British Prime Minister Tony Blair, the Bush administration's closest ally in Iraq, plans to announce on Wednesday a phased pullout of British troops from that country, he told President Bush Tuesday.

Blair's decision comes as the U.S. force in Iraq is growing by 21,500 troops to try to improve security.

The British leader had said recently that conditions in southern Iraq, where British troops are concentrated, are stable enough to begin withdrawals.

Bush and Blair discussed the move by secure videoconference. The White House called it positive step and said it was not a surprise because the British have been turning over power to Iraqi forces for months. Tuesday, they transferred command of Iraqi forces in Basra to the Iraqi army. Those forces had been training under British leadership.

"President Bush sees this as a sign of success and what is possible for us once we help the Iraqis deal with the sectarian violence in Baghdad," National Security Council spokesman Gordon Johndroe said Tuesday.

But Jeffrey White, an Iraq military expert at The Washington Institute for Near East Policy, said the move is "not a good news story from the point of view of security." A former Mideast analyst for the Defense Intelligence Agency, White said the British presence in southern Iraq "acted as a check on a whole slew of bad guys."

ON DEADLINE: Share your thoughts

The British Broadcasting Corp. quoted unnamed sources in Blair's government as saying the prime minister will tell the House of Commons today that the first 1,500 of the 7,100 British troops in Iraq will begin heading home in several weeks. The BBC said Blair plans to reduce the force to 3,000 soldiers by Christmas. That could not be independently verified.

British troops have been in charge of security in the southern part of Iraq, including Basra, the country's second-largest city. The area is populated largely by Shiite Muslims and has not seen the kind of violence directed at U.S. troops. A total of 132 British troops have died in operations in Iraq, the Defense Ministry says. More than 3,000 U.S. troops have been killed.

The British presence in Iraq has been declining since the March 2003 invasion. Three years ago there were roughly 8,500 troops.

Blair has been a steadfast ally of Bush throughout the Iraq war. He argued that Iraq had to be made secure before withdrawal would be an option. Like Bush, Blair has seen domestic support for his course of action in Iraq decline as the war has continued.

The plan could mean Prince Harry, third in line to the throne, won't be deployed to Iraq. The prospect of Prince Charles' son, an army officer, going to war has been the subject of many stories in the British press.

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Congressional Democrats said the move showed Bush should step up diplomatic efforts in Iraq.

"It is not in the interest of our troops to continue sending them in harm's way without a clear diplomatic strategy that will bring closure to this war," Sen. Jim Webb, D-Va., said.

Stinson reported from London.

How Monument's Razing Might Preserve Iraqi Rift (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 21, 2007

BAGHDAD, Iraq -- The young Iraqis who hawk souvenirs in the shadow of Baghdad's best-known landmark -- the giant crossed-sword arches built by Saddam Hussein after the Iran-Iraq War -- had something new to sell yesterday: pieces of the memorial itself.

The Shiite Muslim parties that dominate Iraq's government had quietly given orders to dismantle the statues, which have dominated the capital's skyline for 17 years. As word spread, a few peddlers grabbed some of the green metal helmets, captured from Iranian soldiers in the 1980s, which had long been part of the so-called Hands of Victory. They were soon joined by American and British officials, who tore helmets of their own off the base of each statue to keep as souvenirs and who posed for pictures in front of the bright orange cranes that had been brought to the monument to do the actual demolition work.

For some of the gawkers, it was a chance to make a final visit to one of Iraq's most-recognizable monuments. For other Americans and Iraqis, however, it was cause for alarm -- and concern that the demolition of the monument would cause more than just aesthetic damage. Critics said the memorial's destruction would further fuel the country's intensifying sectarian strife and become another symbol of the central government's increasingly hard-line stance toward Iraq's Sunni Muslim minority.

"This monument represents a piece of our history," said Abu Sara, a Sunni computer engineer, as he heard the news. "The government is trying to wipe us away, in the present and in the past."

The government of Iraqi Prime Minister Nouri al-Maliki, a Shiite with ties to Tehran, ordered the dismantling without consulting the U.S. or making any formal public announcement. By nightfall, workers had torn the handles off several of the swords, punched large holes in the blades, and begun chipping away at the monuments' concrete bases.

Large orange construction machines were parked next to two of the swords, and demolition work is set to resume this morning. Aides to Mr. Maliki say they expect the memorial to be completely destroyed by the end of the week.

There are few monuments here that are as widely known -- or as controversial -- as the Hands of Victory memorial, which is an Iraqi Arc de Triomphe of sorts.

Mr. Hussein began building the monument in 1988 after the conclusion of Iraq's bloody war with Iran, which effectively ended in stalemate. H+H Metalform, the German firm that built much of the monument, said it had been given photographs of Mr. Hussein's forearms to use as models, according to a history of the memorial on the GlobalSecurity.org Web site.

When the monument was completed, each set of crossed swords reached approximately 140 feet into the sky. The blades of the swords were made, in large part, of metal melted down from the guns of fallen Iraqi soldiers.

Mr. Hussein inaugurated the arches in 1990 by riding under them on a white horse that was an allusion to the favorite horse of Hussein, the Shiite martyr killed near the Iraqi city of Karbala centuries earlier, according to the GlobalSecurity.org history. The long stretch of concrete between the two arches was later used for a series of Iraqi military parades overseen by Mr. Hussein and other top Iraqi officials.

After the U.S.-led invasion of Iraq in 2003, the section of downtown Baghdad housing the monument became part of the "Green Zone," the walled and heavily fortified compound housing thousands of Iraqi officials, U.S. military personnel and civilian officials, and foreign contractors. The stringent security measures protecting the Green Zone prevented insurgents from being able to target the edifice, but they also left the monument off-limits to the vast majority of Iraqis.

Early yesterday afternoon, Iraqi officials began alerting U.S. embassy staffers that a demolition order had been given. Word of the demolition plans spread quickly across the Green Zone, and soldiers, civilian personnel and contractors from countries ranging from the U.S. to Nepal soon descended on the memorial to take photographs or break off souvenirs.

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One U.S. Army sergeant clambered up onto the base of one of the statues to pose for a photo but lost his footing and fell backward onto the concrete. He stood up, brushed himself off, and picked up a loose Iranian helmet to take home with him. "I'm going to have the most unique flowerpot in all of Tennessee," he said.

The jovial dismantling of the monument rubbed some of the soldiers the wrong way.

"What's the quote -- those who forget history are condemned to repeat it?" said Sgt. Harry Good, an Alabama native working on a government reconstruction team here. "I mean, Saddam was part of their history, too."

Afghan Suicide Bomber Wounds 6 Soldiers (NYT)

By Abdul Waheed Wafa

The New York Times, February 21, 2007

KABUL, Afghanistan, Feb. 20 — A suicide bomber disguised as a doctor blew himself up Tuesday morning at the opening of a hospital ward built by American forces in eastern Afghanistan, wounding six American soldiers as they tackled him at the entrance, officials said.

An American soldier was also killed farther north, in Kunar Province, on Monday, the United States military reported.

“A suicide bomber with explosives on his body and dressed in a white gown like a doctor entered the hospital where the ceremony was being held,” the governor of Khost Province, Arsallah Jamal, said in a telephone interview. The governor said he and about 50 guests had been just yards away when the bomber detonated the explosives.

An Afghan security officer and an American soldier had stopped the man, and when he tried to escape, the soldier grabbed him, the governor said. The man was shot in the leg, and then set off the bomb, he said. A hospital staff member was wounded.

The officials were cutting the ribbon of a new emergency ward built by the American military’s Provincial Reconstruction Team. The American soldier who was killed in Kunar Province, which borders Pakistan, was taking part in combat operations in Naray. A military statement on the operation did not give more details.

And on Tuesday, Afghan and NATO forces retook control of the Baqwa district of Farah Province, the government said. On Monday, the Taliban had seized the district from the local police.

A Problem Of Passivity (WP)

The Washington Post, February 21, 2007

AFTER THE attacks of Sept. 11, 2001, there was a painful and sometimes bitter debate in this country about how two administrations could have failed to take decisive action against an obvious threat -- al-Qaeda's camps in Afghanistan. The Sept. 11 commission concluded that it was partly a "problem of imagination": Few U.S. officials considered the possibility that al-Qaeda was capable of reaching out from its remote base to stage devastating strikes on New York and Washington.

We know now that allowing al-Qaeda a safe haven can have terrible consequences for U.S. homeland security. And yet the Bush administration appears to be letting the threat develop again. For several months U.S. intelligence officials and independent observers have been telling journalists -- most recently at the New York Times -- that al-Qaeda has established several camps in the Pakistani territory of North Waziristan, along the Afghan border. Those camps are populated by Pakistani, Afghan and foreign militants; some may be Westerners who are being trained for attacks in Europe or the United States.

The camps have operated unhindered since at least September, when Pakistan's military ruler, Pervez Musharraf, agreed to a separate peace deal with local Taliban leaders. Since then, cross-border attacks by the Taliban into Afghanistan have tripled, according to the U.S. military. Taliban and al-Qaeda leaders in Waziristan have developed a "complex cooperative relationship," Lt. Gen. Karl W. Eikenberry, the outgoing U.S. commander in Afghanistan, testified before the House Armed Services Committee last week. Yet no action has been taken, either by the United States or by Pakistan, its nominal ally in the war on terrorism.

President Bush accepted and endorsed Mr. Musharraf's truce with the militants when it was reached. Now senior administration officials acknowledge that it has created serious problems. "A steady, direct attack against the command and control in Pakistan in sanctuary areas is essential," Gen. Eikenberry said. In separate congressional testimony, Secretary of State Condoleezza Rice said, "President Musharraf . . . has to do something." Mr. Musharraf has done nothing. Instead, he has continued to defend his deal with the Taliban and suggested that similar havens should be created in Afghanistan. The

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provincial governor who brokered the deal held a news conference last weekend at which he said the truce was a success and called the Taliban's terrorism against U.S. and NATO forces "a resistance movement, sort of a liberation war."

The administration's response to such statements -- and Pakistan's failure to act -- has been to heap praise on Mr. Musharraf and to express sympathy for the pressure he is said to be under. Such indulgence, which has gone on for five years while the general has tempered his action against Islamic extremists and suppressed Pakistan's pro-Western democratic parties, will be hard to defend if the consequences of allowing al-Qaeda a safe haven are unchanged. "Direct intervention against the sanctuary in Afghanistan apparently must have seemed . . . to be disproportionate to the threat," said the Sept. 11 commission report. Is that how the administration thinks of Waziristan?

DOJ:

Interim U.S. Attorney For Northern California Sworn In (BAYCNS)

Bay City News Service, February 21, 2007

A career federal prosecutor was sworn in at a ceremony in San Francisco today as the interim U.S. attorney for Northern California.

Scott Schools, 44, who previously worked for the U.S. Justice Department in South Carolina and Washington D.C., was given the oath of office by Chief U.S. District Judge Vaughn Walker.

Schools told a courtroom gathering of federal lawyers and several judges, ``I'm very excited and honored to be here."

Schools was appointed last week by Attorney General Alberto Gonzales to replace Kevin Ryan, who served in the top federal lawyer's job in San Francisco for 4 1/2 years.

Schools said after the swearing-in that he was about to hold his first meeting with his staff and was planning to tell the federal lawyers ``what my hopes and expectations are" for the job.

Schools will be in charge of about 115 lawyers in San Francisco, Oakland and San Jose who handle federal criminal cases as well as civil cases involving the U.S. government in coastal California from Monterey to the Oregon border.

Schools was most recently general counsel to the Justice Department's executive office, which gives guidance in ethics and employee matters to the 94 U.S. attorney's offices around the country.

Before that, he was second in command of the U.S. attorney's office in South Carolina four years and was interim U.S. attorney in that office for 10 months in 2001.

Under a provision of the federal Patriot Act reauthorization last year, Schools can remain in office as interim chief until a presidentially appointed U.S. attorney is confirmed by the Senate, which could be for the remaining two years of the Bush Administration.

Until the law was changed last year, the U.S. attorney general could appoint an interim U.S. attorney for only four months, after which the power to make a temporary appointment moved to the local federal court.

U.S. Sen. Dianne Feinstein, D-California, has criticized the change in the law on the ground that it can be used to bypass the Senate confirmation process.

Editorial: Trading In U.S. Attorneys (PROJO)

The Providence Journal, February 21, 2007

The U.S. Senate should extend its inquiry into why the Bush administration has forced at least seven U.S. attorneys out of office. By tradition, presidents appoint these federal prosecutors when they first enter office. President Bush replaced nearly all those who had been appointed by Bill Clinton; President Clinton had done much the same before him. But it is odd for a president to remove his own choices, especially if they are performing adequately.

One who got the boot, Carol Lam, oversaw the corruption investigation that put California GOP Rep. Randy Cunningham in prison. Two others targeted in the probe, Kyle Foggo and Brent Wilkes, were indicted just last week. Until retiring last spring, Mr. Foggo was the No. 3 official at the Central Intelligence Agency. Mr. Wilkes is a San Diego-area defense contractor. The

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indictments were handed up just a few days before Ms. Lam's scheduled departure, raising the question of whether there was more to come — and whether it will now be pursued.

Also out is Bush supporter H.E. Cummins III, a U.S. attorney in Arkansas credited with stepping up prosecutions of drug and gun cases. He is being replaced by J. Timothy Griffin, a former deputy to presidential adviser Karl Rove. Another casualty, Kevin Ryan of San Francisco, took on backdated stock options and steroid use by Major League Baseball players.

In a hearing early this month, the Senate Judiciary Committee was not able to shed much light on these changes. Though the president is within his rights, a pernicious brand of politics seems to be at work. It seems clear, though not unusual, that friends and allies are being rewarded. More disturbing is the idea that certain investigations are perhaps being quashed.

An amendment tacked onto the reauthorized Patriot Act last year empowers the attorney general to replace U.S. attorneys for indefinite periods. Though Atty. Gen. Alberto Gonzales has vowed to submit new appointees' names to the Senate for confirmation, the law apparently does not require it. Previously, U.S. District Court judges had the power to make limited interim appointments. But Mr. Gonzales recently argued that this was improper: The judges might install their friends.

Some Democrats are pushing for a return to the old system, which seems better insulated from executive whims. The more heavily politicized these offices become, the less independently U.S. attorneys will act. The ultimate casualty is justice.

Editorial: U.S. Attorneys Get No White House Respect (TRICH)

Tri-City Herald (Kennewick, Paco, & Richland,, February 21, 2007

The firing of federal prosecutor John McKay of Seattle is lamentable, but the job of U.S. attorney is - always has been - steeped in politics.

And some of politics, sadly, is steeped in lying.

So the explanations out of the Department of Justice that McKay and five other U.S. attorneys were fired for "performance" issues call into question the source.

Seven months before McKay was forced to resign, he received a glowing performance review from Justice Department evaluators, The Seattle Times reported.

"McKay is an effective, well-regarded and capable leader of the [U.S. attorney's office] and the District's law enforcement community," the team of 27 Justice Department officials concluded, according to a copy of their final report obtained by The Seattle Times.

Underscoring the mendacious assertions of "performance problems" by the Washington, D.C., bureaucracy is the discovery that at least four more of the six attorneys fired had recently received similarly positive evaluations of their job performance.

As McClatchy news service reporter Marisa Taylor wrote, the administration has been "forced to defend the firings in recent weeks after critics raised concerns that well-respected, competent U.S. attorneys known for their independence were being removed to make way for handpicked candidates who'd be less likely to buck the White House."

It seems a reasonable assumption that McKay and the others weren't well connected to the heavily political Attorney General's Office. Some may not possess the right ideological bent.

There's always been an element of political patronage in doling out these plum jobs, but the checks and balances against the worst abuses are no longer required.

Replacements for the ousted attorneys won't have to face potentially grueling confirmation hearings before the Senate unless the Bush administration agrees to it.

Count it as another unintended consequence of the war on terror.

As Taylor reported, Democrats now in control of the Senate have only recently discovered that "Attorney General Alberto Gonzales could use a little-noticed change in the Patriot Act to fill vacancies with interim U.S. attorneys for indefinite terms without Senate approval."

There's little doubt that McKay and at least most of the others weren't treated fairly. But fairness is separated from politics by more than just 605 pages in Webster's New World Dictionary.

It shouldn't work this way, but U.S. attorney appointments - and jobs - are among the most political in the country.

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Replacements for the six, if they are indeed chosen as "handpicked candidates who'd be less likely to buck the White House," probably shouldn't make any long-range plans beyond January 2009.

No matter which party winds up in the White House, loyalty to George W. Bush will mean less then.

And the Senate Judiciary Committee has now voted to repeal the administration's authority to simply replace U.S. attorneys without seeking congressional approval.

If the Senate and House go along, they will help stymie the impulse to fire good attorneys for bad reasons.

Study On Privacy Protections Finds Citizens Distrust Security Agencies (NJTECHD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, February 21, 2007

The CIA, Homeland Security Department and National Security Agency are the least trusted federal agencies when it comes to protecting Americans' privacy, according to a new study by the Ponemon Institute.

The annual survey, which will be released Wednesday, asked more than 7,000 citizens whether they believe the government takes appropriate steps to safeguard personal information. Answers were mixed, but the overall trend suggested a decline in public trust since the think tank first studied the issue in 2004.

The NSA has suffered a substantial flogging by lawmakers and privacy advocates amid questions in the past year over its domestic spying in search of terrorists. It also was revealed recently that the CIA has been utilizing a special subpoena power of the 2001 anti-terrorism law known as the USA PATRIOT Act to comb bank and credit-card records.

Homeland Security and the Transportation Security Administration, which were evaluated separately in the survey, have experienced their fair share of controversy over the mining of information from government and commercial databases and a program that screens travelers entering the United States.

After last year's massive breach of more than 27 million military personnel's data, furthermore, the Veterans Administration fell from a top-five ranking in 2006 to just outside the bottom five in the 2007 Ponemon study.

Attorney General Alberto Gonzales' office also was among the least trusted of the 74 federal entities included in the poll.

"There's a clear correlation between bad publicity and poor privacy trust performance," survey author Larry Ponemon said. Previous studies "lacked a big headline negative event," whereas this time, there were several.

"Initiating more transparent operations and communications with the public is often the first step toward repairing damaged trust, but for obvious reasons, those are not options that agencies like the CIA or NSA can take," Ponemon said. The confidential nature of the agencies' operations "will always carry a certain cloud of mistrust with some."

Lisa Graves, deputy director of the Center for National Security Studies, said the study "rightly gives these agencies rock-bottom privacy trust scores." "Some politicians may believe they can make political gains by going along with the president's anti-terrorism policies that strip away Americans' privacy rights," she said. But the survey makes clear that Americans do not think the entities can be trusted to protect their rights, she said.

The U.S. Postal Service received Ponemon's top ranking for protecting privacy the third year in a row. Other notable high achievers were the FTC, its Bureau of Consumer Protection, the National Institutes of Health, and the Census Bureau.

The study's overall findings concluded that Americans remain concerned over a "loss of civil liberties and privacy rights," "surveillance into personal life," and "monitoring e-mail and Web activities."

While diminishing public trust for the NSA and VA was not surprising to privacy advocate Marc Rotenberg, the FTC "may not be out of the woods" given mounting public concerns about identity theft. "If the FTC doesn't get a better handle on that problem, the commission may find its own trust rating drop in the 2008 survey," he said.

CORPORATE SCANDALS:

Oops! Orrick Associate Lets Slip Mercury Backdating Document (LAW)

By Scott Graham, The Recorder

California Recorder, February 21, 2007

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A fourth-year associate at Orrick, Herrington & Sutcliffe inadvertently disclosed a sensitive document about stock option backdating that the firm has spent the last five months fighting to keep under seal.

The document -- a complaint in a shareholder derivative action against former executives of Mercury Interactive Corp. -- contains explosive allegations against the executives and quotes extensively from e-mails in which the executives allegedly discuss backdating their own stock options.

"What do you want to do about [Chief Financial Officer Douglas Smith]'s option since the price is going up?" former General Counsel Susan Skaer is quoted asking CEO Amnon Landon in one e-mail. "Keep waiting?"

The complaint, Morillo v. Abrams, 1:05-cv-50710, had been filed under seal on Sept. 22 as part of a confidentiality agreement with the executives' lawyers -- but without judicial approval. The Recorder and two other news organizations have been trying since then to unseal the complaint and its supporting exhibits.

But a Dow Jones News Service reporter discovered Friday that Orrick associate M. Todd Scott had inadvertently filed the complaint publicly with a motion to stay the derivative action in October. The Wall Street Journal posted the complaint on its Web site over the weekend and wrote a story about it on page A-4 of Tuesday's print edition.

In a filing for an emergency hearing on Tuesday, Orrick partner James Kramer wrote that Scott thought the complaint had been filed under seal when Scott included it as an exhibit to his own declaration.

"At the time the exhibit was filed, counsel for Ms. Skaer intended for the exhibit to be filed under seal, and, indeed, believed the exhibit had been filed under seal," Kramer wrote. "Counsel continued in this belief until the afternoon of Feb. 16, 2007, at which time the court clerk notified all parties that the exhibit had not been filed under seal and was publicly available."

The Mercury executives -- represented by Orrick; Wilson Sonsini Goodrich & Rosati; Shearman & Sterling; and Farella Braun & Martel -- have been fighting vigorously against The Recorder, the San Francisco Chronicle and Bloomberg to keep the complaint confidential. The executives succeeded in January in getting the derivative action dismissed for lack of standing, but shortly thereafter Santa Clara County, Calif., Judge James Kleinberg ordered that the complaint be unsealed nevertheless.

The Mercury executives last week obtained an emergency stay from the 6th District Court of Appeal. Orrick also asked U.S. District Judge Jeremy Fogel to block Judge Kleinberg's order unsealing the motion.

On Tuesday, Kleinberg resealed the complaint, but only after it had been published by the Journal. He noted that it apparently had been "present and unsealed" among the 25 volumes of files held by the clerk's office for the past four months.

The complaint alleges that four former Mercury executives "grossly enriched themselves at the expense of Mercury by granting themselves (and their colleagues) millions of underpriced options to purchase Mercury stock."

The complaint, by Lerach Coughlin Stoia Geller Rudman & Robbins partner Amber Eck, alleges that Skaer, Smith, former CFO Sharlene Abrams and former COO Kenneth Klein caused the company "to improperly pay out $164 million to themselves in unwarranted stock-option based compensation." The complaint states that $54 million of that $164 million is directly attributable to backdating.

It also states that Mercury spent $70 million in attorney fees investigating its stock option backdating problem.

COVER-UP ALLEGED

Mercury was one of the first companies to publicly admit problems with its options grants. The company was forced to restate earnings by $570 million following an internal investigation. Its board of directors took the rare step of joining plaintiff lawyers in a shareholder suit seeking damages from ousted executives. That changed after Hewlett-Packard Co. announced it had acquired the company last year.

The complaint accuses all four former executives of acting improperly. As for former GC Skaer, it alleges that she "created and falsified documents regarding the backdated options, personally selected backdating dates based on stock price, took minutes in the board and committee meetings where backdating was discussed, and was involved in covering up the backdating."

In one instance, Skaer was granted 25,000 options and Smith got 400,000 at a Feb. 12, 2002, board meeting. The options were backdated to Nov. 2, 2001, when the stock was trading some $12 lower. "This difference ... equates to a $4.8 million benefit to Smith, and a $303,500 benefit for Skaer," the complaint alleges.

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Smith had begun lobbying for a low strike price in October 2001, when he sent an e-mail to CEO Landon with a blind copy to Klein, stating, "[A]ssume a $25 strike for new options (could we go back to the lows??). ..." The board voted to grant Smith his 400,000 options on Nov. 6, 2001, but put off pricing the grant because by then the company's stock was trading above the price Smith had suggested, according to the complaint.

"What do you want to do about Doug's option since the price is going up," Skaer e-mailed CEO Landon on Nov. 14. "Keep waiting?" The next month, Smith himself sent Skaer an e-mail proposing various dates that could be chosen, according to the complaint.

On Jan. 11, 2002, Landon e-mailed the compensation committee members, with a "cc" to Skaer, asking them to fax their "unanimous written consent" for the option grants to Skaer. The consent forms were dated Nov. 5, 2001, according to the complaint. The committee members faxed the forms to Skaer's office, but either Skaer or "someone at her direction" altered the forms by whiting out the Jan. 20, 2002, fax dates at the top of the pages, according to the complaint.

"Skaer's intentional deception is revealed, however, by the fact that, because one of the [consent forms] was apparently sent upside down, the actual fax date is listed on the bottom of the document -- a detail that Skaer overlooked and thus did not alter as planned."

At the actual Feb. 12 board meeting -- which Abrams, Klein, Smith and Skaer all attended -- the compensation committee members backed up the date by another three days, to Nov. 2, 2001, which locked in an additional $2.50 per share gain for Smith and Skaer, according to the complaint.

When Smith filed his so-called Form 5 listing the grant, he listed the previously agreed date of Nov. 5. In 2003, a legal assistant noticed the discrepancy and proposed filing an amended Form 5. But Skaer told him not to because the amount was "de minimus," the complaint alleges -- even though the difference was worth more than $1 million.

The complaint also quotes several other e-mails that seem to suggest knowledge of backdating. Payroll manager Susie Fregoso e-mailed Abrams on May 5, 1999, "[W]hat is the date for the April grant going to be? Right now I have it as April 7 with a price of $27.125. You had mentioned that this might change, any news?"

In an Aug. 3, 2000, e-mail to Fregoso about an employee's stock options that had already been granted, Assistant Controller Kathy Hawkes wrote, "I betcha that Sharlene [Abrams] will overrule these type of things ... and we will use her magic backdating ink. Let's see what happens!"

And another e-mail from Fregoso stated, "The reason the paperwork was not sent out is because the stock price drop made us change the grant date so that you could get the lower price. The 'new' grant is being approved next week by Sharlene[Abrams]/Amnon [Landon]. I know it has been a while, but believe me, you will be happier with the new price." The sentence concluded with a smiley face.

Fannie Won't Pay $44.4 Million In Bonuses (WSJ)

By James R. Hagerty And Damian Paletta

The Wall Street Journal, February 21, 2007

Fannie Mae, struggling to atone for a $6.3 billion accounting scandal, announced that it won't pay $44.4 million of shares in the company previously promised as bonuses to 46 current and former executives. The giant provider of funding for U.S. home mortgages said it will "take into income" that amount, previously expensed for unpaid share awards that were based on earnings growth that proved illusory.

In December, Fannie restated earnings for 2002 through mid-2004, reducing retained earnings by $6.3 billion, to correct dozens of violations of accounting rules. Some of those accounting violations helped maximize bonuses for executives, regulators have found.

The decision will cancel planned payments totaling about $11.4 million for former Chief Executive Officer Franklin D. Raines; $4.1 million for the current CEO, Daniel Mudd; and $3.4 million for a former chief financial officer, Timothy Howard, a spokesman said. The values are based on yesterday's closing price of $59.88 for Fannie Mae shares in composite trading on the New York Stock Exchange. Among other current senior executives, Robert Levin, chief business officer, will miss out on about $2

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million of shares; Michael Williams, chief operating officer, $1.9 million; and Peter Niculescu, executive vice president, $600,000. The planned awards were for incentive-pay cycles that ended in 2003 and 2004.

The company also announced that it will eliminate a series of perquisites for executives, including free financial counseling, travel and country-club memberships. Fannie also is ending "gross-up" increases in compensation to cover taxes due on insurance provided by the company for officers.

Companies rarely take back money already paid to executives for results that prove to have been exaggerated. Partly because of the legal difficulties, most boards don't even try to recover the money, and those that do often face years of litigation. But some executives have repaid parts of their past compensation. For example, in 1998, then-CEO Lawrence Coss returned roughly a third of his $102 million 1996 bonus to Green Tree Financial Corp., now part of Conseco Inc., after a restatement wiped out $174 million of pretax profit on which the bonus was based.

Fannie may avoid some complications by withholding money that hasn't yet been doled out rather than clawing back sums already paid, but former executives could contest the decision. A lawyer for Mr. Raines declined to comment; a spokesman for Mr. Howard couldn't be reached immediately. Fannie's regulator, the Office of Federal Housing Enterprise Oversight, or Ofheo, said it approved the decision to withhold the payments. Ofheo last year ordered Fannie to review compensation to top executives for the years in which Fannie violated accounting rules.

Mr. Mudd, a former General Electric Co. executive who joined Fannie in early 2000 as vice chairman and chief operating officer, received total compensation for 2000 through 2003 of $26.3 million. He became chief executive in December 2004 when the accounting scandal forced his predecessor, Mr. Raines, to resign. Mr. Mudd didn't receive a bonus for 2004, and his pay has been well below that of Mr. Raines since then. For 2006, Mr. Mudd received total compensation of about $14.4 million, up about 25% from a year earlier. That raise prompted an angry letter to Ofheo several weeks ago from four Republican U.S. senators -- Chuck Hagel of Nebraska, John Sununu of New Hampshire, Elizabeth Dole of North Carolina and Mel Martinez of Florida.

"We would like to know why Ofheo approved this 25% raise at a time when Fannie has paid almost $1.4 billion in accounting and consulting fees to clean up their financial mess and they are still two years behind on their financial reporting," the senators wrote. Congress is debating legislation that would tighten regulation of Fannie and its rival Freddie Mac.

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Fannie Cancels Executive Bonuses (WP)

By David S. Hilzenrath

The Washington Post, February 21, 2007

Fannie Mae's board has decided not to give out executive bonuses potentially worth $44.4 million for some of the years when the federally chartered housing finance company's earnings were misstated.

The stock awards had been on hold since early 2005 after the company was caught up in an accounting scandal. They could have totaled $11.2 million for Franklin D. Raines, former chairman and chief executive; $3.4 million for J. Timothy Howard, former finance chief; $1.1 million for Jamie S. Gorelick, a former vice chairman; and $4 million for Raines's successor as chief executive, Daniel H. Mudd, company spokesman Brian Faith said.

A total of 46 current and former executives were affected.

Under a long-term incentive plan, the payouts had been pegged to the company achieving a combination of financial and other goals. The District company recently corrected years of past financial results, acknowledging that it had overstated profits by $6.3 billion.

It was unclear how much money the executives could have received based on the restated results, and spokesmen for the company declined to say.

The awards, known as "performance shares," were one component of overall pay packages that typically included salaries, cash bonuses, stock options and other forms of compensation. The stock awards were granted on a rolling schedule, based on the company's performance over various three-year periods.

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For instance, executives had already received the first installment of awards for a cycle covering 2001 through 2003, and the board is not trying to reclaim that money, spokesman Chuck Greener said. Those awards were worth $4.1 million to Raines, $1.4 million to Howard and $1.8 million to Mudd.

The board "determined not to pay" the second installment for that cycle and "determined that no award was due" with respect to a three-year cycle ending Dec. 31, 2004, Fannie Mae said in a report filed yesterday with the Securities and Exchange Commission.

Regulators have alleged that Fannie Mae's senior management intentionally manipulated the company's accounting to hit earnings targets and maximize bonuses. Raines's pay totaled more than $90 million from 1998 through 2003, the Office of Federal Housing Enterprise Oversight said last year.

The agency has filed administrative charges against Raines, Howard and former controller Leanne G. Spencer, seeking to recoup more than $115 million of compensation plus penalties that could exceed $100 million.

The three former executives are contesting the charges.

Attorneys for Raines and Howard did not respond to requests for comment on Fannie Mae's announcement, which came after the markets closed yesterday.

OFHEO said it concurred with the board's decision not to issue the stock awards.

The action "was not directed at any specific individual but rather reflected the performance of Fannie Mae in the years 2001-2004," the regulatory agency said in a news release.

In addition to denying the bonuses, the board recommended "other actions regarding current employees" and the company "has undertaken disciplinary and remedial steps," the agency said. Neither the company nor the agency would elaborate on those other developments.

"With these actions OFHEO considers the board's required review of current officers and employees complete," the agency said.

Fannie Mae also announced that it was eliminating certain executive perquisites, such as company-owned country club memberships and payments for personal financial counseling, which help executives manage their money. In the future, executives would also be required to reimburse the company for personal use of corporate transportation, such as aircraft.

In 2003, Raines's compensation included $37,548 for tax counseling and financial planning services and $196,852 for personal use of company transportation, according to a Fannie Mae report. Mudd's compensation included $80,400 in club membership fees.

CRIMINAL LAW:

Jury To Deliberate In CIA Leak Case (NSDY/AP)

By Matt Apuzzo

AP, February 21, 2007

WASHINGTON -- Five weeks and 19 witnesses into the CIA leak trial, jurors are set to begin deciding the fate of former White House aide I. Lewis "Scooter" Libby.

Jurors heard a full day of closing arguments in Libby's perjury and obstruction trial Tuesday and are scheduled to begin deliberating Wednesday.

U.S. District Judge Reggie B. Walton said he planned to instruct the jury about legal issues Wednesday morning before sending them off to deliberate.

Libby, the former chief of staff to Vice President Dick Cheney, is charged with lying and obstructing the investigation into the 2003 leak of CIA operative Valerie Plame's identity. He faces up to 30 years in prison if convicted, though he'd likely get far less under federal sentencing guidelines.

Plame is married to former Ambassador Joseph Wilson, who emerged in mid-2003 as an outspoken critic of the Bush administration's case for the Iraq war. Special Prosecutor Patrick Fitzgerald says Libby learned about Plame from Cheney and other officials in June 2003 and relayed it to reporters.

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Attorneys left jurors with two very different impressions of the case. Prosecutors described a methodical effort by Libby to conceal the fact that he discussed Plame with reporters in June 2003. Defense attorneys recounted a confusing, sometimes contradictory month of testimony that they believe is too shaky to base a conviction on.

Plame was outed by reporter Robert Novak, who touched off an FBI investigation with a July 2003 syndicated column. Though Libby wasn't Novak's source, prosecutors say he feared he'd be charged with discussing classified information with other reporters.

So, prosecutors say, Libby lied. He told investigators he learned about Plame from Cheney, then forgot about it until a month later, when he was surprised to hear it during a phone call with NBC's Tim Russert. Russert says the conversation about Plame didn't happen.

"It's simply not credible to believe he would forget this information about Wilson's wife," prosecutor Peter Zeidenberg said during closing arguments Tuesday. "It's ludicrous."

Libby's attorneys say it's the prosecution's story that doesn't make sense. Why, they ask, would Libby make up a story that hinges on Russert, someone Libby knew could be questioned?

And while prosecutors have shown that Plame came up in several conversations with government officials in mid-2003, defense attorneys say there's no proof Libby deliberately set out to lie when he spoke to investigators three months later.

"They haven't given you anything that says Mr. Libby didn't just have one of those moments that we all have in life where he thought something happened one way and it happened another," said defense attorney Theodore Wells.

Prosecutors used opening statements to remind jurors that one witness after another testified to discussing Plame with Libby. Zeidenberg pointed to a flow chart showing arrows tracking information from several officials to Libby and on to other sources. With each conversation, it became less likely the CIA operative would just slip Libby's mind, Zeidenberg said.

Wells presented a similar chart. Under each name and photograph, however, Wells noted their memory inconsistencies. Some changed their stories. Others seemed less certain in FBI interviews than they did on the stand.

Why is Mr. Libby being treated differently?" Wells told jurors. "He should not. Treat him fairly. Ask yourself: 'Did the government give me some evidence that he intentionally lied as opposed to, did he just forget?'"

Jurors To Begin Deliberations Today In Libby Perjury Trial (USAT)

By Richard Willing

USA Today, February 21, 2007

WASHINGTON — Jurors shouldn't vent their anger over the war in Iraq on former vice presidential aide Lewis "Scooter" Libby, his defense attorney said Tuesday as Libby's perjury and obstruction trial neared completion.

"Don't … sacrifice Scooter Libby for how you may feel about the war in Iraq or about the Bush administration," a tearful Theodore Wells, Libby's chief defense attorney, told jurors during closing arguments.

If during deliberations a juror says, " 'He's a Republican, he works for Cheney, let's do him,' " that juror must be discouraged, Wells said.

Prosecutor Patrick Fitzgerald argued Tuesday that the Bush administration's attempts to discredit an Iraq war critic, and Libby's role in it, are at the heart of the case against Vice President Cheney's former chief of staff. "There's a cloud over the White House as to what happened here," Fitzgerald said. "Don't you think the American people deserve to know?"

Jurors will begin deliberating Libby's fate after instructions from federal Judge Reggie Walton today.

Libby, 56, is charged with lying when he told investigators and later grand jurors in 2003 and 2004 how he learned that Valerie Plame, wife of administration critic Joseph Wilson, worked at the CIA. Libby said he learned the information from Cheney, forgot, then heard it a month later from NBC newsman Tim Russert.

Russert testified in Libby's trial and to the grand jury that he didn't tell Libby about Plame.

Libby also faces charges of perjury and obstruction of justice based on a conversation about Plame with Matthew Cooper, then a Time magazine Washington correspondent.

In summations that lasted 6½ hours, the two sides presented starkly contrasting views of Libby and the case against him.

Only the shaky memories of two reporters with credibility problems held together the case against Libby, Wells said.

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"It's what I mean by 'he said, she said,' " Wells said. "They want you to make a choice beyond a reasonable doubt that (would leave) my client's life destroyed."

Fitzgerald countered that Libby concocted the Russert story and lied about his conversation with Cooper to sidetrack an investigation into who leaked Plame's identity to reporters.

In February 2002, the CIA sent Wilson, a former ambassador, to investigate reports that Iraq was trying to buy uranium from the African nation of Niger.

No one was indicted for leaking information about Wilson's wife despite an investigation that lasted over two years.

Libby, Fitzgerald said, feared being fired or prosecuted for leaking confidential information. By sourcing the story back to reporters, he said, Libby believed his role would remain secret.

"He made a gamble that he's going to tell them a story about the rumors and hope it goes away," Fitzgerald said. "He threw sand in eyes of the FBI and grand jurors, he obstructed justice and he stole the truth from the judicial system."

The prosecution used a large interactive screen to rebut Libby's version of events. Peter Zeidenberg, a Fitzgerald assistant, posted in succession the names of eight people who spoke with Libby about Plame between June 11, 2003, and about July 10, when Libby said Russert told him about Plame.

"Ladies and gentlemen, that's not forgetting," Zeidenberg said. "That's lying."

Wells directed jurors away from those witnesses, whom he called "background evidence." Jurors must focus, he said, on the Russert and Cooper conversations at the core of the charges.

"This is just about different recollections of conversations with different reporters," Wells said.

It's "crazy," Wells said, to believe Libby invented that Russert told him about Plame. Libby, he said, didn't know Russert and believed investigators would likely call the newsman to verify the account. Russert's network, NBC, was hostile to the White House, Wells argued.

Libby's Memory Is At The Heart Of The Case (LAT)

By Richard B. Schmitt And Greg Miller

The Los Angeles Times, February 21, 2007

At I. Lewis "Scooter" Libby's perjury trial, his lawyers have argued that pressing matters of state prevented the former vice presidential chief of staff from accurately recalling events. But the question of Libby's guilt or innocence, which is expected to be in the hands of a federal jury today, may turn more on what he says he remembered, rather than what he says he forgot.

Again and again, meeting with the FBI and appearing before a grand jury, Libby recalled details of conversations with Vice President Dick Cheney and other administration officials. But when it came to discussions he had about the core issue in this case — his involvement in disclosing the identity of a CIA officer married to an administration war critic — he frequently drew a blank.

In closing arguments Tuesday, the government asserted that there was nothing wrong with Libby's memory: His repeated lies, the prosecution argued, were part of a calculated cover-up.

"Ask yourself if that pattern is just a convenient way of avoiding the truth," prosecutor Peter R. Zeidenberg said of versions of meetings that Libby recalled for investigators. Libby had "a great memory" when it came to remembering self-serving facts, the prosecutor said derisively.

Defense arguments

Defense lawyers strenuously rejected that characterization in their closing statements, attempting to shift the focus from Libby to prosecution witnesses — principally three journalists — whom they portrayed as the ones who were not credible and had memory problems.

Libby's lawyers contended that their client had no motive to mislead anyone and that it made no sense for him to lie — an action they said would jeopardize a long and distinguished career of government service.

"Scooter Libby's innocent. He didn't do anything. He didn't leak anything," said his lead attorney, Theodore V. Wells Jr. "Think about the madness of this prosecution."

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The pleas ended a month of testimony and argument in a case whose backdrop was the march to war in Iraq and accusations that the administration had twisted prewar intelligence.

The defense has sought to portray Libby as a sympathetic figure who, on the orders of his boss, Cheney, got caught up in a "meat grinder" of dealing with reporters that left him fearing that White House political operatives were conspiring to "scapegoat" him.

Prosecution's side

The government has claimed that Libby's actions were driven by another sort of fear — realizing that he might have disclosed classified information about a CIA officer, Valerie Plame, whose husband had publicly criticized the way intelligence was used to justify invading Iraq. As a result, the prosecution argued, Libby chose to make up a story to cover his tracks.

Zeidenberg told the jury that the defense had failed to offer a shred of evidence to support the conspiracy theory. He said the testimony of a string of nine government witnesses proved that Libby was not credible.

"That's not a matter of 'misremembering' or 'forgetting,' " he said. "It's lying."

Defense lawyer William H. Jeffress Jr. responded that Libby did not behave like an ordinary criminal and had even produced notes, which proved helpful to the government, that "he would have ditched … if he was that kind of person."

Jeffress added that it made no sense for Libby to make up his central defense — that he learned about Plame from NBC's "Meet the Press" moderator Tim Russert — because Russert was "the world's most famous television newsman" who was bound to be questioned by investigators.

In their closing statements, both sides acknowledged the broad political issues underlying the case.

Wells pleaded with jurors not to allow their personal opinions of an unpopular war to affect their verdict.

"Don't in this case sacrifice Scooter Libby for how you may feel about the war in Iraq or how you may feel about the Bush administration," Wells said. "You give him a fair shake…. This is a man with a wife and two children."

Special prosecutor Patrick J. Fitzgerald argued that Cheney's office was behind many of the prewar claims that Iraq had stockpiles of banned weapons and that it had aggressively sought to silence critics. "Let's talk straight," he said. "There is a cloud over the vice president."

Single page

In Closing Pleas, Clashing Views On Libby's Role (NYT)

By Neil A. Lewis

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Defense lawyers and prosecutors in the perjury trial of I. Lewis Libby Jr. made their final summations on Tuesday, offering the jury two starkly different ways to evaluate the evidence presented over the last few weeks.

In their closing statements, the prosecutors presented a detailed and businesslike summing up of their case that Mr. Libby willfully lied to both a grand jury and F.B.I. agents investigating the leak in the summer of 2003 of the identity of a C.I.A. operative, Valerie Wilson.

Theodore V. Wells Jr., Mr. Libby's chief defense lawyer, countered with an intensely emotional defense ending in a choked sob. He argued that Mr. Libby's testimony to the grand jury and his interviews with the Federal Bureau of Investigation may have contained inaccuracies but that they were the result of innocent memory lapses explained by his pressing schedule of national security issues.

Unlike the prosecutors, Mr. Wells stalked about the courtroom during his summation, his cadence and pitch varying, but his tone of outrage constant.

"If it turned out that what he said was wrong that doesn't mean he is a liar," Mr. Wells told the jury. "It means he may have misrecollected what happened."

Mr. Libby, who faces five felony counts, was Vice President Dick Cheney's chief of staff in the summer of 2003 when Ms. Wilson's identity was first disclosed publicly. The jury is expected to begin its deliberations on Wednesday, after final instructions from Judge Reggie B. Walton.

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In his closing argument, Patrick J. Fitzgerald, the chief prosecutor, said that disclosure of Ms. Wilson's identity was used by the White House to discredit her husband's assertions that the Bush administration had distorted intelligence to justify invading Iraq. He said the disclosure of her name cast a cloud over the Bush White House in general and over Mr. Cheney in particular.

But Mr. Wells argued for the defense that when Ms. Wilson's name was first disclosed in the summer of 2003, Mr. Libby had been so preoccupied with growing questions about the inability of United States forces in Iraq to find any unconventional weapons, a principal justification for going to war, that he did not have time to pay attention to the issue of Ms. Wilson.

"The wheels are falling off the Bush administration," Mr. Wells said. "Thousands of young kids are on the ground there. It's a crazy period."

"This is a man with a wife and two children; he is a good person," Mr. Wells told the jury in his final words. "He's been under my protection for the last month. I give him to you. Give him back to me."

With that, Mr. Wells teared up, sobbed audibly and sat down.

Mr. Fitzgerald and Peter Zeidenberg, another prosecutor, told the jury that Mr. Libby learned about Ms. Wilson's role as a Central Intelligence Agency employee from several of his fellow Bush administration officials. He then discussed her with reporters, they said, as part of an effort to discredit the claims made by her husband, Joseph C. Wilson IV, that the administration had twisted intelligence about Iraq's efforts to obtain uranium from Africa to justify going to war.

"Mr. Libby had a motive to lie and the motive matches up exactly with the lie he told," Mr. Fitzgerald told the jury. "He made up a story and stuck to it."

Ms. Wilson's identity was first disclosed in a July 14, 2003, column by Robert D. Novak. Only days before, The New York Times had published an Op-Ed article by her husband recounting how he had been sent to Niger to investigate reports that Iraq was trying to buy uranium for its weapons program. He asserted that there was no truth to President Bush's claim in the January 2003 State of the Union address that there was evidence of Iraqi efforts to obtain uranium from Africa.

Mr. Novak wrote that Mr. Wilson was chosen for the Africa mission by the C.I.A. at the suggestion of his wife. That assertion, echoed by other critics of Mr. Wilson, tended to diminish the importance of his trip, with its suggestion of nepotism.

Mr. Fitzgerald seemed for the first time to lend his weight publicly to the assertion by critics that Ms. Wilson's identity was disclosed to punish Mr. Wilson and undermine his credibility.

Mr. Fitzgerald said the disclosure of Ms. Wilson's identity had left "a cloud over the White House over what happened" as well as a cloud over Mr. Cheney because he had been behind the effort to counter Mr. Wilson's charges.

Neither Mr. Libby nor anyone else was charged with unlawfully disclosing Ms. Wilson's identity. But Mr. Libby was charged with misleading the grand jury and investigators.

"Don't you think the American people are entitled to a straight answer?" Mr. Fitzgerald asked of the jury. He said that "a critic points fingers at the White House and as a result his wife gets dragged into the newspapers."

He said Mr. Libby "made a gamble, he threw sand in the eyes of the grand jury" rather than tell the truth and risk being prosecuted for leaking her name.

Mr. Zeidenberg began the day for the prosecution by telling the jury that the parade of witnesses the government had presented demolished the contention of Mr. Libby's lawyers that he merely had a bad memory and forgot a whole series of conversations he had about Ms. Wilson.

"He claims he forgot nine conversations with eight people over a four-week period," Mr. Zeidenberg said. He was referring to a former spokeswoman for Mr. Cheney, a senior State Department official and two C.I.A. officials, all of whom testified that they had informed Mr. Libby in early July 2003 of Ms. Wilson's role at the agency and three reporters who spoke to Mr. Libby in that period. Mr. Zeidenberg then noted that Mr. Libby had sworn under oath that those people must have been wrong because he learned of Ms. Wilson's identity days later on July 10 or 11 from Tim Russert of NBC News.

Both sides agreed that Mr. Russert's testimony was crucial to the case.

Mr. Wells's response to the prosecution's claim of an avalanche of testimony from so many people was to try to convince the jury that only two of the witnesses counted in the indictment, Mr. Cooper and Mr. Russert.

Mr. Wells set about disparaging Mr. Russert's credibility and memory. "In a case where what is at stake is a man's freedom and reputation, you have to in this situation give the benefit of the doubt to Mr. Libby," Mr. Wells said.

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Mr. Wells argued that Mr. Libby held one of the world's most high-stress jobs and was trying to prevent another attack like the ones on Sept. 11, 2001. "He was bombarded with a blizzard of information," Mr. Wells said, noting the intelligence briefings Mr. Libby received daily. "Those briefings would make your toes curl," he said.

Mr. Fitzgerald countered that Mr. Russert's testimony was not needed to convict Mr. Libby. "If Tim Russert were run over by a bus and had gone to the great news desk in the sky, you can still find plenty of evidence that the defendant lied," he said.

Scooter Jury Hears Of 'memory Lapse' (FT)

By Caroline Daniel

Financial Times, February 21, 2007

The trial of Lewis "Scooter" Libby, the vice-president's former chief of staff, closed on Tuesday with prosecutors accusing him of concocting a "ludicrous" story about how he learned the name of a CIA agent, while the defence called it "madness" to convict him on the basis of a witness "suffering public memory lapses".

Making closing arguments in the month-long perjury and obstruction of justice trial, which could see Mr Libby face up to 30 years in prison, the lawyers offered competing narratives to explain how and when Mr Libby discovered the identity of Valerie Plame, the wife of ambassador Joe Wilson who had emerged as a leading critic of the Iraq war.

Peter Zeidenberg, a prosecution lawyer, argued that Mr Libby had a clear motive to lie to protect his job and Vice-President Dick Cheney from whom he first learned the name of Ms Plame on June 11 2003.

He set out nine separate conversations during June and early July 2003 in which Mr Libby discussed Ms Plame with reporters and administration officials. "Is it conceivable that all those nine witnesses make the same error in their memory?" he asked. "This is a case of lying, not conspiracy."

The defence yesterday portrayed Mr Libby as so preoccupied with national security issues in his 14-hour work day that he merely forgot details about Ms Plame. They argue the case boiled down to the credibility of two men: Mr Libby and Tim Russert, an NBC talk show host and one of the most respected Washington journalists.

Mr Libby argued that he learned about Ms Plame from him and was "taken aback" to hear it during a conversation they had on or about July 10. Mr Russert, however, unequivocally denied that while giving evidence during the trial.

Theodore Wells, the main defence lawyer, sought to undermine the credibility of the prosecution witnesses in an effort to make the case as much about the media's ability to recall events accurately as his client's memory lapses.

"Mr Russert has memory problems," he said. "Do not convict Scooter Libby on the word of someone who is suffering public memory lapses."

The jury is due to begin its deliberations on Wednesday.

Libby 'Told A Dumb Lie,' Prosecutor Says In Closing Argument (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 21, 2007

Vice President Cheney's former chief of staff lied to investigators about his role in leaking a CIA officer's identity in order to keep his job and protect the White House from political embarrassment, prosecutors told jurors yesterday in the closing arguments of I. Lewis "Scooter" Libby's perjury trial.

Pointing to a courtroom screen showing eight witnesses who contradicted Libby, Special Counsel Patrick J. Fitzgerald said it was no coincidence that Bush administration colleagues and reporters recalled Libby as intensely focused on undercover CIA officer Valerie Plame early in the summer of 2003, as her husband was publicly challenging the White House's rationale for going to war in Iraq.

"This is something important, something he was focused on, something he was angry about," Fitzgerald said. "He had a motive to lie, and . . . he stole the truth from the justice system."

Libby "told a dumb lie and got caught" when leak investigators refused to go away, Fitzgerald said. He added that Libby's lies had "left a cloud over the vice president" because Cheney's role in the leak remained unclear.

But two defense attorneys argued that Libby was a harried and hardworking public servant who was guilty only of forgetfulness about a relatively insignificant matter given his pressure-cooker job.

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In impassioned, and at times disjointed arguments, the defense lawyers drew attention to numerous witnesses who had faulty or questionable memories and conflicting recollections. They said it was unfair to assume that the witnesses had made honest mistakes but that Libby's untruths were deliberate.

"If you're not sure, that's not guilty," said attorney Theodore Wells Jr. "It's impossible to say with any degree of certainty that Mr. Libby is engaged in intentional lying."

Libby is charged with five felonies: two counts of lying to FBI agents, two counts of perjuring himself in grand jury testimony and one count of obstructing the federal probe into whether Bush administration officials illegally leaked classified information by disclosing Plame's identity to reporters.

They say Libby lied when he told investigators he learned about Plame from NBC's Tim Russert and passed it along as unconfirmed gossip.

Libby has pleaded not guilty, contending he inaccurately remembered conversations that he recounted to FBI agents and a grand jury. No one is charged with the leak itself.

The 12-member jury will receive instructions from presiding U.S. District Judge Reggie B. Walton early today about how to weigh the high-profile case against Libby. Jurors are expected to begin deliberations before noon.

Plame is married to former ambassador Joseph C. Wilson IV, whose accusations in 2003 that the Bush administration twisted intelligence to justify the war with Iraq set in motion events leading to the leak of his wife's name in a syndicated column by Robert Novak. Wilson's claims infuriated Cheney and others in the White House, and Cheney deputized Libby to contact reporters and rebut Wilson's claims.

Wilson turned out to be a potent critic. He had been sent to Niger by the CIA a year earlier to check on reports that Iraq had tried to obtain material for nuclear weapons there, and concluded that the reports were false. Within days of Wilson going public about his findings in July 2003 , the White House acknowledged that President Bush's State of the Union address should not have included the assertion that Iraq was trying to purchase uranium.

Fitzgerald told the jury yesterday that Libby was engaged in a campaign to make reporters skeptical of Wilson. His wife's post at the CIA and her role in suggesting him for the mission became a useful tool to insinuate that he wasn't qualified for the mission to Niger. The prosecutor disputed the defense's argument that Libby did not remember Plame because she was so trivial to him.

"To [Libby] she wasn't Valerie Wilson, she's wasn't a person," the prosecutor said, sipping from a plastic cup of water as he walked back and forth in front of the jury box. "She was an argument, a fact to use against Joe Wilson."

Prosecutor Peter Zeidenberg, summing up the government's evidence, said Libby "absolutely fabricates two conversations that never happened" -- with Time magazine reporter Matt Cooper and NBC's Russert. He said Libby's claim that he didn't remember the conversations was "just not credible" because Cheney considered the matter very important and it commanded much of Libby's time.

Zeidenberg also said Libby had several motives to lie. The president had said he would fire whoever had disclosed Plame's identity, a criminal investigation had begun, and, at Libby's urging, Cheney had personally vouched for Libby, getting the White House to say publicly that Libby was not the leaker.

In the defense's closing argument, Wells countered that the case was simply "he said, she said." He contended that it was "madness" to try to convict Libby of a crime based on his foggy memory about fragments of conversations that were the subject of FBI questions three and four months after they took place.

"It's a case about different recollections between Mr. Libby and some reporters," Wells said. "This is an important trial, and I represent an innocent man."

Wells said that Libby honestly believed he learned about Plame for the first time from Russert in a July 10, 2003, conversation -- a month after he was actually told about her by the vice president, Libby later acknowledged. Wells emphasized to the jury that Russert first told the FBI that he couldn't completely rule out discussing the subject with Libby because he talks to so many people.

"That's reasonable doubt right there," Wells said of an FBI agent's notes. "If you say, 'I believe Mr. Russert beyond a reasonable doubt,' my client's life would be destroyed. His reputation would be destroyed."

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Defense attorney William Jeffress Jr. reminded the jury of the pointed questioning that Libby endured when Fitzgerald asked Libby several different ways about nearly every conversation he had in a two-month period in 2003.

"It's not easy being in a grand jury. And Mr. Libby was there for eight hours," Jeffress said. "If he got something wrong in eight hours of questioning, that wasn't an intentional lie. Which witness came in here that didn't get something wrong?"

Jeffress highlighted the conflict between testimony of former White House press secretary Ari Fleischer, who said he had not told Washington Post reporter Walter Pincus about Plame, and Pincus's account, in which Fleischer was his source for that information. Jeffress said there were a lot of possible explanations, including that Fleischer lied.

"Of course, possibilities don't cut it in a criminal case," Jeffress said.

The Defense Rests, And Not A Minute Too Soon (WP)

By Dana Milbank

The Washington Post, February 21, 2007

For a brief moment yesterday, Scooter Libby was not a former White House aide on trial for perjury. He was an orphan in need of a loving home.

"He's been under my protection for the last month; now I'm entrusting him to you," defense lawyer Ted Wells told the puzzled jurors.

His voice breaking, the $700-an-hour lawyer pleaded: "Give him back! Give him back to me!"

Wells sobbed loudly and went back to his chair, where he sat staring at the floor and emitting the occasional sniffle.

Exactly what Wells was trying to achieve with this outburst -- if he intended it at all -- was a mystery. And that made it an appropriate coda for the defense's closing argument in the CIA leak case yesterday. Wells, who has successfully defended the likes of Robert Torricelli and Mike Espy, may yet win an acquittal from the jury, which will start deliberations today. But it won't be because of the cohesion of his closing arguments. Libby was alternately portrayed as a man who told the truth, a man who inadvertently misspoke, and the victim of conspiracies involving everybody from President Bush to Tim Russert.

Wells's shots rang out from every direction.

On his client: "He's not stupid, man."

On the prosecutors: "Think about the madness!"

On his opening argument: "Maybe I was drunk or something."

On prosecution witness Judith Miller: "Ms. Miller's gone. Boom!"

On Bush's chief strategist: "Karl Rove lied!"

On Bush's press secretary: "Gimme a break.' "

What he lacked in focus, Wells made up for in folksiness. He used words such as "skullduggery" and said White House intelligence briefings "make your toes curl." He credited his partner with "a Perry Mason moment in the courtroom" and informed the jury: "I'm gonna give you a homework assignment."

Wells returned repeatedly to a note written by Vice President Cheney expressing concern that Libby was being sacrificed to protect others. "Ted Wells didn't write that!" he exclaimed. Making a crawling motion, he elaborated: "I didn't crawl into the White House, get into a time machine and go back and forge the vice president's handwriting."

At times, Wells asserted that his client told the truth. "I represent an innocent person," he told the jury. "He didn't leak to anybody!" At other times, he portrayed Libby as benignly befuddled. "No question he's gotten some things wrong in the grand jury, no question about it," he granted. "It may turn out that Mr. Libby is totally confused." Or maybe he was tricked by prosecutors, who were "beatin' on him in the grand jury." Reasoned Wells: "Libby should not be penalized for having a different memory system from the investigators."

Of course, one man's "different memory system" is another man's perjury. And that's why Wells had a series of slides to accompany his argument with titles that read like political attack ads: "Serious questions have been raised about Russert's credibility. . . . No 'Smoking Gun' Documents. . . . Memory problems were common in this trial."

Some of the memory problems, as it happens, were Wells's. Just minutes into his argument yesterday, he confused Libby's grand jury testimony with his answers to the FBI; he quickly corrected himself. Earlier in the trial, Wells twice confused Steve

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Hadley, now Bush's national security adviser, with former CIA spokesman Bill Harlow. At another point, he absentmindedly read to the jurors from an exhibit of a newspaper article, neglecting to stop even as he pronounced "Copyright 2004, the New York Times." He resumed reading the article from the beginning before observing: "I read that already."

After modest attendance throughout the Libby trial, yesterday's closing arguments were as packed as a JetBlue terminal; even the "overflow room" was overflowing with lawyers and journalists sitting on the floor. Peter Zeidenberg, leading off the closing arguments for the prosecution, delivered two hours of matter-of-fact chronology, detailing how Libby leaked the identity of a covert CIA operative and then said otherwise to the FBI and a grand jury.

Zeidenberg's low-key delivery only made Wells seem more flamboyant. Tall and mustachioed, Wells paced in front of the jurors, a vein in his neck protruding as he recited, indignantly, the various wrongs done his client.

"They were hanging him out to be a public scapegoat!" Wells said of Libby's colleagues in the White House. "Andy Card" -- Bush's chief of staff -- "blew him off!" Wells also held Cheney responsible: "The vice president of the United States had directed him to talk with Judith Miller." Nor did the defense stop there. "And President Bush was behind it, too," Wells argued.

Wells portrayed prosecution witness Russert, the NBC News Washington bureau chief, as the type of man who forgets where he parked his car. "Mr. Russert has memory problems," the lawyer told the jurors during a lengthy assault on Russert's gray matter.

The worst treatment, naturally, was reserved for the prosecutors, who were at least twice accused of "madness." Said Wells: "It's outrageous! Just outrageous! They haven't given you anything."

Wells had so thoroughly skewered his opponents that he lost track of time. Racing to finish before his allotted time expired, he skipped through slides with remarks such as "I got seven minutes here" and "Next slide!" and "Move!"

"Where am I on time?" he asked a colleague.

"You're over," came the answer.

"Yeah," Wells said, "but by how much?"

It was late in the afternoon when Wells finally finished the last of his slide show. He was practically breathless as he made his final tug at the jurors' heartstrings. "Give him a fair shake," he pleaded. "This is a man with a wife, two children." In the front row, Libby's wife, Harriet Grant, began to cry; after Wells uttered his closing sob, she gave a kiss on the cheek to Wells's mother, sitting in a wheelchair.

But Wells, overcome, was not so pleased. He returned to his chair, where he sat, staring at the floor, for 10 minutes. His colleagues kept their distance. Libby walked over to give his thanks, but the spent Wells, dispatching his client with a brief word, resumed his study of the courtroom floor.

Ted Wells, Center Of The Defense (WP)

By Linton Weeks, Washington Post Staff Writer

The Washington Post, February 21, 2007

Scooter Libby's Attorney Makes His Case for the Powerful

For most of the month-long trial, Ted Wells, Scooter Libby's high-priced attorney, had been all smiles. He laughed. He shared light moments with the judge, the jury and with his opponent, special prosecutor Patrick J. Fitzgerald. At one point Wells and Fitzgerald were so palsy-walsy, Judge Reggie B. Walton chastised them.

Yesterday, in his closing argument, he struck a much different note. Speaking to the jury, Wells said Libby "has been in my protection for the past month."

Now, he told them, he was turning Libby over to them.

Then, as he asked the jury to presume Libby's innocence and "give him back to me," Wells began to cry. He sat down at the defense table and wiped his eyes.

It was a strange moment in a strange case.

Before beginning his argument yesterday morning, he paced in front of the empty jury box. He stood in a corner --tall, athletic, mustachioed -- like a fighter imaging the bout to come. Under the outwardly gentle guise you could see an inner toughness of someone who will use any combination of punches to win big.

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Family and friends came to watch him work. At one point he stopped to check on his 83-year-old mother, Phyllis, who sat in a wheelchair in the courtroom aisle.

There were moments when he seemed out of sync, checking on how much time he had left, hurrying through slides in his PowerPoint presentation.

At other times, he was impressive, trying to convince the jury that the prosecution was attempting to ruin Libby based on a few conversations with reporters. In charcoal suit, white shirt and red tie, he marched through pertinent evidence, occasionally lapsing into shtick.

He said he didn't agree with the way the prosecution portrayed his opening argument. "Maybe I was drunk or something," he said, working the jury like a Jay Leno audience.

"Ted has a wonderful demeanor," says Stanley M. Brand, a Washington litigator who has worked with Wells. "He's a master tactician. He's a bulldog, but in a gentle way."

Brand considers Wells -- a native Washingtonian who is a partner in the New York-based firm of Paul, Weiss, Rifkind, Wharton & Garrison -- to be "one of the five best trial lawyers in the country."

Wells would not sit for an interview for this story. But through conversations and e-mails with friends, colleagues, his mother and others who know him well, a portrait emerges of a tough defense attorney who has mastered the balance between easygoing and hard-charging.

Often he stands up for the Big Guy, comforting the comfortable. When some political or corporate hotshot has been charged with white-collar wrongdoing, Wells is likely to come to the defense. He has championed the causes of ExxonMobil, Schering-Plough and Carnival cruise lines.

After all, somebody has got to do it.

He's had victories. He successfully represented Clinton administration agriculture secretary Mike Espy and former senator Robert Torricelli. In 1987, he represented Raymond J. Donovan, a former Reagan administration labor secretary, and others on fraud charges. When the prosecution rested, Wells did not put any defense witnesses on the stand, a minimalist maneuver for which he's famous. The jury announced 137 acquittals.

In 1999, Brand called Wells in as a fireman in the case of Clinton-Gore fundraiser Franklin Haney, who was in court on 42 counts of election law fraud. "Ted and I went to trial," says Brand. "Boom! Forty-two acquittals."

Wells has had failure, too. In 2001 he represented Mitsubishi in a criminal antitrust case. The company was accused of price-fixing. One reason he lost the case, he has said, is because a week before jury deliberations began, the movie "Pearl Harbor" came out.

Born in Washington in 1950, Theodore V. Wells Jr. grew up in a small rowhouse in Northwest. His mother -- known in the neighborhood as Ma Wells -- still lives there. "He was like an all-American boy," Phyllis Wells says of her son. "He didn't give me trouble."

She was a mailroom clerk at the Department of the Navy for 35 years. His father was a taxi driver with a sixth-grade education. When Wells was very young, his parents split. He was raised by his mother. He has a younger sister, Toni, who lives in the District, and several half-brothers and sisters from his father's other marriages.

"He did extremely well in school," his mother remembers. She says he kept track of his grades on a piece of paper and would make out his own report card before the official one was issued. Once in elementary school he received a grade he felt he didn't deserve. He went to the teacher, pointed out the error and she changed the grade. "He knew how to argue his case," Phyllis Wells says, "even back then."

At Coolidge High School, he was passionate about football. He played center. He was smart enough to help call the plays, recalls Wells's coach, Phillip Gainous, and was strong enough to protect the quarterback.

"He was a tough guy," Gainous says. "One time he broke his coccyx -- his tailbone. He didn't miss any games. We made a doughnut for him by cutting a hole in a piece of foam. We stuck it down his pants and sent him in. He played through the pain."

Gainous, now the principal at Blair High School, says that Wells was not an arguer. "But he would," Gainous says laughing, "debate with you."

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At 6-feet-2 and 225 pounds, Wells was offered various college athletic scholarships. He chose Holy Cross in Worcester, Mass. After his first year, Wells quit the team to focus on academics.

About Wells "there was a kind of intensity I recognized early on," says Holy Cross classmate Edward P. Jones, a fellow Washingtonian who went on to win the 2004 Pulitzer Prize for Fiction.

As freshmen, Jones and Wells roomed in the same dorm. Jones remembers that one time he and Wells and several other students borrowed a car to go to New York to meet with law-school recruiters at Fordham University. The caffeine-fueled driver was sophomore and future Supreme Court Justice Clarence Thomas.

Wells graduated from college in 1972 and from Harvard University in 1976 with degrees in law and business. Along the way he married his high school sweetheart, Nina Mitchell. They were both 21. Today she is the secretary of state for New Jersey. They have two children: Teresa, 28, and Phillip, 26.

He worked for several New Jersey law firms over the years. He was national treasurer for Sen. Bill Bradley's presidential run in 2000. That same year became co-chair of the Paul Weiss litigation department.

He is proud of his longtime association with the NAACP Legal Defense and Education Fund. Last year, according to the National Law Journal, he helped defend desegregation education programs in two cases before the Supreme Court.

He also prides himself on being one of the rare trial lawyers in the country with a national jury trial practice. Last year the National Law Journal named him Lawyer of the Year.

Longtime friend Vernon Jordan called Wells up on Super Bowl Sunday and asked him over to his house to eat some chili and watch the game. Wells thanked him but said he was too busy preparing for the Libby case. "He works very hard," Jordan says.

And as for Wells's demeanor, Jordan says, "you don't have to be an [expletive] to win cases."

Washington attorneys took the day off yesterday to watch his big-league matchup with Fitzgerald. Wells -- who didn't put Libby on the stand -- argued that his client is an innocent man with a bad memory. Fitzgerald said Libby lied under oath.

There in the middle of the courtroom, Wells was playing center again, helping call the plays and protecting the guy with the ball. Laughing in the beginning, crying in the end.

Justice Rebuffs Call For Berger Inquiry (WT)

By Jerry Seper

The Washington Times, February 21, 2007

The Justice Department says it is unaware of any new facts to support a call by the former chairman of the House Oversight and Government Reform Committee for a new investigation into the theft of National Archives documents by former National Security Adviser Samuel R. Berger.

Acting Assistant Attorney General Richard A. Hertling, in a letter Friday to the committee's new Democratic chairman, Rep. Henry A. Waxman of California, said an "extensive investigation" led to a guilty plea by Mr. Berger in which he admitted removing the classified documents and the department "stands by its investigation."

"The department takes investigations regarding the mishandling of classified information and documents very seriously, and vigorously investigates and prosecutes those who endanger our national security," Mr. Hertling said.

His letter was in response to a report by Rep. Thomas M. Davis III, Virginia Republican and now the committee's ranking member, saying Justice gave Mr. Berger a "free pass" in its investigation and called for the committee to investigate the matter instead.

In a terse letter signed by 17 Republicans, Mr. Davis said the Justice Department was "unacceptably incurious" about Mr. Berger's visits to the Archives in May 2002 and July 2003 and never told the September 11 commission that he removed original, uninventoried documents. Mr. Davis also said the department failed to administer a polygraph examination, despite the test being part of a plea agreement Mr. Berger signed in exchange for a lesser sentence.

Mr. Berger, President Clinton's national security adviser from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material. He was fined $50,000 and barred from access to classified material for three years.

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The material was removed while Mr. Berger was preparing to testify before the National Commission on Terrorist Attacks Upon the United States, which was investigating intelligence and security failures.

David Marin, the oversight committee's Republican staff director, said the Justice Department told the September 11 commission that it had everything Mr. Berger removed from the Archives and that the nation's national-security exposure was "zero."

But, he said, no one told the commission -- including September 11 commission Executive Director Philip Zelikow and General Counsel Dan Marcus -- that Mr. Berger had access to original documents, which he could have taken without detection.

"We wanted the highest possible level of assurance that Mr. Berger did not take other documents," Mr. Marin said. "We still have the same concerns. Obvious investigative tools were not used. If you do not look, you will obviously not find the evidence."

In his letter, Mr. Hertling said the Justice Department and the FBI devoted "significant resources" to the Berger probe, conducted more than 50 interviews, inspected the Archives facilities, and reviewed thousands of pages of documents. He also disputed the report's conclusion that the department did not inquire about Mr. Berger's first two visits to the Archives.

"Neither Mr. Berger nor any other witness provided the department with evidence that Mr. Berger had taken any documents beyond the five referenced in the plea agreement," he said.

Berger Case Still Roils Archives, Justice Dept. (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, February 21, 2007

In a chandeliered room at the Justice Department, the longtime head of the counterespionage section, the chief of the public integrity unit, a deputy assistant attorney general, some trial lawyers and a few FBI agents all looked down at their pant legs and socks.

While waving his own leg in the air in illustration, Paul Brachfeld, inspector general of the National Archives and Records Administration, asked the group rhetorically if "something white" could be easily mistaken if it was wrapped around their legs, beneath their pant legs.

Under debate during the Nov. 23, 2004, meeting was Brachfeld's contention that President Clinton's former national security adviser Samuel R. "Sandy" Berger could have stolen original, uncatalogued, highly classified terrorism documents 14 months earlier by wrapping them around his socks and beneath his pants, as National Archives staff member John Laster reported witnessing.

Brachfeld said he was worried that during four visits in 2002 and 2003, Berger had the opportunity to remove more than the five documents he admitted taking. Brachfeld wanted the Justice Department to notify officials of the 9/11 Commission that Berger's actions -- in combination with a bungled Archives response -- might have obstructed the commission's review of Clinton's terrorism policies.

The Justice Department spurned the advice, and some of Brachfeld's colleagues at the Archives greeted his warnings with accusations of disloyalty. But more than three years later, as Brachfeld and House lawmakers have pushed new details about Berger's actions onto the public record -- such as Berger's use of a construction site near the Archives to temporarily hide some of the classified documents -- Brachfeld's contentions have attracted fresh support.

A report last month by the Republican staff of the House Oversight and Government Reform Committee said for the first time that Berger's visits were so badly mishandled that Archives officials had acknowledged not knowing if he removed anything else and destroyed it. The committee further argued that the 9/11 Commission should have been told more about Berger and about Brachfeld's concerns, a suggestion that resonated with Philip Zelikow, the commission's former executive director.

Zelikow said in an interview last week that "I think all of my colleagues would have wanted to have all the information at the time that we learned from the congressional report, because that would have triggered some additional questions, including questions we could have posed to Berger under oath."

The commission's former general counsel, Dan Marcus, now an American University law professor, separately expressed surprise at how little the Justice Department told the commission about Berger and said it was "a little unnerving" to learn from

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the congressional report exactly what Berger reviewed at the Archives and what he admitted to the FBI -- including that he removed and cut up three copies of a classified memo.

"If he took papers out, these were unique records, and highly, highly classified. Had a document not been produced, who would have known?" Brachfeld said in an interview. "I thought [the 9/11 Commission] should know, in current time -- in judging Sandy Berger as a witness . . . that there was a risk they did not get the full production of records."

In an April 1, 2005, press conference and private statements to the commission, the Justice Department stated instead that Berger had access only to copied documents, not originals. They also said the sole documents Berger admitted taking -- five copies of a 2001 terrorism study -- were later provided to the commission.

Those assertions conflicted with a September 2004 statement to Brachfeld by Nancy Kegan Smith, who directs the Archives' presidential documents staff and let Berger view the documents in her office in violation of secrecy rules. Smith said "she would never know what if any original documents were missing," Brachfeld reported in an internal memo.

In a letter to House lawmakers last week, Acting Assistant Attorney General Richard A. Hertling did not address the issue of why the department told the commission so little. But Hertling wrote that in numerous interviews, "neither Mr. Berger nor any other witness provided the Department with evidence that Mr. Berger had taken any documents beyond the five."

Hertling said the department "stands by its investigation" and believes the guilty plea it negotiated with Berger on April 1, 2005, "was the best one possible in light of the available evidence." He also criticized the Archives staff for failing at the time to confront Berger, search him or contact security officials, saying this failure "had to be weighed against the evidence."

Brachfeld has similarly expressed frustration that Smith and others who suspected Berger of wrongdoing chose not to inform him of their suspicions until more than a week after Berger's last visit to the Archives. "If I had been notified, I would have put cameras in the room. I would have caught him leaving with documents on him. . . . We could have had FBI agents around the facility. . . . He would have been arrested," Brachfeld said.

Brachfeld pressed Justice Department officials on six occasions in 2004 to make a fuller statement to the commission about Berger's actions, to no avail. He also contacted Justice Department Inspector General Glenn A. Fine, who organized an April 2004 meeting between Brachfeld and Justice officials that convinced him that "these issues had to go before the 9/11 Commission," according to two people present.

But in a notification to the commission the following month, the department did not mention that Berger had cut up documents, that he reviewed uncatalogued originals or that Brachfeld worried that Berger's theft was greater.

In the Hertling letter, the department noted obstacles in its investigation. The FBI was not advised of the case until Oct. 15, 2003, almost two weeks after Smith concluded that Berger had stolen documents. By then, Archives General Counsel Gary Stern had called Berger and former Clinton lawyer Bruce Lindsey about it and obtained two documents from Berger, who surrendered them at home after first denying they were in his possession.

The letter also said that six months after beginning the probe and well after Berger testified to the commission, "the Department had not yet asked Mr. Berger any questions, as he had not yet agreed to an interview." Berger's lawyer, Lanny Breuer, said Berger first spoke to the FBI in March 2005 and was interviewed a second time in July of that year, after his April 1, 2005, guilty plea to unauthorized removal and retention of classified material.

Judge Deborah A. Robinson imposed a stiffer penalty in the case than the Justice Department sought, fining Berger a total of $56,905, canceling his security clearance, and requiring monthly reporting to a probation officer for two years. Breuer said Berger has also picked up trash in Virginia parks for 100 hours to fulfill a community service requirement, and he criticized the renewed attention to Berger's case.

"It never ceases to amaze me how the most trivial things can be politicized. It is the height of unfairness . . . for this poor guy, who clearly made a mistake," Breuer said.

Some of Brachfeld's colleagues have not been cheered by his new congressional support. An Archives lawyer, who Brachfeld said was one of those involved in the Berger case, this month sent Brachfeld an e-mail accusing him of poor judgment and stating that "I don't think it comes as a great surprise if I were to venture the opinion that senior management at this agency have serious problems with the manner in which your office conducted itself . . . during the Berger investigation."

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On Friday, Archivist Allen Weinstein assured Brachfeld in writing, however, that this criticism did "not reflect either my views or the views of the overwhelming majority of NARA employees."

Inquiry Of Campbell Staffers Wears On (HILL)

By Mike Soraghan

The Hill, February 21, 2007

It may have been forgotten by many, but the corruption investigation of the office of former Sen. Ben Nighthorse Campbell (R-Colo.) isn't over.

The FBI and the Justice Department are pursuing the case, records show, nearly three years after it was opened and more than two years after Campbell left office. But charges have yet to be levied and an explanation as to why it's taken so long to wrap up has yet to be offered.

"I don't understand why it would take so long," said Tom Gorman, who heads a Denver-based, anti-drug task force and complained to the Justice Department that Campbell's office pressured him to award a no-bid contract. "It didn't seem to me to be that complicated of a case."

Campbell, too, said he's eager to put the investigation behind him, stressing that he has been told he is not a subject of the investigation. Investigators have not interviewed Campbell.

"Senator Campbell is eager to learn the results of the Department of Justice's investigation into the alleged actions of a former staff member," a Campbell spokeswoman, Kate Dando, said.

The "former staffer" is Campbell's onetime chief of staff, Ginnie Kontnik, who resigned just before the allegations surfaced. The Justice Department's anti-corruption unit is investigating a no-bid contract that Campbell and Kontnik tried to steer to a company co-owned by one of Campbell's top fundraisers. More sensationally, Kontnik allegedly shook down an underling for a $2,000 kickback in 2002.

A Jan. 12 letter from the Justice Department Criminal Division, obtained by The Hill, denied a request for documents about the investigation, saying they "relate to open and on-going law enforcement proceedings being conducted by the Public Integrity Section," referring to the department's anti-corruption unit.

The letter said releasing documents could interfere with the investigation.

A former Campbell staffer who came forward with the kickback allegation, Brian Thompson, said he figures the investigation has been shelved, even if the department says it's still open.

"I haven't talked to or seen anyone in this in a long time," Thompson said. "I think the FBI's interviewed everybody they can interview."

Since the Campbell allegations surfaced, the Justice Department has started an investigation of former Washington lobbyist Jack Abramoff and sent him to prison. Former Rep. Bob Ney (R-Ohio) is also on his way to prison on related charges.

The allegations helped to tip the balance of power in the Senate. Amid the revelations, Campbell reversed his plan to seek a third term. He was replaced by a Democrat, Ken Salazar.

A Department of Justice spokesman, Bryan Sierra, declined to comment on the investigation or whether its status has changed since the date of the letter. Attempts to reach Kontnik were unsuccessful.

Since announcing his retirement, Campbell used unspent campaign funds to pay more than $150,000 in legal fees to the firm of Patton Boggs.

The investigation does not seem to be impeding Campbell's seven-figure lobbying job in Holland & Knight's Washington office. His client roster lists nearly 20 firms, including United Air Lines, the PGA Tour, the Washington Metro Transit Authority and the National Indian Gaming Association. Campbell and his firm recently landed the Seneca Nation of Indians.

Kontnik, Thompson and most of Campbell's other former staffers have been interviewed by the FBI, according to press accounts. Dando said the former senator always encouraged his former aides to cooperate.

Former District of Columbia U.S. Attorney Roscoe Howard said the secrecy of the investigation makes it difficult to determine whether prosecutors are sitting on the case or actively pursuing it. The case could be in someone's drawer, Howard said, or prosecutors could be negotiating a deal with one suspect and building cases against others.

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"At Public Integrity, I don't think they're particularly aggressive," Howard said. "The nature of their targets makes everybody a tad gun-shy, but they don't just sit on a case to sit on a case."

The allegations surfaced days after Kontnik resigned from Campbell's office in 2004.

Thompson, who had worked under Kontnik in Campbell's suburban Denver office, told the Denver Post that Kontnik gave him a bonus in 2002, but demanded $2,000 back so she could pay her divorce attorney.

Kontnik confirmed the basics of Thompson's account, but said the money was reimbursement for legitimate "political-slash-Senate-related expenses."

She said she got the money "under an arrangement previously agreed to by the senator [Campbell]," but then backed off, saying, "He might not have technically signed off on it."

Gorman's no-bid contract allegations became public after Campbell announced his retirement in March 2004. Records showed that Campbell and Kontnik worked to steer a $1.15 million appropriation to Thinkstream Inc. The company was co-owned by Michael Smith, Campbell's 1992 campaign-finance chairman. Gorman and the directors of his task force resisted awarding the contract without bidding.

Kontnik's attorney "categorically" denied wrongdoing in the Thinkstream matter, but not in the case of the alleged kickback.

FBI, DOJ Continues Probe Of Wisc. Travel (AP)

By Ryan J. Foley, Associated Press Writer

AP, February 21, 2007

DOJ: Probe Into Wisconsin's State Travel Contract Continues

MADISON, Wis. (AP) -- The FBI and the state Department of Justice are continuing their investigation into Gov. Jim Doyle's administration, investigators said.

With one state employee convicted of steering a travel contract to a company with political ties to the governor, the criminal probe "remains open," the state Division of Criminal Investigation said in a letter to The Associated Press.

The disclosure means an investigation that distracted Doyle during his first term in office and gave ammunition to his critics could continue into his second. Doyle has not been accused of wrongdoing and has defended his administration from accusations of corruption.

The news came in DCI administrator James R. Warren's Feb. 14 response to a public records request for documents relating to the agency's investigation of the travel contract.

Warren turned over more than 50 pages detailing the probe that led to last summer's conviction of Georgia Thompson, a state purchasing supervisor, on federal fraud charges.

But he declined to release an additional 105 pages, including 40 pages of FBI reports, that he said involve "persons other than those who testified at the trial of Georgia Thompson."

Their release would undermine the probe, he said. Warren also blacked out the identities of two people from the released records.

"DCI's investigation remains open, and releasing identifying information about these individuals would interfere with that ongoing investigation," he wrote.

Prosecutors said Thompson steered a contract to a company whose executives gave $20,000 to Doyle's re-election campaign. She is serving 18 months in prison. After her trial, U.S. Attorney Steven Biskupic in Milwaukee told reporters the probe was not over.

Doyle's opponent in the November election, Republican Mark Green, repeatedly claimed Doyle's administration was facing "an ongoing FBI investigation." But the probe seemed to fizzle out as months went by with no additional action.

Doyle's former top aide, Marc Marotta, figured prominently at Thompson's trial last June. Prosecutors introduced evidence showing he met with Adelman Travel Group officials before the bidding process and his phone line traded calls with company executives on a key date of the competition.

Marotta served as secretary of the Department of Administration from 2003 to October 2005.

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He did not testify at the trial and said afterward that he promised investigators he would not discuss his role in the award of the contract. But he broadly denied wrongdoing and kept a low-profile during Doyle's re-election campaign despite his role as chairman.

In the DOJ files, investigators note Thompson worked beneath two political appointees who worked for Marotta. Doyle's aides have argued the trial proved Thompson acted on her own -- despite some jurors' belief that higher-ups were involved.

Mike McCabe, director of the Wisconsin Democracy Campaign, which tracks political donations, said investigators last asked his group for information on Doyle's campaign donations weeks before the Nov. 7 election.

"I have not heard a peep since then," he said. "That's the last inkling we had about the nature of the investigation. It gave us the sense it was ongoing, it was both state and federal authorities involved, but that's all I know."

Kevin St. John, spokesman for Attorney General J.B. Van Hollen, declined comment. Administration spokesman Scott Larrivee referred questions to investigators.

Surprising New Evidence In The John Ford Tennessee Waltz Case (WREG)

WREG-TV, February 21, 2007

MEMPHIS, TN -- Today there is surprising new evidence in the John Ford Tennessee Waltz Case. With video and audiotapes, the FBI says Ford took thousands of dollars in bribes.

The hearing this afternoon is about the Rolex watch Ford said he received as a gift from Memphis developer Rusty Hyneman. FBI agents seized the diamond-studded Rolex when they arrested Ford in May 2005 and now Ford's defense is trying to get the watch thrown out as evidence in the former Senator's corruption trail.

Today the government unveiled proof that the watch is relevant in the bribery case by introducing new undercover audio and video tapes.

At one point, Ford is heard saying to an undercover FBI agent that he is going to receive a $50,000 Rolex because he did Hyneman a big favor. He then tells the agent that Hyneman is a "rich white boy".

He is on video again later, showing off the Rolex and telling another FBI agent that he paid zero for the watch because he did the developer a big favor by saving them up to $1.5 million dollars.

Prosecutors are also trying to prove that Ford eased fines for environmental fines on some of Hyneman's projects and according to the govenment, this is why Ford got the watch.

John Ford Goes To Court Over Rolex Watch (WPTY)

WPTY-TV, February 21, 2007

We have new information on the bribery charges against John Ford.

Prosecutors want John Ford's Rolex watch to be used as evidence during his upcoming bribery trial.

They say prominent developer Rusty Hyneman gave Ford the watch in return for a favor, but the defense says Ford bought the $32,000 watch.

After hours of hearing arguments from prosecutors and the defense, the judge did not make a decision Tuesday about whether John Ford's Rolex watch can be used as evidence during his Tennessee Waltz bribery trial.

John Ford spent today in court over something similar to this $32,000 Rolex watch. In the end, the judge didn't decide whether it can be used as evidence in Ford's bribery trial.

His attorney Mike Scholl says, “We're just here to argue the motion today and whatever time the judge needs it's his decision so we're not anxious to push anything or anxious for a decision one way or another.”

Prosecutors say Memphis developer Rusty Hyneman bought Ford the watch.

They say Ford met with Hyneman on October 4, 2004 to talk about Hyneman's state environmental violations.

On Oct 14, Hyneman bought a $32,000 Rolex watch. On Oct 15, Ford tells an undercover FBI agent on a videotape that he needs his Rolex from Rusty Hyneman.

On November 19, Ford shows an undercover FBI agent a Rolex and says he did Rusty Hyneman a "big favor."

Rusty Hyneman plead the fifth amendment in court today when asked about the Rolex watch.

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His lawyer Jim Garts says, “They're basically on a fishing expedition on that and we advised Mr. Hyneman that he could exercise his constitutional right.”

Ford's lawyers say there's no proof Hyneman gave Ford the watch.

On Jan. 31, 2005, Ford changed his story. Ford told an undercover FBI agent he bought the watch.

FBI agents acknowledge Hyneman has not saved any money for state environmental violations he faces.

We also learned some new information about Ford's involvement with E-cycle.

That's the fake FBI company he's accused of taking bribes from.

Just months before his arrest, Ford was suspicious of the company.

During a conversation with FBI informant Tim Willis, Ford asks Willis, "Are they legit?"

He also asks Willis if he is working for the FBI.

Ford tells Willis, "If you are, just tell me. I got a gun. I'll just shoot you dead."

John Ford's trial starts on April 9th.

He is accused of taking bribes in return for sponsoring legislation for the fake FBI company called E-cycle.

Judge Mulls Decision After Ford's Rolex Hearing (WHBQ)

By Amy Cowman

WHBQ-TV, February 21, 2007

Memphis, Tenn. (WHBQ FOX13 MyFoxMemphis.com) -- The prosecution scored a partial victory in former state Senator John Ford's Tuesday Tennessee Waltz hearing. At the center of the court appearance is a $40,000 Rolex watch and a question over whether it was a gift or a bribe.

Former state Senator John Ford and his attorney's walked out of federal court with not much to say.

"We're not really going to comment on the hearing half," said Ford's attorney Michael Scholl. "The proof came out in the hearing as it is and the judge hasn't made a decision. So we'll wait on that decision."

Judge J. Daniel Breen did deny the defense's request to suppress the watch due to the way it was seized, saying the government had the right to seize it, but the judge still wants more proof on the relevance of the Rolex before he allows it into trial.

Ford declined to comment after the prosecution showed several taped conversations between Ford and undercover officers.

The conversations included segments where Ford referenced a $50,000 Rolex watch he said he paid nothing for and received from developer Rusty Hyneman in return for saving him more than a million dollars in fines.

Hyneman's attorney's advised him to plead the fifth on the witness stand.

"It was a bunch of embellishment by Senator Ford as to what happened," said Hyneman's attorney, Jim Jartz. "There were four or five different versions, one of those was apparently the state's theory. But pick which one and there's just no point in Mr. Hyneman subjecting himself to that when he's not a defendant."

The defense argued Ford never saved Hyneman money on fines, also they argued Ford paid for his own Rolex watch and made an even swap with Hyneman for a different watch, saying Ford boasted about things that weren't true.

Defense attorneys said the judge probably won't rule on whether the Rolex will be admitted until once the trial has begun.

Ford's trial is set to begin on April 9.

Memphis Developer Refuses Testimony On Ford Watch (WMC)

WMC-TV, February 21, 2007

Prosecutors and Defense Attorneys battled for hours over whether the now-infamous wrist watch should be allowed into evidence.

The judge is going to take some time to make that decision.

And some highly-anticipated testimony turned out to be a waste of "time."

We've shown you video of former Senator John Ford "caught on tape" before.

The feds say he took cash in exchange for political favors.

It's the same reason they say he accepted a Rolex watch from developer Rusty Hyneman.

Hyneman was as evasive outside court Tuesday as he was inside. He pleaded the 5th on every question concerning his relationship with Ford. In other words, he answered nothing.

"He's not a defendant, he's not on trial, he's not been charged with anything," said Hyneman's attorney Jim Garts. "So, there's really no point in him giving testimony in that courtroom," he added.

Prosecutors want the watch presented as evidence during Ford's upcoming corruption trial.

They say it proves Ford is willing to take a bribe. They presented audio and video tape of Ford boasting about the watch.

At one point, he's heard saying that he is going to receive a $50,000 Rolex because he did Hyneman a big favor.

He later tells an undercover agent that Hyneman is a quote "rich white boy."

"Whatever time the judge needs, it's his decision," said Ford's attorney Mike Scholl. "So, we're not anxious to push anything to anxious for a decision one way or the other," he added.

As usual, Ford was not willing to comment, for the most part. Reporter Jason Miles asked him what kind of watch he is currently wearing.

"You don't need to know that," Ford replied.

The judge might not make a decision about Ford's Rolex until his trial begins April 9th.

Sen. Cooper Intoxicated, Speeding, THP Charges (TENN)

By Leon Alligood, Staff Writer

The Tennessean, February 21, 2007

Lawmaker hurt in Feb. 7 wreck

State Sen. Jerry Cooper was legally drunk when he rolled his sport-utility vehicle on Interstate 24 earlier this month after attending three legislative receptions, the Tennessee Highway Patrol said Tuesday.

The Democrat from Morrison, 58, who was already free on bail on federal fraud charges, was charged with drunken driving and speeding in connection with the Feb. 7 one-vehicle wreck in Rutherford County.

As for how drunk he was, the THP wasn't saying Tuesday. A spokesman refused to disclose details of the charges, including the senator's blood-alcohol level and the estimated speed of his vehicle.

"Until it's been served, we cannot release the warrant," said Mike Browning, spokesman for the THP.

The legal threshold for drunkenness in Tennessee is 0.08.

Cooper was seriously injured in the wreck and is convalescing at home from rib fractures, a concussion and a severe arm injury. He will be arrested or required to turn himself in "when he is physically able," according to the THP statement.

Last week, Cooper's doctor said the senator would need months to heal. It wasn't clear Tuesday how long the senator could wait before being booked on the charges.

District Attorney General William Whitesell of Murfreesboro, whose office will prosecute the case, did not return a phone call Tuesday.

Efforts to contact the senator or his attorney, Jerry Summers of Chattanooga, were not successful. Neither returned calls.

In light of the accident, Summers has asked the judge in Cooper's fraud case to postpone the March 5 start date of the trial.

Information from The Associated Press was used in this report.

Contact Leon Alligood at 615-259-8279 or at lalligood@tennessean.com.

One On Trial Blames Another: His Twin Brother (PHI)

By John Shiffman

The Philadelphia Inquirer, February 21, 2007

Andre L. Henry - who stands accused of violent crimes against a police officer, two banks, two grand-jury witnesses, and eight fast-food restaurants - has offered jurors in his trial an unusual defense.

The man secretly recorded in a prison cell confessing?

Not him, Henry testified. It was his twin brother; they had traded cells in prison.

"We figured, why not?" Henry told jurors. "Who would know?"

A federal jury in Philadelphia is expected to begin deliberating Henry's fate this morning. If convicted of the most violent charges - including car-jacking and solicitation to murder - he probably faces life in prison.

In closing arguments yesterday, Assistant U.S. Attorney Michelle Rotella mocked Henry's assertion, and said the government had provided ample evidence that Henry doesn't have a twin brother.

"His story is just absurd," Rotella told the jury.

Federal officials say Henry is an extremely violent man. In addition to the charges in this case, he faces state murder charges and, according to grand jury testimony, was investigated for an alleged plot to detonate pipe bombs inside the Gallery at Market East mall.

The alleged 2003 plot against shoppers and commuters at the Center City mall had not been previously reported. Henry was never charged with terror-related crimes; he and his lawyer, Christopher Warren, have denied that any attack was planned.

Jurors in his trial have not been told directly about the alleged Gallery plan. But during cross-examination, Henry unexpectedly began to talk about it, accusing Rotella of fabricating evidence against his family.

"When the public hears about domestic terrorism, they're going to want to know what happened," Henry said. "Were these guys actual terrorists? What happened?"

"You were arrested, Mr. Henry," Rotella shot back. "That's what happened."

The government's best evidence of a terror plot is the secret recording of Henry made by his cell mate - an unredacted copy of which was reviewed by The Inquirer.

At one point, Henry, who is a black Muslim, said on tape that the purpose of the blasts, timed for rush hour near the Market East SEPTA station, would represent "domestic terrorism" against white Americans.

At another point on the recording, however, Henry said the purpose would be to divert Philadelphia police long enough to pull off a major bank robbery.

"Prior to robbing the bank, he was going to plant 17 pipe bombs in the Gallery," the cell mate, Kreg Williams, said during grand-jury testimony.

When Henry was arrested on a parole violation in 2003, agents from the Bureau of Alcohol Tobacco, Firearms and Explosives said they had found materials for making pipe bombs in his trunk.

In the basement of Henry's home, agents said, they found a Glock pistol, a Fanchini shotgun, a Marlin rifle, a Romanian AK-47 assault rifle, a Point Blank bulletproof vest, $14,000 in pink-dye-stained cash, and photos of Henry and others holding weapons.

As Henry sat in prison on the parole charge, the ATF received a letter from Williams.

"Henry's case is much more involved than the weapons...," Williams wrote. "I can wear a wire and get all the evidence on tape."

Williams, a self-styled jailhouse paralegal, was fitted with a wire. Under the guise of helping Henry prepare his legal case, Williams got him to talk.

Besides speaking about the alleged Gallery plot, Henry was recorded speaking about a car-jacking, a plan to kill a grand-jury witness, a 2003 shoot-out with a Philadelphia police officer, and two bank robberies.

In a tape excerpt played at trial, Henry described one of the bank robberies: "I jumped over the counter, and I emptied the drawers, and I told the manager to open up the... vault."

Henry is also charged with making straw gun purchases - using women who did not have criminal records to buy his weapons, including six assault rifles.

In closing arguments, Warren reminded jurors that most witnesses against Henry had testified hoping to reduce their prison sentences. The lawyer also noted that authorities had failed to obtain incriminating fingerprints or DNA from a trove of evidence, including the cash, seized at Henry's home.

Capano's U.S. Appeal Detailed (AP)

By Randall Chase

AP, February 21, 2007

DOJ_NMG_0134579

DOVER, Del. - Thomas Capano's lawyer argued in a federal appeal yesterday that a judge had violated the convicted killer's constitutional right to a fair trial by refusing to let the jury consider charges other than murder and by allowing hearsay testimony.

In a 71-page brief supporting Capano's habeas corpus petition, attorney Joseph Bernstein said the Delaware Supreme Court had erred in upholding the judge's decision to give the 1998 jury only two options: acquittal or conviction for first-degree murder.

Under a 1980 U.S. Supreme Court ruling, a defendant in a capital murder case is entitled to jury instructions that include lesser offenses if any evidence supports those offenses, Bernstein told the Associated Press.

Capano, now 56, acknowledged in his trial that he had dumped the body of Anne Marie Fahey, who was Gov. Tom Carper's scheduling secretary, into the Atlantic Ocean, but said her death had been an accident.

"If you're on a jury and you hear that, and you only have two options, what are you going to do?" Bernstein said. "Even if you don't think it was intentional murder, you're not going to let him go."

Capano, once a wealthy and politically connected lawyer, was convicted of shooting Fahey, 30, in 1996, allegedly because she was breaking off an affair with him.

Bernstein also argued in the federal appeal that hearsay testimony by Fahey's friends and psychotherapists should have been excluded from the trial.

In 2001, the state Supreme Court upheld Capano's conviction, his death sentence, and Judge William Swain Lee's decision to reject lesser offenses such as manslaughter or criminally negligent homicide.

While finding that Capano's trial included "obvious hearsay," the Supreme Court said Lee had admitted it with careful limiting instructions to the jury.

Certain inadmissible hearsay testimony did not amount to reversible error, the court added.

"What we're saying is that, under state law, the Delaware Supreme Court was wrong," Bernstein said.

He said the overturning of Capano's death sentence last year and subsequent sentencing to life in prison without parole did not affect his federal appeal.

"When the jury was originally instructed, it was a capital case," he said.

Loren Meyers, a criminal appeals attorney with the state Department of Justice, did not immediately return a telephone call seeking comment on Bernstein's filing. The state has until April 16 to file an answer.

Elmira Man Admits To Child Porn Charge (ELMSG)

Elmira (NY) Star-Gazette, February 21, 2007

John R. Maggese, 44, pleaded guilty today to a felony charge of possession of child pornography, according to a press release from the U.S. Department of Justice.

Maggesse was accused of having child pornography on a computer he owned from July 2003 through August 2005, the release stated. He received the images over the Internet; some of the images showed children under 12 years old.

Maggese is scheduled to be sentenced at 2 p.m. May 24 in U.S. District Court in Rochester. The charges carry a maximum penalty of 10 years imprisonment, a $250,000 fine, or both.

Investigator Pleads Guilty To Fraud Against Law Firms (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, February 21, 2007

A Montana man Tuesday pleaded guilty to defrauding law firms involved in major litigation by claiming to have proof of illegal activity by opposing counsel and parties.

Michael Lair, 46, headed consumerdefense.com Inc., which held itself out as a consumer complaint investigator and researcher for large fraud cases. Tuesday, Lair admitted to defrauding attorneys and litigants of more than $311,000 in 2003 and 2006 as he pleaded guilty to four counts of wire fraud before Southern District of New York Judge John Keenan.

Under a plea agreement with Assistant U.S. Attorney Helen Cantwell, Lair is expected to be sentenced to serve somewhere between 2 years and 3 months to 2 years and 9 months in prison.

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The victims of the fraud included two of Manhattan's top litigation firms, Morvillo, Abramowitz, Grand, Iason; Anello & Bohrer; and Kasowitz, Benson, Torres & Friedman.

While the guilty plea Tuesday covered the litigation involving the Morvillo and Kasowitz firms, prosecutors had been prepared to obtain a superseding information that would have charged Lair with attempting to defraud 10 other firms in litigation in New York and other parts of the country.

Tuesday, with defense attorney Leonard Joy by his side, Lair told Judge Keenan, "I agreed with a number of law firms to supply information about the parties involved in legal actions in which the law firms were involved. I charged the firms' fees knowing that I did not have and could not have obtained such information."

Name partner Robert Morvillo was representing former AIG Inc. Chairman Maurice Greenberg in a dispute with the insurance giant when he was approached by Lair in 2005 with an offer to sell sensitive information about the company and opposing counsel.

Lair then allegedly turned around and tried to sell information to the opposing counsel about illegal and unethical acts purportedly committed by the Morvillo firm, when, in fact, he had no such information.

The Morvillo firm paid Lair $75,000 on behalf of Greenberg to provide information about alleged misconduct by AIG auditor PriceWaterhouseCoopers, but Lair never provided any information.

He then approached lawyers for AIG and said he had been hired by the Morvillo firm to hack into the company's computers and obtain telephone and e-mail records -- also a fabrication, according to the government.

Following Lair's arrest in November, Michael Bowe of Kasowitz Benson said Lair contacted him in March 2006, claiming to have information on hedge fund SAC Capital, which was being sued by Bowe's client, pharmaceutical company Biovail Corp., for allegedly colluding with analysts to publish misleading reports that damaged the company's stock price.

The Kasowitz firm paid Lair less than $5,000 for travel expenses to New York but never received any information from him.

"We paid $5,000 in travel expenses for one meeting that went nowhere," Bowe said Tuesday. "We never paid any money for services or information."

Lair also tried, prosecutors said, to have SAC Capital's lawyers pay $50,000 for the "information" that the Kasowitz firm had hired him to hack into SAC's computers.

According to the complaint the FBI had already been alerted to Lair's activities and agents were monitoring his communications with SAC's lawyers.

Morvillo could not be reached for comment Tuesday.

In addition to the two named New York law firms, the information filed against Lair alleged that between 2003 and 2006 he also defrauded 10 other law firms. He allegedly received $10,000 from New York attorneys involved in trade secrets litigation; $50,000 from an attorney representing an Internet services company in litigation with hedge funds; $25,000 from an attorney weighing whether to start litigation against a software development company; and $35,000 from an attorney representing an investor against a computer software company and its outside auditors.

The other firms were not named.

Cantwell is also seeking the forfeiture of $311,000, which represents the total Lair received from the 12 firms.

Lair, who has been behind bars since his arrest in November, is scheduled to be sentenced March 21.

Lawyer Admits Stealing More Than $20 Million (AP)

AP, February 21, 2007

WHITE PLAINS (AP) - A lawyer pleaded guilty to stealing more than $20 million from a bank and at least one client, spending the loot on vacation homes, a wedding and generous salaries for his employees, authorities said.

Under a deal with prosecutors, Anthony Bellettieri, 53, faces more than a decade in prison after admitting in federal court to bank and mail fraud dating to at least 2003.

Bellettieri, a real estate lawyer, stole the funds through check kiting - taking money from his law firm's escrow account and writing checks on another account to cover the escrow account's losses.

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According to J.P. Morgan Chase, the primary victim, the tactic worked partly because he used checks with a printed error. The scheme fell apart after the bank issued correct checks in November.

Prosecutor Cynthia Keefe Dunne said the stolen money paid for, among other things, a swimming pool at Bellettieri's Pleasantville home, a family wedding, high salaries for the law firm's workers and condos in Miami Beach and Aruba.

Five Plead Guilty To Bilking Investors In Years-long Scam (SDUT)

By Kelly Thornton, Union-tribune Staff Writer

The San Diego Union-Tribune, February 21, 2007

Ring's victims were mostly churchgoers

SAN DIEGO – Five men have pleaded guilty in federal court to defrauding investors of $20 million in a long-term scam that preyed mostly on churchgoers.

John Harrell, the ringleader of the scam, admitted he recruited investors with bogus schemes and then spent all the money on himself and other members of the enterprise, said prosecutor Jason Forge.

Harrell pleaded guilty Tuesday before U.S. District Judge Thomas Whelan to fraud, conspiracy and money laundering charges. He faces a sentence of up to 335 years in prison, Forge said.

The others – Ocean Beach liquor store owner Gregg Stavros, Daniel Anderson, Kenneth Hodgell and John Reitz – pleaded guilty to fraud and tax charges, and each faces a maximum of 10 years in prison.

One of the bogus stories used to lure investors: Descendants of Mormon church founder Joseph Smith had created a $1.6 trillion trust fund held overseas, and investors were needed to bring the money back home.

"Mr. Harrell and his co-conspirators utilized a complex fraud scheme to steal millions through promises of high rates of return with no risk," said Dan Dzwilewski, head of the FBI office in San Diego.

"He also preyed on his victims' religious faiths and their suspicion of government. Today's result will make others think twice before defrauding the American public."

The defendants used investor money to pay their rent, to pay for privately chartered flights, and to rent cars for themselves, Forge said. The rental car bill was more than $400,000 per year. The defendants targeted many of their victims through churches.

The massive fraud ring operated out of an Ocean Beach liquor store and a Mission Valley apartment complex. Millions of dollars were laundered through Stavros' Chris' Liquor Store in Ocean Beach, officials said.

Authorities described the organization as "a cult-like investment scheme" that operated out of San Diego beginning in the late 1980s.

Former Judge Collapses As He Is Sentenced For Child Porn Possession (LAT)

By Christine Hanley, Times Staff Writer

The Los Angeles Times, February 21, 2007

Ex-Orange County jurist Ronald C. Kline quickly recovers. He must serve 27 months in prison and register as a sex offender.

A former Orange County judge collapsed in a Los Angeles federal courtroom Tuesday moments after being sentenced to 27 months in prison for possessing child pornography, bringing a dramatic end to a case that tested privacy rights and nearly fell apart because of a computer hacker's role in the investigation.

Ronald C. Kline was standing with his hands in his pockets and swaying slightly as U.S. District Judge Consuelo B. Marshall indicated he would do prison time. Kline's knees suddenly buckled, and he fell backward, with his eyes closed, into the arms of one of his attorneys.

A nurse and paramedics rushed to the courtroom. . They monitored his heart and administered other tests on the 66-year-old Kline. He was on his feet about a half-hour later, and his attorneys said he was well enough to sit through the rest of the hearing.

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When it resumed, Marshall also ordered Kline to serve three years of strictly supervised probation. During that time, he cannot use the Internet or possess any technology — including a cellphone — that would allow Internet access without prior written approval.

Other conditions bar him from lingering within 100 feet of schools, parks and other common gathering points for children under 18. He must also register as a sex offender for the rest of his life.

Marshall said she based her ruling on a variety of factors, including a recommendation by probation officers that Kline serve from 27 to 33 months, the seriousness of the offense, Kline's lack of prior criminal history and his acceptance of responsibility.

Assistant U.S. Attys. Gregory W. Staples and Deirdre Z. Eliot said they were satisfied with the sentence, even though they had asked for the maximum 33 months.

The prosecutors spent a good deal of the hearing chronicling Kline's pursuit of an 18-year-old man he met while both were enrolled last year at a treatment center for sexual disorders. Kline had been ordered by the facility's staff to stay at least 10 feet away from the teen, who is described in court records as emotionally and developmentally disabled. Instead, Kline wrote him letters and asked him to move in.

Kline's attorneys were seeking probation for their client, arguing that he had accepted responsibility and was voluntarily undergoing rigorous treatment for what they described as a sex addiction. . They repeatedly pointed out that Kline broke no laws by interacting with the 18-year-old, who was legally an adult.

"This is a tragic case," said Paul S. Meyer, one of his attorneys. "Our client has obviously suffered throughout this entire ordeal."

Kline, who has been confined to his Irvine home and has had to wear an electronic monitoring device since his arrest, was ordered to surrender to U.S. marshals by May 21. He has never spoken publicly about the allegations. Given the chance to address the court Tuesday, Kline said he owed an apology to society in general and people he had met over the years.

"The problem is, I can't think of a way to say it to make any of it right," he said. "It would be a lifetime of apologies for what I did."

Appointed to the Orange County Superior Court bench in 1995, Kline enjoyed an impeccable reputation as a civil judge and was running unopposed for his second six-year term until he was arrested in November 2001 and charged with seven counts of possessing child pornography on his home and courthouse computers.

The investigation began after Bradley Willman, a Canadian hacker who saw himself as a computer cop, used a virus to gain access to Kline's home computer and download explicit diary excerpts about the judge's sexual desires and more than 1,500 pornographic photos of young boys.

Willman forwarded his findings to a Colorado-based Internet watchdog group, Pedowatch, which contacted Irvine police. Warrants were obtained months later that allowed searches of Kline's home and courthouse computers.

The case became a national spectacle and set the stage for one of Orange County's strangest elections. Talk radio hosts Ken and John of KFI-AM (640) set up a makeshift studio outside Kline's home, reading his diary entries in their daily broadcasts and urging voters to elect one of eleven write-in candidates challenging him for the judicial seat.

After the widespread publicity surrounding Kline's arrest, a former neighbor came forward with allegations that he was molested by Kline 25 years earlier. That case was dismissed in 2003 when the U.S. Supreme Court invalidated a California law that had waived statutory limits for old sex crimes.

That same year, the federal case also appeared to have collapsed amid a legal debate centered primarily on the credibility of the computer hacker and the timing of his "break-in."

Prosecutors argued that Willman played a limited role in their investigation and worked independently of any police agency. But defense attorneys equated Willman to a government agent and said his computer invasions were a "21st century wiretap" to secretly monitor, remove and deliver incriminating files to police.

In separate rulings, Marshall sided with the defense and suppressed the diary excerpts and photos found on his home and courthouse computers, concluding that the evidence was the fruit of the earlier illegal search of Kline's home computer by the

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hacker, who saw himself as working for police. And, she concluded, as an agent for the police, that hacker had needed a warrant to conduct the search legally.

But prosecutors appealed her decision. And in October 2004, the case was resurrected by a three-judge panel of the U.S. 9th Circuit Court of Appeals. In an unpublished opinion, the justices ruled that the Canadian hacker was not working for the police when he accessed the judge's hard drives and therefore did not violate Kline's privacy rights. They found that even though there was ample evidence to support the contention that Willman was acting with the intent to assist law enforcement, there was no evidence that any police agency knew of his search beforehand.

In December 2005, months after the U.S. Supreme Court declined to hear Kline's appeal, he pleaded guilty to four counts of possessing child pornography on his home computer and computer disks.

Owner Vows A Hassle In Escort-service Probe (WT)

By Jim McElhatton

The Washington Times, February 21, 2007

A California woman who is the target in an ongoing criminal probe into the operation of her District-based escort agency has told federal authorities she will "make life miserable" for former customers and employees unless her case is dropped, government attorneys say.

"I cannot emphasize to you the terrible and quite unnecessary ramifications this case (civil and/or criminal) will set off, if permitted to advance for both sides," Deborah Jean Palfrey wrote in an e-mail to the U.S. Attorney's Office. "The press will have a field day at each of our expense."

Government attorneys referenced the e-mail in a recent motion to postpone civil forfeiture proceedings against Miss Palfrey pending the outcome of a criminal investigation. But an attorney for Miss Palfrey wants to move forward with the civil case, filing court papers last weekend detailing an attempt to depose former Clinton campaign adviser Dick Morris.

Mr. Morris, a news commentator who resigned from the Clinton campaign in 1996 amid a scandal involving escort services, is "the only customer of the service who has publicly admitted using the services for 'legal' sexual activity," Miss Palfrey's attorney wrote in court papers.

Attempts to reach Mr. Morris were not successful yesterday.

Miss Palfrey, of Vallejo, Calif., has been the target of a two-year investigation by the Internal Revenue Service and U.S. Postal Service into whether she illegally earned money from prostitutes working as escorts for her business.

Miss Palfrey has not been charged criminally.

In October, federal agents seized more than $427,000 in cash and stocks from Miss Palfrey. In pleadings, authorities say the criminal investigation is ongoing.

Miss Palfrey's forfeiture attorney, Montgomery Blair Sibley, said yesterday he is seeking to depose Mr. Morris because the one-time presidential adviser already has admitted using escort services in the District in the mid-1990s, including, he said, Miss Palfrey's business, known as Pamela Martin & Associates.

"The only reason we mentioned Dick Morris is that he had publicly come out," Mr. Sibley said. "We are trying to keep the names of the other hundreds of clients private. ... Nobody wants a circus."

The U.S. Attorney's office declined to comment on the case yesterday.

In recent filings, Assistant U.S. Attorney William R. Cowden expressed concern about what he called Miss Palfrey's "recent threat to harass potential witnesses whose identities remain secret ... through calculated public disclosures of former customers' and former co-workers' identities."

Mr. Cowden also said authorities want to hold off on the pending civil seizure proceedings because it could affect the ongoing criminal investigation.

He said Miss Palfrey's attorney wants the government to turn over the names of cooperating witnesses. That could compromise the ability of criminal investigators to gather confidential information, he wrote.

"At this point, no good purpose would be served by facilitating claimant's apparent effort to expose and potentially embarrass former customers and co-workers of her 'full service' escort agency," Mr. Cowden wrote.

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Mr. Sibley declined to comment on the contents of Miss Palfrey's e-mail. But he disputed the idea Miss Palfrey might seek to "make life miserable" for clients and former employees.

"She's not looking to make life difficult for anyone," Mr. Sibley said.

According to Mr. Cowden's memo, Miss Palfrey's note to government attorneys also warned, "I can state with unequivocal certainty this situation will be a long and unpleasant one. ..."

Ex-ORNL Subcontractor Found Guilty In DOE Scheme (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 21, 2007

A lauded Oak Ridge businessman may soon be trading pinstripes for prison stripes.

A jury in U.S. District Court on Tuesday convicted Reginald Hall, 54, of conspiracy to commit money laundering for a scheme to plunder money from the U.S. Department of Energy via fake invoices submitted as a subcontractor for the Oak Ridge National Laboratory.

Jurors also found Hall guilty of money laundering and theft of government property. He was acquitted, however, of mail fraud and obstruction of justice.

The same jury returned a guilty verdict against Hall associate David Reeder for an act of money laundering but acquitted Reeder, who ran a subcontracting firm known as Biosphere, of conspiring with Hall to pull off a larger money laundering scheme.

Jurors, who heard days worth of testimony in a trial presided over by U.S. District Court Judge Tom Varlan, also found Hall's firm, Advanced Integrated Management Services Inc., guilty in the money laundering conspiracy.

Attorney Doug Trant, who represented Reeder, said his client plans to appeal.

So, too, does Hall, according to attorney Tom Dillard, who represented Hall along with attorney Wade Davies.

"Mr. Hall is disappointed in the verdicts on the convictions," Dillard said. "He maintains, as he always has, that no one was defrauded and that he always performed excellent work. He does plan to appeal and hopes ultimately to be vindicated."

Varlan has set a June 12 sentencing hearing.

Assistant U.S. Attorneys Trey Hamilton and Greg Weddle prosecuted the case. Agents Randall Kizer and Rick Sample with DOE's Office of the Inspector General, Agent Bob Gibson of the FBI and Lt. Art Schettini of the Tennessee Valley Authority Police Criminal Investigation Division headed up the probe.

According to testimony, Hall once worked at ORNL but in 1995 formed AIMSI, a quality control consulting firm, and began winning a series of subcontracts with ORNL's prime contractors, including current management firm UT-Battelle.

Hamilton alleged that Hall began submitting invoices for work not performed and used associates like Reeder and Stanley W. Stevens, who pleaded guilty and testified against Hall, to help launder his ill-gotten gains.

UT-Battelle communications chief Billy Stair declined to comment on the verdict. When asked how the firm handled the aftermath of the probe, Stair said the "laboratory responded in two ways: We closely reviewed related contracts to make sure they were in order. We also stressed to our staff the need for heightened awareness of the checks and balances in our procurement system."

Hall and Reeder remain free on bond pending sentencing, as does Stevens.

Frank Munger contributed to this story. Jamie Satterfield may be reached at 865-342-6308.

Pr. George's Official Opened Fire Unprovoked, Deliveryman Says (WP)

By Eric Rich

The Washington Post, February 21, 2007

A senior Prince George's County homeland security official who last month shot two unarmed furniture deliverymen opened fire without provocation after angrily ordering the men to leave his home, the surviving mover said in a statement provided last night to law enforcement authorities.

Keith A. Washington, who is also a county police officer, was combative almost from the moment the movers arrived at his Accokeek home, said Robert White, who worked for a contractor delivering for Marlo Furniture. "As we were leaving we reached

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the top of the steps, and the customer said, 'I know how to get you the [expletive] out of my house' and I heard gunshots," White said in the statement.

Later, White said, he listened as he lay bleeding while Washington falsely reported that the men he shot had attacked him with a pipe. "I remember sitting there on the ground thinking to myself, I can't believe this is how it is going to be," said White, 36, who dictated the statement from his hospital bed to his attorney. His co-worker, Brandon Clark, 22, died of his wounds Feb. 2 without giving a statement.

Washington has not spoken publicly since the shooting. A source familiar with the investigation has told The Post that, in a brief report filed immediately after the incident, Washington alleged that the movers were in a part of the house where they were not supposed to be. Police have said that Washington told them he acted in self-defense.

Washington, a former driver for County Executive Jack B. Johnson (D), did not respond yesterday to a call seeking comment. A police union attorney, Steven E. Sunday, also did not return a call.

Police initially said they would probably charge the movers with assault but have since backed off that comment, saying they would make no determination until their investigation is complete.

White's attorney, Michael J. Winkelman, has not allowed police to interview his client, whose criminal record includes a burglary conviction, in part because of the possibility that police might try to build an assault case against White. In addition, Winkelman said he is concerned that White's providing a statement before Washington does so might allow Washington to fabricate a story that blames the movers in the shooting.

Police have declined to say whether Washington has given a complete statement in the investigation, but sources said yesterday that a subpoena compelling him to appear before a grand jury has been issued. The sources spoke on condition of anonymity because the investigation is ongoing.

Winkelman said he and White decided to give State's Attorney Glenn F. Ivey the signed three-page statement, which Winkelman also provided to The Post, because he worries that Washington, now on paid administrative leave, might be permitted to return to work. "We didn't feel we could wait any longer," Winkelman said.

Johnson has said Washington should not continue as deputy director of homeland security -- a job Johnson gave him two years ago -- but should return to the police department, where he is a corporal. The case has attracted wide attention in part because of a pattern of previous complaints against Washington, 45.

In the statement, White said he waited in the movers' truck Jan. 24 while Clark met Washington in his home. He said Clark, 22, returned and said, "Man, this guy is looking for a fight."

White said Clark then telephoned a supervisor. Officials have confirmed that such a call took place, and Clark's girlfriend has said the supervisor instructed the deliverymen to give Washington whatever he wanted.

Washington directed the movers to an upstairs bedroom, White said, where they set down the new bedrails. White said Washington pushed Clark, who was then on his knees, and crudely ordered him to leave the house.

White said Washington grew angrier when Clark asked him why he had not disassembled the other bed, parts of which were to be taken away by the movers. Washington shoved him again, White said, and answered: "Man, now you are going to tell me what to do in my house? Get the [expletive] out of my house."

White said he and Clark headed for the stairs. Clark, walking backward and holding up his hands "in the surrender position," told Washington he did not want to fight, White said.

Washington opened fire. Clark was struck first, White said. White laid his injured co-worker down and began to search for a cellphone. "I then heard a few more shots and realized I had been shot," White said.

When Washington stepped back into the bedroom, White said, he tried again to locate the phone.

"The customer must have seen me move because he shot me in the knee and said, 'I told you not to move,' " White said.

Washington, his gun still pointed at the two men, then telephoned someone he appeared to know, White said. " 'These two dudes just broke up in my house, and I shot both of them and they are here bleeding all over my carpet,' " White quoted Washington as saying. " 'They beat me up real good. . . . Yeah, they hit me with a pipe.' "

County police have said Washington was injured seriously enough to require treatment at a hospital but have declined to describe his injuries.

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As they lay bleeding, White said, he and Clark pleaded with Washington, asking that he give them a phone or call for help. The first police officers to arrive appeared to believe the deliverymen were intruders, White wrote. One handcuffed Clark, White said, and the other told White, " 'Man, what are you doing in this house? You know you just broke into a cop's house?' "

It was only then, White said, that he realized Washington was a police officer. White said that the responding officer looked surprised when White said he and Clark were deliverymen and that the officer then ordered another officer to remove Clark's handcuffs.

Winkelman said White, who was shot in the chest, knee and abdomen, was readmitted to a hospital yesterday because of a possible infection.

Staff writer Candace Rondeaux contributed to this report.

Body Found In Plaza Rubble Believed To Be Gunman (WP)

By Steve Vogel

The Washington Post, February 21, 2007

Frederick authorities yesterday recovered a body believed to be that of a man who they say shot at police and started a fire that gutted a shopping plaza Monday.

The body, which was found about 12:30 p.m. behind the locked front door in the rubble of a destroyed liquor store at the Frederick shopping center, has been sent to the chief medical examiner's office in Baltimore for identification.

Frederick police were still trying to piece together how James Douglas's visit to a liquor store ended up in an inferno that destroyed the Antietam Village Center.

Police say Douglas, 30, of Frederick, walked into Jim's Liquors at the shopping plaza on Oppossumtown Pike about 12:30 p.m. Monday, showed the owner a handgun and ordered him out of the store.

When two officers pulled up, Douglas fired at least one shot at them through the store's glass door, police said. "They were approaching the business and they heard two shots," said Lt. Thomas Chase, a spokesman for Frederick police. "One came through the window and they heard it go past."

About 1:45 p.m., smoke was spotted coming from the liquor store. Police said they think boxes of liquor were ignited to start the blaze, and the alcohol acted as an accelerant. The fire soon spread to the adjoining stores, destroying a bank, a coffee shop, a sandwich shop, a medical supply store, a hair salon and a dry cleaner. "It was quick and it was massive," said Chase, who witnessed the fire. "Once it went to the rafters, it was gone."

Police initially characterized the incident as an attempted armed robbery, based on the first calls for assistance to the liquor store, but they said they are unsure what actually happened.

"That's part of the investigation, to find out if it was a robbery or something else," Chase said. "It's much too early to draw any conclusions."

As of yesterday evening, no weapon had been found in the rubble. "We're still looking for the handgun," Chase said.

Yesterday afternoon, fire marshals, police detectives and construction workers moved through the blackened remains of the plaza. A yellow excavator picked out pieces of debris. Large red dumpsters had been set up in front of the liquor store to block the view of the recovery operation.

Shortly after the body was discovered, a group of Douglas's relatives stood on the sidewalk just outside a chain-link fence erected around the site, staring forlornly at the recovery operation. "Just let us grieve in peace," one woman in the group said. A police chaplain stood with them, offering words of consolation.

Jamie Ketterman, who said she is the mother of two of Douglas's children, stood across the street, huddled in a blanket, watching as authorities prepared to remove the body. She said Douglas had been with her and the children earlier Monday. "He disappeared and came here, and that's where he stayed." Ketterman began crying and could not speak further.

Friends of Douglas's, who lived in a nearby apartment complex, gathered at the scene yesterday and angrily disputed police accounts of the incident.

Talisha Easterling, who said she and Douglas had been friends since childhood, said that she spoke to him by cellphone during the standoff and that her friend said he was not going to harm anyone.

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"Tell them to leave me alone," she quoted Douglas as telling her. "I'm coming out as soon as I finish smoking a blunt."

Another friend, Britnie Bell, said she also doubted that Douglas would have shot at police and burned down the shopping center. "He always told me, 'There are two kinds of people in this world: fools and damn fools,' " Bell recalled. "He wasn't a damn fool."

Chase said police repeatedly encouraged Douglas to surrender peacefully while speaking to him via cellphone during the standoff.

Chase said police fired no shots. "When we're fired upon, our first response is to seek cover," he said. "We don't fire back indiscriminately."

Court records show that Douglas was found guilty of several criminal offenses in recent years, including possession of a deadly weapon and drinking in public.

But friends described him as a friendly and well-known neighborhood figure who helped residents dig out from the recent snow. He was also a proud father, they said. "He's got five kids; they're all boys," Bell said. "How's it going to be for them not to have a father figure?"

Staff researcher Meg Smith contributed to this report.

Why I Oppose The Death Penalty (WP)

By Martin O'malley

The Washington Post, February 21, 2007

In evaluating whether Maryland's criminal death penalty should be replaced with life without parole, one must be guided by the answers to two basic questions:

Â· Is the death penalty a just punishment for murder?

Â· Is the death penalty an effective deterrent to murder?

Most of us would point to the execution of John Thanos, here in our state, as an example of a "just" application of the death penalty. Thanos murdered three teenagers, at random, by shooting them point-blank. He expressed no remorse, even declaring in court that he wished he could bring his innocent victims back to life to kill them again. In the end, he demanded to be executed and was. Most Marylanders felt, basically, that "hanging was too good" for John Thanos.

Did this one relatively humane execution balance out a violent murder -- much less three violent murders? Can any execution really be said to "even the ledger" for the taking of another's unique life?

Contrast that with the case of Kirk Bloodsworth, also in Maryland, who was convicted and sentenced to death for rape and murder in 1985. Eight years later, DNA evidence proved his innocence and he was released. In Illinois, 12 people have been executed since 1977. But over that same time, 18 death-row inmates have been released after evidence proved they were innocent.

These examples prompt a deeper question. Notwithstanding the executions of the rightly convicted, can the death penalty ever be justified as public policy when it inherently necessitates the occasional taking of wrongly convicted, innocent life? In Maryland, since 1978, we have executed five people and set one convicted man free when his innocence was discovered. Are any of us willing to sacrifice a member of our own family -- wrongly convicted, sentenced and executed -- in order to secure the execution of five rightly convicted murders? And even if we were, could that public policy be called "just"? I do not believe it can.

But what about the deterrent value of the death penalty? Does the use of the death penalty -- while rarely, if ever, "just" -- save more innocent lives than it takes? The evidence indicates that it does not.

In 2005, the murder rate was 46 percent higher in states that had the death penalty than in states without it -- although they had been about the same in 1990. And while the murder rate has gone down across the board since 1990, it declined by 56 percent in states without the death penalty but only 38 percent in states that have it. It would appear that the death penalty is not a deterrent, but possibly an accelerant, to murder.

And what of the tremendous cost of pursuing capital punishment? In 2002, Judge Dale Cathell of the Maryland Court of Appeals wrote that, according to his research, processing and imprisoning a death penalty defendant "costs $400,000 over and above . . . a prisoner serving a life sentence." Given that 56 people have been sentenced to death in Maryland since 1978, our

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state has spent about $22.4 million more than the cost of life imprisonment. That's nearly $4.5 million "extra" for each of the five executions carried out. And so long as every American is presumed innocent until proven guilty, the cost of due process will not go down.

If, however, we were to replace the death penalty with life without parole, that $22.4 million could pay for 500 additional police officers or provide drug treatment for 10,000 of our addicted neighbors. Unlike the death penalty, these are investments that save lives and prevent violent crime. If we knew we could spare a member of our family from becoming a victim of violent crime by making this policy change, would we do it?

And if the death penalty as applied is inherently unjust and lacks a deterrent value, we are left to ask whether the value to society of partial retribution outweighs the cost of maintaining capital punishment. While I am mindful of and sensitive to the closure (and in some cases the comfort) that the death penalty brings to the unfathomable pain of families that have lost loved ones to violent crime, I believe that it does not.

Human dignity is the concept that leads brave individuals to sacrifice their lives for the lives of strangers. Human dignity is the universal truth that is the basis of ethics. Human dignity is the fundamental belief on which the laws of this state and this republic are founded. And absent a deterrent value, the damage done to the concept of human dignity by our conscious communal use of the death penalty is greater than the benefit of even a justly drawn retribution.

The writer, a Democrat, is governor of Maryland.

Officer Charged With Molesting, Photographing Woman During Traffic Stop (WP)

By Raymond McCaffrey

The Washington Post, February 21, 2007

An Anne Arundel County police officer was charged with a sex offense yesterday, accused of coercing a woman to bare her breasts during a traffic stop, then molesting and photographing her. He told her she could avoid jail if she exposed herself, police said.

Joseph Mossmiller, 22, who joined the department in May, was charged before a District Court commissioner with a fourth-degree sex offense, second-degree assault, false imprisonment and misconduct in office, police said.

Three other officers were suspended in connection with the incident. Police declined to identify them or disclose what the led to their suspensions with pay except to say that they were also rookies but had not been at the scene of the traffic stop Jan. 20.

According to charging documents filed in District Court, the 18-year-old woman was driving with a female passenger whom she had just picked up at a bar when she was pulled over by a marked police car in the Pasadena area.

According to the documents, Mossmiller "lectured her about the dangers of drinking and driving" before telling her to follow him as he drove toward her home. En route, Mossmiller pulled into a library parking lot, where he "told the girls to stay," returning about 10 minutes later, the documents say. The driver, "out of fear, chose to wait for the officer."

Police said Mossmiller then led the woman to the adjacent Community United Methodist Church parking lot, at 8680 Fort Smallwood Rd. in Pasadena, and asked her to step out of the car.

"He administered several field sobriety tests and then told her that if she and her friend showed him their breasts, then she would not go to jail," the documents say.

Although the passenger refused, the driver "began to lift her shirt," the documents say. Mossmiller "told her that was not good enough. He then placed his hand on her exposed breast and took a photograph utilizing the camera on his cellular telephone."

After the driver was told "that she was free to leave," she drove to a nearby police station to report the incident.

Mossmiller was released on his own recognizance yesterday after initially being sent to the county detention facility when he was unable to post a $250,000 bond, police said.

For Youths, A Grim Tour On Magazine Crews (NYT)

By Ian Urbina

The New York Times, February 21, 2007

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Two days after graduating from high school last June, Jonathan Pope left his home in Miamisburg, Ohio, to join a traveling magazine sales crew, thinking he would get to "talk to people, party at night and see the country."

Over the next six months, he and about 20 other crew members crossed 10 states, peddling subscriptions door to door, 10 to 14 hours a day, six days a week. Sleeping three to a room in cheap motels, lowest seller on the floor, they survived some days on less than $10 in food money while their earnings were kept "on the books" for later payment.

By then, Mr. Pope said, he had seen several friends severely beaten by managers, he and several other crew members were regularly smoking methamphetamine with prostitutes living down the motel hallway, and there were warrants out for his arrest in five states for selling subscriptions without a permit.

"I knew I was either going to be dead, disappeared or I don't know what," Mr. Pope said.

After persuading his manager to let him leave, Mr. Pope was dropped off, without a ticket, $17 in his pocket, at a bus terminal near San Antonio, more than 1,000 miles from home.

More than two decades after a Senate investigation revealed widespread problems with these itinerant sellers, and despite several highly publicized fatal accidents and violent crimes involving the sales crews in recent years, the industry remains almost entirely unregulated. And while the industry says it has changed, advocates and law enforcement officials say the abuses persist.

In interviews over seven months, more than 50 current and former members from almost as many crews painted a similar picture of life on the road.

With striking uniformity, they told of violence, drug use, indebtedness and cheating of customers during their cross-country travels, often in unsafe vehicles and with drivers who lacked proper licenses.

"The stories about life on crew you hear from these kids are almost unbelievable," said Officer George Dahl of the Louisville, Ky., Metro Police Department, who estimated that his department had cited or arrested more than 70 sellers for assault, unlawful solicitation or drug possession in the last two years. "But you get them alone and start hearing the same sort of thing over and over from different crews and you start believing them."

In Collinsville, Ill., Daniel Burrus scrolled through digital photographs of bloodied faces as he described how, on a crew he helped manage for several years, men who missed their sales quota were forced to fight each other.

In Flagstaff, Ariz., Isaac James sat with his wife and newborn daughter as he told how he and others on his mag crew — as they are typically called — stole checkbooks, jewelry, medicine-cabinet drugs and even shoes from customers' homes.

Last October, Jonathan Gagney joined a mag crew to escape the "crack scene" back home in Marlborough, N.H. But one night last month, he called this reporter from a bus station in St. Petersburg, Fla., to say he had just sneaked away from his motel to run away from his crew.

"All I know is this guy got beaten and there was blood all over the motel wall," Mr. Gagney said, his voice shaking.

Earlene Williams, director of Parent Watch, an industry watchdog group, said her organization got about 10 e-mail messages or calls a day, double the number since 2003, seeking help from sellers, their families or lawyers.

"Publisher's Sweepstakes is a lot smaller than it used to be, and so the magazine industry is less able to get subscriptions that way now," Ms. Williams said, explaining why she was seeing an increase in problems with crews. "And the telemarketing no-call list has also pushed the publishers away from telemarketing and toward door-to-door crews."

Last year in response to a similar increase in calls, the National Runaway Switchboard began training its operators to handle the cases.

A Complex Industry

Dan Smith, a lawyer for the National Field Selling Association, which represents about 60 percent of the magazine sales industry, estimated that 2 percent to 3 percent of all magazine subscriptions, or at least $147 million worth in 2005, were sold by door-to-door salespeople, up from about 1 percent, or at least $69 million in 2000. But the Magazine Publishers Association disagreed with Ms. Williams and Mr. Smith. It does not believe that door-to-door magazine sales have grown, and estimated that they account for 1 percent of sales.

The industry consists of layers. While the bulk of subscriptions are sold directly by publishers and through direct mail, insert cards and the Internet, many magazine publishers also hire clearinghouses. These companies then subcontract with crew managers who hire door-to-door sellers. These layers of middlemen, and the small percentage of total subscription revenue

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involved, may help explain why publishers, who are always eager to increase readership, have been unwilling or unable to prevent mag crews from operating.

Just who uses mag crews is in dispute. Crew members and the National Field Selling Association say many of the largest publishers use magazine crews or clearinghouses that rely on them. But of the five largest publishing companies — Time Inc., Condé Nast, Hearst, Meredith and Reader's Digest Association, which collectively make up nearly half the industry as measured by advertising revenue — four said they did not use mag crews or did so only sparingly.

A representative for Reader's Digest said, "A portion of our subscriptions come in through third-party agents, who may in turn subcontract to local vendors."

Dozens of magazines are listed on order forms offered by crews, including Reader's Digest, Rolling Stone and Redbook.

Rolling Stone declined to comment. A representative for the Hearst Corporation said that in recent years it had stopped hiring clearinghouses that use crews. But when subsequently asked why Redbook, a Hearst publication, appears among magazines sold by one crew, a Hearst representative e-mailed, "We constantly fight unauthorized agents," adding, "It's an ongoing battle."

Generally, the clearinghouses get about 40 percent of the subscription money and the publishers about 10 percent. The crew leaders get the other 50 percent, out of which they pay all expenses on the road, including the sellers' commissions.

"Nobody is forced or pushed to do anything," said Tim Peek, manager and recruiter for New Generation, a crew based in Vero Beach, Fla.

Drugs and violence are forbidden, and some sellers make $1,000 per week, which is kept in a savings account for them, Mr. Peek said, adding, "If they don't want to work, they don't make money."

John Wigman, the manager of Mr. Pope's crew, Periodical and Publications Connections, said, "I don't see why you don't tell about all the kids on drugs that we help out." Asked to elaborate, provide names or respond to Mr. Pope's accusations, Mr. Wigman refused and hung up.

Mr. Smith said he viewed most stories of drug use and physical abuse as exaggerations. "I don't put a lot of stock in them because, to be brutally frank with you, abuse is like beauty. It's in the eyes of the beholder," he said. "A loud voice, anything, can be called abuse."

While there may be a few shady operators, he said, the industry has cleaned itself up over the years, and his organization has helped through broad distribution of pamphlets on professional courtesy and ethics, yearly training seminars for members and one-on-one discussions with managers who have problems on their crews.

By pressuring members to perform background checks on new hires, the association has cut the number of crimes and cheating perpetrated by sellers, Mr. Smith said. No one is forced to stay on crew, he added, since the association pays for a bus ticket home for any crew member who wants to leave.

But labor and law enforcement officials said that since many sellers were runaways or high school dropouts or were from dysfunctional families or poor neighborhoods, they had fewer options and were reluctant to report mistreatment or leave.

Many former sellers also said they kept quiet about problems out of fear of violence against them or those they left behind.

Sellers reported having adopted fake names upon joining a crew, being beaten if they attracted police attention and receiving mail sent from home only after it was opened by the company's central office. "What happens on crew, stays on crew" was a common refrain.

An escape from small-town boredom or overbearing parents, working on a mag crew is a lifestyle more than a job, and it brings good times with the bad. Like gangs, crews become family, sellers said, and the camaraderie of shared experiences is a bond not easily broken.

"You're involved in bad stuff, you're seeing bad stuff and they tell you, 'No negativity,' " said Jennifer Steele, 23.

In September 2004, Ms. Steele said, she was drugged and raped by two men who were partying with crew members at a motel in Memphis, where her crew, Precision Sales, was staying. When her manager told her to go back to work the next day, she said she "threw a fit." But she did as she was told, and worked part of the day before filing a police report and having a rape kit performed. She stayed with the crew for another seven months before quitting.

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"I know it sounds crazy," Ms. Steele said. "But I believed my manager when he said he would never let that happen again, and I believed him when he said my mom had told him she didn't care about me."

In January 2006, Ms. Steele left her crew and was placed in the witness protection program during an investigation of her former managers, who were accused in the beating and kidnapping at gunpoint of her boyfriend from a city bus, an incident that was caught on videotape and led to the conviction of one person for kidnapping for ransom and assault with a deadly weapon.

"They're frustrating cases," said Sgt. Jeanine Lum of the Norwalk Sheriff's Station in Norwalk, Calif., near Los Angeles, who was involved in the investigation.

"The ones we arrest at the doors often just need to be sent home," Sergeant Lum added, "while the real culprits are back at the hotel or in some office somewhere."

Few Legal Protections

Regulating the industry has been difficult because the companies, many of them operating only out of post office boxes, are small and frequently change names.

"The local police can't keep up because the crews leave the state before they get alerted and the feds don't bother with them because they say it is a state's issue," said Connie Knutti, who investigated several crews before she retired in 2005 as manager of field enforcement for the Illinois Department of Labor.

The sellers have few labor protections because they are classified as independent contractors, which also insulates the companies from regulation, taxes and liability. Categorized as outdoor sellers, the door-to-door peddlers are also exempt from most federal and state minimum wage and overtime requirements.

A majority of former crew members said that while they occasionally made several hundred dollars a week, most of the time they received little more than the daily allowance of $15, while the rest of their earnings stayed on the books to cover expenses. Many also said that subscriptions for magazines were never actually fulfilled.

On any given day, said Mr. Smith, the association lawyer, there are probably about 2,500 people, typically ages 18 to 24, selling magazines door to door.

But when state and federal labor department officials held a conference in 1999 to discuss concerns about the industry, a panel concluded that the number of sellers was probably closer to 30,000, said Darlene Adkins, vice president of public policy for the National Consumers League's Child Labor Coalition. That organization ranks traveling magazine sales among the five worst jobs for teenagers.

Catherine Barbour said it was the constant traveling and working in dangerous areas that most worried her when her daughter, Tracy Jones, said she was joining a crew. "I told her no, absolutely not," Ms. Barbour said. "But she was 18, so what could I do?"

On Nov. 15, Ms. Jones disappeared while selling subscriptions at a Pilot Truck Stop in North Little Rock, Ark. Ms. Jones was found 11 days later, stabbed to death, in a ditch near Route 61 in southwestern Memphis.

Up at 7 a.m., typical crews start the day with a sales meeting where they rehearse their pitches. "We're selling magazines to earn points in a contest to win a trip abroad" is the standard and sometimes fictitious spiel. Around 9 a.m., the crews pile into vans to be dropped off at the day's territory. They switch neighborhoods every several hours and often work as late as 10 p.m.

"You work hard during the day, but you also party pretty hard at night," said Stephanie Blake, 23, who wrote an e-mail message in November to Earlene Williams at Parent Watch because she said she wanted to tell the positive side of the work.

While she and others used methamphetamine, Ms. Blake said it was mostly marijuana, alcohol and sex that filled the nights.

"But there is a lot more to crew than that," she said, recounting having made some of her best friends, including her fiancé, working on the crew. Coming from Evansville, Ind., Ms. Blake said she relished the chance to see the country. The expense-paid trips to Walt Disney World in Orlando, Fla., and a resort in Mexico were more fun than she had ever imagined having, she said. "I still miss it sometimes," she added.

About a half hour into the conversation, however, Ms. Blake's tone began to shift. "I have to admit, some things did get to me about crew life," she said.

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The 100 sit-ups and pushups for every number a seller was below her daily quota felt "cultish," she said. The beatings were also unsettling. But the most galling part, Ms. Blake said, was the unfulfilled promise of big money.

When she and her fiancé finally decided to leave their crew in December 2003, Ms. Blake said, they sneaked away late one night from the motel near Houston where they staying. Asked why she left without demanding to be paid what was still "on the books," she said, "These aren't the types who you just go up to and ask to settle up."

Michael Simpson is one reason.

For two years starting in February 2004, Mr. Simpson, a stocky former high school lacrosse player from Newburgh, N.Y., worked on several crews as an "enforcer." His job, he said, was to beat crew members upon a manager's request.

If sellers missed quota regularly or complained about the job, Mr. Simpson, 23, said he hit them while in their room or when they were alone in the van. On more than 30 occasions, he estimated, he and several other enforcers drew blood. In three instances, ambulances were called, he said. Dealing with the police was not a problem.

"You have one kid saying he was jumped and 20 others plus two managers saying he stole something or broke into a room and assaulted a girl," Mr. Simpson said. "Who do you think the cops are going to believe?"

Daivet McClinton, 23, an enforcer who worked with Mr. Simpson, said talking in front of others about wanting to quit invited the worst beatings.

Asked if they ever went overboard, both men recalled an incident in November 2005 involving an 18-year-old recruit from Dayton, Ohio, named Rudy. "All we were told was that Rudy had shoved and disrespected the manager," Mr. Simpson said.

For 10 uninterrupted minutes in a motel stairwell in San Francisco, Mr. Simpson, Mr. McClinton and four other enforcers beat Rudy unconscious, Mr. Simpson and Mr. McClinton said. One held his mouth shut. Two others pinned down his arms and legs. Tearing off his shirt, they pressed a flaming lighter into his back. Mr. Simpson kicked him in the face and body. "I stopped because I ran out of breath," Mr. Simpson said.

Rudy, they said, was taken away in an ambulance.

Darting a glance at his new girlfriend and his chin quivering momentarily, Mr. Simpson explained why he decided to leave last February. "I'd gone from being a kid who was afraid of hitting people in the face to someone who was using objects," he said.

Still, some current crew members said the work had helped them turn their lives around.

"I was in and out of juvenile facilities, and now I'm actually going somewhere," said Jordan Friedley, standing in a shopping mall in Oceanside, Calif., near San Diego, where, for two days, a reporter shadowed two crews, Magnificent Sales and Thoroughbreds, both from Alliance Service Company. "They keep things on the up and up, no drugs or none of that, and I bring in $700 a week."

Asked about incidents in the last five years involving the two crews, including two fatal drug overdoses and the deaths of two crew members in the crash of a crew van, Mr. Friedley fell silent.

Crystal Hall, who helps manage the crews, said: "We've cleaned things up. Everyone is drug-tested now. They show up dirty, they're gone. Those who stay have plenty of chance to make money."

The Money 'Flows Up'

Since pay is purely on commission, Mr. Smith, the association lawyer, said that only the best sellers survived and that about 20 percent of recruits left in less than a month.

Matt Ward, a former bookkeeper for several crews, said there were other reasons for the high attrition. "Money in this industry flows up," Mr. Ward said. "It doesn't trickle down."

For about two years starting in 1998, Mr. Ward did bookkeeping for several crews with American Community Services, a company with several hundred sellers that is based in Indiana. It is owned by two of Mr. Ward's brothers, LeVan and Albert Ellis, who declined to answer questions both over the telephone and sent by certified mail.

Mr. Ward said that while the company should be commended for sticking to its strict antiviolence policies, he left in 2000 after becoming uncomfortable with what he saw while he was keeping the books.

"The sales agents remain almost always in the red while the managers, car handlers and everyone else is in the black almost from the start," Mr. Ward said between shifts at a restaurant in downtown Washington, where he now waits tables.

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Of the more than 400 sales agents whose accounts Mr. Ward said he handled, he estimated that fewer than 40 left the company having made money. The rest spent their earnings on the road or, more often, to cover their daily deductions for room expenses, gas and meals.

This is not a new criticism. In 1987, during the Congressional investigation of the industry, the Senate committee reviewed the records of one company and found that of its 418 sellers, 413 had finished the year in debt to the company, even though the company itself had reported large annual profits.

Ms. Williams, from Parent Watch, said her organization advised customers not to buy from the sellers or to let them in the house, but to offer them a phone to call home or her organization's phone number to help anyone who might want to arrange a bus ticket home. She said her organization had lobbied for legislation to prevent sellers from being categorized as independent contractors and to provide them with minimum wage and safety and health protections.

"Leave these kids off radar as they are now," Ms. Williams said, "and the abuses will continue."

Teen 'Sport Killings' Of Homeless On The Rise (CNN)

By Ashley Fantz, Cnn

CNN, February 21, 2007

MILWAUKEE, Wisconsin (CNN) -- All Nathan Moore says he wanted to do was smoke pot and get drunk with his friends.

Killing Rex Baum was never part of the plan that day in 2004.

"It all started off as a game," Moore said.

The 15-year-old and his friends were taunting the homeless man -- throwing sticks and leaves -- after having a couple of beers with him.

No big deal, Moore says, but he's sorry for what came next.

It was a mistake, he said, a sudden primal surge that made him and his friends Luis Oyola, 16, and 17-year-old Andrew Ihrcke begin punching and kicking Baum.

"Luis says 'I'm gonna go hit him,' We're all laughing, thought he was joking around,'" but he wasn't, Moore concedes. "We just all started hitting him."

They hurled anything they could find -- rocks, bricks, even Baum's barbecue grill -- and pounded the 49-year-old with a pipe and with the baseball bat he kept at his campsite for protection.

Ihrcke smeared his own feces on Baum's face before cutting him with a knife "to see if he was alive," Moore said.

After destroying Baum's camp, the boys left the homeless man -- head wedged in his own grill -- under a piece of plastic where they hoped the "animals would eat" him.

Then, Moore says, they took off to grab a bite at McDonald's.

Baum's murder was indicative of a disturbing trend.

A National Coalition for the Homeless report says last year, there were 122 attacks and 20 murders against the homeless, the most attacks in nearly a decade. (Coalition report on 2006 homeless attacks)

Police found Baum's body two days after the teens attacked him.

They bragged about it around town. Police picked them up and they described what happened.

Ihrcke told police that killing "the bum" reminded him of playing a violent video game, a police report shows.

All three teens pleaded no contest to first degree reckless homicide charges and went to prison.

Moore recently turned 18 at Columbia Correctional Institution in Portage, Wisconsin, where he is serving a 15 year sentence.

"When [the beating] stops, you say, 'What did we just do?'" he told CNN. "There's no rational explanation." (Watch teen explain how "game" became tragedy)Teenage 'amusement'

"It's disturbing to know that young people would literally kick someone when they're already down on their luck," said Michael Stoops, the executive director of the Washington-based National Coalition for the Homeless. "We recognize that this isn't every teenager, but for some this passes as amusement."

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Criminologists call these wilding sprees "sport killing," -- largely middle-class teens, with no criminal records, assaulting the homeless with bats, golf clubs, paintball guns. (Watch how nights are cold, fearful for Milwaukee homeless)

Some teens have even taped themselves in the act. Others have said they were inspired by "Bumfights," a video series created in 2002 and sold on the Web that features homeless people pummeling each other for the promise of a few bucks.

A segment called "Bum Hunter," hosted by a Crocodile Hunter-like actor wearing a safari outfit, shows him "tagging" homeless people by pouncing on them and binding their wrists.

The distributors of "Bumfights" have claimed they've sold hundreds of thousands of copies.

But the company has had to deal with a couple of legal issues unrelated to the Baum case.

Last year, three former homeless stars of "Bumfights" won a civil suit against filmmakers. Santa Monica attorney Mark Quigley, who represented Rufus Hannah, known as "Rufus the Stunt Bum" to series' fans, said he is unable to disclose the amount of the settlement.

Also, in July 2006, a California judge ordered "Bumfights'" producers Ryan McPherson and Zachary Bubeck to spend 180 days in jail for failing to perform community service related to guilty pleas they previously entered to charges of staging illegal street fights.

"Bumfights" directors did not answer CNN's request for an interview. Attacks across the nation

Incidents of teen-on-homeless violence dotted the map last year. Florida racked up at least six such attacks in 2006. (Homeless attack across U.S.)

In Lauderhill, four teens were arrested after they allegedly videotaped themselves beating, dragging, and stealing from a homeless man.

The victim has not been found, but the four face one charge each of strong-armed robbery.

Earlier this month, teens in Corpus Christi, Texas, videotaped themselves attacking a homeless man.

Commander David Torres said police arrested a 15-year-old and are looking for at least one more teenager and a 22-year-old who described on tape what they were about to do before they jumped on the man. (Read full story)

On the other side of the nation, former Oregon State University student Joshua Grimes stands accused of shooting and injuring a homeless man from his perch in a fraternity house window.

He has not yet entered a plea, but, according to a police report, he cried to detectives after the October shooting, telling them, "I didn't mean to shoot him."

At least three homeless people in Kalamazoo, Michigan, reported being attacked by teens on bicycles during a 10-day span in October, according to the homeless coalition.

In Huntsville, Alabama, six teens -- one of them 13 -- beat a homeless man with golf clubs, the coalition reported. But perhaps the most shocking of these examples was 2006's first recorded case of teen-on-homeless violence.

On January 12 in Fort Lauderdale, Florida, a surveillance camera captured two teens beating a homeless man with bats.

Prosecutors say 17-year-old skateboarder Tom Daugherty, 18-year-old Brian Hooks, a popular hockey team captain, and a third unseen teen, Billy Ammons, a high school dropout, assaulted two more homeless men that night.

One of them was 45-year-old Norris Gaynor. A witness, Anthony Clarke, told police and CNN last year that he saw the three teens approach Gaynor as he slept on a park bench. Daugherty began whacking Gaynor with a bat, Clarke said. (Watch two teenagers beat a cowering homeless man with bats)

As Gaynor lay dying, Ammons shot him with yellow paintballs, later remarking that the beating felt like "teeing off," police said.

Gaynor was beaten so badly his own father didn't recognize him. Facing life in prison, the teens face trial for murder later this year. They have each pleaded not guilty to one count of first-degree murder and two counts of attempted murder. (Read full story)Lingering questions

Stoops and Brian Levin, a California State University hate crimes expert, say common themes run through teen-on-homeless violence. The attackers are almost always boys, peer pressure and mob mentality sweep away caution, and parents don't suspect their children could be capable of such actions.

Laura Simpson didn't. Her son, Justin Brumfield, is serving an 11-year prison stretch in California.

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In August 2005, Brumfield and William Orantes, both 19, beat 56-year-old Ernest Adams with bats. Adams emerged from a coma three weeks later with dents in his skull, permanent scars and no vision in one eye, the Los Angeles Times reported. Orantes is serving a three-year sentence.

Simpson, a sixth-grade teacher, says she is still tormented by her son's actions and wonders if her son's irritability was more than typical teenage moodiness.

She has other questions: Was her son, a natural follower, just succumbing to peer pressure? Was he that into "Bumfights"? Did he see the fear in Adams' eyes when he raised the bat to strike him?

In a sad irony, she had adopted him; his mother was a homeless drug addict, a revelation he had learned not long before the beating and which his attorney used to explain his rage.

Her son has told her he is sorry for what happened, but her questions remain unanswered.

"As a parent, of course you're going to question yourself," she said. "It was just hard to comprehend. The first thing was, 'Not Justin. There has to be a mistake,'" she said. "You think you know everything that's going on and you don't."

When the mob mentality takes over, even the perpetrators may not comprehend what's going on.

Back at the prison in Wisconsin, Nathan Moore seems baffled by his own actions. Killing Rex Baum now registers like a "blur" or "dream," he says.

Moore and his friends knew Baum from around town. Life had been painful for the homeless man from the start; alcohol eased it. As a kid growing up in Milwaukee, when his home life became too rocky, a neighboring family took him in. He drifted through school and a brief stint in the military, his friends say, a wanderer, a loner. (Audio Slide Show: Remembering Rex Baum)

Homeless for years, he defied Wisconsin winters by constantly walking around the city, bundled in a coat patched with duct tape. For a few dollars, he pumped gas, shoveled snow off driveways, and walked neighborhood dogs.

More than 100 people came to Baum's funeral. Someone sent a newspaper clip of the story to Moore in prison.

"Every day I wish I could take it back," he said. "I seen [the] repercussions among everyone. I didn't think about any of this when [the beating] was going on."

Half A Shield Is Better Than None (NYT)

By Geoffrey R. Stone

The New York Times, February 21, 2007

AS the new Democratic Congress moves ahead decisively on a panoply of issues, it should confront a particularly pressing one: freedom of the press. Congress should expeditiously enact a federal journalist-source privilege law, which would protect journalists from compelled disclosure of their sources' confidential communications in the same way psychiatrists and lawyers are protected. Importantly, neither Congress nor the press should be unwilling to compromise when the alternative is to forgo such a privilege altogether.

A strong and effective journalist-source privilege is essential to a robust and independent press and to a well-functioning democratic society. It is in society's interest to encourage those who possess information of significant public value to convey it to the public, but without a journalist-source privilege, such communication will often be chilled because sources fear retribution, embarrassment or just plain getting "involved."

As we have seen over the past several years, particularly with the federal investigation of the leak of the identity of former C.I.A. operative Valerie Plame, the absence of a journalist-source privilege leads to confusion, uncertainty and injustice. At the hands of unrestrained federal prosecutors, journalists have taken a serious battering.

There is nothing novel in the call for such a privilege. At present, 49 states and the District of Columbia recognize some version of it. The federal government is long overdue to enact such a privilege as well. This issue has often been before Congress, but Congress has consistently failed to act, in part because the press has stubbornly insisted that anything less than a perfect privilege is unacceptable. We must move forward. The press can no longer afford to let the perfect be the enemy of the good.

Of the jurisdictions that protect a journalist-source privilege, only 13 states and the District of Columbia do so absolutely, meaning that under no circumstances can the state override the journalist's right to withhold privileged information. The

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advantage of the absolute privilege is that it provides clarity and certainty to sources, journalists, lawyers and courts. The disadvantage is that in some situations, it could deprive law enforcement of critical information.

In 36 other states, the journalist-source privilege is qualified, meaning that the government can require a journalist to reveal confidential information if the government can prove that it has exhausted alternative ways of obtaining the information and that the information is necessary to serve a compelling state interest.

So how would a qualified privilege work at the federal level? The issue most often arises over matters of national security. Suppose, for example, a journalist reports that she has been informed by a reliable source that an unidentified major building in New York City will be blown up by terrorists the following day. It would seem irresponsible, indeed insane, to allow the reporter to refuse to disclose the identity of the source. Certainly, the government has a compelling interest in forcing the reporter to reveal the name of the source so it can attempt to track him down and possibly prevent the attack.

The trouble is that even in this situation, the matter is not free from doubt. Without the protection of an absolute privilege, the source might not have been willing to disclose the information to the reporter in the first place. Public officials are certainly better off knowing that a threat exists, even if they do not know the identity of the source, than knowing nothing at all. Thus, breaching the privilege in even this seemingly compelling situation might in the long-run prove counterproductive to protecting national security.

Nonetheless, such situations are more hypothetical than real, and they should not determine the shape of the privilege we enact. If the press has to compromise by endorsing a law that would enable the government to pierce the privilege in order to address an imminent and grave threat to national security, it should do so. There is little gain in sacrificing the privilege altogether because of a struggle over an abstract principle that would govern situations that have never happened in American history and are unlikely to happen in the future. Politics is, as they say, the art of compromise.

A serious journalist-source privilege is imperative to the national interest. It should be high on the list of Congress's priorities for 2007. And it should be held hostage neither to hypothetical nightmare scenarios nor to the press's stubborn, if principled, insistence on more than it really needs.

CIVIL LAW:

Supreme Court Tosses $79.5 Million Verdict Against Cigarette Company (USAT)

By Joan Biskupic

USA Today, February 21, 2007

WASHINGTON — The Supreme Court tossed out a $79.5 million award to a smoker's widow Tuesday in its first ever case testing punitive damages in a personal injury dispute.

The decision limits when jurors may consider the harm a company caused people who were not part of the case.

The 5-4 ruling is a victory for Philip Morris USA, which won another chance to challenge an Oregon jury's punitive damages award that was 97 times the actual damages for the death of Jesse Williams, a longtime Marlboro smoker.

IN-DEPTH: Court's opinion | On Deadline: Share your thoughts

The ruling follows a recent trend by the court to set criteria for awarding punitive damages, which are used to punish a defendant and deter wrongdoing. The justices found that jurors might have improperly considered the harm to numerous other Oregonians hooked on cigarettes.

William Ohlemeyer, vice president of Philip Morris USA, said the decision will ensure that companies are punished "only for harm caused to the plaintiff, and not to strangers."

Robert Peck, who represents Williams' widow, called the ruling "extremely narrow" and said juries generally were not trying to boost damages based on direct harm to third-parties.

The court did not rule on a second, more closely watched claim from Philip Morris that the award was "grossly excessive."

Tuesday's ruling could affect an array of cases that arise from an individual's injury, but have in the backdrop harm to other people, such as cases against automakers or drug companies.

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Williams successfully sued Philip Morris for negligence and deceit after her husband died of lung cancer in 1997. She claimed that the company engaged in a fraudulent campaign to minimize the dangers of smoking. The jury awarded $821,000 in actual damages and $79.5 million in punitive damages.

Writing for the majority, Justice Stephen Breyer said the trial judge's instructions may have unconstitutionally led the jury to punish Philip Morris directly for harm to other smokers. He said evidence of such harm may be used to show that the company's misconduct was particularly reprehensible — a factor that may be considered in the amount of punitive damages, but one that is restricted.

The case now returns to Oregon courts.

Dissenting were Justices John Paul Stevens, Antonin Scalia, Clarence Thomas and Ruth Bader Ginsburg.

Supreme Court Voids $79.5 Million Award In A Tobacco Suit (MCT)

By Stephen Henderson

McClatchy Newspapers, February 20, 2007

WASHINGTON - The Supreme Court on Tuesday further tightened limits on punitive damages, tossing out a $79.5 million judgment against tobacco giant Philip Morris because jurors had agreed to the award, in part, to punish the company for harming people other than the plaintiff.

The ruling is a significant victory for businesses and their advocates, who've complained that the court's old rules allowed lawyers to win class action-sized judgments in individual lawsuits.

"Plaintiffs won't be able to incite jurors to assess runaway awards based on purported injuries to others," said Lori Nugent, a lawyer with the Cozen O'Connor law firm who specializes in defending corporations in punitive-damages suits. "Juries will evaluate punitive damages based solely on the defendant's conduct toward the plaintiff. This is a significant swing of the pendulum toward returning fairness to courtrooms across the country, and will make a meaningful difference in numerous cases that are set for trial and on appeal right now."

The decision extends a line of high-court rulings that have placed constitutional limits on punitive damage, a novel and somewhat controversial approach that's drawn sharp criticism even from some of the justices.

Tuesday's 5-4 ruling, written by Justice Stephen Breyer, said awarding damages to punish a company for harming nonparties to a suit amounted to taking property without due process. Breyer added: "to permit punishment for injuring a nonparty victim would add a near standardless dimension to the punitive damages equation. How many such victims are there? How seriously were they injured? Under what circumstances did injury occur? The trial will not likely answer such questions as to nonparty victims."

Tuesday's ruling involved a judgment obtained by Mayola Williams after her husband, Jesse, a smoker for 47 years, died of lung cancer. Williams alleged that Philip Morris, now part of Altria Inc., misled her husband into thinking that smoking was safe.

The jury found that Jesse Williams and Philip Morris were equally responsible for his death, and awarded his widow $800,000 in compensatory damages. But it went further, finding the company liable for $79.5 million in punitive damages for a campaign of deceit that allegedly led to health problems for smokers throughout Oregon. None of those smokers was a plaintiff in Williams' suit, yet the judgment reflected their injuries.

The trial judge reduced Williams' award, but the Oregon Court of Appeals reinstated the larger amount and the Oregon Supreme Court upheld that judgment.

Breyer said that was unfair.

"A defendant threatened with punishment for injuring a nonparty victim has no opportunity to defend against the charge, by showing, for example in a case such as this, that the other victim was not entitled to damages because he or she knew that smoking was dangerous or did not rely upon the defendant's statements to the contrary," Breyer wrote.

Chief Justice John G. Roberts and Justices Anthony Kennedy, David H. Souter and Samuel A. Alito Jr. agreed with Breyer.

Justices John Paul Stevens, Antonin Scalia, Ruth Bader Ginsburg and Clarence Thomas dissented.

The court's split in the case defies the crude political categorizations of the justices, and as a result is a poignant example of the court's tendency to cleave along strictly judicial lines in many cases.

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Thomas and Scalia, for example, objected to Tuesday's ruling for the same reasons they've resisted all the court's decisions limiting punitive damages: They don't think that the Constitution addresses the issue.

That puts them at odds with Roberts, Alito and Kennedy, the remaining justices in the court's politically conservative wing. Kennedy long has agreed that the Constitution's due-process requirements prevent excessive punitive judgments. Roberts and Alito embraced that thinking for the first time on the high court in Tuesday's ruling.

Stevens' vote represents a departure for him on this issue; he penned the 1996 ruling that established constitutional limits for punitive damages, but said Tuesday's ruling went too far.

High Court Rejects $79.5 Million Award In Philip Morris Case (LAW)

By Tony Mauro, Legal Times

Legal Times, February 21, 2007

The Supreme Court on Tuesday tossed out a $79.5 million punitive damage award won by a smoker's widow against Philip Morris, ruling that Oregon jurors improperly considered harm to other smokers in punishing the tobacco giant.

By a 5-4 vote, the Court said that a state violates the Constitution's due-process clause when it uses a punitive damage award to punish a defendant for injuries suffered by "strangers to the litigation," in the words of Justice Stephen Breyer, who wrote the majority opinion.

"A defendant threatened with punishment for injuring a nonparty victim has no opportunity to defend against the charge," Breyer wrote.

Business advocates applauded the ruling as a major body blow, grounded in the Constitution, against high punitive damage awards.

"This is a huge, huge win for corporate defendants," said Lori Nugent, chair of the enterprise risks practice of Cozen O'Connor in Chicago, and author of a state-by-state guide on punitive damages. "Lawyers who exhort jurors to send a message; that has to stop now. It rips the guts right out of a case."

But plaintiffs groups say the decision won't change much, especially since the Court on Tuesday also said that harm to others could still be considered by jurors in determining the defendant's level of "reprehensibility."

"Ultimately, I don't think this is going to be very significant. The Court was slaying dragons that don't exist," said Robert Peck, who argued the case on behalf of Mayola Williams, widow of longtime Oregon smoker Jesse Williams, whose estate won the case against Philip Morris. On remand to Oregon, Peck said, the case could still result in a significant punitive damage award.

The ruling also disappointed some business groups because it explicitly stopped short of setting numerical limits on excessive punitive damages -- a holy grail for critics of the tort system. The Court's sidestep caused some tobacco-company stocks to dip on Wall Street after the ruling.

The decision in Philip Morris USA v. Williams represented the first time Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. showed their stripes on an issue that scrambles the usual alliances on the Court. Both Roberts and Alito joined the Breyer majority, along with Justices Anthony Kennedy and David Souter. In dissent were Justices Clarence Thomas -- who sees no limit to punitive damages written in the Constitution -- and Justices John Paul Stevens, Antonin Scalia and Ruth Bader Ginsburg.

It was also the first time that evidence of tobacco-company misconduct, dug up by years of discovery in litigation, was before the Court, albeit in the background. But Breyer's majority made scant mention of the evidence or of any particulars of Williams' case.

Commentators and dissenters questioned how the Court's ruling will be applied in real courtrooms. Breyer said judges will have to be vigilant in ensuring that jurors only consider harm to others in assessing reprehensibility, not in deciding the level of punitive damages. "State courts cannot authorize procedures that create an unreasonable and unnecessary risk of any such confusion occurring," Breyer said.

"It seems, then, that jurors can think about harm to others in deciding that the conduct was awful enough to merit punitive damages" in the first place, said Michael Krauss, torts professor at George Mason University School of Law. "But then they can't think about it anymore, because when they set the amount of the damage award, the Court is saying it has to reflect only the harm to the plaintiff. You'll have to wash your brain out" between steps.

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Krauss adds, "How you force the jury into this intellectual straightjacket isn't clear. What is clear is that this issue will be back before the Court."

Ginsburg in her dissent also predicted that the task of guiding jurors will be difficult. "A judge seeking to enlighten rather than confuse surely would resist delivering the requested charge."

She added that the majority should have shown greater respect to the Oregon Supreme Court and other state courts that have tried "diligently to adhere to our changing, less than crystalline precedent."

In another key business ruling from the Northwest on Tuesday, the Court ruled unanimously in favor of Weyerhaeuser, the timber company, in a dispute over "predatory bidding." Ross-Simmons, a sawmill company, claimed that Weyerhaeuser tried to drive it out of business by bidding up the price of red alder logs to a level that Weyerhaeuser could afford to pay, but Ross-Simmons could not.

In a ruling by Thomas, the Court agreed that the same standard used in antitrust "predatory pricing" cases should apply to bidding or buying cases -- a standard that is difficult for plaintiffs like Ross-Simmons to meet.

Supreme Court Puts New Rules On Damage Awards (CSM)

By Warren Richey

The Christian Science Monitor, February 21, 2007

An Oregon jury violated constitutional principles of fairness when it levied a $79.5 million punitive-damages award against the Philip Morris tobacco company in a single smoker lawsuit.

In a 5-to-4 decision announced Tuesday, the US Supreme Court struck down the verdict because it said the jury violated due-process protections when it sought to punish the tobacco company for injuries suffered by nonparties to the litigation.

Writing for the majority, Justice Stephen Breyer said the jury could consider Philip Morris's alleged deceptive conduct toward all smokers in Oregon in determining the reprehensibility of its conduct. But he said the jury could not then punish Philip Morris for that same conduct without violating the tobacco company's constitutional rights.

In reaching its decision, the court avoided addressing the most closely watched issue in the case: whether a nearly $80 million punitive-damages award for the widow of a smoker is constitutionally excessive.

"The Constitution imposes certain limits in respect both to procedures for awarding punitive damages and to amounts forbidden as 'grossly excessive,' " Justice Breyer writes. But he said the court would address only the procedural issue and leave it to the Oregon courts to address the issue of excessive punitive damages during any retrial.

The decision is important because it represents a move by the high court to impose constitutional limits on punitive-damage awards. But the decision also exposes sharp differences within the court on the issue.

Justices John Paul Stevens, Clarence Thomas, and Ruth Bader Ginsburg all filed dissents. Justice Antonin Scalia and Justice Thomas joined Justice Ginsburg's dissent.

"While apparently recognizing the novelty of its holding, the majority relies on a distinction between taking third-party harm into account in order to assess the reprehensibility of the defendant's conduct – which is permitted – from doing so in order to punish the defendant directly – which is forbidden," writes Justice Stevens in his dissent. "This nuance eludes me."

"A murderer who kills his victim by throwing a bomb that injures dozens of bystanders should be punished more severely than one who harms no one other than his intended victim," Stevens writes.

"There is no reason why the measure of the appropriate punishment for engaging in a campaign of deceit in distributing a poisonous and addictive substance to thousands of cigarette smokers statewide should not include consideration of the harm to those 'bystanders' as well as the harm to the individual plaintiff," Stevens writes.

The decision stems from an Oregon lawsuit filed in 1997 against Philip Morris by Mayola Williams after her husband, Jesse, died following a diagnosis of lung cancer. Mr. Williams had smoked three packs of cigarettes a day for 45 years.

Lawyers for Philip Morris told the jury that Williams accepted the risks of smoking despite government warnings about the dangers of cigarettes and tobacco.

Mrs. Williams's lawyers countered that Philip Morris perpetrated a massive fraud by pushing an addictive and dangerous product on unsuspecting consumers. Tobacco company officials adopted a strategy of casting doubt on government health

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warnings, the lawyers said. The firms offered just enough of a crutch to allow addicted smokers – like Mr. Williams – the justification and reassurance to go ahead and ignore the government's warnings and continue their smoking habit, the lawyers told the jury.

Business and industry groups have been following the case, hoping the high court would use it to inject a higher level of predictability into American tort law. Business associations complain that in many states they face open-ended liability from jurors who view corporations as deep pockets capable of paying any penalty.

On the other side, trial lawyers, consumer groups, and health organizations were hoping the high court would back away from earlier efforts to limit what a majority of justices had viewed as excessive punitive damages. These groups see the threat of large punitive-damage awards as an effective deterrent against wrongdoing and as a positive force in society.

Justices Overturn Tobacco Award (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, February 21, 2007

$80 Million Penalty Is Called Excessive

The Supreme Court yesterday overturned a nearly $80 million verdict intended to punish the Philip Morris tobacco company for endangering the lives of smokers, and the justices set limits on how jurors can decide to make big business pay for wrongdoing.

The court's narrowly written 5 to 4 decision said an Oregon court had improperly let jurors calculate the harm done to many in deciding damages paid to an individual.

The court ruled that the Constitution's due-process clause forbids a state to use punitive damages to punish a company for injury it inflicts upon others who are "essentially, strangers to the litigation," according to the majority opinion, written by Justice Stephen G. Breyer.

The case was seen at the beginning of the term as one of the most important business decisions that the court would make under new Chief Justice John Roberts Jr., and it was clearly a victory for Philip Morris and other big companies. It continues the reasoning in the court's recent rulings that punitive damages -- aimed at punishing a company and deterring more wrongdoing -- must be proportionate to the wrong committed.

But in sending the case back to Oregon courts for further litigation, the justices sidestepped a decision that industry had most wanted: whether to set a solid cap on how much could be awarded for punitive damages, perhaps based on a specific ratio to the actual damages done to the individual who brought the suit.

Still, business advocates praised the decision.

"This is a really important case for the business community, and a big win," said Robin Conrad, senior vice president of the National Chamber Litigation Center of the U.S. Chamber of Commerce. She said it would be valuable to insurance companies, automakers, pharmaceutical manufacturers and other firms that have been hit with huge punitive-damages awards in recent years.

But Robert S. Peck, the Washington lawyer who represented the Oregon smoker's widow who brought the suit, said the decision "slays a dragon that didn't exist." Peck contended that the jury calculated its large award not on the number of other victims but on the company's profitability, and he predicted that Oregon courts will "reaffirm" that they "did the right thing."

How the jury decided the amount to award is unclear, and confusion at the Supreme Court oral arguments foreshadowed the justices' ultimate decision. "Isn't perhaps the better course to send this back to them . . .?" suggested Justice David H. Souter, who voted with the majority to do just that.

The case involved Jesse Williams, a Portland janitor who smoked at least two packs of Marlboros every day for 45 years and died of lung cancer in 1996. Philip Morris, now owned by Altria Group, had denied during that time that its cigarettes were addictive, and at trial, lawyers for his estate told the jury to consider the damage done to other smokers in Oregon.

The attorney for his widow, Mayola Williams, told the jury to "think about how many other Jesse Williams in the last 40 years in the state of Oregon there have been."

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The jury awarded Mayola Williams $821,000 in compensation and then tacked on the $79.5 million punitive award. (Not all states allow punitive awards; in Oregon, 60 percent of the award goes to the state, Peck said.) The nearly 100 to 1 ratio of punitive damages to compensatory damages is far outside the "single-digit" ratio the Supreme Court suggested in previous cases, but a firm limit has never been set.

The majority opinion issued yesterday agreed with Williams that the jury could hear evidence of harm to others to show that a company's conduct was reprehensible, which could increase the punitive-damages award.

But Breyer wrote a "jury may go no further than this and use a punitive damages verdict to punish a defendant directly on account of harms it is alleged to have visited on nonparties."

Dissenting justices said they wondered how a judge could properly instruct a jury to consider what Justice Ruth Bader Ginsburg called our "less than crystalline precedent."

The majority "relies on a distinction between taking third-party harm into account in order to assess the reprehensibility of the defendant's conduct -- which is permitted -- from doing so in order to punish the defendant 'directly' -- which is forbidden," Justice John Paul Stevens wrote. "This nuance eludes me."

The court's split in recent decisions limiting punitive damages is far different from the ideological differences that are apparent in many decisions on social issues. Breyer was joined by Roberts and Justices Samuel A. Alito, Anthony Kennedy and David H. Souter.

Stevens, who in the past has supported limiting the amounts of punitive awards, joined Ginsburg and Justices Antonin Scalia and Clarence Thomas.

The case was sent back to the Oregon Supreme Court, which had upheld the large punitive award. Breyer wrote that the application of the court's standard may "lead to the need for a new trial, or a change in the level of the punitive damages award."

The case is Philip Morris USA v. Williams, case No. 05-1256. Also yesterday, the court ruled 5 to 4 that a Florida death row inmate could not challenge his conviction in the federal court system because he missed a one-year filing deadline.

High Court Denies Altria Damages, Sets No Formula (WSJ)

By Jess Bravin And Vanessa O'Connell

The Wall Street Journal, February 21, 2007

WASHINGTON -- The Supreme Court's move to throw out a $79.5 million award against Altria Group Inc.'s Philip Morris USA was another boon for corporate defendants. But it wasn't the knockout blow against punitive damages that business had sought.

The 5-4 ruling turned on the court's finding defendants can't be punished for harms suffered by consumers who aren't party to a lawsuit. But the justices refused to impose a formula, sought by business groups, that would limit punitive-damage awards.

• The News: The Supreme Court tosses out a $79.5 million punitive- damages award against Philip Morris.

• The Background: The court was asked to look at whether defendants could be punished for harm suffered by those who weren't party to the lawsuit.

• The Outlook: Judges likely will instruct jurors to avoid multiplying the harm of a single plaintiff to reach a punitive damage award, potentially reducing the size of such awards.

The ruling extended a string of recent decisions reining in the penalties juries can impose on corporate wrongdoers. Judges now will be more likely to instruct jurors to avoid simply multiplying the harm done to a single plaintiff to reach a punitive-damage award.

"If there are 10,000 widgets sold," a jury can't mechanically fix punitive damages by multiplying compensatory damages 10,000 times, said Sherman Joyce, president of the American Tort Reform Association, an industry group that filed a friend-of-the court brief siding with Philip Morris.

The original case turned on a jury award to Mayola Williams, who was awarded $821,000 in compensatory damages and nearly 100 times that amount in punitive damages in a lawsuit after the death of her husband, Jesse, in 1996. The state court jury in Oregon found his death was caused by cigarettes.

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Writing for the five-member majority, Justice Stephen Breyer found that punitive awards partly based on harm to nonparties "amount to a taking of 'property' from the defendant without due process."

At the same time, recognizing that punitive damages are intended to punish wrongdoing and deter its recurrence, the court observed "that conduct that risks harm to many is likely more reprehensible than conduct that risks harm only to a few," so juries may take such factors into account when awarding damages.

"This nuance eludes me," wrote dissenting Justice John Paul Stevens. He argued there was no practical difference between directly punishing the defendant for harming third parties and increasing the punishment because harm to a single plaintiff was more "reprehensible" given its potential harm to others.

An immediate beneficiary of the ruling could be Merck & Co., which now faces some 28,000 lawsuits over its painkiller Vioxx.

Trying each complaint separately, Merck has won eight liability trials to date and lost four. One verdict in Merck's favor later was tossed out by a state court judge, while two Los Angeles state court cases resulted in mistrials Jan. 18. In all four losses, meanwhile, juries awarded plaintiffs punitive damages ranging from $1 million to $229 million. Two of the damage awards were later automatically reduced under Texas state law.

Though the U.S. Constitution makes no mention of punitive damages, the court in recent years has found that some awards are so high as to violate due process.

In 1996, the justices threw out a $2 million punitive award won by a consumer who learned that his car salesman had concealed the fact that a new BMW had been damaged and repainted before sale. A 5-4 court, in an opinion by Justice Stevens, found the amount "grossly excessive" after considering the actual damages the plaintiff suffered, civil penalties for similar misconduct and the defendant's "degree of reprehensibility."

In 2003, in a 6-3 opinion by Justice Anthony Kennedy, the court rejected a 145-to-1 punitive-to-compensatory damage ratio. A Utah court had awarded the damages to a policyholder who contended State Farm Mutual Automobile Insurance Co. had misled her into believing it would cover her liability for a car accident. The court suggested that "single-digit multipliers are more likely to comport with due process" than larger ones.

Industry groups were hoping the court would follow that ruling with an ironclad rule against double- or triple-digit multipliers. But the court said it need not reach that issue.

Bob Peck, the lawyer who represented Mrs. Williams, suggested the impact of the ruling would be muted. Jurors rarely multiply the victims to reach punitive awards, he said. The $79.5 million award in his case, he said, could be understood as "precisely 2.5 weeks' profit" for Philip Morris.

At the Supreme Court, Philip Morris argued that the original Oregon trial judge failed to instruct the jury in the proper way to consider harm to third parties. The judge declined to issue the company's proposed jury instruction, which would have advised that "although you may consider the extent of harm suffered by others" in assessing a proper penalty for Mr. Williams's death, "you are not to punish the defendant for the impact of its alleged misconduct on other persons, who may bring lawsuits of their own...."

Justice Breyer found that this jury instruction would have set the proper balance. Imposing damages for harm to nonparties would violate the Constitution's Due Process Clause, because the defendant would have no chance to defend against the charges, he wrote. Moreover, permitting such factors "would add a near standardless factor to the punitive damages equation."

The decision was notable as well for the split it signaled between Justices Antonin Scalia and Clarence Thomas, who have held that the Constitution didn't contemplate any limits on punitive damages, and the court's two newest members, Chief Justice John Roberts and Justice Samuel Alito.

The chief justice and Justice Alito joined the majority along with Justices Anthony Kennedy and David Souter. Justices Scalia and Thomas joined the dissent by Justice Ruth Bader Ginsburg, who wrote that the Oregon jury had properly considered "the extent of harm suffered by others as a measure of reprehensibility."

The case returns to the Oregon Supreme Court, which could order a new trial or issue a new opinion comporting with yesterday's decision.

The decision is unlikely to have an impact on class-action litigation, because in such lawsuits mass numbers of plaintiffs are formally represented.

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Punitive damages are alleged in a majority of the pending cases against Philip Morris, which as of year end faced 196 pending suits brought by individual smokers, 10 class actions concerning smoking and health claims and 20 class-action lawsuits concerning its "light" cigarettes, among other litigation. In a number of states where antitobacco suits are pending, punitive damages don't exist, or are limited, tobacco lawyers note.

Justices Overturn $79.5 Million Tobacco Ruling (NYT)

By Linda Greenhouse

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — The Supreme Court on Tuesday overturned an Oregon jury's award of $79.5 million in punitive damages against Philip Morris on the ground that jurors might have improperly calculated the figure to punish the cigarette maker for the harm it caused to smokers other than the man whose widow brought the case.

Although of limited scope, the 5 to 4 decision was a victory for the cigarette industry and for other corporate defendants whose products or behavior have caused widespread injury and who are thus likely to face skeptical or hostile juries.

The court was tightly focused on a question of procedural fairness: the need, in the majority's view, to make sure that juries do not punish defendants for harm to others who are not parties to the lawsuit, or who even may have brought their own lawsuits previously and lost. "The due process clause prohibits a state's inflicting punishment for harm caused strangers to the litigation," Justice Stephen G. Breyer wrote in the majority opinion.

The court thus steered clear of the issue that most animates the debate over punitive damages: whether a punitive damage award that is much greater than the compensatory damages awarded by the jury can be considered unconstitutionally excessive. In this case, the ratio of punitive to compensatory damages was nearly 100 to one, but the court did not address the issue despite Philip Morris having raised it.

What happens next in this lawsuit may provide an early indication of the practical significance of the court's ruling, as far as it went. The case now goes back to the Oregon Supreme Court, which has options ranging from reinstating the award to ordering a new trial. The original trial of the suit, brought by Mayola Williams, whose husband, Jesse, died of lung cancer after smoking two packs of Marlboros a day for 45 years, took place in 1999.

Mrs. Williams's lawyer asked the jury to "think about how many other Jesse Williams in the last 40 years in the state of Oregon there have been." The trial judge rejected a request by Philip Morris for an instruction warning the jury that "you are not to punish the defendant for the impact of its alleged misconduct on other persons."

The Supreme Court on Tuesday did not require any particular wording in the form of a jury instruction. But Justice Breyer said that state judicial systems had a constitutional obligation to avoid "an unreasonable and unnecessary risk" that a jury would calculate the punitive damages based on harm to those not before the court.

The issue is complicated because, under the Supreme Court's precedents, the "reprehensibility" of a defendant's conduct is a factor that a jury is explicitly directed to consider in setting a punitive damages award. Justice Breyer acknowledged that harm to others can serve as a measure of reprehensibility, and that jurors will necessarily consider it. That was appropriate, he said, as long as courts "provide some form of protection" against jurors seeking "to punish the defendant for having caused injury to others."

Sheila L. Birnbaum, a punitive damages specialist with Skadden, Arps, Slate, Meagher & Flom in New York, said the court was requiring jurors to "unring the bell" in a way that might prove difficult. "It's very hard for jurors to disregard something they have heard," she said.

Ms. Birnbaum, who successfully argued the most recent punitive damages case heard by the court before this one, on behalf of the State Farm insurance company in 2003, added that the decision was nonetheless "a step in the right direction" for corporate defendants because it would require trial judges and appellate courts to be attentive to the guidance that jurors receive.

Justice Breyer's majority opinion, Philip Morris USA v. Williams, No. 05-1256, was joined by Chief Justice John G. Roberts Jr. and by Justices Anthony M. Kennedy, David H. Souter and Samuel A. Alito Jr. The dissenters were Justices John Paul Stevens, Ruth Bader Ginsburg, Antonin Scalia and Clarence Thomas.

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It is typical for the court's punitive damages rulings to cut across the usual ideological lines. In fact, the only real surprise was the vote by Justice Stevens, who had previously voted with the court's majority to support limits on punitive damages.

In his dissenting opinion, Justice Stevens said he was "firmly convinced" that those earlier decisions were correct. But he said that "in my view the Oregon Supreme Court faithfully applied the reasoning in those opinions to the egregious facts disclosed by this record." He said that "no procedural error even arguably justifying reversal occurred at the trial in this case."

The court's two new members, Chief Justice Roberts and Justice Alito, succeeded justices who supported limits on punitive damages, as they themselves did on Tuesday. But the narrowness of the court's opinion and its avoidance of the excessiveness issue raised the question of whether, beneath the surface stability, the court's polarity may have shifted.

In the State Farm case that Ms. Birnbaum argued four years ago, the court overturned a punitive damage award that was 145 times greater than the compensatory award. "Few awards exceeding a single-digit ratio" would meet the test of due process, Justice Kennedy wrote then for a 6-to-3 majority, a strong statement that made the court's failure on Tuesday to address the 97 to one ratio in the Philip Morris case all the more curious. (The Oregon jury awarded Mrs. Williams $821,000 in compensatory damages.)

To hold that a damage award is unconstitutionally excessive requires the court to accept the argument that the due process clause contains a substantive component as well as a procedural one. It is on this basis that Justices Scalia and Thomas, who do not accept the modern doctrine of "substantive due process," have dissented from the leading punitive damages decisions.

It is not implausible that Chief Justice Roberts and Justice Alito might share that view. Whether they do might become apparent if the Oregon Supreme Court reinstates the punitive damages verdict and Philip Morris comes back before the justices with a new appeal based on excessiveness.

The dissenters tweaked the majority for what they characterized as judicial activism and refusal to give state courts proper respect. "I would accord more respectful treatment to the proceedings and disposition of state courts that sought diligently to adhere to our changing, less than crystalline precedent," Justice Ginsburg said in an opinion that Justices Scalia and Thomas also signed.

In a prepared statement, William S. Ohlemeyer, vice president and associate general counsel of Philip Morris, a unit of Altria, said the decision would give the company "an opportunity to fully and fairly defend itself in this and other cases."

Market analysts generally viewed the decision as positive for industry. "Despite a more narrow opinion than we had hoped for, we view the ruling as a positive as it effectively limits the size of punitive damages in future cases," said Christopher R. Growe, an analyst at A. G. Edwards & Sons, in a note to investors.

In recent months, investors have pushed Altria's stock to record highs, in part because they believe the litigation environment against tobacco companies has significantly improved. On Tuesday, Altria's stock closed at $85.95, down 25 cents.

Reward To Smoker's Widow Nixed By Top Court (WT)

By Gregory Lopes

The Washington Times, February 21, 2007

The Supreme Court yesterday took away almost $80 million awarded to the widow of a longtime smoker and threw into doubt the prospects of future high-dollar jury awards against businesses.

A divided Supreme Court ruled 5-4 in favor of Altria Group, the parent of Richmond company Philip Morris USA and Kraft Foods, which contested an Oregon Supreme Court's upholding of an earlier verdict that forced the maker of the popular Marlboro cigarette to pay $79.5 million in damages.

Justice Stephen G. Breyer, writing for the majority, said a punitive-damages award based on a jury's desire to punish a defendant for harming those who are not parties to the lawsuit amounted to taking property from the defendant, which would be a violation of the constitutional right of due process. Chief Justice John G. Roberts Jr. and Justices Samuel A. Alito Jr., Anthony M. Kennedy and David H. Souter made up the rest of the majority.

However, the court refused a request from the tobacco giant that it set a clear limit on the size of punitive damages awarded in tobacco cases.

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"This decision is a big deal because it will have a tremendous impact on other industries facing similar litigation," said Robin Conrad, senior vice president of the National Chamber Litigation Center at the U.S. Chamber of Commerce. "The court's decision now provides businesses with additional protection against juries' arbitrary awards of punitive damages."

Jonathan S. Franklin, a D.C. lawyer, agreed, saying the ruling that juries can't consider the harm to others "limits the ability of plaintiffs to argue for enormous damage awards."

"This is not just a victory for the tobacco companies," he told the Associated Press, but it's good for any company that might be subject to product liability suits in which punitive awards might be involved.

But Justice Clarence Thomas, in his dissent, said the ruling leaves the court with no clear stance on punitive damages.

"Today's opinion proves once again that this court's punitive damages jurisprudence is 'insusceptible of principled interpretation.' "

The court's decision leaves U.S. juries to ponder punitive damages under this rule: The jury may consider actual or potential harm to others in deciding how reprehensible a company's conduct was, but may not punish the company for the harm caused to others.

"The court took a big wooden spoon and stirred up the swamp, making the view muddier than ever," said Steve Emmert, chairman of the appellate practice subcommittee for the Virginia state bar's litigation section. "I am convinced that this ruling will lead to confused juries looking to confused judges for guidance."

States will have some flexibility to determine the rules that will help minimize jury confusion over the standard set yesterday.

The justices did not split down party lines, further bolstering reaction from lawyers that yesterday's decision leaves punitive damage law on murky ground. The court last placed limits on such awards in 2003.

Mr. Emmert said the decision is likely to result in smaller dollar amounts awarded to defendants but will not slow the number of cases brought to courts around the country.

Just over one-fifth of U.S. adults smoked cigarettes in 2005, down from one-quarter of the country's adults a decade ago.

Mayola Williams sued Philip Morris for fraud on behalf of her husband, a two-pack-a-day smoker for 45 years, who died of lung cancer nine years ago. She argued the jury award was appropriate because it punishes Philip Morris' misconduct for a decades-long "massive market-directed fraud" that misled smokers into thinking cigarettes were not dangerous or addictive.

Philip Morris argued that the jury should have been told explicitly that other smokers must prove their own cases.

"We believe that this decision will provide Philip Morris USA with an opportunity to fully and fairly defend itself in this and other cases," said William S. Ohlemeyer, Philip Morris USA vice president and associate general counsel.

"There are clearly constitutional limits to the imposition of punitive damages, and today's decision makes clear that state courts must properly instruct juries on those limits to ensure that they are punishing only for harm caused to the plaintiff, and not to strangers."

But the day was not a total success for cigarette makers, as the high court turned down the industry's bid to eliminate a 75-cent-per-pack fee on Minnesota residents that the state imposed to help pay for rising health care costs.

Reynolds American Inc., R.J. Reynolds Tobacco, Loews Corp.'s Lorillard Tobacco and Philip Morris said the fee unconstitutionally requires the companies to pay beyond the 1998 $200 billion settlement agreement the industry reached with states.

"This decision doesn't leave us anywhere to go," said David Howard, a spokesman for R.J. Reynolds. "It could give other states the opportunity to look at a similar tax. We think it is double dipping and would oppose it as a violation of the master agreement [1998 settlement]."

Shielding The Powerful (NYT)

The New York Times, February 21, 2007

The Supreme Court's decision yesterday overturning a nearly $80 million punitive damage award against Philip Morris is a win for corporate wrongdoers. It stretches the Constitution's guarantee of due process in a way that will make it easier for companies that act reprehensibly to sidestep serious punishments.

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It also provides unsettling new evidence that the court is more concerned about — and more willing to protect — the powerful than the powerless.

An Oregon jury awarded Mayola Williams, the widow of a cigarette smoker, about $821,000 in compensatory damages and $79.5 million in punitive damages. Ms. Williams argued that Philip Morris had spent 40 years denying the connection between smoking and cancer, even though it knew cigarettes were deadly. The Oregon Supreme Court upheld the punitive damages award, saying that Philip Morris's actions had been "extraordinarily reprehensible." By keeping Oregonians smoking longer than they otherwise would have, the court said, the company's actions would, "naturally and inevitably, lead to significant injury or death."

By a 5-to-4 vote that did not follow the usual ideological lines, the court ruled that the award was improper because it punished Philip Morris for harm done to people who were not part of the lawsuit. There is nothing unusual, or wrong, about courts considering the broader impact of a wrongdoer's misdeeds. As Justice John Paul Stevens noted in dissent, "A murderer who kills his victim by throwing a bomb that injures dozens of bystanders should be punished more severely than one who harms no one other than his intended victim." The fact that Philip Morris hurt so many other smokers along with Jesse Williams is surely relevant to its punishment.

The court in recent years has become increasingly activist when it comes to defending the rights of corporations by striking down punitive damage awards. And yesterday's ruling continues that trend. It expands the notion of due process. And it overturns the decisions of a jury and a state supreme court.

Unfortunately, the court has been far less activist when ordinary people seek protection or challenge their punishments. The ruling stands in particular contrast with the court's 2003 decision that the Eighth Amendment's ban on "cruel and unusual punishments" did not bar California, under its "three strikes" law, from sentencing a man to 50 years in prison for stealing $153.53 worth of videotapes. Yesterday's decision is another disturbing sign that — as the current court reads the Constitution — powerful parties have more rights than regular people.

Class Actions In Drag (WSJ)

The Wall Street Journal, February 21, 2007

The Supreme Court dealt another blow against runaway tort damages yesterday in a long-running case between Philip Morris and the late Jesse Williams, a heavy smoker whose Marlboro habit killed him. Maybe next time the Justices will go even further and provide some clearer guidance to lower courts.

The question before the High Court was how far a jury could go in awarding "punitive" damages, especially where the behavior being punished was deemed "reprehensible." In the original lawsuit, the jury awarded Mr. Williams's widow $79.5 million in punitive damages on top of $821,000 in compensatory damages, a tidy ratio of 97-1.

The opinion of the 5-4 majority, written by Justice Stephen Breyer, never addressed whether this ratio was "excessive," as the court has done in other recent cases. Instead the majority, which included Chief Justice John Roberts and Justices Samuel Alito, Anthony Kennedy and David Souter, ruled that Philip Morris had been punished not only for harm to Williams, the deceased, but to other smokers in the state -- a back-door class action, in effect.

This seems a sound impulse on a number of grounds. Our courts are already riddled with enough class actions without turning single-plaintiff cases into more of the same through the punitive-damages process. And awarding damages based on harm to what Justice Breyer calls "strangers to the case" risks seeing businesses dunned many times over when multiple plaintiffs sue over the same harm. The majority opinion concluded that harm to others could be taken into account in determining how "reprehensible" a tort was, but could not be figured into the punitive-damages award "directly."

Ruth Bader Ginsburg was joined in dissent by Clarence Thomas, Antonin Scalia and John Paul Stevens. She argued, with some cause, that Justice Breyer's opinion was trying to maintain a distinction without much difference. And it is true that the Court offered little in the way of objective standards -- such as a firm ratio between compensatory and punitive damages -- to determine when a defendant was likely being punished for harm to others. But in affirming that procedural safeguards against excessive damages were necessary, at least the Court took another step in the direction of reining in huge punitive awards.

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It is noteworthy, too, that the Court's two newest members joined the majority here. Justices Thomas and Scalia have long been skeptics of limitations on punitive damages and of the "substantive due process" arguments that lie behind yesterday's ruling. But in joining the majority, the Court's newest Justices demonstrated their awareness that, when punitive-damage awards grow large enough, real issues of justice and fairness (and thus due process) are implicated.

The Court currently has a petition before it to hear another punitive-damages case, this one involving a rollover in a Ford Explorer SUV. The case would give the Justices another opening to address what safeguards are necessary to ensure that the rights of defendants and plaintiffs alike are respected when it comes to the evidence and arguments that can be presented to ring up huge damage awards. In the long run, it may be that procedural safeguards on how these cases are argued and how juries are told to weigh the evidence could make judicial limits on outsize punitive damages less important, but yesterday's ruling in Philip Morris v. Williams is unlikely to be the final word.

Yesterday's ruling looks to be one more example of what Fourth Circuit Court of Appeals Judge J. Harvie Wilkinson III has astutely called the High Court's recent tendency toward "split the difference" jurisprudence. Rather than rooting decisions in the Constitution or statutory text, such reasoning tends to "relax constraints on judicial discretion" and thus augment the power of judges over the other branches, as Judge Wilkinson put it last year in the Stanford Law Review. We'd add that this habit is a specialty of Justices Breyer and Kennedy, both of whom love to play the role of King Solomon.

In any case, inflicting gigantic damages in civil cases without standards to guide either judges or juries are a real problem, despite what Justices Thomas and Scalia seem to believe. And in ruling that standards have to be applied in how these cases are argued -- and not only in the number that is finally arrived at -- the Court may have hit upon an important area for reform. But thanks to the Court's willingness to split too many differences, Philip Morris can't exhale just yet.

Surgeon, Chiropractors Charged In $6 Million Fraud Schemes (ATLBIZ)

Atlanta Business Chronicle, February 21, 2007

A federal grand jury handed down two separate health-care fraud indictments today, charging a total of five health-care providers with fraudulently billing approximately $6 million, principally for a back pain procedure.

According to the U.S. Attorney's office, Howard Berkowitz, 59, of Atlanta; Arthur Hargraves, 66, of Douglasville; and Daniel Puffenberger, 51, of Kissimmee, Fla., were each charged with five counts of health care fraud that they allegedly committed as owners of the Associated Spinal Care Network in Douglasville. The indictment alleges that Berkowitz was an orthopedic surgeon and the medical director of Associated Spinal Care, while the two other defendants were chiropractors. The indictment alleges that Associated Spinal Care, at the direction of the three, billed Blue Cross/Blue Shield of Georgia for over $3 million relating to the procedure from 2001 through 2005.

In another indictment, William Stearns, 45, of Marietta, Georgia, and Steven Levine, 50, of Roswell, were charged with health-care fraud and other violations that they allegedly committed as owners of the Comprehensive Care Medical Group in Marietta. Comprehensive Care, at the direction of Stearns and Levine, allegedly billed Blue Cross/Blue Shield of Georgia for approximately $1.8 million for the procedures in 2003 and 2004.

Separately, Stearns also allegedly submitted fraudulent bills to Blue Cross relating to a procedure in which an electrical stimulation machine was attached to the surface of a patient's body. The indictment alleges that Comprehensive Care fraudulently submitted over $1.5 million in bills for that procedure.

The cases are being investigated by the FBI.

Nine Doctors Indicted For Billing Fraud (OCR)

By Blythe Bernhard, The Orange County Register

Orange County Register, February 15, 2007

Total of 18 are accused of scheme to bilk Medicare.

Santa Ana federal grand jury indicted nine doctors and nine others Wednesday on charges of performing unnecessary treatments on mentally ill and elderly adults, and for fraudulently billing Medicare for more than $12 million.

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Physicians Paul Lessler, 68, of Corona Del Mar, Xinming Fu, 45, of Irvine, Michael Wayne Chapman, 53, of Cypress and David Todd Asher, 39, of Fullerton were among those charged with various counts of health care fraud, money laundering and conspiracy.

An attorney for Lessler said he hadn't yet read the indictment and declined to comment further.

According to the indictment, from 2001 to 2004 the doctors allegedly paid recruiters to find patients for respiratory therapy, regardless of their need for treatment. The recruiters would target boarding facilities for the elderly and physically or mentally disabled, including Royal Healthcare, a 66-bed facility in Anaheim.

A woman who answered the phone at Royal Healthcare declined to comment.

Administrators at the facilities were typically paid $100 per resident they referred to the recruiter, federal prosecutors said. Residents were lured to the near-daily treatments with soda, candy and doughnuts.

The treatments on dozens of patients included inhaled medications and chest manipulations. In some cases the treatments weren't performed, prosecutors said. Other times a respiratory therapist would perform the treatments without a physician's supervision, which is not allowed under Medicare rules.

"These people are being touched and given medications based on the payment of a kickback as opposed to medical necessity," said Assistant United States Attorney Jeannie M. Joseph. "I think it's egregious."

The doctors billed Medicare more than $12 million for the treatments, including some that were allegedly performed while the doctors were out of state. Treatments also were falsely billed as having taken place in the doctors' offices or mobile medical vehicles. Medicare prohibits the respiratory treatments from being performed at board-and-care facilities.

The other doctors named in the indictment include Alexander Zinovy Rivkin, 38, Gershon Walter Hepner, 68, and Ramin Sarshad, 38, of Los Angeles; Truc Huy Dao, of Rowland Heights and Aginah M. DeBerry, 54, of Colorado Springs, Colo.

Other Orange County residents indicted in the scheme include recruiter Glen Madrid, 42, of Yorba Linda and boarding care facility administrators Barbara Thrash, 56, of Garden Grove and Shahnaz Chadorbaf-Arastoo, 51, of Irvine.

All 18 defendants are expected to be arraigned March 19 in U.S. District Court in Santa Ana. The defendants face a maximum 10-year federal prison sentence for each health care fraud count, 20 years for each money laundering count and five years for each conspiracy count.

The investigation was conducted by the FBI, the U.S. Postal Inspection Service and the IRS.

Contact the writer: 714-796-6880 or bbernhard@ocregister.com

CIVIL RIGHTS:

AG Gonzales Touts Better Protection From Religious Discrimination (AP)

By Rose French

AP, February 21, 2007

NASHVILLE, Tenn. - U.S. Attorney General Alberto Gonzales told Southern Baptists on Tuesday the Department of Justice is launching a new program to protect Americans from religious discrimination.

Gonzales said the First Freedom Project would increase education about religious discrimination by holding a series of training seminars throughout the country over coming months.

He also plans to create a Religious Freedom Task Force, which will review policies and religious discrimination cases. He said he doesn't yet know how much the program will cost.

"One of our most cherished freedoms ... is our religious freedom," he told leaders of the Southern Baptist Convention, the nation's largest Protestant denomination, in Nashville. "It is a fundamental part of our nation's history."

The first training seminar will be held in Kansas City, Mo., in March, followed by seminars in Tampa, Fla., in April and Seattle, Wash., in May. Other dates and locations will be announced later.

As part of the new program, the Justice Department is also launching a Web site http://www.firstfreedom.gov, with information on enforcement and how to file a religious discrimination complaint.

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On Tuesday the Justice Department also released its report on Enforcement of Laws Protecting Religious Freedom, which highlights the number of religious discrimination cases reviewed or investigated by the Department of Justice for fiscal years 2001-06 compared to 1995-2000.

Gonzales said the report shows the Department of Justice has looked into more religious discrimination cases under the Bush administration.

The report details religious discrimination cases involving education, employment, housing, credit, public accommodations and public facilities, zoning and discrimination and bias crime.

For example, he noted cases of religious discrimination in education increased from one case reviewed and no investigations to 82 cases reviewed and 40 investigations.

Housing- and credit-related cases grew from four investigations and one lawsuit to 18 investigations and six lawsuits while religion-related appellate friend-of-the-court briefs rose from one to 16.

The Department of Justice also reviewed 118 cases and 26 investigations related to land use issues, since the enactment in 2000 of the Religious Land Use and Institutionalized Persons Act, which aimed to protect property rights of religious institutions.

Earlier this month, the Southern Baptists, who have long been among the most vocal Christian groups supporting the Bush administration, gave the president an award for advocating religious freedom.

The president has also spoken by video link to the Southern Baptist national convention three times.

Gonzales Says Religious Freedoms A Priority (TENN)

By Anita Wadhwani, Staff Writer

Nashville Tennessean, February 21, 2007

Attorney general tells Baptists of new federal effort

Saying the government has not always paid enough attention to religious discrimination, the country's top law enforcement official picked a gathering of Southern Baptist leaders in Nashville on Tuesday to announce a renewed push to protect religious freedoms.

U.S. Attorney General Alberto Gonzales announced the establishment of a new Religious Freedom Task Force and stepped up enforcement efforts.

"One of our most cherished freedoms … is our religious liberties," Gonzales told the gathering of about 100 Southern Baptists at the denomination's national headquarters in downtown Nashville. "Nothing defines us more as Americans."

But, he said, religious discrimination is "an area of law that has not always been given sufficient attention by our government."

The Department of Justice's "First Freedom Project" will review religious discrimination complaints, hold seminars to educate religious leaders about how to file complaints and launch a Web site with information on religious liberty laws, Gonzales said.

Local civil libertarians greeted the announcement with skepticism. If the First Freedom Project was meant to protect the religious freedoms of all Americans, why was it announced only to a room full of Southern Baptists, asked Hedy Weinberg, executive director of the Tennessee branch of the American Civil Liberties Union.

"Why was just one particular religious community there?" she said. "Religious freedom is a right all of us hold dear ... You'd think you'd want the rainbow of religious beliefs represented."

Gonzales told reporters that he chose a meeting of the nation's largest Protestant denomination because, "this is a group that's very interested in religious freedom."

The gathering is a "receptive audience that would appreciate" his message, he said.

Report compares cases

Gonzales also unveiled a 43-page Report on Enforcement of Laws Protecting Religious Freedom that highlights enforcement of religious discrimination laws under the Bush administration.

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The report compared cases from 1995-2000 during the Clinton administration to 2001-2006 during the Bush administration. Some examples:

• In the area of religious discrimination cases in education, there were 82 cases reviewed and 40 cases investigated under Bush, compared with one case reviewed and no investigations.

• In the area of religious discrimination in employment, there were 31 investigations referred by the Equal Employment Opportunity Commission under Bush, compared to 26 under Clinton, the report said.

• In housing, there were 18 investigations opened under the Fair Housing Act in cases involving religious discrimination under Bush, compared to four under Clinton.

• In the area of religious discrimination in public accommodations and public facilities from 2001-2006, there were two investigations. There was none from 1995-2000.

• The number of prosecutions of religious-based attacks rose to six from four.

However, prosecutions of arson, threatened arson and vandalism against houses of worship declined from 75 between 1995-2000 under the Clinton administration to 26 in the next five years, which the report attributed to a rash of church arsons in the mid-1990s that have since ebbed.

Judge Sets Hearing On Kidnapping Charges In 1964 Killings Of 2 Black Men In Miss. (BSH)

By Jack Elliott Jr.

Biloxi Sun Herald, February 21, 2007

JACKSON, Miss. - A federal judge will hear arguments Thursday in reputed Ku Klux Klansman James Ford Seale's motion to dismiss kidnapping charges against him in the 1964 slayings of two black men.

U.S. District Judge Henry T. Wingate scheduled the hearing for 8:30 a.m. at the federal courthouse in Jackson.

Seale, 71, was arrested Jan. 24 at his home in the southwest Mississippi town of Roxie and pleaded not guilty the next day to two counts of kidnapping and one count of conspiracy. Seale is being held without bond in the Madison County jail outside Jackson.

Seale could be sentenced to up to life in prison if convicted in the case tied to the deaths of Charles Eddie Moore and Henry Hezekiah Dee.

Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

In a motion to dismiss the charges last month, Assistant Federal Defender Kathy Nester said the government needed to charge Seale under the law that was in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued.

U.S. Attorney Dunn Lampton, in a response filed earlier this month, said Seale's attorneys were misreading the law. Lampton said while the U.S. Supreme Court in 1968 may have eliminated the death penalty for kidnapping, the court did not remove the designation of kidnapping as a capital crime under federal law.

Federal Public Defender S. Dennis Joiner, in a reply to the government's position, said once the death penalty was removed as a penalty for kidnapping, kidnapping became a non-capital offense.

Seale and reputed KKK member Charles Marcus Edwards were arrested in 1964. But the FBI - consumed by the search for three civil rights workers who had disappeared from Neshoba County that summer - turned the case over to local authorities, who promptly threw out all charges.

The Justice Department in 2000 reopened the investigation into the slayings of Moore and Dee.

Federal Grand Jury Indicts Two Chino Prison Officers (RPE)

By Paige Austin, The Press-Enterprise

Riverside (CA) Press-Enterprise, February 21, 2007

A federal grand jury indicted two officers at the men's prison in Chino on Tuesday on accusations they hurled two shackled inmates to the ground and filed a false report to cover up the incident almost five years ago.

Officer Robert McGowan, 37, of Apple Valley, and Sgt. Thomas Ramos, 50, of Montclair, were named in a three-count indictment stemming from a May 2002 incident that left two inmates with minor injuries.

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Attorneys for the Department of Justice allege McGowan pulled two shackled inmates from a van and allowed them to fall to the ground after an altercation between the inmates and officers. Because of the shackles, the inmates were unable to protect themselves from the fall.

Two weeks later, according to the attorneys, Ramos filed a false report to his boss. He claimed one of the inmates merely slipped even though he had been told that McGowan assaulted the shackled prisoner, charged the U.S. attorneys.

Neither guard could be reached for comment Tuesday.

McGowan faces 20 years in prison on two counts of deprivation of rights under color of law, and Ramos faces 10 years on one count of obstruction of justice if convicted.

Though nearly five years passed before Tuesday's indictment, the incident created a legislative stir in 2003 amid concerns of prisoner abuse, coverups by guards and dysfunction in the department's internal affairs investigative system.

The California Inspector General ordered the corrections department to hand over its files on the case to the Justice Department, said Bill Sessa, a spokesman for the California Department of Corrections and Rehabilitation.

He declined to comment on the case, adding that the trial will "bear out the facts."

Both McGowan and Ramos were reassigned to posts where they won't work directly with inmates Tuesday after the indictment, said Lt. Mark Hargrove, the prison's spokesman. Ramos has been with the department for 19 years and McGowan has been at the prison for nine years, Hargrove said.

The corrections department referred its investigation to the San Bernardino County district attorney's office years ago, but the district attorney declined to pursue assault charges against the officers, Sessa said.

Officials with the district attorney's office said they could find no record of the case late Tuesday and declined to comment pending further investigation.

McGowan and Ramos are scheduled for arraignment in March, said Thom Mrozek, spokesman for the U.S. attorney's office.

These kinds of cases are rare because it's necessary to prove the officer intended to violate the inmate's civil rights, Mrozek said.

"The constitutionally protected rights of every citizen is something we take very seriously," said Mrozek. "You have the right to be free from assault -- even in prison."

Fighting For Access (APP)

By Carol Gorga Williams, COASTAL MONMOUTH BUREAU

Asbury Park (NJ) Press, February 21, 2007

Man seeks better entry points to city's beaches for handicapped, seniors

LONG BRANCH — Long Branch is waiting to hear from the state Department of Environmental Protection on its boardwalk improvement project.

A senior citizen from Ocean Boulevard is appealing to the U.S. Department of Justice to enforce requirements of the Americans with Disabilities Act in connection with oceanfront beach access.

Austin Gelzer, 80, had come before the City Council Jan. 23 to ask for help with beach access, and although officials said they would study the issue, they made no promises.

So Gelzer returned Feb. 13, determined to go to the Justice Department after having completed a complaint form that will go before the Civil Rights Division.

Gelzer is filing the complaint, he said, "in the name of the disabled residents of Long Branch who have been denied access to the beach and public restrooms, and to some degree, sufficient parking facilities."

Gelzer said the city was required, beginning in January 1995, to provide such accommodations.

"The city is now 12 years late," he said.

On July 28, 2005, Gelzer met with City Business Administrator Howard Woolley Jr. and presented him with a petition signed by 150 people, protesting the lack of beach access.

Woolley said then the city could not afford to make improvements without the infusion of some $12 million promised by K. Hovnanian, the proposed developer of Beachfront South.

"A year and a half later, nothing has changed," said Gelzer, noting there is currently $145,000 unexpended in the Beachfront South trust account.

"But funding or lack of funding is an irrelevant issue," said Gelzer. "The ADA law requires action now, and the federal government will provide advice and support to the city so that the disabled and elderly will be able to enjoy the beach starting this 2007 Memorial Day Weekend."

Gelzer said he was concerned about a lack of beach access from Pier Village south to Brighton Avenue. The area consists of boardwalk with steep staircases down to the beach.

Mayor Adam Schneiderhas said the city will improve the steep access staircase, which is an annual necessity, but noted a sweeping boardwalk rebuilding program is set to begin within the next 12 months.

The new boardwalk, partially paid for by K. Hovnanian, would extend from the Pier Village redevelopment area to Brighton Avenue in West End. The boardwalk design is now before the state Department of Environmental Protection where it awaits final approval.

Plans are to replace the boardwalk underpinning and install a 16- to 20-foot-wide walk with new comfort stations, restrooms, wheelchair ramps at Bath and Brighton avenues and aluminum railing. Benches bearing memorial plaques would be relocated.

Schneider has said that, in the meantime, to go ahead with Gelzer's request to fund, design and engineer a ramp, then submit it for approval to the DEP, would duplicate efforts already under way.

"We've already got boardwalk plans submitted, with two new handicapped accesses," Schneider said. "We're already in the process of building new handicapped access and getting it paid for. This has been in the works for the last several years. I'm sorry it has taken so long, but that is how long these things take."

Schneider said even if the Justice Department ruled in Gelzer's favor, the city still would not be able to design and engineer a new ramp, get it approved by the DEP, and installed by Memorial Day.

Gelzer has said all he is seeking is an inexpensive, simple aluminum ramp, which could be done immediately.

Schneider said the city has been working with handicapped advocates for years on the design of the new boardwalk.

"We're going to build it as soon as we can," Schneider said. "It is no longer a money issue. It is not even a location issue. Let's get it through CAFRA (the state's Coastal Area Facility Review Act), which is happening as we speak, and we'll build it.

"I don't think there is any way to get it done quicker," Schneider said. "I wish there were."

Dallas Jail Settles Mistreatment Lawsuit (AP)

By Matt Curry, Associated Press Writer

AP, February 21, 2007

County officials approved a nearly $1 million settlement Tuesday with the families of three mentally ill inmates who were denied medication while in the country's seventh-largest detention complex.

Just over half of the award went to James Mims, a Dallas County jail inmate whose psychiatric medications were withheld for two months in 2004, his attorney David Finn said. Mims also nearly died when water was shut off in his cell for two weeks.

"They could just not afford to have this case go before a jury," Finn said.

Commissioners approved the $950,000 agreement without discussion.

The federal civil rights lawsuit was filed in December 2004 on behalf of inmates Mims, Kennedy Nickerson and Clarence Lee Grant Jr., who died in custody.

Grant, who had paranoid schizophrenia, was found dead in his cell after not receiving medicine for five days in 2003, according to court records. An autopsy showed he died from complications of diabetes, pneumonia and other ailments.

Nickerson, who also has paranoid schizophrenia, was released from jail in 2003 without medication. A few days later he was found on the street dehydrated, suffering from fever and seizures, court records show.

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The U.S. Department of Justice told the county in December that the jail violates inmates' rights by failing to provide adequate medical and mental health care, and warned that a lawsuit could be filed if the problems weren't fixed.

State Inmate Transfer Ruled Illegal (LAT)

By Jenifer Warren

The Los Angeles Times, February 20, 2007

SACRAMENTO -- A Superior Court judge ruled today that Gov. Arnold Schwarzenegger acted illegally by declaring an emergency in California's overcrowded prisons and transferring inmates to other states.

The ruling by Judge Gail Ohanesian says the governor violated the Emergency Services Act and the state constitution, and that contracts sending prisoners to lockups in Tennessee and Arizona are illegal.

The judge's order is stayed for 10 days, giving the state time to file an appeal.

Ohanesian's ruling is a major setback for Schwarzenegger as he grapples with an escalating crisis in the state's jam-packed prisons.

Corrections officials say they will be have no room for new inmates by this summer, raising the prospect that counties -- many of which face severe crowding in their jails -- will have nowhere to send convicted felons.

A federal judge, meanwhile, has said that he will move toward placing a cap on the inmate population -- now at 172,000 -- if the state does not relieve the crowding by June.

The transfer program, launched in November, was Schwarzenegger's effort to buy time while his $10.9-billion proposal to build 78,000 new jail and prison beds moves through the Legislature.

So far, the state has transferred 460 inmates -- all volunteers -- to private lockups in Arizona and Tennessee. Officials expanded the program last week to include mandatory moves.

The first inmates targeted for compulsory transfers are illegal immigrants likely to face deportation upon release. Those prisoners are now being screened, a spokesman said.

Schwarzenegger called the judge's ruling "a threat to public safety."

"The transfer of prisoners is imperative to relieve the pressure on our overburdened prison system," he said in a statement. The governor added that moving inmates "is a prudent alternative to the risk of court-ordered early release of felons."

The transfers were authorized as part of Schwarzenegger's Oct. 4 declaration of an emergency in 29 of the state's 33 prisons. In his decree, the governor said teeming cellblocks had created a health risk and "conditions of extreme peril" for officers, inmates and the public.

Two labor unions representing correctional officers and other prison employees sued to block the transfers, saying Schwarzenegger had improperly invoked the Emergency Services Act.

"We're a nation of laws, and this is an end-run around the Legislature," said Gregg Adam, a lawyer for the California Correctional Peace Officers Assn., after a court hearing last week.

Adam also argued that the state Constitution forbid the government from contracting out jobs normally performed by state employees. Ignoring such civil service protections, he said, would amount to "the first steps toward privatization" of the prison system, which employees about 58,000 guards and other workers.

In court, the lawyer for Schwarzenegger disputed those claims, saying the governor "absolutely" acted legally in applying the Emergency Services Act to the prison crisis.

Deputy Atty. Gen. Vickie Whitney also said the Legislature was given three opportunities to act on the crisis and failed to do so.

"The governor was left with a situation where staff, inmates and the public are in grave danger," so he had to declare an emergency and authorize the transfers, she said.

In her four-page ruling, Ohanesian rejected those arguments.

Chuck Alexander, vice president of the correctional officers' union, hailed the ruling.

"This was an illegal action, and we're glad the court agreed with us," he said. "We hope the administration will now be more inclined to sit down with parties and talk about the entire systemic problem, rather than taking this piecemeal approach."

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In addition to the lawsuits challenging the voluntary transfers, two inmates have filed papers seeking to block the state from moving forward with mandatory moves. A hearing in that case, in the U.S. 9th Circuit Court of Appeals, is scheduled this week.

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Racism: What Do We Tell The Kids? (USAT)

By Bruce Kluger

USA Today, February 21, 2007

Forty-five years ago this spring, my brothers and I (ages 5, 6, 7 and 9) went to a Saturday afternoon showing of Pinocchio at the Uptown Theater in suburban Baltimore. Our mom had errands to run, so she sent us with our babysitter, Elizabeth.

Outside the theater, we noticed that Elizabeth was engaged in a hushed conversation with the woman in the box office. Apparently, she was having trouble buying our tickets. "But I'm the babysitter," Elizabeth said coolly. "I have to stay with them."

After a bit more whispering, we were admitted to the theater and seated as a group in the glassed-in balcony. My brothers and I had never sat up high before, and we were delighted by it all. What we didn't know was that we had no choice. Elizabeth was black and not permitted in the lower seats.

When I tell my daughters (Audrey, 8, and Bridgette, 11) this story, they look at me wide-eyed, as if I'm concocting some wild fiction. To them, skin color has always been a non-issue, as inconsequential in their personal relationships as hair color, eye color or even the color of a blouse.

Audrey's first "boyfriend" in pre-school was a handsome little man named Mekahel, a black child with an infectious smile and boundless energy. The only time Audrey and Mekahel ever discussed color was over crayons.

Bridgette's godfather Guy, meanwhile, also is black, a trait she finds far less interesting than his computer wizardry or the fact that he was the first person she ever "danced" with — at a wedding, when she was just 4 weeks old.

To my daughters and their friends, the days of America's apartheid are sepia-tinted, blurry, a giant chapter of our national story that, once shouted from pulpits in Birmingham and Memphis, has now been compacted for easy listening. Sure, they're taught about Martin Luther King and Rosa Parks maybe once a year in school; and perhaps they'll casually glimpse some boring documentary their parents are watching in the den.

But kids of any generation tend to see the past as the past — and, besides, a new episode of American Idol is on tonight.

So as we celebrate Black History Month, I wonder: What kind of responsibility do we parents have in educating our children about the sad legacy of racism that has run through our nation's life like a persistent electrical current? Do we bequeath that shame to our kids out of a sense of obligation, charging them with the task of carrying the long, hard fight of our troubled heritage into a new era? Or do we quietly give thanks for their blissful naiveté — their lucky late-century birth — and hope that the deeper sense of fairness that is already evident in their new generation may take root in America's future? Do we leave well enough alone?

To be sure, our country is experiencing a transformation that would have been unimaginable half a century ago.

Our last two secretaries of State have been African-American (likewise, both 2007 Super Bowl head coaches); our most talked-about presidential candidate is black; people of color populate executive suites and statehouses across the country in increasing numbers. And the only conversation about race that seems to interest Major League Baseball anymore is the one about the pennant.

Yet just because America's more notorious racial injustices are thankfully behind us — the segregated lunch counters, the unconscionable lynchings, the ignominious Jim Crow laws — thick capillaries of discrimination continue to pulse beneath our national skin. These lingering vestiges of that old-time racism are, in many ways, just as insidious as those we thought we'd thrown off with the great civil rights acts of the '60s, if only because they are more cleverly cloaked from view.

Blacks continue to be shut out of polling places because of dubious technicalities. Families of color continue to carry a disproportionate share of our country's worst afflictions — from poverty and unemployment to teen pregnancy — at national rates that have consistently remained two to three times that of whites for the past 20 years. Minority youth continue to be isolated, not embraced, by our education system, despite the efforts of No Child Left Behind. And in November, another unarmed black man

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was killed in a hail of police bullets, just a subway ride from where my daughters go to school. It was a flashback to the bad old days.

This, to me, is what Black History Month is really about — a time to step back and measure our growth as a nation against the work that remains to be done. Certainly, I appreciate honoring noteworthy figures who somehow never made it into my childhood classroom texts (black scientist Charles Henry Turner; 1867-1923; the first to prove that insects can hear). But our children also need to know that America's complicated relationship with race is an unfinished story, and it will one day be up to them to write its ending. That's why, as a parent, I'd rather spend this month — not to mention the 11 around it — making sure that my kids understand that black history is their history, too.

Just like their dad at that movie theater nearly 50 years ago, Bridgette and Audrey live in a country that still struggles to do the right thing. But unlike their father, they were born in a time of progress, a time of hope. We haven't yet reached Martin Luther King's mountaintop in America. But I have to believe that our children may one day take us there.

Bruce Kluger, a member of USA TODAY's board of contributors, is also a contributing editor for Parenting magazine and writes for National Public Radio.

ANTITRUST:

Justice Dept. Orders Sale Of Baltimore Steel Mill (WP)

By Anita Huslin, Washington Post Staff Writer

The Washington Post, February 21, 2007

Decision to Divest Sparrows Point Was Condition of European Firms' $33 Billion Merger

The Justice Department yesterday ordered international steel conglomerate Arcelor Mittal to sell off the venerable Sparrows Point mill near Baltimore, to preserve competition in the eastern U.S. tin mill market.

The divestiture of the 116-year-old plant, which in its heyday was the world's largest steelmaker, is not expected to have an immediate impact on its workforce or operations, union officials said. The plant once employed 30,000 people at the mill and nearby shipyards, and produced millions of tons of steel for guns, airplanes and warships during World War II.

Justice Department officials ordered the divestiture of Sparrows Point as a condition of Mittal Steel Co.'s $33 billion acquisition of Arcelor SA. The department had originally called for the Dutch company to spin off a Canadian subsidiary that makes tin mill products. But after that deal proved impossible for legal reasons, the Justice Department said Mittal would have to sell one of its other mills -- Sparrows Point or its plant in Weirton, W.Va.

Yesterday, the department decided it should be Sparrows Point, which manufactures rolled steel sheets primarily used to make cans for food, aerosols, paints and other products. Unlike Weirton, Sparrows Point produces the steel slabs used to manufacture tin mill products and would not have to develop new supply sources for the material if Mittal sold it, Justice Department officials said.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division.

Mittal officials did not return calls for comment about the order.

Bill Barry, director of labor studies for the Community College of Baltimore County, said that the decision was not unexpected and that the community is hoping the new owner will invest in the plant for the future.

Bethlehem Steel owned Sparrows Point from the early 1900s until it declared bankruptcy and was bought in 2003 by International Steel Group, which merged it with LTV Steel to create the largest steel producer in the United States. In 2004, Indian billionaire Lakshmi N. Mittal bought ISG for about $4.5 billion, merging it with his Rotterdam-based Ispat International NV and LNM Holdings NV. The new company, based in the Netherlands, exceeded Luxembourg-based Arcelor SA as the world's largest steelmaker.

"The old Bethlehem Steel was reluctant to spend money for capital improvements, and this is one reason that there are 2,000 workers instead of 31,000 at The Point," Barry said in an e-mail. "The frantic development of the global steel industry requires equally consistent capital investments."

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David R. McCall, chairman of United Steelworkers' Mittal Steel committee, said the Justice Department's order will erode Mittal's market dominance.

"It makes Mittal USA not as strong as it could be, and does not assure Sparrows Point or Weirton a secure future," McCall said in a statement. "We will ask for a review and will assure our members who are employed at Sparrows Point that we will make a dedicated and strong effort to reverse the decision."

The USW represents 2,106 production workers at Sparrows Point; about 275 salaried nonunion employees also work there. In the mid-1950s, Sparrows Point's furnaces poured hundreds of thousands of tons of hot metal a day and was Baltimore's primary employer.

The order highlights the continued volatility of an industry that in recent years has been marked by myriad mergers and acquisitions, as U.S. and European manufacturers consolidate to compete in a growing global steel market, particularly to meet demands in India and China.

Before Mittal bought Arcelor, Mittal and U.S. Steel sold nearly 75 percent of all tin mill products in the eastern United States. An Ontario subsidiary of Arcelor provided competition in that market. But that rivalry would have been eroded by the merger, according to the Justice Department.

Analysts said there is likely to be interest in Sparrows Point from several other steel conglomerates, such as Brazilian steelmaker CSN, which had previously explored buying Sparrows Point from Bethlehem Steel; or Russia's Severstal, which had bid for Arcelor and has been aggressively seeking steelmaking assets in North America.

Sparrows Point offers international companies a deep-water port for easy import of steel-making materials and access to land-based transportation, analysts said.

Feds Order Mittal To Sell Mill To Settle Antitrust Issues (AP)

By David Dishneau

AP, February 21, 2007

HAGERSTOWN, Md. - The U.S. Justice Department on Tuesday ordered global steel giant Mittal Steel Co. to sell its Sparrows Point mill near Baltimore to settle antitrust issues raised by the Dutch company's recent merger with Arcelor SA.

The proposed consent decree would allow Chicago-based Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, used primarily for food and aerosol cans.

Sparrows Point, with about 2,400 workers and one of the largest blast furnaces in North America, faces the prospect of its fourth owner in as many years.

Chicago Heights, Ill.-based Esmark Inc. said it might consider a joint venture to buy Sparrows Point if the Weirton mill is unavailable, and industry experts said a number of German, Indian and Russian companies are shopping for North American steel mills.

"There are companies outside the U.S. that have said they want to make acquisitions in the U.S.," said analyst Charles Bradford of Soleil Securities Corp. in New York.

Mittal didn't immediately respond to telephone calls and e-mailed queries about the federal order. Mittal's shares fell 30 cents to close at $50.65 on the New York Stock Exchange.

The United Steelworkers union, which represents the 2,106 production workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal.

"The decision is unfortunate. It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future," David R. McCall, chairman of the union's Mittal Steel committee, said in a statement.

The Justice Department said in a statement that a sale of the profitable Sparrows Point plant, with its deep-water port access, diversified equipment and production capacity of 500,000 tons of tin-plated products annually, would "most reliably remedy the anticompetitive effects" of Mittal's merger with Luxembourg-based Arcelor.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division.

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Sparrows Point produces the raw steel slabs used in tin mill products, "and unlike the Weirton mill, would not have to develop new sources of supply" for that material, Barnett said.

Justice officials initially ordered Mittal to try to sell another mill, Dofasco Inc. of Canada. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. That left either Sparrows Point or the former Weirton Steel Corp. in Weirton, W.Va., Mittal's two U.S. tin-plated steel mills.

Before the Arcelor Mittal merger, Mittal and another steelmaker accounted for more than 74 percent of all tin sales in the eastern United States. Without a divestiture, "the acquisition likely would have resulted in price increases of tin mill products to can manufacturers and other customers," the Justice Department said.

Mark Reutter, who chronicled Sparrows Point in the 1988 book "Making Steel" and continues to study the U.S. steel industry, said the decision means the government has heard manufacturers' complaints about too much steel consolidation.

"The sort of unspoken aspect here is that someone in Washington is signaling displeasure over the last two years and wants more competition in the industry," Reutter said. "I think that pressure has been growing from fabricators - car manufacturers to Whirlpool to the thousands of middle men who do various processing. There's a lot of unhappiness that there's been too much consolidation."

Sparrows Point was operated for years by Bethlehem Steel Corp., which went bankrupt and sold its assets to International Steel Group, backed by investor Wilbur Ross, in 2003. Ross sold the mill to Mittal in 2005.

Baltimore County Executive James T. Smith Jr., who had a meeting with Mittal planned for Tuesday afternoon, said a sale of Sparrows Point would be good news.

"I think it's helpful that the Justice Department points out that we are the only steelmaking plant with deep-water coast access in the Eastern United States and one of the most modern cold-rolled mills in the world," he said.

At the West Virginia mill, where Independent Steelworkers Union President Mark Glyptis had volunteered to have Weirton divested because the union believes the mill has failed to thrive under Mittal's ownership, the initial reaction was disappointment. But the 1,250-member union said there was nothing to prevent Mittal from selling Weirton.

"There's obviously keen interest in Weirton," said ISU spokesman Dave Gossett. "We're just not sure who will own it going forward."

Esmark President Craig Bouchard in Chicago Heights, Ill., said his company would prefer to buy Weirton but he wouldn't rule out the possibility of acquiring Sparrows Point.

"If we were to do Sparrows Point, it would probably be in a partnership because it doesn't exactly fit our strategy," he said. "But certain pieces of it could."

U.S. Orders Sale Of Sparrows Point (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, February 21, 2007

Antitrust decision puts Md. steel plant on market

For the third time in as many years, Sparrows Point is up for sale. And this time it's a rush job.

The Justice Department wants the sprawling Baltimore County steel plant to be under new ownership within 90 days to make sure that its current boss, Mittal Steel Co. NV, does not have too much control over the market for tin plate used to make cans for foods, aerosol sprays, paints and other products.

Netherlands-based Mittal, which is merging with Luxembourg-based Arcelor SA in a $33 billion deal to create the world's largest steelmaker, had wanted to sell its Weirton W.Va., plant instead.

Selling Sparrows Point, an integrated manufacturer that can make steel from scratch, rather than the Weirton plant "most reliably" addresses antitrust concerns, Thomas O. Barnett, the assistant attorney general in charge of the department's antitrust division, said Tuesday in a statement announcing the order.

"Sparrows Point is a profitable and diversified facility" and "unlike the Weirton mill, would not have to develop new sources of supply for this critical input upon its separation from Mittal Steel," the Justice Department said.

Mittal cannot appeal the order but could be granted up to 60 more days to find a buyer, according to a Justice Department spokeswoman. The Justice Department would have to sign off on any deal.

Officials at Mittal declined to comment Tuesday. Mittal has a previously planned conference call scheduled with analysts Wednesday. An official at the United Steelworkers union pledged to fight the ruling.

What a sale would mean for the future of Sparrows Point -- the second-largest private employer in Baltimore County with about 2,400 workers -- is unclear, but some have raised the possibility that a new owner might invest more in the complex. Mittal, a relentless cost-cutter, pits its plants against one another, shifting production to the most efficient.

David S. Iannucci, Baltimore County's economic development director, called the Justice Department decision "a vote of confidence in the long-term viability of Sparrows Point steel-making."

"It'll be the fourth owner of this property in about a five-year period, and inherently that's going to lead to some uncertainty. But at the end of the day," Iannucci said, "I think this is a very positive development for steel-making in Baltimore County."

Owned by the now-defunct Bethlehem Steel Corp. for 87 years, Sparrows Point was taken over by International Steel Group in 2003. ISG sold out to Mittal in 2005.

A United Steelworkers official, however, said the Justice Department's ruling is bad news.

"The decision is unfortunate," David R. McCall, head of the union's international Mittal Steel committee in Columbus, Ohio, said in a statement. "It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future. We will ask for a review and will assure our members who are employed at Sparrows Point that we will make a dedicated and strong effort to reverse the decision."

John Cirri, president of United Steelworkers Local 9477, which represents production and maintenance workers at Sparrows Point, said Tuesday that it would support the international committee's challenge.

Analysts expect a number of foreign steelmakers to show interest in the plant. Illinois-based Esmark Inc., which has a preliminary deal with Mittal to buy the Weirton facility if the Justice Department approves, said it is eager to buy the Baltimore County plant as well.

James P. Bouchard, Esmark's chairman and chief executive, said he told Mittal Tuesday that his company still wants the Weirton plant and would buy Sparrows Point if given the chance.

"We want to proceed," he said.

Tuesday's decision arose as the result of an antitrust suit the Justice Department filed in August to block the Mittal-Arcelor merger. A proposed consent degree required Mittal to sell a Canadian subsidiary owned by Arcelor, or, if that proved impossible, Weirton or Sparrows Point, with the Justice Department having final say. Mittal agreed to sell the subsidiary, Dofasco Inc., to German steelmaker ThyssenKrupp AG, but was unable to win approval from the Dutch trust that controlled it, paving the way for the Justice Department to choose between Sparrows Point and Weirton.

While an order to sell Sparrows Point was always a possibility, the decision appeared to have caught many off guard.

Esmark's Bouchard said he was in Weirton Tuesday meeting with union officials when they got word.

"I think it took the wind out of everybody," Bouchard said.

But he said he didn't dwell on it long. He told Mittal officials that Esmark, a steel distributor that recently won control of West Virginia's Wheeling-Pittsburgh Corp., wants to continue negotiations over Weirton and make a bid for Sparrows Point.

The two plants are vastly different. Sparrows Point produces steel slabs and galvanized sheet for appliance manufacturers and the construction industry. It can produce nearly 4 million tons of raw steel a year and a half-million tons of tin mill products. Weirton is a niche manufacturer of tin plate for the food industry.

Despite its age, the 118-year-old Baltimore County steel complex has undergone many upgrades over the decades. Longtime owner Bethlehem Steel Corp. invested hundreds of millions of dollars before it filed for bankruptcy in 2001, building a new cold mill and relining the blast furnace, the largest and most efficient in North America.

Those investments, and a stable and growing market for tin plate, make Sparrows Point attractive, said steel analyst Charles Bradford of New York-based Bradford Research Inc. In addition, Sparrows Point is the only U.S. integrated steelmaker with direct ocean access, making it attractive to foreign companies.

"That makes it very feasible to bring in ore from other places," he said.

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Russia's OAO Severstal, which failed to outbid Mittal for Arcelor, and Luxembourg-based Evraz Group SA, which recently purchased Oregon Steel Mills in Portland, could make a play for Sparrows Point, Bradford said. Several Chinese companies are interested in expanding in the United States, and they have cash. And CSN Brazil, which has expressed interest in Sparrows Point in the past, might be in the running after losing out on Wheeling-Pitt to Esmark. CSN has a plentiful supply of iron ore that it could ship to Baltimore, he said.

Officials from ThyssenKrupp toured Sparrows Point last May, but spokesman Klaus Pepperhoff said Tuesday that the company, which has announced plans to build a steel complex in the South at a cost of $2.9 billion, is not interested in buying it. He declined to comment further.

As for Esmark, Sparrows Point would make strategic sense, Bouchard said. Sparrows Point's new cold mill is particularly attractive to Esmark, which is one of the largest buyers of cold rolled product in the United States, he said. And Wheeling-Pitt consumes 1.3 million tons of steel slab a year, which Sparrows Point could supply.

He said his company has the financial backing to buy both Weirton and Sparrows Point, and plans to pursue both.

"We don't give up easily," Bouchard said.

Mark Glyptis, president of the Independent Steelworkers Union, which represents 1,250 workers at Weirton, said he was disappointed by the government's decision. Glyptis had hoped that Mittal would sell Weirton to a buyer who would restart the blast furnace it shut down shortly after buying it in 2005 and bring back the more than 800 workers let go last year.

"We wanted to be divested; Sparrows Point did not," he said.

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Sun reporters Jamie Smith Hopkins, Stacey Hirsh and Hanah Cho contributed to this article.

US DoJ Orders Arcelor Mittal To Divest Big Steel Mill (AFP)

AFP, February 21, 2007

The US Justice Department said that it would require European steel giant Arcelor Mittal to divest a large US steel mill located near Baltimore, Maryland, to resolve concerns about its recent merger.

Mittal Steel acquired European steelmaker Arcelor last summer in a 32.5-billion-dollar deal. The deal forged a vast new global group, Areclor Mittal, which is headed by Indian businessman Lakshmi Mittal.

"The Department of Justice today announced that it will require Mittal Steel Company N.V. to divest its Sparrows Point facility located near Baltimore, Maryland, to remedy the competitive harm arising from Mittal's recent 33 billion acquisition of Arcelor S.A," the Justice Department said in a statement.

It said "the acquisition, as originally proposed, would have substantially lessened competition in the market for tin mill products in the eastern United States."

The US government last August had approved Mittal's acquisition of Arcelor on the basis that Arcelor divested a Canadian company it owned called Dofasco Inc.

However, Arcelor was unable to divest the Canadian group due to ownership hurdles, and the Justice Department has now opted to require Arcelor to divest the Baltimore steel mill instead to satisfy US merger concerns.

The Sparrows Point plant in Baltimore is a profitable and diversified facility, according to the Justice Department, which said it has the annual capacity to produce over 500,000 tons of tin mill products.

The plant makes steel slabs used in the manufacture of tin mill products.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Thomas Barnett, a senior Justice official who runs the department's antitrust division.

Mittal Mill Expected To Draw Interest (WSJ)

By Paul Glader

The Wall Street Journal, February 21, 2007

Mittal Steel Co., ordered by the Justice Department to sell a plant in Maryland, is expected to draw bids from major companies in China, Russia and India as the number of plants for sale is dwindling.

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The Sparrows Point plant, near Baltimore, is more accessible than inland operations for imports of raw materials and exports of steel. It can produce about 3.9 billion tons of steel a year, including 500,000 tons of tin plate used to make cans for food, aerosols, paints and other products, and it could fetch upwards of $1 billion.

Sparrows Point "has not been consistently profitable," says New York-based steel analyst Chuck Bradford of Bradford Research/Soleil. "But at least it is on the water, so it can bring in raw materials at a reasonable price."

The Justice Department yesterday ordered Mittal Steel to sell Sparrows Point to settle antitrust issues raised by its recent merger with Arcelor SA.

Bidders could include JSW Steel Ltd. or Ispat Industries Ltd., both based in India, or Russia's Evraz Group or OAO Severstal Group, both of which already own U.S. operations. China's Wuhan Steel Corp. and Anshan Iron & Steel Group Corp. also have a good deal of cash and are considering expanding.

Other potential bidders are Germany's ThyssenKrupp AG, which was unsuccessful in buying Canada's Dofasco Inc., and Brazil's Cia. Siderurgica Nacional, which failed in its attempt to buy Wheeling-Pittsburgh Corp.

Lakshmi Mittal, chief executive of the Netherlands' Mittal Steel, acquired Sparrows Point when he bought International Steel Group in 2004. His purchase of Arcelor, of Luxembourg, which has holdings in Canada, raised antitrust concerns and led to the Justice Department decision on which of the U.S. plants needed to be sold, Sparrows Point or Weirton, W.Va. Mitch Hecht, who runs a New York-based private hedge fund called Hampshire Steel Investments, had been interested in Weirton. He said he would still be interested in buying it and possibly bidding on Sparrows Point if the United Steelworkers union wanted him to take a look. "I'm a big believer that U.S. steel assets should be owned by American-based operators, whose priorities are to make a strong, sustainable and efficient facility" in the U.S., he said.

Mittal had agreed to sell Weirton to Esmark Inc., a closely held distributor in Chicago Heights, Ill., if the Justice Department decided that mill should be sold.

Write to Paul Glader at paul.glader@wsj.com1

Weirton Mill's Fate Unclear (WHEELINT)

By Shelley Hanson

Wheeling Intelligencer, February 21, 2007

WEIRTON — Mark Glyptis is keeping a positive attitude despite a big letdown Tuesday for his Independent Steelworkers.

The Department of Justice ruled Mittal must sell its Sparrows Point facility in Maryland instead of its Weirton tin mill. To settle antitrust issues, Mittal was being forced, by the Justice Department, to sell one of the two assets because of its merger with Arcelor SA.

Glyptis, president of the union which represents workers at Mittal's Weirton facility, said his union members are disappointed the Justice Department did not choose Weirton to be sold, as the tin mill has not benefited from being owned by Mittal Steel.

"We're disappointed by the decision ... but we're not totally surprised," Glyptis said.

However, Mittal may still decide to sell Weirton, he noted.

"We need to meet with senior officials with Mittal Steel to determine what that means to us and to Weirton," Glyptis said of Mittal selling Sparrows Point.

Chicago-based Esmark Steel already has a nonbinding agreement with Mittal to purchase Weirton. However, before any deal is finalized, Esmark must have the ISU's blessing to purchase the Weirton mill. A former International Steel Group executive, Mitchell Hecht, also wants to purchase Weirton.

Glyptis declined to comment about whom the ISU favors to purchase Weirton.

Meanwhile, according to the Associated Press, Esmark said it may consider a joint venture to buy Sparrow's Point if the Weirton Mill is unavailable.

Esmark President Craig Bouchard said his company would prefer to buy Weirton, but he wouldn't rule out the possibility of acquiring Sparrows Point.

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"If we were to do Sparrows Point, it would probably be in a partnership because it doesn't exactly fit our strategy," he said. "But certain pieces of it could."

He has said the purchase of Mittal's Weirton plant would fit the company's strategy of "building the Ohio Valley."

Bouchard also is president of the Wheeling-Pittsburgh Steel Corp. If Esmark could successfully purchase both Weirton and Wheeling-Pitt, it could possibly control 25 percent of the domestic tin-plate market.

"We were disappointed to hear the news. After making excellent progress with each of Mittal, the United Steel Workers and the ISU, we were hoping to close the Weirton acquisition over the next 60 days. We felt this was the best solution for all parties involved, including the DOJ," said Bouchard. "We still hope to close the Weirton transaction. Mittal must now decide whether they want to sell both companies. We have a great respect for Mittal, and they are an important supplier and partner of Esmark. Whichever strategic path they follow, we will support their decision."

After years of deep financial losses, Weirton Steel filed for Chapter 11 bankruptcy in May 2003 and was sold twice in 18 months, first to International Steel Group, then to Mittal. Almost immediately, Mittal shut down the blast furnace, stopping the production of raw steel and cutting more than 800 jobs.

Last month, Mittal announced it had a memorandum of understanding to sell Weirton to Esmark, pending approval of federal regulators and the union.

Bouchard said it's too soon to know whether that deal is still valid.

"It's in Mittal's court," he noted. "We've told them we'd still like to close on the Weirton transaction ... but whatever their strategy is in North America, this will change it a bit."

Esmark executives met with the ISU again Tuesday, discussing the particulars of a deal with Glyptis and other elected leaders.

"We've found them to be smart guys, very conscious of doing something good for the company and the town," Bouchard said.

Under Esmark, Weirton wouldn't return to producing raw steel, so there would be little hope of restoring the jobs that were cut when the blast furnace was shut down. Instead, Esmark would run and expand the finishing operations, adding capacity to coat and galvanize steel.

Esmark has already seized control of nearby Wheeling-Pitt, and Esmark Chief Executive Officer James Bouchard sees the two companies as a logical fit. While Wheeling-Pitt's best assets are its electric arc furnace, reheat furnaces and strip mill, he calls Weirton's cold mill, tin mill and other finishing operations "outstanding."

Fate Of Weirton Mittal Steel Plant In Limbo (PTR)

By C.M. Mortimer, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, February 21, 2007

The U.S. Department of Justice on Tuesday said Mittal Steel must sell its Sparrows Point tin mill plant near Baltimore to settle antitrust issues over its pending merger with Arcelor SA.

The decision clouds the fate of the former Weirton Steel Corp., owned by Mittal, the world's biggest steel company. Steelworkers at the Weirton, W.Va., plant in November said they would rather be sold to another company than remain part of Arcelor-Mittal.

"We are obviously disappointed. But we will remain part of the Arcelor Mittal Steel Corp. and will remain focused on the business of steel," said Mark Glyptis, president of the Independent Steelworkers Union, which represents 1,250 members at Weirton.

Glyptis said he will meet with senior Mittal Steel exectives soon, and said he would try to ascertain their plans for Weirton. "I don't know what their plans are," he said. "They can still divest Weirton."

Mittal Steel officials could not be reached for comment.

Glyptis said he volunteered to have Weirton sold because the mill has failed to thrive under Mittal's stewardship. "We wanted to be sold because we feel our assets could be utilized at a higher rate," he said.

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The Justice Department said the divestiture of Sparrows Point would remedy the anticompetitive effects of combining Luxembourg-based Arcelor and Mittal, headquartered in the Netherlands.

The Justice Department said Sparrows Point has the capacity to produce more than 500,000 tons of tin product annually.

Sparrows Point produces the steel slabs used in the manufacture of tin mill products, and, unlike the Weirton mill, would not have to develop new sources of supply upon its separation from Mittal Steel, the Justice Department said.

The United Steelworkers union, which represents the 2,106 workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal.

"The decision is unfortunate. It makes Mittal not as strong as it could be and does not assure Sparrows Point or Weirton a secure future," David R. McCall, chairman of the union's Mittal Steel committee, said in a statement.

Last month, Esmark Inc., a Chicago-based steel services company, signed a letter-of-intent with Arcelor Mittal to buy parts of Weirton Steel, particularly its finishing facilities. Esmark already is moving forward with separate plans to merge with Wheeling-Pittsburgh Steel.

James P. Bouchard, CEO of Esmark, said he was "disappointed" in the Justice Department's decision, but said he's going forward with plans to buy part of Weirton as well as the Sparrows Point mill.

"Our first pick is Weirton, but we would buy them both. We feel Weirton is a superior tin facility, and our offer stays on the table for Weirton," Bouchard said.

Glyptis said he has met with Esmark leadership, and continues to talk to Mitchell Hecht, a former International Steel Group executive, who wants to restart at least one blast furnace at Weirton Steel and rehire several hundred workers to produce pig iron and other products.

Hecht also said he was "disappointed" in the government's ruling.

"We continue to have interest in restarting Weirton's blast furnace, which can be done cost-efficiently," said Hecht, who operates Hampshire Steel Investments, a private, New York-based hedge fund that focuses on trading in steel properties.

Mittal wanted to sell Canada's Dofasco Inc. as part of its merger with Arcelor, but an independent Dutch trust controlling Dofasco has refused to allow its sale.

Mittal was forced to sell either Dofasco or one of its two tin mills in Weirton or Sparrows Point after the Justice Department said in May that the Arcelor-Mittal merger would hurt competition in tin-mill products in the eastern United States.

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Justice Department Ruling Sparing Weirton Disappoints Union (PPG)

By Len Boselovic, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, February 21, 2007

In a decision that disappointed the union representing 1,250 Weirton Steel workers, the government yesterday ordered Arcelor Mittal to sell a mill near Baltimore -- and not the West Virginia steel plant.

Union officials at Weirton had been hoping that the U.S. Department of Justice would force the sale of their plant, which has attracted interest from two bidders, including Esmark, the steel processor and distributor pursuing a merger with nearby Wheeling-Pittsburgh Corp.

Despite the decision, which seeks to alleviate antitrust concerns raised by the merger of Arcelor and Mittal, the world's two largest steel producers, Esmark Chairman and Chief Executive Officer James P. Bouchard said he remains interested in purchasing some of Weirton's operations as well as the Sparrows Point, Md., plant that Arcelor Mittal was ordered to sell.

Mr. Bouchard was meeting at Weirton with representatives of that plant's Independent Steelworkers Union and the United Steelworkers union, which represents Wheeling-Pitt workers, when they learned of the decision.

The talks were aimed at getting the ISU to merge with the USW as part of Esmark's proposed acquisition of Weirton, Mr. Bouchard said. The Justice Department order " kind of sucked the wind out of everybody at the table," he said.

Mittal's acquisition of No. 2 Arcelor has raised concerns about a tightly controlled market for tin-coated sheet steel used in food cans and other contains. Even before the merger, Mittal and another steelmaker accounted for more than 74 percent of tin mill product sales in the eastern United States, Justice Department officials said. The other producer is U.S. Steel.

Sparrows Point, formerly operated by Bethlehem Steel, can produce more than 500,000 tons of tin product annually.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Assistant Attorney General Thomas O. Barnett, head of the department's Antitrust Division.

ISU President Mark Glyptis declined to comment on discussions with the USW and Esmark. While he is disappointed with the Justice Department ruling, he said it could generate more work for Weirton.

Mitch Hecht of Hampshire Steel Investments, the other investor interested in Weirton, declined comment until he met with ISU officials, who had preferred his bid to Esmark's.

Possible buyers for Sparrows Point include foreign steelmakers seeking to establish a foothold in the North American market. Overseas buyers in recent years include Mittal, which in 2005 acquired International Steel Group, the owner of Bethlehem, Weirton and other formerly bankrupt mills.

Russian producer OAO Severstal acquired Rouge Steel of Dearborn, Mich., in 2004 and is Wheeling-Pitt's partner in a Follansbee, W.Va., coke plant. Last month, Russia's Evraz Group acquired Oregon Steel Mills for $2.3 billion.

(Len Boselovic can be reached at lboselovic@post-gazette.com or 412-263-1941.)

Feds Add Twist To Chicago Steel Firm's Plans (CHIT)

By James P. Miller, Tribune Staff Reporter

Chicago Tribune, February 21, 2007

A ruling Justice Department antitrust authorities disclosed today promises to complicate Chicago-based Esmark Inc.'s expansion effort.

The fast-growing steel-distribution company has been expanding into steel production and it is currently in the process of acquiring a West Virginia steel maker known as Wheeling-Pitttsburgh Corp., through a "reverse merger" that will turn closely held Esmark into a publicly traded company.

In addition to Wheeling-Pitt, Esmark has been making overtures to acquire Weirton Steel, based in Weirton, West Virginia.

Weirton has been thought to be potentially available because of Justice Department concerns linked to the pending mega-merger between the world's two biggest steel makers, Arcelor S.A. of Belgium and Netherlands-based Mittal Steel.

In August, the Justice Department -- which routinely reviews corporate mergers to see if they would damage marketplace competition -- agreed that it sign off on the Arcelor-Mittal combination if Mittal agreed to divest a steel mill that supplied certain products to the eastern U.S.

Under that so-called "consent decree," the Justice Department had the right to select for divestiture either Mittal's Weirton mill or Mittal's Sparrow's Point plant near Baltimore.

Most observers had figured that Weirton would be the plant to be jettisoned; that's why Esmark had been publicly expressing interest and holding talks with the plant's union management.

Today, however, the department's antitrust division unexpectedly said Mittal must shed the Sparrow's Point, Md. operation.

Esmark spokesman Bill Keegan said the company founded by brothers Craig and James Bouchard, "remains interested in acquiring Weirton, if Mittal is so inclined."

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Sirius-XM's Fate Hinges On Definitions (WSJ)

By Amy Schatz And John R. Wilke

The Wall Street Journal, February 21, 2007

If Satellite Radio Is Part Of a Broader Market, Deal May Pass Muster

WASHINGTON -- Federal approval of the proposed $11.4 billion merger of XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc. will hinge on how regulators define the companies' market.

If Justice Department antitrust enforcers find a distinct market for satellite radio, the deal could be dead, because it would create a monopoly. But if the market instead includes the traditional radio industry, iPods and Internet radio, as the companies argue, the deal could win approval, though not without conditions.

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In a preview of the battle that will play out in Washington in months to come, consumer advocates and some lawmakers said yesterday that the deal will stifle competition and should be stopped. Sirius and XM countered that they need the deal to compete with other forms of audio entertainment. They say they face stiff competition from AM and FM radio, with 280 million listeners, as well as the hot new digital-music market, with more than 100 million iPods already sold. They even cite rising competition from music-enabled mobile phones and Internet radio.

History doesn't offer much encouragement for this argument. A similar merger between two satellite-television companies -- Hughes Electronics Corp. and EchoStar Communications Corp. -- was shot down in 2002. At the time, the TV companies argued that the $18 billion deal was needed to combine efforts to fight off strong competition from cable companies. But the Federal Communications Commission rejected the deal even before the Justice Department could act, saying it raised the risk of "immediate and substantial" harm to consumers through higher prices and less competition, particularly in rural areas that aren't served by cable companies.

In contrast, XM and Sirius are arguing, satellite radio competes with all forms of audio entertainment. In meetings with the regulators and on Capitol Hill, the companies will press this sweeping market definition. The broader the market, the more likely a deal will be approved: When Coca-Cola Co. sought to buy Dr Pepper in the mid-1980s, its experts argued in court that their market should include not just soft drinks but all potable liquids sold in North America, including water. The approach was dubbed the "Lake Erie defense." (The deal was opposed by regulators and eventually scotched.)

Sirius and XM are getting support for their view of the market from an unlikely source. The radio industry has loudly opposed the deal since it was announced, and broadcasters cite satellite-radio operators as major competitors in securities filings. That's confirmation that these market segments compete, the companies say. Sirius and XM also insist they couldn't increase rates substantially and still keep growing -- citing as one example the low retention rate of drivers who end up paying for a subscription to the service when their cars come equipped with satellite radio.

"The issue here is taking two competitive companies and making them into one. Historically, the government has looked skeptically at endorsing a monopoly," said Dennis Wharton, a spokesman for the National Association of Broadcasters.

Sirius and XM are also counting on the more relaxed merger-review standards that have emerged in the Bush administration. Regulators have challenged few deals and blessed such once-unthinkable deals as a reuniting of AT&T with its former Bell offspring, and the merger of Whirlpool Corp. and Maytag. In the wake of those deals, an anything-goes view is emerging among some practitioners in the antitrust bar.

Even without an easing of merger-review standards, enforcers have long been reluctant to meddle in emerging markets, where technology and competition are still developing -- and where the real economic rivalry could be another technology in another market.

The companies hope to close the deal by year's end, but even that could be optimistic. Justice Department investigators, led by antitrust chief Thomas Barnett, will work under a formal timetable to review the deal, but that framework is often cast aside in big or controversial deals. The government is likely to ask for more information -- cartons of data and scores of interviews -- then strike a deal with the companies to push off any closing while it conducts its review.

Across town, the FCC -- a fractious, five-member commission -- could easily take more than six months to complete its review. Its chairman, Kevin Martin, has already said the deal faces a "high bar" to overcome in order to be found in the public interest, the standard under FCC rules. The agency also could seek the eventual return of some of the FCC-awarded radio spectrum held by the companies, which would require extensive negotiations and may be a possible deal killer.

XM and Sirius will also need to address what might be called the Howard Stern problem: The foul-mouthed radio host is among several edgy radio personalities that decamped to satellite radio, where regulators have no jurisdiction to enforce federal indecency rules. The FCC can only enforce indecency rules on free over-the-air broadcasts.

Requiring XM-Sirius to voluntarily abide by federal indecency standards could be one condition that is placed on the deal. The companies appear to be trying to address that issue by allowing consumers great flexibility in programming. That might include allowing consumers to purchase a tier of service that didn't include Mr. Stern and other radio personalities whose shows might be considered inappropriate for children.

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"Anytime you go from two competitors in a market to one, a big red flag goes up," says Gene Kimmelman, vice president for federal affairs at Consumers Union, which plans to lobby for consumer protections to be included in the deal, including channel set-asides for noncommercial stations and pricing flexibility for consumers.

Write to Amy Schatz at Amy.Schatz@wsj.com13

XM-Sirius Merger Hinges On FCC Ownership Rule (WP)

By Charles Babington And Jeffrey H. Birnbaum, Washington Post Staff Writers

The Washington Post, February 21, 2007

Climate Still Competitive, Satellite Radio Firms Say

Winning approval for a proposed merger of the nation's two satellite-radio companies turns on whether regulators buy their argument that iPods, Internet radio and other new technologies have expanded so dramatically that a monopoly would not harm consumers' choices or purses.

It may be a difficult argument to win, but XM Satellite Holdings and Sirius Satellite Radio's officers say it's worth the gamble and have assembled an expensive and experienced team of lobbyists to aid them in the fight. Alone, the companies have suffered heavy losses and spent heavily on recruiting personalities such as Howard Stern and Oprah Winfrey and on marketing to compete against each other.

Now, New York-based Sirius and XM of the District are lining up some of the best-known and highest-paid lawyers and lobbyists, while competitors and consumer groups vow to fight back. The biggest potential roadblock for the merger is a 1997 Federal Communications Commission declaration that a single owner may not control the subscriber-only satellite radio business.

But the advance of technologies such as iPods and other MP3 players, music-playing cellphones and land-based radio stations with digital broadcasts offer so much music, news and talk that the competitive climate is radically different and the FCC should waive the 1997 rule, Sirius chief executive Mel Karmazin said in a conference call yesterday. "Consumers today have a significantly broader range of audio entertainment options from which to choose," he said.

All those new devices, however, are not directly analogous to satellite radio, and Karmazin's plea is a tough sell, said Chad Bartley, an analyst for Pacific Crest Securities. XM and Sirius provide "the only paid-radio service out there," he said, and regulators may be loath to turn them into a monopoly. He rated the chances for merger approval at "less than 50-50."

"The regulatory process will be quite onerous," said William Kidd, an analyst for Wedbush Morgan, an investment firm in Los Angeles. Regulators will be reluctant to create a single satellite-radio company, particularly because they have recruited a total of 14 million paying customers in five years as separate companies, he said.

The challenges do not end there. XM and Sirius said they hope the deal will close by the end of the year, but some analysts say the costly lobbying battle might stretch into next year. Meanwhile, the two companies must continue to deliver multiple channels of music, talk and sports to their customers, and right the business models that have never generated a sustained profit nor impressed investors in recent years.

The companies assured customers by e-mail yesterday that services will not change during the merger proceedings.

Karmazin said a merger would lead to savings by eliminating duplications in programming and operations. But it would impose new costs as well. Karmazin said the companies plan to design equipment to let customers receive signals from both companies, which use different satellite technologies. They also hope to sell more advertising, he said, even though the promise of largely commercial-free broadcasts has traditionally been a key appeal of satellite radio.

The National Association of Broadcasters and groups such as the Consumer Federation of America and Common Cause plan to oppose the merger. They want to make sure that consumers are not stuck with outdated equipment and contracts that are not honored. The groups also will probably seek to have the merged entity provide nonprofit, public channels.

"We will take the position that this merger is suspect," said Mark N. Cooper, research director of the Consumer Federation of America. "We will insist that if the government determines to let the merger go forward, it needs to condition it." Several analysts agreed that accepting conditions -- such as limits on increasing the cost of subscriptions, now $12.95 a month for both companies -- might be XM's and Sirius's best hope for approval from the FCC and the Justice Department.

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Both companies have a potent roster of contract-lobbying companies at their disposal. XM has worked with the Palmetto Group, Patton Boggs, Wexler & Walker Public Policy Associates and Monument Policy Group. Sirius has Wiley Rein, the Paul Laxalt Group and Ricchetti Inc., according to lobbying disclosure records.

XM shares rose $1.43, to $15.41 yesterday. Sirius shares rose 22 cents, to $3.92.

Sirius And XM Woo Regulators (FT)

By Joshua Chaffin In New York

Financial Times, February 21, 2007

Sirius Satellite Radio and XM Satellite Radio yesterday portrayed themselves as two small players in an expanding and highly competitive consumer audio market as they sought to win over regulators for their planned merger.

In a conference call with investors, executives from the companies argued that technology had created an array of new competitors for their services beyond traditional free radio, including portable music devices, mobile phones capable of playing music, internet radio services, personal computers and others.

"Competition in this market is robust, and we're seeing new entrants on a regular basis as disruptive technologies continue to emerge," said Gary Parsons, chairman of XM, adding that satellite radio was still "a small player by comparison".

Antitrust concerns have shaped up as the biggest hurdle to an $11.4bn deal, not including debt, that would unite the two companies. When they were awarded broadcast licences a decade ago, the Federal Communications Commission mandated that neither company could own both satellite licences.

Following the deal's announcement on Monday, Kevin Martin, the FCC chairman, reminded the companies that the hurdle for approval would be "high" given that provision. Sirius shares rose 5 per cent and XM's 10 per cent.

Mel Karmazin, the Sirius chief executive, pledged to investors that the companies had studied the regulatory issue, and predicted that the deal would close before the end of the year. Mr Karmazin said: "We believe there is a solid basis for approval, and are committed to working with the regulatory agencies to ensure approval."

David Bank, who covers the companies at RBC Capital Markets, said he still believed that the chances were better than even that the deal would be approved, but saw shortcomings in the companies' presentation.

Lawyers reviewing the case said it was difficult to find a precedent because of the strict mandate contained in the companies licences as well as the rapid technological change in the media industry since those documents were drawn up.

"Frankly, it's hard to handicap because there are so many different ways to look at it," said Leo Asaro, a partner in the antitrust practice at Bryan Cave.

Tough Antitrust Hurdles Seen For XM, Sirius Deal (MRKTWTCH)

By Robert Schroeder & David B. Wilkerson, Marketwatch

Market Watch, February 21, 2007

WASHINGTON (MarketWatch) -- A month ago, the chairman of the Federal Communications Commission said a tie-up between satellite radio companies XM and Sirius wouldn't get past his agency. On Monday, the chiefs of those companies decided to challenge that vow.

Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. said Monday they were taking their proposed marriage to stockholders and regulators to get an OK for a combination worth $13 billion and the ears of 14 million paid subscribers. See full story.

It's a bold challenge: On Jan. 17, FCC chief Kevin Martin had said agency rules would prohibit "one entity owning both of those [satellite] licenses." See archived story.

After the merger was announced, Martin issued a strongly worded statement reiterating his concerns.

"The hurdle here ... would be high as the commission originally prohibited one company from holding the only two satellite radio licenses," he said. "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

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The Sirius-XM combination would follow directly on the heels of the hotly debated merger between AT&T Inc. and BellSouth. The five-member commission of the FCC wrangled for nine months over whether to approve that deal, suggesting a similar combination of two big firms would have to endure the same withering scrutiny.

In AT&T's case, though, the company had the support of Martin, a Republican close to the White House. Sirius and XM not only face skepticism from the FCC chairman but probably from the panel's two Democrats, each of whom has been critical of media consolidation. The Democratic takeover of Congress probably doesn't help the cause of the satellite merger partners.

Sirius Chief Executive Mel Karmazin - who would also be CEO of the combined company - and XM Chairman Gary Parsons aim to persuade Washington that a merger is the best way to position satellite radio for battle with such technologies as podcasting.

Parsons and XM's CEO, Hugh Panero, said the new company "will be better positioned to compete effectively with the continually expanding array of entertainment alternatives that consumers have embraced since the Federal Communications Commission first granted our satellite radio licenses a decade ago."

If the companies pass FCC and Justice Department muster, they're expecting the deal to be completed by the end of this year.

Opposition emerged quickly from the companies' broadcasting rivals.

The National Association of Broadcasters slammed the proposal in a statement late Monday, saying it would be "shocked" if it went through.

"When the FCC authorized satellite radio, it specifically found that the public would be served best by two competitive nationwide systems," said NAB Executive Vice President Dennis Wharton, according to a statement from the trade group. "We're hopeful that this anti-consumer proposal will be rejected," Wharton said.

Meanwhile, at least one analyst appears to see hope for a deal.

Last week, Bear Stearns' Robert Peck told clients that both companies thought a merger could receive approval from regulators.

"We believe any public progress of making a deal has been slowed by the economics of the exact split in a [merged company]," Peck wrote in a research note. To overcome this apparent hurdle, Peck said investors were likely to push the companies to "avoid quibbling over a few share points, to capture the much larger value of overall potential synergies."

FAQ: Serious Challenges For Sirius-XM Merger (CNET)

By Elinor Mills, Staff Writer, CNET News.com

CNET News, February 21, 2007

Regulatory hurdles are huge for deal some worry could lead to a satellite radio monopoly. But the biggest impact would be on customers.

Executives at Sirius Satellite Radio and XM Satellite Radio seem to think they have a better chance at turning a profit as one giant company than as bare-knuckled competitors.

The companies, struggling to reach profitability, announced Monday that they agreed to an all-stock "merger of equals," with shareholders of each company owning 50 percent of the combined company. XM shareholders would receive 4.6 shares of Sirius for each of their XM shares, setting the value of XM at about $5 billion. Sirius Chief Executive Mel Karmazin and XM Chairman Gary Parsons would both retain their titles, but for the combined company.

But getting federal regulators to sign off on the merger won't be easy, and perhaps in an effort to make walking away from the deal easier, the companies have not said what the name of the combined entity would be or where it would be located. The companies expect the transaction to be completed by the end of this year. There are plenty of questions about how this will play out in the coming months:

Why do Sirius and XM want to merge?

Both companies have been losing money, with combined losses in 2005 of $1.5 billion. While they have yet to turn a profit, the companies have been engaged in a talent acquisition war to attract listeners. Sirius signed a five-year contract worth $500 million, plus bonuses, to broadcast a morning show with popular shock-jock radio personality Howard Stern in 2004. Not long

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after, XM signed an 11-year, $650 million contract to broadcast Major League Baseball. The company also has a three-year, $55 million deal with television talk show host Oprah Winfrey. By combining efforts, the companies hope to stem their losses and help the market grow.

How would a merger affect consumers?

It's too early to predict how the merger would affect prices for the service. Each company now charges just under $13 per month for its satellite radio service. Sirius and XM said that with the merger they could offer more programming and greater choice to consumers, including the ability to pick and choose channels and content on an "a la carte" basis. Some channels would likely be cut to reduce overlap. The companies also said they would "improve on products, such as real-time traffic and rear-seat video, and introduce new ones, such as advanced data services including enhanced traffic, weather and infotainment offerings."

Will their hardware work together?

Radio devices from Sirius and XM currently on the market do not receive signals from each other's services, so a combined company would have to develop a new radio, and consumers would have to upgrade. At first glance, it doesn't seem that existing hardware can be modified to receive a new signal.

XM radio spokesman Nathaniel Brown said it's too early in the process to provide engineering details, but "XM will fully support its current subscribers, who will not need to purchase new radios and will continue to receive the XM signal. We will work toward a radio that receives both signals."

Sirius CEO Karmazin said in a conference call on Tuesday that the combined company would "be able to speed the introduction of radios offering content from both our services today, something that has been commercially challenging as separate companies. Our radios will be smaller, lighter, simpler, and cooler than what each company has today."

In a joint statement announcing the deal on Monday, the companies said that the merger would allow them to develop and introduce "a wider range of lower-cost, easy-to-use and multifunctional devices through efficiencies in chipset and radio design and procurement." The companies also plan to work together on improving the scope and quality of the combined service. "Over time, we will work to combine our satellite and terrestrial transmission infrastructure to deliver the broadest range of content and the highest level of service quality," Karmazin said.

What regulatory hurdles does the deal face?

The U.S. Department of Justice and the Federal Communications Commission must grant approval, posing a significant challenge. Because Sirius and XM are the only two satellite radio providers operating in the country, their merger would effectively create a monopoly. Federal legislation bars both satellite radio licenses from being owned by the same company to guard against high prices and other negative effects on consumers. FCC Chairman Kevin Martin said in a statement that the hurdle for approval would be high. "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices," Martin said. Given historic opposition to media consolidation by Democrats, who control Congress, the companies will have some hard lobbying to do.

The National Association of Broadcasters is asking regulators to bar the merger, noting that regulators rejected a similar merger proposal from the country's only two satellite television companies, DirecTV and DISH Network. Two years ago, the NAB opposed XM's proposed $198 million acquisition of WCS Wireless before the deal fell through.

How will the companies defend their merger?

The defense will likely hinge on the definition of "competition in the digital audio marketplace." In announcing their merger plans, Sirius and XM said they faced competition from free "over-the-air" AM and FM radio, as well as from iPods and mobile-phone streaming, HD radio, Internet radio and next-generation wireless technologies. Complicating the defense could be the lawsuit record labels have filed against XM alleging that devices that allow people to capture music from XM's broadcasts and turn them into MP3 files for storing and replaying, like the Pioneer Inno, infringe on copyright.

How big would the combined company be?

The combined value of the company would be about $13 billion, which includes net debt of about $1.6 billion. Combined 2006 revenue was about $1.5 billion based on analyst consensus estimates. There would be about 14 million subscribers of a combined company.

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What are each company's strengths?

New York City-based Sirius saw its subscriber base rise by more than 80 percent over the last year to about 6 million. The company has more than 130 channels, with 69 commercial-free music channels and 65 channels of sports, news, talk, entertainment, traffic, weather and other data. The company is the official satellite radio partner of the NFL, Nascar, NBA and NHL. Sirius also offers an Internet radio service that broadcasts more than 75 channels online. Sirius radios are sold in more than 25,000 retail locations, for use in cars, homes, RVs and boats. The company has a market capitalization of about $5.5 billion.

Washington, D.C.-based XM has about 7.6 million subscribers and more than 170 channels and broadcasts live from studios in Toronto, Montreal, Washington, D.C., New York, Chicago and the Country Music Hall of Fame in Nashville. XM also has signed deals with automakers to have its radios preinstalled in 140 different vehicle models this year. The company's market capitalization is about $4.2 billion.

Will Howard Stern get richer?

It's too early to say whether the companies' contracts with celebrities will be renewed. But with only one satellite radio provider operating, future deals would likely be less lucrative for such personalities.

FCC Hurdles Loom For XM, Sirius Merger (AP)

By John Dunbar, Associated Press Writer

AP, February 21, 2007

When the Federal Communications Commission auctioned off two exclusive licenses to create the satellite radio industry 10 years ago, it did not mince words on whether the competing providers could merge.

The agency said that one licensee will "not be permitted to acquire control" of the other. The clause was inserted to ensure "sufficient continuing competition" in the new business, it said.

But when dealing with the FCC, one should never say never.

"The FCC can undo anything it does," said Andrew Schwartzman, president and CEO of the Media Access Project, a public interest law firm in Washington. "However, when you change course, you need a good reason to do it."

On Monday, Washington D.C.-based XM Satellite Radio Holdings Inc. and New York City-based Sirius Satellite Radio Inc. announced a deal valued at $4.84 billion at the close of trading on Wall Street Tuesday.

The companies will have to gain approval from the Justice Department as well as the FCC. Justice typically goes first in satellite mergers. If it blocks the deal, it's game over. But Schwartzman said that is unlikely to happen.

"My guess is this Justice Department will be willing to accept any plausible argument that is presented to it," he said. "The FCC is a much tougher case."

The Justice Department looks at how mergers affect competition. The companies will argue that since the industry was created in 1997, times have changed, and so has the market. It's no longer radio, it's "audio entertainment," which includes terrestrial radio, digital "high-definition" radio that offers better sound and more stations, Internet stations and even Apple iPods.

The FCC's review is different. The airwaves are owned by the public. Therefore the law requires that any transfers of control of licenses be done only if it serves the "public interest, convenience and necessity."

The exact meaning of those words has been debated since they first appeared in the Radio Act of 1927 and later in the Communications Act of 1934.

The companies' argument to the FCC, previewed Monday, will be that a combined satellite provider will offer a wider range of programming choices for listeners.

As for the ban on combining two licensees, if the companies can convince the Justice Department that there is competition from the nonsatellite radio market, it will help their case with the FCC.

"If they do that, I don't see how it's a problem for the FCC to say, 'We no longer need this rule,'" said Blair Levin, a telecommunications analyst with Stifel Nicolaus and the agency's former chief of staff under former FCC Chairman Reed Hundt.

The FCC also considers financial viability when deciding on license transfers. For two companies to be prevented from combining and then go out of business, for example, would not be deemed in the public interest.

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Sirius and XM are not using that reasoning for the merger, but to date, they have built up considerable debt, have yet to turn a profit and watched their stocks decline more than 40 percent last year.

Levin doubts the companies would use that argument because they are not in danger of failing.

Public-interest groups so far are skeptical, says Schwartzman, but they have not come out against the merger. They will argue in favor of some safeguards on diversity and competition.

How these would work is yet to be determined, but it may include a requirement that the combined company provide space on its system for noncommercial, public interest programming.

The satellite radio industry was not saddled with public-interest obligations when it was created because it was a brand-new business. But that may change.

"If you can revisit the question about whether there should be one satellite radio service rather than two you can certainly revisit the question of whether there should be public service obligations," Schwartzman said.

New Climate May Benefit Radio Deal (NYT)

By Andrew Ross Sorkin

The New York Times, February 21, 2007

Mel Karmazin, the chief executive of Radio">Sirius Satellite Radio, made a lot of phone calls seeking advice before he entered into a merger deal with Radio">XM Satellite Radio on Monday.

Maybe he should have called Charles W. Ergen, the founder and chairman of EchoStar Communications.

Mr. Ergen could have given Mr. Karmazin an earful about his failed effort to merge EchoStar with DirecTV four years ago, a deal that seems eerily similar to the one Sirius and XM have proposed.

Will the government see things differently this time?

Michael K. Powell, the former chairman of the Federal Communications Commission who blocked the EchoStar-DirecTV deal, is not so sure.

“I do think it could get through, but I don’t think it’s going to be an easy one,” he said. “It’s going to be incumbent on the companies to demonstrate that the analysis in EchoStar-DirecTV is different.”

In opposing that deal, regulators — both from the F.C.C. and the Justice Department — argued the merger would create a monopoly. EchoStar and DirecTV, on the other hand, argued that the market should be defined more broadly than simply satellite television and should encompass cable television operators and telephone companies providing video over phone lines.

When Sirius and XM announced their merger on Monday, they made a similar argument — that their market is much bigger than just satellite radio.

“In addition to existing competition from free ‘over-the-air’ AM and FM radio as well as iPods and mobile phone streaming, satellite radio will face new challenges from the rapid growth of HD Radio, Internet radio and next generation wireless technologies,” the companies said.

There is no question that times have clearly changed: a decade ago, the argument for a Sirius-XM merger would have never had a chance.

Joel I. Klein, then the acting assistant attorney general in charge of the antitrust division, gave a speech to the radio industry 10 years ago this week, suggesting that merging terrestrial radio stations in the same market was “no different from a situation where all soft drink manufacturers would seek to merge and control 100 percent of that market. We wouldn’t walk away from such a merger — and if you like soft drinks I should think you wouldn’t want us to walk away — merely because there are lots of other beverages out there, such as milk, juice, beer, wine, et cetera.”

But the regulatory tone in Washington has changed. Inside Sirius and XM, executives are bullish on government approval.

In a conference call with analysts yesterday, Mr. Karmazin said that “I would not have gone to our board,” if he “didn’t think there was greater than a 50-50 chance of approval.” In fact, the deal’s timing was driven in part by a feeling that the current administration was more likely to let the deal through and that it needed to be done before that window closed.

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The Justice Department's surprising approval of Whirlpool's acquisition of Maytag — a deal that created the nation's largest manufacturer of appliances with more than 50 percent market share — has encouraged others to proceed with deals that might have seemed to pose regulatory problems.

But Sirius and XM should not necessarily take solace in the shifting attitude in Washington and the Whirlpool decision, some antitrust experts suggest, because the deal's fate may be decided by the F.C.C., which issued two sets of satellite spectrum to Sirius and XM in order to create competition.

At the time, the F.C.C. defined free-to-air radio as a separate market from satellite because free-to-air radio, which included local programming like weather and traffic, was tightly regulated while satellite's content would be unfettered.

"Howard Stern couldn't do his current broadcast on radio," said Mr. Powell, who had fined Mr. Stern several times for some of his lewd talk on terrestrial radio before his program moved to Sirius.

Mr. Powell said that in the end, the deal's fate would lie in the evidence that both companies produce during the government's review. He said that while EchoStar and DirecTV publicly talked up an assortment of competitors like cable and telephone, when the government got its hands on the companies' documents about the way they internally defined their rivals, "it seemed that the only competitors who mattered were each other."

Of course, perhaps the largest factor in their decision will be the precedent regulators want to set. "If the Federal Communications Commission grants a green light for this transaction, the brakes will be off for similar telecommunications industry hookups," Carmi Levy, senior research analyst with Info-Tech Research Group, wrote to clients. If so, perhaps Mr. Ergen will get a second chance.

What Would A Satellite Radio Merger Mean? (USAT)

USA Today, February 21, 2007

NEW YORK — Wall Street sure likes the signals that Sirius and XM Satellite Radio are beaming about their merger plans.

XM shares soared 10.2% to $15.41 and Sirius was up about 6% to $3.92 on Tuesday, the first day of trading after the companies announced their deal to create a single — and still unnamed — satellite radio power to be run by Sirius CEO Mel Karmazin.

Despite the boost, the prices reflect some wariness among investors about whether the merger will actually take place. The deal must be approved by each company's shareholders, as well as by antitrust officials. And the Federal Communications Commission will have to agree to change a merger ban that is part of the original agreement when the companies were formed.

But a more important question is harder to quantify: How will consumers respond to all the changes? Will they be reluctant to sign up for either service?

While the companies can't answer many questions at this early stage in the process, media reporters David Lieberman and Laura Petrecca sort through some of the potential consumer concerns:

Q: I want to subscribe to satellite radio. Should I wait to see what happens with the merger?

A: It depends on how long you want to wait. The companies expect the deal to close at the end of 2007, and that might be optimistic if opponents including the National Association of Broadcasters take the fight to Congress. Until the transaction is complete, the companies are supposed to operate independently. But in the next few months, if merger talk makes potential subscribers wary, the companies might have a reason to sweeten their promotions.

Q: Isn't there a chance that my radio won't work or that either XM or Sirius will be weakened after the deal closes as they move to offer a single service?

A: XM Chairman Gary Parsons says the companies "may have 15 or more years" left to keep offering programming packages similar to the current ones. They can't risk alienating the more than 13 million people who buy Sirius or XM — and who now have radios that can only receive one service, not both.

Q: Does that mean, once the deal closes, there'll still be no change in the existing services for the foreseeable future?

A: Not necessarily. Executives say that after a merger they might share popular programming — although it's unclear whether that might include Sirius' shock jock Howard Stern or XM's Major League Baseball. A lot depends on the terms of their contracts, and when they're up for renewal.

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The two also might share new services in the works, including programming for seat-back TVs in automobiles and real-time traffic, weather and other data.

Q: What other changes may be coming?

A: Executives say they may give consumers more latitude to mix and match the channels they receive, similar to an a la carte deal. And years from now, when they can eliminate duplicative services — such as similar oldies channels — they say they'll offer more programming narrowly targeted to different ethnic groups.

Q: Wouldn't a monopoly have more power to raise prices? Should I sign a long-term deal now to lock in current rates?

A: Antitrust officials and the FCC will be looking closely at pricing. They could kill the deal if they conclude the merged companies might gouge consumers.

Sirius and XM say that they have a strong incentive to keep prices low: The 90% of radio listeners who don't subscribe to satellite tune in to traditional broadcasters that offer ad-supported shows for free. Sirius and XM also face growing competition from Internet radio and podcasts, wireless phone-based services and iPods.

But Morgan Joseph analyst David Kestenbaum notes that XM raised prices 30% two years ago and still picked up lots of new subscribers.

Q: Will the merged company boost revenue by selling more ads in its programs?

A: Hard to say. Ad-free programming is a big selling point for satellite radio. But Wall Street is tired of satellite radio's red ink. Karmazin told analysts on Tuesday that one advantage to having a merged company is that it would be more attractive to national advertisers.

Q: The companies are talking about selling radios capable of receiving both services. When can I buy one?

A: It may be awhile. The companies say they'll begin to push hard toward developing a unified receiver once the merger is complete. Karmazin says he expects the next-generation receivers to be "smaller, lighter, simpler and cooler."

Q: Aren't the two already working on a unified radio?

A: Under pressure from the FCC, they agreed in 2000 to design chipsets and other technology that could receive signals from Sirius and XM. A firm that they've supported has developed a unified radio unit, but it hasn't been approved by the FCC.

Meanwhile, it hasn't made commercial sense to develop a dual radio with two chipsets: It would cost more than the existing ones that receive just one service, and most subscribers pick either Sirius or XM, not both.

Bank of America analyst Jonathan Jacoby estimates that even after a unified or dual radio is available, both systems would have to run independently for at least another three years until customers can be switched over to a combined platform, perhaps with a subsidized radio exchange program.

Automakers also would need to switch over to installing the new, integrated units into their vehicles, a process that normally requires two to three years, Jacoby says.

Q: Why are the companies going through all of the trouble to merge?

A: Although Sirius and XM are still young companies, they are unprofitable, and investors are concerned about the slowdown in the growth rate of new subscriptions.

For example, they point out that 60 million cars have outlets on their stereos to plug in iPods. And conventional free radio stations are investing in HD Radio, which can provide many additional channels of clear, digital signals.

By merging, Sirius and XM say they can cut costs by as much as $7 billion a year. In addition to dropping duplicative channels, they could cut marketing expenses. And programming costs might level off once they stop bidding against each other for talent.

Contributing: The Associated Press

In The Same Orbit, But On Different Planets (WP)

By Frank Ahrens

The Washington Post, February 21, 2007

In the radio industry, Sirius Satellite Radio chief executive Mel Karmazin is like Bono or Prince or Charo: One name is sufficient. Say "Mel," and everyone knows who you're talking about.

The same cannot be said of XM Satellite Radio Holdings Chairman Gary M. Parsons. That's why some say, if the proposed merger between the two satellite companies is approved by regulators, the two executives may work well together.

Under the proposed merger, Karmazin would be the chief executive of the combined company, with Parsons chairing the board. There is no role in the new company for current XM chief executive Hugh Panero, whose duties have diminished since the XM board appointed director Nate Davis as president and chief operating officer in July.

Karmazin and Parsons are opposite in temperament and style, said Tom Taylor, editor of Inside Radio, an industry trade paper. Karmazin can be electric; Parsons is more laid-back.

Case in point: The rambunctious Karmazin has been tossing merger speculation to the New York media and Wall Street analysts for the past several months. The more reserved Parsons has been just as interested in a merger, he said yesterday, but kept it to himself.

"He was looking at it," Parsons said of a merger, "and we were looking at it -- just less publicly."

Complementary traits between the pair could be key because the last time Karmazin was part of a power duo, things didn't go so well. He left his job as chief operating officer of Viacom for Sirius in 2004 after clashing with Sumner Redstone, the equally strong-willed leader of Viacom.

Before coming to Sirius, Karmazin spent more than three decades in the terrestrial radio business, most of it running Infinity Broadcasting's radio stations and then CBS Radio, when it bought Infinity and eventually became Viacom.

Mel stories are plentiful, and they consistently paint Karmazin as a sleeves-up radio man devoted to making money for shareholders.

Taylor recalls a story of Karmazin helping set up chairs in a meeting room before the start of an investors' conference. Karmazin has near-total recall, Taylor said, which has come back to haunt station managers who worked under Karmazin and failed to produce a promised ratings number.

If there's one thing to know about Karmazin, it's that he's always about the sale. There's a reason "Mel" rhymes with "sell."

"He's one of radio's best-ever sales guys," Taylor said. "He knows how to sell radio advertising."

In 1985, Karmazin sold CBS on hiring Howard Stern (after he'd been fired by New York's WNBC) and built him into a national radio superstar, often defending his antics to corporate brass. In an interview years later, Karmazin was asked what he saw in Stern that made him take a chance on him.

"Revenue," was his reply.

Karmazin is also the man who helped sell Stern on jumping to Sirius in 2004, though the $500 million contract plus performance bonuses probably helped.

Parsons, by contrast, is a veteran of the telecommunications and satellite industries who spent time as a radio deejay in his youth. He has been on XM's board since 1997. He ran XM until he brought in Panero in 1998. Prior to XM, Parsons spent six years at MCI Communications in a number of executive jobs and started several tech companies.

"The general book on me is that I'm extremely collaborative," Parsons said, noting that he has worked well with Panero, something of an outsized personality himself.

Parsons said the proposed merger became inevitable over the past few months, as both companies saw their stock price and market capitalization slide. Wall Street analysts speculated that the synergies created by a merger would be as much as $5 billion -- almost as much as the value of either company on its own.

The odd man out in the proposed merger is Panero, XM's chief executive.

Panero and head XM music programmer Lee Abrams have been with XM since nearly day one, when the company was housed in a basement apartment near Dupont Circle and the only sign of a radio company in the making was a whiteboard with dozens of format ideas scribbled on it.

Panero is a "Star Trek" fan. XM's broadcast operations center at the company's headquarters in Northeast D.C. is a dazzling spectacle of display monitors and lighted control boards sometimes referred to by employees as the bridge of the starship Enterprise.

In the middle of the room is a swiveling chair Panero had modeled after Capt. James T. Kirk's command seat on the Enterprise. Panero sat in the chair and pushed the button that launched XM's service in September 2001.

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Panero is a music junkie who religiously listens to XM's channels and is credited with the vision that cultivated the business through its early years, negotiating the deals that got XM installed in new cars and acquiring talent.

However, XM's board soured on Panero's performance last year after the company missed its earnings guidance for several consecutive quarters. The company got bogged down in legal battles with the music industry and terrestrial broadcasters over technology issues and has allowed the cases to drag on, rather than settle with the groups, as Sirius has. And when Sirius started paying hundreds of millions of dollars for content -- such as the NFL and Howard Stern -- the XM board thought Panero failed to respond effectively and could no longer clearly define XM's vision, said a source familiar with the situation who spoke on condition of anonymity because of the sensitive nature of the issue.

Panero said if he could have changed anything about his time as chief executive, he would have put off having to pay so much to acquire programming early in XM's life, before it began to stabilize its losses.

Yesterday, Panero said he was proud of the business he helped build and will remain XM's chief executive until the merger is approved and perhaps beyond, if it is not.

He said he would be a little sad to give up the helm of a merged company, "but there can only be one CEO and one chairman."

US Radio Consolidation (FT)

Financial Times, February 21, 2007

Howard Stern, the shock jock, may be the self-styled King of all Media, but his employer, Sirius, was certainly not talking world domination in its proposed merger with XM. For the satellite radio deal, which will create a company with a $13bn enterprise value, hinges more than most on regulatory approval. Expect a lot of emphasis on underserved communities and consumer choice and the vast array of alternatives for listeners. There cannot be many media deals that generate a presentation that includes a slide highlighting how many US vehicle registrations there are.

The companies have a point. Competition from AM/FM radio as well as new services, from iPods to streaming music for mobile phones, are real challenges for satellite radio. But Sirius and XM do not just have to make the pure antitrust case, they also have to convince the Federal Communications Commission that the public interest is best served by changing the rules governing their operating licences. It is a gamble, but US business has pulled off far greater ones.

Having said that, this will be a lobbying bunfight. The broadcasters have already weighed in and the market is taking a cautious view: XM's shares traded up strongly, but not as high as would be implied by the sweet 22 per cent premium tacked on to the terms of what was presented as a merger of equals.

If the market could gain extra comfort on the regulatory side, there should be more celebrating to come. For the synergies on offer should be considerable for such a business whose fixed costs are so heavy, from programming to technology.

The companies gave little detail yesterday, bar a range of values for the synergies that, at its higher level, would represent more than the market capitalisations of either company. That looks punchy given the time it may take to realise the benefits. But the economic rationale for merging is still compelling. If only Mr Stern's gift of the gab could be brought to bear in persuading the FCC into thinking the same.

Making Radio Waves (WSJ)

The Wall Street Journal, February 21, 2007

As the Federal Communications Commission ponders the merits of allowing satellite radio companies Sirius and XM to combine, let's hope the ghost of another proposed merger haunts the proceedings.

In 2002 the FCC blocked satellite television rivals EchoStar and DirecTV from joining forces on the grounds that allowing the merger would decrease competition and lead to higher prices. Michael Powell, the FCC chairman at the time, said the deal would create a satellite monopoly.

In the event, regulatory intervention, based on an overly narrow definition of the market, has only led to unfulfilled promise in satellite broadband. Five years later, the cable and phone companies are by and large eating satellite's lunch in attracting subscribers. Rupert Murdoch is in the process of selling his stake in DirecTV. And consumers who want one provider for television, Internet and phone service have fewer options than they might otherwise if the regulators had stayed out of the way.

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Which brings us to the proposed merger of XM and Sirius. On news of the deal, FCC Chairman Kevin Martin remarked that the regulatory hurdles "would be high." If so, the agency might want to write more up-to-date regulations. The current "digital audio radio service" rules date to the late 1980s, before high definition radio, iPods, Pandora.com, music file-sharing and other options existed. The media landscape has changed a bit since The Police split up.

Beltway critics of the deal see a media monopolist around every corner, scheming to limit the public's access to content. And it's true that the merger would create a lone satellite radio company. But a pure monopoly is one that exists in a market where there are no close substitutes. By contrast, a combined Sirius-XM would have to compete not only with free broadcast radio but also with MP3 players, online radio and even music channels offered by cable providers.

Heaven only knows what the cellular companies will bring to the party. They're already gearing up to provide more video options, but there's nothing stopping Verizon or Cingular from coming up with a device that includes a couple of dozen radio stations to compete with satellite.

Which is why the real danger here isn't the creation of a "monopoly," unless you define the market in a way that has no resemblance to the real world. The bigger concern is that regulators will repeat the satellite television mistake and in the process reduce consumer choice. "The reason for this merger is not to exclude others from the market," says Adam Thierer, who follows telecom issues at the Progress & Freedom Foundation. "It's to make sure they can compete in the broader market against the various players they face -- serious competitors that have satellite radio providers scrambling for their lives."

The most vocal opponents will be traditional radio broadcasters, who will want the deal scotched outright, or at least conditioned on satellite operators being prohibited from offering local services -- news, weather, traffic -- that would compete with their own offerings. Legislation to this effect has been floating around for the last couple of Congresses, courtesy of Republican Representative Charles Pickering of Mississippi.

We hope Mr. Martin will resist any push for industrial protectionism. If this deal, or subscription-based satellite radio in general, turns out to be a bust, the marketplace will let us know in due time.

Supreme Court Overturns $79 Million Award Against Weyerhaeuser (AP)

By Curt Woodward, ASSOCIATED PRESS WRITER

AP, February 21, 2007

SEATTLE -- The U.S. Supreme Court threw out a $79 million judgment against Weyerhaeuser Co. on Tuesday, but the forest products giant could face a new trial on antitrust claims from a defunct sawmill.

Ross-Simmons Hardwood Lumber Co. of Vancouver, Wash. - which went out of business in 2001 - convinced an Oregon jury that Weyerhaeuser paid too much for alder logs it didn't need, with the goal of driving competitors out of business.

Under federal antitrust law, the jury's award was tripled to $79 million.

Supreme Court justices overturned that 2003 judgment in a 9-0 ruling Tuesday, saying Ross-Simmons must meet a stricter legal standard than the trial court originally allowed.

Writing for the court, Justice Clarence Thomas said Ross-Simmons should have been required to prove that its competitor had a dangerous probability of recouping the losses it incurred in bidding up prices.

The failure to satisfy that standard "cannot support the jury's verdict," Thomas wrote.

Federal Way-based Weyerhaeuser applauded Tuesday's decision.

"The Court's unanimous ruling sets a clear standard that permits companies to bid competitively for raw materials without risk of violating antitrust laws," Weyerhaeuser Vice President Sandy D. McDade said in a statement.

But Mike Haglund, a Portland, Ore.-based lawyer for Ross-Simmons, said he expects to prevail again if the case eventually returns to U.S. District Court for a new trial.

"We're going to have to go back and retry it under that new standard," Haglund said. "I don't think the result will change - we'll still win. But it is a tougher standard."

Shares of Weyerhaeuser closed down 20 cents, or 0.24 percent, at $82.83 in Tuesday trading on the New York Stock Exchange.

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Weyerhaeuser appealed the jury award to the 9th U.S. Circuit Court of Appeals in San Francisco, which affirmed that Ross-Simmons needed only to convince a jury that Weyerhaeuser had bought more logs than it needed at a higher price than necessary to gain a monopoly.

The Bush administration asked the Supreme Court to take the case, arguing that the San Francisco-based appellate court erred by setting a low and confusing standard that threatened to "chill pro-competitive conduct by companies that bid aggressively."

From 1998 to 2001, 27 alder sawmills closed in the Pacific Northwest. Alder, the Northwest's leading hardwood lumber, is used in furniture and specialty products such as picture frames and musical instruments.

High Court Limits Antitrust Suits In Weyerhaeuser Win (Update2) (BLOOM)

By Greg Stohr

Bloomberg, February 21, 2007

Feb. 20 (Bloomberg) -- The U.S. Supreme Court overturned a $79 million antitrust award against lumber producer Weyerhaeuser Co. in a ruling that will help shield companies from claims that they illegally tried to drive a competitor out of business.

The justices today unanimously said a jury used the wrong standard in concluding that Weyerhaeuser monopolized the Pacific Northwest market for finished alder, a hardwood used in furniture. A now-defunct rival accused Weyerhaeuser, the world's biggest forest products company, of overbidding for scarce logs.

The ruling is a victory for large U.S. companies, giving them more room to bid aggressively for raw materials and other supplies without the risk of violating federal antitrust laws. Dow Chemical Co., Verizon Communications Inc., Coca-Cola Co. and Microsoft Corp. were among the companies that supported Weyerhaeuser at the Supreme Court.

``There are myriad legitimate reasons -- ranging from benign to affirmatively procompetitive -- why a buyer might bid up input prices," Justice Clarence Thomas wrote for the 9-0 court.

The case centered on a judge's instruction to jurors that they could award damages if Weyerhaeuser bought ``more logs than it needed" and prevented Ross-Simmons Hardwood Lumber Co. from acquiring logs at a ``fair price."

The 9th U.S. Circuit Court of Appeals in San Francisco upheld the instruction, rejecting Weyerhaeuser's contention that it was too vague to provide meaningful guidance.

Predatory-Pricing Standard

The Supreme Court said the 9th Circuit should have applied a legal standard similar to the one the Supreme Court used in a 1993 predatory-pricing case. That case required proof that an antitrust defendant sold its product below cost and was likely to recoup those losses after competition had been driven out.

Ross-Simmons said the 1993 ruling wasn't applicable because the Weyerhaeuser case involved overpayments for raw materials, not predatory price cuts. The company said courts set an especially high bar for predatory pricing cases because lower prices directly benefit consumers.

Ross-Simmons acknowledged at an argument session in November that it hadn't met the standard from the 1993 case.

Ross-Simmons, which went out of business in 2001, was based in Longview, Washington. The company accused Weyerhaeuser of paying higher-than-market prices for alder wood, buying more than it needed, entering into exclusive agreements with suppliers and illegally buying logs from state forests.

Weyerhaeuser Cases

A Portland, Oregon, jury in 2003 said Ross-Simmons was entitled to compensation of more than $26 million, an amount that was tripled under federal antitrust rules.

The award would have been the largest so far in a set of suits against Weyerhaeuser over its finished alder business. The company, which is based outside Seattle, has paid $62 million to resolve some of those claims and put $95 million in reserve, according to regulatory filings.

In addition, Weyerhaeuser is fighting a $16 million award to rival Washington Alder LLC and a class-action lawsuit filed on behalf of purchasers of finished alder. Both cases are on hold during the Supreme Court appeal.

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Weyerhaeuser shares fell 20 cents to $82.83 at 4:04 p.m. trading on the New York Stock Exchange.

The case is Weyerhaeuser v. Ross-Simmons, 05-381.

Weyerhaeuser Wins Supreme Court Appeal On 'Predatory Buying' (MRKTWTCH)

By Mark H. Anderson

Market Watch, February 21, 2007

WASHINGTON (MarketWatch) -- Weyerhaeuser Co. (WY) Tuesday won a U.S. Supreme Court appeal in a predatory buying lawsuit brought against it by a smaller lumber company. The unanimous ruling reconciled antitrust standards for predatory buying and selling.

The outcome, which was expected by legal analysts, overturns a jury award against Weyerhaeuser of $26.26 million in damages, which was tripled to $78.77 million under the relevant laws. That award was thrown out and the case was remanded to lower courts.

In an opinion by Justice Clarence Thomas, the high court said lawsuits alleging predatory buying must meet the same strict standards as predatory selling allegations to survive in federal court.

The decision rejected a ruling by the 9th U.S. Circuit Court of Appeals, San Francisco, that had allowed the lawsuit against Weyerhaeuser to proceed under a broader standard.

"Predatory pricing and predatory bidding claims are analytically similar," Justice Thomas wrote, saying the legal theory advanced in lower courts "cannot support the jury's verdict."

The case before the court involves allegations by Ross-Simmons Hardwood Lumber Co., a defunct Longview, Wash., sawmill, that Weyerhaeuser, one of the nation's largest wood-products companies, engaged in predatory buying in the Pacific Northwest alder sawlog market.

Ross-Simmons sued Weyerhaeuser after it went out of business in 2001, accusing the lumber giant of illegally dominating the purchase of alder logs.

Weyerhaeuser, in its Supreme Court appeal, argued the courts applied an overly broad antitrust standard to the dispute. Instead, the company said, federal courts should apply to predatory buying the existing Supreme Court precedent on predatory selling. That legal reasoning was adopted by the Supreme Court.

The high court, in a 1993 case, ruled that antitrust-selling allegations must prove that selling took place at a loss and that the seller had a "dangerous probability" of recouping its losses with the impact of the anticompetitive selling.

The case is Weyerhaeuser Co. v. Ross-Simmons Hardwood Lumber, 05-381.

Warner Is Closer To EMI Deal (WSJ)

By Aaron O. Patrick In London And Ethan Smith In Los Angeles

The Wall Street Journal, February 21, 2007

Pact With Independents Removes Large Hurdle; Formal Bid Is Awaited

Warner Music Group Corp. Chief Executive Edgar Bronfman Jr. has taken a step closer to realizing his long-held ambition to buy EMI Group PLC, persuading a small but well-organized group of independent record labels to end their opposition to such a purchase.

Warner, the fourth-largest music company by revenue, yesterday said it approached EMI about buying the company a month ago, in what would be the fourth attempt in seven years to combine the music companies. EMI, the third-largest music company, confirmed the approach and said it was waiting for a formal offer.

The two companies have felt pressed to combine to cut costs in the face of flagging sales and to achieve sufficient scale to compete with their two much-larger rivals, Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG. (See related Breakingviews column, page C14.)

Value Is Unclear

It isn't clear how a Warner bid would be valued. EMI, whose stock has fallen recently after back-to-back profit warnings, has a market capitalization of £1.92 billion ($3.75 billion). Warner's market capitalization is $2.86 billion.

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Crucially, Warner has reached an agreement with Impala, a trade group for independent European record labels, to end its opposition to a merger. Legal action by Impala derailed merger negotiations between Warner and EMI last year and threatened to disrupt a potential deal again. While it would be up to the European Commission to rule whether an EMI-Warner merger is anticompetitive, Impala's support makes approval more likely. U.S. antitrust authorities aren't expected to object because EMI doesn't have a strong position in the U.S.

Other hurdles to a deal also appear to be clearing. An antitrust decision on a related case -- the reconsideration of the 2004 merger of Sony's and Bertelsmann's music operations -- is due by summer. If approved, that will also remove one of the last impediments to an EMI takeover.

The departures last month of the head of EMI's recorded-music division, Alain Levy, and his deputy, David Munns, also might help by reducing potential rivalry among executives for the top jobs at a combined company.

Mr. Bronfman now is expected to begin takeover negotiations with EMI's new chairman, John Gildersleeve. Warner, based in New York, said in a news release there was "compelling strategic, commercial and financial logic in a combination of the two companies."

EMI, based in London, in a statement, said it would take into account the price offered and the "regulatory and operational risk profile" of any bid. EMI shares rose 8.4% to 240 pence ($4.68) in London; Warner shares rose 4.9% to $19.15 in 4 p.m. New York Stock Exchange composite trading.

One shareholder, Hugh Hendry, who owns four million EMI shares through his fund, Eclectica Asset Management, said he was receptive to Warner's approach. "I have lost confidence in the role of EMI management," he said. An EMI spokeswoman didn't return a call.

Talks Gather Speed

Mr. Bronfman has been negotiating with Brussels-based trade group Impala for almost a year, trying to come up with an agreement that would allow Warner to buy EMI, a person familiar with the situation said. The talks gathered pace in the past two months, the person said. To get Impala on board, Mr. Bronfman agreed to make several concessions, including selling parts of a combined EMI-Warner -- at least some of them to Impala's members -- and providing funding to a new licensing agency for independent labels. It isn't clear which businesses he might sell. If Warner doesn't buy EMI, Impala members don't get anything.

Warner's approach to EMI was earlier reported in Britain's Mail newspaper on Sunday. A merger of the companies would create a group as large as the industry's dominant players, Universal Music and Sony BMG.

"At the moment, there are two very powerful majors and two weak majors," said Martin Mills, chairman of Impala. "We think this [agreement with Warner] will create an industry with three powerful majors and a powerful independent sector."

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Warner Truce Clears Way For EMI Bid (FT)

By Andrew Edgecliffe-johnson,media Editor

Financial Times, February 21, 2007

Warner Music has struck a truce with independent record labels that could clear the way for the US-listed group to make a $6bn (£3bn) bid for EMI and reset the balance of power in the music industry's negotiations with Apple and other digital distributors.

Warner has secured the support of the music companies' fiercest critic to revive merger talks with EMI, the British company behind Norah Jones and The Beatles.

No formal bid has been made and the terms of any offer are unclear but Warner said Impala, which represents independent music publishers and labels, had agreed to provide full and complete support for a Warner-EMI merger in front of regulators.

Patrick Zelnick, vice-chairman of Impala, said his group had decided it was better to have "three strong majors [Universal, Sony BMG and Warner-EMI] and a strong independent sector" than to let the industry lose more power to the likes of Apple. "I find it sad that the content industry is so weak in front of the big technology companies," he said.

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Warner has agreed to fund a digital rights licensing platform for independent music labels; to divest certain recorded music assets "to reinforce the market power of the independent sector"; and to make other, unspecified commitments.

A two-year campaign by Impala led to last year's decision by the European Union's Court of First Instance to refer the 2004 clearance of the merger of Sony and Bertelsmann's recorded music businesses back to the European Commission. With the Commission expected to an-nounce a second stage to its Sony BMG review within two weeks, Impala said it would not drop its opposition to the Sony BMG deal, or to Universal Music's purchase of BMG Music Publishing.

Brussels' willingness to re-authorise the Sony BMG merger, which cut the number of big recorded-music groups from five to four, is still unclear, as is any likelihood that it would permit the industry to shrink from four to three majors.

The deal between Impala and Warner surprised antitrust officials and lawyers in Brussels. Several lawyers said it was rare - if not unique - for a company to agree to concessions with rivals before winning either the support of the prospective merger partner or notifying a deal to Brussels.

A spokesman for Neelie Kroes, the EU competition commissioner, said: "The Commission examines all notified mergers and takeovers diligently with a view to assessing whether there would be a negative impact on effective competition - irrespective of whether there are any active complainants."

Warner's approach to EMI was made on January 24, before the UK group's second profits warning of the year. But it was disclosed only after press speculation. EMI rejected Warner's last approach, which valued the group at 320p a share.

A Fair Price Would Put Nicoli On The Spot (FT)

By Andrew Hill

Financial Times, February 21, 2007

It is not too late for love between EMI and Warner Music and, however preliminary and imprecise their latest approach, the Americans have sweetened it with a silky skill worthy of Norah Jones herself.

Warner has sought to soothe worries about regulatory approval - still the biggest uncertainty overhanging any deal between the two music groups - by ensuring the support of independent record companies and music publishers that were the deal's biggest opponents. Combined with worsening conditions in the recorded music industry, that should make the European Commission more sympathetic towards a deal this time round.

The timing looks good, too: Warner contacted the British company on January 24, before the second of EMI's two profit warnings, but, by uncanny coincidence, the approach has only now come to light with the shares battered down to levels last seen in the final quarter of 2005.

The recent history of disappointments at EMI makes it difficult to see Warner returning with a bid near 320p - the price on last year's abortive offer, abandoned following a European court decision that threw the Sony BMG deal back into Brussels' merger review process. EMI has also cut costs further since last summer presenting Warner with fewer possible savings. But if the US group is sensible, a bid that splits the difference with yesterday's closing share price and last year's offer would put Eric Nicoli, EMI's embattled chief executive, in an awkward position.

If he were to grab such an offer and the European antitrust authorities later decided to block a merger, then he would have used up his final shred of credibility with investors. On the other hand, if he spurned Warner's advances on the grounds that the regulatory risk remained too high, he might scotch shareholders' best hope of realising decent value from their investment.

Biomet Buyout Gets Antitrust Approval (AP)

AP, February 21, 2007

Biomet's $10.9B Buyout by Private Investment Groups Receives Antitrust Approval

WARSAW, Ind. (AP) -- Orthopedics maker Biomet Inc. on Tuesday said it received antitrust approval from federal regulators for its proposed $10.9 billion acquisition by a group of private investment firms.

Biomet said the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.

Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group agreed to buy Biomet in December for $44 per share.

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The deal, which is expected to close by the end of October, still needs the approval of Biomet's shareholders.

Shares of Biomet added 13 cents to $42.49 in afternoon trading on the Nasdaq Stock Market. The company's stock will be delisted when the acquisition closes.

Lift Manufacturers Face Brussels Rap (FT)

By Tobias Buck

Financial Times, February 21, 2007

ThyssenKrupp, Schindler, Kone and Otis - the world's biggest lift manufacturers - will today be punished and fined by the European Commission for operating a price-fixing cartel.

The European Union antitrust watchdog issued formal charges against the four groups in October2005, and according to several people familiar with the case will hand down its final ruling at a meeting in Brussels tomorrow.

Together, the groups control about two-thirds of the world market for elevators and escalators, with Otis, a unit of US group United Technologies, the market leader.

They are accused of operating a cartel in Germany, the Netherlands, Belgium and Luxembourg between 1998 and 2004. Tobias Buck, Brussels

EU Clears Freeport-McMoRan To Buy Phelps (AP)

AP, February 21, 2007

EU Antitrust Regulators Clear Freeport-McMoRan Copper & Gold to Acquire Phelps Dodge

BRUSSELS, Belgium (AP) -- EU antitrust regulators on Tuesday cleared Freeport-McMoRan Copper & Gold Inc. to buy Phelps Dodge Corp., a deal that would create the world's largest publicly traded copper company -- and the largest metals and mining company based in North America.

The European Commission said that combining the two U.S.-based companies would not significantly impede competition in Europe, identifying only limited overlaps between the two that would not cause antitrust problems for rivals, suppliers or customers.

The companies announced in November that Freeport-McMoRan would acquire Phelps Dodge for US$25.9 billion (euro20.17 billion) in cash and stock.

The cash portion of the transaction totals US$18 billion (euro14.02 billion), and Freeport-McMoRan said it would issue 137 million shares to Phelps Dodge shareholders. That would give them about 38 percent of the combined company on a fully diluted basis. Freeport-McMoRan's board will also be expanded to include three independent Phelps Dodge directors.

The merged companies will operate under the Freeport-McMoRan Copper & Gold banner, though businesses operating as Phelps Dodge will continue to do so.

The world's largest copper company in terms of production is Codelco, or Nacional del Cobre de Chile, owned by the country of Chile.

Freeport-McMoRan Copper & Gold: http://www.fcx.com/

Phelps Dodge Corporation: http://www.phelpsdodge.com/

Korea Fines 9 Petrochemical Firms For Price Fixing (WSJ)

By In-soo Nam

The Wall Street Journal, February 21, 2007

SEOUL, South Korea -- South Korea's Fair Trade Commission fined nine domestic petrochemical companies a combined 105.1 billion won ($112.2 million) for colluding to fix the prices of petrochemical products for more than 10 years.

A total of 10 companies, including the country's largest refiner, colluded to coordinate the prices of polypropylene and high-density polyethylene between April 1994 and April 2005, the antitrust agency said in a statement.

"The collusion has resulted in 1.56 trillion won in damages to consumers," the commission said.

The commission said Honam Petrochemical Corp., one of the companies involved in the price collusion, wasn't penalized because of its contribution to the commission investigation.

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The commission said it has also filed a complaint with prosecutors for further investigation against SK Corp., LG Chem Ltd., Korea Petrochemical Industrial Co., Daelim Industrial Co. and Hyosung Corp.

"We hoped the commission [would] take into account the widespread industry practices at the time," said an LG Chem spokesman. "The penalty is a bit burdensome for petrochemical companies."

The commission said it might adjust the total penalty amount of 105.1 billion won for individual companies.

"We're still waiting for the Fair Trade Commission's final decision," an SK Corp. spokeswoman said.

SK Corp., the largest refiner in the country by capacity, was fined 23.8 billion won, while Korea Petrochemical was fined 21.2 billion won and LG Chem 13.1 billion won.

The 10 petrochemical companies account for more than 85% of the country's synthetic resins market, the commission said.

ENVIRONMENT:

Nuclear Plant Safety Is Called Into Question (LAT)

By Ralph Vartabedian

Los Angeles Times, February 21, 2007

AMARILLO, Texas -- Electrical failures have shut down the plant. The roof has leaked. Decrepit machinery dates back more than 40 years. Safety lapses led inspectors to levy fines twice within two years. And employees, under deadline pressure, complain they often are worked past the point of exhaustion.

If this factory were producing medical devices or refining gasoline, the conditions would be serious enough. But this is where they work on nuclear bombs.

Pantex is the Energy Department's main nuclear weapons factory, a linchpin of the nation's defense for a half century. The nation no longer makes nuclear weapons, so the plant's chief roles are servicing them or dismantling them to meet the terms of disarmament pacts.

On a 25-square-mile swath of the Texas Panhandle, a series of massive white concrete domes mark the places where live nuclear weapons are opened up.

The rituals and procedures inside those cells are supposed to be as strict as any operating room, part of a safety culture that reduces any chance of an accidental nuclear explosion to one in 100 million.

But lately, outside experts are questioning whether those safety margins are eroding. Federal investigators are trying to assess the overall safety of the plant, which employs 3,300, amid troubling safety snafus and what employees call an atmosphere of intimidation.

Energy Department officials acknowledge that the plant has fallen behind schedule on reliability testing of weapons. Long delays have occurred in decommissioning thousands of surplus warheads to satisfy disarmament pacts. They also concede the plant has maintenance problems and has violated safety procedures. But they insist there is no danger of a conventional or nuclear explosion.

"Pantex is safe, no doubt," said Marty Schoenbauer, the acting chief of the Energy Department's nuclear weapons program.

Safety has improved in recent years, he said, thanks to better procedures. But outside experts, union officials and watchdog groups say the opposite is true -- that safety has regressed since 2000 as the most knowledgeable senior safety experts of the Cold War era retire and the plant's condition deteriorates. Energy Department Inspector General Gregory Friedman is investigating safety conditions at Pantex.

"You can't run a plant on glittering platitudes and generalities and call that a safety program," said Bob Alvarez, a former deputy assistant secretary of Energy and now a senior scholar at the Institute for Policy Studies, a Washington think tank. "A nuclear detonation accident is a low probability, but it is not incredible."

The backdrop to problems at Pantex is a growing concern that the Energy Department has mismanaged the nuclear weapons program. Last year, the Defense Department bluntly said that it had lost confidence in the Energy Department, Energy Secretary Samuel Bodman has acknowledged.

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"We have constraints," Bodman said in an interview, conceding the department hasn't met all of its commitments to the Pentagon. Last month, he fired the head of the nuclear weapons administration.

Conditions at Pantex began deteriorating at the end of the Cold War in 1989, when federal managers started starving the plant of funds. Billions of dollars instead were funneled into nuclear weapons laboratories, giving scientists new supercomputer centers, powerful lasers and physics instruments.

By about 2000, the leaks in Pantex's roof were so bad that workers had to cover bombs with plastic when it rained. In summer 2004, a power overload tripped transformers, causing a plant wide blackout. In July, another electrical failure occurred when rats gnawed through wiring, according to weekly safety reports. And in August, a storm swept over the plant that left standing puddles in nuclear production areas.

While such conditions don't necessarily lead to accidents, the Energy Department has levied fines totaling nearly $234,000 against the contractor that operates Pantex, BWX Technologies Inc., for safety violations.

In one case, involving the disassembly of a missile warhead, technicians improperly used red vinyl tape to secure a crack in the high explosives surrounding the plutonium sphere of the hydrogen bomb. The use of the tape itself was not faulted, but technicians misread engineering instructions and caused an even bigger crack.

Federal safety inspectors found that the flawed operation "increased the opportunities for dropping all or part of the explosive during handling and hence increased the potential for a violent reaction," a finding that ran against assurances such a detonation was impossible.

In the second case, technicians were extracting an assembly of high explosives and plutonium from the casing of a different missile warhead for servicing. Using a jackscrew to apply several thousand pounds of force to the explosives, technicians exceeded the allowable loads and over a three-day period violated strict safety protocols.

Dan Swaim, BWXT president at Pantex, acknowledged that both incidents broke safety rules and were unacceptable, but he said there was no risk of a disaster.

"No nuclear yield was possible," Swaim said, asserting the company maintains huge safety margins that preclude any potential for a conventional or nuclear explosion. "As a guy who works here every day, I want it to be darn safe."

The problems at Pantex came to light in the fall after Danielle Brian, executive director of the Project on Government Oversight, a Washington watchdog group, wrote two letters to Bodman complaining about safety. The group has cited a lengthy report in 2000 by former Energy Department safety expert Frank Rowesome, who said that a detonation caused by lightning strikes, solvent fires or other incidents at Pantex was more probable than the Energy Department was admitting.

In an interview, Rowesome, who retired in 2004, said he did not want to alarm the public, but he believes Energy Department officials are so "overly confident" and "complacent" about safety that they are not alert to deteriorating safety conditions.

Where some people see problems, others see progress. Last month, Pantex finally began overhauling the B83, a nuclear bomb designed to drop from a plane, following an 18-month delay triggered when scientists discovered potentially dangerous static electricity in work cells. Schoenbauer said the delay shows how far the Energy Department will go to protect safety. Critics say it shows that hidden safety problems can still exist.

Meanwhile, Pantex has fallen behind schedule in performing critical surveillance tests required by laboratory scientists to certify the reliability of the bombs, Schoenbauer acknowledged. "That backlog has not affected the lab's ability to certify weapons," he said.

But Ralph Levine, who once ran the Energy Department's nuclear weapons surveillance testing, wrote a letter in 2005 asserting the backlog would allow defects in nuclear weapons to go undetected for years. As a result, he said, energy officials removed him as manager of the program and he retired last year.

John Duncan, who until four years ago headed surveillance testing at Pantex for Sandia National Laboratory, agreed that testing problems at Pantex are undermining confidence in the stockpile. Even today, the certifications of nuclear weapons are being made with less certainty than scientists should have, Duncan and Levine said.

"I knew we were in trouble when I started attending meetings in Washington and was told to work better, faster, cheaper," said Duncan. "They started sending people to the plant with little weapons experience."

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The Energy Department confirmed last Friday it planned to reduce the number of annual surveillance tests, saying the plan was better suited to an aging bomb stockpile. But Duncan said this would further erode the reliability of the weapons.

A current senior federal manager at Energy Department headquarters, speaking not for attribution because the interview was not authorized, endorses those concerns.

"The delays in testing and lack of resources are so significant," he acknowledged. "The real question is when the laboratories can no longer certify the reliability of the stockpile."

The work load at Pantex probably will grow even more onerous in coming years.

Under the Moscow Treaty, the U.S. needs to get rid of roughly 4,000 surplus nuclear warheads. At current rates, that will take Pantex until 2050, said Harvard University nuclear weapons expert Matthew Bunn. Although there is no firm deadline, that pace is unacceptable to arms control experts, Bunn said.

The Bush administration has ordered the plant to increase dismantlements by 50 percent this year.

Another task looming for Pantex is modernizing the W76 missile warhead used on the Trident submarine. Hundreds of W76 warheads will have to be disassembled and rebuilt with new parts. Swaim said the W76 program will begin on schedule later this year.

Pantex -- named for the panhandle of Texas -- has a largely blue collar culture. The people who actually touch the weapons are known as "production technicians." They earn about $24 per hour. Engineers average $84,000 per year.

Although the jobs are sought after in Amarillo, an anonymous letter surfaced in November alleging that the plant was in serious disrepair, BWXT management was letting safety slip, and employees were forced to work more than 80 hours a week in some cases.

The stress of working with nuclear weapons has been exacerbated by an abusive management, according to Henry Bagwell, the former chief of the Metals Trade Council, the principal union at the plant. "They treat people badly," said Bagwell, who left last year after 24 years at the plant.

Bagwell said that when he attempted to raise a health and safety problem involving toxic beryllium dust in 2003, he was demoted from X-ray technician to janitor.

"It sent a message," Bagwell said. "It was a public humiliation. Safety seriously took a back seat."

Swaim takes sharp exception to allegations that the roof leaks, labor relations are strained or that severe amounts of overtime are being forced on workers. After the letter surfaced, Swaim said an audit showed overtime averaged just 15 percent over the normal 40-hour work week, although some individuals racked up more.

"I told my guys no more than 72 hours a week," he said.

Md. House Approves Cut In Car Pollution (WP)

By Lisa Rein

Washington Post, February 21, 2007

Higher Gas Mileage Would Be Required

The House of Delegates overwhelmingly approved legislation yesterday that could make Maryland the 12th state to force carmakers to slash emissions thought to cause global warming.

Senate leaders predicted approval of a similar bill this week, and Gov. Martin O'Malley (D) has pledged to sign the legislation.

The stricter standards for cars and trucks hitting dealerships in 2010 would put Maryland in the forefront of states seeking to slow climate change, environmentalists said. But automakers said the requirements would raise prices and reduce choices for consumers -- to make way for more fuel-efficient cars, fewer sport-utility and other large vehicles would be on the market.

Since the best way to reduce gases is to use less fuel, the legislation would require vehicles to be more fuel efficient. The law is designed to raise the state's average fuel efficiency for new vehicles sold in Maryland to 43 miles per gallon. The current average for light trucks and SUVs is 22.2 mpg and for cars, 27.5 mpg.

Five years ago, California became the first state to regulate emissions of carbon dioxide from car tailpipes. The higher standards are to take effect in 2009, but the auto industry has sued that state to block them.

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Maryland lawmakers -- mindful of cancer rates, asthma and rising water levels hastened by climate change in the Chesapeake Bay -- are pushing a slew of clean-energy initiatives during this session.

"It's a big day," House Speaker Michael E. Busch (D-Anne Arundel) said, estimating that the Clean Cars Act would take the equivalent of 190,000 vehicles a year off the road. "People for years wrote off climate change. Now they're seeing things like Hurricane Katrina, tsunamis, and they know the causes of melting ice caps have credibility."

The 122 to 16 House vote included Republican support and reflected the power of the state's environmental movement after passage of legislation last year to curb pollution from coal-fired power plants. O'Malley highlighted clean cars in his State of the State speech last month and embraced the measure in his first-session legislative package.

"He thinks we have a responsibility to lead the fight against global warming," spokesman Rick Abbruzzese said.

New cars in Maryland with 7,500 or fewer miles would have to be built to emit about a third less carbon dioxide from the mix of cars sold in Maryland than today's models. Emissions of other pollutants, including carcinogens and nitrogen compounds that foul the bay, would also be cut.

A percentage of the cars on dealers' lots would have to be manufactured like hybrids, with advanced technology, including some with zero emissions. Motorists would not need to retrofit their cars, but they could not bypass the rules by buying cars in another state: They would be blocked from registering those in Maryland based on their vehicle identification numbers.

The carbon dioxide rule, aimed at reducing emissions of gases produced by burning coal, oil and gas, met the stiffest resistance from automakers.

Carmakers estimate $3,000 would be added to consumers' costs. And they argue that by adopting California's emissions standards, Maryland, New York, New Jersey and other states are ceding their power if California should decide to tweak its regulations.

"This legislation will result in higher costs, reduce choices and give California the authority to make decisions about the vehicles Marylanders drive," said Charles Territo, spokesman for the Alliance of Automobile Manufacturers, which lobbied heavily against the bill.

"Some of us are a little uncomfortable with that," said House Minority Leader Anthony J. O'Donnell (R-Calvert), who voted against the measure.

Territo disputed any health or environmental benefits from reducing carbon dioxide emissions.

The carbon dioxide rules have not taken effect in other states, so there is no test case yet for Maryland consumers.

But environmental groups said the carbon dioxide rules can be met through current technology. Advocates said that average car prices would rise about $1,064 but that in the long term, cleaner cars would save money.

The auto industry blocked the clean cars bill for three years. "General Motors came in and said, 'We have a plant here in Maryland. You'll have to close that plant,' " recalled Del. Maggie McIntosh (D-Baltimore), chairwoman of the House Environmental Matters Committee. Said Del. Elizabeth Bobo (D-Howard), sponsor of the House bill: "We didn't pass the bill, and they still left," closing the GM plant in Baltimore. GM's waning influence in the state and a "lot of education about air and air quality" pushed the measure forward this year, McIntosh said.

The General Assembly is considering other anti-pollution and energy efficiency measures, including bills to reward greater reliance on solar and wind-powered energy. Another bill would revive a tax break for hybrid cars.

FBI/DEA/ATF/USMS:

Inside The Beltway (WT)

By John McCaslin

The Washington Times, February 21, 2007

Any allies left?

A White House pool report described yesterday's arrival of Vice President Dick Cheney in Tokyo, where he was "greeted by some extremely loud sound trucks" and "one unmistakable chant blaring from one of the trucks in a Japanese-accented male voice, chanting in English: 'Yankee go home, Yankee go home.' "

Stretched thin

FBI Director Robert S. Mueller III's recent testimony before the Senate Judiciary Committee that FBI referrals for counterterrorism cases increased a whopping 671 percent between 2001 and 2003 -- and to this day require "difficult choices in determining how to most effectively use the available agents" -- did not go unheeded.

Sen. Joseph R. Biden Jr. of Delaware has introduced legislation to add 1,000 FBI agents to the bureau's roster, all to focus exclusively on traditional criminal cases. Estimated cost: $160 million per year.

Gone private

Ambassador Cofer Black, the former ambassador-at-large and coordinator for counterterrorism at the State Department, and Rob Richer, who was the CIA's No. 2 for counterintelligence, will create a new "CIA-type" organization to address intelligence needs in the private sector.

"Terror attacks," "political instability," "avian-flu outbreaks," and even severe weather events will be on the radar of the company, which the pair names Total Intelligence Solutions.

Don't slurp

One-hundred guests at Teatro Goldoni's "Carnevale" last night were certainly watching their manners.

Judith Martin, aka "Miss Manners," was honorary queen at the lavish Save Venice Benefit, seated alongside honorary king Eric Denker, curator and senior lecturer at the National Gallery of Art.

The popular etiquette columnist and author of 12 books, who spent part of her youth in Europe, has a new release due out next month, "No Vulgar Hotel: The Desire And Pursuit of Venice." Considered the definitive manual for the hopeless Venetophile, she emphasizes:

"Love of Venice can strike anyone, not just romantic [weaklings]. Among the toughies with serious cases were Lord Byron, Richard Wagner, Ezra Pound and Ernest Hemingway. There is no cure for this affliction."

After an evening of Venetian cuisine and wine presented by Teatro's chef-owner Fabrizio Aielli and Marco Bolla, owner of Ristorante Lineadombra in Venice, guests were indeed "stricken" with Venetian charm.

Stone by stone

It's some two years behind schedule and about double the anticipated cost, but the much-anticipated underground U.S. Capitol Visitor Center just about has its final stone in place.

At nearly 580,000 square feet, or three-quarters the size of the U.S. Capitol itself, this $600 million polished cellar features a Great Hall, Exhibition Hall, congressional auditorium and Senate and House theaters, accented with marble, granite, solid wood, bronze and glass -- both floor panels and skylights.

Stone masons have placed the Tennessee Valley marble in basket-weave patterns, while on the Rotunda level the last stones are now being set at a pace of 70 per day.

Major construction should wrap up in the next few weeks, with a likely grand opening in early 2008.

Beats checkers

Jim Martin, president of the 60 Plus Association, the nonpartisan seniors advocacy group in Washington, is sitting at home convalescing from neck surgery 10 days ago.

"Who says basketball is not a contact sport?" Mr. Martin said when reached yesterday. "I'm wearing a neck brace for four more weeks, but this is the price I pay to be able to play in the Senior Olympics in mid-June in Louisville, Kentucky."

Mr. Martin's squad of seniors are the Virginia state basketball champions, and play three-on-three.

Professor Norton

That was Delegate Eleanor Holmes Norton, D.C. Democrat, bragging about the 100th anniversary of Hoyas basketball at Georgetown University, which is in the midst of another exciting season under head coach John Thompson III.

Mrs. Norton, many don't know, is a tenured faculty member of Georgetown University Law Center.

•John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin @washingtontimes.com.

Border Agents Help Make Pot Seizure (CGVD)

Casa Grande Valley Dispatch, February 21, 2007

Border Patrol agents from the Casa Grande station helped in confiscating $3.7 million worth of marijuana over the weekend.

Agents were asked to help a Bureau of Land Management ranger who was pursing two trucks camouflaged with tarps near Stanfield about 6:45 a.m. Sunday.

While agents responded, the ranger reported his vehicle was intentionally struck by one of the trucks.

Agents found both trucks abandoned on Stanfield Road. They found 4,660 pounds of marijuana in the two trucks, as well as a loaded .45 caliber pistol.

One of the trucks was reported stolen in San Diego, Calif., and was turned over to the Arizona Department of Public Safety.

The other truck is being processed for forfeiture by the Border Patrol. The marijuana was turned over to the DEA and the gun was given to ATF. No arrests have been made and no injuries were reported.

Colombian Rebel Convicted On Drug Charge (AP)

AP, February 21, 2007

WASHINGTON (AP) -- A Colombian woman was found guilty Tuesday of participating in an operation to smuggle tons of cocaine to the United States.

Authorities say her case showed the main rebel group in Colombia is deeply involved in illegal drugs.

Nayibe Rojas, known in the Colombian rebel movement as "Sonia," was convicted by a jury of conspiracy to import and-or distribute 11 pounds or more of cocaine. The charge carries a mandatory sentence of at least 10 years.

Two male co-defendants were convicted of the same charge, but they have not been implicated by authorities, as Rojas was, in connection with the Revolutionary Armed Forces of Colombia, or FARC.

Prosecutors accused Rojas of helping export more than 220 tons of cocaine to the United States and Europe since 1994, earning millions of dollars for the FARC.

"Today's convictions represent a significant victory against the FARC, one of the most dangerous narcoterrorist organizations operating in Colombia," Deputy Attorney General Paul McNulty said in a statement.

District Judge James Robertson set a May 7 date for sentencing Rojas in the U.S. District Court for the District of Columbia. Under current sentencing guidelines, she and the men, Jose Antonio Selis and Juan Diego Giraldo, could be sentenced to 30 years in prison, said Elita Amato, the men's attorney.

Rojas was extradited in March 2005, under a treaty between the United States and Colombia.

The guilty verdict for Rojas is a victory for the United States and Colombia, which have recently stepped up a campaign to portray the FARC, which is on the U.S. list of "foreign terrorist organizations" as a drug-trafficking cartel. In March 2005, the United States announced drug indictments against 50 FARC leaders and offered rewards totaling $77.5 million for their capture.

FARC leaders insist that rather than produce and sell cocaine, they levy taxes on farmers of coca, the raw material used in the production of cocaine, and the drug-traffickers.

Associated Press writer Toby Muse contributed to this report from Bogota, Colombia.

Colombian Rebel Commander Found Guilty Of Drug-trafficking (MCT)

By Pablo Bachelet

McClatchy Newspapers, February 21, 2007

WASHINGTON - A federal jury on Tuesday convicted a Colombian peasant who rose to become the financial chief of a powerful squadron of leftist guerrillas on charges of conspiring to send more than 5 tons of cocaine to the United States.

Nayibe Rojas is the first high-ranking member of the Revolutionary Armed Forces of Colombia - FARC, in its Spanish initials - whom a U.S. federal court has convicted of drug running, although the U.S. and Colombian governments long have alleged that FARC was deeply involved in every facet of Colombia's cocaine industry.

The jury heard hours of taped phone and other conversations and testimony of U.S. and Colombian law enforcement agents as well as alleged former drug traffickers during the five-week trial. It issued the verdict after deliberating for four days.

The defense painted Rojas, also known as Sonia, as a member of an insurgency that was battling injustices in Colombia, and government witnesses as shady and unreliable characters from Colombia's drug underworld.

Prosecutors cast Rojas as a gun-totting senior FARC logistics chief who gathered coca base from farmers in the coca-rich Caquet region in southern Colombia and sold it to refiners and traffickers, who then sent the cocaine to the United States.

The jury also convicted two co-defendants, Jose Antonio Celis and Juan Diego Giraldo. Celis and Giraldo weren't members of FARC, but the prosecutors argued that all three had conspired to send more than 5 tons of cocaine to the United States.

The three face prison terms of up to 30 years. Sentencing was scheduled for May 7.

The U.S. government suffered an embarrassing setback late last year when another Washington jury failed to reach a verdict on Ricardo Palmera - a senior FARC leader better known as Simon Trinidad - who was accused in the kidnapping of three U.S. defense contractors whom the FARC still holds. His retrial is scheduled for next month.

Rojas' case grew more important after the Palmera hung jury, because Colombian prosecutors often use the threat of extraditions to the United States to entice FARC members to cooperate.

Deputy Attorney General Paul J. McNulty called the outcome of the trial "a significant victory against the FARC."

"This case sends a message to major overseas drug-trafficking organizations: We will investigate, prosecute and punish all those who manufacture and distribute illegal drugs for export to the United States," he said in a statement. "There is no international safe haven for illegal narcotics traffickers."

Jury Convicts FARC Leader (MH)

By Pablo Bachelet

The Miami Herald, February 21, 2007

WASHINGTON - A Colombian peasant who rose to become the financial chief of a powerful squadron of the leftist FARC guerrillas was convicted Tuesday by a federal jury on charges of conspiring to send more than five tons of cocaine to the United States.

Nayibe Rojas was the first high-ranking member of the Revolutionary Armed Forces of Colombia, or FARC, convicted of drug running by a U.S. federal court, although the U.S. and Colombian governments have long alleged that the FARC was deeply involved in every facet of Colombia's cocaine industry.

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Rojas' case grew in importance after the Palmera hung jury because Colombian prosecutors often use the threat of extraditions to the United States to entice FARC members to collaborate with them.

The 12-member jury in Rojas' trial heard hours of taped phone and other conversations and testimonies by U.S. and Colombian law enforcement agents as well as by alleged former drug traffickers during the five-week trial. It issued the guilty verdict after deliberating for four days.

The defense painted Rojas, also known as Sonia, as a member of an insurgency battling injustices in Colombia, and government witnesses as shady and unreliable characters of Colombia's drug underworld.

Prosecutors cast Rojas as a gun-totting senior FARC logistics chief who gathered coca base from local farmers in the coca-rich Caquetá region in southern Colombia and then sold it to refiners and traffickers who then sent the cocaine to the United States.

The jury also issued guilty verdicts for her two codefendants, José Antonio Celis and Juan Diego Giraldo. Celis and Giraldo were not members of the FARC, but prosecutors argued that all three conspired to send more than five tons of cocaine to the United States.

The three could go to jail for as long as 30 years. Sentencing was scheduled for May 7.

Deputy Attorney General Paul J. McNulty called the outcome of the trial ``a significant victory against the FARC."

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"This case sends a message to major overseas drug trafficking organizations: We will investigate, prosecute and punish all those who manufacture and distribute illegal drugs for export to the United States," he said in a statement. ``There is no international safe haven for illegal narcotics traffickers."

The Bush administration estimates that 80 percent to 90 percent of cocaine on U.S. streets comes from Colombia, and that the FARC controls 70 percent of that country's drug trade to finance its insurgency.

Ruleville Chief Sentenced On Extortion Charge (AP)

AP, February 20, 2007

JACKSON, Miss. - A federal judge sentenced Ruleville police Chief Ronald Robinson to 2 1/2 years in prison Tuesday for trying to extort protection money from drug dealers.

Robinson agreed to plead guilty to extortion in an October plea deal that wiped out another extortion charge and four counts of attempting to aid in the possession of crack cocaine with the intent to distribute. He faced up to 20 years in prison and a $250,000 fine.

Robinson was sentenced by Chief U.S. District Court Judge Glen H. Davidson in Oxford, Assistant U.S. Attorney James Maxwell told http://www.clarionledger.com.

Assistant Police Chief Larry Mitchell, who was arrested on the same charges with Robinson, is scheduled for trial April 16 in Davidson's court.

The pair was arrested in August. Authorities said that from December 2003 to June 2006, Robinson and Mitchell, acting in their official capacities, conspired to extort cash payoffs in exchange for providing protection for alleged crack dealers and other people they believed to be distributing crack.

Robinson's Sentencing Scheduled (DDT)

Delta Democrat Times, February 20, 2007

RULEVILLE - Former Ruleville Police Chief Ronald Robinson could be given up to 20 years in prison today when he is sentenced in federal court.

Robinson is being sentenced today in connection to him and former Assistant Chief Larry Mitchell being arrested in August in connection to claims that the two officers extorted alleged criminals to avoid criminal charges.

Robinson, 46, and Mitchell, 33, were arrested on Aug. 4 in different locations near Ruleville by the Federal Bureau of Invesigation on federal drug and extortion charges.

The arrests were made in a joint effort by the FBI, the U.S. Drug Enforcement Administration, the Mississippi Bureau of Narcotics, the Mississippi attorney general's office and deputies from the sheriff's departments in Bolivar and Sunflower counties.

Their arrests came after a federal grand jury indicted the two in July.

The eight-count federal indictment charges that from December 2003 to June 2006, Robinson and Mitchell, acting in their official capacities, conspired to extort cash payoffs in exchange for providing protection for alleged crack cocaine dealers and other people Robinson and Mitchell believed to be distributing crack cocaine.

On Oct. 26, 2006, Robinson pleaded guilty to the federal charge of extortion in connection with his August arrest.

Assistant U.S. Attorney Jimmy Maxwell, who is handling the prosecution of the case, said Robinson is scheduled to be sentenced at 2 p.m. today in Oxford before United States Disrict Court Chief Glen H. Davidson.

Robinson pled guilty to count three of the federal indictment charging him with extortion.

Robinson admitted that while employed as Chief of Police of the Ruleville Police Department, he obtained a cash payoff of $3,000 to which he was not entitled, in exchange for not pursuing drug and gambling related charges against an individual and for providing protection for an indiviual that he believed to be distributing crack cocaine.

Maxwell said as part of Robinson's plea agreement, the remaning counts of the indictment revelant to Robinson “will be dismissed at the sentencing.”

Robinson and Mitchell now also face state charges in connection with their alleged actions as Ruleville's top lawmen.

State indictments against Robinson and Mitchell claim that the two officers extorted alleged criminals to avoid criminal charges.

Maxwell said that although Robinson "only pled to one count of the indictment, it will not affect his sentence."

Maxwell said based on Robinson's guilty plea, he now faces up to 20 years imprisonment, a $250,000 fine and up to three years supervised release.

As a result of Robinson's arrest and guilty plea, he has been released as the town's chief of police.

Mitchell remains on suspensioon from his position with the Police Department without pay pending the result of the investigation.

Mitchell has also maintained his innocence on the federal charges.

Maxwell said as a convicted felon, Robinson will no longer be able to possess a firearm.

Ruleville Police Chief Gets Prison Time (JCL)

Jackson Clarion Ledger, February 20, 2007

Ruleville Police chief Ronald Robinson has been sentenced to two-and-a-half years in federal prison after pleading guilty to extorting protection money from drug dealers.

Robinson was sentenced today by Chief U.S. District Court Judge Glen H. Davidson in Oxford, said Assistant United States Attorney James Maxwell.

Robinson's co-defendant, Assistant Police Chief Larry Mitchell, is scheduled for trial April 16 on the same charges in Davidson's court.

Oxycodone Ringleader Gets 20 Years (HL)

Herald-Leader, February 21, 2007

A Berea man who was the kingpin of a drug ring was sentenced yesterday to 20 years in federal prison in one of the largest prescription drug investigations in Eastern Kentucky.

Danny Clark, 51, was indicted in U.S. District Court in April along with other members of the ring including his brother Richard Clark, Marlene and Rufus Holmes, Samuel Duane Lawson and James Ellis Renner. Clark and others were arrested after a long-term investigation by Rockcastle and Laurel County Sheriff's deputies, London and Richmond police officers, Drug Enforcement Administration agents and the Kentucky State Police.

Clark pleaded guilty in October. He will pay a $1 million judgment as part of the plea.

Clark, according to the indictment and other court documents, was the leader of a drug ring that sold oxycodone and methadone from January 1998 through April 2006 mostly in Madison and Rockcastle counties.

As part of his guilty plea, Clark admitted to distributing more than 53,000 OxyContin pills, including 51,793 80-milligram OxyContin pills, which sell for $100 per pill. The street value for those drugs was more than $5 million. The DEA, Rockcastle County Sheriff, Richmond Police Department and state police used cooperating witnesses to purchase drugs from Clark and his associates, who admitted that they got the drugs from Clark, court documents show.

Richard Clark, Danny Clark's brother, died last year, and charges against him were dismissed. Lawson and Renner pleaded guilty to drug-related charges. Lawson was sentenced to 15 months, Renner was sentenced to eight years and three months. In January, Marlene Holmes was sentenced to five years in prison. Her husband, Rufus Holmes, was sentenced to seven years and three months.

During sentencing, according to the U.S. Attorney for the Eastern District, U.S. District Judge Danny Reeves said the Clark case was the largest prescription drug case he has seen in the federal court in London. Eastern Kentucky counties led the nation in per capita sales of prescription painkillers, a 2003 Herald-Leader investigation found.

IMMIGRATION:

Tougher Tactics Deter Migrants At U.S. Border (NYT)

By James C. McKinley Jr.

The New York Times, February 21, 2007

DOJ_NMG_0134650

SAN LUIS RÍO COLORADO, Mexico — For 10 years, Eduardo Valenzuela has been crossing the border illegally near Yuma, Ariz., trekking over desert scrub and hopping a freight train to get back to his job with a construction company in Phoenix. The clandestine trip has become an annual ritual for him, as he goes home each winter to see his children.

But on a recent afternoon he and four travel companions from his hometown, Los Mochis, plopped down on a bench in a park in the border town of San Luis Río Colorado, exhausted and dispirited. They were beat. Border Patrol agents had caught them twice over three days, hounding them with helicopters and four-wheel-drive trucks.

"It's become much more difficult," Mr. Valenzuela said, echoing the comments of dozens of other migrants. "Before, you just arrived here and then you walked a little and got the train. You used to see a border patrol agent every 10 kilometers. Now you see four of them where there was one. Think of it."

All along the border, there are signs that the measures the Border Patrol and other federal agencies have taken over the last year, from erecting new barriers to posting 6,000 National Guardsmen as armed sentinels, are beginning to slow the flow of illegal immigrants.

The only available barometer of the decline is how many migrants are caught. In the last four months, the number has dropped 27 percent compared with the same period last year, the biggest drop since a crackdown immediately after 9/11. In two sections around Yuma and near Del Rio, Tex., the numbers have fallen by nearly two-thirds, Homeland Security officials say.

"We are comfortable that this actually reflects a change in momentum," Michael Chertoff, the secretary of Homeland Security, said in an interview last week during his first official visit to Mexico City. "I'm always quick to say it doesn't mean we can declare victory. To some degree, I expect the criminal organizations or smugglers are pulling back a little, watching to see if we lose interest."

Some immigration experts said it was too early to tell if the enforcement efforts had caused a permanent downturn. In the past, tougher enforcement has only caused smugglers to seek new routes.

"It's the squeeze the balloon phenomenon," said Roberto Suro, the director of the Pew Hispanic Center in Washington. "Sometimes you can't tell where the bubble will come when you squeeze until later."

Nor can they rule out other factors, like a relatively cold winter on the border and Mexico's solid economic growth last year.

Border Patrol commanders say they see no explanation for the drop-off across the entire 2,000-mile border other than stiffer enforcement deterring migrants. The slackening flow, they argue, belies the conventional wisdom that it is impossible to stem illegal migration. Many veteran officers in the force are now beginning to believe it can be controlled with enough resources.

The new measures range from simply putting more officers out on patrol to erecting stadium lights, secondary fences and barriers of thick steel poles to stop smugglers from racing across the desert in all-wheel-drive trucks. The Border Patrol has deployed hundreds of new guards to watch rivers, monitor surveillance cameras and guard fences.

In the Yuma headquarters of the Border Patrol, for instance, Chief Ronald Colburn said that with the help of the National Guard the patrol had doubled the agents in his sector to about 900, extended the primary steel wall eight miles past the end of the Mexican town of San Luis Río Colorado, and constructed a vehicle barrier six miles beyond that. "It's the right mix, the right recipe," he said.

The federal government has also begun punishing migrants with prison time from the first time they enter illegally in some areas. For instance, along the 210 miles of border covered by the Del Rio office of the Border Patrol, everyone caught crossing illegally is charged in federal court and, if convicted, sentenced to at least two weeks in prison.

That is an enormous break with past practice, when most Mexican migrants were simply taken back to the border and let go. People from Central American countries were given a court date and released on their own recognizance. Few ever showed up.

In San Luis Río Colorado, the effects of the stepped-up patrols are apparent. A year ago, migrants thronged the town park and cheap motels, where guides, known as "coyotes" or "polleros" offered their services. Now the park is nearly empty. The smugglers are telling their charges to take a bus to a spot called El Sahuaro about 50 miles east of town. From there the migrants make a dangerous two-day walk through rocky canyons and barren desert to reach Interstate 8.

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On the other side, Border Patrol agents say they are picking up about 100 people a day, rather than the 500 a day they handled a year ago. A year ago, the processing center in Yuma, where migrants are fingerprinted then shipped to the border, was mobbed. Now it is nearly empty most of the time.

Several migrants waiting their chance in San Luis cursed under their breath in Spanish when asked about the soldiers and beefed-up patrols. Some are indignant that the United States would treat them like enemies or criminals.

"It's harder and harder, and that's the reason why people are dying in the desert," said Miguel Pérez, a 24-year-old migrant from Guerrero State. "It makes no sense."

A year ago, a flood of immigrants from Central America was also overwhelming the border patrol in Del Rio and Eagle Pass, two small Texas towns on the Rio Grande. The migrants were taking advantage of a lack of detention space, which had led to the policy of giving them a hearing date and letting them remain in the country.

The result was bizarre: Central Americans would cross the river in droves in broad daylight, run up to Border Patrol agents and line up to be arrested, knowing they would be released and could then continue on their journey. More than 200 a day were arrested in Eagle Pass alone.

Agents at the processing center, never intended as a jail, were so busy feeding and fingerprinting migrants they had little time for patrolling, said Randy Clark, the agent in charge of Eagle Pass Border Patrol office.

"It was a madhouse, literally a madhouse," he said, as he walked through the processing center, its empty cells covered in graffiti. "It's like night and day. Night and day."

Agent Clark and his colleagues attribute the reversal to two changes. First, the Justice Department gave Border Patrol agents the ability to deport most of the Central Americans more quickly, without a hearing before a judge.

Then, in December 2005, the federal government started prosecuting everyone the Border Patrol picked up for illegal entry, a misdemeanor that carries a penalty of up to six months in county, state and federal jails for a first offense.

On a recent morning, 78 immigrants shuffled into the federal courtroom of Judge Victor Roberto Garcia. The migrants were shackled around the feet and hands as if they were dangerous criminals.

Once in court, the judge conducted an unusual mass hearing in which all the migrants — represented by a single lawyer — agreed to waive their right to a trial and pleaded guilty to illegal entry. The judge gave the first-timers 15 days in jail, but he handed out sentences of 120 or 180 days to those who had been deported in the past.

One Honduran woman, Gloria Machado-Lara, had been deported just a month before, but tried to slip in again with her husband, Freddy Rosales Díaz, in early February. The judge looked dumbfounded.

"Just last month they sent you back?" he said. "You understand that's why you have to go to jail."

Head lowered, she said, "Forgive me." He gave her and her husband 120 days.

Though it seems cruel to many migrants, the zero-tolerance policy appears to be working, Border Patrol commanders say. Along the river the Del Rio sector patrols, arrests are a third of what they were a year ago, only about 35 a day. In the meantime, drug seizures have doubled, as more agents have been freed up to patrol.

"Word is getting around out there that if you cross in this area and get apprehended you are probably going to go to jail, and that is a deterrent," Sector Chief Randy Hill said.

Yet across the river in Ciudad Acuña, where migrants arrive bewildered and penniless every afternoon after serving their prison sentences, several said they had no idea they ran the risk of jail. The smugglers they hired never told them.

One of the migrants was a 51-year-old plumber from Acámbaro, Guanajuato, who asked that his name not be used because he was ashamed of the criminal conviction. He said he was trying to get to San Antonio, where a friend had promised to get him a job at a water park.

He needed more money, he said, to pay his son's college tuition. He had never set foot in a jail before.

But he acknowledged that the stint in jail had persuaded him not to try again, even if his son must drop out. "No way," he said, shaking his head.

Memo May Be Basis For New Trial Of Agents (SBS)

San Bernardino Sun, February 21, 2007

Defense attorneys for two former El Paso, Texas, area Border Patrol agents convicted of shooting a Mexican drug smuggler will ask for a new trial based on evidence they say wasn't provided to them in court.

Mary Stillinger, co-counsel for former Border Patrol agent Ignacio Ramos, said an April 12, 2005, Department of Homeland Security memo was never provided to them.

The memo - written by Christopher Sanchez of the department's Inspector General's Office acknowledged that all nine agents at the scene, including two supervisors, knew about the shooting, heard about the shooting and covered up the shooting.

Shana Jones, special assistant to U.S. Attorney Johnny Sutton for the Western District of Texas, whose office prosecuted the case, said that prosecutors will continue to challenge any questions on appeal.

"Both supervisors testified at trial as well as other witnesses that they were not present when agents Compean and Ramos were shooting at the fleeing alien," Jones said.

"Additionally, radio traffic confirms their testimony that they were not there at the time of the shooting. With regard to legal questions, we have litigated those at trial and will continue to litigate those legal questions on appeal."

Only Ramos and fellow former agent Jose Alonso Compean were charged in the case.

"I confirmed with all other trial counsel, and we concurred that the document was never disclosed to us," Stillinger said. "If we had that document we would've used it."

Ramos and Compean were convicted in March for shooting Osbaldo Aldrete-Davila on Feb. 17, 2005, in the left buttock as he fled to Mexico.

Aldrete-Davila, who allegedly smuggled about 700 pounds of marijuana from Mexico into the U.S. that day, received immunity from prosecution to testify against the agents.

Ramos and Compean, who are in federal prisons, have appealed their case to the 5th U.S. Circuit Court of Appeals in New Orleans.

Stillinger also has filed a sealed motion with the appellate court for bond pending appeal.

However, Andy Ramirez, chairman of the Chino-based Friends of the Border Patrol, said that the Compean family had the document since the trial began. Compean's wife Patty said the attorneys had the document since 2005 and may have overlooked it.

"I hope that the memorandum was just overlooked," Patty Compean said.

Stillinger, however, said the four defense attorneys working the case did not see the memorandum.

Both agents said that the other agents and supervisors who were involved in the incident knew about the shooting. That assertion was backed up by the memo written by Sanchez.

Regarding the memo, Stillinger said, "either the Office of Inspector General withheld it from the prosecution or the prosecution withheld the document from us."

The memo is not an admissible part of Ramos and Compean's appeal because it was not part of the original trial, Stillinger said.

A new trial, however, may be possible if the district court believes the memorandum would have made a significant difference in the outcome of the case, she added.

"We would have to file for a new trial with the original court," Stillinger said. "The court would look to see is this something that we did not get in the past? Is it something that should be given to us? And is this material evidence?"

Policy Supports Agents (DB)

Daily Bulletin, February 20, 2007

Two convicted former El Paso Border Patrol agents accused by the U.S. Attorney of not filing a report when they shot a Mexican drug smuggler were prohibited by their own agency's firearms policy from doing so, according to documents obtained by the Daily Bulletin.

Meanwhile, the government made public Monday its response to Border Patrol Agent Ignacio Ramos' October motion to reduce his sentence.

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The response contends that Ramos and fellow agent Jose Alonso Compean knowingly shot an unarmed suspect, filed a false report, and that supervisors were not notified.

Attached to the motion were domestic violence arrest reports regarding three disputes Ramos had with his wife, Monica. Those documents were not admissible during the agents' trial. Ramos was not charged with a crime stemming from the incidents.

Ramos and Compean were convicted last spring for shooting Osbaldo Aldrete-Davila, a Mexican drug smuggler, in the buttocks on Feb. 17, 2005. The agents are now serving 11 and 12 years, respectively, in federal prison.

The agents were convicted partly due to the government's successful argument at trial that the two men failed to file a report about the shooting.

But U.S. Border

Advertisement

Patrol firearms policy specifically states that agents are prohibited from filing a report if a shooting incident takes place and that only an oral report to supervisors is required.

"Ensure that supervisory personnel or INS investigating officers are aware that employees involved in a shooting incident shall not be required or allowed to submit a written statement of the circumstances surrounding the incident," according to the firearms policy.

"All written statements regarding the incident shall be prepared by the local INS investigating officers and shall be based upon an interview of the INS employee."

INS refers to the Immigration and Naturalization Service, which oversaw the Border Patrol prior to the creation of the Department of Homeland Security. The shooting policy has remained unchanged.

Department of Homeland Security Office of Inspector General documents obtained by the paper show that all nine agents on the scene at the time of the shooting - including two supervisors - knew shots had been fired.

Oscar Garcia, El Paso Border Patrol Union representative with Local 1929 and a firearms instructor, said that the Report of Apprehension or Seizure filed by Compean and Ramos on the day of the incident was accurate. Garcia stated that the agent's omission of the shooting in the drug seizure report followed firearms policy.

"Our own policy prohibits them from filing any report on the shooting incident," Garcia said. "The U.S. Attorney's assertion that they covered up the incident by not filing a report is ridiculous."

Johnny Sutton, the U.S. attorney for western Texas whose office prosecuted the case against the agents, contends the agents didn't report the shooting to supervisors who arrived on scene and knowingly lied about the incident.

"Ramos did not mention the shooting, and said nothing about the suspect having a weapon," Sutton said in an Aug. 11 press release.

Sutton was not immediately available for comment on Monday.

Both agents, however, told the Daily Bulletin the other agents and supervisors on the scene that day knew about the shooting, an assertion echoed in a Department of Homeland Security Office of Inspector General memorandum written March 12, 2005, by Christopher Sanchez, an investigator with the Office of Inspector General.

"Investigation disclosed that the following Border Patrol agents were at the location of the shooting incident, assisted in destroying evidence of the shooting, and or knew/heard about the shooting: Oscar Juarez, Arturo Vasquez, Jose Mendoza, David Jaquez, Lance Medrano, Lorenzo Yrigoyen, Rene Mendez, Robert Arnold, and Jonathan Richards," Sanchez wrote.

Arnold and Richards were the two supervisors on the scene that day.

Richards was given a promotion shortly after the incident and testified against the agents. Agents Vasquez, Juarez and Jaquez were given immunity from prosecution to testify against Ramos and Compean.

The prosecution's objection to Ramos' motion to reduce his sentence, which was released Monday, goes against what was reported by the Office of Inspector General and contends the two former agents covered up the shooting on their own.

According to Assistant U.S. Attorney Debra Kanof, who prosecuted the agents and wrote the motion, some of the least credible evidence was when Ramos and Compean walked away from the scene.

"Instead of fulfilling (Ramos') duties as an agent and as a member of the response team, he walked side by side with Compean, who according to Compean's own testimony, bent down at least nine times to pick up his own spent casings."

Kanof also states in her response that Ramos never mentioned until the trial that he thought his life or Compean's was in danger, or that they thought the smuggler had a gun.

Ramos chose not to speak to investigators until his attorney was present, he told the Daily Bulletin. Compean, however, did wave his right to counsel and discussed the incident with investigators from the Office of Inspector General.

Contrary to Kanof's statement, several memorandums written by Sanchez, the investigating officer, attest that Compean believed his life was in danger.

"Compean said that he began to shoot at Aldrete-Davila because of the shiny object he thought he saw in Aldrete-Davila's left hand ... Compean explained that he thought that the shiny object might be a gun and that Aldrete-Davila was going to shoot him because he kept looking back at him as he ran away."

TAX:

Rapper Can't Evade Tax Charge (BOSH)

By Laurel J. Sweet

Boston Herald, February 21, 2007

A federal judge refused to dismiss tax-evasion charges against a controversial Hub hip-hop artist on the opening day of his trial yesterday simply because the rapper's accountant was singing to the FBI and IRS about his alleged shenanignans.

Lawyers for Ray "Benzino" Scott, 41, former co-owner of the hip-hop magazine The Source, argued in court papers, "There is something fundamentally wrong with the government employing (Scott's) controller to gather evidence of other crimes at the very same time the controller is ostensibly putting together the information necessary to prepare (Scott's) tax returns."

But U.S. District Court Judge Rya W. Zobel sided with federal prosecutors, who called Scott's eleventh-hour bid "far from candid."

The informant, George Moore, handled finances for The Source. On at least one occasion when he was secretly recording a conversation with Scott, telling him he had to file taxes, Scott hung up, according to prosecutors.

Moore assisted with the government's investigation of Scott from 2001 to 2002, but was never paid, prosecutors insist.

Scott's struggling musical acts have included Made Men and the Almighty RSO. Best known for the anti-police rap "One in the Chamba," he stands accused of failing to file tax returns for 1999 and 2000, despite pulling down six-figure incomes both years.

The former Easton resident had a well-publicized feud with Eminem after he accused the white rapper of making it hard for black artists to break into the mainstream.

The Source's board of directors dropped Scott and co-founder Dave Mays last year amid allegations of financial mismanagement. The longtime friends have since launched a competing publication, Hip Hop Weekly. Scott plans to call Mays as a witness.

CONGRESS-ADMINISTRATION:

Bush Presses Case For Health Plan (MRKTWTCH)

By William L. Watts

Market Watch, February 21, 2007

Faced with a growing chorus for some type of universal healthcare coverage, President Bush met with insurers Tuesday to argue his case for changing the tax code in a bid the White House says will make health insurance more affordable for many Americans.

"I discussed my health care plan that would ... equalize the tax code so that the individual would be more likely to be able to purchase a plan, because I believe a good health care system is one that rewards the consumer, encourages the consumer, and makes sure the consumer has got the capacity to make viable choices," Bush said following the White House meeting with CEOs, including the top executives at Aetna Inc., Cigna, EHealth Inc. and Wellpoint Inc.

Bush, in his State of the Union address last month, outlined a plan that would significantly alter the tax treatment of employer-provided health benefits. Under current law, such benefits are provided to the employee tax-free. Under Bush's plan, all workers would receive a standard deduction of up to $15,000 for married couples and $7,500 for individuals for health insurance.

"If you buy health insurance on your own, you pay much more after taxes than if you get it through your job," Bush said in his weekly radio address on Saturday.

Backers say the measure would create a more level playing field between workers with employer-provided health care and workers who buy their own health insurance. Opponents say the plan would prompt employers to ditch health-care plans while doing little to reduce the number of uninsured.

Democratic leaders have said the Bush plan has little chance of advancing legislatively.

While not endorsing Bush's proposals, a bipartisan group of 10 senators last week sent the White House a letter calling on the president to work with them on a major health-care overhaul.

"We disagree with those who say the Senate is too divided and too polarized to pass comprehensive health care legislation. We disagree with those who believe that this issue should not come up until after the next presidential election," said Sen. Ron Wyden, D-Ore., in a response to Bush's Saturday radio address.address.

Bush's Pallid Health-Care Proposal (BSWK)

By Robert Greenstein And Edwin Park

BusinessWeek, February 21, 2007

President George W. Bush recently proposed major changes in the way the tax code treats health insurance. It's a welcome development that the President has placed this issue on the table. Unfortunately, his plan is unlikely to significantly reduce the ranks of the uninsured, in part because it isn't targeted at the people who can least afford coverage. Moreover, the plan could cause many people in poor health to lose coverage by weakening the employer-based health system—the source of most Americans' health insurance—without putting a viable alternative in its place.

Today, employer-sponsored health insurance is exempt from taxes. This exemption is worth the most to high-income people because they often have more extensive coverage and they pay taxes at higher rates. But low- and moderate-income people, who have more difficulty affording health insurance, get only a modest tax break (if any) because they either pay taxes at low rates or owe no income tax. And people who don't have employer-based insurance generally get no help at all.

Under the President's plan, anyone who has employer-based coverage would have their taxable income increased by the amount that their employer pays for their health plan. However, they would be allowed to claim a standard deduction of $7,500 for single coverage or $15,000 for family coverage, starting in 2009. People who buy insurance through the individual market could claim the same standard deduction.

Further, if an employer's contribution is less than the standard deduction, the employee's taxable income—and thus their tax bill—would go down. If their employer's contribution exceeds the standard deduction, they'd owe taxes on the difference.

There are three basic problems with the President's plan:

1. Most of the uninsured would receive only modest help. About half of uninsured Americans wouldn't receive an income tax break from the plan because they don't owe federal income taxes. Their payroll taxes would decline under the plan, but that would generally be offset by reduced Social Security benefits when they retire (because those benefits are based on the amount of wages subject to the payroll tax).

Nearly all of the remaining uninsured are in the 10% or 15% tax brackets, so their tax benefits would be modest—usually not enough to enable them to afford health coverage, especially if they have medical problems. The President's own estimates indicate that the new standard deduction would shrink the number of uninsured, currently nearly 47 million, by only about 3 million. Some analysts expect even smaller gains.

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2. The plan would weaken employer-based coverage. While highly imperfect, the employer-based health system is the principal means for "pooling" healthy and sick workers together, so that insurance is affordable for those in poor health. Pooling allows insurers to offset the high cost of covering sick people with the low cost of covering healthy people, keeping premiums at more manageable levels for everyone.

Currently, the tax system supports this pooling mechanism by giving a tax exemption for employer-sponsored coverage. The President's plan would eliminate this tax advantage by allowing people to claim the standard deduction whether they get their coverage through their employer or on their own. As a result, some employers—particularly smaller organizations—would have an incentive to stop offering health insurance to their employees, assuming that workers could use the deduction to purchase coverage in the individual market.

For many workers, especially those in poor health, that would be a dubious assumption. In most states, insurers in the individual health insurance market vary premiums according to a person's health. For people with medical problems the insurers often charge very high amounts, refuse coverage for the conditions they have, or refuse to cover them altogether. Workers in poor health whose employers drop coverage as a result of the President's plan could find themselves unable to secure adequate or affordable coverage on their own. Many could end up uninsured.

3. The plan provides no viable pooling alternative to employer-based coverage. The President's staff has acknowledged that many unhealthy people would probably be unable to use the standard deduction to find coverage in the individual market. To address this concern, the President would allow states to redirect some existing federal funds from public and charity hospitals that care for the uninsured, to state initiatives like "high-risk pools," which provide coverage to people unable to purchase insurance in the individual market because of their health status.

High-risk pools have proven ineffective, however, because they don't pool sick people with healthy people, but with sickly people who cost even more to insure. To keep the cost of these pools from spiraling out of control states have had to limit enrollment, set premiums at very high levels, and scale back the coverage they provide. That makes high-risk pools a very poor alternative to employer-based coverage.

In sum, the President's plan would weaken employer-based coverage without providing an alternative to pool risk, such as allowing people to "buy into" Medicare or the health plan used by Congress and federal workers. That's not a step toward the health care reform this country needs.

Greenstein is executive director of the Center on Budget and Policy Priorities. Park is a senior health policy analyst at the Center on Budget and Policy Priorities.

Many Americans Don't Trust Leaders To Reform Health Care, Poll Finds (WSJ)

The Wall Street Journal, February 21, 2007

Nearly half of Americans don't trust President Bush to reform the nation's health-care system, a new Wall Street Journal Online/Harris health-care poll found.

When asked much they trust the president to come up with good policies for improving and reforming the U.S. health-care system, 49% said "not at all," while 16% said "not much," according to the online survey of 2,482 U.S. adults. By comparison, 18% said they trust Mr. Bush "to some extent" and only 9% trust him "a great deal" on the issue. The survey was conducted Feb. 7-9.

The survey found more confidence in Democrats than Republicans. Fifty percent said they trust Democrats on the issue "a great deal" or "to some extent," up from 45% in a survey conducted last year1. In contrast, 28% of people in the latest poll said they trust Republicans "a great deal" or "to some extent," compared with 31% last year.

Among potential presidential contenders, 48% said they trust Democratic Sen. Hillary Clinton on the issue a great deal or to some extent, while 45% said the same about Democratic Sen. Barack Obama, 34% about Republican Sen. John McCain and 19% about Republican Mitt Romney, the former governor of Massachusetts.

Group To Protest Bush Visit To Chattanooga (CHA)

Chattanoogan, February 20, 2007

A group opposed to the war in Iraq will protest during President Bush's visit to Chattanooga.

But the Hamilton County Republican Party was urging a turnout of support for the President.

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Connie Weathers, county GOP chairman, said, "Bring your friends and family to come show your support for our President beginning at 10 a.m. outside the Trade Center. Bring your flags and red, white and blue!"

The protest site is at the sidewalk of Carter Street across from the Convention Center.

The president is set to fly into the Chattanooga Metropolitan Airport on Air Force One Wednesday morning.

He is due to make about a 20-minute tour of Erlanger Medical Center prior to going to the Convention Center. There he will hold a "conversation on healthcare initiatives."

The events are not open to the public.

It was announced Tuesday night that Gov. Phil Bredesen will join President Bush in Chattanooga on Wednesday "for several events that will focus on expanding healthcare options for the uninsured."

His office said Gov. Bredesen will greet President Bush at Chattanooga Metropolitan Airport, and will proceed with the President to Erlanger Medical Center for a tour of the facility. The governor will then travel with the President to the Convention Center to participate in a conversation on healthcare initiatives.

Also set to be in the entourage are Sen. Lamar Alexander, Sen. Bob Corker and Rep. Zach Wamp.

UTC student Matthew Pullen said he expects 30-50 protestors at a minimum for the protest.

He said in an email, "Try to think of it as just one of the few days out of the year you can speak out, especially in the President's presence.

"Of course, none of us expect that this will reverse the War in Iraq or reform healthcare, but what we CAN hope for is that it will show lawmakers, candidates, and Bush himself that there are concerned

citizens here. We will speak up, we will show that we respectful dissent.

"Hopefully, this protest will take some wind out of the sails of President Bush's speech on healthcare he is giving in Erlanger."

He urged group members, "Please keep it peaceful and quiet. The last thing we need is any trouble to diminish our point. Keep signs clean, keep chanting/yelling/ singing to a minimum, etc. We want to show that we are a peaceful public group."

Airport officials said there will be no public access to view either the President or Air Force One from the airport on Wednesday.

There will be minimal delays on commercial air traffic, if any, it was stated.

Officials said all services provided by the Chattanooga-Hamilton County Health Department will operate under normal business hours on Wednesday. However, some streets around the Health Department will be closed.

During the President's visit to Erlanger, Health Department clients, business partners, and visitors can access the Health Department entrance by the following route:

From the east, take a right onto Central Avenue, which turns into Blackford Street. Blackford Street runs behind Erlanger Hospital and ends at the Health Department. Health Department clients, business partners, and visitors can park in the parking garage behind the Health Department.

From Amnicola Highway or downtown, take McCallie Avenue and turn left onto Central Avenue. Follow Central Avenue to Blackford Street. Blackford Street runs behind Erlanger Hospital and ends at the Health Department. Health Department clients, business partners, and visitors can park in the parking garage behind the Health Department.

The circular driveway behind the Health Department is also available for client or service drop-off.

The Health Department is available to answer questions about the continuation of services on Wednesday or to help direct clients to our entrance. Please call (423) 209-8000 for more information.

Medicare Benefit Appears To Slow Spending Growth On Drugs (WP)

By Christopher Lee

The Washington Post, February 21, 2007

Federal number crunchers said yesterday that the new Medicare drug benefit appears to be slowing the growth in national spending on prescription medicines because the drug plans are negotiating lower prices with drug companies.

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But the analysts also forecasted that overall health-care spending would continue to rise and would account for nearly 20 percent of the economy -- or more than $4 trillion a year -- by 2016. In contrast, health-care spending was about $2.1 trillion in 2006, accounting for about 16 percent of the economy. In 1985, it was just over 10 percent.

The findings provide new fuel for the debate about whether Medicare could get better drug prices if the government negotiated with pharmaceutical companies. Many Democrats in Congress say it would, and the House has already passed legislation requiring the government to use its negotiating muscle. President Bush maintains that the current system achieves the best prices, and he has threatened a veto.

The figures are being published today by actuaries and economists at the Centers for Medicare and Medicaid Services (CMS) in the journal Health Affairs. The figures cited in the study for 2006 are forecasts as well because data are not available yet, federal officials said.

Karen Davis, president of the Commonwealth Fund, a nonprofit research institution, said the projections show that the United States still has a serious problem with rising costs despite a slowdown in health-care spending growth in recent years.

"The cost problem isn't solved," Davis said. "In the 1990s we thought managed care was the solution. In the 2000s we thought consumer-driven health care and higher deductibles for patients was the solution. Now, when you look at these numbers, you realize we've got to get serious about transforming the health-care system."

Analysts said they expect to see that spending on prescription drugs rose more slowly in 2006 because of the Medicare Part D drug benefit that began last year. In the program, private insurers negotiate prices with drug companies as they compete to attract Medicare beneficiaries.

That has helped hold down prices even as more seniors are able to get drugs, John A. Poisal of the CMS said in a briefing. National spending on prescription drugs was expected to rise to $214 billion in 2006, from $201 billion in 2005. But that increase is 0.4 percentage points less than it would have been without the new drug benefit, he said.

Several national polls have shown that a majority of the public believes government negotiations would hold down drug costs even more. A survey of 1,000 adults released yesterday by AARP, for instance, found that 87 percent of respondents -- including majorities of Democrats, Republicans and independents -- supported allowing the government to use its bargaining power.

Health Costs To Nearly Double In A Decade (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, February 21, 2007

WASHINGTON — Healthcare spending in the United States will nearly double over the next decade to $4.1 trillion in 2016, government economists said today, prompting concern that Americans cannot keep paying for cost increases that outstrip the growth of the economy.

The healthcare bill will average $12,782 for every man, woman and child in 2016, an increase from $7,498 this year, said the report, published online by the policy journal Health Affairs. Healthcare costs will account for nearly 20 cents out of every dollar Americans spend in 2016, up from about 16 cents today.

And by 2016 — even before most baby boomers retire and become Medicare recipients — federal, state and local government will be picking up nearly half the national healthcare tab, putting pressure on Congress to curb benefits, raise taxes or both.

"This is really the key issue for the fiscal future of the nation," said Robert L. Bixby, executive director of the Concord Coalition, a private group that promotes reducing the federal deficit. "If healthcare costs continue to drift up — unless you dramatically raise taxes — you will have healthcare pushing out everything else government does. Nobody can say exactly when you reach a point that it's unsustainable, but you can look at something and say it's unlikely."

The report by the government's Centers for Medicare and Medicaid Services follows a recent private study concluding that the United States spends far more on healthcare than other advanced countries, with no measurably better result.

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Even after adjusting for greater disposable income here, the report by the McKinsey Global Institute, a private economic think tank, found that costs in the U.S. were $1,645 per person higher than in countries such as the United Kingdom and Germany. It attributed the excess costs to higher administrative expenses, drug prices, doctors' incomes and other factors.

"Most components of the U.S. healthcare system are economically distorted," the report said, adding that "no single factor is … the silver bullet for reform."

The new federal cost report, prepared by government statisticians, deliberately steered clear of policy recommendations. But its authors warned of a growing possibility "that we will have to make important sacrifices to pay for healthcare" and a need for "constant assessment of the value we associate with our healthcare investment."

Core healthcare costs such as hospital care and doctors' services are expected to rise at relatively modest rates of 6% to 7% a year over the coming decade, the report found. The problem, according to the authors, is that those rates are 1 to 2 percentage points higher than the growth forecast for the overall economy.

"That is a very significant point," said Ron Pollack, executive director of Families USA, an advocacy group that supports coverage for the nearly 47 million people in America who are uninsured. "As healthcare spending increases faster than earnings, it means more and more people will find healthcare unaffordable and join the ranks of the uninsured and underinsured."

The report also marks the first time that such long-range cost estimates take into account the Medicare prescription benefit launched last year. The benefit is administered through private insurers — a feature that many Democrats consider wasteful, arguing that Medicare could get lower prices by negotiating directly with drug companies.

The report's verdict on the drug benefit was mixed.

Overall, it found that the private plans had done a good job of obtaining discounts from manufacturers, helping hold down spending growth even as more seniors were buying medications. But it also found that Medicare's discounts are not as deep as those available under the Medicaid program, which does not rely on private intermediaries.

More significantly, the report found that the Medicare drug benefit has led to a dramatic shift in who pays the bill for drugs. Government is now picking up about 40% of the national tab, compared with 28% in 2005, before the benefit went into effect. That could become a problem because the prescription program lacks its own stable source of long-term financing.

"As the nation moves from more traditional sources of insurance … to more federal and state-provided healthcare, we will continue to face tough questions about how we finance our healthcare bill," said John A. Poisal, the report's lead author.

Roberts Launches Opposition To Bush's Health-care Proposals (WE)

By John Hanna

The Wichita Eagle, February 21, 2007

TOPEKA - Republican Sen. Pat Roberts is working with a Democratic colleague to block some of President Bush's budget proposals for social services, suggesting those recommendations could amount to "rationing health care."

The Kansas senator said Monday that he doubts Bush's proposals enjoy much support, so he would like Congress to avoid a lengthy back-and-forth before providing additional funds for the Medicare and Medicaid programs. He's most concerned about payments to hospitals that provide services to the programs' participants.

Bush's proposals are designed to save $76 billion over five years in Medicare, the program that provides medical services for the elderly. They also would trim $25 billion from Medicaid, the medical program for low-income people. They've already received strong criticism from Democrats.

Roberts was in Topeka to discuss health care issues with the chief executives of 15 northeast Kansas hospitals. His visit was among a week's worth of events scheduled statewide.

He and Sen. Blanche Lincoln, D-Ark., are drafting a letter to the White House and the chairman and ranking Republican on the Senate Budget Committee, asking them to protect hospital payments.

"Health care programs are under a lot of pressure," Roberts said after meeting with the hospital chief executives. "What we end up doing is basically rationing health care, and that's not right."

Roberts said he anticipates 20 to 30 senators will sign his letter to the White House and the Budget Committee leaders. He said he doesn't want the debate this year to follow the pattern of previous budget debates.

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"We usually discuss this for a full year in a session of Congress, and then we come up with an emergency supplemental," he said. "My goal will try to be to not go through that and to restore the funding."

He said squeezing Medicare and Medicaid can lead to more costs. For example, he said, if Congress reduces the number of people who receive rehab services after a serious accident, some end up back in the hospital.

Employer Groups Take Aim At Part Of Medical-leave Law (HILL)

By Jessica Holzer

The Hill, February 21, 2007

Employer groups are trying to persuade the Bush administration to restrict the illnesses that qualify under the Family and Medical Leave Act (FMLA) and make it less tempting for workers to take sporadic time off under the law.

Passed in 1993, the FMLA requires businesses with at least 50 employees to give 12 weeks' unpaid leave to workers for the birth or adoption of a child or in the case of their own or a close family member's sickness.

Employers say they have no qualms with the portion of the law that allows employees leave to care for a new child.

Rather, they claim that weaknesses in the law and the regulations handed down since it was passed have spawned rampant abuse by shirkers and headaches for managers in charge of approving and tracking leave.

"This isn't about taking away FMLA rights to mothers and newborns. But there are a lot of areas where there are challenges and we think it needs to be looked at," the director of government affairs for the Society of Human Resource Management, Mike Aitken, said. The group is one of about 50 employer organizations, including the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce, that have formed the National Coalition to Protect Family Leave to petition the Department of Labor to change the FMLA.

More than 50 million Americans have taken advantage of FMLA protections in the 14 years since it was passed. But the business community has long opposed aspects of the law. Parts of the act have been litigated scores of times and stricken down by courts, including the Supreme Court.

This latest push by employers to modify the FMLA comes on the heels of a Department of Labor (DoL) request in December for public comment on the law and just after Sen. Chris Dodd (D-Conn.), one of its original architects, introduced a bill Feb. 1 to expand the act. His legislation would ensure six weeks' paid leave under the FMLA, to be funded by the federal government, the employer and the employee.

Last month's DoL request for comments on the FMLA sparked worries among proponents that the administration would water down the act.

"We have significant concerns that this is a first step in a process that will lead to a substantial weakening in the FMLA protections," Jocelyn Samuels, vice president in charge of education and employment at the National Women's Law Center, said.

The comment period ended on Friday, Feb. 16. The DoL said it would review the more than 100 comments filed in the coming weeks but said it wasn't wedded to proposing any changes.

"The next step for us is to review the record. Whether that results in a rule or a proposed rule I do not know and it would be very premature to suggest that that will happen at this point," the assistant secretary of the department's Employment Standards Administration, Victoria Lipnic, insisted.

One major beef employers have with the law is a 1996 DoL regulation that qualifies a host of minor illness for FMLA protection that they believe should be addressed by companies' regular sick leave policies.

Under the rule, earaches, upset stomachs or common colds meet the criteria for a "serious health condition" under the FMLA as long as the worker is incapacitated for at least three consecutive days and is following a treatment regimen, such as taking prescription drugs.

Another big gripe is unplanned, intermittent leave, which employers complain wreaks havoc on production schedules. Workers may use FMLA leave sporadically throughout the year and without advance warning as long as they have a doctor's note on file certifying a chronic condition. The widespread use of such leave has fed the suspicion among employers that workers are abusing the system.

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"It's 'Oh, I want to go fishing' or 'Oh, the Yankees are in town today,'" the director of human resources policy at the NAM, Jason Straczewski, said. He added that NAM's members had no problem with workers taking intermittent leave for a serious medical condition or for scheduled treatment such as chemotherapy.

To crack down on any abuse of intermittent leave, employer groups want to increase the increments of time with which workers can take leave under FMLA. A DoL regulation currently forces businesses to account for leave "to the shortest period of time that the employer's payroll system uses," which can be as small as six minutes for some businesses.

Employers argue this invites absenteeism and tardiness. Increasing the increment "might require the individual to really think, 'Is this really a situation that should prevent me from going to work?'" Aitken argued.

Employer groups also want the DoL to require workers to update their medical certification for intermittent leave periodically, permit managers to contact an employee's doctor about a chronic condition and streamline the paperwork required to comply with the law.

They said they are trying to improve, rather than dismantle, the law.

"We are not trying to repeal this law. We are not trying to gut the regulations. What we are seeking is clarity and simplicity," the director of labor law policy at the U.S. Chamber of Commerce, Marc Freedman, said.

Bush Friends, Loyal And Texan, Remain A Force (NYT)

By Sheryl Gay Stolberg

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Israel Hernandez was a fresh-faced college graduate from the Texas border town of Eagle Pass in the summer of 1993 when he landed a job in Dallas as the personal aide to the part-owner of the Texas Rangers George W. Bush.

Together, they spent months driving the dusty back roads of the Lone Star State to promote the team, Mr. Hernandez behind the wheel of Mr. Bush's Lincoln Town Car.

"He would speak to a rotary or chamber and say, 'You need to come to the ballpark and we'll make it Athens, Texas, Day. We'll put you in your own special section; we can say 'Welcome Athens, Texas,' on the big screen; you can come to batting practice, '' Mr. Hernandez recalled.

Today, after nearly 14 years in Mr. Bush's employ, with a short break to get a master's degree, Mr. Hernandez, 37, travels the world promoting free trade as an assistant secretary of commerce. From his sun-drenched corner office, with its sweeping view of the Washington Monument, he can sit at his desk and watch the presidential helicopter, Marine One, ferry around the man to whom he owes his career.

"In many ways," Mr. Hernandez said of Mr. Bush, "I feel like I have grown up with him."

He is not the only one. Six years into Mr. Bush's presidency, the corps of loyal Texans who accompanied him to Washington from Austin remains a powerful force inside the administration, a steady source of comfort for an increasingly isolated president. No matter how grim the polls or dire the news in Iraq, they have stood by Mr. Bush — and been rewarded with plum jobs — as their lives have grown increasingly intertwined with one another's and with his.

"We've gotten married, gotten remarried, had babies," said Margaret Spellings, who was a single mother with two children when she followed Mr. Bush to Washington and has since been promoted from a domestic policy adviser to secretary of education. "I remember the Bush twins when they were just little squirts."

To hear these people talk about the president is to meet a man many Americans have either forgotten or no longer recognize. Their George W. Bush is the compassionate conservative who helped soften the harsh image of the Republican Party, a man who chokes up at going-away parties, as he did last year for Andrew H. Card Jr., his departing chief of staff; a man unafraid of giving promotions to openly gay people, as he did with Mr. Hernandez, and who always remembers to ask how the family is.

"There's a lot of devotion to George Bush the person," said Clay Johnson, a prep school buddy of Mr. Bush who is now a deputy director of the Office of Management and Budget.

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Like another Bush devotee, the first President Bush, these Texans are increasingly angry at criticism leveled at him. Karen Hughes, the communications adviser who famously went back to Texas when her teenage son grew homesick but has since returned as an under secretary of state, says she is tired of seeing Mr. Bush treated as a "caricature."

Mr. Johnson says the most painful accusation is hearing Mr. Bush called a liar.

"I said, 'How in the world can you be considered a liar by some?' " Mr. Johnson said, recounting a conversation with Mr. Bush. "I mean, there are bumper stickers about lying. It's just incredible.' And he said, 'Well, you've just got to get used to it. Because that's what we have here.' "

Every president has his kitchen cabinet, the intimate and informal circle of friends and advisers who typically wind up with high-placed jobs. John F. Kennedy installed his brother Robert at the Justice Department. Ronald Reagan brought Edwin Meese III and Michael K. Deaver from California. Jimmy Carter had the so-called Georgia Mafia: Jody Powell, Hamilton Jordan and Bert Lance.

But in a White House that prizes loyalty, the Texans stand out, in number, influence and discretion. Those who have left remain supportive even if they have been nudged out the door, as in the case of Harriet E. Miers, the former White House counsel.

"Loyalty and friendship" is one explanation, said Dan Bartlett, counselor to the president, who has spent 13 years — nearly his entire adult life — with Mr. Bush. Another explanation, Mr. Bartlett said, is the war in Iraq, which "lengthened a lot of people's stay."

Scholars say Mr. Bush has been more strategic than most presidents in sprinkling loyalists throughout the administration. Paul C. Light, an expert in public service at New York University, says it has created an "echo chamber" in which the president gets advice he wants to hear.

"It's like these are George Bush's political children that he's raised from infancy," Mr. Light said. "They're incredibly loyal, and they're also likely to tell him what he thinks, and that's what we've seen as the big weakness in this administration."

The Texans, not surprisingly, disagree; they say their closeness to Mr. Bush frees them to be candid.

Mr. Bartlett, 35, knows the president better than most. His job during Mr. Bush's first campaign for Texas governor was to research the candidate's background, and he is today a kind of walking presidential biographer, with details crammed into his brain of Mr. Bush's triumphs but also his travails, including his National Guard Service and his arrest for drunken driving in 1976.

"I dealt with him directly at a very young age," Mr. Bartlett said. "I don't even think twice about telling him what I think."

The Texas circle includes three cabinet officials — Ms. Spellings, the education secretary; Attorney General Alberto R. Gonzalez; and Alphonso R. Jackson, the secretary of housing and urban development — as well as some of the best-known names in Washington: Karl Rove, the chief political strategist, Mr. Bartlett and Ms. Hughes.

There are also lesser-knowns. Mr. Johnson, the deputy budget director, met Mr. Bush in 1961 at Phillips Academy in Andover, Mass., when they were two 15-year-olds far from home. Mr. Johnson later ran the governor's personnel office in Austin; in Washington, he keeps a George Bush doll on his desk and is one of the few people in town to have had the Bushes at his home for dinner, motorcade, Secret Service and all.

Gordon D. Johndroe, once a $5-an-hour college intern in Austin, is today the chief spokesman for the National Security Council. Mr. Johndroe learned the art of dealing with reporters by literally sitting at the president's knee on the floor of the eight-seat Bush campaign plane in 2000, monitoring the governor's interviews.

"My job," he said, "was, 'Let us know if he makes any news. Let Karen know or call back to Dan Bartlett, who was in Austin.' And I was able to do that because I had listened to him speak so much. I knew when he said something new."

Among the benefits to being an old Texas friend of the president is access: the invitations to Camp David, to dinner and movies at the White House, to Mr. Bush's annual July 4 birthday bash. Ms. Hughes remains a regular dinner companion, most recently at a small White House gathering for Vaclav Havel, the former president of the Czech Republic.

Among the downsides is being ridiculed as a crony. Ms. Miers, who met Mr. Bush when she ran the Texas Bar Association, was excoriated by lawmakers who deemed her unqualified when Mr. Bush nominated her to the Supreme Court. Still, she calls her association with the president "one of the great blessings of my life."

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Mr. Hernandez, who is so close to the Bushes that he moved in with them in Dallas after his apartment was burglarized, has been the subject of news articles suggesting that the president dubbed him Altoids Boy, a reference to his duties dispensing Altoids mints to Mr. Bush during their Texas travels.

"I hate that," Mr. Hernandez said. "He doesn't call me Altoids Boy. He calls me Izzy."

Two years ago, the online edition of The New Republic, a liberal magazine, singled out Mr. Hernandez as a member of the Bush "hackocracy."

But sitting in his corner office the other day, recounting his travel this past year to Peru, China, Vietnam and Panama, Mr. Hernandez — who in his Department of Commerce job supervises 1,600 employees in 80 countries — had the final word.

Mr. Bush, he said, is simply giving him an opportunity to show what he can do.

"Everyone has their own journey, their own story," he said. "I feel like I climbed this mountain with the president, and I'm getting a chance."

Swift Action Promised At Walter Reed (WP)

By Dana Priest And Anne Hull, Washington Post Staff Writers

The Washington Post, February 21, 2007

Investigations Urged as Army Moves to Make Repairs, Improve Staffing

The White House and congressional leaders called yesterday for swift investigation and repair of the problems plaguing outpatient care at Walter Reed Army Medical Center, as veterans groups and members of Congress in both parties expressed outrage over substandard housing and the slow, dysfunctional bureaucracy there.

Top Army officials yesterday visited Building 18, the decrepit former hotel housing more than 80 recovering soldiers, outside the gates of the medical center. Army Secretary Francis Harvey and Vice Chief of Staff Richard Cody toured the building and spoke to soldiers as workers in protective masks stripped mold from the walls and tore up soiled carpets.

At the White House, press secretary Tony Snow said that he spoke with President Bush yesterday about Walter Reed and that the president told him: "Find out what the problem is and fix it."

Snow said Bush "first learned of the troubling allegations regarding Walter Reed from the stories this weekend in The Washington Post. He is deeply concerned and wants any problems identified and fixed." The spokesman said he did not know why the president, who has visited the facility many times in the past five years, had not heard about these problems before.

Walter Reed's commander, Maj. Gen. George W. Weightman, said in an interview that the Army leadership had assured him that all the staff increases he had requested would be met. "This is not an issue," he said. "This is their number one priority."

He said the Army has agreed to fund what he called a "surge plan" that has been designed for the likelihood that the 21,500-person troop increase underway in Iraq will result in more casualties.

Weightman said case managers have been ordered to call each of the 700 outpatients to ask about problems they may be encountering. He has also put half a dozen senior enlisted officers from the hospital in charge of the outpatients' companies normally in the hands of lower-level platoon sergeants. Also, a medic will be stationed 24 hours a day at the Mologne House, the largest residence on the 113-acre post, to help soldiers with medical or psychological problems.

Harvey said he was surprised and disappointed by the conditions and the bureaucratic delays. "In the warrior ethos, the last line says you should never leave a fallen comrade, and from that facility point of view we didn't live up to it . . . and it looks to me we may have not lived up to it from a process side," he said, adding that conditions at the building are "inexcusable."

"It's a failure . . . in the garrison leadership . . . that should have never happened, and we are quickly going to rectify that situation," he said.

"We had some NCOs [noncommissioned officers] who weren't doing their job, period," Harvey said. He said he and Cody will report regularly to Defense Secretary Robert M. Gates on a plan to fix the conditions.

The Post series documented tattered conditions at Building 18, including mold, rot, mice and cockroaches, but also a larger bureaucratic indifference that has impeded some soldiers' recovery.

At Building 18 yesterday, platoon sergeants with clipboards went from room to room inspecting for mold, leaks and other problems. A broken elevator was repaired, and snow and ice were cleared from the sidewalks.

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The secretaries of the Army and Navy announced that they had begun a broader review of Walter Reed and the National Naval Medical Center and that an independent review group will be formed to investigate outpatient care and administrative processes. Walter Reed is set to close in 2011, and the naval facility in Bethesda will be expanded to handle the additional wounded.

Walter Reed's fixes are unlikely to immediately quiet the criticism from members of Congress, who received a flood of calls from the public and veterans groups asking how the problems could have been unknown to officials -- some of whom regularly visit Walter Reed.

"We need to bring the Army people in and say, 'What the hell is going on?' " said Rep. Bob Filner (D-Calif.), chairman of the House Veterans Affairs Committee.

Speaker Nancy Pelosi (D-Calif.) asked the House Armed Services Committee to investigate outpatient care at Walter Reed. "The treatment reported in The Post of our troops and our veterans is disgraceful," Pelosi spokesman Brendan Daly said.

Several senators, including presidential candidate Barack Obama (D-Ill.) and former presidential candidate John F. Kerry (D-Mass.), announced they are co-sponsoring legislation to simplify the paperwork process for recovering soldiers and increase case managers and psychological counselors. The bill would also require the Army to report more regularly to Congress and the inspector general about the living conditions of injured soldiers.

Jeff Miller (Fla.), the ranking Republican on the House Veterans' Affairs subcommittee on health, said: "The neglect being experienced by some wounded service members is outrageous. The Defense Department is never shy about asking for supplemental funds for operations and equipment; I cannot imagine why housing for recuperating wounded would not be a similarly high priority."

Rep. Thomas M. Davis III (R-Va.), former chairman of what was then known as the House Government Reform Committee, urged the committee to hold a hearing at Walter Reed to give members an "invaluable firsthand look" at how the Army is processing the wounded. "Improvements to date have been episodic, and in some case, short-lived," Davis said in a statement.

Staff writer Ann Scott Tyson contributed to this report.

Leadership Blamed For Shabby Army Hospital Building (CNN)

CNN, February 21, 2007

WASHINGTON (CNN) -- Army Secretary Francis Harvey blamed a failure of leadership for substandard conditions in a building that is part of Walter Reed Army Medical Center and vowed Tuesday to move quickly to fix the problem.

"We failed here, we failed in having a facility like this," Harvey told CNN. "Unfortunately, it's a leadership problem."

Inside Building 18, used for outpatients who suffered wounds in Iraq and Afghanistan, workers were repairing plumbing, covering holes in ceilings and repainting mold-covered walls. (Watch a tour of the run-down facility)

Harvey said he learned about the conditions in the building, a former hotel where some soldiers have been recuperating for more than a year and a half, on Sunday, when the Washington Post broke the story.

"If we would have known about this, we would have fixed it," he said. "Unfortunately, we didn't know about it."

The article, titled "The Other Walter Reed," said some outpatients at the facility include veterans who suffer from depression and were involved in overdoses and suicide attempts.

Walter Reed is the Army's top medical facility. It opened in 1901 in a single small building and now is a complex of structures with 28 acres of floor space.

The hospital can accommodate 250 patients and admits more than 14,000 a year. Thousands use its outpatient facilities daily.

President Bush has been seen visiting wounded troops at the hospital several times, and presidents often receive medical care there.

The Base Realignment and Closure Commission in 2005 recommended closing Walter Reed in 2010.

Harvey said an "action plan" was being put together "to ensure across the board that our soldiers are being taken care of with the highest quality medicine possible in the kind of facilities that provide a quality of life for the soldier that is equal to the quality of their service."

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He added, "To have it in this condition is disappointing to me, unacceptable to me as the secretary of the Army, and we have a plan in place."

Walter Reed Probes Former Aid Director (KCS/AP)

The Kansas City Star/AP, February 21, 2007

WASHINGTON - Walter Reed Army Medical Center is investigating the former head of a program that aids injured soldiers.

The probe involves the activities of Michael J. Wagner, who until last month ran the Army's Medical Family Assistance Center, Army spokesman Paul Boyce said Tuesday. The center links businesses, charities and other donors with wounded troops who need financial help or with families strained by living costs, air fares and other expenses when they come to Washington to visit or help care for injured soldiers.

The Washington Post - citing documents and interviews with current and former assistance center staff members - said Wagner was seeking funders and soliciting donations for a Dallas charity at the same time he administered the Army program.

Wagner is now a director of the Texas-based charity, the Military, Veteran and Family Assistance Foundation, a nonprofit group that provides services and resources for veterans and their families.

He could not immediately be reached for comment Tuesday at the foundation office.

The Post said that in a telephone interview Wagner denied he had solicited funds for the charity or made contact with donors during office hours. "It's just not true," he was quoted as saying. "I intentionally stayed out of that. I couldn't do that. I couldn't do both."

Wagner said the charity was founded by his brother and that he did not officially become its executive director until he left Walter Reed, according to the Post.

The story was the latest in a Post series that also disclosed bureaucratic delays and substandard living conditions endured by some soldiers there as outpatients, as well as problems in receiving benefits.

Democratic Sens. Barbara Mikulski of Maryland and Patty Murray of Washington urged Defense Secretary Robert Gates in a letter Tuesday to launch an inspector general's investigation into what they called the "deplorable living conditions facing returning Iraq and Afghanistan war veterans." They urged him to investigate conditions at the Navy's top hospital - the National Naval Medical Center - in Bethesda, Md.

"If conditions at Walter Reed, the crown jewel of military health care facilities, have degraded to the point where mouse traps are handed out to patients, how can we feel confident that our troops and veterans truly have the care and transition assistance they have been promised at any facility across the country?" the senators wrote.

Two other Democratic senators - presidential hopeful Sen. Barack Obama, D-Ill., and freshman Sen. Claire McCaskill, D-Mo. - said they are working on legislation to improve the care of war veterans, including measures designed to improve how they are treated as outpatients while still on active duty. The legislation would require more frequent hospital inspections, establish timelines for repairs to facilities that don't meet standards and improve access to psychological counseling, Obama's office said in a statement.

The Pentagon responded Tuesday by announcing that the Army has begun a review of medical care at Walter Reed and the Navy has undertaken a similar review at its National Naval Medical Center. The Pentagon also said an independent review group would be formed to investigate outpatient and administrative issues at the two military medical centers.

The Pentagon said the reviews would be done "promptly," but it gave no specific timetable.

The problems at Walter Reed also caused a stir at the daily press briefing at the White House, where presidential spokesman Tony Snow deflected all requests for comment to the Pentagon.

"The president is committed to these people, committed to men and women who have served. We need to make sure that whatever problems there are get fixed," he said. "What I'm telling you is, let's sort through the facts."

Snow at first was unable to say how President Bush learned of the problems. Later, he amended the transcript of his briefing with a statement saying Bush first heard of the allegations from the Post stories.

Rotten Homecoming (WP)

The Washington Post, February 21, 2007

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IF YOU LISTEN to the PR operation at Walter Reed Army Medical Center, the U.S. military's gleaming flagship hospital offers veterans the best treatment available. What doesn't get mentioned is the bureaucratic contempt and physical squalor that too often await badly injured outpatient soldiers on the Walter Reed campus, the subject of a four-month Post investigation detailed in articles published Sunday and Monday.

Reporters Dana Priest and Anne Hull and researcher Julie Tate spent hundreds of hours inspecting conditions and interviewing injured troops and their loved ones at the Walter Reed outpatient facilities. Their findings: Veterans' rooms are rank; bureaucratic hassles and paper-pushing make the process of repairing buildings, redressing patient grievances and providing veterans with basic goods depressingly inept; administrators' neglect of patients' mental and physical health borders on the criminal; and, most distressing, many veterans leave Walter Reed without the compensation they clearly deserve for their sacrifices.

The walls of one soldier's room were covered with black mold, and the ceiling of his shower had a large hole. Soldiers who lost their uniforms while undergoing emergency treatment on the battlefield have had to present their purple hearts to get replacement clothes. Amputees and patients on taxing drug regimens are required to report for formation early in the morning, even if it means trudging over accumulated ice and snow. Lost paperwork, which in one case resulted in an obviously impaired veteran getting an order to report to Germany, is a constant problem, sometimes forcing soldiers and their relatives to live at Walter Reed for 18 months or longer as their cases are processed.

Most infuriating are reports of official efforts to deny disability benefits to discharged fighters. The Army tried to deny disability compensation to Cpl. Dell McLeod, who suffered a head injury that left him aimless and unable even to count change at the cafeteria. Army officials' argument: Because he had done poorly in high school, his current mental state might not have been caused by the steel door that smashed his skull in Iraq. If the Army determined that he was mentally fit to serve in the first place, it cannot now abscond from its responsibility for the consequences of his service overseas. Cpl. McLeod ended up getting a settlement from the command at Walter Reed -- despite base staffers' best efforts -- only after his wife got a congressional staffer involved.

Walter Reed's commander, Maj. Gen. George W. Weightman, says that conditions on the post will improve rapidly. His response is commendable, and it should not be forgotten that thousands of professionals and volunteers, civilian and military, are working hard to help veterans heal and adjust. But it also should not have taken newspaper articles to bring change to outpatient conditions at Walter Reed. And while filthy conditions at Building 18 are a temporary problem for these veterans, lowball settlements may leave soldiers and their families impoverished for life.

US Deficit Is Shrinking, For Now (CSM)

By Mark Trumbull

The Christian Science Monitor, February 21, 2007

Despite the ongoing costs of US military campaigns in Iraq and Afghanistan, the outlook for the federal budget has grown substantially brighter.

Tax revenues are rising much faster than spending, according to Treasury Department numbers released last week. The recent trend is strong enough that, were it to continue, the budget could move into surplus in barely a year, one economist calculates.

Already, the federal deficit is shrinking toward about half the size that it has averaged since 1970, when analyzed as a percentage of gross domestic product.

The shift reflects a strong economy, with higher incomes and corporate profits generating a bigger flow of tax revenue. In turn, the Treasury's progress could help the economy by buoying investor confidence in the nation's fiscal position.

Although it is a welcome change, the improvement does little to stave off the long-run challenges to the nation's financial health, many economists say. Baby boomers are starting to retire, placing new demands on government. Costs for healthcare programs like Medicare are still projected to rise faster than overall inflation.

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"The picture is getting brighter," and if there's no recession over the next several years "there are going to continue to be some good strides made," says Mark McMullen, a senior economist at Moody's Economy.com in West Chester, Pa. But "it's unlikely that we're going to see a balanced budget anytime in the near or long term."

Some experts say the budget could achieve balance in the short run of the next few years. In unveiling its proposed budget this month, the Bush administration forecast black ink on the federal ledger in 2012. The nonpartisan Congressional Budget Office (CBO), in its recent annual outlook, also shows a surplus for that year.

A year ago, the CBO's forecast for the 2007 fiscal year called for a deficit of $270 billion. In the annual outlook released last month, the 2007 gap is projected at $172 billion.

"Right now, we're in some sense in a relatively good spot," says Jim Horney, a budget analyst at the Center for Budget and Policy Priorities, a liberal think tank in Washington. "We're in the sixth year of an economic expansion," a time when federal revenues often rise along with a growing economy.

But both the CBO and the White House make important assumptions that are far from assured.

The CBO's annual outlook assumes that President Bush's tax cuts phase out in 2010 as scheduled, thus adding new tax revenues.

Mr. Bush's budget calls for the tax cuts to be made permanent, but foresees a surplus in 2012 thanks to a sharp fall in Iraq spending and robust productivity growth in the economy.

But several issues are unsettled. Among them: How much will military operations in Iraq and elsewhere cost? Will Congress make some of the Bush tax cuts permanent? Will Congress scale back the alternative minimum tax (AMT), which is poised to take a rising tax toll on middle-class Americans in the years ahead?

The answers will have a big impact on the budget, and may not be resolved before a new president takes office in 2009.

The long-term outlook remains sobering, all sides agree. The cost of Medicare, in particular, is slated to soar due to healthcare inflation and an aging population.

Even the near-term outlook comes with an asterisk. When Bush took office in 2001, the CBO was forecasting a decade of budget surpluses totaling more than $5 trillion. Then came a recession, the terrorist attacks of 9/11, and enormous wartime spending. The Bush tax cuts helped to stimulate the economy, but at the cost of lower tax revenue.

"We had three years where revenues went down," says Mr. Horney. "All that has happened is that we have ... caught up from the really bad decline that we had."

Still, analysts say the recent budget gains are good news for the government and the economy.

The budget deficit now stands at about 1.4 percent of the nation's GDP, well below the 2.3 percent that's been the norm since 1970, according to economist Michael Darda of MKM Partners in Greenwich, Conn. "At the current pace, the budget could move back into surplus as early as May 2008," Mr. Darda wrote in a report to clients last week.

That isn't a forecast, but it shows how the nation's fiscal health is closely related to that of the overall economy.

A more stable budget outlook, in turn, has benefits for the economy.

The less money the government has to borrow to pay its bills, the more is left for investment in new goods and services. Alternatively, the nation will be less reliant on foreign lenders to fund that investment – debt that siphons away a portion of national wealth.

"Unexpectedly strong revenue growth" has improved the outlook quite a bit, says Mr. McMullen.

In the CBO projections, for example, the nation's public debt is forecast to fall from 37 percent of GDP in 2006 to 30.5 percent of GDP in 2012.

In the longer run, the rise of entitlements such as Medicare could force difficult choices to keep that debt from rising again.

Conservatives say it will be vital to contain costs. "If nothing changes in Washington then both revenues and spending will be higher," says Chris Edwards, a tax expert at the libertarian Cato Institute in Washington. "It'll hammer the economy," he says, as government takes a larger share of GDP.

Others say the answer will probably involve tax hikes as well as some reductions in promised entitlement benefits – and that a modest increase in taxes need not damage economic growth.

Both sides agree on the need to tame medical inflation, if not on how to do it.

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"If we were able to reduce the growth of the cost of healthcare," says Horney, "that would definitely be good for the economy."

Murtha Sees Security Threat In Trade Deal (HILL)

By Ian Swanson

The Hill, February 21, 2007

Rep. John Murtha (D-Pa.), a close ally of House Speaker Nancy Pelosi (D-Calif.), is calling elements of a Peru free-trade agreement (FTA) signed by the Bush administration a threat to national security. The chairman of the House Defense Appropriations subcommittee has warned Democratic leaders on trade that the deal grants a United Arab Emirates company the ability to invest in U.S. ports.

Murtha has asked Ways and Means Chairman Charles Rangel (D-N.Y.) to demand that the administration alter the free-trade deal it negotiated with Peru to prevent enterprises there from investing in U.S. landside port activities.

If the administration fails to make such changes, Murtha and Rep. Gene Taylor (D-Miss.) charge that a "trade pact-granted right" to invest in U.S. ports would be handed to Dubai Ports World (DPW). The United Arab Emirates-based company last year found itself at the heart of a controversy when the administration gave it the go-ahead to operate several U.S. ports.

Murtha and Taylor argue that the issue is particularly sensitive with the pending Peru FTA because Dubai Ports World has acquired a 30-year concession to develop and operate a new container terminal just outside of Lima. The move makes DPW an enterprise in Peru that under the FTA would be able to make investments in the U.S., according to the congressmen.

Congress seemed set to approve legislation blocking

DPW's ability to take over U.S. ports before the company voluntarily backed out of the deal. DPW last week completed its sale of U.S. ports.

Like other U.S. free-trade agreements, the one with Peru includes a provision allowing the U.S. to block investments if they are considered national-security threats. Murtha and Taylor, however, argue the provision is insufficient since Peru could in turn sue the U.S. under the deal's dispute-settlement system. A successful challenge could cost the U.S. millions in taxpayer dollars, the two congressmen say.

Under the Peru FTA, a dispute could be brought either to a World Trade Organization panel, or to a tribunal set up under the Peru FTA that would consist of one U.S. national, a Peruvian national and a national from a third country.

"Members of Congress again will be asked to support these agreements relying on the hope that a foreign tribunal deigns to permit us to justify our violation of the agreements by accepting our claim of an Essential Security Exception," Murtha and Taylor wrote in a letter last month to Rangel and Rep. Sandy Levin (D-Mich.), the chairman of the Ways and Means Trade subcommittee.

"It is unconscionable to knowingly agree to any trade agreement that contains obligations that limit our national security authority regarding sensitive infrastructure such as our ports," the letter said.

A Ways and Means spokesman noted that Rangel and Levin raised the same questions during debate over the U.S.-Oman free-trade deal last summer, and said Rangel and Levin would stay in touch with Murtha and Taylor on the issue. A Levin spokeswoman went further and said Levin's view is that the landside port provision needs to be changed in the Peru deal.

So far this year, public discussions between House Democrats and the administration on the Peru FTA and a similar deal with Colombia have centered on labor provisions. For example, Rangel and Levin did not raise the ports issue with U.S. Trade Representative Susan Schwab during a hearing on trade policy last week.

The ports issue nearly sank the generally uncontroversial Oman deal. The Republican-controlled House approved the Oman FTA in a 221–205 vote, with only 22 Democrats voting in favor.

During the Oman debate, the Office of the U.S. Trade Representative argued that under the "essential security" provision in U.S. trade deals, nothing in a deal can prevent the country from applying measures it deems necessary for protecting essential security. USTR also emphasized that this essential-security exception is self-judging, meaning that the validity of the defense in a trade dispute before an international tribunal would be based on what the U.S. government considers necessary to protect essential security, rather than the conclusions of a tribunal.

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"This is really a red herring," said USTR spokesman Sean Spicer, adding that USTR has worked to educate members about the essential-security provision since the Oman debate. USTR also has noted that those participating in landside port activities do not control, manage or operate a U.S. port. Landside port activities include operating and maintaining docks and loading and unloading vessels.

Rangel, Levin, then-Rep. and current Sen. Ben Cardin (D-Md.) and Rep. Xavier Becerra (D-Calif.) last year asked the administration to clarify how this self-judging interpretation was consistent with trade deals the administration has pursued. They noted the essential-security exception could be challenged in dispute settlement under the Peru FTA, and that World Trade Organization panels have suggested they could interpret whether the use of this exception was valid.

Inside Politics (WT)

By Greg Pierce

The Washington Times, February 21, 2007

About-face

Ohio Gov. Ted Strickland said he would welcome Iraqi refugees to Ohio, a change of course from comments the governor made last week. He said the earlier remarks were meant to express frustration with President Bush instead of the people displaced by the war.

The Democrat told the Associated Press last week he was not inclined to accommodate any refugees because doing so would help bail out the president.

"I am sympathetic to the plight of the innocent Iraqi people who have fled that country," he said. "However, I would not want to ask Ohioans to accept a greater burden than they already have borne for the Bush administration's failed policies."

On Monday, he said he had been attempting to express his frustration with the Bush administration and the Iraq war, which he opposed when he was serving in the U.S. House.

"It's one of those incidents out of many [when] I've said something inartfully and conveyed something that I did not wish to convey," said Mr. Strickland, who was elected Nov. 7 and sworn in last month. "I guess it means that when you're a governor, people seem to be interested in what you say, which is fine, but I think everything has a context."

Mr. Strickland's initial comments were in reaction to an administration plan to allow about 7,000 Iraqi refugees to settle in the United States over the next year.

Johnson's move

More than two months after suffering a brain hemorrhage, Sen. Tim Johnson, South Dakota Democrat, has left a Washington hospital and entered a private rehabilitation facility, his office said yesterday.

A spokeswoman refused to say whether the senator remained in Washington or was moved to a facility in South Dakota, citing family concerns about press scrutiny. "They just want him to focus on getting better and not worried about outside cameras snapping away," spokeswoman Julianne Fisher said.

Mr. Johnson's brain hemorrhage Dec. 13 and subsequent surgery highlighted his party's tenuous one-seat advantage in the Senate.

Mr. Johnson was rushed to George Washington University Hospital after becoming disoriented during a phone call with reporters and underwent emergency surgery hours later. He was diagnosed with arteriovenous malformation, a condition that causes arteries and veins to grow abnormally large, become tangled and sometimes burst.

Mr. Johnson will continue undergoing physical, occupational and speech therapy at the private facility. Dr. Philip Marion, the chief of rehabilitation at George Washington University Hospital, said the senator has made "great progress" and a final test showed no evidence the tangled arteries that triggered the senator's hemorrhage remain.

Mr. Johnson's office has said his recovery is expected to take several months, though he has been doing some work from his bed.

McCain's outreach

Republican presidential candidate Sen. John McCain is defending his outreach to conservative Christians, arguing that his effort is not political pandering to win the party's nomination.

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The Arizona senator met privately Monday with religious broadcasters in Orlando, Fla., then answered questions about his appeal to conservatives in Vero Beach.

In the 2000 campaign, Mr. McCain angered the party's right by calling evangelist leaders Pat Robertson and Jerry Falwell "agents of intolerance." Last spring, he spoke at Mr. Falwell's Liberty University, although hard feelings still linger among some conservatives. Focus on the Family founder James Dobson has said he won't support Mr. McCain.

"Nobody accused me of courting and pandering to the liberals when I went to the New School," Mr. McCain told the crowd, a reference to the New York City school. "What I have found out in my life, is that every time I have done something for political reasons and not the right reasons, I have paid a very heavy price for it -- a big price."

Mr. McCain said he is trying to reach out to all elements of the party.

"I don't know which part of the party is going to be more influential or not," he said. "I've tried always in my political career to have a big-tent party, where a lot of people are welcome with differing views."

Backing Rumsfeld

The White House yesterday defended Donald H. Rumsfeld after criticism from Republican Sen. John McCain that he was one of the worst defense secretaries in history for his handling of the Iraq war.

Mr. McCain, one of President Bush's key allies in Congress on Iraq, is running for president.

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history," the Arizona senator and Vietnam War veteran said on the campaign trail in South Carolina on Monday.

The White House backed Mr. Rumsfeld, but was careful not to criticize Mr. McCain in doing so.

"We think Donald Rumsfeld was an enormously consequential and effective secretary of defense and somebody who led to the transformation of the Department of Defense. Senator McCain holds a different point of view," White House spokesman Tony Snow said.

A day after Republicans lost control of Congress in elections in November in large part owing to concerns about the Iraq war, Mr. Bush accepted Mr. Rumsfeld's resignation and replaced him with Robert M. Gates.

"The thing that's important to us right now is that Senator McCain is a strong supporter of the president's position on the way forward in Iraq and somebody who has been an eloquent voice and a reliable leader on the issue. And we appreciate it," Mr. Snow said.

Asked if Mr. McCain's comments should be chalked up to election politics, Mr. Snow replied: "I left the chalk at home."

Mitt's introduction

Former Massachusetts Gov. Mitt Romney this week will air his first presidential campaign ad to introduce himself to voters in several early-voting states, the Associated Press reports.

The 60-second spot describes the Republican candidate as a "business legend" who "rescued the Olympics" and "turned around a Democratic state."

Mr. Romney himself adds: "This is not a time for more talk and dithering in Washington. It's a time for action."

The ad is set to air starting today. It will rotate between Iowa, New Hampshire, South Carolina, Michigan and Florida.

It is the first ad by a top-tier contender in a campaign analysts think will cost more than $1 billion by the time it ends in November 2008.

A fellow Republican, Rep. Duncan Hunter of California, staging a long-shot bid for the presidency, aired the first ad of either major party in December with a limited buy in South Carolina, North Carolina and South Dakota.

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VA Regains Access To Medical Records (WP)

By Al Kamen

The Washington Post, February 21, 2007

The Defense Department is once again permitting Department of Veterans Affairs doctors to get full medical records they say they need to treat severely injured troops arriving at VA hospitals from Iraq and Afghanistan.

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Pentagon officials cut off VA's access on Jan. 23, concluding that privacy concerns and federal regulations barred the department from using the military's Joint Patient Tracking Application system without a formal data-sharing agreement.

VA physicians, who handle troops with brain and other serious injuries at four trauma centers, strongly protested the cutoff, saying that they rely on the tracking system to help them determine the best treatment for the wounded.

Sen. Daniel K. Akaka (D-Hawaii), chairman of the Veterans Affairs Committee, and ranking Republican Larry E. Craig (Idaho) wrote Undersecretary of Defense for Personnel David S.C. Chu on Feb. 6 that they were "deep[ly] concerned" the VA doctors had been cut off.

The Pentagon on Thursday declined to comment on the situation when we called, and the senators had received no response.

On Friday, VA officials notified the senators that access to the tracking system had been restored. Akaka and Craig said they were pleased the problem had been resolved. So, most likely, is everyone else.GOP Supporter Faces Terrorism Charges

The National Republican Congressional Committee (NRCC) said yesterday that it will donate to charity the $15,000 it received in recent years from Abdul Tawala Ibn Ali Alishtari if Alishtari is convicted of assisting terrorists.

Alishtari, a.k.a. Michael Mixon, pleaded not guilty in federal court in Manhattan on Friday to charges of terrorism financing, material support of terrorism and money laundering, among other things.

Alishtari, on a Web rÃ©sumÃ© he apparently posted this year, says he was named to the NRCC's "White House Business Advisory Committee" and was named the NRCC's New York state businessman of the year in 2002 and 2003.

He was indicted in a plan to send $152,000 to Pakistan and Afghanistan to support a terrorist training camp, the Associated Press reported. And he was accused of funneling $25,000 from a bank account in New York to an account in Montreal, allegedly to support terrorists.

"We are extremely concerned and disturbed by these charges," NRCC communications director Jessica Boulanger said in a statement -- or understatement -- "but we need to be careful not to rush to judgment as the judicial process moves forward." He's a businessman in New York, after all, not some guy in Guantanamo. "If the individual in question is found guilty of a crime," Boulanger said, "it is our intent to donate the money to charity."

In most cases, political contributions from controversial sources are often returned to donors, but obviously it wouldn't do to return the money to someone charged with helping fund terrorists. Never know where the money might end up.Author, Author!

Seems Robert Andrews, deputy undersecretary of defense for counterintelligence, former Green Beret and former CIA officer, has his own after-hours job. Andrews, it turns out, is a novelist and, we're reliably informed, an excellent one.

None other than publisher Otto Penzler, owner of the Mysterious Bookshop in Manhattan and the first and last word on American mystery books, last week notified Andrews that his short story "Solomon's Alley" had been picked for inclusion in the 11th volume of Houghton Mifflin's Best American Mystery Stories 2007, to be published in October.

Penzler says he picked about 50 stories from around 1,500 submitted. All were published in 2006. Then Miami Herald columnist Carl Hiaasen, mega-best-selling author of some of the funniest novels ever written, selected the final 20.

Andrews is the author of four novels dealing with the spy business and three detective mystery stories set in the District. One involves the murder of a Washington Post diplomatic reporter.Will Bolton Tell All?

Speaking of authors, John Bolton's tell-all book on his days at the State Department and as ambassador to the United Nations could be coming out as early as the end of this year.

All right, maybe not a classic "tell-all" -- perhaps just a "tell-some" -- but top folks in Foggy Bottom and at the United Nations are most surely not going to be happy when this one comes out. The buzz is that it's going to focus mostly on Bolton's work at the United Nations, where he's said to be still upset at his inability to lop off 10 of the building's 38 floors that he had said were expendable. The book is likely to rank the floors in order of those most expendable.

Unclear how Bolton will treat his most recent bosses, Colin Powell and Condoleezza Rice. His view of Rice may have altered a bit after last week's agreement with North Korea on its nuclear program, an agreement Bolton and other conservatives have criticized as "a bad deal." There are others at State sure to come in for their share of abuse.

No working title yet and no publisher, although several have expressed interest. But if this is to come out before Christmas, he'd better get typing.

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Johnson Update (WP)

The Washington Post, February 21, 2007

More than two months after suffering a brain hemorrhage, Sen. Tim Johnson (D-S.D.) has left a Washington hospital and entered a private rehabilitation facility, his office said yesterday.

A spokeswoman refused to say whether the senator remained in Washington or was moved to a facility in South Dakota, citing family concerns about media scrutiny.

The Democrat's Dec. 13 brain hemorrhage and subsequent surgery highlighted his party's tenuous one-seat advantage in the Senate.

Johnson will continue to undergo physical, occupational and speech therapy at the private facility. Philip Marion, chief of rehabilitation at George Washington University Hospital, where Johnson had been treated, said in a statement released by Johnson's office that the senator has made "great progress" and that a final test showed no evidence that the tangle of veins and arteries that triggered the senator's hemorrhage remains.

Johnson's office has said his recovery is expected to take several months, though he has been doing some work from his bed.

More And More, Retirees Are Finding That It Pays To Have Worked For The Government Instead Of The Private Sector (USAT)

By Dennis Cauchon

USA Today, February 21, 2007

Johnnie Nichols, a civilian Defense Department employee, contributes to a federal pension that will let him retire at age 56, after 32 years of service.

His wife, Kimberly, a math teacher at a private business college, has no pension after two decades of teaching and running a horse farm. Their marriage reflects the new world of retirement: government employees who have secure benefits and private workers who increasingly are on their own.

"If we were both in her shoes, we'd be in a world of hurt," says Nichols, 45, an information technology manager in Middletown, Ind. "We wouldn't be able to retire until age 67."

As the first wave of 79 million baby boomers heads to retirement, the nation is dividing into two classes of workers: those who have government benefits and those who don't. The gap is accelerating in every way: pensions, medical benefits, retirement ages.

Retired government workers are twice as likely to get a pension as their counterparts in the private sector, and the typical benefit is far more generous. The nation's 6 million retired civil servants — teachers, police, administrators, laborers — received a median benefit of $17,640 in 2005, according to the Congressional Research Service. Eleven million private-sector retirees covered by traditional pensions got $7,692.

Governments' generosity could have serious consequences for taxpayers and pensioners. Some states — including Illinois, Indiana, Michigan, New Jersey, Ohio and West Virginia — have troubled retirement systems that may require huge tax increases, spending cuts or even defaulting on promised benefits. The U.S. government has a bigger unfunded liability for military and civil servant retirement benefits ($4.7 trillion) than it does for Social Security ($4.6 trillion).

The pension gap will continue to widen because governments pump far more money into employee pensions than companies do. Civil servants earn an average of $12.38 an hour in benefits, about $5 an hour more than private-sector workers, according to the Bureau of Labor Statistics. The difference was just $2.70 an hour in 1995.

Pension promises have "gotten out of hand," says Peter Hanson, 73, chairman of NAI James E. Hanson Inc., a real estate firm in Hackensack, N.J. His firm offers a healthy private pension — up to 25% of compensation, given to employee retirement accounts — but it is tied to profits and given as a lump sum, not a lifetime promise of benefits.

Supporters of government pensions say the decline in private pensions is the problem, not the generosity of public retirement plans. "Rather than lower the bar for public employees, we need to stabilize retirement programs for everyone," says

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Richard Ferlauto, director of pension and benefit policy for the American Federation of State, County and Municipal Employees, a union with 1.4 million members.

He acknowledges public pensions are getting more scrutiny. "People want to know, 'Why should you have more security than us?' " he says. "It's pension envy."

State and local governments have sweetened retirement benefits during the past decade at a time when corporations have soured on them because of their cost. Only 18% of private workers now have traditional defined benefit pension plans, compared with more than 80% of government employees.

Contrary to a widely held notion, the extra government benefits aren't compensation for lower pay. Most government workers are paid more than private employees in similar jobs, and the wage gap is growing.

A typical full-time state or local government worker made $78,853 in wages and benefits in the third quarter of 2006, $25,771 more than a typical private-sector worker, the Bureau of Labor Statistics reports. The difference was $7,604 in 2000. The compensation advantage holds true for all types of public workers, from teachers to laborers and managers. Better benefits for government workers is the biggest reason for the growing compensation gap.

"The government is in direct competition with us for employees. It's hard to compete against these benefit packages," says James Bellis, owner of Tree Tech, a 120-worker tree trimming company in Randolph, N.J. His company has a 401(k) plan that matches up to 2% of employee pay.

By comparison, tree trimmers working for a government in New Jersey would get a pension benefit worth more than three times that.

Superior retirement benefits for civil servants can be traced to the establishment of Social Security, which originally did not cover government employees, says E.J. McMahon, a pension expert at the Manhattan Institute, a conservative think tank that deals with economic policy. Today, three-fourths of government workers participate in Social Security, but their overall benefits have not been reduced accordingly, he says.

The boost in benefits since the 1960s reflects the rising power of public employee unions, which have thrived as industrial labor unions and the benefits they won have eroded, he says.

The growing benefit gap makes government an increasingly attractive employer.

Anneliese Crosby, 46, who codes medical records at a private hospital in Manchester, N.H., is trying to get a government job for financial reasons — better pay, benefits and job security. The hospital recently ended its pension plan for new employees. That didn't affect Crosby, but her retirement depends mostly on contributions to her tax-deferred retirement account.

"It's scary. I feel like I need a second job or to be on the lookout for a new job," she says. "I should put more in my retirement account, but I can't afford it."

Her solution: Apply for a similar job at a Veterans Affairs hospital. She'd get a pay raise, better benefits and a secure future. "My ex-husband keeps encouraging me to get a government job, and he's right about that," she says.

Pensions for civil servants often are superior to private pensions in subtle ways that make a huge financial difference. For example, government pensions:

•Generally base benefits on a worker's top three earning years. Private pensions typically base benefits on the top five years of pay, which lowers the average.

•Often let retirees add the value of overtime, unused leave and other benefits into the pension formula. The results can be extreme. Dover, N.H., Police Chief William Fenniman, 46, added more than $200,000 for severance, sick leave and other payouts into his three-year salary average when he retired in January. This will boost his retirement benefit to as much as $125,000 a year, more than he made as chief.

•Permit early retirement at age 50 or 55 with less of a benefit reduction than private pensions.

•Provide free or subsidized medical care for retirees under age 65 and supplemental coverage after that for those on Medicare.

•More often provide automatic cost-of-living increases to benefits.

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Baby boomer retirements will force governments to confront the rising costs of civil servant benefits. The U.S. government's unfunded retirement obligation grew $200 billion last year to $4.7 trillion. That's the amount the government would need today, set aside and earning investment returns, to pay for promised retirement benefits.

Before 1984, federal workers had a defined benefit plan and no Social Security. Today, new employees have Social Security and a pension that is part defined benefit plan (lifetime monthly payments) and part defined contribution (a lump sum at retirement).

The pension is more generous than most private pensions, but workers have to pay more to take advantage of the plan. "You have to be aggressive about making contributions if you want a good retirement," says Nichols, the Defense Department employee.

Unlike private pensions, though, the federal system still encourages early retirement. "The sweet spot for me is about age 56. When I run the numbers, the system almost forces me to retire" early, Nichols says. For example, he expects to qualify for a free supplemental annuity at age 56 that provides a benefit equal to what he'd get at age 62 under Social Security.

Another big incentive to retire early: Most governments offer health insurance to early retirees until they qualify for Medicare at 65. Massachusetts spent $377 million on retiree medical benefits last year. The state's unfunded liability for such costs is $13.3 billion, nearly as much as its actual debt of $18.5 billion, which is counted separately.

"It's a burden on taxpayers, of course," says Delores Mitchell, executive director of the Massachusetts Group Insurance Commission, which runs the program. But she doesn't foresee major benefit cuts. "States have a tradition of treating retirees well."

Medical insurance may be the most vulnerable benefit because it has fewer legal protections than pensions, which often are guaranteed in state constitutions. Orange County, Calif., recently slashed promised retiree medical benefits, cutting its liability from $1.4 billion to $600 million. The county hasn't done anything about its pension problem.

"Pension benefits are like a lobster trap. You can get in, but you can't get out," says John Moorlach, an Orange County supervisor who has tried to reduce retirement benefits for government workers.

He blames elected officials for awarding unsustainable retirement benefits to win support from employee unions. "Elected officials love to give generous retirement benefits because they don't cost anything today and they'll be out of office when the payments come due," Moorlach says. "And the public? Eyes droop with boredom when you bring up the topic."

The financial soundness of civil servant pensions varies across the country. Government pensions are, on average, in a similar condition as private pensions — about 20% below the assets needed to be properly funded. But some states, especially in the industrial Midwest, have severely troubled pensions.

"The taxes needed to pay for these promises would push many of these states' economies into a death spiral," Chicago bankruptcy lawyer James Spiotto says.

He says public employee unions should not overestimate legal protections for pension benefits. Localities can shed their obligations in a bankruptcy filing, and states, as sovereign governments, can ignore the requirements, he says. "Unions can win all the litigation and still lose because the judgments can't be enforced," Spiotto says.

Tim Lee, executive director of the Texas Retired Teachers Association, says unions understand the cost of the retirement benefits. He says his association's top goal is improving the financial health of the pension fund, not winning new benefits.

As expensive as government pensions are to taxpayers, civil servants don't feel the benefits make them rich. Frank Caron, 49, maintains lab equipment at the University of Massachusetts Amherst. He makes about $40,000 a year.

He has contributed heavily to his pension, including an extra $74 a week to restore pension credit for earlier government jobs. That will let him retire:

•At 55 with 47% of pay;

•At 60 with 72% of pay;

•Or at 65 with 103% of pay.

He also will have medical benefits and be eligible for Social Security at 62. "I've worked hard to have my ducks lined up in a row for retirement," he says.

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FEDERAL DIARY: Thrift Savings Plan Hopes To Engage No-Shows (WP)

By Stephen Barr

Washington Post, February 21, 2007

For lack of a better phrase, we'll call them the TSP No-Shows.

Some members of the Thrift Savings Plan rarely or never check to see how much money is in their retirement accounts. Others have seemingly vanished because their mail is returned to the TSP as undeliverable.

To some extent, the problem of dropouts in a large organization should not be surprising. The TSP, the 401(k)-type program for government workers, has more than 3.7 million members around the world. With more than $210 billion in assets, it is one of the nation's largest retirement programs.

But the no-shows have emerged as a concern at the TSP, in part because of what the staff at the Federal Retirement Thrift Investment Board, which oversees the TSP, learned from a recent survey.

The survey found that about 16 percent of TSP members rarely or never review their retirement accounts. What was of more concern was the response from those who have most at stake in the TSP -- employees covered by the newer Federal Employees Retirement System -- because TSP savings will be a larger share of their retirement income. Of that group, 18 percent said they almost never or never look at their accounts.

The TSP also stumbled onto another problem while conducting the survey. Almost 10 percent of the questionnaires were returned to the TSP as undeliverable, suggesting that the retirement program has a similar percentage of incorrect addresses in its records.

To reach out to the no-shows, the TSP staff yesterday proposed sending an annual account statement to all 3.7 million plan participants. The cost of producing, printing and mailing the yearly statements would be $2.2 million to $2.6 million, based on preliminary estimates, said Gregory T. Long, TSP's director of product development.

The TSP provides quarterly account statements to participants through the plan's Web site. Paper statements are sent to participants who ask for them, and about 367,000 signed up to get statements in the mail.

The TSP shifted quarterly statements to the Web in 2003, and the effort has been successful, by and large. About 83 percent of respondents in the TSP survey said they were satisfied with their ability to get account information on the Internet. The elimination of quarterly paper statements saved the TSP more than $7 million last year.

Still, Long said yesterday, the TSP needs to take another look at the paperless policy in light of concerns about delivery of benefits, account security, participant education and notification requirements under the recently enacted Pension Protection Act.

A memo provided to the board by Long and Veronica Mance, a TSP benefits analyst, said participants who do not use the TSP Web site or receive paper statements may be unaware of their account balances, "resulting in poor retirement planning."

Those "disengaged participants" also may leave unpaid benefits in the plan or allow fraudulent activity on their accounts to go undetected, the memo said.

The board, chaired by Andrew M. Saul, gave Long a green light to design a single-page, doubled-sided document that would summarize account activity annually. Long said he hopes to have a firm cost estimate and proposal ready for board approval by spring.TSP's International Chase

Not all TSP participants are disengaged.

Last month, the TSP handled trades worth more than $1 billion in its international stock index fund, as participants tried to maximize their returns. The participants also ran up $523,123 in trading costs, far more than the costs incurred by the large and small-cap U.S. stock funds, Tracey A. Ray, the TSP chief investment officer, reported to the board.

The trading costs for the I Fund are high because the Australia and Asian stock markets close before the fund manager, Barclays Global Investors, receives the TSP buy-and-sell orders for the day. The trades are executed the following morning and in times of greater volatility, as was the case last month, the time lag can be costly.Take That, Jack!

Jack Bauer, the government's superagent on Fox's "24," leads a tortured life. But his TV dad, the evil Phillip Bauer, really knows how to hurt his son. In Monday's installment, the dad says to Jack:

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"You know, none of this would have happened if you hadn't turned your back on me. So that you could become -- what? -- a civil servant."

Yipes!

Helen Thomas Moving Back After 46 Years Down Front (POL)

By Mike Allen

Politico.com, February 21, 2007

Every theater-style seat in the White House briefing room, now closed for renovation, had a brass plaque inscribed with the name of a news organization. Only one, in the middle of the front row, had a name: "HELEN THOMAS," it said. The unique assigned seat between the chairs for CBS News and ABC News was reserved for the legendary United Press International correspondent who is now a columnist for Hearst Newspapers.

The press corps is scheduled to move from temporary facilities back into the spiffed-up, rewired briefing room in May or June. Thomas, who has been questioning presidents and press secretaries for 46 years, plans to be there. But her front-row seat won't be. Plans call for her to be moved to the second row to make room for a cable news channel – a sign of Washington's changing pecking order, and of the new ways that Americans get their news.

"I didn't think I had a monopoly on that seat," Thomas, 86, said in a telephone interview. "Since my peers have decided that I don't belong there, I'll bow to their – I'll drink the – What did Socrates drink?"

Hemlock?

"I'll drink it," she said. "You have to submit to the will of the people, and apparently this is the will of my peers. It's OK with me. I've had a good run in the front seat."

Thomas has been at the front of the class ever since scribes just pulled their chairs up around the press secretary. Now, the assigned seats are coveted real estate – both as a sign of status and because the closer you sit to the front, the better your chance of getting called on – whether the person giving the briefing is Tony Snow or the president himself.

Thomas usually comes to the press secretary's morning "gaggle" but does not always attend the afternoon briefing, so sometimes her seat is empty. It's the only seat that traditionally is left vacant if unoccupied. Every other chair gets filled in by those without regular seats, whose questions do not always live up to Thomas's zingers.

Thomas has retained her edge over the years and asks blunt, argumentative questions, often sympathetic to Palestine. Nevertheless, press secretary Tony Snow treats her with deference. One day, he mysteriously said from the podium that he wanted to see her afterward. It turned out he wanted her to sign one of her books.

Asked in December if President Bush had factored in "how many people will die" in forming his Iraq strategy, Snow replied patiently, "Helen, you ask that question every day."

"It's a very valid question," she said. Snow said: "It's a question he thinks about every day."

The old briefing room had eight rows of six seats across. The new one will have seven rows of seven seats, so the departure of Thomas would mean two more front-row spots. Both CNN and Fox have expressed interested in moving up from the second row. Thomas will move back. "Her special place in history is secure," said one of the correspondents involved in the decision. "Only one columnist in all the United States has a seat in the briefing room. Helen. She still will."

The Politico's Anne Schroeder first wrote about the possibility of a move for Thomas in her "Shenanigans" column, and now the details appear to be worked out. Steve Scully, president of the White House Correspondents Association, which traditionally decides the seating arrangement, said Thomas was "very gracious" when he approached her about the possible change.

"The wires and three networks have had a front-row seat dating back to the Nixon administration, when the West Wing briefing room opened," explained Scully, who is C-SPAN's senior executive producer and political editor. "When discussions began two years ago about redesigning the briefing room, both Fox and CNN expressed an interest in having a front-row seat. Among the criteria for seating arrangements are the size of the news organization a reporter represents and the frequency with which they attend the briefings. Helen Thomas remains the dean of the White House press corps, and we will make certain her

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needs are met. She has been terrific in understanding our situation." A final decision will be made by the group's board within a month.

The cover of Thomas's latest book -- "Watchdogs of Democracy?" -- shows the rows of briefing-room seats with whimsical Post-It Notes labeled with the names of news organizations. She says in the book that she has retained her chair by dint of seniority. Asked in the interview if she'll still come in to occupy a second-row seat, she replied: "Of course."

Thomas left the ailing UPI and became a columnist for Hearst in July 2000. She started covering the White House on Jan. 20, 1961 – the inauguration of JFK. At the time, the press was crammed into what she calls "Kissinger's old office," now the National Security Affairs Office. "A very tight little island, long before the advent of regular television and radio," she recalled. About 10 people hung out there. She became UPI's White House bureau chief in 1974 and held that title until she moved to Hearst, where she writes columns, such as one titled "Cheney the Irrelevant."

She is deeply disillusioned by the state of press-presidential relations. "I think we have a public trust, and I think we have fallen down on the job," she said. "The newest crop of journalists don't do their job. For one thing, they're being blocked. I think they came out of their coma on Katrina. But the questions that should have been asked have not been asked and time has passed us by."

I pointed out that there is a school of thought that questions are worth asking even if the president won't answer them. "At least the public'll know you're doing your job," she said. "Questions should be out there, because the American people have seen us become so compliant and complicit. You were there for the run-up to the war. Where were the questions? Who asked why, what, what do you mean? We drop bombs and we accuse the enemy of meddling? We attack a country that did nothing on us? We dropped bombs on innocent people and started this war. You were there. Nobody said why." When she paused and I filled the silence with "fascinating," she continued: "It isn't fascinating. It's rid– it's, it's sad."

As for how she thinks the next White House will handle the press, she said, "I think reporters should pin down the candidates and get them to almost sign on a dotted line that they're going to give regular news conferences. It's the only institution in our society where a president can be questioned on a regular basis. If he's not questioned, he can operate solo, as a dictator."

Earlier this month, Thomas received a Lifetime Achievement Award at the black-tie congressional dinner of the Washington Press Club Foundation. In 1974, The New York Times printed her byline over her exclusive year-end interview with President Gerald Ford, who was already arguing that President Richard Nixon's acceptance of the pardon amounted to a confession to his role in Watergate. In 1973, interviews by Thomas with Martha Mitchell, wife of Attorney General John Mitchell, helped expose Watergate. On Aug. 26, 1973, Thomas quoted Martha Mitchell as saying she had seen a Nixon campaign strategy book that included plans for Watergate-style operations, according to UPI's Web site.

Asked about White House stories she's proud of, Thomas said: "One was Martha Mitchell, calling for Nixon's resignation. And I think the whole Nixon era: We all were picking up things. I mean, we didn't get the big exclusive on Watergate. But we were writing stories. I've covered history every day since I've covered the White House, and that's how I view it. I was not in Dallas, but my boss was. He won the Pulitzer. He was in the third car. I can't recall. I do know that I was the only woman print journalist to go to China in '72 with President Nixon, and wrote many firsthand stories about China. You don't need my biography."

Thomas was famous for her brisk "Thank you, Mr. President" – the now-defunct signal to end a news conference by the senior wire service reporter. UPI's Merriman Smith started the tradition when he covered Franklin Delano Roosevelt. Now, the president just stops when he wants to.

That Sinking Feeling (NYT)

The New York Times, February 21, 2007

How do you know when it's time to improve the country's roads and bridges, the water systems and power grids that the United States relies upon? There have been plenty of warning signs: spiking traffic congestion and spectacular blackouts. But at what point does the issue move from the province of anxious engineers to an outright national priority?

When sinkholes start swallowing repair trucks, it's a pretty good bet that it's time to pay attention. As William Yardley reported recently in The Times, the country's water and sewer lines, many of them a century old, are in terrible shape, leading to

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those collapsing roads. And the Army Corps of Engineers reported earlier this month that more than 120 levees around the country could fail in a major flood. New Orleans needs to remain an exception, rather than a sad model for the future.

According to the federal Environmental Protection Agency, just fixing the nation's aging wastewater infrastructure will cost as much as $390 billion. A report to be released next month by the consulting firm Booz Allen Hamilton notes that a successful business environment also demands more reliable energy, water and transportation systems. The report cites a Transportation Department finding that freight bottlenecks — with planes circling at overcrowded airports and cargo stacked up at overcapacity ports — are costing the United States economy $200 billion annually.

That means that America's ability to compete isn't just a matter of being inventive and having a good work ethic, but also depends on the ability to deliver products reliably and on time. The first president with a master's degree in business administration — hint, he's the current Oval Office occupant — should convene a task force of federal, state and local officials to address the growing problem.

If a company kept its factories in the condition that America keeps its infrastructure, you'd expect it to lose business.

Making Amends (WP)

The Washington Post, February 21, 2007

WHEN ASKED yesterday on NBC's "Today Show" about his views on a federal passenger bill of rights, JetBlue chief executive and founder David Neeleman said, "Why should Congress tell us how to treat our people? We should be able to do that." In a perfect world that would be true. But recent events, including last week's JetBlue debacle, raise doubts.

The renewed push for a passenger bill of rights gained traction in the Valentine's Day ice storm, when nine fully loaded JetBlue aircraft sat on the tarmac at John F. Kennedy airport in New York, some frozen to the ground, for six to 10 hours. In addition to the hundreds who were held hostage on stifling planes that ran out of food and water, hundreds more were stranded as JetBlue's operations ground to a halt.

The seven-year-old carrier wasn't alone in wreaking havoc on travelers that day. But because JetBlue has been heralded for its customer service, it has borne the brunt of criticism. That explains why Mr. Neeleman has been pleading for public forgiveness and instituting his own "Customer Bill of Rights," which includes compensation for canceled and delayed flights, payments to those who are bumped, and the option to get off the plane after five hours.

Meanwhile, Sen. Barbara Boxer (D-Calif.) introduced a passengers' bill of rights on Saturday and Rep. Mike Thompson (D-Calif.) plans to do the same next week. Both bills require airlines to allow travelers to get off planes after three hours of delay. That's more reasonable than what JetBlue is offering. And Mr. Thompson's bill goes a step further to mandate frequent updates on the cause and timing of delays.

Kate Hanni, who founded the Coalition for an Airline Passengers' Bill of Rights after being trapped in Austin on an American Airlines jet with no food, water or access to a bathroom for eight hours in December, wants a mandated 150 percent refund for passengers who are bumped or whose flights are canceled or postponed. The congressional bills wisely avoid saddling the very competitive and not-very-profitable airline industry with potentially crippling penalties. Neither should the government be micromanaging airline customer service. But setting minimal standards of decency seems like a fair approach.

OTHER NEWS:

Blue Chips Hit Another High, Aided By Wal-Mart, Oil's Fall (WSJ)

By Peter A. Mckay

The Wall Street Journal, February 21, 2007

Solid earnings at Wal-Mart Stores and a drop in oil prices outweighed weak results at Home Depot, sending the Dow Jones Industrial Average to another record.

The blue-chip average gained 19.07 points, or 0.1%, to end at 12786.64, up 2.6% on the year. Wal-Mart, a Dow component, rose 3.7% after the retail giant announced fourth-quarter profits that beat Wall Street's expectations. Home Depot

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posted its first full-year decline in earnings, but the results were largely in line with analysts' estimates. Shares fell slightly, off 0.2%.

Other market measures posted their highest closes in more than six years. The broad Standard & Poor's 500-stock index edged up 0.3%, or 4.14 points, to 1459.68, up 2.9% on the year.

The technology-stock-stock-focused Nasdaq Composite Index added 0.7%, or 16.73 points, to 2513.04, up 4% on the year.

For the second time in a week, the Dow Jones Utility Average and the Dow Jones Transportation Average hit records on the same day as the Dow industrials, another sign of the broad market gains.

In early trading, stocks hovered in the red. But a steep selloff in the oil market put stock investors in a better mood, since lower energy costs often free up money for consumers to spend on U.S. goods and services.

Warmer weather in the Northeast and statements by Iran's foreign minister calling for more talks regarding his country's controversial nuclear program prompted the decline in oil prices. Crude futures for March delivery plunged $1.32, or 2.2%, to $58.07 a barrel, down 4.9% on the year at the New York Mercantile Exchange.

Analysts expect sharp criticism of Iran's nuclear program in a United Nations report due out today. But in large part, the market has factored in the likelihood of such criticism.

That left room for traders to interpret the foreign minister's remarks as a glimmer of hope, said energy analyst John Kilduff, of brokerage Fimat USA.

"We're definitely seeing some of the geopolitical fears come out of the oil price right now," said Mr. Kilduff.

In recent days, the market also has dealt with jitters over possible disruption of Nigerian supply due to political violence.

Another Dow component, Hewlett-Packard, reported earnings after the market close, beating analysts' estimates with a 26% rise in profits for its fiscal first quarter. In after-hours trading, the stock fell 38 cents, or nearly 1%, to $42.75 a share.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.34 billion shares, as 1,809 stocks rose and 1,504 fell.

Bond prices advanced2. The 10-year note added 3/32 point, or 93.80 cents per $1,000 invested, pushing the yield down to 4.680%.

The dollar strengthened3. Against the Japanese currency, the dollar rose to 119.99 yen, compared with 119.53 yen. The euro fell against the dollar to $1.3139, compared with $1.3156.

Write to Peter A. McKay at peter.mckay@wsj.com4

U.S. Stock Indexes Celebrate Milestones (USAT)

By Adam Shell

USA Today, February 21, 2007

NEW YORK — Another bad memory from the stock market plunge earlier this decade was wiped clean Tuesday from investors' minds.

The Dow Jones Wilshire 5000 stock index, the broadest gauge of the U.S. equity market, hit an all-time high Tuesday, finally erasing all of its 50.2% loss suffered in the 2000-02 bear market.

The index rose 62.89 points, or 0.4%, to 14,796.54, eclipsing its former high of 14,751.64 set on March 24, 2000, at the peak of the last big bull market on Wall Street. The market capitalization of the U.S. stock market now stands at a record $18.5 trillion, Wilshire Associates says.

While the Wilshire 5000 is not as well known as the iconic Dow Jones industrial average, it is an important index because, given that it includes 4,924 components, it acts as a barometer of the broad stock market's health.

Since hitting its bear-market low on Oct. 9, 2002, the index has earned back $9 trillion in market capitalization, restoring much of the lost wealth suffered by diversified investors who did not invest most of their money in the much-harder-hit technology stocks that reside in the Nasdaq composite. The Nasdaq is still 50.2% off its all-time high.

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The Wilshire milestone came amid more records on Wall Street. The Dow Jones industrial average rallied to its 32nd record close since October, gaining 19.07 points to finish at 12,786.64. The small-cap Russell 2000 also hit a record, closing up 7.96 points to 826.11.

Despite posting gains, both the Nasdaq and Standard & Poor's 500 remained the two most conspicuous major U.S. stock indexes that still are below their 2000 record highs. The S&P 500 gained 4.14 points to 1459.68, leaving it 4.4% shy of its record. The Nasdaq gained 16.73 points to 2513.04.

A drop in oil futures and a flurry of merger deals, including one between Sirius Satellite Radio and XM Satellite Radio, gave the market a boost. Sirius shares rose 6% to $3.92, while XM jumped 10.2% to $15.41. (Q&A, 6B.)

Highlights:

Shares of Wal-Mart Stores gained $1.78, or 3.7%, to $50.26, its biggest percentage gain in nearly four months after the world's No. 1 retailer reported better-than-expected earnings. (Retailers' earnings, 2B.)

•Home Depot, the world's largest home-improvement retailer, reported a 28% drop in quarterly profit. Shares dipped 10 cents, or 0.2%, to $41.34.

Falling Oil Prices Help Push Dow To Another Record Close (WP/AP)

Associated Press

The Washington Post, February 21, 2007

NEW YORK, Feb. 20 -- Wall Street managed a moderate advance in an uneven session Tuesday after a drop in oil prices and encouraging comments from a Federal Reserve official allowed investors to shrug off disappointment over declining sales at Home Depot.

The Dow rose 19.07, or 0.15 percent, to 12,786.64, after falling more than 60 points earlier. The Dow ended the day at its 31st record close since early October and its biggest five-day rally since mid-November. The Dow also reached a new trading high, 12,795.93.

The Standard & Poor's 500-stock index rose 4.14, or 0.28 percent, to 1459.68. The Nasdaq composite index rose 16.73, or 0.67 percent, to 2513.04.

Home Depot said sales at stores open at least a year dropped in the fourth quarter, suggesting that consumers were buying fewer home-improvement goods because of a sluggish housing market. Shares fell 10 cents, to $41.34.

The company's results sent the market down in early trading, but comments from outgoing Fed Governor Susan Bies, who said slumping demand for housing may have bottomed out, alleviated some concerns about the downturn dragging down the rest of the economy. Her remarks echoed those of Fed Chairman Ben S. Bernanke, who last week predicted that the economy will keep growing at a modest pace.

Oil prices, which fell $1.32, to $58.07 a barrel, on forecasts of warmer weather, also lent support to stocks. The decline in crude prices gave some investors reason to buy back into the market, as lower fuel costs curb consumer prices, which could help boost spending and reduce the chance of an interest rate increase.Movers

Wal-Mart rose $1.80, to $50.28, after reporting fourth-quarter profit growth of 9.8 percent, which beat analyst estimates.

New River Pharmaceuticals rose $4.84, to $63.19. Shire, a British pharmaceutical firm, plans to buy New River for about $2.6 billion.

Hewlett-Packard rose 36 cents, to $43.13. The computer maker said holiday sales drove its profit up in the latest quarter by 26 percent.

Fed Buzz Advances Market (WT/AP)

The Washington Times, February 21, 2007

NEW YORK (AP) -- Wall Street managed a moderate advance in an uneven session yesterday after a drop in oil prices and encouraging comments from a Federal Reserve official allowed investors to shrug off disappointment over Home Depot Inc.'s declining sales. The Dow Jones Industrial Average set another closing high.

Home Depot said sales at stores open more than a year dropped in the fourth quarter, suggesting that consumers' appetite for home improvement goods is still dwindling because of the sluggish housing market.

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The company's results sent the market down in early trading, but comments from outgoing Fed Governor Susan Bies, who said slumping demand for housing may have bottomed out, alleviated some concern about the downturn dragging down the rest of the economy. Her remarks echoed those of Fed Chairman Ben S. Bernanke, who last week predicted the economy would keep growing at a modest pace.

"The overall trend of the market is basically positive," said Brian Gendreau, investment strategist for ING Investment Management, pointing to Mr. Bernanke's recent forecast of moderating growth and cooling inflation. "That's a great environment for equities. Unless you have some specifically nasty news, there's no reason why the trend shouldn't be upward."

Falling oil prices, which tumbled $1.32 to $58.07 a barrel on the New York Mercantile Exchange on forecasts of warmer weather, also lent some support to stocks.

The Dow rose 19.07, or 0.15 percent, to 12,786.64, after falling more than 60 points earlier. Yesterday's climb brought the index to its 31st record close since early October, and its biggest five-day rally since mid-November. The Dow also reached a new trading high of 12,795.93, just short of 12,800.

The Standard & Poor's 500 Index rose 4.14, or 0.28 percent, to 1,459.68, and the Nasdaq Composite Index climbed 16.73, or 0.67 percent, to 2,513.04. The Russell 2000 Index of smaller companies rose 7.96, or 0.97 percent, to 826.11.

ConocoPhillips fell 57 cents to $65.58; Chevron Corp. fell 69 cents to $70.12; and Exxon Mobil fell 42 cents to $74.87.

Home Depot's weaker-than-anticipated sales also kept some pressure on stocks.

Home Depot fell 10 cents to $41.34 after reporting same-store sales that disappointed analysts. But Wal-Mart rose $1.78, or 3.7 percent, to $50.26 after issuing its financial results, which showed better-than-expected fourth-quarter profit growth and an upbeat forecast for 2007.

Hewlett-Packard Co. said after the market closed that holiday sales drove its profit up in the latest quarter by 26 percent. The results beat analysts' expectations, but the computer and printer maker's stock fell 43 cents to $42.70 in after-hours trading after closing up 36 cents at $43.13 in regular trading.

British drug company Shire is buying U.S. drug maker New River Pharmaceuticals for about $2.6 billion; Vulcan Materials is acquiring construction aggregate maker Florida Rock Industries for $4.6 billion; and EMI Group said it was approached by Warner Music about a takeover.

Florida Rock soared $19.58, or 42 percent, to $66.54.

Warner Music climbed 90 cents, or 4.9 percent, to $19.15.

New River, of Radford, Va., surged $4.84, or 8.3 percent, to $63.19.

Not all takeover talk was positive for stocks, though. General Motors Corp. slipped 39 cents to $35.95 as rumors continued to circulate that the struggling automaker is interested in buying Chrysler Group.

Advancing issues outnumbered decliners by about 5 to 3 on the New York Stock Exchange.

Mistrial In Malpractice Case After Defendants Aid Juror (NYT)

By Katie Zezima

The New York Times, February 21, 2007

BOSTON, Feb. 20 — A mistrial was declared on Tuesday in a medical malpractice case brought by the head football coach at the University of Notre Dame after a juror collapsed and the defendants, two doctors at Massachusetts General Hospital, rushed to help him.

The coach, Charlie Weis, who had N.F.L. coaching positions with the New England Patriots, the New York Giants and the New York Jets, has accused the doctors of negligence by letting him bleed internally for 30 hours after a gastric bypass in 2002.

Mr. Weis's lawyer said that he nearly died after the procedure and that the operation left his legs with nerve damage.

The doctors, Richard A. Ferguson and Charles M. Hodin, said that Mr. Weis knew the dangers of the operation and that bleeding was not uncommon after such surgery.

Around 10 a.m. as another doctor was testifying, a juror gasped and lost consciousness. The witness, with Drs. Ferguson and Hodin, rose and helped the juror, who was taken to a hospital.

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After the juror left, Mr. Weis's lawyer, Michael Mone, asked Judge Charles T. Spurlock of Superior County in Suffolk County for a mistrial. In an interview, Mr. Mone said two jurors had told the judge that the events could influence their verdict.

"Like anybody, he wanted the case to be completed," Mr. Mone said of his client. "But he also wanted to have the case decided by a jury that was not affected by such an extraordinary event."

On Friday, the Patriots quarterback, Tom Brady, testified that after the operation he saw Mr. Weis drift in and out of consciousness and that leg pain subsequently often hobbled the coach.

Supreme Court Will Review The Way New York Selects Judicial Candidates (NYT)

By Linda Greenhouse

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — The United States Supreme Court agreed on Tuesday to review New York's method of selecting candidates to its own Supreme Courts — the 324 judges who have general trial jurisdiction throughout the state and whose nomination to 14-year terms is tightly controlled by a political process that two lower federal courts declared unconstitutional last year.

The lower court rulings, which were stayed until after the 2006 election cycle, have created turmoil in the state's judicial politics and spurred calls for fundamental change in a system that dates to 1921. The political parties control the nominating conventions, and candidates who are not favored by the parties' leaders have no chance of getting on the ballot. The actual elections are for the most part uncontested.

From 1994 to 2002, these nominating conventions in the state's 12 judicial departments chose 568 State Supreme Court candidates, none of whom were challengers to the party favorites. The United States Court of Appeals for the Second Circuit, in a ruling last August affirming a decision issued five months earlier by Judge John Gleeson of Federal District Court in Brooklyn, ruled that the system was so exclusionary as to violate the First Amendment right of the state's voters to freedom of political association.

"The First Amendment guarantees voters and candidates a realistic opportunity to participate in the nominating phase free from severe and unnecessary burdens," Judge Chester J. Straub wrote for a three-judge panel of the appeals court. He added that the United States Supreme Court's election-law precedents "establish that the First Amendment prohibits a state from maintaining an electoral scheme that in practice excludes candidates, and thus voters, from participating in the electoral process."

The ruling was appealed to the Supreme Court by the New York State Board of Elections, joined by several political organizations; the incumbent State Supreme Court justices; and by Attorney General Eliot Spitzer, who was governor-elect by the time the appeal reached the court on Nov. 28.

Governor Spitzer's view of the case will be a matter of some interest as it goes forward. Addressing the Rockefeller Institute of Government shortly after his election as governor, Mr. Spitzer indicated that he did not support the existing system, which he said was "in dire need of reform." According to an account in The New York Law Journal, the governor-elect said that "there must be a way to primary onto the ballot," and added that "I will not support anything that has a closed convention structure, where only those who came out of the convention could be on the ballot."

Governor Spitzer's office in Albany said on Tuesday that he would have no comment on the Supreme Court decision to hear the case, New York Board of Elections v. Torres, No. 06-766. The court will take up the case when its next term begins in October. It could be a year from now, or longer, before the justices issue a decision.

That long waiting period presents considerable uncertainty. Under Judge Gleeson's original ruling, the state will have to begin to use a primary election system unless it comes up with another way to satisfy the court's constitutional concerns. A bill to establish primary elections as the way to choose State Supreme Court nominees passed the State Senate last year and was reintroduced at the beginning of the new session in January.

But primaries present their own problems, including the need for candidates to raise considerable amounts of money. (Money is also an issue with the nominating conventions; a judge who was arrested in Brooklyn on corruption charges several years ago asserted that the going rate in the borough for the Democratic nomination for judge was $50,000.)

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A task force convened by the New York City Bar Association in response to the court rulings recommended a system of merit selection, under which bar associations, civic groups and others would screen and present a list of candidates from which the governor or, in New York City, the mayor would choose.

Mark H. Alcott, president of the New York State Bar Association, said on Tuesday that the organization had long supported a merit selection system. The shift to such a system would require a state constitutional amendment. The Constitution was amended in 1846 to require election of State Supreme Court justices.

The challenge to the convention system was brought by a group of judicial candidates, Republican and Democratic voters, and the civic group Common Cause, represented by the Brennan Center for Justice at New York University Law School. The lead plaintiff, Margarita López Torres, who is now the Brooklyn surrogate court judge, tried and failed several times to obtain a Democratic nomination for State Supreme Court. As an elected Civil Court judge, she refused an order to make a patronage appointment of a law secretary, and complained that she was told by a party leader that she "did not understand the way it works."

Romney Mounting An Early Presidential Ad Campaign (NYT)

By Adam Nagourney

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Mitt Romney, who entered the race for the Republican presidential nomination last week, will run television advertisements in five states starting Wednesday, the latest sign of how quickly the 2008 campaign is moving.

The advertisements, 10 months before the first nominating contests next year, are an early move to inform Republican primary voters about his views and record at a time when he has come under some criticism by opponents for shifting his views on several issues.

The television advertising campaign will begin in Iowa and New Hampshire on Wednesday and then expand to South Carolina, Florida and Michigan, all states with early 2008 contests, his aides said. The advertisements will run for about two weeks.

Mr. Romney, a former governor of Massachusetts, becomes the first of the major presidential contenders of either party to buy television time. By contrast, in the 2004 election, Howard Dean, a Democrat seeking his party's presidential election, bought the first television advertisements only six months before the first nominating contests.

"It is very early," said Evan Tracey, chief operating officer of the Campaign Media Analysis Group, a firm based in Virginia that tracks advertising. "But everything this time is seemingly very early."

The advertisements include film from Mr. Romney's announcement last Tuesday in Dearborn, Mich., along with shots of him speaking at a rally at the Iowa State Fairgrounds that afternoon. As is typical with early introductory advertisements, they focus heavily on presenting information about someone who is little known outside his state, focusing in particular on his tenure as head of the 2002 Winter Olympics in Salt Lake City.

The advertisement also offers a hint of how Mr. Romney may package himself in the campaign. "The Republican governor who turned around a Democratic state," the announcer says.

Some Romney supporters have been urging him to push back against criticism that he has shifted on issues as he has sought the backing of conservatives in his party — particularly his move from supporting abortion rights when he was a candidate in Massachusetts to opposing them now.

Recently, for example, Mr. Romney said in an interview on the ABC News program "This Week" that he just recently signed up as a member of the National Rifle Association and that he voted for Paul E. Tsongas, the former Democratic senator from Massachusetts, in his state's 1992 Democratic presidential primary, which is open to voters from both parties.

Mr. Romney's advisers said the advertisements had long been planned and should not be viewed as an expression of concern that he is being defined early by these questions.

"What the announcement did is stimulate a great deal of demand and interest about Mitt Romney from voters," said Kevin Madden, his spokesman. "What this does is introduce Mitt Romney to voters and gives more information about who he is. We don't enjoy the universal name identification that other candidates enjoy at this point."

Romney Goes Up On TV (POL)

DOJ_NMG_0134684

By Jonathan Martin

Politico.com, February 21, 2007

Former Massachusetts Gov. Mitt Romney goes up on the air tomorrow in parts of Florida, Iowa, Michigan, New Hampshire and South Carolina with his campaign's first ad. The 60-second spot, "Unplugged," features Mitt on the stump. There will also be a condensed, 30-second version.

Asked why the campaign would air commercials so far ahead of the first voting, Romney spokesman Kevin Madden said, "It's the perfect time."

"We just launched last week, and since then voter interest in Mitt Romney is continuing to grow and demand is rising," Madden continued. "This ad allows people to see and hear Mitt Romney as he works the campaign trail and makes his case for people's support."

The spot also allows Romney to boost his name ID in the key early states, where he currently lags far behind the better-known Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani. While Romney has put together a solid organization in each of these initial nominating states and created buzz with the political class, he's yet to penetrate the larger population. These ads aim to change that.

The Abortion Wars (POL)

Politico.com, February 20, 2007

The campaign of former Massachusetts Gov. Mitt Romney, whose stance on abortion has often been hard to pin down, now is attacking Sen. John McCain on the issue, accusing the Arizonan of ducking the debate over the right to life since his 2000 presidential bid.

"Ask the pro-life movement where his leadership has been in the six years since 2000 that he's been running for president," says Gary Marx, who is charged with handling conservative outreach for Romney. "What has he done?"

But isn't it a bit audacious for the campaign of a candidate who was, in his own words, "effectively pro-choice" as late as his 2002 gubernatorial run, to now take shots at the record of a consistently pro-life opponent?

"We're making sure that all primary voters and [conservative] leaders have full picture on all the candidates," responds Marx.

Which is why Marx sent an e-mail (pasted in full below) last night to more than 100 influential social conservatives highlighting various news clips about McCain's stance on abortion, bolding and italicizing those lines that call into question the senator's commitment to ending the practice.

Romney's views on social issues, and particularly abortion, have received sustained scrutiny over the past few months and it's time that the other candidates face a similar examination, Marx says.

McCain, for example, "votes pro-life," Marx concedes, "but he still doesn't get it on what to do" to end the legalization of abortion.

Matt David, spokesman and rapid response guru for McCain, responded by noting his candidate's long record of opposing abortion.

"Senator McCain ran as a pro-life candidate, was elected as a pro-life senator and serves as a pro-life senator," he said.

McCain said Sunday on the campaign trail in South Carolina that, as president, he would support overturning Roe v Wade.

And what about Romney's own conversion on what conservatives call "the sanctity of life"?

Marx points out that Romney as governor vetoed funding for embryonic stem cell research, an emergency contraception bill and a measure that would change the defintion of when life begins.

While Romney's rhetoric was consistently pro-choice before being elected, his gubernatorial record "is 100% pro-life as a record," notes Marx.

That may be the case, but as long videos like this continue to appear on YouTube, it will be difficult for Marx and Co. to keep the focus on anybody's record on the issue but their own.

Mitt Romney's Extreme Makeover (WP)

By Ruth Marcus

DOJ_NMG_0134685

The Washington Post, February 21, 2007

Precisely two years ago, Mitt Romney, then the governor of Massachusetts but already eyeing a 2008 presidential bid, sat in the coffee shop of a Washington hotel, doing his best not to explain his views on abortion.

Romney was speaking to a few of us from The Post, and my colleague Dan Balz noted the similarity between Romney's expressed views on abortion rights and the stance of another Massachusetts politician, Sen. John F. Kerry: Both men said they were personally opposed to abortion but did not support making it illegal.

From there, Romney proceeded to expound one of the odder positions I've heard in years of listening to politicians talk about a subject most would prefer to avoid: "I can tell you what my position is, and it's in a very narrowly defined sphere, as candidate for governor and as governor of Massachusetts," he said. "What I said to people was that I personally did not favor abortion, that I am personally pro-life. However, as governor I would not change the laws of the commonwealth relating to abortion.

"Now I don't try and put a bow around that and say what does that mean you are -- does that mean you're pro-life or pro-choice, because that whole package -- meaning I'm personally pro-life but I won't change the laws, you could describe that as -- well, I don't think you can describe it in one hyphenated word."

Got it? I didn't, and I asked, "Do you support making abortion illegal? I'm not talking about what you would do as governor of Massachusetts."

Romney: "But that's the furthest I'm going to take you right now. I'm governor of Massachusetts, and I'm telling you exactly what I will do as governor of Massachusetts, but I'm not going to tell you what I'd do as mayor of Boston or a congressman or any of those positions."

I reprint so much of Romney's answer (you can read or listen to the full exchange online) because its baroque circumlocutions seemed to say so much about him. It was hard to know what Romney actually thought about abortion rights other than that this was a political minefield it was best to avoid stepping into for as long as possible.

But it was also hard to see how a man with deeply held convictions on abortion rights -- either for or against -- could take a position so calibrated and inconclusive. Listening to Romney that day was like watching a chameleon in the fleeting moment that its color changes to suit its environment. Indeed, several months later, after vetoing a bill to expand access to emergency contraception, Romney wrote in the Boston Globe about how his views on the subject had "evolved and deepened."

Evolved, indeed. During his Massachusetts races, Romney paraded his conviction that "abortion should be safe and legal in this country" and promised that "you will not see me wavering" on Roe v. Wade.

Now Romney says he opposes abortion except in cases of rape and incest or to save the life of the mother, and supports overturning Roe. At the National Review Institute Conservative Summit last month -- at the very hotel where he had told us of his commitment to not altering state law one way or another -- Romney boasted that each time an issue involving reproductive rights came up during his governorship, "on every single one of them I came down on the side of respecting human life."

Romney's "Extreme Makeover: Political Edition" goes beyond abortion rights. Once he supported allowing gays to serve openly in the military and backed a federal law to prohibit discrimination on the basis of sexual orientation -- not anymore. He's gone from saying "I don't line up with the NRA" to becoming, last August, a life member.

Romney told the Boston Globe in 1994 that, as a registered independent, he voted in the 1992 Democratic primary for Paul Tsongas because Tsongas was from Massachusetts and he favored Tsongas's ideas over Bill Clinton's. Appearing last weekend on ABC's "This Week," Romney offered a contradictory explanation: "When there was no real contest in the Republican primary, I'd vote in the Democrat primary, vote for the person who I thought would be the weakest opponent for a Republican."

Surely a man with a Harvard MBA could do better than that. At the time of the primary, Tsongas was doing better than Clinton in matchups against George H.W. Bush. And Tsongas didn't need Romney's help trouncing Clinton in his home state.

To give this explanation the credit it doesn't deserve, Romney's rationale boils down to arguing that he didn't really mean his vote; he was just trying to game the political process. Those considering Romney in 2008 have reason to wonder what a politician who admits so freely to that kind of manipulation is willing to do to win their votes.

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McCain Defends Christian Outreach Effort (AP)

By Brendan Farrington, Associated Press Writer

AP, February 21, 2007

Republican presidential candidate John McCain is defending his outreach to conservative Christians, arguing that his effort is not political pandering to win the GOP nomination.

McCain met privately Monday with religious broadcasters in Orlando, Fla., then answered questions about his appeal to conservatives in Vero Beach.

In the 2000 campaign, McCain angered the party's right by calling evangelist leaders Pat Robertson and Jerry Falwell "agents of intolerance." Last spring, he spoke at Falwell's Liberty University although hard feelings still linger among some conservatives. Focus on the Family founder James Dobson has said he won't support McCain.

"Nobody accused me of courting and pandering to the liberals when I went to the New School," McCain told the crowd, a reference to the New York City school. "What I have found out in my life, is that every time I have done something for political reasons and not the right reasons, I have paid a very heavy price for it — a big price."

The Arizona senator said he is trying to reach out to all elements of the party.

"I don't know which part of the party is going to be more influential or not," McCain said. "I've tried always in my political career to have a big tent party where a lot of people are welcome with differing views."

Conservatives are a critical voting bloc in the GOP primaries.

The Rev. Patrick Mahoney of the Christian Defense Coalition said after McCain's private meeting in Orlando that he helped repair damage with Christian conservatives.

"He recognized he cannot be president of the United States without reaching out to the evangelicals," Mahoney said. "There definitely is an uneasy relationship between McCain and people of faith, but he is reaching out and he is breaking down those walls. He helped himself in that room tremendously today."

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WASHINGTON (AP) — John Edwards' presidential campaign wants to make it clear that he does not consider Israel a threat to world peace.

A spokesman for the 2008 Democratic candidate issued a statement Tuesday denying such a report on Variety.com. Columnist Peter Bart reported that Edwards told a Hollywood fundraiser last month that the possibility that Israel would bomb Iran's nuclear facilities is perhaps the greatest short-term threat to world peace.

The report was circulating on the Internet, and the Edwards campaign wanted to reassure its pro-Israel supporters that is not his position.

"The January 19th Variety article is erroneous," said Edwards spokesman Jonathan Prince. "Senator Edwards did not say nor does he believe that the greatest short-term threat to world peace is the possibility that Israel would bomb Iran's nuclear facilities. Senator Edwards said, as he has in the past, that Iran acquiring a nuclear weapon is one of the greatest short-term threats to world peace."

Bart said Variety stands by its report. The host of the Jan. 9 fundraiser, Adam Venit of the Endeavor talent agency, did not respond to a message seeking comment.

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WASHINGTON (AP) — Democratic presidential candidate Barack Obama will deliver the keynote address next month at the annual Bridge Crossing Jubilee that commemorates the 1965 Selma-to-Montgomery voting rights march, organizers said Tuesday.

Obama is scheduled to speak at a March 4 service at Brown Chapel A.M.E. Church, the site in Selma where marchers gathered in the historic protest that gave blacks across the South greater access to the ballot.

Rep. Artur Davis, D-Ala., who district includes Selma, asked Obama to participate and plans to hold a fundraiser for the Illinois senator. Davis and Obama met while attending Harvard Law School.

The 1965 march helped spark passage of the Voting Rights Act, which allowed blacks to register across the South without the obstacles used by segregationists to limit their access to polling places.

DOJ_NMG_0134687

Club-swinging troopers and deputies beat and turned back marchers at the Edmund Pettus bridge at Selma on March 7, 1965, an attack that became known as "Bloody Sunday" and helped galvanize national support for the voting rights movement. With a federal court order clearing the way, the march to Montgomery was completed later that month.

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Associated Press writers Ben Evans and Nedra Pickler in Washington contributed to this report.

McCain Suffers In Polls Despite Iraq Stance (FT)

By Edward Luce

Financial Times, February 20, 2007

Once considered the un-crowned Republican candidate for the 2008 presidential election, John McCain's fortunes are plummeting rapidly. And the senator's frustrations are beginning to show.

At a campaign stop in South Carolina on Monday, Mr McCain lashed out at Donald Rumsfeld, the controversial former defence secretary, as "one of the worst secretaries of defence in history". The 70-year-old Vietnam war veteran added: "We are paying a very heavy price for the mismanagement – that's the kindest word I can give you – of Donald Rumsfeld of this war. The price is very, very heavy and I regret it enormously."

In spite of his criticisms of the Bush administration's handling of the Iraq war since 2003, Mr McCain is starting to pay a price on the campaign trail.

Last month the Arizona senator came out strongly in favour of George W. Bush's "new way forward in Iraq", which involves sending another 21,500 US troops into the field. Since then, his poll numbers among registered Republican voters and among the US public at large have fallen sharply.

From being the virtually uncontested frontrunner among Republicans, recent polls show Mr McCain trailing Rudy Giuliani, the form-er mayor of New York seen by many as an "American hero" because of the leadership he displayed after the September 11 terrorist attacks.

According to the latest poll by Fox News, only 22 per cent of Republicans support Mr McCain's candidacy compared with 34 per cent for Mr Giuliani. Newt Gingrich, the former speaker of the House of Representatives, attracted 15 per cent support even though he has not yet decided whether to enter the race.

Meanwhile, Mitt Romney, the former governor of Massachusetts, who is trying to position himself as a candidate of the powerful social conservative bloc, failed to get into double figures. Mr Romney's Mormon beliefs are seen as a severe handica p in a party where up to one-third of members are registered evangelicals.

Mr McCain is viewed with suspicion because of his support for stem cell research and lukewarm opposition to abortion and gay marriage.

He has stretch-ed voter credulity by making overt attempts to reconcile with the Christian right. He said the 1973 Roe vs Wade Supreme Court ruling that paved the way for abortion should be overturned.

Although Mr Giuliani is more liberal by far on social issues than either of the other candidates and is also on his third marriage, his image as a tough operator in what is widely expected to be a national security-dominated election in 2008 has assisted his poll numbers, say analysts.

Dewine, Castle Endorse Mccain (HILL)

By Elana Schor

The Hill, February 21, 2007

Sen. John McCain (R-Ariz.) yesterday picked up a 2008 endorsement from Ohio's former GOP senator, Mike DeWine, who maintains strong name-recognition in the quintessential swing state, despite losing his seat last year.

Rep. Mike Castle (R-Del.) also joined McCain's 2008 bid.

Of the 17 House Republicans who voted with Democrats on last week's resolution condemning the Bush administration's plan to add troops in Iraq, five are public McCain supporters: Reps. Ric Keller (Fla.), Fred Upton (Mich.), Steven LaTourette (Ohio), Mark Kirk (Ill.) and Castle.

DOJ_NMG_0134688

South Carolina To Test Rudy's Line On Judges (HILL)

By Alexander Bolton

The Hill, February 21, 2007

A speech Rudy Giuliani delivered to an abortion-rights advocacy group when he was mayor of New York City and more recent comments about the Supreme Court could complicate his efforts to woo conservative votes in crucial presidential primary states.

Giuliani will test his new abortion talking points with conservative voters today when he campaigns in South Carolina, a state that is expected to pose an obstacle to centrist GOP presidential candidates next year.

Giuliani, who was an outspoken supporter of abortion rights when he ran for city office in the 1990s, has shifted his position to appeal to conservative voters by promising to nominate conservative jurists to the federal courts if elected president. He has vowed to select judges like Chief Justice John Roberts Jr. and Justice Samuel Alito Jr., conservative stalwarts on the Supreme Court who are viewed as abortion-rights opponents.

The credibility of that stance is undermined by remarks Giuliani delivered in April of 2001 to the National Abortion & Reproduction Rights Action League, now known as NARAL Pro-Choice America.

NARAL was perhaps the harshest critic of President Bush's appointments of Roberts and Alito to the high court. NARAL aired the first television advertisement opposing Roberts's nomination, accusing him of supporting violent anti-abortion groups while showing footage of a 1998 abortion clinic bombing.

The ad was met with such a barrage of protest that NARAL took it off the air. Sen. Arlen Specter (R-Pa.), then the centrist chairman of the Senate Judiciary Committee, condemned the ad, saying it was untrue and undercut the credibility of abortion-rights advocates.

Giuliani's remarks to NARAL could prove embarrassing because the Roberts episode is still fresh in the minds of many conservative activists the former mayor hopes to win over to his side.

"I thank NARAL for taking the lead in establishing freedom of choice for all of us, and as the mayor of New York City, I thank you for being here in New York City," he said in 2001.

Giuliani also indicated then that he supported changing the Republican Party's platform on abortion.

"In a recent poll by American Viewpoint, 65 percent of Republicans supported changing the plank in the Republican platform that calls for a constitutional ban on abortion," he said. "And over 80 percent of Republicans believe that the decision with regard to an abortion should be made by a woman, her doctor, and her family, rather than dictated by the government."

Abortion rights, Giuliani said, fit well within the Republican Party's philosophy of reducing the role of government in people's lives.

"So it is consistent with that philosophy to believe that in the most personal and difficult choices that a woman has to make with regard to a pregnancy, those choices should be made based on that person's conscience and that person's way of thinking and feeling," he said. "The government shouldn't dictate that choice by making it a crime or making it illegal."

At the NARAL lunch, Giuliani also said he and the assembled guests were "upholding a distinguished tradition that began in our city starting with the work of Margaret Sanger," a founder of Planned Parenthood and a pioneer of distributing birth control to the poor.

An official with Giuliani's campaign stressed that he has since clearly stated his personal opposition to abortion.

"I oppose it," Giuliani said during a Fox News interview this month. "I don't like it. I hate it. I think abortion is something that is a personal matter I would advise something against. However, I believe in a woman's right to choose. I think you have to ultimately not put a woman in jail for that. I think ultimately you have to leave that to a disagreement of conscience and have to respect the choice that somebody makes…"

Now that Giuliani is pinning his abortion stance to a promise on federal court nominations, he could be haunted by other public comments.

In July of 2005, he said Justice Ruth Bader Ginsburg fit criteria that would be important to him when picking a Supreme Court justice.

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"[W]hat's important to me is to have a very intelligent, very honest, very good lawyer on the court," he said. "Justice Ginsburg fit that category." Giuliani added that she was a "very qualified lawyer and a very smart person."

Ironically, Giuliani made his 2005 statements on Fox News's "Hannity & Colmes," the same show on which he made an appeal this month to conservative voters.

"I think the appointment of judges I would make would be very similar if not exactly the same as the last two judges that were appointed," he said. "Chief Justice Roberts is somebody I admire. Justice Alito, someone I knew when he was U.S. attorney, I also admire."

Influential conservatives say Giuliani cannot merely promise to nominate conservatives to the bench. They say he must address his personal stance on the issue.

"I think it's probably going to have to be stronger," the director of public policy for the South Carolina Baptist Convention, Joe Mack, said. "He'll have to deal with where he stands on the issue, not just on his court appointees. I think people are still going to want to know where he stands on the issue."

Mack said that if Giuliani has changed his mind on abortion, he will have to make his case convincing.

"What kind of case he makes will determine whether they accept it or not," he said, speaking of social conservatives from his state.

A conservative activist leader based in Washington, Connie Mackey, said Giuliani's comments need to be scrutinized.

"It's relevant," said Mackey, who works for the legislative-action arm of the Family Research Council, a group representing evangelical Christians. "Any conservative who thinks it's sufficient to get a promise that [Giuliani] will put strict constructionists on the courts are missing the point. You use the bully pulpit to advance an agenda you believe in and you put people in federal agencies who will do the work of your stated agenda. His stated agenda is that he's pro-abortion."

Giuliani made other statements in 2005 that will make it difficult for him to appease conservatives' concerns by promising to nominate judges in the mold of Roberts and Alito.

During a June 2005 interview on MSNBC's "Hardball," Giuliani said he would not select a judicial nomination based on his or her abortion views.

"I wouldn't pick a judge based on whether I knew or didn't know their position on choice," he said. "I'd pick a judge based on their overall record."

Perhaps more awkward for Giuliani now is a declaration he made in 2000 during an ABC interview with George Will that Roe v. Wade, the landmark Supreme Court decision establishing the right to an abortion, was good constitutional law. Even many defenders of abortion rights acknowledge that the legal justification behind the case was poorly reasoned.

These statements could turn up in campaign ads aired by his political opponents in the run-up to next year's primaries.

Obama Attracts Celebrities And Cash (AP)

By Michael R. Blood, Associated Press Writer

AP, February 21, 2007

Checks from Hollywood's A-list stars such as George Clooney, Eddie Murphy and Barbra Streisand added up to a one-night take of $1.3 million for Democratic presidential candidate Barack Obama.

Obama spoke to a star-studded audience at a closed-door fundraiser in Beverly Hills arranged by three of the industry's biggest names — DreamWorks studio founders Steven Spielberg, Jeffrey Katzenberg and David Geffen.

He told an audience that included Spielberg, Oscar nominee Eddie Murphy, actress Jennifer Anniston and singer Jackson Browne that they have "enormous power" that comes with "enormous responsibility" because of their impact on American culture.

"Don't sell yourselves short," he said in a 25-minute address. "You are the storytellers of our age."

Tickets were $2,300, the maximum individual donation to a federal campaign, or $4,600 for a couple. A later, private dinner at Geffen's home was being held for fundraisers who brought in at least $46,000 for the evening.

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Before the fundraiser, Obama urged a crowd of thousands at an outdoor rally to help him transform America. The freshman senator from Illinois spoke of a government that is failing the country and a slash-and-burn political culture that stands in the way of significant change.

With the support of the electorate, Obama said, he could work to resolve such issues as an unpopular war in Iraq and a public education system that he said leaves too many people behind.

"We can do all these things. I can't do it without you," Obama, tieless and in shirt sleeves, exhorted the audience as supporters enthusiastically waved a sea of blue "Obama '08" signs.

The crowd was strikingly large for a rally a year before the state's expected February 2008 primary.

The fundraiser underscored the intense competition among the party's leading 2008 candidates for Hollywood dollars and endorsements. The entertainment industry is a perennial source of cash for Democrats, with big names often donating to multiple campaigns while withholding formal endorsements until later.

Spielberg, for example, is a host of the event but has not made an endorsement. Katzenberg and Geffen are backing Obama.

The movie, television and recording industries gave $33.1 million to federal candidates and parties in 2004, with much of that coming from Hollywood, according to the nonprofit Center for Responsive Politics.

Obama's display of celebrity sizzle and campaign dollars challenges any assumptions that Hollywood dollars would default to Sen. Hillary Rodham Clinton, D-N.Y., who has long-standing ties to the industry, along with her husband, former President Clinton.

"I think this guy is for real," said longtime Democratic consultant Garry South, who is unaligned in the 2008 race. "I was skeptical at first, but something is going on here. ... Whether it can sustain itself remains to be seen."

Clinton will be pulling in Hollywood dollars next month, when a fundraiser is scheduled at the home of supermarket tycoon Ronald Burkle, a longtime friend and fundraiser for her husband.

In addition to money, the state has taken on new importance in presidential politics with lawmakers poised to move its primary to Feb. 5 from June.

Among other candidates, Republican Rudy Giuliani was in the state earlier this month. Sen. John McCain, R-Ariz., is planning to appear Wednesday with Gov. Arnold Schwarzenegger in the Los Angeles area to discuss climate change.

Obama was on a three-day swing through California, his first since announcing his candidacy. He also held a fundraiser in San Diego's upscale La Jolla section.

Beside the celebrity giving, checks have come in from studio bosses, including Paramount Pictures studio chief Brad Grey; Richard Cook, chairman of Walt Disney Studios, and Ron Meyer of Universal Studios.

Hollywood Gives Obama Both Cash And Credibility (WP)

By Matthew Mosk

The Washington Post, February 21, 2007

Hollywood has always gravitated to the fresh face, so the crushing turnout there yesterday at a rally and a series of fundraisers for presidential contender Barack Obama followed a familiar Tinseltown story line.

The Democratic senator from Illinois drew thousands to a South Los Angeles park, then headed to Beverly Hills for a fundraising double feature that organizers said yielded him an estimated $1.3 million.

Movie stars Tom Hanks, Jennifer Aniston and Denzel Washington wrote checks, and scores of producers and agents paid $4,600 per couple -- the maximum allowed -- to jam a hotel ballroom for a two-hour, closed-door cocktail reception hosted by entertainment moguls Steven Spielberg, Jeffrey Katzenberg and David Geffen.

Those who collected $46,000 in checks for the event, which attracted 300 people, were invited to Geffen's house for a more intimate sit-down dinner with Obama.

Organizers said they expected the freshman senator to leave town flush not only with money but also with valuable connections in a city that has for decades served as a lifeline for Democratic presidential contenders.

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Money collected now could provide an important boost, in that it will appear on Obama's first quarterly earnings report. Those figures, when released in April, will help signal his campaign's viability.

A clear undercurrent to yesterday's high-profile Hollywood swing was the ease with which Obama swept up support from entertainment industry titans who had once been squarely with President Bill Clinton and Sen. Hillary Rodham Clinton (D-N.Y.).

"There will be lots of excitement about her," Donna Bojarsky, a Hollywood-based political consultant who attended last night's Obama event, said of Hillary Clinton. "But with him, there's this overwhelming sense that people could be getting in at the ground floor of a historic journey."

That is not to say Hollywood is leaving Hillary Clinton behind. Spielberg is one of many who have pledged to raise money for Obama, Clinton and former senator John Edwards. Next month, former supermarket magnate Ron Burkle will host a major fundraiser for Clinton.

"Senator Clinton has been a box-office hit in this town for 15 years," said Chad Griffin, a Hollywood-based political strategist and staff member in the Clinton White House. "Anyone who can survive the industry for 15 years has lasting power."

Obama Hat In Hand In La-la Land (CHIT)

By Mike Dorning And Christi Parsons

Chicago Tribune, February 21, 2007

BEVERLY HILLS, Calif. -- In Hollywood, it's never too early to be famous.

Never too soon to be "it." No such thing as too much attention. And no better place for a politician who is known as much for his celebrity as his record.

So on Tuesday night, Sen. Barack Obama made his debut as a presidential candidate among an A-list of Hollywood power and fame, tapping into one of the most formidable honey pots of Democratic money and connections. The crowd included Jennifer Aniston and Eddie Murphy as well as singer Natalie Maines of the Grammy-winning Dixie Chicks and movie producer Ron Howard.

And the hosts are among the entertainment world's best known and most powerful figures, Steven Spielberg, David Geffen and Jeffrey Katzenberg, the DreamWorks SKG partners. Studio bosses from Universal, Paramount, Disney and Fox each paid $2,300 for tickets to the event with the Democratic senator from Illinois.

It is the season's premier fundraising event in the cradle of American myth-making, one of the most important sources of money for presidential candidates. In addition to contributing money to its favored candidates, the entertainment industry also casts an aura of glamour and currency upon a hopeful trying to catch on as the next big thing.

So in a town that lives and dies by the ability to predict what will capture the imagination of the American public, candidates are feverishly making their pitches.

Attendance at such a star-studded event isn't necessarily a promise of political backing. In fact, Spielberg, has promised to help throw an upcoming event for Sen. Hillary Rodham Clintonof New York, one of Obama's chief rivals for the Democratic nomination. The two are fiercely battling for the heart of Hollywood these days, with Clinton getting ready for her own high-stakes fundraiser in the next few weeks and counting the support of several influential moguls and producers in the community.

But the fact that the DreamWorks partners are so early in staging such a big party — expected to net at least $1 million — has drawn notable attention to Obama, especially as media from around the world assemble in advance of this weekend's Oscar ceremonies. For others in the circle, say some, it signals Obama as someone to take seriously.

'Very discerning'

"These guys are very discerning people," said Anne Dunsmore, a California Republican fundraiser who was state finance director for both George W. Bush presidential campaigns. "When you bring something in—whether it's a candidate, a script or a business opportunity—and they sign off on it, it's a big deal."

Decades ago, studio executives were the main Hollywood players in industry relations with Washington. But the relationships are now so diverse and strong that it isn't unusual to see movie stars at the White House correspondents' dinner or at a witness table in a congressional hearing — the old joke about Washington being Hollywood for ugly people notwithstanding.

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Along with the financial capital of New York, the lobbying community of Washington and the business services and manufacturing center of Chicago, Hollywood is one of the great sources of political money in the U.S. Republicans also make fundraising forays into the state where former actor and Republican Arnold Schwarzenegger now serves as governor, but Democrats are the primary beneficiaries of money from the entertainment industry.

Of the millions of dollars that the entertainment industry contributed to federal candidates and parties in the last presidential cycle, according to an analysis by the non-partisan watchdog Center for Responsive Politics, almost 70 percent went to Democrats.

"You can't run for president as a Democrat and not have a foothold in Hollywood," said Rep. Rahm Emanuel (D-Ill.), a key fundraiser for Bill Clinton's 1992 presidential election and head of the successful Democratic effort to retake the U.S. House in 2006. "It's such an important piece of the financial building blocks."

Emanuel's brother Ari is a top Hollywood talent agent who also has agreed to hold a future fundraiser for Obama.

Candidates of all political stripes come calling in those circles, and only partly because the pockets are so deep.

"Raising money in Hollywood is a two-fer," said Michael Toner, a Federal Election Commission member who was general counsel to the Bush 2000 presidential campaign. "First you raise the campaign money. And then you have the candidate associated with Hollywood celebrities, who are opinion-leaders in their own right."

Support from celebrities can sometimes be a negative, as when candidates denounce the West Coast contributions they didn't get by characterizing the donors as "out-of-touch" with working-class people.

"The implication is, 'They don't have our family values,'" said Sherry Bebitch Jeffe, a political analyst and senior scholar at the University of Southern California. "In general, it's that Hollywood doesn't lead the lifestyle of the heartland of America, so why listen to them?"

But industry leaders may actually have something to contribute when it comes to sizing up candidates, said Arianna Huffington, the founder of the political blog Huffingtonpost.com, who once ran against Schwarzenegger in the California governor's recall election. She remembers getting a phone call from producer, writer and director Norman Lear in 2004, inviting her to come over and meet a candidate running for the U.S. Senate in Illinois.

"I said, 'He's running for the Senate in Illinois, and you want me to come meet him?'" Huffington said, wondering why she should pay attention to a new candidate in a faraway state. Then she went anyway because she trusted Lear's instincts.

Barack Obama blew the room away, she said, just as Lear had predicted.

"Casting is what determines the success of a movie," she said in an interview. "Movies here don't get the green light if they don't have the right elements. To green light a campaign, you have to have the right leading man or leading woman ... It's about connecting. That cannot be taught."

For years, Bill and Hillary Clinton have been the political darlings of Hollywood, and their roots in the community run strong and deep. The senator's supporters include media mogul Haim Saban, producer Stephen Bing and actress Elizabeth Taylor. Billionaire Ron Burkle will hold a fundraiser for her in March.

"Sen. Clinton does not have to go on casting calls in Los Angeles," said Chad Griffin, a former Clinton White House aide and Hollywood-based political consultant whose clients include a number of high-profile entertainment industry figures. "She has the relationships and she has had them for 15 years ... The day she announced, most everyone I know maxed out to her and started making calls for her."

One jumps ship

But one of the Clintons' old friends is no longer on board. Two years ago, Geffen told a New York audience that Hillary Clinton can't win the presidency and declared her an "incredibly polarizing figure."

Much of Hollywood is deeply opposed to the war in Iraq, and Clinton not only voted to authorize the war but hasn't taken the kind of firm stance against it that many in the entertainment community would like to see.

One alternative is Democrat John Edwards, the former senator from North Carolina, who was in Los Angeles for a small fundraiser just a few days ago. Another is Obama, who some think may pick up steam as a result of the SKG fundraiser.

"In Hollywood, they move in packs," said Dunsmore. The DreamWorks partners have effectively "told everybody it's OK to go with Barack instead of Hillary. It's OK to explore your options."

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In case things don't work out, there's also another figure waiting in the wings — former Vice President Al Gore. He's getting buzz right now for another reason — the film based on his book "An Inconvenient Truth" is up for an Oscar this weekend.

Mike Dorning reported from Beverly Hills and Christi Parsons from Washington, D.C.

Obama's Big Screen Test (NYT)

By Maureen Dowd

The New York Times, February 21, 2007

Hillary is not David Geffen's dreamgirl.

"Whoever is the nominee is going to win, so the stakes are very high," says Mr. Geffen, the Hollywood mogul and sultan of "Dreamgirls," as he sits by a crackling fire beneath a Jasper Johns flag and a matched pair of de Koonings in the house that Jack Warner built (which old-time Hollywood stars joked was the house that God would have built). "Not since the Vietnam War has there been this level of disappointment in the behavior of America throughout the world, and I don't think that another incredibly polarizing figure, no matter how smart she is and no matter how ambitious she is — and God knows, is there anybody more ambitious than Hillary Clinton? — can bring the country together.

"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family. Americans are dying every day in Iraq. And I'm tired of hearing James Carville on television."

Barack Obama has made an entrance in Hollywood unmatched since Scarlett O'Hara swept into the Twelve Oaks barbecue. Instead of the Tarleton twins, the Illinois senator is flirting with the Dreamworks trio: Mr. Geffen, Steven Spielberg and Jeffrey Katzenberg, who gave him a party last night that raised $1.3 million and Hillary's hackles.

She didn't stand outside the gates to the Geffen mansion, where glitterati wolfed down Wolfgang Puck savories, singing the Jennifer Hudson protest anthem "And I Am Telling You I'm Not Going." But she's not exactly Little Miss Sunshine, either. Hillary loyalists have hissed at defecting donors to remember the good old days of jumping on the Lincoln Bedroom bed.

"Hillary is livid that Obama's getting the first big fund-raiser here," one friend of hers said.

Who can pay attention to the Oscar battle between "The Queen" and "Dreamgirls" when you've got a political battle between a Queen and a Dreamboy?

Terry McAuliffe and First Groupie Bill have tried to hoard the best A.T.M. machine in politics for the Missus, but there's some Clinton fatigue among fatigued Clinton donors, who fret that Bill will "pull the focus" and shelve his wife's campaign.

"I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Mr. Geffen says, adding that if Republicans are digging up dirt, they'll wait until Hillary's the nominee to use it. "I think they believe she's the easiest to defeat."

She is overproduced and overscripted. "It's not a very big thing to say, 'I made a mistake' on the war, and typical of Hillary Clinton that she can't," Mr. Geffen says. "She's so advised by so many smart advisers who are covering every base. I think that America was better served when the candidates were chosen in smoke-filled rooms."

The babble here is not about "Babel"; it's about the battle of the billionaires. Not only have Ron Burkle and David Geffen been vying to buy The Los Angeles Times — they have been vying to raise money for competing candidates. Mr. Burkle, a supermarket magnate, is close to the Clintons, and is helping Hillary parry Barry Obama by arranging a fund-raiser for her in March, with a contribution from Mr. Spielberg.

Did Mr. Spielberg get in trouble with the Clintons for helping Senator Obama? "Yes," Mr. Geffen replies, slyly. Can Obambi stand up to Clinton Inc.? "I hope so," he says, "because that machine is going to be very unpleasant and unattractive and effective."

Once, David Geffen and Bill Clinton were tight as ticks. Mr. Geffen helped raise some $18 million for Bill and slept in the Lincoln Bedroom twice. Bill chilled at Chateau Geffen. Now, the Dreamworks co-chairman calls the former president "a reckless guy" who "gave his enemies a lot of ammunition to hurt him and to distract the country."

They fell out in 2000, when Mr. Clinton gave a pardon to Marc Rich after rebuffing Mr. Geffen's request for one for Leonard Peltier. "Marc Rich getting pardoned? An oil-profiteer expatriate who left the country rather than pay taxes or face justice?" Mr.

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Geffen says. “Yet another time when the Clintons were unwilling to stand for the things that they genuinely believe in. Everybody in politics lies, but they do it with such ease, it’s troubling.”

The mogul knows it’s easy to mock Hollywood — “people with Priuses and private planes” — and agrees with George Clooney that it’s probably not helpful for stars to campaign for candidates, given the caricatures of Hollywood.

I ask what he will say if he ever runs into Bill Clinton again. “ ‘Hi,’ ” he replies. And will he be upset if Hillary wins and he never gets to sleep in the Lincoln Bedroom again?

“No,” he says with a puckish smile. “It’s not as nice as my bedroom.”

Obama And The Old Racial Bind (WP)

By Courtland Milloy

The Washington Post, February 21, 2007

Marcus Smith was working as a waiter at a Democratic fundraiser here the other night when Sen. Barack Obama (D-Ill.) took to the podium. Smith, with dishes in both hands, stopped to listen. "I'd really like to see Obama become the first black president of the United States," he said later. Asked what made Obama black, he replied, "That little taste his father gave him was all it takes."

There it was again, a near reflexive need to categorize and assess by race.

Is Obama black enough for the black vote? Is he too black for the white vote? With a black father from Kenya and a white mother from Kansas, can he expect to take the mixed-race vote? It's as if the "color line" had been encoded into the American DNA.

Obama was doing what he could not to get boxed in.

"It's time to turn the page on division," he said. "What brings us together as Americans is that sense of hope, the audacity to believe that the way the world is today is not the way it has to be."

A "mixed" audience of 1,400 -- the largest ever for the state's annual Jefferson-Jackson Dinner (named for presidents Thomas Jefferson and Andrew Jackson) -- applauded uproariously. But the truth of the matter is, each time the country has turned the page on division, more of it showed up on the next page.

"Will his race be a factor? Absolutely," said Tonza Ruffin, a lawyer from Windsor, N.C., who came to hear Obama. "He will have to go above and beyond to prove that he is capable of doing the job, more so than some of his white counterparts."

When asked the same question, Delthema Allen, a registered nurse also from Windsor, declared: "Absolutely not. Skin color is superficial." When asked what she thought of those who have questioned whether Obama is "black enough," she said, "He's black enough for me."

What happened to just being human? Virginia certainly had a hand in crushing that notion, enacting in 1691, for instance, legislation to ban marriages between free people of African descent and those of European descent. When human nature refused to cooperate, Virginia found a way to keep the social fiction going. In 1924, state officials passed the Virginia Racial Integrity Act, which relied on quackery in the form of the "one-drop rule." Anybody with "one drop of black blood" was black, according to the law, and was prohibited from marrying a "pure white." The color line had become a Gordian knot of racism.

According to a recent survey by Zogby International, a majority of whites, 55 percent, classified Obama as "biracial," and 66 percent of blacks classified him as black. To some, it was ridiculous to question whether Obama was "authentically black" when he was embraced by so many black people. But assigning him to that category only tightens the knot.

Otis Lucas, who manages a group home in Richmond, tried this approach: "It's a very exciting dynamic. He's black and he's white and he's right." But that doesn't cut it, either.

Obama hinted at the crux of the problem when he paid homage to civil rights pioneers. "I stand on the shoulders of hundreds of giants, thousands of people who fought the good fight for so long," he said. And just what were they fighting? A category called white -- and the presumption of racial superiority that came with it. That left blacks with two choices: embrace their skin color with pride or accept it as a mark of racial inferiority. But both options were biological fraud. There is simply no such thing as race.

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In 1989, Virginians elected L. Douglas Wilder the nation's "first black" governor since Reconstruction. As the grandson of slaves, the silver-haired statesman epitomized the quantum leaps that black people have made in their trek from slavery to freedom. Wilder demonstrated how far we had come.

Now Obama is showing us how far we have to go.

During a visit to the Virginia Capitol, Obama gazed at the restored White House of the Confederacy just a few blocks away and said, "This reminds us that the country has an enormous capacity for change."

But nearly 400 years after the first Africans arrived in Jamestown and were put to work as slaves, Obama is being shackled by racial categories.

And the color line stretches on.

Clinton Seeks Aid For Minority Students (AP)

By Brendan Farrington, Associated Press Writer

AP, February 21, 2007

Democratic presidential candidate Hillary Rodham Clinton on Tuesday criticized President Bush's education policy as doing little to help minorities and acknowledged that she is still searching for ways to raise minority student test scores.

More needs to be done to prepare children for school and to get parents involved in their education, Clinton said while visiting a historic black neighborhood during her first campaign trip to Florida since announcing her candidacy. She said Bush's No Child Left Behind Act isn't providing a solution for raising test scores.

"This achievement gap is deeply troubling to me," Clinton said. "If we don't invest in our children, our society and our economy will decline. This is not just something nice to do, this is something that we have to do."

Clinton, a New York senator and former first lady, spoke and took questions for an hour from the mostly black audience of 300 in the Liberty City neighborhood. The event was sandwiched between fundraisers in Tampa, Miami and Hollywood that were closed to the press.

The federal government can do more to help minority businesses by writing a road map for banks' roles in the communities, Clinton said.

"We've got to change our laws so that they inspire and motivate more lending institutions to look at how they can serve the entire community again," she said. "We've got to get them to look at a community even if they are multinational banks and we can do that through regulation and law."

Clinton also called for microlending programs and helping business owners to develop stronger business plans so they are more credit worthy.

The Liberty City event was a signal that Clinton is going to fight hard to keep black voters on her side in a primary race in which Sen. Barack Obama of Illinois, who is black, is gaining popularity.

"The black community is betwixt and between. We all love Clinton, but at the same time Obama has a lot of people who love him in the community, too," said Hans Ottinot, a 38-year-old Haitian-American lawyer who grew up in the neighborhood.

"She's showing us, 'Look, the black community has been a major supporter and I want to keep you as a major supporter.' It's a clear message. I don't think it was subtle," Ottinot said.

After the community meeting, Clinton attended a $100-per-ticket cocktail reception in Hollywood, which was followed by a reception at $2,500 per person.

Her campaign announced endorsements from Florida Reps. Debbie Wasserman Schultz and Alcee Hastings, whose Broward County district is predominantly black.

The Mononym Platform (NYT)

By Peter Funt

The New York Times, February 21, 2007

THERE'S something missing in Senator Hillary Rodham Clinton's recently unveiled presidential campaign, something so conspicuous in its absence that it's certain to set off debate — not on Pennsylvania Avenue, but on Madison Avenue.

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What's missing is her surname. Someone has apparently decided that Mrs. Clinton will be the first major single-name candidate since 1952, when Ike's P.R. gurus realized that "Eisenhower" was tough to fit on a bumper sticker.

Mrs. Clinton announced her intentions via the Internet on a Web site called "Hillary for President." Incredibly, on the day of her announcement, the name "Clinton" did not appear anywhere in the long text on the site's home page — except when linking to articles from The Associated Press and The Washington Post, and at the very bottom in the obligatory fine print: "Paid for by Hillary Clinton for President Exploratory Committee."

In an apparent attempt to model her marketing on the likes of Madonna, Beyoncé and Cher, Mrs. Clinton's site proclaimed: "Today, Hillary took the first step ..." and "Send Hillary a message of support ..." and "Hillary is the Democrats' best shot."

As New Yorkers may recall, Mrs. Clinton gradually became comfortable presenting herself as simply "Hillary" in both of her Senate campaigns. But what works in New York, where tabloid newspapers are fond of calling her "Hill," may not play on the national stage. A close inspection of the site reveals how determined its designers were to cleanse the campaign of the Clinton name. In the senator's 1,937-word biography, the name "Clinton" appears just once, halfway in ("she followed her heart and a man named Bill Clinton to Arkansas"). That's it. "Hillary" appears 38 times.

Mrs. Clinton had little choice but to use her full name in her Web address, yet she meticulously avoided it in the actual title. Why? Is it because she doesn't wish to draw attention to her marriage to the former president? (Doubtful, her husband is now a draw.) More likely it's because she knows that she's the only candidate whose name lends itself to Oprah-ization.

Organizers for John Edwards and John McCain presumably considered, and rejected, naming their sites "John for President." And it's hard to imagine that President Bush would have gotten much traction from a site titled "George for President."

The real genius in Mrs. Clinton's approach is that it trumps Senator Barack Obama. He can't possibly win with a "Barack for President" site. The only thing less compelling would be a site that made use of his middle name: Hussein for President.

If nothing else, Mrs. Clinton has shifted attention away from the nagging question of whether America is ready for a female president. She clearly prefers to have voters wonder whether America is ready for a president who wishes to be known exclusively by her first name.

Democrats Turn Nevada Into Political Boomtown (USAT)

By Jill Lawrence

USA Today, February 21, 2007

CARSON CITY, Nev. — It all came down to Nevada in the presidential election on NBC's The West Wing last year. Now Nevada is politics central in real life, overrun with Democratic White House candidates hoping to win the state's new early caucuses next year.

With eight prospects participating in a forum today, this small state capital is experiencing a crush of attention usually reserved for places like Keene, N.H. or Davenport, Iowa. "This is a whole new ballgame," says D. Taylor, president of the 60,000-member Culinary Union. He goes by his first initial.

Nevada's sudden clout arises from its new Jan. 19 slot on the Democratic primary calendar, between the Iowa caucuses (Jan. 14) and the New Hampshire primary that start the nomination season. Two questions surround Nevada: Can the state pull it off? Will New Hampshire, now slated for Jan. 22, move earlier to stay second?

The Democrats' elevation of Nevada reflects their rising hopes for political success in Western states. President Bush won Nevada by less than 3 percentage points in 2004.

"If they want to be elected president … they have to win the West now," says Senate Majority Leader Harry Reid, D-Nev. "That's why the caucuses are here and the convention will be in Denver."

Nevada adds diversity to the crucial early phase of the Democratic nomination process in ways that go well beyond geography. It is fast-growing — it fell to second place last year in growth rate after spending 19 years in first, according to the U.S. Census Bureau. It is nearly one-quarter Hispanic. The state also has more than 166,000 union members — nearly 15% of the Nevada workforce, compared with 12% nationally. Unions are growing. One example: The Culinary Union has tripled in the past 15 years.

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Jean Hessburg, who ran the Iowa caucuses in 2004, now is managing the Nevada caucuses and says she expects them to be as big a draw for candidates as Iowa. "None of them is secure enough to skip a state" early on, she says. "They'll all play. You can tell that even now."

Today's forum, sponsored by the American Federation of State, County and Municipal Employees, is the first of at least five multicandidate events between now and the caucuses. With the exception of Illinois Sen. Barack Obama, all of the Democratic prospects RSVP'd yes. Obama pleaded a scheduling conflict and, warding off hard feelings, campaigned in the state last weekend.

State Senate Minority Leader Dina Titus gets a taste of her new powerbroker role this morning. She scheduled back-to-back, 45-minute meet-and-greets, complete with coffee and Danish, for New York Sen. Hillary Rodham Clinton, former Iowa governor Tom Vilsack and Connecticut Sen. Chris Dodd. Delaware Sen. Joseph Biden had breakfast with legislators Tuesday.

"We're very excited," Titus says. "The Republicans are regretting they didn't do something like this."

Actually not, says Zac Moyle, executive director of the Nevada GOP, which holds a primary in April 2008. He says Republican presidential candidates visit the state often while Democrats are just showing up now. Furthermore, he says, they're playing catch-up because "over the last 10 years, Republicans have had the better grass-roots organization."

Still, he says, "Any time Nevada gets attention, that's a good thing."

Reid and other Western Democrats say they expect candidates will be talking more about Western issues such as land and water use. Nevada Democrats plan to use the caucuses to strengthen their party.

Eric Herzik, a political scientist at the University of Nevada in Reno, says they could be on the right track. "Anything they can do to get the mobilization started should help them," he says.

Jon Ralston, a columnist and commentator on state politics, says Democrats "failed miserably at outreach" in the last two elections and wonders if they can overcome a huge vote deficit in rural Nevada, where turnout is high.

Overall turnout in general elections here is weak, dragged down by low turnout in urban areas such as Las Vegas. In 2000, less than 44% of the voting-age population turned out — one of the lowest rates in the nation. In 2004, when Nevada's mid-February caucuses drew no special attention, about 10,000 Democrats showed.

"This is a big experiment," says Titus. "Everybody works around the clock. People don't belong to organizations much. They don't have neighborhood coffee shops." But there are other ways to reach potential voters, she says, such as through their unions and during shift changes at hotels and casinos.

The shift work causes concerns about participation on caucus day, says Hessburg. In Iowa, caucuses are held on a single evening in libraries, high schools, living rooms and firehouses.

Here, she says, Democrats are discussing ways to make the Nevada caucuses more accessible to shift workers. One idea would be to create a "precinct" that consists of workers at a certain hotel on a certain shift, then holding a caucus in the hotel ballroom at lunch hour.

Another challenge for Democrats is to register and activate Hispanics. Titus says their turnout is "notoriously low." She says help may come from the Southwest Voter Registration and Education Project and the campaign of New Mexico Gov. Bill Richardson, who is Hispanic.

Titus and other top Democrats say they will endorse a candidate at some point. Reid, however, says he doubts he will: "I have to work with four of these folks running."

Three Questions On Iraq War Must Be Put To Obama, Edwards (HILL)

By Lanny Davis

The Hill, February 21, 2007

Who won the issue of whether a vote for the 2002 Iraq war resolution was or was not a “mistake” at the time, I have three questions for former Democratic North Carolina Sen. John Edwards and Democratic Illinois Sen. Barack Obama that, for some reason, at least as far as I know, no one in the press has yet asked:

First, did you believe in October 2002 that Saddam Hussein had weapons of mass destruction — at least chemical and biological weapons, and possibly the beginnings of a nuclear program?

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If the answer is yes (which I am assuming, since virtually everyone else did, including the majority of Senate Democrats who voted for the war resolution), then the second question is:

Do you still say it would have been a mistake to vote for the authorization even if you believed that Saddam in fact had WMD?

If the answer to that question is yes — and that appears to be the case as of now — then the third question must be asked and answered:

What would you have done to cause Saddam to dismantle and give up the WMD, once and for all?

A realistic, concrete answer is called for — especially because Mr. Edwards implicitly, if not explicitly, has criticized Sen. Hillary Rodham Clinton (D-N.Y.) for not stating she made a "mistake" in voting for the resolution. (Obama, it must be said, has not taken any shots directly at Clinton on this issue — as contrasted to John Edwards, although he reminds audiences that he was opposed to the war resolution, albeit while he was an Illinois state, not U.S., Senator.)

If their answer is to keep the U.N. inspection in place and to not worry about Saddam's ability to hide the WMD in a hole in the desert or sell them to al Qaeda, then they should at least admit that that is a fairly major gamble in the case they turn out to be wrong. And they should at least concede to someone else making the good-faith judgment that Saddam needed to be taken out to avoid this danger. To repeat — a majority of U.S. Democratic senators made the same judgment, and only two — Sens. Edwards and John Kerry (D-Mass.) — have said their vote was a "mistake" — but without being forced to answer these three follow-up questions.

It isn't really credible for Mr. Edwards and Sen. Obama to say now that they never believed Saddam had WMD back then. That must be deemed wisdom gained by hindsight — since neither one said so at the time (Obama as a state senator not facing the reality of having to cast the October 2002 Senate war authorization vote and John Edwards voting for it).

They can't duck these questions if they are allowing (or encouraging) the anti-war Democratic electorate to pressure candidates to admit they made a "mistake."

Although I am an ardent Iraq war critic and from the earliest days had serious doubts about granting the president discretionary authority to go to preemptive war in October 2002, I believe Sen. Clinton (whom I am supporting for president) has shown integrity and courage in refusing to pander to state that the vote at the time was a "mistake" — given the information and belief she had concerning Saddam's WMD AND the clear conditions she set in her Senate speech explaining her vote. First she stated her belief that Saddam had WMD and was ready to use them.

"It is clear … that if left unchecked," she said on the Senate floor, "Saddam Hussein will continue to increase his capacity to wage biological and chemical warfare, and will keep trying to develop nuclear weapons."

Second, she said she trusted President Bush to comply with two understandings about his use of the authorization power — that he wouldn't "rush to war" without allies and international support and that he would go to war only as a "last resort."

As she said on the Senate floor prior to her vote:

"A vote for the [the resolution] is not a vote to rush to war; it is a vote that puts awesome responsibility in the hands of our president and we say to him: Use these powers wisely and as a last resort …"

If she (and a majority of her Democratic senatorial colleagues) made a mistake, it was not the vote to authorize, based as it was on a belief in Saddam's WMD, but in trusting President Bush to comply with both of those understandings.

When she was in New Hampshire several weeks ago she stated, now with the benefit of hindsight, that she would not have voted for the resolution had she known then what she knows now — indeed, she notes that there would have been no vote at all, meaning the Democrats would and could have blocked a vote.

So the next time Mr. Edwards and Sen. Obama are in New Hampshire, the same questioner who insisted on Sen. Clinton admitting to the vote as a "mistake" in fairness should ask them these three questions.

The irony here is that Sen. Clinton is often criticized for seeming to be too calculating and opportunistic in taking positions on issues. Yet here she is standing on the truth and the facts known at the time, and refusing to pander and rewrite history.

Will Sen. Obama and Mr. Edwards at least grant her position as one of consistency, taken in good faith?

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The Latino Revolution (HILL)

The Hill, February 21, 2007

A revolution is underway among America's Latino population that will have profound implications for the future of American politics. Of the 41.3 million Hispanics in the United States today, 37 percent identify themselves as "born-again" or "evangelical." Just 10 years ago, the proportion that did so was about 15 percent. All told, there are now about 11 million Evangelical Protestant and 3 million Evangelical or Charismatic Catholic Latinos in the United States. In 1996, there were only 4 million.

This explosive growth in Evangelical religious affiliation among Latinos — about 1 million converts annually — portends huge changes for American politics. With the Latino population swelling from 22 million in 1990 to 41 million in 2004, any change of these proportions in the beliefs of Hispanic-Americans will have a momentous impact on politics.

Evangelicals, of any race or ethnicity, are fertile ground for Republicans and may provide a huge opening to swing the formerly Democratic Hispanic vote toward a more even-handed stance or even make it a core element of an emerging Republican majority.

I recently met with Rev. Sam Rodriquez, the leader of the national association of Evangelical Latino churches. He's a Republican dream: pro-life, anti-gay marriage, and a Bush voter. He notes that the growing religious faith and the increase in Evangelical enrollment — particularly in the Pentecostal Church — may presage a sea change in Hispanic political affiliations.

Unfortunately, the hostile reception immigration reform has received from the GOP side of the aisle in Washington is turning off the very voters the Republicans can now, for the first time, hope to attract to their side. Based on a fear of Democratic domination of the Hispanic vote, Republican insistence on barring the way to citizenship and voting rights for undocumented or illegal immigrants may drive these very potential Republican supporters back into Democratic arms.

The Latino population is clearly the jump ball in American politics. While now only 8 percent of the registered voters — but 14 percent of the population — the Hispanic vote is going to swell in the coming decade and tip the 50-50 balance now prevailing between the two parties. Red states like Texas, Arizona and Florida may become sharply and suddenly blue when Hispanic voting reaches its full potential among those currently here, not to count those who will come in the future. Texas, for example, is now a majority-minority state in population. Its GOP affiliation is an artifact of the past if the Hispanic vote goes Democratic.

But the fervent religiosity and increasing support for Evangelical positions and thinking among Hispanics may be the saving grace for the GOP if they let it happen. According to the Rev. Rodriquez, half of Evangelical conversions among American Latinos occur in their home country; half take place after they enter the United States. The handwriting is clearly on the wall — traditional Catholicism is on the wane among America's Hispanics. Can Democratic affiliation be similarly in danger?

In 2000, Gore carried America's Hispanics by 30 points. But Bush's ardent cultivation of the Latino vote paid off in 2004 and Kerry carried them by only 10 points. However, the best efforts of Republican congressmen like Tom Tancredo (R-Colo.) succeeded only in driving Latinos back into the arms of Democrats: They voted Democratic in 2006 by 47 points.

It's time for the Republican Party to start thinking of its future and embrace the basic tenets of immigration reform to win the inevitably increasing proportion of the U.S. vote cast by Hispanics.

It is pure folly to say that we will force 11 million people back across the border in order to obtain legal entry. Such a forced population movement would be unparalleled in American history and would be reminiscent of German-Polish-Russian forced migrations during the years right before, during, and after World War II.

Immigration reform calls for an earned path to citizenship that most Americans can and should support. If Latinos work, pay taxes, do not commit crimes, and learn English for several years, they should be able to become citizens. These requirements are not applied to any other immigrants and are due penance for illegal entry into the United States.

It's time Republicans awakened to the political opportunities of Evangelical Hispanic conversions and got with the program.

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Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Biden's Son Sues Ex-Partner (WP/BLOOM)

By Jenny Strasburg And Thom Weidlich

The Washington Post, February 21, 2007

R. Hunter Biden, a Washington lobbyist, accused a former business partner of lying about his professional credentials and finances after they agreed to buy a hedge fund investment firm in 2006, according to a complaint in New York state court.

Biden, son of Sen. Joseph R. Biden Jr. (D-Del.), and James Biden, the senator's brother, countersued Anthony Lotito Jr. on Feb. 13, saying he hid debts and falsely claimed he held securities licenses to lure them as partners in the planned $21.3 million acquisition. Lotito also persuaded the Bidens to hire a lawyer who had been convicted of fraud, according to the complaint.

"Had James and Hunter Biden known the truth about Anthony Lotito, they never would have gone into business with him," says the complaint, which accuses Lotito of fraud and seeks at least $10 million.

Lotito, 49, sued the Bidens on Jan. 5, claiming that they illegally excluded him from a takeover of New York-based Paradigm Cos. while negotiating a better deal for themselves. The Bidens now control Paradigm. The dispute highlights Hunter Biden's unusual dual roles as lobbyist and investment executive at a time when hedge funds face greater regulatory scrutiny.

Hunter Biden, 37, stepped down last month from daily oversight of Paradigm Global Advisors, a unit of Paradigm, which has about $500 million in client money invested in hedge funds. Biden became chairman of the firm, founded in 1991. He remains a lobbyist with Oldaker, Biden & Belair of the District, where he is partner and founder. James Biden, 57, is not involved in Paradigm's management.

Last year, the Bidens agreed to a partnership with Lotito that would pay him $25,000 a month to find investors for the Paradigm buyout, with an Oct. 31 deadline to close the transaction. Lotito "failed to secure even one investor" and all agreed in September to end the partnership, LBB Holdings USA, according to the Bidens' complaint.

They also claim that Lotito "fraudulently induced them" to hire John Fasciana, a New York lawyer, to represent the partnership in negotiations with Paradigm. Fasciana had been convicted in July 2005 on federal charges of conspiracy and wire and mail fraud related to a scheme to steal millions of dollars from Electronic Data Systems of Plano, Tex., the world's second-largest computer-services company. Fasciana was sentenced in November to four years in prison. He has appealed.

Separately, Fasciana sued the Bidens and Lotito in August, seeking $198,000 in legal fees he says they owe him. The Bidens denied the claim in November and countersued Fasciana, saying he overbilled and defrauded them by hiding his conviction.

In his lawsuit, Lotito is seeking at least $100 million on claims of fraud and breach of fiduciary duty. He says the Bidens lied to him while agreeing Aug. 11 to take over Paradigm for an $8.1 million promissory note, or guarantee of payment.

Lotito says the Bidens, as his partners in LBB, were obligated to inform him of their competing bid for Paradigm. Instead, Lotito claims, they told him that the firm had "substantial liabilities" and little chance of success.

Lotito claims that he introduced Hunter Biden to Paradigm executives in January 2006 to help Biden find work outside of lobbying. According to Lotito's complaint, Sen. Biden said he was concerned that Hunter Biden's lobbying might affect his planned presidential campaign.

"It is apparent that Mr. Lotito is only invoking Senator Biden's name to garner media attention," Alan Hoffman, the senator's chief of staff, said in an e-mail yesterday. The senator is not a defendant in Lotito's complaint.

Inside The Beltway (WT)

By John Mccaslin, The Washington Times

The Washington Times, February 21, 2007

Any allies left?

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A White House pool report described yesterday's arrival of Vice President Dick Cheney in Tokyo, where he was "greeted by some extremely loud sound trucks" and "one unmistakable chant blaring from one of the trucks in a Japanese-accented male voice, chanting in English: 'Yankee go home, Yankee go home.' "

Stretched thin

FBI Director Robert S. Mueller III's recent testimony before the Senate Judiciary Committee that FBI referrals for counterterrorism cases increased a whopping 671 percent between 2001 and 2003 -- and to this day require "difficult choices in determining how to most effectively use the available agents" -- did not go unheeded.

Sen. Joseph R. Biden Jr. of Delaware has introduced legislation to add 1,000 FBI agents to the bureau's roster, all to focus exclusively on traditional criminal cases. Estimated cost: $160 million per year.

Gone private

Ambassador Cofer Black, the former ambassador-at-large and coordinator for counterterrorism at the State Department, and Rob Richer, who was the CIA's No. 2 for counterintelligence, will create a new "CIA-type" organization to address intelligence needs in the private sector.

"Terror attacks," "political instability," "avian-flu outbreaks," and even severe weather events will be on the radar of the company, which the pair names Total Intelligence Solutions.

Don't slurp

One-hundred guests at Teatro Goldoni's "Carnevale" last night were certainly watching their manners.

Judith Martin, aka "Miss Manners," was honorary queen at the lavish Save Venice Benefit, seated alongside honorary king Eric Denker, curator and senior lecturer at the National Gallery of Art.

The popular etiquette columnist and author of 12 books, who spent part of her youth in Europe, has a new release due out next month, "No Vulgar Hotel: The Desire And Pursuit of Venice." Considered the definitive manual for the hopeless Venetophile, she emphasizes:

"Love of Venice can strike anyone, not just romantic [weaklings]. Among the toughies with serious cases were Lord Byron, Richard Wagner, Ezra Pound and Ernest Hemingway. There is no cure for this affliction."

After an evening of Venetian cuisine and wine presented by Teatro's chef-owner Fabrizio Aielli and Marco Bolla, owner of Ristorante Lineadombra in Venice, guests were indeed "stricken" with Venetian charm.

Stone by stone

It's some two years behind schedule and about double the anticipated cost, but the much-anticipated underground U.S. Capitol Visitor Center just about has its final stone in place.

At nearly 580,000 square feet, or three-quarters the size of the U.S. Capitol itself, this $600 million polished cellar features a Great Hall, Exhibition Hall, congressional auditorium and Senate and House theaters, accented with marble, granite, solid wood, bronze and glass -- both floor panels and skylights.

Stone masons have placed the Tennessee Valley marble in basket-weave patterns, while on the Rotunda level the last stones are now being set at a pace of 70 per day.

Major construction should wrap up in the next few weeks, with a likely grand opening in early 2008.

Beats checkers

Jim Martin, president of the 60 Plus Association, the nonpartisan seniors advocacy group in Washington, is sitting at home convalescing from neck surgery 10 days ago.

"Who says basketball is not a contact sport?" Mr. Martin said when reached yesterday. "I'm wearing a neck brace for four more weeks, but this is the price I pay to be able to play in the Senior Olympics in mid-June in Louisville, Kentucky."

Mr. Martin's squad of seniors are the Virginia state basketball champions, and play three-on-three.

Professor Norton

That was Delegate Eleanor Holmes Norton, D.C. Democrat, bragging about the 100th anniversary of Hoyas basketball at Georgetown University, which is in the midst of another exciting season under head coach John Thompson III.

Mrs. Norton, many don't know, is a tenured faculty member of Georgetown University Law Center.

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What Does One Woman's Death Say About The Rest Of Us? (USAT)

By Douglas MacKinnon

USA Today, February 21, 2007

As our nation and world seemingly spin out of control, it's easy to understand why the passing of a proud, incredibly decent 65-year-old woman living alone would escape our attention.

Our somewhat fragile and overloaded minds can process only so much negative news at a time. With Iraq, Iran, the constant threat of terrorism, declining health care and global warming claiming center stage, we can certainly be excused if the death of one lonely individual went unnoticed.

But how this woman died should be of interest to us all.

On Jan. 17, Bessie Sanders of Washington was killed in a house fire. It was determined by the fire department that "Ms. Bessie," as she was known to neighbors, lost her life when the candle she was using for illumination in her bedroom accidentally started a fire. During the coldest part of the year, Ms. Bessie was using a candle for light because her electricity, gas and water had all been shut off.

In this country, the last remaining superpower, an elderly woman needlessly perished when her government failed her. Even as friends and neighbors alerted the District of Columbia that Ms. Bessie's utilities needed to be reactivated, according to The Washington Post, the bureaucracy apparently failed to do so because she did not personally make the call, and a Social Security number was not provided. District officials said they had no record of her asking for assistance.

Every winter, in most major cold-weather cities, stories such as Ms. Bessie's can be found. Of course, I'm willing to concede that I am sensitive to such news because most of my childhood was spent without electricity, gas, heating oil, water or phones. I grew up in abject poverty, living in Boston and parts of New England, and every winter was a crisis for my family. If my parents had no money for heating oil, we would use the gas stove to heat our home. If the gas was turned off, but we still had electricity, we would use space heaters. If all were shut off, my brother, sister and I often would go to sleep on the same mattress, covered by a thin blanket, watching our breath frost as we tried to stop shivering.

Like Ms. Bessie, we had to endure this pain because my parents refused to ask friends or family for help. Because of pride, shame or ignorance, three kids many years ago suffered, and an elderly woman of today died.

Iraq, terrorism, natural disasters and gang violence continue to fill our TV screens while, make no mistake, many of our fellow Americans go to sleep each winter night with no heat. How many of them, like Ms. Bessie, don't survive the experience? Clearly it happens, clearly it's preventable, and clearly it's a disgrace.

The Centers for Disease Control and Prevention estimate that about 600 Americans die each year from exposure to the cold. Many of them have incomes that fall below the poverty line, and many are elderly. Keep in mind, those 600 deaths do not include people such as Ms. Bessie, who lose their lives to the cold because of fire or carbon monoxide-related accidents.

After the loss of Ms. Bessie, Terry Lynch, executive director of the non-profit Downtown Clusters of Congregations, told The Washington Post that instead of sending letters offering help to those whose utilities have been shut off, maybe government officials should go door to door. Better than the government, neighbors and families need to go door to door. If not us, who?

In today's world, it's more crucial than ever to hold tightly to family and friends. Let the bad news we cannot control wash over our overloaded senses, and let us instead focus on the individual just down the street who may literally live or die based on our actions.

Ms. Bessie did not make it, but there are thousands like her who still need our help.

What's it going to be?

Douglas MacKinnon is a former White House and Pentagon official and author of America's Last Days.

Cheney Reassures Japan On NKorea (AFP)

By Olivier Knox

AFP, February 21, 2007

DOJ_NMG_0134703

US Vice President Dick Cheney reassured Japan that the breakthrough North Korea nuclear deal was a "good first step" after a worried Tokyo refused to fund the pact.

Cheney opened talks here at the start of a Pacific visit to close US allies Japan and Australia meant to step up cooperation over North Korea and war-torn Iraq.

Japan was one of six nations involved in marathon talks in Beijing last week that led to an agreement for North Korea to shut key nuclear facilities in exchange for badly needed fuel oil.

But Japan has refused to provide energy aid to the nuclear-armed communist regime until it resolves an emotionally charged row over the past kidnappings of Japanese nationals.

The vice president discussed the kidnappings among other issues in a breakfast meeting with Chief Cabinet Secretary Yasuhisa Shiozaki, said Cheney spokeswoman Lea Anne McBride.

Cheney told the Japanese government's number-two that the North Korea deal was "a good first step," McBride said. "They agreed to work together to watch North Korea."

The conservative vice president was due to meet later Wednesday with Prime Minister Shinzo Abe, who has built his career on the abduction issue, and Foreign Minister Taro Aso.

Cheney was later welcomed at the palace by Emperor Akihito, who bowed and then shook his hand and said their meeting would strengthen the US-Japan alliance.

He was due later to address US troops onboard the USS Kitty Hawk which is docked south of Tokyo.

At Japan's request, the vice president added a last-minute meeting Thursday with Sakie and Shigeru Yokota, the parents of the most famous abduction victim, Megumi Yokota.

Megumi was a 13-year-old schoolgirl when she was bundled aboard a North Korean ship off Japan's western coast in 1977. Pyongyang has admitted kidnapping her but says she is dead.

Her case has triggered an outpouring of sympathy in Japan and growing international attention, including a song about her plight released Wednesday by Paul Stookey of famed US folk trio Peter, Paul and Mary.

Her mother met President George W. Bush at the White House last year.

On the eve of his meeting with Cheney, Abe met the families of the abduction victims and vowed never to establish diplomatic ties with North Korea until the cases are settled.

Japan sees itself as a top target of North Korea, which fired a missile over the country's main island in 1998, and has championed a hard line against the isolated regime.

But since his Republican Party was trounced in November elections, Bush has increasingly backed diplomacy to resolve problems with North Korea, which in 2002 he said was part of an "axis of evil" with Iran and Saddam Hussein's Iraq.

Cheney is not scheduled to meet Japanese Defence Minister Fumio Kyuma, who caused a stir in January when he said Bush was "wrong" to invade Iraq. He also accused Washington of failing to address local concerns in Okinawa, which is home to half the 40,000 US troops in Japan.

Cheney will later head to Australia, where Prime Minister John Howard has talked of sending up to 70 additional military instructors to Iraq and deploying more troops in Afghanistan.

He will also meet opposition leader Kevin Rudd, who has refused to back any increase in troops to Iraq. Rudd overtook Howard in an opinion poll last week.

Cheney's Visit To Japan Exposes Tensions (FT)

By David Pilling

Financial Times, February 20, 2007

Fumio Kyuma, Japan' s outspoken defence minister, on Tuesday felt obliged to explain why he would not be meeting Dick Cheney, the US vice-president, who on Wednesday begins a visit to Japan during which security will take centre stage.

Mr Cheney, Mr Kyuma explained, could not be expected to meet a mere defence minister. "There is a difference in rank. It is a matter that pertains to the [Japanese] prime minister," he said.

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Behind Mr Kyuma's humble remarks lie an awkward diplomatic moment. Earlier this month he lashed out at US foreign policy, saying Washington was wrong to invade Iraq and lambasting its arrogant attitude towards Okinawa, the island where the bulk of US troops in Japan are stationed.

Tokyo remains Washington's main regional ally, and the relationship is ro-bust enough to survive minor disagreements, analysts say. Yet Mr Kyuma's remarks provoked outrage among Japan-handlers in the Bush administration and the embarrassment that has followed is one of several points of contention.

Japan continues to support US policy in Iraq, a point recently underlined by Shinzo Abe, prime minister, in a speech to Nato and again in parliament.

However, Taro Aso, foreign minister, suggested that Washington's post-invasion strategy had been naive.

Tokyo has begun to pull out 550 ground troops stationed in Iraq to help reconstruction. It has also, however, stepped up the activity of its air self-defence force, which helps to supply US troops in Iraq.

There has also been concern in Japan about the deal struck with North Korea to shut down its main nuclear facility in exchange for oil. Some Japanese officials have, sotto voce, criticised Washington for conceding too much to Pyongyang.

Robert Dujarric, a security expert at the National Institute for Public Policy in the US, said: "The impression is that the deal was hammered out between the US, China and North Korea and that no one asked the Japanese what they thought."

In particular, Mr Abe's government has been embarrassed by the fact that the deal did not address North Korean abductions of Japanese citizens, although a senior foreign ministry official has countered claims Japan had been sidelined.

"I don't think it is the policy of the US to speed ahead at 100 miles per hour and leave behind all the other issues, including the abduction issue," the official said. "All the other five parties, including North Korea, know there needs to be a huge participation by Japan."

US Visit To Asia Likely To Shore Up N-deal (FT)

By Guy Dinmore

Financial Times, February 21, 2007

John Negroponte's first mission as US deputy secretary of state is expected to take him to Asia next week to shore up last week's breakthrough deal with North Korea, under which Pyongyang is to close its nuclear bomb-making facilities in return for aid and peace talks.

Mr Negroponte, the former national director of intelligence who took up his new post last week, would visit China, South Korea and Japan, officials said.

One said Mr Negroponte also planned to add Pyongyang to his itinerary, though others either denied this or said such a trip was unlikely at this stage. A US state department spokesman said only: "We have nothing to announce at this time."

Mr Negroponte would be the most senior US official to visit Pyongyang since Madeleine Albright, then secretary of state, in October 2000.

Last month the Bush administration abandoned its opposition to bilateral talks with North Korea by allowing Christopher Hill, its chief negotiator, to engage directly his North Korean counterpart in talks in Berlin.

That led to the breakthrough at Chinese-brokered talks in Beijing on February 13, after nearly 18 months of impasse.

The Bush administration, in particular Condoleezza Rice, secretary of state, has been fiercely criticised by Washington hawks over last week's deal. Officials admitted that a high-level visit to Pyongyang would be controversial internally.

David Frum, analyst at the American Enterprise Institute, wrote that the deal with North Korea contained no more safeguards against cheating than the failed agreement between Pyongyang and the US in 1994.

Under that deal, North Korea agreed to freeze its Yongbyon nuclear facility but the deal fell apart in 2002 when the Bush administration accused the communist regime of secretly enriching uranium. Pyongyang then expelled United Nations inspectors and resumed operations at Yongbyon, which culminated in its first nuclear test last October.

Mr Frum warned that the current deal, which involves the US removing North Korea from its list of state sponsors of terrorism, would harm close relations with Japan, which has an unresolved issue over citizens kidnapped by North Korea.

Meanwhile, Dick Cheney, US vice-president, arrived in Japan yesterday on an Asian trip that will take him on to Australia.

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John Howard, the Australian prime minister, said on Tuesday that George W. Bush had phoned him for a lengthy discussion on North Korea. “The president is realistically optimistic,” Mr Howard said of the prospects for the deal with North Korea.

Robert Einhorn, a proliferation expert who was part of the US delegation to Pyongyang in 2000, said a high-level visit to North Korea was important to sustain momentum. But he thought Mr Hill would be more likely than Mr Negroponte to become the first senior US official to visit Pyongyang.

Mr Einhorn described some of the actions required of North Korea in the first 60 days of the agreement as “textbook” measures, including the return of UN inspectors and installation of fresh seals on equipment. at the Yongbyon facility.

But he said other steps, namely that North Korea list all its nuclear programmes, were likely to be more contentious.

Iran Sets Condition To Halt Nuke Program (AP)

By George Jahn

AP, February 21, 2007

Iran's chief nuclear envoy said Tuesday his country wants to negotiate over its uranium enrichment program, on the eve of a U.N. Security Council deadline that carries the threat of harsher sanctions. But the country's hard-line president said Iran will halt enrichment only if Western nations do the same.

Sanctions could be triggered by a report from Mohamed ElBaradei, the head of the Vienna-based International Atomic Energy Agency, to his agency's 35 board-member nations, expected Wednesday. That report is expected to say Iran has expanded enrichment activities instead of freezing them.

President Mahmoud Ahmadinejad, speaking to a crowd of thousands in Iran, said his country was ready to stop its enrichment program, but only if Western nations do the same — something the United States and others with similar programs are unlikely to even consider.

"Justice demands that those who want to hold talks with us shut down their nuclear fuel cycle program too," he said. "Then, we can hold dialogue under a fair atmosphere."

The White House dismissed Ahmadinejad's call.

"Do you believe that's a serious offer?" White House press secretary Tony Snow asked. "It's pretty clear that the international community has said to the Iranians, `You can have nuclear power but we don't want you to have the ability to build nuclear weapons.' And that is an offer we continue to make."

Nevertheless, Ahmadinejad's speech was unusually conciliatory, avoiding fiery denunciations of the West. Iran's call for talks — voiced separately on Tuesday by Ahmadinejad, Foreign Minister Manouchehr Mottaki and senior nuclear negotiator Ali Larijani — suggested an attempt to convey flexibility on the eve of the deadline.

Mottaki, in Turkey, said talks on the nuclear dispute should try to achieve an agreement allowing "Iran to achieve its rights" while eliminating "concerns" about its nuclear ambitions. Larijani, in Vienna, said his country was "looking for ways and means to start negotiations."

But the officials did not offer what the Security Council is demanding — an immediate and unconditional stop to enrichment. Iran has long insisted that it will not stop its nuclear activities as a condition for negotiations to start.

The United States and its allies suspect that Iran is using its nuclear program to produce an atomic weapon — charges Iran denies, saying its aim is to generate electricity. Enriched to a low level, uranium is used to produce nuclear fuel, but further enrichment makes it suitable for use in building an atomic bomb.

Asked what Iran was seeking, Larijani said: "Constructive dialogue that could ... address the concerns" of both Tehran, which insists on enrichment as its right, and the world powers that fear the program would be used to develop nuclear arms.

While telling reporters his country was prepared to deliver "assurances that there would be no deviation ... toward a nuclear weapons program," he offered no new suggestions — and indirectly ruled out suspending enrichment, saying that was just a "pretext" to put political pressure on his country.

Larijani was even more direct in rejecting an enrichment freeze as a precondition for negotiations in talks with ElBaradei, according to diplomats familiar with the substance of their conversation.

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"He ruled out suspension and said Iran was not afraid of (U.N.) sanctions," one of the diplomats told The Associated Press, speaking on condition of anonymity because his information was confidential. The diplomat said Larijani told ElBaradei that Iran could consider an enrichment freeze only as a result of talks — and not before sitting down at the negotiating table.

Iran has rejected the Security Council resolution as "illegal," and said it would not give up its right to enrich under the Nuclear Nonproliferation Treaty.

Tehran's refusal to freeze all its enrichment-related activities prompted the U.N. Security Council on Dec. 23 to impose sanctions targeting its nuclear and missile programs and persons involved in them. Back then, it gave the country 60 days to halt enrichment or face additional measures — a deadline that expires Wednesday.

Still, no sanctions were expected immediately.

Discussions on a new resolution aimed at stepping up pressure on Iran to suspend enrichment are expected to start next week, a Security Council diplomat said in New York, speaking on condition of anonymity because of the sensitivity of the issue.

The council debate will focus on what new nonmilitary sanctions to include in a resolution, the European diplomat said. Possible new sanctions could include a travel ban against individuals on the U.N. list, an expansion of the list, economic measures such as a ban on export guarantees to Iran, and an expansion of the nuclear embargo to an arms embargo, the council diplomat said.

But Russia and China, both veto-holding council members with close ties to Iran, are likely to oppose economic sanctions or weapons bans. A travel ban was dropped from the initial resolution because of Moscow's opposition, so tough negotiations are expected, the diplomat said.

Striking a combative note after meeting ElBaradei, Larijani warned the United States against opting for force instead of negotiations over the issue of enrichment.

"If they ... move into the boxing ring, they would have problems," Larijani told reporters in response to a question about U.S. pressure on Iran to give up enrichment. "But if they sit at the chess table, then both sides would come to a result."

With the U.S. recently moving against Iranians whom it accuses of helping Shiite militias in Iraq and beefing up its naval presence in the Persian Gulf, Larijani's comments were seen as veiled warnings that any additional U.S. weight on his country would be met in kind.

"Anybody interested in ... irrational moves ... would definitely receive an appropriate response," he said.

Iran has brought its war games maneuvers over the past year into busy shipping lanes in the Straits of Hormuz, the narrow mouth of the Persian Gulf through which two-fifths of the world's oil supplies pass, the top U.S. Navy commander in the Mideast said.

The moves have alarmed U.S. officials about possible accidental confrontations that could boil over into war, and led to the recent buildup of Navy forces in the Gulf, Vice Adm. Patrick Walsh said in an interview with the AP and other reporters in Bahrain.

The carrier USS John C. Stennis — backed by a strike group with more than 6,500 sailors and Marines and with additional minesweeping ships — arrived in the region Monday. It joined the carrier USS Dwight D. Eisenhower after President Bush ordered the buildup as a show of strength to Iran.

U.S. Rebuffs Iran On Eve Of Deadline (WSJ/AP)

Associated Press

The Wall Street Journal, February 21, 2007

Bush administration officials dismissed Iran's unusually conciliatory comments made on the eve of a United Nations deadline to suspend uranium enrichment. Iranian President Mahmoud Ahmadinejad said in a speech he would halt enrichment and enter "fair talks" so long as the West took similar measures. Iran's foreign minister and its main nuclear negotiator also called for talks. White House spokesman Tony Snow called Mr. Ahmadinejad's pledge a "false offer." The administration hopes to push for new sanctions next month.

Tehran Defiant As Deadline Nears (WT)

By David R. Sands

The Washington Times, February 21, 2007

DOJ_NMG_0134707

Iranian leaders yesterday vowed to defy international pressure on the eve of a United Nations deadline demanding that Tehran halt its suspect nuclear programs or face new, harsher sanctions.

The International Atomic Energy Agency (IAEA), the U.N. nuclear monitoring arm, is expected to announce today that Iran has failed to meet a 60-day deadline set by the U.N. Security Council to suspend enrichment of uranium, a key step in the development of nuclear weapons.

The Bush administration dismissed a new offer from hard-line Iranian President Mahmoud Ahmadinejad to shut down Iran's nuclear facilities if the United States and the West do the same.

"Do you believe that's a serious offer?" said White House press secretary Tony Snow. Added State Department spokesman Tom Casey, "I'm afraid what we're seeing so far is just more of the same defiance."

Iran insists that it has the right to pursue a nuclear program for civilian power needs, but the United States and European Union say past Iranian efforts to hide the extent of its program show that Tehran is secretly pursuing nuclear weapons.

The U.N. Security Council in December approved a series of targeted sanctions on Iran's nuclear research programs. The council held out the prospect of broader sanctions if Iran did not cooperate, but stopped short of threatening military action.

No action is expected today by the Security Council. Mr. Casey said intensive negotiations are already under way among the five permanent members of the Security Council -- the United States, Britain, France, Russia and China -- about a new resolution imposing new penalties and restrictions on Iran.

Moscow and Beijing have been reluctant to back the Bush administration's hard line on Iran and successfully held out against any mention of military action against Tehran in the nuclear dispute. But U.S. officials were encouraged by reports this week that Russia may delay the delivery of fuel for a planned nuclear plant it is building for Iran in the southern city of Bushehr. A spokesman for the Russian atomic energy agency said yesterday the possible delay is because of problems in receiving payment.

"I do think it's very clear to us that the Russians share our concerns about Iran's nuclear program," Mr. Casey said.

The United States has refused to rule out military action against Iran, but President Bush has said repeatedly that he wants to solve the conflict through diplomacy.

Mr. Ahmadinejad told a gathering in northern Iran yesterday that Tehran would halt its uranium enrichment activities, but only if the United States and other nuclear powers did the same.

"If you want to speak from a position of power and make use of the oppressing leverage of some international institutions, you have to know that you will fail against the unity and resistance of the Iranian nation," he said.

Nevertheless, Mr. Ahmadinejad's speech was considered unusually conciliatory, avoiding fiery denunciations of the West.

In Vienna, Austria, Iran's chief nuclear envoy said yesterday his country wants to negotiate over its uranium enrichment program.

Ali Larijani said the impasse over Iran's nuclear programs "cannot by resolved through force and pressure."

Mr. Larijani met with IAEA Director Mohamed ElBaradei ahead of the release of today's report.

In Turkey, Iranian Foreign Minister Manouchehr Mottaki said talks on the nuclear dispute should try to achieve an agreement allowing "Iran to achieve its rights" while eliminating "concerns" about its nuclear ambitions.

Iran's call for talks -- voiced separately by Mr. Ahmadinejad, Mr. Mottaki and Mr. Larijani -- suggested an attempt to convey flexibility on the eve of the deadline.

Duke University political scientist Bruce W. Jentleson, in an analysis for the Century Foundation, said it was "virtually certain" that the United Nations will stop short of a total embargo of Iran, which boasts some of the world's largest oil and natural gas reserves.

But he said more limited options are on the table, including: tougher restrictions on Iran's nuclear programs; limits of investment in Iran's energy sector; a freeze on Iranian assets abroad; a cutoff of military sales; targeted sanctions on top Iranian leaders; and general economic sanctions such as boycotting key Iranian exports, banning international flights and opposing Iran's World Trade Organization membership.

International Pressure Mounts On Iran (FT)

DOJ_NMG_0134708

By Daniel Dombey

Financial Times, February 21, 2007

Iran was on Tuesday struggling to stave off further a fresh round of international censure as controversy over its nuclear programme continued to mount.

In Vienna, Ali Larijani, the Islamic Republic's top nuclear negotiator, met Mohamed ElBaradei, the United Nations' chief nuclear inspector, who will is due to pronounce on Tehran's nuclear activities today.

Speaking to the Financial Times this week, Mr ElBaradei did not bother to hide his near-conviction that Iran would fail to meet UN demands to curb uranium enrichment, a process that can generate both nuclear fuel and weapons grade material.

His observations indicate that Tehran is stepping up its commitment to a nuclear programme. Iran says its purposes are purely peaceful, but its claims protestations are viewed with increasing scepticism and disbelief. in Europe and are downright disbelieved in the US.

Yesterday, in a rhetorical flourish, Mahmoud Ahmadi-Nejad, Iran's president, challenged the west to suspend its own uranium enrichment. sidestepping the argument that Tehran should not be allowed permitted such activities because it had hidden its nuclear programme. in the past.

Many western diplomats question why Iran is accelerating its enrichment activities while Bushehr, the nuclear power plant the uranium is intended to feed, is behind schedule and was delayed further this week because of Iran's alleged failure to pay its Russian contractors.

"Iran sees enrichment . . . as a strategic goal because they feel that this will bring them power, prestige and influence," Mr ElBaradei told the FT. "They feel that this will bring them into the company of some of the large and influential [states], the 12, 13 countries with enrichment processing, even if they don't have a weapon."

One common argument is that countries with an extensive enrichment infrastructure can are able to "break out to become nuclear weapon states in a matter of months.

Last year Ernst Uhrlau, the head of German intelligence, said Tehran could not would not be able to produce enough material for a nuclear bomb before 2010 and could would only be able to only make it into a weapon by only about 2015.

Mr ElBaradei's last report, issued in November, said that since August Tehran had used two "cascades" of 164 centrifuges apiece to enrich uranium in a research facility at its Tehran plants.

Spinning uranium in a system of centrifuges increases the levels of the isotope uranium 235. A level of about 3 per cent serves as nuclear fuel; a level of above 90 per cent constitutes weapons grade material.

Mr ElBaradei suggested Iran's test centrifuges were now functioning smoothly after early teething pains. He added that Iran had installed a further 164-centrifuge cascade in the subterranean facility in Natanz, and that the country could be six months to a year away from operating an industrial size cascade of 3,000 centrifuges.

If 3,000 centrifuges ran smoothly for a year, they could produce enough material for a bomb.

But Iran uses "P-1" centrifuges it acquired from the black market network of AQ Khan, the father of Pakistan's bomb. They centrifuges are copies of a copy of a Dutch model. They crash and are much flimsier and hence slower than their modern day equivalents. "Using P1s in this way is like competing at Le Mans with a Model T Ford," said a western diplomat. "You will get around in the end, but it will take much much longer."And one malfunctioning centrifuge within the cascade is enough to bring the whole cascade down.

If Iran did acquires enough fissile material with the intent to weaponise it, other stages are would still be necessary. The uranium must would have need to be cast into metal, packed into an explosive device and if it were to be targeted at other countries, fitted into a missile warhead.

Meir Dagan, the head of Israel's Mossad, the Israeli intelligence agency, in December told the Knesset that by 2008, Iran would be able to develop 25kg of highly enriched uranium – enough for a bomb – and a weapon the following year.

His calculations seem appear to assume that Iran will be able to spin the uranium without technical hitches from almost the moment that the centrifuges are installed and that Tehran will ould be able to use its mixture of imported Pakistani and North Korean technology to weaponise the material in a matter of months.

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The technical shortcomings of Iran's programme might mean it that Iran will take much longer to develop nuclear capacity. But even after today's report nobody will be able to know for sure.

Table Talk (WSJ)

By Michael Rubin And Danielle Pletka

The Wall Street Journal, February 21, 2007

Iran faces a deadline today to suspend its enrichment of uranium or, according to the terms of a U.N. Security Council resolution unanimously adopted last December, face further sanctions. While it is only proper that the world wait for the deadline to pass before responding, Tehran's answer is already clear. Gholam Reza Aghzadeh, head of Iran's Atomic Energy Organization, has said that "Iran will not comply with the United Nations Security Council Resolution 1737."

How will the West respond? Earlier this month Sir Richard Dalton, until recently Britain's ambassador in Tehran, called for direct talks between U.S. and Iranian officials and suggested the West modify demands that the Islamic Republic suspend uranium enrichment. Unfortunately, his eagerness for dialogue is being echoed and amplified elsewhere, especially in the wake of the Bush administration's deal to pay North Korea for similar disarmament. Needless to say, former luminaries such as ex-Secretary of State Madeleine Albright and President Jimmy Carter think sitting down with the mullahs is a very good idea, Security Council resolutions notwithstanding.

Why not talk? The logic of engagement sounds good. But experience shows that engagement means something different in Iran than in the West.

In May 1992, for example, then German Foreign Minister Klaus Kinkel launched a "critical dialogue" with Tehran. Berlin sought to use trade and incentives to encourage the Islamic Republic to alter its behavior. And, indeed, it did. But not in the way Mr. Kinkel expected.

On Sept. 17, 1992, Iranian hit men assassinated three Iranian dissidents and their translator in a Berlin restaurant. The subsequent German investigation determined that Iranian Supreme Leader Ali Khamenei, President Ali Akbar Hashemi Rafsanjani and Foreign Minister Ali Velayati ordered the murders. What about the dialogue? "We don't give a damn about your ending the critical dialogue," said Supreme Leader Khamenei upon hearing the German court ruling. "We never sought such a dialogue."

Neither Iran's terrorism nor intelligence indications of an accelerating nuclear weapons program dampened European enthusiasm for engagement, however, especially after the election of President Muhammad Khatami and his subsequent call for a "dialogue of civilizations." "There is more to be said for trying to engage and to draw these societies into the international community than to cut them off," EU External Affairs Commissioner Chris Patten explained in February 2002. And engage they did.

Between 2000 and 2005, EU trade with Iran almost tripled. Officials from both sides of the Atlantic fawned on the "reformist" Mr. Khatami. But the rapprochement -- including an embarrassing "apology" for past American sins against Iran from Ms. Albright -- did not stop Mr. Khatami from flying to Moscow in March 2001 to sign a $7 billion arms and nuclear technology deal. Indeed, under Mr. Khatami, Tehran spent more on arms than it had under Hashemi Rafsanjani.

Iran's exploitation of engagement to advance its agenda is the rule rather than the exception. In December 2001, in the midst of what many cite as the heyday of Iran-U.S. cooperation in Afghanistan, Iranian forces dispatched 50 tons of weaponry to Palestinian militiamen to derail a U.S.- and European-brokered ceasefire between Israeli and Palestinian forces. On June 8, 2002, three days after a Palestinian Islamic Jihad suicide bus bomber killed 17 Israelis, the Islamic Republic announced a 70% increase in that group's funding.

Western efforts to game the Iranian system, in short, misunderstand the nature of politics in the Islamic Republic. Politicians rise and fall, but the supreme leader's authority remains supreme. Rhetoric notwithstanding, the president is more figurehead than commander. Factional differences add color to the Iranian scene, and there are nuances in economic and social policies. But politicians do not alter the regime's ideological underpinnings.

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Upon his accession to supreme leader, analysts labeled Mr. Khamenei a weak compromise candidate. They underestimated him, and all who have attempted to encroach upon his power have found themselves marginalized. Iranians once speculated upon Tehran mayor Gholamhossein Karbaschi's meteoric rise. A stint in prison ended that.

In 2005, Mr. Khamenei rigged elections to teach frontrunner Mr. Rafsanjani a lesson. The result was Mahmoud Ahmadinejad. And as Mr. Ahmadinejad himself has proven obstreperous, Mr. Khamenei has built alternative institutions to undercut him.

Still, the Iranian government is not monolithic, and many academics argue that outreach to more pragmatic factions might encourage them at the hardliners' expense. This is American mirror imaging at its worst: Mr. Ahmadinejad may be a bad guy, but that doesn't make Mr. Rafsanjani a pragmatist or Mr. Khatami a reformer. On key issues relating to nuclear enrichment and terror sponsorship, their differences are rhetorical, not substantive. Thus the "pragmatic" Mr. Rafsanjani on Feb. 1, 2007, dismissing U.N. demands to throttle back nuclear enrichment: "We will break the [international] consensus through wisdom and bravery and foil U.S. conspiracies against Iran."

Despite the Iranian government's unified commitment to forge ahead with the nuclear program, some Western observers persist in their belief that the Islamic Republic is searching for a graceful way back from the brink. They point to mounting economic hardship inside Iran and a backlash against President Ahmadinejad's demagoguery. Couldn't engagement empower his critics?

This makes no sense. Dialogue and the attendant relaxation of U.N. sanctions will strengthen and validate the Ahmadinejad regime.

Far from being susceptible to Western machinations, the Iranians have proven adept at manipulating us. Consider that, since the beginning of the current tensions, the West has retreated from demands that Iran cease conversion of yellowcake to uranium gas and end enrichment entirely to the current demand for nothing more than a temporary suspension of uranium enrichment activities. And all this while Iran funneled weapons to Hezbollah, shipped explosives into Iraq and defied Security Council resolutions.

Proposals for renewed engagement may be well-intentioned, but they are naïve and dangerous, and indeed will undercut any possibility of a diplomatic solution. Let's review the current situation.

On Sept. 24, 2005, the International Atomic Energy Agency determined that Iran was in violation of its nuclear non-proliferation safeguards agreement. Still, the IAEA deferred referral to the U.N. Security Council to give diplomacy a chance. After consulting with her European partners, on May 31, 2006, Secretary of State Condoleezza Rice offered Tehran two ways forward: Either Iran could defy its international commitments and "incur only great costs," or it could suspend enrichment and enjoy "real benefit and longer-term security." The Iranian regime chose to forego the benefit. On Dec. 23, 2006, the U.N. Security Council unanimously imposed sanctions.

The 60-day deadline to comply with U.N. demands is up, so what next? Those eager to sit down with Tehran say that dialogue does not mean abandoning sanctions. This is hardly serious. Washington has already offered and delivered inducements to the regime -- a clear path to World Trade Organization accession and spare aircraft parts -- in exchange for behavior modification. In response, Tehran has offered no confidence-building measures. All that remains are direct talks, and even there, Washington has dropped the price from ending Iran's nuclear program to a temporary suspension of enrichment.

The Security Council has spoken. To change course now would signal the impotence of international institutions and multilateral diplomacy. History shows that when the supreme leader believes Western resolve is faltering, Iran will be more defiant and dangerous. Now is not the time to talk. If Washington and Europe truly believe in the primacy of multilateralism and diplomacy, now is the time to ratchet up the pressure.

Ms. Pletka and Mr. Rubin are, respectively, vice president for foreign policy and defense studies and resident scholar at the American Enterprise Institute.

U.S. Navy Buildup Came After Iran Moves (AP)

By Jim Krane

AP, February 21, 2007

DOJ_NMG_0134711

Iran has brought its war games maneuvers over the past year into busy shipping lanes in the Straits of Hormuz, the narrow mouth of the Persian Gulf through which two-fifths of the world's oil supplies pass, the top U.S. Navy commander in the Mideast said.

The moves have alarmed U.S. officials about possible accidental confrontations that could boil over into war, and led to a recent build-up of Navy forces in the Gulf, Vice Adm. Patrick Walsh said in an interview with The Associated Press and other reporters.

During maneuvers, Iranian sailors have loaded mines onto small minelaying boats and test-fired a Shahab-3 ballistic missile into international waters, he said.

"The Shahab-3 most recently went into waters very close to the traffic separation scheme in the straits themselves. This gives us concern because innocent passage of vessels now is threatened," Walsh said in the interview Monday on the base of the Navy's Fifth Fleet in the Gulf island kingdom of Bahrain.

Iran tested the Shahab during November maneuvers, which it said were in response to U.S. maneuvers in the Gulf it called "adventurist." Iran also showed off an array of new torpedoes in war games in April.

The carrier USS John C. Stennis — backed by a strike group with more than 6,500 sailors and Marines and with additional minesweeping ships — arrived in the region Monday. It joined the carrier USS Dwight D. Eisenhower after President Bush ordered the build-up as a show of strength to Iran.

The additional U.S. firepower has ratcheted up tensions with Iran. But Walsh said the increase aims to reassure Arab allies in the Gulf and prevent misunderstandings that could escalate into outright conflict.

"That's certainly what we're trying to avoid, a mistake that then boils over into a war," said Walsh, who departs his command of the Fifth Fleet this month to become vice chief of naval operations at the Pentagon, the Navy's No. 2 post.

Walsh said the Navy was responding to "more instability than we've seen in years" in the Fifth Fleet's region — with conflicts in Iraq, Afghanistan and Somalia, tensions in Lebanon and the standoff with Iran.

The Navy has grown increasingly alarmed at what Walsh called Iran's "provocations." Once cordial Navy ship-to-ship relations with Iran in the Gulf have disintegrated over the past 18 months as Iranian vessels made "probing" incursions into Iraqi waters, he said.

"They threaten to use oil as a weapon. They threaten to close the Straits of Hormuz," Walsh said. "And so it is the combination of the rhetoric, the tone, and the aggressive exercises in very constrained waters that gives us concern."

Since the Stennis was ordered to the region, Iranian leaders have increasingly warned that they would respond to any attack by closing off oil shipping lanes or attacking U.S. interests.

The Straits of Hormuz are 34 miles across, but its shipping lanes are only about six miles wide.

Walsh said it was doubtful that Iran could physically block the entire six-mile lanes with mines — but hitting only a few vessels with missiles and mines would "terrorize" shipping and have the same effect.

"It's more the threat of mines than the threat of closing the straits. That would have dramatic effects on markets around the world," he said.

Walsh said his biggest worry was that Iran would underestimate U.S. resolve to protect its interests in the world's richest oil region. He said the tone of Iranian leaders could make their commanders on the ground more reckless. "It's a mix and a formulation where you can have misunderstanding," he said.

Asked whether the U.S. Navy would launch an attack on Iran if Iranian involvement were confirmed in a deadly incident in Iraq, Walsh said he was unable to discuss the Navy's rules of engagement. But he added, "There are events on land that can spill over onto the sea."

At the same time, Walsh said he understood that U.S.-allied Gulf nations feared that any U.S.-Iranian military conflict could bring attacks on their soil.

Walsh said he was aware that a University of Maryland/Zogby International poll of Arab public opinion this month showed residents of the United Arab Emirates, Saudi Arabia and other allies believe Iran is far less a threat than the U.S. and Israel.

"I'm trying to talk to those in the region, to give them assurances that the reason we're here is to stand by them," he said.

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Rice Seeks Arab Backing For Moderate Palestinians (AFP)

By David Millikin

AFP, February 21, 2007

US Secretary of State Condoleezza Rice was holding talks in Jordan with intelligence chiefs of four Arab states seen as crucial in backing Palestinian president Mahmud Abbas in his power struggle with the radical Islamic group Hamas.

Rice also briefed Jordan's King Abdullah II on her joint meeting Monday in Jerusalem with Abbas and Israeli Prime Minister Ehud Olmert, a summit billed as the launch of a new US push to revive peace efforts but which failed to make any significant breakthrough.

After seeing Rice, Abdullah was to meet Abbas, who is in Jordan en route for Europe to seek support for a unity government deal between his secular Fatah party and Hamas, boycotted by the West as a terror group.

Rice's initiative has been undermined by the power-sharing deal brokered by Saudi Arabia earlier this month which caught the US administration by surprise, according to a senior US official.

Since Hamas gained control of the Palestinian government after a shock election win in January 2006, Washington has led international efforts to isolate the administration with an embargo on critical aid and diplomatic ties.

Washington backed a bid by Abbas to call new elections in hopes of sidelining Hamas, but the initiative led to deadly factional clashes -- bloodshed which the power-sharing deal has managed to stem.

The unity government deal, which will see officials from Abbas's secular Fatah party serve alongside Hamas leaders -- infuriated Israel and almost torpedoed Monday's summit, officials said.

While Rice succeeded in bringing the meeting off and gaining a pledge by Olmert and Abbas to continue talking, tensions were apparent when neither man appeared at her side for the reading of a joint statement.

She also used the meeting to reaffirm US and Israeli insistence that the boycott against the Palestinian government will continue unless it pledge respect for three conditions -- recognise Israeli's right to exist, renounce violence and accept previous peace agreements with Israel.

Abbas argued in Monday's meeting that the deal includes implicit recognition of these conditions and formally authorises him to negotiate with Israel.

During her five-hour visit to Jordan, Rice will seek an explanation of the unity government deal from the Saudi national security adviser Prince Bandar bin Sultan, the senior US official said.

She will also discuss ways the four Arab states can help deal with security issues raised in Monday's Israeli-Palestinian meeting, the official said.

These include putting an end to arms smuggling from Egypt into the Gaza Strip, Hamas's stronghold, and boosting the presence of security forces loyal to Abbas in northern Gaza, from where militants have been firing home-made rockets into Israel.

The official said Washington considers the four Arab nations "critical backers" of Abbas in his showdown with the Iranian-supported Hamas.

The United States initially engaged the so-called "Arab Quartet" as part of efforts to urge Iraqi Sunnis not to boycott the US-backed Shiite-led government in Iraq.

"Then it evolved into the most effective means of supporting responsible Palestinians," the US official said, referring to Abbas and his Fatah party.

Also attending the meeting will be Egyptian intelligence chief Omar Suleiman -- a key mediator between Israel and the Palestinians -- and his counterparts from Jordan and the United Arab Emirates.

Rice said she would also be pushing the Arabs to take a more active role in reviving peace efforts embodied in a 2002 "Arab initiative" that offered Israel diplomatic recognition if it would give up territory occupied since the 1967 Arab war.

"I hope that the Arab states also understand that they have a role to play in this," she said in Jerusalem Monday.

Rice flies from Amman to Berlin for a meeting Wednesday of the Middle East Quartet which comprises the United States, European Union, United Nations and Russia.

Abbas is pressing the Quartet to end its aid boycott when the unity government takes office, but Rice will argue forcefully to stay the course during Wednesday's gathering, officials said.

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Rice Looks Back For A Way Forward On Mideast Peace (WP)

By Glenn Kessler

The Washington Post, February 21, 2007

BERLIN, Feb. 20 -- Over Christmas vacation, Secretary of State Condoleezza Rice took home a three-foot stack of reports written by the State Department historian on previous efforts by the United States to forge Middle East peace. Rice had read memoirs by her predecessors, but as she embarked on her own effort to help end the Israeli-Palestinian conflict, she decided she needed to study a day-by-day diplomatic narrative of what had gone wrong in the past.

Her conclusion: A diplomat needs to quietly build support behind the scenes in informal talks between the Israelis and Palestinians, seeking the right combination of leverage and circumstance to make an impact. In her mind, Rice and her aides say, the moment is now.

But the lackluster outcome of the Israeli-Palestinian summit brokered by Rice in Jerusalem on Monday suggests her optimism may be misplaced. Diplomats and Middle East experts applaud her willingness to invest her prestige in trying to solve an intractable problem, but some wonder whether her efforts are six years too late.

Rice is pushing the Israelis and Palestinians to sketch the contours of a Palestinian state, much as President Bill Clinton did before he left office. But diplomats say the prospects have dimmed with years of violence, weak leadership in both camps and the rise of the militant group Hamas, which is dedicated to Israel's destruction and won Palestinian legislative elections last year.

Palestinian Authority President Mahmoud Abbas on Tuesday described the summit as "tense and difficult," while the Israeli government ruled out discussions on the diplomatic endgame if Abbas goes through with plans to form a unity government with Hamas.

Rice -- who arrived here Tuesday night for talks with European officials after meeting earlier in the day with Arab diplomats and security chiefs in Amman, Jordan -- insists that the conditions have never been better for peace.

This confidence reflects her central role in developing and implementing U.S. policy toward the conflict for the past six years. "I think on paper there was a lot that was close" in 2000, Rice said last month. "But the underlying circumstances, I think, those conditions are better now."

The late Palestinian leader Yasser Arafat was never going to accept a peace deal, Rice argues, but he has been replaced by Abbas. She adds that the Likud Party was not going to support Clinton's proposals, but now much of the Israeli right accepts the idea of a Palestinian state after a Likud-led government, under Prime Minister Ariel Sharon, took the dramatic step of withdrawing from the Gaza Strip. "The breadth of the Israeli political system that is actually united behind a two-state solution is very different than in 2000," Rice said.

Rice's slant on the Middle East has been shaped in part by Israelis, first by Sharon and more recently by Foreign Minister Tzipi Livni, U.S. officials say.

Rice, for instance, adopted the phrase "political horizon" from Livni, which is intended to illustrate the endgame discussions, though it is not a new concept; then-Secretary of State Colin L. Powell used it in 2002. Rice's division of the region into "moderate" elements (Israel, Abbas, Egypt, Jordan and Saudi Arabia) and "extremist" forces (Iran, Syria, Hezbollah, Hamas) was also first articulated by Livni a few weeks before it became part of Rice's rhetoric.

Arabs and Europeans chafe at such clear-cut distinctions. "The Middle East is the Middle East," said Egyptian Foreign Minister Ahmed Aboul Gheit. "You have different trends, and you have different interests" that vary from day to day.

Aboul Gheit's view would explain why Abbas, supposedly a member of Rice's moderate camp, would join with the extremists. Abbas said the power-sharing arrangement is intended to stop Palestinian factional violence that has killed scores of people in recent months.

As national security adviser in President Bush's first term, Rice -- not Powell -- generally had control of Israeli-Palestinian policy because of a largely unpublicized back channel with Sharon's chief of staff, Dov Weisglass, according to U.S. and Israeli officials.

The most sensitive issues in the U.S.-Israeli relationship were handled through the Rice-Weisglass partnership. In a tense meeting with Weisglass in September 2002, Rice demanded that Sharon abandon an assault on Arafat's compound, U.S. and Israeli officials say. Rice, through the Weisglass channel, also encouraged in 2003 the development of Israel's plan to withdraw

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from Gaza -- in part to thwart European demands to push the two sides to begin final negotiations on a peace deal because the plan known as the "road map" was faltering.

Early in her tenure as secretary of state, Rice encouraged the Palestinians to hold legislative elections, even if Hamas participated, despite deep misgivings by Israeli officials. U.S. officials had assumed that Abbas's Fatah party would win, but Hamas unexpectedly prevailed. Rice then decided to push international donors to cut off all but humanitarian aid to the Palestinian government until Hamas renounced violence, accepted Israel and agreed to abide by previous Palestinian accords with Israel.

Although the Hamas victory halted peace efforts, Rice now says the election led to good because it forced the militant group to confront the challenges of governing. But U.S. officials concede that they were surprised when Abbas, with Saudi prodding, reached the unity accord with Hamas.

"She has a personal commitment to be involved now," said former Middle East envoy Dennis Ross. "But the nature of what she is involved in is in greater flux."

Rice's push follows a succession of administration initiatives that quickly faded, including a security plan by then-CIA chief George J. Tenet in 2001, the appointment of special envoy Anthony C. Zinni in 2002 and Bush's inauguration of the road map plan at a 2003 summit in Aqaba, Jordan. Within months, all were largely abandoned.

In one irony, the United States in 2003 had pushed for the creation of a powerful prime minister because it wanted a way to sidestep then-President Arafat; now, the administration wants to bolster the Abbas presidency as a way of undercutting the Hamas prime minister.

The administration has intervened in the Palestinian factional struggle, funneling money to bolster Fatah's image before the elections and now pushing a plan to train and supply security forces loyal to Abbas.

One Rice aide conceded that there is "diplomatic risk" to Rice forging ahead, but European officials are thrilled that she is now trying ideas they have long urged. A senior European official said Tuesday that just the fact that Rice did not cancel the meeting in the face of Israeli resistance was a signal, because the administration has had a pattern of halting peace efforts at the first sign of trouble. "To us, that is proof the United States is really engaged," he said, speaking on condition of anonymity.

Israel Threatens To Ignore Abbas (AP)

By Anne Gearan

AP, February 21, 2007

Israel said Tuesday it would stop dealing with Palestinian President Mahmoud Abbas if he goes ahead with plans to join Hamas in a new government, as Secretary of State Condoleezza Rice and Arab allies sought a way to break the Hamas logjam and push forward the stalled peace process.

Jordan's King Abdullah II, after separate meetings with Rice and Abbas, urged the United States to continue seeking to broker an Israeli-Palestinian peace accord. But Israel said it would stop dealing with Abbas on larger peace issues if he went ahead and formed the coalition government with Hamas.

After the meetings Abbas acknowledged for the first time that sessions on Monday in Jerusalem with Israeli Prime Minister Ehud Olmert and Rice had been "tense and difficult" but said "it was not a failure and it will be followed by other meetings."

Abbas said Israel may have "misunderstood" the agreement reached in Mecca, Saudi Arabia, between his moderate Fatah faction and the militant Hamas group, according to Jordan's official Petra news agency.

"We told Israel that this agreement was made to protect the unity of the Palestinian people and its national interests," Abbas was quoted as saying. "The agreement is an expression of support for Palestinian interests, but Israel may have misunderstood it."

But in Israel, Miri Eisin, spokeswoman for Olmert, ruled out any talks on a final peace deal with Abbas if he went ahead with plans to form a new Cabinet including Hamas.

Israeli talks with Abbas would be limited to matters such as improving living conditions for the Palestinians and ending Palestinian attacks against Israel. "We're not talking about negotiations on final status issues," Eisin said.

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The planned Palestinian coalition government fell far short of what the United States and Israel wanted, and also disappointed Sunni Arab states — many of them U.S. allies — that had hoped Hamas would soften anti-Israeli policies enough to satisfy the West and restart the flow of vital international aid.

Rice invited security and intelligence chiefs from Saudi Arabia, Egypt, Jordan and the United Arab Emirates to Amman for the talks to ask their advice on what, if anything, can be done further to persuade Hamas to back down.

Tuesday's session at the government security headquarters in Amman included some of the region's wiliest and best-connected heavies, fixers and go-betweens, including Saudi national security adviser Prince Bandar bin Sultan and Egyptian intelligence head Omar Suleiman.

Suleiman has deep ties across Palestinian politics, including with Hamas. Rice has been meeting with him regularly since Hamas won Palestinian parliamentary elections 13 months ago.

Egypt, Saudi Arabia, Jordan and the Emirates have all, in turn, tried their hand in recent months at convincing Hamas to moderate enough to meet Western conditions, with little success.

Rice and Abbas both met with Abdullah but their sessions were separate. Both were reporting on progress from their three-way summit Monday with Israeli Prime Minister Ehud Olmert. For Abbas, that meant explaining that he had failed to persuade Israel and Rice that the incoming Palestinian government would fulfill conditions for the restoration of foreign aid.

Abdullah and other Sunni Arab allies have strongly urged the Bush administration to energize peace efforts between Israel and the Palestinians, partly to improve the Palestinians' lot, partly to tamp down Islamic extremism that those government see as a threat and partly to counter the influence of Shiite Iran.

After the meetings, Abdullah issued a statement saying, "The longer the time passes without a framework that would help Palestinians and Israelis move forward, the greater the risk of an escalation of tensions."

Abbas also was headed to Germany along with stops in Britain and France in a campaign to convince skeptical Western leaders that the deal he forged earlier this month with the ruling Islamic Hamas reflects his moderate stand.

At stake is about $1 billion in foreign aid for the Palestinian government cut off after Hamas defeated Abbas' secular Fatah party and took power last year. Abbas was elected separately and retains power, but the two-headed government structure was unwieldy and unable to deliver services or security.

Israel, the U.S. and the European Union label Hamas, which is committed to Israel's destruction and has killed hundreds of people in suicide attacks, a terror group.

The U.S. and European Union insist that any Palestinian government must recognize Israel, renounce violence and accept past peace accords. Hamas has rejected those conditions. The unity accord pledges only to "respect" past agreements.

No Peace Talks With Abbas If Fatah Joins Cabinet (WT)

By Nicholas Kralev

The Washington Times, February 21, 2007

Israel yesterday ruled out any peace talks with Palestinian Authority President Mahmoud Abbas if his Fatah faction joins Hamas in a new Cabinet, in spite of Secretary of State Condoleezza Rice's appeal for continued talks with Mr. Abbas as the legitimate Palestinian leader.

A day after Miss Rice's inconclusive meeting in Jerusalem with Mr. Abbas and Israeli Prime Minister Ehud Olmert, Mr. Olmert's aides said future contacts would be limited to daily issues such as improving living conditions for the Palestinians and ending attacks against Israel.

"We are not talking about negotiations on final-status issues," said Israeli government spokeswoman Miri Eisin.

The United States and Israel both have said they will not deal with the proposed unity government unless it meets three international demands -- that it renounce violence, recognize Israel and honor past Palestinian commitments.

"The agreements between Hamas and Abu Mazen disappoint all who supported separating the extremists from the moderates and creating an alternative government in the Palestinian Authority," Israeli Foreign Minister Tzipi Livni said yesterday, using Mr. Abbas' nickname.

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Although Miss Rice agreed that a government that does not recognize Israel cannot be part of any peace negotiations leading to a two-state solution, she has repeatedly said that Mr. Abbas is the only Palestinian leader worth talking to.

"He heads [the Palestinian Authority] with his own authority and his own legitimacy, having been elected to that position on the basis of principles that he went to the Palestinian people on when he was elected in 2005," the secretary said on Monday.

"He is the chairman of the [Palestine Liberation Organization] and discussions, negotiations, whatever, work with Israel, is in the hands of the chairman of the PLO," she said.

Miss Rice also said Mr. Abbas had assured her in several meetings that he is committed to the three international demands, which have been endorsed by the Quartet -- the United States, the European Union, Russia and the United Nations.

But with a Hamas majority in both the parliament and the Cabinet, Mr. Abbas cannot deliver when it comes to final-status issues, said David Schenker, senior fellow at the Washington Institute for Near East Policy.

"We shouldn't abandon him, because for the most part he continues to say the right things," Mr. Schenker said of Mr. Abbas. "But it's getting harder to deal with him."

Mr. Schenker said it is "impossible to talk about a political horizon," the term U.S. and Israeli officials have been using for the past couple of months, given the Fatah-Hamas agreement, which was reached on Feb. 8 in Mecca, Saudi Arabia.

"That agreement threw a ratchet in U.S. policy," he said. "There were not many concessions from Hamas."

The deal ended a cycle of factional violence in the Palestinian territories that left dozens dead and many more wounded.

"We told Israel that this agreement was made to protect the unity of the Palestinian people and its national interests," Mr. Abbas was quoted as saying by Jordan's official Petra news agency. "The agreement is an expression of support for Palestinian interests, but Israel may have misunderstood it."

He also said that his Monday meeting with Mr. Olmert and Miss Rice had been "tense and difficult."

Miss Rice met with King Abdullah II of Jordan in Amman yesterday before flying to Berlin for a Quartet meeting today.

Mr. Abbas also headed to Germany, Britain and France to lobby for the release of millions of dollars in aid to the Palestinian government, which has been frozen since Hamas came to power just over a year ago.

In Amman, Miss Rice also met with security and intelligence chiefs from Saudi Arabia, Egypt, Jordan and the United Arab Emirates to discuss what can be done to get Hamas to accept the Quartet principles.

Palestinian Factions Labor To Sustain Truce (WSJ)

By Cam Simpson

The Wall Street Journal, February 21, 2007

GAZA CITY, Gaza Strip -- Abu Mujahad and Yasser Said are trying to hold together a fragile Palestinian peace here -- via cellphone.

Mr. Mujahad is loyal to the Executive Force led by Hamas, while Mr. Said reports to its rival faction, Fatah. The two groups, responsible for fighting that has left hundreds of Palestinians dead in the past year, are coordinating a peace accord reached Feb. 8 in the Muslim holy city of Mecca, Saudi Arabia, through what they call a "joint operations center."

In reality, it is more like a speed-dial list as rival commanders, ensconced in their separate redoubts, keep in near-constant contact when the smallest trouble flares in the Gaza Strip. An estimated 1.4 million Palestinians share the patch of land spanning about 140 square miles.

Both sides acknowledged in separate interviews yesterday that tensions remain high and that there have been multiple breaches of their accord. Still, they said their fears about open warfare erupting anew were based on political and diplomatic processes far beyond the streets where their men maintain a tense standoff. "We are sure we will have problems in the future, but cooperation between all the parties to solve them will be much easier if they have an agreement at the top," Mr. Said said.

Secretary of State Condoleezza Rice left the Middle East yesterday without openly accepting or rejecting the Mecca deal that brought the tentative peace. Her departure followed three days of talks -- including the first three-way summit since 2003 featuring American, Israeli and Palestinian leaders. There were few tangible results. And no one wants to predict how long after her departure the agreement will last.

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In addition to ending the fighting, the Mecca accord calls for the formation of a unity government between Hamas, the Islamist movement that won U.S.-backed elections in the Palestinian territories a year ago, and the secular Fatah movement, which is headed by the separately elected Palestinian president, Mahmoud Abbas.

Fatah, which was founded by the late Yasser Arafat, had controlled the Palestinian territories since the Oslo peace accords of the 1990s. Since Hamas's rise to power, fighting between the two sides has left more than 400 Palestinians dead, the vast majority of them in Gaza, where Hamas is generally believed to be stronger. While there were no breakthroughs during Ms. Rice's visit, Mr. Abbas, who is trying to navigate between Hamas on one side and Israel and the U.S. on the other, in some ways walked away victorious by maintaining his diplomatic relevance -- at least for now.

But Israel and the U.S. are deeply troubled by the unity-government plan because Hamas still hasn't openly endorsed their demands that any government including the Islamist movement abide by previous peace agreements, reject violence and accept Israel's right to exist. So far, Hamas has only acceded to giving its tacit backing to prior peace accords.

Senior U.S. officials said Mr. Abbas now has a little more time -- probably no longer than six months -- to make something happen. They envision three possible scenarios.

In the most optimistic, Mr. Abbas can continue to gain slow progress in nudging Hamas closer to a more overt acceptance of the international community's conditions. The second scenario would be maintenance of the status quo: The U.S. continues to shun the Hamas-dominated government, even though Mr. Abbas's party is now part of that government, but continues dealing on a personal level with Mr. Abbas. His presidential office is still separate from the Hamas-Fatah government that would be formed under the Mecca accord. This scenario includes continuing military support to Mr. Abbas and his chief strongmen in order to keep pressure on Hamas. The third scenario amounts to giving Mr. Abbas and Hamas enough space to allow their own internal differences to bring about the collapse of the Mecca deal and the unity government.

One key factor, which remains unclear, is whether Saudi Arabia will abide by its pledge to supply $1 billion to the new unity government. If it does, it is possible Mr. Abbas could continue to press ahead with Hamas even if the U.S. and Israel shun the Palestinian government. U.S. officials also have declined to say whether they are pressuring the Saudi regime to freeze that pledge.

Ms. Rice is in a precarious position. If she pushes too hard, she could create an even greater backlash across the region and beyond, since the deal has brought an end to Palestinian bloodshed. Mr. Mujahad, the deputy commander of the Executive Force in northern Gaza, left little doubt whom he would blame if fighting begins anew. "We hold Israel and the Americans responsible for the tensions between Palestinians," he said.

He is based in an armed Executive Force camp on the edge of Jabalya. He sits behind a desk within a small office building behind freshly erected cinderblock walls and mounds of earth plowed high like barricades. The camp is directly across the street from a pile of rubble that used to be the headquarters of the Fatah-dominated military-intelligence command in this part of Gaza, a sign of how powerful the Executive Force became here in the days leading up to the Mecca accord.

Mr. Mujahad said the mechanism for maintaining the peace -- having commanders from the warring sides stay in constant contact -- is so far holding. "We work day and night with those who have intentions in Fatah to make this agreement stick," he said.

Mr. Said, who works from inside his home a few miles away, is the key coordinator for Fatah. He said there are few rules beyond talking. For breaches of the peace, which both sides acknowledge occur nearly every day, there are no proscribed punishments. Creating a stronger deal with a better chance of holding will depend on the quick creation of a unity government, he said.

But he fears the political differences -- between the factions, within the factions themselves and from the U.S. and Israel -- don't give them much time, no matter how hard they work to keep the peace. "It's not enough to have good intentions," he said.

After The Mecca Accord, Clouded Horizons (NYT)

By Helene Cooper

The New York Times, February 21, 2007

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BERLIN, Feb. 20 — With Iran steadily gaining power in the Middle East, the United States recently made a strategic decision to encourage Saudi Arabia to take a more active role in diplomacy in the region. Two weeks ago, the Saudis took a bold step, mediating an accord between warring Palestinian factions whose battles in Gaza had left more than 100 dead.

But that agreement, signed in the holy city of Mecca, brought Hamas — which the United States and Israel consider a terrorist organization — into a unity government without requiring that it recognize Israel or forswear violence against it. And that added to the already formidable challenge the United States faces as it tries to accomplish another strategic goal: getting the Palestinians and Israelis back to the negotiating table for peace talks for the first time in six years.

The Saudi-brokered pact largely torpedoed the American-sponsored meeting on Monday between the Israelis and the Palestinians that was meant to jump-start peace talks.

The crosscurrent is a case study in how the divergent worldviews of America and Saudi Arabia, its closest Arab ally, will color the two countries' attempts to quell violence in the region and put a brake on Iran's ambitions, analysts say.

To be sure, both the United States and its Sunni Arab allies, particularly Saudi Arabia, say they want peace between Palestinians and Israelis and the creation of a Palestinian state. For the Saudis, the end of Israeli-Palestinian hostilities would mute a rallying cry for militants, intent on upending the status quo in the region, who say Arab leaders have done too little to help Palestinians.

So why did Saudi Arabia broker a power-sharing agreement between Hamas and the moderate Palestinian Authority president, Mahmoud Abbas, and his Fatah faction at the same time that Secretary of State Condoleezza Rice had decided to try to revive peace talks?

One reason, no doubt, is that Saudi Arabia — as a leader in the Arab world — wanted to help end the Palestinian-on-Palestinian violence by Hamas and Fatah. But another big reason, analysts said, is that the war in Iraq has intensified the split between Sunnis and Shiites, and deepened a power struggle between the Sunni royal family of Saudi Arabia, and Iran, which is largely Shiite.

Although the United States is rooting for the Saudis in that power struggle, the two countries have some distinctly different ideas about how Saudi Arabia should fight for its leadership role in the region.

The Bush administration has a view that pits America, its Arab allies, Israel and Europe against Iran, Syria and groups, including Hamas, that the United States considers terrorists.

While that alignment may work for the Bush administration, it is not necessarily how America's Sunni Arab allies view the world. In the battle for influence in the Middle East, Hamas is a prize Saudi Arabia is willing to fight for.

Put simply, in the past year, Iran has been wooing Hamas, which is Sunni. The Saudis did not like that. So they fought to get Hamas back.

"The Saudis did a switcheroo," said Martin Indyk, the United States ambassador to Israel in the Clinton administration. "The U.S. views the Middle East as a battle between the moderates against the Iranian-led extremists. But our regional allies see this as a divide between Sunnis and Shiites, and Sunni extremists like Hamas may be extremists, but they are Sunnis first."

"The Saudis," he said, "don't want Hamas on the Shia side, on the Iranian side."

The fight over Hamas began in earnest last year when the United States and Europe cut off most of the $1 billion in direct aid to the Palestinian government after Hamas took control by besting Fatah in legislative elections. Unable to cover its bills — or even to meet payroll for many of its civil servants — Hamas turned to Iran, which provided it with $120 million. Saudi Arabia meanwhile, shied away from giving much aid to Hamas.

On Dec. 7, the Hamas leader, Ismail Haniya, in his first tour abroad as Palestinian prime minister, went to Tehran, where he met with Iranian leaders, including President Mahmoud Ahmadinejad.

King Abdullah of Saudi Arabia responded quickly to the deepening ties between Hamas and Iran. On Dec. 29, he sent a plane provided by the Saudi royal family to carry Mr. Haniya and other Hamas leaders to Saudi Arabia, where Mr. Haniya had a private audience with the Saudi king, according to Palestinian officials.

As all of this was going on, Ms. Rice was working with Tzipi Livni, Israel's foreign minister, to organize peace talks between Mr. Abbas and Israel's prime minister, Ehud Olmert, to present Mr. Abbas as the only leader capable of leading the Palestinians to their own state.

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It was a complicated set-up; the American-Israeli hope was that Mr. Abbas, empowered by peace negotiations, could call for new elections and see his Fatah party beat Hamas. Mr. Abbas had threatened several times to call the elections because talks on a unity government were stalled.

But less than two weeks before the scheduled Israeli-Palestinian meeting, Saudi Arabia brokered the power-sharing pact: Hamas and Mr. Abbas would politically cohabitate in a national unity government.

In announcing the agreement, Saudi Arabia promised $1 billion in aid to the Palestinians. The Saudis pressured both sides to reach a pact; Mr. Abbas said he did so because he could not stand to witness intra-Palestinian bloodshed.

The pact put an end, at least temporarily, to the bloodletting. It also put an end, at least temporarily, to Ms. Rice's attempt to restart peace talks. Ms. Rice flew to Jerusalem for the scheduled meeting anyway, which began on Monday morning with a stilted three-way handshake between Mr. Abbas and Mr. Olmert at Ms. Rice's hotel, with Ms. Rice standing in the middle. After about an hour of discussions about the Mecca accord, Ms. Rice tried to move the discussion to the peace agenda.

"Let's go upstairs and talk about your future," she said, according to a senior Bush administration official. The three went up to her 10th-floor suite, overlooking Jerusalem's Old City, where she broached what she has termed the "political horizon" — diplomatic speak for the contours of an eventual Palestinian state.

"She pushed for it in the meeting, but Olmert was adamant about not going for it," said a Palestinian official familiar with the talks.

The reason: the Saudi-brokered Mecca accord. In the end, the Israelis said they refused to open peace negotiations with a unity government that includes Hamas.

Congress Puts Palestinian Funds In Limbo (LAT)

By Paul Richter

The Los Angeles Times, February 21, 2007

WASHINGTON — Congress is holding up $86 million that the Bush administration is seeking to strengthen the security forces of Palestinian Authority President Mahmoud Abbas, in a new setback for the administration's efforts in the region.

Administration officials say they want the money to ensure that the moderate Palestinian leader's security forces will not be overwhelmed by rivals from the militant movement Hamas, which has received pledges of $250 million in aid from Iran.

But Rep. Nita M. Lowey (D-N.Y.), chairwoman of the House Appropriations subcommittee on foreign operations, has put a hold on the funding, saying she is not convinced the money will go to train and equip Abbas' security forces, as promised. Other lawmakers, including Democrats and Republicans, have voiced concern that the money could end up in the hands of Hamas.

The United States and other Western nations have cut off direct aid to the Palestinian Authority after the January 2006 parliamentary election victory of Hamas. The group does not recognize the state of Israel, has not renounced violence and has not fully committed to respecting past agreements between Palestinians and the Jewish state.

Further complicating the issue is a deal announced in Mecca, Saudi Arabia, on Feb. 8 under which Hamas and Fatah will share power in a new Palestinian "unity" government. Some lawmakers fear that shifting lines of authority in the Palestinian government could make it difficult for the U.S. to earmark money for the exclusive use of forces under Abbas' control.

The U.S. aid package is to go toward communications gear, uniforms and other equipment considered nonlethal, and toward hiring private contractors to train the forces. The aid will benefit both the 4,000-member Presidential Guard, and several thousand members of the larger national security forces, which also have been under Abbas' control.

Meanwhile, Egypt and Jordan are rounding out the needs of forces from Abbas' Fatah faction with ammunition and weapons.

The Israeli government, which plays a critical role, originally supported the idea of the aid program. Since the Mecca agreement, however, Israeli officials have become worried that some of the aid could end up helping Hamas.

Lowey began pressing the State Department for more details of the spending program in December, and placed a hold on the grant last month, because she believed she had not received the assurances she needed, aides say.

"It is imperative that we have a fuller understanding of exactly what the funding is for and what the situation is on the ground," Lowey said in a statement.

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Rep. Steve Israel (D-N.Y.) said at a House hearing last week that the subcommittee had "deep concern" about approving the money, because the Feb. 8 agreement to form a new government had made Hamas and Fatah a "joint venture."

"I would find it impossible to support any expenditure of funds without knowing how we make sure that those funds stay in the right hands and don't fall into the wrong hands," he said.

Other critics have complained that U.S. assistance might only intensify the fighting between the Hamas and Fatah forces. About 100 Palestinians have been killed in that fighting since December.

Secretary of State Condoleezza Rice argued that it was important not to halt support for Abbas.

"Hamas is going to continue to build its forces. I don't think we want to be in a position in which Hamas continues to build its forces and [Abbas] doesn't build his, because I don't know ultimately what will become of the Palestinian unity government," she told the panel last week. "I do know that if Hamas has strong forces and Mahmoud Abbas does not, that's not good for the United States, that's not good for the Palestinians, and it's most certainly not good for Israel."

Speaking Sunday in Israel, Rice said the U.S. wanted to continue cooperation with Abbas, but also recognized that it would need to prove to taxpayers that it would not be spending money on a government of which the United States disapproves.

Charade In Jerusalem (NYT)

The New York Times, February 21, 2007

It speaks volumes when Secretary of State Condoleezza Rice flies to Jerusalem to try to revive peace talks between Prime Minister Ehud Olmert of Israel and President Mahmoud Abbas of the Palestinian Authority and cannot even get the two to show up when she reads out the content-free joint statement to which they have grudgingly agreed.

Volume 1 reminds us of the six feckless years during which the Bush administration has squandered America's once commanding prestige in the region. Volume 2 portrays a secretary of state who clearly arrived with no new ideas — and no idea of how to wheedle or pressure either side into making any of the compromises needed to stimulate the dangerously moribund peace effort.

Ms. Rice's diplomatic default was all the keener since this just might have been a moment for breaking the stalemate that has prevailed since Hamas won control of the Palestinian Parliament last year.

Hamas's refusal to accept Israel's right to exist and its people's right to live free from terrorism is undeniably the biggest single obstacle to peace. But Mr. Abbas and his more moderate Fatah movement already accept both points. And the imperfect agreement Mr. Abbas reached with Hamas this month on a cease-fire between the two groups (reeling them back from civil war) and a coalition government gave him more authority, after months of flailing, to bargain on behalf of the Palestinians.

Israel could have reinforced Mr. Abbas's position and increased the chances for progress with a series of low-risk steps: committing to serious negotiations, freezing the expansion of settlements and easing restrictions on civilians' movements in the West Bank. Those steps would have given new hope to Palestinian moderates and thereby increased the political pressure on Hamas to abandon terrorism.

Instead, Ms. Rice indulged Mr. Olmert's inherent caution and his own political weakness, settling for an agreement that the two leaders will meet again some (still to be determined) day. Israel further qualified that promise yesterday, threatening to stop talking to Mr. Abbas altogether if he forms a coalition government with Hamas. With Palestinian frustrations rising — and demographers predicting an eventual Palestinian majority between the Mediterranean and the Jordan — just saying no is not a viable option for Israel. The responsibility of the United States, as Israel's most vital ally, is to keep that uncomfortable reality firmly in Israel's sight.

Going Nowhere Fast (WP)

By David Ignatius

The Washington Post, February 21, 2007

DOHA, Qatar -- "Are you on the road, or in the ditch?" Back when I covered labor negotiations 30 years ago, that was the question reporters would ask to get a sense of how contract talks were going. The phrase came back to me last weekend as I listened to a series of relentlessly negative presentations at a conference here on America's relations with the Muslim world.

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We are in the ditch in the Middle East. As bad as you think it is watching TV, it's worse. It's not just Iraq but the whole pattern of America's dealings with the Arab world. People aren't just angry at America -- they've been that way to varying degrees since I first came here 27 years ago. What's worse is that they're giving up on us -- on our ability to make good decisions, to solve problems, to play the role of honest broker.

Let's start with some poll numbers presented at the Doha conference by Shibley Telhami, a University of Maryland professor and a fellow of the Saban Center at the Brookings Institution, which co-sponsored the conference with the Qatari foreign ministry. The polling was done last year by Zogby International in six countries that are usually regarded as pro-American: Egypt, Jordan, Lebanon, Morocco, Saudi Arabia and the United Arab Emirates.

In these six "friendly" countries, only 12 percent of those surveyed expressed favorable attitudes toward the United States. America's leaders have surpassed Israel's as objects of anger. Asked which foreign leader they disliked most, 38 percent named George Bush; Ariel Sharon was a distant second at 11 percent; and Ehud Olmert was third with 7 percent.

The poll data show a deep suspicion of American motives: 65 percent of those surveyed said they didn't think democracy was a real U.S. objective in the Middle East. Asked to name two countries that had the most freedom and democracy, only 14 percent said America, putting it far behind France and Germany. And remember, folks, this is coming from our friends.

During the Doha conference, speakers put into words the attitudes summarized by the poll numbers. Sheik Yusuf al-Qaradawi, a fiery Sunni preacher who appears regularly on al-Jazeera, said that America acted as if "some people were created to lead and others to be led," and that America had "lost the trust and confidence" of Muslims. Well, okay, he's notorious for his anti-American and anti-Israeli views. But I heard the same thing from Amr Moussa, the head of the Arab League, who said Arabs were "losing confidence in the U.S. role" as a peace broker.

And my friend Rami Khouri, who is one of most balanced journalists in the Arab world, warned that a broad popular front is emerging to challenge American hegemony. Iraq "discredits what America tries to do in the Mideast," he said. Khouri explained that Arabs admire Hezbollah because it represents "the end of docility, the end of acquiescence."

You don't have to agree with these Muslim critics to recognize that the anger they express represents a serious national security problem for the United States. That's what President Bush seems not to understand in his surge of troops into Iraq, his bromides about democracy and his strategy of confrontation with Iran. It isn't a tiny handful of people in the Arab world who oppose what America is doing. It's nearly everyone.

To get out of the ditch, America must change its Iraq policy, soon. That doesn't mean pulling out of Iraq quickly, as many Democrats in Washington seem to favor. I found few people here who thought a quick American pullout made sense. But it does mean shifting the American focus -- so that we are talking with Iraq's neighbors and negotiating with the Iraqis on a timetable for withdrawal of U.S. troops. Tellingly, the one American who got loud, sustained applause here was Chris Kojm, a senior adviser on the Baker-Hamilton report.

And to get back on the road, for real, America must broker a settlement of the Israeli-Palestinian dispute. I winced when I heard Prime Minister Olmert say last weekend in Jerusalem that "the American and Israeli positions are totally identical" on the terms for recognizing a Palestinian unity government. The Israelis are right in insisting that Hamas must recognize Israel's right to exist. But how to get there? What if Secretary of State Condoleezza Rice had responded: America is a mediator in this conflict. Its positions are independent of either side, and it is willing to talk to all parties to achieve peace.

I would have loved to see the looks of astonishment from the America-bashers here.

The 'Crime' Of Blogging In Egypt (WP)

By Raja M. Kamal And Tom G. Palmer

The Washington Post, February 21, 2007

A former college student, Abdelkareem Nabil Soliman, is sitting in an Egyptian prison, awaiting sentencing tomorrow. His alleged "crime": expressing his opinions on a blog. His mistake: having the courage to do so under his own name.

Soliman, 22, was expelled from Al-Azhar University last spring for sharply criticizing the university's rigid curriculum and faulting religious extremism on his blog. He was ordered to appear before a public prosecutor on Nov. 7 on charges of "spreading information disruptive of public order," "incitement to hate Muslims" and "insulting the President." Soliman was

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detained pending an investigation, and the detention has been renewed four times. He has not had consistent access to lawyers or to his family.

Egyptian authorities have made a mistake in prosecuting Soliman. It is Egypt that will be hurt if he is convicted and sent to prison. That's why sincere friends of Egypt call on the government to drop the charges against him. It is the right thing to do, and it is the best thing for Egypt's standing in the modern world.

The case has gained attention in newspapers the world over and from human rights organizations such as Amnesty International. Informal networks of bloggers have spread the word, notably through http://www.freekareem.org. Last Thursday, bloggers and human rights activists around the globe gathered to call on Egyptian authorities to respect freedom of speech. We echo this call.

Soliman has criticized Egyptian authorities as failing to protect the rights of religious minorities and women. He has expressed his views about religious extremism in very strong terms. He is the first Egyptian blogger to be prosecuted for the content of his remarks. Remarkably, the legal complaint originated with the university that had expelled him; once, it was a great center of learning in the Arab world, but it has been reduced to informing on students for their dissent from orthodoxy.

One of us, Tom Palmer, met Soliman at a conference for bloggers in the Middle East last year. In person, Soliman seemed quiet and shy but very committed to championing women's rights and the rights of minorities.

We kept in touch by G-mail chat. Despite occasional admonitions to be careful about what he posted online and to think about possible consequences of public dissent, Soliman said that he was not afraid to express his views.

Last October, Soliman instant-messaged that he had been ordered to attend an interview with prosecutors the next day. Friends at organizations such as Hands Across the Middle East Support Alliance and the Arabic Network for Human Rights Information quickly found Soliman a lawyer. Word spread when he had been detained, and protests were organized at Egyptian embassies. Soliman had no organized movement or group behind him, but his case came to be known around the world.

We find it shocking that a university would turn a student over to the authorities to be prosecuted for voicing his views. The future of learning and science is at risk when dissenting views are punished rather than debated. Jointly, we have contacted Egyptian authorities to ask that they correct a clear mistake and release Soliman.

Egypt is a signatory to the International Covenant on Civil and Political Rights, which guarantees the "freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media." The exceptions allowed are narrowly drawn and require proof of "necessity" before restrictions can be imposed. The posting of opinions on a student's personal blog hardly qualifies as a threat to national security, to the reputation of the president or to public order.

Soliman is not a threat to Egypt, but this prosecution is.

Whether or not we agree with the opinions that Abdelkareem Nabil Soliman expressed is not the issue. What matters is a principle: People should be free to express their opinions without fear of being imprisoned or killed. Blogging should not be a crime.

Raja M. Kamal is associate dean for resource development at the Harris School of Public Policy at the University of Chicago. Tom G. Palmer is a senior fellow at the Cato Institute and director of the Byrne Project on Middle East Liberty.

2 Leaders Rebuff Russia's Nuclear Threats (NYT)

By Andrew E. Kramer

The New York Times, February 21, 2007

MOSCOW, Feb. 20 — Officials in the Czech Republic and Poland vowed Tuesday that they would not be intimidated by Russia, a day after a general in Moscow declared that nuclear weapons could be aimed at their countries if they allowed the Bush administration to build ballistic missile defenses within their borders.

Russia has reacted with open hostility to the plan, which comes on the heels of further NATO expansion onto the territory of the former Soviet Union.

On Monday, the commander of Russia's missile forces said he was ready to re-aim nuclear weapons so they would be trained on the missile defense sites chosen in Eastern Europe.

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"It is clearly an attempt to intimidate," Prime Minister Jaroslaw Kaczynski, said on Polish radio.

The Czech foreign minister, Karel Schwarzenberg, said, "The Czechs will now think the shield is even more necessary," according to a [news] report.

"We have quite an experience with Russians," he said. "You have to make clear to them you won't succumb to blackmail. Once you give in to blackmail, there's no going back."

The American plan calls for a radar site in the Czech Republic and a missile battery in Poland, with the stated aim of countering threats from rogue states like Iran or North Korea. Mr. Kaczynski and his Czech counterpart, Mirek Topolanek, said Monday that they were prepared to accept the offer from the United States.

The dispute is another sign of how quickly relations between Russia and Eastern Europe have been disrupted, descending this week and last into ominous talk of nuclear and military leverage reminiscent of the cold war.

The Russian missile commander, Gen. Nikolai Y. Solovtsov, speaking of the Czech Republic and Poland's consideration of the American plan, said, "If the government of Poland, the Czech Republic and other countries make this decision — and I think mutual consultations that have been held and will be held will allow avoiding this — the strategic missile troops will be able to have those facilities as targets.

"Consequences in case of hostilities will be very grave for both sides," he said.

A NATO spokesman, James Appathurai, called the general's threat "uncalled for."

"The days of talk of targeting NATO territory or vice versa are long past us." he said, Radio Free Europe reported. "This kind of extreme language is out of date."

Just last week, Russia's top general, Yuri N. Baluyevsky, the chief of the general staff, declared that Russia could withdraw from the Intermediate-Range Nuclear Forces Treaty, negotiated by Ronald Reagan and Mikhail S. Gorbachev in 1987.

On Tuesday, General Solovtsov noted that while those missiles were scrapped under the treaty, Russia could quickly resume production. President Vladimir V. Putin set the tone in a speech on Feb. 10 in Munich, denouncing the projection of American power as "the world of one master, one sovereign."

In the 1990s, Russia bristled, but always backed down, as NATO expanded. But under Mr. Putin, Russia has executed a more forceful foreign policy in Eastern Europe, though one focused on opening markets for Russian commodity exports and maintaining political influence in the former Soviet states.

Antimissile Plan By U.S. Strains Ties With Russia (WP)

By Peter Finn

The Washington Post, February 21, 2007

MOSCOW, Feb. 20 -- An increasingly angry dispute over U.S. plans to deploy a missile defense system in Central Europe is adding strain to already fragile U.S.-Russian relations.

Under the proposal, the United States would build silos in Poland to hold 10 interceptor rockets that could destroy intercontinental ballistic missiles fired at the United States or even command sites in Europe. The accompanying radar system would be located in the Czech Republic.

U.S. officials say the system is not directed against Russia, but at the potential threat posed by missiles being developed by Iran.

That argument has been dismissed in Russia as spurious. Senior military officials, who have begun to drive the debate here, have responded with rhetoric rarely heard since the end of the Cold War.

"If the governments of Poland and the Czech Republic take such a step, the strategic missile forces will be capable of targeting these facilities if a relevant decision is made," Gen. Nikolai Solovtsov, commander of Russian missile forces, said at a news conference Monday.

Polish Prime Minister Jaroslaw Kaczynski said Tuesday that Solovtsov's statement "was obviously an attempt at intimidation."

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"To make it clear, this is not about Russian security; these installations do not in any way threaten Russia," Kaczynski said on Polish radio. "We are talking about the status of Poland and Russia's hopes that Poland will once again come under its sphere of influence."

Czech Foreign Minister Karel Schwarzenberg told [a] news agency in Warsaw that his nation would not give in to Russian "blackmail."

Relations between the United States and Russia had already taken a hit this month when Russian President Vladimir Putin lashed out at Washington for its unilateral approach. "The United States has overstepped its national borders in every way," Putin said. He also said U.S. plans for an antimissile system could upset the international balance of power. His remarks drew rebukes from the White House.

Russian officials have said that Iran has no missiles capable of reaching the United States or even Western Europe and that Iran is incapable of developing them any time soon. Sergei Ivanov, then defense minister, told the German newspaper Die Welt this month that it would take "at least 20 years" for Iran to develop missiles that could reach Central Europe.

"I think you can draw your own conclusions about which missiles this system actually targets," Solovtsov said. "This is why we are watching the situation with anxiety and concern."

Solovtsov said it would take Russia less than six years to build and deploy upgraded missiles to counter what it sees as a threat. And Putin warned this month that "we need to respond asymmetrically, so that everyone understands that yes, there is an antimissile system, but it's useless against Russia."

If the United States goes ahead with its plans, Russian officials have threatened to pull out of the 1987 Intermediate-Range Nuclear Forces Treaty, which eliminated shorter-range missiles. As precedent, Russian officials cite the Bush administration's withdrawal from the 1972 Anti-Ballistic Missile Treaty.

"It is possible for a party to abandon the treaty if it provides convincing evidence that it is necessary to do so," Gen. Yury Baluyevsky said this month. "We have such evidence at present."

Irina Kobrinskaya, an analyst at the Institute of World Economy and International Relations in Moscow, said the Russian military might have grudgingly accepted the system if it were deployed on NATO's southern rim in Turkey, Romania or Bulgaria. But its placement to the north -- in the Czech Republic and Poland, which shares a land border with the Russian region of Kaliningrad -- has raised deep suspicion here.

"Elements of this new system can present a threat to Russia and that's the logic of the military," Kobrinskaya said in an interview.

For Russians, the system is part of a deeper pattern of what they see as U.S. encirclement, particularly through the continuing expansion of NATO. From its first expansion into the former Soviet bloc in 1998, when Poland, Hungary and the Czech Republic joined, NATO now includes the three Baltic states, Slovakia, Romania and Bulgaria. The former Soviet republic of Georgia also wishes to join. Some politicians in Ukraine, including President Viktor Yushchenko, have advocated membership.

Some Russian analysts contend that part of the rhetoric is driven by domestic political concerns and efforts to build a nationalist consensus before parliamentary and presidential elections.

"I think the whole episode is being used by the Russian government to substantiate its critical approach to what the U.S. is doing internationally," said Viktor Kremenyuk, of Institute of the United States and Canada in Moscow, in an interview.

U.S. officials have said they accept that Russia could easily overwhelm the antimissile system -- further proof, they say, that it is not directed against Russia.

U.S. Air Force Lt. Gen. Henry Obering, head of the Missile Defense Agency, told reporters last month that the interceptors "are directed toward rogue nations' capabilities, not an obviously sophisticated ballistic missile fleet such as the Russians have."

Russian Sabre Rattling Pushes Poles And Czechs Closer To The US (FT)

By Jan Cienski And Robert Anderson

Financial Times, February 21, 2007

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Russia has warned Poland and the Czech Republic against hosting elements of a US anti-missile defence shield. For the former Soviet satellites Moscow's sabre rattling underlines the need to forge strong military links with the US.

The missile defence system is designed to protect the eastern US seaboard against a nuclear attack from the Middle East. Poland and the Czech Republic stand to gain little direct security from the shield bases on their territory but they see the US presence as a bulwark against Russian influence and repayment for the US's role in defeating the Soviet Union.

"Considering the relative weakness of the EU's common foreign and defence policies, it comes down to a single question, 'Do we want the Americans in or do we want the Americans out?'" said Eugeniusz Smolar, president of the Centre for International Studies, a Polish foreign policy think-tank.

The 10 missile silos to be located in Poland, and the radar tracking system to be built in the Czech Republic will commit the US to an area where no US bases were located following Poland and the Czech Republic's 1999 Nato accession.

"These installations in no way endanger Russia," said Jaroslaw Kaczynski, Polish prime minister, in a radio interview yesterday. "It's simply about Poland's status and about Russia's hopes that Poland will again in one way or another . . . find itself in the sphere of Russian influence."

Although no one foresees Russian tanks clanking westwards any time soon, Warsaw is apprehensive about overdependence on Russian energy.

For years warnings about Russian intentions were treated as Polish paranoia by west Europeans, who had no experience of Soviet occupation. But the recent murder in London of Alexander Litvinenko, the former Russian spy, and cuts in oil and gas supplies have tarnished Moscow's image in the west.

Russian warnings that it may pull out of the Intermediate Nuclear Forces Treaty and this week's threat to point its weapons at the US anti-missile bases in Poland and the Czech Republic are adding to fears about Russia.

Like Poland, the Czech Republic has been a firm ally of the US since the collapse of the Warsaw Pact. The foreign policy establishment regards the bases as a way of cementing trans-atlantic links and repaying the US for its role in ending Soviet domination.

Tomas Pojar, the deputy Czech foreign minister told the Financial Times that the bases would strengthen co-operation within Nato and erase the rift between the US and Europe. "Any [future] Nato missile defence will have to be integrated with this system. This should be the the beginning of the building of real protection for the European continent."

Alexandr Vondra, the Czech vice-premier for Europe, said in an interview with Hospodarske Noviny, the business daily, this week: "Being in alliances also means that we do not only take - we also have to offer to give back. Should we turn our back on this request, there is a threat that the USA will back off from Europe. Should the Poles and the Czechs reject this base, the Americans will act accordingly."

While the right-of centre governments in Warsaw and Prague are keen to begin negotiations with Washington, opinion polls show opponents of the the US bases significantly outnumber supporters.

Sweeteners could come in the form of a US decision to waive visas for Poles and Czechs, as well as money to modernise the countries armed forces.

"The system itself doesn't actually help Poland's security. In fact it creates additional problems by angering the Russians," says Dariusz Rosati, a former Polish foreign minister. "But it's always good to protect an ally and the US wants this."

Missile sites chosen for geography

The reason for the proposed siting of facilities in Poland and the Czech Republic is simple: geography, writes Stephen Fidler in London.

The proposed interceptor sites in Poland, near the Baltic Sea, are on a direct line drawn between northern Iran and New York or Washington.

The proposed siting near Jince in the Czech Republic of the powerful X-Band radar that would home the interceptors on to the US-bound missiles is, according to some scientists, to the west of its ideal location. Other suitable radar locations, from a geographical standpoint, would include Lithuania, Belarus, Russia, Ukraine and Georgia.

Philip Coyle, a missile defence expert with the Center for Defense Information in the US, says in practical terms the system poses no threat to Russia since it could not cope with either the number of Russian missiles or their sophisticated decoys and

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countermeasures. he said the system "has not demonstrated the capability to defend the United States under likely battlefield conditions".

One question is whether the countries concerned have increased risks to themselves by agreeing to site these missiles there. Theodore Postol, a scientist at the Massachusetts Institute of Technology, has argued that the curvature of the earth would prevent the US early warning radar at Fylingdales in the UK from seeing missiles from Iran aimed at the Czech or Polish sites. Mr Coyle says that, for this reason, US statements that the system would protect people in the Czech Republic and Poland from Iranian missiles are "misleading".

US Envoy Dispatched After Putin Charge (AP)

AP, February 21, 2007

WASHINGTON (AP) -- President's Bush's national security adviser is embarking on a high-level mission to Moscow and other European capitals, just over a week after incendiary remarks about Bush and the United States by Russian President Vladimir Putin.

Stephen Hadley was departing Washington Tuesday for a four-day trip to Brussels, Moscow and Berlin, said Gordon Johndroe, spokesman for Hadley and Bush's National Security Council.

In Brussels, Hadley planned to meet with NATO and European Union officials. In Moscow and Berlin, he was scheduled to sit down with his counterparts in the Russian and German governments.

"This is part of ongoing discussions that will cover a full range of issues," Johndroe said.

The trip has been planned for weeks. But it comes at a particularly delicate time in the Washington-Moscow relationship, meaning the Russian portion of his travels would be the most closely watched.

Putin surprised the White House on Feb. 10 by angrily accusing the United States of inciting other countries to seek nuclear weapons to defend them from an "almost uncontained use of military force." At a security conference in Germany, the Russian leader said that "one state, the United States, has overstepped its national borders in every way."

It was Putin's harshest criticism yet of the United States. Bush, at a news conference several days later, said there was a "complicated relationship" between the United States and Russia, but that Putin was "the same strong-willed person" he has known since 2001.

"We have areas of cooperation with the Russians, particularly on our common desire to stop the spread of weapons of mass destruction and our approach to fight terrorism," Johndroe said.

At the State Department, deputy spokesman Tom Casey said that "on the broad range of issues, Russia is an important partner" and "a partner that we can have very open and frank discussions with." He dismissed any suggestion that the two countries are moving back "toward some kind of renewed Cold War."

Somalia Plan Adopted (NYT)

By The New York Times

The New York Times, February 21, 2007

UNITED NATIONS, Feb. 20 — The Security Council on Tuesday authorized the dispatch of an African Union peacekeeping force to Somalia to help stabilize the country so a United Nations operation can take over in six months.

The British-drafted resolution, passed 15 to 0, urges African countries to furnish troops. The numbers pledged total less than half of the 8,000 needed, officials said.

It also demanded guarantees of safety and access for international aid workers.

Shelling In Somali Capital Kills 15 (WP/AP)

Associated Press

The Washington Post, February 21, 2007

MOGADISHU, Somalia, Feb. 20 -- Mortar rounds and rockets hit Somalia's capital early Tuesday in a series of attacks that killed 15 people and wounded more than 40, doctors and witnesses said.

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The violence was among the worst since a two-week war in December, in which Ethiopian troops helped government forces drive out an Islamic militia that had taken over much of the country. Somalia's weak interim government then moved into the capital.

The presidential palace and seaport were targeted in Tuesday's attacks. Ethiopian troops returned fire with artillery and heavy machine-gun fire. Families have begun fleeing the city in recent days as violence has escalated.

Mogadishu's mayor blamed the attacks on remnants of the Islamic Courts movement. U.S. and Ethiopian officials have accused the group of maintaining ties with al-Qaeda, an allegation the group denies.

The U.N. Security Council voted unanimously Tuesday to authorize an African Union force to help stabilize Somalia and set the stage for U.N. peacekeepers to take over the long-term job.

The resolution urges the 53 African nations to contribute troops to an 8,000-strong force and urges other U.N. member states to provide financial support.

The New Somalia: A Grimly Familiar Rerun (NYT)

By Jeffrey Gettleman

The New York Times, February 21, 2007

NAIROBI, Kenya, Feb. 20 — Fierce mortar attacks killed at least 15 civilians in Somalia on Tuesday, and for a country that had seemed on the verge of ending 16 years of chaotic violence this is the new status quo.

Nearly every day, government forces and insurgents shell each other across Mogadishu's already dilapidated neighborhoods, scattering bodies and any remaining traces of hope. Gun prices are soaring and more clans are joining the underground, while an outbreak of cholera sweeps the countryside.

"To tell you the truth, I'm pretty worried," said Mohammed Ali Mahdi, a top clan elder. When the government came to Mogadishu, "I felt we were going the right way. Unfortunately, that's not the case anymore and soon it's going to be too late."

It is hard to believe, but Somalia is actually becoming a more violent and chaotic place. That is not how it was supposed to be. Nearly two months ago, an internationally-supported transitional government ousted the Islamist forces and steamed into Mogadishu, the capital, with great expectations. But confidence in the government — never very high — is rapidly bleeding away.

Somalia seems to be just shy of total collapse — again — because the Ethiopian troops who provided the muscle to throw out the Islamists are withdrawing, yet none of the peacekeepers promised from other African countries have arrived.

Hundreds of families are streaming out of Mogadishu, hoisting mattresses on their backs and following pitted roads to villages where there is no electricity, medicine or even the faintest hint of government, but at least no warfare. At least, not yet.

"We can't stand the shelling anymore," said Hassan Mohammed, a father of four, who was headed to a village in the south.

There was a burst of optimism beginning Dec. 28, when government troops, with Ethiopian firepower behind them, marched into Mogadishu and planted the hope that the anarchy was ending. Cheering crowds poured into ruined streets. Aid experts in Nairobi circulated ambitious reconstruction plans. Ethiopian and American officials, who had worked together to overthrow the Islamists, breathed a mutual sigh of relief.

But what has happened in the past few weeks has killed that mood. A deadly insurgency has started, beginning with a few clans connected to the Islamists and now expanding to several more. Many government troops refuse to get involved. "We're not going out there," said Dahir Hassan, a police captain, from the confines of his police station. "If we get hurt, who's going to take care of us?"

All analysts agree that the violence will continue and probably intensify unless the government reconciles with clan leaders, who control, as much as anyone controls, what happens in Somalia.

But so far, there's been very little of that. Instead of reaching out to truly influential figures, analysts say the government has picked ministers not because they have any substantial support among their clans but because they will do the government's bidding. The result is an increasingly isolated, authoritarian and unpopular government in which the transitional president, Abdullahi Yusuf Ahmed, is accused of behaving more like a clan warlord — which he was — than a national leader.

"Where this government is heading is so far from where the international community wants it to go," said Ali Iman Sharmarke, one of the owners of the HornAfrik radio station in Mogadishu.

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A common complaint is that the transitional government — transitional being the operative word — is not working itself out of a job as promised. Donor nations agreed to pay the salaries of Somali officials with the understanding that those men and handful of women would shepherd the country to democratic elections in 2009. But there has been almost no progress toward setting up an election commission, let alone taking a census. Many Somalis say they would be more inclined to support, or at least tolerate, the transitional government if they thought it was indeed transitional.

To be fair, ruling Somalia, which has not had a functioning central government since 1991, is no easy task. Thirteen previous governments have been formed and 13 previous governments have failed.

Abdirahman Dinari, the government's chief spokesman, said the criticism about the government's selection of ministers was just an excuse. "These people wouldn't be happy with anyone in power," he said, conceding that the government, on its own, did not have the skills to pull the country together. "We need help."

But Mr. Dinari said help had been slow to arrive, partly because international organizations were spending millions of dollars on a staff based in Kenya, which is deemed a much safer place to work, instead of investing those resources in Somalia.

But many say that argument rings hollow. Security in Somalia does not depend on foreign troops or foreign aid. At least, it never has. In the early 1990s, the United States and the United Nations poured hundreds of millions of dollars into stabilizing Somalia and they failed notoriously, leaving the country as capriciously violent and hopeless as ever.

Then along came the Islamists, who during their six-month reign last year pacified the hornet's nest of Mogadishu by persuading clans to voluntarily disarm their militias and persuading Somalis, most of whom are Sunni Muslims, to buy into their Islam-is-the-answer solution.

One Western diplomat laughed when asked if a modest force of peacekeepers — the African Union is proposing around 8,000 — could deliver the level of stability that the Islamists had delivered on their own.

"No way," he said, speaking anonymously under diplomatic rules. "And the government's urgency for peacekeepers shows you just how badly they've done with reconciliation."

Europeans Agree To Cut Emissions Sharply If U.S. And Others Follow Suit (NYT)

By James Kanter

New York Times, February 21, 2007

PARIS, Feb. 20 — Seeking to persuade other nations to curb greenhouse gas emissions, European Union ministers pledged Tuesday to raise their own targets if industrialized countries like the United States made similar efforts.

European governments would be ready to cut emissions 30 percent below 1990 levels by 2020, from a current pledge of 20 percent, but only if other heavy polluters joined in, said Sigmar Gabriel, the German environment minister, who led a meeting in Brussels that formally endorsed the European targets.

Germany, the biggest European economy, was already prepared to cut its emissions even further if there was a broader agreement, Mr. Gabriel said, noting that the German Parliament had supported a 40 percent target.

The pledges, which match a proposal made by the European Commission last month, are signs that nations are gearing up for new negotiations on a global climate accord after 2012, when the first period covered by the Kyoto Protocol expires.

The issue is expected to be on the agenda when Germany serves as host of a meeting in June of the Group of 8 nations. European countries are hoping to win pledges from big developing countries as well, including China and India.

"You get a deadlock in international negotiations when there's the attitude that, 'We're not going to do anything until someone goes first,' so it's good that the ministers committed to 20 percent," said Kirsty Hamilton, a policy consultant for the UK Business Council for Sustainable Energy, a group representing British utilities.

But environmentalists were disappointed that governments postponed a more ambitious goal of 30 percent, unless other countries adopted similar policies.

Choosing a lower target "will send the wrong signal to the international community, casting a dubious light on how serious the European Union is about fighting climate change," said Jan Kowalzig, a climate and energy campaigner for Friends of the Earth in Brussels.

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European officials want other parts of the world, including the United States, to adopt European-style restrictions on emissions to fight climate change, thus helping European businesses compete globally at a time when the European Union is toughening regulation in sectors like air travel, car manufacturing and construction.

But splits among member states over how much more Europe can afford to cut back on pollutants have emerged as obstacles to reaching firm targets.

Last week, European Union energy ministers backed away from approving a binding proposal that 20 percent of all energy must come from renewable sources, like wind and solar power, by 2020.

According to Friends of the Earth, Finland, Poland and Hungary resisted the 20 percent target, and only Sweden and Denmark supported a unilateral 30 percent target.

A European diplomat said Finland, Poland and Hungary had expressed reservations about how the burden would be shared so that poorer and more energy-intensive parts of Europe could develop their economies.

Such differences could foreshadow a showdown in March, when political leaders are to meet in Brussels and reach a final position.

Skeptics Emerge On Technologies For Cleaner Coal (NYT)

By Matthew L. Wald

New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Within the next few years, power companies are planning to build about 150 coal plants to meet growing electricity demands. Despite expectations that global warming rules are coming, almost none of the plants will be built to capture the thousands of tons of carbon dioxide that burning coal spews into the atmosphere.

Environmentalists are worried, but they put their faith in a technology that gasifies the coal before burning. Such plants are designed, they say, to be more adaptable to separating the carbon and storing it underground.

Most utility officials counter that the gasification approach is more expensive and less reliable, but they say there is no need to worry because their tried-and-true method, known as pulverized coal, can also be equipped later with hardware to capture the global warming gas.

But now, influential technical experts are casting doubts on both approaches.

"The phrases 'capture ready' and 'capture capable' are somewhat controversial," said Revis James, the director of the energy technology assessment center at the Electric Power Research Institute. "It's not like you just leave a footprint for some new equipment."

Many experts outside the industry share his concerns.

A major new study by faculty members at the Massachusetts Institute of Technology, scheduled for release soon, concludes in a draft version that it is not clear which technology — the so-called integrated gasification combined cycle or pulverized coal — will allow for the easiest carbon capture, because so much engineering work remains to be done.

"Other than recommending that new coal combustion units should be built with the highest efficiency that is economically justifiable, we do not believe that a clear preference for one technology or the other can be justified," the draft concludes. The M.I.T. study said it was critical that the government "not fall into the trap of picking a technology 'winner.' "

The study leader, Ernest J. Moniz, a former assistant secretary of energy in the Clinton administration, was more blunt. "Clearly in a lot of discussions, I.G.C.C. has been anointed as the solution," he said referring to integrated gasification combined cycle. He made his comments at a symposium organized by the Aspen Institute in Washington last fall. "We certainly don't agree with that."

Retrofitting either a gasification or pulverized coal power plant is not just a matter of adding new equipment and it might be impractical, the experts say. Temperatures and pressures would be designed to be in one range for a plant that captured its carbon, and another if it merely produced electricity with minimum use of fuel. Less fuel means less carbon dioxide production.

Adding carbon capture later also has implications for power supply. Early estimates are that carbon capture will require so much energy that it could reduce plant output by 10 to 30 percent.

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Some experts say that the best choice may vary according to the type of coal used. Coal with high moisture content may be less suitable for gasification.

The technical assessment is certainly at odds with the hopes expressed by environmentalists. The TXU Corporation of Dallas is planning a fleet of huge new coal plants of the pulverized variety. In Austin, Tex., Tom Smith, a researcher at Public Citizen, who is helping lead the opposition, said, "It's clear that coal gasification is by far preferable to building traditional pulverized coal plants." On Tuesday a Texas District court judge blocked a plan by the governor to "fast track" TXU's application.

Getting carbon out of the gas stream before combustion must be easier, Mr. Smith said, because the post-combustion gases in a pulverized coal plant are 160 times as great.

Some utility executives agree. David Crane, the chief executive of NRG Energy, said that at some point engineers might work out an economical way to capture carbon after combustion in a pulverized coal plant, but that does not exist now.

Because carbon regulation is coming, he said, gasification plants will be needed.

"For the next generation, it's clear to me that rather than build a bunch of pulverized coal plants, with their 50-year life, the country is much better off if we go to I.G.C.C.," he said. The company is planning such a plant in Tonawanda, N.Y.

Others point out that carbon capture from gas made from coal has proved workable, at least at a relatively small nonpower plant that manufactures methane, but that it is still unproved at a large power plant. They say the only way to prove its feasibility is to go ahead now, rather than simply build plants to be modified later.

"There is no reason to wait," Robert H. Socolow, a professor at Princeton who is an expert on carbon capture, said in an e-mail message. "We are going to learn on the job."

Some environmentalists dispute the need for new coal plants, but unless there is very rapid progress soon in realizing energy efficiencies or developing the ability to extract and store huge amounts of wind and solar power at reasonable cost, more coal plants seem certain. Compared with cleaner fossil fuels, like natural gas and oil, coal is cheaper and more widely available. So finding a way to capture the greenhouse gases from these plants is critical.

At American Electric Power, which plans to build two gasification plants and add carbon separation later, Bruce H. Braine, the vice president for strategic policy analysis, acknowledged that there was a "retrofit factor" that would raise the price of such a plant above the cost of waiting a few years and building in the separation technology from the start. But because there is demonstrable evidence that separating carbon from gasified coal would work better than at a pulverized coal plant, he said, "we think it's the right thing to do to move the I.G.C.C. technology forward."

Engineers agree that it is easier to remove sulfur, mercury, particles and other conventional pollutants from plants that use gasification. But they are more expensive to build, and the industry has little experience with their reliability. Even the manufacturers concede this.

"It will work," Randy Zwirn, the chief executive of Siemens Power Generation, said of the ability to separate carbon from a gasified coal plant. "The question is, Can it be done economically?"

Power companies need to start getting experience in this field, he said, but they will need subsidies or agreements with state regulators to avoid being unfairly penalized for testing designs that turned out not to run very well, at least not at first. Otherwise, he said, they would stick with tried-and-true methods and the early steps to a truly revolutionary technology might never be taken.

John Thompson, director of the Coal Transition Program at the Clean Air Task Force, an environmental group, argued that coal gasification was superior because it allowed far better control of conventional pollutants, like mercury, and because it offered new ways of making money from coal-fired plants. For example, he said, they might use a gasifier that made fuel for a power generator during peak hours, and in off-peak hours made gas that could be turned into liquid fuel for vehicles or other valuable chemicals.

But at the Electric Power Research Institute, which surveys the technologies for low-carbon generation, Steve Specker, the president, refers to a "horse race" between pulverized coal and combined cycle.

For all the questions about the coal technologies, any new plant should at least be an improvement on what is operating now. The reason is that many plants now running require about 10,000 B.T.U.'s of heat to make a kilowatt-hour. But newer designs, called "supercritical," use hotter steam, with no moisture, and get more work out of it.

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The newest designs, which the industry calls "ultra supercritical," push down the amount of heat needed to make a kilowatt-hour; engineers expect to reach the range of 7,500 B.T.U.

This will be small consolation, however, if the total number of kilowatt-hours rises sharply at the same time that reducing carbon emissions becomes a national goal.

A Battle Over The Costs Of Global Warming (NYT)

By David Leonhardt

New York Times, February 21, 2007

New Haven

There is an unofficial code of conduct that dictates how intellectuals should behave when they're jousting with each other, a sort of Geneva Convention for the ivory tower.

Before they attack somebody else's work, they first need to praise their opponent. A typical way to do so is to describe another professor as a distinguished scholar who has made an important contribution to the research literature. When you hear that, you can be pretty sure things are about to get nasty.

The rest of us can usually ignore these spats, but once in a while there is an academic fight that really matters. The economics profession is engaged in one of those right now and, as luck would have it, it's even more entertaining than most.

Last week, Sir Nicholas Stern, a top adviser to the British government, came to the United States to talk about climate change. In October, a commission he led released a 700-page report calling for "urgent action" against global warming to prevent economic damage that could rival that of the world wars and the Great Depression. Given its source and its tone, the Stern Review has nudged people to talk more seriously about climate change.

In the minds of a lot of American economists, however, the review is a badly flawed piece of work. These economists don't doubt that earth is getting hotter, that human activity is the cause and that the results could be bad. But they think that Sir Nicholas may have exaggerated the likely speed of warming, among other things, and overstated the case for big, quick action.

The epicenter of the opposition has been here at Yale, and so last week, after stopping in Washington to testify before Congress, Sir Nicholas came to New Haven for a public debate with his critics. With a couple of hundred students and professors in the audience — and a sculpture of an angry Zeus-like figure looming above the stage — the two sides went at it in the dignified, vicious way that academics do.

Sir Nicholas spoke during the morning, and his case is really quite simple. The carbon dioxide that has already been pumped into the atmosphere guarantees that the planet will keep getting warmer. But the decisions that people make over the next couple of decades will determine how much warmer — and, in all likelihood, how many floods, droughts, hurricanes, crop failures and species extinctions occur. The surest way to reduce emissions is a big economic deterrent, like a carbon tax.

"The later we leave it, the more difficult it will be," he said, "and the more risks you run."

The Stern Review's most influential critic has probably been William Nordhaus, a 65-year-old Yale professor who is as mainstream as economists come. Jeffrey D. Sachs, the anti-poverty advocate, calls Mr. Nordhaus "about the most reasonable man I know."

He was the first speaker after lunch, and, of course, he had some very nice things to say about Sir Nicholas. The report "was presented here very eloquently by a distinguished scholar," Mr. Nordhaus said. But then came the juicy stuff: the Stern Review "commits cruel and unusual punishment on the English language," Mr. Nordhaus said, and the British government's opinion on climate change is no more infallible than was its prewar view about weapons of mass destruction in Iraq.

This was fairly tame compared with the comments of another Yale economist, Robert O. Mendelsohn. "I was awestruck," he said, comparing Sir Nicholas to "The Wizard of Oz." But "my job is to be Toto," he added, in the same good-humored tone Mr. Nordhaus used. "Is it in fact The Wizard of Oz, or is it nothing at all?"

The two professors raised some questions about the science in the Stern Review. Mr. Nordhaus wondered if carbon emissions and temperatures would rise as quickly as the report suggests, and Mr. Mendelsohn predicted that people would learn to adapt to climate change, reducing its ultimate cost.

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But their main objection revolved around something called the discount rate. The Stern Review assumed that a dollar of economic damage prevented a century from now (adjusted for inflation) is roughly as valuable as a dollar spent reducing emissions today. In effect, the report argues for spending the money to cut emissions because future generations have as much claim on resources as current generations. "I've still not heard a decent ethical argument" for believing otherwise, Sir Nicholas said at the debate.

I'm guessing that your instinct is to agree with him. Mine certainly was. The problem is that none of us actually behave this way. If we really thought that our great-grandchild deserved our money as much as we do, we would never go out to dinner again. Instead, we would invest the $50 we would have spent on dinner, confident that it would grow over time and become perhaps $1,000 for our great-grandchild to put toward health care, education or a supercomputer. Any of that is preferable to our measly dinner.

But a dollar today truly is more valuable than a dollar a century from now. For one thing, your great-grandchild will almost certainly be richer than you are and won't need your money as much as you do. So spending a dollar on carbon reduction today to avoid a dollar's worth of economic damage in 2107 doesn't make sense. We would be better off putting the money toward something likely to have a higher return than alternative energy, like education.

Technically, then, Sir Nicholas's opponents win the debate. But in practical terms, their argument has a weak link. They are assuming that the economic gains from, say, education will make future generations rich enough to make up for any damage caused by climate change. Sea walls will be able to protect cities; technology can allow crops to grow in new ways; better medicines can stop the spread of disease.

No one knows whether this is true, let alone desirable, because no one knows what life will be like on a planet that is five degrees hotter. "If ever there was an example where there was uncertainty, this is it," said Martin L. Weitzman, a Harvard economist who attended the debate.

While sitting there, I was reminded of the speeches that Alan Greenspan gave a few years ago about the risks of deflation. It wasn't the most likely outcome, he said, but the consequences of it could be so bad that policy makers had to take steps to prevent it. Focusing attention on this point — the catastrophic risks of climate change — is Sir Nicholas's biggest accomplishment, whatever you think of his math.

As Mr. Weitzman puts it, the Stern Review is "right for the wrong reasons."

Even its critics seem open to this idea. When Mr. Nordhaus and Sir Nicholas were exchanging e-mail messages before the debate — to their credit, some academics keep their arguments from becoming personal — Mr. Nordhaus sent a note that summed up his view. "I think it's a great study, but it's 50 years ahead of its time," he recalled writing. "Since everybody else is 50 years behind the times, if you average the two, you might come out just right."

In other words, it's time for a tax on carbon emissions.

Where Warming Hits Home (LAT)

By Henry Chu

Los Angeles Times, February 21, 2007

In Bangladesh, rising oceans are surging up rivers, making life difficult — and salty — for residents of the low-lying region.

Bhamia, Bangladesh

Global warming has a taste in this village. It is the taste of salt.

Only a few years ago, water from the local pond was fresh and sweet on Samit Biswas' tongue. It quenched his family's thirst and cleansed their bodies.

But drinking a cupful now leaves a briny flavor in his mouth. Tiny white crystals sprout on Biswas' skin after he bathes and in his clothes after his wife washes them.

The change, international scientists say, is the result of intensified flooding caused by shifting climate patterns. Warmer weather and rising oceans are sending seawater surging up Bangladesh's rivers in greater volume and frequency than ever before, experts say, overflowing and seeping into the soil and water supply of thousands of people.

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Their lives are being squeezed by distant lands they have seen only on television — America, China and Russia at the top of the list — whose carbon emissions are pushing temperatures and sea levels upward. Earlier this month, a long-awaited report by the United Nations said global warming fueled by human activity could lift temperatures by 8 degrees and the ocean's surface by 23 inches by 2100.

Here in southwestern Bangladesh, the bleak future forecast by the report is already becoming reality, bringing misery along with it.

The heavier than usual floods have wiped out homes and paddy fields. They have increased the salinity of the water, which is contaminating wells, killing trees and slowly poisoning the jungle that forms a natural barrier against the Bay of Bengal.

If sea levels continue to rise at their present rate, by the time Biswas, 35, retires from his job as a teacher, the only home he has known will be swamped, overrun by the ocean with the force of an unstoppable army. That, in turn, will trigger another kind of flood: millions of displaced residents desperate for a place to live.

"It will be a disaster," Biswas said.

Bangladesh, a densely crowded and painfully poor nation, contributes only a minuscule amount to the greenhouse gases slowly smothering the planet. But a combination of geography and demography puts it among the countries experts predict will be hit hardest as Earth heats up.

Nearly 150 million people, the equivalent of about half the U.S. population, live packed in an area the size of Iowa and about as flat. Home to where the mighty Brahmaputra, Ganges and Meghna rivers meet, most of Bangladesh is a vast delta of alluvial plains that are barely above sea level, making it prone to flooding from waterways swollen by rain, snowmelt from the Himalayas and increased infiltration of the ocean.

Global warming trends have already exacerbated that, and the situation will probably get worse, scientists say.

"A little increase in temperature, a little climate change, has a magnified impact here," said A. Atiq Rahman, director of the Bangladesh Center for Advanced Studies — the country's leading environmental research group — in Dhaka, the capital. "That's what makes the population here so vulnerable."

Other low-lying countries also are at risk, including the Netherlands and tiny islands in the South Pacific that could eventually be swallowed by the expanding oceans. But the population of these countries is only a fraction of that of Bangladesh.

If the sea here rises by a foot, which some researchers say could happen by 2040, the resulting damage would set back Bangladesh's progress by 30 years, Rahman said. As much as 12% of the population would be made homeless.

A 3-foot rise by century's end — a possible scenario if the polar ice caps melt at a more rapid pace — would wreak havoc in Bangladesh on an apocalyptic, Atlantis-like scale, according to scientific projections and models.

A quarter of the country would be submerged. Dhaka, now in the center of the nation, would sit within 60 miles of the coast, where boats would float above the underwater remnants of countless town squares, markets, houses and schools. As many as 30 million people would become refugees in their own land, many of them subsistence farmers with nothing left to subsist on.

"Tomorrow's poverty will be far worse than today's," Rahman said.

For years, the government here either denied or downplayed the danger posed by global warming. Bangladesh is hardly unique in that regard; many accuse the U.S. of doing the same. Rahman recalls overhearing officials ridicule him as a madman when he warned that Bangladesh risked being inundated.

But the weight of scientific opinion has grown, as has evidence that climate patterns are already shifting and producing harmful effects in this region. Politicians who had previously dismissed global warming as a far-off problem are starting to see it as a clear and present danger.

"Part of it is sheer reality hitting you on the head — there's stronger floods, more frequent floods," Rahman said. "Now the game is much clearer. The connection ... has been proven beyond a reasonable doubt."

Three years ago, the government set up a climate-change unit in its Environment Ministry, but it employs only a handful of staff and depends largely on the British government for funding.

Lately officials have also begun appealing to wealthy, fossil-fuel-consuming nations such as Japan and the countries of the European Union to help Bangladesh prepare for a catastrophe it has few resources to combat.

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"Lives in Bangladesh will be devastated through no fault of the people concerned," Sabihuddin Ahmed, the ambassador to Britain and a former Environment Ministry official, wrote in the Guardian newspaper in September.

For people in the West, Ahmed said, the onslaught of global warming may seem decades away. In Bangladesh, "the future has arrived."

Here in the coastal southwest, in an area called Munshiganj close to the Indian border and the famed Sundarbans mangrove forest, grizzled farmers describe the relentless encroachment of the sea.

Thirty years ago, an embankment built to hem in the tidal rivers around them was sufficient to protect villagers from major inundations. Now they estimate that the high-tide mark has climbed 10 feet, and breaches such as one that happened in September, which swamped hundreds of homes, have become depressingly common.

"The water came up to here," said Iman Ali Gain, sweeping his hand up to his chest as scores of men behind him hauled baskets of gloppy gray soil to repair the dike. "We were afraid when we saw it."

Like many, perhaps most, Munshiganj residents, Gain, 65, does not understand concepts such as carbon footprints, greenhouse gases, the ozone layer or melting icecaps. The vast majority of the people in this area are illiterate; only one in five has finished primary school.

But Gain knows how his life has changed over the last several years because of new environmental conditions. He once grew rice to support himself and his family, but his harvests started shrinking as the salinity of the water increased. To cope, he followed the example of many of his neighbors and switched to shrimp farming, a way to take advantage of the salty water washing over the fields.

For the first time in Munshiganj, shrimp farming occupies more of the cultivable land than do traditional crops.

Though the shift has enabled some villagers to survive, it has created other headaches. Because it is less labor-intensive, shrimp farming has boosted unemployment. Thousands of residents have migrated to other parts of Bangladesh or India in search of work.

Worse yet, deliberately trapping so much briny water to raise shrimp has increased the sodium concentration in the soil, which aggravates the salinity creeping into drinking-water supplies.

"From ancient times, our people used [local] ponds for drinking water. Now they need to go four to five kilometers to collect sweet water," said Mohon Kumar Mondal, a local environmental activist who is trying to promote awareness of and adaptation to climate change.

The small pond here in the village of Bhamia draws women with their jars from several surrounding villages that used to have their own, or closer, sources of drinking water. But Bhamia's pond is becoming more saline, and the nearest abundant source of untainted fresh water is nearly fives miles away.

Residents report an increase in health problems such as diarrhea, skin diseases and dysentery. The salty water has also killed many of the palm and date trees that once lent a fecund beauty to the sunbaked landscape.

Those here who are strongly religious, a mix of Muslims and Hindus, have tended to ascribe the changes in climate and the natural disasters befalling them to God, Mondal said.

Perhaps it is punishment for their impiety, the people murmur; perhaps, with repentance and prayer, God will relent and spare them the heavier floods, the stronger cyclones and the hotter summers they are experiencing. And perhaps there will be more fresh water to slake their thirst.

A geographer with a master's degree, Mondal, 31, knows humans are responsible for the problem that is making life more difficult here — and threatens to make it impossible if the temperatures and the oceans keep rising.

And so it is to humans, especially those in developed societies, that he issues his plea.

"I request people, please understand the situation of the Earth. Please make your decisions according to the situation," Mondal said. "And please think of poor people like us, who have not created greenhouse gases. Please think of our situation."

New Fight, Old Foe: Slavery (CSM)

By Jane Lampman

The Christian Science Monitor, February 21, 2007

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Zach Hunter was only 12 years old when he became an abolitionist. During Black History Month three years ago, as he read about Harriet Tubman and Frederick Douglass, he thought he, too, would have fought against slavery if he'd lived back then. But to his astonishment, Zach found soon afterward that people are still held as slaves today.

"When I learned there were about 27 million slaves in the world, it blew me away," says the high school freshman from Atlanta. "I wondered what I could do."

He noticed loose change lying around the house, and a project was born. He formed Loose Change to Loosen Chains, and with the help of friends, collected some $10,000 to fight modern-day slavery.

This year, Zach is part of a much broader antislavery initiative, serving as student spokesman for "The Amazing Change." Next month marks the 200th anniversary of the end of the British slave trade, which was spurred by a young parliamentarian and reformer, William Wilberforce. A feature film on Wilberforce, "Amazing Grace," opens in US theaters nationwide on Feb. 23. The filmmakers are partnering with modern antislavery organizations to enlist students and others in a contemporary abolitionist movement. (See: www.theamazingchange.com).

For his part, Zach has penned a book, "Be the Change," and travels across the country to speak to young people at music festivals, schools, and churches.

"I tell them they can channel their passion into something that makes a difference," he says. "Small groups of people have changed things all through history."

Slavery is illegal everywhere in the world, yet it persists. Zach finds inspiration in the courage of Wilberforce, who kept fighting under difficult circumstances. The reformer spent 20 years collecting evidence of the crimes of Britain's slave trade. He introduced bills that were repeatedly rejected by parliament before the trade was finally ended in 1807.

The Amazing Change campaign encourages people to sign a petition to end modern-day slavery, donate to the cause, and learn how they can take an active part in the movement. A percentage of funds donated will help four nonprofit groups (Free the Slaves, International Justice Mission, Rugmark, and Child Voice International) collect evidence, go to court to free people from current forms of slavery, and help former slaves establish a new life.

Last Sunday, churches in all 50 states and several countries participated in "Amazing Grace Sunday." Praying together for freedom, the congregations also joined in singing the well-known hymn written by John Newton, a former slave trader.

Newton wrote the beloved "Amazing Grace" around 1770 after a Christian conversion led him into the ministry; he was once Wilberforce's pastor.

While slavery takes different forms today, the impact remains devastating to lives around the globe, according to UN and US government statistics. An estimated 300,000 children have been forced to serve as child soldiers in more than 30 conflicts. Each year, human trafficking for sexual servitude or forced labor moves 800,000 people across international borders, including some 17,500 foreigners trafficked into the United States. Some 200,000 people are considered to live enslaved in the US.

The number of bonded slaves – men, women, and children who toil in agriculture or industries – has reached an estimated 20 million worldwide, says Free the Slaves.

While total figures for slaves vary (the International Labor Organization has used 12.3 million for forced labor and sexual servitude), the 27 million estimate Zach Hunter cites is widely supported.

Remarkably, many slaves are in the public eye, yet invisible. For example, Kim, a young teen from a family of Tibetan exiles, was surreptitiously sold by a relative to an American minister traveling in India. He brought her back to a rural town in Massachusetts in 1985, where she became his sex slave and household servant. The pastor told Kim her family would be thrown in jail if she told anyone, so while she attended school, she kept the secret for five years. Only when Kim learned her cousins were to share the same fate did she go to the police.

Kim's poignant story is told in "Not for Sale: The Return of the Global Slave Trade and How We Can Fight It," by David Batstone, one of three new books associated with the Amazing Change campaign.

A professor of ethics at the University of San Francisco, Dr. Batstone traveled to five continents last year to investigate the workings of modern slavery, including going undercover to gather evidence. He defines slavery as "forcing someone else's labor without compensation, and using violence to keep them in their position."

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Batstone's interest in the subject was first ignited, he says in an interview, when his favorite Indian restaurant, where he and his wife ate regularly, figured in an exposé by the San Francisco Chronicle. The story revealed that the young waitresses at the restaurant had been brought from India against their will and were also forced to perform sexual favors. The restaurant owner had trafficked in hundreds of young girls and boys.

"In the US, 47 percent of trafficking is in the commercial sex business," Batstone adds. The women are brought mostly from China, Mexico, and southeast Asia.

On his journeys, Batstone found that the most prevalent form of slavery globally is in agriculture, involving labor in rice mills or on plantations, as well as rock quarries and brick kilns. In some cases, people borrow small amounts of money from a local landowner to buy food or pay for a wedding, and the lender begins adding egregious levels of interest, requiring work until it's paid off.

"In India, I met a family of four generations of women," Batstone says, "great-grandmother to daughter, who had spent their entire lives under obligation to a landowner for a loan the great-grandfather had taken out for the equivalent of $10. This is illegal, but hardly enforced."

While exploring this dark side of the global economy, Batstone found a silver lining: "a rising tide of modern-day abolitionists who are building an underground railroad for the 21st century." So inspired was he by the efforts of many small, understaffed, and underfunded groups working to free people, that the focus of his book shifted to profiling these new abolitionists.

He decided to mount his own international advocacy and fundraising project, too: the "Not for Sale Campaign" (www.notforsalecampaign.org). The campaign enlists athletes, musicians, and others in "making whatever you love best an abolitionist activity."

Figure-skating star Brian Boitano, for instance, "has pledged to give $10 every time he does a triple loop," Batstone says. A "Concert to End Slavery" with top-notch artists has just been filmed in a Los Angeles recording studio, and a documentary related to the book will be ready for TV in March.

But more is needed than raising awareness and funds, Batstone says. "People who should be acting to stop slavery say they don't know where it is." So his students at the University of San Francisco have taken on the job: mapping slavery in the area – where it occurs in agriculture, the restaurant business, domestic servitude, etc. They are also creating a model for how to map slavery so that students and others could do the same in other cities.

"We'll take that report each year to the mayor's office, the chief of police, and the media, saying 'Here's where slavery can be found in our city,' " he says. "My students are unbelievably charged up."

Zach Hunter, too, is enthused about what young people can accomplish. "My vision is that my generation would be written about in the history books as a generation that really cared about others and brought about change," he says.

In Haiti, Abductions Hold Nation Hostage (WP)

By Manuel Roig-Franzia

The Washington Post, February 21, 2007

PORT-AU-PRINCE, Haiti -- Kidnappers came for Petit-FrÃ¨re Desilus in the early afternoon, as he was driving away from his office.

The street was busy and he was just 10 feet outside the gated compound where he worked as a billing clerk. But they got him anyway, Desilus recalled recently in a hushed voice, trying to steady his trembling hands.

Two young men, their faces hard but calm, flashed pistols at him. When he turned, he saw four more gun barrels behind him. Pedestrians did nothing, merely swerving around the unfolding scene, he said.

"Lie down, shut up," Desilus remembers being told. "Today you're going to get yours."

Pressed flat against the back seat, Desilus was about to begin a downward spiral that severed his tenuous hold on a working-class lifestyle, leaving him poor and depressed more than four months after his captors released him. His troubles have become commonplace here. One year after a presidential election that generated optimism and marked only the second peaceful handover of power in Haitian history, Port-au-Prince is a city of fear.

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Despite the presence of thousands of U.N. troops and a new military offensive to root out gangs, armed thugs still rule much of this hilly capital, where many of the 2 million residents live in tin or cinder-block shacks. A swarm of recent kidnappings is terrorizing residents and scaring away foreign investment.

Dozens of schools closed in December after students were kidnapped in a series of incidents and a school bus was hijacked. That month, at least 100 people were reported kidnapped, the most since August, when 115 were abducted. Victim advocates say the real numbers may be much higher; once freed, people often are afraid to go to the police.

Haiti's government has been powerless to stop the crisis. International advisers describe the police force and judicial system as critically dysfunctional and profoundly corrupt.

"We are a failed state -- our institutions are bad, they don't work," said Kesner F. Pharel, a Haitian economist who was trained in the United States and runs a business consulting firm in Port-au-Prince. "It is crucial for Haiti to solve the security problem if we have any hope of making progress."

The kidnapping plague, which began in 2004 after the ouster of President Jean-Bertrand Aristide and peaked during the past six months, is the latest horror in a long history of upheaval that has sealed Haiti's position as the Western Hemisphere's poorest nation. A hip destination for the adventurous rich in the 1970s -- a place where Mick Jagger of the Rolling Stones hung out and where tourists lounged at the Club Med -- Haiti is now a barely functioning country, dependent on the largess of international donors for two-thirds of its budget. The United States, which provides $200 million a year, is Haiti's largest bilateral donor.

Decades of coups and political instability have ruined Haiti's economy and tourism industry, leaving factories closed and once-thriving beach resorts abandoned. According to the International Monetary Fund, 76 percent of Haitians live on less than $2 per day and 55 percent of those live on less than 44 cents a day.

Many here had hoped for stabilization after the election last February of President RenÃ© PrÃ©val, a soft-spoken agronomist who held the presidency from 1996 to 2001 and who promised reconciliation among 100 political parties. But crime has soared under PrÃ©val, exacting its heaviest toll on the poor and working class, who cannot afford ransoms or the bodyguards and bulletproof vehicles that shield every movement of Haiti's entrenched elite.

Desilus, 42, a slender man with big, sad eyes, was far from joining Haiti's elites. But he had scratched his way out of the slums and gotten a decent job. Before being kidnapped, he had managed to buy a tiny one-room apartment, where he lived with his wife and three of his six children.

The kidnappers, he said, took him to Cite Soleil, a 2 1/2 -square-mile seaside slum of more than 200,000 people that is ruled by gangs. The kidnappers beat him inside a second-story room that had been converted into a makeshift cell with heavy bars on the windows. They made him drink his own urine, he said.

Following a practice typical of kidnappers here, Desilus's abductors called all the numbers stored in the address book of his cellphone, each time threatening to kill him and demanding $100,000, the equivalent of 20 years' salary for Desilus. A day later, they settled for $4,800 and released him. But his troubles were just starting.

Traumatized by the experience, he asked his boss to let him switch to a job that would require moving around the city less. His boss responded by firing him.

Meanwhile, the friends and associates who had paid for Desilus's ransom were pushing to get their money back. Desilus said he sold his little apartment, as well as a small plot of land that he owned in the country, to pay off his debt. He drained his bank account.

Suddenly homeless, he was forced to move his family into a cousin's home. Jobless, he had to pull four of his children out of school, as even Haitian public schools charge tuition and require parents to buy materials.

"For me to build up what I had, it took me 10 years," he said. "I have to start all over. But being in this country, I don't see how I can."

Desilus desperately wanted someone to face justice. He tried repeatedly to get the Haitian police interested in his case. But each time the officers refused to write a report, he said.

It was a futile exercise that another kidnapping victim, a music vendor who goes by the nickname "Peaceful Michel," didn't even consider embarking upon. Michel, who was abducted in December, was seized in front of a police station and said he is

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certain the officers witnessed the kidnapping. Friends who have also been kidnapped told him they were "just laughed at" by police when they tried to file complaints, he said.

"Unless you're a millionaire, they're not listening to you," said Michel, who was deported from the United States after serving a four-year drug sentence and now is active in organizations that try to aid Haitian deportees.

The United Nations, which is engaged in background checks of police that officials believe could lead to the dismissal of 1,000 corrupt officers, is now overseeing the largest military operation to defeat gangs since being deployed here in 2004. U.N. officials hope to stem the flow of kidnap ransoms to gangs, some of which need as much as $70,000 a month to pay for their operations.

PrÃ©val initially opposed military intervention, opting to negotiate with the gangs, and invited several top gang leaders to the National Palace. Edmond Mulet, the U.N. special envoy to Haiti, described the talks as a "very strange" strategy.

"By mid-September PrÃ©val said, 'This is going to work. This will be over by October,' " Mulet recalled during an interview at his headquarters in the Hotel Christopher in Port-au-Prince. "I said, 'Okay, if you say so.' But I knew in my heart it would not work."

In the past year, kidnappers appear to have been targeting victims throughout the city rather than staying in the slums that are patrolled by the U.N. troops. Residents of neighborhoods once considered safe now feel anxious.

Christian Duvivier was nabbed after leaving Magdoo's, a hip hangout for Port-au-Prince's young, moneyed set in the prestigious hilltop neighborhood, Petionville.

Kidnappers rammed their car into Duvivier's vehicle, he recalled in an e-mail from the Dominican Republic, where he fled after a ransom was paid and he was released. They pulled out guns and told him they were "the devil's sons" and that "they kill for fun," Duvivier said.

Young people and professionals are pouring out of Haiti. By some estimates as many as 50,000 have left in the past several years, creating a massive "brain drain," according to Pharel, the economist.

But for some kidnapping victims, fleeing is not an option. Emmanuelle Poncet, a Port-au-Prince math teacher, has spent the five months since his kidnapping and release trying to get a visa to enter the United States so he can leave Haiti and "never come back." He finds his solace in chain-smoking and bottles of rum, a form of self-medication that he knows is ruining his health.

Poncet's brother, a Catholic priest, and a group of friends paid nearly $14,000 to free him. Like Desilus, Poncet has sold what little he had to pay off his debts. His car and a small farm were gone within days of his release, sold cheap because the buyers knew he was desperate.

One week after his release, Poncet got a phone call from another group of kidnappers. They were holding his brother-in-law, they told him. And they wanted money.

Weed's Biofuel Potential Sparks African Land Grab (WT)

By Karen Palmer

The Washington Times, February 21, 2007

ACCRA, Ghana - Jatropha, a scruffy bush producing dry, black nuts, is triggering a scramble for land in Africa, with Norwegian, Indian and British companies looking to producing clean-burning biodiesel for cars and trucks.

It's not much in the looks department, but jatropha has a big advantage over alternatives. The nuts can't be eaten because they are poisonous.

Long used as nothing more than living fences meant to hold back the encroaching Sahara and Kalahari deserts, jatropha oil, the evidence shows, burns cleaner than fossil fuels.

That, in turn, has experimental plantations popping up in Africa from Kenya to Ghana to South Africa.

"You can't keep from winning on this one," said Jack Holden, director of GoldStar Biodiesel, a self-described "serial entrepreneur." He is one of a small number of businessmen, based in Ghana, who hope to profit from jatropha by helping investors find places for their money.

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As a natural defense against erosion and desertification, jatropha already is a darling of the development world. Plant it once and it will grow for 50 years, even in some of the poorest soil conditions on the planet.

When drought descends, jatropha bushes keep producing.

Thousands of rural African women's groups have been trained to hand crush the seeds, turning the resulting oil into soap and the organic waste into fertilizer cakes.

But the oil inside its seed also burns with one-fifth the emissions of conventional fuel.

With the growing attention of major oil distributors, jatropha is the little plant that could lift African farmers from lives of poverty and the continent into a fuel oil producer.

That's a lot of pressure on one lowly weed.

It could, however, go the way of the emu farm: just another expensive farming fad that went bust instead of boom.

"You would think the way people talk that it's very easy to go out there and plant jatropha, but we figure it will take about $6 million to do ," said Mr. Holden, whose company is promising to tie community development to biodiesel profits.

Scientists estimate that if even a quarter of the continent's arable land was ploughed into jatropha plantations, output would surpass 20 million barrels a day, almost enough to satisfy the U.S. appetite for oil.

But it's Europe that's driving the thirst for biodiesel. The European Union has said they will use 5.75 percent biodiesel in fuel products by 2010 and 20 percent by 2020, meaning that within four years, the EU will need billions of gallons of biodiesel.

European environment ministers said yesterday they plan to reduce carbon-dioxide emissions 20 percent by 2020, adding that they were ready to go to 30 percent if other industrialized nations matched their efforts. There was no agreement on how the cuts would be achieved or how they would be divvied up among member countries.

Ghana, an English-speaking West African nation, has earmarked $1.6 million in government funds to help establish jatropha plantations.

A Norwegian company has been running ads in the state-owned newspaper looking for land to use for jatropha crops, and Ghana recently received $35 million from the government of India for jatropha research.

A ton of crude jatropha sells for about $300, according to a report prepared for the Ghana Chamber of Mines, which is pushing jatropha production as an alternative to illegal, small-scale gold mining. Farmers could make about $150 per acre, a 50 percent increase over harvests of other cash crops such as tobacco.

Analysts predict that experienced workers can hand-pick more than 65 pounds of jatropha seed pods in an hour, translating into more than 13 pounds of pressed crude, or an hourly wage of nearly $2.

Considering that more than 300 million Africans live on less than a dollar a day, jatropha could help farmers lift themselves out of poverty, something the world has already spent billions trying to achieve with little success.

Still, Ghanaian farmers are not all that interested in jatropha.

"The way things are now, it has potential, but we haven't seen anything for now," said Anthony Mainoo, agricultural technical coordinator at Adventist Development and Relief Agency, which used a $50,000 U.N. Development Program grant to persuade 3,000 farmers to set aside an acre each for jatropha production three years ago.

When the time came to harvest, there was no one willing to buy the seeds.

"We have no real information on the yield in Ghana, no sense of how the money will flow, no idea," he said.

It's difficult to determine exactly how much African land is currently being cultivated with jatropha, but there are fields slated for planting in Benin, Mali, Senegal, Burkina Faso and Nigeria, plus acreage in Kenya, Malawi, Zimbabwe, Zambia, Namibia and South Africa.

"It's really like gold. You have to put money into it to make it," said Daniel Osei-Bonsu, environmental director of AngloGold Ashanti, a South African-owned gold mine operating on 160,000 acres in Ghana's lush central region.

A year ago, Mr. Osei-Bonsu and his team cleared 56 acres and planted jatropha into ground he compares to asphalt.

Four months later, it was producing its first seeds.

With all analyses pointing to the fact that the AngloGold Ashanti gold vein will be depleted by 2016, Mr. Osei-Bonsu said he is determined to find an alternate source of income for the mine's 3,000 workers.

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"If we can demonstrate it can give not big money, but satisfactory money on a regular basis, rather than on a seasonal basis, farmers will pick it up," he said.

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TERRORISM NEWS:

Court: Detainees Can't Challenge Cases (AP)

By Hope Yen, Associated Press Writer

AP, February 21, 2007

In a victory for President Bush, a divided federal appeals court ruled Tuesday that Guantanamo Bay detainees cannot use the U.S. court system to challenge their indefinite imprisonment. A Supreme Court appeal was promised.

The 2-1 decision by the U.S. Court of Appeals for the D.C. Circuit dismisses hundreds of cases filed by foreign-born detainees in federal court and also threatens to strip away court access to millions of lawful permanent residents currently in the United States.

It upholds a key provision of the Military Commissions Act, which Bush pushed through Congress last year to set up a Defense Department system to prosecute terrorism suspects. Now, detainees must prove to three-officer military panels that they don't pose a terror threat.

Democrats newly in charge of Congress promised legislation aimed at giving detainees legal rights. Attorneys for detainees said they would appeal Tuesday's ruling to the Supreme Court.

"We're disappointed," said Shayana Kadidal of the Center for Constitutional Rights. "The bottom line is that according to two of the federal judges, the president can do whatever he wants without any legal limitations as long as he does it offshore."

The two judges voting with the White House — Judge A. Raymond Randolph and Judge David B. Sentelle — were appointed by Republicans. President Reagan appointed Sentelle, and President George H.W. Bush appointed Randolph. The dissenter, Judge Judith W. Rogers, was appointed by President Clinton, a Democrat.

White House deputy press secretary Dana Perino called the decision "a significant win" for the administration and said the Military Commissions Act provides "sufficient and fair access to courts for these detainees."

At the Justice Department, attorneys urged Chief Justice John G. Roberts to deny legal relief to Guantanamo prisoners. They also said that in the case of Sharaf al-Sanani, a Yemeni being held at Guantanamo, the government was no longer obligated to explain why he was being detained.

About 395 detainees are currently being held at the U.S. military base at Guantanamo Bay in Cuba. The first prisoners arrived more than five years ago, after the Sept. 11, 2001, terror attacks.

At issue is the right of habeas corpus, a basic tenet of the Constitution protecting detainees from unlawful imprisonment. Twice before, the Supreme Court ruled that right gave Guantanamo detainees full access to courts.

But in their latest ruling last June, justices suggested the president could ask Congress for more anti-terrorism authority, prompting passage of the commissions act that in part stripped federal court review.

Randolph, writing for the majority, said the new commissions act clearly blocked court access and was constitutional because a "foreign entity without property or presence in this country has no constitutional rights."

"The arguments are creative but not cogent. To accept them would be to defy the will of Congress," Randolph wrote in the 25-page opinion, which was joined by Sentelle.

In dissent, Rogers said the cases should proceed. She argued that the military hearings — known as Combatant Status Review Tribunals, or CSRTs — deprive detainees of critical due process rights provided by the Constitution by putting the legal burden on detainees to prove they aren't terrorist threats.

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"District courts are well able to adjust these proceedings in light of the government's significant interests in guarding national security," Rogers wrote. "More significant still, continued detention may be justified by a CSRT on the basis of evidence resulting from torture."

Under the commissions act, the government may indefinitely detain foreigners who have been designated as "enemy combatants" and authorizes the CIA to use aggressive but undefined interrogation tactics.

A spokeswoman for Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., said Leahy had prioritized a bill that would restore detainees' legal rights, noting that some 12 million lawful permanent residents currently in the U.S. could also be stripped of rights if they were ever designated as "enemy combatants."

Leahy was referring to the case of Ali Saleh Kahlah Al-Marri, a citizen of Qatar, who was arrested in 2001 as an "enemy combatant" while studying in the United States. The Justice Department says the commissions law should apply to immigrants such as him, and the 4th U.S. Circuit Court of Appeals in Richmond, Va., is expected to issue a ruling soon.

A provision restoring detainees' rights, introduced by Leahy and then-Judiciary Chairman Arlen Specter, R-Pa., narrowly failed last year on a 48-51 vote.

"The Military Commissions Act is a dangerous and misguided law that undercuts our freedoms and assaults our Constitution by removing vital checks and balances designed to prevent government overreaching and lawlessness," Leahy said in a statement.

But Sen. John Cornyn, R-Texas, who helped draft the new commission law, heralded the ruling as "respecting the will of Congress."

"The detainees held at Guantanamo Bay do not have an unfettered constitutional right," he said. "In fact, the legal and humane actions of the U.S. government stand in stark contrast to our al-Qaeda enemies who behead those they capture."

Rep. Ike Skelton, D-Mo., who chairs the House Armed Services Committee, said he will launch a congressional review to determine whether military hearings offer detainees legal protections to which they are entitled.

"The last thing that we would want is to convict an individual for terrorism and then have that conviction overturned because of fatal flaws in the military commissions law passed in the previous Congress," Skelton said.

Jonathan Hafetz, an attorney at the Brennan Center for Justice, said the ruling sends the wrong message about justice to U.S. citizens and the international community. Ultimately, it will be the Supreme Court that will have to sort out the legal mess, he said.

"It's a terrible ruling that contradicts centuries of Anglo-American history and allows the indefinite detention of innocent people without charge or judicial review," Hafetz said.

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On the Net:

The ruling can be found at:

http://pacer.cadc.uscourts.gov/docs/common/opinions/200702/05-5062b.pdf

Senate Judiciary Committee: http://judiciary.senate.gov

Court Rejects Detainees' Cases (WSJ)

By Jess Bravin

The Wall Street Journal, February 21, 2007

WASHINGTON -- A federal appeals court closed the courthouse doors to prisoners held at Guantanamo Bay, Cuba, ruling that legislation passed late last year eliminated their right to challenge their indefinite detention.

The 2-1 decision by the U.S. Court of Appeals for the District of Columbia Circuit tossed out dozens of pending cases, and was the latest -- although perhaps not the last -- swing of the pendulum on prisoner rights at Guantanamo. The impassioned language of the majority and dissenting opinions, both citing dueling historical precedents, illustrated the divide over the Constitution's relevance to the war on terrorism.

For Judge A. Raymond Randolph, who wrote the majority opinion, the case represented a vindication. In a 2003 ruling, he backed President Bush's claim that Guantanamo prisoners had no rights before federal courts, only to be reversed by the U.S. Supreme Court the following year. The pattern repeated in 2005, when he ruled that Guantanamo prisoner Salim Hamdan had no right to contest the legitimacy of the military trial the Bush administration set up for him -- a ruling likewise overturned within a year when the Supreme Court found that the president had exceeded his powers by acting outside congressional authorization. Congress followed by passing the Military Commissions Act, extending to prisoners some rights Mr. Bush initially had sought to deny, but stripping courts of jurisdiction to hear their habeas corpus claims, a typical right of prisoners to challenge the legitimacy of their detention.

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"Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan," Judge Randolph wrote. Noting the act applies to all detainee claims "without exception," he wrote, "It is almost as if the proponents of these words were slamming their fists on the table shouting, 'When we say "all," we mean all -- without exception!'"

In dissent, Judge Judith Rogers wrote that this time, it was Congress that had exceeded its authority. The Constitution provides that "the privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it." Neither had occurred, she wrote, and Congress hadn't followed its practice during the four prior times it suspended habeas, most recently in Hawaii during World War II.

The decision is certain to be appealed to the Supreme Court, but even if the justices agree to hear the case, they are unlikely to do so before the court's next term, which begins in October.

On Capitol Hill, several lawmakers are proposing to restore some rights to Guantanamo prisoners. The Senate Judiciary Committee's chairman, Patrick Leahy (D., Vt.) and ranking Republican, Arlen Specter of Pennsylvania, have introduced legislation restoring habeas corpus rights. A separate bill by Sen. Christopher Dodd (D., Conn.) would go further, limiting the president's power to designate prisoners as "enemy combatants" to those captured in conflict zones. Several Guantanamo prisoners were captured far from the battlefield, in some cases arrested by their home governments and delivered to U.S. agents.

Guantanamo Challenges Rejected (LAT)

By Joel Havemann

The Los Angeles Times, February 21, 2007

WASHINGTON -- In a victory for President Bush in his global war on terrorism, a divided federal appeals court ruled today that the suspected enemy combatants at the Guantanamo Bay detention camp in Cuba had no right to challenge their imprisonment in U.S. courts.

In a 2-to-1 vote, a three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia held that the detainees had no access to U.S. courts because they were taken into custody overseas and held in a facility over which U.S. courts have no authority.

"Federal courts have no jurisdiction in these cases," wrote Judge A. Raymond Randolph for himself and Judge David Sentelle.

In her dissent, Judge Judith W. Rogers said Congress had no constitutional authority to deny individuals held by the U.S. government access to the federal courts.

Today's ruling will not be the last challenge to be lodged by the detainees. They will almost surely appeal to the Supreme Court.

Meanwhile, Congress, which has shifted from Republican control to Democratic since it passed the law under which the appeals court ruled, can repeal that law, although Bush would be likely to veto such a measure.

In an action urgently sought by Bush, Congress last fall passed the Military Commissions Act, which barred detainees from challenging their status in civilian U.S. courts. The Military Commissions Act was Congress' second attempt to validate the administration's effort to bring the detainees to trial at military tribunals.

The first was the Detainee Treatment Act, passed in 2005 after the Supreme Court had ruled that the detainees, with no charges having been filed against them, could not be held indefinitely at Guantanamo.

The Detainee Treatment Act held that "no court, justice or judge" had jurisdiction over the detainees at Guantanamo Bay.

After a legal challenge, the Supreme Court ruled that the measure did not apply to challenges to detainee status that were already in progress when the law was passed.

Congress then passed the Military Commissions Act, which the three-judge panel of the appeals court upheld.

To accept the detainees' arguments, wrote Randolph, "would be to defy the will of Congress."

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Court Hands Bush Win In Gitmo Case (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 21, 2007

A federal appeals court panel yesterday, in a 2-1 vote, upheld a key provision of anti-terrorism legislation signed by President Bush that blocks prisoners at Guantanamo Bay from challenging their detention in U.S. district courts.

"Federal courts have no jurisdiction in these cases," wrote Judge A. Raymond Randolph in the 25-page majority ruling, which was supported by Judge David B. Sentelle.

In a key victory for the White House in its war on terrorism, Judge Randolph, named to the bench by President Reagan, and Judge Sentelle, appointed by President George Bush, argued that Congress had successfully stripped the detainees of their right to seek a hearing through a writ of habeas corpus.

"The arguments are creative, but not cogent," Judge Randolph said in response to appeals by two detainees who asked the court to consider their unlawful-detention appeals.

"To accept them would be to defy the will of Congress. ... It is almost as if the proponents of these words were slamming their fists on the table shouting 'When we say "all," we mean all -- without exception!' " he said.

The U.S. Court of Appeals for the District of Columbia ruling will deny court hearings for hundreds of Guantanamo detainees with cases pending.

The dissenting opinion was written by Judge Judith W. Rogers, a Clinton appointee, who said the Defense Department had failed to create a fair substitute outside the federal courts where those detained at Guantanamo Bay, Cuba, could challenge their detention.

"While judgments of military necessity are entitled to deference by the courts, and while temporary custody during wartime may be justified in order properly to process those who have been captured, the executive has had ample opportunity during the past five years during which the detainees have been held at Guantanamo Bay to determine who is being held and for what reason," she said.

Congress passed the Military Commissions Act of 2006, which the president signed into law on Oct. 17. It said no court, justice or judge has jurisdiction to consider an application for a writ of habeas corpus by or on behalf of an alien detained as an enemy combatant. The Defense Department is holding 395 enemy combatants at Guantanamo.

White House spokesman Dana Perino called the ruling a "significant win" for the administration, adding that the Military Commissions Act provides "sufficient and fair access to courts for these detainees."

Justice Department spokesman Erik Ablin said the decision "reaffirms the validity of the framework that Congress established" in permitting Guantanamo detainees to challenge their detention through military hearings coordinated by the Defense Department.

Attorneys for the detainees said they were "disappointed" in the ruling and would appeal it to the Supreme Court.

"The bottom line is that according to two of the federal judges, the president can do whatever he wants without any legal limitations as long as he does it offshore," said Shayana Kadidal of the Center for Constitutional Rights.

No Federal Court For Guantanamo Detainees (CSM)

By Warren Richey And Linda Feldmann

The Christian Science Monitor, February 21, 2007

Detainees being held at the prison camp at Guantánamo Bay, Cuba, have lost their bid for access to US courts to challenge their open-ended detention in the war on terror.

In an important ruling announced Tuesday, a divided federal appeals court panel here dismissed cases filed by 63 detainees raising fundamental legal challenges to various aspects of the Bush administration's approach to the war.

The ruling applies to every pending or future case – in effect closing all but a few doors to the courthouse for those being held at Guantanamo.

"Federal courts have no jurisdiction in these cases," the appeals court declared.

The ruling is expected to be quickly appealed – perhaps to the full US Circuit Court of Appeals for the District of Columbia – or directly to the US Supreme Court.

"This is just a stop along the way to the Supreme Court," says David Remes, a lawyer at Covington and Burling in Washington, D.C., who represents 17 Yemenis being held at Guantanamo.

At the center of the appeals case was the assertion that the newly enacted Military Commissions Act of 2006 (MCA) was an unconstitutional suspension of the writ of habeas corpus. Lawyers for the detainees argued that their clients enjoyed a constitutional right to challenge their open-ended detention before a neutral judge. If the Bush administration's position prevailed, they said, it would mean that terror suspects at Guantanamo could be tossed into a legal black hole.

Two of the three appeals-court judges disagreed. They ruled that Congress did not violate constitutional protections when it passed the MCA. The law was approved in part to overturn last summer's decision by the Supreme Court in Hamdan v. Rumsfeld, which overturned the military commission process proposed by the administration. Congress later passed the MCA.

"Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan. Everyone, that is, except the detainees," writes Judge Raymond Randolph in an opinion joined by Judge David Sentelle.

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Judge Randolph says the detainee arguments are "creative but not cogent." He adds, "To accept them would be to defy the will of Congress."

In a dissent, Judge Judith Rogers said that she agrees that Congress attempted to withdraw federal court jurisdiction to detainee cases by passing the MCA. But she says Congress violated the suspension clause of the Constitution when it passed the law. The suspension clause says that those held by the US government have a right to challenge the legality of their detentions in court unless Congress has specifically suspended that right because of rebellion or invasion.

"The suspension clause is a limitation on the powers of Congress," Judge Rogers writes. "It is only by misreading the historical record and ignoring the Supreme Court's well-considered and binding dictum in Rasul v. Bush" that the court can conclude that it lacks jurisdiction to hear the detainees' cases.

In that decision, the Supreme Court ruled that some rights extend to detainees at Guantanamo. But the court did not detail the extent of those rights.

Most analysts emphasized the interim nature of the ruling. They view the 25-page panel opinion and 34-page dissent as a prelude to a major constitutional showdown at the nation's highest court.

"What's critical is [that] this case is going to the Supreme Court for final resolution," says Carl Tobias, a professor at the University of Richmond Law School. "We have a very splintered DC Circuit opinion."

Richard Samp, chief counsel at the Washington Legal Foundation, praised the appeals court ruling as "sound." But he too predicts the case is headed to high court.

"The issue of who does the writ of habeas corpus apply to has divided a lot of legal scholars and is something that is up in the air and will have to be decided," he says.

About 400 detainees are currently held at Guantanamo. According to MSNBC.com, 110 are labeled ready for release. Among the others, only several dozen are likely to face trial before special organized military commissions. For those remaining, there appears to be no end in sight to their detention.

Writing for the panel, Judge Randolph said that Congress could not have been clearer about its intent when it passed the Military Commission Act. The law says the repeal of habeas jurisdiction in Guantanamo cases applies in all cases without exception. "It is almost as if the proponents of these words were slamming their fists on the table shouting, "When we say 'all,' we mean all – without exception!"

Court Blow For Guantánamo Prisoners (FT)

By Demetri Sevastopulo

Financial Times, February 21, 2007

Prisoners at Guantánamo Bay cannot challenge their imprisonment at the US detention facility, an appeals court said on Tuesday, in delivering a significant legal victory to the White House.

The DC court of appeals ruled 2-1 that recent legislation precluded prisoners at the Cuba-based prison from contesting their detention in US civilian courts. The ruling comes as the Pentagon prepares to bring several detainees before the military commissions.

Congress passed the Military Commissions Act last year after the Supreme Court ruled that the original structure of the military commissions were unconstitutional. But the MCA also stripped detainees of habeas corpus - the right to appeal their detention in the US civil court system.

In dismissing the case brought by inmates at Guantánamo contesting their imprisonment, Judge Randolph Raymond wrote Tuesday that the detainees had provided arguments that were “creative but not cogent”, and that accepting them “would be to defy the will of Congress”.

Human rights groups and lawyers for the detainees have argued that the MCA violates the constitution, which says habeas can only be suspended in cases of “rebellion or invasion”. But Judge Raymond concluded that Congress was not obliged to provide the same standard for non-US citizens.

But Judge Judith Rogers, in a dissenting opinion, wrote that her colleagues had misconstrued the ability of Congress to suspend the right in the case of the Guantánamo detainees. She said Congress was obliged to provide an “dequate alternative remedy” under the constitution, but had not done so.

“The MCA is therefore void and does not deprive this court or the district courts of jurisdiction,” she wrote.

Lawyers for the detainees said Tuesday they would appeal to the Supreme Court. Human rights experts said the ruling underscored the need for Congress to reinstate the right for detainees.

“The ruling highlights the need for Congress to act - and to do so quickly - to restore what is amongst the most important checks on executive overreaching,” said Jennifer Daskal, Washington advocacy director at Human Rights Watch.

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Patrick Leahy and Arlen Specter, the top Democrat and Republican lawmakers on the Senate judiciary committee, have introduced legislation that would restore the right of habeas to detainees at Guantanamo.

"I believe the dissenting opinion will be upheld because the Supreme Court has already ruled that detainees have habeas corpus rights even though they are at Guantanamo Bay," Mr Specter said yesterday. "While it will take the Supreme Court at least a year to decide the issue, the Congress could resolve it promptly by enacting the Leahy/Specter bill which restores habeas corpus rights."

Lindsey Graham, the South Carolina Republican senator who was instrumental in the move to strip habeas rights, yesterday welcomed the decision, which he said would prevent "frivolous" lawsuits.

"Never in the history of warfare have enemy prisoners been able to bring lawsuits about their detention," said Mr Graham. "Thousands of Germans and Japanese soldiers were captured and held by the military during World War II. Not one case was allowed in federal court where they were allowed to sue for their release. Our rules for the War on Terror should be no different."

Human Rights First said the ruling ran "counter to one of the most important checks on unbridled executive power enshrined in the US Constitution".

"If allowed to stand, this ruling would permit the government to hold prisoners, potentially indefinitely, without having to show to a court of law why the person has been detained," said Hina Shamsi of Human Rights First. "US courts are well able to decide detention cases that raise both national security and individual liberties concerns."

Court Endorses Law's Curbs On Detainees (NYT)

By Stephen Labaton

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — A divided federal appeals court on Tuesday upheld a new law stripping federal judges of authority to review foreign prisoners' challenges to their detention at Guantánamo Bay, Cuba.

The decision set the stage for a third trip to the Supreme Court for the detainees, who will once again ask the justices to consider a complex issue that tests the balance of power among the White House, Congress and the courts in the murky context of the fight against international terrorism.

It also prompted some senior Democratic lawmakers, who have fought the Bush administration on the matter before and who now hold sway in Congress, to vow enactment of a law more favorable to the prisoners.

The Supreme Court previously ruled twice that federal statutes empowered the courts to consider Guantánamo prisoners' habeas corpus petitions challenging the grounds for their detention. In response to those rulings, Congress twice rewrote law to limit the detainees' avenues of appeal. The most recent rewriting was at issue in Tuesday's 2-to-1 decision.

That law, the Military Commissions Act of 2006, was signed by President Bush last October. Its enactment followed the Supreme Court's rejection of his administration's earlier arguments that the right of habeas corpus — the fundamental right, centuries old, to ask a judge for release from unjust imprisonment — did not apply to foreigners being held outside the United States as enemy combatants.

The new law explicitly eliminated the federal courts' jurisdiction over habeas challenges by such prisoners. It instead set up military panels to review the justification of detention in individual cases, with limited right of appeal to the courts afterward.

In its ruling Tuesday, the United States Court of Appeals for the District of Columbia Circuit found that the new law did not violate the constitutional provision that bars the government from suspending habeas corpus except in "cases of rebellion or invasion." Two of the three appeals court judges, citing Supreme Court and other historical precedent, held that the right of habeas corpus did not extend to foreign citizens detained outside the United States.

The majority decision was written by Judge A. Raymond Randolph, whose two earlier opinions on habeas corpus and Guantánamo prisoners had also favored the Bush administration. Those opinions were reversed by the Supreme Court, but on statutory grounds rather than constitutional ones.

The dissenting judge on Tuesday, Judith W. Rogers, said the new law did violate the constitutional provision restricting the suspension of habeas corpus.

Administration officials welcomed the decision as a vindication of its position on the rights of detainees, after years of its halting efforts to create a legal process that would withstand tests in court.

"The decision," said Erik Ablin, a Justice Department spokesman, "reaffirms the validity of the framework that Congress established in the Military Commissions Act permitting Guantánamo detainees to challenge their detention through combatant status review tribunals with the opportunity for judicial review before the D.C. Circuit."

Tony Snow, the White House spokesman, said at his daily news briefing, "The court decided the position that we put forward." He declined to say more.

Lawyers representing the detainees vowed to seek a new review by the Supreme Court.

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Shayana Kadidal, a lawyer at the Center for Constitutional Rights, which represents many of the detainees, said, "This decision empowers the president to do whatever he wishes to prisoners without any legal limitation as long as he does it offshore."

Mr. Kadidal said the ruling encouraged "a contempt for international human rights law" and "such notorious practices as extraordinary rendition": sending terrorism suspects abroad for interrogation, where, rights advocates say, they may face torture.

Democrats now in control of Congress said they would move quickly on legislation they recently introduced that would unambiguously give federal courts the right to consider detainees' habeas petitions.

"The Military Commissions Act is a dangerous and misguided law that undercuts our freedoms and assaults our Constitution by removing vital checks and balances designed to prevent government overreaching and lawlessness," said Senator Patrick J. Leahy, the Vermont Democrat who heads the Senate Judiciary Committee.

Last week Mr. Leahy joined a group of other Senate Democrats, including Christopher J. Dodd of Connecticut, Russell D. Feingold of Wisconsin and Robert Menendez of New Jersey, in introducing the legislation restoring habeas rights for the Guantánamo prisoners. Senator Arlen Specter of Pennsylvania, the Judiciary Committee's ranking Republican, also endorsed that measure last week, and said Tuesday that he believed the dissent from the new appeals court decision would ultimately prevail in the Supreme Court.

But other Republican lawmakers, including Senators John Cornyn of Texas and Lindsey Graham of South Carolina, both of whom also serve on the committee, applauded the ruling.

The decision, Lakhdar Boumediene v. George W. Bush, involved a consolidation of the cases of 63 detainees, all from foreign countries, who had sought review in two federal district courts. One judge had ruled that she had the authority to consider the cases, while another had ruled that he did not, and granted the administration's motion to dismiss the inmates' habeas petitions.

Writing for the appeals court, Judge Randolph first turned to the statutory issue. He said arguments put forward by the detainees' lawyers that the new law was not meant to apply to the prisoners at Guantánamo Bay "are creative but not cogent." Congress, he said, clearly meant to keep the federal courts from considering the detainees' cases.

Turning to the question of whether Congress had acted within the Constitution, he said there had been no earlier cases in which a court had granted a habeas corpus petition for a foreign national held at an overseas military base. The Constitution, he said, "does not confer rights on aliens without property or presence within the United States."

The opinion was also signed by Judge David B. Sentelle.

In her dissent, Judge Rogers said: "Prior to the enactment of the Military Commissions Act, the Supreme Court acknowledged that the detainees held at Guantánamo had a statutory right to habeas corpus. The M.C.A. purports to withdraw that right but does so in a manner that offends the constitutional constraint on suspension."

Administration Backed On Detainees (USAT)

By Laura Parker

USA Today, February 21, 2007

A federal appeals panel handed the Bush administration a victory Tuesday in the long legal battle over foreign "enemy combatants" held without trial at Guantanamo Bay, Cuba.

The three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit ruled 2-1 that hundreds of prisoners have no right to challenge their detention in federal court.

The decision upholds a law pushed through Congress in October after the U.S. Supreme Court struck down President Bush's plan to try detainees in military commissions. The high court ruled that the commissions were not authorized by federal law. It was the second time the justices had sided with the detainees on the issue of their right to challenge their detention in the courts.

Tuesday's ruling on the new Military Commissions Act sets up a third Supreme Court showdown.

"This decision empowers the president to do whatever he wishes to prisoners without any legal limitation as long as he does it off shore," said Shayana Kadidal, attorney at the Center for Constitutional Rights, which represents many of the detainees and plans an immediate appeal. "The matter will have to be resolved by the Supreme Court for a third time."

The Military Commissions Act allows the government to detain "enemy combatants" indefinitely. Its most criticized provision prevents detainees from challenging the legality of their detention in U.S. courts. Instead, under the law, military panels will review whether there is sufficient evidence to justify detention.

Aside from the court battle, the new Democratic-controlled Congress pressed efforts to revamp the law, which passed when Republicans controlled both chambers. Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, announced a new review of detainees' legal protections. Sen. Patrick Leahy, D-Vt., who chairs the Senate Judiciary Committee,

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promoted revisions to the law to restore detainees' legal rights. Leahy, in a statement, disagreed with the appeals panel's assessment, calling it "dangerous and misguided."

In dismissing the detainees' challenge, Judge A. Raymond Randolph wrote: "The arguments are creative but not cogent. To accept them would be to defy the will of Congress."

Judge Judith Rogers dissented, arguing that the military hearings deprive detainees of their due process rights by placing the legal burden on them to prove they are not a terrorist threat.

"The decision reaffirms the validity of the framework that Congress established," said Erik Ablin, a Justice Department spokesman.

Pentagon spokesman Jeffrey Gordon said the detainees at Guantanamo include some of the world's "most vicious terrorist operatives." He said none of Guantanamo's many critics "have put forth a viable option to handle these dangerous men and prevent their return to terrorism."

The prison at Guantanamo, which now houses 395 detainees, has drawn international criticism in the five years since it opened. President Bush repeatedly has said he would like to close it.

Guantanamo Detainees Lose Appeal (WP)

By Josh White

The Washington Post, February 21, 2007

A federal appeals court ruled yesterday that hundreds of detainees in U.S. custody at Guantanamo Bay, Cuba, do not have the right to challenge their imprisonment in federal courts, a victory for the Bush administration that could lead to the Supreme Court again addressing the issue.

In its 2 to 1 decision, the U.S. Court of Appeals for the District of Columbia Circuit upheld one of the central components of the Military Commissions Act, the law enacted last year by a then-Republican-controlled Congress that stripped Guantanamo detainees of their right to such habeas corpus petitions. Lawyers have filed the petitions on behalf of virtually all of the nearly 400 detainees still at Guantanamo, challenging President Bush's right to hold them indefinitely without charges. Yesterday's ruling effectively dismisses the cases.

Attorneys for the detainees vowed to quickly petition the Supreme Court to hear the case.

Judge A. Raymond Randolph wrote in the majority opinion that to overrule the new law, which Bush signed in October, would "defy the will of Congress." He and Judge David B. Sentelle also found that historical interpretations of habeas corpus do not apply to foreign nationals not on U.S. soil, determining that the U.S. military prison at Guantanamo Bay is a leased property that falls under Cuban sovereignty.

"Federal courts have no jurisdiction in these cases," Randolph wrote in the combined cases of Al Odah v. USA and Boumediene v. Bush. "Our only recourse is to vacate the district courts' decisions and dismiss the cases for lack of jurisdiction."

In a lengthy dissent, Judge Judith W. Rogers raised two central questions of constitutional law that could form the basis of arguments before the Supreme Court, if it chooses to hear the case. She wrote that the writ of habeas corpus can apply to foreign nationals outside the United States and that Congress has not properly suspended habeas corpus, something it has done only four times, including during the Civil War.

Rogers wrote that Congress may suspend that right "when in cases of rebellion or invasion the public safety may require it" but that Congress has not invoked that power now, adding that its actions "exceed the powers of Congress."

Justice Department lawyers have argued for years that foreign detainees should not enjoy constitutional rights when they are detained in other countries amid accusations of terrorism against the United States and its allies.

"We are pleased with the decision of the U.S. Court of Appeals for the D.C. Circuit upholding the constitutionality of the Military Commissions Act (MCA) and dismissing the consolidated Guantanamo detainee cases for lack of jurisdiction," Erik Ablin, a department spokesman, said in a statement.

Shayana Kadidal, a lawyer with the Center for Constitutional Rights, which represents hundreds of Guantanamo detainees, said defense attorneys will petition the Supreme Court "as quickly as possible." He said the decision grants government officials broad latitude in its treatment of detainees and gives detainees no legal way to address it.

"This decision allows the president to basically do what he wants to prisoners without any legal limitation as long as he does it offshore," Kadidal said. He said that his clients at Guantanamo have experienced "disgust and exasperation at the American legal system" and that their "feelings of desperation" now will only grow.

Washington lawyer David Remes, who also represents Guantanamo detainees, said he is disappointed by the decision but not completely surprised. He expects the Supreme Court to hear the case.

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In two decisions, the Supreme Court has upheld Guantanamo detainees' rights to contest their incarceration in federal courts. But the court also made it clear that Congress could weigh in on the issue, which it did by approving the Military Commissions Act. That law mandated special military trials for the detainees.

Douglas W. Kmiec, a professor of constitutional law at Pepperdine University, said it appears that Congress clearly intended to remove the court's jurisdiction. He said, however, that questions remain about the application of habeas rights and their evolution since the late 1700s.

"We're dealing with an area that has been subject to some difficult and subtle rulings from the beginning of the foundation of our country," Kmiec said. "The law has been a moving target."

Democrats, who now hold the majority in both houses, have vowed to quickly amend the Military Commissions Act with provisions that would restore habeas rights for detainees.

Patrick J. Leahy (D-Vt.), chairman of the Senate Judiciary Committee, and the committee's ranking Republican, Arlen Specter (Pa.), have introduced a bill that would restore habeas corpus rights. Specter urged congressional action because the Supreme Court could take months to hear the case.

Sen. Christopher J. Dodd (Conn.), a candidate for the Democratic presidential nomination, introduced a bill last week that would return habeas corpus rights to detainees while clarifying other parts of the law. Dodd said yesterday his legislation is now "even more critical."

It is unclear whether Bush would veto such legislation, which would challenge a central element of his anti-terrorism platform.

D.C. Circuit Denies Detainee Challenges (LAW)

By T.r. Goldman, Legal Times

Legal Times, February 21, 2007

The U.S. Court of Appeals for the D.C. Circuit Tuesday ruled that Guantanamo Bay detainees do not have a right to petition for habeas corpus, letting stand a key piece of the Military Commissions Act passed by Congress late last year.

The 2-1 decision was sharply critical of the plaintiffs, who had argued that the language of the act forbidding U.S. courts to hear challenges to the detention of aliens detained as enemy combatants was ambiguous and did not necessarily apply to detainees whose cases were already pending in court.

"The arguments are creative but not cogent," wrote Judge A. Raymond Randolph. "Everyone who has followed the interaction between Congress and the Supreme Court knows full well that one of the primary purposes of the MCA was to overrule Hamdan," wrote Randolph, referring to the 2006 decision, Hamdan v. Rumsfeld, which ruled that the military commissions set up by the Bush administration to try military detainees violate both international and U.S. military law.

"To accept them would be to defy the will of Congress," Randolph added, later calling the plaintiffs' argument "nonsense."

Randolph was joined in his decision by Judge David Sentelle.

After dispensing with the detainees' argument that the law was ambiguous, the court went on to assert the act's constitutionality. The Constitution's suspension clause, which says that the writ of habeas corpus can only be suspended for reasons of public safety during "rebellion or invasion," does not apply to areas outside U.S. sovereignty. And it is Cuba, the court asserted, not the United States, that has sovereignty over Guantanamo Bay.

In her dissent, Judge Judith Rogers strongly disagreed, writing that the majority opinion "fundamentally misconstrues" the nature of the suspension clause. "Far from conferring an individual right that might pertain only to persons substantially connected to the United States," she wrote, "the Suspension Clause is a limitation on the powers of Congress."

The decision makes it likely that the issue of habeas rights for the Guantanamo Bay detainees will end up in the Supreme Court.

"The Supreme Court has given detainees cert three times -- each time one of these cases has gone to them," says Joshua Colangelo-Bryan, an associate at Dorsey & Whitney, who represents two Bahrainis still being detained in Guantanamo Bay. "These are very fundamental questions."

Court Upholds Military Proceedings For Detainees (NPR)

By Ari Shapiro

National Public Radio, February 21, 2007

The federal appeals court has upheld the controversial detainee bill known as the Military Commissions Act. In a 2-1 ruling, the court said the measure constitutionally wiped out all of the pending court cases from detainees at Guantanamo Bay.

The act allows the government to try detainees in military proceedings, giving detainees access to federal civilian courts only for appeals.

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Writing for the majority, Judge Raymond Randolph calls the detainees' arguments, "creative but not cogent." He says the logic in the dissent is "filled with holes."

In that dissent, Judge Judith Rogers shoots back that the majority can only reach its conclusion, "by misreading the historical record and ignoring the Supreme Court." She says the Military Commissions Act is unconstitutional as written and cannot take away the courts' right to hear these cases.

The ruling is a clear blow to the Guantanamo detainees. Bill Goodman is legal director at the Center for Constitutional Rights, which represents a number of them.

Many of these people have done nothing," Goodman says. "They're there by accident and happenstance." He added that not being able to "raise the basic defense that 'I've done nothing wrong' means that this is a huge trampling of rights."

This decision wipes out cases that challenged everything from lack of medical treatment at the facility to abusive interrogation tactics. David Rivkin worked in the Justice Department under President Reagan and the first President Bush. He says enemy combatants were never intended to get the same court access as criminal suspects.

There's been more judicial involvement in these types of decisions than in any war in American history," Rivkin says. "And for the critics it's still not enough."

Justice Department spokeswoman Tasia Scolinos noted in a statement that the Military Commissions Act, or MCA, does give detainees some legal review.

"The decision reaffirms the validity of the framework that Congress established in the MCA," Scolinos said, "permitting Guantanamo detainees to challenge their detention through combatant status review tribunals with the opportunity for judicial review before the D.C. Circuit."

So although the detainees cannot file traditional habeas corpus claims challenging their detention, they can challenge the Combatant Status Review Tribunals that determine whether they are enemy combatants. Those challenges go directly to the court that decided this case today.

Wake Forest law professor Bobby Chesney says it's unclear how deeply those challenges can probe.

"One of the key issues here is whether that is an adequate alternative to habeas corpus," Chesney says, "and if it is, if it's a sufficient alternative, then habeas has not actually been suspended."

The final word on whether the detainees' lawsuits can continue is likely to come from the Supreme Court.

EDITORIAL Restore Habeas Rights (LAT)

The Los Angeles Times, February 21, 2007

IN UPHOLDING A LAW that denies detainees at Guantanamo Bay Naval Base the ancient right of prisoners to challenge their confinement in court, a federal appeals court has presented the Democratic-controlled 110th Congress with a challenge. Does it have the fortitude to undo an injustice perpetrated by the Republican-controlled 109th?

The injustice came in the 2006 Military Commissions Act, which barred detainees at Guantanamo — now numbering 395 — from contesting their imprisonment by seeking writs of habeas corpus. This exclusion, like Guantanamo itself, has been an embarrassment to the United States.

In 2004, the Supreme Court ruled 6 to 3 that detainees at the facility (which the U.S. leases from Cuba) could seek relief under a federal habeas corpus statute because Congress had previously placed the area under the "complete jurisdiction and control" of the U.S. But on Tuesday, a 2-1 majority of the U.S. Circuit Court of Appeals for the District of Columbia ruled that the Military Commissions Act essentially overruled the Supreme Court and should apply to all detainee cases, even those filed before the law was passed.

The high court could still correct the situation by ruling that the detainees have a constitutional right to bring habeas actions. In the 2004 case, Justice John Paul Stevens noted that habeas corpus is a "writ antecedent to statute … throwing its root deep into the genius of our common law." But in his opinion for the appeals court, Judge A. Raymond Randolph preempted that argument by claiming that, under English and early American law, habeas was not available to "an alien outside the territory of the sovereign." Congress, he suggested, has now placed Guantanamo in that "outside" category.

There's a good reason to suspect that the Supreme Court might actually affirm this disappointing decision: It's not the same court that ruled for the detainees in 2004.

Sandra Day O'Connor, one of the six justices in the 2004 majority, has been replaced by Samuel A. Alito Jr., who is more sympathetic to claims of government power. Justice Anthony M. Kennedy, who concurred in 2004 because "Guantanamo Bay is in every practical respect a United States territory," might defer, as the appeals court did, to the Military Commissions Act's exclusion of Guantanamo from habeas jurisdiction.

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Rather than hope that the Supreme Court will rectify the act's flaws, Congress should act on its own to undo the law's habeas restrictions. Last year, 48 members of the Republican-controlled Senate voted for an amendment by Sen. Arlen Specter (R-Pa.) that would have allowed detainees to file such petitions. Of the 51 who voted no, six are no longer in the Senate.

That change — plus dramatic Democratic gains in the House — augur well for passage of the Habeas Corpus Restoration Act of 2007, co-sponsored by Specter and Sen. Patrick J. Leahy (D-Vt.), now chairman of the Senate Judiciary Committee. And although the margin for approval may not be veto-proof, President Bush would be wise to allow Congress to atone for its own mistake.

Audit: Anti-terror Case Data Flawed (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 21, 2007

Federal prosecutors counted immigration violations, marriage fraud and drug trafficking among anti-terror cases in the four years after 9/11 even though no evidence linked them to terror activity, a Justice Department audit said Tuesday.

Overall, nearly all of the terrorism-related statistics on investigations, referrals and cases examined by department Inspector General Glenn A. Fine were either diminished or inflated. Only two of 26 sets of department data reported between 2001 and 2005 were accurate, the audit found.

Responding, a Justice spokesman pointed to figures showing that prosecutors in the department's headquarters for the most part either accurately or underreported their data — underscoring what he called efforts to avoid pumping up federal terror statistics.

The numbers, used to monitor the department's progress in battling terrorists, are reported to Congress and the public and help, in part, shape the department's budget.

"For these and other reasons, it is essential that the department report accurate terrorism-related statistics," the audit concluded.

Fine's office took care to say the flawed data appear to be the result of "decentralized and haphazard" methods of collection or disagreement over how the numbers are reported, and do not appear to be intentional.

Still, the errors led Sen. Charles E. Schumer, D-N.Y., to question whether the department had exaggerated the number of terror cases.

"If the Department of Justice can't even get their own books in order, how are we supposed to have any confidence they are doing the job they should be?" said Schumer, who sits on the Senate Judiciary Committee, which oversees the department. "Whether this is just an accounting error or an attempt to pad terror prosecution statistics for some other reason, the Department of Justice of all places should be classifying cases for what they are, not what they want us to think them to be."

Auditors looked at 26 categories of statistics — including numbers of suspects charged and convicted in terror cases, and terror-related threats against cities and other U.S. targets — compiled by the FBI, Justice's Criminal Division, and the Executive Office of U.S. Attorneys.

It found that data from the Executive Office of U.S. Attorneys were the most severely flawed. Auditors said the office, which compiles statistics from the 94 federal prosecutors' districts nationwide, both under- and over-counted the number of terror-related cases during a four-year period.

The office has since agreed to change the way it counts and classifies anti-terrorism cases, said department spokesman Dean Boyd.

Boyd denied suggestions that the department pumped up its numbers. He said Criminal Division prosecutors at Justice headquarters and the FBI have overhauled their respective case reporting systems since 2004 for a more accurate picture of terror-related workloads. Both agencies, he said, were strained to accurately report terrorism data in the flood of cases immediately after the Sept. 11, 2001, attacks.

"The notion that the Justice Department intentionally inflated its statistics is false and flatly contradicted by the OIG report itself," Boyd said.

In all but one area, Criminal Division prosecutors either accurately stated or underreported their data — the ones the department usually uses in public statements about its counterterror efforts, Boyd noted. He said the Justice Department has already completed most of the fixes recommended in the audit.

Much of the problem stemmed from how that office defines anti-terrorism cases.

A November 2001 federal crackdown on security breaches at airports, for example, yielded arrests on immigration and false document charges, but no evidence of terrorist activity. Nonetheless, the attorneys' office lumped them in with other anti-terror cases since they were investigated by federal Joint Terrorism Task Forces or with other counterterror measures.

Other examples, according to the audit, included:

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_Charges against a marriage-broker for being paid to arrange six fraudulent marriages between Tunisians and U.S. citizens.

_Prosecution of a Mexican citizen who falsely identified himself as another person in a passport application.

_Charges against a suspect for dealing firearms without a license. The prosecutor handling the case told auditors it should not have been labeled as anti-terrorism.

"We do not agree that law enforcement efforts such as these should be counted as anti-terrorism," the audit concluded.

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On the Net:

The audit can be found at: http://www.usdoj.gov/oig/reports/plus/a0720/final.pdf

Report: Feds Overstate Terrorism Cases (CHIT)

By Andrew Zajac, Washington Bureau

Chicago Tribune, February 21, 2007

WASHINGTON -- Federal prosecutors and the FBI have significantly overstated the number of terrorism-related investigations and prosecutions they pursue, according to a highly critical report released Tuesday by a Justice Department watchdog.

The study by Inspector General Glenn Fine concluded that the overstatements occurred in large part because authorities count offenses such as document and marriage fraud and immigration violations as terrorism-related even when there was no discernible tie to terror.

Although the Justice Department and the FBI have reorganized since the Sept. 11, 2001, terrorist attacks to make preventing future attacks a priority, Fine found that the agencies have done a poor job of providing statistical documentation for the work they are doing.

His report reviewed 26 categories of statistics and found inaccuracies, because of either inflated numbers or undercounting, in 24 of them.

Fine did not allege a deliberate attempt to mislead. He said information was "inaccurately reported for a variety of reasons, including that [Justice] Department components could not provide support for the numbers reported, could not provide support for a terrorism link used to classify statistics as terrorism-related, and could not document that the activity reported occurred in the period reported."

He also found collection and reporting of terrorism-related statistics "decentralized and haphazard."

In 2004, U.S. attorneys reported 379 terror-related convictions, but Fine's investigators found documentation for 240.

That same year, the FBI reported tracking 4,499 terrorism-related threats, but Fine said only 4,049 were connected to terrorism, according to information supplied by the bureau.

The numbers of terror-related incidents dealt with by federal authorities are important because they could affect anti-terrorism funding, as well as the government's credibility on terrorism threats.

The bulk of Fine's 140-page review covered cases from 2003 and 2004.

Dean Boyd, a spokesman for the FBI and the Justice Department, which oversees U.S. attorneys, said both agencies were under stress from having to quickly ramp up an anti-terrorism capability after the 2001 attacks and have subsequently upgraded their tracking and labeling of cases to comport with many of Fine's recommendations for improvement.

Fine also found that unlike the FBI and the Executive Office for U.S. Attorneys, which coordinates the activities of 93 federal prosecutors in the U.S. and overseas territories, the Justice Department's Criminal Division consistently reported lower numbers of terrorism cases than it actually handled.

For instance, the criminal division recorded 195 guilty pleas or convictions in terrorism cases from Sept. 11, 2001, through Feb. 3, 2005, but Fine said there actually were 216.

Boyd said Fine's report should not be read as undercutting the Justice Department's credibility because Criminal Division figures are the ones "used by DOJ in publicly quantifying their work."

But Fine cautioned against taking too much comfort in the Criminal Division's understatement of its anti-terrorism work because the record-keeping behind it was so weak that there "was no accurate basis for its reported numbers."

The report is the latest in a string of analyses to question the accuracy of the Justice Department's terrorism data.

In the past, department officials have emphasized that they are aggressively combating terrorism and would use so-called preventative prosecutions to deport or imprison people on immigration violations or other crimes rather than wait for a terrorist plot to develop.

Fine said his office "looked for, and accepted, any terrorism linkage" asserted by department officials but found many cases "where department officials provided no evidence to link the subject of the case to terrorist activity."

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Among such cases were those of immigration violators caught up in sweeps like Operation Tarmac, begun soon after the Sept. 11 attacks, in which authorities combed airports looking for people linked to terrorism.

Boyd defended labeling such immigration cases as anti-terror matters because they were part of an effort to discourage terrorist infiltration of vulnerable facilities. But he said the Justice Department had agreed to clarify how it defines them.

Bruce Hoffman, a terrorism expert at the RAND Corp. think tank, said there is a significant deterrent value to sweeps and other crackdowns, but authorities need to be careful not to exaggerate what they're doing and to be as forthcoming as possible.

"Without explaining their methods more clearly, the public could look at it as 'crying wolf,'" Hoffman said.

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Justice Dept. Statistics On Terrorism Faulted (WP)

By Dan Eggen

The Washington Post, February 21, 2007

Most of the Justice Department's major statistics on terrorism cases are highly inaccurate, and federal prosecutors routinely count cases involving drug trafficking, marriage fraud and other unrelated crimes as part of anti-terrorism efforts, according to an audit released yesterday.

Inspector General Glenn A. Fine found that only two of the 26 sets of important statistics on domestic counterterrorism efforts compiled by Justice and the FBI from 2001 to 2005 were accurate, according to a 140-page report. The numbers were both inflated and understated, depending on the data cited and which part of the Justice Department was doing the counting, the report said.

The biggest problems were in numbers compiled by the Executive Office of U.S. Attorneys, which counted hundreds of terrorism cases that did not qualify for the designation because they involved minor crimes with no connection to terrorist activity, the report said.

In short, the report concluded, "The collection and reporting of terrorism-related statistics within the department is decentralized and haphazard."

The Justice Department said in a statement that it has already made most of the improvements suggested by Fine's office and that the U.S. attorneys' office would rename its "anti-terrorism" category to remove the implication that every case involves terrorism.

The analysis is the latest to find serious faults with the Justice Department's terrorism statistics, some of which have been featured prominently in statements by President Bush or the attorney general as evidence of the terrorist threat and the department's successful efforts to combat it.

The data are used to justify expenditures and explain to Congress and to the public how the Justice Department is using its resources to protect the country against terrorist attacks, officials said.

"Congress, department managers and the public need accurate statistics in order to fully assess the department's anti-terrorism efforts," Fine said in a statement.

A 2005 Washington Post analysis of terrorism cases tallied by the Justice Department's Criminal Division showed that most defendants were charged with minor crimes unrelated to terrorism.

Fine's office examined similar data as part of its analysis but, unlike The Post, it accepted at face value any claims of a terrorism link by the government. Under those conditions, the report said, the Criminal Division actually understated the number of cases that would qualify as related to terrorism.

Justice Department spokesman Dean Boyd said "the notion that the Justice Department inflated its statistics is false and flatly contradicted by the [inspector general's] report itself, which found that the Criminal Division either accurately stated or understated the department's terrorism statistics in nearly all categories."

Fine's report was careful to stress that the inaccuracies did not appear to have been intentional but instead were the result of shoddy recordkeeping, disagreements over definitions and other problems.

Much of the report's criticisms centered on the U.S. attorneys' office at Justice headquarters, which compiles statistics from 93 federal prosecutors nationwide and in U.S. territories. The office dramatically over- or understated the number of terrorism-related cases during a four-year period, due in large part to the way officials defined "anti-terrorism" cases, the report said.

A prime example was a massive operation to crack down on security problems at airports, which yielded dozens of arrests for immigration charges and other crimes but none related to terrorism. Even so, Fine's report said, all of the cases were counted as anti-terrorism efforts.

The only two sets of accurate statistics were compiled by the FBI, which nonetheless provided inaccurate data in eight other categories, the report said.

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Terror Statistics Deemed Inaccurate (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 21, 2007

The Justice Department's reporting of terrorism-related statistics is "decentralized and haphazard," according to an internal audit, which said immigration, marriage fraud and drug cases often were wrongly counted as terrorism-related.

In examining the accuracy of 26 terrorism-related statistical reports by the FBI, the Justice Department's criminal division and the Executive Office for U.S. Attorneys (EOUSA), Inspector General Glenn A. Fine said all but two were inaccurate -- lacking documentation and "significantly overstated or understated" by 10 percent or more.

"Department officials either had not established internal controls to ensure the statistics were accurately gathered, classified and reported, or did not document the internal controls used," he said. "We found many cases involving offenses such as immigration violations, marriage fraud or drug trafficking where department officials provided no evidence to link the subject of the case to terrorist activity."

The statistics, collected from the FBI, the department's criminal division and all 94 U.S. attorneys, are reported to senior Justice Department managers, Congress and the public.

Mr. Fine's office focused on terrorism convictions during fiscal 2003 and 2004 reported by EOUSA; the number of persons convicted or who pleaded guilty resulting from terrorism convictions from September 11, 2001, through Feb. 3, 2005, reported by the Criminal Division; and the number of terrorist threats tracked by the FBI in fiscal 2003 and 2004.

"The Justice Department agrees fully with the Office of the Inspector General that the department must collect, verify and maintain accurate statistics on the important national security work being conducted at Main Justice, the FBI and in United States Attorney's Offices around the country," according to the FBI.

The FBI said it has made improvements to its statistical reporting systems in recent years, specifically its case management and supporting information technology programs.

Justice Department spokesman Dean Boyd said the EOUSA has changed the way it counts and classifies anti-terrorism cases, and that the IG's findings, with respect to U.S. attorneys' statistics, "largely boiled down to a difference of opinion over the definition of anti-terrorism."

He also said criminal division prosecutors and the FBI also have changed their case reporting systems to more accurately reflect terror-related cases.

The report said the EOUSA significantly overstated the number of anti-terrorism defendants in cases it filed, the number of terrorism and terrorism-related convictions, and the number of terrorism-related defendants sent to prison. It said the criminal division significantly understated the number of persons convicted or who pleaded guilty in terrorism cases, and the number convicted with material support of terrorism.

Also, it said the FBI significantly overstated the number of counterterrorism threat assessments it issued, the number of presidential terrorist threat reports, and the number of terrorism-related convictions, but significantly understated the number of intelligence assessments and bulletins it issued and terrorist threats it tracked.

Audit Questions Accuracy Of Federal Terror Statistics (MCT)

McClatchy Newspapers, February 21, 2007

WASHINGTON - The Justice Department has routinely misrepresented the number of terrorism prosecutions, possibly undermining decisionmaking in the war on terrorism, an independent government audit found.

The report, released Tuesday by the Justice Department's inspector general, concluded that the department in most cases "could not provide support for the numbers reported or could not identify the terrorism link used to classify statistics as terrorism-related."

All but two of the 26 statistics reviewed from October 2000 through September 2005 were wrong. "These inaccuracies are important because department management and Congress need accurate terrorism-related statistics to make informed ... decisions," Inspector General Glenn Fine said in the report.

Part of the problem, according to Fine, was that the Justice Department routinely counted criminal cases as terrorism-related even when prosecutors had found no links to terrorism. Fine also blamed a "decentralized and haphazard" system.

Some in Congress have accused the department of manipulating the statistics to claim success in the war on terrorism.

Justice Department spokesman Dean Boyd said the inaccuracies found from 2002 to 2004 resulted partly from the reorganizations of the Justice Department and the FBI after 9/11. Since then, terrorism-case reporting has improved, he said.

Judge Rejects Delay Of Phone Wiretap Suits (SFC)

By Bob Egelko, Chronicle Staff Writer

DOJ_NMG_0134758

San Francisco Chronicle, February 21, 2007

U.S. seeks dismissal in appeals court over national security

A federal judge rejected the Bush administration's request Tuesday to put wiretapping lawsuits against telephone companies on hold while the government asks an appeals court to dismiss the suits on national security grounds.

The ruling came from Chief U.S. District Judge Vaughn Walker of San Francisco, who is hearing more than 40 suits from around the nation accusing telecommunications companies of illegally collaborating with the government's electronic surveillance program.

Walker refused in July to dismiss the leading case, a suit accusing AT&T of sharing its telephone records and e-mail network with the National Security Agency. Walker rejected Bush administration arguments that allowing the case to proceed would expose vital secrets about the clandestine program and the company's alleged role in it.

The Justice Department has asked the Ninth U.S. Circuit Court of Appeals to overturn the ruling and dismiss all the lawsuits. While that appeal is pending, government lawyers argued, any further action in Walker's court would waste time and money and increase the risk of a security breach.

But Walker ordered the companies Tuesday to respond to the suits by March 29 unless plaintiffs in particular cases agreed to a delay.

The judge also said lawyers for AT&T customers could ask him for permission to question company officials and to seek evidence on limited issues. Attorney Kurt Opsahl of the Electronic Frontier Foundation, which represents the plaintiffs, said those topics could include the company's structure and operation of its networks.

Opsahl said plaintiffs' lawyers may also ask AT&T to present to Walker, in private, any evidence of government authorization that exists for its actions -- a subject that Justice Department lawyers have described as among the most sensitive in the case. Such secret submission of evidence, a procedure spelled out by federal law, would allow the judge to determine whether any surveillance in which the company participated was legal, Opsahl said.

Walker "is trying to advance the case while being very sensitive to national security concerns," Opsahl said.

An AT&T spokeswoman was unavailable for comment. The phone companies joined the administration's request to put the cases on hold.

In a separate order, Walker denied a request by The Chronicle and other news organizations to unseal some documents in the AT&T case. They include a statement by a former AT&T engineer, Mark Klein, about installation of equipment that allegedly would allow the government to screen customers' Internet messages, and a supporting declaration by J. Scott Marcus, a former Federal Communications Commission technology adviser.

AT&T says the documents contain trade secrets. Walker noted that the company released edited versions of the material last year, after negotiations with the plaintiffs, and said he may reconsider unsealing the rest of the documents if their content becomes critical to the outcome of the case.

Karl Olson, an attorney whose clients include The Chronicle, the Los Angeles Times, the Associated Press, the San Jose Mercury News, Bloomberg News and USA Today, said he was disappointed that Walker had deferred to AT&T's claim of trade secrets, which he described as flimsy. Among the information that remains sealed, Olson said, were the names of the city, San Francisco, and the street, Folsom, where the company's facility is located.

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FBI Translating Over 1,000 Wiretap Conversations A Day (USNEWS)

U.S. News and World Report, February 21, 2007

Spurred by adding hundreds of new linguists and help from allies overseas, the FBI is translating a record 34,000 wiretapped conversations a month, bureau officials tell the Bad Guys blog. Long criticized for its lack of language specialists, the FBI, they say, is finally catching up to an unprecedented intake of foreign-language surveillance recordings, electronic data, and text since 9/11.

Most of the wiretaps are tied to counterterrorism and counterintelligence cases, officials say. Since 9/11, the FBI's counterterrorism agents, in particular, have collected a mother lode of intelligence. In a widely overlooked report to the Senate Judiciary Committee in November, bureau officials ticked off their counterterrorism take over the past four years:

519,217 hours of audio

5,508,217 electronic data files

1,847,497 pages of text

A July 2005 audit by the Justice Department's inspector general found that the bureau's counterterrorism audio backlog had doubled over the preceding year to 8,354 hours. But in their Senate report, FBI officials counter that the backlog represents

only 1.35 percent of all the audio collected, and that nearly all of the agency's text and electronic data files have now been translated.

"We've made great strides," says Jeff Lanza, an FBI spokesman. "Ninety-nine percent of the backlog has been eliminated." Nearly a third of what remains is "white noise" not expected to yield anything of value, officials say. Of most concern are 3,240 hours of "audio from very obscure languages and dialects," which the bureau is scrambling to find linguists for.

The FBI has eased its backlog by markedly increasing its reservoir of translators. Since 2001, the number of FBI staff linguists has grown to 1,409, an 80 percent jump, officials say. The FBI has also turned to "the language programs of allied intelligence agencies," as well as to contract linguists, according to testimony by FBI Director Robert Mueller.

Since the 9/11 attacks in 2001, the number of national security wiretaps approved by the secret U.S. Foreign Intelligence Surveillance Court more than doubled, according to the Justice Department, from 934 in 2001 to 2,072 in 2005–an increase of 122 percent. These include wiretaps of counterterrorism suspects as well as counterintelligence targets such as foreign spies in America. In addition, thousands of electronic intercepts are thought to have been made under the National Security Agency's controversial warrantless surveillance program begun after 9/11. (That program was recently brought under the Foreign Intelligence Surveillance Court's purview.)

By contrast, the growth has been much slower in criminal wiretaps, which include eavesdropping on Mafia bosses, corrupt officials, and other suspected lawbreakers. In 2001, authorities completed 1,491 of these intercepts authorized by federal and state courts, according to the Administrative Office of the United States Courts. That number grew to 1,773 in 2005, representing an increase of 19 percent.

American Faces Charges In Qaeda Case (NYT)

By Ralph Blumenthal

The New York Times, February 21, 2007

HOUSTON, Feb. 20 — A thin and weakened 28-year-old American who the government says was captured last month in Kenya after joining Islamic terrorists fighting in Somalia appeared on Tuesday in federal court here to face charges of conspiring to use an unconventional weapon and receiving military training from Al Qaeda.

The defendant, Daniel J. Maldonado, is a convert to Islam who grew up in Boston before moving here. Chained, Mr. Maldonado stayed impassive as F.B.I. witnesses and prosecutors said he had admitted to having guarded a suspected spy who was later killed, to praising the Sept. 11, 2001, attacks and to offering himself as a suicide bomber.

“What we have is a U.S. citizen homegrown Islamic jihadist right here,” said Gary Cobe, an assistant United States attorney.

The hearing, to determine whether enough evidence exists to continue to hold Mr. Maldonado without bond, hit a snag when his chief public defender, Brent E. Newton, argued that he could not properly examine F.B.I. witnesses without seeing their written reports.

Magistrate Judge Calvin Botley asked prosecutors to provide the reports for the resumption of the court on Wednesday.

The testimony added details to the government complaint and affidavit filed on Feb. 13, a day after Mr. Maldonado was taken into custody here after being flown from Kenya. He had been seized in Kenya on Jan. 21.

John McKinley of the counterterrorism squad of the Federal Bureau of Investigation in Houston said an unidentified confidential witness who corroborated Mr. Maldonado’s account told of Qaeda efforts to recruit American women to travel to Somalia to train for terrorist attacks in the United States.

The weapon in the complaint was said to be a bomb that the F.B.I. said Mr. Maldonado had seen how to make while “consorting” with a bomb maker in Kismayo, Somalia. The bomb maker reportedly used match tips and TNT to create explosive devices. No evidence was offered that Mr. Maldonado had made such a device.

The bureau also said that Mr. Maldonado had been trained in using an AK-47 and that he had pointed it at a prisoner, an unidentified flight attendant accused of spying against Al Qaeda by taking photographs with his cellphone.

Mr. Maldonado poked the man with his weapon and told him to “shut up,” Mr. Cobe, the prosecutor, said. Someone else later executed the prisoner, Agent McKinley said Mr. Maldonado had told him.

Agent McKinley, one of six who questioned Mr. Maldonado in Kenya, also testified that Mr. Maldonado’s wife and three children had joined him in Mogadishu, Somalia; that his wife had died of malaria there; and that agents had escorted the children back to Mr. Maldonado’s parents in New Hampshire.

Mr. Maldonado had been ill in Somalia, too, Mr. Newton, his lawyer, brought out in cross-examination. The testimony showed that he suffered from malnutrition that shrunk him to 105 pounds from 165. In court in green prison scrubs, he appeared gaunt, with shoulder-length brown hair parted in the center and a wispy beard and mustache.

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The government said Mr. Maldonado was also known as Daniel Aljughaifi. He also appeared to have undergone changes of heart.

"He told me some of the folks in the camp lied to him about taking care of his family," Agent McKinley testified. "He seemed kind of disillusioned by that."

Another agent who had questioned Mr. Maldonado in Kenya, Loretta Eglen-Anderson, said he at one point "advised us he had made false statements." Agent Eglen-Anderson said he made corrections in the written record "and signed that."

Mr. Newton's cross-examination suggested that he intended to make an issue of Mr. Maldonado's treatment in custody and whether his client had properly waived his rights to a lawyer before F.B.I. agents questioned him.

Agent McKinley said Mr. Maldonado told him that he had been in Somalia "to fight jihad, raising the word of Allah."

"He said he was angry at America," Agent McKinley testified. "He said he had no problem with the 9/11 attacks."

When asked in cross-examination, "Did he indicate why he was angry with America?" the agent replied, "Not to me."

Houston Al-Qaida Case On Hold (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 21, 2007

A federal judge cut short a hearing for accused terrorist Daniel Joseph Maldonado late Tuesday to give his lawyers time to review reports about FBI interviews with their client.

Maldonado, 28, is the first American accused of training with al-Qaida in Somalia. The hearing, which will determine whether the government's case will continue, is to resume at 10 a.m. today.

Also known as Daniel Aljughaifi, the Muslim convert left the U.S. in late 2005, spending his last few months in Houston. He trained at radical Islamic camps in southern Somalia from November until January, when Kenyan soldiers captured him and others — including British citizens and a Swede — as they fled Ethiopian fighters in Somalia, FBI Agent John McKinley testified Tuesday.

In Kenya, two senior FBI officials questioned Maldonado, who gave conflicting information during later interviews with another FBI agent and a Houston police officer.

"That's what their case hinges upon — the words he supposedly told the case agent and the police officer," Brent Newton, a federal public defender, told U.S. Magistrate Judge Calvin Botley.

The seven-page criminal complaint against Maldonado alleges there were al-Qaida fighters where he trained and studied bomb-making, a charge for which he faces up to life in prison.

Newton argued that even if Maldonado went overseas to fight jihad, there is no evidence that he intended to affiliate with al-Qaida. FBI agents escorted Maldonado back to Houston from Kenya last week.

Tuesday's delay was an unusual twist to a fairly routine process in which prosecutors argue to proceed with their case.

The hearing was postponed shortly after prosecutor Gary Cobe passionately launched into the government's argument.

"What we have here," Cobe declared, "is a U.S. citizen-homegrown-Islamic jihadi."

As Cobe raised his voice to explain how Maldonado went overseas to fight jihad, Botley interrupted and told prosecutors to hand over the FBI reports to Newton by 8 a.m. today.

Accused Terrorist From Houston Described As 'Militant' (KPRC)

KPRC-TV, February 21, 2007

HOUSTON -- A former Houston man suspected of training with al-Qaida was in federal court downtown Tuesday afternoon and described as a militant young man angry with the U.S., KPRC Local 2 reported.

Daniel Joseph Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, covered his face as he arrived for a detention hearing.

He's been held without bond on suspicion that he joined with al-Qaida to try and overthrow the Somali government.

During the hearing, more information about Maldonado was released.

He moved to Houston from New Hampshire in 2005. His last known address in the United States was a southwest Houston apartment.

An FBI special agent said Maldonado traveled to Egypt in November 2005 and to Somalia in 2006. That's where he allegedly joined the Islamic Courts Union and al-Qaida to fight jihad.

Special Agent John McKinley said Maldonado received training from a terrorist organization in physical fitness, weapons and explosives. In federal court, it was revealed that Maldonado was approached to return to America and recruit English-speaking women to receive training in Somalia, a notion that alarmed local Islamic leaders.

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"To take matters in your own hands and interpret the religion the way that you see it fit by rejecting a life that you came from and then you become militaristic in that sense -- that's not the way to go about it," said Rodwan Saleh, the president of the Islamic Society of Greater Houston.

It was also detailed in court how Maldonado allegedly took part in the beating and interrogation of a flight attendant who he accused of being a spy after the flight attendant took cell phone pictures of high-ranking al-Qaida members on a flight. The FBI agent said the flight attendant was eventually killed.

The official testified that Maldonado initially intended to fight Somalians but said he then broadened his targets to Ethiopians and Americans.

The agent also said Maldonado was angry at America and had no problem with the Sept. 11 attacks.

Maldonado was captured in Kenya in January. He faces federal charges of undergoing military training with a terrorist organization and conspiring to use a destructive device.

Maldonado's arrest marks the first criminal prosecution of an American suspected of joining terrorists in Somalia, officials said.

GOP Donor Hit With Terror Charges (AP)

By Liz Sidoti, Associated Press Writer

AP, February 21, 2007

A New York man accused of trying to help terrorists in Afghanistan has donated some $15,000 to the House Republicans' campaign committee over three years.

Abdul Tawala Ibn Ali Alishtari pleaded not guilty Friday in U.S. District Court in Manhattan to charges that include terrorism financing, material support of terrorism and money laundering.

From April 2002 until August 2004, the man also known as "Michael Mixon" gave donations ranging from $500 to $5,000 to the National Republican Congressional Committee, according to Federal Election Commission reports and two campaign donor tracking Web sites, http://www.politicalmoneyline.com and http://www.opensecrets.org.

Jessica Boulanger, a spokeswoman for the NRCC, said if Alishtari is found guilty, the organization would donate the money to charity.

"We are extremely concerned and disturbed by these charges, but we need to be careful not to rush to judgment as the judicial process moves forward," Boulanger said.

In the federal indictment, the government said Alishtari, 53, of Ardsley, N.Y., also known as Mixon accepted an unspecified amount of money to transfer $152,000 to Pakistan and Afghanistan to support an Afghanistan terrorist training camp. He also stands accused of causing the transfer of about $25,000 from a bank account in New York to an account in Montreal, money the government says was to be used to provide material support to terrorists.

Also, the indictment says, Alishtari schemed to defraud investors by obtaining millions of dollars in a loan investment scheme that he called the "Flat Electronic Data Interchange" and that promised high guaranteed rates of return.

The charges carry a potential penalty of 95 years in prison.

Alishtari was detained pending a court appearance this week. Prosecutors said he was a danger to the community and a flight risk.

On campaign finance forms, Alishtari identified his occupation as either the owner, president or chief executive of a business called Global Protector Inc., or GlobalProtector.Net, Inc. In some filings he listed the business as being located in the Bronx and in other filings in Scarsdale, N.Y.

A resume listed in his name and posted on an MSN group Web site on Jan. 8, 2007, identifies him as being an "industrialist and philanthropist" and references previous connections to the Republican Party.

The resume says that in 2003 Alishtari was named a National Republican Senatorial Committee "Inner Circle Member for Life" and was appointed to the NRCC's "White House Business Advisory Committee." The resume also says Alishtari was named the NRCC's New York state businessman of the year in 2002 and 2003.

The 2007 resume identifies him as the founder of IDPixie LLC, which is described as an "ID theft protection agency."

Terrorism Suspect Is Republican Donor (HILL)

By Aaron Blake

The Hill, February 21, 2007

A New York man who pleaded not guilty last week to charges of supporting terrorism contributed about $15,000 to the House Republicans' campaign committee and claimed to be involved with the Senate Republicans' campaign committee in recent years.

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Abdul Tawala Ibn Ali Alishtari, also known as Michael Mixon, donated almost all of the money to the National Republican Congressional Committee (NRCC) during the 2004 election cycle and listed on his résumé that he was an "Inner Circle Life Member" with the National Republican Senatorial Committee (NRSC), the Associated Press reported.

The NRSC website says people can become "Inner Circle Life Members" by being nominated by a selection committee and donating $15,000 per person or $20,000 per couple.

An indictment states Alishtari accepted money to send $152,000 to Afghanistan and Pakistan to support a terrorist training camp. He is charged with terrorism financing, material support of terrorism and money laundering, and faces 95 years in prison.

Democrats are asking how much access Alishtari had with Republicans and whether the NRCC would return the money.

"We are extremely concerned and disturbed by these charges, but we need to be careful not to rush to judgment as the judicial process moves forward," NRCC spokeswoman Jessica Boulanger said. "If the individual in question is found guilty of a crime, it is our intent to donate the money to charity."

The NRSC did not comment by press time.

Propagating Terror (WT)

By Rachel Ehrenfeld

The Washington Times, February 21, 2007

Six years after al Qaeda attacked the United States, many policy-makers and "terrorism experts" retain the misconception that terrorism does not require large amounts of money. This myth was strengthened first with the September 11 Commission's report in 2003 and later reinforced by its October 2005 Progress Report, giving the government an A- for its "vigorous efforts against terror financing."

The Feb. 13 Terrorism Index of the Center for American Progress also lauds U.S. success in stopping terrorists' money all over the world. The Center for American Progress asked 116 U.S. foreign policy and terrorism experts to indicate how much progress has the U.S. government "made in implementing the 9/11 Commission recommendations since July 2004... to curtail terrorist financing." Most experts, in fact, "95 percent... said that some or a great deal of progress had been made."

The press release by the Center for American Progress offers the explanation that this is not surprising since "terrorists do not need large sums of cash to be deadly effective." Indeed, individual terrorist acts do not cost much; the World Trade Center attack on September 11 is estimated as al Qaeda's most costly, at $500,000, while the bombing of London's transit in July 2005, cost merely $2,000. Therefore, the report argues, the $140 million in terrorist assets, which the United States froze in 1,400 bank accounts worldwide during the last six years, is a great success.

But freezing $140 million did little to stop the fund flows to terrorists, especially when compared to the more than $90 billion that the Saudis spent since the 1970s to spread Wahhabism, one of the world's most virulent forms of Islam, which also produced al Qaeda. This Saudi-sponsored propagation of Islamist extremism is described by former CIA Director James Woolsey as "the soil in which Al-Qaeda and its sister terrorist organizations are flourishing." The hundreds of millions of dollars that the Saudis donated to the Palestinian Liberation Organization and Hamas just to fuel the intifada is but one example.

The report also ignores Iran's $100 million-plus in annual subsidies, for decades, to Hezbollah. Nor does it mention Iranian funds and weapons that bolster Hamas and Palestinian Islamic Jihad, whose cells are spread all over the world. Incredibly, there is nothing about the Iranian support of the Shi'ite in Iraq, or the cost of the Iranian made and supplied deadly weapons, including roadside bombs, and grenades "which spray molten metal ... [and] are responsible for the deaths of scores of American soldiers."

The Center for American Progress report talks about "terrorists money" in abstract. It says nothing about who transferred the money or who was the intended recipient. Was this al Qaeda's money? Hamas'? Or perhaps the Revolutionary Armed Forces of Colombia (FARC)? Most importantly, the report failed to take into account the cost of building, maintaining and expanding the multilayered international infrastructure of radical Islam, thus making terrorists attacks possible on demand.

Another major source for financing terrorism comes from the illegal drug trade. But following the lead of the September 11 Commission's reports, this Index also ignores the billions of dollars generated by heroin, cocaine and other illegal drugs, which corrupts many governments and destroys millions of lives while filling terrorists' coffers worldwide.

It boggles the mind that the Bush administration continues to ignore terrorism's need for, and access to, a strong, international funding base, with large pockets even in the United States. More disturbing is the administration's unwillingness to identify the funding sources. As long as the terror financiers remain unknown, we will not be able to sever the terrorists' lifeline.

This willful blindness continues to undermine U.S. credibility with its allies and foes, and therefore its ability to curtail the money flow. Ultimately, this U.S. approach allows the expansion of the Islamist terrorists' agenda and the spread of terrorism, further risking U.S. national security.

Rachel Ehrenfeld is director of the American Center for Democracy.

DOJ_NMG_0134763

Muslim Groups Fast For Jailed Al-Arian (WT)

By Audrey Hudson, The Washington Times

The Washington Times, February 21, 2007

A coalition of Muslim groups is calling for a worldwide fast in support of Sami Al-Arian, a former college professor convicted of raising funds for a terrorist group who remains in jail on contempt charges for refusing to testify before a Virginia grand jury investigating other financiers of terrorism.

The American Muslim Taskforce for Civil Rights and Elections on Monday asked Muslims to fast every Monday, Wednesday and Friday along with Al-Arian, who has been on a hunger strike since Jan. 21.

Task force spokesman Agha Saeed says the response has been "compassionate, caring, supportive and concern about Professor Al-Arian's health."

The former University of South Florida computer-science professor was arrested in 2003 and pleaded guilty last year to assisting the Palestinian Islamic Jihad terrorist group. He was sentenced to time served and given an additional 18 months for refusing to testify against the International Institute of Islamic Thought (IIIT) and its role with the terrorist group.

The task force calls the additional sentence "a form of harassment," and along with Amnesty International, is demanding his release. The task force is made up of larger Muslim groups, including the American Muslim Alliance, Council on American-Islamic Relations (CAIR), the Islamic Circle of North America and United Muslims of America.

"The Muslim coalition is urging local communities to host information sessions at houses of worship and on college campuses to educate the public about Dr. Al-Arian's case," the task force said in a statement.

Daveed Gartenstein-Ross, a counterterrorism analyst and author of "My Year Inside Radical Islam," says prosecutors want Al-Arian's testimony to demonstrate the financial links between IIIT and his group and how the Palestinian Islamic Jihad was financed.

Mr. Gartenstein-Ross called the support through fasting "simply puzzling."

"I think on the one hand, there is a perception that Muslim civil rights are threatened, and there is a desire to support someone who might be a victim of an overzealous system, but it's important to take a look at the record and not blindly support something," Mr. Gartenstein-Ross said.

In sentencing Al-Arian last year, U.S. District Judge James Moody called him a "master manipulator" who "looked your neighbors in the eyes and said you had nothing to do with the Palestinian Islamic Jihad."

"This trial exposed that as a lie. ... The evidence was clear in this case that you were a leader of the Palestinian Islamic Jihad," Judge Moody said. "Your only connection to widows and orphans is that you create them, even among the Palestinians; and you create them, not by sending your children to blow themselves out of existence. No. You exhort others to send their children."

In a letter to Attorney General Alberto Gonzales earlier this month, Amnesty International asked for an investigation into Al-Arian's treatment in prison, calling it "unacceptably harsh and punitive" and that he is being abused by guards "based, at least in part, on his political background."

HOMELAND RESPONSE:

Attorney General To Inspect Supermax (PUEBCH)

By Peter Roper, THE PUEBLO CHIEFTAIN

The Pueblo Chieftain, February 21, 2007

Attorney General Alberto Gonzales will visit the federal Supermax prison complex at Florence on Wednesday, four months after a federal inspection report cited a staff shortage as the reason for security and supervision problems there.

Gonzales will tour the prison complex with Colorado Sens. Wayne Allard and Ken Salazar, who urged him to visit the nation's highest security federal prison after a Justice Department inspector general's report found a list of security problems. The most glaring was that the mail and telephone calls for convicted terrorists being held at the prison were not always being monitored.

Allard, a Republican, and Salazar, a Democrat, both met with Gonzales earlier this year and were told that Bureau of Prisons officials had added staff to Supermax, which holds 400 of the most dangerous prisoners in the federal prison system, such as Ramzi Yousef, who led the first bomb attack on the World Trade Center.

Supermax officially is known as the U.S. Penitentiary, Administrative Maximum (ADX). According to a CNN broadcast last November, the inspector general's investigation was begun when Spanish police found letters from a Supermax inmate, Mohammed Salameh, were sent to a terror cell with links to the train bombings in Madrid.

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The Justice Department report found that staffing at the prison had become so short that there were times when inmate mail and telephone calls were unmonitored. Also, there were times when there were no guards available to be in some cellblocks for an entire shift - although the cellblock was still staffed at the perimeter.

Other Supermax inmates have been accused of sending messages to prisoners in other states, ordering racial attacks and other criminal acts.

According to officers with the guards' union, Supermax is supposed to have 240 guards but has been functioning with fewer than 200.

Federal BOP officials said in January they were adding 18 additional guards to the staff.

Gonzales Plans Supermax Tour (CANCDR)

By Vic Vela

Canon City (CO) Daily Record, February 21, 2007

U.S. Attorney General Alberto Gonzales will tour Supermax on Wednesday in Florence, as will Congressional representatives as security concerns regarding the federal prison continue to capture the attention of those in Washington, D.C.

Colorado Sens. Ken Salazar and Wayne Allard will join Gonzales on the Administrative Maximum facility tour Wednesday. Fifth District Rep. Doug Lamborn, State Rep. Liane "Buffy" McFadyen, Florence Mayor Cindy Cox and union representatives will also tour the facilities.

A press conference will follow the tour.

"We want to be sure the Bureau of Prisons and the Department of Justice are putting resources into secu-rity at Supermax," said Salazar during a conference last week.

Correctional officer safety and terrorism concerns have worried those who have been vocal in the issue of security at Fremont County's federal institutions. A report released in October of last year by the Department of Justice's inspector general indicates that mail and phone calls received from convicted terrorists at ADX have not been totally checked by BOP staff. Also, the inspector general reported that not enough staff was sufficiently capable of monitoring phone calls in foreign languages.

These concerns could because of an overall lack of staff at the prison. In November, the Bureau of Prisons — the governing body of a federal institutions — increased staff at Supermax, but the number of those staffed still lagged behind the number the prison opened with in 1994; that number was 240 correctional officers, today it is 220.

But the staffing concerns do not stop at Supermax. Earlier this year, a riot situation was narrowly averted at the United States Penitentiary in Florence. Correctional officers from ADX and the Florence Correctional Institution came to the aid of staff at USP where seven officers were injured breaking-up fighting inmates.

"We have a guard-inmate ratio that I'm not sure is sufficient," said Salazar.

McFadyen agrees.

"You can't take staff from other institutions and put them in another," said McFadyen, who has been instrumental in bringing prison security concerns to the forefront. "It needs to be across the board."

While McFadyen's concerns have not totally eased, she sees some of the latest developments as good news. In late January, Congress passed the President signed a $463.5 billion appropriations bill for the Veterans Administration, Social Security Administration and the Bureau of Prisons.

With those moneys, the Bureau will received $4.97 billion for the 2007 fiscal year for salaries and expenses aimed at increasing the number of staff within the Bureau; this is a $143 million increase from the 2006 fiscal year budget.

In addition, the Bureau's buildings and facilities account will net the department $432 million, a substantial increase of $332 million to help construct new facilities and help alleviate overcrowding.

These budget increases, combined with the attorney general's visit Wednesday, please McFadyen, who says things are going in the right direction.

"We've been looking for attention at the national level for two years," she said. "I believe the crusade we've been on is now being heard."

Bush Swears In New Intelligence Director (USAT)

USA Today, February 21, 2007

President Bush installed retired vice admiral Michael McConnell as the nation's second national intelligence director and said his challenge is to improve the quality of spy data and analysis in wartime. Bush said the intelligence community needs significant improvements more than five years after the 9/11 terrorist attacks. He instructed McConnell to focus on finding more recruits with the language skills and cultural background to collect information on terrorist groups.

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"Old policies have hampered some common-sense reforms, such as hiring first- and second-generation Americans who possess native language skills, cultural insights and a keen understanding of the threats we face," McConnell said.

McConnell, 63, replaces John Negroponte in the 2-year-old office overseeing activities across 16 agencies, including the CIA, FBI, National Security Agency and Defense Intelligence Agency. Negroponte has been nominated to be deputy secretary of State.

Romney to air campaign's first ad

Republican Mitt Romney airs his first presidential campaign ad today to introduce himself to voters in early primary states. The 60-second spot describes the former Massachusetts governor as a "business legend" who "rescued the Olympics" and "turned around a Democratic state." Romney himself says, "This is not a time for more talk and dithering in Washington. It's a time for action." The ad will air in Michigan, Iowa, New Hampshire, South Carolina and Florida.

It is the first ad by a top-tier contender in a race where total spending by all candidates could top $1 billion by the time it ends in November 2008.

Sen. Johnson released from hospital

Sen. Tim Johnson, D-S.D., has entered a private rehabilitation facility, more than two months after suffering a debilitating brain hemorrhage. Spokeswoman Julianne Fisher would not say where Johnson is getting treatment. He was released Friday from George Washington University Hospital in Washington. After a stroke Dec. 13, Johnson underwent surgery to repair a malformed cluster of blood vessels in his brain.

Grants awarded for homeless programs

The Department of Housing and Urban Development awarded $1.36 billion in grants to support local homeless programs, a slight increase from last year. President Bush has requested $1.6 billion for the fiscal year that starts Oct. 1. Local agencies compete for most of the grants, which support more than 5,300 programs for such things as emergency and transitional housing, job training and substance-abuse counseling.

Justice audit faults terror-crime reporting

The Justice Department regularly counted crimes such as identity theft and immigration fraud as terrorism despite having no evidence linking them to terrorist activity, an inspector general's audit found.

The report by Inspector General Glenn Fine found serious errors in 24 of 26 sets of department data compiled from 2001 to 2004. The report called the methods for collecting and reporting terrorism-related data "haphazard," but said the errors appeared to be unintentional. Justice Department spokesman Dean Boyd said the office has since made improvements to track data. — Donna Leinwand

Retired Admiral Sworn In As Director Of Intelligence (WP)

By Walter Pincus

The Washington Post, February 21, 2007

Retired Vice Adm. John M. McConnell, sworn in yesterday as the second director of national intelligence, said new technologies and capabilities are needed to collect and analyze intelligence "because today's threats move at increasing speeds."

"The time needed to develop a terrorist plot, communicate it around the globe and put it into motion has been drastically reduced," he told the audience of 300 at his swearing-in ceremony, which included President Bush and the leaders of the nation's intelligence agencies. "The timeline is no longer a calendar -- it is a watch."

McConnell becomes the president's chief intelligence adviser and manager of the 16 agencies and about 100,000 people making up the U.S. intelligence community.

Bush described McConnell's job "one of the most difficult and important positions in our government in this time of war -- and we are a nation at war." And although the president and his advisers have been criticized for ignoring prewar intelligence about the dangers in Iraq, Bush said yesterday: "He'll find that I value the intelligence product. . . . He's going to find that the intelligence product is an important part of my strategic thought."

Bush also paid tribute to McConnell's predecessor, Ambassador John D. Negroponte, who has moved back to the State Department as deputy secretary, saying he served with "talent and distinction." Nevertheless, Bush said that many elements of improving the intelligence community remain, including information sharing and the hiring of employees with the right language and cultural skills. McConnell repeated yesterday a plan he disclosed to Congress at his confirmation hearing: that he will change security rules to make it easier for intelligence agencies to hire first- and second-generation Arabic-speaking Americans for very sensitive jobs.

Although it was not mentioned yesterday, another of McConnell's highest priorities will be in proposing a deputy DNI, a position that has been vacant since Gen. Michael V. Hayden moved to the CIA last year. He told the Senate Select Committee

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on Intelligence that his preference would be someone from within the community on the civilian side who is working on terrorism-related issues.

U.S. Official Admits To Big Delay In Revamping No-Fly Program (NYT)

By Eric Lipton

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — The federal takeover of checking passenger names against terrorist watch lists, a top priority for aviation officials since the 2001 terrorist attacks, is not expected to be complete until 2010, more than five years behind schedule, a top Department of Homeland Security official acknowledged on Tuesday.

The delay in the timetable is the latest setback in a long-promised program intended to enhance aviation safety, while reducing the number of passengers mistakenly identified as possible terrorists.

Since the 1990s, airlines have been required to do the checks on their own. But they do not always use the most up-to-date watch lists, or computer software that is sophisticated enough to distinguish between similar names, like Catherine Stevens, and Cat Stevens, the former name of the British Muslim folk singer who had been added to a no-fly list.

The Transportation Security Administration, the agency in the Homeland Security Department leading the effort, has invested nearly $140 million and four years trying to start the system. Two earlier versions of the system, which is now called Secure Flight, failed, mostly because of civil libertarians' complaints that the vast new database would violate passenger privacy.

The agency's administrator, Kip Hawley, said in an interview Tuesday that after spending a year re-examining Secure Flight, officials have come up with a way to reduce mistakes, protect privacy rights and achieve the reliability needed to screen some two million passengers who fly each day.

It will cost some $80 million more in the next year and a half to develop the enhanced system, which will then require more than a year of testing, resulting in the estimate that it will be in full use sometime in 2010. Officials would not release an estimate of how much they expected to spend before the system was complete.

"All of us are anxious to get it started as soon possible," Mr. Hawley said. "But we are going to get it right before we set an artificial date and try to rush."

The government effort first drew scrutiny when officials disclosed that they intended to search for unknown terrorists by buying access to commercial repositories of personal data collected about consumers to look for any possible link between a passenger and a known terrorist like a common address or phone number.

The new system, which will not use commercial data, will simply check, ideally with greater accuracy, if a passenger is on the no-fly list or a "selectee list," which requires more intensive screening.

To reduce false alarms, under the new program, airline passengers will probably be required to provide a date of birth, Mr. Hawley said.

Mr. Hawley said he hoped that the start of the new system could be accelerated, assuming that opposition to it was not too intense.

Officials are looking for ways to reduce false alarms. That has included a detailed review of the existing no-fly list to eliminate erroneous, redundant or incorrect listings, which Mr. Hawley said should result in its being cut almost in half. He would not say how many names remained.

Park Police Survey Shows Doubt In Chief, Terror Readiness (WT)

By Jerry Seper And Matthew Cella

The Washington Times, February 21, 2007

A survey of U.S. Park Police officers shows 97 percent of those who responded lack confidence in Chief Dwight E. Pettiford and 98 percent do not think the agency is as prepared as others to respond to a terrorist attack.

The survey also found that 98 percent think the agency's command staff was not doing its best to protect the public. In addition, 94 percent said inadequate staffing makes their work sites unsafe, and 85 percent described their work conditions as "unsatisfactory," according to the survey.

"These results are extremely disappointing," said James Austin of the Fraternal Order of Police, which conducted the survey. "If there has been a change in our mission, we have not been notified."

Mr. Austin, chairman of the union's Park Police Labor Committee, also asked that agency officials consider the survey findings if they want to improve morale.

Park Police spokesman Lt. Scott Fear confirmed that the agency had received the findings but said officials would not discuss them with a reporter.

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Much of the criticism about Chief Pettiford, who was promoted to the job from a deputy position in March 2005, is that he has not pushed hard enough for funding increases.

The lack of federal funding for the agency has been a concern for years. Several field officers and supervisors, who asked not to be identified for fear of losing their jobs, say the situation is hurting the agency's ability to accomplish its mission and is understaffed by at least 20 percent.

Delegate Eleanor Holmes Norton, the District's nonvoting congressional representative, has vowed to seek more money for the agency this year and has called ongoing budget shortfalls the result of "congressional neglect."

Mrs. Norton, a Democrat, has said Park Police has received funding increases of 23 percent since the September 11 attacks, while Capitol Police have received funding increases of 105 percent. However, she made clear that bolstering protection around potential terrorist targets such as the Capitol was "fully warranted." She also said Congress, not Chief Pettiford, should address the issues.

Former Chief Teresa C. Chambers, who was fired after making public statements in December 2003 about the lack of employees and resources, told The Washington Times that continuing budget shortages for the agency provide "a good opportunity for the new Congress to pick up this important issue."

She said "a long history of insufficient staffing" contributed to the 2002 death of Officer Hakim Farthing, who was struck by a drunken driver while trying on foot to secure an accident scene on the Baltimore-Washington Parkway. Mrs. Chambers said Officer Farthing was killed because of an inadequate number of officers and police cars.

"I maintain that a contributing factor in Hakim's death was the lack of adequate staffing," she said.

Critics of Chief Pettiford, who replaced Mrs. Chambers, also say he lacks the visibility to get Congress' attention for additional manpower and other resources.

Others blamed the National Park Service, which oversees Park Police, for the budget shortfalls.

This is not the first time agency officers have complained about inadequate funding and the potential for dangerous consequences.

In July, officers at Park Police, the country's oldest uniformed federal police agency, said funding problems forced them to cancel several important programs, including cadet training classes.

Earlier this year, they said the lack of funding has resulted in vehicles too broken and dangerous to drive. Though no officer had been hurt or killed as a result of the shortfalls, "it is just a matter of time" before such an incident occurs, Mr. Austin said.

About 179 of the agency's roughly 600 officers responded to the survey, which also found that 96 percent think they have inadequate equipment to carry out their duties during a terrorist attack. In addition, 72 percent thought their level of training was inadequate for their job and 60 percent said their special training or certifications were not up to date.

Roughly 85 percent said the "icons" the agency is assigned to protect from terrorist attacks -- including the Statue of Liberty, the Washington Monument and the Golden Gate Bridge -- were not as secure as they could be, according to the survey.

The agency also provides foot, mounted, marine and air patrols to protect the Mall, Rock Creek and Anacostia parks, the Baltimore-Washington and George Washington Memorial parkways and dozens of parks in the District, Maryland and Virginia. It also provides escort to Vice President Dick Cheney.

Nichols Says Bombing Was FBI Op (DESERET)

By Geoffrey Fattah, Deseret Morning News

Deseret Morning News, February 21, 2007

Detailed confession filed in S.L. about Oklahoma City plot

The only surviving convicted criminal in the April 19, 1995, bombing of the Alfred P. Murrah Federal Building in Oklahoma City is saying his co-conspirator, Timothy McVeigh, told him he was taking orders from a top FBI official in orchestrating the bombing.

A declaration from Terry Lynn Nichols, filed in U.S. District Court in Salt Lake City, has proven to be one of the most detailed confessions by Nichols to date about his involvement in the bombing as well as the involvement of others. However, one congressman who has investigated the bombings remains skeptical of Nichols' claims.

The declaration was filed as part of Salt Lake City attorney Jesse Trentadue's pending wrongful death suit against the government for the death of his brother in a federal corrections facility in Oklahoma City. Trentadue claims his brother was killed during an interrogation by FBI agents when agents mistook his brother for a suspect in the Oklahoma City bombing investigation.

The most shocking allegation in the 19-page signed declaration is Nichols' assertion that the whole bombing plot was an FBI operation and that McVeigh let slip during a bout of anger that he was taking instruction from former FBI official Larry Potts.

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Potts was no stranger to anti-government confrontations, having been the lead FBI agent at Ruby Ridge in 1992, which led to the shooting death of Vicki Weaver, the wife of separatist Randy Weaver. Potts also was reportedly involved in the 51-day siege of the Branch Davidian compound in Waco, Texas in 1993, which resulted in a fire that killed 81 Branch Davidian followers.

Potts retired from the FBI under intense pressure and criticism for the cover-up of an order to allow agents to shoot anyone seen leaving the Weaver cabin at Ruby Ridge.

When contacted, the FBI's main office in Washington, D.C., said it could not provide immediate comment on Nichols' claims Tuesday.

Nichols claims that, in December 1992, McVeigh told him that "while he was serving in the U.S. Army, he had been recruited to carry out undercover missions."

In the next few years, the two men hatched the bombing plot. In October 1994, "McVeigh and I stole explosives from a quarry in Marion, Kansas consisting of 8 1/2 cases or boxes containing 229 (2-inch by 16-inch) sticks of the gel type explosive known as Tovex," Nichols wrote, adding that only a small amount was used in the actual bombing.

It was while traveling the gun-show circuit that Nichols claims the two obtained bombmaking knowledge and the materials used in the bombing. One example is that McVeigh allegedly attended a gun show in Knob Creek, Ky., in 1993.

"At this gun show, McVeigh had the opportunity to make contact with about 20 people who were bomb experts. McVeigh told me that he himself had no knowledge about how to construct a bomb, but that he always wanted to gain more knowledge about how to construct bombs," Nichols stated.

Nichols says he knew McVeigh was building the bomb, and in November 1994 he left for the Philippines to get away from the area to avoid being implicated.

"I did not want to be present when and if McVeigh did explode a bomb. Consequently, I left for the Philippines to be out of the country," he wrote.

That statement contradicts findings of Congressman Dana Rohrabacher, R-California, whose study on the bombing was made public last December. It indicated Nichols had traveled to the Philippines to receive bombing training by a possible foreign terrorist.

Having not heard of any bombing, Nichols said he returned to the U.S. in January 1995. It was later that, in a fit of rage, McVeigh mentioned Potts' name, Nichols wrote.

"McVeigh said he believed Potts was manipulating him and forcing him to 'go off script,' which I understood meant to change the target of the bombing," Nichols stated.

It wasn't until April 18, 1995, that Nichols said he helped McVeigh construct a bomb at Geary Lake. The bomb was comprised of "metal and white plastic" barrels which were filled with ammonium nitrate fertilizer and mixed with nitromethane. In all he estimates between 90 to 92 fifty-pound bags of fertilizer went into the barrels and explosive sticks were placed in the holes of each barrel.

Nichols said he had no further role in renting the Ryder truck and claims he did not know the target, only that McVeigh "wanted to make a statement" by "targeting some structure."

After hearing about the bombing of the federal building, which killed 168 adults and children, Nichols said he panicked when his name came up on the radio and he wanted to turn himself in — but not before hiding evidence, including explosives used in the bombing.

The claims made in the declaration have added yet more twists to the mystery surrounding the bombings. Some familiar with the bombing's history say Nichols' claims seem to indicate the FBI put McVeigh up to the plot as a draw for radicals, but that the situation got out of control and McVeigh became a runaway informant.

After reviewing the declaration, Rohrabacher told the Deseret Morning News that Nichols' claims should be investigated but treated with extreme skepticism.

"I need to caution people to remember that Terry Nichols is a mass murderer," Rohrabacher said. "But if Terry Nichols is beginning to reveal some of the information that's been kept from the public, I'd be very happy about that."

Rohrabacher also expressed disappointment with the FBI and the Department of Justice for not adequately following up on indications there were others who helped Nichols and McVeigh.

The congressman said he no longer is chairman of the subcommittee that conducted the investigation and is "dismayed" that no one else in Congress seems interested in the matter.

Nichols said he has much more information, which he offered to former U.S. Attorney General John Ashcroft in 2004, but is willing to divulge only under sworn video deposition. Trentadue said he plans to seek that deposition of Nichols, but "I expect one hell of a fight with the Department of Justice."

Nichols is serving life in prison without parole after being convicted by a jury for his role in the bombing. McVeigh also was convicted and on June 11, 2001 was executed in Terre Haute, Ind.

FBI, DHS Launch Third Fingerprint System Data-sharing Pilot (GCN)

By Wilson P. Dizard III, GCN Staff

Government Computer News, February 21, 2007

The government's massive, technologically ambitious project to achieve connectivity between two critical biometric databases took a step forward as the Homeland Security Department and the FBI unveiled an additional pilot project.

The project to achieve information sharing between the FBI's Integrated Automated Fingerprint Identification System (IAFIS) and the Homeland Security's Automated Biometric Identification System (IDENT) database dates back in various forms for many years and is planned to extend forward for several years.

IDENT contains millions of two-fingerprint records gathered by the former Immigration and Naturalization Service, which now is part of DHS.

The FBI's Criminal Justice Information Services Division in Clarksburg, W.Va, maintains IAFIS to service customers in the federal, state and local law enforcement communities, the intelligence community, and other authorized users of federal fingerprint data. IAFIS' 10-fingerprint records date back in millions of cases to the dawn of federal fingerprint collection, ushered in by the bureau in the last century.

The technological core of the data-sharing project involves modifications to the fingerprint comparison engines of the databases, among other changes. The bureau and the department already exchange data about each other's "worst of the worst" criminal suspects, fugitives and immigration law violators.

Two existing pilots, in the Boston Police Department and the Dallas County Sheriff's Office, started testing the data exchange technology last year.

The new pilot, which started operation on Feb. 1, will allow the sheriff's office in Harris County, Texas, to tap into additional IDENT records.

In a joint press statement, the bureau and the department said that the Harris County Sheriff's Office already had "booked a person for assault causing bodily injury to a family member and submitted the fingerprints for a background check.

"Despite previous use of nine aliases and four different dates of birth, the person's fingerprints revealed a lengthy criminal and immigration history, including deportation proceedings; entered without inspection; probation violation; driving while intoxicated; fraud in connection with an immigration document; supervised release violator; and assault," FBI and DHS said. The new system automatically advised the law enforcement officers of the criminal history, the agencies said, facilitating state and federal prosecution of the accused

Spitzer Makes Switch Official: He Supports Freedom Tower (NYT)

By Nicholas Confessore

The New York Times, February 21, 2007

Gov. Eliot Spitzer announced yesterday that he supported going ahead with construction of the Freedom Tower at ground zero, making official his change of mind about a project that he once called a white elephant.

Mr. Spitzer's remarks — made with no great enthusiasm — came at a news conference downtown with Mayor Michael R. Bloomberg and Gov. Jon S. Corzine of New Jersey. Despite the setting for his remarks, Mr. Spitzer said he "would not be in the business of having a press conference every time a brick is added to the foundation or a column goes up."

That was an apparent swipe at the public relations approach to ground zero under his predecessor, Gov. George E. Pataki. Rebuilding has moved only in fits and starts during the last several years, with most visible activity until recently accompanied by news conferences and photo opportunities.

David M. Catalfamo, a spokesman for Mr. Pataki, responded later: "I'm not sure if it was one too many or one too few press conferences. What I do know is that today's announcement is a reaffirmation of the vision advanced by Governor Pataki and a sign that the progress at the site will continue unabated."

The $3 billion Freedom Tower, the tallest and most symbolic of the five towers in the plan, has been widely criticized for its size, expense and design, as well as its failure to interest nongovernment tenants. Mr. Spitzer was critical of it during his campaign for governor, and when he took office he put the 1,776-foot building under review.

Last week, however, city, state, and Port Authority officials indicated that Mr. Spitzer had changed his mind, encouraged by the improving real estate market and apparent interest by some private investors in buying the Freedom Tower.

Yesterday, Mr. Spitzer said that while he had felt obligated to criticize aspects of the project he disliked, it was time to move on.

"This should not be interpreted to mean that this is the project I would have designed at its initiation," he added. "But where we are today, this is clearly the best and the wisest alternative."

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Like Mr. Spitzer, Mr. Corzine and Mr. Bloomberg appeared more relieved than elated, a sign of how tumultuous the rebuilding effort has been since the Sept. 11 attacks.

"Maybe we would have done it differently if you could roll it all the way back to another day, but we live in the world we live in," Mr. Corzine said.

All three men deflected criticism of the tower's current design, saying it struck a necessary balance between security and aesthetics.

"I've said to Ray Kelly, our police chief, 'Would you let your kids work in this building?' " Mr. Bloomberg said; the Police Department had insisted on plan revisions to make the tower safer. "That's the standard that we have to build to. And he's looked me in the eye more than once and said, 'Yes.' "

After Mr. Bloomberg left for another event, Mr. Spitzer took more questions and seemed to wade into the controversy over the arrangement of the names of the dead at the 9/11 memorial. While the mayor, as chairman of the memorial foundation, contends that the matter has been settled, some families of the victims are not satisfied.

Mr. Spitzer said there was still room for discussion. "It is something that we will try to work through at the right time and the right place and get to a resolution that satisfies everybody," he said.

NY, NJ Govs Sign Off On Freedom Tower (AP)

By Amy Westfeldt, Associated Press Writer

AP, February 20, 2007

Govs Sign Off on Freedom Tower, but Push Sale of WTC Skyscraper

NEW YORK (AP) -- The governors of New York and New Jersey said Tuesday they support continued construction of the 1,776-foot Freedom Tower but also would favor selling the multibillion-dollar symbolic skyscraper being built at ground zero.

New York Gov. Eliot Spitzer, New Jersey Gov. Jon Corzine and Mayor Michael Bloomberg appeared together to sign off on the delayed, redesigned skyscraper that has been under construction for more than nine months.

Spitzer, who once called the planned building a "white elephant" that could not be profitable for the government agency that owned the World Trade Center, said after he was elected governor that he would look at the project again.

He said Tuesday that a booming commercial real estate market and the need to move forward with long-delayed rebuilding at ground zero changed his mind.

"We're confident that this is not only viable, but profitable," said Spitzer. The federal and state government has promised to lease half of the tower's office space and the skyscraper -- which will cost more than $2.4 billion to build -- is on budget, he said.

But Spitzer added, "I don't have any opposition" to selling the tower, which the Port Authority is scheduled to finish building by 2011. "We will entertain these options if and when they arise."

Corzine said that selling the tower "would be good public policy." He said the Port Authority, which is run by both governors and owns airports, shipping terminals and bridges, should stay focused more on transportation than real estate.

Private investors have recently come to the agency with interest in ownership and development rights for the skyscraper and a second tower under the agency's control, Port Authority officials have said.

The agency agreed to build and lease two of the five planned towers last year when it renegotiated its lease with private developer Larry Silverstein, who is building three other towers on the site. It is sharing more than $7 billion in insurance proceeds and tax-exempt bonds to rebuild office space destroyed by the Sept. 11, 2001, terrorist attack.

No design changes are foreseen, despite critics' complaints that the tower's height makes it too much of a terrorist target and that a 20-story, windowless base makes the building look too forbidding.

The base "speaks less of resilience and tolerance than of paranoia. It's a building armored against an outside world that we no longer trust," wrote New York Times architecture critic Nicolai Ouroussoff in a column on Monday, urging that the building be redesigned.

Spitzer called the design a compromise "between the security needs that are real and pure aesthetics."

"I don't think it will look like a fortress," Bloomberg said. "There's nothing wrong with taking appropriate security actions."

Spitzer Says There's Time To Resolve 9/11 Memorial Names Issue (NSDY/AP)

Long Island Newsday, February 20, 2007

NEW YORK (AP) _ Mayor Michael Bloomberg has said several times that his decision on how to arrange names of the dead around the Sept. 11 memorial is final. But Gov. Eliot Spitzer on Tuesday said that there was still time to talk about it.

"Yes, I have opinions. No, this is not the moment to begin that very public discussion," Spitzer said when asked about the issue of naming the dead on the memorial, which has pitted the mayor against some Sept. 11 families that have launched a Web site to oppose his decision.

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The mayor, who chairs the board of the nonprofit foundation building the memorial, announced in December that the nearly 3,000 victims of the 2001 attack and the 1993 World Trade Center bombing would be grouped by the tower or plane in which they died, and he said first responders' companies would be listed.

Families that opposed the decision wanted to list their loved ones' ages, the ranks of first responders, the tower floors on which they died and the names of the companies in the trade center. A Web site launched last month has 18,000 signatures on an online petition, Sept. 11 family member Edie Lutnick said.

Spitzer said Tuesday: "It is something that we will try to work through at the right time and the right place and get to a resolution that satisfies everybody."

The governor intended to speak to Bloomberg and New Jersey Gov. Jon Corzine about the names, Spitzer spokeswoman Jennifer Givner said later.

Bloomberg's office did not comment Tuesday. Last month, the mayor said of the issue: "You can't please everybody. I think the naming issue is something that has been decided."

After 9/11, Ailing Residents Find A Place To Turn (NYT)

By Anthony Depalma

The New York Times, February 21, 2007

They say they suffer the same rasping cough, shortness of breath and gastrointestinal pains as thousands of rescue and recovery workers who fell ill from the dust and smoke at ground zero. They worry, as the others do, that the future may bring more health problems.

Yet residents, workers and students who returned to Lower Manhattan after the Sept. 11 attack say that their medical problems have largely been overlooked as officials focus increasing attention on the responders who were more exposed to the hazards.

“Not to take anything from them, but everything has been concentrated on the fire, police and E.M.T. guys,” said Agustin Chaves, who lives and works in an apartment building two blocks from the World Trade Center site. “Nobody has been helping regular working people.”

Mr. Chaves, 53, developed asthma and severe acid reflux about a year and a half after Sept. 11, 2001. As his condition worsened, he tried to find out whether it was connected to the dust he had breathed in after the twin towers collapsed. Then last fall he heard that the city was giving millions of dollars to Bellevue Hospital Center to treat people excluded from other programs, like the one that monitors and treats recovery workers at Mount Sinai Medical Center.

Since that announcement in September, the number of people being treated at the W.T.C. Environmental Health Center at Bellevue Hospital has doubled to more than 900. Several hundred more people are on a waiting list, including many low-income residents of Chinatown and the Lower East Side, and immigrant workers without health insurance. And after Mayor Michael R. Bloomberg last week encouraged residents who might have been exposed to the dust to be checked by the clinic’s specialists, the number of patients is expected to rise substantially.

Dr. Joan Reibman, a pulmonologist who directs the center, said that most of her patients had not been exposed to the dust as intensively as firefighters and workers who toiled on the debris pile, but that they might have been affected by the contaminated air nonetheless.

Doctors and scientists have not definitively linked the dust to serious illnesses like cancer. But certain symptoms of respiratory and gastrointestinal ailments have been strongly associated with exposure to the dust. Thousands of firefighters developed gastrointestinal problems and what has become known as World Trade Center cough; the seriousness of their symptoms was found to be related to how soon they arrived at ground zero after the towers collapsed. Medical studies have also shown that they suffered substantial losses in lung capacity after working at the site.

Testing done by the Fire Department is considered especially important because all firefighters undergo thorough physical examinations every year, making it possible to track with a degree of medical certainty illnesses that developed after 9/11.

Most other studies about exposure to trade center dust — for example, the World Trade Center Health Registry of 71,000 workers, residents and volunteers — have been based on people’s own reporting of when an ailment began, and thus were less reliable indicators of a link between the dust and disease.

However, in the past year, both the federal and city governments have expanded monitoring and treatment programs for recovery workers and others, based on the premise that there is some association between the dust and those respiratory ailments.

An overwhelming majority of residents in Lower Manhattan have not developed any illnesses because of the dust, Dr. Reibman said. But whether some patients who have come in complaining of symptoms actually were reacting to the dust may be determined by looking at the extent of the dust exposure and the person’s medical history.

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While ground zero recovery operations ended in June 2002, dust could have remained in interior spaces and duct work in nearby office and apartment buildings far longer. In many buildings that were never thoroughly cleaned, that dust may still be present.

Dr. Reibman said it was possible that some clinic patients believed that their symptoms were associated with the dust even though there may not be a connection. As a doctor in a public hospital, she said that did not matter to her as long as those who were sick could be cared for.

But she said many of her patients do have "asthma-like symptoms that we're treating. And a small number have more complex diseases. Where you fall in that spectrum depends on exposure and susceptibility."

Most patients are treated with medication, though a few who develop more serious illnesses are hospitalized at Bellevue whether or not a specific link to trade center dust can be proved.

The half-dozen examining rooms at the clinic have been serving a constant stream of patients since Mr. Bloomberg pledged $16 million over five years for the clinic to treat anyone who needs it without charge. Dr. Reibman has so far adopted a policy that accepts nearly everyone.

Many people, like Mr. Chaves, arrive at the clinic with worry in their eyes and asthma inhalers in their pockets. He is the resident superintendent of a condominium complex on Greenwich Street. When his building was engulfed by dust on Sept. 11, he was standing guard in the lobby and was covered in a layer of fine particles.

About 18 months later, Mr. Chaves started having trouble breathing and began to think that his symptoms were connected to the trade center dust. His family doctor could not pinpoint what was wrong even as his condition worsened. He was once athletic and agile, he said, a basketball-court terror his sons could not catch.

"Now I can barely run around with the grandchildren," he said.

All the apartments in his building were professionally cleaned several years ago. But he finds the dust — a toxic mixture of chemicals and concrete that scientists say can be as caustic as drain cleaner — when he has to work in spaces above ceiling tiles.

Most alarming, he said, is finding the fluffy, gray dust when he or his men are called to remove a balky air conditioner from its slot in the building wall.

"We pull it out of the wall," Mr. Chaves said, "and all the dust is still in there."

The Bellevue clinic, which he visits every few weeks, has its roots in an asthma clinic that Dr. Reibman started in 1991 to investigate why the city had some of the highest rates of the disease in the country.

In 2002, she collaborated with the State Department of Health on a survey of residents who lived within a mile of ground zero. The study, one of only a few to deal with the effect on residents, found that about 60 percent of the 2,812 residents who responded complained of coughing, wheezing or shortness of breath that began after the terror attack.

The study has limitations. Those who responded to the survey were not given physical examinations, nor were their medical records checked for pre-existing health problems. Their responses were based on their own estimations of when their symptoms began.

In the same 2002 study, in a control group of residents about five miles from ground zero, 20 percent reported similar symptoms, again based solely on their own recollections.

Dr. Reibman's asthma clinic became part of the city's overall public health response in the months after 9/11. But it played a relatively small role until Mr. Bloomberg sharply increased funding in response to community pressure and emerging medical issues among recovery workers and others.

This month Manuel S. Bruno, 82, had his first examination at the clinic after reading news articles that said firefighters and police officers were developing serious, and sometimes fatal, illnesses.

Mr. Bruno said that shortly after he and his wife cleaned ground zero dust from their apartment on the Lower East Side, he developed an eye infection and an unusual rash. He said his regular doctors dismissed any possible link to the dust, attributing the symptoms to his age. Now he said he is willing to undergo specialized tests that the clinic's doctors ordered because, whether they find a link to ground zero dust or not, "at least maybe they can help me."

Another recent patient, Miguel Lopez, 40, said he had felt awful since he worked several months for a company that cleaned the dust from office buildings in Lower Manhattan. Without health insurance, he struggled for years to find someone to treat his severe rash and muscle ache before he heard about the specialists at the Bellevue clinic in October.

Mr. Lopez said he wanted to return to Ecuador, his native country, but was afraid to do so until he knew more about his medical condition.

"If something happens in 5 to 10 years," he said, "I don't want to be in Ecuador."

Dr. Reibman recently added psychiatrists, psychologists and social workers to the clinic staff because so many of her patients also have stress-related symptoms, stemming in part from their concerns about medical problems that could develop.

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She said she was so overwhelmed with new patients that she had not had the time or staff to conduct a follow-up to her 2002 residential survey. And she is likely to get even busier. Mr. Bloomberg, in describing the city's comprehensive plan for dealing with 9/11 health problems last week, said that the Bellevue clinic might need to care for as many as 12,000 patients.

Dr. Reibman said she did not know the extent of the health problems among Lower Manhattan residents, or how much money would be needed for treatment. But she shares data with the Mount Sinai program and the Fire Department and hopes to reach conclusions about 9/11-related symptoms and treatment.

Meanwhile, officials from the federal Environmental Protection Agency have said that trade center dust poses little continuing danger to residents. Still, in December, the agency offered to test and clean apartments in Lower Manhattan. (To register, residents and building owners can call 1-888-747-7725.)

In 2004, residents, workers and students in Lower Manhattan filed a federal class action lawsuit against the E.P.A., its former administrator, Christie Whitman, and other federal officials, seeking a more thorough cleanup and an aggressive screening and treatment program.

The suit, which does not ask for individual monetary awards, claims that Ms. Whitman deliberately distorted information and put families at risk by encouraging them to return to apartments, schools and places of business before comprehensive tests of the air quality were available.

Last year, Judge Deborah A. Batts of Federal District Court in Manhattan said that Ms. Whitman's statements that the air downtown was safe to breathe were misleading and "conscience-shocking." She allowed portions of the suit against Ms. Whitman and the agency to go forward.

Screening For Unions (WSJ)

The Wall Street Journal, February 21, 2007

Democrats figure they owe Big Labor for helping them take Congress, and now comes the payback. Tucked away in House and Senate bills that purport to implement the recommendations of the 9/11 Commission is a provision that the Commission most assuredly did not recommend: collective bargaining rights for the Transportation Safety Administration's 43,000 airport screeners.

Congress created TSA in 2001 without union rights on common sense grounds that the agency overseeing airport security was more like the Defense Department than, say, Agriculture. Unionization, with its myriad work rules, would make it harder for the executive branch to hire, fire, train and reassign workers to best meet changing terrorist threats.

Democrats haven't stopped trying to overturn that decision, and in 2002 they forced a showdown with President Bush over union rights as part of creating the Department of Homeland Security. Mr. Bush opposed the effort by Senate Democrats who were then in the majority, and the dispute helped the GOP gain Senate seats that November. This may explain why Democrats are now trying to unionize TSA sotto voce, under the cover of 9/11 Commission "reforms," and so far the press corps has barely noticed.

The Bush Administration has caught on, however, and opposes the change in TSA rules. Democrats are betting the White House won't have the nerve to veto an otherwise popular, if ill-understood, bill over this single provision. Our guess is that if Mr. Bush did veto such a bill, he'd find public sympathy for an argument that he was protecting a vital national security function from being corrupted by union politics.

La. Levee Plan Leaves Some Helpless (USAT)

By Brad Heath

USA Today, February 21, 2007

VENICE, La. — State and federal plans for a massive hurricane protection bulwark for Louisiana would sacrifice dozens of coastal communities, some with thousands of residents, to the next Katrina-sized hurricane. The reason: Protecting them would cost too much.

"We believe that it's probably not possible to provide adequate protection that people should be living down there," says Randy Hanchey of the state's Department of Natural Resources, which drafted one of the plans. Even so, the state has not encouraged residents to move from those areas.

The U.S. Army Corps of Engineers, ordered by Congress last year to design its own set of storm defenses, reached a similar conclusion, project manager Tim Axtman says. "The reality is, the cost of protection doesn't equate to what's there," he says.

If state and federal recommendations are adopted, places such as Venice, a riverbank town of about 2,000 people south of New Orleans, will be left with hurricane protections comparable to the levees they had before Hurricane Katrina swamped them.

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Venice was devastated by Katrina, a Category 3 storm that came ashore with winds of 127 mph. In most places, existing barriers could not defend against a similar strike today, says Andrew MacInnes, who manages coastal issues in Plaquemines Parish.

The state and federal plans are due to be turned over to lawmakers this year. Together, they will recommend stringing hundreds of miles of fortified levees across the Louisiana coast and restoring or protecting vast stretches of fast-disappearing coastal wetlands, creating defenses around New Orleans and other populated areas that could withstand a storm more powerful than Katrina.

Final costs haven't been tallied, but Hanchey and Axtman each say the work will easily top $30 billion.

Most of the places that would be outside the new barriers are rural towns slung along the few remaining patches of high ground near the receding coast. A draft of the state's plan released this month shows new levees would exclude areas that were home to more than 20,000 people before hurricanes Katrina and Rita hit.

"We know they need to draw a line somewhere," MacInnes says. "But here?"

Efforts to rebuild those areas will be undermined if the government can't deliver better defenses against the next storm, says Lynda Banta, a councilwoman in coastal Plaquemines Parish. The area is still dotted with government-issued travel trailers. "People feel like they've been pushed under the rug — like the government doesn't want us to go back," she says.

Axtman says engineers are concerned that defending small coastal towns would siphon resources from bigger cities where more people are at risk. He says building bigger levees closer to the coast could increase the power with which storms can hit places such as New Orleans.

WAR NEWS:

Sen. Reid Discusses Iraq Troop Strategy (AP)

By Brendan Riley

AP, February 21, 2007

U.S. Senate Majority Leader Harry Reid questioned Tuesday whether word of a possible British troop withdrawal from Iraq would pressure President Bush into changing his war strategy, and said Senate Democrats will move ahead with their own efforts to limit the president's authority.

Asked about the impact of a possible announcement by Prime Minister Tony Blair of a new troop withdrawal timetable, Reid, D-Nev., said he doubted whether "it would make too much difference" for Bush.

"Well, in the past they've ignored everybody. So they might must ignore him too," Reid said. "Realistically it will give those of us who believe the course in Iraq is headed in the wrong direction ... more confidence that what we're doing is the right thing to do."

Reid also said Senate Democrats may move ahead on Monday with an effort to limit the 2002 measure authorizing Bush's use of force in Iraq. That move is planned despite a warning from Senate Republicans that it's certain to be vetoed and the veto would be upheld.

The new move follows a failed weekend effort by Democrats who control the Senate to force debate on a nonbinding resolution opposing Bush's deployment of 21,500 more combat troops to Iraq.

The 56-34 vote fell four short of the 60 needed, but Reid said the vote still showed a majority of senators voted against the escalation.

Reid also repeated his statement that Iraq "is the worst foreign policy blunder in the history of our country." He said the war can't be won militarily, and what's needed is a political and regional solution that involves those with "a larger stake in the neighborhood," including Iran.

Reid, in Carson City for a forum of most Democratic presidential candidates, also said he's not favoring any candidate at this point. He added it's "not the easiest thing to say" to the candidates — other than Hillary Clinton — that his son, Rory Reid, has signed on as her Nevada chairman.

"I can't put numbers on who's No. 1, No. 2, who's going to win. I'm going to stay neutral on this," Reid said, when asked about the decision by his son, a former state Democratic Party chairman and currently chairman of the Clark County Commission.

Reid also declined to criticize U.S. Sen. John Ensign, R-Nev., who was one of several Republican senators not present for the weekend vote on Iraq.

"You haven't heard about our pact" to keep their differences out of the public, said Reid. "It's still there."

Reid commented at a news conference held prior to an address to the Nevada Legislature.

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For Democrats, War Is Front And Center (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 21, 2007

CARSON CITY, NEV. — The Democrats seeking the White House may be united in opposing the war in Iraq. But that hasn't stopped them from fighting over the conflict.

It is a skirmish over judgment, character and political mettle.

Sen. Barack Obama of Illinois stresses his opposition to the invasion from the start and says those who voted to authorize the war, only to come around later, are at least partly to blame for today's problems. It shows, Obama says, the decision-making capacity each candidate would bring to the White House.

Former Sen. John Edwards of North Carolina, who has apologized for his initial war vote, suggests Sen. Hillary Rodham Clinton of New York has been too measured in her opposition. Implicit is the notion that a calculating front-runner has shaped her views more out of political consideration than principle.

Clinton has sharpened her tone and stepped up her antiwar rhetoric, but has not apologized for her initial stance on the war. Take it or leave it, she says, telling voters she would not make the same decision today but acted on the best information at the time.

That the war is front and center in the Democratic primary, as it was in 2004, is hardly surprising. Congress has spent weeks focused on the issue, and grim news from Iraq dominates the headlines. "Nothing is more central or important to the American public than what's going on in Iraq, period," said Peter Hart, a veteran Democratic pollster who is neutral in the party's primary.

A national survey released last week by the nonpartisan Pew Research Center found that support for the war continues to decline, with 53% of Americans believing the U.S. should bring its troops home as soon as possible. Opposition is even fiercer among Democrats — 83% in the Pew poll said things in Iraq were not going well and more than six in 10 said the U.S. mission there would definitely or probably fail. That is the audience Democrats are playing to in Iowa, New Hampshire and on Jay Leno's "Tonight Show," where former Iowa Gov. Tom Vilsack drew a burst of applause last week with his call to cut off funding for the war.

"People don't want political spin. They want someone decisive, someone who tells the truth," said Craig Varoga, a strategist for Vilsack. (The ex-governor has emerged as one of the most assertive antiwar critics, bringing to mind a similar long-shot candidate four years ago.) "If you flunk the No. 1 issue of our era by treating it as a political Rubik's Cube … you flunk the principal character issue of what it is to run for president."

Never mind that the differences among the major Democratic contenders are largely a matter of degree. All of them oppose an increase in U.S. troops. By contrast, the top Republican candidates have given President Bush their qualified support. And while the Democrats offer different timetables and exit strategies, each of them wants to reduce U.S. involvement in Iraq sooner rather than later.

"The truth is we're in a primary contest," said Mark Mellman, a 2004 strategist for Sen. John F. Kerry of Massachusetts, who, like Kerry, is sitting out this race. "A lot of times the goal is to magnify small differences into giant divides."

The leading Democratic contenders — all save Obama, who is campaigning in Iowa — will be in Carson City today for the first Western forum of the 2008 presidential campaign. The session in Nevada's pint-size capital is supposed to focus on working families and the food-on-the-table issues they face. But even if the candidates stray from those topics, there will be little chance for give-and-take on the war or any other subject.

The candidates will appear sequentially over two hours, fielding questions from ABC's George Stephanopolous. They will not share the stage, but have been invited to pose for a group photo. (Only Democrats will participate in the labor-sponsored event, held with an eye on the Nevada caucuses set for mid-January. Republicans have yet to settle on their nominating calendar.)

Four years ago, former Vermont Gov. Howard Dean used his vociferous antiwar position to launch himself from back in the Democratic pack and, for a time, emerge as the front-runner for the nomination. Dean surged not just because of his blunt talk on Iraq but also because he gave voice to the anger of many Democrats who thought the party had lost its spine after losing the 2000 campaign.

Winning back control of Congress might have taken some of the edge off that anger. But plenty of people in the party, especially activists, view Iraq as a test of a candidate's toughness — not as a potential commander in chief, but a partisan warrior. That too is driving the war debate among Democrats.

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"There is a very significant part of the base that thought the party was too accommodating and too willing to capitulate to Bush, and the war was the prime symbol of that," Mellman said. In that sense, he said, the parsing of positions on Iraq reflects a larger debate "over the kind of Democratic Party one wants to see."

Of course, Dean's candidacy faded and Iraq receded as a voting issue in the 2004 primary. All of the leading Democratic presidential hopefuls converged in roughly the same place, criticizing Bush and the war.

Many expect the same thing to happen this time. They don't minimize the war — it may be the paramount issue facing the next president. But they say Democrats are, in a literal sense, playing to the crowds that are turning out for events at this early stage of the race.

"The people out there now are among the top [percent] of voters who will actually go the polls in January," said Dante Scala, a political scientist at New Hampshire's St. Anselm College. "A lot of them are motivated by single issues, especially the war, and you just have to wonder whether most voters who turn out are going to have that same concern."

For now, however, no truce is in sight.

Former Admiral Says All American Forces Should Pull Out By Year's End (MCT)

By Renee Schoof

McClatchy Newspapers, February 21, 2007

WASHINGTON - After the Sept. 11 terrorist attacks, U.S. Adm. Joe Sestak commanded a carrier battle group in combat near Afghanistan, then in the Persian Gulf in the run-up to the Iraq war.

Now a freshman member of the House of Representatives, Sestak, a Pennsylvania Democrat, has introduced a bill calling for withdrawing all American forces from Iraq by the end of this year, while strengthening the U.S. military presence in the region and in Afghanistan.

Sestak, who defeated 10-term Republican incumbent Curt Weldon in November, has a Ph.D. in political economy and government from Harvard University. He served as the director for defense policy on President Clinton's National Security Council and once was the director of the Navy's anti-terrorism unit.

His bill would cut off most money for military operations in Iraq by Dec. 31.

"I honestly believe that in the next few months we will move to this position," Sestak said in an interview. "It may not be my bill, but it will be something very similar."

The main reason, he said, is that the war in Iraq is hurting American national security: It's diverted resources and attention from the fight against terrorism in Afghanistan and from other challenges to U.S. interests around the world.

"We diverted our attention, our resources and our forces ... to Iraq," he said. "To my mind Afghanistan is the poster child for what isn't being done in this world where the real war on terrorism is elsewhere, not Iraq."

While focused on Iraq, he said, the military has been unable to move effectively from World War II-era tanks to 21st-century high-tech communication and intelligence.

Spending on the war also has diverted investment from what he calls three "pillars of national security": health, education and economic development at home.

He rejects the worst-case scenario arguments that Iraq will descend into genocide and a regional war if the United States leaves.

"It changes all the incentives," Sestak said of his withdrawal plan.

Iraqi sectarian leaders would realize that without the American military holding down the violence, "they would have to accept the consequences that if they go too far, the retaliation against them might go too far."

Iran and Syria want to see the United States bleed in Iraq, Sestak said. But once the United States is gone, they'd want to avoid getting into a proxy war. Moreover, mostly Shiite Muslim Iran doesn't want Sunni Muslim terrorists growing powerful next door, he said.

Sestak's bill calls for moving Iraq-based American forces to bases outside the country but nearby and to Afghanistan or other trouble spots and sending some home. A strong U.S. presence near Iraq would permit special forces to be sent in on counterterrorism missions or to support Iraqi forces from the air, he said. American efforts to rebuild Iraq's government and economy would shift to diplomacy.

Sestak said that what got him into politics wasn't Iraq but his little daughter, Alexandra, age 5, who was diagnosed with a malignant brain tumor in July 2005. She's doing well after surgeries and chemotherapy, and Sestak hopes that buys time until a cure is found.

The walls of Sestak's office are covered with his child's art. He wears her blue plastic bead bracelet. Life in the cancer ward, he said, made him realize that he was fortunate to have access to top care, and inspired him to ponder how to improve the

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nation's health system. When doctors advised him to resume a normal life, he opted for politics. He serves on health-related House subcommittees and on the Armed Services Committee.

Cheney: U.S. Won't Relent In Iraq War (AP)

By Eric Talmadge,

AP, February 21, 2007

Vice President Dick Cheney reaffirmed the Bush administration's commitment to the increasingly unpopular war in Iraq during a visit to a U.S. aircraft carrier Wednesday, saying "the American people will not support a policy of retreat."

Cheney, who arrived in Japan on Tuesday, was given a 19-gun salute as he boarded the USS Kitty Hawk at this U.S. Navy base just south of Tokyo.

"We want to complete the mission, we want to get it done right, and then we want to come home, with honor," he told about 4,000 troops in the hangar bay.

Cheney said his brief visit to Japan was a gesture of appreciation for Tokyo, which has been one of Washington's most valuable allies in the war on terror.

He was scheduled later Wednesday to have dinner with Prime Minister Shinzo Abe and talk with Foreign Minister Taro Aso before departing early Thursday. Earlier in the day, he met with Emperor Akihito and Empress Michiko.

Also Wednesday, Cheney and Tokyo's top government spokesman, Yasuhisa Shiozaki, reiterated their countries' intentions to collaborate closely on missile defense and the realignment of U.S. troops stationed in Japan.

The U.S. has about 50,000 troops stationed throughout Japan under a mutual security pact that dates back to the 1960s. Tokyo and Washington have been reworking that alliance to make the presence more effective. They are also developing a joint missile defense shield.

Japan and the United States are also seeking to coordinate their stance on North Korea, which has rattled the region with its nuclear ambitions — and its first atomic bomb test in October — but earlier this month agreed to shut down its main nuclear reactor in exchange for energy aid and other incentives.

Despite the breakthrough, Japan has declined to contribute aid to the North until the issue of past abductions of its citizens is resolved. North Korea has admitted kidnapping Japanese in the late 1970s and '80s, but Japan believes it has not provided a full accounting of the victims.

Abe said he planned to explain his government's position to Cheney, and said "the U.S. has already expressed its understanding on this issue."

Cheney was to meet the parents of one of the abductees before flying on to the U.S. Pacific island of Guam and to Australia, his final stop.

Vulnerable House Republicans Risk Ties To Bush On War Vote (HILL)

By Aaron Blake

The Hill, February 21, 2007

Three months ago, the unpopularity of President Bush and the Iraq war led many House Republicans to the closest reelection bids of their careers. Now, most of those with freshly painted targets on their backs have given Democrats an early vote to tie them to Bush and the war.

While Senate Republican defections on the non-binding anti-troop increase resolution last week tilted heavily toward those with tough reelection bids in 2008, the few House GOP crossovers came overwhelmingly from safe incumbents. Nearly all of those who narrowly survived in 2006 voted with Bush, possibly providing future opponents with campaign fodder.

Although many of these vulnerable Republicans expressed skepticism or opposition to the troop increase, they toed the party line and opposed the resolution, apparently in hopes that Democrats will overreach in future showdowns over Iraq, such as de-funding the war effort.

In all, 17 of 201 House Republicans voted with Democrats on the resolution. Only one of them, Rep. James Walsh (R-N.Y.), was among the approximately 20 House Republicans who won in 2006 by less than 5 percent — a threshold that Democrats have set for identifying potential 2008 targets.

The 17-vote defection was also smaller than expected. Predictions were as high as between 30 and 60 GOP votes for the measure, a purely symbolic resolution that many saw as an opportunity for Republicans to separate themselves from Bush on the record.

Rep. Christopher Shays (R-Conn.), for example, previously said that Bush's proposed troop increase would be a "huge mistake" if the Iraqis don't step up. But he struck a different tone during the House debate, when he criticized the resolution for failing to offer an alternative course in Iraq.

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Shays beat back an anti-war challenger by 3 percent in November, while he watched his two Connecticut Republican colleagues fall.

"Two years ago, I believed this strategy had a better than even chance to work," Shays said last week. "Today it is less likely to succeed, but it is still the best opportunity we have."

Rep. Mike Ferguson (R-N.J.), who initially said he needed to be convinced that the increase was the correct choice, signaled that he had indeed come around.

The increase is "the best hope we have for the lasting success of the U.S. mission and for the future stability of Iraq's government," said Ferguson, who took less than 50 percent of the vote and won by less than 2 percent. "It may also be, I believe, our last chance for victory."

Offering similar sentiments were Republicans such as Reps. Charlie Dent (Pa.) and Mark Souder (Ind.), who each won by less than 10 percent, and Rep. Vern Buchanan (Fla.), a freshman whose race is still being contested. Souder railed against the war and said he disagrees with Bush, but voted against the resolution, saying "the battle has already begun."

Rep. Chris Van Hollen (Md.), the chairman of the Democratic Congressional Campaign Committee (DCCC), has indicated that he sees the Iraq issue retaining its political legs through the 2008 election. Before the vote, he accused Republicans who sided with Bush of being "rubber stamps" — an enduring slogan from 2006.

DCCC spokeswoman Jennifer Crider said the Bush-Iraq ties were particularly effective in races in the Northeast and Midwest, and cited polls showing that a clear majority of Americans oppose the troop increase.

The vote "just drives home the point that these members are tied to President Bush's failed Iraq strategy," Crider said.

Narrowly reelected Republicans could mistakenly conclude that if the issues of Bush and Iraq didn't bring them down in 2006, the same will hold in 2008, said Amy Walter, house editor of the Cook Political Report.

She noted that the casualties of 2006 in fact included centrist House Republicans and Rep. Jim Leach (R-Iowa), who voted against the Iraq war.

"Voting record alone won't help in a bad political environment," Walter said. "But what you can hope for is that the other side overplays and overreaches."

Many Republicans didn't discuss the merits of the troop increase in detail during the debate, instead describing the vote as a political ploy and the first step on a slippery slope toward de-funding the war and hurting the troops.

Those voting with the president also included Reps. John Doolittle (R-Calif.), who won by 3 percent; Marilyn Musgrave (R-Colo.), who won by 3 percent; Jon Porter (R-Nev.), who won by 2 percent; Heather Wilson (R-N.M), who won by 1 percent; and New York Republicans Tom Reynolds and Randy Kuhl, who each won by about 3 percent.

Among the potential targets who voted for the resolution, Reps. Ric Keller (R-Fla.) and Mark Kirk (R-Ill.) each won by 7 percent.

Kirk comes from a district that Sen. John Kerry (D-Mass.) won in 2004, as does crossover Rep. Mike Castle (R-Del.). Democrats have also suggested a presidential bump could help them oust incumbents like Castle, even though he wasn't in any danger in 2006.

Conversely, of the seven GOP senators who voted Saturday to bring the Iraq resolution to a vote, five face reelection bids in 2008, including three of the most vulnerable: Norm Coleman (Minn.), Susan Collins (Maine) and Gordon Smith (Ore.).

Smith drew heat from Democrats for previously voting against cloture, and Sen. John Sununu (R-N.H.) remains under fire for opposing it.

War Debate Fuels Advocacy Groups (WT)

By Jon Ward

The Washington Times, February 21, 2007

Grass-roots organizing on both sides of the war issue has been galvanized by debate and anti-war resolutions in the Democrat-controlled Congress, and it appears the advocacy will grow more intense.

Anti-war groups are following members of Congress home during their week off, while groups who support the war are targeting those they call "white flag Republicans" for defeat in the 2008 elections.

The anti-war movement has "very high expectations for this Congress," said former Rep. Tom Andrews, Maine Democrat and national director of Win Without War.

"For the first time, there's a hope for a check and a balance on the administration," Mr. Andrews said. "Instead of banging your head against a wall, there's a chance that you might actually make some progress."

Win Without War is part of the Americans Against Escalation in Iraq coalition, which also includes MoveOn.org and the Service Employees International Union (SEIU). The groups are lobbying members of Congress while they are in their home districts this week.

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The anti-war coalition has created a list of public events for senators and representatives who support the president's plan to send 21,500 more troops to Iraq. Mr. Andrews' group is urging anti-war activists across the country to attend these events and persuade their members of Congress to stop supporting the surge.

Tomorrow, MoveOn will deliver letters to congressional offices, urging Congress to use its "power of the purse" to stop the surge by constraining or cutting off funding.

"They're home for recess, and this is our best opportunity to influence what they do when they return to Washington. They need to know that we're not going to rest until they start bringing our troops home," said an e-mail to MoveOn supporters.

Rep. John P. Murtha, Pennsylvania Democrat, has outlined a strategy to limit President Bush's use of war funds that have been requested in a supplemental appropriation to be reviewed next month.

House Speaker Nancy Pelosi, California Democrat, and Majority Leader Steny H. Hoyer, Maryland Democrat, support Mr. Murtha's plan, and they say it is not the equivalent of cutting off funding for troops in harm's way.

Republicans say that constraining funding has "exactly the same effect as cutting off funding."

"If you have people ... who need reinforcements desperately and they have to have those reinforcements within a matter of hours, and the reinforcements can't go because the Democrats have put down metrics that say it's unlawful for this Marine machine gunner to leave Camp Pendleton because he hasn't done his requisite 14 months in the States before he goes overseas, you've had exactly the same effect," said Rep. Duncan Hunter, California Republican and ranking member of the House Armed Services Committee.

Meanwhile, a grass-roots conservative group, called the Victory Caucus, is targeting the 17 congressmen and seven senators whom they have labeled "white flag Republicans."

The 17 congressmen Friday voted with the Democrat-led resolution opposing the president's surge plan. The seven senators voted Saturday to shut out Republican amendments to an anti-surge resolution.

The Victory Caucus, led by conservative radio talk show host Hugh Hewitt, is now looking for Republican primary candidates to challenge these legislators.

The Woman In The Middle (WP)

By Juliet Eilperin And Michael Grunwald

The Washington Post, February 21, 2007

The Democratic majority was only three weeks old, but by Jan. 26, the grass-roots and Net-roots activists of the party's left wing had already settled on their new enemy: Rep. Ellen O. Tauscher (D-Calif.), the outspoken chair of the centrist New Democrat Coalition.

Progressive blogs -- including two new ones, Ellen Tauscher Weekly and Dump Ellen Tauscher -- were bashing her as a traitor to her party. A new liberal political action committee had just named her its "Worst Offender." And in Tauscher's East Bay district office that day in January, eight MoveOn.org activists were accusing her of helping President Bush send more troops to Iraq.

Helping? Jennifer Barton, the lawmaker's district director, played them a DVD of Tauscher blasting the increase as an awful idea in a floor speech eight days earlier.

"The words are fine and good, but we are looking for leadership," scoffed Susan Schaller, one of the activists.

Leadership? Barton showed them the eight golden shovels Tauscher had received for bringing transportation projects to her suburban district, along with numerous awards she had won for her work protecting children, wetlands, affordable housing and abortion rights.

"That's fine and good," Schaller repeated, "but this is about Iraq."

The anti-Tauscher backlash illustrates how the Democratic takeover has energized and emboldened the party's liberal base, ratcheting up the pressure on the party's moderates. That pressure is also reaching House Speaker Nancy Pelosi (D-Calif.), a San Francisco liberal who recognizes that moderate voters helped sweep Democrats into the majority. Pelosi has clashed with Tauscher in the past, but she's now eager to hold together her diverse caucus and to avoid the mistakes of GOP leaders who routinely ignored their moderates.

So far, Pelosi and her leadership team seem determined to protect Tauscher and her 60 New Democrats -- up from 47 before the election. In fact, the day after Working for Us, the new progressive political action committee, targeted Tauscher, Pelosi sought her out at a caucus meeting and assured her: "I'm not going to let this happen." House Majority Leader Steny H. Hoyer (D-Md.) spent 20 minutes complaining to Working for Us founder Steve Rosenthal, who swiftly removed the hit list of "Worst Offenders" from the group's Web site.

Said Pelosi spokesman Brendan Daly: "We want to protect our incumbents. That's what we're about."

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Democratic leaders want their activists to focus on beating Republicans. But the grass roots and Net roots believe the political tide is shifting their way, and they can provide the money, ground troops and buzz to challenge Democratic incumbents they don't like. MoveOn.org had two Bay Area chapters before the election; now it has 15, and they could all go to work against Tauscher in a primary. "Absolutely, we could take her out," said Markos Moulitsas ZÃºniga -- better known as Kos -- the Bay Area blogger behind the influential Daily Kos site.

Tauscher was reelected with 68 percent of the vote, but she said she takes this threat seriously; she has already used it in fundraising appeals. And though she has always highlighted her independence -- shortly before the election, she warned Democrats not to "go off the left cliff" -- she's now emphasizing her party loyalty.

She was once the only California Democrat to oppose Pelosi's campaign for leadership, but she now marvels that the speaker's performance has been "absolutely perfect -- and she looks so beautiful doing it!" Tauscher's Web site no longer features photos of her with Bush or Sen. Joseph I. Lieberman (Conn.), who lost a Democratic primary of his own last year but won reelection as an independent.

Those photos survived in Google's cache; bloggers have dubbed one shot that appears to show Bush's hand on Tauscher's thigh "The Caress," an allusion to "The Kiss" -- video and photos showing Bush embracing Lieberman after the 2005 State of the Union address -- which dogged the senator in his fight against insurgent Ned Lamont. Tauscher donated and has helped raise a total of $2 million for Democrats over the past decade, and since 2003 she has voted with her party more than 90 percent of the time. This year, she has marched in lock step with Pelosi. But to Net-roots sites such as Daily Kos, Firedoglake, and Crooks and Liars, she's Lieberman in a pantsuit.

"I don't think it's a fair comparison," Tauscher said. "My colleagues look at this and say, 'If they're going after Ellen Tauscher, holy moly!' "'A Vicious Fight'

Why are they going after Ellen Tauscher?

She has annoyed the left by supporting legislation to scale back the estate tax, tighten bankruptcy rules and promote free-trade agreements. She served as vice chair of the pro-business Democratic Leadership Council, which many liberal activists dismiss as a quasi-Republican K Street front group. And she voted to authorize the Iraq war, although she did so with caveats, and she was quick to express her displeasure with its execution.

But liberal groups such as the Children's Defense Fund and the League of Conservation Voters give Tauscher impeccable report cards, while the National Rifle Association gives her straight F's.

"It's not just about her voting record," said Bob Brigham of San Francisco, an activist who recently started the Ellen Tauscher Weekly.

The latest blog wars began simmering in December after Tauscher led a New Democrat delegation to meet with Bush about bipartisan cooperation, irritating the Net roots. They boiled after her former chief of staff, Katie Merrill, posted a scathing piece on a California Web site attacking the Net roots for attacking Tauscher. Outraged activists immediately began mobilizing for a fight in 2008. "I didn't even know who Tauscher was 5 mins ago, but now I support a primary challenge against her," one typical commenter replied.

Brigham says it's never wise to tell the Net roots not to do something: "That's the worst move you can possibly make." But the anti-Tauscher backlash isn't just about pique, either. It's also partly about her district. And it's partly about her.

Tauscher grew up in working-class New Jersey, the daughter of a secretary and a shop steward for the meatpackers union. She was the first member of her family to attend college and, by 25, the youngest woman to hold a seat on the New York Stock Exchange. After 14 years on Wall Street, she married a technology executive (they're now divorced) and moved to California, where she became a Democratic fundraiser.

In 1996, Tauscher ran for Congress as a pro-business, pro-environment, pro-military centrist against Bill Baker, a conservative Republican she portrayed as too far right for his suburban swing district. Pelosi supported her, and she won. But when Pelosi ran for whip, Tauscher supported moderate Hoyer, a close friend. And later in 2001, Tauscher accused Pelosi and her allies in the California Senate of redrawing her congressional district as payback. The new district was much more Democratic, which made it a safer seat for the party, but not necessarily for Tauscher -- unless she followed Pelosi's lead.

That's why Kos has promised "a vicious fight for her seat." He's often portrayed as a raving ideologue, but he's really a savvy strategist; he has no problem supporting conservative Democrats in conservative districts, such as new Rep. Heath Shuler (N.C.). But he sees no need to tolerate a DLC type in Tauscher's district, where Sen. John F. Kerry (D-Mass.) received 58 percent of the presidential vote in 2004. And he said that primaries are the only way to force incumbents with safe seats to pay attention to constituents.

"We're creating real democracy," he said.

Kos and MoveOn.org founder Eli Pariser serve on the board of They Work for Us -- an issue advocacy group affiliated with Working for Us -- which also plans to focus on Democrats more conservative than their districts.

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"We're not going to the Heath Shulers of the world and saying, 'We want you to be more like Barney Frank,' " Rosenthal said, referring to the liberal congressman.

But Tauscher's district is not Pelosi's San Francisco or Kos's Berkeley. It's connected to Berkeley by tunnel, but as Tauscher likes to say, everything changes when you drive through that tunnel, even the microclimate. "Suddenly it's 25 degrees warmer, there's not a cloud in the sky and you know you're in Tauscher territory," she said.

Tauscher territory is mostly soccer moms, software executives and Restoration Hardware stores. It also includes the Lawrence Livermore National Laboratory, Travis Air Force Base and several farm towns. "Ellen's a perfect fit for that district," said Audrey Gordon, a local Democratic fundraiser. "We've got a lot of tough seats to defend this year; why on Earth would Democrats want to attack Ellen?"

Tauscher's liberal critics say she has undermined the party during the Bush years, making a fetish of bipartisanship at a time when Republicans had no interest in real compromise, demonizing the far left at a time when Democrats needed to unify against the far right. And they're still seething about her "left cliff" quote, which echoed GOP talking points before Election Day.

"She reinforces the idea that lefties are out-of-control children," said Brian Leubitz, who runs a liberal California blog called Calitics. "She provides cover for Republican extremists."

Tauscher says it's obvious that Democrats will alienate independent voters if they tack to the hard left and she won't apologize for stating the obvious. "The speaker has been indefatigable about saying she's going to govern from the center," she said. "I guess if you're looking to be offended, that's what's going to offend you."

Her rhetoric infuriates activists, who still quote her statements that she never met a trade deal she didn't like, even though she later voted against one, and that she slept fine after her 2002 vote to authorize the Iraq war, even though she now opposes it. She supports same-sex marriage, but she's not an activist's idea of a Bay Area politician: too Wall Street, too establishment, too comfortable with the Chamber of Commerce.

"You can sense her contempt for the grass roots," Leubitz said. "She really doesn't represent her district."Doing It Her Way

How does Tauscher represent her district?

On a typical day this month, she started with a three-hour Transportation and Infrastructure Committee markup. California faces a water crisis, and Tauscher had two water bills on the agenda that she had pushed for years. She made a point of allowing freshman Rep. Jerry McNerney (D-Calif.) to share credit on one bill; she had supported his centrist opponent in his primary, to the disgust of the Net roots, but now she was trying to help him keep his seat.

She then raced to catch the last minutes of an Armed Services Committee hearing, just in time to question Defense Secretary Robert M. Gates and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff. As five women from the antiwar group Code Pink stood in protest, Tauscher asked two quick questions: Why didn't Bush's budget increase production of the C-17, a plane based at Travis? And how much would the president's troop increase cost?

Pace called the C-17 a "great aircraft" and hinted that he wouldn't be too upset if Tauscher, who chairs the subcommittee on strategic forces, stuck a few more into the budget, as she did last year. Gates then revealed the price of the troop increase: $5.6 billion.

"It's amazing how you can walk right in after doing something else for three hours and get them to answer the question nobody had asked," Tauscher said.

But Code Pink activist Zanne Joi, whose shirt read "Stop Funding, Start Impeaching," was not impressed. She said she was horrified that Tauscher hadn't challenged Gates about Iraq, that she had treated the increase as a done deal. "We need her to stand up and end this war," said Joi. She and her Code Pink colleagues recently told Tauscher that if she wouldn't support a bill calling for total withdrawal from Iraq within six months, they'd occupy one of her district offices.

Tauscher rolls her eyes at this kind of talk. She said she doesn't trust anything the Bush administration says, but it's the administration in power. "I want to represent my constituents, so I have to work with this president," she said. "I'm a pragmatic person. I don't have the luxury of saying, 'I'll come back in January 2009 and try to get some work done.' "

Tauscher spent the rest of her day dealing with local issues. She talked immigration with the California Farm Bureau; she strategized about a contract to run Livermore with the University of California; she discussed a traffic plan for Alameda County with a group of public officials. A lawyer named John Gibson stopped by to thank Tauscher for telling his mother nice things about him at a recent event, shortly before his mother died. "I went out on a high note with my mother," he said.

To Tauscher, this is what it means to be a representative. "I bring people together. I get things done," she said. "And I get things done the way the speaker wants."Appeasing the Left

On Feb. 2, when the House Democrats held their annual retreat in Williamsburg, Gerald W. McEntee, president of the American Federation of State, County and Municipal Employees, made it clear that Working for Us didn't work for him.

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"Our majority can disappear in a wisp," he told the members. "I'm the sheriff of the incumbent-protection program, and if you need help, let me know. In Blue America, there's no room for PACs to chase vulnerable members they have differences with."

From the crowd, a voice squealed: "Woo hoo!"

It was Tauscher.

Working for Us was created in January by a coalition of bloggers, trial lawyers and labor leaders, the trifecta of Democratic interest groups. But once the group took aim at Tauscher, the trial lawyers quietly withdrew. And Tauscher soon met for a glass of wine with Andy Stern, the feisty liberal who runs the Service Employees International Union; he assured her of his union's support, even though it had helped launch the political action committee. For 12 years, Republicans ran the House according to the "majority of the majority," which meant that the conservative majority within the GOP caucus ruled. Pelosi is trying to run her House according to a consensus of the majority, avoiding legislation that does not have broad Democratic support. She hasn't forced members in swing districts to take tough votes on same-sex marriage, gun control or trade. She is focused on the minimum wage, ethics reform and other issues that can bring together Tauscher and MoveOn.org.

"Having served in the majority and the minority, I can tell you, the majority is better," said Rep. Jane Harman (D-Calif.), another moderate who has sparred with Pelosi in the past. "It will take a big tent to keep it."

But Kos points to Harman as a perfect example of how the Net roots can keep Democrats in line. He said Harman used to be a constant irritant, a go-to quote for reporters looking for a Democrat to tweak liberals -- until she had to fight off a primary challenge from the left in 2006. "She's been great ever since," he said. Now Harman even writes on the liberal Huffington Post blog.

Kos can imagine a day when Tauscher still holds her seat but is no longer distasteful to the left. "That's what victory would look like -- a more responsive representative," he said. So when Tauscher praises Pelosi as "perfect on substance, perfect on optics," it's hard to know if that's a result of personal evolution, political trends, or blogospheric pressure, but it's music to Kos's ears. It's helpful to Democratic leaders, too.

Said Rosenthal, the Working for Us founder: "We want them to understand what we're doing helps and enhances the majority."

But Pelosi still faces two potential dangers.

She could work so hard to appease the moderates that she alienates her base. In fact, the left blogosphere is already grumbling that Democrats aren't doing enough to stop the war. And there's always the left cliff. Those moderate first-termers could be one-termers if Pelosi overplays her hand.

"Nancy knows our majority is fragile in its newness," Tauscher said. "If you keep our most endangered species in your frontal lobe, you know what you have to produce."

Staff researcher Madonna Lebling contributed to this report.

Many House Members Cite, But Don't Read, Full NIE Iraq Report (HILL)

By Mike Soraghan

The Hill, February 21, 2007

During last week's war debate, House members repeatedly cited the new National Intelligence Estimate (NIE) on Iraq. Judging from the debate, it supported both sides.

Democratic Rep. David Wu (Ore.) warned that "[t]he fact that we are in a civil war is backed up by our own National Intelligence Estimate."

But Republican Jeb Hensarling (Texas) said the report shows that the U.S. troop presence in Iraq is preventing attacks within the United States.

"If we leave Iraq before subduing [the enemy], he will follow us to America, make no mistake about it ... Read the National Intelligence Estimate," Hensarling said.

But it seems very few, if any, House members read the full, classified version of the report. That 90-page tome is now available to all representatives, thanks to a surprise decision by the House Intelligence Committee a week before the debate.

A sampling by The Hill could not find a single House member who had trekked to the committee's secure office in the Capitol to view the classified version of the document. When asked, many said that they had read only the three-and-a-half-page declassified summary of "key judgments" that the office of the director of national intelligence released earlier this month.

The Hill's query of members was unscientific and non-comprehensive, so it asked Kira Maas, spokeswoman to House Intelligence Committee Chairman Silvestre Reyes (D-Texas), which members had dropped by the secure office to read the full report.

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"I'm not sure, given the classified nature of the information, if that's something that's public," Maas said. She promised to check again with the committee, but she didn't call back over the course of the week. The Hill repeatedly left messages asking whether the problem was not the sensitive nature of the information but embarrassment that no one had bothered to read it.

Like most members, House Majority Leader Steny Hoyer (D-Md.) said he had read the unclassified summary available to the public, but not the full, classified report.

"That's just more detail," Hoyer said. "I think it has more specifics, but its conclusions aren't that different than the public version."

When the committee decided to let members review the classified version, it required them to take a secrecy oath before viewing the report in the committee's secure office in the Capitol. They are not to be allowed to leave with notes.

Rep. Diana DeGette (D-Colo.) also noted the NIE's conclusions about civil war on the floor of the House. But she said she drew her knowledge of the text from media reports. She said it was only one part of her decision-making on the Iraq resolution.

"The NIE adds to the weight of the evidence that we shouldn't escalate this," DeGette said.

Leading war critic John Murtha (D-Pa.) was dismissive of the classified NIE, but noted that he constantly reviews intelligence reports.

"I don't think there's anything in there I haven't seen in the press," Murtha said. "The best intelligence I get is in the field."

Rep. Greg Walden (R-Ore.) said he plans to read the full NIE, although he didn't do so in time for the debate. He said it's difficult to carve out the time to make a special trip to the Intelligence Committee office.

"You've got to go sit up there," Walden said. "The last time, there wasn't much more in the long version than there was in the summary."

A Peaceful Death, Then The Blast (LAT)

The Los Angeles Times, February 21, 2007

Unlike so many deaths in this city these days, the passing of Ahmed Lami was remarkable not for its violent end, but for its lack of bloodshed: He died of natural causes at 65.

But even peaceful death has become a magnet for violence. As his Shiite Muslim family and friends gathered to mourn his passing Tuesday afternoon under a tent in a middle-class, religiously mixed neighborhood on Palestine Street, a suicide bomber walked in, sat down and detonated his explosives, killing at least seven people and injuring 21.

The funeral blast was among several car bombings, shootings and explosions around Iraq on Tuesday that suggested insurgents were finding new ways to evade the ongoing security crackdown by U.S. and Iraqi forces.

At least six people were killed in what authorities described as a crude attempt to detonate a chemical weapon in Taji, about 12 miles northwest of Baghdad. Insurgents blew up a truck holding two tanks of chlorine gas, which were thrown clear of the vehicle and leaked, the U.S. military said. Scores of people suffered nausea, vomiting and irritated eyes from exposure to the gas, according to wire service reports. Prolonged exposure to high concentrations of the gas can cause deadly respiratory damage.

The U.S. military said a Marine died Tuesday during combat in Al Anbar province, in western Iraq. The death brought to 3,147 the number of U.S. military personnel killed in the Iraq theater since the March 2003 American-led invasion, according to the website icasualties.org.

At the Lami funeral, attendance was smaller than usual for such public events, because fear of death grips the capital. Lami's family even took precautions to guard against a car bomb attack, blocking entrances to the tent with a minibus and palm trunks.

But the suicide bomber took advantage of common courtesies extended to those attending such ceremonies, where food is served and strangers are welcome to partake.

"The suicide bomber came in and greeted us and sat down," said Lami's cousin, Sabur Abdul-Hussein, who suffered slight shrapnel wounds in the blast. "We thought he was poor, waiting for the feast to be served. We asked each other if someone might know him." After two minutes, Abdul-Hussein said, the stranger blew himself up.

Abdul-Hussein said his family had begun to feel safer when the new security plan was announced but now thought the city was gripped by violence that would not let go. Those killed in the funeral bombing were two of Abdul-Hussein's brothers and five of his cousins.

"The scene was chaos — women came out from the deceased's house and started wailing and beating their chests," he said. "And there were my relatives' bodies, scattered and torn to pieces."

In the Shiite holy city of Najaf, a bomb Monday evening caused severe damage to a provincial office of the Iraqi National Accord, the party of former interim Prime Minister Iyad Allawi, who returned to Iraq last week in a bid to unify the nation's political

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factions. Allawi, a onetime protege of Western intelligence agencies, had been living in London and Amman, Jordan, after his party fared poorly in 2005 parliamentary elections.

Police also found 25 corpses dumped around Baghdad. A source in the Interior Ministry said the bodies, all with gunshot wounds, bore no markings of torture, as they often have in the past.

The U.S. military on Tuesday also updated the number of American military personnel wounded in Monday's attack on a U.S. base in Tarmiya, about 25 miles north of Baghdad, from 17 to 29.

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Special correspondents in Baghdad, Najaf and Taji contributed to this report.

Copter Attacks In Iraq May Indicate New Battle Strategy (WP)

By Ann Scott Tyson

The Washington Post, February 21, 2007

The Army's senior aviation officer in Iraq said yesterday that Sunni fighters probably used a sophisticated SA-14 or SA-16 shoulder-fired missile to shoot down a Marine helicopter on Feb. 7, killing all seven people on board.

If confirmed by an ongoing Marine Corps investigation, it would mark the first time since last summer that insurgents in Iraq struck U.S. aircraft with such an anti-aircraft missile, and it would provide fresh evidence of a new strategy of targeting helicopters, according to Maj. Gen. James E. Simmons, deputy U.S. commander in Iraq.

Simmons said that, upon reviewing a videotape of the attack on the Marine Corps CH-46 Sea Knight transport helicopter, it appeared that the missile used was not the Vietnam-era SA-7, which insurgents and militias are known to have, but more likely an SA-14 or SA-16. Those pose a bigger threat because they have greater range, size and ability to overcome aircraft defensive systems. The helicopter's defensive system did not appear to deploy properly, the Marine Corps commandant, Gen. James T. Conway, testified before the Senate last week.

The Russian-manufactured SA-14 or SA-16 probably would have been brought into the country from abroad relatively recently, Simmons said in an interview.

The attack in Anbar province was the latest in a string of seven U.S. military and civilian helicopter downings in Iraq since last month. U.S. commanders say that Sunni and Shiite extremist groups have begun to use deadly strikes in a new and carefully planned effort to rally support for their causes.

"The extremists on both ends of the spectrum, Sunni and Shia, recognized that whenever you have an aircraft shot down that belongs to the U.S. government, that is a spectacular international press event" and sends the message that "they are a capable adversary," Simmons said.

The strategy of stepping up the targeting of U.S. helicopters, revealed in recently captured insurgent documents, was devised specifically to counter the U.S. and Iraqi military push to quell violence in Baghdad, he said.

In addition to confronting missiles, the U.S. military is seeing an intensification of ground fire from automatic weapons against its helicopters. On Monday, for example, three U.S. military helicopters were struck by ground fire as they helped repel an unusually bold insurgent attack on an American outpost in the town of Tarmiyah, north of Baghdad. The pilots were able to fly the helicopters back to their bases, where the aircraft are undergoing repair.

Army and Marine Corps helicopters in Iraq carry out hundreds of missions each day. On average, they are shot at about 100 times a month, with 17 of them hit.

Simmons said some recent attacks exhibited unusual coordination, planning and patience. These include a Jan. 20 assault, when an Army Black Hawk helicopter was shot down northeast of Baghdad, killing 12, and one on Feb. 2, when an Apache attack helicopter was downed north of the capital, killing its crew of two.

In both cases, Simmons said, insurgents in heavily Sunni regions used multiple weapons systems, including heavy machine guns, "clearly emplaced to attack the aircraft" from several different directions. It was the first time in months that such a concerted effort had been made using multiple weapons systems to attack aircraft, he said.

Insurgents apparently readied for the attacks by watching U.S. flight patterns over several days.

"These are patient fighters," Simmons said, adding he believes the attacks were linked and involved fighters from the same Sunni extremist group.

All of the recent helicopter downings occurred during daylight hours. The U.S. military flies extensively at night, but it cannot limit operations to nighttime.

Instead, Simmons said the military is responding by giving pilots detailed updates on threats and terrain, directing them to the least risky routes, and then allowing them to modify their altitude, speed and course to evade attack.

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Meanwhile, U.S. forces are aggressively going after groups believed to be responsible for the recent helicopter downings, Simmons said. "We're not being passive about this."

Joint Force Weighs Move On Sadr City (LAT)

The Los Angeles Times, February 21, 2007

U.S. and Iraqi forces have moved aggressively in the last week to combat Sunni Arab insurgents in neighborhoods across the capital and to establish a stronger presence in religiously mixed districts long plagued by sectarian violence.

But as the new security crackdown enters a second week, they face their most sensitive challenge: whether, when and how to move into the Shiite-dominated slum of Sadr City, stronghold of the Al Mahdi militia.

Political pressure has mounted to crack down on the Baghdad neighborhood that harbors the militia loyal to radical anti-American cleric Muqtada Sadr. Sunni Arabs, who make up the backbone of the insurgency, have long accused Shiite Prime Minister Nouri Maliki of allowing Sadr City to remain a haven for the militia to keep the support of Sadr's followers.

"We think that much of the … violence that comes as a result of operations emanating from Sadr City will be remarkably diminished if they crack down," said Ammar Wajuih, a leader of the Iraqi Islamic Party, the country's main Sunni political organization.

U.S. and Iraqi military commanders setting out the next steps of the Baghdad security plan are concerned about stirring up a hornet's nest in a neighborhood of more than 2 million Shiites.

They worry that by moving too aggressively they could sabotage one of the few success stories in Iraq since the 2003 U.S.-led invasion.

The teeming streets of Sadr City are thriving while the rest of the violence-racked capital wilts. The district pulses with commerce and youth, even as huge stretches of Baghdad fade into ghost towns.

Sadr City may shelter troublemakers, but they're lying low for the most part now. Moreover, Sadr's deputies have endorsed the security crackdown.

Even amid the bloodshed across Baghdad, customers fill Sadr City's shops. Workers repair its streets and sewage lines. Children play soccer on its dusty fields and walk to school along newly prettified squares, verdant emblems of progress in a quarter long one of Iraq's most deprived.

"Sadr City has always been safe, with the exception of the suicide and roadside bomb attacks," said Talib Saad, a barber along the district's main thoroughfare.

U.S. troops took heavy casualties when they tried to storm Sadr City in the spring and summer of 2004. For the Americans, the grueling street fights with black-clad teens holding AK-47s while running down the streets represented a nadir few want to relive.

Rather than crush the Al Mahdi, the U.S. wound up bolstering Sadr's street credibility and undermining the popularity of then-Prime Minister Iyad Allawi, who was pro-American.

Any new move into Sadr City remains controversial among military experts. Army Gen. Jack Keane, a former vice chief of staff, and military analyst Frederick Kagan, who were among the most influential advocates of the current Bush administration plan to increase the number of U.S. troops in Iraq by 21,500, have warned that a push into Sadr City would unnecessarily unite the country's now-splintered Shiite leadership.

"Attempting to clear Sadr City would almost certainly force the [Al Mahdi militia] into [a direct] confrontation with American troops," they wrote in a January report for the American Enterprise Institute, a Washington think tank.

"It would also do enormous damage to [Maliki's] political base and would probably lead to the collapse of the Iraqi government."

But now at least one of the authors questions that view. In an interview Tuesday, Kagan adjusted his position and said some early signs of success, including Sadr's recent disappearance from public view and successful sweeps of other heavily Shiite neighborhoods nearby, suggest that U.S. forces could move into Sadr City earlier than Keane and Kagan had advocated.

"It appears that I overestimated the Sadrists and underestimated Maliki," Kagan said. "Our troops have operated in these neighborhoods and these neighborhoods are not resisting."

U.S. officials in Iraq have taken pains not to depict Sadr City as a singular source of trouble.

"Our intent is for people to recognize that we view it as any other place," said Army Lt. Col. Avanulas Smiley, a battalion commander with the 3rd Stryker Brigade Combat Team, which has been sweeping parts of north and east Baghdad as part of the crackdown that began Feb. 13.

But Sunnis insist on action. After years of watching their communities be targeted aggressively by local security forces and U.S. troops, Sunni leaders and officials insist that the success or failure of the security plan and possible reconciliation between sects hinges on whether Sadr City is treated like the hive of militants they consider it to be.

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Beyond Baghdad, Grass-Roots Security (WP)

By Joshua Partlow

The Washington Post, February 21, 2007

IBRAHIM BIN ALI, Iraq -- The mud sucked at the soldiers' boots as they crept across the wet pasture after dawn. To their right, Humvees and tanks tracked the soldiers' progress from a narrow dirt road. To their left and in front stood cinder-block huts, shaded by date palm trees, where they believed the enemy was hiding.

The only sound as they approached the insurgent stronghold was the lowing of piebald cows and the faint gobble of turkeys.

"I'll tell you right now there's a lot of bad guys watching," Sgt. Anthony Palkki said.

The security plan for Baghdad is a fight not only in the teeming streets of the capital but also in places like this, a Sunni-dominated village on the northern outskirts, where U.S. commanders say the Sunni insurgent group al-Qaeda in Iraq is terrorizing Shiite residents, planning attacks on Americans and funneling explosives into Baghdad along a network of country roads. Hundreds of U.S. soldiers from the 2nd Battalion, 5th Cavalry Regiment, 1st Cavalry Division pushed into Ibrahim bin Ali village Saturday morning for a two-day operation designed to take back the hamlet from insurgents and catalogue every fighting-age male in the village.

"This is a large part of the Baghdad security plan because this helps disrupt [al-Qaeda in Iraq] movement and foreign fighter movement into Baghdad," said Maj. Chad Shields, a company commander. "It's about getting to the level of detail where you understand the town that you're operating in, and you know the people you're operating among."

Gaining this understanding is one of the most difficult challenges facing U.S. soldiers operating here. Over two days, more than 350 U.S. troops involved in the operation searched 95 homes, discovered about a dozen roadside bombs -- including two that exploded under their tanks, causing no injuries -- and took scattered small-arms fire. But they failed to capture a single insurgent.

Although the security plan has been cast as an Iraqi-led mission, no Iraqi police operate around Ibrahim bin Ali. And Lt. Col. Kurt Pinkerton, the battalion commander, said he could not persuade Iraqi army commandos to assist.

"They didn't return my calls," he said.

So the U.S. troops proceeded alone along muddy canals, over irrigation ditches, amid flocks of sheep. The supporting tanks and Humvees sealed off roads around the village. Soldiers swabbed some residents for traces of explosives, took digital photographs of every male adult and logged Global Positioning System readings to mark the location of each building. Commanders said the census was necessary to learn who might be out of place when they return. But even before the operation, officers warned that insurgents might flee such a large American onslaught, and finding them would be difficult.

"They know we're looking for bad guys, and they know we don't . . . know what the bad guys look like, so we've got to check everybody," Staff Sgt. Patrick O'Neil told other platoon leaders at the pre-mission briefing.

Once in the village, a platoon led by 1st Lt. Chris Larsen, 24, a West Point graduate, encountered several frustrations. Some residents blithely pronounced the area safe, even though guerrillas regularly attack U.S. patrols with roadside bombs, gunfire and rocket-propelled grenades. Others complained about the lack of jobs, electricity and fuel, and said they cower in their homes at the sound of explosions and don't know who is responsible.

"I am not afraid of your visit or of you, the Americans, I'm mostly happy when you come over. I'm afraid of the interaction between you and the terrorists and then firing starts," said one villager, Onaid Merza Alwan. "Or when the terrorists see you in my house and they start to wonder why you are here, maybe I'm giving you information. It's very scary."

"So where are these terrorists that are watching right now?" Larsen asked him.

"If the Americans cannot see them, can I see them?"

"Yeah, he'll know who they are," Larsen told his interpreter. "I don't know who they are. They look exactly the same. The bad guys and the good guys look exactly the same."

Some residents took a more defiant stand when questioned by the platoon.

"Any individual on Earth values his country and refuses occupation. I am hoping this is not an occupation," Hassan Ali Hamid Hassan, 27, a recent graduate in Arabic literature from Baghdad University, told Larsen. "Jihad is a duty. Jihad was within our power since the beginning to protect our women, our property, our way of living. Jihad is cited in the Koran."

"I am not liking this guy right now," Larsen said. Hassan eventually told the soldiers he did not support violence.

On Dec. 30, the battalion uncovered large weapons caches in the area, including a warehouse that contained 3,000 pounds of explosives, car bombs, explosive belts and propane-tank weapons. But Larsen's platoon discovered no illicit weapons on this weekend hunt, or at least no new weapons. One villager kept a forearm-size shell from the Iran-Iraq war in the 1980s that

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he had converted into a flower vase. Behind another house, the soldiers examined 11 Russian ammunition boxes that held spare car parts.

Gunfire broke out once, when a U.S. soldier shot a snarling dog.

"Use rocks from now on, please. Rocks!" Larsen shouted at the soldier. "We're trying not to scare these . . . people. Tell them that we're sorry."

When the sun set, and the bats began to circle, the platoon moved into an Iraqi home, posted rooftop guards and spent the night on blankets on the concrete floor. Maintaining around-the-clock presence in trouble spots is key to the battalion's plan to disrupt the insurgents. For weeks the soldiers have lived in a series of abandoned houses in the village to send the message that their presence is not temporary. The Baghdad security plan encourages commanders to make such deployments, Pinkerton said.

The plan has "given them the authority, if you would, to go out there and occupy and sit full time," he said.

Without such heightened presence, he said, even armed residents are afraid to confront the insurgents. "I know they have AK-47 weapons in their house. What they'll always tell you is, 'until you're out here full time we can't' " respond, Pinkerton said.

To build a sense of trust, the soldiers in the operation tried to help the villagers. The platoon's medic, Pfc. Bruce Cardenas, 18, sterilized and bandaged one man's festering ankle wound. The soldiers spent part of the second day passing out truckloads of supplies -- rice, flour, blankets, kerosene heaters, stew, diapers -- to the residents. The handouts caused a mob scene, soldiers said.

After the Humvees rolled out Sunday afternoon, the commanders called the operation a success because it laid the groundwork for further counterinsurgency operations, familiarized them with the villagers and likely caused insurgents to flee, at least temporarily. Some of the soldiers on the ground were less sure.

"I think there will always be people who don't want us to be here," said Spec. Logan Gathman, 26, of Sacramento. "And whenever we show up the bad guys leave, anyway."

"I really thought there'd be more going on," Sgt. Josh York said.

Rape Accusation Reinforces Fears In A Divided Iraq (NYT)

By Marc Santora

The New York Times, February 21, 2007

BAGHDAD, Feb. 20 — The most wicked acts are spoken of openly and without reserve in Iraq. Torture, stabbings and bodies ripped to pieces in bombings are all part of the daily conversation.

Rape is different.

Rape is not mentioned by the victims, and rarely by the authorities. And when it is discussed publicly, as in several high-profile cases involving American soldiers and Iraqi women, it is usually left to the relatives of the victim to give the explicit details.

So when a 20-year-old Sunni woman from Baghdad appeared on the satellite television station Al Jazeera on Monday night with a horrific account of kidnapping and sexual assault at the hands of three officers in the Shiite-dominated Iraqi National Police, people across the country were stunned, some disbelieving, others horrified, but all riveted.

Almost immediately, Shiite leaders lined up to condemn the woman, calling her charges propaganda aimed at undermining the new security campaign. Sunni politicians offered the woman their support. Whatever the truth of the accusation, though, it played to sectarian fears on both sides.

For many Shiites, the charges appeared to be an attempt to smear them and attack the Shiite-led government; for Sunnis, the woman's account only highlighted what they already believed to be true — that the Iraqi government cares little for justice and promotes a Shiite agenda.

Bitter exchanges between politicians of various sects were relayed to millions on television, interspersed with clips of the woman telling her story, her face veiled, just the tears in her eyes visible.

The Americans, who have advisers working with the Iraqi National Police, found themselves caught in the middle without answers. The woman said the Americans had rescued her from the officers and gave her medical treatment. The American-backed, Shiite-led government said the Americans would show the woman's claims to be false.

The American military said only that it was investigating the charges.

That was also the first response of Prime Minister Nuri Kamal al-Maliki, who issued a statement soon after the woman appeared on television on Monday, promising a full investigation and the most severe punishment for anyone involved.

Only hours later, however, Mr. Maliki reversed himself. His office released a second statement after midnight, that one calling the woman a liar and a wanted criminal and going on to praise the officers involved.

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"It has been shown after medical examinations that the woman had not been subjected to any sexual attack whatsoever, and that there are three outstanding arrest warrants against her issued by security agencies," said the second statement. "After the allegations have been proven to be false, the prime minister has ordered that the officers accused be rewarded."

The government did not elaborate on the statement or say why the prime minister had so quickly reversed himself. His office only said that "known parties" had been responsible for the allegations.

But in siding with the security forces, Mr. Maliki threatened to only heighten the tensions surrounding the already highly charged case. His government also released the woman's name, which is not being published by The New York Times.

Sunni politicians rushed to her defense, accusing the government of revealing its true sectarian bias.

The case "should not be dealt with on a sectarian basis," said Saleem Abdullah, a spokesman for the Tawafiq bloc of Sunni parties, which helped the woman come forward. "She is a sister for all Iraqis."

He went on to say the government's handling of the issue could undermine its credibility in directing the security crackdown.

With fears of violence pervasive throughout the country, many Iraqis stay inside their homes whenever they can. Satellite television is their connection to the outside world and, just as often, their own country. On the two most prominent channels, Al Jazeera and Al Arabiya, they would have heard the woman telling her story over and over.

If she made up the story, it was an elaborate piece of propaganda and the contradictory statements by the Iraqi government only added to its power.

The woman was lying on a bed as she was interviewed, a blue blanket pulled up nearly to her chin. She had a light pink scarf covering her hair and a black scarf covering her face.

She said she was taken from her house on Sunday morning by the National Police while her husband was out, something no one disputes. The officers, she said, were looking for weapons but when they arrived at the police garrison, they accused her of cooking for Sunni insurgents.

It was at the garrison that she says the first officer raped her, covering her mouth to muffle her screams. Others were in the room at the time.

"I begged one of them to get me out," she said. "He said, 'No, no. I will after you give me one thing.' " She asked what that was, and he told her he wanted to "get close to me." She said she was led into a small room with a bed and a machine gun against the wall. Another officer came in and told the first man to leave. "Leave her to me," the man said, according to her account.

"I swear on the Koran and the Prophet Muhammad, I am not that kind of woman," she said she told the officer. He repeated her words scornfully and beat her with a black water hose, she said.

"If we want something, we will take; and things we don't want, we will kill," the woman said she was told.

She said that the attack was videotaped and that she was told she would be killed if she told anyone about it.

A nurse who said she treated the woman after the attack said that she saw signs of sexual and physical assault. The woman, according to the nurse, could identify one of her attackers because he was not wearing a mask, as were the others, and could identify a second attacker by a mark on his genitals.

The nurse would speak only on the condition of anonymity because she feared that Shiite militiamen would kill her for speaking out. The nurse said she was also wanted by the authorities, who believed the clinic she works at was used by insurgents.

She said the clinic was simply for Sunnis in the Amil neighborhood who were too afraid to the visit the Shiite-run hospital.

In Amil, which has been almost totally cleared of Sunnis, people were outraged, but not surprised. The woman's charges seemed to confirm their worst fears that the security forces were little better than militias in uniform.

A spokeswoman for the American military here in Baghdad, Lt. Col. Josslyn Aberle, confirmed that the woman had been detained by the Iraqi National Police on Sunday morning, but said that everything that happened after that was under investigation.

But a senior Iraqi official, speaking only on the condition of anonymity because he did not want to be seen as critical of the Americans, said that he had alerted the American ambassador to Iraq, Zalmay Khalilzad, on the day the woman made her allegations, cautioning him that if the case was not handled delicately, it could further inflame sectarian passions.

A spokesman for Mr. Khalilzad could not be reached.

The sectarian tensions further complicated an already delicate topic in Iraqi society.

The most high-profile rape cases since the American invasion four years ago have involved charges against American soldiers. And even in those cases, it was left to the relatives to speak publicly. Iraqis said they could not remember the case of a rape victim going on television.

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Sabah Salem, a professor at the Baghdad University College of Law, said that while men were occasionally charged with rape in Iraq and punished, many cases went unreported.

“Rape cases in Iraq are viewed as a shameful thing to any woman regardless of the fact that she is the victim,” he said in an interview.

The charges and countercharges occurred on yet another day of unrelenting violence in the capital, as two car bombs and a suicide bomber, in separate attacks, killed at least 17 people. One of the car bombs exploded in a neighborhood that was visited earlier in the day by Mr. Maliki, on a rare foray outside of the Green Zone.

North of Baghdad, a truck carrying chlorine exploded, killing nine people, The Associated Press reported. More than 150 others were made violently ill by the toxic fumes.

A Rape Case Goes Public, Igniting Political Fray (WP)

By Ernesto Londoã±o

The Washington Post, February 21, 2007

BAGHDAD, Feb. 20 -- Most facts surrounding the reported rape that has become Iraq's latest political firestorm remain in dispute. But this much is clear:

Three Iraqi policemen, in the span of a few hours, went from being rape suspects to distinguished officers in the eyes of the Shiite-led government.

A Sunni woman's assertion that the officers sexually assaulted her was taken seriously enough to gain her admittance into a U.S.-run medical facility in the fortified Green Zone.

And the handling of the alleged assault has offered a window into Prime Minister Nouri al-Maliki's idea of damage control.

The 20-year-old married woman said she was taken to an Iraqi police station Sunday after police officers searched her house and accused her of aiding insurgents. She later graphically described her alleged sexual assault in a televised interview that has made her a fixture on Arab news channels since the story broke Monday.

The woman said neighbors alerted U.S. soldiers that she had been arrested, which led to her release. She was admitted to Ibn Sina Hospital, which is run by the U.S. military. Iraqis treated there are generally admitted at the request of U.S. officials.

"The woman was here," a hospital spokesman, 1st Lt. Justin Kocher, said Tuesday night. "She received the care she needed," he added, declining to elaborate.

Reports of rape are rare in Iraq, as in most of the Middle East. They seldom become newsworthy events. But Maliki injected himself into the case, issuing a news release announcing that the government had convened a committee to investigate and would hold the perpetrators responsible. The initial news release identified the woman, who has a common Sunni name.

Hours later, Maliki reversed course, issuing another statement calling the woman an impostor and a criminal with three outstanding warrants.

"After confirming the falsehood of these claims," it said, Maliki "has ordered that these distinguished officers be honored." It did not identify the officers or explain why the accolades were justified.

Saleh Muhamed al-Mutlaq, a Sunni member of parliament, decried the way Maliki handled the case and accused him of covering up the acts of what he said must have been a rogue group of officers at the Shiite-led Interior Ministry.

"They gave them a compliment," he said about the officers. "That's an insult to the family and the tribe. To do that in such a fast way is not fair. The investigation should have been done in a quiet, steady way, taking time to get the reality."

The Sunni speaker of parliament, Mahmoud al-Mashhadani, also criticized Maliki. "By God, if you don't bring justice to this Muslim Iraqi woman, whom you should view as your sister or daughter," he said in a televised interview, "history will curse us with eternal disgrace."

The Islamic Army in Iraq, a Sunni insurgent group, weighed in more forcefully, issuing a statement on its Web site vowing to avenge the alleged assault. The statement declared a "state of maximum alert" and called on its followers to "intensify attacks against the Iraqi security forces" in support of Sunni Muslim women.

The threat came on a day when at least 11 people were killed by car bombs in the capital, a police spokesman said.

North of Baghdad, at least six people were killed and more than 100 hospitalized after a truck apparently carrying a toxic chemical exploded, another police spokesman said.

British Prime Minister Tony Blair planned to announce Wednesday the withdrawal of 1,500 British troops from Iraq in the coming months, rising to 3,000 by Christmas, the BBC reported Tuesday. Britain has about 7,000 troops in Iraq.

Meanwhile, the president of the Iraqi Journalists Union said U.S. troops raided the group's office Monday and detained 10 of its guards. Shihab al-Timimi called the raid "a strange and irresponsible act" and said he has called the U.S. ambassador in Iraq and the U.S. military.

Military officials did not immediately respond to an e-mail sent Tuesday night asking for information on the reported raid.

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The U.S. military disclosed the death on Tuesday of a soldier killed in Anbar province in western Iraq.

Britain To Announce Trimming Of Iraq Force, Reports Say (NYT)

By Alan Cowell

The New York Times, February 21, 2007

LONDON, Wednesday, Feb. 21 — Prime Minister Tony Blair is planning to announce Wednesday that up to 1,500 of the 7,000 British troops in southern Iraq will begin withdrawing in coming weeks, the British news media reported, quoting unidentified sources.

An official spokesman for the prime minister declined to confirm widespread reports in newspapers and from the BBC about a withdrawal, saying that Parliament should be informed first of any such move.

But in Washington, a spokesman for the National Security Council, Gordon Johndroe, said that "while the United Kingdom is maintaining a robust force in southern Iraq, we're pleased that conditions in Basra have improved sufficiently that they are able to transition more control to the Iraqis."

Mr. Johndroe added that President Bush and Mr. Blair had spoken to each another on Tuesday and that Mr. Bush "sees this as a sign of success and what is possible for us once we help the Iraqis deal with the sectarian violence in Baghdad."

Britain has insisted for several months that it will reduce its troop levels in Iraq as soon as Iraqi security forces can take over from them — a marked contrast to America's decision to increase military personnel in and around Baghdad with a buildup of more than 20,000 troops.

Britain has long been America's most prominent ally in Iraq, with most of its forces deployed in and around the city of Basra. But with British troops engaged in Afghanistan as well, senior military commanders here have complained that their forces are overstretched and might well be exacerbating tensions by their very presence in Iraq.

The announcement could have political significance, too.

Mr. Blair is readying himself to redeem a promise to step down this year. Political analysts say he wants to set a timetable to extricate British troops from a war that has proven deeply unpopular among Britons, overshadowing his legacy after almost 10 years in office.

British newspapers said he would announce Wednesday that a total of 3,000 soldiers would return home by the end of the year.

Mr. Blair routinely faces legislators' questions in the House of Commons on Wednesdays when Parliament is in session and may make his announcement after that scheduled 30-minute appearance. He may also repeat what British officials have frequently said in the past — that troop withdrawals are dependent on the level of security in Basra.

For several weeks, British and Iraqi forces have been conducting an operation code-named Sinbad to challenge Shiite militias in Basra. Mr. Blair said in a television interview on Sunday that the operation had been successful and that it was "now complete."

The newspaper The Sun said 1,500 troops scheduled to rotate out of Basra in April would not be replaced and others would withdraw to a heavily-fortified base. Britain has lost some 130 soldiers in the Iraq campaign.

British leaders, including Mr. Blair, have stressed that their mission in predominantly Shiite southern Iraq is less fraught than the insurgency and sectarian strife facing American and Iraqi forces in Baghdad.

The Ministry of Defense said Iraqi forces in southern Iraq took a "significant step" toward taking responsibility for Basra's security on Tuesday when an Iraqi Army division in Basra was transferred to Iraqi command.

Maj. Gen. Jonathan Shaw, a senior British commander in southern Iraq, called the move "another important milestone on the road to Iraqi self-reliance."

Some politicians saw the expected announcement of a withdrawal as closely tied to the as yet unannounced schedule for Mr. Blair's departure.

"I always assumed that he would want to be able to announce some limited withdrawal before he left," said Tony Benn, a retired member of the British Parliament and a fierce critic of the Iraq campaign. "It is nothing to do with the real question, it doesn't represent any change of policy whatsoever in my opinion, but tactically it looks good."

British Muslim leaders, who have been vociferously opposed to the war, generally welcome the idea of a British withdrawal. "We should never have been there in the first place, and of course the sooner we come out of this mess the better it is," said Sir Iqbal Sacranie, the former head of the Muslim Council of Britain.

Sir Menzies Campbell, leader of the antiwar Liberal Democrats, told the Press Association news agency that the expected announcement did not go far enough toward a complete British withdrawal.

Blair To Reveal 1,600 Cut In Iraq Troops (FT)

DOJ_NMG_0134791

By James Blitz

Financial Times, February 21, 2007

Tony Blair is to announce on Wednesday that Britain will cut the number of UK troops stationed in Iraq by about 1,600 – the first time the UK's military presence in the country has been reduced since the 2003 invasion.

The Financial Times has learnt that Mr Blair will tell MPs that the current UK contingent in Iraq – numbering 7,100 troops – is to come down to 5,500. The reduction in troop numbers will pave the way for Iraqi forces to begin taking control of the city of Basra.

In a statement to the Commons, Mr Blair will present the reduction in troop numbers as an initially modest move that does not undermine the UK's fighting capability.

However, Mr Blair will also say that a large part of the UK military in and around Basra will now start to return to barracks, acting as a potential back-up force for the Iraqi military as it begins to take full control of Basra.

For Mr Blair, in his final months as prime minister, Wednesday's announcement is highly symbolic. After being dogged by the debacle in Iraq for nearly four years, today's statement allows him to leave office conveying the impression – albeit a limited one – that the UK intervention has had some success.

However, the announcement will be watched with anxiety by politicians across the political divide in the US. Britain's troop reduction comes as President George W. Bush has started to commit the US to a "surge" of US troop numbers in Iraq, a move contested by the Democrats in Congress.

Mr Blair, who on Tuesday spoke with Mr Bush about Wednesday's announcement, will insist that there has been no opposition from Washington to the British move.

Mr Blair has told allies that senior White House figures regard today's announcement as good news for the coalition because it underlines that parts of the US-UK invasion have gone well.

Even so, Mr Blair's critics are likely to argue that conditions in the south of the country, where British troops have been in operation, have always been more favourable than they are in Baghdad.

Downing Street will want to convey today's announcement as one of the most significant stages of Mr Blair's final few months in office. Next month, Mr Blair plans to help pull off a big achievement in the Northern Ireland peace process, with hopes that a power-sharing executive will be formed after the assembly elections on March 7. Mr Blair is also focused on helping Angela Merkel, German chancellor, achieve agreement on a post-Kyoto deal on climate change at the G8 summit in June.

Apart from the situation in Iraq, Mr Blair is also likely to place emphasis on a possible climate change deal with Mr Bush – although White House concerns that Washington will only commit to a post-2012 treaty if China and India do the same have been taken into account.

Mr Blair's announcement on Iraq on Wednesday comes at the end of Operation Sinbad – a four-month security operation conducted by UK forces that has been aimed at gradually putting the Iraqis in front-line control of the city.

The British handed over security responsibility for two of their four provinces to Iraqis last year and abandoned their main base in a third.

The UK force is now concentrated in Basra itself and at a nearby air base.

Blair Readies Timeline For British Cuts In Iraq Force (WT)

The Washington Times, February 21, 2007

LONDON -- Prime Minister Tony Blair will announce today a new timetable for the withdrawal of British troops from Iraq, with 1,500 to return home in several weeks, the British Broadcasting Corp. reported.

Mr. Blair also will tell the House of Commons during his regular weekly appearance that about 3,000 British soldiers will have left southern Iraq by the end of 2007, if security there is sufficient, the BBC said, quoting government officials who weren't further identified.

The withdrawal was announced as President Bush implements a surge of 21,500 more troops for Iraq.

Mr. Blair said Sunday that Washington had not put pressure on London to maintain its troop numbers. Britain hopes to cut several thousand of its 7,000-member force in the southern city of Basra by midyear.

Britain put Iraqis in command of the main Iraqi army unit in Basra yesterday in an apparent move to pave the way for London to formally announce major cutbacks in troops.

"The Iraqi army division based in Basra has transferred from under coalition command, and is now -- for the first time -- taking its orders directly from an Iraqi headquarters in Baghdad," the British military said.

"The transfer is a significant step towards Iraqi forces taking responsibility for security in the city."

Since the 2003 invasion that toppled Saddam Hussein, British troops have been responsible for Iraq's southern-most four provinces, which are mainly Shi'ite and have been quieter than mixed or mainly Sunni areas patrolled by Americans. But a British

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decision to draw down forces could prove diplomatically sensitive at a time when Mr. Bush is sending thousands more American troops on a "surge" to fight sectarian violence in Baghdad.

The British handed over security responsibility for two of their four provinces to Iraqis last year and abandoned their main base in a third.

The force is now concentrated in Basra itself and at a nearby air base. Commanders say they hope to withdraw from the city and keep a reserve force on standby at the base.

U.K. May Pull 1,500 Troops From Iraq (WSJ/AP)

Associated Press

The Wall Street Journal, February 21, 2007

LONDON -- Prime Minister Tony Blair will announce today a new timetable for the withdrawal of British troops from Iraq, with 1,500 to return home in several weeks, the BBC reported.

Mr. Blair will also tell the House of Commons during his regular weekly appearance before it that a total of about 3,000 British soldiers will have left southern Iraq by the end of 2007, if the security there is sufficient, the British Broadcasting Corp. said, quoting government officials who weren't further identified.

The BBC said Mr. Blair wasn't expected to say when the rest of Britain's forces would leave Iraq. Currently, Britain has about 7,100 soldiers there.

Britain has long been the most important coalition member in Iraq after the U.S. But Mr. Blair knows the British public and politicians from his own Labour Party want the troops out as quickly as possible, and don't want to see Britain stick with the U.S. in Iraq for the long haul.

Militarily, a British withdrawal isn't likely to have much effect on the stepped-up U.S. operation in Baghdad or the war with the Sunnis in Anbar province west of the Iraqi capital. However, Iraqi forces could have a tough time maintaining security in mostly Shiite southern Iraq, including Basra city.

Mr. Blair's Downing Street office refused to comment on the BBC report, which also said Blair would tell the Commons that if the situation worsens on the ground on Iraq, his new game plan could change.

The announcement comes even as President Bush implements an increase of 21,000 more troops for Iraq.

Messrs. Blair and Bush talked by secure video link yesterday morning, and President Bush views Britain's troop cutbacks as "a sign of success" in Iraq, said U.S. National Security Council spokesman Gordon Johndroe.

Nine Killed in Chlorine Gas Tank Explosion

A hidden bomb ripped through a tanker carrying chlorine gas Tuesday, killing nine people and filling hospital beds with more than 150 wheezing and frightened villagers after noxious plumes covered homes and schools north of Baghdad.

The attack was part of a string of blasts -- including a suicide bomber who killed seven mourners at a funeral -- that further rattled officials marking the first week of a major security crackdown seeking to calm the blood-soaked city. U.S. forces, meanwhile, called in airstrikes during intense clashes against insurgents in strongholds northwest of Baghdad.

With the death toll in the Baghdad area climbing above 100 since Sunday, Prime Minister Nouri al-Maliki tried to court some rare upbeat publicity with an even rarer event -- leaving his heavily guarded quarters for a visit to the city's streets and markets.

The bombing of the tanker took place near Taji, 12 miles northwest of Baghdad. A military spokesman, Brig. Gen. Qassim Moussawi, said a bomb was planted under the tanker, but it was not known whether it had a timer or was remotely detonated. His remarks contradicted earlier reports that a roadside bomb blew up the truck.

Hospitals were soon flooded with terrified people -- including many children -- complaining of breathing problems, vomiting and stinging eyes. Most of the people treated were released after several hours and there were no apparent life-threatening cases, hospital officials said.

Authorities were left questioning whether the bombing could signal a new tactic by militants to try to spread greater panic with chemical fallout.

Blair To Unveil British Troop Reduction From Iraq (LAT)

By Kim Murphy

The Los Angeles Times, February 21, 2007

LONDON -- British Prime Minister Tony Blair is expected to announce Britain's first major troop pullout from Iraq, with 1,500 troops likely to return home within the next few months, British news agencies reported Tuesday.

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A total of 3,000 troops -- or more than 40 percent of Britain's contingent in Iraq -- could be pulled out by the end of the year, if the handover of security to Iraqi government forces in the southern part of the country continues to go smoothly, the reports said.

The expected announcement to Parliament on Wednesday, which the prime minister's office refused to confirm, follows the British government's pledge to consider drawing down troops this year as the Iraqi military and police shoulder more responsibility for quelling sectarian violence.

An important signal came earlier this week, when Blair announced that a program to place Iraqi troops to take "main frontline control" of security in the southern city of Basra had been "successful," clearing the way for British troops to assume a largely supportive role.

Critics have questioned just how successful Iraqi forces have been when taking charge. The Iraqis also have been assigned the lead in at least two other provinces of southern Iraq.

"It is absolutely true, as we have said for months, that as the Iraqis are more capable down in Basra of taking control of their own security, we will scale down," with the proviso that sufficient troops are "in reserve" to help in the event a "particular problem" arises," Blair told the BBC's Sunday AM over the weekend.

"The operation that we have been conducting in Basra is now complete, and that operation has specifically been to put the Iraqi forces in the main frontline control of security within the city," he said.

He said British forces in the south face a somewhat easier task than that of the Americans, who are preparing to deploy 21,500 additional troops in Baghdad and Anbar province, because there is no Sunni insurgency or al-Qaida suicide attacks in the predominately Shiite Basra area.

Several British newspapers and the BBC reported that Blair Wednesday will tell Parliament he plans to reduce Britain's 7,100-troop contingent to 5,500, with most of the reduction coming from troops now deployed in Basra.

A Blair spokesman said Tuesday night: "The prime minister has said that Parliament will have to be told about this matter first."

In Washington, the White House said it is grateful for Britain's past and future military support in Iraq. Blair and President Bush spoke on Tuesday, when the British prime minister presumably briefed Bush on his plans.

The Financial Times said Blair will assure members of Parliament that Bush expressed no opposition to a pullback.

Blair To Announce Timetable For Pulling Troops From Iraq (USAT)

By David Jackson And Jeffrey Stinson

USA Today, February 21, 2007

WASHINGTON — British Prime Minister Tony Blair, the Bush administration's closest ally in Iraq, plans to announce on Wednesday a phased pullout of British troops from that country, he told President Bush Tuesday.

Blair's decision comes as the U.S. force in Iraq is growing by 21,500 troops to try to improve security.

The British leader had said recently that conditions in southern Iraq, where British troops are concentrated, are stable enough to begin withdrawals.

Bush and Blair discussed the move by secure videoconference. The White House called it positive step and said it was not a surprise because the British have been turning over power to Iraqi forces for months. Tuesday, they transferred command of Iraqi forces in Basra to the Iraqi army. Those forces had been training under British leadership.

"President Bush sees this as a sign of success and what is possible for us once we help the Iraqis deal with the sectarian violence in Baghdad," National Security Council spokesman Gordon Johndroe said Tuesday.

But Jeffrey White, an Iraq military expert at The Washington Institute for Near East Policy, said the move is "not a good news story from the point of view of security." A former Mideast analyst for the Defense Intelligence Agency, White said the British presence in southern Iraq "acted as a check on a whole slew of bad guys."

ON DEADLINE: Share your thoughts

The British Broadcasting Corp. quoted unnamed sources in Blair's government as saying the prime minister will tell the House of Commons today that the first 1,500 of the 7,100 British troops in Iraq will begin heading home in several weeks. The BBC said Blair plans to reduce the force to 3,000 soldiers by Christmas. That could not be independently verified.

British troops have been in charge of security in the southern part of Iraq, including Basra, the country's second-largest city. The area is populated largely by Shiite Muslims and has not seen the kind of violence directed at U.S. troops. A total of 132 British troops have died in operations in Iraq, the Defense Ministry says. More than 3,000 U.S. troops have been killed.

The British presence in Iraq has been declining since the March 2003 invasion. Three years ago there were roughly 8,500 troops.

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Blair has been a steadfast ally of Bush throughout the Iraq war. He argued that Iraq had to be made secure before withdrawal would be an option. Like Bush, Blair has seen domestic support for his course of action in Iraq decline as the war has continued.

The plan could mean Prince Harry, third in line to the throne, won't be deployed to Iraq. The prospect of Prince Charles' son, an army officer, going to war has been the subject of many stories in the British press.

Congressional Democrats said the move showed Bush should step up diplomatic efforts in Iraq.

"It is not in the interest of our troops to continue sending them in harm's way without a clear diplomatic strategy that will bring closure to this war," Sen. Jim Webb, D-Va., said.

Stinson reported from London.

How Monument's Razing Might Preserve Iraqi Rift (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 21, 2007

BAGHDAD, Iraq -- The young Iraqis who hawk souvenirs in the shadow of Baghdad's best-known landmark -- the giant crossed-sword arches built by Saddam Hussein after the Iran-Iraq War -- had something new to sell yesterday: pieces of the memorial itself.

The Shiite Muslim parties that dominate Iraq's government had quietly given orders to dismantle the statues, which have dominated the capital's skyline for 17 years. As word spread, a few peddlers grabbed some of the green metal helmets, captured from Iranian soldiers in the 1980s, which had long been part of the so-called Hands of Victory. They were soon joined by American and British officials, who tore helmets of their own off the base of each statue to keep as souvenirs and who posed for pictures in front of the bright orange cranes that had been brought to the monument to do the actual demolition work.

For some of the gawkers, it was a chance to make a final visit to one of Iraq's most-recognizable monuments. For other Americans and Iraqis, however, it was cause for alarm -- and concern that the demolition of the monument would cause more than just aesthetic damage. Critics said the memorial's destruction would further fuel the country's intensifying sectarian strife and become another symbol of the central government's increasingly hard-line stance toward Iraq's Sunni Muslim minority.

"This monument represents a piece of our history," said Abu Sara, a Sunni computer engineer, as he heard the news. "The government is trying to wipe us away, in the present and in the past."

The government of Iraqi Prime Minister Nouri al-Maliki, a Shiite with ties to Tehran, ordered the dismantling without consulting the U.S. or making any formal public announcement. By nightfall, workers had torn the handles off several of the swords, punched large holes in the blades, and begun chipping away at the monuments' concrete bases.

Large orange construction machines were parked next to two of the swords, and demolition work is set to resume this morning. Aides to Mr. Maliki say they expect the memorial to be completely destroyed by the end of the week.

There are few monuments here that are as widely known -- or as controversial -- as the Hands of Victory memorial, which is an Iraqi Arc de Triomphe of sorts.

Mr. Hussein began building the monument in 1988 after the conclusion of Iraq's bloody war with Iran, which effectively ended in stalemate. H+H Metalform, the German firm that built much of the monument, said it had been given photographs of Mr. Hussein's forearms to use as models, according to a history of the memorial on the GlobalSecurity.org Web site.

When the monument was completed, each set of crossed swords reached approximately 140 feet into the sky. The blades of the swords were made, in large part, of metal melted down from the guns of fallen Iraqi soldiers.

Mr. Hussein inaugurated the arches in 1990 by riding under them on a white horse that was an allusion to the favorite horse of Hussein, the Shiite martyr killed near the Iraqi city of Karbala centuries earlier, according to the GlobalSecurity.org history. The long stretch of concrete between the two arches was later used for a series of Iraqi military parades overseen by Mr. Hussein and other top Iraqi officials.

After the U.S.-led invasion of Iraq in 2003, the section of downtown Baghdad housing the monument became part of the "Green Zone," the walled and heavily fortified compound housing thousands of Iraqi officials, U.S. military personnel and civilian officials, and foreign contractors. The stringent security measures protecting the Green Zone prevented insurgents from being able to target the edifice, but they also left the monument off-limits to the vast majority of Iraqis.

Early yesterday afternoon, Iraqi officials began alerting U.S. embassy staffers that a demolition order had been given. Word of the demolition plans spread quickly across the Green Zone, and soldiers, civilian personnel and contractors from countries ranging from the U.S. to Nepal soon descended on the memorial to take photographs or break off souvenirs.

One U.S. Army sergeant clambered up onto the base of one of the statues to pose for a photo but lost his footing and fell backward onto the concrete. He stood up, brushed himself off, and picked up a loose Iranian helmet to take home with him. "I'm going to have the most unique flowerpot in all of Tennessee," he said.

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The jovial dismantling of the monument rubbed some of the soldiers the wrong way.

"What's the quote -- those who forget history are condemned to repeat it?" said Sgt. Harry Good, an Alabama native working on a government reconstruction team here. "I mean, Saddam was part of their history, too."

Afghan Suicide Bomber Wounds 6 Soldiers (NYT)

By Abdul Waheed Wafa

The New York Times, February 21, 2007

KABUL, Afghanistan, Feb. 20 — A suicide bomber disguised as a doctor blew himself up Tuesday morning at the opening of a hospital ward built by American forces in eastern Afghanistan, wounding six American soldiers as they tackled him at the entrance, officials said.

An American soldier was also killed farther north, in Kunar Province, on Monday, the United States military reported.

“A suicide bomber with explosives on his body and dressed in a white gown like a doctor entered the hospital where the ceremony was being held,” the governor of Khost Province, Arsallah Jamal, said in a telephone interview. The governor said he and about 50 guests had been just yards away when the bomber detonated the explosives.

An Afghan security officer and an American soldier had stopped the man, and when he tried to escape, the soldier grabbed him, the governor said. The man was shot in the leg, and then set off the bomb, he said. A hospital staff member was wounded.

The officials were cutting the ribbon of a new emergency ward built by the American military’s Provincial Reconstruction Team. The American soldier who was killed in Kunar Province, which borders Pakistan, was taking part in combat operations in Naray. A military statement on the operation did not give more details.

And on Tuesday, Afghan and NATO forces retook control of the Baqwa district of Farah Province, the government said. On Monday, the Taliban had seized the district from the local police.

A Problem Of Passivity (WP)

The Washington Post, February 21, 2007

AFTER THE attacks of Sept. 11, 2001, there was a painful and sometimes bitter debate in this country about how two administrations could have failed to take decisive action against an obvious threat -- al-Qaeda's camps in Afghanistan. The Sept. 11 commission concluded that it was partly a "problem of imagination": Few U.S. officials considered the possibility that al-Qaeda was capable of reaching out from its remote base to stage devastating strikes on New York and Washington.

We know now that allowing al-Qaeda a safe haven can have terrible consequences for U.S. homeland security. And yet the Bush administration appears to be letting the threat develop again. For several months U.S. intelligence officials and independent observers have been telling journalists -- most recently at the New York Times -- that al-Qaeda has established several camps in the Pakistani territory of North Waziristan, along the Afghan border. Those camps are populated by Pakistani, Afghan and foreign militants; some may be Westerners who are being trained for attacks in Europe or the United States.

The camps have operated unhindered since at least September, when Pakistan's military ruler, Pervez Musharraf, agreed to a separate peace deal with local Taliban leaders. Since then, cross-border attacks by the Taliban into Afghanistan have tripled, according to the U.S. military. Taliban and al-Qaeda leaders in Waziristan have developed a "complex cooperative relationship," Lt. Gen. Karl W. Eikenberry, the outgoing U.S. commander in Afghanistan, testified before the House Armed Services Committee last week. Yet no action has been taken, either by the United States or by Pakistan, its nominal ally in the war on terrorism.

President Bush accepted and endorsed Mr. Musharraf's truce with the militants when it was reached. Now senior administration officials acknowledge that it has created serious problems. "A steady, direct attack against the command and control in Pakistan in sanctuary areas is essential," Gen. Eikenberry said. In separate congressional testimony, Secretary of State Condoleezza Rice said, "President Musharraf . . . has to do something." Mr. Musharraf has done nothing. Instead, he has continued to defend his deal with the Taliban and suggested that similar havens should be created in Afghanistan. The provincial governor who brokered the deal held a news conference last weekend at which he said the truce was a success and called the Taliban's terrorism against U.S. and NATO forces "a resistance movement, sort of a liberation war."

The administration's response to such statements -- and Pakistan's failure to act -- has been to heap praise on Mr. Musharraf and to express sympathy for the pressure he is said to be under. Such indulgence, which has gone on for five years while the general has tempered his action against Islamic extremists and suppressed Pakistan's pro-Western democratic parties, will be hard to defend if the consequences of allowing al-Qaeda a safe haven are unchanged. "Direct intervention against the sanctuary in Afghanistan apparently must have seemed . . . to be disproportionate to the threat," said the Sept. 11 commission report. Is that how the administration thinks of Waziristan?

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Interim U.S. Attorney For Northern California Sworn In (BAYCNS)

Bay City News Service, February 21, 2007

A career federal prosecutor was sworn in at a ceremony in San Francisco today as the interim U.S. attorney for Northern California.

Scott Schools, 44, who previously worked for the U.S. Justice Department in South Carolina and Washington D.C., was given the oath of office by Chief U.S. District Judge Vaughn Walker.

Schools told a courtroom gathering of federal lawyers and several judges, ``I'm very excited and honored to be here."

Schools was appointed last week by Attorney General Alberto Gonzales to replace Kevin Ryan, who served in the top federal lawyer's job in San Francisco for 4 1/2 years.

Schools said after the swearing-in that he was about to hold his first meeting with his staff and was planning to tell the federal lawyers ``what my hopes and expectations are" for the job.

Schools will be in charge of about 115 lawyers in San Francisco, Oakland and San Jose who handle federal criminal cases as well as civil cases involving the U.S. government in coastal California from Monterey to the Oregon border.

Schools was most recently general counsel to the Justice Department's executive office, which gives guidance in ethics and employee matters to the 94 U.S. attorney's offices around the country.

Before that, he was second in command of the U.S. attorney's office in South Carolina four years and was interim U.S. attorney in that office for 10 months in 2001.

Under a provision of the federal Patriot Act reauthorization last year, Schools can remain in office as interim chief until a presidentially appointed U.S. attorney is confirmed by the Senate, which could be for the remaining two years of the Bush Administration.

Until the law was changed last year, the U.S. attorney general could appoint an interim U.S. attorney for only four months, after which the power to make a temporary appointment moved to the local federal court.

U.S. Sen. Dianne Feinstein, D-California, has criticized the change in the law on the ground that it can be used to bypass the Senate confirmation process.

Editorial: Trading In U.S. Attorneys (PROJO)

The Providence Journal, February 21, 2007

The U.S. Senate should extend its inquiry into why the Bush administration has forced at least seven U.S. attorneys out of office. By tradition, presidents appoint these federal prosecutors when they first enter office. President Bush replaced nearly all those who had been appointed by Bill Clinton; President Clinton had done much the same before him. But it is odd for a president to remove his own choices, especially if they are performing adequately.

One who got the boot, Carol Lam, oversaw the corruption investigation that put California GOP Rep. Randy Cunningham in prison. Two others targeted in the probe, Kyle Foggo and Brent Wilkes, were indicted just last week. Until retiring last spring, Mr. Foggo was the No. 3 official at the Central Intelligence Agency. Mr. Wilkes is a San Diego-area defense contractor. The indictments were handed up just a few days before Ms. Lam's scheduled departure, raising the question of whether there was more to come — and whether it will now be pursued.

Also out is Bush supporter H.E. Cummins III, a U.S. attorney in Arkansas credited with stepping up prosecutions of drug and gun cases. He is being replaced by J. Timothy Griffin, a former deputy to presidential adviser Karl Rove. Another casualty, Kevin Ryan of San Francisco, took on backdated stock options and steroid use by Major League Baseball players.

In a hearing early this month, the Senate Judiciary Committee was not able to shed much light on these changes. Though the president is within his rights, a pernicious brand of politics seems to be at work. It seems clear, though not unusual, that friends and allies are being rewarded. More disturbing is the idea that certain investigations are perhaps being quashed.

An amendment tacked onto the reauthorized Patriot Act last year empowers the attorney general to replace U.S. attorneys for indefinite periods. Though Atty. Gen. Alberto Gonzales has vowed to submit new appointees' names to the Senate for confirmation, the law apparently does not require it. Previously, U.S. District Court judges had the power to make limited interim appointments. But Mr. Gonzales recently argued that this was improper: The judges might install their friends.

Some Democrats are pushing for a return to the old system, which seems better insulated from executive whims. The more heavily politicized these offices become, the less independently U.S. attorneys will act. The ultimate casualty is justice.

Editorial: U.S. Attorneys Get No White House Respect (TRICH)

Tri-City Herald (Kennewick, Paco, & Richland,, February 21, 2007

The firing of federal prosecutor John McKay of Seattle is lamentable, but the job of U.S. attorney is - always has been - steeped in politics.

And some of politics, sadly, is steeped in lying.

So the explanations out of the Department of Justice that McKay and five other U.S. attorneys were fired for "performance" issues call into question the source.

Seven months before McKay was forced to resign, he received a glowing performance review from Justice Department evaluators, The Seattle Times reported.

"McKay is an effective, well-regarded and capable leader of the [U.S. attorney's office] and the District's law enforcement community," the team of 27 Justice Department officials concluded, according to a copy of their final report obtained by The Seattle Times.

Underscoring the mendacious assertions of "performance problems" by the Washington, D.C., bureaucracy is the discovery that at least four more of the six attorneys fired had recently received similarly positive evaluations of their job performance.

As McClatchy news service reporter Marisa Taylor wrote, the administration has been "forced to defend the firings in recent weeks after critics raised concerns that well-respected, competent U.S. attorneys known for their independence were being removed to make way for handpicked candidates who'd be less likely to buck the White House."

It seems a reasonable assumption that McKay and the others weren't well connected to the heavily political Attorney General's Office. Some may not possess the right ideological bent.

There's always been an element of political patronage in doling out these plum jobs, but the checks and balances against the worst abuses are no longer required.

Replacements for the ousted attorneys won't have to face potentially grueling confirmation hearings before the Senate unless the Bush administration agrees to it.

Count it as another unintended consequence of the war on terror.

As Taylor reported, Democrats now in control of the Senate have only recently discovered that "Attorney General Alberto Gonzales could use a little-noticed change in the Patriot Act to fill vacancies with interim U.S. attorneys for indefinite terms without Senate approval."

There's little doubt that McKay and at least most of the others weren't treated fairly. But fairness is separated from politics by more than just 605 pages in Webster's New World Dictionary.

It shouldn't work this way, but U.S. attorney appointments - and jobs - are among the most political in the country.

Replacements for the six, if they are indeed chosen as "handpicked candidates who'd be less likely to buck the White House," probably shouldn't make any long-range plans beyond January 2009.

No matter which party winds up in the White House, loyalty to George W. Bush will mean less then.

And the Senate Judiciary Committee has now voted to repeal the administration's authority to simply replace U.S. attorneys without seeking congressional approval.

If the Senate and House go along, they will help stymie the impulse to fire good attorneys for bad reasons.

Study On Privacy Protections Finds Citizens Distrust Security Agencies (NJTECHD)

By Andrew Noyes, National Journal's Technology Daily

National Journal's Technology Daily, February 21, 2007

The CIA, Homeland Security Department and National Security Agency are the least trusted federal agencies when it comes to protecting Americans' privacy, according to a new study by the Ponemon Institute.

The annual survey, which will be released Wednesday, asked more than 7,000 citizens whether they believe the government takes appropriate steps to safeguard personal information. Answers were mixed, but the overall trend suggested a decline in public trust since the think tank first studied the issue in 2004.

The NSA has suffered a substantial flogging by lawmakers and privacy advocates amid questions in the past year over its domestic spying in search of terrorists. It also was revealed recently that the CIA has been utilizing a special subpoena power of the 2001 anti-terrorism law known as the USA PATRIOT Act to comb bank and credit-card records.

Homeland Security and the Transportation Security Administration, which were evaluated separately in the survey, have experienced their fair share of controversy over the mining of information from government and commercial databases and a program that screens travelers entering the United States.

After last year's massive breach of more than 27 million military personnel's data, furthermore, the Veterans Administration fell from a top-five ranking in 2006 to just outside the bottom five in the 2007 Ponemon study.

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Attorney General Alberto Gonzales' office also was among the least trusted of the 74 federal entities included in the poll.

"There's a clear correlation between bad publicity and poor privacy trust performance," survey author Larry Ponemon said. Previous studies "lacked a big headline negative event," whereas this time, there were several.

"Initiating more transparent operations and communications with the public is often the first step toward repairing damaged trust, but for obvious reasons, those are not options that agencies like the CIA or NSA can take," Ponemon said. The confidential nature of the agencies' operations "will always carry a certain cloud of mistrust with some."

Lisa Graves, deputy director of the Center for National Security Studies, said the study "rightly gives these agencies rock-bottom privacy trust scores." "Some politicians may believe they can make political gains by going along with the president's anti-terrorism policies that strip away Americans' privacy rights," she said. But the survey makes clear that Americans do not think the entities can be trusted to protect their rights, she said.

The U.S. Postal Service received Ponemon's top ranking for protecting privacy the third year in a row. Other notable high achievers were the FTC, its Bureau of Consumer Protection, the National Institutes of Health, and the Census Bureau.

The study's overall findings concluded that Americans remain concerned over a "loss of civil liberties and privacy rights," "surveillance into personal life," and "monitoring e-mail and Web activities."

While diminishing public trust for the NSA and VA was not surprising to privacy advocate Marc Rotenberg, the FTC "may not be out of the woods" given mounting public concerns about identity theft. "If the FTC doesn't get a better handle on that problem, the commission may find its own trust rating drop in the 2008 survey," he said.

CORPORATE SCANDALS:

Oops! Orrick Associate Lets Slip Mercury Backdating Document (LAW)

By Scott Graham, The Recorder

California Recorder, February 21, 2007

A fourth-year associate at Orrick, Herrington & Sutcliffe inadvertently disclosed a sensitive document about stock option backdating that the firm has spent the last five months fighting to keep under seal.

The document -- a complaint in a shareholder derivative action against former executives of Mercury Interactive Corp. -- contains explosive allegations against the executives and quotes extensively from e-mails in which the executives allegedly discuss backdating their own stock options.

"What do you want to do about [Chief Financial Officer Douglas Smith]'s option since the price is going up?" former General Counsel Susan Skaer is quoted asking CEO Amnon Landon in one e-mail. "Keep waiting?"

The complaint, Morillo v. Abrams, 1:05-cv-50710, had been filed under seal on Sept. 22 as part of a confidentiality agreement with the executives' lawyers -- but without judicial approval. The Recorder and two other news organizations have been trying since then to unseal the complaint and its supporting exhibits.

But a Dow Jones News Service reporter discovered Friday that Orrick associate M. Todd Scott had inadvertently filed the complaint publicly with a motion to stay the derivative action in October. The Wall Street Journal posted the complaint on its Web site over the weekend and wrote a story about it on page A-4 of Tuesday's print edition.

In a filing for an emergency hearing on Tuesday, Orrick partner James Kramer wrote that Scott thought the complaint had been filed under seal when Scott included it as an exhibit to his own declaration.

"At the time the exhibit was filed, counsel for Ms. Skaer intended for the exhibit to be filed under seal, and, indeed, believed the exhibit had been filed under seal," Kramer wrote. "Counsel continued in this belief until the afternoon of Feb. 16, 2007, at which time the court clerk notified all parties that the exhibit had not been filed under seal and was publicly available."

The Mercury executives -- represented by Orrick; Wilson Sonsini Goodrich & Rosati; Shearman & Sterling; and Farella Braun & Martel -- have been fighting vigorously against The Recorder, the San Francisco Chronicle and Bloomberg to keep the complaint confidential. The executives succeeded in January in getting the derivative action dismissed for lack of standing, but shortly thereafter Santa Clara County, Calif., Judge James Kleinberg ordered that the complaint be unsealed nevertheless.

The Mercury executives last week obtained an emergency stay from the 6th District Court of Appeal. Orrick also asked U.S. District Judge Jeremy Fogel to block Judge Kleinberg's order unsealing the motion.

On Tuesday, Kleinberg resealed the complaint, but only after it had been published by the Journal. He noted that it apparently had been "present and unsealed" among the 25 volumes of files held by the clerk's office for the past four months.

The complaint alleges that four former Mercury executives "grossly enriched themselves at the expense of Mercury by granting themselves (and their colleagues) millions of underpriced options to purchase Mercury stock."

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The complaint, by Lerach Coughlin Stoia Geller Rudman & Robbins partner Amber Eck, alleges that Skaer, Smith, former CFO Sharlene Abrams and former COO Kenneth Klein caused the company "to improperly pay out $164 million to themselves in unwarranted stock-option based compensation." The complaint states that $54 million of that $164 million is directly attributable to backdating.

It also states that Mercury spent $70 million in attorney fees investigating its stock option backdating problem.

COVER-UP ALLEGED

Mercury was one of the first companies to publicly admit problems with its options grants. The company was forced to restate earnings by $570 million following an internal investigation. Its board of directors took the rare step of joining plaintiff lawyers in a shareholder suit seeking damages from ousted executives. That changed after Hewlett-Packard Co. announced it had acquired the company last year.

The complaint accuses all four former executives of acting improperly. As for former GC Skaer, it alleges that she "created and falsified documents regarding the backdated options, personally selected backdating dates based on stock price, took minutes in the board and committee meetings where backdating was discussed, and was involved in covering up the backdating."

In one instance, Skaer was granted 25,000 options and Smith got 400,000 at a Feb. 12, 2002, board meeting. The options were backdated to Nov. 2, 2001, when the stock was trading some $12 lower. "This difference ... equates to a $4.8 million benefit to Smith, and a $303,500 benefit for Skaer," the complaint alleges.

Smith had begun lobbying for a low strike price in October 2001, when he sent an e-mail to CEO Landon with a blind copy to Klein, stating, "[A]ssume a $25 strike for new options (could we go back to the lows??). ..." The board voted to grant Smith his 400,000 options on Nov. 6, 2001, but put off pricing the grant because by then the company's stock was trading above the price Smith had suggested, according to the complaint.

"What do you want to do about Doug's option since the price is going up," Skaer e-mailed CEO Landon on Nov. 14. "Keep waiting?" The next month, Smith himself sent Skaer an e-mail proposing various dates that could be chosen, according to the complaint.

On Jan. 11, 2002, Landon e-mailed the compensation committee members, with a "cc" to Skaer, asking them to fax their "unanimous written consent" for the option grants to Skaer. The consent forms were dated Nov. 5, 2001, according to the complaint. The committee members faxed the forms to Skaer's office, but either Skaer or "someone at her direction" altered the forms by whiting out the Jan. 20, 2002, fax dates at the top of the pages, according to the complaint.

"Skaer's intentional deception is revealed, however, by the fact that, because one of the [consent forms] was apparently sent upside down, the actual fax date is listed on the bottom of the document -- a detail that Skaer overlooked and thus did not alter as planned."

At the actual Feb. 12 board meeting -- which Abrams, Klein, Smith and Skaer all attended -- the compensation committee members backed up the date by another three days, to Nov. 2, 2001, which locked in an additional $2.50 per share gain for Smith and Skaer, according to the complaint.

When Smith filed his so-called Form 5 listing the grant, he listed the previously agreed date of Nov. 5. In 2003, a legal assistant noticed the discrepancy and proposed filing an amended Form 5. But Skaer told him not to because the amount was "de minimus," the complaint alleges -- even though the difference was worth more than $1 million.

The complaint also quotes several other e-mails that seem to suggest knowledge of backdating. Payroll manager Susie Fregoso e-mailed Abrams on May 5, 1999, "[W]hat is the date for the April grant going to be? Right now I have it as April 7 with a price of $27.125. You had mentioned that this might change, any news?"

In an Aug. 3, 2000, e-mail to Fregoso about an employee's stock options that had already been granted, Assistant Controller Kathy Hawkes wrote, "I betcha that Sharlene [Abrams] will overrule these type of things ... and we will use her magic backdating ink. Let's see what happens!"

And another e-mail from Fregoso stated, "The reason the paperwork was not sent out is because the stock price drop made us change the grant date so that you could get the lower price. The 'new' grant is being approved next week by Sharlene[Abrams]/Amnon [Landon]. I know it has been a while, but believe me, you will be happier with the new price." The sentence concluded with a smiley face.

Fannie Won't Pay $44.4 Million In Bonuses (WSJ)

By James R. Hagerty And Damian Paletta

The Wall Street Journal, February 21, 2007

Fannie Mae, struggling to atone for a $6.3 billion accounting scandal, announced that it won't pay $44.4 million of shares in the company previously promised as bonuses to 46 current and former executives. The giant provider of funding for U.S. home

mortgages said it will "take into income" that amount, previously expensed for unpaid share awards that were based on earnings growth that proved illusory.

In December, Fannie restated earnings for 2002 through mid-2004, reducing retained earnings by $6.3 billion, to correct dozens of violations of accounting rules. Some of those accounting violations helped maximize bonuses for executives, regulators have found.

The decision will cancel planned payments totaling about $11.4 million for former Chief Executive Officer Franklin D. Raines; $4.1 million for the current CEO, Daniel Mudd; and $3.4 million for a former chief financial officer, Timothy Howard, a spokesman said. The values are based on yesterday's closing price of $59.88 for Fannie Mae shares in composite trading on the New York Stock Exchange. Among other current senior executives, Robert Levin, chief business officer, will miss out on about $2 million of shares; Michael Williams, chief operating officer, $1.9 million; and Peter Niculescu, executive vice president, $600,000. The planned awards were for incentive-pay cycles that ended in 2003 and 2004.

The company also announced that it will eliminate a series of perquisites for executives, including free financial counseling, travel and country-club memberships. Fannie also is ending "gross-up" increases in compensation to cover taxes due on insurance provided by the company for officers.

Companies rarely take back money already paid to executives for results that prove to have been exaggerated. Partly because of the legal difficulties, most boards don't even try to recover the money, and those that do often face years of litigation. But some executives have repaid parts of their past compensation. For example, in 1998, then-CEO Lawrence Coss returned roughly a third of his $102 million 1996 bonus to Green Tree Financial Corp., now part of Conseco Inc., after a restatement wiped out $174 million of pretax profit on which the bonus was based.

Fannie may avoid some complications by withholding money that hasn't yet been doled out rather than clawing back sums already paid, but former executives could contest the decision. A lawyer for Mr. Raines declined to comment; a spokesman for Mr. Howard couldn't be reached immediately. Fannie's regulator, the Office of Federal Housing Enterprise Oversight, or Ofheo, said it approved the decision to withhold the payments. Ofheo last year ordered Fannie to review compensation to top executives for the years in which Fannie violated accounting rules.

Mr. Mudd, a former General Electric Co. executive who joined Fannie in early 2000 as vice chairman and chief operating officer, received total compensation for 2000 through 2003 of $26.3 million. He became chief executive in December 2004 when the accounting scandal forced his predecessor, Mr. Raines, to resign. Mr. Mudd didn't receive a bonus for 2004, and his pay has been well below that of Mr. Raines since then. For 2006, Mr. Mudd received total compensation of about $14.4 million, up about 25% from a year earlier. That raise prompted an angry letter to Ofheo several weeks ago from four Republican U.S. senators -- Chuck Hagel of Nebraska, John Sununu of New Hampshire, Elizabeth Dole of North Carolina and Mel Martinez of Florida.

"We would like to know why Ofheo approved this 25% raise at a time when Fannie has paid almost $1.4 billion in accounting and consulting fees to clean up their financial mess and they are still two years behind on their financial reporting," the senators wrote. Congress is debating legislation that would tighten regulation of Fannie and its rival Freddie Mac.

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Fannie Cancels Executive Bonuses (WP)

By David S. Hilzenrath

The Washington Post, February 21, 2007

Fannie Mae's board has decided not to give out executive bonuses potentially worth $44.4 million for some of the years when the federally chartered housing finance company's earnings were misstated.

The stock awards had been on hold since early 2005 after the company was caught up in an accounting scandal. They could have totaled $11.2 million for Franklin D. Raines, former chairman and chief executive; $3.4 million for J. Timothy Howard, former finance chief; $1.1 million for Jamie S. Gorelick, a former vice chairman; and $4 million for Raines's successor as chief executive, Daniel H. Mudd, company spokesman Brian Faith said.

A total of 46 current and former executives were affected.

Under a long-term incentive plan, the payouts had been pegged to the company achieving a combination of financial and other goals. The District company recently corrected years of past financial results, acknowledging that it had overstated profits by $6.3 billion.

It was unclear how much money the executives could have received based on the restated results, and spokesmen for the company declined to say.

The awards, known as "performance shares," were one component of overall pay packages that typically included salaries, cash bonuses, stock options and other forms of compensation. The stock awards were granted on a rolling schedule, based on the company's performance over various three-year periods.

For instance, executives had already received the first installment of awards for a cycle covering 2001 through 2003, and the board is not trying to reclaim that money, spokesman Chuck Greener said. Those awards were worth $4.1 million to Raines, $1.4 million to Howard and $1.8 million to Mudd.

The board "determined not to pay" the second installment for that cycle and "determined that no award was due" with respect to a three-year cycle ending Dec. 31, 2004, Fannie Mae said in a report filed yesterday with the Securities and Exchange Commission.

Regulators have alleged that Fannie Mae's senior management intentionally manipulated the company's accounting to hit earnings targets and maximize bonuses. Raines's pay totaled more than $90 million from 1998 through 2003, the Office of Federal Housing Enterprise Oversight said last year.

The agency has filed administrative charges against Raines, Howard and former controller Leanne G. Spencer, seeking to recoup more than $115 million of compensation plus penalties that could exceed $100 million.

The three former executives are contesting the charges.

Attorneys for Raines and Howard did not respond to requests for comment on Fannie Mae's announcement, which came after the markets closed yesterday.

OFHEO said it concurred with the board's decision not to issue the stock awards.

The action "was not directed at any specific individual but rather reflected the performance of Fannie Mae in the years 2001-2004," the regulatory agency said in a news release.

In addition to denying the bonuses, the board recommended "other actions regarding current employees" and the company "has undertaken disciplinary and remedial steps," the agency said. Neither the company nor the agency would elaborate on those other developments.

"With these actions OFHEO considers the board's required review of current officers and employees complete," the agency said.

Fannie Mae also announced that it was eliminating certain executive perquisites, such as company-owned country club memberships and payments for personal financial counseling, which help executives manage their money. In the future, executives would also be required to reimburse the company for personal use of corporate transportation, such as aircraft.

In 2003, Raines's compensation included $37,548 for tax counseling and financial planning services and $196,852 for personal use of company transportation, according to a Fannie Mae report. Mudd's compensation included $80,400 in club membership fees.

CRIMINAL LAW:

Jury To Deliberate In CIA Leak Case (NSDY/AP)

By Matt Apuzzo

AP, February 21, 2007

WASHINGTON -- Five weeks and 19 witnesses into the CIA leak trial, jurors are set to begin deciding the fate of former White House aide I. Lewis "Scooter" Libby.

Jurors heard a full day of closing arguments in Libby's perjury and obstruction trial Tuesday and are scheduled to begin deliberating Wednesday.

U.S. District Judge Reggie B. Walton said he planned to instruct the jury about legal issues Wednesday morning before sending them off to deliberate.

Libby, the former chief of staff to Vice President Dick Cheney, is charged with lying and obstructing the investigation into the 2003 leak of CIA operative Valerie Plame's identity. He faces up to 30 years in prison if convicted, though he'd likely get far less under federal sentencing guidelines.

Plame is married to former Ambassador Joseph Wilson, who emerged in mid-2003 as an outspoken critic of the Bush administration's case for the Iraq war. Special Prosecutor Patrick Fitzgerald says Libby learned about Plame from Cheney and other officials in June 2003 and relayed it to reporters.

Attorneys left jurors with two very different impressions of the case. Prosecutors described a methodical effort by Libby to conceal the fact that he discussed Plame with reporters in June 2003. Defense attorneys recounted a confusing, sometimes contradictory month of testimony that they believe is too shaky to base a conviction on.

Plame was outed by reporter Robert Novak, who touched off an FBI investigation with a July 2003 syndicated column. Though Libby wasn't Novak's source, prosecutors say he feared he'd be charged with discussing classified information with other reporters.

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So, prosecutors say, Libby lied. He told investigators he learned about Plame from Cheney, then forgot about it until a month later, when he was surprised to hear it during a phone call with NBC's Tim Russert. Russert says the conversation about Plame didn't happen.

"It's simply not credible to believe he would forget this information about Wilson's wife," prosecutor Peter Zeidenberg said during closing arguments Tuesday. "It's ludicrous."

Libby's attorneys say it's the prosecution's story that doesn't make sense. Why, they ask, would Libby make up a story that hinges on Russert, someone Libby knew could be questioned?

And while prosecutors have shown that Plame came up in several conversations with government officials in mid-2003, defense attorneys say there's no proof Libby deliberately set out to lie when he spoke to investigators three months later.

"They haven't given you anything that says Mr. Libby didn't just have one of those moments that we all have in life where he thought something happened one way and it happened another," said defense attorney Theodore Wells.

Prosecutors used opening statements to remind jurors that one witness after another testified to discussing Plame with Libby. Zeidenberg pointed to a flow chart showing arrows tracking information from several officials to Libby and on to other sources. With each conversation, it became less likely the CIA operative would just slip Libby's mind, Zeidenberg said.

Wells presented a similar chart. Under each name and photograph, however, Wells noted their memory inconsistencies. Some changed their stories. Others seemed less certain in FBI interviews than they did on the stand.

Why is Mr. Libby being treated differently?" Wells told jurors. "He should not. Treat him fairly. Ask yourself: 'Did the government give me some evidence that he intentionally lied as opposed to, did he just forget?'"

Jurors To Begin Deliberations Today In Libby Perjury Trial (USAT)

By Richard Willing

USA Today, February 21, 2007

WASHINGTON — Jurors shouldn't vent their anger over the war in Iraq on former vice presidential aide Lewis "Scooter" Libby, his defense attorney said Tuesday as Libby's perjury and obstruction trial neared completion.

"Don't … sacrifice Scooter Libby for how you may feel about the war in Iraq or about the Bush administration," a tearful Theodore Wells, Libby's chief defense attorney, told jurors during closing arguments.

If during deliberations a juror says, " 'He's a Republican, he works for Cheney, let's do him,' " that juror must be discouraged, Wells said.

Prosecutor Patrick Fitzgerald argued Tuesday that the Bush administration's attempts to discredit an Iraq war critic, and Libby's role in it, are at the heart of the case against Vice President Cheney's former chief of staff. "There's a cloud over the White House as to what happened here," Fitzgerald said. "Don't you think the American people deserve to know?"

Jurors will begin deliberating Libby's fate after instructions from federal Judge Reggie Walton today.

Libby, 56, is charged with lying when he told investigators and later grand jurors in 2003 and 2004 how he learned that Valerie Plame, wife of administration critic Joseph Wilson, worked at the CIA. Libby said he learned the information from Cheney, forgot, then heard it a month later from NBC newsman Tim Russert.

Russert testified in Libby's trial and to the grand jury that he didn't tell Libby about Plame.

Libby also faces charges of perjury and obstruction of justice based on a conversation about Plame with Matthew Cooper, then a Time magazine Washington correspondent.

In summations that lasted 6½ hours, the two sides presented starkly contrasting views of Libby and the case against him.

Only the shaky memories of two reporters with credibility problems held together the case against Libby, Wells said.

"It's what I mean by 'he said, she said,' " Wells said. "They want you to make a choice beyond a reasonable doubt that (would leave) my client's life destroyed."

Fitzgerald countered that Libby concocted the Russert story and lied about his conversation with Cooper to sidetrack an investigation into who leaked Plame's identity to reporters.

In February 2002, the CIA sent Wilson, a former ambassador, to investigate reports that Iraq was trying to buy uranium from the African nation of Niger.

No one was indicted for leaking information about Wilson's wife despite an investigation that lasted over two years.

Libby, Fitzgerald said, feared being fired or prosecuted for leaking confidential information. By sourcing the story back to reporters, he said, Libby believed his role would remain secret.

"He made a gamble that he's going to tell them a story about the rumors and hope it goes away," Fitzgerald said. "He threw sand in eyes of the FBI and grand jurors, he obstructed justice and he stole the truth from the judicial system."

The prosecution used a large interactive screen to rebut Libby's version of events. Peter Zeidenberg, a Fitzgerald assistant, posted in succession the names of eight people who spoke with Libby about Plame between June 11, 2003, and about July 10, when Libby said Russert told him about Plame.

"Ladies and gentlemen, that's not forgetting," Zeidenberg said. "That's lying."

Wells directed jurors away from those witnesses, whom he called "background evidence." Jurors must focus, he said, on the Russert and Cooper conversations at the core of the charges.

"This is just about different recollections of conversations with different reporters," Wells said.

It's "crazy," Wells said, to believe Libby invented that Russert told him about Plame. Libby, he said, didn't know Russert and believed investigators would likely call the newsman to verify the account. Russert's network, NBC, was hostile to the White House, Wells argued.

Libby's Memory Is At The Heart Of The Case (LAT)

By Richard B. Schmitt And Greg Miller

The Los Angeles Times, February 21, 2007

At I. Lewis "Scooter" Libby's perjury trial, his lawyers have argued that pressing matters of state prevented the former vice presidential chief of staff from accurately recalling events. But the question of Libby's guilt or innocence, which is expected to be in the hands of a federal jury today, may turn more on what he says he remembered, rather than what he says he forgot.

Again and again, meeting with the FBI and appearing before a grand jury, Libby recalled details of conversations with Vice President Dick Cheney and other administration officials. But when it came to discussions he had about the core issue in this case — his involvement in disclosing the identity of a CIA officer married to an administration war critic — he frequently drew a blank.

In closing arguments Tuesday, the government asserted that there was nothing wrong with Libby's memory: His repeated lies, the prosecution argued, were part of a calculated cover-up.

"Ask yourself if that pattern is just a convenient way of avoiding the truth," prosecutor Peter R. Zeidenberg said of versions of meetings that Libby recalled for investigators. Libby had "a great memory" when it came to remembering self-serving facts, the prosecutor said derisively.

Defense arguments

Defense lawyers strenuously rejected that characterization in their closing statements, attempting to shift the focus from Libby to prosecution witnesses — principally three journalists — whom they portrayed as the ones who were not credible and had memory problems.

Libby's lawyers contended that their client had no motive to mislead anyone and that it made no sense for him to lie — an action they said would jeopardize a long and distinguished career of government service.

"Scooter Libby's innocent. He didn't do anything. He didn't leak anything," said his lead attorney, Theodore V. Wells Jr. "Think about the madness of this prosecution."

The pleas ended a month of testimony and argument in a case whose backdrop was the march to war in Iraq and accusations that the administration had twisted prewar intelligence.

The defense has sought to portray Libby as a sympathetic figure who, on the orders of his boss, Cheney, got caught up in a "meat grinder" of dealing with reporters that left him fearing that White House political operatives were conspiring to "scapegoat" him.

Prosecution's side

The government has claimed that Libby's actions were driven by another sort of fear — realizing that he might have disclosed classified information about a CIA officer, Valerie Plame, whose husband had publicly criticized the way intelligence was used to justify invading Iraq. As a result, the prosecution argued, Libby chose to make up a story to cover his tracks.

Zeidenberg told the jury that the defense had failed to offer a shred of evidence to support the conspiracy theory. He said the testimony of a string of nine government witnesses proved that Libby was not credible.

"That's not a matter of 'misremembering' or 'forgetting,' " he said. "It's lying."

Defense lawyer William H. Jeffress Jr. responded that Libby did not behave like an ordinary criminal and had even produced notes, which proved helpful to the government, that "he would have ditched … if he was that kind of person."

Jeffress added that it made no sense for Libby to make up his central defense — that he learned about Plame from NBC's "Meet the Press" moderator Tim Russert — because Russert was "the world's most famous television newsman" who was bound to be questioned by investigators.

In their closing statements, both sides acknowledged the broad political issues underlying the case.

Wells pleaded with jurors not to allow their personal opinions of an unpopular war to affect their verdict.

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"Don't in this case sacrifice Scooter Libby for how you may feel about the war in Iraq or how you may feel about the Bush administration," Wells said. "You give him a fair shake…. This is a man with a wife and two children."

Special prosecutor Patrick J. Fitzgerald argued that Cheney's office was behind many of the prewar claims that Iraq had stockpiles of banned weapons and that it had aggressively sought to silence critics. "Let's talk straight," he said. "There is a cloud over the vice president."

Single page

In Closing Pleas, Clashing Views On Libby's Role (NYT)

By Neil A. Lewis

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Defense lawyers and prosecutors in the perjury trial of I. Lewis Libby Jr. made their final summations on Tuesday, offering the jury two starkly different ways to evaluate the evidence presented over the last few weeks.

In their closing statements, the prosecutors presented a detailed and businesslike summing up of their case that Mr. Libby willfully lied to both a grand jury and F.B.I. agents investigating the leak in the summer of 2003 of the identity of a C.I.A. operative, Valerie Wilson.

Theodore V. Wells Jr., Mr. Libby's chief defense lawyer, countered with an intensely emotional defense ending in a choked sob. He argued that Mr. Libby's testimony to the grand jury and his interviews with the Federal Bureau of Investigation may have contained inaccuracies but that they were the result of innocent memory lapses explained by his pressing schedule of national security issues.

Unlike the prosecutors, Mr. Wells stalked about the courtroom during his summation, his cadence and pitch varying, but his tone of outrage constant.

"If it turned out that what he said was wrong that doesn't mean he is a liar," Mr. Wells told the jury. "It means he may have misrecollected what happened."

Mr. Libby, who faces five felony counts, was Vice President Dick Cheney's chief of staff in the summer of 2003 when Ms. Wilson's identity was first disclosed publicly. The jury is expected to begin its deliberations on Wednesday, after final instructions from Judge Reggie B. Walton.

In his closing argument, Patrick J. Fitzgerald, the chief prosecutor, said that disclosure of Ms. Wilson's identity was used by the White House to discredit her husband's assertions that the Bush administration had distorted intelligence to justify invading Iraq. He said the disclosure of her name cast a cloud over the Bush White House in general and over Mr. Cheney in particular.

But Mr. Wells argued for the defense that when Ms. Wilson's name was first disclosed in the summer of 2003, Mr. Libby had been so preoccupied with growing questions about the inability of United States forces in Iraq to find any unconventional weapons, a principal justification for going to war, that he did not have time to pay attention to the issue of Ms. Wilson.

"The wheels are falling off the Bush administration," Mr. Wells said. "Thousands of young kids are on the ground there. It's a crazy period."

"This is a man with a wife and two children; he is a good person," Mr. Wells told the jury in his final words. "He's been under my protection for the last month. I give him to you. Give him back to me."

With that, Mr. Wells teared up, sobbed audibly and sat down.

Mr. Fitzgerald and Peter Zeidenberg, another prosecutor, told the jury that Mr. Libby learned about Ms. Wilson's role as a Central Intelligence Agency employee from several of his fellow Bush administration officials. He then discussed her with reporters, they said, as part of an effort to discredit the claims made by her husband, Joseph C. Wilson IV, that the administration had twisted intelligence about Iraq's efforts to obtain uranium from Africa to justify going to war.

"Mr. Libby had a motive to lie and the motive matches up exactly with the lie he told," Mr. Fitzgerald told the jury. "He made up a story and stuck to it."

Ms. Wilson's identity was first disclosed in a July 14, 2003, column by Robert D. Novak. Only days before, The New York Times had published an Op-Ed article by her husband recounting how he had been sent to Niger to investigate reports that Iraq was trying to buy uranium for its weapons program. He asserted that there was no truth to President Bush's claim in the January 2003 State of the Union address that there was evidence of Iraqi efforts to obtain uranium from Africa.

Mr. Novak wrote that Mr. Wilson was chosen for the Africa mission by the C.I.A. at the suggestion of his wife. That assertion, echoed by other critics of Mr. Wilson, tended to diminish the importance of his trip, with its suggestion of nepotism.

Mr. Fitzgerald seemed for the first time to lend his weight publicly to the assertion by critics that Ms. Wilson's identity was disclosed to punish Mr. Wilson and undermine his credibility.

Mr. Fitzgerald said the disclosure of Ms. Wilson's identity had left "a cloud over the White House over what happened" as well as a cloud over Mr. Cheney because he had been behind the effort to counter Mr. Wilson's charges.

Neither Mr. Libby nor anyone else was charged with unlawfully disclosing Ms. Wilson's identity. But Mr. Libby was charged with misleading the grand jury and investigators.

"Don't you think the American people are entitled to a straight answer?" Mr. Fitzgerald asked of the jury. He said that "a critic points fingers at the White House and as a result his wife gets dragged into the newspapers."

He said Mr. Libby "made a gamble, he threw sand in the eyes of the grand jury" rather than tell the truth and risk being prosecuted for leaking her name.

Mr. Zeidenberg began the day for the prosecution by telling the jury that the parade of witnesses the government had presented demolished the contention of Mr. Libby's lawyers that he merely had a bad memory and forgot a whole series of conversations he had about Ms. Wilson.

"He claims he forgot nine conversations with eight people over a four-week period," Mr. Zeidenberg said. He was referring to a former spokeswoman for Mr. Cheney, a senior State Department official and two C.I.A. officials, all of whom testified that they had informed Mr. Libby in early July 2003 of Ms. Wilson's role at the agency and three reporters who spoke to Mr. Libby in that period. Mr. Zeidenberg then noted that Mr. Libby had sworn under oath that those people must have been wrong because he learned of Ms. Wilson's identity days later on July 10 or 11 from Tim Russert of NBC News.

Both sides agreed that Mr. Russert's testimony was crucial to the case.

Mr. Wells's response to the prosecution's claim of an avalanche of testimony from so many people was to try to convince the jury that only two of the witnesses counted in the indictment, Mr. Cooper and Mr. Russert.

Mr. Wells set about disparaging Mr. Russert's credibility and memory. "In a case where what is at stake is a man's freedom and reputation, you have to in this situation give the benefit of the doubt to Mr. Libby," Mr. Wells said.

Mr. Wells argued that Mr. Libby held one of the world's most high-stress jobs and was trying to prevent another attack like the ones on Sept. 11, 2001. "He was bombarded with a blizzard of information," Mr. Wells said, noting the intelligence briefings Mr. Libby received daily. "Those briefings would make your toes curl," he said.

Mr. Fitzgerald countered that Mr. Russert's testimony was not needed to convict Mr. Libby. "If Tim Russert were run over by a bus and had gone to the great news desk in the sky, you can still find plenty of evidence that the defendant lied," he said.

Scooter Jury Hears Of 'memory Lapse' (FT)

By Caroline Daniel

Financial Times, February 21, 2007

The trial of Lewis "Scooter" Libby, the vice-president's former chief of staff, closed on Tuesday with prosecutors accusing him of concocting a "ludicrous" story about how he learned the name of a CIA agent, while the defence called it "madness" to convict him on the basis of a witness "suffering public memory lapses".

Making closing arguments in the month-long perjury and obstruction of justice trial, which could see Mr Libby face up to 30 years in prison, the lawyers offered competing narratives to explain how and when Mr Libby discovered the identity of Valerie Plame, the wife of ambassador Joe Wilson who had emerged as a leading critic of the Iraq war.

Peter Zeidenberg, a prosecution lawyer, argued that Mr Libby had a clear motive to lie to protect his job and Vice-President Dick Cheney from whom he first learned the name of Ms Plame on June 11 2003.

He set out nine separate conversations during June and early July 2003 in which Mr Libby discussed Ms Plame with reporters and administration officials. "Is it conceivable that all those nine witnesses make the same error in their memory?" he asked. "This is a case of lying, not conspiracy."

The defence yesterday portrayed Mr Libby as so preoccupied with national security issues in his 14-hour work day that he merely forgot details about Ms Plame. They argue the case boiled down to the credibility of two men: Mr Libby and Tim Russert, an NBC talk show host and one of the most respected Washington journalists.

Mr Libby argued that he learned about Ms Plame from him and was "taken aback" to hear it during a conversation they had on or about July 10. Mr Russert, however, unequivocally denied that while giving evidence during the trial.

Theodore Wells, the main defence lawyer, sought to undermine the credibility of the prosecution witnesses in an effort to make the case as much about the media's ability to recall events accurately as his client's memory lapses.

"Mr Russert has memory problems," he said. "Do not convict Scooter Libby on the word of someone who is suffering public memory lapses."

The jury is due to begin its deliberations on Wednesday.

Libby 'Told A Dumb Lie,' Prosecutor Says In Closing Argument (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 21, 2007

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Vice President Cheney's former chief of staff lied to investigators about his role in leaking a CIA officer's identity in order to keep his job and protect the White House from political embarrassment, prosecutors told jurors yesterday in the closing arguments of I. Lewis "Scooter" Libby's perjury trial.

Pointing to a courtroom screen showing eight witnesses who contradicted Libby, Special Counsel Patrick J. Fitzgerald said it was no coincidence that Bush administration colleagues and reporters recalled Libby as intensely focused on undercover CIA officer Valerie Plame early in the summer of 2003, as her husband was publicly challenging the White House's rationale for going to war in Iraq.

"This is something important, something he was focused on, something he was angry about," Fitzgerald said. "He had a motive to lie, and . . . he stole the truth from the justice system."

Libby "told a dumb lie and got caught" when leak investigators refused to go away, Fitzgerald said. He added that Libby's lies had "left a cloud over the vice president" because Cheney's role in the leak remained unclear.

But two defense attorneys argued that Libby was a harried and hardworking public servant who was guilty only of forgetfulness about a relatively insignificant matter given his pressure-cooker job.

In impassioned, and at times disjointed arguments, the defense lawyers drew attention to numerous witnesses who had faulty or questionable memories and conflicting recollections. They said it was unfair to assume that the witnesses had made honest mistakes but that Libby's untruths were deliberate.

"If you're not sure, that's not guilty," said attorney Theodore Wells Jr. "It's impossible to say with any degree of certainty that Mr. Libby is engaged in intentional lying."

Libby is charged with five felonies: two counts of lying to FBI agents, two counts of perjuring himself in grand jury testimony and one count of obstructing the federal probe into whether Bush administration officials illegally leaked classified information by disclosing Plame's identity to reporters.

They say Libby lied when he told investigators he learned about Plame from NBC's Tim Russert and passed it along as unconfirmed gossip.

Libby has pleaded not guilty, contending he inaccurately remembered conversations that he recounted to FBI agents and a grand jury. No one is charged with the leak itself.

The 12-member jury will receive instructions from presiding U.S. District Judge Reggie B. Walton early today about how to weigh the high-profile case against Libby. Jurors are expected to begin deliberations before noon.

Plame is married to former ambassador Joseph C. Wilson IV, whose accusations in 2003 that the Bush administration twisted intelligence to justify the war with Iraq set in motion events leading to the leak of his wife's name in a syndicated column by Robert Novak. Wilson's claims infuriated Cheney and others in the White House, and Cheney deputized Libby to contact reporters and rebut Wilson's claims.

Wilson turned out to be a potent critic. He had been sent to Niger by the CIA a year earlier to check on reports that Iraq had tried to obtain material for nuclear weapons there, and concluded that the reports were false. Within days of Wilson going public about his findings in July 2003 , the White House acknowledged that President Bush's State of the Union address should not have included the assertion that Iraq was trying to purchase uranium.

Fitzgerald told the jury yesterday that Libby was engaged in a campaign to make reporters skeptical of Wilson. His wife's post at the CIA and her role in suggesting him for the mission became a useful tool to insinuate that he wasn't qualified for the mission to Niger. The prosecutor disputed the defense's argument that Libby did not remember Plame because she was so trivial to him.

"To [Libby] she wasn't Valerie Wilson, she's wasn't a person," the prosecutor said, sipping from a plastic cup of water as he walked back and forth in front of the jury box. "She was an argument, a fact to use against Joe Wilson."

Prosecutor Peter Zeidenberg, summing up the government's evidence, said Libby "absolutely fabricates two conversations that never happened" -- with Time magazine reporter Matt Cooper and NBC's Russert. He said Libby's claim that he didn't remember the conversations was "just not credible" because Cheney considered the matter very important and it commanded much of Libby's time.

Zeidenberg also said Libby had several motives to lie. The president had said he would fire whoever had disclosed Plame's identity, a criminal investigation had begun, and, at Libby's urging, Cheney had personally vouched for Libby, getting the White House to say publicly that Libby was not the leaker.

In the defense's closing argument, Wells countered that the case was simply "he said, she said." He contended that it was "madness" to try to convict Libby of a crime based on his foggy memory about fragments of conversations that were the subject of FBI questions three and four months after they took place.

"It's a case about different recollections between Mr. Libby and some reporters," Wells said. "This is an important trial, and I represent an innocent man."

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Wells said that Libby honestly believed he learned about Plame for the first time from Russert in a July 10, 2003, conversation -- a month after he was actually told about her by the vice president, Libby later acknowledged. Wells emphasized to the jury that Russert first told the FBI that he couldn't completely rule out discussing the subject with Libby because he talks to so many people.

"That's reasonable doubt right there," Wells said of an FBI agent's notes. "If you say, 'I believe Mr. Russert beyond a reasonable doubt,' my client's life would be destroyed. His reputation would be destroyed."

Defense attorney William Jeffress Jr. reminded the jury of the pointed questioning that Libby endured when Fitzgerald asked Libby several different ways about nearly every conversation he had in a two-month period in 2003.

"It's not easy being in a grand jury. And Mr. Libby was there for eight hours," Jeffress said. "If he got something wrong in eight hours of questioning, that wasn't an intentional lie. Which witness came in here that didn't get something wrong?"

Jeffress highlighted the conflict between testimony of former White House press secretary Ari Fleischer, who said he had not told Washington Post reporter Walter Pincus about Plame, and Pincus's account, in which Fleischer was his source for that information. Jeffress said there were a lot of possible explanations, including that Fleischer lied.

"Of course, possibilities don't cut it in a criminal case," Jeffress said.

The Defense Rests, And Not A Minute Too Soon (WP)

By Dana Milbank

The Washington Post, February 21, 2007

For a brief moment yesterday, Scooter Libby was not a former White House aide on trial for perjury. He was an orphan in need of a loving home.

"He's been under my protection for the last month; now I'm entrusting him to you," defense lawyer Ted Wells told the puzzled jurors.

His voice breaking, the $700-an-hour lawyer pleaded: "Give him back! Give him back to me!"

Wells sobbed loudly and went back to his chair, where he sat staring at the floor and emitting the occasional sniffle.

Exactly what Wells was trying to achieve with this outburst -- if he intended it at all -- was a mystery. And that made it an appropriate coda for the defense's closing argument in the CIA leak case yesterday. Wells, who has successfully defended the likes of Robert Torricelli and Mike Espy, may yet win an acquittal from the jury, which will start deliberations today. But it won't be because of the cohesion of his closing arguments. Libby was alternately portrayed as a man who told the truth, a man who inadvertently misspoke, and the victim of conspiracies involving everybody from President Bush to Tim Russert.

Wells's shots rang out from every direction.

On his client: "He's not stupid, man."

On the prosecutors: "Think about the madness!"

On his opening argument: "Maybe I was drunk or something."

On prosecution witness Judith Miller: "Ms. Miller's gone. Boom!"

On Bush's chief strategist: "Karl Rove lied!"

On Bush's press secretary: "Gimme a break.' "

What he lacked in focus, Wells made up for in folksiness. He used words such as "skullduggery" and said White House intelligence briefings "make your toes curl." He credited his partner with "a Perry Mason moment in the courtroom" and informed the jury: "I'm gonna give you a homework assignment."

Wells returned repeatedly to a note written by Vice President Cheney expressing concern that Libby was being sacrificed to protect others. "Ted Wells didn't write that!" he exclaimed. Making a crawling motion, he elaborated: "I didn't crawl into the White House, get into a time machine and go back and forge the vice president's handwriting."

At times, Wells asserted that his client told the truth. "I represent an innocent person," he told the jury. "He didn't leak to anybody!" At other times, he portrayed Libby as benignly befuddled. "No question he's gotten some things wrong in the grand jury, no question about it," he granted. "It may turn out that Mr. Libby is totally confused." Or maybe he was tricked by prosecutors, who were "beatin' on him in the grand jury." Reasoned Wells: "Libby should not be penalized for having a different memory system from the investigators."

Of course, one man's "different memory system" is another man's perjury. And that's why Wells had a series of slides to accompany his argument with titles that read like political attack ads: "Serious questions have been raised about Russert's credibility. . . . No 'Smoking Gun' Documents. . . . Memory problems were common in this trial."

Some of the memory problems, as it happens, were Wells's. Just minutes into his argument yesterday, he confused Libby's grand jury testimony with his answers to the FBI; he quickly corrected himself. Earlier in the trial, Wells twice confused Steve Hadley, now Bush's national security adviser, with former CIA spokesman Bill Harlow. At another point, he absentmindedly read

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to the jurors from an exhibit of a newspaper article, neglecting to stop even as he pronounced "Copyright 2004, the New York Times." He resumed reading the article from the beginning before observing: "I read that already."

After modest attendance throughout the Libby trial, yesterday's closing arguments were as packed as a JetBlue terminal; even the "overflow room" was overflowing with lawyers and journalists sitting on the floor. Peter Zeidenberg, leading off the closing arguments for the prosecution, delivered two hours of matter-of-fact chronology, detailing how Libby leaked the identity of a covert CIA operative and then said otherwise to the FBI and a grand jury.

Zeidenberg's low-key delivery only made Wells seem more flamboyant. Tall and mustachioed, Wells paced in front of the jurors, a vein in his neck protruding as he recited, indignantly, the various wrongs done his client.

"They were hanging him out to be a public scapegoat!" Wells said of Libby's colleagues in the White House. "Andy Card" -- Bush's chief of staff -- "blew him off!" Wells also held Cheney responsible: "The vice president of the United States had directed him to talk with Judith Miller." Nor did the defense stop there. "And President Bush was behind it, too," Wells argued.

Wells portrayed prosecution witness Russert, the NBC News Washington bureau chief, as the type of man who forgets where he parked his car. "Mr. Russert has memory problems," the lawyer told the jurors during a lengthy assault on Russert's gray matter.

The worst treatment, naturally, was reserved for the prosecutors, who were at least twice accused of "madness." Said Wells: "It's outrageous! Just outrageous! They haven't given you anything."

Wells had so thoroughly skewered his opponents that he lost track of time. Racing to finish before his allotted time expired, he skipped through slides with remarks such as "I got seven minutes here" and "Next slide!" and "Move!"

"Where am I on time?" he asked a colleague.

"You're over," came the answer.

"Yeah," Wells said, "but by how much?"

It was late in the afternoon when Wells finally finished the last of his slide show. He was practically breathless as he made his final tug at the jurors' heartstrings. "Give him a fair shake," he pleaded. "This is a man with a wife, two children." In the front row, Libby's wife, Harriet Grant, began to cry; after Wells uttered his closing sob, she gave a kiss on the cheek to Wells's mother, sitting in a wheelchair.

But Wells, overcome, was not so pleased. He returned to his chair, where he sat, staring at the floor, for 10 minutes. His colleagues kept their distance. Libby walked over to give his thanks, but the spent Wells, dispatching his client with a brief word, resumed his study of the courtroom floor.

Ted Wells, Center Of The Defense (WP)

By Linton Weeks, Washington Post Staff Writer

The Washington Post, February 21, 2007

Scooter Libby's Attorney Makes His Case for the Powerful

For most of the month-long trial, Ted Wells, Scooter Libby's high-priced attorney, had been all smiles. He laughed. He shared light moments with the judge, the jury and with his opponent, special prosecutor Patrick J. Fitzgerald. At one point Wells and Fitzgerald were so palsy-walsy, Judge Reggie B. Walton chastised them.

Yesterday, in his closing argument, he struck a much different note. Speaking to the jury, Wells said Libby "has been in my protection for the past month."

Now, he told them, he was turning Libby over to them.

Then, as he asked the jury to presume Libby's innocence and "give him back to me," Wells began to cry. He sat down at the defense table and wiped his eyes.

It was a strange moment in a strange case.

Before beginning his argument yesterday morning, he paced in front of the empty jury box. He stood in a corner --tall, athletic, mustachioed -- like a fighter imaging the bout to come. Under the outwardly gentle guise you could see an inner toughness of someone who will use any combination of punches to win big.

Family and friends came to watch him work. At one point he stopped to check on his 83-year-old mother, Phyllis, who sat in a wheelchair in the courtroom aisle.

There were moments when he seemed out of sync, checking on how much time he had left, hurrying through slides in his PowerPoint presentation.

At other times, he was impressive, trying to convince the jury that the prosecution was attempting to ruin Libby based on a few conversations with reporters. In charcoal suit, white shirt and red tie, he marched through pertinent evidence, occasionally lapsing into shtick.

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He said he didn't agree with the way the prosecution portrayed his opening argument. "Maybe I was drunk or something," he said, working the jury like a Jay Leno audience.

"Ted has a wonderful demeanor," says Stanley M. Brand, a Washington litigator who has worked with Wells. "He's a master tactician. He's a bulldog, but in a gentle way."

Brand considers Wells -- a native Washingtonian who is a partner in the New York-based firm of Paul, Weiss, Rifkind, Wharton & Garrison -- to be "one of the five best trial lawyers in the country."

Wells would not sit for an interview for this story. But through conversations and e-mails with friends, colleagues, his mother and others who know him well, a portrait emerges of a tough defense attorney who has mastered the balance between easygoing and hard-charging.

Often he stands up for the Big Guy, comforting the comfortable. When some political or corporate hotshot has been charged with white-collar wrongdoing, Wells is likely to come to the defense. He has championed the causes of ExxonMobil, Schering-Plough and Carnival cruise lines.

After all, somebody has got to do it.

He's had victories. He successfully represented Clinton administration agriculture secretary Mike Espy and former senator Robert Torricelli. In 1987, he represented Raymond J. Donovan, a former Reagan administration labor secretary, and others on fraud charges. When the prosecution rested, Wells did not put any defense witnesses on the stand, a minimalist maneuver for which he's famous. The jury announced 137 acquittals.

In 1999, Brand called Wells in as a fireman in the case of Clinton-Gore fundraiser Franklin Haney, who was in court on 42 counts of election law fraud. "Ted and I went to trial," says Brand. "Boom! Forty-two acquittals."

Wells has had failure, too. In 2001 he represented Mitsubishi in a criminal antitrust case. The company was accused of price-fixing. One reason he lost the case, he has said, is because a week before jury deliberations began, the movie "Pearl Harbor" came out.

Born in Washington in 1950, Theodore V. Wells Jr. grew up in a small rowhouse in Northwest. His mother -- known in the neighborhood as Ma Wells -- still lives there. "He was like an all-American boy," Phyllis Wells says of her son. "He didn't give me trouble."

She was a mailroom clerk at the Department of the Navy for 35 years. His father was a taxi driver with a sixth-grade education. When Wells was very young, his parents split. He was raised by his mother. He has a younger sister, Toni, who lives in the District, and several half-brothers and sisters from his father's other marriages.

"He did extremely well in school," his mother remembers. She says he kept track of his grades on a piece of paper and would make out his own report card before the official one was issued. Once in elementary school he received a grade he felt he didn't deserve. He went to the teacher, pointed out the error and she changed the grade. "He knew how to argue his case," Phyllis Wells says, "even back then."

At Coolidge High School, he was passionate about football. He played center. He was smart enough to help call the plays, recalls Wells's coach, Phillip Gainous, and was strong enough to protect the quarterback.

"He was a tough guy," Gainous says. "One time he broke his coccyx -- his tailbone. He didn't miss any games. We made a doughnut for him by cutting a hole in a piece of foam. We stuck it down his pants and sent him in. He played through the pain."

Gainous, now the principal at Blair High School, says that Wells was not an arguer. "But he would," Gainous says laughing, "debate with you."

At 6-feet-2 and 225 pounds, Wells was offered various college athletic scholarships. He chose Holy Cross in Worcester, Mass. After his first year, Wells quit the team to focus on academics.

About Wells "there was a kind of intensity I recognized early on," says Holy Cross classmate Edward P. Jones, a fellow Washingtonian who went on to win the 2004 Pulitzer Prize for Fiction.

As freshmen, Jones and Wells roomed in the same dorm. Jones remembers that one time he and Wells and several other students borrowed a car to go to New York to meet with law-school recruiters at Fordham University. The caffeine-fueled driver was sophomore and future Supreme Court Justice Clarence Thomas.

Wells graduated from college in 1972 and from Harvard University in 1976 with degrees in law and business. Along the way he married his high school sweetheart, Nina Mitchell. They were both 21. Today she is the secretary of state for New Jersey. They have two children: Teresa, 28, and Phillip, 26.

He worked for several New Jersey law firms over the years. He was national treasurer for Sen. Bill Bradley's presidential run in 2000. That same year became co-chair of the Paul Weiss litigation department.

He is proud of his longtime association with the NAACP Legal Defense and Education Fund. Last year, according to the National Law Journal, he helped defend desegregation education programs in two cases before the Supreme Court.

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He also prides himself on being one of the rare trial lawyers in the country with a national jury trial practice. Last year the National Law Journal named him Lawyer of the Year.

Longtime friend Vernon Jordan called Wells up on Super Bowl Sunday and asked him over to his house to eat some chili and watch the game. Wells thanked him but said he was too busy preparing for the Libby case. "He works very hard," Jordan says.

And as for Wells's demeanor, Jordan says, "you don't have to be an [expletive] to win cases."

Washington attorneys took the day off yesterday to watch his big-league matchup with Fitzgerald. Wells -- who didn't put Libby on the stand -- argued that his client is an innocent man with a bad memory. Fitzgerald said Libby lied under oath.

There in the middle of the courtroom, Wells was playing center again, helping call the plays and protecting the guy with the ball. Laughing in the beginning, crying in the end.

Justice Rebuffs Call For Berger Inquiry (WT)

By Jerry Seper

The Washington Times, February 21, 2007

The Justice Department says it is unaware of any new facts to support a call by the former chairman of the House Oversight and Government Reform Committee for a new investigation into the theft of National Archives documents by former National Security Adviser Samuel R. Berger.

Acting Assistant Attorney General Richard A. Hertling, in a letter Friday to the committee's new Democratic chairman, Rep. Henry A. Waxman of California, said an "extensive investigation" led to a guilty plea by Mr. Berger in which he admitted removing the classified documents and the department "stands by its investigation."

"The department takes investigations regarding the mishandling of classified information and documents very seriously, and vigorously investigates and prosecutes those who endanger our national security," Mr. Hertling said.

His letter was in response to a report by Rep. Thomas M. Davis III, Virginia Republican and now the committee's ranking member, saying Justice gave Mr. Berger a "free pass" in its investigation and called for the committee to investigate the matter instead.

In a terse letter signed by 17 Republicans, Mr. Davis said the Justice Department was "unacceptably incurious" about Mr. Berger's visits to the Archives in May 2002 and July 2003 and never told the September 11 commission that he removed original, uninventoried documents. Mr. Davis also said the department failed to administer a polygraph examination, despite the test being part of a plea agreement Mr. Berger signed in exchange for a lesser sentence.

Mr. Berger, President Clinton's national security adviser from 1997 to 2001, pleaded guilty in April 2005 to a misdemeanor charge of unauthorized removal and retention of classified material. He was fined $50,000 and barred from access to classified material for three years.

The material was removed while Mr. Berger was preparing to testify before the National Commission on Terrorist Attacks Upon the United States, which was investigating intelligence and security failures.

David Marin, the oversight committee's Republican staff director, said the Justice Department told the September 11 commission that it had everything Mr. Berger removed from the Archives and that the nation's national-security exposure was "zero."

But, he said, no one told the commission -- including September 11 commission Executive Director Philip Zelikow and General Counsel Dan Marcus -- that Mr. Berger had access to original documents, which he could have taken without detection.

"We wanted the highest possible level of assurance that Mr. Berger did not take other documents," Mr. Marin said. "We still have the same concerns. Obvious investigative tools were not used. If you do not look, you will obviously not find the evidence."

In his letter, Mr. Hertling said the Justice Department and the FBI devoted "significant resources" to the Berger probe, conducted more than 50 interviews, inspected the Archives facilities, and reviewed thousands of pages of documents. He also disputed the report's conclusion that the department did not inquire about Mr. Berger's first two visits to the Archives.

"Neither Mr. Berger nor any other witness provided the department with evidence that Mr. Berger had taken any documents beyond the five referenced in the plea agreement," he said.

Berger Case Still Roils Archives, Justice Dept. (WP)

By R. Jeffrey Smith, Washington Post Staff Writer

The Washington Post, February 21, 2007

In a chandeliered room at the Justice Department, the longtime head of the counterespionage section, the chief of the public integrity unit, a deputy assistant attorney general, some trial lawyers and a few FBI agents all looked down at their pant legs and socks.

While waving his own leg in the air in illustration, Paul Brachfeld, inspector general of the National Archives and Records Administration, asked the group rhetorically if "something white" could be easily mistaken if it was wrapped around their legs, beneath their pant legs.

Under debate during the Nov. 23, 2004, meeting was Brachfeld's contention that President Clinton's former national security adviser Samuel R. "Sandy" Berger could have stolen original, uncatalogued, highly classified terrorism documents 14 months earlier by wrapping them around his socks and beneath his pants, as National Archives staff member John Laster reported witnessing.

Brachfeld said he was worried that during four visits in 2002 and 2003, Berger had the opportunity to remove more than the five documents he admitted taking. Brachfeld wanted the Justice Department to notify officials of the 9/11 Commission that Berger's actions -- in combination with a bungled Archives response -- might have obstructed the commission's review of Clinton's terrorism policies.

The Justice Department spurned the advice, and some of Brachfeld's colleagues at the Archives greeted his warnings with accusations of disloyalty. But more than three years later, as Brachfeld and House lawmakers have pushed new details about Berger's actions onto the public record -- such as Berger's use of a construction site near the Archives to temporarily hide some of the classified documents -- Brachfeld's contentions have attracted fresh support.

A report last month by the Republican staff of the House Oversight and Government Reform Committee said for the first time that Berger's visits were so badly mishandled that Archives officials had acknowledged not knowing if he removed anything else and destroyed it. The committee further argued that the 9/11 Commission should have been told more about Berger and about Brachfeld's concerns, a suggestion that resonated with Philip Zelikow, the commission's former executive director.

Zelikow said in an interview last week that "I think all of my colleagues would have wanted to have all the information at the time that we learned from the congressional report, because that would have triggered some additional questions, including questions we could have posed to Berger under oath."

The commission's former general counsel, Dan Marcus, now an American University law professor, separately expressed surprise at how little the Justice Department told the commission about Berger and said it was "a little unnerving" to learn from the congressional report exactly what Berger reviewed at the Archives and what he admitted to the FBI -- including that he removed and cut up three copies of a classified memo.

"If he took papers out, these were unique records, and highly, highly classified. Had a document not been produced, who would have known?" Brachfeld said in an interview. "I thought [the 9/11 Commission] should know, in current time -- in judging Sandy Berger as a witness . . . that there was a risk they did not get the full production of records."

In an April 1, 2005, press conference and private statements to the commission, the Justice Department stated instead that Berger had access only to copied documents, not originals. They also said the sole documents Berger admitted taking -- five copies of a 2001 terrorism study -- were later provided to the commission.

Those assertions conflicted with a September 2004 statement to Brachfeld by Nancy Kegan Smith, who directs the Archives' presidential documents staff and let Berger view the documents in her office in violation of secrecy rules. Smith said "she would never know what if any original documents were missing," Brachfeld reported in an internal memo.

In a letter to House lawmakers last week, Acting Assistant Attorney General Richard A. Hertling did not address the issue of why the department told the commission so little. But Hertling wrote that in numerous interviews, "neither Mr. Berger nor any other witness provided the Department with evidence that Mr. Berger had taken any documents beyond the five."

Hertling said the department "stands by its investigation" and believes the guilty plea it negotiated with Berger on April 1, 2005, "was the best one possible in light of the available evidence." He also criticized the Archives staff for failing at the time to confront Berger, search him or contact security officials, saying this failure "had to be weighed against the evidence."

Brachfeld has similarly expressed frustration that Smith and others who suspected Berger of wrongdoing chose not to inform him of their suspicions until more than a week after Berger's last visit to the Archives. "If I had been notified, I would have put cameras in the room. I would have caught him leaving with documents on him. . . . We could have had FBI agents around the facility. . . . He would have been arrested," Brachfeld said.

Brachfeld pressed Justice Department officials on six occasions in 2004 to make a fuller statement to the commission about Berger's actions, to no avail. He also contacted Justice Department Inspector General Glenn A. Fine, who organized an April 2004 meeting between Brachfeld and Justice officials that convinced him that "these issues had to go before the 9/11 Commission," according to two people present.

But in a notification to the commission the following month, the department did not mention that Berger had cut up documents, that he reviewed uncatalogued originals or that Brachfeld worried that Berger's theft was greater.

In the Hertling letter, the department noted obstacles in its investigation. The FBI was not advised of the case until Oct. 15, 2003, almost two weeks after Smith concluded that Berger had stolen documents. By then, Archives General Counsel Gary

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Stern had called Berger and former Clinton lawyer Bruce Lindsey about it and obtained two documents from Berger, who surrendered them at home after first denying they were in his possession.

The letter also said that six months after beginning the probe and well after Berger testified to the commission, "the Department had not yet asked Mr. Berger any questions, as he had not yet agreed to an interview." Berger's lawyer, Lanny Breuer, said Berger first spoke to the FBI in March 2005 and was interviewed a second time in July of that year, after his April 1, 2005, guilty plea to unauthorized removal and retention of classified material.

Judge Deborah A. Robinson imposed a stiffer penalty in the case than the Justice Department sought, fining Berger a total of $56,905, canceling his security clearance, and requiring monthly reporting to a probation officer for two years. Breuer said Berger has also picked up trash in Virginia parks for 100 hours to fulfill a community service requirement, and he criticized the renewed attention to Berger's case.

"It never ceases to amaze me how the most trivial things can be politicized. It is the height of unfairness . . . for this poor guy, who clearly made a mistake," Breuer said.

Some of Brachfeld's colleagues have not been cheered by his new congressional support. An Archives lawyer, who Brachfeld said was one of those involved in the Berger case, this month sent Brachfeld an e-mail accusing him of poor judgment and stating that "I don't think it comes as a great surprise if I were to venture the opinion that senior management at this agency have serious problems with the manner in which your office conducted itself . . . during the Berger investigation."

On Friday, Archivist Allen Weinstein assured Brachfeld in writing, however, that this criticism did "not reflect either my views or the views of the overwhelming majority of NARA employees."

Inquiry Of Campbell Staffers Wears On (HILL)

By Mike Soraghan

The Hill, February 21, 2007

It may have been forgotten by many, but the corruption investigation of the office of former Sen. Ben Nighthorse Campbell (R-Colo.) isn't over.

The FBI and the Justice Department are pursuing the case, records show, nearly three years after it was opened and more than two years after Campbell left office. But charges have yet to be levied and an explanation as to why it's taken so long to wrap up has yet to be offered.

"I don't understand why it would take so long," said Tom Gorman, who heads a Denver-based, anti-drug task force and complained to the Justice Department that Campbell's office pressured him to award a no-bid contract. "It didn't seem to me to be that complicated of a case."

Campbell, too, said he's eager to put the investigation behind him, stressing that he has been told he is not a subject of the investigation. Investigators have not interviewed Campbell.

"Senator Campbell is eager to learn the results of the Department of Justice's investigation into the alleged actions of a former staff member," a Campbell spokeswoman, Kate Dando, said.

The "former staffer" is Campbell's onetime chief of staff, Ginnie Kontnik, who resigned just before the allegations surfaced. The Justice Department's anti-corruption unit is investigating a no-bid contract that Campbell and Kontnik tried to steer to a company co-owned by one of Campbell's top fundraisers. More sensationally, Kontnik allegedly shook down an underling for a $2,000 kickback in 2002.

A Jan. 12 letter from the Justice Department Criminal Division, obtained by The Hill, denied a request for documents about the investigation, saying they "relate to open and on-going law enforcement proceedings being conducted by the Public Integrity Section," referring to the department's anti-corruption unit.

The letter said releasing documents could interfere with the investigation.

A former Campbell staffer who came forward with the kickback allegation, Brian Thompson, said he figures the investigation has been shelved, even if the department says it's still open.

"I haven't talked to or seen anyone in this in a long time," Thompson said. "I think the FBI's interviewed everybody they can interview."

Since the Campbell allegations surfaced, the Justice Department has started an investigation of former Washington lobbyist Jack Abramoff and sent him to prison. Former Rep. Bob Ney (R-Ohio) is also on his way to prison on related charges.

The allegations helped to tip the balance of power in the Senate. Amid the revelations, Campbell reversed his plan to seek a third term. He was replaced by a Democrat, Ken Salazar.

A Department of Justice spokesman, Bryan Sierra, declined to comment on the investigation or whether its status has changed since the date of the letter. Attempts to reach Kontnik were unsuccessful.

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Since announcing his retirement, Campbell used unspent campaign funds to pay more than $150,000 in legal fees to the firm of Patton Boggs.

The investigation does not seem to be impeding Campbell's seven-figure lobbying job in Holland & Knight's Washington office. His client roster lists nearly 20 firms, including United Air Lines, the PGA Tour, the Washington Metro Transit Authority and the National Indian Gaming Association. Campbell and his firm recently landed the Seneca Nation of Indians.

Kontnik, Thompson and most of Campbell's other former staffers have been interviewed by the FBI, according to press accounts. Dando said the former senator always encouraged his former aides to cooperate.

Former District of Columbia U.S. Attorney Roscoe Howard said the secrecy of the investigation makes it difficult to determine whether prosecutors are sitting on the case or actively pursuing it. The case could be in someone's drawer, Howard said, or prosecutors could be negotiating a deal with one suspect and building cases against others.

"At Public Integrity, I don't think they're particularly aggressive," Howard said. "The nature of their targets makes everybody a tad gun-shy, but they don't just sit on a case to sit on a case."

The allegations surfaced days after Kontnik resigned from Campbell's office in 2004.

Thompson, who had worked under Kontnik in Campbell's suburban Denver office, told the Denver Post that Kontnik gave him a bonus in 2002, but demanded $2,000 back so she could pay her divorce attorney.

Kontnik confirmed the basics of Thompson's account, but said the money was reimbursement for legitimate "political-slash-Senate-related expenses."

She said she got the money "under an arrangement previously agreed to by the senator [Campbell]," but then backed off, saying, "He might not have technically signed off on it."

Gorman's no-bid contract allegations became public after Campbell announced his retirement in March 2004. Records showed that Campbell and Kontnik worked to steer a $1.15 million appropriation to Thinkstream Inc. The company was co-owned by Michael Smith, Campbell's 1992 campaign-finance chairman. Gorman and the directors of his task force resisted awarding the contract without bidding.

Kontnik's attorney "categorically" denied wrongdoing in the Thinkstream matter, but not in the case of the alleged kickback.

FBI, DOJ Continues Probe Of Wisc. Travel (AP)

By Ryan J. Foley, Associated Press Writer

AP, February 21, 2007

DOJ: Probe Into Wisconsin's State Travel Contract Continues

MADISON, Wis. (AP) -- The FBI and the state Department of Justice are continuing their investigation into Gov. Jim Doyle's administration, investigators said.

With one state employee convicted of steering a travel contract to a company with political ties to the governor, the criminal probe "remains open," the state Division of Criminal Investigation said in a letter to The Associated Press.

The disclosure means an investigation that distracted Doyle during his first term in office and gave ammunition to his critics could continue into his second. Doyle has not been accused of wrongdoing and has defended his administration from accusations of corruption.

The news came in DCI administrator James R. Warren's Feb. 14 response to a public records request for documents relating to the agency's investigation of the travel contract.

Warren turned over more than 50 pages detailing the probe that led to last summer's conviction of Georgia Thompson, a state purchasing supervisor, on federal fraud charges.

But he declined to release an additional 105 pages, including 40 pages of FBI reports, that he said involve "persons other than those who testified at the trial of Georgia Thompson."

Their release would undermine the probe, he said. Warren also blacked out the identities of two people from the released records.

"DCI's investigation remains open, and releasing identifying information about these individuals would interfere with that ongoing investigation," he wrote.

Prosecutors said Thompson steered a contract to a company whose executives gave $20,000 to Doyle's re-election campaign. She is serving 18 months in prison. After her trial, U.S. Attorney Steven Biskupic in Milwaukee told reporters the probe was not over.

Doyle's opponent in the November election, Republican Mark Green, repeatedly claimed Doyle's administration was facing "an ongoing FBI investigation." But the probe seemed to fizzle out as months went by with no additional action.

Doyle's former top aide, Marc Marotta, figured prominently at Thompson's trial last June. Prosecutors introduced evidence showing he met with Adelman Travel Group officials before the bidding process and his phone line traded calls with company executives on a key date of the competition.

Marotta served as secretary of the Department of Administration from 2003 to October 2005.

He did not testify at the trial and said afterward that he promised investigators he would not discuss his role in the award of the contract. But he broadly denied wrongdoing and kept a low-profile during Doyle's re-election campaign despite his role as chairman.

In the DOJ files, investigators note Thompson worked beneath two political appointees who worked for Marotta. Doyle's aides have argued the trial proved Thompson acted on her own -- despite some jurors' belief that higher-ups were involved.

Mike McCabe, director of the Wisconsin Democracy Campaign, which tracks political donations, said investigators last asked his group for information on Doyle's campaign donations weeks before the Nov. 7 election.

"I have not heard a peep since then," he said. "That's the last inkling we had about the nature of the investigation. It gave us the sense it was ongoing, it was both state and federal authorities involved, but that's all I know."

Kevin St. John, spokesman for Attorney General J.B. Van Hollen, declined comment. Administration spokesman Scott Larrivee referred questions to investigators.

Surprising New Evidence In The John Ford Tennessee Waltz Case (WREG)

WREG-TV, February 21, 2007

MEMPHIS, TN -- Today there is surprising new evidence in the John Ford Tennessee Waltz Case. With video and audiotapes, the FBI says Ford took thousands of dollars in bribes.

The hearing this afternoon is about the Rolex watch Ford said he received as a gift from Memphis developer Rusty Hyneman. FBI agents seized the diamond-studded Rolex when they arrested Ford in May 2005 and now Ford's defense is trying to get the watch thrown out as evidence in the former Senator's corruption trail.

Today the government unveiled proof that the watch is relevant in the bribery case by introducing new undercover audio and video tapes.

At one point, Ford is heard saying to an undercover FBI agent that he is going to receive a $50,000 Rolex because he did Hyneman a big favor. He then tells the agent that Hyneman is a "rich white boy".

He is on video again later, showing off the Rolex and telling another FBI agent that he paid zero for the watch because he did the developer a big favor by saving them up to $1.5 million dollars.

Prosecutors are also trying to prove that Ford eased fines for environmental fines on some of Hyneman's projects and according to the govenment, this is why Ford got the watch.

John Ford Goes To Court Over Rolex Watch (WPTY)

WPTY-TV, February 21, 2007

We have new information on the bribery charges against John Ford.

Prosecutors want John Ford's Rolex watch to be used as evidence during his upcoming bribery trial.

They say prominent developer Rusty Hyneman gave Ford the watch in return for a favor, but the defense says Ford bought the $32,000 watch.

After hours of hearing arguments from prosecutors and the defense, the judge did not make a decision Tuesday about whether John Ford's Rolex watch can be used as evidence during his Tennessee Waltz bribery trial.

John Ford spent today in court over something similar to this $32,000 Rolex watch. In the end, the judge didn't decide whether it can be used as evidence in Ford's bribery trial.

His attorney Mike Scholl says, “We're just here to argue the motion today and whatever time the judge needs it's his decision so we're not anxious to push anything or anxious for a decision one way or another.”

Prosecutors say Memphis developer Rusty Hyneman bought Ford the watch.

They say Ford met with Hyneman on October 4, 2004 to talk about Hyneman's state environmental violations.

On Oct 14, Hyneman bought a $32,000 Rolex watch. On Oct 15, Ford tells an undercover FBI agent on a videotape that he needs his Rolex from Rusty Hyneman.

On November 19, Ford shows an undercover FBI agent a Rolex and says he did Rusty Hyneman a "big favor."

Rusty Hyneman plead the fifth amendment in court today when asked about the Rolex watch.

His lawyer Jim Garts says, “They're basically on a fishing expedition on that and we advised Mr. Hyneman that he could exercise his constitutional right.”

Ford's lawyers say there's no proof Hyneman gave Ford the watch.

On Jan. 31, 2005, Ford changed his story. Ford told an undercover FBI agent he bought the watch.
FBI agents acknowledge Hyneman has not saved any money for state environmental violations he faces.
We also learned some new information about Ford's involvement with E-cycle.
That's the fake FBI company he's accused of taking bribes from.
Just months before his arrest, Ford was suspicious of the company.
During a conversation with FBI informant Tim Willis, Ford asks Willis, "Are they legit?"
He also asks Willis if he is working for the FBI.
Ford tells Willis, "If you are, just tell me. I got a gun. I'll just shoot you dead."
John Ford's trial starts on April 9th.
He is accused of taking bribes in return for sponsoring legislation for the fake FBI company called E-cycle.

Judge Mulls Decision After Ford's Rolex Hearing (WHBQ)

By Amy Cowman
WHBQ-TV, February 21, 2007

Memphis, Tenn. (WHBQ FOX13 MyFoxMemphis.com) -- The prosecution scored a partial victory in former state Senator John Ford's Tuesday Tennessee Waltz hearing. At the center of the court appearance is a $40,000 Rolex watch and a question over whether it was a gift or a bribe.

Former state Senator John Ford and his attorney's walked out of federal court with not much to say.

"We're not really going to comment on the hearing half," said Ford's attorney Michael Scholl. "The proof came out in the hearing as it is and the judge hasn't made a decision. So we'll wait on that decision."

Judge J. Daniel Breen did deny the defense's request to suppress the watch due to the way it was seized, saying the government had the right to seize it, but the judge still wants more proof on the relevance of the Rolex before he allows it into trial.

Ford declined to comment after the prosecution showed several taped conversations between Ford and undercover officers.

The conversations included segments where Ford referenced a $50,000 Rolex watch he said he paid nothing for and received from developer Rusty Hyneman in return for saving him more than a million dollars in fines.

Hyneman's attorney's advised him to plead the fifth on the witness stand.

"It was a bunch of embellishment by Senator Ford as to what happened," said Hyneman's attorney, Jim Jartz. "There were four or five different versions, one of those was apparently the state's theory. But pick which one and there's just no point in Mr. Hyneman subjecting himself to that when he's not a defendant."

The defense argued Ford never saved Hyneman money on fines, also they argued Ford paid for his own Rolex watch and made an even swap with Hyneman for a different watch, saying Ford boasted about things that weren't true.

Defense attorneys said the judge probably won't rule on whether the Rolex will be admitted until once the trial has begun.

Ford's trial is set to begin on April 9.

Memphis Developer Refuses Testimony On Ford Watch (WMC)

WMC-TV, February 21, 2007

Prosecutors and Defense Attorneys battled for hours over whether the now-infamous wrist watch should be allowed into evidence.

The judge is going to take some time to make that decision.

And some highly-anticipated testimony turned out to be a waste of "time."

We've shown you video of former Senator John Ford "caught on tape" before.

The feds say he took cash in exchange for political favors.

It's the same reason they say he accepted a Rolex watch from developer Rusty Hyneman.

Hyneman was as evasive outside court Tuesday as he was inside. He pleaded the 5th on every question concerning his relationship with Ford. In other words, he answered nothing.

"He's not a defendant, he's not on trial, he's not been charged with anything," said Hyneman's attorney Jim Garts. "So, there's really no point in him giving testimony in that courtroom," he added.

Prosecutors want the watch presented as evidence during Ford's upcoming corruption trial.

They say it proves Ford is willing to take a bribe. They presented audio and video tape of Ford boasting about the watch.

At one point, he's heard saying that he is going to receive a $50,000 Rolex because he did Hyneman a big favor.

He later tells an undercover agent that Hyneman is a quote "rich white boy."

"Whatever time the judge needs, it's his decision," said Ford's attorney Mike Scholl. "So, we're not anxious to push anything to anxious for a decision one way or the other," he added.

As usual, Ford was not willing to comment, for the most part. Reporter Jason Miles asked him what kind of watch he is currently wearing.

"You don't need to know that," Ford replied.

The judge might not make a decision about Ford's Rolex until his trial begins April 9th.

Sen. Cooper Intoxicated, Speeding, THP Charges (TENN)

By Leon Alligood, Staff Writer

The Tennessean, February 21, 2007

Lawmaker hurt in Feb. 7 wreck

State Sen. Jerry Cooper was legally drunk when he rolled his sport-utility vehicle on Interstate 24 earlier this month after attending three legislative receptions, the Tennessee Highway Patrol said Tuesday.

The Democrat from Morrison, 58, who was already free on bail on federal fraud charges, was charged with drunken driving and speeding in connection with the Feb. 7 one-vehicle wreck in Rutherford County.

As for how drunk he was, the THP wasn't saying Tuesday. A spokesman refused to disclose details of the charges, including the senator's blood-alcohol level and the estimated speed of his vehicle.

"Until it's been served, we cannot release the warrant," said Mike Browning, spokesman for the THP.

The legal threshold for drunkenness in Tennessee is 0.08.

Cooper was seriously injured in the wreck and is convalescing at home from rib fractures, a concussion and a severe arm injury. He will be arrested or required to turn himself in "when he is physically able," according to the THP statement.

Last week, Cooper's doctor said the senator would need months to heal. It wasn't clear Tuesday how long the senator could wait before being booked on the charges.

District Attorney General William Whitesell of Murfreesboro, whose office will prosecute the case, did not return a phone call Tuesday.

Efforts to contact the senator or his attorney, Jerry Summers of Chattanooga, were not successful. Neither returned calls.

In light of the accident, Summers has asked the judge in Cooper's fraud case to postpone the March 5 start date of the trial.

Information from The Associated Press was used in this report.

Contact Leon Alligood at 615-259-8279 or at lalligood@tennessean.com.

One On Trial Blames Another: His Twin Brother (PHI)

By John Shiffman

The Philadelphia Inquirer, February 21, 2007

Andre L. Henry - who stands accused of violent crimes against a police officer, two banks, two grand-jury witnesses, and eight fast-food restaurants - has offered jurors in his trial an unusual defense.

The man secretly recorded in a prison cell confessing?

Not him, Henry testified. It was his twin brother; they had traded cells in prison.

"We figured, why not?" Henry told jurors. "Who would know?"

A federal jury in Philadelphia is expected to begin deliberating Henry's fate this morning. If convicted of the most violent charges - including car-jacking and solicitation to murder - he probably faces life in prison.

In closing arguments yesterday, Assistant U.S. Attorney Michelle Rotella mocked Henry's assertion, and said the government had provided ample evidence that Henry doesn't have a twin brother.

"His story is just absurd," Rotella told the jury.

Federal officials say Henry is an extremely violent man. In addition to the charges in this case, he faces state murder charges and, according to grand jury testimony, was investigated for an alleged plot to detonate pipe bombs inside the Gallery at Market East mall.

The alleged 2003 plot against shoppers and commuters at the Center City mall had not been previously reported. Henry was never charged with terror-related crimes; he and his lawyer, Christopher Warren, have denied that any attack was planned.

Jurors in his trial have not been told directly about the alleged Gallery plan. But during cross-examination, Henry unexpectedly began to talk about it, accusing Rotella of fabricating evidence against his family.

"When the public hears about domestic terrorism, they're going to want to know what happened," Henry said. "Were these guys actual terrorists? What happened?"

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"You were arrested, Mr. Henry," Rotella shot back. "That's what happened."

The government's best evidence of a terror plot is the secret recording of Henry made by his cell mate - an unredacted copy of which was reviewed by The Inquirer.

At one point, Henry, who is a black Muslim, said on tape that the purpose of the blasts, timed for rush hour near the Market East SEPTA station, would represent "domestic terrorism" against white Americans.

At another point on the recording, however, Henry said the purpose would be to divert Philadelphia police long enough to pull off a major bank robbery.

"Prior to robbing the bank, he was going to plant 17 pipe bombs in the Gallery," the cell mate, Kreg Williams, said during grand-jury testimony.

When Henry was arrested on a parole violation in 2003, agents from the Bureau of Alcohol Tobacco, Firearms and Explosives said they had found materials for making pipe bombs in his trunk.

In the basement of Henry's home, agents said, they found a Glock pistol, a Fanchini shotgun, a Marlin rifle, a Romanian AK-47 assault rifle, a Point Blank bulletproof vest, $14,000 in pink-dye-stained cash, and photos of Henry and others holding weapons.

As Henry sat in prison on the parole charge, the ATF received a letter from Williams.

"Henry's case is much more involved than the weapons...," Williams wrote. "I can wear a wire and get all the evidence on tape."

Williams, a self-styled jailhouse paralegal, was fitted with a wire. Under the guise of helping Henry prepare his legal case, Williams got him to talk.

Besides speaking about the alleged Gallery plot, Henry was recorded speaking about a car-jacking, a plan to kill a grand-jury witness, a 2003 shoot-out with a Philadelphia police officer, and two bank robberies.

In a tape excerpt played at trial, Henry described one of the bank robberies: "I jumped over the counter, and I emptied the drawers, and I told the manager to open up the... vault."

Henry is also charged with making straw gun purchases - using women who did not have criminal records to buy his weapons, including six assault rifles.

In closing arguments, Warren reminded jurors that most witnesses against Henry had testified hoping to reduce their prison sentences. The lawyer also noted that authorities had failed to obtain incriminating fingerprints or DNA from a trove of evidence, including the cash, seized at Henry's home.

Capano's U.S. Appeal Detailed (AP)

By Randall Chase

AP, February 21, 2007

DOVER, Del. - Thomas Capano's lawyer argued in a federal appeal yesterday that a judge had violated the convicted killer's constitutional right to a fair trial by refusing to let the jury consider charges other than murder and by allowing hearsay testimony.

In a 71-page brief supporting Capano's habeas corpus petition, attorney Joseph Bernstein said the Delaware Supreme Court had erred in upholding the judge's decision to give the 1998 jury only two options: acquittal or conviction for first-degree murder.

Under a 1980 U.S. Supreme Court ruling, a defendant in a capital murder case is entitled to jury instructions that include lesser offenses if any evidence supports those offenses, Bernstein told the Associated Press.

Capano, now 56, acknowledged in his trial that he had dumped the body of Anne Marie Fahey, who was Gov. Tom Carper's scheduling secretary, into the Atlantic Ocean, but said her death had been an accident.

"If you're on a jury and you hear that, and you only have two options, what are you going to do?" Bernstein said. "Even if you don't think it was intentional murder, you're not going to let him go."

Capano, once a wealthy and politically connected lawyer, was convicted of shooting Fahey, 30, in 1996, allegedly because she was breaking off an affair with him.

Bernstein also argued in the federal appeal that hearsay testimony by Fahey's friends and psychotherapists should have been excluded from the trial.

In 2001, the state Supreme Court upheld Capano's conviction, his death sentence, and Judge William Swain Lee's decision to reject lesser offenses such as manslaughter or criminally negligent homicide.

While finding that Capano's trial included "obvious hearsay," the Supreme Court said Lee had admitted it with careful limiting instructions to the jury.

Certain inadmissible hearsay testimony did not amount to reversible error, the court added.

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"What we're saying is that, under state law, the Delaware Supreme Court was wrong," Bernstein said.

He said the overturning of Capano's death sentence last year and subsequent sentencing to life in prison without parole did not affect his federal appeal.

"When the jury was originally instructed, it was a capital case," he said.

Loren Meyers, a criminal appeals attorney with the state Department of Justice, did not immediately return a telephone call seeking comment on Bernstein's filing. The state has until April 16 to file an answer.

Elmira Man Admits To Child Porn Charge (ELMSG)

Elmira (NY) Star-Gazette, February 21, 2007

John R. Maggese, 44, pleaded guilty today to a felony charge of possession of child pornography, according to a press release from the U.S. Department of Justice.

Maggesse was accused of having child pornography on a computer he owned from July 2003 through August 2005, the release stated. He received the images over the Internet; some of the images showed children under 12 years old.

Maggese is scheduled to be sentenced at 2 p.m. May 24 in U.S. District Court in Rochester. The charges carry a maximum penalty of 10 years imprisonment, a $250,000 fine, or both.

Investigator Pleads Guilty To Fraud Against Law Firms (LAW)

By Mark Hamblett, New York Law Journal

New York Law Journal, February 21, 2007

A Montana man Tuesday pleaded guilty to defrauding law firms involved in major litigation by claiming to have proof of illegal activity by opposing counsel and parties.

Michael Lair, 46, headed consumerdefense.com Inc., which held itself out as a consumer complaint investigator and researcher for large fraud cases. Tuesday, Lair admitted to defrauding attorneys and litigants of more than $311,000 in 2003 and 2006 as he pleaded guilty to four counts of wire fraud before Southern District of New York Judge John Keenan.

Under a plea agreement with Assistant U.S. Attorney Helen Cantwell, Lair is expected to be sentenced to serve somewhere between 2 years and 3 months to 2 years and 9 months in prison.

The victims of the fraud included two of Manhattan's top litigation firms, Morvillo, Abramowitz, Grand, Iason; Anello & Bohrer; and Kasowitz, Benson, Torres & Friedman.

While the guilty plea Tuesday covered the litigation involving the Morvillo and Kasowitz firms, prosecutors had been prepared to obtain a superseding information that would have charged Lair with attempting to defraud 10 other firms in litigation in New York and other parts of the country.

Tuesday, with defense attorney Leonard Joy by his side, Lair told Judge Keenan, "I agreed with a number of law firms to supply information about the parties involved in legal actions in which the law firms were involved. I charged the firms' fees knowing that I did not have and could not have obtained such information."

Name partner Robert Morvillo was representing former AIG Inc. Chairman Maurice Greenberg in a dispute with the insurance giant when he was approached by Lair in 2005 with an offer to sell sensitive information about the company and opposing counsel.

Lair then allegedly turned around and tried to sell information to the opposing counsel about illegal and unethical acts purportedly committed by the Morvillo firm, when, in fact, he had no such information.

The Morvillo firm paid Lair $75,000 on behalf of Greenberg to provide information about alleged misconduct by AIG auditor PriceWaterhouseCoopers, but Lair never provided any information.

He then approached lawyers for AIG and said he had been hired by the Morvillo firm to hack into the company's computers and obtain telephone and e-mail records -- also a fabrication, according to the government.

Following Lair's arrest in November, Michael Bowe of Kasowitz Benson said Lair contacted him in March 2006, claiming to have information on hedge fund SAC Capital, which was being sued by Bowe's client, pharmaceutical company Biovail Corp., for allegedly colluding with analysts to publish misleading reports that damaged the company's stock price.

The Kasowitz firm paid Lair less than $5,000 for travel expenses to New York but never received any information from him.

"We paid $5,000 in travel expenses for one meeting that went nowhere," Bowe said Tuesday. "We never paid any money for services or information."

Lair also tried, prosecutors said, to have SAC Capital's lawyers pay $50,000 for the "information" that the Kasowitz firm had hired him to hack into SAC's computers.

According to the complaint the FBI had already been alerted to Lair's activities and agents were monitoring his communications with SAC's lawyers.

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Morvillo could not be reached for comment Tuesday.

In addition to the two named New York law firms, the information filed against Lair alleged that between 2003 and 2006 he also defrauded 10 other law firms. He allegedly received $10,000 from New York attorneys involved in trade secrets litigation; $50,000 from an attorney representing an Internet services company in litigation with hedge funds; $25,000 from an attorney weighing whether to start litigation against a software development company; and $35,000 from an attorney representing an investor against a computer software company and its outside auditors.

The other firms were not named.

Cantwell is also seeking the forfeiture of $311,000, which represents the total Lair received from the 12 firms.

Lair, who has been behind bars since his arrest in November, is scheduled to be sentenced March 21.

Lawyer Admits Stealing More Than $20 Million (AP)

AP, February 21, 2007

WHITE PLAINS (AP) - A lawyer pleaded guilty to stealing more than $20 million from a bank and at least one client, spending the loot on vacation homes, a wedding and generous salaries for his employees, authorities said.

Under a deal with prosecutors, Anthony Bellettieri, 53, faces more than a decade in prison after admitting in federal court to bank and mail fraud dating to at least 2003.

Bellettieri, a real estate lawyer, stole the funds through check kiting - taking money from his law firm's escrow account and writing checks on another account to cover the escrow account's losses.

According to J.P. Morgan Chase, the primary victim, the tactic worked partly because he used checks with a printed error. The scheme fell apart after the bank issued correct checks in November.

Prosecutor Cynthia Keefe Dunne said the stolen money paid for, among other things, a swimming pool at Bellettieri's Pleasantville home, a family wedding, high salaries for the law firm's workers and condos in Miami Beach and Aruba.

Five Plead Guilty To Bilking Investors In Years-long Scam (SDUT)

By Kelly Thornton, Union-tribune Staff Writer

The San Diego Union-Tribune, February 21, 2007

Ring's victims were mostly churchgoers

SAN DIEGO – Five men have pleaded guilty in federal court to defrauding investors of $20 million in a long-term scam that preyed mostly on churchgoers.

John Harrell, the ringleader of the scam, admitted he recruited investors with bogus schemes and then spent all the money on himself and other members of the enterprise, said prosecutor Jason Forge.

Harrell pleaded guilty Tuesday before U.S. District Judge Thomas Whelan to fraud, conspiracy and money laundering charges. He faces a sentence of up to 335 years in prison, Forge said.

The others – Ocean Beach liquor store owner Gregg Stavros, Daniel Anderson, Kenneth Hodgell and John Reitz – pleaded guilty to fraud and tax charges, and each faces a maximum of 10 years in prison.

One of the bogus stories used to lure investors: Descendants of Mormon church founder Joseph Smith had created a $1.6 trillion trust fund held overseas, and investors were needed to bring the money back home.

“Mr. Harrell and his co-conspirators utilized a complex fraud scheme to steal millions through promises of high rates of return with no risk,” said Dan Dzwilewski, head of the FBI office in San Diego.

“He also preyed on his victims' religious faiths and their suspicion of government. Today's result will make others think twice before defrauding the American public.”

The defendants used investor money to pay their rent, to pay for privately chartered flights, and to rent cars for themselves, Forge said. The rental car bill was more than $400,000 per year. The defendants targeted many of their victims through churches.

The massive fraud ring operated out of an Ocean Beach liquor store and a Mission Valley apartment complex. Millions of dollars were laundered through Stavros' Chris' Liquor Store in Ocean Beach, officials said.

Authorities described the organization as “a cult-like investment scheme” that operated out of San Diego beginning in the late 1980s.

Former Judge Collapses As He Is Sentenced For Child Porn Possession (LAT)

By Christine Hanley, Times Staff Writer

The Los Angeles Times, February 21, 2007

DOJ_NMG_0134820

Ex-Orange County jurist Ronald C. Kline quickly recovers. He must serve 27 months in prison and register as a sex offender.

A former Orange County judge collapsed in a Los Angeles federal courtroom Tuesday moments after being sentenced to 27 months in prison for possessing child pornography, bringing a dramatic end to a case that tested privacy rights and nearly fell apart because of a computer hacker's role in the investigation.

Ronald C. Kline was standing with his hands in his pockets and swaying slightly as U.S. District Judge Consuelo B. Marshall indicated he would do prison time. Kline's knees suddenly buckled, and he fell backward, with his eyes closed, into the arms of one of his attorneys.

A nurse and paramedics rushed to the courtroom. . They monitored his heart and administered other tests on the 66-year-old Kline. He was on his feet about a half-hour later, and his attorneys said he was well enough to sit through the rest of the hearing.

When it resumed, Marshall also ordered Kline to serve three years of strictly supervised probation. During that time, he cannot use the Internet or possess any technology — including a cellphone — that would allow Internet access without prior written approval.

Other conditions bar him from lingering within 100 feet of schools, parks and other common gathering points for children under 18. He must also register as a sex offender for the rest of his life.

Marshall said she based her ruling on a variety of factors, including a recommendation by probation officers that Kline serve from 27 to 33 months, the seriousness of the offense, Kline's lack of prior criminal history and his acceptance of responsibility.

Assistant U.S. Attys. Gregory W. Staples and Deirdre Z. Eliot said they were satisfied with the sentence, even though they had asked for the maximum 33 months.

The prosecutors spent a good deal of the hearing chronicling Kline's pursuit of an 18-year-old man he met while both were enrolled last year at a treatment center for sexual disorders. Kline had been ordered by the facility's staff to stay at least 10 feet away from the teen, who is described in court records as emotionally and developmentally disabled. Instead, Kline wrote him letters and asked him to move in.

Kline's attorneys were seeking probation for their client, arguing that he had accepted responsibility and was voluntarily undergoing rigorous treatment for what they described as a sex addiction. . They repeatedly pointed out that Kline broke no laws by interacting with the 18-year-old, who was legally an adult.

"This is a tragic case," said Paul S. Meyer, one of his attorneys. "Our client has obviously suffered throughout this entire ordeal."

Kline, who has been confined to his Irvine home and has had to wear an electronic monitoring device since his arrest, was ordered to surrender to U.S. marshals by May 21. He has never spoken publicly about the allegations. Given the chance to address the court Tuesday, Kline said he owed an apology to society in general and people he had met over the years.

"The problem is, I can't think of a way to say it to make any of it right," he said. "It would be a lifetime of apologies for what I did."

Appointed to the Orange County Superior Court bench in 1995, Kline enjoyed an impeccable reputation as a civil judge and was running unopposed for his second six-year term until he was arrested in November 2001 and charged with seven counts of possessing child pornography on his home and courthouse computers.

The investigation began after Bradley Willman, a Canadian hacker who saw himself as a computer cop, used a virus to gain access to Kline's home computer and download explicit diary excerpts about the judge's sexual desires and more than 1,500 pornographic photos of young boys.

Willman forwarded his findings to a Colorado-based Internet watchdog group, Pedowatch, which contacted Irvine police. Warrants were obtained months later that allowed searches of Kline's home and courthouse computers.

The case became a national spectacle and set the stage for one of Orange County's strangest elections. Talk radio hosts Ken and John of KFI-AM (640) set up a makeshift studio outside Kline's home, reading his diary entries in their daily broadcasts and urging voters to elect one of eleven write-in candidates challenging him for the judicial seat.

After the widespread publicity surrounding Kline's arrest, a former neighbor came forward with allegations that he was molested by Kline 25 years earlier. That case was dismissed in 2003 when the U.S. Supreme Court invalidated a California law that had waived statutory limits for old sex crimes.

That same year, the federal case also appeared to have collapsed amid a legal debate centered primarily on the credibility of the computer hacker and the timing of his "break-in."

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Prosecutors argued that Willman played a limited role in their investigation and worked independently of any police agency. But defense attorneys equated Willman to a government agent and said his computer invasions were a "21st century wiretap" to secretly monitor, remove and deliver incriminating files to police.

In separate rulings, Marshall sided with the defense and suppressed the diary excerpts and photos found on his home and courthouse computers, concluding that the evidence was the fruit of the earlier illegal search of Kline's home computer by the hacker, who saw himself as working for police. And, she concluded, as an agent for the police, that hacker had needed a warrant to conduct the search legally.

But prosecutors appealed her decision. And in October 2004, the case was resurrected by a three-judge panel of the U.S. 9th Circuit Court of Appeals. In an unpublished opinion, the justices ruled that the Canadian hacker was not working for the police when he accessed the judge's hard drives and therefore did not violate Kline's privacy rights. They found that even though there was ample evidence to support the contention that Willman was acting with the intent to assist law enforcement, there was no evidence that any police agency knew of his search beforehand.

In December 2005, months after the U.S. Supreme Court declined to hear Kline's appeal, he pleaded guilty to four counts of possessing child pornography on his home computer and computer disks.

Owner Vows A Hassle In Escort-service Probe (WT)

By Jim McElhatton

The Washington Times, February 21, 2007

A California woman who is the target in an ongoing criminal probe into the operation of her District-based escort agency has told federal authorities she will "make life miserable" for former customers and employees unless her case is dropped, government attorneys say.

"I cannot emphasize to you the terrible and quite unnecessary ramifications this case (civil and/or criminal) will set off, if permitted to advance for both sides," Deborah Jean Palfrey wrote in an e-mail to the U.S. Attorney's Office. "The press will have a field day at each of our expense."

Government attorneys referenced the e-mail in a recent motion to postpone civil forfeiture proceedings against Miss Palfrey pending the outcome of a criminal investigation. But an attorney for Miss Palfrey wants to move forward with the civil case, filing court papers last weekend detailing an attempt to depose former Clinton campaign adviser Dick Morris.

Mr. Morris, a news commentator who resigned from the Clinton campaign in 1996 amid a scandal involving escort services, is "the only customer of the service who has publicly admitted using the services for 'legal' sexual activity," Miss Palfrey's attorney wrote in court papers.

Attempts to reach Mr. Morris were not successful yesterday.

Miss Palfrey, of Vallejo, Calif., has been the target of a two-year investigation by the Internal Revenue Service and U.S. Postal Service into whether she illegally earned money from prostitutes working as escorts for her business.

Miss Palfrey has not been charged criminally.

In October, federal agents seized more than $427,000 in cash and stocks from Miss Palfrey. In pleadings, authorities say the criminal investigation is ongoing.

Miss Palfrey's forfeiture attorney, Montgomery Blair Sibley, said yesterday he is seeking to depose Mr. Morris because the one-time presidential adviser already has admitted using escort services in the District in the mid-1990s, including, he said, Miss Palfrey's business, known as Pamela Martin & Associates.

"The only reason we mentioned Dick Morris is that he had publicly come out," Mr. Sibley said. "We are trying to keep the names of the other hundreds of clients private. ... Nobody wants a circus."

The U.S. Attorney's office declined to comment on the case yesterday.

In recent filings, Assistant U.S. Attorney William R. Cowden expressed concern about what he called Miss Palfrey's "recent threat to harass potential witnesses whose identities remain secret ... through calculated public disclosures of former customers' and former co-workers' identities."

Mr. Cowden also said authorities want to hold off on the pending civil seizure proceedings because it could affect the ongoing criminal investigation.

He said Miss Palfrey's attorney wants the government to turn over the names of cooperating witnesses. That could compromise the ability of criminal investigators to gather confidential information, he wrote.

"At this point, no good purpose would be served by facilitating claimant's apparent effort to expose and potentially embarrass former customers and co-workers of her 'full service' escort agency," Mr. Cowden wrote.

Mr. Sibley declined to comment on the contents of Miss Palfrey's e-mail. But he disputed the idea Miss Palfrey might seek to "make life miserable" for clients and former employees.

"She's not looking to make life difficult for anyone," Mr. Sibley said.

According to Mr. Cowden's memo, Miss Palfrey's note to government attorneys also warned, "I can state with unequivocal certainty this situation will be a long and unpleasant one. ..."

Ex-ORNL Subcontractor Found Guilty In DOE Scheme (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 21, 2007

A lauded Oak Ridge businessman may soon be trading pinstripes for prison stripes.

A jury in U.S. District Court on Tuesday convicted Reginald Hall, 54, of conspiracy to commit money laundering for a scheme to plunder money from the U.S. Department of Energy via fake invoices submitted as a subcontractor for the Oak Ridge National Laboratory.

Jurors also found Hall guilty of money laundering and theft of government property. He was acquitted, however, of mail fraud and obstruction of justice.

The same jury returned a guilty verdict against Hall associate David Reeder for an act of money laundering but acquitted Reeder, who ran a subcontracting firm known as Biosphere, of conspiring with Hall to pull off a larger money laundering scheme.

Jurors, who heard days worth of testimony in a trial presided over by U.S. District Court Judge Tom Varlan, also found Hall's firm, Advanced Integrated Management Services Inc., guilty in the money laundering conspiracy.

Attorney Doug Trant, who represented Reeder, said his client plans to appeal.

So, too, does Hall, according to attorney Tom Dillard, who represented Hall along with attorney Wade Davies.

"Mr. Hall is disappointed in the verdicts on the convictions," Dillard said. "He maintains, as he always has, that no one was defrauded and that he always performed excellent work. He does plan to appeal and hopes ultimately to be vindicated."

Varlan has set a June 12 sentencing hearing.

Assistant U.S. Attorneys Trey Hamilton and Greg Weddle prosecuted the case. Agents Randall Kizer and Rick Sample with DOE's Office of the Inspector General, Agent Bob Gibson of the FBI and Lt. Art Schettini of the Tennessee Valley Authority Police Criminal Investigation Division headed up the probe.

According to testimony, Hall once worked at ORNL but in 1995 formed AIMSI, a quality control consulting firm, and began winning a series of subcontracts with ORNL's prime contractors, including current management firm UT-Battelle.

Hamilton alleged that Hall began submitting invoices for work not performed and used associates like Reeder and Stanley W. Stevens, who pleaded guilty and testified against Hall, to help launder his ill-gotten gains.

UT-Battelle communications chief Billy Stair declined to comment on the verdict. When asked how the firm handled the aftermath of the probe, Stair said the "laboratory responded in two ways: We closely reviewed related contracts to make sure they were in order. We also stressed to our staff the need for heightened awareness of the checks and balances in our procurement system."

Hall and Reeder remain free on bond pending sentencing, as does Stevens.

Frank Munger contributed to this story. Jamie Satterfield may be reached at 865-342-6308.

Pr. George's Official Opened Fire Unprovoked, Deliveryman Says (WP)

By Eric Rich

The Washington Post, February 21, 2007

A senior Prince George's County homeland security official who last month shot two unarmed furniture deliverymen opened fire without provocation after angrily ordering the men to leave his home, the surviving mover said in a statement provided last night to law enforcement authorities.

Keith A. Washington, who is also a county police officer, was combative almost from the moment the movers arrived at his Accokeek home, said Robert White, who worked for a contractor delivering for Marlo Furniture. "As we were leaving we reached the top of the steps, and the customer said, 'I know how to get you the [expletive] out of my house' and I heard gunshots," White said in the statement.

Later, White said, he listened as he lay bleeding while Washington falsely reported that the men he shot had attacked him with a pipe. "I remember sitting there on the ground thinking to myself, I can't believe this is how it is going to be," said White, 36, who dictated the statement from his hospital bed to his attorney. His co-worker, Brandon Clark, 22, died of his wounds Feb. 2 without giving a statement.

Washington has not spoken publicly since the shooting. A source familiar with the investigation has told The Post that, in a brief report filed immediately after the incident, Washington alleged that the movers were in a part of the house where they were not supposed to be. Police have said that Washington told them he acted in self-defense.

Washington, a former driver for County Executive Jack B. Johnson (D), did not respond yesterday to a call seeking comment. A police union attorney, Steven E. Sunday, also did not return a call.

Police initially said they would probably charge the movers with assault but have since backed off that comment, saying they would make no determination until their investigation is complete.

White's attorney, Michael J. Winkelman, has not allowed police to interview his client, whose criminal record includes a burglary conviction, in part because of the possibility that police might try to build an assault case against White. In addition, Winkelman said he is concerned that White's providing a statement before Washington does so might allow Washington to fabricate a story that blames the movers in the shooting.

Police have declined to say whether Washington has given a complete statement in the investigation, but sources said yesterday that a subpoena compelling him to appear before a grand jury has been issued. The sources spoke on condition of anonymity because the investigation is ongoing.

Winkelman said he and White decided to give State's Attorney Glenn F. Ivey the signed three-page statement, which Winkelman also provided to The Post, because he worries that Washington, now on paid administrative leave, might be permitted to return to work. "We didn't feel we could wait any longer," Winkelman said.

Johnson has said Washington should not continue as deputy director of homeland security -- a job Johnson gave him two years ago -- but should return to the police department, where he is a corporal. The case has attracted wide attention in part because of a pattern of previous complaints against Washington, 45.

In the statement, White said he waited in the movers' truck Jan. 24 while Clark met Washington in his home. He said Clark, 22, returned and said, "Man, this guy is looking for a fight."

White said Clark then telephoned a supervisor. Officials have confirmed that such a call took place, and Clark's girlfriend has said the supervisor instructed the deliverymen to give Washington whatever he wanted.

Washington directed the movers to an upstairs bedroom, White said, where they set down the new bedrails. White said Washington pushed Clark, who was then on his knees, and crudely ordered him to leave the house.

White said Washington grew angrier when Clark asked him why he had not disassembled the other bed, parts of which were to be taken away by the movers. Washington shoved him again, White said, and answered: "Man, now you are going to tell me what to do in my house? Get the [expletive] out of my house."

White said he and Clark headed for the stairs. Clark, walking backward and holding up his hands "in the surrender position," told Washington he did not want to fight, White said.

Washington opened fire. Clark was struck first, White said. White laid his injured co-worker down and began to search for a cellphone. "I then heard a few more shots and realized I had been shot," White said.

When Washington stepped back into the bedroom, White said, he tried again to locate the phone.

"The customer must have seen me move because he shot me in the knee and said, 'I told you not to move,' " White said.

Washington, his gun still pointed at the two men, then telephoned someone he appeared to know, White said. " 'These two dudes just broke up in my house, and I shot both of them and they are here bleeding all over my carpet,' " White quoted Washington as saying. " 'They beat me up real good. . . . Yeah, they hit me with a pipe.' "

County police have said Washington was injured seriously enough to require treatment at a hospital but have declined to describe his injuries.

As they lay bleeding, White said, he and Clark pleaded with Washington, asking that he give them a phone or call for help. The first police officers to arrive appeared to believe the deliverymen were intruders, White wrote. One handcuffed Clark, White said, and the other told White, " 'Man, what are you doing in this house? You know you just broke into a cop's house?' "

It was only then, White said, that he realized Washington was a police officer. White said that the responding officer looked surprised when White said he and Clark were deliverymen and that the officer then ordered another officer to remove Clark's handcuffs.

Winkelman said White, who was shot in the chest, knee and abdomen, was readmitted to a hospital yesterday because of a possible infection.

Staff writer Candace Rondeaux contributed to this report.

Body Found In Plaza Rubble Believed To Be Gunman (WP)

By Steve Vogel

The Washington Post, February 21, 2007

Frederick authorities yesterday recovered a body believed to be that of a man who they say shot at police and started a fire that gutted a shopping plaza Monday.

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The body, which was found about 12:30 p.m. behind the locked front door in the rubble of a destroyed liquor store at the Frederick shopping center, has been sent to the chief medical examiner's office in Baltimore for identification.

Frederick police were still trying to piece together how James Douglas's visit to a liquor store ended up in an inferno that destroyed the Antietam Village Center.

Police say Douglas, 30, of Frederick, walked into Jim's Liquors at the shopping plaza on Oppossumtown Pike about 12:30 p.m. Monday, showed the owner a handgun and ordered him out of the store.

When two officers pulled up, Douglas fired at least one shot at them through the store's glass door, police said. "They were approaching the business and they heard two shots," said Lt. Thomas Chase, a spokesman for Frederick police. "One came through the window and they heard it go past."

About 1:45 p.m., smoke was spotted coming from the liquor store. Police said they think boxes of liquor were ignited to start the blaze, and the alcohol acted as an accelerant. The fire soon spread to the adjoining stores, destroying a bank, a coffee shop, a sandwich shop, a medical supply store, a hair salon and a dry cleaner. "It was quick and it was massive," said Chase, who witnessed the fire. "Once it went to the rafters, it was gone."

Police initially characterized the incident as an attempted armed robbery, based on the first calls for assistance to the liquor store, but they said they are unsure what actually happened.

"That's part of the investigation, to find out if it was a robbery or something else," Chase said. "It's much too early to draw any conclusions."

As of yesterday evening, no weapon had been found in the rubble. "We're still looking for the handgun," Chase said.

Yesterday afternoon, fire marshals, police detectives and construction workers moved through the blackened remains of the plaza. A yellow excavator picked out pieces of debris. Large red dumpsters had been set up in front of the liquor store to block the view of the recovery operation.

Shortly after the body was discovered, a group of Douglas's relatives stood on the sidewalk just outside a chain-link fence erected around the site, staring forlornly at the recovery operation. "Just let us grieve in peace," one woman in the group said. A police chaplain stood with them, offering words of consolation.

Jamie Ketterman, who said she is the mother of two of Douglas's children, stood across the street, huddled in a blanket, watching as authorities prepared to remove the body. She said Douglas had been with her and the children earlier Monday. "He disappeared and came here, and that's where he stayed." Ketterman began crying and could not speak further.

Friends of Douglas's, who lived in a nearby apartment complex, gathered at the scene yesterday and angrily disputed police accounts of the incident.

Talisha Easterling, who said she and Douglas had been friends since childhood, said that she spoke to him by cellphone during the standoff and that her friend said he was not going to harm anyone.

"Tell them to leave me alone," she quoted Douglas as telling her. "I'm coming out as soon as I finish smoking a blunt."

Another friend, Britnie Bell, said she also doubted that Douglas would have shot at police and burned down the shopping center. "He always told me, 'There are two kinds of people in this world: fools and damn fools,' " Bell recalled. "He wasn't a damn fool."

Chase said police repeatedly encouraged Douglas to surrender peacefully while speaking to him via cellphone during the standoff.

Chase said police fired no shots. "When we're fired upon, our first response is to seek cover," he said. "We don't fire back indiscriminately."

Court records show that Douglas was found guilty of several criminal offenses in recent years, including possession of a deadly weapon and drinking in public.

But friends described him as a friendly and well-known neighborhood figure who helped residents dig out from the recent snow. He was also a proud father, they said. "He's got five kids; they're all boys," Bell said. "How's it going to be for them not to have a father figure?"

Staff researcher Meg Smith contributed to this report.

Why I Oppose The Death Penalty (WP)

By Martin O'malley

The Washington Post, February 21, 2007

In evaluating whether Maryland's criminal death penalty should be replaced with life without parole, one must be guided by the answers to two basic questions:

Â· Is the death penalty a just punishment for murder?

Â· Is the death penalty an effective deterrent to murder?

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Most of us would point to the execution of John Thanos, here in our state, as an example of a "just" application of the death penalty. Thanos murdered three teenagers, at random, by shooting them point-blank. He expressed no remorse, even declaring in court that he wished he could bring his innocent victims back to life to kill them again. In the end, he demanded to be executed and was. Most Marylanders felt, basically, that "hanging was too good" for John Thanos.

Did this one relatively humane execution balance out a violent murder -- much less three violent murders? Can any execution really be said to "even the ledger" for the taking of another's unique life?

Contrast that with the case of Kirk Bloodsworth, also in Maryland, who was convicted and sentenced to death for rape and murder in 1985. Eight years later, DNA evidence proved his innocence and he was released. In Illinois, 12 people have been executed since 1977. But over that same time, 18 death-row inmates have been released after evidence proved they were innocent.

These examples prompt a deeper question. Notwithstanding the executions of the rightly convicted, can the death penalty ever be justified as public policy when it inherently necessitates the occasional taking of wrongly convicted, innocent life? In Maryland, since 1978, we have executed five people and set one convicted man free when his innocence was discovered. Are any of us willing to sacrifice a member of our own family -- wrongly convicted, sentenced and executed -- in order to secure the execution of five rightly convicted murders? And even if we were, could that public policy be called "just"? I do not believe it can.

But what about the deterrent value of the death penalty? Does the use of the death penalty -- while rarely, if ever, "just" -- save more innocent lives than it takes? The evidence indicates that it does not.

In 2005, the murder rate was 46 percent higher in states that had the death penalty than in states without it -- although they had been about the same in 1990. And while the murder rate has gone down across the board since 1990, it declined by 56 percent in states without the death penalty but only 38 percent in states that have it. It would appear that the death penalty is not a deterrent, but possibly an accelerant, to murder.

And what of the tremendous cost of pursuing capital punishment? In 2002, Judge Dale Cathell of the Maryland Court of Appeals wrote that, according to his research, processing and imprisoning a death penalty defendant "costs $400,000 over and above . . . a prisoner serving a life sentence." Given that 56 people have been sentenced to death in Maryland since 1978, our state has spent about $22.4 million more than the cost of life imprisonment. That's nearly $4.5 million "extra" for each of the five executions carried out. And so long as every American is presumed innocent until proven guilty, the cost of due process will not go down.

If, however, we were to replace the death penalty with life without parole, that $22.4 million could pay for 500 additional police officers or provide drug treatment for 10,000 of our addicted neighbors. Unlike the death penalty, these are investments that save lives and prevent violent crime. If we knew we could spare a member of our family from becoming a victim of violent crime by making this policy change, would we do it?

And if the death penalty as applied is inherently unjust and lacks a deterrent value, we are left to ask whether the value to society of partial retribution outweighs the cost of maintaining capital punishment. While I am mindful of and sensitive to the closure (and in some cases the comfort) that the death penalty brings to the unfathomable pain of families that have lost loved ones to violent crime, I believe that it does not.

Human dignity is the concept that leads brave individuals to sacrifice their lives for the lives of strangers. Human dignity is the universal truth that is the basis of ethics. Human dignity is the fundamental belief on which the laws of this state and this republic are founded. And absent a deterrent value, the damage done to the concept of human dignity by our conscious communal use of the death penalty is greater than the benefit of even a justly drawn retribution.

The writer, a Democrat, is governor of Maryland.

Officer Charged With Molesting, Photographing Woman During Traffic Stop (WP)

By Raymond McCaffrey

The Washington Post, February 21, 2007

An Anne Arundel County police officer was charged with a sex offense yesterday, accused of coercing a woman to bare her breasts during a traffic stop, then molesting and photographing her. He told her she could avoid jail if she exposed herself, police said.

Joseph Mossmiller, 22, who joined the department in May, was charged before a District Court commissioner with a fourth-degree sex offense, second-degree assault, false imprisonment and misconduct in office, police said.

Three other officers were suspended in connection with the incident. Police declined to identify them or disclose what the led to their suspensions with pay except to say that they were also rookies but had not been at the scene of the traffic stop Jan. 20.

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According to charging documents filed in District Court, the 18-year-old woman was driving with a female passenger whom she had just picked up at a bar when she was pulled over by a marked police car in the Pasadena area.

According to the documents, Mossmiller "lectured her about the dangers of drinking and driving" before telling her to follow him as he drove toward her home. En route, Mossmiller pulled into a library parking lot, where he "told the girls to stay," returning about 10 minutes later, the documents say. The driver, "out of fear, chose to wait for the officer."

Police said Mossmiller then led the woman to the adjacent Community United Methodist Church parking lot, at 8680 Fort Smallwood Rd. in Pasadena, and asked her to step out of the car.

"He administered several field sobriety tests and then told her that if she and her friend showed him their breasts, then she would not go to jail," the documents say.

Although the passenger refused, the driver "began to lift her shirt," the documents say. Mossmiller "told her that was not good enough. He then placed his hand on her exposed breast and took a photograph utilizing the camera on his cellular telephone."

After the driver was told "that she was free to leave," she drove to a nearby police station to report the incident.

Mossmiller was released on his own recognizance yesterday after initially being sent to the county detention facility when he was unable to post a $250,000 bond, police said.

For Youths, A Grim Tour On Magazine Crews (NYT)

By Ian Urbina

The New York Times, February 21, 2007

Two days after graduating from high school last June, Jonathan Pope left his home in Miamisburg, Ohio, to join a traveling magazine sales crew, thinking he would get to “talk to people, party at night and see the country.”

Over the next six months, he and about 20 other crew members crossed 10 states, peddling subscriptions door to door, 10 to 14 hours a day, six days a week. Sleeping three to a room in cheap motels, lowest seller on the floor, they survived some days on less than $10 in food money while their earnings were kept “on the books” for later payment.

By then, Mr. Pope said, he had seen several friends severely beaten by managers, he and several other crew members were regularly smoking methamphetamine with prostitutes living down the motel hallway, and there were warrants out for his arrest in five states for selling subscriptions without a permit.

“I knew I was either going to be dead, disappeared or I don’t know what,” Mr. Pope said.

After persuading his manager to let him leave, Mr. Pope was dropped off, without a ticket, $17 in his pocket, at a bus terminal near San Antonio, more than 1,000 miles from home.

More than two decades after a Senate investigation revealed widespread problems with these itinerant sellers, and despite several highly publicized fatal accidents and violent crimes involving the sales crews in recent years, the industry remains almost entirely unregulated. And while the industry says it has changed, advocates and law enforcement officials say the abuses persist.

In interviews over seven months, more than 50 current and former members from almost as many crews painted a similar picture of life on the road.

With striking uniformity, they told of violence, drug use, indebtedness and cheating of customers during their cross-country travels, often in unsafe vehicles and with drivers who lacked proper licenses.

“The stories about life on crew you hear from these kids are almost unbelievable,” said Officer George Dahl of the Louisville, Ky., Metro Police Department, who estimated that his department had cited or arrested more than 70 sellers for assault, unlawful solicitation or drug possession in the last two years. “But you get them alone and start hearing the same sort of thing over and over from different crews and you start believing them.”

In Collinsville, Ill., Daniel Burrus scrolled through digital photographs of bloodied faces as he described how, on a crew he helped manage for several years, men who missed their sales quota were forced to fight each other.

In Flagstaff, Ariz., Isaac James sat with his wife and newborn daughter as he told how he and others on his mag crew — as they are typically called — stole checkbooks, jewelry, medicine-cabinet drugs and even shoes from customers’ homes.

Last October, Jonathan Gagney joined a mag crew to escape the “crack scene” back home in Marlborough, N.H. But one night last month, he called this reporter from a bus station in St. Petersburg, Fla., to say he had just sneaked away from his motel to run away from his crew.

“All I know is this guy got beaten and there was blood all over the motel wall,” Mr. Gagney said, his voice shaking.

Earlene Williams, director of Parent Watch, an industry watchdog group, said her organization got about 10 e-mail messages or calls a day, double the number since 2003, seeking help from sellers, their families or lawyers.

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"Publisher's Sweepstakes is a lot smaller than it used to be, and so the magazine industry is less able to get subscriptions that way now," Ms. Williams said, explaining why she was seeing an increase in problems with crews. "And the telemarketing no-call list has also pushed the publishers away from telemarketing and toward door-to-door crews."

Last year in response to a similar increase in calls, the National Runaway Switchboard began training its operators to handle the cases.

A Complex Industry

Dan Smith, a lawyer for the National Field Selling Association, which represents about 60 percent of the magazine sales industry, estimated that 2 percent to 3 percent of all magazine subscriptions, or at least $147 million worth in 2005, were sold by door-to-door salespeople, up from about 1 percent, or at least $69 million in 2000. But the Magazine Publishers Association disagreed with Ms. Williams and Mr. Smith. It does not believe that door-to-door magazine sales have grown, and estimated that they account for 1 percent of sales.

The industry consists of layers. While the bulk of subscriptions are sold directly by publishers and through direct mail, insert cards and the Internet, many magazine publishers also hire clearinghouses. These companies then subcontract with crew managers who hire door-to-door sellers. These layers of middlemen, and the small percentage of total subscription revenue involved, may help explain why publishers, who are always eager to increase readership, have been unwilling or unable to prevent mag crews from operating.

Just who uses mag crews is in dispute. Crew members and the National Field Selling Association say many of the largest publishers use magazine crews or clearinghouses that rely on them. But of the five largest publishing companies — Time Inc., Condé Nast, Hearst, Meredith and Reader's Digest Association, which collectively make up nearly half the industry as measured by advertising revenue — four said they did not use mag crews or did so only sparingly.

A representative for Reader's Digest said, "A portion of our subscriptions come in through third-party agents, who may in turn subcontract to local vendors."

Dozens of magazines are listed on order forms offered by crews, including Reader's Digest, Rolling Stone and Redbook.

Rolling Stone declined to comment. A representative for the Hearst Corporation said that in recent years it had stopped hiring clearinghouses that use crews. But when subsequently asked why Redbook, a Hearst publication, appears among magazines sold by one crew, a Hearst representative e-mailed, "We constantly fight unauthorized agents," adding, "It's an ongoing battle."

Generally, the clearinghouses get about 40 percent of the subscription money and the publishers about 10 percent. The crew leaders get the other 50 percent, out of which they pay all expenses on the road, including the sellers' commissions.

"Nobody is forced or pushed to do anything," said Tim Peek, manager and recruiter for New Generation, a crew based in Vero Beach, Fla.

Drugs and violence are forbidden, and some sellers make $1,000 per week, which is kept in a savings account for them, Mr. Peek said, adding, "If they don't want to work, they don't make money."

John Wigman, the manager of Mr. Pope's crew, Periodical and Publications Connections, said, "I don't see why you don't tell about all the kids on drugs that we help out." Asked to elaborate, provide names or respond to Mr. Pope's accusations, Mr. Wigman refused and hung up.

Mr. Smith said he viewed most stories of drug use and physical abuse as exaggerations. "I don't put a lot of stock in them because, to be brutally frank with you, abuse is like beauty. It's in the eyes of the beholder," he said. "A loud voice, anything, can be called abuse."

While there may be a few shady operators, he said, the industry has cleaned itself up over the years, and his organization has helped through broad distribution of pamphlets on professional courtesy and ethics, yearly training seminars for members and one-on-one discussions with managers who have problems on their crews.

By pressuring members to perform background checks on new hires, the association has cut the number of crimes and cheating perpetrated by sellers, Mr. Smith said. No one is forced to stay on crew, he added, since the association pays for a bus ticket home for any crew member who wants to leave.

But labor and law enforcement officials said that since many sellers were runaways or high school dropouts or were from dysfunctional families or poor neighborhoods, they had fewer options and were reluctant to report mistreatment or leave.

Many former sellers also said they kept quiet about problems out of fear of violence against them or those they left behind.

Sellers reported having adopted fake names upon joining a crew, being beaten if they attracted police attention and receiving mail sent from home only after it was opened by the company's central office. "What happens on crew, stays on crew" was a common refrain.

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An escape from small-town boredom or overbearing parents, working on a mag crew is a lifestyle more than a job, and it brings good times with the bad. Like gangs, crews become family, sellers said, and the camaraderie of shared experiences is a bond not easily broken.

"You're involved in bad stuff, you're seeing bad stuff and they tell you, 'No negativity,' " said Jennifer Steele, 23.

In September 2004, Ms. Steele said, she was drugged and raped by two men who were partying with crew members at a motel in Memphis, where her crew, Precision Sales, was staying. When her manager told her to go back to work the next day, she said she "threw a fit." But she did as she was told, and worked part of the day before filing a police report and having a rape kit performed. She stayed with the crew for another seven months before quitting.

"I know it sounds crazy," Ms. Steele said. "But I believed my manager when he said he would never let that happen again, and I believed him when he said my mom had told him she didn't care about me."

In January 2006, Ms. Steele left her crew and was placed in the witness protection program during an investigation of her former managers, who were accused in the beating and kidnapping at gunpoint of her boyfriend from a city bus, an incident that was caught on videotape and led to the conviction of one person for kidnapping for ransom and assault with a deadly weapon.

"They're frustrating cases," said Sgt. Jeanine Lum of the Norwalk Sheriff's Station in Norwalk, Calif., near Los Angeles, who was involved in the investigation.

"The ones we arrest at the doors often just need to be sent home," Sergeant Lum added, "while the real culprits are back at the hotel or in some office somewhere."

Few Legal Protections

Regulating the industry has been difficult because the companies, many of them operating only out of post office boxes, are small and frequently change names.

"The local police can't keep up because the crews leave the state before they get alerted and the feds don't bother with them because they say it is a state's issue," said Connie Knutti, who investigated several crews before she retired in 2005 as manager of field enforcement for the Illinois Department of Labor.

The sellers have few labor protections because they are classified as independent contractors, which also insulates the companies from regulation, taxes and liability. Categorized as outdoor sellers, the door-to-door peddlers are also exempt from most federal and state minimum wage and overtime requirements.

A majority of former crew members said that while they occasionally made several hundred dollars a week, most of the time they received little more than the daily allowance of $15, while the rest of their earnings stayed on the books to cover expenses. Many also said that subscriptions for magazines were never actually fulfilled.

On any given day, said Mr. Smith, the association lawyer, there are probably about 2,500 people, typically ages 18 to 24, selling magazines door to door.

But when state and federal labor department officials held a conference in 1999 to discuss concerns about the industry, a panel concluded that the number of sellers was probably closer to 30,000, said Darlene Adkins, vice president of public policy for the National Consumers League's Child Labor Coalition. That organization ranks traveling magazine sales among the five worst jobs for teenagers.

Catherine Barbour said it was the constant traveling and working in dangerous areas that most worried her when her daughter, Tracy Jones, said she was joining a crew. "I told her no, absolutely not," Ms. Barbour said. "But she was 18, so what could I do?"

On Nov. 15, Ms. Jones disappeared while selling subscriptions at a Pilot Truck Stop in North Little Rock, Ark. Ms. Jones was found 11 days later, stabbed to death, in a ditch near Route 61 in southwestern Memphis.

Up at 7 a.m., typical crews start the day with a sales meeting where they rehearse their pitches. "We're selling magazines to earn points in a contest to win a trip abroad" is the standard and sometimes fictitious spiel. Around 9 a.m., the crews pile into vans to be dropped off at the day's territory. They switch neighborhoods every several hours and often work as late as 10 p.m.

"You work hard during the day, but you also party pretty hard at night," said Stephanie Blake, 23, who wrote an e-mail message in November to Earlene Williams at Parent Watch because she said she wanted to tell the positive side of the work.

While she and others used methamphetamine, Ms. Blake said it was mostly marijuana, alcohol and sex that filled the nights.

"But there is a lot more to crew than that," she said, recounting having made some of her best friends, including her fiancé, working on the crew. Coming from Evansville, Ind., Ms. Blake said she relished the chance to see the country. The expense-paid trips to Walt Disney World in Orlando, Fla., and a resort in Mexico were more fun than she had ever imagined having, she said. "I still miss it sometimes," she added.

About a half hour into the conversation, however, Ms. Blake's tone began to shift. "I have to admit, some things did get to me about crew life," she said.

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The 100 sit-ups and pushups for every number a seller was below her daily quota felt "cultish," she said. The beatings were also unsettling. But the most galling part, Ms. Blake said, was the unfulfilled promise of big money.

When she and her fiancé finally decided to leave their crew in December 2003, Ms. Blake said, they sneaked away late one night from the motel near Houston where they staying. Asked why she left without demanding to be paid what was still "on the books," she said, "These aren't the types who you just go up to and ask to settle up."

Michael Simpson is one reason.

For two years starting in February 2004, Mr. Simpson, a stocky former high school lacrosse player from Newburgh, N.Y., worked on several crews as an "enforcer." His job, he said, was to beat crew members upon a manager's request.

If sellers missed quota regularly or complained about the job, Mr. Simpson, 23, said he hit them while in their room or when they were alone in the van. On more than 30 occasions, he estimated, he and several other enforcers drew blood. In three instances, ambulances were called, he said. Dealing with the police was not a problem.

"You have one kid saying he was jumped and 20 others plus two managers saying he stole something or broke into a room and assaulted a girl," Mr. Simpson said. "Who do you think the cops are going to believe?"

Daivet McClinton, 23, an enforcer who worked with Mr. Simpson, said talking in front of others about wanting to quit invited the worst beatings.

Asked if they ever went overboard, both men recalled an incident in November 2005 involving an 18-year-old recruit from Dayton, Ohio, named Rudy. "All we were told was that Rudy had shoved and disrespected the manager," Mr. Simpson said.

For 10 uninterrupted minutes in a motel stairwell in San Francisco, Mr. Simpson, Mr. McClinton and four other enforcers beat Rudy unconscious, Mr. Simpson and Mr. McClinton said. One held his mouth shut. Two others pinned down his arms and legs. Tearing off his shirt, they pressed a flaming lighter into his back. Mr. Simpson kicked him in the face and body. "I stopped because I ran out of breath," Mr. Simpson said.

Rudy, they said, was taken away in an ambulance.

Darting a glance at his new girlfriend and his chin quivering momentarily, Mr. Simpson explained why he decided to leave last February. "I'd gone from being a kid who was afraid of hitting people in the face to someone who was using objects," he said.

Still, some current crew members said the work had helped them turn their lives around.

"I was in and out of juvenile facilities, and now I'm actually going somewhere," said Jordan Friedley, standing in a shopping mall in Oceanside, Calif., near San Diego, where, for two days, a reporter shadowed two crews, Magnificent Sales and Thoroughbreds, both from Alliance Service Company. "They keep things on the up and up, no drugs or none of that, and I bring in $700 a week."

Asked about incidents in the last five years involving the two crews, including two fatal drug overdoses and the deaths of two crew members in the crash of a crew van, Mr. Friedley fell silent.

Crystal Hall, who helps manage the crews, said: "We've cleaned things up. Everyone is drug-tested now. They show up dirty, they're gone. Those who stay have plenty of chance to make money."

The Money 'Flows Up'

Since pay is purely on commission, Mr. Smith, the association lawyer, said that only the best sellers survived and that about 20 percent of recruits left in less than a month.

Matt Ward, a former bookkeeper for several crews, said there were other reasons for the high attrition. "Money in this industry flows up," Mr. Ward said. "It doesn't trickle down."

For about two years starting in 1998, Mr. Ward did bookkeeping for several crews with American Community Services, a company with several hundred sellers that is based in Indiana. It is owned by two of Mr. Ward's brothers, LeVan and Albert Ellis, who declined to answer questions both over the telephone and sent by certified mail.

Mr. Ward said that while the company should be commended for sticking to its strict antiviolence policies, he left in 2000 after becoming uncomfortable with what he saw while he was keeping the books.

"The sales agents remain almost always in the red while the managers, car handlers and everyone else is in the black almost from the start," Mr. Ward said between shifts at a restaurant in downtown Washington, where he now waits tables.

Of the more than 400 sales agents whose accounts Mr. Ward said he handled, he estimated that fewer than 40 left the company having made money. The rest spent their earnings on the road or, more often, to cover their daily deductions for room expenses, gas and meals.

This is not a new criticism. In 1987, during the Congressional investigation of the industry, the Senate committee reviewed the records of one company and found that of its 418 sellers, 413 had finished the year in debt to the company, even though the company itself had reported large annual profits.

Ms. Williams, from Parent Watch, said her organization advised customers not to buy from the sellers or to let them in the house, but to offer them a phone to call home or her organization's phone number to help anyone who might want to arrange a

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bus ticket home. She said her organization had lobbied for legislation to prevent sellers from being categorized as independent contractors and to provide them with minimum wage and safety and health protections.

“Leave these kids off radar as they are now,” Ms. Williams said, “and the abuses will continue.”

Teen 'Sport Killings' Of Homeless On The Rise (CNN)

By Ashley Fantz, Cnn

CNN, February 21, 2007

MILWAUKEE, Wisconsin (CNN) -- All Nathan Moore says he wanted to do was smoke pot and get drunk with his friends.

Killing Rex Baum was never part of the plan that day in 2004.

"It all started off as a game," Moore said.

The 15-year-old and his friends were taunting the homeless man -- throwing sticks and leaves -- after having a couple of beers with him.

No big deal, Moore says, but he's sorry for what came next.

It was a mistake, he said, a sudden primal surge that made him and his friends Luis Oyola, 16, and 17-year-old Andrew Ihrcke begin punching and kicking Baum.

"Luis says 'I'm gonna go hit him,' We're all laughing, thought he was joking around,'" but he wasn't, Moore concedes. "We just all started hitting him."

They hurled anything they could find -- rocks, bricks, even Baum's barbecue grill -- and pounded the 49-year-old with a pipe and with the baseball bat he kept at his campsite for protection.

Ihrcke smeared his own feces on Baum's face before cutting him with a knife "to see if he was alive," Moore said.

After destroying Baum's camp, the boys left the homeless man -- head wedged in his own grill -- under a piece of plastic where they hoped the "animals would eat" him.

Then, Moore says, they took off to grab a bite at McDonald's.

Baum's murder was indicative of a disturbing trend.

A National Coalition for the Homeless report says last year, there were 122 attacks and 20 murders against the homeless, the most attacks in nearly a decade. (Coalition report on 2006 homeless attacks)

Police found Baum's body two days after the teens attacked him.

They bragged about it around town. Police picked them up and they described what happened.

Ihrcke told police that killing "the bum" reminded him of playing a violent video game, a police report shows.

All three teens pleaded no contest to first degree reckless homicide charges and went to prison.

Moore recently turned 18 at Columbia Correctional Institution in Portage, Wisconsin, where he is serving a 15 year sentence.

"When [the beating] stops, you say, 'What did we just do?'" he told CNN. "There's no rational explanation." (Watch teen explain how "game" became tragedy)Teenage 'amusement'

"It's disturbing to know that young people would literally kick someone when they're already down on their luck," said Michael Stoops, the executive director of the Washington-based National Coalition for the Homeless. "We recognize that this isn't every teenager, but for some this passes as amusement."

Criminologists call these wilding sprees "sport killing," -- largely middle-class teens, with no criminal records, assaulting the homeless with bats, golf clubs, paintball guns. (Watch how nights are cold, fearful for Milwaukee homeless)

Some teens have even taped themselves in the act. Others have said they were inspired by "Bumfights," a video series created in 2002 and sold on the Web that features homeless people pummeling each other for the promise of a few bucks.

A segment called "Bum Hunter," hosted by a Crocodile Hunter-like actor wearing a safari outfit, shows him "tagging" homeless people by pouncing on them and binding their wrists.

The distributors of "Bumfights" have claimed they've sold hundreds of thousands of copies.

But the company has had to deal with a couple of legal issues unrelated to the Baum case.

Last year, three former homeless stars of "Bumfights" won a civil suit against filmmakers. Santa Monica attorney Mark Quigley, who represented Rufus Hannah, known as "Rufus the Stunt Bum" to series' fans, said he is unable to disclose the amount of the settlement.

Also, in July 2006, a California judge ordered "Bumfights'" producers Ryan McPherson and Zachary Bubeck to spend 180 days in jail for failing to perform community service related to guilty pleas they previously entered to charges of staging illegal street fights.

"Bumfights" directors did not answer CNN's request for an interview. Attacks across the nation

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Incidents of teen-on-homeless violence dotted the map last year. Florida racked up at least six such attacks in 2006. (Homeless attack across U.S.)

In Lauderhill, four teens were arrested after they allegedly videotaped themselves beating, dragging, and stealing from a homeless man.

The victim has not been found, but the four face one charge each of strong-armed robbery.

Earlier this month, teens in Corpus Christi, Texas, videotaped themselves attacking a homeless man.

Commander David Torres said police arrested a 15-year-old and are looking for at least one more teenager and a 22-year-old who described on tape what they were about to do before they jumped on the man. (Read full story)

On the other side of the nation, former Oregon State University student Joshua Grimes stands accused of shooting and injuring a homeless man from his perch in a fraternity house window.

He has not yet entered a plea, but, according to a police report, he cried to detectives after the October shooting, telling them, "I didn't mean to shoot him."

At least three homeless people in Kalamazoo, Michigan, reported being attacked by teens on bicycles during a 10-day span in October, according to the homeless coalition.

In Huntsville, Alabama, six teens -- one of them 13 -- beat a homeless man with golf clubs, the coalition reported. But perhaps the most shocking of these examples was 2006's first recorded case of teen-on-homeless violence.

On January 12 in Fort Lauderdale, Florida, a surveillance camera captured two teens beating a homeless man with bats.

Prosecutors say 17-year-old skateboarder Tom Daugherty, 18-year-old Brian Hooks, a popular hockey team captain, and a third unseen teen, Billy Ammons, a high school dropout, assaulted two more homeless men that night.

One of them was 45-year-old Norris Gaynor. A witness, Anthony Clarke, told police and CNN last year that he saw the three teens approach Gaynor as he slept on a park bench. Daugherty began whacking Gaynor with a bat, Clarke said. (Watch two teenagers beat a cowering homeless man with bats)

As Gaynor lay dying, Ammons shot him with yellow paintballs, later remarking that the beating felt like "teeing off," police said.

Gaynor was beaten so badly his own father didn't recognize him. Facing life in prison, the teens face trial for murder later this year. They have each pleaded not guilty to one count of first-degree murder and two counts of attempted murder. (Read full story)Lingering questions

Stoops and Brian Levin, a California State University hate crimes expert, say common themes run through teen-on-homeless violence. The attackers are almost always boys, peer pressure and mob mentality sweep away caution, and parents don't suspect their children could be capable of such actions.

Laura Simpson didn't. Her son, Justin Brumfield, is serving an 11-year prison stretch in California.

In August 2005, Brumfield and William Orantes, both 19, beat 56-year-old Ernest Adams with bats. Adams emerged from a coma three weeks later with dents in his skull, permanent scars and no vision in one eye, the Los Angeles Times reported. Orantes is serving a three-year sentence.

Simpson, a sixth-grade teacher, says she is still tormented by her son's actions and wonders if her son's irritability was more than typical teenage moodiness.

She has other questions: Was her son, a natural follower, just succumbing to peer pressure? Was he that into "Bumfights"? Did he see the fear in Adams' eyes when he raised the bat to strike him?

In a sad irony, she had adopted him; his mother was a homeless drug addict, a revelation he had learned not long before the beating and which his attorney used to explain his rage.

Her son has told her he is sorry for what happened, but her questions remain unanswered.

"As a parent, of course you're going to question yourself," she said. "It was just hard to comprehend. The first thing was, 'Not Justin. There has to be a mistake,'" she said. "You think you know everything that's going on and you don't."

When the mob mentality takes over, even the perpetrators may not comprehend what's going on.

Back at the prison in Wisconsin, Nathan Moore seems baffled by his own actions. Killing Rex Baum now registers like a "blur" or "dream," he says.

Moore and his friends knew Baum from around town. Life had been painful for the homeless man from the start; alcohol eased it. As a kid growing up in Milwaukee, when his home life became too rocky, a neighboring family took him in. He drifted through school and a brief stint in the military, his friends say, a wanderer, a loner. (Audio Slide Show: Remembering Rex Baum)

Homeless for years, he defied Wisconsin winters by constantly walking around the city, bundled in a coat patched with duct tape. For a few dollars, he pumped gas, shoveled snow off driveways, and walked neighborhood dogs.

More than 100 people came to Baum's funeral. Someone sent a newspaper clip of the story to Moore in prison.

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"Every day I wish I could take it back," he said. "I seen [the] repercussions among everyone. I didn't think about any of this when [the beating] was going on."

Half A Shield Is Better Than None (NYT)

By Geoffrey R. Stone

The New York Times, February 21, 2007

AS the new Democratic Congress moves ahead decisively on a panoply of issues, it should confront a particularly pressing one: freedom of the press. Congress should expeditiously enact a federal journalist-source privilege law, which would protect journalists from compelled disclosure of their sources' confidential communications in the same way psychiatrists and lawyers are protected. Importantly, neither Congress nor the press should be unwilling to compromise when the alternative is to forgo such a privilege altogether.

A strong and effective journalist-source privilege is essential to a robust and independent press and to a well-functioning democratic society. It is in society's interest to encourage those who possess information of significant public value to convey it to the public, but without a journalist-source privilege, such communication will often be chilled because sources fear retribution, embarrassment or just plain getting "involved."

As we have seen over the past several years, particularly with the federal investigation of the leak of the identity of former C.I.A. operative Valerie Plame, the absence of a journalist-source privilege leads to confusion, uncertainty and injustice. At the hands of unrestrained federal prosecutors, journalists have taken a serious battering.

There is nothing novel in the call for such a privilege. At present, 49 states and the District of Columbia recognize some version of it. The federal government is long overdue to enact such a privilege as well. This issue has often been before Congress, but Congress has consistently failed to act, in part because the press has stubbornly insisted that anything less than a perfect privilege is unacceptable. We must move forward. The press can no longer afford to let the perfect be the enemy of the good.

Of the jurisdictions that protect a journalist-source privilege, only 13 states and the District of Columbia do so absolutely, meaning that under no circumstances can the state override the journalist's right to withhold privileged information. The advantage of the absolute privilege is that it provides clarity and certainty to sources, journalists, lawyers and courts. The disadvantage is that in some situations, it could deprive law enforcement of critical information.

In 36 other states, the journalist-source privilege is qualified, meaning that the government can require a journalist to reveal confidential information if the government can prove that it has exhausted alternative ways of obtaining the information and that the information is necessary to serve a compelling state interest.

So how would a qualified privilege work at the federal level? The issue most often arises over matters of national security. Suppose, for example, a journalist reports that she has been informed by a reliable source that an unidentified major building in New York City will be blown up by terrorists the following day. It would seem irresponsible, indeed insane, to allow the reporter to refuse to disclose the identity of the source. Certainly, the government has a compelling interest in forcing the reporter to reveal the name of the source so it can attempt to track him down and possibly prevent the attack.

The trouble is that even in this situation, the matter is not free from doubt. Without the protection of an absolute privilege, the source might not have been willing to disclose the information to the reporter in the first place. Public officials are certainly better off knowing that a threat exists, even if they do not know the identity of the source, than knowing nothing at all. Thus, breaching the privilege in even this seemingly compelling situation might in the long-run prove counterproductive to protecting national security.

Nonetheless, such situations are more hypothetical than real, and they should not determine the shape of the privilege we enact. If the press has to compromise by endorsing a law that would enable the government to pierce the privilege in order to address an imminent and grave threat to national security, it should do so. There is little gain in sacrificing the privilege altogether because of a struggle over an abstract principle that would govern situations that have never happened in American history and are unlikely to happen in the future. Politics is, as they say, the art of compromise.

A serious journalist-source privilege is imperative to the national interest. It should be high on the list of Congress's priorities for 2007. And it should be held hostage neither to hypothetical nightmare scenarios nor to the press's stubborn, if principled, insistence on more than it really needs.

CIVIL LAW:

Supreme Court Tosses $79.5 Million Verdict Against Cigarette Company (USAT)

By Joan Biskupic

USA Today, February 21, 2007

WASHINGTON — The Supreme Court tossed out a $79.5 million award to a smoker's widow Tuesday in its first ever case testing punitive damages in a personal injury dispute.

The decision limits when jurors may consider the harm a company caused people who were not part of the case.

The 5-4 ruling is a victory for Philip Morris USA, which won another chance to challenge an Oregon jury's punitive damages award that was 97 times the actual damages for the death of Jesse Williams, a longtime Marlboro smoker.

IN-DEPTH: Court's opinion | On Deadline: Share your thoughts

The ruling follows a recent trend by the court to set criteria for awarding punitive damages, which are used to punish a defendant and deter wrongdoing. The justices found that jurors might have improperly considered the harm to numerous other Oregonians hooked on cigarettes.

William Ohlemeyer, vice president of Philip Morris USA, said the decision will ensure that companies are punished "only for harm caused to the plaintiff, and not to strangers."

Robert Peck, who represents Williams' widow, called the ruling "extremely narrow" and said juries generally were not trying to boost damages based on direct harm to third-parties.

The court did not rule on a second, more closely watched claim from Philip Morris that the award was "grossly excessive."

Tuesday's ruling could affect an array of cases that arise from an individual's injury, but have in the backdrop harm to other people, such as cases against automakers or drug companies.

Williams successfully sued Philip Morris for negligence and deceit after her husband died of lung cancer in 1997. She claimed that the company engaged in a fraudulent campaign to minimize the dangers of smoking. The jury awarded $821,000 in actual damages and $79.5 million in punitive damages.

Writing for the majority, Justice Stephen Breyer said the trial judge's instructions may have unconstitutionally led the jury to punish Philip Morris directly for harm to other smokers. He said evidence of such harm may be used to show that the company's misconduct was particularly reprehensible — a factor that may be considered in the amount of punitive damages, but one that is restricted.

The case now returns to Oregon courts.

Dissenting were Justices John Paul Stevens, Antonin Scalia, Clarence Thomas and Ruth Bader Ginsburg.

Supreme Court Voids $79.5 Million Award In A Tobacco Suit (MCT)

By Stephen Henderson

McClatchy Newspapers, February 20, 2007

WASHINGTON - The Supreme Court on Tuesday further tightened limits on punitive damages, tossing out a $79.5 million judgment against tobacco giant Philip Morris because jurors had agreed to the award, in part, to punish the company for harming people other than the plaintiff.

The ruling is a significant victory for businesses and their advocates, who've complained that the court's old rules allowed lawyers to win class action-sized judgments in individual lawsuits.

"Plaintiffs won't be able to incite jurors to assess runaway awards based on purported injuries to others," said Lori Nugent, a lawyer with the Cozen O'Connor law firm who specializes in defending corporations in punitive-damages suits. "Juries will evaluate punitive damages based solely on the defendant's conduct toward the plaintiff. This is a significant swing of the pendulum toward returning fairness to courtrooms across the country, and will make a meaningful difference in numerous cases that are set for trial and on appeal right now."

The decision extends a line of high-court rulings that have placed constitutional limits on punitive damage, a novel and somewhat controversial approach that's drawn sharp criticism even from some of the justices.

Tuesday's 5-4 ruling, written by Justice Stephen Breyer, said awarding damages to punish a company for harming nonparties to a suit amounted to taking property without due process. Breyer added: "to permit punishment for injuring a nonparty victim would add a near standardless dimension to the punitive damages equation. How many such victims are there? How seriously were they injured? Under what circumstances did injury occur? The trial will not likely answer such questions as to nonparty victims."

Tuesday's ruling involved a judgment obtained by Mayola Williams after her husband, Jesse, a smoker for 47 years, died of lung cancer. Williams alleged that Philip Morris, now part of Altria Inc., misled her husband into thinking that smoking was safe.

The jury found that Jesse Williams and Philip Morris were equally responsible for his death, and awarded his widow $800,000 in compensatory damages. But it went further, finding the company liable for $79.5 million in punitive damages for a

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campaign of deceit that allegedly led to health problems for smokers throughout Oregon. None of those smokers was a plaintiff in Williams' suit, yet the judgment reflected their injuries.

The trial judge reduced Williams' award, but the Oregon Court of Appeals reinstated the larger amount and the Oregon Supreme Court upheld that judgment.

Breyer said that was unfair.

"A defendant threatened with punishment for injuring a nonparty victim has no opportunity to defend against the charge, by showing, for example in a case such as this, that the other victim was not entitled to damages because he or she knew that smoking was dangerous or did not rely upon the defendant's statements to the contrary," Breyer wrote.

Chief Justice John G. Roberts and Justices Anthony Kennedy, David H. Souter and Samuel A. Alito Jr. agreed with Breyer.

Justices John Paul Stevens, Antonin Scalia, Ruth Bader Ginsburg and Clarence Thomas dissented.

The court's split in the case defies the crude political categorizations of the justices, and as a result is a poignant example of the court's tendency to cleave along strictly judicial lines in many cases.

Thomas and Scalia, for example, objected to Tuesday's ruling for the same reasons they've resisted all the court's decisions limiting punitive damages: They don't think that the Constitution addresses the issue.

That puts them at odds with Roberts, Alito and Kennedy, the remaining justices in the court's politically conservative wing. Kennedy long has agreed that the Constitution's due-process requirements prevent excessive punitive judgments. Roberts and Alito embraced that thinking for the first time on the high court in Tuesday's ruling.

Stevens' vote represents a departure for him on this issue; he penned the 1996 ruling that established constitutional limits for punitive damages, but said Tuesday's ruling went too far.

High Court Rejects $79.5 Million Award In Philip Morris Case (LAW)

By Tony Mauro, Legal Times

Legal Times, February 21, 2007

The Supreme Court on Tuesday tossed out a $79.5 million punitive damage award won by a smoker's widow against Philip Morris, ruling that Oregon jurors improperly considered harm to other smokers in punishing the tobacco giant.

By a 5-4 vote, the Court said that a state violates the Constitution's due-process clause when it uses a punitive damage award to punish a defendant for injuries suffered by "strangers to the litigation," in the words of Justice Stephen Breyer, who wrote the majority opinion.

"A defendant threatened with punishment for injuring a nonparty victim has no opportunity to defend against the charge," Breyer wrote.

Business advocates applauded the ruling as a major body blow, grounded in the Constitution, against high punitive damage awards.

"This is a huge, huge win for corporate defendants," said Lori Nugent, chair of the enterprise risks practice of Cozen O'Connor in Chicago, and author of a state-by-state guide on punitive damages. "Lawyers who exhort jurors to send a message; that has to stop now. It rips the guts right out of a case."

But plaintiffs groups say the decision won't change much, especially since the Court on Tuesday also said that harm to others could still be considered by jurors in determining the defendant's level of "reprehensibility."

"Ultimately, I don't think this is going to be very significant. The Court was slaying dragons that don't exist," said Robert Peck, who argued the case on behalf of Mayola Williams, widow of longtime Oregon smoker Jesse Williams, whose estate won the case against Philip Morris. On remand to Oregon, Peck said, the case could still result in a significant punitive damage award.

The ruling also disappointed some business groups because it explicitly stopped short of setting numerical limits on excessive punitive damages -- a holy grail for critics of the tort system. The Court's sidestep caused some tobacco-company stocks to dip on Wall Street after the ruling.

The decision in Philip Morris USA v. Williams represented the first time Chief Justice John Roberts Jr. and Justice Samuel Alito Jr. showed their stripes on an issue that scrambles the usual alliances on the Court. Both Roberts and Alito joined the Breyer majority, along with Justices Anthony Kennedy and David Souter. In dissent were Justices Clarence Thomas -- who sees no limit to punitive damages written in the Constitution -- and Justices John Paul Stevens, Antonin Scalia and Ruth Bader Ginsburg.

It was also the first time that evidence of tobacco-company misconduct, dug up by years of discovery in litigation, was before the Court, albeit in the background. But Breyer's majority made scant mention of the evidence or of any particulars of Williams' case.

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Commentators and dissenters questioned how the Court's ruling will be applied in real courtrooms. Breyer said judges will have to be vigilant in ensuring that jurors only consider harm to others in assessing reprehensibility, not in deciding the level of punitive damages. "State courts cannot authorize procedures that create an unreasonable and unnecessary risk of any such confusion occurring," Breyer said.

"It seems, then, that jurors can think about harm to others in deciding that the conduct was awful enough to merit punitive damages" in the first place, said Michael Krauss, torts professor at George Mason University School of Law. "But then they can't think about it anymore, because when they set the amount of the damage award, the Court is saying it has to reflect only the harm to the plaintiff. You'll have to wash your brain out" between steps.

Krauss adds, "How you force the jury into this intellectual straightjacket isn't clear. What is clear is that this issue will be back before the Court."

Ginsburg in her dissent also predicted that the task of guiding jurors will be difficult. "A judge seeking to enlighten rather than confuse surely would resist delivering the requested charge."

She added that the majority should have shown greater respect to the Oregon Supreme Court and other state courts that have tried "diligently to adhere to our changing, less than crystalline precedent."

In another key business ruling from the Northwest on Tuesday, the Court ruled unanimously in favor of Weyerhaeuser, the timber company, in a dispute over "predatory bidding." Ross-Simmons, a sawmill company, claimed that Weyerhaeuser tried to drive it out of business by bidding up the price of red alder logs to a level that Weyerhaeuser could afford to pay, but Ross-Simmons could not.

In a ruling by Thomas, the Court agreed that the same standard used in antitrust "predatory pricing" cases should apply to bidding or buying cases -- a standard that is difficult for plaintiffs like Ross-Simmons to meet.

Supreme Court Puts New Rules On Damage Awards (CSM)

By Warren Richey

The Christian Science Monitor, February 21, 2007

An Oregon jury violated constitutional principles of fairness when it levied a $79.5 million punitive-damages award against the Philip Morris tobacco company in a single smoker lawsuit.

In a 5-to-4 decision announced Tuesday, the US Supreme Court struck down the verdict because it said the jury violated due-process protections when it sought to punish the tobacco company for injuries suffered by nonparties to the litigation.

Writing for the majority, Justice Stephen Breyer said the jury could consider Philip Morris's alleged deceptive conduct toward all smokers in Oregon in determining the reprehensibility of its conduct. But he said the jury could not then punish Philip Morris for that same conduct without violating the tobacco company's constitutional rights.

In reaching its decision, the court avoided addressing the most closely watched issue in the case: whether a nearly $80 million punitive-damages award for the widow of a smoker is constitutionally excessive.

"The Constitution imposes certain limits in respect both to procedures for awarding punitive damages and to amounts forbidden as 'grossly excessive,' " Justice Breyer writes. But he said the court would address only the procedural issue and leave it to the Oregon courts to address the issue of excessive punitive damages during any retrial.

The decision is important because it represents a move by the high court to impose constitutional limits on punitive-damage awards. But the decision also exposes sharp differences within the court on the issue.

Justices John Paul Stevens, Clarence Thomas, and Ruth Bader Ginsburg all filed dissents. Justice Antonin Scalia and Justice Thomas joined Justice Ginsburg's dissent.

"While apparently recognizing the novelty of its holding, the majority relies on a distinction between taking third-party harm into account in order to assess the reprehensibility of the defendant's conduct – which is permitted – from doing so in order to punish the defendant directly – which is forbidden," writes Justice Stevens in his dissent. "This nuance eludes me."

"A murderer who kills his victim by throwing a bomb that injures dozens of bystanders should be punished more severely than one who harms no one other than his intended victim," Stevens writes.

"There is no reason why the measure of the appropriate punishment for engaging in a campaign of deceit in distributing a poisonous and addictive substance to thousands of cigarette smokers statewide should not include consideration of the harm to those 'bystanders' as well as the harm to the individual plaintiff," Stevens writes.

The decision stems from an Oregon lawsuit filed in 1997 against Philip Morris by Mayola Williams after her husband, Jesse, died following a diagnosis of lung cancer. Mr. Williams had smoked three packs of cigarettes a day for 45 years.

Lawyers for Philip Morris told the jury that Williams accepted the risks of smoking despite government warnings about the dangers of cigarettes and tobacco.

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Mrs. Williams's lawyers countered that Philip Morris perpetrated a massive fraud by pushing an addictive and dangerous product on unsuspecting consumers. Tobacco company officials adopted a strategy of casting doubt on government health warnings, the lawyers said. The firms offered just enough of a crutch to allow addicted smokers – like Mr. Williams – the justification and reassurance to go ahead and ignore the government's warnings and continue their smoking habit, the lawyers told the jury.

Business and industry groups have been following the case, hoping the high court would use it to inject a higher level of predictability into American tort law. Business associations complain that in many states they face open-ended liability from jurors who view corporations as deep pockets capable of paying any penalty.

On the other side, trial lawyers, consumer groups, and health organizations were hoping the high court would back away from earlier efforts to limit what a majority of justices had viewed as excessive punitive damages. These groups see the threat of large punitive-damage awards as an effective deterrent against wrongdoing and as a positive force in society.

Justices Overturn Tobacco Award (WP)

By Robert Barnes, Washington Post Staff Writer

The Washington Post, February 21, 2007

$80 Million Penalty Is Called Excessive

The Supreme Court yesterday overturned a nearly $80 million verdict intended to punish the Philip Morris tobacco company for endangering the lives of smokers, and the justices set limits on how jurors can decide to make big business pay for wrongdoing.

The court's narrowly written 5 to 4 decision said an Oregon court had improperly let jurors calculate the harm done to many in deciding damages paid to an individual.

The court ruled that the Constitution's due-process clause forbids a state to use punitive damages to punish a company for injury it inflicts upon others who are "essentially, strangers to the litigation," according to the majority opinion, written by Justice Stephen G. Breyer.

The case was seen at the beginning of the term as one of the most important business decisions that the court would make under new Chief Justice John Roberts Jr., and it was clearly a victory for Philip Morris and other big companies. It continues the reasoning in the court's recent rulings that punitive damages -- aimed at punishing a company and deterring more wrongdoing -- must be proportionate to the wrong committed.

But in sending the case back to Oregon courts for further litigation, the justices sidestepped a decision that industry had most wanted: whether to set a solid cap on how much could be awarded for punitive damages, perhaps based on a specific ratio to the actual damages done to the individual who brought the suit.

Still, business advocates praised the decision.

"This is a really important case for the business community, and a big win," said Robin Conrad, senior vice president of the National Chamber Litigation Center of the U.S. Chamber of Commerce. She said it would be valuable to insurance companies, automakers, pharmaceutical manufacturers and other firms that have been hit with huge punitive-damages awards in recent years.

But Robert S. Peck, the Washington lawyer who represented the Oregon smoker's widow who brought the suit, said the decision "slays a dragon that didn't exist." Peck contended that the jury calculated its large award not on the number of other victims but on the company's profitability, and he predicted that Oregon courts will "reaffirm" that they "did the right thing."

How the jury decided the amount to award is unclear, and confusion at the Supreme Court oral arguments foreshadowed the justices' ultimate decision. "Isn't perhaps the better course to send this back to them . . .?" suggested Justice David H. Souter, who voted with the majority to do just that.

The case involved Jesse Williams, a Portland janitor who smoked at least two packs of Marlboros every day for 45 years and died of lung cancer in 1996. Philip Morris, now owned by Altria Group, had denied during that time that its cigarettes were addictive, and at trial, lawyers for his estate told the jury to consider the damage done to other smokers in Oregon.

The attorney for his widow, Mayola Williams, told the jury to "think about how many other Jesse Williams in the last 40 years in the state of Oregon there have been."

The jury awarded Mayola Williams $821,000 in compensation and then tacked on the $79.5 million punitive award. (Not all states allow punitive awards; in Oregon, 60 percent of the award goes to the state, Peck said.) The nearly 100 to 1 ratio of punitive damages to compensatory damages is far outside the "single-digit" ratio the Supreme Court suggested in previous cases, but a firm limit has never been set.

The majority opinion issued yesterday agreed with Williams that the jury could hear evidence of harm to others to show that a company's conduct was reprehensible, which could increase the punitive-damages award.

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But Breyer wrote a "jury may go no further than this and use a punitive damages verdict to punish a defendant directly on account of harms it is alleged to have visited on nonparties."

Dissenting justices said they wondered how a judge could properly instruct a jury to consider what Justice Ruth Bader Ginsburg called our "less than crystalline precedent."

The majority "relies on a distinction between taking third-party harm into account in order to assess the reprehensibility of the defendant's conduct -- which is permitted -- from doing so in order to punish the defendant 'directly' -- which is forbidden," Justice John Paul Stevens wrote. "This nuance eludes me."

The court's split in recent decisions limiting punitive damages is far different from the ideological differences that are apparent in many decisions on social issues. Breyer was joined by Roberts and Justices Samuel A. Alito, Anthony Kennedy and David H. Souter.

Stevens, who in the past has supported limiting the amounts of punitive awards, joined Ginsburg and Justices Antonin Scalia and Clarence Thomas.

The case was sent back to the Oregon Supreme Court, which had upheld the large punitive award. Breyer wrote that the application of the court's standard may "lead to the need for a new trial, or a change in the level of the punitive damages award."

The case is Philip Morris USA v. Williams, case No. 05-1256. Also yesterday, the court ruled 5 to 4 that a Florida death row inmate could not challenge his conviction in the federal court system because he missed a one-year filing deadline.

High Court Denies Altria Damages, Sets No Formula (WSJ)

By Jess Bravin And Vanessa O'Connell

The Wall Street Journal, February 21, 2007

WASHINGTON -- The Supreme Court's move to throw out a $79.5 million award against Altria Group Inc.'s Philip Morris USA was another boon for corporate defendants. But it wasn't the knockout blow against punitive damages that business had sought.

The 5-4 ruling turned on the court's finding defendants can't be punished for harms suffered by consumers who aren't party to a lawsuit. But the justices refused to impose a formula, sought by business groups, that would limit punitive-damage awards.

· The News: The Supreme Court tosses out a $79.5 million punitive- damages award against Philip Morris.

· The Background: The court was asked to look at whether defendants could be punished for harm suffered by those who weren't party to the lawsuit.

· The Outlook: Judges likely will instruct jurors to avoid multiplying the harm of a single plaintiff to reach a punitive damage award, potentially reducing the size of such awards.

The ruling extended a string of recent decisions reining in the penalties juries can impose on corporate wrongdoers. Judges now will be more likely to instruct jurors to avoid simply multiplying the harm done to a single plaintiff to reach a punitive-damage award.

"If there are 10,000 widgets sold," a jury can't mechanically fix punitive damages by multiplying compensatory damages 10,000 times, said Sherman Joyce, president of the American Tort Reform Association, an industry group that filed a friend-of-the court brief siding with Philip Morris.

The original case turned on a jury award to Mayola Williams, who was awarded $821,000 in compensatory damages and nearly 100 times that amount in punitive damages in a lawsuit after the death of her husband, Jesse, in 1996. The state court jury in Oregon found his death was caused by cigarettes.

Writing for the five-member majority, Justice Stephen Breyer found that punitive awards partly based on harm to nonparties "amount to a taking of 'property' from the defendant without due process."

At the same time, recognizing that punitive damages are intended to punish wrongdoing and deter its recurrence, the court observed "that conduct that risks harm to many is likely more reprehensible than conduct that risks harm only to a few," so juries may take such factors into account when awarding damages.

"This nuance eludes me," wrote dissenting Justice John Paul Stevens. He argued there was no practical difference between directly punishing the defendant for harming third parties and increasing the punishment because harm to a single plaintiff was more "reprehensible" given its potential harm to others.

An immediate beneficiary of the ruling could be Merck & Co., which now faces some 28,000 lawsuits over its painkiller Vioxx.

Trying each complaint separately, Merck has won eight liability trials to date and lost four. One verdict in Merck's favor later was tossed out by a state court judge, while two Los Angeles state court cases resulted in mistrials Jan. 18. In all four losses, meanwhile, juries awarded plaintiffs punitive damages ranging from $1 million to $229 million. Two of the damage awards were later automatically reduced under Texas state law.

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Though the U.S. Constitution makes no mention of punitive damages, the court in recent years has found that some awards are so high as to violate due process.

In 1996, the justices threw out a $2 million punitive award won by a consumer who learned that his car salesman had concealed the fact that a new BMW had been damaged and repainted before sale. A 5-4 court, in an opinion by Justice Stevens, found the amount "grossly excessive" after considering the actual damages the plaintiff suffered, civil penalties for similar misconduct and the defendant's "degree of reprehensibility."

In 2003, in a 6-3 opinion by Justice Anthony Kennedy, the court rejected a 145-to-1 punitive-to-compensatory damage ratio. A Utah court had awarded the damages to a policyholder who contended State Farm Mutual Automobile Insurance Co. had misled her into believing it would cover her liability for a car accident. The court suggested that "single-digit multipliers are more likely to comport with due process" than larger ones.

Industry groups were hoping the court would follow that ruling with an ironclad rule against double- or triple-digit multipliers. But the court said it need not reach that issue.

Bob Peck, the lawyer who represented Mrs. Williams, suggested the impact of the ruling would be muted. Jurors rarely multiply the victims to reach punitive awards, he said. The $79.5 million award in his case, he said, could be understood as "precisely 2.5 weeks' profit" for Philip Morris.

At the Supreme Court, Philip Morris argued that the original Oregon trial judge failed to instruct the jury in the proper way to consider harm to third parties. The judge declined to issue the company's proposed jury instruction, which would have advised that "although you may consider the extent of harm suffered by others" in assessing a proper penalty for Mr. Williams's death, "you are not to punish the defendant for the impact of its alleged misconduct on other persons, who may bring lawsuits of their own...."

Justice Breyer found that this jury instruction would have set the proper balance. Imposing damages for harm to nonparties would violate the Constitution's Due Process Clause, because the defendant would have no chance to defend against the charges, he wrote. Moreover, permitting such factors "would add a near standardless factor to the punitive damages equation."

The decision was notable as well for the split it signaled between Justices Antonin Scalia and Clarence Thomas, who have held that the Constitution didn't contemplate any limits on punitive damages, and the court's two newest members, Chief Justice John Roberts and Justice Samuel Alito.

The chief justice and Justice Alito joined the majority along with Justices Anthony Kennedy and David Souter. Justices Scalia and Thomas joined the dissent by Justice Ruth Bader Ginsburg, who wrote that the Oregon jury had properly considered "the extent of harm suffered by others as a measure of reprehensibility."

The case returns to the Oregon Supreme Court, which could order a new trial or issue a new opinion comporting with yesterday's decision.

The decision is unlikely to have an impact on class-action litigation, because in such lawsuits mass numbers of plaintiffs are formally represented.

Punitive damages are alleged in a majority of the pending cases against Philip Morris, which as of year end faced 196 pending suits brought by individual smokers, 10 class actions concerning smoking and health claims and 20 class-action lawsuits concerning its "light" cigarettes, among other litigation. In a number of states where antitobacco suits are pending, punitive damages don't exist, or are limited, tobacco lawyers note.

Justices Overturn $79.5 Million Tobacco Ruling (NYT)

By Linda Greenhouse

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — The Supreme Court on Tuesday overturned an Oregon jury's award of $79.5 million in punitive damages against Philip Morris on the ground that jurors might have improperly calculated the figure to punish the cigarette maker for the harm it caused to smokers other than the man whose widow brought the case.

Although of limited scope, the 5 to 4 decision was a victory for the cigarette industry and for other corporate defendants whose products or behavior have caused widespread injury and who are thus likely to face skeptical or hostile juries.

The court was tightly focused on a question of procedural fairness: the need, in the majority's view, to make sure that juries do not punish defendants for harm to others who are not parties to the lawsuit, or who even may have brought their own lawsuits previously and lost. "The due process clause prohibits a state's inflicting punishment for harm caused strangers to the litigation," Justice Stephen G. Breyer wrote in the majority opinion.

The court thus steered clear of the issue that most animates the debate over punitive damages: whether a punitive damage award that is much greater than the compensatory damages awarded by the jury can be considered unconstitutionally

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excessive. In this case, the ratio of punitive to compensatory damages was nearly 100 to one, but the court did not address the issue despite Philip Morris having raised it.

What happens next in this lawsuit may provide an early indication of the practical significance of the court's ruling, as far as it went. The case now goes back to the Oregon Supreme Court, which has options ranging from reinstating the award to ordering a new trial. The original trial of the suit, brought by Mayola Williams, whose husband, Jesse, died of lung cancer after smoking two packs of Marlboros a day for 45 years, took place in 1999.

Mrs. Williams's lawyer asked the jury to "think about how many other Jesse Williams in the last 40 years in the state of Oregon there have been." The trial judge rejected a request by Philip Morris for an instruction warning the jury that "you are not to punish the defendant for the impact of its alleged misconduct on other persons."

The Supreme Court on Tuesday did not require any particular wording in the form of a jury instruction. But Justice Breyer said that state judicial systems had a constitutional obligation to avoid "an unreasonable and unnecessary risk" that a jury would calculate the punitive damages based on harm to those not before the court.

The issue is complicated because, under the Supreme Court's precedents, the "reprehensibility" of a defendant's conduct is a factor that a jury is explicitly directed to consider in setting a punitive damages award. Justice Breyer acknowledged that harm to others can serve as a measure of reprehensibility, and that jurors will necessarily consider it. That was appropriate, he said, as long as courts "provide some form of protection" against jurors seeking "to punish the defendant for having caused injury to others."

Sheila L. Birnbaum, a punitive damages specialist with Skadden, Arps, Slate, Meagher & Flom in New York, said the court was requiring jurors to "unring the bell" in a way that might prove difficult. "It's very hard for jurors to disregard something they have heard," she said.

Ms. Birnbaum, who successfully argued the most recent punitive damages case heard by the court before this one, on behalf of the State Farm insurance company in 2003, added that the decision was nonetheless "a step in the right direction" for corporate defendants because it would require trial judges and appellate courts to be attentive to the guidance that jurors receive.

Justice Breyer's majority opinion, Philip Morris USA v. Williams, No. 05-1256, was joined by Chief Justice John G. Roberts Jr. and by Justices Anthony M. Kennedy, David H. Souter and Samuel A. Alito Jr. The dissenters were Justices John Paul Stevens, Ruth Bader Ginsburg, Antonin Scalia and Clarence Thomas.

It is typical for the court's punitive damages rulings to cut across the usual ideological lines. In fact, the only real surprise was the vote by Justice Stevens, who had previously voted with the court's majority to support limits on punitive damages.

In his dissenting opinion, Justice Stevens said he was "firmly convinced" that those earlier decisions were correct. But he said that "in my view the Oregon Supreme Court faithfully applied the reasoning in those opinions to the egregious facts disclosed by this record." He said that "no procedural error even arguably justifying reversal occurred at the trial in this case."

The court's two new members, Chief Justice Roberts and Justice Alito, succeeded justices who supported limits on punitive damages, as they themselves did on Tuesday. But the narrowness of the court's opinion and its avoidance of the excessiveness issue raised the question of whether, beneath the surface stability, the court's polarity may have shifted.

In the State Farm case that Ms. Birnbaum argued four years ago, the court overturned a punitive damage award that was 145 times greater than the compensatory award. "Few awards exceeding a single-digit ratio" would meet the test of due process, Justice Kennedy wrote then for a 6-to-3 majority, a strong statement that made the court's failure on Tuesday to address the 97 to one ratio in the Philip Morris case all the more curious. (The Oregon jury awarded Mrs. Williams $821,000 in compensatory damages.)

To hold that a damage award is unconstitutionally excessive requires the court to accept the argument that the due process clause contains a substantive component as well as a procedural one. It is on this basis that Justices Scalia and Thomas, who do not accept the modern doctrine of "substantive due process," have dissented from the leading punitive damages decisions.

It is not implausible that Chief Justice Roberts and Justice Alito might share that view. Whether they do might become apparent if the Oregon Supreme Court reinstates the punitive damages verdict and Philip Morris comes back before the justices with a new appeal based on excessiveness.

The dissenters tweaked the majority for what they characterized as judicial activism and refusal to give state courts proper respect. "I would accord more respectful treatment to the proceedings and disposition of state courts that sought diligently to adhere to our changing, less than crystalline precedent," Justice Ginsburg said in an opinion that Justices Scalia and Thomas also signed.

In a prepared statement, William S. Ohlemeyer, vice president and associate general counsel of Philip Morris, a unit of Altria, said the decision would give the company "an opportunity to fully and fairly defend itself in this and other cases."

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Market analysts generally viewed the decision as positive for industry. “Despite a more narrow opinion than we had hoped for, we view the ruling as a positive as it effectively limits the size of punitive damages in future cases,” said Christopher R. Growe, an analyst at A. G. Edwards & Sons, in a note to investors.

In recent months, investors have pushed Altria’s stock to record highs, in part because they believe the litigation environment against tobacco companies has significantly improved. On Tuesday, Altria’s stock closed at $85.95, down 25 cents.

Reward To Smoker's Widow Nixed By Top Court (WT)

By Gregory Lopes

The Washington Times, February 21, 2007

The Supreme Court yesterday took away almost $80 million awarded to the widow of a longtime smoker and threw into doubt the prospects of future high-dollar jury awards against businesses.

A divided Supreme Court ruled 5-4 in favor of Altria Group, the parent of Richmond company Philip Morris USA and Kraft Foods, which contested an Oregon Supreme Court's upholding of an earlier verdict that forced the maker of the popular Marlboro cigarette to pay $79.5 million in damages.

Justice Stephen G. Breyer, writing for the majority, said a punitive-damages award based on a jury's desire to punish a defendant for harming those who are not parties to the lawsuit amounted to taking property from the defendant, which would be a violation of the constitutional right of due process. Chief Justice John G. Roberts Jr. and Justices Samuel A. Alito Jr., Anthony M. Kennedy and David H. Souter made up the rest of the majority.

However, the court refused a request from the tobacco giant that it set a clear limit on the size of punitive damages awarded in tobacco cases.

"This decision is a big deal because it will have a tremendous impact on other industries facing similar litigation," said Robin Conrad, senior vice president of the National Chamber Litigation Center at the U.S. Chamber of Commerce. "The court's decision now provides businesses with additional protection against juries' arbitrary awards of punitive damages."

Jonathan S. Franklin, a D.C. lawyer, agreed, saying the ruling that juries can't consider the harm to others "limits the ability of plaintiffs to argue for enormous damage awards."

"This is not just a victory for the tobacco companies," he told the Associated Press, but it's good for any company that might be subject to product liability suits in which punitive awards might be involved.

But Justice Clarence Thomas, in his dissent, said the ruling leaves the court with no clear stance on punitive damages.

"Today's opinion proves once again that this court's punitive damages jurisprudence is 'insusceptible of principled interpretation.' "

The court's decision leaves U.S. juries to ponder punitive damages under this rule: The jury may consider actual or potential harm to others in deciding how reprehensible a company's conduct was, but may not punish the company for the harm caused to others.

"The court took a big wooden spoon and stirred up the swamp, making the view muddier than ever," said Steve Emmert, chairman of the appellate practice subcommittee for the Virginia state bar's litigation section. "I am convinced that this ruling will lead to confused juries looking to confused judges for guidance."

States will have some flexibility to determine the rules that will help minimize jury confusion over the standard set yesterday.

The justices did not split down party lines, further bolstering reaction from lawyers that yesterday's decision leaves punitive damage law on murky ground. The court last placed limits on such awards in 2003.

Mr. Emmert said the decision is likely to result in smaller dollar amounts awarded to defendants but will not slow the number of cases brought to courts around the country.

Just over one-fifth of U.S. adults smoked cigarettes in 2005, down from one-quarter of the country's adults a decade ago.

Mayola Williams sued Philip Morris for fraud on behalf of her husband, a two-pack-a-day smoker for 45 years, who died of lung cancer nine years ago. She argued the jury award was appropriate because it punishes Philip Morris' misconduct for a decades-long "massive market-directed fraud" that misled smokers into thinking cigarettes were not dangerous or addictive.

Philip Morris argued that the jury should have been told explicitly that other smokers must prove their own cases.

"We believe that this decision will provide Philip Morris USA with an opportunity to fully and fairly defend itself in this and other cases," said William S. Ohlemeyer, Philip Morris USA vice president and associate general counsel.

"There are clearly constitutional limits to the imposition of punitive damages, and today's decision makes clear that state courts must properly instruct juries on those limits to ensure that they are punishing only for harm caused to the plaintiff, and not to strangers."

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But the day was not a total success for cigarette makers, as the high court turned down the industry's bid to eliminate a 75-cent-per-pack fee on Minnesota residents that the state imposed to help pay for rising health care costs.

Reynolds American Inc., R.J. Reynolds Tobacco, Loews Corp.'s Lorillard Tobacco and Philip Morris said the fee unconstitutionally requires the companies to pay beyond the 1998 $200 billion settlement agreement the industry reached with states.

"This decision doesn't leave us anywhere to go," said David Howard, a spokesman for R.J. Reynolds. "It could give other states the opportunity to look at a similar tax. We think it is double dipping and would oppose it as a violation of the master agreement [1998 settlement]."

Shielding The Powerful (NYT)

The New York Times, February 21, 2007

The Supreme Court's decision yesterday overturning a nearly $80 million punitive damage award against Philip Morris is a win for corporate wrongdoers. It stretches the Constitution's guarantee of due process in a way that will make it easier for companies that act reprehensibly to sidestep serious punishments.

It also provides unsettling new evidence that the court is more concerned about — and more willing to protect — the powerful than the powerless.

An Oregon jury awarded Mayola Williams, the widow of a cigarette smoker, about $821,000 in compensatory damages and $79.5 million in punitive damages. Ms. Williams argued that Philip Morris had spent 40 years denying the connection between smoking and cancer, even though it knew cigarettes were deadly. The Oregon Supreme Court upheld the punitive damages award, saying that Philip Morris's actions had been "extraordinarily reprehensible." By keeping Oregonians smoking longer than they otherwise would have, the court said, the company's actions would, "naturally and inevitably, lead to significant injury or death."

By a 5-to-4 vote that did not follow the usual ideological lines, the court ruled that the award was improper because it punished Philip Morris for harm done to people who were not part of the lawsuit. There is nothing unusual, or wrong, about courts considering the broader impact of a wrongdoer's misdeeds. As Justice John Paul Stevens noted in dissent, "A murderer who kills his victim by throwing a bomb that injures dozens of bystanders should be punished more severely than one who harms no one other than his intended victim." The fact that Philip Morris hurt so many other smokers along with Jesse Williams is surely relevant to its punishment.

The court in recent years has become increasingly activist when it comes to defending the rights of corporations by striking down punitive damage awards. And yesterday's ruling continues that trend. It expands the notion of due process. And it overturns the decisions of a jury and a state supreme court.

Unfortunately, the court has been far less activist when ordinary people seek protection or challenge their punishments. The ruling stands in particular contrast with the court's 2003 decision that the Eighth Amendment's ban on "cruel and unusual punishments" did not bar California, under its "three strikes" law, from sentencing a man to 50 years in prison for stealing $153.53 worth of videotapes. Yesterday's decision is another disturbing sign that — as the current court reads the Constitution — powerful parties have more rights than regular people.

Class Actions In Drag (WSJ)

The Wall Street Journal, February 21, 2007

The Supreme Court dealt another blow against runaway tort damages yesterday in a long-running case between Philip Morris and the late Jesse Williams, a heavy smoker whose Marlboro habit killed him. Maybe next time the Justices will go even further and provide some clearer guidance to lower courts.

The question before the High Court was how far a jury could go in awarding "punitive" damages, especially where the behavior being punished was deemed "reprehensible." In the original lawsuit, the jury awarded Mr. Williams's widow $79.5 million in punitive damages on top of $821,000 in compensatory damages, a tidy ratio of 97-1.

The opinion of the 5-4 majority, written by Justice Stephen Breyer, never addressed whether this ratio was "excessive," as the court has done in other recent cases. Instead the majority, which included Chief Justice John Roberts and Justices Samuel Alito, Anthony Kennedy and David Souter, ruled that Philip Morris had been punished not only for harm to Williams, the deceased, but to other smokers in the state -- a back-door class action, in effect.

This seems a sound impulse on a number of grounds. Our courts are already riddled with enough class actions without turning single-plaintiff cases into more of the same through the punitive-damages process. And awarding damages based on harm to what Justice Breyer calls "strangers to the case" risks seeing businesses dunned many times over when multiple

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plaintiffs sue over the same harm. The majority opinion concluded that harm to others could be taken into account in determining how "reprehensible" a tort was, but could not be figured into the punitive-damages award "directly."

Ruth Bader Ginsburg was joined in dissent by Clarence Thomas, Antonin Scalia and John Paul Stevens. She argued, with some cause, that Justice Breyer's opinion was trying to maintain a distinction without much difference. And it is true that the Court offered little in the way of objective standards -- such as a firm ratio between compensatory and punitive damages -- to determine when a defendant was likely being punished for harm to others. But in affirming that procedural safeguards against excessive damages were necessary, at least the Court took another step in the direction of reining in huge punitive awards.

It is noteworthy, too, that the Court's two newest members joined the majority here. Justices Thomas and Scalia have long been skeptics of limitations on punitive damages and of the "substantive due process" arguments that lie behind yesterday's ruling. But in joining the majority, the Court's newest Justices demonstrated their awareness that, when punitive-damage awards grow large enough, real issues of justice and fairness (and thus due process) are implicated.

The Court currently has a petition before it to hear another punitive-damages case, this one involving a rollover in a Ford Explorer SUV. The case would give the Justices another opening to address what safeguards are necessary to ensure that the rights of defendants and plaintiffs alike are respected when it comes to the evidence and arguments that can be presented to ring up huge damage awards. In the long run, it may be that procedural safeguards on how these cases are argued and how juries are told to weigh the evidence could make judicial limits on outsize punitive damages less important, but yesterday's ruling in Philip Morris v. Williams is unlikely to be the final word.

Yesterday's ruling looks to be one more example of what Fourth Circuit Court of Appeals Judge J. Harvie Wilkinson III has astutely called the High Court's recent tendency toward "split the difference" jurisprudence. Rather than rooting decisions in the Constitution or statutory text, such reasoning tends to "relax constraints on judicial discretion" and thus augment the power of judges over the other branches, as Judge Wilkinson put it last year in the Stanford Law Review. We'd add that this habit is a specialty of Justices Breyer and Kennedy, both of whom love to play the role of King Solomon.

In any case, inflicting gigantic damages in civil cases without standards to guide either judges or juries are a real problem, despite what Justices Thomas and Scalia seem to believe. And in ruling that standards have to be applied in how these cases are argued -- and not only in the number that is finally arrived at -- the Court may have hit upon an important area for reform. But thanks to the Court's willingness to split too many differences, Philip Morris can't exhale just yet.

Surgeon, Chiropractors Charged In $6 Million Fraud Schemes (ATLBIZ)

Atlanta Business Chronicle, February 21, 2007

A federal grand jury handed down two separate health-care fraud indictments today, charging a total of five health-care providers with fraudulently billing approximately $6 million, principally for a back pain procedure.

According to the U.S. Attorney's office, Howard Berkowitz, 59, of Atlanta; Arthur Hargraves, 66, of Douglasville; and Daniel Puffenberger, 51, of Kissimmee, Fla., were each charged with five counts of health care fraud that they allegedly committed as owners of the Associated Spinal Care Network in Douglasville. The indictment alleges that Berkowitz was an orthopedic surgeon and the medical director of Associated Spinal Care, while the two other defendants were chiropractors. The indictment alleges that Associated Spinal Care, at the direction of the three, billed Blue Cross/Blue Shield of Georgia for over $3 million relating to the procedure from 2001 through 2005.

In another indictment, William Stearns, 45, of Marietta, Georgia, and Steven Levine, 50, of Roswell, were charged with health-care fraud and other violations that they allegedly committed as owners of the Comprehensive Care Medical Group in Marietta. Comprehensive Care, at the direction of Stearns and Levine, allegedly billed Blue Cross/Blue Shield of Georgia for approximately $1.8 million for the procedures in 2003 and 2004.

Separately, Stearns also allegedly submitted fraudulent bills to Blue Cross relating to a procedure in which an electrical stimulation machine was attached to the surface of a patient's body. The indictment alleges that Comprehensive Care fraudulently submitted over $1.5 million in bills for that procedure.

The cases are being investigated by the FBI.

Nine Doctors Indicted For Billing Fraud (OCR)

By Blythe Bernhard, The Orange County Register

Orange County Register, February 15, 2007

Total of 18 are accused of scheme to bilk Medicare.

Santa Ana federal grand jury indicted nine doctors and nine others Wednesday on charges of performing unnecessary treatments on mentally ill and elderly adults, and for fraudulently billing Medicare for more than $12 million.

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Physicians Paul Lessler, 68, of Corona Del Mar, Xinming Fu, 45, of Irvine, Michael Wayne Chapman, 53, of Cypress and David Todd Asher, 39, of Fullerton were among those charged with various counts of health care fraud, money laundering and conspiracy.

An attorney for Lessler said he hadn't yet read the indictment and declined to comment further.

According to the indictment, from 2001 to 2004 the doctors allegedly paid recruiters to find patients for respiratory therapy, regardless of their need for treatment. The recruiters would target boarding facilities for the elderly and physically or mentally disabled, including Royal Healthcare, a 66-bed facility in Anaheim.

A woman who answered the phone at Royal Healthcare declined to comment.

Administrators at the facilities were typically paid $100 per resident they referred to the recruiter, federal prosecutors said. Residents were lured to the near-daily treatments with soda, candy and doughnuts.

The treatments on dozens of patients included inhaled medications and chest manipulations. In some cases the treatments weren't performed, prosecutors said. Other times a respiratory therapist would perform the treatments without a physician's supervision, which is not allowed under Medicare rules.

"These people are being touched and given medications based on the payment of a kickback as opposed to medical necessity," said Assistant United States Attorney Jeannie M. Joseph. "I think it's egregious."

The doctors billed Medicare more than $12 million for the treatments, including some that were allegedly performed while the doctors were out of state. Treatments also were falsely billed as having taken place in the doctors' offices or mobile medical vehicles. Medicare prohibits the respiratory treatments from being performed at board-and-care facilities.

The other doctors named in the indictment include Alexander Zinovy Rivkin, 38, Gershon Walter Hepner, 68, and Ramin Sarshad, 38, of Los Angeles; Truc Huy Dao, of Rowland Heights and Aginah M. DeBerry, 54, of Colorado Springs, Colo.

Other Orange County residents indicted in the scheme include recruiter Glen Madrid, 42, of Yorba Linda and boarding care facility administrators Barbara Thrash, 56, of Garden Grove and Shahnaz Chadorbaf-Arastoo, 51, of Irvine.

All 18 defendants are expected to be arraigned March 19 in U.S. District Court in Santa Ana. The defendants face a maximum 10-year federal prison sentence for each health care fraud count, 20 years for each money laundering count and five years for each conspiracy count.

The investigation was conducted by the FBI, the U.S. Postal Inspection Service and the IRS.

Contact the writer: 714-796-6880 or bbernhard@ocregister.com

CIVIL RIGHTS:

AG Gonzales Touts Better Protection From Religious Discrimination (AP)

By Rose French

AP, February 21, 2007

NASHVILLE, Tenn. - U.S. Attorney General Alberto Gonzales told Southern Baptists on Tuesday the Department of Justice is launching a new program to protect Americans from religious discrimination.

Gonzales said the First Freedom Project would increase education about religious discrimination by holding a series of training seminars throughout the country over coming months.

He also plans to create a Religious Freedom Task Force, which will review policies and religious discrimination cases. He said he doesn't yet know how much the program will cost.

"One of our most cherished freedoms ... is our religious freedom," he told leaders of the Southern Baptist Convention, the nation's largest Protestant denomination, in Nashville. "It is a fundamental part of our nation's history."

The first training seminar will be held in Kansas City, Mo., in March, followed by seminars in Tampa, Fla., in April and Seattle, Wash., in May. Other dates and locations will be announced later.

As part of the new program, the Justice Department is also launching a Web site http://www.firstfreedom.gov, with information on enforcement and how to file a religious discrimination complaint.

On Tuesday the Justice Department also released its report on Enforcement of Laws Protecting Religious Freedom, which highlights the number of religious discrimination cases reviewed or investigated by the Department of Justice for fiscal years 2001-06 compared to 1995-2000.

Gonzales said the report shows the Department of Justice has looked into more religious discrimination cases under the Bush administration.

The report details religious discrimination cases involving education, employment, housing, credit, public accommodations and public facilities, zoning and discrimination and bias crime.

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For example, he noted cases of religious discrimination in education increased from one case reviewed and no investigations to 82 cases reviewed and 40 investigations.

Housing- and credit-related cases grew from four investigations and one lawsuit to 18 investigations and six lawsuits while religion-related appellate friend-of-the-court briefs rose from one to 16.

The Department of Justice also reviewed 118 cases and 26 investigations related to land use issues, since the enactment in 2000 of the Religious Land Use and Institutionalized Persons Act, which aimed to protect property rights of religious institutions.

Earlier this month, the Southern Baptists, who have long been among the most vocal Christian groups supporting the Bush administration, gave the president an award for advocating religious freedom.

The president has also spoken by video link to the Southern Baptist national convention three times.

Gonzales Says Religious Freedoms A Priority (TENN)

By Anita Wadhwani, Staff Writer

Nashville Tennessean, February 21, 2007

Attorney general tells Baptists of new federal effort

Saying the government has not always paid enough attention to religious discrimination, the country's top law enforcement official picked a gathering of Southern Baptist leaders in Nashville on Tuesday to announce a renewed push to protect religious freedoms.

U.S. Attorney General Alberto Gonzales announced the establishment of a new Religious Freedom Task Force and stepped up enforcement efforts.

"One of our most cherished freedoms … is our religious liberties," Gonzales told the gathering of about 100 Southern Baptists at the denomination's national headquarters in downtown Nashville. "Nothing defines us more as Americans."

But, he said, religious discrimination is "an area of law that has not always been given sufficient attention by our government."

The Department of Justice's "First Freedom Project" will review religious discrimination complaints, hold seminars to educate religious leaders about how to file complaints and launch a Web site with information on religious liberty laws, Gonzales said.

Local civil libertarians greeted the announcement with skepticism. If the First Freedom Project was meant to protect the religious freedoms of all Americans, why was it announced only to a room full of Southern Baptists, asked Hedy Weinberg, executive director of the Tennessee branch of the American Civil Liberties Union.

"Why was just one particular religious community there?" she said. "Religious freedom is a right all of us hold dear ... You'd think you'd want the rainbow of religious beliefs represented."

Gonzales told reporters that he chose a meeting of the nation's largest Protestant denomination because, "this is a group that's very interested in religious freedom."

The gathering is a "receptive audience that would appreciate" his message, he said.

Report compares cases

Gonzales also unveiled a 43-page Report on Enforcement of Laws Protecting Religious Freedom that highlights enforcement of religious discrimination laws under the Bush administration.

The report compared cases from 1995-2000 during the Clinton administration to 2001-2006 during the Bush administration. Some examples:

· In the area of religious discrimination cases in education, there were 82 cases reviewed and 40 cases investigated under Bush, compared with one case reviewed and no investigations.

· In the area of religious discrimination in employment, there were 31 investigations referred by the Equal Employment Opportunity Commission under Bush, compared to 26 under Clinton, the report said.

· In housing, there were 18 investigations opened under the Fair Housing Act in cases involving religious discrimination under Bush, compared to four under Clinton.

· In the area of religious discrimination in public accommodations and public facilities from 2001-2006, there were two investigations. There was none from 1995-2000.

· The number of prosecutions of religious-based attacks rose to six from four.

However, prosecutions of arson, threatened arson and vandalism against houses of worship declined from 75 between 1995-2000 under the Clinton administration to 26 in the next five years, which the report attributed to a rash of church arsons in the mid-1990s that have since ebbed.

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Judge Sets Hearing On Kidnapping Charges In 1964 Killings Of 2 Black Men In Miss. (BSH)

By Jack Elliott Jr.

Biloxi Sun Herald, February 21, 2007

JACKSON, Miss. - A federal judge will hear arguments Thursday in reputed Ku Klux Klansman James Ford Seale's motion to dismiss kidnapping charges against him in the 1964 slayings of two black men.

U.S. District Judge Henry T. Wingate scheduled the hearing for 8:30 a.m. at the federal courthouse in Jackson.

Seale, 71, was arrested Jan. 24 at his home in the southwest Mississippi town of Roxie and pleaded not guilty the next day to two counts of kidnapping and one count of conspiracy. Seale is being held without bond in the Madison County jail outside Jackson.

Seale could be sentenced to up to life in prison if convicted in the case tied to the deaths of Charles Eddie Moore and Henry Hezekiah Dee.

Prosecutors said Moore and Dee were seized and beaten by Klansmen, then thrown into the Mississippi River to drown.

In a motion to dismiss the charges last month, Assistant Federal Defender Kathy Nester said the government needed to charge Seale under the law that was in effect at the time of the alleged offense. The statute of limitations on the federal crime of kidnapping is five years, meaning the deadline to charge Seale was 1969, she argued.

U.S. Attorney Dunn Lampton, in a response filed earlier this month, said Seale's attorneys were misreading the law. Lampton said while the U.S. Supreme Court in 1968 may have eliminated the death penalty for kidnapping, the court did not remove the designation of kidnapping as a capital crime under federal law.

Federal Public Defender S. Dennis Joiner, in a reply to the government's position, said once the death penalty was removed as a penalty for kidnapping, kidnapping became a non-capital offense.

Seale and reputed KKK member Charles Marcus Edwards were arrested in 1964. But the FBI - consumed by the search for three civil rights workers who had disappeared from Neshoba County that summer - turned the case over to local authorities, who promptly threw out all charges.

The Justice Department in 2000 reopened the investigation into the slayings of Moore and Dee.

Federal Grand Jury Indicts Two Chino Prison Officers (RPE)

By Paige Austin, The Press-Enterprise

Riverside (CA) Press-Enterprise, February 21, 2007

A federal grand jury indicted two officers at the men's prison in Chino on Tuesday on accusations they hurled two shackled inmates to the ground and filed a false report to cover up the incident almost five years ago.

Officer Robert McGowan, 37, of Apple Valley, and Sgt. Thomas Ramos, 50, of Montclair, were named in a three-count indictment stemming from a May 2002 incident that left two inmates with minor injuries.

Attorneys for the Department of Justice allege McGowan pulled two shackled inmates from a van and allowed them to fall to the ground after an altercation between the inmates and officers. Because of the shackles, the inmates were unable to protect themselves from the fall.

Two weeks later, according to the attorneys, Ramos filed a false report to his boss. He claimed one of the inmates merely slipped even though he had been told that McGowan assaulted the shackled prisoner, charged the U.S. attorneys.

Neither guard could be reached for comment Tuesday.

McGowan faces 20 years in prison on two counts of deprivation of rights under color of law, and Ramos faces 10 years on one count of obstruction of justice if convicted.

Though nearly five years passed before Tuesday's indictment, the incident created a legislative stir in 2003 amid concerns of prisoner abuse, coverups by guards and dysfunction in the department's internal affairs investigative system.

The California Inspector General ordered the corrections department to hand over its files on the case to the Justice Department, said Bill Sessa, a spokesman for the California Department of Corrections and Rehabilitation.

He declined to comment on the case, adding that the trial will "bear out the facts."

Both McGowan and Ramos were reassigned to posts where they won't work directly with inmates Tuesday after the indictment, said Lt. Mark Hargrove, the prison's spokesman. Ramos has been with the department for 19 years and McGowan has been at the prison for nine years, Hargrove said.

The corrections department referred its investigation to the San Bernardino County district attorney's office years ago, but the district attorney declined to pursue assault charges against the officers, Sessa said.

Officials with the district attorney's office said they could find no record of the case late Tuesday and declined to comment pending further investigation.

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McGowan and Ramos are scheduled for arraignment in March, said Thom Mrozek, spokesman for the U.S. attorney's office.

These kinds of cases are rare because it's necessary to prove the officer intended to violate the inmate's civil rights, Mrozek said.

"The constitutionally protected rights of every citizen is something we take very seriously," said Mrozek. "You have the right to be free from assault -- even in prison."

Fighting For Access (APP)

By Carol Gorga Williams, COASTAL MONMOUTH BUREAU

Asbury Park (NJ) Press, February 21, 2007

Man seeks better entry points to city's beaches for handicapped, seniors

LONG BRANCH — Long Branch is waiting to hear from the state Department of Environmental Protection on its boardwalk improvement project.

A senior citizen from Ocean Boulevard is appealing to the U.S. Department of Justice to enforce requirements of the Americans with Disabilities Act in connection with oceanfront beach access.

Austin Gelzer, 80, had come before the City Council Jan. 23 to ask for help with beach access, and although officials said they would study the issue, they made no promises.

So Gelzer returned Feb. 13, determined to go to the Justice Department after having completed a complaint form that will go before the Civil Rights Division.

Gelzer is filing the complaint, he said, "in the name of the disabled residents of Long Branch who have been denied access to the beach and public restrooms, and to some degree, sufficient parking facilities."

Gelzer said the city was required, beginning in January 1995, to provide such accommodations.

"The city is now 12 years late," he said.

On July 28, 2005, Gelzer met with City Business Administrator Howard Woolley Jr. and presented him with a petition signed by 150 people, protesting the lack of beach access.

Woolley said then the city could not afford to make improvements without the infusion of some $12 million promised by K. Hovnanian, the proposed developer of Beachfront South.

"A year and a half later, nothing has changed," said Gelzer, noting there is currently $145,000 unexpended in the Beachfront South trust account.

"But funding or lack of funding is an irrelevant issue," said Gelzer. "The ADA law requires action now, and the federal government will provide advice and support to the city so that the disabled and elderly will be able to enjoy the beach starting this 2007 Memorial Day Weekend."

Gelzer said he was concerned about a lack of beach access from Pier Village south to Brighton Avenue. The area consists of boardwalk with steep staircases down to the beach.

Mayor Adam Schneiderhas said the city will improve the steep access staircase, which is an annual necessity, but noted a sweeping boardwalk rebuilding program is set to begin within the next 12 months.

The new boardwalk, partially paid for by K. Hovnanian, would extend from the Pier Village redevelopment area to Brighton Avenue in West End. The boardwalk design is now before the state Department of Environmental Protection where it awaits final approval.

Plans are to replace the boardwalk underpinning and install a 16- to 20-foot-wide walk with new comfort stations, restrooms, wheelchair ramps at Bath and Brighton avenues and aluminum railing. Benches bearing memorial plaques would be relocated.

Schneider has said that, in the meantime, to go ahead with Gelzer's request to fund, design and engineer a ramp, then submit it for approval to the DEP, would duplicate efforts already under way.

"We've already got boardwalk plans submitted, with two new handicapped accesses," Schneider said. "We're already in the process of building new handicapped access and getting it paid for. This has been in the works for the last several years. I'm sorry it has taken so long, but that is how long these things take."

Schneider said even if the Justice Department ruled in Gelzer's favor, the city still would not be able to design and engineer a new ramp, get it approved by the DEP, and installed by Memorial Day.

Gelzer has said all he is seeking is an inexpensive, simple aluminum ramp, which could be done immediately.

Schneider said the city has been working with handicapped advocates for years on the design of the new boardwalk.

"We're going to build it as soon as we can," Schneider said. "It is no longer a money issue. It is not even a location issue. Let's get it through CAFRA (the state's Coastal Area Facility Review Act), which is happening as we speak, and we'll build it.

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"I don't think there is any way to get it done quicker," Schneider said. "I wish there were."

Dallas Jail Settles Mistreatment Lawsuit (AP)

By Matt Curry, Associated Press Writer

AP, February 21, 2007

County officials approved a nearly $1 million settlement Tuesday with the families of three mentally ill inmates who were denied medication while in the country's seventh-largest detention complex.

Just over half of the award went to James Mims, a Dallas County jail inmate whose psychiatric medications were withheld for two months in 2004, his attorney David Finn said. Mims also nearly died when water was shut off in his cell for two weeks.

"They could just not afford to have this case go before a jury," Finn said.

Commissioners approved the $950,000 agreement without discussion.

The federal civil rights lawsuit was filed in December 2004 on behalf of inmates Mims, Kennedy Nickerson and Clarence Lee Grant Jr., who died in custody.

Grant, who had paranoid schizophrenia, was found dead in his cell after not receiving medicine for five days in 2003, according to court records. An autopsy showed he died from complications of diabetes, pneumonia and other ailments.

Nickerson, who also has paranoid schizophrenia, was released from jail in 2003 without medication. A few days later he was found on the street dehydrated, suffering from fever and seizures, court records show.

The U.S. Department of Justice told the county in December that the jail violates inmates' rights by failing to provide adequate medical and mental health care, and warned that a lawsuit could be filed if the problems weren't fixed.

State Inmate Transfer Ruled Illegal (LAT)

By Jenifer Warren

The Los Angeles Times, February 20, 2007

SACRAMENTO -- A Superior Court judge ruled today that Gov. Arnold Schwarzenegger acted illegally by declaring an emergency in California's overcrowded prisons and transferring inmates to other states.

The ruling by Judge Gail Ohanesian says the governor violated the Emergency Services Act and the state constitution, and that contracts sending prisoners to lockups in Tennessee and Arizona are illegal.

The judge's order is stayed for 10 days, giving the state time to file an appeal.

Ohanesian's ruling is a major setback for Schwarzenegger as he grapples with an escalating crisis in the state's jam-packed prisons.

Corrections officials say they will be have no room for new inmates by this summer, raising the prospect that counties -- many of which face severe crowding in their jails -- will have nowhere to send convicted felons.

A federal judge, meanwhile, has said that he will move toward placing a cap on the inmate population -- now at 172,000 -- if the state does not relieve the crowding by June.

The transfer program, launched in November, was Schwarzenegger's effort to buy time while his $10.9-billion proposal to build 78,000 new jail and prison beds moves through the Legislature.

So far, the state has transferred 460 inmates -- all volunteers -- to private lockups in Arizona and Tennessee. Officials expanded the program last week to include mandatory moves.

The first inmates targeted for compulsory transfers are illegal immigrants likely to face deportation upon release. Those prisoners are now being screened, a spokesman said.

Schwarzenegger called the judge's ruling "a threat to public safety."

"The transfer of prisoners is imperative to relieve the pressure on our overburdened prison system," he said in a statement. The governor added that moving inmates "is a prudent alternative to the risk of court-ordered early release of felons."

The transfers were authorized as part of Schwarzenegger's Oct. 4 declaration of an emergency in 29 of the state's 33 prisons. In his decree, the governor said teeming cellblocks had created a health risk and "conditions of extreme peril" for officers, inmates and the public.

Two labor unions representing correctional officers and other prison employees sued to block the transfers, saying Schwarzenegger had improperly invoked the Emergency Services Act.

"We're a nation of laws, and this is an end-run around the Legislature," said Gregg Adam, a lawyer for the California Correctional Peace Officers Assn., after a court hearing last week.

Adam also argued that the state Constitution forbid the government from contracting out jobs normally performed by state employees. Ignoring such civil service protections, he said, would amount to "the first steps toward privatization" of the prison system, which employees about 58,000 guards and other workers.

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In court, the lawyer for Schwarzenegger disputed those claims, saying the governor "absolutely" acted legally in applying the Emergency Services Act to the prison crisis.

Deputy Atty. Gen. Vickie Whitney also said the Legislature was given three opportunities to act on the crisis and failed to do so.

"The governor was left with a situation where staff, inmates and the public are in grave danger," so he had to declare an emergency and authorize the transfers, she said.

In her four-page ruling, Ohanesian rejected those arguments.

Chuck Alexander, vice president of the correctional officers' union, hailed the ruling.

"This was an illegal action, and we're glad the court agreed with us," he said. "We hope the administration will now be more inclined to sit down with parties and talk about the entire systemic problem, rather than taking this piecemeal approach."

In addition to the lawsuits challenging the voluntary transfers, two inmates have filed papers seeking to block the state from moving forward with mandatory moves. A hearing in that case, in the U.S. 9th Circuit Court of Appeals, is scheduled this week.

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Racism: What Do We Tell The Kids? (USAT)

By Bruce Kluger

USA Today, February 21, 2007

Forty-five years ago this spring, my brothers and I (ages 5, 6, 7 and 9) went to a Saturday afternoon showing of Pinocchio at the Uptown Theater in suburban Baltimore. Our mom had errands to run, so she sent us with our babysitter, Elizabeth.

Outside the theater, we noticed that Elizabeth was engaged in a hushed conversation with the woman in the box office. Apparently, she was having trouble buying our tickets. "But I'm the babysitter," Elizabeth said coolly. "I have to stay with them."

After a bit more whispering, we were admitted to the theater and seated as a group in the glassed-in balcony. My brothers and I had never sat up high before, and we were delighted by it all. What we didn't know was that we had no choice. Elizabeth was black and not permitted in the lower seats.

When I tell my daughters (Audrey, 8, and Bridgette, 11) this story, they look at me wide-eyed, as if I'm concocting some wild fiction. To them, skin color has always been a non-issue, as inconsequential in their personal relationships as hair color, eye color or even the color of a blouse.

Audrey's first "boyfriend" in pre-school was a handsome little man named Mekahel, a black child with an infectious smile and boundless energy. The only time Audrey and Mekahel ever discussed color was over crayons.

Bridgette's godfather Guy, meanwhile, also is black, a trait she finds far less interesting than his computer wizardry or the fact that he was the first person she ever "danced" with — at a wedding, when she was just 4 weeks old.

To my daughters and their friends, the days of America's apartheid are sepia-tinted, blurry, a giant chapter of our national story that, once shouted from pulpits in Birmingham and Memphis, has now been compacted for easy listening. Sure, they're taught about Martin Luther King and Rosa Parks maybe once a year in school; and perhaps they'll casually glimpse some boring documentary their parents are watching in the den.

But kids of any generation tend to see the past as the past — and, besides, a new episode of American Idol is on tonight.

So as we celebrate Black History Month, I wonder: What kind of responsibility do we parents have in educating our children about the sad legacy of racism that has run through our nation's life like a persistent electrical current? Do we bequeath that shame to our kids out of a sense of obligation, charging them with the task of carrying the long, hard fight of our troubled heritage into a new era? Or do we quietly give thanks for their blissful naiveté — their lucky late-century birth — and hope that the deeper sense of fairness that is already evident in their new generation may take root in America's future? Do we leave well enough alone?

To be sure, our country is experiencing a transformation that would have been unimaginable half a century ago.

Our last two secretaries of State have been African-American (likewise, both 2007 Super Bowl head coaches); our most talked-about presidential candidate is black; people of color populate executive suites and statehouses across the country in increasing numbers. And the only conversation about race that seems to interest Major League Baseball anymore is the one about the pennant.

Yet just because America's more notorious racial injustices are thankfully behind us — the segregated lunch counters, the unconscionable lynchings, the ignominious Jim Crow laws — thick capillaries of discrimination continue to pulse beneath our national skin. These lingering vestiges of that old-time racism are, in many ways, just as insidious as those we thought we'd thrown off with the great civil rights acts of the '60s, if only because they are more cleverly cloaked from view.

Blacks continue to be shut out of polling places because of dubious technicalities. Families of color continue to carry a disproportionate share of our country's worst afflictions — from poverty and unemployment to teen pregnancy — at national rates

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that have consistently remained two to three times that of whites for the past 20 years. Minority youth continue to be isolated, not embraced, by our education system, despite the efforts of No Child Left Behind. And in November, another unarmed black man was killed in a hail of police bullets, just a subway ride from where my daughters go to school. It was a flashback to the bad old days.

This, to me, is what Black History Month is really about — a time to step back and measure our growth as a nation against the work that remains to be done. Certainly, I appreciate honoring noteworthy figures who somehow never made it into my childhood classroom texts (black scientist Charles Henry Turner; 1867-1923; the first to prove that insects can hear). But our children also need to know that America's complicated relationship with race is an unfinished story, and it will one day be up to them to write its ending. That's why, as a parent, I'd rather spend this month — not to mention the 11 around it — making sure that my kids understand that black history is their history, too.

Just like their dad at that movie theater nearly 50 years ago, Bridgette and Audrey live in a country that still struggles to do the right thing. But unlike their father, they were born in a time of progress, a time of hope. We haven't yet reached Martin Luther King's mountaintop in America. But I have to believe that our children may one day take us there.

Bruce Kluger, a member of USA TODAY's board of contributors, is also a contributing editor for Parenting magazine and writes for National Public Radio.

ANTITRUST:

Justice Dept. Orders Sale Of Baltimore Steel Mill (WP)

By Anita Huslin, Washington Post Staff Writer

The Washington Post, February 21, 2007

Decision to Divest Sparrows Point Was Condition of European Firms' $33 Billion Merger

The Justice Department yesterday ordered international steel conglomerate Arcelor Mittal to sell off the venerable Sparrows Point mill near Baltimore, to preserve competition in the eastern U.S. tin mill market.

The divestiture of the 116-year-old plant, which in its heyday was the world's largest steelmaker, is not expected to have an immediate impact on its workforce or operations, union officials said. The plant once employed 30,000 people at the mill and nearby shipyards, and produced millions of tons of steel for guns, airplanes and warships during World War II.

Justice Department officials ordered the divestiture of Sparrows Point as a condition of Mittal Steel Co.'s $33 billion acquisition of Arcelor SA. The department had originally called for the Dutch company to spin off a Canadian subsidiary that makes tin mill products. But after that deal proved impossible for legal reasons, the Justice Department said Mittal would have to sell one of its other mills -- Sparrows Point or its plant in Weirton, W.Va.

Yesterday, the department decided it should be Sparrows Point, which manufactures rolled steel sheets primarily used to make cans for food, aerosols, paints and other products. Unlike Weirton, Sparrows Point produces the steel slabs used to manufacture tin mill products and would not have to develop new supply sources for the material if Mittal sold it, Justice Department officials said.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division.

Mittal officials did not return calls for comment about the order.

Bill Barry, director of labor studies for the Community College of Baltimore County, said that the decision was not unexpected and that the community is hoping the new owner will invest in the plant for the future.

Bethlehem Steel owned Sparrows Point from the early 1900s until it declared bankruptcy and was bought in 2003 by International Steel Group, which merged it with LTV Steel to create the largest steel producer in the United States. In 2004, Indian billionaire Lakshmi N. Mittal bought ISG for about $4.5 billion, merging it with his Rotterdam-based Ispat International NV and LNM Holdings NV. The new company, based in the Netherlands, exceeded Luxembourg-based Arcelor SA as the world's largest steelmaker.

"The old Bethlehem Steel was reluctant to spend money for capital improvements, and this is one reason that there are 2,000 workers instead of 31,000 at The Point," Barry said in an e-mail. "The frantic development of the global steel industry requires equally consistent capital investments."

David R. McCall, chairman of United Steelworkers' Mittal Steel committee, said the Justice Department's order will erode Mittal's market dominance.

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"It makes Mittal USA not as strong as it could be, and does not assure Sparrows Point or Weirton a secure future," McCall said in a statement. "We will ask for a review and will assure our members who are employed at Sparrows Point that we will make a dedicated and strong effort to reverse the decision."

The USW represents 2,106 production workers at Sparrows Point; about 275 salaried nonunion employees also work there. In the mid-1950s, Sparrows Point's furnaces poured hundreds of thousands of tons of hot metal a day and was Baltimore's primary employer.

The order highlights the continued volatility of an industry that in recent years has been marked by myriad mergers and acquisitions, as U.S. and European manufacturers consolidate to compete in a growing global steel market, particularly to meet demands in India and China.

Before Mittal bought Arcelor, Mittal and U.S. Steel sold nearly 75 percent of all tin mill products in the eastern United States. An Ontario subsidiary of Arcelor provided competition in that market. But that rivalry would have been eroded by the merger, according to the Justice Department.

Analysts said there is likely to be interest in Sparrows Point from several other steel conglomerates, such as Brazilian steelmaker CSN, which had previously explored buying Sparrows Point from Bethlehem Steel; or Russia's Severstal, which had bid for Arcelor and has been aggressively seeking steelmaking assets in North America.

Sparrows Point offers international companies a deep-water port for easy import of steel-making materials and access to land-based transportation, analysts said.

Feds Order Mittal To Sell Mill To Settle Antitrust Issues (AP)

By David Dishneau

AP, February 21, 2007

HAGERSTOWN, Md. - The U.S. Justice Department on Tuesday ordered global steel giant Mittal Steel Co. to sell its Sparrows Point mill near Baltimore to settle antitrust issues raised by the Dutch company's recent merger with Arcelor SA.

The proposed consent decree would allow Chicago-based Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, used primarily for food and aerosol cans.

Sparrows Point, with about 2,400 workers and one of the largest blast furnaces in North America, faces the prospect of its fourth owner in as many years.

Chicago Heights, Ill.-based Esmark Inc. said it might consider a joint venture to buy Sparrows Point if the Weirton mill is unavailable, and industry experts said a number of German, Indian and Russian companies are shopping for North American steel mills.

"There are companies outside the U.S. that have said they want to make acquisitions in the U.S.," said analyst Charles Bradford of Soleil Securities Corp. in New York.

Mittal didn't immediately respond to telephone calls and e-mailed queries about the federal order. Mittal's shares fell 30 cents to close at $50.65 on the New York Stock Exchange.

The United Steelworkers union, which represents the 2,106 production workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal.

"The decision is unfortunate. It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future," David R. McCall, chairman of the union's Mittal Steel committee, said in a statement.

The Justice Department said in a statement that a sale of the profitable Sparrows Point plant, with its deep-water port access, diversified equipment and production capacity of 500,000 tons of tin-plated products annually, would "most reliably remedy the anticompetitive effects" of Mittal's merger with Luxembourg-based Arcelor.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Thomas O. Barnett, assistant attorney general in charge of the Justice Department's antitrust division.

Sparrows Point produces the raw steel slabs used in tin mill products, "and unlike the Weirton mill, would not have to develop new sources of supply" for that material, Barnett said.

Justice officials initially ordered Mittal to try to sell another mill, Dofasco Inc. of Canada. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. That left either Sparrows Point or the former Weirton Steel Corp. in Weirton, W.Va., Mittal's two U.S. tin-plated steel mills.

Before the Arcelor Mittal merger, Mittal and another steelmaker accounted for more than 74 percent of all tin sales in the eastern United States. Without a divestiture, "the acquisition likely would have resulted in price increases of tin mill products to can manufacturers and other customers," the Justice Department said.

Mark Reutter, who chronicled Sparrows Point in the 1988 book "Making Steel" and continues to study the U.S. steel industry, said the decision means the government has heard manufacturers' complaints about too much steel consolidation.

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"The sort of unspoken aspect here is that someone in Washington is signaling displeasure over the last two years and wants more competition in the industry," Reutter said. "I think that pressure has been growing from fabricators - car manufacturers to Whirlpool to the thousands of middle men who do various processing. There's a lot of unhappiness that there's been too much consolidation."

Sparrows Point was operated for years by Bethlehem Steel Corp., which went bankrupt and sold its assets to International Steel Group, backed by investor Wilbur Ross, in 2003. Ross sold the mill to Mittal in 2005.

Baltimore County Executive James T. Smith Jr., who had a meeting with Mittal planned for Tuesday afternoon, said a sale of Sparrows Point would be good news.

"I think it's helpful that the Justice Department points out that we are the only steelmaking plant with deep-water coast access in the Eastern United States and one of the most modern cold-rolled mills in the world," he said.

At the West Virginia mill, where Independent Steelworkers Union President Mark Glyptis had volunteered to have Weirton divested because the union believes the mill has failed to thrive under Mittal's ownership, the initial reaction was disappointment. But the 1,250-member union said there was nothing to prevent Mittal from selling Weirton.

"There's obviously keen interest in Weirton," said ISU spokesman Dave Gossett. "We're just not sure who will own it going forward."

Esmark President Craig Bouchard in Chicago Heights, Ill., said his company would prefer to buy Weirton but he wouldn't rule out the possibility of acquiring Sparrows Point.

"If we were to do Sparrows Point, it would probably be in a partnership because it doesn't exactly fit our strategy," he said. "But certain pieces of it could."

U.S. Orders Sale Of Sparrows Point (BSUN)

By Allison Connolly, Sun Reporter

The Baltimore Sun, February 21, 2007

Antitrust decision puts Md. steel plant on market

For the third time in as many years, Sparrows Point is up for sale. And this time it's a rush job.

The Justice Department wants the sprawling Baltimore County steel plant to be under new ownership within 90 days to make sure that its current boss, Mittal Steel Co. NV, does not have too much control over the market for tin plate used to make cans for foods, aerosol sprays, paints and other products.

Netherlands-based Mittal, which is merging with Luxembourg-based Arcelor SA in a $33 billion deal to create the world's largest steelmaker, had wanted to sell its Weirton W.Va., plant instead.

Selling Sparrows Point, an integrated manufacturer that can make steel from scratch, rather than the Weirton plant "most reliably" addresses antitrust concerns, Thomas O. Barnett, the assistant attorney general in charge of the department's antitrust division, said Tuesday in a statement announcing the order.

"Sparrows Point is a profitable and diversi fied facility" and "unlike the Weirton mill, would not have to develop new sources of supply for this critical input upon its separation from Mittal Steel," the Justice Department said.

Mittal cannot appeal the order but could be granted up to 60 more days to find a buyer, according to a Justice Department spokeswoman. The Justice Department would have to sign off on any deal.

Officials at Mittal declined to comment Tuesday. Mittal has a previously planned conference call scheduled with analysts Wednesday. An official at the United Steelworkers union pledged to fight the ruling.

What a sale would mean for the future of Sparrows Point -- the second-largest private employer in Baltimore County with about 2,400 workers -- is unclear, but some have raised the possibility that a new owner might invest more in the complex. Mittal, a relentless cost-cutter, pits its plants against one another, shifting production to the most efficient.

David S. Iannucci, Baltimore County's economic development director, called the Justice Department decision "a vote of confidence in the long-term viability of Sparrows Point steel-making."

"It'll be the fourth owner of this property in about a five-year period, and inherently that's going to lead to some uncertainty. But at the end of the day," Iannucci said, "I think this is a very positive development for steel-making in Baltimore County."

Owned by the now-defunct Bethlehem Steel Corp. for 87 years, Sparrows Point was taken over by International Steel Group in 2003. ISG sold out to Mittal in 2005.

A United Steelworkers official, however, said the Justice Department's ruling is bad news.

"The decision is unfortunate," David R. McCall, head of the union's international Mittal Steel committee in Columbus, Ohio, said in a statement. "It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future. We will ask for a review and will assure our members who are employed at Sparrows Point that we will make a dedicated and strong effort to reverse the decision."

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John Cirri, president of United Steelworkers Local 9477, which represents production and maintenance workers at Sparrows Point, said Tuesday that it would support the international committee's challenge.

Analysts expect a number of foreign steelmakers to show interest in the plant. Illinois-based Esmark Inc., which has a preliminary deal with Mittal to buy the Weirton facility if the Justice Department approves, said it is eager to buy the Baltimore County plant as well.

James P. Bouchard, Esmark's chairman and chief executive, said he told Mittal Tuesday that his company still wants the Weirton plant and would buy Sparrows Point if given the chance.

"We want to proceed," he said.

Tuesday's decision arose as the result of an antitrust suit the Justice Department filed in August to block the Mittal-Arcelor merger. A proposed consent degree required Mittal to sell a Canadian subsidiary owned by Arcelor, or, if that proved impossible, Weirton or Sparrows Point, with the Justice Department having final say. Mittal agreed to sell the subsidiary, Dofasco Inc., to German steelmaker ThyssenKrupp AG, but was unable to win approval from the Dutch trust that controlled it, paving the way for the Justice Department to choose between Sparrows Point and Weirton.

While an order to sell Sparrows Point was always a possibility, the decision appeared to have caught many off guard.

Esmark's Bouchard said he was in Weirton Tuesday meeting with union officials when they got word.

"I think it took the wind out of everybody," Bouchard said.

But he said he didn't dwell on it long. He told Mittal officials that Esmark, a steel distributor that recently won control of West Virginia's Wheeling-Pittsburgh Corp., wants to continue negotiations over Weirton and make a bid for Sparrows Point.

The two plants are vastly different. Sparrows Point produces steel slabs and galvanized sheet for appliance manufacturers and the construction industry. It can produce nearly 4 million tons of raw steel a year and a half-million tons of tin mill products. Weirton is a niche manufacturer of tin plate for the food industry.

Despite its age, the 118-year-old Baltimore County steel complex has undergone many upgrades over the decades. Longtime owner Bethlehem Steel Corp. invested hundreds of millions of dollars before it filed for bankruptcy in 2001, building a new cold mill and relining the blast furnace, the largest and most efficient in North America.

Those investments, and a stable and growing market for tin plate, make Sparrows Point attractive, said steel analyst Charles Bradford of New York-based Bradford Research Inc. In addition, Sparrows Point is the only U.S. inte grated steelmaker with direct ocean access, making it attractive to foreign companies.

"That makes it very feasible to bring in ore from other places," he said.

Russia's OAO Severstal, which failed to outbid Mittal for Arcelor, and Luxembourg-based Evraz Group SA, which recently purchased Oregon Steel Mills in Portland, could make a play for Sparrows Point, Bradford said. Several Chinese companies are interested in expanding in the United States, and they have cash. And CSN Brazil, which has expressed interest in Sparrows Point in the past, might be in the running after losing out on Wheeling-Pitt to Esmark. CSN has a plentiful supply of iron ore that it could ship to Baltimore, he said.

Officials from ThyssenKrupp toured Sparrows Point last May, but spokesman Klaus Pepperhoff said Tuesday that the company, which has announced plans to build a steel complex in the South at a cost of $2.9 billion, is not interested in buying it. He declined to comment further.

As for Esmark, Sparrows Point would make strategic sense, Bouchard said. Sparrows Point's new cold mill is particularly attractive to Esmark, which is one of the largest buyers of cold rolled product in the United States, he said. And Wheeling-Pitt consumes 1.3 million tons of steel slab a year, which Sparrows Point could supply.

He said his company has the financial backing to buy both Weirton and Sparrows Point, and plans to pursue both.

"We don't give up easily," Bouchard said.

Mark Glyptis, president of the Independent Steelworkers Union, which represents 1,250 workers at Weirton, said he was disappointed by the government's decision. Glyptis had hoped that Mittal would sell Weirton to a buyer who would restart the blast furnace it shut down shortly after buying it in 2005 and bring back the more than 800 workers let go last year.

"We wanted to be divested; Sparrows Point did not," he said.

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Sun reporters Jamie Smith Hopkins, Stacey Hirsh and Hanah Cho contributed to this article.

US DoJ Orders Arcelor Mittal To Divest Big Steel Mill (AFP)

AFP, February 21, 2007

The US Justice Department said that it would require European steel giant Arcelor Mittal to divest a large US steel mill located near Baltimore, Maryland, to resolve concerns about its recent merger.

Mittal Steel acquired European steelmaker Arcelor last summer in a 32.5-billion-dollar deal. The deal forged a vast new global group, Areclor Mittal, which is headed by Indian businessman Lakshmi Mittal.

"The Department of Justice today announced that it will require Mittal Steel Company N.V. to divest its Sparrows Point facility located near Baltimore, Maryland, to remedy the competitive harm arising from Mittal's recent 33 billion acquisition of Arcelor S.A," the Justice Department said in a statement.

It said "the acquisition, as originally proposed, would have substantially lessened competition in the market for tin mill products in the eastern United States."

The US government last August had approved Mittal's acquisition of Arcelor on the basis that Arcelor divested a Canadian company it owned called Dofasco Inc.

However, Arcelor was unable to divest the Canadian group due to ownership hurdles, and the Justice Department has now opted to require Arcelor to divest the Baltimore steel mill instead to satisfy US merger concerns.

The Sparrows Point plant in Baltimore is a profitable and diversified facility, according to the Justice Department, which said it has the annual capacity to produce over 500,000 tons of tin mill products.

The plant makes steel slabs used in the manufacture of tin mill products.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Thomas Barnett, a senior Justice official who runs the department's antitrust division.

Mittal Mill Expected To Draw Interest (WSJ)

By Paul Glader

The Wall Street Journal, February 21, 2007

Mittal Steel Co., ordered by the Justice Department to sell a plant in Maryland, is expected to draw bids from major companies in China, Russia and India as the number of plants for sale is dwindling.

The Sparrows Point plant, near Baltimore, is more accessible than inland operations for imports of raw materials and exports of steel. It can produce about 3.9 billion tons of steel a year, including 500,000 tons of tin plate used to make cans for food, aerosols, paints and other products, and it could fetch upwards of $1 billion.

Sparrows Point "has not been consistently profitable," says New York-based steel analyst Chuck Bradford of Bradford Research/Soleil. "But at least it is on the water, so it can bring in raw materials at a reasonable price."

The Justice Department yesterday ordered Mittal Steel to sell Sparrows Point to settle antitrust issues raised by its recent merger with Arcelor SA.

Bidders could include JSW Steel Ltd. or Ispat Industries Ltd., both based in India, or Russia's Evraz Group or OAO Severstal Group, both of which already own U.S. operations. China's Wuhan Steel Corp. and Anshan Iron & Steel Group Corp. also have a good deal of cash and are considering expanding.

Other potential bidders are Germany's ThyssenKrupp AG, which was unsuccessful in buying Canada's Dofasco Inc., and Brazil's Cia. Siderurgica Nacional, which failed in its attempt to buy Wheeling-Pittsburgh Corp.

Lakshmi Mittal, chief executive of the Netherlands' Mittal Steel, acquired Sparrows Point when he bought International Steel Group in 2004. His purchase of Arcelor, of Luxembourg, which has holdings in Canada, raised antitrust concerns and led to the Justice Department decision on which of the U.S. plants needed to be sold, Sparrows Point or Weirton, W.Va. Mitch Hecht, who runs a New York-based private hedge fund called Hampshire Steel Investments, had been interested in Weirton. He said he would still be interested in buying it and possibly bidding on Sparrows Point if the United Steelworkers union wanted him to take a look. "I'm a big believer that U.S. steel assets should be owned by American-based operators, whose priorities are to make a strong, sustainable and efficient facility" in the U.S., he said.

Mittal had agreed to sell Weirton to Esmark Inc., a closely held distributor in Chicago Heights, Ill., if the Justice Department decided that mill should be sold.

Write to Paul Glader at paul.glader@wsj.com1

Weirton Mill's Fate Unclear (WHEELINT)

By Shelley Hanson

Wheeling Intelligencer, February 21, 2007

WEIRTON — Mark Glyptis is keeping a positive attitude despite a big letdown Tuesday for his Independent Steelworkers.

The Department of Justice ruled Mittal must sell its Sparrows Point facility in Maryland instead of its Weirton tin mill. To settle antitrust issues, Mittal was being forced, by the Justice Department, to sell one of the two assets because of its merger with Arcelor SA.

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Glyptis, president of the union which represents workers at Mittal's Weirton facility, said his union members are disappointed the Justice Department did not choose Weirton to be sold, as the tin mill has not benefited from being owned by Mittal Steel.

"We're disappointed by the decision ... but we're not totally surprised," Glyptis said.

However, Mittal may still decide to sell Weirton, he noted.

"We need to meet with senior officials with Mittal Steel to determine what that means to us and to Weirton," Glyptis said of Mittal selling Sparrows Point.

Chicago-based Esmark Steel already has a nonbinding agreement with Mittal to purchase Weirton. However, before any deal is finalized, Esmark must have the ISU's blessing to purchase the Weirton mill. A former International Steel Group executive, Mitchell Hecht, also wants to purchase Weirton.

Glyptis declined to comment about whom the ISU favors to purchase Weirton.

Meanwhile, according to the Associated Press, Esmark said it may consider a joint venture to buy Sparrow's Point if the Weirton Mill is unavailable.

Esmark President Craig Bouchard said his company would prefer to buy Weirton, but he wouldn't rule out the possibility of acquiring Sparrows Point.

"If we were to do Sparrows Point, it would probably be in a partnership because it doesn't exactly fit our strategy," he said. "But certain pieces of it could."

He has said the purchase of Mittal's Weirton plant would fit the company's strategy of "building the Ohio Valley."

Bouchard also is president of the Wheeling-Pittsburgh Steel Corp. If Esmark could successfully purchase both Weirton and Wheeling-Pitt, it could possibly control 25 percent of the domestic tin-plate market.

"We were disappointed to hear the news. After making excellent progress with each of Mittal, the United Steel Workers and the ISU, we were hoping to close the Weirton acquisition over the next 60 days. We felt this was the best solution for all parties involved, including the DOJ," said Bouchard. "We still hope to close the Weirton transaction. Mittal must now decide whether they want to sell both companies. We have a great respect for Mittal, and they are an important supplier and partner of Esmark. Whichever strategic path they follow, we will support their decision."

After years of deep financial losses, Weirton Steel filed for Chapter 11 bankruptcy in May 2003 and was sold twice in 18 months, first to International Steel Group, then to Mittal. Almost immediately, Mittal shut down the blast furnace, stopping the production of raw steel and cutting more than 800 jobs.

Last month, Mittal announced it had a memorandum of understanding to sell Weirton to Esmark, pending approval of federal regulators and the union.

Bouchard said it's too soon to know whether that deal is still valid.

"It's in Mittal's court," he noted. "We've told them we'd still like to close on the Weirton transaction ... but whatever their strategy is in North America, this will change it a bit."

Esmark executives met with the ISU again Tuesday, discussing the particulars of a deal with Glyptis and other elected leaders.

"We've found them to be smart guys, very conscious of doing something good for the company and the town," Bouchard said.

Under Esmark, Weirton wouldn't return to producing raw steel, so there would be little hope of restoring the jobs that were cut when the blast furnace was shut down. Instead, Esmark would run and expand the finishing operations, adding capacity to coat and galvanize steel.

Esmark has already seized control of nearby Wheeling-Pitt, and Esmark Chief Executive Officer James Bouchard sees the two companies as a logical fit. While Wheeling-Pitt's best assets are its electric arc furnace, reheat furnaces and strip mill, he calls Weirton's cold mill, tin mill and other finishing operations "outstanding."

Fate Of Weirton Mittal Steel Plant In Limbo (PTR)

By C.M. Mortimer, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, February 21, 2007

The U.S. Department of Justice on Tuesday said Mittal Steel must sell its Sparrows Point tin mill plant near Baltimore to settle antitrust issues over its pending merger with Arcelor SA.

The decision clouds the fate of the former Weirton Steel Corp., owned by Mittal, the world's biggest steel company. Steelworkers at the Weirton, W.Va., plant in November said they would rather be sold to another company than remain part of Arcelor-Mittal.

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"We are obviously disappointed. But we will remain part of the Arcelor Mittal Steel Corp. and will remain focused on the business of steel," said Mark Glyptis, president of the Independent Steelworkers Union, which represents 1,250 members at Weirton.

Glyptis said he will meet with senior Mittal Steel exectives soon, and said he would try to ascertain their plans for Weirton. "I don't know what their plans are," he said. "They can still divest Weirton."

Mittal Steel officials could not be reached for comment.

Glyptis said he volunteered to have Weirton sold because the mill has failed to thrive under Mittal's stewardship. "We wanted to be sold because we feel our assets could be utilized at a higher rate," he said.

The Justice Department said the divestiture of Sparrows Point would remedy the anticompetitive effects of combining Luxembourg-based Arcelor and Mittal, headquartered in the Netherlands.

The Justice Department said Sparrows Point has the capacity to produce more than 500,000 tons of tin product annually.

Sparrows Point produces the steel slabs used in the manufacture of tin mill products, and, unlike the Weirton mill, would not have to develop new sources of supply upon its separation from Mittal Steel, the Justice Department said.

The United Steelworkers union, which represents the 2,106 workers at Sparrows Point, said it will ask for a review of the decision in hopes of a reversal.

"The decision is unfortunate. It makes Mittal not as strong as it could be and does not assure Sparrows Point or Weirton a secure future," David R. McCall, chairman of the union's Mittal Steel committee, said in a statement.

Last month, Esmark Inc., a Chicago-based steel services company, signed a letter-of-intent with Arcelor Mittal to buy parts of Weirton Steel, particularly its finishing facilities. Esmark already is moving forward with separate plans to merge with Wheeling-Pittsburgh Steel.

James P. Bouchard, CEO of Esmark, said he was "disappointed" in the Justice Department's decision, but said he's going forward with plans to buy part of Weirton as well as the Sparrows Point mill.

"Our first pick is Weirton, but we would buy them both. We feel Weirton is a superior tin facility, and our offer stays on the table for Weirton," Bouchard said.

Glyptis said he has met with Esmark leadership, and continues to talk to Mitchell Hecht, a former International Steel Group executive, who wants to restart at least one blast furnace at Weirton Steel and rehire several hundred workers to produce pig iron and other products.

Hecht also said he was "disappointed" in the government's ruling.

"We continue to have interest in restarting Weirton's blast furnace, which can be done cost-efficiently," said Hecht, who operates Hampshire Steel Investments, a private, New York-based hedge fund that focuses on trading in steel properties.

Mittal wanted to sell Canada's Dofasco Inc. as part of its merger with Arcelor, but an independent Dutch trust controlling Dofasco has refused to allow its sale.

Mittal was forced to sell either Dofasco or one of its two tin mills in Weirton or Sparrows Point after the Justice Department said in May that the Arcelor-Mittal merger would hurt competition in tin-mill products in the eastern United States.

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Justice Department Ruling Sparing Weirton Disappoints Union (PPG)

By Len Boselovic, Pittsburgh Post-Gazette

Pittsburgh Post-Gazette, February 21, 2007

In a decision that disappointed the union representing 1,250 Weirton Steel workers, the government yesterday ordered Arcelor Mittal to sell a mill near Baltimore -- and not the West Virginia steel plant.

Union officials at Weirton had been hoping that the U.S. Department of Justice would force the sale of their plant, which has attracted interest from two bidders, including Esmark, the steel processor and distributor pursuing a merger with nearby Wheeling-Pittsburgh Corp.

Despite the decision, which seeks to alleviate antitrust concerns raised by the merger of Arcelor and Mittal, the world's two largest steel producers, Esmark Chairman and Chief Executive Officer James P. Bouchard said he remains interested in purchasing some of Weirton's operations as well as the Sparrows Point, Md., plant that Arcelor Mittal was ordered to sell.

Mr. Bouchard was meeting at Weirton with representatives of that plant's Independent Steelworkers Union and the United Steelworkers union, which represents Wheeling-Pitt workers, when they learned of the decision.

The talks were aimed at getting the ISU to merge with the USW as part of Esmark's proposed acquisition of Weirton, Mr. Bouchard said. The Justice Department order " kind of sucked the wind out of everybody at the table," he said.

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Mittal's acquisition of No. 2 Arcelor has raised concerns about a tightly controlled market for tin-coated sheet steel used in food cans and other contains. Even before the merger, Mittal and another steelmaker accounted for more than 74 percent of tin mill product sales in the eastern United States, Justice Department officials said. The other producer is U.S. Steel.

Sparrows Point, formerly operated by Bethlehem Steel, can produce more than 500,000 tons of tin product annually.

"With the divestiture of Sparrows Point, competition in the market for tin mill products in the eastern United States will be preserved," said Assistant Attorney General Thomas O. Barnett, head of the department's Antitrust Division.

ISU President Mark Glyptis declined to comment on discussions with the USW and Esmark. While he is disappointed with the Justice Department ruling, he said it could generate more work for Weirton.

Mitch Hecht of Hampshire Steel Investments, the other investor interested in Weirton, declined comment until he met with ISU officials, who had preferred his bid to Esmark's.

Possible buyers for Sparrows Point include foreign steelmakers seeking to establish a foothold in the North American market. Overseas buyers in recent years include Mittal, which in 2005 acquired International Steel Group, the owner of Bethlehem, Weirton and other formerly bankrupt mills.

Russian producer OAO Severstal acquired Rouge Steel of Dearborn, Mich., in 2004 and is Wheeling-Pitt's partner in a Follansbee, W.Va., coke plant. Last month, Russia's Evraz Group acquired Oregon Steel Mills for $2.3 billion.

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Feds Add Twist To Chicago Steel Firm's Plans (CHIT)

By James P. Miller, Tribune Staff Reporter

Chicago Tribune, February 21, 2007

A ruling Justice Department antitrust authorities disclosed today promises to complicate Chicago-based Esmark Inc.'s expansion effort.

The fast-growing steel-distribution company has been expanding into steel production and it is currently in the process of acquiring a West Virginia steel maker known as Wheeling-Pitttsburgh Corp., through a "reverse merger" that will turn closely held Esmark into a publicly traded company.

In addition to Wheeling-Pitt, Esmark has been making overtures to acquire Weirton Steel, based in Weirton, West Virginia.

Weirton has been thought to be potentially available because of Justice Department concerns linked to the pending mega-merger between the world's two biggest steel makers, Arcelor S.A. of Belgium and Netherlands-based Mittal Steel.

In August, the Justice Department -- which routinely reviews corporate mergers to see if they would damage marketplace competition -- agreed that it sign off on the Arcelor-Mittal combination if Mittal agreed to divest a steel mill that supplied certain products to the eastern U.S.

Under that so-called "consent decree," the Justice Department had the right to select for divestiture either Mittal's Weirton mill or Mittal's Sparrow's Point plant near Baltimore.

Most observers had figured that Weirton would be the plant to be jettisoned; that's why Esmark had been publicly expressing interest and holding talks with the plant's union management.

Today, however, the department's antitrust division unexpectedly said Mittal must shed the Sparrow's Point, Md. operation.

Esmark spokesman Bill Keegan said the company founded by brothers Craig and James Bouchard, "remains interested in acquiring Weirton, if Mittal is so inclined."

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Sirius-XM's Fate Hinges On Definitions (WSJ)

By Amy Schatz And John R. Wilke

The Wall Street Journal, February 21, 2007

If Satellite Radio Is Part Of a Broader Market, Deal May Pass Muster

WASHINGTON -- Federal approval of the proposed $11.4 billion merger of XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc. will hinge on how regulators define the companies' market.

If Justice Department antitrust enforcers find a distinct market for satellite radio, the deal could be dead, because it would create a monopoly. But if the market instead includes the traditional radio industry, iPods and Internet radio, as the companies argue, the deal could win approval, though not without conditions.

In a preview of the battle that will play out in Washington in months to come, consumer advocates and some lawmakers said yesterday that the deal will stifle competition and should be stopped. Sirius and XM countered that they need the deal to compete with other forms of audio entertainment. They say they face stiff competition from AM and FM radio, with 280 million

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listeners, as well as the hot new digital-music market, with more than 100 million iPods already sold. They even cite rising competition from music-enabled mobile phones and Internet radio.

History doesn't offer much encouragement for this argument. A similar merger between two satellite-television companies -- Hughes Electronics Corp. and EchoStar Communications Corp. -- was shot down in 2002. At the time, the TV companies argued that the $18 billion deal was needed to combine efforts to fight off strong competition from cable companies. But the Federal Communications Commission rejected the deal even before the Justice Department could act, saying it raised the risk of "immediate and substantial" harm to consumers through higher prices and less competition, particularly in rural areas that aren't served by cable companies.

In contrast, XM and Sirius are arguing, satellite radio competes with all forms of audio entertainment. In meetings with the regulators and on Capitol Hill, the companies will press this sweeping market definition. The broader the market, the more likely a deal will be approved: When Coca-Cola Co. sought to buy Dr Pepper in the mid-1980s, its experts argued in court that their market should include not just soft drinks but all potable liquids sold in North America, including water. The approach was dubbed the "Lake Erie defense." (The deal was opposed by regulators and eventually scotched.)

Sirius and XM are getting support for their view of the market from an unlikely source. The radio industry has loudly opposed the deal since it was announced, and broadcasters cite satellite-radio operators as major competitors in securities filings. That's confirmation that these market segments compete, the companies say. Sirius and XM also insist they couldn't increase rates substantially and still keep growing -- citing as one example the low retention rate of drivers who end up paying for a subscription to the service when their cars come equipped with satellite radio.

"The issue here is taking two competitive companies and making them into one. Historically, the government has looked skeptically at endorsing a monopoly," said Dennis Wharton, a spokesman for the National Association of Broadcasters.

Sirius and XM are also counting on the more relaxed merger-review standards that have emerged in the Bush administration. Regulators have challenged few deals and blessed such once-unthinkable deals as a reuniting of AT&T with its former Bell offspring, and the merger of Whirlpool Corp. and Maytag. In the wake of those deals, an anything-goes view is emerging among some practitioners in the antitrust bar.

Even without an easing of merger-review standards, enforcers have long been reluctant to meddle in emerging markets, where technology and competition are still developing -- and where the real economic rivalry could be another technology in another market.

The companies hope to close the deal by year's end, but even that could be optimistic. Justice Department investigators, led by antitrust chief Thomas Barnett, will work under a formal timetable to review the deal, but that framework is often cast aside in big or controversial deals. The government is likely to ask for more information -- cartons of data and scores of interviews -- then strike a deal with the companies to push off any closing while it conducts its review.

Across town, the FCC -- a fractious, five-member commission -- could easily take more than six months to complete its review. Its chairman, Kevin Martin, has already said the deal faces a "high bar" to overcome in order to be found in the public interest, the standard under FCC rules. The agency also could seek the eventual return of some of the FCC-awarded radio spectrum held by the companies, which would require extensive negotiations and may be a possible deal killer.

XM and Sirius will also need to address what might be called the Howard Stern problem: The foul-mouthed radio host is among several edgy radio personalities that decamped to satellite radio, where regulators have no jurisdiction to enforce federal indecency rules. The FCC can only enforce indecency rules on free over-the-air broadcasts.

Requiring XM-Sirius to voluntarily abide by federal indecency standards could be one condition that is placed on the deal. The companies appear to be trying to address that issue by allowing consumers great flexibility in programming. That might include allowing consumers to purchase a tier of service that didn't include Mr. Stern and other radio personalities whose shows might be considered inappropriate for children.

"Anytime you go from two competitors in a market to one, a big red flag goes up," says Gene Kimmelman, vice president for federal affairs at Consumers Union, which plans to lobby for consumer protections to be included in the deal, including channel set-asides for noncommercial stations and pricing flexibility for consumers.

Write to Amy Schatz at Amy.Schatz@wsj.com13

XM-Sirius Merger Hinges On FCC Ownership Rule (WP)

By Charles Babington And Jeffrey H. Birnbaum, Washington Post Staff Writers

The Washington Post, February 21, 2007

Climate Still Competitive, Satellite Radio Firms Say

DOJ_NMG_0134858

Winning approval for a proposed merger of the nation's two satellite-radio companies turns on whether regulators buy their argument that iPods, Internet radio and other new technologies have expanded so dramatically that a monopoly would not harm consumers' choices or purses.

It may be a difficult argument to win, but XM Satellite Holdings and Sirius Satellite Radio's officers say it's worth the gamble and have assembled an expensive and experienced team of lobbyists to aid them in the fight. Alone, the companies have suffered heavy losses and spent heavily on recruiting personalities such as Howard Stern and Oprah Winfrey and on marketing to compete against each other.

Now, New York-based Sirius and XM of the District are lining up some of the best-known and highest-paid lawyers and lobbyists, while competitors and consumer groups vow to fight back. The biggest potential roadblock for the merger is a 1997 Federal Communications Commission declaration that a single owner may not control the subscriber-only satellite radio business.

But the advance of technologies such as iPods and other MP3 players, music-playing cellphones and land-based radio stations with digital broadcasts offer so much music, news and talk that the competitive climate is radically different and the FCC should waive the 1997 rule, Sirius chief executive Mel Karmazin said in a conference call yesterday. "Consumers today have a significantly broader range of audio entertainment options from which to choose," he said.

All those new devices, however, are not directly analogous to satellite radio, and Karmazin's plea is a tough sell, said Chad Bartley, an analyst for Pacific Crest Securities. XM and Sirius provide "the only paid-radio service out there," he said, and regulators may be loath to turn them into a monopoly. He rated the chances for merger approval at "less than 50-50."

"The regulatory process will be quite onerous," said William Kidd, an analyst for Wedbush Morgan, an investment firm in Los Angeles. Regulators will be reluctant to create a single satellite-radio company, particularly because they have recruited a total of 14 million paying customers in five years as separate companies, he said.

The challenges do not end there. XM and Sirius said they hope the deal will close by the end of the year, but some analysts say the costly lobbying battle might stretch into next year. Meanwhile, the two companies must continue to deliver multiple channels of music, talk and sports to their customers, and right the business models that have never generated a sustained profit nor impressed investors in recent years.

The companies assured customers by e-mail yesterday that services will not change during the merger proceedings.

Karmazin said a merger would lead to savings by eliminating duplications in programming and operations. But it would impose new costs as well. Karmazin said the companies plan to design equipment to let customers receive signals from both companies, which use different satellite technologies. They also hope to sell more advertising, he said, even though the promise of largely commercial-free broadcasts has traditionally been a key appeal of satellite radio.

The National Association of Broadcasters and groups such as the Consumer Federation of America and Common Cause plan to oppose the merger. They want to make sure that consumers are not stuck with outdated equipment and contracts that are not honored. The groups also will probably seek to have the merged entity provide nonprofit, public channels.

"We will take the position that this merger is suspect," said Mark N. Cooper, research director of the Consumer Federation of America. "We will insist that if the government determines to let the merger go forward, it needs to condition it." Several analysts agreed that accepting conditions -- such as limits on increasing the cost of subscriptions, now $12.95 a month for both companies -- might be XM's and Sirius's best hope for approval from the FCC and the Justice Department.

Both companies have a potent roster of contract-lobbying companies at their disposal. XM has worked with the Palmetto Group, Patton Boggs, Wexler & Walker Public Policy Associates and Monument Policy Group. Sirius has Wiley Rein, the Paul Laxalt Group and Ricchetti Inc., according to lobbying disclosure records.

XM shares rose $1.43, to $15.41 yesterday. Sirius shares rose 22 cents, to $3.92.

Sirius And XM Woo Regulators (FT)

By Joshua Chaffin In New York

Financial Times, February 21, 2007

Sirius Satellite Radio and XM Satellite Radio yesterday portrayed themselves as two small players in an expanding and highly competitive consumer audio market as they sought to win over regulators for their planned merger.

In a conference call with investors, executives from the companies argued that technology had created an array of new competitors for their services beyond traditional free radio, including portable music devices, mobile phones capable of playing music, internet radio services, personal computers and others.

"Competition in this market is robust, and we're seeing new entrants on a regular basis as disruptive technologies continue to emerge," said Gary Parsons, chairman of XM, adding that satellite radio was still "a small player by comparison".

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Antitrust concerns have shaped up as the biggest hurdle to an $11.4bn deal, not including debt, that would unite the two companies. When they were awarded broadcast licences a decade ago, the Federal Communications Commission mandated that neither company could own both satellite licences.

Following the deal's announcement on Monday, Kevin Martin, the FCC chairman, reminded the companies that the hurdle for approval would be "high" given that provision. Sirius shares rose 5 per cent and XM's 10 per cent.

Mel Karmazin, the Sirius chief executive, pledged to investors that the companies had studied the regulatory issue, and predicted that the deal would close before the end of the year. Mr Karmazin said: "We believe there is a solid basis for approval, and are committed to working with the regulatory agencies to ensure approval."

David Bank, who covers the companies at RBC Capital Markets, said he still believed that the chances were better than even that the deal would be approved, but saw shortcomings in the companies' presentation.

Lawyers reviewing the case said it was difficult to find a precedent because of the strict mandate contained in the companies licences as well as the rapid technological change in the media industry since those documents were drawn up.

"Frankly, it's hard to handicap because there are so many different ways to look at it," said Leo Asaro, a partner in the antitrust practice at Bryan Cave.

Tough Antitrust Hurdles Seen For XM, Sirius Deal (MRKTWTCH)

By Robert Schroeder & David B. Wilkerson, Marketwatch

Market Watch, February 21, 2007

WASHINGTON (MarketWatch) -- A month ago, the chairman of the Federal Communications Commission said a tie-up between satellite radio companies XM and Sirius wouldn't get past his agency. On Monday, the chiefs of those companies decided to challenge that vow.

Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. said Monday they were taking their proposed marriage to stockholders and regulators to get an OK for a combination worth $13 billion and the ears of 14 million paid subscribers. See full story.

It's a bold challenge: On Jan. 17, FCC chief Kevin Martin had said agency rules would prohibit "one entity owning both of those [satellite] licenses." See archived story.

After the merger was announced, Martin issued a strongly worded statement reiterating his concerns.

"The hurdle here ... would be high as the commission originally prohibited one company from holding the only two satellite radio licenses," he said. "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

The Sirius-XM combination would follow directly on the heels of the hotly debated merger between AT&T Inc. and BellSouth. The five-member commission of the FCC wrangled for nine months over whether to approve that deal, suggesting a similar combination of two big firms would have to endure the same withering scrutiny.

In AT&T's case, though, the company had the support of Martin, a Republican close to the White House. Sirius and XM not only face skepticism from the FCC chairman but probably from the panel's two Democrats, each of whom has been critical of media consolidation. The Democratic takeover of Congress probably doesn't help the cause of the satellite merger partners.

Sirius Chief Executive Mel Karmazin - who would also be CEO of the combined company - and XM Chairman Gary Parsons aim to persuade Washington that a merger is the best way to position satellite radio for battle with such technologies as podcasting.

Parsons and XM's CEO, Hugh Panero, said the new company "will be better positioned to compete effectively with the continually expanding array of entertainment alternatives that consumers have embraced since the Federal Communications Commission first granted our satellite radio licenses a decade ago."

If the companies pass FCC and Justice Department muster, they're expecting the deal to be completed by the end of this year.

Opposition emerged quickly from the companies' broadcasting rivals.

The National Association of Broadcasters slammed the proposal in a statement late Monday, saying it would be "shocked" if it went through.

"When the FCC authorized satellite radio, it specifically found that the public would be served best by two competitive nationwide systems," said NAB Executive Vice President Dennis Wharton, according to a statement from the trade group. "We're hopeful that this anti-consumer proposal will be rejected," Wharton said.

Meanwhile, at least one analyst appears to see hope for a deal.

Last week, Bear Stearns' Robert Peck told clients that both companies thought a merger could receive approval from regulators.

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"We believe any public progress of making a deal has been slowed by the economics of the exact split in a [merged company]," Peck wrote in a research note. To overcome this apparent hurdle, Peck said investors were likely to push the companies to "avoid quibbling over a few share points, to capture the much larger value of overall potential synergies."

FAQ: Serious Challenges For Sirius-XM Merger (CNET)

By Elinor Mills, Staff Writer, CNET News.com

CNET News, February 21, 2007

Regulatory hurdles are huge for deal some worry could lead to a satellite radio monopoly. But the biggest impact would be on customers.

Executives at Sirius Satellite Radio and XM Satellite Radio seem to think they have a better chance at turning a profit as one giant company than as bare-knuckled competitors.

The companies, struggling to reach profitability, announced Monday that they agreed to an all-stock "merger of equals," with shareholders of each company owning 50 percent of the combined company. XM shareholders would receive 4.6 shares of Sirius for each of their XM shares, setting the value of XM at about $5 billion. Sirius Chief Executive Mel Karmazin and XM Chairman Gary Parsons would both retain their titles, but for the combined company.

But getting federal regulators to sign off on the merger won't be easy, and perhaps in an effort to make walking away from the deal easier, the companies have not said what the name of the combined entity would be or where it would be located. The companies expect the transaction to be completed by the end of this year. There are plenty of questions about how this will play out in the coming months:

Why do Sirius and XM want to merge?

Both companies have been losing money, with combined losses in 2005 of $1.5 billion. While they have yet to turn a profit, the companies have been engaged in a talent acquisition war to attract listeners. Sirius signed a five-year contract worth $500 million, plus bonuses, to broadcast a morning show with popular shock-jock radio personality Howard Stern in 2004. Not long after, XM signed an 11-year, $650 million contract to broadcast Major League Baseball. The company also has a three-year, $55 million deal with television talk show host Oprah Winfrey. By combining efforts, the companies hope to stem their losses and help the market grow.

How would a merger affect consumers?

It's too early to predict how the merger would affect prices for the service. Each company now charges just under $13 per month for its satellite radio service. Sirius and XM said that with the merger they could offer more programming and greater choice to consumers, including the ability to pick and choose channels and content on an "a la carte" basis. Some channels would likely be cut to reduce overlap. The companies also said they would "improve on products, such as real-time traffic and rear-seat video, and introduce new ones, such as advanced data services including enhanced traffic, weather and infotainment offerings."

Will their hardware work together?

Radio devices from Sirius and XM currently on the market do not receive signals from each other's services, so a combined company would have to develop a new radio, and consumers would have to upgrade. At first glance, it doesn't seem that existing hardware can be modified to receive a new signal.

XM radio spokesman Nathaniel Brown said it's too early in the process to provide engineering details, but "XM will fully support its current subscribers, who will not need to purchase new radios and will continue to receive the XM signal. We will work toward a radio that receives both signals."

Sirius CEO Karmazin said in a conference call on Tuesday that the combined company would "be able to speed the introduction of radios offering content from both our services today, something that has been commercially challenging as separate companies. Our radios will be smaller, lighter, simpler, and cooler than what each company has today."

In a joint statement announcing the deal on Monday, the companies said that the merger would allow them to develop and introduce "a wider range of lower-cost, easy-to-use and multifunctional devices through efficiencies in chipset and radio design and procurement." The companies also plan to work together on improving the scope and quality of the combined service. "Over time, we will work to combine our satellite and terrestrial transmission infrastructure to deliver the broadest range of content and the highest level of service quality," Karmazin said.

What regulatory hurdles does the deal face?

The U.S. Department of Justice and the Federal Communications Commission must grant approval, posing a significant challenge. Because Sirius and XM are the only two satellite radio providers operating in the country, their merger would effectively create a monopoly. Federal legislation bars both satellite radio licenses from being owned by the same company to guard against high prices and other negative effects on consumers. FCC Chairman Kevin Martin said in a statement that the

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hurdle for approval would be high. "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices," Martin said. Given historic opposition to media consolidation by Democrats, who control Congress, the companies will have some hard lobbying to do.

The National Association of Broadcasters is asking regulators to bar the merger, noting that regulators rejected a similar merger proposal from the country's only two satellite television companies, DirecTV and DISH Network. Two years ago, the NAB opposed XM's proposed $198 million acquisition of WCS Wireless before the deal fell through.

How will the companies defend their merger?

The defense will likely hinge on the definition of "competition in the digital audio marketplace." In announcing their merger plans, Sirius and XM said they faced competition from free "over-the-air" AM and FM radio, as well as from iPods and mobile-phone streaming, HD radio, Internet radio and next-generation wireless technologies. Complicating the defense could be the lawsuit record labels have filed against XM alleging that devices that allow people to capture music from XM's broadcasts and turn them into MP3 files for storing and replaying, like the Pioneer Inno, infringe on copyright.

How big would the combined company be?

The combined value of the company would be about $13 billion, which includes net debt of about $1.6 billion. Combined 2006 revenue was about $1.5 billion based on analyst consensus estimates. There would be about 14 million subscribers of a combined company.

What are each company's strengths?

New York City-based Sirius saw its subscriber base rise by more than 80 percent over the last year to about 6 million. The company has more than 130 channels, with 69 commercial-free music channels and 65 channels of sports, news, talk, entertainment, traffic, weather and other data. The company is the official satellite radio partner of the NFL, Nascar, NBA and NHL. Sirius also offers an Internet radio service that broadcasts more than 75 channels online. Sirius radios are sold in more than 25,000 retail locations, for use in cars, homes, RVs and boats. The company has a market capitalization of about $5.5 billion.

Washington, D.C.-based XM has about 7.6 million subscribers and more than 170 channels and broadcasts live from studios in Toronto, Montreal, Washington, D.C., New York, Chicago and the Country Music Hall of Fame in Nashville. XM also has signed deals with automakers to have its radios preinstalled in 140 different vehicle models this year. The company's market capitalization is about $4.2 billion.

Will Howard Stern get richer?

It's too early to say whether the companies' contracts with celebrities will be renewed. But with only one satellite radio provider operating, future deals would likely be less lucrative for such personalities.

FCC Hurdles Loom For XM, Sirius Merger (AP)

By John Dunbar, Associated Press Writer

AP, February 21, 2007

When the Federal Communications Commission auctioned off two exclusive licenses to create the satellite radio industry 10 years ago, it did not mince words on whether the competing providers could merge.

The agency said that one licensee will "not be permitted to acquire control" of the other. The clause was inserted to ensure "sufficient continuing competition" in the new business, it said.

But when dealing with the FCC, one should never say never.

"The FCC can undo anything it does," said Andrew Schwartzman, president and CEO of the Media Access Project, a public interest law firm in Washington. "However, when you change course, you need a good reason to do it."

On Monday, Washington D.C.-based XM Satellite Radio Holdings Inc. and New York City-based Sirius Satellite Radio Inc. announced a deal valued at $4.84 billion at the close of trading on Wall Street Tuesday.

The companies will have to gain approval from the Justice Department as well as the FCC. Justice typically goes first in satellite mergers. If it blocks the deal, it's game over. But Schwartzman said that is unlikely to happen.

"My guess is this Justice Department will be willing to accept any plausible argument that is presented to it," he said. "The FCC is a much tougher case."

The Justice Department looks at how mergers affect competition. The companies will argue that since the industry was created in 1997, times have changed, and so has the market. It's no longer radio, it's "audio entertainment," which includes terrestrial radio, digital "high-definition" radio that offers better sound and more stations, Internet stations and even Apple iPods.

The FCC's review is different. The airwaves are owned by the public. Therefore the law requires that any transfers of control of licenses be done only if it serves the "public interest, convenience and necessity."

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The exact meaning of those words has been debated since they first appeared in the Radio Act of 1927 and later in the Communications Act of 1934.

The companies' argument to the FCC, previewed Monday, will be that a combined satellite provider will offer a wider range of programming choices for listeners.

As for the ban on combining two licensees, if the companies can convince the Justice Department that there is competition from the nonsatellite radio market, it will help their case with the FCC.

"If they do that, I don't see how it's a problem for the FCC to say, 'We no longer need this rule,'" said Blair Levin, a telecommunications analyst with Stifel Nicolaus and the agency's former chief of staff under former FCC Chairman Reed Hundt.

The FCC also considers financial viability when deciding on license transfers. For two companies to be prevented from combining and then go out of business, for example, would not be deemed in the public interest.

Sirius and XM are not using that reasoning for the merger, but to date, they have built up considerable debt, have yet to turn a profit and watched their stocks decline more than 40 percent last year.

Levin doubts the companies would use that argument because they are not in danger of failing.

Public-interest groups so far are skeptical, says Schwartzman, but they have not come out against the merger. They will argue in favor of some safeguards on diversity and competition.

How these would work is yet to be determined, but it may include a requirement that the combined company provide space on its system for noncommercial, public interest programming.

The satellite radio industry was not saddled with public-interest obligations when it was created because it was a brand-new business. But that may change.

"If you can revisit the question about whether there should be one satellite radio service rather than two you can certainly revisit the question of whether there should be public service obligations," Schwartzman said.

New Climate May Benefit Radio Deal (NYT)

By Andrew Ross Sorkin

The New York Times, February 21, 2007

Mel Karmazin, the chief executive of Radio">Sirius Satellite Radio, made a lot of phone calls seeking advice before he entered into a merger deal with Radio">XM Satellite Radio on Monday.

Maybe he should have called Charles W. Ergen, the founder and chairman of EchoStar Communications.

Mr. Ergen could have given Mr. Karmazin an earful about his failed effort to merge EchoStar with DirecTV four years ago, a deal that seems eerily similar to the one Sirius and XM have proposed.

Will the government see things differently this time?

Michael K. Powell, the former chairman of the Federal Communications Commission who blocked the EchoStar-DirecTV deal, is not so sure.

“I do think it could get through, but I don’t think it’s going to be an easy one,” he said. “It’s going to be incumbent on the companies to demonstrate that the analysis in EchoStar-DirecTV is different.”

In opposing that deal, regulators — both from the F.C.C. and the Justice Department — argued the merger would create a monopoly. EchoStar and DirecTV, on the other hand, argued that the market should be defined more broadly than simply satellite television and should encompass cable television operators and telephone companies providing video over phone lines.

When Sirius and XM announced their merger on Monday, they made a similar argument — that their market is much bigger than just satellite radio.

“In addition to existing competition from free ‘over-the-air’ AM and FM radio as well as iPods and mobile phone streaming, satellite radio will face new challenges from the rapid growth of HD Radio, Internet radio and next generation wireless technologies,” the companies said.

There is no question that times have clearly changed: a decade ago, the argument for a Sirius-XM merger would have never had a chance.

Joel I. Klein, then the acting assistant attorney general in charge of the antitrust division, gave a speech to the radio industry 10 years ago this week, suggesting that merging terrestrial radio stations in the same market was “no different from a situation where all soft drink manufacturers would seek to merge and control 100 percent of that market. We wouldn’t walk away from such a merger — and if you like soft drinks I should think you wouldn’t want us to walk away — merely because there are lots of other beverages out there, such as milk, juice, beer, wine, et cetera.”

But the regulatory tone in Washington has changed. Inside Sirius and XM, executives are bullish on government approval.

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In a conference call with analysts yesterday, Mr. Karmazin said that "I would not have gone to our board," if he "didn't think there was greater than a 50-50 chance of approval." In fact, the deal's timing was driven in part by a feeling that the current administration was more likely to let the deal through and that it needed to be done before that window closed.

The Justice Department's surprising approval of Whirlpool's acquisition of Maytag — a deal that created the nation's largest manufacturer of appliances with more than 50 percent market share — has encouraged others to proceed with deals that might have seemed to pose regulatory problems.

But Sirius and XM should not necessarily take solace in the shifting attitude in Washington and the Whirlpool decision, some antitrust experts suggest, because the deal's fate may be decided by the F.C.C., which issued two sets of satellite spectrum to Sirius and XM in order to create competition.

At the time, the F.C.C. defined free-to-air radio as a separate market from satellite because free-to-air radio, which included local programming like weather and traffic, was tightly regulated while satellite's content would be unfettered.

"Howard Stern couldn't do his current broadcast on radio," said Mr. Powell, who had fined Mr. Stern several times for some of his lewd talk on terrestrial radio before his program moved to Sirius.

Mr. Powell said that in the end, the deal's fate would lie in the evidence that both companies produce during the government's review. He said that while EchoStar and DirecTV publicly talked up an assortment of competitors like cable and telephone, when the government got its hands on the companies' documents about the way they internally defined their rivals, "it seemed that the only competitors who mattered were each other."

Of course, perhaps the largest factor in their decision will be the precedent regulators want to set. "If the Federal Communications Commission grants a green light for this transaction, the brakes will be off for similar telecommunications industry hookups," Carmi Levy, senior research analyst with Info-Tech Research Group, wrote to clients. If so, perhaps Mr. Ergen will get a second chance.

What Would A Satellite Radio Merger Mean? (USAT)

USA Today, February 21, 2007

NEW YORK — Wall Street sure likes the signals that Sirius and XM Satellite Radio are beaming about their merger plans.

XM shares soared 10.2% to $15.41 and Sirius was up about 6% to $3.92 on Tuesday, the first day of trading after the companies announced their deal to create a single — and still unnamed — satellite radio power to be run by Sirius CEO Mel Karmazin.

Despite the boost, the prices reflect some wariness among investors about whether the merger will actually take place. The deal must be approved by each company's shareholders, as well as by antitrust officials. And the Federal Communications Commission will have to agree to change a merger ban that is part of the original agreement when the companies were formed.

But a more important question is harder to quantify: How will consumers respond to all the changes? Will they be reluctant to sign up for either service?

While the companies can't answer many questions at this early stage in the process, media reporters David Lieberman and Laura Petrecca sort through some of the potential consumer concerns:

Q: I want to subscribe to satellite radio. Should I wait to see what happens with the merger?

A: It depends on how long you want to wait. The companies expect the deal to close at the end of 2007, and that might be optimistic if opponents including the National Association of Broadcasters take the fight to Congress. Until the transaction is complete, the companies are supposed to operate independently. But in the next few months, if merger talk makes potential subscribers wary, the companies might have a reason to sweeten their promotions.

Q: Isn't there a chance that my radio won't work or that either XM or Sirius will be weakened after the deal closes as they move to offer a single service?

A: XM Chairman Gary Parsons says the companies "may have 15 or more years" left to keep offering programming packages similar to the current ones. They can't risk alienating the more than 13 million people who buy Sirius or XM — and who now have radios that can only receive one service, not both.

Q: Does that mean, once the deal closes, there'll still be no change in the existing services for the foreseeable future?

A: Not necessarily. Executives say that after a merger they might share popular programming — although it's unclear whether that might include Sirius' shock jock Howard Stern or XM's Major League Baseball. A lot depends on the terms of their contracts, and when they're up for renewal.

The two also might share new services in the works, including programming for seat-back TVs in automobiles and real-time traffic, weather and other data.

Q: What other changes may be coming?

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A: Executives say they may give consumers more latitude to mix and match the channels they receive, similar to an a la carte deal. And years from now, when they can eliminate duplicative services — such as similar oldies channels — they say they'll offer more programming narrowly targeted to different ethnic groups.

Q: Wouldn't a monopoly have more power to raise prices? Should I sign a long-term deal now to lock in current rates?

A: Antitrust officials and the FCC will be looking closely at pricing. They could kill the deal if they conclude the merged companies might gouge consumers.

Sirius and XM say that they have a strong incentive to keep prices low: The 90% of radio listeners who don't subscribe to satellite tune in to traditional broadcasters that offer ad-supported shows for free. Sirius and XM also face growing competition from Internet radio and podcasts, wireless phone-based services and iPods.

But Morgan Joseph analyst David Kestenbaum notes that XM raised prices 30% two years ago and still picked up lots of new subscribers.

Q: Will the merged company boost revenue by selling more ads in its programs?

A: Hard to say. Ad-free programming is a big selling point for satellite radio. But Wall Street is tired of satellite radio's red ink. Karmazin told analysts on Tuesday that one advantage to having a merged company is that it would be more attractive to national advertisers.

Q: The companies are talking about selling radios capable of receiving both services. When can I buy one?

A: It may be awhile. The companies say they'll begin to push hard toward developing a unified receiver once the merger is complete. Karmazin says he expects the next-generation receivers to be "smaller, lighter, simpler and cooler."

Q: Aren't the two already working on a unified radio?

A: Under pressure from the FCC, they agreed in 2000 to design chipsets and other technology that could receive signals from Sirius and XM. A firm that they've supported has developed a unified radio unit, but it hasn't been approved by the FCC.

Meanwhile, it hasn't made commercial sense to develop a dual radio with two chipsets: It would cost more than the existing ones that receive just one service, and most subscribers pick either Sirius or XM, not both.

Bank of America analyst Jonathan Jacoby estimates that even after a unified or dual radio is available, both systems would have to run independently for at least another three years until customers can be switched over to a combined platform, perhaps with a subsidized radio exchange program.

Automakers also would need to switch over to installing the new, integrated units into their vehicles, a process that normally requires two to three years, Jacoby says.

Q: Why are the companies going through all of the trouble to merge?

A: Although Sirius and XM are still young companies, they are unprofitable, and investors are concerned about the slowdown in the growth rate of new subscriptions.

For example, they point out that 60 million cars have outlets on their stereos to plug in iPods. And conventional free radio stations are investing in HD Radio, which can provide many additional channels of clear, digital signals.

By merging, Sirius and XM say they can cut costs by as much as $7 billion a year. In addition to dropping duplicative channels, they could cut marketing expenses. And programming costs might level off once they stop bidding against each other for talent.

Contributing: The Associated Press

In The Same Orbit, But On Different Planets (WP)

By Frank Ahrens

The Washington Post, February 21, 2007

In the radio industry, Sirius Satellite Radio chief executive Mel Karmazin is like Bono or Prince or Charo: One name is sufficient. Say "Mel," and everyone knows who you're talking about.

The same cannot be said of XM Satellite Radio Holdings Chairman Gary M. Parsons. That's why some say, if the proposed merger between the two satellite companies is approved by regulators, the two executives may work well together.

Under the proposed merger, Karmazin would be the chief executive of the combined company, with Parsons chairing the board. There is no role in the new company for current XM chief executive Hugh Panero, whose duties have diminished since the XM board appointed director Nate Davis as president and chief operating officer in July.

Karmazin and Parsons are opposite in temperament and style, said Tom Taylor, editor of Inside Radio, an industry trade paper. Karmazin can be electric; Parsons is more laid-back.

Case in point: The rambunctious Karmazin has been tossing merger speculation to the New York media and Wall Street analysts for the past several months. The more reserved Parsons has been just as interested in a merger, he said yesterday, but kept it to himself.

"He was looking at it," Parsons said of a merger, "and we were looking at it -- just less publicly."

Complementary traits between the pair could be key because the last time Karmazin was part of a power duo, things didn't go so well. He left his job as chief operating officer of Viacom for Sirius in 2004 after clashing with Sumner Redstone, the equally strong-willed leader of Viacom.

Before coming to Sirius, Karmazin spent more than three decades in the terrestrial radio business, most of it running Infinity Broadcasting's radio stations and then CBS Radio, when it bought Infinity and eventually became Viacom.

Mel stories are plentiful, and they consistently paint Karmazin as a sleeves-up radio man devoted to making money for shareholders.

Taylor recalls a story of Karmazin helping set up chairs in a meeting room before the start of an investors' conference. Karmazin has near-total recall, Taylor said, which has come back to haunt station managers who worked under Karmazin and failed to produce a promised ratings number.

If there's one thing to know about Karmazin, it's that he's always about the sale. There's a reason "Mel" rhymes with "sell."

"He's one of radio's best-ever sales guys," Taylor said. "He knows how to sell radio advertising."

In 1985, Karmazin sold CBS on hiring Howard Stern (after he'd been fired by New York's WNBC) and built him into a national radio superstar, often defending his antics to corporate brass. In an interview years later, Karmazin was asked what he saw in Stern that made him take a chance on him.

"Revenue," was his reply.

Karmazin is also the man who helped sell Stern on jumping to Sirius in 2004, though the $500 million contract plus performance bonuses probably helped.

Parsons, by contrast, is a veteran of the telecommunications and satellite industries who spent time as a radio deejay in his youth. He has been on XM's board since 1997. He ran XM until he brought in Panero in 1998. Prior to XM, Parsons spent six years at MCI Communications in a number of executive jobs and started several tech companies.

"The general book on me is that I'm extremely collaborative," Parsons said, noting that he has worked well with Panero, something of an outsized personality himself.

Parsons said the proposed merger became inevitable over the past few months, as both companies saw their stock price and market capitalization slide. Wall Street analysts speculated that the synergies created by a merger would be as much as $5 billion -- almost as much as the value of either company on its own.

The odd man out in the proposed merger is Panero, XM's chief executive.

Panero and head XM music programmer Lee Abrams have been with XM since nearly day one, when the company was housed in a basement apartment near Dupont Circle and the only sign of a radio company in the making was a whiteboard with dozens of format ideas scribbled on it.

Panero is a "Star Trek" fan. XM's broadcast operations center at the company's headquarters in Northeast D.C. is a dazzling spectacle of display monitors and lighted control boards sometimes referred to by employees as the bridge of the starship Enterprise.

In the middle of the room is a swiveling chair Panero had modeled after Capt. James T. Kirk's command seat on the Enterprise. Panero sat in the chair and pushed the button that launched XM's service in September 2001.

Panero is a music junkie who religiously listens to XM's channels and is credited with the vision that cultivated the business through its early years, negotiating the deals that got XM installed in new cars and acquiring talent.

However, XM's board soured on Panero's performance last year after the company missed its earnings guidance for several consecutive quarters. The company got bogged down in legal battles with the music industry and terrestrial broadcasters over technology issues and has allowed the cases to drag on, rather than settle with the groups, as Sirius has. And when Sirius started paying hundreds of millions of dollars for content -- such as the NFL and Howard Stern -- the XM board thought Panero failed to respond effectively and could no longer clearly define XM's vision, said a source familiar with the situation who spoke on condition of anonymity because of the sensitive nature of the issue.

Panero said if he could have changed anything about his time as chief executive, he would have put off having to pay so much to acquire programming early in XM's life, before it began to stabilize its losses.

Yesterday, Panero said he was proud of the business he helped build and will remain XM's chief executive until the merger is approved and perhaps beyond, if it is not.

He said he would be a little sad to give up the helm of a merged company, "but there can only be one CEO and one chairman."

US Radio Consolidation (FT)

Financial Times, February 21, 2007

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Howard Stern, the shock jock, may be the self-styled King of all Media, but his employer, Sirius, was certainly not talking world domination in its proposed merger with XM. For the satellite radio deal, which will create a company with a $13bn enterprise value, hinges more than most on regulatory approval. Expect a lot of emphasis on underserved communities and consumer choice and the vast array of alternatives for listeners. There cannot be many media deals that generate a presentation that includes a slide highlighting how many US vehicle registrations there are.

The companies have a point. Competition from AM/FM radio as well as new services, from iPods to streaming music for mobile phones, are real challenges for satellite radio. But Sirius and XM do not just have to make the pure antitrust case, they also have to convince the Federal Communications Commission that the public interest is best served by changing the rules governing their operating licences. It is a gamble, but US business has pulled off far greater ones.

Having said that, this will be a lobbying bunfight. The broadcasters have already weighed in and the market is taking a cautious view: XM's shares traded up strongly, but not as high as would be implied by the sweet 22 per cent premium tacked on to the terms of what was presented as a merger of equals.

If the market could gain extra comfort on the regulatory side, there should be more celebrating to come. For the synergies on offer should be considerable for such a business whose fixed costs are so heavy, from programming to technology.

The companies gave little detail yesterday, bar a range of values for the synergies that, at its higher level, would represent more than the market capitalisations of either company. That looks punchy given the time it may take to realise the benefits. But the economic rationale for merging is still compelling. If only Mr Stern's gift of the gab could be brought to bear in persuading the FCC into thinking the same.

Making Radio Waves (WSJ)

The Wall Street Journal, February 21, 2007

As the Federal Communications Commission ponders the merits of allowing satellite radio companies Sirius and XM to combine, let's hope the ghost of another proposed merger haunts the proceedings.

In 2002 the FCC blocked satellite television rivals EchoStar and DirecTV from joining forces on the grounds that allowing the merger would decrease competition and lead to higher prices. Michael Powell, the FCC chairman at the time, said the deal would create a satellite monopoly.

In the event, regulatory intervention, based on an overly narrow definition of the market, has only led to unfulfilled promise in satellite broadband. Five years later, the cable and phone companies are by and large eating satellite's lunch in attracting subscribers. Rupert Murdoch is in the process of selling his stake in DirecTV. And consumers who want one provider for television, Internet and phone service have fewer options than they might otherwise if the regulators had stayed out of the way.

Which brings us to the proposed merger of XM and Sirius. On news of the deal, FCC Chairman Kevin Martin remarked that the regulatory hurdles "would be high." If so, the agency might want to write more up-to-date regulations. The current "digital audio radio service" rules date to the late 1980s, before high definition radio, iPods, Pandora.com, music file-sharing and other options existed. The media landscape has changed a bit since The Police split up.

Beltway critics of the deal see a media monopolist around every corner, scheming to limit the public's access to content. And it's true that the merger would create a lone satellite radio company. But a pure monopoly is one that exists in a market where there are no close substitutes. By contrast, a combined Sirius-XM would have to compete not only with free broadcast radio but also with MP3 players, online radio and even music channels offered by cable providers.

Heaven only knows what the cellular companies will bring to the party. They're already gearing up to provide more video options, but there's nothing stopping Verizon or Cingular from coming up with a device that includes a couple of dozen radio stations to compete with satellite.

Which is why the real danger here isn't the creation of a "monopoly," unless you define the market in a way that has no resemblance to the real world. The bigger concern is that regulators will repeat the satellite television mistake and in the process reduce consumer choice. "The reason for this merger is not to exclude others from the market," says Adam Thierer, who follows telecom issues at the Progress & Freedom Foundation. "It's to make sure they can compete in the broader market against the various players they face -- serious competitors that have satellite radio providers scrambling for their lives."

The most vocal opponents will be traditional radio broadcasters, who will want the deal scotched outright, or at least conditioned on satellite operators being prohibited from offering local services -- news, weather, traffic -- that would compete with their own offerings. Legislation to this effect has been floating around for the last couple of Congresses, courtesy of Republican Representative Charles Pickering of Mississippi.

We hope Mr. Martin will resist any push for industrial protectionism. If this deal, or subscription-based satellite radio in general, turns out to be a bust, the marketplace will let us know in due time.

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Supreme Court Overturns $79 Million Award Against Weyerhaeuser (AP)

By Curt Woodward, ASSOCIATED PRESS WRITER

AP, February 21, 2007

SEATTLE -- The U.S. Supreme Court threw out a $79 million judgment against Weyerhaeuser Co. on Tuesday, but the forest products giant could face a new trial on antitrust claims from a defunct sawmill.

Ross-Simmons Hardwood Lumber Co. of Vancouver, Wash. - which went out of business in 2001 - convinced an Oregon jury that Weyerhaeuser paid too much for alder logs it didn't need, with the goal of driving competitors out of business.

Under federal antitrust law, the jury's award was tripled to $79 million.

Supreme Court justices overturned that 2003 judgment in a 9-0 ruling Tuesday, saying Ross-Simmons must meet a stricter legal standard than the trial court originally allowed.

Writing for the court, Justice Clarence Thomas said Ross-Simmons should have been required to prove that its competitor had a dangerous probability of recouping the losses it incurred in bidding up prices.

The failure to satisfy that standard "cannot support the jury's verdict," Thomas wrote.

Federal Way-based Weyerhaeuser applauded Tuesday's decision.

"The Court's unanimous ruling sets a clear standard that permits companies to bid competitively for raw materials without risk of violating antitrust laws," Weyerhaeuser Vice President Sandy D. McDade said in a statement.

But Mike Haglund, a Portland, Ore.-based lawyer for Ross-Simmons, said he expects to prevail again if the case eventually returns to U.S. District Court for a new trial.

"We're going to have to go back and retry it under that new standard," Haglund said. "I don't think the result will change - we'll still win. But it is a tougher standard."

Shares of Weyerhaeuser closed down 20 cents, or 0.24 percent, at $82.83 in Tuesday trading on the New York Stock Exchange.

Weyerhaeuser appealed the jury award to the 9th U.S. Circuit Court of Appeals in San Francisco, which affirmed that Ross-Simmons needed only to convince a jury that Weyerhaeuser had bought more logs than it needed at a higher price than necessary to gain a monopoly.

The Bush administration asked the Supreme Court to take the case, arguing that the San Francisco-based appellate court erred by setting a low and confusing standard that threatened to "chill pro-competitive conduct by companies that bid aggressively."

From 1998 to 2001, 27 alder sawmills closed in the Pacific Northwest. Alder, the Northwest's leading hardwood lumber, is used in furniture and specialty products such as picture frames and musical instruments.

High Court Limits Antitrust Suits In Weyerhaeuser Win (Update2) (BLOOM)

By Greg Stohr

Bloomberg, February 21, 2007

Feb. 20 (Bloomberg) -- The U.S. Supreme Court overturned a $79 million antitrust award against lumber producer Weyerhaeuser Co. in a ruling that will help shield companies from claims that they illegally tried to drive a competitor out of business.

The justices today unanimously said a jury used the wrong standard in concluding that Weyerhaeuser monopolized the Pacific Northwest market for finished alder, a hardwood used in furniture. A now-defunct rival accused Weyerhaeuser, the world's biggest forest products company, of overbidding for scarce logs.

The ruling is a victory for large U.S. companies, giving them more room to bid aggressively for raw materials and other supplies without the risk of violating federal antitrust laws. Dow Chemical Co., Verizon Communications Inc., Coca-Cola Co. and Microsoft Corp. were among the companies that supported Weyerhaeuser at the Supreme Court.

``There are myriad legitimate reasons -- ranging from benign to affirmatively procompetitive -- why a buyer might bid up input prices," Justice Clarence Thomas wrote for the 9-0 court.

The case centered on a judge's instruction to jurors that they could award damages if Weyerhaeuser bought ``more logs than it needed" and prevented Ross-Simmons Hardwood Lumber Co. from acquiring logs at a ``fair price."

The 9th U.S. Circuit Court of Appeals in San Francisco upheld the instruction, rejecting Weyerhaeuser's contention that it was too vague to provide meaningful guidance.

Predatory-Pricing Standard

The Supreme Court said the 9th Circuit should have applied a legal standard similar to the one the Supreme Court used in a 1993 predatory-pricing case. That case required proof that an antitrust defendant sold its product below cost and was likely to recoup those losses after competition had been driven out.

Ross-Simmons said the 1993 ruling wasn't applicable because the Weyerhaeuser case involved overpayments for raw materials, not predatory price cuts. The company said courts set an especially high bar for predatory pricing cases because lower prices directly benefit consumers.

Ross-Simmons acknowledged at an argument session in November that it hadn't met the standard from the 1993 case.

Ross-Simmons, which went out of business in 2001, was based in Longview, Washington. The company accused Weyerhaeuser of paying higher-than-market prices for alder wood, buying more than it needed, entering into exclusive agreements with suppliers and illegally buying logs from state forests.

Weyerhaeuser Cases

A Portland, Oregon, jury in 2003 said Ross-Simmons was entitled to compensation of more than $26 million, an amount that was tripled under federal antitrust rules.

The award would have been the largest so far in a set of suits against Weyerhaeuser over its finished alder business. The company, which is based outside Seattle, has paid $62 million to resolve some of those claims and put $95 million in reserve, according to regulatory filings.

In addition, Weyerhaeuser is fighting a $16 million award to rival Washington Alder LLC and a class-action lawsuit filed on behalf of purchasers of finished alder. Both cases are on hold during the Supreme Court appeal.

Weyerhaeuser shares fell 20 cents to $82.83 at 4:04 p.m. trading on the New York Stock Exchange.

The case is Weyerhaeuser v. Ross-Simmons, 05-381.

Weyerhaeuser Wins Supreme Court Appeal On 'Predatory Buying' (MRKTWTCH)

By Mark H. Anderson

Market Watch, February 21, 2007

WASHINGTON (MarketWatch) -- Weyerhaeuser Co. (WY) Tuesday won a U.S. Supreme Court appeal in a predatory buying lawsuit brought against it by a smaller lumber company. The unanimous ruling reconciled antitrust standards for predatory buying and selling.

The outcome, which was expected by legal analysts, overturns a jury award against Weyerhaeuser of $26.26 million in damages, which was tripled to $78.77 million under the relevant laws. That award was thrown out and the case was remanded to lower courts.

In an opinion by Justice Clarence Thomas, the high court said lawsuits alleging predatory buying must meet the same strict standards as predatory selling allegations to survive in federal court.

The decision rejected a ruling by the 9th U.S. Circuit Court of Appeals, San Francisco, that had allowed the lawsuit against Weyerhaeuser to proceed under a broader standard.

"Predatory pricing and predatory bidding claims are analytically similar," Justice Thomas wrote, saying the legal theory advanced in lower courts "cannot support the jury's verdict."

The case before the court involves allegations by Ross-Simmons Hardwood Lumber Co., a defunct Longview, Wash., sawmill, that Weyerhaeuser, one of the nation's largest wood-products companies, engaged in predatory buying in the Pacific Northwest alder sawlog market.

Ross-Simmons sued Weyerhaeuser after it went out of business in 2001, accusing the lumber giant of illegally dominating the purchase of alder logs.

Weyerhaeuser, in its Supreme Court appeal, argued the courts applied an overly broad antitrust standard to the dispute. Instead, the company said, federal courts should apply to predatory buying the existing Supreme Court precedent on predatory selling. That legal reasoning was adopted by the Supreme Court.

The high court, in a 1993 case, ruled that antitrust-selling allegations must prove that selling took place at a loss and that the seller had a "dangerous probability" of recouping its losses with the impact of the anticompetitive selling.

The case is Weyerhaeuser Co. v. Ross-Simmons Hardwood Lumber, 05-381.

Warner Is Closer To EMI Deal (WSJ)

By Aaron O. Patrick In London And Ethan Smith In Los Angeles

The Wall Street Journal, February 21, 2007

Pact With Independents Removes Large Hurdle; Formal Bid Is Awaited

Warner Music Group Corp. Chief Executive Edgar Bronfman Jr. has taken a step closer to realizing his long-held ambition to buy EMI Group PLC, persuading a small but well-organized group of independent record labels to end their opposition to such a purchase.

Warner, the fourth-largest music company by revenue, yesterday said it approached EMI about buying the company a month ago, in what would be the fourth attempt in seven years to combine the music companies. EMI, the third-largest music company, confirmed the approach and said it was waiting for a formal offer.

The two companies have felt pressed to combine to cut costs in the face of flagging sales and to achieve sufficient scale to compete with their two much-larger rivals, Vivendi SA's Universal Music Group and Sony BMG, a joint venture of Sony Corp. and Bertelsmann AG. (See related Breakingviews column, page C14.)

Value Is Unclear

It isn't clear how a Warner bid would be valued. EMI, whose stock has fallen recently after back-to-back profit warnings, has a market capitalization of £1.92 billion ($3.75 billion). Warner's market capitalization is $2.86 billion.

Crucially, Warner has reached an agreement with Impala, a trade group for independent European record labels, to end its opposition to a merger. Legal action by Impala derailed merger negotiations between Warner and EMI last year and threatened to disrupt a potential deal again. While it would be up to the European Commission to rule whether an EMI-Warner merger is anticompetitive, Impala's support makes approval more likely. U.S. antitrust authorities aren't expected to object because EMI doesn't have a strong position in the U.S.

Other hurdles to a deal also appear to be clearing. An antitrust decision on a related case -- the reconsideration of the 2004 merger of Sony's and Bertelsmann's music operations -- is due by summer. If approved, that will also remove one of the last impediments to an EMI takeover.

The departures last month of the head of EMI's recorded-music division, Alain Levy, and his deputy, David Munns, also might help by reducing potential rivalry among executives for the top jobs at a combined company.

Mr. Bronfman now is expected to begin takeover negotiations with EMI's new chairman, John Gildersleeve. Warner, based in New York, said in a news release there was "compelling strategic, commercial and financial logic in a combination of the two companies."

EMI, based in London, in a statement, said it would take into account the price offered and the "regulatory and operational risk profile" of any bid. EMI shares rose 8.4% to 240 pence ($4.68) in London; Warner shares rose 4.9% to $19.15 in 4 p.m. New York Stock Exchange composite trading.

One shareholder, Hugh Hendry, who owns four million EMI shares through his fund, Eclectica Asset Management, said he was receptive to Warner's approach. "I have lost confidence in the role of EMI management," he said. An EMI spokeswoman didn't return a call.

Talks Gather Speed

Mr. Bronfman has been negotiating with Brussels-based trade group Impala for almost a year, trying to come up with an agreement that would allow Warner to buy EMI, a person familiar with the situation said. The talks gathered pace in the past two months, the person said. To get Impala on board, Mr. Bronfman agreed to make several concessions, including selling parts of a combined EMI-Warner -- at least some of them to Impala's members -- and providing funding to a new licensing agency for independent labels. It isn't clear which businesses he might sell. If Warner doesn't buy EMI, Impala members don't get anything.

Warner's approach to EMI was earlier reported in Britain's Mail newspaper on Sunday. A merger of the companies would create a group as large as the industry's dominant players, Universal Music and Sony BMG.

"At the moment, there are two very powerful majors and two weak majors," said Martin Mills, chairman of Impala. "We think this [agreement with Warner] will create an industry with three powerful majors and a powerful independent sector."

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Warner Truce Clears Way For EMI Bid (FT)

By Andrew Edgecliffe-johnson,media Editor

Financial Times, February 21, 2007

Warner Music has struck a truce with independent record labels that could clear the way for the US-listed group to make a $6bn (£3bn) bid for EMI and reset the balance of power in the music industry's negotiations with Apple and other digital distributors.

Warner has secured the support of the music companies' fiercest critic to revive merger talks with EMI, the British company behind Norah Jones and The Beatles.

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No formal bid has been made and the terms of any offer are unclear but Warner said Impala, which represents independent music publishers and labels, had agreed to provide full and complete support for a Warner-EMI merger in front of regulators.

Patrick Zelnick, vice-chairman of Impala, said his group had decided it was better to have "three strong majors [Universal, Sony BMG and Warner-EMI] and a strong independent sector" than to let the industry lose more power to the likes of Apple. "I find it sad that the content industry is so weak in front of the big technology companies," he said.

Warner has agreed to fund a digital rights licensing platform for independent music labels; to divest certain recorded music assets "to reinforce the market power of the independent sector"; and to make other, unspecified commitments.

A two-year campaign by Impala led to last year's decision by the European Union's Court of First Instance to refer the 2004 clearance of the merger of Sony and Bertelsmann's recorded music businesses back to the European Commission. With the Commission expected to an-nounce a second stage to its Sony BMG review within two weeks, Impala said it would not drop its opposition to the Sony BMG deal, or to Universal Music's purchase of BMG Music Publishing.

Brussels' willingness to re-authorise the Sony BMG merger, which cut the number of big recorded-music groups from five to four, is still unclear, as is any likelihood that it would permit the industry to shrink from four to three majors.

The deal between Impala and Warner surprised antitrust officials and lawyers in Brussels. Several lawyers said it was rare - if not unique - for a company to agree to concessions with rivals before winning either the support of the prospective merger partner or notifying a deal to Brussels.

A spokesman for Neelie Kroes, the EU competition commissioner, said: "The Commission examines all notified mergers and takeovers diligently with a view to assessing whether there would be a negative impact on effective competition - irrespective of whether there are any active complainants."

Warner's approach to EMI was made on January 24, before the UK group's second profits warning of the year. But it was disclosed only after press speculation. EMI rejected Warner's last approach, which valued the group at 320p a share.

A Fair Price Would Put Nicoli On The Spot (FT)

By Andrew Hill

Financial Times, February 21, 2007

It is not too late for love between EMI and Warner Music and, however preliminary and imprecise their latest approach, the Americans have sweetened it with a silky skill worthy of Norah Jones herself.

Warner has sought to soothe worries about regulatory approval - still the biggest uncertainty overhanging any deal between the two music groups - by ensuring the support of independent record companies and music publishers that were the deal's biggest opponents. Combined with worsening conditions in the recorded music industry, that should make the European Commission more sympathetic towards a deal this time round.

The timing looks good, too: Warner contacted the British company on January 24, before the second of EMI's two profit warnings, but, by uncanny coincidence, the approach has only now come to light with the shares battered down to levels last seen in the final quarter of 2005.

The recent history of disappointments at EMI makes it difficult to see Warner returning with a bid near 320p - the price on last year's abortive offer, abandoned following a European court decision that threw the Sony BMG deal back into Brussels' merger review process. EMI has also cut costs further since last summer presenting Warner with fewer possible savings. But if the US group is sensible, a bid that splits the difference with yesterday's closing share price and last year's offer would put Eric Nicoli, EMI's embattled chief executive, in an awkward position.

If he were to grab such an offer and the European antitrust authorities later decided to block a merger, then he would have used up his final shred of credibility with investors. On the other hand, if he spurned Warner's advances on the grounds that the regulatory risk remained too high, he might scotch shareholders' best hope of realising decent value from their investment.

Biomet Buyout Gets Antitrust Approval (AP)

AP, February 21, 2007

Biomet's $10.9B Buyout by Private Investment Groups Receives Antitrust Approval

WARSAW, Ind. (AP) -- Orthopedics maker Biomet Inc. on Tuesday said it received antitrust approval from federal regulators for its proposed $10.9 billion acquisition by a group of private investment firms.

Biomet said the Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.

Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group agreed to buy Biomet in December for $44 per share.

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The deal, which is expected to close by the end of October, still needs the approval of Biomet's shareholders.

Shares of Biomet added 13 cents to $42.49 in afternoon trading on the Nasdaq Stock Market. The company's stock will be delisted when the acquisition closes.

Lift Manufacturers Face Brussels Rap (FT)

By Tobias Buck

Financial Times, February 21, 2007

ThyssenKrupp, Schindler, Kone and Otis - the world's biggest lift manufacturers - will today be punished and fined by the European Commission for operating a price-fixing cartel.

The European Union antitrust watchdog issued formal charges against the four groups in October2005, and according to several people familiar with the case will hand down its final ruling at a meeting in Brussels tomorrow.

Together, the groups control about two-thirds of the world market for elevators and escalators, with Otis, a unit of US group United Technologies, the market leader.

They are accused of operating a cartel in Germany, the Netherlands, Belgium and Luxembourg between 1998 and 2004. Tobias Buck, Brussels

EU Clears Freeport-McMoRan To Buy Phelps (AP)

AP, February 21, 2007

EU Antitrust Regulators Clear Freeport-McMoRan Copper & Gold to Acquire Phelps Dodge

BRUSSELS, Belgium (AP) -- EU antitrust regulators on Tuesday cleared Freeport-McMoRan Copper & Gold Inc. to buy Phelps Dodge Corp., a deal that would create the world's largest publicly traded copper company -- and the largest metals and mining company based in North America.

The European Commission said that combining the two U.S.-based companies would not significantly impede competition in Europe, identifying only limited overlaps between the two that would not cause antitrust problems for rivals, suppliers or customers.

The companies announced in November that Freeport-McMoRan would acquire Phelps Dodge for US$25.9 billion (euro20.17 billion) in cash and stock.

The cash portion of the transaction totals US$18 billion (euro14.02 billion), and Freeport-McMoRan said it would issue 137 million shares to Phelps Dodge shareholders. That would give them about 38 percent of the combined company on a fully diluted basis. Freeport-McMoRan's board will also be expanded to include three independent Phelps Dodge directors.

The merged companies will operate under the Freeport-McMoRan Copper & Gold banner, though businesses operating as Phelps Dodge will continue to do so.

The world's largest copper company in terms of production is Codelco, or Nacional del Cobre de Chile, owned by the country of Chile.

Freeport-McMoRan Copper & Gold: http://www.fcx.com/

Phelps Dodge Corporation: http://www.phelpsdodge.com/

Korea Fines 9 Petrochemical Firms For Price Fixing (WSJ)

By In-soo Nam

The Wall Street Journal, February 21, 2007

SEOUL, South Korea -- South Korea's Fair Trade Commission fined nine domestic petrochemical companies a combined 105.1 billion won ($112.2 million) for colluding to fix the prices of petrochemical products for more than 10 years.

A total of 10 companies, including the country's largest refiner, colluded to coordinate the prices of polypropylene and high-density polyethylene between April 1994 and April 2005, the antitrust agency said in a statement.

"The collusion has resulted in 1.56 trillion won in damages to consumers," the commission said.

The commission said Honam Petrochemical Corp., one of the companies involved in the price collusion, wasn't penalized because of its contribution to the commission investigation.

The commission said it has also filed a complaint with prosecutors for further investigation against SK Corp., LG Chem Ltd., Korea Petrochemical Industrial Co., Daelim Industrial Co. and Hyosung Corp.

"We hoped the commission [would] take into account the widespread industry practices at the time," said an LG Chem spokesman. "The penalty is a bit burdensome for petrochemical companies."

The commission said it might adjust the total penalty amount of 105.1 billion won for individual companies.

"We're still waiting for the Fair Trade Commission's final decision," an SK Corp. spokeswoman said.

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SK Corp., the largest refiner in the country by capacity, was fined 23.8 billion won, while Korea Petrochemical was fined 21.2 billion won and LG Chem 13.1 billion won.

The 10 petrochemical companies account for more than 85% of the country's synthetic resins market, the commission said.

ENVIRONMENT:

Nuclear Plant Safety Is Called Into Question (LAT)

By Ralph Vartabedian

Los Angeles Times, February 21, 2007

AMARILLO, Texas -- Electrical failures have shut down the plant. The roof has leaked. Decrepit machinery dates back more than 40 years. Safety lapses led inspectors to levy fines twice within two years. And employees, under deadline pressure, complain they often are worked past the point of exhaustion.

If this factory were producing medical devices or refining gasoline, the conditions would be serious enough. But this is where they work on nuclear bombs.

Pantex is the Energy Department's main nuclear weapons factory, a linchpin of the nation's defense for a half century. The nation no longer makes nuclear weapons, so the plant's chief roles are servicing them or dismantling them to meet the terms of disarmament pacts.

On a 25-square-mile swath of the Texas Panhandle, a series of massive white concrete domes mark the places where live nuclear weapons are opened up.

The rituals and procedures inside those cells are supposed to be as strict as any operating room, part of a safety culture that reduces any chance of an accidental nuclear explosion to one in 100 million.

But lately, outside experts are questioning whether those safety margins are eroding. Federal investigators are trying to assess the overall safety of the plant, which employs 3,300, amid troubling safety snafus and what employees call an atmosphere of intimidation.

Energy Department officials acknowledge that the plant has fallen behind schedule on reliability testing of weapons. Long delays have occurred in decommissioning thousands of surplus warheads to satisfy disarmament pacts. They also concede the plant has maintenance problems and has violated safety procedures. But they insist there is no danger of a conventional or nuclear explosion.

"Pantex is safe, no doubt," said Marty Schoenbauer, the acting chief of the Energy Department's nuclear weapons program.

Safety has improved in recent years, he said, thanks to better procedures. But outside experts, union officials and watchdog groups say the opposite is true -- that safety has regressed since 2000 as the most knowledgeable senior safety experts of the Cold War era retire and the plant's condition deteriorates. Energy Department Inspector General Gregory Friedman is investigating safety conditions at Pantex.

"You can't run a plant on glittering platitudes and generalities and call that a safety program," said Bob Alvarez, a former deputy assistant secretary of Energy and now a senior scholar at the Institute for Policy Studies, a Washington think tank. "A nuclear detonation accident is a low probability, but it is not incredible."

The backdrop to problems at Pantex is a growing concern that the Energy Department has mismanaged the nuclear weapons program. Last year, the Defense Department bluntly said that it had lost confidence in the Energy Department, Energy Secretary Samuel Bodman has acknowledged.

"We have constraints," Bodman said in an interview, conceding the department hasn't met all of its commitments to the Pentagon. Last month, he fired the head of the nuclear weapons administration.

Conditions at Pantex began deteriorating at the end of the Cold War in 1989, when federal managers started starving the plant of funds. Billions of dollars instead were funneled into nuclear weapons laboratories, giving scientists new supercomputer centers, powerful lasers and physics instruments.

By about 2000, the leaks in Pantex's roof were so bad that workers had to cover bombs with plastic when it rained. In summer 2004, a power overload tripped transformers, causing a plant wide blackout. In July, another electrical failure occurred when rats gnawed through wiring, according to weekly safety reports. And in August, a storm swept over the plant that left standing puddles in nuclear production areas.

While such conditions don't necessarily lead to accidents, the Energy Department has levied fines totaling nearly $234,000 against the contractor that operates Pantex, BWX Technologies Inc., for safety violations.

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In one case, involving the disassembly of a missile warhead, technicians improperly used red vinyl tape to secure a crack in the high explosives surrounding the plutonium sphere of the hydrogen bomb. The use of the tape itself was not faulted, but technicians misread engineering instructions and caused an even bigger crack.

Federal safety inspectors found that the flawed operation "increased the opportunities for dropping all or part of the explosive during handling and hence increased the potential for a violent reaction," a finding that ran against assurances such a detonation was impossible.

In the second case, technicians were extracting an assembly of high explosives and plutonium from the casing of a different missile warhead for servicing. Using a jackscrew to apply several thousand pounds of force to the explosives, technicians exceeded the allowable loads and over a three-day period violated strict safety protocols.

Dan Swaim, BWXT president at Pantex, acknowledged that both incidents broke safety rules and were unacceptable, but he said there was no risk of a disaster.

"No nuclear yield was possible," Swaim said, asserting the company maintains huge safety margins that preclude any potential for a conventional or nuclear explosion. "As a guy who works here every day, I want it to be darn safe."

The problems at Pantex came to light in the fall after Danielle Brian, executive director of the Project on Government Oversight, a Washington watchdog group, wrote two letters to Bodman complaining about safety. The group has cited a lengthy report in 2000 by former Energy Department safety expert Frank Rowesome, who said that a detonation caused by lightning strikes, solvent fires or other incidents at Pantex was more probable than the Energy Department was admitting.

In an interview, Rowesome, who retired in 2004, said he did not want to alarm the public, but he believes Energy Department officials are so "overly confident" and "complacent" about safety that they are not alert to deteriorating safety conditions.

Where some people see problems, others see progress. Last month, Pantex finally began overhauling the B83, a nuclear bomb designed to drop from a plane, following an 18-month delay triggered when scientists discovered potentially dangerous static electricity in work cells. Schoenbauer said the delay shows how far the Energy Department will go to protect safety. Critics say it shows that hidden safety problems can still exist.

Meanwhile, Pantex has fallen behind schedule in performing critical surveillance tests required by laboratory scientists to certify the reliability of the bombs, Schoenbauer acknowledged. "That backlog has not affected the lab's ability to certify weapons," he said.

But Ralph Levine, who once ran the Energy Department's nuclear weapons surveillance testing, wrote a letter in 2005 asserting the backlog would allow defects in nuclear weapons to go undetected for years. As a result, he said, energy officials removed him as manager of the program and he retired last year.

John Duncan, who until four years ago headed surveillance testing at Pantex for Sandia National Laboratory, agreed that testing problems at Pantex are undermining confidence in the stockpile. Even today, the certifications of nuclear weapons are being made with less certainty than scientists should have, Duncan and Levine said.

"I knew we were in trouble when I started attending meetings in Washington and was told to work better, faster, cheaper," said Duncan. "They started sending people to the plant with little weapons experience."

The Energy Department confirmed last Friday it planned to reduce the number of annual surveillance tests, saying the plan was better suited to an aging bomb stockpile. But Duncan said this would further erode the reliability of the weapons.

A current senior federal manager at Energy Department headquarters, speaking not for attribution because the interview was not authorized, endorses those concerns.

"The delays in testing and lack of resources are so significant," he acknowledged. "The real question is when the laboratories can no longer certify the reliability of the stockpile."

The work load at Pantex probably will grow even more onerous in coming years.

Under the Moscow Treaty, the U.S. needs to get rid of roughly 4,000 surplus nuclear warheads. At current rates, that will take Pantex until 2050, said Harvard University nuclear weapons expert Matthew Bunn. Although there is no firm deadline, that pace is unacceptable to arms control experts, Bunn said.

The Bush administration has ordered the plant to increase dismantlements by 50 percent this year.

Another task looming for Pantex is modernizing the W76 missile warhead used on the Trident submarine. Hundreds of W76 warheads will have to be disassembled and rebuilt with new parts. Swaim said the W76 program will begin on schedule later this year.

Pantex -- named for the panhandle of Texas -- has a largely blue collar culture. The people who actually touch the weapons are known as "production technicians." They earn about $24 per hour. Engineers average $84,000 per year.

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Although the jobs are sought after in Amarillo, an anonymous letter surfaced in November alleging that the plant was in serious disrepair, BWXT management was letting safety slip, and employees were forced to work more than 80 hours a week in some cases.

The stress of working with nuclear weapons has been exacerbated by an abusive management, according to Henry Bagwell, the former chief of the Metals Trade Council, the principal union at the plant. "They treat people badly," said Bagwell, who left last year after 24 years at the plant.

Bagwell said that when he attempted to raise a health and safety problem involving toxic beryllium dust in 2003, he was demoted from X-ray technician to janitor.

"It sent a message," Bagwell said. "It was a public humiliation. Safety seriously took a back seat."

Swaim takes sharp exception to allegations that the roof leaks, labor relations are strained or that severe amounts of overtime are being forced on workers. After the letter surfaced, Swaim said an audit showed overtime averaged just 15 percent over the normal 40-hour work week, although some individuals racked up more.

"I told my guys no more than 72 hours a week," he said.

Md. House Approves Cut In Car Pollution (WP)

By Lisa Rein

Washington Post, February 21, 2007

Higher Gas Mileage Would Be Required

The House of Delegates overwhelmingly approved legislation yesterday that could make Maryland the 12th state to force carmakers to slash emissions thought to cause global warming.

Senate leaders predicted approval of a similar bill this week, and Gov. Martin O'Malley (D) has pledged to sign the legislation.

The stricter standards for cars and trucks hitting dealerships in 2010 would put Maryland in the forefront of states seeking to slow climate change, environmentalists said. But automakers said the requirements would raise prices and reduce choices for consumers -- to make way for more fuel-efficient cars, fewer sport-utility and other large vehicles would be on the market.

Since the best way to reduce gases is to use less fuel, the legislation would require vehicles to be more fuel efficient. The law is designed to raise the state's average fuel efficiency for new vehicles sold in Maryland to 43 miles per gallon. The current average for light trucks and SUVs is 22.2 mpg and for cars, 27.5 mpg.

Five years ago, California became the first state to regulate emissions of carbon dioxide from car tailpipes. The higher standards are to take effect in 2009, but the auto industry has sued that state to block them.

Maryland lawmakers -- mindful of cancer rates, asthma and rising water levels hastened by climate change in the Chesapeake Bay -- are pushing a slew of clean-energy initiatives during this session.

"It's a big day," House Speaker Michael E. Busch (D-Anne Arundel) said, estimating that the Clean Cars Act would take the equivalent of 190,000 vehicles a year off the road. "People for years wrote off climate change. Now they're seeing things like Hurricane Katrina, tsunamis, and they know the causes of melting ice caps have credibility."

The 122 to 16 House vote included Republican support and reflected the power of the state's environmental movement after passage of legislation last year to curb pollution from coal-fired power plants. O'Malley highlighted clean cars in his State of the State speech last month and embraced the measure in his first-session legislative package.

"He thinks we have a responsibility to lead the fight against global warming," spokesman Rick Abbruzzese said.

New cars in Maryland with 7,500 or fewer miles would have to be built to emit about a third less carbon dioxide from the mix of cars sold in Maryland than today's models. Emissions of other pollutants, including carcinogens and nitrogen compounds that foul the bay, would also be cut.

A percentage of the cars on dealers' lots would have to be manufactured like hybrids, with advanced technology, including some with zero emissions. Motorists would not need to retrofit their cars, but they could not bypass the rules by buying cars in another state: They would be blocked from registering those in Maryland based on their vehicle identification numbers.

The carbon dioxide rule, aimed at reducing emissions of gases produced by burning coal, oil and gas, met the stiffest resistance from automakers.

Carmakers estimate $3,000 would be added to consumers' costs. And they argue that by adopting California's emissions standards, Maryland, New York, New Jersey and other states are ceding their power if California should decide to tweak its regulations.

"This legislation will result in higher costs, reduce choices and give California the authority to make decisions about the vehicles Marylanders drive," said Charles Territo, spokesman for the Alliance of Automobile Manufacturers, which lobbied heavily against the bill.

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"Some of us are a little uncomfortable with that," said House Minority Leader Anthony J. O'Donnell (R-Calvert), who voted against the measure.

Territo disputed any health or environmental benefits from reducing carbon dioxide emissions.

The carbon dioxide rules have not taken effect in other states, so there is no test case yet for Maryland consumers.

But environmental groups said the carbon dioxide rules can be met through current technology. Advocates said that average car prices would rise about $1,064 but that in the long term, cleaner cars would save money.

The auto industry blocked the clean cars bill for three years. "General Motors came in and said, 'We have a plant here in Maryland. You'll have to close that plant,' " recalled Del. Maggie McIntosh (D-Baltimore), chairwoman of the House Environmental Matters Committee. Said Del. Elizabeth Bobo (D-Howard), sponsor of the House bill: "We didn't pass the bill, and they still left," closing the GM plant in Baltimore. GM's waning influence in the state and a "lot of education about air and air quality" pushed the measure forward this year, McIntosh said.

The General Assembly is considering other anti-pollution and energy efficiency measures, including bills to reward greater reliance on solar and wind-powered energy. Another bill would revive a tax break for hybrid cars.

FBI/DEA/ATF/USMS:

Inside The Beltway (WT)

By John McCaslin

The Washington Times, February 21, 2007

Any allies left?

A White House pool report described yesterday's arrival of Vice President Dick Cheney in Tokyo, where he was "greeted by some extremely loud sound trucks" and "one unmistakable chant blaring from one of the trucks in a Japanese-accented male voice, chanting in English: 'Yankee go home, Yankee go home.' "

Stretched thin

FBI Director Robert S. Mueller III's recent testimony before the Senate Judiciary Committee that FBI referrals for counterterrorism cases increased a whopping 671 percent between 2001 and 2003 -- and to this day require "difficult choices in determining how to most effectively use the available agents" -- did not go unheeded.

Sen. Joseph R. Biden Jr. of Delaware has introduced legislation to add 1,000 FBI agents to the bureau's roster, all to focus exclusively on traditional criminal cases. Estimated cost: $160 million per year.

Gone private

Ambassador Cofer Black, the former ambassador-at-large and coordinator for counterterrorism at the State Department, and Rob Richer, who was the CIA's No. 2 for counterintelligence, will create a new "CIA-type" organization to address intelligence needs in the private sector.

"Terror attacks," "political instability," "avian-flu outbreaks," and even severe weather events will be on the radar of the company, which the pair names Total Intelligence Solutions.

Don't slurp

One-hundred guests at Teatro Goldoni's "Carnevale" last night were certainly watching their manners.

Judith Martin, aka "Miss Manners," was honorary queen at the lavish Save Venice Benefit, seated alongside honorary king Eric Denker, curator and senior lecturer at the National Gallery of Art.

The popular etiquette columnist and author of 12 books, who spent part of her youth in Europe, has a new release due out next month, "No Vulgar Hotel: The Desire And Pursuit of Venice." Considered the definitive manual for the hopeless Venetophile, she emphasizes:

"Love of Venice can strike anyone, not just romantic [weaklings]. Among the toughies with serious cases were Lord Byron, Richard Wagner, Ezra Pound and Ernest Hemingway. There is no cure for this affliction."

After an evening of Venetian cuisine and wine presented by Teatro's chef-owner Fabrizio Aielli and Marco Bolla, owner of Ristorante Lineadombra in Venice, guests were indeed "stricken" with Venetian charm.

Stone by stone

It's some two years behind schedule and about double the anticipated cost, but the much-anticipated underground U.S. Capitol Visitor Center just about has its final stone in place.

At nearly 580,000 square feet, or three-quarters the size of the U.S. Capitol itself, this $600 million polished cellar features a Great Hall, Exhibition Hall, congressional auditorium and Senate and House theaters, accented with marble, granite, solid wood, bronze and glass -- both floor panels and skylights.

Stone masons have placed the Tennessee Valley marble in basket-weave patterns, while on the Rotunda level the last stones are now being set at a pace of 70 per day.

Major construction should wrap up in the next few weeks, with a likely grand opening in early 2008.

Beats checkers

Jim Martin, president of the 60 Plus Association, the nonpartisan seniors advocacy group in Washington, is sitting at home convalescing from neck surgery 10 days ago.

"Who says basketball is not a contact sport?" Mr. Martin said when reached yesterday. "I'm wearing a neck brace for four more weeks, but this is the price I pay to be able to play in the Senior Olympics in mid-June in Louisville, Kentucky."

Mr. Martin's squad of seniors are the Virginia state basketball champions, and play three-on-three.

Professor Norton

That was Delegate Eleanor Holmes Norton, D.C. Democrat, bragging about the 100th anniversary of Hoyas basketball at Georgetown University, which is in the midst of another exciting season under head coach John Thompson III.

Mrs. Norton, many don't know, is a tenured faculty member of Georgetown University Law Center.

·John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin @washingtontimes.com.

Border Agents Help Make Pot Seizure (CGVD)

Casa Grande Valley Dispatch, February 21, 2007

Border Patrol agents from the Casa Grande station helped in confiscating $3.7 million worth of marijuana over the weekend.

Agents were asked to help a Bureau of Land Management ranger who was pursing two trucks camouflaged with tarps near Stanfield about 6:45 a.m. Sunday.

While agents responded, the ranger reported his vehicle was intentionally struck by one of the trucks.

Agents found both trucks abandoned on Stanfield Road. They found 4,660 pounds of marijuana in the two trucks, as well as a loaded .45 caliber pistol.

One of the trucks was reported stolen in San Diego, Calif., and was turned over to the Arizona Department of Public Safety.

The other truck is being processed for forfeiture by the Border Patrol. The marijuana was turned over to the DEA and the gun was given to ATF. No arrests have been made and no injuries were reported.

Colombian Rebel Convicted On Drug Charge (AP)

AP, February 21, 2007

WASHINGTON (AP) -- A Colombian woman was found guilty Tuesday of participating in an operation to smuggle tons of cocaine to the United States.

Authorities say her case showed the main rebel group in Colombia is deeply involved in illegal drugs.

Nayibe Rojas, known in the Colombian rebel movement as "Sonia," was convicted by a jury of conspiracy to import and-or distribute 11 pounds or more of cocaine. The charge carries a mandatory sentence of at least 10 years.

Two male co-defendants were convicted of the same charge, but they have not been implicated by authorities, as Rojas was, in connection with the Revolutionary Armed Forces of Colombia, or FARC.

Prosecutors accused Rojas of helping export more than 220 tons of cocaine to the United States and Europe since 1994, earning millions of dollars for the FARC.

"Today's convictions represent a significant victory against the FARC, one of the most dangerous narcoterrorist organizations operating in Colombia," Deputy Attorney General Paul McNulty said in a statement.

District Judge James Robertson set a May 7 date for sentencing Rojas in the U.S. District Court for the District of Columbia. Under current sentencing guidelines, she and the men, Jose Antonio Selis and Juan Diego Giraldo, could be sentenced to 30 years in prison, said Elita Amato, the men's attorney.

Rojas was extradited in March 2005, under a treaty between the United States and Colombia.

The guilty verdict for Rojas is a victory for the United States and Colombia, which have recently stepped up a campaign to portray the FARC, which is on the U.S. list of "foreign terrorist organizations" as a drug-trafficking cartel. In March 2005, the United States announced drug indictments against 50 FARC leaders and offered rewards totaling $77.5 million for their capture.

FARC leaders insist that rather than produce and sell cocaine, they levy taxes on farmers of coca, the raw material used in the production of cocaine, and the drug-traffickers.

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Associated Press writer Toby Muse contributed to this report from Bogota, Colombia.

Colombian Rebel Commander Found Guilty Of Drug-trafficking (MCT)

By Pablo Bachelet

McClatchy Newspapers, February 21, 2007

WASHINGTON - A federal jury on Tuesday convicted a Colombian peasant who rose to become the financial chief of a powerful squadron of leftist guerrillas on charges of conspiring to send more than 5 tons of cocaine to the United States.

Nayibe Rojas is the first high-ranking member of the Revolutionary Armed Forces of Colombia - FARC, in its Spanish initials - whom a U.S. federal court has convicted of drug running, although the U.S. and Colombian governments long have alleged that FARC was deeply involved in every facet of Colombia's cocaine industry.

The jury heard hours of taped phone and other conversations and testimony of U.S. and Colombian law enforcement agents as well as alleged former drug traffickers during the five-week trial. It issued the verdict after deliberating for four days.

The defense painted Rojas, also known as Sonia, as a member of an insurgency that was battling injustices in Colombia, and government witnesses as shady and unreliable characters from Colombia's drug underworld.

Prosecutors cast Rojas as a gun-totting senior FARC logistics chief who gathered coca base from farmers in the coca-rich Caquet region in southern Colombia and sold it to refiners and traffickers, who then sent the cocaine to the United States.

The jury also convicted two co-defendants, Jose Antonio Celis and Juan Diego Giraldo. Celis and Giraldo weren't members of FARC, but the prosecutors argued that all three had conspired to send more than 5 tons of cocaine to the United States.

The three face prison terms of up to 30 years. Sentencing was scheduled for May 7.

The U.S. government suffered an embarrassing setback late last year when another Washington jury failed to reach a verdict on Ricardo Palmera - a senior FARC leader better known as Simon Trinidad - who was accused in the kidnapping of three U.S. defense contractors whom the FARC still holds. His retrial is scheduled for next month.

Rojas' case grew more important after the Palmera hung jury, because Colombian prosecutors often use the threat of extraditions to the United States to entice FARC members to cooperate.

Deputy Attorney General Paul J. McNulty called the outcome of the trial "a significant victory against the FARC."

"This case sends a message to major overseas drug-trafficking organizations: We will investigate, prosecute and punish all those who manufacture and distribute illegal drugs for export to the United States," he said in a statement. "There is no international safe haven for illegal narcotics traffickers."

Jury Convicts FARC Leader (MH)

By Pablo Bachelet

The Miami Herald, February 21, 2007

WASHINGTON - A Colombian peasant who rose to become the financial chief of a powerful squadron of the leftist FARC guerrillas was convicted Tuesday by a federal jury on charges of conspiring to send more than five tons of cocaine to the United States.

Nayibe Rojas was the first high-ranking member of the Revolutionary Armed Forces of Colombia, or FARC, convicted of drug running by a U.S. federal court, although the U.S. and Colombian governments have long alleged that the FARC was deeply involved in every facet of Colombia's cocaine industry.

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Rojas' case grew in importance after the Palmera hung jury because Colombian prosecutors often use the threat of extraditions to the United States to entice FARC members to collaborate with them.

The 12-member jury in Rojas' trial heard hours of taped phone and other conversations and testimonies by U.S. and Colombian law enforcement agents as well as by alleged former drug traffickers during the five-week trial. It issued the guilty verdict after deliberating for four days.

The defense painted Rojas, also known as Sonia, as a member of an insurgency battling injustices in Colombia, and government witnesses as shady and unreliable characters of Colombia's drug underworld.

Prosecutors cast Rojas as a gun-totting senior FARC logistics chief who gathered coca base from local farmers in the coca-rich Caquetá region in southern Colombia and then sold it to refiners and traffickers who then sent the cocaine to the United States.

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The jury also issued guilty verdicts for her two codefendants, José Antonio Celis and Juan Diego Giraldo. Celis and Giraldo were not members of the FARC, but prosecutors argued that all three conspired to send more than five tons of cocaine to the United States.

The three could go to jail for as long as 30 years. Sentencing was scheduled for May 7.

Deputy Attorney General Paul J. McNulty called the outcome of the trial ``a significant victory against the FARC."

"This case sends a message to major overseas drug trafficking organizations: We will investigate, prosecute and punish all those who manufacture and distribute illegal drugs for export to the United States," he said in a statement. ``There is no international safe haven for illegal narcotics traffickers."

The Bush administration estimates that 80 percent to 90 percent of cocaine on U.S. streets comes from Colombia, and that the FARC controls 70 percent of that country's drug trade to finance its insurgency.

Ruleville Chief Sentenced On Extortion Charge (AP)

AP, February 20, 2007

JACKSON, Miss. - A federal judge sentenced Ruleville police Chief Ronald Robinson to 2 1/2 years in prison Tuesday for trying to extort protection money from drug dealers.

Robinson agreed to plead guilty to extortion in an October plea deal that wiped out another extortion charge and four counts of attempting to aid in the possession of crack cocaine with the intent to distribute. He faced up to 20 years in prison and a $250,000 fine.

Robinson was sentenced by Chief U.S. District Court Judge Glen H. Davidson in Oxford, Assistant U.S. Attorney James Maxwell told http://www.clarionledger.com.

Assistant Police Chief Larry Mitchell, who was arrested on the same charges with Robinson, is scheduled for trial April 16 in Davidson's court.

The pair was arrested in August. Authorities said that from December 2003 to June 2006, Robinson and Mitchell, acting in their official capacities, conspired to extort cash payoffs in exchange for providing protection for alleged crack dealers and other people they believed to be distributing crack.

Robinson's Sentencing Scheduled (DDT)

Delta Democrat Times, February 20, 2007

RULEVILLE - Former Ruleville Police Chief Ronald Robinson could be given up to 20 years in prison today when he is sentenced in federal court.

Robinson is being sentenced today in connection to him and former Assistant Chief Larry Mitchell being arrested in August in connection to claims that the two officers extorted alleged criminals to avoid criminal charges.

Robinson, 46, and Mitchell, 33, were arrested on Aug. 4 in different locations near Ruleville by the Federal Bureau of Invesigation on federal drug and extortion charges.

The arrests were made in a joint effort by the FBI, the U.S. Drug Enforcement Administration, the Mississippi Bureau of Narcotics, the Mississippi attorney general's office and deputies from the sheriff's departments in Bolivar and Sunflower counties.

Their arrests came after a federal grand jury indicted the two in July.

The eight-count federal indictment charges that from December 2003 to June 2006, Robinson and Mitchell, acting in their official capacities, conspired to extort cash payoffs in exchange for providing protection for alleged crack cocaine dealers and other people Robinson and Mitchell believed to be distributing crack cocaine.

On Oct. 26, 2006, Robinson pleaded guilty to the federal charge of extortion in connection with his August arrest.

Assistant U.S. Attorney Jimmy Maxwell, who is handling the prosecution of the case, said Robinson is scheduled to be sentenced at 2 p.m. today in Oxford before United States Disrict Court Chief Glen H. Davidson.

Robinson pled guilty to count three of the federal indictment charging him with extortion.

Robinson admitted that while employed as Chief of Police of the Ruleville Police Department, he obtained a cash payoff of $3,000 to which he was not entitled, in exchange for not pursuing drug and gambling related charges against an individual and for providing protection for an indiviual that he believed to be distributing crack cocaine.

Maxwell said as part of Robinson's plea agreement, the remaning counts of the indictment revelant to Robinson “will be dismissed at the sentencing.”

Robinson and Mitchell now also face state charges in connection with their alleged actions as Ruleville's top lawmen.

State indictments against Robinson and Mitchell claim that the two officers extorted alleged criminals to avoid criminal charges.

Maxwell said that although Robinson “only pled to one count of the indictment, it will not affect his sentence.”

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Maxwell said based on Robinson's guilty plea, he now faces up to 20 years imprisonment, a $250,000 fine and up to three years supervised release.

As a result of Robinson's arrest and guilty plea, he has been released as the town's chief of police.

Mitchell remains on suspensioon from his position with the Police Department without pay pending the result of the investigation.

Mitchell has also maintained his innocence on the federal charges.

Maxwell said as a convicted felon, Robinson will no longer be able to possess a firearm.

Ruleville Police Chief Gets Prison Time (JCL)

Jackson Clarion Ledger, February 20, 2007

Ruleville Police chief Ronald Robinson has been sentenced to two-and-a-half years in federal prison after pleading guilty to extorting protection money from drug dealers.

Robinson was sentenced today by Chief U.S. District Court Judge Glen H. Davidson in Oxford, said Assistant United States Attorney James Maxwell.

Robinson's co-defendant, Assistant Police Chief Larry Mitchell, is scheduled for trial April 16 on the same charges in Davidson's court.

Oxycodone Ringleader Gets 20 Years (HL)

Herald-Leader, February 21, 2007

A Berea man who was the kingpin of a drug ring was sentenced yesterday to 20 years in federal prison in one of the largest prescription drug investigations in Eastern Kentucky.

Danny Clark, 51, was indicted in U.S. District Court in April along with other members of the ring including his brother Richard Clark, Marlene and Rufus Holmes, Samuel Duane Lawson and James Ellis Renner. Clark and others were arrested after a long-term investigation by Rockcastle and Laurel County Sheriff's deputies, London and Richmond police officers, Drug Enforcement Administration agents and the Kentucky State Police.

Clark pleaded guilty in October. He will pay a $1 million judgment as part of the plea.

Clark, according to the indictment and other court documents, was the leader of a drug ring that sold oxycodone and methadone from January 1998 through April 2006 mostly in Madison and Rockcastle counties.

As part of his guilty plea, Clark admitted to distributing more than 53,000 OxyContin pills, including 51,793 80-milligram OxyContin pills, which sell for $100 per pill. The street value for those drugs was more than $5 million. The DEA, Rockcastle County Sheriff, Richmond Police Department and state police used cooperating witnesses to purchase drugs from Clark and his associates, who admitted that they got the drugs from Clark, court documents show.

Richard Clark, Danny Clark's brother, died last year, and charges against him were dismissed. Lawson and Renner pleaded guilty to drug-related charges. Lawson was sentenced to 15 months, Renner was sentenced to eight years and three months. In January, Marlene Holmes was sentenced to five years in prison. Her husband, Rufus Holmes, was sentenced to seven years and three months.

During sentencing, according to the U.S. Attorney for the Eastern District, U.S. District Judge Danny Reeves said the Clark case was the largest prescription drug case he has seen in the federal court in London. Eastern Kentucky counties led the nation in per capita sales of prescription painkillers, a 2003 Herald-Leader investigation found.

IMMIGRATION:

Tougher Tactics Deter Migrants At U.S. Border (NYT)

By James C. McKinley Jr.

The New York Times, February 21, 2007

SAN LUIS RÍO COLORADO, Mexico — For 10 years, Eduardo Valenzuela has been crossing the border illegally near Yuma, Ariz., trekking over desert scrub and hopping a freight train to get back to his job with a construction company in Phoenix. The clandestine trip has become an annual ritual for him, as he goes home each winter to see his children.

But on a recent afternoon he and four travel companions from his hometown, Los Mochis, plopped down on a bench in a park in the border town of San Luis Río Colorado, exhausted and dispirited. They were beat. Border Patrol agents had caught them twice over three days, hounding them with helicopters and four-wheel-drive trucks.

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"It's become much more difficult," Mr. Valenzuela said, echoing the comments of dozens of other migrants. "Before, you just arrived here and then you walked a little and got the train. You used to see a border patrol agent every 10 kilometers. Now you see four of them where there was one. Think of it."

All along the border, there are signs that the measures the Border Patrol and other federal agencies have taken over the last year, from erecting new barriers to posting 6,000 National Guardsmen as armed sentinels, are beginning to slow the flow of illegal immigrants.

The only available barometer of the decline is how many migrants are caught. In the last four months, the number has dropped 27 percent compared with the same period last year, the biggest drop since a crackdown immediately after 9/11. In two sections around Yuma and near Del Rio, Tex., the numbers have fallen by nearly two-thirds, Homeland Security officials say.

"We are comfortable that this actually reflects a change in momentum," Michael Chertoff, the secretary of Homeland Security, said in an interview last week during his first official visit to Mexico City. "I'm always quick to say it doesn't mean we can declare victory. To some degree, I expect the criminal organizations or smugglers are pulling back a little, watching to see if we lose interest."

Some immigration experts said it was too early to tell if the enforcement efforts had caused a permanent downturn. In the past, tougher enforcement has only caused smugglers to seek new routes.

"It's the squeeze the balloon phenomenon," said Roberto Suro, the director of the Pew Hispanic Center in Washington. "Sometimes you can't tell where the bubble will come when you squeeze until later."

Nor can they rule out other factors, like a relatively cold winter on the border and Mexico's solid economic growth last year.

Border Patrol commanders say they see no explanation for the drop-off across the entire 2,000-mile border other than stiffer enforcement deterring migrants. The slackening flow, they argue, belies the conventional wisdom that it is impossible to stem illegal migration. Many veteran officers in the force are now beginning to believe it can be controlled with enough resources.

The new measures range from simply putting more officers out on patrol to erecting stadium lights, secondary fences and barriers of thick steel poles to stop smugglers from racing across the desert in all-wheel-drive trucks. The Border Patrol has deployed hundreds of new guards to watch rivers, monitor surveillance cameras and guard fences.

In the Yuma headquarters of the Border Patrol, for instance, Chief Ronald Colburn said that with the help of the National Guard the patrol had doubled the agents in his sector to about 900, extended the primary steel wall eight miles past the end of the Mexican town of San Luis Río Colorado, and constructed a vehicle barrier six miles beyond that. "It's the right mix, the right recipe," he said.

The federal government has also begun punishing migrants with prison time from the first time they enter illegally in some areas. For instance, along the 210 miles of border covered by the Del Rio office of the Border Patrol, everyone caught crossing illegally is charged in federal court and, if convicted, sentenced to at least two weeks in prison.

That is an enormous break with past practice, when most Mexican migrants were simply taken back to the border and let go. People from Central American countries were given a court date and released on their own recognizance. Few ever showed up.

In San Luis Río Colorado, the effects of the stepped-up patrols are apparent. A year ago, migrants thronged the town park and cheap motels, where guides, known as "coyotes" or "polleros" offered their services. Now the park is nearly empty. The smugglers are telling their charges to take a bus to a spot called El Sahuaro about 50 miles east of town. From there the migrants make a dangerous two-day walk through rocky canyons and barren desert to reach Interstate 8.

On the other side, Border Patrol agents say they are picking up about 100 people a day, rather than the 500 a day they handled a year ago. A year ago, the processing center in Yuma, where migrants are fingerprinted then shipped to the border, was mobbed. Now it is nearly empty most of the time.

Several migrants waiting their chance in San Luis cursed under their breath in Spanish when asked about the soldiers and beefed-up patrols. Some are indignant that the United States would treat them like enemies or criminals.

"It's harder and harder, and that's the reason why people are dying in the desert," said Miguel Pérez, a 24-year-old migrant from Guerrero State. "It makes no sense."

A year ago, a flood of immigrants from Central America was also overwhelming the border patrol in Del Rio and Eagle Pass, two small Texas towns on the Rio Grande. The migrants were taking advantage of a lack of detention space, which had led to the policy of giving them a hearing date and letting them remain in the country.

The result was bizarre: Central Americans would cross the river in droves in broad daylight, run up to Border Patrol agents and line up to be arrested, knowing they would be released and could then continue on their journey. More than 200 a day were arrested in Eagle Pass alone.

Agents at the processing center, never intended as a jail, were so busy feeding and fingerprinting migrants they had little time for patrolling, said Randy Clark, the agent in charge of Eagle Pass Border Patrol office.

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"It was a madhouse, literally a madhouse," he said, as he walked through the processing center, its empty cells covered in graffiti. "It's like night and day. Night and day."

Agent Clark and his colleagues attribute the reversal to two changes. First, the Justice Department gave Border Patrol agents the ability to deport most of the Central Americans more quickly, without a hearing before a judge.

Then, in December 2005, the federal government started prosecuting everyone the Border Patrol picked up for illegal entry, a misdemeanor that carries a penalty of up to six months in county, state and federal jails for a first offense.

On a recent morning, 78 immigrants shuffled into the federal courtroom of Judge Victor Roberto Garcia. The migrants were shackled around the feet and hands as if they were dangerous criminals.

Once in court, the judge conducted an unusual mass hearing in which all the migrants — represented by a single lawyer — agreed to waive their right to a trial and pleaded guilty to illegal entry. The judge gave the first-timers 15 days in jail, but he handed out sentences of 120 or 180 days to those who had been deported in the past.

One Honduran woman, Gloria Machado-Lara, had been deported just a month before, but tried to slip in again with her husband, Freddy Rosales Díaz, in early February. The judge looked dumbfounded.

"Just last month they sent you back?" he said. "You understand that's why you have to go to jail."

Head lowered, she said, "Forgive me." He gave her and her husband 120 days.

Though it seems cruel to many migrants, the zero-tolerance policy appears to be working, Border Patrol commanders say. Along the river the Del Rio sector patrols, arrests are a third of what they were a year ago, only about 35 a day. In the meantime, drug seizures have doubled, as more agents have been freed up to patrol.

"Word is getting around out there that if you cross in this area and get apprehended you are probably going to go to jail, and that is a deterrent," Sector Chief Randy Hill said.

Yet across the river in Ciudad Acuña, where migrants arrive bewildered and penniless every afternoon after serving their prison sentences, several said they had no idea they ran the risk of jail. The smugglers they hired never told them.

One of the migrants was a 51-year-old plumber from Acámbaro, Guanajuato, who asked that his name not be used because he was ashamed of the criminal conviction. He said he was trying to get to San Antonio, where a friend had promised to get him a job at a water park.

He needed more money, he said, to pay his son's college tuition. He had never set foot in a jail before.

But he acknowledged that the stint in jail had persuaded him not to try again, even if his son must drop out. "No way," he said, shaking his head.

Memo May Be Basis For New Trial Of Agents (SBS)

San Bernardino Sun, February 21, 2007

Defense attorneys for two former El Paso, Texas, area Border Patrol agents convicted of shooting a Mexican drug smuggler will ask for a new trial based on evidence they say wasn't provided to them in court.

Mary Stillinger, co-counsel for former Border Patrol agent Ignacio Ramos, said an April 12, 2005, Department of Homeland Security memo was never provided to them.

The memo - written by Christopher Sanchez of the department's Inspector General's Office acknowledged that all nine agents at the scene, including two supervisors, knew about the shooting, heard about the shooting and covered up the shooting.

Shana Jones, special assistant to U.S. Attorney Johnny Sutton for the Western District of Texas, whose office prosecuted the case, said that prosecutors will continue to challenge any questions on appeal.

"Both supervisors testified at trial as well as other witnesses that they were not present when agents Compean and Ramos were shooting at the fleeing alien," Jones said.

"Additionally, radio traffic confirms their testimony that they were not there at the time of the shooting. With regard to legal questions, we have litigated those at trial and will continue to litigate those legal questions on appeal."

Only Ramos and fellow former agent Jose Alonso Compean were charged in the case.

"I confirmed with all other trial counsel, and we concurred that the document was never disclosed to us," Stillinger said. "If we had that document we would've used it."

Ramos and Compean were convicted in March for shooting Osbaldo Aldrete-Davila on Feb. 17, 2005, in the left buttock as he fled to Mexico.

Aldrete-Davila, who allegedly smuggled about 700 pounds of marijuana from Mexico into the U.S. that day, received immunity from prosecution to testify against the agents.

Ramos and Compean, who are in federal prisons, have appealed their case to the 5th U.S. Circuit Court of Appeals in New Orleans.

Stillinger also has filed a sealed motion with the appellate court for bond pending appeal.

However, Andy Ramirez, chairman of the Chino-based Friends of the Border Patrol, said that the Compean family had the document since the trial began. Compean's wife Patty said the attorneys had the document since 2005 and may have overlooked it.

"I hope that the memorandum was just overlooked," Patty Compean said.

Stillinger, however, said the four defense attorneys working the case did not see the memorandum.

Both agents said that the other agents and supervisors who were involved in the incident knew about the shooting. That assertion was backed up by the memo written by Sanchez.

Regarding the memo, Stillinger said, "either the Office of Inspector General withheld it from the prosecution or the prosecution withheld the document from us."

The memo is not an admissible part of Ramos and Compean's appeal because it was not part of the original trial, Stillinger said.

A new trial, however, may be possible if the district court believes the memorandum would have made a significant difference in the outcome of the case, she added.

"We would have to file for a new trial with the original court," Stillinger said. "The court would look to see is this something that we did not get in the past? Is it something that should be given to us? And is this material evidence?"

Policy Supports Agents (DB)

Daily Bulletin, February 20, 2007

Two convicted former El Paso Border Patrol agents accused by the U.S. Attorney of not filing a report when they shot a Mexican drug smuggler were prohibited by their own agency's firearms policy from doing so, according to documents obtained by the Daily Bulletin.

Meanwhile, the government made public Monday its response to Border Patrol Agent Ignacio Ramos' October motion to reduce his sentence.

The response contends that Ramos and fellow agent Jose Alonso Compean knowingly shot an unarmed suspect, filed a false report, and that supervisors were not notified.

Attached to the motion were domestic violence arrest reports regarding three disputes Ramos had with his wife, Monica. Those documents were not admissible during the agents' trial. Ramos was not charged with a crime stemming from the incidents.

Ramos and Compean were convicted last spring for shooting Osbaldo Aldrete-Davila, a Mexican drug smuggler, in the buttocks on Feb. 17, 2005. The agents are now serving 11 and 12 years, respectively, in federal prison.

The agents were convicted partly due to the government's successful argument at trial that the two men failed to file a report about the shooting.

But U.S. Border

Advertisement

Patrol firearms policy specifically states that agents are prohibited from filing a report if a shooting incident takes place and that only an oral report to supervisors is required.

"Ensure that supervisory personnel or INS investigating officers are aware that employees involved in a shooting incident shall not be required or allowed to submit a written statement of the circumstances surrounding the incident," according to the firearms policy.

"All written statements regarding the incident shall be prepared by the local INS investigating officers and shall be based upon an interview of the INS employee."

INS refers to the Immigration and Naturalization Service, which oversaw the Border Patrol prior to the creation of the Department of Homeland Security. The shooting policy has remained unchanged.

Department of Homeland Security Office of Inspector General documents obtained by the paper show that all nine agents on the scene at the time of the shooting - including two supervisors - knew shots had been fired.

Oscar Garcia, El Paso Border Patrol Union representative with Local 1929 and a firearms instructor, said that the Report of Apprehension or Seizure filed by Compean and Ramos on the day of the incident was accurate. Garcia stated that the agent's omission of the shooting in the drug seizure report followed firearms policy.

"Our own policy prohibits them from filing any report on the shooting incident," Garcia said. "The U.S. Attorney's assertion that they covered up the incident by not filing a report is ridiculous."

Johnny Sutton, the U.S. attorney for western Texas whose office prosecuted the case against the agents, contends the agents didn't report the shooting to supervisors who arrived on scene and knowingly lied about the incident.

"Ramos did not mention the shooting, and said nothing about the suspect having a weapon," Sutton said in an Aug. 11 press release.

Sutton was not immediately available for comment on Monday.

Both agents, however, told the Daily Bulletin the other agents and supervisors on the scene that day knew about the shooting, an assertion echoed in a Department of Homeland Security Office of Inspector General memorandum written March 12, 2005, by Christopher Sanchez, an investigator with the Office of Inspector General.

"Investigation disclosed that the following Border Patrol agents were at the location of the shooting incident, assisted in destroying evidence of the shooting, and or knew/heard about the shooting: Oscar Juarez, Arturo Vasquez, Jose Mendoza, David Jaquez, Lance Medrano, Lorenzo Yrigoyen, Rene Mendez, Robert Arnold, and Jonathan Richards," Sanchez wrote.

Arnold and Richards were the two supervisors on the scene that day.

Richards was given a promotion shortly after the incident and testified against the agents. Agents Vasquez, Juarez and Jaquez were given immunity from prosecution to testify against Ramos and Compean.

The prosecution's objection to Ramos' motion to reduce his sentence, which was released Monday, goes against what was reported by the Office of Inspector General and contends the two former agents covered up the shooting on their own.

According to Assistant U.S. Attorney Debra Kanof, who prosecuted the agents and wrote the motion, some of the least credible evidence was when Ramos and Compean walked away from the scene.

"Instead of fulfilling (Ramos') duties as an agent and as a member of the response team, he walked side by side with Compean, who according to Compean's own testimony, bent down at least nine times to pick up his own spent casings."

Kanof also states in her response that Ramos never mentioned until the trial that he thought his life or Compean's was in danger, or that they thought the smuggler had a gun.

Ramos chose not to speak to investigators until his attorney was present, he told the Daily Bulletin. Compean, however, did wave his right to counsel and discussed the incident with investigators from the Office of Inspector General.

Contrary to Kanof's statement, several memorandums written by Sanchez, the investigating officer, attest that Compean believed his life was in danger.

"Compean said that he began to shoot at Aldrete-Davila because of the shiny object he thought he saw in Aldrete-Davila's left hand ... Compean explained that he thought that the shiny object might be a gun and that Aldrete-Davila was going to shoot him because he kept looking back at him as he ran away."

TAX:

Rapper Can't Evade Tax Charge (BOSH)

By Laurel J. Sweet

Boston Herald, February 21, 2007

A federal judge refused to dismiss tax-evasion charges against a controversial Hub hip-hop artist on the opening day of his trial yesterday simply because the rapper's accountant was singing to the FBI and IRS about his alleged shenanignans.

Lawyers for Ray "Benzino" Scott, 41, former co-owner of the hip-hop magazine The Source, argued in court papers, "There is something fundamentally wrong with the government employing (Scott's) controller to gather evidence of other crimes at the very same time the controller is ostensibly putting together the information necessary to prepare (Scott's) tax returns."

But U.S. District Court Judge Rya W. Zobel sided with federal prosecutors, who called Scott's eleventh-hour bid "far from candid."

The informant, George Moore, handled finances for The Source. On at least one occasion when he was secretly recording a conversation with Scott, telling him he had to file taxes, Scott hung up, according to prosecutors.

Moore assisted with the government's investigation of Scott from 2001 to 2002, but was never paid, prosecutors insist.

Scott's struggling musical acts have included Made Men and the Almighty RSO. Best known for the anti-police rap "One in the Chamba," he stands accused of failing to file tax returns for 1999 and 2000, despite pulling down six-figure incomes both years.

The former Easton resident had a well-publicized feud with Eminem after he accused the white rapper of making it hard for black artists to break into the mainstream.

The Source's board of directors dropped Scott and co-founder Dave Mays last year amid allegations of financial mismanagement. The longtime friends have since launched a competing publication, Hip Hop Weekly. Scott plans to call Mays as a witness.

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CONGRESS-ADMINISTRATION:

Bush Presses Case For Health Plan (MRKTWTCH)

By William L. Watts

Market Watch, February 21, 2007

Faced with a growing chorus for some type of universal healthcare coverage, President Bush met with insurers Tuesday to argue his case for changing the tax code in a bid the White House says will make health insurance more affordable for many Americans.

"I discussed my health care plan that would ... equalize the tax code so that the individual would be more likely to be able to purchase a plan, because I believe a good health care system is one that rewards the consumer, encourages the consumer, and makes sure the consumer has got the capacity to make viable choices," Bush said following the White House meeting with CEOs, including the top executives at Aetna Inc., Cigna, EHealth Inc. and Wellpoint Inc.

Bush, in his State of the Union address last month, outlined a plan that would significantly alter the tax treatment of employer-provided health benefits. Under current law, such benefits are provided to the employee tax-free. Under Bush's plan, all workers would receive a standard deduction of up to $15,000 for married couples and $7,500 for individuals for health insurance.

"If you buy health insurance on your own, you pay much more after taxes than if you get it through your job," Bush said in his weekly radio address on Saturday.

Backers say the measure would create a more level playing field between workers with employer-provided health care and workers who buy their own health insurance. Opponents say the plan would prompt employers to ditch health-care plans while doing little to reduce the number of uninsured.

Democratic leaders have said the Bush plan has little chance of advancing legislatively.

While not endorsing Bush's proposals, a bipartisan group of 10 senators last week sent the White House a letter calling on the president to work with them on a major health-care overhaul.

"We disagree with those who say the Senate is too divided and too polarized to pass comprehensive health care legislation. We disagree with those who believe that this issue should not come up until after the next presidential election," said Sen. Ron Wyden, D-Ore., in a response to Bush's Saturday radio address.address.

Bush's Pallid Health-Care Proposal (BSWK)

By Robert Greenstein And Edwin Park

BusinessWeek, February 21, 2007

President George W. Bush recently proposed major changes in the way the tax code treats health insurance. It's a welcome development that the President has placed this issue on the table. Unfortunately, his plan is unlikely to significantly reduce the ranks of the uninsured, in part because it isn't targeted at the people who can least afford coverage. Moreover, the plan could cause many people in poor health to lose coverage by weakening the employer-based health system—the source of most Americans' health insurance—without putting a viable alternative in its place.

Today, employer-sponsored health insurance is exempt from taxes. This exemption is worth the most to high-income people because they often have more extensive coverage and they pay taxes at higher rates. But low- and moderate-income people, who have more difficulty affording health insurance, get only a modest tax break (if any) because they either pay taxes at low rates or owe no income tax. And people who don't have employer-based insurance generally get no help at all.

Under the President's plan, anyone who has employer-based coverage would have their taxable income increased by the amount that their employer pays for their health plan. However, they would be allowed to claim a standard deduction of $7,500 for single coverage or $15,000 for family coverage, starting in 2009. People who buy insurance through the individual market could claim the same standard deduction.

Further, if an employer's contribution is less than the standard deduction, the employee's taxable income—and thus their tax bill—would go down. If their employer's contribution exceeds the standard deduction, they'd owe taxes on the difference.

There are three basic problems with the President's plan:

1. Most of the uninsured would receive only modest help. About half of uninsured Americans wouldn't receive an income tax break from the plan because they don't owe federal income taxes. Their payroll taxes would decline under the plan, but that would generally be offset by reduced Social Security benefits when they retire (because those benefits are based on the amount of wages subject to the payroll tax).

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Nearly all of the remaining uninsured are in the 10% or 15% tax brackets, so their tax benefits would be modest—usually not enough to enable them to afford health coverage, especially if they have medical problems. The President's own estimates indicate that the new standard deduction would shrink the number of uninsured, currently nearly 47 million, by only about 3 million. Some analysts expect even smaller gains.

2. The plan would weaken employer-based coverage. While highly imperfect, the employer-based health system is the principal means for "pooling" healthy and sick workers together, so that insurance is affordable for those in poor health. Pooling allows insurers to offset the high cost of covering sick people with the low cost of covering healthy people, keeping premiums at more manageable levels for everyone.

Currently, the tax system supports this pooling mechanism by giving a tax exemption for employer-sponsored coverage. The President's plan would eliminate this tax advantage by allowing people to claim the standard deduction whether they get their coverage through their employer or on their own. As a result, some employers—particularly smaller organizations—would have an incentive to stop offering health insurance to their employees, assuming that workers could use the deduction to purchase coverage in the individual market.

For many workers, especially those in poor health, that would be a dubious assumption. In most states, insurers in the individual health insurance market vary premiums according to a person's health. For people with medical problems the insurers often charge very high amounts, refuse coverage for the conditions they have, or refuse to cover them altogether. Workers in poor health whose employers drop coverage as a result of the President's plan could find themselves unable to secure adequate or affordable coverage on their own. Many could end up uninsured.

3. The plan provides no viable pooling alternative to employer-based coverage. The President's staff has acknowledged that many unhealthy people would probably be unable to use the standard deduction to find coverage in the individual market. To address this concern, the President would allow states to redirect some existing federal funds from public and charity hospitals that care for the uninsured, to state initiatives like "high-risk pools," which provide coverage to people unable to purchase insurance in the individual market because of their health status.

High-risk pools have proven ineffective, however, because they don't pool sick people with healthy people, but with sickly people who cost even more to insure. To keep the cost of these pools from spiraling out of control states have had to limit enrollment, set premiums at very high levels, and scale back the coverage they provide. That makes high-risk pools a very poor alternative to employer-based coverage.

In sum, the President's plan would weaken employer-based coverage without providing an alternative to pool risk, such as allowing people to "buy into" Medicare or the health plan used by Congress and federal workers. That's not a step toward the health care reform this country needs.

Greenstein is executive director of the Center on Budget and Policy Priorities. Park is a senior health policy analyst at the Center on Budget and Policy Priorities.

Many Americans Don't Trust Leaders To Reform Health Care, Poll Finds (WSJ)

The Wall Street Journal, February 21, 2007

Nearly half of Americans don't trust President Bush to reform the nation's health-care system, a new Wall Street Journal Online/Harris health-care poll found.

When asked much they trust the president to come up with good policies for improving and reforming the U.S. health-care system, 49% said "not at all," while 16% said "not much," according to the online survey of 2,482 U.S. adults. By comparison, 18% said they trust Mr. Bush "to some extent" and only 9% trust him "a great deal" on the issue. The survey was conducted Feb. 7-9.

The survey found more confidence in Democrats than Republicans. Fifty percent said they trust Democrats on the issue "a great deal" or "to some extent," up from 45% in a survey conducted last year1. In contrast, 28% of people in the latest poll said they trust Republicans "a great deal" or "to some extent," compared with 31% last year.

Among potential presidential contenders, 48% said they trust Democratic Sen. Hillary Clinton on the issue a great deal or to some extent, while 45% said the same about Democratic Sen. Barack Obama, 34% about Republican Sen. John McCain and 19% about Republican Mitt Romney, the former governor of Massachusetts.

Group To Protest Bush Visit To Chattanooga (CHA)

Chattanoogan, February 20, 2007

A group opposed to the war in Iraq will protest during President Bush's visit to Chattanooga.

But the Hamilton County Republican Party was urging a turnout of support for the President.

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Connie Weathers, county GOP chairman, said, "Bring your friends and family to come show your support for our President beginning at 10 a.m. outside the Trade Center. Bring your flags and red, white and blue!"

The protest site is at the sidewalk of Carter Street across from the Convention Center.

The president is set to fly into the Chattanooga Metropolitan Airport on Air Force One Wednesday morning.

He is due to make about a 20-minute tour of Erlanger Medical Center prior to going to the Convention Center. There he will hold a "conversation on healthcare initiatives."

The events are not open to the public.

It was announced Tuesday night that Gov. Phil Bredesen will join President Bush in Chattanooga on Wednesday "for several events that will focus on expanding healthcare options for the uninsured."

His office said Gov. Bredesen will greet President Bush at Chattanooga Metropolitan Airport, and will proceed with the President to Erlanger Medical Center for a tour of the facility. The governor will then travel with the President to the Convention Center to participate in a conversation on healthcare initiatives.

Also set to be in the entourage are Sen. Lamar Alexander, Sen. Bob Corker and Rep. Zach Wamp.

UTC student Matthew Pullen said he expects 30-50 protestors at a minimum for the protest.

He said in an email, "Try to think of it as just one of the few days out of the year you can speak out, especially in the President's presence.

"Of course, none of us expect that this will reverse the War in Iraq or reform healthcare, but what we CAN hope for is that it will show lawmakers, candidates, and Bush himself that there are concerned

citizens here. We will speak up, we will show that we respectful dissent.

"Hopefully, this protest will take some wind out of the sails of President Bush's speech on healthcare he is giving in Erlanger."

He urged group members, "Please keep it peaceful and quiet. The last thing we need is any trouble to diminish our point. Keep signs clean, keep chanting/yelling/ singing to a minimum, etc. We want to show that we are a peaceful public group."

Airport officials said there will be no public access to view either the President or Air Force One from the airport on Wednesday.

There will be minimal delays on commercial air traffic, if any, it was stated.

Officials said all services provided by the Chattanooga-Hamilton County Health Department will operate under normal business hours on Wednesday. However, some streets around the Health Department will be closed.

During the President's visit to Erlanger, Health Department clients, business partners, and visitors can access the Health Department entrance by the following route:

From the east, take a right onto Central Avenue, which turns into Blackford Street. Blackford Street runs behind Erlanger Hospital and ends at the Health Department. Health Department clients, business partners, and visitors can park in the parking garage behind the Health Department.

From Amnicola Highway or downtown, take McCallie Avenue and turn left onto Central Avenue. Follow Central Avenue to Blackford Street. Blackford Street runs behind Erlanger Hospital and ends at the Health Department. Health Department clients, business partners, and visitors can park in the parking garage behind the Health Department.

The circular driveway behind the Health Department is also available for client or service drop-off.

The Health Department is available to answer questions about the continuation of services on Wednesday or to help direct clients to our entrance. Please call (423) 209-8000 for more information.

Medicare Benefit Appears To Slow Spending Growth On Drugs (WP)

By Christopher Lee

The Washington Post, February 21, 2007

Federal number crunchers said yesterday that the new Medicare drug benefit appears to be slowing the growth in national spending on prescription medicines because the drug plans are negotiating lower prices with drug companies.

But the analysts also forecasted that overall health-care spending would continue to rise and would account for nearly 20 percent of the economy -- or more than $4 trillion a year -- by 2016. In contrast, health-care spending was about $2.1 trillion in 2006, accounting for about 16 percent of the economy. In 1985, it was just over 10 percent.

The findings provide new fuel for the debate about whether Medicare could get better drug prices if the government negotiated with pharmaceutical companies. Many Democrats in Congress say it would, and the House has already passed legislation requiring the government to use its negotiating muscle. President Bush maintains that the current system achieves the best prices, and he has threatened a veto.

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The figures are being published today by actuaries and economists at the Centers for Medicare and Medicaid Services (CMS) in the journal Health Affairs. The figures cited in the study for 2006 are forecasts as well because data are not available yet, federal officials said.

Karen Davis, president of the Commonwealth Fund, a nonprofit research institution, said the projections show that the United States still has a serious problem with rising costs despite a slowdown in health-care spending growth in recent years.

"The cost problem isn't solved," Davis said. "In the 1990s we thought managed care was the solution. In the 2000s we thought consumer-driven health care and higher deductibles for patients was the solution. Now, when you look at these numbers, you realize we've got to get serious about transforming the health-care system."

Analysts said they expect to see that spending on prescription drugs rose more slowly in 2006 because of the Medicare Part D drug benefit that began last year. In the program, private insurers negotiate prices with drug companies as they compete to attract Medicare beneficiaries.

That has helped hold down prices even as more seniors are able to get drugs, John A. Poisal of the CMS said in a briefing. National spending on prescription drugs was expected to rise to $214 billion in 2006, from $201 billion in 2005. But that increase is 0.4 percentage points less than it would have been without the new drug benefit, he said.

Several national polls have shown that a majority of the public believes government negotiations would hold down drug costs even more. A survey of 1,000 adults released yesterday by AARP, for instance, found that 87 percent of respondents -- including majorities of Democrats, Republicans and independents -- supported allowing the government to use its bargaining power.

Health Costs To Nearly Double In A Decade (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, February 21, 2007

WASHINGTON — Healthcare spending in the United States will nearly double over the next decade to $4.1 trillion in 2016, government economists said today, prompting concern that Americans cannot keep paying for cost increases that outstrip the growth of the economy.

The healthcare bill will average $12,782 for every man, woman and child in 2016, an increase from $7,498 this year, said the report, published online by the policy journal Health Affairs. Healthcare costs will account for nearly 20 cents out of every dollar Americans spend in 2016, up from about 16 cents today.

And by 2016 — even before most baby boomers retire and become Medicare recipients — federal, state and local government will be picking up nearly half the national healthcare tab, putting pressure on Congress to curb benefits, raise taxes or both.

"This is really the key issue for the fiscal future of the nation," said Robert L. Bixby, executive director of the Concord Coalition, a private group that promotes reducing the federal deficit. "If healthcare costs continue to drift up — unless you dramatically raise taxes — you will have healthcare pushing out everything else government does. Nobody can say exactly when you reach a point that it's unsustainable, but you can look at something and say it's unlikely."

The report by the government's Centers for Medicare and Medicaid Services follows a recent private study concluding that the United States spends far more on healthcare than other advanced countries, with no measurably better result.

Even after adjusting for greater disposable income here, the report by the McKinsey Global Institute, a private economic think tank, found that costs in the U.S. were $1,645 per person higher than in countries such as the United Kingdom and Germany. It attributed the excess costs to higher administrative expenses, drug prices, doctors' incomes and other factors.

"Most components of the U.S. healthcare system are economically distorted," the report said, adding that "no single factor is … the silver bullet for reform."

The new federal cost report, prepared by government statisticians, deliberately steered clear of policy recommendations. But its authors warned of a growing possibility "that we will have to make important sacrifices to pay for healthcare" and a need for "constant assessment of the value we associate with our healthcare investment."

Core healthcare costs such as hospital care and doctors' services are expected to rise at relatively modest rates of 6% to 7% a year over the coming decade, the report found. The problem, according to the authors, is that those rates are 1 to 2 percentage points higher than the growth forecast for the overall economy.

"That is a very significant point," said Ron Pollack, executive director of Families USA, an advocacy group that supports coverage for the nearly 47 million people in America who are uninsured. "As healthcare spending increases faster than earnings, it means more and more people will find healthcare unaffordable and join the ranks of the uninsured and underinsured."

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The report also marks the first time that such long-range cost estimates take into account the Medicare prescription benefit launched last year. The benefit is administered through private insurers — a feature that many Democrats consider wasteful, arguing that Medicare could get lower prices by negotiating directly with drug companies.

The report's verdict on the drug benefit was mixed.

Overall, it found that the private plans had done a good job of obtaining discounts from manufacturers, helping hold down spending growth even as more seniors were buying medications. But it also found that Medicare's discounts are not as deep as those available under the Medicaid program, which does not rely on private intermediaries.

More significantly, the report found that the Medicare drug benefit has led to a dramatic shift in who pays the bill for drugs. Government is now picking up about 40% of the national tab, compared with 28% in 2005, before the benefit went into effect. That could become a problem because the prescription program lacks its own stable source of long-term financing.

"As the nation moves from more traditional sources of insurance … to more federal and state-provided healthcare, we will continue to face tough questions about how we finance our healthcare bill," said John A. Poisal, the report's lead author.

Roberts Launches Opposition To Bush's Health-care Proposals (WE)

By John Hanna

The Wichita Eagle, February 21, 2007

TOPEKA - Republican Sen. Pat Roberts is working with a Democratic colleague to block some of President Bush's budget proposals for social services, suggesting those recommendations could amount to "rationing health care."

The Kansas senator said Monday that he doubts Bush's proposals enjoy much support, so he would like Congress to avoid a lengthy back-and-forth before providing additional funds for the Medicare and Medicaid programs. He's most concerned about payments to hospitals that provide services to the programs' participants.

Bush's proposals are designed to save $76 billion over five years in Medicare, the program that provides medical services for the elderly. They also would trim $25 billion from Medicaid, the medical program for low-income people. They've already received strong criticism from Democrats.

Roberts was in Topeka to discuss health care issues with the chief executives of 15 northeast Kansas hospitals. His visit was among a week's worth of events scheduled statewide.

He and Sen. Blanche Lincoln, D-Ark., are drafting a letter to the White House and the chairman and ranking Republican on the Senate Budget Committee, asking them to protect hospital payments.

"Health care programs are under a lot of pressure," Roberts said after meeting with the hospital chief executives. "What we end up doing is basically rationing health care, and that's not right."

Roberts said he anticipates 20 to 30 senators will sign his letter to the White House and the Budget Committee leaders. He said he doesn't want the debate this year to follow the pattern of previous budget debates.

"We usually discuss this for a full year in a session of Congress, and then we come up with an emergency supplemental," he said. "My goal will try to be to not go through that and to restore the funding."

He said squeezing Medicare and Medicaid can lead to more costs. For example, he said, if Congress reduces the number of people who receive rehab services after a serious accident, some end up back in the hospital.

Employer Groups Take Aim At Part Of Medical-leave Law (HILL)

By Jessica Holzer

The Hill, February 21, 2007

Employer groups are trying to persuade the Bush administration to restrict the illnesses that qualify under the Family and Medical Leave Act (FMLA) and make it less tempting for workers to take sporadic time off under the law.

Passed in 1993, the FMLA requires businesses with at least 50 employees to give 12 weeks' unpaid leave to workers for the birth or adoption of a child or in the case of their own or a close family member's sickness.

Employers say they have no qualms with the portion of the law that allows employees leave to care for a new child.

Rather, they claim that weaknesses in the law and the regulations handed down since it was passed have spawned rampant abuse by shirkers and headaches for managers in charge of approving and tracking leave.

"This isn't about taking away FMLA rights to mothers and newborns. But there are a lot of areas where there are challenges and we think it needs to be looked at," the director of government affairs for the Society of Human Resource Management, Mike Aitken, said. The group is one of about 50 employer organizations, including the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce, that have formed the National Coalition to Protect Family Leave to petition the Department of Labor to change the FMLA.

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More than 50 million Americans have taken advantage of FMLA protections in the 14 years since it was passed. But the business community has long opposed aspects of the law. Parts of the act have been litigated scores of times and stricken down by courts, including the Supreme Court.

This latest push by employers to modify the FMLA comes on the heels of a Department of Labor (DoL) request in December for public comment on the law and just after Sen. Chris Dodd (D-Conn.), one of its original architects, introduced a bill Feb. 1 to expand the act. His legislation would ensure six weeks' paid leave under the FMLA, to be funded by the federal government, the employer and the employee.

Last month's DoL request for comments on the FMLA sparked worries among proponents that the administration would water down the act.

"We have significant concerns that this is a first step in a process that will lead to a substantial weakening in the FMLA protections," Jocelyn Samuels, vice president in charge of education and employment at the National Women's Law Center, said.

The comment period ended on Friday, Feb. 16. The DoL said it would review the more than 100 comments filed in the coming weeks but said it wasn't wedded to proposing any changes.

"The next step for us is to review the record. Whether that results in a rule or a proposed rule I do not know and it would be very premature to suggest that that will happen at this point," the assistant secretary of the department's Employment Standards Administration, Victoria Lipnic, insisted.

One major beef employers have with the law is a 1996 DoL regulation that qualifies a host of minor illness for FMLA protection that they believe should be addressed by companies' regular sick leave policies.

Under the rule, earaches, upset stomachs or common colds meet the criteria for a "serious health condition" under the FMLA as long as the worker is incapacitated for at least three consecutive days and is following a treatment regimen, such as taking prescription drugs.

Another big gripe is unplanned, intermittent leave, which employers complain wreaks havoc on production schedules. Workers may use FMLA leave sporadically throughout the year and without advance warning as long as they have a doctor's note on file certifying a chronic condition. The widespread use of such leave has fed the suspicion among employers that workers are abusing the system.

"It's 'Oh, I want to go fishing' or 'Oh, the Yankees are in town today,'" the director of human resources policy at the NAM, Jason Straczewski, said. He added that NAM's members had no problem with workers taking intermittent leave for a serious medical condition or for scheduled treatment such as chemotherapy.

To crack down on any abuse of intermittent leave, employer groups want to increase the increments of time with which workers can take leave under FMLA. A DoL regulation currently forces businesses to account for leave "to the shortest period of time that the employer's payroll system uses," which can be as small as six minutes for some businesses.

Employers argue this invites absenteeism and tardiness. Increasing the increment "might require the individual to really think, 'Is this really a situation that should prevent me from going to work?'" Aitken argued.

Employer groups also want the DoL to require workers to update their medical certification for intermittent leave periodically, permit managers to contact an employee's doctor about a chronic condition and streamline the paperwork required to comply with the law.

They said they are trying to improve, rather than dismantle, the law.

"We are not trying to repeal this law. We are not trying to gut the regulations. What we are seeking is clarity and simplicity," the director of labor law policy at the U.S. Chamber of Commerce, Marc Freedman, said.

Bush Friends, Loyal And Texan, Remain A Force (NYT)

By Sheryl Gay Stolberg

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Israel Hernandez was a fresh-faced college graduate from the Texas border town of Eagle Pass in the summer of 1993 when he landed a job in Dallas as the personal aide to the part-owner of the Texas Rangers George W. Bush.

Together, they spent months driving the dusty back roads of the Lone Star State to promote the team, Mr. Hernandez behind the wheel of Mr. Bush's Lincoln Town Car.

"He would speak to a rotary or chamber and say, 'You need to come to the ballpark and we'll make it Athens, Texas, Day. We'll put you in your own special section; we can say 'Welcome Athens, Texas,' on the big screen; you can come to batting practice, '' Mr. Hernandez recalled.

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Today, after nearly 14 years in Mr. Bush's employ, with a short break to get a master's degree, Mr. Hernandez, 37, travels the world promoting free trade as an assistant secretary of commerce. From his sun-drenched corner office, with its sweeping view of the Washington Monument, he can sit at his desk and watch the presidential helicopter, Marine One, ferry around the man to whom he owes his career.

"In many ways," Mr. Hernandez said of Mr. Bush, "I feel like I have grown up with him."

He is not the only one. Six years into Mr. Bush's presidency, the corps of loyal Texans who accompanied him to Washington from Austin remains a powerful force inside the administration, a steady source of comfort for an increasingly isolated president. No matter how grim the polls or dire the news in Iraq, they have stood by Mr. Bush — and been rewarded with plum jobs — as their lives have grown increasingly intertwined with one another's and with his.

"We've gotten married, gotten remarried, had babies," said Margaret Spellings, who was a single mother with two children when she followed Mr. Bush to Washington and has since been promoted from a domestic policy adviser to secretary of education. "I remember the Bush twins when they were just little squirts."

To hear these people talk about the president is to meet a man many Americans have either forgotten or no longer recognize. Their George W. Bush is the compassionate conservative who helped soften the harsh image of the Republican Party, a man who chokes up at going-away parties, as he did last year for Andrew H. Card Jr., his departing chief of staff; a man unafraid of giving promotions to openly gay people, as he did with Mr. Hernandez, and who always remembers to ask how the family is.

"There's a lot of devotion to George Bush the person," said Clay Johnson, a prep school buddy of Mr. Bush who is now a deputy director of the Office of Management and Budget.

Like another Bush devotee, the first President Bush, these Texans are increasingly angry at criticism leveled at him. Karen Hughes, the communications adviser who famously went back to Texas when her teenage son grew homesick but has since returned as an under secretary of state, says she is tired of seeing Mr. Bush treated as a "caricature."

Mr. Johnson says the most painful accusation is hearing Mr. Bush called a liar.

"I said, 'How in the world can you be considered a liar by some?' " Mr. Johnson said, recounting a conversation with Mr. Bush. "I mean, there are bumper stickers about lying. It's just incredible.' And he said, 'Well, you've just got to get used to it. Because that's what we have here.' "

Every president has his kitchen cabinet, the intimate and informal circle of friends and advisers who typically wind up with high-placed jobs. John F. Kennedy installed his brother Robert at the Justice Department. Ronald Reagan brought Edwin Meese III and Michael K. Deaver from California. Jimmy Carter had the so-called Georgia Mafia: Jody Powell, Hamilton Jordan and Bert Lance.

But in a White House that prizes loyalty, the Texans stand out, in number, influence and discretion. Those who have left remain supportive even if they have been nudged out the door, as in the case of Harriet E. Miers, the former White House counsel.

"Loyalty and friendship" is one explanation, said Dan Bartlett, counselor to the president, who has spent 13 years — nearly his entire adult life — with Mr. Bush. Another explanation, Mr. Bartlett said, is the war in Iraq, which "lengthened a lot of people's stay."

Scholars say Mr. Bush has been more strategic than most presidents in sprinkling loyalists throughout the administration. Paul C. Light, an expert in public service at New York University, says it has created an "echo chamber" in which the president gets advice he wants to hear.

"It's like these are George Bush's political children that he's raised from infancy," Mr. Light said. "They're incredibly loyal, and they're also likely to tell him what he thinks, and that's what we've seen as the big weakness in this administration."

The Texans, not surprisingly, disagree; they say their closeness to Mr. Bush frees them to be candid.

Mr. Bartlett, 35, knows the president better than most. His job during Mr. Bush's first campaign for Texas governor was to research the candidate's background, and he is today a kind of walking presidential biographer, with details crammed into his brain of Mr. Bush's triumphs but also his travails, including his National Guard Service and his arrest for drunken driving in 1976.

"I dealt with him directly at a very young age," Mr. Bartlett said. "I don't even think twice about telling him what I think."

The Texas circle includes three cabinet officials — Ms. Spellings, the education secretary; Attorney General Alberto R. Gonzalez; and Alphonso R. Jackson, the secretary of housing and urban development — as well as some of the best-known names in Washington: Karl Rove, the chief political strategist, Mr. Bartlett and Ms. Hughes.

There are also lesser-knowns. Mr. Johnson, the deputy budget director, met Mr. Bush in 1961 at Phillips Academy in Andover, Mass., when they were two 15-year-olds far from home. Mr. Johnson later ran the governor's personnel office in Austin; in Washington, he keeps a George Bush doll on his desk and is one of the few people in town to have had the Bushes at his home for dinner, motorcade, Secret Service and all.

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Gordon D. Johndroe, once a $5-an-hour college intern in Austin, is today the chief spokesman for the National Security Council. Mr. Johndroe learned the art of dealing with reporters by literally sitting at the president's knee on the floor of the eight-seat Bush campaign plane in 2000, monitoring the governor's interviews.

"My job," he said, "was, 'Let us know if he makes any news. Let Karen know or call back to Dan Bartlett, who was in Austin.' And I was able to do that because I had listened to him speak so much. I knew when he said something new."

Among the benefits to being an old Texas friend of the president is access: the invitations to Camp David, to dinner and movies at the White House, to Mr. Bush's annual July 4 birthday bash. Ms. Hughes remains a regular dinner companion, most recently at a small White House gathering for Vaclav Havel, the former president of the Czech Republic.

Among the downsides is being ridiculed as a crony. Ms. Miers, who met Mr. Bush when she ran the Texas Bar Association, was excoriated by lawmakers who deemed her unqualified when Mr. Bush nominated her to the Supreme Court. Still, she calls her association with the president "one of the great blessings of my life."

Mr. Hernandez, who is so close to the Bushes that he moved in with them in Dallas after his apartment was burglarized, has been the subject of news articles suggesting that the president dubbed him Altoids Boy, a reference to his duties dispensing Altoids mints to Mr. Bush during their Texas travels.

"I hate that," Mr. Hernandez said. "He doesn't call me Altoids Boy. He calls me Izzy."

Two years ago, the online edition of The New Republic, a liberal magazine, singled out Mr. Hernandez as a member of the Bush "hackocracy."

But sitting in his corner office the other day, recounting his travel this past year to Peru, China, Vietnam and Panama, Mr. Hernandez — who in his Department of Commerce job supervises 1,600 employees in 80 countries — had the final word.

Mr. Bush, he said, is simply giving him an opportunity to show what he can do.

"Everyone has their own journey, their own story," he said. "I feel like I climbed this mountain with the president, and I'm getting a chance."

Swift Action Promised At Walter Reed (WP)

By Dana Priest And Anne Hull, Washington Post Staff Writers

The Washington Post, February 21, 2007

Investigations Urged as Army Moves to Make Repairs, Improve Staffing

The White House and congressional leaders called yesterday for swift investigation and repair of the problems plaguing outpatient care at Walter Reed Army Medical Center, as veterans groups and members of Congress in both parties expressed outrage over substandard housing and the slow, dysfunctional bureaucracy there.

Top Army officials yesterday visited Building 18, the decrepit former hotel housing more than 80 recovering soldiers, outside the gates of the medical center. Army Secretary Francis Harvey and Vice Chief of Staff Richard Cody toured the building and spoke to soldiers as workers in protective masks stripped mold from the walls and tore up soiled carpets.

At the White House, press secretary Tony Snow said that he spoke with President Bush yesterday about Walter Reed and that the president told him: "Find out what the problem is and fix it."

Snow said Bush "first learned of the troubling allegations regarding Walter Reed from the stories this weekend in The Washington Post. He is deeply concerned and wants any problems identified and fixed." The spokesman said he did not know why the president, who has visited the facility many times in the past five years, had not heard about these problems before.

Walter Reed's commander, Maj. Gen. George W. Weightman, said in an interview that the Army leadership had assured him that all the staff increases he had requested would be met. "This is not an issue," he said. "This is their number one priority."

He said the Army has agreed to fund what he called a "surge plan" that has been designed for the likelihood that the 21,500-person troop increase underway in Iraq will result in more casualties.

Weightman said case managers have been ordered to call each of the 700 outpatients to ask about problems they may be encountering. He has also put half a dozen senior enlisted officers from the hospital in charge of the outpatients' companies normally in the hands of lower-level platoon sergeants. Also, a medic will be stationed 24 hours a day at the Mologne House, the largest residence on the 113-acre post, to help soldiers with medical or psychological problems.

Harvey said he was surprised and disappointed by the conditions and the bureaucratic delays. "In the warrior ethos, the last line says you should never leave a fallen comrade, and from that facility point of view we didn't live up to it . . . and it looks to me we may have not lived up to it from a process side," he said, adding that conditions at the building are "inexcusable."

"It's a failure . . . in the garrison leadership . . . that should have never happened, and we are quickly going to rectify that situation," he said.

"We had some NCOs [noncommissioned officers] who weren't doing their job, period," Harvey said. He said he and Cody will report regularly to Defense Secretary Robert M. Gates on a plan to fix the conditions.

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The Post series documented tattered conditions at Building 18, including mold, rot, mice and cockroaches, but also a larger bureaucratic indifference that has impeded some soldiers' recovery.

At Building 18 yesterday, platoon sergeants with clipboards went from room to room inspecting for mold, leaks and other problems. A broken elevator was repaired, and snow and ice were cleared from the sidewalks.

The secretaries of the Army and Navy announced that they had begun a broader review of Walter Reed and the National Naval Medical Center and that an independent review group will be formed to investigate outpatient care and administrative processes. Walter Reed is set to close in 2011, and the naval facility in Bethesda will be expanded to handle the additional wounded.

Walter Reed's fixes are unlikely to immediately quiet the criticism from members of Congress, who received a flood of calls from the public and veterans groups asking how the problems could have been unknown to officials -- some of whom regularly visit Walter Reed.

"We need to bring the Army people in and say, 'What the hell is going on?' " said Rep. Bob Filner (D-Calif.), chairman of the House Veterans Affairs Committee.

Speaker Nancy Pelosi (D-Calif.) asked the House Armed Services Committee to investigate outpatient care at Walter Reed. "The treatment reported in The Post of our troops and our veterans is disgraceful," Pelosi spokesman Brendan Daly said.

Several senators, including presidential candidate Barack Obama (D-Ill.) and former presidential candidate John F. Kerry (D-Mass.), announced they are co-sponsoring legislation to simplify the paperwork process for recovering soldiers and increase case managers and psychological counselors. The bill would also require the Army to report more regularly to Congress and the inspector general about the living conditions of injured soldiers.

Jeff Miller (Fla.), the ranking Republican on the House Veterans' Affairs subcommittee on health, said: "The neglect being experienced by some wounded service members is outrageous. The Defense Department is never shy about asking for supplemental funds for operations and equipment; I cannot imagine why housing for recuperating wounded would not be a similarly high priority."

Rep. Thomas M. Davis III (R-Va.), former chairman of what was then known as the House Government Reform Committee, urged the committee to hold a hearing at Walter Reed to give members an "invaluable firsthand look" at how the Army is processing the wounded. "Improvements to date have been episodic, and in some case, short-lived," Davis said in a statement.

Staff writer Ann Scott Tyson contributed to this report.

Leadership Blamed For Shabby Army Hospital Building (CNN)

CNN, February 21, 2007

WASHINGTON (CNN) -- Army Secretary Francis Harvey blamed a failure of leadership for substandard conditions in a building that is part of Walter Reed Army Medical Center and vowed Tuesday to move quickly to fix the problem.

"We failed here, we failed in having a facility like this," Harvey told CNN. "Unfortunately, it's a leadership problem."

Inside Building 18, used for outpatients who suffered wounds in Iraq and Afghanistan, workers were repairing plumbing, covering holes in ceilings and repainting mold-covered walls. (Watch a tour of the run-down facility)

Harvey said he learned about the conditions in the building, a former hotel where some soldiers have been recuperating for more than a year and a half, on Sunday, when the Washington Post broke the story.

"If we would have known about this, we would have fixed it," he said. "Unfortunately, we didn't know about it."

The article, titled "The Other Walter Reed," said some outpatients at the facility include veterans who suffer from depression and were involved in overdoses and suicide attempts.

Walter Reed is the Army's top medical facility. It opened in 1901 in a single small building and now is a complex of structures with 28 acres of floor space.

The hospital can accommodate 250 patients and admits more than 14,000 a year. Thousands use its outpatient facilities daily.

President Bush has been seen visiting wounded troops at the hospital several times, and presidents often receive medical care there.

The Base Realignment and Closure Commission in 2005 recommended closing Walter Reed in 2010.

Harvey said an "action plan" was being put together "to ensure across the board that our soldiers are being taken care of with the highest quality medicine possible in the kind of facilities that provide a quality of life for the soldier that is equal to the quality of their service."

He added, "To have it in this condition is disappointing to me, unacceptable to me as the secretary of the Army, and we have a plan in place."

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Walter Reed Probes Former Aid Director (KCS/AP)

The Kansas City Star/AP, February 21, 2007

WASHINGTON - Walter Reed Army Medical Center is investigating the former head of a program that aids injured soldiers.

The probe involves the activities of Michael J. Wagner, who until last month ran the Army's Medical Family Assistance Center, Army spokesman Paul Boyce said Tuesday. The center links businesses, charities and other donors with wounded troops who need financial help or with families strained by living costs, air fares and other expenses when they come to Washington to visit or help care for injured soldiers.

The Washington Post - citing documents and interviews with current and former assistance center staff members - said Wagner was seeking funders and soliciting donations for a Dallas charity at the same time he administered the Army program.

Wagner is now a director of the Texas-based charity, the Military, Veteran and Family Assistance Foundation, a nonprofit group that provides services and resources for veterans and their families.

He could not immediately be reached for comment Tuesday at the foundation office.

The Post said that in a telephone interview Wagner denied he had solicited funds for the charity or made contact with donors during office hours. "It's just not true," he was quoted as saying. "I intentionally stayed out of that. I couldn't do that. I couldn't do both."

Wagner said the charity was founded by his brother and that he did not officially become its executive director until he left Walter Reed, according to the Post.

The story was the latest in a Post series that also disclosed bureaucratic delays and substandard living conditions endured by some soldiers there as outpatients, as well as problems in receiving benefits.

Democratic Sens. Barbara Mikulski of Maryland and Patty Murray of Washington urged Defense Secretary Robert Gates in a letter Tuesday to launch an inspector general's investigation into what they called the "deplorable living conditions facing returning Iraq and Afghanistan war veterans." They urged him to investigate conditions at the Navy's top hospital - the National Naval Medical Center - in Bethesda, Md.

"If conditions at Walter Reed, the crown jewel of military health care facilities, have degraded to the point where mouse traps are handed out to patients, how can we feel confident that our troops and veterans truly have the care and transition assistance they have been promised at any facility across the country?" the senators wrote.

Two other Democratic senators - presidential hopeful Sen. Barack Obama, D-Ill., and freshman Sen. Claire McCaskill, D-Mo. - said they are working on legislation to improve the care of war veterans, including measures designed to improve how they are treated as outpatients while still on active duty. The legislation would require more frequent hospital inspections, establish timelines for repairs to facilities that don't meet standards and improve access to psychological counseling, Obama's office said in a statement.

The Pentagon responded Tuesday by announcing that the Army has begun a review of medical care at Walter Reed and the Navy has undertaken a similar review at its National Naval Medical Center. The Pentagon also said an independent review group would be formed to investigate outpatient and administrative issues at the two military medical centers.

The Pentagon said the reviews would be done "promptly," but it gave no specific timetable.

The problems at Walter Reed also caused a stir at the daily press briefing at the White House, where presidential spokesman Tony Snow deflected all requests for comment to the Pentagon.

"The president is committed to these people, committed to men and women who have served. We need to make sure that whatever problems there are get fixed," he said. "What I'm telling you is, let's sort through the facts."

Snow at first was unable to say how President Bush learned of the problems. Later, he amended the transcript of his briefing with a statement saying Bush first heard of the allegations from the Post stories.

Rotten Homecoming (WP)

The Washington Post, February 21, 2007

IF YOU LISTEN to the PR operation at Walter Reed Army Medical Center, the U.S. military's gleaming flagship hospital offers veterans the best treatment available. What doesn't get mentioned is the bureaucratic contempt and physical squalor that too often await badly injured outpatient soldiers on the Walter Reed campus, the subject of a four-month Post investigation detailed in articles published Sunday and Monday.

Reporters Dana Priest and Anne Hull and researcher Julie Tate spent hundreds of hours inspecting conditions and interviewing injured troops and their loved ones at the Walter Reed outpatient facilities. Their findings: Veterans' rooms are rank; bureaucratic hassles and paper-pushing make the process of repairing buildings, redressing patient grievances and providing veterans with basic goods depressingly inept; administrators' neglect of patients' mental and physical health borders on the

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criminal; and, most distressing, many veterans leave Walter Reed without the compensation they clearly deserve for their sacrifices.

The walls of one soldier's room were covered with black mold, and the ceiling of his shower had a large hole. Soldiers who lost their uniforms while undergoing emergency treatment on the battlefield have had to present their purple hearts to get replacement clothes. Amputees and patients on taxing drug regimens are required to report for formation early in the morning, even if it means trudging over accumulated ice and snow. Lost paperwork, which in one case resulted in an obviously impaired veteran getting an order to report to Germany, is a constant problem, sometimes forcing soldiers and their relatives to live at Walter Reed for 18 months or longer as their cases are processed.

Most infuriating are reports of official efforts to deny disability benefits to discharged fighters. The Army tried to deny disability compensation to Cpl. Dell McLeod, who suffered a head injury that left him aimless and unable even to count change at the cafeteria. Army officials' argument: Because he had done poorly in high school, his current mental state might not have been caused by the steel door that smashed his skull in Iraq. If the Army determined that he was mentally fit to serve in the first place, it cannot now abscond from its responsibility for the consequences of his service overseas. Cpl. McLeod ended up getting a settlement from the command at Walter Reed -- despite base staffers' best efforts -- only after his wife got a congressional staffer involved.

Walter Reed's commander, Maj. Gen. George W. Weightman, says that conditions on the post will improve rapidly. His response is commendable, and it should not be forgotten that thousands of professionals and volunteers, civilian and military, are working hard to help veterans heal and adjust. But it also should not have taken newspaper articles to bring change to outpatient conditions at Walter Reed. And while filthy conditions at Building 18 are a temporary problem for these veterans, lowball settlements may leave soldiers and their families impoverished for life.

US Deficit Is Shrinking, For Now (CSM)

By Mark Trumbull

The Christian Science Monitor, February 21, 2007

Despite the ongoing costs of US military campaigns in Iraq and Afghanistan, the outlook for the federal budget has grown substantially brighter.

Tax revenues are rising much faster than spending, according to Treasury Department numbers released last week. The recent trend is strong enough that, were it to continue, the budget could move into surplus in barely a year, one economist calculates.

Already, the federal deficit is shrinking toward about half the size that it has averaged since 1970, when analyzed as a percentage of gross domestic product.

The shift reflects a strong economy, with higher incomes and corporate profits generating a bigger flow of tax revenue. In turn, the Treasury's progress could help the economy by buoying investor confidence in the nation's fiscal position.

Although it is a welcome change, the improvement does little to stave off the long-run challenges to the nation's financial health, many economists say. Baby boomers are starting to retire, placing new demands on government. Costs for healthcare programs like Medicare are still projected to rise faster than overall inflation.

"The picture is getting brighter," and if there's no recession over the next several years "there are going to continue to be some good strides made," says Mark McMullen, a senior economist at Moody's Economy.com in West Chester, Pa. But "it's unlikely that we're going to see a balanced budget anytime in the near or long term."

Some experts say the budget could achieve balance in the short run of the next few years. In unveiling its proposed budget this month, the Bush administration forecast black ink on the federal ledger in 2012. The nonpartisan Congressional Budget Office (CBO), in its recent annual outlook, also shows a surplus for that year.

A year ago, the CBO's forecast for the 2007 fiscal year called for a deficit of $270 billion. In the annual outlook released last month, the 2007 gap is projected at $172 billion.

"Right now, we're in some sense in a relatively good spot," says Jim Horney, a budget analyst at the Center for Budget and Policy Priorities, a liberal think tank in Washington. "We're in the sixth year of an economic expansion," a time when federal revenues often rise along with a growing economy.

But both the CBO and the White House make important assumptions that are far from assured.

The CBO's annual outlook assumes that President Bush's tax cuts phase out in 2010 as scheduled, thus adding new tax revenues.

Mr. Bush's budget calls for the tax cuts to be made permanent, but foresees a surplus in 2012 thanks to a sharp fall in Iraq spending and robust productivity growth in the economy.

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But several issues are unsettled. Among them: How much will military operations in Iraq and elsewhere cost? Will Congress make some of the Bush tax cuts permanent? Will Congress scale back the alternative minimum tax (AMT), which is poised to take a rising tax toll on middle-class Americans in the years ahead?

The answers will have a big impact on the budget, and may not be resolved before a new president takes office in 2009.

The long-term outlook remains sobering, all sides agree. The cost of Medicare, in particular, is slated to soar due to healthcare inflation and an aging population.

Even the near-term outlook comes with an asterisk. When Bush took office in 2001, the CBO was forecasting a decade of budget surpluses totaling more than $5 trillion. Then came a recession, the terrorist attacks of 9/11, and enormous wartime spending. The Bush tax cuts helped to stimulate the economy, but at the cost of lower tax revenue.

"We had three years where revenues went down," says Mr. Horney. "All that has happened is that we have ... caught up from the really bad decline that we had."

Still, analysts say the recent budget gains are good news for the government and the economy.

The budget deficit now stands at about 1.4 percent of the nation's GDP, well below the 2.3 percent that's been the norm since 1970, according to economist Michael Darda of MKM Partners in Greenwich, Conn. "At the current pace, the budget could move back into surplus as early as May 2008," Mr. Darda wrote in a report to clients last week.

That isn't a forecast, but it shows how the nation's fiscal health is closely related to that of the overall economy.

A more stable budget outlook, in turn, has benefits for the economy.

The less money the government has to borrow to pay its bills, the more is left for investment in new goods and services. Alternatively, the nation will be less reliant on foreign lenders to fund that investment – debt that siphons away a portion of national wealth.

"Unexpectedly strong revenue growth" has improved the outlook quite a bit, says Mr. McMullen.

In the CBO projections, for example, the nation's public debt is forecast to fall from 37 percent of GDP in 2006 to 30.5 percent of GDP in 2012.

In the longer run, the rise of entitlements such as Medicare could force difficult choices to keep that debt from rising again.

Conservatives say it will be vital to contain costs. "If nothing changes in Washington then both revenues and spending will be higher," says Chris Edwards, a tax expert at the libertarian Cato Institute in Washington. "It'll hammer the economy," he says, as government takes a larger share of GDP.

Others say the answer will probably involve tax hikes as well as some reductions in promised entitlement benefits – and that a modest increase in taxes need not damage economic growth.

Both sides agree on the need to tame medical inflation, if not on how to do it.

"If we were able to reduce the growth of the cost of healthcare," says Horney, "that would definitely be good for the economy."

Murtha Sees Security Threat In Trade Deal (HILL)

By Ian Swanson

The Hill, February 21, 2007

Rep. John Murtha (D-Pa.), a close ally of House Speaker Nancy Pelosi (D-Calif.), is calling elements of a Peru free-trade agreement (FTA) signed by the Bush administration a threat to national security. The chairman of the House Defense Appropriations subcommittee has warned Democratic leaders on trade that the deal grants a United Arab Emirates company the ability to invest in U.S. ports.

Murtha has asked Ways and Means Chairman Charles Rangel (D-N.Y.) to demand that the administration alter the free-trade deal it negotiated with Peru to prevent enterprises there from investing in U.S. landside port activities.

If the administration fails to make such changes, Murtha and Rep. Gene Taylor (D-Miss.) charge that a “trade pact-granted right” to invest in U.S. ports would be handed to Dubai Ports World (DPW). The United Arab Emirates-based company last year found itself at the heart of a controversy when the administration gave it the go-ahead to operate several U.S. ports.

Murtha and Taylor argue that the issue is particularly sensitive with the pending Peru FTA because Dubai Ports World has acquired a 30-year concession to develop and operate a new container terminal just outside of Lima. The move makes DPW an enterprise in Peru that under the FTA would be able to make investments in the U.S., according to the congressmen.

Congress seemed set to approve legislation blocking

DPW’s ability to take over U.S. ports before the company voluntarily backed out of the deal. DPW last week completed its sale of U.S. ports.

Like other U.S. free-trade agreements, the one with Peru includes a provision allowing the U.S. to block investments if they are considered national-security threats. Murtha and Taylor, however, argue the provision is insufficient since Peru could in turn

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sue the U.S. under the deal's dispute-settlement system. A successful challenge could cost the U.S. millions in taxpayer dollars, the two congressmen say.

Under the Peru FTA, a dispute could be brought either to a World Trade Organization panel, or to a tribunal set up under the Peru FTA that would consist of one U.S. national, a Peruvian national and a national from a third country.

"Members of Congress again will be asked to support these agreements relying on the hope that a foreign tribunal deigns to permit us to justify our violation of the agreements by accepting our claim of an Essential Security Exception," Murtha and Taylor wrote in a letter last month to Rangel and Rep. Sandy Levin (D-Mich.), the chairman of the Ways and Means Trade subcommittee.

"It is unconscionable to knowingly agree to any trade agreement that contains obligations that limit our national security authority regarding sensitive infrastructure such as our ports," the letter said.

A Ways and Means spokesman noted that Rangel and Levin raised the same questions during debate over the U.S.-Oman free-trade deal last summer, and said Rangel and Levin would stay in touch with Murtha and Taylor on the issue. A Levin spokeswoman went further and said Levin's view is that the landside port provision needs to be changed in the Peru deal.

So far this year, public discussions between House Democrats and the administration on the Peru FTA and a similar deal with Colombia have centered on labor provisions. For example, Rangel and Levin did not raise the ports issue with U.S. Trade Representative Susan Schwab during a hearing on trade policy last week.

The ports issue nearly sank the generally uncontroversial Oman deal. The Republican-controlled House approved the Oman FTA in a 221–205 vote, with only 22 Democrats voting in favor.

During the Oman debate, the Office of the U.S. Trade Representative argued that under the "essential security" provision in U.S. trade deals, nothing in a deal can prevent the country from applying measures it deems necessary for protecting essential security. USTR also emphasized that this essential-security exception is self-judging, meaning that the validity of the defense in a trade dispute before an international tribunal would be based on what the U.S. government considers necessary to protect essential security, rather than the conclusions of a tribunal.

"This is really a red herring," said USTR spokesman Sean Spicer, adding that USTR has worked to educate members about the essential-security provision since the Oman debate. USTR also has noted that those participating in landside port activities do not control, manage or operate a U.S. port. Landside port activities include operating and maintaining docks and loading and unloading vessels.

Rangel, Levin, then-Rep. and current Sen. Ben Cardin (D-Md.) and Rep. Xavier Becerra (D-Calif.) last year asked the administration to clarify how this self-judging interpretation was consistent with trade deals the administration has pursued. They noted the essential-security exception could be challenged in dispute settlement under the Peru FTA, and that World Trade Organization panels have suggested they could interpret whether the use of this exception was valid.

Inside Politics (WT)

By Greg Pierce

The Washington Times, February 21, 2007

About-face

Ohio Gov. Ted Strickland said he would welcome Iraqi refugees to Ohio, a change of course from comments the governor made last week. He said the earlier remarks were meant to express frustration with President Bush instead of the people displaced by the war.

The Democrat told the Associated Press last week he was not inclined to accommodate any refugees because doing so would help bail out the president.

"I am sympathetic to the plight of the innocent Iraqi people who have fled that country," he said. "However, I would not want to ask Ohioans to accept a greater burden than they already have borne for the Bush administration's failed policies."

On Monday, he said he had been attempting to express his frustration with the Bush administration and the Iraq war, which he opposed when he was serving in the U.S. House.

"It's one of those incidents out of many [when] I've said something inartfully and conveyed something that I did not wish to convey," said Mr. Strickland, who was elected Nov. 7 and sworn in last month. "I guess it means that when you're a governor, people seem to be interested in what you say, which is fine, but I think everything has a context."

Mr. Strickland's initial comments were in reaction to an administration plan to allow about 7,000 Iraqi refugees to settle in the United States over the next year.

Johnson's move

More than two months after suffering a brain hemorrhage, Sen. Tim Johnson, South Dakota Democrat, has left a Washington hospital and entered a private rehabilitation facility, his office said yesterday.

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A spokeswoman refused to say whether the senator remained in Washington or was moved to a facility in South Dakota, citing family concerns about press scrutiny. "They just want him to focus on getting better and not worried about outside cameras snapping away," spokeswoman Julianne Fisher said.

Mr. Johnson's brain hemorrhage Dec. 13 and subsequent surgery highlighted his party's tenuous one-seat advantage in the Senate.

Mr. Johnson was rushed to George Washington University Hospital after becoming disoriented during a phone call with reporters and underwent emergency surgery hours later. He was diagnosed with arteriovenous malformation, a condition that causes arteries and veins to grow abnormally large, become tangled and sometimes burst.

Mr. Johnson will continue undergoing physical, occupational and speech therapy at the private facility. Dr. Philip Marion, the chief of rehabilitation at George Washington University Hospital, said the senator has made "great progress" and a final test showed no evidence the tangled arteries that triggered the senator's hemorrhage remain.

Mr. Johnson's office has said his recovery is expected to take several months, though he has been doing some work from his bed.

McCain's outreach

Republican presidential candidate Sen. John McCain is defending his outreach to conservative Christians, arguing that his effort is not political pandering to win the party's nomination.

The Arizona senator met privately Monday with religious broadcasters in Orlando, Fla., then answered questions about his appeal to conservatives in Vero Beach.

In the 2000 campaign, Mr. McCain angered the party's right by calling evangelist leaders Pat Robertson and Jerry Falwell "agents of intolerance." Last spring, he spoke at Mr. Falwell's Liberty University, although hard feelings still linger among some conservatives. Focus on the Family founder James Dobson has said he won't support Mr. McCain.

"Nobody accused me of courting and pandering to the liberals when I went to the New School," Mr. McCain told the crowd, a reference to the New York City school. "What I have found out in my life, is that every time I have done something for political reasons and not the right reasons, I have paid a very heavy price for it -- a big price."

Mr. McCain said he is trying to reach out to all elements of the party.

"I don't know which part of the party is going to be more influential or not," he said. "I've tried always in my political career to have a big-tent party, where a lot of people are welcome with differing views."

Backing Rumsfeld

The White House yesterday defended Donald H. Rumsfeld after criticism from Republican Sen. John McCain that he was one of the worst defense secretaries in history for his handling of the Iraq war.

Mr. McCain, one of President Bush's key allies in Congress on Iraq, is running for president.

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history," the Arizona senator and Vietnam War veteran said on the campaign trail in South Carolina on Monday.

The White House backed Mr. Rumsfeld, but was careful not to criticize Mr. McCain in doing so.

"We think Donald Rumsfeld was an enormously consequential and effective secretary of defense and somebody who led to the transformation of the Department of Defense. Senator McCain holds a different point of view," White House spokesman Tony Snow said.

A day after Republicans lost control of Congress in elections in November in large part owing to concerns about the Iraq war, Mr. Bush accepted Mr. Rumsfeld's resignation and replaced him with Robert M. Gates.

"The thing that's important to us right now is that Senator McCain is a strong supporter of the president's position on the way forward in Iraq and somebody who has been an eloquent voice and a reliable leader on the issue. And we appreciate it," Mr. Snow said.

Asked if Mr. McCain's comments should be chalked up to election politics, Mr. Snow replied: "I left the chalk at home."

Mitt's introduction

Former Massachusetts Gov. Mitt Romney this week will air his first presidential campaign ad to introduce himself to voters in several early-voting states, the Associated Press reports.

The 60-second spot describes the Republican candidate as a "business legend" who "rescued the Olympics" and "turned around a Democratic state."

Mr. Romney himself adds: "This is not a time for more talk and dithering in Washington. It's a time for action."

The ad is set to air starting today. It will rotate between Iowa, New Hampshire, South Carolina, Michigan and Florida.

It is the first ad by a top-tier contender in a campaign analysts think will cost more than $1 billion by the time it ends in November 2008.

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A fellow Republican, Rep. Duncan Hunter of California, staging a long-shot bid for the presidency, aired the first ad of either major party in December with a limited buy in South Carolina, North Carolina and South Dakota.

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VA Regains Access To Medical Records (WP)

By Al Kamen

The Washington Post, February 21, 2007

The Defense Department is once again permitting Department of Veterans Affairs doctors to get full medical records they say they need to treat severely injured troops arriving at VA hospitals from Iraq and Afghanistan.

Pentagon officials cut off VA's access on Jan. 23, concluding that privacy concerns and federal regulations barred the department from using the military's Joint Patient Tracking Application system without a formal data-sharing agreement.

VA physicians, who handle troops with brain and other serious injuries at four trauma centers, strongly protested the cutoff, saying that they rely on the tracking system to help them determine the best treatment for the wounded.

Sen. Daniel K. Akaka (D-Hawaii), chairman of the Veterans Affairs Committee, and ranking Republican Larry E. Craig (Idaho) wrote Undersecretary of Defense for Personnel David S.C. Chu on Feb. 6 that they were "deep[ly] concerned" the VA doctors had been cut off.

The Pentagon on Thursday declined to comment on the situation when we called, and the senators had received no response.

On Friday, VA officials notified the senators that access to the tracking system had been restored. Akaka and Craig said they were pleased the problem had been resolved. So, most likely, is everyone else.GOP Supporter Faces Terrorism Charges

The National Republican Congressional Committee (NRCC) said yesterday that it will donate to charity the $15,000 it received in recent years from Abdul Tawala Ibn Ali Alishtari if Alishtari is convicted of assisting terrorists.

Alishtari, a.k.a. Michael Mixon, pleaded not guilty in federal court in Manhattan on Friday to charges of terrorism financing, material support of terrorism and money laundering, among other things.

Alishtari, on a Web rÃ©sumÃ© he apparently posted this year, says he was named to the NRCC's "White House Business Advisory Committee" and was named the NRCC's New York state businessman of the year in 2002 and 2003.

He was indicted in a plan to send $152,000 to Pakistan and Afghanistan to support a terrorist training camp, the Associated Press reported. And he was accused of funneling $25,000 from a bank account in New York to an account in Montreal, allegedly to support terrorists.

"We are extremely concerned and disturbed by these charges," NRCC communications director Jessica Boulanger said in a statement -- or understatement -- "but we need to be careful not to rush to judgment as the judicial process moves forward." He's a businessman in New York, after all, not some guy in Guantanamo. "If the individual in question is found guilty of a crime," Boulanger said, "it is our intent to donate the money to charity."

In most cases, political contributions from controversial sources are often returned to donors, but obviously it wouldn't do to return the money to someone charged with helping fund terrorists. Never know where the money might end up.Author, Author!

Seems Robert Andrews, deputy undersecretary of defense for counterintelligence, former Green Beret and former CIA officer, has his own after-hours job. Andrews, it turns out, is a novelist and, we're reliably informed, an excellent one.

None other than publisher Otto Penzler, owner of the Mysterious Bookshop in Manhattan and the first and last word on American mystery books, last week notified Andrews that his short story "Solomon's Alley" had been picked for inclusion in the 11th volume of Houghton Mifflin's Best American Mystery Stories 2007, to be published in October.

Penzler says he picked about 50 stories from around 1,500 submitted. All were published in 2006. Then Miami Herald columnist Carl Hiaasen, mega-best-selling author of some of the funniest novels ever written, selected the final 20.

Andrews is the author of four novels dealing with the spy business and three detective mystery stories set in the District. One involves the murder of a Washington Post diplomatic reporter.Will Bolton Tell All?

Speaking of authors, John Bolton's tell-all book on his days at the State Department and as ambassador to the United Nations could be coming out as early as the end of this year.

All right, maybe not a classic "tell-all" -- perhaps just a "tell-some" -- but top folks in Foggy Bottom and at the United Nations are most surely not going to be happy when this one comes out. The buzz is that it's going to focus mostly on Bolton's work at the United Nations, where he's said to be still upset at his inability to lop off 10 of the building's 38 floors that he had said were expendable. The book is likely to rank the floors in order of those most expendable.

Unclear how Bolton will treat his most recent bosses, Colin Powell and Condoleezza Rice. His view of Rice may have altered a bit after last week's agreement with North Korea on its nuclear program, an agreement Bolton and other conservatives have criticized as "a bad deal." There are others at State sure to come in for their share of abuse.

DOJ_NMG_0134899

No working title yet and no publisher, although several have expressed interest. But if this is to come out before Christmas, he'd better get typing.

Johnson Update (WP)

The Washington Post, February 21, 2007

More than two months after suffering a brain hemorrhage, Sen. Tim Johnson (D-S.D.) has left a Washington hospital and entered a private rehabilitation facility, his office said yesterday.

A spokeswoman refused to say whether the senator remained in Washington or was moved to a facility in South Dakota, citing family concerns about media scrutiny.

The Democrat's Dec. 13 brain hemorrhage and subsequent surgery highlighted his party's tenuous one-seat advantage in the Senate.

Johnson will continue to undergo physical, occupational and speech therapy at the private facility. Philip Marion, chief of rehabilitation at George Washington University Hospital, where Johnson had been treated, said in a statement released by Johnson's office that the senator has made "great progress" and that a final test showed no evidence that the tangle of veins and arteries that triggered the senator's hemorrhage remains.

Johnson's office has said his recovery is expected to take several months, though he has been doing some work from his bed.

More And More, Retirees Are Finding That It Pays To Have Worked For The Government Instead Of The Private Sector (USAT)

By Dennis Cauchon

USA Today, February 21, 2007

Johnnie Nichols, a civilian Defense Department employee, contributes to a federal pension that will let him retire at age 56, after 32 years of service.

His wife, Kimberly, a math teacher at a private business college, has no pension after two decades of teaching and running a horse farm. Their marriage reflects the new world of retirement: government employees who have secure benefits and private workers who increasingly are on their own.

"If we were both in her shoes, we'd be in a world of hurt," says Nichols, 45, an information technology manager in Middletown, Ind. "We wouldn't be able to retire until age 67."

As the first wave of 79 million baby boomers heads to retirement, the nation is dividing into two classes of workers: those who have government benefits and those who don't. The gap is accelerating in every way: pensions, medical benefits, retirement ages.

Retired government workers are twice as likely to get a pension as their counterparts in the private sector, and the typical benefit is far more generous. The nation's 6 million retired civil servants — teachers, police, administrators, laborers — received a median benefit of $17,640 in 2005, according to the Congressional Research Service. Eleven million private-sector retirees covered by traditional pensions got $7,692.

Governments' generosity could have serious consequences for taxpayers and pensioners. Some states — including Illinois, Indiana, Michigan, New Jersey, Ohio and West Virginia — have troubled retirement systems that may require huge tax increases, spending cuts or even defaulting on promised benefits. The U.S. government has a bigger unfunded liability for military and civil servant retirement benefits ($4.7 trillion) than it does for Social Security ($4.6 trillion).

The pension gap will continue to widen because governments pump far more money into employee pensions than companies do. Civil servants earn an average of $12.38 an hour in benefits, about $5 an hour more than private-sector workers, according to the Bureau of Labor Statistics. The difference was just $2.70 an hour in 1995.

Pension promises have "gotten out of hand," says Peter Hanson, 73, chairman of NAI James E. Hanson Inc., a real estate firm in Hackensack, N.J. His firm offers a healthy private pension — up to 25% of compensation, given to employee retirement accounts — but it is tied to profits and given as a lump sum, not a lifetime promise of benefits.

Supporters of government pensions say the decline in private pensions is the problem, not the generosity of public retirement plans. "Rather than lower the bar for public employees, we need to stabilize retirement programs for everyone," says Richard Ferlauto, director of pension and benefit policy for the American Federation of State, County and Municipal Employees, a union with 1.4 million members.

He acknowledges public pensions are getting more scrutiny. "People want to know, 'Why should you have more security than us?' " he says. "It's pension envy."

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State and local governments have sweetened retirement benefits during the past decade at a time when corporations have soured on them because of their cost. Only 18% of private workers now have traditional defined benefit pension plans, compared with more than 80% of government employees.

Contrary to a widely held notion, the extra government benefits aren't compensation for lower pay. Most government workers are paid more than private employees in similar jobs, and the wage gap is growing.

A typical full-time state or local government worker made $78,853 in wages and benefits in the third quarter of 2006, $25,771 more than a typical private-sector worker, the Bureau of Labor Statistics reports. The difference was $7,604 in 2000. The compensation advantage holds true for all types of public workers, from teachers to laborers and managers. Better benefits for government workers is the biggest reason for the growing compensation gap.

"The government is in direct competition with us for employees. It's hard to compete against these benefit packages," says James Bellis, owner of Tree Tech, a 120-worker tree trimming company in Randolph, N.J. His company has a 401(k) plan that matches up to 2% of employee pay.

By comparison, tree trimmers working for a government in New Jersey would get a pension benefit worth more than three times that.

Superior retirement benefits for civil servants can be traced to the establishment of Social Security, which originally did not cover government employees, says E.J. McMahon, a pension expert at the Manhattan Institute, a conservative think tank that deals with economic policy. Today, three-fourths of government workers participate in Social Security, but their overall benefits have not been reduced accordingly, he says.

The boost in benefits since the 1960s reflects the rising power of public employee unions, which have thrived as industrial labor unions and the benefits they won have eroded, he says.

The growing benefit gap makes government an increasingly attractive employer.

Anneliese Crosby, 46, who codes medical records at a private hospital in Manchester, N.H., is trying to get a government job for financial reasons — better pay, benefits and job security. The hospital recently ended its pension plan for new employees. That didn't affect Crosby, but her retirement depends mostly on contributions to her tax-deferred retirement account.

"It's scary. I feel like I need a second job or to be on the lookout for a new job," she says. "I should put more in my retirement account, but I can't afford it."

Her solution: Apply for a similar job at a Veterans Affairs hospital. She'd get a pay raise, better benefits and a secure future. "My ex-husband keeps encouraging me to get a government job, and he's right about that," she says.

Pensions for civil servants often are superior to private pensions in subtle ways that make a huge financial difference. For example, government pensions:

·Generally base benefits on a worker's top three earning years. Private pensions typically base benefits on the top five years of pay, which lowers the average.

·Often let retirees add the value of overtime, unused leave and other benefits into the pension formula. The results can be extreme. Dover, N.H., Police Chief William Fenniman, 46, added more than $200,000 for severance, sick leave and other payouts into his three-year salary average when he retired in January. This will boost his retirement benefit to as much as $125,000 a year, more than he made as chief.

·Permit early retirement at age 50 or 55 with less of a benefit reduction than private pensions.

·Provide free or subsidized medical care for retirees under age 65 and supplemental coverage after that for those on Medicare.

·More often provide automatic cost-of-living increases to benefits.

Baby boomer retirements will force governments to confront the rising costs of civil servant benefits. The U.S. government's unfunded retirement obligation grew $200 billion last year to $4.7 trillion. That's the amount the government would need today, set aside and earning investment returns, to pay for promised retirement benefits.

Before 1984, federal workers had a defined benefit plan and no Social Security. Today, new employees have Social Security and a pension that is part defined benefit plan (lifetime monthly payments) and part defined contribution (a lump sum at retirement).

The pension is more generous than most private pensions, but workers have to pay more to take advantage of the plan. "You have to be aggressive about making contributions if you want a good retirement," says Nichols, the Defense Department employee.

Unlike private pensions, though, the federal system still encourages early retirement. "The sweet spot for me is about age 56. When I run the numbers, the system almost forces me to retire" early, Nichols says. For example, he expects to qualify for a free supplemental annuity at age 56 that provides a benefit equal to what he'd get at age 62 under Social Security.

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Another big incentive to retire early: Most governments offer health insurance to early retirees until they qualify for Medicare at 65. Massachusetts spent $377 million on retiree medical benefits last year. The state's unfunded liability for such costs is $13.3 billion, nearly as much as its actual debt of $18.5 billion, which is counted separately.

"It's a burden on taxpayers, of course," says Delores Mitchell, executive director of the Massachusetts Group Insurance Commission, which runs the program. But she doesn't foresee major benefit cuts. "States have a tradition of treating retirees well."

Medical insurance may be the most vulnerable benefit because it has fewer legal protections than pensions, which often are guaranteed in state constitutions. Orange County, Calif., recently slashed promised retiree medical benefits, cutting its liability from $1.4 billion to $600 million. The county hasn't done anything about its pension problem.

"Pension benefits are like a lobster trap. You can get in, but you can't get out," says John Moorlach, an Orange County supervisor who has tried to reduce retirement benefits for government workers.

He blames elected officials for awarding unsustainable retirement benefits to win support from employee unions. "Elected officials love to give generous retirement benefits because they don't cost anything today and they'll be out of office when the payments come due," Moorlach says. "And the public? Eyes droop with boredom when you bring up the topic."

The financial soundness of civil servant pensions varies across the country. Government pensions are, on average, in a similar condition as private pensions — about 20% below the assets needed to be properly funded. But some states, especially in the industrial Midwest, have severely troubled pensions.

"The taxes needed to pay for these promises would push many of these states' economies into a death spiral," Chicago bankruptcy lawyer James Spiotto says.

He says public employee unions should not overestimate legal protections for pension benefits. Localities can shed their obligations in a bankruptcy filing, and states, as sovereign governments, can ignore the requirements, he says. "Unions can win all the litigation and still lose because the judgments can't be enforced," Spiotto says.

Tim Lee, executive director of the Texas Retired Teachers Association, says unions understand the cost of the retirement benefits. He says his association's top goal is improving the financial health of the pension fund, not winning new benefits.

As expensive as government pensions are to taxpayers, civil servants don't feel the benefits make them rich. Frank Caron, 49, maintains lab equipment at the University of Massachusetts Amherst. He makes about $40,000 a year.

He has contributed heavily to his pension, including an extra $74 a week to restore pension credit for earlier government jobs. That will let him retire:

·At 55 with 47% of pay;

·At 60 with 72% of pay;

·Or at 65 with 103% of pay.

He also will have medical benefits and be eligible for Social Security at 62. "I've worked hard to have my ducks lined up in a row for retirement," he says.

FEDERAL DIARY: Thrift Savings Plan Hopes To Engage No-Shows (WP)

By Stephen Barr

Washington Post, February 21, 2007

For lack of a better phrase, we'll call them the TSP No-Shows.

Some members of the Thrift Savings Plan rarely or never check to see how much money is in their retirement accounts. Others have seemingly vanished because their mail is returned to the TSP as undeliverable.

To some extent, the problem of dropouts in a large organization should not be surprising. The TSP, the 401(k)-type program for government workers, has more than 3.7 million members around the world. With more than $210 billion in assets, it is one of the nation's largest retirement programs.

But the no-shows have emerged as a concern at the TSP, in part because of what the staff at the Federal Retirement Thrift Investment Board, which oversees the TSP, learned from a recent survey.

The survey found that about 16 percent of TSP members rarely or never review their retirement accounts. What was of more concern was the response from those who have most at stake in the TSP -- employees covered by the newer Federal Employees Retirement System -- because TSP savings will be a larger share of their retirement income. Of that group, 18 percent said they almost never or never look at their accounts.

The TSP also stumbled onto another problem while conducting the survey. Almost 10 percent of the questionnaires were returned to the TSP as undeliverable, suggesting that the retirement program has a similar percentage of incorrect addresses in its records.

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To reach out to the no-shows, the TSP staff yesterday proposed sending an annual account statement to all 3.7 million plan participants. The cost of producing, printing and mailing the yearly statements would be $2.2 million to $2.6 million, based on preliminary estimates, said Gregory T. Long, TSP's director of product development.

The TSP provides quarterly account statements to participants through the plan's Web site. Paper statements are sent to participants who ask for them, and about 367,000 signed up to get statements in the mail.

The TSP shifted quarterly statements to the Web in 2003, and the effort has been successful, by and large. About 83 percent of respondents in the TSP survey said they were satisfied with their ability to get account information on the Internet. The elimination of quarterly paper statements saved the TSP more than $7 million last year.

Still, Long said yesterday, the TSP needs to take another look at the paperless policy in light of concerns about delivery of benefits, account security, participant education and notification requirements under the recently enacted Pension Protection Act.

A memo provided to the board by Long and Veronica Mance, a TSP benefits analyst, said participants who do not use the TSP Web site or receive paper statements may be unaware of their account balances, "resulting in poor retirement planning."

Those "disengaged participants" also may leave unpaid benefits in the plan or allow fraudulent activity on their accounts to go undetected, the memo said.

The board, chaired by Andrew M. Saul, gave Long a green light to design a single-page, doubled-sided document that would summarize account activity annually. Long said he hopes to have a firm cost estimate and proposal ready for board approval by spring.TSP's International Chase

Not all TSP participants are disengaged.

Last month, the TSP handled trades worth more than $1 billion in its international stock index fund, as participants tried to maximize their returns. The participants also ran up $523,123 in trading costs, far more than the costs incurred by the large and small-cap U.S. stock funds, Tracey A. Ray, the TSP chief investment officer, reported to the board.

The trading costs for the I Fund are high because the Australia and Asian stock markets close before the fund manager, Barclays Global Investors, receives the TSP buy-and-sell orders for the day. The trades are executed the following morning and in times of greater volatility, as was the case last month, the time lag can be costly.Take That, Jack!

Jack Bauer, the government's superagent on Fox's "24," leads a tortured life. But his TV dad, the evil Phillip Bauer, really knows how to hurt his son. In Monday's installment, the dad says to Jack:

"You know, none of this would have happened if you hadn't turned your back on me. So that you could become -- what? -- a civil servant."

Yipes!

Helen Thomas Moving Back After 46 Years Down Front (POL)

By Mike Allen

Politico.com, February 21, 2007

Every theater-style seat in the White House briefing room, now closed for renovation, had a brass plaque inscribed with the name of a news organization. Only one, in the middle of the front row, had a name: “HELEN THOMAS,” it said. The unique assigned seat between the chairs for CBS News and ABC News was reserved for the legendary United Press International correspondent who is now a columnist for Hearst Newspapers.

The press corps is scheduled to move from temporary facilities back into the spiffed-up, rewired briefing room in May or June. Thomas, who has been questioning presidents and press secretaries for 46 years, plans to be there. But her front-row seat won’t be. Plans call for her to be moved to the second row to make room for a cable news channel – a sign of Washington’s changing pecking order, and of the new ways that Americans get their news.

“I didn’t think I had a monopoly on that seat,” Thomas, 86, said in a telephone interview. “Since my peers have decided that I don’t belong there, I’ll bow to their – I’ll drink the – What did Socrates drink?”

Hemlock?

“I’ll drink it,” she said. “You have to submit to the will of the people, and apparently this is the will of my peers. It’s OK with me. I’ve had a good run in the front seat.”

Thomas has been at the front of the class ever since scribes just pulled their chairs up around the press secretary. Now, the assigned seats are coveted real estate – both as a sign of status and because the closer you sit to the front, the better your chance of getting called on – whether the person giving the briefing is Tony Snow or the president himself.

Thomas usually comes to the press secretary’s morning “gaggle” but does not always attend the afternoon briefing, so sometimes her seat is empty. It’s the only seat that traditionally is left vacant if unoccupied. Every other chair gets filled in by those without regular seats, whose questions do not always live up to Thomas’s zingers.

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Thomas has retained her edge over the years and asks blunt, argumentative questions, often sympathetic to Palestine. Nevertheless, press secretary Tony Snow treats her with deference. One day, he mysteriously said from the podium that he wanted to see her afterward. It turned out he wanted her to sign one of her books.

Asked in December if President Bush had factored in "how many people will die" in forming his Iraq strategy, Snow replied patiently, "Helen, you ask that question every day."

"It's a very valid question," she said. Snow said: "It's a question he thinks about every day."

The old briefing room had eight rows of six seats across. The new one will have seven rows of seven seats, so the departure of Thomas would mean two more front-row spots. Both CNN and Fox have expressed interested in moving up from the second row. Thomas will move back. "Her special place in history is secure," said one of the correspondents involved in the decision. "Only one columnist in all the United States has a seat in the briefing room. Helen. She still will."

The Politico's Anne Schroeder first wrote about the possibility of a move for Thomas in her "Shenanigans" column, and now the details appear to be worked out. Steve Scully, president of the White House Correspondents Association, which traditionally decides the seating arrangement, said Thomas was "very gracious" when he approached her about the possible change.

"The wires and three networks have had a front-row seat dating back to the Nixon administration, when the West Wing briefing room opened," explained Scully, who is C-SPAN's senior executive producer and political editor. "When discussions began two years ago about redesigning the briefing room, both Fox and CNN expressed an interest in having a front-row seat. Among the criteria for seating arrangements are the size of the news organization a reporter represents and the frequency with which they attend the briefings. Helen Thomas remains the dean of the White House press corps, and we will make certain her needs are met. She has been terrific in understanding our situation." A final decision will be made by the group's board within a month.

The cover of Thomas's latest book -- "Watchdogs of Democracy?" -- shows the rows of briefing-room seats with whimsical Post-It Notes labeled with the names of news organizations. She says in the book that she has retained her chair by dint of seniority. Asked in the interview if she'll still come in to occupy a second-row seat, she replied: "Of course."

Thomas left the ailing UPI and became a columnist for Hearst in July 2000. She started covering the White House on Jan. 20, 1961 – the inauguration of JFK. At the time, the press was crammed into what she calls "Kissinger's old office," now the National Security Affairs Office. "A very tight little island, long before the advent of regular television and radio," she recalled. About 10 people hung out there. She became UPI's White House bureau chief in 1974 and held that title until she moved to Hearst, where she writes columns, such as one titled "Cheney the Irrelevant."

She is deeply disillusioned by the state of press-presidential relations. "I think we have a public trust, and I think we have fallen down on the job," she said. "The newest crop of journalists don't do their job. For one thing, they're being blocked. I think they came out of their coma on Katrina. But the questions that should have been asked have not been asked and time has passed us by."

I pointed out that there is a school of thought that questions are worth asking even if the president won't answer them. "At least the public'll know you're doing your job," she said. "Questions should be out there, because the American people have seen us become so compliant and complicit. You were there for the run-up to the war. Where were the questions? Who asked why, what, what do you mean? We drop bombs and we accuse the enemy of meddling? We attack a country that did nothing on us? We dropped bombs on innocent people and started this war. You were there. Nobody said why." When she paused and I filled the silence with "fascinating," she continued: "It isn't fascinating. It's rid– it's, it's sad."

As for how she thinks the next White House will handle the press, she said, "I think reporters should pin down the candidates and get them to almost sign on a dotted line that they're going to give regular news conferences. It's the only institution in our society where a president can be questioned on a regular basis. If he's not questioned, he can operate solo, as a dictator."

Earlier this month, Thomas received a Lifetime Achievement Award at the black-tie congressional dinner of the Washington Press Club Foundation. In 1974, The New York Times printed her byline over her exclusive year-end interview with President Gerald Ford, who was already arguing that President Richard Nixon's acceptance of the pardon amounted to a confession to his role in Watergate. In 1973, interviews by Thomas with Martha Mitchell, wife of Attorney General John Mitchell, helped expose Watergate. On Aug. 26, 1973, Thomas quoted Martha Mitchell as saying she had seen a Nixon campaign strategy book that included plans for Watergate-style operations, according to UPI's Web site.

Asked about White House stories she's proud of, Thomas said: "One was Martha Mitchell, calling for Nixon's resignation. And I think the whole Nixon era: We all were picking up things. I mean, we didn't get the big exclusive on Watergate. But we were writing stories. I've covered history every day since I've covered the White House, and that's how I view it. I was not in Dallas, but my boss was. He won the Pulitzer. He was in the third car. I can't recall. I do know that I was the only woman print

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journalist to go to China in '72 with President Nixon, and wrote many firsthand stories about China. You don't need my biography."

Thomas was famous for her brisk "Thank you, Mr. President" – the now-defunct signal to end a news conference by the senior wire service reporter. UPI's Merriman Smith started the tradition when he covered Franklin Delano Roosevelt. Now, the president just stops when he wants to.

That Sinking Feeling (NYT)

The New York Times, February 21, 2007

How do you know when it's time to improve the country's roads and bridges, the water systems and power grids that the United States relies upon? There have been plenty of warning signs: spiking traffic congestion and spectacular blackouts. But at what point does the issue move from the province of anxious engineers to an outright national priority?

When sinkholes start swallowing repair trucks, it's a pretty good bet that it's time to pay attention. As William Yardley reported recently in The Times, the country's water and sewer lines, many of them a century old, are in terrible shape, leading to those collapsing roads. And the Army Corps of Engineers reported earlier this month that more than 120 levees around the country could fail in a major flood. New Orleans needs to remain an exception, rather than a sad model for the future.

According to the federal Environmental Protection Agency, just fixing the nation's aging wastewater infrastructure will cost as much as $390 billion. A report to be released next month by the consulting firm Booz Allen Hamilton notes that a successful business environment also demands more reliable energy, water and transportation systems. The report cites a Transportation Department finding that freight bottlenecks — with planes circling at overcrowded airports and cargo stacked up at overcapacity ports — are costing the United States economy $200 billion annually.

That means that America's ability to compete isn't just a matter of being inventive and having a good work ethic, but also depends on the ability to deliver products reliably and on time. The first president with a master's degree in business administration — hint, he's the current Oval Office occupant — should convene a task force of federal, state and local officials to address the growing problem.

If a company kept its factories in the condition that America keeps its infrastructure, you'd expect it to lose business.

Making Amends (WP)

The Washington Post, February 21, 2007

WHEN ASKED yesterday on NBC's "Today Show" about his views on a federal passenger bill of rights, JetBlue chief executive and founder David Neeleman said, "Why should Congress tell us how to treat our people? We should be able to do that." In a perfect world that would be true. But recent events, including last week's JetBlue debacle, raise doubts.

The renewed push for a passenger bill of rights gained traction in the Valentine's Day ice storm, when nine fully loaded JetBlue aircraft sat on the tarmac at John F. Kennedy airport in New York, some frozen to the ground, for six to 10 hours. In addition to the hundreds who were held hostage on stifling planes that ran out of food and water, hundreds more were stranded as JetBlue's operations ground to a halt.

The seven-year-old carrier wasn't alone in wreaking havoc on travelers that day. But because JetBlue has been heralded for its customer service, it has borne the brunt of criticism. That explains why Mr. Neeleman has been pleading for public forgiveness and instituting his own "Customer Bill of Rights," which includes compensation for canceled and delayed flights, payments to those who are bumped, and the option to get off the plane after five hours.

Meanwhile, Sen. Barbara Boxer (D-Calif.) introduced a passengers' bill of rights on Saturday and Rep. Mike Thompson (D-Calif.) plans to do the same next week. Both bills require airlines to allow travelers to get off planes after three hours of delay. That's more reasonable than what JetBlue is offering. And Mr. Thompson's bill goes a step further to mandate frequent updates on the cause and timing of delays.

Kate Hanni, who founded the Coalition for an Airline Passengers' Bill of Rights after being trapped in Austin on an American Airlines jet with no food, water or access to a bathroom for eight hours in December, wants a mandated 150 percent refund for passengers who are bumped or whose flights are canceled or postponed. The congressional bills wisely avoid saddling the very competitive and not-very-profitable airline industry with potentially crippling penalties. Neither should the government be micromanaging airline customer service. But setting minimal standards of decency seems like a fair approach.

OTHER NEWS:

Blue Chips Hit Another High, Aided By Wal-Mart, Oil's Fall (WSJ)

DOJ_NMG_0134905

By Peter A. Mckay

The Wall Street Journal, February 21, 2007

Solid earnings at Wal-Mart Stores and a drop in oil prices outweighed weak results at Home Depot, sending the Dow Jones Industrial Average to another record.

The blue-chip average gained 19.07 points, or 0.1%, to end at 12786.64, up 2.6% on the year. Wal-Mart, a Dow component, rose 3.7% after the retail giant announced fourth-quarter profits that beat Wall Street's expectations. Home Depot posted its first full-year decline in earnings, but the results were largely in line with analysts' estimates. Shares fell slightly, off 0.2%.

Other market measures posted their highest closes in more than six years. The broad Standard & Poor's 500-stock index edged up 0.3%, or 4.14 points, to 1459.68, up 2.9% on the year.

The technology-stock-stock-focused Nasdaq Composite Index added 0.7%, or 16.73 points, to 2513.04, up 4% on the year.

For the second time in a week, the Dow Jones Utility Average and the Dow Jones Transportation Average hit records on the same day as the Dow industrials, another sign of the broad market gains.

In early trading, stocks hovered in the red. But a steep selloff in the oil market put stock investors in a better mood, since lower energy costs often free up money for consumers to spend on U.S. goods and services.

Warmer weather in the Northeast and statements by Iran's foreign minister calling for more talks regarding his country's controversial nuclear program prompted the decline in oil prices. Crude futures for March delivery plunged $1.32, or 2.2%, to $58.07 a barrel, down 4.9% on the year at the New York Mercantile Exchange.

Analysts expect sharp criticism of Iran's nuclear program in a United Nations report due out today. But in large part, the market has factored in the likelihood of such criticism.

That left room for traders to interpret the foreign minister's remarks as a glimmer of hope, said energy analyst John Kilduff, of brokerage Fimat USA.

"We're definitely seeing some of the geopolitical fears come out of the oil price right now," said Mr. Kilduff.

In recent days, the market also has dealt with jitters over possible disruption of Nigerian supply due to political violence.

Another Dow component, Hewlett-Packard, reported earnings after the market close, beating analysts' estimates with a 26% rise in profits for its fiscal first quarter. In after-hours trading, the stock fell 38 cents, or nearly 1%, to $42.75 a share.

In major U.S. market action:

Stocks rose1. Total trading volume for stocks listed on the New York Stock Exchange was 2.34 billion shares, as 1,809 stocks rose and 1,504 fell.

Bond prices advanced2. The 10-year note added 3/32 point, or 93.80 cents per $1,000 invested, pushing the yield down to 4.680%.

The dollar strengthened3. Against the Japanese currency, the dollar rose to 119.99 yen, compared with 119.53 yen. The euro fell against the dollar to $1.3139, compared with $1.3156.

Write to Peter A. McKay at peter.mckay@wsj.com4

U.S. Stock Indexes Celebrate Milestones (USAT)

By Adam Shell

USA Today, February 21, 2007

NEW YORK — Another bad memory from the stock market plunge earlier this decade was wiped clean Tuesday from investors' minds.

The Dow Jones Wilshire 5000 stock index, the broadest gauge of the U.S. equity market, hit an all-time high Tuesday, finally erasing all of its 50.2% loss suffered in the 2000-02 bear market.

The index rose 62.89 points, or 0.4%, to 14,796.54, eclipsing its former high of 14,751.64 set on March 24, 2000, at the peak of the last big bull market on Wall Street. The market capitalization of the U.S. stock market now stands at a record $18.5 trillion, Wilshire Associates says.

While the Wilshire 5000 is not as well known as the iconic Dow Jones industrial average, it is an important index because, given that it includes 4,924 components, it acts as a barometer of the broad stock market's health.

Since hitting its bear-market low on Oct. 9, 2002, the index has earned back $9 trillion in market capitalization, restoring much of the lost wealth suffered by diversified investors who did not invest most of their money in the much-harder-hit technology stocks that reside in the Nasdaq composite. The Nasdaq is still 50.2% off its all-time high.

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The Wilshire milestone came amid more records on Wall Street. The Dow Jones industrial average rallied to its 32nd record close since October, gaining 19.07 points to finish at 12,786.64. The small-cap Russell 2000 also hit a record, closing up 7.96 points to 826.11.

Despite posting gains, both the Nasdaq and Standard & Poor's 500 remained the two most conspicuous major U.S. stock indexes that still are below their 2000 record highs. The S&P 500 gained 4.14 points to 1459.68, leaving it 4.4% shy of its record. The Nasdaq gained 16.73 points to 2513.04.

A drop in oil futures and a flurry of merger deals, including one between Sirius Satellite Radio and XM Satellite Radio, gave the market a boost. Sirius shares rose 6% to $3.92, while XM jumped 10.2% to $15.41. (Q&A, 6B.)

Highlights:

Shares of Wal-Mart Stores gained $1.78, or 3.7%, to $50.26, its biggest percentage gain in nearly four months after the world's No. 1 retailer reported better-than-expected earnings. (Retailers' earnings, 2B.)

·Home Depot, the world's largest home-improvement retailer, reported a 28% drop in quarterly profit. Shares dipped 10 cents, or 0.2%, to $41.34.

Falling Oil Prices Help Push Dow To Another Record Close (WP/AP)

Associated Press

The Washington Post, February 21, 2007

NEW YORK, Feb. 20 -- Wall Street managed a moderate advance in an uneven session Tuesday after a drop in oil prices and encouraging comments from a Federal Reserve official allowed investors to shrug off disappointment over declining sales at Home Depot.

The Dow rose 19.07, or 0.15 percent, to 12,786.64, after falling more than 60 points earlier. The Dow ended the day at its 31st record close since early October and its biggest five-day rally since mid-November. The Dow also reached a new trading high, 12,795.93.

The Standard & Poor's 500-stock index rose 4.14, or 0.28 percent, to 1459.68. The Nasdaq composite index rose 16.73, or 0.67 percent, to 2513.04.

Home Depot said sales at stores open at least a year dropped in the fourth quarter, suggesting that consumers were buying fewer home-improvement goods because of a sluggish housing market. Shares fell 10 cents, to $41.34.

The company's results sent the market down in early trading, but comments from outgoing Fed Governor Susan Bies, who said slumping demand for housing may have bottomed out, alleviated some concerns about the downturn dragging down the rest of the economy. Her remarks echoed those of Fed Chairman Ben S. Bernanke, who last week predicted that the economy will keep growing at a modest pace.

Oil prices, which fell $1.32, to $58.07 a barrel, on forecasts of warmer weather, also lent support to stocks. The decline in crude prices gave some investors reason to buy back into the market, as lower fuel costs curb consumer prices, which could help boost spending and reduce the chance of an interest rate increase.Movers

W al-Mart rose $1.80, to $50.28, after reporting fourth-quarter profit growth of 9.8 percent, which beat analyst estimates.

New River Pharmaceuticals rose $4.84, to $63.19. Shire, a British pharmaceutical firm, plans to buy New River for about $2.6 billion.

Hewlett-Packard rose 36 cents, to $43.13. The computer maker said holiday sales drove its profit up in the latest quarter by 26 percent.

Fed Buzz Advances Market (WT/AP)

The Washington Times, February 21, 2007

NEW YORK (AP) -- Wall Street managed a moderate advance in an uneven session yesterday after a drop in oil prices and encouraging comments from a Federal Reserve official allowed investors to shrug off disappointment over Home Depot Inc.'s declining sales. The Dow Jones Industrial Average set another closing high.

Home Depot said sales at stores open more than a year dropped in the fourth quarter, suggesting that consumers' appetite for home improvement goods is still dwindling because of the sluggish housing market.

The company's results sent the market down in early trading, but comments from outgoing Fed Governor Susan Bies, who said slumping demand for housing may have bottomed out, alleviated some concern about the downturn dragging down the rest of the economy. Her remarks echoed those of Fed Chairman Ben S. Bernanke, who last week predicted the economy would keep growing at a modest pace.

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"The overall trend of the market is basically positive," said Brian Gendreau, investment strategist for ING Investment Management, pointing to Mr. Bernanke's recent forecast of moderating growth and cooling inflation. "That's a great environment for equities. Unless you have some specifically nasty news, there's no reason why the trend shouldn't be upward."

Falling oil prices, which tumbled $1.32 to $58.07 a barrel on the New York Mercantile Exchange on forecasts of warmer weather, also lent some support to stocks.

The Dow rose 19.07, or 0.15 percent, to 12,786.64, after falling more than 60 points earlier. Yesterday's climb brought the index to its 31st record close since early October, and its biggest five-day rally since mid-November. The Dow also reached a new trading high of 12,795.93, just short of 12,800.

The Standard & Poor's 500 Index rose 4.14, or 0.28 percent, to 1,459.68, and the Nasdaq Composite Index climbed 16.73, or 0.67 percent, to 2,513.04. The Russell 2000 Index of smaller companies rose 7.96, or 0.97 percent, to 826.11.

ConocoPhillips fell 57 cents to $65.58; Chevron Corp. fell 69 cents to $70.12; and Exxon Mobil fell 42 cents to $74.87.

Home Depot's weaker-than-anticipated sales also kept some pressure on stocks.

Home Depot fell 10 cents to $41.34 after reporting same-store sales that disappointed analysts. But Wal-Mart rose $1.78, or 3.7 percent, to $50.26 after issuing its financial results, which showed better-than-expected fourth-quarter profit growth and an upbeat forecast for 2007.

Hewlett-Packard Co. said after the market closed that holiday sales drove its profit up in the latest quarter by 26 percent. The results beat analysts' expectations, but the computer and printer maker's stock fell 43 cents to $42.70 in after-hours trading after closing up 36 cents at $43.13 in regular trading.

British drug company Shire is buying U.S. drug maker New River Pharmaceuticals for about $2.6 billion; Vulcan Materials is acquiring construction aggregate maker Florida Rock Industries for $4.6 billion; and EMI Group said it was approached by Warner Music about a takeover.

Florida Rock soared $19.58, or 42 percent, to $66.54.

Warner Music climbed 90 cents, or 4.9 percent, to $19.15.

New River, of Radford, Va., surged $4.84, or 8.3 percent, to $63.19.

Not all takeover talk was positive for stocks, though. General Motors Corp. slipped 39 cents to $35.95 as rumors continued to circulate that the struggling automaker is interested in buying Chrysler Group.

Advancing issues outnumbered decliners by about 5 to 3 on the New York Stock Exchange.

Mistrial In Malpractice Case After Defendants Aid Juror (NYT)

By Katie Zezima

The New York Times, February 21, 2007

BOSTON, Feb. 20 — A mistrial was declared on Tuesday in a medical malpractice case brought by the head football coach at the University of Notre Dame after a juror collapsed and the defendants, two doctors at Massachusetts General Hospital, rushed to help him.

The coach, Charlie Weis, who had N.F.L. coaching positions with the New England Patriots, the New York Giants and the New York Jets, has accused the doctors of negligence by letting him bleed internally for 30 hours after a gastric bypass in 2002.

Mr. Weis's lawyer said that he nearly died after the procedure and that the operation left his legs with nerve damage.

The doctors, Richard A. Ferguson and Charles M. Hodin, said that Mr. Weis knew the dangers of the operation and that bleeding was not uncommon after such surgery.

Around 10 a.m. as another doctor was testifying, a juror gasped and lost consciousness. The witness, with Drs. Ferguson and Hodin, rose and helped the juror, who was taken to a hospital.

After the juror left, Mr. Weis's lawyer, Michael Mone, asked Judge Charles T. Spurlock of Superior County in Suffolk County for a mistrial. In an interview, Mr. Mone said two jurors had told the judge that the events could influence their verdict.

"Like anybody, he wanted the case to be completed," Mr. Mone said of his client. "But he also wanted to have the case decided by a jury that was not affected by such an extraordinary event."

On Friday, the Patriots quarterback, Tom Brady, testified that after the operation he saw Mr. Weis drift in and out of consciousness and that leg pain subsequently often hobbled the coach.

Supreme Court Will Review The Way New York Selects Judicial Candidates (NYT)

By Linda Greenhouse

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — The United States Supreme Court agreed on Tuesday to review New York's method of selecting candidates to its own Supreme Courts — the 324 judges who have general trial jurisdiction throughout the state and

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whose nomination to 14-year terms is tightly controlled by a political process that two lower federal courts declared unconstitutional last year.

The lower court rulings, which were stayed until after the 2006 election cycle, have created turmoil in the state's judicial politics and spurred calls for fundamental change in a system that dates to 1921. The political parties control the nominating conventions, and candidates who are not favored by the parties' leaders have no chance of getting on the ballot. The actual elections are for the most part uncontested.

From 1994 to 2002, these nominating conventions in the state's 12 judicial departments chose 568 State Supreme Court candidates, none of whom were challengers to the party favorites. The United States Court of Appeals for the Second Circuit, in a ruling last August affirming a decision issued five months earlier by Judge John Gleeson of Federal District Court in Brooklyn, ruled that the system was so exclusionary as to violate the First Amendment right of the state's voters to freedom of political association.

"The First Amendment guarantees voters and candidates a realistic opportunity to participate in the nominating phase free from severe and unnecessary burdens," Judge Chester J. Straub wrote for a three-judge panel of the appeals court. He added that the United States Supreme Court's election-law precedents "establish that the First Amendment prohibits a state from maintaining an electoral scheme that in practice excludes candidates, and thus voters, from participating in the electoral process."

The ruling was appealed to the Supreme Court by the New York State Board of Elections, joined by several political organizations; the incumbent State Supreme Court justices; and by Attorney General Eliot Spitzer, who was governor-elect by the time the appeal reached the court on Nov. 28.

Governor Spitzer's view of the case will be a matter of some interest as it goes forward. Addressing the Rockefeller Institute of Government shortly after his election as governor, Mr. Spitzer indicated that he did not support the existing system, which he said was "in dire need of reform." According to an account in The New York Law Journal, the governor-elect said that "there must be a way to primary onto the ballot," and added that "I will not support anything that has a closed convention structure, where only those who came out of the convention could be on the ballot."

Governor Spitzer's office in Albany said on Tuesday that he would have no comment on the Supreme Court decision to hear the case, New York Board of Elections v. Torres, No. 06-766. The court will take up the case when its next term begins in October. It could be a year from now, or longer, before the justices issue a decision.

That long waiting period presents considerable uncertainty. Under Judge Gleeson's original ruling, the state will have to begin to use a primary election system unless it comes up with another way to satisfy the court's constitutional concerns. A bill to establish primary elections as the way to choose State Supreme Court nominees passed the State Senate last year and was reintroduced at the beginning of the new session in January.

But primaries present their own problems, including the need for candidates to raise considerable amounts of money. (Money is also an issue with the nominating conventions; a judge who was arrested in Brooklyn on corruption charges several years ago asserted that the going rate in the borough for the Democratic nomination for judge was $50,000.)

A task force convened by the New York City Bar Association in response to the court rulings recommended a system of merit selection, under which bar associations, civic groups and others would screen and present a list of candidates from which the governor or, in New York City, the mayor would choose.

Mark H. Alcott, president of the New York State Bar Association, said on Tuesday that the organization had long supported a merit selection system. The shift to such a system would require a state constitutional amendment. The Constitution was amended in 1846 to require election of State Supreme Court justices.

The challenge to the convention system was brought by a group of judicial candidates, Republican and Democratic voters, and the civic group Common Cause, represented by the Brennan Center for Justice at New York University Law School. The lead plaintiff, Margarita López Torres, who is now the Brooklyn surrogate court judge, tried and failed several times to obtain a Democratic nomination for State Supreme Court. As an elected Civil Court judge, she refused an order to make a patronage appointment of a law secretary, and complained that she was told by a party leader that she "did not understand the way it works."

Romney Mounting An Early Presidential Ad Campaign (NYT)

By Adam Nagourney

The New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Mitt Romney, who entered the race for the Republican presidential nomination last week, will run television advertisements in five states starting Wednesday, the latest sign of how quickly the 2008 campaign is moving.

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The advertisements, 10 months before the first nominating contests next year, are an early move to inform Republican primary voters about his views and record at a time when he has come under some criticism by opponents for shifting his views on several issues.

The television advertising campaign will begin in Iowa and New Hampshire on Wednesday and then expand to South Carolina, Florida and Michigan, all states with early 2008 contests, his aides said. The advertisements will run for about two weeks.

Mr. Romney, a former governor of Massachusetts, becomes the first of the major presidential contenders of either party to buy television time. By contrast, in the 2004 election, Howard Dean, a Democrat seeking his party's presidential election, bought the first television advertisements only six months before the first nominating contests.

"It is very early," said Evan Tracey, chief operating officer of the Campaign Media Analysis Group, a firm based in Virginia that tracks advertising. "But everything this time is seemingly very early."

The advertisements include film from Mr. Romney's announcement last Tuesday in Dearborn, Mich., along with shots of him speaking at a rally at the Iowa State Fairgrounds that afternoon. As is typical with early introductory advertisements, they focus heavily on presenting information about someone who is little known outside his state, focusing in particular on his tenure as head of the 2002 Winter Olympics in Salt Lake City.

The advertisement also offers a hint of how Mr. Romney may package himself in the campaign. "The Republican governor who turned around a Democratic state," the announcer says.

Some Romney supporters have been urging him to push back against criticism that he has shifted on issues as he has sought the backing of conservatives in his party — particularly his move from supporting abortion rights when he was a candidate in Massachusetts to opposing them now.

Recently, for example, Mr. Romney said in an interview on the ABC News program "This Week" that he just recently signed up as a member of the National Rifle Association and that he voted for Paul E. Tsongas, the former Democratic senator from Massachusetts, in his state's 1992 Democratic presidential primary, which is open to voters from both parties.

Mr. Romney's advisers said the advertisements had long been planned and should not be viewed as an expression of concern that he is being defined early by these questions.

"What the announcement did is stimulate a great deal of demand and interest about Mitt Romney from voters," said Kevin Madden, his spokesman. "What this does is introduce Mitt Romney to voters and gives more information about who he is. We don't enjoy the universal name identification that other candidates enjoy at this point."

Romney Goes Up On TV (POL)

By Jonathan Martin

Politico.com, February 21, 2007

Former Massachusetts Gov. Mitt Romney goes up on the air tomorrow in parts of Florida, Iowa, Michigan, New Hampshire and South Carolina with his campaign's first ad. The 60-second spot, "Unplugged," features Mitt on the stump. There will also be a condensed, 30-second version.

Asked why the campaign would air commercials so far ahead of the first voting, Romney spokesman Kevin Madden said, "It's the perfect time."

"We just launched last week, and since then voter interest in Mitt Romney is continuing to grow and demand is rising," Madden continued. "This ad allows people to see and hear Mitt Romney as he works the campaign trail and makes his case for people's support."

The spot also allows Romney to boost his name ID in the key early states, where he currently lags far behind the better-known Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani. While Romney has put together a solid organization in each of these initial nominating states and created buzz with the political class, he's yet to penetrate the larger population. These ads aim to change that.

The Abortion Wars (POL)

Politico.com, February 20, 2007

The campaign of former Massachusetts Gov. Mitt Romney, whose stance on abortion has often been hard to pin down, now is attacking Sen. John McCain on the issue, accusing the Arizonan of ducking the debate over the right to life since his 2000 presidential bid.

"Ask the pro-life movement where his leadership has been in the six years since 2000 that he's been running for president," says Gary Marx, who is charged with handling conservative outreach for Romney. "What has he done?"

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But isn't it a bit audacious for the campaign of a candidate who was, in his own words, "effectively pro-choice" as late as his 2002 gubernatorial run, to now take shots at the record of a consistently pro-life opponent?

"We're making sure that all primary voters and [conservative] leaders have full picture on all the candidates," responds Marx.

Which is why Marx sent an e-mail (pasted in full below) last night to more than 100 influential social conservatives highlighting various news clips about McCain's stance on abortion, bolding and italicizing those lines that call into question the senator's commitment to ending the practice.

Romney's views on social issues, and particularly abortion, have received sustained scrutiny over the past few months and it's time that the other candidates face a similar examination, Marx says.

McCain, for example, "votes pro-life," Marx concedes, "but he still doesn't get it on what to do" to end the legalization of abortion.

Matt David, spokesman and rapid response guru for McCain, responded by noting his candidate's long record of opposing abortion.

"Senator McCain ran as a pro-life candidate, was elected as a pro-life senator and serves as a pro-life senator," he said.

McCain said Sunday on the campaign trail in South Carolina that, as president, he would support overturning Roe v Wade.

And what about Romney's own conversion on what conservatives call "the sanctity of life"?

Marx points out that Romney as governor vetoed funding for embryonic stem cell research, an emergency contraception bill and a measure that would change the defintion of when life begins.

While Romney's rhetoric was consistently pro-choice before being elected, his gubernatorial record "is 100% pro-life as a record," notes Marx.

That may be the case, but as long videos like this continue to appear on YouTube, it will be difficult for Marx and Co. to keep the focus on anybody's record on the issue but their own.

Mitt Romney's Extreme Makeover (WP)

By Ruth Marcus

The Washington Post, February 21, 2007

Precisely two years ago, Mitt Romney, then the governor of Massachusetts but already eyeing a 2008 presidential bid, sat in the coffee shop of a Washington hotel, doing his best not to explain his views on abortion.

Romney was speaking to a few of us from The Post, and my colleague Dan Balz noted the similarity between Romney's expressed views on abortion rights and the stance of another Massachusetts politician, Sen. John F. Kerry: Both men said they were personally opposed to abortion but did not support making it illegal.

From there, Romney proceeded to expound one of the odder positions I've heard in years of listening to politicians talk about a subject most would prefer to avoid: "I can tell you what my position is, and it's in a very narrowly defined sphere, as candidate for governor and as governor of Massachusetts," he said. "What I said to people was that I personally did not favor abortion, that I am personally pro-life. However, as governor I would not change the laws of the commonwealth relating to abortion.

"Now I don't try and put a bow around that and say what does that mean you are -- does that mean you're pro-life or pro-choice, because that whole package -- meaning I'm personally pro-life but I won't change the laws, you could describe that as -- well, I don't think you can describe it in one hyphenated word."

Got it? I didn't, and I asked, "Do you support making abortion illegal? I'm not talking about what you would do as governor of Massachusetts."

Romney: "But that's the furthest I'm going to take you right now. I'm governor of Massachusetts, and I'm telling you exactly what I will do as governor of Massachusetts, but I'm not going to tell you what I'd do as mayor of Boston or a congressman or any of those positions."

I reprint so much of Romney's answer (you can read or listen to the full exchange online) because its baroque circumlocutions seemed to say so much about him. It was hard to know what Romney actually thought about abortion rights other than that this was a political minefield it was best to avoid stepping into for as long as possible.

But it was also hard to see how a man with deeply held convictions on abortion rights -- either for or against -- could take a position so calibrated and inconclusive. Listening to Romney that day was like watching a chameleon in the fleeting moment that its color changes to suit its environment. Indeed, several months later, after vetoing a bill to expand access to emergency contraception, Romney wrote in the Boston Globe about how his views on the subject had "evolved and deepened."

Evolved, indeed. During his Massachusetts races, Romney paraded his conviction that "abortion should be safe and legal in this country" and promised that "you will not see me wavering" on Roe v. Wade.

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Now Romney says he opposes abortion except in cases of rape and incest or to save the life of the mother, and supports overturning Roe. At the National Review Institute Conservative Summit last month -- at the very hotel where he had told us of his commitment to not altering state law one way or another -- Romney boasted that each time an issue involving reproductive rights came up during his governorship, "on every single one of them I came down on the side of respecting human life."

Romney's "Extreme Makeover: Political Edition" goes beyond abortion rights. Once he supported allowing gays to serve openly in the military and backed a federal law to prohibit discrimination on the basis of sexual orientation -- not anymore. He's gone from saying "I don't line up with the NRA" to becoming, last August, a life member.

Romney told the Boston Globe in 1994 that, as a registered independent, he voted in the 1992 Democratic primary for Paul Tsongas because Tsongas was from Massachusetts and he favored Tsongas's ideas over Bill Clinton's. Appearing last weekend on ABC's "This Week," Romney offered a contradictory explanation: "When there was no real contest in the Republican primary, I'd vote in the Democrat primary, vote for the person who I thought would be the weakest opponent for a Republican."

Surely a man with a Harvard MBA could do better than that. At the time of the primary, Tsongas was doing better than Clinton in matchups against George H.W. Bush. And Tsongas didn't need Romney's help trouncing Clinton in his home state.

To give this explanation the credit it doesn't deserve, Romney's rationale boils down to arguing that he didn't really mean his vote; he was just trying to game the political process. Those considering Romney in 2008 have reason to wonder what a politician who admits so freely to that kind of manipulation is willing to do to win their votes.

marcusr@washpost.com

McCain Defends Christian Outreach Effort (AP)

By Brendan Farrington, Associated Press Writer

AP, February 21, 2007

Republican presidential candidate John McCain is defending his outreach to conservative Christians, arguing that his effort is not political pandering to win the GOP nomination.

McCain met privately Monday with religious broadcasters in Orlando, Fla., then answered questions about his appeal to conservatives in Vero Beach.

In the 2000 campaign, McCain angered the party's right by calling evangelist leaders Pat Robertson and Jerry Falwell "agents of intolerance." Last spring, he spoke at Falwell's Liberty University although hard feelings still linger among some conservatives. Focus on the Family founder James Dobson has said he won't support McCain.

"Nobody accused me of courting and pandering to the liberals when I went to the New School," McCain told the crowd, a reference to the New York City school. "What I have found out in my life, is that every time I have done something for political reasons and not the right reasons, I have paid a very heavy price for it — a big price."

The Arizona senator said he is trying to reach out to all elements of the party.

"I don't know which part of the party is going to be more influential or not," McCain said. "I've tried always in my political career to have a big tent party where a lot of people are welcome with differing views."

Conservatives are a critical voting bloc in the GOP primaries.

The Rev. Patrick Mahoney of the Christian Defense Coalition said after McCain's private meeting in Orlando that he helped repair damage with Christian conservatives.

"He recognized he cannot be president of the United States without reaching out to the evangelicals," Mahoney said. "There definitely is an uneasy relationship between McCain and people of faith, but he is reaching out and he is breaking down those walls. He helped himself in that room tremendously today."

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WASHINGTON (AP) — John Edwards' presidential campaign wants to make it clear that he does not consider Israel a threat to world peace.

A spokesman for the 2008 Democratic candidate issued a statement Tuesday denying such a report on Variety.com. Columnist Peter Bart reported that Edwards told a Hollywood fundraiser last month that the possibility that Israel would bomb Iran's nuclear facilities is perhaps the greatest short-term threat to world peace.

The report was circulating on the Internet, and the Edwards campaign wanted to reassure its pro-Israel supporters that is not his position.

"The January 19th Variety article is erroneous," said Edwards spokesman Jonathan Prince. "Senator Edwards did not say nor does he believe that the greatest short-term threat to world peace is the possibility that Israel would bomb Iran's nuclear facilities. Senator Edwards said, as he has in the past, that Iran acquiring a nuclear weapon is one of the greatest short-term threats to world peace."

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Bart said Variety stands by its report. The host of the Jan. 9 fundraiser, Adam Venit of the Endeavor talent agency, did not respond to a message seeking comment.

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WASHINGTON (AP) — Democratic presidential candidate Barack Obama will deliver the keynote address next month at the annual Bridge Crossing Jubilee that commemorates the 1965 Selma-to-Montgomery voting rights march, organizers said Tuesday.

Obama is scheduled to speak at a March 4 service at Brown Chapel A.M.E. Church, the site in Selma where marchers gathered in the historic protest that gave blacks across the South greater access to the ballot.

Rep. Artur Davis, D-Ala., who district includes Selma, asked Obama to participate and plans to hold a fundraiser for the Illinois senator. Davis and Obama met while attending Harvard Law School.

The 1965 march helped spark passage of the Voting Rights Act, which allowed blacks to register across the South without the obstacles used by segregationists to limit their access to polling places.

Club-swinging troopers and deputies beat and turned back marchers at the Edmund Pettus bridge at Selma on March 7, 1965, an attack that became known as "Bloody Sunday" and helped galvanize national support for the voting rights movement. With a federal court order clearing the way, the march to Montgomery was completed later that month.

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Associated Press writers Ben Evans and Nedra Pickler in Washington contributed to this report.

McCain Suffers In Polls Despite Iraq Stance (FT)

By Edward Luce

Financial Times, February 20, 2007

Once considered the un-crowned Republican candidate for the 2008 presidential election, John McCain's fortunes are plummeting rapidly. And the senator's frustrations are beginning to show.

At a campaign stop in South Carolina on Monday, Mr McCain lashed out at Donald Rumsfeld, the controversial former defence secretary, as "one of the worst secretaries of defence in history". The 70-year-old Vietnam war veteran added: "We are paying a very heavy price for the mismanagement – that's the kindest word I can give you – of Donald Rumsfeld of this war. The price is very, very heavy and I regret it enormously."

In spite of his criticisms of the Bush administration's handling of the Iraq war since 2003, Mr McCain is starting to pay a price on the campaign trail.

Last month the Arizona senator came out strongly in favour of George W. Bush's "new way forward in Iraq", which involves sending another 21,500 US troops into the field. Since then, his poll numbers among registered Republican voters and among the US public at large have fallen sharply.

From being the virtually uncontested frontrunner among Republicans, recent polls show Mr McCain trailing Rudy Giuliani, the form-er mayor of New York seen by many as an "American hero" because of the leadership he displayed after the September 11 terrorist attacks.

According to the latest poll by Fox News, only 22 per cent of Republicans support Mr McCain's candidacy compared with 34 per cent for Mr Giuliani. Newt Gingrich, the former speaker of the House of Representatives, attracted 15 per cent support even though he has not yet decided whether to enter the race.

Meanwhile, Mitt Romney, the former governor of Massachusetts, who is trying to position himself as a candidate of the powerful social conservative bloc, failed to get into double figures. Mr Romney's Mormon beliefs are seen as a severe handicap in a party where up to one-third of members are registered evangelicals.

Mr McCain is viewed with suspicion because of his support for stem cell research and lukewarm opposition to abortion and gay marriage.

He has stretch-ed voter credulity by making overt attempts to reconcile with the Christian right. He said the 1973 Roe vs Wade Supreme Court ruling that paved the way for abortion should be overturned.

Although Mr Giuliani is more liberal by far on social issues than either of the other candidates and is also on his third marriage, his image as a tough operator in what is widely expected to be a national security-dominated election in 2008 has assisted his poll numbers, say analysts.

Dewine, Castle Endorse Mccain (HILL)

By Elana Schor

The Hill, February 21, 2007

DOJ_NMG_0134913

Sen. John McCain (R-Ariz.) yesterday picked up a 2008 endorsement from Ohio's former GOP senator, Mike DeWine, who maintains strong name-recognition in the quintessential swing state, despite losing his seat last year.

Rep. Mike Castle (R-Del.) also joined McCain's 2008 bid.

Of the 17 House Republicans who voted with Democrats on last week's resolution condemning the Bush administration's plan to add troops in Iraq, five are public McCain supporters: Reps. Ric Keller (Fla.), Fred Upton (Mich.), Steven LaTourette (Ohio), Mark Kirk (Ill.) and Castle.

South Carolina To Test Rudy's Line On Judges (HILL)

By Alexander Bolton

The Hill, February 21, 2007

A speech Rudy Giuliani delivered to an abortion-rights advocacy group when he was mayor of New York City and more recent comments about the Supreme Court could complicate his efforts to woo conservative votes in crucial presidential primary states.

Giuliani will test his new abortion talking points with conservative voters today when he campaigns in South Carolina, a state that is expected to pose an obstacle to centrist GOP presidential candidates next year.

Giuliani, who was an outspoken supporter of abortion rights when he ran for city office in the 1990s, has shifted his position to appeal to conservative voters by promising to nominate conservative jurists to the federal courts if elected president. He has vowed to select judges like Chief Justice John Roberts Jr. and Justice Samuel Alito Jr., conservative stalwarts on the Supreme Court who are viewed as abortion-rights opponents.

The credibility of that stance is undermined by remarks Giuliani delivered in April of 2001 to the National Abortion & Reproduction Rights Action League, now known as NARAL Pro-Choice America.

NARAL was perhaps the harshest critic of President Bush's appointments of Roberts and Alito to the high court. NARAL aired the first television advertisement opposing Roberts's nomination, accusing him of supporting violent anti-abortion groups while showing footage of a 1998 abortion clinic bombing.

The ad was met with such a barrage of protest that NARAL took it off the air. Sen. Arlen Specter (R-Pa.), then the centrist chairman of the Senate Judiciary Committee, condemned the ad, saying it was untrue and undercut the credibility of abortion-rights advocates.

Giuliani's remarks to NARAL could prove embarrassing because the Roberts episode is still fresh in the minds of many conservative activists the former mayor hopes to win over to his side.

"I thank NARAL for taking the lead in establishing freedom of choice for all of us, and as the mayor of New York City, I thank you for being here in New York City," he said in 2001.

Giuliani also indicated then that he supported changing the Republican Party's platform on abortion.

"In a recent poll by American Viewpoint, 65 percent of Republicans supported changing the plank in the Republican platform that calls for a constitutional ban on abortion," he said. "And over 80 percent of Republicans believe that the decision with regard to an abortion should be made by a woman, her doctor, and her family, rather than dictated by the government."

Abortion rights, Giuliani said, fit well within the Republican Party's philosophy of reducing the role of government in people's lives.

"So it is consistent with that philosophy to believe that in the most personal and difficult choices that a woman has to make with regard to a pregnancy, those choices should be made based on that person's conscience and that person's way of thinking and feeling," he said. "The government shouldn't dictate that choice by making it a crime or making it illegal."

At the NARAL lunch, Giuliani also said he and the assembled guests were "upholding a distinguished tradition that began in our city starting with the work of Margaret Sanger," a founder of Planned Parenthood and a pioneer of distributing birth control to the poor.

An official with Giuliani's campaign stressed that he has since clearly stated his personal opposition to abortion.

"I oppose it," Giuliani said during a Fox News interview this month. "I don't like it. I hate it. I think abortion is something that is a personal matter I would advise something against. However, I believe in a woman's right to choose. I think you have to ultimately not put a woman in jail for that. I think ultimately you have to leave that to a disagreement of conscience and have to respect the choice that somebody makes…"

Now that Giuliani is pinning his abortion stance to a promise on federal court nominations, he could be haunted by other public comments.

In July of 2005, he said Justice Ruth Bader Ginsburg fit criteria that would be important to him when picking a Supreme Court justice.

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"[W]hat's important to me is to have a very intelligent, very honest, very good lawyer on the court," he said. "Justice Ginsburg fit that category." Giuliani added that she was a "very qualified lawyer and a very smart person."

Ironically, Giuliani made his 2005 statements on Fox News's "Hannity & Colmes," the same show on which he made an appeal this month to conservative voters.

"I think the appointment of judges I would make would be very similar if not exactly the same as the last two judges that were appointed," he said. "Chief Justice Roberts is somebody I admire. Justice Alito, someone I knew when he was U.S. attorney, I also admire."

Influential conservatives say Giuliani cannot merely promise to nominate conservatives to the bench. They say he must address his personal stance on the issue.

"I think it's probably going to have to be stronger," the director of public policy for the South Carolina Baptist Convention, Joe Mack, said. "He'll have to deal with where he stands on the issue, not just on his court appointees. I think people are still going to want to know where he stands on the issue."

Mack said that if Giuliani has changed his mind on abortion, he will have to make his case convincing.

"What kind of case he makes will determine whether they accept it or not," he said, speaking of social conservatives from his state.

A conservative activist leader based in Washington, Connie Mackey, said Giuliani's comments need to be scrutinized.

"It's relevant," said Mackey, who works for the legislative-action arm of the Family Research Council, a group representing evangelical Christians. "Any conservative who thinks it's sufficient to get a promise that [Giuliani] will put strict constructionists on the courts are missing the point. You use the bully pulpit to advance an agenda you believe in and you put people in federal agencies who will do the work of your stated agenda. His stated agenda is that he's pro-abortion."

Giuliani made other statements in 2005 that will make it difficult for him to appease conservatives' concerns by promising to nominate judges in the mold of Roberts and Alito.

During a June 2005 interview on MSNBC's "Hardball," Giuliani said he would not select a judicial nomination based on his or her abortion views.

"I wouldn't pick a judge based on whether I knew or didn't know their position on choice," he said. "I'd pick a judge based on their overall record."

Perhaps more awkward for Giuliani now is a declaration he made in 2000 during an ABC interview with George Will that Roe v. Wade, the landmark Supreme Court decision establishing the right to an abortion, was good constitutional law. Even many defenders of abortion rights acknowledge that the legal justification behind the case was poorly reasoned.

These statements could turn up in campaign ads aired by his political opponents in the run-up to next year's primaries.

Obama Attracts Celebrities And Cash (AP)

By Michael R. Blood, Associated Press Writer

AP, February 21, 2007

Checks from Hollywood's A-list stars such as George Clooney, Eddie Murphy and Barbra Streisand added up to a one-night take of $1.3 million for Democratic presidential candidate Barack Obama.

Obama spoke to a star-studded audience at a closed-door fundraiser in Beverly Hills arranged by three of the industry's biggest names — DreamWorks studio founders Steven Spielberg, Jeffrey Katzenberg and David Geffen.

He told an audience that included Spielberg, Oscar nominee Eddie Murphy, actress Jennifer Anniston and singer Jackson Browne that they have "enormous power" that comes with "enormous responsibility" because of their impact on American culture.

"Don't sell yourselves short," he said in a 25-minute address. "You are the storytellers of our age."

Tickets were $2,300, the maximum individual donation to a federal campaign, or $4,600 for a couple. A later, private dinner at Geffen's home was being held for fundraisers who brought in at least $46,000 for the evening.

Before the fundraiser, Obama urged a crowd of thousands at an outdoor rally to help him transform America. The freshman senator from Illinois spoke of a government that is failing the country and a slash-and-burn political culture that stands in the way of significant change.

With the support of the electorate, Obama said, he could work to resolve such issues as an unpopular war in Iraq and a public education system that he said leaves too many people behind.

"We can do all these things. I can't do it without you," Obama, tieless and in shirt sleeves, exhorted the audience as supporters enthusiastically waved a sea of blue "Obama '08" signs.

The crowd was strikingly large for a rally a year before the state's expected February 2008 primary.

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The fundraiser underscored the intense competition among the party's leading 2008 candidates for Hollywood dollars and endorsements. The entertainment industry is a perennial source of cash for Democrats, with big names often donating to multiple campaigns while withholding formal endorsements until later.

Spielberg, for example, is a host of the event but has not made an endorsement. Katzenberg and Geffen are backing Obama.

The movie, television and recording industries gave $33.1 million to federal candidates and parties in 2004, with much of that coming from Hollywood, according to the nonprofit Center for Responsive Politics.

Obama's display of celebrity sizzle and campaign dollars challenges any assumptions that Hollywood dollars would default to Sen. Hillary Rodham Clinton, D-N.Y., who has long-standing ties to the industry, along with her husband, former President Clinton.

"I think this guy is for real," said longtime Democratic consultant Garry South, who is unaligned in the 2008 race. "I was skeptical at first, but something is going on here. ... Whether it can sustain itself remains to be seen."

Clinton will be pulling in Hollywood dollars next month, when a fundraiser is scheduled at the home of supermarket tycoon Ronald Burkle, a longtime friend and fundraiser for her husband.

In addition to money, the state has taken on new importance in presidential politics with lawmakers poised to move its primary to Feb. 5 from June.

Among other candidates, Republican Rudy Giuliani was in the state earlier this month. Sen. John McCain, R-Ariz., is planning to appear Wednesday with Gov. Arnold Schwarzenegger in the Los Angeles area to discuss climate change.

Obama was on a three-day swing through California, his first since announcing his candidacy. He also held a fundraiser in San Diego's upscale La Jolla section.

Beside the celebrity giving, checks have come in from studio bosses, including Paramount Pictures studio chief Brad Grey; Richard Cook, chairman of Walt Disney Studios, and Ron Meyer of Universal Studios.

Hollywood Gives Obama Both Cash And Credibility (WP)

By Matthew Mosk

The Washington Post, February 21, 2007

Hollywood has always gravitated to the fresh face, so the crushing turnout there yesterday at a rally and a series of fundraisers for presidential contender Barack Obama followed a familiar Tinseltown story line.

The Democratic senator from Illinois drew thousands to a South Los Angeles park, then headed to Beverly Hills for a fundraising double feature that organizers said yielded him an estimated $1.3 million.

Movie stars Tom Hanks, Jennifer Aniston and Denzel Washington wrote checks, and scores of producers and agents paid $4,600 per couple -- the maximum allowed -- to jam a hotel ballroom for a two-hour, closed-door cocktail reception hosted by entertainment moguls Steven Spielberg, Jeffrey Katzenberg and David Geffen.

Those who collected $46,000 in checks for the event, which attracted 300 people, were invited to Geffen's house for a more intimate sit-down dinner with Obama.

Organizers said they expected the freshman senator to leave town flush not only with money but also with valuable connections in a city that has for decades served as a lifeline for Democratic presidential contenders.

Money collected now could provide an important boost, in that it will appear on Obama's first quarterly earnings report. Those figures, when released in April, will help signal his campaign's viability.

A clear undercurrent to yesterday's high-profile Hollywood swing was the ease with which Obama swept up support from entertainment industry titans who had once been squarely with President Bill Clinton and Sen. Hillary Rodham Clinton (D-N.Y.).

"There will be lots of excitement about her," Donna Bojarsky, a Hollywood-based political consultant who attended last night's Obama event, said of Hillary Clinton. "But with him, there's this overwhelming sense that people could be getting in at the ground floor of a historic journey."

That is not to say Hollywood is leaving Hillary Clinton behind. Spielberg is one of many who have pledged to raise money for Obama, Clinton and former senator John Edwards. Next month, former supermarket magnate Ron Burkle will host a major fundraiser for Clinton.

"Senator Clinton has been a box-office hit in this town for 15 years," said Chad Griffin, a Hollywood-based political strategist and staff member in the Clinton White House. "Anyone who can survive the industry for 15 years has lasting power."

Obama Hat In Hand In La-la Land (CHIT)

By Mike Dorning And Christi Parsons

Chicago Tribune, February 21, 2007

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BEVERLY HILLS, Calif. -- In Hollywood, it's never too early to be famous.

Never too soon to be "it." No such thing as too much attention. And no better place for a politician who is known as much for his celebrity as his record.

So on Tuesday night, Sen. Barack Obama made his debut as a presidential candidate among an A-list of Hollywood power and fame, tapping into one of the most formidable honey pots of Democratic money and connections. The crowd included Jennifer Aniston and Eddie Murphy as well as singer Natalie Maines of the Grammy-winning Dixie Chicks and movie producer Ron Howard.

And the hosts are among the entertainment world's best known and most powerful figures, Steven Spielberg, David Geffen and Jeffrey Katzenberg, the DreamWorks SKG partners. Studio bosses from Universal, Paramount, Disney and Fox each paid $2,300 for tickets to the event with the Democratic senator from Illinois.

It is the season's premier fundraising event in the cradle of American myth-making, one of the most important sources of money for presidential candidates. In addition to contributing money to its favored candidates, the entertainment industry also casts an aura of glamour and currency upon a hopeful trying to catch on as the next big thing.

So in a town that lives and dies by the ability to predict what will capture the imagination of the American public, candidates are feverishly making their pitches.

Attendance at such a star-studded event isn't necessarily a promise of political backing. In fact, Spielberg, has promised to help throw an upcoming event for Sen. Hillary Rodham Clintonof New York, one of Obama's chief rivals for the Democratic nomination. The two are fiercely battling for the heart of Hollywood these days, with Clinton getting ready for her own high-stakes fundraiser in the next few weeks and counting the support of several influential moguls and producers in the community.

But the fact that the DreamWorks partners are so early in staging such a big party — expected to net at least $1 million — has drawn notable attention to Obama, especially as media from around the world assemble in advance of this weekend's Oscar ceremonies. For others in the circle, say some, it signals Obama as someone to take seriously.

'Very discerning'

"These guys are very discerning people," said Anne Dunsmore, a California Republican fundraiser who was state finance director for both George W. Bush presidential campaigns. "When you bring something in—whether it's a candidate, a script or a business opportunity—and they sign off on it, it's a big deal."

Decades ago, studio executives were the main Hollywood players in industry relations with Washington. But the relationships are now so diverse and strong that it isn't unusual to see movie stars at the White House correspondents' dinner or at a witness table in a congressional hearing — the old joke about Washington being Hollywood for ugly people notwithstanding.

Along with the financial capital of New York, the lobbying community of Washington and the business services and manufacturing center of Chicago, Hollywood is one of the great sources of political money in the U.S. Republicans also make fundraising forays into the state where former actor and Republican Arnold Schwarzenegger now serves as governor, but Democrats are the primary beneficiaries of money from the entertainment industry.

Of the millions of dollars that the entertainment industry contributed to federal candidates and parties in the last presidential cycle, according to an analysis by the non-partisan watchdog Center for Responsive Politics, almost 70 percent went to Democrats.

"You can't run for president as a Democrat and not have a foothold in Hollywood," said Rep. Rahm Emanuel (D-Ill.), a key fundraiser for Bill Clinton's 1992 presidential election and head of the successful Democratic effort to retake the U.S. House in 2006. "It's such an important piece of the financial building blocks."

Emanuel's brother Ari is a top Hollywood talent agent who also has agreed to hold a future fundraiser for Obama.

Candidates of all political stripes come calling in those circles, and only partly because the pockets are so deep.

"Raising money in Hollywood is a two-fer," said Michael Toner, a Federal Election Commission member who was general counsel to the Bush 2000 presidential campaign. "First you raise the campaign money. And then you have the candidate associated with Hollywood celebrities, who are opinion-leaders in their own right."

Support from celebrities can sometimes be a negative, as when candidates denounce the West Coast contributions they didn't get by characterizing the donors as "out-of-touch" with working-class people.

"The implication is, 'They don't have our family values,'" said Sherry Bebitch Jeffe, a political analyst and senior scholar at the University of Southern California. "In general, it's that Hollywood doesn't lead the lifestyle of the heartland of America, so why listen to them?"

But industry leaders may actually have something to contribute when it comes to sizing up candidates, said Arianna Huffington, the founder of the political blog Huffingtonpost.com, who once ran against Schwarzenegger in the California governor's recall election. She remembers getting a phone call from producer, writer and director Norman Lear in 2004, inviting her to come over and meet a candidate running for the U.S. Senate in Illinois.

"I said, 'He's running for the Senate in Illinois, and you want me to come meet him?'" Huffington said, wondering why she should pay attention to a new candidate in a faraway state. Then she went anyway because she trusted Lear's instincts.

Barack Obama blew the room away, she said, just as Lear had predicted.

"Casting is what determines the success of a movie," she said in an interview. "Movies here don't get the green light if they don't have the right elements. To green light a campaign, you have to have the right leading man or leading woman ... It's about connecting. That cannot be taught."

For years, Bill and Hillary Clinton have been the political darlings of Hollywood, and their roots in the community run strong and deep. The senator's supporters include media mogul Haim Saban, producer Stephen Bing and actress Elizabeth Taylor. Billionaire Ron Burkle will hold a fundraiser for her in March.

"Sen. Clinton does not have to go on casting calls in Los Angeles," said Chad Griffin, a former Clinton White House aide and Hollywood-based political consultant whose clients include a number of high-profile entertainment industry figures. "She has the relationships and she has had them for 15 years ... The day she announced, most everyone I know maxed out to her and started making calls for her."

One jumps ship

But one of the Clintons' old friends is no longer on board. Two years ago, Geffen told a New York audience that Hillary Clinton can't win the presidency and declared her an "incredibly polarizing figure."

Much of Hollywood is deeply opposed to the war in Iraq, and Clinton not only voted to authorize the war but hasn't taken the kind of firm stance against it that many in the entertainment community would like to see.

One alternative is Democrat John Edwards, the former senator from North Carolina, who was in Los Angeles for a small fundraiser just a few days ago. Another is Obama, who some think may pick up steam as a result of the SKG fundraiser.

"In Hollywood, they move in packs," said Dunsmore. The DreamWorks partners have effectively "told everybody it's OK to go with Barack instead of Hillary. It's OK to explore your options."

In case things don't work out, there's also another figure waiting in the wings — former Vice President Al Gore. He's getting buzz right now for another reason — the film based on his book "An Inconvenient Truth" is up for an Oscar this weekend.

Mike Dorning reported from Beverly Hills and Christi Parsons from Washington, D.C.

Obama's Big Screen Test (NYT)

By Maureen Dowd

The New York Times, February 21, 2007

Hillary is not David Geffen's dreamgirl.

"Whoever is the nominee is going to win, so the stakes are very high," says Mr. Geffen, the Hollywood mogul and sultan of "Dreamgirls," as he sits by a crackling fire beneath a Jasper Johns flag and a matched pair of de Koonings in the house that Jack Warner built (which old-time Hollywood stars joked was the house that God would have built). "Not since the Vietnam War has there been this level of disappointment in the behavior of America throughout the world, and I don't think that another incredibly polarizing figure, no matter how smart she is and no matter how ambitious she is — and God knows, is there anybody more ambitious than Hillary Clinton? — can bring the country together.

"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family. Americans are dying every day in Iraq. And I'm tired of hearing James Carville on television."

Barack Obama has made an entrance in Hollywood unmatched since Scarlett O'Hara swept into the Twelve Oaks barbecue. Instead of the Tarleton twins, the Illinois senator is flirting with the Dreamworks trio: Mr. Geffen, Steven Spielberg and Jeffrey Katzenberg, who gave him a party last night that raised $1.3 million and Hillary's hackles.

She didn't stand outside the gates to the Geffen mansion, where glitterati wolfed down Wolfgang Puck savories, singing the Jennifer Hudson protest anthem "And I Am Telling You I'm Not Going." But she's not exactly Little Miss Sunshine, either. Hillary loyalists have hissed at defecting donors to remember the good old days of jumping on the Lincoln Bedroom bed.

"Hillary is livid that Obama's getting the first big fund-raiser here," one friend of hers said.

Who can pay attention to the Oscar battle between "The Queen" and "Dreamgirls" when you've got a political battle between a Queen and a Dreamboy?

Terry McAuliffe and First Groupie Bill have tried to hoard the best A.T.M. machine in politics for the Missus, but there's some Clinton fatigue among fatigued Clinton donors, who fret that Bill will "pull the focus" and shelve his wife's campaign.

"I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Mr. Geffen says, adding that if Republicans are digging up dirt, they'll wait until Hillary's the nominee to use it. "I think they believe she's the easiest to defeat."

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She is overproduced and overscripted. “It’s not a very big thing to say, ‘I made a mistake’ on the war, and typical of Hillary Clinton that she can’t,” Mr. Geffen says. “She’s so advised by so many smart advisers who are covering every base. I think that America was better served when the candidates were chosen in smoke-filled rooms.”

The babble here is not about “Babel”; it’s about the battle of the billionaires. Not only have Ron Burkle and David Geffen been vying to buy The Los Angeles Times — they have been vying to raise money for competing candidates. Mr. Burkle, a supermarket magnate, is close to the Clintons, and is helping Hillary parry Barry Obama by arranging a fund-raiser for her in March, with a contribution from Mr. Spielberg.

Did Mr. Spielberg get in trouble with the Clintons for helping Senator Obama? “Yes,” Mr. Geffen replies, slyly. Can Obambi stand up to Clinton Inc.? “I hope so,” he says, “because that machine is going to be very unpleasant and unattractive and effective.”

Once, David Geffen and Bill Clinton were tight as ticks. Mr. Geffen helped raise some $18 million for Bill and slept in the Lincoln Bedroom twice. Bill chilled at Chateau Geffen. Now, the Dreamworks co-chairman calls the former president “a reckless guy” who “gave his enemies a lot of ammunition to hurt him and to distract the country.”

They fell out in 2000, when Mr. Clinton gave a pardon to Marc Rich after rebuffing Mr. Geffen’s request for one for Leonard Peltier. “Marc Rich getting pardoned? An oil-profiteer expatriate who left the country rather than pay taxes or face justice?” Mr. Geffen says. “Yet another time when the Clintons were unwilling to stand for the things that they genuinely believe in. Everybody in politics lies, but they do it with such ease, it’s troubling.”

The mogul knows it’s easy to mock Hollywood — “people with Priuses and private planes” — and agrees with George Clooney that it’s probably not helpful for stars to campaign for candidates, given the caricatures of Hollywood.

I ask what he will say if he ever runs into Bill Clinton again. “ ‘Hi,’ ” he replies. And will he be upset if Hillary wins and he never gets to sleep in the Lincoln Bedroom again?

“No,” he says with a puckish smile. “It’s not as nice as my bedroom.”

Obama And The Old Racial Bind (WP)

By Courtland Milloy

The Washington Post, February 21, 2007

Marcus Smith was working as a waiter at a Democratic fundraiser here the other night when Sen. Barack Obama (D-Ill.) took to the podium. Smith, with dishes in both hands, stopped to listen. "I'd really like to see Obama become the first black president of the United States," he said later. Asked what made Obama black, he replied, "That little taste his father gave him was all it takes."

There it was again, a near reflexive need to categorize and assess by race.

Is Obama black enough for the black vote? Is he too black for the white vote? With a black father from Kenya and a white mother from Kansas, can he expect to take the mixed-race vote? It's as if the "color line" had been encoded into the American DNA.

Obama was doing what he could not to get boxed in.

"It's time to turn the page on division," he said. "What brings us together as Americans is that sense of hope, the audacity to believe that the way the world is today is not the way it has to be."

A "mixed" audience of 1,400 -- the largest ever for the state's annual Jefferson-Jackson Dinner (named for presidents Thomas Jefferson and Andrew Jackson) -- applauded uproariously. But the truth of the matter is, each time the country has turned the page on division, more of it showed up on the next page.

"Will his race be a factor? Absolutely," said Tonza Ruffin, a lawyer from Windsor, N.C., who came to hear Obama. "He will have to go above and beyond to prove that he is capable of doing the job, more so than some of his white counterparts."

When asked the same question, Delthema Allen, a registered nurse also from Windsor, declared: "Absolutely not. Skin color is superficial." When asked what she thought of those who have questioned whether Obama is "black enough," she said, "He's black enough for me."

What happened to just being human? Virginia certainly had a hand in crushing that notion, enacting in 1691, for instance, legislation to ban marriages between free people of African descent and those of European descent. When human nature refused to cooperate, Virginia found a way to keep the social fiction going. In 1924, state officials passed the Virginia Racial Integrity Act, which relied on quackery in the form of the "one-drop rule." Anybody with "one drop of black blood" was black, according to the law, and was prohibited from marrying a "pure white." The color line had become a Gordian knot of racism.

According to a recent survey by Zogby International, a majority of whites, 55 percent, classified Obama as "biracial," and 66 percent of blacks classified him as black. To some, it was ridiculous to question whether Obama was "authentically black" when he was embraced by so many black people. But assigning him to that category only tightens the knot.

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Otis Lucas, who manages a group home in Richmond, tried this approach: "It's a very exciting dynamic. He's black and he's white and he's right." But that doesn't cut it, either.

Obama hinted at the crux of the problem when he paid homage to civil rights pioneers. "I stand on the shoulders of hundreds of giants, thousands of people who fought the good fight for so long," he said. And just what were they fighting? A category called white -- and the presumption of racial superiority that came with it. That left blacks with two choices: embrace their skin color with pride or accept it as a mark of racial inferiority. But both options were biological fraud. There is simply no such thing as race.

In 1989, Virginians elected L. Douglas Wilder the nation's "first black" governor since Reconstruction. As the grandson of slaves, the silver-haired statesman epitomized the quantum leaps that black people have made in their trek from slavery to freedom. Wilder demonstrated how far we had come.

Now Obama is showing us how far we have to go.

During a visit to the Virginia Capitol, Obama gazed at the restored White House of the Confederacy just a few blocks away and said, "This reminds us that the country has an enormous capacity for change."

But nearly 400 years after the first Africans arrived in Jamestown and were put to work as slaves, Obama is being shackled by racial categories.

And the color line stretches on.

Clinton Seeks Aid For Minority Students (AP)

By Brendan Farrington, Associated Press Writer

AP, February 21, 2007

Democratic presidential candidate Hillary Rodham Clinton on Tuesday criticized President Bush's education policy as doing little to help minorities and acknowledged that she is still searching for ways to raise minority student test scores.

More needs to be done to prepare children for school and to get parents involved in their education, Clinton said while visiting a historic black neighborhood during her first campaign trip to Florida since announcing her candidacy. She said Bush's No Child Left Behind Act isn't providing a solution for raising test scores.

"This achievement gap is deeply troubling to me," Clinton said. "If we don't invest in our children, our society and our economy will decline. This is not just something nice to do, this is something that we have to do."

Clinton, a New York senator and former first lady, spoke and took questions for an hour from the mostly black audience of 300 in the Liberty City neighborhood. The event was sandwiched between fundraisers in Tampa, Miami and Hollywood that were closed to the press.

The federal government can do more to help minority businesses by writing a road map for banks' roles in the communities, Clinton said.

"We've got to change our laws so that they inspire and motivate more lending institutions to look at how they can serve the entire community again," she said. "We've got to get them to look at a community even if they are multinational banks and we can do that through regulation and law."

Clinton also called for microlending programs and helping business owners to develop stronger business plans so they are more credit worthy.

The Liberty City event was a signal that Clinton is going to fight hard to keep black voters on her side in a primary race in which Sen. Barack Obama of Illinois, who is black, is gaining popularity.

"The black community is betwixt and between. We all love Clinton, but at the same time Obama has a lot of people who love him in the community, too," said Hans Ottinot, a 38-year-old Haitian-American lawyer who grew up in the neighborhood.

"She's showing us, 'Look, the black community has been a major supporter and I want to keep you as a major supporter.' It's a clear message. I don't think it was subtle," Ottinot said.

After the community meeting, Clinton attended a $100-per-ticket cocktail reception in Hollywood, which was followed by a reception at $2,500 per person.

Her campaign announced endorsements from Florida Reps. Debbie Wasserman Schultz and Alcee Hastings, whose Broward County district is predominantly black.

The Mononym Platform (NYT)

By Peter Funt

The New York Times, February 21, 2007

THERE'S something missing in Senator Hillary Rodham Clinton's recently unveiled presidential campaign, something so conspicuous in its absence that it's certain to set off debate — not on Pennsylvania Avenue, but on Madison Avenue.

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What's missing is her surname. Someone has apparently decided that Mrs. Clinton will be the first major single-name candidate since 1952, when Ike's P.R. gurus realized that "Eisenhower" was tough to fit on a bumper sticker.

Mrs. Clinton announced her intentions via the Internet on a Web site called "Hillary for President." Incredibly, on the day of her announcement, the name "Clinton" did not appear anywhere in the long text on the site's home page — except when linking to articles from The Associated Press and The Washington Post, and at the very bottom in the obligatory fine print: "Paid for by Hillary Clinton for President Exploratory Committee."

In an apparent attempt to model her marketing on the likes of Madonna, Beyoncé and Cher, Mrs. Clinton's site proclaimed: "Today, Hillary took the first step ..." and "Send Hillary a message of support ..." and "Hillary is the Democrats' best shot."

As New Yorkers may recall, Mrs. Clinton gradually became comfortable presenting herself as simply "Hillary" in both of her Senate campaigns. But what works in New York, where tabloid newspapers are fond of calling her "Hill," may not play on the national stage. A close inspection of the site reveals how determined its designers were to cleanse the campaign of the Clinton name. In the senator's 1,937-word biography, the name "Clinton" appears just once, halfway in ("she followed her heart and a man named Bill Clinton to Arkansas"). That's it. "Hillary" appears 38 times.

Mrs. Clinton had little choice but to use her full name in her Web address, yet she meticulously avoided it in the actual title. Why? Is it because she doesn't wish to draw attention to her marriage to the former president? (Doubtful, her husband is now a draw.) More likely it's because she knows that she's the only candidate whose name lends itself to Oprah-ization.

Organizers for John Edwards and John McCain presumably considered, and rejected, naming their sites "John for President." And it's hard to imagine that President Bush would have gotten much traction from a site titled "George for President."

The real genius in Mrs. Clinton's approach is that it trumps Senator Barack Obama. He can't possibly win with a "Barack for President" site. The only thing less compelling would be a site that made use of his middle name: Hussein for President.

If nothing else, Mrs. Clinton has shifted attention away from the nagging question of whether America is ready for a female president. She clearly prefers to have voters wonder whether America is ready for a president who wishes to be known exclusively by her first name.

Democrats Turn Nevada Into Political Boomtown (USAT)

By Jill Lawrence

USA Today, February 21, 2007

CARSON CITY, Nev. — It all came down to Nevada in the presidential election on NBC's The West Wing last year. Now Nevada is politics central in real life, overrun with Democratic White House candidates hoping to win the state's new early caucuses next year.

With eight prospects participating in a forum today, this small state capital is experiencing a crush of attention usually reserved for places like Keene, N.H. or Davenport, Iowa. "This is a whole new ballgame," says D. Taylor, president of the 60,000-member Culinary Union. He goes by his first initial.

Nevada's sudden clout arises from its new Jan. 19 slot on the Democratic primary calendar, between the Iowa caucuses (Jan. 14) and the New Hampshire primary that start the nomination season. Two questions surround Nevada: Can the state pull it off? Will New Hampshire, now slated for Jan. 22, move earlier to stay second?

The Democrats' elevation of Nevada reflects their rising hopes for political success in Western states. President Bush won Nevada by less than 3 percentage points in 2004.

"If they want to be elected president … they have to win the West now," says Senate Majority Leader Harry Reid, D-Nev. "That's why the caucuses are here and the convention will be in Denver."

Nevada adds diversity to the crucial early phase of the Democratic nomination process in ways that go well beyond geography. It is fast-growing — it fell to second place last year in growth rate after spending 19 years in first, according to the U.S. Census Bureau. It is nearly one-quarter Hispanic. The state also has more than 166,000 union members — nearly 15% of the Nevada workforce, compared with 12% nationally. Unions are growing. One example: The Culinary Union has tripled in the past 15 years.

Jean Hessburg, who ran the Iowa caucuses in 2004, now is managing the Nevada caucuses and says she expects them to be as big a draw for candidates as Iowa. "None of them is secure enough to skip a state" early on, she says. "They'll all play. You can tell that even now."

Today's forum, sponsored by the American Federation of State, County and Municipal Employees, is the first of at least five multicandidate events between now and the caucuses. With the exception of Illinois Sen. Barack Obama, all of the Democratic prospects RSVP'd yes. Obama pleaded a scheduling conflict and, warding off hard feelings, campaigned in the state last weekend.

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State Senate Minority Leader Dina Titus gets a taste of her new powerbroker role this morning. She scheduled back-to-back, 45-minute meet-and-greets, complete with coffee and Danish, for New York Sen. Hillary Rodham Clinton, former Iowa governor Tom Vilsack and Connecticut Sen. Chris Dodd. Delaware Sen. Joseph Biden had breakfast with legislators Tuesday.

"We're very excited," Titus says. "The Republicans are regretting they didn't do something like this."

Actually not, says Zac Moyle, executive director of the Nevada GOP, which holds a primary in April 2008. He says Republican presidential candidates visit the state often while Democrats are just showing up now. Furthermore, he says, they're playing catch-up because "over the last 10 years, Republicans have had the better grass-roots organization."

Still, he says, "Any time Nevada gets attention, that's a good thing."

Reid and other Western Democrats say they expect candidates will be talking more about Western issues such as land and water use. Nevada Democrats plan to use the caucuses to strengthen their party.

Eric Herzik, a political scientist at the University of Nevada in Reno, says they could be on the right track. "Anything they can do to get the mobilization started should help them," he says.

Jon Ralston, a columnist and commentator on state politics, says Democrats "failed miserably at outreach" in the last two elections and wonders if they can overcome a huge vote deficit in rural Nevada, where turnout is high.

Overall turnout in general elections here is weak, dragged down by low turnout in urban areas such as Las Vegas. In 2000, less than 44% of the voting-age population turned out — one of the lowest rates in the nation. In 2004, when Nevada's mid-February caucuses drew no special attention, about 10,000 Democrats showed.

"This is a big experiment," says Titus. "Everybody works around the clock. People don't belong to organizations much. They don't have neighborhood coffee shops." But there are other ways to reach potential voters, she says, such as through their unions and during shift changes at hotels and casinos.

The shift work causes concerns about participation on caucus day, says Hessburg. In Iowa, caucuses are held on a single evening in libraries, high schools, living rooms and firehouses.

Here, she says, Democrats are discussing ways to make the Nevada caucuses more accessible to shift workers. One idea would be to create a "precinct" that consists of workers at a certain hotel on a certain shift, then holding a caucus in the hotel ballroom at lunch hour.

Another challenge for Democrats is to register and activate Hispanics. Titus says their turnout is "notoriously low." She says help may come from the Southwest Voter Registration and Education Project and the campaign of New Mexico Gov. Bill Richardson, who is Hispanic.

Titus and other top Democrats say they will endorse a candidate at some point. Reid, however, says he doubts he will: "I have to work with four of these folks running."

Three Questions On Iraq War Must Be Put To Obama, Edwards (HILL)

By Lanny Davis

The Hill, February 21, 2007

Who won the issue of whether a vote for the 2002 Iraq war resolution was or was not a “mistake” at the time, I have three questions for former Democratic North Carolina Sen. John Edwards and Democratic Illinois Sen. Barack Obama that, for some reason, at least as far as I know, no one in the press has yet asked:

First, did you believe in October 2002 that Saddam Hussein had weapons of mass destruction — at least chemical and biological weapons, and possibly the beginnings of a nuclear program?

If the answer is yes (which I am assuming, since virtually everyone else did, including the majority of Senate Democrats who voted for the war resolution), then the second question is:

Do you still say it would have been a mistake to vote for the authorization even if you believed that Saddam in fact had WMD?

If the answer to that question is yes — and that appears to be the case as of now — then the third question must be asked and answered:

What would you have done to cause Saddam to dismantle and give up the WMD, once and for all?

A realistic, concrete answer is called for — especially because Mr. Edwards implicitly, if not explicitly, has criticized Sen. Hillary Rodham Clinton (D-N.Y.) for not stating she made a “mistake” in voting for the resolution. (Obama, it must be said, has not taken any shots directly at Clinton on this issue — as contrasted to John Edwards, although he reminds audiences that he was opposed to the war resolution, albeit while he was an Illinois state, not U.S., Senator.)

If their answer is to keep the U.N. inspection in place and to not worry about Saddam’s ability to hide the WMD in a hole in the desert or sell them to al Qaeda, then they should at least admit that that is a fairly major gamble in the case they turn out to be wrong. And they should at least concede to someone else making the good-faith judgment that Saddam needed to be taken

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out to avoid this danger. To repeat — a majority of U.S. Democratic senators made the same judgment, and only two — Sens. Edwards and John Kerry (D-Mass.) — have said their vote was a "mistake" — but without being forced to answer these three follow-up questions.

It isn't really credible for Mr. Edwards and Sen. Obama to say now that they never believed Saddam had WMD back then. That must be deemed wisdom gained by hindsight — since neither one said so at the time (Obama as a state senator not facing the reality of having to cast the October 2002 Senate war authorization vote and John Edwards voting for it).

They can't duck these questions if they are allowing (or encouraging) the anti-war Democratic electorate to pressure candidates to admit they made a "mistake."

Although I am an ardent Iraq war critic and from the earliest days had serious doubts about granting the president discretionary authority to go to preemptive war in October 2002, I believe Sen. Clinton (whom I am supporting for president) has shown integrity and courage in refusing to pander to state that the vote at the time was a "mistake" — given the information and belief she had concerning Saddam's WMD AND the clear conditions she set in her Senate speech explaining her vote. First she stated her belief that Saddam had WMD and was ready to use them.

"It is clear … that if left unchecked," she said on the Senate floor, "Saddam Hussein will continue to increase his capacity to wage biological and chemical warfare, and will keep trying to develop nuclear weapons."

Second, she said she trusted President Bush to comply with two understandings about his use of the authorization power — that he wouldn't "rush to war" without allies and international support and that he would go to war only as a "last resort."

As she said on the Senate floor prior to her vote:

"A vote for the [the resolution] is not a vote to rush to war; it is a vote that puts awesome responsibility in the hands of our president and we say to him: Use these powers wisely and as a last resort …"

If she (and a majority of her Democratic senatorial colleagues) made a mistake, it was not the vote to authorize, based as it was on a belief in Saddam's WMD, but in trusting President Bush to comply with both of those understandings.

When she was in New Hampshire several weeks ago she stated, now with the benefit of hindsight, that she would not have voted for the resolution had she known then what she knows now — indeed, she notes that there would have been no vote at all, meaning the Democrats would and could have blocked a vote.

So the next time Mr. Edwards and Sen. Obama are in New Hampshire, the same questioner who insisted on Sen. Clinton admitting to the vote as a "mistake" in fairness should ask them these three questions.

The irony here is that Sen. Clinton is often criticized for seeming to be too calculating and opportunistic in taking positions on issues. Yet here she is standing on the truth and the facts known at the time, and refusing to pander and rewrite history.

Will Sen. Obama and Mr. Edwards at least grant her position as one of consistency, taken in good faith?

Lanny Davis writes for The Hill website's Pundits Blog (pundits.thehill.com). He is a partner in the Washington, D.C. office of the law firm Orrick, Herrington & Sutcliffe. A resident of Potomac, Md., he has authored several books and been a commentator on many TV political programs.

The Latino Revolution (HILL)

The Hill, February 21, 2007

A revolution is underway among America's Latino population that will have profound implications for the future of American politics. Of the 41.3 million Hispanics in the United States today, 37 percent identify themselves as "born-again" or "evangelical." Just 10 years ago, the proportion that did so was about 15 percent. All told, there are now about 11 million Evangelical Protestant and 3 million Evangelical or Charismatic Catholic Latinos in the United States. In 1996, there were only 4 million.

This explosive growth in Evangelical religious affiliation among Latinos — about 1 million converts annually — portends huge changes for American politics. With the Latino population swelling from 22 million in 1990 to 41 million in 2004, any change of these proportions in the beliefs of Hispanic-Americans will have a momentous impact on politics.

Evangelicals, of any race or ethnicity, are fertile ground for Republicans and may provide a huge opening to swing the formerly Democratic Hispanic vote toward a more even-handed stance or even make it a core element of an emerging Republican majority.

I recently met with Rev. Sam Rodriquez, the leader of the national association of Evangelical Latino churches. He's a Republican dream: pro-life, anti-gay marriage, and a Bush voter. He notes that the growing religious faith and the increase in Evangelical enrollment — particularly in the Pentecostal Church — may presage a sea change in Hispanic political affiliations.

Unfortunately, the hostile reception immigration reform has received from the GOP side of the aisle in Washington is turning off the very voters the Republicans can now, for the first time, hope to attract to their side. Based on a fear of Democratic domination of the Hispanic vote, Republican insistence on barring the way to citizenship and voting rights for undocumented or illegal immigrants may drive these very potential Republican supporters back into Democratic arms.

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The Latino population is clearly the jump ball in American politics. While now only 8 percent of the registered voters — but 14 percent of the population — the Hispanic vote is going to swell in the coming decade and tip the 50-50 balance now prevailing between the two parties. Red states like Texas, Arizona and Florida may become sharply and suddenly blue when Hispanic voting reaches its full potential among those currently here, not to count those who will come in the future. Texas, for example, is now a majority-minority state in population. Its GOP affiliation is an artifact of the past if the Hispanic vote goes Democratic.

But the fervent religiosity and increasing support for Evangelical positions and thinking among Hispanics may be the saving grace for the GOP if they let it happen. According to the Rev. Rodriquez, half of Evangelical conversions among American Latinos occur in their home country; half take place after they enter the United States. The handwriting is clearly on the wall — traditional Catholicism is on the wane among America's Hispanics. Can Democratic affiliation be similarly in danger?

In 2000, Gore carried America's Hispanics by 30 points. But Bush's ardent cultivation of the Latino vote paid off in 2004 and Kerry carried them by only 10 points. However, the best efforts of Republican congressmen like Tom Tancredo (R-Colo.) succeeded only in driving Latinos back into the arms of Democrats: They voted Democratic in 2006 by 47 points.

It's time for the Republican Party to start thinking of its future and embrace the basic tenets of immigration reform to win the inevitably increasing proportion of the U.S. vote cast by Hispanics.

It is pure folly to say that we will force 11 million people back across the border in order to obtain legal entry. Such a forced population movement would be unparalleled in American history and would be reminiscent of German-Polish-Russian forced migrations during the years right before, during, and after World War II.

Immigration reform calls for an earned path to citizenship that most Americans can and should support. If Latinos work, pay taxes, do not commit crimes, and learn English for several years, they should be able to become citizens. These requirements are not applied to any other immigrants and are due penance for illegal entry into the United States.

It's time Republicans awakened to the political opportunities of Evangelical Hispanic conversions and got with the program.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of "Condi vs. Hillary: The Next Great Presidential Race." To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Biden's Son Sues Ex-Partner (WP/BLOOM)

By Jenny Strasburg And Thom Weidlich

The Washington Post, February 21, 2007

R. Hunter Biden, a Washington lobbyist, accused a former business partner of lying about his professional credentials and finances after they agreed to buy a hedge fund investment firm in 2006, according to a complaint in New York state court.

Biden, son of Sen. Joseph R. Biden Jr. (D-Del.), and James Biden, the senator's brother, countersued Anthony Lotito Jr. on Feb. 13, saying he hid debts and falsely claimed he held securities licenses to lure them as partners in the planned $21.3 million acquisition. Lotito also persuaded the Bidens to hire a lawyer who had been convicted of fraud, according to the complaint.

"Had James and Hunter Biden known the truth about Anthony Lotito, they never would have gone into business with him," says the complaint, which accuses Lotito of fraud and seeks at least $10 million.

Lotito, 49, sued the Bidens on Jan. 5, claiming that they illegally excluded him from a takeover of New York-based Paradigm Cos. while negotiating a better deal for themselves. The Bidens now control Paradigm. The dispute highlights Hunter Biden's unusual dual roles as lobbyist and investment executive at a time when hedge funds face greater regulatory scrutiny.

Hunter Biden, 37, stepped down last month from daily oversight of Paradigm Global Advisors, a unit of Paradigm, which has about $500 million in client money invested in hedge funds. Biden became chairman of the firm, founded in 1991. He remains a lobbyist with Oldaker, Biden & Belair of the District, where he is partner and founder. James Biden, 57, is not involved in Paradigm's management.

Last year, the Bidens agreed to a partnership with Lotito that would pay him $25,000 a month to find investors for the Paradigm buyout, with an Oct. 31 deadline to close the transaction. Lotito "failed to secure even one investor" and all agreed in September to end the partnership, LBB Holdings USA, according to the Bidens' complaint.

They also claim that Lotito "fraudulently induced them" to hire John Fasciana, a New York lawyer, to represent the partnership in negotiations with Paradigm. Fasciana had been convicted in July 2005 on federal charges of conspiracy and wire and mail fraud related to a scheme to steal millions of dollars from Electronic Data Systems of Plano, Tex., the world's second-largest computer-services company. Fasciana was sentenced in November to four years in prison. He has appealed.

Separately, Fasciana sued the Bidens and Lotito in August, seeking $198,000 in legal fees he says they owe him. The Bidens denied the claim in November and countersued Fasciana, saying he overbilled and defrauded them by hiding his conviction.

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In his lawsuit, Lotito is seeking at least $100 million on claims of fraud and breach of fiduciary duty. He says the Bidens lied to him while agreeing Aug. 11 to take over Paradigm for an $8.1 million promissory note, or guarantee of payment.

Lotito says the Bidens, as his partners in LBB, were obligated to inform him of their competing bid for Paradigm. Instead, Lotito claims, they told him that the firm had "substantial liabilities" and little chance of success.

Lotito claims that he introduced Hunter Biden to Paradigm executives in January 2006 to help Biden find work outside of lobbying. According to Lotito's complaint, Sen. Biden said he was concerned that Hunter Biden's lobbying might affect his planned presidential campaign.

"It is apparent that Mr. Lotito is only invoking Senator Biden's name to garner media attention," Alan Hoffman, the senator's chief of staff, said in an e-mail yesterday. The senator is not a defendant in Lotito's complaint.

Inside The Beltway (WT)

By John Mccaslin, The Washington Times

The Washington Times, February 21, 2007

Any allies left?

A White House pool report described yesterday's arrival of Vice President Dick Cheney in Tokyo, where he was "greeted by some extremely loud sound trucks" and "one unmistakable chant blaring from one of the trucks in a Japanese-accented male voice, chanting in English: 'Yankee go home, Yankee go home.' "

Stretched thin

FBI Director Robert S. Mueller III's recent testimony before the Senate Judiciary Committee that FBI referrals for counterterrorism cases increased a whopping 671 percent between 2001 and 2003 -- and to this day require "difficult choices in determining how to most effectively use the available agents" -- did not go unheeded.

Sen. Joseph R. Biden Jr. of Delaware has introduced legislation to add 1,000 FBI agents to the bureau's roster, all to focus exclusively on traditional criminal cases. Estimated cost: $160 million per year.

Gone private

Ambassador Cofer Black, the former ambassador-at-large and coordinator for counterterrorism at the State Department, and Rob Richer, who was the CIA's No. 2 for counterintelligence, will create a new "CIA-type" organization to address intelligence needs in the private sector.

"Terror attacks," "political instability," "avian-flu outbreaks," and even severe weather events will be on the radar of the company, which the pair names Total Intelligence Solutions.

Don't slurp

One-hundred guests at Teatro Goldoni's "Carnevale" last night were certainly watching their manners.

Judith Martin, aka "Miss Manners," was honorary queen at the lavish Save Venice Benefit, seated alongside honorary king Eric Denker, curator and senior lecturer at the National Gallery of Art.

The popular etiquette columnist and author of 12 books, who spent part of her youth in Europe, has a new release due out next month, "No Vulgar Hotel: The Desire And Pursuit of Venice." Considered the definitive manual for the hopeless Venetophile, she emphasizes:

"Love of Venice can strike anyone, not just romantic [weaklings]. Among the toughies with serious cases were Lord Byron, Richard Wagner, Ezra Pound and Ernest Hemingway. There is no cure for this affliction."

After an evening of Venetian cuisine and wine presented by Teatro's chef-owner Fabrizio Aielli and Marco Bolla, owner of Ristorante Lineadombra in Venice, guests were indeed "stricken" with Venetian charm.

Stone by stone

It's some two years behind schedule and about double the anticipated cost, but the much-anticipated underground U.S. Capitol Visitor Center just about has its final stone in place.

At nearly 580,000 square feet, or three-quarters the size of the U.S. Capitol itself, this $600 million polished cellar features a Great Hall, Exhibition Hall, congressional auditorium and Senate and House theaters, accented with marble, granite, solid wood, bronze and glass -- both floor panels and skylights.

Stone masons have placed the Tennessee Valley marble in basket-weave patterns, while on the Rotunda level the last stones are now being set at a pace of 70 per day.

Major construction should wrap up in the next few weeks, with a likely grand opening in early 2008.

Beats checkers

Jim Martin, president of the 60 Plus Association, the nonpartisan seniors advocacy group in Washington, is sitting at home convalescing from neck surgery 10 days ago.

"Who says basketball is not a contact sport?" Mr. Martin said when reached yesterday. "I'm wearing a neck brace for four more weeks, but this is the price I pay to be able to play in the Senior Olympics in mid-June in Louisville, Kentucky."

Mr. Martin's squad of seniors are the Virginia state basketball champions, and play three-on-three.

Professor Norton

That was Delegate Eleanor Holmes Norton, D.C. Democrat, bragging about the 100th anniversary of Hoyas basketball at Georgetown University, which is in the midst of another exciting season under head coach John Thompson III.

Mrs. Norton, many don't know, is a tenured faculty member of Georgetown University Law Center.

·John McCaslin, whose column is nationally syndicated, can be reached at 202/636-3284 or jmccaslin @washingtontimes.com.

What Does One Woman's Death Say About The Rest Of Us? (USAT)

By Douglas MacKinnon

USA Today, February 21, 2007

As our nation and world seemingly spin out of control, it's easy to understand why the passing of a proud, incredibly decent 65-year-old woman living alone would escape our attention.

Our somewhat fragile and overloaded minds can process only so much negative news at a time. With Iraq, Iran, the constant threat of terrorism, declining health care and global warming claiming center stage, we can certainly be excused if the death of one lonely individual went unnoticed.

But how this woman died should be of interest to us all.

On Jan. 17, Bessie Sanders of Washington was killed in a house fire. It was determined by the fire department that "Ms. Bessie," as she was known to neighbors, lost her life when the candle she was using for illumination in her bedroom accidentally started a fire. During the coldest part of the year, Ms. Bessie was using a candle for light because her electricity, gas and water had all been shut off.

In this country, the last remaining superpower, an elderly woman needlessly perished when her government failed her. Even as friends and neighbors alerted the District of Columbia that Ms. Bessie's utilities needed to be reactivated, according to The Washington Post, the bureaucracy apparently failed to do so because she did not personally make the call, and a Social Security number was not provided. District officials said they had no record of her asking for assistance.

Every winter, in most major cold-weather cities, stories such as Ms. Bessie's can be found. Of course, I'm willing to concede that I am sensitive to such news because most of my childhood was spent without electricity, gas, heating oil, water or phones. I grew up in abject poverty, living in Boston and parts of New England, and every winter was a crisis for my family. If my parents had no money for heating oil, we would use the gas stove to heat our home. If the gas was turned off, but we still had electricity, we would use space heaters. If all were shut off, my brother, sister and I often would go to sleep on the same mattress, covered by a thin blanket, watching our breath frost as we tried to stop shivering.

Like Ms. Bessie, we had to endure this pain because my parents refused to ask friends or family for help. Because of pride, shame or ignorance, three kids many years ago suffered, and an elderly woman of today died.

Iraq, terrorism, natural disasters and gang violence continue to fill our TV screens while, make no mistake, many of our fellow Americans go to sleep each winter night with no heat. How many of them, like Ms. Bessie, don't survive the experience? Clearly it happens, clearly it's preventable, and clearly it's a disgrace.

The Centers for Disease Control and Prevention estimate that about 600 Americans die each year from exposure to the cold. Many of them have incomes that fall below the poverty line, and many are elderly. Keep in mind, those 600 deaths do not include people such as Ms. Bessie, who lose their lives to the cold because of fire or carbon monoxide-related accidents.

After the loss of Ms. Bessie, Terry Lynch, executive director of the non-profit Downtown Clusters of Congregations, told The Washington Post that instead of sending letters offering help to those whose utilities have been shut off, maybe government officials should go door to door. Better than the government, neighbors and families need to go door to door. If not us, who?

In today's world, it's more crucial than ever to hold tightly to family and friends. Let the bad news we cannot control wash over our overloaded senses, and let us instead focus on the individual just down the street who may literally live or die based on our actions.

Ms. Bessie did not make it, but there are thousands like her who still need our help.

What's it going to be?

Douglas MacKinnon is a former White House and Pentagon official and author of America's Last Days.

Cheney Reassures Japan On NKorea (AFP)

By Olivier Knox

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AFP, February 21, 2007

US Vice President Dick Cheney reassured Japan that the breakthrough North Korea nuclear deal was a "good first step" after a worried Tokyo refused to fund the pact.

Cheney opened talks here at the start of a Pacific visit to close US allies Japan and Australia meant to step up cooperation over North Korea and war-torn Iraq.

Japan was one of six nations involved in marathon talks in Beijing last week that led to an agreement for North Korea to shut key nuclear facilities in exchange for badly needed fuel oil.

But Japan has refused to provide energy aid to the nuclear-armed communist regime until it resolves an emotionally charged row over the past kidnappings of Japanese nationals.

The vice president discussed the kidnappings among other issues in a breakfast meeting with Chief Cabinet Secretary Yasuhisa Shiozaki, said Cheney spokeswoman Lea Anne McBride.

Cheney told the Japanese government's number-two that the North Korea deal was "a good first step," McBride said. "They agreed to work together to watch North Korea."

The conservative vice president was due to meet later Wednesday with Prime Minister Shinzo Abe, who has built his career on the abduction issue, and Foreign Minister Taro Aso.

Cheney was later welcomed at the palace by Emperor Akihito, who bowed and then shook his hand and said their meeting would strengthen the US-Japan alliance.

He was due later to address US troops onboard the USS Kitty Hawk which is docked south of Tokyo.

At Japan's request, the vice president added a last-minute meeting Thursday with Sakie and Shigeru Yokota, the parents of the most famous abduction victim, Megumi Yokota.

Megumi was a 13-year-old schoolgirl when she was bundled aboard a North Korean ship off Japan's western coast in 1977. Pyongyang has admitted kidnapping her but says she is dead.

Her case has triggered an outpouring of sympathy in Japan and growing international attention, including a song about her plight released Wednesday by Paul Stookey of famed US folk trio Peter, Paul and Mary.

Her mother met President George W. Bush at the White House last year.

On the eve of his meeting with Cheney, Abe met the families of the abduction victims and vowed never to establish diplomatic ties with North Korea until the cases are settled.

Japan sees itself as a top target of North Korea, which fired a missile over the country's main island in 1998, and has championed a hard line against the isolated regime.

But since his Republican Party was trounced in November elections, Bush has increasingly backed diplomacy to resolve problems with North Korea, which in 2002 he said was part of an "axis of evil" with Iran and Saddam Hussein's Iraq.

Cheney is not scheduled to meet Japanese Defence Minister Fumio Kyuma, who caused a stir in January when he said Bush was "wrong" to invade Iraq. He also accused Washington of failing to address local concerns in Okinawa, which is home to half the 40,000 US troops in Japan.

Cheney will later head to Australia, where Prime Minister John Howard has talked of sending up to 70 additional military instructors to Iraq and deploying more troops in Afghanistan.

He will also meet opposition leader Kevin Rudd, who has refused to back any increase in troops to Iraq. Rudd overtook Howard in an opinion poll last week.

Cheney's Visit To Japan Exposes Tensions (FT)

By David Pilling

Financial Times, February 20, 2007

Fumio Kyuma, Japan' s outspoken defence minister, on Tuesday felt obliged to explain why he would not be meeting Dick Cheney, the US vice-president, who on Wednesday begins a visit to Japan during which security will take centre stage.

Mr Cheney, Mr Kyuma explained, could not be expected to meet a mere defence minister. "There is a difference in rank. It is a matter that pertains to the [Japanese] prime minister," he said.

Behind Mr Kyuma's humble remarks lie an awkward diplomatic moment. Earlier this month he lashed out at US foreign policy, saying Washington was wrong to invade Iraq and lambasting its arrogant attitude towards Okinawa, the island where the bulk of US troops in Japan are stationed.

Tokyo remains Washington's main regional ally, and the relationship is ro-bust enough to survive minor disagreements, analysts say. Yet Mr Kyuma's remarks provoked outrage among Japan-handlers in the Bush administration and the embarrassment that has followed is one of several points of contention.

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Japan continues to support US policy in Iraq, a point recently underlined by Shinzo Abe, prime minister, in a speech to Nato and again in parliament.

However, Taro Aso, foreign minister, suggested that Washington's post-invasion strategy had been naive.

Tokyo has begun to pull out 550 ground troops stationed in Iraq to help reconstruction. It has also, however, stepped up the activity of its air self-defence force, which helps to supply US troops in Iraq.

There has also been concern in Japan about the deal struck with North Korea to shut down its main nuclear facility in exchange for oil. Some Japanese officials have, sotto voce, criticised Washington for conceding too much to Pyongyang.

Robert Dujarric, a security expert at the National Institute for Public Policy in the US, said: "The impression is that the deal was hammered out between the US, China and North Korea and that no one asked the Japanese what they thought."

In particular, Mr Abe's government has been embarrassed by the fact that the deal did not address North Korean abductions of Japanese citizens, although a senior foreign ministry official has countered claims Japan had been sidelined.

"I don't think it is the policy of the US to speed ahead at 100 miles per hour and leave behind all the other issues, including the abduction issue," the official said. "All the other five parties, including North Korea, know there needs to be a huge participation by Japan."

US Visit To Asia Likely To Shore Up N-deal (FT)

By Guy Dinmore

Financial Times, February 21, 2007

John Negroponte's first mission as US deputy secretary of state is expected to take him to Asia next week to shore up last week's breakthrough deal with North Korea, under which Pyongyang is to close its nuclear bomb-making facilities in return for aid and peace talks.

Mr Negroponte, the former national director of intelligence who took up his new post last week, would visit China, South Korea and Japan, officials said.

One said Mr Negroponte also planned to add Pyongyang to his itinerary, though others either denied this or said such a trip was unlikely at this stage. A US state department spokesman said only: "We have nothing to announce at this time."

Mr Negroponte would be the most senior US official to visit Pyongyang since Madeleine Albright, then secretary of state, in October 2000.

Last month the Bush administration abandoned its opposition to bilateral talks with North Korea by allowing Christopher Hill, its chief negotiator, to engage directly his North Korean counterpart in talks in Berlin.

That led to the breakthrough at Chinese-brokered talks in Beijing on February 13, after nearly 18 months of impasse.

The Bush administration, in particular Condoleezza Rice, secretary of state, has been fiercely criticised by Washington hawks over last week's deal. Officials admitted that a high-level visit to Pyongyang would be controversial internally.

David Frum, analyst at the American Enterprise Institute, wrote that the deal with North Korea contained no more safeguards against cheating than the failed agreement between Pyongyang and the US in 1994.

Under that deal, North Korea agreed to freeze its Yongbyon nuclear facility but the deal fell apart in 2002 when the Bush administration accused the communist regime of secretly enriching uranium. Pyongyang then expelled United Nations inspectors and resumed operations at Yongbyon, which culminated in its first nuclear test last October.

Mr Frum warned that the current deal, which involves the US removing North Korea from its list of state sponsors of terrorism, would harm close relations with Japan, which has an unresolved issue over citizens kidnapped by North Korea.

Meanwhile, Dick Cheney, US vice-president, arrived in Japan yesterday on an Asian trip that will take him on to Australia.

John Howard, the Australian prime minister, said on Tuesday that George W. Bush had phoned him for a lengthy discussion on North Korea. "The president is realistically optimistic," Mr Howard said of the prospects for the deal with North Korea.

Robert Einhorn, a proliferation expert who was part of the US delegation to Pyongyang in 2000, said a high-level visit to North Korea was important to sustain momentum. But he thought Mr Hill would be more likely than Mr Negroponte to become the first senior US official to visit Pyongyang.

Mr Einhorn described some of the actions required of North Korea in the first 60 days of the agreement as "textbook" measures, including the return of UN inspectors and installation of fresh seals on equipment. at the Yongbyon facility.

But he said other steps, namely that North Korea list all its nuclear programmes, were likely to be more contentious.

Iran Sets Condition To Halt Nuke Program (AP)

By George Jahn

AP, February 21, 2007

DOJ_NMG_0134928

Iran's chief nuclear envoy said Tuesday his country wants to negotiate over its uranium enrichment program, on the eve of a U.N. Security Council deadline that carries the threat of harsher sanctions. But the country's hard-line president said Iran will halt enrichment only if Western nations do the same.

Sanctions could be triggered by a report from Mohamed ElBaradei, the head of the Vienna-based International Atomic Energy Agency, to his agency's 35 board-member nations, expected Wednesday. That report is expected to say Iran has expanded enrichment activities instead of freezing them.

President Mahmoud Ahmadinejad, speaking to a crowd of thousands in Iran, said his country was ready to stop its enrichment program, but only if Western nations do the same — something the United States and others with similar programs are unlikely to even consider.

"Justice demands that those who want to hold talks with us shut down their nuclear fuel cycle program too," he said. "Then, we can hold dialogue under a fair atmosphere."

The White House dismissed Ahmadinejad's call.

"Do you believe that's a serious offer?" White House press secretary Tony Snow asked. "It's pretty clear that the international community has said to the Iranians, `You can have nuclear power but we don't want you to have the ability to build nuclear weapons.' And that is an offer we continue to make."

Nevertheless, Ahmadinejad's speech was unusually conciliatory, avoiding fiery denunciations of the West. Iran's call for talks — voiced separately on Tuesday by Ahmadinejad, Foreign Minister Manouchehr Mottaki and senior nuclear negotiator Ali Larijani — suggested an attempt to convey flexibility on the eve of the deadline.

Mottaki, in Turkey, said talks on the nuclear dispute should try to achieve an agreement allowing "Iran to achieve its rights" while eliminating "concerns" about its nuclear ambitions. Larijani, in Vienna, said his country was "looking for ways and means to start negotiations."

But the officials did not offer what the Security Council is demanding — an immediate and unconditional stop to enrichment. Iran has long insisted that it will not stop its nuclear activities as a condition for negotiations to start.

The United States and its allies suspect that Iran is using its nuclear program to produce an atomic weapon — charges Iran denies, saying its aim is to generate electricity. Enriched to a low level, uranium is used to produce nuclear fuel, but further enrichment makes it suitable for use in building an atomic bomb.

Asked what Iran was seeking, Larijani said: "Constructive dialogue that could ... address the concerns" of both Tehran, which insists on enrichment as its right, and the world powers that fear the program would be used to develop nuclear arms.

While telling reporters his country was prepared to deliver "assurances that there would be no deviation ... toward a nuclear weapons program," he offered no new suggestions — and indirectly ruled out suspending enrichment, saying that was just a "pretext" to put political pressure on his country.

Larijani was even more direct in rejecting an enrichment freeze as a precondition for negotiations in talks with ElBaradei, according to diplomats familiar with the substance of their conversation.

"He ruled out suspension and said Iran was not afraid of (U.N.) sanctions," one of the diplomats told The Associated Press, speaking on condition of anonymity because his information was confidential. The diplomat said Larijani told ElBaradei that Iran could consider an enrichment freeze only as a result of talks — and not before sitting down at the negotiating table.

Iran has rejected the Security Council resolution as "illegal," and said it would not give up its right to enrich under the Nuclear Nonproliferation Treaty.

Tehran's refusal to freeze all its enrichment-related activities prompted the U.N. Security Council on Dec. 23 to impose sanctions targeting its nuclear and missile programs and persons involved in them. Back then, it gave the country 60 days to halt enrichment or face additional measures — a deadline that expires Wednesday.

Still, no sanctions were expected immediately.

Discussions on a new resolution aimed at stepping up pressure on Iran to suspend enrichment are expected to start next week, a Security Council diplomat said in New York, speaking on condition of anonymity because of the sensitivity of the issue.

The council debate will focus on what new nonmilitary sanctions to include in a resolution, the European diplomat said. Possible new sanctions could include a travel ban against individuals on the U.N. list, an expansion of the list, economic measures such as a ban on export guarantees to Iran, and an expansion of the nuclear embargo to an arms embargo, the council diplomat said.

But Russia and China, both veto-holding council members with close ties to Iran, are likely to oppose economic sanctions or weapons bans. A travel ban was dropped from the initial resolution because of Moscow's opposition, so tough negotiations are expected, the diplomat said.

Striking a combative note after meeting ElBaradei, Larijani warned the United States against opting for force instead of negotiations over the issue of enrichment.

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"If they ... move into the boxing ring, they would have problems," Larijani told reporters in response to a question about U.S. pressure on Iran to give up enrichment. "But if they sit at the chess table, then both sides would come to a result."

With the U.S. recently moving against Iranians whom it accuses of helping Shiite militias in Iraq and beefing up its naval presence in the Persian Gulf, Larijani's comments were seen as veiled warnings that any additional U.S. weight on his country would be met in kind.

"Anybody interested in ... irrational moves ... would definitely receive an appropriate response," he said.

Iran has brought its war games maneuvers over the past year into busy shipping lanes in the Straits of Hormuz, the narrow mouth of the Persian Gulf through which two-fifths of the world's oil supplies pass, the top U.S. Navy commander in the Mideast said.

The moves have alarmed U.S. officials about possible accidental confrontations that could boil over into war, and led to the recent buildup of Navy forces in the Gulf, Vice Adm. Patrick Walsh said in an interview with the AP and other reporters in Bahrain.

The carrier USS John C. Stennis — backed by a strike group with more than 6,500 sailors and Marines and with additional minesweeping ships — arrived in the region Monday. It joined the carrier USS Dwight D. Eisenhower after President Bush ordered the buildup as a show of strength to Iran.

U.S. Rebuffs Iran On Eve Of Deadline (WSJ/AP)

Associated Press

The Wall Street Journal, February 21, 2007

Bush administration officials dismissed Iran's unusually conciliatory comments made on the eve of a United Nations deadline to suspend uranium enrichment. Iranian President Mahmoud Ahmadinejad said in a speech he would halt enrichment and enter "fair talks" so long as the West took similar measures. Iran's foreign minister and its main nuclear negotiator also called for talks. White House spokesman Tony Snow called Mr. Ahmadinejad's pledge a "false offer." The administration hopes to push for new sanctions next month.

Tehran Defiant As Deadline Nears (WT)

By David R. Sands

The Washington Times, February 21, 2007

Iranian leaders yesterday vowed to defy international pressure on the eve of a United Nations deadline demanding that Tehran halt its suspect nuclear programs or face new, harsher sanctions.

The International Atomic Energy Agency (IAEA), the U.N. nuclear monitoring arm, is expected to announce today that Iran has failed to meet a 60-day deadline set by the U.N. Security Council to suspend enrichment of uranium, a key step in the development of nuclear weapons.

The Bush administration dismissed a new offer from hard-line Iranian President Mahmoud Ahmadinejad to shut down Iran's nuclear facilities if the United States and the West do the same.

"Do you believe that's a serious offer?" said White House press secretary Tony Snow. Added State Department spokesman Tom Casey, "I'm afraid what we're seeing so far is just more of the same defiance."

Iran insists that it has the right to pursue a nuclear program for civilian power needs, but the United States and European Union say past Iranian efforts to hide the extent of its program show that Tehran is secretly pursuing nuclear weapons.

The U.N. Security Council in December approved a series of targeted sanctions on Iran's nuclear research programs. The council held out the prospect of broader sanctions if Iran did not cooperate, but stopped short of threatening military action.

No action is expected today by the Security Council. Mr. Casey said intensive negotiations are already under way among the five permanent members of the Security Council -- the United States, Britain, France, Russia and China -- about a new resolution imposing new penalties and restrictions on Iran.

Moscow and Beijing have been reluctant to back the Bush administration's hard line on Iran and successfully held out against any mention of military action against Tehran in the nuclear dispute. But U.S. officials were encouraged by reports this week that Russia may delay the delivery of fuel for a planned nuclear plant it is building for Iran in the southern city of Bushehr. A spokesman for the Russian atomic energy agency said yesterday the possible delay is because of problems in receiving payment.

"I do think it's very clear to us that the Russians share our concerns about Iran's nuclear program," Mr. Casey said.

The United States has refused to rule out military action against Iran, but President Bush has said repeatedly that he wants to solve the conflict through diplomacy.

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Mr. Ahmadinejad told a gathering in northern Iran yesterday that Tehran would halt its uranium enrichment activities, but only if the United States and other nuclear powers did the same.

"If you want to speak from a position of power and make use of the oppressing leverage of some international institutions, you have to know that you will fail against the unity and resistance of the Iranian nation," he said.

Nevertheless, Mr. Ahmadinejad's speech was considered unusually conciliatory, avoiding fiery denunciations of the West.

In Vienna, Austria, Iran's chief nuclear envoy said yesterday his country wants to negotiate over its uranium enrichment program.

Ali Larijani said the impasse over Iran's nuclear programs "cannot by resolved through force and pressure."

Mr. Larijani met with IAEA Director Mohamed ElBaradei ahead of the release of today's report.

In Turkey, Iranian Foreign Minister Manouchehr Mottaki said talks on the nuclear dispute should try to achieve an agreement allowing "Iran to achieve its rights" while eliminating "concerns" about its nuclear ambitions.

Iran's call for talks -- voiced separately by Mr. Ahmadinejad, Mr. Mottaki and Mr. Larijani -- suggested an attempt to convey flexibility on the eve of the deadline.

Duke University political scientist Bruce W. Jentleson, in an analysis for the Century Foundation, said it was "virtually certain" that the United Nations will stop short of a total embargo of Iran, which boasts some of the world's largest oil and natural gas reserves.

But he said more limited options are on the table, including: tougher restrictions on Iran's nuclear programs; limits of investment in Iran's energy sector; a freeze on Iranian assets abroad; a cutoff of military sales; targeted sanctions on top Iranian leaders; and general economic sanctions such as boycotting key Iranian exports, banning international flights and opposing Iran's World Trade Organization membership.

International Pressure Mounts On Iran (FT)

By Daniel Dombey

Financial Times, February 21, 2007

Iran was on Tuesday struggling to stave off further a fresh round of international censure as controversy over its nuclear programme continued to mount.

In Vienna, Ali Larijani, the Islamic Republic's top nuclear negotiator, met Mohamed ElBaradei, the United Nations' chief nuclear inspector, who will is due to pronounce on Tehran's nuclear activities today.

Speaking to the Financial Times this week, Mr ElBaradei did not bother to hide his near-conviction that Iran would fail to meet UN demands to curb uranium enrichment, a process that can generate both nuclear fuel and weapons grade material.

His observations indicate that Tehran is stepping up its commitment to a nuclear programme. Iran says its purposes are purely peaceful, but its claims protestations are viewed with increasing scepticism and disbelief. in Europe and are downright disbelieved in the US.

Yesterday, in a rhetorical flourish, Mahmoud Ahmadi-Nejad, Iran's president, challenged the west to suspend its own uranium enrichment. sidestepping the argument that Tehran should not be allowed permitted such activities because it had hidden its nuclear programme. in the past.

Many western diplomats question why Iran is accelerating its enrichment activities while Bushehr, the nuclear power plant the uranium is intended to feed, is behind schedule and was delayed further this week because of Iran's alleged failure to pay its Russian contractors.

"Iran sees enrichment . . . as a strategic goal because they feel that this will bring them power, prestige and influence," Mr ElBaradei told the FT. "They feel that this will bring them into the company of some of the large and influential [states], the 12, 13 countries with enrichment processing, even if they don't have a weapon."

One common argument is that countries with an extensive enrichment infrastructure can are able to "break out to become nuclear weapon states in a matter of months.

Last year Ernst Uhrlau, the head of German intelligence, said Tehran could not would not be able to produce enough material for a nuclear bomb before 2010 and could would only be able to only make it into a weapon by only about 2015.

Mr ElBaradei's last report, issued in November, said that since August Tehran had used two "cascades" of 164 centrifuges apiece to enrich uranium in a research facility at its Tehran plants.

Spinning uranium in a system of centrifuges increases the levels of the isotope uranium 235. A level of about 3 per cent serves as nuclear fuel; a level of above 90 per cent constitutes weapons grade material.

Mr ElBaradei suggested Iran's test centrifuges were now functioning smoothly after early teething pains. He added that Iran had installed a further 164-centrifuge cascade in the subterranean facility in Natanz, and that the country could be six months to a year away from operating an industrial size cascade of 3,000 centrifuges.

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If 3,000 centrifuges ran smoothly for a year, they could produce enough material for a bomb.

But Iran uses “P-1” centrifuges it acquired from the black market network of AQ Khan, the father of Pakistan’s bomb. They centrifuges are copies of a copy of a Dutch model. They crash and are much flimsier and hence slower than their modern day equivalents. “Using P1s in this way is like competing at Le Mans with a Model T Ford,” said a western diplomat. “You will get around in the end, but it will take much much longer.”And one malfunctioning centrifuge within the cascade is enough to bring the whole cascade down.

If Iran did acquires enough fissile material with the intent to weaponise it, other stages are would still be necessary. The uranium must would have need to be cast into metal, packed into an explosive device and if it were to be targeted at other countries, fitted into a missile warhead.

Meir Dagan, the head of Israel’s Mossad, the Israeli intelligence agency, in December told the Knesset that by 2008, Iran would be able to develop 25kg of highly enriched uranium – enough for a bomb – and a weapon the following year.

His calculations seem appear to assume that Iran will be able to spin the uranium without technical hitches from almost the moment that the centrifuges are installed and that Tehran will ould be able to use its mixture of imported Pakistani and North Korean technology to weaponise the material in a matter of months.

The technical shortcomings of Iran’s programme might mean it that Iran will take much longer to develop nuclear capacity. But even after today’s report nobody will be able to know for sure.

Table Talk (WSJ)

By Michael Rubin And Danielle Pletka

The Wall Street Journal, February 21, 2007

Iran faces a deadline today to suspend its enrichment of uranium or, according to the terms of a U.N. Security Council resolution unanimously adopted last December, face further sanctions. While it is only proper that the world wait for the deadline to pass before responding, Tehran's answer is already clear. Gholam Reza Aghzadeh, head of Iran's Atomic Energy Organization, has said that "Iran will not comply with the United Nations Security Council Resolution 1737."

How will the West respond? Earlier this month Sir Richard Dalton, until recently Britain's ambassador in Tehran, called for direct talks between U.S. and Iranian officials and suggested the West modify demands that the Islamic Republic suspend uranium enrichment. Unfortunately, his eagerness for dialogue is being echoed and amplified elsewhere, especially in the wake of the Bush administration's deal to pay North Korea for similar disarmament. Needless to say, former luminaries such as ex-Secretary of State Madeleine Albright and President Jimmy Carter think sitting down with the mullahs is a very good idea, Security Council resolutions notwithstanding.

Why not talk? The logic of engagement sounds good. But experience shows that engagement means something different in Iran than in the West.

In May 1992, for example, then German Foreign Minister Klaus Kinkel launched a "critical dialogue" with Tehran. Berlin sought to use trade and incentives to encourage the Islamic Republic to alter its behavior. And, indeed, it did. But not in the way Mr. Kinkel expected.

On Sept. 17, 1992, Iranian hit men assassinated three Iranian dissidents and their translator in a Berlin restaurant. The subsequent German investigation determined that Iranian Supreme Leader Ali Khamenei, President Ali Akbar Hashemi Rafsanjani and Foreign Minister Ali Velayati ordered the murders. What about the dialogue? "We don't give a damn about your ending the critical dialogue," said Supreme Leader Khamenei upon hearing the German court ruling. "We never sought such a dialogue."

Neither Iran's terrorism nor intelligence indications of an accelerating nuclear weapons program dampened European enthusiasm for engagement, however, especially after the election of President Muhammad Khatami and his subsequent call for a "dialogue of civilizations." "There is more to be said for trying to engage and to draw these societies into the international community than to cut them off," EU External Affairs Commissioner Chris Patten explained in February 2002. And engage they did.

Between 2000 and 2005, EU trade with Iran almost tripled. Officials from both sides of the Atlantic fawned on the "reformist" Mr. Khatami. But the rapprochement -- including an embarrassing "apology" for past American sins against Iran from Ms. Albright -- did not stop Mr. Khatami from flying to Moscow in March 2001 to sign a $7 billion arms and nuclear technology deal. Indeed, under Mr. Khatami, Tehran spent more on arms than it had under Hashemi Rafsanjani.

Iran's exploitation of engagement to advance its agenda is the rule rather than the exception. In December 2001, in the midst of what many cite as the heyday of Iran-U.S. cooperation in Afghanistan, Iranian forces dispatched 50 tons of weaponry to Palestinian militiamen to derail a U.S.- and European-brokered ceasefire between Israeli and Palestinian forces. On June 8,

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2002, three days after a Palestinian Islamic Jihad suicide bus bomber killed 17 Israelis, the Islamic Republic announced a 70% increase in that group's funding.

Western efforts to game the Iranian system, in short, misunderstand the nature of politics in the Islamic Republic. Politicians rise and fall, but the supreme leader's authority remains supreme. Rhetoric notwithstanding, the president is more figurehead than commander. Factional differences add color to the Iranian scene, and there are nuances in economic and social policies. But politicians do not alter the regime's ideological underpinnings.

Upon his accession to supreme leader, analysts labeled Mr. Khamenei a weak compromise candidate. They underestimated him, and all who have attempted to encroach upon his power have found themselves marginalized. Iranians once speculated upon Tehran mayor Gholamhossein Karbaschi's meteoric rise. A stint in prison ended that.

In 2005, Mr. Khamenei rigged elections to teach frontrunner Mr. Rafsanjani a lesson. The result was Mahmoud Ahmadinejad. And as Mr. Ahmadinejad himself has proven obstreperous, Mr. Khamenei has built alternative institutions to undercut him.

Still, the Iranian government is not monolithic, and many academics argue that outreach to more pragmatic factions might encourage them at the hardliners' expense. This is American mirror imaging at its worst: Mr. Ahmadinejad may be a bad guy, but that doesn't make Mr. Rafsanjani a pragmatist or Mr. Khatami a reformer. On key issues relating to nuclear enrichment and terror sponsorship, their differences are rhetorical, not substantive. Thus the "pragmatic" Mr. Rafsanjani on Feb. 1, 2007, dismissing U.N. demands to throttle back nuclear enrichment: "We will break the [international] consensus through wisdom and bravery and foil U.S. conspiracies against Iran."

Despite the Iranian government's unified commitment to forge ahead with the nuclear program, some Western observers persist in their belief that the Islamic Republic is searching for a graceful way back from the brink. They point to mounting economic hardship inside Iran and a backlash against President Ahmadinejad's demagoguery. Couldn't engagement empower his critics?

This makes no sense. Dialogue and the attendant relaxation of U.N. sanctions will strengthen and validate the Ahmadinejad regime.

Far from being susceptible to Western machinations, the Iranians have proven adept at manipulating us. Consider that, since the beginning of the current tensions, the West has retreated from demands that Iran cease conversion of yellowcake to uranium gas and end enrichment entirely to the current demand for nothing more than a temporary suspension of uranium enrichment activities. And all this while Iran funneled weapons to Hezbollah, shipped explosives into Iraq and defied Security Council resolutions.

Proposals for renewed engagement may be well-intentioned, but they are naïve and dangerous, and indeed will undercut any possibility of a diplomatic solution. Let's review the current situation.

On Sept. 24, 2005, the International Atomic Energy Agency determined that Iran was in violation of its nuclear non-proliferation safeguards agreement. Still, the IAEA deferred referral to the U.N. Security Council to give diplomacy a chance. After consulting with her European partners, on May 31, 2006, Secretary of State Condoleezza Rice offered Tehran two ways forward: Either Iran could defy its international commitments and "incur only great costs," or it could suspend enrichment and enjoy "real benefit and longer-term security." The Iranian regime chose to forego the benefit. On Dec. 23, 2006, the U.N. Security Council unanimously imposed sanctions.

The 60-day deadline to comply with U.N. demands is up, so what next? Those eager to sit down with Tehran say that dialogue does not mean abandoning sanctions. This is hardly serious. Washington has already offered and delivered inducements to the regime -- a clear path to World Trade Organization accession and spare aircraft parts -- in exchange for behavior modification. In response, Tehran has offered no confidence-building measures. All that remains are direct talks, and even there, Washington has dropped the price from ending Iran's nuclear program to a temporary suspension of enrichment.

The Security Council has spoken. To change course now would signal the impotence of international institutions and multilateral diplomacy. History shows that when the supreme leader believes Western resolve is faltering, Iran will be more defiant and dangerous. Now is not the time to talk. If Washington and Europe truly believe in the primacy of multilateralism and diplomacy, now is the time to ratchet up the pressure.

Ms. Pletka and Mr. Rubin are, respectively, vice president for foreign policy and defense studies and resident scholar at the American Enterprise Institute.

U.S. Navy Buildup Came After Iran Moves (AP)

By Jim Krane
AP, February 21, 2007

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Iran has brought its war games maneuvers over the past year into busy shipping lanes in the Straits of Hormuz, the narrow mouth of the Persian Gulf through which two-fifths of the world's oil supplies pass, the top U.S. Navy commander in the Mideast said.

The moves have alarmed U.S. officials about possible accidental confrontations that could boil over into war, and led to a recent build-up of Navy forces in the Gulf, Vice Adm. Patrick Walsh said in an interview with The Associated Press and other reporters.

During maneuvers, Iranian sailors have loaded mines onto small minelaying boats and test-fired a Shahab-3 ballistic missile into international waters, he said.

"The Shahab-3 most recently went into waters very close to the traffic separation scheme in the straits themselves. This gives us concern because innocent passage of vessels now is threatened," Walsh said in the interview Monday on the base of the Navy's Fifth Fleet in the Gulf island kingdom of Bahrain.

Iran tested the Shahab during November maneuvers, which it said were in response to U.S. maneuvers in the Gulf it called "adventurist." Iran also showed off an array of new torpedoes in war games in April.

The carrier USS John C. Stennis — backed by a strike group with more than 6,500 sailors and Marines and with additional minesweeping ships — arrived in the region Monday. It joined the carrier USS Dwight D. Eisenhower after President Bush ordered the build-up as a show of strength to Iran.

The additional U.S. firepower has ratcheted up tensions with Iran. But Walsh said the increase aims to reassure Arab allies in the Gulf and prevent misunderstandings that could escalate into outright conflict.

"That's certainly what we're trying to avoid, a mistake that then boils over into a war," said Walsh, who departs his command of the Fifth Fleet this month to become vice chief of naval operations at the Pentagon, the Navy's No. 2 post.

Walsh said the Navy was responding to "more instability than we've seen in years" in the Fifth Fleet's region — with conflicts in Iraq, Afghanistan and Somalia, tensions in Lebanon and the standoff with Iran.

The Navy has grown increasingly alarmed at what Walsh called Iran's "provocations." Once cordial Navy ship-to-ship relations with Iran in the Gulf have disintegrated over the past 18 months as Iranian vessels made "probing" incursions into Iraqi waters, he said.

"They threaten to use oil as a weapon. They threaten to close the Straits of Hormuz," Walsh said. "And so it is the combination of the rhetoric, the tone, and the aggressive exercises in very constrained waters that gives us concern."

Since the Stennis was ordered to the region, Iranian leaders have increasingly warned that they would respond to any attack by closing off oil shipping lanes or attacking U.S. interests.

The Straits of Hormuz are 34 miles across, but its shipping lanes are only about six miles wide.

Walsh said it was doubtful that Iran could physically block the entire six-mile lanes with mines — but hitting only a few vessels with missiles and mines would "terrorize" shipping and have the same effect.

"It's more the threat of mines than the threat of closing the straits. That would have dramatic effects on markets around the world," he said.

Walsh said his biggest worry was that Iran would underestimate U.S. resolve to protect its interests in the world's richest oil region. He said the tone of Iranian leaders could make their commanders on the ground more reckless. "It's a mix and a formulation where you can have misunderstanding," he said.

Asked whether the U.S. Navy would launch an attack on Iran if Iranian involvement were confirmed in a deadly incident in Iraq, Walsh said he was unable to discuss the Navy's rules of engagement. But he added, "There are events on land that can spill over onto the sea."

At the same time, Walsh said he understood that U.S.-allied Gulf nations feared that any U.S.-Iranian military conflict could bring attacks on their soil.

Walsh said he was aware that a University of Maryland/Zogby International poll of Arab public opinion this month showed residents of the United Arab Emirates, Saudi Arabia and other allies believe Iran is far less a threat than the U.S. and Israel.

"I'm trying to talk to those in the region, to give them assurances that the reason we're here is to stand by them," he said.

Rice Seeks Arab Backing For Moderate Palestinians (AFP)

By David Millikin

AFP, February 21, 2007

US Secretary of State Condoleezza Rice was holding talks in Jordan with intelligence chiefs of four Arab states seen as crucial in backing Palestinian president Mahmud Abbas in his power struggle with the radical Islamic group Hamas.

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Rice also briefed Jordan's King Abdullah II on her joint meeting Monday in Jerusalem with Abbas and Israeli Prime Minister Ehud Olmert, a summit billed as the launch of a new US push to revive peace efforts but which failed to make any significant breakthrough.

After seeing Rice, Abdullah was to meet Abbas, who is in Jordan en route for Europe to seek support for a unity government deal between his secular Fatah party and Hamas, boycotted by the West as a terror group.

Rice's initiative has been undermined by the power-sharing deal brokered by Saudi Arabia earlier this month which caught the US administration by surprise, according to a senior US official.

Since Hamas gained control of the Palestinian government after a shock election win in January 2006, Washington has led international efforts to isolate the administration with an embargo on critical aid and diplomatic ties.

Washington backed a bid by Abbas to call new elections in hopes of sidelining Hamas, but the initiative led to deadly factional clashes -- bloodshed which the power-sharing deal has managed to stem.

The unity government deal, which will see officials from Abbas's secular Fatah party serve alongside Hamas leaders -- infuriated Israel and almost torpedoed Monday's summit, officials said.

While Rice succeeded in bringing the meeting off and gaining a pledge by Olmert and Abbas to continue talking, tensions were apparent when neither man appeared at her side for the reading of a joint statement.

She also used the meeting to reaffirm US and Israeli insistence that the boycott against the Palestinian government will continue unless it pledge respect for three conditions -- recognise Israeli's right to exist, renounce violence and accept previous peace agreements with Israel.

Abbas argued in Monday's meeting that the deal includes implicit recognition of these conditions and formally authorises him to negotiate with Israel.

During her five-hour visit to Jordan, Rice will seek an explanation of the unity government deal from the Saudi national security adviser Prince Bandar bin Sultan, the senior US official said.

She will also discuss ways the four Arab states can help deal with security issues raised in Monday's Israeli-Palestinian meeting, the official said.

These include putting an end to arms smuggling from Egypt into the Gaza Strip, Hamas's stronghold, and boosting the presence of security forces loyal to Abbas in northern Gaza, from where militants have been firing home-made rockets into Israel.

The official said Washington considers the four Arab nations "critical backers" of Abbas in his showdown with the Iranian-supported Hamas.

The United States initially engaged the so-called "Arab Quartet" as part of efforts to urge Iraqi Sunnis not to boycott the US-backed Shiite-led government in Iraq.

"Then it evolved into the most effective means of supporting responsible Palestinians," the US official said, referring to Abbas and his Fatah party.

Also attending the meeting will be Egyptian intelligence chief Omar Suleiman -- a key mediator between Israel and the Palestinians -- and his counterparts from Jordan and the United Arab Emirates.

Rice said she would also be pushing the Arabs to take a more active role in reviving peace efforts embodied in a 2002 "Arab initiative" that offered Israel diplomatic recognition if it would give up territory occupied since the 1967 Arab war.

"I hope that the Arab states also understand that they have a role to play in this," she said in Jerusalem Monday.

Rice flies from Amman to Berlin for a meeting Wednesday of the Middle East Quartet which comprises the United States, European Union, United Nations and Russia.

Abbas is pressing the Quartet to end its aid boycott when the unity government takes office, but Rice will argue forcefully to stay the course during Wednesday's gathering, officials said.

Rice Looks Back For A Way Forward On Mideast Peace (WP)

By Glenn Kessler

The Washington Post, February 21, 2007

BERLIN, Feb. 20 -- Over Christmas vacation, Secretary of State Condoleezza Rice took home a three-foot stack of reports written by the State Department historian on previous efforts by the United States to forge Middle East peace. Rice had read memoirs by her predecessors, but as she embarked on her own effort to help end the Israeli-Palestinian conflict, she decided she needed to study a day-by-day diplomatic narrative of what had gone wrong in the past.

Her conclusion: A diplomat needs to quietly build support behind the scenes in informal talks between the Israelis and Palestinians, seeking the right combination of leverage and circumstance to make an impact. In her mind, Rice and her aides say, the moment is now.

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But the lackluster outcome of the Israeli-Palestinian summit brokered by Rice in Jerusalem on Monday suggests her optimism may be misplaced. Diplomats and Middle East experts applaud her willingness to invest her prestige in trying to solve an intractable problem, but some wonder whether her efforts are six years too late.

Rice is pushing the Israelis and Palestinians to sketch the contours of a Palestinian state, much as President Bill Clinton did before he left office. But diplomats say the prospects have dimmed with years of violence, weak leadership in both camps and the rise of the militant group Hamas, which is dedicated to Israel's destruction and won Palestinian legislative elections last year.

Palestinian Authority President Mahmoud Abbas on Tuesday described the summit as "tense and difficult," while the Israeli government ruled out discussions on the diplomatic endgame if Abbas goes through with plans to form a unity government with Hamas.

Rice -- who arrived here Tuesday night for talks with European officials after meeting earlier in the day with Arab diplomats and security chiefs in Amman, Jordan -- insists that the conditions have never been better for peace.

This confidence reflects her central role in developing and implementing U.S. policy toward the conflict for the past six years. "I think on paper there was a lot that was close" in 2000, Rice said last month. "But the underlying circumstances, I think, those conditions are better now."

The late Palestinian leader Yasser Arafat was never going to accept a peace deal, Rice argues, but he has been replaced by Abbas. She adds that the Likud Party was not going to support Clinton's proposals, but now much of the Israeli right accepts the idea of a Palestinian state after a Likud-led government, under Prime Minister Ariel Sharon, took the dramatic step of withdrawing from the Gaza Strip. "The breadth of the Israeli political system that is actually united behind a two-state solution is very different than in 2000," Rice said.

Rice's slant on the Middle East has been shaped in part by Israelis, first by Sharon and more recently by Foreign Minister Tzipi Livni, U.S. officials say.

Rice, for instance, adopted the phrase "political horizon" from Livni, which is intended to illustrate the endgame discussions, though it is not a new concept; then-Secretary of State Colin L. Powell used it in 2002. Rice's division of the region into "moderate" elements (Israel, Abbas, Egypt, Jordan and Saudi Arabia) and "extremist" forces (Iran, Syria, Hezbollah, Hamas) was also first articulated by Livni a few weeks before it became part of Rice's rhetoric.

Arabs and Europeans chafe at such clear-cut distinctions. "The Middle East is the Middle East," said Egyptian Foreign Minister Ahmed Aboul Gheit. "You have different trends, and you have different interests" that vary from day to day.

Aboul Gheit's view would explain why Abbas, supposedly a member of Rice's moderate camp, would join with the extremists. Abbas said the power-sharing arrangement is intended to stop Palestinian factional violence that has killed scores of people in recent months.

As national security adviser in President Bush's first term, Rice -- not Powell -- generally had control of Israeli-Palestinian policy because of a largely unpublicized back channel with Sharon's chief of staff, Dov Weisglass, according to U.S. and Israeli officials.

The most sensitive issues in the U.S.-Israeli relationship were handled through the Rice-Weisglass partnership. In a tense meeting with Weisglass in September 2002, Rice demanded that Sharon abandon an assault on Arafat's compound, U.S. and Israeli officials say. Rice, through the Weisglass channel, also encouraged in 2003 the development of Israel's plan to withdraw from Gaza -- in part to thwart European demands to push the two sides to begin final negotiations on a peace deal because the plan known as the "road map" was faltering.

Early in her tenure as secretary of state, Rice encouraged the Palestinians to hold legislative elections, even if Hamas participated, despite deep misgivings by Israeli officials. U.S. officials had assumed that Abbas's Fatah party would win, but Hamas unexpectedly prevailed. Rice then decided to push international donors to cut off all but humanitarian aid to the Palestinian government until Hamas renounced violence, accepted Israel and agreed to abide by previous Palestinian accords with Israel.

Although the Hamas victory halted peace efforts, Rice now says the election led to good because it forced the militant group to confront the challenges of governing. But U.S. officials concede that they were surprised when Abbas, with Saudi prodding, reached the unity accord with Hamas.

"She has a personal commitment to be involved now," said former Middle East envoy Dennis Ross. "But the nature of what she is involved in is in greater flux."

Rice's push follows a succession of administration initiatives that quickly faded, including a security plan by then-CIA chief George J. Tenet in 2001, the appointment of special envoy Anthony C. Zinni in 2002 and Bush's inauguration of the road map plan at a 2003 summit in Aqaba, Jordan. Within months, all were largely abandoned.

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In one irony, the United States in 2003 had pushed for the creation of a powerful prime minister because it wanted a way to sidestep then-President Arafat; now, the administration wants to bolster the Abbas presidency as a way of undercutting the Hamas prime minister.

The administration has intervened in the Palestinian factional struggle, funneling money to bolster Fatah's image before the elections and now pushing a plan to train and supply security forces loyal to Abbas.

One Rice aide conceded that there is "diplomatic risk" to Rice forging ahead, but European officials are thrilled that she is now trying ideas they have long urged. A senior European official said Tuesday that just the fact that Rice did not cancel the meeting in the face of Israeli resistance was a signal, because the administration has had a pattern of halting peace efforts at the first sign of trouble. "To us, that is proof the United States is really engaged," he said, speaking on condition of anonymity.

Israel Threatens To Ignore Abbas (AP)

By Anne Gearan

AP, February 21, 2007

Israel said Tuesday it would stop dealing with Palestinian President Mahmoud Abbas if he goes ahead with plans to join Hamas in a new government, as Secretary of State Condoleezza Rice and Arab allies sought a way to break the Hamas logjam and push forward the stalled peace process.

Jordan's King Abdullah II, after separate meetings with Rice and Abbas, urged the United States to continue seeking to broker an Israeli-Palestinian peace accord. But Israel said it would stop dealing with Abbas on larger peace issues if he went ahead and formed the coalition government with Hamas.

After the meetings Abbas acknowledged for the first time that sessions on Monday in Jerusalem with Israeli Prime Minister Ehud Olmert and Rice had been "tense and difficult" but said "it was not a failure and it will be followed by other meetings."

Abbas said Israel may have "misunderstood" the agreement reached in Mecca, Saudi Arabia, between his moderate Fatah faction and the militant Hamas group, according to Jordan's official Petra news agency.

"We told Israel that this agreement was made to protect the unity of the Palestinian people and its national interests," Abbas was quoted as saying. "The agreement is an expression of support for Palestinian interests, but Israel may have misunderstood it."

But in Israel, Miri Eisin, spokeswoman for Olmert, ruled out any talks on a final peace deal with Abbas if he went ahead with plans to form a new Cabinet including Hamas.

Israeli talks with Abbas would be limited to matters such as improving living conditions for the Palestinians and ending Palestinian attacks against Israel. "We're not talking about negotiations on final status issues," Eisin said.

The planned Palestinian coalition government fell far short of what the United States and Israel wanted, and also disappointed Sunni Arab states — many of them U.S. allies — that had hoped Hamas would soften anti-Israeli policies enough to satisfy the West and restart the flow of vital international aid.

Rice invited security and intelligence chiefs from Saudi Arabia, Egypt, Jordan and the United Arab Emirates to Amman for the talks to ask their advice on what, if anything, can be done further to persuade Hamas to back down.

Tuesday's session at the government security headquarters in Amman included some of the region's wiliest and best-connected heavies, fixers and go-betweens, including Saudi national security adviser Prince Bandar bin Sultan and Egyptian intelligence head Omar Suleiman.

Suleiman has deep ties across Palestinian politics, including with Hamas. Rice has been meeting with him regularly since Hamas won Palestinian parliamentary elections 13 months ago.

Egypt, Saudi Arabia, Jordan and the Emirates have all, in turn, tried their hand in recent months at convincing Hamas to moderate enough to meet Western conditions, with little success.

Rice and Abbas both met with Abdullah but their sessions were separate. Both were reporting on progress from their three-way summit Monday with Israeli Prime Minister Ehud Olmert. For Abbas, that meant explaining that he had failed to persuade Israel and Rice that the incoming Palestinian government would fulfill conditions for the restoration of foreign aid.

Abdullah and other Sunni Arab allies have strongly urged the Bush administration to energize peace efforts between Israel and the Palestinians, partly to improve the Palestinians' lot, partly to tamp down Islamic extremism that those government see as a threat and partly to counter the influence of Shiite Iran.

After the meetings, Abdullah issued a statement saying, "The longer the time passes without a framework that would help Palestinians and Israelis move forward, the greater the risk of an escalation of tensions."

Abbas also was headed to Germany along with stops in Britain and France in a campaign to convince skeptical Western leaders that the deal he forged earlier this month with the ruling Islamic Hamas reflects his moderate stand.

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At stake is about $1 billion in foreign aid for the Palestinian government cut off after Hamas defeated Abbas' secular Fatah party and took power last year. Abbas was elected separately and retains power, but the two-headed government structure was unwieldy and unable to deliver services or security.

Israel, the U.S. and the European Union label Hamas, which is committed to Israel's destruction and has killed hundreds of people in suicide attacks, a terror group.

The U.S. and European Union insist that any Palestinian government must recognize Israel, renounce violence and accept past peace accords. Hamas has rejected those conditions. The unity accord pledges only to "respect" past agreements.

No Peace Talks With Abbas If Fatah Joins Cabinet (WT)

By Nicholas Kralev

The Washington Times, February 21, 2007

Israel yesterday ruled out any peace talks with Palestinian Authority President Mahmoud Abbas if his Fatah faction joins Hamas in a new Cabinet, in spite of Secretary of State Condoleezza Rice's appeal for continued talks with Mr. Abbas as the legitimate Palestinian leader.

A day after Miss Rice's inconclusive meeting in Jerusalem with Mr. Abbas and Israeli Prime Minister Ehud Olmert, Mr. Olmert's aides said future contacts would be limited to daily issues such as improving living conditions for the Palestinians and ending attacks against Israel.

"We are not talking about negotiations on final-status issues," said Israeli government spokeswoman Miri Eisin.

The United States and Israel both have said they will not deal with the proposed unity government unless it meets three international demands -- that it renounce violence, recognize Israel and honor past Palestinian commitments.

"The agreements between Hamas and Abu Mazen disappoint all who supported separating the extremists from the moderates and creating an alternative government in the Palestinian Authority," Israeli Foreign Minister Tzipi Livni said yesterday, using Mr. Abbas' nickname.

Although Miss Rice agreed that a government that does not recognize Israel cannot be part of any peace negotiations leading to a two-state solution, she has repeatedly said that Mr. Abbas is the only Palestinian leader worth talking to.

"He heads [the Palestinian Authority] with his own authority and his own legitimacy, having been elected to that position on the basis of principles that he went to the Palestinian people on when he was elected in 2005," the secretary said on Monday.

"He is the chairman of the [Palestine Liberation Organization] and discussions, negotiations, whatever, work with Israel, is in the hands of the chairman of the PLO," she said.

Miss Rice also said Mr. Abbas had assured her in several meetings that he is committed to the three international demands, which have been endorsed by the Quartet -- the United States, the European Union, Russia and the United Nations.

But with a Hamas majority in both the parliament and the Cabinet, Mr. Abbas cannot deliver when it comes to final-status issues, said David Schenker, senior fellow at the Washington Institute for Near East Policy.

"We shouldn't abandon him, because for the most part he continues to say the right things," Mr. Schenker said of Mr. Abbas. "But it's getting harder to deal with him."

Mr. Schenker said it is "impossible to talk about a political horizon," the term U.S. and Israeli officials have been using for the past couple of months, given the Fatah-Hamas agreement, which was reached on Feb. 8 in Mecca, Saudi Arabia.

"That agreement threw a ratchet in U.S. policy," he said. "There were not many concessions from Hamas."

The deal ended a cycle of factional violence in the Palestinian territories that left dozens dead and many more wounded.

"We told Israel that this agreement was made to protect the unity of the Palestinian people and its national interests," Mr. Abbas was quoted as saying by Jordan's official Petra news agency. "The agreement is an expression of support for Palestinian interests, but Israel may have misunderstood it."

He also said that his Monday meeting with Mr. Olmert and Miss Rice had been "tense and difficult."

Miss Rice met with King Abdullah II of Jordan in Amman yesterday before flying to Berlin for a Quartet meeting today.

Mr. Abbas also headed to Germany, Britain and France to lobby for the release of millions of dollars in aid to the Palestinian government, which has been frozen since Hamas came to power just over a year ago.

In Amman, Miss Rice also met with security and intelligence chiefs from Saudi Arabia, Egypt, Jordan and the United Arab Emirates to discuss what can be done to get Hamas to accept the Quartet principles.

Palestinian Factions Labor To Sustain Truce (WSJ)

By Cam Simpson

The Wall Street Journal, February 21, 2007

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GAZA CITY, Gaza Strip -- Abu Mujahad and Yasser Said are trying to hold together a fragile Palestinian peace here -- via cellphone.

Mr. Mujahad is loyal to the Executive Force led by Hamas, while Mr. Said reports to its rival faction, Fatah. The two groups, responsible for fighting that has left hundreds of Palestinians dead in the past year, are coordinating a peace accord reached Feb. 8 in the Muslim holy city of Mecca, Saudi Arabia, through what they call a "joint operations center."

In reality, it is more like a speed-dial list as rival commanders, ensconced in their separate redoubts, keep in near-constant contact when the smallest trouble flares in the Gaza Strip. An estimated 1.4 million Palestinians share the patch of land spanning about 140 square miles.

Both sides acknowledged in separate interviews yesterday that tensions remain high and that there have been multiple breaches of their accord. Still, they said their fears about open warfare erupting anew were based on political and diplomatic processes far beyond the streets where their men maintain a tense standoff. "We are sure we will have problems in the future, but cooperation between all the parties to solve them will be much easier if they have an agreement at the top," Mr. Said said.

Secretary of State Condoleezza Rice left the Middle East yesterday without openly accepting or rejecting the Mecca deal that brought the tentative peace. Her departure followed three days of talks -- including the first three-way summit since 2003 featuring American, Israeli and Palestinian leaders. There were few tangible results. And no one wants to predict how long after her departure the agreement will last.

In addition to ending the fighting, the Mecca accord calls for the formation of a unity government between Hamas, the Islamist movement that won U.S.-backed elections in the Palestinian territories a year ago, and the secular Fatah movement, which is headed by the separately elected Palestinian president, Mahmoud Abbas.

Fatah, which was founded by the late Yasser Arafat, had controlled the Palestinian territories since the Oslo peace accords of the 1990s. Since Hamas's rise to power, fighting between the two sides has left more than 400 Palestinians dead, the vast majority of them in Gaza, where Hamas is generally believed to be stronger. While there were no breakthroughs during Ms. Rice's visit, Mr. Abbas, who is trying to navigate between Hamas on one side and Israel and the U.S. on the other, in some ways walked away victorious by maintaining his diplomatic relevance -- at least for now.

But Israel and the U.S. are deeply troubled by the unity-government plan because Hamas still hasn't openly endorsed their demands that any government including the Islamist movement abide by previous peace agreements, reject violence and accept Israel's right to exist. So far, Hamas has only acceded to giving its tacit backing to prior peace accords.

Senior U.S. officials said Mr. Abbas now has a little more time -- probably no longer than six months -- to make something happen. They envision three possible scenarios.

In the most optimistic, Mr. Abbas can continue to gain slow progress in nudging Hamas closer to a more overt acceptance of the international community's conditions. The second scenario would be maintenance of the status quo: The U.S. continues to shun the Hamas-dominated government, even though Mr. Abbas's party is now part of that government, but continues dealing on a personal level with Mr. Abbas. His presidential office is still separate from the Hamas-Fatah government that would be formed under the Mecca accord. This scenario includes continuing military support to Mr. Abbas and his chief strongmen in order to keep pressure on Hamas. The third scenario amounts to giving Mr. Abbas and Hamas enough space to allow their own internal differences to bring about the collapse of the Mecca deal and the unity government.

One key factor, which remains unclear, is whether Saudi Arabia will abide by its pledge to supply $1 billion to the new unity government. If it does, it is possible Mr. Abbas could continue to press ahead with Hamas even if the U.S. and Israel shun the Palestinian government. U.S. officials also have declined to say whether they are pressuring the Saudi regime to freeze that pledge.

Ms. Rice is in a precarious position. If she pushes too hard, she could create an even greater backlash across the region and beyond, since the deal has brought an end to Palestinian bloodshed. Mr. Mujahad, the deputy commander of the Executive Force in northern Gaza, left little doubt whom he would blame if fighting begins anew. "We hold Israel and the Americans responsible for the tensions between Palestinians," he said.

He is based in an armed Executive Force camp on the edge of Jabalya. He sits behind a desk within a small office building behind freshly erected cinderblock walls and mounds of earth plowed high like barricades. The camp is directly across the street from a pile of rubble that used to be the headquarters of the Fatah-dominated military-intelligence command in this part of Gaza, a sign of how powerful the Executive Force became here in the days leading up to the Mecca accord.

Mr. Mujahad said the mechanism for maintaining the peace -- having commanders from the warring sides stay in constant contact -- is so far holding. "We work day and night with those who have intentions in Fatah to make this agreement stick," he said.

Mr. Said, who works from inside his home a few miles away, is the key coordinator for Fatah. He said there are few rules beyond talking. For breaches of the peace, which both sides acknowledge occur nearly every day, there are no proscribed

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punishments. Creating a stronger deal with a better chance of holding will depend on the quick creation of a unity government, he said.

But he fears the political differences -- between the factions, within the factions themselves and from the U.S. and Israel -- don't give them much time, no matter how hard they work to keep the peace. "It's not enough to have good intentions," he said.

After The Mecca Accord, Clouded Horizons (NYT)

By Helene Cooper

The New York Times, February 21, 2007

BERLIN, Feb. 20 — With Iran steadily gaining power in the Middle East, the United States recently made a strategic decision to encourage Saudi Arabia to take a more active role in diplomacy in the region. Two weeks ago, the Saudis took a bold step, mediating an accord between warring Palestinian factions whose battles in Gaza had left more than 100 dead.

But that agreement, signed in the holy city of Mecca, brought Hamas — which the United States and Israel consider a terrorist organization — into a unity government without requiring that it recognize Israel or forswear violence against it. And that added to the already formidable challenge the United States faces as it tries to accomplish another strategic goal: getting the Palestinians and Israelis back to the negotiating table for peace talks for the first time in six years.

The Saudi-brokered pact largely torpedoed the American-sponsored meeting on Monday between the Israelis and the Palestinians that was meant to jump-start peace talks.

The crosscurrent is a case study in how the divergent worldviews of America and Saudi Arabia, its closest Arab ally, will color the two countries' attempts to quell violence in the region and put a brake on Iran's ambitions, analysts say.

To be sure, both the United States and its Sunni Arab allies, particularly Saudi Arabia, say they want peace between Palestinians and Israelis and the creation of a Palestinian state. For the Saudis, the end of Israeli-Palestinian hostilities would mute a rallying cry for militants, intent on upending the status quo in the region, who say Arab leaders have done too little to help Palestinians.

So why did Saudi Arabia broker a power-sharing agreement between Hamas and the moderate Palestinian Authority president, Mahmoud Abbas, and his Fatah faction at the same time that Secretary of State Condoleezza Rice had decided to try to revive peace talks?

One reason, no doubt, is that Saudi Arabia — as a leader in the Arab world — wanted to help end the Palestinian-on-Palestinian violence by Hamas and Fatah. But another big reason, analysts said, is that the war in Iraq has intensified the split between Sunnis and Shiites, and deepened a power struggle between the Sunni royal family of Saudi Arabia, and Iran, which is largely Shiite.

Although the United States is rooting for the Saudis in that power struggle, the two countries have some distinctly different ideas about how Saudi Arabia should fight for its leadership role in the region.

The Bush administration has a view that pits America, its Arab allies, Israel and Europe against Iran, Syria and groups, including Hamas, that the United States considers terrorists.

While that alignment may work for the Bush administration, it is not necessarily how America's Sunni Arab allies view the world. In the battle for influence in the Middle East, Hamas is a prize Saudi Arabia is willing to fight for.

Put simply, in the past year, Iran has been wooing Hamas, which is Sunni. The Saudis did not like that. So they fought to get Hamas back.

"The Saudis did a switcheroo," said Martin Indyk, the United States ambassador to Israel in the Clinton administration. "The U.S. views the Middle East as a battle between the moderates against the Iranian-led extremists. But our regional allies see this as a divide between Sunnis and Shiites, and Sunni extremists like Hamas may be extremists, but they are Sunnis first."

"The Saudis," he said, "don't want Hamas on the Shia side, on the Iranian side."

The fight over Hamas began in earnest last year when the United States and Europe cut off most of the $1 billion in direct aid to the Palestinian government after Hamas took control by besting Fatah in legislative elections. Unable to cover its bills — or even to meet payroll for many of its civil servants — Hamas turned to Iran, which provided it with $120 million. Saudi Arabia meanwhile, shied away from giving much aid to Hamas.

On Dec. 7, the Hamas leader, Ismail Haniya, in his first tour abroad as Palestinian prime minister, went to Tehran, where he met with Iranian leaders, including President Mahmoud Ahmadinejad.

King Abdullah of Saudi Arabia responded quickly to the deepening ties between Hamas and Iran. On Dec. 29, he sent a plane provided by the Saudi royal family to carry Mr. Haniya and other Hamas leaders to Saudi Arabia, where Mr. Haniya had a private audience with the Saudi king, according to Palestinian officials.

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As all of this was going on, Ms. Rice was working with Tzipi Livni, Israel's foreign minister, to organize peace talks between Mr. Abbas and Israel's prime minister, Ehud Olmert, to present Mr. Abbas as the only leader capable of leading the Palestinians to their own state.

It was a complicated set-up; the American-Israeli hope was that Mr. Abbas, empowered by peace negotiations, could call for new elections and see his Fatah party beat Hamas. Mr. Abbas had threatened several times to call the elections because talks on a unity government were stalled.

But less than two weeks before the scheduled Israeli-Palestinian meeting, Saudi Arabia brokered the power-sharing pact: Hamas and Mr. Abbas would politically cohabitate in a national unity government.

In announcing the agreement, Saudi Arabia promised $1 billion in aid to the Palestinians. The Saudis pressured both sides to reach a pact; Mr. Abbas said he did so because he could not stand to witness intra-Palestinian bloodshed.

The pact put an end, at least temporarily, to the bloodletting. It also put an end, at least temporarily, to Ms. Rice's attempt to restart peace talks. Ms. Rice flew to Jerusalem for the scheduled meeting anyway, which began on Monday morning with a stilted three-way handshake between Mr. Abbas and Mr. Olmert at Ms. Rice's hotel, with Ms. Rice standing in the middle. After about an hour of discussions about the Mecca accord, Ms. Rice tried to move the discussion to the peace agenda.

"Let's go upstairs and talk about your future," she said, according to a senior Bush administration official. The three went up to her 10th-floor suite, overlooking Jerusalem's Old City, where she broached what she has termed the "political horizon" — diplomatic speak for the contours of an eventual Palestinian state.

"She pushed for it in the meeting, but Olmert was adamant about not going for it," said a Palestinian official familiar with the talks.

The reason: the Saudi-brokered Mecca accord. In the end, the Israelis said they refused to open peace negotiations with a unity government that includes Hamas.

Congress Puts Palestinian Funds In Limbo (LAT)

By Paul Richter

The Los Angeles Times, February 21, 2007

WASHINGTON — Congress is holding up $86 million that the Bush administration is seeking to strengthen the security forces of Palestinian Authority President Mahmoud Abbas, in a new setback for the administration's efforts in the region.

Administration officials say they want the money to ensure that the moderate Palestinian leader's security forces will not be overwhelmed by rivals from the militant movement Hamas, which has received pledges of $250 million in aid from Iran.

But Rep. Nita M. Lowey (D-N.Y.), chairwoman of the House Appropriations subcommittee on foreign operations, has put a hold on the funding, saying she is not convinced the money will go to train and equip Abbas' security forces, as promised. Other lawmakers, including Democrats and Republicans, have voiced concern that the money could end up in the hands of Hamas.

The United States and other Western nations have cut off direct aid to the Palestinian Authority after the January 2006 parliamentary election victory of Hamas. The group does not recognize the state of Israel, has not renounced violence and has not fully committed to respecting past agreements between Palestinians and the Jewish state.

Further complicating the issue is a deal announced in Mecca, Saudi Arabia, on Feb. 8 under which Hamas and Fatah will share power in a new Palestinian "unity" government. Some lawmakers fear that shifting lines of authority in the Palestinian government could make it difficult for the U.S. to earmark money for the exclusive use of forces under Abbas' control.

The U.S. aid package is to go toward communications gear, uniforms and other equipment considered nonlethal, and toward hiring private contractors to train the forces. The aid will benefit both the 4,000-member Presidential Guard, and several thousand members of the larger national security forces, which also have been under Abbas' control.

Meanwhile, Egypt and Jordan are rounding out the needs of forces from Abbas' Fatah faction with ammunition and weapons.

The Israeli government, which plays a critical role, originally supported the idea of the aid program. Since the Mecca agreement, however, Israeli officials have become worried that some of the aid could end up helping Hamas.

Lowey began pressing the State Department for more details of the spending program in December, and placed a hold on the grant last month, because she believed she had not received the assurances she needed, aides say.

"It is imperative that we have a fuller understanding of exactly what the funding is for and what the situation is on the ground," Lowey said in a statement.

Rep. Steve Israel (D-N.Y.) said at a House hearing last week that the subcommittee had "deep concern" about approving the money, because the Feb. 8 agreement to form a new government had made Hamas and Fatah a "joint venture."

"I would find it impossible to support any expenditure of funds without knowing how we make sure that those funds stay in the right hands and don't fall into the wrong hands," he said.

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Other critics have complained that U.S. assistance might only intensify the fighting between the Hamas and Fatah forces. About 100 Palestinians have been killed in that fighting since December.

Secretary of State Condoleezza Rice argued that it was important not to halt support for Abbas.

"Hamas is going to continue to build its forces. I don't think we want to be in a position in which Hamas continues to build its forces and [Abbas] doesn't build his, because I don't know ultimately what will become of the Palestinian unity government," she told the panel last week. "I do know that if Hamas has strong forces and Mahmoud Abbas does not, that's not good for the United States, that's not good for the Palestinians, and it's most certainly not good for Israel."

Speaking Sunday in Israel, Rice said the U.S. wanted to continue cooperation with Abbas, but also recognized that it would need to prove to taxpayers that it would not be spending money on a government of which the United States disapproves.

Charade In Jerusalem (NYT)

The New York Times, February 21, 2007

It speaks volumes when Secretary of State Condoleezza Rice flies to Jerusalem to try to revive peace talks between Prime Minister Ehud Olmert of Israel and President Mahmoud Abbas of the Palestinian Authority and cannot even get the two to show up when she reads out the content-free joint statement to which they have grudgingly agreed.

Volume 1 reminds us of the six feckless years during which the Bush administration has squandered America's once commanding prestige in the region. Volume 2 portrays a secretary of state who clearly arrived with no new ideas — and no idea of how to wheedle or pressure either side into making any of the compromises needed to stimulate the dangerously moribund peace effort.

Ms. Rice's diplomatic default was all the keener since this just might have been a moment for breaking the stalemate that has prevailed since Hamas won control of the Palestinian Parliament last year.

Hamas's refusal to accept Israel's right to exist and its people's right to live free from terrorism is undeniably the biggest single obstacle to peace. But Mr. Abbas and his more moderate Fatah movement already accept both points. And the imperfect agreement Mr. Abbas reached with Hamas this month on a cease-fire between the two groups (reeling them back from civil war) and a coalition government gave him more authority, after months of flailing, to bargain on behalf of the Palestinians.

Israel could have reinforced Mr. Abbas's position and increased the chances for progress with a series of low-risk steps: committing to serious negotiations, freezing the expansion of settlements and easing restrictions on civilians' movements in the West Bank. Those steps would have given new hope to Palestinian moderates and thereby increased the political pressure on Hamas to abandon terrorism.

Instead, Ms. Rice indulged Mr. Olmert's inherent caution and his own political weakness, settling for an agreement that the two leaders will meet again some (still to be determined) day. Israel further qualified that promise yesterday, threatening to stop talking to Mr. Abbas altogether if he forms a coalition government with Hamas. With Palestinian frustrations rising — and demographers predicting an eventual Palestinian majority between the Mediterranean and the Jordan — just saying no is not a viable option for Israel. The responsibility of the United States, as Israel's most vital ally, is to keep that uncomfortable reality firmly in Israel's sight.

Going Nowhere Fast (WP)

By David Ignatius

The Washington Post, February 21, 2007

DOHA, Qatar -- "Are you on the road, or in the ditch?" Back when I covered labor negotiations 30 years ago, that was the question reporters would ask to get a sense of how contract talks were going. The phrase came back to me last weekend as I listened to a series of relentlessly negative presentations at a conference here on America's relations with the Muslim world.

We are in the ditch in the Middle East. As bad as you think it is watching TV, it's worse. It's not just Iraq but the whole pattern of America's dealings with the Arab world. People aren't just angry at America -- they've been that way to varying degrees since I first came here 27 years ago. What's worse is that they're giving up on us -- on our ability to make good decisions, to solve problems, to play the role of honest broker.

Let's start with some poll numbers presented at the Doha conference by Shibley Telhami, a University of Maryland professor and a fellow of the Saban Center at the Brookings Institution, which co-sponsored the conference with the Qatari foreign ministry. The polling was done last year by Zogby International in six countries that are usually regarded as pro-American: Egypt, Jordan, Lebanon, Morocco, Saudi Arabia and the United Arab Emirates.

In these six "friendly" countries, only 12 percent of those surveyed expressed favorable attitudes toward the United States. America's leaders have surpassed Israel's as objects of anger. Asked which foreign leader they disliked most, 38 percent named George Bush; Ariel Sharon was a distant second at 11 percent; and Ehud Olmert was third with 7 percent.

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The poll data show a deep suspicion of American motives: 65 percent of those surveyed said they didn't think democracy was a real U.S. objective in the Middle East. Asked to name two countries that had the most freedom and democracy, only 14 percent said America, putting it far behind France and Germany. And remember, folks, this is coming from our friends.

During the Doha conference, speakers put into words the attitudes summarized by the poll numbers. Sheik Yusuf al-Qaradawi, a fiery Sunni preacher who appears regularly on al-Jazeera, said that America acted as if "some people were created to lead and others to be led," and that America had "lost the trust and confidence" of Muslims. Well, okay, he's notorious for his anti-American and anti-Israeli views. But I heard the same thing from Amr Moussa, the head of the Arab League, who said Arabs were "losing confidence in the U.S. role" as a peace broker.

And my friend Rami Khouri, who is one of most balanced journalists in the Arab world, warned that a broad popular front is emerging to challenge American hegemony. Iraq "discredits what America tries to do in the Mideast," he said. Khouri explained that Arabs admire Hezbollah because it represents "the end of docility, the end of acquiescence."

You don't have to agree with these Muslim critics to recognize that the anger they express represents a serious national security problem for the United States. That's what President Bush seems not to understand in his surge of troops into Iraq, his bromides about democracy and his strategy of confrontation with Iran. It isn't a tiny handful of people in the Arab world who oppose what America is doing. It's nearly everyone.

To get out of the ditch, America must change its Iraq policy, soon. That doesn't mean pulling out of Iraq quickly, as many Democrats in Washington seem to favor. I found few people here who thought a quick American pullout made sense. But it does mean shifting the American focus -- so that we are talking with Iraq's neighbors and negotiating with the Iraqis on a timetable for withdrawal of U.S. troops. Tellingly, the one American who got loud, sustained applause here was Chris Kojm, a senior adviser on the Baker-Hamilton report.

And to get back on the road, for real, America must broker a settlement of the Israeli-Palestinian dispute. I winced when I heard Prime Minister Olmert say last weekend in Jerusalem that "the American and Israeli positions are totally identical" on the terms for recognizing a Palestinian unity government. The Israelis are right in insisting that Hamas must recognize Israel's right to exist. But how to get there? What if Secretary of State Condoleezza Rice had responded: America is a mediator in this conflict. Its positions are independent of either side, and it is willing to talk to all parties to achieve peace.

I would have loved to see the looks of astonishment from the America-bashers here.

The 'Crime' Of Blogging In Egypt (WP)

By Raja M. Kamal And Tom G. Palmer

The Washington Post, February 21, 2007

A former college student, Abdelkareem Nabil Soliman, is sitting in an Egyptian prison, awaiting sentencing tomorrow. His alleged "crime": expressing his opinions on a blog. His mistake: having the courage to do so under his own name.

Soliman, 22, was expelled from Al-Azhar University last spring for sharply criticizing the university's rigid curriculum and faulting religious extremism on his blog. He was ordered to appear before a public prosecutor on Nov. 7 on charges of "spreading information disruptive of public order," "incitement to hate Muslims" and "insulting the President." Soliman was detained pending an investigation, and the detention has been renewed four times. He has not had consistent access to lawyers or to his family.

Egyptian authorities have made a mistake in prosecuting Soliman. It is Egypt that will be hurt if he is convicted and sent to prison. That's why sincere friends of Egypt call on the government to drop the charges against him. It is the right thing to do, and it is the best thing for Egypt's standing in the modern world.

The case has gained attention in newspapers the world over and from human rights organizations such as Amnesty International. Informal networks of bloggers have spread the word, notably through http://www.freekareem.org. Last Thursday, bloggers and human rights activists around the globe gathered to call on Egyptian authorities to respect freedom of speech. We echo this call.

Soliman has criticized Egyptian authorities as failing to protect the rights of religious minorities and women. He has expressed his views about religious extremism in very strong terms. He is the first Egyptian blogger to be prosecuted for the content of his remarks. Remarkably, the legal complaint originated with the university that had expelled him; once, it was a great center of learning in the Arab world, but it has been reduced to informing on students for their dissent from orthodoxy.

One of us, Tom Palmer, met Soliman at a conference for bloggers in the Middle East last year. In person, Soliman seemed quiet and shy but very committed to championing women's rights and the rights of minorities.

We kept in touch by G-mail chat. Despite occasional admonitions to be careful about what he posted online and to think about possible consequences of public dissent, Soliman said that he was not afraid to express his views.

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Last October, Soliman instant-messaged that he had been ordered to attend an interview with prosecutors the next day. Friends at organizations such as Hands Across the Middle East Support Alliance and the Arabic Network for Human Rights Information quickly found Soliman a lawyer. Word spread when he had been detained, and protests were organized at Egyptian embassies. Soliman had no organized movement or group behind him, but his case came to be known around the world.

We find it shocking that a university would turn a student over to the authorities to be prosecuted for voicing his views. The future of learning and science is at risk when dissenting views are punished rather than debated. Jointly, we have contacted Egyptian authorities to ask that they correct a clear mistake and release Soliman.

Egypt is a signatory to the International Covenant on Civil and Political Rights, which guarantees the "freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media." The exceptions allowed are narrowly drawn and require proof of "necessity" before restrictions can be imposed. The posting of opinions on a student's personal blog hardly qualifies as a threat to national security, to the reputation of the president or to public order.

Soliman is not a threat to Egypt, but this prosecution is.

Whether or not we agree with the opinions that Abdelkareem Nabil Soliman expressed is not the issue. What matters is a principle: People should be free to express their opinions without fear of being imprisoned or killed. Blogging should not be a crime.

Raja M. Kamal is associate dean for resource development at the Harris School of Public Policy at the University of Chicago. Tom G. Palmer is a senior fellow at the Cato Institute and director of the Byrne Project on Middle East Liberty.

2 Leaders Rebuff Russia's Nuclear Threats (NYT)

By Andrew E. Kramer

The New York Times, February 21, 2007

MOSCOW, Feb. 20 — Officials in the Czech Republic and Poland vowed Tuesday that they would not be intimidated by Russia, a day after a general in Moscow declared that nuclear weapons could be aimed at their countries if they allowed the Bush administration to build ballistic missile defenses within their borders.

Russia has reacted with open hostility to the plan, which comes on the heels of further NATO expansion onto the territory of the former Soviet Union.

On Monday, the commander of Russia's missile forces said he was ready to re-aim nuclear weapons so they would be trained on the missile defense sites chosen in Eastern Europe.

"It is clearly an attempt to intimidate," Prime Minister Jaroslaw Kaczynski, said on Polish radio.

The Czech foreign minister, Karel Schwarzenberg, said, "The Czechs will now think the shield is even more necessary," according to a [news] report.

"We have quite an experience with Russians," he said. "You have to make clear to them you won't succumb to blackmail. Once you give in to blackmail, there's no going back."

The American plan calls for a radar site in the Czech Republic and a missile battery in Poland, with the stated aim of countering threats from rogue states like Iran or North Korea. Mr. Kaczynski and his Czech counterpart, Mirek Topolanek, said Monday that they were prepared to accept the offer from the United States.

The dispute is another sign of how quickly relations between Russia and Eastern Europe have been disrupted, descending this week and last into ominous talk of nuclear and military leverage reminiscent of the cold war.

The Russian missile commander, Gen. Nikolai Y. Solovtsov, speaking of the Czech Republic and Poland's consideration of the American plan, said, "If the government of Poland, the Czech Republic and other countries make this decision — and I think mutual consultations that have been held and will be held will allow avoiding this — the strategic missile troops will be able to have those facilities as targets.

"Consequences in case of hostilities will be very grave for both sides," he said.

A NATO spokesman, James Appathurai, called the general's threat "uncalled for."

"The days of talk of targeting NATO territory or vice versa are long past us." he said, Radio Free Europe reported. "This kind of extreme language is out of date."

Just last week, Russia's top general, Yuri N. Baluyevsky, the chief of the general staff, declared that Russia could withdraw from the Intermediate-Range Nuclear Forces Treaty, negotiated by Ronald Reagan and Mikhail S. Gorbachev in 1987.

On Tuesday, General Solovtsov noted that while those missiles were scrapped under the treaty, Russia could quickly resume production. President Vladimir V. Putin set the tone in a speech on Feb. 10 in Munich, denouncing the projection of American power as "the world of one master, one sovereign."

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In the 1990s, Russia bristled, but always backed down, as NATO expanded. But under Mr. Putin, Russia has executed a more forceful foreign policy in Eastern Europe, though one focused on opening markets for Russian commodity exports and maintaining political influence in the former Soviet states.

Antimissile Plan By U.S. Strains Ties With Russia (WP)

By Peter Finn

The Washington Post, February 21, 2007

MOSCOW, Feb. 20 -- An increasingly angry dispute over U.S. plans to deploy a missile defense system in Central Europe is adding strain to already fragile U.S.-Russian relations.

Under the proposal, the United States would build silos in Poland to hold 10 interceptor rockets that could destroy intercontinental ballistic missiles fired at the United States or even command sites in Europe. The accompanying radar system would be located in the Czech Republic.

U.S. officials say the system is not directed against Russia, but at the potential threat posed by missiles being developed by Iran.

That argument has been dismissed in Russia as spurious. Senior military officials, who have begun to drive the debate here, have responded with rhetoric rarely heard since the end of the Cold War.

"If the governments of Poland and the Czech Republic take such a step, the strategic missile forces will be capable of targeting these facilities if a relevant decision is made," Gen. Nikolai Solovtsov, commander of Russian missile forces, said at a news conference Monday.

Polish Prime Minister Jaroslaw Kaczynski said Tuesday that Solovtsov's statement "was obviously an attempt at intimidation."

"To make it clear, this is not about Russian security; these installations do not in any way threaten Russia," Kaczynski said on Polish radio. "We are talking about the status of Poland and Russia's hopes that Poland will once again come under its sphere of influence."

Czech Foreign Minister Karel Schwarzenberg told [a] news agency in Warsaw that his nation would not give in to Russian "blackmail."

Relations between the United States and Russia had already taken a hit this month when Russian President Vladimir Putin lashed out at Washington for its unilateral approach. "The United States has overstepped its national borders in every way," Putin said. He also said U.S. plans for an antimissile system could upset the international balance of power. His remarks drew rebukes from the White House.

Russian officials have said that Iran has no missiles capable of reaching the United States or even Western Europe and that Iran is incapable of developing them any time soon. Sergei Ivanov, then defense minister, told the German newspaper Die Welt this month that it would take "at least 20 years" for Iran to develop missiles that could reach Central Europe.

"I think you can draw your own conclusions about which missiles this system actually targets," Solovtsov said. "This is why we are watching the situation with anxiety and concern."

Solovtsov said it would take Russia less than six years to build and deploy upgraded missiles to counter what it sees as a threat. And Putin warned this month that "we need to respond asymmetrically, so that everyone understands that yes, there is an antimissile system, but it's useless against Russia."

If the United States goes ahead with its plans, Russian officials have threatened to pull out of the 1987 Intermediate-Range Nuclear Forces Treaty, which eliminated shorter-range missiles. As precedent, Russian officials cite the Bush administration's withdrawal from the 1972 Anti-Ballistic Missile Treaty.

"It is possible for a party to abandon the treaty if it provides convincing evidence that it is necessary to do so," Gen. Yury Baluyevsky said this month. "We have such evidence at present."

Irina Kobrinskaya, an analyst at the Institute of World Economy and International Relations in Moscow, said the Russian military might have grudgingly accepted the system if it were deployed on NATO's southern rim in Turkey, Romania or Bulgaria. But its placement to the north -- in the Czech Republic and Poland, which shares a land border with the Russian region of Kaliningrad -- has raised deep suspicion here.

"Elements of this new system can present a threat to Russia and that's the logic of the military," Kobrinskaya said in an interview.

For Russians, the system is part of a deeper pattern of what they see as U.S. encirclement, particularly through the continuing expansion of NATO. From its first expansion into the former Soviet bloc in 1998, when Poland, Hungary and the Czech Republic joined, NATO now includes the three Baltic states, Slovakia, Romania and Bulgaria. The former Soviet republic of Georgia also wishes to join. Some politicians in Ukraine, including President Viktor Yushchenko, have advocated membership.

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Some Russian analysts contend that part of the rhetoric is driven by domestic political concerns and efforts to build a nationalist consensus before parliamentary and presidential elections.

"I think the whole episode is being used by the Russian government to substantiate its critical approach to what the U.S. is doing internationally," said Viktor Kremenyuk, of Institute of the United States and Canada in Moscow, in an interview.

U.S. officials have said they accept that Russia could easily overwhelm the antimissile system -- further proof, they say, that it is not directed against Russia.

U.S. Air Force Lt. Gen. Henry Obering, head of the Missile Defense Agency, told reporters last month that the interceptors "are directed toward rogue nations' capabilities, not an obviously sophisticated ballistic missile fleet such as the Russians have."

Russian Sabre Rattling Pushes Poles And Czechs Closer To The US (FT)

By Jan Cienski And Robert Anderson

Financial Times, February 21, 2007

Russia has warned Poland and the Czech Republic against hosting elements of a US anti-missile defence shield. For the former Soviet satellites Moscow's sabre rattling underlines the need to forge strong military links with the US.

The missile defence system is designed to protect the eastern US seaboard against a nuclear attack from the Middle East. Poland and the Czech Republic stand to gain little direct security from the shield bases on their territory but they see the US presence as a bulwark against Russian influence and repayment for the US's role in defeating the Soviet Union.

"Considering the relative weakness of the EU's common foreign and defence policies, it comes down to a single question, 'Do we want the Americans in or do we want the Americans out?'" said Eugeniusz Smolar, president of the Centre for International Studies, a Polish foreign policy think-tank.

The 10 missile silos to be located in Poland, and the radar tracking system to be built in the Czech Republic will commit the US to an area where no US bases were located following Poland and the Czech Republic's 1999 Nato accession.

"These installations in no way endanger Russia," said Jaroslaw Kaczynski, Polish prime minister, in a radio interview yesterday. "It's simply about Poland's status and about Russia's hopes that Poland will again in one way or another . . . find itself in the sphere of Russian influence."

Although no one foresees Russian tanks clanking westwards any time soon, Warsaw is apprehensive about overdependence on Russian energy.

For years warnings about Russian intentions were treated as Polish paranoia by west Europeans, who had no experience of Soviet occupation. But the recent murder in London of Alexander Litvinenko, the former Russian spy, and cuts in oil and gas supplies have tarnished Moscow's image in the west.

Russian warnings that it may pull out of the Intermediate Nuclear Forces Treaty and this week's threat to point its weapons at the US anti-missile bases in Poland and the Czech Republic are adding to fears about Russia.

Like Poland, the Czech Republic has been a firm ally of the US since the collapse of the Warsaw Pact. The foreign policy establishment regards the bases as a way of cementing trans-atlantic links and repaying the US for its role in ending Soviet domination.

Tomas Pojar, the deputy Czech foreign minister told the Financial Times that the bases would strengthen co-operation within Nato and erase the rift between the US and Europe. "Any [future] Nato missile defence will have to be integrated with this system. This should be the the beginning of the building of real protection for the European continent."

Alexandr Vondra, the Czech vice-premier for Europe, said in an interview with Hospodarske Noviny, the business daily, this week: "Being in alliances also means that we do not only take - we also have to offer to give back. Should we turn our back on this request, there is a threat that the USA will back off from Europe. Should the Poles and the Czechs reject this base, the Americans will act accordingly."

While the right-of centre governments in Warsaw and Prague are keen to begin negotiations with Washington, opinion polls show opponents of the the US bases significantly outnumber supporters.

Sweeteners could come in the form of a US decision to waive visas for Poles and Czechs, as well as money to modernise the countries armed forces.

"The system itself doesn't actually help Poland's security. In fact it creates additional problems by angering the Russians," says Dariusz Rosati, a former Polish foreign minister. "But it's always good to protect an ally and the US wants this."

Missile sites chosen for geography

The reason for the proposed siting of facilities in Poland and the Czech Republic is simple: geography, writes Stephen Fidler in London.

The proposed interceptor sites in Poland, near the Baltic Sea, are on a direct line drawn between northern Iran and New York or Washington.

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The proposed siting near Jince in the Czech Republic of the powerful X-Band radar that would home the interceptors on to the US-bound missiles is, according to some scientists, to the west of its ideal location. Other suitable radar locations, from a geographical standpoint, would include Lithuania, Belarus, Russia, Ukraine and Georgia.

Philip Coyle, a missile defence expert with the Center for Defense Information in the US, says in practical terms the system poses no threat to Russia since it could not cope with either the number of Russian missiles or their sophisticated decoys and countermeasures. he said the system "has not demonstrated the capability to defend the United States under likely battlefield conditions".

One question is whether the countries concerned have increased risks to themselves by agreeing to site these missiles there. Theodore Postol, a scientist at the Massachusetts Institute of Technology, has argued that the curvature of the earth would prevent the US early warning radar at Fylingdales in the UK from seeing missiles from Iran aimed at the Czech or Polish sites. Mr Coyle says that, for this reason, US statements that the system would protect people in the Czech Republic and Poland from Iranian missiles are "misleading".

US Envoy Dispatched After Putin Charge (AP)

AP, February 21, 2007

WASHINGTON (AP) -- President's Bush's national security adviser is embarking on a high-level mission to Moscow and other European capitals, just over a week after incendiary remarks about Bush and the United States by Russian President Vladimir Putin.

Stephen Hadley was departing Washington Tuesday for a four-day trip to Brussels, Moscow and Berlin, said Gordon Johndroe, spokesman for Hadley and Bush's National Security Council.

In Brussels, Hadley planned to meet with NATO and European Union officials. In Moscow and Berlin, he was scheduled to sit down with his counterparts in the Russian and German governments.

"This is part of ongoing discussions that will cover a full range of issues," Johndroe said.

The trip has been planned for weeks. But it comes at a particularly delicate time in the Washington-Moscow relationship, meaning the Russian portion of his travels would be the most closely watched.

Putin surprised the White House on Feb. 10 by angrily accusing the United States of inciting other countries to seek nuclear weapons to defend them from an "almost uncontained use of military force." At a security conference in Germany, the Russian leader said that "one state, the United States, has overstepped its national borders in every way."

It was Putin's harshest criticism yet of the United States. Bush, at a news conference several days later, said there was a "complicated relationship" between the United States and Russia, but that Putin was "the same strong-willed person" he has known since 2001.

"We have areas of cooperation with the Russians, particularly on our common desire to stop the spread of weapons of mass destruction and our approach to fight terrorism," Johndroe said.

At the State Department, deputy spokesman Tom Casey said that "on the broad range of issues, Russia is an important partner" and "a partner that we can have very open and frank discussions with." He dismissed any suggestion that the two countries are moving back "toward some kind of renewed Cold War."

Somalia Plan Adopted (NYT)

By The New York Times

The New York Times, February 21, 2007

UNITED NATIONS, Feb. 20 — The Security Council on Tuesday authorized the dispatch of an African Union peacekeeping force to Somalia to help stabilize the country so a United Nations operation can take over in six months.

The British-drafted resolution, passed 15 to 0, urges African countries to furnish troops. The numbers pledged total less than half of the 8,000 needed, officials said.

It also demanded guarantees of safety and access for international aid workers.

Shelling In Somali Capital Kills 15 (WP/AP)

Associated Press

The Washington Post, February 21, 2007

MOGADISHU, Somalia, Feb. 20 -- Mortar rounds and rockets hit Somalia's capital early Tuesday in a series of attacks that killed 15 people and wounded more than 40, doctors and witnesses said.

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The violence was among the worst since a two-week war in December, in which Ethiopian troops helped government forces drive out an Islamic militia that had taken over much of the country. Somalia's weak interim government then moved into the capital.

The presidential palace and seaport were targeted in Tuesday's attacks. Ethiopian troops returned fire with artillery and heavy machine-gun fire. Families have begun fleeing the city in recent days as violence has escalated.

Mogadishu's mayor blamed the attacks on remnants of the Islamic Courts movement. U.S. and Ethiopian officials have accused the group of maintaining ties with al-Qaeda, an allegation the group denies.

The U.N. Security Council voted unanimously Tuesday to authorize an African Union force to help stabilize Somalia and set the stage for U.N. peacekeepers to take over the long-term job.

The resolution urges the 53 African nations to contribute troops to an 8,000-strong force and urges other U.N. member states to provide financial support.

The New Somalia: A Grimly Familiar Rerun (NYT)

By Jeffrey Gettleman

The New York Times, February 21, 2007

NAIROBI, Kenya, Feb. 20 — Fierce mortar attacks killed at least 15 civilians in Somalia on Tuesday, and for a country that had seemed on the verge of ending 16 years of chaotic violence this is the new status quo.

Nearly every day, government forces and insurgents shell each other across Mogadishu's already dilapidated neighborhoods, scattering bodies and any remaining traces of hope. Gun prices are soaring and more clans are joining the underground, while an outbreak of cholera sweeps the countryside.

"To tell you the truth, I'm pretty worried," said Mohammed Ali Mahdi, a top clan elder. When the government came to Mogadishu, "I felt we were going the right way. Unfortunately, that's not the case anymore and soon it's going to be too late."

It is hard to believe, but Somalia is actually becoming a more violent and chaotic place. That is not how it was supposed to be. Nearly two months ago, an internationally-supported transitional government ousted the Islamist forces and steamed into Mogadishu, the capital, with great expectations. But confidence in the government — never very high — is rapidly bleeding away.

Somalia seems to be just shy of total collapse — again — because the Ethiopian troops who provided the muscle to throw out the Islamists are withdrawing, yet none of the peacekeepers promised from other African countries have arrived.

Hundreds of families are streaming out of Mogadishu, hoisting mattresses on their backs and following pitted roads to villages where there is no electricity, medicine or even the faintest hint of government, but at least no warfare. At least, not yet.

"We can't stand the shelling anymore," said Hassan Mohammed, a father of four, who was headed to a village in the south.

There was a burst of optimism beginning Dec. 28, when government troops, with Ethiopian firepower behind them, marched into Mogadishu and planted the hope that the anarchy was ending. Cheering crowds poured into ruined streets. Aid experts in Nairobi circulated ambitious reconstruction plans. Ethiopian and American officials, who had worked together to overthrow the Islamists, breathed a mutual sigh of relief.

But what has happened in the past few weeks has killed that mood. A deadly insurgency has started, beginning with a few clans connected to the Islamists and now expanding to several more. Many government troops refuse to get involved. "We're not going out there," said Dahir Hassan, a police captain, from the confines of his police station. "If we get hurt, who's going to take care of us?"

All analysts agree that the violence will continue and probably intensify unless the government reconciles with clan leaders, who control, as much as anyone controls, what happens in Somalia.

But so far, there's been very little of that. Instead of reaching out to truly influential figures, analysts say the government has picked ministers not because they have any substantial support among their clans but because they will do the government's bidding. The result is an increasingly isolated, authoritarian and unpopular government in which the transitional president, Abdullahi Yusuf Ahmed, is accused of behaving more like a clan warlord — which he was — than a national leader.

"Where this government is heading is so far from where the international community wants it to go," said Ali Iman Sharmarke, one of the owners of the HornAfrik radio station in Mogadishu.

A common complaint is that the transitional government — transitional being the operative word — is not working itself out of a job as promised. Donor nations agreed to pay the salaries of Somali officials with the understanding that those men and handful of women would shepherd the country to democratic elections in 2009. But there has been almost no progress toward setting up an election commission, let alone taking a census. Many Somalis say they would be more inclined to support, or at least tolerate, the transitional government if they thought it was indeed transitional.

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To be fair, ruling Somalia, which has not had a functioning central government since 1991, is no easy task. Thirteen previous governments have been formed and 13 previous governments have failed.

Abdirahman Dinari, the government's chief spokesman, said the criticism about the government's selection of ministers was just an excuse. "These people wouldn't be happy with anyone in power," he said, conceding that the government, on its own, did not have the skills to pull the country together. "We need help."

But Mr. Dinari said help had been slow to arrive, partly because international organizations were spending millions of dollars on a staff based in Kenya, which is deemed a much safer place to work, instead of investing those resources in Somalia.

But many say that argument rings hollow. Security in Somalia does not depend on foreign troops or foreign aid. At least, it never has. In the early 1990s, the United States and the United Nations poured hundreds of millions of dollars into stabilizing Somalia and they failed notoriously, leaving the country as capriciously violent and hopeless as ever.

Then along came the Islamists, who during their six-month reign last year pacified the hornet's nest of Mogadishu by persuading clans to voluntarily disarm their militias and persuading Somalis, most of whom are Sunni Muslims, to buy into their Islam-is-the-answer solution.

One Western diplomat laughed when asked if a modest force of peacekeepers — the African Union is proposing around 8,000 — could deliver the level of stability that the Islamists had delivered on their own.

"No way," he said, speaking anonymously under diplomatic rules. "And the government's urgency for peacekeepers shows you just how badly they've done with reconciliation."

Europeans Agree To Cut Emissions Sharply If U.S. And Others Follow Suit (NYT)

By James Kanter

New York Times, February 21, 2007

PARIS, Feb. 20 — Seeking to persuade other nations to curb greenhouse gas emissions, European Union ministers pledged Tuesday to raise their own targets if industrialized countries like the United States made similar efforts.

European governments would be ready to cut emissions 30 percent below 1990 levels by 2020, from a current pledge of 20 percent, but only if other heavy polluters joined in, said Sigmar Gabriel, the German environment minister, who led a meeting in Brussels that formally endorsed the European targets.

Germany, the biggest European economy, was already prepared to cut its emissions even further if there was a broader agreement, Mr. Gabriel said, noting that the German Parliament had supported a 40 percent target.

The pledges, which match a proposal made by the European Commission last month, are signs that nations are gearing up for new negotiations on a global climate accord after 2012, when the first period covered by the Kyoto Protocol expires.

The issue is expected to be on the agenda when Germany serves as host of a meeting in June of the Group of 8 nations. European countries are hoping to win pledges from big developing countries as well, including China and India.

"You get a deadlock in international negotiations when there's the attitude that, 'We're not going to do anything until someone goes first,' so it's good that the ministers committed to 20 percent," said Kirsty Hamilton, a policy consultant for the UK Business Council for Sustainable Energy, a group representing British utilities.

But environmentalists were disappointed that governments postponed a more ambitious goal of 30 percent, unless other countries adopted similar policies.

Choosing a lower target "will send the wrong signal to the international community, casting a dubious light on how serious the European Union is about fighting climate change," said Jan Kowalzig, a climate and energy campaigner for Friends of the Earth in Brussels.

European officials want other parts of the world, including the United States, to adopt European-style restrictions on emissions to fight climate change, thus helping European businesses compete globally at a time when the European Union is toughening regulation in sectors like air travel, car manufacturing and construction.

But splits among member states over how much more Europe can afford to cut back on pollutants have emerged as obstacles to reaching firm targets.

Last week, European Union energy ministers backed away from approving a binding proposal that 20 percent of all energy must come from renewable sources, like wind and solar power, by 2020.

According to Friends of the Earth, Finland, Poland and Hungary resisted the 20 percent target, and only Sweden and Denmark supported a unilateral 30 percent target.

A European diplomat said Finland, Poland and Hungary had expressed reservations about how the burden would be shared so that poorer and more energy-intensive parts of Europe could develop their economies.

Such differences could foreshadow a showdown in March, when political leaders are to meet in Brussels and reach a final position.

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Skeptics Emerge On Technologies For Cleaner Coal (NYT)

By Matthew L. Wald

New York Times, February 21, 2007

WASHINGTON, Feb. 20 — Within the next few years, power companies are planning to build about 150 coal plants to meet growing electricity demands. Despite expectations that global warming rules are coming, almost none of the plants will be built to capture the thousands of tons of carbon dioxide that burning coal spews into the atmosphere.

Environmentalists are worried, but they put their faith in a technology that gasifies the coal before burning. Such plants are designed, they say, to be more adaptable to separating the carbon and storing it underground.

Most utility officials counter that the gasification approach is more expensive and less reliable, but they say there is no need to worry because their tried-and-true method, known as pulverized coal, can also be equipped later with hardware to capture the global warming gas.

But now, influential technical experts are casting doubts on both approaches.

"The phrases 'capture ready' and 'capture capable' are somewhat controversial," said Revis James, the director of the energy technology assessment center at the Electric Power Research Institute. "It's not like you just leave a footprint for some new equipment."

Many experts outside the industry share his concerns.

A major new study by faculty members at the Massachusetts Institute of Technology, scheduled for release soon, concludes in a draft version that it is not clear which technology — the so-called integrated gasification combined cycle or pulverized coal — will allow for the easiest carbon capture, because so much engineering work remains to be done.

"Other than recommending that new coal combustion units should be built with the highest efficiency that is economically justifiable, we do not believe that a clear preference for one technology or the other can be justified," the draft concludes. The M.I.T. study said it was critical that the government "not fall into the trap of picking a technology 'winner.' "

The study leader, Ernest J. Moniz, a former assistant secretary of energy in the Clinton administration, was more blunt. "Clearly in a lot of discussions, I.G.C.C. has been anointed as the solution," he said referring to integrated gasification combined cycle. He made his comments at a symposium organized by the Aspen Institute in Washington last fall. "We certainly don't agree with that."

Retrofitting either a gasification or pulverized coal power plant is not just a matter of adding new equipment and it might be impractical, the experts say. Temperatures and pressures would be designed to be in one range for a plant that captured its carbon, and another if it merely produced electricity with minimum use of fuel. Less fuel means less carbon dioxide production.

Adding carbon capture later also has implications for power supply. Early estimates are that carbon capture will require so much energy that it could reduce plant output by 10 to 30 percent.

Some experts say that the best choice may vary according to the type of coal used. Coal with high moisture content may be less suitable for gasification.

The technical assessment is certainly at odds with the hopes expressed by environmentalists. The TXU Corporation of Dallas is planning a fleet of huge new coal plants of the pulverized variety. In Austin, Tex., Tom Smith, a researcher at Public Citizen, who is helping lead the opposition, said, "It's clear that coal gasification is by far preferable to building traditional pulverized coal plants." On Tuesday a Texas District court judge blocked a plan by the governor to "fast track" TXU's application.

Getting carbon out of the gas stream before combustion must be easier, Mr. Smith said, because the post-combustion gases in a pulverized coal plant are 160 times as great.

Some utility executives agree. David Crane, the chief executive of NRG Energy, said that at some point engineers might work out an economical way to capture carbon after combustion in a pulverized coal plant, but that does not exist now.

Because carbon regulation is coming, he said, gasification plants will be needed.

"For the next generation, it's clear to me that rather than build a bunch of pulverized coal plants, with their 50-year life, the country is much better off if we go to I.G.C.C.," he said. The company is planning such a plant in Tonawanda, N.Y.

Others point out that carbon capture from gas made from coal has proved workable, at least at a relatively small nonpower plant that manufactures methane, but that it is still unproved at a large power plant. They say the only way to prove its feasibility is to go ahead now, rather than simply build plants to be modified later.

"There is no reason to wait," Robert H. Socolow, a professor at Princeton who is an expert on carbon capture, said in an e-mail message. "We are going to learn on the job."

Some environmentalists dispute the need for new coal plants, but unless there is very rapid progress soon in realizing energy efficiencies or developing the ability to extract and store huge amounts of wind and solar power at reasonable cost, more

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coal plants seem certain. Compared with cleaner fossil fuels, like natural gas and oil, coal is cheaper and more widely available. So finding a way to capture the greenhouse gases from these plants is critical.

At American Electric Power, which plans to build two gasification plants and add carbon separation later, Bruce H. Braine, the vice president for strategic policy analysis, acknowledged that there was a "retrofit factor" that would raise the price of such a plant above the cost of waiting a few years and building in the separation technology from the start. But because there is demonstrable evidence that separating carbon from gasified coal would work better than at a pulverized coal plant, he said, "we think it's the right thing to do to move the I.G.C.C. technology forward."

Engineers agree that it is easier to remove sulfur, mercury, particles and other conventional pollutants from plants that use gasification. But they are more expensive to build, and the industry has little experience with their reliability. Even the manufacturers concede this.

"It will work," Randy Zwirn, the chief executive of Siemens Power Generation, said of the ability to separate carbon from a gasified coal plant. "The question is, Can it be done economically?"

Power companies need to start getting experience in this field, he said, but they will need subsidies or agreements with state regulators to avoid being unfairly penalized for testing designs that turned out not to run very well, at least not at first. Otherwise, he said, they would stick with tried-and-true methods and the early steps to a truly revolutionary technology might never be taken.

John Thompson, director of the Coal Transition Program at the Clean Air Task Force, an environmental group, argued that coal gasification was superior because it allowed far better control of conventional pollutants, like mercury, and because it offered new ways of making money from coal-fired plants. For example, he said, they might use a gasifier that made fuel for a power generator during peak hours, and in off-peak hours made gas that could be turned into liquid fuel for vehicles or other valuable chemicals.

But at the Electric Power Research Institute, which surveys the technologies for low-carbon generation, Steve Specker, the president, refers to a "horse race" between pulverized coal and combined cycle.

For all the questions about the coal technologies, any new plant should at least be an improvement on what is operating now. The reason is that many plants now running require about 10,000 B.T.U.'s of heat to make a kilowatt-hour. But newer designs, called "supercritical," use hotter steam, with no moisture, and get more work out of it.

The newest designs, which the industry calls "ultra supercritical," push down the amount of heat needed to make a kilowatt-hour; engineers expect to reach the range of 7,500 B.T.U.

This will be small consolation, however, if the total number of kilowatt-hours rises sharply at the same time that reducing carbon emissions becomes a national goal.

A Battle Over The Costs Of Global Warming (NYT)

By David Leonhardt

New York Times, February 21, 2007

New Haven

There is an unofficial code of conduct that dictates how intellectuals should behave when they're jousting with each other, a sort of Geneva Convention for the ivory tower.

Before they attack somebody else's work, they first need to praise their opponent. A typical way to do so is to describe another professor as a distinguished scholar who has made an important contribution to the research literature. When you hear that, you can be pretty sure things are about to get nasty.

The rest of us can usually ignore these spats, but once in a while there is an academic fight that really matters. The economics profession is engaged in one of those right now and, as luck would have it, it's even more entertaining than most.

Last week, Sir Nicholas Stern, a top adviser to the British government, came to the United States to talk about climate change. In October, a commission he led released a 700-page report calling for "urgent action" against global warming to prevent economic damage that could rival that of the world wars and the Great Depression. Given its source and its tone, the Stern Review has nudged people to talk more seriously about climate change.

In the minds of a lot of American economists, however, the review is a badly flawed piece of work. These economists don't doubt that earth is getting hotter, that human activity is the cause and that the results could be bad. But they think that Sir Nicholas may have exaggerated the likely speed of warming, among other things, and overstated the case for big, quick action.

The epicenter of the opposition has been here at Yale, and so last week, after stopping in Washington to testify before Congress, Sir Nicholas came to New Haven for a public debate with his critics. With a couple of hundred students and professors in the audience — and a sculpture of an angry Zeus-like figure looming above the stage — the two sides went at it in the dignified, vicious way that academics do.

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Sir Nicholas spoke during the morning, and his case is really quite simple. The carbon dioxide that has already been pumped into the atmosphere guarantees that the planet will keep getting warmer. But the decisions that people make over the next couple of decades will determine how much warmer — and, in all likelihood, how many floods, droughts, hurricanes, crop failures and species extinctions occur. The surest way to reduce emissions is a big economic deterrent, like a carbon tax.

"The later we leave it, the more difficult it will be," he said, "and the more risks you run."

The Stern Review's most influential critic has probably been William Nordhaus, a 65-year-old Yale professor who is as mainstream as economists come. Jeffrey D. Sachs, the anti-poverty advocate, calls Mr. Nordhaus "about the most reasonable man I know."

He was the first speaker after lunch, and, of course, he had some very nice things to say about Sir Nicholas. The report "was presented here very eloquently by a distinguished scholar," Mr. Nordhaus said. But then came the juicy stuff: the Stern Review "commits cruel and unusual punishment on the English language," Mr. Nordhaus said, and the British government's opinion on climate change is no more infallible than was its prewar view about weapons of mass destruction in Iraq.

This was fairly tame compared with the comments of another Yale economist, Robert O. Mendelsohn. "I was awestruck," he said, comparing Sir Nicholas to "The Wizard of Oz." But "my job is to be Toto," he added, in the same good-humored tone Mr. Nordhaus used. "Is it in fact The Wizard of Oz, or is it nothing at all?"

The two professors raised some questions about the science in the Stern Review. Mr. Nordhaus wondered if carbon emissions and temperatures would rise as quickly as the report suggests, and Mr. Mendelsohn predicted that people would learn to adapt to climate change, reducing its ultimate cost.

But their main objection revolved around something called the discount rate. The Stern Review assumed that a dollar of economic damage prevented a century from now (adjusted for inflation) is roughly as valuable as a dollar spent reducing emissions today. In effect, the report argues for spending the money to cut emissions because future generations have as much claim on resources as current generations. "I've still not heard a decent ethical argument" for believing otherwise, Sir Nicholas said at the debate.

I'm guessing that your instinct is to agree with him. Mine certainly was. The problem is that none of us actually behave this way. If we really thought that our great-grandchild deserved our money as much as we do, we would never go out to dinner again. Instead, we would invest the $50 we would have spent on dinner, confident that it would grow over time and become perhaps $1,000 for our great-grandchild to put toward health care, education or a supercomputer. Any of that is preferable to our measly dinner.

But a dollar today truly is more valuable than a dollar a century from now. For one thing, your great-grandchild will almost certainly be richer than you are and won't need your money as much as you do. So spending a dollar on carbon reduction today to avoid a dollar's worth of economic damage in 2107 doesn't make sense. We would be better off putting the money toward something likely to have a higher return than alternative energy, like education.

Technically, then, Sir Nicholas's opponents win the debate. But in practical terms, their argument has a weak link. They are assuming that the economic gains from, say, education will make future generations rich enough to make up for any damage caused by climate change. Sea walls will be able to protect cities; technology can allow crops to grow in new ways; better medicines can stop the spread of disease.

No one knows whether this is true, let alone desirable, because no one knows what life will be like on a planet that is five degrees hotter. "If ever there was an example where there was uncertainty, this is it," said Martin L. Weitzman, a Harvard economist who attended the debate.

While sitting there, I was reminded of the speeches that Alan Greenspan gave a few years ago about the risks of deflation. It wasn't the most likely outcome, he said, but the consequences of it could be so bad that policy makers had to take steps to prevent it. Focusing attention on this point — the catastrophic risks of climate change — is Sir Nicholas's biggest accomplishment, whatever you think of his math.

As Mr. Weitzman puts it, the Stern Review is "right for the wrong reasons."

Even its critics seem open to this idea. When Mr. Nordhaus and Sir Nicholas were exchanging e-mail messages before the debate — to their credit, some academics keep their arguments from becoming personal — Mr. Nordhaus sent a note that summed up his view. "I think it's a great study, but it's 50 years ahead of its time," he recalled writing. "Since everybody else is 50 years behind the times, if you average the two, you might come out just right."

In other words, it's time for a tax on carbon emissions.

Where Warming Hits Home (LAT)

By Henry Chu

Los Angeles Times, February 21, 2007

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In Bangladesh, rising oceans are surging up rivers, making life difficult — and salty — for residents of the low-lying region.

Bhamia, Bangladesh

Global warming has a taste in this village. It is the taste of salt.

Only a few years ago, water from the local pond was fresh and sweet on Samit Biswas' tongue. It quenched his family's thirst and cleansed their bodies.

But drinking a cupful now leaves a briny flavor in his mouth. Tiny white crystals sprout on Biswas' skin after he bathes and in his clothes after his wife washes them.

The change, international scientists say, is the result of intensified flooding caused by shifting climate patterns. Warmer weather and rising oceans are sending seawater surging up Bangladesh's rivers in greater volume and frequency than ever before, experts say, overflowing and seeping into the soil and water supply of thousands of people.

Their lives are being squeezed by distant lands they have seen only on television — America, China and Russia at the top of the list — whose carbon emissions are pushing temperatures and sea levels upward. Earlier this month, a long-awaited report by the United Nations said global warming fueled by human activity could lift temperatures by 8 degrees and the ocean's surface by 23 inches by 2100.

Here in southwestern Bangladesh, the bleak future forecast by the report is already becoming reality, bringing misery along with it.

The heavier than usual floods have wiped out homes and paddy fields. They have increased the salinity of the water, which is contaminating wells, killing trees and slowly poisoning the jungle that forms a natural barrier against the Bay of Bengal.

If sea levels continue to rise at their present rate, by the time Biswas, 35, retires from his job as a teacher, the only home he has known will be swamped, overrun by the ocean with the force of an unstoppable army. That, in turn, will trigger another kind of flood: millions of displaced residents desperate for a place to live.

"It will be a disaster," Biswas said.

Bangladesh, a densely crowded and painfully poor nation, contributes only a minuscule amount to the greenhouse gases slowly smothering the planet. But a combination of geography and demography puts it among the countries experts predict will be hit hardest as Earth heats up.

Nearly 150 million people, the equivalent of about half the U.S. population, live packed in an area the size of Iowa and about as flat. Home to where the mighty Brahmaputra, Ganges and Meghna rivers meet, most of Bangladesh is a vast delta of alluvial plains that are barely above sea level, making it prone to flooding from waterways swollen by rain, snowmelt from the Himalayas and increased infiltration of the ocean.

Global warming trends have already exacerbated that, and the situation will probably get worse, scientists say.

"A little increase in temperature, a little climate change, has a magnified impact here," said A. Atiq Rahman, director of the Bangladesh Center for Advanced Studies — the country's leading environmental research group — in Dhaka, the capital. "That's what makes the population here so vulnerable."

Other low-lying countries also are at risk, including the Netherlands and tiny islands in the South Pacific that could eventually be swallowed by the expanding oceans. But the population of these countries is only a fraction of that of Bangladesh.

If the sea here rises by a foot, which some researchers say could happen by 2040, the resulting damage would set back Bangladesh's progress by 30 years, Rahman said. As much as 12% of the population would be made homeless.

A 3-foot rise by century's end — a possible scenario if the polar ice caps melt at a more rapid pace — would wreak havoc in Bangladesh on an apocalyptic, Atlantis-like scale, according to scientific projections and models.

A quarter of the country would be submerged. Dhaka, now in the center of the nation, would sit within 60 miles of the coast, where boats would float above the underwater remnants of countless town squares, markets, houses and schools. As many as 30 million people would become refugees in their own land, many of them subsistence farmers with nothing left to subsist on.

"Tomorrow's poverty will be far worse than today's," Rahman said.

For years, the government here either denied or downplayed the danger posed by global warming. Bangladesh is hardly unique in that regard; many accuse the U.S. of doing the same. Rahman recalls overhearing officials ridicule him as a madman when he warned that Bangladesh risked being inundated.

But the weight of scientific opinion has grown, as has evidence that climate patterns are already shifting and producing harmful effects in this region. Politicians who had previously dismissed global warming as a far-off problem are starting to see it as a clear and present danger.

"Part of it is sheer reality hitting you on the head — there's stronger floods, more frequent floods," Rahman said. "Now the game is much clearer. The connection ... has been proven beyond a reasonable doubt."

Three years ago, the government set up a climate-change unit in its Environment Ministry, but it employs only a handful of staff and depends largely on the British government for funding.

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Lately officials have also begun appealing to wealthy, fossil-fuel-consuming nations such as Japan and the countries of the European Union to help Bangladesh prepare for a catastrophe it has few resources to combat.

"Lives in Bangladesh will be devastated through no fault of the people concerned," Sabihuddin Ahmed, the ambassador to Britain and a former Environment Ministry official, wrote in the Guardian newspaper in September.

For people in the West, Ahmed said, the onslaught of global warming may seem decades away. In Bangladesh, "the future has arrived."

Here in the coastal southwest, in an area called Munshiganj close to the Indian border and the famed Sundarbans mangrove forest, grizzled farmers describe the relentless encroachment of the sea.

Thirty years ago, an embankment built to hem in the tidal rivers around them was sufficient to protect villagers from major inundations. Now they estimate that the high-tide mark has climbed 10 feet, and breaches such as one that happened in September, which swamped hundreds of homes, have become depressingly common.

"The water came up to here," said Iman Ali Gain, sweeping his hand up to his chest as scores of men behind him hauled baskets of gloppy gray soil to repair the dike. "We were afraid when we saw it."

Like many, perhaps most, Munshiganj residents, Gain, 65, does not understand concepts such as carbon footprints, greenhouse gases, the ozone layer or melting icecaps. The vast majority of the people in this area are illiterate; only one in five has finished primary school.

But Gain knows how his life has changed over the last several years because of new environmental conditions. He once grew rice to support himself and his family, but his harvests started shrinking as the salinity of the water increased. To cope, he followed the example of many of his neighbors and switched to shrimp farming, a way to take advantage of the salty water washing over the fields.

For the first time in Munshiganj, shrimp farming occupies more of the cultivable land than do traditional crops.

Though the shift has enabled some villagers to survive, it has created other headaches. Because it is less labor-intensive, shrimp farming has boosted unemployment. Thousands of residents have migrated to other parts of Bangladesh or India in search of work.

Worse yet, deliberately trapping so much briny water to raise shrimp has increased the sodium concentration in the soil, which aggravates the salinity creeping into drinking-water supplies.

"From ancient times, our people used [local] ponds for drinking water. Now they need to go four to five kilometers to collect sweet water," said Mohon Kumar Mondal, a local environmental activist who is trying to promote awareness of and adaptation to climate change.

The small pond here in the village of Bhamia draws women with their jars from several surrounding villages that used to have their own, or closer, sources of drinking water. But Bhamia's pond is becoming more saline, and the nearest abundant source of untainted fresh water is nearly fives miles away.

Residents report an increase in health problems such as diarrhea, skin diseases and dysentery. The salty water has also killed many of the palm and date trees that once lent a fecund beauty to the sunbaked landscape.

Those here who are strongly religious, a mix of Muslims and Hindus, have tended to ascribe the changes in climate and the natural disasters befalling them to God, Mondal said.

Perhaps it is punishment for their impiety, the people murmur; perhaps, with repentance and prayer, God will relent and spare them the heavier floods, the stronger cyclones and the hotter summers they are experiencing. And perhaps there will be more fresh water to slake their thirst.

A geographer with a master's degree, Mondal, 31, knows humans are responsible for the problem that is making life more difficult here — and threatens to make it impossible if the temperatures and the oceans keep rising.

And so it is to humans, especially those in developed societies, that he issues his plea.

"I request people, please understand the situation of the Earth. Please make your decisions according to the situation," Mondal said. "And please think of poor people like us, who have not created greenhouse gases. Please think of our situation."

New Fight, Old Foe: Slavery (CSM)

By Jane Lampman

The Christian Science Monitor, February 21, 2007

Zach Hunter was only 12 years old when he became an abolitionist. During Black History Month three years ago, as he read about Harriet Tubman and Frederick Douglass, he thought he, too, would have fought against slavery if he'd lived back then. But to his astonishment, Zach found soon afterward that people are still held as slaves today.

"When I learned there were about 27 million slaves in the world, it blew me away," says the high school freshman from Atlanta. "I wondered what I could do."

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He noticed loose change lying around the house, and a project was born. He formed Loose Change to Loosen Chains, and with the help of friends, collected some $10,000 to fight modern-day slavery.

This year, Zach is part of a much broader antislavery initiative, serving as student spokesman for "The Amazing Change." Next month marks the 200th anniversary of the end of the British slave trade, which was spurred by a young parliamentarian and reformer, William Wilberforce. A feature film on Wilberforce, "Amazing Grace," opens in US theaters nationwide on Feb. 23. The filmmakers are partnering with modern antislavery organizations to enlist students and others in a contemporary abolitionist movement. (See: www.theamazingchange.com).

For his part, Zach has penned a book, "Be the Change," and travels across the country to speak to young people at music festivals, schools, and churches.

"I tell them they can channel their passion into something that makes a difference," he says. "Small groups of people have changed things all through history."

Slavery is illegal everywhere in the world, yet it persists. Zach finds inspiration in the courage of Wilberforce, who kept fighting under difficult circumstances. The reformer spent 20 years collecting evidence of the crimes of Britain's slave trade. He introduced bills that were repeatedly rejected by parliament before the trade was finally ended in 1807.

The Amazing Change campaign encourages people to sign a petition to end modern-day slavery, donate to the cause, and learn how they can take an active part in the movement. A percentage of funds donated will help four nonprofit groups (Free the Slaves, International Justice Mission, Rugmark, and Child Voice International) collect evidence, go to court to free people from current forms of slavery, and help former slaves establish a new life.

Last Sunday, churches in all 50 states and several countries participated in "Amazing Grace Sunday." Praying together for freedom, the congregations also joined in singing the well-known hymn written by John Newton, a former slave trader.

Newton wrote the beloved "Amazing Grace" around 1770 after a Christian conversion led him into the ministry; he was once Wilberforce's pastor.

While slavery takes different forms today, the impact remains devastating to lives around the globe, according to UN and US government statistics. An estimated 300,000 children have been forced to serve as child soldiers in more than 30 conflicts. Each year, human trafficking for sexual servitude or forced labor moves 800,000 people across international borders, including some 17,500 foreigners trafficked into the United States. Some 200,000 people are considered to live enslaved in the US.

The number of bonded slaves – men, women, and children who toil in agriculture or industries – has reached an estimated 20 million worldwide, says Free the Slaves.

While total figures for slaves vary (the International Labor Organization has used 12.3 million for forced labor and sexual servitude), the 27 million estimate Zach Hunter cites is widely supported.

Remarkably, many slaves are in the public eye, yet invisible. For example, Kim, a young teen from a family of Tibetan exiles, was surreptitiously sold by a relative to an American minister traveling in India. He brought her back to a rural town in Massachusetts in 1985, where she became his sex slave and household servant. The pastor told Kim her family would be thrown in jail if she told anyone, so while she attended school, she kept the secret for five years. Only when Kim learned her cousins were to share the same fate did she go to the police.

Kim's poignant story is told in "Not for Sale: The Return of the Global Slave Trade and How We Can Fight It," by David Batstone, one of three new books associated with the Amazing Change campaign.

A professor of ethics at the University of San Francisco, Dr. Batstone traveled to five continents last year to investigate the workings of modern slavery, including going undercover to gather evidence. He defines slavery as "forcing someone else's labor without compensation, and using violence to keep them in their position."

Batstone's interest in the subject was first ignited, he says in an interview, when his favorite Indian restaurant, where he and his wife ate regularly, figured in an exposé by the San Francisco Chronicle. The story revealed that the young waitresses at the restaurant had been brought from India against their will and were also forced to perform sexual favors. The restaurant owner had trafficked in hundreds of young girls and boys.

"In the US, 47 percent of trafficking is in the commercial sex business," Batstone adds. The women are brought mostly from China, Mexico, and southeast Asia.

On his journeys, Batstone found that the most prevalent form of slavery globally is in agriculture, involving labor in rice mills or on plantations, as well as rock quarries and brick kilns. In some cases, people borrow small amounts of money from a local landowner to buy food or pay for a wedding, and the lender begins adding egregious levels of interest, requiring work until it's paid off.

"In India, I met a family of four generations of women," Batstone says, "great-grandmother to daughter, who had spent their entire lives under obligation to a landowner for a loan the great-grandfather had taken out for the equivalent of $10. This is illegal, but hardly enforced."

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While exploring this dark side of the global economy, Batstone found a silver lining: "a rising tide of modern-day abolitionists who are building an underground railroad for the 21st century." So inspired was he by the efforts of many small, understaffed, and underfunded groups working to free people, that the focus of his book shifted to profiling these new abolitionists.

He decided to mount his own international advocacy and fundraising project, too: the "Not for Sale Campaign" (www.notforsalecampaign.org). The campaign enlists athletes, musicians, and others in "making whatever you love best an abolitionist activity."

Figure-skating star Brian Boitano, for instance, "has pledged to give $10 every time he does a triple loop," Batstone says. A "Concert to End Slavery" with top-notch artists has just been filmed in a Los Angeles recording studio, and a documentary related to the book will be ready for TV in March.

But more is needed than raising awareness and funds, Batstone says. "People who should be acting to stop slavery say they don't know where it is." So his students at the University of San Francisco have taken on the job: mapping slavery in the area – where it occurs in agriculture, the restaurant business, domestic servitude, etc. They are also creating a model for how to map slavery so that students and others could do the same in other cities.

"We'll take that report each year to the mayor's office, the chief of police, and the media, saying 'Here's where slavery can be found in our city,' " he says. "My students are unbelievably charged up."

Zach Hunter, too, is enthused about what young people can accomplish. "My vision is that my generation would be written about in the history books as a generation that really cared about others and brought about change," he says.

In Haiti, Abductions Hold Nation Hostage (WP)

By Manuel Roig-Franzia

The Washington Post, February 21, 2007

PORT-AU-PRINCE, Haiti -- Kidnappers came for Petit-FrÃ¨re Desilus in the early afternoon, as he was driving away from his office.

The street was busy and he was just 10 feet outside the gated compound where he worked as a billing clerk. But they got him anyway, Desilus recalled recently in a hushed voice, trying to steady his trembling hands.

Two young men, their faces hard but calm, flashed pistols at him. When he turned, he saw four more gun barrels behind him. Pedestrians did nothing, merely swerving around the unfolding scene, he said.

"Lie down, shut up," Desilus remembers being told. "Today you're going to get yours."

Pressed flat against the back seat, Desilus was about to begin a downward spiral that severed his tenuous hold on a working-class lifestyle, leaving him poor and depressed more than four months after his captors released him. His troubles have become commonplace here. One year after a presidential election that generated optimism and marked only the second peaceful handover of power in Haitian history, Port-au-Prince is a city of fear.

Despite the presence of thousands of U.N. troops and a new military offensive to root out gangs, armed thugs still rule much of this hilly capital, where many of the 2 million residents live in tin or cinder-block shacks. A swarm of recent kidnappings is terrorizing residents and scaring away foreign investment.

Dozens of schools closed in December after students were kidnapped in a series of incidents and a school bus was hijacked. That month, at least 100 people were reported kidnapped, the most since August, when 115 were abducted. Victim advocates say the real numbers may be much higher; once freed, people often are afraid to go to the police.

Haiti's government has been powerless to stop the crisis. International advisers describe the police force and judicial system as critically dysfunctional and profoundly corrupt.

"We are a failed state -- our institutions are bad, they don't work," said Kesner F. Pharel, a Haitian economist who was trained in the United States and runs a business consulting firm in Port-au-Prince. "It is crucial for Haiti to solve the security problem if we have any hope of making progress."

The kidnapping plague, which began in 2004 after the ouster of President Jean-Bertrand Aristide and peaked during the past six months, is the latest horror in a long history of upheaval that has sealed Haiti's position as the Western Hemisphere's poorest nation. A hip destination for the adventurous rich in the 1970s -- a place where Mick Jagger of the Rolling Stones hung out and where tourists lounged at the Club Med -- Haiti is now a barely functioning country, dependent on the largess of international donors for two-thirds of its budget. The United States, which provides $200 million a year, is Haiti's largest bilateral donor.

Decades of coups and political instability have ruined Haiti's economy and tourism industry, leaving factories closed and once-thriving beach resorts abandoned. According to the International Monetary Fund, 76 percent of Haitians live on less than $2 per day and 55 percent of those live on less than 44 cents a day.

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Many here had hoped for stabilization after the election last February of President RenÃ© PrÃ©val, a soft-spoken agronomist who held the presidency from 1996 to 2001 and who promised reconciliation among 100 political parties. But crime has soared under PrÃ©val, exacting its heaviest toll on the poor and working class, who cannot afford ransoms or the bodyguards and bulletproof vehicles that shield every movement of Haiti's entrenched elite.

Desilus, 42, a slender man with big, sad eyes, was far from joining Haiti's elites. But he had scratched his way out of the slums and gotten a decent job. Before being kidnapped, he had managed to buy a tiny one-room apartment, where he lived with his wife and three of his six children.

The kidnappers, he said, took him to Cite Soleil, a 2 1/2 -square-mile seaside slum of more than 200,000 people that is ruled by gangs. The kidnappers beat him inside a second-story room that had been converted into a makeshift cell with heavy bars on the windows. They made him drink his own urine, he said.

Following a practice typical of kidnappers here, Desilus's abductors called all the numbers stored in the address book of his cellphone, each time threatening to kill him and demanding $100,000, the equivalent of 20 years' salary for Desilus. A day later, they settled for $4,800 and released him. But his troubles were just starting.

Traumatized by the experience, he asked his boss to let him switch to a job that would require moving around the city less. His boss responded by firing him.

Meanwhile, the friends and associates who had paid for Desilus's ransom were pushing to get their money back. Desilus said he sold his little apartment, as well as a small plot of land that he owned in the country, to pay off his debt. He drained his bank account.

Suddenly homeless, he was forced to move his family into a cousin's home. Jobless, he had to pull four of his children out of school, as even Haitian public schools charge tuition and require parents to buy materials.

"For me to build up what I had, it took me 10 years," he said. "I have to start all over. But being in this country, I don't see how I can."

Desilus desperately wanted someone to face justice. He tried repeatedly to get the Haitian police interested in his case. But each time the officers refused to write a report, he said.

It was a futile exercise that another kidnapping victim, a music vendor who goes by the nickname "Peaceful Michel," didn't even consider embarking upon. Michel, who was abducted in December, was seized in front of a police station and said he is certain the officers witnessed the kidnapping. Friends who have also been kidnapped told him they were "just laughed at" by police when they tried to file complaints, he said.

"Unless you're a millionaire, they're not listening to you," said Michel, who was deported from the United States after serving a four-year drug sentence and now is active in organizations that try to aid Haitian deportees.

The United Nations, which is engaged in background checks of police that officials believe could lead to the dismissal of 1,000 corrupt officers, is now overseeing the largest military operation to defeat gangs since being deployed here in 2004. U.N. officials hope to stem the flow of kidnap ransoms to gangs, some of which need as much as $70,000 a month to pay for their operations.

PrÃ©val initially opposed military intervention, opting to negotiate with the gangs, and invited several top gang leaders to the National Palace. Edmond Mulet, the U.N. special envoy to Haiti, described the talks as a "very strange" strategy.

"By mid-September PrÃ©val said, 'This is going to work. This will be over by October,' " Mulet recalled during an interview at his headquarters in the Hotel Christopher in Port-au-Prince. "I said, 'Okay, if you say so.' But I knew in my heart it would not work."

In the past year, kidnappers appear to have been targeting victims throughout the city rather than staying in the slums that are patrolled by the U.N. troops. Residents of neighborhoods once considered safe now feel anxious.

Christian Duvivier was nabbed after leaving Magdoo's, a hip hangout for Port-au-Prince's young, moneyed set in the prestigious hilltop neighborhood, Petionville.

Kidnappers rammed their car into Duvivier's vehicle, he recalled in an e-mail from the Dominican Republic, where he fled after a ransom was paid and he was released. They pulled out guns and told him they were "the devil's sons" and that "they kill for fun," Duvivier said.

Young people and professionals are pouring out of Haiti. By some estimates as many as 50,000 have left in the past several years, creating a massive "brain drain," according to Pharel, the economist.

But for some kidnapping victims, fleeing is not an option. Emmanuelle Poncet, a Port-au-Prince math teacher, has spent the five months since his kidnapping and release trying to get a visa to enter the United States so he can leave Haiti and "never come back." He finds his solace in chain-smoking and bottles of rum, a form of self-medication that he knows is ruining his health.

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Poncet's brother, a Catholic priest, and a group of friends paid nearly $14,000 to free him. Like Desilus, Poncet has sold what little he had to pay off his debts. His car and a small farm were gone within days of his release, sold cheap because the buyers knew he was desperate.

One week after his release, Poncet got a phone call from another group of kidnappers. They were holding his brother-in-law, they told him. And they wanted money.

Weed's Biofuel Potential Sparks African Land Grab (WT)

By Karen Palmer

The Washington Times, February 21, 2007

ACCRA, Ghana - Jatropha, a scruffy bush producing dry, black nuts, is triggering a scramble for land in Africa, with Norwegian, Indian and British companies looking to producing clean-burning biodiesel for cars and trucks.

It's not much in the looks department, but jatropha has a big advantage over alternatives. The nuts can't be eaten because they are poisonous.

Long used as nothing more than living fences meant to hold back the encroaching Sahara and Kalahari deserts, jatropha oil, the evidence shows, burns cleaner than fossil fuels.

That, in turn, has experimental plantations popping up in Africa from Kenya to Ghana to South Africa.

"You can't keep from winning on this one," said Jack Holden, director of GoldStar Biodiesel, a self-described "serial entrepreneur." He is one of a small number of businessmen, based in Ghana, who hope to profit from jatropha by helping investors find places for their money.

As a natural defense against erosion and desertification, jatropha already is a darling of the development world. Plant it once and it will grow for 50 years, even in some of the poorest soil conditions on the planet.

When drought descends, jatropha bushes keep producing.

Thousands of rural African women's groups have been trained to hand crush the seeds, turning the resulting oil into soap and the organic waste into fertilizer cakes.

But the oil inside its seed also burns with one-fifth the emissions of conventional fuel.

With the growing attention of major oil distributors, jatropha is the little plant that could lift African farmers from lives of poverty and the continent into a fuel oil producer.

That's a lot of pressure on one lowly weed.

It could, however, go the way of the emu farm: just another expensive farming fad that went bust instead of boom.

"You would think the way people talk that it's very easy to go out there and plant jatropha, but we figure it will take about $6 million to do ," said Mr. Holden, whose company is promising to tie community development to biodiesel profits.

Scientists estimate that if even a quarter of the continent's arable land was ploughed into jatropha plantations, output would surpass 20 million barrels a day, almost enough to satisfy the U.S. appetite for oil.

But it's Europe that's driving the thirst for biodiesel. The European Union has said they will use 5.75 percent biodiesel in fuel products by 2010 and 20 percent by 2020, meaning that within four years, the EU will need billions of gallons of biodiesel.

European environment ministers said yesterday they plan to reduce carbon-dioxide emissions 20 percent by 2020, adding that they were ready to go to 30 percent if other industrialized nations matched their efforts. There was no agreement on how the cuts would be achieved or how they would be divvied up among member countries.

Ghana, an English-speaking West African nation, has earmarked $1.6 million in government funds to help establish jatropha plantations.

A Norwegian company has been running ads in the state-owned newspaper looking for land to use for jatropha crops, and Ghana recently received $35 million from the government of India for jatropha research.

A ton of crude jatropha sells for about $300, according to a report prepared for the Ghana Chamber of Mines, which is pushing jatropha production as an alternative to illegal, small-scale gold mining. Farmers could make about $150 per acre, a 50 percent increase over harvests of other cash crops such as tobacco.

Analysts predict that experienced workers can hand-pick more than 65 pounds of jatropha seed pods in an hour, translating into more than 13 pounds of pressed crude, or an hourly wage of nearly $2.

Considering that more than 300 million Africans live on less than a dollar a day, jatropha could help farmers lift themselves out of poverty, something the world has already spent billions trying to achieve with little success.

Still, Ghanaian farmers are not all that interested in jatropha.

"The way things are now, it has potential, but we haven't seen anything for now," said Anthony Mainoo, agricultural technical coordinator at Adventist Development and Relief Agency, which used a $50,000 U.N. Development Program grant to persuade 3,000 farmers to set aside an acre each for jatropha production three years ago.

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When the time came to harvest, there was no one willing to buy the seeds.

"We have no real information on the yield in Ghana, no sense of how the money will flow, no idea," he said.

It's difficult to determine exactly how much African land is currently being cultivated with jatropha, but there are fields slated for planting in Benin, Mali, Senegal, Burkina Faso and Nigeria, plus acreage in Kenya, Malawi, Zimbabwe, Zambia, Namibia and South Africa.

"It's really like gold. You have to put money into it to make it," said Daniel Osei-Bonsu, environmental director of AngloGold Ashanti, a South African-owned gold mine operating on 160,000 acres in Ghana's lush central region.

A year ago, Mr. Osei-Bonsu and his team cleared 56 acres and planted jatropha into ground he compares to asphalt.

Four months later, it was producing its first seeds.

With all analyses pointing to the fact that the AngloGold Ashanti gold vein will be depleted by 2016, Mr. Osei-Bonsu said he is determined to find an alternate source of income for the mine's 3,000 workers.

"If we can demonstrate it can give not big money, but satisfactory money on a regular basis, rather than on a seasonal basis, farmers will pick it up," he said.

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Miller, Charles S

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Press Release: CREW SUES COUNCIL ON ENVIRONMENTAL QUALITY OVER GLOBAL WARMING DOCUMENTS

DM&E expansion critics sue for railroad's financial information

San Francisco Chronicle

February 21, 2007

Judge rejects delay of phone wiretap suits; U.S. seeks dismissal in appeals court over national security

Bob Egelko, Chronicle Staff Writer

A federal judge rejected the Bush administration's request Tuesday to put wiretapping lawsuits against telephone companies on hold while the government asks an appeals court to dismiss the suits on national security grounds.

The ruling came from Chief U.S. District Judge Vaughn Walker of San Francisco, who is hearing more than 40 suits from around the nation accusing telecommunications companies of illegally collaborating with the government's electronic surveillance program.

Walker refused in July to dismiss the leading case, a suit accusing AT&T of sharing its telephone records and e-mail network with the National Security Agency. Walker rejected Bush administration arguments that allowing the case to proceed would expose vital secrets about the clandestine program and the company's alleged role in it.

The Justice Department has asked the Ninth U.S. Circuit Court of Appeals to overturn the ruling and dismiss all the lawsuits. While that appeal is pending, government lawyers argued, any further action in Walker's court would waste time and money and increase the risk of a security breach.

But Walker ordered the companies Tuesday to respond to the suits by March 29 unless plaintiffs in particular cases agreed to a delay.

The judge also said lawyers for AT&T customers could ask him for permission to question company officials and to seek evidence on limited issues. Attorney Kurt Opsahl of the Electronic Frontier Foundation, which represents the plaintiffs, said those topics could include the company's structure and operation of its networks.

Opsahl said plaintiffs' lawyers may also ask AT&T to present to Walker, in private, any evidence of government authorization that exists for its actions -- a subject that Justice Department lawyers have described as among the most sensitive in the case. Such secret submission of evidence, a procedure spelled out by federal law, would allow the judge to determine whether any surveillance in which the company participated was legal, Opsahl said.

Walker "is trying to advance the case while being very sensitive to national security concerns," Opsahl said.

An AT&T spokeswoman was unavailable for comment. The phone companies joined the administration's request to put the cases on hold.

In a separate order, Walker denied a request by The Chronicle and other news organizations to unseal some documents in the AT&T case. They include a statement by a former AT&T engineer, Mark Klein, about installation of equipment that allegedly would allow the government to screen customers' Internet messages, and a supporting declaration by J. Scott Marcus, a former Federal Communications Commission technology adviser.

AT&T says the documents contain trade secrets. Walker noted that the company released edited versions of the material last year, after negotiations with the plaintiffs, and said he may reconsider unsealing the rest of the documents if their content becomes critical to the outcome of the case.

Karl Olson, an attorney whose clients include The Chronicle, the Los Angeles Times, the Associated Press, the San Jose Mercury News, Bloomberg News and USA Today, said he was disappointed that Walker had deferred to AT&T's claim of trade secrets, which he described as flimsy. Among the information that remains sealed, Olson said, were the names of the city, San Francisco, and the street, Folsom, where the company's facility is located.

END

New York Times

February 21, 2007

Court Endorses Law's Curbs on Detainees

By STEPHEN LABATON

WASHINGTON, Feb. 20 — A divided federal appeals court on Tuesday upheld a new law stripping federal judges of authority to review foreign prisoners' challenges to their detention at Guantánamo Bay, Cuba.

The decision set the stage for a third trip to the Supreme Court for the detainees, who will once again ask the justices to consider a complex issue that tests the balance of power among the White House, Congress and the courts in the murky context of the fight against international terrorism.

It also prompted some senior Democratic lawmakers, who have fought the Bush administration on the matter before and who now hold sway in Congress, to vow enactment of a law more favorable to the prisoners.

The Supreme Court previously ruled twice that federal statutes empowered the courts to consider Guantánamo prisoners' habeas corpus petitions challenging the grounds for their detention. In response to those rulings, Congress twice rewrote law to limit the detainees' avenues of appeal. The most recent rewriting was at issue in Tuesday's 2-to-1 decision.

That law, the Military Commissions Act of 2006, was signed by President Bush last October. Its enactment followed the Supreme Court's rejection of his administration's earlier arguments that the right of habeas corpus — the fundamental right, centuries old, to ask a judge for release from unjust imprisonment — did not apply to foreigners being held outside the United States as enemy combatants.

The new law explicitly eliminated the federal courts' jurisdiction over habeas challenges by such prisoners. It instead set up military panels to review the justification of detention in individual cases, with limited right of appeal to the courts afterward.

In its ruling Tuesday, the United States Court of Appeals for the District of Columbia Circuit found that the new law did not violate the constitutional provision that bars the government from suspending habeas corpus except in "cases of rebellion or invasion." Two of the three appeals court judges, citing Supreme Court and other historical precedent, held that the right of habeas corpus did not extend to foreign citizens detained outside the United States.

The majority decision was written by Judge A. Raymond Randolph, whose two earlier opinions on habeas corpus and Guantánamo prisoners had also favored the Bush administration. Those opinions were reversed by the Supreme Court, but on statutory grounds rather than constitutional ones.

The dissenting judge on Tuesday, Judith W. Rogers, said the new law did violate the constitutional provision restricting the suspension of habeas corpus.

Administration officials welcomed the decision as a vindication of its position on the rights of detainees, after years of its halting efforts to create a legal process that would withstand tests in court.

"The decision," said Erik Ablin, a Justice Department spokesman, "reaffirms the validity of the framework that Congress established in the Military Commissions Act permitting Guantánamo detainees to challenge their detention through combatant status review tribunals with the opportunity for judicial review before the D.C. Circuit."

Tony Snow, the White House spokesman, said at his daily news briefing, "The court decided the position that we put forward." He declined to say more.

Lawyers representing the detainees vowed to seek a new review by the Supreme Court.

Shayana Kadidal, a lawyer at the Center for Constitutional Rights, which represents many of the detainees, said, "This decision empowers the president to do whatever he wishes to prisoners without

any legal limitation as long as he does it offshore."

Mr. Kadidal said the ruling encouraged "a contempt for international human rights law" and "such notorious practices as extraordinary rendition": sending terrorism suspects abroad for interrogation, where, rights advocates say, they may face torture.

Democrats now in control of Congress said they would move quickly on legislation they recently introduced that would unambiguously give federal courts the right to consider detainees' habeas petitions.

"The Military Commissions Act is a dangerous and misguided law that undercuts our freedoms and assaults our Constitution by removing vital checks and balances designed to prevent government overreaching and lawlessness," said Senator Patrick J. Leahy, the Vermont Democrat who heads the Senate Judiciary Committee.

Last week Mr. Leahy joined a group of other Senate Democrats, including Christopher J. Dodd of Connecticut, Russell D. Feingold of Wisconsin and Robert Menendez of New Jersey, in introducing the legislation restoring habeas rights for the Guantánamo prisoners. Senator Arlen Specter of Pennsylvania, the Judiciary Committee's ranking Republican, also endorsed that measure last week, and said Tuesday that he believed the dissent from the new appeals court decision would ultimately prevail in the Supreme Court.

But other Republican lawmakers, including Senators John Cornyn of Texas and Lindsey Graham of South Carolina, both of whom also serve on the committee, applauded the ruling.

The decision, Lakhdar Boumediene v. George W. Bush, involved a consolidation of the cases of 63 detainees, all from foreign countries, who had sought review in two federal district courts. One judge had ruled that she had the authority to consider the cases, while another had ruled that he did not, and granted the administration's motion to dismiss the inmates' habeas petitions.

Writing for the appeals court, Judge Randolph first turned to the statutory issue. He said arguments put forward by the detainees' lawyers that the new law was not meant to apply to the prisoners at Guantánamo Bay "are creative but not cogent." Congress, he said, clearly meant to keep the federal courts from considering the detainees' cases.

Turning to the question of whether Congress had acted within the Constitution, he said there had been no earlier cases in which a court had granted a habeas corpus petition for a foreign national held at an overseas military base. The Constitution, he said, "does not confer rights on aliens without property or presence within the United States."

The opinion was also signed by Judge David B. Sentelle.

In her dissent, Judge Rogers said: "Prior to the enactment of the Military Commissions Act, the Supreme Court acknowledged that the detainees held at Guantánamo had a statutory right to habeas corpus. The M.C.A. purports to withdraw that right but does so in a manner that offends the constitutional constraint on suspension."

END

AP
Feb 21, 1:23 AM EST

High Court to Hear Microsoft Patent Case

WASHINGTON (AP) -- The Supreme Court is ready to hear from lawyers from Microsoft and AT&T as it considers a long-running patent dispute between the industry giants.

At issue when the lawyers make their oral arguments Wednesday is whether Microsoft can be held liable for violating an AT&T patent overseas. Generally, patents are valid only within a country's borders.

AT&T Inc. holds a patent on technology that converts speech into computer code, so the speech can be transmitted electronically. It accused Microsoft Corp. of infringing the patent by including similar capabilities in its Windows software. Microsoft acknowledged it violated the patent domestically but disputes that it is liable for infringement when the software is shipped overseas.

The case centers on a provision in patent law that bars companies from shipping parts of a patented invention overseas for assembly. The intent of the provision, when it became law in 1984, was to prevent companies from circumventing patents by sending parts offshore to assemble them in a way that would infringe the patent in the United States.

AT&T charges that Microsoft is liable under that provision for violating its patent when it ships its Windows software abroad to foreign computer manufacturers for copying and installation on computers.

Microsoft, however, has argued in court filings that it only sends a "master version" of the software abroad, either on optical disk or by electronic transfer, and it is the foreign manufacturer that is responsible for copying the software and placing it on computers. AT&T should pursue those companies for patent infringement under their countries' laws, Microsoft says.

AT&T, for its part, dismisses the distinction that Microsoft draws between the master version of the software and the copies made in foreign countries. The company argued in court filings that Microsoft supplied the software code "to foreign computer manufacturers, with the intent that those companies would pay Microsoft a royalty each time they combined that code with other components to form devices that would infringe AT&T's patent if made or used in the United States."

Solicitor General Paul Clement largely sided with Microsoft in his brief that had urged justices to take the case.

The section of patent law in question "generally prevents companies from manufacturing the components of a patented invention in the United States for assembly overseas," said Clement, the government's top Supreme Court lawyer. "But the statute permits the manufacture and assembly of identical components overseas - conduct that is properly the domain of other nations' patent laws."

Two lower federal courts ruled in favor of AT&T. The Supreme Court is expected to decide the case by July.

The case is Microsoft Corp. v. AT&T Corp., 05-1056.

END

Citizens for Responsibility and Ethics in Washington

February 20, 2007

Press Release: CREW SUES COUNCIL ON ENVIRONMENTAL QUALITY OVER GLOBAL WARMING DOCUMENTS

Washington, DC – Citizens for Responsibility and Ethics in Washington (CREW) has sued the Council on Environmental Quality (CEQ) today for its failure to respond to a Freedom of Information Act (FOIA) request for records related to global warming science and policy. CREW filed its FOIA request after media

reports -- including a 60 Minutes piece -- and documents gathered by the House Committee on Oversight and Government Reform revealed that political appointees at CEQ, including former Chief of Staff Philip Cooney, edited various government reports to downplay and obscure scientific findings about global warming.

On May 12, 2006, CREW sent a FOIA request to CEQ asking for all records in the agency's possession mentioning or relating to the causes associated with global warming or climate change.

In late October, 2006, CREW agreed to accept documents from CEQ on a rolling basis, along with an accounting of all documents redacted or withheld by CEQ. Since that time, the records CEQ has provided to CREW have consisted almost exclusively of publicly available documents. To date, CREW has not received any information from CEQ regarding the substance of any Bush administration global warming reports.

Melanie Sloan, executive director of CREW, said today, "Despite claiming that it would comply with the Freedom of Information Act, CEQ has instead kept potentially explosive documents hidden from public view, leaving CREW with no option other than to sue." Sloan continued, "Luckily for the American public, the Bush administration must abide by the law whether or not it is politically expedient."

END

AP

February 21, 2007

DM&E expansion critics sue for railroad's financial information

By FREDERIC J. FROMMER | Associated Press Writer

.WASHINGTON — The Rochester Coalition and the Mayo Clinic filed a lawsuit on Tuesday seeking the financial records of the Dakota, Minnesota and Eastern Railroad, which wants a $2.3 billion federal loan for its planned coal train project.

The lawsuit filed in U.S. District Court for the District of Columbia asked a judge to direct the Department of Transportation's Federal Railroad Administration to release the material, which was sought last April in a Freedom of Information Act request.

According to the lawsuit, the law firm representing the coalition and clinic has not received the material, which includes financial information such as balance sheets, income statements, market capitalization, debt, feasibility and market studies related to DM&E.

The Rochester Coalition and Mayo oppose the train project because it would mean more trains running through the city and close to the clinic.

FRA spokesman Steve Kulm said the agency has not received the lawsuit so could not comment on it. But he did say that under federal law, federal agencies are prohibited from releasing trade secrets or privileged or confidential commercial or financial information obtained from a non-governmental entity.

"However, the law also directs that upon receipt of a FOIA request of this type, the entity submitting the materials to a federal agency must identify and justify information that it believes should not be publicly released," Kulm said in an e-mail response. "FRA is currently reviewing the justifications made by DM&E. FRA will make the final decision on what information will be released."

Stephen Ryan, legal counsel for the Rochester Coalition and Mayo Clinic, said in a statement that the FRA has permitted DM&E's "secretive behavior" for 10 months.

"It is time for our government to require some public disclosure if DM&E wants the public's money," he said.

Kevin Schieffer, DM&E's president, said he took exception to the "secretive" characterization.

"Obviously, we are not going to disclose information that competitors or opponents would use to undermine our business," he said. "Nobody would." But he insisted that the process has been open.

Last month, the FRA determined the DM&E's project had met the requirements of the federal environmental review process, triggering a 90-day period during which the FRA must approve or reject the loan.

The DM&E wants to add track to the Powder River Basin coal fields in Wyoming and upgrade its existing line in South Dakota and Minnesota. The $6 billion project would involve building about 280 miles of new track and upgrading 600 miles of existing track so trains could haul coal for power plants.

END

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TERRORISM NEWS:

Two Chicago-area Men Arrested In Ohio Terrorism Case (ABJ)

By Mike Robinson

Akron Beacon Journal, February 22, 2007

CHICAGO - Two Chicago-area cousins were arrested Wednesday on federal charges out of Cleveland accusing them of conspiring to wage holy war against Americans overseas, including U.S. military forces in Iraq.

Zubair A. Ahmed, 27, of suburban North Chicago, and Khaleel Ahmed, 26, of Chicago, were accused along with three other men from the Toledo, Ohio, area who already had been under indictment on charges of plotting acts of terrorism against Americans overseas.

The fresh indictment returned by a grand jury in Cleveland added the two Chicago-area men to the roster of defendants and brought additional charges against the three men from Ohio.

The cousins, both American citizens, appeared briefly in Chicago before U.S. Magistrate Judge Geraldine Soat Brown, who ordered them sent to Ohio for arraignment. Prosecutors asked her to order them held in custody and sent to Ohio as federal prisoners. Defense attorneys asked for bond.

A hearing on whether to permit bond was set for 2:30 p.m. Monday.

Defense attorneys Gerald Collins and Brian Sieve said they had just met the two defendants, knew little about them and had no comment on the case.

The indictment claims that, between June 2004 and February 2006, the cousins and the other three men - Mohammad Zaki Amawi, 27, and Marwan Othman El-Hindi, 42, both formerly of Toledo, Ohio, and Wassim I. Mazloum, 22, formerly of Sylvania, Ohio - conspired to "kill or maim persons in locations outside of the United States, to including U.S. armed forces personnel serving in Iraq."

The conspiracy allegedly included finding fresh recruits to commit terrorist acts and seeking out sites for training in firearms, hand-to-hand combat and the use of explosives. The men also allegedly agreed to raise funds for "jihad training" and download Internet information on improvised explosive devices (IEDs).

A shadowy figure was described in the indictment only as the trainer, a U.S. citizen with a military background. The indictment said the two cousins met with the trainer in July 2004 and discussed sniper tactics, counter-surveillance techniques and the use of heavy machine guns.

The three Ohio men, currently in federal custody, were charged in the original indictment with conspiring to provide material support to terrorists. Amawi was also charged with verbally threatening the president of the United States and unlawful distribution of a video concerning suicide bomber vests.

Wednesday's indictment charged Amawi with distributing information about explosive chemicals downloaded from the Internet and charged El-Hindi with distributing information about explosives and making false statements to officials.

The five men face a maximum penalty of life in prison if convicted of conspiring to kill Americans overseas, according to federal prosecutors.

Meanwhile, prosecutors in Cleveland said a separate indictment was returned charging Bilal Mazloum, 22, of Sylvania, Ohio, brother of Wassim I. Mazloum, with making a false statement to federal agents.

In addition, El-Hindi and Ashraf Zaim, 39, of Ottawa Hills, Ohio, are charged in a separate, seven-count indictment with conspiring to commit theft of public funds, making false statements and wire fraud in connection with a $40,000 federal grant they obtained to operate clinics for low-income taxpayers.

The government contends that no clinics were ever operated.

Local Men Indicted In Terror Probe (CHIT)

By Jeff Coen And Tonya Maxwell, Tribune staff reporters

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Chicago Tribune, February 22, 2007

Federal agents swarmed a suburban apartment complex and a house on the Northwest Side early Wednesday, arresting two cousins allegedly linked to a terrorism conspiracy to kill Americans overseas, including U.S. troops.

Zubair A. Ahmed, 27, of North Chicago, and his cousin, Khaleel Ahmed, 26, of Chicago, have ties to three Toledo men charged in the conspiracy last year, authorities said. Federal prosecutors said the cousins had spoken to at least one of the three about receiving training and at one point were headed to Afghanistan or Iraq.

Zubair Ahmed allegedly wanted to learn to use a .50-caliber machine gun.

"Man, we've been waiting for this," he said, according to the indictment.

The Ahmeds were named in a superseding indictment returned by a federal grand jury in Ohio, joining the three Toledo men, whose indictment was announced by Atty. Gen. Alberto Gonzales in February 2006.

Mohammad Zaki Amawi, Marwan Othman El-Hindi and Wassim Mazloum have pleaded not guilty and are expected to go on trial in Cleveland in the spring. They were accused of gathering information on explosives and tactics, planning to send money and computers to the Middle East and recruiting others to attack American forces in Iraq.

Recruits were "to train for violent jihad against the United States and its allies in Iraq, and elsewhere, and would propose potential training sites for use in providing ongoing firearms, hand-to-hand combat, explosives, and other paramilitary training to prospective recruits," the indictment states.

Two of those who were recruited were the Ahmeds, according to court documents. They were allegedly brought into the conspiracy by El-Hindi, who has Chicago ties. The Tribune has reported that El-Hindi, who used to live in the suburbs, ran a travel agency in the Loop near the Dirksen U.S. Courthouse that opened in the late 1990s and closed a few years ago.

El-Hindi allegedly took the cousins from Chicago to Cleveland in 2004 to meet a man described in the document as "the Trainer," a man with military experience who was associated with the group.

"Zubair and Khaleel discussed sniper tactics with the Trainer and their desire to receive training in, among other things, firearms and counter surveillance techniques," the indictment states. It was El-Hindi who stopped the two from going overseas because he believed they needed more training, it states.

The document does not allege that the cousins actually received any substantive training.

Bill Edwards, first assistant U.S. attorney in the northern district of Ohio, said the men discussed sniper tactics and were willing to travel to carry out terror plots.

"We wouldn't have charged them if we didn't think they were serious," said Edwards.

A federal judge in Chicago ordered them transferred to Ohio during a brief hearing Wednesday.

Lawyers for the two men declined to comment.

FBI agents arrived at the family's one-story brick home about 5:15 a.m. Wednesday, said Khaleel Ahmed's father, who showed a reporter a warrant calling for the seizure of evidence of his son's Ohio trip, travel to Egypt and other evidence, including communication between him and co-conspirators in the case.

The agents left in the afternoon and gave the family a list of things that had been taken. It included computer hard drives, cell phones, Islamic books and a sword.

Khaleel Ahmed's parents, who did not want to be identified, said they did not believe the charges.

"As far as my family knows, he didn't do anything. He is not a terrorist," said his mother. "It's a sin to kill anyone."

She said she has never heard her son, who had been studying computer engineering at several local colleges, express anger toward Americans or the war. He wasn't interested in politics, she said.

Khaleel's mother said the cousins did go to Egypt for several weeks in 2004 for vacation but said she has no knowledge of her son's going to Ohio.

In North Chicago, a man who answered the door at Zubair Ahmed's apartment identified himself as his roommate but declined to give his name. He said that the two met online in recent months when each was looking for a roommate. Before Wednesday he "hadn't seen [Ahmed] in two or three weeks," the man said. "We barely talked."

He said he thought Ahmed was a student at a nearby college or university but he wasn't sure which.

Neighbors said they woke to FBI agents' banging on the door of Ahmed's third-floor apartment.

"I woke up, and they were knocking so hard on his door that it sounded like they were hitting our door," said Tim Johnson, 24, whose apartment is diagonally across the hall from Ahmed's.

"Finally when they opened the door, [the agents] shouted 'Freeze, don't move,'" said Johnson's roommate Bobby Watson, 21.

Tribune staff reporter Andrew L. Wang contributed to this report.

2 Chicago Cousins Are Charged With Plotting Overseas Attacks (NYT)

By Libby Sander

The New York Times, February 22, 2007

CHICAGO, Feb. 21 — Two cousins were arrested here Wednesday on charges of conspiring to commit terrorist acts against American military personnel in Iraq, as well as others abroad, in an Islamic holy war against the United States and its allies.

The defendants, Zubair A. Ahmed, 27, and Khaleel Ahmed, 26, were taken into custody at their Chicago homes after a federal grand jury in Cleveland returned a fresh indictment in a pending terrorism case in which three Ohio men are already awaiting trial in Toledo.

The new indictment accuses the two Chicago men of plotting with the Ohioans "to kill or maim persons in locations outside of the United States," including members of the armed forces serving in Iraq.

It says the cousins, both United States citizens, sought training in firearms and countersurveillance from a person with an American military background. The indictment identified that person only as the Trainer. It describes the Trainer as an American citizen who communicated extensively with the three original defendants about paramilitary training but who was not engaged in the conspiracy.

The original defendants are Mohammad Zaki Amawi, 27, and Marwan Othman el-Hindi, 42, both formerly of Toledo, and Wassim I. Mazloum 24, formerly of Sylvania, Ohio, a Toledo suburb. They have been in federal custody a year, having been charged last February with conspiracy to commit terrorist acts overseas and with providing material support to terrorists.

Mr. Amawi was also charged then with making threats against President Bush and with distributing a video depicting the construction and use of a suicide bomb vest. Wednesday's indictment included new charges against him and Mr. Hindi involving further counts of distributing information regarding the manufacture and use of explosives.

In addition, a second new indictment charged Mr. Hindi and Ashraf Zaim, 39, of Ottawa Hills, another town in the Toledo area, with defrauding the government by claiming to have used $40,000 in federal grant money for charitable purposes when in fact, the government said, it actually went to their personal use.

And yet another indictment charged Bilal Mazloum, 22, of Sylvania with making false statements to federal agents by denying knowledge that his brother Wassim had participated in firearms training.

Al-Arian Supporters Lobby For Release As Hunger Strike Continues (AP)

By Matthew Barakat, Associated Press Writer

AP, February 22, 2007

Supporters of former professor Sami al-Arian - now in the fifth week of a prison hunger strike as he refuses to testify in front of a federal grand jury - on Wednesday called on Attorney General Alberto Gonzales to deport al-Arian prior to his scheduled release from prison.

Al-Arian, a former computer science professor at the University of South Florida, was accused by prosecutors of being a leader of a terrorist group called Palestinian Islamic Jihad. He is being held at a medical prison in North Carolina.

After a six-month trial ended in an acquittal on some counts and a hung jury on others, al-Arian struck a plea bargain in May 2006 and admitted to conspiring to aid Palestinian Islamic Jihad, specifically by helping a family member with links to the group obtain immigration benefits and by lying to a reporter about another individual's ties to the group.

Al-Arian would be up for release in April, but his prison term is being extended indefinitely after a judge found him in civil contempt for refusing to testify in front of a grand jury in Alexandria, Va., investigating a cluster of Islamic charities in northern Virginia that has ties to al-Arian.

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Al-Arian believes his plea deal specifically exempted him from cooperating with authorities. But two federal judges have ruled that al-Arian must testify.

Al-Arian began his hunger strike Jan. 22 to protest of the subpoena and contempt citation. His family says he has been drinking only four glasses of water a day. Last week he fainted and hit his head. He has since been transferred to a medical prison in Butner, N.C.

Al-Arian's lawyer, Peter Erlinder, said it is only fair that Gonzales release al-Arian now because prosecutors initially recommended to the judge that al-Arian receive time served when he struck the May 2006 plea deal. A judge rejected that recommendation and sentenced al-Arian to an additional 11 months.

"Mr. Gonzales, you have the power ... to release Dr. al-Arian for voluntary departure from the U.S. with the stroke of your pen," Erlinder said in an open letter to Gonzales.

Erlinder was joined at a press conference outside the Justice Department by representatives of the Muslim American Society, the American Muslim Alliance and the ANSWER Coalition, an anti-war group.

Justice Department spokesman Dean Boyd said the attorney general does not have the power to unilaterally free al-Arian. Deportations are handled by the Department of Homeland Security rather than the Justice Department.

Typically, immigration officials deport an individual only after they have served their entire sentence. Erlinder said there is precedent for deporting an individual before their prison time is up.

Judge Rules Terror Suspect Held Without Bond (AP)

By By Juan A. Lozano, Associated Press

AP, February 22, 2007

A U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government will remain behind bars until his trial, a federal judge ruled Wednesday.

Daniel Joseph Maldonado was ordered held without bond. U.S. Magistrate Judge Calvin Botley also found federal authorities were justified in arresting Maldonado on charges related to his alleged training at an al-Qaeda camp in Somalia.

"These activities, in the court's judgment constitute crimes of violence," Botley said. "Mr. Maldonado is a danger and a flight risk."

During a two-day probable cause and detention hearing, FBI agents and prosecutors painted a portrait of a violent young man who willingly trained alongside al-Qaeda operatives to learn firearms and bombmaking skills. He was also accused of working to turn Somalia into another Iraq where insurgents would come in and terrorize the country and of recruiting others for this cause.

But defense attorneys described Maldonado as a man who, driven by anti-Muslim sentiment in America since the Sept. 11, 2001, terrorist attacks, moved out of the country with his family so they could live at ease as Muslims.

Botley said while the evidence showed Maldonado received weapons and bomb making training, it wasn't clear if al-Qaeda was in charge of the camp.

Maldonado faces charges of undergoing military training with a terrorist organization and conspiring to use a weapon of mass destruction, specifically a bomb. If convicted, he faces up to life in prison.

Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, is accused of traveling in November to an al-Qaeda terrorist camp in Somalia, where he was trained to use firearms and explosives in an effort to help another group, the Islamic Courts Union, topple the government and install an Islamic state. He was captured by the Kenyan military while trying to flee Somalia on Jan. 21.

Maldonado grew up in Pelham, N.H., and lived in Houston from August 2005 to November 2005 before moving with his wife and three children to Cairo, Egypt.

In a statement he gave to FBI agents in Kenya after his arrest, Maldonado said while living in Egypt he heard about an emerging Islamic state in Somalia and decided to move there with his family.

"I did intend to open up a bookstore to generate some money," Maldonado said in the statement, parts of which were read in court Wednesday by defense attorney Brent Newton.

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But prosecutor Abe Martinez said Maldonado lied in his initial statements to FBI agents, later saying he forgot to mention he also went to Somalia to fight a jihad or holy war against the government there.

Newton said Maldonado didn't seek out al-Qaeda members and eventually changed his mind about fighting a jihad.

"I was never sure in my heart whether it was worth my life or not," Maldonado said in his statements to FBI agents. "I was asked to join jihad but I was worried about my family."

After he and his family tried to leave Somalia and go to Kenya, Maldonado became separated from his wife and kids. She later died of malaria. His children are being cared for by his parents in New Hampshire.

Maldonado had earlier contracted malaria, which stopped his training. He also became malnourished, losing 60 pounds while in Somalia.

Martinez said Maldonado also tried to recruit a friend in the United States to join him at the camp in Somalia, telling his friend in coded language that he was at a culinary institute.

"But what that really meant is he was at a terror training camp learning how to kill people," Martinez said.

Prosecutors and FBI agents said a confidential informant who is a U.S. citizen and was also at the training camp confirmed for authorities that Maldonado received firearms and bombmaking training and was aware al-Qaeda members were also being trained at the camp.

U.S. Attorney Don DeGabrielle said prosecutors plan to present evidence against Maldanado to a grand jury before March 13.

American Said To Have Ties To Al Qaeda Is Denied Bail (NYT)

By Ralph Blumenthal

The New York Times, February 22, 2007

HOUSTON, Feb. 21 — An American convert to Islam who the government says took his family on jihad to Somalia and then lied to the F.B.I. was ordered held without bond Wednesday after a federal judge found sufficient evidence that he had been trained in weapons and bomb making by Al Qaeda.

The defendant, Daniel J. Maldonado, also known as Daniel Alijughaifi, recently lived in Houston and Boston. Mr. Maldonado was “a flight risk and danger to the community” and must remain in jail pending trial, the judge, Calvin Botley ruled.

But Judge Botley granted a defense request that Mr. Maldonado, 28, gaunt from malaria and malnutrition, be given extra rations in jail.

Mr. Maldonado was arrested in Kenya on Jan. 21 after Islamist insurgents in Somalia were routed by Somali and Ethiopian forces, and he was flown to Houston by the Federal Bureau of Investigation on Feb. 12. His wife had died of malaria in Somalia, and their three children were flown by the F.B.I. to Mr. Maldonado’s parents in Londonderry, N.H., where Mr. Maldonado grew up. His mother, Rena Maldonado, said the family was too distraught to comment.

The government’s case is laid out in an F.B.I. affidavit based on statements attributed to Mr. Maldonado and corroborating information from a confidential witness, another American said to have been with him in Somalia. It portrays Mr. Maldonado as “angry with America,” supportive of the attacks of Sept. 11, 2001, and “willing to become a suicide bomber if he were wounded and could not otherwise fight.”

The United States attorney in Houston, Don DeGabrielle, said he would ask a grand jury for an indictment before March 13. If convicted, Mr. Maldonado, one of at least 15 Americans charged with aiding Al Qaeda since the Sept. 11 attacks, could receive life in prison.

Brent E. Newton, the public defender for Mr. Maldonado, said his client had gone to Somalia to support a legal faction, the Islamic Courts Union, not Al Qaeda, and had trained only with “a hodgepodge of mujahadeen groups.” As for bomb-making, Mr. Newton said, “he watched some old man do this stuff, but merely watching someone do something is not conspiring with someone to do it.” Mr. Newton also questioned whether Mr. Maldonado had been properly advised of his rights.

At a two-day detention hearing that was unusual for the explicitness of the evidence disclosed, Mr. Maldonado was said to have given the F.B.I. false information, then admitted that he “wrote or told many dishonest statements” and revised his account while still falling short of the truth, an F.B.I. agent testified.

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The agent, Lucille Eglen-Anderson, who questioned Mr. Maldonado in Kenya, said he had also tried to recruit an American friend to join the Islamist insurgents battling the Somali and Ethiopian government forces. In a coded call, Ms. Eglen-Anderson testified, Mr. Maldonado said he was "at the culinary institute leaning how to make P.B.J."

She and other agents testified that Mr. Maldonado was at a terrorist training camp run by Al Qaeda, where he was learning to shoot an AK-47 and make bombs. The government charges that he "conspired to use a weapon of mass destruction, that is, a bomb" and received "military-type training from Al Qaeda."

Mr. Maldonado's allegedly conflicting statements to the F.B.I. came out after his lawyer, Mr. Newton, said Tuesday that he needed to see the statements in order to question Ms. Eglen-Anderson, whom he had called as an adverse witness.

Judge Botley then recessed the hearing until the government could provide them Wednesday morning.

Ms. Eglen-Anderson testified that other F.B.I. agents happened to be in Kenya when Kenyan authorities notified American officials that Mr. Maldonado had been captured, along with several British citizens and a Swede. They began questioning him on Jan. 27, 2007, she said, driving him to a safe house with a kitchen and a well-stocked refrigerator.

Although he was in the legal custody of the Kenyans, she said, Mr. Maldonado was read his Miranda rights about remaining silent and requesting a lawyer.

For reasons Mr. Newton did not explain, he read into the record large parts of Mr. Maldonado's statements to the F.B.I., beginning with a four-page document based on statements made on Jan. 27, in which Mr. Maldonado said he had gone to Somalia with his family "to open a bookstore" and to pursue other "business opportunities."

But in a second document read in court, Mr. Maldonado told the F.B.I. the next day that he had lied and "today I feel the need to tell the truth."

Two days later, on Jan. 30, Agent Eglen-Anderson testified, Mr. Maldonado went back over his original four-page statement to make and initial corrections. "I left out the fact that I wanted to fight jihad," he wrote.

He had told of meeting a certain sheik in Mogadishu, Somalia, but on Jan. 30 he added, "I left out the fact that he gave me a gun and magazine."

But he still did not reveal the full story of his activities, Ms. Eglen-Anderson testified. She said the F.B.I. knew this because of what agents had been told by an informant, another American who was described only as a confidential witness before agents first questioned Mr. Maldonado on Jan. 27. The informant was so trusted by the mujahadeen, the F.B.I. said, that they had asked him to return to the United States to recruit English-speaking women for terrorist missions.

The informant's identity remained secret, Mr. DeGabrielle, the United States attorney, said. "But if there's a trial," he added, "it will come out."

The Spanish Connection (WSJ)

By Edward Jay Epstein

The Wall Street Journal, February 22, 2007

The 9/11 Commission relied on information derived from two captured al Qaeda perpetrators for much of its picture of the conspiracy leading up to the attacks on the World Trade Center and the Pentagon. The interrogations of these men -- Khalid Sheikh Mohammed, or "KSM," who masterminded the plot and got Osama bin Laden to finance it, and Ramzi Binalshibh, who acted as KSM's liaison with lead suicide terrorist Mohammed Atta -- were performed by the CIA at secret locations.

KSM claimed that he left almost all the tactical details to Atta, and therefore could not say where Atta went, or whom he visited, in the final months of the plot. Binalshibh claimed he was Atta's only contact with al Qaeda during this period and that, other than himself, Atta never met with anyone on his trips abroad in 2001.

If these accounts are true, it follows that the conspiracy was a contained one, and the 9/11 Commission could preclude outside collaborators, including the participation of foreign countries. Thus, although the CIA was unable to trace the origin of the money supplied to Atta, the commission deemed this gap "of little practical significance" since the CIA's prisoners established that no one else was involved in the plot. Thus, too, when the CIA found that Iran had "apparently facilitated" the travel of eight of the 9/11 muscle hijackers in flights to and from Afghanistan (by not putting the required stamps on their passports, and by having

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a top Hezbollah official accompany their flights in and out of Iran), the commission could nevertheless rule out the possibility Iran or Hezbollah were "aware of the planning." The basis for this conclusion was the information provided by KSM and Binalshibh.

But what if these CIA prisoners -- who after all are diehard jihadists -- were lying?

Enter Judge Baltazar Garzon, Spain's terrorism magistrate, who has been for many years investigating the links between al Qaeda and a Spanish Islamic cell headed by one Imad Eddin Barakat Yarkas (who Mr. Garzon arrested in November 2001 and is currently in prison on a conspiracy conviction). The Spanish security service secretly had this cell under scrutiny since the mid-1990s; Mr. Garzon was thus able to draw on wiretaps, surveillance reports and other intelligence, as well as his own interrogations of suspects and captured documents from Afghanistan.

Mr. Garzon has produced a 697-page investigative report for Madrid's central court in September 2003, which charges that the Spanish cell -- through its connections to Mohammed Atta's Hamburg cell and some of the pilots it recruited -- helped plan, finance and support the 9/11 attacks.

In an interview, Mr. Garzon explained to me through an interpreter that the support of the Spanish cell began in the early days of the plot and continued up until the attack. He described evidence that ranged from video tapes that Spanish police had confiscated from the home of one of the Spanish conspirators, which methodically surveyed the twin towers of the World Trade Center from five different angles in the late 1990s, to a phone call intercepted by Spanish intelligence in August 2001 (at a time when the hijackers were buying tickets on the planes they planned to commandeer), in which an operative in London informed Yarkas that associates in "classes" had now "entered the aviation field," and were beheading "the bird." After drawing a diagram for me on a blackboard of how the Spanish cell connected to Atta's and Binalshibh's recruiters in Germany, he said it was "supporting the operation at every level."

Consider the unexplained activities of Atta and Binalshibh in Spain in 2001. Atta made two trips to Madrid, paid for with al Qaeda funds at critical points in the plot. The first one was in January, just after he finished his flight training classes in Florida and qualified as a pilot. The second one was just after most of the contingent of muscle hijackers had arrived in Florida in July. During that second trip, July 7 to July 19, Atta clocked 1,908 kilometers on his rented Hyundai and changed hotels frequently -- except for five nights, where he vanished from all hotel registries.

Atta's 9/11 co-conspirator, Binalshibh, also made two trips to Spain: The first, July 9 to July 16, was to the Terragona resort region near Barcelona, where he met up with Atta and then, during the same period, also vanished from the hotel registries. Binalshibh's second trip, Sept. 5 to Sept. 7, was to Madrid, where he obtained a bogus passport which he used to fly to Pakistan and make his escape to Afghanistan.

Why did Atta and Binalshibh make these trips? The 9/11 Commission turned to the CIA, which reported that Binalshibh (captured in 2002) said in his interrogation that neither he nor Atta had contacted anyone else in Spain. Thus the commission stated, "According to Binalshibh, they did not meet with anyone else while in Spain."

The problem here is that Atta and Binalshibh made independent trips to Spain. Atta went to Madrid in January when Binalshibh was in Germany; Binalshibh went to Madrid in September when Atta was in America. And when Atta arrived in Madrid on July 8, Binalshibh was in Hamburg. They were never in Madrid at the same time. On July 9, Atta did meet up with Binalshibh in the resort area of Terragona, but Atta then stayed in Spain three days after Binalshibh returned to Hamburg.

Presumably, they made separate trips because they had separate business, but the critical fact is this: Binalshibh was not in a position to know whom Atta did (or didn't) contact in Madrid or during his final three days in Spain.

Mr. Garzon argues that his extensive investigation of the Spanish cell directly contradicts Binalshibh's story that he and Atta had seen no one else.

Take, for example, the week they were together, July 9 to July 16. Both Atta and Binalshibh dropped from sight, leaving no hotel records, cellphone logs or credit-card receipts. Mr. Garzon reasons that someone organized a safe house for them to conduct their business.

That person, according to Mr. Garzon, is Mohamed Belfatmi, aka "Mohamed the Algerian," a man who had worked closely with the Spanish cell in getting its operatives in and out of Afghanistan for terrorist training. About a month before Atta's arrival in Spain, Belfatmi rented a house in Terragona very near to where Atta's rented car was last seen parked.

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Mr. Garzon says that Belfatmi's house was used for the 9/11 "final planning sessions." From telephone intercepts, Mr. Garzon has established that Binalshibh was in contact with Belfatmi after the latter had returned to Germany. And in a brief call Belfatmi made to Yarkas on Sept. 1, Yarkas, correctly suspecting that his phone was being tapped, abruptly cut Belfatmi off, telling him not to continue with "that theme."

Later that week, Belfatmi flew to Karachi with Binalshibh's and Atta's Hamburg roommate and fellow al Qaeda cell member Said Bahaji, staying with him at the same hotel. Binalshibh arrived in Karachi on a separate flight. So did other members of the Hamburg cell, who along with Belfatmi and Bahaji escaped to Afghanistan (and have not been yet apprehended).

Mr. Garzon concluded that Binalshibh knew both Yarkas -- whose private number he had in his address book -- and Belfatmi. According to Mr. Garzon, Binalshibh "was clearly lying to the CIA to protect those he and Atta saw in Spain."

Baltazar Garzon, known for his prosecutorial zeal, is a controversial figure in Spain, having investigated everything from Basque terrorism to the Madrid bombing investigation whose alleged perpetrators are currently on trial in Madrid. But even many who don't agree with his methods -- or his politics -- agree he is on solid ground in his relentless pursuit of the connections between the Spanish cell and al Qaeda.

Yet if Mr. Garzon is correct about the Spanish connection to 9/11, it is not only the effectiveness of the CIA's interrogation of its al Qaeda prisoners that is called into question. The information from Binalshibh, KSM and other detainees was used to fill in the missing pieces of the jigsaw, and those gaps concerned the contacts the 9/11 conspirators might have had with others wishing to harm America. By saying that no one else was involved -- not in Spain, Iran, Hezbollah, Malaysia, Iraq, the Czech Republic or Pakistan -- these detainees allowed the 9/11 Commission to complete its picture of al Qaeda as a solitary entity.

Yet to come to its conclusion on this most fundamental issue, the commission was prohibited from seeing any of the detainees whose accounts it relied on. Nor was it allowed even to question the CIA interrogators to determine the way that information was obtained. The commission's joint chairmen themselves later acknowledged that they "had no way of evaluating the credibility of detainee information." So when Judge Garzon comes up with evidence that runs counter to detainees' claims, cracks begin to emerge in the entire picture.

Mr. Epstein is writing a book on the 9/11 Commission.

Affirming Military Tribunals (WSJ)

The Wall Street Journal, February 22, 2007

The D.C. Circuit Court of Appeals decision on Tuesday upholding the Military Commissions Act passed by Congress last year is a welcome victory for common sense in the war on terror. Now we'll find out if the Supreme Court meant what it said last year about deferring to the two elected branches on the handling of enemy combatants.

We never had a problem with the Bush Administration's plan to set up military commissions shortly after 9/11. It is the duty of the executive branch -- which can act with dispatch and be held accountable by voters -- to conduct wars. And military tribunals have been successfully employed by past Presidents, including Washington, Lincoln and FDR.

Nevertheless, the Administration's critics kept insisting that enemy combatants captured in the war on terror were entitled to due process considerations while hostilities continued. And they took their arguments all the way to the Supreme Court.

The result was last year's decision in Hamdan v. Rumsfeld. That 5-3 ruling (Chief Justice John Roberts was recused) did not, as many on the left believe, question the government's right to set up military tribunals or hold unlawful combatants for the duration of the war. Rather, the Court held that the Pentagon's tribunals in place at the time violated certain rules in the Uniform Code of Military Justice.

Furthermore, the Court invited Congress to revise these rules. In his concurring opinion, Justice Stephen Breyer reiterated that the majority took issue not with the existence of these tribunals, but with the way they had come into being. "Nothing prevents the President from returning to Congress to seek the authority he believes necessary," wrote Justice Breyer.

In a separate concurrence, Justice Anthony Kennedy said that "as presently structured, Hamdan's military commission exceeds the bounds Congress has placed on the President's authority." But he added, "Because Congress has prescribed these limits, Congress can change them."

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That's exactly what lawmakers did in passing the Military Commissions Act that President Bush signed into law last October. The appellate court's 2-1 ruling this week, which held that Guantanamo detainees don't have the right to challenge their imprisonment in federal courts, affirms the constitutionality of that law. A Supreme Court appeal is likely. But a reversal would require the Justices not only to defy the will of the other two branches but also to ignore their own instructions to Congress in Hamdan.

Not that some won't be urging such a course of action. In her dissent, Judge Judith Rogers argues that the Military Commissions Act, which effectively suspends habeas corpus for terrorist detainees, is unconstitutional. But the majority opinion, written by Judge A. Raymond Randolph, is solidly anchored in Supreme Court jurisprudence. And the Court has long held that aliens held overseas have no constitutional rights unless Congress decides to confer them statutorily.

"Precedent in this court and the Supreme Court holds that the Constitution does not confer rights on aliens without property or presence within the United States," wrote Judge Randolph. He cited as the "controlling case" the Supreme Court's Johnson v. Eisentrager decision, the 1950 ruling rejecting the proposition that aliens are entitled to Fifth Amendment rights outside of the U.S.

The Court in Eisentrager went on to explain why it's prudent not to confer constitutional rights on enemy combatants: "If the Fifth Amendment confers its rights on all the world . . . [it] would mean that during military occupation irreconcilable enemy elements, guerrilla fighters, and 'werewolves' could require the American Judiciary to assure them freedoms of speech, press, and assembly as in the First Amendment, right to bear arms as in the Second, security against 'unreasonable' searches and seizures as in the Fourth, as well as rights to jury trial as in the Fifth and Sixth Amendments."

We don't doubt that antiwar activists and lawyers at the ACLU would have no problem granting such protections to suspected al Qaeda members and their allies. And such critics in Congress of tribunals as Senate Judiciary Chairman Pat Leahy have every right to try to rewrite the Military Commissions Act, if they have the political nerve. But we're also sure that prosecuting a war on terror would be significantly more difficult as a result. Having so ostentatiously invited Congress to act in Hamdan, the Supreme Court could also now help the country and its own reputation by agreeing with Judge Randolph.

American Liberty At The Precipice (NYT)

The New York Times, February 22, 2007

In another low moment for American justice, a federal appeals court ruled on Tuesday that detainees held at the prison camp at Guantánamo Bay, Cuba, do not have the right to be heard in court. The ruling relied on a shameful law that President Bush stampeded through Congress last fall that gives dangerously short shrift to the Constitution.

The right of prisoners to challenge their confinement — habeas corpus — is enshrined in the Constitution and is central to American liberty. Congress and the Supreme Court should act quickly and forcefully to undo the grievous damage that last fall's law — and this week's ruling — have done to this basic freedom.

The Supreme Court ruled last year on the jerry-built system of military tribunals that the Bush Administration established to try the Guantánamo detainees, finding it illegal. Mr. Bush responded by driving through Congress the Military Commissions Act, which presumed to deny the right of habeas corpus to any noncitizen designated as an "enemy combatant." This frightening law raises insurmountable obstacles for prisoners to challenge their detentions. And it gives the government the power to take away habeas rights from any noncitizen living in the United States who is unfortunate enough to be labeled an enemy combatant.

The United States Court of Appeals for the District of Columbia Circuit, which rejected the detainees' claims by a vote of 2 to 1, should have permitted the detainees to be heard in court — and it should have ruled that the law is unconstitutional.

As Judge Judith Rogers argued in a strong dissent, the Supreme Court has already rejected the argument that detainees do not have habeas rights because Guantánamo is located outside the United States. Judge Rogers also rightly noted that the Constitution limits the circumstances under which Congress can suspend habeas to "cases of Rebellion or invasion," which is hardly the situation today. Moreover, she said, the act's alternative provisions for review of cases are constitutionally inadequate. The Supreme Court should add this case to its docket right away and reverse it before this term ends.

Congress should not wait for the Supreme Court to act. With the Democrats now in charge, it is in a good position to pass a new law that fixes the dangerous mess it has made. Senators Patrick Leahy, Democrat of Vermont, and Arlen Specter,

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Republican of Pennsylvania, have introduced a bill that would repeal the provision in the Military Commissions Act that purports to obliterate the habeas corpus rights of detainees.

The Bush administration's assault on civil liberties does not end with habeas corpus. Congress should also move quickly to pass another crucial bill, introduced by Senator Christopher Dodd, Democrat of Connecticut, that, among other steps, would once and for all outlaw the use of evidence obtained through torture.

When the Founding Fathers put habeas corpus in Article I of the Constitution, they were underscoring the vital importance to a democracy of allowing prisoners to challenge their confinement in a court of law. Much has changed since Sept. 11, but the bedrock principles of American freedom must remain.

A War Under Law (WP)

By Jeffrey H. Smith

The Washington Post, February 22, 2007

Congress Must Address U.S. Detainee Policies

In November, Americans voiced their frustration with the war in Iraq and gave control of Congress to the Democrats. The voters rejected the president's swaggering, go-it-alone approach and the administration's contemptuous attitude toward the Geneva Conventions, which led to the abuses at Abu Ghraib, actions that so damaged our credibility that other nations are much less willing to cooperate in the war on terrorism. Secretary of State Condoleezza Rice, and her able legal adviser, John Bellinger, have pushed for reforms that have begun to reverse this trend -- but much more must be done.

Sens. Christopher J. Dodd and Patrick J. Leahy introduced legislation last week that will move us further in the right direction. But there are three things Congress should do.

First, Congress should reconsider the detainee legislation passed last fall. Last-minute changes rammed through by the White House watered down many of the bill's key provisions. On the treatment of detainees and interrogation techniques it created two standards -- one for the military and another for the CIA. The standards for the military are in an Army Field Manual, but the CIA standards are to be enumerated in a presidential executive order. Rumors suggest that the White House is struggling to develop those rules. Congress should relieve the president of that task before he makes a bad situation worse.

If Vice President Cheney has his way, a good dunking may be among the approved CIA techniques, even though "waterboarding" is prohibited by the Army Field Manual. Cheney's October remarks that dunking a detainee was " a no-brainer" were irresponsible and added to the confusion in the field (and around the world) about the rules for treatment of detainees.

It is not clear why the military and the CIA should have different standards for the treatment and interrogation of detainees. All U.S. agencies should use the techniques best able to elicit information that is vital to our security. And why should the CIA once again be asked to take risks not knowing whether, when the political winds change in Washington, its officers will be left facing charges that they violated the law?

Hearings should be held to determine which interrogation techniques have produced useful intelligence. Lawmakers should review the recent report of the government's Intelligence Science Board, which concluded that there was no scientific evidence that coercive techniques produced good intelligence. Congress should also consider the requirements of international law and develop a single standard that will apply equally to all agencies.

Second, Congress should repeal the provisions that stripped detainees at Guantanamo Bay and elsewhere of the right of habeas corpus and that instead gave them an extremely limited right to challenge their detentions. A federal appeals court, interpreting lawmakers' last effort, ruled Tuesday that detainees do not have the right to use a habeas petition to challenge the basis of their detention. The case will surely be appealed to the Supreme Court because detainees must have the right to argue to a federal judge -- not a military officer, as in the current law -- that the factual basis on which they are being held indefinitely and without criminal charges is not accurate. Detainees' right to habeas corpus could be limited, as was suggested by Sens. Arlen Specter and Patrick Leahy, to prevent frivolous lawsuits over conditions at Guantanamo. But detaining men with no hope of a fair hearing ensures that, if they weren't terrorists when they were detained, they probably will be when they are finally released.

Third, Congress should also examine the practice of "rendition," or sending detainees to countries for trial or detention where, it is alleged, they can be mistreated or tortured. Before the attacks of Sept. 11, 2001, rendition was a valuable but

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selectively used tool of U.S. law enforcement and intelligence agencies. Since Sept. 11 it has been used extensively, and its continued viability has been questioned. Congress should establish a solid legal footing for renditions, including measures to ensure that anyone sent to another country is not mistreated.

The administration should listen, really listen, to the American people and to those in Congress and the military who understand that adhering to international law and our core values will help us win the war on terrorism. It will take years to get out of the hole we're in, but if Congress leads and the president understands, we can begin climbing out.

The writer is a former general counsel of the CIA and a partner at Arnold & Porter, a Washington law firm that represents the International Counsel Bureau. The bureau provides Kuwaiti counsel for the families of the Kuwaiti detainees at Guantanamo.

Drop This Case (WP)

The Washington Post, February 22, 2007

"FOR THE rule of law to prevail, litigation must have a beginning and an end." So wrote Judge Bruce Einhorn in a federal case that has become the Jarndyce and Jarndyce of immigration law-- it passed the 20-year mark last month. The saga of the Los Angeles Eight, though their number is now down to two, involves Palestinians whom the government has been seeking to deport for their activities on behalf of the Popular Front for the Liberation of Palestine (PFLP) -- activities such as raising money, holding meetings and distributing magazines in the mid-1980s. Six of the group have since been granted residency status, and the government hasn't moved against them. But two, Khader Hamide and Michel Shehadeh, remain the subject of deportation proceedings, though they were legal permanent residents at the time of their activities. They have never been accused of any terrorist action or criminal violation, and the government concedes that their actions would be constitutionally protected if they were U.S. citizens.

The PFLP is a loathsome group that has carried out terrorist activities. It was an important and legitimate policy change, after the Sept. 11 attacks, to tighten the law to make raising money here for terrorist groups a crime. But that law was not in place when Mr. Hamide and Mr. Shehadeh were allegedly involved with the PFLP; they say they were never members but only distributed its magazine. At this point, if not from the outset, the pursuit of two law-abiding, middle-aged men with roots and families in this country is misplaced and even self-defeating on the part of the government. The case of the Los Angeles Eight has become an unnecessary flash point for Arab Americans convinced that the government is discriminating against them.

In addition, the government's behavior undercuts its argument for deportation. "A reasonable argument could be made that if Hamide and Shehadeh have engaged in terrorist activity, particularly in the context of today's world, then the government would be prepared to move heaven and Earth -- not to mention some mounds of paper -- to complete the trial and deportation" of them, Judge Einhorn wrote. Instead, the government has delayed presenting its case and ignored court orders to turn over potentially exculpatory evidence. "The repeated actions of the government in not complying with the court's orders have prevented" the two men "from obtaining fair hearings and closure in their case," Judge Einhorn concluded, calling the government's behavior "an embarrassment to the rule of law."

It's well past time for this to end. The government has until the end of the month to appeal the judge's ruling. It should, instead, drop this case, as it should have done years ago.

HOMELAND RESPONSE:

Gonzales Says Supermax Prison Safe (AP)

By Chase Squires, Associated Press Writer

AP, February 22, 2007

FLORENCE, Colo. -- Attorney General Alberto Gonzales toured a federal prison holding some of the nation's most violent and disruptive inmates on Wednesday and said the facility is secure, but he conceded that it could be improved.

"Are there challenges? Yes," said Gonzales, the nation's top law enforcement official. "Can we do better? Yes."

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Gonzales agreed to visit the prison, known as Supermax, after Colorado's two senators raised concerns about staffing and security.

He stopped short of promising to increase the number of guards or build an additional fence around the compound, as some state and local officials have advocated. Instead, he said he was willing to listen.

"The question is reaching a general consensus on what is needed," Gonzales said. "There may be additional staffing that we can provide to the facilities here."

Supermax, 90 miles southwest of Denver, houses 474 of the nation's most notorious convicts, including Olympic bomber Eric Rudolph and Sept. 11 conspirator Zacarias Moussaoui.

Security at the 490-bed prison, built in 1994 for $60 million, has been under scrutiny for months. Last year, an arbitrator found that staffing levels had made the facility more dangerous, with some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail.

The Justice Department says that all mail and phone calls to and from inmates labeled as terrorists have been monitored since October, and that perimeter security has been beefed up.

Sens. Wayne Allard, a Republican, and Ken Salazar, a Democrat, accompanied Gonzales.

John Gage, national president of the American Federation of Government Employees, also took the tour. He said prison officers are not asking for more money, just more staff.

Bureau of Prisons Director Harley Lappin, also on the tour, said Supermax staffing is higher than it was five years ago and enough to safely manage the facility.

AG Rates Supermax Up To Par (DENP)

By Bruce Finley, Denver Post Staff Writer

Denver Post, February 22, 2007

After tour, Gonzales "comfortable" with prison setup

Florence - A battle over how to run the nation's booming federal prison system intensified Wednesday as U.S. Attorney General Alberto Gonzales, guard-union leaders and lawmakers toured the ultra- high-security Supermax facility and held an unofficial summit.

Gonzales emerged two hours later and pronounced Supermax up to par, lauding recent efforts to make sure mail and phone calls from terrorist prisoners are monitored.

"I'm comfortable with where we are at today on this issue," he said after a Supermax tour that was off-limits to reporters.

But guard-union leaders bristled, warning that thin staffing has put prisons on the brink of disastrous riots as the nation's federal inmate population approaches 200,000.

Supermax union president Barbara Batulis, who accompanied Gonzales, said terrorists housed there still are able to communicate with followers in Spain and Iraq.

Union leaders have begun mobilizing a lobbying blitz to demand $500 million from Congress to hire more guards nationwide, said John Gage, president of the American Federation of Government Employees.

New surveillance technology at Supermax and other prisons ignores the core issue of inadequate staffing, Gage said. "Those cameras will not replace correctional officers. And electric fences? We're not talking about escapes here. We're talking about safety within the walls," he said.

U.S. Sen. Ken Salazar, who accompanied Gonzales along with U.S. Sen. Wayne Allard, also raised questions.

Federal prison chiefs "have to do more. They have to recognize ... we need to have much more linguistic capability in Arabic" in order to understand and assess terrorist-prisoner communications, said Salazar, D-Colo.

Allard, R-Colo., praised Gonzales for being "willing to sit down and listen" in what he and Salazar cast as a continuing dialogue about prison conditions.

Gonzales runs the Justice Department, which oversees some 114 federal prisons. After meeting with guards and supervisors Wednesday, he acknowledged their anxieties. But he made no commitment to hire more guards here or build an outer-perimeter fence.

Improvements in the future are possible. "We're always evaluating what we do," Gonzales said, flanked by Bureau of Prisons director Harley Lappin at a news conference. It's up to Lappin to identify problems in prisons such as increasing assaults, Gonzales said.

In recent days here, outbreaks of violence prompted tower guards at the high-security U.S. Penitentiary adjacent to Supermax to fire lethal and nonlethal rounds to stop inmates from killing one another, said Ken Shatto, union president at the penitentiary.

"Today I'm trying to head off full-blown riots," he said. "That's where I think we are headed. This is no good for the safety and security of staffers and inmates alike."

In Supermax, assaults on guards have increased and convicted terrorists seem to be communicating more by shouting between their cells, while three new interpreters struggle to monitor phone calls and recreation-area communications as well as screen mail, guards and union officials said.

Threats to kill staff members have increased to about 110 last year, double the number in 2005, said chief union steward Bob Snelson, who represented guards last fall before an arbitrator who found dangerous understaffing.

Guards lament that, after a Justice Department inspector general's report and lawmakers focused attention on problems at Supermax last fall, federal prison chiefs began moving staff from the neighboring penitentiary and medium-security prison to Supermax.

"It's a shell game with bodies," Batulis said. These moves increased pressures at the other facilities, where riots in January left several guards injured.

The inspector general's report last fall indicated that three terrorists convicted in the World Trade Center attacks of 1993 wrote more than 90 letters to Islamic extremists outside the prison.

A Bureau of Prisons document made available Wednesday said that newly hired language specialists have not received sufficient intelligence training and that "BOP's intelligence capability ... is not well-developed."

Attorney General Tours Supermax (PUEBCHF)

By Tracy Harmon

Pueblo (CO) Chieftain, February 22, 2007

FLORENCE - U.S. Attorney General Alberto Gonzales toured the nation's most secure federal prison - Supermax - Wednesday and was assured security measures have been taken to beef up safety.

Gonzales toured the prison with U.S. Sens. Ken Salazar, D-Colo., and Wayne Allard, R-Colo., as well as Federal Bureau of Prisons chief Harley Lappin and U.S. Rep. Doug Lamborn, R-Colo. Gonzales is the second of the nation's chief law enforcement officers to visit the prison - former U.S. Attorney Janet Reno helped dedicate Supermax in January 1995.

"I heard from Senators Salazar and Allard their concerns about the facility here in Florence and what we could do," Gonzales said. "We had good discussions with staff today and are committed to a safe facility here and at facilities throughout the nation.

"I want to ensure we are doing everything we can for the wonderful people who work here and the safety of the community," Gonzales said.

Salazar said since he and Allard took separate tours of Supermax late last year that additional staff have been added, technology has been improved and in lieu of perimeter fencing being added, a control tower has been enhanced to provide a 360 degree view of the complex and an armored vehicle has been added to patrols.

"We are committed to making sure this is the safest and most secure for the protection of the people who work and live here," Salazar said.

Guard towers loom over the Supermax facility, the highest security area at the Federal Prison in Florence. Officials there told U.S. Attorney General Alberto Gonzales that perimeter security for the federal prison complex had been increased in recent months.

Allard said the tour Wednesday was fruitful.

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"This is a great complex with employees that do a great job. We probably will not be able to address 100 percent of the concerns at least right away, but more employees and more security could be coming in the future," Allard said.

Since the Inspector General's office issued a report last year detailing relaxed inmate phone and mail monitoring, the Bureau of Prisons has monitored 100 percent of the general mail being sent to or from inmates designated as terrorist inmates since October of last year. Mail is not delivered to or sent from terrorist inmates until after it is read and translated if necessary.

Lappin said the bureau has added additional translator analysts. As a result, 100 percent of phone calls for terrorist inmates are monitored; however, because language translators may not always be available, the prison records the conversations for later translation.

According to a Bureau of Prisons press release, the Supermax prison is at 92 percent staffing level with 327 staff members. Lappin was questioned about a bureau report which indicated that a minimum 240 correctional officers are needed at the prison.

"There were 185 correctional officers at this same time last year. It may have been that 240 were needed years and years ago, but with the current population, we can safely manage with the number of officers we have - staff numbers coming down at a prison after it has opened is not uncommon," Lappin said.

Gonzales was questioned about union officials' characterization of a general deterioration of all federal prisons.

"I have heard the anxiety and I would like to know the source. Have there been an increased number of assaults and if in fact there have and those concerns exist, we have good communication in place to resolve the issues," Gonzales said.

"There is anxiety with any change and how to manage an increasing prison population," Lappin said. "Are there challenges? Yes. Can we do better? Yes. This is what this (tour) is all about."

Technology improvements at Supermax include the addition of 96 cameras over the past two years, replacing 64 older cameras for a total of 400 cameras in operation in the prison. A complexwide armed mobile patrol vehicle was added in December to provide additional perimeter security.

A beefed-up command tower has been made taller and outfitted with an encrypted monitoring system which provides ground-level and overhead views of all four prisons at the complex. In addition, plans are in place to further enhance the abilities of the tower.

In terms of future spending and oversight of additional funds being funneled to the Department of Justice, Allard said he and Salazar will continue to work with the bureau and participate in budget hearings to ask tough questions.

Supermax Security Concerns Are Being Addressed, AG Says (RMN)

By Dick Foster, Rocky Mountain News

Rocky Mountain (CO) News, February 22, 2007

Staffing levels adequate; mail, calls monitored

FLORENCE - All the mail and telephone calls of terrorists housed at Supermax, the nation's highest-security prison, are being monitored under new tighter security procedures, U.S. Attorney General Alberto Gonzales said Wednesday after touring the prison.

Less certain are other security improvements sought by the prison's staff and the townspeople of Florence, including more corrections officers and a perimeter fence around the four-prison federal complex that includes Supermax.

Supermax's 475 inmates are considered the most dangerous in the country's federal prison system and include a roster of international and domestic terrorists: Sept. 11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef, shoe bomber Richard Reid, Unabomber Ted Kaczynski, and Olympic and abortion clinic bomber Eric Rudolph.

Security troubles cast the prison into the national spotlight last fall after a Justice Department inspector general's report found that a shortage of Arabic translators prevented the screening of dozens of letters from convicted terrorists to Islamic extremists between 2002 and 2004.

That problem has been solved, said Gonzales, who toured the prison with Colorado's two U.S. senators, Wayne Allard and Ken Salazar, and Rep. Doug Lamborn, whose congressional district includes the prison.

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"I am confident that we're doing what we should be doing monitoring communications in and out of the facility," Gonzales said.

About 30 Supermax prisoners have been designated terrorists by the courts, making them subject to special security measures.

Federal Bureau of Prisons officials said that since last October it has monitored 100 percent of the mail and phone calls of the designated inmates.

The Bureau of Prisons also has beefed up its counterterrorism unit to enhance monitoring of terrorist inmates' communications and two FBI agents have been assigned to the prison, officials said.

Other prison security improvements may not come about as quickly.

The Supermax staffing level was 15 percent to 25 percent below what the Bureau of Prisons defined in a 2005 "mission critical" report as the minimum staffing level to operate the prison safely, officials of the prison employees' union said last summer.

Since then, the staff has been increased from fewer than 180 to 193, with several of the new employees coming from the neighboring high-security and medium-security prisons in the Florence complex.

"It's robbing Peter to pay Paul," said Barbara Batulus of the Association of Federal Government Employees, which represents the federal prison staffers.

But Bureau of Prisons Director Harley Lappin, who accompanied Gonzales Wednesday, said he was comfortable with the current Supermax staffing level.

No Promises For Supermax Fence, Guards (COLOSG)

By R. SCOTT RAPPOLD

Colorado Springs (CO) Gazette, February 22, 2007

U.S. attorney general says security has been improved

FLORENCE - The nation's top law enforcement official said Wednesday that recent changes have improved safety at the federal Supermax prison, home to terrorists and many of the nation's most dangerous criminals.

U.S. Attorney General Alberto Gonzales didn't pledge to hire more staff or build a perimeter fence — two of the concerns that have been voiced by local officials and the union representing Supermax employees — but said such measures are still options.

"There has been additional staffing. We've got additional technology in place," Gonzales said during a news conference after touring the prison. "We've provided

additional tools to deal with the concern about perimeter fencing."

Gonzales visited the prison at the request of U.S. Sens. Wayne Allard, a Republican, and Ken Salazar, a Democrat, who accompanied Gonzales on Wednesday, along with U.S. Rep. Doug Lamborn, R-Colorado Springs.

The prison has been under fire since last fall, when a federal report revealed inadequate scanning of terrorists' mail and an arbitrator ruled staff cuts have made the prison dangerous for employees.

Officials said more mail screeners have been hired, and new hires have brought the number of correctional officers to 193. There were 240 when the prison opened. Officials said 92 percent of authorized positions have been filled.

"We believe we can safely manage this institution with the current population and the current procedures with the number of correctional staff we have," said Harley Lappin, director of the U.S. Bureau of Prisons, who also toured the prison.

Officials also touted the addition of 96 cameras, an armed mobile patrol vehicle, a new communications tower with an overhead view of the entire complex and other "technological advances" to improve security.

The senators praised the changes at the prison, though they said more new officers may be needed — something Gonzales said would be considered if deemed necessary.

"We're not able to hit 100 percent of what we want to have here," Allard said. "We're probably not going to be able to take care of all of these concerns, at least immediately."

Gonzales said a perimeter fence, estimated to cost $20 million, is still on the table, though it doesn't appear necessary.

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"The question is, is that a wise use of taxpayer dollars going forward?" Gonzales said. "That's something the senators and I will be engaging in a dialogue about.

"I am committed to ensuring that we have safe and secure facilities, not just here but throughout all of our federal facilities," he said.

State Rep. Liane "Buffie" McFadyen, whose district includes Supermax and 11 other prisons, has been one of the most vocal Supermax critics. She said more officers are still needed.

"If I have to choose between the increased staff from the bureau or the fence, I would like the staff," McFadyen said.

Supermax Tour (KXTU)

By Christina Salvo

KXTU-TV, Fox 21, Colorado Springs/Pueblo, February 22, 2007

US Attorney General Alberto Gonzales toured the Supermax Prison in Florence Wednesday along with Senators Ken Salazar and Wayne Allard to see what steps have been taken to improve the safety and security of the facility.

The prison has been criticized by state and federal officials because of staffing levels inadequate monitoring and security measures. Supermax houses some of the most harden criminals including both foreign and domestic terrorists, which is what raised so many eyebrows when a report came out last year faulting the facility for among other things not reading all incoming and outgoing mail from the highest-risk prisoners and not monitoring telephone calls.

"I am confident were doing what should be doing to monitor communication both in and out of these faculties," said Attorney General Gonzales.

Big words following big steps that have been taken in the last few months to address security and safety issues in what should be the nation's most secure penitentiary.

"The issue of additional staffing: there are now some additional correctional officers that have been added to this facility," said Sen. Salazar.

Presently the Department of Justice reports 92% of authorized positions are filled putting the inmate-to-staff ratio at 1.5:1, the lowest of its kind in comparison.

But is that enough for a prison housing some of the world's most dangerous criminals?

"I think we have additional funding and one of the things we will look at is should there be additional staffing," said the Attorney General.

While he has pledged his commitment and obligation to addressing any additional security needs, the question the Attorney General said will be reaching a consensus on what is absolutely needed. A perfect example is the debate over what some said is the need to replace the "cow fence" that currently lines the perimeter with a hardened one. Since the issue was 1st raised additional steps have been taken to address that concern . We now have armed mobile patrol, now have a tower with additional surveillance. So the question now is whether that is a wise use of tax payers dollars," said Gonzales.

With regard to the concern over monitoring inmate communication the Department of Justice reports that the Bureau of Prisons has monitored 100% of mail sent and received by inmates designated as terrorists as well as their phone calls.

While the Attorney General Gonzales said he is satisfied with the steps that have been taken, more can be done to continue to safeguard those who work inside Supermax and those that live in the surrounding area.

US Attorney General Addresses Supermax Security (KRDO)

By Stephanie Wurtz

KRDO-TV, ABC 13, Colorado Springs, February 22, 2007

It houses some of the most dangerous criminals in the world, but is Colorado's Supermax Prison secure? The nation's top law enforcement official toured the complex Wednesday. After his tour, US Attorney General Alberto Gonzales said he's confident in the security of the prison complex and is satisfied that steps have already been taken to address safety concerns. But he and Colorado's lawmakers agree: work at Supermax is not done. "We all care, in a very united way, that we have safe and secure facilities," says Sen. Ken Salazar, (D) Colorado, "there are issues that have been raised and we have addressed some of those." Addressing concerns by adding some staff and security cameras.

The complex has also employed translators and increased the monitoring of inmate mail and phone calls. "Whether or not they have any terrorist connections, whether or not they've been ordered to subject to any administrative restrictions, will dictate the level of monitoring that does occur," says Gonzales, "but we've had some good discussions about that and I'm confident we're doing what we should be doing." One item still unresolved-- the question of whether the complex needs more perimeter fencing. "We now have armed mobile patrols, we now have a tower that provides additional surveillance," Gonzales says of increased perimeter security, "so the question is whether or not [perimeter fencing] is a wise use of taxpayers' money going forward."

Lawmakers and law enforcement will continue to discuss that issue and any future changes may be needed at Supermax. "Not only is this a great complex that does a great job, but also," says Sen. Wayne Allard, (R) Colorado, "we understand that we're probably unable to meet 100% if the needs of what we want to do here." But Gonzales says the tour was a step forward in what he calls an ongoing process. "We're always evaluating what we do; not just in this area, but everything we do in fighting crime and fighting terrorism," says Gonzales. The attorney general didn't offer any specifics about what may be next in the future of Supermax, but did reiterate the fact that discussions will continue.

Guard Union Calls 'new' Staffers Shell Game By Feds (PUEBCH)

By Tracy Harmon, THE PUEBLO CHIEFTAIN

Pueblo (CO) Chieftain, February 22, 2007

FLORENCE - Union officials on Wednesday accused the Federal Bureau of Prisons of taking correctional staff intended for other prisons to help staff the Supermax penitentiary.

The Supermax, which is referred to by prison officials as the Administrative Maximum Security U.S. Penitentiary, houses the nation's most dangerous inmates, including convicted terrorists.

"We got our 18 (additional officers), but they are taking staff from other institutions and funneling them to ours," said Barb Batulis, American Federation of Government Employees Local 1302 president for the Supermax. "It is like robbing Peter to pay Paul and they are trying to put it back on me because I told them they had to do something about the staffing."

Union officials suspect that the 18 new officers put on staff at Supermax actually were supposed to go to work at the lower security Federal Correctional Complex prisons in Florence. The complex houses four prisons - Supermax, the high-security United States Penitentiary, the medium-security Federal Correctional Institution and a low-security camp.

"Even with the additional staff, we are still below 'mission critical' levels of at least 20 correctional officers," Batulis said. "And we haven't gotten any additional (Arabic) translators. We still have just three and that is not a lot to monitor all the calls and mail for the (terrorist) inmates."

Holly Pruyne, who is the Local 1300 president representing the medium security and camp prisons, said five correctional officers intended for the Federal Correctional Institution were reassigned to Supermax.

"The FCI has a maximum rated capacity of 794 inmates. We are at 1,174 inmates now and are going up to 1,300. We have 79 percent of the staff we need for the basic mission critical status," Pruyne said.

Union officials said on Jan. 3 and Jan. 9, when disturbances were occurring at the high-security penitentiary, staff from both Supermax and the FCI responded to help. With a total of 42 staffers responding, the incidents left the FCI with few officers and inmates who were not on lock-down status.

"These inmates know this," Pruyne said. "Another example is that there will be four people at the front gate (Wednesday) for the (Attorney General Alberto Gonzalez's visit) dog-and-pony show and two of them were pulled from phone call monitoring at the FCI."

John Gage, president of the American Federation of Government Employees national union of Washington, D.C., was among high-ranking union officials in town Wednesday to bring a voice to the short staffing problem, which he said exists across the nation.

"The reason we are here is because there is a storm occurring in the correctional industry," Gage said. "The Bureau of Prisons is trying to replace correctional officers with technology, in a minimalist approach that is certainly not working."

Gage said the federal inmate population is growing by nearly 9,000 inmates a year, while staffing is down. He said prison problems have increased as a result.

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In the two-year period from February 1999 to January 2001 federal prison assaults on staff numbered 2,095; between 2003 and 2005, the assaults on staff increased by 778.

Another alarming statistic, Gage said, is that the instances of tower officers taking shots into prison compounds has gone up 500 percent.

"This is simply about cutting money and risking safety. It is disingenuous of the administration to say cameras or electric fences are improving safety in the prisons. There is never a replacement for the professional correctional officer," Gage said.

Gage said union officials believe it would take $500 million to correct the problem. He said Congress has dedicated an additional $143 million in the budget for the U.S. Justice Department for 2007.

"Now the Justice Department has to put that money into staffing," Gage said.

Batulis said she and other union officials will return to the nation's capital next week to lobby Congress and "follow where the money goes to make sure it goes where it is supposed to go."

Volunteer Group Lags In Replacing Gulf Houses (NYT)

By Leslie Eaton And Stephanie Strom

The New York Times, February 22, 2007

BAY ST. LOUIS, Miss. — In the two years following the 2004 tsunami in the Indian Ocean, Habitat for Humanity International, the nondenominational Christian ministry, built or repaired 8,500 houses in Indonesia, Thailand, India and Sri Lanka.

Habitat for Humanity seemed poised to do the same thing along the Gulf Coast after Hurricane Katrina hit in 2005. Just days after the storm, its chief executive appeared on CNN, promising to build and repair as many homes as it could pay for, "hopefully in the thousands." The organization quickly mustered 50,000 volunteers, raised $127 million, and attracted prominent backers like President Bush and the New Orleans jazz luminaries Harry Connick Jr. and Branford Marsalis.

But almost 18 months after storms destroyed more than 250,000 homes, Habitat for Humanity says it has built just 10 houses for poor hurricane victims here, 36 in New Orleans, and a total of 416 along the entire coast, from Alabama to Texas. More are under construction, for a total of 702.

That slower pace reflects, in part, the more complex houses that Habitat builds in the United States, as well as the mind-numbing issues — involving insurance costs and government regulations — that seem to have bogged down efforts to rebuild after Hurricanes Katrina and Rita.

But Habitat International is starting to face criticism that its procedures are slow, rigid and perhaps unsuited to helping disaster victims, however rewarding its efforts are for its volunteers. The organization is working through its independent local affiliates, which function like franchises and which have tended to build a dozen houses a year each.

"I don't think they were prepared to undertake the massive rebuilding efforts required after Katrina," Fred Carl Jr., who was the Hurricane Katrina housing coordinator for Gov. Haley Barbour of Mississippi, wrote in an e-mail message.

"I think they're very good at building a few homes through their local chapters," Mr. Carl continued, "but this was a whole new ballgame and I think they may have underestimated the vast challenge this involved."

This criticism is echoed by some leaders of charitable and housing groups who are reluctant to be quoted because they work with Habitat. Some suggest that Habitat's insistence on working through affiliates has slowed it. The group has spent $61.5 million of the $127 million it raised for the Gulf Coast. Nearly three dozen of the houses it has built were paid for by other charities.

Even within the organization, some have questioned its continued emphasis on building from scratch, rather than on helping people repair and rebuild damaged houses.

Habitat for Humanity officials say they hit the ground running after the storms and are pleased with the pace of building. The group says it will meet its goal of 1,000 houses under construction or completed by the end of August, the second anniversary of Hurricane Katrina, and it plans to build 1,000 more.

Along the Gulf Coast, "we had built 57 homes a year, now we're building 57 a month," said Kenneth J. Meinert, a volunteer who left his job running a building company in Canada to coordinate Habitat for Humanity's storm response. "In these conditions, to have built 700 homes, it's an absolute work of God," he added.

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Habitat, with more than $1 billion in annual revenues, is based in Atlanta and Americus, Ga., and has operations worldwide. Its mission often seems as much about providing spiritual fulfillment to its volunteers as it is about improving new homeowners' lives.

"Habitat really taps into this American ethos, this real barn-raising sensibility," said Jerome P. Baggett, a professor at the Jesuit School of Theology at Berkeley, who has written a book on the group. "But building many houses is more complex than building the occasional barn."

Traditionally, Habitat volunteers raise money and use donated materials to build $60,000 houses in their own communities. In the region today, most of the volunteers come from "away," as Mr. Meinert put it, and the group has used some factory-built modular houses.

In an interview here, Mr. Meinert said that about 400 of the 700 houses were what the group calls House in a Box projects, framed outside the Gulf Coast by volunteers and then trucked south for assembly.

Habitat for Humanity lent volunteers to house-gutting groups, he said, and has given some of its money to other organizations working on the Gulf Coast, including $3 million to help finance home repairs.

So far, Mr. Meinert said, of the $61.5 million spent, about $15 million has gone to Louisiana affiliates and $15 million to those in Mississippi.

Critics have questioned Habitat's continued emphasis on building new homes rather than on rehabilitation. They note that other groups have done more with this approach: volunteers from Southern Baptist churches mucked out 12,000 houses in Mississippi alone, and have rebuilt or repaired 3,000, while volunteers from Mennonite congregations have repaired hundreds of houses and built 31 new ones last year. Even the small Southern Mutual Help Association, a nonprofit that reported revenues of $3.3 million in 2005, has helped rehabilitate or rebuild more than 500.

In one successful variation on the national group's procedures, Habitat's Northern Virginia affiliate has rebuilt two dozen houses in East Biloxi, Miss., and plans to build 50 more this year. Karen Cleveland, the executive director of the Virginia group, said it paid $10,000 to $15,000 a house.

Like others urging Habitat International toward flexibility, Ms. Cleveland traveled to its offices in Americus to make the case for a similar approach across the organization. She was told the group was committed to the House in a Box strategy.

Ronnie McBrayer, the former director of Habitat for Humanity's affiliate in Walton County, Fla., said his group's efforts to help rebuild the town of Pearlington, Miss., had been met with indifference and then hostility from some organization officials. Habitat insisted its name be removed from that project, which was focused on providing interim housing for people living in tents, he said.

Mr. Meinert of Habitat International said the Florida affiliate was doing work that was not traditionally part of the group's mission. "We would not take donors' money and send it there in large quantities to build temporary housing," he said.

Mr. McBrayer, now a hospital chaplain, said there was a conflict of values between his affiliate and national leaders. "Our grass-roots group values speed and putting a roof over heads," he said.

The organization had some experience in disaster recovery before the tsunami. But the wave of donations that followed it prompted the group to create a special unit that has spent about $42 million of the more than $71 million it collected for building and repairing 8,500 houses overseas, said Mike Carscaddon, the organization's executive vice president.

The money went farther there in part, he said, because houses in developing countries are typically smaller than homes here and cost about $5,000 apiece.

Habitat for Humanity does not give houses away; it provides 20-year no-interest mortgages and uses the payments to finance more houses. To qualify, families must have incomes well below the median for their areas, but steady enough to cover mortgages. (Traditionally, 90 percent of applicants are rejected.)

They must also have good credit, agree to contribute several hundred hours of "sweat equity," attend classes on finances and homeownership and in some areas, including New Orleans, come up with several thousand dollars for taxes and insurance.

Those strict requirements have frustrated some applicants for one Habitat project, Musicians' Village, set on eight acres in the Upper Ninth Ward of New Orleans. The project was publicized as a way to bring back the city's displaced traditional jazz and

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blues musicians, though it will include nonmusicians, too. It will also have several duplex apartments for older musicians and a community center.

Some musicians have complained that Habitat has rejected them, and others that its processes discouraged them from applying.

Tanio Hingle, the bass drummer with the New Birth Brass Band, said he had applied for the program but was not pursuing it. He said he thought Habitat should provide housing first and worry about the paperwork later.

Complaints like his started surfacing in the New Orleans news media last year. Mr. Connick and Mr. Marsalis recently asked Jackie Harris, a music producer who now works for them, to help musicians through the process for the Habitat project, which will eventually include more than 70 houses on-site and 150 in the area.

Ms. Harris said the musicians and Habitat had misunderstood one other but were adjusting. “It’s been a learning curve for both,” she said.

Habitat officials say that in New Orleans and in Covington, which is across Lake Pontchartrain, their efforts have encouraged homeowners and private developers to build or rehabilitate nearby houses.

And they say they have been flexible after the hurricanes, reducing the hours of required sweat equity, for example, and allowing musicians to use performance records rather than pay stubs to prove income.

Along the Gulf Coast, those fortunate enough to qualify for Habitat housing call it a blessing. Sylvia Ragan, a dialysis technician, is moving into a house here on Union Street after living in a trailer for 18 months with her daughter, Denetra Shelley, who is 11.

“I couldn’t pay anybody for the blood, sweat and tears that went into this house,” Ms. Ragan said. “I will cherish this forever.”

Post-Katrina Baton Rouge Struggles With Its Identity (USAT)

By Kevin Johnson

USA Today, February 22, 2007

BATON ROUGE — The tables are dressed in crisp, white linen. Many of the signature dishes that made Galatoire's restaurant an institution on New Orleans' Bourbon Street — the Oysters Rockefeller, the Salad Maison, the Trout Amandine — are on the menu.

But outside this Galatoire's, there's no bawdy street scene. Instead, Galatoire's Bistro — opened hastily in late 2005 after the flooding from Hurricane Katrina forced the Bourbon Street location to close for several months — is the unlikely anchor of a shopping center in suburban Baton Rouge.

It's a taste of New Orleans wrapped in suburban sprawl, a symbol of the post-Katrina migration that continues to redefine daily life in this city 80 miles northwest of New Orleans. Perhaps no other city was affected more by the hundreds of thousands of people who fled New Orleans after Katrina hit Aug. 29, 2005. Within days, Baton Rouge, a city of 225,000, was an overwhelmed mass of about 500,000.

Many evacuees were just passing through, but city officials say that today, Baton Rouge's population remains 275,000-325,000. From the Los Angeles-style gridlock on Interstate 10 to the overcrowded schools and the escalating real estate prices that have fueled a housing crunch, Baton Rouge has the look and feel of a place grappling for control of its direction.

And although the influx of new residents hasn't dramatically increased crime rates, many residents sense that Baton Rouge has lost some of the small-city civility it enjoyed during what they call "Pre-K" — before Katrina. Last spring, a Louisiana State University survey examining Katrina's impact found that 30% of Baton Rouge residents believed that "rude and unfriendly" people were a serious problem in the city.

Residents' most common complaint? The traffic, by far. More than two-thirds of those surveyed by LSU said it was a serious problem.

Baton Rouge's population has reached the mark that pre-Katrina projections estimated for the year 2030. Government officials say their planning for a range of projects has had to be accelerated by up to a quarter-century.

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Since Katrina, voters have approved a $500 million road-building plan that is being funded by sales tax receipts. Meanwhile, the police department is scrambling to add 100 officers to its 600-member force at a time when police and fire units are being stretched by emergency calls.

The expansion of public safety units is being funded by a benefit of Baton Rouge's growth: a $25 million surplus from sales tax revenue from 2005 and 2006.

The financial picture isn't as clear in the Ascension Parish and East Baton Rouge Parish school systems, which need dozens of buildings to handle the addition of more than 4,000 students since Katrina. It's unclear when the schools could be built or how they'd be funded.

"We'll never be the Baton Rouge we were prior to Katrina," Mayor Melvin "Kip" Holden says.

Evacuees "changed the landscape of this region forever," Baton Rouge police Sgt. Don Kelly says. "None of us really knows what the long-term impact will be."

The message on the electronic billboard on westbound I-10 on a recent afternoon warned drivers that a 3-mile stretch toward downtown would take nearly 20 minutes to travel.

On Baton Rouge-area highways and roads where congestion was rare less than two years ago, lengthy, grind-it-out trips often are the norm — regardless of the time of day.

To make sure she arrives at her Postal Service job in New Orleans for the start of her 11 p.m. shift, hurricane transplant Kathleen Lucien sometimes leaves her home in Baton Rouge at 8 p.m.

Unlike many other urban areas, Baton Rouge does not have a highway loop around it to help ease congestion on local streets.

Holden credits his election in November 2004 to a campaign that emphasized transportation improvements. However, it wasn't until after Katrina that voters approved the $500 million plan to improve roads. Three dozen congestion spots are targeted for improvements; about 80% of the work will be done in the next decade.

Holden says the city needs at least another $1 billion to rebuild 50 miles of the sewer system, build and fix sidewalks and expand I-10.

"The city has changed," Holden says, adding that state and federal assistance will be needed.

Ascension Parish schools Superintendent Donald Songy says he'll never forget the scene at Dutchtown Middle School when students returned to the suburban Baton Rouge campus after the summer break last September.

The first day of school always involves some chaos, Songy says, but this was ridiculous. Nearly 2,000 children converged on a campus that normally had about 1,100. A gym was converted into three sixth-grade classrooms.

"We got hit with 10 years of growth overnight," Songy says.

Before Katrina, school officials in Ascension Parish had estimated the area's deliberate growth would put their system's enrollment at about 16,000 students from 2010 to 2015. In the fall of 2006, a year after Katrina, 18,000 students were registered in Ascension Parish schools. Songy says the growth occurred so quickly that the "personality of the district" changed instantly, from rural to "booming suburbia."

Next year, the first of five new schools is scheduled to open. Songy says that even if it could open now, it would be overcrowded.

A similar surge in enrollment occurred in the urban East Baton Rouge Parish school system, on a much larger scale.

After Katrina, enrollment jumped from 46,212 to 52,923. It has declined since then, as some families who fled New Orleans for Baton Rouge have moved on. Enrollment in East Baton Rouge Parish now is about 48,465, Superintendent Charlotte Placide says.

To help the school system handle the growth, Placide says, the Federal Emergency Management Agency (FEMA) built 78 temporary classrooms on 39 campuses. Placide reopened two schools that had been closed. She says that when the schools opened less than a month after Katrina, every student and teacher in them was an evacuee.

The FEMA classrooms helped, but Placide says the district needs more permanent buildings. She says that even if more classroom space can be arranged, she worries about the system's ability to help students scarred by the trauma surrounding the flooding and evacuation of New Orleans.

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"Many of these children had difficult experiences in that hurricane," she says. "How that will play out as they get older, I don't know. I'm concerned about the unknown."

When the first wave of evacuees washed into Baton Rouge, fear spread across the city, Kelly says. There were reports — nearly all false — of looting, rioting and armed gang members running wild, he says.

"There was a genuine fear that the city would be overrun," Mayor Holden says.

To Holden's relief, fears that Katrina evacuees would spark a sustained crime wave in Baton Rouge have not been realized.

The month after the storm, robberies and car thefts did rise by nearly 50%, according to Baton Rouge police records. Homicides increased from 47 in 2004 to 56 last year, but given the rise in Baton Rouge's population, the total from 2006 actually represented a lower homicide rate per capita than the city had the year before Katrina.

The experience has been different in other cities with significant numbers of hurricane evacuees —notably Houston, where an estimated 150,000 evacuees fled. Houston Police Chief Harold Hurtt says his department linked evacuees to 24% of the slayings there during the first five months of 2006.

In Baton Rouge, Kelly says, perhaps a few of the 56 slayings last year involved evacuees. "There is a perception to this day that evacuees are driving (an) increase in crime," he says. "That is not necessarily so."

Kelly says there is anecdotal evidence that evacuees who settled in Baton Rouge were likely to have family or friends here, perhaps making the evacuees less likely to resort to crime than those who went elsewhere. Even so, the police department is rushing to boost personnel to keep up with the demands of the population increase. The 100 new cops planned for the department will be hired over the next four years.

The hiring is "related to the population increase," Kelly says. "We're still seeing growth."

In Springbrook, a new subdivision of homes southeast of Baton Rouge, move-in days have a non-traditional look.

Many buyers show up to take possession of their new homes without any moving vans or trucks loaded with furniture. Eric Dudley, a salesman for KB Homes, says that generally, a car pulls up with all of a family's possessions packed in a few suitcases or plastic bags.

"A lot of the people we see are people who have lost everything," Dudley says. "They are just trying to get their lives back together."

At least 40% of the people moving into the 55-acre development were displaced by the storm, says Clint Szubinski, KB's Gulf Coast region president. Those who settle there are fortunate: Because of the rising demand for homes here, prices are escalating beyond the reach of many potential buyers, creating what real estate analysts say is a crisis in affordable housing.

The average home price in East Baton Rouge Parish in 2006 was $15,000 more than in 2005. In Ascension Parish, the average home price was $201,846 last year, up from $161,673 in 2005.

Rents increased after the storm by about 12%, according to D. Wesley Moore, an adjunct professor at LSU's Real Estate Research Institute. Before the storm, a typical two-bedroom apartment rented for $627 per month. Afterward, the average was $703.

David McKey, incoming president of the Baton Rouge Board of Realtors, says the most urgent need is for affordable homes costing $100,000-$150,000. The city's goal is to boost the supply of such housing by 5,000 units within five years.

In Springbrook, where homes sell for $160,000-$180,000, the price was right for Kathleen Lucien, her daughter, Nina, and Lucien's 6-year-old grandson, Jadon, all formerly of New Orleans' heavily damaged 9th Ward. Lucien says she bought in Baton Rouge so "we'll never have to run from a hurricane again."

She still thinks of rebuilding her home in New Orleans, if she can reach a settlement with her insurance company. On her daily commute to and from New Orleans, she often drives by her old place. "A lot of people I know are staying here," Lucien says. "The people of Baton Rouge greeted us with open arms, mostly. I like it in Baton Rouge. But I still love New Orleans."

WAR NEWS:

Britain To Remove 1,600 Troops From Iraq By Spring (LAT)

By Kim Murphy, Times Staff Writer

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The Los Angeles Times, February 22, 2007

LONDON -- Britain's decision to pull 1,600 troops out of Iraq by spring, touted by U.S. and British leaders as a turning point in Iraqi sovereignty, was widely seen Wednesday as a telling admission that the British military can no longer sustain simultaneous wars in Afghanistan and Iraq.

The British military is approaching "operational failure," former Defense Staff chief Lord Charles Guthrie warned this week.

"Because the British army is in essence fighting a far more intensive counterinsurgency war in Afghanistan, there's been a realization that there has to be some sort of transfer of resources form Iraq to Afghanistan," said Clive Jones, a senior lecturer in Middle East politics at the University of Leeds, who has closely followed Britain's Iraq deployment.

"It's either that, or you risk in some ways losing both," he said. "It's the classic case of 'Let's declare victory and get out.' "

Prime Minister Tony Blair's government has been pressed to add 800 new troops to Afghanistan to halt a resurgent Taliban and a worrying escalation of drug trafficking, at the same time that it is beset by criticism for joining the United States in an unpopular invasion and prolonged war in Iraq.

The decision to draw down forces by more than 20 percent in the southern city of Basra means that Britain will significantly shrink its military footprint at a time when the Pentagon is increasing U.S. forces to battle militants to the north, in Baghdad and Anbar province.

The Bush administration hastened to present the British decision as an indication that the U.S.-led military operation was succeeding. Vice President Dick Cheney called the reduction "an affirmation of the fact that there are parts of Iraq where things are going pretty well," and White House press secretary Tony Snow said the U.S.-led coalition "remains intact" despite a roster that has fallen from 35 countries in 2004 to 25 now.

But the Pentagon, in its most recent quarterly report to Congress, listed Basra as one of five cities outside Baghdad where violence remained "significant," and said the region is one of only two that are "not ready for transition" to Iraqi authorities.

Once a promising beacon, Basra suffers from sectarian violence as well as Shiite militia clashes over oil smuggling. Ferocious street battles have broken out between rival Shiite groups in provincial capitals such as Samawa, Kut and Diwaniyah over the last year.

Democratic leaders in Congress denounced the Bush assessment as misleading.

"No matter how the White House tries to spin it, the British government has decided to split with President Bush and begin to move their troops out of Iraq," said Sen. Edward Kennedy, D-Mass. "This should be a wake up call to the administration. Prime Minister Blair's announced redeployment of British troops is a stunning rejection of President Bush's high-risk Iraq policy."

U.S. House Speaker Nancy Pelosi, D-Calif., said the British decision "confirms the doubts in the minds of the American people" about the decision to boost the U.S. force.

"The president's escalation plan to send more U.S. troops to Iraq is out of step with the American people and our allies," Pelosi said in a written statement. "Why are thousands of additional American troops being sent to Iraq at the same time that British troops are planning to leave?"

In Britain, Blair's opponents quickly painted the withdrawal as an admission of failure. "The unpalatable truth is that we will leave behind a country on the brink of civil war, in which reconstruction has stalled and corruption is endemic, and a region that is a lot less stable than it was in 2003," Liberal Democratic leader Menzies Campbell said in Wednesday's parliament debate on the troop drawdown.

"That is a long way short of the beacon of democracy in the Middle East that was promised some four years ago," he said.

For Blair, the decision to begin reducing Britain's 7,100 troops in the south to 5,500, with possible further withdrawals later in the year, was almost a political necessity. His Labor Party is trailing in the polls ahead of crucial regional elections in the spring, and Blair is preparing to hand over the country later this year to his likely successor, chancellor of the exchequer Gordon Brown, who favors a phase-out of Britain's deployment in Iraq.

In announcing the troop reductions, Blair said they coincide with the increasing assumption of security responsibilities by Iraqi military and police forces. He said British troops will continue to patrol the border with Iran and remain at their main base in Basra through at least 2008, to assist Iraqi forces if needed.

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"It is important to show the Iraqi people that we do not desire our forces to remain any longer than they are needed; but whilst they are needed, we will be at their side," Blair told Parliament.

Most analysts say the prime minister's assertion that significant progress has been made in securing southern Iraq stretches facts on the ground. Though the south is not nearly as violent and chaotic as the capital and the Sunni heartland, it remains jittery, unstable and frequently bloody. Shiite militias and armed gangs lord over cities like Basra and Amara, as well as the long desolate stretches of roadway through the marshlands and deserts of the south.

British bases in Basra regularly come under mortar fire. British troops engage in almost daily gunfights with militiamen. In recent months, the British offices all but evacuated their downtown base and moved to a more secure site on the grounds of the city's airport.

A study on the south issued this week by the Washington Institute for Near East Policy, a think tank that has been sympathetic to the administration's foreign policy goals, describes southern Iraq in dire terms. It notes that Basra itself, once one of Iraq's more liberal and cosmopolitan cities, has become a bastion for Islamists who use the south's vast oil wealth to "fill their war chests."

"The province has suffered one of the worst reversals of fortune of any area in Iraq since the fall of Saddam's regime," said the report.

Times staff writers Borzou Daragahi in Baghdad, and James Gerstenzang, Paul Richter and Peter Spiegel in Washington contributed to this report.

Ally's Timing Is Awkward For Bush (WP)

By Jonathan Weisman And Peter Baker

The Washington Post, February 22, 2007

As the British announced the beginning of their departure from Iraq yesterday, President Bush's top foreign policy aide proclaimed it "basically a good-news story." Yet for an already besieged White House, the decision was doing a good job masquerading as a bad-news story.

What national security adviser Stephen J. Hadley meant was that the British believe they have made enough progress in southern Iraq to turn over more of their sector to Iraqi forces. To many back in Washington, though, what resonated was that Bush's main partner in Iraq is starting to get out just as the president is sending in more U.S. troops.

No matter the military merits, the British move, followed by a similar announcement by Denmark, roiled the political debate in Washington at perhaps the worst moment for the White House. Democrats seized on the news as evidence that Bush's international coalition is collapsing and that the United States is increasingly alone in a losing cause. Even some Republicans, and, in private, White House aides, agreed that the announcement sent an ill-timed message to the American public.

"What I'm worried about is that the American public will be quite perplexed by the president adding forces while our principal ally is subtracting forces," said Sen. John W. Warner (R-Va.), a longtime war supporter who opposes Bush's troop increase. "That is the burden we are being left with here."

The notion that the British pullback actually signals success sounds like bad spin, added Sen. Arlen Specter (R-Pa.). "I think it's Alice in Wonderland looking through the looking glass," he said.

White House officials said they had known for a while that the British were moving in this direction and that Prime Minister Tony Blair informed Bush of his decision during a secure videoconference Tuesday. But the rest of Washington was taken by surprise, and Republicans were put back on their heels, just as they were beginning to feel more confident that the fight over war strategy was shifting their way.

The House last week approved a nonbinding resolution opposing the president's planned deployment of 21,500 additional troops to Baghdad and Anbar province in western Iraq. But Republicans have since been on offense, hammering a House Democratic plan that would tie war funding in a supplemental spending bill to strict new standards for resting, equipping and training troops.

The strategy, championed by Rep. John P. Murtha (D-Pa.) and endorsed in principle by House Speaker Nancy Pelosi (D-Calif.), was supposed to neutralize GOP charges that Democrats plan to "de-fund" the war, while forcing Republicans to defend

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the deployment of troops who are not rated fully trained and equipped. But Republicans labeled it a "slow bleed" strategy that would leave troops in harm's way by blocking their reinforcements.

Vice President Cheney was the latest to jump on Murtha's plan, yesterday calling it "a huge mistake" and a "policy of defeat" that would embolden terrorists.

"If we were to do what Speaker Pelosi and Congressman Murtha are suggesting, all we'll do is validate the al-Qaeda strategy," he told ABC News in Japan, where he is traveling. "The al-Qaeda strategy is to break the will of the American people."

Pelosi bristled at the attack, issuing a statement complaining that Cheney was besmirching her patriotism and calling on Bush to "repudiate and distance himself from the Vice President's remark."

The news of Britain's partial withdrawal, though, swamped the funding debate for at least a day. "The timing of the British announcement is very unfortunate," said Nile Gardiner, a scholar at the conservative Heritage Foundation. "The British decision is going to be used as a political football by opponents of the president's Iraq plan."

Rep. Ray LaHood (R-Ill.) said the move will undercut Republicans in Congress trying to stave off attempts to limit what Bush can do in Iraq.

"It's probably not going to bode well for those of us who want to make a case against what Murtha and Pelosi plan for the supplemental," LaHood said. "It does not help."

Blair's announcement could also boost calls by Democrats and some Republicans for a serious change in Iraq policy -- not just in the number of troops fighting but also in what those troops should do. The British plan to withdraw 2,100 of 7,100 troops by summer's end and to redeploy the remainder away from combat toward more training of Iraqi troops and patrolling the Iranian border. That mirrors bipartisan Senate proposals for U.S. forces that are spelled out in two stalled nonbinding resolutions, including one co-sponsored by Warner.

"What the British are doing, and what we really need to do, is to tease out the cultural complexities of this thing," said Rep. Wayne T. Gilchrest (R-Md.). "On the one hand, they are signaling to all the Iraqi people, whatever sect they are -- Sunnis, Shias, Kurds -- they are not going to be an occupying force. That's a powerful signal to send. And the other signal is that they are passing the torch to the Iraqis, who are the only ones who can handle this ancient -- I'd say primitive -- sectarian dispute."

The White House argued that comparing the British situation in Basra and the U.S. position in Baghdad fundamentally distorts reality. The south, where the British have been in charge, has no Sunni insurgency and far less violence than Baghdad or Anbar. The coalition plan all along has been to pull out foreign troops when an area is ready for Iraqi control, the White House said.

"The fact that they have made some progress on the ground is going to enable them to move some of the forces out, and that's ultimately the kind of thing that we want to be able to see throughout Iraq," said White House press secretary Tony Snow. He said no consideration was given to asking the British to instead redeploy those departing troops to help their U.S. counterparts in Baghdad or Anbar.

Hadley, speaking to reporters in Brussels, where he was traveling, said he did not mean to suggest the British departure signals "an unalloyed picture of progress," but he rejected a more negative interpretation. "I didn't want people to think it reflected a lack of confidence by the British in the mission or a turning away from the mission," he said. "It is not."

Still, other administration officials, speaking on the condition of anonymity so they could talk candidly about political strategy, expressed frustration that the British decision will look bad to everyday Americans, and acknowledged that it will provide ammunition to domestic opponents.

"It's a brick in the hands of folks who want to take cheap shots," one official said. "But I think it's unfair."

Britain To Withdraw Troops In 'Coming Months' (USAT)

By Jeffrey Stinson

USA Today, February 22, 2007

LONDON — Prime Minister Tony Blair said Wednesday that Britain will pull 1,600 of its 7,100 troops in Iraq out of the southern part of the country in coming months.

ON DEADLINE: How Fleet Street is covering the news of Brits and Danes pulling out | AUDIO

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The number could be cut even more — to below 5,000 — by August if Iraqi forces demonstrate that they have secured the southern part of the country, he said.

However, Blair said, British forces would remain in Iraq into next year or "for as long as we are wanted and have a job to do."

This is the first time that Britain has set a timetable for withdrawal from Iraq, although Blair has said that British troops would pull out when Iraqi army and police were able to maintain order themselves. Britain had 9,000 troops in Iraq two years ago.

The British withdrawal comes as President Bush is sending 21,500 U.S. troops to try to secure the violence-racked area around Baghdad farther north.

In Najaf, a Shiite holy city about 95 miles south of Baghdad, a suicide car bomber struck a police checkpoint today, killing at least 13 people. Najaf is in the spiritual heartland of the militia factions led by radical cleric Muqtada al-Sadr.

Blair and Bush talked by secure video link Tuesday about the proposals, U.S. National Security Council spokesman Gordon Johndroe said. Bush views Britain's troop cutbacks as "a sign of success" in Iraq, he said.

Presidential spokesman Tony Snow, on a trip with Bush to Tennessee, said Britain's decision was not made on a timeline of the sort the president has rejected for American troops. "What you had is progress first, and then the removal," Snow said.

"The president's made clear all along, we want to move as rapidly as we can to build capability on the part of the Iraqis so they can in fact assume, first, primary responsibility and then eventually sole responsibility," he said.

Pentagon spokesman Bryan Whitman said there was no thought that the British were abandoning the United States when it is struggling to send thousands more troops into Iraq. He said the British "have been steadfast allies in Iraq and they will continue to be."

Blair's announcement, made in a noon-hour speech in the House of Commons, followed an earlier announcement by Danish Prime Minister Anders Fogh Rasmussen that Denmark was withdrawing its 460 troops from southern Iraq.

The Danish force, which has been under British command, will pull out in August, Rasmussen said.

Lithuania, too, said it was "seriously considering" withdrawing its 53 troops from Iraq, a government spokeswoman said.

In Tokyo, Vice President Dick Cheney called Blair's announcement good news. "I look at it and see it is actually an affirmation that there are parts of Iraq where things are going pretty well," Cheney told ABC News.

In Berlin, Secretary of State Condoleezza Rice said today that the U.S.-led coalition of international forces in Iraq is still intact.

"The coalition remains intact and in fact the British will have thousands of soldiers deployed in Iraq in the south," she said at a joint news conference with German Foreign Minister Frank-Walter Steinmeier. "It is the plan that as it is possible to transfer responsibility to the Iraqis, that coalition forces would no longer be needed in those circumstances," she said.

Blair said the withdrawal was possible because the Iraqi army and police have increasingly demonstrated that they can secure and patrol most of the Basra area. That allows British troops to pull back into a supporting role and allow the size of force to be reduced.

On Tuesday, Britain handed over control of an Iraqi army division based in Basra. The 10th Iraqi Army Division, which was trained by British troops, now takes its orders from Iraqi military commanders in Baghdad.

Violence in Basra has decreased in recent months. Basra province is experiencing 5 attacks a day, opposed to nearly 40 a day for Baghdad, according to the latest Defense Department quarterly report.The biggest threat in Basra, and the south in general, is escalating Shia-on-Shia violence between rival Shia militias.

British defense analyst Eric Grove saw both military and political pressure behind the announcement, which he says represents the beginning of the end of British military presence in Iraq.

The Ministry of Defense, he said, is under pressure with troops deployed both in Iraq and Afghanistan. To ease it, military commanders have pushed hard in the last year to build up and train Iraqi army and police so that it could draw down its troops there and reinforce those in Afghanistan.

"We do want to run down the commitment (in Iraq), if for no other reason than our commitment in Afghanistan," said Grove, director of the Center for International Security and War Studies at the University of Salford in Manchester.

At the same time, he said, Blair would like to draw down the number of troops in Iraq before elections in Scotland in May and before his likely successor, Chancellor Gordon Brown, takes over.

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Brown has said he would like to see troop levels in Iraq reduced by several thousand by the end of this year.

Contributing: The Associated Press

Democrats Seize On UK Troop Cuts (FT)

By James Blitz, Daniel Dombey And Demetri Sevastopulo

Financial Times, February 22, 2007

The Bush administration on Wednesday welcomed Tony Blair's decision to withdraw nearly a quarter of the British troops in Iraq over the next few months, saying the move showed that in parts of the country "things are going pretty well".

But although the British prime minister told parliament that the withdrawal of 1,600 troops would allow Iraqis to "write the next chapter in their history", prominent Democrats in Congress said the move was a sign that Britain was now giving up on the US in Iraq and contrasted it with the surge in US troop numbers deployed to contain the violence in Baghdad.

Mr Blair announced to parliament that the 7,100 troops serving in Basra would be cut to 5,500 "over the coming months", with hopes that 500 more would leave as early as late summer.

Mr Blair said that some soldiers stationed at Basra air base would remain into 2008 to help secure supply routes, the Iran border and to support Iraqi forces.

Downing Street officials said the decision to cut troop numbers to 5,500 was broadly in line with plans drawn up by the Ministry of Defence at the end of last year.

However, there were strong indications earlier this year that the British had initially been looking to announce a deeper cut at this stage – to about 4,500 troops. Some British officials concede that these plans have been disrupted by the continuing violence in Basra.

Mr Blair on Wednesday admitted that "the problems remain formidable" in the south of Iraq.

"What all of this means is not that Basra is how we want it to be but the next chapter in Basra's history can be written by the Iraqis," he said.

In Washington, meanwhile, the White House and leading Democrats differed fiercely over the implications of the UK move.

Condoleezza Rice, the US secretary of state, said the British "have done what is really the plan for the country as a whole which is to be able to transfer security responsibilities to the Iraqis as conditions permit". But Edward Kennedy, a senior Democratic senator, said the British redeployment was a "stunning rejection" of the president's decision to increase US troop numbers around Baghdad by 21,500.

"No matter how the White House tries to spin it, the British government has decided to split with President Bush and begin to move their troops out of Iraq," Mr Kennedy said.

Anthony Cordesman, a Middle East expert at the Center for Strategic and International Studies, said the UK move "weakens the image of the coalition and further isolates the US".

"This is a war of perceptions, as well as military power, and the influence of British cuts will be negative," said Mr Cordesman. "The British cuts will in many ways simply reflect the political reality that the British 'lost' the south more than a year ago. The Shia will take over, Iranian influence will probably expand, and more Sunni, Christians, and other minorities will leave."

Rice Calls Iraq Coalition 'Intact' (WT)

By Sharon Behn

The Washington Times, February 22, 2007

The Bush administration maintained yesterday that its Iraq coalition was still in good shape despite announcements by Britain and two other countries that they would withdraw all or some of their troops by the end of the year.

"The coalition remains intact," Secretary of State Condoleezza Rice said during a visit to Berlin. "It is the plan that -- as it is possible to transfer responsibilities to the Iraqis -- coalition forces would no longer be needed."

Miss Rice spoke just hours after British Prime Minister Tony Blair announced in Parliament that Britain would cut 1,600 troops from its 7,100-strong force in southern Iraq in the coming months.

He said several hundred more could come home by late summer if conditions permit. There were 40,000 British troops in Iraq when the war began, and roughly 9,000 in place two years ago.

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Denmark said it planned to withdraw its 460 troops from southern Iraq by August. A Lithuanian Defense Ministry spokeswoman said her country was "seriously considering" withdrawing its 53 troops from the same area in August.

The United States put the best face on the announcements, declaring the withdrawals were evidence of the improved security situation in southern Iraq.

But analysts on both sides of the Atlantic disagreed.

British military analysts said the decision to reduce troops in Basra was not warranted by conditions on the ground. Rather, they cited domestic politics, an overstretched military and fears of being caught in a struggle between the United States and Iran.

Mr. Blair's decision, said Toby Dodge of the International Institute for Strategic Studies in London, was based on his desire "to clear the decks so that he is remembered for something a bit better that the invasion of Iraq and its bloody aftermath.

"This 'mission accomplished' stuff is rubbish. Basra is incredibly dangerous," said Mr. Dodge.

The troop cut also reduces the likelihood that Prince Harry, son of Prince Charles and third in line to the throne, will find himself as a soldier in Iraq.

The prince, a second lieutenant in the Household Cavalry, reportedly has threatened to quit the military if his unit is sent to Iraq without him in April. But military brass worry that he would become a "bullet magnet" for insurgents hoping to make a public relations splash.

Mr. Blair said Iraqi Prime Minister Nouri al-Maliki had agreed to his plan, under which British troops will remain at least through next year, increasingly focusing on support and training of Iraqi forces.

If those forces show themselves capable of maintaining order, he said, the British commitment could fall to fewer than 5,000 troops by late summer.

British army Maj. Chris Ormond-King, a spokesman for the British-led multinational force based in Basra, said in a briefing last month that the overwhelmingly Shi'ite Muslim south did not have the same sectarian problems that have spurred fighting in Baghdad and other parts of the country.

"The militias are not a problem for us," he told reporters traveling with Defense Secretary Robert M. Gates. "What is a problem are some of the rogue elements in those militias."

He acknowledged that a small British garrison in the heart of Basra is routinely hit by mortar fire and small arms attacks from groups protesting the multinational force's presence in the country.

In addition to the political pressures, Mr. Dodge said, the British army "is incredibly overstretched" and can no longer effectively operate both in Iraq and Afghanistan at the same time.

"They are wonderful soldiers who are grievously understaffed and underfunded, stretched way too thin and with almost no modern equipment to speak of," agreed Robert Killebrew, a U.S. national security analyst who follows Iraq closely.

British troops have obligations around the world, and have a significant presence in Afghanistan, where they are working with U.S. and NATO troops to beat back the Taliban and create a viable Afghan state.

Mr. Dodge said that behind closed doors in the British Foreign Office, there was a strong sense that the attacks against British troops in southern Iraq were backed by Iran, rather than the result of the local security situation.

Maj. Ormond-King said Iran's influence was palpable among Shi'ite groups in the south, who are receiving money, logistical help, military training and arms.

Washington has accused elements of the Iranian government of providing radical Shi'ite militias with sophisticated bomb technology that has killed some 170 U.S. soldiers.

If tensions between the United States and Iran were to worsen and Washington decided to attack Iranian facilities, British forces in southern Iraq would be on the front lines of any Iranian retribution, Maj. Ormond-King said.

Mr. Dodge said there was "the real fear that British troops will get caught between the United States and Tehran on this."

Iraqi forces have already taken over from British-led troops in two of the south's four provinces. Plans to transfer control of a third province, Maysan, have been put on hold over recent security concerns.

But Anthony Cordesman of the Center for Strategic and International Studies, said the British had long ago lost the political fight and ceded Basra and Maysan to Shi'ite Islamist factions.

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"The British were not defeated in a military sense, but lost in the political sense if 'victory' means securing the southeast for the central government and some form of national unity," Mr. Cordesman said.

•David R. Sands contributed to this report.

Democrats Seize On British Iraq Withdrawal Plan (HILL)

By Klaus Marre

The Hill, February 22, 2007

Congressional Democrats, seizing on an announcement from Great Britain that it would begin withdrawing troops from Iraq, said Wednesday that the White House should take a cue from its closest ally and get U.S. soldiers out of Iraq instead of sending in more.

"Why are thousands of additional American troops being sent to Iraq at the same time that British troops are planning to leave?" asked House Speaker Nancy Pelosi (D-Calif.) after Britain's Prime Minister Tony Blair announced earlier Wednesday that a large part of the British force would withdraw from southern Iraq.

Blair said 1,600 of the 7,100 soldiers would withdraw in the coming months, with further troop reductions already planned later this year. He added that Iraqis would be able to take care of their own security in areas where British soldiers were stationed. Denmark also announced that it would withdraw its smaller contingent, which is working in cooperation with the British.

"The president's escalation plan has been rejected by bipartisan majorities in the House and Senate and opposed by Americans all across the country," Pelosi said, referring to votes last week in the House and the Senate. "The announcement by the British government confirms the doubts in the minds of the American people about the president's decision to increase the number of U.S. soldiers in Iraq."

But the administration said Blair's announcement is welcome news because it shows that Iraqis are increasingly able to take care of their own security needs.

"It indicates that there's been some progress in Basra," White House spokesman Tony Snow told reporters aboard Air Force One. "The fact that there has been progress in a couple of areas - one is training up Iraqis to take over some of the responsibilities that the Brits and the Danes have been handling within Basra - has made it possible for Britain to remove some of the forces."

In an interview with ABC News, Vice President Cheney, who is traveling in Asia, said he sees Britain's plan as "an affirmation of the fact that there are parts of Iraq where things are going pretty well."

But Democrats offered a different take on Britain's decision.

Sen. John Kerry (D-Mass.) said, "America's leading ally in Iraq has decided that a timetable for the phased redeployment of troops is the only responsible policy to help force Iraqis to stand up for Iraq."

Kerry has decided not to seek the presidency again in 2008 and instead said he would focus his energy on getting U.S. troops out of Iraq. "After years of touting Prime Minister Blair's resolve, the [Bush] administration should now pay attention to his new policy," Kerry stated, adding it is "inexplicable" why Bush is seeking to send additional troops to Iraq at this time.

Sen. Jack Reed (D-R.I.) said the decisions by Britain and Denmark "leaves us increasingly isolated in Iraq," adding that "the coalition, which was never sufficiently robust to begin with, has all but disappeared."

Democrats Hail British Pullout (WT)

By Stephen Dinan And Jon Ward

The Washington Times, February 22, 2007

Democrats yesterday cheered the news that Britain will begin withdrawing troops from Iraq as proof that the rest of the word sees reducing troops as the best solution to the war, but the White House defended the action as a sign of how well things are going.

"The British government has acknowledged a reality that President Bush still stubbornly refuses to accept," said Senate Majority Leader Harry Reid, Nevada Democrat.

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British Prime Minister Tony Blair announced he will bring home 1,600 of Britain's 7,100 troops now serving in Iraq in the next few months. Meanwhile, Denmark announced plans to withdraw its troops, which number in the hundreds, this summer. Lithuania also is considering withdrawing its contingent of dozens of troops.

Acknowledging that Basra, where British forces are stationed, is not "how we want it to be," Mr. Blair said the time is ripe to let the Iraqis take over security.

The move is bound to get wrapped up in the debate in Congress.

Last week, the House passed a nonbinding resolution opposing Mr. Bush's plan to send 4,000 more Marines to Anbar province to pursue al Qaeda terrorists, and about 17,500 soldiers to Baghdad to try to end sectarian violence. Republicans have blocked a similar resolution in the Senate.

Democrats argued that Mr. Blair's decision proved the major U.S. partner in Iraq has come to the conclusion that the way to prod Iraq is with fewer troops, not more.

"America's leading ally in Iraq has decided that a timetable for the phased redeployment of troops is the only responsible policy to help force Iraqis to stand up for Iraq," said Sen. John Kerry, Massachusetts Democrat. "After years of touting Prime Minister Blair's resolve, the administration should now pay attention to his new policy."

Although Mr. Blair said his troops are leaving without having accomplished what they had hoped, the White House said it was a good sign.

"What I see is an affirmation of the fact that there are parts of Iraq where things are going pretty well," Vice President Dick Cheney, traveling in Japan, told ABC News.

Mr. Cheney said a friend, "a guy who knows the region very well," recently drove from Baghdad to Basra and "found the situation dramatically improved compared with where it was a year or so ago, sort of validated the British view that they have made progress in southern Iraq, and that they can therefore afford to reduce their force posture."

White House spokesman Tony Snow said the British are basing their decision on benchmarks, not timetables.

He ruled out asking British troops to transfer to Baghdad or Anbar province to help ease the burden on U.S. troops.

"There has been a division of labor within Iraq and people do have separate responsibilities," he said.

Britain Cuts Its Losses (NYT)

The New York Times, February 22, 2007

Spin it any way you like, Prime Minister Tony Blair's announcement that Britain will be withdrawing up to 1,600 of its 7,100 remaining troops in Iraq can't be welcome military or political news for President Bush.

This isn't the first reduction in the British contingent, which originally numbered 40,000. But it comes at a time of spiraling violence in Iraq and emboldened opposition in Washington to Mr. Bush's disastrous war. It also comes as Mr. Blair is preparing to leave office, painfully aware that popular fury over the war threatens to overwhelm his entire legacy.

The British announcement has already served as the catalyst for other departures. Denmark, with 460 troops under British command, announced yesterday that it would leave by August. With the Pentagon already straining to find enough soldiers for Iraq, a troop drawdown by its most militarily capable ally can only add to the strain — and to the clamor for bringing American forces home as well.

The White House strove to cast Mr. Blair's political necessity as a sign of "some progress in Basra," Iraq's second-largest city, which British forces have had military responsibility for since the invasion. Vice President Dick Cheney — even more disconnected from reality — chimed in that the British pullback shows that there are some parts of Iraq where "things are going pretty well."

Mr. Blair knows better, and candidly acknowledged that Basra is not "how we want it to be," but said that it was time for the Iraqis to write "the next chapter in Basra's history." Mr. Blair also insisted that the situation there is "very different from Baghdad," where, he said, an "orgy of terrorism" has been unleashed — his out-the-door endorsement for President Bush's troop buildup in the capital.

But if there is comparatively more calm in Basra, that is only because the outnumbered British forces have ceded control to Shiite sectarian militias and local police forces controlled by rival armed factions.

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Just two months ago, British and Iraqi soldiers stormed a Basra police station, rescuing 127 prisoners from what British officials said was almost certain execution. There is so far little evidence that Iraq's national armed forces on their own will be able to protect Basra's innocent civilians or even that they mean to try.

Whether it is Basra with fewer British troops or Baghdad with more Americans, nothing in Iraq is "going pretty well."

Lithuania Mulling Iraq Troop Withdrawal (AP)

AP, February 22, 2007

Lithuania is "seriously considering" withdrawing its 53 troops from Iraq, a government spokeswoman said Wednesday.

Defense Ministry spokeswoman Ruta Apeitkyte told The Associated Press that the Baltic country was considering not replacing the contingent when its mission ends in August.

It was the first time that Lithuania, a staunch U.S. ally, indicated it would reduce its commitment in Iraq.

Blair Plans To Withdraw 1,600 Troops From Iraq (WP)

By Mary Jordan And Joshua Partlow

The Washington Post, February 22, 2007

LONDON, Feb. 21 -- Prime Minister Tony Blair announced Wednesday that 1,600 British troops would return home from Iraq in the coming months and that a further 500 soldiers may be withdrawn by the end of summer.

Even though Britain has only 7,100 troops in Iraq, compared with the 135,000-strong U.S. contingent, they carry symbolic importance as the largest allied presence. British forces make up half of the roughly 14,000 non-U.S. troops in the coalition in Iraq.

Vice President Cheney, in an interview with ABC News during a visit to Tokyo, called the planned withdrawal "an affirmation that there are parts of Iraq where things are going pretty well." Democratic leaders noted, however, that the British are withdrawing as President Bush is sending an additional 21,500 U.S. troops to Iraq.

Iraqi leaders generally welcomed the withdrawal plan, although Sunni officials said they feared the departure of British troops from Shiite-dominated southern Iraq would lead to increased sectarian violence that Iraqi security forces would be unable to stop.

Blair's plans allow him in the final months of his administration to show a measure of independence from Washington on Iraq policy. Battered in public opinion polls because of his support of the war, Blair has said he will step down by September.

At the same time Blair was speaking in London, the Danish prime minister, Anders Fogh Rasmussen, announced in Denmark that its 460 troops under British command in Iraq will return home by August. In Lithuania, a Defense Ministry spokeswoman said the country is "seriously considering" withdrawing its 53 troops from Iraq in August.

Blair said the British reduction in troops was possible because security conditions were better in southern Iraq, where British troops patrol, than in Baghdad, where many U.S. troops are located. He said that "80 to 90 percent of the violence" is in Baghdad, which is enduring an "orgy of terrorism."

British troops just completed an operation to turn over control of security to Iraqi forces in the southern city of Basra, Blair said. "What all of this means is not that Basra is how we want it to be. But it does mean that the next chapter in Basra's history can be written by Iraqis," he said.

But military and political analysts disputed Blair's upbeat description of the situation in the Basra area. They also said they believed the timing of the British drawdown may have more to do with plunging polls for Blair's Labor Party, pressure from British military officials and Blair's desire to begin an endgame for Iraq before he leaves office.

A poll this week showed that only 29 percent of respondents would vote for Labor, while 42 percent favored the opposition Conservative Party, the worst showing by Labor since 1992.

British military leaders are increasingly complaining of overstretched forces and low morale, and there has been growing military pressure on Blair to reduce the presence, said Michael Williams, head of the transatlantic program at the Royal United Services Institute for Defense and Security Studies.

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"While the British zone is much quieter," he said, the Basra area "still has a number of security issues" and it "is foolhardy" to believe that Iraqi forces are ready to assume total control of the area. He also noted that if Blair had the political will, he could deploy some troops to help out the Americans in Baghdad instead of sending them home.

Coalition troops have handed over security control to the Iraqis in three southern provinces: Najaf, Muthanna and Dhi Qar. The 15 other provinces are still under the control of U.S.-led forces. American military officials have said they expect the Iraqis to take operational control of all Iraqi army divisions by this summer and to take security control in all provinces by fall.

"The Iraqi government feels very comfortable about the southern provinces and especially Basra; we have good security forces there," said Sami al-Askari, an adviser to the Shiite-led government of Prime Minister Nouri al-Maliki. Askari said he expects that after two months, the British troops will have moved out of the city center, restricting themselves to their bases, and that by the end of August 2008 there will be a full withdrawal of British troops.

"Now, the Iraqi security forces are not prepared. There will be a big security gap" when the British leave, said Naseer al-Ani, a Sunni member of parliament.

Ani and other Iraqi politicians saw the general trend of departing Western troops, whom they consider occupiers, as beneficial in the long term.

"Originally, the British forces, the American forces were coming to solve the situation and then they will leave. But we've seen the opposite: Wherever they stay for a long time . . . the situation keeps getting worse and worse," he said.

Iraqi forces in some cases have relied on coalition troops to bail them out in areas under their responsibility. In late January, a month after Iraqis took control of Najaf province, the Iraqi army needed the help of U.S. air support and ground troops to defeat an armed Shiite cult.

Still, officials in Najaf, which has a population of about 1.4 million people, said the departure of U.S. troops has been a political benefit.

"When the multinational forces were in Najaf, we had a lot of legal violations," said Najaf's governor, Asad Sultan Abu Gillel. Military operations were "carried out without legal notification, without an order from a judge," he said.

"This caused many problems for us with the local people," Abu Gillel said. "We live in a country filled with problems and terrorism, but at least we have full control."

At top strength, Britain had 40,000 troops in Iraq during the 2003 invasion. As of Feb. 9, 132 British military personnel in Iraq had died or were missing and believed killed since the invasion, said Lt. Col. Simon Etherington, a British military spokesman in Baghdad.

Blair declined to give any clear date for total withdrawal, saying the remaining troops would stay "into 2008 or as long as we are wanted and have a job to do." He added, "Increasingly, our role will be supporting and training, and our numbers will be able to reduce accordingly." He delivered his speech in the House of Commons.

Conservative leader David Cameron embraced the cuts, saying, "That news will be welcomed in this House, in the country and especially to the families of those serving in Iraq over the coming months."

Liberal Democrat leader Menzies Campbell, whose party opposed the war, said: "The unpalatable truth, Mr. Speaker, is this: that we will leave behind a country on the brink of civil war, where reconstruction has stalled, where corruption is endemic, and a region that is a lot less stable than it was in 2003."

Besides the United States and Britain, only five countries have 500 or more troops in Iraq: South Korea has 2,300, Poland and Georgia each have 900, Romania has 600 and Australia has 550, according to the Associated Press.

West European countries have remained largely opposed to the war, while East European countries, including former Soviet republics, have been more enthusiastic. The parliament in Bulgaria voted Wednesday to extend the mission of its 120 noncombat troops in Iraq until the end of March 2008. It also has 35 support personnel there.

Iran, Militias Could Gain From British Pullout (USAT)

By Rick Jervis

USA Today, February 22, 2007

DOJ_NMG_0135003

BAGHDAD — Britain's planned reduction in its force in southern Iraq could empower Iran and lead to more bloodshed between rival Shiite Muslim groups, analysts warned Wednesday.

The area around Basra is less violent than Baghdad, and sectarian killings are rare, in part because it is overwhelmingly Shiite. But the government's authority there is rivaled by armed groups that are "thoroughly intertwined with criminal enterprises," according to a report from the Washington Institute for Near East Policy.

"In the coming year, the drawdown of British forces in the deep south will likely be accompanied by an upsurge of factional violence as the long-delayed fight for local supremacy begins in earnest," said the report, written by Iraq security specialists Michael Knights and Ed Williams.

The militias already engage in regular street battles over lucrative oil smuggling. The region has 70% of Iraq's oil fields.

Vice President Cheney said Wednesday that the planned British withdrawal was a response to improved security in the area. "What I see is an affirmation of the fact that there are parts of Iraq where things are going pretty well," Cheney told ABC News.

Late last year, Basra province was experiencing an average of five attacks a day against troops and civilians, compared with nearly 40 a day in Baghdad, according to a Defense Department quarterly report in December.

On Tuesday, Britain handed over control of an Iraqi army division based in Basra. The 10th Iraqi Army Division, which was trained by British troops, now takes its orders from Iraqi military commanders in Baghdad.

Questions linger, however, about the Iraqi security forces in the area. In late December, more than 800 British soldiers raided a police station housing Basra's "serious crime unit," where police were accused of arresting, torturing and killing rival clansmen. The British soldiers killed seven gunmen, rescued 127 prisoners and ultimately reduced the two-story building to rubble.

"The Iraqi security forces in Basra are not equipped or qualified to take on responsibility," said Abo Amar al-Mayahi, head of Basra's Badr Organization, a Shiite group. "If they took over now, there will be a lot of chances for bad things to happen."

A spokesman for the British military in Basra could not be reached for comment.

Kenneth Katzman, an Iraq expert at the Congressional Research Service, said the British withdrawal will "leave a vacuum that will be filled by Shiite militias backed by Iran." The Bush administration has recently accused Iran of providing weapons to Shiite militias in a drive to bolster Iranian influence in Iraq.

Smuggling across the nearby Iranian border, currently patrolled by British troops, could also soar with fewer British soldiers in the area, said Juan Cole, a University of Michigan history professor and expert on Iraq's Shiites.

Cole said militias often steal oil after it leaves refineries, load it on boats and then sell it on the black market in other Persian Gulf countries. "It's really dangerous in so many ways," Cole said of the British withdrawal. "Basra is not under control."

U.S. commanders may also need to find other ways to escort fuel and supply convoys running between Basra or Kuwait and the rest of Iraq, Cole said. That security has been handled by British troops, he said.

"This idea that the British could leave because the local authorities have things under control is just completely false," he said.

Also Wednesday:

•A Black Hawk helicopter went down north of Baghdad, the U.S. military said. All nine people on board were evacuated, and there were no serious injuries.

"The indications are now that it was brought down by small-arms fire and … rocket-propelled grenades," Maj. Gen. William Caldwell, the chief U.S. military spokesman in Iraq, told CNN.

Seven American helicopters, including two operated by aprivate security company, have gone down in Iraq since Jan. 20.

•In Baghdad, insurgents blew up a pickup carrying chlorine gas canisters. It was the second such attack in two days. The explosion killed at least five people and sent more than 55 to hospitals gasping for breath and rubbing stinging eyes, police said.

Chlorine causes respiratory trouble and skin irritation in low levels and can be fatal with heavy exposure. "Terrorists are using dirty means," said Brig. Gen. Qassim Moussawi, an Iraqi military spokesman.

•A suicide car bomber struck a police checkpoint in the Shiite holy city of Najaf. The attack killed 13 people. The blast hit while streets were filled with morning shoppers.

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Britain To Trim Iraq Force By 1,600 In Coming Months (NYT)

By Alan Cowell

The New York Times, February 22, 2007

LONDON, Feb. 21 — Prime Minister Tony Blair announced Wednesday that up to 1,600 of the roughly 7,100 British troops in southern Iraq would begin to withdraw in coming months, a sharp contrast to the continuing American troop buildup in Baghdad.

The British withdrawal was more modest than government ministers had suggested in recent weeks, and Mr. Blair offered no clear timetable for the drawdown, during which Iraqi forces will take over some of the responsibility for patrolling Basra and the surrounding area.

The announcement was made after months of public criticism of Mr. Blair's government over a war that has become increasingly unpopular at home. At the same time, senior British commanders have complained that their forces are stretched thin by their twin deployments in Iraq and Afghanistan, and military analysts have said a reduction in the Basra force could free troops to meet growing responsibilities in Afghanistan.

A British opposition politician, Sir Menzies Campbell, said the move would leave Iraq far from being the "beacon of democracy" that Mr. Blair had once promised. And in his speech on Wednesday, the prime minister acknowledged that conditions in southern Iraq were not what he had hoped.

"What all this means is not that Basra is how we want it to be," Mr. Blair said, "but it does mean that the next chapter in Basra's history can be written by Iraqis."

The city, he said, "is still a difficult and dangerous place." But he drew a clear distinction between the perils facing British forces in southern Iraq and conditions for American troops farther north.

The "situation in Basra is very different from Baghdad," he told Parliament, because there was no Sunni insurgency there, little sectarian violence and "no Al Qaeda base," while "an orgy of terrorism" had been unleashed on Baghdad. Even so, he said, British troops, whom he described as "brave beyond belief," were regularly coming under fire in southern Iraq.

Word of the planned withdrawal received widespread publication here on Tuesday, and the White House released a kind of public blessing of the idea then, saying it pointed to increased stability in the south.

On Wednesday, Bush administration officials reiterated that the announcement of the British withdrawal had been expected for months, and they played down the potential security risks of having fewer troops in and around Basra.

"This moderate reduction that the British are doing is possible because they have been able to achieve success in Basra," said Bryan Whitman, a Pentagon spokesman. He acknowledged that attacks in the city had actually increased over the last year but said a withdrawal was possible because the British had handed over responsibility for security to Iraqi security forces. British troops would continue to patrol near Iraq's border with Iran, he said.

Another senior Defense Department official said that, if security conditions deteriorated in the south, American commanders might need to send in their own forces to help remaining British units and Iraqi troops. He noted that the United States also usually keeps reserve forces nearby in Kuwait that could be sent into Iraq as well.

"If something flares, we will react to it with the forces on the ground," the official said. He added: "We always plan for contingencies. However, we do not expect trouble."

The White House spokesman, Tony Snow, said the British decision shows that "they have made some progress on the ground." He said that "is going to enable them to move some of the forces out, and that's ultimately the kind of thing that we want to be able to see throughout Iraq."

Democratic leaders in Congress saw it differently.

"By announcing its decision to redeploy troops from Iraq, the British government has acknowledged a reality that President Bush still stubbornly refuses to accept," said Senator Harry Reid, Democrat of Nevada, the majority leader. "There can be no purely military solution in Iraq."

House Speaker Nancy Pelosi, Democrat of California, said, "the announcement by the British government confirms the doubts in the minds of the American people about the president's decision to increase the number of U.S. soldiers in Iraq."

Other European governments with troops in Iraq also announced Wednesday that they were pulling out or thinking about it.

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Around 460 Danish soldiers under British command in southern Iraq will be withdrawn by August, the government in Copenhagen said, and Lithuania said it was considering pulling out a small contingent of 53 soldiers in the south.

But it was Britain that has long been the most prominent United States ally in Iraq, with most of its forces deployed in and around Basra. At the time of the 2003 invasion, Britain committed about 40,000 air force, naval and army personnel to the fight, but that figure was reduced to about 9,000 two years ago and 7,100 now.

On Wednesday, Mr. Blair said that further withdrawals could reduce the British force level to less than 5,000 by late summer, but that British troops would remain "for as long as we are wanted and have a job to do," at least into 2008.

In essence, the reduction in British forces will mean British troops pulling back to a support and training role to two bases, mainly one at the Basra airport, to support Iraqi forces patrolling the city, Mr. Blair said. British troops will also patrol the border with Iran, which Britain accuses of supporting Shiite militias in southern Iraq.

Mr. Blair indicated that the timing of the withdrawal would hinge on the levels of conflict in southern Iraq, depending "in part on what we do, what the Iraqi authorities themselves do, but also on the attitude of those we are together fighting."

He denied suggestions by political opponents that British troops would be leaving what one antiwar opposition legislator, Charles Kennedy, called a "quagmire." And he rejected accusations from antiwar politicians that the 2003 invasion itself had inspired Iraq's bloodletting. "We did not cause the terrorism," Mr. Blair said. "The terrorists caused the terrorism."

On Wednesday, Secretary of State Condoleezza Rice denied suggestions that the British withdrawal plans meant the coalition forged to topple Saddam Hussein had crumbled. She said the British "have been terrific."

"The British have done what is really the plan for the country as a whole, which is to transfer security responsibility to the Iraqis as the situation permits," she said during a visit to Berlin to conduct Middle East peace negotiations. "The coalition remains intact and, in fact, the British still have thousands of troops deployed in Iraq."

Mr. Blair also used his announcement on Wednesday to deliver a broad review of Middle East policy and went on to meet in London with Mahmoud Abbas, the president of the Palestinian Authority.

Speaking to Parliament, Mr. Blair drew a distinction between Iran and Syria. "They should not be treated as if the same," he said. "There is evidence recently that Syria has realized the threat Al Qaeda poses and is acting against it. But its intentions towards Iraq remain ambiguous and, towards Lebanon, hostile."

"But both countries — though very different — have a clear choice: work with the international community, or defy it," Mr. Blair said.

As US Surges, British Start Exiting Iraq (CSM)

By Mark Rice-Oxley And Dan Murphy

The Christian Science Monitor, February 22, 2007

British prime minister Tony Blair announced Wednesday the beginning of the end of British military involvement in Iraq, starting with a 25 percent drawdown before summer.

Denmark also said it would pull all of its 460 ground troops from Iraq by August.

Mr. Blair's decision is, in part, an acknowledgment of the British public's anger over the war and a desire to focus on Afghanistan. Southern Iraq, where British troops operate, is not yet "how we want it to be," Blair said. "But ... the next chapter in Basra's history can be written by Iraqis."

Blair's move isn't likely to help the Bush administration. Fewer British troops in Basra will leave Iran in a stronger position and puts at risk US military supply lines in Iraq, say analysts, at a time of an escalating US-Iranian standoff.

"This is more about Tony Blair's legacy than the situation on the ground," says Toby Dodge, an Iraq historian at Queen Mary, University of London. After 10 years in office, Blair is expected to step down some time in the summer, and analysts say, he is eager to say that he finished what he started in Iraq.

From 7,100 to 4,000 in 2007

Blair said Wednesday that 1,600 of the 7,100-strong force will leave in the coming months, with hundreds more to pull out throughout the summer. In all, 3,000 could be gone by year's end, by which time all four southern provinces that were under the

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British should have been handed over to Iraqi control. The remaining troops will shift roles, taking a more discreet, remote approach inside their base at Basra airport, as the Iraqi security forces take on day-to-day security matters.

This is "a recognition that the British forces have done whatever good they're going to be able to do in southern Iraq," says Michael Clarke, a defense expert at King's College, London. "It's not the same as saying the job is done."

But removing British troops will not please the White House, coming as it does on the heels of President Bush's decision to "surge" 21,000 more US troops into Baghdad and Anbar Province and the president's assertions that Iran is responsible for much of the violence inside Iraq.

"There is no doubt that any British troop reduction that is not coordinated with a US reduction weakens the image of the coalition and further isolates the US," Anthony Cordesman, the former director of intelligence analysis for the Defense Department and now with the Center for Strategic and International Studies, wrote Wednesday. "This is a war of perceptions, as well as military power, and the influence of the British cuts will be negative."

Basra's problems are very different from Baghdad's. In the southern port city, British troops have seen bullying and execution of political opponents by the dominant Shiite militias in the city rather than the sectarian civil war that rages in the capital. There is no city in Iraq where Iran has more influence, which means the Islamic Republic may be better placed to strike out at American assets through local proxies. One concern: US military supply lines running north from Kuwait could be at greater risk, especially if the bellicose rhetoric between Tehran and Washington escalates.

A spokesman for Mr. Bush's National Security Council said that "we're pleased that conditions in Basra have improved sufficiently that they are able to transition more control to the Iraqis." But some analysts say that is largely political spin, pointing out that Basra is as troubled today as it was a year ago.

In the nearly four years that British troops have been responsible for Basra, Iraq's second-largest city, Shiite militias have co-opted the police and many of the city's political institutions while British forces have been increasingly confined to their bases.

There are two major political militias in the city – one close to Shiite cleric Moqtada al-Sadr, another to the Fadila Islamic party of his rival Muhammad Yaqubi – as well as a number of smaller gangs that engage in tribal extortion and kidnap for ransom.

"The British certainly aren't doing what the Americans want them to," says Mr. Dodge.

But senior British officers have been arguing that Britain's commitment to Afghanistan, which many see as a more important mission than Iraq, is stretching their forces thin. Last fall, the British general, Sir Richard Dannatt, said he supported withdrawal from Iraq because the British presence in Basra appeared to be aggravating the local population.

In September 2005, British forces assaulted the main jail in Basra to release two soldiers detained by the Basra police. Basra's governor called Britain's actions "barbaric and irresponsible." Though extreme, that is not the only case of enmity between the British and Iraqi security forces they're training.

In his speech Wednesday, Blair appeared to agree with General Dannatt's point. He said that unlike Baghdad, relatively homogenous Basra – it has many Sunnis, but not in sufficient numbers to challenge the Shiites – has little sectarian violence, no Al Qaeda presence and no Sunni insurgents. "The bulk of the attacks are on the multinational force," he said, the inference being that the removal of troops would stem the violence.

Britain's approach for more than two years has been one of conciliation and compromise with local militia leaders. British officers in the south have said privately that approach was largely dictated by the small size of their force – making the option of going to war with the Shiite militias unattractive.

At the moment, Britain's 7,100 troops in the south equal one soldier for every 451 residents of Basra and the neighboring Maysan Province, also under British control. A new manual for counterinsurgency written by senior US generals argues for about 20 troops for every 1,000 residents, which in the case of southern Iraq would mean about 70,000 British troops.

"The British long ago essentially ceded the two provinces they control ... to Shiite Islamist factions," writes Mr. Cordesman. "The British cuts will in many ways simply reflect the reality that the British 'lost' the south more than a year ago. The Shiites will take over, Iranian influence will expand, and more Sunnis, Christians, and other minorities will leave."

Dodge argues that Britain is well aware of this and is deciding to simply get out of the way of what looks to be a messier conflict.

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"The big fear is that the British in the south will be hostages to US policy toward Iran," says Dodge. "There is a link between [British] casualties in the south and rising tensions with Iran. What Iran has effectively done is infiltrate its people and bought influence and kept the pan boiling."

Rising British casualties

British casualties have been light compared with American ones: the British have lost 34 troops in the past two years, compared to 996 US deaths. But the trend has inched upward since last fall, according to statistics compiled by Iraq Coalition Casualty Count, an independent website that tracks Iraq casualties.

In the past six months, 17 British troops have been killed. In the six months prior to that period, 12 British soldiers were killed. And in the six months prior to that, 10 were killed.

Mr. Clarke of King's College says that Britain is less worried about expanded US conflict with Iran and more concerned about what's possible given the small size of its Army. "What is at the forefront," he says, "is the idea that keeping major forces in Iraq for the long-term future is impossible."

The End Of The Alliance (NYT)

By Bartle Breese Bull

The New York Times, February 22, 2007

YESTERDAY'S announcement by Prime Minister Tony Blair that Britain will cut its troops in Iraq by 30 percent over the next six months and perhaps fully withdraw in 2008, followed by the news that the Danish contingent is also heading home, may seem like the death knell of the so-called coalition of the willing and a severe blow to American hopes.

Still — and I am well aware of how unpopular the presence of British troops in Iraq is among his electorate — Mr. Blair's decision may have as much to do with strategic good sense as it does with domestic politics.

The truth is that the British gave up trying to win their war in southern Iraq a long time ago, and they probably accomplished as much as they could. Contrary to the grumbling among many Americans, they have done a lot of good work in southern Iraq. I have seen British troops on patrol in the marshes and countryside, watched grateful Iraqis rush to ask for their help in mediating tribal disputes or providing more protection from the militias.

Thanks to British oversight and protection, Saddam Hussein's cruel efforts to drain the country's southern marshes have been completely reversed. The marshes are now back to about 40 percent of their original size, with parts visibly flourishing. (With 75 percent of the water of the Tigris and Euphrates Rivers now siphoned off by neighboring countries before it gets to Iraq, it is unlikely that the marshes will ever recover fully.)

When I visited a date palm plantation near Basra last year, Iraqi farmers told me that British aircraft had sprayed almost 100,000 trees with insecticide, helping their production to double since the days of Saddam Hussein's rule. (One of the men also insisted that I visit the old British cemetery in Baghdad. It was beautiful, he said: a sanctuary, a paradise. "And the gravestones are safe," he assured me. "I have removed them, so no one will destroy them.")

The British successes have also been political. In the south, Iraq's elections and constitutional processes have been far more successful in terms of security and turnout than almost anywhere else in the country. There was never a popular uprising against the British presence.

True, after the Coldstream Guards stormed a Basra police station in 2005 to free two special operations troops being held captive, a photograph of a guardsman on fire atop his armored vehicle led newspapers around the world, giving the impression of a city and a region in flames. But the reality was quite different: that day, the angry crowd numbered only 200 — this in a city of two million, after two years of war.

Even over the last 12 months, the British military posture in the south has not been as passive as has widely been perceived outside of Iraq. One night last December, in a successful effort to capture weapons caches and terrorist leaders, more than 1,000 British troops in Basra, using high-speed landing craft and dozens of armored vehicles and tanks, carried out the largest coalition "strike operation" since the invasion.

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But despite these successes, it seems the British never intended to “win” the war in southern Iraq. The British withdrawal from Iraq began almost immediately after the invasion. The British presence in the south, which was 46,000 troops in April 2003, has been under 10,000 since May 2004.

Unwilling or unable to rid the streets and farmland of Maysan, Dhi Qar, Muthanna and Basra of the militias who are the main threats to order in the largely Shiite south, the British troops’ goal has been to keep a lid on things until they could leave. They have not had the resources or the mandate to win a war against either the Iran-backed Badr Brigades or the more nationalist Mahdi Army of Moktada al-Sadr. And if those rival Shiite forces were to begin a fratricidal conflict, there is little the Britons would be able to do to intervene.

Americans must bear in mind that the situation in the south is very different from Baghdad and the Sunni triangle. In bloody Anbar Province the game is changing, and an American presence is helping convince local tribes to turn against the bleak worldview offered by Al Qaeda. In Baghdad, residents frequently express a wish for the Americans to return after they have declared a neighborhood cleared and moved on (as the current initiative in the capital is supposed to do). But there is no large constituency in Basra calling for the British to stay in force.

The “moral hazard” argument — the idea that the longer coalition troops stay, the longer we simply allow the Iraqis to avoid sorting out their own problems — is perhaps the most powerful claim for coalition troops to leave Iraq altogether. To some extent this is too simplistic: in Baghdad and the Sunni Triangle, the problems are too severe to be left to the country’s nascent security services immediately. But in the Shiite-dominated south, the centrifugal forces are less threatening than anywhere else.

Iraq’s historical state is one of constant internal violence. It is also, contrary to the claims of those who feel the country is a false concept of Western imperialism, one of territorial integrity within the current borders, which existed for 400 years of loose federalism under the Ottomans.

The priority now is to give Iraqis the best possible conditions to achieve the best feasible Iraq: one that stays whole; suffers less internal violence than it has historically; is not a threat to its neighbors or the rest of us; and that through a few good internal examples and a modicum of representative government has hope and mechanisms for improving itself.

This is an approach that will have to be adapted to suit each region. And in southern Iraq, it seems clear, it is time for the Iraqis to succeed or fail on their own.

Cheney Slams Iraq Plan Advocated By Dems (AP)

By Terence Hunt

AP, February 21, 2007

Vice President Dick Cheney on Wednesday harshly criticized Democrats' attempts to thwart President Bush's troop buildup in Iraq, saying their approach would "validate the al-Qaida strategy." House Speaker Nancy Pelosi fired back that Cheney was questioning critics' patriotism.

"I hope the president will repudiate and distance himself from the vice president's remarks," Pelosi said. She said she tried to complain about Cheney to President Bush but could not reach him.

"You cannot say as the president of the United States, 'I welcome disagreement in a time of war,' and then have the vice president of the United States go out of the country and mischaracterize a position of the speaker of the House and in a manner that says that person in that position of authority is acting against the national security of our country," the speaker said.

The quarrel began in Tokyo, where Cheney used an interview to criticize Pelosi and Rep. John Murtha, D-Pa., over their plan to place restrictions on Bush's request for an additional $93 billion for the Iraq war to make it difficult or impossible to send 21,500 extra troops to Iraq.

"I think if we were to do what Speaker Pelosi and Congressman Murtha are suggesting, all we will do is validate the al-Qaida strategy," the vice president told ABC News. "The al-Qaida strategy is to break the will of the American people ... try to persuade us to throw in the towel and come home, and then they win because we quit."

In the interview, Cheney also said Britain's plans to withdraw about 1,600 troops from Iraq — while the United States adds more troops — was a positive step. "I look at it and see it is actually an affirmation that there are parts of Iraq where things are going pretty well," the vice president said.

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Pelosi, at a news conference in San Francisco, said Cheney's criticism of Democrats was "beneath the dignity of the debate we're engaged in and a disservice to our men and women in uniform, whom we all support."

"And you know what I'm going to do? I'm going to call the president and tell him I disapprove of what the vice president said," Pelosi said. "It has no place in our debate." Bush had previously urged her to call him when a member of his administration stepped over the line by questioning Democrats' patriotism, she said.

Later, Pelosi said she had tried to reach the president but was only able to get through to White House chief of staff Josh Bolten.

Bolten said he was certain no one was questioning her patriotism or commitment to national security, she told reporters.

"I said to him perhaps when he saw what the vice president said he might have another comment," Pelosi said. White House deputy press secretary Dana Perino said Cheney "was not questioning anyone's patriotism." But she said Bush and Cheney believe that Pelosi and Murtha's "position to immediately pull out our troops would be harmful to our national security and that it is the wrong strategy to pursue."

As for Cheney's assertion that the partial British pullout is a sign that things are going well in Iraq, Pelosi said: "If it's going so well, we'd like to withdraw our troops as well."

Sen. Carl Levin, D-Mich., chairman of the Senate Armed Service Committee, said Britain's withdrawal, coupled with a Denmark's announcement to pull out its 460 troops by August, "accelerates the breakup of the coalition in Iraq."

He said the United States should reduce its forces "as a way of pressuring the Iraqis to take responsibility for their own future and to reach the political settlements that are essential to end the sectarian violence and defeat the insurgency."

Administration leaders, however, said Britain's decision was good news.

"The British have done what is really the plan for the country as a whole, which is to transfer security responsibility to the Iraqis as the situation permits," Secretary of State Condoleezza Rice said at a news conference in Berlin, where she was in meetings on the Mideast peace process.

National security adviser Stephen Hadley, at NATO headquarters in Brussels, said the decision "reflects the progress that has been made on the ground in Basra and in the south," where British troops were stationed.

"So this is basically a good news story, an indication that progress is being made, and that events on the ground permit this kind of adjustment in forces," Hadley said. Still, he acknowledged the violence in Baghdad and said, "I'm not saying this is an unalloyed picture of progress."

Cheney Says Democrats Won't Be Able To Stop Surge (HILL)

By Chris Good

The Hill, February 22, 2007

Vice President Dick Cheney said Wednesday he does not think Democratic congressional leaders will be able to stop President Bush from sending additional troops to Iraq.

Asked in an interview with ABC News whether Democrats had the power to stop the surge, Cheney said: "I don't think so. The question is whether or not they have the votes."

The vice president said he believes the strategy on Iraq that Democrats are pursuing is a "policy of defeat" and indicated that he views the passage of a non-binding resolution in the House last week as political posturing. However, Cheney, who is on a trip to Asia and Australia and was speaking on board the USS Kitty Hawk in Yokosuka, Japan, also said it is important that Congress debate the issue.

Some anti-war Democrats are exploring options on how they can prevent the troop surge and begin bringing soldiers home. While Democrats have maintained they support the troops serving in Iraq and would not cut off any funds if such a move could endanger the soldiers, considerations are under way whether Congress can use its constitutional power to prevent Bush's plan.

House Speaker Nancy Pelosi (D-Calif.) and Rep. John Murtha (D-Pa.), chairman of the Appropriations Subcommittee on Defense, support a plan that would place conditions on some war funds. Murtha wants to withhold funds if the Pentagon fails to meet standards of equipment, training, and time at home for newly sent troops.

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Cheney asserted that, if Congress were to prevent the "surge," it would validate al Qaeda in its attempts to "break the will of the American people."

The vice president said Pelosi's plan of getting troops out of Iraq would have "devastating long-term consequences in the global war on terror.

"You can't look at Iraq in isolation," Cheney stated. "You can't quit in one place and then persuade all your allies who are helping you in all those other theaters, if you will, to continue the fight."

A Lack Of Courage In Their Convictions (WP)

By George F. Will

The Washington Post, February 22, 2007

Indiscriminate criticism of President George W. Bush is an infectious disease. Some conservatives seem to have caught it, but congressional Democrats might be crippled by it.

Consider some conservatives' reflexive rejection of the administration's achievement -- with China, Russia, South Korea and Japan -- of an agreement that might constrain North Korea's nuclear weapons program. Voicing the obvious with a sense of originality, critics exclaim that North Korea is a serial liar. And, echoing the equally reflexive disparagement of the agreement by some liberals, these conservatives say it is not significantly different from President Bill Clinton's 1994 agreement, which failed.

The new agreement might not bring Pyongyang to heel. It is, however, unlike that of 1994, in three particulars.

First, China was infuriated by North Korea's October nuclear test, which fizzled but expressed defiance of China. So now China seems amenable to serious pressure on its mendicant neighbor, which is substantially dependent on China for food and energy.

Second, the new agreement, like the 1994 pact, is an attempt to modify behavior using bribery. But under the 1994 agreement, North Korea got the bribe -- energy assistance -- before being required to change its behavior. Under the new agreement, North Korea will receive just 5 percent of promised oil -- 50,000 of 1 million tons of heavy fuel oil -- before it must fulfill, in 60 days, the first of the many commitments it has made.

Third, the administration believes it found, in Banco Delta Asia, a lever that moved Pyongyang. The Macau bank was pressured into freezing 52 accounts holding $24 million -- yes, million, not billion -- of North Korean assets because Pyongyang has been using them for illicit purposes. If Pyongyang flinched from being deprived of $24 million -- less than Americans spend on archery equipment in a month -- Pyongyang's low pain threshold suggests how fragile, and hence perhaps how containable, that regime is.

Regarding Iraq, the Democratic-controlled Congress could do what Democrats say a Democratic president would do: withdraw U.S. forces. A president could simply order that; Congress could defund military operations in Iraq. Congressional Democrats are, however, afraid to do that because they lack the courage of their (professed) conviction that Iraq would be made tranquil by withdrawal of U.S. forces.

So they aim to hamstring the president with restrictions on the use of the military. The restrictions ostensibly are concerned with preparedness but actually are designed to prevent deployments to Iraq.

Last Saturday, Senate Republicans blocked a vote on a resolution disapproving the president's policy because Democrats would not permit a vote on a resolution stating that the Senate will not cut off funds for troops in the field. That resolution would have committed the Senate to not taking the path that many Democrats already are tiptoeing down.

Suppose Democrats write their restrictions on the use of forces into legislation that funds the war. And suppose the president signs the legislation but ignores the restrictions, calling them unconstitutional usurpations of his powers as commander in chief. What could Democrats do? Cross First Street NE and ask the Supreme Court to compel the president to acquiesce in congressional micromanagement of a war? The court probably would refuse to get involved on the grounds that this is a "political question."

The court has held that some constitutional controversies should be settled by the government's political -- meaning elected -- branches. In 1962, the court said that a case involves a political question when there is:

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" . . . textually demonstrable constitutional commitment of the issue to a coordinate political department; or a lack of judicially discoverable and manageable standards for resolving it; or the impossibility of deciding without an initial policy determination of a kind clearly for nonjudicial discretion; or the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; or an unusual need for unquestioning adherence to a political decision already made; or the potentiality of embarrassment from multifarious pronouncements by various departments on one question."

In that welter of criteria there are reasons that the court will not rescue congressional Democrats from facing the logic of their posturing. They lack the will to exercise their clearly constitutional power to defund the war. And they lack the power to achieve that end by usurping the commander in chief's powers to conduct a war.

They can spend this year fecklessly and cynically enacting restrictions that do not restrict. Or they can legislate decisive failure of the Iraq operation -- withdrawal -- thereby acquiring conspicuous complicity in a defeat that might be inevitable anyway. A Hobson's choice? No, Nancy Pelosi's and Harry Reid's.

Cheney Visits An Australia Roiled By Guantánamo, Iraq (CSM)

By Nick Squires

The Christian Science Monitor, February 22, 2007

Prime Minister Howard has been a steadfast US backer, but his opinion poll rating took a hit ahead of Cheney's arrival.

Dick Cheney, perhaps the most powerful vice president in United States history, arrives in Sydney Thursday for a four-day visit.

Australian Army Black Hawk helicopters have been clattering over the city as part of counterterrorism exercises, as local police described Mr. Cheney as a "high risk" dignitary.

He is the most senior American visitor to Australia since President Bush addressed the joint houses of Parliament in Canberra in 2003.

But despite Australia's status as a steadfast US ally and broad public support for the country's troop deployment in Afghanistan, Cheney will encounter public anger over Australia's participation in the Iraq war and growing disquiet over the fate of the country's lone Guantánamo Bay detainee, David Hicks.

Cheney will be greeted Thursday by a big rally outside Sydney's Town Hall, organized by the Stop the War Coalition.

A Newspoll survey this week found 68 percent of respondents now believe it was not worth sending Australian troops to Iraq, and only 30 percent agreed with the government's view that they should remain "as long as necessary." More than a quarter of people interviewed wanted the soldiers brought home immediately.

Cheney's visit comes at an awkward time for Prime Minister John Howard, who has been in power for more than a decade but this week slumped to his lowest opinion-poll rating in six years.

Cozying up to the US is dangerous at a time when the Australian public is recoiling from the situation in Iraq, even though it may support the broader objectives of the war on terror.

Mr. Howard has so far ruled out reducing Australia's 1,450-strong force in and around Iraq.

But he may find that stance more difficult after British Prime Minister Tony Blair's announcement Thursday that he will start withdrawing British forces from the war-ravaged country.

The Australian public is also becoming increasingly concerned over the US administration's treatment of Guantánamo detainee Mr. Hicks.

A drifter and a former kangaroo hunter from the parched state of South Australia, Hicks was captured in Afghanistan with the Taliban in 2001 and handed over to US soldiers.

He has spent the past five years detained in Guantánamo Bay without any charges being filed against him.

It's not that Australians necessarily think he's innocent – clearly he was not in Afghanistan as a backpacker.

But they feel strongly that he deserves to face his accusers and be given a fair trial.

"For Howard, there are risks to this visit because the Bush administration is unpopular in Australia," says Michael Fullilove, director of the global-issues program at the Lowy Institute, a Sydney-based think tank. "The Hicks case contributes to the sense

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that all is not right. Here we are, a reliable ally, and he's been in custody for five years without a trial, unlike the British prisoners, who were sent home."

Australia has been one of America's most steadfast allies for more than 60 years. Australian "diggers" fought alongside GIs in World War II, Korea, Vietnam, and the first Gulf War.

While Australia's involvement in Iraq may be deeply unpopular, that is not to say that the country has been swept by anti-Americanism.

There is broad public support for Canberra's decision to deploy troops to Afghanistan, and residual sympathy for the horror Americans experienced on 9/11.

"I think Australians take a relatively sophisticated view of the relationship – they separate their feelings for the current incumbent with their attitude toward the alliance in general," says Mr. Fullilove.

Last week, the government agreed to host a ground station for a US military satellite communications system on a remote stretch of desert coastline in Western Australia. There was barely a murmur of dissent, and the base is likely to be built without controversy.

"Even if Australians dislike the present administration, they support the alliance," says Gerard Henderson, executive director of the conservative Sydney Institute think tank.

With its small population, isolation, vast coastline, and position on the edge of Asia, Australia has always looked to a more powerful guarantor. First it was the British Empire and then, after 1942 and the fall of Singapore, the US.

But tough questions are now being asked about the government's apparently unconditional support for the Bush administration.

"We think it is time for Howard to say enough's enough to the man who more than anyone is responsible for creating the Iraq disaster on the basis of distorted intelligence and inflated dreams of remaking the Middle East," declared The Sydney Morning Herald in an editorial Thursday.

There will be a protest Friday outside the five-star Shangri-La Hotel, where Cheney will give a speech on US-Australian relations.

On Saturday he will hold talks with Howard on the Bush administration's decision to send a new "surge" of 21,000 combat troops to Iraq.

Cheney will also meet the new leader of the opposition Labor party, Kevin Rudd, who has pledged to withdraw Australia's 550 combat forces from Iraq should he win the next federal election, expected later this year. Another 900 sailors, airmen, and diplomatic protection detachments would remain in the region.

With criticism of the Iraq war mounting, Cheney may be grateful to get out of Washington for a few days. He arrived in Japan Tuesday for a quick visit to thank the country for contributing troops to both Iraq and Afghanistan, and was due to stop by the US Pacific Island of Guam on his way to Australia.

But his reception in Australia may provide scant comfort. "Cheney is unpopular here. He's perceived as a rather dour and private man," says Mr. Henderson. "And of course he's associated with Bush, who's never been popular here .... I doubt whether John Howard phoned up Cheney and said 'Now is a great time for you to visit.' But Howard is tribal – he stands by his mates."

Iraq Insurgents Use Chlorine In Bomb Attacks (NYT)

By Damien Cave And Ahmad Fadam

The New York Times, February 22, 2007

BAGHDAD, Feb. 21 — A truck bomb that combined explosives with chlorine gas blew up in southern Baghdad on Wednesday, and officials said it might represent a new and deadly tactic by insurgents against Iraqi civilians.

It was at least the third truck bomb in a month to employ chlorine, a greenish gas also used in World War I, which burns the skin and can be fatal after only a few concentrated breaths. The bomb killed at least two people and wounded 32 others, many of them sent to hospitals coughing and wheezing, police and medical officials said.

Iraqi and American officials said the use of chlorine seemed aimed at bringing a new level of fear and havoc to Iraq as a new security plan for Baghdad takes shape.

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Lt. Col. Christopher Garver, an American military spokesman, said the attacks highlighted the fluidity of insurgent tactics in Iraq, dominated by militant groups that often notice and repeat attacks that attract the most attention and cause the most suffering.

Insurgents have shifted tactics to focus on helicopters, and on Wednesday one group forced down an American Black Hawk helicopter, the eighth such incident since Jan. 20. Roadside bombs have been adapted to punch through heavily armored Humvees. Attacks on Americans also now include coordinated assaults from multiple locations, with a mix of weapons and in at least one case, counterfeit American uniforms and vehicles.

"The enemy is adaptive," Colonel Garver said. "The enemy wants to win."

The Black Hawk attacked on Wednesday was forced into a "hard landing" after taking fire from heavy machine guns and rocket-propelled grenades in Diyala Province, north of Baghdad, the United States military said. There were no injuries. A Sunni insurgent group, the Mujahedeen Army, claimed responsibility for the attack in an Internet posting, according to the SITE Institute, which tracks postings by insurgent groups.

The bombing involving chlorine gas on Wednesday followed an explosion on Tuesday north of Baghdad of a tanker filled with chlorine that had been rigged to explode, killing nine people and wounding 148, including 42 women and 52 children. At least one other attack with chlorine took place on Jan. 28, according to the American military's statements. Sixteen people were killed in that attack, in the Sunni-dominated Anbar Province, when a dump truck with explosives and a chlorine tank blew up in Ramadi.

The attacks seem to have been poorly executed, burning the chemical agent rather than dispersing it, but more sophisticated weapons involving chlorine could injure hundreds and cause mass panic.

Though it is widely used in water purification and sewage treatment, chlorine is dangerous because it reacts with water in moist tissue, such as eyes and the respiratory tract, to create acid, which essentially burns tissue. A few breaths of air containing chlorine at a thousand parts per million can be lethal.

Nine people were killed and 250 injured in 2005 after a train crash in South Carolina in which 60 tons of liquefied chlorine was released — about six times more than what is contained in a home heating fuel truck like the one used in the attack on Tuesday.

Exposures at far lower concentrations, down to two parts per million, cause coughing, shortness of breath, chest pain, burning in the throat, nose and eyes, nausea and swelling of the lungs.

A few hours after the attack, American Humvees and a military vehicle with a nozzle that appeared to be testing the air encircled the scene. Soldiers were not wearing masks, but officials at Yarmouk hospital said they had determined through interviews and tests that chlorine was used in the attack.

Brig. Qasim Atta, an Iraqi government spokesman for the new Baghdad security plan, described chlorine attacks as a "filthy way" to harm vulnerable Iraqis.

Colonel Garver said that the chemical attacks could soon appear again. "It's no surprise that anti-Iraqi forces or terrorists or whoever is doing this are trying to replicate this kind of attack," he said. "They perceive that it's working."

The attacks on Tuesday and Wednesday also indicated that the Baghdad security plan had pushed the violence beyond the city's central neighborhoods, the focus of the new plan.

Maj. Gen. William B. Caldwell IV, a United States military spokesman in Baghdad, said that the "belt around Baghdad" had experienced an increase in attacks as Iraqi and American forces concentrated on neighborhoods within. At a briefing in the Green Zone, he said that top commanders were considering assigning at least one brigade to the ring around the city, and perhaps another to Diyala Province, which has been the site of vicious battles between Sunni insurgents and American and Iraqi troops.

The witnesses to the helicopter crash, also in Diyala, said that three helicopters, including a double-rotor Chinook, were flying at tree level when gunmen began firing antiaircraft machine guns from an area near an oil pipeline. A resident who would give his name only as Ali said the back of one helicopter burst into flames, leading the aircraft to turn sideways and plunge to the ground. Two other witnesses said they saw fire coming from the helicopter as it crashed around 1 p.m.

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Violence broke out on Wednesday in the southern Shiite holy city of Najaf, when a suicide car bomber detonated as Iraqi security forces checked the car for weapons at a checkpoint into the center of city. The explosion occurred about a half a mile from the Imam Ali mosque, one of Shiite Islam's holiest shrines, and killed at least 11 people, the police said. Another 34 were wounded.

The American military also said a soldier had been killed by gunfire in a northern neighborhood of Baghdad and a marine had died from combat in Anbar Province, where American troops were battling Sunni insurgents. Both died Tuesday.

Meanwhile, despite the increased military effort, 20 bodies were found Wednesday in the capital, an Interior Ministry official said. In addition to the chlorine attack, four bombs ripped through areas of the city, killing at least six people, while mortar shells rained down on a Sunni neighborhood of western Baghdad, leaving three people dead.

The deadliest attack came about 5:30 p.m., when an abandoned car exploded in Sadr City, the largest Shiite area of the capital, killing at least four people, witnesses said.

Fatma al-Saiedi, 35, who was wounded in the explosion, said the attacks were a result of the new plan, which has replaced the Mahdi Army, a Shiite militia, with what she and some other residents say are incompetent Iraqi policemen and soldiers.

"We trusted the Mahdi Army," she said. "The Americans have arrested so many of them, and now this happens — every day, another car bomb. We expect there to be more of them."

Another Chlorine Gas Bomb Attack In Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, February 22, 2007

For a second consecutive day, a crude chemical weapon is used to target civilians, killing two.

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Rape allegations amid Iraq car bombings

BAGHDAD — For the second time in two days, suspected Sunni Arab insurgents Wednesday targeted civilians with a crude chemical weapon: a bomb attached to chlorine gas canisters that killed two people, sickened 25 and injured eight others.

The attack was the third in a month involving a combination of explosive devices and chlorine. Though all three attacks were apparently botched, they hint at an ominous new tactic being cultivated by insurgents to subvert a U.S.-Iraqi security crackdown in Baghdad.

Violence around the country left at least 40 other Iraqis dead. An American soldier was reported killed in a small-arms fire attack a day earlier in Baghdad, and a U.S. Black Hawk helicopter was forced to make a hard landing Wednesday north of the capital amid reports of ground fire, the military said.

The chlorine gas attack took place on the road leading to Baghdad's airport. A car filled with chlorine gas cylinders exploded near a fuel station in a religiously mixed neighborhood.

The tactic was used the day before in Taji, north of Baghdad, when insurgents detonated a truck holding two chlorine gas tanks. Six people were killed, and scores more suffered nausea, vomiting and irritated eyes.

A suicide bomber also plowed a dump truck filled with explosives and a chlorine tank into the base of a rapid-reaction force near Ramadi on Jan. 28, killing 16 people. "There are no indications of any casualties caused by the release of chlorine gas," the U.S. military said at the time.

The use of chlorine gas weapons in warfare dates back at least to World War I, when Germans first used them in April 1915 to dislodge French soldiers from trenches. The weapons caused far more injuries than deaths.

Chlorine can burn the eyes, nose and throat and cause dizziness, nausea and vomiting. In higher doses — a few breaths at a concentration of one part per thousand — it can damage enough lung tissue to be fatal.

Chemists said that exploding high-pressure canisters are at best a crude way to disperse the green gas. Some would burn off, and the rest of the gas, which is heavier than air, would be unlikely to spread much beyond the blast zone.

Stephen Bradforth, a chemistry professor at USC, suggested that the most serious damage could be psychological.

An explosion "would launch a cloud of gas that is colored and highly corrosive and would lead to panic and more injuries," he said. "It's the chemical equivalent of a nail bomb."

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The U.S. Black Hawk helicopter went down near Taji. "Indications are now — again, it's preliminary, but the indications are now that it was brought down by small-arms fire and … rocket-propelled grenades," Army Maj. Gen. William B. Caldwell IV, the chief U.S. military spokesman in Iraq, said on CNN.

The military said another helicopter landed and rescued the nine people aboard the Black Hawk. At least eight helicopters have crashed, been shot down or forced to make unplanned landings in just more than a month.

In Web postings, insurgents have announced plans to target U.S. aircraft in another new front to undermine the security effort. Helicopters have been increasingly used by American troops as a means of avoiding deadly roadside bomb explosions, but officials have said insurgents are finding new ways to target them.

The bodies of at least 20 unidentified men were found dumped throughout Baghdad, police said Wednesday. All were killed by gunfire. A late-afternoon car bomb explosion at a market in the Sadr City district of the capital killed three Iraqis and injured 30.

Several roadside bomb attacks in southern Baghdad killed at least three Iraqis and injured two.

Violence also erupted in the country's predominantly Shiite south, where U.S. and British-led forces have begun handing control over to Iraqi authorities.

In Najaf, home to influential Shiite Muslim seminaries and the most revered Shiite shrine in Iraq, a suicide bomber driving a Chevrolet Caprice detonated his explosives at a police checkpoint as officers were inspecting his vehicle. The blast spread wreckage, body parts and blood over 30 yards. At least 11 people were killed, including four policemen, and 37 were injured in the bombing, a Najaf hospital official said.

"My car was behind the car that exploded," said Ridha Mayoof, a 40-year-old taxi driver recovering at the hospital from shrapnel wounds. "I saw a huge flame coming out of the car in front of me. Bodies and parts of the car were flying."

In the southern city of Samawah, gunmen ambushed and killed Mohammed Hanoon, the deputy chairman of the provincial council, as he was leaving a mosque after morning prayers. Hanoon was the second member of the council assassinated in two months. A suspected former member of the late former President Saddam Hussein's intelligence services was shot dead in Kut, also in the south.

Authorities found an unidentified body in a drainage canal near Iskandariya, about 50 miles south of Baghdad.

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Special correspondent Saad Fakhrildeen in Najaf, special correspondents in Baghdad, Baqubah, Hillah and Taji, and Times staff writer Alan Zarembo in Los Angeles contributed to this report.

Three Die In Attack On Chlorine Truck (WP)

By Ernesto Londono

The Washington Post, February 22, 2007

BAGHDAD, Feb. 21 -- A tank truck carrying chlorine exploded in western Baghdad on Wednesday, killing three people and wounding at least 25 in the second such attack in as many days, according to a spokesman for Iraq's Interior Ministry.

Brig. Gen. Sadoun Abdul Karim said that several people exposed to the fumes were taken to hospitals and that the explosion set vehicles and shops on fire.

The chlorine attacks appear to be among deadly tactics adopted by insurgents in recent weeks as the U.S. military and the Iraqi government launch a security plan that will include the deployment of thousands of soldiers to outposts in Baghdad. Insurgents have also displayed new prowess in shooting down U.S. helicopters.

The attack came on a day when the political scandal over the reported rape of a Sunni woman by Iraqi police officers escalated, with the Iraqi prime minister's office releasing what it said was a portion of the woman's medical record.

The medical file, e-mailed to reporters by Prime Minister Nouri al-Maliki's office, includes a highlighted handwritten note with the notation "no vaginal lacerations or obvious injury."

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In a simple diagram of the front of the patient's body, there are numerous marks indicating bruises around her inner thighs and groin. There is also a mark indicating a bruise on her head. The woman said she hit her head against the wall as three uniformed police officers raped her Sunday.

The medical record was attached to a news release that said the woman was going to be sued for making up the story.

Maliki said Monday that the rape allegation would be thoroughly investigated by a committee. Hours later, however, he said the investigation concluded that the woman had fabricated the story, and he announced that the accused police officers would be honored.

Maliki, who leads a government dominated by Shiites, did not identify the officers or say why the accolades were justified.

It is unclear how Maliki's office obtained the medical record, but the disclosure of its contents was apparently intended to bolster the conclusion that her story was made up -- and thus defuse a particularly sensitive example of the country's sectarian strife.

The woman has been championed by Sunni politicians, and at least one insurgent group has vowed to carry out attacks against Iraqi security forces in her name. Arab news stations have repeatedly aired a tearful interview in which the woman describes the alleged sexual assault in graphic terms -- a highly unusual move in a country where sex is seldom discussed publicly.

A U.S. military spokesman said Wednesday that he could not immediately confirm the accuracy of the information in the woman's medical record. Military officials have acknowledged that the woman was treated Sunday at the U.S. military-run Ibn Sina Hospital in Baghdad's fortified Green Zone. But they have not disclosed what kind of treatment she received or whether specific tests for rape were administered.

"I don't know how they got it," Capt. John Fleming said about the medical record. "Our policy is we do not release that stuff."

Another U.S. military spokesman, Maj. Gen. William B. Caldwell, said during a news conference Wednesday that the woman was discharged Monday and was provided with a copy of her medical record.

Maliki also announced Wednesday the dismissal of Sunni official Ahmed Abdul Ghafour al-Samaraie, who ran the Sunni Endowment, a government agency that oversees Sunni mosques. Samaraie had called for an international investigation of the woman's allegations, and he said many women have been raped by the country's security forces, which are predominantly Shiite.

Violence continued in Baghdad and elsewhere in Iraq on Wednesday. Bombs exploded in Baghdad, Najaf and Kirkuk, killing at least 15 people, according to police in those regions.

A Black Hawk helicopter was shot down north of Baghdad by rocket-propelled grenades and small arms fire, according to the military. The military said in a statement that none of the nine soldiers aboard suffered serious injuries.

Also on Wednesday, the military disclosed the death of an American soldier killed in northern Baghdad on Tuesday. In addition, the military disclosed the death of a Marine killed Tuesday in Anbar province, in western Iraq. The names were not released.

Caldwell said the first week of the security plan brought a "significant" decrease in sectarian killings, but he noted that the body count remains high because of car bombs and suicide bombers. "The thing we have not been able to bring under control is the number of vehicle-borne IEDs, and in the last few days, the suicide vests," he said, referring to improvised explosive devices. "We think the tactics have slightly switched."

"The effects of the operation will not be seen in days or weeks but over the course of months," he said.

Chopper Shot Down; All Aboard Evacuated (WT/AP)

By Sinan Salaheddin

The Washington Times/AP, February 22, 2007

BAGHDAD -- A U.S. helicopter was shot down and crashed north of Baghdad yesterday, the military said after initially stating that the chopper made a "hard landing." All aboard were safely evacuated by a second helicopter.

At least seven U.S. helicopters have crashed or been forced down under hostile fire since Jan. 20. Military officials have said that militants are increasingly targeting helicopters amid the buildup of U.S. troops in Baghdad, firing simultaneously with an assortment of weapons from different directions.

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The military also has detected another deadly insurgent tactic in recent weeks -- the spreading of toxic chlorine gas by combining it with explosives.

In Washington, two Pentagon officials said the tactic has been used at least three times since Jan. 28, when a truck carrying explosives and a chlorine tank blew up in Anbar province west of Baghdad. More than a dozen people were reported killed.

On Tuesday, a tanker filled with chlorine exploded and noxious plumes covered homes and schools north of Baghdad. Nine persons were killed and 150 wounded, said one of the officials. A day later, a pickup truck exploded near a diesel-fuel station in southwestern Baghdad, the official said.

A third defense official said the United States has been concerned about militants' ability to acquire weapons like chlorine bombs. But so far, the official said, bomb makers in Iraq haven't been able to disperse a chemical such as chlorine in an effective way.

All three officials spoke on the condition of anonymity because of the sensitivity of the information.

In the latest violence, a suicide car bomber struck a police checkpoint in the Shi'ite city of Najaf, killing 13 persons in the spiritual heartland of the militia factions led by radical cleric Muqtada al-Sadr.

The blast hit while streets were filled with morning shoppers. At least seven of the victims were police and the rest civilians, authorities said. It was the first large-scale bombing in months in the city, which is heavily guarded by police and Sheik al-Sadr's powerful Mahdi's Army militia.

On Aug. 10, a suicide attack near the Imam Ali mosque in the city killed at least 35 persons and wounded more than 100.

A car bomb in the western Baghdad district of Bayya killed at least two and injured 31, police said. Later, a car bomb in the neighborhood killed at least three persons.

Elsewhere in Iraq, a U.S. Marine was killed Tuesday in fighting in volatile Anbar province, the military said.

Meanwhile political tremors grew stronger in Iraq following claims that a Sunni woman was raped while in custody of the Shi'ite-dominated police -- a case that threatens to escalate the sectarian friction that drives many of the bombings and attacks across the country.

Iraq Insurgents Again Use 'Dirty' Attack (AP)

By Brian Murphy

AP, February 22, 2007

BAGHDAD, Iraq -- Insurgents exploded a truck carrying chlorine gas canisters Wednesday -- the second such "dirty" chemical attack in two days -- while a U.S. official said ground fire apparently forced the downing of a Black Hawk helicopter. All nine aboard the aircraft were rescued.

The attacks offer a sweeping narrative on evolving tactics by Sunni insurgents who have proved remarkably adaptable.

Military officials worry extremists may have recently gained more access to firepower such as shoulder-fired anti-aircraft rockets and heavy machine guns -- and more expertise to use them. The Black Hawk would be at least the eighth U.S. helicopter to crash or be taken down by hostile fire in the past month.

The gas cloud in Baghdad, meanwhile, suggests possible new and coordinated strategies by bombers trying to unleash toxic -- and potentially deadly -- materials. "Terrorists are using dirty means," said Brig. Gen. Qassim Moussawi, an Iraqi military spokesman.

Lt. Col. Christopher Garver, a U.S. military spokesman, said initial reports indicated the chopper was brought down by "small arms fire and rocket-propelled grenades" north of Baghdad, but gave no further details. All nine aboard were taken away on a rescue helicopter, he said.

In Baghdad, a pickup truck carrying chlorine gas cylinders was blown apart, killing at least five people and sending more than 55 to hospitals gasping for breath and rubbing stinging eyes, police said.

On Tuesday, a bomb planted on a chlorine tanker left more than 150 villagers stricken north of the capital. More than 60 were still under medical care on Wednesday. Chlorine causes respiratory trouble and skin irritation in low levels and possible death with heavy exposure.

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In Washington, two Pentagon officials said the tactic has been used at least three times since Jan. 28, when a truck carrying explosives and a chlorine tank blew up in Anbar province. More than a dozen people were reported killed.

A third Pentagon official said the United States has been concerned about Iraqi militants' ability to get weapons like chlorine bombs and use them effectively. But the official cautioned that chlorine bombs are just one threat on a long list of possible attacks that Iraqi fighters may try to carry out.

It was unclear whether the confluence of new insurgent tactics -- attacking isolated combat posts, targeting helicopters more intensely and using chlorine bombs -- was coincidental or in response to the U.S. troop increase.

W. Patrick Lang, a former official at the Defense Intelligence Agency, said the insurgents are always "seeking to achieve higher levels of effectiveness" and these new tactics are part of the normal "evolution of sophistication."

Lang said trucks filled with chlorine gas are "really quite deadly" because the gas is potent and spreads easily.

Some authorities believe militants could be trying to maximize the panic from their attacks by adding chlorine or other noxious substances.

"It is an indication of maliciousness, a desire to injure and kill innocent people in the vicinity," said Garver, who also predicted militants may begin to launch similar attacks because of the widespread mayhem caused by this week's chlorine clouds.

"If there is a particular success, we'll see copycats. ... They certainly pay attention to what they think is successful," he said.

In Najaf, meanwhile, a suicide car bomber killed at least 13 at a police checkpoint. The attack fit a pattern that's believed to drive much of Iraq's recent violence: Sunni militants seeking to provoke majority Shiites into a full-blown sectarian conflict that would leave Washington's plans in ruins.

It was the first major bombing in more than six months in Najaf, an important Shiite pilgrimage site 100 miles south of Baghdad and also the headquarters of radical Shiite cleric Muqtada al-Sadr, head of the Mahdi Army militia.

The Najaf blast hit while streets were filled with morning shoppers. At least seven of the victims were police and the rest civilians near a checkpoint -- part of the city's security cordon that includes Mahdi Army militiamen, who battled U.S. forces in the area in 2004.

More than 40 people were wounded in the blast, which sent body parts and blood over a wide boulevard. Crews stuffed limbs and bits of flesh into cardboard boxes.

In Baghdad, another Mahdi Army center was hit. A car bombing in the teeming Sadr City district killed at least three.

National Guard May Undertake Iraq Duty Early (NYT)

By David S. Cloud

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — The Pentagon is planning to send more than 14,000 National Guard troops back to Iraq next year, shortening their time between deployments to meet the demands of President Bush's buildup, Defense Department officials said Wednesday.

National Guard officials told state commanders in Arkansas, Indiana, Oklahoma and Ohio last month that while a final decision had not been made, units from their states that had done previous tours in Iraq and Afghanistan could be designated to return to Iraq next year between January and June, the officials said.

The unit from Oklahoma, a combat brigade with one battalion currently in Afghanistan, had not been scheduled to go back to Iraq until 2010, and brigades from the other three states not until 2009. Each brigade has about 3,500 soldiers.

The accelerated timetable illustrates the cascading effect that the White House plan to increase the number of troops in Iraq by more than 21,000 is putting on the entire Army and in particular on Reserve forces, which officers predicted would face severe challenges in recruiting, training and equipping their forces.

It also highlights the political risks of the White House's Iraq strategy. Sending large numbers of reservists to Iraq in the middle of next year's election campaign could drive up casualties among part-time soldiers in communities where support for the administration's approach in Iraq is already tenuous, according to opinion polls.

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A final decision on whether the additional Guard units will be required next year in Iraq will not be made for months, the officials said, and the full extent of the Guard role next year will depend on whether the situation in Iraq improves in the meantime.

It has been clear since Mr. Bush announced his plan last month that additional reservists could be required in Iraq, but the numbers and the identity of the specific units involved had not been previously disclosed.

Changing the reservists' schedules means abandoning previous promises that they would get several years between deployments. And the acceleration means that soldiers who usually drill just once a month and for a few weeks in the summer will have to begin intensive preparations right away.

"We're behind the power curve, and we can't piddle around," Maj. Gen. Harry M. Wyatt III, commander of the Oklahoma National Guard, said in an interview. He added that one-third of his soldiers lacked the M-4 rifles preferred by active-duty soldiers and that there were also shortfalls in night vision goggles and other equipment. If his unit is going to be sent to Iraq next year, he said, "We expect the Army to resource the Guard at the same level as active-duty units."

He also noted that one of the brigade's battalions that could deploy to Iraq next year was now in Afghanistan and was not scheduled to return until April, which would leave its soldiers with just over a year at home before having to leave for Iraq in June 2008. He said discussions were under way with top Army officials about providing necessary equipment and extra compensation for reservists in the Oklahoma Guard's 45th Brigade Combat Team if the unit was sent back to Iraq two years earlier than planned.

Capt. Christopher Heathscott, a spokesman for the Arkansas National Guard, said the state's 39th Brigade Combat Team was 600 rifles short for its 3,500 soldiers and also lacked its full arsenal of mortars and howitzers.

Of particular concern, he said, is the possibility that the prospects of going to Iraq next year could cause some Arkansas reservists not to re-enlist this year. Over the next year roughly one-third of the soldiers in the 39th will have their enlistment contracts expire or be eligible for retirement, Captain Heathscott said.

Guard and Reserve units were used most extensively in Iraq and Afghanistan in 2004, and have regularly supplied brigades throughout the fighting. The reinforcements now heading for Iraq will raise the number of combat brigades now in Iraq, only one of which is a Guard unit, to around 20 total. Thousands of additional Reserve support troops would also be required sooner, officials said.

To draw more heavily on Reserve units, the Bush administration announced in January that it was revising rules that limited call-ups of Guard members. The previous policy limited mobilization of Guard members to 24 months every five years, but prolonged and large deployments in Iraq and Afghanistan led the Pentagon to abandon that rule.

The new guidelines allow units that have already been deployed in the last five years to be called up again, but the Pentagon has said that it will try to limit the total time Guard units are mobilized to a year, instead of the current year and a half to two years.

Given that they would be in Iraq for about nine months, that would leave only three months for training before they go. In the past, six months of training has been the norm before heading to the war zone.

To make up the difference, officials said the soldiers would get more part-time training, close to home, before being mobilized. That would cut the time they have to spend away from their jobs and families, Captain Heathscott said.

Military Tells Congress Of Equipment Shortfalls (POL)

By Christian Lowe

The Politico, February 21, 2007

In a move sure to provide ammunition to congressional critics of the Iraq war, military commanders have given Congress a long list of equipment and reconstruction needs totaling nearly $36 billion, denied earlier by the administration in its $481 billion defense appropriations request for the new fiscal year.

The lists come as Democratic leaders, who control both the House and the Senate, consider a new legislative strategy to restrict President Bush's ability to prosecute the war and, eventually, force a U.S. withdrawal.

The Army and Marine Corps say they need more than 5,000 armored vehicles, another $153 million for systems that defend against the deadly improvised explosive devices in Iraq and $13 million in language translation systems.

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In an annual exercise initiated by the ranking member of the House Armed Services Committee, the military service chiefs were asked to forward spending priorities for the new 2008 fiscal year that either Pentagon budget planners or White House budget officials struck from the services' original requests. Lawmakers use the list to gauge where military commanders see shortfalls and to justify additions to the appropriations.

"Given the operational demands that Operation Iraqi Freedom and the Global War on Terrorism are placing on the services, it is more important than ever that Congress be aware of these unfunded requirements in order to fulfill its constitutional duty of providing adequate resources for our Armed Forces," wrote Rep. Duncan Hunter, R-Calif., in a Jan. 17 letter to the service chiefs requesting the lists.

Last week, the chairman of the House Appropriations Defense Subcommittee, Rep. John P. Murtha, D-Pa., began to lay out his strategy to restrict funding for the president's plan to "surge'' another 21,500 combat troops into Iraq until all Army and Marine units are certified as fully manned and equipped. And the list of unfunded projects could be used by him and other war critics to dramatically demonstrate shortfalls faced by the services.

The Army's $10.3 billion list includes $2.2 billion for 2,500 special vehicles to better protect troops against roadside bomb attacks. The Marines have asked for another 2,700 of the vehicles, totaling $2.8 billion.

The lack of armored vehicles has been a heated topic of debate on Capitol Hill as lawmakers consider a $93.4 billion wartime appropriation to finish the current fiscal year, another $141 billion in wartime funding bill for fiscal 2008, as well as the regular 2008 defense appropriations bill.

Though not carrying the brunt of the combat in Iraq or Afghanistan, the Navy detailed $5.6 billion in unfunded needs. And the Air Force issued a request for a $16.9 billion.

Their lists include some items that could prove controversial, such as a Navy request for $1.7 billion for an additional amphibious ship and $720 million to buy 12 F/A-18 Hornet fighter jets.

The Air Force wants two new C-17 transport planes at more than $1 billion, and $448 million for executive jets used by military commanders and government officials.

A Retreat From Big Cities Hurts ROTC Recruiting (WSJ)

By Greg Jaffe

The Wall Street Journal, February 22, 2007

Though Army Seeks More Ethnic Officers, It Shuns Northeast

QUEENS, N.Y. -- The ROTC program at St. John's University here seems perfectly placed for an Army that's desperate for officers who are bilingual and comfortable in foreign lands. About 40 of the 120 students speak second languages, including Turkish, Korean, Mandarin, Hindi, Albanian, and Gujarati.

"I had never even heard of Gujarati until I learned I had a cadet who spoke it," says Lt. Col. Timothy Walter, who heads the program.

But instead of being hailed as a model for the Army's future, the St. John's Reserve Officer Training Corps program is a lonely outpost of diversity. In the past few decades, the Army has pulled its officer training and recruiting programs out of the Northeast and big, ethnically diverse urban centers, choosing to concentrate on campuses in the South and Midwest. 1

There is no Army ROTC program in the Detroit area, with its large middle-class Muslim population, and only one in Miami and Chicago. In New York City, which produced more than 500 military officers a year in the 1950s and early 1960s, the two remaining ROTC programs last year yielded 34 Army officers.

In contrast, Alabama, which has a student population that is about one-fourth the size of the state of New York, has 10 ROTC programs that last year produced 174 Army officers. The South generates about 40% of all Army officers, according to Pentagon statistics.

An officer's background didn't matter so much when the U.S. was focused on fighting big armies in large conventional battles. These days, though, U.S. success in places like Iraq and Afghanistan hinges on the ability of Army officers to win the trust of a suspicious and often culturally alien population. Officers must court sheiks and warlords and work closely with indigenous security forces.

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At a time when the country is growing more and more diverse, the Army is struggling to build an officer corps that takes full advantage of America's multiethnic society. There are only about 1,500 Muslims in a force of about 500,000 soldiers. Arabic speakers are in critically short supply throughout the force, say senior Army officials. Even in those cities, like New York, where the Army maintains ROTC, it is undermanned and culturally out-of-synch with the people it is trying to recruit.

"We've been very shortsighted," says retired Gen. Jack Keane, who served as the Army's vice chief of staff until he retired in 2004. "We have leaders in the Army who are uncomfortable in big urban areas. They feel awkward there."

The Army's retreat from urban areas has complex roots, from antimilitary sentiment in big cities in the wake of the Vietnam War to simple economics. Urban ROTC programs have generally produced fewer cadets and are considered poorer investments than programs at large campuses in the South. Internal Army studies say the best ROTC candidates are students whose parents have served in the military and enjoy physical activity. "They may have rafted, canoed, rock climbed or sky dived," an internal Army report states. Prime candidates also have served in leadership positions at school.

ROTC, which is open to full-time college students, produces officers who are the professional and intellectual core of the Army. The program graduates about 4,000 officers a year and supplies two-thirds of the Army's officer corps. Cadets must attend classes at least twice a week and work out in the mornings three times a week. The other officers come from West Point, which produces about 900 graduates a year, and the Army's Officer Candidate School at Fort Benning, Ga. ROTC graduates typically agree to serve eight years in the military after they graduate. The time can either be spent on active duty or in the reserves.

To prepare soldiers better for dealing with local populations, the Army has added language and cultural-awareness classes. At West Point, for example, cadets in the Social Sciences Department spend three days each year in Jersey City, N.J., a city of about 250,000 that includes large numbers of Muslims, Hindus and Egyptian Coptic Christians. The West Point cadets meet with local political and religious leaders. They spend the night in a mosque, meet with the Imam there and observe evening and morning prayers. During their last trip they were treated to a homemade feast from Hindu, Egyptian and Coptic Christian communities.

"The goal is to help cadets understand how a big, diverse, ethnic population works," says Maj. Stephanie Ahern, who oversees the trip.

But when it comes to recruiting officers from Jersey City, the Army has taken a pass. It closed its only two ROTC programs in Jersey City in the mid-1990s because they weren't producing many officers.

The Army's shift South began in the late 1960s at a time when anger over the war in Vietnam was prevalent on many Northeastern campuses. At some high-profile schools, like Harvard, Yale and Columbia, disagreements between the military and school administrators drove ROTC off campus. Many small Southern schools actively courted the military by setting aside new buildings for ROTC programs.

As the Army shrunk after the Cold War, it also shuttered large numbers of bases in the Northeast and relocated troops to sprawling facilities in the South and Midwest which were far from population centers and offered big training ranges. As a result, urban students today have far less exposure to the military, making them harder and more costly to recruit and retain in ROTC programs.

"We want to produce an officer corps that is fully reflective of the rich ethnicity and cultural diversity of our country," says Maj. Gen. Montague Winfield, who oversees the Army's ROTC programs nationwide. But, he says, the Army must also focus its money and personnel on areas that are likely to produce the largest number of high-quality officers at the least cost to taxpayers.

Last year, Cadet Command, which oversees training and recruitment of ROTC officers, came up 450 officers short of its goal of producing 4,500 second lieutenants. This year, the command will get about $175 million for scholarships to bring in more cadets, twice what it received in 2001. But it won't get additional officers and sergeants to expand programs to more campuses in urban markets.

"We are in a resource-constrained environment," says Gen. Winfield.

No place shows the shortcomings and the potential of urban ROTC programs better than New York. Created after World War II, ROTC was a big presence on campuses throughout New York City. The City College of New York, for example, swelled with more than 1,500 cadets in the 1950s, making it among the largest in America. Its most famous graduate is Gen. Colin Powell.

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In the early 1970s, the Army began to leave the city. From 1968 to 1974, the Army closed 43 ROTC programs in the Northeast and opened 45 new programs in the South. In the early 1990s when the Army was downsizing at the end of the Cold War, it closed 70 more programs, including its remaining programs in Manhattan and Brooklyn.

For many Army officers and senior sergeants today, New York is an alien place. Master Sgt. Darrel Jolley got his papers sending him to teach at St. John's University while he was in Iraq. The official Army order listed his assignment as "Jamaica, Queens." "I thought I was going to the island of Jamaica," he says. When he found out he was going to New York, the 43-year-old sergeant says he tried to get out of the assignment. He failed.

Driving through Brooklyn and Queens Sgt. Jolley said he was initially taken aback by the clamor and the large number of people who looked as if they recently arrived from the Middle East. "There were times when I felt like I was back in Iraq. There were people dressed in those man-dresses that they wear in Iraq. The women had veils. I know I shouldn't say this, but it made me want to look for IEDs," he says, referring to improvised explosive devices.

It wasn't just the city that felt foreign. The ROTC students were also different. Many spoke with heavy accents and struggled with their English. About half of the cadets were female, a big change from Fort Bragg in Fayetteville, N.C., where he served in all-male units. Standing before his first class, Sgt. Jolley says he felt compelled to preemptively apologize for anything he might say to offend the students.

Three years into his St. John's assignment, where he teaches courses in military science, Sgt. Jolley has formed strong bonds with his cadets. Among those with whom he has formed closest ties is Yesim Yaktubay, a 20-year-old junior who attends St. John's on a ROTC scholarship.

Ms. Yaktubay, who migrated to the U.S. at age 10 from Turkey, says she was drawn to ROTC because she needed money for school and wanted to travel. Her father works as a carpenter in Queens and her mother is a homemaker. Her parents initially tried to talk her out of joining the military, and remain troubled by the Iraq war, she says. "They are from the Middle East. They have family over there and they were worried the war would spread to Turkey," she says. Her mother "kept saying I was going to get hurt or killed," Ms. Yaktubay says. Like many of the St. John's cadets, Ms. Yaktubay says she has her doubts about the wisdom of the war but "I support our troops."

As one of a handful of Muslims in the St. John's program, Ms. Yaktubay says she frequently finds herself answering Sgt. Jolley and her fellow cadets' questions about Islamic culture. The questions range from mundane queries about dietary laws to more serious ones about the role of jihad in the religion.

Ms. Yaktubay says she hopes her background growing up as an immigrant and a Muslim will make her a better officer. She plans to go into military intelligence. "I think it will help me understand people better, particularly their cultural differences and their background," she says.

Initially Ms. Yaktubay had her doubts about Sgt. Jolley, a broad-shouldered infantry soldier from western Pennsylvania. "We all expected him to be meaner and really push us," she says. Although her grades are strong, Ms. Yaktubay struggled with the Army physical-fitness test. Sgt. Jolley skipped lunch and took extra time in the evenings to help her and other recruits cut their time in the 2-mile run. "He has become like a second dad to me," she says.

Jessica Jurj came to the U.S. from Romania at age 14 and attends John Jay College of Criminal Justice, part of the City University of New York system in Manhattan. She struggled with her grades her freshman and sophomore years because she was working as much as 50 hours a week to support herself.

Today she is one of the leaders of the Fordham ROTC program in the Bronx. Her teacher, Lt. Col. Randy Powell, who runs the program, recalls how several years ago, he took the unit he was leading to an exercise with the Bulgarian military. "I was unprepared for the level of poverty," he says. "Having Jurj on my staff would have been a huge help."

The two remaining New York City programs -- at St. John's and Fordham -- are both fragile. Cadets often have long commutes involving buses and trains to reach them. Ms. Jurj says she has to get up at 4 a.m. to make it from Queens to her 6 a.m. mandatory Saturday ROTC class at Fordham. On days when she sleeps late she has to pay $40 in cab fare.

Without aggressive leadership, the programs can also quickly falter. In 2000, the ROTC program at Fordham University in the Bronx was producing about five officers a year and was on the verge of being shut down. The officers, who ran the program, rarely left the Fordham campus to recruit cadets.

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Today it yields about 25 officers a year. A key player in the turnaround is Maj. Mike Hoblin, a Fordham ROTC grad and native New Yorker who was assigned to the program at its low ebb. Shortly after he arrived, Maj. Hoblin began offering ROTC classes at Fordham's campus in Lincoln Center, easing the commute for students who attend colleges in Manhattan, such as Columbia and New York University. Today the Fordham program has nine cadets from NYU, up from none in 2000.

But Maj. Hoblin also looked beyond the elite campuses. He focused attention on John Jay and City College of New York, two of some 20 schools in the 200,000-student CUNY system. At the time the CUNY system was producing virtually no ROTC candidates. He started attending career days and built relationships with professors and administrators who had connections to the military. Today, about 25% of the 112 cadets attending the ROTC program based at Fordham are from CUNY schools.

Even as he was expanding the Fordham program, Maj. Hoblin says he was struck by the missed opportunities in New York, particularly on the immigrant-heavy CUNY campuses, where there is no ROTC presence. "I have always found that first-generation immigrants in New York City are eager to serve," he says.

U.S. To Investigate Iraq Rape Case (USAT)

By Oren Dorell

USA Today, February 22, 2007

BAGHDAD — The U.S. military said Wednesday that it will launch its own investigation into an alleged rape that has created a furor among Iraq's Sunnis and bitterly split the country's government.

Gen. David Petraeus, the top U.S. commander in Iraq, ordered an investigation into allegations by a 20-year-old Sunni woman who said she was raped last week by members of Iraq's Shiite-dominated police force.

Iraqi Prime Minister Nouri al-Maliki cleared the three police officers Tuesday following an investigation that lasted less than a day. He announced an unspecified reward for the officers and said the rape charge was fabricated to discredit the U.S. and Iraqi security crackdown in Baghdad.

Al-Maliki on Wednesday fired a leading Sunni official who had called for an international investigation.

Maj. Gen. William Caldwell, top spokesman for the U.S. military here, announced Petraeus' decision to look into the allegations. Caldwell said U.S. doctors originally treated the woman and kept her overnight at a U.S. military hospital.

"What I can tell you is that at a point on Sunday evening an Iraqi woman was brought to our medical facility," he said. "She was put under the care of our medical personnel there, and sometime early Monday morning she was released."

The results of the U.S. investigation will be provided to Iraqi officials after they make a decision "on how they are going to move forward" with the judicial process, Caldwell said.

Ahmed al-Samaraie, the Sunni official fired by al-Maliki, said the woman's allegations were not unique.

"Many girls are raped, but they refuse to appear in the media so as not to tarnish their reputations," he said. Al-Samaraie heads the Sunni Endowment, which cares for Sunni mosques and shrines in Iraq.

The incident has fired public sentiment in a city riven by tension between Sunnis and majority Shiites.

"Everybody is talking about her and laughing at her, on the bus, on the streets, my family and all my friends," said A'mer Ameer, 35, a Shiite in Baghdad's Karada neighborhood. In TV interviews, the accuser was too calm to be believable, he said. "I think it's a game to destroy the security plan after (Sunni extremists) see it's starting to give good results."

Sunni students in Mosul rallied to demand a new government probe.

Farooq Ihssan, 33, from Baghdad's Ameriya district, said Sunnis at his mosque were urged to protest today. "Shame on every Iraqi who says this woman is a liar," Ihssan said.

Ahmed Abdullah, 29, a Sunni from Zaiona, had doubts. "I don't believe that Iraqis will rape a woman. We don't have such a culture. We might kill, behead or do torture, but rape — I don't think so," he said.

Rape is considered not only an assault on the victim but a grave offense against her entire family and community. The allegations harkened back to the dark years of Saddam Hussein's rule, when wives and daughters were raped in front of their husbands and fathers to exact confessions from the men.

Television stations in Egypt and the Persian Gulf have reported extensively on the case since Monday.

Maliki Fires Official For Criticizing Response To Rape Account (NYT)

DOJ_NMG_0135024

By Marc Santora

The New York Times, February 22, 2007

BAGHDAD, Feb. 21 — Prime Minister Nuri Kamal al-Maliki fired a top Sunni official on Wednesday after he criticized the government's handling of a young Sunni woman's account of being raped by members of the Shiite-dominated security forces.

Mr. Maliki, responding to criticism that his Shiite-led government was rushing to discredit the woman's account because she is Sunni, also released what he said was evidence that she was lying, including a medical report that he said had come from an American-run hospital where the woman had been treated.

Maj. Gen. William B. Caldwell IV, the chief American military spokesman, said that the hospital had given only the woman a copy of the medical report and that it was unclear whether Mr. Maliki's document was genuine.

A copy of Mr. Maliki's document, obtained by The New York Times, shows it to be inconclusive. It says the subject had no vaginal tearing, but notes bruises on her thighs. In an extremely unusual broadcast on Al Jazeera on Monday night, the woman said she had been beaten with a water hose during the attack.

It was also unclear if Mr. Maliki had the authority to fire the Sunni official, Sheik Ahmad Abdul Ghafur al-Samaraei, who runs the Sunni Endowment, an organization that cares for Sunni mosques and shrines in Iraq.

Mr. Samaraei, in an interview, said Mr. Maliki might need approval from a specific government council to fire him. The article in the Constitution cited by Mr. Maliki does not seem to be clear on this point.

But Mr. Samaraei said he was not surprised.

"Maliki is fed up with me talking about all the terrible things that are happening to Iraqis, whether it is killing, kidnappings or illegal arrests," he said. He said he had met with many Sunni women who confided that they had been raped by government soldiers.

It was the third day that Sunni and Shiite leaders bitterly debated the handling of the woman's charges.

It is almost unheard of in this Islamic country for a victim of rape to publicly acknowledge the crime, much less go on television. Sectarian motivations aside, Iraqi politicians, both Sunni and Shiite, seemed to be at a loss for how to deal with the topic publicly and at the same time delicately.

In the broadcast account, the woman said that after she was taken from her home in the west Baghdad neighborhood of Al Amil on Sunday, she was raped by at least three members of the National Police.

General Caldwell said she was treated at an American-administered hospital in the Green Zone. American military officials did not elaborate, saying only that they were trying to make sense of the case themselves.

On Wednesday, Sunni and Shiite leaders called news conferences to condemn one another.

Abdul Nasir al-Janabi, a leader in the Tawafiq bloc of Sunni political parties, said the government was covering up many rapes of Iraqi women by the security forces. He threatened that Sunni parties might withdraw from the government if their concerns were not addressed.

He also sought to rally support from the broader Sunni Islamic world, calling on "the international Arab and Muslim conscience to raise its voice and condemn these indescribable crimes."

Mr. Janabi and other Sunni leaders pointed out that it was only a matter of hours before the prime minister shifted from calling for an investigation of the woman's allegations to denouncing her as a liar and criminal and praising the officers involved.

The criticisms quickly escalated from specific concerns about the woman's case to the broader security crackdown in Baghdad, which Mr. Maliki is in charge of organizing.

Mr. Janabi joined other Sunni leaders in condemning the plan as a sham meant to allow Shiite militias to go into hiding while Sunnis were harassed.

Mr. Maliki, on the other hand, found the harsh comments from Sunni leaders to be further proof that the woman's claims had been fabricated and aimed at undermining his authority and the credibility of the security plan. His office released a defiant, at times confusing, statement.

"We expected this fabricated propaganda," the statement said. "The purpose of this is to obstruct and distort the law enforcing plan."

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The Maliki administration contended that the clothes of a person who had been kidnapped by Sunni militants had been found in the woman's home. The person's body, the statement said, "was found buried in another house."

The woman first came under suspicion of aiding militants, according to the document, when a police officer "saw her cooking for a large number of people while she was alone in the house." This happened again, the release said, and the woman was preparing enough food to feed "more than 10 people."

The statement twice cited American involvement to bolster the claims, including that military advisers were "present in all stages of arrest, transportation of the complainant and interrogation."

General Caldwell, the American military spokesman, did not confirm that. While acknowledging that she had been admitted to an American-run medical facility on Sunday, he refused to divulge details of her treatment or examination.

In the statement to news organizations, Mr. Maliki went beyond trying to prove that the woman had not been raped, implying that she was unmarried and having an affair.

Iraq Rape Charge Stirs Sectarian Storm (CSM)

By Scott Peterson

The Christian Science Monitor, February 22, 2007

A Sunni woman says she was assaulted by Shiite police, but Iraq's Prime Minister says the charge is bogus.

The armored convoy of Iraqi officials rolled into a police garrison in southwest Baghdad Wednesday to investigate highly charged claims of rape by a Sunni woman against Shiite police commandos.

They brought with them Sabrin al-Janabi, the alleged victim and the center of a political firestorm that has spread across Iraq in the aftermath of these rarely public allegations. Iraq's deputy minister of interior aimed to see if he could identify the perpetrators, to calm claims that are being amplified by politicians and fueling sectarian tensions.

Indeed, Iraq is a country where perception, instead of fact, often defines wartime realities.

Even before the details of the case could be determined, Iraqis heard competing claims by the alleged Sunni victim broadcast on TV and a Shiite premier who says the charges have been fabricated to undermine the US-Iraqi security plan in Baghdad.

Interviews with officers who jailed Mrs. Janabi (a nickname used by the woman), witnesses to her brief arrest, and other sources cast doubt on the rape claims. US officers – who were apparently present in the garrison during the alleged incident, Iraqi officers claim – have so far not provided their version of events.

In the latest sign of the toll taken on Iraq's fragile unity government, Prime Minister Nouri al-Maliki Wednesday fired a top Sunni official, the head of the Sunni Endowment board, whose group declared the "horrific crime" to be proof that the Baghdad crackdown is a failure.

Mr. Maliki states that medical tests show the woman "had not been subjected to any sexual attack," and that there are three outstanding arrest warrants against her. Maliki's office Wednesday released a one-page medical report, typical of those used in US military facilities here, that appeared to prove that point. The handwritten words "no vaginal lacerations or obvious injury" are clear, though the place for the name is covered by a sticker with a number.

In a statement, the premier blamed "certain parties" for trying to "sow confusion about the security plan and tarnish the reputation of our forces," adding that the three falsely accused officers would be "rewarded."

But Janabi's claims and Maliki's handling of the case are sparking outrage among Sunnis.

"One of them put his hand on my mouth so no one outside the room could hear me," Janabi said on television. "I told them 'I did not know that an Iraqi could do this to another Iraqi.' "

Iraqi officers interviewed at the garrison and involved in the arrest in the Al Amel district dispute those claims, saying that Janabi spent only 20 minutes in the office of the garrison commander with several Iraqis asking questions. They were in the constant presence of US soldiers inside the room, says an Iraqi major who asked not to be named.

Sunni leaders have already accused the US and Shiite-led government of singling out their neighborhoods for clearance in the security plan; the rape charges fed those concerns.

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Mahmoud al-Mashadani, the Sunni speaker of parliament, warned that "if you [Maliki] don't bring justice to this Muslim Iraqi woman, whom you should view as your sister or daughter, history will curse us with eternal disgrace."

The Islamic Army in Iraq, a major Sunni insurgent group, vowed on its website that they would "not sleep or be satisfied until we avenge you and every free woman who was stripped of her virtue and dignity."

The group called on its militants to "focus" their attacks against Iraqi troops, especially police commandos, in a campaign that for the next month would be called "Sabrin," after the alleged victim.

US soldiers, whom the woman claimed had helped free her from the Iraqi police commandos, have yet to confirm such a role. The woman "received care" at a US hospital in the Green Zone overnight Sunday, said a US spokesman.

"Many of the events and circumstances surrounding this alleged assault are still being pulled together ... to establish what may or may not have happened," Maj. Gen. William Caldwell told a press conference Wednesday. The top US commander in Iraq has appointed a military lawyer to examine the case.

Rape is a taboo topic in Iraq, and lethal revenge, even against the female victim by male family members, is not punishable under the law.

The saga began Sunday when the woman was detained along with about 10 suspected Sunni insurgents occupying homes from which Shiite residents had been forced out. One of the Iraqis who made the arrest said the police had been tipped off by Iraqi soldiers at a nearby base that Sunni insurgents had moved into a house in Al Amel.

Four police commandos entered the house shortly after the 6 a.m. curfew, and were surprised to find Janabi sleeping there alone, according to an Iraqi 1st lieutenant who was one of the four. Janabi appeared "disturbed," and complained of problems with her kidneys and nerves to explain the presence of tablets this officer said were sedatives or painkillers.

She gave her name as Zainab, according to this officer's account, but had no identity or residence papers, which she claimed her husband had just left with. Another police commando recognized Janabi from a raid just two days before, on Friday, in which she was at another abandoned house and cooking for 10 people.

"You are like a cat, every day in a different house," the officer recalled telling Janabi. Other officers who recognized her recalled that the jacket of a kidnap victim had been found near the house where she was cooking on Friday. The body of that kidnapped person – along with four other corpses – was found in a nearby secondary school on Monday.

When asked what she was doing there, Janabi apparently told that she had "deceived" the officers the previous Friday, in explaining herself.

Janabi was not handcuffed, Iraqi officers say, but first was put in the open-backed truck of the deputy commander, and then separated from the male detainees – who were shortly released – and locked in the back of a military ambulance alone to be driven to the garrison.

"I received orders to put her in the back of the ambulance," says the driver of the vehicle, Saad. He said American troops saw Janabi as she was put in, and told him: "Transport her to the camp," indicating that they would soon meet him there.

According to the driver, Janabi was never tied and was deposited directly in the office of the Iraqi camp commander. Janabi was in that room for questioning for 20 minutes, says the Iraqi major who was present, in an interview. Americans were in the room throughout, says this officer.

"It was just question and answer. Nothing happened," the major asserts. They asked about why she had been found cooking for so many people two days earlier, on Friday, and why there were holes in the walls connecting abandoned houses – a tactic typically used for quick escapes. They told her about the significance of the jacket and the kidnap victim.

Within hours of the house raid Sunday, Shiite witnesses, who had been with the police commandos and hoped to reclaim their houses from Sunni gunmen, said that among those arrested was a "prostitute" who appeared drunk or on drugs. Some Iraqis, Shiite and Sunni alike, say they are suspicious of the woman's story.

"Maybe it's fake and they gave her some money to say this – to be an actress," suggests one older Sunni woman, who also happens to be from the large al-Janabi tribe and could not be named. "Sometimes women like these give information to the insurgents because they give them money, and make calls to the police or US troops to set them up for insurgent ambushes."

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Even as Sunni and Shiite politicians struggle to take advantage of the perception gap over assault charges, ABC News on its website quoted an Iraqi government source saying that Janabi had recanted her claims, saying she was never raped, and had been paid for the television interview.

Adding more spin to the case, that source said the story was meant to "manipulate the security plan," as part of a "great effort by the bad guys to tell the world that this [plan] is not working."

Prodi Quits After Foreign Policy Defeat (FT)

By Tony Barber

Financial Times, February 22, 2007

Romano Prodi resigned as prime minister of Italy on Wednesday night after a parliamentary defeat on foreign policy. His decision raised fears that Italy was returning to the days of short-lived governments and paralysis in policymaking.

Mr Prodi, 67, handed in his resignation to Giorgio Napolitano, Italy's head of state, who planned to start talks on Thursday to see who, if anyone, has enough support to form a new government.

Mr Prodi's nine-party, centre-left coalition took office in May, a month after he defeated Silvio Berlusconi, the former centre-right premier, in the closest election in modern Italian history.

The sudden crisis that overwhelmed Mr Prodi centred on his inability to persuade communists and other radical leftists in his coalition to support two cornerstones of Italian foreign and security policy. These were Mr Prodi's determination to keep Italian troops side by side with Nato forces in Afghanistan and his decision to permit the expansion of a US military base in the north-eastern city of Vicenza.

Although the radical left said it did not want to bring down Mr Prodi, the parliamentary rebellion of a handful of dissident leftwingers was sufficient to ensure that the government lost a motion by two votes in the Senate, the legislature's upper house.

Mr Prodi felt obliged to resign because the defeat signalled that his coalition was incapable of producing a majority from its own ranks to ensure that Italy met its international commitments. The options facing Italy's political classes include the formation of a new Prodi-led government; the creation of a centre-left government without him; the emergence of a centrist-dominated government including moderate opposition politicians; and a snap general election.

Pierluigi Castagnetti, a centre-left moderate and deputy speaker of parliament's lower house, said he did not want a snap election – not least because Italy's electoral law, a fully proportional representation system, needed to be changed first.

The Union of Christian Democrats, the third largest and most moderate opposition party, said it was ready to hold talks with centre-left parties.

Mr Prodi's government was the 61st in Italy since the second world war and held office for nine months – slightly less than the average government length between 1945 and 2001.

Although he started to restore order to the shaky public finances and began to open up Italy's professions and service industries to more competition, the government was always under pressure because of its one-seat majority in the Senate.

The abrupt crisis appeared to surprise many communists and radical leftists, who wanted to flag their discontent with Mr Prodi's foreign policy but without toppling their government.

Mr Berlusconi said Mr Prodi had no choice but to resign, as Massimo D'Alema, foreign minister, made clear on Tuesday the government would "go home" if it lost yesterday's vote.

Italy's Prime Minister Resigns After Foreign Policy Defeat (USAT)

By Eric J. Lyman

USA Today, February 22, 2007

ROME — Italian Prime Minister Romano Prodi resigned Wednesday when his coalition government fractured over foreign policy, including his decision to keep Italian troops alongside U.S. forces in Afghanistan.

Prodi submitted his resignation to President Giorgio Napolitano after a humiliating defeat in the Italian Senate. It was intended to boost political backing for Prodi's foreign policy.

Napolitano is likely to indicate today whether he will call elections or ask Prodi — or someone else — to form a new government. The next government will be Italy's 62nd since the end of World War II.

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Prodi took power nine months ago but lacked a clear mandate after a razor-thin election victory in April over incumbent Silvio Berlusconi, a media tycoon.

The result gave Prodi's coalition a one-vote majority in the Senate, but three defections Wednesday left him with 158 senators in his corner — two short of the 160 he needed for passage of the foreign policy measure.

Italy's 1,800 troops in Afghanistan are part of the NATO peacekeeping force there. Many members of the broad center-left Prodi coalition are pacifists who oppose sending Italian troops abroad.

The constitution did not require Prodi to step down, but Foreign Minister Massimo D'Alema — a two-time prime minister and a potential candidate to succeed Prodi — said before the vote that the government should step down if it failed to win enough support in the Senate.

"If Prodi would have continued, his government would have been paralyzed," said Giorgio Prestigiacomo, a political scientist at Florence's Catholic University. "Better to let a new government — whether he leads it or someone else does — start fresh."

The last time an Italian prime minister resigned was in April 2005, when Berlusconi stepped down after infighting in his coalition. He was able to form a new government within days.

It might be tougher for Prodi to follow suit. His deficit-reduction plan, featuring tax increases and cuts in public spending, has hurt his popularity ratings.

Another divisive issue has been his government's decision to support a plan to double the size of the U.S. military base in Vicenza, northern Italy. The base houses troops of the Army's 173rd Airborne Brigade.

The expansion plan, set in motion by Berlusconi's government and backed by Prodi, drew tens of thousands of protesters during the past weekend.

"Prodi's approval level (percentage) is in the mid-30s, and that makes things tough for him," said Maria Rossi, co-director of the polling firm Opinioni.

Prodi's resignation could open the door for a long-shot bid by Berlusconi or another member of the opposition to try to form a new coalition.

Italy's Prime Minister Quits (LAT)

By Tracy Wilkinson, Times Staff Writer

The Los Angeles Times, February 22, 2007

Prodi narrowly loses a foreign policy vote in the Senate, toppling his 9-month-old coalition.

ROME — Stung by a bruising foreign policy defeat, beleaguered Italian Prime Minister Romano Prodi resigned Wednesday, his center-left government collapsing after just nine months in power.

Prodi failed to win parliamentary endorsement of his decision to maintain Italian troops in Afghanistan, a loss attributed in part to desertions by members of his coalition who oppose continued cooperation with the U.S. military in Italy and abroad.

Chants of "Quit! Quit!" filled the Italian Senate as opposition politicians in business suits jumped up and down and pumped their fists upon realizing Prodi had lost the vote. A few hours later, he tendered his resignation to Italian President Giorgio Napolitano.

Napolitano said through a spokesman that he would begin talks today aimed at forming a new government.

Among the scenarios, he could ask Prodi to build a new government, avoiding fresh elections that neither the right nor the left appeared eager to engage in just yet.

Prodi will continue as a caretaker prime minister until a new government takes power, Napolitano's office said.

The nation was once infamous for its revolving-door governments during decades of tumultuous political infighting and scandal. Prodi's predecessor, Silvio Berlusconi, last year became the first Italian prime minister since World War II to finish a five-year term.

Berlusconi prided himself on the length of his tenure, and many Italians hoped a new era of stability had dawned. But Prodi's government was probably doomed from the start. He narrowly defeated Berlusconi's center-right coalition in hard-fought elections last year, gaining only the tiniest of majorities in the Senate, which enfeebled his mandate.

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Berlusconi, who could return to office again, could barely contain his glee Wednesday. "The government has been clamorously defeated in Parliament," he said.

Prodi's resignation was a matter of "political, constitutional and ethical" duty, Berlusconi said, adding that the prime minister's handling of foreign policy proved him "incapable" and brought "international humiliation" to Italy.

The event that triggered the government crisis was not a confidence vote and did not carry a constitutional requirement that the prime minister step down. It was, instead, a Senate vote to endorse the government's general foreign policy, including maintenance of Italy's 1,800-member military mission in Afghanistan.

But Prodi and his foreign minister, Massimo D'Alema, had staked their credibility on the measure. "I am asking for a strong and clear consensus," D'Alema said on the Senate floor.

The move proved to be a serious miscalculation. The measure fell short of winning Senate majority approval by two votes.

Prodi's coalition, a patchwork of nine disparate political parties, has been torn by divisions and bickering. Several leading leftists in the coalition want Italy out of Afghanistan and oppose Prodi's decision to permit the U.S. military to expand its base at Vicenza in northern Italy.

Tens of thousands of Italians, including members of three parties from the Prodi coalition, marched last week on the northern base to protest the expansion.

Prodi has said he is obliged to carry through with a promise made by Berlusconi that gave Washington permission to enlarge the base. Reneging would be seen as an "act of hostility," Prodi said.

In another move this month that embarrassed Prodi, Berlusconi's opposition bloc managed to pass a measure in the Senate approving the Vicenza expansion.

Angered over Vicenza, two Communist senators, Franco Turigliatto and Ferdinando Rossi, took Wednesday's vote as their cue to abandon Prodi. Their desertion deprived Prodi of the majority he needed, setting in motion the government's fall.

Analysts here were quick to recall that it was far-left members of his coalition that toppled Prodi's earlier government in 1998.

Prodi may yet be able to hold on to power. His allies were rallying Wednesday evening to his defense and plotting ways to reconfigure their government.

"We are ready to reconfirm our full support for the Prodi government," Dario Franceschini of the centrist Margherita (Daisy) party said, suggesting that a confidence vote could be called that would demonstrate that Prodi and his coalition still have a majority to govern.

But the opposition was equally emphatic in doubting that Prodi would continue in office.

"If he wants to go ahead [and attempt to form a government], good luck," opposition politician Pier Ferdinando Casini told state television. But, he added, "the country is paying the price."

Italian Premier Resigns After Foreign Policy Loss (NYT)

By Ian Fisher

The New York Times, February 22, 2007

ROME, Feb. 21 — Italy's fragile government snapped suddenly on Wednesday under the weight of its own internal divisions as well as a broader skepticism about the European role in the worldwide fight against terrorism.

Prime Minister Romano Prodi, in office just nine months, submitted his resignation Wednesday evening after his governing coalition lost a key vote on foreign policy in the Senate.

Two far-left members of his coalition abstained amid tensions over whether Italy should continue to provide troops to Afghanistan and Mr. Prodi's support of an expansion of an American military base in Vicenza, in northern Italy.

With only a razor-thin majority, the abstentions killed the measure, aimed at gaining Senate support for Italy's foreign policy, and unexpectedly, doomed the government.

"I can't in any way give my vote to this government with this foreign policy," said Fernando Rossi, a senator from the Italian Communist Party and one of the dissenters.

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The vote took place the same day Britain announced a substantial reduction of its troops in southern Iraq, and a week after a European Parliamentary committee issued a strong report criticizing secret American flights in Europe of terrorism suspects.

But the government's collapse also reflected its own inherent weaknesses, possibly signaling that Italy's chronic political instability may be coming out of remission. In a nation that has had some 60 governments since World War II, Mr. Prodi has presided uneasily over a coalition of nine diverse parties, ranging from moderate Catholics to Communists.

"It's very bad," said Roberto D'Alimonte, a professor at the University of Florence and expert in electoral law. "We still have to come to terms with a working political system. We do not have a working political system."

There are many scenarios for what comes next — and one possibility, if not immediately likely, is a return to power of Silvio Berlusconi, whom Mr. Prodi defeated in elections last year.

As ministers met late into the night to discuss how to proceed, Mr. Berlusconi's supporters rallied outside the seat of government, waving banners and demanding that the government step aside.

"The country has been exposed, by a majority that isn't and by an incompetent government that has rejected parliamentary dialogue — a grave international humiliation," Mr. Berlusconi told reporters.

For Mr. Berlusconi to return, new elections would have to be held, which at the moment seems several steps in the future.

After accepting Mr. Prodi's resignation, President Giorgio Napolitano will begin to consult with political parties on Thursday and will ask one of them to try to form a government.

Many political experts believed that Mr. Prodi would be given a chance to shuffle his cabinet in a way that would satisfy the parties already in the government. Then he would call for a confidence vote in Parliament.

But many experts noted that such a government would remain weak, with the deep splits over Afghanistan and the American base unresolved.

"Something has broken," said Franco Pavoncello, the president of John Cabot University here and a political scientist. "This vote and the reaction of the government has created damage to Prodi's ability to last."

In theory, the prime minister's term lasts five years, but Mr. Berlusconi is the only prime minister to have endured that long.

While the government's weakness made it liable to fall at any moment, its collapse on Wednesday came as something of a surprise. For months the government has been bickering internally — and weathering attacks by Mr. Berlusconi and other opposition leaders — over issues ranging from the budget to a proposed law giving rights to unmarried couples.

But foreign policy remained a particular weak spot. Essentially, Mr. Prodi and his ministers have sought to walk a difficult line, echoing much of the skepticism in Europe about President Bush and the war in Iraq while maintaining Italy's traditionally strong ties with America.

The government's far-left members, however, have strongly resisted the presence of nearly 2,000 Italian troops in Afghanistan. And last weekend, tens of thousands of people rallied against the expansion of the American-staffed NATO base in Vicenza, which Mr. Prodi's government reluctantly supported.

The splits grew deeper, and on Tuesday in Spain, Italy's foreign minister, Massismo D'Alema, himself a former prime minister, called for the Senate to endorse Italy's foreign policy. If it did not, he said, the government should "go home," or step down.

In a long and impassioned speech before the vote on Wednesday, Mr. D'Alema defended his government's position on Afghanistan and the Vicenza base, in terms that he hoped would win the left's support.

"We have not supported the neoconservative politics of the American administration and we have not sent soldiers to Iraq," he told his colleagues. "There is a profound difference between the military operations in Afghanistan, approved by the United Nations, and those in Iraq."

He added that the support of expanding the base was essential to good relations with America. "To change course would be a hostile act against the United States," he said.

In the end, the government needed 160 votes but received only 158 with the two abstentions. Opposition senators roared at the result, shouting immediately: "Resign! Resign!"

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Many experts said they believed that Mr. D'Alema, one of the most powerful and experienced members of the government, would resign. And as Italy's leaders search for a broader solution in the next few days, there are several alternatives to a mere shuffling of the current cabinet.

The most dramatic, and perhaps least likely, is that Mr. Napolitano could call immediate elections. But he has said he will not do so until the current electoral law, instated by Mr. Berlusconi last year, is changed. Many experts blame the law for virtually guaranteeing a thin majority in the Senate no matter who wins, and thus destabilizing the political system.

Another option is the appointment of a temporary government made up of largely centrist technocrats. The aim would be to steer Italy toward new elections, most likely engineering a change to electoral laws first.

A final possibility involves peeling off the more centrist Union of Christian Democrats, a party long allied, if uneasily, with Mr. Berlusconi. Even as the government tottered on Wednesday, one party leader, Marco Follini, seemed to raise the possibility. "The moment has arrived to put into the pipeline a different center-left," he told reporters.

But Professor D'Alimonte noted that the party did not have enough seats to allow Mr. Prodi to cast off the rebellious far-left of his own party. Simply adding on Mr. Follini's party remained a possibility, although Professor D'Alimonte noted that it also seemed a recipe for even deeper disputes since it shares little politically with the Communists who brought down the government.

How Prodi's Exit Stunts Italy (WSJ)

By Gabriel Kahn And Luca Di Leo

The Wall Street Journal, February 22, 2007

The resignation of Prime Minister Romano Prodi risks stalling Italy's nascent process of economic overhaul just as the country is finally joining in Europe's broader recovery.

The move -- prompted by the government's defeat in a parliamentary vote on foreign policy -- also leaves in doubt whether Italian troops will remain part of the NATO coalition in Afghanistan.

President Giorgio Napolitano today will begin seeking to form a new government, which would need approval from Italy's fractious Parliament. It's unlikely Mr. Napolitano would call for early elections. But no outcome bodes well for Mr. Prodi, who must struggle to regain even a narrow political consensus.

Elected last year with a tiny majority in the Senate -- which later narrowed to a single vote -- Mr. Prodi had been walking a tightrope while trying to push through legislation that could win backing from all nine parties in his governing coalition, including two separate Communist parties.

Still, his center-left government did pass several controversial measures prying open sectors of the economy, from pharmacies to legal services, that long were buffered from competition. It also won a budget bill that improved Italy's public accounts after several consecutive years of runaway deficit spending under the previous government, led by Silvio Berlusconi.

Those measures have boosted business confidence and slightly propelled Italy's economy, which grew 2% last year after a flat 2005. But the latest crisis has crippled the governing coalition's ability to push its agenda, and made it unlikely that any serious overhaul of Italy's bloated pension system or a boost in the retirement age -- both staunchly opposed by the coalition's left-wing parties -- will be achieved anytime soon. The state pension system eats up more than 15% of Italian gross domestic product a year, the highest level in the euro zone.

The uncertainty also casts doubt on other plans, such as the government's effort to sell off its money-losing airline, Alitalia SpA, to private investors. "It will take a few days to sort out what happens next," said Giulio Sapelli, board member at Italy's largest bank by market capitalization, UniCredit SpA.

More broadly, Rome's confusion deepens the political jam afflicting some core European economies, such as those in France and Germany. France's efforts to open up its rigid labor market -- which many analysts blame for its economic sluggishness -- remain stalled since President Jacques Chirac backed down last year from a controversial labor-overhaul bill. The country is in political stasis leading up to presidential elections in April.

In Germany, the bipartisan coalition government under Chancellor Angela Merkel has struggled on most of the major challenges facing the country, including funding health care and pensions. Divisions between Ms. Merkel's conservatives and

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their center-left partners, the Social Democrats, have led to tortuous compromises; a recently agreed health-care overhaul, for instance, didn't solve the central problem of how to pay for rising future costs.

The move also could cause ripples in Afghanistan, where the North Atlantic Treaty Organization faces a resurgent Taliban. The catalyst of yesterday's events was a vote in Italy's Senate that was supposed to affirm the main tenets of its foreign policy, including the continued presence of 2,000 Italian troops in Afghanistan as part of the NATO mission there. The far left opposes the deployment. The government fell two votes short of the backing it sought.

The Bush administration has been lobbying NATO governments to increase their contributions to Afghanistan in advance of a feared springtime offensive by Taliban forces. President Bush's national security adviser, Stephen Hadley, was in Brussels yesterday urging U.S. allies to contribute more troops. So far, European countries have been reluctant to boost their presence.

The collapse of Mr. Prodi's government after only eight months harkens back to a previous era in Italy. For the half-century following the ratification of its 1948 constitution, governments lasted less than a year on average. That often led to caretaker governments and early elections.

Sen. Mario Baldassarri, a former deputy economy minister, suggested yesterday that the best solution might be early elections. "It might be a good stimulus for Europe to have both France and Italy voting at around the same time," he said.

--Marcus Walker and Neil King Jr. contributed to this article.

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Prime Minister Quits On Afghanistan Vote (WT)

By John Phillips

The Washington Times, February 22, 2007

ROME - Prime Minister Romano Prodi resigned yesterday after radical, anti-American senators demanding Italy withdraw troops from Afghanistan failed to support the center-left government, setting off an unexpected political crisis.

Mr. Prodi, a former Christian Democrat and former president of the European Commission, looked grim as he formally quit during an audience with President Giorgio Napolitano hours after the government was defeated by two votes on its Afghanistan policy in the upper house, where any chance for a majority would be razor thin.

The president, who asked Mr. Prodi to carry on in a caretaker capacity, may ask the prime minister to hold a full confidence vote in both houses of parliament, perhaps after a Cabinet reshuffle, political commentators said.

Government whips had prepared for the Senate vote carefully, but at least one "sharpshooter" from the Communist Refoundation party, on the hard left of the coalition, evidently abstained, political sources said. In all, 158 senators supported the government, 136 voted against and 24 abstained. Mr. Prodi needed 160 votes to muster a majority.

Before the vote, Foreign Minister Massimo D'Alema pledged that Italian troops would remain in Afghanistan, but he said Italy would increase the civilian component in its mission.

Left-wing radicals in the Prodi government had demanded an Italian-sponsored peace conference on Afghanistan and insisted that Rome reject demands by Britain and the United States to change the rules of engagement governing the Italian troops, most of whom are based in Kabul.

Mr. Prodi was known to be concerned that the Italian contingent may be ordered into combat zones and take casualties when an expected Taliban offensive starts in the spring.

Ever since its inception last year, the government has come under pressure from its anti-American left wing on a constellation of foreign policy issues, and tension between Rome and Washington has ebbed and flowed.

Mr. D'Alema, a former communist, flew into a rage recently when the U.S. ambassador and other Rome-based envoys published an open letter to Italians in a Rome daily underlining the importance of Italian troops in Afghanistan.

The government also has been under pressure from magistrates in Milan who want Mr. Prodi to press Washington for the extradition of CIA agents purportedly involved in the "extreme rendition" of an Egyptian imam, Abu Omar, who was kidnapped on a Milan street.

The Prodi government presided over the withdrawal of Italian troops from Iraq, although that had been decided by the previous government led by the conservative Silvio Berlusconi.

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Mr. Prodi and Mr. D'Alema both criticized U.S. air raids in Somalia and the Bush administration plan for a troop surge in Iraq.

The government also has been under pressure over Mr. Prodi's approval of the extension of a U.S. military base at the northern city of Vicenza. Dozens of lawmakers took part in a rally against the extension at Vicenza on Saturday.

Supporters of Mr. Berlusconi's Forza Italia party last night gathered outside the Palazzo Chigi, Mr. Prodi's office, chanting, "Prodi go home."

However, political commentators said Mr. Napolitano, himself a former communist, may want to give Mr. Prodi a second chance because his administration is only a few months old and followed a long period in office by Mr. Berlusconi.

Italian Premier Quits After Narrow Defeat Over Foreign Policy (WP)

By Sarah Delaney

The Washington Post, February 22, 2007

ROME, Feb. 21 -- After just nine months at the helm of a shaky government, Italian Prime Minister Romano Prodi handed in his resignation Wednesday when he lost a critical parliamentary vote over the government's foreign policy.

President Giorgio Napolitano asked Prodi to stay on as head of a caretaker government, and the day's frenetic events do not necessarily signal the end of Prodi's tenure as premier. Napolitano could ask him to try to form a new coalition after completing a round of consultations.

But Wednesday's vote did confirm the delicate nature of Prodi's disparate band of political allies, a fragility evident since the coalition's narrow victory last April.

The crisis in the center-left government opened up when a motion in the Senate to support a wide-ranging foreign policy address by Foreign Minister Massimo D'Alema failed by two votes. In that speech, D'Alema called for continuation of the Italian role in NATO's Afghanistan mission and the expansion of a U.S. military base in northern Italy because refusal would be "a hostile act towards the U.S.A."

When the motion received 158 votes rather than the required 160, the side of the Senate occupied by the conservative opposition reacted with joy and members began chanting, "Resignation! Resignation!"

Senators on the other side stood silent, stunned by their apparent miscalculation.

Even though the vote was not binding as a confidence vote, D'Alema had tried to rein in the far left ahead of time by declaring that failure to reach a majority on such a crucial issue would send the government home.

The Prodi coalition eked out a 25,000-vote victory against the incumbent government led by Silvio Berlusconi in April, resulting in a comfortable margin in the lower Chamber of Deputies but a one-seat majority in the Senate. The refusal of two far-left senators to abandon their antiwar positions for the sake of political survival in Wednesday's vote assured the resolution's defeat.

Prodi's coalition includes nine parties, from Communists to Christian Democrats, and has faced problems on nearly every issue it has confronted.

The coalition showed serious cracks last weekend over a protest in Vicenza, where the United States wants to expand an Army base to allow for additional battalions of the 173rd Airborne Brigade, which is to deploy to Afghanistan. Tens of thousands participated in the peaceful protest, which was encouraged by some members of the government.

Prodi and D'Alema had nevertheless garnered support from most of the cabinet to go along with the expansion.

Major divisions have also appeared over Afghanistan, where Italy has about 1,800 troops. Some far-left members of the government oppose any Italian military involvement there and have called for those troops to be withdrawn.

Prodi has not faced pressure only from the left. A recent government move toward allowing legal recognition of cohabitating couples and homosexual unions risked alienating the coalition's Catholic component.

Napolitano, the president, has a few options: calling for votes of confidence in the Prodi government in both houses; asking someone else to try to form a government; or calling for another round of elections.

Crimes Of Politics (LAT)

The Los Angeles Times, February 22, 2007

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HOW DOES A government prosecute people for crimes against humanity when the suspects happen to be running the government? That's the question facing Afghanistan, where men suspected of horrifying acts of rape and murder sit in parliament and hold other high offices.

The question of what to do about these suspected mass killers heated up Tuesday when the upper house of Afghanistan's parliament passed a resolution calling for amnesty for those accused of war crimes. The same resolution has already passed in the lower house and will become law if approved by President Hamid Karzai. Its success is unsurprising because many of those voting on the resolutions were previously regional warlords who might otherwise be subject to prosecution.

Following the Soviet pullout in 1989, Afghanistan was torn by years of civil war, during which warlords who had fought in the resistance movement began battling each other — and committing atrocities against civilian populations. Then, in 1996, the Taliban came to power, and it ruled until the U.S.-led invasion in 2001. At the time, the United States found these disaffected warlords to be convenient allies, but now they're creating some serious governance headaches.

The ideal solution for Afghanistan would be to create a body similar to South Africa's Truth and Reconciliation Commission, which, starting in 1996, helped heal the wounds left by decades of apartheid rule. Those who committed human rights abuses were granted amnesty if they publicly testified about their crimes. Yet South Africa, unlike Afghanistan, didn't have to contend with entrenched politicians who control large swaths of territory with armed militias. It also had the capacity to prosecute those who refused to step forward, while Afghan courts are a work in progress.

Nonetheless, the parliament's amnesty resolution is a step backward. It's hard for the Afghan people to have much faith in their government when many remember all too well the campaigns of terror waged by some of their current leaders. Where the government has no credibility, the rule of law doesn't hold sway.

So if court trials are an impossibility, reconciliation is impractical and amnesty is self-destructive, what's left? For now at least, the status quo. Karzai's best course would be to reject the amnesty law until the country is ready to face the horrors of its recent past. The international community, especially NATO, should be doing more to help Afghanistan build the institutions and civil society necessary for it to do so.

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Pelosi Seeks Tougher Oversight On Ethics (AP)

By John Heilprin, Associated Press Writer

AP, February 22, 2007

House Speaker Nancy Pelosi called for tighter ethics rules in federal agencies Wednesday after government officials approved the purchase of a $980,000 vacation home by a top Justice Department lawyer with an oil company lobbyist.

Pelosi's criticism followed an Associated Press report last week that department ethics officials did not object when Sue Ellen Wooldridge, then head of the environment division, was buying a South Carolina beach house with Donald R. Duncan, the top Washington lobbyist for ConocoPhillips.

"If in fact Ms. Wooldridge got such a pass from the ethics committee of the executive branch, then certainly the executive branch ethics process needs a look as well," Pelosi, D-Calif., said when asked about the house purchase at a San Francisco news conference.

Nine months after the purchase, Wooldridge approved an agreement that allowed ConocoPhillips an extension of pollution cleanup requirements at some of the company's refineries. The company says Duncan was not part of those negotiations.

Department officials and a lawyer for Wooldridge, who resigned from the job in January, said the department's ethics office approved the arrangement and told her she did not need to withdraw from dealings with ConocoPhillips.

The third buyer of the Kiawah Island, S.C., home was Wooldridge's companion, former Deputy Interior Secretary J. Steven Griles. He is the highest-ranking Bush administration official facing possible criminal charges in the Jack Abramoff corruption probe.

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The Justice Department's Office of Professional Responsibility is looking into the home purchase and consent decrees, Acting Assistant Attorney General Richard Hertling said in a letter Friday to Rep. John Conyers, D-Mich., chairman of the House Judiciary Committee.

Conyers had asked for an explanation and documents related to the purchase after the AP report. The House Oversight and Government Reform Committee also is monitoring the case.

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Associated Press writer Scott Lindlaw contributed to this report from San Francisco.

`Pink Rhinoceros' Not That Hard To See (CHIT)

By John Kass

Chicago Tribune, February 22, 2007

Seeking to overturn former Gov. George Ryan's corruption convictions, lawyer Gene Schaerr on Tuesday told a federal appellate court panel that "a pink rhinoceros" hung over the trial, making a fair jury verdict impossible, perhaps because the lone pro-Ryan holdout juror was bounced for failing to disclose her criminal record.

I thought that was why there were alternate jurors--if one or two are excused for cause, you've got a few on the B Team.

But the pink rhinoceros bit is so nice, I'll steal it and remind you of another pink rhinoceros.

Ed McNally is the pink rhinoceros of the U.S. Department of Justice.

He continues to work in the criminal division--though he had a whopping conflict of interest in the Ryan case--even as the Bush Department of Justice fires other prosecutors who actually hunt down political corruption.

"I'm aware of the allegations [against McNally]," Atty. Gen. Alberto Gonzales told me when he appeared before the Tribune's editorial board a while ago.

"They're very serious allegations," Gonzales said. "And the matter is being reviewed internally. I can say that."

That was six months ago, on Aug. 14, 2006.

Recently, seven U.S. attorneys of other districts were forced to resign, even though most received positive Justice Department job evaluations prior to their dismissals. Included among those let go are Carol Lam, the U.S. attorney in San Diego who successfully prosecuted the phenomenally corrupt and vulgar Republican U.S. Rep. Randy "Duke" Cunningham.

So they're gone. And Republican McNally is still very much employed.

Last year, McNally was the acting United States attorney for the Southern District of Illinois when he testified as a sympathetic defense witness for Ryan. Jurors were told that McNally left private practice to become a federal prosecutor after the Sept. 11, 2001, terrorist attacks.

Prior to becoming a federal prosecutor, McNally was a lawyer and partner with the firm Altheimer & Gray. That firm later went bankrupt, costing partners hundreds of thousands of dollars apiece.

And before the bankruptcy, one of McNally's clients was Gov. Ryan. During the Ryan trial, McNally took the stand and testified that the FBI and federal prosecutors from Chicago treated Ryan unfairly.

I've always wondered just how Ryan's former lawyer got himself named acting U.S. attorney in time to rip into the prosecution's case. Perhaps it was merely a coincidence. Or perhaps it involves Illinois Combine magic.

Unfortunately, or fortunately, McNally forgot to mention something. As a partner in Altheimer & Gray, he owed money to the firm's creditors. The law firm that handled the bankruptcy was Winston & Strawn.

That's the same Winston & Strawn that was run by former Gov. Jim Thompson, the same firm that handled George Ryan's free legal defense, which is estimated to have been worth about $20 million.

Altheimer & Gray partners who did not pay up in the bankruptcy deal risked being sued by Winston & Strawn. Five former Altheimer partners did not participate in the bankruptcy plan by the firm. Four of these were sued by Winston & Strawn. Only one partner wasn't sued: Ed McNally.

When the conflict was revealed, federal prosecutors got angry and Winston & Strawn defense attorneys howled that they knew nothing about it. All the lawyers took great umbrage, as lawyers often do.

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The whole thing was allowed to slide, almost like snails off a rock in the garden at midnight, leaving a slimy trail, the kind that nobody wants to follow, except this was bigger, with pink rhinoceros droppings steaming on the ground.

In the seven months since Gonzales said the allegations against McNally were serious, consider:

Chicago U.S. Atty. Patrick Fitzgerald--no friend of the bi-partisan political combine of insiders who run things in this state--got stuck spending his time on the Scooter Libby-CIA leak case in Washington, rather than spending it hunting Republican and Democratic public corruption in Illinois.

Sun-Times columnist Mark Brown revealed in a fine column that Rodger Heaton, the new U.S. attorney for the Central District of Illinois, had dinner in Springfield with two of the combine's cleanup hitters: Republicans Big Bill Cellini and Big Bob Kjellander, who haven't been indicted but are listed as Individual A and Individual K in the state pension fund scandal case.

That's just what a pink rhinoceros would do--publicly feed with Cellini and Kjellander, tell a few jokes and everybody in town gets the message.

Such creatures might be rare in other states, but in Illinois, we've got a surplus of rare wild things, of political weasels and pink rhinoceroses.

And for all the bleating and wailing you'll hear and read by Ryan mouthpieces about justice and fairness, remember the one they won't mention, the pink rhinoceros named Ed McNally.

CORPORATE SCANDALS:

Court Reverses Conviction Of Ex-Trading Specialist (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, February 22, 2007

In a blow to the office of Southern District of New York U.S. Attorney Michael J. Garcia, a federal judge has taken the rare step of reversing a jury verdict convicting a former New York Stock Exchange trading specialist of securities fraud in a scheme known as "interpositioning."

Southern District Judge Denny Chin, in United States v. Finnerty, 05 cr. 393, agreed Wednesday to enter a judgment of acquittal, setting aside the Oct. 26, 2006, verdict.

Chin held that while federal prosecutors proved that defendant David Finnerty engaged in interpositioning, they failed to prove fraudulent or deceptive conduct within the meaning of the securities laws.

"I hold that the government did not ... establish that Finnerty's customers were misled or defrauded or otherwise deceived," he said in a 37-page opinion.

In describing interpositioning, the judge said that instead of matching pending buy and sell orders, the specialists repeatedly trade for their company's proprietary account, making a profit from the slight differences in pricing.

Southern District prosecutors have had a difficult time proving criminal charges against Finnerty and 14 other floor specialist traders whom they accused of using their inside positions to earn an estimated $20 million illegally for themselves and their companies.

Before Wednesday's ruling, the U.S. Attorney's Office for the Southern District had already dropped charges against seven of the defendants. Besides Finnerty, two former traders (Michael Stern and Michael Hayward of Van der Moolen Specialists USA) were convicted, two were acquitted and two pleaded guilty. One defendant remains at large. (NYLJ, Aug. 10, 2006)

"The government [in these cases] provided no real evidence that customers were deceived," said Jacob Zamansky, a plaintiffs attorney at Zamansky & Associates who specializes in securities litigation but did not represent any of the defendants in the interpositioning cases. "This almost looks like a victimless crime."

Finnerty was employed by Fleet Specialist beginning around 1996. From September 2000 until April 2003, he brought together buyers and sellers of General Electric stock, among others.

"Indeed, Finnerty was so successful ... that he would, on occasion, be interviewed by CNBC about the market, and was featured in newspaper articles about the NYSE," Judge Chin said in his decision.

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That career came to a screeching halt in 2005, when Finnerty, 40, was indicted on charges that he engaged in a scheme that involved positioning his company between buyers and sellers in order to make money for Fleet Specialist, which in turn increased his bonuses.

The government said Finnerty's actions resulted in his cheating investors of $4.5 million, but attorneys for Finnerty said the government failed to demonstrate this harm.

"They ... provided no evidence that [Finnerty's actions] resulted in the loss of one penny to public customers," Frederick P. Hafetz, a partner at New York's Hafetz & Necheles who represented Finnerty, said during closing arguments in the case in October. (NYLJ, Oct. 26, 2006)

In his decision Wednesday, Judge Chin said prosecutors adequately demonstrated that Finnerty engaged in interpositioning, but failed to prove that customers expected one thing and got something different as a result of his actions.

"Without evidence of what the customers expected, no rational juror could conclude that the ... trades had a tendency to deceive or the power to mislead," Chin said. "A juror would only be able to reach that conclusion by speculating -- impermissibly -- as to what customers expected."

The judge said that if the judgment of acquittal is later vacated or reversed on appeal by the 2nd Circuit U.S. Court of Appeals, a new trial would be granted.

He took prosecutors to task for their repeated reference during the trial to 26,300 instances of interpositioning. He said this number was "unduly prejudicial" and "clearly and significantly overstated."

"I am confident that the Government did not inflate the numbers intentionally, but it appears that the Government failed to account for numerous circumstances when Finnerty was not executing the trades himself -- he was not on the floor or he was at his post or he was negotiating with the crowd or otherwise engaged in non-trading activity," Chin said.

Hafetz said Wednesday that these "inflated numbers" prevented his client from receiving a fair trial.

He added that Chin's decision "is a vindication" of Finnerty.

Finnerty was fired by Fleet Specialist, now Banc of America Specialist, in 2003. The company itself has never admitted any wrongdoing. However, its former president and chief supervisory specialist was fined $125,000 by the stock exchange.

In addition to Hafetz, Finnerty was represented by Tracy E. Sivitz, an associate at the firm.

Assistant U.S. Attorneys Lauren Goldberg and Anirudh Bansal prosecuted the case. A spokesperson for the U.S. Attorney's Office declined to comment.

JUDGE: FEDS FAILED (NYPOST)

By Roddy Boyd

The New York Post, February 22, 2007

A federal judge yesterday took the very rare step of throwing out a jury's conviction of former New York Stock Exchange specialist David Finnerty, citing a lack of evidence to support a guilty finding.

In granting Finnerty's motion to set aside the verdict, Judge Denny Chin wrote that federal prosecutors failed to establish that "Finnerty's customers were misled or defrauded or otherwise deceived."

The ruling is a stinging rebuke for prosecutors, who have had little success in winning convictions in their high-profile and wide-ranging campaign against corrupt trading practices at the Big Board.

The April 2005 indictments filed against 15 specialists shook up Wall Street.

However, the pursuant collapse of many of the cases that prosecutors filed has stunned the legal world.

The Southern District's prosecutors, who generally achieve conviction rates of between 80 and 90 percent, managed to win just two partial convictions and two plea deals.

The partial convictions - of two partners at Van Der Moolen Specialists USA - are currently on appeal.

Seven specialists saw charges against them dropped and two were acquitted. Another defendant remains at large.

In October, Finnerty, who had worked for Fleet Specialists, was convicted of fraud for abusing his market-making position to profit at customer expense. He was facing 20 years in prison.

Though it is rare for a judge to set aside a conviction, Chin had expressed his concern about the verdict in October.

Chin framed his problems with the jury's verdict in a series of open-ended questions in his opinion.

"Did customers even know that a specialist could trade for his proprietary account?" Chin wrote.

"Did customers assume that the specialist was providing services without charge?"

Coming back to prosecutors' allegations that Finnerty illegally inter-positioned about 26,300 trades, Chin said, "This number is clearly and significantly overstated."

A spokeswoman for the Southern District of New York said, "We are reviewing the opinion and considering our options."

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U.S. Judge Voids Guilty Verdict Of Big Board Specialist In G.E. (NYT/AP)

By The Associated Press

The New York Times, February 22, 2007

A judge took the unusual step yesterday of reversing a jury verdict, finding that the evidence did not support the conviction of a former New York Stock Exchange supervisor who once oversaw trading in General Electric stock.

The supervisor, David A. Finnerty, had been convicted of securities fraud in October by a jury in United States District Court in Manhattan.

Judge Denny Chin said he was reversing the verdict and ordering an acquittal because prosecutors had failed to prove that Mr. Finnerty engaged in fraudulent or deceptive conduct within the meaning of securities laws.

The ruling was the latest blow to the pursuit of federal criminal charges against 15 New York Stock Exchange floor supervisors accused of using their positions to make an estimated $20 million illegally for themselves and their firms.

Prosecutors had already dropped charges against seven defendants. Two others were convicted in addition to Mr. Finnerty, two were acquitted and two pleaded guilty. One defendant remains at large.

Judge Chin said that if his order of acquittal were later reversed by an appeals court, he would grant a request for a new trial.

A spokeswoman for the United States attorney's office in Manhattan, Yusill Scribner, had no comment on the reversal.

Prosecutors said the specialists had violated rules requiring them to match buyers and sellers at the best possible prices, and were not permitted to buy or sell a stock with their own firm's money unless only one party was seeking the transaction.

Specialists run the open-outcry auctions on the floor of the exchange, matching buy and sell orders for the stocks they oversee. They also use their firms' money to buy shares when no one else wants to buy, as well as sell shares from their own inventory when no one wants to sell.

Mr. Finnerty worked for Fleet Specialists, overseeing all trading in the stock of G.E. from 2000 to 2003 before he was charged with three counts of securities fraud. He faced more than 20 years in prison for the conviction.

U.S. Won't Seek To Restore Fraud Conviction Of Ex-Westar Officials (BLOOM)

Bloomberg, February 22, 2007

The government will not try to reinstate the fraud convictions of two former Westar Energy executives, prosecutors said yesterday.

The United States attorney's office in Topeka, Kan., said it would not ask an appeals court in Denver to reconsider its decision in January to reverse the convictions of the executives, David C. Wittig and Douglas T. Lake. The appeals court said that evidence at the trial did not justify the guilty verdicts.

Mr. Wittig, the former chief executive, and Mr. Lake, a former vice president, were accused of looting Westar, a public utility based in Topeka. They were convicted in 2005 of money laundering and wire fraud.

"We had until Feb. 20 to notify the 10th Circuit whether we wanted to ask for a rehearing," a government spokesman, Jim Cross, said, referring to the federal appeals court in Denver. "We have allowed that deadline to pass."

The court said prosecutors could not retry the wire fraud and money laundering counts, but could retry some lesser claims. Mr. Cross said that prosecutors had not decided on a retrial.

The remaining charges "have to do with personal use of a corporate plane," said Mr. Wittig's lawyer, Steven Alan Reiss, of Weil, Gotshal & Manges in New York.

"Right now, we're hopeful the government will reach the right decision and decide that twice was enough and not proceed any further," Mr. Reiss said. The first trial on the charges ended in a hung jury in 2004.

Mr. Lake's lawyer, Seth Waxman, did not immediately return a call for comment.

The executives did not tell shareholders that they would have been the main beneficiaries of a plan to spin off Westar's utility business and pursue a merger with Public Service Company of New Mexico, prosecutors said. Mr. Wittig and Mr. Lake would have shared as much as $90 million, prosecutors said at the trial.

Software Firm To Pay $30 Million In AOL Case (WP)

By Carrie Johnson

The Washington Post, February 22, 2007

Veritas Software agreed to pay $30 million to resolve civil fraud charges connected to an improper advertising deal it signed with AOL during the Internet boom's waning days.

A Securities and Exchange Commission complaint accused Veritas and AOL of Dulles of simultaneously wiring payments to each other as part of an improper, unwritten "round-trip" agreement. Both companies used the deal to inflate revenue, the complaint said. For Veritas, the transaction added 2 cents per share to its fourth-quarter and annual earnings in 2000, allowing it to beat Wall Street expectations.

Court papers filed in the District late Tuesday also accused Veritas of engaging in a series of accounting maneuvers to smooth its financial results into "museum quality" reports from 2000 through 2002. Among other things, the company used "wish lists" prepared by employees in its finance and operations unit to build cushions of expenses to make its earnings appear steadier.

Veritas, which was acquired nearly two years ago by Symantec and is a wholly owned subsidiary, neither admitted nor denied the allegations. It has restated its financials twice: once to reverse $20 million it had booked as part of the AOL deal and again to correct problems with its profit-smoothing practices.

In a statement, a spokeswoman for Symantec said the company had set aside the settlement funds in reserve. The spokeswoman also pointed out that Symantec, one of the nation's largest providers of data security software, is not named in the complaint.

The case is a leftover from an era when technology companies struggled to meet the expectations of analysts and investors. AOL, which was then known as America Online and has since been absorbed by Time Warner, paid more than $500 million two years ago to settle related charges about its financial dealings.

Action on Veritas stalled for nearly two years, however, in part because the five-member SEC, which must approve recommendations from agency enforcement staff, had been stuck over how to proceed in the case.

Ultimately, SEC commissioners agreed to approve the settlement after intense deliberations. In a news release, the agency took pains to note that the $30 million penalty had been negotiated before the SEC issued a policy directive last year concerning when regulators may impose fines on companies.

That directive is designed to take into account such factors as whether shareholders benefited from fraudulent accounting in determining if companies must shell out money to pay regulatory fines. Panel members including Republican Commissioner Paul S. Atkins have expressed concern that investors should not be penalized twice.

Securities officials said they continue to probe problems at Veritas.

"The fraud was planned and implemented at the highest levels of the company," SEC associate enforcement director Scott W. Friestad said in an interview. "Former management lied to the auditors and misled investors by withholding material information about the company's financial results. As our investigation continues, we will be turning our attention to those responsible for the misconduct."

EDITORIAL: Fannie's Pay (WSJ)

The Wall Street Journal, February 22, 2007

At a truly private company, withholding more than $40 million in bonuses tied to fraudulent earnings would be a no-brainer. But Fannie Mae is neither a normal business nor exactly private, even if its shares are in private hands. So this week's

announcement that current and former top executives at the mortgage giant wouldn't be receiving $44.4 million in Fannie Mae shares has to count as progress.

Daniel Mudd, the current CEO, will lose $4.1 million, while Franklin Raines, the former CEO ousted over the $6 billion accounting scandal, will have to forgo $11.4 million. This comes on top of the news last year that Ofheo, Fannie Mae's federal regulator, would seek to claw back about $100 million in performance bonuses that had already been paid out. That case is pending.

The optimistic view of yesterday's news is that Fannie, chastened by the accounting fraud and a newly invigorated regulator under Ofheo Director James Lockhart is beginning to act more like an ordinary company and less like the local bully in Washington.

On the other hand, Fannie's friends got more powerful with the Democratic takeover of Congress. The Bush Administration has been trying to negotiate a compromise with Barney Frank & Co. to reform oversight of Fannie and its sibling Freddie Mac, but it remains to be seen how much power a new regulator will have in any bill that could pass a Democratic Congress.

Amazingly, nobody involved in the fraud has faced criminal charges, a fact that would have the press and the corporate scolds in Congress up in arms if a $6 billion fraud had been perpetrated at any company other than Fannie or Fred. Still, not paying real bonuses tied to fake earnings is better than nothing.

CRIMINAL LAW:

Libby's Fate Now Rests In The Hands Of The Jury (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 22, 2007

A federal jury ended its first day of deliberations yesterday in the perjury trial of I. Lewis "Scooter" Libby after the presiding judge urged jurors to rely on their "life experiences" in deciding whether the vice president's former chief of staff lied to investigators -- or made an honest mistake -- about his role in a CIA leak.

U.S. District Judge Reggie B. Walton's instructions to the jury of eight women and four men reinforced the issue of the fallibility of human memory that has been central to one of Washington's most celebrated trials in years.

Prosecutors allege that Libby, then Vice President Cheney's top aide, lied to FBI agents and a federal grand jury to obscure the fact that, in the spring and summer of 2003, he aggressively sought out and shared with reporters information about Valerie Plame, an undercover CIA officer. Plame is married to former ambassador Joseph C. Wilson IV, who was emerging then as a harsh, early critic of President Bush and the Iraq war.

The only person accused in the three-year CIA leak investigation, Libby, 56, is charged with five felonies: two counts of making false statements to FBI agents, two counts of perjury and one count of obstructing justice. He is not charged with the leak itself. If convicted of all charges, he would face a potential prison term of 1 1/2 to three years under federal sentencing guidelines, prosecutors outside the case have said.

Libby's attorneys contend that Libby did not intentionally lie, but inaccurately remembered his conversations about Wilson and Plame with administration colleagues and Washington journalists.

The trial has delved deeply into a volatile period inside the White House shortly after the war began, when the administration was vulnerable to political attack because no proof had turned up of Iraqi weapons of mass destruction that Bush had cited to justify the war.

Evidence and 14 days of testimony have shown that Cheney, Libby and other top administration officials sought to discredit Wilson, who was sent by the CIA to Africa in 2002 and concluded that there was no basis for reports that Iraq had tried to buy nuclear materials there. Prosecutors have asserted that Libby told reporters and a White House press secretary about Plame as part of the campaign to tarnish her husband by suggesting that the CIA chose him for the mission because of nepotism.

Before the jurors began deliberations late yesterday morning, Walton provided them guidelines for sifting through the prosecution and defense's contradictory depictions of Libby's memory and the memories of other witnesses.

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The judge instructed them to use their "common-sense experience" to assess such factors as how long people can be expected to retain clear memories, the nature of the person or event they were asked to recall, the circumstances that existed at the time and their impressions of the "memory capacity" of the people whose memories were questioned.

"Making an honest statement that turns out to be inaccurate or wrong . . . does not rise to the level of criminal conduct," Walton said. On the other hand, the judge emphasized that the jury should consider inconsistencies the prosecution cited in Libby's account of events.

The jurors have been largely attentive during weeks of complex testimony. Many have taken notes and, under a practice that Walton allows, some have questioned virtually all 19 witnesses at the end of each one's testimony.

At the outset of the trial, potential jurors were screened during lengthy questioning by both sides. Defense attorneys filtered out District residents who said they have negative opinions of the Bush administration or the war. The result is a jury that is relatively apolitical. Many of the jurors are highly educated.

Although most District residents are African American, the jury includes six white women, four white men and two black women.

Under rules Walton set yesterday, the jury will deliberate every weekday from 9 a.m. to 5 p.m.

Jury Has CIA Leak Case To Decide Former Cheney Aide's Fate On Perjury, Obstruction Charges (AP)

By MICHAEL J. SNIFFEN, Associated Press Writer

AP, February 22, 2007

(AP) - WASHINGTON-Jurors reached no verdict in their first 4 1/2 hours of deliberation on whether Vice President Dick Cheney's former chief aide obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic.

The eight women and four men on the jury heard 14 days of testimony about I. Lewis "Scooter" Libby, a day of closing arguments and more than an hour of instructions Wednesday from U.S. District Judge Reggie Walton before beginning their discussions. After 4 1/2 hours of deliberation, the jurors went home until Thursday.

The jurors include a former Washington Post reporter, an economist, a retired math teacher, a former museum curator, a law firm accountant, a Web architect and several retired or current federal workers. There are 10 whites and two blacks, unusual in a city where blacks outnumber whites more than 2-to-1.

Libby, who was Cheney's chief of staff and national security adviser, faces five felony counts that carry a combined top penalty of 30 years in prison. If convicted, Libby probably would be sentenced to far less under federal guidelines.

The trial provided behind-the-scenes details of the interaction between top reporters and government officials and of Cheney's efforts to rebut criticism of him and the administration.

The investigation began with the public identification of CIA operative Valerie Plame on July 14, 2003, eight days after her husband, ex-Ambassador Joseph Wilson, publicly accused the Bush administration of distorting intelligence to push the nation into war with Iraq.

Months later, Libby told the FBI and a grand jury that he first learned that Plame worked for the CIA from Cheney on June 11. But he said that amid the press of war issues and other national security concerns, he forgot that and was surprised to learn it from NBC television newsman Tim Russert on July 10 or 11. Thereafter, he said he told reporters he had heard the information only from journalists and could not confirm it.

Russert testified he and Libby never discussed Plame. Judith Miller, who had been a reporter with The New York Times, testified Libby told her about Plame's CIA job before the Russert conversation. Matt Cooper, then of Time magazine, testified Libby confirmed her employment for him. Six government officials testified they either told Libby about Plame's job or discussed it with him between June 11 and July 10 or 11.

Walton explained to the jurors that they must weigh the truth of several statements by Libby in the various counts.

On the obstruction count, Walton said they could find Libby guilty should they unanimously decide any one, or more, of three Libby statements were lies: that Russert asked Libby if Plame worked at CIA and said all the reporters knew it; that Libby

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was surprised to learn the Plame information from Russert; or that Libby told Cooper he had heard it from reporters but did not know it was true.

On one count of lying to the FBI, jurors could find Libby guilty if they found either or both of his statements about the Russert call were lies, Walton explained. The other count of lying to the FBI hinges on Libby's statement about the Cooper call.

On two counts of perjury, jurors would have to weigh various Libby statements to the grand jury about how he learned about Plame's job and whom he told, including four separate statements in one count, Walton said.

Prosecutors argued that Libby concocted lies to make his discussions of Plame with reporters appear to be innocent gossip so that he would not risk losing his job for giving them classified information without authorization.

The defense argued that Libby had an innocent lapse of memory, and his lawyer attempted to show that government witnesses also had memory flaws.

Associated Press writer Matt Apuzzo contributed to this report.

Libby Perjury Hearing Casts Cloud Over Cheney (FT)

By Caroline Daniel

Financial Times, February 22, 2007

As a Washington jury starts its deliberations on Thursday on whether Lewis "Scooter" Libby, the former chief of staff of Dick Cheney, the US vice-president, is guilty of perjury and obstruction of justice, he is not the only one whose reputation has come under suspicion.

"There is a cloud over the vice-president," Patrick Fitz-gerald, special prosecutor, told the jury on Tuesday. "He sent Libby off to the meeting with Judy [Judith Miller, a New York Times reporter] where Plame was discussed. That cloud is something that we just can't pretend isn't there."

Despite this encroaching shadow over the vice-president, the hearings have failed to ignite as the political show-trial over Iraq that many anti-war critics had hoped for. Indeed, the complexity and frequent triviality of the trial has put off all but the most seasoned Beltway observers.

If the defence fails, Mr Libby faces up to 30 years in prison and the ignominy of becoming the highest serving Bush administration official to face jail. But unlike Mr Cheney and the president's chief political adviser, Karl Rove, who have also been named in connection with the case, he is not a well-known figure, and any public relations damage will be limited.

The case goes back to a New York Times article from July 6 2003 by Joseph Wilson, a former ambassador. The piece, "What I didn't find in Africa", described how he found no evidence in Niger that Iraq was seeking uranium for weapons of mass destruction. The Niger claim was a critical part of the case for war in President George W. Bush's State of the Union speech in 2003 and the White House and the vice-president's office, furious at Mr Wilson's article, determined to rebut the man who had challenged their credibility.

Mr Cheney's scribbled question on a copy of the New York Times article was the most controversial part of the rebuttal. "Did his wife send him on a junket?" Mr Cheney had written. Mr Wilson's wife was Valerie Plame, a CIA agent, and, in rebutting the New York Times article, administration officials – including Mr Rove, the former White House press secretary Ari Fleischer and Mr Libby – mentioned her to reporters.

When Ms Plame's identity made it into print on July 14 2003 the publication was seen as having breached a law banning the naming of covert US agents.

No official was charged with the underlying leak, but Mr Libby's current perjury charges stem from testimony he made before a grand jury and the FBI during the investigation. As a result, instead of being about the leak, the trial has been about the alleged cover-up and has descended into titillating revelations about the Washington media.

Those attending discovered how Ms Miller kept some notes in a plastic bag under her desk and how an adviser to Mr Cheney sought to exploit the dislike that Tim Russert, host of NBC's Meet the Press, felt for a rival talk-show host. The jury enjoyed a voyeuristic masterclass in how Bob Woodward, the veteran investigative journalist, entices his sources to open up, hearing Mr Woodward's taped interview with former deputy secretary of state Richard Armitage, who then told him about Ms Plame.

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The defence's argument has been that Mr Libby was made a scapegoat by the White House to protect Mr Rove from prosecution. They have argued he merely forgot how he found out about Ms Plame, amid the pressure of national security matters, turning the trial into a "he said, she said" case. On Tuesday his counsel melodramatically shed tears at the close of final statements and turned away to dab them as he returned to Mr Libby's side.

Even if Mr Libby is convicted, questions will remain about Mr Cheney's role in directing his aide to rebut Mr Wilson, and his intervention to force Mr Fleischer to make a public statement exonerating Mr Libby.

But an acquittal would also carry risks for Mr Fitz-gerald. It could lead to criticism that he prosecuted what turned out to be a trivial case. It could also underline that he failed to prosecute anyone for the initial crime he was appointed to investigate: who it was who leaked the name of Ms Plame.

Jury In Libby Case Begins Deliberations (NYT)

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — The jury deciding the perjury case against I. Lewis Libby Jr. began deliberating late Wednesday morning.

The jury, eight women and four men, heard nearly a month of evidence and testimony, capped Wednesday with an hourlong set of instructions from Judge Reggie B. Walton.

The jurors will resume work Thursday morning.

Mr. Libby faces five felony counts on charges that he lied to a grand jury and to agents of the Federal Bureau of Investigation who were investigating the leak in 2003 of the identity of a Central Intelligence Agency operative, Valerie Wilson.

Ms. Wilson's identity was disclosed publicly in a July 14, 2003, column by Robert Novak just days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV, criticizing the Bush administration.

After complaints that Bush loyalists had leaked Ms. Wilson's name to punish her husband for his criticism, a special prosecutor was named to investigate how her identity had been disclosed.

The prosecutor, Patrick J. Fitzgerald, did not charge anybody with illegally disclosing Ms. Wilson's name, but he brought a case of perjury, obstruction of justice and false statements against Mr. Libby, who was chief of staff to Vice President Dick Cheney and had been assigned to counter Mr. Wilson's assertions.

Jurors Begin Deliberations In Libby Perjury Trial (USAT)

By Richard Willing

USA Today, February 22, 2007

WASHINGTON — Jurors in the Lewis "Scooter" Libby trial began deliberations today in a case that could bring the former vice presidential aide up to 30 years in prison if convicted of perjury and obstruction of justice.

Federal Judge Reggie Walton delivered about an hour of legal instructions to the jury today after they heard more than six hours of closing arguments Tuesday.

The summations were starkly different, as the defense sought to portray Libby, former chief of staff to Vice President Dick Cheney, as forgetful while the prosecutors called him a liar.

"Don't … sacrifice Scooter Libby for how you may feel about the war in Iraq or about the Bush administration," a tearful Theodore Wells, Libby's chief defense attorney, told jurors in his closing arguments.

If during deliberations a juror says, "'He's a Republican, he works for Cheney, let's do him,'" that juror must be discouraged, Wells said.

Prosecutor Patrick Fitzgerald argued that the Bush administration's attempts to discredit an Iraq war critic, and Libby's role in it, are at the heart of the case against him. "There's a cloud over the White House as to what happened here," Fitzgerald said. "Don't you think the American people deserve to know?"

Libby, 56, is charged with lying when he told investigators and later grand jurors in 2003 and 2004 how he learned that Valerie Plame, wife of administration critic Joseph Wilson, worked at the CIA. Libby said he learned the information from Cheney, forgot, then heard it a month later from NBC newsman Tim Russert.

Russert testified in Libby's trial and to the grand jury that he didn't tell Libby about Plame.

Libby also faces charges of perjury and obstruction of justice based on a conversation about Plame with Matthew Cooper, then a Time magazine Washington correspondent.

Only the shaky memories of two reporters with credibility problems held together the case against Libby, Wells said.

"It's what I mean by 'he said, she said,' " Wells said. "They want you to make a choice beyond a reasonable doubt that (would leave) my client's life destroyed."

Fitzgerald countered that Libby concocted the Russert story and lied about his conversation with Cooper to sidetrack an investigation into who leaked Plame's identity to reporters.

In February 2002, the CIA sent Wilson, a former ambassador, to investigate reports that Iraq was trying to buy uranium from the African nation of Niger.

No one was indicted for leaking information about Wilson's wife despite an investigation that lasted over two years.

Libby, Fitzgerald said, feared being fired or prosecuted for leaking confidential information. By sourcing the story back to reporters, he said, Libby believed his role would remain secret.

"He made a gamble that he's going to tell them a story about the rumors and hope it goes away," Fitzgerald said. "He threw sand in eyes of the FBI and grand jurors, he obstructed justice and he stole the truth from the judicial system."

The prosecution used a large interactive screen to rebut Libby's version of events. Peter Zeidenberg, a Fitzgerald assistant, posted in succession the names of eight people who spoke with Libby about Plame between June 11, 2003, and about July 10, when Libby said Russert told him about Plame.

"Ladies and gentlemen, that's not forgetting," Zeidenberg said. "That's lying."

Wells directed jurors away from those witnesses, whom he called "background evidence." Jurors must focus, he said, on the Russert and Cooper conversations at the core of the charges.

"This is just about different recollections of conversations with different reporters," Wells said.

It's "crazy," Wells said, to believe Libby invented that Russert told him about Plame. Libby, he said, didn't know Russert and believed investigators would likely call the newsman to verify the account. Russert's network, NBC, was hostile to the White House, Wells argued.

Politics Meets Intelligence At Trial (WSJ)

By Evan Perez And Jay Solomon

The Wall Street Journal, February 22, 2007

WASHINGTON -- As jurors began deliberating the fate of I. Lewis "Scooter" Libby, one outcome of his perjury trial seemed clear: The case has added fuel to calls for a broader examination of how intelligence was used in political arguments in the past six years.

Moreover, some current and former administration officials say, the trial's airing of the use of intelligence -- especially over the Iraq war -- threatens to further undermine confidence in American claims on other sensitive matters. That could be a particular problem in the U.S. campaign to convince the world to curb Iran's nuclear program.

The Libby trial, which focused on efforts to leak classified information to the press, comes amid revived debate over intelligence in the newly Democratic Congress. Senate and House Democrats are pursuing new inquiries after a recent Defense Department Inspector General's report criticized the pre-war Pentagon intelligence program run by former Defense Undersecretary Douglas J. Feith.

Already, the Senate Intelligence Committee has requested documents and interview transcripts from the Inspector General's office, while the Senate Armed Services Committee seeks further interviews with Mr. Libby, the former chief of staff for Vice President Dick Cheney, and National Security Adviser Stephen Hadley. "The bottom line is that the intelligence relating to the Iraq-al Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," committee Chairman Carl Levin (D., Mich.) said at recent hearing.

The Libby trial put an especially bright spotlight on the debate. Yesterday, a jury of eight women and four men began weighing a month of testimony from 19 witnesses in a case that began as a probe into the outing of former Central Intelligence

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Agency operative Valerie Plame and three years later ended up focusing on the trustworthiness of recall and the semantics of lying.

In court, Special Prosecutor Patrick Fitzgerald told jurors that Mr. Libby deliberately lied to Federal Bureau of Investigation agents and a grand jury to try to cover up the administration's efforts to respond to criticism of the Iraq war.

In response, Mr. Libby's attorneys highlighted "mis-recollections" by a number of prosecution witness, including several reporters, to bolster their argument that Mr. Libby didn't lie but simply had faulty memory when he made erroneous statements to investigators.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, former U.S. Ambassador Joseph Wilson, complained publicly that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain weapons of mass destruction.

Mr. Wilson in July 2003 went public with his story of taking a CIA sponsored trip to Africa to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of since-discredited intelligence that alleged Iraq sought weapons materials in the African nation of Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complain that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

In any case, the trial has provided congressional intelligence officials with extensive information on how the vice president's office functioned semi-autonomously in pushing foreign-policy initiatives. These officials said the information could prove helpful in continuing investigations into how public statements made by the president and vice president differed from the underlying intelligence provided by the CIA and other intelligence agencies.

Richard Ben-Veniste, former Democratic counsel to the Senate Whitewater Committee and head of the Watergate special prosecutor's office, says the trial has served "to reveal the inner workings of the vice president's office, and particularly the willingness to declassify information to assist in the damage control effort that appeared to be entirely political in nature."

Meanwhile, the Pentagon report said that as Mr. Feith assembled his intelligence reports -- highlighting, in particular, alleged links between Iraq and al Qaeda terrorists -- his office briefed four key officials, Mr. Libby among them. The report said the Pentagon office presented its findings to the White House as a conclusive intelligence assessment, though the CIA strongly opposed those findings.

Mr. Feith has complained bitterly that the report, and the congressional response to it, distorts what was a legitimate effort to raise questions about intelligence conclusions, not to distort them.

The latest controversies come as the administration faces challenges from foreign governments and U.S. lawmakers skeptical of its recent claims that Tehran is supplying Shiite militias in Iraq with munitions and arms. Critics accuse the White House of mimicking the tactics used in building the case for war against Iraq in 2002 and 2003.

Administration officials voice exasperation over the response, saying U.S. intelligence agencies have developed extensive evidence of Iran's involvement in Iraq. They also say that changes in the intelligence community since the Iraq war have significantly improved U.S. intelligence.

"It's frustrating for the entire process," says one intelligence official working on Iran. "The whole message is being challenged."

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Scooter Libby And Reputation (WSJ)

By Daniel Henninger

The Wall Street Journal, February 22, 2007

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"There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong."

-- Federal Judge Lewis A. Kaplan, 2006

The trial of I. Lewis "Scooter" Libby is the closest version of a Red Queen trial this country has had in a long time. One says that knowing it might start a stampede from past defendants laying claim to the most upside-down prosecution.

Lewis G. Carroll's account of the Knave' s trial before the Red Queen and White Rabbit is famous for the Queen's dictum, "Sentence first, verdict afterward." But read the full transcript of the mock trial and one will see that the real subject is not justice, but the humiliation of the defendant.

The trial of Scooter Libby in Washington, the national capital of illogic, has been exemplary. In December 2003, the prosecutor purports a crime has been committed by revealing a "covert" CIA agent's identity to the press -- despite knowing then what the outside world learned nearly three years later -- that the revealer of the agent was a State Department official, Richard Armitage. With the "whodunnit" solved on day one, the prosecution follows the Red Queen's script by taking the nation on a useless, joyless ride through the opaque looking-glass of Washington journalism.

The testimony of three of the world's most sophisticated journalists -- Judith Miller, Matthew Cooper and Tim Russert -- was the trial's closest thing to the White Rabbit reading nonsense verse to the jury: "For this must ever be a secret, kept from all the rest, between yourself and me."

The Libby case went to the jury yesterday. After the verdict, all the characters in this satire on Beltway mores will go back to doing what they did before, except for one -- Scooter Libby.

If found guilty, Mr. Libby goes to prison. He is ruined. If acquitted, he loses only that which he built daily the past 35 years of private and public life -- his reputation. This, too, is ruin.

Purified justice notwithstanding, something here has gone "horribly wrong."

As is increasingly true of politics, American justice today has come to look more like mortal combat, the videogame. Notions of proportionality have eroded. Crimes that are minor crimes, civil offenses or mere hardball politics like the Plame case must be elevated to a capital offense. Eliot Spitzer's pursuit of AIG founder Hank Greenberg rose to a bonfire of never-proven criminal charges that put the torch to the company and Mr. Greenberg before burning down to its current ash of alleged civil offenses against him.

Under the constant stare of the media Cyclops, prosecutors can't back down and justice in 21st-century America degrades to swamp justice. Exhibit A: the Duke lacrosse-team prosecution. Judge Lewis Kaplan, in the federal government's recent KPMG prosecution, sat in appalled disbelief as federal prosecutors attempted to reduce 18 defendants to rubble.

It was ever thus that big cases produce drama that's hard to resist. Not least is the spectacle of a once-in-a-lifetime defendant, a Scooter Libby, virtually bankrupting himself to avoid guilt. Labor Secretary Ray Donovan's 1987 remark on acquittal will explain why unto eternity: "Which office do I go to to get my reputation back?"

No dramas will be written, though, about the aftermath for such a defendant. But maybe one should. Consider the case of Salim Lewis.

Thirty years ago on Wall Street, Salim "Sandy" Lewis was a household name. His father Salim co-built Bear Stearns, and he in turn made his reputation in the high-stakes corporate-merger cycle of the 1980s. He worked without legal or disciplinary taint until he was 49. In 1986 a federal prosecutor named Rudolph Giuliani indicted him for securities violations.

His accuser was Boyd Jeffries, the criminal acolyte of famed financial criminal Ivan Boesky. The case itself was arcane. Outraged at a short-selling practice legal at the time, Mr. Lewis urged Jeffries to engage in a stock transaction to thwart the short sellers. A subsequent court called what he did "an act of market vigilantism, in which Mr. Lewis in no way personally profited." And indeed the short-selling practice he attacked was later outlawed. Still, his own act was illegal.

Rudy Giuliani indicted him on 22 counts. He pleaded guilty to three, facing 15 years. Judge Mary Johnson Lowe reduced it to three years probation, an act of now-antique proportionality. The SEC got an injunction banning Mr. Lewis for life from the securities business; this was the core of a reputation the court record had shown steeped in good works. He sought to restore it.

In 2001, he received a pardon from President Clinton (later called "a bona fide pardon on the merits" by a federal judge). The SEC bar order remained. He again sought relief in court, and this past summer Judge William Conner of the Southern

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District (aka Wall Street) lifted the lifetime bar, saying "we cannot ignore the inequity inherent in the injunction." It took only 20 years.

Nor does innocence guard reputation. Back then prosecutor Giuliani flamboyantly arrested Richard Wigton (30 blameless years with Kidder, Peabody) and a youthful arbitrager named Timothy Tabor. They were handcuffed. Two years later, the charges against both were dropped. No matter. Both had been led through the media bonfire. They were ruined.

Some of this reputational destruction can be explained as random events -- having the bad luck to draw a politically ambitious prosecutor (Messrs. Giuliani and Spitzer) or the fanaticism inherent to special prosecutors. But something more harsh and bitter is in the water now.

Incredibly, Scooter Libby and Ray Donovan had the same lawyer, Ted Wells. So did Sandy Lewis then and KPMG today, Stanley Arkin. Mr. Arkin thinks it's worse now.

"We use the word 'criminal' very promiscuously" today, he told me. Legal standards and ethics require a neutral review up to the decision to indict, but too often, Mr. Arkin says, "You do not have neutral review. We get a poor quality of magisterial review in this country."

It is a travesty that the Valerie Plame bump-and-run case brought Lewis Libby to the edge of this cliff. Primary blame belongs to the Bush Justice Department's abdication of responsibility. So now a former Manhattan prosecutor is running for president. Electoral vagaries willing, one can think of no one better qualified to restore the meaning of "criminal" to its proper intent.

Guard Sentenced In Prison Sex Scandal (AP)

AP, February 22, 2007

A former federal prison guard was sentenced Wednesday to a year of home detention and three years probation for his role in a sex-for-contraband scheme that ended in a deadly gun battle last summer.

E. Lavon Spence, who pleaded guilty to mail fraud in October, was sentenced by Chief Judge Robert L. Hinkle in federal court.

Prison time "would affect the recovery" of Spence from his November stroke at the age of 40, Hinkle said.

A Justice Department special agent was killed and a prison officer was wounded in June when they came to arrest the six guards at the Tallahassee Federal Correctional Institution. One of the guards, Ralph Hill, was also killed in the gunfight Hill started.

Three of the guards have already been sentenced to a year in prison, with two also receiving three years of probation after their release. A fourth guard was sentenced to a year of probation.

A telephone message left at the office of Spence's attorney was not immediately returned.

Former DOD Civilian Guilty Of Taking Bribe (S&S)

By Charlie Coon, Stars and Stripes

Stars and Stripes, February 22, 2007

A former employee of U.S. Special Operations Command Europe in Stuttgart, Germany, pleaded guilty on Friday to accepting bribes in return for steering work to a Romania- and Iraq-based contractor.

Steven Merkes, who worked as a logistical planner, faces up to two years in prison and $250,000 in fines for performing acts for Philip Bloom in return for $24,000 in cash and future employment, according to a Justice Department news release.

Sentencing for Merkes is scheduled for June 1.

Bloom, one of the ringleaders in a wide-ranging scheme to defraud the former Coalition Provisional Authority of Iraq, was sentenced Friday to 46 months in prison and ordered to forfeit $3.6 million for committing bribery and money-laundering and conspiring to defraud.

Both cases were tried in U.S. District Court in Washington.

According to the Justice Department, Merkes worked at the special operations command, or SOCEUR, as an airman until January 2005, and afterward as a Defense Department civilian employee.

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In both positions, Merkes' official duties consisted of planning military exercises for special operations forces in the European theater, according to the Justice Department.

The U.S. European Command, which is headquartered in Stuttgart and oversees SOCEUR, had little to say about Merkes' conviction.

"Mr. Merkes worked here, but he left in early 2006," according to a statement by the U.S. European Command public affairs office. "We know of no illegal activity while he was here.

"We have no knowledge of the allegations or the investigation being conducted by Department of Justice."

Bloom, 67, of Bucharest, Romania, was at the center of a scandal that resulted in the arrests of at least four servicemembers and three civilians. One of the civilians, Robert Stein, was sentenced Jan. 29 to nine years in prison for charges including weapons possession.

Stein, a former comptroller with the Coalition Provisional Authority, was convicted of, among other crimes, stealing money from the Coalition Provisional Authority of Iraq that was funneled to Bloom for the purchase of assault rifles, silencers and grenade launchers, for personal use in the United States, according to the Justice Department.

Bloom has cooperated with the investigation.

Others charged in the case include Col. Curtis Whiteford, Lt. Cols. Debra Harrison, Michael Wheeler and Bruce D. Hopfengardner, and civilians Michael Morris and William Driver.

Lessons Lurking In Fumo's '80 Case? (PHI)

By Emilie Lounsberry

The Philadelphia Inquirer, February 22, 2007

The case was federal, and one of the defendants was State Sen. Vincent J. Fumo. But the year was 1980, and that was another era in Philadelphia politics and in FBI corruption probes.

Fumo was 37 and serving his first term in Harrisburg as the successor to another local political legend - State Sen. Henry "Buddy" Cianfrani, who had been sent to federal prison.

Though the 1980 case is more than a quarter-century old, it shows that Fumo, the powerful Philadelphia Democrat charged Feb. 6 in a blistering federal indictment, has been down this road before - and won.

Though a jury found Fumo guilty, along with former city Democratic Party chief Peter J. Camiel and former State Sen. Thomas M. Nolan, a judge overturned the verdict and acquitted all three - a giant victory for political figures who faced possible prison sentences.

Now, just as military strategists study old wars, lawyers who specialize in federal criminal cases say they expect both sides of United States of America v. Fumo to study the pages of the 1980 trial - especially Fumo's testimony.

"It's relevant and important to both prosecution and defense to examine that," said veteran defense lawyer Nicholas J. Nastasi, who represented Camiel in the posttrial litigation of the 1980 case.

The old case offers insight about how Fumo, as a defendant, conducted himself on the witness stand. It lays out how some of the city's top defense lawyers fought at trial, and on appeal. And, lawyers familiar with both cases said, the 1980 charges have some elements in common with the new indictment.

"It's not an entirely different type of alleged crime," said Center City lawyer Jack Meyerson, who prosecuted the 1980 case when he was an assistant U.S. attorney. Like the current case, he said, the earlier one involved allegations of "abuse of the payroll of the state Senate and using public money for political purposes in Philadelphia."

In the new indictment, Fumo, now 63, is accused of using taxpayer and charity money for political and personal purposes, including using Senate funds to hire a private investigator to tail ex-girlfriends and dig up dirt on political rivals. He also is charged with obstructing justice.

In the 1980 case, Fumo, Camiel and Nolan were accused of scheming to put Democratic Party workers in "no-show" jobs on the state payroll even though they did little or no work for the legislature. The charges - of mail fraud - focused on letters from Fumo and Camiel to Nolan requesting jobs for the no-show workers.

Fumo was on the witness stand for a day.

He testified that he knew some workers on the legislature's payroll were working at Democratic City Committee headquarters, or in his ward office - but that he didn't believe this was wrong.

"Am I correct in that every one of them worked every day wherever they were?" asked Fumo's lawyer, Ronald F. Kidd.

"Yes," Fumo answered.

Kidd: "... You didn't think that was a crime?"

Fumo: "No, not at all."

A few days later, the jurors began deliberating - and came back with three convictions.

Visibly shaken, Fumo said he was "crushed" by the verdict. "I feel just utter despair," he told reporters as he left the U.S. Courthouse at Sixth and Market Streets on a rainy October day in 1980.

Fumo later recalled the difficult days that followed. "That was the lowest point in my life," he said in a 1985 Inquirer interview. "It was like going to my own funeral. People were coming around - it was like what I would do when a close friend died - they were coming over paying respects. I didn't want to see anybody for a couple of days."

Months later, U.S. District Judge Clifford Scott Green tossed out the jury verdicts, ruling that prosecutors had failed to prove the three were involved in the specific, single scheme alleged in the indictment.

His decision was upheld by the U.S. Court of Appeals for the Third Circuit, a ruling that remains a guide for prosecutors.

Mark B. Sheppard, one of Fumo's current defense lawyers, declined to comment on the 1980 case and would not say if the defense team planned to review it.

Nastasi said the new charges were much broader than the 1980 mail-fraud case - and that could mean a more pressing challenge for the defense this time. "It seems there's a lot more for the defense to do in this case to achieve an acquittal," he said.

And he said there's another important difference.

"The biggest distinction between the cases is that in the Camiel case, there was no charge, nor was there any evidence, to show that any accused person benefited personally in any way," said Nastasi.

Fumo also was successful in another criminal case.

Those charges were filed in March 1973, when Arlen Specter was Philadelphia's district attorney. The man who later rose to become Pennsylvania's senior U.S. senator charged Fumo and several other poll watchers with conspiring to violate election law in the 1972 presidential election.

The allegation was that a judge had illegally allowed the men to interfere with poll watchers loyal to Sen. George S. McGovern - whose presidential bid was so unpopular that Cianfrani loyalists feared it would hurt the state senator's reelection chances.

The charges brought by Specter, a Republican, were dropped in 1974 by his successor, F. Emmett Fitzpatrick Jr., a Democrat.

Center City lawyer William A. DeStefano, who represented some witnesses called before the grand jury in the current Fumo case, said the senator's successful fight against two previous criminal cases could bode well: "He's been through this twice before and came out of them both successfully."

Lawyer Peter F. Vaira, who was U.S. attorney then, said that if the 1980 federal case is any guide, Fumo and his current legal team will fight like tigers.

"They put up a good fight there, and they'll do it here," Vaira said. "There's no question about that."

'Bandido' Software Pirate Arraigned In U.S. On 2 Charges (INFOWEEK)

By Sharon Gaudin, InformationWeek

InformationWeek, February 22, 2007

The purported leader of an organized criminal group known as DrinkOrDie faces 10 years in prison and a $500,000 fine related to charges of copyright infringement.

A man, U.S. authorities describe as the leader of one of the oldest and most renowned Internet software piracy groups, was arraigned in U.S. District Court on Tuesday.

Hew Raymond Griffiths, 44, a British national living in Bateau Bay, Australia, is being charged with one count of conspiracy to commit criminal copyright infringement and one count of criminal copyright infringement. If convicted on both counts, Griffiths faces a maximum sentence of 10 years in prison and a $500,000 fine.

Griffiths, known by the screen nickname "Bandido," was extradited from Australia in what the Department of Justice says is one of the first ever extraditions for an intellectual property offense. He had been held in Australia for three years while he fought the extradition.

"Griffiths claimed to be beyond the reach of U.S. law, and today, we have proven otherwise," said Assistant Attorney General Alice Fisher, in a written statement. "This extradition represents the Department of Justice's commitment to protect intellectual property rights from those who violate our laws from the other side of the globe."

The indictment, which was returned in March 2003, charges Griffiths with violating U.S. criminal copyright laws as the leader of an organized criminal group known as DrinkOrDie. The group was known as one of the oldest security-conscious piracy groups on the Internet. DrinkOrDie was founded in Russia in 1993, according to the DOJ, and expanded internationally throughout the '90s.

The group was dismantled by the team effort of the DOJ and U.S. Immigration and Customs Enforcement as part of Operation Buccaneer in December 2001. More than 70 raids reportedly were conducted in the U.S., as well as in the United Kingdom, Finland, Norway, Sweden, and Australia. Operation Buccaneer so far has resulted in 30 felony convictions and 10 convictions of foreign nationals overseas, according to the DOJ.

Prior to its dismantling, DrinkOrDie was estimated to have caused the illegal reproduction and distribution of more than $50 million worth of pirated software, movies, games, and music, reports the DOJ in a written release.

"Counterfeiting and piracy of intellectual property are global parasites estimated to rob the legitimate world economy of more than $400 billion annually," said Assistant Secretary Julie Myers, in a written statement.

The government contends that Griffiths was a leader in the underground Internet piracy community, also known as the warez scene. He held leadership roles in several other well-known warez groups, including Razor1911 and RiSC.

Griffiths allegedly oversaw all the illegal operations of DrinkOrDie, which specialized in cracking software and distributing the cracked versions over the Internet, according to the DOJ's statement. Once cracked, these software versions could be copied and used without limitation. The group allegedly used encryption and an array of other sophisticated technological security measures to hide their activities from law enforcement.

Software piracy has become a huge expense for many U.S. businesses. Copyright protection actually has become a boom business. The International Intellectual Property Alliance reported in January that industries that depend on copyright protection laws for their economic survival accounted for $819 billion of the 2006 U.S. economy.

Cold Case: Keeping Snowmobilers Off Straight And Narrow (WSJ)

By Daniel Machalaba

The Wall Street Journal, February 22, 2007

HOLLAND, N.Y. -- Railroad policeman Matthew Galas eased his cruiser behind a snowbank near a Norfolk Southern Corp. train line. He'd seen what he was looking for: fresh snowmobile tracks on the right of way. Lawbreakers had been there that morning.

He settled in to await his prey. An hour later, a snowmobile slid to a stop at the edge of the woods. Its driver nosed toward the train track, as if about to follow alongside it through railroad property. Then he spotted Mr. Galas, and disappeared back into the snowy forest.

"I thought we had a taker," said Mr. Galas. After waiting a half-hour more, he figured the word of his presence was out. Clad in a black snowsuit emblazoned "POLICE," he jumped on the railroad force's own snowmobile outfitted with red flashing lights and inspected the illegal trail, which at one point came within inches of the railroad track.

Mr. Galas is one of more than a thousand police officers employed by U.S. railroads. A couple hundred of them spend at least part of their winters on a unique mission: chasing snowmobilers illegally on the train tracks.

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Mr. Galas once ticketed a man whose snowmobile was demolished after it had gotten caught in a snow-covered track. The driver dismounted shortly before a freight train smashed into his snowmobile -- as well as a second snowmobile that was trying to tow his off the track. Another time, Mr. Galas says he was dragged perhaps 100 feet across the snow at 2 a.m. by a snowmobiler he stopped for trespassing and suspected of being under the influence. When the snowmobiler decided to run for it, his vehicle's handlebars caught on Mr. Galas's jacket and gun belt.

"Some of them are out as long as the bars are open," notes the 33-year-old, who has worked for eight years for Norfolk Southern. "And they are open until 4 a.m. in Erie County."

After a slow start this year, winter has hit the Northeast with a vengeance. Where Mr. Galas works, in the Buffalo suburbs, that has meant frigid temperatures, heavy snowfall and an escalation of the annual fight between railroad police and the area's legions of snowmobile fanatics. So far this month, Mr. Galas has issued warnings to eight snowmobilers on the right of way in Holland, just one of many freight lines crisscrossing the area. Police have given out tickets that can carry fines of $100.

Snowmobiling is important to the region's economy and culture. The state government provides funds to local snowmobile clubs to groom and mark their trails. Local shops, gas stations, restaurants and bars rely on snowmobile business, both from tourists and locals.

Some aficionados resent the railroad getting aggressive about patrolling the right of way along its tracks, which can be as wide as 100 feet and tends to have some of the flattest, smoothest paths among the hilly and treacherous woods.

"It is like a speed trap on the highway, and I don't agree with it," says Larry Snyder, a board member of the Holland Sno-Rascals, the local snowmobile club. The club, which uses a raccoon's face as its logo, has 280 members. The town of Holland's total population is 1,261.

The club advises its members not to trespass on the railroad's private property, and certainly not to ride on the rails themselves. But it is fighting the Norfolk Southern line's recent efforts to cut off crossings that snowmobilers use to follow their trails from one side of the tracks to the other.

The railroad wants the snowmobilers away from its tracks as much as possible. Snowmobilers in northern New York and New England have crashed into railroad equipment and trains. Train companies fear snowmobiles can strike dangerous objects buried under snow on railroad property, such as long sections of rail or stacks of railroad ties. The companies also fear expensive jury awards if accident victims or their families sue.

In late January, a 24-year-old snowmobiler died when he lost control and ran into a CSX Corp. signal shed near Erie, Pa. Several years ago, an Amtrak train killed a snowmobile operator who was riding on the narrow cake of snow between the rails near Albany.

Commercial railroads have had their own police forces going back to the Civil War. Famous agents included Bat Masterson, a Wyatt Earp crony, and Allan Pinkerton, founder of the Pinkerton detective agency that chased train robbers in the Old West. Railroad cops are granted full enforcement powers by state governments, and also deal with cargo theft, vandalism and, lately, terrorism concerns. Municipal and state police also make arrests for violating railroad territory, but railroad companies say that's not enough.

In its battle with the snowmobilers, Norfolk Southern has dismantled a crossing used by a farmer with property on each side of the track, and wants to cut off more such unofficial crossings. Taking apart the farmer's crossing, made up of stones between the rails, severed a well-traveled trail. For a while, snowmobilers tried to laboriously lift their machines over the track. The railroad then piled up brush and dug six-foot-deep ditches on each side to stop them.

"Most of the railroads you can deal with, but it just happens Norfolk Southern is the biggest pain and that's the one we have here," says Gerald Cummins, president of the Sno-Rascals. The club has had to reroute about 20 of its 50 miles of trails away from the railroad tracks, he says, which cost more than $10,000 for culverts, labor, dirt and signs -- about half the state grant the club got last year to maintain trails.

The farmer who lost his crossing has sued the railroad, but snowmobilers don't expect to regain their access. The Sno-Rascals rerouted that trail an extra eight miles through the center of the community. But that created noise and other issues with local property owners. The reroute also bypassed two regular snowmobiler stops: The Valley, a restaurant and bar, and the

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Yellow Goose gas station. "It's getting so they can't get to us," says Kelly Kensy, owner of The Valley and a Sno-Rascals board member.

In nearby Attica, snowmobilers have virtually taken over an unused spur track. When Norfolk Southern agent Murray Haines went to inspect, he found they had posted a 15 mph speed limit sign next to a rusting railroad signal pole. A trail-grooming rake was parked nearby. Snowmobilers used to traveling along the spur include a Byron town justice, Daniel DiMatteo, who also is an attorney for two snowmobile clubs. He said the previous owner of the spur, Conrail, was more permissive.

Mr. Haines said the railroad would try to get snowmobilers to reroute their trail. For the moment, he walked through a company parking lot next to an active track, noting a dozen snowmobiles parked there. He took down their vehicle ID numbers, and asked their owners to move on.

Write to Daniel Machalaba at daniel.machalaba@wsj.com2

Probe Targeting Las Vegas Doctors And Lawyers Moves Forward (KLAS)

KLAS-TV, February 22, 2007

Federal authorities are moving forward with a conspiracy investigation targeting several of the valley's best-known doctors and lawyer. FBI agents began the probe back in 2003.

Federal prosecutors turned up the heat in front of a grand jury putting some of the most successful doctors and lawyers in Las Vegas in the crosshairs of this investigation. They reportedly called themselves the "Medical Mafia."

The FBI suspects them of conspiring to rip off patients, clients, and insurance companies for tens of millions of dollars. Testimony before a federal grand jury began Tuesday, Feb. 20 and prosecutors paraded more witnesses into the federal building Wednesday, Feb. 21 in preparation for possible indictments. The Channel 8 I-Team was the only news crew on the scene.

Click here to read 'Federal Grand Jury Issues Subpoenas in Insurance Scam,' which contains names of interest to investigators.

The people who've been gliding in and out of the federal building since Tuesday are not rich or famous. They are the alleged victims of the millionaire lawyers and doctors who are suspected of rigging the system to line their own pockets.

FBI agents have reportedly gathered so much information about more than a dozen attorneys and physicians that they weren't sure which cases and charges to pursue. Knowledgeable sources say prosecutors have narrowed their focus to concentrate on cases involving conspiracy.

For example, Cheyenne High School teacher Melodie Simon was paralyzed following two surgeries by two doctors. FBI agents believe the doctors and their two lawyers met with alleged medical fixer Howard Awand and agreed to go after the aenesthesiologist. Agents have been told that Attorney Robert Eglet advised his partner not to worry about a defense expert witness. Sure enough, that witness didn't show for the trial.

The FBI has long suspected that Awand facilitated kickbacks to doctors -- sometimes hundreds of thousands of dollars per case -- money taken from settlements or jury awards in injury cases like Melodie Simon's. Simon declined to comment on her case except to say there are about 20 others just like it.

Peggy Lopez won a multimillion-dollar verdict against Sears, Roebuck and Company after her hand was crushed in an accident. Once again, the FBI thinks her doctors and lawyers divyed up the spoils with the help of Awand.

In a wedding ceremony video obtained by the I-Team, Awand makes an inside joke to Attorney Robert Vannah, who is also said to be a possible target. "It will be worth at least four and a half million dollars."

That video, which also shows Robert Eglet and his wife Tracy, another possible target, is now believed to be in the hands of federal prosecutors. Subpoenas for financial records were sent out in November 2005. Since then, some of the attorneys who were served have said they are being targeted because of their success against the insurance industry.

Sources close to the case say prosecutors now have a paper trail to show the flow of money from the lawyers to the doctors, even though records were post dated. And, the I-Team has learned, some of those professionals who were once targets of the probe are now cooperating with prosecutors and are telling the grand jury just how the alleged scheme worked and, more pointedly, who was involved.

At one point in the investigation, the government planned to go after cases in which medical bills were jacked up through the use of unnecessary surgeries. Since experts can disagree on just what is unnecessary, prosecutors are now focusing on what they consider obvious conspiracies.

Grand jury testimony is often a precursor to indictments. However, as a matter of policy, the U.S. Attorney's office will not comment on anything that is before a grand jury.

Financial Adviser Charged With Bilking Elderly Clients (BOS)

The Boston Globe, February 22, 2007

A federal grand jury indicted an Andover financial adviser yesterday on charges he bilked senior citizens in Connecticut and Massachusetts out of nearly $2 million and spent the money on lavish trips to Las Vegas and $5,000-a-day visits to strip clubs.

John A. Baldo, 38, was charged with six counts of mail fraud, five counts of wire fraud, and one count of violating the Investment Advisers Act, the office of US Attorney Michael J. Sullivan said.

Baldo was arrested Jan. 25 as he got off a flight from Boston to Las Vegas. He was released on bond, pending formal charges, which were disclosed yesterday. A phone call to Glen P. Randall, Baldo's attorney, was not immediately returned.

Baldo allegedly cheated several elderly people in Massachusetts and Connecticut and spent their millions on luxury cars, jewels, gifts for exotic dancers, and frequent gambling trips to Las Vegas.

Baldo claimed to be a certified financial adviser and beginning in late 2005 talked his victims into liquidating their assets to put the money into an annuity account he said would guarantee them generous income, prosecutors said.

An 88-year-old man in Storrs, Conn., gave Baldo $1.6 million, and his 85-year-old brother, who also lives in Connecticut, gave him $200,000, according to the indictment. Prosecutors say he also stole $200,000 from a 63-year-old Rockport woman.

FBI agent Melissa Valera said in a court filing that Baldo spent about $300,000 for three luxury cars and almost that amount gambling.

He was a regular customer at the Cabaret Lounge in Peabody, where he was known for giving dancers $100 bills and spending about $5,000 a day, Valera's affidavit said.

Customer Data Breach Began In 2005, TJX Says (WP)

By Ellen Nakashima

The Washington Post, February 22, 2007

Retail giant TJX, whose stores include discount clothing chains T.J. Maxx and Marshalls, said yesterday that a computer-security breach stretched back 10 months earlier than the company originally thought, compromising credit and debit card data, drivers' license numbers, and names and addresses.

The announcement underscores a trend of security breaches involving sensitive credit card data and reflects failures to properly secure computer systems, to notify customers when breaches occur and to update laws for the cyber-crime age, lawmakers and analysts said.

TJX said that while it first thought the intrusion took place from May 2006 to January 2007, it now thinks its computer system was also hacked in July 2005 and on "various subsequent dates" that year. The company, which reported the intrusion in January -- a month after it said it discovered the breach -- has not said how many customers may have been affected or how many customers it has notified.

"We don't have a number for you there. Our work is not finished," spokeswoman Sherry Lang said yesterday. More than 50 computer experts are helping TJX investigate the breaches, she said.

Banks that issued the credit cards have not said how much they have had to cover in fraud-related losses.

More than 30 states have laws that require companies to notify customers as soon as possible when a breach has occurred, though most of the statutes let companies delay notification while law enforcement agencies investigate. A bipartisan group of senators has reintroduced legislation that would mandate customer notification and require companies that maintain personal information to establish internal policies to protect it.

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"Americans live in a world where their most sensitive personal information can be accessed and sold to the highest bidder, with just a few keystrokes on a computer, yet our privacy laws haven't kept pace," Sen. Patrick J. Leahy (D-Vt.) said in a statement when the legislation was reintroduced this month.

The credit card industry has set up rules for data protection called the Payment Card Industry Data Security Standard. They include encrypting transmission of cardholder data, regularly testing security systems and processes, and restricting access to data to those with a "need to know."

But most large retailers have not complied with the standard, and noncompliance is about 80 percent among smaller retailers, said Avivah Litan, an analyst with Gartner, an information technology research firm.

Litan said the retailers are not solely to blame. "It's a collective problem with collective responsibility," she said. "Certainly the retailers have to tighten up their systems, but the banks have to strengthen cardholder authentication so even if the data is stolen, it's useless."

Security breaches are difficult to quantify accurately. The Privacy Rights Clearinghouse, a nonprofit research and advocacy group in San Diego, said more than 100 million records of U.S. residents have been exposed by security breaches since February 2005.

The privacy group and the nonprofit Identity Theft Resource Center, also in San Diego, found that the majority of breaches they have tracked in the past few years occurred in government, the military and universities.

One of the biggest breaches occurred in 2005, when 40 million credit card numbers, along with name and account information, were exposed by hackers who broke into CardSystems Solutions, a credit card processing center that handled transfers of payments between the banks that issue credit cards and the merchants' banks.

Retailers often keep more data than necessary to process transactions, Litan said. They also keep information longer than necessary, she said.

"The CEOs and senior managers of most retailers that are storing data, like TJX, have no idea they're storing that data," Litan said. "It's basically a legacy of old systems programming." Many retailer systems were built in the 1970s and '80s, before there were hackers.

Many banks are frustrated because they are "left having to pay for the mistakes of retailers," to cover reissuing cards and any losses due to fraud, said Nessa Feddis, senior federal counsel for the American Bankers Association.

"Retailers are not protecting the data," she said. "It's not a question of notification. It's a responsibility to protect the data."

The bankers typically do not know the scope of retailer breaches because of confidentiality agreements between the retailers and the issuing card companies, such as Visa and MasterCard.

In Massachusetts, where TJX is headquartered, the Massachusetts Bankers Association stopped surveying its members in connection with the TJX breach after more than 30 banks were alerted by Visa and Master Card that their cards had been compromised by the TJX intrusion, association spokesman Bruce Spitzer said.

TJX operates more than 2,400 stores in the United States, Canada and Europe. They accept Visa, MasterCard, American Express and Discover credit cards.

The company reported yesterday that same-store sales in the fourth quarter rose 5 percent from the comparable quarter a year earlier. The quarter ended Jan. 27, 10 days after the breach was disclosed.

TJX, which is being sued by customers and banks, also reported that it spent $5 million in the fourth quarter to cover costs of the investigation, enhance computer security and communicate with customers.

Fourth-quarter profit fell 29 percent, to $205.5 million. Sales rose 9 percent, to $5.1 billion. For the full fiscal year, TJX profit rose 7 percent, to $738 million. Sales rose 9 percent, to $17.4 billion.

The Trial Of The Sensory (LAT)

The Los Angeles Times, February 22, 2007

A sexual harassment case that exposed the private lives of UCLA psychiatrists goes to the jury for its analysis.

For those who suspect that psychiatrists are at least as crazy as the rest of us, the sexual harassment trial that went to a jury Wednesday in Los Angeles County Superior Court has provided no end of material.

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Jurors listened to two weeks of testimony, including psychiatrists testifying about their sex lives under code names and accounts of them allegedly attending porn parties and having oral sex in cars. Now the jury must decide who is telling the truth.

Dr. David Martorano, a handsome Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, alleges that he had an affair with his supervisor and that after he broke it off and rumors of it began to circulate, he lost a coveted post as chief resident, and his reputation was ruined. He sued the supervisor, Dr. Heather Krell, and UCLA.

Krell says there was no affair. Her lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for slander and invasion of privacy. The jury will consider both claims at the same time.

UCLA's lawyer, meanwhile, said it didn't matter from a legal perspective whether Martorano and Krell had an affair — university administrators acted properly when they revoked the offer for Martorano to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country.

Testimony was so explicit that Superior Court Judge Judith Chirlin allowed several women to testify under code names, a decision she acknowledged was unusual but necessary to protect their reputations.

At times, the witness box seemed more like a psychoanalytic couch — and not just because witnesses often faced not only a judge, jury and lawyers but also at least two psychiatrists.

Testimony and court papers included Martorano's depiction of himself zipping around Malibu on dates in a two-seater, as well as an internal UCLA report that said that people who worked with him said he "frequently spent his downtime … talking about his sexual conduct." Jurors also heard his personal psychiatrist's assessment that he was "addicted" to having women fall in love with him.

Narcissistic traits

At one point, UCLA's lawyer, Alan Zuckerman, asked Martorano, a former opera singer and the son of a psychiatrist, if he thought he had a narcissistic personality disorder. As Zuckerman later told the jury, narcissists have a grandiose sense of self, lack empathy for others and take advantage of them.

Martorano replied that he would never call himself narcissistic but that "there are traits of narcissism that I possess."

In his closing argument, Zuckerman went point by point through the nine attributes of narcissistic personality disorder in the Diagnostic and Statistical Manual of Mental Disorders and explained how each attribute fit Martorano. He then accused the doctor of filing the lawsuit because his narcissistic personality couldn't handle that Krell would not admit that she had slept with him.

In response, Martorano's lawyer, Robert Scott, said that "some lawyers want to become psychiatrists." Later, he referred to Krell's lawyer, Donald Garrard, as Dr. Garrard.

Garrard, meanwhile, enthusiastically endorsed the diagnoses of Martorano as a raging narcissist, offering several examples of his own.

Then he turned to evolutionary psychology in his attempt to impugn Martorano's testimony, saying that it wasn't believable that Martorano couldn't recall details of sex he allegedly had with Krell. "The genes we come with are programmed for little else," he said as the judge and members of the jury and gallery burst into laughter.

He also argued that jurors should not believe Martorano's claim that Krell had performed oral sex on him parked in an Audi in front of her apartment, because a 35-year-old physician would obviously choose to go to her apartment rather than stay in the car.

Garrard urged jurors to punish Martorano for acting like "a 14-year-old boy" by awarding Krell punitive damages.

Martorano's attorney, however, argued that the evidence that Martorano and Krell had an affair was hard to dispute. He pointed to dozens of phone calls, social events they attended together and testimony that they watched a movie about a porn star titled "The Fluffer."

Then, when rumors of the affair emerged, he said, Krell created a hostile work environment for Martorano by criticizing him excessively and by spreading rumors that he was a liar, a misogynist and manic depressive. And he was denied the job of chief resident. Then, Scott said, UCLA tried to "sweep it all under the rug" to protect itself.

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Other lawsuits

This is not the only sexual harassment claim facing UCLA's medical school and its psychiatry department.

Krell has also filed a separate sexual harassment suit against UCLA, alleging that she was subjected to an onslaught of sexual comments and sexually degrading and demeaning behavior and gestures from Andrew Leuchter, another psychiatrist at UCLA.

She also alleged that department administrators retaliated against her when she complained. UCLA denies the allegations. The case is to go to trial next fall.

The university recently lost an appeal of a third, unrelated sexual harassment and discrimination case in which a female psychiatrist was awarded $2.9 million.

Martorano now runs a psychiatric practice out of his home in Malibu, where one of the things he specializes in, according to his website, is couples therapy. But that has not been trouble-free.

He and his new wife are embroiled in a legal dispute with a neighbor.

His next-door neighbor recently accused him of killing his dog and videotaping his children. In a countersuit, Martorano denied the allegations and accused his neighbor of telling his patients he was a dog-killer and child molester.

O'Malley Seeks End To Md. Executions (WP)

By John Wagner And Ovetta Wiggins

The Washington Post, February 22, 2007

Gov. Martin O'Malley urged Maryland lawmakers yesterday to repeal the state's death penalty, saying the punishment is "inherently unjust," does not serve as a deterrent to murder and saps resources that could be better spent on law enforcement.

Stepping forcefully into a debate taking place in Annapolis and across the nation, O'Malley (D) suggested that Maryland and other states will inevitably execute innocent people. Maryland has put to death five people since 1978.

"Can the death penalty ever be justified as public policy when it inherently necessitates the occasional taking of a wrongly convicted, innocent life?" O'Malley said during the first of two appearances yesterday before legislative committees. "Is any of us willing to sacrifice a member of our own family . . . in order to secure the execution of five rightly convicted murderers?"

O'Malley's testimony, captured by more than a dozen television cameras in a packed Senate hearing room, opened a long afternoon of debate over legislation that would replace Maryland's death penalty with life in prison without parole.

The issue, one of the most divisive facing the General Assembly this year, drew pleas from people on both sides of the issue during separate hearings conducted by House and Senate panels. But far more people turned out to support repeal, with nearly 30 people signing up to testify in favor of the bill in the Senate.

Baltimore County State's Attorney Scott D. Shellenberger (D), one of a handful of capital punishment supporters who appeared, told the panel that it was unnecessary to repeal the death penalty because so few executions are carried out in Maryland. There are six prisoners on the state's death row.

"Why repeal a statute that prosecutors need to use when you have all the checks and balances in place?" he said. "You can't look at the death penalty in a vacuum. It's merely a justifiable homicide in order to protect others."

The issue gained attention in Maryland in December with a court ruling that effectively halted executions until the state issues new regulations on lethal injection. O'Malley has declined to say whether his administration will issue those regulations if the death penalty is not repealed during the 90-day legislative session.

Even some supporters of repeal acknowledged they have an uphill battle, particularly in the Senate, where the legislation could face a filibuster if it reaches the floor.

Some of the most emotional testimony yesterday came from Kirk Bloodsworth of Dorchester County, who served eight years in prison, two of them on death row, for rape and murder charges that were later dismissed based on DNA evidence.

Bloodsworth told the Senate panel that the state should not "have blood on its hands" for one innocent man who might be wrongly convicted.

"The bottom line is simple: If it can happen to an honorably discharged Marine Corps veteran, it can happen to anybody," Bloodsworth said, his voice cracking and tears running down his face.

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Others testifying in favor of a repeal included Prince George's State's Attorney Glenn F. Ivey (D) and former attorney general J. Joseph Curran Jr. (D), who is O'Malley's father-in-law.

Among those testifying against repeal was Phyllis Bricker of Baltimore, whose mother and father were murdered in their Baltimore home in 1983.

Bricker said her parents' killer, John Booth, is one of the six men who sit on death row. "Three separate juries . . . sentenced this man to death," Bricker told the House committee. "Now you, the senators and delegates, have been asked to act as judge and jury . . . without ever having heard one word of courtroom testimony."

Sitting governors rarely testify on legislation that is not part of a formal administration legislative package. And O'Malley, who was sworn in last month, had urged lawmakers to focus this session on issues on which there is broad consensus.

O'Malley, a Catholic whose forehead bore ashes from an Ash Wednesday Mass, suggested that the death penalty is an affront to "individual human dignity," which he called "the universal truth that is the basis of human ethics." But most of his testimony focused on pragmatic arguments about the cost and effectiveness of capital punishment.

He said that since 1990, the murder rate had declined by 56 percent in states without the death penalty but by only 38 percent in states that impose it.

"It would appear that the death penalty is not a deterrent, but very possibly an accelerant, to murder," O'Malley said.

He also cited estimates of the costs of prosecuting death penalty cases, suggesting Maryland could have saved $22.4 million since the death penalty resumed in 1978 if it did not impose the ultimate punishment. Maryland has put to death five people since 1978 and freed one inmate from death row.

"That $22.4 million could pay for 500 additional police officers or provide drug treatment for 10,000 of our neighbors suffering from drug addiction," O'Malley said. "Unlike the death penalty, these are investments that save lives and prevent violent crime."

Death penalty opponents have been lobbying lawmakers for weeks. Bloodsworth and others who have been exonerated after facing the death penalty have met with legislators to tell their stories. Maryland Citizens Against State Executions has led the effort, joined by the Catholic Conference and other religious organizations.

Before the hearing, supporters of repeal had a news conference with seven men who have served time on death row in various states and been exonerated.

As the House hearing got underway, Del. Samuel I. Rosenberg (D-Baltimore), sponsor of the repeal bill, said lawmakers would "not cast a more important vote during our career as public servants." The death penalty, he said, "cannot be made right in this state or any other state."

CIVIL LAW:

High Court Says Concealment Of Assets Can Take Away Important Right In Bankruptcy (AP)

By Pete Yost, The Associated Press

AP, February 22, 2007

The Supreme Court ruled Wednesday that a financially troubled small-business man gave up an important right under the federal bankruptcy code because he failed to disclose all of his assets as the law requires.

In a 5-4 decision, the Court said Robert Marrama of Gloucester, Mass., could not convert his bankruptcy case from one chapter of the code to another, as the law ordinarily allows.

The reason, the Court said, stemmed from his failure to disclose a Maine vacation home placed in a trust. Marrama, who operated a flooring company, listed the value of his interest in the property as zero, according to papers in the case.

After finding out about the home, the bankruptcy trustee said he would recover the real estate for the benefit of Marrama's creditors. Marrama had attempted to convert his case from a Chapter 7 liquidation to Chapter 13, which allows a debtor to keep property and pay debts over time.

Writing for the majority, Justice John Paul Stevens said honest debtors possess an absolute right to convert their cases to Chapter 13, but that nothing in the law limits a court's right to take away that right for "fraudulent conduct."

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In dissent, Justice Samuel Alito said the bankruptcy code "unambiguously provides" that a debtor has a "broad right" to convert to Chapter 13. Alito said Chapter 13 contains a number of requirements that protect creditors from any bad faith by a debtor.

In Marrama's case, a bankruptcy judge denied the conversion to Chapter 13, and a bankruptcy appellate panel agreed.

Attorney Eric Brunstad, who represented a creditor in the case, Citizens Bank of Massachusetts, said that once a bankruptcy is converted from Chapter 7, the trustee is ousted, and in many instances "there really is no one to take action against a fraudulent debtor."

"The statutory safeguards in Chapter 13 are not always adequate to prevent abuse," said Brunstad.

The case is Marrama v. Citizens Bank, 05-996.

CRMC Settles Federal Fraud Case (MOULOBS)

By Lori Glenn

The Moultrie (LA) Observer, February 22, 2007

MOULTRIE — Following a U.S. Department of Justice investigation, Colquitt Regional Medical Center (CRMC) agreed to pay the federal government $475,000 to settle fraud allegations.

The federal whistleblower case, which was filed Aug. 17, 2004, remained sealed until Wednesday. It centered around a series of claims submitted for Medicaid and Medicare reimbursement by CRMC's Home Care Services office in Sylvester from 2001 to 2005.

Plaintiff Joyce Dickerson, a registered nurse and former director of the Moultrie Home Care Services office, allegedly reported to the hospital administration and the hospital authority in 2004 what she believed to be years of illegal billing. While hospital officials say the settlement was based on an "error rate," Dickerson's attorney Robert Howell of Moultrie said in actuality CRMC owes the federal government double the compromise agreement.

In the complaint, CRMC was alleged to have received payment from Medicare for services that were not reasonable and necessary, upcoded certification diagnoses so that the hospital was overpaid by Medicare and underutilized services after being paid in advance by Medicare allowing defendants to receive payment from both Medicare and patients.

During the time of the alleged fraud, defendant Colleen Grimsley of Sylvester had been director of the Sylvester office until 2004 when Dickerson assumed directorship of both offices. Grimsley would have had financial incentive to commit the alleged fraud, Howell said. Revenue was a component of the home health directors' annual review, he said.

"All she [Dickerson] really wanted to do was to bring this to the attention of the administration and make it stop, because she feared for her own license and she also feared for the organization she worked for," Howell said. "She brought it to their attention, they didn't do anything to stop it and so she felt compelled to go to the next level with it, so that's just what she did."

This investigation and the resulting settlement vindicates his client's assertions, Howell said.

"My client has been vindicated and the taxpayers, who ultimately foot the bill for this type of illegal conduct, have also been vindicated," the attorney said. "Mrs. Dickerson is an extremely courageous woman who has sacrificed much and has suffered greatly to make sure that CRMC repaid the money it over-billed and wrongfully collected from the government's Medicare program."

Durwood Dominy, chairman of Colquitt County Hospital Authority, said any inappropriate claims submitted were unintentional and that the hospital had no indication of problems during the five-year period.

"All home care services were provided under the direction of and on orders by the patients' personal physicians," he pointed out. "All nursing care plans were ordered by the personal physician and payments to Colquitt Regional for services provided were made after a Medicare intermediary signed off on them with no qualifications or audits during this five-year period."

Dominy said the hospital had measures in place to ensure that claims were properly submitted for reimbursement.

"All claims were submitted to and reviewed by an independent third party, which is the intermediary between the hospital and Medicare, and none of the claims were disapproved," he said. "There was absolutely no indication that anything was wrong."

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Dominy pointed out that when allegations were first made, prior to the Justice Department's investigation, that Colquitt Regional had its compliance officer, two attorneys and then two outside consultants to review the records and none found any fraudulent practices.

The authority chairman said the reimbursement to be made by the hospital is based on claims of technical errors such as beginning home care services for patients on a physician's verbal orders instead of a signed document.

"If was just a technical error, why didn't the hospital ever offer to repay the money to the government?" Howell posed.

Fighting Faith-based Spending In Court (LAT)

By Andrew B. Coan

The Los Angeles Times, February 22, 2007

A Supreme Court case could set the standard for challenging grants that break down the wall between church and state.

ANDREW B. COAN is a fellow at Stanford Law School. He clerked for the U.S. 7th Circuit Court of Appeals but did not work on the Hein opinion.

SIGNIFICANT constitutional cases don't always arrive at the ball dressed up as such. Sometimes they come in the modest trappings of an obscure technical dispute too dull to capture public attention.

On Wednesday, the U.S. Supreme Court will hear oral arguments in just such a case. Hein vs. Freedom From Religion Foundation is unlikely to make headlines, but it could deal a sharp blow to the wall of separation between church and state.

The plaintiffs are ordinary citizens who object to their federal tax dollars being used to fund the president's program for "faith-based and community initiatives." In particular, they claim that several conferences sponsored by the program were propaganda vehicles for religion and therefore violated the establishment clause of the 1st Amendment, which forbids government promotion of religion.

The government defendants — "Hein" is Jay F. Hein, director of the White House Office of Faith-Based and Community Initiatives — dispute the plaintiffs' claim about the conferences. But at this stage, the Bush administration is asking the court to throw the case out on grounds that ordinary taxpayers have no legal interest in how the executive branch spends public money.

It seems like the kind of dry, legalistic dispute that only a lawyer could love. But the appearance is deceiving. If the court grants the administration's request, it will eliminate what is often the only effective mechanism for challenging financial support of religion by the executive branch. The effect would be to grant the president and his staff, as well as the vast federal bureaucracy, a license to preach.

The basis for the administration's request is the esoteric doctrine of standing, which determines who has suffered a sufficiently tangible injury to be allowed to bring suit in federal court. Ordinary taxpayers generally cannot sue to challenge the legality of government spending decisions because their contribution to any given expenditure is too small to count as tangible.

For the last 40 years, however, the Supreme Court has consistently given special treatment to taxpayer suits that challenge government spending in support of religion. The justification is simple and compelling. Government spending in support of religion generally does not inflict tangible injury on anyone, so if taxpayers don't have legal standing, no one does. In terms of government spending, the establishment clause would be rendered merely advisory.

That, of course, is how the Bush administration prefers its constitutional constraints.

To be sure, the administration does not advocate the wholesale abolition of taxpayer standing in establishment clause cases. It would allow taxpayers to challenge specific congressional spending programs, but not executive branch spending from general funds. This is hardly a consolation, as the Court of Appeals recognized in rejecting the administration's argument.

Suppose, as the lower court suggested, the secretary of Homeland Security used general executive funds to build a mosque and hire an imam in the belief that such visible support for Islam would reduce the risk of Islamist terrorist attacks against the United States. Would this traducing of the establishment clause not allow taxpayers to sue?

If one accepts the administration's view, it would not. The prospect boggles the mind. Not only would serious violations of the establishment clause go unremedied, but Congress might be encouraged to pad the executive's general funds, with an implicit understanding that the extra money would be available to fund executive branch programs promoting religion.

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These results would be deeply inconsistent with the core purpose of the establishment clause: to ensure that no taxpayer is forced to contribute to government support of religion.

Unfortunately, the Supreme Court rarely takes a case to affirm the decision from below. That, together with the recent shoring up of the court's conservative majority, strongly suggest that the administration's position will prevail, despite the threat it poses to the separation of church and state. If it does, everyone at the ball will take notice. But by that time, the party will be over.

EDITORIAL Reining In Juries (LAT)

The Los Angeles Times, February 22, 2007

The Supreme Court rightly puts some limits on the awarding of outlandish punitive damages.

THE U.S. SUPREME COURT went further this week — though not far enough — in reining in juries in civil cases that award outlandish punitive damages. By a disappointingly narrow 5-4 vote, the justices overturned a jury's decision that Philip Morris should pay $79.5 million to the widow of a smoker who died of lung cancer. The value of her actual damages was only $821,000.

The justices could — and should — have ruled clearly that the $79.5-million award violated previous rulings that punitive damages may not be "grossly excessive" and should bear a reasonable relation to the harm actually experienced by the plaintiff. But in returning the case to the Oregon courts, the court did impose a sensible rule that should make it harder for juries to sock deep-pocket and easily demonized defendants.

Writing for the majority, Justice Stephen G. Breyer faulted the Oregon Supreme Court for allowing the jury to calculate punitive damages based not only on Philip Morris' "reprehensible" conduct in minimizing the health risks of smoking but also on the effect of its marketing on smokers not connected to the case.

The lawyer for Mayola Williams, whose husband, Jesse, died of cancer, told the jury to "think about how many other Jesse Williams[es] in the last 40 years in the state of Oregon there have been." The result was a punitive damage award nearly 100 times larger than the actual damages. Breyer said that basing damages on supposed harm to "strangers to the litigation" violated Philip Morris' due process rights. The court is rightly applying the brake to the notion that private litigation can serve as a substitute for the regulatory power of the state.

Whatever one thinks of litigation against tobacco companies — and we think it's a blunt weapon to wield against a legal product whose health risks are well known — Breyer has brought some clarity to a confused area of the law. The issue of whether and how juries can take into account possible harm to "strangers" to a lawsuit has bedeviled state as well as federal courts. It figures, for instance, in a different Philip Morris case before the California Supreme Court in which a smoker was awarded $28 billion in punitive damages, later reduced to $28 million — although her actual damages were estimated at $850,000.

In cases like this, juries often are confronted with a brainteaser. In deciding to award punitive damages, they're supposed to consider whether the conduct of the defendant is "reprehensible," and one definition of reprehensible conduct is to act in a way that puts many people at risk (such as leaking toxic material into a water supply).

But without proper guidance, jurors can leap to the conclusion that damages should reflect the harm experienced by everyone who might have tasted tainted water — or smoked a cigarette. Though it could have gone further, this week's decision should make such leaps less likely.

CIVIL RIGHTS:

U.S. To Step Up Rights Enforcement (UPI)

UPI, February 22, 2007

With the Executive Committee of the Southern Baptist Convention as his audience, U.S. Attorney General Alberto Gonzales announced the launch of the First Freedom Project, a Justice Department effort to fight religious discrimination. "Religious freedom is a fundamental part of our nation's history and one of its core principles," Gonzales told Executive Committee members Tuesday.

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The First Freedom Project will be spearheaded by the Justice Department's civil-rights division and will build on the department's efforts to strengthen and preserve religious liberty throughout the nation, according to Gonzales, who sought the meeting with SBC leaders, Associated Baptist Press reported Wednesday.

"Throughout our history, nothing has defined us a nation more than our respect for religious freedom," Gonzales said. "It is not confined to members of one church or the followers of one set of beliefs. Through this initiative, the Justice Department continues its vigorous efforts to enforce protections against religious discrimination."

The attorney general stressed that religious liberty is "a universal right and applies to people of all faiths."

Later, in response to a question, Gonzales told reporters he chose an audience of Southern Baptists to announce the government's new effort because "this is a group very interested in the protection of religious freedom." He noted the "timing worked out where this was a good venue to speak to a receptive audience."

Baptists in America were early champions of religious liberty and influenced the development of the Constitution's First Amendment, which guarantees religious liberty and other freedoms.

The First Freedom Project will initiate a program of public education to make certain that people know their rights, Gonzales said. "People do not understand fully what their rights are," he explained.

The First Freedom Project will sponsor a series of regional training seminars for leaders interested in religious liberty. The first one will be March 29 in Kansas City, Mo., followed by seminars in Tampa, Fla., April 25 and Seattle, Wash., May 10. Other dates and locations will be announced later.

The First Freedom Project also has launched a web site, www.firstfreedom.gov, which will provide information on laws that are enforced and details on how to file a complaint.

Another initiative, called the First Freedoms Project but unrelated to Gonzales' initiative, is a partnership between three Baptist organizations — the Baptist Joint Committee for Religious Liberty, Associated Baptist Press, and the Baptists Today newspaper — to emphasize the Christian commitment to First Amendment principles, particularly religious liberty and freedom of the press (www.firstfreedoms.com).

Prior to Gonzales' remarks, the Justice Department also released its "Report on Enforcement of Laws Protecting Religious Freedom: Fiscal Years 2001-06."

The 43-page booklet, which is available on the First Freedom website, illustrated how the Justice Department has increased the enforcement of laws against religious discrimination and protecting religious freedom.

For example, the report noted that religious discrimination cases in education increased from one case reviewed and no investigations between 1995-2000, during the Clinton administration, to 82 cases reviewed and 40 investigations during the past six years of the Bush administration.

The report summarizes the Justice Department's accomplishments during the Bush administration in protecting religious liberty through the enforcement of civil-rights laws.

According to the report, the department has filed a lawsuit to protect the right of a Muslim student to wear a head scarf while attending public school and defended the right of religious groups to meet in public facilities on an equal basis with secular groups.

The report also noted that the department has defended the right of senior adults to pray, sing religious songs, and hold Bible studies at a community senior center.

"In each of those cases, we argued that citizens should not be forced to check their religion at the door," Gonzales told Executive Committee members.

"But this is only the beginning," Gonzales wrote in the introductory page of the report. "Preserving religious liberty requires an ongoing commitment to protecting this most basic freedom for people of all faiths."

At the conclusion of his address, Gonzales asked the Executive Committee to help spread the word of what the Justice Department is doing to preserve religious liberty and to help educate Southern Baptists about religious-liberty laws.

Man Who Helped Scare Black Neighbors Sentenced To 27 Months (AP)

AP, February 22, 2007

DOJ_NMG_0135062

CLEVELAND - A man accused of serving as a lookout in a scheme to use mercury to scare black families from his neighborhood was sentenced to two years and three months in federal prison, the Justice Department said.

Joseph Kuzlik of Cleveland, who is white, pleaded guilty in November to conspiring to interfere with the housing rights of an interracial family because of their race and to making false statements to federal investigators.

Prosecutors said Kuzlik was the lookout while an accomplice spread mercury around an interracial couple's house in February 2005.

"The abusive and serious nature of this offense is obvious to anyone with a modicum of decency and morality. I cannot imagine the terror that was inflicted on these victims," said U.S. District Judge Patricia Gaughan, who handed down the sentence Wednesday. "A message must be sent loud and clear that this behavior will not be tolerated and will result in a punishment at the high end of the guideline range."

David Fredericy, 50, of Cleveland, who also is white, was sentenced last month to 33 months in prison. He had admitted he spread the mercury to try to scare black families from his neighborhood.

Fredericy said he and Kuzlik wanted to drive black residents out of their Slavic Village neighborhood. The two would yell racial slurs and threaten black neighbors, Fredericy's plea agreement said.

The neighbors touched the liquid mercury, which can be toxic, and brought it into their home on their shoes. The house had to be evacuated and an environmental cleanup was ordered. No one was injured.

Kuzlik also was ordered to three years of supervised release and to pay $23,000 restitution to the U.S. Environmental Protection Agency and $767 to the Ohio EPA for cleanup. He also must make payments to individual victims.

Rhode Island Steps Toward Recognizing Same-Sex Marriage (NYT)

By Katie Zezima

The New York Times, February 22, 2007

BOSTON, Feb. 21 — The Rhode Island attorney general said Wednesday that same-sex marriages performed in Massachusetts, the sole state where they are legal, should be recognized in Rhode Island.

Responding to a request for a legal opinion from the commissioner of the Rhode Island Board of Governors for Higher Education, Attorney General Patrick C. Lynch said the state prohibited discrimination based on sexual orientation and did not explicitly prohibit same-sex marriage.

“Rhode Island will recognize same-sex marriages lawfully performed in Massachusetts as marriages in Rhode Island,” the seven-page opinion said.

Mr. Lynch said his interpretation permitted recognition of the marriages, although he acknowledged that it was just an opinion and did not have the force of law.

“This is about Rhode Island citizens who entered into a valid, legally recognized same-sex marriage and returned here to live and work,” Mr. Lynch, a Democrat, said in an interview. “There is no way, no law, no constitutional provision and, in my estimation, no right to allow the denial of basic human rights.”

A spokesman for Gov. Donald L. Carcieri, a Republican who opposes same-sex marriage, said Mr. Carcieri and his legal counsel were studying the opinion.

The request from the board, which oversees the state’s three public colleges, went to Mr. Lynch on Feb. 1 after three employees who had same-sex marriages in Massachusetts asked that their personnel files be changed to reflect that they were married, said Steven Maurano, a spokesman for the board. Mr. Maurano said the board would abide by the attorney general’s opinion.

“We asked for the opinion,” he said. “So now that we have the opinion it’s probably incumbent for us to follow it.”

Mr. Lynch said businesses and state agencies could choose whether to abide by the opinion.

“Perhaps litigation will flow from it,” he added.

Bills to allow and to bar same-sex marriage, as well as one to create civil unions, were filed this year in the General Assembly. Previous bills on the subject died.

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In September, a judge in Massachusetts ruled that Rhode Island couples could marry in Massachusetts because Rhode Island did not have a law barring same-sex marriage.

At the time, Mr. Lynch said that the ruling did "not mean that Rhode Island will recognize a same-sex marriage performed in Massachusetts."

Mr. Lynch said Wednesday that the statement applied because a Massachusetts judge could not determine the course of Rhode Island law.

Michele Granda, a staff lawyer with Gay and Lesbian Advocates and Defenders, who argued the Massachusetts suit for two Rhode Island women, applauded Mr. Lynch's opinion, saying that it "brings peace of mind to married couples and clear direction to their employers."

Nativity Scene Is Too Religious For New York City Schools (CSM)

By Warren Richey

The Christian Science Monitor, February 22, 2007

The US Supreme Court has declined to enter the fracas over what some conservatives are calling the war on Christmas.

Without elaboration, the court issued a one-line order on Tuesday refusing to take up a potentially important church-state case concerning the use of religious symbols in public school holiday displays.

At issue in Skoros v. City of New York was whether the city's public school system is impermissibly promoting Judaism and Islam while conveying a message of disapproval of Christianity. School rules allow the Jewish menorah and the Muslim star and crescent in multireligious holiday displays but not nativity scenes depicting the birth of Jesus.

The case had been relisted on the high court's private conference calendar seven times in recent months, raising expectations that the justices were taking a close look at the issue.

"We are obviously disappointed," says Brian Rooney of the Thomas More Law Center in Ann Arbor, Mich., which was urging the court to take up the case. "What this says is the [war on Christmas] is ongoing. It is going to continue festering state by state, county by county, and city by city."

While the policy, written with the help of city lawyers, bars nativity scenes, it allows depictions of Christmas trees to represent the Christian celebration of Christmas.

"We are not celebrating the birth of an evergreen tree," Mr. Rooney says. "We are celebrating a historic religious figure's birth that is recognized by the nation and every state in the Union."

The city says its policy treats all religions consistently by excluding "depictions of deities, religious texts, or scenes of worship such as a Christian nativity scene," says Leonard Koerner, a lawyer for the school district, in his brief to the court. "As the Christian nativity scene explicitly depicts the Christian deity [the baby Jesus] as the center of a scene of worship, it falls on the wrong side of the line."

Andrea Skoros, the mother of two sons attending public elementary schools in New York, took exception to what she saw as a slight to the Christian faith. She filed a lawsuit in 2002 claiming the school policy "impermissibly promoted and endorsed the religions of Judaism and Islam, conveyed the impermissible message of disapproval of Christianity, and coerced students to accept the Jewish and Islamic religions."

The suit said the school policy violated the First Amendment's Establishment Clause, which bars government from favoring one religion over any other.

Mrs. Skoros, a Roman Catholic, said the school policy was infringing upon her right to control the religious upbringing and education of her children.

A federal judge disagreed and upheld the school policy. A divided appeals court panel affirmed that decision.

In asking the Supreme Court to take up the issue, Skoros's lawyer, Robert Muise of the Thomas More Law Center, said the school policy disfavors Christianity. "Why is the menorah – a symbol of a miracle that is central to the Jewish faith – any more or less religious than a simple scene of the nativity, which is a historic event?" he asks in his brief.

Mr. Muise urged the court to use the case to add clarity and certainty to its Establishment Clause jurisprudence. He said the justices should jettison their so-called endorsement test in favor of a more workable constitutional standard.

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New York City's school policy says in part: "Holiday displays shall not appear to promote or celebrate any single religion or holiday." It says such symbols must be displayed together to reflect the diversity of beliefs and customs among city residents.

There are more than 1 million children in the city's school system. They speak 140 different primary languages, including Spanish, Chinese, Russian, Urdu, Bengali, Haitian-Creole, Arabic, Korean, Albanian, French, Punjabi, and Polish.

"The primary purpose of all displays shall be to promote the goal of fostering understanding and respect for the rights of all individuals regarding their beliefs, values, and customs," the city policy says.

At the same time the policy seeks to avoid the promotion or endorsement of any particular religious faith. "Display of the crèche, as a representation of the birth of a figure central to the Christian religion, and others worshiping Jesus Christ as the son of God, is not permitted by [city] guidelines," Mr. Koerner writes.

Not all Christians identify Jesus as God.

Death Of The Chief (WP)

By Robert D. Novak

The Washington Post, February 22, 2007

Oct. 10, 1942, was up to then the best day of my life. I had talked my father, University of Illinois Class of '22, into taking me at age 11 along with him to homecoming weekend. On a golden autumn afternoon, lowly Illinois upset Minnesota, the Midwest football powerhouse. And, for the first time, I was privileged to watch Chief Illiniwek proudly dance down the field to Indian war music.

The last time I watched the Chief was Sept. 16, 2006. It will be the last time I ever see this 81-year-old symbol of my alma mater. The board of trustees last week eliminated Chief Illiniwek, bowing to years of pressure from Native American activists, the National Collegiate Athletic Association and liberal politicians.

This is a melancholy moment for me and many other Illinois alumni and university officials, including President B. Joseph White. The university has been forced to yield to blackmail. The death of the Chief epitomizes some unsavory aspects of contemporary American public life: political correctness, hypocrisy and bureaucratic tyranny.

Only a small minority of Native Americans is shown by polls to oppose Indian nicknames in sports. The campaign against them gained momentum only when the NCAA, which can hardly cope with policing athlete misconduct and illegal payments in college sports, crusaded against dozens of colleges in the name of political correctness. The NCAA, under President Myles Brand, labeled Chief Illiniwek one of the "hostile and abusive racial/ethnic/national origin mascots."

But the Chief is no mascot (the university calls him a symbol). The big-headed depiction of the father of this country at George Washington University, the turtle representing the University of Maryland and the Demon Deacon for Wake Forest are mascots. Such college mascots are comical figures who engage in sham battles with each other and go into the stands to hug children. Chief Illiniwek did not. He was always austere and dignified.

The accusation that Illinois and other schools degrade Native Americans is absurd. These schools picked Indian symbols in admiration of their valor, ferociousness and indomitable spirit in the face of overwhelming odds. Native Americans were honored in naming states. Illinois is Algonquin for "tribe of superior men." Indiana means the "land of the Indians."

The NCAA originally demanded that the University of Illinois not only dump the Chief but also drop the Fighting Illini nickname. Would Brand next demand that the states of Illinois and Indiana change their names (sticky for the NCAA, which is headquartered in Indianapolis)? The NCAA backed away from its ban on the Fighting Illini, but not on Chief Illiniwek.

That may seem irrational, but it is less so than NCAA approval of Florida State University's use of the Seminole nickname and Chief Osceola (no less dignified than Chief Illiniwek) riding his horse at football games to the sound of Indian war chants. Florida State passed the Brand test because of approval from the Seminole Tribe of Florida, which receives scholarship aid from the university. The University of Illinois cannot make such an arrangement because the original Illini were wiped out in inter-tribal wars in the 1760s.

Stanford led the capitulation to political correctness, changing from the Indians to the Cardinal in 1972. Other schools -- such as the University of North Dakota, trying to remain the Fighting Sioux -- have fought a losing battle. The NCAA was disingenuous when it claimed, in declaring victory over the Chief last Friday, that it "never mandated" that colleges "change their

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mascots." In fact, it rejected Illinois sponsorship of an NCAA event and was ready to prevent Illinois from hosting a National Invitational Tournament basketball game. Such sanctions threatened Illinois's recruiting of non-revenue-sports athletes.

Chief Illiniwek finally was done in by politicians jumping on the NCAA's political correctness bandwagon. Illinois State Senate President Emil Jones Jr., no friend of the university, warned that trustees might not be confirmed unless they dumped the Chief, and university officials feared their appropriations coming under attack.

While I can understand dumping the Chief, I don't like it. I could react by withdrawing from my long-range commitments to support the University of Illinois, but I won't. That would put me in the same class as the petty bureaucrats and politicians who killed Chief Illiniwek.

ANTITRUST:

EMI Sounds Out Suitors After Move By Warner (FT)

By Ft Reporters

Financial Times, February 22, 2007

EMI is in talks with several private equity groups including One Equity Partners, the US group affiliated with JPMorgan Chase, to sound out potential alternatives to Warner Music's $6bn approach for the British music group.

People familiar with the discussions cautioned that no firm offers appeared imminent, as Warner and would-be private equity suitors are demanding the right to conduct extensive due diligence on EMI's operations after it issued two profit warnings in quick succession since the start of the year.

EMI's board is still examining a possible securitisation of its publishing asset which remains its first choice unless a compelling offer is made.

The development comes less than three months after EMI's talks with Permira collapsed after the UK-based private equity group conducted due diligence, and four weeks after Warner's approach, which was disclosed only on Tuesday.

EMI, which would not comment on the discussions, rejected the January 24 approach from its closest rival, which is understood to have been pitched at an indicative price close to 300p.

Warner would not comment, but it is understood to have cut its valuation of EMI sharply since the latter's second profit warning.

Warner said yesterday any offer it made would be all in cash.

The US-listed group is understood to have decided against offering a stock alternative for financial reasons and because of the greater disclosure requirements offering shares would impose on its own investors.

Several EMI shareholders welcomed the prospect of an all-cash bid. "It is an ex-growth business," said one. "And we do not want Warner's shares."

Warner's statement came as EMI wrote to Warner, expressing doubts that the US group had significantly improved the chances of a deal being cleared by regulators.

Warner announced on Tuesday that it had secured the unexpected backing of Impala, an alliance of independent music companies which had opposed previous deals in the sector.

However, EMI's official response to Warner's approach argued it still saw significant regulatory risks.

The uncertainty hanging over further consolidation in the industry is set to continue for at least four to five months, with the European Commission expected to announce next week that it will launch an in-depth probe into the 2004 merger that created Sony BMG.

Meanwhile, the antitrust watchdog has until March 1 to clear the deal or conduct a more detailed probe lasting 90 working days.

The Commission cleared the deal in 2004 but its ruling was overturned by Europe's Court of First Instance last July.

Should the Commission find that the tie-up undermined competition, it could ask the merger group to break itself up again or demand that Sony BMG sell assets or change its behaviour.

Either outcome could cast a pall over the chances of an EMI-Warner deal being cleared.

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Shares in EMI yesterday closed up 1¼p at 241¼p. Shares in Warner were up 82 cents at $19.97 at lunchtime in New York.

By Andrew Edgecliffe-Johnson in London, James Politi and Joshua Chaffin in New York and Tobias Buck in Brussels

EU Penalizes Elevator Makers With Its Largest Antitrust Fine (WSJ)

By Adam Cohen

The Wall Street Journal, February 22, 2007

BRUSSELS -- The European Commission Wednesday fined four elevator and escalator makers a total of €992 million ($1.3 billion) for fixing prices, Europe's largest-ever antitrust penalty.

ThyssenKrupp AG was fined €479.7 million, United Technologies Corp.'s Otis unit was fined €224.9 million, Schindler Holding AG was hit with a €143.7 million penalty and Kone was fined €142.1 million. The sum of these fines, which topped a €750 million penalty levied last month against makers of power-grid components, reflects the commission's expanded powers to crack down on corporate cartels.

Under new antitrust guidelines established last year, the commission can levy larger fines and apply an automatic 50% increase for repeat cartel offenders. Since ThyssenKrupp had a previous cartel punishment -- a €3.2 million fine in 1998 for fixing stainless-steel prices -- its elevator penalty included this increase, bringing its fine close to the record €497 million Microsoft Corp. paid in 2004 for breaking monopoly laws.

The commission launched its investigation into the elevator business in January 2004. Its probe showed that the four companies fixed prices and rigged bids in Belgium, Germany, the Netherlands and Luxembourg between 1995 and 2004.

The commission said Mitsubishi Elevator Europe BV, a division of Mitsubishi Electric Corp., participated in the Dutch cartel and it fined the company €1.8 million.

"It is outrageous that the construction and maintenance costs of buildings, including hospitals, have been artificially bloated by these cartels. The national management of these companies knew what they were doing was wrong, but they tried to conceal their action and went ahead anyway," the commission's top antitrust official, Neelie Kroes, said in a statement.

In all four countries, high-ranking managers held regular meetings related to the cartel. The commission found evidence that the companies knew their behavior was illegal. The managers were careful to avoid detection, meeting in rural areas or abroad and using prepaid mobile phone cards to avoid tracking. The commission said none of the companies contested these facts or other evidence unearthed in the investigation.

None of the companies qualified for the full immunity usually given to whistle-blowers. Kone's penalty was reduced by about €138 million because it was the first to disclose the cartels in Belgium and Luxembourg and provided key evidence in the German investigation. Otis' penalty was reduced by over €208 million because it disclosed the Dutch cartel and cooperated with investigations in the other countries.

Kone of Finland and ThyssenKrupp of Germany both said they will examine the commission's decision before deciding whether to appeal. Spokesmen for Switzerland's Schindler and the German unit of U.S.-based Otis declined to comment.

A key question in this case will be whether the companies' customers decide to sue. Over the past few years, the commission has encouraged private damages claims to further deter cartel offenders. "Companies have the option of seeking damages" or renegotiating their contracts, said the commission's antitrust spokesman, Jonathan Todd.

Brussels Imposes €992m Fine On Lift Cartel (FT)

By Tobias Buck In Brussels

Financial Times, February 22, 2007

The European Union's top antitrust regulator yesterday slapped a record €992m fine on ThyssenKrupp and four other lift manufacturers, in the latest sign that the Brussels watchdog is drastically ramping up the financial pain for companies that violate competition rules.

It was the highest penalty imposed by the European Commission, topping a previous record set only last month. Brussels hopes that the recent increase in antitrust fines will deter companies from abusing the law and encourage people involved in cartels to blow the whistle on co-conspirators in exchange for immunity.

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Neelie Kroes, the EU competition commissioner and the -official behind Brussels' get-tough approach, said the lift and escalator cartel had behaved "outrageously", while her spokesman said taxpayers, public authorities and other customers had been "ripped off big time" by the cartel.

ThyssenKrupp, the German engineering group, received the toughest penalty, €479.7m ($630m, £322.5m). Otis, a unit of US group United Technologies, was fined €224.9m, Schindler of Switzerland was given a €143.7m penalty and Finland's Kone was ordered to pay €142.1m. Mitsubishi's Dutch subsidiary was fined €1.8m.

Ms Kroes said: "The damage caused by this cartel will last for many years because it covered not only the initial supply but also the subsequent maintenance of lifts and elevators. For these companies the memory of this fine should last just as long."

The Commission said the lifts installed in its own headquarters as well as at the European Court of Justice in Luxembourg were covered by the cartel. It urged customers of the companies involved in the agreement to renegotiate their contracts, and said they might have the right to sue for damages.

John Pheasant, a competition law specialist and partner at law firm Hogan & Hartson, said yesterday's fines were part of a wider trend. "In terms of fines, the Commission is now the toughest authority in the world. The trend towards higher fines started a few years back, but recently there has been a distinct acceleration."

The Commission last year passed new fining guidelines that will allow Brussels to further increase the financial pain on abusive companies in all new cases. Officials have argued that the new rules will mean that more companies will be hit with the maximum penalty - a fine equivalent to 10 per cent of their annual global turnover.

The lift cartel operated in Germany, the Netherlands, Belgium and Luxembourg between at least 1995 and 2004. According to the Commission, the groups co-ordinated their bids to ensure that a designated group would win specific contracts.

"[To agree on bids] theyusually met in bars and restaurants, they travelled to the countryside or even abroad, and they used pre-paid mobile cards to avoid tracking," the Commission said.

ThyssenKrupp, United Technologies, Schindler and Kone said they were studying the Commission ruling, with Schindler adding it was "very surprised" by the high fines. United Technologies said Otis would appeal against the decision.

Europeans Slap $1.3 Billion Price-fixing Fine On 5 Elevator Makers, Including Otis (USAT/AP)

By Constant Brand, Associated Press

USA Today, February 22, 2007

BRUSSELS — European Union regulators on Wednesday fined United Technologies' (UTX) Otis unit and four other elevator makers $1.3 billion for operating a cartel for the installation and maintenance of elevators and escalators in Germany, Belgium, Luxembourg and the Netherlands.

EU spokesman Jonathan Todd said the fines represent the "largest ever" for price fixing in the European Union, and EU Competition Commissioner Neelie Kroes said the costs of buildings and hospitals were "artificially bloated by these cartels."

"The result of this cartel is that taxpayers, public authorities and property developers have been ripped off big time," Todd told reporters. "The companies ensured that by rigging the bids and sharing the markets that the prices paid for the installation and the maintenance were way above what they would have been if there had been a competitive market."

Fined were United Technologies of Hartford, Conn., corporate parent of Otis Elevator; German conglomerate ThyssenKrupp; Finland's Kone; Switzerland's Schindler Holding and subsidiaries of Japan's Mitsubishi Elevator Europe.

George David, chairman and chief executive of United Technologies, said in a statement that company officials are "disappointed by the conduct revealed through the Commission's and UTC's own investigations."

Otis was fined 225 million euros ($295.8 million).

"UTC will not tolerate unethical behaviors of any kind," he said. "The nine local Otis employees who violated our code of ethics and regulatory compliance programs were quickly identified and dismissed and we have reinvigorated our ethics and compliance programs worldwide."

Otis and United Technologies disclosed the investigation in 2004 and have cooperated with the European Commission, David said. Otis and UTC have received full or partial reductions in penalties for its cooperation and the outcome will have "no material impact" on UTC's financial condition or Otis' competitive position.

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United Technologies is waiting for the full text of the decision and will review it before reporting on its impact on its 2007 earnings guidance. In addition, David said Otis will appeal the decision to a European court.

ThyssenKrupp was given the largest fine, just over 479 million euros ($630 million), because the company was labeled a "repeat offender" by EU regulators, Todd said.

ThyssenKrupp, based in Frankfurt, Germany, said it will review the fine and then decide whether to appeal.

Schindler was fined 144 million euros ($189.3 million), Kone 142 million euros ($187 million) and Mitsubishi's Dutch subsidiary was fined 1.8 million euros ($2.37 million).

The European Commission said the cartel had worked to rig bids for procurement contracts, fix prices and share markets "between at least 1995 and 2004." It said the companies "did not contest the facts" found by EU regulators, adding none of the accused requested a hearing to answer the allegations.

But Schindler said the company was "very surprised at the size of the fine," because it claimed the EU had found "no evidence of pan-European collusion among companies in the European elevator industry." It said in a statement that it had not yet decided whether it would appeal.

Kone also said it will "examine the commission's decision and decide on potential action."

Wednesday's fine tops a 750 million euros ($978 million) fine imposed last month against 10 companies for running a cartel to fix prices for heavy equipment used by power utilities, reflecting stepped-up action by Kroes against price fixing.

She has vowed a crackdown under new antitrust guidelines agreed to last year that allow EU regulators to come down harder on repeat offenders like ThyssenKrupp, which faces an automatic 50% increase for repeated price-fixing activities.

The German company had already received a previous cartel fine, worth 3.2 million euros ($4.2 million) in 1998 for fixing stainless steel prices. Wednesday's punishment brings ThyssenKrupp close to the 479 million euros fine paid by U.S. software giant Microsoft (MSFT) for breaking European monopoly laws.

EU regulators found evidence from "numerous documents and corporate statements" to prove the companies allocated tenders and contracts for the sale, installation and maintenance of elevators "with the aim of freezing market shares and fixing prices," the commission said.

"Projects that were rigged included lifts and escalators for hospitals, railway stations, shopping centers and commercial buildings," it said, adding such acts were decided upon between managing and service directors during regular meetings between cartel members.

"There is evidence that the companies were aware that their behavior was illegal and they took care to avoid detection," the commission said, adding that the meetings usually took place in bars and restaurants or in locations outside cities to avoid suspicion.

EU officials said they even used prepaid mobile phone cards to avoid tracking.

"The national management of these companies know what they were doing was wrong, but they tried to conceal their action and went ahead anyway," Kroes said in a statement. "The damage caused by this cartel will last for many years because it covered not only the initial supply but also the subsequent maintenance of lifts and elevators."

The EU conducted surprise raids against the companies in January 2004 after EU regulators were tipped off.

EU Fines Otis, Four Other Elevator Makers For Cartel (Update6) (BLOOM)

By Matthew Newman

Bloomberg, February 22, 2007

Feb. 21 (Bloomberg) -- European antitrust authorities fined Otis Elevator Co. and ThyssenKrupp AG, the world's two largest elevator makers, and three competitors a record 992.3 million euros ($1.3 billion) for price-fixing.

The European Commission penalized ThyssenKrupp 479.7 million euros, the biggest fine against a company for a cartel, and levied 224.9 million euros on Otis, a unit of United Technologies Corp. It also fined Schindler Holding AG 143.7 million euros, Kone Oyj 142.1 million euros and Mitsubishi Elevator Europe BV 1.8 million euros for fixing prices of elevators and escalators.

``It is outrageous that the construction and maintenance costs of buildings, including hospitals, have been artificially bloated by these cartels," Competition Commissioner Neelie Kroes said in a statement today.

The penalty is the highest imposed by the Brussels-based commission for a cartel, surpassing a 790.5 million-euro fine imposed on eight companies for fixing vitamin prices in 2001. Otis, Schindler, ThyssenKrupp and Kone control about 75 percent of the global elevator and escalator market, which has annual sales of 30 billion euros, said Christian Obst, an analyst at HVB in Munich who has a ``hold" rating on ThyssenKrupp shares.

United Technologies in Hartford, Connecticut, said the company plans to appeal today's fines to the European Court of First Instance. Germany's ThyssenKrupp, Hergiswil, Switzerland- based Schindler and Helsinki-based Kone said they are considering whether to appeal.

Highest in History

Kroes has made fighting cartels a priority for her five- year term. On Jan. 24, she fined Siemens AG, Areva SA and eight other companies that make electricity network gear 750 million euros. The commission fined seven cartels a total of 1.84 billion euros last year, an annual record.

``Today we see the commission really going forward and really emphasizing its commitment not only to penalizing participants in cartels but also sending a very clear deterrent message to companies that might be tempted to get involved in those types of activities," John Pheasant, a partner at Hogan & Hartson LLP, said in an interview.

The commission, the EU's antitrust regulator, said the companies set prices in Belgium, Germany, Luxembourg and the Netherlands between at least 1995 and 2004. The companies rigged contract bids, allocated projects to each other and shared confidential information, the regulator said.

`Ripped Off'

The companies ``were aware that their behavior was illegal and they took care to avoid detection; they usually met in bars and restaurants, they traveled to the countryside or even abroad and they used pre-paid mobile phone cards to avoid tracking," the commission said.

``The result of this cartel is that taxpayers, public authorities and property developers have been ripped off, big time," Jonathan Todd, a commission spokesman, told reporters in Brussels. ``Its effects will be felt for the next 20 to 50 years."

ThyssenKrupp's fine was raised by 50 percent because it was a repeat offender, the regulator said. The Dusseldorf, Germany- based company said in a statement that its lawyers ``will review the fine notice and then decide whether to appeal."

Shares of United Technologies fell 55 cents, or 0.8 percent, to $67.58 at 4:01 p.m. in New York Stock Exchange composite trading. ThyssenKrupp closed down 42 cents, or 1.1 percent, at 38.96 euros in Frankfurt. Kone fell 8 cents, or 0.2 percent, to 45.81 euros. Schindler rose 3.4 Swiss francs, or 4.3 percent, to 82 francs.

Firings

United Technologies Chief Executive Officer George David said the company has disciplined employees for the cartel and has been cooperating with the commission. The company, which holds an investor meeting in New York on Feb. 28, is waiting to receive the full decision to study how the fine may affect profit forecasts for 2007, it said in a statement.

``We are disappointed by the conduct revealed through the commission's and UTC's own investigations," David said in the statement. ``UTC will not tolerate unethical behaviors of any kind. The nine local Otis employees who violated our Code of Ethics and regulatory compliance programs were quickly identified and dismissed, and we have reinvigorated our ethics and compliance programs worldwide."

Under United Technologies' strict ethics policy, 913 employees have been dismissed in the past five years. So far this year, 27 have been terminated, according to spokesman Peter Murphy. Violations of the policy can include everything from inappropriate use of confidential company information to environmental, health and safety breaches.

``Schindler is very surprised at the size of the fine since the European Commission found no evidence of pan-European collusion among companies in the European elevator industry," the company said in a statement.

Herman Van De Pasch, senior managing director at Mitsubishi Elevator Europe in Veenendaal, The Netherlands, said he was ``disappointed" by the fine.

``I had expected a very low fine because of our small role," Van De Pasch said in a telephone interview.

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Otis To Appeal Against EU Elevator Cartel Fine (AFP)

AFP, February 22, 2007

The US parent company of elevator maker Otis said Wednesday it would appeal against a record EU antitrust fine imposed against a lift cartel.

United Technologies Corp. (UTC) said it had "cooperated fully" with the European Union's executive commission during the investigation into the market-rigging cartel.

"Otis will appeal the commission's decision to the European Court of the First Instance," a UTC statement said.

"We are disappointed by the conduct revealed through the commission's and UTC's own investigations," UTC chief executive George David said.

"UTC will not tolerate unethical behaviors of any kind," he said, noting that nine Otis employees in Europe had been "quickly identified and dismissed" for violating the company's code of ethics.

The statement added: "The outcome of the case will have no material impact on UTC's financial condition and no material impact on Otis' competitive position."

The European Commission ruled that the companies ran a cartel for the installation and maintenance of lifts and escalators in Belgium, Germany, Luxembourg and The Netherlands between at least 1995 and 2004.

The combined fine came to a record 992 million euros (1.3 billion dollars).

ThyssenKrupp was handed the heaviest fine ever imposed by EU regulators on a single company in a cartel case because it was a repeat offender. The German group was fined 480 million euros.

Otis was given a fine of 225 million euros for its role, followed by Schindler with a penalty of 144 million euros and Kone with 142 million euros.

Patent Held By Genentech Is Revoked By Government (NYT)

By Andrew Pollack

The New York Times, February 22, 2007

The Patent and Trademark Office has decided to revoke a fundamental patent held by Genentech, the biotechnology company, that was at the center of a recent Supreme Court decision.

The patent office's decision could cost Genentech hundreds of millions of dollars in royalties over the next decade but would save a like amount for rivals that are paying the royalties, including MedImmune, Abbott Laboratories, Johnson & Johnson and ImClone Systems.

In a statement yesterday, Genentech said it would appeal the decision through the patent office and, if necessary, the courts. The company said the patent would remain "valid and enforceable" through the appeals process.

The decision is the latest in a long controversy, and even mystery, surrounding the patent. The patent was awarded in 2001 even though the inventions on which it was based were made in the early 1980s. If not revoked, the patent, often called the Cabilly II patent after the lead inventor, Shmuel Cabilly, would expire in 2018.

Last month the Supreme Court ruled that MedImmune could challenge the patent even though it had licensed the rights to use it. Lawyers said the decision would have a big impact on how patent licensing deals are structured.

The patent covers techniques for making monoclonal antibodies, which are the basis for many of the biggest selling products made by the biotechnology industry. Genentech shares revenue from the patent with its research partner at the time, the City of Hope, a medical center in Duarte, Calif.

Genentech said that in 2006 it earned 6 cents a share, equivalent to $105 million in pretax income, from the patent, after subtracting what it paid to City of Hope. That was less than 3 percent of its adjusted earnings per share of $2.23.

A Genentech spokesman said the biggest royalties come from Humira by Abbott, Remicade by Johnson & Johnson, Synagis by MedImmune and Erbitux by ImClone.

An analyst at Sanford C. Bernstein & Company, Geoffrey C. Porges, wrote in a note yesterday that the impact of the decision "is greater for the companies paying royalties on Cabilly than it is for Genentech." Genentech, based in South San Francisco, Calif., is enjoying booming sales of its drugs for cancer and eye disease.

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In moving to revoke the Cabilly II patent, the patent office said other patents had predated it, including the original Cabilly I patent, which expired last year.

The office had issued a preliminary ruling to revoke the patent in 2005, saying it represented double patenting of the same invention and would inappropriately extend Genentech's patent protection by 12 years.

The re-examination of the patent was requested by a Chicago lawyer, Liza V. Mueller. She has not revealed whom or which company she represents, though it is presumably one of the companies that pay royalties to Genentech.

MedImmune filed a lawsuit against Genentech in federal court in Los Angeles in 2003, challenging the patent. It also said Genentech had violated antitrust laws by colluding with Celltech, a British company and unit of UCB, to extend patent protection.

Genentech denied all of those accusations.

Both Genentech and Celltech were awarded patents covering similar antibody technology in 1989. Genentech then added some claims from the Celltech patent to a second patent application that it had previously filed on the same work. That forced the patent office to decide whether Genentech or Celltech was the first inventor.

In 1998, the patent office ruled in favor of Celltech. Genentech then took its case to Federal District Court in Northern California.

In 2001, however, Genentech and Celltech reached a settlement, agreeing that Genentech was the rightful inventor. The reason given was that Genentech had discovered an early draft of its patent application that predated Celltech's application.

The court ordered the patent office to grant a new patent to Genentech. The new patent, Cabilly II, would extend to 2018, even though both the original Cabilly and the Celltech patents would have expired in 2006.

MedImmune raised questions about whether Celltech was also profiting by giving up its soon-to-expire patent in favor of Genentech's new one. The terms of the settlement between Genentech and Celltech have never been made public.

According to a brief filed by City of Hope in the recent Supreme Court case, Celltech shared in some of the royalties from the new Cabilly patent for a limited period but received less money than it would have if its own patent had remained in force.

The court in Los Angeles dismissed MedImmune's antitrust charges, saying that the settlement between Genentech and Celltech had been appropriately approved by the judge overseeing their case. It also said MedImmune could not sue to invalidate the patent since it was a licensee of the patent.

MedImmune appealed that latter decision to the Supreme Court, which last month ruled that a party did not have to breach a patent license to challenge a patent. MedImmune's claims regarding the Cabilly II patent will now be tried in the lower courts.

MedImmune's general counsel, William C. Bertrand Jr., said the company was pleased with the decision to revoke the patent.

"We believe they adopted a lot of the arguments that we've propounded concerning this particular patent over the years," Mr. Bertrand said.

EU Approves Lukoil Purchase Of ConocoPhillips Filling Stations (AFP)

AFP, February 22, 2007

EU antitrust regulators gave their approval on Wednesday to Russian energy group Lukoil's plans to buy the filling stations of US oil giant ConocoPhillips in seven European countries.

After probing the deal for its impact on competition, the European Commission said that it had "found that the proposed transaction would not impede effective competition" in Europe.

Under the deal, the Russian oil and gas group is buying 400 filling stations from ConocoPhillips in Belgium, the Czech Republic, Finland, Luxembourg, Poland, Hungary and Slovakia.

The two companies have been close partners since ConocoPhillips bought 7.59 percent of Lukoil in 2004. The US company has since increased its stake to 20 percent.

Regulator Clears Japan Deal For Gallaher (AP)

AP, February 22, 2007

European Union Approves Japan Tobacco's $14.7B Bid for Britain's Cigarette Maker Gallaher

DOJ_NMG_0135072

BRUSSELS, Belgium (AP) -- European Union antitrust regulators on Wednesday cleared Japan Tobacco Inc.'s proposed $14.7 billion purchase of British cigarette maker Gallaher Group PLC, saying the deal did not pose competition problems on the European market.

Japan Tobacco, the world's third biggest cigarette company wants to buy Gallaher to give the maker of the Mild Seven brand a bigger share in the European market.

The European Commission said the deal showed overlaps between the two companies "are generally limited," with the brands of the two positioned in different market areas. "Moreover, for all products concerned, the new entity would continue to face several strong, effective competitors with significant market shares," the commission said in a statement.

The deal would reportedly be the biggest Japanese overseas acquisition. Gallaher, which employs 12,000 people worldwide, dates back to 1857, when Tom Gallaher started a business making Irish roll tobacco in Londonderry, Northern Ireland. Its cigarette brands in Europe include Benson & Hedges, Silk Cut and Sovereign.

The company has been under pressure in a tough European market, particularly from additional taxation and increased competition in Spain and Austria.

Currently, JT has little presence in Western Europe, and only has operations in Russia.

The combined company would have annual global output of 600 billion cigarettes, JT said. It would remain at No. 3 behind Altria Group Inc. of the United States and Britain's British American Tobacco.

EU Approves Japan Tobacco Takeover Of Gallaher (AFP)

AFP, February 22, 2007

EU antitrust regulators approved on Wednesday Japan Tobacco's planned purchase of British cigarette group Gallaher, which is to be the biggest-ever takeover by a Japanese company.

"After examining the operation, the (European) Commission concluded that the transaction would not significantly impede effective competition," the EU antitrust watchdog said in a statement.

Japan Tobacco unveiled plans in mid December to buy British manufacturing and wholesale company Gallaher Group for 2.25 trillion yen (18.6 billion dollars, 14.2 billion euros) including debt in Japan's biggest-ever corporate acquisition.

The deal is expected to leave the JT group holding some 14 percent of the European Union market, with a 39-percent share in Britain and 45 percent in Austria.

"The Commission's examination of the proposed transaction showed that the horizontal overlaps between the activities of Gallaher and Japan Tobacco are generally limited with the brands of both companies mainly positioned in different segments," it said.

EU regulators also found that the merger would not leave the combined company with crushing market share as it would face "several strong, effective competitors."

Japan Tobacco sells brands including Mild Seven, Camel and Winston in about 120 countries and the takeover will give it extra muscle to take on world number one Philip Morris Cos. Inc. of the United States.

Gallaher owns Benson and Hedges, Silk Cut, Mayfair and Sovereign and also makes and sells cigars, "roll-your-own" and "make-your-own" tobacco, pipe tobacco and "snus", a type of oral snuff used in Sweden and Norway.

Steel Mill Sale Order Questioned (AP)

By David Dishneau, Ap Business Writer

AP, February 22, 2007

The United Steelworkers union and Maryland's economic development chief say they disagree with a federal order that global steel giant Mittal Steel Co. sell its Sparrows Point mill near Baltimore to settle antitrust issues raised by the Dutch company's planned acquisition of Arcelor SA.

While ordering the sale of the Maryland plant, the consent decree proposed Tuesday by Justice Department would allow Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, which is used primarily for food and aerosol cans.

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The United Steelworkers, which represents the mill's 2,106 production workers, said it will seek a reversal of the decision because selling Sparrows Point won't necessarily help workers or the company.

"It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future," said David R. McCall, chairman of the union's Mittal Steel committee.

The Justice Department said Sparrow Point's profitability and port access would help make it a viable competitor. In contrast, the Weirton mill has failed to thrive under Mittal's ownership, according to the Independent Steelworkers Union, which represents workers there.

Sparrows Point, with about 2,400 workers and one of the largest blast furnaces in North America, faces the prospect of its fourth owner in as many years.

David W. Edgerley, secretary of the Maryland Department of Business and Economic Development, said the state would work with Mittal to find a buyer for Sparrows Point, but he wasn't happy with the decision.

"We never like to have this kind of ruling that has an adverse effect on any Maryland business," Edgerley said.

An expert on Sparrow Point's 120-year history said the order could be good for the mill and the domestic steel industry.

Mark Reutter, an Urbana, Ill., writer who chronicled Sparrows Point in his 1988 book "Making Steel," said the decision means the government has heard manufacturers' complaints about too much steel consolidation.

"The sort of unspoken aspect here is that someone in Washington is signaling displeasure over the last two years and wants more competition in the industry," Reutter said.

Illinois-based Esmark Inc. said it might consider a joint venture to buy Sparrows Point if the Weirton mill is unavailable. And industry experts said a number of German, Indian and Russian companies are shopping for North American steel mills.

But the German steelmaker ThyssenKrupp AG said Wednesday it has no interest in acquiring the Maryland mill.

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Associated Press Writer Vicki Smith in Morgantown, W.Va., contributed to this report.

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On the Net:

Mittal Steel Co.: http://www.mittalsteel.com

Mittal Sorry About Ruling (BSUN)

By Allison Connolly, Sun reporter

The Baltimore Sun, February 22, 2007

Steelmaker's CFO says order leaves no choice on Sparrows Point sale

After a day of silence, Mittal Steel Co. NV said yesterday that it was disappointed by the Justice Department's decision requiring it to divest its Sparrows Point steel mill to resolve antitrust concerns over tin plate production in the wake of its $33 billion merger with Luxembourg-based Arcelor SA.

During a previously scheduled conference call with analysts yesterday to discuss fourth-quarter and year-end earnings, Mittal Chief Financial Officer Aditya Mittal said the company had no choice but to comply with the order even though it preferred to sell its plant in Weirton, W.Va.

A tentative deal to sell Weirton to Chicago-based Esmark Inc. is off the table, Mittal said, because of the Justice Department's decision.

"We sympathize with everyone in Maryland because we feel the same disappointment," Mittal said.

The company has 90 days from Tuesday's ruling to sell Sparrows Point, but is eligible for a 60-day extension.

Esmark Chief Executive Officer James Bouchard said his company, which recently won control of Wheeling-Pittsburgh Steel Corp. in Wheeling, W.Va., has not heard from Mittal even though it has signaled its desire to buy Weirton and possibly Sparrows Point.

"Are we disappointed?" Bouchard said yesterday. "Yeah, but it's not the end of the world. If they say no, then it's no and we'll move on."

In yesterday's conference call, Aditya Mittal said the company wants to "improve profitability" at Weirton.

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However, he said tin plate production, while profitable, will likely face some restructuring in the near future because there is excess capacity.

The government chose Sparrows Point for divestment because it would be a more viable competitor in the tin plate market than Weirton. Mittal and U.S. Steel Corp. produce more than 80 percent of the nation's tin plate, which is used for such item s as food containers, aerosol cans and paint buckets. The rest is made by Wheeling Pittsburgh.

Mittal declined to speculate how much Sparrows Point might be worth. The Baltimore County plant has the capacity to produce 3.6 million tons of steel per year, he said, and last year shipped about 3 million tons.

Unlike other Mittal plants around the world, the company does not have any major capital improvements planned for Sparrows Point over the next two years.

Mittal is building a hot-strip mill in Poland, increasing slab production in Brazil and expanding output in Ukraine, a country which offers the "lowest cost" and "highest contribution" to the company, Aditya Mittal said.

United Steelworkers spokesman Gary Hubbard said steel-worker jobs are being threatened by cheaper labor overseas. The union said Tuesday that it would work to reverse the Justice Department decision. Yesterday, Hubbard said he hopes a new buyer doesn't shrink Sparrows Point further.

"We've traveled a lot of hard trails at Sparrows Point," he said.

Sparrows Point workers hope the new owner will honor their contract, which is set to expire next year. Eddie Bartee Jr., 51, a third-generation steel worker and a trustee on USW Local 9477's executive board, said Mittal honored the union's contract when it bought International Steel Group in 2005 to form the world's largest steelmaker. ISG had bought the assets of Bethlehem Steel in 2003, two years after Bethlehem went bankrupt.

"Basically, if you come in with a good faith agreement with what we have, I think pretty much we'll be happy," said Bartee, a crane operator, who has worked at the plant for 33 years. "And then we'll face [contract negotiations] in 2008."

John Cirri, president of Local 9477, was traveling yesterday and could not be reached for comment.

Meanwhile, Mittal said the merger with Arcelor is on track and should be completed by July. The combined company, to be named Arcelor Mittal, will produce more than 110 million tons of steel a year.

Aditya Mittal said the company would continue to scale back production through at least March to ensure inventory is on par with supply. He said three blast furnaces across the company have been idled, and workers at Sparrows Point have been offered voluntary layoffs over the past few months. Mittal said the company realized "impressive" cost savings during the down time, and prices rose because the level of foreign imports fell off.

For last year, Arcelor Mittal reported combined earnings of nearly $8 billion, down from $8.26 billion a year earlier. The companies said they were squeezed by high raw materials costs but expect better earnings this year once synergies between the companies in marketing, purchasing and production are realized.

House Plans Hearing With Sirius Exec (CNET)

By Anne Broache

CNET News, February 22, 2007

A proposed merger between XM Satellite Radio and Sirius Satellite Radio has only been officially public for a few days, but it's already stirring questions on Capitol Hill.

On February 28, the U.S. House of Representatives Judiciary Committee, which has jurisdiction over antitrust laws, plans to hold a hearing to examine potential ramifications of uniting the nation's only two satellite radio operators, a deal estimated at $5 billion. Sirius CEO Mel Karmazin is the only confirmed participant so far.

"We are holding this hearing to allow members to probe whether this merger will enhance or diminish competition in the digital music distribution industry," Rep. John Conyers (D-Mich.), the committee chairman, said in a statement. "Our members will explore how to define this new marketplace, and whether this merger will lead to increased choices and lower prices for consumers."

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Rep. Lamar Smith (R-Texas), the committee's co-chairman, said the panel plans to pay close attention to "whether satellite radio competes against terrestrial radio, the Internet, or other emerging technologies"--a consideration that is key to making an antitrust analysis.

It is ultimately up to the U.S. Department of Justice and the Federal Communications Commission to decide whether the deal merits approval. One of the questions that has been raised is whether such a merger it would amount, as critics say, to a "monopoly merger."

A few years ago, federal regulators blocked a merger between EchoStar Communications' Dish Network and Hughes Electronics' DirectTV, arguing that such a union would amount to a "regulated monopoly." FCC Chairman Kevin Martin has already suggested there will be high hurdles before the companies would receive the regulators' blessing.

Verizon, Vonage Rumble Over Patents (WSJ)

By Mariam Fam

The Wall Street Journal, February 22, 2007

Verizon Communications Inc.'s patent-infringement suit against Vonage Holding Corp. opened in federal court, potentially adding to the troubles of the largest Internet telephone start-up.

The case is closely watched by the nascent Web-calling industry, with some experts saying that a ruling against Vonage could encourage more patent suits in the telecom world.

Verizon is accusing Vonage of infringing five patents, some related to features such as call forwarding, fraud detection and other technologies. Vonage denies the accusations and argues that the actual goal of the Verizon suit is to eliminate the Internet company, a growing competitor to Verizon's landline phone business.

"We are firm in our belief that we have not infringed on their patents," said Brooke Schulz, a Vonage spokeswoman. "This case is about one thing and one thing only and that's about Verizon's attempts to stifle competition."

Officials at Verizon have said the company is motivated by a straightforward desire to protect its intellectual property. The phone company filed the suit in June in U.S. District Court for the Eastern District of Virginia, a month after Vonage's initial public offering in May.

Pretrial talks between the two competitors failed to result in a settlement. In court yesterday, the judge selected a jury and attorneys delivered opening statements for both sides.

Verizon lawyers said the company was seeking $197 million in damages, plus royalty for any future infringement. Vonage lawyers denied any infringement and said the patents were invalid and that the company owed nothing in damages.

Vonage offers customers discount phone service by letting them plug their phones into high-speed Internet connections, bypassing more costly landline service provided by established carriers. Founded in 2001, Vonage today has 2.2 million customers.

New York-based Verizon is the second-biggest U.S. telecom operator after AT&T Inc., with nearly 30 million residential phone subscriptions. Vonage, Holmdel, N.J., reported a loss of $65 million for the fourth quarter; Verizon posted net income of $1.03 billion for the same period.

Vonage has been beset by shareholder suits after a botched initial public offering. Yesterday on the New York Stock Exchange, Vonage shares were off 11 cents to $5.37, down more than two-thirds from the IPO.

Wireless carrier Sprint Nextel Corp. also has filed a patent-infringement suit against Vonage related to methods for transmitting calls between the Internet and conventional phone networks. Vonage has said in court filings that the Sprint and Verizon patents are invalid or don't apply to its services and that some of the patents cited by Sprint are so vague that they are unenforceable.

The patent disputes have alarmed other Internet-calling start-up businesses. They fear they may be sued or forced to pay licensing fees, which could hamper the growth of the Internet-phone business.

John Rabena, a partner with Sughrue Mion who specializes in Internet patent litigation, said the suit may help expose a vulnerability of many players in Internet technology.

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"They don't have patents, so when they get attacked they don't have anything to negotiate," said Mr. Rabena, who isn't involved in the Verizon-Vonage case and doesn't represent any Internet-calling start-ups.

Some fear a win for Verizon can boost the appetite for patent suits, especially since the incentive has already increased in the wake of a brawl between the maker of the BlackBerry portable email device, Research in Motion Ltd., and patent-holder NTP Inc. That suit raised the possibility of a court-ordered shutdown of BlackBerry service in the U.S. before Research in Motion agreed to a $612.5 million settlement with NTP in May.

"If there's a big damage reward and an injunction issued, it becomes more attractive...to bring these types of suits," said Marty Zoltick, a patent attorney with Rothwell, Figg, Ernst & Manbeck, a law firm specializing in intellectual-property rights. "We're going to see more of these lawsuits."

Vonage believes it could continue operating even if it loses the Verizon case. "We have technology solutions and we have workarounds that we're working with our engineers on today," Ms. Schulz said. "There's a voracious appetite for [Internet calling] and Verizon cannot stop that."

Write to Mariam Fam at mariam.fam@wsj.com1

Apple, Cisco Reach Accord Over IPhone (WSJ)

By Nick Wingfield

The Wall Street Journal, February 22, 2007

Apple Inc. and Cisco Systems Inc. agreed to resolve a trademark dispute over the term iPhone that had threatened to put a damper on the introduction of Apple's most eagerly anticipated electronics product in years.

Under their agreement, Cisco, of San Jose, Calif., and Apple, of Cupertino, Calif., are free to use the iPhone trademark on their respective products throughout the world. Cisco will drop a lawsuit it filed against Apple in federal court in San Francisco, accusing Apple of infringing on a Cisco trademark with a forthcoming cellphone called the iPhone, due out in June.

In a joint statement, Apple and Cisco said they will explore opportunities for making their products work better together "in the areas of security, and consumer and enterprise communications." The companies said other terms of the settlement are confidential, declining to comment further.

By reaching a deal, the two Silicon Valley icons head off a battle that potentially could have dragged on for years, and possibly led to an injunction to block Apple's use of the iPhone name.

Cisco sued Apple on January 10, the day after Apple Chief Executive Steve Jobs unveiled the iPhone at the Macworld convention in San Francisco. The networking giant said Apple had tried unsuccessfully on previous occasions to get Cisco to grant rights to use the iPhone name, and was engaged in intensive discussions until right before Apple unveiled the cellphone.

Initially, Apple declared the Cisco lawsuit "silly" and said it expected to prevail in any court fight. More recently, both parties said they were attempting to resolve the dispute amicably.

Cisco has held a trademark on the iPhone name since 2000, when it acquired a company called Infogear Technology that made an Internet-connected telephone. Last spring, Cisco unveiled a new line of gadgets bearing the iPhone name that use voice over Internet protocol, or VoIP, technology to transmit phone calls over the Internet.

Apple plans to begin selling the iPhone in the U.S. along with its exclusive wireless partner AT&T Inc.'s Cingular for between $499 and $599.

Settlement Lets Apple Use 'iPhone' (NYT)

By Brad Stone

The New York Times, February 22, 2007

SAN FRANCISCO, Feb. 21 — Apple and Cisco Systems have decided that a name is not worth fighting over.

On Wednesday, the companies settled their dispute over the iPhone trademark. Six weeks ago, Cisco filed a lawsuit in federal court in San Francisco over Apple's planned use of the name for its much anticipated multimedia device, which combines the features of a mobile phone, an iPod and a BlackBerry.

Cisco claimed that it had owned the trademark since 2000 and was using it for a line of Internet-connected phones.

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Wednesday night, in a short, ambiguously worded statement, the companies said they would dismiss all legal action against each other regarding the trademark and that Apple could use the name for its device, which it plans to start selling in June.

In addition, the companies said they would explore ways to make their identically named iPhone products work together "in the areas of security and consumer and enterprise communication."

Representatives for Apple and Cisco said other terms of the deal would remain confidential. It is not known if Apple made a cash payment to Cisco, but intellectual property lawyers say some sort of payment is typical in these cases. It is also unclear whether Cisco had sold Apple the name iPhone outright and had then secured permission to use it itself.

But the deal appears to give a partial victory to both sides. Apple can begin selling its phone with the name that its strong-willed chief executive, Steven P. Jobs, seemed to prefer.

Cisco can also continue to use the name, and with the promise of interoperability, it might have some of the hype and magic surrounding Apple's products rub off on its own less prominent offerings.

Hostilities broke out between the two companies last month, when Mr. Jobs announced the music phone at the annual Macworld convention in San Francisco.

Cisco, the networking company based in San Jose, Calif., was using the name to sell phones that can plug into a PC or connect with a wireless hot spot and make free calls over the Internet.

The two companies negotiated intensely over the trademark in early January. Executives had planned to make announcements concurrently at the Consumer Electronics Show in Las Vegas and at Macworld, proclaiming the links between their iPhone products.

After talks broke down and Mr. Jobs announced his iPhone anyway, Cisco filed a lawsuit, saying that Apple's use of the iPhone name constituted a "willful and malicious" violation of Cisco's intellectual property. In response, Apple called the lawsuit "silly" and noted publicly that several companies besides Cisco were using the iPhone name.

Cisco's lawsuit described covert Apple attempts to obtain the rights to the iPhone name. In September 2006, a corporation calling itself Ocean Telecom Services filed an application for the trademark based on earlier filings in Trinidad and Tobago. In its complaint, Cisco asserted that Apple was behind the efforts.

But while they flung legal accusations at each other, both companies faced significant pressure to settle. Apple's iPhone will be released in June and will be available to customers of the AT&T wireless network, which was formerly known as Cingular Wireless. If Apple had failed to settle with Cisco and subsequently lost the battle in court, it could have been liable for financial penalties for each unit that it sold.

But Cisco also faced a strong incentive to reach a deal.

"Cisco had to provide access to the trademark to Apple if it wanted to achieve the highest value for the name. There was no potential second buyer who would have equaled Apple's desire for the iPhone mark," said Alan Fisch, an intellectual-property lawyer at Kaye Scholer in Washington.

He added that Cisco also faced the reality that consumers associated the name more with Apple.

"The iPhone name has been informally synonymous with an anticipated Apple phone for years prior to the product's formal announcement," he said.

Analysts Say Apple Appears To Have Topped Cisco In IPhone Agreement (USAT)

By Michelle Kessler

USA Today, February 22, 2007

SAN JOSE, Calif. — Apple and Cisco Systems ended their feud over the iPhone name late Wednesday — and Apple appears to have won, tech analysts said.

The two Silicon Valley tech giants said they agreed to share rights to the name and end their legal battle over it.

Cisco — the longtime owner of the name — had earlier said it would share it with Apple as long as the electronics-maker made its iPhone compatible with other companies' products. The settlement addressed that concern, with the two companies pledging to "explore opportunities for interoperability in the areas of security, and consumer and (business) communications."

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Other terms were confidential.

Since the full deal was not made public, it's hard to say for sure which company came out on top, says tech analyst Roger Kay with Endpoint Technologies Associates. But it sure looks like a "face-saving" agreement for Cisco, he says.

"It looks like Cisco caved," says independent tech analyst Rob Enderle. The pledge of interoperability talks "looks like the typical promise that (Apple CEO) Steve Jobs has no intention of keeping," he says.

Cisco declined to comment beyond the official statement. Apple did not return phone calls.

The controversy over the iPhone name began last year, when Apple was developing a feature-packed cellphone. Long before it had an official name, Apple fans dubbed it the iPhone. That's because many Apple products begin with an "i", including the iPod music player and iTunes music store.

But there was a problem: Cisco, the world's largest network equipment maker, owned the iPhone trademark. It had originally been registered in 1996 by InfoGear, a networking company later acquired by Cisco. After the deal, Cisco adopted the name and introduced a line of iPhones, which it still sells today.

Cisco's iPhones are corporate office phones that place calls over an Internet connection instead of a traditional phone network. They do not compete directly with Apple's iPhone.

Lawyers from the two companies talked, but Apple broke off the discussion, Cisco said. Hours later, Apple announced its iPhone. Cisco sued in U.S. District Court.

At the time, Cisco said what it really wanted was for Apple to make the iPhone compatible with other products. Cisco advocates such standards because it sells the networking gear that connects them.

But now it appears that Apple will get the name without fully meeting Cisco's demands, Kay says.

"It looks like Cisco got shafted," he says. "Maybe there's something in the (undisclosed) terms, but I don't see how they're getting the good end of the deal."

Microsoft, AT&T Argue Software-Patent Case (WSJ)

By Jess Bravin

The Wall Street Journal, February 22, 2007

WASHINGTON -- The Supreme Court, in the latest in a series of cases revisiting the application of patent protections in the high-tech era, heard arguments over where software fits within intellectual-property law.

In general, patents are only enforceable in the country that issues them. Thus, it is no infringement for a foreign firm to manufacture and sell a rival's U.S.-patented device abroad. To extend their monopolies overseas, U.S. companies must obtain a patent in each nation where they wish to protect their inventions. Under a special exception, though, it is an infringement to ship U.S.-made components of a patented device for assembly overseas.

AT&T Inc. holds a patent for voice-compression technology that makes it easier to transmit and store speech on personal computers and other devices. Microsoft Corp. concedes installing the technology on U.S.-built computers would infringe the patent. But it says it isn't a violation to ship a master disk of the software overseas, where it duplicates the software for installation on computers assembled in Germany, Belgium and other countries.

Microsoft argues the "component" is a physical disk containing the software, and it is free to duplicate it overseas, much as it could duplicate any other patented device overseas. AT&T contends the software itself is the component, regardless of the medium.

Lower courts, including the U.S. Court of Appeals for the Federal Circuit, a panel that hears patent appeals, have agreed with AT&T. But the Supreme Court has repeatedly reversed the panel in decisions the justices concluded tipped too much power to patent holders. Critics, joined by the Bush administration, have argued Federal Circuit doctrine frustrates the aim of patent law by impeding innovation.

The high court has never held that software itself can be patented, and in oral arguments yesterday, the justices struggled to conceptualize what sort of product source code is. The importance could be seen in the advocates -- Microsoft and AT&T, which have reached a confidential deal whose terms depend on the case outcome. Each hired a former solicitor general to

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make its argument. The issue could have implications for other high-tech products that can easily be duplicated, such as bioengineered organisms.

Justice Anthony Kennedy called it "odd" that Microsoft would be the party contending that a computer disk, rather than the software, is product. "I mean, Microsoft doesn't say please buy our disc because it's the prettiest disc in the business," he said. "It says buy our program because the program means something," he said.

"But the program is nothing until made into a physical manifestation that can be read by the computer," replied former Bush Solicitor General Theodore Olson, representing Microsoft. "An idea or a principle...can't be patented. It has to be put together with a machine and made into a usable device." In this case, "the components that make the machines run that are produced abroad are not supplied from the United States."

Former Clinton Solicitor General Seth Waxman, representing AT&T, argued that the means of transmitting software code -- whether on a master disk shipped overseas and duplicated or through photons streamed through an undersea cable -- was irrelevant.

Justice David Souter said the source code might be better understood less as a product than a blueprint, which can be taken overseas and used to replicate a design. Under AT&T's view, he suggested, "any export of a blueprint," or simply sending a patent itself overseas, "would be a violation."

Write to Jess Bravin at jess.bravin@wsj.com3

Court Takes On Software Patents (WP)

By Robert Barnes And Alan Sipress

The Washington Post, February 22, 2007

The name alone -- Microsoft v. AT&T -- conjures a galactic showdown. And the legal battle over a patent dispute that unfolded in the Supreme Court yesterday brought together elements of an epic.

Millions of dollars, at a minimum, ride on the outcome. The companies have hired two of Washington's most prominent Supreme Court gladiators, who together have argued nearly 100 cases before the high court, to present their cases. Some justices were on the edges of their seats as they absorbed a mind-bending blend of law and abstract thought, of computer-code poetry and patent-law banality.

The case even involves a "golden disk."

So what if that disk only contains Microsoft's Windows operating system?

"I hope we can continue calling it the golden disk," Justice Antonin Scalia said, when one justice blandly referred to it as the master disk. "It has a certain Scheherazade quality that really adds a lot of interest to this case."

At issue is whether Microsoft can be held liable for violating an AT&T patent on technology that condenses speech into computer code, similar to that found on Microsoft's Windows program.

Microsoft admitted it infringed the AT&T patent on computers sold domestically but contends that it is not liable for its programs installed by computer manufacturers overseas.

In 1984, Congress amended the patent law to forbid companies from shipping components of patented inventions overseas and having the parts assembled elsewhere in an attempt to skirt patent laws.

So in this case, justices are looking at whether digital software code can be considered a "component" of a patented invention and if so, whether it was "supplied" from the United States.

The case has sparked intense interest among U.S. technology firms, especially software developers, who worry they could be left increasingly vulnerable for infringing patents if the ruling goes against Microsoft.

"It would create an enormous base for damages," explained Stephen B. Maebius, a lawyer at Foley & Lardner specializing in intellectual-property rights. This could create an incentive for companies to move their research and development operations abroad, beyond the reach of U.S. courts, he said.

Even some of Microsoft's traditional competitors such as Yahoo and Amazon.com have joined to support the company's argument that overseas production should be governed by those countries' laws.

"At the time the statute was amended, global trade was far more limited and certainly did not include easily distributed computer and Internet transmissions," according to an analysts' report issued yesterday by Stifel Nicolaus, a brokerage firm specializing in technology and telecommunications.

The report quoted a lawyer for Yahoo as saying an unfavorable ruling for Microsoft could extend patent liability "to every corner of the world" where a copy of U.S.-developed software is used, including software downloaded over the Internet.

Seth P. Waxman, AT&T's lawyer and a former Clinton administration solicitor general, told justices they should uphold two lower courts' rulings in the company's favor.

Waxman said there is no dispute that Microsoft sends Windows code from the United States, via the "golden disk" or electronic transmission, to be installed in foreign computers.

"Those facts resolve this case," Waxman said. "Microsoft has 'supplied' a 'component' that when 'combined with hardware' enables the practice of AT&T's invention."

But Microsoft's lawyer, former Bush administration solicitor general Theodore B. Olson, countered that the code is copied outside the United States and installed on computers overseas. Thus, U.S. patent laws don't apply, he said.

"Those are computers that are sold abroad," Olson told the court. The components the law refers to, he said, were all manufactured overseas.

The justices wrestled with whether computer code would be patented or whether the code alone could be a component.

Waxman said code is "dynamic," in that it causes a computer to take action, while Olson said it was more like a blueprint. It can be used to produce exact copies that are not patent infringements, he said, like instructions for building a car or a mousetrap.

The court sought guidance from the current solicitor general's office, which largely supported Microsoft's position.

Assistant Solicitor General Daryl Joseffer said lower courts have interpreted U.S. patent law too broadly. And he said the government's view is that the component at issue would be the software with the code on it, not the code alone.

He compared it to a key and lock.

"A key has a series of ridges on it that enable it to open a lock," Joseffer said. "And that series of ridges can be denoted by a sequence of numbers, bigger numbers for deeper ridges. But the component is the key that actually turns the lock, not the abstract sequence of ridges on the key."

Eight justices will decide the case before July; Chief Justice John G. Roberts Jr. is recused because he owns Microsoft stock.

ENVIRONMENT:

9 States Sue Over Mercury Emissions (AP)

By John Flesher, AP Environmental Writer

AP, February 22, 2007

(AP) - TRAVERSE CITY, Mich.-Michigan and eight other states sued the Bush administration Tuesday, saying the White House failed to adequately regulate emissions of mercury and other pollutants at cement plants.

The states contend a rule issued by the Environmental Protection Agency in December does not comply with the federal Clean Air Act.

Mercury comes from raw materials used to make cement - such as limestone, clay, sand and iron ore - and from fuels such as coal, which fires the kilns where the ingredients are baked at high temperatures.

In December, the EPA announced new limits on mercury and hydrocarbon emissions from cement kilns built after Dec. 2, 2005.

But for kilns built earlier, the agency imposes lesser requirements such as operating kilns properly to ensure complete combustion and removing kiln dust when it can no longer be recycled.

Critics say the Clean Air Act requires the EPA to limit mercury from all kilns, not just new ones.

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"I think they should have explored some of the options a bit more in detail than they did," said Vince Hellwig, air quality chief with the Michigan Department of Environmental Quality.

The lawsuit was filed in the U.S. Court of Appeals in the District of Columbia, where several environmental groups filed a separate action last week. The other eight states are Connecticut, Delaware, Illinois, Maryland, Massachusetts, New York, New Jersey and Pennsylvania.

EPA spokesman John Millett said the matter was under review and declined to comment further.

The agency says it has reduced mercury air emissions by 45 percent since 1990. It estimates the nation's 118 cement plants give off a combined 12,000 pounds of mercury a year, although some state regulators say the actual amount is higher. 2007-02-21T02:06:42Z

That 'Drought' In Southwest May Be Normal, Report Says (NYT)

By Cornelia Dean

New York Times, February 22, 2007

The Colorado River Basin is more prone to drought than had been thought, a panel of experts reported yesterday, and as the climate warms and the population in the region grows, pressure on water supplies will become greater.

The severe droughts the region suffered in the 1990s and early 2000s would not stand out in the record of the last few centuries, the panel said, and the future presents "a sobering prospect for elected officials and water managers." The panel said residents of the region should prepare for more frequent and more severe dry spells, and "costly, controversial and unavoidable trade-offs" in water use.

The data discussed in the report have been published before in scholarly journals and elsewhere. But Ernest T. Smerdon, a former dean of the College of Engineering and Mines at the University of Arizona, who led the panel, said its members hoped with this publication to pull the findings into a single document that ordinary people could understand.

Severe droughts will recur, Dr. Smerdon said, "and we better be prepared. That is the message." He spoke at a news conference yesterday in Las Vegas, where the report was made public.

The panel recommended an "action-oriented" study of water use patterns and demands, including drought planning, population projections and possible effects of transferring water to urban areas from agriculture, still the dominant consumer. Dialogue between policy makers and scientists who study water issues should be "a permanent fixture within the basin," it said.

The panel, organized by the National Research Council, the research arm of the National Academy of Science, noted that the water allocation agreement for the basin, the Colorado River Compact, was negotiated in 1922 based on river flow records dating to the 1890s, when gauging stations were established. The agreement assumed that the annual river flow was 16.4 million acre feet — enough to cover 16.4 million acres to a depth of one foot.

But for some time, the panel said, researchers have known that the early 20th century was unusually wet and that 15 million acre feet was a more accurate estimate of the flow. Recent studies based on tree rings put the figure lower still — as low as 13 million acre feet — and suggest that "drought episodes are a recurrent and integral feature of the region's climate."

Because trees grow more when it is wet, scientists use tree ring size as an indicator of water abundance. The report says the federal Bureau of Reclamation and other agencies requested the panel's review in the wake of the new findings.

Global warming is already making things worse, the experts said. For one thing, warmer weather means less precipitation in the form of snow, which is stored in the region's mountain snowpack. And the snowpack itself forms later and melts sooner each winter. As a result, the steady reliability of snowpack water storage is compromised. Also, warmer weather itself increases consumer, environmental and agricultural demands for water.

Rainfall patterns are difficult to predict, another panel member, Connie A. Woodhouse, a geographer at the University of Arizona, said at the news conference. But the report said it was probable that the region would experience less precipitation over all in a warmer world.

Cloud-seeding, water desalinization and improved underground water storage have yet to emerge as solutions, the report said, and even conservation, while helpful, "is no panacea," Dr. Smerdon said.

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The report, which is available at www.nationalacademies.org, notes that the basin, 240,000 square miles in Wyoming, Utah, Colorado, New Mexico, Arizona, Nevada, California and Mexico, has seen rapid population growth in recent decades. Until about 30 years ago, the panel wrote, growing demands for water were met through building dams and reservoirs. But today, the report says, "prospects for constructing additional large dams in the Colorado River basin have diminished."

Instead, "there is going to have to be some kind of reallocation of who gets the water," said Richard Seager, a climate expert at the Lamont Doherty Earth Observatory, who was not involved in the panel's report.

Dr. Seager, who studies the drought history of North America, said that it was "silly" to put golf courses in the region's desert areas and that hotels and other businesses were already installing water-conserving toilets and other fixtures.

But he added, referring to cattle and cotton raising, "Let's think whether it makes sense to have all this subsidized agriculture in the region, people who aren't even paying the full cost of the water they do use."

Report Warns Water Crisis Looming In Arid Southwest (USAT)

By Patrick O'driscoll, Usa Today

USA Today, February 22, 2007

DENVER — The fast-growing states of the arid Southwest must plan for more severe droughts because of a regional warming trend that shows no signs of dissipating, says a new assessment of the Colorado River's water supply.

The report released Wednesday by the National Research Council says agriculture, which uses 80% of the West's water, is the likeliest target for shifting water supplies to growing urban areas. But the council, an agency of the National Academy of Sciences, cautions that "the availability of agricultural water is finite."

PHOTO GALLERY: Drought worsens along Colorado River

Rising population "will inevitably result in increasingly costly, controversial and unavoidable trade-off choices" in sharing the Southwest's most precious natural resource, the report says.

The Colorado River Basin includes seven states: parts of California, the nation's biggest farm producer; Wyoming, and five of the 12 fastest-growing states: Nevada, Arizona, Colorado, Utah and New Mexico.

Until now, water needs have been met by selling or leasing water rights from farms to cities. As population growth demands more of a shrinking water supply, battles could erupt over dwindling farm land and rural landscapes drying up. Some farm production might have to shift elsewhere because of urban growth.

The report says climate reconstructions using tree-ring data and projections with computer models show extended droughts were common in the past and will be longer, more severe and more frequent in the future. "That's not a happy picture," says Ernest Smerdon, a former University of Arizona engineering dean and one of the report's authors.

"The preponderance of scientific evidence suggests that warmer future temperatures will reduce future Colorado River stream flow and water supplies," the report says. Technological measures such as water conservation, de-salting plants and underground storage can help but are not a long-term "panacea for coping" with less water and more people.

"If people think they can save enough water to meet all the future demands, our judgment (is) that it's not going to be that easy," Smerdon says. "(We) are not predicting doom. We are just saying that there are critical issues to be addressed."

The panel does not recommend specific steps except a regionwide study by federal agencies and the states of urban water use. An issue certain to arise is how much agricultural water could be shifted to cities. The report says farm water may be "the most important, and perhaps final, large reservoir of available water for urban use in the arid U.S. West."

Smerdon says the report aims "in plain language" to emphasize the need to act.

The states share the Colorado River under a compact adopted in 1922, an extraordinarily wet period of mountain snows and plentiful river flows. In drier decades since, demand has exceeded supply. A drought since 2000 has shrunk some reservoirs to 50% or less of normal.

Key Water Source Is Affected By Global Warming, Report Finds (LAT)

By Bettina Boxall

Los Angeles Times, February 22, 2007

DOJ_NMG_0135083

Global warming will worsen drought and reduce flows on the Colorado River, a key water source for several western states, according to a report released Wednesday.

The study, prepared by a National Research Council committee, paints a sobering picture as the water needs of a rapidly expanding population test the limits of a river system strained by the effects of climate change.

"The basin is going to face increasingly costly, controversial and unavoidable trade-off choices," said Ernest Smerdon, who chaired the panel of academicians and scientists who wrote the report. "Increasing demands are impeding the region's ability to cope with droughts and water shortages."

Such measures as conservation, desalination and water recycling would be helpful, the authors said, but wouldn't offer a panacea.

The report, which examined climate modeling and tree ring data, reaffirms a more pessimistic assessment of river hydrology that has emerged in recent years.

Scientists have concluded that the Colorado river system, which supplies water to 25 million people and several million acres of crop and ranch land, has been drier and more prone to severe drought than was the case in the early 20th century, when the river's flows were divvied among the seven basin states.

It turns out that period was unusually wet, prompting an overly generous estimate of how much water would be available to farms and cities. Ancient tree rings, which provide graphic evidence of past precipitation patterns, indicate it had been three centuries since the basin was last awash with that much water.

The most recent drought began in 2000 and has left the river's biggest reservoirs, Lake Mead and Lake Powell, roughly half empty.

"Now that is not a happy picture," Smerdon said. "What we want people to do is to be aware of these scientific facts and take them into account as they plan for development, for drought-contingency plans."

Global warming will only make matters worse, said Connie Woodhouse, a University of Arizona associate professor of geography who helped write the report. "It's going to enhance the droughts" that are part of the natural climate cycle.

Although the river's flows returned to normal in 2005 after five years of dramatic lows, they fell again last year. Federal scientists say that if they remain below average or even average, Lake Mead might never completely refill.

The study, which was sponsored by the National Academies, the U.S. Bureau of Reclamation and several water agencies, notes that temperatures have risen in the western United States over the past century and are expected to keep climbing.

"All of the models are predicting very significant warming in the future," said Smerdon, a former engineering college dean at the University of Arizona in Tucson.

The report acknowledges some uncertainty over whether climate change would alter the amount of precipitation in the basin. But as the mercury rises, water demands would increase. There would be more evaporation from croplands and reservoirs, and wild land vegetation would suck more moisture from the soil, reducing runoff.

"I think a reasonably savvy person would have to say you're going to see less water in that river," said Brad Udall, director of Western Water Assessment at the University of Colorado in Boulder, who was not a member of the report committee. "The real question is how much less. Is it 5 percent less or is it 40 percent less and by when?"

The U.S. Department of Interior, which oversees the Colorado's management, is reviewing a drought plan the states put together last year. Because California holds some of the most senior rights to the river, Arizona, Nevada and Mexico would experience cuts in deliveries before California, said Roger Patterson, assistant general manager of the Metropolitan Water District of Southern California.

The river is a major source for Metropolitan, Southern California's major urban water supplier. Last year about 30 percent of the agency's water deliveries came from the Colorado, which provides about 10 percent of California's overall urban and agricultural supplies.

Most of the state's river allotment -- the biggest in the system -- goes to the Imperial Irrigation District, which distributes water to the croplands of the Imperial Valley, one of the nation's biggest lettuce producers.

Noting that farms remain the dominant water user in the Colorado basin, the report called agricultural water "the most important and perhaps final large reservoir of available water for urban use in the arid U.S. West."

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But that supply is also finite, the authors emphasized, and shifting water from farm to city could have negative impacts. Transfers could hurt rural economies, lower food production and rob wildlife of leaking irrigation water that nourishes important habitat.

In Far North, Peril And Promise (WP)

By Doug Struck

Washington Post, February 22, 2007

Great Forests Hold Fateful Role in Climate Change

PINE FALLS, Manitoba -- Here on the edge of the silent and frozen northern tier of the Earth, the fate of the world's climate is buried beneath the snow and locked in the still limbs of aspen trees.

Nearly half of the carbon that exists on land is contained in the sweeping boreal forests, which gird the Earth in the northern reaches of Canada, Alaska, Scandinavia and Russia. Scientists now fear that the steady rise in the temperature of the atmosphere and the increasing human activity in those lands are releasing that carbon, a process that could trigger a vicious cycle of even more warming.

The prospect of the land itself accelerating climate change staggers scientists, as well as woodsmen such as Bob Austman, who stopped recently in a quiet stand of birch on the edge of the boreal forest to examine a jack rabbit's tracks.

"There are big forces out there," he said succinctly.

Those forces, which scientists are only starting to understand, could free vast stores of carbon and methane that have been collecting since the last ice age in the frozen tundra and northern forests. Their release would push the world's climate toward a heat spiral that would raise ocean levels, spawn fierce storms and scorch farmlands, scientists believe.

But the land is impartial. It could also be enlisted to help abate global warming, as both a storehouse for man-made carbon dioxide and a natural sponge for greenhouse gases. Policymakers are considering changes to protect and expand the forested areas that store carbon; outside the boreal forest, they are experimenting with techniques to bury man-made carbon dioxide in underground vaults and porous seams.

"The world is both victim of climate change and a possible solution to it," said Stewart Elgie, associate director of the Institute of the Environment at the University of Ottawa.

Carbon is freed from the land in numerous ways. Permafrost melting because of warmer weather exposes peat, deadwood and buried pine needles to decay, freeing the carbon they contain. Fires, raging through forests more often because of hotter and drier weather, send wood -- and its carbon -- up in smoke. Insects thriving in milder winters girdle trees and send them to rot on the forest floor. Miners and oilmen build roads that expose the earth and warm the land, and loggers cut down old forests and replace them with young ones that will take decades of growth to absorb and store the same amount of carbon.

As the released carbon rises, it adds to the belt of greenhouse gases in the atmosphere, trapping even more heat, which causes more warming. Scientists call it a "feedback loop." Others have a more ominous term: the carbon time bomb.Risk Poorly Understood

"We are taking risks with a system we don't understand that is absolutely loaded with carbon," said Steven Kallick, a Seattle-based expert on the boreal forests for the Pew Charitable Trusts. "The impact could be enormous."

Scientists acknowledge they are not certain how the carbon time bomb will explode, or when. Many of the consequences of global warming that experts once predicted would take centuries are occurring in decades, such as the melting of the world's glaciers and ice caps. But other changes might be more gradual.

"With permafrost, it may take longer for change to get moving. But it may keep moving, even if we get our emissions under control," said Antoni Lewkowicz, a professor of geography at the University of Ottawa. "It's like a big boulder. Once you get it moving, it won't stop."

Brian Amiro, head of the department of soil science at the University of Manitoba, is part of a research team involved in a project called Fluxnet. The researchers have erected more than 400 towers throughout the world, outfitted with instruments to measure the exchange of carbon between earth and air. The boreal forest, sometimes called "the lungs of the world," breathes in more carbon in years when the forests grow, and loses more carbon in years of bad forest fires, drought or insect infestation.

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Lately, there has been a string of bad years. The number of forest fires in Canada doubled in the 1980s and '90s from the previous two decades, and some scientific models indicate they will double again this century, Amiro said. Logging, mining and oil exploration have carved roads deeper into the forests. Temperatures have risen faster toward the north -- by as much as five degrees since the 1950s -- than in more temperate zones.

"The environmental triggers are going to become much more significant," said Faisal Moola, director of science at the David Suzuki Foundation, a Vancouver-based environmental organization.

There are mixed views about whether the process can be stopped. The levels of carbon dioxide in the atmosphere -- the highest in at least 420,000 years -- mean average temperatures will continue to rise, accelerating the thawing.

But humanity's footprint could be changed. Development, mining and logging account for 25 percent of the carbon loss in forests, Elgie said. Logging releases almost twice as much carbon dioxide each year as all the passenger vehicles in Canada, he said.Credits for Preservation

Here in Pine Falls, a town of 1,400 about 80 miles northeast of Winnipeg, the giant Tembec pulp mill billows steam and smoke into the crystalline sky. The 1920s-era mill makes newsprint from spruce and pine trees, and Vince Keenan, a forester for the company, said Tembec has responded to calls for change. It has set aside 12 percent of its 2 million-acre logging forest here, and up to one-fourth of its product is now made from recycled paper. Changes in mill practices have reduced greenhouse gas emissions by nearly 50 percent since 1990, he said.

But a broader step would be to set aside vast areas of the forest now designated for mining or logging and preserve them. This could be done by setting up a system of "carbon credits," in which, for example, an industrial plant would offset its pollution by paying money to preserve land in the forest that could store an equal amount of carbon.

"Right now, the only way to make money in the boreal forest is to cut trees down," Elgie said. "If you had carbon credits, you would be able to make money by keeping the trees up and storing carbon."

That system appeals to some native Indian groups, now torn between the desire to keep their traditional lands and the need for income from logging or mining.

"Preserving the land is important to us," said Carl Smith, an elder of the Brokenhead Ojibway First Nation on the Winnipeg River near Pine Falls. "Once the land is gone, you're gone."

Smith also is president of the Manitoba Model Forest, a group set up 15 years ago to balance the competing views of how the forest here should be used. One of its goals is teaching schoolchildren about the forest, a job that falls to Bob Austman, the woodsman, whose family has lived in and on the boreal forests of Manitoba for three generations.

He sees nothing but beauty here. As he and Brian Kotak, an environmental scientist, tramped in minus-10-degree cold through a stand of birch near the Winnipeg River recently, it seemed hard to see the Earth as a potential danger.

"The dilemma," Austman said, "is that we live on a planet with 6 billion people. This land is under increasing pressure."Turning a Minus Into a Plus

South of the great swath of forest in central Canada, the wrinkles of the land smooth out, stretching toward a straight horizon. The Great Plains are frozen and still in winter. But in Weyburn, 70 miles southeast of Saskatchewan's capital, Regina, pumps bob relentlessly amid the snowy wheat fields, sucking crude oil from a mile underground like a host of mechanical mosquitoes.

What goes back into the ground here heartens some environmentalists. The giant EnCana oil and gas company, which operates more than 700 oil pumps in this field, pumps carbon dioxide deep down to drive more oil out of the porous rocks.

Almost inadvertently, the company has become the world's largest working example of carbon storage, or sequestration, a technique being hailed by international experts as one tool to reduce greenhouse gases. Darcy Cretin, operations superintendent at the EnCana plant, is slightly amused by the environmental scientists who have flocked here to see the maze of pipes, pumps, valves and sensors planted in the prairie.

"We have to keep explaining we are doing this to make more oil," he said. "The carbon sequestration is an extra."

When the oil brought up at Weyburn dwindled after 40 years of pumping, EnCana struck a deal with the Dakota Gasification Co. It owns a plant in Beulah, N.D., that converts coal to natural gas. Combustion at the gasification plant makes carbon dioxide,

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which was being vented into the air. EnCana offered to buy the gas, and in 1999 the U.S. company built a 200-mile pipeline into Canada. The foot-wide pipe emerges from its underground route at a chain-link fence on the edge of EnCana's property.

The company pumps the carbon dioxide under high pressure into the oil field. The gas acts as a kind of solvent, driving the oil out of porous rock. The greenhouse gas remains underground, leaving buried nearly 5,000 tons a day that would otherwise have gone into the atmosphere.

Experts believe this scheme of carbon storage could be used more widely in cases where the gas could be easily collected at a single point and moved by pipeline to a storage field. The approach would not work where the carbon dioxide could not be collected easily, such as from the tailpipes of moving cars. But nearly 40 percent of the carbon dioxide released to the air comes from big power plants or industrial areas, where the gas could be captured.

A committee of more than 100 experts from the Intergovernmental Panel on Climate Change concluded in 2005 that carbon sequestration has "considerable potential" to help reduce greenhouse gases, and a lengthy study at Weyburn by the International Energy Agency found virtually no leakage. The British Columbia government this month announced that all its coal-fired electric plants will be required to utilize carbon sequestration to eliminate greenhouse gas emissions.

For oilmen such as Cretin, the prospect of helping reduce a greenhouse gas by pumping it underground seems a natural fit.

"This is pretty easy," he said. "It's basic stuff for us."

FBI/DEA/ATF/USMS:

U.S. Is Sued Over Position On Marijuana (NYT)

By Carolyn Marshall

The New York Times, February 22, 2007

SAN FRANCISCO, Feb. 21 — Frustrated by government policy and inaction, a group of advocates for medical marijuana sued two federal health agencies on Wednesday over the assertion that smoking it has no medical benefit.

The group, Americans for Safe Access, a nonprofit organization based in Oakland, filed the lawsuit in Federal District Court, challenging the government's position that marijuana, "has no currently accepted medical use in treatment in the United States."

In its lawsuit, the group contends that federal regulators have publicly issued "false and misleading statements" about the medical benefits of marijuana.

The lawsuit, which named the Department of Health and Human Services and the Food and Drug Administration, seeks a court order to retract and correct statements that the group called, "incorrect, dishonest and a flagrant violation of laws."

A lawyer for the medical marijuana group, Joseph Elford, said the lawsuit was filed now because administrative avenues had been exhausted and because of mounting scientific and anecdotal evidence to the contrary.

Mr. Elford said a recent study by the Clinical Research Center at San Francisco General Hospital, which was approved by the F.D.A. and other federal agencies, found that smoking marijuana relieved pain and certain symptoms of H.I.V., the virus that causes AIDS.

A spokeswoman for the health department said Wednesday in a telephone interview that "the agency does not comment on litigation as a general policy."

The spokeswoman, Christina Pearson, said the agency stood by its publicly stated position and pointed to an April 20, 2006, statement. In that advisory, which Ms. Pearson said was current, the federal government asserts that "there is currently sound evidence that smoked marijuana is harmful."

It goes on to say that "no animal or human data supported the safety or efficacy of marijuana," which is not an approved drug.

Group Sues U.S. Over Medical Marijuana Claims (AP)

By Lisa Leff, Associated Press Writer

DOJ_NMG_0135087

AP, February 22, 2007

(AP) - OAKLAND, California-Armed with a new study that shows smoking marijuana eased pain in some HIV patients, medical marijuana advocates sued the U.S. government Wednesday over its claim that the drug has no accepted medical benefits.

The lawsuit filed in U.S. District Court by Americans for Safe Access accuses the U.S. Department of Health and Human Services of engaging in "arbitrary and unlawful behavior" that prevents "sick and dying persons from seeking to obtain medicine that could provide them needed, and often lifesaving relief."

The group wants a judge to force the department and the U.S. Food and Drug Administration to stop giving out information that casts doubt on the efficacy of marijuana in treating various illnesses.

"The FDA position on medical cannabis is incorrect, dishonest and a flagrant violation of laws requiring the government to base policy on sound science," Joe Elford, chief counsel for the group, said in a statement.

California is one of 11 states where marijuana use is legal for people with a doctor's recommendation, but because the U.S. government does not recognize the drug's medical benefits, patients can still be arrested and prosecuted by federal authorities.

Last week, researchers from the University of California, San Francisco reported in the journal Neurology that a test involving 50 HIV patients showed that those who smoked pot experienced much less pain than those given placebos.

Americans for Safe Access said in the lawsuit that Health and Human Services has rejected its requests to retract the assertion that cannabis "has no currently accepted medical use in treatment in the United States," a position the agency has advertised since 2000.

The Department of Health and Human Services did not immediately have a response to the lawsuit.

Medical Pot Advocates Sue Feds Over False Info (SMCT)

San Mateo County Times, February 21, 2007

Medical marijuana advocates have sued the federal Department of Health and Human Services, accusing it of lying to the nation about the drug's lack of accepted medical use despite scientific studies showing its efficacy.

The lawsuit, filed today in federal court in Oakland, comes a week after the release of a controlled, clinical University of California, San Francisco study showing HIV patients who smoked marijuana found relief from chronic foot pain.

"We are asking the courts to weigh in on the science ... and force the government to stop making false statements about medical cannabis," said Steph Sherer, executive director of Americans for Safe Access.

ASA attorney Joe Elford said the lawsuit is brought under the federal Administrative Procedure Act, which provides for judicial review and reversal of any agency action found to be arbitrary and capricious.

ASA in October 2004 had petitioned the Department of Health and Human Services and its subordinate Food and Drug Administration under the Data Quality Act, a 2000 law requiring information circulated by federal agencies to be fair, objective and meet certain quality guidelines. That law lets citizens challenge government information believed to be inaccurate or based on bad data; ASA's petition claimed the government has ignored scientific studies and medical consensus on marijuana's efficacy as medicine.

HHS denied the petition in 2005 and denied an appeal in July 2006. Those decisions are arbitrary

Advertisement

and capricious, Elford said, and so Americans for Safe Access has been biding its time ever since to sue.

"We aimed to file this lawsuit at a time when the country was talking about the science," Sherer said, but her group doesn't think it even needs the newly released UCSF study to bolster its case; it believed the science was solid enough when it petitioned HHS in 2004.

"The federal government has had enough information in front of it for years to break the gridlock on this issue," she said. "We're suing to demand that the FDA stop holding science hostage to politics."

Sherer is one of four medical-marijuana users used as examples in the lawsuit. She suffered a neck injury in 2000 and later developed kidney problems from the ibuprofen and other painkillers she'd been prescribed. The government told her marijuana had no medical use, so she was delayed in seeking a doctor's advice to the contrary and finding relief, she says.

California voters approved medical use of marijuana by passing Proposition 215 in 1996, but federal law still bans the drug's cultivation, possession and use. Despite years of lobbying by advocates, it remains on the nation's list of most-restricted drugs -- along with substances such as heroin and LSD -- without accepted medical use. And despite a 1999 federal Institute of Medicine study urging more research, studies like UCSF's still face enormous obstacles and so remain rare.

Medical marijuana patients Angel Raich of Oakland and Diane Monson of Oroville sued federal law enforcement officials in 2002, claiming the federal government lacks authority to prosecute California's patients and providers. The U.S. Supreme Court in June 2005 ruled 6-3 to uphold federal prosecutions, finding that even marijuana grown in back yards for personal medical use can affect or contribute to the illegal interstate marijuana market and so is within Congress' constitutional reach.

But the court, in a footnote, did "acknowledge that evidence proffered by respondents in this case regarding the effective medical uses for marijuana, if found credible after trial, would cast serious doubt on the accuracy of the findings that require marijuana to be listed" among the most-restricted drugs.

Medical Pot ID Card Cost To Skyrocket (SMDJ)

San Mateo Daily Journal, February 22, 2007

State fee hikes due to a shortfall of clients for California's medical marijuana identification cards is trickling down to local programs, including San Mateo County which plans to nearly quadruple the cost by next month.

At its meeting Feb. 27, the Board of Supervisors plan to increase fees from $45 to $174. Medi-Cal beneficiaries will still receive a 50 percent discount.

The county only received word from the state Department of Health Services about the fee increase in January, said Beverly Thames, the county health department spokeswoman.

The change is effective March 1 but participants will only feel the pinch as their cards expire annually.

The ID program must be funded entirely by fees rather than taxpayer dollars at both the state and county level. The state is changing its portion of the fees collected from $13 to $142 per card. The county charges its own fee for processing and verification.

Each county participating in the ID program is setting its own fees but, coupled with the state mandate, the totals are way past $100. Other jurisdictions, such as Lake County, are mulling pulling out of the state program altogether rather than raise their prices.

The cards are theoretically used to reduce the chance a legal marijuana user is arrested. Officials believe a state-issued card is more likely to be accepted by law enforcement than a doctor's note. Medicinal marijuana users are required to have the cards but the county is required by state law to provide them.

San Mateo County only charges a minimum fee to cover its administrative costs, Thames said.

In 2006, San Mateo County issued 510 cards compared to the approximately 3,000 the state expected.

The county, like others in the state, began offering the cards after 56 percent of voters passed Proposition 215, or the Compassionate Use Act. The law protects users who have a recommendation from a licensed physician but does not give guidelines for the amount of marijuana they can have in their possession.

In anticipation of a large client base, the state used a $1 million loan for a ID database and computer system. With fewer users than the 15,000 expected, the administrative costs passed on to each user is running higher.

The statewide fee increase is opposed by the Drug Policy Alliance, Americans for Safe Access, the Marijuana Policy Project and Safe Access Now. The groups believe, according to the DPA Web site, that "medical marijuana patients are already faced with excessive health care costs, and this increase would put the ID card program out of reach for many."

The DPA argues if more than 24 of the state's 58 counties — particularly Los Angeles County — join the program, the increase in users will drop the per-card cost significantly.

Long-Term Marijuana Use May Impair Lung Function (HDN)

HealthDay News), February 22, 2007

(HealthDay News) - People who smoke marijuana for a long time face many of the same kinds of respiratory problems - such as phlegm, coughing and wheezing - as long-term cigarette smokers, say researchers at the Yale School of Medicine.

They reviewed previous studies from 1966 to 2005 that examined the association between marijuana and pulmonary function and respiratory complications. Some of the studies found a link between short-term marijuana use and relaxation and opening of the air passages.

However, other studies identified an association between long-term marijuana use and increased risk of respiratory symptoms, suggestive of obstructive lung disease. The data did not show an association between long-term marijuana smoking and airflow obstruction (emphysema), the Yale researchers said.

Their study is published in the current issue of the journal Archives of Internal Medicine.

There were several common kinds of limitations in the studies they reviewed, the Yale researchers noted. These included: inadequate control of the complicating effect of tobacco smoking; lack of standardized measures for the amount or duration of marijuana use; and lack of standardized measures of the outcomes that were evaluated.

"Despite these limitations, clinicians should advise their patients of the potential negative impact of marijuana smoking on overall lung health," study first author Dr. Jeanette M. Tetrault, ambulatory care fellow at Yale School of Medicine and the Department of Veterans Affairs Connecticut Healthcare System, said in a prepared statement.

Federal Agents Crack Down On Web Pharmacies (NBC)

NBC News, February 22, 2007

Buying prescription drugs over the Internet has become standard operating procedure for many Americans who used to visit the neighborhood pharmacy. And while many Internet pharmacies are 100-percent legitimate, hundreds of others are not and are seen by law enforcement as a a dangerous problem. Including 15 in Florida whose licenses have been suspended in recent weeks by federal authorities.

NBC's Mark Potter was on a raid of one of these alleged pill mills.

Mark Potter

Correspondent

TAMPA, Fla. — At a drug store near Tampa, agents and investigators from the Drug Enforcement Agency swoop in to suspend the license of an Internet pharmacy for allegedly selling painkillers over the Web illegally. In this case, boxes and boxes of Hydrocodone.

Story continues below ? advertisement

"This is probably destined for a customer who's ordered it online somewhere across the country," says DEA Investigator Chris Grush.

Authorities say thousands of Web sites and hundreds of illegal Internet pharmacies have sprung up nationwide, cutting corners on medical exams and charging six to 10 times the normal price for prescription drugs that are widely abused.

"They hide behind their profession to push these drugs out simply to make money," says DEA Special Agent in Charge Mark Trouville.

The big concern is that many online pharmacies use doctors to write prescriptions for dangerous and addictive drugs for people they have never met. Federal agents say it's not uncommon for Internet buyers to simply fill out a brief medical questionnaire.

"We have a doctor, a situation where a doctor was sitting in front of a computer screen and writing hundreds and hundreds of prescriptions a day," says Trouville.

One man says he used illegal Internet pharmacies to fuel his addiction to Xanax and Valium.

"I used my wife's name, and I used my mother's name, and I put them all on my credit card," said the man who wished to remain anonymous.

Six years ago, 18-year-old Ryan Haight died from an overdose of drugs bought online. In 2004 his mother testified before the U.S. Senate in support of a proposed federal law tightening controls on Internet pharmacies.

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That bill never passed.

"I'm very disappointed, very disappointed this bill has not passed," says Francine Haight, who founded the organization RyansCause.org. "Kids are still dying; kids are still getting drugs on the Internet."

A difficult balance between medical standards and modern technology, as authorities fear electronic drug trafficking.

Colombians Convicted On Drug Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 22, 2007

A high-ranking female member of a left-wing Colombian terrorist organization has been convicted with two others in U.S. District Court for the District of Columbia on drug charges.

Deputy Attorney General Paul J. McNulty said Nayibe Rojas Valderama, also known as "Sonia," was convicted, along with co-defendants Jose Antonio Celis and Juan Diego Giraldo, on charges of conspiring to import cocaine into the United States and conspiring to manufacture and distribute cocaine -- knowing it would be unlawfully imported into the United States.

The convictions were handed down Tuesday by a federal jury after four days of deliberation.

Mr. McNulty said the convictions represented "a significant victory" against the Fuerzas Armadas Revolucionarias de Colombia (FARC), which he described as one of the most dangerous narcoterrorist organizations in Colombia.

Valderama has been identified by U.S. law-enforcement authorities as the finance officer of the 14th Front of FARC and is the highest-ranking member of the group to be convicted in the United States. She was extradited from Colombia to the United States in March 2005 to stand trial on the U.S. charges.

Sentencing in the case is scheduled for May 7. The three each face a mandatory minimum of 10 years in prison or a term of years as determined by the court.

"The FARC is a double evil -- they poison the blood of our people with their drugs and spill the blood of their own with guns and machetes bought with drug profits," U.S. Drug Enforcement Administration boss Karen P. Tandy said.

"As a financial officer for the guerrilla group, Sonia Valderama was directly responsible for converting drug money to blood money -- that is, overseeing the conversion of millions of dollars of cocaine profits from cash to weapons, uniforms and ammunition to arm the most violent terrorists in this hemisphere," Mrs. Tandy said.

Evidence presented at trial showed that Valderama oversaw all aspects of the purchasing and production of cocaine in the 14th Front territory, and collected all of the proceeds from the sale of cocaine for the 14th Front. The front is a group of about 250 militants that operates in the southern part of the country.

Prosecutors Ron McNeil, Stephen May and James Faulkner said Celis arranged for the purchase of large quantities of cocaine from Valderama and the 14th Front, and coordinated the shipment of cocaine from Colombia to Panama, and from Panama into the United States.

The prosecutors said Celis conspired with Valderama and Giraldo to purchase more than 11,000 pounds of cocaine for shipment to the United States.

They also said Giraldo introduced Celis to the 14th Front for the purpose of purchasing cocaine, worked with Valderama to purchase and transport cocaine, brought equipment for the 14th Front's cocaine-production operation, and assisted Valderama in all aspects of cocaine production and sale.

The FARC controls large portions of Colombia and finances its violent conflict with the Colombian government by engaging in drug trafficking, augmented by other means such as kidnapping and extortion.

NATION IN BRIEF (WP)

The Washington Post, February 21, 2007

Rebel Leader Convicted On Drug Charges by U.S.

A federal jury in Washington yesterday convicted a Colombian peasant who rose to become the financial chief of a powerful squadron of leftist guerrillas on drug conspiracy charges.

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Nayibe Rojas is the first high-ranking member of the Revolutionary Armed Forces of Colombia -- FARC, in its Spanish initials -- whom a U.S. federal court has convicted of drug-running, although the U.S. and Colombian governments long have alleged that FARC was deeply involved in every facet of Colombia's cocaine industry.

Prosecutors cast Rojas, also known as Sonia, as a gun-toting senior FARC official who gathered coca base from farmers and sold it to refiners and traffickers, who then sent more than five tons of cocaine to the United States.

The jury also convicted two co-defendants, Jose Antonio Celis and Juan Diego Giraldo. Celis and Giraldo were not members of FARC, but the prosecutors argued that all three had conspired on the drug deal. The three face prison terms of up to 30 years. Sentencing was scheduled for May 7.

* * *

Â· CORTLAND, N.Y. -- A woman was sentenced to 15 years in prison for starving her 5-year-old handicapped son, who weighed just 15 pounds when he was found in a playpen infested with cockroaches and lice. Judy Gratton, 49, was convicted in January of assault and other offenses.

Â· SACRAMENTO -- A judge threw out Republican Gov. Arnold Schwarzenegger's plan to transfer thousands of inmates to other states to relieve prison overcrowding. Schwarzenegger said he would immediately appeal, saying dangerous convicts might otherwise have to be released early.

Â· DALLAS -- Dallas County officials approved a nearly $1 million settlement with the families of three mentally ill inmates who were denied medication while in the nation's seventh-largest detention complex. Just over half of the award went to a jail inmate whose psychiatric medications were withheld for two months in 2004, his attorney said.

Â· EGLIN AIR FORCE BASE, Fla. -- Men who say they were drugged and raped by an Air Force officer lied to avoid being revealed as gay in the military, a defense attorney told a military jury. Prosecutors said Capt. Devery L. Taylor, former chief of patient administration at Eglin Regional Hospital, met his victims in bars, spiked their drinks and kidnapped them. Taylor, 38, has pleaded not guilty to raping four men and attempting to rape two others.

-- From News Services

IMMIGRATION:

Senate Illegals Bill Near Complete (WT)

By Charles Hurt

The Washington Times, February 22, 2007

Senators and lobbyists are putting the final touches on a comprehensive immigration-reform bill that includes an easier citizenship path for illegal aliens and weaker enforcement provisions than were in the highly criticized legislation that the Senate approved last year.

Sen. Edward M. Kennedy, the Massachusetts Democrat who ardently supports citizenship rights for illegals, will introduce the bill as early as next week, according to Senate sources knowledgeable about the negotiations. If the Senate Judiciary Committee can make quick work of the bill, it could be ready for floor action in April.

Mr. Kennedy drafted this year's bill with help from Sen. John McCain, Arizona Republican, and outside lobbyists. Mr. McCain and the outside groups share Mr. Kennedy's support for increased immigration and leniency for illegals already in the country.

Among the most active participants have been the Essential Worker Immigration Coalition (EWIC) and the U.S. Chamber of Commerce. Both groups support giving current illegals a path to citizenship and increasing the flow of foreign workers into the country.

"It's good for the country," EWIC immigration lawyer Laura Reiff said of Mr. Kennedy's bill.

In particular, EWIC and the chamber have taken a leading role in drafting the section of the bill dealing with work-site enforcement, Senate staffers say. Lobbyists in both organizations have shuttled around Capitol Hill drafts of those provisions, which are supposed to impose sanctions on businesses that hire illegal aliens, according to internal e-mails obtained by The Washington Times.

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"That's putting the fox in charge of the henhouse," one Senate lawyer said about the pro-business chamber's involvement in drafting the punishment of employers.

One of those e-mails obtained by The Times invited Democratic immigration staffers to a briefing in early January with "key stakeholders" to discuss workplace-enforcement provisions. The invitation listed six such "stakeholders," including the chamber and EWIC. The other groups attending the meeting, according to the e-mail, were the American Civil Liberties Union, the National Immigration Law Center, the National Council of La Raza and the Service Employees International Union.

Not included in that meeting or any of the early meetings, according to several Senate aides, were key Republican senators or their staff who crossed the aisle last year to support "comprehensive" immigration reform that most Republicans considered a form of amnesty.

"We have been held out of any discussions," said Sen. Sam Brownback, one of those who supported last year's major immigration bill. "Our staffs have asked to be involved, but they were kept out."

Even Sen. Arlen Specter, the Pennsylvania Republican who as chairman of the Judiciary Committee last year ushered the immigration bill through the Senate, has been left out of the process of drafting the bill.

Mr. Specter said yesterday that he and Mr. Kennedy have discussed the need to get a bill done this year but not any details. Mr. Specter has twice complained to Mr. Kennedy, most recently at a meeting last week, that the Republican senator's staff had been left out of negotiations.

"I raised the issue again, and a Kennedy staffer said there was nothing in writing" as legislation, he said. "Neither my staff nor I have seen any draft."

Last week, aides and Republicans said, Mr. Specter, Mr. Brownback and others were invited to a meeting where they got their first briefing on the nearly completed bill. Other Republicans invited included Sens. Lindsey Graham of South Carolina, Chuck Hagel of Nebraska and Mel Martinez of Florida.

Laura Capps, a spokeswoman for Mr. Kennedy, said he has been working with "many senators and members of Congress to draft the new bill."

"The bipartisan coalition behind the bill remains strong and intact."

The one Republican who all agree has been part of the negotiations from the start is Mr. McCain, who is running for his party's presidential nomination. This worries Republicans who say that Mr. McCain is the last Republican they want representing their interests in negotiations with Mr. Kennedy over immigration legislation.

Mr. McCain and Mr. Kennedy have long embraced the same goal of giving illegal aliens a direct path to U.S. citizenship despite having broken laws to get here in the first place. Both men also denounce the view held by most Republicans that the federal government should first secure the border with Mexico and begin enforcing current laws before addressing other immigration issues such as what to do with the more than 10 million to 12 million aliens already here.

Who has been in and out of negotiations this year signals to Republicans that Mr. Kennedy will introduce a bill that more resembles the original McCain-Kennedy bill than the compromise that was ultimately approved last year.

As much as conservatives dislike last year's compromise bill, they consider it some improvement over the original bill because it lowered the number of new foreign workers permitted into the country each year and slightly narrowed the pool of illegals who would be granted "amnesty."

"If it's back to the old version without the changes we made last year, I don't think I could support that," Mr. Brownback said.

Ms. Capps said she expects Mr. Kennedy to introduce his bill "in the next few weeks."

Majority Leader Harry Reid, Nevada Democrat, is "committed to getting something done this year," his spokesman said.

Along US-Mexico Border, Not Enough Hands For The Harvest (CSM)

By Faye Bowers

The Christian Science Monitor, February 22, 2007

The nature of farming is that it comes with many unknowns: weather, pests, competition from abroad, effectiveness of new machinery. Rick Rademacher isn't clear why the labor pool needs to be another one – especially since so many day laborers from Mexico would be eager to work in his lettuce fields here in the midst of America's "winter salad bowl."

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Lifting a calloused hand to shade his eyes from the sun's glare, Mr. Rademacher gazes over a 40-acre field where nearly 40 migrant workers pluck or wrap or pack the leafy green heads. With about six weeks to go in this season's harvest, the fourth-generation grower is crossing his fingers and hoping he'll have enough workers to bring the crops in.

"We struggle daily," he says. "We just hope every day that we can fill the orders."

Empty stations on the harvest lines are more common this year throughout this swath of Arizona farm country, says Rademacher, who serves as president of the Yuma Fresh Vegetable Association. The reasons are many: a 40,000-person limit on the number of foreign guest workers allowed into the US, tighter borders that are discouraging illegal crossings, and rising demand for day laborers in other industries, such as higher-paying construction work.

The shortage of farm workers has been driving wages higher. Last season, base pay for day laborers working in this area was $6.50 an hour. Now it's $8.50. Rademacher says it may go higher because farmers here can't attract enough employees.

He'd like to see an expanded guest-worker program to ease the labor crunch here, just five miles from the border. It would ensure that he can get his crop in – and sell it to supermarkets at a price that is competitive with prices of vegetables from overseas.

Congress is considering such a move, but not in time to reduce this season's uncertainty.

Because this 41,000-acre patch of the Southwest produces 95 percent of the nation's home-grown winter lettuce and 90 percent of its winter vegetables, its labor issues have ramifications far beyond these leafy fields.

A key one is how much consumers must pay for fresh greens. A 10 percent increase in labor costs on the farm results in a 6 percent jump in the price of a head of lettuce, according to research by Albert Kagan, a professor at Arizona State University who works on the National Food and Agricultural Policy Project (NFAPP), which is based at the school. He has run economic models for other labor-intensive produce as well, such as strawberries and table grapes, with similar results.

The NFAPP has also examined how farm labor costs at home affect the market for farm imports. If it costs 10 percent more to produce a US-grown head of lettuce, for example, lettuce imports are likely to increase by 3 percent, according to Dr. Kagan's research.

The math puts farmers like Rademacher in a bind.

"We have to offer more to get the workers, but we try to keep our costs in line, too," he says. "If we set the price [of vegetables] too high, one of our competitors will get the business, or the [super]markets will get the vegetables from out of the country."

Not all of Rademacher's harvest machines are fully staffed, despite the higher pay. Octavio Felix, a foreman overseeing the crews on two machines, sees one solution.

"Lots of people [in Mexico] would come to work if they could get permits," says the US citizen, who returns each weekend to San Luis Río Colorado, the town across the Mexico border where his grandparents still live.

The work here is labor-intensive, though the harvest machines, at about $250,000 a pop, have eliminated most of the heavy lifting. Both of the machines Mr. Felix supervises are fully staffed with 38 migrant workers. Two others at the far end of the field have only half that number.

Down the road, at gigantic broccoli and celery patches, two more harvest machines are running with crews that are half-staffed.

There are 11,130 documented migrant workers in Arizona and about 84,270 in California, according to figures from the Pew Hispanic Center. But there are also 9,870 undocumented farm workers in Arizona and 74,730 in California.

Identical bills known as AgJOBS, now wending their ways through committees in the Senate and House of Representatives, may eventually alleviate some farm-labor problems. The legislation would confer "blue-card status" on any foreign worker who meets four requirements: 1) performed agricultural work in the US for at least 863 hours, or 150 workdays, during the 24-month period ending Dec. 31, 2006; 2) applied for blue-card status during the 18-month application period (which would begin seven months from the day the law is enacted); 3) is otherwise admissible to the US; and 4) has not been convicted of any felony or a misdemeanor that involved bodily injury, threat of serious bodily injury, or harm to property in excess of $500.

These bills aren't a panacea for America's illegal immigration problem, but they represent a step in the right direction, growers say.

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"Agriculture has ... made its case for sensible immigration reform which would result in a legal, stable workforce for the industry," said Tom Nassif, president and CEO of the Western Growers Association in a Jan. 10 statement. "We now have an opportunity to proceed with reform which will be beneficial for farmers, workers, enforcement officials, and the entire nation," he said of the AgJOBS legislation.

"This country has got to get a successful immigration policy," Rademacher says. "We have work for people in Mexico who want work."

2 Groups Compare Immigrant Detention Centers To Prisons (NYT)

By Rachel L. Swarns

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — Two advocacy groups for refugees said on Wednesday that the Bush administration routinely detained immigrant families in prisonlike housing that separated young children from their parents and sometimes provided inadequate medical care, food and educational opportunities, despite calls from Congress to house such families in "nonpenal, homelike environments."

The Department of Homeland Security, which allowed the advocacy groups to visit the two detention centers that house immigrant families, has already corrected several problems identified by the groups. The two groups, the Women's Commission for Refugee Women and Children and Lutheran Immigration and Refugee Services, are expected to release their report on Thursday.

But department officials, who said they were still reviewing the report, vigorously defended the quality of services provided by the 512-bed T. Don Hutto Residential Center, which opened last year in Texas, and the Berks Family Shelter Care Facility, which houses about 80 families in Pennsylvania. The centers hold immigrants and asylum seekers awaiting the outcomes of their cases.

"They adhere to the highest standards," said Marc Raimondi, a department spokesman.

The complaints come one month after a federal inspection of 5 of the nation's 325 immigrant detention centers found that most did not provide timely and responsive health care and sometimes failed to comply with the government's standards of disciplining, classifying and housing detainees. Officials of the Homeland Security Department say the study was too small to be representative.

The new report found that women at the Hutto center received inadequate prenatal care and that children received only one hour of schooling a day. At both centers, children as young as 6 were separated from their parents, and separation of families and the threats of separation were used as disciplinary tools.

The study praised the Berks center for providing adequate educational opportunities and allowing families to participate in field trips and outdoor recreation time. But it says both centers are modeled on prisons, even though they hold people who are fleeing persecution or stand accused of violating civil immigration laws, not criminal codes.

"The prisonlike conditions, this form of detention, is not necessary," said Michelle Brané, who heads the detention and asylum program at the Women's Commission for Refugee Women and Children.

"We release criminals," said Ms. Brané, pointing to parole and monitored supervision programs. "Yet for immigrants in civil proceedings, they have not explored those options. And these are families with children."

Mr. Raimondi said the family detention system was expanded to help end the routine practice of releasing immigrant families caught sneaking across the border. Smugglers began taking advantage of the loophole and pairing children with unrelated adults in hopes of ensuring their release, officials say. Some children were abandoned or abused. Mr. Raimondi said the centers provided a safe place for families and "serve as a deterrent to alien smugglers who needlessly endanger children's lives."

Ms. Brané said officials of the Homeland Security Department had addressed some of her concerns.

The Hutto center contracted with a local clinic to provide medical care to pregnant women. It also expanded the educational program to four hours a day from one.

Detention Facility For Immigrants Criticized (WP)

By Sylvia Moreno

The Washington Post, February 22, 2007

TAYLOR, Tex. -- The day Mustafa Elmi turned 3 years old he had to report to his cell three times for headcount. To be able to get one hour of recreation inside a concrete compound sealed off by metal gates and razor wire he had to pin his picture ID to his uniform.

Such routines characterized Mustafa's life, as well as that of his mother, Bahjo Hosen, 26, during their first seven months in the United States, the country to which they fled to escape political persecution in their native Somalia. They ended up in the T. Don Hutto Family Residential Facility, one of the nation's newest detention centers for illegal immigrants that the Department of Homeland Security touts as an "effective and humane alternative" to keep immigrant families together while they await the outcome of immigration court hearings or deportation.

Before the facility opened, U.S. Immigration and Customs Enforcement (ICE) routinely separated parents from their children upon apprehension by the Border Patrol. Infants and toddlers were placed in federally funded foster homes; adolescents and teenagers were placed in facilities for minors run by the Department of Health and Human Services; and parents were placed in adult detention centers.

Despite the change in policy, two national organizations decry the conditions at Hutto and have termed the facility "a penal detention model that is fundamentally anti-family and anti-American."

The center, which the DHS opened last May, is an unacceptable method "for addressing the reality of the presence of families in our immigration system," says a report written by the Women's Commission for Refugee Women and Children, in New York, and Lutheran Immigration and Refugee Service, in Baltimore, and scheduled for release Thursday.

"As a country that supports family values, we should not be treating immigrant families who have not committed a crime like criminals, particularly children," said Ralston H. Deffenbaugh Jr., president of Lutheran Immigration and Refugee Service.

During a tour of Hutto this month, Gary Mead, the assistant director of ICE detention and removal operations, said the facility, which is operated under contract by the Corrections Corporation of America, averaged 380 to 420 detainees daily. That day, Hutto housed 180 children and 150 adults -- four-fifths of them mothers -- from 29 countries. Seventy-five families were being detained while they awaited the outcome of their political-asylum petitions.

The 512-bed facility is part of the Department of Homeland Security's year-long push to build detention centers or contract them out to private companies to accommodate illegal immigrants apprehended along the Mexican border. A record 26,500 such immigrants are in detention daily -- up from 19,718 a day in 2005.

Hutto, located in central Texas, is used for immigrants from countries other than Mexico who are awaiting "expedited removal from the United States." That process ended the policy known as "catch and release," in which such people were given a notice to appear later before an immigration judge. Mexican nationals caught in the United States illegally are routinely sent back almost immediately.

For some years, ICE has contracted with Berks County, Pa., to run an 80-bed detention facility for families, and the report by the women's commission and Lutheran service touched on that center but focused on the much larger Hutto.

The report lauded the goal of keeping families together but urged DHS to close the Hutto facility, saying that "prison-like institutions" are not appropriate for families. "Family detention is not one that has any precedent in the United States, therefore no appropriate licensing requirements exist," the report said.

In response, ICE spokesman Marc Raimondi said that the Hutto and Berks facilities "maintain safe, secure and humane conditions and invest heavily in the welfare" of the detainees. He said that ICE detention standards exceed those set by the American Correctional Association, and that the agency's practice of conducting annual reviews and weekly visits to detention facilities "significantly exceeds industry standards."

The report recommended that ICE parole asylum-seekers while they await the outcome of their hearings. It also said that immigrant families not eligible for parole should be released to special shelters or other homelike settings run by nonprofit groups and be required to participate in electronic monitoring or an intensive supervision program that would use a combination of electronic ankle bracelets, home visits and telephone reporting.

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The 72-page report also criticized the educational services for children; the food service and rushed feeding times for children; the health care, especially for vulnerable children and pregnant women; the therapeutic mental health care as insufficient or culturally inappropriate; and the recreation time as inadequate for children. The review said that families were being held for months in Hutto and for years in the case of the longer-established Berks facility.

The report also cited inappropriate disciplinary practices used against adults and children, including threats of separation, verbal abuse and withholding recreation or using temperature control, particularly extremely cold conditions, as punishment.

Hosen, who traveled with Mustafa on an inner tube across the Rio Grande from Mexico and insisted that a stranger in Texas call the Border Patrol so she could surrender to authorities, lived in Hutto from June 30 to Jan. 30.

Granted political asylum and now living temporarily in a home for immigrant women and children in Austin, Hosen said that she and other parents in Hutto were threatened regularly with separation from their children for minor infractions such as youngsters running inside the prison. She lost 30 pounds while detained, and her son lost weight and suffered from diarrhea. Concerned about her son's health, Hosen asked for a multivitamin for him but was denied the request, she said.

She recalled that the day she and Mustafa arrived at Hutto and she saw the word "residential" written on the facility's sign, she was relieved after having spent almost two weeks in a detention center for adults in south Texas while her son was held in foster care. Hosen said that although she was reunited with him, little else changed. "It was just like the place I was -- detention -- nothing different," she said.

Report Criticizes Conditions At Immigrant Detention Centers (MCT)

By Chris Mondics

McClatchy Newspapers, February 22, 2007

WASHINGTON - The nation's two family detention centers for illegal immigrants - one in Texas and the other in Berks County, Pa. - are plagued by problems including inadequate medical care, lack of privacy, and abusive behavior by staff toward detainees, two advocacy groups alleged in a report being released Thursday.

Of the two centers, the Berks Family Shelter Care Facility in Leesport has the more humane conditions, but even there detainees reported harassment by staff including the threat of separating parents from their children, the report said.

"Every woman we talked to in the facilities cried," said Michelle Brane, one of the authors of the report, prepared by the Lutheran Immigration and Refugee Service and the Women's Commission for Refugee Women and Children. "Many of the children were clearly sad and depressed. Some feared separation from their parents, a common threat used to ensure that children behaved according to facility rules."

Both facilities are inappropriate for children and families because they too closely resemble jails, the authors said. The detainees are largely Latinos, apprehended at the U.S.-Mexico border or in the United States, but the facilities also house immigrants from China, Greece, Ethiopia and other nations.

Marc Raimondi, a spokesman for U.S. Immigration and Customs Enforcement, a division of the Homeland Security Department, said Wednesday that the facilities were run humanely with a high standard of care for the detainees. He said allegations that staff had threatened to separate parents from their children were unsubstantiated.

The "detention facilities maintain safe, secure and humane conditions and invest heavily in the welfare of the detained alien population," Raimondi said in an interview.

The report recommends a series of changes including moving families to more homelike facilities, while seeking opportunities to parole others. It comes as the government has intensified its focus on halting illegal immigration, amid growing complaints among voters and members of Congress.

Beefed-up patrols along the Southern border and highly publicized raids by immigration officials on factories believed to hire large number of undocumented workers seem to have functioned as a powerful disincentive to illegal immigration.

Immigration authorities say the number of border arrests has dropped off substantially in recent months, likely as a result of stepped-up enforcement.

The Berks facility, a former nursing home that houses about 20 immigrant families, was opened in 2001. The government opened the much larger T. Don Hutto Residential Center near Austin, Texas, last year following growing complaints from

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Congress that illegal immigrants apprehended by authorities were being separated from their children, or simply being released because there was no place to house them.

The Hutto center was more harshly criticized in the report, which said children there typically get only one hour of schooling a day. Apart from sleep, an hour of recreation and 20 minutes per mealtime, families are confined to communal areas for the bulk of the day.

Because of space constraints, children at Hutto are sometimes confined to different cells from their parents, the report said. While the doors are not locked, it said, infrared sensors trigger alarms if the doors are opened slightly, prompting a response from staff.

At the Berks facility, children under 6 typically are housed with their parents, the report said. Older children are housed in same-sex juvenile rooms with children from other families.

The report said some parents reported that their children, assigned to separate rooms, cry at night, but that they are not permitted to visit them.

At the Hutto facility, one woman reported she had not received a prenatal medical exam until seven months into her pregnancy. Other detainees reported delays in receiving medical care, the report said.

It said the care of pregnant women had improved at Hutto since researchers who prepared the report had visited the facility. But the report criticized Hutto for continuing to transport pregnant women to the hospital in handcuffs.

Staff at both facilities threatened to separate children from their parents as a means of control, the report said.

"All families interviewed express a general sense that they were disrespected by staff members, frequently yelled at and issued unnecessarily harsh punishments for behavior as simple as not being able to do homework for lack of a pencil," it said. "Several families told us that facility staff would threaten them with separation if they misbehaved, and on several occasions it seems that children were sent to the secure juvenile detention facility without an opportunity to defend themselves in court."

High Profile Raids Leave Immigrants Across U.S. Living In Fear (AP)

By Juliana Barbassa, Associated Press Writer

AP, February 22, 2007

(AP) - RICHMOND, California-Fear has gripped immigrant families across the United States as federal agents raid neighborhoods, work sites and jails in a nationwide crackdown on illegal immigration.

Tens of thousands of people have been rounded up over the past several months, and many more are afraid to leave home, answer a knock on the door or leave their children alone in fear they might be next. Churches and community groups are stepping in with legal advice and financial aid for families split up or left without an income because of the sweeps.

"My kids are asking me, 'Why is this happening, mommy? Why did they take uncle away?'" said Dinora Sanchez, whose uncle was taken by immigration officials in January while riding his bike to a construction job in this low-income city northeast of San Francisco. "I'm afraid. There are no explanations I can give them."

From California to Connecticut, federal officials have launched a full-scale offensive to find and deport illegal immigrants. It's part of a two-pronged approach, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement: secure the nation's borders while stepping up enforcement within.

"We're attacking these issues on multiple fronts," she said. "It's definitely a priority now."

Documented immigrants like Sanchez, a native of Mexico, have nothing to fear, said Kice. But her uncle, who had been in the U.S. illegally for 10 years and did not have work authorization, was an obvious target.

"People who are in this country complying with our immigration laws have no reason to be concerned," Kice said.

Groups supporting a reduction in immigration have praised the shift toward more aggressive enforcement. "Enforcement actions like these play an enormous role in deterrence," said Steven Camarota, of the conservative think tank Center for Immigration Studies.

But many immigrants and their advocates say it's splitting families and hurting the legal relatives of immigrants who crossed the border illegally, as well as their co-workers, employers and the businesses that serve them.

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"We have to stop this reign of terror," said Mark Silverman, director of immigration policy at San Francisco's Immigrant Legal Resource Center.

Since launching "Operation Return to Sender" last May, Immigration and Customs has rounded up nearly 14,000 immigrants who entered the country illegally or were ignoring a judge's deportation order.

"They make a mockery of the system," Kice said, "and send the wrong message to those who follow the orders."

Some 4,400 others were rounded up in large-scale job site investigations, including immigrants working without proper authorization and those who hired them. More than 700 of those face criminal charges, including hiring illegal immigrants.

Searches of state and local jails over the past seven months identified another 5,500 immigrants who committed crimes, ensuring they'd go into custody of Immigration and Customs when they finished their sentences.

In one of the biggest sweeps so far, Swift & Co. meatpacking plants in six states were raided in December, resulting in the arrests of 1,282 immigrant workers. One of those plants was in Marshalltown, Iowa, where Mexican immigrant Juan Padilla runs a western clothing store. He says he went from selling $5,000 (euro3,810) a month worth of cowboy boots, hats and slim-cut jeans last year, to just $600 (euro460) in January.

His wife, who wasn't authorized to work, lost her job at the meatpacking plant and is awaiting a court hearing. Padilla is wondering how they'll be able to support their five American-born children.

"I want my children to go to school, to have better opportunities, so they don't end up cutting meat 14 hours a day," he said. "But what can we do? Where do we go from here? I just don't know."

The enforcement action hit the growing immigrant community in the town of about 26,000 hard. More than 30 children were pulled from the school system, presumably by families who decided to leave the area.

Parents were "frightened that the immigration officials were going to come to school and take their children," said Thomas Renze, principal of Woodbury Elementary in Marshalltown.

Sister Christine Feagan, director of Hispanic ministry at St. Mary Catholic Church, agreed that the raids have been particularly hard on children, whether they're legal or not.

"You can't explain the difference to a second or third grader," she said.

As enforcement actions unfurl across the country, churches and other community organizations have been a key source of support and aid to families.

The Colorado faith-based group Congregations Building Community made sure the children of parents detained during raids didn't go home to empty houses after school, and is helping families who lost jobs pay bills through the winter.

Contra Costa Interfaith Supporting Community Organization, a coalition of 25 congregations in Northern California, protested the enforcement actions and rallied local officials to support immigrants.

Dozens of other organizations are taking donations, giving legal advice, and holding community meetings in response to the large-scale effort by federal officials to detain and deport undocumented immigrants.

"Our folks are really afraid," said the Rev. Carolyn Krantz of St. Peter Martyr Church.

The raids have targeted immigrants who have committed crimes or are evading deportation orders. But if in the course of tracking them down agents come across others they suspect of being here illegally, they will question, detain and deport them if warranted, Kice said.

"It's not uncommon for us to go to a location and discover that the target moved out weeks before," she said. "But we can find other individuals there who are immigration violators."

That's what happened to two of Maria Ramos' children, who were taken from their beds in San Pablo at dawn in January. The agents had come looking for an in-law, but instead they took Ramos' 17-year-old daughter, Elvira Mendoza, and 22-year-old son Victor Mendoza.

Elvira was released into the custody of an older brother who is here legally, but Victor Mendoza was deported back to Mexico, Ramos said.

"My heart is heavy," said Ramos, 64. "My children are what I have in life. I agree with looking for criminals, but there's no need to cause us so much pain."

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While groups advocating a reduction in immigration are praising the stepped-up enforcement of existing laws, people on both sides of the debate questioned whether the crackdown would have any real effect.

Those detained add up to a tiny fraction of the millions of undocumented immigrants in the United States, and for every one deported another is there to take over their vacant apartments and jobs, they said.

"It's not like this ended immigration in Greeley," said Ron Marks, director of Congregations Building Community in Greeley, Colorado. "It just changed the individuals." 2007-02-21T03:35:18Z

CONGRESS-ADMINISTRATION:

Bush Pushes Plan To Shift Costs Of Health Coverage (USAT)

USA Today, February 22, 2007

President Bush flew to Chattanooga, Tenn., on Wednesday to promote his plan to expand health care coverage to millions of people by shifting decisions and responsibility to individuals.

"The best decisions are made by providers and patients, not by governments or insurance companies," Bush said at the Chattanooga Convention Center.

Under the president's proposal, health insurance benefits would be taxable income, but people would get a standard tax deduction for health insurance: up to $15,000 for family coverage, $7,500 for individual coverage.

Sen. Edward Kennedy, chairman of the Senate committee that oversees health matters, says the plan does little to help the poorest of the uninsured and undercuts a system built on employer-provided coverage. "His proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on," the Massachusetts Democrat said.

White House officials see health care as one of a few areas in which they might advance their agenda with Democrats who now control Congress. The effort got a boost last week when a bipartisan group of 10 senators told Bush they want to work with him to expand health coverage.

Wrongly imprisoned man can't sue police, court says

The Supreme Court rejected an attempt by a Chicago man wrongly imprisoned for more than eight years to sue the police officers who arrested him.

Andre Wallace, whose murder conviction was overturned in 2002, waited too long to file his false-arrest lawsuit, the Supreme Court said in a 7-2 ruling. He had two years in which to file his civil rights lawsuit.

In Chattanooga, Bush Touts Plan To Help Uninsured Get Health Coverage (AP)

By Ben Feller, The Associated Press

AP, February 22, 2007

CHATTANOOGA — President Bush today pushed his plan to expand health care coverage to millions of people by shifting decisions — and responsibility — to individuals.

Bush's proposal is one of the few major initiatives from his scaled-back State of the Union address last month. It assumes market forces and changes in the tax code will expand affordable choices.

"The best decisions are made by providers and patients, not by governments and insurance companies," Bush said during comments at the Chattanooga Convention Center.

"If you want a health care system that really works, you want the decision-maker to be the individual, in consultation with somebody who knows what they're talking about — somebody trained to help that person make the proper decision," Bush said. "That'd be your doctor."

The main ingredient of Bush's proposal would be a change in the tax code that, for the first time, would treat health insurance costs as taxable income — meaning that workers' taxable wages will increase.

In turn, Bush wants a standard tax deduction for those who buy health insurance — $15,000 for family coverage and $7,500 for individual coverage. Those who chose insurance policies below the size of the new deduction would end up with a decrease in their tax bills.

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Key Democratic leaders have denounced Bush's plan. They say it does little to help the poorest of the uninsured and undercuts a system built on employer-provided coverage.

"While the president's focus on health care is important, his proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on," said Democratic Sen. Edward Kennedy of Massachusetts, chairman of the Senate panel that oversees health matters.

Still, White House officials see health care as one of a few areas in which they might advance their agenda with Democrats who now control Congress. They got a boost last week when a bipartisan group of 10 senators told Bush they want to work with him to expand health coverage.

Bush received a hearty ovation as he described his plan in Chattanooga. He shared a stage with people who hold full-time jobs but can't afford health insurance for their families.

One of them was Danny Jennings, a father of two and manager of a nursery. Bush said the change in tax code would save Jennings more than $4,000 a year on his tax bill.

"There's more money in his pocket as a result of the standard tax deduction, and there's more peace of mind knowing that his kids — and he and his wife — are covered," Bush said.

People will also start paying attention to how much health procedures really cost, which is bound to help, Bush said. The president compared it to knowing how much a car costs.

And then he realized he doesn't know that.

"I used to," said a laughing Bush, who travels by limousine. "I will soon."

Earlier, Bush toured the nonprofit Erlanger Hospital, which is allied with the University of Tennessee's College of Medicine. Erlanger serves patients from 50 counties in a 150-mile radius.

Dr. Donald Chamberlain explained to Bush how he used a robot-assisted device to minimize blood loss during a recent cancer surgery. As Bush watched a video of the invasive procedure, the doctor asked him: "Blood OK? You OK with blood?"

"Heck yeah, I'm OK with blood," Bush said, with an eye on the cameras on him. "How about you, doc?"

The White House characterizes its approach as basic fairness, in that every person will get the same tax deduction whether they get health coverage through their job or on their own.

Bush also wants to redirect federal dollars that hospitals and other institutions get to help cover costs for caring for the uninsured. With this money, states would set up programs to assist people in getting health coverage and help people with high-cost health conditions.

On the way out of town, Bush popped into Porker's Bar-B-Que restaurant, where he posed for photos, shook hands and sat down in a booth to chat with local residents.

Chattanooga Visit Goes Off Smoothly (CHA)

The Chattanoogan, February 22, 2007

President George W. Bush wound up a Chattanooga visit early Wednesday afternoon with an hour-long informal health care forum at the Convention Center.

Some 500 Chattanoogans, including many of the city's leaders, were in attendance as the President moderated the event aimed at promoting his new policies aimed at making health care more affordable.

He was on the podium with selected citizens and business owners - all of whom said they either could not afford health care coverage or had inadequate coverage.

President Bush praised Gov. Phil Bredesen, who was also on stage and explained his CoverTennessee program.

The President introduced Lt. Gov. Ron Ramsey, Sens. Bob Corker and Lamar Alexander, Rep. Zach Wamp, Mayor Ron Littlefield and County Mayor Claude Ramsey, though they did not speak at the Convention Center event.

The President arrived in Air Force One at Lovell Field just after 11 a.m.

He briefly shook hands with a small group of mostly GOP faithful who were awaiting him.

He also presented a volunteer service award to Debbie Chadwick, 43-year-old Chattanooga woman with Downs Syndrome who is a longtime nursing home volunteer.

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Then he was whisked into a presidential limousine. His motorcade, which had formed hours earlier, then proceeded to Erlanger Medical Center on East Third Street.

He was led on a tour of the hospital by Erlanger CEO Jim Brexler, including demonstration of some high-tech equipment at the hospital.

The motorcade arrived at the Convention Center around 12:30 p.m.

A small group of protestors was along Carter Street across from the Convention Center, but they were outnumbered by those sporting signs in support of the President.

Security was tight for the visit and a wide swath of local freeways were shut down while the motorcade was in transit.

State troopers and Chattanooga Police were stationed at each freeway underpass along the route.

The events were not open to the public and the Erlanger visit was open only to a local press "pool" that included the Times Free Press (newspaper), WRCB Channel 3 (TV) and WGOW Talk Radio (radio).

WGOW Radio provided extensive coverage, and the three local TV stations had live coverage while the President was at the Convention Center.

President Bush called Erlanger "a pretty fantastic hospital." He said, "I thank Erlanger for being on the leading edge of compassion."

He told of trying out a robotic surgery machine and joked, "There wasn't anybody on the other end of the machine, you'll be thankful to know."

He said his mission was "affordable health care," saying that currently "it's not affordable and it's not accessible to too many people and that's not acceptable."

He introduced Health and Human Services Administrator Mike Leavitt, former Utah governor, who came with him on Air Force One and was on the podium at the Convention Center.

President Bush called Lamar Alexander "a good, thoughtful guy" and introduced former Chattanooga mayor Corker as "a fellow you know pretty well who used to be in the business of paving your roads and filling your potholes."

Speaking of Rep. Wamp, he said, "All he talks about is Chattown. I'm glad I finally listened to him. I am really thrilled to be in this beautiful part of the country."

President Bush said private medicine works best, but he said a number of steps need to be taken to boost it, including giving tax breaks to allow individuals to afford private health care.

Erlanger physician Dr. Joe Cofer described the local Project Access program, which he said has provided more than $13.9 million in free medical care to over 1,600 patients.

He said the local program, led by Rae Bond, has help found similar programs in Knoxville and elsewhere.

President Bush said afterwards, "Thank you for recognizing that the federal government and state government can't do it all."

Sitting near the President was Danny Jennings, who said he has two children and operates a nursery at McMinnville, but cannot afford health insurance. The President said the new deduction would allow him to save about $4,500 in taxes and allow him to buy health insurance for about $47 per month.

The President urged those present to contact members of Congress in support of his tax deduction proposal. Of Congressman Wamp, he said, "You don't need to write Zach. He's already on board."

He also boosted the idea of bringing "transparency" in health care pricing, saying that will spur competition and help reduce costs. And he spoke in favor of health savings accounts that would be tax free. Another idea was having small businesses joining together to "pool their risks."

And he said, "I strongly believe we've got to do something about lawsuits." He said some counties no longer have OB/GYNs because of malpractice suits.

A single mother who is an office manager in McMinnville said she has a pre-existing condition and health care costs for her are "just outrageous."

Amy Childress, an interior designer from Nashville, said she had to drop her health plan when the cost rose to $210 a month. She said she now pays $100 per month, but the deductible is $5,000.

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She told the President she is 35, and he responded, "You don't look a day over 34." Ms. Childress replied, "Most people tell me 22, but that's OK."

The President, looking abashed, noted that he is not going to be running again. He also joked, "Who invited Amy?"

Will Smith of Chattanooga said he has nine fulltime employees in his development firm, but he cannot afford health insurance for them.

There was one unscheduled stop near the end of the presidential visit. The Bush entourage stopped for some barbeque at Porker's on South Market Street.

Rep. Wamp, Mr. Brexler and several Erlanger doctors were among those feasting with the President.

Afterwards, Bush said he recommended the local barbeque.

In Tennessee, Bush Talks Up Tax Breaks For The Uninsured (WP)

By Michael Abramowitz

The Washington Post, February 22, 2007

CHATTANOOGA, Feb. 21 -- The last time President Bush visited this state, last September, it was to campaign with GOP Senate hopeful Bob Corker against the Democrats. Wednesday afternoon, Sen. Corker was in the audience and the state's Democratic governor was on the stage at the convention center here for a folksy discussion on how to improve the health-care system.

Bush hailed the governor, Phil Bredesen, for his "innovative policies," as he talked up his new plan to increase coverage of the uninsured by tinkering with the tax code and giving states more flexibility to design low-cost benefit plans for those who lack coverage. Bredesen said it was the first time he had been invited to appear with Bush in such a setting.

Democrats in Washington are showing little enthusiasm for the Bush health agenda, but the president is plugging away, insisting he sees hope for compromise before his term ends in less than two years. Indeed, the end seemed on his mind as he bantered with several hundred audience members, arguing for greater transparency in health-care pricing.

"I don't know about you, but I don't remember ever asking how much something was going to cost when it came to health care. I do when it comes to a car -- or I used to," Bush said, quickly remembering that he is driven around in a limousine. "I will soon!" he added to laughter.

While the focus of his administration is the war in Iraq, Bush is pushing an ambitious health-care agenda, the key element of which is a tax plan to make it easier for individuals to purchase health insurance coverage in the private market. He is also proposing to restrain the growth of Medicare and Medicaid by cutting payments to health-care providers and charging higher premiums to wealthier individuals, a plan Democrats have described as dead on arrival.

Under his tax plan, every family would get a standard deduction of $15,000 and individuals would get a deduction of $7,500 if they buy health coverage, whether they obtain it through their employer or individually. Bush says this would help rectify a situation in which people who work for companies that do not offer health coverage do not get any tax break for buying insurance, as workers essentially get through employer-sponsored health plans. He argued that his plan would make insurance more affordable for middle-income workers.

"Right now there's a limited market for the individual; it makes it hard to find a product that either suits your needs or you can afford," Bush told his Chattanooga audience. Bush was joined on stage by several uninsured workers and businesses managers who he claimed would find insurance cheaper under his plan.

Many health economists say they think Bush is overstating the impact of the tax code changes, but they say he might have a bigger bang if he were to give low-income people tax credits to buy insurance, an idea the White House considered and rejected. A study released this week by the Community Research Council of Chattanooga concluded that very few of the uninsured in Hamilton County, which includes Chattanooga and its suburbs, make enough money to benefit under the current Bush plan.

In an interview, Bredesen said he is glad that Bush is starting to tackle health care more seriously but voiced doubts about the tax elements. "I get less excited about the tax deduction stuff because there are a lot of people . . . for whom that's not going to make a difference," he said.

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Even as the president arrived in Tennessee, the local news was full of reports that a change in federal reimbursement policy could cost the state as much as $250 million annually for charity care, countering any relief under the president's new plan. "It certainly would be a sore blow to us," Bredesen said.

The president's plan has also elicited mixed reaction on Capitol Hill. In the House, the idea has been declared a non-starter, and House leaders are moving in another direction, hoping to expand funding for the federal-state children's health program much more ambitiously than the president contemplates. The president's plan is for "every individual on their own," said Rep. Rahm Emanuel (D-Ill.), the chairman of the House Democratic Caucus. "He does nothing to control costs and he does nothing to expand the number of insured. Other than that, it is incredibly helpful."

Sen. Max Baucus (D-Mont.), chairman of the Finance Committee, sounded more positive, describing the president's tax plan as "an outside-the-box proposal" that deserves to be part of the debate. "Whether or not it's enacted into law, he's started a discussion," he said.

Bush, In Talk-Show Manner, Promotes His Health Plan (NYT)

By Sheryl Gay Stolberg

The New York Times, February 22, 2007

CHATTANOOGA, Tenn., Feb. 21 — President Bush's plan to expand health coverage by revamping the tax code has been pronounced dead by leading Democrats on Capitol Hill. But Mr. Bush, ever the optimist, forged ahead Wednesday, conducting a chat session here in Oprah Winfrey style with people who are uninsured.

Mr. Bush held forth for nearly an hour, cracking jokes about everything from the age of one of the participants — "You don't look a day over 34," he said after learning that she was 35 — to "the hair follicle benefit," a wry reference to what he views as luxury health plans. The participants had been carefully selected, the tone was confessional, and the president, describing himself as the "educator in chief," sounded more like talk-show host in chief.

Marty Ginn, an office manager from nearby McMinnville, told Mr. Bush, "I have a pre-existing condition, I have trouble with my left knee, and the quotes were just outrageous and I'm just kind of stuck."

"That's patently unfair," the president replied after telling Ms. Ginn that under his plan, she would get a tax deduction of $7,500 to help defray the cost of coverage.

"I think it'll work for you, Danny, I really do," Mr. Bush told another participant, a nursery manager named Danny Jennings, after encouraging Mr. Jennings to make a sales pitch of his own, for some nice spring rhododendrons.

The round-table discussion, which followed a similar if less lively event with health insurance executives in Washington on Tuesday, was aimed at pitching the president's proposal to provide tax breaks for low- and moderate-income workers to buy insurance while imposing tax increases on some Americans covered by generous employer-sponsored plans. Single people would receive a $7,500 tax deduction, and families a deduction of $15,000, but anyone whose insurance cost more would pay taxes on the difference.

Despite Mr. Bush's cheery demeanor, the idea seems to be a nonstarter on Capitol Hill, where Democrats have set universal coverage as their goal and the two parties remain miles apart in their visions for helping the nation's 47 million uninsured.

Leading Democrats, including Senator Max Baucus of Montana, chairman of the Finance Committee, and Representative Pete Stark of California, chairman of a subcommittee overseeing health policy, said in interviews that Mr. Bush's plan was far too dependent on the private sector and that they did not envision anything like it becoming law.

Mr. Stark called it "a farcical move" that was "primarily designed to encourage employers to drop group coverage." Mr. Baucus said the plan was "too much focused on the individual market," though he did give the president credit for "stirring up the debate" with his tax idea.

"It's an out-of-the-box thought," Mr. Baucus said.

Mr. Bush, undaunted, sees morsels of encouragement in a recent letter from a bipartisan group of five Democratic and five Republican senators who said they wanted to work with him on health care legislation. The Republicans, who included Senator

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Trent Lott of Mississippi, the party whip, said they agreed in principle that universal coverage was the goal, maintaining that "the health care system cannot be fixed without providing solutions for everyone."

The Democrats, led by Senator Ron Wyden of Oregon, who had initially been critical of the tax plan, said economists had convinced them that the tax rules needed to be modernized and that "current rules disproportionately favor the most affluent." Mr. Wyden said in an interview that the two sides had spent weeks parsing the language in the letter.

The White House, for its part, is signaling that Mr. Bush is flexible. A chief architect of the tax plan, Al Hubbard, director of the National Economic Council, said, "We realize that the ultimate legislation is not going to look exactly as the president proposed and that there's going to be compromise on both sides."

Whether that spells legislative possibilities for 2007 is hard to say. Democrats in Congress say they are most focused this year on reauthorizing Schip, a program that provides coverage to low-income children. As for tackling universal coverage, Mr. Stark said each of the two parties would most likely coalesce around whatever plan its 2008 presidential nominee embraces.

Some states, though, are moving ahead on their own. Tennessee, with the prodding of Gov. Phil Bredesen, who also participated in Wednesday's round table, has committed $100 million to a new program, Cover Tennessee, intended to help employers provide basic insurance to workers willing to pay a modest amount, roughly $50 a month.

After returning to Nashville later Wednesday, Mr. Bredesen, a Democrat, said in a phone interview that he was skeptical of the president's tax proposal and had been a bit leery of participating in the event here. He did so after assurances from Mr. Bush's health and human services secretary, Michael O. Leavitt, that he would get a chance to make his own pitch, for Cover Tennessee.

"I didn't particularly want to fly down there and be a set piece in a play for something I didn't really believe in," he said, "but he assured me that they really were there to highlight the kinds of things we were doing."

Bush Pushes Health Care Plan In Tennessee (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, February 22, 2007

CHATTANOOGA, Tenn. -- President Bush campaigned for his health care proposals today, praising Tennessee's effort to expand health care coverage to the uninsured — and taking a turn at the controls of a surgical robot at a Chattanooga hospital.

At an event described as a "round table" on his health care initiatives, Bush traded one-liners with a handful of workers and employers, who have had trouble getting health insurance.

One of them was an interior designer named Amy Childers, who dropped her health coverage when she turned 35 and the premium was raised to $210 a month.

"Doesn't it make sense to change the tax code so that Amy Childers can better afford health care?" the president asked. Then he joked, "You don't look a day over 34."

"Most people say 22," Childers responded, adding that she would forgive him.

The president has proposed making premiums paid for medical insurance deductible for all Americans, up to $15,000 for a family and $7,500 for individuals. Currently, employers can deduct health care premiums without limit, but individual taxpayers cannot.

The president and his staff argue that the current system unfairly penalizes consumers who must insure themselves, such as the self-employed or those working for small businesses.

They also say it creates an incentive for employers and employees to choose more expensive health care than they need, helping drive health care prices higher.

On Capitol Hill, the president's proposals have gotten a frosty reception. Democrats, who took control of both chambers of Congress last month, agree that health insurance should become more affordable for the self-employed.

But they say the biggest problem facing the system is the 40 million Americans with no health insurance, and they say the president's proposal would help only a small fraction of them become insured.

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In particular, they point out that the deduction would not help taxpayers who do not itemize their income tax returns, especially poorer paid workers who are the most likely to lack health insurance. Instead, Democrats favor a tax credit for health care premiums, which would help all taxpayers regardless of their filing status.

"Health care in America is in crisis, and what is needed is effective action to ensure that every American has quality, affordable health care," Sen. Edward Kennedy, chairman of the Senate labor committee, said in a statement.

"While the president's focus on healthcare is important, his proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on, and replacing it with a tax break that will benefit the wealthiest Americans," he said.

Supporters Outnumber Protesters As Bush Arrives In Chattanooga (AP)

By Bill Poovey, The Associated Press

AP, February 22, 2007

CHATTANOOGA — Supporters and protesters turned out as President Bush arrived today for an event promoting his plans to reshape the nation's health care.

Bush was to tour Erlanger Medical Center, the region's biggest public hospital, and then stage a discussion about health care at the Chattanooga Convention Center, where hundreds of people waited for him outside.

Most carried welcome signs or waved flags on a sunny and unseasonably warm day with temperatures in the mid-60s.

Among them were several students from Chattanooga State Technical Community College, who attended in order to earn some credit for a government class, and Antonio Donate, 7, of Stockbridge, Ga., who hoped to get a glimpse of Bush.

"I don't know, I just like him," said the boy, whose father is an officer in the Army.

Dozens of protesters, several of them at odds with Bush over the Iraq war, also were outside the convention center.

Donna Cussack, 49, of Cleveland, Tenn., said she had never before protested at a presidential event.

"I'm hoping I can at least catch his eye for a moment," Cussack said as she held a sign that read, "Not in my name! No more."

The president was expected to promote administration health care proposals, including tax changes to allow deductions for health insurance and grants for states that develop programs to cover the uninsured.

Gov. Phil Bredesen, a Democrat, was expected to attend, along with Republican U.S. Sens. Bob Corker and Lamar Alexander, and U.S. Rep. Zach Wamp. Corker is a former mayor of Chattanooga.

Bush is the first sitting president to visit Chattanooga since his father in September 1992.

Protesters, Supporters Demonstrate Near Convention Center During President's Visit (CHA)

By Judy Frank

Chattanoogan, February 21, 2007

When Chattanooga resident Ethan Sklom learned last week that President George Bush was going to visit here, he knew immediately that he would be on hand for the occasion, he said.

So by 11 a.m. Wednesday, well before the President and his motorcade arrived at the Convention Center, Mr. Sklom was standing on the sidewalk at the intersection of M.L. King Boulevard and Chestnut Street, wearing the rubbery George W. Bush mask he bought last Halloween.

"You don't get many opportunities to take a stand for what you believe in," he said.

Mr. Sklom said he was part of a group of protesters who originally gathered directly across the street from the Convention Center, about a block away from a group of Bush supporters. But a police officer confronted his group and demanded that they move three blocks away, he explained, as other protesters nodded in agreement.

"The group supporting the president was allowed to stay where they were, he said, "but when we asked the police officer why we had to move, he just said, 'Because I say so,' " Mr. Sklom said indignantly.

Three blocks away, standing on a small grassy knoll directly across the street from the Convention Center, Bush supporter Billy McCurdy was likewise vehement.

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He and his brother, Ronald, drove the 45 miles from their homes in Fort Payne, Ala., to Chattanooga because they thought it was important to support the President, Mr. McCurdy said.

"What I like about him is his Christian values," he said. "He's just about the best president we ever had . . . and his wife Laura is just about the prettiest first lady."

Mr. McCurdy said he believes the President and his advisors made some mistakes in fighting the war in Iraq. "They probably should have gone in at the beginning with a bigger force," he said. "If we'd had a surge like that back then, we probably wouldn't be where we are today."

But he thinks the President is a "good family man," he added, "who would like to have an end to this war like everybody else. And we're not going to get that unless we support our troops and our president."

Nearby, Cleveland resident Donna Cussack and Chattanoogan Rebekah Binney stood holding signs criticizing the President.

"With leaders like this, who needs terrorists?" read Ms. Binney's sign. "Not in my name!" Ms. Cussack's declared.

The two women, who met for the first time on the sidewalk outside the Convention Center, were critical of the President's policies on issues ranging from Iraq to the environment to civil liberties to national universal ID legislation.

"They're taking away our freedoms, and saying they're doing it to protect our freedom," Ms. Binney said angrily.

Katie Wilson, who handles marketing for Chattanooga Symphony and Orchestra, used her lunch hour Wednesday to walk over to the Trade Center and join the crowd of Bush supporters standing there.

"The reason I'm here today is because I support (the president's) plans and policies and tough decisions that support our way of life," she explained.

For example, she said, President Bush has championed small business and entrepreneurs.

"I think small business and the entrepreneurial spirit are key elements of America," she said. "We should all support the individuals who seek to make their own livings and build a business."

Some of the people outside the Trade Center said religion played a part in their decisions to be there.

"Jesus wouldn't go to war," declared ordained minister Bonnie Setliffe Jacobs, noting that her last assignment prior to her retirement was at Signal Mountain United Methodist Church.

Carrying a large sign covered with photos of victims of the war in Iraq, she said she viewed the president's visit as an opportunity to protest a variety of wrongs, including the toll that the war is taking on the nation's poor.

"It's killing people," she said. "People don't have money for health care. They join the military because they can't get jobs, and then they get sent to Iraq and killed . . . Poverty is a weapon of mass destruction."

Deborah Weaver and Soherah Stringers, both members of the Chattanooga community of the international Community of Twelve Tribes, arrived early on the sidewalk across from the Trade Center.

The two were part of a group of five Twelve Tribes members who spent their time passing out free copies of an 8-page religious newsletter entitled "What Makes For Peace."

Ms. Weaver said they were not there to support the president, or to demonstrate against him.

"We want to show people a different way," she said. "We appreciate people in the government and in authority, because we know how difficult a position that is. But we are not participating politically, because we believe in the separation of church and state."

Democrats Blast Bush Health-care Proposal (MRKTWTCH)

By William L. Watts

Market Watch, February 22, 2007

WASHINGTON (MarketWatch) -- Top Senate Democrats on Wednesday charged that President Bush's proposal to change how the tax code treats employer-provided health benefits would do little to help the uninsured.

"Unfortunately, President Bush has proposed solutions to this country's health care system that would only serve to undermine the quality and reliability of care for those Americans lucky enough to have insurance," said Senate Majority Leader Harry Reid, D-Nev., in a statement.

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Bush, in his State of the Union address last month, outlined a plan that would significantly alter the tax treatment of employer-provided health benefits. Under current law, such benefits are provided to the employee tax-free, while individuals who buy their own health insurance don't get a tax break.

Under Bush's plan, all workers would receive a standard deduction of up to $15,000 for married couples and $7,500 for individuals for health insurance.

Each dollar of employer-provided health insurance above that level would be taxed as income. The White House estimates that around 80% of workers are below the limit. While the deduction would be indexed to inflation, analysts note that health care costs have outpaced the general rise in prices, meaning more workers would find themselves above the deduction limit in coming years.

Bush highlighted the plan in his weekly radio address last Saturday, and is making the case for the plan in events this week. On Tuesday, Bush met with insurance providers and other business leaders at the White House. On Wednesday, Bush toured a Tennessee hospital and held a public discussion with health experts.

"We're worried about helping make sure people can afford health care. But the tax code is so structured that if you're an individual or somebody working for a company that can't afford health care, you're disadvantaged relative to a company that is," Bush said.

The White House argues that the current tax treatment encourages employers to spend more on health plans than would otherwise be the case, helping to drive up health-care costs.

But critics say the plan would likely encourage employers to drop health benefits.

"While the President's focus on healthcare is important, his proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on, and replacing it with a tax break that will benefit the wealthiest Americans," said Senate Health, Energy, Labor and Pensions Committee Chairman Edward Kennedy, D-Mass., in a statement.

At Walter Reed, 'We're Going To Fix It' (WP)

By Ann Scott Tyson

The Washington Post, February 22, 2007

A top Army general vowed yesterday to personally oversee the upgrading of Walter Reed Army Medical Center's Building 18, a dilapidated former hotel that houses wounded soldiers as outpatients.

Gen. Richard A. Cody, the Army vice chief of staff, used terminology similar to that of a military campaign to describe his plan to overhaul the broken building, including giving it a more "appropriate" name, and the sluggish bureaucracy for outpatient care.

"We own that building, and we're going to take charge of it," Cody said at the Pentagon. "The senior Army leadership takes full responsibility for the lack of quality of life at Building 18, and we're going to fix it."

Cody blamed "a breakdown in leadership" for the troubling conditions but said no one has been fired or relieved of command. He did point to lower-ranking officers and noncommissioned officers lacking "the right experience and the authority to be able to execute some of the missions."

"That's what we're correcting right now," he said.

Cody and William Winkenwerder Jr., the assistant secretary of defense for health affairs, said at a news conference that they frequently visit Walter Reed and were surprised and disappointed by the living conditions and the fact that they had learned about them from media reports. The Washington Post reported Sunday and Monday on the challenges facing outpatients at Walter Reed.

"We get concerns all the time directed to us. But we never got a concern sent our way about this issue, which is a little surprising. I'm not sure why that is," Winkenwerder said.

Standards of medical care at Walter Reed remain high, he said, but he acknowledged: "The trust has taken a hit here. And I think it's our job to repair that trust and to re-earn that trust. And that's what we're going to do."

Rep. Thomas M. Davis III (Va.), the top Republican on the House Committee on Oversight and Government Reform, blasted the Army yesterday, saying in a statement that it has known for years about shortcomings at Walter Reed.

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"You could put all of the wounded soldiers in the Ritz-Carlton and it wouldn't fix the personnel, management and recordkeeping problems that keep them languishing in outpatient limbo out there for months while paperwork from 11 disjointed systems gets shuffled and lost," Davis said.

Del. Eleanor Holmes Norton (D-D.C.) echoed Davis's concerns after she toured Building 18 and spoke to soldiers.

"The problem is much more serious than one building," she said in an interview. "It's going to be easy for everyone to duck this problem after the building is fixed if we don't fix the completely dilapidated administrative system."

Norton said that she thinks Congress will have to compel the Army to overhaul its outpatient care system but that immediate steps are needed to help soldiers trapped in the existing bureaucracy.

Army Secretary Francis Harvey said an independent review group of about eight people will be established to look at outpatient care. Winkenwerder said the group would report back to the Pentagon in a "short time frame."

Cody called the state of Building 18 -- where 76 soldiers live -- "inexcusable" and said he will "personally oversee" its renovation. He said the building had been upgraded several times and called the furniture "very nice" but said the walls and infrastructure were not "up to speed" and required inspections were not done or were not rigorous enough.

Harvey said the building would be renamed after an Army doctor, medic or nurse who was killed in action.

Cody said the Army will review all its procedures for handling wounded soldiers and their families and will seek to streamline systems for assistance.

Staff writers Steve Vogel and William Branigin contributed to this report.

Obama, McCaskill Sponsor Bill On Care For Veterans (HILL)

By Roxana Tiron

The Hill, February 21, 2007

Several lawmakers are taking action to improve the conditions and care for veterans of the wars in Iraq and Afghanistan at Walter Reed Army Medical Center. Long considered a premier military medical facility, it is now under fire after The Washington Post reported last weekend that parts of the hospital have suffered from extreme neglect.

Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) are sponsoring legislation to improve the lives of recovering veterans at Walter Reed, while Sen. John Kerry (D-Mass.), a cosponsor of the Obama-McCaskill legislation, said that he would explore ways to direct new funds to Walter Reed and make immediate improvements to its veteran housing.

Meanwhile, Rep. Louise Slaughter (D-N.Y.) wrote a letter yesterday to Secretary of Defense Robert Gates demanding information on the current state of Walter Reed's outpatient facilities. She also asked him to explain how conditions were allowed to deteriorate.

Lawmakers Seek Action On Walter Reed Problems (CQ)

By Patrick Yoest

Congressional Quarterly, February 22, 2007

Lawmakers reacted sharply this week to a report that injured soldiers at the Army's premier medical facility were receiving substandard care due to housing and administration problems.

A recent Washington Post article suggested that buildings housing injured soldiers at the Walter Reed Army Medical Center in Washington had physically deteriorated and many soldiers faced months-long delays in receiving care.

Senate Veterans Affairs Chairman Daniel K. Akaka, D-Hawaii, said he would hold a hearing on the issue next month, since many of the soldiers housed at Walter Reed will soon become veterans.

"I will purse the situation at Walter Reed and other military treatment facilities that are handling the bulk of returning Iraq and Afghanistan war veterans to ensure that the government is helping those who have been injured in service to our country, and their families," Akaka said.

House <eterans Affairs Chairman Bob Filner, D-Calif., has not publicly said he would hold a similar hearing.

Sens. Patty Murray, D-Wash., and Barbara Mikulski, D-Md., sent a letter to Defense Secretary Robert Gates calling for an inspector general's investigation into outpatient care and the availability of psychological counseling for soldiers and their families.

The Veterans of Foreign Wars called for a congressional investigation of the reported problems, and the American Legion said it planned its own investigation.

Meanwhile, Sen. Barack Obama, D-Ill., said Tuesday he plans to introduce legislation along with Sens. Claire McCaskill, D-Mo., and John Kerry, D-Mass., to improve conditions at Walter Reed.

According to Obama's office, the bill will include new reporting requirements and will mandate a lower ratio of caseworkers to patients, as well as more training for caseworkers.

"Caring for our returning heroes is one of the things we can still get right about this war, and that's why the deterioration of the conditions at Walter Reed is both appalling and unacceptable," said Obama, a Democratic presidential contender.

The Army and the Navy announced Tuesday they would form an independent review group to investigate outpatient care at both Walter Reed and the National Naval Medical Center in Bethesda, Md.

But lawmakers expressed frustration that the Defense Department had not requested money to address the problem earlier.

"The Defense Department is never shy about asking for supplemental funds for operations and equipment," said Jeff Miller, R-Fla. "I cannot imagine why housing for recuperating wounded would not be a similarly high priority."

VFW national commander Gary Kurpius sounded similar notes.

"If money was needed to ensure that Walter Reed had the necessary personnel and programs to properly serve our wounded and their families during a time of war, then people were derelict in their duty for not reporting the need, and then for not following up on their reports," Kurpius said.

AARP To Push For Social Security Fix (POL)

By Jeff Patch

Politico.com, February 22, 2007

AARP officials said Wednesday they will push hard to revamp Social Security to maintain the social insurance program's solvency and fiscal health.

Changes need to be made in the program to head off rising health care costs and declining financial security, especially among baby boomers, said CEO Bill Novelli, legislative policy director David Certner and John Rother, executive officer for policy and strategy.

"The next generation could be the first in American history that is less well off than their parents," Novelli said.

Though Social Security is often deemed a "third rail" of American politics for its sensitivity, the program can and should be reformed, Novelli said.

"Of all the big domestic issues, Social Security might be the easiest to deal with," Novelli said.

AARP released a poll showing a consensus for reform in some of the key areas of Social Security.

The survey, which highlighted several reform provisions that a majority of Americans support or are willing to consider, is the first major stock-taking on the issue since President Bush's 2005 push to create private savings accounts within the program floundered.

Of eight possible options, a majority of respondents favored three measures that would raise revenue for Social Security in some fashion: increasing the income cap to $150,000; increasing the payroll tax by 0.5 percent for both workers and employers, and changing the benefit formula to make the program more progressive.

The online survey of 1,514 people over 21 was conducted for AARP by Knowledge Networks from Jan. 19 to Jan. 29. A majority of people were willing to consider investing part (15 percent) of the trust fund, although only 40 percent actually support it at this time. Efforts to raise the retirement age, change the longevity index, cut benefits for new retirees and implement modified price indexing were opposed by large margins.

"There is striking agreement among Republicans and Democrats," Rother said, with the main difference occurring when considering the trust fund option.

The political environment represents a rare opportunity for a deal, with Democrats looking to score legislative victories and President Bush seeking to salvage a legacy, officials said.

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"Everything should be on the table," Novelli said.

AARP officials said 52 percent of voters in the midterm elections were older than 50. Twenty-five percent were AARP members. Seniors will not tolerate continued dithering, Novelli said.

"The public wants an end to the bickering," he said. "They want action. We have a narrow window of opportunity before the 2008 campaign heats up and legislation cools down."

AARP is pushing two broad campaigns to confront these issues. Its new campaign about health care and financial security, which is focused on all age groups – especially children – is called "Future Champions." AARP recently began airing ads featuring children, for its push to enact "fair and equitable bipartisan solutions."

Last month, the group announced an initiative with the Business Roundtable, the association of business executives, and Service Employees International Union, one of the nation's largest unions. The pitch, called "Divided We Fail," seeks to develop bipartisan changes on health and financial security issues. The associations say that although they differ on some policy points, a consensus exists to enact change.

AARP has set up four coalition offices in the four early primary and caucus states – Iowa, New Hampshire, Nevada and South Carolina – to push health care and financial security issues in the 2008 presidential campaign.

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by bud2rust on 02.21.2007 at 07:46 PM

Repeal the Windfall Elimation Act of 1983(WEP).I am on disability pension from the railroad pension program and prior to hiring on the railroad in 1969 I had been under social security with more tan 10 years service.I was injured in 1993 I didn't have enough time under the railroad pension to collect full pension and I can onloy collect a very small amonnt from SS not even enough to pay for my health insurance.There are millions of people like me teachers,policeman.fireman and the list goes on.Walter A WaterburyIII,6 Doral Ct,Etowah,NC 28729,bud2rust@hotmail.com.Repeal (WEP)

by tnproud2b on 02.21.2007 at 07:32 PM

No need to waste time and energy on the Social Security problem. It'll all sort itself out within the next decade or so - when it collapses. If you're under 60 years old and you expect to receive SS benefits in your lifetime, then you're a drooling idiot.

by sumawolf on 02.21.2007 at 06:48 PM

Why scrap anything ! Read up on the entire subject and learn how the US Government has been taking money out of SS for years with the promise of paying it back into the system and never doing so . Thats where all the money went and now they want to add illegal immigrants also ? Go figure ! The solution is stop stealing from SS US Government and no illegal immigrants period !

by drbillybob on 02.21.2007 at 05:23 PM

How about this; we just scrap the whole thing and make it a "Senior Welfare Program" for those in need? Increasing payroll taxes, means testing and increasing age limits are all steps in that direction.

Why not just scrap it now and encourage our younger workers to invest in privately held tax-advantaged savings plans? It's the only thing that makes fiscal sense.

Women Call For Change In Caucus (WP)

By Lyndsey Layton

The Washington Post, February 22, 2007

Questions of Sensitivity Strain Alliance of Hispanic Democrats

This week's congressional recess has provided a timeout for feuding members of the Hispanic Caucus, whose tempers have been simmering over issues such as the group's governance and whether the chairman labeled one of the female members a "whore."

The chairman, Rep. Joe Baca (D-Calif.), is trying to hold together the group of 20 Democrats and smooth over multiple rifts.

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"We've all got to come together, put personalities aside," Baca said yesterday by phone from California. "We've got 45 million Hispanic constituents we have to think about."

But several female members of the mostly male caucus say Baca himself is a source of problems, and one, Rep. Loretta Sanchez (D-Calif.), resigned last month in protest. There were six female members and 15 male members before Sanchez quit.

Sanchez, who declined to comment yesterday, has said that Baca called her a "whore" in a conversation with another Latino politician in Sacramento last summer. She said she did not hear the remark firsthand but learned about it later, and she has not revealed the source. She has said the slur demonstrates Baca's lack of respect for women.

Baca has denied making the comment. "I never used the five-letter word," he said. "All of a sudden because we have a female speaker, I and the caucus are being accused of being insensitive. I think we're being falsely accused."

Baca acknowledged that he made a crude remark about another member, Rep. Hilda Solis (D-Calif.), saying that she "was a kiss-up" to Speaker Nancy Pelosi (D-Calif.). But he apologized privately to Solis. "She wants a public apology, so, okay, I am apologizing in The Washington Post," he said.

At a closed meeting last week designed to mend fences, Sanchez made an appearance and, along with several other women, aired grievances, said sources familiar with the caucus's workings. The women said their requests of the caucus staff are not taken seriously, among other things.

Baca pledged yesterday to correct problems but added that the complaints so far have been vague. "They haven't specifically spelled out where the problems are," said Baca, who was unchallenged in caucus elections in November. "I've only been in office five weeks. I will answer any concerns, but give me a chance."

When Baca was elected, Solis, Sanchez and her sister, Rep. Linda Sanchez (D-Calif.), disputed the election procedure and unsuccessfully pushed for a new vote by secret ballot. They now say they want the governance to be restructured along the lines of the Blue Dog caucus, which disperses power among three co-chairs instead of a single chairman.

Baca said yesterday that any reforms must be approved by the caucus but that it seems odd the women didn't broach the subject before the recent elections. "Why now? Why change in midstream?" he asked. "If people wanted to do this, why didn't the body do it prior to electing the chair on Nov. 15? I ran unopposed. That's why this whole thing is really ludicrous."

Rocky relations between Baca and Loretta Sanchez and some other caucus members stretch back at least a year, to when the political action committee affiliated with the caucus gave about $3,000 to help Baca's sons, Joe Jr. and Jeremy, run for California offices.

Baca said he recused himself from any of the decision making regarding his sons and the PAC. Both sons lost their bids to women. The Sanchez sisters and Solis were among six caucus members who severed ties with the PAC, saying the committee should support federal office seekers, not candidates running for state or local election.

The Baca sons returned the money to the PAC, but resentments linger, Baca said.

"It's a personal thing," Baca said about the squabbles inside the caucus. "I hope this thing goes away and we can work together as Democrats."

At Mock Briefing, Less Give-and-Take And More Sharing (WP)

By Dana Milbank

The Washington Post, February 22, 2007

"Tonight, we have truly what is a 'man bites dog' story," host Bob Schieffer told the crowd at the National Press Club.

That, at least, was the plan: The "dogs" -- NBC News's David Gregory and five other White House correspondents -- had agreed to submit to questioning by the "man," White House press secretary Tony Snow, who usually is at the receiving end of such grillings.

But Snow wouldn't bite. "For those of you who are expecting theatrical savagery on my part, forget about it," Snow advised the crowd of 250 and a live C-SPAN audience Tuesday night. Instead, the hour turned into a mutual rehabilitation session. Snow argued that reporters are not the jackals that the public supposes them to be. The reporters reciprocated with warm tales about covering the Bush White House; one spoke about the perk of seeing Snow's bare knees.

"If there is a flash of tempers between me and Tony, it's not about him and me, it's nothing personal," said Gregory, whose televised clashes with Snow have become legend.

Snow grinned. "What you see quite often at the briefings are sharp exchanges, but David's right: It's not personal," the press secretary agreed. "I not only like but admire everybody else sitting up here on this podium. It is a real pleasure and a privilege to work with them, to get to know them. . . . It is a wondrous thing."

For those requiring something even more cloying, there was a large tray of cookies at the exit.

Only occasionally did a barb pierce the evening's pleasantries. "How often have you gone home and you said, 'Man, I'll tell you what, if I could do it over again, I really would have been nicer to that press secretary?' " Snow queried.

"When I have something to announce, I'll announce it," Gregory replied, using a standard line of President Bush's spokesmen.

The New York Times' Sheryl Stolberg smiled sweetly at Snow as she confided to the crowd, "I often tease Tony and tell him that he's the most useless press secretary ever."

"Thank you," Snow responded with an aw-shucks look.

Mostly, though, the journalists grappled with one another rather than with Snow. "This will surprise you, but I think there are some people who play to the cameras," the Associated Press's Terry Hunt said of the White House briefings.

"No!" said CBS Radio's Mark Knoller, in mock surprise.

Gregory, wearing a natty purple tie, would not stand for this. "I think what Terry Hunt said is wrong and actionable," he deadpanned. "People think people are playing to the cameras. I can't control what Tony does."

Snow changed the subject, but Knoller soon brought the talk back to his showboat colleagues' hectoring of White House briefers. "I'm not there to debate them," he said.

"I see it a little bit differently," Gregory said, to laughter. "I'm just trying to push him to what I think would be more candor than he's prepared to offer."

The talk of candor must have moved Snow to offer up some. "There will be times when I tap-dance around something because it would be best answered off the record," he admitted.

The confessions continued. "The best thing I like about being on radio is the anonymity," Knoller said. "It means that if you're thumbing through the adult magazines at Barnes & Noble, nobody's going to know who you are."

Awkward laughter followed. Snow quaffed some water and raised his eyebrows. "It's a joke!" Knoller insisted.

Next in the confessional was Stolberg, who spoke of a reader complaint. "Your story on thus-and-such today was lively and well written," she recalled the reader saying. "To see how you could add insight and depth to your coverage, check out Abramowitz in The Washington Post."

Stolberg was the final panelist to be questioned by Snow ("Thank you for saving the best for last," she told him), but she proved the liveliest. She retold an exchange between her daughters: "My younger daughter said, 'Mommy, have you met the president?' And the older one said, 'The president has met Mom.' "

She also had some controversial views on the dusty Texas town where Bush has his ranch. "You know what I think is fun about being a White House correspondent? Crawford!" she said. "We can go in shorts, and the press secretary comes in shorts," she added.

Others on the dais recoiled. Gregory arched his eyebrows at Newsweek's Richard Wolffe. "And it's only 400 degrees," the NBC man said.

"The best thing about Crawford," Knoller chimed in, "is you can go to work and you don't have to go through metal detectors."

"And it's only 400 degrees," Gregory repeated.

American Urban Radio's April Ryan quietly told Gregory to "settle down."

"You always have Cindy Sheehan there," Snow offered.

But enough dissension. It was getting late, and it was time to make nice some more.

"It's very easy to overlook how cool it is to work in the White House," Snow proposed.

"Hard to beat," Wolffe concurred.

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"A rare privilege," said Stolberg.

"Best job I have ever had," said Ryan.

"An amazing honor," said Knoller.

Will somebody please release the hounds?

Role Reversal: The White House Press Corps Faces Answers Questions From Tony Snow (POL)

By Mike Allen

Politico.com, February 22, 2007

In what CBS's Bob Schieffer called a "man-bites-dog story," White House press secretary Tony Snow put A-list reporters on the spot Tuesday night, in front of C-SPAN cameras.

The forum, the first collaboration between the White House Correspondents Association and National Press Club, provoked unusually candid remarks by the reporters, who usually are loathe to talk about such delicate subjects as how ideology and blogs affect their work. And Snow acknowledged that they made some good points.

Snow, a former editorial writer who came to the White House after working as the host of "Fox News Sunday" and an anchor for Fox News, set a jocular tone for the colloquy with six of the best-known and most outspoken White House correspondents.

"For those of you expecting theatrical savagery on my part," he began, "forget about it. I'm just too nice. Having been on both sides – having been in the press, and also being a press secretary – one of the things you don't see quite often in the briefings is how much fun we do have."

Here are some excerpts of memorable exchanges from the hourlong session before an overflow crowd of more than 400, as televised by C-SPAN:

Tony Snow to David Gregory of NBC News: "How often have you gone home and stared in the mirror and you said, 'Man, I tell you what. If I could do it over again, I really would have been nicer to that press secretary.' "

Gregory, laughing and closing his eyes as if to concentrate: "Let me think how often that's happened. I wanted to say at the outset: That's an interesting question. And when I have something to announce, I'll announce it."

Snow: "Did you write that before you came?"

Gregory: "When it comes to Tony and I, neither one of us are trying to make it easy for the other. That's not the reason we're there. He's got a job to do, I have a job to do. And in some cases, those missions can conflict: I'm trying to get more out of him, he's perhaps trying to offer less than I'm trying to get. That's the intersection of some tension."

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Snow to Terence Hunt, AP White House correspondent: "One of the questions people kept asking me when I first started is: Are you going to get rid of the cameras in the briefing room? And my sense is you really can't any more. If you had your druthers, would you have them on, or off?" (The daily White House briefing was off-camera until the Clinton administration.)

Hunt: "I would have 'em off … This will surprise you, but there are some people who, I think, play to the cameras. Yeah, it's true! You, of course, didn't have that back before the cameras were allowed in … Having said that, we've come this far, I don't think you can turn back the time and go back to not having cameras in the briefings."

***

Sheryl Gay Stolberg of The New York Times, on coming to the White House from Capitol Hill, where reporters have relatively free rein: "Coming from that environment, the White House felt utterly constraining. I often tease Tony and tell him he's the most useless press secretary ever."

Snow: "Thanks, Sheryl."

Stolberg: "I'm trying to get information out of you. You're trying not to give me information."

Snow: "I'm not sure that's quite the case."

Stolberg: "You ARE trying to give me information?"

Snow: "Yeah, but sometimes – ''

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The AP's Hunt, to laughter: "At a slow pace!"

Snow: "No. My view on this is pretty simple, which is: On a big story, if we don't get our side out, we have no right to complain if it's not reported. So we've certainly tried to be more aggressive, for instance, before a big speech and so on. There are going to be times when for various reasons – national security, or sometimes even the propriety of dealing with other individuals in Washington, around the world – you are, in fact, going to clam up for a little while until others have had their chance to speak. I've been getting lots of questions tonight about the decision the British government's made. Well, the prime minister has not yet made his announcement, and it's a little presumptuous for me to start characterizing or pronouncing on something that hasn't happened yet. So, 'stonewall,' 'useless press secretary.' But sometimes that, in fact, is the appropriate thing to do. On the other hand, again, I'm a big believer that if we come and complain that you haven't reported something and you have to ask for it, then that's our fault."

Gregory: "Can I jump in on the television part of this? Because what, I think, Terry Hunt said is wrong and actionable, frankly." (Gales of laughter.) "Look, this is a little bit self-serving, because I work in television. But I think that there is great utility, both for the White House and for us in these briefings being televised. I mean, this is democracy in action. This is an important part of the government in action. I think you were hired in large measure because you had an ability to assertively lay out the president's case in a way that perhaps hadn't been done before you were brought on. So the president recognized that: I need a forceful advocate who can be seen on television and who can seize that platform. At the same time, there are many of you watching. If you're watching on C-SPAN or you're here tonight, you want to watch not only the give and take but the topics to be addressed, and see the only representative of the White House on a daily basis, when the president does not speak, say what he wants to say but also be responsive to members of the press. And whether or not you think we accurately or justly represent the views of the American people, that's something that's very much up for debate. But it is a useful exercise. There's also a down side to it. If people think people are playing to the cameras, I can't control what Tony does." (Laughter, including from Snow.) "But I hope that some of my colleagues here will vouch for this."

April Ryan of American Urban Radio Networks: "I agree."

Gregory: "There is utility, and I also think there's a downside. Politics and political coverage has become so polarized in this country … It's the Internet and the blogs that have really used this White House press conference to somehow support positions out in America, political views. And they will clip and digitize portions of these briefings to fit into their particular argument. I think people try to divine motives of the questioners and certainly draw conclusions about the answers or non-answers based on their own political issues."

Snow: "I'm glad you raised the blog issue, because I think there'll be kind of a generational divide. Do any of you guys look at blogs much?"

Mark Knoller of CBS News, who was introduced as "the White House historian" because of his meticulous and unmatched recordkeeping: "I write a few, but I don't look at 'em much."

Stolberg of The New York Times: "I'm all for blogs. I'm all for the First Amendment. I think people ought to be empowered."

Snow: "We've got this new democratic age in the media. I'll occasionally punch it up. And it's amazing: You get this wonderful, imaginative, hateful stuff that comes flying out. Maybe one of the most important takeaways is the classical line: Not only should you not believe your own press, you probably shouldn't believe your opposition blogs, either. What do you think, Richard?"

Richard Wolffe, Newsweek senior White House correspondent: "I totally agree. David hit on a good point here that a lot of the blogs are trying to divine motive and bias. There seems to be this sort of witch hunt that's out there. A lot of the blogs are unduly devoted to media criticism which, itself, is kind of interesting given all the things you could comment on … The interesting thing, in looking at the political coverage as people try to look at what we do, is that they want us to play a role that really isn't our role. Our role is to ask questions and get information. The press briefing isn't Prime Minister's Question Time. It's not a chance for the opposition to take on the government and grill them to a point where they throw their hands up in surrender. Now, obviously there's a contentious spirit there. We're trying to get information. But it's not a political exercise, it's a journalistic exercise. And I think often the blogs are looking for us to be political advocates more than journalistic ones."

Snow: "Another sign of the times: My BlackBerry just went off."

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Gregory: "Want me to answer that?"

Snow: "The president says 'hi.' "

April Ryan: "I told you he was watching."

Snow: "Do you not think, April, that it is impossible as a reporter to try to bracket out your personal views or approach to things, or do you think that when you walk in as a journalist, somehow personal views go out the window and you can ask a crisp but thoroughly unslanted question?"

Ryan: "I've been there 10 years and I have to look at all sides – not just your side, but every side, and there's not necessarily two sides. But, Tony, you have to come in and see the full picture … I thank God for cameras. I thank God that it's on the record. Because the American public needs to see, there needs to be accountability. Those cameras keep everyone accountable."

CBS's Mark Knoller: "I'd like to ask my colleagues whether they're worried about the cases where a series of pointed questions risks dissolving into a debate. Do you sometimes worry that we're debating with Tony if we're not getting the answers we want? I make a great point of trying to ask pointed and blunt questions. But I'm not there to debate him. And if I don't like the answer that he's giving, well, I'm going to report what he said and what he didn't say. And I don't feel that I need to debate him in order to try to browbeat him into giving me what I'm looking for."

Gregory: "I see that a little bit differently." (Laughter.) "I don't see it as browbeating him or debating him. I see it as trying to provoke a little something that's closer to the real deal. Tony or any press secretary comes out there with a certain brief to argue or to impart. … When we're in the middle of a war and there are qualitative judgments being made, either by the White House or by its critics, and you're trying to push the White House – and, in this case, push Tony, to give an answer that he may not want to give, I think follow-ups and pointed questions are not inappropriate. So I don't necessarily see it as debating. But I agree with you, Mark, that at a certain point, you're either going to get it or you're not going to get it. But it's not a matter of going in there and saying, 'I want to get this such thing.' I assume he's not going to break down and say, 'Oh, gosh, you know, that's right. And what Nancy Pelosi said about the president, that's exactly right, and we fouled it all up.' I'm not looking for that. But I'm just trying to push him to what I think would be more candor than he's prepared to offer."

Snow: "Look, I think this is all legitimate. But it's part of the fun."

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Snow: "We've got several parents up here. David, when you go home, what kind of reaction do you get from being on TV?"

Gregory: "I don't know, frankly. My kids seem caught up in their own many personal needs. But I will say that my oldest son, Max – he does pay attention – and he saw some video of the president where he was making a call from Camp David, so he was dressed casually. And he said, 'Daddy, how come the president doesn't have his news clothes on?' "

Snow: "My kids don't give a rip. They see me on TV, it means I'm not at home … It's very easy to overlook how cool it is to work at the White House. If we ever are insane enough to forget that, when you see your kids walking around in it, there's something very special. You just think, 'Whooooa! This is great!' "

Gregory: "It's funny, because Terry's daughter would watch the briefings and then thought that there shouldn't be any cameras."

For Norton And The City, The Wait May Be Over (WP)

By Lois Romano

The Washington Post, February 22, 2007

It can't be easy being in Congress without a vote, but the District's delegate, Eleanor Holmes Norton, has stuck it out for 16 long years, never truly a part of the club but always relentlessly knocking on the door seeking admittance.

Now, Norton is sure, success is in her sights. With Democratic leaders pledging to get it done and ample Republican support, the bill giving both the District of Columbia and Utah an additional voting seat is cruising along.

"Won't we be surprised if it doesn't happen -- but I tell you, it's in the stars," Norton said yesterday.

Not a moment too soon for Norton, a third-generation D.C. native, who had a long career in civil rights and as a tenured professor before serving in Congress. "This is really personal for me," she said. "My grandfather was a firefighter here."

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The District's quest for voting rights and statehood has taken many roads for decades. Twenty years ago, legal experts believed only a constitutional amendment could give the city voting rights. But ultimately, only 16 of the 38 states needed voted to ratify the amendment. Most contemporary legal thinking, including an endorsement by the American Bar Association last year, declares the bill constitutionally sound.

Norton's bill, co-sponsored by Rep. Thomas M. Davis III (R-Va.), must clear two committees before it is brought for a floor vote. Norton is hoping that will happen in March. Brendan Daly, a spokesman for House Speaker Nancy Pelosi (D-Calif.), said Pelosi is committed to finalizing the bill's language, moving it through committees and having a floor vote as soon as possible.

The way the legislation is written, Norton could not automatically vote if it became law -- she would have to run for Congress in a special election. But Hill sources say that could change as the bill makes it way through the system.

What is likely to secure the measure's future is that it include a provision to add a congressional seat for Utah, which would probably be Republican, thereby balancing out the Democratic gain from the District.

"This is a once-in-a-lifetime opportunity because it's seldom that you have a pairing of two jurisdictions," Norton said. "Either it happens now or it won't happen for a long time."

Cheney At Odds With McCain Over Rumsfeld (AP)

By Liz Sidoti, Associated Press Writer

AP, February 22, 2007

Vice President Dick Cheney on Wednesday challenged GOP presidential hopeful John McCain's assertion that Donald H. Rumsfeld was one of the country's worst defense secretaries.

"John's entitled to his opinion. I just think he's wrong," said Cheney, a friend of Rumsfeld. He also disclosed that the Arizona senator had apologized to him for a previous comment that the vice president had "badly served" President Bush on Iraq.

"John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld," Cheney said in an interview with ABC News.

At a campaign event in Los Angeles, McCain said he stood by his remarks about Rumsfeld. He did not mention the vice president, and his campaign declined to comment on Cheney's remarks.

Despite having low job approval numbers overall, the vice president continues to be very popular among rank-and-file Republicans, and many of them are likely to vote in next year's GOP presidential caucuses and primaries.

McCain, who lost the Republican nomination to Bush in 2000, is expected to formally announce his second run for the White House next month. He faces strong challenges from Mitt Romney, the former Massachusetts governor, and Rudy Giuliani, the ex-mayor of New York.

On the campaign trail this week, McCain has talked at length with voters about Iraq and defended his staunch support of Bush's 21,500-troop buildup there while criticizing the way the war has been handled.

"We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war," McCain said in Hilton Head Island, S.C., on Monday. "The price is very, very heavy and I regret it enormously."

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history," McCain added.

Rumsfeld stepped down last year after a rocky six-year tenure.

A former defense secretary himself, Cheney was asked about McCain's comments while on the USS Kitty Hawk at the Yokosuka Naval Base in Japan. He called Rumsfeld a great secretary.

"I know a little bit about the job. I've watched what he's done over there for six years. I think he did a superb job in terms of managing the Pentagon under extraordinarily difficult circumstances," Cheney said. "He and John McCain had a number of dustups over policy, didn't have anything to do with Iraq."

Last month, McCain blamed both Cheney and Rumsfeld for a "terribly mishandled" war.

"The president listened too much to the vice president . . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense," McCain was quoted as telling The Politico, a Capitol Hill newspaper and Web site.

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A few days later, Cheney said, McCain approached him on the Senate floor, said he had been quoted out of context and offered an apology.

"I was happy to accept," Cheney said.

Democrats assailed McCain.

"He is trying to have it both ways by criticizing a war he always supported, while also trying to stick close to the president," said Luis Miranda, a Democratic National Committee spokesman. "If McCain wants to apologize, it should be to our brave troops and the voters he's misleading, not to Cheney and Rumsfeld."

Cheney Chastises McCain (POL)

By Mike Allen

Politico.com, February 22, 2007

President Bush and Vice President Cheney both say they have sworn off commenting on the '08 race, so their words are being parsed for glimmers of their view of the race to succeed them. Sen. John McCain, R-Ariz., was at odds with this president for years but has emerged as the most fervent backer of the White House Iraq policy of any high-profile official outside the administration.

But Cheney made it clear during an interview with ABC News Wednesday that he was none too pleased with McCain's declaration on Monday at a retirement community near Hilton Head Island, S.C.: "I think that Donald Rumsfeld will go down in history as one of the worst secretaries of Defense in history." McCain was greeted with applause.

Rumsfeld was forced from his job after November's election. Cheney, who was defense secretary under President George H.W. Bush, from 1989 to 1993, said at a Pentagon ceremony honoring Rumsfeld upon his departure in mid-December: "I believe the record speaks for itself: Don Rumsfeld is the finest secretary of Defense this nation has ever had."

The vice president is on a week-long trip to Japan and Australia and gave a 10-minute interview to ABC's Jonathan Karl aboard the USS Kitty Hawk, docked off the coast of Tokyo at Yokosuka Naval Base in Japan. Here is their exchange about McCain:

Karl: "You probably heard John McCain again come out and say that your friend Donald Rumsfeld is perhaps the worst secretary of defense ever. What do you make of that?"

Cheney: "I just fundamentally disagree with John. John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld."

Karl: "So what's your take on where Secretary Rumsfeld fits in?"

Cheney: "I think Don's a great secretary. I know a little bit about the job. I've watched what he's done over there for six years. I think he did a superb job in terms of managing the Pentagon under extraordinarily difficult circumstances. He and John McCain had a number of dust-ups over policy, didn't have anything to do with Iraq -- other issues that were involved. John's entitled to his opinion. I just think he's wrong."

Karl: "I know we're just about out of time, but I wanted to clarify: Senator McCain had said that the problem with President Bush is he listened to you too much. So this is what he was apologizing to you for?"

Cheney: "Yes, yes."

Karl: "What did he say?"

Cheney: "Well, he came up to me on the floor a couple of days later, the next time I was on the floor of the Senate, said he'd been quoted out of context, and then basically offered an apology which I was happy to accept."

In January, McCain had told Roger Simon, chief political columnist of The Politico, during an interview at his Senate office: "The president listened too much to the vice president . . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense."

Asked if he admired Sen. Hillary Clinton, D-N.Y., for refusing to apologize for her 2002 vote to authorize the use of force against Iraq, the vice president started to answer but then demurred. "I'm not going to get involved in the presidential campaign," he said. "The president and I have both sworn off commenting on the give-and-take of the campaign in both parties. It's already well under way and so I'll withhold comment for now."

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Similarly, Bush said jokingly at his East Room news conference last week after a question about Democrats: "I'd just like to establish some ground rules here with those of you who are stuck following me for the next little less than two years: I will resist all temptation to become the pundit-in-chief and commenting upon every twist and turn of the presidential campaign. As much as I like politics, and I'm intrigued by the race … I won't comment."

The vice president, did, however take a shot at House Speaker Nancy Pelosi, D-Calif. Earlier, during remarks at a rally for troops on the Kitty Hawk, Cheney had said, to applause: "I want you to know that the American people will not support a policy of retreat. We want to complete the mission, we want to get it done right, and then we want to return with honor."

Karl said during the interview: "You just made a very clear statement in your speech saying the American people do not support a policy of retreat."

"I believe that," Cheney said.

Karl pressed: "Is that policy that we hear from the Speaker of the House, Nancy Pelosi -- from other Democrats, is that a policy of defeat?"

The vice president replied: "Yes."

Cheney Argues Rumsfeld Served Well (WP)

By Michael A. Fletcher

The Washington Post, February 22, 2007

Vice President Cheney objected yesterday to Sen. John McCain's assertion that Donald H. Rumsfeld "will go down as one of the worst secretaries of defense in history" and added that the senator had apologized to him for saying Cheney had misled President Bush on Iraq.

Cheney, speaking in an interview with ABC News yesterday during a week-long swing through Asia, said he "fundamentally disagrees" with the Arizona Republican's statement Monday about Rumsfeld, made while McCain was campaigning for president in South Carolina.

Bush replaced Rumsfeld in November after Democrats captured both chambers of Congress, a move that many congressional Republicans believe the president should have made before the election as the situation in Iraq soured. Although Rumsfeld's refusal to send a larger force to Iraq early in the invasion is seen by some as a crucial mistake, Cheney has maintained that Rumsfeld did an outstanding job under trying circumstances.

"I think Don's a great secretary. I know a little bit about the job," said Cheney, a former defense secretary. "I've watched what he's done over there for six years. I think he did a superb job in terms of managing the Pentagon under extraordinarily difficult circumstances."

Cheney also countered McCain's assertion that the vice president misled Bush when it came to Iraq. "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized," Cheney said. "Maybe he'll apologize to Rumsfeld."

McCain is expected to formally announce next month his second run for the White House. Long a vocal advocate of putting more troops into Iraq, he has strongly endorsed Bush's decision to send 21,500 additional combat troops to Iraq even as he has harshly criticized Rumsfeld and Cheney for the way the war has been waged.

"The president listened too much to the vice president," McCain told the Politico last month. ". . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense."

In his interview, conducted aboard the USS Kitty Hawk at Yokosuka, Japan, Cheney said he encountered McCain in the Senate chambers. "Well, he came up to me on the floor a couple of days later, the next time I was on the floor of the Senate, said he'd been quoted out of context, and then basically offered an apology, which I was happy to accept," the vice president said.

McCain declined to comment on Cheney's remarks. "The senator's position on the war is well known," said Danny Diaz, McCain's spokesman.

"Ghosts Of Abu Ghraib": Fearlessly Facing The Shame (WP)

By Tom Shales

DOJ_NMG_0135119

The Washington Post, February 22, 2007

"Ghosts of Abu Ghraib," a new HBO documentary produced and directed by Rory Kennedy, daringly approaches a scandal that hardly anyone wants to see reexamined -- least of all, one can safely assume, the Bush administration and the Pentagon.

The reason is not just that what happened at Abu Ghraib is, to understate in the extreme, unpleasant. The documentary says it's also because this breakdown was not so much nervous as inevitable -- and not so spontaneous, having been sanctioned by the top brass, including former defense secretary Donald Rumsfeld.

Skillfully and sparingly told without a narrator, with only occasional on-screen captions to help the narrative along, the film brings to life a sadly shameful moment in recent American history and does it without histrionics. But Kennedy (youngest of Bobby Kennedy's offspring) might have erred at the outset of her film by inadequately establishing the national mood that helped make Abu Ghraib possible: the understandable sense of shock, outrage and violation we all felt after the insane 2001 terrorist attacks on the World Trade Center and the Pentagon.

The visual reminders of those attacks consist of photographs and footage that show only physical destruction, the ghostly and ghastly remains of buildings. There doesn't appear to be a dead body in sight, almost as if the atrocities committed were extreme examples of architectural criticism. That weakens Kennedy's case. The photos she shows from Abu Ghraib are very explicit and, unlike the versions shown in newspapers and on television in 2004 when the story broke, uncensored.

We see naked prisoners in humiliating situations -- a man tied at the end of a leash, like a dog; a group of naked prisoners arranged in a lopsided human pyramid; men positioned in ways to suggest homosexual acts. Kennedy was right to show these pictures, but she should have been less genteel in what she showed of the 9/11 attacks. America violated the rules on interrogation of prisoners at Abu Ghraib, and for that, there is no excuse. But one must take into account the fury felt in the aftermath of 9/11 over monstrosities that also violated every covenant of "civilized" warfare.

This discrepancy doesn't really lessen the film's power. And in interviews with some of the men and women who perpetrated the torture, or who posed cheerfully (almost like tourists at Niagara Falls) with the victims, we see them looking anything but furious or consumed with wrath. Instead, they smile in the photos and, in the interview segments, they speak with a kind of numb, casual regret -- but nothing like wrenching shame or sorrow.

Perhaps just as unnerving and dispiriting as the photos is the story told by a former Abu Ghraib prisoner (photographed so as to disguise his identity) about how he begged guards to provide medical treatment for a fellow prisoner: his father.

When the man realized his father was ill, suffering shortness of breath and other symptoms, he says, he repeatedly begged that his dad be taken to a medical facility, only to be rebuffed by guards, told to go back to his cell and eventually threatened with being shot if he protested further. Fighting back tears as he finishes the story, the man remembers holding his stricken father in his arms as he died. The father, however, would not be listed officially as a fatality resulting from torture or neglect.

Kennedy suggests the torture was not an outbreak of lunacy but the direct result of policies handed down by Rumsfeld that were designed to circumvent the Geneva Conventions (which specify that prisoners of war be "treated humanely") and U.N. conventions against torture, to which the United States is, at least technically, a signatory. That was done by, among other things, refusing to classify the up to 6,000 inmates of Abu Ghraib as prisoners of war; Rumsfeld instead calls them "unlawful combatants" at a news conference. Then the term "torture" was redefined so narrowly in government memos that it would be almost impossible to commit it.

When the scandal broke, the administration sent out "conscious disinformation," one former official recalls, including the trivializing assertion that what happened at Abu Ghraib was just " 'Animal House' on the night shift." (Earlier, one of the military police stationed there recalls thinking of the place as " 'Apocalypse Now' meets 'The Shining,' except this is real and we're in the middle of it.")

It could easily be argued that it was the torturers and not the tortured who suffered the most as a result of what happened at Abu Ghraib. The damage done to the reputation of the United States was critical and criminal, and the torture that occurred can be seen as but a symptom of a much larger corruption: the pursuit of the war itself and the fallacious "evidence" fed to the American people to justify it.

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The wider moral of the film is simpler and nonpolitical and painfully, poignantly evident: When you treat people as less than human, you become less than human yourself. "Ghosts of Abu Ghraib" will haunt those who see it long after the final frames have flickered out.

FEDERAL DIARY: Retiree Health Care Back On Hill Agenda (WP)

By Stephen Barr, D4

Washington Post, February 22, 2007

It's a classic pocketbook issue.

Since 2000, federal employees have been able to pay their health insurance premiums on a tax-free basis. Many federal retirees think they should get similar treatment.

But extending "premium conversion," as it's called, to retirees would require a change in tax law, and Rep. Thomas M. Davis III (R-Va.) and others, who have pushed for that change in the last three congressional sessions, are back at it.

"We're talking about a modest amount of money, but to those on fixed income, this could have a real impact," Davis said as he again introduced a bill to extend the tax break. The bill would result in average savings of $820 a year for federal retirees, he estimated.

Under the bill, federal civil service and military retirees would pay their monthly health-care premiums through a pretax deduction from their annuities. The bill also would permit active-duty military personnel to deduct from their taxable income certain supplemental premiums or enrollment fees for Tricare, their military health insurance.

The tax code permits employees to pay for health insurance with deductions that are excluded from income and Social Security payroll taxes. It does not, however, allow employers to offer premium-conversion benefits to their retirees, the sore point that the Davis bill would address.

In recent years, Davis has gotten such legislation through the House Oversight and Government Reform Committee, which he chaired until this Congress. But the measure has always faltered because the House Ways and Means Committee, which has jurisdiction over tax policy, has balked at taking up the issue.

The likely cost of the bill appears to be the sticking point. According to a Congressional Budget Office estimate, extending the tax break to federal retirees would cost about $600 million over 10 years.

Davis hopes to build bipartisan support for this year's measure. Reps. Steny H. Hoyer (D-Md.), the House majority leader; Chris Van Hollen (D-Md.), who has a seat on Ways and Means; and Jon Porter (R-Nev.) have signed on as chief co-sponsors.

The Washington area congressional delegation and about half of the Ways and Means Committee also have agreed to be listed as co-sponsors of the bill, Davis said.

The National Active and Retired Federal Employees Association and the Military Coalition, a group of 35 military and veterans organizations, are supporting the Davis effort.

"More than just retirees should care about this legislation," said Margaret Baptiste, president of the employees association. "Imagine the shock of a newly retired federal employee when she receives her first annuity check and learns that the federal government no longer uses pretax compensation to pay her share of health insurance premiums . . . just when it's needed the most."Hazards at Interior

An Interior Department study has found a number of health and safety hazards at the department's Main and South buildings, with about a dozen classified as potential threats to employees and the environment.

Mike Cyr, division chief for facilities management services, said that planning to correct hazards is underway and that a meeting with employee groups has been scheduled for March 1 to discuss the study's findings.

The study, conducted by a consultant Jan. 22-25, found that Interior needs to improve handling of hazardous waste, such as oil, paint, and fluorescent lamp tubes that could release mercury into the atmosphere if broken.

"Because no system for the proper disposal of hazardous waste or unneeded hazardous materials is provided to employees, the only options available to employees are to abandon these items in various mechanical spaces or discard them illegally," the study said.

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The study was released by Public Employees for Environmental Responsibility, a watchdog group that has contended that the department's handling of a headquarters renovation project has routinely subjected Interior employees to chemical vapors, welding fumes and debris dust. About 2,000 employees work in the headquarters complex.

Frank Quimby, a department spokesman, said air quality is tested daily and meets standards set by the Environmental Protection Agency. Although the study found at least two areas where asbestos had crumbled and was loose, "there has been no dangerous exposure to employees," Quimby said. "These areas are fairly out of the way."

Studies to identify possible hazardous workplace conditions are planned for all of the department's major facilities. In this case, Quimby said: "We don't think it is something that should alarm employees or people who visit the building, because there is no actual threat to human health and safety. These are all potential threats."

OTHER NEWS:

Fresh Inflation Data To Keep Fed On Guard (WSJ)

By Christopher Conkey

The Wall Street Journal, February 22, 2007

WASHINGTON -- A widely watched gauge of consumer prices rose last month at the fastest rate since June, interrupting what had been a steadily improving inflation outlook in recent months.

The Labor Department said its index of "core" consumer prices, which excludes food and energy, rose 0.3% in January, after a string of three consecutive monthly increases of 0.1%. Those modest gains had begun to persuade economists that inflation was decelerating.

While any one-month pickup by itself is unlikely to cause alarm, economists said the uptick in core prices last month will keep Federal Reserve officials on guard for signs of renewed inflation pressures.

"The Fed is focused on inflation, and there are good reasons they are taking that stance," said Joel Naroff, chief economist of Naroff Economic Advisors, in a research note to clients. "This report tells us that inflation is still above" the level policy makers would prefer, and "that means the Fed will remain on inflation watch for quite some time."

Last month's increase in core prices was fueled by unusually sharp price increases for health care, which rose 0.8% from December, and in tobacco and smoking products, which leapt 1.5%. Darryl Jayson, vice president of the Tobacco Merchants Association, pointed to a recent wholesale-price increase for some premium brands and continuing tax increases on cigarettes -- including a new $1-a-pack levy in Texas -- as contributing factors.

Compared with a year earlier, core prices in January were up 2.7%, higher than December's 2.6% rate. Fed policy makers pay close attention to this measure because it offers a less-volatile picture of inflation trends over time. Overall, consumer prices rose 0.2% last month and were up 2.1% from a year earlier.

Last month's rebound in core prices probably wasn't a complete surprise to Fed officials, who have continually reiterated their concern that inflation could flare up again. Minutes of the Fed's Jan. 30-31 meeting, released yesterday, indicated that Fed policy makers "did not yet see a downward trend in core inflation as definitively established," and they attributed part of the recent slowdown to temporary factors such as lower energy prices.

Still, Fed officials are unlikely at this point to see the January uptick in core prices, which was 0.256% before rounding, as a challenge to their view that inflation will slow over the course of the year.

Federal Reserve Bank of San Francisco President Janet Yellen acknowledged yesterday that core inflation was "on the high side of expectations." But in a speech to a business group in Santa Clara, Calif., she added: "This followed three straight months" of low core inflation. "After smoothing through the volatility, this measure of inflation also has eased in recent months."

Ms. Yellen said she is still concerned about inflation pressures because the unemployment rate is probably lower than can be sustained over time without pushing up inflation. Economic growth would have to remain subdued "for a time" for the Fed to be sure the "economy is heading for a soft landing, with inflation continuing to move lower."

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Also yesterday, the Conference Board, a New York private research group, said its index of leading economic indicators rose a modest 0.1% in January after a 0.6% gain in December. The group said the index "suggests that slow to moderate economic growth is likely to continue in the near term."

Write to Christopher Conkey at christopher.conkey@wsj.com1

Consumer Price Gauges Rise More Than Expected (NYT)

By Jeremy W. Peters

The New York Times, February 22, 2007

The Federal Reserve may expect more subdued inflation this year, but a small jump in consumer prices last month served as a reminder that those expectations are still far from being fulfilled.

As a result, analysts said, the Fed may yet find itself raising interest rates. Any cuts, it seems, will have to wait.

Prices accelerated last month on a wide variety of goods and services, from fresh fruit to hotel rooms to the cost of a hospital stay, the Labor Department reported yesterday. The overall rate of inflation climbed 0.2 percent in January after a rise of 0.4 percent in December.

Though inflation growth, as represented by the Consumer Price Index, slowed from December, it advanced faster than economists and Wall Street investors had expected. The rate of core inflation, a gauge that does not include food and energy and is closely monitored by the Fed, also surpassed economists' forecasts. It jumped 0.3 percent in January, compared with 0.1 percent in December.

The numbers stung Wall Street, and investors pushed many stocks lower yesterday. Bond traders, betting that the Fed would not lower interest rates anytime soon, nudged down the price of the benchmark 10-year Treasury note.

Before the Fed can act on interest rates in either direction, analysts said, it needs to have a clear indication that inflation is settling into a pattern, either higher or lower. But since the summer, consumer prices have been fickle, falling, flattening and then rising again.

"You can make a reasonable case that maybe inflation goes a little lower, or you can make a reasonable case that maybe it goes a little higher," the chief economist of MFR, Joshua Shapiro, said. "I think they're sitting there waiting to see if it breaks. If it breaks decisively one way or the other, then they'll act."

Minutes from the January meeting of the rate-setting Federal Open Market Committee, released yesterday after the customary three-week delay, indicated that the Fed was not on the verge of any significant shift in tone. "All members agreed that the predominant concern remained the risk that inflation would fail to moderate as desired," the minutes said.

They also showed that Fed officials discussed whether their tough tone on inflation was still appropriate and unanimously concluded that it was. All 11 Fed bankers who voted at the meeting agreed that "a change was not warranted at this time."

The Fed still has a lot to be concerned about, as the data released yesterday showed.

One factor officials pointed to during the January meeting as a potential obstacle to lower inflation was rising wages.

Yesterday, the Labor Department reported that the average earnings for workers in nonmanagement positions continued to advance at a brisk pace. After inflation, average earnings on both a weekly and hourly basis rose 2.1 percent in January. As recently as July, inflation was swallowing wage gains, leaving workers with negative real earnings.

The core inflation rate increased 2.7 percent from a year earlier, well above the 1 percent to 2 percent the Fed typically prefers. That reversed a four-month trend when the year-over-year core inflation rate fell or remained flat. After climbing as high as 2.9 percent in September, year-over-year core inflation fell to 2.6 percent in November and December.

"Inflation is still sticky, and higher than the Fed wants it to be," said Mickey D. Levy, chief economist with Bank of America. "And as long as it stays above 2 percent, the Fed is going to continue to express concern about it."

Overall inflation in January was 2.1 percent compared with a year earlier, down from 2.5 percent in December.

The Fed meets next on March 21. Most analysts expect it to keep the benchmark short-term interest rate at 5.25 percent, where it has been since August. But, as prices of contracts that allow traders to bet on future interest rates show, traders expect a rate cut before 2008.

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Sharp rises in the costs of medical care (the most in more than 15 years) and tobacco (the most in almost 5 years) helped elevate core inflation in January, leading some economists to argue that temporary factors were causing an exaggeration of the figures.

"At first sight, the jump in January core consumer price inflation seems to signal renewed inflationary vigor," Kenneth Beauchemin of Global Insight wrote in a research note. But Mr. Beauchemin noted that the price increase for medical care in January was the fastest since 1991.

Food prices also rose the fastest in almost two years.

On the bright side, there were hints that the outlook for inflation in the long term was improving. Energy prices dropped 1.5 percent in January, after a 4.2 percent increase in December. Housing prices, including rent, rose at a slower pace.

When he addressed Congress two weeks ago, the Fed chairman, Ben S. Bernanke, said two major factors in the forecast for lower inflation this year were lower housing and energy costs. And many economists said yesterday that January's figures alone were not a reason to expect inflation to start rising at a troubling pace. "That's not going to cause them to run out and panic," Mr. Shapiro said.

But, as Mr. Bernanke has said, there is a degree of uncertainty to the Fed's forecast.

Bernard Baumohl, managing director of the Economic Outlook, argued that the January consumer price data should alarm the Fed because it is probably a sign of things to come. A combination of rebounding economic growth, low unemployment and slowing worker productivity will push inflation higher, he said.

"Clearly this is not what the Fed wants to see," he wrote in a research note. "Bernanke has recently testified that core prices had been retreating, but January's numbers suggest we may have seen the lows for inflation in this cycle."

Slowing Economy Isn't Cooling Prices (WP)

By Nell Henderson

The Washington Post, February 22, 2007

Inflation flared last month as rising prices for medical care, food and other items more than offset falling fuel prices, raising concern in financial markets that a slowing economy has not yet tamed price pressures.

Stock and bond prices fell after the Labor Department released its latest inflation figures, which convinced many investors that the Federal Reserve is not likely to cut interest rates any time soon and that it might have to raise them to subdue prices.

The department's consumer price index, a widely followed inflation gauge, rose 0.2 percent last month, as a 1.5 percent drop in fuel prices helped offset higher prices for many other goods and services.

The index was 2.1 percent higher than in January of last year -- a milder increase than the 2.5 percent rise for all of 2006. That's consistent with other recent data suggesting that overall, the economy has cooled.

But investors saw ominous trends in the details. Prices for gasoline and fuel oil tumbled last month because of falling crude oil prices, as natural gas prices fell because of unseasonably warm weather. Both trends have reversed in February, suggesting inflation will be higher this month.

And because oil prices swing so much, economists seek signs of underlying inflation by studying so-called core measures, which exclude volatile food and fuel prices. The department's core consumer price index jumped 0.3 percent in January -- the largest monthly increase since June. That left core prices 2.7 percent higher than a year earlier.

The higher core inflation resulted primarily from a rapid 0.8 percent increase in medical costs, including prices for prescription drugs, hospital care and visits to physicians' offices.

Food prices rose 0.7 percent in January, the biggest increase since April 2005. Airfare and hotel room rates climbed. Prices also increased for electricity, water, and sewer and trash collection, the department said.

"Inflation is not yet under control," Bernard Baumohl, managing director of the Economic Outlook Group, told clients. "Clearly this is not what the Fed wants to see."

Fed Chairman Ben S. Bernanke told Congress last week that the central bank is likely to hold interest rates steady for a while to see whether slowing economic growth nudges inflation lower.

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Inflation pressures have eased in recent months, but the monthly figures can jump around, so it will be "some time before we can be confident" that price pressures will continue to ease as the Fed forecast, Bernanke said.

He stressed that inflation remains too high, and Fed policymakers worry that it may climb higher. They are prepared to increase interest rates if necessary to force inflation lower, he said.

Bernanke and his colleagues are unlikely to raise interest rates because of one monthly inflation report but will if they see a series of similar reports in coming months, analysts said.

Fed policymakers forecast inflation to fall this year and next because of slower economic growth, cooled in large part by the slumping housing market. Recent data -- including flat retail sales, lower industrial production and plunging home construction in January -- show the economy is probably growing at a modest pace, around 2 percent a year, analysts said.

The Conference Board, a private business group, said yesterday that its index of leading economic indicators -- data such as building permits, consumer expectations and stock prices that hint at where the economy is heading -- rose slightly last month, by 0.1 percent. Analysts saw that as a sign that economic growth will keep to a modest pace in the months ahead.

Some of the price increases last month reflected temporary factors, such as crop freezes in California that boosted prices for some fruits and vegetables.

But analysts worried that some of the trends in the inflation report are likely to continue. Medical costs, for example, were 4.3 percent higher in January than a year earlier, and inflationary pressures in that sector are expected to continue as the aging U.S. population consumes more health care.

The increase in many food prices reflects federal efforts to encourage the production of ethanol as an alternative fuel, said Richard Yamarone, director of economic research at Argus Research. Higher demand for ethanol has boosted prices for corn, an ingredient in the fuel's production, as well as for other grains as farmers have shifted resources to produce more corn, he said. Corn is the main source of high-fructose corn syrup, a widely used ingredient in sweetened beverages and processed foods.

Yamarone said overall inflation is contained. But he forecast fuel prices to stay close to where they are now as food prices rise this year.

"You'll see people complaining less about their gasoline bills and more about their grocery bills," he said.

If inflation continues at this pace, workers may also complain about lagging pay. Average weekly earning for most workers fell 0.3 percent in January from the month before after adjusting for inflation, the Labor Department said in a separate report. These wages, paid to factory and non-managerial workers, were 2.1 percent higher last month than in January 2006, after adjusting for price changes.

Inflation Fears Rise As Price Index Gains 0.2% (USAT)

By Barbara Hagenbaugh And Sue Kirchhoff

USA Today, February 22, 2007

WASHINGTON — Federal Reserve Chairman Ben Bernanke and his fellow policymakers worried during a meeting last month that inflation might not moderate as expected, a concern at least partially borne out by Wednesday's report that consumer prices rose more than expected in January.

According to newly released minutes of the Fed's Jan. 30-31 meeting, the officials also discussed the possibility of changing an outlook statement closely watched by the markets. The statement for months has cited inflation as the biggest threat to the economy and warned that more interest rate increases could be needed to keep price pressures in check.

In the end, the Fed kept that language, and its bias toward rate increases. While the inflation rate has been lower in some measures, "all meeting participants expressed some concern about the outlook for inflation" and warned that "a failure of inflation to moderate as expected could impair the long-term performance of the economy," the minutes said.

The Fed has kept its target for short-term interest rates unchanged for five consecutive meetings after raising them 17 times from June 2004 to June 2006. The target for short-term rates, which influences borrowing costs economywide, is 5.25%, the highest in six years.

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Brian Bethune of Global Insight says recent indicators show economic growth wasn't as rosy as the Fed estimated at last month's meeting. Still, the bump in the consumer price index means the Fed needs to keep a close eye on inflation. He expects rates to be steady for most of 2007.

The Labor Department said inflationary pressures at the consumer level rose in January as higher costs for food and medical care offset lower energy prices.

The CPI rose 0.2% in January following a 0.4% gain in December after adjusting for seasonal variations. Excluding often-volatile food and energy prices, the so-called core CPI rose 0.3% in January. That followed a 0.1% increase in December and was the biggest rise since June.

In the past year, core consumer inflation was 2.7%.

Economists, including central bank officials, pay particular attention to the core rate because it is considered a more reliable indicator of underlying inflation trends. Prices for a wide variety of goods, such as tobacco, hotel stays, clothing and medical care, rose.

Investors sold stocks after the report's release, fearing higher inflation would lead the Fed to raise interest rates in 2007. Some economists, such as those at UBS, said the January CPI increase was more likely because of temporary factors than an indication of a long-term trend. But others, such as those at Bear Stearns and First Trust Advisors, said the report sounded alarms.

"Inflation seems to be contained, but there are some causes for concern," says Richard Yamarone, director of economic research at Argus Research. "One report does not a trend make," he says. But "Two or three more reports like this, the likelihood of a Fed rate hike increases." The Fed next meets March 20-21.

Fed Remains Cautious On Inflation (FT)

By Eoin Callan And Krishna Guha

Financial Times, February 22, 2007

The Federal Reserve grew more confident that inflation was moderating at its January policy meeting, minutes released on Wednesday revealed, but policymakers still did not see a downward trend in core inflation as “definitely established.”

The minutes show that all members of the Federal Open Market Committee agreed that the predominent risk remained inflation rather than growth.

Policymakers were more relaxed about the outlook for both inflation and growth than they had been in December.

However, while they regarded the risks from housing as “notable” they saw a new risk that demand might run too hot, potentially adding to pressure on prices.

US inflation rose faster than expected last month, led by increases in prescription drug prices, according to a separate fresh government figures.

Consumer prices rose 0.2 per cent in January while core inflation - excluding volatile food and energy prices - rose 0.3 per cent, according to the report.

The inflation increase tempered investor expectations of a rate cut later this year and pushed stocks lower, with the Dow Jones industrial average falling 0.25 per cent to 12,754.51 at the open.

The yield on the benchmark 10-year Treasury bonds rose to 4.7 per cent form 4.68 per cent as the market priced in a greater probability that the Fed would keep rates on hold for several months.

The surprisingly strong inflation figures stiffened the dollar, which beat back a brief rally by the yen when the Bank of Japan’s policy board raised interest rates for the first time in six months with an increase to 0.5 per cent

Meanwhile, Haseeb Ahmed, an economist at JPMorgan, said: “The 0.3 per cent gain in the January core CPI ended a three-month sequence of tepid 0.1 per cent readings. The details point to unwinding of unusual recent weakness in a number of categories rather than the start of a trend in the core CPI.”

Rising medical costs led the increase and helped offset a sharp fall in oil prices that had helped ease price pressures late last year.

Gasoline prices were 3 per cent lower than the previous month and 32 per cent lower than their peak in July 2006.

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Mr Ahmed said: “The January report confirms that the fourth-quarter’s sharp moderation in core inflation was partly due to transient factors.”

“The future path of core inflation will be determined by the interplay between upward pressures from resource utilisation and unwinding of earlier price shocks,” he added.

Global Economy Shrugs Off Oil, Housing Strains (WSJ)

By Yuka Hayashi, Joellen Perry And Greg Ip

The Wall Street Journal, February 22, 2007

The Bank of Japan's move to raise interest rates for the first time since July underscores the surprisingly upbeat state of the world's major economies, which continue to perk along despite the damage done by high energy prices and sagging housing markets.

The world's central bankers are so confident that growth will remain steady and inflation under control that their main worry is less the immediate future than whether conditions are breeding excessive speculation in financial markets.

Yesterday's move by the Bank of Japan reflected that confidence in its own economy as well as the broader world economy. Lifting rates to a still very low 0.5%, the bank said it "judged that our economy is likely to continue its...virtuous circle of production, income and spending," and that "uncertainties over the future course of overseas economies, including that of the United States, are abating."

Indeed, though the U.S. economy has slowed substantially from its torrid pace of a year ago, it has kept growing fast enough to keep unemployment down despite the housing slump. In the 13 countries that use the euro, growth is expected to abate from last year's six-year high but remain well above the sluggish pace of prior years. Data released yesterday show Spain joined Germany and Italy as standouts in the fourth quarter.

Globally, inflation is still low by recent historical standards, though higher than some central bankers would prefer. U.S. consumer prices, excluding food and energy, rose 2.7% over the past 12 months, the government said yesterday. Oil prices are off their peaks. Global stock markets are buoyant. (See related article.3)

"It's a pretty benign picture," said Nariman Behravesh, chief economist at U.S. forecaster Global Insight. "You've got at least moderate growth and inflation that looks for the moment like it's not out of control." The biggest risk he sees: too much of a good thing -- namely, a global economy so robust that it pushes up prices and prompts the U.S. and European central banks to boost interest rates.

Despite the rise of China, the U.S., Japan and Europe account for more than 70% of the global economy, according to J.P. Morgan Chase economists.

Central bankers' latest concern is that investors are underpricing risk, and bidding up prices of assets from corporate bonds to houses and in the process driving down returns on those assets, such as long-term interest rates. While for now that fosters global growth, some policy makers worry this can't last, and that an abrupt reversal in market perceptions about risk could trigger a drop in asset prices as investors pull back that could threaten growth.

Concerns about excessive risk-taking are being aired more frequently. "We want markets to be aware of the risks in one-way bets in general," European Central Bank President Jean-Claude Trichet said after meeting with his counterparts from other banks earlier this month. "We, in particular, think of carry trades" -- borrowing in countries like Japan with low rates to invest at higher rates in Europe and the U.S. -- "but not only carry trades."

Mr. Trichet and other policy makers also have expressed concern about a herd mentality in markets, possibly exacerbated by hedge funds piling onto similar trades, increasing the potential for excessive loss if the bets go bad.

Most central bankers remain more inclined to deem complacency a risk than a reason to raise rates. But in Tokyo, while attributing yesterday's rate increase primarily to confidence in the Japanese economy, Bank of Japan officials expressed concern that persistently low interest rates could fuel the carry trade, distorting markets in ways that could produce convulsive impacts on currencies, interest rates and global growth.

The BOJ governor, Toshihiko Fukui, said at a news conference that "extremely distorted movements in the financial market," including the yen carry trade, could "eventually have a negative impact on the real economy and prices." The central

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bank wanted to squelch expectations that Japanese rates would stay so low for very long in order to discourage investors from taking "extreme positions," he said.

U.S. Federal Reserve officials offer differing interpretations of markets' recent calm. Chairman Ben Bernanke attributes much to fundamental factors, such as emerging countries' funneling plentiful savings to the U.S. But Vice Chairman Donald Kohn sees more cause for worry.

"It would be imprudent to rule out sharp movements in asset prices and deterioration in market liquidity that would test the resiliency of market infrastructure and financial institutions," Mr. Kohn said in a speech in Washington.

Afterward, Mr. Kohn said markets are currently priced for "a very benign situation....I do get a little concerned -- or I wonder maybe -- at some of the low levels of volatility and the low levels of expected volatility."

Fed officials generally don't see market speculation as a reason to tighten monetary policy, or even keep it tight. Rather, they have cited the lack of spare economic capacity and an elevated inflation rate as a reason to maintain short-term interest rates at 5.25%, with a bias to raising them further.

Minutes from the Fed's Jan. 30-31 meeting, released yesterday after the customary lag, indicate that Fed officials had become less worried about the prospect for both growth and inflation. Data show "somewhat smaller risks to economic growth as well as improved prospects for core inflation," the minutes said.

Data released since that meeting show retail sales, housing starts and industrial production all weakened in January, and the strong fourth-quarter growth number, 3.5%, is likely to be revised down substantially next week. If unemployment also starts to edge higher, as Fed officials expect, they may begin to signal more concern about slowing growth and less about rising inflation in coming months. The minutes suggest there was more debate than usual in January about whether to continue saying inflation risks might yet require higher interest rates, as the Fed statement ultimately did.

In the European economy, recent surprises have nearly all been on the upside lately. "The euro area really surprised on all levels late last year, weathering both a downturn in demand from the U.S. and a rise in the euro, and we expect the positive momentum to continue this year," says Julian Callow, chief European economist with Barclays Capital in London. Exports remain the 13-nation bloc's mainstay, but the labor market is also improving and that could bolster consumer spending. The number of people at work in Germany, which has the region's largest economy, reached a five-year high in 2006.

Despite signs that this year's growth won't match last year's, the signs of strength are likely to push the ECB to raise interest rates this year, with many analysts predicting a boost to 4% by June from today's 3.5%.

Political uncertainty is a risk, as well, with the surprise resignation yesterday of Italian Premier Romano Prodi, elections approaching in France, and Britain facing a change in leadership as well. (See related article.4)

Yesterday's move in Tokyo was the first since the BOJ in July ended its five-year-old stance of keeping its benchmark rate at zero, an emergency measure taken to nurse Japan out of a long period of low growth and falling prices. Prices are hardly rising, today. Japan's core consumer-price index -- which excludes volatile fresh-food prices but includes energy -- rose just 0.1% in December from a year earlier. Economists think the index could fall over the next several months because of declines in oil prices.

The Japanese economy surged at an annualized growth rate of 4.8% in the final three months of 2006. But economists say much of that was due to an unsustainable bounce-back of consumer spending after six months of very slow growth.

---- Christopher Conkey in Washington contributed to this article.

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Stocks Brush Off Inflation Data, Crude's Rise (WSJ)

By Peter A. Mckay And Craig Karmin

The Wall Street Journal, February 22, 2007

The stock market reacted with little more than a shrug -- with the Dow down and the Nasdaq up -- as crude oil topped $60 a barrel for the first time this year and investors fretted about monetary policy in the U.S. and Japan.

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The Bank of Japan raised its key interest-rate target a quarter percentage point, to 0.5%, a move that will increase borrowing costs there and could discourage investment, including in U.S. shares. (See related article1.)

The Dow Jones Industrial Average fell 48.23 points, or 0.4%, to 12738.41, ending five days of gains. It is up 2.2% on the year.

In the U.S., fresh inflation data from the Labor Department showed bigger increases in consumer prices in January than Wall Street expected. Analysts interpreted the report as a sign interest-rate cuts by the Federal Reserve aren't imminent, contrary to some investors' hopes.

"If [Fed policy makers] are going to err, they're going to err on the side of keeping inflation under control," said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust.

That would likely mean holding rates steady awhile longer, Mr. Fowler said, perhaps well into the second half. In turn, that could mean little or no "cheap money" flooding into the stock market from investors benefiting from reduced borrowing costs.

The Standard & Poor's 500-stock index slipped 0.1%, or 2.05 points, to 1457.63, up 2.8% on the year. But the technology-focused Nasdaq Composite Index edged up 0.2%, or 5.38 points, to 2518.42, up 4.3% on the year.

Refinery and pipeline problems pushed crude-oil futures for April delivery up $1.22, or 2.1%, to $60.07 a barrel, its first close above $60 this year. Still, oil is off 1.6% this year at the New York Mercantile Exchange and down 22% from its record in July.

In currency markets, the Bank of Japan's decision failed to lift the yen, as traders said a popular financial maneuver, known as the carry trade, remained intact. The carry trade involves borrowing money in a country with low interest rates and putting that money into countries that pay higher rates. Because Japanese rates have long hovered around zero, the yen has been particularly popular for borrowing in this kind of trade.

If Japanese rates continue rising, as expected, many fear the carry trade could unwind rapidly, rattling currency and bond markets world-wide. Financial markets in countries with higher rates, from New Zealand to Iceland, could be particularly vulnerable.

Because Japanese rates remain so low, analysts were quick to dismiss the move by the Bank of Japan as an immediate threat to the carry trade. Also, Japanese officials suggested that any further rate increases will come gradually.

"It's going to take more than that to upset the carry trade," said Adnan Akant, a currency specialist at New York money manager Fischer Francis Trees & Watts.

The yen fell against the dollar to 120.88 yen compared with 119.99 yen, touching one-week lows against the U.S. currency during the trading session.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 0.5%, or 1.20 points, to 252.44.

In major U.S. market action:

Stocks were mixed2 and bond prices fell3. The 10-year note fell 3/32 point, or 93.8 cents for each $1,000 invested, pushing the yield up to 4.692%. The 30-year bond fell 5/32 to yield 4.790%.

The dollar strengthened4. In addition to the gain on the yen, the euro was steady at $1.3139.

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McCain Slams Bush On Global Warming, Iraq Policy (LAT)

The Los Angeles Times, February 22, 2007

The Arizona senator criticizes White House decision-making during a tour of the L.A. and Long Beach ports.

Republican presidential candidate John McCain was anything but subtle Wednesday as he took swipes at the Bush administration during a meticulously staged appearance with Gov. Arnold Schwarzenegger on the bustling docks of Los Angeles Harbor.

President Bush's record on global warming? "Terrible," McCain declared. His pursuit of the Iraq war? "A train wreck."

If the point of the Arizona senator's visit was to put distance between himself and his party's unpopular president, McCain was following a pattern set by Schwarzenegger in his reelection campaign. For McCain, the task is especially important because his vocal support for Bush's recent troop buildup in Iraq threatens a voter backlash.

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In what was billed as a nonpolitical event to call for tougher federal action to stop global warming, McCain joined Schwarzenegger for a hazy morning helicopter tour of the Long Beach and Los Angeles ports. The Republican duo flew over the future site of a hydrogen power plant that would pump carbon dioxide into the ground instead of the air.

Later, standing side by side amid the roar of engines as cranes hoisted cargo containers onto ships and trucks, Schwarzenegger lavished praise on McCain ("a great, great senator, a great national leader"), raising the question of whether he supports him for president.

All signs to the contrary, Schwarzenegger said, "We're not doing presidential politics here" — but not before McCain wisecracked: "I think it's the endorsement, yes."

One of McCain's chief Republican rivals, Rudolph W. Giuliani, had to settle recently for a private steak dinner and cigars with Schwarzenegger in the governor's Sacramento hotel suite.

But on the San Pedro docks, Schwarzenegger offered McCain access to his usual retinue of trailing TV crews, and McCain used the opportunity to pound Bush on a number of fronts.

"I would assess this administration's record on global warming as terrible," McCain said, recalling that he got "no cooperation from the administration" at Senate hearings on the subject. He pronounced himself "very happy to see the president mention global warming and a renewed commitment from the administration to this issue." But he added tartly: "It's long overdue."

(White House spokesman Tony Fratto declined to respond directly to McCain but said Bush had "set an ambitious goal for our nation to cut greenhouse gas emissions, and we're meeting it.")

Asked about the scathing remarks he has made on the administration's conduct of the war, McCain said his criticism started three years ago "when I saw that this train wreck was taking place, and that we needed more troops, and we needed a different strategy."

As the campaign has heated up in recent weeks, McCain has repeatedly criticized the administration.

In South Carolina on Monday, McCain said former Defense Secretary Donald H. Rumsfeld would "go down in history as one of the worst secretaries of Defense in history." ("I stand by my comment about Secretary Rumsfeld," he responded to a question on that topic in San Pedro.) In an interview last month with a politico.com columnist, McCain said that Bush had been "very badly served" by Rumsfeld and Vice President Dick Cheney, who shot back Wednesday.

"I just fundamentally disagree with John," Cheney told ABC News. "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld."

Cheney praised Rumsfeld for doing a "superb job."

"He and John McCain had a number of dust-ups over policy," Cheney said. "Didn't have anything to do with Iraq — other issues that were involved. John's entitled to his opinion. I just think he's wrong."

McCain, whose campaign spokesman, Danny Diaz, declined to respond to Cheney's comments, was not entirely acidic toward the Bush White House at his harbor stop with Schwarzenegger. He said he was still "strongly supporting" Bush's plan to add 21,500 troops to U.S. forces in Iraq, a stand that could cost McCain support among the independents and moderates who are crucial parts of his political base.

As for the fight against global warming, an effort that Schwarzenegger made a centerpiece of his reelection campaign, McCain portrayed California as a model for Congress to take action. He voiced support for the kind of mandatory reductions in carbon emissions that California enacted last year.

"I'm here," he said, "because I think that California leads the nation, and we all know that in many respects — much to the dismay sometimes of us in Arizona, particularly when it comes to the theft of Arizona's water."

Schwarzenegger Lavishly Praises McCain (AP)

By Michael R. Blood, Ap Political Writer

AP, February 22, 2007

Gov. Arnold Schwarzenegger offered his most lavish praise yet Wednesday for any 2008 presidential candidate, calling John McCain a "great senator" and "very good friend" who shared his views on critical issues like the environment.

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The celebrity governor stopped short of a formal declaration of support for McCain's budding candidacy, but their appearance together in the Port of Los Angeles was a strong reminder that the two maverick Republicans share a well-developed friendship.

The Arizona senator joked that he was endorsed by Schwarzenegger. Then Schwarzenegger said their joint appearance wasn't about politics.

"We share common philosophy and goals for this country," McCain noted.

The governor called McCain a "great, great leader

Coming off a decisive re-election in November, the governor appears eager to assume a more prominent role in national affairs. His push to move California's presidential primary to Feb. 5 from June could give the state — and by association him — much greater influence in the 2008 presidential sweepstakes.

With McCain at his side, Schwarzenegger called for a national low-carbon fuel standard for transportation fuels, similar to standards in California intended to make fuel burn cleaner. It wasn't clear how such a standard would be put in place, or if it would become a centerpiece of McCain's nascent campaign.

"I know that Senator McCain sees the value of bringing to Washington the same kind of programs that we have put into place right here in California," Schwarzenegger said.

The senator and Schwarzenegger have shared a bond going back years. McCain has headlined fundraisers for Schwarzenegger in California, and they've campaigned together. The governor's 2006 campaign manager is now a senior adviser to McCain's campaign.

GOP 'Darlings' Slow To Sign Tax-cut Pledge (WT)

By Donald Lambro

The Washington Times, February 22, 2007

The two front-runners for the 2008 Republican presidential nomination -- Arizona Sen. John McCain and former New York Mayor Rudolph W. Giuliani -- have not signed an anti-tax-increase pledge that has been embraced by several of their rivals.

The reluctance of the party's two leading candidates to sign the pledge, which has been signed by every Republican presidential nominee since 1988, raised concerns among conservative tax cutters about Mr. McCain's and Mr. Giuliani's commitment to reduce tax rates at a time when all of the Democratic presidential contenders have vowed to raise income taxes if they are elected.

"I can't imagine that McCain wouldn't sign it or that Giuliani wouldn't sign it. I can't imagine any Republican not signing that," said Jack Kemp, architect of the tax cuts signed by President Reagan in the 1980s.

The pledge, which asks the candidates to sign a statement declaring they will "oppose any and all efforts to increase the marginal income tax rates," could become an issue for both men as they vie for the support of their party's economic conservatives -- especially for Mr. McCain who was a foe of President Bush's tax cuts until he began actively running for president last year.

The Arizona senator, who has been aggressively reaching out to the conservative base of his party to secure the nomination, was one of only two Republicans who voted against Mr. Bush's $1.35 trillion across-the-board tax cuts in 2001. He also opposed accelerating the tax cuts in 2003, but changed his mind last year and voted to extend the tax cuts, including those on stock dividends and capital gains.

Mr. Giuliani has yet to fully set forth his views on tax policy, but, like Mr. McCain, has said that the Bush tax cuts, most of which are due to expire in 2010, should be made permanent.

"Senator McCain has over a 20-year record of opposing tax increases and the senator's record speaks for itself," said Danny Diaz, chief spokesman for the McCain campaign.

"The senator supports making the tax cuts permanent. There has been no stronger voice in Washington, D.C., for fiscal discipline," Mr. Diaz said.

But when asked if the senator would or would not sign the pledge never to raise tax rates if he should become president, he replied, "no comment."

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A spokesman for Mr. Giuliani yesterday also declined to say whether the former mayor, who leads Mr. McCain in many voter preference polls, intended to sign the pledge.

"Mayor Giuliani has a strong record of cutting taxes" in New York, said Maria Comella, deputy communications director for the Giuliani campaign. When asked directly if he will sign the pledge, she replied, "His record speaks for itself."

The pledge is a written document that has been circulated among Republican candidates since 1986 by Americans for Tax Reform (ATR), a tax-cut advocacy group that has been an influential force in the tax-cut battles of the past two decades. Every Republican presidential nominee since then has signed it, making it a ritual threshold for candidates to demonstrate their opposition to higher taxes.

Grover Norquist, president of ATR, said yesterday that the pledge has been signed by several Republican presidential contenders, including former Massachusetts Gov. Mitt Romney, Sen. Sam Brownback of Kansas, Rep. Duncan Hunter of California, and former Virginia Gov. James S. Gilmore III.

"In my conversations with each of the campaigns, it is my expectation that before the summer's out all of the Republicans running for president will have signed the pledge," Mr. Norquist said last night.

Mr. Romney, who has made his economic conservatism the centerpiece of his campaign, signed the pledge on Dec. 31, a few days before he left the governorship.

Those who have not signed it, besides the two front-runners, include Nebraska Sen. Chuck Hagel (who has signed previously as a senator) and former Arkansas Gov. Mike Huckabee.

"McCain has signed it in the past and I assume he will sign it again, and I expect Mr. Giuliani to sign it," Mr. Norquist said.

Some Republican tax cutters expressed dismay yesterday that neither of the two front-runners had signed the pledge at this point in the two-year election cycle.

"I can't imagine why they wouldn't sign a statement against raising the tax rates. Someone might not want to bind themselves down to any tax increases, on cigarettes or something like that, but this says tax rates," Mr. Kemp said.

"I'd sign it, but I'm not running. But the bigger issues are reforming the tax code to make it simpler and more efficient and bringing the tax rates down for maximum economic growth," he said.

So You Want To Run ... (NYT)

By David Brooks

The New York Times, February 22, 2007

I want you to know I've shelved the idea of writing a book called "The Idiot's Guide to Winning the Republican Presidential Nomination." But that doesn't mean I don't have ideas. Here are a few rules the G.O.P. contenders should follow if they want to sweep this thing.

First: Be the Snowball. The conventional view is that Feb. 5 is going to be the decisive day of the race, when California, New Jersey, Illinois and a bunch of other states will probably have their primaries. That's wrong.

Since so many states will be voting then, the candidates will be stretched thin in all of them. As a result, the Republican candidate who does best in the first three states — Iowa, New Hampshire and, on Feb. 2, South Carolina — will sweep on Feb. 5 through sheer momentum.

You want to be that snowball rolling downhill. Focus your efforts on the first three, especially New Hampshire. Win those, and the big states will take care of themselves.

Second: Remember the Rule of Three. When three big candidates go up against one another, two of them often get into a mutually destructive grudge match and the third skates through to victory. (Right now, the McCain and Romney camps seem set to brawl, leaving Giuliani alone.) Whatever you do, don't let yourself become one of the duelists.

Third: Don't Be a University. Most campaigns organize their policy experts like academic departments — economists on one committee, social policy types on another, religious leaders on a third. They come up with utterly conventional recommendations.

You want to organize your committees according to priorities. For example, create a Flourishing Families Committee. Get economists, religious activists and psychologists in one room to figure out how government can reduce stress on struggling

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families. You'll be surprised by how much interdisciplinary creativity you can unleash and how much closer you get to the problems of real people.

Most of all, you'll break free from the useless categories most pundits use to define Republicans: social conservative, free market libertarian, neoconservative. If you define yourself by those categories, you're dead.

Fourth: Be the Change. You are running to lead a traumatized party. Many Republicans think their party can recover from recent setbacks by returning to the old verities: cutting spending, cutting taxes, attacking government bureaucrats.

That's wrong. The world has changed since the glory days of the 1980s, and no amount of Reagan nostalgia will bring those conditions back.

For example, Republicans in the 1980s could win by promising to expand freedom and reduce overbearing government. But today, post-9/11, most Americans aren't anxious because their freedoms are being impinged. They're anxious because there's chaos all around: foreign policy chaos, fiscal chaos, cultural chaos. The authority structures they rely on have let them down.

You need to lead the party to a new definition of Republicanism. This is a Republicanism that can provide safety, order and authority, so people can feel secure enough to pursue their dreams. This doesn't mean championing a big government. It means championing a strong government that can do the jobs it is supposed to do.

Your main job over the next few months is to come up with a governing philosophy that explains how individual freedom can be enhanced by a strong, limited and energetic federal government.

Fifth: Make an Offer They Can't Refuse. If your last name is Giuliani, McCain or Romney, social conservatives are never going to love you. Don't try to pander to gain their devotion. Instead, offer them a deal.

Tell them: You social conservatives may not agree with me on everything. You may doubt my recent conversions on your issues. You may not even like me. But I'm the guy who can deliver on four programs you want. Then pick out four programs you and they can agree on and repeat them in every speech for the next year.

Sixth: Get Ready for Phase II. Over the next several months, the surge in Iraq will dominate debate. But by late summer, the surge will either have succeeded or failed. A new, broader debate will start. One candidate will define the landscape by coming up with a new Grand Strategy for the war against extremism. Be that guy.

Seventh: Win the T.R. Primary. Many of you admire Theodore Roosevelt. You've got his picture on your walls. Every day, as the campaign madness swirls around, wake up and ask, Would T.R. be proud of what I'm doing? If not, take a risk. Do something else.

Obama's Big Screen Test (NYT)

By Maureen Dowd

The New York Times, February 21, 2007

Hillary is not David Geffen's dreamgirl.

"Whoever is the nominee is going to win, so the stakes are very high," says Mr. Geffen, the Hollywood mogul and sultan of "Dreamgirls," as he sits by a crackling fire beneath a Jasper Johns flag and a matched pair of de Koonings in the house that Jack Warner built (which old-time Hollywood stars joked was the house that God would have built). "Not since the Vietnam War has there been this level of disappointment in the behavior of America throughout the world, and I don't think that another incredibly polarizing figure, no matter how smart she is and no matter how ambitious she is — and God knows, is there anybody more ambitious than Hillary Clinton? — can bring the country together.

"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family. Americans are dying every day in Iraq. And I'm tired of hearing James Carville on television."

Barack Obama has made an entrance in Hollywood unmatched since Scarlett O'Hara swept into the Twelve Oaks barbecue. Instead of the Tarleton twins, the Illinois senator is flirting with the Dreamworks trio: Mr. Geffen, Steven Spielberg and Jeffrey Katzenberg, who gave him a party last night that raised $1.3 million and Hillary's hackles.

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She didn't stand outside the gates to the Geffen mansion, where glitterati wolfed down Wolfgang Puck savories, singing the Jennifer Hudson protest anthem "And I Am Telling You I'm Not Going." But she's not exactly Little Miss Sunshine, either. Hillary loyalists have hissed at defecting donors to remember the good old days of jumping on the Lincoln Bedroom bed.

"Hillary is livid that Obama's getting the first big fund-raiser here," one friend of hers said.

Who can pay attention to the Oscar battle between "The Queen" and "Dreamgirls" when you've got a political battle between a Queen and a Dreamboy?

Terry McAuliffe and First Groupie Bill have tried to hoard the best A.T.M. machine in politics for the Missus, but there's some Clinton fatigue among fatigued Clinton donors, who fret that Bill will "pull the focus" and shelve his wife's campaign.

"I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Mr. Geffen says, adding that if Republicans are digging up dirt, they'll wait until Hillary's the nominee to use it. "I think they believe she's the easiest to defeat."

She is overproduced and overscripted. "It's not a very big thing to say, 'I made a mistake' on the war, and typical of Hillary Clinton that she can't," Mr. Geffen says. "She's so advised by so many smart advisers who are covering every base. I think that America was better served when the candidates were chosen in smoke-filled rooms."

The babble here is not about "Babel"; it's about the battle of the billionaires. Not only have Ron Burkle and David Geffen been vying to buy The Los Angeles Times — they have been vying to raise money for competing candidates. Mr. Burkle, a supermarket magnate, is close to the Clintons, and is helping Hillary parry Barry Obama by arranging a fund-raiser for her in March, with a contribution from Mr. Spielberg.

Did Mr. Spielberg get in trouble with the Clintons for helping Senator Obama? "Yes," Mr. Geffen replies, slyly. Can Obambi stand up to Clinton Inc.? "I hope so," he says, "because that machine is going to be very unpleasant and unattractive and effective."

Once, David Geffen and Bill Clinton were tight as ticks. Mr. Geffen helped raise some $18 million for Bill and slept in the Lincoln Bedroom twice. Bill chilled at Chateau Geffen. Now, the Dreamworks co-chairman calls the former president "a reckless guy" who "gave his enemies a lot of ammunition to hurt him and to distract the country."

They fell out in 2000, when Mr. Clinton gave a pardon to Marc Rich after rebuffing Mr. Geffen's request for one for Leonard Peltier. "Marc Rich getting pardoned? An oil-profiteer expatriate who left the country rather than pay taxes or face justice?" Mr. Geffen says. "Yet another time when the Clintons were unwilling to stand for the things that they genuinely believe in. Everybody in politics lies, but they do it with such ease, it's troubling."

The mogul knows it's easy to mock Hollywood — "people with Priuses and private planes" — and agrees with George Clooney that it's probably not helpful for stars to campaign for candidates, given the caricatures of Hollywood.

I ask what he will say if he ever runs into Bill Clinton again. " 'Hi,' " he replies. And will he be upset if Hillary wins and he never gets to sleep in the Lincoln Bedroom again?

"No," he says with a puckish smile. "It's not as nice as my bedroom."

Obama, Clinton Rivalry Flares Over Donor (AP)

By Nedra Pickler, Brendan Riley

AP, February 21, 2007

The rival presidential campaigns of Hillary Rodham Clinton and Barack Obama traded accusations of nasty politics Wednesday over Hollywood donor David Geffen, who once backed Bill Clinton but now supports his wife's top rival.

The Clinton campaign demanded that Obama denounce comments made by the DreamWorks movie studio founder, who told New York Times columnist Maureen Dowd in Wednesday's editions that while "everybody in politics lies," the former president and his wife "do it with such ease, it's troubling."

The Clinton camp also called on Obama to give back Geffen's $2,300 contribution.

Campaigning in Iowa, Obama refused.

"It's not clear to me why I'd be apologizing for someone else's remark," the Illinois senator said.

For her part, New York Sen. Clinton sidestepped questions, leaving the issue to her aides to discuss.

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"I'm just going to stay focused on my campaign and I'm going to run a positive campaign about the issues that affect the people in our country," she told The Associated Press in an interview in Nevada. She was participating a candidate forum in Carson City.

The Clinton team seemed eager to continue the attack. With Obama in Iowa, aides arranged for former Iowa attorney general Bonnie Campbell to criticize him in a conference call with reporters.

In the newspaper interview, Geffen also said Bill Clinton is "a reckless guy" and he does not think Hillary Clinton can bring the country together during a time of war, no matter how smart or ambitious she is.

Obama spokesman Robert Gibbs added another criticism of Clinton.

"It is also ironic that Senator Clinton lavished praise on Monday and is fully willing to accept today the support of South Carolina state Sen. Robert Ford, who said if Barack Obama were to win the nomination, he would drag down the rest of the Democratic Party because 'he's black,'" Gibbs' statement said.

Ford later apologized. The Clinton campaign said it disagreed with Ford, but the senator has embraced his support.

Another Democratic presidential candidate, New Mexico Gov. Bill Richardson, said at the candidate forum that Obama should denounce Geffen's comments. "We Democrats should all sign a pledge that we all be positive," Richardson said.

Obama Dismisses Clinton Campaign Complaint (DMR)

Des Moines Register, February 22, 2007

Democratic presidential candidate Barack Obama, in Iowa today, responded to criticism from fellow senator and candidate Hillary Clinton's campaign that he's engaged in "slash and burn" politics.

Obama dismissed the Clinton campaign's demand that he apologize for remarks made by a Hollywood financial supporter who strongly criticized Clinton.

Obama said he "can't be responsible for the statements of every individual" and said voters and candidates alike have more pressing issues that deserve focus.

"My suspicion is that the voters in Iowa are more concerned about what both myself and Senator Clinton think about Iraq," Obama, a U.S. senator from Illinois, said.

Obama met with reporters at the state Capitol this afternoon prior to a scheduled town hall meeting tonight at the Polk County Convention Center. The event was expected to draw thousands of people. He also attended a private meeting with Iowa House and Senate Democrats.

Clinton's staff complained today about remarks by Los Angeles media mogul and former Clinton supporter David Geffen, who now supports Obama. "Everybody in politics lies, but they (the Clintons) do it with such ease, it's troubling," Geffen said in a New York Times column by Maureen Dowd.

Clinton's campaign demanded that Obama denounce Geffen's remarks and return donations he had made to the campaign.

"I think what's so surprising and disappointing is that Senator Obama has a discussion with the people of Iowa and America about the politics of hope and the need to change the tone of politics in this country," former Iowa attorney general

Bonnie Campbell, a senior campaign strategist for Clinton, said. " I find it inconsistent that he would not distance himself from what was clearly a personal attack on

Senator Clinton and the Clinton presidency, for that matter."

Although his campaign issued a response shortly after Clinton's statement, Obama said he had only heard of the comments upon getting off his plane in Des Moines.

"It's not clear to me, why would I be apologizing for someone else's remarks? I confess that I haven't read the whole article. My sense is that Mr. Geffen may have problems with the Clintons, but that doesn't affect this campaign," he said.

"I've said repeatedly I have the utmost respect for Senator Clinton. I consider her an ally in the Senate, and I will continue to consider her in that way throughout this campaign."

Other Democratic presidential candidates and their staffs have already weighed in on the issue. Former Iowa Gov. Tom Vilsack said, in a statement, "The Democratic Party doesn't have time for this kind of negative politics. David Geffen should

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apologize today for his statements about Bill and Hillary Clinton … The country doesn't want to go down this road of personal insults."

New Mexico Gov. Bill Richardson called for a positive campaign pledge. "We Democrats should sign a pledge that we are going to be positive. That is what the American people want and that is how we're going to win it," he said.

Today marked Obama's second visit to Iowa in as many weeks. Obama chose the Iowa event over a Carson City, Nev., forum sponsored by the American Federation of State, County and Municipal Employees.

Obama cited a tight schedule as the reason he was unable to attend the Nevada forum.

"We were interested in campaigning here in Iowa; we had already started scheduling some things," he said. "I have a slight disadvantage, as some of my other Senate colleagues do in terms of not having that many days … and we thought it was more important to be here in Iowa."

Clinton, Obama Camps' Feud Is Out In The Open (WP)

By Chris Cillizza, Dan Balz

The Washington Post, February 22, 2007

An increasingly acrimonious competition between Sens. Barack Obama and Hillary Rodham Clinton to enlist the Democratic Party's leading fundraisers and operatives burst into the open yesterday, overshadowing what was billed as the presidential campaign's first gathering of candidates in Nevada.

While Clinton (N.Y.) and Obama (Ill.) have not for the most part taken their competition public, their campaigns in recent weeks have been trumpeting each victory, such as the recruitment of a major Boston-based rainmaker by Obama and a prominent African American state senator from South Carolina by Clinton.

The back-and-forth between the two campaigns has largely been fodder for political insiders. Yesterday, however, David Geffen, the music and film producer who is one of the party's most prominent donors, made the fight more public. In an interview with New York Times columnist Maureen Dowd, Geffen said that Clinton is "the easiest to beat" of the Democratic field and skewered her unwillingness to apologize for her 2002 vote to use force in Iraq. "It's not a very big thing to say 'I made a mistake' on the war, and typical of Hillary Clinton that she can't," Geffen said.

Geffen, who was a co-host of an Obama fundraiser Tuesday night in Los Angeles, saved even sharper criticism for former president Bill Clinton, to whom he was close before a falling-out over the pardoning of financier Marc Rich at the end of Clinton's second term. "I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Geffen said in an oblique reference to questions surrounding the former president's private life.

After seeing the comments yesterday morning, the Clinton campaign immediately issued a call for Obama to disavow Geffen's remarks and return his $2,300 donation, arguing that they were contrary to Obama's pledge to run a positive campaign.

"A day after Barack Obama goes out and eschews the politics of slash-and-burn, his campaign embraces the politics of trash," said Phil Singer, Clinton's deputy communications director, referring to a speech Obama made Tuesday in Las Vegas.

Obama communications director Robert Gibbs took a markedly different course. After refusing to get in the "middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," Gibbs pointed out that Hillary Clinton had recently praised Robert Ford, another South Carolina state senator who endorsed her and said the Democratic ticket would be in serious trouble if Obama was the nominee because of the color of his skin. Clinton distanced herself from that remark, and Ford later apologized for it.

Obama weighed in later. "It's not clear to me why I would be apologizing for someone else's remarks," he said in Iowa, where he had gone instead of the candidates forum because of a prior commitment. "My sense is that Mr. Geffen may have differences with the Clintons, but that doesn't really have anything to do with our campaign."

At the forum in Carson City, Nev., ABC's George Stephanopoulos, the moderator, asked Clinton whether she agreed with her campaign spokesman that Obama should disavow Geffen's comments.

Clinton did not answer directly. "I want to run a very positive campaign, and I sure don't want Democrats or supporters of Democrats to be engaging in the politics of personal destruction," she said. "I think we should stay focused on what we're going

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to do for America." She then added, to applause: "And, you know, I believe Bill Clinton was a good president. I'm very proud of the record of his two terms."

New Mexico Gov. Bill Richardson sided with Clinton and called on Obama to denounce Geffen's comments. "I think these name-callings are not good," he said. "I don't know Mr. Geffen. I don't know what was said. . . . But we don't need that. We Democrats should sign a pledge that we all be positive. That's what the American people want."

While her campaign was on the attack against Obama, Clinton found herself on the defensive once more over Iraq. She was challenged again to explain her vote for the 2002 resolution authorizing the war and her reluctance to call that vote a mistake or to express regret for it.

"My vote was a sincere vote based on the facts and assurances that I had at the time," Clinton said. "And I have taken responsibility for my votes and I believe that none of us should get a free pass. It is us up to the voters to judge what each of us has said and done."

Yesterday's forum was sponsored by the American Federation of State, County and Municipal Employees (AFSCME). In addition to Clinton and Richardson, participants included Sen. Christopher J. Dodd (Conn.), former Iowa governor Tom Vilsack, former senator John Edwards (N.C.), Sen. Joseph R. Biden Jr. (Del.), Rep. Dennis J. Kucinich (Ohio) and former senator Mike Gravel (Alaska).

The forum highlighted the West's emerging role as a significant player in the Democratic nomination process. Nevada is scheduled to hold its caucuses five days after the Iowa caucuses, the second contest on the 2008 Democratic calendar.

AFSCME President Gerald McEntee said the union hopes to endorse one of the Democrats before the primary elections. But he said the process will be slower, given the union's experience of having endorsed Howard Dean four years ago, only to see his campaign implode.

Iraq and health care dominated the forum. Vilsack offered the clearest call for Congress to stop funding the Iraq war and bring the troops home. But Biden warned that hasty withdrawal could leave the region in chaos. "People say just get out," he said. "Everybody wants to get out, no one faster than I want to get out. But if that civil war metastasizes into a regional war, we're going to be sending your grandchildren back."

Dodd was asked whether Clinton should apologize for her vote on the war. "Senator Clinton will speak for herself," he said, adding: "When you've made a mistake, there's nothing wrong with admitting that, in my view. . . . It was a mistake, in my view, to vote the way we did five years ago on that resolution."

Edwards, who also supported the authorization of the war, issued what sounded like a clear challenge to the New York senator to say she is sorry for her vote.

"We need a leader who will be open and honest with you and with the American people," he said. "Who will tell the truth when they've made a mistake, who will take responsibility when they've made a mistake."

Asked whether what Clinton had said about her vote was inadequate, he replied, "Whether it's good enough is between her and her conscience. It's not for me to judge."

Clinton, Obama, Come Out Swinging (CHIT)

By Mike Dorning And Jill Zuckman

Chicago Tribune, February 21, 2007

BEVERLY HILLS, Calif. -- One day after Sen. Barack Obama made a glittery statement with a Hollywood fundraiser that brought in an impressive $1.3 million, the top two Democratic presidential contenders went after each other in the first big food fight of the 2008 presidential election.

It started when David Geffen slammed Sen. Hillary Rodham Clinton of New York in remarks published Wednesday morning, accusing the presidential candidate of lying with "such ease" compared to other politicians, dismissing her husband, former President Bill Clinton, as "reckless," and blasting the Clinton "machine." Geffen, a powerful Hollywood producer and executive, was once a major Clinton supporter but has switched to Obama and was a host of Tuesday's bash.

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The Clinton campaign, perhaps stung by Obama's successful incursion into Hollywood, which at one time was unchallenged Clinton country, hit back hard, saying Geffen's comments contrasted poorly with the Illinois senator's self-promotion as a new breed of politician, unifying and optimistic.

"If Sen. Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr. Geffen from his campaign and return his money," said Clinton spokesman Howard Wolfson. "While Democrats should engage in a vigorous debate on the issues, there is no place in our party or our politics for the kind of personal insults made by Sen. Obama's principal fundraiser."

The Clintons have long been known for skilled, aggressive political infighting, and Geffen's comments provided a way for the Clinton campaign to test how Obama, relatively new to the national stage, would take a punch. It also was the first of what will no doubt be many attempts by rivals to knock the halo off Obama's head.

The Obama camp—eager to show that it knew how to handle criticism and could stand up to an experienced political warrior like Clinton—issued a biting statement.

"We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," said Obama communications director Robert Gibbs. "It is ironic that the Clintons had no problem with David Geffen when he was raising them $18 million and sleeping at their invitation in the Lincoln bedroom."

Obama also took the opportunity to go on offense, suggesting that Clinton was being hypocritical, since she had not disavowed the recent comments of South Carolina state Sen. Robert Ford. Ford, who has endorsed Clinton, said last week that if Obama were the Democratic nominee, "Every Democrat running on that ticket next year would lose, because he's black and he's top of the ticket. We'd lose the House and the Senate and the governors and everything."

Gibbs said Wednesday that it is "ironic" that Clinton has praised Ford and accepted his support.

If both candidates had reasons for engaging in what might seem like a minor squabble, the spectacle of Clinton and Obama duking it out so early in the campaign was nonetheless striking. It was the sort of rat-a-tat-tat political spat that usually breaks out in the snowy cold of New Hampshire in the critical days before the nation's first presidential primary, rather than 11 months before that contest and almost two years before the 2008 election.

Geffen interview sparked spat

What ignited the battle of words was an interview with Geffen in Wednesday's New York Times by columnist Maureen Dowd, in which Geffen portrayed himself as disenchanted with both Clintons, their failure to always stand firm on principle and their style of political battle. "Everybody in politics lies, but they do it with such ease, it's troubling," he said.

He called Bill Clinton "a reckless guy" who "gave his enemies a lot of ammunition to hurt him and to distract the country." Geffen slammed Hillary Clinton for refusing to apologize for her vote to authorize the Iraq war. "It's not a very big thing to say, 'I made a mistake' on the war, and typical of Hillary Clinton that she can't," Geffen said.

Asked if Obama would be able to stand up to the Clinton machine, Geffen said, "I hope so, because that machine is going to be very unpleasant and unattractive and effective."

This rhetorical eruption came one day after Geffen—along with Steven Spielberg and Jeffrey Katzenberg, his partners in DreamWorks SKG—hosted a $2,300-per-person fundraiser for Obama at the Beverly Hilton, site of the glitzy Golden Globe Awards.

There was no red carpet, but stars of the entertainment world showed up in packs. Flashes popped in the hotel lobby as tourists spotted stars like Jennifer Aniston. She walked past purposefully, though she tossed her hair, turned and smiled when a fan with a digital camera yelled her name.

An all-star cast

Actors Ben Stiller, Eddie Murphy, Morgan Freeman, and Christine Lahti also showed up. Singers Jackson Browne and the Dixie Chicks' Natalie Maines were there. And so were producers Norman Lear, Ron Howard, Lawrence Bender, producer of Al Gore's "An Inconvenient Truth," and J.J. Abrams. The heads of several major studios also attended.

Tom Hanks and Denzel Washington bought tickets but did not show up.

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Despite the star power, the event was a low-key affair. No cameras were permitted inside the fundraiser, which drew 300 guests and raised about $1.3 million, according to Katzenberg. Hotel security guards ejected camera crews and ushered out several reporters who had not registered as guests, explaining that they were acting on instructions from the organizers.

Barack, Hillary Trade Body Blows (NSDY)

By Glenn Thrush

Newsday, February 22, 2007

CARSON CITY, Nev. -- The Battle of Beverly Hills has begun.

Sens. Hillary Rodham Clinton and Barack Obama traded their first body blows Wednesday after Obama backer and Hollywood media titan David Geffen accused the Clintons of lying, recklessness and trying to establish an American monarchy.

The fight was waged through a series of heated e-mails from both campaigns Wednesday -- in which Clinton's top spokesman accused Obama of being a "slash & burn" politician and Obama's staff slammed the Clintons for using the Lincoln Bedroom as a cash register in the 1990s.

It hit a crescendo during a Democratic presidential candidates forum here Wednesday, when Clinton suggested that Obama and his campaign were engaging "in the politics of personal destruction."

Later, New Mexico Gov. Bill Richardson, Bill Clinton's former UN ambassador, agreed, calling on the Illinois senator to apologize.

The fracas began on Tuesday night, when Geffen, a media billionaire who was once a major Clinton moneyman, co-hosted a $1.3 million fundraiser with his DreamWorks partners and Clinton boosters Jeffrey Katzenberg and Steven Spielberg, who is hosting a Clinton fundraiser next month. Geffen also invited New York Times columnist Maureen Dowd to his Beverly Hills mansion to extol Obama and trash the Clintons.

"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family," Dowd wrote in her column Wendesday, quoting Geffen, who unsuccessfully lobbied Bill Clinton to pardon convicted murderer Leonard Peltier in 2000.

Geffen went on to say Republicans are rooting for Clinton because "they believe she's the easiest to defeat," adding that the country was better served by bosses in "smoke-filled rooms" than by Clinton's pollsters and high-priced advisers.

"Everybody in politics lies, but they do it with such ease, it's troubling," he said of the Clintons.

The remarks largely upstaged the first forum of the 2008 primary, which Obama skipped for his West Coast swing.

The forum candidates were each interviewed separately here, with Clinton pledging to enact universal health care for all Americans by the end of a second term in the White House.

Former vice presidential candidate John Edwards criticized her approach, saying, "Anybody who comes into your state and tells you that they have a universal health care plan but they don't have a revenue source ... they might have a bridge in Brooklyn to sell you, too."

When moderator George Stephanopolous asked Clinton if Obama should renounce Geffen, she replied, "I sure don't want Democrats and supporters of Democrats to be engaging in the politics of the personal destruction. And I believe Bill Clinton was a good president."

She left the heavy hitting to her spokesman Howard Wolfson, who said earlier, "While Senator Obama was denouncing slash and burn politics ... was viciously and personally attacking Senator Clinton and her husband."

Added Wolfson: "If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr. Geffen from his campaign and return his money."

Campaigning in Iowa, Obama told the Associated Press, "It's not clear to me why I'd be apologizing for someone else's remark," he said.

His spokesman Robert Gibbs said, "It is ironic that the Clintons had no problem with David Geffen when he was raising them $18 million and sleeping in the Lincoln Bedroom."

Later, Geffen released a statement saying Obama had no reason to apologize because he held no official position with the campaign. The anti-Clinton tirade, he said, "reflect solely my personal beliefs regarding the Clintons."

An Insult From A Hollywood Money Man Sets Off A Democratic Feud (MCT)

By Steven Thomma

McClatchy, February 22, 2007

CARSON CITY, Nev. - What's a million dollars and a little back-stabbing among fellow Democrats?

Enough to set off the first full-scale fight of the fledgling 2008 presidential campaign between the front-runners, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

And perhaps enough to kill talk of a new, less hostile politics - and maybe even speculation about a Clinton-Obama or Obama-Clinton ticket.

At the center of the feud is David Geffen, the entertainment mogul who co-founded DreamWorks studio, helped Bill Clinton raise millions from Hollywood, then turned on his old friend. He hosted a star-studded fundraiser for Obama this week, then trashed the Clintons.

Geffen raised $18 million for Bill Clinton in the 1990s, when Clinton treated Southern California like an ATM. Hillary Clinton wanted the same ready cash.

But the Geffen who slept in the Lincoln Bedroom during the Clinton years is no longer their friend. Some say it's because a Geffen friend was passed over when President Clinton was handing out pardons on his last day in office. Some say it's more personal than that.

Either way, Geffen hosted a gala fundraiser for Obama on Tuesday, raised $1.3 million and introduced him to such glitterati as actress Jennifer Aniston and actor Eddie Murphy.

Twisting the knife, Geffen then told The New York Times that the Clintons are liars, that Hillary Clinton is coldly ambitious and that the former president hasn't changed his ways, an apparent reference to his womanizing.

"Everybody in politics lies, but they (the Clintons) do it with such ease, it's troubling," he said.

Clinton's camp fired back Wednesday, accusing Obama of hypocrisy for telling a Nevada audience Sunday that he opposes "slash and burn" politics even as his top fundraiser was attacking the Clintons.

"I want to run a very positive campaign and I certainly don't want the candidates or supporters to engage in the politics of personal destruction," Clinton said when she was asked about the brouhaha Wednesday.

Her aides went further.

"While Senator Obama was denouncing slash and burn politics ... his campaign's finance chair was viciously and personally attacking Senator Clinton and her husband," said Howard Wolfson, Clinton's campaign communications director.

"If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr. Geffen from his campaign and return his money. ... (T)here is no place in our party or our politics for the kind of personal insults made by Senator Obama's principal fundraiser," Wolfson said.

Obama's camp returned fire, saying the Clintons liked Geffen well enough when he was raising money for them.

"It is ironic that the Clintons had no problem with David Geffen when he was raising them $18 million and sleeping at their invitation in the Lincoln bedroom," Obama spokesman Robert Gibbs said.

Gibbs accused Clinton herself of hypocrisy for accepting support from a South Carolina Democrat who's said that Obama's race would hurt him.

"It's a slim possibility for him to get the nomination, but then everybody else is doomed," said South Carolina state Sen. Robert Ford, who's black. "Every Democrat running on that ticket next year would lose - because he's black and he's top of the ticket."

Gibbs said it was "ironic that Senator Clinton lavished praise on Monday ... and is fully willing to accept today the support of South Carolina state Senator Robert Ford."

Democrats begin voting for their presidential nominee next January.

In Both Parties, 2008 Politeness Falls To Infighting (NYT)

By Patrick Healy, Jim Rutenberg

The New York Times, February 22, 2007

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The sun was not yet up yesterday, and members of Senator Hillary Rodham Clinton's campaign team were confronted with the kind of attack that most infuriates them: one questioning the character of Mrs. Clinton and her husband.

To make matters worse, it came from David Geffen, the Hollywood executive who was once a big supporter of the Clintons but has since turned on them and is now backing Senator Barack Obama for the Democratic presidential nomination.

What followed was a remarkably caustic exchange between the Clinton and Obama campaigns that highlighted the sensitivity in the Clinton camp to Mr. Obama's rapid rise as a rival and his positioning as a fresh face unburdened by the baggage borne by Mrs. Clinton, the junior senator from New York. The Clinton camp seemed also to be sending a warning to mudslinging critics that they would be dealt with fiercely.

It began with a column in The New York Times by Maureen Dowd, in which Mr. Geffen said the Clintons lie "with such ease, it's troubling" and that the Clinton political operation "is going to be very unpleasant and unattractive and effective." Mr. Geffen called Mr. Clinton a "reckless guy" who had not changed in the last six years, and suggested that Mrs. Clinton was too scripted.

In a statement it fired off at 9:46 a.m., the Clinton campaign called on Mr. Obama to sever his ties to Mr. Geffen and return the portion of the $1.3 million that Mr. Geffen helped raise on Tuesday at a reception in Beverly Hills.

"While Senator Obama was denouncing slash-and-burn politics yesterday, his campaign's finance chair was viciously and personally attacking Senator Clinton and her husband," Howard Wolfson, the Clinton campaign communications director, said in a statement.

Bill Burton, a spokesman for Mr. Obama, responded with a statement less than an hour and a half later, saying it was "ironic that the Clintons had no problem with David Geffen" when he was "raising them $18 million and sleeping at their invitation in the Lincoln Bedroom."

The punch and counterpunch went on all day, transfixing the political world and overshadowing a gathering of all the Democratic candidates except Mr. Obama, the junior Illinois senator, at a union-sponsored forum in Nevada at which Mrs. Clinton faced criticism from some opponents about her Iraq stance.

The Democrats were not the only ones dealing with intramural warfare. On the Republican side, Vice President Dick Cheney struck back at criticism leveled against him and former Defense Secretary Donald H. Rumsfeld by Senator John McCain of Arizona, underscoring the often tense relationship between the White House and Mr. McCain.

The presidential campaign has been a relatively polite affair in its early stages, and the day marked an abrupt change of tone that exposed the intensity of the bad feeling bubbling just below the surface in both parties. None of the players showed much inclination to back off.

In an interview with ABC News in which Mr. Cheney was asked about Mr. McCain's criticism of Mr. Rumsfeld, the vice president responded by bringing up other McCain comments critical of Mr. Cheney's role in managing the war in Iraq, and said Mr. McCain had subsequently said he was sorry.

"John said some nasty things about me the other day," Mr. Cheney added, "and then the next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld."

In response, Mr. McCain seemed to go out of his way to re-emphasize his assertion that Mr. Rumsfeld would be remembered as one of the worst defense secretaries in history, and to criticize the Bush administration more generally when he appeared at a news conference in Los Angeles to discuss initiatives to deal with global warming.

When asked about the administration's environmental record, Mr. McCain said, "I would assess this administration's record on global warming as terrible."

Asked by a reporter about his comments about Mr. Rumsfeld, Mr. McCain said, "The criticism of the conduct of the war I have voiced for more than three years when I saw that this train wreck was taking place."

Some minutes later, after the news conference had ended, Mr. McCain, unbidden, said to the reporter, "Sir, I stand by my comments about Secretary Rumsfeld, by the way."

Similarly, Mr. Geffen affirmed his view of the Clintons, saying he had been quoted accurately and that Mr. Wolfson was wrong in calling him the finance chairman of the Obama campaign (he said he had no formal role in the campaign).

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Mrs. Clinton, asked Wednesday afternoon if Mr. Obama should denounce the Geffen remarks, declined to join in the hand-to-hand combat, but expressed general disapproval with the remarks while also defending her husband, which drew huge cheers from the audience of union members she was addressing.

"I want to run a very positive campaign, and I sure don't want Democrats or the supporters of Democrats to be engaging in the politics of personal destruction," she said at the forum of Democratic presidential candidates in Carson City, Nev. "I think we should stay focused on what we're going to do for America. And, you know, I believe Bill Clinton was a good president, and I'm very proud of the record of his two terms."

When pressed, she said she would leave it up to the Obama campaign to make its decision on Mr. Geffen, then noted that she was "excited" to be in Nevada "with the other candidates who came," a comment that only drew attention to Mr. Obama's choice to skip the event.

The Geffen remarks bubbled up throughout the forum. One candidate, Gov. Bill Richardson of New Mexico, said Mr. Obama should denounce Mr. Geffen's remarks. "If we're going to win, we have to be positive," Mr. Richardson said. "I think these name-callings are not good."

As he arrived in Iowa late yesterday afternoon, Mr. Obama was met with questions from reporters about the clash.

"It's not clear to me why I would be apologizing for someone else's remarks," Mr. Obama said. "My sense is that Mr. Geffen may have differences with the Clintons, but that doesn't really have anything to do with our campaign."

When asked whether he was proud of Mr. Geffen's support, the senator declared: "He hosted an event for me yesterday. Absolutely."

Obama advisers described the Geffen remarks as an insignificant blip and said they saw no political danger in letting them stand. While some supporters of Mrs. Clinton said they were worried that the campaign had lost its cool over Mr. Geffen, several Clinton advisers insisted that they were not overreacting.

One adviser, who is not part of Mrs. Clinton's day-to-day inner circle but speaks to her regularly about politics and fund-raising, said Mr. Geffen's comments might not shock "political insiders" in Washington or New York who are used to hearing bad things about the Clintons. But such criticism, especially from a former Clinton supporter like Mr. Geffen, could surprise and concern average voters in Iowa, New Hampshire and in other politically important states where they are starting to form impressions of Mrs. Clinton as a presidential candidate.

Other advisers said the Clinton camp was simply frustrated that Mr. Obama had received glowing media coverage, and was eager to call out his campaign for hypocrisy by contrasting the Geffen remarks with Mr. Obama's pledge to be positive.

"Obama has gotten under the campaign's skin for weeks now — especially his free ride in the media —and Hillary's people were just waiting for their first chance to attack his image as Mr. Positive," said one Clinton adviser who is not part of the day-to-day political operation.

Clinton-Obama Fight Rattles Party Faithful (WSJ)

By Jackie Calmes

The Wall Street Journal, February 22, 2007

Forget President Bush. The Hillary Rodham Clinton and Barack Obama presidential campaigns have gone after each other in an unusually early and nasty exchange, provoked by a big Hollywood donor.

An email fusillade yesterday left many Democrats shaking their heads that party infighting -- like everything else about the 2008 presidential campaign -- is starting so soon, nearly a year before the first nominating votes.

Aides argued all day over who started the exchange. Unaffiliated strategists in both parties suggested the Clinton campaign had overreacted, thus telegraphing concern over Mr. Obama's fresh-faced appeal and risking the ire of Hollywood backers and black voters. But they also said the Obama camp shouldn't have taken the bait and muddied its candidate's call for a new, positive politics.

The spark was a New York Times column quoting anti-Clinton remarks by film and recording mogul David Geffen, a former Bill Clinton supporter. On Tuesday night, he and his DreamWorks SKG co-founders, Steven Spielberg and Jeffrey Katzenberg, hosted a $1.3 million fund-raiser for Mr. Obama, a first-term senator from Illinois.

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Mr. Geffen was quoted calling Sen. Clinton, of New York, an "incredibly polarizing figure" who was too scripted to admit her 2002 Iraq war vote was a mistake, and saying her husband was "a reckless guy" who "gave his enemies a lot of ammunition."

By the time most political reporters got to their offices, they had an email from Clinton spokesman Howard Wolfson: "While Sen. Obama was denouncing slash and burn politics yesterday, his campaign's finance chair was viciously and personally attacking Sen. Clinton and her husband."

He demanded Mr. Obama denounce Mr. Geffen's comments, remove him from the campaign and return his money. An Obama spokesman said Mr. Geffen has no official title or role in the campaign; Mr. Geffen said the same in a statement standing by his remarks.

Obama spokesman Robert Gibbs soon fired back. "We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," he wrote, before noting, "The Clintons had no problem with David Geffen when [he] was raising them $18 million and sleeping at their invitation in the Lincoln bedroom." That was a reference to the Clinton-era controversy over using the White House as a fund-raising tool.

Within an hour, Mr. Wolfson sent a final volley, in an email headlined "Obama Embraces Slash & Burn Politics." It noted that this week, in a campaign appearance in Nevada, Mr. Obama had railed against "the slash and burn politics that have become the custom in Washington."

On the subject of hypocrisy, the Obama camp countered that Mrs. Clinton had "lavished praise" Monday in South Carolina on a black state senator who supports her -- though he recently was quoted as warning that if Mr. Obama were the party's nominee, the Illinois senator would lose and drag the entire Democratic ticket with him "because he's black." The Clinton advisers said the campaign -- though not Mrs. Clinton personally -- had quickly issued a statement that "we strongly disagree" with the state senator. And he issued an apology, "if I caused anybody -- including myself -- any pain."

Later, campaigning in Iowa, Mr. Obama said, "It's not clear to me why I'd be apologizing for someone else's remark," according to the Associated Press.

For her part, Mrs. Clinton declined to be drawn further into the dispute at a forum of eight candidates in Carson City, Nev., yesterday. "I want to run a very positive campaign, and I sure don't want Democrats or the supporters of Democrats engaging in the politics of personal destruction," she said. Asked twice whether Mr. Obama should rebuke Mr. Geffen, she replied, "I'm going to leave that up to the other campaign."

Then, in what was seen as a dig at Mr. Obama, she said, "I'm glad to be here in Carson City." Mr. Obama had skipped the event, citing his prior campaign commitments in Iowa.

Later at the forum, another rival, New Mexico Gov. Bill Richardson, was asked whether Mr. Obama should denounce Mr. Geffen. He quickly said yes, then added, "I don't know what was said."

Gentle Jabs Turn To Punches For Clinton, Obama (LAT)

By Tina Daunt And Peter Wallsten, Times Staff Writers

The Los Angeles Times, February 22, 2007

Remarks by David Geffen spark the first direct attacks between the two camps.

In her run for the White House, Sen. Hillary Rodham Clinton eventually was going to face the legacy of the more unsavory episodes of her husband's two terms as president. But in a surprise Wednesday, the first person to draw wide attention to some of the old controversies was not a Republican candidate or the "vast, right-wing conspiracy" that the Clintons have assailed, but a leading liberal at the heart of Hollywood.

Comments from entertainment mogul David Geffen, which were highly critical of the Clintons, reverberated through the presidential campaign and prompted the first direct attacks between the camps of Clinton — a New York senator — and Sen. Barack Obama of Illinois. Considered the two leading Democratic candidates, they until now had traded only gentle jabs in genteel language.

Geffen talked about why he had soured on the Clintons, his longtime allies, and was instead backing Obama. He called Sen. Clinton an "incredibly polarizing figure," criticized her husband's 2001 pardon of fugitive financier Marc Rich and suggested

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that Bill Clinton's personal habits would damage his wife's campaign, hurting Democratic hopes of retaking the White House next year.

"Everybody in politics lies, but they do it with such ease, it's troubling," Geffen said of the Clintons in a New York Times interview published Wednesday.

The comments marked an escalation in the battle between Sen. Clinton and Obama for Hollywood money. Geffen, who had raised millions of dollars for the Clintons over the years, on Tuesday hosted a $1.3-million fundraiser for Obama.

His remarks prompted the Clinton campaign to demand that Obama sever all ties to Geffen and return his campaign donations, citing Obama's past denunciation of "slash and burn" tactics. The interview also sparked a brawl of the billionaires in Los Angeles.

Responding to Geffen's comments, media mogul and Clinton supporter Haim Saban said: "David is allowing his emotions to cloud his better judgment, and I'm frankly surprised, to say the least, at the venom in his statement."

Saban, who made a fortune on the Mighty Morphin' Power Rangers, wrote in an e-mail to the Los Angeles Times that Geffen "knows in his heart of heart, that Hillary is the most qualified person to be the next president of the USA. Why would he lie to himself?"

The dispute comes at a crucial time for Clinton, who had been counting on strong support from Hollywood to help her post big fundraising numbers and build momentum by enhancing her front-runner status in the party. Supermarket magnate Ron Burkle remains one of Clinton's most ardent backers, and her strategists are hopeful that a Burkle fundraiser set for March will raise even more than Geffen raked in this week for Obama.

But Clinton now risks allowing Geffen to become a focal point among donors and primary voters in search of an alternative to her candidacy. That possibility gained potency this week when Obama, a figure in national politics for only three years, proved he could draw interest from major donors in a town that has long been dominated by the Clintons and was expected to line up behind Sen. Clinton's candidacy.

Husband's role

Moreover, the episode highlighted the predicament facing Clinton as she decides what role her husband should play in her campaign.

Bill Clinton remains popular among many key constituencies, but Geffen's comments dredged up controversies that could haunt the couple in 2008, such as fundraising tactics in which donors were rewarded with White House sleepovers, and the pardons he issued at the end of his term to Rich and others. By calling the former president a "reckless guy" and doubting that he "has become a different person" since leaving office, Geffen also seemed to be reviving images of Bill Clinton's impeachment over his dalliance with former intern Monica S. Lewinsky — an episode that contributed to the Clintons' polarizing reputation.

Wednesday's eruption coincided with Bill Clinton's official entry into the campaign with a fundraising letter to supporters.

"The attacks on Hillary haven't stopped, and she hasn't stopped winning," the former president wrote.

In Hollywood, Clinton campaign officials have moved aggressively to limit Obama's inroads and force longtime donors to back the former first lady.

Her campaign chairman, Terry McAuliffe, recently warned donors that Clinton would remember those who did not back her. "You are either with us, or you're against us," McAuliffe told potential donors during a dinner at Saban's house.

So far, the appeal has not succeeded. Some, such as Geffen and fellow DreamWorks studio co-founder Jeffrey Katzenberg, have been drawn to Obama, 45, while others are following the lead of Norman Lear in supporting multiple candidates to foster a dynamic debate.

When Lear, the legendary TV sitcom producer, was told of McAuliffe's comments this month, he responded: "What's Hillary going to do? Jail me?"

Adopting Lear's strategy are singer Barbra Streisand, former Paramount Pictures head Sherry Lansing and another DreamWorks founder, Steven Spielberg — all of whom are giving early contributions to multiple candidates.

Democratic Race Gets Rolling With Nevada Forum (USAT)

By Jill Lawrence

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USA Today, February 22, 2007

CARSON CITY, Nev. — Democratic presidential candidates defended their histories on Iraq, offered their ideas for ending the war and opened fault lines on taxes and health care Wednesday in the first major forum of the 2008 nomination race.

Eight hopefuls showed up for the forum, sponsored by the American Federation of State, County and Municipal Employees. The only absentee was Illinois Sen. Barack Obama, in Des Moines for a town meeting.

New York Sen. Hillary Rodham Clinton faced questions on two awkward issues from moderator George Stephanopoulos of ABC News, a former aide in her husband's White House. First he asked why she won't say her 2002 vote to authorize the use of force in Iraq was a mistake. "My vote was a sincere vote based on the facts and assurances I received at the time," Clinton said.

Stephanopoulos also asked Clinton about a "press-release scuffle" that broke out Wednesday between her campaign and Obama's over comments made by Hollywood mogul David Geffen to The New York Times. Geffen called Bill Clinton "a reckless guy" who gave his enemies ammunition; criticized Hillary Clinton for refusing to admit a mistake on the war; called them both liars; and said he had gotten in trouble with them for helping Obama.

The Clinton camp demanded that Obama cut ties with Geffen and return cash associated with him. The Obama camp said Clinton should renounce support from South Carolina state Sen. Robert Ford. Ford, who is black, said Democrats would lose with Obama "because he's black." He later apologized. Geffen, meanwhile, said his remarks reflect "my personal beliefs regarding the Clintons" and he has "no formal role" in Obama's campaign.

Asked whether Obama should denounce Geffen's remarks, Clinton replied: "I'm going to leave that up to the other campaign." She said she wants to run "a very positive campaign. I sure don't want Democrats or supporters of Democrats to be engaging in the politics of personal destruction." She added that she is "very proud" of her husband's two terms.

New Mexico Gov. Bill Richardson, who was Bill Clinton's U.N. ambassador and Energy secretary, said Democrats should pledge not to attack one another. Asked whether Obama should denounce the Geffen comments, he replied: "Yes. If we're going to win, we have to be positive."

Nevada is a newcomer to the early primary season; its caucuses are scheduled Jan. 19. The forum, held before 750 in a community center and 400 more in an overflow site, was the first of at least five events scheduled this year in the state.

Iraq dominated much of the session. Former North Carolina senator John Edwards and Connecticut Sen. Chris Dodd tried to set themselves apart from Clinton. Edwards, who wants to start bringing U.S. troops home now, said it is time for a leader "who will tell the truth when they've made a mistake." He said he was "wrong to vote for this war." Dodd said that "I made a mistake and I don't know" are two responses politicians dislike. He added it was "a mistake" to vote for the war and called for "a surge of diplomacy."

Another senator who calls his vote a mistake, Foreign Relations Committee Chairman Joseph Biden of Delaware, said he had "vastly underestimated" the Bush team's incompetence. The question now is "What next?" he said, and pushed his plan to partition Iraq.

Richardson and former Iowa governor Tom Vilsack did not cast votes on Iraq. "What have you done today to end this war in Iraq? It needs to be ended now," Vilsack exhorted the audience. Richardson said Congress should "deauthorize" the war.

Ohio Rep. Dennis Kucinich, an early war opponent, said it must be hard for candidates to say they were "tricked, deceived, misled" and said he wasn't. Former Alaska senator Mike Gravel said the war isn't worth "one more American dead."

The Democrats endorsed expanded health care but differed on how to pay for it. Clinton said she wants to find a way to provide universal care "without putting billions more into the system when we already spend so much more than anybody else." Vilsack and Richardson said they would expand coverage without tax hikes.

Edwards has proposed a universal health care plan financed by repeal of Bush's tax cuts on households making over $200,000. Anybody who says they don't need new revenue to pay for universal care, "they might have a bridge in Brooklyn they want to sell you, too," he said.

Clinton In Attack On Obama Over Donation (FT)

By Edward Luce

Financial Times, February 22, 2007

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The US presidential campaign on Wednesday took a nasty turn when Hillary Clinton demanded that Barack Obama, her closest rival for the Democratic nomination, return campaign donations from a Hollywood mogul who had made "vicious attacks" on her personality.

Mrs Clinton's office was responding to a column by Maureen Dowd in Wednesday's New York Times in which David Geffen, the Hollywood executive and prominent Obama supporter, was quoted as having disparaged Mrs Clinton.

Mr Geffen, who organised a $1.3m (€1m, £660,000) election fund-raising event for Mr Obama in Los Angeles on Tuesday was a one-time supporter of Bill Clinton who fell out with the former president and his wife in 2001.

Mrs Clinton on Wednesday called upon Mr Obama, who launched his campaign last month with the promise to put an end to the "slash and burn" politics of Washington, to return the money donated by Mr Geffen and to repudiate his remarks.

"If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr Geffen from his campaign and return the money," she said. "There is no place in our party for the kind of personal insults made by Senator Obama's principal fundraiser."

Mr Geffen was quoted as having said: "I don't think another polarising figure – no matter how smart she is and no matter how ambitious she is – and God knows, is there anybody more ambitious than Hillary Clinton? – can bring this country together." He also criticised Mrs Clinton for refusing to admit she made a mistake in voting to authorise the Iraq war in 2002.

On Wednesday, Mr Obama, who is posing an increasingly credible challenge to Mrs Clinton's frontrunner status for the Democratic nomination, came close to accusing her campaign of hypocrisy.

In a statement, Robert Gibbs, Mr Obama's communications director, referred to the fact Mr Geffen had stayed at the White House in the 1990s when Mr Clinton was president.

"It is ironic that the Clintons had no problem with David Geffen when he was raising them $18m and sleeping at their invitation in the Lincoln bedroom," Mr Gibbs said.

"We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters."

Mr Obama, who is the first African American with a serious shot at the White House, also referred to an incident in South Carolina last weekend where Robert Ford, who is a prominent black supporter of Mrs Clinton's campaign, said Mr Obama's nomination would doom other Democratic candidates "because he's black". Mr Ford apologised.

"This campaign is already getting out of control," said a seasoned Democratic operative in Washington. "It is only February 2007 and they're already at each other's throats."

Hillary, Obama Producing Their Own Hollywood Drama (WT)

By Christina Bellantoni

The Washington Times, February 22, 2007

The two top Democratic presidential candidates sparred yesterday as a political battle played out Hollywood-style in a possible preview of the fight to come for superstar dollars.

Democrats with eyes on the White House are playing roles in the Hollywood primary, which is almost as crowded as the real contests in Iowa and New Hampshire.

Starring in yesterday's drama were Sen. Barack Obama of Illinois and Sen. Hillary Rodham Clinton of New York, whose rival campaigns feuded over some comments made by a major Hollywood player who helped raise $1.3 million for Mr. Obama.

The fundraising figure impressed pundits, but the headline of the day featured remarks that music and movie producer David Geffen made about Mrs. Clinton and her husband, former President Bill Clinton.

The fundraiser on Tuesday was hosted by Mr. Geffen's DreamWorks/SKG colleagues Steven Spielberg and Jeffrey Katzenberg. Mr. Spielberg has promised to hold similar parties for Mrs. Clinton and former Sen. John Edwards of North Carolina, but Mr. Geffen is supporting Mr. Obama.

"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family," he told New York Times columnist Maureen Dowd.

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Mr. Geffen in the column called Mrs. Clinton "polarizing" and said he thinks Republicans will use Mr. Clinton against his wife if she gets the nomination. He called the former president a "reckless guy." Mr. Geffen also criticized Mrs. Clinton for refusing to apologize for her October 2002 vote to authorize the Iraq war.

The Clinton campaign demanded Mr. Obama disavow the comments, quoting his own promise to avoid "slash-and-burn" politics.

"If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks ... and return his money," said Clinton spokesman Howard Wolfson.

Obama spokesman Robert Gibbs noted that Mr. Geffen had raised millions for Mr. Clinton and famously slumbered in the Lincoln Bedroom.

"We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," Mr. Gibbs said.

He added that Mrs. Clinton accepted the support of South Carolina state Sen. Robert Ford, who said recently that if Mr. Obama got the nomination, "everybody else is doomed."

"Every Democrat running on that ticket next year would lose -- because he's black and he's top of the ticket. We'd lose the House and the Senate and the governors and everything," Mr. Ford said, according to the Associated Press. He later apologized when his remarks drew wide criticism.

Mr. Wolfson wasn't satisfied with Mr. Gibbs' response, saying it called into question whether Mr. Obama "really believes his own rhetoric."

He added, "When one of Senator Clinton's supporters made an inappropriate statement, her campaign disavowed it immediately and the supporter apologized for his words. Why won't Senator Obama do the same?"

Mr. Geffen said yesterday the quotes were accurate and reflect "solely my personal beliefs regarding the Clintons."

News reports and the Dowd column both have blamed the Geffen-Clinton rift on Mr. Clinton's not pardoning Leonard Peltier, an American Indian sentenced to life imprisonment 30 years ago for murdering two FBI agents and on whose behalf Mr. Geffen has advocated.

At a campaign forum in Nevada yesterday, Mrs. Clinton managed to dodge a question about the dust-up while working in a dig at Mr. Obama, the only candidate who did not attend because he was campaigning in Iowa.

"I want to run a very positive campaign, and I sure don't want Democrats or the supporters of Democrats to be engaging in the politics of personal destruction," she said.

But when asked by forum host George Stephanopoulos whether Mr. Obama should denounce Mr. Geffen's remarks, Mrs. Clinton said: "I'll leave that up to the other campaign. I'm glad to be here in Carson City."

She then noted her appreciation for "the other candidates who came."

Despite the celebrity drama yesterday, Mr. Obama's star-studded event was well-received. Actress Jennifer Aniston of television's "Friends" fame told a reporter that she finds Mr. Obama to be "lovely," and Dixie Chicks singer Natalie Maines praised Michelle Obama, the first-term senator's wife. Also in the crowd at the Beverly Hilton were comedian Ben Stiller, director Ron Howard and actors Morgan Freeman and Eddie Murphy.

During the $2,300-per-ticket fundraiser Mr. Obama praised the glitterati for the cultural impact of such films as "Hotel Rwanda" and "Schindler's List," saying "What an enormous power that is, what an enormous responsibility."

The line resembles one from the megamovie "Spider-Man," in which Peter Parker's Uncle Ben tells the superhero: "Remember, with great power comes great responsibility."

Ron Burkle, a supermarket tycoon, will host his own Hollywood fundraiser for Mrs. Clinton next month. Hollywood A-listers Tom Hanks, Jerry Seinfeld and Martin Scorsese are expected to attend.

The other Democrats in the race are also wooing Hollywood stars, whose names often are as important as the checks they write.

Mr. Edwards, the 2004 vice-presidential nominee, was a featured guest on HBO's "Real Time With Bill Maher" on Friday. He also raised $100,000 last week with television actors in Hollywood, according to the New York Times.

Singer and actress Barbra Streisand has made $2,300 donations to Mrs. Clinton, Mr. Obama and Mr. Edwards.

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Should former Vice President Al Gore decide to jump into the presidential race, he could trump all the Hollywood cash seekers by becoming an Oscar winner Sunday night. His film on climate change, "An Inconvenient Truth," has been nominated for best documentary.

Former Iowa Gov. Tom Vilsack last week stopped by the "Tonight Show" to exchange yuks with Jay Leno and even jokingly offered fellow guest and comedian Jim Carrey a spot on his presidential ticket.

Rivals At Democratic Presidential Forum Push Positions On Iraq War Into Spotlight (NYT)

By Patrick Healy

The New York Times, February 22, 2007

CARSON CITY, Nev., Feb. 21 — Two Democratic presidential rivals of Senator Hillary Rodham Clinton applied more pressure on her over Iraq on Wednesday, extolling the virtue of admitting mistakes about the war — which she has not done — and comparing politicians who do not with President Bush.

The toughest words, here at the first Democratic candidate forum of the 2008 race, came from former Senator John Edwards of North Carolina. He said Americans needed "a different kind of leadership" than that provided by the current president who, Mr. Edwards said, had refused to admit error on Iraq. Mr. Edwards has apologized for his 2002 vote to authorize military action in Iraq; Mrs. Clinton cast the same vote and has stood by it while also criticizing the war strategy.

"We need a leader who will be open and honest with you and with the American people — who will tell the truth, who will tell the truth when they've made a mistake, who will take responsibility when they've made a mistake," Mr. Edwards said at a forum sponsored by the American Federation of Federal, State and Municipal Employees.

"If we want to live in a moral and just America and we want America to be able to lead in a moral and just world, we need a leader who is honest, open and decent," he added.

Asked by the forum's moderator, George Stephanopoulos of ABC News, about Mrs. Clinton's explanation that her vote was cast based on a sincere belief in military intelligence provided at the time, Mr. Edwards replied: "Whether it's good enough I think is between her and her conscience. It's not for me to judge."

Another candidate, Senator Christopher J. Dodd of Connecticut, who has also renounced his 2002 vote, said there was "nothing wrong" with admitting mistakes.

"There are two things that people in public life — two responses people in public life never like to give, and I don't understand why: 'I made a mistake' and 'I don't know,' " Mr. Dodd said. "I've made them in the past. I'll make them in the future."

Because the forum rules prevented direct engagement among the candidates — indeed, they appeared one at a time — Mrs. Clinton could not respond immediately. Once it was her turn, she reiterated her opposition to the war and outlined her new plan to cap troop levels and start withdrawing some units from Iraq within 90 days.

If the president does not move in that direction, she added, "I think we should require that he has to seek additional Congressional authority, because it has run out on what George Bush has tried to do in Iraq."

Of the major Democratic candidates, only Senator Barack Obama of Illinois was absent; he was campaigning in Iowa. Yet he was here in spirit: At times the focus of the forum, and of some reporters, drifted to the e-mail attacks on Wednesday between the campaign war rooms of Mrs. Clinton and Mr. Obama over an Obama donor's personal criticism of the Clintons this week.

David Geffen, the entertainment executive, in an interview with a columnist for The New York Times, described Mrs. Clinton as "incredibly polarizing" and "ambitious," and said Mr. Clinton may make trouble for his wife by causing a new scandal in their lives. Mrs. Clinton pushed back at the forum, to applause from the audience of public employee union members, by saying candidates and their allies should not "be engaging in the politics of personal destruction."

Not everyone seemed to agree with that. Outside of the event here in the capital of Nevada, which is scheduled to hold the second round of presidential caucuses next January, leaflets calling Mrs. Clinton unelectable were tucked under the windshield wipers of cars. The leaflets, of unknown provenance, were titled "Why Can't She Win?" and cast her as unpopular with liberals over the war and with conservatives over just about everything.

Other than Iraq, health care insurance was the subject of greatest discussion, with most of the candidates promising to push for universal coverage. Gov. Bill Richardson of New Mexico promised that he would not increase taxes to expand health

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care, but rather focus on preventative care, while Mr. Edwards repeated plans for a huge health care program that would include higher taxes on wealthy Americans.

"I think we have reached a place in American history where small baby steps, incremental steps, are not enough — we need big, transformational change," Mr. Edwards said to some applause.

Mrs. Clinton, who has been portrayed by Edwards advisers and others as an incrementalist, said she wanted to develop a plan to provide universal care without spending billions of dollars more, given that the United States already spends significantly more on health care than any other nation.

Yet she also presented herself as a bold goal setter, recalling President John F. Kennedy's pledge to put a man on the moon in a decade.

"I want to have universal health care coverage by the end of my second term, and with everybody working on that, I think we can do it," she said to applause.

Edwards Needles Clinton About Iraq Vote (AP)

By Beth Fouhy

AP, February 21, 2007

Former Sen. John Edwards jabbed gently at Sen. Hillary Rodham Clinton on Wednesday in the first all-candidates forum of the 2008 Democratic presidential campaign, saying her refusal to disavow a 2002 vote on Iraq was "between her and her conscience."

"It's not for me to judge," said Edwards, who — like Clinton — voted in 2002 to authorize the invasion of Iraq, but unlike her, has since apologized for his vote.

The event format did not permit Clinton to respond to Edwards' swipe, which stood out on an afternoon in which Democrats launched serial attacks on President Bush's war policies.

"The worst we can do is tear each other down," said New Mexico Gov. Bill Richardson, who called on his Democratic rivals to sign a pledge to avoid negative campaigning and concentrate their energy on taking the White House away from the Republicans next year.

Among Democratic presidential contenders, only Barack Obama skipped the event, which was hosted by the American Federation of State, County and Municipal Employees Union. The Illinois senator campaigned in Iowa instead.

The convergence of so many candidates underscored Nevada's newfound importance in the 2008 nominating campaign. The state will hold caucuses on Jan. 19, five days after the lead-off Iowa caucuses and presumably only a few days before New Hampshire's first-in-the-nation primary.

In their time on stage, several of the candidates made an explicit pitch for the votes of union members, stressing their backing for legislation designed to make it easier to join unions, for example.

Edwards, Clinton and others drew cheers when they voiced support for universal health coverage, and Rep. Dennis Kucinich of Ohio vowed to pull the United States out of NAFTA soon after taking office in the White House.

But the Iraq war overshadowed all else at the two-hour event, Democrat after Democrat vying to show their eagerness to end U.S. participation in a conflict that has resulted in the deaths of more than 3,100 U.S. troops.

"Sign me up. No negatives," Sen. Joe Biden of Delaware said just after Richardson made his appeal. Moments later, though, he spoke dismissively of congressional efforts merely to stop Bush's plan to deploy additional troops. "Don't talk about capping and all that. Do something," he said.

Clinton and Obama support separate bills to prevent an increase in troop levels above those in effect in January.

Kucinich was more direct. He said he had voted against authorizing the war in 2002, adding, "People are looking for a president who does the right thing when it matters the most."

Former Sen. Mike Gravel of Alaska, a quarter-century out of office, was the eighth candidate. "I don't think it's a big deal whether I get elected president or not," he said at one point.

The event occurred on a day in which aides to Obama and Clinton clashed over remarks made by DreamWorks founder David Geffen, a one-time supporter of President Clinton who has lined up behind the Illinois senator in 2008.

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The Hollywood mogul was quoted in the New York Times as saying while "everybody in politics lies," the former president and former first lady "do it with such ease, it's troubling." Aides to the New York senator promptly called on Obama to give back a campaign donation from Geffen.

Clinton sidestepped a question of whether Obama should denounce Geffen's remarks. "I sure don't want Democrats or supporters of Democrats to be engaging in the politics of personal destruction," she told moderator George Stephanopoulos.

Sen. Chris Dodd of Connecticut, the first to speak, brushed aside a suggestion from some administration allies that the withdrawal of troops from Iraq would create chaos.

"How much more chaos could there be in Baghdad than exists today?" he asked to applause from the audience at a union-sponsored event near the Nevada state capitol.

"Time has run out on what President Bush has tried to do in Iraq," said Clinton when she took her turn on stage. She touted her legislation to begin a troop withdrawal within 90 days, and as she has repeatedly, declined to apologize for her vote to authorize the war in 2002.

Former Iowa Gov. Tom Vilsack struck a similar note. "I want to challenge every single one of you and ask a simple question, what have you done today? What have you done today to end this war in Iraq?

"It needs to be ended now. Not six days from now, not six months from now. Not six years from now. It needs to be ended now, and it is up to you," he said.

Edwards, the party's 2004 vice presidential nominee, said it was time to begin a troop withdrawal. "I voted for this war. I was wrong to vote for this war. I should never have voted for this war. I take responsibility for that. No one else is responsible for it.

He added, "But the truth is, if we want to live in a moral and just America, and we want America to be able to lead in a moral and just world. We need a leader who is honest, open and decent and trying to do the right thing."

Stephanopoulos asked Edwards moments later whether he had been referring to Clinton.

"Well, whether it's good enough I think it's between her and her conscience. It's not for me to judge," said the former North Carolina senator.

The program called for each contenders to make brief opening comments, then field three questions from Stephanopoulus, an ABC News broadcaster and former aide in Bill Clinton's White House. That meant, for example, that Clinton was backstage when Edwards spoke.

The Republican National Committee used the forum to try to put its own spin on the candidates, releasing "research documents" containing unflattering critiques of each of the Democrats hours before the event.

In recent years, Democrats have sensed political opportunity in the mountain West, a fast-growing region long dominated by Republicans. Nevada, with its large Hispanic population and influential labor unions, was considered a battleground state in 2004, and President Bush won the state by just 3 percentage points.

Ex-Senate Leader Daschle Endorses Obama (AP)

AP, February 21, 2007

Sen. Barack Obama won the endorsement Wednesday of former Senate Majority Leader Tom Daschle, who said the White House hopeful "personifies the future of Democratic leadership in our country."

Daschle said Obama has a "great capacity to unify our country and inspire a new generation of young Americans, just as I was inspired by the Kennedys and Martin Luther King when I was young."

Obama began his term in the Senate after Daschle lost his seat in 2004. But the South Dakotan served in the Senate with several of the other Democratic presidential hopefuls, including Sens. Hillary Rodham Clinton of New York, Joe Biden of Delaware, Chris Dodd of Connecticut and John Edwards, a former lawmaker.

Daschle said the party was "very fortunate to have an extraordinary field of candidates."

No Way To Elect A President (WP)

By David S. Broder

The Washington Post, February 22, 2007

DOJ_NMG_0135150

When Senate Majority Leader Harry Reid announced plans to hold an unusual Saturday session last week to vote on the House-passed resolution opposing President Bush's plan to send more U.S. troops into Iraq, he disrupted the schedules of at least six of his colleagues who are running for president.

Joe Biden and John McCain were both supposed to spend the day in Iowa; Hillary Clinton, in New Hampshire; Chris Dodd, in South Carolina; Barack Obama, in South Carolina and Virginia; and Sam Brownback, in Florida.

It's only February of 2007, but from the schedules these presidential hopefuls -- and their rivals -- are keeping, you would think the primaries were almost upon us. Plenty of campaign consultants were aggravated that Reid was inconsiderate enough to let a little matter such as the Iraq war intrude on their important work of getting their candidates elected -- next year.

What we have, friends, is a remarkably distinguished field of candidates vying in an election system that has become truly insane.

I think the 16 men and one woman actively pursuing the presidency right now constitute a classy assemblage. The front-runners are people of substantial stature; the long shots include many who, in other years, would have been thought of as formidable challengers.

But the process in which they are engaged is bizarre -- and getting more so, every time you look.

Ever since 1976, the first presidential election year after the Democrats "reformed" their nominating rules, the states have been trying to increase their influence by racing to the head of the line of primaries. The result has been that a selection system that used to begin in March now is over in February -- at the latest.

The Democrats are mostly to blame for this mad rush to judgment, but neither party has tried seriously to apply the brakes. Their indulgence of this breakneck competition among the states means that someone is likely to put a death grip on each party's nomination before most Americans have begun to size up his or her capacity to be president. The second consequence is a numbingly long general election campaign: a nine-month marathon that leaves contenders and voters exhausted.

It also drives the cost of the election right through the ceiling -- and makes the candidates spend untold hours courting those with the wealth to finance their campaigns. Serious students of the process proclaim this to be the first billion-dollar election and predict the old system of partial public financing, with its spending controls, will be shattered to bits by the runaway money chase.

How did all this come to pass? Well, it began innocently enough with both parties giving official sanction to the traditional early kickoff contests -- the Iowa caucuses and the New Hampshire primary. But as other states began inching forward, Iowa and New Hampshire advanced their dates, bit by bit, into January.

This year, the Democrats triggered a new stampede by deciding -- on grounds of diversity -- to cram the Nevada caucuses into the week between Iowa and New Hampshire and add a South Carolina primary just a week later.

Those four January events may be followed by a Feb. 5 blowout that will very possibly end the race. Four mega-states -- Florida, Illinois, Texas and California -- are all advancing legislation that would move their contests up to that date. Alabama may sneak in three days earlier, and other states are considering jumping in.

This is madness. There is no way that candidates can really communicate their qualifications, their aspirations and their policies to millions of people in widely scattered locales in a week's time or less. The campaign will be reduced to 30-second TV spots, sound-bite debates and airport tarmac rallies.

Long ago, the late Mo Udall, the canny congressman from Arizona who finished second to Jimmy Carter in the 1976 primaries, proposed the best solution I've ever heard.

He urged the parties to adopt a simple rule: Any state could hold a nonbinding contest any day it wants, but delegates to the national conventions would be seated only if elected on the first Tuesday of March, April, May or June. That way you would get spacing between the events to allow for serious examination of the choices and, probably, a mixture of results that would keep the race open until the end.

What we have now is so out of kilter that senatorial candidates can barely tend to their duties a year before the first primary.

Ex-lawmakers Find Work With Lobbyists (USAT)

By Matt Kelley

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USA Today, February 22, 2007

The cozy relationships between lawmakers and lobbyists that embarrassed Congress and cost some lawmakers re-election haven't stopped the revolving door between Capitol Hill and the lobbying industry that seeks to influence legislation.

Five of the 39 ex-lawmakers rejected by voters three months ago landed jobs at firms that seek to influence Congress. The hires include two Republicans — Curt Weldon of Pennsylvania and Conrad Burns of Montana — who lost in part because of allegations of ethical lapses.

Federal law requires lawmakers to wait a year after leaving office to lobby Congress, but lets former Congress members advise lobbyists and clients. The Senate passed a bill that would extend that "cooling-off" period to two years and also ban ex-lawmakers from advising others during that time. The House of Representatives has not taken up that issue.

Weldon, a former member of the House Armed Services Committee, was named chief strategic officer this month by Defense Solutions, a defense contractor that consults and lobbies for other companies. One of the company's executives, in a previous job, benefited from federal funds secured by Weldon.

A series of FBI raids at the homes and offices of his lobbyist daughter and her business associates and clients became a major issue in Weldon's campaign. He has said he did not help her obtain contracts.

Burns was hired last month as a senior adviser by Gage LLC, a lobbying firm headed by his former chief of staff and whose clients benefited from funding Burns inserted into spending bills.

Burns lost his Senate seat after Democrat Jon Tester criticized his ties to Gage and lobbyist Jack Abramoff, who was sentenced to prison last year for fraud. Burns received about $150,000 in donations from Abramoff and his associates and clients. Burns, who returned the money, has said he didn't help Abramoff.

Weldon and Burns did not return phone calls seeking comment.

Others who have joined lobbying firms:

•Former congressman Jim Davis, D-Fla., who lost to Republican Charlie Crist in the race for Florida governor, joined Holland & Knight, a large law and lobbying firm. Davis said he will work mostly in Florida with occasional visits to Washington to advise clients. Managing partner Howell Melton Jr. said in a statement last month that the Democrat "will be a valuable asset to our clients now that the new majority in Congress has convened."

•Former congresswoman Nancy Johnson, R-Conn., joined law and lobbying firm Baker, Donelson, Bearman, Caldwell & Berkowitz, which touted her health care credentials — including her role in crafting the Medicare drug benefit. Democrat Christopher Murphy, who defeated Johnson, criticized the drug benefit and her ties to the pharmaceutical industry. Johnson did not return messages seeking comment.

•Former congressman Richard Pombo, R-Calif., on Tuesday joined Pac/West Communications, a lobbying and public relations firm. Pombo chaired the House Natural Resources Committee, and Pac/West's clients include timber and oil companies. Pombo said he will advise grass-roots groups on how to be politically effective.

Democrats made ethics an issue in last year's elections. Former congressman Bob Ney, R-Ohio, pleaded guilty last year to Abramoff-related corruption charges and in 2005, former congressman Randy "Duke" Cunningham, R-Calif., pleaded guilty to taking $2.4 million in bribes from businessmen seeking Pentagon contracts.

Can Free Trade Be A Fair Deal? (WP)

By Harold Meyerson

The Washington Post, February 22, 2007

Within the past year, an important new debate has taken shape, though it's not likely to be the focus of any forthcoming presidential debates as such. It is likely, however, to distinguish liberal from centrist thinking for decades to come.

The debate begins at the familiar flash point of trade -- more particularly, with the realization of business elites and their political champions that the nation's free-trade policies have become threatened by growing public anxiety over our economic future. While corporate profits soar, individual wages stagnate, held at least partly in check by the brave new fact of offshoring -- that millions of Americans' jobs can be performed at a fraction of the cost in developing nations near and far. November's

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elections, in which voters sent to Congress a freshman class composed almost entirely of free-trade skeptics, rang alarm bells on both Wall Street and K Street.

In reaction not just to November but to reams of economic data showing that the U.S. median income has flat-lined, such longtime champions of free-trade orthodoxy as former Clinton Treasury secretary Robert Rubin have changed their tune. Maintaining and extending our trade agreements is still their holy writ, but to compensate for whatever leveling effect trade may have on Americans' incomes, they now call for wage insurance to help workers who've been compelled to take lower-paying jobs than the ones they lost. As call centers relocate to India, the Rubinauts call for extending trade adjustment assistance to service as well as manufacturing workers. They call for a universal health-care system delinking insurance from employment, so that U.S. companies can compete globally without having to be the only corporations in an advanced economy that cover their workers' medical costs. They call for improving our education system so that American workers can be more competitive.

These domestic policy proposals all have merit; the question is whether they're remotely sufficient to the challenge of a globalized economy. In fact, there are nations with advanced economies that trade even more than we do and have still managed, chiefly through domestic policies, to retain high levels of economic equality and vitality: the nations of northern Europe. Trade constitutes a higher percentage of Scandinavian nations' gross domestic product than it does ours, with little of the downward-leveling and, accordingly, anti-trade backlash that we experience. Their secret is a series of job-training and placement policies, a bigger and better-paying public sector than ours, and the fact that their leading trade partners are other high-wage European nations.

The cost of creating this economic security while remaining globally competitive isn't cheap. In the March issue of the American Prospect (which I edit), my colleague Robert Kuttner calculates that these nations devote roughly 15 percent more of their GDP to governmental outlays than the United States does. That pencils out to roughly $2 trillion a year that we'd have to shift to the public sector to build an economy in which globalization wouldn't be viewed as so dire a threat. Neither Rubin, a true believer in balanced budgets, nor anybody functioning in the real world of American politics is calling for anything this far-reaching to reshape the U.S. economy.

Free-trade skeptics such as I believe that these domestic reforms, while overdue, are not enough. We argue that there need to be rules for the global economy that protect workers no less than investors, that global minimum wage standards, say, are no less necessary in a global economy than national minimum wage standards are in a national economy. Our challenge is that absent a global government, a global polity, such standards are excruciatingly difficult to create -- though altering the rules of the World Trade Organization would be a good place to start.

And so the debate: Is it possible, in a globalized economy, to have decent capitalism in one country? Or must enforceable laws be enacted to create a more egalitarian global economy, just as the New Deal here and social democratic governments in Europe established the framework for broadly shared prosperity on a national scale in the middle of the last century?

The historically minded may hear in this debate a dim echo of a Soviet controversy of 80 years ago, in which Stalin argued it was possible to build Soviet-style socialism in one country while Trotsky insisted that without global socialism, Russian socialism was bound to fail. Today's debate, fortunately, concerns the fate of a vastly more benign system: decent capitalism. And -- since neither a Scandinavian conversion nor a global government is just around the corner -- it is a debate that will pit the left against the center probably for the next half-century.

meyersonh@washpost.com

EDITORIAL: Mortgage Insecurities (NYT)

The New York Times, February 22, 2007

If the bankers, investors and regulators who populate the global financial markets are not already anxious, they should be. The easy money that has buoyed the global economy for much of this decade is getting harder to come by.

At a similar point a decade ago, Russia defaulted on its foreign debt and Asia came unglued, weakening global growth. This time, the trigger could be the rapid erosion in the quality of American home mortgages — reflected in surging delinquencies and rising defaults.

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Two economists, Mark Zandi and Juan Manuel Licari of Moody's Economy.com, detailed the dangers recently. In 2005 and 2006, lenders wrote an estimated $3.2 trillion in new home mortgages, which was a record — and lowered their credit standards considerably to do it. In 2005 alone, 20 percent of the mortgages taken out were "subprime" — made to borrowers with poor credit — and many more had worrisome features like interest-only payments.

Not surprisingly, as interest rates rose last year, mortgage delinquencies soared. Delinquency rates are expected to peak in 2008 at over 3 percent, well above the level of the last recession. Many of these risky mortgages were sold to investment banks, who carved them up into complex i.o.u.'s that they sold to investors worldwide. More than 20 percent of global private debt securities is now tied to housing in the United States. That works out to $7.5 trillion — far larger than the market for United States Treasuries. So if America's mortgage market heads south, the losses could be widespread.

The odds of a global financial crisis are still low, according to Mr. Zandi and Mr. Licari, but they are rising. There is not a lot now that can be done about the risks in the mortgage market. But the growing possibility of hard times ahead is another argument for rolling back many of the recent excessive tax cuts, so the government will have more resources available to respond if a crisis comes.

Rigged Game In Richmond (WP)

The Washington Post, February 22, 2007

THE DECK is stacked in Richmond this week as negotiators from Virginia's House of Delegates and Senate try to find the first new money for transportation in a generation. Specifically, it is stacked in favor of a flawed plan that would use unstable, unreliable funding sources to produce an anemic cash flow.

Witness the negotiators on the House-Senate conference committee, whose mission is to fashion a compromise between competing transportation funding formulas. Just two of the 12 negotiators are Northern Virginians, despite the fact that the region accounts for one-third of the state's population, 40 percent of its economy and at least half its traffic headaches. Ten of the 12 negotiators are Republicans. And, thanks to some artful parliamentary maneuvering, 11 of the 12 negotiators named to the conference committee voted for the House-backed funding package, which is less responsible than the Senate's approach.

The chances of this group of lawmakers forging a genuine compromise are not promising. Rather, they appear to be planning a package similar to the House's original one, which they hope to present to the Senate with the clock ticking -- the legislature is scheduled to adjourn Saturday -- and dare the senators to reject it, as they have once already on a preliminary vote. It's an all-or-nothing gambit that plays chicken with the commonwealth's best interests.

The problem with the House funding package is twofold. First, it would produce barely more than half of the $700 million a year in new transportation funding that Northern Virginia desperately needs. Second, it would pay for improvements to the state's roads and rails in part by diverting $250 million annually in state funding for public schools, higher education, health care, human services and public safety. It would, in other words, throw transportation into the same competitive pool as other spending priorities, meaning that whatever amount is promised for road-building now could be chipped away or redirected in its entirety at the first sign of inclement budgetary weather. And then what -- highway projects abandoned halfway through construction? Federally matched Metro funding suspended?

Transportation has long been treated as a special case in Virginia (as in other states) and funded from separate, dedicated, dependable revenue sources in the knowledge that road-building projects are long-term undertakings. That Republicans in the House are allergic to new taxes, and that all 140 seats in the General Assembly are on the ballot this year, does not change that basic reality.

Rather than shove the House plan or something close to it down the Senate's throat and see whether it gags, the conferees would be wiser to offer a real compromise. That would entail limiting transportation's dependency on unreliable general fund revenue while drawing on some new, more sustainable revenue source -- perhaps along the lines of a fee for all newly registered vehicles, such as the one that Sen. John H. Chichester (R-Northumberland) has proposed and that the Senate has endorsed. By incorporating elements of both plans, negotiators may produce a package that neither the House nor the Senate adores but that makes sense for a state too long starved of money for essential infrastructure projects.

Rice Urges Iran To Reconsider Defiance As Nuclear Deadline Passes (AFP)

DOJ_NMG_0135154

By David Millikin

AFP, February 22, 2007

As Iran ignored a UN deadline Wednesday to suspend its nuclear reprocessing activities, US Secretary of State Condoleezza Rice urged the Islamic republic to reconsider its defiance and accept an offer of better relations with Washington.

"The Iranians have unfortunately not acceded to the international community's demands," Rice said after talks here with German Foreign Minister Frank-Walter Steinmeier.

Rice, in Berlin for a meeting of the so-called Quartet of Middle East peace mediators, said she would be consulting with her major power counterparts on the next steps to take concerning Iran's nuclear programme.

The United States has said it will seek to expand sanctions imposed on Iran on December 23 because of Tehran's refusal to suspend a uranium enrichment programme it and others fear is a cover for the development of nuclear weapons.

The UN Security Council resolution gave Iran 60 days to comply, but Iranian President Mahmoud Ahmadinejad on Wednesday vowed to press ahead with the nuclear programme.

"Achieving nuclear energy is very important for the progress and development of our country," Ahmadinejad told a public rally.

Tehran insists its program is only to provide fuel for nuclear power plants, but highly enriched uranium can also provide material to make atomic weapons.

Rice re-affirmed a US offer, first made last May, to end a 27-year rupture in American-Iranian relations if they comply with the UN conditions.

Together with the other four permanent members of the UN Security Council plus Germany, Washington also pledged to help Iran develop a peaceful nuclear energy programme if it would halt its own enrichment activities.

"We offered to reverse 27 years of policy to engage in the context of the six (parties) and I said I would meet with my Iranian counterpart any place, any where, any time if they suspend," she said.

"I want to emphasize that the best course would be for Iran to suspend its uranium enrichment and reprocessing activities so we can return to negotiations," Rice said at a press conference.

"That's the purpose of having pressure on the Iranian regime," she said.

Rice was expected to discuss the issue of increasing the sanctions pressure against Iran with Steinmeier, Russian Foreign Minister Sergei Lavrov and EU foreign policy chief Javier Solana on the sideline of the Berlin meeting.

The limited sanctions resolution adopted in December specifically target trade and officials involving Iran's nuclear and ballistic missile programmes and Russia, which has close economic ties with Iran, is expected to resist further punitive measures.

The next step in the UN process is a report to be released by the head of the UN nuclear watchdog by Friday confirming that Iran is pushing ahead with uranium enrichment.

Iran Risks Further Isolation, Says US (FT)

By Daniel Dombey

Financial Times, February 22, 2007

Iran faced further isolation if it failed to meet United Nations demands to curb its nuclear programme, the US's national security adviser warned on Wednesday.

On the day of a UN deadline, Stephen Hadley argued that the Bush administration's concerns were shared by Russia, in spite of the split between Moscow and Washington on issues such as missile defence.

"Regrettably, the Iranian regime has pursued a policy of pursuing a nuclear programme in defiance of the international community and the result is that it is increasingly isolated," he said. However, an expected report on Iran's nuclear programme by Mohamed ElBaradei, the UN's chief nuclear watchdog, was delayed yesterday, for finishing touches.

Mr Hadley added that Moscow's recent decision to delay work on Iran's light water reactor at Bushehr – ostensibly because of Tehran's failure to pay Russian contractors promptly – indicated the Kremlin's worries about Iran's nuclear ambitions.

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"They have been increasingly concerned about the proliferation risks associated with Bushehr," he said. "They have entered into understandings with Iranians to mitigate some of those risks," he added, referring to Russia's agreement with Tehran to take back spent nuclear fuel.

Mahmoud Ahmadi-Nejad, Iran's president, yesterday rallied public support for the programme in speeches in the northern province of Gilan, claiming that nuclear technology would "push Iran 50 years ahead".

The US and Israel have frequently warned that Iran could reach a "point of no return" and master uranium enrichment.

U.S. Weighs Extra Steps On Iran (WSJ)

By Neil King Jr. And Jay Solomon

The Wall Street Journal, February 22, 2007

WASHINGTON -- Amid signs of economic unease in Iran, the U.S. and its European partners are weighing another set of financial restrictions on Tehran, including the possibility of targeting companies run by the country's elite Revolutionary Guard Corps.

• The Goal: Officials from the U.S. and Europe say that U.N. sanctions on Iran are working and plan to pursue further financial restrictions in the Security Council to force Tehran to the negotiating table.

• The Alternative: If the Security Council doesn't act, as is likely, the Bush administration will take its own measures, and is keen to find ways to home in on the growing business operations of the Revolutionary Guard, Iran's paramilitary force.

• The Hurdle: Despite rising friction among various factions in Iran over how to proceed on the nuclear front, there are few suggestions so far that the Iranian government plans to bend.

U.S. and European officials say that the move toward a second round of United Nations sanctions, which would likely involve freezing the overseas assets of certain Iranian companies or individuals, reflects their cautious optimism that sustained pressure on Tehran might succeed in bringing the country to the negotiating table over its nuclear program. International financial restrictions, including a U.N. package in December, have stirred significant debate within Iran about the wisdom of confrontation with the outside world, as the economy there begins to show signs of distress.

Bush administration officials say they are also considering ways for the U.S. to ramp up pressure on its own if countries within the U.N. Security Council balk at sterner steps, as is likely. The administration is particularly keen to find ways to home in on the growing business operations of the Revolutionary Guard, the country's secretive paramilitary force also known as the IRGC.

Keeping up the pressure may not be easy. Of the five permanent members of the Security Council, France, Britain and the U.S. are eager to push ahead on a second resolution and have already begun to consider some potential targets. But China and, above all, Russia are wary of pushing too hard. "Russia will control the pace of things going forward," said one U.S. official.

The December resolution gave Iran a 60-day ultimatum to freeze its uranium-enrichment work or face stiffer economic sanctions. The West alleges Iran is pursuing nuclear weapons under the guise of a civilian nuclear program; Iran insists it is developing an independent energy source. The U.N. deadline lapsed yesterday, without any signs of compromise from Iran.

Despite rising friction among various factions in Iran over how to proceed on the nuclear front, there are few suggestions so far that the Iranian government plans to bend. President Mahmoud Ahmadinejad said earlier this week that Iran might be willing to suspend its uranium-enrichment work if other countries did the same, an offer the U.S. quickly rejected. Yesterday, he said in a speech that the U.S. and others will not "thwart the will of the Iranian nation to achieve the peaceful use of nuclear technology."

Still, the combination of U.N. sanctions and more-focused U.S. financial actions has already scared away some international business from Iran and increased the cost for Iran of conducting international trade. Recent U.S. moves to isolate Iranian banks and companies from international financial circles have led several major European banks to cut off their operations in Iran. So far, European trade with Iran hasn't slumped substantially.

Current and former U.S. officials say they are now focusing on how to combat the IRGC, which is seen as the power base behind Mr. Ahmadinejad's presidency and the central Iranian player supporting militant Islamist groups such as Hezbollah and Hamas. The IRGC is also central to Tehran's pursuit of unconventional weaponry, and it has increasingly taken a leading role in Tehran's business activities, particularly gaining concessions in lucrative oil and gas deposits, U.S. officials say.

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The December U.N. resolution singled out the financial assets of two of the IRGC's top leaders, Major Gen. Yahya Rahim Safavi and IRGC Air Force chief Gen. Hosein Salimi. It alleged that both are aiding Iran's pursuit of nuclear technologies and long-range missiles.

Some U.S. officials now want to expand these sanctions to target the financial assets of the IRGC. These officials argue that the listing of the two IRGC leaders in the December resolution gives the international community legal grounds to try to freeze all IRGC assets internationally. The IRGC's oil and gas investments are seen as particularly vulnerable, because they often would involve foreign partners or foreign financing to succeed. Some U.S. officials believe many Iranians would support sanctions against the IRGC, because the organization is gaining a greater hold over Iran's overall economy.

Singling out the IRGC "buttresses domestic criticism of the regime's cronyism; and it pulls at the purse strings of the specific element of the Iranian bureaucracy responsible for the region's most egregious behavior," said Matthew Levitt, who served as the Treasury's deputy assistant secretary for intelligence and analysis until last month.

Some U.S. and European officials working on Iran said there isn't yet a consensus internationally or in Washington to challenge the IRGC directly. Others disagree over whether the U.N. mandate provides the legal grounds to try to freeze the IRGC's assets, while some U.S. diplomats worry that taking a confrontational stance against the IRGC risks undermining continuing efforts to find a negotiated settlement over Iran's nuclear program.

A second U.N. sanctions resolution would most likely seek to expand the list of targeted Iranian companies and individuals whose assets abroad would be frozen, U.S. and European officials said. The U.S. may try to include more IRGC officials, or even IRGC companies, on an expanded list, although that debate has yet to begin among U.N. Security Council members, which would need to approve any new sanctions on Iran.

The December resolution demanded that countries freeze the assets of 10 companies and organizations and 12 individuals involved in Iran's nuclear and ballistic missile programs. That list was the result of months of debate between the U.S., Britain, France and Germany on one side, and Russia on the other. China was less involved in the negotiations. Moscow, in particular, resisted the imposition of any restrictions that would take aim at Iran's economy generally or that would impede its continuing construction of a nuclear-energy plant in Iran.

Iran's President Vows To Keep Enriching Uranium Despite Expiration Of U.N. Deadline To Stop (NYT)

By Graham Bowley And Brian Knowlton

The New York Times, February 22, 2007

Unbowed by international pressure, Iran's president vowed yesterday to press ahead with the country's uranium enrichment program, even as a United Nations deadline to shut the program down passed.

President Mahmoud Ahmadinejad said Iran had a right to pursue nuclear technology and "will continue our work to reach our right in the shortest possible time," according to the ISNA news agency. Speaking in Siahkal in northern Iran, Mr. Ahmadinejad said, "Obtaining this technology is very important for our country's development and honor."

The United Nations seems unlikely to take swift action, because of a sense that the limited sanctions already imposed on Iran by the Security Council are working. Two Council ambassadors in New York and officials in Washington indicated that Iran's stance had become less truculent and more flexible.

A report by the International Atomic Energy Agency, expected to be released today, will detail the extent of Iran's compliance with the United Nations demands.

The report may intensify the debate among Western governments about whether to impose more punishing sanctions. It may also deepen the debate within the Bush administration over whether and when to take military action.

Though Mr. Ahmadinejad took a hard line yesterday, he has said in recent days that Iran is prepared to negotiate and offered to stop enriching uranium if Western nations did the same — a proposal that the Bush administration dismissed out of hand.

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"Do you believe that's a serious offer?" Tony Snow, the White House press secretary, said yesterday. "It's pretty clear that the international community has said to the Iranians, 'You can have nuclear power, but we don't want you to have the ability to build nuclear weapons.' And that is an offer we continue to make."

Germany, which along with France and Britain has led negotiations with Iran on behalf of the European Union, held out hope that talks could be reconvened, but only if Tehran sent clear signals of its sincerity.

American-led efforts to build pressure on Iran gained a prominent backer yesterday when India announced that it had banned the export of anything that could assist the Iranian nuclear program.

In contrast to past instances, when the United States and other countries have cited Iran's noncompliance as a reason for prompt international action, diplomats said that the only political conversations now in progress about Iran were taking place within national governments, and that United Nations ambassadors in New York had not yet met to discuss their ideas. They said efforts to formulate a United Nations response to the broken deadline would probably take many weeks.

A Dangerous Partnership (WSJ)

By Ilan Berman

The Wall Street Journal, February 22, 2007

Financial pressure by the U.S. and other Western governments in recent weeks is beginning to have a real impact, chilling investment into Iran's energy sector and ratcheting up the costs of the regime's atomic effort. But these gains are in danger of being erased, thanks to the growing economic partnership between Tehran and Beijing.

In late December, China's third-largest national energy conglomerate, the China National Offshore Oil Corporation (Cnooc), signed a memorandum of understanding to develop Iran's massive North Pars natural gas field. Under the prospective deal, worth a whopping $16 billion, Cnooc would cooperate with the National Iranian Oil Company to develop and liquefy the field's estimated 80 trillion cubic feet of natural gas. At around the same time, another Chinese firm, PetroChina, inked a deal to annually import some three million tons of liquefied natural gas from Iran over a quarter-century. PetroChina's parent company, the China National Petroleum Corporation (CNPC), has followed suit, finalizing a $3.6 billion project to explore and exploit Iran's South Pars gas field.

In the process, Beijing has put the Bush administration on the horns of a major policy dilemma. The first part of the problem is practical. Cnooc is a publicly traded company on the New York Stock Exchange. So is PetroChina. As such, both potentially are subject to the provisions of the 1996 Iran-Libya Sanctions Act (ILSA), which is intended to curb Iran's "ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them." It does so by authorizing the White House to impose a number of concrete economic penalties -- from prohibitions on large-scale U.S. bank loans to restrictions on the procurement of goods -- on foreign corporations engaged in commerce in the U.S., which also do more than $20 million annually in business with Tehran. The message of the law, as written by Congress, was clear: You can trade with us, or with Iran, but not with both.

But when it comes to China, the situation is not so simple. Cnooc, PetroChina and CNPC are not just private entities; they are appendages of the Chinese Communist Party, and de facto instruments of its foreign policy. The application of sanctions against them, therefore, would be tantamount to an act of economic warfare -- and the Bush administration has little stomach for a trade war (or worse) with China.

The second issue is strategic. Already, other foreign multinationals have begun to take their cues from Beijing. Royal Dutch Shell has, along with Spain's Repsol, just concluded a preliminary agreement with the Iranian regime worth an estimated $4.3 billion for the construction of a liquefied natural gas plant and port terminal in the Islamic Republic. Malaysia's L1, meanwhile, recently signed a deal worth nearly $3 billion to build a refinery in Iran's Khuzestan province. Needless to say, these deals have struck a body blow to the recent progress made by Washington in isolating the Islamic Republic financially.

Reversing this trend is bound to be an uphill battle. Over the past decade, ILSA has been honored entirely in the breach, with the U.S. consistently failing to apply its provisions to foreign violators.

The one time that it came even remotely close to doing so was in 1998, against Russia's Gazprom, France's TotalFinaElf and Malaysia's Petronas. But the Clinton administration ultimately chose to waive ILSA provisions in the spirit of international

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cooperation -- and as a sop to the new, "reformist" government in Tehran. That decision became the model for subsequent violations by companies such as Italy's ENI, Canada's Sheer Energy and Norway's StatOil. Each time, Washington's calculus has been the same: bilateral trade over international security.

This is a major miscalculation. Bilateral sanctions are a critical tool in the U.S. economic arsenal. By actively enforcing such measures, policy makers in Washington have the ability to hammer home the point that trade with an increasingly intransigent Iranian regime is not cost-free -- and to force Iran's trading partners to choose between doing business with Tehran and conducting commerce with the U.S.

At the end of the day, China's economic interests are understandable. Runaway economic growth has brought with it a voracious appetite for energy, and Iran has emerged as one of China's largest oil suppliers. As a result, policy makers in Beijing have studiously avoided making a choice on Iran's nuclear program, even as they provide the Iranian regime with the economic tools to accelerate it.

The failure of the Bush administration to take Beijing to task, however, is far less comprehensible. U.S. policy must be geared toward making China and its economic fellow travelers aware of the gravity of the unfolding Iranian nuclear crisis -- and providing them with the political rationale to make the right choices about partnership with Tehran. Raising the costs for China to do business in the Islamic Republic seems like a very good place to start.

Mr. Berman, vice president for policy at the American Foreign Policy Council, is the author of "Tehran Rising: Iran's Challenge to the United States" (Rowman & Littlefield, 2005) and editor of the forthcoming "Taking on Tehran" (Rowman & Littlefield, 2007).

Splits Emerge Between U.S. And Europe Over Aid For Palestinians (NYT)

By Helene Cooper

The New York Times, February 22, 2007

BERLIN, Feb. 21 — Fractures between the United States and Europe began to appear Wednesday over whether the new Palestinian unity government was likely to receive international economic support even as the Middle East peace negotiators officially continued their wait-and-see approach.

After the meeting here of representatives of the so-called quartet of Middle East peace negotiators — the United States, Russia, the United Nations and the European Union — the group released a statement that “reaffirmed” its support for a Palestinian government that would recognize Israel and renounce violence.

Secretary of State Condoleezza Rice has said repeatedly that unless the new unity government meets those conditions, the United States will continue its economic boycott of the Palestinian government. So far, the Saudi-brokered government, which included the moderate president, Mahmoud Abbas of Fatah, and the militant Islamic movement Hamas, does not.

But European officials appeared more willing to hold out the possibility of finding members of a new unity government with whom to work. “There are ways that we can be flexible,” one European official said.

The Russian foreign minister, Sergey V. Lavrov, who has said that the United States and Europe should look for ways to engage Hamas, was pointed during a news conference about not threatening to continue the boycott if the new government did not recognize Israel.

The quartet communiqué said, “Clearly in this statement we support the formation of a new Palestinian government,” Mr. Lavrov said. “It was also underscored that further steps must be taken to support the Palestinians. One certainly shouldn’t speak of a boycott in this regard.”

In the United States Congress, Representative Nita M. Lowey, Democrat of New York, is blocking $86 million that the Bush administration wants to strengthen Mr. Abbas’s security forces. An aide to Ms. Lowey said she would lift the hold when the State Department provided guarantees that the money would be used only for nonlethal security assistance, like uniforms and communications equipment.

The United States and other Western countries cut off close to $1 billion in direct aid to the Palestinian government after Hamas won last year’s parliamentary elections.

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The United States will have a tough balancing act as it tries to keep the quartet united in an economic boycott of the Palestinian government while trying to bolster Mr. Abbas in peace talks with Israel. Those talks, which began Monday with a summit meeting between Mr. Abbas and Prime Minister Ehud Olmert of Israel, ended a few hours later with little sign of progress.

Mr. Abbas has maintained that he agreed to the pact to end the violence between Hamas and Fatah, which has left more than 100 Palestinians dead.

Meanwhile, in Jerusalem, Mr. Olmert said Wednesday that he was willing to meet "again and again" with Mr. Abbas. But he also made clear that serious peace negotiations were unlikely unless the Palestinian government was willing to recognize Israel.

"The agreement signed between Fatah and Hamas does not promise any change in the basic policy toward Israel," Mr. Olmert said at a news conference.

Hamas says it has no objections to Mr. Abbas's negotiating with Israel, but Mr. Abbas has limited authority, and Mr. Olmert indicated that would limit the scope of their discussions.

United Front On Unity Government (WP)

By Glenn Kessler

The Washington Post, February 22, 2007

BERLIN, Feb. 21 -- European and U.S. officials on Wednesday sought to play down emerging differences over the new Palestinian unity government during a meeting of a high-level group that monitors efforts to end the Israeli-Palestinian conflict.

The meeting of the Quartet -- made up of the United Nations, the European Union, Russia and the United States -- came as Palestinian Authority President Mahmoud Abbas started a tour of Europe to promote the unity accord he had reached with the Hamas militant group. He met with British Prime Minister Tony Blair and also planned to visit Paris, Berlin and Brussels.

U.S. officials say they were surprised that Abbas struck the deal, which angered Israeli officials and cast a pall over a summit that Secretary of State Condoleezza Rice brokered in Jerusalem this week between Abbas and Israeli Prime Minister Ehud Olmert.

European officials have been much more receptive to the unity government, saying it might be a way to encourage Hamas to eventually accept a peace deal. European officials note that some possible members of the government are seasoned and respected Palestinians with no links to terrorism.

"I hope very much that the national unity government will be part of the solution and not part of the problem," the E.U. foreign policy chief, Javier Solana, said at a news conference after the meeting.

In a statement laden with diplomatic code words, the Quartet welcomed Rice's efforts and reaffirmed that a Palestinian government must be committed to nonviolence, recognize Israel and honor previous agreements with Israel. But the group also said it was exploring an expansion of a European aid pipeline to the Palestinians.

In Israel, Olmert suggested to foreign journalists that Abbas, whose Fatah movement lost parliamentary elections to Hamas in January 2006, would not be able to enforce any agreement that emerged from peace talks with him. "A body which does not represent the majority today amongst the Palestinians will not be able to actually carry out any commitment that will make any such talks valuable or meaningful," Olmert said.

A day earlier, Olmert's spokeswoman, Miri Eisin, said that future contacts with Abbas, if he allows Fatah to join the Hamas-led unity government, would be limited to discussion of conflict-management issues such as prisoners and checkpoints and roadblocks in the occupied territories.

U.S. officials, distributing transcripts of Olmert's news conference, sought to emphasize that elsewhere in his remarks, Olmert did not close the door to the peace efforts launched by Rice. They noted that Olmert said he was "absolutely loyal" to eventually creating a Palestinian state.

An Israeli official, asked to explain Olmert's remarks on condition of anonymity, said the Israelis would continue bilateral discussions on fighting terrorism and improving life for the Palestinians, while keeping the door open to contacts with Abbas.

U.S. officials originally hoped that Abbas would be able to use a possible peace deal to defeat Hamas in another election. But those hopes were dashed when Abbas, saying he needed to end intra-Palestinian violence that has left scores dead, reached an accommodation with Hamas.

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Quartet Plays Wait-and-see With Palestinian Government (AFP)

By Deborah Cole

AFP, February 22, 2007

A meeting of the Quartet for Middle East peace wrapped up with major powers saying they will await the formation of the new Palestinian unity government before deciding whether to lift aid and diplomatic embargoes.

The meeting was the second this month bringing together Russia, the European Union, the United States and the United Nations -- the Quartet behind the roadmap for Middle East peace drawn up in 2003.

But the two-hour talks left the diplomatic riddle posed by the power-sharing deal between Palestinian president Mahmud Abbas and the Islamist movement Hamas unsolved.

"We will make a decision when it is time to make a decision but there is not yet a Palestinian unity government," Rice said when asked about the Quartet's position on existing embargoes.

The statement, read by UN chief Ban Ki-moon, reiterated the Quartet's demands to begin normal diplomatic relations with the Palestinian Authority: recognising Israel, renouncing violence and honouring past agreements with the Jewish state, including the roadmap.

It added the Quartet agreed to continue to meet regularly and that the next gathering of the four powers would take place in the Middle East "soon."

Hamas, which the US, the European Union and Israel call a terrorist organisation, has not yet clearly agreed to the West's conditions.

Long an advocate of a softer line on Hamas than Washington has taken, Russian Foreign Minister Sergei Lavrov chose to emphasise the Quartet's support of an end to the Palestinian power struggle.

"The statement that the UN Secretary General has just read is quite clear -- it supports the formation of a new Palestinian government and in this context it was underscored that further steps must be taken to support the Palestinians," he said, adding that the statement did not mention the boycott.

Rice, who is trying to convince her allies to withhold recognition of the unity government unless Hamas meets international principles for peace, said the Palestinian leadership should not expect any flexibility on the issue.

"When one talks about peace between Israelis and Palestinians, it has to be on the basis of internationally accepted principles," she said.

"How can it be that you have talks about peace if one party does not accept the right of the other party to exist? How can it be that you have discussions about peace when a party will not renounce violence?

"In that sense the complication of not fully having a Palestinian government that clearly accepts the Quartet principles I think should be well understood."

The embargo imposed by the Quartet after January 2006 elections that Hamas won has caused widespread economic hardship in the Palestinian areas and there is growing unease in Europe over the measures.

EU foreign policy chief Javier Solana called on the Palestinian leadership to fulfill its international commitments to pave the way forward.

"I hope very much that the national unity government will be part of the solution and not part of the problem," he said.

A senior EU official said earlier that Europe tended to take a more positive view of the Palestinian unity government than the United States but added that all saw the inclusion of Hamas in the government as problematic.

"But nobody wants to give money to Hamas, nobody," the official said.

Rice also emphasized the importance of continuing to support Abbas in his power struggle with Iranian-backed Hamas.

Abbas, long portrayed by Washington as the best "partner for peace" with Israel, has embarked on a diplomatic offensive of his own. He is touring Europe to defend the unity government deal.

He insists the agreement reached between his Fatah faction and Hamas should satisfy the Quartet principles since it obliges the new unity government to respect international resolutions and agreements signed by the Fatah-led Palestine Liberation Organisation -- meaning deals with the Jewish state.

Rice held an inconclusive summit Monday in Jerusalem with Abbas and Israeli Prime Minister Ehud Olmert.

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Palestinians earlier urged the Quartet powers to give their incoming government a chance.

"We hope the Quartet will take a positive approach towards the government and not resort to pressure and boycott," said Ghazi Hamad, spokesman for the Hamas-led government.

Israel has ruled out dealing with any government that includes Hamas.

It reiterated its hope that the Quartet will stick to the conditions imposed on the Palestinian government for the aid boycott to be lifted.

"It is important and critical that the international community continues to respect these conditions, which are not negotiable," Foreign Minister Tzipi Livni told army radio.

Russia And US Split Over Palestinian Unity Government (FT)

By Hugh Williamson

Financial Times, February 22, 2007

Russia and the US were at odds yesterday over relations with a planned Palestinian national unity government, revealing divisions that are likely to further hamper efforts to reinvigorate international backing for a Middle East peace initiative.

Ahead of a meeting in Berlin yesterday evening of the Middle East Quartet - comprising Russia, the European Union, the US and the UN - Russia's foreign minister, Sergei Lavrov, said pressure on the Palestinian Authority should be eased by lifting an aid embargo imposed when Hamas won elections last year.

He told a Russian newspaper: "I hope the Quartet will favour a lifting of the financial and economic sanctions . . . that will be the position of Russia, the EU and the UN secretary-general."

In contrast, Condoleezza Rice, US secretary of state, speaking in Berlin ahead of the Quartet meeting, repeated the US's tough stance against Hamas, which it lists as a terrorist organisation. She brushed aside suggestions of easing sanctions, arguing that the principles established by the Quartet after the Hamas victory remained "critically important".

These require any PA government to recognise Israel, commit itself to non-violence and accept previous agreements, including those relating to the Quartet's own "road map".

The US and Israel have argued that a recent accord agreed in Mecca between Hamas and Fatah, led by Mahmoud Abbas, the PA president, to establish a national unity government did not go far enough, as Hamas only agreed to "respect" existing agreements with Israel.

Ms Rice, who on Monday held largely fruitless talks with Ehud Olmert, Israeli prime minister, and Mr Abbas, said she would not judge a unity government until it was formed, a process likely to take at least a month.

European politicians and the UN were more positive towards the Mecca agreement.

Ban Ki-moon, UN secretary-general, told journalists in Berlin it was "crucially important for the international community to encourage this Mecca deal".

Tony Blair, the British prime minister, said in London ahead of a meeting with Mr Abbas: "It's far easier to deal with the situation in Palestine if there is a national unity government . . I hope we can make progress, including even with the more sensible elements of Hamas."

Blair Hints UK May Deal With Hamas (FT)

By Hugh Williamson And Daniel Dombey

Financial Times, February 22, 2007

The UK on Wednesday indicated it could be prepared to do business with the Islamic group Hamas, in comments that underlined the growing difference in approach between Europe and the US on how best to pursue peace in the Middle East.

Speaking in London ahead of a meeting with Mahmoud Abbas, Palestinian Authority president, Tony Blair, British prime minister, welcomed the agreement earlier this month to form a Palestinian government of national unity. He even anticipated working with officials from Hamas, which agreed during talks in Mecca to set up the government with Mr Abbas's Fatah party.

"It's far easier to deal with the situation in Palestine if there is a national unity government," he said. "I hope we can make progress, including even with the more sensible elements of Hamas."

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By contrast, Condoleezza Rice, US secretary of state, said earlier this month that her efforts to achieve an Israeli-Palestinian agreement had "been made more complicated by the unity government".

"We want to see this [unity] government in operation. We're not interested in the rhetoric, we're interested in its actions," said a British government official last night. "We have to find a way forward here, and if we find people we can do business with we have to work with that."

Many British and European officials say that their approach differs from that of the US and Israel, who are more focused on Hamas's anti-Israel programme and charter rather than on the possible behaviour of Hamas politicians while in government office.

After Hamas won parliamentary elections last year the international Quartet – comprising the European Union, the US, Russia and the United Nations – called for the Palestinian government to renounce violence, respect past peace agreements and recognise Israel.

Because of Hamas's failure to sign up to such principles, the US and the EU have refused to fund or establish contacts with the Hamas-led administration.

But some European officials now privately argue that the condition on recognising Israel was too stringent and that the US has an "unrealistic" attitude to negotiating with extremist groups.

Speaking ahead of a meeting of the Quartet in Berlin yesterday evening, Sergei Lavrov, Russia's foreign minister, added that the aid embargo should be lifted.

But Ms Rice repeated the US's tough stance against Hamas, which it lists as a terrorist organisation. She brushed aside suggestions of easing sanctions, arguing that the principles established by the Quartet after the Hamas victory remained "critically important".

The US and Israel have argued that the accord reached in Mecca to establish a national unity government does not go far enough, as Hamas only agreed to "respect" existing agreements with Israel.

Ms Rice, who on Monday held largely fruitless talks with Ehud Olmert, Israeli prime minister, and Mr Abbas, said she would not judge a unity government until it was formed, a process likely to take at least a month.

Germany Urges Tamer Mideast Expectations (AP)

By Anne Gearan

AP, February 22, 2007

Germany's foreign minister warned Wednesday against building unrealistic expectations for a U.S.-backed push toward peace between Israel and the Palestinians.

Still, German Foreign Minister Frank-Walter Steinmeier cheered the effort led by Secretary of State Condoleezza Rice, who came to Europe to report on her meeting Monday with Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert.

"We have to show a great deal of realism," and not get ahead of what is still a tentative but hopeful process, Steinmeier said following a meeting with Rice.

He acknowledged, as Rice has done, that peace prospects are clouded by uncertainty over the political role of Palestinian Hamas militants.

Asked about Britain's decision to pull some 1,600 troops from Iraq, Rice said the move is consistent with the U.S. plan to turn over more control to Iraqi forces when possible.

"The British have done what is really the plan for the country as a whole, which is to transfer security responsibility to the Iraqis as the situation permits," Rice said at a press conference with Steinmeier.

"The coalition remains intact and, in fact, the British still have thousands of troops deployed in Iraq," she said.

Prime Minister Tony Blair said earlier in the day that Britain would withdraw around 1,600 troops from Iraq over the coming months and aims to cut its 7,100 troop levels to below 5,000 by late summer.

Rice and Abbas were holding separate meetings in Berlin on a new power-sharing deal between Hamas and the moderate, Western-backed Abbas.

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The deal, although not final, falls far short of international demands that Hamas drop its signature anti-Israeli policies. Hamas has refused to bend despite a boycott of vital international aid.

Diplomats from the United States, Europe, Russia and the United Nations were conferring Wednesday on the changed circumstances since Abbas announced the agreement two weeks ago. The group, known collectively as the Quartet, are stewards of a mothballed 2003 peace plan that would eventually establish an independent Palestinian state.

The United States pointed to positive momentum from Monday's talks in Jerusalem, despite few obvious signs of progress. Israel balked at pursuing far-reaching peace proposals with Abbas, following his Fatah faction's power-sharing deal with Hamas, which refuses to recognize the Jewish state.

On Tuesday, Israel ruled out holding further Mideast peace talks with Abbas once he forms a coalition with Hamas militants, saying the new unity government must go along with international demands to recognize Israel's right to exist.

Rice and Abbas met separately in Amman on Tuesday with Jordan's King Abdullah II. Abbas said after the meeting that Monday's summit had been "tense and difficult" but "it was not a failure, and it will be followed by other meetings."

Abbas planned to fly to Germany, Britain and France on a campaign to convince European leaders — whom the Palestinians hope are wavering on the economic boycott — that the unity deal was a major victory that should be rewarded.

He said Israel may have "misunderstood" the coalition deal, which "was made to protect the unity of the Palestinian people and its national interests," according to Jordan's official Petra news agency.

But Israel remained adamant.

"The agreements between Hamas and Abu Mazen disappoint all who supported separating the extremists from the moderates and creating an alternative government in the Palestinian Authority," Israeli Foreign Minister Tzipi Livni said Tuesday, referring to Abbas by his nickname.

Miri Eisin, Olmert's spokeswoman, ruled out holding any talks on a final peace deal with Abbas if he formed a new Cabinet that included Hamas.

Israel would continue to deal with Abbas, but only on such matters as improving Palestinians' living conditions and ending Palestinian attacks against Israel — not on a final peace deal.

Arabs Say Israel Is Not Just For Jews (LAT)

By Richard Boudreaux, Times Staff Writer

The Los Angeles Times, February 22, 2007

A manifesto argues that the nation's minority is entitled to share power in a binational state.

NAZARETH, ISRAEL — A broadly representative elite of Israel's Arab minority has rejected the idea of Israel as a Jewish state and demanded a partnership in governing the country to ensure that Arab citizens get equal treatment and more control over their communities.

In a manifesto that is stirring anger and soul-searching among Jews, Arab leaders have declared that Israel's 1.4 million Arab citizens are an indigenous group with collective rights, not just individual rights. The document argues that Arabs are entitled to share power in a binational state and block policies that discriminate against them.

Arab citizens, who make up about one-fifth of Israel's population, have always felt alienated by the Star of David on Israel's flag and a national anthem that expresses the Jewish yearning for a return to Zion. They have long protested the disproportionate Jewish share of budget resources, public services and land.

Until now, though, only small groups of Arab intellectuals had dared to advocate collective equality or the abolition of Jewish national symbols.

"The Future Vision of the Palestinian Arabs in Israel" is the first such sweeping demand by Israel's Arab mainstream. The manifesto was drafted by 40 academics and activists under the sponsorship of the Committee of Arab Mayors in Israel and has been endorsed by an unprecedented range of Arab community leaders.

As such, it has set off alarms.

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As Jewish leaders learned of the document, which was issued in December but not widely circulated until last month, they seized on it as evidence of a growing militancy by a minority that, by and large, openly sympathized with Hezbollah guerrillas fighting Israel in last summer's war in Lebanon.

The document does not address the Israeli-Palestinian conflict. But critics argue that adoption of its proposal to redefine Israel as a binational state would undermine Jewish support for a separate Palestinian state in the West Bank and Gaza Strip, a solution to which Israel's government is formally committed.

Commentators on the right have denounced the manifesto as the work of an internal enemy that threatens Israel's identity as a haven for Jewish self-determination. On the left, Jews who have advocated equal treatment of Arabs within a Jewish state say they feel disheartened.

"Is this the beginning of a new demand for the establishment of a state within a state?" Hagai Meirom, treasurer of the Jewish Agency for Israel, asked at a public forum last month. "Is it still possible to mend the Arab minority's feelings of belonging?"

The document's sponsors say most of the criticism misses the point.

Shawki Khatib, head of the 64-member Arab mayors group, said the manifesto was not an ultimatum but an effort to catalog Jewish discrimination against Arabs and provoke debate over how Israel's two largest communities should live together.

"The main message is that we do not accept our situation as second-class citizens," Khatib said in an interview at the group's headquarters here. "We want to change that situation, and we prefer to change it through dialogue."

He said he would invite Israeli officials to take part in an assembly next month to discuss the eight-chapter document.

The walls outside Khatib's office display mementos of Arab alienation. One poster reads "We will not forget" alongside portraits of 13 Israeli Arabs killed by riot police in October 2000 while demonstrating in solidarity with a Palestinian uprising.

Driving home from Nazareth, Khatib stopped his car to illustrate another grievance: entrenched discrimination that contributes to sharp inequalities between Israeli Arabs and Jews.

Across the highway from Yaffa a-Nasra, the Arab village he has governed for 16 years, Khatib pointed to a modern industrial park, home to electronic and biotechnology plants. It lies within the Jewish municipality of Migdal Emek.

"Whenever the central government builds a new industrial area, it gets located in a Jewish town instead of an Arab town," he said. "The Israeli towns get the local tax revenue and the jobs. Look, this highway separates our reality from theirs."

Central government allocations for public services further skew the income gap. In public education, for example, the state invests about twice as much per Jewish pupil as per Arab pupil.

Nearly half of Israel's Arabs live below the poverty line, and their rates of unemployment and infant mortality are twice the national average. They face obstacles securing residency permits for Arab spouses who are not Israeli. Exempt from military service, they do not qualify for thousands of higher-paying jobs reserved for veterans. They make up only 10% of Israel's university undergraduates.

In Israel, A Chasm Widens (WSJ)

By Cam Simpson

The Wall Street Journal, February 22, 2007

JERUSALEM -- Growing mistrust between Israel's Jews and its 1.3 million Arab citizens is testing a political and social fabric already strained by six years of violence and war between Israel and its Arab neighbors, including the Palestinians.

The deepening divide has come into sharper focus here since an Israeli-Arab cleric sent chills across the nation last weekend by calling for a new "intifada," or uprising, in response to construction work near one of the most revered holy sites for both Muslims and Jews. As a result, controversy over Raad Salah, a bespectacled Islamist whose sharp jaw is framed by a white-tipped silver beard he wears sans moustache, is casting both a spotlight and a shadow on Israeli Arabs.

The nation's biggest minority group, long tolerated though neglected, has begun to buck what many feel is its second-class status in a state where public life is suffused with Jewish identity. Unlike Palestinians in the Gaza Strip and West Bank -- territories long controlled by Israel -- the Arabs within Israel itself are legally entitled to full citizenship and all the rights that carries.

Israeli Jews find questions about the fundamental identity of their state jarring, though. They are also increasingly fearful of growing religiosity and radicalism among Arab citizens.

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"Most organizations dealing with coexistence are now motivated by a deep sense that things have gotten worse and are on the edge," says Avi Melamed, a former counterterrorism official who was an adviser on Arab affairs to two Jerusalem mayors, including Ehud Olmert, now Israel's prime minister.

More disturbing to others is what they don't see. "There is almost no institutionalized dialogue between the Arab community and the state of Israel," says Mohammad Darawshe, a director at the Abraham Fund Initiatives, an Israeli nonprofit group that works to bring Arabs and Jews together.

To many Jewish leaders, the rise of Mr. Salah, who heads a growing faction of the Islamist movement in Israel, confirms their worst fears about a "fifth column" attacking from within. This notion now seems to be part of the mainstream political dialogue, although it was once thought by some to be too impolitic to utter in polite conversation.

But Israeli-Arab leaders and many Jews working for coexistence recoil from the idea that roughly one-fifth of Israel's population could be broadly brushed as a security threat. They also say Mr. Salah and other Islamists are able to capitalize on decades of discrimination within Israeli society and the resulting inequities, which Islamists fill through their own social programs.

Leaders say tensions now appear to be higher than at any time since October 2000. That is when pressure swirling around the Temple Mount -- almost identical in nature, though not scope, to protests Mr. Salah has been leading for two weeks -- sparked what became known as the al-Aqsa Intifada, or the Second Intifada. The ensuing war between Palestinian militant groups and Israel left thousands dead. In the Galilee region of the north, where Arab cities are concentrated, a dozen unarmed Israeli-Arab citizens were killed by police gunfire during eight days of protests and riots as the intifada began. "It was a major break point, and things have gotten worse," Mr. Melamed says.

A government investigative panel looked behind the troubles, concluding in 2003 that Israel's relationship with its Arab minority was "primarily neglectful and discriminatory." It also said Israel, home to nearly five million Jews, didn't do nearly enough to allocate equal resources to Arab towns, where it said there were substantially defective infrastructures and "serious problems in the education system."

There was also a communal loss of faith, according to Mr. Darawshe and Baker Awawdy, who lives in an Arab village near Nazareth and is executive director of the all-volunteer Center for the Struggle Against Racism. Jews stopped shopping in Arab cities and villages, wounding local Arab economies and straining personal ties between the two communities. On a political level, Israeli Jews also increasingly saw Arabs as disloyal, says Mr. Melamed, because so many Arabs expressed sympathy with Palestinians in the territories during the intifada. Arabs remain outraged that no Israeli police officer ever faced charges for the killings of unarmed citizens in Galilee. Mr. Salah was arrested and imprisoned in 2003 for his own alleged disloyalty after authorities accused him of having contact with a foreign agent and giving money to Hamas, the Palestinian Islamist movement. Mr. Salah was released from prison in 2005 and immediately resumed his fiery condemnations of Israel.

While his venom was extreme, he was hardly alone among Israeli Arabs criticizing state policies. Divisions deepened last summer when Arabs objected to the 34-day war with Hezbollah in Lebanon, even as Arab towns in northern Israel were among those showered by Hezbollah rockets. Some Israeli-Arab politicians were even seen as backing Hezbollah, a Shiite Muslim group with political, militant and social-services wings.

Mr. Olmert, the Israeli prime minister, then seemingly confirmed the worst fears of Arabs. Politically weakened by the war, he formed a ruling coalition with the right-wing Yisrael Beiteinu party. It literally translates into, "Israel is our home," and the party's leaders have publicly advocated the forced removal of Israeli-Arab citizens to the Palestinian territories.

Last year, more than three dozen of the Israeli-Arab community's most prominent leaders fired a new salvo. In a rare show of unity, they issued a document called The Future Vision. It demanded that Israel shed its existence as a "Jewish state" in order to become a truly inclusive and consensual democracy for Arabs and Jews. "It was the first time we, as a community, came together -- not to say what we didn't want, but to declare what we did want," says Mr. Awawdy. The report almost immediately drew ire from Jews. Many condemned Arab leaders for rejecting the fundamental basis of the nation as a Jewish state.

But one prominent Israeli-Arab group publicly declared that the report didn't represent its views: Mr. Salah's Islamic Movement. More and more, his group is tending to social needs -- primarily in education and health care -- that the state of Israel

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has left unattended. "After years of our crying and wailing, we in the Islamic Movement moved to do something about this," explains Marwan Jabareh, a representative of the group in Tamra, a Galilee Arab city of roughly 30,000 people.

Evidence of that commitment stands at the bottom of a slope within the maze of the city's narrow streets: a 43,000-square-foot hospital built with $4 million of charitable funds, set to open in March.

Meanwhile, Mr. Salah is under investigation for alleged incitement for his fiery words. It seems highly unlikely that Israeli-Arab citizens will respond to his entreaty with violence akin to that experienced here during the height of intifada. Although there have been several instances of providing support for terrorists, the number of Israeli Arabs who have actually engaged in terrorist acts is negligible, according to Mr. Melamed and others.

Write to Cam Simpson at cam.simpson@wsj.com1

US Lashes Out At Kremlin Over Missiles (FT)

By Daniel Dombey, Hugh Williamson And Neil Buckley

Financial Times, February 22, 2007

Tensions intensified on Wednesday over US plans for missile defence bases in Poland and the Czech Republic, as Washington called on Europe to take a tougher stance towards the Kremlin.

The Bush administration's two top foreign policy officials lashed out at Moscow's campaign against the bases, which Washington insists are aimed at possible threats from Iran rather than Russia.

Condoleezza Rice, US secretary of state, said the suggestion this week by Russia's head of strategic rocket forces that Russia could target the two central European countries if they agreed to host the bases was "very unfortunate".

She also dismissed comments by Frank-Walter Steinmeier, Germany's foreign minister, who said this week Moscow should have been consulted more about the sites, given their proximity to Russia's borders.

Standing next to Mr Steinmeier at a press conference in Berlin, she said Washington had "10 formal contacts" with Russia on the plan since spring 2006, many at ministerial level.

Mr Steinmeier's spokesman said the minister was aware that "technical talks" had taken place between Moscow and Washington, but said he had been warning against a return to the type of security stand-offs of the cold war era.

Separately in Brussels, Stephen Hadley, US national security adviser, emphasised Washington's dismay at a speech this month in which Vladimir Putin, Russia's president, hit out at the missile defence plans and the US's "unilateral" use of force.

"You heard a set of comments in which quite frankly we were disappointed," Mr Hadley told the Financial Times and other European newspapers, between meetings with Nato ambassadors and Javier Solana, the European Union's foreign policy chief.

"I think a lot of Europeans were disappointed and dismayed. And one of the things that Europeans need to do is they need to make that clear to Russia and they need to make that clear to President Putin."

The EU has consistently struggled to forge a common line on Russia. Countries such as Poland, which are suspicious of the Kremlin's intentions, are pitted against big western European states such as Germany and France, which are often keen to deepen ties with Moscow.

General Yuri Baluyevsky, Russia's army chief of staff, yesterday told Rossiiskaya Gazeta, a government newspaper, the missile defence system "cannot be viewed as anything other than a substantial reconfiguration of the American military presence" in Europe.

Rice Slams Russian General Over Comments (AP)

By David McHugh

AP, February 22, 2007

Secretary of State Condoleezza Rice on Wednesday called a Russian general's warning that Poland and the Czech Republic risk being targeted if they host U.S. missile defense bases "extremely unfortunate."

Rice also repeated assurances the system does not threaten Russia.

Gen. Nikolai Solovtsov, head of Russia's strategic missile forces, said Monday that Russia might train its missiles on the two countries if they accept a U.S. proposal to base 10 interceptor missiles in Poland and a radar in the Czech Republic.

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"I think that was an extremely unfortunate comment," Rice said at a news conference in Berlin, adding that the system did not threaten Moscow's forces "and we have had the opportunity to explain that to Russia."

She said the U.S. has made clear to Russia that the system would be to counter any missile threat from Iran. The system is too small to stop Russia's large nuclear arsenal, she said.

"Anyone who knows anything about this knows that there is no way that 10 interceptors ... are a threat to Russia or that they are somehow going to diminish Russia's deterrent of thousands of warheads," Rice said.

"I think everyone understands that with a growing Iranian missile threat, which is quite pronounced, that there need to be ways to deal with that problem," she added.

The missile dispute is chilling relations between Moscow and Washington already damaged by differences over NATO's eastward expansion and U.S. concerns over human rights in Russia.

Russian Foreign Minister Sergey Lavrov said Moscow sees the establishment of the missile defense sites as a signal that the United States wants to gain nuclear superiority over Russia. He dismissed U.S. claims that it was to counter Iranian threats.

"If they talk about potential threats coming from Iran or North Korea, missile defense elements should be located in a different place," Lavrov said in an interview published Wednesday in the daily Rossiyskaya Gazeta. "We can't help noting that these facilities would be capable of intercepting missiles launched from Russia."

Lavrov said that having the ability to shoot down Russian missiles could allow the United States to consider the possibility of a nuclear strike on Russia without fear of retaliation.

He referred to the 1972 Anti-Ballistic Missile (ABM) Treaty that Washington quit in order to develop missile defenses, saying that it banned missile defense systems on the assumption that the fear of retaliation would prevent each nation from launching a first strike.

"Since protection from the first strike would be guaranteed, as American strategists apparently expect, another temptation arises — to be the first to launch a strike, aware that a chance has emerged to go unpunished," Lavrov said.

The system consists of interceptor rockets that release a small kill vehicle which maneuvers into the path of oncoming warheads and destroys them in a high-speed collision. Critics say the system has not been convincingly shown to work.

The defensive shield would protect Europe and the eastern United States, complementing bases at Fort Greely, Alaska, and at Vandenberg Air Force Base in California, which are positioned to guard from any North Korean missile launch.

Russian President Vladimir Putin warned earlier this month that the U.S. plan risks provoking a new arms race.

Lavrov followed up on Putin's warning that Russia would take countermeasures in response to the U.S. missile sites deployment in Europe.

"We will respond, of course, but without any hysteria. We can't afford being entangled in an arms race once again," he said.

He said that Russia and the United States must negotiate new arms control agreements to improve mutual trust, particularly as a landmark Soviet-era nuclear arms reduction treaty expires in 2009.

Russian officials have called for negotiations on a replacement for START I, signed in 1991 by the United States and the Soviet Union, which limits the number of various types of vehicles and warheads that can be deployed by either side.

U.S. Tries To Ease Concerns In Russia On Antimissile Plan (NYT)

By Thom Shanker

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — Bush administration officials tried Wednesday to tamp down Russian concerns, voiced in strikingly harsh terms, over American plans to base missile defenses in Eastern Europe.

Secretary of State Condoleezza Rice said the missile defense proposal, which calls for deploying 10 interceptors in Poland and radar in the Czech Republic, was solely intended to counter the possible development of long-range Iranian missiles.

“I think everybody understands that with a growing Iranian missile threat, which is quite pronounced, that there need to be ways to deal with that problem,” she said, adding that the system would not “diminish Russia’s deterrent of thousands of warheads.”

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The debate escalated this week when the Russian missile commander, Gen. Nikolai Y. Solovtsov, threatened to aim Russian weapons at states in Eastern Europe that might join the program.

"If the government of Poland, the Czech Republic and other countries make this decision — and I think mutual consultations that have been held and will be held will allow avoiding this — the strategic missile troops will be able to have those facilities as targets," he said.

And on Wednesday, the Russian foreign minister, Sergey V. Lavrov, who has a prickly relationship at best with Ms. Rice, was quoted in Rossiiskaya Gazeta, the Russian state newspaper, wholly contradicting the American position.

"We must acknowledge that these objects are fully suitable to intercept missiles fired from Russian territory," he said.

His colleague, the departing Russian defense minister, Sergei B. Ivanov, has said that Russia could easily overwhelm the American defenses with a far cheaper system of countermeasures to blind or confuse an antimissile system.

During a stopover in Brussels on Wednesday on his way to Moscow, President Bush's national security adviser, Stephen J. Hadley, said a missile defense system against Iran "is a reasonable thing to do, it's something Europe ought to be interested in, it's something that Russia ought to be interested in." Iran might even decide not to try to build long-range missiles once the system was in place, he suggested.

Ambassador Victoria Nuland, the United States representative to NATO, said Russia had no cause to express surprise, as representatives from Moscow and the European allies were briefed regularly on the project over the past year.

In November, the NATO-Russia Council received what Ms. Nuland called "a full technical briefing" from Lt. Gen. Henry A. Obering III, director of the Missile Defense Agency, and Eric S. Edelman, the under secretary of defense for policy.

But the administration is concerned about growing criticism of the program. Officials scheduled a briefing by General Obering on Thursday for foreign reporters based in Washington. Joining him will be Daniel Fried, the assistant secretary of state for European and Eurasian affairs.

The antimissile interceptors, General Obering said last month, "are geared toward and are directed toward rogue nation capabilities, obviously not sophisticated ballistic missile fleets such as the Russians have." He said they "cannot physically catch the Russian ICBMs even if we were trying to target those missiles" because of the short distances and flight times from Russian silos in relation to Poland.

The debate began this month with a caustic speech by President Vladimir V. Putin of Russia, who told an audience in Munich that the United States was provoking a new nuclear arms race. He also criticized the expansion of NATO.

Senior Bush administration officials attending the security conference in Munich and those back in Washington conferred on the proper response, and they decided to push back — but only gently.

Defense Secretary Robert M. Gates rewrote his own speech, delivered a day after Mr. Putin's, to say that the Russian president's comments brought a certain nostalgia for a simpler time, but that "one cold war was quite enough."

Angela E. Stent, director of the Center for Eurasian, Russian and East European Studies at Georgetown University, said the Bush administration had "already been reassessing our policy toward Russia, as we have understood at least since January of 2006 or even before that there is a newly self-confident Russia, a Russia that is awash in petrodollars and a Russia that really feels it can say no and pursue its own interests."

Ms. Stent said the Bush administration was well aware that the Russian agenda on Syria, Hamas, Venezuela and a number of issues parted with Washington's. But she said it was worth seeking cooperation, in particular on counterterrorism.

Before he left for Moscow, Mr. Hadley said there were "a number of areas where Russia and the United States and Europe can cooperate productively, where we have common interests, where we can cooperate and are cooperating." These include terrorism and nuclear proliferation.

But the administration is pressing Moscow on other issues of concern, including its use of its energy resources as a political tool, its crackdown on civil liberties and press freedoms and its pressure on Russia's southern neighbors, in particular Georgia.

Rice: Missile-defense Criticism 'Unfortunate' (WT)

By Nicholas Kralev

DOJ_NMG_0135169

The Washington Times, February 22, 2007

The war of words between the United States and Russia over U.S. missile-defense plans in Central Europe escalated yesterday, with Western diplomats saying that Moscow's mistrust and suspicion of Washington -- and the West in general -- have changed little since the Cold War.

Secretary of State Condoleezza Rice rejected a threat by Gen. Nikolay Solovtsov, commander of Russia's strategic forces, against Poland and the Czech Republic as future hosts of a U.S. missile shield as "extremely unfortunate."

"I think it is unfortunate that the Russian head of strategic rocket forces would come out and say that somehow Poland and the Czech Republic would now be on the target list of Russia," Miss Rice said in Berlin yesterday.

Gen. Solovtsov's comments on Monday followed remarks by Russian President Vladimir Putin in Munich earlier this month, as well as by other Russian officials, lambasting U.S. foreign policy as destabilizing and threatening world peace and security.

Several senior U.S. officials said they have no idea where those belligerent outbursts are coming from, given what they described as a businesslike and professional attitude the Russians have been displaying in private meetings.

Although many of those sessions, especially the high-level ones, often begin with a laundry list of complaints about U.S. actions, the Americans usually answer all of the Russians' questions and concerns, and the Russians understand those answers even if they disagree with them, officials said.

A spokesman for the Russian Embassy did not return phone calls seeking a comment on the matter.

After Moscow accused Washington of not being transparent enough about its missile-defense plans, which Russia fears will target its territory, U.S. officials insisted that they have briefed their Russian counterparts repeatedly during the past year.

"These discussions go back to the spring of 2006. We have had no less than 10 formal contacts with the Russians about the missile-defense deployment and the prospective deployment in Poland and in the Czech Republic of interceptors in Poland and radar sites in the Czech Republic," Miss Rice said yesterday.

"These discussions have gone all the way to the level of minister of defense," she said. "I myself have discussed this with Russian officials several times in more informal settings. We've had briefings of the NATO-Russia Council."

U.S. officials also say that the system would defend against rogue states and terrorists -- not Russia.

"Everybody understands that with a growing Iranian missile threat, which is quite pronounced, that there need to be ways to deal with that problem and that we are talking about long lead times to be able to have a defensive counter to offensive-missile threats," Miss Rice said.

Diplomats and analysts said that the Russians' recent comments make sense in a domestic political context, but the question is whether the Kremlin really thinks the West is still trying to squeeze and intimidate Russia.

"The Russians are working hard to create this beautifully constructed, conspiracy-laden narrative that the West is on a mission to encircle them and weaken their global influence," said Julianne Smith, director of the European program at the Center for Strategic and International Studies, who attended the Munich forum where Mr. Putin spoke.

"All that plays perfectly with domestic audiences, but the mystery is that Putin's ratings are extremely high, and he doesn't need this," she said. "I worry that [the tension] will escalate even more with no real substance to it."

N Korea To Reveal Extent Of Uranium Activity (FT)

By Anna Fifield

Financial Times, February 22, 2007

Suspicions over whether Pyongyang has been running a secret uranium enrichment programme are back in the spotlight after last week's apparent breakthrough in the long-running North Korean nuclear crisis.

Just as concerns about possible uranium enrichment triggered the current crisis, they are again threatening to undermine the agreement under which North Korea will receive step-by-step rewards in return for declaring and then disabling its nuclear weapons programme.

The issue could be a "deal breaker", says William Perry, the US defence secretary under President Bill Clinton. "Much more remains to be done. Two months from now, we will know whether we have a reasonable probability of completing the agreement."

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In an eleventh-hour deal forged in Beijing last week, North Korea agreed to shut and seal its main Yongbyon nuclear plant, provide a list of its nuclear programmes and disable all facilities as it moves towards total "abandonment".

But the details are to be ironed out by lower-level working groups, due to convene shortly. Among those, according to Chun Yung-woo, Seoul's nuclear negotiator, would be a disclosure by North Korea of "how much progress the country has made on its uranium programme".

The current nuclear crisis erupted in October 2002, when Washington charged Pyongyang with obtaining uranium enrichment technology from A Q Khan, the rogue Pakistani scientist, and operating a secret enrichment programme.

James Kelly, the chief US nuclear negotiator at the time, said the North Koreans admitted the charge but Pyongyang has denied having any such programme.

The stand-off led the US to cancel a Clinton-era oil-for-nuclear-freeze agreement and caused North Korea to expel international inspectors and withdraw from the nuclear non-proliferation treaty. North Korea has since separately reprocessed enough spent plutonium fuel rods to have fissile material to spare for last October's nuclear test.

With the US having staked the entire nuclear issue on the uranium claim and North Korea continuing to deny the existence of any such programme, diplomats are seeking ways to prevent the issue derailing the first signs of progress in years.

A senior Washington official said that North Korea objected to the uranium question being included in last week's agreement.

"Since they insisted they do not have a [highly enriched uranium] programme they did not want that in the agreement, but they have agreed to the working group," he said. "We want to run this [highly enriched uranium] thing into the ground."

The Bush administration had already "backed down" on the uranium issue, said Joel Wit, a former State Department official who helped negotiate the nuclear-freeze deal with North Korea in 1994. "This is not because the administration has become wimpish and has decided to put it aside, but because they did not have any information and started to wonder whether they had been accurate in the first place," he said.

There is evidence that North Korea acquired the centrifuges needed to enrich uranium to weapons grade from Pakistan.

"They probably have some centrifuges set up and they have certainly done some research but as far as having a large scale facility up and running, that is probably in the distant future," said Daniel Pinkston of the Centre for Nonproliferation Studies in Monterey, California.

Jonathan Pollack, a professor at the US Naval War College, dismissed the concern that North Korea might ultimately use uranium as an alternative source of fissile material.

"Pyongyang pursued this option in transactions with A Q Khan; it also sought to procure substantial quantities of industrial materials needed for an enrichment programme through black markets in Europe," he wrote in the Asia Policy journal. "Yet there is still no definitive evidence of a proven production capability, and it is possible that North Korea long ago shelved major efforts to develop one."

¦ North Korea can make a nuclear warhead that can be mounted on missiles capable of hitting all of South Korea and most of Japan, according to a report by a Washington-based think-tank.

Two US nuclear experts from the Institute for Science and International Security who visited North Korea's atomic facilities said the country had separated enough plutonium for five to 12 nuclear weapons.

North Korea Accuses U.S. Of Fabricating Lies (AP)

By Edith M. Lederer

AP, February 22, 2007

North Korea accused the United States of fabricating lies that it was diverting U.N. aid money to develop nuclear weapons and said it would accept an outside audit of U.N. operations unless the aim was to politicize aid to the country, according to a letter circulated Wednesday.

In the letter to Secretary-General Ban Ki-moon, North Korea's U.N. Ambassador Pak Gil Yon accused the United States of "hostile maneuvers" against his country in seeking an audit of the alleged misuse of aid money from the U.N. Development Program, known as UNDP.

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Last month, the United States accused UNDP of funneling millions of dollars in cash aid to North Korean leader Kim Jong Il's government to be used for "its own illicit purposes" including possible nuclear weapons development. The U.S. demanded an outside audit, and Ban immediately ordered external audits of all U.N. programs in North Korea.

Richard Grenell, spokesman for the U.S. Mission, said he had no immediate comment because U.S. diplomats had not seen the letter.

Pak said aid projects conducted by UNDP and other U.N. agencies in the North "have been carried out in a fair and transparent way, in conformity with United Nations regulations."

"Therefore, we do not mind whether the external audit is being done or not," he said.

Pak also made clear that North Korea wants to continue cooperation with U.N. agencies, noting that Pyongyang has maintained "good relations and cooperation" with them for several decades.

"But if the above-mentioned external audit is to serve the attempt by the United States to politicize international aid to the Democratic People's Republic of Korea, we will not tolerate it and the consequences will be severe," he warned, using the country's official name.

Neither the U.S. nor UNDP would give a figure of how much money was involved in the alleged diversion. UNDP said last month that from 1997 through 2006, the executive board authorized more than $59 million for North Korea but only about $27.7 million was delivered.

Pak noted that UNDP has denied the U.S. allegation that money was illegally diverted.

"Last January, from dirty political motives, the United States fabricated lies that the Democratic People's Republic of Korea might have used the UNDP aid funds for the development of nuclear weapons without foundation and demanded investigation of the UNDP aid activities in the Democratic People's Republic of Korea," he said.

"As UNDP has denied, the allegations of the United States are sheer fiction aimed at politicizing international aid to the Democratic People's Republic of Korea," Pak said.

Why US Is Now Turning To Diplomacy (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 22, 2007

A UN report expected to be issued Thursday, finding Iran undeterred in its pursuit of uranium enrichment, represents the kind of collective international action the Bush administration once scoffed at. Now, it's embracing it.

The change stems in part from the administration's disenchantment with the results of its earlier go-it-alone approach. But it also suggests a growing sense within the White House that once-maligned multilateralism is getting results – on issues ranging from Iran to North Korea.

The latest example is Iran. The International Atomic Energy Agency's report on nuclear activity in Iran will find that Tehran has ignored a United Nations Security Council deadline to cease uranium enrichment by Wednesday.

Instead, the IAEA report will show that Iran has installed additional centrifuges in enrichment facilities, sources close to the IAEA work say. It will also note Iran's continuing technical problems in perfecting the process.

The report is likely to set in motion renewed debate on Iran in the Security Council, perhaps next week. Pressure is building for a second, more punitive resolution, since the regime has apparently disregarded a Dec. 24 resolution approved unanimously by the Security Council – including Tehran's political and commercial partners, Russia and China.

Whether a second resolution is ever approved, the debate will highlight a change in the Bush administration, both specifically on Iran and more broadly on the diplomatic field.

"What we're witnessing is the return of the pragmatists to US diplomacy, and it's paying off," says Joseph Cirincione, a nonproliferation expert at the Center for American Progress in Washington. "The Bush administration came in touting 'regime change' and a fundamental break with nonproliferation negotiations, but that backfired. In many ways the world ended up more dangerous."

But after a long campaign in Iraq, Iran's rise, and a nuclear test by North Korea, the US is putting new faith in diplomacy, hard bargaining, and multilateral action, he says. "It worked with Libya. It's working with North Korea. And it could work with Iran."

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The change in the US approach comes amid mixed signals from the White House, on Iran in particular. Last week President Bush linked an uptick in US casualties in Iraq to more sophisticated weaponry coming from Iran, and said he planned to "do something about it." Such talk keeps alive speculation that the US may opt to move militarily against Iran's nuclear installations.

But the administration's growing reliance on diplomatic efforts is also evident on the international stage, with America's partners in particular taking note of the shift. "We have noted the evolution," says a senior European diplomat in Washington, who by protocol cannot speak on the record.

The US initially was unhappy with the Security Council resolution on Iran, which ended up with weaker sanctions than the US wanted. But after the resolution set off an immediate debate in Iran over the confrontational tactics of President Mahmoud Ahmadinejad, some US leaders began to have a change of heart.

"The debate it caused in Iran and the pressures inside the country on [President] Ahmadinejad changed things," says the European diplomat. "So now the feeling is, why not a second resolution?"

The Bush administration's apparent conversion to multilateralism can also be seen in Secretary of State Condoleezza Rice's efforts to revive the Middle East peace process and in last week's deal with North Korea on its nuclear program. Next week, Secretary Rice's new right-hand man, John Negroponte, is travelling to northeast Asia to try to build on the goodwill stemming from the nuclear accord.

The North Korea issue shows that the Bush team has had two tracks of diplomacy all along – the go-it-alone track and a less-noted multilateral track – but has recently switched which track it emphasizes, some experts say.

"The stereotype of the Bush administration was the go-it-alone approach, and it got stuck with that in the first term largely because of the war in Iraq," says Daniel Drezner, a foreign policy expert at the Fletcher School of Law and Diplomacy in Medford, Mass. "But there's always been this second track, albeit overshadowed, of trying to work in concert with others for common goals. Now that the US has become bogged down in Iraq, there is less it can do unilaterally."

The arrival of Rice, a trusted Bush aide, at the helm of State is part of the explanation for the shifting emphasis between the two tracks, Mr. Drezner says.

But the administration is also harvesting the fruits of an early diplomatic goal of tying rising world powers such as China and India into the world international system, he says. One result is an intense US effort to court India and cement its ties to the broader international community, he says.

India Wednesday said it will ban exports to Iran of materials that might be used in Tehran's nuclear program. India's statement is the latest sign of growing international alignment with the Security Council resolution.

Bush Administration Won't Change Approach To Cuba, Official Says (MCT)

By Pablo Bachelet

McClatchy Newspapers, February 21, 2007

WASHINGTON - Commerce Secretary Carlos Gutierrez had some straight talk Wednesday for lawmakers and business groups pressing for a softer approach toward Cuba as the island prepares for a post-Fidel Castro era.

The Bush administration won't waver from its tough stance toward Havana, he said.

"The question is not when will the U.S. change its policy," Gutierrez told a Council of the Americas event on Cuba. "The question is when will the Cuban regime change its policy."

Gutierrez took aim at critics of the U.S. policy who say that, after 48 years of attempting to isolate Cuba politically and economically, the time has come for a different approach.

He dismissed the argument, long espoused by Castro, that the U.S. sanctions against Cuba are to blame for the island's hardships. The United States, Gutierrez noted, supplies one-third of the island's food and medicine, and millions of foreign tourists haven't improved the plight of the Cuban people.

Congress is expected to debate several bills that would relax travel and trade sanctions against Cuba. Democratic control of Congress for the first time since 1994 gives hope to opponents of U.S. policies toward Cuba that some restrictions will be relaxed. Also, the island is thought to be undergoing a transition after Castro fell gravely ill last summer.

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In a jab at some Democrats who oppose free-trade agreements because they don't take labor rights into account, Gutierrez said foreign companies paid the Cuban government for their labor in dollars but that the workers received only a fraction of that money in pesos.

"And pity the worker who dares talk openly about the need to organize and operate unions," he said. "The topics of trade, globalization and the working conditions of foreign laborers are being discussed when debated regularly in Washington, D.C. But why do labor conditions lose relevance when it comes to Cuba?"

Gutierrez, the highest-ranking Cuban-American in the Bush administration, rejected the idea that the administration could relax its restrictions on Cuban-American travel to the island. "We believe our policy is correct," he said.

He also said President Bush "has no imperialist intentions. We have no military intentions to occupy the island."

"We will not confiscate property or support any arbitrary claims for property," he added.

Gutierrez Stands By U.S. Ban On Cuba (WT)

By Steve Hirsch

The Washington Times, February 22, 2007

Commerce Secretary Carlos Gutierrez yesterday reiterated the Bush administration's steadfast belief in the U.S. embargo of Cuba, despite congressional moves to relax the policy.

Cuban leader Fidel Castro's hospitalization last year and ceding of power to his brother, Raul, as well as the election of Democratic House and Senate majorities in Congress have helped fuel speculation that U.S. policies could be eased.

Mr. Gutierrez, however, speaking before the Council of the Americas, said the United States must "stand firm" in its rejection of the Castro government and in efforts to deny revenue to the Cuban regime.

The question, he said, is not when U.S. policy will change, but when Cuba will change its policy.

"Years of foreign investment have not improved the lives of average Cubans, only the lives of those who hold power," he said.

He said foreign companies operating in Cuba must pay the government in dollars for Cuban labor, but the government then pays workers in "devalued pesos" and "pockets the difference."

Cubans, he said, "simply do not benefit from foreign investment under Castro."

Mr. Gutierrez also rejected comparing Cuba to China, another communist country but one with which the U.S. maintains trade relations.

China, has pursued economic liberalization, and although that country has not made all the changes the U.S. would like to see, it would be more appropriate to compare Cuba to North Korea, Mr. Gutierrez said.

Legislation has been introduced in Congress to weaken the Cuba embargo, and two House members who are part of that effort criticized the administration's stance after Mr. Gutierrez's speech yesterday.

"What the administration fails to understand is that these policies only inhibit trade that is beneficial to American producers, depriving them of what was once among their 25 largest export markets for agricultural goods," said Rep. Jo Ann Emerson, Missouri Republican.

Mrs. Emerson, who is co-sponsoring legislation to ease payment requirements on farm exports to Cuba, said the U.S. traded with the Soviet Union during the Cold War and has given most-favored-nation trade status to China, which she described as "the single largest owner of the U.S. trade deficit."

"After 48 years, sanctions have yet to effect political change in Cuba. It is time to try something new," she said.

Rep. Jeff Flake, Arizona Republican, who introduced a bill last month to lift the ban on American travel to Cuba, said Cuba is experiencing an "all-too-smooth transition," adding that for all intents and purposes, that transition has been made, but the United States is "on the sidelines watching and having no influence, and that's a shame."

Cuba's Known For Cigars Now, But Oil Could Change That (USAT)

By David J. Lynch

USA Today, February 22, 2007

DOJ_NMG_0135174

One day soon — possibly before the end of this year — an oil rig will maneuver into position in waters less than 100 miles from the coast of Florida. A drill will plunge into the inky sea and begin chewing its way into the ocean floor, hunting for oil.

But the drilling rig won't belong to an American company, and any petroleum it discovers won't do a thing to curb the USA's addiction to foreign oil. Instead, any new sub-sea gusher will belong to Cuba.

That's right: Cuba. The island nation long has been known for its aromatic cigars and sweet rums. But after years of limited oil production on lands around Havana and in neighboring Matanzas province, Cuba is poised for a significant expansion of its oil program into the waters that separate it from the United States. And thanks to U.S. law, Cuba's drilling partners will be working closer to Florida beaches than any American company ever could.

"Our studies … have shown there is a great potential, especially offshore," says Dagoberto Rodriguez, the senior Cuban diplomat in the USA. "Basically, we know that there is oil. The problem is just where it is."

The U.S. Geological Survey (USGS) agrees. Two years ago, after reviewing available data on the subterranean structures in the region, the agency estimated Cuba can lay claim to 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas.

With oil prices hovering around $60 a barrel and global supplies persistently tight, any new supply source could benefit the USA, the world's top oil consumer. Likewise, Cuba, which relies on Venezuela for more than half of its daily oil consumption, craves self-sufficiency. "In economic terms, it could be a win-win," says Daniel Erikson, an analyst at the Inter-American Dialogue, a Washington, D.C., think tank.

There's just one problem: politics. Since 1962, the U.S. has maintained an economic embargo of Cuba, aimed at toppling the communist government of Fidel Castro. The ailing dictator, who has outlasted nine U.S. presidents, last summer handed power temporarily to his brother, Raul, while he recovers from abdominal surgery. Companies such as ExxonMobil, Chevron and Halliburton, however, remain barred from the Cuban market, which a 2001 Rice University study said could be worth up to $3 billion annually.

The embargo also will increase the time and cost of the Cuban program by denying Havana access to the closest source of oil industry technology, spare parts and expertise. Likewise, U.S.-owned refineries in Aruba and St. Croix are off-limits for any of the heavy, sulfur-rich Cuban crude.

"The U.S. (embargo) presents them with significant barriers and obstacles," says Jonathan Benjamin-Alvarado, a political scientist at the University of Nebraska who studies Cuban energy issues.

Cuba is modernizing a dilapidated Soviet-era refinery at Cienfuegos with help from Venezuela's state-owned oil company, PDVSA, and refurbishing three other facilities, Rodriguez said. Within 18 months, Cuba will be able to satisfy all of its refining demand, he said. Independent analysts are less optimistic.

The Cuban oil fields were formed more than 50 million years ago in a slow-motion collision between Earth's tectonic plates, which entombed pulverized rocks, animals and plants. Over subsequent millennia, the resulting stew cooked into buried petroleum deposits, says Christopher Shenk, a geologist at the USGS in Denver.

Before Castro's 1959 revolution, U.S. oil companies such as Esso and Amoco carried out preliminary explorations. The following year, Cuba nationalized refineries belonging to Exxon, Texaco and Shell, and U.S. industry hasn't been back since.

In the modern era, Cuba's first significant oil find came in 1971 when Soviet engineers discovered the Varadero field, east of Havana. After the Soviet Union collapsed, Cuba opened its oil program to foreign investment in 1993. Today, companies from Spain, Norway, India, Malaysia and China are involved, either drilling wells onshore or using horizontal drilling to reach reservoirs in shallow coastal waters.

Canada's Sherritt is the most active foreign company with nine fields operating onshore and five exploration or appraisal blocs being drilled, says Michael Minnes, a company spokesman. Daily output from the company's wells averages a modest 30,000 barrels a day, down from about 43,000 in 2004.

"It's like any other foreign jurisdiction or developing nation. There are challenges, and there are opportunities," Minnes said. "We see Cuba as a great environment to do business in."

So far, only one offshore well has been drilled, in July 2004 by Spanish oil company Repsol. The company said it found oil at the site 95 miles southwest of Key West, though not in commercially viable deposits. Since then, the Spanish company has

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teamed with Norway's Norsk Hydro, one of a select number of global oil companies with expertise in deepwater exploration, according to Jorge Pinon, the former president of Amoco's Latin American operations.

In an interview this week, Rodriguez, the chief of the Cuban interests section in Washington, said widespread offshore drilling could start by the end of this year. Cuban exploration, like drilling ventures elsewhere, has been slowed by a worldwide shortage of drilling rigs that has increased daily lease rates by more than 60% since fall 2005.

Offshore wells aren't cheap: Those envisioned in Cuban waters will cost $40 million to $50 million, says Pinon, the former oil executive now affiliated with the University of Miami's Institute for Cuban and Cuban-American Studies. "This is a very high-risk, high-reward area," R.S. Butola, managing director of India's ONGC, said on the company's website.

Since 1981, the U.S. has observed a moratorium on coastal drilling, except for a portion of the Gulf of Mexico and limited areas off of Alaska. The drilling ban was enacted after a series of high-profile oil industry environmental disasters. Perhaps the most notorious: the 1969 Santa Barbara spill that released 3 million gallons of oil in waters off of California, coating 35 miles of coastline with oil up to 6 inches thick.

Last year, the House voted to relax the prohibition on offshore drilling, but the measure died in the Senate. There may be close to 95 billion barrels of oil affected by the ban, according to the Interior Department.

The House-passed bill still would have allowed individual states to ban drilling up to 100 miles from their shores. But Cuba's wells could eventually be as close to the USA as 60 miles from Key West. The two countries agreed in 1977 to a maritime boundary that evenly divides the waters between them.

The prospect of foreign oil companies drilling Cuban wells so close to American shores has unnerved some on Capitol Hill. Sen. Bill Nelson, D-Fla., last year introduced legislation to deny U.S. visas to executives employed by oil companies involved in the Cuban program. Dan McLaughlin, a spokesman for Nelson, says the senator plans to reintroduce the measure this year. Nelson also wants the United States to renegotiate the 1977 treaty that defines the U.S.-Cuban maritime boundary, a proposal Cuba's Rodriguez called "silly."

Others see the prospect of Cuban offshore oil rigs as a reason to relax the U.S. embargo. Rep. Jeff Flake, R-Ariz., co-authored legislation last year that would have permitted U.S. firms to sell their services to companies drilling for Cuba or to drill themselves.

"U.S. companies should be able to bid on these oil leases. … If there are going to be oil rigs within 50 miles of Florida, … I'd rather see U.S. oil rigs than Chinese oil rigs, given technological and safety considerations," Flake said in a telephone interview.

For now, Big Oil is staying out of the political fray. But, at a time when unexplored terrain is rapidly shrinking, the oil industry would eagerly jump into Cuban waters if given the chance.

One year ago, a U.S.-Cuba Energy Summit attracted representatives from Exxon and a handful of smaller oil service companies to three days of meetings in Mexico City. Attendees viewed PowerPoint presentations from Cuban government ministries including state-owned oil company Cupet that invited American companies to help exploit "several giant oil and gas fields."

Events since July, when Castro's illness forced him to step aside, have rekindled industry interest in Cuba's future. "U.S. oil companies would love to do business there as soon as this thing opens up," says Ron Harper, an analyst at IHS Energy in Houston. "They're looking at it quietly. They'd be short-sighted not to."

Earlier this week, Rodriguez reiterated that Cuba remains open to the U.S. industry's involvement and may hold a second summit this year, either in Mexico or Canada. But he said time may be running out for the U.S. to change course. "In my opinion, if the American companies are not able to get something, some changes before no more than one year, after that it will be too late," he said.

For now, any U.S. involvement remains only hypothetical. Houston oilman Antonio Szabo, president of Stone Bond Technologies, says U.S. companies likely would require greater transparency, a commitment to the rule of law and market economics in Cuba before investing significant money there.

Some in the oil industry also have long memories when it comes to Cuba. At the 1997 World Petroleum Congress in Beijing, a Cuban official approached Lee Raymond, then Exxon's chief executive, and asked in a jocular tone when the U.S. oil giant might return to Cuba. "When you give us back our (expletive) refinery," Raymond growled.

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Cuban officials note they already have willing partners from Canada, Spain, Norway, Brazil, India, Malaysia, Venezuela and China. Rodriguez made clear that the United States has no veto over Cuba's oil plans.

"Everyone knows how advanced is American technology," the Cuban diplomat said. "But we are going to continue with our programs — with American companies or without American companies."

U.S. Urged To Reconsider Venezuela Ban (AP)

AP, February 22, 2007

A U.S. congresswoman called on the Bush administration Wednesday to reconsider its ban on selling parts for U.S.-made F-16 fighter jets to Venezuela, urging improved ties between the two nations.

U.S. Rep. Sheila Jackson Lee, a Texas Democrat, told reporters that she was making the first U.S. congressional visit to Venezuela since President Hugo Chavez's December re-election with the message: "I want an immediate repairing of the relations between the United States and Venezuela."

Jackson Lee described Venezuela as a friendly nation that the U.S. should cooperate with and said that the F-16 jets, which are built in Texas, was an issue of concern to her constituents in Houston.

Pledging to "personally go back and raise" the issue, she called for the U.S. Congress "to reconsider sanctions on the F-16s."

The U.S. State Department has banned arms sales to Venezuela, including parts necessary to maintain its fleet of F-16s, citing a lack of support by Chavez's government for counterterrorism efforts and its close relations with Iran and Cuba.

Venezuela has since begun receiving the first of 24 Russian-made Sukhoi fighter jets as part of approximately $3 billion in military deals that Chavez has signed with Moscow.

She said her fact-finding mission to Venezuela was part of an effort by a new Democrat-controlled Congress to show that "Venezuela has many friends in this new Congress."

"We're here to re-establish friendship," she said.

Paramilitary Scandal Takes Colombian Elite By Surprise (WP)

By Juan Forero

The Washington Post, February 22, 2007

BOGOTA, Colombia -- Col. HernÃ¡n MejÃ-a was among Colombia's most decorated officers, a young, strapping warrior with five medals for valor on his chest and a reputation for being a relentless adversary of the Marxist guerrillas who operated in the dusty hamlets of northeast Colombia.

But after disclosures that have astonished many Colombians, MejÃ-a has been removed from his post, and the attorney general's office is investigating him for having worked with right-wing paramilitary groups to kill peasant farmers and guerrilla sympathizers. The allegations, announced by Defense Minister Juan Manuel Santos in January, mark the first time the military has turned over one of its own to civilian prosecutors on suspicion of collaborating with the death squads.

The MejÃ-a case comes as this country -- a linchpin in an unstable region, and the Bush administration's closest ally in Latin America -- is undergoing an imperfect but remarkable judicial process that has produced nearly daily disclosures of ties between death squad leaders and Colombia's political and military establishment.

Human rights groups have long contended that the military has used paramilitary groups as a proxy force in its war on rebels, but the depth of those connections -- and the degree to which senior political and military officials are being prosecuted -- has shaken the country. The disclosures also have provided a glimmer of hope for a genuine catharsis in a country that has been enmeshed in conflict for decades.

"We think there's a real possibility that this may reach the point where it's irreversible," said Ivan Cepeda, leader of a victims' rights organization and son of Manuel Cepeda, a senator killed by paramilitary gunmen in 1994.

As part of a pact between the government and paramilitary leaders of the United Self-Defense Forces of Colombia, a group notorious for trafficking in cocaine and murdering peasants by the thousands, one of its top leaders, Salvatore Mancuso, has been providing riveting testimony to prosecutors about slayings he had ordered. There are also investigations by the attorney

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general's office and the Supreme Court. Along the way, Colombians have learned how a group of 11 congressmen and regional lawmakers signed a pact with paramilitary groups to "re-found the fatherland" and "build a new Colombia."

On Monday, the widening scandal cost the foreign minister, MarÃ-a Consuelo AraÃºjo, her job. She resigned under intense public pressure after investigators arrested her brother, Sen. Ãlvaro AraÃºjo, for suspected ties to the paramilitary groups. In all, eight congressmen are now jailed, and investigators have questioned dozens of other national and local lawmakers about suspected ties to death squads.

In recent weeks, largely through Mancuso's testimony, Colombians have learned how top military officers helped paramilitary commanders organize assassinations, even flying paramilitary fighters aboard army helicopters and providing them with weapons. Mancuso has coolly admitted to ordering more than 300 killings, outlined for prosecutors in a colorful PowerPoint presentation.

The attorney general's office is now investigating dozens of colonels, majors, captains and other army officers who are believed to have collaborated with paramilitary groups, said Leonardo Cabana, chief of the attorney general's human rights unit. "This is not the only investigation," Cabana said in an interview, referring to MejÃ-a. "There exist more than 100 active cases where there are relations between the public security forces and illegal armed groups."

The government says the disclosures show that President Ãlvaro Uribe is serious about rooting out those with ties to the paramilitary groups.

"This is going to be the policy of the government for officers or officials who are in some way involved," Santos, the defense minister, said in a telephone interview. "The military man who commits these crimes is not a military man, but a criminal."

But Hector Abad, an author and political commentator here, says that this country, where even mass murder has largely gone unpunished, is still far from unraveling the whole truth. The attorney general's office has yet to go after generals long identified by human rights groups and opposition politicians as paramilitary collaborators. Even though Mancuso named generals and colonels in his testimony, all are now dead or in jail.

He has also said nothing of the so-called wise men, the cabal of civilian power brokers whom a former paramilitary leader, Carlos CastaÃ±o, identified as among the dark forces behind the paramilitary movement. CastaÃ±o, after writing a book detailing his role in founding the paramilitary groups, was murdered by his associates.

"The fact that they killed Carlos CastaÃ±o was because CastaÃ±o was going to talk, with Colombian and American justice," said Abad, whose father was killed by paramilitary gunmen in 1982. Abad said much of the onus is on the judiciary to ferret out how deep the paramilitary tentacles go.

"What we don't know is up to what point the paramilitaries will talk about it, and up to what point the judges, who are responsible for investigating, will be able to put together the puzzle," Abad said.

Investigating the paramilitary groups, or testifying about their operations, is still perilous. Shadowy gunmen believed to work for paramilitary commanders recently killed a handful of activists who were publicly pressing for the paramilitary groups to return stolen land and disclose their crimes. One was Yolanda Izquierdo, who had been at Mancuso's deposition.

"We confide in Colombian justice," she told The Washington Post the day Mancuso started testifying. A few weeks later, she was gunned down in front of her house.

What is different now, however, is that the paramilitary groups no longer enjoy the legitimacy they once had in some social sectors, thanks in part to the relentless news reports on abuses and the investigations by prosecutors.

"It's obviously positive that there's a housecleaning going on," said Adam Isacson, who closely tracks Colombia for the Center for International Policy, a Washington group. "It means the system is at least trying to kick into motion a little bit and starting to work."

The disclosures about MejÃ-a and his role as commander of the army's Popa battalion in the city of Valledupar are significant, Defense Ministry officials say, because he was considered a rising star in Colombia's vast, U.S.-funded military. He had fought in some of the army's most tenacious campaigns against Marxist rebels and was assigned in 2002 to Cesar state, an important gateway for cocaine shipped to the United States.

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To the surprise of veteran soldiers who could go months without killing a rebel, a 14-man team that MejÃ-a headed always seemed to come back to the Popa base with the bodies of what the colonel claimed were dead guerrillas, according to a key witness who detailed the crimes to Semana magazine.

"As commander of the Popa battalion, what he was really doing was operating with members of this illegal group," said Cabana, referring to paramilitary death squads. "The operations that these paramilitary groups carried out were also carried out by the units he commanded."

No one seemed to suspect that MejÃ-a, instead of going after guerrillas, was killing peasants and suspected rebel sympathizers. In one case celebrated in the press, he was said to have helped kill 19 rebels, making him something of a legend in the army. Instead, the 19 were paramilitary members whom MejÃ-a had helped kill in a purge.

Investigators said they also later determined that MejÃ-a was working closely with Rodrigo Tovar, known as Jorge 40, a powerful paramilitary commander in the region.

"The significant thing about him was he wasn't part of the Paleolithic, hard-core group in the military," said Isacson. "He seemed a modern officer who was a reformer. It didn't occur to people that he was having lunch with Jorge 40."

In China, Stern Treatment For Young Internet 'Addicts' (WP)

By Ariana Eunjung Cha

The Washington Post, February 22, 2007

DAXING, China -- Sun Jiting spends his days locked behind metal bars in this military-run installation, put there by his parents. The 17-year-old high school student is not allowed to communicate with friends back home, and his only companions are psychologists, nurses and other patients. Each morning at 6:30, he is jolted awake by a soldier in fatigues shouting, "This is for your own good!"

Sun's offense: Internet addiction.

Alarmed by a survey that found that nearly 14 percent of teens in China are vulnerable to becoming addicted to the Internet, the Chinese government has launched a nationwide campaign to stamp out what the Communist Youth League calls "a grave social problem" that threatens the nation.

Few countries have been as effective historically in fighting drug and alcohol addiction as China, which has been lauded for its successes, as well as criticized for harsh techniques.

Now the country is turning its attention to fighting another, supposed addiction -- one that has been blamed in the state-run media for a murder over virtual property earned in an online game, for a string of suicides and for the failure of youths in their studies.

The Chinese government in recent months has joined South Korea, Thailand and Vietnam in taking measures to try to limit the time teens spend online. It has passed regulations banning youths from Internet cafes and has implemented control programs that kick teens off networked games after five hours.

There's a global controversy over whether heavy Internet use should be defined as a mental disorder, with some psychologists, including a handful in the United States, arguing that it should be. Backers of the notion say the addiction can be crippling, leading people to neglect work, school and social lives.

But no country has gone quite as far as China in embracing the theory and mounting a public crusade against Internet addiction. To skeptics, the campaign dovetails a bit too nicely with China's broader effort to control what its citizens can see on the Internet. The Communist government runs a massive program that limits Web access, censors sites and seeks to control online political dissent. Internet companies like Google have come under heavy criticism abroad for going along with China's demands.

In the Internet-addiction campaign, the government is helping to fund eight in-patient rehabilitation clinics across the country.

The clinic in Daxing, a suburb of Beijing, the capital, is the oldest and largest, with 60 patients on a normal day and as many as 280 during peak periods. Few of the patients, who range in age from 12 to 24, are here willingly. Most have been forced

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to come by their parents, who are paying upward of $1,300 a month -- about 10 times the average salary in China -- for the treatment.

Led by Tao Ran, a military researcher who built his career by treating heroin addicts, the clinic uses a tough-love approach that includes counseling, military discipline, drugs, hypnosis and mild electric shocks.

Tao said the clinic is based on the idea that there are many similarities between his current patients and those he had in the past.

In terms of withdrawal: "If you let someone go online and then he can't go online, you may see a physical reaction, just like someone coming off drugs." And in terms of resistance: "Today you go half an hour, and the next day you need 45 minutes. It's like starting with drinking one glass and then needing half a bottle to feel the same way."

Located on an army training base, the Internet-addiction clinic is distinct from the other buildings on campus because of the metal grates and padlocks on every door and the bars on every window.

On the first level are 10 locked treatment rooms geared toward treating teen patients suffering from disturbed sleep, lack of motivation, aggression, depression and other problems. Unlike the rest of the building, which is painted in blues and grays and kept cold to keep the teens alert, these rooms are sunny and warm.

Inside Room No. 8 are toys and other figurines that the teens can play with while psychologists watch. Room 10 contains rows of fake machine guns that the patients use for role-play scenarios that are supposed to bridge the virtual world with the real one.

Room No. 4 is made up to look like home, with rattan furniture and fake flowers, to provide a comfortable place for counselors to talk to the teens. The staff tries to blend into the artificial environment. Before meeting with a patient, one counselor swapped her olive military uniform for a motherly cardigan and plaid skirt.

Among the milder cases are those of Yu Bo, 21, from Inner Mongolia, and Li Yanjiang, 15, from Hebei province. Both said that they used to spend four to five hours a week online and their daily lives weren't affected but that their parents wanted them to cut their computer usage to zero so they could study. Yu said he agreed to come because he wanted to train himself. Li said it was because he just wanted to "get away from my parents."

Perceived as a more serious case is that of He Fang, 22, a college student from the western region of Xinjiang. The business administration major said his grades tanked when he started playing online games several hours a night. The clinic "has mainly helped me change the way I think," he said. "It's not about getting away from pressure but facing it and dealing with it."

Before Sun, the 17-year-old, who is from the city of Cangzhou, checked into the clinic about a month ago, he said, he was sometimes online playing games for 15 hours nonstop. "My life was not routine -- day and night I was messed up," he said.

In December, he concluded that school just "wasn't interesting" and stopped attending. His parents were furious and complained that he didn't have a goal. Exasperated, they eventually checked him into the clinic.

Since he's been there, Sun said, he's decided to finish high school, attend college and then work at a private company, perhaps becoming an "authority figure" one day. With the help of a counselor, he's mapped out a life plan from now until he's 84.

Sun's father and mother, Sun Fengxiang and Xu Ying, both 41 and accountants, say their son's counselors have told them he's behaving well -- playing basketball, reading books about success -- but they are unsure whether he's really been cured.

"His language shows that he has changed, but we'll see" when Sun gets home, his father said.

No one is comfortable talking about the third floor of the clinic, where serious cases -- usually two or three at a time -- are housed. Most have been addicted to the Internet for five or more years, Tao said, are severely depressed and refuse counseling. One sliced his wrists but survived. These teens are under 24-hour supervision.

Tao said he believes 70 percent of the teens, after one to three months of treatment, will go home and lead normal lives, but he's less optimistic about the third-floor patients. "Their souls are gone to the online world," he said.

Earlier this month, four teens fled their dorm rooms and jumped in a taxi. They made it to a train station before soldiers caught them, according to Li Jiali, a military guard. They were isolated and asked to write reports about why their actions were wrong.

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Guo Tiejun, a school headmaster turned psychologist who runs an Internet-addiction research center in Shanghai, said the military-run clinic goes too far in treating Internet addicts like alcohol and drug addicts.

He said that he has treated several former patients of the Daxing clinic and that one mother told him it was simply "suffering for a month" that did not help her son. He advocates a softer approach. Guo said he believes that the root of the problem is loneliness and that the most effective treatment is to treat the teens "like friends."

"Our conclusion is that kids who get addicted in society have some kind of disability or weakness. They can't make friends, can't fulfill their desire of social communication, so they go online," Guo said.

Guo is especially critical of the use of medications -- which include antidepressants, antipsychotics, and a variety of other pills and intravenous drips -- for Internet addiction because, he said, that approach treats symptoms, not causes.

Tao and his team of 15 doctors and nurses defended the treatment methods. He said that while some clinics depend wholly on medications -- in one experiment conducted in Ningbo, a city south of Shanghai, suspected Internet addicts were given the same pills as drug addicts -- only one out of five patients at the Daxing clinic receive prescription drugs. Tao did agree with Guo that Internet addiction is usually an expression of deeper psychological problems.

"We use these medicines to give them happiness," Tao said, "so they no longer need to go on the Internet to be happy."

Still, for all the high-tech treatments available to Sun at the clinic, the one that he says helped him most was talking. He looks forward to returning to school and getting on with his life.

The first task on his agenda when he gets home: get online. He needs to tell his worried Internet friends where he was these past few weeks.

Farm Tariff Cuts Won't Help Africa (WSJ)

The Wall Street Journal, February 22, 2007

Richard Holbrooke and Stuart Eizenstat ("Africa's Last Best Chance1," editorial page, Feb. 15) are absolutely right that Africa needs a successful conclusion to the Doha Round for a number of reasons, but steep EU farm tariff reductions cut both ways for developing countries depending on their level of competitiveness.

EU farm tariff cuts will do little for most in the developing world for the simple reason that almost all their agricultural produce already enters the EU tariff free -- so tariff cuts won't help them. The EU has already almost fully implemented the 100% duty-free, quota-free market access for all exports from Least Developed Countries that we agreed back in 2001 -- others in the developed world have yet to match this.

The level of farm tariff cuts initially demanded by the United States were unsustainable both for the EU and for developing countries. They would have wiped out the tariff preferences on which, for better or worse, African countries still depend for agricultural export access in the face of the world's competitive farm exporters. The EU has agreed to come as close as possible to the level of tariff cuts demanded by developing countries themselves.

The real competitive gain for African farmers in the Doha Round will come from cutting trade-distorting farm subsidies and the elimination of export subsidies for farm goods -- both of which allow farmers in the rich world artificially to undercut farmers in developing countries. The EU has already offered to slash trade-distorting farm subsidies by 70% and eliminate export subsides altogether if others do the same. Combined with the tariff cuts we are offering, this reform adds up to the biggest liberalization of farm trade in history.

Peter Mandelson

EU Trade Commissioner

Brussels

Messrs. Holbrooke and Eizenstat were right to call the Doha Round "Africa's Last Best Chance." But they were wrong when they said the agriculture trade liberalization proposals currently on the table "far surpass those offered in previous multilateral trade rounds." They must have forgotten President Reagan's bold proposal to eliminate all agricultural trade barriers in the Uruguay Round. Just think how different Africa might be today had the developed world accepted Reagan's challenge to open its markets to agricultural exports from developing countries 20 years ago.

Roger and Lynne Bolton

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New Canaan, Conn.

Africa's Last Best Chance (WSJ)

By Richard Holbrooke And Stuart Eizenstat

The Wall Street Journal, February 15, 2007

The long-stalled Doha round of trade talks recently had, in the words of WTO Director-General Pascal Lamy, a jolt of "new energy" after the recent meeting of key trade ministers in Davos. What is not clearly understood is that if a successful agreement is reached, it will be especially good news for Africa.

Failure, conversely, would have tragic consequences for the continent. It would lead the United States and the European Union to negotiate more bilateral free-trade agreements with key countries, but not with sub-Saharan Africa and other poor countries, which offer few attractive markets for developed countries' manufactured goods and services. Africa, which has seen its share of world trade shrink in recent years, would fall even further behind.

Developing countries felt that previous multilateral trade negotiations like the Kennedy round, the Tokyo round and the Uruguay round primarily benefited the highly developed nations. While they undertook costly obligations to protect developed countries' intellectual property and impose sanitary and phytosanitary standards, the developed countries did not significantly open their markets to the labor-intensive manufactured goods and agricultural products of developing countries.

For the Doha round launched in 2001, however, there is a development agenda. At its heart is agriculture -- a politically sensitive sector in the EU and the U.S. but the largest employer in low-income countries, accounting for about 60% of their labor force and 25% of their GDP. The World Bank estimates that these agricultural products face what former U.S. Trade Representative Robert Portman observed is a practically insurmountable global average tariff rate of 62%, and that 93% of the benefits from a successful Doha round would come from improved market access for developing nations' agricultural products.

Farmers represent less than 5% of the labor force in industrial countries, but they have very substantial political power in the U.S., EU and Japan. These political forces, especially in the EU, led to the eventual derailment of the Doha round last summer. But as the Doha talks take on new life, Congress and the Bush administration need to stay true to the commitments of the Doha Development Agenda, especially in agriculture.

Two weeks ago the administration proposed ending subsidies for 80,000 wealthy farmers, substituting trade-distorting subsidies with cash payments to farmers, and trimming traditional agriculture programs by $4.5 billion over the next decade. These proposals, if approved, would directly benefit some of the poorest people on earth, save lives and ultimately reduce American foreign aid, while helping Susan Schwab, the U.S trade representative, put wind in the sails of the ministers' pledge in Davos to restart serious talks.

The promise for developing countries, and particularly the poorest African nations, is huge. In particular, Africa stands to gain significantly if sensitive product exclusions do not disproportionately target key African exports. Peter Mandelson, the EU trade commissioner, pledged recently that Europe will significantly improve its previous tariff reduction offer; he needs to make good on that promise. But even the current U.S. and EU proposals on the table far surpass those offered in previous multilateral trade rounds and offer real gains for developing countries:

• WTO members have agreed to provide duty-free/quota-free market access to the least developed countries for at least 97% of their products.

• An agreement has been reached to end the direct EU and U.S. export subsidies by 2013 that have squeezed out the products of farmers in Africa, Asia and Latin America.

• Assistance will be given to help poor countries streamline their customs procedures to help with the red tape and corruption that historically impeded engagement in significant international trade.

Developing nations also must make serious commitments to complete the Doha round. A growing percentage of trade is between developing nations, with more than 70% of the duties paid by developing countries to other developing countries. This makes no sense.

The World Bank has found a significant increase in per capita income of developing countries that lower their own trade barriers, and concluded that totally eliminating global trade barriers could lift 300 to 500 million of the world's poor out of poverty -

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- growing their economies by $259 billion by 2015. Opening their trade arteries to manufactured goods and services is also important. It will help developing nations trade with each other, which is growing 50% faster than world trade overall, but where levels of protection on goods are four times higher than levels of protection in rich countries. Intraregional trade in Afric a was only 5.3% of GDP in 2002, in part due to self-destructive trade barriers between African countries.

As trade ministers make an effort to reach a Doha deal, they should recognize that it is the poorest nations, particularly those in Africa, that would be the biggest losers if Doha collapses. We hope this will be understood by everyone, on a bipartisan basis, as this crucial negotiation heads into its final phase. For Africa, this may be the last best chance.

Mr. Holbrooke is a former U.S. ambassador to the U.N. and vice chairman of Perseus, LLC. Mr. Eizenstat held several senior positions in the Clinton administration, including U.S. ambassador to the EU, and heads the international practice at Covington & Burling, LLP.

Canada Cautions U.S. On Pending Passport Rule (WT)

By David R. Sands

The Washington Times, February 22, 2007

A planned U.S. rule that would require passports for anyone entering the country by land from Canada must be implemented with "clarity and flexibility" to avoid damaging the world's most dynamic bilateral trading relationship, Canadian Ambassador Michael Wilson said yesterday.

"Yes, we are very concerned about the rule. We have been urging our American counterparts to take the time to get it right," Mr. Wilson said in a luncheon interview with editors and reporters at The Washington Times.

Canadian officials and many U.S. lawmakers from states along the border fear the abrupt implementation of the passport requirement could cause major delays at border checkpoints and impede the free flow of goods and tourists. Two-way trade totaled more than $740 billion last year, and Mr. Wilson noted that Canada is the leading foreign trade partner for more than 39 U.S. states.

"If there's major congestion at the crossing points, it quickly becomes an economic issue as well," Mr. Wilson said.

The State Department and the Department of Homeland Security (DHS) have until June 1, 2009, to implement tougher documentation rules for travelers crossing by land from Mexico and Canada. DHS officials are pressing for a quicker implementation schedule, citing the smooth adoption of similar rules for air travelers last month.

"People have got the message" about the new passport requirement, "and that's good news," said Homeland Sec urity Secretary Michael Chertoff.

But Mr. Wilson noted there was a "huge surge" of Canadians applying for passports ahead of the traditional winter school break, when many Canadians head to Florida or other southern U.S. destinations.

Since air travel represents only about 15 percent of the total cross-border traffic, the pending rule for land crossings will have a far greater impact, Mr. Wilson said.

"We will need advance notice, clarity and flexibility in the implementation of this rule," Mr. Wilson said. "We have taken that message regularly to Homeland Security, but they are making it very clear they want to do this as quickly as possible."

Premiers from four Canadian provinces will visit Washington this month to argue against an early date for the passp ort mandate. Rep. Louise M. Slaughter, New York Democrat, has introduced a bill to force U.S. officials to accept new, high-tech driver's licenses in lieu of passports to ease checkpoint hassles.

While border security remains a major issue, U.S.-Canadian relations overall are very strong, Mr. Wilson said, particularly compared with frosty cross-border ties in recent years.

Tax-cutting Conservative Prime Minister Stephen Harper's government has proven a strong U.S. ally in the war in Afghanistan, boosting defense spending and putting Canadian troops on the front lines in the battle against fundamentalist Taliban forces. Almost three dozen Canadians have died in the Afghan war.

"It can't help but bring you closer together when you are comrades-in-arms, when you're sitting at the table and going to the same strategy sessions," he said.

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He said ordinary Canadians have trouble understanding the "caveats" some NATO countries have adopted to limit their deployments in Afghanistan, leaving just a few nations to bear the brunt of the fighting.

Mr. Wilson, a leading Canadian banker and former finance minister, said that many of the legendary nasty trade disputes that marred bilateral relations in the past on goods from beer to wheat have largely subsided.

He called recent U.S. complaints about new Canadian provincial subsidies to struggling lumber producers a "brushfire" that was not likely to upset last year's carefully wrought compromise on overall lumber trade.

Mr. Wilson said he decided to take the Washington posting after Mr. Harper agreed that the envoy would balance bilateral issues with a broader push to work with the United States on joint priorities, from trade to nonproliferation to crises in such trouble spots as Haiti and Darfur.

"In that sense, it's a very easy place to be for me because the prime minister and the Canadian government share a larger view of our relations," he said.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Two Chicago-area Men Arrested In Ohio Terrorism Case (ABJ)

By Mike Robinson

Akron Beacon Journal, February 22, 2007

CHICAGO - Two Chicago-area cousins were arrested Wednesday on federal charges out of Cleveland accusing them of conspiring to wage holy war against Americans overseas, including U.S. military forces in Iraq.

Zubair A. Ahmed, 27, of suburban North Chicago, and Khaleel Ahmed, 26, of Chicago, were accused along with three other men from the Toledo, Ohio, area who already had been under indictment on charges of plotting acts of terrorism against Americans overseas.

The fresh indictment returned by a grand jury in Cleveland added the two Chicago-area men to the roster of defendants and brought additional charges against the three men from Ohio.

The cousins, both American citizens, appeared briefly in Chicago before U.S. Magistrate Judge Geraldine Soat Brown, who ordered them sent to Ohio for arraignment. Prosecutors asked her to order them held in custody and sent to Ohio as federal prisoners. Defense attorneys asked for bond.

A hearing on whether to permit bond was set for 2:30 p.m. Monday.

Defense attorneys Gerald Collins and Brian Sieve said they had just met the two defendants, knew little about them and had no comment on the case.

The indictment claims that, between June 2004 and February 2006, the cousins and the other three men - Mohammad Zaki Amawi, 27, and Marwan Othman El-Hindi, 42, both formerly of Toledo, Ohio, and Wassim I. Mazloum, 22, formerly of Sylvania, Ohio - conspired to "kill or maim persons in locations outside of the United States, to including U.S. armed forces personnel serving in Iraq."

The conspiracy allegedly included finding fresh recruits to commit terrorist acts and seeking out sites for training in firearms, hand-to-hand combat and the use of explosives. The men also allegedly agreed to raise funds for "jihad training" and download Internet information on improvised explosive devices (IEDs).

A shadowy figure was described in the indictment only as the trainer, a U.S. citizen with a military background. The indictment said the two cousins met with the trainer in July 2004 and discussed sniper tactics, counter-surveillance techniques and the use of heavy machine guns.

The three Ohio men, currently in federal custody, were charged in the original indictment with conspiring to provide material support to terrorists. Amawi was also charged with verbally threatening the president of the United States and unlawful distribution of a video concerning suicide bomber vests.

Wednesday's indictment charged Amawi with distributing information about explosive chemicals downloaded from the Internet and charged El-Hindi with distributing information about explosives and making false statements to officials.

The five men face a maximum penalty of life in prison if convicted of conspiring to kill Americans overseas, according to federal prosecutors.

Meanwhile, prosecutors in Cleveland said a separate indictment was returned charging Bilal Mazloum, 22, of Sylvania, Ohio, brother of Wassim I. Mazloum, with making a false statement to federal agents.

In addition, El-Hindi and Ashraf Zaim, 39, of Ottawa Hills, Ohio, are charged in a separate, seven-count indictment with conspiring to commit theft of public funds, making false statements and wire fraud in connection with a $40,000 federal grant they obtained to operate clinics for low-income taxpayers.

The government contends that no clinics were ever operated.

Local Men Indicted In Terror Probe (CHIT)

By Jeff Coen And Tonya Maxwell, Tribune staff reporters

Chicago Tribune, February 22, 2007

Federal agents swarmed a suburban apartment complex and a house on the Northwest Side early Wednesday, arresting two cousins allegedly linked to a terrorism conspiracy to kill Americans overseas, including U.S. troops.

Zubair A. Ahmed, 27, of North Chicago, and his cousin, Khaleel Ahmed, 26, of Chicago, have ties to three Toledo men charged in the conspiracy last year, authorities said. Federal prosecutors said the cousins had spoken to at least one of the three about receiving training and at one point were headed to Afghanistan or Iraq.

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Zubair Ahmed allegedly wanted to learn to use a .50-caliber machine gun.

"Man, we've been waiting for this," he said, according to the indictment.

The Ahmeds were named in a superseding indictment returned by a federal grand jury in Ohio, joining the three Toledo men, whose indictment was announced by Atty. Gen. Alberto Gonzales in February 2006.

Mohammad Zaki Amawi, Marwan Othman El-Hindi and Wassim Mazloum have pleaded not guilty and are expected to go on trial in Cleveland in the spring. They were accused of gathering information on explosives and tactics, planning to send money and computers to the Middle East and recruiting others to attack American forces in Iraq.

Recruits were "to train for violent jihad against the United States and its allies in Iraq, and elsewhere, and would propose potential training sites for use in providing ongoing firearms, hand-to-hand combat, explosives, and other paramilitary training to prospective recruits," the indictment states.

Two of those who were recruited were the Ahmeds, according to court documents. They were allegedly brought into the conspiracy by El-Hindi, who has Chicago ties. The Tribune has reported that El-Hindi, who used to live in the suburbs, ran a travel agency in the Loop near the Dirksen U.S. Courthouse that opened in the late 1990s and closed a few years ago.

El-Hindi allegedly took the cousins from Chicago to Cleveland in 2004 to meet a man described in the document as "the Trainer," a man with military experience who was associated with the group.

"Zubair and Khaleel discussed sniper tactics with the Trainer and their desire to receive training in, among other things, firearms and counter surveillance techniques," the indictment states. It was El-Hindi who stopped the two from going overseas because he believed they needed more training, it states.

The document does not allege that the cousins actually received any substantive training.

Bill Edwards, first assistant U.S. attorney in the northern district of Ohio, said the men discussed sniper tactics and were willing to travel to carry out terror plots.

"We wouldn't have charged them if we didn't think they were serious," said Edwards.

A federal judge in Chicago ordered them transferred to Ohio during a brief hearing Wednesday.

Lawyers for the two men declined to comment.

FBI agents arrived at the family's one-story brick home about 5:15 a.m. Wednesday, said Khaleel Ahmed's father, who showed a reporter a warrant calling for the seizure of evidence of his son's Ohio trip, travel to Egypt and other evidence, including communication between him and co-conspirators in the case.

The agents left in the afternoon and gave the family a list of things that had been taken. It included computer hard drives, cell phones, Islamic books and a sword.

Khaleel Ahmed's parents, who did not want to be identified, said they did not believe the charges.

"As far as my family knows, he didn't do anything. He is not a terrorist," said his mother. "It's a sin to kill anyone."

She said she has never heard her son, who had been studying computer engineering at several local colleges, express anger toward Americans or the war. He wasn't interested in politics, she said.

Khaleel's mother said the cousins did go to Egypt for several weeks in 2004 for vacation but said she has no knowledge of her son's going to Ohio.

In North Chicago, a man who answered the door at Zubair Ahmed's apartment identified himself as his roommate but declined to give his name. He said that the two met online in recent months when each was looking for a roommate. Before Wednesday he "hadn't seen [Ahmed] in two or three weeks," the man said. "We barely talked."

He said he thought Ahmed was a student at a nearby college or university but he wasn't sure which.

Neighbors said they woke to FBI agents' banging on the door of Ahmed's third-floor apartment.

"I woke up, and they were knocking so hard on his door that it sounded like they were hitting our door," said Tim Johnson, 24, whose apartment is diagonally across the hall from Ahmed's.

"Finally when they opened the door, [the agents] shouted 'Freeze, don't move,'" said Johnson's roommate Bobby Watson, 21.

Tribune staff reporter Andrew L. Wang contributed to this report.

2 Chicago Cousins Are Charged With Plotting Overseas Attacks (NYT)

By Libby Sander

The New York Times, February 22, 2007

CHICAGO, Feb. 21 — Two cousins were arrested here Wednesday on charges of conspiring to commit terrorist acts against American military personnel in Iraq, as well as others abroad, in an Islamic holy war against the United States and its allies.

The defendants, Zubair A. Ahmed, 27, and Khaleel Ahmed, 26, were taken into custody at their Chicago homes after a federal grand jury in Cleveland returned a fresh indictment in a pending terrorism case in which three Ohio men are already awaiting trial in Toledo.

The new indictment accuses the two Chicago men of plotting with the Ohioans "to kill or maim persons in locations outside of the United States," including members of the armed forces serving in Iraq.

It says the cousins, both United States citizens, sought training in firearms and countersurveillance from a person with an American military background. The indictment identified that person only as the Trainer. It describes the Trainer as an American citizen who communicated extensively with the three original defendants about paramilitary training but who was not engaged in the conspiracy.

The original defendants are Mohammad Zaki Amawi, 27, and Marwan Othman el-Hindi, 42, both formerly of Toledo, and Wassim I. Mazloum 24, formerly of Sylvania, Ohio, a Toledo suburb. They have been in federal custody a year, having been charged last February with conspiracy to commit terrorist acts overseas and with providing material support to terrorists.

Mr. Amawi was also charged then with making threats against President Bush and with distributing a video depicting the construction and use of a suicide bomb vest. Wednesday's indictment included new charges against him and Mr. Hindi involving further counts of distributing information regarding the manufacture and use of explosives.

In addition, a second new indictment charged Mr. Hindi and Ashraf Zaim, 39, of Ottawa Hills, another town in the Toledo area, with defrauding the government by claiming to have used $40,000 in federal grant money for charitable purposes when in fact, the government said, it actually went to their personal use.

And yet another indictment charged Bilal Mazloum, 22, of Sylvania with making false statements to federal agents by denying knowledge that his brother Wassim had participated in firearms training.

Al-Arian Supporters Lobby For Release As Hunger Strike Continues (AP)

By Matthew Barakat, Associated Press Writer

AP, February 22, 2007

Supporters of former professor Sami al-Arian - now in the fifth week of a prison hunger strike as he refuses to testify in front of a federal grand jury - on Wednesday called on Attorney General Alberto Gonzales to deport al-Arian prior to his scheduled release from prison.

Al-Arian, a former computer science professor at the University of South Florida, was accused by prosecutors of being a leader of a terrorist group called Palestinian Islamic Jihad. He is being held at a medical prison in North Carolina.

After a six-month trial ended in an acquittal on some counts and a hung jury on others, al-Arian struck a plea bargain in May 2006 and admitted to conspiring to aid Palestinian Islamic Jihad, specifically by helping a family member with links to the group obtain immigration benefits and by lying to a reporter about another individual's ties to the group.

Al-Arian would be up for release in April, but his prison term is being extended indefinitely after a judge found him in civil contempt for refusing to testify in front of a grand jury in Alexandria, Va., investigating a cluster of Islamic charities in northern Virginia that has ties to al-Arian.

Al-Arian believes his plea deal specifically exempted him from cooperating with authorities. But two federal judges have ruled that al-Arian must testify.

Al-Arian began his hunger strike Jan. 22 to protest of the subpoena and contempt citation. His family says he has been drinking only four glasses of water a day. Last week he fainted and hit his head. He has since been transferred to a medical prison in Butner, N.C.

Al-Arian's lawyer, Peter Erlinder, said it is only fair that Gonzales release al-Arian now because prosecutors initially recommended to the judge that al-Arian receive time served when he struck the May 2006 plea deal. A judge rejected that recommendation and sentenced al-Arian to an additional 11 months.

"Mr. Gonzales, you have the power ... to release Dr. al-Arian for voluntary departure from the U.S. with the stroke of your pen," Erlinder said in an open letter to Gonzales.

Erlinder was joined at a press conference outside the Justice Department by representatives of the Muslim American Society, the American Muslim Alliance and the ANSWER Coalition, an anti-war group.

Justice Department spokesman Dean Boyd said the attorney general does not have the power to unilaterally free al-Arian. Deportations are handled by the Department of Homeland Security rather than the Justice Department.

Typically, immigration officials deport an individual only after they have served their entire sentence. Erlinder said there is precedent for deporting an individual before their prison time is up.

Judge Rules Terror Suspect Held Without Bond (AP)

DOJ_NMG_0135190

By By Juan A. Lozano, Associated Press

AP, February 22, 2007

A U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government will remain behind bars until his trial, a federal judge ruled Wednesday.

Daniel Joseph Maldonado was ordered held without bond. U.S. Magistrate Judge Calvin Botley also found federal authorities were justified in arresting Maldonado on charges related to his alleged training at an al-Qaeda camp in Somalia.

"These activities, in the court's judgment constitute crimes of violence," Botley said. "Mr. Maldonado is a danger and a flight risk."

During a two-day probable cause and detention hearing, FBI agents and prosecutors painted a portrait of a violent young man who willingly trained alongside al-Qaeda operatives to learn firearms and bombmaking skills. He was also accused of working to turn Somalia into another Iraq where insurgents would come in and terrorize the country and of recruiting others for this cause.

But defense attorneys described Maldonado as a man who, driven by anti-Muslim sentiment in America since the Sept. 11, 2001, terrorist attacks, moved out of the country with his family so they could live at ease as Muslims.

Botley said while the evidence showed Maldonado received weapons and bomb making training, it wasn't clear if al-Qaeda was in charge of the camp.

Maldonado faces charges of undergoing military training with a terrorist organization and conspiring to use a weapon of mass destruction, specifically a bomb. If convicted, he faces up to life in prison.

Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, is accused of traveling in November to an al-Qaeda terrorist camp in Somalia, where he was trained to use firearms and explosives in an effort to help another group, the Islamic Courts Union, topple the government and install an Islamic state. He was captured by the Kenyan military while trying to flee Somalia on Jan. 21.

Maldonado grew up in Pelham, N.H., and lived in Houston from August 2005 to November 2005 before moving with his wife and three children to Cairo, Egypt.

In a statement he gave to FBI agents in Kenya after his arrest, Maldonado said while living in Egypt he heard about an emerging Islamic state in Somalia and decided to move there with his family.

"I did intend to open up a bookstore to generate some money," Maldonado said in the statement, parts of which were read in court Wednesday by defense attorney Brent Newton.

But prosecutor Abe Martinez said Maldonado lied in his initial statements to FBI agents, later saying he forgot to mention he also went to Somalia to fight a jihad or holy war against the government there.

Newton said Maldonado didn't seek out al-Qaeda members and eventually changed his mind about fighting a jihad.

"I was never sure in my heart whether it was worth my life or not," Maldonado said in his statements to FBI agents. "I was asked to join jihad but I was worried about my family."

After he and his family tried to leave Somalia and go to Kenya, Maldonado became separated from his wife and kids. She later died of malaria. His children are being cared for by his parents in New Hampshire.

Maldonado had earlier contracted malaria, which stopped his training. He also became malnourished, losing 60 pounds while in Somalia.

Martinez said Maldonado also tried to recruit a friend in the United States to join him at the camp in Somalia, telling his friend in coded language that he was at a culinary institute.

"But what that really meant is he was at a terror training camp learning how to kill people," Martinez said.

Prosecutors and FBI agents said a confidential informant who is a U.S. citizen and was also at the training camp confirmed for authorities that Maldonado received firearms and bombmaking training and was aware al-Qaeda members were also being trained at the camp.

U.S. Attorney Don DeGabrielle said prosecutors plan to present evidence against Maldanado to a grand jury before March 13.

American Said To Have Ties To Al Qaeda Is Denied Bail (NYT)

By Ralph Blumenthal

The New York Times, February 22, 2007

HOUSTON, Feb. 21 — An American convert to Islam who the government says took his family on jihad to Somalia and then lied to the F.B.I. was ordered held without bond Wednesday after a federal judge found sufficient evidence that he had been trained in weapons and bomb making by Al Qaeda.

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The defendant, Daniel J. Maldonado, also known as Daniel Alijughaifi, recently lived in Houston and Boston. Mr. Maldonado was "a flight risk and danger to the community" and must remain in jail pending trial, the judge, Calvin Botley ruled.

But Judge Botley granted a defense request that Mr. Maldonado, 28, gaunt from malaria and malnutrition, be given extra rations in jail.

Mr. Maldonado was arrested in Kenya on Jan. 21 after Islamist insurgents in Somalia were routed by Somali and Ethiopian forces, and he was flown to Houston by the Federal Bureau of Investigation on Feb. 12. His wife had died of malaria in Somalia, and their three children were flown by the F.B.I. to Mr. Maldonado's parents in Londonderry, N.H., where Mr. Maldonado grew up. His mother, Rena Maldonado, said the family was too distraught to comment.

The government's case is laid out in an F.B.I. affidavit based on statements attributed to Mr. Maldonado and corroborating information from a confidential witness, another American said to have been with him in Somalia. It portrays Mr. Maldonado as "angry with America," supportive of the attacks of Sept. 11, 2001, and "willing to become a suicide bomber if he were wounded and could not otherwise fight."

The United States attorney in Houston, Don DeGabrielle, said he would ask a grand jury for an indictment before March 13. If convicted, Mr. Maldonado, one of at least 15 Americans charged with aiding Al Qaeda since the Sept. 11 attacks, could receive life in prison.

Brent E. Newton, the public defender for Mr. Maldonado, said his client had gone to Somalia to support a legal faction, the Islamic Courts Union, not Al Qaeda, and had trained only with "a hodgepodge of mujahadeen groups." As for bomb-making, Mr. Newton said, "he watched some old man do this stuff, but merely watching someone do something is not conspiring with someone to do it." Mr. Newton also questioned whether Mr. Maldonado had been properly advised of his rights.

At a two-day detention hearing that was unusual for the explicitness of the evidence disclosed, Mr. Maldonado was said to have given the F.B.I. false information, then admitted that he "wrote or told many dishonest statements" and revised his account while still falling short of the truth, an F.B.I. agent testified.

The agent, Lucille Eglen-Anderson, who questioned Mr. Maldonado in Kenya, said he had also tried to recruit an American friend to join the Islamist insurgents battling the Somali and Ethiopian government forces. In a coded call, Ms. Eglen-Anderson testified, Mr. Maldonado said he was "at the culinary institute leaning how to make P.B.J."

She and other agents testified that Mr. Maldonado was at a terrorist training camp run by Al Qaeda, where he was learning to shoot an AK-47 and make bombs. The government charges that he "conspired to use a weapon of mass destruction, that is, a bomb" and received "military-type training from Al Qaeda."

Mr. Maldonado's allegedly conflicting statements to the F.B.I. came out after his lawyer, Mr. Newton, said Tuesday that he needed to see the statements in order to question Ms. Eglen-Anderson, whom he had called as an adverse witness.

Judge Botley then recessed the hearing until the government could provide them Wednesday morning.

Ms. Eglen-Anderson testified that other F.B.I. agents happened to be in Kenya when Kenyan authorities notified American officials that Mr. Maldonado had been captured, along with several British citizens and a Swede. They began questioning him on Jan. 27, 2007, she said, driving him to a safe house with a kitchen and a well-stocked refrigerator.

Although he was in the legal custody of the Kenyans, she said, Mr. Maldonado was read his Miranda rights about remaining silent and requesting a lawyer.

For reasons Mr. Newton did not explain, he read into the record large parts of Mr. Maldonado's statements to the F.B.I., beginning with a four-page document based on statements made on Jan. 27, in which Mr. Maldonado said he had gone to Somalia with his family "to open a bookstore" and to pursue other "business opportunities."

But in a second document read in court, Mr. Maldonado told the F.B.I. the next day that he had lied and "today I feel the need to tell the truth."

Two days later, on Jan. 30, Agent Eglen-Anderson testified, Mr. Maldonado went back over his original four-page statement to make and initial corrections. "I left out the fact that I wanted to fight jihad," he wrote.

He had told of meeting a certain sheik in Mogadishu, Somalia, but on Jan. 30 he added, "I left out the fact that he gave me a gun and magazine."

But he still did not reveal the full story of his activities, Ms. Eglen-Anderson testified. She said the F.B.I. knew this because of what agents had been told by an informant, another American who was described only as a confidential witness before agents first questioned Mr. Maldonado on Jan. 27. The informant was so trusted by the mujahadeen, the F.B.I. said, that they had asked him to return to the United States to recruit English-speaking women for terrorist missions.

The informant's identity remained secret, Mr. DeGabrielle, the United States attorney, said. "But if there's a trial," he added, "it will come out."

The Spanish Connection (WSJ)

DOJ_NMG_0135192

By Edward Jay Epstein

The Wall Street Journal, February 22, 2007

The 9/11 Commission relied on information derived from two captured al Qaeda perpetrators for much of its picture of the conspiracy leading up to the attacks on the World Trade Center and the Pentagon. The interrogations of these men -- Khalid Sheikh Mohammed, or "KSM," who masterminded the plot and got Osama bin Laden to finance it, and Ramzi Binalshibh, who acted as KSM's liaison with lead suicide terrorist Mohammed Atta -- were performed by the CIA at secret locations.

KSM claimed that he left almost all the tactical details to Atta, and therefore could not say where Atta went, or whom he visited, in the final months of the plot. Binalshibh claimed he was Atta's only contact with al Qaeda during this period and that, other than himself, Atta never met with anyone on his trips abroad in 2001.

If these accounts are true, it follows that the conspiracy was a contained one, and the 9/11 Commission could preclude outside collaborators, including the participation of foreign countries. Thus, although the CIA was unable to trace the origin of the money supplied to Atta, the commission deemed this gap "of little practical significance" since the CIA's prisoners established that no one else was involved in the plot. Thus, too, when the CIA found that Iran had "apparently facilitated" the travel of eight of the 9/11 muscle hijackers in flights to and from Afghanistan (by not putting the required stamps on their passports, and by having a top Hezbollah official accompany their flights in and out of Iran), the commission could nevertheless rule out the possibility Iran or Hezbollah were "aware of the planning." The basis for this conclusion was the information provided by KSM and Binalshibh.

But what if these CIA prisoners -- who after all are diehard jihadists -- were lying?

Enter Judge Baltazar Garzon, Spain's terrorism magistrate, who has been for many years investigating the links between al Qaeda and a Spanish Islamic cell headed by one Imad Eddin Barakat Yarkas (who Mr. Garzon arrested in November 2001 and is currently in prison on a conspiracy conviction). The Spanish security service secretly had this cell under scrutiny since the mid-1990s; Mr. Garzon was thus able to draw on wiretaps, surveillance reports and other intelligence, as well as his own interrogations of suspects and captured documents from Afghanistan.

Mr. Garzon has produced a 697-page investigative report for Madrid's central court in September 2003, which charges that the Spanish cell -- through its connections to Mohammed Atta's Hamburg cell and some of the pilots it recruited -- helped plan, finance and support the 9/11 attacks.

In an interview, Mr. Garzon explained to me through an interpreter that the support of the Spanish cell began in the early days of the plot and continued up until the attack. He described evidence that ranged from video tapes that Spanish police had confiscated from the home of one of the Spanish conspirators, which methodically surveyed the twin towers of the World Trade Center from five different angles in the late 1990s, to a phone call intercepted by Spanish intelligence in August 2001 (at a time when the hijackers were buying tickets on the planes they planned to commandeer), in which an operative in London informed Yarkas that associates in "classes" had now "entered the aviation field," and were beheading "the bird." After drawing a diagram for me on a blackboard of how the Spanish cell connected to Atta's and Binalshibh's recruiters in Germany, he said it was "supporting the operation at every level."

Consider the unexplained activities of Atta and Binalshibh in Spain in 2001. Atta made two trips to Madrid, paid for with al Qaeda funds at critical points in the plot. The first one was in January, just after he finished his flight training classes in Florida and qualified as a pilot. The second one was just after most of the contingent of muscle hijackers had arrived in Florida in July. During that second trip, July 7 to July 19, Atta clocked 1,908 kilometers on his rented Hyundai and changed hotels frequently -- except for five nights, where he vanished from all hotel registries.

Atta's 9/11 co-conspirator, Binalshibh, also made two trips to Spain: The first, July 9 to July 16, was to the Terragona resort region near Barcelona, where he met up with Atta and then, during the same period, also vanished from the hotel registries. Binalshibh's second trip, Sept. 5 to Sept. 7, was to Madrid, where he obtained a bogus passport which he used to fly to Pakistan and make his escape to Afghanistan.

Why did Atta and Binalshibh make these trips? The 9/11 Commission turned to the CIA, which reported that Binalshibh (captured in 2002) said in his interrogation that neither he nor Atta had contacted anyone else in Spain. Thus the commission stated, "According to Binalshibh, they did not meet with anyone else while in Spain."

The problem here is that Atta and Binalshibh made independent trips to Spain. Atta went to Madrid in January when Binalshibh was in Germany; Binalshibh went to Madrid in September when Atta was in America. And when Atta arrived in Madrid on July 8, Binalshibh was in Hamburg. They were never in Madrid at the same time. On July 9, Atta did meet up with Binalshibh in the resort area of Terragona, but Atta then stayed in Spain three days after Binalshibh returned to Hamburg.

Presumably, they made separate trips because they had separate business, but the critical fact is this: Binalshibh was not in a position to know whom Atta did (or didn't) contact in Madrid or during his final three days in Spain.

Mr. Garzon argues that his extensive investigation of the Spanish cell directly contradicts Binalshibh's story that he and Atta had seen no one else.

Take, for example, the week they were together, July 9 to July 16. Both Atta and Binalshibh dropped from sight, leaving no hotel records, cellphone logs or credit-card receipts. Mr. Garzon reasons that someone organized a safe house for them to conduct their business.

That person, according to Mr. Garzon, is Mohamed Belfatmi, aka "Mohamed the Algerian," a man who had worked closely with the Spanish cell in getting its operatives in and out of Afghanistan for terrorist training. About a month before Atta's arrival in Spain, Belfatmi rented a house in Terragona very near to where Atta's rented car was last seen parked.

Mr. Garzon says that Belfatmi's house was used for the 9/11 "final planning sessions." From telephone intercepts, Mr. Garzon has established that Binalshibh was in contact with Belfatmi after the latter had returned to Germany. And in a brief call Belfatmi made to Yarkas on Sept. 1, Yarkas, correctly suspecting that his phone was being tapped, abruptly cut Belfatmi off, telling him not to continue with "that theme."

Later that week, Belfatmi flew to Karachi with Binalshibh's and Atta's Hamburg roommate and fellow al Qaeda cell member Said Bahaji, staying with him at the same hotel. Binalshibh arrived in Karachi on a separate flight. So did other members of the Hamburg cell, who along with Belfatmi and Bahaji escaped to Afghanistan (and have not been yet apprehended).

Mr. Garzon concluded that Binalshibh knew both Yarkas -- whose private number he had in his address book -- and Belfatmi. According to Mr. Garzon, Binalshibh "was clearly lying to the CIA to protect those he and Atta saw in Spain."

Baltazar Garzon, known for his prosecutorial zeal, is a controversial figure in Spain, having investigated everything from Basque terrorism to the Madrid bombing investigation whose alleged perpetrators are currently on trial in Madrid. But even many who don't agree with his methods -- or his politics -- agree he is on solid ground in his relentless pursuit of the connections between the Spanish cell and al Qaeda.

Yet if Mr. Garzon is correct about the Spanish connection to 9/11, it is not only the effectiveness of the CIA's interrogation of its al Qaeda prisoners that is called into question. The information from Binalshibh, KSM and other detainees was used to fill in the missing pieces of the jigsaw, and those gaps concerned the contacts the 9/11 conspirators might have had with others wishing to harm America. By saying that no one else was involved -- not in Spain, Iran, Hezbollah, Malaysia, Iraq, the Czech Republic or Pakistan -- these detainees allowed the 9/11 Commission to complete its picture of al Qaeda as a solitary entity.

Yet to come to its conclusion on this most fundamental issue, the commission was prohibited from seeing any of the detainees whose accounts it relied on. Nor was it allowed even to question the CIA interrogators to determine the way that information was obtained. The commission's joint chairmen themselves later acknowledged that they "had no way of evaluating the credibility of detainee information." So when Judge Garzon comes up with evidence that runs counter to detainees' claims, cracks begin to emerge in the entire picture.

Mr. Epstein is writing a book on the 9/11 Commission.

Affirming Military Tribunals (WSJ)

The Wall Street Journal, February 22, 2007

The D.C. Circuit Court of Appeals decision on Tuesday upholding the Military Commissions Act passed by Congress last year is a welcome victory for common sense in the war on terror. Now we'll find out if the Supreme Court meant what it said last year about deferring to the two elected branches on the handling of enemy combatants.

We never had a problem with the Bush Administration's plan to set up military commissions shortly after 9/11. It is the duty of the executive branch -- which can act with dispatch and be held accountable by voters -- to conduct wars. And military tribunals have been successfully employed by past Presidents, including Washington, Lincoln and FDR.

Nevertheless, the Administration's critics kept insisting that enemy combatants captured in the war on terror were entitled to due process considerations while hostilities continued. And they took their arguments all the way to the Supreme Court.

The result was last year's decision in Hamdan v. Rumsfeld. That 5-3 ruling (Chief Justice John Roberts was recused) did not, as many on the left believe, question the government's right to set up military tribunals or hold unlawful combatants for the duration of the war. Rather, the Court held that the Pentagon's tribunals in place at the time violated certain rules in the Uniform Code of Military Justice.

Furthermore, the Court invited Congress to revise these rules. In his concurring opinion, Justice Stephen Breyer reiterated that the majority took issue not with the existence of these tribunals, but with the way they had come into being. "Nothing prevents the President from returning to Congress to seek the authority he believes necessary," wrote Justice Breyer.

In a separate concurrence, Justice Anthony Kennedy said that "as presently structured, Hamdan's military commission exceeds the bounds Congress has placed on the President's authority." But he added, "Because Congress has prescribed these limits, Congress can change them."

That's exactly what lawmakers did in passing the Military Commissions Act that President Bush signed into law last October. The appellate court's 2-1 ruling this week, which held that Guantanamo detainees don't have the right to challenge their

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imprisonment in federal courts, affirms the constitutionality of that law. A Supreme Court appeal is likely. But a reversal would require the Justices not only to defy the will of the other two branches but also to ignore their own instructions to Congress in Hamdan.

Not that some won't be urging such a course of action. In her dissent, Judge Judith Rogers argues that the Military Commissions Act, which effectively suspends habeas corpus for terrorist detainees, is unconstitutional. But the majority opinion, written by Judge A. Raymond Randolph, is solidly anchored in Supreme Court jurisprudence. And the Court has long held that aliens held overseas have no constitutional rights unless Congress decides to confer them statutorily.

"Precedent in this court and the Supreme Court holds that the Constitution does not confer rights on aliens without property or presence within the United States," wrote Judge Randolph. He cited as the "controlling case" the Supreme Court's Johnson v. Eisentrager decision, the 1950 ruling rejecting the proposition that aliens are entitled to Fifth Amendment rights outside of the U.S.

The Court in Eisentrager went on to explain why it's prudent not to confer constitutional rights on enemy combatants: "If the Fifth Amendment confers its rights on all the world . . . [it] would mean that during military occupation irreconcilable enemy elements, guerrilla fighters, and 'werewolves' could require the American Judiciary to assure them freedoms of speech, press, and assembly as in the First Amendment, right to bear arms as in the Second, security against 'unreasonable' searches and seizures as in the Fourth, as well as rights to jury trial as in the Fifth and Sixth Amendments."

We don't doubt that antiwar activists and lawyers at the ACLU would have no problem granting such protections to suspected al Qaeda members and their allies. And such critics in Congress of tribunals as Senate Judiciary Chairman Pat Leahy have every right to try to rewrite the Military Commissions Act, if they have the political nerve. But we're also sure that prosecuting a war on terror would be significantly more difficult as a result. Having so ostentatiously invited Congress to act in Hamdan, the Supreme Court could also now help the country and its own reputation by agreeing with Judge Randolph.

American Liberty At The Precipice (NYT)

The New York Times, February 22, 2007

In another low moment for American justice, a federal appeals court ruled on Tuesday that detainees held at the prison camp at Guantánamo Bay, Cuba, do not have the right to be heard in court. The ruling relied on a shameful law that President Bush stampeded through Congress last fall that gives dangerously short shrift to the Constitution.

The right of prisoners to challenge their confinement — habeas corpus — is enshrined in the Constitution and is central to American liberty. Congress and the Supreme Court should act quickly and forcefully to undo the grievous damage that last fall's law — and this week's ruling — have done to this basic freedom.

The Supreme Court ruled last year on the jerry-built system of military tribunals that the Bush Administration established to try the Guantánamo detainees, finding it illegal. Mr. Bush responded by driving through Congress the Military Commissions Act, which presumed to deny the right of habeas corpus to any noncitizen designated as an "enemy combatant." This frightening law raises insurmountable obstacles for prisoners to challenge their detentions. And it gives the government the power to take away habeas rights from any noncitizen living in the United States who is unfortunate enough to be labeled an enemy combatant.

The United States Court of Appeals for the District of Columbia Circuit, which rejected the detainees' claims by a vote of 2 to 1, should have permitted the detainees to be heard in court — and it should have ruled that the law is unconstitutional.

As Judge Judith Rogers argued in a strong dissent, the Supreme Court has already rejected the argument that detainees do not have habeas rights because Guantánamo is located outside the United States. Judge Rogers also rightly noted that the Constitution limits the circumstances under which Congress can suspend habeas to "cases of Rebellion or invasion," which is hardly the situation today. Moreover, she said, the act's alternative provisions for review of cases are constitutionally inadequate. The Supreme Court should add this case to its docket right away and reverse it before this term ends.

Congress should not wait for the Supreme Court to act. With the Democrats now in charge, it is in a good position to pass a new law that fixes the dangerous mess it has made. Senators Patrick Leahy, Democrat of Vermont, and Arlen Specter, Republican of Pennsylvania, have introduced a bill that would repeal the provision in the Military Commissions Act that purports to obliterate the habeas corpus rights of detainees.

The Bush administration's assault on civil liberties does not end with habeas corpus. Congress should also move quickly to pass another crucial bill, introduced by Senator Christopher Dodd, Democrat of Connecticut, that, among other steps, would once and for all outlaw the use of evidence obtained through torture.

When the Founding Fathers put habeas corpus in Article I of the Constitution, they were underscoring the vital importance to a democracy of allowing prisoners to challenge their confinement in a court of law. Much has changed since Sept. 11, but the bedrock principles of American freedom must remain.

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A War Under Law (WP)

By Jeffrey H. Smith

The Washington Post, February 22, 2007

Congress Must Address U.S. Detainee Policies

In November, Americans voiced their frustration with the war in Iraq and gave control of Congress to the Democrats. The voters rejected the president's swaggering, go-it-alone approach and the administration's contemptuous attitude toward the Geneva Conventions, which led to the abuses at Abu Ghraib, actions that so damaged our credibility that other nations are much less willing to cooperate in the war on terrorism. Secretary of State Condoleezza Rice, and her able legal adviser, John Bellinger, have pushed for reforms that have begun to reverse this trend -- but much more must be done.

Sens. Christopher J. Dodd and Patrick J. Leahy introduced legislation last week that will move us further in the right direction. But there are three things Congress should do.

First, Congress should reconsider the detainee legislation passed last fall. Last-minute changes rammed through by the White House watered down many of the bill's key provisions. On the treatment of detainees and interrogation techniques it created two standards -- one for the military and another for the CIA. The standards for the military are in an Army Field Manual, but the CIA standards are to be enumerated in a presidential executive order. Rumors suggest that the White House is struggling to develop those rules. Congress should relieve the president of that task before he makes a bad situation worse.

If Vice President Cheney has his way, a good dunking may be among the approved CIA techniques, even though "waterboarding" is prohibited by the Army Field Manual. Cheney's October remarks that dunking a detainee was " a no-brainer" were irresponsible and added to the confusion in the field (and around the world) about the rules for treatment of detainees.

It is not clear why the military and the CIA should have different standards for the treatment and interrogation of detainees. All U.S. agencies should use the techniques best able to elicit information that is vital to our security. And why should the CIA once again be asked to take risks not knowing whether, when the political winds change in Washington, its officers will be left facing charges that they violated the law?

Hearings should be held to determine which interrogation techniques have produced useful intelligence. Lawmakers should review the recent report of the government's Intelligence Science Board, which concluded that there was no scientific evidence that coercive techniques produced good intelligence. Congress should also consider the requirements of international law and develop a single standard that will apply equally to all agencies.

Second, Congress should repeal the provisions that stripped detainees at Guantanamo Bay and elsewhere of the right of habeas corpus and that instead gave them an extremely limited right to challenge their detentions. A federal appeals court, interpreting lawmakers' last effort, ruled Tuesday that detainees do not have the right to use a habeas petition to challenge the basis of their detention. The case will surely be appealed to the Supreme Court because detainees must have the right to argue to a federal judge -- not a military officer, as in the current law -- that the factual basis on which they are being held indefinitely and without criminal charges is not accurate. Detainees' right to habeas corpus could be limited, as was suggested by Sens. Arlen Specter and Patrick Leahy, to prevent frivolous lawsuits over conditions at Guantanamo. But detaining men with no hope of a fair hearing ensures that, if they weren't terrorists when they were detained, they probably will be when they are finally released.

Third, Congress should also examine the practice of "rendition," or sending detainees to countries for trial or detention where, it is alleged, they can be mistreated or tortured. Before the attacks of Sept. 11, 2001, rendition was a valuable but selectively used tool of U.S. law enforcement and intelligence agencies. Since Sept. 11 it has been used extensively, and its continued viability has been questioned. Congress should establish a solid legal footing for renditions, including measures to ensure that anyone sent to another country is not mistreated.

The administration should listen, really listen, to the American people and to those in Congress and the military who understand that adhering to international law and our core values will help us win the war on terrorism. It will take years to get out of the hole we're in, but if Congress leads and the president understands, we can begin climbing out.

The writer is a former general counsel of the CIA and a partner at Arnold & Porter, a Washington law firm that represents the International Counsel Bureau. The bureau provides Kuwaiti counsel for the families of the Kuwaiti detainees at Guantanamo.

Drop This Case (WP)

The Washington Post, February 22, 2007

"FOR THE rule of law to prevail, litigation must have a beginning and an end." So wrote Judge Bruce Einhorn in a federal case that has become the Jarndyce and Jarndyce of immigration law-- it passed the 20-year mark last month. The saga of the

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Los Angeles Eight, though their number is now down to two, involves Palestinians whom the government has been seeking to deport for their activities on behalf of the Popular Front for the Liberation of Palestine (PFLP) -- activities such as raising money, holding meetings and distributing magazines in the mid-1980s. Six of the group have since been granted residency status, and the government hasn't moved against them. But two, Khader Hamide and Michel Shehadeh, remain the subject of deportation proceedings, though they were legal permanent residents at the time of their activities. They have never been accused of any terrorist action or criminal violation, and the government concedes that their actions would be constitutionally protected if they were U.S. citizens.

The PFLP is a loathsome group that has carried out terrorist activities. It was an important and legitimate policy change, after the Sept. 11 attacks, to tighten the law to make raising money here for terrorist groups a crime. But that law was not in place when Mr. Hamide and Mr. Shehadeh were allegedly involved with the PFLP; they say they were never members but only distributed its magazine. At this point, if not from the outset, the pursuit of two law-abiding, middle-aged men with roots and families in this country is misplaced and even self-defeating on the part of the government. The case of the Los Angeles Eight has become an unnecessary flash point for Arab Americans convinced that the government is discriminating against them.

In addition, the government's behavior undercuts its argument for deportation. "A reasonable argument could be made that if Hamide and Shehadeh have engaged in terrorist activity, particularly in the context of today's world, then the government would be prepared to move heaven and Earth -- not to mention some mounds of paper -- to complete the trial and deportation" of them, Judge Einhorn wrote. Instead, the government has delayed presenting its case and ignored court orders to turn over potentially exculpatory evidence. "The repeated actions of the government in not complying with the court's orders have prevented" the two men "from obtaining fair hearings and closure in their case," Judge Einhorn concluded, calling the government's behavior "an embarrassment to the rule of law."

It's well past time for this to end. The government has until the end of the month to appeal the judge's ruling. It should, instead, drop this case, as it should have done years ago.

HOMELAND RESPONSE:

Gonzales Says Supermax Prison Safe (AP)

By Chase Squires, Associated Press Writer

AP, February 22, 2007

FLORENCE, Colo. -- Attorney General Alberto Gonzales toured a federal prison holding some of the nation's most violent and disruptive inmates on Wednesday and said the facility is secure, but he conceded that it could be improved.

"Are there challenges? Yes," said Gonzales, the nation's top law enforcement official. "Can we do better? Yes."

Gonzales agreed to visit the prison, known as Supermax, after Colorado's two senators raised concerns about staffing and security.

He stopped short of promising to increase the number of guards or build an additional fence around the compound, as some state and local officials have advocated. Instead, he said he was willing to listen.

"The question is reaching a general consensus on what is needed," Gonzales said. "There may be additional staffing that we can provide to the facilities here."

Supermax, 90 miles southwest of Denver, houses 474 of the nation's most notorious convicts, including Olympic bomber Eric Rudolph and Sept. 11 conspirator Zacarias Moussaoui.

Security at the 490-bed prison, built in 1994 for $60 million, has been under scrutiny for months. Last year, an arbitrator found that staffing levels had made the facility more dangerous, with some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail.

The Justice Department says that all mail and phone calls to and from inmates labeled as terrorists have been monitored since October, and that perimeter security has been beefed up.

Sens. Wayne Allard, a Republican, and Ken Salazar, a Democrat, accompanied Gonzales.

John Gage, national president of the American Federation of Government Employees, also took the tour. He said prison officers are not asking for more money, just more staff.

Bureau of Prisons Director Harley Lappin, also on the tour, said Supermax staffing is higher than it was five years ago and enough to safely manage the facility.

AG Rates Supermax Up To Par (DENP)

By Bruce Finley, Denver Post Staff Writer

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Denver Post, February 22, 2007

After tour, Gonzales "comfortable" with prison setup

Florence - A battle over how to run the nation's booming federal prison system intensified Wednesday as U.S. Attorney General Alberto Gonzales, guard-union leaders and lawmakers toured the ultra- high-security Supermax facility and held an unofficial summit.

Gonzales emerged two hours later and pronounced Supermax up to par, lauding recent efforts to make sure mail and phone calls from terrorist prisoners are monitored.

"I'm comfortable with where we are at today on this issue," he said after a Supermax tour that was off-limits to reporters.

But guard-union leaders bristled, warning that thin staffing has put prisons on the brink of disastrous riots as the nation's federal inmate population approaches 200,000.

Supermax union president Barbara Batulis, who accompanied Gonzales, said terrorists housed there still are able to communicate with followers in Spain and Iraq.

Union leaders have begun mobilizing a lobbying blitz to demand $500 million from Congress to hire more guards nationwide, said John Gage, president of the American Federation of Government Employees.

New surveillance technology at Supermax and other prisons ignores the core issue of inadequate staffing, Gage said. "Those cameras will not replace correctional officers. And electric fences? We're not talking about escapes here. We're talking about safety within the walls," he said.

U.S. Sen. Ken Salazar, who accompanied Gonzales along with U.S. Sen. Wayne Allard, also raised questions.

Federal prison chiefs "have to do more. They have to recognize ... we need to have much more linguistic capability in Arabic" in order to understand and assess terrorist-prisoner communications, said Salazar, D-Colo.

Allard, R-Colo., praised Gonzales for being "willing to sit down and listen" in what he and Salazar cast as a continuing dialogue about prison conditions.

Gonzales runs the Justice Department, which oversees some 114 federal prisons. After meeting with guards and supervisors Wednesday, he acknowledged their anxieties. But he made no commitment to hire more guards here or build an outer-perimeter fence.

Improvements in the future are possible. "We're always evaluating what we do," Gonzales said, flanked by Bureau of Prisons director Harley Lappin at a news conference. It's up to Lappin to identify problems in prisons such as increasing assaults, Gonzales said.

In recent days here, outbreaks of violence prompted tower guards at the high-security U.S. Penitentiary adjacent to Supermax to fire lethal and nonlethal rounds to stop inmates from killing one another, said Ken Shatto, union president at the penitentiary.

"Today I'm trying to head off full-blown riots," he said. "That's where I think we are headed. This is no good for the safety and security of staffers and inmates alike."

In Supermax, assaults on guards have increased and convicted terrorists seem to be communicating more by shouting between their cells, while three new interpreters struggle to monitor phone calls and recreation-area communications as well as screen mail, guards and union officials said.

Threats to kill staff members have increased to about 110 last year, double the number in 2005, said chief union steward Bob Snelson, who represented guards last fall before an arbitrator who found dangerous understaffing.

Guards lament that, after a Justice Department inspector general's report and lawmakers focused attention on problems at Supermax last fall, federal prison chiefs began moving staff from the neighboring penitentiary and medium-security prison to Supermax.

"It's a shell game with bodies," Batulis said. These moves increased pressures at the other facilities, where riots in January left several guards injured.

The inspector general's report last fall indicated that three terrorists convicted in the World Trade Center attacks of 1993 wrote more than 90 letters to Islamic extremists outside the prison.

A Bureau of Prisons document made available Wednesday said that newly hired language specialists have not received sufficient intelligence training and that "BOP's intelligence capability ... is not well-developed."

Attorney General Tours Supermax (PUEBCHF)

By Tracy Harmon

Pueblo (CO) Chieftain, February 22, 2007

FLORENCE - U.S. Attorney General Alberto Gonzales toured the nation's most secure federal prison - Supermax - Wednesday and was assured security measures have been taken to beef up safety.

Gonzales toured the prison with U.S. Sens. Ken Salazar, D-Colo., and Wayne Allard, R-Colo., as well as Federal Bureau of Prisons chief Harley Lappin and U.S. Rep. Doug Lamborn, R-Colo. Gonzales is the second of the nation's chief law enforcement officers to visit the prison - former U.S. Attorney Janet Reno helped dedicate Supermax in January 1995.

"I heard from Senators Salazar and Allard their concerns about the facility here in Florence and what we could do," Gonzales said. "We had good discussions with staff today and are committed to a safe facility here and at facilities throughout the nation.

"I want to ensure we are doing everything we can for the wonderful people who work here and the safety of the community," Gonzales said.

Salazar said since he and Allard took separate tours of Supermax late last year that additional staff have been added, technology has been improved and in lieu of perimeter fencing being added, a control tower has been enhanced to provide a 360 degree view of the complex and an armored vehicle has been added to patrols.

"We are committed to making sure this is the safest and most secure for the protection of the people who work and live here," Salazar said.

Guard towers loom over the Supermax facility, the highest security area at the Federal Prison in Florence. Officials there told U.S. Attorney General Alberto Gonzales that perimeter security for the federal prison complex had been increased in recent months.

Allard said the tour Wednesday was fruitful.

"This is a great complex with employees that do a great job. We probably will not be able to address 100 percent of the concerns at least right away, but more employees and more security could be coming in the future," Allard said.

Since the Inspector General's office issued a report last year detailing relaxed inmate phone and mail monitoring, the Bureau of Prisons has monitored 100 percent of the general mail being sent to or from inmates designated as terrorist inmates since October of last year. Mail is not delivered to or sent from terrorist inmates until after it is read and translated if necessary.

Lappin said the bureau has added additional translator analysts. As a result, 100 percent of phone calls for terrorist inmates are monitored; however, because language translators may not always be available, the prison records the conversations for later translation.

According to a Bureau of Prisons press release, the Supermax prison is at 92 percent staffing level with 327 staff members. Lappin was questioned about a bureau report which indicated that a minimum 240 correctional officers are needed at the prison.

"There were 185 correctional officers at this same time last year. It may have been that 240 were needed years and years ago, but with the current population, we can safely manage with the number of officers we have - staff numbers coming down at a prison after it has opened is not uncommon," Lappin said.

Gonzales was questioned about union officials' characterization of a general deterioration of all federal prisons.

"I have heard the anxiety and I would like to know the source. Have there been an increased number of assaults and if in fact there have and those concerns exist, we have good communication in place to resolve the issues," Gonzales said.

"There is anxiety with any change and how to manage an increasing prison population," Lappin said. "Are there challenges? Yes. Can we do better? Yes. This is what this (tour) is all about."

Technology improvements at Supermax include the addition of 96 cameras over the past two years, replacing 64 older cameras for a total of 400 cameras in operation in the prison. A complexwide armed mobile patrol vehicle was added in December to provide additional perimeter security.

A beefed-up command tower has been made taller and outfitted with an encrypted monitoring system which provides ground-level and overhead views of all four prisons at the complex. In addition, plans are in place to further enhance the abilities of the tower.

In terms of future spending and oversight of additional funds being funneled to the Department of Justice, Allard said he and Salazar will continue to work with the bureau and participate in budget hearings to ask tough questions.

Supermax Security Concerns Are Being Addressed, AG Says (RMN)

By Dick Foster, Rocky Mountain News

Rocky Mountain (CO) News, February 22, 2007

Staffing levels adequate; mail, calls monitored

FLORENCE - All the mail and telephone calls of terrorists housed at Supermax, the nation's highest-security prison, are being monitored under new tighter security procedures, U.S. Attorney General Alberto Gonzales said Wednesday after touring the prison.

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Less certain are other security improvements sought by the prison's staff and the townspeople of Florence, including more corrections officers and a perimeter fence around the four-prison federal complex that includes Supermax.

Supermax's 475 inmates are considered the most dangerous in the country's federal prison system and include a roster of international and domestic terrorists: Sept. 11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef, shoe bomber Richard Reid, Unabomber Ted Kaczynski, and Olympic and abortion clinic bomber Eric Rudolph.

Security troubles cast the prison into the national spotlight last fall after a Justice Department inspector general's report found that a shortage of Arabic translators prevented the screening of dozens of letters from convicted terrorists to Islamic extremists between 2002 and 2004.

That problem has been solved, said Gonzales, who toured the prison with Colorado's two U.S. senators, Wayne Allard and Ken Salazar, and Rep. Doug Lamborn, whose congressional district includes the prison.

"I am confident that we're doing what we should be doing monitoring communications in and out of the facility," Gonzales said.

About 30 Supermax prisoners have been designated terrorists by the courts, making them subject to special security measures.

Federal Bureau of Prisons officials said that since last October it has monitored 100 percent of the mail and phone calls of the designated inmates.

The Bureau of Prisons also has beefed up its counterterrorism unit to enhance monitoring of terrorist inmates' communications and two FBI agents have been assigned to the prison, officials said.

Other prison security improvements may not come about as quickly.

The Supermax staffing level was 15 percent to 25 percent below what the Bureau of Prisons defined in a 2005 "mission critical" report as the minimum staffing level to operate the prison safely, officials of the prison employees' union said last summer.

Since then, the staff has been increased from fewer than 180 to 193, with several of the new employees coming from the neighboring high-security and medium-security prisons in the Florence complex.

"It's robbing Peter to pay Paul," said Barbara Batulus of the Association of Federal Government Employees, which represents the federal prison staffers.

But Bureau of Prisons Director Harley Lappin, who accompanied Gonzales Wednesday, said he was comfortable with the current Supermax staffing level.

No Promises For Supermax Fence, Guards (COLOSG)

By R. SCOTT RAPPOLD

Colorado Springs (CO) Gazette, February 22, 2007

U.S. attorney general says security has been improved

FLORENCE - The nation's top law enforcement official said Wednesday that recent changes have improved safety at the federal Supermax prison, home to terrorists and many of the nation's most dangerous criminals.

U.S. Attorney General Alberto Gonzales didn't pledge to hire more staff or build a perimeter fence — two of the concerns that have been voiced by local officials and the union representing Supermax employees — but said such measures are still options.

"There has been additional staffing. We've got additional technology in place," Gonzales said during a news conference after touring the prison. "We've provided

additional tools to deal with the concern about perimeter fencing."

Gonzales visited the prison at the request of U.S. Sens. Wayne Allard, a Republican, and Ken Salazar, a Democrat, who accompanied Gonzales on Wednesday, along with U.S. Rep. Doug Lamborn, R-Colorado Springs.

The prison has been under fire since last fall, when a federal report revealed inadequate scanning of terrorists' mail and an arbitrator ruled staff cuts have made the prison dangerous for employees.

Officials said more mail screeners have been hired, and new hires have brought the number of correctional officers to 193. There were 240 when the prison opened. Officials said 92 percent of authorized positions have been filled.

"We believe we can safely manage this institution with the current population and the current procedures with the number of correctional staff we have," said Harley Lappin, director of the U.S. Bureau of Prisons, who also toured the prison.

Officials also touted the addition of 96 cameras, an armed mobile patrol vehicle, a new communications tower with an overhead view of the entire complex and other "technological advances" to improve security.

The senators praised the changes at the prison, though they said more new officers may be needed — something Gonzales said would be considered if deemed necessary.

"We're not able to hit 100 percent of what we want to have here," Allard said. "We're probably not going to be able to take care of all of these concerns, at least immediately."

Gonzales said a perimeter fence, estimated to cost $20 million, is still on the table, though it doesn't appear necessary.

"The question is, is that a wise use of taxpayer dollars going forward?" Gonzales said. "That's something the senators and I will be engaging in a dialogue about.

"I am committed to ensuring that we have safe and secure facilities, not just here but throughout all of our federal facilities," he said.

State Rep. Liane "Buffie" McFadyen, whose district includes Supermax and 11 other prisons, has been one of the most vocal Supermax critics. She said more officers are still needed.

"If I have to choose between the increased staff from the bureau or the fence, I would like the staff," McFadyen said.

Supermax Tour (KXTU)

By Christina Salvo

KXTU-TV, Fox 21, Colorado Springs/Pueblo, February 22, 2007

US Attorney General Alberto Gonzales toured the Supermax Prison in Florence Wednesday along with Senators Ken Salazar and Wayne Allard to see what steps have been taken to improve the safety and security of the facility.

The prison has been criticized by state and federal officials because of staffing levels inadequate monitoring and security measures. Supermax houses some of the most harden criminals including both foreign and domestic terrorists, which is what raised so many eyebrows when a report came out last year faulting the facility for among other things not reading all incoming and outgoing mail from the highest-risk prisoners and not monitoring telephone calls.

"I am confident were doing what should be doing to monitor communication both in and out of these faculties," said Attorney General Gonzales.

Big words following big steps that have been taken in the last few months to address security and safety issues in what should be the nation's most secure penitentiary.

"The issue of additional staffing: there are now some additional correctional officers that have been added to this facility," said Sen. Salazar.

Presently the Department of Justice reports 92% of authorized positions are filled putting the inmate-to-staff ratio at 1.5:1, the lowest of its kind in comparison.

But is that enough for a prison housing some of the world's most dangerous criminals?

"I think we have additional funding and one of the things we will look at is should there be additional staffing," said the Attorney General.

While he has pledged his commitment and obligation to addressing any additional security needs, the question the Attorney General said will be reaching a consensus on what is absolutely needed. A perfect example is the debate over what some said is the need to replace the "cow fence" that currently lines the perimeter with a hardened one. Since the issue was 1st raised additional steps have been taken to address that concern . We now have armed mobile patrol, now have a tower with additional surveillance. So the question now is whether that is a wise use of tax payers dollars," said Gonzales.

With regard to the concern over monitoring inmate communication the Department of Justice reports that the Bureau of Prisons has monitored 100% of mail sent and received by inmates designated as terrorists as well as their phone calls.

While the Attorney General Gonzales said he is satisfied with the steps that have been taken, more can be done to continue to safeguard those who work inside Supermax and those that live in the surrounding area.

US Attorney General Addresses Supermax Security (KRDO)

By Stephanie Wurtz

KRDO-TV, ABC 13, Colorado Springs, February 22, 2007

It houses some of the most dangerous criminals in the world, but is Colorado's Supermax Prison secure? The nation's top law enforcement official toured the complex Wednesday. After his tour, US Attorney General Alberto Gonzales said he's confident in the security of the prison complex and is satisfied that steps have already been taken to address safety concerns. But he and Colorado's lawmakers agree: work at Supermax is not done. "We all care, in a very united way, that we have safe and secure facilities," says Sen. Ken Salazar, (D) Colorado, "there are issues that have been raised and we have addressed some of those." Addressing concerns by adding some staff and security cameras.

The complex has also employed translators and increased the monitoring of inmate mail and phone calls. "Whether or not they have any terrorist connections, whether or not they've been ordered to subject to any administrative restrictions, will dictate the level of monitoring that does occur," says Gonzales, "but we've had some good discussions about that and I'm confident

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we're doing what we should be doing." One item still unresolved-- the question of whether the complex needs more perimeter fencing. "We now have armed mobile patrols, we now have a tower that provides additional surveillance," Gonzales says of increased perimeter security, "so the question is whether or not [perimeter fencing] is a wise use of taxpayers' money going forward."

Lawmakers and law enforcement will continue to discuss that issue and any future changes may be needed at Supermax. "Not only is this a great complex that does a great job, but also," says Sen. Wayne Allard, (R) Colorado, "we understand that we're probably unable to meet 100% if the needs of what we want to do here." But Gonzales says the tour was a step forward in what he calls an ongoing process. "We're always evaluating what we do; not just in this area, but everything we do in fighting crime and fighting terrorism," says Gonzales. The attorney general didn't offer any specifics about what may be next in the future of Supermax, but did reiterate the fact that discussions will continue.

Guard Union Calls 'new' Staffers Shell Game By Feds (PUEBCH)

By Tracy Harmon, THE PUEBLO CHIEFTAIN

Pueblo (CO) Chieftain, February 22, 2007

FLORENCE - Union officials on Wednesday accused the Federal Bureau of Prisons of taking correctional staff intended for other prisons to help staff the Supermax penitentiary.

The Supermax, which is referred to by prison officials as the Administrative Maximum Security U.S. Penitentiary, houses the nation's most dangerous inmates, including convicted terrorists.

"We got our 18 (additional officers), but they are taking staff from other institutions and funneling them to ours," said Barb Batulis, American Federation of Government Employees Local 1302 president for the Supermax. "It is like robbing Peter to pay Paul and they are trying to put it back on me because I told them they had to do something about the staffing."

Union officials suspect that the 18 new officers put on staff at Supermax actually were supposed to go to work at the lower security Federal Correctional Complex prisons in Florence. The complex houses four prisons - Supermax, the high-security United States Penitentiary, the medium-security Federal Correctional Institution and a low-security camp.

"Even with the additional staff, we are still below 'mission critical' levels of at least 20 correctional officers," Batulis said. "And we haven't gotten any additional (Arabic) translators. We still have just three and that is not a lot to monitor all the calls and mail for the (terrorist) inmates."

Holly Pruyne, who is the Local 1300 president representing the medium security and camp prisons, said five correctional officers intended for the Federal Correctional Institution were reassigned to Supermax.

"The FCI has a maximum rated capacity of 794 inmates. We are at 1,174 inmates now and are going up to 1,300. We have 79 percent of the staff we need for the basic mission critical status," Pruyne said.

Union officials said on Jan. 3 and Jan. 9, when disturbances were occurring at the high-security penitentiary, staff from both Supermax and the FCI responded to help. With a total of 42 staffers responding, the incidents left the FCI with few officers and inmates who were not on lock-down status.

"These inmates know this," Pruyne said. "Another example is that there will be four people at the front gate (Wednesday) for the (Attorney General Alberto Gonzalez's visit) dog-and-pony show and two of them were pulled from phone call monitoring at the FCI."

John Gage, president of the American Federation of Government Employees national union of Washington, D.C., was among high-ranking union officials in town Wednesday to bring a voice to the short staffing problem, which he said exists across the nation.

"The reason we are here is because there is a storm occurring in the correctional industry," Gage said. "The Bureau of Prisons is trying to replace correctional officers with technology, in a minimalist approach that is certainly not working."

Gage said the federal inmate population is growing by nearly 9,000 inmates a year, while staffing is down. He said prison problems have increased as a result.

In the two-year period from February 1999 to January 2001 federal prison assaults on staff numbered 2,095; between 2003 and 2005, the assaults on staff increased by 778.

Another alarming statistic, Gage said, is that the instances of tower officers taking shots into prison compounds has gone up 500 percent.

"This is simply about cutting money and risking safety. It is disingenuous of the administration to say cameras or electric fences are improving safety in the prisons. There is never a replacement for the professional correctional officer," Gage said.

Gage said union officials believe it would take $500 million to correct the problem. He said Congress has dedicated an additional $143 million in the budget for the U.S. Justice Department for 2007.

"Now the Justice Department has to put that money into staffing," Gage said.

Batulis said she and other union officials will return to the nation's capital next week to lobby Congress and "follow where the money goes to make sure it goes where it is supposed to go."

Volunteer Group Lags In Replacing Gulf Houses (NYT)

By Leslie Eaton And Stephanie Strom

The New York Times, February 22, 2007

BAY ST. LOUIS, Miss. — In the two years following the 2004 tsunami in the Indian Ocean, Habitat for Humanity International, the nondenominational Christian ministry, built or repaired 8,500 houses in Indonesia, Thailand, India and Sri Lanka.

Habitat for Humanity seemed poised to do the same thing along the Gulf Coast after Hurricane Katrina hit in 2005. Just days after the storm, its chief executive appeared on CNN, promising to build and repair as many homes as it could pay for, "hopefully in the thousands." The organization quickly mustered 50,000 volunteers, raised $127 million, and attracted prominent backers like President Bush and the New Orleans jazz luminaries Harry Connick Jr. and Branford Marsalis.

But almost 18 months after storms destroyed more than 250,000 homes, Habitat for Humanity says it has built just 10 houses for poor hurricane victims here, 36 in New Orleans, and a total of 416 along the entire coast, from Alabama to Texas. More are under construction, for a total of 702.

That slower pace reflects, in part, the more complex houses that Habitat builds in the United States, as well as the mind-numbing issues — involving insurance costs and government regulations — that seem to have bogged down efforts to rebuild after Hurricanes Katrina and Rita.

But Habitat International is starting to face criticism that its procedures are slow, rigid and perhaps unsuited to helping disaster victims, however rewarding its efforts are for its volunteers. The organization is working through its independent local affiliates, which function like franchises and which have tended to build a dozen houses a year each.

"I don't think they were prepared to undertake the massive rebuilding efforts required after Katrina," Fred Carl Jr., who was the Hurricane Katrina housing coordinator for Gov. Haley Barbour of Mississippi, wrote in an e-mail message.

"I think they're very good at building a few homes through their local chapters," Mr. Carl continued, "but this was a whole new ballgame and I think they may have underestimated the vast challenge this involved."

This criticism is echoed by some leaders of charitable and housing groups who are reluctant to be quoted because they work with Habitat. Some suggest that Habitat's insistence on working through affiliates has slowed it. The group has spent $61.5 million of the $127 million it raised for the Gulf Coast. Nearly three dozen of the houses it has built were paid for by other charities.

Even within the organization, some have questioned its continued emphasis on building from scratch, rather than on helping people repair and rebuild damaged houses.

Habitat for Humanity officials say they hit the ground running after the storms and are pleased with the pace of building. The group says it will meet its goal of 1,000 houses under construction or completed by the end of August, the second anniversary of Hurricane Katrina, and it plans to build 1,000 more.

Along the Gulf Coast, "we had built 57 homes a year, now we're building 57 a month," said Kenneth J. Meinert, a volunteer who left his job running a building company in Canada to coordinate Habitat for Humanity's storm response. "In these conditions, to have built 700 homes, it's an absolute work of God," he added.

Habitat, with more than $1 billion in annual revenues, is based in Atlanta and Americus, Ga., and has operations worldwide. Its mission often seems as much about providing spiritual fulfillment to its volunteers as it is about improving new homeowners' lives.

"Habitat really taps into this American ethos, this real barn-raising sensibility," said Jerome P. Baggett, a professor at the Jesuit School of Theology at Berkeley, who has written a book on the group. "But building many houses is more complex than building the occasional barn."

Traditionally, Habitat volunteers raise money and use donated materials to build $60,000 houses in their own communities. In the region today, most of the volunteers come from "away," as Mr. Meinert put it, and the group has used some factory-built modular houses.

In an interview here, Mr. Meinert said that about 400 of the 700 houses were what the group calls House in a Box projects, framed outside the Gulf Coast by volunteers and then trucked south for assembly.

Habitat for Humanity lent volunteers to house-gutting groups, he said, and has given some of its money to other organizations working on the Gulf Coast, including $3 million to help finance home repairs.

So far, Mr. Meinert said, of the $61.5 million spent, about $15 million has gone to Louisiana affiliates and $15 million to those in Mississippi.

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Critics have questioned Habitat's continued emphasis on building new homes rather than on rehabilitation. They note that other groups have done more with this approach: volunteers from Southern Baptist churches mucked out 12,000 houses in Mississippi alone, and have rebuilt or repaired 3,000, while volunteers from Mennonite congregations have repaired hundreds of houses and built 31 new ones last year. Even the small Southern Mutual Help Association, a nonprofit that reported revenues of $3.3 million in 2005, has helped rehabilitate or rebuild more than 500.

In one successful variation on the national group's procedures, Habitat's Northern Virginia affiliate has rebuilt two dozen houses in East Biloxi, Miss., and plans to build 50 more this year. Karen Cleveland, the executive director of the Virginia group, said it paid $10,000 to $15,000 a house.

Like others urging Habitat International toward flexibility, Ms. Cleveland traveled to its offices in Americus to make the case for a similar approach across the organization. She was told the group was committed to the House in a Box strategy.

Ronnie McBrayer, the former director of Habitat for Humanity's affiliate in Walton County, Fla., said his group's efforts to help rebuild the town of Pearlington, Miss., had been met with indifference and then hostility from some organization officials. Habitat insisted its name be removed from that project, which was focused on providing interim housing for people living in tents, he said.

Mr. Meinert of Habitat International said the Florida affiliate was doing work that was not traditionally part of the group's mission. "We would not take donors' money and send it there in large quantities to build temporary housing," he said.

Mr. McBrayer, now a hospital chaplain, said there was a conflict of values between his affiliate and national leaders. "Our grass-roots group values speed and putting a roof over heads," he said.

The organization had some experience in disaster recovery before the tsunami. But the wave of donations that followed it prompted the group to create a special unit that has spent about $42 million of the more than $71 million it collected for building and repairing 8,500 houses overseas, said Mike Carscaddon, the organization's executive vice president.

The money went farther there in part, he said, because houses in developing countries are typically smaller than homes here and cost about $5,000 apiece.

Habitat for Humanity does not give houses away; it provides 20-year no-interest mortgages and uses the payments to finance more houses. To qualify, families must have incomes well below the median for their areas, but steady enough to cover mortgages. (Traditionally, 90 percent of applicants are rejected.)

They must also have good credit, agree to contribute several hundred hours of "sweat equity," attend classes on finances and homeownership and in some areas, including New Orleans, come up with several thousand dollars for taxes and insurance.

Those strict requirements have frustrated some applicants for one Habitat project, Musicians' Village, set on eight acres in the Upper Ninth Ward of New Orleans. The project was publicized as a way to bring back the city's displaced traditional jazz and blues musicians, though it will include nonmusicians, too. It will also have several duplex apartments for older musicians and a community center.

Some musicians have complained that Habitat has rejected them, and others that its processes discouraged them from applying.

Tanio Hingle, the bass drummer with the New Birth Brass Band, said he had applied for the program but was not pursuing it. He said he thought Habitat should provide housing first and worry about the paperwork later.

Complaints like his started surfacing in the New Orleans news media last year. Mr. Connick and Mr. Marsalis recently asked Jackie Harris, a music producer who now works for them, to help musicians through the process for the Habitat project, which will eventually include more than 70 houses on-site and 150 in the area.

Ms. Harris said the musicians and Habitat had misunderstood one other but were adjusting. "It's been a learning curve for both," she said.

Habitat officials say that in New Orleans and in Covington, which is across Lake Pontchartrain, their efforts have encouraged homeowners and private developers to build or rehabilitate nearby houses.

And they say they have been flexible after the hurricanes, reducing the hours of required sweat equity, for example, and allowing musicians to use performance records rather than pay stubs to prove income.

Along the Gulf Coast, those fortunate enough to qualify for Habitat housing call it a blessing. Sylvia Ragan, a dialysis technician, is moving into a house here on Union Street after living in a trailer for 18 months with her daughter, Denetra Shelley, who is 11.

"I couldn't pay anybody for the blood, sweat and tears that went into this house," Ms. Ragan said. "I will cherish this forever."

Post-Katrina Baton Rouge Struggles With Its Identity (USAT)

By Kevin Johnson

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USA Today, February 22, 2007

BATON ROUGE — The tables are dressed in crisp, white linen. Many of the signature dishes that made Galatoire's restaurant an institution on New Orleans' Bourbon Street — the Oysters Rockefeller, the Salad Maison, the Trout Amandine — are on the menu.

But outside this Galatoire's, there's no bawdy street scene. Instead, Galatoire's Bistro — opened hastily in late 2005 after the flooding from Hurricane Katrina forced the Bourbon Street location to close for several months — is the unlikely anchor of a shopping center in suburban Baton Rouge.

It's a taste of New Orleans wrapped in suburban sprawl, a symbol of the post-Katrina migration that continues to redefine daily life in this city 80 miles northwest of New Orleans. Perhaps no other city was affected more by the hundreds of thousands of people who fled New Orleans after Katrina hit Aug. 29, 2005. Within days, Baton Rouge, a city of 225,000, was an overwhelmed mass of about 500,000.

Many evacuees were just passing through, but city officials say that today, Baton Rouge's population remains 275,000-325,000. From the Los Angeles-style gridlock on Interstate 10 to the overcrowded schools and the escalating real estate prices that have fueled a housing crunch, Baton Rouge has the look and feel of a place grappling for control of its direction.

And although the influx of new residents hasn't dramatically increased crime rates, many residents sense that Baton Rouge has lost some of the small-city civility it enjoyed during what they call "Pre-K" — before Katrina. Last spring, a Louisiana State University survey examining Katrina's impact found that 30% of Baton Rouge residents believed that "rude and unfriendly" people were a serious problem in the city.

Residents' most common complaint? The traffic, by far. More than two-thirds of those surveyed by LSU said it was a serious problem.

Baton Rouge's population has reached the mark that pre-Katrina projections estimated for the year 2030. Government officials say their planning for a range of projects has had to be accelerated by up to a quarter-century.

Since Katrina, voters have approved a $500 million road-building plan that is being funded by sales tax receipts. Meanwhile, the police department is scrambling to add 100 officers to its 600-member force at a time when police and fire units are being stretched by emergency calls.

The expansion of public safety units is being funded by a benefit of Baton Rouge's growth: a $25 million surplus from sales tax revenue from 2005 and 2006.

The financial picture isn't as clear in the Ascension Parish and East Baton Rouge Parish school systems, which need dozens of buildings to handle the addition of more than 4,000 students since Katrina. It's unclear when the schools could be built or how they'd be funded.

"We'll never be the Baton Rouge we were prior to Katrina," Mayor Melvin "Kip" Holden says.

Evacuees "changed the landscape of this region forever," Baton Rouge police Sgt. Don Kelly says. "None of us really knows what the long-term impact will be."

The message on the electronic billboard on westbound I-10 on a recent afternoon warned drivers that a 3-mile stretch toward downtown would take nearly 20 minutes to travel.

On Baton Rouge-area highways and roads where congestion was rare less than two years ago, lengthy, grind-it-out trips often are the norm — regardless of the time of day.

To make sure she arrives at her Postal Service job in New Orleans for the start of her 11 p.m. shift, hurricane transplant Kathleen Lucien sometimes leaves her home in Baton Rouge at 8 p.m.

Unlike many other urban areas, Baton Rouge does not have a highway loop around it to help ease congestion on local streets.

Holden credits his election in November 2004 to a campaign that emphasized transportation improvements. However, it wasn't until after Katrina that voters approved the $500 million plan to improve roads. Three dozen congestion spots are targeted for improvements; about 80% of the work will be done in the next decade.

Holden says the city needs at least another $1 billion to rebuild 50 miles of the sewer system, build and fix sidewalks and expand I-10.

"The city has changed," Holden says, adding that state and federal assistance will be needed.

Ascension Parish schools Superintendent Donald Songy says he'll never forget the scene at Dutchtown Middle School when students returned to the suburban Baton Rouge campus after the summer break last September.

The first day of school always involves some chaos, Songy says, but this was ridiculous. Nearly 2,000 children converged on a campus that normally had about 1,100. A gym was converted into three sixth-grade classrooms.

"We got hit with 10 years of growth overnight," Songy says.

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Before Katrina, school officials in Ascension Parish had estimated the area's deliberate growth would put their system's enrollment at about 16,000 students from 2010 to 2015. In the fall of 2006, a year after Katrina, 18,000 students were registered in Ascension Parish schools. Songy says the growth occurred so quickly that the "personality of the district" changed instantly, from rural to "booming suburbia."

Next year, the first of five new schools is scheduled to open. Songy says that even if it could open now, it would be overcrowded.

A similar surge in enrollment occurred in the urban East Baton Rouge Parish school system, on a much larger scale.

After Katrina, enrollment jumped from 46,212 to 52,923. It has declined since then, as some families who fled New Orleans for Baton Rouge have moved on. Enrollment in East Baton Rouge Parish now is about 48,465, Superintendent Charlotte Placide says.

To help the school system handle the growth, Placide says, the Federal Emergency Management Agency (FEMA) built 78 temporary classrooms on 39 campuses. Placide reopened two schools that had been closed. She says that when the schools opened less than a month after Katrina, every student and teacher in them was an evacuee.

The FEMA classrooms helped, but Placide says the district needs more permanent buildings. She says that even if more classroom space can be arranged, she worries about the system's ability to help students scarred by the trauma surrounding the flooding and evacuation of New Orleans.

"Many of these children had difficult experiences in that hurricane," she says. "How that will play out as they get older, I don't know. I'm concerned about the unknown."

When the first wave of evacuees washed into Baton Rouge, fear spread across the city, Kelly says. There were reports — nearly all false — of looting, rioting and armed gang members running wild, he says.

"There was a genuine fear that the city would be overrun," Mayor Holden says.

To Holden's relief, fears that Katrina evacuees would spark a sustained crime wave in Baton Rouge have not been realized.

The month after the storm, robberies and car thefts did rise by nearly 50%, according to Baton Rouge police records. Homicides increased from 47 in 2004 to 56 last year, but given the rise in Baton Rouge's population, the total from 2006 actually represented a lower homicide rate per capita than the city had the year before Katrina.

The experience has been different in other cities with significant numbers of hurricane evacuees —notably Houston, where an estimated 150,000 evacuees fled. Houston Police Chief Harold Hurtt says his department linked evacuees to 24% of the slayings there during the first five months of 2006.

In Baton Rouge, Kelly says, perhaps a few of the 56 slayings last year involved evacuees. "There is a perception to this day that evacuees are driving (an) increase in crime," he says. "That is not necessarily so."

Kelly says there is anecdotal evidence that evacuees who settled in Baton Rouge were likely to have family or friends here, perhaps making the evacuees less likely to resort to crime than those who went elsewhere. Even so, the police department is rushing to boost personnel to keep up with the demands of the population increase. The 100 new cops planned for the department will be hired over the next four years.

The hiring is "related to the population increase," Kelly says. "We're still seeing growth."

In Springbrook, a new subdivision of homes southeast of Baton Rouge, move-in days have a non-traditional look.

Many buyers show up to take possession of their new homes without any moving vans or trucks loaded with furniture. Eric Dudley, a salesman for KB Homes, says that generally, a car pulls up with all of a family's possessions packed in a few suitcases or plastic bags.

"A lot of the people we see are people who have lost everything," Dudley says. "They are just trying to get their lives back together."

At least 40% of the people moving into the 55-acre development were displaced by the storm, says Clint Szubinski, KB's Gulf Coast region president. Those who settle there are fortunate: Because of the rising demand for homes here, prices are escalating beyond the reach of many potential buyers, creating what real estate analysts say is a crisis in affordable housing.

The average home price in East Baton Rouge Parish in 2006 was $15,000 more than in 2005. In Ascension Parish, the average home price was $201,846 last year, up from $161,673 in 2005.

Rents increased after the storm by about 12%, according to D. Wesley Moore, an adjunct professor at LSU's Real Estate Research Institute. Before the storm, a typical two-bedroom apartment rented for $627 per month. Afterward, the average was $703.

David McKey, incoming president of the Baton Rouge Board of Realtors, says the most urgent need is for affordable homes costing $100,000-$150,000. The city's goal is to boost the supply of such housing by 5,000 units within five years.

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In Springbrook, where homes sell for $160,000-$180,000, the price was right for Kathleen Lucien, her daughter, Nina, and Lucien's 6-year-old grandson, Jadon, all formerly of New Orleans' heavily damaged 9th Ward. Lucien says she bought in Baton Rouge so "we'll never have to run from a hurricane again."

She still thinks of rebuilding her home in New Orleans, if she can reach a settlement with her insurance company. On her daily commute to and from New Orleans, she often drives by her old place. "A lot of people I know are staying here," Lucien says. "The people of Baton Rouge greeted us with open arms, mostly. I like it in Baton Rouge. But I still love New Orleans."

WAR NEWS:

Britain To Remove 1,600 Troops From Iraq By Spring (LAT)

By Kim Murphy, Times Staff Writer

The Los Angeles Times, February 22, 2007

LONDON -- Britain's decision to pull 1,600 troops out of Iraq by spring, touted by U.S. and British leaders as a turning point in Iraqi sovereignty, was widely seen Wednesday as a telling admission that the British military can no longer sustain simultaneous wars in Afghanistan and Iraq.

The British military is approaching "operational failure," former Defense Staff chief Lord Charles Guthrie warned this week.

"Because the British army is in essence fighting a far more intensive counterinsurgency war in Afghanistan, there's been a realization that there has to be some sort of transfer of resources form Iraq to Afghanistan," said Clive Jones, a senior lecturer in Middle East politics at the University of Leeds, who has closely followed Britain's Iraq deployment.

"It's either that, or you risk in some ways losing both," he said. "It's the classic case of 'Let's declare victory and get out.' "

Prime Minister Tony Blair's government has been pressed to add 800 new troops to Afghanistan to halt a resurgent Taliban and a worrying escalation of drug trafficking, at the same time that it is beset by criticism for joining the United States in an unpopular invasion and prolonged war in Iraq.

The decision to draw down forces by more than 20 percent in the southern city of Basra means that Britain will significantly shrink its military footprint at a time when the Pentagon is increasing U.S. forces to battle militants to the north, in Baghdad and Anbar province.

The Bush administration hastened to present the British decision as an indication that the U.S.-led military operation was succeeding. Vice President Dick Cheney called the reduction "an affirmation of the fact that there are parts of Iraq where things are going pretty well," and White House press secretary Tony Snow said the U.S.-led coalition "remains intact" despite a roster that has fallen from 35 countries in 2004 to 25 now.

But the Pentagon, in its most recent quarterly report to Congress, listed Basra as one of five cities outside Baghdad where violence remained "significant," and said the region is one of only two that are "not ready for transition" to Iraqi authorities.

Once a promising beacon, Basra suffers from sectarian violence as well as Shiite militia clashes over oil smuggling. Ferocious street battles have broken out between rival Shiite groups in provincial capitals such as Samawa, Kut and Diwaniyah over the last year.

Democratic leaders in Congress denounced the Bush assessment as misleading.

"No matter how the White House tries to spin it, the British government has decided to split with President Bush and begin to move their troops out of Iraq," said Sen. Edward Kennedy, D-Mass. "This should be a wake up call to the administration. Prime Minister Blair's announced redeployment of British troops is a stunning rejection of President Bush's high-risk Iraq policy."

U.S. House Speaker Nancy Pelosi, D-Calif., said the British decision "confirms the doubts in the minds of the American people" about the decision to boost the U.S. force.

"The president's escalation plan to send more U.S. troops to Iraq is out of step with the American people and our allies," Pelosi said in a written statement. "Why are thousands of additional American troops being sent to Iraq at the same time that British troops are planning to leave?"

In Britain, Blair's opponents quickly painted the withdrawal as an admission of failure. "The unpalatable truth is that we will leave behind a country on the brink of civil war, in which reconstruction has stalled and corruption is endemic, and a region that is a lot less stable than it was in 2003," Liberal Democratic leader Menzies Campbell said in Wednesday's parliament debate on the troop drawdown.

"That is a long way short of the beacon of democracy in the Middle East that was promised some four years ago," he said.

For Blair, the decision to begin reducing Britain's 7,100 troops in the south to 5,500, with possible further withdrawals later in the year, was almost a political necessity. His Labor Party is trailing in the polls ahead of crucial regional elections in the

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spring, and Blair is preparing to hand over the country later this year to his likely successor, chancellor of the exchequer Gordon Brown, who favors a phase-out of Britain's deployment in Iraq.

In announcing the troop reductions, Blair said they coincide with the increasing assumption of security responsibilities by Iraqi military and police forces. He said British troops will continue to patrol the border with Iran and remain at their main base in Basra through at least 2008, to assist Iraqi forces if needed.

"It is important to show the Iraqi people that we do not desire our forces to remain any longer than they are needed; but whilst they are needed, we will be at their side," Blair told Parliament.

Most analysts say the prime minister's assertion that significant progress has been made in securing southern Iraq stretches facts on the ground. Though the south is not nearly as violent and chaotic as the capital and the Sunni heartland, it remains jittery, unstable and frequently bloody. Shiite militias and armed gangs lord over cities like Basra and Amara, as well as the long desolate stretches of roadway through the marshlands and deserts of the south.

British bases in Basra regularly come under mortar fire. British troops engage in almost daily gunfights with militiamen. In recent months, the British offices all but evacuated their downtown base and moved to a more secure site on the grounds of the city's airport.

A study on the south issued this week by the Washington Institute for Near East Policy, a think tank that has been sympathetic to the administration's foreign policy goals, describes southern Iraq in dire terms. It notes that Basra itself, once one of Iraq's more liberal and cosmopolitan cities, has become a bastion for Islamists who use the south's vast oil wealth to "fill their war chests."

"The province has suffered one of the worst reversals of fortune of any area in Iraq since the fall of Saddam's regime," said the report.

Times staff writers Borzou Daragahi in Baghdad, and James Gerstenzang, Paul Richter and Peter Spiegel in Washington contributed to this report.

Ally's Timing Is Awkward For Bush (WP)

By Jonathan Weisman And Peter Baker

The Washington Post, February 22, 2007

As the British announced the beginning of their departure from Iraq yesterday, President Bush's top foreign policy aide proclaimed it "basically a good-news story." Yet for an already besieged White House, the decision was doing a good job masquerading as a bad-news story.

What national security adviser Stephen J. Hadley meant was that the British believe they have made enough progress in southern Iraq to turn over more of their sector to Iraqi forces. To many back in Washington, though, what resonated was that Bush's main partner in Iraq is starting to get out just as the president is sending in more U.S. troops.

No matter the military merits, the British move, followed by a similar announcement by Denmark, roiled the political debate in Washington at perhaps the worst moment for the White House. Democrats seized on the news as evidence that Bush's international coalition is collapsing and that the United States is increasingly alone in a losing cause. Even some Republicans, and, in private, White House aides, agreed that the announcement sent an ill-timed message to the American public.

"What I'm worried about is that the American public will be quite perplexed by the president adding forces while our principal ally is subtracting forces," said Sen. John W. Warner (R-Va.), a longtime war supporter who opposes Bush's troop increase. "That is the burden we are being left with here."

The notion that the British pullback actually signals success sounds like bad spin, added Sen. Arlen Specter (R-Pa.). "I think it's Alice in Wonderland looking through the looking glass," he said.

White House officials said they had known for a while that the British were moving in this direction and that Prime Minister Tony Blair informed Bush of his decision during a secure videoconference Tuesday. But the rest of Washington was taken by surprise, and Republicans were put back on their heels, just as they were beginning to feel more confident that the fight over war strategy was shifting their way.

The House last week approved a nonbinding resolution opposing the president's planned deployment of 21,500 additional troops to Baghdad and Anbar province in western Iraq. But Republicans have since been on offense, hammering a House Democratic plan that would tie war funding in a supplemental spending bill to strict new standards for resting, equipping and training troops.

The strategy, championed by Rep. John P. Murtha (D-Pa.) and endorsed in principle by House Speaker Nancy Pelosi (D-Calif.), was supposed to neutralize GOP charges that Democrats plan to "de-fund" the war, while forcing Republicans to defend the deployment of troops who are not rated fully trained and equipped. But Republicans labeled it a "slow bleed" strategy that would leave troops in harm's way by blocking their reinforcements.

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Vice President Cheney was the latest to jump on Murtha's plan, yesterday calling it "a huge mistake" and a "policy of defeat" that would embolden terrorists.

"If we were to do what Speaker Pelosi and Congressman Murtha are suggesting, all we'll do is validate the al-Qaeda strategy," he told ABC News in Japan, where he is traveling. "The al-Qaeda strategy is to break the will of the American people."

Pelosi bristled at the attack, issuing a statement complaining that Cheney was besmirching her patriotism and calling on Bush to "repudiate and distance himself from the Vice President's remark."

The news of Britain's partial withdrawal, though, swamped the funding debate for at least a day. "The timing of the British announcement is very unfortunate," said Nile Gardiner, a scholar at the conservative Heritage Foundation. "The British decision is going to be used as a political football by opponents of the president's Iraq plan."

Rep. Ray LaHood (R-Ill.) said the move will undercut Republicans in Congress trying to stave off attempts to limit what Bush can do in Iraq.

"It's probably not going to bode well for those of us who want to make a case against what Murtha and Pelosi plan for the supplemental," LaHood said. "It does not help."

Blair's announcement could also boost calls by Democrats and some Republicans for a serious change in Iraq policy -- not just in the number of troops fighting but also in what those troops should do. The British plan to withdraw 2,100 of 7,100 troops by summer's end and to redeploy the remainder away from combat toward more training of Iraqi troops and patrolling the Iranian border. That mirrors bipartisan Senate proposals for U.S. forces that are spelled out in two stalled nonbinding resolutions, including one co-sponsored by Warner.

"What the British are doing, and what we really need to do, is to tease out the cultural complexities of this thing," said Rep. Wayne T. Gilchrest (R-Md.). "On the one hand, they are signaling to all the Iraqi people, whatever sect they are -- Sunnis, Shias, Kurds -- they are not going to be an occupying force. That's a powerful signal to send. And the other signal is that they are passing the torch to the Iraqis, who are the only ones who can handle this ancient -- I'd say primitive -- sectarian dispute."

The White House argued that comparing the British situation in Basra and the U.S. position in Baghdad fundamentally distorts reality. The south, where the British have been in charge, has no Sunni insurgency and far less violence than Baghdad or Anbar. The coalition plan all along has been to pull out foreign troops when an area is ready for Iraqi control, the White House said.

"The fact that they have made some progress on the ground is going to enable them to move some of the forces out, and that's ultimately the kind of thing that we want to be able to see throughout Iraq," said White House press secretary Tony Snow. He said no consideration was given to asking the British to instead redeploy those departing troops to help their U.S. counterparts in Baghdad or Anbar.

Hadley, speaking to reporters in Brussels, where he was traveling, said he did not mean to suggest the British departure signals "an unalloyed picture of progress," but he rejected a more negative interpretation. "I didn't want people to think it reflected a lack of confidence by the British in the mission or a turning away from the mission," he said. "It is not."

Still, other administration officials, speaking on the condition of anonymity so they could talk candidly about political strategy, expressed frustration that the British decision will look bad to everyday Americans, and acknowledged that it will provide ammunition to domestic opponents.

"It's a brick in the hands of folks who want to take cheap shots," one official said. "But I think it's unfair."

Britain To Withdraw Troops In 'Coming Months' (USAT)

By Jeffrey Stinson

USA Today, February 22, 2007

LONDON — Prime Minister Tony Blair said Wednesday that Britain will pull 1,600 of its 7,100 troops in Iraq out of the southern part of the country in coming months.

ON DEADLINE: How Fleet Street is covering the news of Brits and Danes pulling out | AUDIO

The number could be cut even more — to below 5,000 — by August if Iraqi forces demonstrate that they have secured the southern part of the country, he said.

However, Blair said, British forces would remain in Iraq into next year or "for as long as we are wanted and have a job to do."

This is the first time that Britain has set a timetable for withdrawal from Iraq, although Blair has said that British troops would pull out when Iraqi army and police were able to maintain order themselves. Britain had 9,000 troops in Iraq two years ago.

The British withdrawal comes as President Bush is sending 21,500 U.S. troops to try to secure the violence-racked area around Baghdad farther north.

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In Najaf, a Shiite holy city about 95 miles south of Baghdad, a suicide car bomber struck a police checkpoint today, killing at least 13 people. Najaf is in the spiritual heartland of the militia factions led by radical cleric Muqtada al-Sadr.

Blair and Bush talked by secure video link Tuesday about the proposals, U.S. National Security Council spokesman Gordon Johndroe said. Bush views Britain's troop cutbacks as "a sign of success" in Iraq, he said.

Presidential spokesman Tony Snow, on a trip with Bush to Tennessee, said Britain's decision was not made on a timeline of the sort the president has rejected for American troops. "What you had is progress first, and then the removal," Snow said.

"The president's made clear all along, we want to move as rapidly as we can to build capability on the part of the Iraqis so they can in fact assume, first, primary responsibility and then eventually sole responsibility," he said.

Pentagon spokesman Bryan Whitman said there was no thought that the British were abandoning the United States when it is struggling to send thousands more troops into Iraq. He said the British "have been steadfast allies in Iraq and they will continue to be."

Blair's announcement, made in a noon-hour speech in the House of Commons, followed an earlier announcement by Danish Prime Minister Anders Fogh Rasmussen that Denmark was withdrawing its 460 troops from southern Iraq.

The Danish force, which has been under British command, will pull out in August, Rasmussen said.

Lithuania, too, said it was "seriously considering" withdrawing its 53 troops from Iraq, a government spokeswoman said.

In Tokyo, Vice President Dick Cheney called Blair's announcement good news. "I look at it and see it is actually an affirmation that there are parts of Iraq where things are going pretty well," Cheney told ABC News.

In Berlin, Secretary of State Condoleezza Rice said today that the U.S.-led coalition of international forces in Iraq is still intact.

"The coalition remains intact and in fact the British will have thousands of soldiers deployed in Iraq in the south," she said at a joint news conference with German Foreign Minister Frank-Walter Steinmeier. "It is the plan that as it is possible to transfer responsibility to the Iraqis, that coalition forces would no longer be needed in those circumstances," she said.

Blair said the withdrawal was possible because the Iraqi army and police have increasingly demonstrated that they can secure and patrol most of the Basra area. That allows British troops to pull back into a supporting role and allow the size of force to be reduced.

On Tuesday, Britain handed over control of an Iraqi army division based in Basra. The 10th Iraqi Army Division, which was trained by British troops, now takes its orders from Iraqi military commanders in Baghdad.

Violence in Basra has decreased in recent months. Basra province is experiencing 5 attacks a day, opposed to nearly 40 a day for Baghdad, according to the latest Defense Department quarterly report.The biggest threat in Basra, and the south in general, is escalating Shia-on-Shia violence between rival Shia militias.

British defense analyst Eric Grove saw both military and political pressure behind the announcement, which he says represents the beginning of the end of British military presence in Iraq.

The Ministry of Defense, he said, is under pressure with troops deployed both in Iraq and Afghanistan. To ease it, military commanders have pushed hard in the last year to build up and train Iraqi army and police so that it could draw down its troops there and reinforce those in Afghanistan.

"We do want to run down the commitment (in Iraq), if for no other reason than our commitment in Afghanistan," said Grove, director of the Center for International Security and War Studies at the University of Salford in Manchester.

At the same time, he said, Blair would like to draw down the number of troops in Iraq before elections in Scotland in May and before his likely successor, Chancellor Gordon Brown, takes over.

Brown has said he would like to see troop levels in Iraq reduced by several thousand by the end of this year.

Contributing: The Associated Press

Democrats Seize On UK Troop Cuts (FT)

By James Blitz, Daniel Dombey And Demetri Sevastopulo

Financial Times, February 22, 2007

The Bush administration on Wednesday welcomed Tony Blair's decision to withdraw nearly a quarter of the British troops in Iraq over the next few months, saying the move showed that in parts of the country "things are going pretty well".

But although the British prime minister told parliament that the withdrawal of 1,600 troops would allow Iraqis to "write the next chapter in their history", prominent Democrats in Congress said the move was a sign that Britain was now giving up on the US in Iraq and contrasted it with the surge in US troop numbers deployed to contain the violence in Baghdad.

Mr Blair announced to parliament that the 7,100 troops serving in Basra would be cut to 5,500 "over the coming months", with hopes that 500 more would leave as early as late summer.

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Mr Blair said that some soldiers stationed at Basra air base would remain into 2008 to help secure supply routes, the Iran border and to support Iraqi forces.

Downing Street officials said the decision to cut troop numbers to 5,500 was broadly in line with plans drawn up by the Ministry of Defence at the end of last year.

However, there were strong indications earlier this year that the British had initially been looking to announce a deeper cut at this stage – to about 4,500 troops. Some British officials concede that these plans have been disrupted by the continuing violence in Basra.

Mr Blair on Wednesday admitted that "the problems remain formidable" in the south of Iraq.

"What all of this means is not that Basra is how we want it to be but the next chapter in Basra's history can be written by the Iraqis," he said.

In Washington, meanwhile, the White House and leading Democrats differed fiercely over the implications of the UK move.

Condoleezza Rice, the US secretary of state, said the British "have done what is really the plan for the country as a whole which is to be able to transfer security responsibilities to the Iraqis as conditions permit". But Edward Kennedy, a senior Democratic senator, said the British redeployment was a "stunning rejection" of the president's decision to increase US troop numbers around Baghdad by 21,500.

"No matter how the White House tries to spin it, the British government has decided to split with President Bush and begin to move their troops out of Iraq," Mr Kennedy said.

Anthony Cordesman, a Middle East expert at the Center for Strategic and International Studies, said the UK move "weakens the image of the coalition and further isolates the US".

"This is a war of perceptions, as well as military power, and the influence of British cuts will be negative," said Mr Cordesman. "The British cuts will in many ways simply reflect the political reality that the British 'lost' the south more than a year ago. The Shia will take over, Iranian influence will probably expand, and more Sunni, Christians, and other minorities will leave."

Rice Calls Iraq Coalition 'Intact' (WT)

By Sharon Behn

The Washington Times, February 22, 2007

The Bush administration maintained yesterday that its Iraq coalition was still in good shape despite announcements by Britain and two other countries that they would withdraw all or some of their troops by the end of the year.

"The coalition remains intact," Secretary of State Condoleezza Rice said during a visit to Berlin. "It is the plan that -- as it is possible to transfer responsibilities to the Iraqis -- coalition forces would no longer be needed."

Miss Rice spoke just hours after British Prime Minister Tony Blair announced in Parliament that Britain would cut 1,600 troops from its 7,100-strong force in southern Iraq in the coming months.

He said several hundred more could come home by late summer if conditions permit. There were 40,000 British troops in Iraq when the war began, and roughly 9,000 in place two years ago.

Denmark said it planned to withdraw its 460 troops from southern Iraq by August. A Lithuanian Defense Ministry spokeswoman said her country was "seriously considering" withdrawing its 53 troops from the same area in August.

The United States put the best face on the announcements, declaring the withdrawals were evidence of the improved security situation in southern Iraq.

But analysts on both sides of the Atlantic disagreed.

British military analysts said the decision to reduce troops in Basra was not warranted by conditions on the ground. Rather, they cited domestic politics, an overstretched military and fears of being caught in a struggle between the United States and Iran.

Mr. Blair's decision, said Toby Dodge of the International Institute for Strategic Studies in London, was based on his desire "to clear the decks so that he is remembered for something a bit better that the invasion of Iraq and its bloody aftermath.

"This 'mission accomplished' stuff is rubbish. Basra is incredibly dangerous," said Mr. Dodge.

The troop cut also reduces the likelihood that Prince Harry, son of Prince Charles and third in line to the throne, will find himself as a soldier in Iraq.

The prince, a second lieutenant in the Household Cavalry, reportedly has threatened to quit the military if his unit is sent to Iraq without him in April. But military brass worry that he would become a "bullet magnet" for insurgents hoping to make a public relations splash.

Mr. Blair said Iraqi Prime Minister Nouri al-Maliki had agreed to his plan, under which British troops will remain at least through next year, increasingly focusing on support and training of Iraqi forces.

If those forces show themselves capable of maintaining order, he said, the British commitment could fall to fewer than 5,000 troops by late summer.

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British army Maj. Chris Ormond-King, a spokesman for the British-led multinational force based in Basra, said in a briefing last month that the overwhelmingly Shi'ite Muslim south did not have the same sectarian problems that have spurred fighting in Baghdad and other parts of the country.

"The militias are not a problem for us," he told reporters traveling with Defense Secretary Robert M. Gates. "What is a problem are some of the rogue elements in those militias."

He acknowledged that a small British garrison in the heart of Basra is routinely hit by mortar fire and small arms attacks from groups protesting the multinational force's presence in the country.

In addition to the political pressures, Mr. Dodge said, the British army "is incredibly overstretched" and can no longer effectively operate both in Iraq and Afghanistan at the same time.

"They are wonderful soldiers who are grievously understaffed and underfunded, stretched way too thin and with almost no modern equipment to speak of," agreed Robert Killebrew, a U.S. national security analyst who follows Iraq closely.

British troops have obligations around the world, and have a significant presence in Afghanistan, where they are working with U.S. and NATO troops to beat back the Taliban and create a viable Afghan state.

Mr. Dodge said that behind closed doors in the British Foreign Office, there was a strong sense that the attacks against British troops in southern Iraq were backed by Iran, rather than the result of the local security situation.

Maj. Ormond-King said Iran's influence was palpable among Shi'ite groups in the south, who are receiving money, logistical help, military training and arms.

Washington has accused elements of the Iranian government of providing radical Shi'ite militias with sophisticated bomb technology that has killed some 170 U.S. soldiers.

If tensions between the United States and Iran were to worsen and Washington decided to attack Iranian facilities, British forces in southern Iraq would be on the front lines of any Iranian retribution, Maj. Ormond-King said.

Mr. Dodge said there was "the real fear that British troops will get caught between the United States and Tehran on this."

Iraqi forces have already taken over from British-led troops in two of the south's four provinces. Plans to transfer control of a third province, Maysan, have been put on hold over recent security concerns.

But Anthony Cordesman of the Center for Strategic and International Studies, said the British had long ago lost the political fight and ceded Basra and Maysan to Shi'ite Islamist factions.

"The British were not defeated in a military sense, but lost in the political sense if 'victory' means securing the southeast for the central government and some form of national unity," Mr. Cordesman said.

·David R. Sands contributed to this report.

Democrats Seize On British Iraq Withdrawal Plan (HILL)

By Klaus Marre

The Hill, February 22, 2007

Congressional Democrats, seizing on an announcement from Great Britain that it would begin withdrawing troops from Iraq, said Wednesday that the White House should take a cue from its closest ally and get U.S. soldiers out of Iraq instead of sending in more.

"Why are thousands of additional American troops being sent to Iraq at the same time that British troops are planning to leave?" asked House Speaker Nancy Pelosi (D-Calif.) after Britain's Prime Minister Tony Blair announced earlier Wednesday that a large part of the British force would withdraw from southern Iraq.

Blair said 1,600 of the 7,100 soldiers would withdraw in the coming months, with further troop reductions already planned later this year. He added that Iraqis would be able to take care of their own security in areas where British soldiers were stationed. Denmark also announced that it would withdraw its smaller contingent, which is working in cooperation with the British.

"The president's escalation plan has been rejected by bipartisan majorities in the House and Senate and opposed by Americans all across the country," Pelosi said, referring to votes last week in the House and the Senate. "The announcement by the British government confirms the doubts in the minds of the American people about the president's decision to increase the number of U.S. soldiers in Iraq."

But the administration said Blair's announcement is welcome news because it shows that Iraqis are increasingly able to take care of their own security needs.

"It indicates that there's been some progress in Basra," White House spokesman Tony Snow told reporters aboard Air Force One. "The fact that there has been progress in a couple of areas - one is training up Iraqis to take over some of the responsibilities that the Brits and the Danes have been handling within Basra - has made it possible for Britain to remove some of the forces."

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In an interview with ABC News, Vice President Cheney, who is traveling in Asia, said he sees Britain's plan as "an affirmation of the fact that there are parts of Iraq where things are going pretty well."

But Democrats offered a different take on Britain's decision.

Sen. John Kerry (D-Mass.) said, "America's leading ally in Iraq has decided that a timetable for the phased redeployment of troops is the only responsible policy to help force Iraqis to stand up for Iraq."

Kerry has decided not to seek the presidency again in 2008 and instead said he would focus his energy on getting U.S. troops out of Iraq. "After years of touting Prime Minister Blair's resolve, the [Bush] administration should now pay attention to his new policy," Kerry stated, adding it is "inexplicable" why Bush is seeking to send additional troops to Iraq at this time.

Sen. Jack Reed (D-R.I.) said the decisions by Britain and Denmark "leaves us increasingly isolated in Iraq," adding that "the coalition, which was never sufficiently robust to begin with, has all but disappeared."

Democrats Hail British Pullout (WT)

By Stephen Dinan And Jon Ward

The Washington Times, February 22, 2007

Democrats yesterday cheered the news that Britain will begin withdrawing troops from Iraq as proof that the rest of the word sees reducing troops as the best solution to the war, but the White House defended the action as a sign of how well things are going.

"The British government has acknowledged a reality that President Bush still stubbornly refuses to accept," said Senate Majority Leader Harry Reid, Nevada Democrat.

British Prime Minister Tony Blair announced he will bring home 1,600 of Britain's 7,100 troops now serving in Iraq in the next few months. Meanwhile, Denmark announced plans to withdraw its troops, which number in the hundreds, this summer. Lithuania also is considering withdrawing its contingent of dozens of troops.

Acknowledging that Basra, where British forces are stationed, is not "how we want it to be," Mr. Blair said the time is ripe to let the Iraqis take over security.

The move is bound to get wrapped up in the debate in Congress.

Last week, the House passed a nonbinding resolution opposing Mr. Bush's plan to send 4,000 more Marines to Anbar province to pursue al Qaeda terrorists, and about 17,500 soldiers to Baghdad to try to end sectarian violence. Republicans have blocked a similar resolution in the Senate.

Democrats argued that Mr. Blair's decision proved the major U.S. partner in Iraq has come to the conclusion that the way to prod Iraq is with fewer troops, not more.

"America's leading ally in Iraq has decided that a timetable for the phased redeployment of troops is the only responsible policy to help force Iraqis to stand up for Iraq," said Sen. John Kerry, Massachusetts Democrat. "After years of touting Prime Minister Blair's resolve, the administration should now pay attention to his new policy."

Although Mr. Blair said his troops are leaving without having accomplished what they had hoped, the White House said it was a good sign.

"What I see is an affirmation of the fact that there are parts of Iraq where things are going pretty well," Vice President Dick Cheney, traveling in Japan, told ABC News.

Mr. Cheney said a friend, "a guy who knows the region very well," recently drove from Baghdad to Basra and "found the situation dramatically improved compared with where it was a year or so ago, sort of validated the British view that they have made progress in southern Iraq, and that they can therefore afford to reduce their force posture."

White House spokesman Tony Snow said the British are basing their decision on benchmarks, not timetables.

He ruled out asking British troops to transfer to Baghdad or Anbar province to help ease the burden on U.S. troops.

"There has been a division of labor within Iraq and people do have separate responsibilities," he said.

Britain Cuts Its Losses (NYT)

The New York Times, February 22, 2007

Spin it any way you like, Prime Minister Tony Blair's announcement that Britain will be withdrawing up to 1,600 of its 7,100 remaining troops in Iraq can't be welcome military or political news for President Bush.

This isn't the first reduction in the British contingent, which originally numbered 40,000. But it comes at a time of spiraling violence in Iraq and emboldened opposition in Washington to Mr. Bush's disastrous war. It also comes as Mr. Blair is preparing to leave office, painfully aware that popular fury over the war threatens to overwhelm his entire legacy.

The British announcement has already served as the catalyst for other departures. Denmark, with 460 troops under British command, announced yesterday that it would leave by August. With the Pentagon already straining to find enough soldiers for

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Iraq, a troop drawdown by its most militarily capable ally can only add to the strain — and to the clamor for bringing American forces home as well.

The White House strove to cast Mr. Blair's political necessity as a sign of "some progress in Basra," Iraq's second-largest city, which British forces have had military responsibility for since the invasion. Vice President Dick Cheney — even more disconnected from reality — chimed in that the British pullback shows that there are some parts of Iraq where "things are going pretty well."

Mr. Blair knows better, and candidly acknowledged that Basra is not "how we want it to be," but said that it was time for the Iraqis to write "the next chapter in Basra's history." Mr. Blair also insisted that the situation there is "very different from Baghdad," where, he said, an "orgy of terrorism" has been unleashed — his out-the-door endorsement for President Bush's troop buildup in the capital.

But if there is comparatively more calm in Basra, that is only because the outnumbered British forces have ceded control to Shiite sectarian militias and local police forces controlled by rival armed factions.

Just two months ago, British and Iraqi soldiers stormed a Basra police station, rescuing 127 prisoners from what British officials said was almost certain execution. There is so far little evidence that Iraq's national armed forces on their own will be able to protect Basra's innocent civilians or even that they mean to try.

Whether it is Basra with fewer British troops or Baghdad with more Americans, nothing in Iraq is "going pretty well."

Lithuania Mulling Iraq Troop Withdrawal (AP)

AP, February 22, 2007

Lithuania is "seriously considering" withdrawing its 53 troops from Iraq, a government spokeswoman said Wednesday.

Defense Ministry spokeswoman Ruta Apeitkyte told The Associated Press that the Baltic country was considering not replacing the contingent when its mission ends in August.

It was the first time that Lithuania, a staunch U.S. ally, indicated it would reduce its commitment in Iraq.

Blair Plans To Withdraw 1,600 Troops From Iraq (WP)

By Mary Jordan And Joshua Partlow

The Washington Post, February 22, 2007

LONDON, Feb. 21 -- Prime Minister Tony Blair announced Wednesday that 1,600 British troops would return home from Iraq in the coming months and that a further 500 soldiers may be withdrawn by the end of summer.

Even though Britain has only 7,100 troops in Iraq, compared with the 135,000-strong U.S. contingent, they carry symbolic importance as the largest allied presence. British forces make up half of the roughly 14,000 non-U.S. troops in the coalition in Iraq.

Vice President Cheney, in an interview with ABC News during a visit to Tokyo, called the planned withdrawal "an affirmation that there are parts of Iraq where things are going pretty well." Democratic leaders noted, however, that the British are withdrawing as President Bush is sending an additional 21,500 U.S. troops to Iraq.

Iraqi leaders generally welcomed the withdrawal plan, although Sunni officials said they feared the departure of British troops from Shiite-dominated southern Iraq would lead to increased sectarian violence that Iraqi security forces would be unable to stop.

Blair's plans allow him in the final months of his administration to show a measure of independence from Washington on Iraq policy. Battered in public opinion polls because of his support of the war, Blair has said he will step down by September.

At the same time Blair was speaking in London, the Danish prime minister, Anders Fogh Rasmussen, announced in Denmark that its 460 troops under British command in Iraq will return home by August. In Lithuania, a Defense Ministry spokeswoman said the country is "seriously considering" withdrawing its 53 troops from Iraq in August.

Blair said the British reduction in troops was possible because security conditions were better in southern Iraq, where British troops patrol, than in Baghdad, where many U.S. troops are located. He said that "80 to 90 percent of the violence" is in Baghdad, which is enduring an "orgy of terrorism."

British troops just completed an operation to turn over control of security to Iraqi forces in the southern city of Basra, Blair said. "What all of this means is not that Basra is how we want it to be. But it does mean that the next chapter in Basra's history can be written by Iraqis," he said.

But military and political analysts disputed Blair's upbeat description of the situation in the Basra area. They also said they believed the timing of the British drawdown may have more to do with plunging polls for Blair's Labor Party, pressure from British military officials and Blair's desire to begin an endgame for Iraq before he leaves office.

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A poll this week showed that only 29 percent of respondents would vote for Labor, while 42 percent favored the opposition Conservative Party, the worst showing by Labor since 1992.

British military leaders are increasingly complaining of overstretched forces and low morale, and there has been growing military pressure on Blair to reduce the presence, said Michael Williams, head of the transatlantic program at the Royal United Services Institute for Defense and Security Studies.

"While the British zone is much quieter," he said, the Basra area "still has a number of security issues" and it "is foolhardy" to believe that Iraqi forces are ready to assume total control of the area. He also noted that if Blair had the political will, he could deploy some troops to help out the Americans in Baghdad instead of sending them home.

Coalition troops have handed over security control to the Iraqis in three southern provinces: Najaf, Muthanna and Dhi Qar. The 15 other provinces are still under the control of U.S.-led forces. American military officials have said they expect the Iraqis to take operational control of all Iraqi army divisions by this summer and to take security control in all provinces by fall.

"The Iraqi government feels very comfortable about the southern provinces and especially Basra; we have good security forces there," said Sami al-Askari, an adviser to the Shiite-led government of Prime Minister Nouri al-Maliki. Askari said he expects that after two months, the British troops will have moved out of the city center, restricting themselves to their bases, and that by the end of August 2008 there will be a full withdrawal of British troops.

"Now, the Iraqi security forces are not prepared. There will be a big security gap" when the British leave, said Naseer al-Ani, a Sunni member of parliament.

Ani and other Iraqi politicians saw the general trend of departing Western troops, whom they consider occupiers, as beneficial in the long term.

"Originally, the British forces, the American forces were coming to solve the situation and then they will leave. But we've seen the opposite: Wherever they stay for a long time . . . the situation keeps getting worse and worse," he said.

Iraqi forces in some cases have relied on coalition troops to bail them out in areas under their responsibility. In late January, a month after Iraqis took control of Najaf province, the Iraqi army needed the help of U.S. air support and ground troops to defeat an armed Shiite cult.

Still, officials in Najaf, which has a population of about 1.4 million people, said the departure of U.S. troops has been a political benefit.

"When the multinational forces were in Najaf, we had a lot of legal violations," said Najaf's governor, Asad Sultan Abu Gillel. Military operations were "carried out without legal notification, without an order from a judge," he said.

"This caused many problems for us with the local people," Abu Gillel said. "We live in a country filled with problems and terrorism, but at least we have full control."

At top strength, Britain had 40,000 troops in Iraq during the 2003 invasion. As of Feb. 9, 132 British military personnel in Iraq had died or were missing and believed killed since the invasion, said Lt. Col. Simon Etherington, a British military spokesman in Baghdad.

Blair declined to give any clear date for total withdrawal, saying the remaining troops would stay "into 2008 or as long as we are wanted and have a job to do." He added, "Increasingly, our role will be supporting and training, and our numbers will be able to reduce accordingly." He delivered his speech in the House of Commons.

Conservative leader David Cameron embraced the cuts, saying, "That news will be welcomed in this House, in the country and especially to the families of those serving in Iraq over the coming months."

Liberal Democrat leader Menzies Campbell, whose party opposed the war, said: "The unpalatable truth, Mr. Speaker, is this: that we will leave behind a country on the brink of civil war, where reconstruction has stalled, where corruption is endemic, and a region that is a lot less stable than it was in 2003."

Besides the United States and Britain, only five countries have 500 or more troops in Iraq: South Korea has 2,300, Poland and Georgia each have 900, Romania has 600 and Australia has 550, according to the Associated Press.

West European countries have remained largely opposed to the war, while East European countries, including former Soviet republics, have been more enthusiastic. The parliament in Bulgaria voted Wednesday to extend the mission of its 120 noncombat troops in Iraq until the end of March 2008. It also has 35 support personnel there.

Iran, Militias Could Gain From British Pullout (USAT)

By Rick Jervis

USA Today, February 22, 2007

BAGHDAD — Britain's planned reduction in its force in southern Iraq could empower Iran and lead to more bloodshed between rival Shiite Muslim groups, analysts warned Wednesday.

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The area around Basra is less violent than Baghdad, and sectarian killings are rare, in part because it is overwhelmingly Shiite. But the government's authority there is rivaled by armed groups that are "thoroughly intertwined with criminal enterprises," according to a report from the Washington Institute for Near East Policy.

"In the coming year, the drawdown of British forces in the deep south will likely be accompanied by an upsurge of factional violence as the long-delayed fight for local supremacy begins in earnest," said the report, written by Iraq security specialists Michael Knights and Ed Williams.

The militias already engage in regular street battles over lucrative oil smuggling. The region has 70% of Iraq's oil fields.

Vice President Cheney said Wednesday that the planned British withdrawal was a response to improved security in the area. "What I see is an affirmation of the fact that there are parts of Iraq where things are going pretty well," Cheney told ABC News.

Late last year, Basra province was experiencing an average of five attacks a day against troops and civilians, compared with nearly 40 a day in Baghdad, according to a Defense Department quarterly report in December.

On Tuesday, Britain handed over control of an Iraqi army division based in Basra. The 10th Iraqi Army Division, which was trained by British troops, now takes its orders from Iraqi military commanders in Baghdad.

Questions linger, however, about the Iraqi security forces in the area. In late December, more than 800 British soldiers raided a police station housing Basra's "serious crime unit," where police were accused of arresting, torturing and killing rival clansmen. The British soldiers killed seven gunmen, rescued 127 prisoners and ultimately reduced the two-story building to rubble.

"The Iraqi security forces in Basra are not equipped or qualified to take on responsibility," said Abo Amar al-Mayahi, head of Basra's Badr Organization, a Shiite group. "If they took over now, there will be a lot of chances for bad things to happen."

A spokesman for the British military in Basra could not be reached for comment.

Kenneth Katzman, an Iraq expert at the Congressional Research Service, said the British withdrawal will "leave a vacuum that will be filled by Shiite militias backed by Iran." The Bush administration has recently accused Iran of providing weapons to Shiite militias in a drive to bolster Iranian influence in Iraq.

Smuggling across the nearby Iranian border, currently patrolled by British troops, could also soar with fewer British soldiers in the area, said Juan Cole, a University of Michigan history professor and expert on Iraq's Shiites.

Cole said militias often steal oil after it leaves refineries, load it on boats and then sell it on the black market in other Persian Gulf countries. "It's really dangerous in so many ways," Cole said of the British withdrawal. "Basra is not under control."

U.S. commanders may also need to find other ways to escort fuel and supply convoys running between Basra or Kuwait and the rest of Iraq, Cole said. That security has been handled by British troops, he said.

"This idea that the British could leave because the local authorities have things under control is just completely false," he said.

Also Wednesday:

·A Black Hawk helicopter went down north of Baghdad, the U.S. military said. All nine people on board were evacuated, and there were no serious injuries.

"The indications are now that it was brought down by small-arms fire and … rocket-propelled grenades," Maj. Gen. William Caldwell, the chief U.S. military spokesman in Iraq, told CNN.

Seven American helicopters, including two operated by aprivate security company, have gone down in Iraq since Jan. 20.

·In Baghdad, insurgents blew up a pickup carrying chlorine gas canisters. It was the second such attack in two days. The explosion killed at least five people and sent more than 55 to hospitals gasping for breath and rubbing stinging eyes, police said.

Chlorine causes respiratory trouble and skin irritation in low levels and can be fatal with heavy exposure. "Terrorists are using dirty means," said Brig. Gen. Qassim Moussawi, an Iraqi military spokesman.

·A suicide car bomber struck a police checkpoint in the Shiite holy city of Najaf. The attack killed 13 people. The blast hit while streets were filled with morning shoppers.

Britain To Trim Iraq Force By 1,600 In Coming Months (NYT)

By Alan Cowell

The New York Times, February 22, 2007

LONDON, Feb. 21 — Prime Minister Tony Blair announced Wednesday that up to 1,600 of the roughly 7,100 British troops in southern Iraq would begin to withdraw in coming months, a sharp contrast to the continuing American troop buildup in Baghdad.

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The British withdrawal was more modest than government ministers had suggested in recent weeks, and Mr. Blair offered no clear timetable for the drawdown, during which Iraqi forces will take over some of the responsibility for patrolling Basra and the surrounding area.

The announcement was made after months of public criticism of Mr. Blair's government over a war that has become increasingly unpopular at home. At the same time, senior British commanders have complained that their forces are stretched thin by their twin deployments in Iraq and Afghanistan, and military analysts have said a reduction in the Basra force could free troops to meet growing responsibilities in Afghanistan.

A British opposition politician, Sir Menzies Campbell, said the move would leave Iraq far from being the "beacon of democracy" that Mr. Blair had once promised. And in his speech on Wednesday, the prime minister acknowledged that conditions in southern Iraq were not what he had hoped.

"What all this means is not that Basra is how we want it to be," Mr. Blair said, "but it does mean that the next chapter in Basra's history can be written by Iraqis."

The city, he said, "is still a difficult and dangerous place." But he drew a clear distinction between the perils facing British forces in southern Iraq and conditions for American troops farther north.

The "situation in Basra is very different from Baghdad," he told Parliament, because there was no Sunni insurgency there, little sectarian violence and "no Al Qaeda base," while "an orgy of terrorism" had been unleashed on Baghdad. Even so, he said, British troops, whom he described as "brave beyond belief," were regularly coming under fire in southern Iraq.

Word of the planned withdrawal received widespread publication here on Tuesday, and the White House released a kind of public blessing of the idea then, saying it pointed to increased stability in the south.

On Wednesday, Bush administration officials reiterated that the announcement of the British withdrawal had been expected for months, and they played down the potential security risks of having fewer troops in and around Basra.

"This moderate reduction that the British are doing is possible because they have been able to achieve success in Basra," said Bryan Whitman, a Pentagon spokesman. He acknowledged that attacks in the city had actually increased over the last year but said a withdrawal was possible because the British had handed over responsibility for security to Iraqi security forces. British troops would continue to patrol near Iraq's border with Iran, he said.

Another senior Defense Department official said that, if security conditions deteriorated in the south, American commanders might need to send in their own forces to help remaining British units and Iraqi troops. He noted that the United States also usually keeps reserve forces nearby in Kuwait that could be sent into Iraq as well.

"If something flares, we will react to it with the forces on the ground," the official said. He added: "We always plan for contingencies. However, we do not expect trouble."

The White House spokesman, Tony Snow, said the British decision shows that "they have made some progress on the ground." He said that "is going to enable them to move some of the forces out, and that's ultimately the kind of thing that we want to be able to see throughout Iraq."

Democratic leaders in Congress saw it differently.

"By announcing its decision to redeploy troops from Iraq, the British government has acknowledged a reality that President Bush still stubbornly refuses to accept," said Senator Harry Reid, Democrat of Nevada, the majority leader. "There can be no purely military solution in Iraq."

House Speaker Nancy Pelosi, Democrat of California, said, "the announcement by the British government confirms the doubts in the minds of the American people about the president's decision to increase the number of U.S. soldiers in Iraq."

Other European governments with troops in Iraq also announced Wednesday that they were pulling out or thinking about it.

Around 460 Danish soldiers under British command in southern Iraq will be withdrawn by August, the government in Copenhagen said, and Lithuania said it was considering pulling out a small contingent of 53 soldiers in the south.

But it was Britain that has long been the most prominent United States ally in Iraq, with most of its forces deployed in and around Basra. At the time of the 2003 invasion, Britain committed about 40,000 air force, naval and army personnel to the fight, but that figure was reduced to about 9,000 two years ago and 7,100 now.

On Wednesday, Mr. Blair said that further withdrawals could reduce the British force level to less than 5,000 by late summer, but that British troops would remain "for as long as we are wanted and have a job to do," at least into 2008.

In essence, the reduction in British forces will mean British troops pulling back to a support and training role to two bases, mainly one at the Basra airport, to support Iraqi forces patrolling the city, Mr. Blair said. British troops will also patrol the border with Iran, which Britain accuses of supporting Shiite militias in southern Iraq.

Mr. Blair indicated that the timing of the withdrawal would hinge on the levels of conflict in southern Iraq, depending "in part on what we do, what the Iraqi authorities themselves do, but also on the attitude of those we are together fighting."

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He denied suggestions by political opponents that British troops would be leaving what one antiwar opposition legislator, Charles Kennedy, called a “quagmire.” And he rejected accusations from antiwar politicians that the 2003 invasion itself had inspired Iraq’s bloodletting. “We did not cause the terrorism,” Mr. Blair said. “The terrorists caused the terrorism.”

On Wednesday, Secretary of State Condoleezza Rice denied suggestions that the British withdrawal plans meant the coalition forged to topple Saddam Hussein had crumbled. She said the British “have been terrific.”

“The British have done what is really the plan for the country as a whole, which is to transfer security responsibility to the Iraqis as the situation permits,” she said during a visit to Berlin to conduct Middle East peace negotiations. “The coalition remains intact and, in fact, the British still have thousands of troops deployed in Iraq.”

Mr. Blair also used his announcement on Wednesday to deliver a broad review of Middle East policy and went on to meet in London with Mahmoud Abbas, the president of the Palestinian Authority.

Speaking to Parliament, Mr. Blair drew a distinction between Iran and Syria. “They should not be treated as if the same,” he said. “There is evidence recently that Syria has realized the threat Al Qaeda poses and is acting against it. But its intentions towards Iraq remain ambiguous and, towards Lebanon, hostile.”

“But both countries — though very different — have a clear choice: work with the international community, or defy it,” Mr. Blair said.

As US Surges, British Start Exiting Iraq (CSM)

By Mark Rice-Oxley And Dan Murphy

The Christian Science Monitor, February 22, 2007

British prime minister Tony Blair announced Wednesday the beginning of the end of British military involvement in Iraq, starting with a 25 percent drawdown before summer.

Denmark also said it would pull all of its 460 ground troops from Iraq by August.

Mr. Blair's decision is, in part, an acknowledgment of the British public's anger over the war and a desire to focus on Afghanistan. Southern Iraq, where British troops operate, is not yet "how we want it to be," Blair said. "But ... the next chapter in Basra's history can be written by Iraqis."

Blair's move isn't likely to help the Bush administration. Fewer British troops in Basra will leave Iran in a stronger position and puts at risk US military supply lines in Iraq, say analysts, at a time of an escalating US-Iranian standoff.

"This is more about Tony Blair's legacy than the situation on the ground," says Toby Dodge, an Iraq historian at Queen Mary, University of London. After 10 years in office, Blair is expected to step down some time in the summer, and analysts say, he is eager to say that he finished what he started in Iraq.

From 7,100 to 4,000 in 2007

Blair said Wednesday that 1,600 of the 7,100-strong force will leave in the coming months, with hundreds more to pull out throughout the summer. In all, 3,000 could be gone by year's end, by which time all four southern provinces that were under the British should have been handed over to Iraqi control. The remaining troops will shift roles, taking a more discreet, remote approach inside their base at Basra airport, as the Iraqi security forces take on day-to-day security matters.

This is "a recognition that the British forces have done whatever good they're going to be able to do in southern Iraq," says Michael Clarke, a defense expert at King's College, London. "It's not the same as saying the job is done."

But removing British troops will not please the White House, coming as it does on the heels of President Bush's decision to "surge" 21,000 more US troops into Baghdad and Anbar Province and the president's assertions that Iran is responsible for much of the violence inside Iraq.

"There is no doubt that any British troop reduction that is not coordinated with a US reduction weakens the image of the coalition and further isolates the US," Anthony Cordesman, the former director of intelligence analysis for the Defense Department and now with the Center for Strategic and International Studies, wrote Wednesday. "This is a war of perceptions, as well as military power, and the influence of the British cuts will be negative."

Basra's problems are very different from Baghdad's. In the southern port city, British troops have seen bullying and execution of political opponents by the dominant Shiite militias in the city rather than the sectarian civil war that rages in the capital. There is no city in Iraq where Iran has more influence, which means the Islamic Republic may be better placed to strike out at American assets through local proxies. One concern: US military supply lines running north from Kuwait could be at greater risk, especially if the bellicose rhetoric between Tehran and Washington escalates.

A spokesman for Mr. Bush's National Security Council said that "we're pleased that conditions in Basra have improved sufficiently that they are able to transition more control to the Iraqis." But some analysts say that is largely political spin, pointing out that Basra is as troubled today as it was a year ago.

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In the nearly four years that British troops have been responsible for Basra, Iraq's second-largest city, Shiite militias have co-opted the police and many of the city's political institutions while British forces have been increasingly confined to their bases.

There are two major political militias in the city – one close to Shiite cleric Moqtada al-Sadr, another to the Fadila Islamic party of his rival Muhammad Yaqubi – as well as a number of smaller gangs that engage in tribal extortion and kidnap for ransom.

"The British certainly aren't doing what the Americans want them to," says Mr. Dodge.

But senior British officers have been arguing that Britain's commitment to Afghanistan, which many see as a more important mission than Iraq, is stretching their forces thin. Last fall, the British general, Sir Richard Dannatt, said he supported withdrawal from Iraq because the British presence in Basra appeared to be aggravating the local population.

In September 2005, British forces assaulted the main jail in Basra to release two soldiers detained by the Basra police. Basra's governor called Britain's actions "barbaric and irresponsible." Though extreme, that is not the only case of enmity between the British and Iraqi security forces they're training.

In his speech Wednesday, Blair appeared to agree with General Dannatt's point. He said that unlike Baghdad, relatively homogenous Basra – it has many Sunnis, but not in sufficient numbers to challenge the Shiites – has little sectarian violence, no Al Qaeda presence and no Sunni insurgents. "The bulk of the attacks are on the multinational force," he said, the inference being that the removal of troops would stem the violence.

Britain's approach for more than two years has been one of conciliation and compromise with local militia leaders. British officers in the south have said privately that approach was largely dictated by the small size of their force – making the option of going to war with the Shiite militias unattractive.

At the moment, Britain's 7,100 troops in the south equal one soldier for every 451 residents of Basra and the neighboring Maysan Province, also under British control. A new manual for counterinsurgency written by senior US generals argues for about 20 troops for every 1,000 residents, which in the case of southern Iraq would mean about 70,000 British troops.

"The British long ago essentially ceded the two provinces they control ... to Shiite Islamist factions," writes Mr. Cordesman. "The British cuts will in many ways simply reflect the reality that the British 'lost' the south more than a year ago. The Shiites will take over, Iranian influence will expand, and more Sunnis, Christians, and other minorities will leave."

Dodge argues that Britain is well aware of this and is deciding to simply get out of the way of what looks to be a messier conflict.

"The big fear is that the British in the south will be hostages to US policy toward Iran," says Dodge. "There is a link between [British] casualties in the south and rising tensions with Iran. What Iran has effectively done is infiltrate its people and bought influence and kept the pan boiling."

Rising British casualties

British casualties have been light compared with American ones: the British have lost 34 troops in the past two years, compared to 996 US deaths. But the trend has inched upward since last fall, according to statistics compiled by Iraq Coalition Casualty Count, an independent website that tracks Iraq casualties.

In the past six months, 17 British troops have been killed. In the six months prior to that period, 12 British soldiers were killed. And in the six months prior to that, 10 were killed.

Mr. Clarke of King's College says that Britain is less worried about expanded US conflict with Iran and more concerned about what's possible given the small size of its Army. "What is at the forefront," he says, "is the idea that keeping major forces in Iraq for the long-term future is impossible."

The End Of The Alliance (NYT)

By Bartle Breese Bull

The New York Times, February 22, 2007

YESTERDAY'S announcement by Prime Minister Tony Blair that Britain will cut its troops in Iraq by 30 percent over the next six months and perhaps fully withdraw in 2008, followed by the news that the Danish contingent is also heading home, may seem like the death knell of the so-called coalition of the willing and a severe blow to American hopes.

Still — and I am well aware of how unpopular the presence of British troops in Iraq is among his electorate — Mr. Blair's decision may have as much to do with strategic good sense as it does with domestic politics.

The truth is that the British gave up trying to win their war in southern Iraq a long time ago, and they probably accomplished as much as they could. Contrary to the grumbling among many Americans, they have done a lot of good work in southern Iraq. I have seen British troops on patrol in the marshes and countryside, watched grateful Iraqis rush to ask for their help in mediating tribal disputes or providing more protection from the militias.

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Thanks to British oversight and protection, Saddam Hussein's cruel efforts to drain the country's southern marshes have been completely reversed. The marshes are now back to about 40 percent of their original size, with parts visibly flourishing. (With 75 percent of the water of the Tigris and Euphrates Rivers now siphoned off by neighboring countries before it gets to Iraq, it is unlikely that the marshes will ever recover fully.)

When I visited a date palm plantation near Basra last year, Iraqi farmers told me that British aircraft had sprayed almost 100,000 trees with insecticide, helping their production to double since the days of Saddam Hussein's rule. (One of the men also insisted that I visit the old British cemetery in Baghdad. It was beautiful, he said: a sanctuary, a paradise. "And the gravestones are safe," he assured me. "I have removed them, so no one will destroy them.")

The British successes have also been political. In the south, Iraq's elections and constitutional processes have been far more successful in terms of security and turnout than almost anywhere else in the country. There was never a popular uprising against the British presence.

True, after the Coldstream Guards stormed a Basra police station in 2005 to free two special operations troops being held captive, a photograph of a guardsman on fire atop his armored vehicle led newspapers around the world, giving the impression of a city and a region in flames. But the reality was quite different: that day, the angry crowd numbered only 200 — this in a city of two million, after two years of war.

Even over the last 12 months, the British military posture in the south has not been as passive as has widely been perceived outside of Iraq. One night last December, in a successful effort to capture weapons caches and terrorist leaders, more than 1,000 British troops in Basra, using high-speed landing craft and dozens of armored vehicles and tanks, carried out the largest coalition "strike operation" since the invasion.

But despite these successes, it seems the British never intended to "win" the war in southern Iraq. The British withdrawal from Iraq began almost immediately after the invasion. The British presence in the south, which was 46,000 troops in April 2003, has been under 10,000 since May 2004.

Unwilling or unable to rid the streets and farmland of Maysan, Dhi Qar, Muthanna and Basra of the militias who are the main threats to order in the largely Shiite south, the British troops' goal has been to keep a lid on things until they could leave. They have not had the resources or the mandate to win a war against either the Iran-backed Badr Brigades or the more nationalist Mahdi Army of Moktada al-Sadr. And if those rival Shiite forces were to begin a fratricidal conflict, there is little the Britons would be able to do to intervene.

Americans must bear in mind that the situation in the south is very different from Baghdad and the Sunni triangle. In bloody Anbar Province the game is changing, and an American presence is helping convince local tribes to turn against the bleak worldview offered by Al Qaeda. In Baghdad, residents frequently express a wish for the Americans to return after they have declared a neighborhood cleared and moved on (as the current initiative in the capital is supposed to do). But there is no large constituency in Basra calling for the British to stay in force.

The "moral hazard" argument — the idea that the longer coalition troops stay, the longer we simply allow the Iraqis to avoid sorting out their own problems — is perhaps the most powerful claim for coalition troops to leave Iraq altogether. To some extent this is too simplistic: in Baghdad and the Sunni Triangle, the problems are too severe to be left to the country's nascent security services immediately. But in the Shiite-dominated south, the centrifugal forces are less threatening than anywhere else.

Iraq's historical state is one of constant internal violence. It is also, contrary to the claims of those who feel the country is a false concept of Western imperialism, one of territorial integrity within the current borders, which existed for 400 years of loose federalism under the Ottomans.

The priority now is to give Iraqis the best possible conditions to achieve the best feasible Iraq: one that stays whole; suffers less internal violence than it has historically; is not a threat to its neighbors or the rest of us; and that through a few good internal examples and a modicum of representative government has hope and mechanisms for improving itself.

This is an approach that will have to be adapted to suit each region. And in southern Iraq, it seems clear, it is time for the Iraqis to succeed or fail on their own.

Cheney Slams Iraq Plan Advocated By Dems (AP)

By Terence Hunt

AP, February 21, 2007

Vice President Dick Cheney on Wednesday harshly criticized Democrats' attempts to thwart President Bush's troop buildup in Iraq, saying their approach would "validate the al-Qaida strategy." House Speaker Nancy Pelosi fired back that Cheney was questioning critics' patriotism.

"I hope the president will repudiate and distance himself from the vice president's remarks," Pelosi said. She said she tried to complain about Cheney to President Bush but could not reach him.

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"You cannot say as the president of the United States, 'I welcome disagreement in a time of war,' and then have the vice president of the United States go out of the country and mischaracterize a position of the speaker of the House and in a manner that says that person in that position of authority is acting against the national security of our country," the speaker said.

The quarrel began in Tokyo, where Cheney used an interview to criticize Pelosi and Rep. John Murtha, D-Pa., over their plan to place restrictions on Bush's request for an additional $93 billion for the Iraq war to make it difficult or impossible to send 21,500 extra troops to Iraq.

"I think if we were to do what Speaker Pelosi and Congressman Murtha are suggesting, all we will do is validate the al-Qaida strategy," the vice president told ABC News. "The al-Qaida strategy is to break the will of the American people ... try to persuade us to throw in the towel and come home, and then they win because we quit."

In the interview, Cheney also said Britain's plans to withdraw about 1,600 troops from Iraq — while the United States adds more troops — was a positive step. "I look at it and see it is actually an affirmation that there are parts of Iraq where things are going pretty well," the vice president said.

Pelosi, at a news conference in San Francisco, said Cheney's criticism of Democrats was "beneath the dignity of the debate we're engaged in and a disservice to our men and women in uniform, whom we all support."

"And you know what I'm going to do? I'm going to call the president and tell him I disapprove of what the vice president said," Pelosi said. "It has no place in our debate." Bush had previously urged her to call him when a member of his administration stepped over the line by questioning Democrats' patriotism, she said.

Later, Pelosi said she had tried to reach the president but was only able to get through to White House chief of staff Josh Bolten.

Bolten said he was certain no one was questioning her patriotism or commitment to national security, she told reporters.

"I said to him perhaps when he saw what the vice president said he might have another comment," Pelosi said. White House deputy press secretary Dana Perino said Cheney "was not questioning anyone's patriotism." But she said Bush and Cheney believe that Pelosi and Murtha's "position to immediately pull out our troops would be harmful to our national security and that it is the wrong strategy to pursue."

As for Cheney's assertion that the partial British pullout is a sign that things are going well in Iraq, Pelosi said: "If it's going so well, we'd like to withdraw our troops as well."

Sen. Carl Levin, D-Mich., chairman of the Senate Armed Service Committee, said Britain's withdrawal, coupled with a Denmark's announcement to pull out its 460 troops by August, "accelerates the breakup of the coalition in Iraq."

He said the United States should reduce its forces "as a way of pressuring the Iraqis to take responsibility for their own future and to reach the political settlements that are essential to end the sectarian violence and defeat the insurgency."

Administration leaders, however, said Britain's decision was good news.

"The British have done what is really the plan for the country as a whole, which is to transfer security responsibility to the Iraqis as the situation permits," Secretary of State Condoleezza Rice said at a news conference in Berlin, where she was in meetings on the Mideast peace process.

National security adviser Stephen Hadley, at NATO headquarters in Brussels, said the decision "reflects the progress that has been made on the ground in Basra and in the south," where British troops were stationed.

"So this is basically a good news story, an indication that progress is being made, and that events on the ground permit this kind of adjustment in forces," Hadley said. Still, he acknowledged the violence in Baghdad and said, "I'm not saying this is an unalloyed picture of progress."

Cheney Says Democrats Won't Be Able To Stop Surge (HILL)

By Chris Good

The Hill, February 22, 2007

Vice President Dick Cheney said Wednesday he does not think Democratic congressional leaders will be able to stop President Bush from sending additional troops to Iraq.

Asked in an interview with ABC News whether Democrats had the power to stop the surge, Cheney said: "I don't think so. The question is whether or not they have the votes."

The vice president said he believes the strategy on Iraq that Democrats are pursuing is a "policy of defeat" and indicated that he views the passage of a non-binding resolution in the House last week as political posturing. However, Cheney, who is on a trip to Asia and Australia and was speaking on board the USS Kitty Hawk in Yokosuka, Japan, also said it is important that Congress debate the issue.

Some anti-war Democrats are exploring options on how they can prevent the troop surge and begin bringing soldiers home. While Democrats have maintained they support the troops serving in Iraq and would not cut off any funds if such a move

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could endanger the soldiers, considerations are under way whether Congress can use its constitutional power to prevent Bush's plan.

House Speaker Nancy Pelosi (D-Calif.) and Rep. John Murtha (D-Pa.), chairman of the Appropriations Subcommittee on Defense, support a plan that would place conditions on some war funds. Murtha wants to withhold funds if the Pentagon fails to meet standards of equipment, training, and time at home for newly sent troops.

Cheney asserted that, if Congress were to prevent the "surge," it would validate al Qaeda in its attempts to "break the will of the American people."

The vice president said Pelosi's plan of getting troops out of Iraq would have "devastating long-term consequences in the global war on terror.

"You can't look at Iraq in isolation," Cheney stated. "You can't quit in one place and then persuade all your allies who are helping you in all those other theaters, if you will, to continue the fight."

A Lack Of Courage In Their Convictions (WP)

By George F. Will

The Washington Post, February 22, 2007

Indiscriminate criticism of President George W. Bush is an infectious disease. Some conservatives seem to have caught it, but congressional Democrats might be crippled by it.

Consider some conservatives' reflexive rejection of the administration's achievement -- with China, Russia, South Korea and Japan -- of an agreement that might constrain North Korea's nuclear weapons program. Voicing the obvious with a sense of originality, critics exclaim that North Korea is a serial liar. And, echoing the equally reflexive disparagement of the agreement by some liberals, these conservatives say it is not significantly different from President Bill Clinton's 1994 agreement, which failed.

The new agreement might not bring Pyongyang to heel. It is, however, unlike that of 1994, in three particulars.

First, China was infuriated by North Korea's October nuclear test, which fizzled but expressed defiance of China. So now China seems amenable to serious pressure on its mendicant neighbor, which is substantially dependent on China for food and energy.

Second, the new agreement, like the 1994 pact, is an attempt to modify behavior using bribery. But under the 1994 agreement, North Korea got the bribe -- energy assistance -- before being required to change its behavior. Under the new agreement, North Korea will receive just 5 percent of promised oil -- 50,000 of 1 million tons of heavy fuel oil -- before it must fulfill, in 60 days, the first of the many commitments it has made.

Third, the administration believes it found, in Banco Delta Asia, a lever that moved Pyongyang. The Macau bank was pressured into freezing 52 accounts holding $24 million -- yes, million, not billion -- of North Korean assets because Pyongyang has been using them for illicit purposes. If Pyongyang flinched from being deprived of $24 million -- less than Americans spend on archery equipment in a month -- Pyongyang's low pain threshold suggests how fragile, and hence perhaps how containable, that regime is.

Regarding Iraq, the Democratic-controlled Congress could do what Democrats say a Democratic president would do: withdraw U.S. forces. A president could simply order that; Congress could defund military operations in Iraq. Congressional Democrats are, however, afraid to do that because they lack the courage of their (professed) conviction that Iraq would be made tranquil by withdrawal of U.S. forces.

So they aim to hamstring the president with restrictions on the use of the military. The restrictions ostensibly are concerned with preparedness but actually are designed to prevent deployments to Iraq.

Last Saturday, Senate Republicans blocked a vote on a resolution disapproving the president's policy because Democrats would not permit a vote on a resolution stating that the Senate will not cut off funds for troops in the field. That resolution would have committed the Senate to not taking the path that many Democrats already are tiptoeing down.

Suppose Democrats write their restrictions on the use of forces into legislation that funds the war. And suppose the president signs the legislation but ignores the restrictions, calling them unconstitutional usurpations of his powers as commander in chief. What could Democrats do? Cross First Street NE and ask the Supreme Court to compel the president to acquiesce in congressional micromanagement of a war? The court probably would refuse to get involved on the grounds that this is a "political question."

The court has held that some constitutional controversies should be settled by the government's political -- meaning elected -- branches. In 1962, the court said that a case involves a political question when there is:

" . . . textually demonstrable constitutional commitment of the issue to a coordinate political department; or a lack of judicially discoverable and manageable standards for resolving it; or the impossibility of deciding without an initial policy determination of a kind clearly for nonjudicial discretion; or the impossibility of a court's undertaking independent resolution

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without expressing lack of the respect due coordinate branches of government; or an unusual need for unquestioning adherence to a political decision already made; or the potentiality of embarrassment from multifarious pronouncements by various departments on one question."

In that welter of criteria there are reasons that the court will not rescue congressional Democrats from facing the logic of their posturing. They lack the will to exercise their clearly constitutional power to defund the war. And they lack the power to achieve that end by usurping the commander in chief's powers to conduct a war.

They can spend this year fecklessly and cynically enacting restrictions that do not restrict. Or they can legislate decisive failure of the Iraq operation -- withdrawal -- thereby acquiring conspicuous complicity in a defeat that might be inevitable anyway. A Hobson's choice? No, Nancy Pelosi's and Harry Reid's.

Cheney Visits An Australia Roiled By Guantánamo, Iraq (CSM)

By Nick Squires

The Christian Science Monitor, February 22, 2007

Prime Minister Howard has been a steadfast US backer, but his opinion poll rating took a hit ahead of Cheney's arrival.

Dick Cheney, perhaps the most powerful vice president in United States history, arrives in Sydney Thursday for a four-day visit.

Australian Army Black Hawk helicopters have been clattering over the city as part of counterterrorism exercises, as local police described Mr. Cheney as a "high risk" dignitary.

He is the most senior American visitor to Australia since President Bush addressed the joint houses of Parliament in Canberra in 2003.

But despite Australia's status as a steadfast US ally and broad public support for the country's troop deployment in Afghanistan, Cheney will encounter public anger over Australia's participation in the Iraq war and growing disquiet over the fate of the country's lone Guantánamo Bay detainee, David Hicks.

Cheney will be greeted Thursday by a big rally outside Sydney's Town Hall, organized by the Stop the War Coalition.

A Newspoll survey this week found 68 percent of respondents now believe it was not worth sending Australian troops to Iraq, and only 30 percent agreed with the government's view that they should remain "as long as necessary." More than a quarter of people interviewed wanted the soldiers brought home immediately.

Cheney's visit comes at an awkward time for Prime Minister John Howard, who has been in power for more than a decade but this week slumped to his lowest opinion-poll rating in six years.

Cozying up to the US is dangerous at a time when the Australian public is recoiling from the situation in Iraq, even though it may support the broader objectives of the war on terror.

Mr. Howard has so far ruled out reducing Australia's 1,450-strong force in and around Iraq.

But he may find that stance more difficult after British Prime Minister Tony Blair's announcement Thursday that he will start withdrawing British forces from the war-ravaged country.

The Australian public is also becoming increasingly concerned over the US administration's treatment of Guantánamo detainee Mr. Hicks.

A drifter and a former kangaroo hunter from the parched state of South Australia, Hicks was captured in Afghanistan with the Taliban in 2001 and handed over to US soldiers.

He has spent the past five years detained in Guantánamo Bay without any charges being filed against him.

It's not that Australians necessarily think he's innocent – clearly he was not in Afghanistan as a backpacker.

But they feel strongly that he deserves to face his accusers and be given a fair trial.

"For Howard, there are risks to this visit because the Bush administration is unpopular in Australia," says Michael Fullilove, director of the global-issues program at the Lowy Institute, a Sydney-based think tank. "The Hicks case contributes to the sense that all is not right. Here we are, a reliable ally, and he's been in custody for five years without a trial, unlike the British prisoners, who were sent home."

Australia has been one of America's most steadfast allies for more than 60 years. Australian "diggers" fought alongside GIs in World War II, Korea, Vietnam, and the first Gulf War.

While Australia's involvement in Iraq may be deeply unpopular, that is not to say that the country has been swept by anti-Americanism.

There is broad public support for Canberra's decision to deploy troops to Afghanistan, and residual sympathy for the horror Americans experienced on 9/11.

"I think Australians take a relatively sophisticated view of the relationship – they separate their feelings for the current incumbent with their attitude toward the alliance in general," says Mr. Fullilove.

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Last week, the government agreed to host a ground station for a US military satellite communications system on a remote stretch of desert coastline in Western Australia. There was barely a murmur of dissent, and the base is likely to be built without controversy.

"Even if Australians dislike the present administration, they support the alliance," says Gerard Henderson, executive director of the conservative Sydney Institute think tank.

With its small population, isolation, vast coastline, and position on the edge of Asia, Australia has always looked to a more powerful guarantor. First it was the British Empire and then, after 1942 and the fall of Singapore, the US.

But tough questions are now being asked about the government's apparently unconditional support for the Bush administration.

"We think it is time for Howard to say enough's enough to the man who more than anyone is responsible for creating the Iraq disaster on the basis of distorted intelligence and inflated dreams of remaking the Middle East," declared The Sydney Morning Herald in an editorial Thursday.

There will be a protest Friday outside the five-star Shangri-La Hotel, where Cheney will give a speech on US-Australian relations.

On Saturday he will hold talks with Howard on the Bush administration's decision to send a new "surge" of 21,000 combat troops to Iraq.

Cheney will also meet the new leader of the opposition Labor party, Kevin Rudd, who has pledged to withdraw Australia's 550 combat forces from Iraq should he win the next federal election, expected later this year. Another 900 sailors, airmen, and diplomatic protection detachments would remain in the region.

With criticism of the Iraq war mounting, Cheney may be grateful to get out of Washington for a few days. He arrived in Japan Tuesday for a quick visit to thank the country for contributing troops to both Iraq and Afghanistan, and was due to stop by the US Pacific Island of Guam on his way to Australia.

But his reception in Australia may provide scant comfort. "Cheney is unpopular here. He's perceived as a rather dour and private man," says Mr. Henderson. "And of course he's associated with Bush, who's never been popular here .... I doubt whether John Howard phoned up Cheney and said 'Now is a great time for you to visit.' But Howard is tribal – he stands by his mates."

Iraq Insurgents Use Chlorine In Bomb Attacks (NYT)

By Damien Cave And Ahmad Fadam

The New York Times, February 22, 2007

BAGHDAD, Feb. 21 — A truck bomb that combined explosives with chlorine gas blew up in southern Baghdad on Wednesday, and officials said it might represent a new and deadly tactic by insurgents against Iraqi civilians.

It was at least the third truck bomb in a month to employ chlorine, a greenish gas also used in World War I, which burns the skin and can be fatal after only a few concentrated breaths. The bomb killed at least two people and wounded 32 others, many of them sent to hospitals coughing and wheezing, police and medical officials said.

Iraqi and American officials said the use of chlorine seemed aimed at bringing a new level of fear and havoc to Iraq as a new security plan for Baghdad takes shape.

Lt. Col. Christopher Garver, an American military spokesman, said the attacks highlighted the fluidity of insurgent tactics in Iraq, dominated by militant groups that often notice and repeat attacks that attract the most attention and cause the most suffering.

Insurgents have shifted tactics to focus on helicopters, and on Wednesday one group forced down an American Black Hawk helicopter, the eighth such incident since Jan. 20. Roadside bombs have been adapted to punch through heavily armored Humvees. Attacks on Americans also now include coordinated assaults from multiple locations, with a mix of weapons and in at least one case, counterfeit American uniforms and vehicles.

“The enemy is adaptive,” Colonel Garver said. “The enemy wants to win.”

The Black Hawk attacked on Wednesday was forced into a “hard landing” after taking fire from heavy machine guns and rocket-propelled grenades in Diyala Province, north of Baghdad, the United States military said. There were no injuries. A Sunni insurgent group, the Mujahedeen Army, claimed responsibility for the attack in an Internet posting, according to the SITE Institute, which tracks postings by insurgent groups.

The bombing involving chlorine gas on Wednesday followed an explosion on Tuesday north of Baghdad of a tanker filled with chlorine that had been rigged to explode, killing nine people and wounding 148, including 42 women and 52 children. At least one other attack with chlorine took place on Jan. 28, according to the American military’s statements. Sixteen people were killed in that attack, in the Sunni-dominated Anbar Province, when a dump truck with explosives and a chlorine tank blew up in Ramadi.

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The attacks seem to have been poorly executed, burning the chemical agent rather than dispersing it, but more sophisticated weapons involving chlorine could injure hundreds and cause mass panic.

Though it is widely used in water purification and sewage treatment, chlorine is dangerous because it reacts with water in moist tissue, such as eyes and the respiratory tract, to create acid, which essentially burns tissue. A few breaths of air containing chlorine at a thousand parts per million can be lethal.

Nine people were killed and 250 injured in 2005 after a train crash in South Carolina in which 60 tons of liquefied chlorine was released — about six times more than what is contained in a home heating fuel truck like the one used in the attack on Tuesday.

Exposures at far lower concentrations, down to two parts per million, cause coughing, shortness of breath, chest pain, burning in the throat, nose and eyes, nausea and swelling of the lungs.

A few hours after the attack, American Humvees and a military vehicle with a nozzle that appeared to be testing the air encircled the scene. Soldiers were not wearing masks, but officials at Yarmouk hospital said they had determined through interviews and tests that chlorine was used in the attack.

Brig. Qasim Atta, an Iraqi government spokesman for the new Baghdad security plan, described chlorine attacks as a "filthy way" to harm vulnerable Iraqis.

Colonel Garver said that the chemical attacks could soon appear again. "It's no surprise that anti-Iraqi forces or terrorists or whoever is doing this are trying to replicate this kind of attack," he said. "They perceive that it's working."

The attacks on Tuesday and Wednesday also indicated that the Baghdad security plan had pushed the violence beyond the city's central neighborhoods, the focus of the new plan.

Maj. Gen. William B. Caldwell IV, a United States military spokesman in Baghdad, said that the "belt around Baghdad" had experienced an increase in attacks as Iraqi and American forces concentrated on neighborhoods within. At a briefing in the Green Zone, he said that top commanders were considering assigning at least one brigade to the ring around the city, and perhaps another to Diyala Province, which has been the site of vicious battles between Sunni insurgents and American and Iraqi troops.

The witnesses to the helicopter crash, also in Diyala, said that three helicopters, including a double-rotor Chinook, were flying at tree level when gunmen began firing antiaircraft machine guns from an area near an oil pipeline. A resident who would give his name only as Ali said the back of one helicopter burst into flames, leading the aircraft to turn sideways and plunge to the ground. Two other witnesses said they saw fire coming from the helicopter as it crashed around 1 p.m.

Violence broke out on Wednesday in the southern Shiite holy city of Najaf, when a suicide car bomber detonated as Iraqi security forces checked the car for weapons at a checkpoint into the center of city. The explosion occurred about a half a mile from the Imam Ali mosque, one of Shiite Islam's holiest shrines, and killed at least 11 people, the police said. Another 34 were wounded.

The American military also said a soldier had been killed by gunfire in a northern neighborhood of Baghdad and a marine had died from combat in Anbar Province, where American troops were battling Sunni insurgents. Both died Tuesday.

Meanwhile, despite the increased military effort, 20 bodies were found Wednesday in the capital, an Interior Ministry official said. In addition to the chlorine attack, four bombs ripped through areas of the city, killing at least six people, while mortar shells rained down on a Sunni neighborhood of western Baghdad, leaving three people dead.

The deadliest attack came about 5:30 p.m., when an abandoned car exploded in Sadr City, the largest Shiite area of the capital, killing at least four people, witnesses said.

Fatma al-Saiedi, 35, who was wounded in the explosion, said the attacks were a result of the new plan, which has replaced the Mahdi Army, a Shiite militia, with what she and some other residents say are incompetent Iraqi policemen and soldiers.

"We trusted the Mahdi Army," she said. "The Americans have arrested so many of them, and now this happens — every day, another car bomb. We expect there to be more of them."

Another Chlorine Gas Bomb Attack In Iraq (LAT)

By Borzou Daragahi

The Los Angeles Times, February 22, 2007

For a second consecutive day, a crude chemical weapon is used to target civilians, killing two.

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Rape allegations amid Iraq car bombings

BAGHDAD — For the second time in two days, suspected Sunni Arab insurgents Wednesday targeted civilians with a crude chemical weapon: a bomb attached to chlorine gas canisters that killed two people, sickened 25 and injured eight others.

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The attack was the third in a month involving a combination of explosive devices and chlorine. Though all three attacks were apparently botched, they hint at an ominous new tactic being cultivated by insurgents to subvert a U.S.-Iraqi security crackdown in Baghdad.

Violence around the country left at least 40 other Iraqis dead. An American soldier was reported killed in a small-arms fire attack a day earlier in Baghdad, and a U.S. Black Hawk helicopter was forced to make a hard landing Wednesday north of the capital amid reports of ground fire, the military said.

The chlorine gas attack took place on the road leading to Baghdad's airport. A car filled with chlorine gas cylinders exploded near a fuel station in a religiously mixed neighborhood.

The tactic was used the day before in Taji, north of Baghdad, when insurgents detonated a truck holding two chlorine gas tanks. Six people were killed, and scores more suffered nausea, vomiting and irritated eyes.

A suicide bomber also plowed a dump truck filled with explosives and a chlorine tank into the base of a rapid-reaction force near Ramadi on Jan. 28, killing 16 people. "There are no indications of any casualties caused by the release of chlorine gas," the U.S. military said at the time.

The use of chlorine gas weapons in warfare dates back at least to World War I, when Germans first used them in April 1915 to dislodge French soldiers from trenches. The weapons caused far more injuries than deaths.

Chlorine can burn the eyes, nose and throat and cause dizziness, nausea and vomiting. In higher doses — a few breaths at a concentration of one part per thousand — it can damage enough lung tissue to be fatal.

Chemists said that exploding high-pressure canisters are at best a crude way to disperse the green gas. Some would burn off, and the rest of the gas, which is heavier than air, would be unlikely to spread much beyond the blast zone.

Stephen Bradforth, a chemistry professor at USC, suggested that the most serious damage could be psychological.

An explosion "would launch a cloud of gas that is colored and highly corrosive and would lead to panic and more injuries," he said. "It's the chemical equivalent of a nail bomb."

The U.S. Black Hawk helicopter went down near Taji. "Indications are now — again, it's preliminary, but the indications are now that it was brought down by small-arms fire and … rocket-propelled grenades," Army Maj. Gen. William B. Caldwell IV, the chief U.S. military spokesman in Iraq, said on CNN.

The military said another helicopter landed and rescued the nine people aboard the Black Hawk. At least eight helicopters have crashed, been shot down or forced to make unplanned landings in just more than a month.

In Web postings, insurgents have announced plans to target U.S. aircraft in another new front to undermine the security effort. Helicopters have been increasingly used by American troops as a means of avoiding deadly roadside bomb explosions, but officials have said insurgents are finding new ways to target them.

The bodies of at least 20 unidentified men were found dumped throughout Baghdad, police said Wednesday. All were killed by gunfire. A late-afternoon car bomb explosion at a market in the Sadr City district of the capital killed three Iraqis and injured 30.

Several roadside bomb attacks in southern Baghdad killed at least three Iraqis and injured two.

Violence also erupted in the country's predominantly Shiite south, where U.S. and British-led forces have begun handing control over to Iraqi authorities.

In Najaf, home to influential Shiite Muslim seminaries and the most revered Shiite shrine in Iraq, a suicide bomber driving a Chevrolet Caprice detonated his explosives at a police checkpoint as officers were inspecting his vehicle. The blast spread wreckage, body parts and blood over 30 yards. At least 11 people were killed, including four policemen, and 37 were injured in the bombing, a Najaf hospital official said.

"My car was behind the car that exploded," said Ridha Mayoof, a 40-year-old taxi driver recovering at the hospital from shrapnel wounds. "I saw a huge flame coming out of the car in front of me. Bodies and parts of the car were flying."

In the southern city of Samawah, gunmen ambushed and killed Mohammed Hanoon, the deputy chairman of the provincial council, as he was leaving a mosque after morning prayers. Hanoon was the second member of the council assassinated in two months. A suspected former member of the late former President Saddam Hussein's intelligence services was shot dead in Kut, also in the south.

Authorities found an unidentified body in a drainage canal near Iskandariya, about 50 miles south of Baghdad.

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Special correspondent Saad Fakhrildeen in Najaf, special correspondents in Baghdad, Baqubah, Hillah and Taji, and Times staff writer Alan Zarembo in Los Angeles contributed to this report.

Three Die In Attack On Chlorine Truck (WP)

DOJ_NMG_0135226

By Ernesto Londono

The Washington Post, February 22, 2007

BAGHDAD, Feb. 21 -- A tank truck carrying chlorine exploded in western Baghdad on Wednesday, killing three people and wounding at least 25 in the second such attack in as many days, according to a spokesman for Iraq's Interior Ministry.

Brig. Gen. Sadoun Abdul Karim said that several people exposed to the fumes were taken to hospitals and that the explosion set vehicles and shops on fire.

The chlorine attacks appear to be among deadly tactics adopted by insurgents in recent weeks as the U.S. military and the Iraqi government launch a security plan that will include the deployment of thousands of soldiers to outposts in Baghdad. Insurgents have also displayed new prowess in shooting down U.S. helicopters.

The attack came on a day when the political scandal over the reported rape of a Sunni woman by Iraqi police officers escalated, with the Iraqi prime minister's office releasing what it said was a portion of the woman's medical record.

The medical file, e-mailed to reporters by Prime Minister Nouri al-Maliki's office, includes a highlighted handwritten note with the notation "no vaginal lacerations or obvious injury."

In a simple diagram of the front of the patient's body, there are numerous marks indicating bruises around her inner thighs and groin. There is also a mark indicating a bruise on her head. The woman said she hit her head against the wall as three uniformed police officers raped her Sunday.

The medical record was attached to a news release that said the woman was going to be sued for making up the story.

Maliki said Monday that the rape allegation would be thoroughly investigated by a committee. Hours later, however, he said the investigation concluded that the woman had fabricated the story, and he announced that the accused police officers would be honored.

Maliki, who leads a government dominated by Shiites, did not identify the officers or say why the accolades were justified.

It is unclear how Maliki's office obtained the medical record, but the disclosure of its contents was apparently intended to bolster the conclusion that her story was made up -- and thus defuse a particularly sensitive example of the country's sectarian strife.

The woman has been championed by Sunni politicians, and at least one insurgent group has vowed to carry out attacks against Iraqi security forces in her name. Arab news stations have repeatedly aired a tearful interview in which the woman describes the alleged sexual assault in graphic terms -- a highly unusual move in a country where sex is seldom discussed publicly.

A U.S. military spokesman said Wednesday that he could not immediately confirm the accuracy of the information in the woman's medical record. Military officials have acknowledged that the woman was treated Sunday at the U.S. military-run Ibn Sina Hospital in Baghdad's fortified Green Zone. But they have not disclosed what kind of treatment she received or whether specific tests for rape were administered.

"I don't know how they got it," Capt. John Fleming said about the medical record. "Our policy is we do not release that stuff."

Another U.S. military spokesman, Maj. Gen. William B. Caldwell, said during a news conference Wednesday that the woman was discharged Monday and was provided with a copy of her medical record.

Maliki also announced Wednesday the dismissal of Sunni official Ahmed Abdul Ghafour al-Samaraie, who ran the Sunni Endowment, a government agency that oversees Sunni mosques. Samaraie had called for an international investigation of the woman's allegations, and he said many women have been raped by the country's security forces, which are predominantly Shiite.

Violence continued in Baghdad and elsewhere in Iraq on Wednesday. Bombs exploded in Baghdad, Najaf and Kirkuk, killing at least 15 people, according to police in those regions.

A Black Hawk helicopter was shot down north of Baghdad by rocket-propelled grenades and small arms fire, according to the military. The military said in a statement that none of the nine soldiers aboard suffered serious injuries.

Also on Wednesday, the military disclosed the death of an American soldier killed in northern Baghdad on Tuesday. In addition, the military disclosed the death of a Marine killed Tuesday in Anbar province, in western Iraq. The names were not released.

Caldwell said the first week of the security plan brought a "significant" decrease in sectarian killings, but he noted that the body count remains high because of car bombs and suicide bombers. "The thing we have not been able to bring under control is the number of vehicle-borne IEDs, and in the last few days, the suicide vests," he said, referring to improvised explosive devices. "We think the tactics have slightly switched."

"The effects of the operation will not be seen in days or weeks but over the course of months," he said.

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Chopper Shot Down; All Aboard Evacuated (WT/AP)

By Sinan Salaheddin

The Washington Times/AP, February 22, 2007

BAGHDAD -- A U.S. helicopter was shot down and crashed north of Baghdad yesterday, the military said after initially stating that the chopper made a "hard landing." All aboard were safely evacuated by a second helicopter.

At least seven U.S. helicopters have crashed or been forced down under hostile fire since Jan. 20. Military officials have said that militants are increasingly targeting helicopters amid the buildup of U.S. troops in Baghdad, firing simultaneously with an assortment of weapons from different directions.

The military also has detected another deadly insurgent tactic in recent weeks -- the spreading of toxic chlorine gas by combining it with explosives.

In Washington, two Pentagon officials said the tactic has been used at least three times since Jan. 28, when a truck carrying explosives and a chlorine tank blew up in Anbar province west of Baghdad. More than a dozen people were reported killed.

On Tuesday, a tanker filled with chlorine exploded and noxious plumes covered homes and schools north of Baghdad. Nine persons were killed and 150 wounded, said one of the officials. A day later, a pickup truck exploded near a diesel-fuel station in southwestern Baghdad, the official said.

A third defense official said the United States has been concerned about militants' ability to acquire weapons like chlorine bombs. But so far, the official said, bomb makers in Iraq haven't been able to disperse a chemical such as chlorine in an effective way.

All three officials spoke on the condition of anonymity because of the sensitivity of the information.

In the latest violence, a suicide car bomber struck a police checkpoint in the Shi'ite city of Najaf, killing 13 persons in the spiritual heartland of the militia factions led by radical cleric Muqtada al-Sadr.

The blast hit while streets were filled with morning shoppers. At least seven of the victims were police and the rest civilians, authorities said. It was the first large-scale bombing in months in the city, which is heavily guarded by police and Sheik al-Sadr's powerful Mahdi's Army militia.

On Aug. 10, a suicide attack near the Imam Ali mosque in the city killed at least 35 persons and wounded more than 100.

A car bomb in the western Baghdad district of Bayya killed at least two and injured 31, police said. Later, a car bomb in the neighborhood killed at least three persons.

Elsewhere in Iraq, a U.S. Marine was killed Tuesday in fighting in volatile Anbar province, the military said.

Meanwhile political tremors grew stronger in Iraq following claims that a Sunni woman was raped while in custody of the Shi'ite-dominated police -- a case that threatens to escalate the sectarian friction that drives many of the bombings and attacks across the country.

Iraq Insurgents Again Use 'Dirty' Attack (AP)

By Brian Murphy

AP, February 22, 2007

BAGHDAD, Iraq -- Insurgents exploded a truck carrying chlorine gas canisters Wednesday -- the second such "dirty" chemical attack in two days -- while a U.S. official said ground fire apparently forced the downing of a Black Hawk helicopter. All nine aboard the aircraft were rescued.

The attacks offer a sweeping narrative on evolving tactics by Sunni insurgents who have proved remarkably adaptable.

Military officials worry extremists may have recently gained more access to firepower such as shoulder-fired anti-aircraft rockets and heavy machine guns -- and more expertise to use them. The Black Hawk would be at least the eighth U.S. helicopter to crash or be taken down by hostile fire in the past month.

The gas cloud in Baghdad, meanwhile, suggests possible new and coordinated strategies by bombers trying to unleash toxic -- and potentially deadly -- materials. "Terrorists are using dirty means," said Brig. Gen. Qassim Moussawi, an Iraqi military spokesman.

Lt. Col. Christopher Garver, a U.S. military spokesman, said initial reports indicated the chopper was brought down by "small arms fire and rocket-propelled grenades" north of Baghdad, but gave no further details. All nine aboard were taken away on a rescue helicopter, he said.

In Baghdad, a pickup truck carrying chlorine gas cylinders was blown apart, killing at least five people and sending more than 55 to hospitals gasping for breath and rubbing stinging eyes, police said.

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On Tuesday, a bomb planted on a chlorine tanker left more than 150 villagers stricken north of the capital. More than 60 were still under medical care on Wednesday. Chlorine causes respiratory trouble and skin irritation in low levels and possible death with heavy exposure.

In Washington, two Pentagon officials said the tactic has been used at least three times since Jan. 28, when a truck carrying explosives and a chlorine tank blew up in Anbar province. More than a dozen people were reported killed.

A third Pentagon official said the United States has been concerned about Iraqi militants' ability to get weapons like chlorine bombs and use them effectively. But the official cautioned that chlorine bombs are just one threat on a long list of possible attacks that Iraqi fighters may try to carry out.

It was unclear whether the confluence of new insurgent tactics -- attacking isolated combat posts, targeting helicopters more intensely and using chlorine bombs -- was coincidental or in response to the U.S. troop increase.

W. Patrick Lang, a former official at the Defense Intelligence Agency, said the insurgents are always "seeking to achieve higher levels of effectiveness" and these new tactics are part of the normal "evolution of sophistication."

Lang said trucks filled with chlorine gas are "really quite deadly" because the gas is potent and spreads easily.

Some authorities believe militants could be trying to maximize the panic from their attacks by adding chlorine or other noxious substances.

"It is an indication of maliciousness, a desire to injure and kill innocent people in the vicinity," said Garver, who also predicted militants may begin to launch similar attacks because of the widespread mayhem caused by this week's chlorine clouds.

"If there is a particular success, we'll see copycats. ... They certainly pay attention to what they think is successful," he said.

In Najaf, meanwhile, a suicide car bomber killed at least 13 at a police checkpoint. The attack fit a pattern that's believed to drive much of Iraq's recent violence: Sunni militants seeking to provoke majority Shiites into a full-blown sectarian conflict that would leave Washington's plans in ruins.

It was the first major bombing in more than six months in Najaf, an important Shiite pilgrimage site 100 miles south of Baghdad and also the headquarters of radical Shiite cleric Muqtada al-Sadr, head of the Mahdi Army militia.

The Najaf blast hit while streets were filled with morning shoppers. At least seven of the victims were police and the rest civilians near a checkpoint -- part of the city's security cordon that includes Mahdi Army militiamen, who battled U.S. forces in the area in 2004.

More than 40 people were wounded in the blast, which sent body parts and blood over a wide boulevard. Crews stuffed limbs and bits of flesh into cardboard boxes.

In Baghdad, another Mahdi Army center was hit. A car bombing in the teeming Sadr City district killed at least three.

National Guard May Undertake Iraq Duty Early (NYT)

By David S. Cloud

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — The Pentagon is planning to send more than 14,000 National Guard troops back to Iraq next year, shortening their time between deployments to meet the demands of President Bush's buildup, Defense Department officials said Wednesday.

National Guard officials told state commanders in Arkansas, Indiana, Oklahoma and Ohio last month that while a final decision had not been made, units from their states that had done previous tours in Iraq and Afghanistan could be designated to return to Iraq next year between January and June, the officials said.

The unit from Oklahoma, a combat brigade with one battalion currently in Afghanistan, had not been scheduled to go back to Iraq until 2010, and brigades from the other three states not until 2009. Each brigade has about 3,500 soldiers.

The accelerated timetable illustrates the cascading effect that the White House plan to increase the number of troops in Iraq by more than 21,000 is putting on the entire Army and in particular on Reserve forces, which officers predicted would face severe challenges in recruiting, training and equipping their forces.

It also highlights the political risks of the White House's Iraq strategy. Sending large numbers of reservists to Iraq in the middle of next year's election campaign could drive up casualties among part-time soldiers in communities where support for the administration's approach in Iraq is already tenuous, according to opinion polls.

A final decision on whether the additional Guard units will be required next year in Iraq will not be made for months, the officials said, and the full extent of the Guard role next year will depend on whether the situation in Iraq improves in the meantime.

It has been clear since Mr. Bush announced his plan last month that additional reservists could be required in Iraq, but the numbers and the identity of the specific units involved had not been previously disclosed.

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Changing the reservists' schedules means abandoning previous promises that they would get several years between deployments. And the acceleration means that soldiers who usually drill just once a month and for a few weeks in the summer will have to begin intensive preparations right away.

"We're behind the power curve, and we can't piddle around," Maj. Gen. Harry M. Wyatt III, commander of the Oklahoma National Guard, said in an interview. He added that one-third of his soldiers lacked the M-4 rifles preferred by active-duty soldiers and that there were also shortfalls in night vision goggles and other equipment. If his unit is going to be sent to Iraq next year, he said, "We expect the Army to resource the Guard at the same level as active-duty units."

He also noted that one of the brigade's battalions that could deploy to Iraq next year was now in Afghanistan and was not scheduled to return until April, which would leave its soldiers with just over a year at home before having to leave for Iraq in June 2008. He said discussions were under way with top Army officials about providing necessary equipment and extra compensation for reservists in the Oklahoma Guard's 45th Brigade Combat Team if the unit was sent back to Iraq two years earlier than planned.

Capt. Christopher Heathscott, a spokesman for the Arkansas National Guard, said the state's 39th Brigade Combat Team was 600 rifles short for its 3,500 soldiers and also lacked its full arsenal of mortars and howitzers.

Of particular concern, he said, is the possibility that the prospects of going to Iraq next year could cause some Arkansas reservists not to re-enlist this year. Over the next year roughly one-third of the soldiers in the 39th will have their enlistment contracts expire or be eligible for retirement, Captain Heathscott said.

Guard and Reserve units were used most extensively in Iraq and Afghanistan in 2004, and have regularly supplied brigades throughout the fighting. The reinforcements now heading for Iraq will raise the number of combat brigades now in Iraq, only one of which is a Guard unit, to around 20 total. Thousands of additional Reserve support troops would also be required sooner, officials said.

To draw more heavily on Reserve units, the Bush administration announced in January that it was revising rules that limited call-ups of Guard members. The previous policy limited mobilization of Guard members to 24 months every five years, but prolonged and large deployments in Iraq and Afghanistan led the Pentagon to abandon that rule.

The new guidelines allow units that have already been deployed in the last five years to be called up again, but the Pentagon has said that it will try to limit the total time Guard units are mobilized to a year, instead of the current year and a half to two years.

Given that they would be in Iraq for about nine months, that would leave only three months for training before they go. In the past, six months of training has been the norm before heading to the war zone.

To make up the difference, officials said the soldiers would get more part-time training, close to home, before being mobilized. That would cut the time they have to spend away from their jobs and families, Captain Heathscott said.

Military Tells Congress Of Equipment Shortfalls (POL)

By Christian Lowe

The Politico, February 21, 2007

In a move sure to provide ammunition to congressional critics of the Iraq war, military commanders have given Congress a long list of equipment and reconstruction needs totaling nearly $36 billion, denied earlier by the administration in its $481 billion defense appropriations request for the new fiscal year.

The lists come as Democratic leaders, who control both the House and the Senate, consider a new legislative strategy to restrict President Bush's ability to prosecute the war and, eventually, force a U.S. withdrawal.

The Army and Marine Corps say they need more than 5,000 armored vehicles, another $153 million for systems that defend against the deadly improvised explosive devices in Iraq and $13 million in language translation systems.

In an annual exercise initiated by the ranking member of the House Armed Services Committee, the military service chiefs were asked to forward spending priorities for the new 2008 fiscal year that either Pentagon budget planners or White House budget officials struck from the services' original requests. Lawmakers use the list to gauge where military commanders see shortfalls and to justify additions to the appropriations.

"Given the operational demands that Operation Iraqi Freedom and the Global War on Terrorism are placing on the services, it is more important than ever that Congress be aware of these unfunded requirements in order to fulfill its constitutional duty of providing adequate resources for our Armed Forces," wrote Rep. Duncan Hunter, R-Calif., in a Jan. 17 letter to the service chiefs requesting the lists.

Last week, the chairman of the House Appropriations Defense Subcommittee, Rep. John P. Murtha, D-Pa., began to lay out his strategy to restrict funding for the president's plan to "surge" another 21,500 combat troops into Iraq until all Army and

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Marine units are certified as fully manned and equipped. And the list of unfunded projects could be used by him and other war critics to dramatically demonstrate shortfalls faced by the services.

The Army's $10.3 billion list includes $2.2 billion for 2,500 special vehicles to better protect troops against roadside bomb attacks. The Marines have asked for another 2,700 of the vehicles, totaling $2.8 billion.

The lack of armored vehicles has been a heated topic of debate on Capitol Hill as lawmakers consider a $93.4 billion wartime appropriation to finish the current fiscal year, another $141 billion in wartime funding bill for fiscal 2008, as well as the regular 2008 defense appropriations bill.

Though not carrying the brunt of the combat in Iraq or Afghanistan, the Navy detailed $5.6 billion in unfunded needs. And the Air Force issued a request for a $16.9 billion.

Their lists include some items that could prove controversial, such as a Navy request for $1.7 billion for an additional amphibious ship and $720 million to buy 12 F/A-18 Hornet fighter jets.

The Air Force wants two new C-17 transport planes at more than $1 billion, and $448 million for executive jets used by military commanders and government officials.

A Retreat From Big Cities Hurts ROTC Recruiting (WSJ)

By Greg Jaffe

The Wall Street Journal, February 22, 2007

Though Army Seeks More Ethnic Officers, It Shuns Northeast

QUEENS, N.Y. -- The ROTC program at St. John's University here seems perfectly placed for an Army that's desperate for officers who are bilingual and comfortable in foreign lands. About 40 of the 120 students speak second languages, including Turkish, Korean, Mandarin, Hindi, Albanian, and Gujarati.

"I had never even heard of Gujarati until I learned I had a cadet who spoke it," says Lt. Col. Timothy Walter, who heads the program.

But instead of being hailed as a model for the Army's future, the St. John's Reserve Officer Training Corps program is a lonely outpost of diversity. In the past few decades, the Army has pulled its officer training and recruiting programs out of the Northeast and big, ethnically diverse urban centers, choosing to concentrate on campuses in the South and Midwest. 1

There is no Army ROTC program in the Detroit area, with its large middle-class Muslim population, and only one in Miami and Chicago. In New York City, which produced more than 500 military officers a year in the 1950s and early 1960s, the two remaining ROTC programs last year yielded 34 Army officers.

In contrast, Alabama, which has a student population that is about one-fourth the size of the state of New York, has 10 ROTC programs that last year produced 174 Army officers. The South generates about 40% of all Army officers, according to Pentagon statistics.

An officer's background didn't matter so much when the U.S. was focused on fighting big armies in large conventional battles. These days, though, U.S. success in places like Iraq and Afghanistan hinges on the ability of Army officers to win the trust of a suspicious and often culturally alien population. Officers must court sheiks and warlords and work closely with indigenous security forces.

At a time when the country is growing more and more diverse, the Army is struggling to build an officer corps that takes full advantage of America's multiethnic society. There are only about 1,500 Muslims in a force of about 500,000 soldiers. Arabic speakers are in critically short supply throughout the force, say senior Army officials. Even in those cities, like New York, where the Army maintains ROTC, it is undermanned and culturally out-of-synch with the people it is trying to recruit.

"We've been very shortsighted," says retired Gen. Jack Keane, who served as the Army's vice chief of staff until he retired in 2004. "We have leaders in the Army who are uncomfortable in big urban areas. They feel awkward there."

The Army's retreat from urban areas has complex roots, from antimilitary sentiment in big cities in the wake of the Vietnam War to simple economics. Urban ROTC programs have generally produced fewer cadets and are considered poorer investments than programs at large campuses in the South. Internal Army studies say the best ROTC candidates are students whose parents have served in the military and enjoy physical activity. "They may have rafted, canoed, rock climbed or sky dived," an internal Army report states. Prime candidates also have served in leadership positions at school.

ROTC, which is open to full-time college students, produces officers who are the professional and intellectual core of the Army. The program graduates about 4,000 officers a year and supplies two-thirds of the Army's officer corps. Cadets must attend classes at least twice a week and work out in the mornings three times a week. The other officers come from West Point, which produces about 900 graduates a year, and the Army's Officer Candidate School at Fort Benning, Ga. ROTC graduates typically agree to serve eight years in the military after they graduate. The time can either be spent on active duty or in the reserves.

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To prepare soldiers better for dealing with local populations, the Army has added language and cultural-awareness classes. At West Point, for example, cadets in the Social Sciences Department spend three days each year in Jersey City, N.J., a city of about 250,000 that includes large numbers of Muslims, Hindus and Egyptian Coptic Christians. The West Point cadets meet with local political and religious leaders. They spend the night in a mosque, meet with the Imam there and observe evening and morning prayers. During their last trip they were treated to a homemade feast from Hindu, Egyptian and Coptic Christian communities.

"The goal is to help cadets understand how a big, diverse, ethnic population works," says Maj. Stephanie Ahern, who oversees the trip.

But when it comes to recruiting officers from Jersey City, the Army has taken a pass. It closed its only two ROTC programs in Jersey City in the mid-1990s because they weren't producing many officers.

The Army's shift South began in the late 1960s at a time when anger over the war in Vietnam was prevalent on many Northeastern campuses. At some high-profile schools, like Harvard, Yale and Columbia, disagreements between the military and school administrators drove ROTC off campus. Many small Southern schools actively courted the military by setting aside new buildings for ROTC programs.

As the Army shrunk after the Cold War, it also shuttered large numbers of bases in the Northeast and relocated troops to sprawling facilities in the South and Midwest which were far from population centers and offered big training ranges. As a result, urban students today have far less exposure to the military, making them harder and more costly to recruit and retain in ROTC programs.

"We want to produce an officer corps that is fully reflective of the rich ethnicity and cultural diversity of our country," says Maj. Gen. Montague Winfield, who oversees the Army's ROTC programs nationwide. But, he says, the Army must also focus its money and personnel on areas that are likely to produce the largest number of high-quality officers at the least cost to taxpayers.

Last year, Cadet Command, which oversees training and recruitment of ROTC officers, came up 450 officers short of its goal of producing 4,500 second lieutenants. This year, the command will get about $175 million for scholarships to bring in more cadets, twice what it received in 2001. But it won't get additional officers and sergeants to expand programs to more campuses in urban markets.

"We are in a resource-constrained environment," says Gen. Winfield.

No place shows the shortcomings and the potential of urban ROTC programs better than New York. Created after World War II, ROTC was a big presence on campuses throughout New York City. The City College of New York, for example, swelled with more than 1,500 cadets in the 1950s, making it among the largest in America. Its most famous graduate is Gen. Colin Powell.

In the early 1970s, the Army began to leave the city. From 1968 to 1974, the Army closed 43 ROTC programs in the Northeast and opened 45 new programs in the South. In the early 1990s when the Army was downsizing at the end of the Cold War, it closed 70 more programs, including its remaining programs in Manhattan and Brooklyn.

For many Army officers and senior sergeants today, New York is an alien place. Master Sgt. Darrel Jolley got his papers sending him to teach at St. John's University while he was in Iraq. The official Army order listed his assignment as "Jamaica, Queens." "I thought I was going to the island of Jamaica," he says. When he found out he was going to New York, the 43-year-old sergeant says he tried to get out of the assignment. He failed.

Driving through Brooklyn and Queens Sgt. Jolley said he was initially taken aback by the clamor and the large number of people who looked as if they recently arrived from the Middle East. "There were times when I felt like I was back in Iraq. There were people dressed in those man-dresses that they wear in Iraq. The women had veils. I know I shouldn't say this, but it made me want to look for IEDs," he says, referring to improvised explosive devices.

It wasn't just the city that felt foreign. The ROTC students were also different. Many spoke with heavy accents and struggled with their English. About half of the cadets were female, a big change from Fort Bragg in Fayetteville, N.C., where he served in all-male units. Standing before his first class, Sgt. Jolley says he felt compelled to preemptively apologize for anything he might say to offend the students.

Three years into his St. John's assignment, where he teaches courses in military science, Sgt. Jolley has formed strong bonds with his cadets. Among those with whom he has formed closest ties is Yesim Yaktubay, a 20-year-old junior who attends St. John's on a ROTC scholarship.

Ms. Yaktubay, who migrated to the U.S. at age 10 from Turkey, says she was drawn to ROTC because she needed money for school and wanted to travel. Her father works as a carpenter in Queens and her mother is a homemaker. Her parents initially tried to talk her out of joining the military, and remain troubled by the Iraq war, she says. "They are from the Middle East. They have family over there and they were worried the war would spread to Turkey," she says. Her mother "kept saying I was going to

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get hurt or killed," Ms. Yaktubay says. Like many of the St. John's cadets, Ms. Yaktubay says she has her doubts about the wisdom of the war but "I support our troops."

As one of a handful of Muslims in the St. John's program, Ms. Yaktubay says she frequently finds herself answering Sgt. Jolley and her fellow cadets' questions about Islamic culture. The questions range from mundane queries about dietary laws to more serious ones about the role of jihad in the religion.

Ms. Yaktubay says she hopes her background growing up as an immigrant and a Muslim will make her a better officer. She plans to go into military intelligence. "I think it will help me understand people better, particularly their cultural differences and their background," she says.

Initially Ms. Yaktubay had her doubts about Sgt. Jolley, a broad-shouldered infantry soldier from western Pennsylvania. "We all expected him to be meaner and really push us," she says. Although her grades are strong, Ms. Yaktubay struggled with the Army physical-fitness test. Sgt. Jolley skipped lunch and took extra time in the evenings to help her and other recruits cut their time in the 2-mile run. "He has become like a second dad to me," she says.

Jessica Jurj came to the U.S. from Romania at age 14 and attends John Jay College of Criminal Justice, part of the City University of New York system in Manhattan. She struggled with her grades her freshman and sophomore years because she was working as much as 50 hours a week to support herself.

Today she is one of the leaders of the Fordham ROTC program in the Bronx. Her teacher, Lt. Col. Randy Powell, who runs the program, recalls how several years ago, he took the unit he was leading to an exercise with the Bulgarian military. "I was unprepared for the level of poverty," he says. "Having Jurj on my staff would have been a huge help."

The two remaining New York City programs -- at St. John's and Fordham -- are both fragile. Cadets often have long commutes involving buses and trains to reach them. Ms. Jurj says she has to get up at 4 a.m. to make it from Queens to her 6 a.m. mandatory Saturday ROTC class at Fordham. On days when she sleeps late she has to pay $40 in cab fare.

Without aggressive leadership, the programs can also quickly falter. In 2000, the ROTC program at Fordham University in the Bronx was producing about five officers a year and was on the verge of being shut down. The officers, who ran the program, rarely left the Fordham campus to recruit cadets.

Today it yields about 25 officers a year. A key player in the turnaround is Maj. Mike Hoblin, a Fordham ROTC grad and native New Yorker who was assigned to the program at its low ebb. Shortly after he arrived, Maj. Hoblin began offering ROTC classes at Fordham's campus in Lincoln Center, easing the commute for students who attend colleges in Manhattan, such as Columbia and New York University. Today the Fordham program has nine cadets from NYU, up from none in 2000.

But Maj. Hoblin also looked beyond the elite campuses. He focused attention on John Jay and City College of New York, two of some 20 schools in the 200,000-student CUNY system. At the time the CUNY system was producing virtually no ROTC candidates. He started attending career days and built relationships with professors and administrators who had connections to the military. Today, about 25% of the 112 cadets attending the ROTC program based at Fordham are from CUNY schools.

Even as he was expanding the Fordham program, Maj. Hoblin says he was struck by the missed opportunities in New York, particularly on the immigrant-heavy CUNY campuses, where there is no ROTC presence. "I have always found that first-generation immigrants in New York City are eager to serve," he says.

U.S. To Investigate Iraq Rape Case (USAT)

By Oren Dorell

USA Today, February 22, 2007

BAGHDAD — The U.S. military said Wednesday that it will launch its own investigation into an alleged rape that has created a furor among Iraq's Sunnis and bitterly split the country's government.

Gen. David Petraeus, the top U.S. commander in Iraq, ordered an investigation into allegations by a 20-year-old Sunni woman who said she was raped last week by members of Iraq's Shiite-dominated police force.

Iraqi Prime Minister Nouri al-Maliki cleared the three police officers Tuesday following an investigation that lasted less than a day. He announced an unspecified reward for the officers and said the rape charge was fabricated to discredit the U.S. and Iraqi security crackdown in Baghdad.

Al-Maliki on Wednesday fired a leading Sunni official who had called for an international investigation.

Maj. Gen. William Caldwell, top spokesman for the U.S. military here, announced Petraeus' decision to look into the allegations. Caldwell said U.S. doctors originally treated the woman and kept her overnight at a U.S. military hospital.

"What I can tell you is that at a point on Sunday evening an Iraqi woman was brought to our medical facility," he said. "She was put under the care of our medical personnel there, and sometime early Monday morning she was released."

The results of the U.S. investigation will be provided to Iraqi officials after they make a decision "on how they are going to move forward" with the judicial process, Caldwell said.

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Ahmed al-Samaraie, the Sunni official fired by al-Maliki, said the woman's allegations were not unique.

"Many girls are raped, but they refuse to appear in the media so as not to tarnish their reputations," he said. Al-Samaraie heads the Sunni Endowment, which cares for Sunni mosques and shrines in Iraq.

The incident has fired public sentiment in a city riven by tension between Sunnis and majority Shiites.

"Everybody is talking about her and laughing at her, on the bus, on the streets, my family and all my friends," said A'mer Ameer, 35, a Shiite in Baghdad's Karada neighborhood. In TV interviews, the accuser was too calm to be believable, he said. "I think it's a game to destroy the security plan after (Sunni extremists) see it's starting to give good results."

Sunni students in Mosul rallied to demand a new government probe.

Farooq Ihssan, 33, from Baghdad's Ameriya district, said Sunnis at his mosque were urged to protest today. "Shame on every Iraqi who says this woman is a liar," Ihssan said.

Ahmed Abdullah, 29, a Sunni from Zaiona, had doubts. "I don't believe that Iraqis will rape a woman. We don't have such a culture. We might kill, behead or do torture, but rape — I don't think so," he said.

Rape is considered not only an assault on the victim but a grave offense against her entire family and community. The allegations harkened back to the dark years of Saddam Hussein's rule, when wives and daughters were raped in front of their husbands and fathers to exact confessions from the men.

Television stations in Egypt and the Persian Gulf have reported extensively on the case since Monday.

Maliki Fires Official For Criticizing Response To Rape Account (NYT)

By Marc Santora

The New York Times, February 22, 2007

BAGHDAD, Feb. 21 — Prime Minister Nuri Kamal al-Maliki fired a top Sunni official on Wednesday after he criticized the government's handling of a young Sunni woman's account of being raped by members of the Shiite-dominated security forces.

Mr. Maliki, responding to criticism that his Shiite-led government was rushing to discredit the woman's account because she is Sunni, also released what he said was evidence that she was lying, including a medical report that he said had come from an American-run hospital where the woman had been treated.

Maj. Gen. William B. Caldwell IV, the chief American military spokesman, said that the hospital had given only the woman a copy of the medical report and that it was unclear whether Mr. Maliki's document was genuine.

A copy of Mr. Maliki's document, obtained by The New York Times, shows it to be inconclusive. It says the subject had no vaginal tearing, but notes bruises on her thighs. In an extremely unusual broadcast on Al Jazeera on Monday night, the woman said she had been beaten with a water hose during the attack.

It was also unclear if Mr. Maliki had the authority to fire the Sunni official, Sheik Ahmad Abdul Ghafur al-Samaraei, who runs the Sunni Endowment, an organization that cares for Sunni mosques and shrines in Iraq.

Mr. Samaraei, in an interview, said Mr. Maliki might need approval from a specific government council to fire him. The article in the Constitution cited by Mr. Maliki does not seem to be clear on this point.

But Mr. Samaraei said he was not surprised.

"Maliki is fed up with me talking about all the terrible things that are happening to Iraqis, whether it is killing, kidnappings or illegal arrests," he said. He said he had met with many Sunni women who confided that they had been raped by government soldiers.

It was the third day that Sunni and Shiite leaders bitterly debated the handling of the woman's charges.

It is almost unheard of in this Islamic country for a victim of rape to publicly acknowledge the crime, much less go on television. Sectarian motivations aside, Iraqi politicians, both Sunni and Shiite, seemed to be at a loss for how to deal with the topic publicly and at the same time delicately.

In the broadcast account, the woman said that after she was taken from her home in the west Baghdad neighborhood of Al Amil on Sunday, she was raped by at least three members of the National Police.

General Caldwell said she was treated at an American-administered hospital in the Green Zone. American military officials did not elaborate, saying only that they were trying to make sense of the case themselves.

On Wednesday, Sunni and Shiite leaders called news conferences to condemn one another.

Abdul Nasir al-Janabi, a leader in the Tawafiq bloc of Sunni political parties, said the government was covering up many rapes of Iraqi women by the security forces. He threatened that Sunni parties might withdraw from the government if their concerns were not addressed.

He also sought to rally support from the broader Sunni Islamic world, calling on "the international Arab and Muslim conscience to raise its voice and condemn these indescribable crimes."

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Mr. Janabi and other Sunni leaders pointed out that it was only a matter of hours before the prime minister shifted from calling for an investigation of the woman's allegations to denouncing her as a liar and criminal and praising the officers involved.

The criticisms quickly escalated from specific concerns about the woman's case to the broader security crackdown in Baghdad, which Mr. Maliki is in charge of organizing.

Mr. Janabi joined other Sunni leaders in condemning the plan as a sham meant to allow Shiite militias to go into hiding while Sunnis were harassed.

Mr. Maliki, on the other hand, found the harsh comments from Sunni leaders to be further proof that the woman's claims had been fabricated and aimed at undermining his authority and the credibility of the security plan. His office released a defiant, at times confusing, statement.

"We expected this fabricated propaganda," the statement said. "The purpose of this is to obstruct and distort the law enforcing plan."

The Maliki administration contended that the clothes of a person who had been kidnapped by Sunni militants had been found in the woman's home. The person's body, the statement said, "was found buried in another house."

The woman first came under suspicion of aiding militants, according to the document, when a police officer "saw her cooking for a large number of people while she was alone in the house." This happened again, the release said, and the woman was preparing enough food to feed "more than 10 people."

The statement twice cited American involvement to bolster the claims, including that military advisers were "present in all stages of arrest, transportation of the complainant and interrogation."

General Caldwell, the American military spokesman, did not confirm that. While acknowledging that she had been admitted to an American-run medical facility on Sunday, he refused to divulge details of her treatment or examination.

In the statement to news organizations, Mr. Maliki went beyond trying to prove that the woman had not been raped, implying that she was unmarried and having an affair.

Iraq Rape Charge Stirs Sectarian Storm (CSM)

By Scott Peterson

The Christian Science Monitor, February 22, 2007

A Sunni woman says she was assaulted by Shiite police, but Iraq's Prime Minister says the charge is bogus.

The armored convoy of Iraqi officials rolled into a police garrison in southwest Baghdad Wednesday to investigate highly charged claims of rape by a Sunni woman against Shiite police commandos.

They brought with them Sabrin al-Janabi, the alleged victim and the center of a political firestorm that has spread across Iraq in the aftermath of these rarely public allegations. Iraq's deputy minister of interior aimed to see if he could identify the perpetrators, to calm claims that are being amplified by politicians and fueling sectarian tensions.

Indeed, Iraq is a country where perception, instead of fact, often defines wartime realities.

Even before the details of the case could be determined, Iraqis heard competing claims by the alleged Sunni victim broadcast on TV and a Shiite premier who says the charges have been fabricated to undermine the US-Iraqi security plan in Baghdad.

Interviews with officers who jailed Mrs. Janabi (a nickname used by the woman), witnesses to her brief arrest, and other sources cast doubt on the rape claims. US officers – who were apparently present in the garrison during the alleged incident, Iraqi officers claim – have so far not provided their version of events.

In the latest sign of the toll taken on Iraq's fragile unity government, Prime Minister Nouri al-Maliki Wednesday fired a top Sunni official, the head of the Sunni Endowment board, whose group declared the "horrific crime" to be proof that the Baghdad crackdown is a failure.

Mr. Maliki states that medical tests show the woman "had not been subjected to any sexual attack," and that there are three outstanding arrest warrants against her. Maliki's office Wednesday released a one-page medical report, typical of those used in US military facilities here, that appeared to prove that point. The handwritten words "no vaginal lacerations or obvious injury" are clear, though the place for the name is covered by a sticker with a number.

In a statement, the premier blamed "certain parties" for trying to "sow confusion about the security plan and tarnish the reputation of our forces," adding that the three falsely accused officers would be "rewarded."

But Janabi's claims and Maliki's handling of the case are sparking outrage among Sunnis.

"One of them put his hand on my mouth so no one outside the room could hear me," Janabi said on television. "I told them 'I did not know that an Iraqi could do this to another Iraqi.' "

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Iraqi officers interviewed at the garrison and involved in the arrest in the Al Amel district dispute those claims, saying that Janabi spent only 20 minutes in the office of the garrison commander with several Iraqis asking questions. They were in the constant presence of US soldiers inside the room, says an Iraqi major who asked not to be named.

Sunni leaders have already accused the US and Shiite-led government of singling out their neighborhoods for clearance in the security plan; the rape charges fed those concerns.

Mahmoud al-Mashadani, the Sunni speaker of parliament, warned that "if you [Maliki] don't bring justice to this Muslim Iraqi woman, whom you should view as your sister or daughter, history will curse us with eternal disgrace."

The Islamic Army in Iraq, a major Sunni insurgent group, vowed on its website that they would "not sleep or be satisfied until we avenge you and every free woman who was stripped of her virtue and dignity."

The group called on its militants to "focus" their attacks against Iraqi troops, especially police commandos, in a campaign that for the next month would be called "Sabrin," after the alleged victim.

US soldiers, whom the woman claimed had helped free her from the Iraqi police commandos, have yet to confirm such a role. The woman "received care" at a US hospital in the Green Zone overnight Sunday, said a US spokesman.

"Many of the events and circumstances surrounding this alleged assault are still being pulled together ... to establish what may or may not have happened," Maj. Gen. William Caldwell told a press conference Wednesday. The top US commander in Iraq has appointed a military lawyer to examine the case.

Rape is a taboo topic in Iraq, and lethal revenge, even against the female victim by male family members, is not punishable under the law.

The saga began Sunday when the woman was detained along with about 10 suspected Sunni insurgents occupying homes from which Shiite residents had been forced out. One of the Iraqis who made the arrest said the police had been tipped off by Iraqi soldiers at a nearby base that Sunni insurgents had moved into a house in Al Amel.

Four police commandos entered the house shortly after the 6 a.m. curfew, and were surprised to find Janabi sleeping there alone, according to an Iraqi 1st lieutenant who was one of the four. Janabi appeared "disturbed," and complained of problems with her kidneys and nerves to explain the presence of tablets this officer said were sedatives or painkillers.

She gave her name as Zainab, according to this officer's account, but had no identity or residence papers, which she claimed her husband had just left with. Another police commando recognized Janabi from a raid just two days before, on Friday, in which she was at another abandoned house and cooking for 10 people.

"You are like a cat, every day in a different house," the officer recalled telling Janabi. Other officers who recognized her recalled that the jacket of a kidnap victim had been found near the house where she was cooking on Friday. The body of that kidnapped person – along with four other corpses – was found in a nearby secondary school on Monday.

When asked what she was doing there, Janabi apparently told that she had "deceived" the officers the previous Friday, in explaining herself.

Janabi was not handcuffed, Iraqi officers say, but first was put in the open-backed truck of the deputy commander, and then separated from the male detainees – who were shortly released – and locked in the back of a military ambulance alone to be driven to the garrison.

"I received orders to put her in the back of the ambulance," says the driver of the vehicle, Saad. He said American troops saw Janabi as she was put in, and told him: "Transport her to the camp," indicating that they would soon meet him there.

According to the driver, Janabi was never tied and was deposited directly in the office of the Iraqi camp commander. Janabi was in that room for questioning for 20 minutes, says the Iraqi major who was present, in an interview. Americans were in the room throughout, says this officer.

"It was just question and answer. Nothing happened," the major asserts. They asked about why she had been found cooking for so many people two days earlier, on Friday, and why there were holes in the walls connecting abandoned houses – a tactic typically used for quick escapes. They told her about the significance of the jacket and the kidnap victim.

Within hours of the house raid Sunday, Shiite witnesses, who had been with the police commandos and hoped to reclaim their houses from Sunni gunmen, said that among those arrested was a "prostitute" who appeared drunk or on drugs. Some Iraqis, Shiite and Sunni alike, say they are suspicious of the woman's story.

"Maybe it's fake and they gave her some money to say this – to be an actress," suggests one older Sunni woman, who also happens to be from the large al-Janabi tribe and could not be named. "Sometimes women like these give information to the insurgents because they give them money, and make calls to the police or US troops to set them up for insurgent ambushes."

Even as Sunni and Shiite politicians struggle to take advantage of the perception gap over assault charges, ABC News on its website quoted an Iraqi government source saying that Janabi had recanted her claims, saying she was never raped, and had been paid for the television interview.

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Adding more spin to the case, that source said the story was meant to "manipulate the security plan," as part of a "great effort by the bad guys to tell the world that this [plan] is not working."

Prodi Quits After Foreign Policy Defeat (FT)

By Tony Barber

Financial Times, February 22, 2007

Romano Prodi resigned as prime minister of Italy on Wednesday night after a parliamentary defeat on foreign policy. His decision raised fears that Italy was returning to the days of short-lived governments and paralysis in policymaking.

Mr Prodi, 67, handed in his resignation to Giorgio Napolitano, Italy's head of state, who planned to start talks on Thursday to see who, if anyone, has enough support to form a new government.

Mr Prodi's nine-party, centre-left coalition took office in May, a month after he defeated Silvio Berlusconi, the former centre-right premier, in the closest election in modern Italian history.

The sudden crisis that overwhelmed Mr Prodi centred on his inability to persuade communists and other radical leftists in his coalition to support two cornerstones of Italian foreign and security policy. These were Mr Prodi's determination to keep Italian troops side by side with Nato forces in Afghanistan and his decision to permit the expansion of a US military base in the north-eastern city of Vicenza.

Although the radical left said it did not want to bring down Mr Prodi, the parliamentary rebellion of a handful of dissident leftwingers was sufficient to ensure that the government lost a motion by two votes in the Senate, the legislature's upper house.

Mr Prodi felt obliged to resign because the defeat signalled that his coalition was incapable of producing a majority from its own ranks to ensure that Italy met its international commitments. The options facing Italy's political classes include the formation of a new Prodi-led government; the creation of a centre-left government without him; the emergence of a centrist-dominated government including moderate opposition politicians; and a snap general election.

Pierluigi Castagnetti, a centre-left moderate and deputy speaker of parliament's lower house, said he did not want a snap election – not least because Italy's electoral law, a fully proportional representation system, needed to be changed first.

The Union of Christian Democrats, the third largest and most moderate opposition party, said it was ready to hold talks with centre-left parties.

Mr Prodi's government was the 61st in Italy since the second world war and held office for nine months – slightly less than the average government length between 1945 and 2001.

Although he started to restore order to the shaky public finances and began to open up Italy's professions and service industries to more competition, the government was always under pressure because of its one-seat majority in the Senate.

The abrupt crisis appeared to surprise many communists and radical leftists, who wanted to flag their discontent with Mr Prodi's foreign policy but without toppling their government.

Mr Berlusconi said Mr Prodi had no choice but to resign, as Massimo D'Alema, foreign minister, made clear on Tuesday the government would "go home" if it lost yesterday's vote.

Italy's Prime Minister Resigns After Foreign Policy Defeat (USAT)

By Eric J. Lyman

USA Today, February 22, 2007

ROME — Italian Prime Minister Romano Prodi resigned Wednesday when his coalition government fractured over foreign policy, including his decision to keep Italian troops alongside U.S. forces in Afghanistan.

Prodi submitted his resignation to President Giorgio Napolitano after a humiliating defeat in the Italian Senate. It was intended to boost political backing for Prodi's foreign policy.

Napolitano is likely to indicate today whether he will call elections or ask Prodi — or someone else — to form a new government. The next government will be Italy's 62nd since the end of World War II.

Prodi took power nine months ago but lacked a clear mandate after a razor-thin election victory in April over incumbent Silvio Berlusconi, a media tycoon.

The result gave Prodi's coalition a one-vote majority in the Senate, but three defections Wednesday left him with 158 senators in his corner — two short of the 160 he needed for passage of the foreign policy measure.

Italy's 1,800 troops in Afghanistan are part of the NATO peacekeeping force there. Many members of the broad center-left Prodi coalition are pacifists who oppose sending Italian troops abroad.

The constitution did not require Prodi to step down, but Foreign Minister Massimo D'Alema — a two-time prime minister and a potential candidate to succeed Prodi — said before the vote that the government should step down if it failed to win enough support in the Senate.

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"If Prodi would have continued, his government would have been paralyzed," said Giorgio Prestigiacomo, a political scientist at Florence's Catholic University. "Better to let a new government — whether he leads it or someone else does — start fresh."

The last time an Italian prime minister resigned was in April 2005, when Berlusconi stepped down after infighting in his coalition. He was able to form a new government within days.

It might be tougher for Prodi to follow suit. His deficit-reduction plan, featuring tax increases and cuts in public spending, has hurt his popularity ratings.

Another divisive issue has been his government's decision to support a plan to double the size of the U.S. military base in Vicenza, northern Italy. The base houses troops of the Army's 173rd Airborne Brigade.

The expansion plan, set in motion by Berlusconi's government and backed by Prodi, drew tens of thousands of protesters during the past weekend.

"Prodi's approval level (percentage) is in the mid-30s, and that makes things tough for him," said Maria Rossi, co-director of the polling firm Opinioni.

Prodi's resignation could open the door for a long-shot bid by Berlusconi or another member of the opposition to try to form a new coalition.

Italy's Prime Minister Quits (LAT)

By Tracy Wilkinson, Times Staff Writer

The Los Angeles Times, February 22, 2007

Prodi narrowly loses a foreign policy vote in the Senate, toppling his 9-month-old coalition.

ROME — Stung by a bruising foreign policy defeat, beleaguered Italian Prime Minister Romano Prodi resigned Wednesday, his center-left government collapsing after just nine months in power.

Prodi failed to win parliamentary endorsement of his decision to maintain Italian troops in Afghanistan, a loss attributed in part to desertions by members of his coalition who oppose continued cooperation with the U.S. military in Italy and abroad.

Chants of "Quit! Quit!" filled the Italian Senate as opposition politicians in business suits jumped up and down and pumped their fists upon realizing Prodi had lost the vote. A few hours later, he tendered his resignation to Italian President Giorgio Napolitano.

Napolitano said through a spokesman that he would begin talks today aimed at forming a new government.

Among the scenarios, he could ask Prodi to build a new government, avoiding fresh elections that neither the right nor the left appeared eager to engage in just yet.

Prodi will continue as a caretaker prime minister until a new government takes power, Napolitano's office said.

The nation was once infamous for its revolving-door governments during decades of tumultuous political infighting and scandal. Prodi's predecessor, Silvio Berlusconi, last year became the first Italian prime minister since World War II to finish a five-year term.

Berlusconi prided himself on the length of his tenure, and many Italians hoped a new era of stability had dawned. But Prodi's government was probably doomed from the start. He narrowly defeated Berlusconi's center-right coalition in hard-fought elections last year, gaining only the tiniest of majorities in the Senate, which enfeebled his mandate.

Berlusconi, who could return to office again, could barely contain his glee Wednesday. "The government has been clamorously defeated in Parliament," he said.

Prodi's resignation was a matter of "political, constitutional and ethical" duty, Berlusconi said, adding that the prime minister's handling of foreign policy proved him "incapable" and brought "international humiliation" to Italy.

The event that triggered the government crisis was not a confidence vote and did not carry a constitutional requirement that the prime minister step down. It was, instead, a Senate vote to endorse the government's general foreign policy, including maintenance of Italy's 1,800-member military mission in Afghanistan.

But Prodi and his foreign minister, Massimo D'Alema, had staked their credibility on the measure. "I am asking for a strong and clear consensus," D'Alema said on the Senate floor.

The move proved to be a serious miscalculation. The measure fell short of winning Senate majority approval by two votes.

Prodi's coalition, a patchwork of nine disparate political parties, has been torn by divisions and bickering. Several leading leftists in the coalition want Italy out of Afghanistan and oppose Prodi's decision to permit the U.S. military to expand its base at Vicenza in northern Italy.

Tens of thousands of Italians, including members of three parties from the Prodi coalition, marched last week on the northern base to protest the expansion.

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Prodi has said he is obliged to carry through with a promise made by Berlusconi that gave Washington permission to enlarge the base. Reneging would be seen as an "act of hostility," Prodi said.

In another move this month that embarrassed Prodi, Berlusconi's opposition bloc managed to pass a measure in the Senate approving the Vicenza expansion.

Angered over Vicenza, two Communist senators, Franco Turigliatto and Ferdinando Rossi, took Wednesday's vote as their cue to abandon Prodi. Their desertion deprived Prodi of the majority he needed, setting in motion the government's fall.

Analysts here were quick to recall that it was far-left members of his coalition that toppled Prodi's earlier government in 1998.

Prodi may yet be able to hold on to power. His allies were rallying Wednesday evening to his defense and plotting ways to reconfigure their government.

"We are ready to reconfirm our full support for the Prodi government," Dario Franceschini of the centrist Margherita (Daisy) party said, suggesting that a confidence vote could be called that would demonstrate that Prodi and his coalition still have a majority to govern.

But the opposition was equally emphatic in doubting that Prodi would continue in office.

"If he wants to go ahead [and attempt to form a government], good luck," opposition politician Pier Ferdinando Casini told state television. But, he added, "the country is paying the price."

Italian Premier Resigns After Foreign Policy Loss (NYT)

By Ian Fisher

The New York Times, February 22, 2007

ROME, Feb. 21 — Italy's fragile government snapped suddenly on Wednesday under the weight of its own internal divisions as well as a broader skepticism about the European role in the worldwide fight against terrorism.

Prime Minister Romano Prodi, in office just nine months, submitted his resignation Wednesday evening after his governing coalition lost a key vote on foreign policy in the Senate.

Two far-left members of his coalition abstained amid tensions over whether Italy should continue to provide troops to Afghanistan and Mr. Prodi's support of an expansion of an American military base in Vicenza, in northern Italy.

With only a razor-thin majority, the abstentions killed the measure, aimed at gaining Senate support for Italy's foreign policy, and unexpectedly, doomed the government.

"I can't in any way give my vote to this government with this foreign policy," said Fernando Rossi, a senator from the Italian Communist Party and one of the dissenters.

The vote took place the same day Britain announced a substantial reduction of its troops in southern Iraq, and a week after a European Parliamentary committee issued a strong report criticizing secret American flights in Europe of terrorism suspects.

But the government's collapse also reflected its own inherent weaknesses, possibly signaling that Italy's chronic political instability may be coming out of remission. In a nation that has had some 60 governments since World War II, Mr. Prodi has presided uneasily over a coalition of nine diverse parties, ranging from moderate Catholics to Communists.

"It's very bad," said Roberto D'Alimonte, a professor at the University of Florence and expert in electoral law. "We still have to come to terms with a working political system. We do not have a working political system."

There are many scenarios for what comes next — and one possibility, if not immediately likely, is a return to power of Silvio Berlusconi, whom Mr. Prodi defeated in elections last year.

As ministers met late into the night to discuss how to proceed, Mr. Berlusconi's supporters rallied outside the seat of government, waving banners and demanding that the government step aside.

"The country has been exposed, by a majority that isn't and by an incompetent government that has rejected parliamentary dialogue — a grave international humiliation," Mr. Berlusconi told reporters.

For Mr. Berlusconi to return, new elections would have to be held, which at the moment seems several steps in the future.

After accepting Mr. Prodi's resignation, President Giorgio Napolitano will begin to consult with political parties on Thursday and will ask one of them to try to form a government.

Many political experts believed that Mr. Prodi would be given a chance to shuffle his cabinet in a way that would satisfy the parties already in the government. Then he would call for a confidence vote in Parliament.

But many experts noted that such a government would remain weak, with the deep splits over Afghanistan and the American base unresolved.

"Something has broken," said Franco Pavoncello, the president of John Cabot University here and a political scientist. "This vote and the reaction of the government has created damage to Prodi's ability to last."

In theory, the prime minister's term lasts five years, but Mr. Berlusconi is the only prime minister to have endured that long.

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While the government's weakness made it liable to fall at any moment, its collapse on Wednesday came as something of a surprise. For months the government has been bickering internally — and weathering attacks by Mr. Berlusconi and other opposition leaders — over issues ranging from the budget to a proposed law giving rights to unmarried couples.

But foreign policy remained a particular weak spot. Essentially, Mr. Prodi and his ministers have sought to walk a difficult line, echoing much of the skepticism in Europe about President Bush and the war in Iraq while maintaining Italy's traditionally strong ties with America.

The government's far-left members, however, have strongly resisted the presence of nearly 2,000 Italian troops in Afghanistan. And last weekend, tens of thousands of people rallied against the expansion of the American-staffed NATO base in Vicenza, which Mr. Prodi's government reluctantly supported.

The splits grew deeper, and on Tuesday in Spain, Italy's foreign minister, Massismo D'Alema, himself a former prime minister, called for the Senate to endorse Italy's foreign policy. If it did not, he said, the government should "go home," or step down.

In a long and impassioned speech before the vote on Wednesday, Mr. D'Alema defended his government's position on Afghanistan and the Vicenza base, in terms that he hoped would win the left's support.

"We have not supported the neoconservative politics of the American administration and we have not sent soldiers to Iraq," he told his colleagues. "There is a profound difference between the military operations in Afghanistan, approved by the United Nations, and those in Iraq."

He added that the support of expanding the base was essential to good relations with America. "To change course would be a hostile act against the United States," he said.

In the end, the government needed 160 votes but received only 158 with the two abstentions. Opposition senators roared at the result, shouting immediately: "Resign! Resign!"

Many experts said they believed that Mr. D'Alema, one of the most powerful and experienced members of the government, would resign. And as Italy's leaders search for a broader solution in the next few days, there are several alternatives to a mere shuffling of the current cabinet.

The most dramatic, and perhaps least likely, is that Mr. Napolitano could call immediate elections. But he has said he will not do so until the current electoral law, instated by Mr. Berlusconi last year, is changed. Many experts blame the law for virtually guaranteeing a thin majority in the Senate no matter who wins, and thus destabilizing the political system.

Another option is the appointment of a temporary government made up of largely centrist technocrats. The aim would be to steer Italy toward new elections, most likely engineering a change to electoral laws first.

A final possibility involves peeling off the more centrist Union of Christian Democrats, a party long allied, if uneasily, with Mr. Berlusconi. Even as the government tottered on Wednesday, one party leader, Marco Follini, seemed to raise the possibility. "The moment has arrived to put into the pipeline a different center-left," he told reporters.

But Professor D'Alimonte noted that the party did not have enough seats to allow Mr. Prodi to cast off the rebellious far-left of his own party. Simply adding on Mr. Follini's party remained a possibility, although Professor D'Alimonte noted that it also seemed a recipe for even deeper disputes since it shares little politically with the Communists who brought down the government.

How Prodi's Exit Stunts Italy (WSJ)

By Gabriel Kahn And Luca Di Leo

The Wall Street Journal, February 22, 2007

The resignation of Prime Minister Romano Prodi risks stalling Italy's nascent process of economic overhaul just as the country is finally joining in Europe's broader recovery.

The move -- prompted by the government's defeat in a parliamentary vote on foreign policy -- also leaves in doubt whether Italian troops will remain part of the NATO coalition in Afghanistan.

President Giorgio Napolitano today will begin seeking to form a new government, which would need approval from Italy's fractious Parliament. It's unlikely Mr. Napolitano would call for early elections. But no outcome bodes well for Mr. Prodi, who must struggle to regain even a narrow political consensus.

Elected last year with a tiny majority in the Senate -- which later narrowed to a single vote -- Mr. Prodi had been walking a tightrope while trying to push through legislation that could win backing from all nine parties in his governing coalition, including two separate Communist parties.

Still, his center-left government did pass several controversial measures prying open sectors of the economy, from pharmacies to legal services, that long were buffered from competition. It also won a budget bill that improved Italy's public accounts after several consecutive years of runaway deficit spending under the previous government, led by Silvio Berlusconi.

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Those measures have boosted business confidence and slightly propelled Italy's economy, which grew 2% last year after a flat 2005. But the latest crisis has crippled the governing coalition's ability to push its agenda, and made it unlikely that any serious overhaul of Italy's bloated pension system or a boost in the retirement age -- both staunchly opposed by the coalition's left-wing parties -- will be achieved anytime soon. The state pension system eats up more than 15% of Italian gross domestic product a year, the highest level in the euro zone.

The uncertainty also casts doubt on other plans, such as the government's effort to sell off its money-losing airline, Alitalia SpA, to private investors. "It will take a few days to sort out what happens next," said Giulio Sapelli, board member at Italy's largest bank by market capitalization, UniCredit SpA.

More broadly, Rome's confusion deepens the political jam afflicting some core European economies, such as those in France and Germany. France's efforts to open up its rigid labor market -- which many analysts blame for its economic sluggishness -- remain stalled since President Jacques Chirac backed down last year from a controversial labor-overhaul bill. The country is in political stasis leading up to presidential elections in April.

In Germany, the bipartisan coalition government under Chancellor Angela Merkel has struggled on most of the major challenges facing the country, including funding health care and pensions. Divisions between Ms. Merkel's conservatives and their center-left partners, the Social Democrats, have led to tortuous compromises; a recently agreed health-care overhaul, for instance, didn't solve the central problem of how to pay for rising future costs.

The move also could cause ripples in Afghanistan, where the North Atlantic Treaty Organization faces a resurgent Taliban. The catalyst of yesterday's events was a vote in Italy's Senate that was supposed to affirm the main tenets of its foreign policy, including the continued presence of 2,000 Italian troops in Afghanistan as part of the NATO mission there. The far left opposes the deployment. The government fell two votes short of the backing it sought.

The Bush administration has been lobbying NATO governments to increase their contributions to Afghanistan in advance of a feared springtime offensive by Taliban forces. President Bush's national security adviser, Stephen Hadley, was in Brussels yesterday urging U.S. allies to contribute more troops. So far, European countries have been reluctant to boost their presence.

The collapse of Mr. Prodi's government after only eight months harkens back to a previous era in Italy. For the half-century following the ratification of its 1948 constitution, governments lasted less than a year on average. That often led to caretaker governments and early elections.

Sen. Mario Baldassarri, a former deputy economy minister, suggested yesterday that the best solution might be early elections. "It might be a good stimulus for Europe to have both France and Italy voting at around the same time," he said.

--Marcus Walker and Neil King Jr. contributed to this article.

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Prime Minister Quits On Afghanistan Vote (WT)

By John Phillips

The Washington Times, February 22, 2007

ROME - Prime Minister Romano Prodi resigned yesterday after radical, anti-American senators demanding Italy withdraw troops from Afghanistan failed to support the center-left government, setting off an unexpected political crisis.

Mr. Prodi, a former Christian Democrat and former president of the European Commission, looked grim as he formally quit during an audience with President Giorgio Napolitano hours after the government was defeated by two votes on its Afghanistan policy in the upper house, where any chance for a majority would be razor thin.

The president, who asked Mr. Prodi to carry on in a caretaker capacity, may ask the prime minister to hold a full confidence vote in both houses of parliament, perhaps after a Cabinet reshuffle, political commentators said.

Government whips had prepared for the Senate vote carefully, but at least one "sharpshooter" from the Communist Refoundation party, on the hard left of the coalition, evidently abstained, political sources said. In all, 158 senators supported the government, 136 voted against and 24 abstained. Mr. Prodi needed 160 votes to muster a majority.

Before the vote, Foreign Minister Massimo D'Alema pledged that Italian troops would remain in Afghanistan, but he said Italy would increase the civilian component in its mission.

Left-wing radicals in the Prodi government had demanded an Italian-sponsored peace conference on Afghanistan and insisted that Rome reject demands by Britain and the United States to change the rules of engagement governing the Italian troops, most of whom are based in Kabul.

Mr. Prodi was known to be concerned that the Italian contingent may be ordered into combat zones and take casualties when an expected Taliban offensive starts in the spring.

Ever since its inception last year, the government has come under pressure from its anti-American left wing on a constellation of foreign policy issues, and tension between Rome and Washington has ebbed and flowed.

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Mr. D'Alema, a former communist, flew into a rage recently when the U.S. ambassador and other Rome-based envoys published an open letter to Italians in a Rome daily underlining the importance of Italian troops in Afghanistan.

The government also has been under pressure from magistrates in Milan who want Mr. Prodi to press Washington for the extradition of CIA agents purportedly involved in the "extreme rendition" of an Egyptian imam, Abu Omar, who was kidnapped on a Milan street.

The Prodi government presided over the withdrawal of Italian troops from Iraq, although that had been decided by the previous government led by the conservative Silvio Berlusconi.

Mr. Prodi and Mr. D'Alema both criticized U.S. air raids in Somalia and the Bush administration plan for a troop surge in Iraq.

The government also has been under pressure over Mr. Prodi's approval of the extension of a U.S. military base at the northern city of Vicenza. Dozens of lawmakers took part in a rally against the extension at Vicenza on Saturday.

Supporters of Mr. Berlusconi's Forza Italia party last night gathered outside the Palazzo Chigi, Mr. Prodi's office, chanting, "Prodi go home."

However, political commentators said Mr. Napolitano, himself a former communist, may want to give Mr. Prodi a second chance because his administration is only a few months old and followed a long period in office by Mr. Berlusconi.

Italian Premier Quits After Narrow Defeat Over Foreign Policy (WP)

By Sarah Delaney

The Washington Post, February 22, 2007

ROME, Feb. 21 -- After just nine months at the helm of a shaky government, Italian Prime Minister Romano Prodi handed in his resignation Wednesday when he lost a critical parliamentary vote over the government's foreign policy.

President Giorgio Napolitano asked Prodi to stay on as head of a caretaker government, and the day's frenetic events do not necessarily signal the end of Prodi's tenure as premier. Napolitano could ask him to try to form a new coalition after completing a round of consultations.

But Wednesday's vote did confirm the delicate nature of Prodi's disparate band of political allies, a fragility evident since the coalition's narrow victory last April.

The crisis in the center-left government opened up when a motion in the Senate to support a wide-ranging foreign policy address by Foreign Minister Massimo D'Alema failed by two votes. In that speech, D'Alema called for continuation of the Italian role in NATO's Afghanistan mission and the expansion of a U.S. military base in northern Italy because refusal would be "a hostile act towards the U.S.A."

When the motion received 158 votes rather than the required 160, the side of the Senate occupied by the conservative opposition reacted with joy and members began chanting, "Resignation! Resignation!"

Senators on the other side stood silent, stunned by their apparent miscalculation.

Even though the vote was not binding as a confidence vote, D'Alema had tried to rein in the far left ahead of time by declaring that failure to reach a majority on such a crucial issue would send the government home.

The Prodi coalition eked out a 25,000-vote victory against the incumbent government led by Silvio Berlusconi in April, resulting in a comfortable margin in the lower Chamber of Deputies but a one-seat majority in the Senate. The refusal of two far-left senators to abandon their antiwar positions for the sake of political survival in Wednesday's vote assured the resolution's defeat.

Prodi's coalition includes nine parties, from Communists to Christian Democrats, and has faced problems on nearly every issue it has confronted.

The coalition showed serious cracks last weekend over a protest in Vicenza, where the United States wants to expand an Army base to allow for additional battalions of the 173rd Airborne Brigade, which is to deploy to Afghanistan. Tens of thousands participated in the peaceful protest, which was encouraged by some members of the government.

Prodi and D'Alema had nevertheless garnered support from most of the cabinet to go along with the expansion.

Major divisions have also appeared over Afghanistan, where Italy has about 1,800 troops. Some far-left members of the government oppose any Italian military involvement there and have called for those troops to be withdrawn.

Prodi has not faced pressure only from the left. A recent government move toward allowing legal recognition of cohabitating couples and homosexual unions risked alienating the coalition's Catholic component.

Napolitano, the president, has a few options: calling for votes of confidence in the Prodi government in both houses; asking someone else to try to form a government; or calling for another round of elections.

Crimes Of Politics (LAT)

DOJ_NMG_0135242

The Los Angeles Times, February 22, 2007

HOW DOES A government prosecute people for crimes against humanity when the suspects happen to be running the government? That's the question facing Afghanistan, where men suspected of horrifying acts of rape and murder sit in parliament and hold other high offices.

The question of what to do about these suspected mass killers heated up Tuesday when the upper house of Afghanistan's parliament passed a resolution calling for amnesty for those accused of war crimes. The same resolution has already passed in the lower house and will become law if approved by President Hamid Karzai. Its success is unsurprising because many of those voting on the resolutions were previously regional warlords who might otherwise be subject to prosecution.

Following the Soviet pullout in 1989, Afghanistan was torn by years of civil war, during which warlords who had fought in the resistance movement began battling each other — and committing atrocities against civilian populations. Then, in 1996, the Taliban came to power, and it ruled until the U.S.-led invasion in 2001. At the time, the United States found these disaffected warlords to be convenient allies, but now they're creating some serious governance headaches.

The ideal solution for Afghanistan would be to create a body similar to South Africa's Truth and Reconciliation Commission, which, starting in 1996, helped heal the wounds left by decades of apartheid rule. Those who committed human rights abuses were granted amnesty if they publicly testified about their crimes. Yet South Africa, unlike Afghanistan, didn't have to contend with entrenched politicians who control large swaths of territory with armed militias. It also had the capacity to prosecute those who refused to step forward, while Afghan courts are a work in progress.

Nonetheless, the parliament's amnesty resolution is a step backward. It's hard for the Afghan people to have much faith in their government when many remember all too well the campaigns of terror waged by some of their current leaders. Where the government has no credibility, the rule of law doesn't hold sway.

So if court trials are an impossibility, reconciliation is impractical and amnesty is self-destructive, what's left? For now at least, the status quo. Karzai's best course would be to reject the amnesty law until the country is ready to face the horrors of its recent past. The international community, especially NATO, should be doing more to help Afghanistan build the institutions and civil society necessary for it to do so.

DOJ:

Pelosi Seeks Tougher Oversight On Ethics (AP)

By John Heilprin, Associated Press Writer

AP, February 22, 2007

House Speaker Nancy Pelosi called for tighter ethics rules in federal agencies Wednesday after government officials approved the purchase of a $980,000 vacation home by a top Justice Department lawyer with an oil company lobbyist.

Pelosi's criticism followed an Associated Press report last week that department ethics officials did not object when Sue Ellen Wooldridge, then head of the environment division, was buying a South Carolina beach house with Donald R. Duncan, the top Washington lobbyist for ConocoPhillips.

"If in fact Ms. Wooldridge got such a pass from the ethics committee of the executive branch, then certainly the executive branch ethics process needs a look as well," Pelosi, D-Calif., said when asked about the house purchase at a San Francisco news conference.

Nine months after the purchase, Wooldridge approved an agreement that allowed ConocoPhillips an extension of pollution cleanup requirements at some of the company's refineries. The company says Duncan was not part of those negotiations.

Department officials and a lawyer for Wooldridge, who resigned from the job in January, said the department's ethics office approved the arrangement and told her she did not need to withdraw from dealings with ConocoPhillips.

The third buyer of the Kiawah Island, S.C., home was Wooldridge's companion, former Deputy Interior Secretary J. Steven Griles. He is the highest-ranking Bush administration official facing possible criminal charges in the Jack Abramoff corruption probe.

The Justice Department's Office of Professional Responsibility is looking into the home purchase and consent decrees, Acting Assistant Attorney General Richard Hertling said in a letter Friday to Rep. John Conyers, D-Mich., chairman of the House Judiciary Committee.

Conyers had asked for an explanation and documents related to the purchase after the AP report. The House Oversight and Government Reform Committee also is monitoring the case.

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Associated Press writer Scott Lindlaw contributed to this report from San Francisco.

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`Pink Rhinoceros' Not That Hard To See (CHIT)

By John Kass

Chicago Tribune, February 22, 2007

Seeking to overturn former Gov. George Ryan's corruption convictions, lawyer Gene Schaerr on Tuesday told a federal appellate court panel that "a pink rhinoceros" hung over the trial, making a fair jury verdict impossible, perhaps because the lone pro-Ryan holdout juror was bounced for failing to disclose her criminal record.

I thought that was why there were alternate jurors--if one or two are excused for cause, you've got a few on the B Team.

But the pink rhinoceros bit is so nice, I'll steal it and remind you of another pink rhinoceros.

Ed McNally is the pink rhinoceros of the U.S. Department of Justice.

He continues to work in the criminal division--though he had a whopping conflict of interest in the Ryan case--even as the Bush Department of Justice fires other prosecutors who actually hunt down political corruption.

"I'm aware of the allegations [against McNally]," Atty. Gen. Alberto Gonzales told me when he appeared before the Tribune's editorial board a while ago.

"They're very serious allegations," Gonzales said. "And the matter is being reviewed internally. I can say that."

That was six months ago, on Aug. 14, 2006.

Recently, seven U.S. attorneys of other districts were forced to resign, even though most received positive Justice Department job evaluations prior to their dismissals. Included among those let go are Carol Lam, the U.S. attorney in San Diego who successfully prosecuted the phenomenally corrupt and vulgar Republican U.S. Rep. Randy "Duke" Cunningham.

So they're gone. And Republican McNally is still very much employed.

Last year, McNally was the acting United States attorney for the Southern District of Illinois when he testified as a sympathetic defense witness for Ryan. Jurors were told that McNally left private practice to become a federal prosecutor after the Sept. 11, 2001, terrorist attacks.

Prior to becoming a federal prosecutor, McNally was a lawyer and partner with the firm Altheimer & Gray. That firm later went bankrupt, costing partners hundreds of thousands of dollars apiece.

And before the bankruptcy, one of McNally's clients was Gov. Ryan. During the Ryan trial, McNally took the stand and testified that the FBI and federal prosecutors from Chicago treated Ryan unfairly.

I've always wondered just how Ryan's former lawyer got himself named acting U.S. attorney in time to rip into the prosecution's case. Perhaps it was merely a coincidence. Or perhaps it involves Illinois Combine magic.

Unfortunately, or fortunately, McNally forgot to mention something. As a partner in Altheimer & Gray, he owed money to the firm's creditors. The law firm that handled the bankruptcy was Winston & Strawn.

That's the same Winston & Strawn that was run by former Gov. Jim Thompson, the same firm that handled George Ryan's free legal defense, which is estimated to have been worth about $20 million.

Altheimer & Gray partners who did not pay up in the bankruptcy deal risked being sued by Winston & Strawn. Five former Altheimer partners did not participate in the bankruptcy plan by the firm. Four of these were sued by Winston & Strawn. Only one partner wasn't sued: Ed McNally.

When the conflict was revealed, federal prosecutors got angry and Winston & Strawn defense attorneys howled that they knew nothing about it. All the lawyers took great umbrage, as lawyers often do.

The whole thing was allowed to slide, almost like snails off a rock in the garden at midnight, leaving a slimy trail, the kind that nobody wants to follow, except this was bigger, with pink rhinoceros droppings steaming on the ground.

In the seven months since Gonzales said the allegations against McNally were serious, consider:

Chicago U.S. Atty. Patrick Fitzgerald--no friend of the bi-partisan political combine of insiders who run things in this state--got stuck spending his time on the Scooter Libby-CIA leak case in Washington, rather than spending it hunting Republican and Democratic public corruption in Illinois.

Sun-Times columnist Mark Brown revealed in a fine column that Rodger Heaton, the new U.S. attorney for the Central District of Illinois, had dinner in Springfield with two of the combine's cleanup hitters: Republicans Big Bill Cellini and Big Bob Kjellander, who haven't been indicted but are listed as Individual A and Individual K in the state pension fund scandal case.

That's just what a pink rhinoceros would do--publicly feed with Cellini and Kjellander, tell a few jokes and everybody in town gets the message.

Such creatures might be rare in other states, but in Illinois, we've got a surplus of rare wild things, of political weasels and pink rhinoceroses.

And for all the bleating and wailing you'll hear and read by Ryan mouthpieces about justice and fairness, remember the one they won't mention, the pink rhinoceros named Ed McNally.

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CORPORATE SCANDALS:

Court Reverses Conviction Of Ex-Trading Specialist (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, February 22, 2007

In a blow to the office of Southern District of New York U.S. Attorney Michael J. Garcia, a federal judge has taken the rare step of reversing a jury verdict convicting a former New York Stock Exchange trading specialist of securities fraud in a scheme known as "interpositioning."

Southern District Judge Denny Chin, in United States v. Finnerty, 05 cr. 393, agreed Wednesday to enter a judgment of acquittal, setting aside the Oct. 26, 2006, verdict.

Chin held that while federal prosecutors proved that defendant David Finnerty engaged in interpositioning, they failed to prove fraudulent or deceptive conduct within the meaning of the securities laws.

"I hold that the government did not ... establish that Finnerty's customers were misled or defrauded or otherwise deceived," he said in a 37-page opinion.

In describing interpositioning, the judge said that instead of matching pending buy and sell orders, the specialists repeatedly trade for their company's proprietary account, making a profit from the slight differences in pricing.

Southern District prosecutors have had a difficult time proving criminal charges against Finnerty and 14 other floor specialist traders whom they accused of using their inside positions to earn an estimated $20 million illegally for themselves and their companies.

Before Wednesday's ruling, the U.S. Attorney's Office for the Southern District had already dropped charges against seven of the defendants. Besides Finnerty, two former traders (Michael Stern and Michael Hayward of Van der Moolen Specialists USA) were convicted, two were acquitted and two pleaded guilty. One defendant remains at large. (NYLJ, Aug. 10, 2006)

"The government [in these cases] provided no real evidence that customers were deceived," said Jacob Zamansky, a plaintiffs attorney at Zamansky & Associates who specializes in securities litigation but did not represent any of the defendants in the interpositioning cases. "This almost looks like a victimless crime."

Finnerty was employed by Fleet Specialist beginning around 1996. From September 2000 until April 2003, he brought together buyers and sellers of General Electric stock, among others.

"Indeed, Finnerty was so successful ... that he would, on occasion, be interviewed by CNBC about the market, and was featured in newspaper articles about the NYSE," Judge Chin said in his decision.

That career came to a screeching halt in 2005, when Finnerty, 40, was indicted on charges that he engaged in a scheme that involved positioning his company between buyers and sellers in order to make money for Fleet Specialist, which in turn increased his bonuses.

The government said Finnerty's actions resulted in his cheating investors of $4.5 million, but attorneys for Finnerty said the government failed to demonstrate this harm.

"They ... provided no evidence that [Finnerty's actions] resulted in the loss of one penny to public customers," Frederick P. Hafetz, a partner at New York's Hafetz & Necheles who represented Finnerty, said during closing arguments in the case in October. (NYLJ, Oct. 26, 2006)

In his decision Wednesday, Judge Chin said prosecutors adequately demonstrated that Finnerty engaged in interpositioning, but failed to prove that customers expected one thing and got something different as a result of his actions.

"Without evidence of what the customers expected, no rational juror could conclude that the ... trades had a tendency to deceive or the power to mislead," Chin said. "A juror would only be able to reach that conclusion by speculating -- impermissibly -- as to what customers expected."

The judge said that if the judgment of acquittal is later vacated or reversed on appeal by the 2nd Circuit U.S. Court of Appeals, a new trial would be granted.

He took prosecutors to task for their repeated reference during the trial to 26,300 instances of interpositioning. He said this number was "unduly prejudicial" and "clearly and significantly overstated."

"I am confident that the Government did not inflate the numbers intentionally, but it appears that the Government failed to account for numerous circumstances when Finnerty was not executing the trades himself -- he was not on the floor or he was at his post or he was negotiating with the crowd or otherwise engaged in non-trading activity," Chin said.

Hafetz said Wednesday that these "inflated numbers" prevented his client from receiving a fair trial.

He added that Chin's decision "is a vindication" of Finnerty.

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Finnerty was fired by Fleet Specialist, now Banc of America Specialist, in 2003. The company itself has never admitted any wrongdoing. However, its former president and chief supervisory specialist was fined $125,000 by the stock exchange.

In addition to Hafetz, Finnerty was represented by Tracy E. Sivitz, an associate at the firm.

Assistant U.S. Attorneys Lauren Goldberg and Anirudh Bansal prosecuted the case. A spokesperson for the U.S. Attorney's Office declined to comment.

JUDGE: FEDS FAILED (NYPOST)

By Roddy Boyd

The New York Post, February 22, 2007

A federal judge yesterday took the very rare step of throwing out a jury's conviction of former New York Stock Exchange specialist David Finnerty, citing a lack of evidence to support a guilty finding.

In granting Finnerty's motion to set aside the verdict, Judge Denny Chin wrote that federal prosecutors failed to establish that "Finnerty's customers were misled or defrauded or otherwise deceived."

The ruling is a stinging rebuke for prosecutors, who have had little success in winning convictions in their high-profile and wide-ranging campaign against corrupt trading practices at the Big Board.

The April 2005 indictments filed against 15 specialists shook up Wall Street.

However, the pursuant collapse of many of the cases that prosecutors filed has stunned the legal world.

The Southern District's prosecutors, who generally achieve conviction rates of between 80 and 90 percent, managed to win just two partial convictions and two plea deals.

The partial convictions - of two partners at Van Der Moolen Specialists USA - are currently on appeal.

Seven specialists saw charges against them dropped and two were acquitted. Another defendant remains at large.

In October, Finnerty, who had worked for Fleet Specialists, was convicted of fraud for abusing his market-making position to profit at customer expense. He was facing 20 years in prison.

Though it is rare for a judge to set aside a conviction, Chin had expressed his concern about the verdict in October.

Chin framed his problems with the jury's verdict in a series of open-ended questions in his opinion.

"Did customers even know that a specialist could trade for his proprietary account?" Chin wrote.

"Did customers assume that the specialist was providing services without charge?"

Coming back to prosecutors' allegations that Finnerty illegally inter-positioned about 26,300 trades, Chin said, "This number is clearly and significantly overstated."

A spokeswoman for the Southern District of New York said, "We are reviewing the opinion and considering our options."

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U.S. Judge Voids Guilty Verdict Of Big Board Specialist In G.E. (NYT/AP)

By The Associated Press

The New York Times, February 22, 2007

A judge took the unusual step yesterday of reversing a jury verdict, finding that the evidence did not support the conviction of a former New York Stock Exchange supervisor who once oversaw trading in General Electric stock.

The supervisor, David A. Finnerty, had been convicted of securities fraud in October by a jury in United States District Court in Manhattan.

Judge Denny Chin said he was reversing the verdict and ordering an acquittal because prosecutors had failed to prove that Mr. Finnerty engaged in fraudulent or deceptive conduct within the meaning of securities laws.

The ruling was the latest blow to the pursuit of federal criminal charges against 15 New York Stock Exchange floor supervisors accused of using their positions to make an estimated $20 million illegally for themselves and their firms.

Prosecutors had already dropped charges against seven defendants. Two others were convicted in addition to Mr. Finnerty, two were acquitted and two pleaded guilty. One defendant remains at large.

Judge Chin said that if his order of acquittal were later reversed by an appeals court, he would grant a request for a new trial.

A spokeswoman for the United States attorney's office in Manhattan, Yusill Scribner, had no comment on the reversal.

Prosecutors said the specialists had violated rules requiring them to match buyers and sellers at the best possible prices, and were not permitted to buy or sell a stock with their own firm's money unless only one party was seeking the transaction.

Specialists run the open-outcry auctions on the floor of the exchange, matching buy and sell orders for the stocks they oversee. They also use their firms' money to buy shares when no one else wants to buy, as well as sell shares from their own inventory when no one wants to sell.

Mr. Finnerty worked for Fleet Specialists, overseeing all trading in the stock of G.E. from 2000 to 2003 before he was charged with three counts of securities fraud. He faced more than 20 years in prison for the conviction.

U.S. Won't Seek To Restore Fraud Conviction Of Ex-Westar Officials (BLOOM)

Bloomberg, February 22, 2007

The government will not try to reinstate the fraud convictions of two former Westar Energy executives, prosecutors said yesterday.

The United States attorney's office in Topeka, Kan., said it would not ask an appeals court in Denver to reconsider its decision in January to reverse the convictions of the executives, David C. Wittig and Douglas T. Lake. The appeals court said that evidence at the trial did not justify the guilty verdicts.

Mr. Wittig, the former chief executive, and Mr. Lake, a former vice president, were accused of looting Westar, a public utility based in Topeka. They were convicted in 2005 of money laundering and wire fraud.

"We had until Feb. 20 to notify the 10th Circuit whether we wanted to ask for a rehearing," a government spokesman, Jim Cross, said, referring to the federal appeals court in Denver. "We have allowed that deadline to pass."

The court said prosecutors could not retry the wire fraud and money laundering counts, but could retry some lesser claims. Mr. Cross said that prosecutors had not decided on a retrial.

The remaining charges "have to do with personal use of a corporate plane," said Mr. Wittig's lawyer, Steven Alan Reiss, of Weil, Gotshal & Manges in New York.

"Right now, we're hopeful the government will reach the right decision and decide that twice was enough and not proceed any further," Mr. Reiss said. The first trial on the charges ended in a hung jury in 2004.

Mr. Lake's lawyer, Seth Waxman, did not immediately return a call for comment.

The executives did not tell shareholders that they would have been the main beneficiaries of a plan to spin off Westar's utility business and pursue a merger with Public Service Company of New Mexico, prosecutors said. Mr. Wittig and Mr. Lake would have shared as much as $90 million, prosecutors said at the trial.

Software Firm To Pay $30 Million In AOL Case (WP)

By Carrie Johnson

The Washington Post, February 22, 2007

Veritas Software agreed to pay $30 million to resolve civil fraud charges connected to an improper advertising deal it signed with AOL during the Internet boom's waning days.

A Securities and Exchange Commission complaint accused Veritas and AOL of Dulles of simultaneously wiring payments to each other as part of an improper, unwritten "round-trip" agreement. Both companies used the deal to inflate revenue, the complaint said. For Veritas, the transaction added 2 cents per share to its fourth-quarter and annual earnings in 2000, allowing it to beat Wall Street expectations.

Court papers filed in the District late Tuesday also accused Veritas of engaging in a series of accounting maneuvers to smooth its financial results into "museum quality" reports from 2000 through 2002. Among other things, the company used "wish lists" prepared by employees in its finance and operations unit to build cushions of expenses to make its earnings appear steadier.

Veritas, which was acquired nearly two years ago by Symantec and is a wholly owned subsidiary, neither admitted nor denied the allegations. It has restated its financials twice: once to reverse $20 million it had booked as part of the AOL deal and again to correct problems with its profit-smoothing practices.

In a statement, a spokeswoman for Symantec said the company had set aside the settlement funds in reserve. The spokeswoman also pointed out that Symantec, one of the nation's largest providers of data security software, is not named in the complaint.

The case is a leftover from an era when technology companies struggled to meet the expectations of analysts and investors. AOL, which was then known as America Online and has since been absorbed by Time Warner, paid more than $500 million two years ago to settle related charges about its financial dealings.

Action on Veritas stalled for nearly two years, however, in part because the five-member SEC, which must approve recommendations from agency enforcement staff, had been stuck over how to proceed in the case.

Ultimately, SEC commissioners agreed to approve the settlement after intense deliberations. In a news release, the agency took pains to note that the $30 million penalty had been negotiated before the SEC issued a policy directive last year concerning when regulators may impose fines on companies.

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That directive is designed to take into account such factors as whether shareholders benefited from fraudulent accounting in determining if companies must shell out money to pay regulatory fines. Panel members including Republican Commissioner Paul S. Atkins have expressed concern that investors should not be penalized twice.

Securities officials said they continue to probe problems at Veritas.

"The fraud was planned and implemented at the highest levels of the company," SEC associate enforcement director Scott W. Friestad said in an interview. "Former management lied to the auditors and misled investors by withholding material information about the company's financial results. As our investigation continues, we will be turning our attention to those responsible for the misconduct."

EDITORIAL: Fannie's Pay (WSJ)

The Wall Street Journal, February 22, 2007

At a truly private company, withholding more than $40 million in bonuses tied to fraudulent earnings would be a no-brainer. But Fannie Mae is neither a normal business nor exactly private, even if its shares are in private hands. So this week's announcement that current and former top executives at the mortgage giant wouldn't be receiving $44.4 million in Fannie Mae shares has to count as progress.

Daniel Mudd, the current CEO, will lose $4.1 million, while Franklin Raines, the former CEO ousted over the $6 billion accounting scandal, will have to forgo $11.4 million. This comes on top of the news last year that Ofheo, Fannie Mae's federal regulator, would seek to claw back about $100 million in performance bonuses that had already been paid out. That case is pending.

The optimistic view of yesterday's news is that Fannie, chastened by the accounting fraud and a newly invigorated regulator under Ofheo Director James Lockhart is beginning to act more like an ordinary company and less like the local bully in Washington.

On the other hand, Fannie's friends got more powerful with the Democratic takeover of Congress. The Bush Administration has been trying to negotiate a compromise with Barney Frank & Co. to reform oversight of Fannie and its sibling Freddie Mac, but it remains to be seen how much power a new regulator will have in any bill that could pass a Democratic Congress.

Amazingly, nobody involved in the fraud has faced criminal charges, a fact that would have the press and the corporate scolds in Congress up in arms if a $6 billion fraud had been perpetrated at any company other than Fannie or Fred. Still, not paying real bonuses tied to fake earnings is better than nothing.

CRIMINAL LAW:

Libby's Fate Now Rests In The Hands Of The Jury (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, February 22, 2007

A federal jury ended its first day of deliberations yesterday in the perjury trial of I. Lewis "Scooter" Libby after the presiding judge urged jurors to rely on their "life experiences" in deciding whether the vice president's former chief of staff lied to investigators -- or made an honest mistake -- about his role in a CIA leak.

U.S. District Judge Reggie B. Walton's instructions to the jury of eight women and four men reinforced the issue of the fallibility of human memory that has been central to one of Washington's most celebrated trials in years.

Prosecutors allege that Libby, then Vice President Cheney's top aide, lied to FBI agents and a federal grand jury to obscure the fact that, in the spring and summer of 2003, he aggressively sought out and shared with reporters information about Valerie Plame, an undercover CIA officer. Plame is married to former ambassador Joseph C. Wilson IV, who was emerging then as a harsh, early critic of President Bush and the Iraq war.

The only person accused in the three-year CIA leak investigation, Libby, 56, is charged with five felonies: two counts of making false statements to FBI agents, two counts of perjury and one count of obstructing justice. He is not charged with the leak itself. If convicted of all charges, he would face a potential prison term of 1 1/2 to three years under federal sentencing guidelines, prosecutors outside the case have said.

Libby's attorneys contend that Libby did not intentionally lie, but inaccurately remembered his conversations about Wilson and Plame with administration colleagues and Washington journalists.

The trial has delved deeply into a volatile period inside the White House shortly after the war began, when the administration was vulnerable to political attack because no proof had turned up of Iraqi weapons of mass destruction that Bush had cited to justify the war.

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Evidence and 14 days of testimony have shown that Cheney, Libby and other top administration officials sought to discredit Wilson, who was sent by the CIA to Africa in 2002 and concluded that there was no basis for reports that Iraq had tried to buy nuclear materials there. Prosecutors have asserted that Libby told reporters and a White House press secretary about Plame as part of the campaign to tarnish her husband by suggesting that the CIA chose him for the mission because of nepotism.

Before the jurors began deliberations late yesterday morning, Walton provided them guidelines for sifting through the prosecution and defense's contradictory depictions of Libby's memory and the memories of other witnesses.

The judge instructed them to use their "common-sense experience" to assess such factors as how long people can be expected to retain clear memories, the nature of the person or event they were asked to recall, the circumstances that existed at the time and their impressions of the "memory capacity" of the people whose memories were questioned.

"Making an honest statement that turns out to be inaccurate or wrong . . . does not rise to the level of criminal conduct," Walton said. On the other hand, the judge emphasized that the jury should consider inconsistencies the prosecution cited in Libby's account of events.

The jurors have been largely attentive during weeks of complex testimony. Many have taken notes and, under a practice that Walton allows, some have questioned virtually all 19 witnesses at the end of each one's testimony.

At the outset of the trial, potential jurors were screened during lengthy questioning by both sides. Defense attorneys filtered out District residents who said they have negative opinions of the Bush administration or the war. The result is a jury that is relatively apolitical. Many of the jurors are highly educated.

Although most District residents are African American, the jury includes six white women, four white men and two black women.

Under rules Walton set yesterday, the jury will deliberate every weekday from 9 a.m. to 5 p.m.

Jury Has CIA Leak Case To Decide Former Cheney Aide's Fate On Perjury, Obstruction Charges (AP)

By MICHAEL J. SNIFFEN, Associated Press Writer

AP, February 22, 2007

(AP) - WASHINGTON-Jurors reached no verdict in their first 4 1/2 hours of deliberation on whether Vice President Dick Cheney's former chief aide obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic.

The eight women and four men on the jury heard 14 days of testimony about I. Lewis "Scooter" Libby, a day of closing arguments and more than an hour of instructions Wednesday from U.S. District Judge Reggie Walton before beginning their discussions. After 4 1/2 hours of deliberation, the jurors went home until Thursday.

The jurors include a former Washington Post reporter, an economist, a retired math teacher, a former museum curator, a law firm accountant, a Web architect and several retired or current federal workers. There are 10 whites and two blacks, unusual in a city where blacks outnumber whites more than 2-to-1.

Libby, who was Cheney's chief of staff and national security adviser, faces five felony counts that carry a combined top penalty of 30 years in prison. If convicted, Libby probably would be sentenced to far less under federal guidelines.

The trial provided behind-the-scenes details of the interaction between top reporters and government officials and of Cheney's efforts to rebut criticism of him and the administration.

The investigation began with the public identification of CIA operative Valerie Plame on July 14, 2003, eight days after her husband, ex-Ambassador Joseph Wilson, publicly accused the Bush administration of distorting intelligence to push the nation into war with Iraq.

Months later, Libby told the FBI and a grand jury that he first learned that Plame worked for the CIA from Cheney on June 11. But he said that amid the press of war issues and other national security concerns, he forgot that and was surprised to learn it from NBC television newsman Tim Russert on July 10 or 11. Thereafter, he said he told reporters he had heard the information only from journalists and could not confirm it.

Russert testified he and Libby never discussed Plame. Judith Miller, who had been a reporter with The New York Times, testified Libby told her about Plame's CIA job before the Russert conversation. Matt Cooper, then of Time magazine, testified Libby confirmed her employment for him. Six government officials testified they either told Libby about Plame's job or discussed it with him between June 11 and July 10 or 11.

Walton explained to the jurors that they must weigh the truth of several statements by Libby in the various counts.

On the obstruction count, Walton said they could find Libby guilty should they unanimously decide any one, or more, of three Libby statements were lies: that Russert asked Libby if Plame worked at CIA and said all the reporters knew it; that Libby

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was surprised to learn the Plame information from Russert; or that Libby told Cooper he had heard it from reporters but did not know it was true.

On one count of lying to the FBI, jurors could find Libby guilty if they found either or both of his statements about the Russert call were lies, Walton explained. The other count of lying to the FBI hinges on Libby's statement about the Cooper call.

On two counts of perjury, jurors would have to weigh various Libby statements to the grand jury about how he learned about Plame's job and whom he told, including four separate statements in one count, Walton said.

Prosecutors argued that Libby concocted lies to make his discussions of Plame with reporters appear to be innocent gossip so that he would not risk losing his job for giving them classified information without authorization.

The defense argued that Libby had an innocent lapse of memory, and his lawyer attempted to show that government witnesses also had memory flaws.

Associated Press writer Matt Apuzzo contributed to this report.

Libby Perjury Hearing Casts Cloud Over Cheney (FT)

By Caroline Daniel

Financial Times, February 22, 2007

As a Washington jury starts its deliberations on Thursday on whether Lewis "Scooter" Libby, the former chief of staff of Dick Cheney, the US vice-president, is guilty of perjury and obstruction of justice, he is not the only one whose reputation has come under suspicion.

"There is a cloud over the vice-president," Patrick Fitz-gerald, special prosecutor, told the jury on Tuesday. "He sent Libby off to the meeting with Judy [Judith Miller, a New York Times reporter] where Plame was discussed. That cloud is something that we just can't pretend isn't there."

Despite this encroaching shadow over the vice-president, the hearings have failed to ignite as the political show-trial over Iraq that many anti-war critics had hoped for. Indeed, the complexity and frequent triviality of the trial has put off all but the most seasoned Beltway observers.

If the defence fails, Mr Libby faces up to 30 years in prison and the ignominy of becoming the highest serving Bush administration official to face jail. But unlike Mr Cheney and the president's chief political adviser, Karl Rove, who have also been named in connection with the case, he is not a well-known figure, and any public relations damage will be limited.

The case goes back to a New York Times article from July 6 2003 by Joseph Wilson, a former ambassador. The piece, "What I didn't find in Africa", described how he found no evidence in Niger that Iraq was seeking uranium for weapons of mass destruction. The Niger claim was a critical part of the case for war in President George W. Bush's State of the Union speech in 2003 and the White House and the vice-president's office, furious at Mr Wilson's article, determined to rebut the man who had challenged their credibility.

Mr Cheney's scribbled question on a copy of the New York Times article was the most controversial part of the rebuttal. "Did his wife send him on a junket?" Mr Cheney had written. Mr Wilson's wife was Valerie Plame, a CIA agent, and, in rebutting the New York Times article, administration officials – including Mr Rove, the former White House press secretary Ari Fleischer and Mr Libby – mentioned her to reporters.

When Ms Plame's identity made it into print on July 14 2003 the publication was seen as having breached a law banning the naming of covert US agents.

No official was charged with the underlying leak, but Mr Libby's current perjury charges stem from testimony he made before a grand jury and the FBI during the investigation. As a result, instead of being about the leak, the trial has been about the alleged cover-up and has descended into titillating revelations about the Washington media.

Those attending discovered how Ms Miller kept some notes in a plastic bag under her desk and how an adviser to Mr Cheney sought to exploit the dislike that Tim Russert, host of NBC's Meet the Press, felt for a rival talk-show host. The jury enjoyed a voyeuristic masterclass in how Bob Woodward, the veteran investigative journalist, entices his sources to open up, hearing Mr Woodward's taped interview with former deputy secretary of state Richard Armitage, who then told him about Ms Plame.

The defence's argument has been that Mr Libby was made a scapegoat by the White House to protect Mr Rove from prosecution. They have argued he merely forgot how he found out about Ms Plame, amid the pressure of national security matters, turning the trial into a "he said, she said" case. On Tuesday his counsel melodramatically shed tears at the close of final statements and turned away to dab them as he returned to Mr Libby's side.

Even if Mr Libby is convicted, questions will remain about Mr Cheney's role in directing his aide to rebut Mr Wilson, and his intervention to force Mr Fleischer to make a public statement exonerating Mr Libby.

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But an acquittal would also carry risks for Mr Fitz-gerald. It could lead to criticism that he prosecuted what turned out to be a trivial case. It could also underline that he failed to prosecute anyone for the initial crime he was appointed to investigate: who it was who leaked the name of Ms Plame.

Jury In Libby Case Begins Deliberations (NYT)

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — The jury deciding the perjury case against I. Lewis Libby Jr. began deliberating late Wednesday morning.

The jury, eight women and four men, heard nearly a month of evidence and testimony, capped Wednesday with an hourlong set of instructions from Judge Reggie B. Walton.

The jurors will resume work Thursday morning.

Mr. Libby faces five felony counts on charges that he lied to a grand jury and to agents of the Federal Bureau of Investigation who were investigating the leak in 2003 of the identity of a Central Intelligence Agency operative, Valerie Wilson.

Ms. Wilson's identity was disclosed publicly in a July 14, 2003, column by Robert Novak just days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV, criticizing the Bush administration.

After complaints that Bush loyalists had leaked Ms. Wilson's name to punish her husband for his criticism, a special prosecutor was named to investigate how her identity had been disclosed.

The prosecutor, Patrick J. Fitzgerald, did not charge anybody with illegally disclosing Ms. Wilson's name, but he brought a case of perjury, obstruction of justice and false statements against Mr. Libby, who was chief of staff to Vice President Dick Cheney and had been assigned to counter Mr. Wilson's assertions.

Jurors Begin Deliberations In Libby Perjury Trial (USAT)

By Richard Willing

USA Today, February 22, 2007

WASHINGTON — Jurors in the Lewis "Scooter" Libby trial began deliberations today in a case that could bring the former vice presidential aide up to 30 years in prison if convicted of perjury and obstruction of justice.

Federal Judge Reggie Walton delivered about an hour of legal instructions to the jury today after they heard more than six hours of closing arguments Tuesday.

The summations were starkly different, as the defense sought to portray Libby, former chief of staff to Vice President Dick Cheney, as forgetful while the prosecutors called him a liar.

"Don't … sacrifice Scooter Libby for how you may feel about the war in Iraq or about the Bush administration," a tearful Theodore Wells, Libby's chief defense attorney, told jurors in his closing arguments.

If during deliberations a juror says, "'He's a Republican, he works for Cheney, let's do him,'" that juror must be discouraged, Wells said.

Prosecutor Patrick Fitzgerald argued that the Bush administration's attempts to discredit an Iraq war critic, and Libby's role in it, are at the heart of the case against him. "There's a cloud over the White House as to what happened here," Fitzgerald said. "Don't you think the American people deserve to know?"

Libby, 56, is charged with lying when he told investigators and later grand jurors in 2003 and 2004 how he learned that Valerie Plame, wife of administration critic Joseph Wilson, worked at the CIA. Libby said he learned the information from Cheney, forgot, then heard it a month later from NBC newsman Tim Russert.

Russert testified in Libby's trial and to the grand jury that he didn't tell Libby about Plame.

Libby also faces charges of perjury and obstruction of justice based on a conversation about Plame with Matthew Cooper, then a Time magazine Washington correspondent.

Only the shaky memories of two reporters with credibility problems held together the case against Libby, Wells said.

"It's what I mean by 'he said, she said,' " Wells said. "They want you to make a choice beyond a reasonable doubt that (would leave) my client's life destroyed."

Fitzgerald countered that Libby concocted the Russert story and lied about his conversation with Cooper to sidetrack an investigation into who leaked Plame's identity to reporters.

In February 2002, the CIA sent Wilson, a former ambassador, to investigate reports that Iraq was trying to buy uranium from the African nation of Niger.

No one was indicted for leaking information about Wilson's wife despite an investigation that lasted over two years.

Libby, Fitzgerald said, feared being fired or prosecuted for leaking confidential information. By sourcing the story back to reporters, he said, Libby believed his role would remain secret.

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"He made a gamble that he's going to tell them a story about the rumors and hope it goes away," Fitzgerald said. "He threw sand in eyes of the FBI and grand jurors, he obstructed justice and he stole the truth from the judicial system."

The prosecution used a large interactive screen to rebut Libby's version of events. Peter Zeidenberg, a Fitzgerald assistant, posted in succession the names of eight people who spoke with Libby about Plame between June 11, 2003, and about July 10, when Libby said Russert told him about Plame.

"Ladies and gentlemen, that's not forgetting," Zeidenberg said. "That's lying."

Wells directed jurors away from those witnesses, whom he called "background evidence." Jurors must focus, he said, on the Russert and Cooper conversations at the core of the charges.

"This is just about different recollections of conversations with different reporters," Wells said.

It's "crazy," Wells said, to believe Libby invented that Russert told him about Plame. Libby, he said, didn't know Russert and believed investigators would likely call the newsman to verify the account. Russert's network, NBC, was hostile to the White House, Wells argued.

Politics Meets Intelligence At Trial (WSJ)

By Evan Perez And Jay Solomon

The Wall Street Journal, February 22, 2007

WASHINGTON -- As jurors began deliberating the fate of I. Lewis "Scooter" Libby, one outcome of his perjury trial seemed clear: The case has added fuel to calls for a broader examination of how intelligence was used in political arguments in the past six years.

Moreover, some current and former administration officials say, the trial's airing of the use of intelligence -- especially over the Iraq war -- threatens to further undermine confidence in American claims on other sensitive matters. That could be a particular problem in the U.S. campaign to convince the world to curb Iran's nuclear program.

The Libby trial, which focused on efforts to leak classified information to the press, comes amid revived debate over intelligence in the newly Democratic Congress. Senate and House Democrats are pursuing new inquiries after a recent Defense Department Inspector General's report criticized the pre-war Pentagon intelligence program run by former Defense Undersecretary Douglas J. Feith.

Already, the Senate Intelligence Committee has requested documents and interview transcripts from the Inspector General's office, while the Senate Armed Services Committee seeks further interviews with Mr. Libby, the former chief of staff for Vice President Dick Cheney, and National Security Adviser Stephen Hadley. "The bottom line is that the intelligence relating to the Iraq-al Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," committee Chairman Carl Levin (D., Mich.) said at recent hearing.

The Libby trial put an especially bright spotlight on the debate. Yesterday, a jury of eight women and four men began weighing a month of testimony from 19 witnesses in a case that began as a probe into the outing of former Central Intelligence Agency operative Valerie Plame and three years later ended up focusing on the trustworthiness of recall and the semantics of lying.

In court, Special Prosecutor Patrick Fitzgerald told jurors that Mr. Libby deliberately lied to Federal Bureau of Investigation agents and a grand jury to try to cover up the administration's efforts to respond to criticism of the Iraq war.

In response, Mr. Libby's attorneys highlighted "mis-recollections" by a number of prosecution witness, including several reporters, to bolster their argument that Mr. Libby didn't lie but simply had faulty memory when he made erroneous statements to investigators.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, former U.S. Ambassador Joseph Wilson, complained publicly that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain weapons of mass destruction.

Mr. Wilson in July 2003 went public with his story of taking a CIA sponsored trip to Africa to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of since-discredited intelligence that alleged Iraq sought weapons materials in the African nation of Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complain that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

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In any case, the trial has provided congressional intelligence officials with extensive information on how the vice president's office functioned semi-autonomously in pushing foreign-policy initiatives. These officials said the information could prove helpful in continuing investigations into how public statements made by the president and vice president differed from the underlying intelligence provided by the CIA and other intelligence agencies.

Richard Ben-Veniste, former Democratic counsel to the Senate Whitewater Committee and head of the Watergate special prosecutor's office, says the trial has served "to reveal the inner workings of the vice president's office, and particularly the willingness to declassify information to assist in the damage control effort that appeared to be entirely political in nature."

Meanwhile, the Pentagon report said that as Mr. Feith assembled his intelligence reports -- highlighting, in particular, alleged links between Iraq and al Qaeda terrorists -- his office briefed four key officials, Mr. Libby among them. The report said the Pentagon office presented its findings to the White House as a conclusive intelligence assessment, though the CIA strongly opposed those findings.

Mr. Feith has complained bitterly that the report, and the congressional response to it, distorts what was a legitimate effort to raise questions about intelligence conclusions, not to distort them.

The latest controversies come as the administration faces challenges from foreign governments and U.S. lawmakers skeptical of its recent claims that Tehran is supplying Shiite militias in Iraq with munitions and arms. Critics accuse the White House of mimicking the tactics used in building the case for war against Iraq in 2002 and 2003.

Administration officials voice exasperation over the response, saying U.S. intelligence agencies have developed extensive evidence of Iran's involvement in Iraq. They also say that changes in the intelligence community since the Iraq war have significantly improved U.S. intelligence.

"It's frustrating for the entire process," says one intelligence official working on Iran. "The whole message is being challenged."

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Scooter Libby And Reputation (WSJ)

By Daniel Henninger

The Wall Street Journal, February 22, 2007

"There used to be a time when big cases were investigated a different way in this country. Maybe something's gone horribly wrong."

-- Federal Judge Lewis A. Kaplan, 2006

The trial of I. Lewis "Scooter" Libby is the closest version of a Red Queen trial this country has had in a long time. One says that knowing it might start a stampede from past defendants laying claim to the most upside-down prosecution.

Lewis G. Carroll's account of the Knave' s trial before the Red Queen and White Rabbit is famous for the Queen's dictum, "Sentence first, verdict afterward." But read the full transcript of the mock trial and one will see that the real subject is not justice, but the humiliation of the defendant.

The trial of Scooter Libby in Washington, the national capital of illogic, has been exemplary. In December 2003, the prosecutor purports a crime has been committed by revealing a "covert" CIA agent's identity to the press -- despite knowing then what the outside world learned nearly three years later -- that the revealer of the agent was a State Department official, Richard Armitage. With the "whodunnit" solved on day one, the prosecution follows the Red Queen's script by taking the nation on a useless, joyless ride through the opaque looking-glass of Washington journalism.

The testimony of three of the world's most sophisticated journalists -- Judith Miller, Matthew Cooper and Tim Russert -- was the trial's closest thing to the White Rabbit reading nonsense verse to the jury: "For this must ever be a secret, kept from all the rest, between yourself and me."

The Libby case went to the jury yesterday. After the verdict, all the characters in this satire on Beltway mores will go back to doing what they did before, except for one -- Scooter Libby.

If found guilty, Mr. Libby goes to prison. He is ruined. If acquitted, he loses only that which he built daily the past 35 years of private and public life -- his reputation. This, too, is ruin.

Purified justice notwithstanding, something here has gone "horribly wrong."

As is increasingly true of politics, American justice today has come to look more like mortal combat, the videogame. Notions of proportionality have eroded. Crimes that are minor crimes, civil offenses or mere hardball politics like the Plame case must be elevated to a capital offense. Eliot Spitzer's pursuit of AIG founder Hank Greenberg rose to a bonfire of never-proven criminal charges that put the torch to the company and Mr. Greenberg before burning down to its current ash of alleged civil offenses against him.

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Under the constant stare of the media Cyclops, prosecutors can't back down and justice in 21st-century America degrades to swamp justice. Exhibit A: the Duke lacrosse-team prosecution. Judge Lewis Kaplan, in the federal government's recent KPMG prosecution, sat in appalled disbelief as federal prosecutors attempted to reduce 18 defendants to rubble.

It was ever thus that big cases produce drama that's hard to resist. Not least is the spectacle of a once-in-a-lifetime defendant, a Scooter Libby, virtually bankrupting himself to avoid guilt. Labor Secretary Ray Donovan's 1987 remark on acquittal will explain why unto eternity: "Which office do I go to to get my reputation back?"

No dramas will be written, though, about the aftermath for such a defendant. But maybe one should. Consider the case of Salim Lewis.

Thirty years ago on Wall Street, Salim "Sandy" Lewis was a household name. His father Salim co-built Bear Stearns, and he in turn made his reputation in the high-stakes corporate-merger cycle of the 1980s. He worked without legal or disciplinary taint until he was 49. In 1986 a federal prosecutor named Rudolph Giuliani indicted him for securities violations.

His accuser was Boyd Jeffries, the criminal acolyte of famed financial criminal Ivan Boesky. The case itself was arcane. Outraged at a short-selling practice legal at the time, Mr. Lewis urged Jeffries to engage in a stock transaction to thwart the short sellers. A subsequent court called what he did "an act of market vigilantism, in which Mr. Lewis in no way personally profited." And indeed the short-selling practice he attacked was later outlawed. Still, his own act was illegal.

Rudy Giuliani indicted him on 22 counts. He pleaded guilty to three, facing 15 years. Judge Mary Johnson Lowe reduced it to three years probation, an act of now-antique proportionality. The SEC got an injunction banning Mr. Lewis for life from the securities business; this was the core of a reputation the court record had shown steeped in good works. He sought to restore it.

In 2001, he received a pardon from President Clinton (later called "a bona fide pardon on the merits" by a federal judge). The SEC bar order remained. He again sought relief in court, and this past summer Judge William Conner of the Southern District (aka Wall Street) lifted the lifetime bar, saying "we cannot ignore the inequity inherent in the injunction." It took only 20 years.

Nor does innocence guard reputation. Back then prosecutor Giuliani flamboyantly arrested Richard Wigton (30 blameless years with Kidder, Peabody) and a youthful arbitrager named Timothy Tabor. They were handcuffed. Two years later, the charges against both were dropped. No matter. Both had been led through the media bonfire. They were ruined.

Some of this reputational destruction can be explained as random events -- having the bad luck to draw a politically ambitious prosecutor (Messrs. Giuliani and Spitzer) or the fanaticism inherent to special prosecutors. But something more harsh and bitter is in the water now.

Incredibly, Scooter Libby and Ray Donovan had the same lawyer, Ted Wells. So did Sandy Lewis then and KPMG today, Stanley Arkin. Mr. Arkin thinks it's worse now.

"We use the word 'criminal' very promiscuously" today, he told me. Legal standards and ethics require a neutral review up to the decision to indict, but too often, Mr. Arkin says, "You do not have neutral review. We get a poor quality of magisterial review in this country."

It is a travesty that the Valerie Plame bump-and-run case brought Lewis Libby to the edge of this cliff. Primary blame belongs to the Bush Justice Department's abdication of responsibility. So now a former Manhattan prosecutor is running for president. Electoral vagaries willing, one can think of no one better qualified to restore the meaning of "criminal" to its proper intent.

Guard Sentenced In Prison Sex Scandal (AP)

AP, February 22, 2007

A former federal prison guard was sentenced Wednesday to a year of home detention and three years probation for his role in a sex-for-contraband scheme that ended in a deadly gun battle last summer.

E. Lavon Spence, who pleaded guilty to mail fraud in October, was sentenced by Chief Judge Robert L. Hinkle in federal court.

Prison time "would affect the recovery" of Spence from his November stroke at the age of 40, Hinkle said.

A Justice Department special agent was killed and a prison officer was wounded in June when they came to arrest the six guards at the Tallahassee Federal Correctional Institution. One of the guards, Ralph Hill, was also killed in the gunfight Hill started.

Three of the guards have already been sentenced to a year in prison, with two also receiving three years of probation after their release. A fourth guard was sentenced to a year of probation.

A telephone message left at the office of Spence's attorney was not immediately returned.

Former DOD Civilian Guilty Of Taking Bribe (S&S)

By Charlie Coon, Stars and Stripes

Stars and Stripes, February 22, 2007

A former employee of U.S. Special Operations Command Europe in Stuttgart, Germany, pleaded guilty on Friday to accepting bribes in return for steering work to a Romania- and Iraq-based contractor.

Steven Merkes, who worked as a logistical planner, faces up to two years in prison and $250,000 in fines for performing acts for Philip Bloom in return for $24,000 in cash and future employment, according to a Justice Department news release.

Sentencing for Merkes is scheduled for June 1.

Bloom, one of the ringleaders in a wide-ranging scheme to defraud the former Coalition Provisional Authority of Iraq, was sentenced Friday to 46 months in prison and ordered to forfeit $3.6 million for committing bribery and money-laundering and conspiring to defraud.

Both cases were tried in U.S. District Court in Washington.

According to the Justice Department, Merkes worked at the special operations command, or SOCEUR, as an airman until January 2005, and afterward as a Defense Department civilian employee.

In both positions, Merkes' official duties consisted of planning military exercises for special operations forces in the European theater, according to the Justice Department.

The U.S. European Command, which is headquartered in Stuttgart and oversees SOCEUR, had little to say about Merkes' conviction.

"Mr. Merkes worked here, but he left in early 2006," according to a statement by the U.S. European Command public affairs office. "We know of no illegal activity while he was here.

"We have no knowledge of the allegations or the investigation being conducted by Department of Justice."

Bloom, 67, of Bucharest, Romania, was at the center of a scandal that resulted in the arrests of at least four servicemembers and three civilians. One of the civilians, Robert Stein, was sentenced Jan. 29 to nine years in prison for charges including weapons possession.

Stein, a former comptroller with the Coalition Provisional Authority, was convicted of, among other crimes, stealing money from the Coalition Provisional Authority of Iraq that was funneled to Bloom for the purchase of assault rifles, silencers and grenade launchers, for personal use in the United States, according to the Justice Department.

Bloom has cooperated with the investigation.

Others charged in the case include Col. Curtis Whiteford, Lt. Cols. Debra Harrison, Michael Wheeler and Bruce D. Hopfengardner, and civilians Michael Morris and William Driver.

Lessons Lurking In Fumo's '80 Case? (PHI)

By Emilie Lounsberry

The Philadelphia Inquirer, February 22, 2007

The case was federal, and one of the defendants was State Sen. Vincent J. Fumo. But the year was 1980, and that was another era in Philadelphia politics and in FBI corruption probes.

Fumo was 37 and serving his first term in Harrisburg as the successor to another local political legend - State Sen. Henry "Buddy" Cianfrani, who had been sent to federal prison.

Though the 1980 case is more than a quarter-century old, it shows that Fumo, the powerful Philadelphia Democrat charged Feb. 6 in a blistering federal indictment, has been down this road before - and won.

Though a jury found Fumo guilty, along with former city Democratic Party chief Peter J. Camiel and former State Sen. Thomas M. Nolan, a judge overturned the verdict and acquitted all three - a giant victory for political figures who faced possible prison sentences.

Now, just as military strategists study old wars, lawyers who specialize in federal criminal cases say they expect both sides of United States of America v. Fumo to study the pages of the 1980 trial - especially Fumo's testimony.

"It's relevant and important to both prosecution and defense to examine that," said veteran defense lawyer Nicholas J. Nastasi, who represented Camiel in the posttrial litigation of the 1980 case.

The old case offers insight about how Fumo, as a defendant, conducted himself on the witness stand. It lays out how some of the city's top defense lawyers fought at trial, and on appeal. And, lawyers familiar with both cases said, the 1980 charges have some elements in common with the new indictment.

"It's not an entirely different type of alleged crime," said Center City lawyer Jack Meyerson, who prosecuted the 1980 case when he was an assistant U.S. attorney. Like the current case, he said, the earlier one involved allegations of "abuse of the payroll of the state Senate and using public money for political purposes in Philadelphia."

In the new indictment, Fumo, now 63, is accused of using taxpayer and charity money for political and personal purposes, including using Senate funds to hire a private investigator to tail ex-girlfriends and dig up dirt on political rivals. He also is charged with obstructing justice.

In the 1980 case, Fumo, Camiel and Nolan were accused of scheming to put Democratic Party workers in "no-show" jobs on the state payroll even though they did little or no work for the legislature. The charges - of mail fraud - focused on letters from Fumo and Camiel to Nolan requesting jobs for the no-show workers.

Fumo was on the witness stand for a day.

He testified that he knew some workers on the legislature's payroll were working at Democratic City Committee headquarters, or in his ward office - but that he didn't believe this was wrong.

"Am I correct in that every one of them worked every day wherever they were?" asked Fumo's lawyer, Ronald F. Kidd.

"Yes," Fumo answered.

Kidd: "... You didn't think that was a crime?"

Fumo: "No, not at all."

A few days later, the jurors began deliberating - and came back with three convictions.

Visibly shaken, Fumo said he was "crushed" by the verdict. "I feel just utter despair," he told reporters as he left the U.S. Courthouse at Sixth and Market Streets on a rainy October day in 1980.

Fumo later recalled the difficult days that followed. "That was the lowest point in my life," he said in a 1985 Inquirer interview. "It was like going to my own funeral. People were coming around - it was like what I would do when a close friend died - they were coming over paying respects. I didn't want to see anybody for a couple of days."

Months later, U.S. District Judge Clifford Scott Green tossed out the jury verdicts, ruling that prosecutors had failed to prove the three were involved in the specific, single scheme alleged in the indictment.

His decision was upheld by the U.S. Court of Appeals for the Third Circuit, a ruling that remains a guide for prosecutors.

Mark B. Sheppard, one of Fumo's current defense lawyers, declined to comment on the 1980 case and would not say if the defense team planned to review it.

Nastasi said the new charges were much broader than the 1980 mail-fraud case - and that could mean a more pressing challenge for the defense this time. "It seems there's a lot more for the defense to do in this case to achieve an acquittal," he said.

And he said there's another important difference.

"The biggest distinction between the cases is that in the Camiel case, there was no charge, nor was there any evidence, to show that any accused person benefited personally in any way," said Nastasi.

Fumo also was successful in another criminal case.

Those charges were filed in March 1973, when Arlen Specter was Philadelphia's district attorney. The man who later rose to become Pennsylvania's senior U.S. senator charged Fumo and several other poll watchers with conspiring to violate election law in the 1972 presidential election.

The allegation was that a judge had illegally allowed the men to interfere with poll watchers loyal to Sen. George S. McGovern - whose presidential bid was so unpopular that Cianfrani loyalists feared it would hurt the state senator's reelection chances.

The charges brought by Specter, a Republican, were dropped in 1974 by his successor, F. Emmett Fitzpatrick Jr., a Democrat.

Center City lawyer William A. DeStefano, who represented some witnesses called before the grand jury in the current Fumo case, said the senator's successful fight against two previous criminal cases could bode well: "He's been through this twice before and came out of them both successfully."

Lawyer Peter F. Vaira, who was U.S. attorney then, said that if the 1980 federal case is any guide, Fumo and his current legal team will fight like tigers.

"They put up a good fight there, and they'll do it here," Vaira said. "There's no question about that."

'Bandido' Software Pirate Arraigned In U.S. On 2 Charges (INFOWEEK)

By Sharon Gaudin, InformationWeek

InformationWeek, February 22, 2007

The purported leader of an organized criminal group known as DrinkOrDie faces 10 years in prison and a $500,000 fine related to charges of copyright infringement.

A man, U.S. authorities describe as the leader of one of the oldest and most renowned Internet software piracy groups, was arraigned in U.S. District Court on Tuesday.

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Hew Raymond Griffiths, 44, a British national living in Bateau Bay, Australia, is being charged with one count of conspiracy to commit criminal copyright infringement and one count of criminal copyright infringement. If convicted on both counts, Griffiths faces a maximum sentence of 10 years in prison and a $500,000 fine.

Griffiths, known by the screen nickname "Bandido," was extradited from Australia in what the Department of Justice says is one of the first ever extraditions for an intellectual property offense. He had been held in Australia for three years while he fought the extradition.

"Griffiths claimed to be beyond the reach of U.S. law, and today, we have proven otherwise," said Assistant Attorney General Alice Fisher, in a written statement. "This extradition represents the Department of Justice's commitment to protect intellectual property rights from those who violate our laws from the other side of the globe."

The indictment, which was returned in March 2003, charges Griffiths with violating U.S. criminal copyright laws as the leader of an organized criminal group known as DrinkOrDie. The group was known as one of the oldest security-conscious piracy groups on the Internet. DrinkOrDie was founded in Russia in 1993, according to the DOJ, and expanded internationally throughout the '90s.

The group was dismantled by the team effort of the DOJ and U.S. Immigration and Customs Enforcement as part of Operation Buccaneer in December 2001. More than 70 raids reportedly were conducted in the U.S., as well as in the United Kingdom, Finland, Norway, Sweden, and Australia. Operation Buccaneer so far has resulted in 30 felony convictions and 10 convictions of foreign nationals overseas, according to the DOJ.

Prior to its dismantling, DrinkOrDie was estimated to have caused the illegal reproduction and distribution of more than $50 million worth of pirated software, movies, games, and music, reports the DOJ in a written release.

"Counterfeiting and piracy of intellectual property are global parasites estimated to rob the legitimate world economy of more than $400 billion annually," said Assistant Secretary Julie Myers, in a written statement.

The government contends that Griffiths was a leader in the underground Internet piracy community, also known as the warez scene. He held leadership roles in several other well-known warez groups, including Razor1911 and RiSC.

Griffiths allegedly oversaw all the illegal operations of DrinkOrDie, which specialized in cracking software and distributing the cracked versions over the Internet, according to the DOJ's statement. Once cracked, these software versions could be copied and used without limitation. The group allegedly used encryption and an array of other sophisticated technological security measures to hide their activities from law enforcement.

Software piracy has become a huge expense for many U.S. businesses. Copyright protection actually has become a boom business. The International Intellectual Property Alliance reported in January that industries that depend on copyright protection laws for their economic survival accounted for $819 billion of the 2006 U.S. economy.

Cold Case: Keeping Snowmobilers Off Straight And Narrow (WSJ)

By Daniel Machalaba

The Wall Street Journal, February 22, 2007

HOLLAND, N.Y. -- Railroad policeman Matthew Galas eased his cruiser behind a snowbank near a Norfolk Southern Corp. train line. He'd seen what he was looking for: fresh snowmobile tracks on the right of way. Lawbreakers had been there that morning.

He settled in to await his prey. An hour later, a snowmobile slid to a stop at the edge of the woods. Its driver nosed toward the train track, as if about to follow alongside it through railroad property. Then he spotted Mr. Galas, and disappeared back into the snowy forest.

"I thought we had a taker," said Mr. Galas. After waiting a half-hour more, he figured the word of his presence was out. Clad in a black snowsuit emblazoned "POLICE," he jumped on the railroad force's own snowmobile outfitted with red flashing lights and inspected the illegal trail, which at one point came within inches of the railroad track.

Mr. Galas is one of more than a thousand police officers employed by U.S. railroads. A couple hundred of them spend at least part of their winters on a unique mission: chasing snowmobilers illegally on the train tracks.

Mr. Galas once ticketed a man whose snowmobile was demolished after it had gotten caught in a snow-covered track. The driver dismounted shortly before a freight train smashed into his snowmobile -- as well as a second snowmobile that was trying to tow his off the track. Another time, Mr. Galas says he was dragged perhaps 100 feet across the snow at 2 a.m. by a snowmobiler he stopped for trespassing and suspected of being under the influence. When the snowmobiler decided to run for it, his vehicle's handlebars caught on Mr. Galas's jacket and gun belt.

"Some of them are out as long as the bars are open," notes the 33-year-old, who has worked for eight years for Norfolk Southern. "And they are open until 4 a.m. in Erie County."

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After a slow start this year, winter has hit the Northeast with a vengeance. Where Mr. Galas works, in the Buffalo suburbs, that has meant frigid temperatures, heavy snowfall and an escalation of the annual fight between railroad police and the area's legions of snowmobile fanatics. So far this month, Mr. Galas has issued warnings to eight snowmobilers on the right of way in Holland, just one of many freight lines crisscrossing the area. Police have given out tickets that can carry fines of $100.

Snowmobiling is important to the region's economy and culture. The state government provides funds to local snowmobile clubs to groom and mark their trails. Local shops, gas stations, restaurants and bars rely on snowmobile business, both from tourists and locals.

Some aficionados resent the railroad getting aggressive about patrolling the right of way along its tracks, which can be as wide as 100 feet and tends to have some of the flattest, smoothest paths among the hilly and treacherous woods.

"It is like a speed trap on the highway, and I don't agree with it," says Larry Snyder, a board member of the Holland Sno-Rascals, the local snowmobile club. The club, which uses a raccoon's face as its logo, has 280 members. The town of Holland's total population is 1,261.

The club advises its members not to trespass on the railroad's private property, and certainly not to ride on the rails themselves. But it is fighting the Norfolk Southern line's recent efforts to cut off crossings that snowmobilers use to follow their trails from one side of the tracks to the other.

The railroad wants the snowmobilers away from its tracks as much as possible. Snowmobilers in northern New York and New England have crashed into railroad equipment and trains. Train companies fear snowmobiles can strike dangerous objects buried under snow on railroad property, such as long sections of rail or stacks of railroad ties. The companies also fear expensive jury awards if accident victims or their families sue.

In late January, a 24-year-old snowmobiler died when he lost control and ran into a CSX Corp. signal shed near Erie, Pa. Several years ago, an Amtrak train killed a snowmobile operator who was riding on the narrow cake of snow between the rails near Albany.

Commercial railroads have had their own police forces going back to the Civil War. Famous agents included Bat Masterson, a Wyatt Earp crony, and Allan Pinkerton, founder of the Pinkerton detective agency that chased train robbers in the Old West. Railroad cops are granted full enforcement powers by state governments, and also deal with cargo theft, vandalism and, lately, terrorism concerns. Municipal and state police also make arrests for violating railroad territory, but railroad companies say that's not enough.

In its battle with the snowmobilers, Norfolk Southern has dismantled a crossing used by a farmer with property on each side of the track, and wants to cut off more such unofficial crossings. Taking apart the farmer's crossing, made up of stones between the rails, severed a well-traveled trail. For a while, snowmobilers tried to laboriously lift their machines over the track. The railroad then piled up brush and dug six-foot-deep ditches on each side to stop them.

"Most of the railroads you can deal with, but it just happens Norfolk Southern is the biggest pain and that's the one we have here," says Gerald Cummins, president of the Sno-Rascals. The club has had to reroute about 20 of its 50 miles of trails away from the railroad tracks, he says, which cost more than $10,000 for culverts, labor, dirt and signs -- about half the state grant the club got last year to maintain trails.

The farmer who lost his crossing has sued the railroad, but snowmobilers don't expect to regain their access. The Sno-Rascals rerouted that trail an extra eight miles through the center of the community. But that created noise and other issues with local property owners. The reroute also bypassed two regular snowmobiler stops: The Valley, a restaurant and bar, and the Yellow Goose gas station. "It's getting so they can't get to us," says Kelly Kensy, owner of The Valley and a Sno-Rascals board member.

In nearby Attica, snowmobilers have virtually taken over an unused spur track. When Norfolk Southern agent Murray Haines went to inspect, he found they had posted a 15 mph speed limit sign next to a rusting railroad signal pole. A trail-grooming rake was parked nearby. Snowmobilers used to traveling along the spur include a Byron town justice, Daniel DiMatteo, who also is an attorney for two snowmobile clubs. He said the previous owner of the spur, Conrail, was more permissive.

Mr. Haines said the railroad would try to get snowmobilers to reroute their trail. For the moment, he walked through a company parking lot next to an active track, noting a dozen snowmobiles parked there. He took down their vehicle ID numbers, and asked their owners to move on.

Write to Daniel Machalaba at daniel.machalaba@wsj.com2

Probe Targeting Las Vegas Doctors And Lawyers Moves Forward (KLAS)

KLAS-TV, February 22, 2007

Federal authorities are moving forward with a conspiracy investigation targeting several of the valley's best-known doctors and lawyer. FBI agents began the probe back in 2003.

Federal prosecutors turned up the heat in front of a grand jury putting some of the most successful doctors and lawyers in Las Vegas in the crosshairs of this investigation. They reportedly called themselves the "Medical Mafia."

The FBI suspects them of conspiring to rip off patients, clients, and insurance companies for tens of millions of dollars. Testimony before a federal grand jury began Tuesday, Feb. 20 and prosecutors paraded more witnesses into the federal building Wednesday, Feb. 21 in preparation for possible indictments. The Channel 8 I-Team was the only news crew on the scene.

Click here to read 'Federal Grand Jury Issues Subpoenas in Insurance Scam,' which contains names of interest to investigators.

The people who've been gliding in and out of the federal building since Tuesday are not rich or famous. They are the alleged victims of the millionaire lawyers and doctors who are suspected of rigging the system to line their own pockets.

FBI agents have reportedly gathered so much information about more than a dozen attorneys and physicians that they weren't sure which cases and charges to pursue. Knowledgeable sources say prosecutors have narrowed their focus to concentrate on cases involving conspiracy.

For example, Cheyenne High School teacher Melodie Simon was paralyzed following two surgeries by two doctors. FBI agents believe the doctors and their two lawyers met with alleged medical fixer Howard Awand and agreed to go after the aenesthesiologist. Agents have been told that Attorney Robert Eglet advised his partner not to worry about a defense expert witness. Sure enough, that witness didn't show for the trial.

The FBI has long suspected that Awand facilitated kickbacks to doctors -- sometimes hundreds of thousands of dollars per case -- money taken from settlements or jury awards in injury cases like Melodie Simon's. Simon declined to comment on her case except to say there are about 20 others just like it.

Peggy Lopez won a multimillion-dollar verdict against Sears, Roebuck and Company after her hand was crushed in an accident. Once again, the FBI thinks her doctors and lawyers divyed up the spoils with the help of Awand.

In a wedding ceremony video obtained by the I-Team, Awand makes an inside joke to Attorney Robert Vannah, who is also said to be a possible target. "It will be worth at least four and a half million dollars."

That video, which also shows Robert Eglet and his wife Tracy, another possible target, is now believed to be in the hands of federal prosecutors. Subpoenas for financial records were sent out in November 2005. Since then, some of the attorneys who were served have said they are being targeted because of their success against the insurance industry.

Sources close to the case say prosecutors now have a paper trail to show the flow of money from the lawyers to the doctors, even though records were post dated. And, the I-Team has learned, some of those professionals who were once targets of the probe are now cooperating with prosecutors and are telling the grand jury just how the alleged scheme worked and, more pointedly, who was involved.

At one point in the investigation, the government planned to go after cases in which medical bills were jacked up through the use of unnecessary surgeries. Since experts can disagree on just what is unnecessary, prosecutors are now focusing on what they consider obvious conspiracies.

Grand jury testimony is often a precursor to indictments. However, as a matter of policy, the U.S. Attorney's office will not comment on anything that is before a grand jury.

Financial Adviser Charged With Bilking Elderly Clients (BOS)

The Boston Globe, February 22, 2007

A federal grand jury indicted an Andover financial adviser yesterday on charges he bilked senior citizens in Connecticut and Massachusetts out of nearly $2 million and spent the money on lavish trips to Las Vegas and $5,000-a-day visits to strip clubs.

John A. Baldo, 38, was charged with six counts of mail fraud, five counts of wire fraud, and one count of violating the Investment Advisers Act, the office of US Attorney Michael J. Sullivan said.

Baldo was arrested Jan. 25 as he got off a flight from Boston to Las Vegas. He was released on bond, pending formal charges, which were disclosed yesterday. A phone call to Glen P. Randall, Baldo's attorney, was not immediately returned.

Baldo allegedly cheated several elderly people in Massachusetts and Connecticut and spent their millions on luxury cars, jewels, gifts for exotic dancers, and frequent gambling trips to Las Vegas.

Baldo claimed to be a certified financial adviser and beginning in late 2005 talked his victims into liquidating their assets to put the money into an annuity account he said would guarantee them generous income, prosecutors said.

An 88-year-old man in Storrs, Conn., gave Baldo $1.6 million, and his 85-year-old brother, who also lives in Connecticut, gave him $200,000, according to the indictment. Prosecutors say he also stole $200,000 from a 63-year-old Rockport woman.

FBI agent Melissa Valera said in a court filing that Baldo spent about $300,000 for three luxury cars and almost that amount gambling.

He was a regular customer at the Cabaret Lounge in Peabody, where he was known for giving dancers $100 bills and spending about $5,000 a day, Valera's affidavit said.

Customer Data Breach Began In 2005, TJX Says (WP)

By Ellen Nakashima

The Washington Post, February 22, 2007

Retail giant TJX, whose stores include discount clothing chains T.J. Maxx and Marshalls, said yesterday that a computer-security breach stretched back 10 months earlier than the company originally thought, compromising credit and debit card data, drivers' license numbers, and names and addresses.

The announcement underscores a trend of security breaches involving sensitive credit card data and reflects failures to properly secure computer systems, to notify customers when breaches occur and to update laws for the cyber-crime age, lawmakers and analysts said.

TJX said that while it first thought the intrusion took place from May 2006 to January 2007, it now thinks its computer system was also hacked in July 2005 and on "various subsequent dates" that year. The company, which reported the intrusion in January -- a month after it said it discovered the breach -- has not said how many customers may have been affected or how many customers it has notified.

"We don't have a number for you there. Our work is not finished," spokeswoman Sherry Lang said yesterday. More than 50 computer experts are helping TJX investigate the breaches, she said.

Banks that issued the credit cards have not said how much they have had to cover in fraud-related losses.

More than 30 states have laws that require companies to notify customers as soon as possible when a breach has occurred, though most of the statutes let companies delay notification while law enforcement agencies investigate. A bipartisan group of senators has reintroduced legislation that would mandate customer notification and require companies that maintain personal information to establish internal policies to protect it.

"Americans live in a world where their most sensitive personal information can be accessed and sold to the highest bidder, with just a few keystrokes on a computer, yet our privacy laws haven't kept pace," Sen. Patrick J. Leahy (D-Vt.) said in a statement when the legislation was reintroduced this month.

The credit card industry has set up rules for data protection called the Payment Card Industry Data Security Standard. They include encrypting transmission of cardholder data, regularly testing security systems and processes, and restricting access to data to those with a "need to know."

But most large retailers have not complied with the standard, and noncompliance is about 80 percent among smaller retailers, said Avivah Litan, an analyst with Gartner, an information technology research firm.

Litan said the retailers are not solely to blame. "It's a collective problem with collective responsibility," she said. "Certainly the retailers have to tighten up their systems, but the banks have to strengthen cardholder authentication so even if the data is stolen, it's useless."

Security breaches are difficult to quantify accurately. The Privacy Rights Clearinghouse, a nonprofit research and advocacy group in San Diego, said more than 100 million records of U.S. residents have been exposed by security breaches since February 2005.

The privacy group and the nonprofit Identity Theft Resource Center, also in San Diego, found that the majority of breaches they have tracked in the past few years occurred in government, the military and universities.

One of the biggest breaches occurred in 2005, when 40 million credit card numbers, along with name and account information, were exposed by hackers who broke into CardSystems Solutions, a credit card processing center that handled transfers of payments between the banks that issue credit cards and the merchants' banks.

Retailers often keep more data than necessary to process transactions, Litan said. They also keep information longer than necessary, she said.

"The CEOs and senior managers of most retailers that are storing data, like TJX, have no idea they're storing that data," Litan said. "It's basically a legacy of old systems programming." Many retailer systems were built in the 1970s and '80s, before there were hackers.

Many banks are frustrated because they are "left having to pay for the mistakes of retailers," to cover reissuing cards and any losses due to fraud, said Nessa Feddis, senior federal counsel for the American Bankers Association.

"Retailers are not protecting the data," she said. "It's not a question of notification. It's a responsibility to protect the data."

The bankers typically do not know the scope of retailer breaches because of confidentiality agreements between the retailers and the issuing card companies, such as Visa and MasterCard.

In Massachusetts, where TJX is headquartered, the Massachusetts Bankers Association stopped surveying its members in connection with the TJX breach after more than 30 banks were alerted by Visa and Master Card that their cards had been compromised by the TJX intrusion, association spokesman Bruce Spitzer said.

TJX operates more than 2,400 stores in the United States, Canada and Europe. They accept Visa, MasterCard, American Express and Discover credit cards.

The company reported yesterday that same-store sales in the fourth quarter rose 5 percent from the comparable quarter a year earlier. The quarter ended Jan. 27, 10 days after the breach was disclosed.

TJX, which is being sued by customers and banks, also reported that it spent $5 million in the fourth quarter to cover costs of the investigation, enhance computer security and communicate with customers.

Fourth-quarter profit fell 29 percent, to $205.5 million. Sales rose 9 percent, to $5.1 billion. For the full fiscal year, TJX profit rose 7 percent, to $738 million. Sales rose 9 percent, to $17.4 billion.

The Trial Of The Sensory (LAT)

The Los Angeles Times, February 22, 2007

A sexual harassment case that exposed the private lives of UCLA psychiatrists goes to the jury for its analysis.

For those who suspect that psychiatrists are at least as crazy as the rest of us, the sexual harassment trial that went to a jury Wednesday in Los Angeles County Superior Court has provided no end of material.

Jurors listened to two weeks of testimony, including psychiatrists testifying about their sex lives under code names and accounts of them allegedly attending porn parties and having oral sex in cars. Now the jury must decide who is telling the truth.

Dr. David Martorano, a handsome Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, alleges that he had an affair with his supervisor and that after he broke it off and rumors of it began to circulate, he lost a coveted post as chief resident, and his reputation was ruined. He sued the supervisor, Dr. Heather Krell, and UCLA.

Krell says there was no affair. Her lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for slander and invasion of privacy. The jury will consider both claims at the same time.

UCLA's lawyer, meanwhile, said it didn't matter from a legal perspective whether Martorano and Krell had an affair — university administrators acted properly when they revoked the offer for Martorano to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country.

Testimony was so explicit that Superior Court Judge Judith Chirlin allowed several women to testify under code names, a decision she acknowledged was unusual but necessary to protect their reputations.

At times, the witness box seemed more like a psychoanalytic couch — and not just because witnesses often faced not only a judge, jury and lawyers but also at least two psychiatrists.

Testimony and court papers included Martorano's depiction of himself zipping around Malibu on dates in a two-seater, as well as an internal UCLA report that said that people who worked with him said he "frequently spent his downtime … talking about his sexual conduct." Jurors also heard his personal psychiatrist's assessment that he was "addicted" to having women fall in love with him.

Narcissistic traits

At one point, UCLA's lawyer, Alan Zuckerman, asked Martorano, a former opera singer and the son of a psychiatrist, if he thought he had a narcissistic personality disorder. As Zuckerman later told the jury, narcissists have a grandiose sense of self, lack empathy for others and take advantage of them.

Martorano replied that he would never call himself narcissistic but that "there are traits of narcissism that I possess."

In his closing argument, Zuckerman went point by point through the nine attributes of narcissistic personality disorder in the Diagnostic and Statistical Manual of Mental Disorders and explained how each attribute fit Martorano. He then accused the doctor of filing the lawsuit because his narcissistic personality couldn't handle that Krell would not admit that she had slept with him.

In response, Martorano's lawyer, Robert Scott, said that "some lawyers want to become psychiatrists." Later, he referred to Krell's lawyer, Donald Garrard, as Dr. Garrard.

Garrard, meanwhile, enthusiastically endorsed the diagnoses of Martorano as a raging narcissist, offering several examples of his own.

Then he turned to evolutionary psychology in his attempt to impugn Martorano's testimony, saying that it wasn't believable that Martorano couldn't recall details of sex he allegedly had with Krell. "The genes we come with are programmed for little else," he said as the judge and members of the jury and gallery burst into laughter.

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He also argued that jurors should not believe Martorano's claim that Krell had performed oral sex on him parked in an Audi in front of her apartment, because a 35-year-old physician would obviously choose to go to her apartment rather than stay in the car.

Garrard urged jurors to punish Martorano for acting like "a 14-year-old boy" by awarding Krell punitive damages.

Martorano's attorney, however, argued that the evidence that Martorano and Krell had an affair was hard to dispute. He pointed to dozens of phone calls, social events they attended together and testimony that they watched a movie about a porn star titled "The Fluffer."

Then, when rumors of the affair emerged, he said, Krell created a hostile work environment for Martorano by criticizing him excessively and by spreading rumors that he was a liar, a misogynist and manic depressive. And he was denied the job of chief resident. Then, Scott said, UCLA tried to "sweep it all under the rug" to protect itself.

Other lawsuits

This is not the only sexual harassment claim facing UCLA's medical school and its psychiatry department.

Krell has also filed a separate sexual harassment suit against UCLA, alleging that she was subjected to an onslaught of sexual comments and sexually degrading and demeaning behavior and gestures from Andrew Leuchter, another psychiatrist at UCLA.

She also alleged that department administrators retaliated against her when she complained. UCLA denies the allegations. The case is to go to trial next fall.

The university recently lost an appeal of a third, unrelated sexual harassment and discrimination case in which a female psychiatrist was awarded $2.9 million.

Martorano now runs a psychiatric practice out of his home in Malibu, where one of the things he specializes in, according to his website, is couples therapy. But that has not been trouble-free.

He and his new wife are embroiled in a legal dispute with a neighbor.

His next-door neighbor recently accused him of killing his dog and videotaping his children. In a countersuit, Martorano denied the allegations and accused his neighbor of telling his patients he was a dog-killer and child molester.

O'Malley Seeks End To Md. Executions (WP)

By John Wagner And Ovetta Wiggins

The Washington Post, February 22, 2007

Gov. Martin O'Malley urged Maryland lawmakers yesterday to repeal the state's death penalty, saying the punishment is "inherently unjust," does not serve as a deterrent to murder and saps resources that could be better spent on law enforcement.

Stepping forcefully into a debate taking place in Annapolis and across the nation, O'Malley (D) suggested that Maryland and other states will inevitably execute innocent people. Maryland has put to death five people since 1978.

"Can the death penalty ever be justified as public policy when it inherently necessitates the occasional taking of a wrongly convicted, innocent life?" O'Malley said during the first of two appearances yesterday before legislative committees. "Is any of us willing to sacrifice a member of our own family . . . in order to secure the execution of five rightly convicted murderers?"

O'Malley's testimony, captured by more than a dozen television cameras in a packed Senate hearing room, opened a long afternoon of debate over legislation that would replace Maryland's death penalty with life in prison without parole.

The issue, one of the most divisive facing the General Assembly this year, drew pleas from people on both sides of the issue during separate hearings conducted by House and Senate panels. But far more people turned out to support repeal, with nearly 30 people signing up to testify in favor of the bill in the Senate.

Baltimore County State's Attorney Scott D. Shellenberger (D), one of a handful of capital punishment supporters who appeared, told the panel that it was unnecessary to repeal the death penalty because so few executions are carried out in Maryland. There are six prisoners on the state's death row.

"Why repeal a statute that prosecutors need to use when you have all the checks and balances in place?" he said. "You can't look at the death penalty in a vacuum. It's merely a justifiable homicide in order to protect others."

The issue gained attention in Maryland in December with a court ruling that effectively halted executions until the state issues new regulations on lethal injection. O'Malley has declined to say whether his administration will issue those regulations if the death penalty is not repealed during the 90-day legislative session.

Even some supporters of repeal acknowledged they have an uphill battle, particularly in the Senate, where the legislation could face a filibuster if it reaches the floor.

Some of the most emotional testimony yesterday came from Kirk Bloodsworth of Dorchester County, who served eight years in prison, two of them on death row, for rape and murder charges that were later dismissed based on DNA evidence.

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Bloodsworth told the Senate panel that the state should not "have blood on its hands" for one innocent man who might be wrongly convicted.

"The bottom line is simple: If it can happen to an honorably discharged Marine Corps veteran, it can happen to anybody," Bloodsworth said, his voice cracking and tears running down his face.

Others testifying in favor of a repeal included Prince George's State's Attorney Glenn F. Ivey (D) and former attorney general J. Joseph Curran Jr. (D), who is O'Malley's father-in-law.

Among those testifying against repeal was Phyllis Bricker of Baltimore, whose mother and father were murdered in their Baltimore home in 1983.

Bricker said her parents' killer, John Booth, is one of the six men who sit on death row. "Three separate juries . . . sentenced this man to death," Bricker told the House committee. "Now you, the senators and delegates, have been asked to act as judge and jury . . . without ever having heard one word of courtroom testimony."

Sitting governors rarely testify on legislation that is not part of a formal administration legislative package. And O'Malley, who was sworn in last month, had urged lawmakers to focus this session on issues on which there is broad consensus.

O'Malley, a Catholic whose forehead bore ashes from an Ash Wednesday Mass, suggested that the death penalty is an affront to "individual human dignity," which he called "the universal truth that is the basis of human ethics." But most of his testimony focused on pragmatic arguments about the cost and effectiveness of capital punishment.

He said that since 1990, the murder rate had declined by 56 percent in states without the death penalty but by only 38 percent in states that impose it.

"It would appear that the death penalty is not a deterrent, but very possibly an accelerant, to murder," O'Malley said.

He also cited estimates of the costs of prosecuting death penalty cases, suggesting Maryland could have saved $22.4 million since the death penalty resumed in 1978 if it did not impose the ultimate punishment. Maryland has put to death five people since 1978 and freed one inmate from death row.

"That $22.4 million could pay for 500 additional police officers or provide drug treatment for 10,000 of our neighbors suffering from drug addiction," O'Malley said. "Unlike the death penalty, these are investments that save lives and prevent violent crime."

Death penalty opponents have been lobbying lawmakers for weeks. Bloodsworth and others who have been exonerated after facing the death penalty have met with legislators to tell their stories. Maryland Citizens Against State Executions has led the effort, joined by the Catholic Conference and other religious organizations.

Before the hearing, supporters of repeal had a news conference with seven men who have served time on death row in various states and been exonerated.

As the House hearing got underway, Del. Samuel I. Rosenberg (D-Baltimore), sponsor of the repeal bill, said lawmakers would "not cast a more important vote during our career as public servants." The death penalty, he said, "cannot be made right in this state or any other state."

CIVIL LAW:

High Court Says Concealment Of Assets Can Take Away Important Right In Bankruptcy (AP)

By Pete Yost, The Associated Press

AP, February 22, 2007

The Supreme Court ruled Wednesday that a financially troubled small-business man gave up an important right under the federal bankruptcy code because he failed to disclose all of his assets as the law requires.

In a 5-4 decision, the Court said Robert Marrama of Gloucester, Mass., could not convert his bankruptcy case from one chapter of the code to another, as the law ordinarily allows.

The reason, the Court said, stemmed from his failure to disclose a Maine vacation home placed in a trust. Marrama, who operated a flooring company, listed the value of his interest in the property as zero, according to papers in the case.

After finding out about the home, the bankruptcy trustee said he would recover the real estate for the benefit of Marrama's creditors. Marrama had attempted to convert his case from a Chapter 7 liquidation to Chapter 13, which allows a debtor to keep property and pay debts over time.

Writing for the majority, Justice John Paul Stevens said honest debtors possess an absolute right to convert their cases to Chapter 13, but that nothing in the law limits a court's right to take away that right for "fraudulent conduct."

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In dissent, Justice Samuel Alito said the bankruptcy code "unambiguously provides" that a debtor has a "broad right" to convert to Chapter 13. Alito said Chapter 13 contains a number of requirements that protect creditors from any bad faith by a debtor.

In Marrama's case, a bankruptcy judge denied the conversion to Chapter 13, and a bankruptcy appellate panel agreed.

Attorney Eric Brunstad, who represented a creditor in the case, Citizens Bank of Massachusetts, said that once a bankruptcy is converted from Chapter 7, the trustee is ousted, and in many instances "there really is no one to take action against a fraudulent debtor."

"The statutory safeguards in Chapter 13 are not always adequate to prevent abuse," said Brunstad.

The case is Marrama v. Citizens Bank, 05-996.

CRMC Settles Federal Fraud Case (MOULOBS)

By Lori Glenn

The Moultrie (LA) Observer, February 22, 2007

MOULTRIE — Following a U.S. Department of Justice investigation, Colquitt Regional Medical Center (CRMC) agreed to pay the federal government $475,000 to settle fraud allegations.

The federal whistleblower case, which was filed Aug. 17, 2004, remained sealed until Wednesday. It centered around a series of claims submitted for Medicaid and Medicare reimbursement by CRMC's Home Care Services office in Sylvester from 2001 to 2005.

Plaintiff Joyce Dickerson, a registered nurse and former director of the Moultrie Home Care Services office, allegedly reported to the hospital administration and the hospital authority in 2004 what she believed to be years of illegal billing. While hospital officials say the settlement was based on an "error rate," Dickerson's attorney Robert Howell of Moultrie said in actuality CRMC owes the federal government double the compromise agreement.

In the complaint, CRMC was alleged to have received payment from Medicare for services that were not reasonable and necessary, upcoded certification diagnoses so that the hospital was overpaid by Medicare and underutilized services after being paid in advance by Medicare allowing defendants to receive payment from both Medicare and patients.

During the time of the alleged fraud, defendant Colleen Grimsley of Sylvester had been director of the Sylvester office until 2004 when Dickerson assumed directorship of both offices. Grimsley would have had financial incentive to commit the alleged fraud, Howell said. Revenue was a component of the home health directors' annual review, he said.

"All she [Dickerson] really wanted to do was to bring this to the attention of the administration and make it stop, because she feared for her own license and she also feared for the organization she worked for," Howell said. "She brought it to their attention, they didn't do anything to stop it and so she felt compelled to go to the next level with it, so that's just what she did."

This investigation and the resulting settlement vindicates his client's assertions, Howell said.

"My client has been vindicated and the taxpayers, who ultimately foot the bill for this type of illegal conduct, have also been vindicated," the attorney said. "Mrs. Dickerson is an extremely courageous woman who has sacrificed much and has suffered greatly to make sure that CRMC repaid the money it over-billed and wrongfully collected from the government's Medicare program."

Durwood Dominy, chairman of Colquitt County Hospital Authority, said any inappropriate claims submitted were unintentional and that the hospital had no indication of problems during the five-year period.

"All home care services were provided under the direction of and on orders by the patients' personal physicians," he pointed out. "All nursing care plans were ordered by the personal physician and payments to Colquitt Regional for services provided were made after a Medicare intermediary signed off on them with no qualifications or audits during this five-year period."

Dominy said the hospital had measures in place to ensure that claims were properly submitted for reimbursement.

"All claims were submitted to and reviewed by an independent third party, which is the intermediary between the hospital and Medicare, and none of the claims were disapproved," he said. "There was absolutely no indication that anything was wrong."

Dominy pointed out that when allegations were first made, prior to the Justice Department's investigation, that Colquitt Regional had its compliance officer, two attorneys and then two outside consultants to review the records and none found any fraudulent practices.

The authority chairman said the reimbursement to be made by the hospital is based on claims of technical errors such as beginning home care services for patients on a physician's verbal orders instead of a signed document.

"If was just a technical error, why didn't the hospital ever offer to repay the money to the government?" Howell posed.

Fighting Faith-based Spending In Court (LAT)

DOJ_NMG_0135264

By Andrew B. Coan

The Los Angeles Times, February 22, 2007

A Supreme Court case could set the standard for challenging grants that break down the wall between church and state.

ANDREW B. COAN is a fellow at Stanford Law School. He clerked for the U.S. 7th Circuit Court of Appeals but did not work on the Hein opinion.

SIGNIFICANT constitutional cases don't always arrive at the ball dressed up as such. Sometimes they come in the modest trappings of an obscure technical dispute too dull to capture public attention.

On Wednesday, the U.S. Supreme Court will hear oral arguments in just such a case. Hein vs. Freedom From Religion Foundation is unlikely to make headlines, but it could deal a sharp blow to the wall of separation between church and state.

The plaintiffs are ordinary citizens who object to their federal tax dollars being used to fund the president's program for "faith-based and community initiatives." In particular, they claim that several conferences sponsored by the program were propaganda vehicles for religion and therefore violated the establishment clause of the 1st Amendment, which forbids government promotion of religion.

The government defendants — "Hein" is Jay F. Hein, director of the White House Office of Faith-Based and Community Initiatives — dispute the plaintiffs' claim about the conferences. But at this stage, the Bush administration is asking the court to throw the case out on grounds that ordinary taxpayers have no legal interest in how the executive branch spends public money.

It seems like the kind of dry, legalistic dispute that only a lawyer could love. But the appearance is deceiving. If the court grants the administration's request, it will eliminate what is often the only effective mechanism for challenging financial support of religion by the executive branch. The effect would be to grant the president and his staff, as well as the vast federal bureaucracy, a license to preach.

The basis for the administration's request is the esoteric doctrine of standing, which determines who has suffered a sufficiently tangible injury to be allowed to bring suit in federal court. Ordinary taxpayers generally cannot sue to challenge the legality of government spending decisions because their contribution to any given expenditure is too small to count as tangible.

For the last 40 years, however, the Supreme Court has consistently given special treatment to taxpayer suits that challenge government spending in support of religion. The justification is simple and compelling. Government spending in support of religion generally does not inflict tangible injury on anyone, so if taxpayers don't have legal standing, no one does. In terms of government spending, the establishment clause would be rendered merely advisory.

That, of course, is how the Bush administration prefers its constitutional constraints.

To be sure, the administration does not advocate the wholesale abolition of taxpayer standing in establishment clause cases. It would allow taxpayers to challenge specific congressional spending programs, but not executive branch spending from general funds. This is hardly a consolation, as the Court of Appeals recognized in rejecting the administration's argument.

Suppose, as the lower court suggested, the secretary of Homeland Security used general executive funds to build a mosque and hire an imam in the belief that such visible support for Islam would reduce the risk of Islamist terrorist attacks against the United States. Would this traducing of the establishment clause not allow taxpayers to sue?

If one accepts the administration's view, it would not. The prospect boggles the mind. Not only would serious violations of the establishment clause go unremedied, but Congress might be encouraged to pad the executive's general funds, with an implicit understanding that the extra money would be available to fund executive branch programs promoting religion.

These results would be deeply inconsistent with the core purpose of the establishment clause: to ensure that no taxpayer is forced to contribute to government support of religion.

Unfortunately, the Supreme Court rarely takes a case to affirm the decision from below. That, together with the recent shoring up of the court's conservative majority, strongly suggest that the administration's position will prevail, despite the threat it poses to the separation of church and state. If it does, everyone at the ball will take notice. But by that time, the party will be over.

EDITORIAL Reining In Juries (LAT)

The Los Angeles Times, February 22, 2007

The Supreme Court rightly puts some limits on the awarding of outlandish punitive damages.

THE U.S. SUPREME COURT went further this week — though not far enough — in reining in juries in civil cases that award outlandish punitive damages. By a disappointingly narrow 5-4 vote, the justices overturned a jury's decision that Philip Morris should pay $79.5 million to the widow of a smoker who died of lung cancer. The value of her actual damages was only $821,000.

The justices could — and should — have ruled clearly that the $79.5-million award violated previous rulings that punitive damages may not be "grossly excessive" and should bear a reasonable relation to the harm actually experienced by the plaintiff.

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But in returning the case to the Oregon courts, the court did impose a sensible rule that should make it harder for juries to sock deep-pocket and easily demonized defendants.

Writing for the majority, Justice Stephen G. Breyer faulted the Oregon Supreme Court for allowing the jury to calculate punitive damages based not only on Philip Morris' "reprehensible" conduct in minimizing the health risks of smoking but also on the effect of its marketing on smokers not connected to the case.

The lawyer for Mayola Williams, whose husband, Jesse, died of cancer, told the jury to "think about how many other Jesse Williams[es] in the last 40 years in the state of Oregon there have been." The result was a punitive damage award nearly 100 times larger than the actual damages. Breyer said that basing damages on supposed harm to "strangers to the litigation" violated Philip Morris' due process rights. The court is rightly applying the brake to the notion that private litigation can serve as a substitute for the regulatory power of the state.

Whatever one thinks of litigation against tobacco companies — and we think it's a blunt weapon to wield against a legal product whose health risks are well known — Breyer has brought some clarity to a confused area of the law. The issue of whether and how juries can take into account possible harm to "strangers" to a lawsuit has bedeviled state as well as federal courts. It figures, for instance, in a different Philip Morris case before the California Supreme Court in which a smoker was awarded $28 billion in punitive damages, later reduced to $28 million — although her actual damages were estimated at $850,000.

In cases like this, juries often are confronted with a brainteaser. In deciding to award punitive damages, they're supposed to consider whether the conduct of the defendant is "reprehensible," and one definition of reprehensible conduct is to act in a way that puts many people at risk (such as leaking toxic material into a water supply).

But without proper guidance, jurors can leap to the conclusion that damages should reflect the harm experienced by everyone who might have tasted tainted water — or smoked a cigarette. Though it could have gone further, this week's decision should make such leaps less likely.

CIVIL RIGHTS:

U.S. To Step Up Rights Enforcement (UPI)

UPI, February 22, 2007

With the Executive Committee of the Southern Baptist Convention as his audience, U.S. Attorney General Alberto Gonzales announced the launch of the First Freedom Project, a Justice Department effort to fight religious discrimination. "Religious freedom is a fundamental part of our nation's history and one of its core principles," Gonzales told Executive Committee members Tuesday.

The First Freedom Project will be spearheaded by the Justice Department's civil-rights division and will build on the department's efforts to strengthen and preserve religious liberty throughout the nation, according to Gonzales, who sought the meeting with SBC leaders, Associated Baptist Press reported Wednesday.

"Throughout our history, nothing has defined us a nation more than our respect for religious freedom," Gonzales said. "It is not confined to members of one church or the followers of one set of beliefs. Through this initiative, the Justice Department continues its vigorous efforts to enforce protections against religious discrimination."

The attorney general stressed that religious liberty is "a universal right and applies to people of all faiths."

Later, in response to a question, Gonzales told reporters he chose an audience of Southern Baptists to announce the government's new effort because "this is a group very interested in the protection of religious freedom." He noted the "timing worked out where this was a good venue to speak to a receptive audience."

Baptists in America were early champions of religious liberty and influenced the development of the Constitution's First Amendment, which guarantees religious liberty and other freedoms.

The First Freedom Project will initiate a program of public education to make certain that people know their rights, Gonzales said. "People do not understand fully what their rights are," he explained.

The First Freedom Project will sponsor a series of regional training seminars for leaders interested in religious liberty. The first one will be March 29 in Kansas City, Mo., followed by seminars in Tampa, Fla., April 25 and Seattle, Wash., May 10. Other dates and locations will be announced later.

The First Freedom Project also has launched a web site, www.firstfreedom.gov, which will provide information on laws that are enforced and details on how to file a complaint.

Another initiative, called the First Freedoms Project but unrelated to Gonzales' initiative, is a partnership between three Baptist organizations — the Baptist Joint Committee for Religious Liberty, Associated Baptist Press, and the Baptists Today

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newspaper — to emphasize the Christian commitment to First Amendment principles, particularly religious liberty and freedom of the press (www.firstfreedoms.com).

Prior to Gonzales' remarks, the Justice Department also released its "Report on Enforcement of Laws Protecting Religious Freedom: Fiscal Years 2001-06."

The 43-page booklet, which is available on the First Freedom website, illustrated how the Justice Department has increased the enforcement of laws against religious discrimination and protecting religious freedom.

For example, the report noted that religious discrimination cases in education increased from one case reviewed and no investigations between 1995-2000, during the Clinton administration, to 82 cases reviewed and 40 investigations during the past six years of the Bush administration.

The report summarizes the Justice Department's accomplishments during the Bush administration in protecting religious liberty through the enforcement of civil-rights laws.

According to the report, the department has filed a lawsuit to protect the right of a Muslim student to wear a head scarf while attending public school and defended the right of religious groups to meet in public facilities on an equal basis with secular groups.

The report also noted that the department has defended the right of senior adults to pray, sing religious songs, and hold Bible studies at a community senior center.

"In each of those cases, we argued that citizens should not be forced to check their religion at the door," Gonzales told Executive Committee members.

"But this is only the beginning," Gonzales wrote in the introductory page of the report. "Preserving religious liberty requires an ongoing commitment to protecting this most basic freedom for people of all faiths."

At the conclusion of his address, Gonzales asked the Executive Committee to help spread the word of what the Justice Department is doing to preserve religious liberty and to help educate Southern Baptists about religious-liberty laws.

Man Who Helped Scare Black Neighbors Sentenced To 27 Months (AP)

AP, February 22, 2007

CLEVELAND - A man accused of serving as a lookout in a scheme to use mercury to scare black families from his neighborhood was sentenced to two years and three months in federal prison, the Justice Department said.

Joseph Kuzlik of Cleveland, who is white, pleaded guilty in November to conspiring to interfere with the housing rights of an interracial family because of their race and to making false statements to federal investigators.

Prosecutors said Kuzlik was the lookout while an accomplice spread mercury around an interracial couple's house in February 2005.

"The abusive and serious nature of this offense is obvious to anyone with a modicum of decency and morality. I cannot imagine the terror that was inflicted on these victims," said U.S. District Judge Patricia Gaughan, who handed down the sentence Wednesday. "A message must be sent loud and clear that this behavior will not be tolerated and will result in a punishment at the high end of the guideline range."

David Fredericy, 50, of Cleveland, who also is white, was sentenced last month to 33 months in prison. He had admitted he spread the mercury to try to scare black families from his neighborhood.

Fredericy said he and Kuzlik wanted to drive black residents out of their Slavic Village neighborhood. The two would yell racial slurs and threaten black neighbors, Fredericy's plea agreement said.

The neighbors touched the liquid mercury, which can be toxic, and brought it into their home on their shoes. The house had to be evacuated and an environmental cleanup was ordered. No one was injured.

Kuzlik also was ordered to three years of supervised release and to pay $23,000 restitution to the U.S. Environmental Protection Agency and $767 to the Ohio EPA for cleanup. He also must make payments to individual victims.

Rhode Island Steps Toward Recognizing Same-Sex Marriage (NYT)

By Katie Zezima

The New York Times, February 22, 2007

BOSTON, Feb. 21 — The Rhode Island attorney general said Wednesday that same-sex marriages performed in Massachusetts, the sole state where they are legal, should be recognized in Rhode Island.

Responding to a request for a legal opinion from the commissioner of the Rhode Island Board of Governors for Higher Education, Attorney General Patrick C. Lynch said the state prohibited discrimination based on sexual orientation and did not explicitly prohibit same-sex marriage.

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"Rhode Island will recognize same-sex marriages lawfully performed in Massachusetts as marriages in Rhode Island," the seven-page opinion said.

Mr. Lynch said his interpretation permitted recognition of the marriages, although he acknowledged that it was just an opinion and did not have the force of law.

"This is about Rhode Island citizens who entered into a valid, legally recognized same-sex marriage and returned here to live and work," Mr. Lynch, a Democrat, said in an interview. "There is no way, no law, no constitutional provision and, in my estimation, no right to allow the denial of basic human rights."

A spokesman for Gov. Donald L. Carcieri, a Republican who opposes same-sex marriage, said Mr. Carcieri and his legal counsel were studying the opinion.

The request from the board, which oversees the state's three public colleges, went to Mr. Lynch on Feb. 1 after three employees who had same-sex marriages in Massachusetts asked that their personnel files be changed to reflect that they were married, said Steven Maurano, a spokesman for the board. Mr. Maurano said the board would abide by the attorney general's opinion.

"We asked for the opinion," he said. "So now that we have the opinion it's probably incumbent for us to follow it."

Mr. Lynch said businesses and state agencies could choose whether to abide by the opinion.

"Perhaps litigation will flow from it," he added.

Bills to allow and to bar same-sex marriage, as well as one to create civil unions, were filed this year in the General Assembly. Previous bills on the subject died.

In September, a judge in Massachusetts ruled that Rhode Island couples could marry in Massachusetts because Rhode Island did not have a law barring same-sex marriage.

At the time, Mr. Lynch said that the ruling did "not mean that Rhode Island will recognize a same-sex marriage performed in Massachusetts."

Mr. Lynch said Wednesday that the statement applied because a Massachusetts judge could not determine the course of Rhode Island law.

Michele Granda, a staff lawyer with Gay and Lesbian Advocates and Defenders, who argued the Massachusetts suit for two Rhode Island women, applauded Mr. Lynch's opinion, saying that it "brings peace of mind to married couples and clear direction to their employers."

Nativity Scene Is Too Religious For New York City Schools (CSM)

By Warren Richey

The Christian Science Monitor, February 22, 2007

The US Supreme Court has declined to enter the fracas over what some conservatives are calling the war on Christmas.

Without elaboration, the court issued a one-line order on Tuesday refusing to take up a potentially important church-state case concerning the use of religious symbols in public school holiday displays.

At issue in Skoros v. City of New York was whether the city's public school system is impermissibly promoting Judaism and Islam while conveying a message of disapproval of Christianity. School rules allow the Jewish menorah and the Muslim star and crescent in multireligious holiday displays but not nativity scenes depicting the birth of Jesus.

The case had been relisted on the high court's private conference calendar seven times in recent months, raising expectations that the justices were taking a close look at the issue.

"We are obviously disappointed," says Brian Rooney of the Thomas More Law Center in Ann Arbor, Mich., which was urging the court to take up the case. "What this says is the [war on Christmas] is ongoing. It is going to continue festering state by state, county by county, and city by city."

While the policy, written with the help of city lawyers, bars nativity scenes, it allows depictions of Christmas trees to represent the Christian celebration of Christmas.

"We are not celebrating the birth of an evergreen tree," Mr. Rooney says. "We are celebrating a historic religious figure's birth that is recognized by the nation and every state in the Union."

The city says its policy treats all religions consistently by excluding "depictions of deities, religious texts, or scenes of worship such as a Christian nativity scene," says Leonard Koerner, a lawyer for the school district, in his brief to the court. "As the Christian nativity scene explicitly depicts the Christian deity [the baby Jesus] as the center of a scene of worship, it falls on the wrong side of the line."

Andrea Skoros, the mother of two sons attending public elementary schools in New York, took exception to what she saw as a slight to the Christian faith. She filed a lawsuit in 2002 claiming the school policy "impermissibly promoted and endorsed the

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religions of Judaism and Islam, conveyed the impermissible message of disapproval of Christianity, and coerced students to accept the Jewish and Islamic religions."

The suit said the school policy violated the First Amendment's Establishment Clause, which bars government from favoring one religion over any other.

Mrs. Skoros, a Roman Catholic, said the school policy was infringing upon her right to control the religious upbringing and education of her children.

A federal judge disagreed and upheld the school policy. A divided appeals court panel affirmed that decision.

In asking the Supreme Court to take up the issue, Skoros's lawyer, Robert Muise of the Thomas More Law Center, said the school policy disfavors Christianity. "Why is the menorah – a symbol of a miracle that is central to the Jewish faith – any more or less religious than a simple scene of the nativity, which is a historic event?" he asks in his brief.

Mr. Muise urged the court to use the case to add clarity and certainty to its Establishment Clause jurisprudence. He said the justices should jettison their so-called endorsement test in favor of a more workable constitutional standard.

New York City's school policy says in part: "Holiday displays shall not appear to promote or celebrate any single religion or holiday." It says such symbols must be displayed together to reflect the diversity of beliefs and customs among city residents.

There are more than 1 million children in the city's school system. They speak 140 different primary languages, including Spanish, Chinese, Russian, Urdu, Bengali, Haitian-Creole, Arabic, Korean, Albanian, French, Punjabi, and Polish.

"The primary purpose of all displays shall be to promote the goal of fostering understanding and respect for the rights of all individuals regarding their beliefs, values, and customs," the city policy says.

At the same time the policy seeks to avoid the promotion or endorsement of any particular religious faith. "Display of the crèche, as a representation of the birth of a figure central to the Christian religion, and others worshiping Jesus Christ as the son of God, is not permitted by [city] guidelines," Mr. Koerner writes.

Not all Christians identify Jesus as God.

Death Of The Chief (WP)

By Robert D. Novak

The Washington Post, February 22, 2007

Oct. 10, 1942, was up to then the best day of my life. I had talked my father, University of Illinois Class of '22, into taking me at age 11 along with him to homecoming weekend. On a golden autumn afternoon, lowly Illinois upset Minnesota, the Midwest football powerhouse. And, for the first time, I was privileged to watch Chief Illiniwek proudly dance down the field to Indian war music.

The last time I watched the Chief was Sept. 16, 2006. It will be the last time I ever see this 81-year-old symbol of my alma mater. The board of trustees last week eliminated Chief Illiniwek, bowing to years of pressure from Native American activists, the National Collegiate Athletic Association and liberal politicians.

This is a melancholy moment for me and many other Illinois alumni and university officials, including President B. Joseph White. The university has been forced to yield to blackmail. The death of the Chief epitomizes some unsavory aspects of contemporary American public life: political correctness, hypocrisy and bureaucratic tyranny.

Only a small minority of Native Americans is shown by polls to oppose Indian nicknames in sports. The campaign against them gained momentum only when the NCAA, which can hardly cope with policing athlete misconduct and illegal payments in college sports, crusaded against dozens of colleges in the name of political correctness. The NCAA, under President Myles Brand, labeled Chief Illiniwek one of the "hostile and abusive racial/ethnic/national origin mascots."

But the Chief is no mascot (the university calls him a symbol). The big-headed depiction of the father of this country at George Washington University, the turtle representing the University of Maryland and the Demon Deacon for Wake Forest are mascots. Such college mascots are comical figures who engage in sham battles with each other and go into the stands to hug children. Chief Illiniwek did not. He was always austere and dignified.

The accusation that Illinois and other schools degrade Native Americans is absurd. These schools picked Indian symbols in admiration of their valor, ferociousness and indomitable spirit in the face of overwhelming odds. Native Americans were honored in naming states. Illinois is Algonquin for "tribe of superior men." Indiana means the "land of the Indians."

The NCAA originally demanded that the University of Illinois not only dump the Chief but also drop the Fighting Illini nickname. Would Brand next demand that the states of Illinois and Indiana change their names (sticky for the NCAA, which is headquartered in Indianapolis)? The NCAA backed away from its ban on the Fighting Illini, but not on Chief Illiniwek.

That may seem irrational, but it is less so than NCAA approval of Florida State University's use of the Seminole nickname and Chief Osceola (no less dignified than Chief Illiniwek) riding his horse at football games to the sound of Indian war chants. Florida State passed the Brand test because of approval from the Seminole Tribe of Florida, which receives scholarship aid from

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the university. The University of Illinois cannot make such an arrangement because the original Illini were wiped out in inter-tribal wars in the 1760s.

Stanford led the capitulation to political correctness, changing from the Indians to the Cardinal in 1972. Other schools -- such as the University of North Dakota, trying to remain the Fighting Sioux -- have fought a losing battle. The NCAA was disingenuous when it claimed, in declaring victory over the Chief last Friday, that it "never mandated" that colleges "change their mascots." In fact, it rejected Illinois sponsorship of an NCAA event and was ready to prevent Illinois from hosting a National Invitational Tournament basketball game. Such sanctions threatened Illinois's recruiting of non-revenue-sports athletes.

Chief Illiniwek finally was done in by politicians jumping on the NCAA's political correctness bandwagon. Illinois State Senate President Emil Jones Jr., no friend of the university, warned that trustees might not be confirmed unless they dumped the Chief, and university officials feared their appropriations coming under attack.

While I can understand dumping the Chief, I don't like it. I could react by withdrawing from my long-range commitments to support the University of Illinois, but I won't. That would put me in the same class as the petty bureaucrats and politicians who killed Chief Illiniwek.

ANTITRUST:

EMI Sounds Out Suitors After Move By Warner (FT)

By Ft Reporters

Financial Times, February 22, 2007

EMI is in talks with several private equity groups including One Equity Partners, the US group affiliated with JPMorgan Chase, to sound out potential alternatives to Warner Music's $6bn approach for the British music group.

People familiar with the discussions cautioned that no firm offers appeared imminent, as Warner and would-be private equity suitors are demanding the right to conduct extensive due diligence on EMI's operations after it issued two profit warnings in quick succession since the start of the year.

EMI's board is still examining a possible securitisation of its publishing asset which remains its first choice unless a compelling offer is made.

The development comes less than three months after EMI's talks with Permira collapsed after the UK-based private equity group conducted due diligence, and four weeks after Warner's approach, which was disclosed only on Tuesday.

EMI, which would not comment on the discussions, rejected the January 24 approach from its closest rival, which is understood to have been pitched at an indicative price close to 300p.

Warner would not comment, but it is understood to have cut its valuation of EMI sharply since the latter's second profit warning.

Warner said yesterday any offer it made would be all in cash.

The US-listed group is understood to have decided against offering a stock alternative for financial reasons and because of the greater disclosure requirements offering shares would impose on its own investors.

Several EMI shareholders welcomed the prospect of an all-cash bid. "It is an ex-growth business," said one. "And we do not want Warner's shares."

Warner's statement came as EMI wrote to Warner, expressing doubts that the US group had significantly improved the chances of a deal being cleared by regulators.

Warner announced on Tuesday that it had secured the unexpected backing of Impala, an alliance of independent music companies which had opposed previous deals in the sector.

However, EMI's official response to Warner's approach argued it still saw significant regulatory risks.

The uncertainty hanging over further consolidation in the industry is set to continue for at least four to five months, with the European Commission expected to announce next week that it will launch an in-depth probe into the 2004 merger that created Sony BMG.

Meanwhile, the antitrust watchdog has until March 1 to clear the deal or conduct a more detailed probe lasting 90 working days.

The Commission cleared the deal in 2004 but its ruling was overturned by Europe's Court of First Instance last July.

Should the Commission find that the tie-up undermined competition, it could ask the merger group to break itself up again or demand that Sony BMG sell assets or change its behaviour.

Either outcome could cast a pall over the chances of an EMI-Warner deal being cleared.

Shares in EMI yesterday closed up 1¼p at 241¼p. Shares in Warner were up 82 cents at $19.97 at lunchtime in New York.

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By Andrew Edgecliffe-Johnson in London, James Politi and Joshua Chaffin in New York and Tobias Buck in Brussels

EU Penalizes Elevator Makers With Its Largest Antitrust Fine (WSJ)

By Adam Cohen

The Wall Street Journal, February 22, 2007

BRUSSELS -- The European Commission Wednesday fined four elevator and escalator makers a total of €992 million ($1.3 billion) for fixing prices, Europe's largest-ever antitrust penalty.

ThyssenKrupp AG was fined €479.7 million, United Technologies Corp.'s Otis unit was fined €224.9 million, Schindler Holding AG was hit with a €143.7 million penalty and Kone was fined €142.1 million. The sum of these fines, which topped a €750 million penalty levied last month against makers of power-grid components, reflects the commission's expanded powers to crack down on corporate cartels.

Under new antitrust guidelines established last year, the commission can levy larger fines and apply an automatic 50% increase for repeat cartel offenders. Since ThyssenKrupp had a previous cartel punishment -- a €3.2 million fine in 1998 for fixing stainless-steel prices -- its elevator penalty included this increase, bringing its fine close to the record €497 million Microsoft Corp. paid in 2004 for breaking monopoly laws.

The commission launched its investigation into the elevator business in January 2004. Its probe showed that the four companies fixed prices and rigged bids in Belgium, Germany, the Netherlands and Luxembourg between 1995 and 2004.

The commission said Mitsubishi Elevator Europe BV, a division of Mitsubishi Electric Corp., participated in the Dutch cartel and it fined the company €1.8 million.

"It is outrageous that the construction and maintenance costs of buildings, including hospitals, have been artificially bloated by these cartels. The national management of these companies knew what they were doing was wrong, but they tried to conceal their action and went ahead anyway," the commission's top antitrust official, Neelie Kroes, said in a statement.

In all four countries, high-ranking managers held regular meetings related to the cartel. The commission found evidence that the companies knew their behavior was illegal. The managers were careful to avoid detection, meeting in rural areas or abroad and using prepaid mobile phone cards to avoid tracking. The commission said none of the companies contested these facts or other evidence unearthed in the investigation.

None of the companies qualified for the full immunity usually given to whistle-blowers. Kone's penalty was reduced by about €138 million because it was the first to disclose the cartels in Belgium and Luxembourg and provided key evidence in the German investigation. Otis' penalty was reduced by over €208 million because it disclosed the Dutch cartel and cooperated with investigations in the other countries.

Kone of Finland and ThyssenKrupp of Germany both said they will examine the commission's decision before deciding whether to appeal. Spokesmen for Switzerland's Schindler and the German unit of U.S.-based Otis declined to comment.

A key question in this case will be whether the companies' customers decide to sue. Over the past few years, the commission has encouraged private damages claims to further deter cartel offenders. "Companies have the option of seeking damages" or renegotiating their contracts, said the commission's antitrust spokesman, Jonathan Todd.

Brussels Imposes €992m Fine On Lift Cartel (FT)

By Tobias Buck In Brussels

Financial Times, February 22, 2007

The European Union's top antitrust regulator yesterday slapped a record €992m fine on ThyssenKrupp and four other lift manufacturers, in the latest sign that the Brussels watchdog is drastically ramping up the financial pain for companies that violate competition rules.

It was the highest penalty imposed by the European Commission, topping a previous record set only last month. Brussels hopes that the recent increase in antitrust fines will deter companies from abusing the law and encourage people involved in cartels to blow the whistle on co-conspirators in exchange for immunity.

Neelie Kroes, the EU competition commissioner and the -official behind Brussels' get-tough approach, said the lift and escalator cartel had behaved "outrageously", while her spokesman said taxpayers, public authorities and other customers had been "ripped off big time" by the cartel.

ThyssenKrupp, the German engineering group, received the toughest penalty, €479.7m ($630m, £322.5m). Otis, a unit of US group United Technologies, was fined €224.9m, Schindler of Switzerland was given a €143.7m penalty and Finland's Kone was ordered to pay €142.1m. Mitsubishi's Dutch subsidiary was fined €1.8m.

Ms Kroes said: "The damage caused by this cartel will last for many years because it covered not only the initial supply but also the subsequent maintenance of lifts and elevators. For these companies the memory of this fine should last just as long."

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The Commission said the lifts installed in its own headquarters as well as at the European Court of Justice in Luxembourg were covered by the cartel. It urged customers of the companies involved in the agreement to renegotiate their contracts, and said they might have the right to sue for damages.

John Pheasant, a competition law specialist and partner at law firm Hogan & Hartson, said yesterday's fines were part of a wider trend. "In terms of fines, the Commission is now the toughest authority in the world. The trend towards higher fines started a few years back, but recently there has been a distinct acceleration."

The Commission last year passed new fining guidelines that will allow Brussels to further increase the financial pain on abusive companies in all new cases. Officials have argued that the new rules will mean that more companies will be hit with the maximum penalty - a fine equivalent to 10 per cent of their annual global turnover.

The lift cartel operated in Germany, the Netherlands, Belgium and Luxembourg between at least 1995 and 2004. According to the Commission, the groups co-ordinated their bids to ensure that a designated group would win specific contracts.

"[To agree on bids] theyusually met in bars and restaurants, they travelled to the countryside or even abroad, and they used pre-paid mobile cards to avoid tracking," the Commission said.

ThyssenKrupp, United Technologies, Schindler and Kone said they were studying the Commission ruling, with Schindler adding it was "very surprised" by the high fines. United Technologies said Otis would appeal against the decision.

Europeans Slap $1.3 Billion Price-fixing Fine On 5 Elevator Makers, Including Otis (USAT/AP)

By Constant Brand, Associated Press

USA Today, February 22, 2007

BRUSSELS — European Union regulators on Wednesday fined United Technologies' (UTX) Otis unit and four other elevator makers $1.3 billion for operating a cartel for the installation and maintenance of elevators and escalators in Germany, Belgium, Luxembourg and the Netherlands.

EU spokesman Jonathan Todd said the fines represent the "largest ever" for price fixing in the European Union, and EU Competition Commissioner Neelie Kroes said the costs of buildings and hospitals were "artificially bloated by these cartels."

"The result of this cartel is that taxpayers, public authorities and property developers have been ripped off big time," Todd told reporters. "The companies ensured that by rigging the bids and sharing the markets that the prices paid for the installation and the maintenance were way above what they would have been if there had been a competitive market."

Fined were United Technologies of Hartford, Conn., corporate parent of Otis Elevator; German conglomerate ThyssenKrupp; Finland's Kone; Switzerland's Schindler Holding and subsidiaries of Japan's Mitsubishi Elevator Europe.

George David, chairman and chief executive of United Technologies, said in a statement that company officials are "disappointed by the conduct revealed through the Commission's and UTC's own investigations."

Otis was fined 225 million euros ($295.8 million).

"UTC will not tolerate unethical behaviors of any kind," he said. "The nine local Otis employees who violated our code of ethics and regulatory compliance programs were quickly identified and dismissed and we have reinvigorated our ethics and compliance programs worldwide."

Otis and United Technologies disclosed the investigation in 2004 and have cooperated with the European Commission, David said. Otis and UTC have received full or partial reductions in penalties for its cooperation and the outcome will have "no material impact" on UTC's financial condition or Otis' competitive position.

United Technologies is waiting for the full text of the decision and will review it before reporting on its impact on its 2007 earnings guidance. In addition, David said Otis will appeal the decision to a European court.

ThyssenKrupp was given the largest fine, just over 479 million euros ($630 million), because the company was labeled a "repeat offender" by EU regulators, Todd said.

ThyssenKrupp, based in Frankfurt, Germany, said it will review the fine and then decide whether to appeal.

Schindler was fined 144 million euros ($189.3 million), Kone 142 million euros ($187 million) and Mitsubishi's Dutch subsidiary was fined 1.8 million euros ($2.37 million).

The European Commission said the cartel had worked to rig bids for procurement contracts, fix prices and share markets "between at least 1995 and 2004." It said the companies "did not contest the facts" found by EU regulators, adding none of the accused requested a hearing to answer the allegations.

But Schindler said the company was "very surprised at the size of the fine," because it claimed the EU had found "no evidence of pan-European collusion among companies in the European elevator industry." It said in a statement that it had not yet decided whether it would appeal.

Kone also said it will "examine the commission's decision and decide on potential action."

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Wednesday's fine tops a 750 million euros ($978 million) fine imposed last month against 10 companies for running a cartel to fix prices for heavy equipment used by power utilities, reflecting stepped-up action by Kroes against price fixing.

She has vowed a crackdown under new antitrust guidelines agreed to last year that allow EU regulators to come down harder on repeat offenders like ThyssenKrupp, which faces an automatic 50% increase for repeated price-fixing activities.

The German company had already received a previous cartel fine, worth 3.2 million euros ($4.2 million) in 1998 for fixing stainless steel prices. Wednesday's punishment brings ThyssenKrupp close to the 479 million euros fine paid by U.S. software giant Microsoft (MSFT) for breaking European monopoly laws.

EU regulators found evidence from "numerous documents and corporate statements" to prove the companies allocated tenders and contracts for the sale, installation and maintenance of elevators "with the aim of freezing market shares and fixing prices," the commission said.

"Projects that were rigged included lifts and escalators for hospitals, railway stations, shopping centers and commercial buildings," it said, adding such acts were decided upon between managing and service directors during regular meetings between cartel members.

"There is evidence that the companies were aware that their behavior was illegal and they took care to avoid detection," the commission said, adding that the meetings usually took place in bars and restaurants or in locations outside cities to avoid suspicion.

EU officials said they even used prepaid mobile phone cards to avoid tracking.

"The national management of these companies know what they were doing was wrong, but they tried to conceal their action and went ahead anyway," Kroes said in a statement. "The damage caused by this cartel will last for many years because it covered not only the initial supply but also the subsequent maintenance of lifts and elevators."

The EU conducted surprise raids against the companies in January 2004 after EU regulators were tipped off.

EU Fines Otis, Four Other Elevator Makers For Cartel (Update6) (BLOOM)

By Matthew Newman

Bloomberg, February 22, 2007

Feb. 21 (Bloomberg) -- European antitrust authorities fined Otis Elevator Co. and ThyssenKrupp AG, the world's two largest elevator makers, and three competitors a record 992.3 million euros ($1.3 billion) for price-fixing.

The European Commission penalized ThyssenKrupp 479.7 million euros, the biggest fine against a company for a cartel, and levied 224.9 million euros on Otis, a unit of United Technologies Corp. It also fined Schindler Holding AG 143.7 million euros, Kone Oyj 142.1 million euros and Mitsubishi Elevator Europe BV 1.8 million euros for fixing prices of elevators and escalators.

``It is outrageous that the construction and maintenance costs of buildings, including hospitals, have been artificially bloated by these cartels," Competition Commissioner Neelie Kroes said in a statement today.

The penalty is the highest imposed by the Brussels-based commission for a cartel, surpassing a 790.5 million-euro fine imposed on eight companies for fixing vitamin prices in 2001. Otis, Schindler, ThyssenKrupp and Kone control about 75 percent of the global elevator and escalator market, which has annual sales of 30 billion euros, said Christian Obst, an analyst at HVB in Munich who has a ``hold" rating on ThyssenKrupp shares.

United Technologies in Hartford, Connecticut, said the company plans to appeal today's fines to the European Court of First Instance. Germany's ThyssenKrupp, Hergiswil, Switzerland- based Schindler and Helsinki-based Kone said they are considering whether to appeal.

Highest in History

Kroes has made fighting cartels a priority for her five- year term. On Jan. 24, she fined Siemens AG, Areva SA and eight other companies that make electricity network gear 750 million euros. The commission fined seven cartels a total of 1.84 billion euros last year, an annual record.

``Today we see the commission really going forward and really emphasizing its commitment not only to penalizing participants in cartels but also sending a very clear deterrent message to companies that might be tempted to get involved in those types of activities," John Pheasant, a partner at Hogan & Hartson LLP, said in an interview.

The commission, the EU's antitrust regulator, said the companies set prices in Belgium, Germany, Luxembourg and the Netherlands between at least 1995 and 2004. The companies rigged contract bids, allocated projects to each other and shared confidential information, the regulator said.

`Ripped Off'

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The companies ``were aware that their behavior was illegal and they took care to avoid detection; they usually met in bars and restaurants, they traveled to the countryside or even abroad and they used pre-paid mobile phone cards to avoid tracking," the commission said.

``The result of this cartel is that taxpayers, public authorities and property developers have been ripped off, big time," Jonathan Todd, a commission spokesman, told reporters in Brussels. ``Its effects will be felt for the next 20 to 50 years."

ThyssenKrupp's fine was raised by 50 percent because it was a repeat offender, the regulator said. The Dusseldorf, Germany- based company said in a statement that its lawyers ``will review the fine notice and then decide whether to appeal."

Shares of United Technologies fell 55 cents, or 0.8 percent, to $67.58 at 4:01 p.m. in New York Stock Exchange composite trading. ThyssenKrupp closed down 42 cents, or 1.1 percent, at 38.96 euros in Frankfurt. Kone fell 8 cents, or 0.2 percent, to 45.81 euros. Schindler rose 3.4 Swiss francs, or 4.3 percent, to 82 francs.

Firings

United Technologies Chief Executive Officer George David said the company has disciplined employees for the cartel and has been cooperating with the commission. The company, which holds an investor meeting in New York on Feb. 28, is waiting to receive the full decision to study how the fine may affect profit forecasts for 2007, it said in a statement.

``We are disappointed by the conduct revealed through the commission's and UTC's own investigations," David said in the statement. ``UTC will not tolerate unethical behaviors of any kind. The nine local Otis employees who violated our Code of Ethics and regulatory compliance programs were quickly identified and dismissed, and we have reinvigorated our ethics and compliance programs worldwide."

Under United Technologies' strict ethics policy, 913 employees have been dismissed in the past five years. So far this year, 27 have been terminated, according to spokesman Peter Murphy. Violations of the policy can include everything from inappropriate use of confidential company information to environmental, health and safety breaches.

``Schindler is very surprised at the size of the fine since the European Commission found no evidence of pan-European collusion among companies in the European elevator industry," the company said in a statement.

Herman Van De Pasch, senior managing director at Mitsubishi Elevator Europe in Veenendaal, The Netherlands, said he was ``disappointed" by the fine.

``I had expected a very low fine because of our small role," Van De Pasch said in a telephone interview.

Otis To Appeal Against EU Elevator Cartel Fine (AFP)

AFP, February 22, 2007

The US parent company of elevator maker Otis said Wednesday it would appeal against a record EU antitrust fine imposed against a lift cartel.

United Technologies Corp. (UTC) said it had "cooperated fully" with the European Union's executive commission during the investigation into the market-rigging cartel.

"Otis will appeal the commission's decision to the European Court of the First Instance," a UTC statement said.

"We are disappointed by the conduct revealed through the commission's and UTC's own investigations," UTC chief executive George David said.

"UTC will not tolerate unethical behaviors of any kind," he said, noting that nine Otis employees in Europe had been "quickly identified and dismissed" for violating the company's code of ethics.

The statement added: "The outcome of the case will have no material impact on UTC's financial condition and no material impact on Otis' competitive position."

The European Commission ruled that the companies ran a cartel for the installation and maintenance of lifts and escalators in Belgium, Germany, Luxembourg and The Netherlands between at least 1995 and 2004.

The combined fine came to a record 992 million euros (1.3 billion dollars).

ThyssenKrupp was handed the heaviest fine ever imposed by EU regulators on a single company in a cartel case because it was a repeat offender. The German group was fined 480 million euros.

Otis was given a fine of 225 million euros for its role, followed by Schindler with a penalty of 144 million euros and Kone with 142 million euros.

Patent Held By Genentech Is Revoked By Government (NYT)

By Andrew Pollack

The New York Times, February 22, 2007

The Patent and Trademark Office has decided to revoke a fundamental patent held by Genentech, the biotechnology company, that was at the center of a recent Supreme Court decision.

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The patent office's decision could cost Genentech hundreds of millions of dollars in royalties over the next decade but would save a like amount for rivals that are paying the royalties, including MedImmune, Abbott Laboratories, Johnson & Johnson and ImClone Systems.

In a statement yesterday, Genentech said it would appeal the decision through the patent office and, if necessary, the courts. The company said the patent would remain "valid and enforceable" through the appeals process.

The decision is the latest in a long controversy, and even mystery, surrounding the patent. The patent was awarded in 2001 even though the inventions on which it was based were made in the early 1980s. If not revoked, the patent, often called the Cabilly II patent after the lead inventor, Shmuel Cabilly, would expire in 2018.

Last month the Supreme Court ruled that MedImmune could challenge the patent even though it had licensed the rights to use it. Lawyers said the decision would have a big impact on how patent licensing deals are structured.

The patent covers techniques for making monoclonal antibodies, which are the basis for many of the biggest selling products made by the biotechnology industry. Genentech shares revenue from the patent with its research partner at the time, the City of Hope, a medical center in Duarte, Calif.

Genentech said that in 2006 it earned 6 cents a share, equivalent to $105 million in pretax income, from the patent, after subtracting what it paid to City of Hope. That was less than 3 percent of its adjusted earnings per share of $2.23.

A Genentech spokesman said the biggest royalties come from Humira by Abbott, Remicade by Johnson & Johnson, Synagis by MedImmune and Erbitux by ImClone.

An analyst at Sanford C. Bernstein & Company, Geoffrey C. Porges, wrote in a note yesterday that the impact of the decision "is greater for the companies paying royalties on Cabilly than it is for Genentech." Genentech, based in South San Francisco, Calif., is enjoying booming sales of its drugs for cancer and eye disease.

In moving to revoke the Cabilly II patent, the patent office said other patents had predated it, including the original Cabilly I patent, which expired last year.

The office had issued a preliminary ruling to revoke the patent in 2005, saying it represented double patenting of the same invention and would inappropriately extend Genentech's patent protection by 12 years.

The re-examination of the patent was requested by a Chicago lawyer, Liza V. Mueller. She has not revealed whom or which company she represents, though it is presumably one of the companies that pay royalties to Genentech.

MedImmune filed a lawsuit against Genentech in federal court in Los Angeles in 2003, challenging the patent. It also said Genentech had violated antitrust laws by colluding with Celltech, a British company and unit of UCB, to extend patent protection.

Genentech denied all of those accusations.

Both Genentech and Celltech were awarded patents covering similar antibody technology in 1989. Genentech then added some claims from the Celltech patent to a second patent application that it had previously filed on the same work. That forced the patent office to decide whether Genentech or Celltech was the first inventor.

In 1998, the patent office ruled in favor of Celltech. Genentech then took its case to Federal District Court in Northern California.

In 2001, however, Genentech and Celltech reached a settlement, agreeing that Genentech was the rightful inventor. The reason given was that Genentech had discovered an early draft of its patent application that predated Celltech's application.

The court ordered the patent office to grant a new patent to Genentech. The new patent, Cabilly II, would extend to 2018, even though both the original Cabilly and the Celltech patents would have expired in 2006.

MedImmune raised questions about whether Celltech was also profiting by giving up its soon-to-expire patent in favor of Genentech's new one. The terms of the settlement between Genentech and Celltech have never been made public.

According to a brief filed by City of Hope in the recent Supreme Court case, Celltech shared in some of the royalties from the new Cabilly patent for a limited period but received less money than it would have if its own patent had remained in force.

The court in Los Angeles dismissed MedImmune's antitrust charges, saying that the settlement between Genentech and Celltech had been appropriately approved by the judge overseeing their case. It also said MedImmune could not sue to invalidate the patent since it was a licensee of the patent.

MedImmune appealed that latter decision to the Supreme Court, which last month ruled that a party did not have to breach a patent license to challenge a patent. MedImmune's claims regarding the Cabilly II patent will now be tried in the lower courts.

MedImmune's general counsel, William C. Bertrand Jr., said the company was pleased with the decision to revoke the patent.

"We believe they adopted a lot of the arguments that we've propounded concerning this particular patent over the years," Mr. Bertrand said.

EU Approves Lukoil Purchase Of ConocoPhillips Filling Stations (AFP)

AFP, February 22, 2007

EU antitrust regulators gave their approval on Wednesday to Russian energy group Lukoil's plans to buy the filling stations of US oil giant ConocoPhillips in seven European countries.

After probing the deal for its impact on competition, the European Commission said that it had "found that the proposed transaction would not impede effective competition" in Europe.

Under the deal, the Russian oil and gas group is buying 400 filling stations from ConocoPhillips in Belgium, the Czech Republic, Finland, Luxembourg, Poland, Hungary and Slovakia.

The two companies have been close partners since ConocoPhillips bought 7.59 percent of Lukoil in 2004. The US company has since increased its stake to 20 percent.

Regulator Clears Japan Deal For Gallaher (AP)

AP, February 22, 2007

European Union Approves Japan Tobacco's $14.7B Bid for Britain's Cigarette Maker Gallaher

BRUSSELS, Belgium (AP) -- European Union antitrust regulators on Wednesday cleared Japan Tobacco Inc.'s proposed $14.7 billion purchase of British cigarette maker Gallaher Group PLC, saying the deal did not pose competition problems on the European market.

Japan Tobacco, the world's third biggest cigarette company wants to buy Gallaher to give the maker of the Mild Seven brand a bigger share in the European market.

The European Commission said the deal showed overlaps between the two companies "are generally limited," with the brands of the two positioned in different market areas. "Moreover, for all products concerned, the new entity would continue to face several strong, effective competitors with significant market shares," the commission said in a statement.

The deal would reportedly be the biggest Japanese overseas acquisition. Gallaher, which employs 12,000 people worldwide, dates back to 1857, when Tom Gallaher started a business making Irish roll tobacco in Londonderry, Northern Ireland. Its cigarette brands in Europe include Benson & Hedges, Silk Cut and Sovereign.

The company has been under pressure in a tough European market, particularly from additional taxation and increased competition in Spain and Austria.

Currently, JT has little presence in Western Europe, and only has operations in Russia.

The combined company would have annual global output of 600 billion cigarettes, JT said. It would remain at No. 3 behind Altria Group Inc. of the United States and Britain's British American Tobacco.

EU Approves Japan Tobacco Takeover Of Gallaher (AFP)

AFP, February 22, 2007

EU antitrust regulators approved on Wednesday Japan Tobacco's planned purchase of British cigarette group Gallaher, which is to be the biggest-ever takeover by a Japanese company.

"After examining the operation, the (European) Commission concluded that the transaction would not significantly impede effective competition," the EU antitrust watchdog said in a statement.

Japan Tobacco unveiled plans in mid December to buy British manufacturing and wholesale company Gallaher Group for 2.25 trillion yen (18.6 billion dollars, 14.2 billion euros) including debt in Japan's biggest-ever corporate acquisition.

The deal is expected to leave the JT group holding some 14 percent of the European Union market, with a 39-percent share in Britain and 45 percent in Austria.

"The Commission's examination of the proposed transaction showed that the horizontal overlaps between the activities of Gallaher and Japan Tobacco are generally limited with the brands of both companies mainly positioned in different segments," it said.

EU regulators also found that the merger would not leave the combined company with crushing market share as it would face "several strong, effective competitors."

Japan Tobacco sells brands including Mild Seven, Camel and Winston in about 120 countries and the takeover will give it extra muscle to take on world number one Philip Morris Cos. Inc. of the United States.

Gallaher owns Benson and Hedges, Silk Cut, Mayfair and Sovereign and also makes and sells cigars, "roll-your-own" and "make-your-own" tobacco, pipe tobacco and "snus", a type of oral snuff used in Sweden and Norway.

Steel Mill Sale Order Questioned (AP)

By David Dishneau, Ap Business Writer

AP, February 22, 2007

DOJ_NMG_0135276

The United Steelworkers union and Maryland's economic development chief say they disagree with a federal order that global steel giant Mittal Steel Co. sell its Sparrows Point mill near Baltimore to settle antitrust issues raised by the Dutch company's planned acquisition of Arcelor SA.

While ordering the sale of the Maryland plant, the consent decree proposed Tuesday by Justice Department would allow Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, which is used primarily for food and aerosol cans.

The United Steelworkers, which represents the mill's 2,106 production workers, said it will seek a reversal of the decision because selling Sparrows Point won't necessarily help workers or the company.

"It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future," said David R. McCall, chairman of the union's Mittal Steel committee.

The Justice Department said Sparrow Point's profitability and port access would help make it a viable competitor. In contrast, the Weirton mill has failed to thrive under Mittal's ownership, according to the Independent Steelworkers Union, which represents workers there.

Sparrows Point, with about 2,400 workers and one of the largest blast furnaces in North America, faces the prospect of its fourth owner in as many years.

David W. Edgerley, secretary of the Maryland Department of Business and Economic Development, said the state would work with Mittal to find a buyer for Sparrows Point, but he wasn't happy with the decision.

"We never like to have this kind of ruling that has an adverse effect on any Maryland business," Edgerley said.

An expert on Sparrow Point's 120-year history said the order could be good for the mill and the domestic steel industry.

Mark Reutter, an Urbana, Ill., writer who chronicled Sparrows Point in his 1988 book "Making Steel," said the decision means the government has heard manufacturers' complaints about too much steel consolidation.

"The sort of unspoken aspect here is that someone in Washington is signaling displeasure over the last two years and wants more competition in the industry," Reutter said.

Illinois-based Esmark Inc. said it might consider a joint venture to buy Sparrows Point if the Weirton mill is unavailable. And industry experts said a number of German, Indian and Russian companies are shopping for North American steel mills.

But the German steelmaker ThyssenKrupp AG said Wednesday it has no interest in acquiring the Maryland mill.

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Associated Press Writer Vicki Smith in Morgantown, W.Va., contributed to this report.

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On the Net:

Mittal Steel Co.: http://www.mittalsteel.com

Mittal Sorry About Ruling (BSUN)

By Allison Connolly, Sun reporter

The Baltimore Sun, February 22, 2007

Steelmaker's CFO says order leaves no choice on Sparrows Point sale

After a day of silence, Mittal Steel Co. NV said yesterday that it was disappointed by the Justice Department's decision requiring it to divest its Sparrows Point steel mill to resolve antitrust concerns over tin plate production in the wake of its $33 billion merger with Luxembourg-based Arcelor SA.

During a previously scheduled conference call with analysts yesterday to discuss fourth-quarter and year-end earnings, Mittal Chief Financial Officer Aditya Mittal said the company had no choice but to comply with the order even though it preferred to sell its plant in Weirton, W.Va.

A tentative deal to sell Weirton to Chicago-based Esmark Inc. is off the table, Mittal said, because of the Justice Department's decision.

"We sympathize with everyone in Maryland because we feel the same disappointment," Mittal said.

The company has 90 days from Tuesday's ruling to sell Sparrows Point, but is eligible for a 60-day extension.

Esmark Chief Executive Officer James Bouchard said his company, which recently won control of Wheeling-Pittsburgh Steel Corp. in Wheeling, W.Va., has not heard from Mittal even though it has signaled its desire to buy Weirton and possibly Sparrows Point.

"Are we disappointed?" Bouchard said yesterday. "Yeah, but it's not the end of the world. If they say no, then it's no and we'll move on."

In yesterday's conference call, Aditya Mittal said the company wants to "improve profitability" at Weirton.

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However, he said tin plate production, while profitable, will likely face some restructuring in the near future because there is excess capacity.

The government chose Sparrows Point for divestment because it would be a more viable competitor in the tin plate market than Weirton. Mittal and U.S. Steel Corp. produce more than 80 percent of the nation's tin plate, which is used for such items as food containers, aerosol cans and paint buckets. The rest is made by Wheeling Pittsburgh.

Mittal declined to speculate how much Sparrows Point might be worth. The Baltimore County plant has the capacity to produce 3.6 million tons of steel per year, he said, and last year shipped about 3 million tons.

Unlike other Mittal plants around the world, the company does not have any major capital improvements planned for Sparrows Point over the next two years.

Mittal is building a hot-strip mill in Poland, increasing slab production in Brazil and expanding output in Ukraine, a country which offers the "lowest cost" and "highest contribution" to the company, Aditya Mittal said.

United Steelworkers spokesman Gary Hubbard said steel-worker jobs are being threatened by cheaper labor overseas. The union said Tuesday that it would work to reverse the Justice Department decision. Yesterday, Hubbard said he hopes a new buyer doesn't shrink Sparrows Point further.

"We've traveled a lot of hard trails at Sparrows Point," he said.

Sparrows Point workers hope the new owner will honor their contract, which is set to expire next year. Eddie Bartee Jr., 51, a third-generation steel worker and a trustee on USW Local 9477's executive board, said Mittal honored the union's contract when it bought International Steel Group in 2005 to form the world's largest steelmaker. ISG had bought the assets of Bethlehem Steel in 2003, two years after Bethlehem went bankrupt.

"Basically, if you come in with a good faith agreement with what we have, I think pretty much we'll be happy," said Bartee, a crane operator, who has worked at the plant for 33 years. "And then we'll face [contract negotiations] in 2008."

John Cirri, president of Local 9477, was traveling yesterday and could not be reached for comment.

Meanwhile, Mittal said the merger with Arcelor is on track and should be completed by July. The combined company, to be named Arcelor Mittal, will produce more than 110 million tons of steel a year.

Aditya Mittal said the company would continue to scale back production through at least March to ensure inventory is on par with supply. He said three blast furnaces across the company have been idled, and workers at Sparrows Point have been offered voluntary layoffs over the past few months. Mittal said the company realized "impressive" cost savings during the down time, and prices rose because the level of foreign imports fell off.

For last year, Arcelor Mittal reported combined earnings of nearly $8 billion, down from $8.26 billion a year earlier. The companies said they were squeezed by high raw materials costs but expect better earnings this year once synergies between the companies in marketing, purchasing and production are realized.

House Plans Hearing With Sirius Exec (CNET)

By Anne Broache

CNET News, February 22, 2007

A proposed merger between XM Satellite Radio and Sirius Satellite Radio has only been officially public for a few days, but it's already stirring questions on Capitol Hill.

On February 28, the U.S. House of Representatives Judiciary Committee, which has jurisdiction over antitrust laws, plans to hold a hearing to examine potential ramifications of uniting the nation's only two satellite radio operators, a deal estimated at $5 billion. Sirius CEO Mel Karmazin is the only confirmed participant so far.

"We are holding this hearing to allow members to probe whether this merger will enhance or diminish competition in the digital music distribution industry," Rep. John Conyers (D-Mich.), the committee chairman, said in a statement. "Our members will explore how to define this new marketplace, and whether this merger will lead to increased choices and lower prices for consumers."

Rep. Lamar Smith (R-Texas), the committee's co-chairman, said the panel plans to pay close attention to "whether satellite radio competes against terrestrial radio, the Internet, or other emerging technologies"--a consideration that is key to making an antitrust analysis.

It is ultimately up to the U.S. Department of Justice and the Federal Communications Commission to decide whether the deal merits approval. One of the questions that has been raised is whether such a merger it would amount, as critics say, to a "monopoly merger."

A few years ago, federal regulators blocked a merger between EchoStar Communications' Dish Network and Hughes Electronics' DirectTV, arguing that such a union would amount to a "regulated monopoly." FCC Chairman Kevin Martin has already suggested there will be high hurdles before the companies would receive the regulators' blessing.

DOJ_NMG_0135278

Verizon, Vonage Rumble Over Patents (WSJ)

By Mariam Fam

The Wall Street Journal, February 22, 2007

Verizon Communications Inc.'s patent-infringement suit against Vonage Holding Corp. opened in federal court, potentially adding to the troubles of the largest Internet telephone start-up.

The case is closely watched by the nascent Web-calling industry, with some experts saying that a ruling against Vonage could encourage more patent suits in the telecom world.

Verizon is accusing Vonage of infringing five patents, some related to features such as call forwarding, fraud detection and other technologies. Vonage denies the accusations and argues that the actual goal of the Verizon suit is to eliminate the Internet company, a growing competitor to Verizon's landline phone business.

"We are firm in our belief that we have not infringed on their patents," said Brooke Schulz, a Vonage spokeswoman. "This case is about one thing and one thing only and that's about Verizon's attempts to stifle competition."

Officials at Verizon have said the company is motivated by a straightforward desire to protect its intellectual property. The phone company filed the suit in June in U.S. District Court for the Eastern District of Virginia, a month after Vonage's initial public offering in May.

Pretrial talks between the two competitors failed to result in a settlement. In court yesterday , the judge selected a jury and attorneys delivered opening statements for both sides.

Verizon lawyers said the company was seeking $197 million in damages, plus royalty for any future infringement. Vonage lawyers denied any infringement and said the patents were invalid and that the company owed nothing in damages.

Vonage offers customers discount phone service by letting them plug their phones into high-speed Internet connections, bypassing more costly landline service provided by established carriers. Founded in 2001, Vonage today has 2.2 million customers.

New York-based Verizon is the second-biggest U.S. telecom operator after AT&T Inc., with nearly 30 million residential phone subscriptions. Vonage, Holmdel, N.J., reported a loss of $65 million for the fourth quarter; Verizon posted net income of $1.03 billion for the same period.

Vonage has been beset by shareholder suits after a botched initial public offering. Yesterday on the New York Stock Exchange, Vonage shares were off 11 cents to $5.37, down more than two-thirds from the IPO.

Wireless carrier Sprint Nextel Corp. also has filed a patent-infringement suit against Vonage related to methods for transmitting calls between the Internet and conventional phone networks. Vonage has said in court filings that the Sprint and Verizon patents are invalid or don't apply to its services and that some of the patents cited by Sprint are so vague that they are unenforceable.

The patent disputes have alarmed other Internet-calling start-up businesses. They fear they may be sued or forced to pay licensing fees, which could hamper the growth of the Internet-phone business.

John Rabena, a partner with Sughrue Mion who specializes in Internet patent litigation, said the suit may help expose a vulnerability of many players in Internet technology.

"They don't have patents, so when they get attacked they don't have anything to negotiate," said Mr. Rabena, who isn't involved in the Verizon-Vonage case and doesn't represent any Internet-calling start-ups.

Some fear a win for Verizon can boost the appetite for patent suits, especially since the incentive has already increased in the wake of a brawl between the maker of the BlackBerry portable email device, Research in Motion Ltd., and patent-holder NTP Inc. That suit raised the possibility of a court-ordered shutdown of BlackBerry service in the U.S. before Research in Motion agreed to a $612.5 million settlement with NTP in May.

"If there's a big damage reward and an injunction issued, it becomes more attractive...to bring these types of suits," said Marty Zoltick, a patent attorney with Rothwell, Figg, Ernst & Manbeck, a law firm specializing in intellectual-property rights. "We're going to see more of these lawsuits."

Vonage believes it could continue operating even if it loses the Verizon case. "We have technology solutions and we have workarounds that we're working with our engineers on today," Ms. Schulz said. "There's a voracious appetite for [Internet calling] and Verizon cannot stop that."

Write to Mariam Fam at mariam.fam@wsj.com1

Apple, Cisco Reach Accord Over IPhone (WSJ)

By Nick Wingfield

The Wall Street Journal, February 22, 2007

DOJ_NMG_0135279

Apple Inc. and Cisco Systems Inc. agreed to resolve a trademark dispute over the term iPhone that had threatened to put a damper on the introduction of Apple's most eagerly anticipated electronics product in years.

Under their agreement, Cisco, of San Jose, Calif., and Apple, of Cupertino, Calif., are free to use the iPhone trademark on their respective products throughout the world. Cisco will drop a lawsuit it filed against Apple in federal court in San Francisco, accusing Apple of infringing on a Cisco trademark with a forthcoming cellphone called the iPhone, due out in June.

In a joint statement, Apple and Cisco said they will explore opportunities for making their products work better together "in the areas of security, and consumer and enterprise communications." The companies said other terms of the settlement are confidential, declining to comment further.

By reaching a deal, the two Silicon Valley icons head off a battle that potentially could have dragged on for years, and possibly led to an injunction to block Apple's use of the iPhone name.

Cisco sued Apple on January 10, the day after Apple Chief Executive Steve Jobs unveiled the iPhone at the Macworld convention in San Francisco. The networking giant said Apple had tried unsuccessfully on previous occasions to get Cisco to grant rights to use the iPhone name, and was engaged in intensive discussions until right before Apple unveiled the cellphone.

Initially, Apple declared the Cisco lawsuit "silly" and said it expected to prevail in any court fight. More recently, both parties said they were attempting to resolve the dispute amicably.

Cisco has held a trademark on the iPhone name since 2000, when it acquired a company called Infogear Technology that made an Internet-connected telephone. Last spring, Cisco unveiled a new line of gadgets bearing the iPhone name that use voice over Internet protocol, or VoIP, technology to transmit phone calls over the Internet.

Apple plans to begin selling the iPhone in the U.S. along with its exclusive wireless partner AT&T Inc.'s Cingular for between $499 and $599.

Settlement Lets Apple Use 'iPhone' (NYT)

By Brad Stone

The New York Times, February 22, 2007

SAN FRANCISCO, Feb. 21 — Apple and Cisco Systems have decided that a name is not worth fighting over.

On Wednesday, the companies settled their dispute over the iPhone trademark. Six weeks ago, Cisco filed a lawsuit in federal court in San Francisco over Apple's planned use of the name for its much anticipated multimedia device, which combines the features of a mobile phone, an iPod and a BlackBerry.

Cisco claimed that it had owned the trademark since 2000 and was using it for a line of Internet-connected phones.

Wednesday night, in a short, ambiguously worded statement, the companies said they would dismiss all legal action against each other regarding the trademark and that Apple could use the name for its device, which it plans to start selling in June.

In addition, the companies said they would explore ways to make their identically named iPhone products work together "in the areas of security and consumer and enterprise communication."

Representatives for Apple and Cisco said other terms of the deal would remain confidential. It is not known if Apple made a cash payment to Cisco, but intellectual property lawyers say some sort of payment is typical in these cases. It is also unclear whether Cisco had sold Apple the name iPhone outright and had then secured permission to use it itself.

But the deal appears to give a partial victory to both sides. Apple can begin selling its phone with the name that its strong-willed chief executive, Steven P. Jobs, seemed to prefer.

Cisco can also continue to use the name, and with the promise of interoperability, it might have some of the hype and magic surrounding Apple's products rub off on its own less prominent offerings.

Hostilities broke out between the two companies last month, when Mr. Jobs announced the music phone at the annual Macworld convention in San Francisco.

Cisco, the networking company based in San Jose, Calif., was using the name to sell phones that can plug into a PC or connect with a wireless hot spot and make free calls over the Internet.

The two companies negotiated intensely over the trademark in early January. Executives had planned to make announcements concurrently at the Consumer Electronics Show in Las Vegas and at Macworld, proclaiming the links between their iPhone products.

After talks broke down and Mr. Jobs announced his iPhone anyway, Cisco filed a lawsuit, saying that Apple's use of the iPhone name constituted a "willful and malicious" violation of Cisco's intellectual property. In response, Apple called the lawsuit "silly" and noted publicly that several companies besides Cisco were using the iPhone name.

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Cisco's lawsuit described covert Apple attempts to obtain the rights to the iPhone name. In September 2006, a corporation calling itself Ocean Telecom Services filed an application for the trademark based on earlier filings in Trinidad and Tobago. In its complaint, Cisco asserted that Apple was behind the efforts.

But while they flung legal accusations at each other, both companies faced significant pressure to settle. Apple's iPhone will be released in June and will be available to customers of the AT&T wireless network, which was formerly known as Cingular Wireless. If Apple had failed to settle with Cisco and subsequently lost the battle in court, it could have been liable for financial penalties for each unit that it sold.

But Cisco also faced a strong incentive to reach a deal.

"Cisco had to provide access to the trademark to Apple if it wanted to achieve the highest value for the name. There was no potential second buyer who would have equaled Apple's desire for the iPhone mark," said Alan Fisch, an intellectual-property lawyer at Kaye Scholer in Washington.

He added that Cisco also faced the reality that consumers associated the name more with Apple.

"The iPhone name has been informally synonymous with an anticipated Apple phone for years prior to the product's formal announcement," he said.

Analysts Say Apple Appears To Have Topped Cisco In IPhone Agreement (USAT)

By Michelle Kessler

USA Today, February 22, 2007

SAN JOSE, Calif. — Apple and Cisco Systems ended their feud over the iPhone name late Wednesday — and Apple appears to have won, tech analysts said.

The two Silicon Valley tech giants said they agreed to share rights to the name and end their legal battle over it.

Cisco — the longtime owner of the name — had earlier said it would share it with Apple as long as the electronics-maker made its iPhone compatible with other companies' products. The settlement addressed that concern, with the two companies pledging to "explore opportunities for interoperability in the areas of security, and consumer and (business) communications."

Other terms were confidential.

Since the full deal was not made public, it's hard to say for sure which company came out on top, says tech analyst Roger Kay with Endpoint Technologies Associates. But it sure looks like a "face-saving" agreement for Cisco, he says.

"It looks like Cisco caved," says independent tech analyst Rob Enderle. The pledge of interoperability talks "looks like the typical promise that (Apple CEO) Steve Jobs has no intention of keeping," he says.

Cisco declined to comment beyond the official statement. Apple did not return phone calls.

The controversy over the iPhone name began last year, when Apple was developing a feature-packed cellphone. Long before it had an official name, Apple fans dubbed it the iPhone. That's because many Apple products begin with an "i", including the iPod music player and iTunes music store.

But there was a problem: Cisco, the world's largest network equipment maker, owned the iPhone trademark. It had originally been registered in 1996 by InfoGear, a networking company later acquired by Cisco. After the deal, Cisco adopted the name and introduced a line of iPhones, which it still sells today.

Cisco's iPhones are corporate office phones that place calls over an Internet connection instead of a traditional phone network. They do not compete directly with Apple's iPhone.

Lawyers from the two companies talked, but Apple broke off the discussion, Cisco said. Hours later, Apple announced its iPhone. Cisco sued in U.S. District Court.

At the time, Cisco said what it really wanted was for Apple to make the iPhone compatible with other products. Cisco advocates such standards because it sells the networking gear that connects them.

But now it appears that Apple will get the name without fully meeting Cisco's demands, Kay says.

"It looks like Cisco got shafted," he says. "Maybe there's something in the (undisclosed) terms, but I don't see how they're getting the good end of the deal."

Microsoft, AT&T Argue Software-Patent Case (WSJ)

By Jess Bravin

The Wall Street Journal, February 22, 2007

WASHINGTON -- The Supreme Court, in the latest in a series of cases revisiting the application of patent protections in the high-tech era, heard arguments over where software fits within intellectual-property law.

In general, patents are only enforceable in the country that issues them. Thus, it is no infringement for a foreign firm to manufacture and sell a rival's U.S.-patented device abroad. To extend their monopolies overseas, U.S. companies must obtain a

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patent in each nation where they wish to protect their inventions. Under a special exception, though, it is an infringement to ship U.S.-made components of a patented device for assembly overseas.

AT&T Inc. holds a patent for voice-compression technology that makes it easier to transmit and store speech on personal computers and other devices. Microsoft Corp. concedes installing the technology on U.S.-built computers would infringe the patent. But it says it isn't a violation to ship a master disk of the software overseas, where it duplicates the software for installation on computers assembled in Germany, Belgium and other countries.

Microsoft argues the "component" is a physical disk containing the software, and it is free to duplicate it overseas, much as it could duplicate any other patented device overseas. AT&T contends the software itself is the component, regardless of the medium.

Lower courts, including the U.S. Court of Appeals for the Federal Circuit, a panel that hears patent appeals, have agreed with AT&T. But the Supreme Court has repeatedly reversed the panel in decisions the justices concluded tipped too much power to patent holders. Critics, joined by the Bush administration, have argued Federal Circuit doctrine frustrates the aim of patent law by impeding innovation.

The high court has never held that software itself can be patented, and in oral arguments yesterday, the justices struggled to conceptualize what sort of product source code is. The importance could be seen in the advocates -- Microsoft and AT&T, which have reached a confidential deal whose terms depend on the case outcome. Each hired a former solicitor general to make its argument. The issue could have implications for other high-tech products that can easily be duplicated, such as bioengineered organisms.

Justice Anthony Kennedy called it "odd" that Microsoft would be the party contending that a computer disk, rather than the software, is product. "I mean, Microsoft doesn't say please buy our disc because it's the prettiest disc in the business," he said. "It says buy our program because the program means something," he said.

"But the program is nothing until made into a physical manifestation that can be read by the computer," replied former Bush Solicitor General Theodore Olson, representing Microsoft. "An idea or a principle...can't be patented. It has to be put together with a machine and made into a usable device." In this case, "the components that make the machines run that are produced abroad are not supplied from the United States."

Former Clinton Solicitor General Seth Waxman, representing AT&T, argued that the means of transmitting software code -- whether on a master disk shipped overseas and duplicated or through photons streamed through an undersea cable -- was irrelevant.

Justice David Souter said the source code might be better understood less as a product than a blueprint, which can be taken overseas and used to replicate a design. Under AT&T's view, he suggested, "any export of a blueprint," or simply sending a patent itself overseas, "would be a violation."

Write to Jess Bravin at jess.bravin@wsj.com3

Court Takes On Software Patents (WP)

By Robert Barnes And Alan Sipress

The Washington Post, February 22, 2007

The name alone -- Microsoft v. AT&T-- conjures a galactic showdown. And the legal battle over a patent dispute that unfolded in the Supreme Court yesterday brought together elements of an epic.

Millions of dollars, at a minimum, ride on the outcome. The companies have hired two of Washington's most prominent Supreme Court gladiators, who together have argued nearly 100 cases before the high court, to present their cases. Some justices were on the edges of their seats as they absorbed a mind-bending blend of law and abstract thought, of computer-code poetry and patent-law banality.

The case even involves a "golden disk."

So what if that disk only contains Microsoft's Windows operating system?

"I hope we can continue calling it the golden disk," Justice Antonin Scalia said, when one justice blandly referred to it as the master disk. "It has a certain Scheherazade quality that really adds a lot of interest to this case."

At issue is whether Microsoft can be held liable for violating an AT&T patent on technology that condenses speech into computer code, similar to that found on Microsoft's Windows program.

Microsoft admitted it infringed the AT&T patent on computers sold domestically but contends that it is not liable for its programs installed by computer manufacturers overseas.

In 1984, Congress amended the patent law to forbid companies from shipping components of patented inventions overseas and having the parts assembled elsewhere in an attempt to skirt patent laws.

So in this case, justices are looking at whether digital software code can be considered a "component" of a patented invention and if so, whether it was "supplied" from the United States.

The case has sparked intense interest among U.S. technology firms, especially software developers, who worry they could be left increasingly vulnerable for infringing patents if the ruling goes against Microsoft.

"It would create an enormous base for damages," explained Stephen B. Maebius, a lawyer at Foley & Lardner specializing in intellectual-property rights. This could create an incentive for companies to move their research and development operations abroad, beyond the reach of U.S. courts, he said.

Even some of Microsoft's traditional competitors such as Yahoo and Amazon.com have joined to support the company's argument that overseas production should be governed by those countries' laws.

"At the time the statute was amended, global trade was far more limited and certainly did not include easily distributed computer and Internet transmissions," according to an analysts' report issued yesterday by Stifel Nicolaus, a brokerage firm specializing in technology and telecommunications.

The report quoted a lawyer for Yahoo as saying an unfavorable ruling for Microsoft could extend patent liability "to every corner of the world" where a copy of U.S.-developed software is used, including software downloaded over the Internet.

Seth P. Waxman, AT&T's lawyer and a former Clinton administration solicitor general, told justices they should uphold two lower courts' rulings in the company's favor.

Waxman said there is no dispute that Microsoft sends Windows code from the United States, via the "golden disk" or electronic transmission, to be installed in foreign computers.

"Those facts resolve this case," Waxman said. "Microsoft has 'supplied' a 'component' that when 'combined with hardware' enables the practice of AT&T's invention."

But Microsoft's lawyer, former Bush administration solicitor general Theodore B. Olson, countered that the code is copied outside the United States and installed on computers overseas. Thus, U.S. patent laws don't apply, he said.

"Those are computers that are sold abroad," Olson told the court. The components the law refers to, he said, were all manufactured overseas.

The justices wrestled with whether computer code would be patented or whether the code alone could be a component.

Waxman said code is "dynamic," in that it causes a computer to take action, while Olson said it was more like a blueprint. It can be used to produce exact copies that are not patent infringements, he said, like instructions for building a car or a mousetrap.

The court sought guidance from the current solicitor general's office, which largely supported Microsoft's position.

Assistant Solicitor General Daryl Joseffer said lower courts have interpreted U.S. patent law too broadly. And he said the government's view is that the component at issue would be the software with the code on it, not the code alone.

He compared it to a key and lock.

"A key has a series of ridges on it that enable it to open a lock," Joseffer said. "And that series of ridges can be denoted by a sequence of numbers, bigger numbers for deeper ridges. But the component is the key that actually turns the lock, not the abstract sequence of ridges on the key."

Eight justices will decide the case before July; Chief Justice John G. Roberts Jr. is recused because he owns Microsoft stock.

ENVIRONMENT:

9 States Sue Over Mercury Emissions (AP)

By John Flesher, AP Environmental Writer

AP, February 22, 2007

(AP) - TRAVERSE CITY, Mich.-Michigan and eight other states sued the Bush administration Tuesday, saying the White House failed to adequately regulate emissions of mercury and other pollutants at cement plants.

The states contend a rule issued by the Environmental Protection Agency in December does not comply with the federal Clean Air Act.

Mercury comes from raw materials used to make cement - such as limestone, clay, sand and iron ore - and from fuels such as coal, which fires the kilns where the ingredients are baked at high temperatures.

In December, the EPA announced new limits on mercury and hydrocarbon emissions from cement kilns built after Dec. 2, 2005.

But for kilns built earlier, the agency imposes lesser requirements such as operating kilns properly to ensure complete combustion and removing kiln dust when it can no longer be recycled.

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Critics say the Clean Air Act requires the EPA to limit mercury from all kilns, not just new ones.

"I think they should have explored some of the options a bit more in detail than they did," said Vince Hellwig, air quality chief with the Michigan Department of Environmental Quality.

The lawsuit was filed in the U.S. Court of Appeals in the District of Columbia, where several environmental groups filed a separate action last week. The other eight states are Connecticut, Delaware, Illinois, Maryland, Massachusetts, New York, New Jersey and Pennsylvania.

EPA spokesman John Millett said the matter was under review and declined to comment further.

The agency says it has reduced mercury air emissions by 45 percent since 1990. It estimates the nation's 118 cement plants give off a combined 12,000 pounds of mercury a year, although some state regulators say the actual amount is higher. 2007-02-21T02:06:42Z

That 'Drought' In Southwest May Be Normal, Report Says (NYT)

By Cornelia Dean

New York Times, February 22, 2007

The Colorado River Basin is more prone to drought than had been thought, a panel of experts reported yesterday, and as the climate warms and the population in the region grows, pressure on water supplies will become greater.

The severe droughts the region suffered in the 1990s and early 2000s would not stand out in the record of the last few centuries, the panel said, and the future presents "a sobering prospect for elected officials and water managers." The panel said residents of the region should prepare for more frequent and more severe dry spells, and "costly, controversial and unavoidable trade-offs" in water use.

The data discussed in the report have been published before in scholarly journals and elsewhere. But Ernest T. Smerdon, a former dean of the College of Engineering and Mines at the University of Arizona, who led the panel, said its members hoped with this publication to pull the findings into a single document that ordinary people could understand.

Severe droughts will recur, Dr. Smerdon said, "and we better be prepared. That is the message." He spoke at a news conference yesterday in Las Vegas, where the report was made public.

The panel recommended an "action-oriented" study of water use patterns and demands, including drought planning, population projections and possible effects of transferring water to urban areas from agriculture, still the dominant consumer. Dialogue between policy makers and scientists who study water issues should be "a permanent fixture within the basin," it said.

The panel, organized by the National Research Council, the research arm of the National Academy of Science, noted that the water allocation agreement for the basin, the Colorado River Compact, was negotiated in 1922 based on river flow records dating to the 1890s, when gauging stations were established. The agreement assumed that the annual river flow was 16.4 million acre feet — enough to cover 16.4 million acres to a depth of one foot.

But for some time, the panel said, researchers have known that the early 20th century was unusually wet and that 15 million acre feet was a more accurate estimate of the flow. Recent studies based on tree rings put the figure lower still — as low as 13 million acre feet — and suggest that "drought episodes are a recurrent and integral feature of the region's climate."

Because trees grow more when it is wet, scientists use tree ring size as an indicator of water abundance. The report says the federal Bureau of Reclamation and other agencies requested the panel's review in the wake of the new findings.

Global warming is already making things worse, the experts said. For one thing, warmer weather means less precipitation in the form of snow, which is stored in the region's mountain snowpack. And the snowpack itself forms later and melts sooner each winter. As a result, the steady reliability of snowpack water storage is compromised. Also, warmer weather itself increases consumer, environmental and agricultural demands for water.

Rainfall patterns are difficult to predict, another panel member, Connie A. Woodhouse, a geographer at the University of Arizona, said at the news conference. But the report said it was probable that the region would experience less precipitation over all in a warmer world.

Cloud-seeding, water desalinization and improved underground water storage have yet to emerge as solutions, the report said, and even conservation, while helpful, "is no panacea," Dr. Smerdon said.

The report, which is available at www.nationalacademies.org, notes that the basin, 240,000 square miles in Wyoming, Utah, Colorado, New Mexico, Arizona, Nevada, California and Mexico, has seen rapid population growth in recent decades. Until about 30 years ago, the panel wrote, growing demands for water were met through building dams and reservoirs. But today, the report says, "prospects for constructing additional large dams in the Colorado River basin have diminished."

Instead, "there is going to have to be some kind of reallocation of who gets the water," said Richard Seager, a climate expert at the Lamont Doherty Earth Observatory, who was not involved in the panel's report.

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Dr. Seager, who studies the drought history of North America, said that it was “silly” to put golf courses in the region’s desert areas and that hotels and other businesses were already installing water-conserving toilets and other fixtures.

But he added, referring to cattle and cotton raising, “Let’s think whether it makes sense to have all this subsidized agriculture in the region, people who aren’t even paying the full cost of the water they do use.”

Report Warns Water Crisis Looming In Arid Southwest (USAT)

By Patrick O'driscoll, Usa Today

USA Today, February 22, 2007

DENVER — The fast-growing states of the arid Southwest must plan for more severe droughts because of a regional warming trend that shows no signs of dissipating, says a new assessment of the Colorado River's water supply.

The report released Wednesday by the National Research Council says agriculture, which uses 80% of the West's water, is the likeliest target for shifting water supplies to growing urban areas. But the council, an agency of the National Academy of Sciences, cautions that "the availability of agricultural water is finite."

PHOTO GALLERY: Drought worsens along Colorado River

Rising population "will inevitably result in increasingly costly, controversial and unavoidable trade-off choices" in sharing the Southwest's most precious natural resource, the report says.

The Colorado River Basin includes seven states: parts of California, the nation's biggest farm producer; Wyoming, and five of the 12 fastest-growing states: Nevada, Arizona, Colorado, Utah and New Mexico.

Until now, water needs have been met by selling or leasing water rights from farms to cities. As population growth demands more of a shrinking water supply, battles could erupt over dwindling farm land and rural landscapes drying up. Some farm production might have to shift elsewhere because of urban growth.

The report says climate reconstructions using tree-ring data and projections with computer models show extended droughts were common in the past and will be longer, more severe and more frequent in the future. "That's not a happy picture," says Ernest Smerdon, a former University of Arizona engineering dean and one of the report's authors.

"The preponderance of scientific evidence suggests that warmer future temperatures will reduce future Colorado River stream flow and water supplies," the report says. Technological measures such as water conservation, de-salting plants and underground storage can help but are not a long-term "panacea for coping" with less water and more people.

"If people think they can save enough water to meet all the future demands, our judgment (is) that it's not going to be that easy," Smerdon says. "(We) are not predicting doom. We are just saying that there are critical issues to be addressed."

The panel does not recommend specific steps except a regionwide study by federal agencies and the states of urban water use. An issue certain to arise is how much agricultural water could be shifted to cities. The report says farm water may be "the most important, and perhaps final, large reservoir of available water for urban use in the arid U.S. West."

Smerdon says the report aims "in plain language" to emphasize the need to act.

The states share the Colorado River under a compact adopted in 1922, an extraordinarily wet period of mountain snows and plentiful river flows. In drier decades since, demand has exceeded supply. A drought since 2000 has shrunk some reservoirs to 50% or less of normal.

Key Water Source Is Affected By Global Warming, Report Finds (LAT)

By Bettina Boxall

Los Angeles Times, February 22, 2007

Global warming will worsen drought and reduce flows on the Colorado River, a key water source for several western states, according to a report released Wednesday.

The study, prepared by a National Research Council committee, paints a sobering picture as the water needs of a rapidly expanding population test the limits of a river system strained by the effects of climate change.

"The basin is going to face increasingly costly, controversial and unavoidable trade-off choices," said Ernest Smerdon, who chaired the panel of academicians and scientists who wrote the report. "Increasing demands are impeding the region's ability to cope with droughts and water shortages."

Such measures as conservation, desalination and water recycling would be helpful, the authors said, but wouldn't offer a panacea.

The report, which examined climate modeling and tree ring data, reaffirms a more pessimistic assessment of river hydrology that has emerged in recent years.

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Scientists have concluded that the Colorado river system, which supplies water to 25 million people and several million acres of crop and ranch land, has been drier and more prone to severe drought than was the case in the early 20th century, when the river's flows were divvied among the seven basin states.

It turns out that period was unusually wet, prompting an overly generous estimate of how much water would be available to farms and cities. Ancient tree rings, which provide graphic evidence of past precipitation patterns, indicate it had been three centuries since the basin was last awash with that much water.

The most recent drought began in 2000 and has left the river's biggest reservoirs, Lake Mead and Lake Powell, roughly half empty.

"Now that is not a happy picture," Smerdon said. "What we want people to do is to be aware of these scientific facts and take them into account as they plan for development, for drought-contingency plans."

Global warming will only make matters worse, said Connie Woodhouse, a University of Arizona associate professor of geography who helped write the report. "It's going to enhance the droughts" that are part of the natural climate cycle.

Although the river's flows returned to normal in 2005 after five years of dramatic lows, they fell again last year. Federal scientists say that if they remain below average or even average, Lake Mead might never completely refill.

The study, which was sponsored by the National Academies, the U.S. Bureau of Reclamation and several water agencies, notes that temperatures have risen in the western United States over the past century and are expected to keep climbing.

"All of the models are predicting very significant warming in the future," said Smerdon, a former engineering college dean at the University of Arizona in Tucson.

The report acknowledges some uncertainty over whether climate change would alter the amount of precipitation in the basin. But as the mercury rises, water demands would increase. There would be more evaporation from croplands and reservoirs, and wild land vegetation would suck more moisture from the soil, reducing runoff.

"I think a reasonably savvy person would have to say you're going to see less water in that river," said Brad Udall, director of Western Water Assessment at the University of Colorado in Boulder, who was not a member of the report committee. "The real question is how much less. Is it 5 percent less or is it 40 percent less and by when?"

The U.S. Department of Interior, which oversees the Colorado's management, is reviewing a drought plan the states put together last year. Because California holds some of the most senior rights to the river, Arizona, Nevada and Mexico would experience cuts in deliveries before California, said Roger Patterson, assistant general manager of the Metropolitan Water District of Southern California.

The river is a major source for Metropolitan, Southern California's major urban water supplier. Last year about 30 percent of the agency's water deliveries came from the Colorado, which provides about 10 percent of California's overall urban and agricultural supplies.

Most of the state's river allotment -- the biggest in the system -- goes to the Imperial Irrigation District, which distributes water to the croplands of the Imperial Valley, one of the nation's biggest lettuce producers.

Noting that farms remain the dominant water user in the Colorado basin, the report called agricultural water "the most important and perhaps final large reservoir of available water for urban use in the arid U.S. West."

But that supply is also finite, the authors emphasized, and shifting water from farm to city could have negative impacts. Transfers could hurt rural economies, lower food production and rob wildlife of leaking irrigation water that nourishes important habitat.

In Far North, Peril And Promise (WP)

By Doug Struck

Washington Post, February 22, 2007

Great Forests Hold Fateful Role in Climate Change

PINE FALLS, Manitoba -- Here on the edge of the silent and frozen northern tier of the Earth, the fate of the world's climate is buried beneath the snow and locked in the still limbs of aspen trees.

Nearly half of the carbon that exists on land is contained in the sweeping boreal forests, which gird the Earth in the northern reaches of Canada, Alaska, Scandinavia and Russia. Scientists now fear that the steady rise in the temperature of the atmosphere and the increasing human activity in those lands are releasing that carbon, a process that could trigger a vicious cycle of even more warming.

The prospect of the land itself accelerating climate change staggers scientists, as well as woodsmen such as Bob Austman, who stopped recently in a quiet stand of birch on the edge of the boreal forest to examine a jack rabbit's tracks.

"There are big forces out there," he said succinctly.

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Those forces, which scientists are only starting to understand, could free vast stores of carbon and methane that have been collecting since the last ice age in the frozen tundra and northern forests. Their release would push the world's climate toward a heat spiral that would raise ocean levels, spawn fierce storms and scorch farmlands, scientists believe.

But the land is impartial. It could also be enlisted to help abate global warming, as both a storehouse for man-made carbon dioxide and a natural sponge for greenhouse gases. Policymakers are considering changes to protect and expand the forested areas that store carbon; outside the boreal forest, they are experimenting with techniques to bury man-made carbon dioxide in underground vaults and porous seams.

"The world is both victim of climate change and a possible solution to it," said Stewart Elgie, associate director of the Institute of the Environment at the University of Ottawa.

Carbon is freed from the land in numerous ways. Permafrost melting because of warmer weather exposes peat, deadwood and buried pine needles to decay, freeing the carbon they contain. Fires, raging through forests more often because of hotter and drier weather, send wood -- and its carbon -- up in smoke. Insects thriving in milder winters girdle trees and send them to rot on the forest floor. Miners and oilmen build roads that expose the earth and warm the land, and loggers cut down old forests and replace them with young ones that will take decades of growth to absorb and store the same amount of carbon.

As the released carbon rises, it adds to the belt of greenhouse gases in the atmosphere, trapping even more heat, which causes more warming. Scientists call it a "feedback loop." Others have a more ominous term: the carbon time bomb.Risk Poorly Understood

"We are taking risks with a system we don't understand that is absolutely loaded with carbon," said Steven Kallick, a Seattle-based expert on the boreal forests for the Pew Charitable Trusts. "The impact could be enormous."

Scientists acknowledge they are not certain how the carbon time bomb will explode, or when. Many of the consequences of global warming that experts once predicted would take centuries are occurring in decades, such as the melting of the world's glaciers and ice caps. But other changes might be more gradual.

"With permafrost, it may take longer for change to get moving. But it may keep moving, even if we get our emissions under control," said Antoni Lewkowicz, a professor of geography at the University of Ottawa. "It's like a big boulder. Once you get it moving, it won't stop."

Brian Amiro, head of the department of soil science at the University of Manitoba, is part of a research team involved in a project called Fluxnet. The researchers have erected more than 400 towers throughout the world, outfitted with instruments to measure the exchange of carbon between earth and air. The boreal forest, sometimes called "the lungs of the world," breathes in more carbon in years when the forests grow, and loses more carbon in years of bad forest fires, drought or insect infestation.

Lately, there has been a string of bad years. The number of forest fires in Canada doubled in the 1980s and '90s from the previous two decades, and some scientific models indicate they will double again this century, Amiro said. Logging, mining and oil exploration have carved roads deeper into the forests. Temperatures have risen faster toward the north -- by as much as five degrees since the 1950s -- than in more temperate zones.

"The environmental triggers are going to become much more significant," said Faisal Moola, director of science at the David Suzuki Foundation, a Vancouver-based environmental organization.

There are mixed views about whether the process can be stopped. The levels of carbon dioxide in the atmosphere -- the highest in at least 420,000 years -- mean average temperatures will continue to rise, accelerating the thawing.

But humanity's footprint could be changed. Development, mining and logging account for 25 percent of the carbon loss in forests, Elgie said. Logging releases almost twice as much carbon dioxide each year as all the passenger vehicles in Canada, he said.Credits for Preservation

Here in Pine Falls, a town of 1,400 about 80 miles northeast of Winnipeg, the giant Tembec pulp mill billows steam and smoke into the crystalline sky. The 1920s-era mill makes newsprint from spruce and pine trees, and Vince Keenan, a forester for the company, said Tembec has responded to calls for change. It has set aside 12 percent of its 2 million-acre logging forest here, and up to one-fourth of its product is now made from recycled paper. Changes in mill practices have reduced greenhouse gas emissions by nearly 50 percent since 1990, he said.

But a broader step would be to set aside vast areas of the forest now designated for mining or logging and preserve them. This could be done by setting up a system of "carbon credits," in which, for example, an industrial plant would offset its pollution by paying money to preserve land in the forest that could store an equal amount of carbon.

"Right now, the only way to make money in the boreal forest is to cut trees down," Elgie said. "If you had carbon credits, you would be able to make money by keeping the trees up and storing carbon."

That system appeals to some native Indian groups, now torn between the desire to keep their traditional lands and the need for income from logging or mining.

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"Preserving the land is important to us," said Carl Smith, an elder of the Brokenhead Ojibway First Nation on the Winnipeg River near Pine Falls. "Once the land is gone, you're gone."

Smith also is president of the Manitoba Model Forest, a group set up 15 years ago to balance the competing views of how the forest here should be used. One of its goals is teaching schoolchildren about the forest, a job that falls to Bob Austman, the woodsman, whose family has lived in and on the boreal forests of Manitoba for three generations.

He sees nothing but beauty here. As he and Brian Kotak, an environmental scientist, tramped in minus-10-degree cold through a stand of birch near the Winnipeg River recently, it seemed hard to see the Earth as a potential danger.

"The dilemma," Austman said, "is that we live on a planet with 6 billion people. This land is under increasing pressure."Turning a Minus Into a Plus

South of the great swath of forest in central Canada, the wrinkles of the land smooth out, stretching toward a straight horizon. The Great Plains are frozen and still in winter. But in Weyburn, 70 miles southeast of Saskatchewan's capital, Regina, pumps bob relentlessly amid the snowy wheat fields, sucking crude oil from a mile underground like a host of mechanical mosquitoes.

What goes back into the ground here heartens some environmentalists. The giant EnCana oil and gas company, which operates more than 700 oil pumps in this field, pumps carbon dioxide deep down to drive more oil out of the porous rocks.

Almost inadvertently, the company has become the world's largest working example of carbon storage, or sequestration, a technique being hailed by international experts as one tool to reduce greenhouse gases. Darcy Cretin, operations superintendent at the EnCana plant, is slightly amused by the environmental scientists who have flocked here to see the maze of pipes, pumps, valves and sensors planted in the prairie.

"We have to keep explaining we are doing this to make more oil," he said. "The carbon sequestration is an extra."

When the oil brought up at Weyburn dwindled after 40 years of pumping, EnCana struck a deal with the Dakota Gasification Co. It owns a plant in Beulah, N.D., that converts coal to natural gas. Combustion at the gasification plant makes carbon dioxide, which was being vented into the air. EnCana offered to buy the gas, and in 1999 the U.S. company built a 200-mile pipeline into Canada. The foot-wide pipe emerges from its underground route at a chain-link fence on the edge of EnCana's property.

The company pumps the carbon dioxide under high pressure into the oil field. The gas acts as a kind of solvent, driving the oil out of porous rock. The greenhouse gas remains underground, leaving buried nearly 5,000 tons a day that would otherwise have gone into the atmosphere.

Experts believe this scheme of carbon storage could be used more widely in cases where the gas could be easily collected at a single point and moved by pipeline to a storage field. The approach would not work where the carbon dioxide could not be collected easily, such as from the tailpipes of moving cars. But nearly 40 percent of the carbon dioxide released to the air comes from big power plants or industrial areas, where the gas could be captured.

A committee of more than 100 experts from the Intergovernmental Panel on Climate Change concluded in 2005 that carbon sequestration has "considerable potential" to help reduce greenhouse gases, and a lengthy study at Weyburn by the International Energy Agency found virtually no leakage. The British Columbia government this month announced that all its coal-fired electric plants will be required to utilize carbon sequestration to eliminate greenhouse gas emissions.

For oilmen such as Cretin, the prospect of helping reduce a greenhouse gas by pumping it underground seems a natural fit.

"This is pretty easy," he said. "It's basic stuff for us."

FBI/DEA/ATF/USMS:

U.S. Is Sued Over Position On Marijuana (NYT)

By Carolyn Marshall

The New York Times, February 22, 2007

SAN FRANCISCO, Feb. 21 — Frustrated by government policy and inaction, a group of advocates for medical marijuana sued two federal health agencies on Wednesday over the assertion that smoking it has no medical benefit.

The group, Americans for Safe Access, a nonprofit organization based in Oakland, filed the lawsuit in Federal District Court, challenging the government's position that marijuana, "has no currently accepted medical use in treatment in the United States."

In its lawsuit, the group contends that federal regulators have publicly issued "false and misleading statements" about the medical benefits of marijuana.

The lawsuit, which named the Department of Health and Human Services and the Food and Drug Administration, seeks a court order to retract and correct statements that the group called, “incorrect, dishonest and a flagrant violation of laws.”

A lawyer for the medical marijuana group, Joseph Elford, said the lawsuit was filed now because administrative avenues had been exhausted and because of mounting scientific and anecdotal evidence to the contrary.

Mr. Elford said a recent study by the Clinical Research Center at San Francisco General Hospital, which was approved by the F.D.A. and other federal agencies, found that smoking marijuana relieved pain and certain symptoms of H.I.V., the virus that causes AIDS.

A spokeswoman for the health department said Wednesday in a telephone interview that “the agency does not comment on litigation as a general policy.”

The spokeswoman, Christina Pearson, said the agency stood by its publicly stated position and pointed to an April 20, 2006, statement. In that advisory, which Ms. Pearson said was current, the federal government asserts that “there is currently sound evidence that smoked marijuana is harmful.”

It goes on to say that “no animal or human data supported the safety or efficacy of marijuana,” which is not an approved drug.

Group Sues U.S. Over Medical Marijuana Claims (AP)

By Lisa Leff, Associated Press Writer

AP, February 22, 2007

(AP) - OAKLAND, California-Armed with a new study that shows smoking marijuana eased pain in some HIV patients, medical marijuana advocates sued the U.S. government Wednesday over its claim that the drug has no accepted medical benefits.

The lawsuit filed in U.S. District Court by Americans for Safe Access accuses the U.S. Department of Health and Human Services of engaging in "arbitrary and unlawful behavior" that prevents "sick and dying persons from seeking to obtain medicine that could provide them needed, and often lifesaving relief."

The group wants a judge to force the department and the U.S. Food and Drug Administration to stop giving out information that casts doubt on the efficacy of marijuana in treating various illnesses.

"The FDA position on medical cannabis is incorrect, dishonest and a flagrant violation of laws requiring the government to base policy on sound science," Joe Elford, chief counsel for the group, said in a statement.

California is one of 11 states where marijuana use is legal for people with a doctor's recommendation, but because the U.S. government does not recognize the drug's medical benefits, patients can still be arrested and prosecuted by federal authorities.

Last week, researchers from the University of California, San Francisco reported in the journal Neurology that a test involving 50 HIV patients showed that those who smoked pot experienced much less pain than those given placebos.

Americans for Safe Access said in the lawsuit that Health and Human Services has rejected its requests to retract the assertion that cannabis "has no currently accepted medical use in treatment in the United States," a position the agency has advertised since 2000.

The Department of Health and Human Services did not immediately have a response to the lawsuit.

Medical Pot Advocates Sue Feds Over False Info (SMCT)

San Mateo County Times, February 21, 2007

Medical marijuana advocates have sued the federal Department of Health and Human Services, accusing it of lying to the nation about the drug's lack of accepted medical use despite scientific studies showing its efficacy.

The lawsuit, filed today in federal court in Oakland, comes a week after the release of a controlled, clinical University of California, San Francisco study showing HIV patients who smoked marijuana found relief from chronic foot pain.

"We are asking the courts to weigh in on the science ... and force the government to stop making false statements about medical cannabis," said Steph Sherer, executive director of Americans for Safe Access.

ASA attorney Joe Elford said the lawsuit is brought under the federal Administrative Procedure Act, which provides for judicial review and reversal of any agency action found to be arbitrary and capricious.

ASA in October 2004 had petitioned the Department of Health and Human Services and its subordinate Food and Drug Administration under the Data Quality Act, a 2000 law requiring information circulated by federal agencies to be fair, objective and meet certain quality guidelines. That law lets citizens challenge government information believed to be inaccurate or based on bad data; ASA's petition claimed the government has ignored scientific studies and medical consensus on marijuana's efficacy as medicine.

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HHS denied the petition in 2005 and denied an appeal in July 2006. Those decisions are arbitrary

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and capricious, Elford said, and so Americans for Safe Access has been biding its time ever since to sue.

"We aimed to file this lawsuit at a time when the country was talking about the science," Sherer said, but her group doesn't think it even needs the newly released UCSF study to bolster its case; it believed the science was solid enough when it petitioned HHS in 2004.

"The federal government has had enough information in front of it for years to break the gridlock on this issue," she said. "We're suing to demand that the FDA stop holding science hostage to politics."

Sherer is one of four medical-marijuana users used as examples in the lawsuit. She suffered a neck injury in 2000 and later developed kidney problems from the ibuprofen and other painkillers she'd been prescribed. The government told her marijuana had no medical use, so she was delayed in seeking a doctor's advice to the contrary and finding relief, she says.

California voters approved medical use of marijuana by passing Proposition 215 in 1996, but federal law still bans the drug's cultivation, possession and use. Despite years of lobbying by advocates, it remains on the nation's list of most-restricted drugs -- along with substances such as heroin and LSD -- without accepted medical use. And despite a 1999 federal Institute of Medicine study urging more research, studies like UCSF's still face enormous obstacles and so remain rare.

Medical marijuana patients Angel Raich of Oakland and Diane Monson of Oroville sued federal law enforcement officials in 2002, claiming the federal government lacks authority to prosecute California's patients and providers. The U.S. Supreme Court in June 2005 ruled 6-3 to uphold federal prosecutions, finding that even marijuana grown in back yards for personal medical use can affect or contribute to the illegal interstate marijuana market and so is within Congress' constitutional reach.

But the court, in a footnote, did "acknowledge that evidence proffered by respondents in this case regarding the effective medical uses for marijuana, if found credible after trial, would cast serious doubt on the accuracy of the findings that require marijuana to be listed" among the most-restricted drugs.

Medical Pot ID Card Cost To Skyrocket (SMDJ)

San Mateo Daily Journal, February 22, 2007

State fee hikes due to a shortfall of clients for California's medical marijuana identification cards is trickling down to local programs, including San Mateo County which plans to nearly quadruple the cost by next month.

At its meeting Feb. 27, the Board of Supervisors plan to increase fees from $45 to $174. Medi-Cal beneficiaries will still receive a 50 percent discount.

The county only received word from the state Department of Health Services about the fee increase in January, said Beverly Thames, the county health department spokeswoman.

The change is effective March 1 but participants will only feel the pinch as their cards expire annually.

The ID program must be funded entirely by fees rather than taxpayer dollars at both the state and county level. The state is changing its portion of the fees collected from $13 to $142 per card. The county charges its own fee for processing and verification.

Each county participating in the ID program is setting its own fees but, coupled with the state mandate, the totals are way past $100. Other jurisdictions, such as Lake County, are mulling pulling out of the state program altogether rather than raise their prices.

The cards are theoretically used to reduce the chance a legal marijuana user is arrested. Officials believe a state-issued card is more likely to be accepted by law enforcement than a doctor's note. Medicinal marijuana users are required to have the cards but the county is required by state law to provide them.

San Mateo County only charges a minimum fee to cover its administrative costs, Thames said.

In 2006, San Mateo County issued 510 cards compared to the approximately 3,000 the state expected.

The county, like others in the state, began offering the cards after 56 percent of voters passed Proposition 215, or the Compassionate Use Act. The law protects users who have a recommendation from a licensed physician but does not give guidelines for the amount of marijuana they can have in their possession.

In anticipation of a large client base, the state used a $1 million loan for a ID database and computer system. With fewer users than the 15,000 expected, the administrative costs passed on to each user is running higher.

The statewide fee increase is opposed by the Drug Policy Alliance, Americans for Safe Access, the Marijuana Policy Project and Safe Access Now. The groups believe, according to the DPA Web site, that "medical marijuana patients are already faced with excessive health care costs, and this increase would put the ID card program out of reach for many."

The DPA argues if more than 24 of the state's 58 counties — particularly Los Angeles County — join the program, the increase in users will drop the per-card cost significantly.

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Long-Term Marijuana Use May Impair Lung Function (HDN)

HealthDay News), February 22, 2007

(HealthDay News) - People who smoke marijuana for a long time face many of the same kinds of respiratory problems - such as phlegm, coughing and wheezing - as long-term cigarette smokers, say researchers at the Yale School of Medicine.

They reviewed previous studies from 1966 to 2005 that examined the association between marijuana and pulmonary function and respiratory complications. Some of the studies found a link between short-term marijuana use and relaxation and opening of the air passages.

However, other studies identified an association between long-term marijuana use and increased risk of respiratory symptoms, suggestive of obstructive lung disease. The data did not show an association between long-term marijuana smoking and airflow obstruction (emphysema), the Yale researchers said.

Their study is published in the current issue of the journal Archives of Internal Medicine.

There were several common kinds of limitations in the studies they reviewed, the Yale researchers noted. These included: inadequate control of the complicating effect of tobacco smoking; lack of standardized measures for the amount or duration of marijuana use; and lack of standardized measures of the outcomes that were evaluated.

"Despite these limitations, clinicians should advise their patients of the potential negative impact of marijuana smoking on overall lung health," study first author Dr. Jeanette M. Tetrault, ambulatory care fellow at Yale School of Medicine and the Department of Veterans Affairs Connecticut Healthcare System, said in a prepared statement.

Federal Agents Crack Down On Web Pharmacies (NBC)

NBC News, February 22, 2007

Buying prescription drugs over the Internet has become standard operating procedure for many Americans who used to visit the neighborhood pharmacy. And while many Internet pharmacies are 100-percent legitimate, hundreds of others are not and are seen by law enforcement as a a dangerous problem. Including 15 in Florida whose licenses have been suspended in recent weeks by federal authorities.

NBC's Mark Potter was on a raid of one of these alleged pill mills.

Mark Potter

Correspondent

TAMPA, Fla. — At a drug store near Tampa, agents and investigators from the Drug Enforcement Agency swoop in to suspend the license of an Internet pharmacy for allegedly selling painkillers over the Web illegally. In this case, boxes and boxes of Hydrocodone.

Story continues below ? advertisement

"This is probably destined for a customer who's ordered it online somewhere across the country," says DEA Investigator Chris Grush.

Authorities say thousands of Web sites and hundreds of illegal Internet pharmacies have sprung up nationwide, cutting corners on medical exams and charging six to 10 times the normal price for prescription drugs that are widely abused.

"They hide behind their profession to push these drugs out simply to make money," says DEA Special Agent in Charge Mark Trouville.

The big concern is that many online pharmacies use doctors to write prescriptions for dangerous and addictive drugs for people they have never met. Federal agents say it's not uncommon for Internet buyers to simply fill out a brief medical questionnaire.

"We have a doctor, a situation where a doctor was sitting in front of a computer screen and writing hundreds and hundreds of prescriptions a day," says Trouville.

One man says he used illegal Internet pharmacies to fuel his addiction to Xanax and Valium.

"I used my wife's name, and I used my mother's name, and I put them all on my credit card," said the man who wished to remain anonymous.

Six years ago, 18-year-old Ryan Haight died from an overdose of drugs bought online. In 2004 his mother testified before the U.S. Senate in support of a proposed federal law tightening controls on Internet pharmacies.

That bill never passed.

"I'm very disappointed, very disappointed this bill has not passed," says Francine Haight, who founded the organization RyansCause.org. "Kids are still dying; kids are still getting drugs on the Internet."

A difficult balance between medical standards and modern technology, as authorities fear electronic drug trafficking.

Colombians Convicted On Drug Charges (WT)

By Jerry Seper, The Washington Times

The Washington Times, February 22, 2007

A high-ranking female member of a left-wing Colombian terrorist organization has been convicted with two others in U.S. District Court for the District of Columbia on drug charges.

Deputy Attorney General Paul J. McNulty said Nayibe Rojas Valderama, also known as "Sonia," was convicted, along with co-defendants Jose Antonio Celis and Juan Diego Giraldo, on charges of conspiring to import cocaine into the United States and conspiring to manufacture and distribute cocaine -- knowing it would be unlawfully imported into the United States.

The convictions were handed down Tuesday by a federal jury after four days of deliberation.

Mr. McNulty said the convictions represented "a significant victory" against the Fuerzas Armadas Revolucionarias de Colombia (FARC), which he described as one of the most dangerous narcoterrorist organizations in Colombia.

Valderama has been identified by U.S. law-enforcement authorities as the finance officer of the 14th Front of FARC and is the highest-ranking member of the group to be convicted in the United States. She was extradited from Colombia to the United States in March 2005 to stand trial on the U.S. charges.

Sentencing in the case is scheduled for May 7. The three each face a mandatory minimum of 10 years in prison or a term of years as determined by the court.

"The FARC is a double evil -- they poison the blood of our people with their drugs and spill the blood of their own with guns and machetes bought with drug profits," U.S. Drug Enforcement Administration boss Karen P. Tandy said.

"As a financial officer for the guerrilla group, Sonia Valderama was directly responsible for converting drug money to blood money -- that is, overseeing the conversion of millions of dollars of cocaine profits from cash to weapons, uniforms and ammunition to arm the most violent terrorists in this hemisphere," Mrs. Tandy said.

Evidence presented at trial showed that Valderama oversaw all aspects of the purchasing and production of cocaine in the 14th Front territory, and collected all of the proceeds from the sale of cocaine for the 14th Front. The front is a group of about 250 militants that operates in the southern part of the country.

Prosecutors Ron McNeil, Stephen May and James Faulkner said Celis arranged for the purchase of large quantities of cocaine from Valderama and the 14th Front, and coordinated the shipment of cocaine from Colombia to Panama, and from Panama into the United States.

The prosecutors said Celis conspired with Valderama and Giraldo to purchase more than 11,000 pounds of cocaine for shipment to the United States.

They also said Giraldo introduced Celis to the 14th Front for the purpose of purchasing cocaine, worked with Valderama to purchase and transport cocaine, brought equipment for the 14th Front's cocaine-production operation, and assisted Valderama in all aspects of cocaine production and sale.

The FARC controls large portions of Colombia and finances its violent conflict with the Colombian government by engaging in drug trafficking, augmented by other means such as kidnapping and extortion.

NATION IN BRIEF (WP)

The Washington Post, February 21, 2007

Rebel Leader Convicted On Drug Charges by U.S.

A federal jury in Washington yesterday convicted a Colombian peasant who rose to become the financial chief of a powerful squadron of leftist guerrillas on drug conspiracy charges.

Nayibe Rojas is the first high-ranking member of the Revolutionary Armed Forces of Colombia -- FARC, in its Spanish initials -- whom a U.S. federal court has convicted of drug-running, although the U.S. and Colombian governments long have alleged that FARC was deeply involved in every facet of Colombia's cocaine industry.

Prosecutors cast Rojas, also known as Sonia, as a gun-toting senior FARC official who gathered coca base from farmers and sold it to refiners and traffickers, who then sent more than five tons of cocaine to the United States.

The jury also convicted two co-defendants, Jose Antonio Celis and Juan Diego Giraldo. Celis and Giraldo were not members of FARC, but the prosecutors argued that all three had conspired on the drug deal. The three face prison terms of up to 30 years. Sentencing was scheduled for May 7.

* * *

Â· CORTLAND, N.Y. -- A woman was sentenced to 15 years in prison for starving her 5-year-old handicapped son, who weighed just 15 pounds when he was found in a playpen infested with cockroaches and lice. Judy Gratton, 49, was convicted in January of assault and other offenses.

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Â· SACRAMENTO -- A judge threw out Republican Gov. Arnold Schwarzenegger's plan to transfer thousands of inmates to other states to relieve prison overcrowding. Schwarzenegger said he would immediately appeal, saying dangerous convicts might otherwise have to be released early.

Â· DALLAS -- Dallas County officials approved a nearly $1 million settlement with the families of three mentally ill inmates who were denied medication while in the nation's seventh-largest detention complex. Just over half of the award went to a jail inmate whose psychiatric medications were withheld for two months in 2004, his attorney said.

Â· EGLIN AIR FORCE BASE, Fla. -- Men who say they were drugged and raped by an Air Force officer lied to avoid being revealed as gay in the military, a defense attorney told a military jury. Prosecutors said Capt. Devery L. Taylor, former chief of patient administration at Eglin Regional Hospital, met his victims in bars, spiked their drinks and kidnapped them. Taylor, 38, has pleaded not guilty to raping four men and attempting to rape two others.

-- From News Services

IMMIGRATION:

Senate Illegals Bill Near Complete (WT)

By Charles Hurt

The Washington Times, February 22, 2007

Senators and lobbyists are putting the final touches on a comprehensive immigration-reform bill that includes an easier citizenship path for illegal aliens and weaker enforcement provisions than were in the highly criticized legislation that the Senate approved last year.

Sen. Edward M. Kennedy, the Massachusetts Democrat who ardently supports citizenship rights for illegals, will introduce the bill as early as next week, according to Senate sources knowledgeable about the negotiations. If the Senate Judiciary Committee can make quick work of the bill, it could be ready for floor action in April.

Mr. Kennedy drafted this year's bill with help from Sen. John McCain, Arizona Republican, and outside lobbyists. Mr. McCain and the outside groups share Mr. Kennedy's support for increased immigration and leniency for illegals already in the country.

Among the most active participants have been the Essential Worker Immigration Coalition (EWIC) and the U.S. Chamber of Commerce. Both groups support giving current illegals a path to citizenship and increasing the flow of foreign workers into the country.

"It's good for the country," EWIC immigration lawyer Laura Reiff said of Mr. Kennedy's bill.

In particular, EWIC and the chamber have taken a leading role in drafting the section of the bill dealing with work-site enforcement, Senate staffers say. Lobbyists in both organizations have shuttled around Capitol Hill drafts of those provisions, which are supposed to impose sanctions on businesses that hire illegal aliens, according to internal e-mails obtained by The Washington Times.

"That's putting the fox in charge of the henhouse," one Senate lawyer said about the pro-business chamber's involvement in drafting the punishment of employers.

One of those e-mails obtained by The Times invited Democratic immigration staffers to a briefing in early January with "key stakeholders" to discuss workplace-enforcement provisions. The invitation listed six such "stakeholders," including the chamber and EWIC. The other groups attending the meeting, according to the e-mail, were the American Civil Liberties Union, the National Immigration Law Center, the National Council of La Raza and the Service Employees International Union.

Not included in that meeting or any of the early meetings, according to several Senate aides, were key Republican senators or their staff who crossed the aisle last year to support "comprehensive" immigration reform that most Republicans considered a form of amnesty.

"We have been held out of any discussions," said Sen. Sam Brownback, one of those who supported last year's major immigration bill. "Our staffs have asked to be involved, but they were kept out."

Even Sen. Arlen Specter, the Pennsylvania Republican who as chairman of the Judiciary Committee last year ushered the immigration bill through the Senate, has been left out of the process of drafting the bill.

Mr. Specter said yesterday that he and Mr. Kennedy have discussed the need to get a bill done this year but not any details. Mr. Specter has twice complained to Mr. Kennedy, most recently at a meeting last week, that the Republican senator's staff had been left out of negotiations.

"I raised the issue again, and a Kennedy staffer said there was nothing in writing" as legislation, he said. "Neither my staff nor I have seen any draft."

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Last week, aides and Republicans said, Mr. Specter, Mr. Brownback and others were invited to a meeting where they got their first briefing on the nearly completed bill. Other Republicans invited included Sens. Lindsey Graham of South Carolina, Chuck Hagel of Nebraska and Mel Martinez of Florida.

Laura Capps, a spokeswoman for Mr. Kennedy, said he has been working with "many senators and members of Congress to draft the new bill."

"The bipartisan coalition behind the bill remains strong and intact."

The one Republican who all agree has been part of the negotiations from the start is Mr. McCain, who is running for his party's presidential nomination. This worries Republicans who say that Mr. McCain is the last Republican they want representing their interests in negotiations with Mr. Kennedy over immigration legislation.

Mr. McCain and Mr. Kennedy have long embraced the same goal of giving illegal aliens a direct path to U.S. citizenship despite having broken laws to get here in the first place. Both men also denounce the view held by most Republicans that the federal government should first secure the border with Mexico and begin enforcing current laws before addressing other immigration issues such as what to do with the more than 10 million to 12 million aliens already here.

Who has been in and out of negotiations this year signals to Republicans that Mr. Kennedy will introduce a bill that more resembles the original McCain-Kennedy bill than the compromise that was ultimately approved last year.

As much as conservatives dislike last year's compromise bill, they consider it some improvement over the original bill because it lowered the number of new foreign workers permitted into the country each year and slightly narrowed the pool of illegals who would be granted "amnesty."

"If it's back to the old version without the changes we made last year, I don't think I could support that," Mr. Brownback said.

Ms. Capps said she expects Mr. Kennedy to introduce his bill "in the next few weeks."

Majority Leader Harry Reid, Nevada Democrat, is "committed to getting something done this year," his spokesman said.

Along US-Mexico Border, Not Enough Hands For The Harvest (CSM)

By Faye Bowers

The Christian Science Monitor, February 22, 2007

The nature of farming is that it comes with many unknowns: weather, pests, competition from abroad, effectiveness of new machinery. Rick Rademacher isn't clear why the labor pool needs to be another one – especially since so many day laborers from Mexico would be eager to work in his lettuce fields here in the midst of America's "winter salad bowl."

Lifting a calloused hand to shade his eyes from the sun's glare, Mr. Rademacher gazes over a 40-acre field where nearly 40 migrant workers pluck or wrap or pack the leafy green heads. With about six weeks to go in this season's harvest, the fourth-generation grower is crossing his fingers and hoping he'll have enough workers to bring the crops in.

"We struggle daily," he says. "We just hope every day that we can fill the orders."

Empty stations on the harvest lines are more common this year throughout this swath of Arizona farm country, says Rademacher, who serves as president of the Yuma Fresh Vegetable Association. The reasons are many: a 40,000-person limit on the number of foreign guest workers allowed into the US, tighter borders that are discouraging illegal crossings, and rising demand for day laborers in other industries, such as higher-paying construction work.

The shortage of farm workers has been driving wages higher. Last season, base pay for day laborers working in this area was $6.50 an hour. Now it's $8.50. Rademacher says it may go higher because farmers here can't attract enough employees.

He'd like to see an expanded guest-worker program to ease the labor crunch here, just five miles from the border. It would ensure that he can get his crop in – and sell it to supermarkets at a price that is competitive with prices of vegetables from overseas.

Congress is considering such a move, but not in time to reduce this season's uncertainty.

Because this 41,000-acre patch of the Southwest produces 95 percent of the nation's home-grown winter lettuce and 90 percent of its winter vegetables, its labor issues have ramifications far beyond these leafy fields.

A key one is how much consumers must pay for fresh greens. A 10 percent increase in labor costs on the farm results in a 6 percent jump in the price of a head of lettuce, according to research by Albert Kagan, a professor at Arizona State University who works on the National Food and Agricultural Policy Project (NFAPP), which is based at the school. He has run economic models for other labor-intensive produce as well, such as strawberries and table grapes, with similar results.

The NFAPP has also examined how farm labor costs at home affect the market for farm imports. If it costs 10 percent more to produce a US-grown head of lettuce, for example, lettuce imports are likely to increase by 3 percent, according to Dr. Kagan's research.

The math puts farmers like Rademacher in a bind.

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"We have to offer more to get the workers, but we try to keep our costs in line, too," he says. "If we set the price [of vegetables] too high, one of our competitors will get the business, or the [super]markets will get the vegetables from out of the country."

Not all of Rademacher's harvest machines are fully staffed, despite the higher pay. Octavio Felix, a foreman overseeing the crews on two machines, sees one solution.

"Lots of people [in Mexico] would come to work if they could get permits," says the US citizen, who returns each weekend to San Luis Río Colorado, the town across the Mexico border where his grandparents still live.

The work here is labor-intensive, though the harvest machines, at about $250,000 a pop, have eliminated most of the heavy lifting. Both of the machines Mr. Felix supervises are fully staffed with 38 migrant workers. Two others at the far end of the field have only half that number.

Down the road, at gigantic broccoli and celery patches, two more harvest machines are running with crews that are half-staffed.

There are 11,130 documented migrant workers in Arizona and about 84,270 in California, according to figures from the Pew Hispanic Center. But there are also 9,870 undocumented farm workers in Arizona and 74,730 in California.

Identical bills known as AgJOBS, now wending their ways through committees in the Senate and House of Representatives, may eventually alleviate some farm-labor problems. The legislation would confer "blue-card status" on any foreign worker who meets four requirements: 1) performed agricultural work in the US for at least 863 hours, or 150 workdays, during the 24-month period ending Dec. 31, 2006; 2) applied for blue-card status during the 18-month application period (which would begin seven months from the day the law is enacted); 3) is otherwise admissible to the US; and 4) has not been convicted of any felony or a misdemeanor that involved bodily injury, threat of serious bodily injury, or harm to property in excess of $500.

These bills aren't a panacea for America's illegal immigration problem, but they represent a step in the right direction, growers say.

"Agriculture has ... made its case for sensible immigration reform which would result in a legal, stable workforce for the industry," said Tom Nassif, president and CEO of the Western Growers Association in a Jan. 10 statement. "We now have an opportunity to proceed with reform which will be beneficial for farmers, workers, enforcement officials, and the entire nation," he said of the AgJOBS legislation.

"This country has got to get a successful immigration policy," Rademacher says. "We have work for people in Mexico who want work."

2 Groups Compare Immigrant Detention Centers To Prisons (NYT)

By Rachel L. Swarns

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — Two advocacy groups for refugees said on Wednesday that the Bush administration routinely detained immigrant families in prisonlike housing that separated young children from their parents and sometimes provided inadequate medical care, food and educational opportunities, despite calls from Congress to house such families in “nonpenal, homelike environments.”

The Department of Homeland Security, which allowed the advocacy groups to visit the two detention centers that house immigrant families, has already corrected several problems identified by the groups. The two groups, the Women’s Commission for Refugee Women and Children and Lutheran Immigration and Refugee Services, are expected to release their report on Thursday.

But department officials, who said they were still reviewing the report, vigorously defended the quality of services provided by the 512-bed T. Don Hutto Residential Center, which opened last year in Texas, and the Berks Family Shelter Care Facility, which houses about 80 families in Pennsylvania. The centers hold immigrants and asylum seekers awaiting the outcomes of their cases.

“They adhere to the highest standards,” said Marc Raimondi, a department spokesman.

The complaints come one month after a federal inspection of 5 of the nation’s 325 immigrant detention centers found that most did not provide timely and responsive health care and sometimes failed to comply with the government’s standards of disciplining, classifying and housing detainees. Officials of the Homeland Security Department say the study was too small to be representative.

The new report found that women at the Hutto center received inadequate prenatal care and that children received only one hour of schooling a day. At both centers, children as young as 6 were separated from their parents, and separation of families and the threats of separation were used as disciplinary tools.

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The study praised the Berks center for providing adequate educational opportunities and allowing families to participate in field trips and outdoor recreation time. But it says both centers are modeled on prisons, even though they hold people who are fleeing persecution or stand accused of violating civil immigration laws, not criminal codes.

"The prisonlike conditions, this form of detention, is not necessary," said Michelle Brané, who heads the detention and asylum program at the Women's Commission for Refugee Women and Children.

"We release criminals," said Ms. Brané, pointing to parole and monitored supervision programs. "Yet for immigrants in civil proceedings, they have not explored those options. And these are families with children."

Mr. Raimondi said the family detention system was expanded to help end the routine practice of releasing immigrant families caught sneaking across the border. Smugglers began taking advantage of the loophole and pairing children with unrelated adults in hopes of ensuring their release, officials say. Some children were abandoned or abused. Mr. Raimondi said the centers provided a safe place for families and "serve as a deterrent to alien smugglers who needlessly endanger children's lives."

Ms. Brané said officials of the Homeland Security Department had addressed some of her concerns.

The Hutto center contracted with a local clinic to provide medical care to pregnant women. It also expanded the educational program to four hours a day from one.

Detention Facility For Immigrants Criticized (WP)

By Sylvia Moreno

The Washington Post, February 22, 2007

TAYLOR, Tex. -- The day Mustafa Elmi turned 3 years old he had to report to his cell three times for headcount. To be able to get one hour of recreation inside a concrete compound sealed off by metal gates and razor wire he had to pin his picture ID to his uniform.

Such routines characterized Mustafa's life, as well as that of his mother, Bahjo Hosen, 26, during their first seven months in the United States, the country to which they fled to escape political persecution in their native Somalia. They ended up in the T. Don Hutto Family Residential Facility, one of the nation's newest detention centers for illegal immigrants that the Department of Homeland Security touts as an "effective and humane alternative" to keep immigrant families together while they await the outcome of immigration court hearings or deportation.

Before the facility opened, U.S. Immigration and Customs Enforcement (ICE) routinely separated parents from their children upon apprehension by the Border Patrol. Infants and toddlers were placed in federally funded foster homes; adolescents and teenagers were placed in facilities for minors run by the Department of Health and Human Services; and parents were placed in adult detention centers.

Despite the change in policy, two national organizations decry the conditions at Hutto and have termed the facility "a penal detention model that is fundamentally anti-family and anti-American."

The center, which the DHS opened last May, is an unacceptable method "for addressing the reality of the presence of families in our immigration system," says a report written by the Women's Commission for Refugee Women and Children, in New York, and Lutheran Immigration and Refugee Service, in Baltimore, and scheduled for release Thursday.

"As a country that supports family values, we should not be treating immigrant families who have not committed a crime like criminals, particularly children," said Ralston H. Deffenbaugh Jr., president of Lutheran Immigration and Refugee Service.

During a tour of Hutto this month, Gary Mead, the assistant director of ICE detention and removal operations, said the facility, which is operated under contract by the Corrections Corporation of America, averaged 380 to 420 detainees daily. That day, Hutto housed 180 children and 150 adults -- four-fifths of them mothers -- from 29 countries. Seventy-five families were being detained while they awaited the outcome of their political-asylum petitions.

The 512-bed facility is part of the Department of Homeland Security's year-long push to build detention centers or contract them out to private companies to accommodate illegal immigrants apprehended along the Mexican border. A record 26,500 such immigrants are in detention daily -- up from 19,718 a day in 2005.

Hutto, located in central Texas, is used for immigrants from countries other than Mexico who are awaiting "expedited removal from the United States." That process ended the policy known as "catch and release," in which such people were given a notice to appear later before an immigration judge. Mexican nationals caught in the United States illegally are routinely sent back almost immediately.

For some years, ICE has contracted with Berks County, Pa., to run an 80-bed detention facility for families, and the report by the women's commission and Lutheran service touched on that center but focused on the much larger Hutto.

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The report lauded the goal of keeping families together but urged DHS to close the Hutto facility, saying that "prison-like institutions" are not appropriate for families. "Family detention is not one that has any precedent in the United States, therefore no appropriate licensing requirements exist," the report said.

In response, ICE spokesman Marc Raimondi said that the Hutto and Berks facilities "maintain safe, secure and humane conditions and invest heavily in the welfare" of the detainees. He said that ICE detention standards exceed those set by the American Correctional Association, and that the agency's practice of conducting annual reviews and weekly visits to detention facilities "significantly exceeds industry standards."

The report recommended that ICE parole asylum-seekers while they await the outcome of their hearings. It also said that immigrant families not eligible for parole should be released to special shelters or other homelike settings run by nonprofit groups and be required to participate in electronic monitoring or an intensive supervision program that would use a combination of electronic ankle bracelets, home visits and telephone reporting.

The 72-page report also criticized the educational services for children; the food service and rushed feeding times for children; the health care, especially for vulnerable children and pregnant women; the therapeutic mental health care as insufficient or culturally inappropriate; and the recreation time as inadequate for children. The review said that families were being held for months in Hutto and for years in the case of the longer-established Berks facility.

The report also cited inappropriate disciplinary practices used against adults and children, including threats of separation, verbal abuse and withholding recreation or using temperature control, particularly extremely cold conditions, as punishment.

Hosen, who traveled with Mustafa on an inner tube across the Rio Grande from Mexico and insisted that a stranger in Texas call the Border Patrol so she could surrender to authorities, lived in Hutto from June 30 to Jan. 30.

Granted political asylum and now living temporarily in a home for immigrant women and children in Austin, Hosen said that she and other parents in Hutto were threatened regularly with separation from their children for minor infractions such as youngsters running inside the prison. She lost 30 pounds while detained, and her son lost weight and suffered from diarrhea. Concerned about her son's health, Hosen asked for a multivitamin for him but was denied the request, she said.

She recalled that the day she and Mustafa arrived at Hutto and she saw the word "residential" written on the facility's sign, she was relieved after having spent almost two weeks in a detention center for adults in south Texas while her son was held in foster care. Hosen said that although she was reunited with him, little else changed. "It was just like the place I was -- detention -- nothing different," she said.

Report Criticizes Conditions At Immigrant Detention Centers (MCT)

By Chris Mondics

McClatchy Newspapers, February 22, 2007

WASHINGTON - The nation's two family detention centers for illegal immigrants - one in Texas and the other in Berks County, Pa. - are plagued by problems including inadequate medical care, lack of privacy, and abusive behavior by staff toward detainees, two advocacy groups alleged in a report being released Thursday.

Of the two centers, the Berks Family Shelter Care Facility in Leesport has the more humane conditions, but even there detainees reported harassment by staff including the threat of separating parents from their children, the report said.

"Every woman we talked to in the facilities cried," said Michelle Brane, one of the authors of the report, prepared by the Lutheran Immigration and Refugee Service and the Women's Commission for Refugee Women and Children. "Many of the children were clearly sad and depressed. Some feared separation from their parents, a common threat used to ensure that children behaved according to facility rules."

Both facilities are inappropriate for children and families because they too closely resemble jails, the authors said. The detainees are largely Latinos, apprehended at the U.S.-Mexico border or in the United States, but the facilities also house immigrants from China, Greece, Ethiopia and other nations.

Marc Raimondi, a spokesman for U.S. Immigration and Customs Enforcement, a division of the Homeland Security Department, said Wednesday that the facilities were run humanely with a high standard of care for the detainees. He said allegations that staff had threatened to separate parents from their children were unsubstantiated.

The "detention facilities maintain safe, secure and humane conditions and invest heavily in the welfare of the detained alien population," Raimondi said in an interview.

The report recommends a series of changes including moving families to more homelike facilities, while seeking opportunities to parole others. It comes as the government has intensified its focus on halting illegal immigration, amid growing complaints among voters and members of Congress.

Beefed-up patrols along the Southern border and highly publicized raids by immigration officials on factories believed to hire large number of undocumented workers seem to have functioned as a powerful disincentive to illegal immigration.

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Immigration authorities say the number of border arrests has dropped off substantially in recent months, likely as a result of stepped-up enforcement.

The Berks facility, a former nursing home that houses about 20 immigrant families, was opened in 2001. The government opened the much larger T. Don Hutto Residential Center near Austin, Texas, last year following growing complaints from Congress that illegal immigrants apprehended by authorities were being separated from their children, or simply being released because there was no place to house them.

The Hutto center was more harshly criticized in the report, which said children there typically get only one hour of schooling a day. Apart from sleep, an hour of recreation and 20 minutes per mealtime, families are confined to communal areas for the bulk of the day.

Because of space constraints, children at Hutto are sometimes confined to different cells from their parents, the report said. While the doors are not locked, it said, infrared sensors trigger alarms if the doors are opened slightly, prompting a response from staff.

At the Berks facility, children under 6 typically are housed with their parents, the report said. Older children are housed in same-sex juvenile rooms with children from other families.

The report said some parents reported that their children, assigned to separate rooms, cry at night, but that they are not permitted to visit them.

At the Hutto facility, one woman reported she had not received a prenatal medical exam until seven months into her pregnancy. Other detainees reported delays in receiving medical care, the report said.

It said the care of pregnant women had improved at Hutto since researchers who prepared the report had visited the facility. But the report criticized Hutto for continuing to transport pregnant women to the hospital in handcuffs.

Staff at both facilities threatened to separate children from their parents as a means of control, the report said.

"All families interviewed express a general sense that they were disrespected by staff members, frequently yelled at and issued unnecessarily harsh punishments for behavior as simple as not being able to do homework for lack of a pencil," it said. "Several families told us that facility staff would threaten them with separation if they misbehaved, and on several occasions it seems that children were sent to the secure juvenile detention facility without an opportunity to defend themselves in court."

High Profile Raids Leave Immigrants Across U.S. Living In Fear (AP)

By Juliana Barbassa, Associated Press Writer

AP, February 22, 2007

(AP) - RICHMOND, California-Fear has gripped immigrant families across the United States as federal agents raid neighborhoods, work sites and jails in a nationwide crackdown on illegal immigration.

Tens of thousands of people have been rounded up over the past several months, and many more are afraid to leave home, answer a knock on the door or leave their children alone in fear they might be next. Churches and community groups are stepping in with legal advice and financial aid for families split up or left without an income because of the sweeps.

"My kids are asking me, 'Why is this happening, mommy? Why did they take uncle away?'" said Dinora Sanchez, whose uncle was taken by immigration officials in January while riding his bike to a construction job in this low-income city northeast of San Francisco. "I'm afraid. There are no explanations I can give them."

From California to Connecticut, federal officials have launched a full-scale offensive to find and deport illegal immigrants. It's part of a two-pronged approach, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement: secure the nation's borders while stepping up enforcement within.

"We're attacking these issues on multiple fronts," she said. "It's definitely a priority now."

Documented immigrants like Sanchez, a native of Mexico, have nothing to fear, said Kice. But her uncle, who had been in the U.S. illegally for 10 years and did not have work authorization, was an obvious target.

"People who are in this country complying with our immigration laws have no reason to be concerned," Kice said.

Groups supporting a reduction in immigration have praised the shift toward more aggressive enforcement. "Enforcement actions like these play an enormous role in deterrence," said Steven Camarota, of the conservative think tank Center for Immigration Studies.

But many immigrants and their advocates say it's splitting families and hurting the legal relatives of immigrants who crossed the border illegally, as well as their co-workers, employers and the businesses that serve them.

"We have to stop this reign of terror," said Mark Silverman, director of immigration policy at San Francisco's Immigrant Legal Resource Center.

Since launching "Operation Return to Sender" last May, Immigration and Customs has rounded up nearly 14,000 immigrants who entered the country illegally or were ignoring a judge's deportation order.

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"They make a mockery of the system," Kice said, "and send the wrong message to those who follow the orders."

Some 4,400 others were rounded up in large-scale job site investigations, including immigrants working without proper authorization and those who hired them. More than 700 of those face criminal charges, including hiring illegal immigrants.

Searches of state and local jails over the past seven months identified another 5,500 immigrants who committed crimes, ensuring they'd go into custody of Immigration and Customs when they finished their sentences.

In one of the biggest sweeps so far, Swift & Co. meatpacking plants in six states were raided in December, resulting in the arrests of 1,282 immigrant workers. One of those plants was in Marshalltown, Iowa, where Mexican immigrant Juan Padilla runs a western clothing store. He says he went from selling $5,000 (euro3,810) a month worth of cowboy boots, hats and slim-cut jeans last year, to just $600 (euro460) in January.

His wife, who wasn't authorized to work, lost her job at the meatpacking plant and is awaiting a court hearing. Padilla is wondering how they'll be able to support their five American-born children.

"I want my children to go to school, to have better opportunities, so they don't end up cutting meat 14 hours a day," he said. "But what can we do? Where do we go from here? I just don't know."

The enforcement action hit the growing immigrant community in the town of about 26,000 hard. More than 30 children were pulled from the school system, presumably by families who decided to leave the area.

Parents were "frightened that the immigration officials were going to come to school and take their children," said Thomas Renze, principal of Woodbury Elementary in Marshalltown.

Sister Christine Feagan, director of Hispanic ministry at St. Mary Catholic Church, agreed that the raids have been particularly hard on children, whether they're legal or not.

"You can't explain the difference to a second or third grader," she said.

As enforcement actions unfurl across the country, churches and other community organizations have been a key source of support and aid to families.

The Colorado faith-based group Congregations Building Community made sure the children of parents detained during raids didn't go home to empty houses after school, and is helping families who lost jobs pay bills through the winter.

Contra Costa Interfaith Supporting Community Organization, a coalition of 25 congregations in Northern California, protested the enforcement actions and rallied local officials to support immigrants.

Dozens of other organizations are taking donations, giving legal advice, and holding community meetings in response to the large-scale effort by federal officials to detain and deport undocumented immigrants.

"Our folks are really afraid," said the Rev. Carolyn Krantz of St. Peter Martyr Church.

The raids have targeted immigrants who have committed crimes or are evading deportation orders. But if in the course of tracking them down agents come across others they suspect of being here illegally, they will question, detain and deport them if warranted, Kice said.

"It's not uncommon for us to go to a location and discover that the target moved out weeks before," she said. "But we can find other individuals there who are immigration violators."

That's what happened to two of Maria Ramos' children, who were taken from their beds in San Pablo at dawn in January. The agents had come looking for an in-law, but instead they took Ramos' 17-year-old daughter, Elvira Mendoza, and 22-year-old son Victor Mendoza.

Elvira was released into the custody of an older brother who is here legally, but Victor Mendoza was deported back to Mexico, Ramos said.

"My heart is heavy," said Ramos, 64. "My children are what I have in life. I agree with looking for criminals, but there's no need to cause us so much pain."

While groups advocating a reduction in immigration are praising the stepped-up enforcement of existing laws, people on both sides of the debate questioned whether the crackdown would have any real effect.

Those detained add up to a tiny fraction of the millions of undocumented immigrants in the United States, and for every one deported another is there to take over their vacant apartments and jobs, they said.

"It's not like this ended immigration in Greeley," said Ron Marks, director of Congregations Building Community in Greeley, Colorado. "It just changed the individuals." 2007-02-21T03:35:18Z

CONGRESS-ADMINISTRATION:

Bush Pushes Plan To Shift Costs Of Health Coverage (USAT)

USA Today, February 22, 2007

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President Bush flew to Chattanooga, Tenn., on Wednesday to promote his plan to expand health care coverage to millions of people by shifting decisions and responsibility to individuals.

"The best decisions are made by providers and patients, not by governments or insurance companies," Bush said at the Chattanooga Convention Center.

Under the president's proposal, health insurance benefits would be taxable income, but people would get a standard tax deduction for health insurance: up to $15,000 for family coverage, $7,500 for individual coverage.

Sen. Edward Kennedy, chairman of the Senate committee that oversees health matters, says the plan does little to help the poorest of the uninsured and undercuts a system built on employer-provided coverage. "His proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on," the Massachusetts Democrat said.

White House officials see health care as one of a few areas in which they might advance their agenda with Democrats who now control Congress. The effort got a boost last week when a bipartisan group of 10 senators told Bush they want to work with him to expand health coverage.

Wrongly imprisoned man can't sue police, court says

The Supreme Court rejected an attempt by a Chicago man wrongly imprisoned for more than eight years to sue the police officers who arrested him.

Andre Wallace, whose murder conviction was overturned in 2002, waited too long to file his false-arrest lawsuit, the Supreme Court said in a 7-2 ruling. He had two years in which to file his civil rights lawsuit.

In Chattanooga, Bush Touts Plan To Help Uninsured Get Health Coverage (AP)

By Ben Feller, The Associated Press

AP, February 22, 2007

CHATTANOOGA — President Bush today pushed his plan to expand health care coverage to millions of people by shifting decisions — and responsibility — to individuals.

Bush's proposal is one of the few major initiatives from his scaled-back State of the Union address last month. It assumes market forces and changes in the tax code will expand affordable choices.

"The best decisions are made by providers and patients, not by governments and insurance companies," Bush said during comments at the Chattanooga Convention Center.

"If you want a health care system that really works, you want the decision-maker to be the individual, in consultation with somebody who knows what they're talking about — somebody trained to help that person make the proper decision," Bush said. "That'd be your doctor."

The main ingredient of Bush's proposal would be a change in the tax code that, for the first time, would treat health insurance costs as taxable income — meaning that workers' taxable wages will increase.

In turn, Bush wants a standard tax deduction for those who buy health insurance — $15,000 for family coverage and $7,500 for individual coverage. Those who chose insurance policies below the size of the new deduction would end up with a decrease in their tax bills.

Key Democratic leaders have denounced Bush's plan. They say it does little to help the poorest of the uninsured and undercuts a system built on employer-provided coverage.

"While the president's focus on health care is important, his proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on," said Democratic Sen. Edward Kennedy of Massachusetts, chairman of the Senate panel that oversees health matters.

Still, White House officials see health care as one of a few areas in which they might advance their agenda with Democrats who now control Congress. They got a boost last week when a bipartisan group of 10 senators told Bush they want to work with him to expand health coverage.

Bush received a hearty ovation as he described his plan in Chattanooga. He shared a stage with people who hold full-time jobs but can't afford health insurance for their families.

One of them was Danny Jennings, a father of two and manager of a nursery. Bush said the change in tax code would save Jennings more than $4,000 a year on his tax bill.

"There's more money in his pocket as a result of the standard tax deduction, and there's more peace of mind knowing that his kids — and he and his wife — are covered," Bush said.

People will also start paying attention to how much health procedures really cost, which is bound to help, Bush said. The president compared it to knowing how much a car costs.

And then he realized he doesn't know that.

"I used to," said a laughing Bush, who travels by limousine. "I will soon."

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Earlier, Bush toured the nonprofit Erlanger Hospital, which is allied with the University of Tennessee's College of Medicine. Erlanger serves patients from 50 counties in a 150-mile radius.

Dr. Donald Chamberlain explained to Bush how he used a robot-assisted device to minimize blood loss during a recent cancer surgery. As Bush watched a video of the invasive procedure, the doctor asked him: "Blood OK? You OK with blood?"

"Heck yeah, I'm OK with blood," Bush said, with an eye on the cameras on him. "How about you, doc?"

The White House characterizes its approach as basic fairness, in that every person will get the same tax deduction whether they get health coverage through their job or on their own.

Bush also wants to redirect federal dollars that hospitals and other institutions get to help cover costs for caring for the uninsured. With this money, states would set up programs to assist people in getting health coverage and help people with high-cost health conditions.

On the way out of town, Bush popped into Porker's Bar-B-Que restaurant, where he posed for photos, shook hands and sat down in a booth to chat with local residents.

Chattanooga Visit Goes Off Smoothly (CHA)

The Chattanoogan, February 22, 2007

President George W. Bush wound up a Chattanooga visit early Wednesday afternoon with an hour-long informal health care forum at the Convention Center.

Some 500 Chattanoogans, including many of the city's leaders, were in attendance as the President moderated the event aimed at promoting his new policies aimed at making health care more affordable.

He was on the podium with selected citizens and business owners - all of whom said they either could not afford health care coverage or had inadequate coverage.

President Bush praised Gov. Phil Bredesen, who was also on stage and explained his CoverTennessee program.

The President introduced Lt. Gov. Ron Ramsey, Sens. Bob Corker and Lamar Alexander, Rep. Zach Wamp, Mayor Ron Littlefield and County Mayor Claude Ramsey, though they did not speak at the Convention Center event.

The President arrived in Air Force One at Lovell Field just after 11 a.m.

He briefly shook hands with a small group of mostly GOP faithful who were awaiting him.

He also presented a volunteer service award to Debbie Chadwick, 43-year-old Chattanooga woman with Downs Syndrome who is a longtime nursing home volunteer.

Then he was whisked into a presidential limousine. His motorcade, which had formed hours earlier, then proceeded to Erlanger Medical Center on East Third Street.

He was led on a tour of the hospital by Erlanger CEO Jim Brexler, including demonstration of some high-tech equipment at the hospital.

The motorcade arrived at the Convention Center around 12:30 p.m.

A small group of protestors was along Carter Street across from the Convention Center, but they were outnumbered by those sporting signs in support of the President.

Security was tight for the visit and a wide swath of local freeways were shut down while the motorcade was in transit.

State troopers and Chattanooga Police were stationed at each freeway underpass along the route.

The events were not open to the public and the Erlanger visit was open only to a local press "pool" that included the Times Free Press (newspaper), WRCB Channel 3 (TV) and WGOW Talk Radio (radio).

WGOW Radio provided extensive coverage, and the three local TV stations had live coverage while the President was at the Convention Center.

President Bush called Erlanger "a pretty fantastic hospital." He said, "I thank Erlanger for being on the leading edge of compassion."

He told of trying out a robotic surgery machine and joked, "There wasn't anybody on the other end of the machine, you'll be thankful to know."

He said his mission was "affordable health care," saying that currently "it's not affordable and it's not accessible to too many people and that's not acceptable."

He introduced Health and Human Services Administrator Mike Leavitt, former Utah governor, who came with him on Air Force One and was on the podium at the Convention Center.

President Bush called Lamar Alexander "a good, thoughtful guy" and introduced former Chattanooga mayor Corker as "a fellow you know pretty well who used to be in the business of paving your roads and filling your potholes."

Speaking of Rep. Wamp, he said, "All he talks about is Chattown. I'm glad I finally listened to him. I am really thrilled to be in this beautiful part of the country."

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President Bush said private medicine works best, but he said a number of steps need to be taken to boost it, including giving tax breaks to allow individuals to afford private health care.

Erlanger physician Dr. Joe Cofer described the local Project Access program, which he said has provided more than $13.9 million in free medical care to over 1,600 patients.

He said the local program, led by Rae Bond, has help found similar programs in Knoxville and elsewhere.

President Bush said afterwards, "Thank you for recognizing that the federal government and state government can't do it all."

Sitting near the President was Danny Jennings, who said he has two children and operates a nursery at McMinnville, but cannot afford health insurance. The President said the new deduction would allow him to save about $4,500 in taxes and allow him to buy health insurance for about $47 per month.

The President urged those present to contact members of Congress in support of his tax deduction proposal. Of Congressman Wamp, he said, "You don't need to write Zach. He's already on board."

He also boosted the idea of bringing "transparency" in health care pricing, saying that will spur competition and help reduce costs. And he spoke in favor of health savings accounts that would be tax free. Another idea was having small businesses joining together to "pool their risks."

And he said, "I strongly believe we've got to do something about lawsuits." He said some counties no longer have OB/GYNs because of malpractice suits.

A single mother who is an office manager in McMinnville said she has a pre-existing condition and health care costs for her are "just outrageous."

Amy Childress, an interior designer from Nashville, said she had to drop her health plan when the cost rose to $210 a month. She said she now pays $100 per month, but the deductible is $5,000.

She told the President she is 35, and he responded, "You don't look a day over 34." Ms. Childress replied, "Most people tell me 22, but that's OK."

The President, looking abashed, noted that he is not going to be running again. He also joked, "Who invited Amy?"

Will Smith of Chattanooga said he has nine fulltime employees in his development firm, but he cannot afford health insurance for them.

There was one unscheduled stop near the end of the presidential visit. The Bush entourage stopped for some barbeque at Porker's on South Market Street.

Rep. Wamp, Mr. Brexler and several Erlanger doctors were among those feasting with the President.

Afterwards, Bush said he recommended the local barbeque.

In Tennessee, Bush Talks Up Tax Breaks For The Uninsured (WP)

By Michael Abramowitz

The Washington Post, February 22, 2007

CHATTANOOGA, Feb. 21 -- The last time President Bush visited this state, last September, it was to campaign with GOP Senate hopeful Bob Corker against the Democrats. Wednesday afternoon, Sen. Corker was in the audience and the state's Democratic governor was on the stage at the convention center here for a folksy discussion on how to improve the health-care system.

Bush hailed the governor, Phil Bredesen, for his "innovative policies," as he talked up his new plan to increase coverage of the uninsured by tinkering with the tax code and giving states more flexibility to design low-cost benefit plans for those who lack coverage. Bredesen said it was the first time he had been invited to appear with Bush in such a setting.

Democrats in Washington are showing little enthusiasm for the Bush health agenda, but the president is plugging away, insisting he sees hope for compromise before his term ends in less than two years. Indeed, the end seemed on his mind as he bantered with several hundred audience members, arguing for greater transparency in health-care pricing.

"I don't know about you, but I don't remember ever asking how much something was going to cost when it came to health care. I do when it comes to a car -- or I used to," Bush said, quickly remembering that he is driven around in a limousine. "I will soon!" he added to laughter.

While the focus of his administration is the war in Iraq, Bush is pushing an ambitious health-care agenda, the key element of which is a tax plan to make it easier for individuals to purchase health insurance coverage in the private market. He is also proposing to restrain the growth of Medicare and Medicaid by cutting payments to health-care providers and charging higher premiums to wealthier individuals, a plan Democrats have described as dead on arrival.

Under his tax plan, every family would get a standard deduction of $15,000 and individuals would get a deduction of $7,500 if they buy health coverage, whether they obtain it through their employer or individually. Bush says this would help rectify

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a situation in which people who work for companies that do not offer health coverage do not get any tax break for buying insurance, as workers essentially get through employer-sponsored health plans. He argued that his plan would make insurance more affordable for middle-income workers.

"Right now there's a limited market for the individual; it makes it hard to find a product that either suits your needs or you can afford," Bush told his Chattanooga audience. Bush was joined on stage by several uninsured workers and businesses managers who he claimed would find insurance cheaper under his plan.

Many health economists say they think Bush is overstating the impact of the tax code changes, but they say he might have a bigger bang if he were to give low-income people tax credits to buy insurance, an idea the White House considered and rejected. A study released this week by the Community Research Council of Chattanooga concluded that very few of the uninsured in Hamilton County, which includes Chattanooga and its suburbs, make enough money to benefit under the current Bush plan.

In an interview, Bredesen said he is glad that Bush is starting to tackle health care more seriously but voiced doubts about the tax elements. "I get less excited about the tax deduction stuff because there are a lot of people . . . for whom that's not going to make a difference," he said.

Even as the president arrived in Tennessee, the local news was full of reports that a change in federal reimbursement policy could cost the state as much as $250 million annually for charity care, countering any relief under the president's new plan. "It certainly would be a sore blow to us," Bredesen said.

The president's plan has also elicited mixed reaction on Capitol Hill. In the House, the idea has been declared a non-starter, and House leaders are moving in another direction, hoping to expand funding for the federal-state children's health program much more ambitiously than the president contemplates. The president's plan is for "every individual on their own," said Rep. Rahm Emanuel (D-Ill.), the chairman of the House Democratic Caucus. "He does nothing to control costs and he does nothing to expand the number of insured. Other than that, it is incredibly helpful."

Sen. Max Baucus (D-Mont.), chairman of the Finance Committee, sounded more positive, describing the president's tax plan as "an outside-the-box proposal" that deserves to be part of the debate. "Whether or not it's enacted into law, he's started a discussion," he said.

Bush, In Talk-Show Manner, Promotes His Health Plan (NYT)

By Sheryl Gay Stolberg

The New York Times, February 22, 2007

CHATTANOOGA, Tenn., Feb. 21 — President Bush's plan to expand health coverage by revamping the tax code has been pronounced dead by leading Democrats on Capitol Hill. But Mr. Bush, ever the optimist, forged ahead Wednesday, conducting a chat session here in Oprah Winfrey style with people who are uninsured.

Mr. Bush held forth for nearly an hour, cracking jokes about everything from the age of one of the participants — "You don't look a day over 34," he said after learning that she was 35 — to "the hair follicle benefit," a wry reference to what he views as luxury health plans. The participants had been carefully selected, the tone was confessional, and the president, describing himself as the "educator in chief," sounded more like talk-show host in chief.

Marty Ginn, an office manager from nearby McMinnville, told Mr. Bush, "I have a pre-existing condition, I have trouble with my left knee, and the quotes were just outrageous and I'm just kind of stuck."

"That's patently unfair," the president replied after telling Ms. Ginn that under his plan, she would get a tax deduction of $7,500 to help defray the cost of coverage.

"I think it'll work for you, Danny, I really do," Mr. Bush told another participant, a nursery manager named Danny Jennings, after encouraging Mr. Jennings to make a sales pitch of his own, for some nice spring rhododendrons.

The round-table discussion, which followed a similar if less lively event with health insurance executives in Washington on Tuesday, was aimed at pitching the president's proposal to provide tax breaks for low- and moderate-income workers to buy insurance while imposing tax increases on some Americans covered by generous employer-sponsored plans. Single people would receive a $7,500 tax deduction, and families a deduction of $15,000, but anyone whose insurance cost more would pay taxes on the difference.

Despite Mr. Bush's cheery demeanor, the idea seems to be a nonstarter on Capitol Hill, where Democrats have set universal coverage as their goal and the two parties remain miles apart in their visions for helping the nation's 47 million uninsured.

Leading Democrats, including Senator Max Baucus of Montana, chairman of the Finance Committee, and Representative Pete Stark of California, chairman of a subcommittee overseeing health policy, said in interviews that Mr. Bush's plan was far too dependent on the private sector and that they did not envision anything like it becoming law.

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Mr. Stark called it “a farcical move” that was “primarily designed to encourage employers to drop group coverage.” Mr. Baucus said the plan was “too much focused on the individual market,” though he did give the president credit for “stirring up the debate” with his tax idea.

“It’s an out-of-the-box thought,” Mr. Baucus said.

Mr. Bush, undaunted, sees morsels of encouragement in a recent letter from a bipartisan group of five Democratic and five Republican senators who said they wanted to work with him on health care legislation. The Republicans, who included Senator Trent Lott of Mississippi, the party whip, said they agreed in principle that universal coverage was the goal, maintaining that “the health care system cannot be fixed without providing solutions for everyone.”

The Democrats, led by Senator Ron Wyden of Oregon, who had initially been critical of the tax plan, said economists had convinced them that the tax rules needed to be modernized and that “current rules disproportionately favor the most affluent.” Mr. Wyden said in an interview that the two sides had spent weeks parsing the language in the letter.

The White House, for its part, is signaling that Mr. Bush is flexible. A chief architect of the tax plan, Al Hubbard, director of the National Economic Council, said, “We realize that the ultimate legislation is not going to look exactly as the president proposed and that there’s going to be compromise on both sides.”

Whether that spells legislative possibilities for 2007 is hard to say. Democrats in Congress say they are most focused this year on reauthorizing Schip, a program that provides coverage to low-income children. As for tackling universal coverage, Mr. Stark said each of the two parties would most likely coalesce around whatever plan its 2008 presidential nominee embraces.

Some states, though, are moving ahead on their own. Tennessee, with the prodding of Gov. Phil Bredesen, who also participated in Wednesday’s round table, has committed $100 million to a new program, Cover Tennessee, intended to help employers provide basic insurance to workers willing to pay a modest amount, roughly $50 a month.

After returning to Nashville later Wednesday, Mr. Bredesen, a Democrat, said in a phone interview that he was skeptical of the president’s tax proposal and had been a bit leery of participating in the event here. He did so after assurances from Mr. Bush’s health and human services secretary, Michael O. Leavitt, that he would get a chance to make his own pitch, for Cover Tennessee.

“I didn’t particularly want to fly down there and be a set piece in a play for something I didn’t really believe in,” he said, “but he assured me that they really were there to highlight the kinds of things we were doing.”

Bush Pushes Health Care Plan In Tennessee (LAT)

By Maura Reynolds, Times Staff Writer

The Los Angeles Times, February 22, 2007

CHATTANOOGA, Tenn. -- President Bush campaigned for his health care proposals today, praising Tennessee's effort to expand health care coverage to the uninsured — and taking a turn at the controls of a surgical robot at a Chattanooga hospital.

At an event described as a "round table" on his health care initiatives, Bush traded one-liners with a handful of workers and employers, who have had trouble getting health insurance.

One of them was an interior designer named Amy Childers, who dropped her health coverage when she turned 35 and the premium was raised to $210 a month.

"Doesn't it make sense to change the tax code so that Amy Childers can better afford health care?" the president asked. Then he joked, "You don't look a day over 34."

"Most people say 22," Childers responded, adding that she would forgive him.

The president has proposed making premiums paid for medical insurance deductible for all Americans, up to $15,000 for a family and $7,500 for individuals. Currently, employers can deduct health care premiums without limit, but individual taxpayers cannot.

The president and his staff argue that the current system unfairly penalizes consumers who must insure themselves, such as the self-employed or those working for small businesses.

They also say it creates an incentive for employers and employees to choose more expensive health care than they need, helping drive health care prices higher.

On Capitol Hill, the president's proposals have gotten a frosty reception. Democrats, who took control of both chambers of Congress last month, agree that health insurance should become more affordable for the self-employed.

But they say the biggest problem facing the system is the 40 million Americans with no health insurance, and they say the president's proposal would help only a small fraction of them become insured.

In particular, they point out that the deduction would not help taxpayers who do not itemize their income tax returns, especially poorer paid workers who are the most likely to lack health insurance. Instead, Democrats favor a tax credit for health care premiums, which would help all taxpayers regardless of their filing status.

"Health care in America is in crisis, and what is needed is effective action to ensure that every American has quality, affordable health care," Sen. Edward Kennedy, chairman of the Senate labor committee, said in a statement.

"While the president's focus on healthcare is important, his proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on, and replacing it with a tax break that will benefit the wealthiest Americans," he said.

Supporters Outnumber Protesters As Bush Arrives In Chattanooga (AP)

By Bill Poovey, The Associated Press

AP, February 22, 2007

CHATTANOOGA — Supporters and protesters turned out as President Bush arrived today for an event promoting his plans to reshape the nation's health care.

Bush was to tour Erlanger Medical Center, the region's biggest public hospital, and then stage a discussion about health care at the Chattanooga Convention Center, where hundreds of people waited for him outside.

Most carried welcome signs or waved flags on a sunny and unseasonably warm day with temperatures in the mid-60s.

Among them were several students from Chattanooga State Technical Community College, who attended in order to earn some credit for a government class, and Antonio Donate, 7, of Stockbridge, Ga., who hoped to get a glimpse of Bush.

"I don't know, I just like him," said the boy, whose father is an officer in the Army.

Dozens of protesters, several of them at odds with Bush over the Iraq war, also were outside the convention center.

Donna Cussack, 49, of Cleveland, Tenn., said she had never before protested at a presidential event.

"I'm hoping I can at least catch his eye for a moment," Cussack said as she held a sign that read, "Not in my name! No more."

The president was expected to promote administration health care proposals, including tax changes to allow deductions for health insurance and grants for states that develop programs to cover the uninsured.

Gov. Phil Bredesen, a Democrat, was expected to attend, along with Republican U.S. Sens. Bob Corker and Lamar Alexander, and U.S. Rep. Zach Wamp. Corker is a former mayor of Chattanooga.

Bush is the first sitting president to visit Chattanooga since his father in September 1992.

Protesters, Supporters Demonstrate Near Convention Center During President's Visit (CHA)

By Judy Frank

Chattanoogan, February 21, 2007

When Chattanooga resident Ethan Sklom learned last week that President George Bush was going to visit here, he knew immediately that he would be on hand for the occasion, he said.

So by 11 a.m. Wednesday, well before the President and his motorcade arrived at the Convention Center, Mr. Sklom was standing on the sidewalk at the intersection of M.L. King Boulevard and Chestnut Street, wearing the rubbery George W. Bush mask he bought last Halloween.

"You don't get many opportunities to take a stand for what you believe in," he said.

Mr. Sklom said he was part of a group of protesters who originally gathered directly across the street from the Convention Center, about a block away from a group of Bush supporters. But a police officer confronted his group and demanded that they move three blocks away, he explained, as other protesters nodded in agreement.

"The group supporting the president was allowed to stay where they were, he said, "but when we asked the police officer why we had to move, he just said, 'Because I say so,' " Mr. Sklom said indignantly.

Three blocks away, standing on a small grassy knoll directly across the street from the Convention Center, Bush supporter Billy McCurdy was likewise vehement.

He and his brother, Ronald, drove the 45 miles from their homes in Fort Payne, Ala., to Chattanooga because they thought it was important to support the President, Mr. McCurdy said.

"What I like about him is his Christian values," he said. "He's just about the best president we ever had . . . and his wife Laura is just about the prettiest first lady."

Mr. McCurdy said he believes the President and his advisors made some mistakes in fighting the war in Iraq. "They probably should have gone in at the beginning with a bigger force," he said. "If we'd had a surge like that back then, we probably wouldn't be where we are today."

But he thinks the President is a "good family man," he added, "who would like to have an end to this war like everybody else. And we're not going to get that unless we support our troops and our president."

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Nearby, Cleveland resident Donna Cussack and Chattanoogan Rebekah Binney stood holding signs criticizing the President.

"With leaders like this, who needs terrorists?" read Ms. Binney's sign. "Not in my name!" Ms. Cussack's declared.

The two women, who met for the first time on the sidewalk outside the Convention Center, were critical of the President's policies on issues ranging from Iraq to the environment to civil liberties to national universal ID legislation.

"They're taking away our freedoms, and saying they're doing it to protect our freedom," Ms. Binney said angrily.

Katie Wilson, who handles marketing for Chattanooga Symphony and Orchestra, used her lunch hour Wednesday to walk over to the Trade Center and join the crowd of Bush supporters standing there.

"The reason I'm here today is because I support (the president's) plans and policies and tough decisions that support our way of life," she explained.

For example, she said, President Bush has championed small business and entrepreneurs.

"I think small business and the entrepreneurial spirit are key elements of America," she said. "We should all support the individuals who seek to make their own livings and build a business."

Some of the people outside the Trade Center said religion played a part in their decisions to be there.

"Jesus wouldn't go to war," declared ordained minister Bonnie Setliffe Jacobs, noting that her last assignment prior to her retirement was at Signal Mountain United Methodist Church.

Carrying a large sign covered with photos of victims of the war in Iraq, she said she viewed the president's visit as an opportunity to protest a variety of wrongs, including the toll that the war is taking on the nation's poor.

"It's killing people," she said. "People don't have money for health care. They join the military because they can't get jobs, and then they get sent to Iraq and killed . . . Poverty is a weapon of mass destruction."

Deborah Weaver and Soherah Stringers, both members of the Chattanooga community of the international Community of Twelve Tribes, arrived early on the sidewalk across from the Trade Center.

The two were part of a group of five Twelve Tribes members who spent their time passing out free copies of an 8-page religious newsletter entitled "What Makes For Peace."

Ms. Weaver said they were not there to support the president, or to demonstrate against him.

"We want to show people a different way," she said. "We appreciate people in the government and in authority, because we know how difficult a position that is. But we are not participating politically, because we believe in the separation of church and state."

Democrats Blast Bush Health-care Proposal (MRKTWTCH)

By William L. Watts

Market Watch, February 22, 2007

WASHINGTON (MarketWatch) -- Top Senate Democrats on Wednesday charged that President Bush's proposal to change how the tax code treats employer-provided health benefits would do little to help the uninsured.

"Unfortunately, President Bush has proposed solutions to this country's health care system that would only serve to undermine the quality and reliability of care for those Americans lucky enough to have insurance," said Senate Majority Leader Harry Reid, D-Nev., in a statement.

Bush, in his State of the Union address last month, outlined a plan that would significantly alter the tax treatment of employer-provided health benefits. Under current law, such benefits are provided to the employee tax-free, while individuals who buy their own health insurance don't get a tax break.

Under Bush's plan, all workers would receive a standard deduction of up to $15,000 for married couples and $7,500 for individuals for health insurance.

Each dollar of employer-provided health insurance above that level would be taxed as income. The White House estimates that around 80% of workers are below the limit. While the deduction would be indexed to inflation, analysts note that health care costs have outpaced the general rise in prices, meaning more workers would find themselves above the deduction limit in coming years.

Bush highlighted the plan in his weekly radio address last Saturday, and is making the case for the plan in events this week. On Tuesday, Bush met with insurance providers and other business leaders at the White House. On Wednesday, Bush toured a Tennessee hospital and held a public discussion with health experts.

"We're worried about helping make sure people can afford health care. But the tax code is so structured that if you're an individual or somebody working for a company that can't afford health care, you're disadvantaged relative to a company that is," Bush said.

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The White House argues that the current tax treatment encourages employers to spend more on health plans than would otherwise be the case, helping to drive up health-care costs.

But critics say the plan would likely encourage employers to drop health benefits.

"While the President's focus on healthcare is important, his proposals will only worsen the crisis by undermining the quality coverage that millions of working families now rely on, and replacing it with a tax break that will benefit the wealthiest Americans," said Senate Health, Energy, Labor and Pensions Committee Chairman Edward Kennedy, D-Mass., in a statement.

At Walter Reed, 'We're Going To Fix It' (WP)

By Ann Scott Tyson

The Washington Post, February 22, 2007

A top Army general vowed yesterday to personally oversee the upgrading of Walter Reed Army Medical Center's Building 18, a dilapidated former hotel that houses wounded soldiers as outpatients.

Gen. Richard A. Cody, the Army vice chief of staff, used terminology similar to that of a military campaign to describe his plan to overhaul the broken building, including giving it a more "appropriate" name, and the sluggish bureaucracy for outpatient care.

"We own that building, and we're going to take charge of it," Cody said at the Pentagon. "The senior Army leadership takes full responsibility for the lack of quality of life at Building 18, and we're going to fix it."

Cody blamed "a breakdown in leadership" for the troubling conditions but said no one has been fired or relieved of command. He did point to lower-ranking officers and noncommissioned officers lacking "the right experience and the authority to be able to execute some of the missions."

"That's what we're correcting right now," he said.

Cody and William Winkenwerder Jr., the assistant secretary of defense for health affairs, said at a news conference that they frequently visit Walter Reed and were surprised and disappointed by the living conditions and the fact that they had learned about them from media reports. The Washington Post reported Sunday and Monday on the challenges facing outpatients at Walter Reed.

"We get concerns all the time directed to us. But we never got a concern sent our way about this issue, which is a little surprising. I'm not sure why that is," Winkenwerder said.

Standards of medical care at Walter Reed remain high, he said, but he acknowledged: "The trust has taken a hit here. And I think it's our job to repair that trust and to re-earn that trust. And that's what we're going to do."

Rep. Thomas M. Davis III (Va.), the top Republican on the House Committee on Oversight and Government Reform, blasted the Army yesterday, saying in a statement that it has known for years about shortcomings at Walter Reed.

"You could put all of the wounded soldiers in the Ritz-Carlton and it wouldn't fix the personnel, management and recordkeeping problems that keep them languishing in outpatient limbo out there for months while paperwork from 11 disjointed systems gets shuffled and lost," Davis said.

Del. Eleanor Holmes Norton (D-D.C.) echoed Davis's concerns after she toured Building 18 and spoke to soldiers.

"The problem is much more serious than one building," she said in an interview. "It's going to be easy for everyone to duck this problem after the building is fixed if we don't fix the completely dilapidated administrative system."

Norton said that she thinks Congress will have to compel the Army to overhaul its outpatient care system but that immediate steps are needed to help soldiers trapped in the existing bureaucracy.

Army Secretary Francis Harvey said an independent review group of about eight people will be established to look at outpatient care. Winkenwerder said the group would report back to the Pentagon in a "short time frame."

Cody called the state of Building 18 -- where 76 soldiers live -- "inexcusable" and said he will "personally oversee" its renovation. He said the building had been upgraded several times and called the furniture "very nice" but said the walls and infrastructure were not "up to speed" and required inspections were not done or were not rigorous enough.

Harvey said the building would be renamed after an Army doctor, medic or nurse who was killed in action.

Cody said the Army will review all its procedures for handling wounded soldiers and their families and will seek to streamline systems for assistance.

Staff writers Steve Vogel and William Branigin contributed to this report.

Obama, McCaskill Sponsor Bill On Care For Veterans (HILL)

By Roxana Tiron

The Hill, February 21, 2007

DOJ_NMG_0135307

Several lawmakers are taking action to improve the conditions and care for veterans of the wars in Iraq and Afghanistan at Walter Reed Army Medical Center. Long considered a premier military medical facility, it is now under fire after The Washington Post reported last weekend that parts of the hospital have suffered from extreme neglect.

Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) are sponsoring legislation to improve the lives of recovering veterans at Walter Reed, while Sen. John Kerry (D-Mass.), a cosponsor of the Obama-McCaskill legislation, said that he would explore ways to direct new funds to Walter Reed and make immediate improvements to its veteran housing.

Meanwhile, Rep. Louise Slaughter (D-N.Y.) wrote a letter yesterday to Secretary of Defense Robert Gates demanding information on the current state of Walter Reed's outpatient facilities. She also asked him to explain how conditions were allowed to deteriorate.

Lawmakers Seek Action On Walter Reed Problems (CQ)

By Patrick Yoest

Congressional Quarterly, February 22, 2007

Lawmakers reacted sharply this week to a report that injured soldiers at the Army's premier medical facility were receiving substandard care due to housing and administration problems.

A recent Washington Post article suggested that buildings housing injured soldiers at the Walter Reed Army Medical Center in Washington had physically deteriorated and many soldiers faced months-long delays in receiving care.

Senate Veterans Affairs Chairman Daniel K. Akaka, D-Hawaii, said he would hold a hearing on the issue next month, since many of the soldiers housed at Walter Reed will soon become veterans.

"I will purse the situation at Walter Reed and other military treatment facilities that are handling the bulk of returning Iraq and Afghanistan war veterans to ensure that the government is helping those who have been injured in service to our country, and their families," Akaka said.

House <eterans Affairs Chairman Bob Filner, D-Calif., has not publicly said he would hold a similar hearing.

Sens. Patty Murray, D-Wash., and Barbara Mikulski, D-Md., sent a letter to Defense Secretary Robert Gates calling for an inspector general's investigation into outpatient care and the availability of psychological counseling for soldiers and their families.

The Veterans of Foreign Wars called for a congressional investigation of the reported problems, and the American Legion said it planned its own investigation.

Meanwhile, Sen. Barack Obama, D-Ill., said Tuesday he plans to introduce legislation along with Sens. Claire McCaskill, D-Mo., and John Kerry, D-Mass., to improve conditions at Walter Reed.

According to Obama's office, the bill will include new reporting requirements and will mandate a lower ratio of caseworkers to patients, as well as more training for caseworkers.

"Caring for our returning heroes is one of the things we can still get right about this war, and that's why the deterioration of the conditions at Walter Reed is both appalling and unacceptable," said Obama, a Democratic presidential contender.

The Army and the Navy announced Tuesday they would form an independent review group to investigate outpatient care at both Walter Reed and the National Naval Medical Center in Bethesda, Md.

But lawmakers expressed frustration that the Defense Department had not requested money to address the problem earlier.

"The Defense Department is never shy about asking for supplemental funds for operations and equipment," said Jeff Miller, R-Fla. "I cannot imagine why housing for recuperating wounded would not be a similarly high priority."

VFW national commander Gary Kurpius sounded similar notes.

"If money was needed to ensure that Walter Reed had the necessary personnel and programs to properly serve our wounded and their families during a time of war, then people were derelict in their duty for not reporting the need, and then for not following up on their reports," Kurpius said.

AARP To Push For Social Security Fix (POL)

By Jeff Patch

Politico.com, February 22, 2007

AARP officials said Wednesday they will push hard to revamp Social Security to maintain the social insurance program's solvency and fiscal health.

Changes need to be made in the program to head off rising health care costs and declining financial security, especially among baby boomers, said CEO Bill Novelli, legislative policy director David Certner and John Rother, executive officer for policy and strategy.

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“The next generation could be the first in American history that is less well off than their parents,” Novelli said.

Though Social Security is often deemed a “third rail” of American politics for its sensitivity, the program can and should be reformed, Novelli said.

“Of all the big domestic issues, Social Security might be the easiest to deal with,” Novelli said.

AARP released a poll showing a consensus for reform in some of the key areas of Social Security.

The survey, which highlighted several reform provisions that a majority of Americans support or are willing to consider, is the first major stock-taking on the issue since President Bush’s 2005 push to create private savings accounts within the program floundered.

Of eight possible options, a majority of respondents favored three measures that would raise revenue for Social Security in some fashion: increasing the income cap to $150,000; increasing the payroll tax by 0.5 percent for both workers and employers, and changing the benefit formula to make the program more progressive.

The online survey of 1,514 people over 21 was conducted for AARP by Knowledge Networks from Jan. 19 to Jan. 29. A majority of people were willing to consider investing part (15 percent) of the trust fund, although only 40 percent actually support it at this time. Efforts to raise the retirement age, change the longevity index, cut benefits for new retirees and implement modified price indexing were opposed by large margins.

“There is striking agreement among Republicans and Democrats,” Rother said, with the main difference occurring when considering the trust fund option.

The political environment represents a rare opportunity for a deal, with Democrats looking to score legislative victories and President Bush seeking to salvage a legacy, officials said.

“Everything should be on the table,” Novelli said.

AARP officials said 52 percent of voters in the midterm elections were older than 50. Twenty-five percent were AARP members. Seniors will not tolerate continued dithering, Novelli said.

“The public wants an end to the bickering,” he said. “They want action. We have a narrow window of opportunity before the 2008 campaign heats up and legislation cools down.”

AARP is pushing two broad campaigns to confront these issues. Its new campaign about health care and financial security, which is focused on all age groups – especially children – is called “Future Champions.” AARP recently began airing ads featuring children, for its push to enact “fair and equitable bipartisan solutions.”

Last month, the group announced an initiative with the Business Roundtable, the association of business executives, and Service Employees International Union, one of the nation’s largest unions. The pitch, called “Divided We Fail,” seeks to develop bipartisan changes on health and financial security issues. The associations say that although they differ on some policy points, a consensus exists to enact change.

AARP has set up four coalition offices in the four early primary and caucus states – Iowa, New Hampshire, Nevada and South Carolina – to push health care and financial security issues in the 2008 presidential campaign.

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by bud2rust on 02.21.2007 at 07:46 PM

Repeal the Windfall Elimation Act of 1983(WEP).I am on disability pension from the railroad pension program and prior to hiring on the railroad in 1969 I had been under social security with more tan 10 years service.I was injured in 1993 I didn't have enough time under the railroad pension to collect full pension and I can onloy collect a very small amonnt from SS not even enough to pay for my health insurance.There are millions of people like me teachers,policeman.fireman and the list goes on.Walter A WaterburyIII,6 Doral Ct,Etowah,NC 28729,bud2rust@hotmail.com.Repeal(WEP)

by tnproud2b on 02.21.2007 at 07:32 PM

No need to waste time and energy on the Social Security problem. It'll all sort itself out within the next decade or so - when it collapses. If you're under 60 years old and you expect to receive SS benefits in your lifetime, then you're a drooling idiot.

by sumawolf on 02.21.2007 at 06:48 PM

Why scrap anything ! Read up on the entire subject and learn how the US Government has been taking money out of SS for years with the promise of paying it back into the system and never doing so . Thats where all the money went and now they want to add illegal immigrants also ? Go figure ! The solution is stop stealing from SS US Government and no illegal immigrants period !

by drbillybob on 02.21.2007 at 05:23 PM

How about this; we just scrap the whole thing and make it a "Senior Welfare Program" for those in need? Increasing payroll taxes, means testing and increasing age limits are all steps in that direction.

Why not just scrap it now and encourage our younger workers to invest in privately held tax-advantaged savings plans? It's the only thing that makes fiscal sense.

Women Call For Change In Caucus (WP)

By Lyndsey Layton

The Washington Post, February 22, 2007

Questions of Sensitivity Strain Alliance of Hispanic Democrats

This week's congressional recess has provided a timeout for feuding members of the Hispanic Caucus, whose tempers have been simmering over issues such as the group's governance and whether the chairman labeled one of the female members a "whore."

The chairman, Rep. Joe Baca (D-Calif.), is trying to hold together the group of 20 Democrats and smooth over multiple rifts.

"We've all got to come together, put personalities aside," Baca said yesterday by phone from California. "We've got 45 million Hispanic constituents we have to think about."

But several female members of the mostly male caucus say Baca himself is a source of problems, and one, Rep. Loretta Sanchez (D-Calif.), resigned last month in protest. There were six female members and 15 male members before Sanchez quit.

Sanchez, who declined to comment yesterday, has said that Baca called her a "whore" in a conversation with another Latino politician in Sacramento last summer. She said she did not hear the remark firsthand but learned about it later, and she has not revealed the source. She has said the slur demonstrates Baca's lack of respect for women.

Baca has denied making the comment. "I never used the five-letter word," he said. "All of a sudden because we have a female speaker, I and the caucus are being accused of being insensitive. I think we're being falsely accused."

Baca acknowledged that he made a crude remark about another member, Rep. Hilda Solis (D-Calif.), saying that she "was a kiss-up" to Speaker Nancy Pelosi (D-Calif.). But he apologized privately to Solis. "She wants a public apology, so, okay, I am apologizing in The Washington Post," he said.

At a closed meeting last week designed to mend fences, Sanchez made an appearance and, along with several other women, aired grievances, said sources familiar with the caucus's workings. The women said their requests of the caucus staff are not taken seriously, among other things.

Baca pledged yesterday to correct problems but added that the complaints so far have been vague. "They haven't specifically spelled out where the problems are," said Baca, who was unchallenged in caucus elections in November. "I've only been in office five weeks. I will answer any concerns, but give me a chance."

When Baca was elected, Solis, Sanchez and her sister, Rep. Linda Sanchez (D-Calif.), disputed the election procedure and unsuccessfully pushed for a new vote by secret ballot. They now say they want the governance to be restructured along the lines of the Blue Dog caucus, which disperses power among three co-chairs instead of a single chairman.

Baca said yesterday that any reforms must be approved by the caucus but that it seems odd the women didn't broach the subject before the recent elections. "Why now? Why change in midstream?" he asked. "If people wanted to do this, why didn't the body do it prior to electing the chair on Nov. 15? I ran unopposed. That's why this whole thing is really ludicrous."

Rocky relations between Baca and Loretta Sanchez and some other caucus members stretch back at least a year, to when the political action committee affiliated with the caucus gave about $3,000 to help Baca's sons, Joe Jr. and Jeremy, run for California offices.

Baca said he recused himself from any of the decision making regarding his sons and the PAC. Both sons lost their bids to women. The Sanchez sisters and Solis were among six caucus members who severed ties with the PAC, saying the committee should support federal office seekers, not candidates running for state or local election.

The Baca sons returned the money to the PAC, but resentments linger, Baca said.

"It's a personal thing," Baca said about the squabbles inside the caucus. "I hope this thing goes away and we can work together as Democrats."

At Mock Briefing, Less Give-and-Take And More Sharing (WP)

By Dana Milbank

The Washington Post, February 22, 2007

"Tonight, we have truly what is a 'man bites dog' story," host Bob Schieffer told the crowd at the National Press Club.

That, at least, was the plan: The "dogs" -- NBC News's David Gregory and five other White House correspondents -- had agreed to submit to questioning by the "man," White House press secretary Tony Snow, who usually is at the receiving end of such grillings.

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But Snow wouldn't bite. "For those of you who are expecting theatrical savagery on my part, forget about it," Snow advised the crowd of 250 and a live C-SPAN audience Tuesday night. Instead, the hour turned into a mutual rehabilitation session. Snow argued that reporters are not the jackals that the public supposes them to be. The reporters reciprocated with warm tales about covering the Bush White House; one spoke about the perk of seeing Snow's bare knees.

"If there is a flash of tempers between me and Tony, it's not about him and me, it's nothing personal," said Gregory, whose televised clashes with Snow have become legend.

Snow grinned. "What you see quite often at the briefings are sharp exchanges, but David's right: It's not personal," the press secretary agreed. "I not only like but admire everybody else sitting up here on this podium. It is a real pleasure and a privilege to work with them, to get to know them. . . . It is a wondrous thing."

For those requiring something even more cloying, there was a large tray of cookies at the exit.

Only occasionally did a barb pierce the evening's pleasantries. "How often have you gone home and you said, 'Man, I'll tell you what, if I could do it over again, I really would have been nicer to that press secretary?' " Snow queried.

"When I have something to announce, I'll announce it," Gregory replied, using a standard line of President Bush's spokesmen.

The New York Times' Sheryl Stolberg smiled sweetly at Snow as she confided to the crowd, "I often tease Tony and tell him that he's the most useless press secretary ever."

"Thank you," Snow responded with an aw-shucks look.

Mostly, though, the journalists grappled with one another rather than with Snow. "This will surprise you, but I think there are some people who play to the cameras," the Associated Press's Terry Hunt said of the White House briefings.

"No!" said CBS Radio's Mark Knoller, in mock surprise.

Gregory, wearing a natty purple tie, would not stand for this. "I think what Terry Hunt said is wrong and actionable," he deadpanned. "People think people are playing to the cameras. I can't control what Tony does."

Snow changed the subject, but Knoller soon brought the talk back to his showboat colleagues' hectoring of White House briefers. "I'm not there to debate them," he said.

"I see it a little bit differently," Gregory said, to laughter. "I'm just trying to push him to what I think would be more candor than he's prepared to offer."

The talk of candor must have moved Snow to offer up some. "There will be times when I tap-dance around something because it would be best answered off the record," he admitted.

The confessions continued. "The best thing I like about being on radio is the anonymity," Knoller said. "It means that if you're thumbing through the adult magazines at Barnes & Noble, nobody's going to know who you are."

Awkward laughter followed. Snow quaffed some water and raised his eyebrows. "It's a joke!" Knoller insisted.

Next in the confessional was Stolberg, who spoke of a reader complaint. "Your story on thus-and-such today was lively and well written," she recalled the reader saying. "To see how you could add insight and depth to your coverage, check out Abramowitz in The Washington Post."

Stolberg was the final panelist to be questioned by Snow ("Thank you for saving the best for last," she told him), but she proved the liveliest. She retold an exchange between her daughters: "My younger daughter said, 'Mommy, have you met the president?' And the older one said, 'The president has met Mom.' "

She also had some controversial views on the dusty Texas town where Bush has his ranch. "You know what I think is fun about being a White House correspondent? Crawford!" she said. "We can go in shorts, and the press secretary comes in shorts," she added.

Others on the dais recoiled. Gregory arched his eyebrows at Newsweek's Richard Wolffe. "And it's only 400 degrees," the NBC man said.

"The best thing about Crawford," Knoller chimed in, "is you can go to work and you don't have to go through metal detectors."

"And it's only 400 degrees," Gregory repeated.

American Urban Radio's April Ryan quietly told Gregory to "settle down."

"You always have Cindy Sheehan there," Snow offered.

But enough dissension. It was getting late, and it was time to make nice some more.

"It's very easy to overlook how cool it is to work in the White House," Snow proposed.

"Hard to beat," Wolffe concurred.

"A rare privilege," said Stolberg.

"Best job I have ever had," said Ryan.

"An amazing honor," said Knoller.

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Will somebody please release the hounds?

Role Reversal: The White House Press Corps Faces Answers Questions From Tony Snow (POL)

By Mike Allen

Politico.com, February 22, 2007

In what CBS's Bob Schieffer called a "man-bites-dog story," White House press secretary Tony Snow put A-list reporters on the spot Tuesday night, in front of C-SPAN cameras.

The forum, the first collaboration between the White House Correspondents Association and National Press Club, provoked unusually candid remarks by the reporters, who usually are loathe to talk about such delicate subjects as how ideology and blogs affect their work. And Snow acknowledged that they made some good points.

Snow, a former editorial writer who came to the White House after working as the host of "Fox News Sunday" and an anchor for Fox News, set a jocular tone for the colloquy with six of the best-known and most outspoken White House correspondents.

"For those of you expecting theatrical savagery on my part," he began, "forget about it. I'm just too nice. Having been on both sides – having been in the press, and also being a press secretary – one of the things you don't see quite often in the briefings is how much fun we do have."

Here are some excerpts of memorable exchanges from the hourlong session before an overflow crowd of more than 400, as televised by C-SPAN:

Tony Snow to David Gregory of NBC News: "How often have you gone home and stared in the mirror and you said, 'Man, I tell you what. If I could do it over again, I really would have been nicer to that press secretary.' "

Gregory, laughing and closing his eyes as if to concentrate: "Let me think how often that's happened. I wanted to say at the outset: That's an interesting question. And when I have something to announce, I'll announce it."

Snow: "Did you write that before you came?"

Gregory: "When it comes to Tony and I, neither one of us are trying to make it easy for the other. That's not the reason we're there. He's got a job to do, I have a job to do. And in some cases, those missions can conflict: I'm trying to get more out of him, he's perhaps trying to offer less than I'm trying to get. That's the intersection of some tension."

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Snow to Terence Hunt, AP White House correspondent: "One of the questions people kept asking me when I first started is: Are you going to get rid of the cameras in the briefing room? And my sense is you really can't any more. If you had your druthers, would you have them on, or off?" (The daily White House briefing was off-camera until the Clinton administration.)

Hunt: "I would have 'em off … This will surprise you, but there are some people who, I think, play to the cameras. Yeah, it's true! You, of course, didn't have that back before the cameras were allowed in … Having said that, we've come this far, I don't think you can turn back the time and go back to not having cameras in the briefings."

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Sheryl Gay Stolberg of The New York Times, on coming to the White House from Capitol Hill, where reporters have relatively free rein: "Coming from that environment, the White House felt utterly constraining. I often tease Tony and tell him he's the most useless press secretary ever."

Snow: "Thanks, Sheryl."

Stolberg: "I'm trying to get information out of you. You're trying not to give me information."

Snow: "I'm not sure that's quite the case."

Stolberg: "You ARE trying to give me information?"

Snow: "Yeah, but sometimes – "

The AP's Hunt, to laughter: "At a slow pace!"

Snow: "No. My view on this is pretty simple, which is: On a big story, if we don't get our side out, we have no right to complain if it's not reported. So we've certainly tried to be more aggressive, for instance, before a big speech and so on. There are going to be times when for various reasons – national security, or sometimes even the propriety of dealing with other individuals in Washington, around the world – you are, in fact, going to clam up for a little while until others have had their chance to speak. I've been getting lots of questions tonight about the decision the British government's made. Well, the prime minister has not yet made his announcement, and it's a little presumptuous for me to start characterizing or pronouncing on something that hasn't happened yet. So, 'stonewall,' 'useless press secretary.' But sometimes that, in fact, is the appropriate thing to do. On the other hand, again, I'm a big believer that if we come and complain that you haven't reported something and you have to ask for it, then that's our fault."

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Gregory: "Can I jump in on the television part of this? Because what, I think, Terry Hunt said is wrong and actionable, frankly." (Gales of laughter.) "Look, this is a little bit self-serving, because I work in television. But I think that there is great utility, both for the White House and for us in these briefings being televised. I mean, this is democracy in action. This is an important part of the government in action. I think you were hired in large measure because you had an ability to assertively lay out the president's case in a way that perhaps hadn't been done before you were brought on. So the president recognized that: I need a forceful advocate who can be seen on television and who can seize that platform. At the same time, there are many of you watching. If you're watching on C-SPAN or you're here tonight, you want to watch not only the give and take but the topics to be addressed, and see the only representative of the White House on a daily basis, when the president does not speak, say what he wants to say but also be responsive to members of the press. And whether or not you think we accurately or justly represent the views of the American people, that's something that's very much up for debate. But it is a useful exercise. There's also a down side to it. If people think people are playing to the cameras, I can't control what Tony does." (Laughter, including from Snow.) "But I hope that some of my colleagues here will vouch for this."

April Ryan of American Urban Radio Networks: "I agree."

Gregory: "There is utility, and I also think there's a downside. Politics and political coverage has become so polarized in this country … It's the Internet and the blogs that have really used this White House press conference to somehow support positions out in America, political views. And they will clip and digitize portions of these briefings to fit into their particular argument. I think people try to divine motives of the questioners and certainly draw conclusions about the answers or non-answers based on their own political issues."

Snow: "I'm glad you raised the blog issue, because I think there'll be kind of a generational divide. Do any of you guys look at blogs much?"

Mark Knoller of CBS News, who was introduced as "the White House historian" because of his meticulous and unmatched recordkeeping: "I write a few, but I don't look at 'em much."

Stolberg of The New York Times: "I'm all for blogs. I'm all for the First Amendment. I think people ought to be empowered."

Snow: "We've got this new democratic age in the media. I'll occasionally punch it up. And it's amazing: You get this wonderful, imaginative, hateful stuff that comes flying out. Maybe one of the most important takeaways is the classical line: Not only should you not believe your own press, you probably shouldn't believe your opposition blogs, either. What do you think, Richard?"

Richard Wolffe, Newsweek senior White House correspondent: "I totally agree. David hit on a good point here that a lot of the blogs are trying to divine motive and bias. There seems to be this sort of witch hunt that's out there. A lot of the blogs are unduly devoted to media criticism which, itself, is kind of interesting given all the things you could comment on … The interesting thing, in looking at the political coverage as people try to look at what we do, is that they want us to play a role that really isn't our role. Our role is to ask questions and get information. The press briefing isn't Prime Minister's Question Time. It's not a chance for the opposition to take on the government and grill them to a point where they throw their hands up in surrender. Now, obviously there's a contentious spirit there. We're trying to get information. But it's not a political exercise, it's a journalistic exercise. And I think often the blogs are looking for us to be political advocates more than journalistic ones."

Snow: "Another sign of the times: My BlackBerry just went off."

Gregory: "Want me to answer that?"

Snow: "The president says 'hi.' "

April Ryan: "I told you he was watching."

Snow: "Do you not think, April, that it is impossible as a reporter to try to bracket out your personal views or approach to things, or do you think that when you walk in as a journalist, somehow personal views go out the window and you can ask a crisp but thoroughly unslanted question?"

Ryan: "I've been there 10 years and I have to look at all sides – not just your side, but every side, and there's not necessarily two sides. But, Tony, you have to come in and see the full picture … I thank God for cameras. I thank God that it's on the record. Because the American public needs to see, there needs to be accountability. Those cameras keep everyone accountable."

CBS's Mark Knoller: "I'd like to ask my colleagues whether they're worried about the cases where a series of pointed questions risks dissolving into a debate. Do you sometimes worry that we're debating with Tony if we're not getting the answers we want? I make a great point of trying to ask pointed and blunt questions. But I'm not there to debate him. And if I don't like the answer that he's giving, well, I'm going to report what he said and what he didn't say. And I don't feel that I need to debate him in order to try to browbeat him into giving me what I'm looking for."

Gregory: "I see that a little bit differently." (Laughter.) "I don't see it as browbeating him or debating him. I see it as trying to provoke a little something that's closer to the real deal. Tony or any press secretary comes out there with a certain brief to argue

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or to impart. … When we're in the middle of a war and there are qualitative judgments being made, either by the White House or by its critics, and you're trying to push the White House – and, in this case, push Tony, to give an answer that he may not want to give, I think follow-ups and pointed questions are not inappropriate. So I don't necessarily see it as debating. But I agree with you, Mark, that at a certain point, you're either going to get it or you're not going to get it. But it's not a matter of going in there and saying, 'I want to get this such thing.' I assume he's not going to break down and say, 'Oh, gosh, you know, that's right. And what Nancy Pelosi said about the president, that's exactly right, and we fouled it all up.' I'm not looking for that. But I'm just trying to push him to what I think would be more candor than he's prepared to offer."

Snow: "Look, I think this is all legitimate. But it's part of the fun."

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Snow: "We've got several parents up here. David, when you go home, what kind of reaction do you get from being on TV?"

Gregory: "I don't know, frankly. My kids seem caught up in their own many personal needs. But I will say that my oldest son, Max – he does pay attention – and he saw some video of the president where he was making a call from Camp David, so he was dressed casually. And he said, 'Daddy, how come the president doesn't have his news clothes on?' "

Snow: "My kids don't give a rip. They see me on TV, it means I'm not at home … It's very easy to overlook how cool it is to work at the White House. If we ever are insane enough to forget that, when you see your kids walking around in it, there's something very special. You just think, 'Whooooa! This is great!' "

Gregory: "It's funny, because Terry's daughter would watch the briefings and then thought that there shouldn't be any cameras."

For Norton And The City, The Wait May Be Over (WP)

By Lois Romano

The Washington Post, February 22, 2007

It can't be easy being in Congress without a vote, but the District's delegate, Eleanor Holmes Norton, has stuck it out for 16 long years, never truly a part of the club but always relentlessly knocking on the door seeking admittance.

Now, Norton is sure, success is in her sights. With Democratic leaders pledging to get it done and ample Republican support, the bill giving both the District of Columbia and Utah an additional voting seat is cruising along.

"Won't we be surprised if it doesn't happen -- but I tell you, it's in the stars," Norton said yesterday.

Not a moment too soon for Norton, a third-generation D.C. native, who had a long career in civil rights and as a tenured professor before serving in Congress. "This is really personal for me," she said. "My grandfather was a firefighter here."

The District's quest for voting rights and statehood has taken many roads for decades. Twenty years ago, legal experts believed only a constitutional amendment could give the city voting rights. But ultimately, only 16 of the 38 states needed voted to ratify the amendment. Most contemporary legal thinking, including an endorsement by the American Bar Association last year, declares the bill constitutionally sound.

Norton's bill, co-sponsored by Rep. Thomas M. Davis III (R-Va.), must clear two committees before it is brought for a floor vote. Norton is hoping that will happen in March. Brendan Daly, a spokesman for House Speaker Nancy Pelosi (D-Calif.), said Pelosi is committed to finalizing the bill's language, moving it through committees and having a floor vote as soon as possible.

The way the legislation is written, Norton could not automatically vote if it became law -- she would have to run for Congress in a special election. But Hill sources say that could change as the bill makes it way through the system.

What is likely to secure the measure's future is that it include a provision to add a congressional seat for Utah, which would probably be Republican, thereby balancing out the Democratic gain from the District.

"This is a once-in-a-lifetime opportunity because it's seldom that you have a pairing of two jurisdictions," Norton said. "Either it happens now or it won't happen for a long time."

Cheney At Odds With McCain Over Rumsfeld (AP)

By Liz Sidoti, Associated Press Writer

AP, February 22, 2007

Vice President Dick Cheney on Wednesday challenged GOP presidential hopeful John McCain's assertion that Donald H. Rumsfeld was one of the country's worst defense secretaries.

"John's entitled to his opinion. I just think he's wrong," said Cheney, a friend of Rumsfeld. He also disclosed that the Arizona senator had apologized to him for a previous comment that the vice president had "badly served" President Bush on Iraq.

"John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld," Cheney said in an interview with ABC News.

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At a campaign event in Los Angeles, McCain said he stood by his remarks about Rumsfeld. He did not mention the vice president, and his campaign declined to comment on Cheney's remarks.

Despite having low job approval numbers overall, the vice president continues to be very popular among rank-and-file Republicans, and many of them are likely to vote in next year's GOP presidential caucuses and primaries.

McCain, who lost the Republican nomination to Bush in 2000, is expected to formally announce his second run for the White House next month. He faces strong challenges from Mitt Romney, the former Massachusetts governor, and Rudy Giuliani, the ex-mayor of New York.

On the campaign trail this week, McCain has talked at length with voters about Iraq and defended his staunch support of Bush's 21,500-troop buildup there while criticizing the way the war has been handled.

"We are paying a very heavy price for the mismanagement — that's the kindest word I can give you — of Donald Rumsfeld, of this war," McCain said in Hilton Head Island, S.C., on Monday. "The price is very, very heavy and I regret it enormously."

"I think that Donald Rumsfeld will go down in history as one of the worst secretaries of defense in history," McCain added.

Rumsfeld stepped down last year after a rocky six-year tenure.

A former defense secretary himself, Cheney was asked about McCain's comments while on the USS Kitty Hawk at the Yokosuka Naval Base in Japan. He called Rumsfeld a great secretary.

"I know a little bit about the job. I've watched what he's done over there for six years. I think he did a superb job in terms of managing the Pentagon under extraordinarily difficult circumstances," Cheney said. "He and John McCain had a number of dustups over policy, didn't have anything to do with Iraq."

Last month, McCain blamed both Cheney and Rumsfeld for a "terribly mishandled" war.

"The president listened too much to the vice president . . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense," McCain was quoted as telling The Politico, a Capitol Hill newspaper and Web site.

A few days later, Cheney said, McCain approached him on the Senate floor, said he had been quoted out of context and offered an apology.

"I was happy to accept," Cheney said.

Democrats assailed McCain.

"He is trying to have it both ways by criticizing a war he always supported, while also trying to stick close to the president," said Luis Miranda, a Democratic National Committee spokesman. "If McCain wants to apologize, it should be to our brave troops and the voters he's misleading, not to Cheney and Rumsfeld."

Cheney Chastises McCain (POL)

By Mike Allen

Politico.com, February 22, 2007

President Bush and Vice President Cheney both say they have sworn off commenting on the ’08 race, so their words are being parsed for glimmers of their view of the race to succeed them. Sen. John McCain, R-Ariz., was at odds with this president for years but has emerged as the most fervent backer of the White House Iraq policy of any high-profile official outside the administration.

But Cheney made it clear during an interview with ABC News Wednesday that he was none too pleased with McCain’s declaration on Monday at a retirement community near Hilton Head Island, S.C.: "I think that Donald Rumsfeld will go down in history as one of the worst secretaries of Defense in history.” McCain was greeted with applause.

Rumsfeld was forced from his job after November's election. Cheney, who was defense secretary under President George H.W. Bush, from 1989 to 1993, said at a Pentagon ceremony honoring Rumsfeld upon his departure in mid-December: "I believe the record speaks for itself: Don Rumsfeld is the finest secretary of Defense this nation has ever had."

The vice president is on a week-long trip to Japan and Australia and gave a 10-minute interview to ABC’s Jonathan Karl aboard the USS Kitty Hawk, docked off the coast of Tokyo at Yokosuka Naval Base in Japan. Here is their exchange about McCain:

Karl: “You probably heard John McCain again come out and say that your friend Donald Rumsfeld is perhaps the worst secretary of defense ever. What do you make of that?"

Cheney: “I just fundamentally disagree with John. John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld.”

Karl: “So what's your take on where Secretary Rumsfeld fits in?"

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Cheney: “I think Don's a great secretary. I know a little bit about the job. I've watched what he's done over there for six years. I think he did a superb job in terms of managing the Pentagon under extraordinarily difficult circumstances. He and John McCain had a number of dust-ups over policy, didn't have anything to do with Iraq -- other issues that were involved. John's entitled to his opinion. I just think he's wrong.”

Karl: “I know we're just about out of time, but I wanted to clarify: Senator McCain had said that the problem with President Bush is he listened to you too much. So this is what he was apologizing to you for?”

Cheney: “Yes, yes.”

Karl: “What did he say?”

Cheney: “Well, he came up to me on the floor a couple of days later, the next time I was on the floor of the Senate, said he'd been quoted out of context, and then basically offered an apology which I was happy to accept.”

In January, McCain had told Roger Simon, chief political columnist of The Politico, during an interview at his Senate office: "The president listened too much to the vice president . . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense."

Asked if he admired Sen. Hillary Clinton, D-N.Y., for refusing to apologize for her 2002 vote to authorize the use of force against Iraq, the vice president started to answer but then demurred. “I'm not going to get involved in the presidential campaign,” he said. “The president and I have both sworn off commenting on the give-and-take of the campaign in both parties. It's already well under way and so I'll withhold comment for now.”

Similarly, Bush said jokingly at his East Room news conference last week after a question about Democrats: “I'd just like to establish some ground rules here with those of you who are stuck following me for the next little less than two years: I will resist all temptation to become the pundit-in-chief and commenting upon every twist and turn of the presidential campaign. As much as I like politics, and I'm intrigued by the race … I won't comment.”

The vice president, did, however take a shot at House Speaker Nancy Pelosi, D-Calif. Earlier, during remarks at a rally for troops on the Kitty Hawk, Cheney had said, to applause: “I want you to know that the American people will not support a policy of retreat. We want to complete the mission, we want to get it done right, and then we want to return with honor."

Karl said during the interview: “You just made a very clear statement in your speech saying the American people do not support a policy of retreat.”

“I believe that,” Cheney said.

Karl pressed: “Is that policy that we hear from the Speaker of the House, Nancy Pelosi -- from other Democrats, is that a policy of defeat?”

The vice president replied: “Yes.”

Cheney Argues Rumsfeld Served Well (WP)

By Michael A. Fletcher

The Washington Post, February 22, 2007

Vice President Cheney objected yesterday to Sen. John McCain's assertion that Donald H. Rumsfeld "will go down as one of the worst secretaries of defense in history" and added that the senator had apologized to him for saying Cheney had misled President Bush on Iraq.

Cheney, speaking in an interview with ABC News yesterday during a week-long swing through Asia, said he "fundamentally disagrees" with the Arizona Republican's statement Monday about Rumsfeld, made while McCain was campaigning for president in South Carolina.

Bush replaced Rumsfeld in November after Democrats captured both chambers of Congress, a move that many congressional Republicans believe the president should have made before the election as the situation in Iraq soured. Although Rumsfeld's refusal to send a larger force to Iraq early in the invasion is seen by some as a crucial mistake, Cheney has maintained that Rumsfeld did an outstanding job under trying circumstances.

"I think Don's a great secretary. I know a little bit about the job," said Cheney, a former defense secretary. "I've watched what he's done over there for six years. I think he did a superb job in terms of managing the Pentagon under extraordinarily difficult circumstances."

Cheney also countered McCain's assertion that the vice president misled Bush when it came to Iraq. "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized," Cheney said. "Maybe he'll apologize to Rumsfeld."

McCain is expected to formally announce next month his second run for the White House. Long a vocal advocate of putting more troops into Iraq, he has strongly endorsed Bush's decision to send 21,500 additional combat troops to Iraq even as he has harshly criticized Rumsfeld and Cheney for the way the war has been waged.

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"The president listened too much to the vice president," McCain told the Politico last month. ". . . Of course, the president bears the ultimate responsibility, but he was very badly served by both the vice president and, most of all, the secretary of defense."

In his interview, conducted aboard the USS Kitty Hawk at Yokosuka, Japan, Cheney said he encountered McCain in the Senate chambers. "Well, he came up to me on the floor a couple of days later, the next time I was on the floor of the Senate, said he'd been quoted out of context, and then basically offered an apology, which I was happy to accept," the vice president said.

McCain declined to comment on Cheney's remarks. "The senator's position on the war is well known," said Danny Diaz, McCain's spokesman.

"Ghosts Of Abu Ghraib": Fearlessly Facing The Shame (WP)

By Tom Shales

The Washington Post, February 22, 2007

"Ghosts of Abu Ghraib," a new HBO documentary produced and directed by Rory Kennedy, daringly approaches a scandal that hardly anyone wants to see reexamined -- least of all, one can safely assume, the Bush administration and the Pentagon.

The reason is not just that what happened at Abu Ghraib is, to understate in the extreme, unpleasant. The documentary says it's also because this breakdown was not so much nervous as inevitable -- and not so spontaneous, having been sanctioned by the top brass, including former defense secretary Donald Rumsfeld.

Skillfully and sparingly told without a narrator, with only occasional on-screen captions to help the narrative along, the film brings to life a sadly shameful moment in recent American history and does it without histrionics. But Kennedy (youngest of Bobby Kennedy's offspring) might have erred at the outset of her film by inadequately establishing the national mood that helped make Abu Ghraib possible: the understandable sense of shock, outrage and violation we all felt after the insane 2001 terrorist attacks on the World Trade Center and the Pentagon.

The visual reminders of those attacks consist of photographs and footage that show only physical destruction, the ghostly and ghastly remains of buildings. There doesn't appear to be a dead body in sight, almost as if the atrocities committed were extreme examples of architectural criticism. That weakens Kennedy's case. The photos she shows from Abu Ghraib are very explicit and, unlike the versions shown in newspapers and on television in 2004 when the story broke, uncensored.

We see naked prisoners in humiliating situations -- a man tied at the end of a leash, like a dog; a group of naked prisoners arranged in a lopsided human pyramid; men positioned in ways to suggest homosexual acts. Kennedy was right to show these pictures, but she should have been less genteel in what she showed of the 9/11 attacks. America violated the rules on interrogation of prisoners at Abu Ghraib, and for that, there is no excuse. But one must take into account the fury felt in the aftermath of 9/11 over monstrosities that also violated every covenant of "civilized" warfare.

This discrepancy doesn't really lessen the film's power. And in interviews with some of the men and women who perpetrated the torture, or who posed cheerfully (almost like tourists at Niagara Falls) with the victims, we see them looking anything but furious or consumed with wrath. Instead, they smile in the photos and, in the interview segments, they speak with a kind of numb, casual regret -- but nothing like wrenching shame or sorrow.

Perhaps just as unnerving and dispiriting as the photos is the story told by a former Abu Ghraib prisoner (photographed so as to disguise his identity) about how he begged guards to provide medical treatment for a fellow prisoner: his father.

When the man realized his father was ill, suffering shortness of breath and other symptoms, he says, he repeatedly begged that his dad be taken to a medical facility, only to be rebuffed by guards, told to go back to his cell and eventually threatened with being shot if he protested further. Fighting back tears as he finishes the story, the man remembers holding his stricken father in his arms as he died. The father, however, would not be listed officially as a fatality resulting from torture or neglect.

Kennedy suggests the torture was not an outbreak of lunacy but the direct result of policies handed down by Rumsfeld that were designed to circumvent the Geneva Conventions (which specify that prisoners of war be "treated humanely") and U.N. conventions against torture, to which the United States is, at least technically, a signatory. That was done by, among other things, refusing to classify the up to 6,000 inmates of Abu Ghraib as prisoners of war; Rumsfeld instead calls them "unlawful combatants" at a news conference. Then the term "torture" was redefined so narrowly in government memos that it would be almost impossible to commit it.

When the scandal broke, the administration sent out "conscious disinformation," one former official recalls, including the trivializing assertion that what happened at Abu Ghraib was just " 'Animal House' on the night shift." (Earlier, one of the military police stationed there recalls thinking of the place as " 'Apocalypse Now' meets 'The Shining,' except this is real and we're in the middle of it.")

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It could easily be argued that it was the torturers and not the tortured who suffered the most as a result of what happened at Abu Ghraib. The damage done to the reputation of the United States was critical and criminal, and the torture that occurred can be seen as but a symptom of a much larger corruption: the pursuit of the war itself and the fallacious "evidence" fed to the American people to justify it.

The wider moral of the film is simpler and nonpolitical and painfully, poignantly evident: When you treat people as less than human, you become less than human yourself. "Ghosts of Abu Ghraib" will haunt those who see it long after the final frames have flickered out.

FEDERAL DIARY: Retiree Health Care Back On Hill Agenda (WP)

By Stephen Barr, D4

Washington Post, February 22, 2007

It's a classic pocketbook issue.

Since 2000, federal employees have been able to pay their health insurance premiums on a tax-free basis. Many federal retirees think they should get similar treatment.

But extending "premium conversion," as it's called, to retirees would require a change in tax law, and Rep. Thomas M. Davis III (R-Va.) and others, who have pushed for that change in the last three congressional sessions, are back at it.

"We're talking about a modest amount of money, but to those on fixed income, this could have a real impact," Davis said as he again introduced a bill to extend the tax break. The bill would result in average savings of $820 a year for federal retirees, he estimated.

Under the bill, federal civil service and military retirees would pay their monthly health-care premiums through a pretax deduction from their annuities. The bill also would permit active-duty military personnel to deduct from their taxable income certain supplemental premiums or enrollment fees for Tricare, their military health insurance.

The tax code permits employees to pay for health insurance with deductions that are excluded from income and Social Security payroll taxes. It does not, however, allow employers to offer premium-conversion benefits to their retirees, the sore point that the Davis bill would address.

In recent years, Davis has gotten such legislation through the House Oversight and Government Reform Committee, which he chaired until this Congress. But the measure has always faltered because the House Ways and Means Committee, which has jurisdiction over tax policy, has balked at taking up the issue.

The likely cost of the bill appears to be the sticking point. According to a Congressional Budget Office estimate, extending the tax break to federal retirees would cost about $600 million over 10 years.

Davis hopes to build bipartisan support for this year's measure. Reps. Steny H. Hoyer (D-Md.), the House majority leader; Chris Van Hollen (D-Md.), who has a seat on Ways and Means; and Jon Porter (R-Nev.) have signed on as chief co-sponsors.

The Washington area congressional delegation and about half of the Ways and Means Committee also have agreed to be listed as co-sponsors of the bill, Davis said.

The National Active and Retired Federal Employees Association and the Military Coalition, a group of 35 military and veterans organizations, are supporting the Davis effort.

"More than just retirees should care about this legislation," said Margaret Baptiste, president of the employees association. "Imagine the shock of a newly retired federal employee when she receives her first annuity check and learns that the federal government no longer uses pretax compensation to pay her share of health insurance premiums . . . just when it's needed the most."Hazards at Interior

An Interior Department study has found a number of health and safety hazards at the department's Main and South buildings, with about a dozen classified as potential threats to employees and the environment.

Mike Cyr, division chief for facilities management services, said that planning to correct hazards is underway and that a meeting with employee groups has been scheduled for March 1 to discuss the study's findings.

The study, conducted by a consultant Jan. 22-25, found that Interior needs to improve handling of hazardous waste, such as oil, paint, and fluorescent lamp tubes that could release mercury into the atmosphere if broken.

"Because no system for the proper disposal of hazardous waste or unneeded hazardous materials is provided to employees, the only options available to employees are to abandon these items in various mechanical spaces or discard them illegally," the study said.

The study was released by Public Employees for Environmental Responsibility, a watchdog group that has contended that the department's handling of a headquarters renovation project has routinely subjected Interior employees to chemical vapors, welding fumes and debris dust. About 2,000 employees work in the headquarters complex.

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Frank Quimby, a department spokesman, said air quality is tested daily and meets standards set by the Environmental Protection Agency. Although the study found at least two areas where asbestos had crumbled and was loose, "there has been no dangerous exposure to employees," Quimby said. "These areas are fairly out of the way."

Studies to identify possible hazardous workplace conditions are planned for all of the department's major facilities. In this case, Quimby said: "We don't think it is something that should alarm employees or people who visit the building, because there is no actual threat to human health and safety. These are all potential threats."

OTHER NEWS:

Fresh Inflation Data To Keep Fed On Guard (WSJ)

By Christopher Conkey

The Wall Street Journal, February 22, 2007

WASHINGTON -- A widely watched gauge of consumer prices rose last month at the fastest rate since June, interrupting what had been a steadily improving inflation outlook in recent months.

The Labor Department said its index of "core" consumer prices, which excludes food and energy, rose 0.3% in January, after a string of three consecutive monthly increases of 0.1%. Those modest gains had begun to persuade economists that inflation was decelerating.

While any one-month pickup by itself is unlikely to cause alarm, economists said the uptick in core prices last month will keep Federal Reserve officials on guard for signs of renewed inflation pressures.

"The Fed is focused on inflation, and there are good reasons they are taking that stance," said Joel Naroff, chief economist of Naroff Economic Advisors, in a research note to clients. "This report tells us that inflation is still above" the level policy makers would prefer, and "that means the Fed will remain on inflation watch for quite some time."

Last month's increase in core prices was fueled by unusually sharp price increases for health care, which rose 0.8% from December, and in tobacco and smoking products, which leapt 1.5%. Darryl Jayson, vice president of the Tobacco Merchants Association, pointed to a recent wholesale-price increase for some premium brands and continuing tax increases on cigarettes -- including a new $1-a-pack levy in Texas -- as contributing factors.

Compared with a year earlier, core prices in January were up 2.7%, higher than December's 2.6% rate. Fed policy makers pay close attention to this measure because it offers a less-volatile picture of inflation trends over time. Overall, consumer prices rose 0.2% last month and were up 2.1% from a year earlier.

Last month's rebound in core prices probably wasn't a complete surprise to Fed officials, who have continually reiterated their concern that inflation could flare up again. Minutes of the Fed's Jan. 30-31 meeting, released yesterday, indicated that Fed policy makers "did not yet see a downward trend in core inflation as definitively established," and they attributed part of the recent slowdown to temporary factors such as lower energy prices.

Still, Fed officials are unlikely at this point to see the January uptick in core prices, which was 0.256% before rounding, as a challenge to their view that inflation will slow over the course of the year.

Federal Reserve Bank of San Francisco President Janet Yellen acknowledged yesterday that core inflation was "on the high side of expectations." But in a speech to a business group in Santa Clara, Calif., she added: "This followed three straight months" of low core inflation. "After smoothing through the volatility, this measure of inflation also has eased in recent months."

Ms. Yellen said she is still concerned about inflation pressures because the unemployment rate is probably lower than can be sustained over time without pushing up inflation. Economic growth would have to remain subdued "for a time" for the Fed to be sure the "economy is heading for a soft landing, with inflation continuing to move lower."

Also yesterday, the Conference Board, a New York private research group, said its index of leading economic indicators rose a modest 0.1% in January after a 0.6% gain in December. The group said the index "suggests that slow to moderate economic growth is likely to continue in the near term."

Write to Christopher Conkey at christopher.conkey@wsj.com1

Consumer Price Gauges Rise More Than Expected (NYT)

By Jeremy W. Peters

The New York Times, February 22, 2007

The Federal Reserve may expect more subdued inflation this year, but a small jump in consumer prices last month served as a reminder that those expectations are still far from being fulfilled.

As a result, analysts said, the Fed may yet find itself raising interest rates. Any cuts, it seems, will have to wait.

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Prices accelerated last month on a wide variety of goods and services, from fresh fruit to hotel rooms to the cost of a hospital stay, the Labor Department reported yesterday. The overall rate of inflation climbed 0.2 percent in January after a rise of 0.4 percent in December.

Though inflation growth, as represented by the Consumer Price Index, slowed from December, it advanced faster than economists and Wall Street investors had expected. The rate of core inflation, a gauge that does not include food and energy and is closely monitored by the Fed, also surpassed economists' forecasts. It jumped 0.3 percent in January, compared with 0.1 percent in December.

The numbers stung Wall Street, and investors pushed many stocks lower yesterday. Bond traders, betting that the Fed would not lower interest rates anytime soon, nudged down the price of the benchmark 10-year Treasury note.

Before the Fed can act on interest rates in either direction, analysts said, it needs to have a clear indication that inflation is settling into a pattern, either higher or lower. But since the summer, consumer prices have been fickle, falling, flattening and then rising again.

"You can make a reasonable case that maybe inflation goes a little lower, or you can make a reasonable case that maybe it goes a little higher," the chief economist of MFR, Joshua Shapiro, said. "I think they're sitting there waiting to see if it breaks. If it breaks decisively one way or the other, then they'll act."

Minutes from the January meeting of the rate-setting Federal Open Market Committee, released yesterday after the customary three-week delay, indicated that the Fed was not on the verge of any significant shift in tone. "All members agreed that the predominant concern remained the risk that inflation would fail to moderate as desired," the minutes said.

They also showed that Fed officials discussed whether their tough tone on inflation was still appropriate and unanimously concluded that it was. All 11 Fed bankers who voted at the meeting agreed that "a change was not warranted at this time."

The Fed still has a lot to be concerned about, as the data released yesterday showed.

One factor officials pointed to during the January meeting as a potential obstacle to lower inflation was rising wages.

Yesterday, the Labor Department reported that the average earnings for workers in nonmanagement positions continued to advance at a brisk pace. After inflation, average earnings on both a weekly and hourly basis rose 2.1 percent in January. As recently as July, inflation was swallowing wage gains, leaving workers with negative real earnings.

The core inflation rate increased 2.7 percent from a year earlier, well above the 1 percent to 2 percent the Fed typically prefers. That reversed a four-month trend when the year-over-year core inflation rate fell or remained flat. After climbing as high as 2.9 percent in September, year-over-year core inflation fell to 2.6 percent in November and December.

"Inflation is still sticky, and higher than the Fed wants it to be," said Mickey D. Levy, chief economist with Bank of America. "And as long as it stays above 2 percent, the Fed is going to continue to express concern about it."

Overall inflation in January was 2.1 percent compared with a year earlier, down from 2.5 percent in December.

The Fed meets next on March 21. Most analysts expect it to keep the benchmark short-term interest rate at 5.25 percent, where it has been since August. But, as prices of contracts that allow traders to bet on future interest rates show, traders expect a rate cut before 2008.

Sharp rises in the costs of medical care (the most in more than 15 years) and tobacco (the most in almost 5 years) helped elevate core inflation in January, leading some economists to argue that temporary factors were causing an exaggeration of the figures.

"At first sight, the jump in January core consumer price inflation seems to signal renewed inflationary vigor," Kenneth Beauchemin of Global Insight wrote in a research note. But Mr. Beauchemin noted that the price increase for medical care in January was the fastest since 1991.

Food prices also rose the fastest in almost two years.

On the bright side, there were hints that the outlook for inflation in the long term was improving. Energy prices dropped 1.5 percent in January, after a 4.2 percent increase in December. Housing prices, including rent, rose at a slower pace.

When he addressed Congress two weeks ago, the Fed chairman, Ben S. Bernanke, said two major factors in the forecast for lower inflation this year were lower housing and energy costs. And many economists said yesterday that January's figures alone were not a reason to expect inflation to start rising at a troubling pace. "That's not going to cause them to run out and panic," Mr. Shapiro said.

But, as Mr. Bernanke has said, there is a degree of uncertainty to the Fed's forecast.

Bernard Baumohl, managing director of the Economic Outlook, argued that the January consumer price data should alarm the Fed because it is probably a sign of things to come. A combination of rebounding economic growth, low unemployment and slowing worker productivity will push inflation higher, he said.

"Clearly this is not what the Fed wants to see," he wrote in a research note. "Bernanke has recently testified that core prices had been retreating, but January's numbers suggest we may have seen the lows for inflation in this cycle."

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Slowing Economy Isn't Cooling Prices (WP)

By Nell Henderson

The Washington Post, February 22, 2007

Inflation flared last month as rising prices for medical care, food and other items more than offset falling fuel prices, raising concern in financial markets that a slowing economy has not yet tamed price pressures.

Stock and bond prices fell after the Labor Department released its latest inflation figures, which convinced many investors that the Federal Reserve is not likely to cut interest rates any time soon and that it might have to raise them to subdue prices.

The department's consumer price index, a widely followed inflation gauge, rose 0.2 percent last month, as a 1.5 percent drop in fuel prices helped offset higher prices for many other goods and services.

The index was 2.1 percent higher than in January of last year -- a milder increase than the 2.5 percent rise for all of 2006. That's consistent with other recent data suggesting that overall, the economy has cooled.

But investors saw ominous trends in the details. Prices for gasoline and fuel oil tumbled last month because of falling crude oil prices, as natural gas prices fell because of unseasonably warm weather. Both trends have reversed in February, suggesting inflation will be higher this month.

And because oil prices swing so much, economists seek signs of underlying inflation by studying so-called core measures, which exclude volatile food and fuel prices. The department's core consumer price index jumped 0.3 percent in January -- the largest monthly increase since June. That left core prices 2.7 percent higher than a year earlier.

The higher core inflation resulted primarily from a rapid 0.8 percent increase in medical costs, including prices for prescription drugs, hospital care and visits to physicians' offices.

Food prices rose 0.7 percent in January, the biggest increase since April 2005. Airfare and hotel room rates climbed. Prices also increased for electricity, water, and sewer and trash collection, the department said.

"Inflation is not yet under control," Bernard Baumohl, managing director of the Economic Outlook Group, told clients. "Clearly this is not what the Fed wants to see."

Fed Chairman Ben S. Bernanke told Congress last week that the central bank is likely to hold interest rates steady for a while to see whether slowing economic growth nudges inflation lower.

Inflation pressures have eased in recent months, but the monthly figures can jump around, so it will be "some time before we can be confident" that price pressures will continue to ease as the Fed forecast, Bernanke said.

He stressed that inflation remains too high, and Fed policymakers worry that it may climb higher. They are prepared to increase interest rates if necessary to force inflation lower, he said.

Bernanke and his colleagues are unlikely to raise interest rates because of one monthly inflation report but will if they see a series of similar reports in coming months, analysts said.

Fed policymakers forecast inflation to fall this year and next because of slower economic growth, cooled in large part by the slumping housing market. Recent data -- including flat retail sales, lower industrial production and plunging home construction in January -- show the economy is probably growing at a modest pace, around 2 percent a year, analysts said.

The Conference Board, a private business group, said yesterday that its index of leading economic indicators -- data such as building permits, consumer expectations and stock prices that hint at where the economy is heading -- rose slightly last month, by 0.1 percent. Analysts saw that as a sign that economic growth will keep to a modest pace in the months ahead.

Some of the price increases last month reflected temporary factors, such as crop freezes in California that boosted prices for some fruits and vegetables.

But analysts worried that some of the trends in the inflation report are likely to continue. Medical costs, for example, were 4.3 percent higher in January than a year earlier, and inflationary pressures in that sector are expected to continue as the aging U.S. population consumes more health care.

The increase in many food prices reflects federal efforts to encourage the production of ethanol as an alternative fuel, said Richard Yamarone, director of economic research at Argus Research. Higher demand for ethanol has boosted prices for corn, an ingredient in the fuel's production, as well as for other grains as farmers have shifted resources to produce more corn, he said. Corn is the main source of high-fructose corn syrup, a widely used ingredient in sweetened beverages and processed foods.

Yamarone said overall inflation is contained. But he forecast fuel prices to stay close to where they are now as food prices rise this year.

"You'll see people complaining less about their gasoline bills and more about their grocery bills," he said.

If inflation continues at this pace, workers may also complain about lagging pay. Average weekly earning for most workers fell 0.3 percent in January from the month before after adjusting for inflation, the Labor Department said in a separate report.

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These wages, paid to factory and non-managerial workers, were 2.1 percent higher last month than in January 2006, after adjusting for price changes.

Inflation Fears Rise As Price Index Gains 0.2% (USAT)

By Barbara Hagenbaugh And Sue Kirchhoff

USA Today, February 22, 2007

WASHINGTON — Federal Reserve Chairman Ben Bernanke and his fellow policymakers worried during a meeting last month that inflation might not moderate as expected, a concern at least partially borne out by Wednesday's report that consumer prices rose more than expected in January.

According to newly released minutes of the Fed's Jan. 30-31 meeting, the officials also discussed the possibility of changing an outlook statement closely watched by the markets. The statement for months has cited inflation as the biggest threat to the economy and warned that more interest rate increases could be needed to keep price pressures in check.

In the end, the Fed kept that language, and its bias toward rate increases. While the inflation rate has been lower in some measures, "all meeting participants expressed some concern about the outlook for inflation" and warned that "a failure of inflation to moderate as expected could impair the long-term performance of the economy," the minutes said.

The Fed has kept its target for short-term interest rates unchanged for five consecutive meetings after raising them 17 times from June 2004 to June 2006. The target for short-term rates, which influences borrowing costs economywide, is 5.25%, the highest in six years.

Brian Bethune of Global Insight says recent indicators show economic growth wasn't as rosy as the Fed estimated at last month's meeting. Still, the bump in the consumer price index means the Fed needs to keep a close eye on inflation. He expects rates to be steady for most of 2007.

The Labor Department said inflationary pressures at the consumer level rose in January as higher costs for food and medical care offset lower energy prices.

The CPI rose 0.2% in January following a 0.4% gain in December after adjusting for seasonal variations. Excluding often-volatile food and energy prices, the so-called core CPI rose 0.3% in January. That followed a 0.1% increase in December and was the biggest rise since June.

In the past year, core consumer inflation was 2.7%.

Economists, including central bank officials, pay particular attention to the core rate because it is considered a more reliable indicator of underlying inflation trends. Prices for a wide variety of goods, such as tobacco, hotel stays, clothing and medical care, rose.

Investors sold stocks after the report's release, fearing higher inflation would lead the Fed to raise interest rates in 2007. Some economists, such as those at UBS, said the January CPI increase was more likely because of temporary factors than an indication of a long-term trend. But others, such as those at Bear Stearns and First Trust Advisors, said the report sounded alarms.

"Inflation seems to be contained, but there are some causes for concern," says Richard Yamarone, director of economic research at Argus Research. "One report does not a trend make," he says. But "Two or three more reports like this, the likelihood of a Fed rate hike increases." The Fed next meets March 20-21.

Fed Remains Cautious On Inflation (FT)

By Eoin Callan And Krishna Guha

Financial Times, February 22, 2007

The Federal Reserve grew more confident that inflation was moderating at its January policy meeting, minutes released on Wednesday revealed, but policymakers still did not see a downward trend in core inflation as “definitely established.”

The minutes show that all members of the Federal Open Market Committee agreed that the predominent risk remained inflation rather than growth.

Policymakers were more relaxed about the outlook for both inflation and growth than they had been in December.

However, while they regarded the risks from housing as “notable” they saw a new risk that demand might run too hot, potentially adding to pressure on prices.

US inflation rose faster than expected last month, led by increases in prescription drug prices, according to a separate fresh government figures.

Consumer prices rose 0.2 per cent in January while core inflation - excluding volatile food and energy prices - rose 0.3 per cent, according to the report.

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The inflation increase tempered investor expectations of a rate cut later this year and pushed stocks lower, with the Dow Jones industrial average falling 0.25 per cent to 12,754.51 at the open.

The yield on the benchmark 10-year Treasury bonds rose to 4.7 per cent form 4.68 per cent as the market priced in a greater probability that the Fed would keep rates on hold for several months.

The surprisingly strong inflation figures stiffened the dollar, which beat back a brief rally by the yen when the Bank of Japan's policy board raised interest rates for the first time in six months with an increase to 0.5 per cent

Meanwhile, Haseeb Ahmed, an economist at JPMorgan, said: "The 0.3 per cent gain in the January core CPI ended a three-month sequence of tepid 0.1 per cent readings. The details point to unwinding of unusual recent weakness in a number of categories rather than the start of a trend in the core CPI."

Rising medical costs led the increase and helped offset a sharp fall in oil prices that had helped ease price pressures late last year.

Gasoline prices were 3 per cent lower than the previous month and 32 per cent lower than their peak in July 2006.

Mr Ahmed said: "The January report confirms that the fourth-quarter's sharp moderation in core inflation was partly due to transient factors."

"The future path of core inflation will be determined by the interplay between upward pressures from resource utilisation and unwinding of earlier price shocks," he added.

Global Economy Shrugs Off Oil, Housing Strains (WSJ)

By Yuka Hayashi, Joellen Perry And Greg Ip

The Wall Street Journal, February 22, 2007

The Bank of Japan's move to raise interest rates for the first time since July underscores the surprisingly upbeat state of the world's major economies, which continue to perk along despite the damage done by high energy prices and sagging housing markets.

The world's central bankers are so confident that growth will remain steady and inflation under control that their main worry is less the immediate future than whether conditions are breeding excessive speculation in financial markets.

Yesterday's move by the Bank of Japan reflected that confidence in its own economy as well as the broader world economy. Lifting rates to a still very low 0.5%, the bank said it "judged that our economy is likely to continue its...virtuous circle of production, income and spending," and that "uncertainties over the future course of overseas economies, including that of the United States, are abating."

Indeed, though the U.S. economy has slowed substantially from its torrid pace of a year ago, it has kept growing fast enough to keep unemployment down despite the housing slump. In the 13 countries that use the euro, growth is expected to abate from last year's six-year high but remain well above the sluggish pace of prior years. Data released yesterday show Spain joined Germany and Italy as standouts in the fourth quarter.

Globally, inflation is still low by recent historical standards, though higher than some central bankers would prefer. U.S. consumer prices, excluding food and energy, rose 2.7% over the past 12 months, the government said yesterday. Oil prices are off their peaks. Global stock markets are buoyant. (See related article.3)

"It's a pretty benign picture," said Nariman Behravesh, chief economist at U.S. forecaster Global Insight. "You've got at least moderate growth and inflation that looks for the moment like it's not out of control." The biggest risk he sees: too much of a good thing -- namely, a global economy so robust that it pushes up prices and prompts the U.S. and European central banks to boost interest rates.

Despite the rise of China, the U.S., Japan and Europe account for more than 70% of the global economy, according to J.P. Morgan Chase economists.

Central bankers' latest concern is that investors are underpricing risk, and bidding up prices of assets from corporate bonds to houses and in the process driving down returns on those assets, such as long-term interest rates. While for now that fosters global growth, some policy makers worry this can't last, and that an abrupt reversal in market perceptions about risk could trigger a drop in asset prices as investors pull back that could threaten growth.

Concerns about excessive risk-taking are being aired more frequently. "We want markets to be aware of the risks in one-way bets in general," European Central Bank President Jean-Claude Trichet said after meeting with his counterparts from other banks earlier this month. "We, in particular, think of carry trades" -- borrowing in countries like Japan with low rates to invest at higher rates in Europe and the U.S. -- "but not only carry trades."

Mr. Trichet and other policy makers also have expressed concern about a herd mentality in markets, possibly exacerbated by hedge funds piling onto similar trades, increasing the potential for excessive loss if the bets go bad.

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Most central bankers remain more inclined to deem complacency a risk than a reason to raise rates. But in Tokyo, while attributing yesterday's rate increase primarily to confidence in the Japanese economy, Bank of Japan officials expressed concern that persistently low interest rates could fuel the carry trade, distorting markets in ways that could produce convulsive impacts on currencies, interest rates and global growth.

The BOJ governor, Toshihiko Fukui, said at a news conference that "extremely distorted movements in the financial market," including the yen carry trade, could "eventually have a negative impact on the real economy and prices." The central bank wanted to squelch expectations that Japanese rates would stay so low for very long in order to discourage investors from taking "extreme positions," he said.

U.S. Federal Reserve officials offer differing interpretations of markets' recent calm. Chairman Ben Bernanke attributes much to fundamental factors, such as emerging countries' funneling plentiful savings to the U.S. But Vice Chairman Donald Kohn sees more cause for worry.

"It would be imprudent to rule out sharp movements in asset prices and deterioration in market liquidity that would test the resiliency of market infrastructure and financial institutions," Mr. Kohn said in a speech in Washington.

Afterward, Mr. Kohn said markets are currently priced for "a very benign situation....I do get a little concerned -- or I wonder maybe -- at some of the low levels of volatility and the low levels of expected volatility."

Fed officials generally don't see market speculation as a reason to tighten monetary policy, or even keep it tight. Rather, they have cited the lack of spare economic capacity and an elevated inflation rate as a reason to maintain short-term interest rates at 5.25%, with a bias to raising them further.

Minutes from the Fed's Jan. 30-31 meeting, released yesterday after the customary lag, indicate that Fed officials had become less worried about the prospect for both growth and inflation. Data show "somewhat smaller risks to economic growth as well as improved prospects for core inflation," the minutes said.

Data released since that meeting show retail sales, housing starts and industrial production all weakened in January, and the strong fourth-quarter growth number, 3.5%, is likely to be revised down substantially next week. If unemployment also starts to edge higher, as Fed officials expect, they may begin to signal more concern about slowing growth and less about rising inflation in coming months. The minutes suggest there was more debate than usual in January about whether to continue saying inflation risks might yet require higher interest rates, as the Fed statement ultimately did.

In the European economy, recent surprises have nearly all been on the upside lately. "The euro area really surprised on all levels late last year, weathering both a downturn in demand from the U.S. and a rise in the euro, and we expect the positive momentum to continue this year," says Julian Callow, chief European economist with Barclays Capital in London. Exports remain the 13-nation bloc's mainstay, but the labor market is also improving and that could bolster consumer spending. The number of people at work in Germany, which has the region's largest economy, reached a five-year high in 2006.

Despite signs that this year's growth won't match last year's, the signs of strength are likely to push the ECB to raise interest rates this year, with many analysts predicting a boost to 4% by June from today's 3.5%.

Political uncertainty is a risk, as well, with the surprise resignation yesterday of Italian Premier Romano Prodi, elections approaching in France, and Britain facing a change in leadership as well. (See related article.4)

Yesterday's move in Tokyo was the first since the BOJ in July ended its five-year-old stance of keeping its benchmark rate at zero, an emergency measure taken to nurse Japan out of a long period of low growth and falling prices. Prices are hardly rising, today. Japan's core consumer-price index -- which excludes volatile fresh-food prices but includes energy -- rose just 0.1% in December from a year earlier. Economists think the index could fall over the next several months because of declines in oil prices.

The Japanese economy surged at an annualized growth rate of 4.8% in the final three months of 2006. But economists say much of that was due to an unsustainable bounce-back of consumer spending after six months of very slow growth.

---- Christopher Conkey in Washington contributed to this article.

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Stocks Brush Off Inflation Data, Crude's Rise (WSJ)

By Peter A. Mckay And Craig Karmin

The Wall Street Journal, February 22, 2007

The stock market reacted with little more than a shrug -- with the Dow down and the Nasdaq up -- as crude oil topped $60 a barrel for the first time this year and investors fretted about monetary policy in the U.S. and Japan.

The Bank of Japan raised its key interest-rate target a quarter percentage point, to 0.5%, a move that will increase borrowing costs there and could discourage investment, including in U.S. shares. (See related article1.)

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The Dow Jones Industrial Average fell 48.23 points, or 0.4%, to 12738.41, ending five days of gains. It is up 2.2% on the year.

In the U.S., fresh inflation data from the Labor Department showed bigger increases in consumer prices in January than Wall Street expected. Analysts interpreted the report as a sign interest-rate cuts by the Federal Reserve aren't imminent, contrary to some investors' hopes.

"If [Fed policy makers] are going to err, they're going to err on the side of keeping inflation under control," said Gordon Fowler, chief investment officer at Philadelphia money-management firm Glenmede Trust.

That would likely mean holding rates steady awhile longer, Mr. Fowler said, perhaps well into the second half. In turn, that could mean little or no "cheap money" flooding into the stock market from investors benefiting from reduced borrowing costs.

The Standard & Poor's 500-stock index slipped 0.1%, or 2.05 points, to 1457.63, up 2.8% on the year. But the technology-focused Nasdaq Composite Index edged up 0.2%, or 5.38 points, to 2518.42, up 4.3% on the year.

Refinery and pipeline problems pushed crude-oil futures for April delivery up $1.22, or 2.1%, to $60.07 a barrel, its first close above $60 this year. Still, oil is off 1.6% this year at the New York Mercantile Exchange and down 22% from its record in July.

In currency markets, the Bank of Japan's decision failed to lift the yen, as traders said a popular financial maneuver, known as the carry trade, remained intact. The carry trade involves borrowing money in a country with low interest rates and putting that money into countries that pay higher rates. Because Japanese rates have long hovered around zero, the yen has been particularly popular for borrowing in this kind of trade.

If Japanese rates continue rising, as expected, many fear the carry trade could unwind rapidly, rattling currency and bond markets world-wide. Financial markets in countries with higher rates, from New Zealand to Iceland, could be particularly vulnerable.

Because Japanese rates remain so low, analysts were quick to dismiss the move by the Bank of Japan as an immediate threat to the carry trade. Also, Japanese officials suggested that any further rate increases will come gradually.

"It's going to take more than that to upset the carry trade," said Adnan Akant, a currency specialist at New York money manager Fischer Francis Trees & Watts.

The yen fell against the dollar to 120.88 yen compared with 119.99 yen, touching one-week lows against the U.S. currency during the trading session.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 0.5%, or 1.20 points, to 252.44.

In major U.S. market action:

Stocks were mixed2 and bond prices fell3. The 10-year note fell 3/32 point, or 93.8 cents for each $1,000 invested, pushing the yield up to 4.692%. The 30-year bond fell 5/32 to yield 4.790%.

The dollar strengthened4. In addition to the gain on the yen, the euro was steady at $1.3139.

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McCain Slams Bush On Global Warming, Iraq Policy (LAT)

The Los Angeles Times, February 22, 2007

The Arizona senator criticizes White House decision-making during a tour of the L.A. and Long Beach ports.

Republican presidential candidate John McCain was anything but subtle Wednesday as he took swipes at the Bush administration during a meticulously staged appearance with Gov. Arnold Schwarzenegger on the bustling docks of Los Angeles Harbor.

President Bush's record on global warming? "Terrible," McCain declared. His pursuit of the Iraq war? "A train wreck."

If the point of the Arizona senator's visit was to put distance between himself and his party's unpopular president, McCain was following a pattern set by Schwarzenegger in his reelection campaign. For McCain, the task is especially important because his vocal support for Bush's recent troop buildup in Iraq threatens a voter backlash.

In what was billed as a nonpolitical event to call for tougher federal action to stop global warming, McCain joined Schwarzenegger for a hazy morning helicopter tour of the Long Beach and Los Angeles ports. The Republican duo flew over the future site of a hydrogen power plant that would pump carbon dioxide into the ground instead of the air.

Later, standing side by side amid the roar of engines as cranes hoisted cargo containers onto ships and trucks, Schwarzenegger lavished praise on McCain ("a great, great senator, a great national leader"), raising the question of whether he supports him for president.

All signs to the contrary, Schwarzenegger said, "We're not doing presidential politics here" — but not before McCain wisecracked: "I think it's the endorsement, yes."

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One of McCain's chief Republican rivals, Rudolph W. Giuliani, had to settle recently for a private steak dinner and cigars with Schwarzenegger in the governor's Sacramento hotel suite.

But on the San Pedro docks, Schwarzenegger offered McCain access to his usual retinue of trailing TV crews, and McCain used the opportunity to pound Bush on a number of fronts.

"I would assess this administration's record on global warming as terrible," McCain said, recalling that he got "no cooperation from the administration" at Senate hearings on the subject. He pronounced himself "very happy to see the president mention global warming and a renewed commitment from the administration to this issue." But he added tartly: "It's long overdue."

(White House spokesman Tony Fratto declined to respond directly to McCain but said Bush had "set an ambitious goal for our nation to cut greenhouse gas emissions, and we're meeting it.")

Asked about the scathing remarks he has made on the administration's conduct of the war, McCain said his criticism started three years ago "when I saw that this train wreck was taking place, and that we needed more troops, and we needed a different strategy."

As the campaign has heated up in recent weeks, McCain has repeatedly criticized the administration.

In South Carolina on Monday, McCain said former Defense Secretary Donald H. Rumsfeld would "go down in history as one of the worst secretaries of Defense in history." ("I stand by my comment about Secretary Rumsfeld," he responded to a question on that topic in San Pedro.) In an interview last month with a politico.com columnist, McCain said that Bush had been "very badly served" by Rumsfeld and Vice President Dick Cheney, who shot back Wednesday.

"I just fundamentally disagree with John," Cheney told ABC News. "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld."

Cheney praised Rumsfeld for doing a "superb job."

"He and John McCain had a number of dust-ups over policy," Cheney said. "Didn't have anything to do with Iraq — other issues that were involved. John's entitled to his opinion. I just think he's wrong."

McCain, whose campaign spokesman, Danny Diaz, declined to respond to Cheney's comments, was not entirely acidic toward the Bush White House at his harbor stop with Schwarzenegger. He said he was still "strongly supporting" Bush's plan to add 21,500 troops to U.S. forces in Iraq, a stand that could cost McCain support among the independents and moderates who are crucial parts of his political base.

As for the fight against global warming, an effort that Schwarzenegger made a centerpiece of his reelection campaign, McCain portrayed California as a model for Congress to take action. He voiced support for the kind of mandatory reductions in carbon emissions that California enacted last year.

"I'm here," he said, "because I think that California leads the nation, and we all know that in many respects — much to the dismay sometimes of us in Arizona, particularly when it comes to the theft of Arizona's water."

Schwarzenegger Lavishly Praises McCain (AP)

By Michael R. Blood, Ap Political Writer

AP, February 22, 2007

Gov. Arnold Schwarzenegger offered his most lavish praise yet Wednesday for any 2008 presidential candidate, calling John McCain a "great senator" and "very good friend" who shared his views on critical issues like the environment.

The celebrity governor stopped short of a formal declaration of support for McCain's budding candidacy, but their appearance together in the Port of Los Angeles was a strong reminder that the two maverick Republicans share a well-developed friendship.

The Arizona senator joked that he was endorsed by Schwarzenegger. Then Schwarzenegger said their joint appearance wasn't about politics.

"We share common philosophy and goals for this country," McCain noted.

The governor called McCain a "great, great leader

Coming off a decisive re-election in November, the governor appears eager to assume a more prominent role in national affairs. His push to move California's presidential primary to Feb. 5 from June could give the state — and by association him — much greater influence in the 2008 presidential sweepstakes.

With McCain at his side, Schwarzenegger called for a national low-carbon fuel standard for transportation fuels, similar to standards in California intended to make fuel burn cleaner. It wasn't clear how such a standard would be put in place, or if it would become a centerpiece of McCain's nascent campaign.

"I know that Senator McCain sees the value of bringing to Washington the same kind of programs that we have put into place right here in California," Schwarzenegger said.

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The senator and Schwarzenegger have shared a bond going back years. McCain has headlined fundraisers for Schwarzenegger in California, and they've campaigned together. The governor's 2006 campaign manager is now a senior adviser to McCain's campaign.

GOP 'Darlings' Slow To Sign Tax-cut Pledge (WT)

By Donald Lambro

The Washington Times, February 22, 2007

The two front-runners for the 2008 Republican presidential nomination -- Arizona Sen. John McCain and former New York Mayor Rudolph W. Giuliani -- have not signed an anti-tax-increase pledge that has been embraced by several of their rivals.

The reluctance of the party's two leading candidates to sign the pledge, which has been signed by every Republican presidential nominee since 1988, raised concerns among conservative tax cutters about Mr. McCain's and Mr. Giuliani's commitment to reduce tax rates at a time when all of the Democratic presidential contenders have vowed to raise income taxes if they are elected.

"I can't imagine that McCain wouldn't sign it or that Giuliani wouldn't sign it. I can't imagine any Republican not signing that," said Jack Kemp, architect of the tax cuts signed by President Reagan in the 1980s.

The pledge, which asks the candidates to sign a statement declaring they will "oppose any and all efforts to increase the marginal income tax rates," could become an issue for both men as they vie for the support of their party's economic conservatives -- especially for Mr. McCain who was a foe of President Bush's tax cuts until he began actively running for president last year.

The Arizona senator, who has been aggressively reaching out to the conservative base of his party to secure the nomination, was one of only two Republicans who voted against Mr. Bush's $1.35 trillion across-the-board tax cuts in 2001. He also opposed accelerating the tax cuts in 2003, but changed his mind last year and voted to extend the tax cuts, including those on stock dividends and capital gains.

Mr. Giuliani has yet to fully set forth his views on tax policy, but, like Mr. McCain, has said that the Bush tax cuts, most of which are due to expire in 2010, should be made permanent.

"Senator McCain has over a 20-year record of opposing tax increases and the senator's record speaks for itself," said Danny Diaz, chief spokesman for the McCain campaign.

"The senator supports making the tax cuts permanent. There has been no stronger voice in Washington, D.C., for fiscal discipline," Mr. Diaz said.

But when asked if the senator would or would not sign the pledge never to raise tax rates if he should become president, he replied, "no comment."

A spokesman for Mr. Giuliani yesterday also declined to say whether the former mayor, who leads Mr. McCain in many voter preference polls, intended to sign the pledge.

"Mayor Giuliani has a strong record of cutting taxes" in New York, said Maria Comella, deputy communications director for the Giuliani campaign. When asked directly if he will sign the pledge, she replied, "His record speaks for itself."

The pledge is a written document that has been circulated among Republican candidates since 1986 by Americans for Tax Reform (ATR), a tax-cut advocacy group that has been an influential force in the tax-cut battles of the past two decades. Every Republican presidential nominee since then has signed it, making it a ritual threshold for candidates to demonstrate their opposition to higher taxes.

Grover Norquist, president of ATR, said yesterday that the pledge has been signed by several Republican presidential contenders, including former Massachusetts Gov. Mitt Romney, Sen. Sam Brownback of Kansas, Rep. Duncan Hunter of California, and former Virginia Gov. James S. Gilmore III.

"In my conversations with each of the campaigns, it is my expectation that before the summer's out all of the Republicans running for president will have signed the pledge," Mr. Norquist said last night.

Mr. Romney, who has made his economic conservatism the centerpiece of his campaign, signed the pledge on Dec. 31, a few days before he left the governorship.

Those who have not signed it, besides the two front-runners, include Nebraska Sen. Chuck Hagel (who has signed previously as a senator) and former Arkansas Gov. Mike Huckabee.

"McCain has signed it in the past and I assume he will sign it again, and I expect Mr. Giuliani to sign it," Mr. Norquist said.

Some Republican tax cutters expressed dismay yesterday that neither of the two front-runners had signed the pledge at this point in the two-year election cycle.

"I can't imagine why they wouldn't sign a statement against raising the tax rates. Someone might not want to bind themselves down to any tax increases, on cigarettes or something like that, but this says tax rates," Mr. Kemp said.

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"I'd sign it, but I'm not running. But the bigger issues are reforming the tax code to make it simpler and more efficient and bringing the tax rates down for maximum economic growth," he said.

So You Want To Run ... (NYT)

By David Brooks

The New York Times, February 22, 2007

I want you to know I've shelved the idea of writing a book called "The Idiot's Guide to Winning the Republican Presidential Nomination." But that doesn't mean I don't have ideas. Here are a few rules the G.O.P. contenders should follow if they want to sweep this thing.

First: Be the Snowball. The conventional view is that Feb. 5 is going to be the decisive day of the race, when California, New Jersey, Illinois and a bunch of other states will probably have their primaries. That's wrong.

Since so many states will be voting then, the candidates will be stretched thin in all of them. As a result, the Republican candidate who does best in the first three states — Iowa, New Hampshire and, on Feb. 2, South Carolina — will sweep on Feb. 5 through sheer momentum.

You want to be that snowball rolling downhill. Focus your efforts on the first three, especially New Hampshire. Win those, and the big states will take care of themselves.

Second: Remember the Rule of Three. When three big candidates go up against one another, two of them often get into a mutually destructive grudge match and the third skates through to victory. (Right now, the McCain and Romney camps seem set to brawl, leaving Giuliani alone.) Whatever you do, don't let yourself become one of the duelists.

Third: Don't Be a University. Most campaigns organize their policy experts like academic departments — economists on one committee, social policy types on another, religious leaders on a third. They come up with utterly conventional recommendations.

You want to organize your committees according to priorities. For example, create a Flourishing Families Committee. Get economists, religious activists and psychologists in one room to figure out how government can reduce stress on struggling families. You'll be surprised by how much interdisciplinary creativity you can unleash and how much closer you get to the problems of real people.

Most of all, you'll break free from the useless categories most pundits use to define Republicans: social conservative, free market libertarian, neoconservative. If you define yourself by those categories, you're dead.

Fourth: Be the Change. You are running to lead a traumatized party. Many Republicans think their party can recover from recent setbacks by returning to the old verities: cutting spending, cutting taxes, attacking government bureaucrats.

That's wrong. The world has changed since the glory days of the 1980s, and no amount of Reagan nostalgia will bring those conditions back.

For example, Republicans in the 1980s could win by promising to expand freedom and reduce overbearing government. But today, post-9/11, most Americans aren't anxious because their freedoms are being impinged. They're anxious because there's chaos all around: foreign policy chaos, fiscal chaos, cultural chaos. The authority structures they rely on have let them down.

You need to lead the party to a new definition of Republicanism. This is a Republicanism that can provide safety, order and authority, so people can feel secure enough to pursue their dreams. This doesn't mean championing a big government. It means championing a strong government that can do the jobs it is supposed to do.

Your main job over the next few months is to come up with a governing philosophy that explains how individual freedom can be enhanced by a strong, limited and energetic federal government.

Fifth: Make an Offer They Can't Refuse. If your last name is Giuliani, McCain or Romney, social conservatives are never going to love you. Don't try to pander to gain their devotion. Instead, offer them a deal.

Tell them: You social conservatives may not agree with me on everything. You may doubt my recent conversions on your issues. You may not even like me. But I'm the guy who can deliver on four programs you want. Then pick out four programs you and they can agree on and repeat them in every speech for the next year.

Sixth: Get Ready for Phase II. Over the next several months, the surge in Iraq will dominate debate. But by late summer, the surge will either have succeeded or failed. A new, broader debate will start. One candidate will define the landscape by coming up with a new Grand Strategy for the war against extremism. Be that guy.

Seventh: Win the T.R. Primary. Many of you admire Theodore Roosevelt. You've got his picture on your walls. Every day, as the campaign madness swirls around, wake up and ask, Would T.R. be proud of what I'm doing? If not, take a risk. Do something else.

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Obama's Big Screen Test (NYT)

By Maureen Dowd

The New York Times, February 21, 2007

Hillary is not David Geffen's dreamgirl.

"Whoever is the nominee is going to win, so the stakes are very high," says Mr. Geffen, the Hollywood mogul and sultan of "Dreamgirls," as he sits by a crackling fire beneath a Jasper Johns flag and a matched pair of de Koonings in the house that Jack Warner built (which old-time Hollywood stars joked was the house that God would have built). "Not since the Vietnam War has there been this level of disappointment in the behavior of America throughout the world, and I don't think that another incredibly polarizing figure, no matter how smart she is and no matter how ambitious she is — and God knows, is there anybody more ambitious than Hillary Clinton? — can bring the country together.

"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family. Americans are dying every day in Iraq. And I'm tired of hearing James Carville on television."

Barack Obama has made an entrance in Hollywood unmatched since Scarlett O'Hara swept into the Twelve Oaks barbecue. Instead of the Tarleton twins, the Illinois senator is flirting with the Dreamworks trio: Mr. Geffen, Steven Spielberg and Jeffrey Katzenberg, who gave him a party last night that raised $1.3 million and Hillary's hackles.

She didn't stand outside the gates to the Geffen mansion, where glitterati wolfed down Wolfgang Puck savories, singing the Jennifer Hudson protest anthem "And I Am Telling You I'm Not Going." But she's not exactly Little Miss Sunshine, either. Hillary loyalists have hissed at defecting donors to remember the good old days of jumping on the Lincoln Bedroom bed.

"Hillary is livid that Obama's getting the first big fund-raiser here," one friend of hers said.

Who can pay attention to the Oscar battle between "The Queen" and "Dreamgirls" when you've got a political battle between a Queen and a Dreamboy?

Terry McAuliffe and First Groupie Bill have tried to hoard the best A.T.M. machine in politics for the Missus, but there's some Clinton fatigue among fatigued Clinton donors, who fret that Bill will "pull the focus" and shelve his wife's campaign.

"I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Mr. Geffen says, adding that if Republicans are digging up dirt, they'll wait until Hillary's the nominee to use it. "I think they believe she's the easiest to defeat."

She is overproduced and overscripted. "It's not a very big thing to say, 'I made a mistake' on the war, and typical of Hillary Clinton that she can't," Mr. Geffen says. "She's so advised by so many smart advisers who are covering every base. I think that America was better served when the candidates were chosen in smoke-filled rooms."

The babble here is not about "Babel"; it's about the battle of the billionaires. Not only have Ron Burkle and David Geffen been vying to buy The Los Angeles Times — they have been vying to raise money for competing candidates. Mr. Burkle, a supermarket magnate, is close to the Clintons, and is helping Hillary parry Barry Obama by arranging a fund-raiser for her in March, with a contribution from Mr. Spielberg.

Did Mr. Spielberg get in trouble with the Clintons for helping Senator Obama? "Yes," Mr. Geffen replies, slyly. Can Obambi stand up to Clinton Inc.? "I hope so," he says, "because that machine is going to be very unpleasant and unattractive and effective."

Once, David Geffen and Bill Clinton were tight as ticks. Mr. Geffen helped raise some $18 million for Bill and slept in the Lincoln Bedroom twice. Bill chilled at Chateau Geffen. Now, the Dreamworks co-chairman calls the former president "a reckless guy" who "gave his enemies a lot of ammunition to hurt him and to distract the country."

They fell out in 2000, when Mr. Clinton gave a pardon to Marc Rich after rebuffing Mr. Geffen's request for one for Leonard Peltier. "Marc Rich getting pardoned? An oil-profiteer expatriate who left the country rather than pay taxes or face justice?" Mr. Geffen says. "Yet another time when the Clintons were unwilling to stand for the things that they genuinely believe in. Everybody in politics lies, but they do it with such ease, it's troubling."

The mogul knows it's easy to mock Hollywood — "people with Priuses and private planes" — and agrees with George Clooney that it's probably not helpful for stars to campaign for candidates, given the caricatures of Hollywood.

I ask what he will say if he ever runs into Bill Clinton again. " 'Hi,' " he replies. And will he be upset if Hillary wins and he never gets to sleep in the Lincoln Bedroom again?

"No," he says with a puckish smile. "It's not as nice as my bedroom."

Obama, Clinton Rivalry Flares Over Donor (AP)

By Nedra Pickler, Brendan Riley

AP, February 21, 2007

DOJ_NMG_0135329

The rival presidential campaigns of Hillary Rodham Clinton and Barack Obama traded accusations of nasty politics Wednesday over Hollywood donor David Geffen, who once backed Bill Clinton but now supports his wife's top rival.

The Clinton campaign demanded that Obama denounce comments made by the DreamWorks movie studio founder, who told New York Times columnist Maureen Dowd in Wednesday's editions that while "everybody in politics lies," the former president and his wife "do it with such ease, it's troubling."

The Clinton camp also called on Obama to give back Geffen's $2,300 contribution.

Campaigning in Iowa, Obama refused.

"It's not clear to me why I'd be apologizing for someone else's remark," the Illinois senator said.

For her part, New York Sen. Clinton sidestepped questions, leaving the issue to her aides to discuss.

"I'm just going to stay focused on my campaign and I'm going to run a positive campaign about the issues that affect the people in our country," she told The Associated Press in an interview in Nevada. She was participating a candidate forum in Carson City.

The Clinton team seemed eager to continue the attack. With Obama in Iowa, aides arranged for former Iowa attorney general Bonnie Campbell to criticize him in a conference call with reporters.

In the newspaper interview, Geffen also said Bill Clinton is "a reckless guy" and he does not think Hillary Clinton can bring the country together during a time of war, no matter how smart or ambitious she is.

Obama spokesman Robert Gibbs added another criticism of Clinton.

"It is also ironic that Senator Clinton lavished praise on Monday and is fully willing to accept today the support of South Carolina state Sen. Robert Ford, who said if Barack Obama were to win the nomination, he would drag down the rest of the Democratic Party because 'he's black,'" Gibbs' statement said.

Ford later apologized. The Clinton campaign said it disagreed with Ford, but the senator has embraced his support.

Another Democratic presidential candidate, New Mexico Gov. Bill Richardson, said at the candidate forum that Obama should denounce Geffen's comments. "We Democrats should all sign a pledge that we all be positive," Richardson said.

Obama Dismisses Clinton Campaign Complaint (DMR)

Des Moines Register, February 22, 2007

Democratic presidential candidate Barack Obama, in Iowa today, responded to criticism from fellow senator and candidate Hillary Clinton's campaign that he's engaged in "slash and burn" politics.

Obama dismissed the Clinton campaign's demand that he apologize for remarks made by a Hollywood financial supporter who strongly criticized Clinton.

Obama said he "can't be responsible for the statements of every individual" and said voters and candidates alike have more pressing issues that deserve focus.

"My suspicion is that the voters in Iowa are more concerned about what both myself and Senator Clinton think about Iraq," Obama, a U.S. senator from Illinois, said.

Obama met with reporters at the state Capitol this afternoon prior to a scheduled town hall meeting tonight at the Polk County Convention Center. The event was expected to draw thousands of people. He also attended a private meeting with Iowa House and Senate Democrats.

Clinton's staff complained today about remarks by Los Angeles media mogul and former Clinton supporter David Geffen, who now supports Obama. "Everybody in politics lies, but they (the Clintons) do it with such ease, it's troubling," Geffen said in a New York Times column by Maureen Dowd.

Clinton's campaign demanded that Obama denounce Geffen's remarks and return donations he had made to the campaign.

"I think what's so surprising and disappointing is that Senator Obama has a discussion with the people of Iowa and America about the politics of hope and the need to change the tone of politics in this country," former Iowa attorney general

Bonnie Campbell, a senior campaign strategist for Clinton, said. " I find it inconsistent that he would not distance himself from what was clearly a personal attack on

Senator Clinton and the Clinton presidency, for that matter."

Although his campaign issued a response shortly after Clinton's statement, Obama said he had only heard of the comments upon getting off his plane in Des Moines.

"It's not clear to me, why would I be apologizing for someone else's remarks? I confess that I haven't read the whole article. My sense is that Mr. Geffen may have problems with the Clintons, but that doesn't affect this campaign," he said.

"I've said repeatedly I have the utmost respect for Senator Clinton. I consider her an ally in the Senate, and I will continue to consider her in that way throughout this campaign."

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Other Democratic presidential candidates and their staffs have already weighed in on the issue. Former Iowa Gov. Tom Vilsack said, in a statement, “The Democratic Party doesn’t have time for this kind of negative politics. David Geffen should apologize today for his statements about Bill and Hillary Clinton … The country doesn’t want to go down this road of personal insults.”

New Mexico Gov. Bill Richardson called for a positive campaign pledge. “We Democrats should sign a pledge that we are going to be positive. That is what the American people want and that is how we’re going to win it,” he said.

Today marked Obama’s second visit to Iowa in as many weeks. Obama chose the Iowa event over a Carson City, Nev., forum sponsored by the American Federation of State, County and Municipal Employees.

Obama cited a tight schedule as the reason he was unable to attend the Nevada forum.

“We were interested in campaigning here in Iowa; we had already started scheduling some things,” he said. “I have a slight disadvantage, as some of my other Senate colleagues do in terms of not having that many days … and we thought it was more important to be here in Iowa.”

Clinton, Obama Camps' Feud Is Out In The Open (WP)

By Chris Cillizza, Dan Balz

The Washington Post, February 22, 2007

An increasingly acrimonious competition between Sens. Barack Obama and Hillary Rodham Clinton to enlist the Democratic Party's leading fundraisers and operatives burst into the open yesterday, overshadowing what was billed as the presidential campaign's first gathering of candidates in Nevada.

While Clinton (N.Y.) and Obama (Ill.) have not for the most part taken their competition public, their campaigns in recent weeks have been trumpeting each victory, such as the recruitment of a major Boston-based rainmaker by Obama and a prominent African American state senator from South Carolina by Clinton.

The back-and-forth between the two campaigns has largely been fodder for political insiders. Yesterday, however, David Geffen, the music and film producer who is one of the party's most prominent donors, made the fight more public. In an interview with New York Times columnist Maureen Dowd, Geffen said that Clinton is "the easiest to beat" of the Democratic field and skewered her unwillingness to apologize for her 2002 vote to use force in Iraq. "It's not a very big thing to say 'I made a mistake' on the war, and typical of Hillary Clinton that she can't," Geffen said.

Geffen, who was a co-host of an Obama fundraiser Tuesday night in Los Angeles, saved even sharper criticism for former president Bill Clinton, to whom he was close before a falling-out over the pardoning of financier Marc Rich at the end of Clinton's second term. "I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Geffen said in an oblique reference to questions surrounding the former president's private life.

After seeing the comments yesterday morning, the Clinton campaign immediately issued a call for Obama to disavow Geffen's remarks and return his $2,300 donation, arguing that they were contrary to Obama's pledge to run a positive campaign.

"A day after Barack Obama goes out and eschews the politics of slash-and-burn, his campaign embraces the politics of trash," said Phil Singer, Clinton's deputy communications director, referring to a speech Obama made Tuesday in Las Vegas.

Obama communications director Robert Gibbs took a markedly different course. After refusing to get in the "middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," Gibbs pointed out that Hillary Clinton had recently praised Robert Ford, another South Carolina state senator who endorsed her and said the Democratic ticket would be in serious trouble if Obama was the nominee because of the color of his skin. Clinton distanced herself from that remark, and Ford later apologized for it.

Obama weighed in later. "It's not clear to me why I would be apologizing for someone else's remarks," he said in Iowa, where he had gone instead of the candidates forum because of a prior commitment. "My sense is that Mr. Geffen may have differences with the Clintons, but that doesn't really have anything to do with our campaign."

At the forum in Carson City, Nev., ABC's George Stephanopoulos, the moderator, asked Clinton whether she agreed with her campaign spokesman that Obama should disavow Geffen's comments.

Clinton did not answer directly. "I want to run a very positive campaign, and I sure don't want Democrats or supporters of Democrats to be engaging in the politics of personal destruction," she said. "I think we should stay focused on what we're going to do for America." She then added, to applause: "And, you know, I believe Bill Clinton was a good president. I'm very proud of the record of his two terms."

New Mexico Gov. Bill Richardson sided with Clinton and called on Obama to denounce Geffen's comments. "I think these name-callings are not good," he said. "I don't know Mr. Geffen. I don't know what was said. . . . But we don't need that. We Democrats should sign a pledge that we all be positive. That's what the American people want."

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While her campaign was on the attack against Obama, Clinton found herself on the defensive once more over Iraq. She was challenged again to explain her vote for the 2002 resolution authorizing the war and her reluctance to call that vote a mistake or to express regret for it.

"My vote was a sincere vote based on the facts and assurances that I had at the time," Clinton said. "And I have taken responsibility for my votes and I believe that none of us should get a free pass. It is us up to the voters to judge what each of us has said and done."

Yesterday's forum was sponsored by the American Federation of State, County and Municipal Employees (AFSCME). In addition to Clinton and Richardson, participants included Sen. Christopher J. Dodd (Conn.), former Iowa governor Tom Vilsack, former senator John Edwards (N.C.), Sen. Joseph R. Biden Jr. (Del.), Rep. Dennis J. Kucinich (Ohio) and former senator Mike Gravel (Alaska).

The forum highlighted the West's emerging role as a significant player in the Democratic nomination process. Nevada is scheduled to hold its caucuses five days after the Iowa caucuses, the second contest on the 2008 Democratic calendar.

AFSCME President Gerald McEntee said the union hopes to endorse one of the Democrats before the primary elections. But he said the process will be slower, given the union's experience of having endorsed Howard Dean four years ago, only to see his campaign implode.

Iraq and health care dominated the forum. Vilsack offered the clearest call for Congress to stop funding the Iraq war and bring the troops home. But Biden warned that hasty withdrawal could leave the region in chaos. "People say just get out," he said. "Everybody wants to get out, no one faster than I want to get out. But if that civil war metastasizes into a regional war, we're going to be sending your grandchildren back."

Dodd was asked whether Clinton should apologize for her vote on the war. "Senator Clinton will speak for herself," he said, adding: "When you've made a mistake, there's nothing wrong with admitting that, in my view. . . . It was a mistake, in my view, to vote the way we did five years ago on that resolution."

Edwards, who also supported the authorization of the war, issued what sounded like a clear challenge to the New York senator to say she is sorry for her vote.

"We need a leader who will be open and honest with you and with the American people," he said. "Who will tell the truth when they've made a mistake, who will take responsibility when they've made a mistake."

Asked whether what Clinton had said about her vote was inadequate, he replied, "Whether it's good enough is between her and her conscience. It's not for me to judge."

Clinton, Obama, Come Out Swinging (CHIT)

By Mike Dorning And Jill Zuckman

Chicago Tribune, February 21, 2007

BEVERLY HILLS, Calif. -- One day after Sen. Barack Obama made a glittery statement with a Hollywood fundraiser that brought in an impressive $1.3 million, the top two Democratic presidential contenders went after each other in the first big food fight of the 2008 presidential election.

It started when David Geffen slammed Sen. Hillary Rodham Clinton of New York in remarks published Wednesday morning, accusing the presidential candidate of lying with "such ease" compared to other politicians, dismissing her husband, former President Bill Clinton, as "reckless," and blasting the Clinton "machine." Geffen, a powerful Hollywood producer and executive, was once a major Clinton supporter but has switched to Obama and was a host of Tuesday's bash.

The Clinton campaign, perhaps stung by Obama's successful incursion into Hollywood, which at one time was unchallenged Clinton country, hit back hard, saying Geffen's comments contrasted poorly with the Illinois senator's self-promotion as a new breed of politician, unifying and optimistic.

"If Sen. Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr. Geffen from his campaign and return his money," said Clinton spokesman Howard Wolfson. "While Democrats should engage in a vigorous debate on the issues, there is no place in our party or our politics for the kind of personal insults made by Sen. Obama's principal fundraiser."

The Clintons have long been known for skilled, aggressive political infighting, and Geffen's comments provided a way for the Clinton campaign to test how Obama, relatively new to the national stage, would take a punch. It also was the first of what will no doubt be many attempts by rivals to knock the halo off Obama's head.

The Obama camp—eager to show that it knew how to handle criticism and could stand up to an experienced political warrior like Clinton—issued a biting statement.

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"We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," said Obama communications director Robert Gibbs. "It is ironic that the Clintons had no problem with David Geffen when he was raising them $18 million and sleeping at their invitation in the Lincoln bedroom."

Obama also took the opportunity to go on offense, suggesting that Clinton was being hypocritical, since she had not disavowed the recent comments of South Carolina state Sen. Robert Ford. Ford, who has endorsed Clinton, said last week that if Obama were the Democratic nominee, "Every Democrat running on that ticket next year would lose, because he's black and he's top of the ticket. We'd lose the House and the Senate and the governors and everything."

Gibbs said Wednesday that it is "ironic" that Clinton has praised Ford and accepted his support.

If both candidates had reasons for engaging in what might seem like a minor squabble, the spectacle of Clinton and Obama duking it out so early in the campaign was nonetheless striking. It was the sort of rat-a-tat-tat political spat that usually breaks out in the snowy cold of New Hampshire in the critical days before the nation's first presidential primary, rather than 11 months before that contest and almost two years before the 2008 election.

Geffen interview sparked spat

What ignited the battle of words was an interview with Geffen in Wednesday's New York Times by columnist Maureen Dowd, in which Geffen portrayed himself as disenchanted with both Clintons, their failure to always stand firm on principle and their style of political battle. "Everybody in politics lies, but they do it with such ease, it's troubling," he said.

He called Bill Clinton "a reckless guy" who "gave his enemies a lot of ammunition to hurt him and to distract the country." Geffen slammed Hillary Clinton for refusing to apologize for her vote to authorize the Iraq war. "It's not a very big thing to say, 'I made a mistake' on the war, and typical of Hillary Clinton that she can't," Geffen said.

Asked if Obama would be able to stand up to the Clinton machine, Geffen said, "I hope so, because that machine is going to be very unpleasant and unattractive and effective."

This rhetorical eruption came one day after Geffen—along with Steven Spielberg and Jeffrey Katzenberg, his partners in DreamWorks SKG—hosted a $2,300-per-person fundraiser for Obama at the Beverly Hilton, site of the glitzy Golden Globe Awards.

There was no red carpet, but stars of the entertainment world showed up in packs. Flashes popped in the hotel lobby as tourists spotted stars like Jennifer Aniston. She walked past purposefully, though she tossed her hair, turned and smiled when a fan with a digital camera yelled her name.

An all-star cast

Actors Ben Stiller, Eddie Murphy, Morgan Freeman, and Christine Lahti also showed up. Singers Jackson Browne and the Dixie Chicks' Natalie Maines were there. And so were producers Norman Lear, Ron Howard, Lawrence Bender, producer of Al Gore's "An Inconvenient Truth," and J.J. Abrams. The heads of several major studios also attended.

Tom Hanks and Denzel Washington bought tickets but did not show up.

Despite the star power, the event was a low-key affair. No cameras were permitted inside the fundraiser, which drew 300 guests and raised about $1.3 million, according to Katzenberg. Hotel security guards ejected camera crews and ushered out several reporters who had not registered as guests, explaining that they were acting on instructions from the organizers.

Barack, Hillary Trade Body Blows (NSDY)

By Glenn Thrush

Newsday, February 22, 2007

CARSON CITY, Nev. -- The Battle of Beverly Hills has begun.

Sens. Hillary Rodham Clinton and Barack Obama traded their first body blows Wednesday after Obama backer and Hollywood media titan David Geffen accused the Clintons of lying, recklessness and trying to establish an American monarchy.

The fight was waged through a series of heated e-mails from both campaigns Wednesday -- in which Clinton's top spokesman accused Obama of being a "slash & burn" politician and Obama's staff slammed the Clintons for using the Lincoln Bedroom as a cash register in the 1990s.

It hit a crescendo during a Democratic presidential candidates forum here Wednesday, when Clinton suggested that Obama and his campaign were engaging "in the politics of personal destruction."

Later, New Mexico Gov. Bill Richardson, Bill Clinton's former UN ambassador, agreed, calling on the Illinois senator to apologize.

The fracas began on Tuesday night, when Geffen, a media billionaire who was once a major Clinton moneyman, co-hosted a $1.3 million fundraiser with his DreamWorks partners and Clinton boosters Jeffrey Katzenberg and Steven Spielberg, who is hosting a Clinton fundraiser next month. Geffen also invited New York Times columnist Maureen Dowd to his Beverly Hills mansion to extol Obama and trash the Clintons.

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"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family," Dowd wrote in her column Wendesday, quoting Geffen, who unsuccessfully lobbied Bill Clinton to pardon convicted murderer Leonard Peltier in 2000.

Geffen went on to say Republicans are rooting for Clinton because "they believe she's the easiest to defeat," adding that the country was better served by bosses in "smoke-filled rooms" than by Clinton's pollsters and high-priced advisers.

"Everybody in politics lies, but they do it with such ease, it's troubling," he said of the Clintons.

The remarks largely upstaged the first forum of the 2008 primary, which Obama skipped for his West Coast swing.

The forum candidates were each interviewed separately here, with Clinton pledging to enact universal health care for all Americans by the end of a second term in the White House.

Former vice presidential candidate John Edwards criticized her approach, saying, "Anybody who comes into your state and tells you that they have a universal health care plan but they don't have a revenue source ... they might have a bridge in Brooklyn to sell you, too."

When moderator George Stephanopolous asked Clinton if Obama should renounce Geffen, she replied, "I sure don't want Democrats and supporters of Democrats to be engaging in the politics of the personal destruction. And I believe Bill Clinton was a good president."

She left the heavy hitting to her spokesman Howard Wolfson, who said earlier, "While Senator Obama was denouncing slash and burn politics ... was viciously and personally attacking Senator Clinton and her husband."

Added Wolfson: "If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr. Geffen from his campaign and return his money."

Campaigning in Iowa, Obama told the Associated Press, "It's not clear to me why I'd be apologizing for someone else's remark," he said.

His spokesman Robert Gibbs said, "It is ironic that the Clintons had no problem with David Geffen when he was raising them $18 million and sleeping in the Lincoln Bedroom."

Later, Geffen released a statement saying Obama had no reason to apologize because he held no official position with the campaign. The anti-Clinton tirade, he said, "reflect solely my personal beliefs regarding the Clintons."

An Insult From A Hollywood Money Man Sets Off A Democratic Feud (MCT)

By Steven Thomma

McClatchy, February 22, 2007

CARSON CITY, Nev. - What's a million dollars and a little back-stabbing among fellow Democrats?

Enough to set off the first full-scale fight of the fledgling 2008 presidential campaign between the front-runners, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

And perhaps enough to kill talk of a new, less hostile politics - and maybe even speculation about a Clinton-Obama or Obama-Clinton ticket.

At the center of the feud is David Geffen, the entertainment mogul who co-founded DreamWorks studio, helped Bill Clinton raise millions from Hollywood, then turned on his old friend. He hosted a star-studded fundraiser for Obama this week, then trashed the Clintons.

Geffen raised $18 million for Bill Clinton in the 1990s, when Clinton treated Southern California like an ATM. Hillary Clinton wanted the same ready cash.

But the Geffen who slept in the Lincoln Bedroom during the Clinton years is no longer their friend. Some say it's because a Geffen friend was passed over when President Clinton was handing out pardons on his last day in office. Some say it's more personal than that.

Either way, Geffen hosted a gala fundraiser for Obama on Tuesday, raised $1.3 million and introduced him to such glitterati as actress Jennifer Aniston and actor Eddie Murphy.

Twisting the knife, Geffen then told The New York Times that the Clintons are liars, that Hillary Clinton is coldly ambitious and that the former president hasn't changed his ways, an apparent reference to his womanizing.

"Everybody in politics lies, but they (the Clintons) do it with such ease, it's troubling," he said.

Clinton's camp fired back Wednesday, accusing Obama of hypocrisy for telling a Nevada audience Sunday that he opposes "slash and burn" politics even as his top fundraiser was attacking the Clintons.

"I want to run a very positive campaign and I certainly don't want the candidates or supporters to engage in the politics of personal destruction," Clinton said when she was asked about the brouhaha Wednesday.

Her aides went further.

"While Senator Obama was denouncing slash and burn politics ... his campaign's finance chair was viciously and personally attacking Senator Clinton and her husband," said Howard Wolfson, Clinton's campaign communications director.

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"If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr. Geffen from his campaign and return his money. ... (T)here is no place in our party or our politics for the kind of personal insults made by Senator Obama's principal fundraiser," Wolfson said.

Obama's camp returned fire, saying the Clintons liked Geffen well enough when he was raising money for them.

"It is ironic that the Clintons had no problem with David Geffen when he was raising them $18 million and sleeping at their invitation in the Lincoln bedroom," Obama spokesman Robert Gibbs said.

Gibbs accused Clinton herself of hypocrisy for accepting support from a South Carolina Democrat who's said that Obama's race would hurt him.

"It's a slim possibility for him to get the nomination, but then everybody else is doomed," said South Carolina state Sen. Robert Ford, who's black. "Every Democrat running on that ticket next year would lose - because he's black and he's top of the ticket."

Gibbs said it was "ironic that Senator Clinton lavished praise on Monday ... and is fully willing to accept today the support of South Carolina state Senator Robert Ford."

Democrats begin voting for their presidential nominee next January.

In Both Parties, 2008 Politeness Falls To Infighting (NYT)

By Patrick Healy, Jim Rutenberg

The New York Times, February 22, 2007

The sun was not yet up yesterday, and members of Senator Hillary Rodham Clinton's campaign team were confronted with the kind of attack that most infuriates them: one questioning the character of Mrs. Clinton and her husband.

To make matters worse, it came from David Geffen, the Hollywood executive who was once a big supporter of the Clintons but has since turned on them and is now backing Senator Barack Obama for the Democratic presidential nomination.

What followed was a remarkably caustic exchange between the Clinton and Obama campaigns that highlighted the sensitivity in the Clinton camp to Mr. Obama's rapid rise as a rival and his positioning as a fresh face unburdened by the baggage borne by Mrs. Clinton, the junior senator from New York. The Clinton camp seemed also to be sending a warning to mudslinging critics that they would be dealt with fiercely.

It began with a column in The New York Times by Maureen Dowd, in which Mr. Geffen said the Clintons lie "with such ease, it's troubling" and that the Clinton political operation "is going to be very unpleasant and unattractive and effective." Mr. Geffen called Mr. Clinton a "reckless guy" who had not changed in the last six years, and suggested that Mrs. Clinton was too scripted.

In a statement it fired off at 9:46 a.m., the Clinton campaign called on Mr. Obama to sever his ties to Mr. Geffen and return the portion of the $1.3 million that Mr. Geffen helped raise on Tuesday at a reception in Beverly Hills.

"While Senator Obama was denouncing slash-and-burn politics yesterday, his campaign's finance chair was viciously and personally attacking Senator Clinton and her husband," Howard Wolfson, the Clinton campaign communications director, said in a statement.

Bill Burton, a spokesman for Mr. Obama, responded with a statement less than an hour and a half later, saying it was "ironic that the Clintons had no problem with David Geffen" when he was "raising them $18 million and sleeping at their invitation in the Lincoln Bedroom."

The punch and counterpunch went on all day, transfixing the political world and overshadowing a gathering of all the Democratic candidates except Mr. Obama, the junior Illinois senator, at a union-sponsored forum in Nevada at which Mrs. Clinton faced criticism from some opponents about her Iraq stance.

The Democrats were not the only ones dealing with intramural warfare. On the Republican side, Vice President Dick Cheney struck back at criticism leveled against him and former Defense Secretary Donald H. Rumsfeld by Senator John McCain of Arizona, underscoring the often tense relationship between the White House and Mr. McCain.

The presidential campaign has been a relatively polite affair in its early stages, and the day marked an abrupt change of tone that exposed the intensity of the bad feeling bubbling just below the surface in both parties. None of the players showed much inclination to back off.

In an interview with ABC News in which Mr. Cheney was asked about Mr. McCain's criticism of Mr. Rumsfeld, the vice president responded by bringing up other McCain comments critical of Mr. Cheney's role in managing the war in Iraq, and said Mr. McCain had subsequently said he was sorry.

"John said some nasty things about me the other day," Mr. Cheney added, "and then the next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld."

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In response, Mr. McCain seemed to go out of his way to re-emphasize his assertion that Mr. Rumsfeld would be remembered as one of the worst defense secretaries in history, and to criticize the Bush administration more generally when he appeared at a news conference in Los Angeles to discuss initiatives to deal with global warming.

When asked about the administration's environmental record, Mr. McCain said, "I would assess this administration's record on global warming as terrible."

Asked by a reporter about his comments about Mr. Rumsfeld, Mr. McCain said, "The criticism of the conduct of the war I have voiced for more than three years when I saw that this train wreck was taking place."

Some minutes later, after the news conference had ended, Mr. McCain, unbidden, said to the reporter, "Sir, I stand by my comments about Secretary Rumsfeld, by the way."

Similarly, Mr. Geffen affirmed his view of the Clintons, saying he had been quoted accurately and that Mr. Wolfson was wrong in calling him the finance chairman of the Obama campaign (he said he had no formal role in the campaign).

Mrs. Clinton, asked Wednesday afternoon if Mr. Obama should denounce the Geffen remarks, declined to join in the hand-to-hand combat, but expressed general disapproval with the remarks while also defending her husband, which drew huge cheers from the audience of union members she was addressing.

"I want to run a very positive campaign, and I sure don't want Democrats or the supporters of Democrats to be engaging in the politics of personal destruction," she said at the forum of Democratic presidential candidates in Carson City, Nev. "I think we should stay focused on what we're going to do for America. And, you know, I believe Bill Clinton was a good president, and I'm very proud of the record of his two terms."

When pressed, she said she would leave it up to the Obama campaign to make its decision on Mr. Geffen, then noted that she was "excited" to be in Nevada "with the other candidates who came," a comment that only drew attention to Mr. Obama's choice to skip the event.

The Geffen remarks bubbled up throughout the forum. One candidate, Gov. Bill Richardson of New Mexico, said Mr. Obama should denounce Mr. Geffen's remarks. "If we're going to win, we have to be positive," Mr. Richardson said. "I think these name-callings are not good."

As he arrived in Iowa late yesterday afternoon, Mr. Obama was met with questions from reporters about the clash.

"It's not clear to me why I would be apologizing for someone else's remarks," Mr. Obama said. "My sense is that Mr. Geffen may have differences with the Clintons, but that doesn't really have anything to do with our campaign."

When asked whether he was proud of Mr. Geffen's support, the senator declared: "He hosted an event for me yesterday. Absolutely."

Obama advisers described the Geffen remarks as an insignificant blip and said they saw no political danger in letting them stand. While some supporters of Mrs. Clinton said they were worried that the campaign had lost its cool over Mr. Geffen, several Clinton advisers insisted that they were not overreacting.

One adviser, who is not part of Mrs. Clinton's day-to-day inner circle but speaks to her regularly about politics and fund-raising, said Mr. Geffen's comments might not shock "political insiders" in Washington or New York who are used to hearing bad things about the Clintons. But such criticism, especially from a former Clinton supporter like Mr. Geffen, could surprise and concern average voters in Iowa, New Hampshire and in other politically important states where they are starting to form impressions of Mrs. Clinton as a presidential candidate.

Other advisers said the Clinton camp was simply frustrated that Mr. Obama had received glowing media coverage, and was eager to call out his campaign for hypocrisy by contrasting the Geffen remarks with Mr. Obama's pledge to be positive.

"Obama has gotten under the campaign's skin for weeks now — especially his free ride in the media —and Hillary's people were just waiting for their first chance to attack his image as Mr. Positive," said one Clinton adviser who is not part of the day-to-day political operation.

Clinton-Obama Fight Rattles Party Faithful (WSJ)

By Jackie Calmes

The Wall Street Journal, February 22, 2007

Forget President Bush. The Hillary Rodham Clinton and Barack Obama presidential campaigns have gone after each other in an unusually early and nasty exchange, provoked by a big Hollywood donor.

An email fusillade yesterday left many Democrats shaking their heads that party infighting -- like everything else about the 2008 presidential campaign -- is starting so soon, nearly a year before the first nominating votes.

Aides argued all day over who started the exchange. Unaffiliated strategists in both parties suggested the Clinton campaign had overreacted, thus telegraphing concern over Mr. Obama's fresh-faced appeal and risking the ire of Hollywood

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backers and black voters. But they also said the Obama camp shouldn't have taken the bait and muddied its candidate's call for a new, positive politics.

The spark was a New York Times column quoting anti-Clinton remarks by film and recording mogul David Geffen, a former Bill Clinton supporter. On Tuesday night, he and his DreamWorks SKG co-founders, Steven Spielberg and Jeffrey Katzenberg, hosted a $1.3 million fund-raiser for Mr. Obama, a first-term senator from Illinois.

Mr. Geffen was quoted calling Sen. Clinton, of New York, an "incredibly polarizing figure" who was too scripted to admit her 2002 Iraq war vote was a mistake, and saying her husband was "a reckless guy" who "gave his enemies a lot of ammunition."

By the time most political reporters got to their offices, they had an email from Clinton spokesman Howard Wolfson: "While Sen. Obama was denouncing slash and burn politics yesterday, his campaign's finance chair was viciously and personally attacking Sen. Clinton and her husband."

He demanded Mr. Obama denounce Mr. Geffen's comments, remove him from the campaign and return his money. An Obama spokesman said Mr. Geffen has no official title or role in the campaign; Mr. Geffen said the same in a statement standing by his remarks.

Obama spokesman Robert Gibbs soon fired back. "We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," he wrote, before noting, "The Clintons had no problem with David Geffen when [he] was raising them $18 million and sleeping at their invitation in the Lincoln bedroom." That was a reference to the Clinton-era controversy over using the White House as a fund-raising tool.

Within an hour, Mr. Wolfson sent a final volley, in an email headlined "Obama Embraces Slash & Burn Politics." It noted that this week, in a campaign appearance in Nevada, Mr. Obama had railed against "the slash and burn politics that have become the custom in Washington."

On the subject of hypocrisy, the Obama camp countered that Mrs. Clinton had "lavished praise" Monday in South Carolina on a black state senator who supports her -- though he recently was quoted as warning that if Mr. Obama were the party's nominee, the Illinois senator would lose and drag the entire Democratic ticket with him "because he's black." The Clinton advisers said the campaign -- though not Mrs. Clinton personally -- had quickly issued a statement that "we strongly disagree" with the state senator. And he issued an apology, "if I caused anybody -- including myself -- any pain."

Later, campaigning in Iowa, Mr. Obama said, "It's not clear to me why I'd be apologizing for someone else's remark," according to the Associated Press.

For her part, Mrs. Clinton declined to be drawn further into the dispute at a forum of eight candidates in Carson City, Nev., yesterday. "I want to run a very positive campaign, and I sure don't want Democrats or the supporters of Democrats engaging in the politics of personal destruction," she said. Asked twice whether Mr. Obama should rebuke Mr. Geffen, she replied, "I'm going to leave that up to the other campaign."

Then, in what was seen as a dig at Mr. Obama, she said, "I'm glad to be here in Carson City." Mr. Obama had skipped the event, citing his prior campaign commitments in Iowa.

Later at the forum, another rival, New Mexico Gov. Bill Richardson, was asked whether Mr. Obama should denounce Mr. Geffen. He quickly said yes, then added, "I don't know what was said."

Gentle Jabs Turn To Punches For Clinton, Obama (LAT)

By Tina Daunt And Peter Wallsten, Times Staff Writers

The Los Angeles Times, February 22, 2007

Remarks by David Geffen spark the first direct attacks between the two camps.

In her run for the White House, Sen. Hillary Rodham Clinton eventually was going to face the legacy of the more unsavory episodes of her husband's two terms as president. But in a surprise Wednesday, the first person to draw wide attention to some of the old controversies was not a Republican candidate or the "vast, right-wing conspiracy" that the Clintons have assailed, but a leading liberal at the heart of Hollywood.

Comments from entertainment mogul David Geffen, which were highly critical of the Clintons, reverberated through the presidential campaign and prompted the first direct attacks between the camps of Clinton — a New York senator — and Sen. Barack Obama of Illinois. Considered the two leading Democratic candidates, they until now had traded only gentle jabs in genteel language.

Geffen talked about why he had soured on the Clintons, his longtime allies, and was instead backing Obama. He called Sen. Clinton an "incredibly polarizing figure," criticized her husband's 2001 pardon of fugitive financier Marc Rich and suggested that Bill Clinton's personal habits would damage his wife's campaign, hurting Democratic hopes of retaking the White House next year.

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"Everybody in politics lies, but they do it with such ease, it's troubling," Geffen said of the Clintons in a New York Times interview published Wednesday.

The comments marked an escalation in the battle between Sen. Clinton and Obama for Hollywood money. Geffen, who had raised millions of dollars for the Clintons over the years, on Tuesday hosted a $1.3-million fundraiser for Obama.

His remarks prompted the Clinton campaign to demand that Obama sever all ties to Geffen and return his campaign donations, citing Obama's past denunciation of "slash and burn" tactics. The interview also sparked a brawl of the billionaires in Los Angeles.

Responding to Geffen's comments, media mogul and Clinton supporter Haim Saban said: "David is allowing his emotions to cloud his better judgment, and I'm frankly surprised, to say the least, at the venom in his statement."

Saban, who made a fortune on the Mighty Morphin' Power Rangers, wrote in an e-mail to the Los Angeles Times that Geffen "knows in his heart of heart, that Hillary is the most qualified person to be the next president of the USA. Why would he lie to himself?"

The dispute comes at a crucial time for Clinton, who had been counting on strong support from Hollywood to help her post big fundraising numbers and build momentum by enhancing her front-runner status in the party. Supermarket magnate Ron Burkle remains one of Clinton's most ardent backers, and her strategists are hopeful that a Burkle fundraiser set for March will raise even more than Geffen raked in this week for Obama.

But Clinton now risks allowing Geffen to become a focal point among donors and primary voters in search of an alternative to her candidacy. That possibility gained potency this week when Obama, a figure in national politics for only three years, proved he could draw interest from major donors in a town that has long been dominated by the Clintons and was expected to line up behind Sen. Clinton's candidacy.

Husband's role

Moreover, the episode highlighted the predicament facing Clinton as she decides what role her husband should play in her campaign.

Bill Clinton remains popular among many key constituencies, but Geffen's comments dredged up controversies that could haunt the couple in 2008, such as fundraising tactics in which donors were rewarded with White House sleepovers, and the pardons he issued at the end of his term to Rich and others. By calling the former president a "reckless guy" and doubting that he "has become a different person" since leaving office, Geffen also seemed to be reviving images of Bill Clinton's impeachment over his dalliance with former intern Monica S. Lewinsky — an episode that contributed to the Clintons' polarizing reputation.

Wednesday's eruption coincided with Bill Clinton's official entry into the campaign with a fundraising letter to supporters.

"The attacks on Hillary haven't stopped, and she hasn't stopped winning," the former president wrote.

In Hollywood, Clinton campaign officials have moved aggressively to limit Obama's inroads and force longtime donors to back the former first lady.

Her campaign chairman, Terry McAuliffe, recently warned donors that Clinton would remember those who did not back her. "You are either with us, or you're against us," McAuliffe told potential donors during a dinner at Saban's house.

So far, the appeal has not succeeded. Some, such as Geffen and fellow DreamWorks studio co-founder Jeffrey Katzenberg, have been drawn to Obama, 45, while others are following the lead of Norman Lear in supporting multiple candidates to foster a dynamic debate.

When Lear, the legendary TV sitcom producer, was told of McAuliffe's comments this month, he responded: "What's Hillary going to do? Jail me?"

Adopting Lear's strategy are singer Barbra Streisand, former Paramount Pictures head Sherry Lansing and another DreamWorks founder, Steven Spielberg — all of whom are giving early contributions to multiple candidates.

Democratic Race Gets Rolling With Nevada Forum (USAT)

By Jill Lawrence

USA Today, February 22, 2007

CARSON CITY, Nev. — Democratic presidential candidates defended their histories on Iraq, offered their ideas for ending the war and opened fault lines on taxes and health care Wednesday in the first major forum of the 2008 nomination race.

Eight hopefuls showed up for the forum, sponsored by the American Federation of State, County and Municipal Employees. The only absentee was Illinois Sen. Barack Obama, in Des Moines for a town meeting.

New York Sen. Hillary Rodham Clinton faced questions on two awkward issues from moderator George Stephanopoulos of ABC News, a former aide in her husband's White House. First he asked why she won't say her 2002 vote to authorize the use of force in Iraq was a mistake. "My vote was a sincere vote based on the facts and assurances I received at the time," Clinton said.

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Stephanopoulos also asked Clinton about a "press-release scuffle" that broke out Wednesday between her campaign and Obama's over comments made by Hollywood mogul David Geffen to The New York Times. Geffen called Bill Clinton "a reckless guy" who gave his enemies ammunition; criticized Hillary Clinton for refusing to admit a mistake on the war; called them both liars; and said he had gotten in trouble with them for helping Obama.

The Clinton camp demanded that Obama cut ties with Geffen and return cash associated with him. The Obama camp said Clinton should renounce support from South Carolina state Sen. Robert Ford. Ford, who is black, said Democrats would lose with Obama "because he's black." He later apologized. Geffen, meanwhile, said his remarks reflect "my personal beliefs regarding the Clintons" and he has "no formal role" in Obama's campaign.

Asked whether Obama should denounce Geffen's remarks, Clinton replied: "I'm going to leave that up to the other campaign." She said she wants to run "a very positive campaign. I sure don't want Democrats or supporters of Democrats to be engaging in the politics of personal destruction." She added that she is "very proud" of her husband's two terms.

New Mexico Gov. Bill Richardson, who was Bill Clinton's U.N. ambassador and Energy secretary, said Democrats should pledge not to attack one another. Asked whether Obama should denounce the Geffen comments, he replied: "Yes. If we're going to win, we have to be positive."

Nevada is a newcomer to the early primary season; its caucuses are scheduled Jan. 19. The forum, held before 750 in a community center and 400 more in an overflow site, was the first of at least five events scheduled this year in the state.

Iraq dominated much of the session. Former North Carolina senator John Edwards and Connecticut Sen. Chris Dodd tried to set themselves apart from Clinton. Edwards, who wants to start bringing U.S. troops home now, said it is time for a leader "who will tell the truth when they've made a mistake." He said he was "wrong to vote for this war." Dodd said that "I made a mistake and I don't know" are two responses politicians dislike. He added it was "a mistake" to vote for the war and called for "a surge of diplomacy."

Another senator who calls his vote a mistake, Foreign Relations Committee Chairman Joseph Biden of Delaware, said he had "vastly underestimated" the Bush team's incompetence. The question now is "What next?" he said, and pushed his plan to partition Iraq.

Richardson and former Iowa governor Tom Vilsack did not cast votes on Iraq. "What have you done today to end this war in Iraq? It needs to be ended now," Vilsack exhorted the audience. Richardson said Congress should "deauthorize" the war.

Ohio Rep. Dennis Kucinich, an early war opponent, said it must be hard for candidates to say they were "tricked, deceived, misled" and said he wasn't. Former Alaska senator Mike Gravel said the war isn't worth "one more American dead."

The Democrats endorsed expanded health care but differed on how to pay for it. Clinton said she wants to find a way to provide universal care "without putting billions more into the system when we already spend so much more than anybody else." Vilsack and Richardson said they would expand coverage without tax hikes.

Edwards has proposed a universal health care plan financed by repeal of Bush's tax cuts on households making over $200,000. Anybody who says they don't need new revenue to pay for universal care, "they might have a bridge in Brooklyn they want to sell you, too," he said.

Clinton In Attack On Obama Over Donation (FT)

By Edward Luce

Financial Times, February 22, 2007

The US presidential campaign on Wednesday took a nasty turn when Hillary Clinton demanded that Barack Obama, her closest rival for the Democratic nomination, return campaign donations from a Hollywood mogul who had made “vicious attacks” on her personality.

Mrs Clinton’s office was responding to a column by Maureen Dowd in Wednesday’s New York Times in which David Geffen, the Hollywood executive and prominent Obama supporter, was quoted as having disparaged Mrs Clinton.

Mr Geffen, who organised a $1.3m (€1m, £660,000) election fund-raising event for Mr Obama in Los Angeles on Tuesday was a one-time supporter of Bill Clinton who fell out with the former president and his wife in 2001.

Mrs Clinton on Wednesday called upon Mr Obama, who launched his campaign last month with the promise to put an end to the “slash and burn” politics of Washington, to return the money donated by Mr Geffen and to repudiate his remarks.

“If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks, remove Mr Geffen from his campaign and return the money,” she said. “There is no place in our party for the kind of personal insults made by Senator Obama’s principal fundraiser.”

Mr Geffen was quoted as having said: “I don’t think another polarising figure – no matter how smart she is and no matter how ambitious she is – and God knows, is there anybody more ambitious than Hillary Clinton? – can bring this country together.” He also criticised Mrs Clinton for refusing to admit she made a mistake in voting to authorise the Iraq war in 2002.

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On Wednesday, Mr Obama, who is posing an increasingly credible challenge to Mrs Clinton's frontrunner status for the Democratic nomination, came close to accusing her campaign of hypocrisy.

In a statement, Robert Gibbs, Mr Obama's communications director, referred to the fact Mr Geffen had stayed at the White House in the 1990s when Mr Clinton was president.

"It is ironic that the Clintons had no problem with David Geffen when he was raising them $18m and sleeping at their invitation in the Lincoln bedroom," Mr Gibbs said.

"We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters."

Mr Obama, who is the first African American with a serious shot at the White House, also referred to an incident in South Carolina last weekend where Robert Ford, who is a prominent black supporter of Mrs Clinton's campaign, said Mr Obama's nomination would doom other Democratic candidates "because he's black". Mr Ford apologised.

"This campaign is already getting out of control," said a seasoned Democratic operative in Washington. "It is only February 2007 and they're already at each other's throats."

Hillary, Obama Producing Their Own Hollywood Drama (WT)

By Christina Bellantoni

The Washington Times, February 22, 2007

The two top Democratic presidential candidates sparred yesterday as a political battle played out Hollywood-style in a possible preview of the fight to come for superstar dollars.

Democrats with eyes on the White House are playing roles in the Hollywood primary, which is almost as crowded as the real contests in Iowa and New Hampshire.

Starring in yesterday's drama were Sen. Barack Obama of Illinois and Sen. Hillary Rodham Clinton of New York, whose rival campaigns feuded over some comments made by a major Hollywood player who helped raise $1.3 million for Mr. Obama.

The fundraising figure impressed pundits, but the headline of the day featured remarks that music and movie producer David Geffen made about Mrs. Clinton and her husband, former President Bill Clinton.

The fundraiser on Tuesday was hosted by Mr. Geffen's DreamWorks/SKG colleagues Steven Spielberg and Jeffrey Katzenberg. Mr. Spielberg has promised to hold similar parties for Mrs. Clinton and former Sen. John Edwards of North Carolina, but Mr. Geffen is supporting Mr. Obama.

"Obama is inspirational, and he's not from the Bush royal family or the Clinton royal family," he told New York Times columnist Maureen Dowd.

Mr. Geffen in the column called Mrs. Clinton "polarizing" and said he thinks Republicans will use Mr. Clinton against his wife if she gets the nomination. He called the former president a "reckless guy." Mr. Geffen also criticized Mrs. Clinton for refusing to apologize for her October 2002 vote to authorize the Iraq war.

The Clinton campaign demanded Mr. Obama disavow the comments, quoting his own promise to avoid "slash-and-burn" politics.

"If Senator Obama is indeed sincere about his repeated claims to change the tone of our politics, he should immediately denounce these remarks ... and return his money," said Clinton spokesman Howard Wolfson.

Obama spokesman Robert Gibbs noted that Mr. Geffen had raised millions for Mr. Clinton and famously slumbered in the Lincoln Bedroom.

"We aren't going to get in the middle of a disagreement between the Clintons and someone who was once one of their biggest supporters," Mr. Gibbs said.

He added that Mrs. Clinton accepted the support of South Carolina state Sen. Robert Ford, who said recently that if Mr. Obama got the nomination, "everybody else is doomed."

"Every Democrat running on that ticket next year would lose -- because he's black and he's top of the ticket. We'd lose the House and the Senate and the governors and everything," Mr. Ford said, according to the Associated Press. He later apologized when his remarks drew wide criticism.

Mr. Wolfson wasn't satisfied with Mr. Gibbs' response, saying it called into question whether Mr. Obama "really believes his own rhetoric."

He added, "When one of Senator Clinton's supporters made an inappropriate statement, her campaign disavowed it immediately and the supporter apologized for his words. Why won't Senator Obama do the same?"

Mr. Geffen said yesterday the quotes were accurate and reflect "solely my personal beliefs regarding the Clintons."

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News reports and the Dowd column both have blamed the Geffen-Clinton rift on Mr. Clinton's not pardoning Leonard Peltier, an American Indian sentenced to life imprisonment 30 years ago for murdering two FBI agents and on whose behalf Mr. Geffen has advocated.

At a campaign forum in Nevada yesterday, Mrs. Clinton managed to dodge a question about the dust-up while working in a dig at Mr. Obama, the only candidate who did not attend because he was campaigning in Iowa.

"I want to run a very positive campaign, and I sure don't want Democrats or the supporters of Democrats to be engaging in the politics of personal destruction," she said.

But when asked by forum host George Stephanopoulos whether Mr. Obama should denounce Mr. Geffen's remarks, Mrs. Clinton said: "I'll leave that up to the other campaign. I'm glad to be here in Carson City."

She then noted her appreciation for "the other candidates who came."

Despite the celebrity drama yesterday, Mr. Obama's star-studded event was well-received. Actress Jennifer Aniston of television's "Friends" fame told a reporter that she finds Mr. Obama to be "lovely," and Dixie Chicks singer Natalie Maines praised Michelle Obama, the first-term senator's wife. Also in the crowd at the Beverly Hilton were comedian Ben Stiller, director Ron Howard and actors Morgan Freeman and Eddie Murphy.

During the $2,300-per-ticket fundraiser Mr. Obama praised the glitterati for the cultural impact of such films as "Hotel Rwanda" and "Schindler's List," saying "What an enormous power that is, what an enormous responsibility."

The line resembles one from the megamovie "Spider-Man," in which Peter Parker's Uncle Ben tells the superhero: "Remember, with great power comes great responsibility."

Ron Burkle, a supermarket tycoon, will host his own Hollywood fundraiser for Mrs. Clinton next month. Hollywood A-listers Tom Hanks, Jerry Seinfeld and Martin Scorsese are expected to attend.

The other Democrats in the race are also wooing Hollywood stars, whose names often are as important as the checks they write.

Mr. Edwards, the 2004 vice-presidential nominee, was a featured guest on HBO's "Real Time With Bill Maher" on Friday. He also raised $100,000 last week with television actors in Hollywood, according to the New York Times.

Singer and actress Barbra Streisand has made $2,300 donations to Mrs. Clinton, Mr. Obama and Mr. Edwards.

Should former Vice President Al Gore decide to jump into the presidential race, he could trump all the Hollywood cash seekers by becoming an Oscar winner Sunday night. His film on climate change, "An Inconvenient Truth," has been nominated for best documentary.

Former Iowa Gov. Tom Vilsack last week stopped by the "Tonight Show" to exchange yuks with Jay Leno and even jokingly offered fellow guest and comedian Jim Carrey a spot on his presidential ticket.

Rivals At Democratic Presidential Forum Push Positions On Iraq War Into Spotlight (NYT)

By Patrick Healy

The New York Times, February 22, 2007

CARSON CITY, Nev., Feb. 21 — Two Democratic presidential rivals of Senator Hillary Rodham Clinton applied more pressure on her over Iraq on Wednesday, extolling the virtue of admitting mistakes about the war — which she has not done — and comparing politicians who do not with President Bush.

The toughest words, here at the first Democratic candidate forum of the 2008 race, came from former Senator John Edwards of North Carolina. He said Americans needed “a different kind of leadership” than that provided by the current president who, Mr. Edwards said, had refused to admit error on Iraq. Mr. Edwards has apologized for his 2002 vote to authorize military action in Iraq; Mrs. Clinton cast the same vote and has stood by it while also criticizing the war strategy.

“We need a leader who will be open and honest with you and with the American people — who will tell the truth, who will tell the truth when they’ve made a mistake, who will take responsibility when they’ve made a mistake,” Mr. Edwards said at a forum sponsored by the American Federation of Federal, State and Municipal Employees.

“If we want to live in a moral and just America and we want America to be able to lead in a moral and just world, we need a leader who is honest, open and decent,” he added.

Asked by the forum’s moderator, George Stephanopoulos of ABC News, about Mrs. Clinton’s explanation that her vote was cast based on a sincere belief in military intelligence provided at the time, Mr. Edwards replied: “Whether it’s good enough I think is between her and her conscience. It’s not for me to judge.”

Another candidate, Senator Christopher J. Dodd of Connecticut, who has also renounced his 2002 vote, said there was “nothing wrong” with admitting mistakes.

“There are two things that people in public life — two responses people in public life never like to give, and I don’t understand why: ‘I made a mistake’ and ‘I don’t know,’ ” Mr. Dodd said. “I’ve made them in the past. I’ll make them in the future.”

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Because the forum rules prevented direct engagement among the candidates — indeed, they appeared one at a time — Mrs. Clinton could not respond immediately. Once it was her turn, she reiterated her opposition to the war and outlined her new plan to cap troop levels and start withdrawing some units from Iraq within 90 days.

If the president does not move in that direction, she added, "I think we should require that he has to seek additional Congressional authority, because it has run out on what George Bush has tried to do in Iraq."

Of the major Democratic candidates, only Senator Barack Obama of Illinois was absent; he was campaigning in Iowa. Yet he was here in spirit: At times the focus of the forum, and of some reporters, drifted to the e-mail attacks on Wednesday between the campaign war rooms of Mrs. Clinton and Mr. Obama over an Obama donor's personal criticism of the Clintons this week.

David Geffen, the entertainment executive, in an interview with a columnist for The New York Times, described Mrs. Clinton as "incredibly polarizing" and "ambitious," and said Mr. Clinton may make trouble for his wife by causing a new scandal in their lives. Mrs. Clinton pushed back at the forum, to applause from the audience of public employee union members, by saying candidates and their allies should not "be engaging in the politics of personal destruction."

Not everyone seemed to agree with that. Outside of the event here in the capital of Nevada, which is scheduled to hold the second round of presidential caucuses next January, leaflets calling Mrs. Clinton unelectable were tucked under the windshield wipers of cars. The leaflets, of unknown provenance, were titled "Why Can't She Win?" and cast her as unpopular with liberals over the war and with conservatives over just about everything.

Other than Iraq, health care insurance was the subject of greatest discussion, with most of the candidates promising to push for universal coverage. Gov. Bill Richardson of New Mexico promised that he would not increase taxes to expand health care, but rather focus on preventative care, while Mr. Edwards repeated plans for a huge health care program that would include higher taxes on wealthy Americans.

"I think we have reached a place in American history where small baby steps, incremental steps, are not enough — we need big, transformational change," Mr. Edwards said to some applause.

Mrs. Clinton, who has been portrayed by Edwards advisers and others as an incrementalist, said she wanted to develop a plan to provide universal care without spending billions of dollars more, given that the United States already spends significantly more on health care than any other nation.

Yet she also presented herself as a bold goal setter, recalling President John F. Kennedy's pledge to put a man on the moon in a decade.

"I want to have universal health care coverage by the end of my second term, and with everybody working on that, I think we can do it," she said to applause.

Edwards Needles Clinton About Iraq Vote (AP)

By Beth Fouhy

AP, February 21, 2007

Former Sen. John Edwards jabbed gently at Sen. Hillary Rodham Clinton on Wednesday in the first all-candidates forum of the 2008 Democratic presidential campaign, saying her refusal to disavow a 2002 vote on Iraq was "between her and her conscience."

"It's not for me to judge," said Edwards, who — like Clinton — voted in 2002 to authorize the invasion of Iraq, but unlike her, has since apologized for his vote.

The event format did not permit Clinton to respond to Edwards' swipe, which stood out on an afternoon in which Democrats launched serial attacks on President Bush's war policies.

"The worst we can do is tear each other down," said New Mexico Gov. Bill Richardson, who called on his Democratic rivals to sign a pledge to avoid negative campaigning and concentrate their energy on taking the White House away from the Republicans next year.

Among Democratic presidential contenders, only Barack Obama skipped the event, which was hosted by the American Federation of State, County and Municipal Employees Union. The Illinois senator campaigned in Iowa instead.

The convergence of so many candidates underscored Nevada's newfound importance in the 2008 nominating campaign. The state will hold caucuses on Jan. 19, five days after the lead-off Iowa caucuses and presumably only a few days before New Hampshire's first-in-the-nation primary.

In their time on stage, several of the candidates made an explicit pitch for the votes of union members, stressing their backing for legislation designed to make it easier to join unions, for example.

Edwards, Clinton and others drew cheers when they voiced support for universal health coverage, and Rep. Dennis Kucinich of Ohio vowed to pull the United States out of NAFTA soon after taking office in the White House.

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But the Iraq war overshadowed all else at the two-hour event, Democrat after Democrat vying to show their eagerness to end U.S. participation in a conflict that has resulted in the deaths of more than 3,100 U.S. troops.

"Sign me up. No negatives," Sen. Joe Biden of Delaware said just after Richardson made his appeal. Moments later, though, he spoke dismissively of congressional efforts merely to stop Bush's plan to deploy additional troops. "Don't talk about capping and all that. Do something," he said.

Clinton and Obama support separate bills to prevent an increase in troop levels above those in effect in January.

Kucinich was more direct. He said he had voted against authorizing the war in 2002, adding, "People are looking for a president who does the right thing when it matters the most."

Former Sen. Mike Gravel of Alaska, a quarter-century out of office, was the eighth candidate. "I don't think it's a big deal whether I get elected president or not," he said at one point.

The event occurred on a day in which aides to Obama and Clinton clashed over remarks made by DreamWorks founder David Geffen, a one-time supporter of President Clinton who has lined up behind the Illinois senator in 2008.

The Hollywood mogul was quoted in the New York Times as saying while "everybody in politics lies," the former president and former first lady "do it with such ease, it's troubling." Aides to the New York senator promptly called on Obama to give back a campaign donation from Geffen.

Clinton sidestepped a question of whether Obama should denounce Geffen's remarks. "I sure don't want Democrats or supporters of Democrats to be engaging in the politics of personal destruction," she told moderator George Stephanopoulos.

Sen. Chris Dodd of Connecticut, the first to speak, brushed aside a suggestion from some administration allies that the withdrawal of troops from Iraq would create chaos.

"How much more chaos could there be in Baghdad than exists today?" he asked to applause from the audience at a union-sponsored event near the Nevada state capitol.

"Time has run out on what President Bush has tried to do in Iraq," said Clinton when she took her turn on stage. She touted her legislation to begin a troop withdrawal within 90 days, and as she has repeatedly, declined to apologize for her vote to authorize the war in 2002.

Former Iowa Gov. Tom Vilsack struck a similar note. "I want to challenge every single one of you and ask a simple question, what have you done today? What have you done today to end this war in Iraq?

"It needs to be ended now. Not six days from now, not six months from now. Not six years from now. It needs to be ended now, and it is up to you," he said.

Edwards, the party's 2004 vice presidential nominee, said it was time to begin a troop withdrawal. "I voted for this war. I was wrong to vote for this war. I should never have voted for this war. I take responsibility for that. No one else is responsible for it.

He added, "But the truth is, if we want to live in a moral and just America, and we want America to be able to lead in a moral and just world. We need a leader who is honest, open and decent and trying to do the right thing."

Stephanopoulos asked Edwards moments later whether he had been referring to Clinton.

"Well, whether it's good enough I think it's between her and her conscience. It's not for me to judge," said the former North Carolina senator.

The program called for each contenders to make brief opening comments, then field three questions from Stephanopoulus, an ABC News broadcaster and former aide in Bill Clinton's White House. That meant, for example, that Clinton was backstage when Edwards spoke.

The Republican National Committee used the forum to try to put its own spin on the candidates, releasing "research documents" containing unflattering critiques of each of the Democrats hours before the event.

In recent years, Democrats have sensed political opportunity in the mountain West, a fast-growing region long dominated by Republicans. Nevada, with its large Hispanic population and influential labor unions, was considered a battleground state in 2004, and President Bush won the state by just 3 percentage points.

Ex-Senate Leader Daschle Endorses Obama (AP)

AP, February 21, 2007

Sen. Barack Obama won the endorsement Wednesday of former Senate Majority Leader Tom Daschle, who said the White House hopeful "personifies the future of Democratic leadership in our country."

Daschle said Obama has a "great capacity to unify our country and inspire a new generation of young Americans, just as I was inspired by the Kennedys and Martin Luther King when I was young."

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Obama began his term in the Senate after Daschle lost his seat in 2004. But the South Dakotan served in the Senate with several of the other Democratic presidential hopefuls, including Sens. Hillary Rodham Clinton of New York, Joe Biden of Delaware, Chris Dodd of Connecticut and John Edwards, a former lawmaker.

Daschle said the party was "very fortunate to have an extraordinary field of candidates."

No Way To Elect A President (WP)

By David S. Broder

The Washington Post, February 22, 2007

When Senate Majority Leader Harry Reid announced plans to hold an unusual Saturday session last week to vote on the House-passed resolution opposing President Bush's plan to send more U.S. troops into Iraq, he disrupted the schedules of at least six of his colleagues who are running for president.

Joe Biden and John McCain were both supposed to spend the day in Iowa; Hillary Clinton, in New Hampshire; Chris Dodd, in South Carolina; Barack Obama, in South Carolina and Virginia; and Sam Brownback, in Florida.

It's only February of 2007, but from the schedules these presidential hopefuls -- and their rivals -- are keeping, you would think the primaries were almost upon us. Plenty of campaign consultants were aggravated that Reid was inconsiderate enough to let a little matter such as the Iraq war intrude on their important work of getting their candidates elected -- next year.

What we have, friends, is a remarkably distinguished field of candidates vying in an election system that has become truly insane.

I think the 16 men and one woman actively pursuing the presidency right now constitute a classy assemblage. The front-runners are people of substantial stature; the long shots include many who, in other years, would have been thought of as formidable challengers.

But the process in which they are engaged is bizarre -- and getting more so, every time you look.

Ever since 1976, the first presidential election year after the Democrats "reformed" their nominating rules, the states have been trying to increase their influence by racing to the head of the line of primaries. The result has been that a selection system that used to begin in March now is over in February -- at the latest.

The Democrats are mostly to blame for this mad rush to judgment, but neither party has tried seriously to apply the brakes. Their indulgence of this breakneck competition among the states means that someone is likely to put a death grip on each party's nomination before most Americans have begun to size up his or her capacity to be president. The second consequence is a numbingly long general election campaign: a nine-month marathon that leaves contenders and voters exhausted.

It also drives the cost of the election right through the ceiling -- and makes the candidates spend untold hours courting those with the wealth to finance their campaigns. Serious students of the process proclaim this to be the first billion-dollar election and predict the old system of partial public financing, with its spending controls, will be shattered to bits by the runaway money chase.

How did all this come to pass? Well, it began innocently enough with both parties giving official sanction to the traditional early kickoff contests -- the Iowa caucuses and the New Hampshire primary. But as other states began inching forward, Iowa and New Hampshire advanced their dates, bit by bit, into January.

This year, the Democrats triggered a new stampede by deciding -- on grounds of diversity -- to cram the Nevada caucuses into the week between Iowa and New Hampshire and add a South Carolina primary just a week later.

Those four January events may be followed by a Feb. 5 blowout that will very possibly end the race. Four mega-states -- Florida, Illinois, Texas and California -- are all advancing legislation that would move their contests up to that date. Alabama may sneak in three days earlier, and other states are considering jumping in.

This is madness. There is no way that candidates can really communicate their qualifications, their aspirations and their policies to millions of people in widely scattered locales in a week's time or less. The campaign will be reduced to 30-second TV spots, sound-bite debates and airport tarmac rallies.

Long ago, the late Mo Udall, the canny congressman from Arizona who finished second to Jimmy Carter in the 1976 primaries, proposed the best solution I've ever heard.

He urged the parties to adopt a simple rule: Any state could hold a nonbinding contest any day it wants, but delegates to the national conventions would be seated only if elected on the first Tuesday of March, April, May or June. That way you would get spacing between the events to allow for serious examination of the choices and, probably, a mixture of results that would keep the race open until the end.

What we have now is so out of kilter that senatorial candidates can barely tend to their duties a year before the first primary.

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Ex-lawmakers Find Work With Lobbyists (USAT)

By Matt Kelley

USA Today, February 22, 2007

The cozy relationships between lawmakers and lobbyists that embarrassed Congress and cost some lawmakers re-election haven't stopped the revolving door between Capitol Hill and the lobbying industry that seeks to influence legislation.

Five of the 39 ex-lawmakers rejected by voters three months ago landed jobs at firms that seek to influence Congress. The hires include two Republicans — Curt Weldon of Pennsylvania and Conrad Burns of Montana — who lost in part because of allegations of ethical lapses.

Federal law requires lawmakers to wait a year after leaving office to lobby Congress, but lets former Congress members advise lobbyists and clients. The Senate passed a bill that would extend that "cooling-off" period to two years and also ban ex-lawmakers from advising others during that time. The House of Representatives has not taken up that issue.

Weldon, a former member of the House Armed Services Committee, was named chief strategic officer this month by Defense Solutions, a defense contractor that consults and lobbies for other companies. One of the company's executives, in a previous job, benefited from federal funds secured by Weldon.

A series of FBI raids at the homes and offices of his lobbyist daughter and her business associates and clients became a major issue in Weldon's campaign. He has said he did not help her obtain contracts.

Burns was hired last month as a senior adviser by Gage LLC, a lobbying firm headed by his former chief of staff and whose clients benefited from funding Burns inserted into spending bills.

Burns lost his Senate seat after Democrat Jon Tester criticized his ties to Gage and lobbyist Jack Abramoff, who was sentenced to prison last year for fraud. Burns received about $150,000 in donations from Abramoff and his associates and clients. Burns, who returned the money, has said he didn't help Abramoff.

Weldon and Burns did not return phone calls seeking comment.

Others who have joined lobbying firms:

·Former congressman Jim Davis, D-Fla., who lost to Republican Charlie Crist in the race for Florida governor, joined Holland & Knight, a large law and lobbying firm. Davis said he will work mostly in Florida with occasional visits to Washington to advise clients. Managing partner Howell Melton Jr. said in a statement last month that the Democrat "will be a valuable asset to our clients now that the new majority in Congress has convened."

·Former congresswoman Nancy Johnson, R-Conn., joined law and lobbying firm Baker, Donelson, Bearman, Caldwell & Berkowitz, which touted her health care credentials — including her role in crafting the Medicare drug benefit. Democrat Christopher Murphy, who defeated Johnson, criticized the drug benefit and her ties to the pharmaceutical industry. Johnson did not return messages seeking comment.

·Former congressman Richard Pombo, R-Calif., on Tuesday joined Pac/West Communications, a lobbying and public relations firm. Pombo chaired the House Natural Resources Committee, and Pac/West's clients include timber and oil companies. Pombo said he will advise grass-roots groups on how to be politically effective.

Democrats made ethics an issue in last year's elections. Former congressman Bob Ney, R-Ohio, pleaded guilty last year to Abramoff-related corruption charges and in 2005, former congressman Randy "Duke" Cunningham, R-Calif., pleaded guilty to taking $2.4 million in bribes from businessmen seeking Pentagon contracts.

Can Free Trade Be A Fair Deal? (WP)

By Harold Meyerson

The Washington Post, February 22, 2007

Within the past year, an important new debate has taken shape, though it's not likely to be the focus of any forthcoming presidential debates as such. It is likely, however, to distinguish liberal from centrist thinking for decades to come.

The debate begins at the familiar flash point of trade -- more particularly, with the realization of business elites and their political champions that the nation's free-trade policies have become threatened by growing public anxiety over our economic future. While corporate profits soar, individual wages stagnate, held at least partly in check by the brave new fact of offshoring -- that millions of Americans' jobs can be performed at a fraction of the cost in developing nations near and far. November's elections, in which voters sent to Congress a freshman class composed almost entirely of free-trade skeptics, rang alarm bells on both Wall Street and K Street.

In reaction not just to November but to reams of economic data showing that the U.S. median income has flat-lined, such longtime champions of free-trade orthodoxy as former Clinton Treasury secretary Robert Rubin have changed their tune. Maintaining and extending our trade agreements is still their holy writ, but to compensate for whatever leveling effect trade may

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have on Americans' incomes, they now call for wage insurance to help workers who've been compelled to take lower-paying jobs than the ones they lost. As call centers relocate to India, the Rubinauts call for extending trade adjustment assistance to service as well as manufacturing workers. They call for a universal health-care system delinking insurance from employment, so that U.S. companies can compete globally without having to be the only corporations in an advanced economy that cover their workers' medical costs. They call for improving our education system so that American workers can be more competitive.

These domestic policy proposals all have merit; the question is whether they're remotely sufficient to the challenge of a globalized economy. In fact, there are nations with advanced economies that trade even more than we do and have still managed, chiefly through domestic policies, to retain high levels of economic equality and vitality: the nations of northern Europe. Trade constitutes a higher percentage of Scandinavian nations' gross domestic product than it does ours, with little of the downward-leveling and, accordingly, anti-trade backlash that we experience. Their secret is a series of job-training and placement policies, a bigger and better-paying public sector than ours, and the fact that their leading trade partners are other high-wage European nations.

The cost of creating this economic security while remaining globally competitive isn't cheap. In the March issue of the American Prospect (which I edit), my colleague Robert Kuttner calculates that these nations devote roughly 15 percent more of their GDP to governmental outlays than the United States does. That pencils out to roughly $2 trillion a year that we'd have to shift to the public sector to build an economy in which globalization wouldn't be viewed as so dire a threat. Neither Rubin, a true believer in balanced budgets, nor anybody functioning in the real world of American politics is calling for anything this far-reaching to reshape the U.S. economy.

Free-trade skeptics such as I believe that these domestic reforms, while overdue, are not enough. We argue that there need to be rules for the global economy that protect workers no less than investors, that global minimum wage standards, say, are no less necessary in a global economy than national minimum wage standards are in a national economy. Our challenge is that absent a global government, a global polity, such standards are excruciatingly difficult to create -- though altering the rules of the World Trade Organization would be a good place to start.

And so the debate: Is it possible, in a globalized economy, to have decent capitalism in one country? Or must enforceable laws be enacted to create a more egalitarian global economy, just as the New Deal here and social democratic governments in Europe established the framework for broadly shared prosperity on a national scale in the middle of the last century?

The historically minded may hear in this debate a dim echo of a Soviet controversy of 80 years ago, in which Stalin argued it was possible to build Soviet-style socialism in one country while Trotsky insisted that without global socialism, Russian socialism was bound to fail. Today's debate, fortunately, concerns the fate of a vastly more benign system: decent capitalism. And -- since neither a Scandinavian conversion nor a global government is just around the corner -- it is a debate that will pit the left against the center probably for the next half-century.

meyersonh@washpost.com

EDITORIAL: Mortgage Insecurities (NYT)

The New York Times, February 22, 2007

If the bankers, investors and regulators who populate the global financial markets are not already anxious, they should be. The easy money that has buoyed the global economy for much of this decade is getting harder to come by.

At a similar point a decade ago, Russia defaulted on its foreign debt and Asia came unglued, weakening global growth. This time, the trigger could be the rapid erosion in the quality of American home mortgages — reflected in surging delinquencies and rising defaults.

Two economists, Mark Zandi and Juan Manuel Licari of Moody's Economy.com, detailed the dangers recently. In 2005 and 2006, lenders wrote an estimated $3.2 trillion in new home mortgages, which was a record — and lowered their credit standards considerably to do it. In 2005 alone, 20 percent of the mortgages taken out were "subprime" — made to borrowers with poor credit — and many more had worrisome features like interest-only payments.

Not surprisingly, as interest rates rose last year, mortgage delinquencies soared. Delinquency rates are expected to peak in 2008 at over 3 percent, well above the level of the last recession. Many of these risky mortgages were sold to investment banks, who carved them up into complex i.o.u.'s that they sold to investors worldwide. More than 20 percent of global private debt securities is now tied to housing in the United States. That works out to $7.5 trillion — far larger than the market for United States Treasuries. So if America's mortgage market heads south, the losses could be widespread.

The odds of a global financial crisis are still low, according to Mr. Zandi and Mr. Licari, but they are rising. There is not a lot now that can be done about the risks in the mortgage market. But the growing possibility of hard times ahead is another argument for rolling back many of the recent excessive tax cuts, so the government will have more resources available to respond if a crisis comes.

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Rigged Game In Richmond (WP)

The Washington Post, February 22, 2007

THE DECK is stacked in Richmond this week as negotiators from Virginia's House of Delegates and Senate try to find the first new money for transportation in a generation. Specifically, it is stacked in favor of a flawed plan that would use unstable, unreliable funding sources to produce an anemic cash flow.

Witness the negotiators on the House-Senate conference committee, whose mission is to fashion a compromise between competing transportation funding formulas. Just two of the 12 negotiators are Northern Virginians, despite the fact that the region accounts for one-third of the state's population, 40 percent of its economy and at least half its traffic headaches. Ten of the 12 negotiators are Republicans. And, thanks to some artful parliamentary maneuvering, 11 of the 12 negotiators named to the conference committee voted for the House-backed funding package, which is less responsible than the Senate's approach.

The chances of this group of lawmakers forging a genuine compromise are not promising. Rather, they appear to be planning a package similar to the House's original one, which they hope to present to the Senate with the clock ticking -- the legislature is scheduled to adjourn Saturday -- and dare the senators to reject it, as they have once already on a preliminary vote. It's an all-or-nothing gambit that plays chicken with the commonwealth's best interests.

The problem with the House funding package is twofold. First, it would produce barely more than half of the $700 million a year in new transportation funding that Northern Virginia desperately needs. Second, it would pay for improvements to the state's roads and rails in part by diverting $250 million annually in state funding for public schools, higher education, health care, human services and public safety. It would, in other words, throw transportation into the same competitive pool as other spending priorities, meaning that whatever amount is promised for road-building now could be chipped away or redirected in its entirety at the first sign of inclement budgetary weather. And then what -- highway projects abandoned halfway through construction? Federally matched Metro funding suspended?

Transportation has long been treated as a special case in Virginia (as in other states) and funded from separate, dedicated, dependable revenue sources in the knowledge that road-building projects are long-term undertakings. That Republicans in the House are allergic to new taxes, and that all 140 seats in the General Assembly are on the ballot this year, does not change that basic reality.

Rather than shove the House plan or something close to it down the Senate's throat and see whether it gags, the conferees would be wiser to offer a real compromise. That would entail limiting transportation's dependency on unreliable general fund revenue while drawing on some new, more sustainable revenue source -- perhaps along the lines of a fee for all newly registered vehicles, such as the one that Sen. John H. Chichester (R-Northumberland) has proposed and that the Senate has endorsed. By incorporating elements of both plans, negotiators may produce a package that neither the House nor the Senate adores but that makes sense for a state too long starved of money for essential infrastructure projects.

Rice Urges Iran To Reconsider Defiance As Nuclear Deadline Passes (AFP)

By David Millikin

AFP, February 22, 2007

As Iran ignored a UN deadline Wednesday to suspend its nuclear reprocessing activities, US Secretary of State Condoleezza Rice urged the Islamic republic to reconsider its defiance and accept an offer of better relations with Washington.

"The Iranians have unfortunately not acceded to the international community's demands," Rice said after talks here with German Foreign Minister Frank-Walter Steinmeier.

Rice, in Berlin for a meeting of the so-called Quartet of Middle East peace mediators, said she would be consulting with her major power counterparts on the next steps to take concerning Iran's nuclear programme.

The United States has said it will seek to expand sanctions imposed on Iran on December 23 because of Tehran's refusal to suspend a uranium enrichment programme it and others fear is a cover for the development of nuclear weapons.

The UN Security Council resolution gave Iran 60 days to comply, but Iranian President Mahmoud Ahmadinejad on Wednesday vowed to press ahead with the nuclear programme.

"Achieving nuclear energy is very important for the progress and development of our country," Ahmadinejad told a public rally.

Tehran insists its program is only to provide fuel for nuclear power plants, but highly enriched uranium can also provide material to make atomic weapons.

Rice re-affirmed a US offer, first made last May, to end a 27-year rupture in American-Iranian relations if they comply with the UN conditions.

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Together with the other four permanent members of the UN Security Council plus Germany, Washington also pledged to help Iran develop a peaceful nuclear energy programme if it would halt its own enrichment activities.

"We offered to reverse 27 years of policy to engage in the context of the six (parties) and I said I would meet with my Iranian counterpart any place, any where, any time if they suspend," she said.

"I want to emphasize that the best course would be for Iran to suspend its uranium enrichment and reprocessing activities so we can return to negotiations," Rice said at a press conference.

"That's the purpose of having pressure on the Iranian regime," she said.

Rice was expected to discuss the issue of increasing the sanctions pressure against Iran with Steinmeier, Russian Foreign Minister Sergei Lavrov and EU foreign policy chief Javier Solana on the sideline of the Berlin meeting.

The limited sanctions resolution adopted in December specifically target trade and officials involving Iran's nuclear and ballistic missile programmes and Russia, which has close economic ties with Iran, is expected to resist further punitive measures.

The next step in the UN process is a report to be released by the head of the UN nuclear watchdog by Friday confirming that Iran is pushing ahead with uranium enrichment.

Iran Risks Further Isolation, Says US (FT)

By Daniel Dombey

Financial Times, February 22, 2007

Iran faced further isolation if it failed to meet United Nations demands to curb its nuclear programme, the US's national security adviser warned on Wednesday.

On the day of a UN deadline, Stephen Hadley argued that the Bush administration's concerns were shared by Russia, in spite of the split between Moscow and Washington on issues such as missile defence.

"Regrettably, the Iranian regime has pursued a policy of pursuing a nuclear programme in defiance of the international community and the result is that it is increasingly isolated," he said. However, an expected report on Iran's nuclear programme by Mohamed ElBaradei, the UN's chief nuclear watchdog, was delayed yesterday, for finishing touches.

Mr Hadley added that Moscow's recent decision to delay work on Iran's light water reactor at Bushehr – ostensibly because of Tehran's failure to pay Russian contractors promptly – indicated the Kremlin's worries about Iran's nuclear ambitions.

"They have been increasingly concerned about the proliferation risks associated with Bushehr," he said. "They have entered into understandings with Iranians to mitigate some of those risks," he added, referring to Russia's agreement with Tehran to take back spent nuclear fuel.

Mahmoud Ahmadi-Nejad, Iran's president, yesterday rallied public support for the programme in speeches in the northern province of Gilan, claiming that nuclear technology would "push Iran 50 years ahead".

The US and Israel have frequently warned that Iran could reach a "point of no return" and master uranium enrichment.

U.S. Weighs Extra Steps On Iran (WSJ)

By Neil King Jr. And Jay Solomon

The Wall Street Journal, February 22, 2007

WASHINGTON -- Amid signs of economic unease in Iran, the U.S. and its European partners are weighing another set of financial restrictions on Tehran, including the possibility of targeting companies run by the country's elite Revolutionary Guard Corps.

· The Goal: Officials from the U.S. and Europe say that U.N. sanctions on Iran are working and plan to pursue further financial restrictions in the Security Council to force Tehran to the negotiating table.

· The Alternative: If the Security Council doesn't act, as is likely, the Bush administration will take its own measures, and is keen to find ways to home in on the growing business operations of the Revolutionary Guard, Iran's paramilitary force.

· The Hurdle: Despite rising friction among various factions in Iran over how to proceed on the nuclear front, there are few suggestions so far that the Iranian government plans to bend.

U.S. and European officials say that the move toward a second round of United Nations sanctions, which would likely involve freezing the overseas assets of certain Iranian companies or individuals, reflects their cautious optimism that sustained pressure on Tehran might succeed in bringing the country to the negotiating table over its nuclear program. International financial restrictions, including a U.N. package in December, have stirred significant debate within Iran about the wisdom of confrontation with the outside world, as the economy there begins to show signs of distress.

Bush administration officials say they are also considering ways for the U.S. to ramp up pressure on its own if countries within the U.N. Security Council balk at sterner steps, as is likely. The administration is particularly keen to find ways to home in

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on the growing business operations of the Revolutionary Guard, the country's secretive paramilitary force also known as the IRGC.

Keeping up the pressure may not be easy. Of the five permanent members of the Security Council, France, Britain and the U.S. are eager to push ahead on a second resolution and have already begun to consider some potential targets. But China and, above all, Russia are wary of pushing too hard. "Russia will control the pace of things going forward," said one U.S. official.

The December resolution gave Iran a 60-day ultimatum to freeze its uranium-enrichment work or face stiffer economic sanctions. The West alleges Iran is pursuing nuclear weapons under the guise of a civilian nuclear program; Iran insists it is developing an independent energy source. The U.N. deadline lapsed yesterday, without any signs of compromise from Iran.

Despite rising friction among various factions in Iran over how to proceed on the nuclear front, there are few suggestions so far that the Iranian government plans to bend. President Mahmoud Ahmadinejad said earlier this week that Iran might be willing to suspend its uranium-enrichment work if other countries did the same, an offer the U.S. quickly rejected. Yesterday, he said in a speech that the U.S. and others will not "thwart the will of the Iranian nation to achieve the peaceful use of nuclear technology."

Still, the combination of U.N. sanctions and more-focused U.S. financial actions has already scared away some international business from Iran and increased the cost for Iran of conducting international trade. Recent U.S. moves to isolate Iranian banks and companies from international financial circles have led several major European banks to cut off their operations in Iran. So far, European trade with Iran hasn't slumped substantially.

Current and former U.S. officials say they are now focusing on how to combat the IRGC, which is seen as the power base behind Mr. Ahmadinejad's presidency and the central Iranian player supporting militant Islamist groups such as Hezbollah and Hamas. The IRGC is also central to Tehran's pursuit of unconventional weaponry, and it has increasingly taken a leading role in Tehran's business activities, particularly gaining concessions in lucrative oil and gas deposits, U.S. officials say.

The December U.N. resolution singled out the financial assets of two of the IRGC's top leaders, Major Gen. Yahya Rahim Safavi and IRGC Air Force chief Gen. Hosein Salimi. It alleged that both are aiding Iran's pursuit of nuclear technologies and long-range missiles.

Some U.S. officials now want to expand these sanctions to target the financial assets of the IRGC. These officials argue that the listing of the two IRGC leaders in the December resolution gives the international community legal grounds to try to freeze all IRGC assets internationally. The IRGC's oil and gas investments are seen as particularly vulnerable, because they often would involve foreign partners or foreign financing to succeed. Some U.S. officials believe many Iranians would support sanctions against the IRGC, because the organization is gaining a greater hold over Iran's overall economy.

Singling out the IRGC "buttresses domestic criticism of the regime's cronyism; and it pulls at the purse strings of the specific element of the Iranian bureaucracy responsible for the region's most egregious behavior," said Matthew Levitt, who served as the Treasury's deputy assistant secretary for intelligence and analysis until last month.

Some U.S. and European officials working on Iran said there isn't yet a consensus internationally or in Washington to challenge the IRGC directly. Others disagree over whether the U.N. mandate provides the legal grounds to try to freeze the IRGC's assets, while some U.S. diplomats worry that taking a confrontational stance against the IRGC risks undermining continuing efforts to find a negotiated settlement over Iran's nuclear program.

A second U.N. sanctions resolution would most likely seek to expand the list of targeted Iranian companies and individuals whose assets abroad would be frozen, U.S. and European officials said. The U.S. may try to include more IRGC officials, or even IRGC companies, on an expanded list, although that debate has yet to begin among U.N. Security Council members, which would need to approve any new sanctions on Iran.

The December resolution demanded that countries freeze the assets of 10 companies and organizations and 12 individuals involved in Iran's nuclear and ballistic missile programs. That list was the result of months of debate between the U.S., Britain, France and Germany on one side, and Russia on the other. China was less involved in the negotiations. Moscow, in particular, resisted the imposition of any restrictions that would take aim at Iran's economy generally or that would impede its continuing construction of a nuclear-energy plant in Iran.

Iran's President Vows To Keep Enriching Uranium Despite Expiration Of U.N. Deadline To Stop (NYT)

By Graham Bowley And Brian Knowlton

The New York Times, February 22, 2007

Unbowed by international pressure, Iran's president vowed yesterday to press ahead with the country's uranium enrichment program, even as a United Nations deadline to shut the program down passed.

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President Mahmoud Ahmadinejad said Iran had a right to pursue nuclear technology and "will continue our work to reach our right in the shortest possible time," according to the ISNA news agency. Speaking in Siahkal in northern Iran, Mr. Ahmadinejad said, "Obtaining this technology is very important for our country's development and honor."

The United Nations seems unlikely to take swift action, because of a sense that the limited sanctions already imposed on Iran by the Security Council are working. Two Council ambassadors in New York and officials in Washington indicated that Iran's stance had become less truculent and more flexible.

A report by the International Atomic Energy Agency, expected to be released today, will detail the extent of Iran's compliance with the United Nations demands.

The report may intensify the debate among Western governments about whether to impose more punishing sanctions. It may also deepen the debate within the Bush administration over whether and when to take military action.

Though Mr. Ahmadinejad took a hard line yesterday, he has said in recent days that Iran is prepared to negotiate and offered to stop enriching uranium if Western nations did the same — a proposal that the Bush administration dismissed out of hand.

"Do you believe that's a serious offer?" Tony Snow, the White House press secretary, said yesterday. "It's pretty clear that the international community has said to the Iranians, 'You can have nuclear power, but we don't want you to have the ability to build nuclear weapons.' And that is an offer we continue to make."

Germany, which along with France and Britain has led negotiations with Iran on behalf of the European Union, held out hope that talks could be reconvened, but only if Tehran sent clear signals of its sincerity.

American-led efforts to build pressure on Iran gained a prominent backer yesterday when India announced that it had banned the export of anything that could assist the Iranian nuclear program.

In contrast to past instances, when the United States and other countries have cited Iran's noncompliance as a reason for prompt international action, diplomats said that the only political conversations now in progress about Iran were taking place within national governments, and that United Nations ambassadors in New York had not yet met to discuss their ideas. They said efforts to formulate a United Nations response to the broken deadline would probably take many weeks.

A Dangerous Partnership (WSJ)

By Ilan Berman

The Wall Street Journal, February 22, 2007

Financial pressure by the U.S. and other Western governments in recent weeks is beginning to have a real impact, chilling investment into Iran's energy sector and ratcheting up the costs of the regime's atomic effort. But these gains are in danger of being erased, thanks to the growing economic partnership between Tehran and Beijing.

In late December, China's third-largest national energy conglomerate, the China National Offshore Oil Corporation (Cnooc), signed a memorandum of understanding to develop Iran's massive North Pars natural gas field. Under the prospective deal, worth a whopping $16 billion, Cnooc would cooperate with the National Iranian Oil Company to develop and liquefy the field's estimated 80 trillion cubic feet of natural gas. At around the same time, another Chinese firm, PetroChina, inked a deal to annually import some three million tons of liquefied natural gas from Iran over a quarter-century. PetroChina's parent company, the China National Petroleum Corporation (CNPC), has followed suit, finalizing a $3.6 billion project to explore and exploit Iran's South Pars gas field.

In the process, Beijing has put the Bush administration on the horns of a major policy dilemma. The first part of the problem is practical. Cnooc is a publicly traded company on the New York Stock Exchange. So is PetroChina. As such, both potentially are subject to the provisions of the 1996 Iran-Libya Sanctions Act (ILSA), which is intended to curb Iran's "ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them." It does so by authorizing the White House to impose a number of concrete economic penalties -- from prohibitions on large-scale U.S. bank loans to restrictions on the procurement of goods -- on foreign corporations engaged in commerce in the U.S., which also do more than $20 million annually in business with Tehran. The message of the law, as written by Congress, was clear: You can trade with us, or with Iran, but not with both.

But when it comes to China, the situation is not so simple. Cnooc, PetroChina and CNPC are not just private entities; they are appendages of the Chinese Communist Party, and de facto instruments of its foreign policy. The application of sanctions against them, therefore, would be tantamount to an act of economic warfare -- and the Bush administration has little stomach for a trade war (or worse) with China.

The second issue is strategic. Already, other foreign multinationals have begun to take their cues from Beijing. Royal Dutch Shell has, along with Spain's Repsol, just concluded a preliminary agreement with the Iranian regime worth an estimated $4.3 billion for the construction of a liquefied natural gas plant and port terminal in the Islamic Republic. Malaysia's L1, meanwhile,

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recently signed a deal worth nearly $3 billion to build a refinery in Iran's Khuzestan province. Needless to say, these deals have struck a body blow to the recent progress made by Washington in isolating the Islamic Republic financially.

Reversing this trend is bound to be an uphill battle. Over the past decade, ILSA has been honored entirely in the breach, with the U.S. consistently failing to apply its provisions to foreign violators.

The one time that it came even remotely close to doing so was in 1998, against Russia's Gazprom, France's TotalFinaElf and Malaysia's Petronas. But the Clinton administration ultimately chose to waive ILSA provisions in the spirit of international cooperation -- and as a sop to the new, "reformist" government in Tehran. That decision became the model for subsequent violations by companies such as Italy's ENI, Canada's Sheer Energy and Norway's StatOil. Each time, Washington's calculus has been the same: bilateral trade over international security.

This is a major miscalculation. Bilateral sanctions are a critical tool in the U.S. economic arsenal. By actively enforcing such measures, policy makers in Washington have the ability to hammer home the point that trade with an increasingly intransigent Iranian regime is not cost-free -- and to force Iran's trading partners to choose between doing business with Tehran and conducting commerce with the U.S.

At the end of the day, China's economic interests are understandable. Runaway economic growth has brought with it a voracious appetite for energy, and Iran has emerged as one of China's largest oil suppliers. As a result, policy makers in Beijing have studiously avoided making a choice on Iran's nuclear program, even as they provide the Iranian regime with the economic tools to accelerate it.

The failure of the Bush administration to take Beijing to task, however, is far less comprehensible. U.S. policy must be geared toward making China and its economic fellow travelers aware of the gravity of the unfolding Iranian nuclear crisis -- and providing them with the political rationale to make the right choices about partnership with Tehran. Raising the costs for China to do business in the Islamic Republic seems like a very good place to start.

Mr. Berman, vice president for policy at the American Foreign Policy Council, is the author of "Tehran Rising: Iran's Challenge to the United States" (Rowman & Littlefield, 2005) and editor of the forthcoming "Taking on Tehran" (Rowman & Littlefield, 2007).

Splits Emerge Between U.S. And Europe Over Aid For Palestinians (NYT)

By Helene Cooper

The New York Times, February 22, 2007

BERLIN, Feb. 21 — Fractures between the United States and Europe began to appear Wednesday over whether the new Palestinian unity government was likely to receive international economic support even as the Middle East peace negotiators officially continued their wait-and-see approach.

After the meeting here of representatives of the so-called quartet of Middle East peace negotiators — the United States, Russia, the United Nations and the European Union — the group released a statement that “reaffirmed” its support for a Palestinian government that would recognize Israel and renounce violence.

Secretary of State Condoleezza Rice has said repeatedly that unless the new unity government meets those conditions, the United States will continue its economic boycott of the Palestinian government. So far, the Saudi-brokered government, which included the moderate president, Mahmoud Abbas of Fatah, and the militant Islamic movement Hamas, does not.

But European officials appeared more willing to hold out the possibility of finding members of a new unity government with whom to work. “There are ways that we can be flexible,” one European official said.

The Russian foreign minister, Sergey V. Lavrov, who has said that the United States and Europe should look for ways to engage Hamas, was pointed during a news conference about not threatening to continue the boycott if the new government did not recognize Israel.

The quartet communiqué said, “Clearly in this statement we support the formation of a new Palestinian government,” Mr. Lavrov said. “It was also underscored that further steps must be taken to support the Palestinians. One certainly shouldn’t speak of a boycott in this regard.”

In the United States Congress, Representative Nita M. Lowey, Democrat of New York, is blocking $86 million that the Bush administration wants to strengthen Mr. Abbas’s security forces. An aide to Ms. Lowey said she would lift the hold when the State Department provided guarantees that the money would be used only for nonlethal security assistance, like uniforms and communications equipment.

The United States and other Western countries cut off close to $1 billion in direct aid to the Palestinian government after Hamas won last year’s parliamentary elections.

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The United States will have a tough balancing act as it tries to keep the quartet united in an economic boycott of the Palestinian government while trying to bolster Mr. Abbas in peace talks with Israel. Those talks, which began Monday with a summit meeting between Mr. Abbas and Prime Minister Ehud Olmert of Israel, ended a few hours later with little sign of progress.

Mr. Abbas has maintained that he agreed to the pact to end the violence between Hamas and Fatah, which has left more than 100 Palestinians dead.

Meanwhile, in Jerusalem, Mr. Olmert said Wednesday that he was willing to meet "again and again" with Mr. Abbas. But he also made clear that serious peace negotiations were unlikely unless the Palestinian government was willing to recognize Israel.

"The agreement signed between Fatah and Hamas does not promise any change in the basic policy toward Israel," Mr. Olmert said at a news conference.

Hamas says it has no objections to Mr. Abbas's negotiating with Israel, but Mr. Abbas has limited authority, and Mr. Olmert indicated that would limit the scope of their discussions.

United Front On Unity Government (WP)

By Glenn Kessler

The Washington Post, February 22, 2007

BERLIN, Feb. 21 -- European and U.S. officials on Wednesday sought to play down emerging differences over the new Palestinian unity government during a meeting of a high-level group that monitors efforts to end the Israeli-Palestinian conflict.

The meeting of the Quartet -- made up of the United Nations, the European Union, Russia and the United States -- came as Palestinian Authority President Mahmoud Abbas started a tour of Europe to promote the unity accord he had reached with the Hamas militant group. He met with British Prime Minister Tony Blair and also planned to visit Paris, Berlin and Brussels.

U.S. officials say they were surprised that Abbas struck the deal, which angered Israeli officials and cast a pall over a summit that Secretary of State Condoleezza Rice brokered in Jerusalem this week between Abbas and Israeli Prime Minister Ehud Olmert.

European officials have been much more receptive to the unity government, saying it might be a way to encourage Hamas to eventually accept a peace deal. European officials note that some possible members of the government are seasoned and respected Palestinians with no links to terrorism.

"I hope very much that the national unity government will be part of the solution and not part of the problem," the E.U. foreign policy chief, Javier Solana, said at a news conference after the meeting.

In a statement laden with diplomatic code words, the Quartet welcomed Rice's efforts and reaffirmed that a Palestinian government must be committed to nonviolence, recognize Israel and honor previous agreements with Israel. But the group also said it was exploring an expansion of a European aid pipeline to the Palestinians.

In Israel, Olmert suggested to foreign journalists that Abbas, whose Fatah movement lost parliamentary elections to Hamas in January 2006, would not be able to enforce any agreement that emerged from peace talks with him. "A body which does not represent the majority today amongst the Palestinians will not be able to actually carry out any commitment that will make any such talks valuable or meaningful," Olmert said.

A day earlier, Olmert's spokeswoman, Miri Eisin, said that future contacts with Abbas, if he allows Fatah to join the Hamas-led unity government, would be limited to discussion of conflict-management issues such as prisoners and checkpoints and roadblocks in the occupied territories.

U.S. officials, distributing transcripts of Olmert's news conference, sought to emphasize that elsewhere in his remarks, Olmert did not close the door to the peace efforts launched by Rice. They noted that Olmert said he was "absolutely loyal" to eventually creating a Palestinian state.

An Israeli official, asked to explain Olmert's remarks on condition of anonymity, said the Israelis would continue bilateral discussions on fighting terrorism and improving life for the Palestinians, while keeping the door open to contacts with Abbas.

U.S. officials originally hoped that Abbas would be able to use a possible peace deal to defeat Hamas in another election. But those hopes were dashed when Abbas, saying he needed to end intra-Palestinian violence that has left scores dead, reached an accommodation with Hamas.

Quartet Plays Wait-and-see With Palestinian Government (AFP)

By Deborah Cole

AFP, February 22, 2007

A meeting of the Quartet for Middle East peace wrapped up with major powers saying they will await the formation of the new Palestinian unity government before deciding whether to lift aid and diplomatic embargoes.

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The meeting was the second this month bringing together Russia, the European Union, the United States and the United Nations -- the Quartet behind the roadmap for Middle East peace drawn up in 2003.

But the two-hour talks left the diplomatic riddle posed by the power-sharing deal between Palestinian president Mahmud Abbas and the Islamist movement Hamas unsolved.

"We will make a decision when it is time to make a decision but there is not yet a Palestinian unity government," Rice said when asked about the Quartet's position on existing embargoes.

The statement, read by UN chief Ban Ki-moon, reiterated the Quartet's demands to begin normal diplomatic relations with the Palestinian Authority: recognising Israel, renouncing violence and honouring past agreements with the Jewish state, including the roadmap.

It added the Quartet agreed to continue to meet regularly and that the next gathering of the four powers would take place in the Middle East "soon."

Hamas, which the US, the European Union and Israel call a terrorist organisation, has not yet clearly agreed to the West's conditions.

Long an advocate of a softer line on Hamas than Washington has taken, Russian Foreign Minister Sergei Lavrov chose to emphasise the Quartet's support of an end to the Palestinian power struggle.

"The statement that the UN Secretary General has just read is quite clear -- it supports the formation of a new Palestinian government and in this context it was underscored that further steps must be taken to support the Palestinians," he said, adding that the statement did not mention the boycott.

Rice, who is trying to convince her allies to withhold recognition of the unity government unless Hamas meets international principles for peace, said the Palestinian leadership should not expect any flexibility on the issue.

"When one talks about peace between Israelis and Palestinians, it has to be on the basis of internationally accepted principles," she said.

"How can it be that you have talks about peace if one party does not accept the right of the other party to exist? How can it be that you have discussions about peace when a party will not renounce violence?

"In that sense the complication of not fully having a Palestinian government that clearly accepts the Quartet principles I think should be well understood."

The embargo imposed by the Quartet after January 2006 elections that Hamas won has caused widespread economic hardship in the Palestinian areas and there is growing unease in Europe over the measures.

EU foreign policy chief Javier Solana called on the Palestinian leadership to fulfill its international commitments to pave the way forward.

"I hope very much that the national unity government will be part of the solution and not part of the problem," he said.

A senior EU official said earlier that Europe tended to take a more positive view of the Palestinian unity government than the United States but added that all saw the inclusion of Hamas in the government as problematic.

"But nobody wants to give money to Hamas, nobody," the official said.

Rice also emphasized the importance of continuing to support Abbas in his power struggle with Iranian-backed Hamas.

Abbas, long portrayed by Washington as the best "partner for peace" with Israel, has embarked on a diplomatic offensive of his own. He is touring Europe to defend the unity government deal.

He insists the agreement reached between his Fatah faction and Hamas should satisfy the Quartet principles since it obliges the new unity government to respect international resolutions and agreements signed by the Fatah-led Palestine Liberation Organisation -- meaning deals with the Jewish state.

Rice held an inconclusive summit Monday in Jerusalem with Abbas and Israeli Prime Minister Ehud Olmert.

Palestinians earlier urged the Quartet powers to give their incoming government a chance.

"We hope the Quartet will take a positive approach towards the government and not resort to pressure and boycott," said Ghazi Hamad, spokesman for the Hamas-led government.

Israel has ruled out dealing with any government that includes Hamas.

It reiterated its hope that the Quartet will stick to the conditions imposed on the Palestinian government for the aid boycott to be lifted.

"It is important and critical that the international community continues to respect these conditions, which are not negotiable," Foreign Minister Tzipi Livni told army radio.

Russia And US Split Over Palestinian Unity Government (FT)

By Hugh Williamson

Financial Times, February 22, 2007

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Russia and the US were at odds yesterday over relations with a planned Palestinian national unity government, revealing divisions that are likely to further hamper efforts to reinvigorate international backing for a Middle East peace initiative.

Ahead of a meeting in Berlin yesterday evening of the Middle East Quartet - comprising Russia, the European Union, the US and the UN - Russia's foreign minister, Sergei Lavrov, said pressure on the Palestinian Authority should be eased by lifting an aid embargo imposed when Hamas won elections last year.

He told a Russian newspaper: "I hope the Quartet will favour a lifting of the financial and economic sanctions . . . that will be the position of Russia, the EU and the UN secretary-general."

In contrast, Condoleezza Rice, US secretary of state, speaking in Berlin ahead of the Quartet meeting, repeated the US's tough stance against Hamas, which it lists as a terrorist organisation. She brushed aside suggestions of easing sanctions, arguing that the principles established by the Quartet after the Hamas victory remained "critically important".

These require any PA government to recognise Israel, commit itself to non-violence and accept previous agreements, including those relating to the Quartet's own "road map".

The US and Israel have argued that a recent accord agreed in Mecca between Hamas and Fatah, led by Mahmoud Abbas, the PA president, to establish a national unity government did not go far enough, as Hamas only agreed to "respect" existing agreements with Israel.

Ms Rice, who on Monday held largely fruitless talks with Ehud Olmert, Israeli prime minister, and Mr Abbas, said she would not judge a unity government until it was formed, a process likely to take at least a month.

European politicians and the UN were more positive towards the Mecca agreement.

Ban Ki-moon, UN secretary-general, told journalists in Berlin it was "crucially important for the international community to encourage this Mecca deal".

Tony Blair, the British prime minister, said in London ahead of a meeting with Mr Abbas: "It's far easier to deal with the situation in Palestine if there is a national unity government . . I hope we can make progress, including even with the more sensible elements of Hamas."

Blair Hints UK May Deal With Hamas (FT)

By Hugh Williamson And Daniel Dombey

Financial Times, February 22, 2007

The UK on Wednesday indicated it could be prepared to do business with the Islamic group Hamas, in comments that underlined the growing difference in approach between Europe and the US on how best to pursue peace in the Middle East.

Speaking in London ahead of a meeting with Mahmoud Abbas, Palestinian Authority president, Tony Blair, British prime minister, welcomed the agreement earlier this month to form a Palestinian government of national unity. He even anticipated working with officials from Hamas, which agreed during talks in Mecca to set up the government with Mr Abbas's Fatah party.

"It's far easier to deal with the situation in Palestine if there is a national unity government," he said. "I hope we can make progress, including even with the more sensible elements of Hamas."

By contrast, Condoleezza Rice, US secretary of state, said earlier this month that her efforts to achieve an Israeli-Palestinian agreement had "been made more complicated by the unity government".

"We want to see this [unity] government in operation. We're not interested in the rhetoric, we're interested in its actions," said a British government official last night. "We have to find a way forward here, and if we find people we can do business with we have to work with that."

Many British and European officials say that their approach differs from that of the US and Israel, who are more focused on Hamas's anti-Israel programme and charter rather than on the possible behaviour of Hamas politicians while in government office.

After Hamas won parliamentary elections last year the international Quartet – comprising the European Union, the US, Russia and the United Nations – called for the Palestinian government to renounce violence, respect past peace agreements and recognise Israel.

Because of Hamas's failure to sign up to such principles, the US and the EU have refused to fund or establish contacts with the Hamas-led administration.

But some European officials now privately argue that the condition on recognising Israel was too stringent and that the US has an "unrealistic" attitude to negotiating with extremist groups.

Speaking ahead of a meeting of the Quartet in Berlin yesterday evening, Sergei Lavrov, Russia's foreign minister, added that the aid embargo should be lifted.

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But Ms Rice repeated the US's tough stance against Hamas, which it lists as a terrorist organisation. She brushed aside suggestions of easing sanctions, arguing that the principles established by the Quartet after the Hamas victory remained "critically important".

The US and Israel have argued that the accord reached in Mecca to establish a national unity government does not go far enough, as Hamas only agreed to "respect" existing agreements with Israel.

Ms Rice, who on Monday held largely fruitless talks with Ehud Olmert, Israeli prime minister, and Mr Abbas, said she would not judge a unity government until it was formed, a process likely to take at least a month.

Germany Urges Tamer Mideast Expectations (AP)

By Anne Gearan

AP, February 22, 2007

Germany's foreign minister warned Wednesday against building unrealistic expectations for a U.S.-backed push toward peace between Israel and the Palestinians.

Still, German Foreign Minister Frank-Walter Steinmeier cheered the effort led by Secretary of State Condoleezza Rice, who came to Europe to report on her meeting Monday with Palestinian President Mahmoud Abbas and Israeli Prime Minister Ehud Olmert.

"We have to show a great deal of realism," and not get ahead of what is still a tentative but hopeful process, Steinmeier said following a meeting with Rice.

He acknowledged, as Rice has done, that peace prospects are clouded by uncertainty over the political role of Palestinian Hamas militants.

Asked about Britain's decision to pull some 1,600 troops from Iraq, Rice said the move is consistent with the U.S. plan to turn over more control to Iraqi forces when possible.

"The British have done what is really the plan for the country as a whole, which is to transfer security responsibility to the Iraqis as the situation permits," Rice said at a press conference with Steinmeier.

"The coalition remains intact and, in fact, the British still have thousands of troops deployed in Iraq," she said.

Prime Minister Tony Blair said earlier in the day that Britain would withdraw around 1,600 troops from Iraq over the coming months and aims to cut its 7,100 troop levels to below 5,000 by late summer.

Rice and Abbas were holding separate meetings in Berlin on a new power-sharing deal between Hamas and the moderate, Western-backed Abbas.

The deal, although not final, falls far short of international demands that Hamas drop its signature anti-Israeli policies. Hamas has refused to bend despite a boycott of vital international aid.

Diplomats from the United States, Europe, Russia and the United Nations were conferring Wednesday on the changed circumstances since Abbas announced the agreement two weeks ago. The group, known collectively as the Quartet, are stewards of a mothballed 2003 peace plan that would eventually establish an independent Palestinian state.

The United States pointed to positive momentum from Monday's talks in Jerusalem, despite few obvious signs of progress. Israel balked at pursuing far-reaching peace proposals with Abbas, following his Fatah faction's power-sharing deal with Hamas, which refuses to recognize the Jewish state.

On Tuesday, Israel ruled out holding further Mideast peace talks with Abbas once he forms a coalition with Hamas militants, saying the new unity government must go along with international demands to recognize Israel's right to exist.

Rice and Abbas met separately in Amman on Tuesday with Jordan's King Abdullah II. Abbas said after the meeting that Monday's summit had been "tense and difficult" but "it was not a failure, and it will be followed by other meetings."

Abbas planned to fly to Germany, Britain and France on a campaign to convince European leaders — whom the Palestinians hope are wavering on the economic boycott — that the unity deal was a major victory that should be rewarded.

He said Israel may have "misunderstood" the coalition deal, which "was made to protect the unity of the Palestinian people and its national interests," according to Jordan's official Petra news agency.

But Israel remained adamant.

"The agreements between Hamas and Abu Mazen disappoint all who supported separating the extremists from the moderates and creating an alternative government in the Palestinian Authority," Israeli Foreign Minister Tzipi Livni said Tuesday, referring to Abbas by his nickname.

Miri Eisin, Olmert's spokeswoman, ruled out holding any talks on a final peace deal with Abbas if he formed a new Cabinet that included Hamas.

Israel would continue to deal with Abbas, but only on such matters as improving Palestinians' living conditions and ending Palestinian attacks against Israel — not on a final peace deal.

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Arabs Say Israel Is Not Just For Jews (LAT)

By Richard Boudreaux, Times Staff Writer

The Los Angeles Times, February 22, 2007

A manifesto argues that the nation's minority is entitled to share power in a binational state.

NAZARETH, ISRAEL — A broadly representative elite of Israel's Arab minority has rejected the idea of Israel as a Jewish state and demanded a partnership in governing the country to ensure that Arab citizens get equal treatment and more control over their communities.

In a manifesto that is stirring anger and soul-searching among Jews, Arab leaders have declared that Israel's 1.4 million Arab citizens are an indigenous group with collective rights, not just individual rights. The document argues that Arabs are entitled to share power in a binational state and block policies that discriminate against them.

Arab citizens, who make up about one-fifth of Israel's population, have always felt alienated by the Star of David on Israel's flag and a national anthem that expresses the Jewish yearning for a return to Zion. They have long protested the disproportionate Jewish share of budget resources, public services and land.

Until now, though, only small groups of Arab intellectuals had dared to advocate collective equality or the abolition of Jewish national symbols.

"The Future Vision of the Palestinian Arabs in Israel" is the first such sweeping demand by Israel's Arab mainstream. The manifesto was drafted by 40 academics and activists under the sponsorship of the Committee of Arab Mayors in Israel and has been endorsed by an unprecedented range of Arab community leaders.

As such, it has set off alarms.

As Jewish leaders learned of the document, which was issued in December but not widely circulated until last month, they seized on it as evidence of a growing militancy by a minority that, by and large, openly sympathized with Hezbollah guerrillas fighting Israel in last summer's war in Lebanon.

The document does not address the Israeli-Palestinian conflict. But critics argue that adoption of its proposal to redefine Israel as a binational state would undermine Jewish support for a separate Palestinian state in the West Bank and Gaza Strip, a solution to which Israel's government is formally committed.

Commentators on the right have denounced the manifesto as the work of an internal enemy that threatens Israel's identity as a haven for Jewish self-determination. On the left, Jews who have advocated equal treatment of Arabs within a Jewish state say they feel disheartened.

"Is this the beginning of a new demand for the establishment of a state within a state?" Hagai Meirom, treasurer of the Jewish Agency for Israel, asked at a public forum last month. "Is it still possible to mend the Arab minority's feelings of belonging?"

The document's sponsors say most of the criticism misses the point.

Shawki Khatib, head of the 64-member Arab mayors group, said the manifesto was not an ultimatum but an effort to catalog Jewish discrimination against Arabs and provoke debate over how Israel's two largest communities should live together.

"The main message is that we do not accept our situation as second-class citizens," Khatib said in an interview at the group's headquarters here. "We want to change that situation, and we prefer to change it through dialogue."

He said he would invite Israeli officials to take part in an assembly next month to discuss the eight-chapter document.

The walls outside Khatib's office display mementos of Arab alienation. One poster reads "We will not forget" alongside portraits of 13 Israeli Arabs killed by riot police in October 2000 while demonstrating in solidarity with a Palestinian uprising.

Driving home from Nazareth, Khatib stopped his car to illustrate another grievance: entrenched discrimination that contributes to sharp inequalities between Israeli Arabs and Jews.

Across the highway from Yaffa a-Nasra, the Arab village he has governed for 16 years, Khatib pointed to a modern industrial park, home to electronic and biotechnology plants. It lies within the Jewish municipality of Migdal Emek.

"Whenever the central government builds a new industrial area, it gets located in a Jewish town instead of an Arab town," he said. "The Israeli towns get the local tax revenue and the jobs. Look, this highway separates our reality from theirs."

Central government allocations for public services further skew the income gap. In public education, for example, the state invests about twice as much per Jewish pupil as per Arab pupil.

Nearly half of Israel's Arabs live below the poverty line, and their rates of unemployment and infant mortality are twice the national average. They face obstacles securing residency permits for Arab spouses who are not Israeli. Exempt from military service, they do not qualify for thousands of higher-paying jobs reserved for veterans. They make up only 10% of Israel's university undergraduates.

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In Israel, A Chasm Widens (WSJ)

By Cam Simpson

The Wall Street Journal, February 22, 2007

JERUSALEM -- Growing mistrust between Israel's Jews and its 1.3 million Arab citizens is testing a political and social fabric already strained by six years of violence and war between Israel and its Arab neighbors, including the Palestinians.

The deepening divide has come into sharper focus here since an Israeli-Arab cleric sent chills across the nation last weekend by calling for a new "intifada," or uprising, in response to construction work near one of the most revered holy sites for both Muslims and Jews. As a result, controversy over Raad Salah, a bespectacled Islamist whose sharp jaw is framed by a white-tipped silver beard he wears sans moustache, is casting both a spotlight and a shadow on Israeli Arabs.

The nation's biggest minority group, long tolerated though neglected, has begun to buck what many feel is its second-class status in a state where public life is suffused with Jewish identity. Unlike Palestinians in the Gaza Strip and West Bank -- territories long controlled by Israel -- the Arabs within Israel itself are legally entitled to full citizenship and all the rights that carries.

Israeli Jews find questions about the fundamental identity of their state jarring, though. They are also increasingly fearful of growing religiosity and radicalism among Arab citizens.

"Most organizations dealing with coexistence are now motivated by a deep sense that things have gotten worse and are on the edge," says Avi Melamed, a former counterterrorism official who was an adviser on Arab affairs to two Jerusalem mayors, including Ehud Olmert, now Israel's prime minister.

More disturbing to others is what they don't see. "There is almost no institutionalized dialogue between the Arab community and the state of Israel," says Mohammad Darawshe, a director at the Abraham Fund Initiatives, an Israeli nonprofit group that works to bring Arabs and Jews together.

To many Jewish leaders, the rise of Mr. Salah, who heads a growing faction of the Islamist movement in Israel, confirms their worst fears about a "fifth column" attacking from within. This notion now seems to be part of the mainstream political dialogue, although it was once thought by some to be too impolitic to utter in polite conversation.

But Israeli-Arab leaders and many Jews working for coexistence recoil from the idea that roughly one-fifth of Israel's population could be broadly brushed as a security threat. They also say Mr. Salah and other Islamists are able to capitalize on decades of discrimination within Israeli society and the resulting inequities, which Islamists fill through their own social programs.

Leaders say tensions now appear to be higher than at any time since October 2000. That is when pressure swirling around the Temple Mount -- almost identical in nature, though not scope, to protests Mr. Salah has been leading for two weeks -- sparked what became known as the al-Aqsa Intifada, or the Second Intifada. The ensuing war between Palestinian militant groups and Israel left thousands dead. In the Galilee region of the north, where Arab cities are concentrated, a dozen unarmed Israeli-Arab citizens were killed by police gunfire during eight days of protests and riots as the intifada began. "It was a major break point, and things have gotten worse," Mr. Melamed says.

A government investigative panel looked behind the troubles, concluding in 2003 that Israel's relationship with its Arab minority was "primarily neglectful and discriminatory." It also said Israel, home to nearly five million Jews, didn't do nearly enough to allocate equal resources to Arab towns, where it said there were substantially defective infrastructures and "serious problems in the education system."

There was also a communal loss of faith, according to Mr. Darawshe and Baker Awawdy, who lives in an Arab village near Nazareth and is executive director of the all-volunteer Center for the Struggle Against Racism. Jews stopped shopping in Arab cities and villages, wounding local Arab economies and straining personal ties between the two communities. On a political level, Israeli Jews also increasingly saw Arabs as disloyal, says Mr. Melamed, because so many Arabs expressed sympathy with Palestinians in the territories during the intifada. Arabs remain outraged that no Israeli police officer ever faced charges for the killings of unarmed citizens in Galilee. Mr. Salah was arrested and imprisoned in 2003 for his own alleged disloyalty after authorities accused him of having contact with a foreign agent and giving money to Hamas, the Palestinian Islamist movement. Mr. Salah was released from prison in 2005 and immediately resumed his fiery condemnations of Israel.

While his venom was extreme, he was hardly alone among Israeli Arabs criticizing state policies. Divisions deepened last summer when Arabs objected to the 34-day war with Hezbollah in Lebanon, even as Arab towns in northern Israel were among those showered by Hezbollah rockets. Some Israeli-Arab politicians were even seen as backing Hezbollah, a Shiite Muslim group with political, militant and social-services wings.

Mr. Olmert, the Israeli prime minister, then seemingly confirmed the worst fears of Arabs. Politically weakened by the war, he formed a ruling coalition with the right-wing Yisrael Beiteinu party. It literally translates into, "Israel is our home," and the party's leaders have publicly advocated the forced removal of Israeli-Arab citizens to the Palestinian territories.

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Last year, more than three dozen of the Israeli-Arab community's most prominent leaders fired a new salvo. In a rare show of unity, they issued a document called The Future Vision. It demanded that Israel shed its existence as a "Jewish state" in order to become a truly inclusive and consensual democracy for Arabs and Jews. "It was the first time we, as a community, came together -- not to say what we didn't want, but to declare what we did want," says Mr. Awawdy. The report almost immediately drew ire from Jews. Many condemned Arab leaders for rejecting the fundamental basis of the nation as a Jewish state.

But one prominent Israeli-Arab group publicly declared that the report didn't represent its views: Mr. Salah's Islamic Movement. More and more, his group is tending to social needs -- primarily in education and health care -- that the state of Israel has left unattended. "After years of our crying and wailing, we in the Islamic Movement moved to do something about this," explains Marwan Jabareh, a representative of the group in Tamra, a Galilee Arab city of roughly 30,000 people.

Evidence of that commitment stands at the bottom of a slope within the maze of the city's narrow streets: a 43,000-square-foot hospital built with $4 million of charitable funds, set to open in March.

Meanwhile, Mr. Salah is under investigation for alleged incitement for his fiery words. It seems highly unlikely that Israeli-Arab citizens will respond to his entreaty with violence akin to that experienced here during the height of intifada. Although there have been several instances of providing support for terrorists, the number of Israeli Arabs who have actually engaged in terrorist acts is negligible, according to Mr. Melamed and others.

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US Lashes Out At Kremlin Over Missiles (FT)

By Daniel Dombey, Hugh Williamson And Neil Buckley

Financial Times, February 22, 2007

Tensions intensified on Wednesday over US plans for missile defence bases in Poland and the Czech Republic, as Washington called on Europe to take a tougher stance towards the Kremlin.

The Bush administration's two top foreign policy officials lashed out at Moscow's campaign against the bases, which Washington insists are aimed at possible threats from Iran rather than Russia.

Condoleezza Rice, US secretary of state, said the suggestion this week by Russia's head of strategic rocket forces that Russia could target the two central European countries if they agreed to host the bases was "very unfortunate".

She also dismissed comments by Frank-Walter Steinmeier, Germany's foreign minister, who said this week Moscow should have been consulted more about the sites, given their proximity to Russia's borders.

Standing next to Mr Steinmeier at a press conference in Berlin, she said Washington had "10 formal contacts" with Russia on the plan since spring 2006, many at ministerial level.

Mr Steinmeier's spokesman said the minister was aware that "technical talks" had taken place between Moscow and Washington, but said he had been warning against a return to the type of security stand-offs of the cold war era.

Separately in Brussels, Stephen Hadley, US national security adviser, emphasised Washington's dismay at a speech this month in which Vladimir Putin, Russia's president, hit out at the missile defence plans and the US's "unilateral" use of force.

"You heard a set of comments in which quite frankly we were disappointed," Mr Hadley told the Financial Times and other European newspapers, between meetings with Nato ambassadors and Javier Solana, the European Union's foreign policy chief.

"I think a lot of Europeans were disappointed and dismayed. And one of the things that Europeans need to do is they need to make that clear to Russia and they need to make that clear to President Putin."

The EU has consistently struggled to forge a common line on Russia. Countries such as Poland, which are suspicious of the Kremlin's intentions, are pitted against big western European states such as Germany and France, which are often keen to deepen ties with Moscow.

General Yuri Baluyevsky, Russia's army chief of staff, yesterday told Rossiiskaya Gazeta, a government newspaper, the missile defence system "cannot be viewed as anything other than a substantial reconfiguration of the American military presence" in Europe.

Rice Slams Russian General Over Comments (AP)

By David McHugh

AP, February 22, 2007

Secretary of State Condoleezza Rice on Wednesday called a Russian general's warning that Poland and the Czech Republic risk being targeted if they host U.S. missile defense bases "extremely unfortunate."

Rice also repeated assurances the system does not threaten Russia.

Gen. Nikolai Solovtsov, head of Russia's strategic missile forces, said Monday that Russia might train its missiles on the two countries if they accept a U.S. proposal to base 10 interceptor missiles in Poland and a radar in the Czech Republic.

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"I think that was an extremely unfortunate comment," Rice said at a news conference in Berlin, adding that the system did not threaten Moscow's forces "and we have had the opportunity to explain that to Russia."

She said the U.S. has made clear to Russia that the system would be to counter any missile threat from Iran. The system is too small to stop Russia's large nuclear arsenal, she said.

"Anyone who knows anything about this knows that there is no way that 10 interceptors ... are a threat to Russia or that they are somehow going to diminish Russia's deterrent of thousands of warheads," Rice said.

"I think everyone understands that with a growing Iranian missile threat, which is quite pronounced, that there need to be ways to deal with that problem," she added.

The missile dispute is chilling relations between Moscow and Washington already damaged by differences over NATO's eastward expansion and U.S. concerns over human rights in Russia.

Russian Foreign Minister Sergey Lavrov said Moscow sees the establishment of the missile defense sites as a signal that the United States wants to gain nuclear superiority over Russia. He dismissed U.S. claims that it was to counter Iranian threats.

"If they talk about potential threats coming from Iran or North Korea, missile defense elements should be located in a different place," Lavrov said in an interview published Wednesday in the daily Rossiyskaya Gazeta. "We can't help noting that these facilities would be capable of intercepting missiles launched from Russia."

Lavrov said that having the ability to shoot down Russian missiles could allow the United States to consider the possibility of a nuclear strike on Russia without fear of retaliation.

He referred to the 1972 Anti-Ballistic Missile (ABM) Treaty that Washington quit in order to develop missile defenses, saying that it banned missile defense systems on the assumption that the fear of retaliation would prevent each nation from launching a first strike.

"Since protection from the first strike would be guaranteed, as American strategists apparently expect, another temptation arises — to be the first to launch a strike, aware that a chance has emerged to go unpunished," Lavrov said.

The system consists of interceptor rockets that release a small kill vehicle which maneuvers into the path of oncoming warheads and destroys them in a high-speed collision. Critics say the system has not been convincingly shown to work.

The defensive shield would protect Europe and the eastern United States, complementing bases at Fort Greely, Alaska, and at Vandenberg Air Force Base in California, which are positioned to guard from any North Korean missile launch.

Russian President Vladimir Putin warned earlier this month that the U.S. plan risks provoking a new arms race.

Lavrov followed up on Putin's warning that Russia would take countermeasures in response to the U.S. missile sites deployment in Europe.

"We will respond, of course, but without any hysteria. We can't afford being entangled in an arms race once again," he said.

He said that Russia and the United States must negotiate new arms control agreements to improve mutual trust, particularly as a landmark Soviet-era nuclear arms reduction treaty expires in 2009.

Russian officials have called for negotiations on a replacement for START I, signed in 1991 by the United States and the Soviet Union, which limits the number of various types of vehicles and warheads that can be deployed by either side.

U.S. Tries To Ease Concerns In Russia On Antimissile Plan (NYT)

By Thom Shanker

The New York Times, February 22, 2007

WASHINGTON, Feb. 21 — Bush administration officials tried Wednesday to tamp down Russian concerns, voiced in strikingly harsh terms, over American plans to base missile defenses in Eastern Europe.

Secretary of State Condoleezza Rice said the missile defense proposal, which calls for deploying 10 interceptors in Poland and radar in the Czech Republic, was solely intended to counter the possible development of long-range Iranian missiles.

“I think everybody understands that with a growing Iranian missile threat, which is quite pronounced, that there need to be ways to deal with that problem,” she said, adding that the system would not “diminish Russia’s deterrent of thousands of warheads.”

The debate escalated this week when the Russian missile commander, Gen. Nikolai Y. Solovtsov, threatened to aim Russian weapons at states in Eastern Europe that might join the program.

“If the government of Poland, the Czech Republic and other countries make this decision — and I think mutual consultations that have been held and will be held will allow avoiding this — the strategic missile troops will be able to have those facilities as targets,” he said.

And on Wednesday, the Russian foreign minister, Sergey V. Lavrov, who has a prickly relationship at best with Ms. Rice, was quoted in Rossiiskaya Gazeta, the Russian state newspaper, wholly contradicting the American position.

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"We must acknowledge that these objects are fully suitable to intercept missiles fired from Russian territory," he said.

His colleague, the departing Russian defense minister, Sergei B. Ivanov, has said that Russia could easily overwhelm the American defenses with a far cheaper system of countermeasures to blind or confuse an antimissile system.

During a stopover in Brussels on Wednesday on his way to Moscow, President Bush's national security adviser, Stephen J. Hadley, said a missile defense system against Iran "is a reasonable thing to do, it's something Europe ought to be interested in, it's something that Russia ought to be interested in." Iran might even decide not to try to build long-range missiles once the system was in place, he suggested.

Ambassador Victoria Nuland, the United States representative to NATO, said Russia had no cause to express surprise, as representatives from Moscow and the European allies were briefed regularly on the project over the past year.

In November, the NATO-Russia Council received what Ms. Nuland called "a full technical briefing" from Lt. Gen. Henry A. Obering III, director of the Missile Defense Agency, and Eric S. Edelman, the under secretary of defense for policy.

But the administration is concerned about growing criticism of the program. Officials scheduled a briefing by General Obering on Thursday for foreign reporters based in Washington. Joining him will be Daniel Fried, the assistant secretary of state for European and Eurasian affairs.

The antimissile interceptors, General Obering said last month, "are geared toward and are directed toward rogue nation capabilities, obviously not sophisticated ballistic missile fleets such as the Russians have." He said they "cannot physically catch the Russian ICBMs even if we were trying to target those missiles" because of the short distances and flight times from Russian silos in relation to Poland.

The debate began this month with a caustic speech by President Vladimir V. Putin of Russia, who told an audience in Munich that the United States was provoking a new nuclear arms race. He also criticized the expansion of NATO.

Senior Bush administration officials attending the security conference in Munich and those back in Washington conferred on the proper response, and they decided to push back — but only gently.

Defense Secretary Robert M. Gates rewrote his own speech, delivered a day after Mr. Putin's, to say that the Russian president's comments brought a certain nostalgia for a simpler time, but that "one cold war was quite enough."

Angela E. Stent, director of the Center for Eurasian, Russian and East European Studies at Georgetown University, said the Bush administration had "already been reassessing our policy toward Russia, as we have understood at least since January of 2006 or even before that there is a newly self-confident Russia, a Russia that is awash in petrodollars and a Russia that really feels it can say no and pursue its own interests."

Ms. Stent said the Bush administration was well aware that the Russian agenda on Syria, Hamas, Venezuela and a number of issues parted with Washington's. But she said it was worth seeking cooperation, in particular on counterterrorism.

Before he left for Moscow, Mr. Hadley said there were "a number of areas where Russia and the United States and Europe can cooperate productively, where we have common interests, where we can cooperate and are cooperating." These include terrorism and nuclear proliferation.

But the administration is pressing Moscow on other issues of concern, including its use of its energy resources as a political tool, its crackdown on civil liberties and press freedoms and its pressure on Russia's southern neighbors, in particular Georgia.

Rice: Missile-defense Criticism 'Unfortunate' (WT)

By Nicholas Kralev

The Washington Times, February 22, 2007

The war of words between the United States and Russia over U.S. missile-defense plans in Central Europe escalated yesterday, with Western diplomats saying that Moscow's mistrust and suspicion of Washington -- and the West in general -- have changed little since the Cold War.

Secretary of State Condoleezza Rice rejected a threat by Gen. Nikolay Solovtsov, commander of Russia's strategic forces, against Poland and the Czech Republic as future hosts of a U.S. missile shield as "extremely unfortunate."

"I think it is unfortunate that the Russian head of strategic rocket forces would come out and say that somehow Poland and the Czech Republic would now be on the target list of Russia," Miss Rice said in Berlin yesterday.

Gen. Solovtsov's comments on Monday followed remarks by Russian President Vladimir Putin in Munich earlier this month, as well as by other Russian officials, lambasting U.S. foreign policy as destabilizing and threatening world peace and security.

Several senior U.S. officials said they have no idea where those belligerent outbursts are coming from, given what they described as a businesslike and professional attitude the Russians have been displaying in private meetings.

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Although many of those sessions, especially the high-level ones, often begin with a laundry list of complaints about U.S. actions, the Americans usually answer all of the Russians' questions and concerns, and the Russians understand those answers even if they disagree with them, officials said.

A spokesman for the Russian Embassy did not return phone calls seeking a comment on the matter.

After Moscow accused Washington of not being transparent enough about its missile-defense plans, which Russia fears will target its territory, U.S. officials insisted that they have briefed their Russian counterparts repeatedly during the past year.

"These discussions go back to the spring of 2006. We have had no less than 10 formal contacts with the Russians about the missile-defense deployment and the prospective deployment in Poland and in the Czech Republic of interceptors in Poland and radar sites in the Czech Republic," Miss Rice said yesterday.

"These discussions have gone all the way to the level of minister of defense," she said. "I myself have discussed this with Russian officials several times in more informal settings. We've had briefings of the NATO-Russia Council."

U.S. officials also say that the system would defend against rogue states and terrorists -- not Russia.

"Everybody understands that with a growing Iranian missile threat, which is quite pronounced, that there need to be ways to deal with that problem and that we are talking about long lead times to be able to have a defensive counter to offensive-missile threats," Miss Rice said.

Diplomats and analysts said that the Russians' recent comments make sense in a domestic political context, but the question is whether the Kremlin really thinks the West is still trying to squeeze and intimidate Russia.

"The Russians are working hard to create this beautifully constructed, conspiracy-laden narrative that the West is on a mission to encircle them and weaken their global influence," said Julianne Smith, director of the European program at the Center for Strategic and International Studies, who attended the Munich forum where Mr. Putin spoke.

"All that plays perfectly with domestic audiences, but the mystery is that Putin's ratings are extremely high, and he doesn't need this," she said. "I worry that [the tension] will escalate even more with no real substance to it."

N Korea To Reveal Extent Of Uranium Activity (FT)

By Anna Fifield

Financial Times, February 22, 2007

Suspicions over whether Pyongyang has been running a secret uranium enrichment programme are back in the spotlight after last week's apparent breakthrough in the long-running North Korean nuclear crisis.

Just as concerns about possible uranium enrichment triggered the current crisis, they are again threatening to undermine the agreement under which North Korea will receive step-by-step rewards in return for declaring and then disabling its nuclear weapons programme.

The issue could be a "deal breaker", says William Perry, the US defence secretary under President Bill Clinton. "Much more remains to be done. Two months from now, we will know whether we have a reasonable probability of completing the agreement."

In an eleventh-hour deal forged in Beijing last week, North Korea agreed to shut and seal its main Yongbyon nuclear plant, provide a list of its nuclear programmes and disable all facilities as it moves towards total "abandonment".

But the details are to be ironed out by lower-level working groups, due to convene shortly. Among those, according to Chun Yung-woo, Seoul's nuclear negotiator, would be a disclosure by North Korea of "how much progress the country has made on its uranium programme".

The current nuclear crisis erupted in October 2002, when Washington charged Pyongyang with obtaining uranium enrichment technology from A Q Khan, the rogue Pakistani scientist, and operating a secret enrichment programme.

James Kelly, the chief US nuclear negotiator at the time, said the North Koreans admitted the charge but Pyongyang has denied having any such programme.

The stand-off led the US to cancel a Clinton-era oil-for-nuclear-freeze agreement and caused North Korea to expel international inspectors and withdraw from the nuclear non-proliferation treaty. North Korea has since separately reprocessed enough spent plutonium fuel rods to have fissile material to spare for last October's nuclear test.

With the US having staked the entire nuclear issue on the uranium claim and North Korea continuing to deny the existence of any such programme, diplomats are seeking ways to prevent the issue derailing the first signs of progress in years.

A senior Washington official said that North Korea objected to the uranium question being included in last week's agreement.

"Since they insisted they do not have a [highly enriched uranium] programme they did not want that in the agreement, but they have agreed to the working group," he said. "We want to run this [highly enriched uranium] thing into the ground."

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The Bush administration had already “backed down” on the uranium issue, said Joel Wit, a former State Department official who helped negotiate the nuclear-freeze deal with North Korea in 1994. “This is not because the administration has become wimpish and has decided to put it aside, but because they did not have any information and started to wonder whether they had been accurate in the first place,” he said.

There is evidence that North Korea acquired the centrifuges needed to enrich uranium to weapons grade from Pakistan.

“They probably have some centrifuges set up and they have certainly done some research but as far as having a large scale facility up and running, that is probably in the distant future,” said Daniel Pinkston of the Centre for Nonproliferation Studies in Monterey, California.

Jonathan Pollack, a professor at the US Naval War College, dismissed the concern that North Korea might ultimately use uranium as an alternative source of fissile material.

“Pyongyang pursued this option in transactions with A Q Khan; it also sought to procure substantial quantities of industrial materials needed for an enrichment programme through black markets in Europe,” he wrote in the Asia Policy journal. “Yet there is still no definitive evidence of a proven production capability, and it is possible that North Korea long ago shelved major efforts to develop one.”

¦ North Korea can make a nuclear warhead that can be mounted on missiles capable of hitting all of South Korea and most of Japan, according to a report by a Washington-based think-tank.

Two US nuclear experts from the Institute for Science and International Security who visited North Korea's atomic facilities said the country had separated enough plutonium for five to 12 nuclear weapons.

North Korea Accuses U.S. Of Fabricating Lies (AP)

By Edith M. Lederer

AP, February 22, 2007

North Korea accused the United States of fabricating lies that it was diverting U.N. aid money to develop nuclear weapons and said it would accept an outside audit of U.N. operations unless the aim was to politicize aid to the country, according to a letter circulated Wednesday.

In the letter to Secretary-General Ban Ki-moon, North Korea's U.N. Ambassador Pak Gil Yon accused the United States of "hostile maneuvers" against his country in seeking an audit of the alleged misuse of aid money from the U.N. Development Program, known as UNDP.

Last month, the United States accused UNDP of funneling millions of dollars in cash aid to North Korean leader Kim Jong Il's government to be used for "its own illicit purposes" including possible nuclear weapons development. The U.S. demanded an outside audit, and Ban immediately ordered external audits of all U.N. programs in North Korea.

Richard Grenell, spokesman for the U.S. Mission, said he had no immediate comment because U.S. diplomats had not seen the letter.

Pak said aid projects conducted by UNDP and other U.N. agencies in the North "have been carried out in a fair and transparent way, in conformity with United Nations regulations."

"Therefore, we do not mind whether the external audit is being done or not," he said.

Pak also made clear that North Korea wants to continue cooperation with U.N. agencies, noting that Pyongyang has maintained "good relations and cooperation" with them for several decades.

"But if the above-mentioned external audit is to serve the attempt by the United States to politicize international aid to the Democratic People's Republic of Korea, we will not tolerate it and the consequences will be severe," he warned, using the country's official name.

Neither the U.S. nor UNDP would give a figure of how much money was involved in the alleged diversion. UNDP said last month that from 1997 through 2006, the executive board authorized more than $59 million for North Korea but only about $27.7 million was delivered.

Pak noted that UNDP has denied the U.S. allegation that money was illegally diverted.

"Last January, from dirty political motives, the United States fabricated lies that the Democratic People's Republic of Korea might have used the UNDP aid funds for the development of nuclear weapons without foundation and demanded investigation of the UNDP aid activities in the Democratic People's Republic of Korea," he said.

"As UNDP has denied, the allegations of the United States are sheer fiction aimed at politicizing international aid to the Democratic People's Republic of Korea," Pak said.

Why US Is Now Turning To Diplomacy (CSM)

By Howard Lafranchi

DOJ_NMG_0135362

The Christian Science Monitor, February 22, 2007

A UN report expected to be issued Thursday, finding Iran undeterred in its pursuit of uranium enrichment, represents the kind of collective international action the Bush administration once scoffed at. Now, it's embracing it.

The change stems in part from the administration's disenchantment with the results of its earlier go-it-alone approach. But it also suggests a growing sense within the White House that once-maligned multilateralism is getting results – on issues ranging from Iran to North Korea.

The latest example is Iran. The International Atomic Energy Agency's report on nuclear activity in Iran will find that Tehran has ignored a United Nations Security Council deadline to cease uranium enrichment by Wednesday.

Instead, the IAEA report will show that Iran has installed additional centrifuges in enrichment facilities, sources close to the IAEA work say. It will also note Iran's continuing technical problems in perfecting the process.

The report is likely to set in motion renewed debate on Iran in the Security Council, perhaps next week. Pressure is building for a second, more punitive resolution, since the regime has apparently disregarded a Dec. 24 resolution approved unanimously by the Security Council – including Tehran's political and commercial partners, Russia and China.

Whether a second resolution is ever approved, the debate will highlight a change in the Bush administration, both specifically on Iran and more broadly on the diplomatic field.

"What we're witnessing is the return of the pragmatists to US diplomacy, and it's paying off," says Joseph Cirincione, a nonproliferation expert at the Center for American Progress in Washington. "The Bush administration came in touting 'regime change' and a fundamental break with nonproliferation negotiations, but that backfired. In many ways the world ended up more dangerous."

But after a long campaign in Iraq, Iran's rise, and a nuclear test by North Korea, the US is putting new faith in diplomacy, hard bargaining, and multilateral action, he says. "It worked with Libya. It's working with North Korea. And it could work with Iran."

The change in the US approach comes amid mixed signals from the White House, on Iran in particular. Last week President Bush linked an uptick in US casualties in Iraq to more sophisticated weaponry coming from Iran, and said he planned to "do something about it." Such talk keeps alive speculation that the US may opt to move militarily against Iran's nuclear installations.

But the administration's growing reliance on diplomatic efforts is also evident on the international stage, with America's partners in particular taking note of the shift. "We have noted the evolution," says a senior European diplomat in Washington, who by protocol cannot speak on the record.

The US initially was unhappy with the Security Council resolution on Iran, which ended up with weaker sanctions than the US wanted. But after the resolution set off an immediate debate in Iran over the confrontational tactics of President Mahmoud Ahmadinejad, some US leaders began to have a change of heart.

"The debate it caused in Iran and the pressures inside the country on [President] Ahmadinejad changed things," says the European diplomat. "So now the feeling is, why not a second resolution?"

The Bush administration's apparent conversion to multilateralism can also be seen in Secretary of State Condoleezza Rice's efforts to revive the Middle East peace process and in last week's deal with North Korea on its nuclear program. Next week, Secretary Rice's new right-hand man, John Negroponte, is travelling to northeast Asia to try to build on the goodwill stemming from the nuclear accord.

The North Korea issue shows that the Bush team has had two tracks of diplomacy all along – the go-it-alone track and a less-noted multilateral track – but has recently switched which track it emphasizes, some experts say.

"The stereotype of the Bush administration was the go-it-alone approach, and it got stuck with that in the first term largely because of the war in Iraq," says Daniel Drezner, a foreign policy expert at the Fletcher School of Law and Diplomacy in Medford, Mass. "But there's always been this second track, albeit overshadowed, of trying to work in concert with others for common goals. Now that the US has become bogged down in Iraq, there is less it can do unilaterally."

The arrival of Rice, a trusted Bush aide, at the helm of State is part of the explanation for the shifting emphasis between the two tracks, Mr. Drezner says.

But the administration is also harvesting the fruits of an early diplomatic goal of tying rising world powers such as China and India into the world international system, he says. One result is an intense US effort to court India and cement its ties to the broader international community, he says.

India Wednesday said it will ban exports to Iran of materials that might be used in Tehran's nuclear program. India's statement is the latest sign of growing international alignment with the Security Council resolution.

Bush Administration Won't Change Approach To Cuba, Official Says (MCT)

By Pablo Bachelet

DOJ_NMG_0135363

McClatchy Newspapers, February 21, 2007

WASHINGTON - Commerce Secretary Carlos Gutierrez had some straight talk Wednesday for lawmakers and business groups pressing for a softer approach toward Cuba as the island prepares for a post-Fidel Castro era.

The Bush administration won't waver from its tough stance toward Havana, he said.

"The question is not when will the U.S. change its policy," Gutierrez told a Council of the Americas event on Cuba. "The question is when will the Cuban regime change its policy."

Gutierrez took aim at critics of the U.S. policy who say that, after 48 years of attempting to isolate Cuba politically and economically, the time has come for a different approach.

He dismissed the argument, long espoused by Castro, that the U.S. sanctions against Cuba are to blame for the island's hardships. The United States, Gutierrez noted, supplies one-third of the island's food and medicine, and millions of foreign tourists haven't improved the plight of the Cuban people.

Congress is expected to debate several bills that would relax travel and trade sanctions against Cuba. Democratic control of Congress for the first time since 1994 gives hope to opponents of U.S. policies toward Cuba that some restrictions will be relaxed. Also, the island is thought to be undergoing a transition after Castro fell gravely ill last summer.

In a jab at some Democrats who oppose free-trade agreements because they don't take labor rights into account, Gutierrez said foreign companies paid the Cuban government for their labor in dollars but that the workers received only a fraction of that money in pesos.

"And pity the worker who dares talk openly about the need to organize and operate unions," he said. "The topics of trade, globalization and the working conditions of foreign laborers are being discussed when debated regularly in Washington, D.C. But why do labor conditions lose relevance when it comes to Cuba?"

Gutierrez, the highest-ranking Cuban-American in the Bush administration, rejected the idea that the administration could relax its restrictions on Cuban-American travel to the island. "We believe our policy is correct," he said.

He also said President Bush "has no imperialist intentions. We have no military intentions to occupy the island."

"We will not confiscate property or support any arbitrary claims for property," he added.

Gutierrez Stands By U.S. Ban On Cuba (WT)

By Steve Hirsch

The Washington Times, February 22, 2007

Commerce Secretary Carlos Gutierrez yesterday reiterated the Bush administration's steadfast belief in the U.S. embargo of Cuba, despite congressional moves to relax the policy.

Cuban leader Fidel Castro's hospitalization last year and ceding of power to his brother, Raul, as well as the election of Democratic House and Senate majorities in Congress have helped fuel speculation that U.S. policies could be eased.

Mr. Gutierrez, however, speaking before the Council of the Americas, said the United States must "stand firm" in its rejection of the Castro government and in efforts to deny revenue to the Cuban regime.

The question, he said, is not when U.S. policy will change, but when Cuba will change its policy.

"Years of foreign investment have not improved the lives of average Cubans, only the lives of those who hold power," he said.

He said foreign companies operating in Cuba must pay the government in dollars for Cuban labor, but the government then pays workers in "devalued pesos" and "pockets the difference."

Cubans, he said, "simply do not benefit from foreign investment under Castro."

Mr. Gutierrez also rejected comparing Cuba to China, another communist country but one with which the U.S. maintains trade relations.

China, has pursued economic liberalization, and although that country has not made all the changes the U.S. would like to see, it would be more appropriate to compare Cuba to North Korea, Mr. Gutierrez said.

Legislation has been introduced in Congress to weaken the Cuba embargo, and two House members who are part of that effort criticized the administration's stance after Mr. Gutierrez's speech yesterday.

"What the administration fails to understand is that these policies only inhibit trade that is beneficial to American producers, depriving them of what was once among their 25 largest export markets for agricultural goods," said Rep. Jo Ann Emerson, Missouri Republican.

Mrs. Emerson, who is co-sponsoring legislation to ease payment requirements on farm exports to Cuba, said the U.S. traded with the Soviet Union during the Cold War and has given most-favored-nation trade status to China, which she described as "the single largest owner of the U.S. trade deficit."

"After 48 years, sanctions have yet to effect political change in Cuba. It is time to try something new," she said.

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Rep. Jeff Flake, Arizona Republican, who introduced a bill last month to lift the ban on American travel to Cuba, said Cuba is experiencing an "all-too-smooth transition," adding that for all intents and purposes, that transition has been made, but the United States is "on the sidelines watching and having no influence, and that's a shame."

Cuba's Known For Cigars Now, But Oil Could Change That (USAT)

By David J. Lynch

USA Today, February 22, 2007

One day soon — possibly before the end of this year — an oil rig will maneuver into position in waters less than 100 miles from the coast of Florida. A drill will plunge into the inky sea and begin chewing its way into the ocean floor, hunting for oil.

But the drilling rig won't belong to an American company, and any petroleum it discovers won't do a thing to curb the USA's addiction to foreign oil. Instead, any new sub-sea gusher will belong to Cuba.

That's right: Cuba. The island nation long has been known for its aromatic cigars and sweet rums. But after years of limited oil production on lands around Havana and in neighboring Matanzas province, Cuba is poised for a significant expansion of its oil program into the waters that separate it from the United States. And thanks to U.S. law, Cuba's drilling partners will be working closer to Florida beaches than any American company ever could.

"Our studies … have shown there is a great potential, especially offshore," says Dagoberto Rodriguez, the senior Cuban diplomat in the USA. "Basically, we know that there is oil. The problem is just where it is."

The U.S. Geological Survey (USGS) agrees. Two years ago, after reviewing available data on the subterranean structures in the region, the agency estimated Cuba can lay claim to 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas.

With oil prices hovering around $60 a barrel and global supplies persistently tight, any new supply source could benefit the USA, the world's top oil consumer. Likewise, Cuba, which relies on Venezuela for more than half of its daily oil consumption, craves self-sufficiency. "In economic terms, it could be a win-win," says Daniel Erikson, an analyst at the Inter-American Dialogue, a Washington, D.C., think tank.

There's just one problem: politics. Since 1962, the U.S. has maintained an economic embargo of Cuba, aimed at toppling the communist government of Fidel Castro. The ailing dictator, who has outlasted nine U.S. presidents, last summer handed power temporarily to his brother, Raul, while he recovers from abdominal surgery. Companies such as ExxonMobil, Chevron and Halliburton, however, remain barred from the Cuban market, which a 2001 Rice University study said could be worth up to $3 billion annually.

The embargo also will increase the time and cost of the Cuban program by denying Havana access to the closest source of oil industry technology, spare parts and expertise. Likewise, U.S.-owned refineries in Aruba and St. Croix are off-limits for any of the heavy, sulfur-rich Cuban crude.

"The U.S. (embargo) presents them with significant barriers and obstacles," says Jonathan Benjamin-Alvarado, a political scientist at the University of Nebraska who studies Cuban energy issues.

Cuba is modernizing a dilapidated Soviet-era refinery at Cienfuegos with help from Venezuela's state-owned oil company, PDVSA, and refurbishing three other facilities, Rodriguez said. Within 18 months, Cuba will be able to satisfy all of its refining demand, he said. Independent analysts are less optimistic.

The Cuban oil fields were formed more than 50 million years ago in a slow-motion collision between Earth's tectonic plates, which entombed pulverized rocks, animals and plants. Over subsequent millennia, the resulting stew cooked into buried petroleum deposits, says Christopher Shenk, a geologist at the USGS in Denver.

Before Castro's 1959 revolution, U.S. oil companies such as Esso and Amoco carried out preliminary explorations. The following year, Cuba nationalized refineries belonging to Exxon, Texaco and Shell, and U.S. industry hasn't been back since.

In the modern era, Cuba's first significant oil find came in 1971 when Soviet engineers discovered the Varadero field, east of Havana. After the Soviet Union collapsed, Cuba opened its oil program to foreign investment in 1993. Today, companies from Spain, Norway, India, Malaysia and China are involved, either drilling wells onshore or using horizontal drilling to reach reservoirs in shallow coastal waters.

Canada's Sherritt is the most active foreign company with nine fields operating onshore and five exploration or appraisal blocs being drilled, says Michael Minnes, a company spokesman. Daily output from the company's wells averages a modest 30,000 barrels a day, down from about 43,000 in 2004.

"It's like any other foreign jurisdiction or developing nation. There are challenges, and there are opportunities," Minnes said. "We see Cuba as a great environment to do business in."

So far, only one offshore well has been drilled, in July 2004 by Spanish oil company Repsol. The company said it found oil at the site 95 miles southwest of Key West, though not in commercially viable deposits. Since then, the Spanish company has

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teamed with Norway's Norsk Hydro, one of a select number of global oil companies with expertise in deepwater exploration, according to Jorge Pinon, the former president of Amoco's Latin American operations.

In an interview this week, Rodriguez, the chief of the Cuban interests section in Washington, said widespread offshore drilling could start by the end of this year. Cuban exploration, like drilling ventures elsewhere, has been slowed by a worldwide shortage of drilling rigs that has increased daily lease rates by more than 60% since fall 2005.

Offshore wells aren't cheap: Those envisioned in Cuban waters will cost $40 million to $50 million, says Pinon, the former oil executive now affiliated with the University of Miami's Institute for Cuban and Cuban-American Studies. "This is a very high-risk, high-reward area," R.S. Butola, managing director of India's ONGC, said on the company's website.

Since 1981, the U.S. has observed a moratorium on coastal drilling, except for a portion of the Gulf of Mexico and limited areas off of Alaska. The drilling ban was enacted after a series of high-profile oil industry environmental disasters. Perhaps the most notorious: the 1969 Santa Barbara spill that released 3 million gallons of oil in waters off of California, coating 35 miles of coastline with oil up to 6 inches thick.

Last year, the House voted to relax the prohibition on offshore drilling, but the measure died in the Senate. There may be close to 95 billion barrels of oil affected by the ban, according to the Interior Department.

The House-passed bill still would have allowed individual states to ban drilling up to 100 miles from their shores. But Cuba's wells could eventually be as close to the USA as 60 miles from Key West. The two countries agreed in 1977 to a maritime boundary that evenly divides the waters between them.

The prospect of foreign oil companies drilling Cuban wells so close to American shores has unnerved some on Capitol Hill. Sen. Bill Nelson, D-Fla., last year introduced legislation to deny U.S. visas to executives employed by oil companies involved in the Cuban program. Dan McLaughlin, a spokesman for Nelson, says the senator plans to reintroduce the measure this year. Nelson also wants the United States to renegotiate the 1977 treaty that defines the U.S.-Cuban maritime boundary, a proposal Cuba's Rodriguez called "silly."

Others see the prospect of Cuban offshore oil rigs as a reason to relax the U.S. embargo. Rep. Jeff Flake, R-Ariz., co-authored legislation last year that would have permitted U.S. firms to sell their services to companies drilling for Cuba or to drill themselves.

"U.S. companies should be able to bid on these oil leases. … If there are going to be oil rigs within 50 miles of Florida, … I'd rather see U.S. oil rigs than Chinese oil rigs, given technological and safety considerations," Flake said in a telephone interview.

For now, Big Oil is staying out of the political fray. But, at a time when unexplored terrain is rapidly shrinking, the oil industry would eagerly jump into Cuban waters if given the chance.

One year ago, a U.S.-Cuba Energy Summit attracted representatives from Exxon and a handful of smaller oil service companies to three days of meetings in Mexico City. Attendees viewed PowerPoint presentations from Cuban government ministries including state-owned oil company Cupet that invited American companies to help exploit "several giant oil and gas fields."

Events since July, when Castro's illness forced him to step aside, have rekindled industry interest in Cuba's future. "U.S. oil companies would love to do business there as soon as this thing opens up," says Ron Harper, an analyst at IHS Energy in Houston. "They're looking at it quietly. They'd be short-sighted not to."

Earlier this week, Rodriguez reiterated that Cuba remains open to the U.S. industry's involvement and may hold a second summit this year, either in Mexico or Canada. But he said time may be running out for the U.S. to change course. "In my opinion, if the American companies are not able to get something, some changes before no more than one year, after that it will be too late," he said.

For now, any U.S. involvement remains only hypothetical. Houston oilman Antonio Szabo, president of Stone Bond Technologies, says U.S. companies likely would require greater transparency, a commitment to the rule of law and market economics in Cuba before investing significant money there.

Some in the oil industry also have long memories when it comes to Cuba. At the 1997 World Petroleum Congress in Beijing, a Cuban official approached Lee Raymond, then Exxon's chief executive, and asked in a jocular tone when the U.S. oil giant might return to Cuba. "When you give us back our (expletive) refinery," Raymond growled.

Cuban officials note they already have willing partners from Canada, Spain, Norway, Brazil, India, Malaysia, Venezuela and China. Rodriguez made clear that the United States has no veto over Cuba's oil plans.

"Everyone knows how advanced is American technology," the Cuban diplomat said. "But we are going to continue with our programs — with American companies or without American companies."

U.S. Urged To Reconsider Venezuela Ban (AP)

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AP, February 22, 2007

A U.S. congresswoman called on the Bush administration Wednesday to reconsider its ban on selling parts for U.S.-made F-16 fighter jets to Venezuela, urging improved ties between the two nations.

U.S. Rep. Sheila Jackson Lee, a Texas Democrat, told reporters that she was making the first U.S. congressional visit to Venezuela since President Hugo Chavez's December re-election with the message: "I want an immediate repairing of the relations between the United States and Venezuela."

Jackson Lee described Venezuela as a friendly nation that the U.S. should cooperate with and said that the F-16 jets, which are built in Texas, was an issue of concern to her constituents in Houston.

Pledging to "personally go back and raise" the issue, she called for the U.S. Congress "to reconsider sanctions on the F-16s."

The U.S. State Department has banned arms sales to Venezuela, including parts necessary to maintain its fleet of F-16s, citing a lack of support by Chavez's government for counterterrorism efforts and its close relations with Iran and Cuba.

Venezuela has since begun receiving the first of 24 Russian-made Sukhoi fighter jets as part of approximately $3 billion in military deals that Chavez has signed with Moscow.

She said her fact-finding mission to Venezuela was part of an effort by a new Democrat-controlled Congress to show that "Venezuela has many friends in this new Congress."

"We're here to re-establish friendship," she said.

Paramilitary Scandal Takes Colombian Elite By Surprise (WP)

By Juan Forero

The Washington Post, February 22, 2007

BOGOTA, Colombia -- Col. HernÃ¡n MejÃ-a was among Colombia's most decorated officers, a young, strapping warrior with five medals for valor on his chest and a reputation for being a relentless adversary of the Marxist guerrillas who operated in the dusty hamlets of northeast Colombia.

But after disclosures that have astonished many Colombians, MejÃ-a has been removed from his post, and the attorney general's office is investigating him for having worked with right-wing paramilitary groups to kill peasant farmers and guerrilla sympathizers. The allegations, announced by Defense Minister Juan Manuel Santos in January, mark the first time the military has turned over one of its own to civilian prosecutors on suspicion of collaborating with the death squads.

The MejÃ-a case comes as this country -- a linchpin in an unstable region, and the Bush administration's closest ally in Latin America -- is undergoing an imperfect but remarkable judicial process that has produced nearly daily disclosures of ties between death squad leaders and Colombia's political and military establishment.

Human rights groups have long contended that the military has used paramilitary groups as a proxy force in its war on rebels, but the depth of those connections -- and the degree to which senior political and military officials are being prosecuted -- has shaken the country. The disclosures also have provided a glimmer of hope for a genuine catharsis in a country that has been enmeshed in conflict for decades.

"We think there's a real possibility that this may reach the point where it's irreversible," said Ivan Cepeda, leader of a victims' rights organization and son of Manuel Cepeda, a senator killed by paramilitary gunmen in 1994.

As part of a pact between the government and paramilitary leaders of the United Self-Defense Forces of Colombia, a group notorious for trafficking in cocaine and murdering peasants by the thousands, one of its top leaders, Salvatore Mancuso, has been providing riveting testimony to prosecutors about slayings he had ordered. There are also investigations by the attorney general's office and the Supreme Court. Along the way, Colombians have learned how a group of 11 congressmen and regional lawmakers signed a pact with paramilitary groups to "re-found the fatherland" and "build a new Colombia."

On Monday, the widening scandal cost the foreign minister, MarÃ-a Consuelo AraÃºjo, her job. She resigned under intense public pressure after investigators arrested her brother, Sen. Ãlvaro AraÃºjo, for suspected ties to the paramilitary groups. In all, eight congressmen are now jailed, and investigators have questioned dozens of other national and local lawmakers about suspected ties to death squads.

In recent weeks, largely through Mancuso's testimony, Colombians have learned how top military officers helped paramilitary commanders organize assassinations, even flying paramilitary fighters aboard army helicopters and providing them with weapons. Mancuso has coolly admitted to ordering more than 300 killings, outlined for prosecutors in a colorful PowerPoint presentation.

The attorney general's office is now investigating dozens of colonels, majors, captains and other army officers who are believed to have collaborated with paramilitary groups, said Leonardo Cabana, chief of the attorney general's human rights unit.

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"This is not the only investigation," Cabana said in an interview, referring to MejÃ-a. "There exist more than 100 active cases where there are relations between the public security forces and illegal armed groups."

The government says the disclosures show that President Ãlvaro Uribe is serious about rooting out those with ties to the paramilitary groups.

"This is going to be the policy of the government for officers or officials who are in some way involved," Santos, the defense minister, said in a telephone interview. "The military man who commits these crimes is not a military man, but a criminal."

But Hector Abad, an author and political commentator here, says that this country, where even mass murder has largely gone unpunished, is still far from unraveling the whole truth. The attorney general's office has yet to go after generals long identified by human rights groups and opposition politicians as paramilitary collaborators. Even though Mancuso named generals and colonels in his testimony, all are now dead or in jail.

He has also said nothing of the so-called wise men, the cabal of civilian power brokers whom a former paramilitary leader, Carlos CastaÃ±o, identified as among the dark forces behind the paramilitary movement. CastaÃ±o, after writing a book detailing his role in founding the paramilitary groups, was murdered by his associates.

"The fact that they killed Carlos CastaÃ±o was because CastaÃ±o was going to talk, with Colombian and American justice," said Abad, whose father was killed by paramilitary gunmen in 1982. Abad said much of the onus is on the judiciary to ferret out how deep the paramilitary tentacles go.

"What we don't know is up to what point the paramilitaries will talk about it, and up to what point the judges, who are responsible for investigating, will be able to put together the puzzle," Abad said.

Investigating the paramilitary groups, or testifying about their operations, is still perilous. Shadowy gunmen believed to work for paramilitary commanders recently killed a handful of activists who were publicly pressing for the paramilitary groups to return stolen land and disclose their crimes. One was Yolanda Izquierdo, who had been at Mancuso's deposition.

"We confide in Colombian justice," she told The Washington Post the day Mancuso started testifying. A few weeks later, she was gunned down in front of her house.

What is different now, however, is that the paramilitary groups no longer enjoy the legitimacy they once had in some social sectors, thanks in part to the relentless news reports on abuses and the investigations by prosecutors.

"It's obviously positive that there's a housecleaning going on," said Adam Isacson, who closely tracks Colombia for the Center for International Policy, a Washington group. "It means the system is at least trying to kick into motion a little bit and starting to work."

The disclosures about MejÃ-a and his role as commander of the army's Popa battalion in the city of Valledupar are significant, Defense Ministry officials say, because he was considered a rising star in Colombia's vast, U.S.-funded military. He had fought in some of the army's most tenacious campaigns against Marxist rebels and was assigned in 2002 to Cesar state, an important gateway for cocaine shipped to the United States.

To the surprise of veteran soldiers who could go months without killing a rebel, a 14-man team that MejÃ-a headed always seemed to come back to the Popa base with the bodies of what the colonel claimed were dead guerrillas, according to a key witness who detailed the crimes to Semana magazine.

"As commander of the Popa battalion, what he was really doing was operating with members of this illegal group," said Cabana, referring to paramilitary death squads. "The operations that these paramilitary groups carried out were also carried out by the units he commanded."

No one seemed to suspect that MejÃ-a, instead of going after guerrillas, was killing peasants and suspected rebel sympathizers. In one case celebrated in the press, he was said to have helped kill 19 rebels, making him something of a legend in the army. Instead, the 19 were paramilitary members whom MejÃ-a had helped kill in a purge.

Investigators said they also later determined that MejÃ-a was working closely with Rodrigo Tovar, known as Jorge 40, a powerful paramilitary commander in the region.

"The significant thing about him was he wasn't part of the Paleolithic, hard-core group in the military," said Isacson. "He seemed a modern officer who was a reformer. It didn't occur to people that he was having lunch with Jorge 40."

In China, Stern Treatment For Young Internet 'Addicts' (WP)

By Ariana Eunjung Cha

The Washington Post, February 22, 2007

DAXING, China -- Sun Jiting spends his days locked behind metal bars in this military-run installation, put there by his parents. The 17-year-old high school student is not allowed to communicate with friends back home, and his only companions are psychologists, nurses and other patients. Each morning at 6:30, he is jolted awake by a soldier in fatigues shouting, "This is for your own good!"

Sun's offense: Internet addiction.

Alarmed by a survey that found that nearly 14 percent of teens in China are vulnerable to becoming addicted to the Internet, the Chinese government has launched a nationwide campaign to stamp out what the Communist Youth League calls "a grave social problem" that threatens the nation.

Few countries have been as effective historically in fighting drug and alcohol addiction as China, which has been lauded for its successes, as well as criticized for harsh techniques.

Now the country is turning its attention to fighting another, supposed addiction -- one that has been blamed in the state-run media for a murder over virtual property earned in an online game, for a string of suicides and for the failure of youths in their studies.

The Chinese government in recent months has joined South Korea, Thailand and Vietnam in taking measures to try to limit the time teens spend online. It has passed regulations banning youths from Internet cafes and has implemented control programs that kick teens off networked games after five hours.

There's a global controversy over whether heavy Internet use should be defined as a mental disorder, with some psychologists, including a handful in the United States, arguing that it should be. Backers of the notion say the addiction can be crippling, leading people to neglect work, school and social lives.

But no country has gone quite as far as China in embracing the theory and mounting a public crusade against Internet addiction. To skeptics, the campaign dovetails a bit too nicely with China's broader effort to control what its citizens can see on the Internet. The Communist government runs a massive program that limits Web access, censors sites and seeks to control online political dissent. Internet companies like Google have come under heavy criticism abroad for going along with China's demands.

In the Internet-addiction campaign, the government is helping to fund eight in-patient rehabilitation clinics across the country.

The clinic in Daxing, a suburb of Beijing, the capital, is the oldest and largest, with 60 patients on a normal day and as many as 280 during peak periods. Few of the patients, who range in age from 12 to 24, are here willingly. Most have been forced to come by their parents, who are paying upward of $1,300 a month -- about 10 times the average salary in China -- for the treatment.

Led by Tao Ran, a military researcher who built his career by treating heroin addicts, the clinic uses a tough-love approach that includes counseling, military discipline, drugs, hypnosis and mild electric shocks.

Tao said the clinic is based on the idea that there are many similarities between his current patients and those he had in the past.

In terms of withdrawal: "If you let someone go online and then he can't go online, you may see a physical reaction, just like someone coming off drugs." And in terms of resistance: "Today you go half an hour, and the next day you need 45 minutes. It's like starting with drinking one glass and then needing half a bottle to feel the same way."

Located on an army training base, the Internet-addiction clinic is distinct from the other buildings on campus because of the metal grates and padlocks on every door and the bars on every window.

On the first level are 10 locked treatment rooms geared toward treating teen patients suffering from disturbed sleep, lack of motivation, aggression, depression and other problems. Unlike the rest of the building, which is painted in blues and grays and kept cold to keep the teens alert, these rooms are sunny and warm.

Inside Room No. 8 are toys and other figurines that the teens can play with while psychologists watch. Room 10 contains rows of fake machine guns that the patients use for role-play scenarios that are supposed to bridge the virtual world with the real one.

Room No. 4 is made up to look like home, with rattan furniture and fake flowers, to provide a comfortable place for counselors to talk to the teens. The staff tries to blend into the artificial environment. Before meeting with a patient, one counselor swapped her olive military uniform for a motherly cardigan and plaid skirt.

Among the milder cases are those of Yu Bo, 21, from Inner Mongolia, and Li Yanjiang, 15, from Hebei province. Both said that they used to spend four to five hours a week online and their daily lives weren't affected but that their parents wanted them to cut their computer usage to zero so they could study. Yu said he agreed to come because he wanted to train himself. Li said it was because he just wanted to "get away from my parents."

Perceived as a more serious case is that of He Fang, 22, a college student from the western region of Xinjiang. The business administration major said his grades tanked when he started playing online games several hours a night. The clinic "has mainly helped me change the way I think," he said. "It's not about getting away from pressure but facing it and dealing with it."

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Before Sun, the 17-year-old, who is from the city of Cangzhou, checked into the clinic about a month ago, he said, he was sometimes online playing games for 15 hours nonstop. "My life was not routine -- day and night I was messed up," he said.

In December, he concluded that school just "wasn't interesting" and stopped attending. His parents were furious and complained that he didn't have a goal. Exasperated, they eventually checked him into the clinic.

Since he's been there, Sun said, he's decided to finish high school, attend college and then work at a private company, perhaps becoming an "authority figure" one day. With the help of a counselor, he's mapped out a life plan from now until he's 84.

Sun's father and mother, Sun Fengxiang and Xu Ying, both 41 and accountants, say their son's counselors have told them he's behaving well -- playing basketball, reading books about success -- but they are unsure whether he's really been cured.

"His language shows that he has changed, but we'll see" when Sun gets home, his father said.

No one is comfortable talking about the third floor of the clinic, where serious cases -- usually two or three at a time -- are housed. Most have been addicted to the Internet for five or more years, Tao said, are severely depressed and refuse counseling. One sliced his wrists but survived. These teens are under 24-hour supervision.

Tao said he believes 70 percent of the teens, after one to three months of treatment, will go home and lead normal lives, but he's less optimistic about the third-floor patients. "Their souls are gone to the online world," he said.

Earlier this month, four teens fled their dorm rooms and jumped in a taxi. They made it to a train station before soldiers caught them, according to Li Jiali, a military guard. They were isolated and asked to write reports about why their actions were wrong.

Guo Tiejun, a school headmaster turned psychologist who runs an Internet-addiction research center in Shanghai, said the military-run clinic goes too far in treating Internet addicts like alcohol and drug addicts.

He said that he has treated several former patients of the Daxing clinic and that one mother told him it was simply "suffering for a month" that did not help her son. He advocates a softer approach. Guo said he believes that the root of the problem is loneliness and that the most effective treatment is to treat the teens "like friends."

"Our conclusion is that kids who get addicted in society have some kind of disability or weakness. They can't make friends, can't fulfill their desire of social communication, so they go online," Guo said.

Guo is especially critical of the use of medications -- which include antidepressants, antipsychotics, and a variety of other pills and intravenous drips -- for Internet addiction because, he said, that approach treats symptoms, not causes.

Tao and his team of 15 doctors and nurses defended the treatment methods. He said that while some clinics depend wholly on medications -- in one experiment conducted in Ningbo, a city south of Shanghai, suspected Internet addicts were given the same pills as drug addicts -- only one out of five patients at the Daxing clinic receive prescription drugs. Tao did agree with Guo that Internet addiction is usually an expression of deeper psychological problems.

"We use these medicines to give them happiness," Tao said, "so they no longer need to go on the Internet to be happy."

Still, for all the high-tech treatments available to Sun at the clinic, the one that he says helped him most was talking. He looks forward to returning to school and getting on with his life.

The first task on his agenda when he gets home: get online. He needs to tell his worried Internet friends where he was these past few weeks.

Farm Tariff Cuts Won't Help Africa (WSJ)

The Wall Street Journal, February 22, 2007

Richard Holbrooke and Stuart Eizenstat ("Africa's Last Best Chance1," editorial page, Feb. 15) are absolutely right that Africa needs a successful conclusion to the Doha Round for a number of reasons, but steep EU farm tariff reductions cut both ways for developing countries depending on their level of competitiveness.

EU farm tariff cuts will do little for most in the developing world for the simple reason that almost all their agricultural produce already enters the EU tariff free -- so tariff cuts won't help them. The EU has already almost fully implemented the 100% duty-free, quota-free market access for all exports from Least Developed Countries that we agreed back in 2001 -- others in the developed world have yet to match this.

The level of farm tariff cuts initially demanded by the United States were unsustainable both for the EU and for developing countries. They would have wiped out the tariff preferences on which, for better or worse, African countries still depend for agricultural export access in the face of the world's competitive farm exporters. The EU has agreed to come as close as possible to the level of tariff cuts demanded by developing countries themselves.

The real competitive gain for African farmers in the Doha Round will come from cutting trade-distorting farm subsidies and the elimination of export subsidies for farm goods -- both of which allow farmers in the rich world artificially to undercut farmers in developing countries. The EU has already offered to slash trade-distorting farm subsidies by 70% and eliminate export subsides

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altogether if others do the same. Combined with the tariff cuts we are offering, this reform adds up to the biggest liberalization of farm trade in history.

Peter Mandelson
EU Trade Commissioner
Brussels

Messrs. Holbrooke and Eizenstat were right to call the Doha Round "Africa's Last Best Chance." But they were wrong when they said the agriculture trade liberalization proposals currently on the table "far surpass those offered in previous multilateral trade rounds." They must have forgotten President Reagan's bold proposal to eliminate all agricultural trade barriers in the Uruguay Round. Just think how different Africa might be today had the developed world accepted Reagan's challenge to open its markets to agricultural exports from developing countries 20 years ago.

Roger and Lynne Bolton
New Canaan, Conn.

Africa's Last Best Chance (WSJ)

By Richard Holbrooke And Stuart Eizenstat
The Wall Street Journal, February 15, 2007

The long-stalled Doha round of trade talks recently had, in the words of WTO Director-General Pascal Lamy, a jolt of "new energy" after the recent meeting of key trade ministers in Davos. What is not clearly understood is that if a successful agreement is reached, it will be especially good news for Africa.

Failure, conversely, would have tragic consequences for the continent. It would lead the United States and the European Union to negotiate more bilateral free-trade agreements with key countries, but not with sub-Saharan Africa and other poor countries, which offer few attractive markets for developed countries' manufactured goods and services. Africa, which has seen its share of world trade shrink in recent years, would fall even further behind.

Developing countries felt that previous multilateral trade negotiations like the Kennedy round, the Tokyo round and the Uruguay round primarily benefited the highly developed nations. While they undertook costly obligations to protect developed countries' intellectual property and impose sanitary and phytosanitary standards, the developed countries did not significantly open their markets to the labor-intensive manufactured goods and agricultural products of developing countries.

For the Doha round launched in 2001, however, there is a development agenda. At its heart is agriculture -- a politically sensitive sector in the EU and the U.S. but the largest employer in low-income countries, accounting for about 60% of their labor force and 25% of their GDP. The World Bank estimates that these agricultural products face what former U.S. Trade Representative Robert Portman observed is a practically insurmountable global average tariff rate of 62%, and that 93% of the benefits from a successful Doha round would come from improved market access for developing nations' agricultural products.

Farmers represent less than 5% of the labor force in industrial countries, but they have very substantial political power in the U.S., EU and Japan. These political forces, especially in the EU, led to the eventual derailment of the Doha round last summer. But as the Doha talks take on new life, Congress and the Bush administration need to stay true to the commitments of the Doha Development Agenda, especially in agriculture.

Two weeks ago the administration proposed ending subsidies for 80,000 wealthy farmers, substituting trade-distorting subsidies with cash payments to farmers, and trimming traditional agriculture programs by $4.5 billion over the next decade. These proposals, if approved, would directly benefit some of the poorest people on earth, save lives and ultimately reduce American foreign aid, while helping Susan Schwab, the U.S trade representative, put wind in the sails of the ministers' pledge in Davos to restart serious talks.

The promise for developing countries, and particularly the poorest African nations, is huge. In particular, Africa stands to gain significantly if sensitive product exclusions do not disproportionately target key African exports. Peter Mandelson, the EU trade commissioner, pledged recently that Europe will significantly improve its previous tariff reduction offer; he needs to make good on that promise. But even the current U.S. and EU proposals on the table far surpass those offered in previous multilateral trade rounds and offer real gains for developing countries:

· WTO members have agreed to provide duty-free/quota-free market access to the least developed countries for at least 97% of their products.

· An agreement has been reached to end the direct EU and U.S. export subsidies by 2013 that have squeezed out the products of farmers in Africa, Asia and Latin America.

· Assistance will be given to help poor countries streamline their customs procedures to help with the red tape and corruption that historically impeded engagement in significant international trade.

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Developing nations also must make serious commitments to complete the Doha round. A growing percentage of trade is between developing nations, with more than 70% of the duties paid by developing countries to other developing countries. This makes no sense.

The World Bank has found a significant increase in per capita income of developing countries that lower their own trade barriers, and concluded that totally eliminating global trade barriers could lift 300 to 500 million of the world's poor out of poverty -- growing their economies by $259 billion by 2015. Opening their trade arteries to manufactured goods and services is also important. It will help developing nations trade with each other, which is growing 50% faster than world trade overall, but where levels of protection on goods are four times higher than levels of protection in rich countries. Intraregional trade in Africa was only 5.3% of GDP in 2002, in part due to self-destructive trade barriers between African countries.

As trade ministers make an effort to reach a Doha deal, they should recognize that it is the poorest nations, particularly those in Africa, that would be the biggest losers if Doha collapses. We hope this will be understood by everyone, on a bipartisan basis, as this crucial negotiation heads into its final phase. For Africa, this may be the last best chance.

Mr. Holbrooke is a former U.S. ambassador to the U.N. and vice chairman of Perseus, LLC. Mr. Eizenstat held several senior positions in the Clinton administration, including U.S. ambassador to the EU, and heads the international practice at Covington & Burling, LLP.

Canada Cautions U.S. On Pending Passport Rule (WT)

By David R. Sands

The Washington Times, February 22, 2007

A planned U.S. rule that would require passports for anyone entering the country by land from Canada must be implemented with "clarity and flexibility" to avoid damaging the world's most dynamic bilateral trading relationship, Canadian Ambassador Michael Wilson said yesterday.

"Yes, we are very concerned about the rule. We have been urging our American counterparts to take the time to get it right," Mr. Wilson said in a luncheon interview with editors and reporters at The Washington Times.

Canadian officials and many U.S. lawmakers from states along the border fear the abrupt implementation of the passport requirement could cause major delays at border checkpoints and impede the free flow of goods and tourists. Two-way trade totaled more than $740 billion last year, and Mr. Wilson noted that Canada is the leading foreign trade partner for more than 39 U.S. states.

"If there's major congestion at the crossing points, it quickly becomes an economic issue as well," Mr. Wilson said.

The State Department and the Department of Homeland Security (DHS) have until June 1, 2009, to implement tougher documentation rules for travelers crossing by land from Mexico and Canada. DHS officials are pressing for a quicker implementation schedule, citing the smooth adoption of similar rules for air travelers last month.

"People have got the message" about the new passport requirement, "and that's good news," said Homeland Security Secretary Michael Chertoff.

But Mr. Wilson noted there was a "huge surge" of Canadians applying for passports ahead of the traditional winter school break, when many Canadians head to Florida or other southern U.S. destinations.

Since air travel represents only about 15 percent of the total cross-border traffic, the pending rule for land crossings will have a far greater impact, Mr. Wilson said.

"We will need advance notice, clarity and flexibility in the implementation of this rule," Mr. Wilson said. "We have taken that message regularly to Homeland Security, but they are making it very clear they want to do this as quickly as possible."

Premiers from four Canadian provinces will visit Washington this month to argue against an early date for the passport mandate. Rep. Louise M. Slaughter, New York Democrat, has introduced a bill to force U.S. officials to accept new, high-tech driver's licenses in lieu of passports to ease checkpoint hassles.

While border security remains a major issue, U.S.-Canadian relations overall are very strong, Mr. Wilson said, particularly compared with frosty cross-border ties in recent years.

Tax-cutting Conservative Prime Minister Stephen Harper's government has proven a strong U.S. ally in the war in Afghanistan, boosting defense spending and putting Canadian troops on the front lines in the battle against fundamentalist Taliban forces. Almost three dozen Canadians have died in the Afghan war.

"It can't help but bring you closer together when you are comrades-in-arms, when you're sitting at the table and going to the same strategy sessions," he said.

He said ordinary Canadians have trouble understanding the "caveats" some NATO countries have adopted to limit their deployments in Afghanistan, leaving just a few nations to bear the brunt of the fighting.

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Mr. Wilson, a leading Canadian banker and former finance minister, said that many of the legendary nasty trade disputes that marred bilateral relations in the past on goods from beer to wheat have largely subsided.

He called recent U.S. complaints about new Canadian provincial subsidies to struggling lumber producers a "brushfire" that was not likely to upset last year's carefully wrought compromise on overall lumber trade.

Mr. Wilson said he decided to take the Washington posting after Mr. Harper agreed that the envoy would balance bilateral issues with a broader push to work with the United States on joint priorities, from trade to nonproliferation to crises in such trouble spots as Haiti and Darfur.

"In that sense, it's a very easy place to be for me because the prime minister and the Canadian government share a larger view of our relations," he said.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Chicago-Area Cousins Arrested In Alleged Toledo Terror Conspiracy. The AP (2/22, Robinson) reports, "Two Chicago-area cousins were arrested Wednesday on federal charges out of Cleveland accusing them of conspiring to wage holy war against Americans overseas, including U.S. military forces in Iraq." Zubair A. Ahmed and Khaleel Ahmed "were accused along with three other men from the Toledo, Ohio, area who already had been under indictment on charges of plotting acts of terrorism against Americans overseas. The fresh indictment returned by a grand jury in Cleveland added the two Chicago-area men to the roster of defendants and brought additional charges against the three men from Ohio."

The Chicago Tribune (2/22, Coen, Maxwell, 617K) notes that Toledo-area suspects "Mohammad Zaki Amawi, Marwan Othman El-Hindi and Wassim Mazloum have pleaded not guilty and are expected to go on trial in Cleveland in the spring. … El-Hindi allegedly took the cousins from Chicago to Cleveland in 2004 to meet a man described in the document as 'the Trainer,' a man with military experience who was associated with the group." US Attorney Bill Edwards "said the men discussed sniper tactics and were willing to travel to carry out terror plots."

The New York Times (2/22, Sander, 1.16M) reports, "Wednesday's indictment included new charges against" Amawi and Hindi "involving further counts of distributing information regarding the manufacture and use of explosives. In addition, a second new indictment charged Mr. Hindi and Ashraf Zaim, 39, of Ottawa Hills, another town in the Toledo area, with defrauding the government by claiming to have used $40,000 in federal grant money for charitable purposes when in fact, the government said, it actually went to their personal use. And yet another indictment charged Bilal Mazloum, 22, of Sylvania with making false statements to federal agents by denying knowledge that his brother Wassim had participated in firearms training."

Supporters Ask Gonzales To Release Al-Arian. The AP (2/22, Barakat) reports, "Supporters of former professor Sami al-Arian - now in the fifth week of a prison hunger strike as he refuses to testify in front of a federal grand jury - on Wednesday called on Attorney General Alberto Gonzales to deport al-Arian prior to his scheduled release from prison." The AP continues, "Al-Arian, a former computer science professor at the University of South Florida, was accused by prosecutors of being a leader of a terrorist group called Palestinian Islamic Jihad. He is being held at a medical prison in North Carolina. … After a six-month trial ended in an acquittal on some counts and a hung jury on others, al-Arian struck a plea bargain in May 2006 and admitted to conspiring to aid Palestinian Islamic Jihad, specifically by helping a family member with links to the group obtain immigration benefits and by lying to a reporter about another individual's ties to the group." The AP adds, "Al-Arian would be up for release in April, but his prison term is being extended indefinitely after a judge found him in civil contempt for refusing to testify in front of a grand jury in Alexandria, Va., investigating a cluster of Islamic charities in northern Virginia that has ties to al-Arian. … Al-Arian believes his plea deal specifically exempted him from cooperating with authorities. But two federal judges have ruled that al-Arian must testify. … Al-Arian's lawyer, Peter Erlinder, said it is only fair that Gonzales release al-Arian now because prosecutors initially recommended to the judge that al-Arian receive time served when he struck the May 2006 plea deal. A judge rejected that recommendation and sentenced al-Arian to an additional 11 months. … 'Mr. Gonzales, you have the power ... to release Dr. al-Arian for voluntary departure from the U.S. with the stroke of your pen,' Erlinder said in an open letter to Gonzales. … Justice Department spokesman Dean Boyd said the attorney general does not have the power to unilaterally free al-Arian. Deportations are handled by the Department of Homeland Security rather than the Justice Department."

Judge Denies Bail For US Citizen Accused Of Aiding Al Qaeda In Somalia. The AP (2/22, Lozano) reports, "A U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government will remain behind bars until his trial, a federal judge ruled Wednesday. Daniel Joseph Maldonado was ordered held without bond. U.S. Magistrate Judge Calvin Botley also found federal authorities were justified in arresting Maldonado on charges related to his alleged training at an al-Qaeda camp in Somalia." The AP notes, "During a two-day probable cause and detention hearing, FBI agents and prosecutors painted a portrait of a violent young man who willingly trained alongside al-Qaeda operatives to learn

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firearms and bombmaking skills. … Botley said while the evidence showed Maldonado received weapons and bomb making training, it wasn't clear if al-Qaeda was in charge of the camp."

The New York Times (2/22, Blumenthal, 1.16M) adds that "Botley granted a defense request that Mr. Maldonado, 28, gaunt from malaria and malnutrition, be given extra rations in jail." The Times notes, "At a two-day detention hearing that was unusual for the explicitness of the evidence disclosed, Mr. Maldonado was said to have given the F.B.I. false information, then admitted that he 'wrote or told many dishonest statements' and revised his account while still falling short of the truth, an F.B.I. agent testified." Special Agent Lucille Eglen-Anderson "and other agents testified that Mr. Maldonado was at a terrorist training camp run by Al Qaeda, where he was learning to shoot an AK-47 and make bombs."

Spanish Judge's Claims Said To Raise Questions About Wider 9/11 Plotting. In a Wall Street Journal (2/22, 2.04M) op-ed, author Edward Jay Epstein writes that Spanish anti-terror Judge Baltazar Garzon claims a Spanish terror cell provided regular and extensive support to the 9/11 plotters, contradicting the accounts obtained by the CIA from Khalid Sheikh Mohammed and Ramzi Binalshibh. Epstein adds that "if Mr. Garzon is correct about the Spanish connection to 9/11, it is not only the effectiveness of the CIA's interrogation of its al Qaeda prisoners that is called into question. The information from Binalshibh, KSM and other detainees was used to fill in the missing pieces of the jigsaw, and those gaps concerned the contacts the 9/11 conspirators might have had with others wishing to harm America. By saying that no one else was involved -- not in Spain, Iran, Hezbollah, Malaysia, Iraq, the Czech Republic or Pakistan -- these detainees allowed the 9/11 Commission to complete its picture of al Qaeda as a solitary entity."

WSJournal, NYTimes Differ On Court Ruling On Tribunals. Two major newspapers take strikingly different positions on Tuesday's appeals court decision upholding the Military Commissions Act. The Wall Street Journal (2/22, A14, 2.04M) says the decision "is a welcome victory for common sense in the war on terror. Now we'll find out if the Supreme Court meant what it said last year about deferring to the two elected branches on the handling of enemy combatants. We never had a problem with the Bush Administration's plan to set up military commissions shortly after 9/11. It is the duty of the executive branch -- which can act with dispatch and be held accountable by voters -- to conduct wars. And military tribunals have been successfully employed by past Presidents, including Washington, Lincoln and FDR. … Critics in Congress of tribunals as Senate Judiciary Chairman Pat Leahy have every right to try to rewrite the Military Commissions Act, if they have the political nerve. But we're also sure that prosecuting a war on terror would be significantly more difficult as a result."

But the New York Times (2/22, A22, 1.16M) calls it "another low moment for American justice" that "relied on a shameful law that President Bush stampeded through Congress last fall that gives dangerously short shrift to the Constitution. The right of prisoners to challenge their confinement -- habeas corpus -- is enshrined in the Constitution and is central to American liberty. Congress and the Supreme Court should act quickly and forcefully to undo the grievous damage that last fall's law -- and this week's ruling -- have done to this basic freedom." The "frightening" Military Commissions Act "raises insurmountable obstacles for prisoners to challenge their detentions. And it gives the government the power to take away habeas rights from any noncitizen living in the United States who is unfortunate enough to be labeled an enemy combatant."

Ex-CIA General Counsel Calls For Reforms. In a Washington Post (2/22, A19, 690K) op-ed, Jeffrey Smith, former CIA general counsel and now a partner at a law firm that "provides Kuwaiti counsel for the families of the Kuwaiti detainees at Guantanamo," writes that last November, "voters rejected the president's swaggering, go-it-alone approach and the administration's contemptuous attitude toward the Geneva Conventions, which led to the abuses at Abu Ghraib, actions that so damaged our credibility that other nations are much less willing to cooperate in the war on terrorism. Secretary of State Condoleezza Rice, and her able legal adviser, John Bellinger, have pushed for reforms that have begun to reverse this trend -- but much more must be done." Last week, Sens. Christopher Dodd and Patrick Leahy introduced legislation "that will move us further in the right direction. But there are three things Congress should do. First, Congress should reconsider the detainee legislation passed last fall. Last-minute changes rammed through by the White House watered down many of the bill's key provisions. … Second, Congress should repeal the provisions that

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stripped detainees at Guantanamo Bay and elsewhere of the right of habeas corpus and that instead gave them an extremely limited right to challenge their detentions. … Third, Congress should also examine the practice of 'rendition,' or sending detainees to countries for trial or detention where, it is alleged, they can be mistreated or tortured."

WPost Calls For US To Drop "Los Angeles Eight" Case. The Washington Post (2/22, 690K) editorializes that the Popular Front for the Liberation of Palestine "is a loathsome group that has carried out terrorist activities. It was an important and legitimate policy change, after the Sept. 11 attacks, to tighten the law to make raising money here for terrorist groups a crime. But that law was not in place when" so-called "Los Angeles Eight" members Khader Hamide and Michel Shehadeh "were allegedly involved with the PFLP; they say they were never members but only distributed its magazine. At this point, if not from the outset, the pursuit of two law-abiding, middle-aged men with roots and families in this country is misplaced and even self-defeating on the part of the government." US District Judge Bruce Einhorn has ruled against the deportation proceedings against the men, and the "government has until the end of the month to appeal the judge's ruling. It should, instead, drop this case, as it should have done years ago."

HOMELAND RESPONSE:

Gonzales Says Supermax Prison Is Safe, With Room For Improvement. The AP (2/22, Squires) reports from Florence, CO, "Attorney General Alberto Gonzales toured a federal prison holding some of the nation's most violent and disruptive inmates on Wednesday and said the facility is secure, but he conceded that it could be improved. … 'Are there challenges? Yes,' said Gonzales, the nation's top law enforcement official. 'Can we do better? Yes.'" The AP continues, "Gonzales agreed to visit the prison, known as Supermax, after Colorado's two senators raised concerns about staffing and security. … He stopped short of promising to increase the number of guards or build an additional fence around the compound, as some state and local officials have advocated. Instead, he said he was willing to listen. … 'The question is reaching a general consensus on what is needed,' Gonzales said. 'There may be additional staffing that we can provide to the facilities here.'" The AP adds, "Supermax, 90 miles southwest of Denver, houses 474 of the nation's most notorious convicts, including Olympic bomber Eric Rudolph and Sept. 11 conspirator Zacarias Moussaoui. … Security at the 490-bed prison, built in 1994 for $60 million, has been under scrutiny for months. Last year, an arbitrator found that staffing levels had made the facility more dangerous, with some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail. … The Justice Department says that all mail and phone calls to and from inmates labeled as terrorists have been monitored since October, and that perimeter security has been beefed up."

The Denver Post (2/22, Finley) reports, "A battle over how to run the nation's booming federal prison system intensified Wednesday as U.S. Attorney General Alberto Gonzales, guard-union leaders and lawmakers toured the ultra- high-security Supermax facility and held an unofficial summit." The Post continues, "Gonzales emerged two hours later and pronounced Supermax up to par, lauding recent efforts to make sure mail and phone calls from terrorist prisoners are monitored. … 'I'm comfortable with where we are at today on this issue,' he said after a Supermax tour that was off-limits to reporters. … But guard-union leaders bristled, warning that thin staffing has put prisons on the brink of disastrous riots as the nation's federal inmate population approaches 200,000." The Post adds, "Supermax union president Barbara Batulis, who accompanied Gonzales, said terrorists housed there still are able to communicate with followers in Spain and Iraq. … Union leaders have begun mobilizing a lobbying blitz to demand $500 million from Congress to hire more guards nationwide, said John Gage, president of the American Federation of Government Employees. … New surveillance technology at Supermax and other prisons ignores the core issue of inadequate staffing, Gage said. 'Those cameras will not replace correctional officers. And electric fences? We're not talking about escapes here. We're talking about safety within the walls,' he said." The Post notes, "U.S. Sen. Ken Salazar, who accompanied Gonzales along with U.S. Sen. Wayne Allard, also raised questions. … Federal prison chiefs 'have to do more. They have to recognize ... we need to have much more linguistic capability in Arabic' in order to understand and assess terrorist-prisoner communications, said Salazar, D-Colo. … Allard, R-Colo., praised Gonzales for being 'willing to sit down and listen' in what he and Salazar cast as a continuing dialogue about prison conditions."

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The Pueblo (CO) Chieftain (2/22, Harmon) reports, "Gonzales toured the prison with U.S. Sens. Ken Salazar, D-Colo., and Wayne Allard, R-Colo., as well as Federal Bureau of Prisons chief Harley Lappin and U.S. Rep. Doug Lamborn, R-Colo. Gonzales is the second of the nation's chief law enforcement officers to visit the prison - former U.S. Attorney Janet Reno helped dedicate Supermax in January 1995. … 'I heard from Senators Salazar and Allard their concerns about the facility here in Florence and what we could do,' Gonzales said. 'We had good discussions with staff today and are committed to a safe facility here and at facilities throughout the nation.' … 'I want to ensure we are doing everything we can for the wonderful people who work here and the safety of the community,' Gonzales said." The Chieftain adds, "Salazar said since he and Allard took separate tours of Supermax late last year that additional staff have been added, technology has been improved and in lieu of perimeter fencing being added, a control tower has been enhanced to provide a 360 degree view of the complex and an armored vehicle has been added to patrols. … Since the Inspector General's office issued a report last year detailing relaxed inmate phone and mail monitoring, the Bureau of Prisons has monitored 100 percent of the general mail being sent to or from inmates designated as terrorist inmates since October of last year. Mail is not delivered to or sent from terrorist inmates until after it is read and translated if necessary. … Lappin said the bureau has added additional translator analysts. As a result, 100 percent of phone calls for terrorist inmates are monitored; however, because language translators may not always be available, the prison records the conversations for later translation."

The Rocky Mountain (CO) News (2/22, Foster) reports, "All the mail and telephone calls of terrorists housed at Supermax, the nation's highest-security prison, are being monitored under new tighter security procedures, U.S. Attorney General Alberto Gonzales said Wednesday after touring the prison. … Less certain are other security improvements sought by the prison's staff and the townspeople of Florence, including more corrections officers and a perimeter fence around the four-prison federal complex that includes Supermax." The News continues, "Supermax's 475 inmates are considered the most dangerous in the country's federal prison system and include a roster of international and domestic terrorists: Sept. 11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef, shoe bomber Richard Reid, Unabomber Ted Kaczynski, and Olympic and abortion clinic bomber Eric Rudolph. … Security troubles cast the prison into the national spotlight last fall after a Justice Department inspector general's report found that a shortage of Arabic translators prevented the screening of dozens of letters from convicted terrorists to Islamic extremists between 2002 and 2004." The News adds, "That problem has been solved, said Gonzales, who toured the prison with Colorado's two U.S. senators, Wayne Allard and Ken Salazar, and Rep. Doug Lamborn, whose congressional district includes the prison. … 'I am confident that we're doing what we should be doing monitoring communications in and out of the facility,' Gonzales said."

The Colorado Springs (CO) Gazette (2/22, Rappold) reports, "Gonzales didn't pledge to hire more staff or build a perimeter fence — two of the concerns that have been voiced by local officials and the union representing Supermax employees — but said such measures are still options. … 'There has been additional staffing. We've got additional technology in place,' Gonzales said during a news conference after touring the prison. 'We've provided additional tools to deal with the concern about perimeter fencing.'" The Gazette adds, "Gonzales said a perimeter fence, estimated to cost $20 million, is still on the table, though it doesn't appear necessary. … 'The question is, is that a wise use of taxpayer dollars going forward?' Gonzales said. 'That's something the senators and I will be engaging in a dialogue about. … I am committed to ensuring that we have safe and secure facilities, not just here but throughout all of our federal facilities,' he said."

KXTU-TV, Fox 21, Colorado Springs/Pueblo (2/22, Salvo) reports, "US Attorney General Alberto Gonzales toured the Supermax Prison in Florence Wednesday along with Senators Ken Salazar and Wayne Allard to see what steps have been taken to improve the safety and security of the facility." KXTU-TV continues, "The prison has been criticized by state and federal officials because of staffing levels inadequate monitoring and security measures. Supermax houses some of the most harden criminals including both foreign and domestic terrorists, which is what raised so many eyebrows when a report came out last year faulting the facility for among other things not reading all incoming and outgoing mail from the highest-risk prisoners and not monitoring telephone calls. … 'I am confident were doing what should be doing to monitor communication both in and out of these faculties,' said Attorney General Gonzales." KXTU-TV adds,

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"Big words following big steps that have been taken in the last few months to address security and safety issues in what should be the nation's most secure penitentiary. … 'The issue of additional staffing: there are now some additional correctional officers that have been added to this facility,' said Sen. Salazar. … Presently the Department of Justice reports 92% of authorized positions are filled putting the inmate-to-staff ratio at 1.5:1, the lowest of its kind in comparison. … But is that enough for a prison housing some of the world's most dangerous criminals? … 'I think we have additional funding and one of the things we will look at is should there be additional staffing,' said the Attorney General."

KRDO-TV, ABC 13, Colorado Springs (2/22, Wurtz) reports, "It houses some of the most dangerous criminals in the world, but is Colorado's Supermax Prison secure? The nation's top law enforcement official toured the complex Wednesday. After his tour, US Attorney General Alberto Gonzales said he's confident in the security of the prison complex and is satisfied that steps have already been taken to address safety concerns. But he and Colorado's lawmakers agree: work at Supermax is not done. 'We all care, in a very united way, that we have safe and secure facilities,' says Sen. Ken Salazar, (D) Colorado, 'there are issues that have been raised and we have addressed some of those.'" KRDO-TV adds, "Addressing concerns by adding some staff and security cameras. … The complex has also employed translators and increased the monitoring of inmate mail and phone calls. 'Whether or not they have any terrorist connections, whether or not they've been ordered to subject to any administrative restrictions, will dictate the level of monitoring that does occur,' says Gonzales, 'but we've had some good discussions about that and I'm confident we're doing what we should be doing.' One item still unresolved--the question of whether the complex needs more perimeter fencing. 'We now have armed mobile patrols, we now have a tower that provides additional surveillance,' Gonzales says of increased perimeter security, 'so the question is whether or not [perimeter fencing] is a wise use of taxpayers' money going forward.'" KRDO-TV notes, "Lawmakers and law enforcement will continue to discuss that issue and any future changes may be needed at Supermax. … Gonzales says the tour was a step forward in what he calls an ongoing process. 'We're always evaluating what we do; not just in this area, but everything we do in fighting crime and fighting terrorism,' says Gonzales."

Unions Say BOP Playing Shell Game With Supermax Staffers. The Pueblo (CO) Chieftain (2/22, Harmon) reports, "Union officials on Wednesday accused the Federal Bureau of Prisons of taking correctional staff intended for other prisons to help staff the Supermax penitentiary." The Chieftain continues, "The Supermax, which is referred to by prison officials as the Administrative Maximum Security U.S. Penitentiary, houses the nation's most dangerous inmates, including convicted terrorists. … 'We got our 18 (additional officers), but they are taking staff from other institutions and funneling them to ours,' said Barb Batulis, American Federation of Government Employees Local 1302 president for the Supermax. 'It is like robbing Peter to pay Paul and they are trying to put it back on me because I told them they had to do something about the staffing.'" The Chieftain continues, "Union officials suspect that the 18 new officers put on staff at Supermax actually were supposed to go to work at the lower security Federal Correctional Complex prisons in Florence. The complex houses four prisons - Supermax, the high-security United States Penitentiary, the medium-security Federal Correctional Institution and a low-security camp. … 'Even with the additional staff, we are still below "mission critical" levels of at least 20 correctional officers,' Batulis said. 'And we haven't gotten any additional (Arabic) translators. We still have just three and that is not a lot to monitor all the calls and mail for the (terrorist) inmates.'" The Chieftain adds, "Holly Pruyne, who is the Local 1300 president representing the medium security and camp prisons, said five correctional officers intended for the Federal Correctional Institution were reassigned to Supermax. … 'The FCI has a maximum rated capacity of 794 inmates. We are at 1,174 inmates now and are going up to 1,300. We have 79 percent of the staff we need for the basic mission critical status,' Pruyne said. … Union officials said on Jan. 3 and Jan. 9, when disturbances were occurring at the high-security penitentiary, staff from both Supermax and the FCI responded to help. With a total of 42 staffers responding, the incidents left the FCI with few officers and inmates who were not on lock-down status. … John Gage, president of the American Federation of Government Employees national union of Washington, D.C., was among high-ranking union officials in town Wednesday to bring a voice to the short staffing problem, which he said exists across the nation."

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Habitat For Humanity Facing Criticism Over Pace Of Gulf Coast Homebuilding Effort. The New York Times (2/22, Eaton, Strom, 1.16M) reports from Bay St. Louis, Mississippi, that despite having secured 50,000 volunteers, $127 million and backing from the likes of "President Bush and the New Orleans jazz luminaries Harry Connick Jr. and Branford Marsalis," Habitat for Humanity says that since Katrina "it has built just 10 houses for poor hurricane victims here, 36 in New Orleans, and a total of 416 along the entire coast, from Alabama to Texas. More are under construction, for a total of 702." The "slower pace" – Habitat "built or repaired 8,500 houses in Indonesia, Thailand, India and Sri Lanka" following the 2004 tsunami – "reflects, in part, the more complex houses that Habitat builds in the United States, as well as the mind-numbing issues — involving insurance costs and government regulations — that seem to have bogged down efforts to rebuild after Hurricanes Katrina and Rita. But Habitat International is starting to face criticism that its procedures are slow, rigid and perhaps unsuited to helping disaster victims, however rewarding its efforts are for its volunteers."

Baton Rouge Adjusting To Post-Katrina Surge In Population. In a front page article, USA Today (2/22, 1A, Johnson, 2.27M) reports from Baton Rouge, a city of 250,000 that became "an overwhelmed mass of about 500,000" in the wake of Hurricane Katrina. Many evacuees were just passing through, but city officials say that today, Baton Rouge's population remains 275,000-325,000. From the Los Angeles-style gridlock on Interstate 10 to the overcrowded schools and the escalating real estate prices that have fueled a housing crunch, Baton Rouge has the look and feel of a place grappling for control of its direction. And although the influx of new residents hasn't dramatically increased crime rates, many residents sense that Baton Rouge has lost some of the small-city civility it enjoyed during what they call 'Pre-K' — before Katrina."

WAR NEWS:

British Withdrawal From Iraq Seen As Blow To Bush Policies. Tony Blair's announcement that some of the British troops in Iraq will go back to the UK at the end of the summer is being portrayed as a setback for the Bush Administration. The Los Angeles Times, in a report typical of the tenor of much of the coverage, reports the British move "was widely seen Wednesday as a telling admission that the British military can no longer sustain simultaneous wars in Afghanistan and Iraq. The British military is approaching 'operational failure,' former Defense Staff chief Lord Charles Guthrie warned this week." The decision "to draw down forces by more than 20 percent in the southern city of Basra means that Britain will significantly shrink its military footprint at a time when the Pentagon is increasing U.S. forces to battle militants to the north, in Baghdad and Anbar province." The Bush Administration "hastened to present the British decision as an indication that the U.S.-led military operation was succeeding. … But the Pentagon, in its most recent quarterly report to Congress, listed Basra as one of five cities outside Baghdad where violence remained 'significant,' and said the region is one of only two that are 'not ready for transition' to Iraqi authorities."

NBC Nightly News (2/21, story 2, 1:50, Gregory, 9.87M) also reported Administration "officials scrambled today to put the best face on the British withdrawal. In Berlin, Secretary of State Rice denied that the so-called 'coalition of the willing' in Iraq is falling apart. The Vice President, in Japan, insisted it is good news." Cheney was shown saying, "I look at it and what I see is an affirmation of the fact that parts of Iraq where things are going pretty well." But "the good spin," added NBC, "masks a darker reality. Just as the US is putting more troops into Iraq to secure Baghdad, America's staunchest ally in the war is beginning to pull up stakes."

The Washington Post (2/22, A12, Weisman, Baker, 690K) says today that "for an already besieged White House, the decision was doing a good job masquerading as a bad-news story. … To many back in Washington, though, what resonated was that Bush's main partner in Iraq is starting to get out just as the president is sending in more U.S. troops."

On the CBS Evening News (2/21, story 3, 1:20, 7.66M), Bob Schieffer said, "I think what we're seeing her…is what happened back during the Vietnam era: When things were going badly and the crusty old Senator from Vermont George Akins said, 'There's only one way out here, that's to declare victory and just leave.' That's what we're seeing." Blair's move "is going to make the President even more isolated than perhaps he is now. The Democrats have already pounced on this. They say it shows that the President's idea of putting more troops in is not the solution and that there is not a military solution, there has to be a diplomatic solution. Whether you're for the war or against the war, Katie, what this

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underlines tonight is that the coalition that the President put together to fight this war is now coming apart."

USA Today (2/22, Stinson, 2.27M) reports "presidential spokesman Tony Snow, on a trip with Bush to Tennessee, said Britain's decision was not made on a timeline of the sort the president has rejected for American troops. 'What you had is progress first, and then the removal,' Snow said. 'The president's made clear all along, we want to move as rapidly as we can to build capability on the part of the Iraqis so they can in fact assume, first, primary responsibility and then eventually sole responsibility,' he said." Pentagon spokesman Bryan Whitman "said there was no thought that the British were abandoning the United States."

Democrats pounced on the British move as a sign that Bush's plan to increase the US troop level in Iraq by 21,500 was the wrong strategy. The Financial Times (2/22, Blitz, Dombey, Sevastopulo) notes "prominent Democrats in Congress said the move was a sign that Britain was now giving up on the US in Iraq and contrasted it with the surge in US troop numbers deployed to contain the violence in Baghdad. … Edward Kennedy, a senior Democratic senator, said the British redeployment was a 'stunning rejection' of the president's decision to increase US troop numbers around Baghdad by 21,500. 'No matter how the White House tries to spin it, the British government has decided to split with President Bush and begin to move their troops out of Iraq,' Mr Kennedy said." Anthony Cordesman, a Middle East expert at the Center for Strategic and International Studies, "said the UK move 'weakens the image of the coalition and further isolates the US.'" The Washington Times (2/22, Behn, 88K) also quotes Cordesman saying "the British had long ago lost the political fight and ceded Basra and Maysan to Shi'ite Islamist factions. 'The British were not defeated in a military sense, but lost in the political sense if "victory" means securing the southeast for the central government and some form of national unity.'"

The Hill (2/22, Marre) notes "congressional Democrats…said Wednesday that the White House should take a cue from its closest ally and get U.S. soldiers out of Iraq instead of sending in more. 'Why are thousands of additional American troops being sent to Iraq at the same time that British troops are planning to leave?' asked House Speaker Nancy Pelosi." The Washington Times (2/22, Dinan, Ward, 88K) runs a similar story under the headline "Democrats Hail British Pullout," in which it says Democrats "cheered the news." Senate Majority Leader Harry Reid said, "The British government has acknowledged a reality that President Bush still stubbornly refuses to accept."

And in an editorial headlined "Britain Cuts Its Losses," the New York Times (2/22, 1.16M) writes, "Spin it any way you like, Prime Minister Tony Blair's announcement that Britain will be withdrawing up to 1,600 of its 7,100 remaining troops in Iraq can't be welcome military or political news for…Bush."

Blair's announcement led all three network newscasts, with ABC World News (2/21, lead story, 2:50, Gibson, 8.78M) reporting, "For years, the Bush Administration has called it the 'coalition of the willing.' Well, tonight, it appears as if some of the nations in that coalition are no longer as willing. That includes America's chief ally, Great Britain." ABC (Scuitto) added, "Politically, Mr. Blair had little choice. Public opposition to the war is strong. Six in ten here favor a quick withdrawal. And 72% say the war is unwinnable. Blair also faced enormous pressure from his own party to begin the pullout before he steps down as Prime Minister this year to avoid leaving his successor with a damaging political burden." The CBS Evening News (2/21, lead story, 2:50, Couric, 7.66M) noted "the shrinking US-led coalition in Iraq," and added "Denmark, a much smaller ally, announced today it will withdraw its entire contingent of just over 400. So the coalition, which at its peak included the United States and 38 other nations, is down to the US and 21 other nations." In addition, says the AP (2/22), "Lithuania is 'seriously considering' withdrawing its 53 troops from Iraq, a government spokeswoman said Wednesday." Defense Ministry spokeswoman Ruta Apeitkyte told the AP that "the Baltic country was considering not replacing the contingent when its mission ends in August."

NBC Nightly News (2/21, lead story, 2:45, Williams, 9.87M) reported, "There are 7,100 British troops in Iraq. The first 1,600 will leave over the next few months." Blair was shown saying, "There is no Sunni insurgency. There is no Al Qaeda base." Blair was "in Parliament today making a case for a British troop draw down in southern Iraq. A few months ago, the British handed over partial control of Basra, the biggest city in the south and since then it has remained relatively calm. … Bottom-line, the British have done what they can, Blair's plan now, withdraw a quarter of British troops by summer, all could be out by the end of next year."

The Washington Post (2/22, A1, Jordan, Partlow, 690K) reports, "Blair's plans allow him in the final months of his administration to show a measure of independence from Washington on Iraq policy. Battered in public opinion polls

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because of his support of the war, Blair has said he will step down by September."

Maj. Gen. William Caldwell, chief spokesman of the multinational forces in Iraq, said on CNN's The Situation Room (2/21, Blitzer), "The British forces, just like us, have been thoroughly committed from the beginning. They're steadfast partners, been working hard, and as they have looked at their mission down there in Basra, and they see they can draw the force levels down by about 1,500 over this year, it makes logical sense to do that. … It makes sense for the British forces, at this point in time, to draw down their force levels here as they continue to commit themselves both here and in Afghanistan, supporting the efforts of both places."

British Pullout Could Empower Iran. The CBS Evening News (2/21, story 2, 1:55, Logan, 7.66M) reported, "The withdrawal comes as no surprise to US commanders here, one of whom told me the British haven't been in control of the south for some time. However, there is concern that this will give neighboring Iran free reign to continue its support of these powerful militias." USA Today (2/22, 4A, Jervis, 2.27M) runs a similar report under the headline "Iran, Militias Could Gain From British Pullout."

The New York Times (2/22, Cowell, 1.16M) reports that a "senior Defense Department official said that, if security conditions deteriorated in the south, American commanders might need to send in their own forces to help remaining British units and Iraqi troops. He noted that the United States also usually keeps reserve forces nearby in Kuwait that could be sent into Iraq as well. 'If something flares, we will react to it with the forces on the ground,' the official said."

In a similar report, the Christian Science Monitor (2/22, Rice-Oxley, Murphy, 59K) reports, "Blair's move isn't likely to help the Bush administration."

More Commentary. Bartle Brese Bull, the international editor of Prospect magazine, writes in an New York Times op-ed (2/22) titled "The End Of The Alliance," that "Blair's decision may have as much to do with strategic good sense as it does with domestic politics. The truth is that the British gave up trying to win their war in southern Iraq a long time ago, and they probably accomplished as much as they could. … The priority now is to give Iraqis the best possible conditions to achieve the best feasible Iraq: one that stays whole; suffers less internal violence than it has historically; is not a threat to its neighbors or the rest of us; and that through a few good internal examples and a modicum of representative government has hope and mechanisms for improving itself. This is an approach that will have to be adapted to suit each region. And in southern Iraq, it seems clear, it is time for the Iraqis to succeed or fail on their own."

Cheney Criticizes Democratic Efforts To Stop Iraq Troop Surge. The AP (2/21, Hunt) reports Vice President Cheney "harshly criticized Democrats' attempts to thwart President Bush's troop buildup in Iraq, saying their approach would 'validate the al-Qaida strategy.' House Speaker Nancy Pelosi fired back that Cheney was questioning critics' patriotism." Pelosi said, "I hope the President will repudiate and distance himself from the Vice President's remarks." Pelosi said she "tried to complain about Cheney to President Bush but could not reach him." The AP says Cheney, in Tokyo, "used an interview to criticize Pelosi and Rep. John Murtha, D-Pa., over their plan to place restrictions on Bush's request for an additional $93 billion for the Iraq war to make it difficult or impossible to send 21,500 extra troops to Iraq."

During that ABC World News (2/21, story 2, 2:30, 8.78M) interview, Jonathan Karl asked Cheney, "You just made a very clear statement in your speech, saying the American people do not support a policy of retreat. … Is that policy that we hear from the Speaker of the House, Nancy Pelosi, from other Democrats, u that a policy of defeat?" Cheney: "Yes. … I think the American people want to see, first and foremost, success in Iraq. I think to do what Nancy Pelosi is suggesting -- and she made it very clear on many occasions, that she, in fact, wants to get out -- that that's exactly the wrong medicine. It's the wrong course of action. It will do nothing but encourage the terrorists, and it will have a devastating long-term consequences in the global war on terror." The Hill (2/22, Good) reports Cheney also said he "does not think Democratic congressional leaders will be able to stop President Bush from sending additional troops to Iraq. … Cheney said: 'I don't think so. The question is whether or not they have the votes.'"

GOP Lawmakers Defend Bush Strategy. Sen. Jon Kyl, just back from a one-day trip to Iraq, said on CNN's The Situation Room (2/21, Blitzer), "I can tell you that both among all of our military commanders [and] officials from the Iraqi leadership, all had what I would characterize as cautious optimism about the new strategy that's beginning to unfold. We already have one of the five new brigades in Iraq, the second is just about ready to go in, just in a matter of days, the third is being prepared. And the Iraqis are doing things a lot

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differently than they had done before, with the result that the Iraqis have said that there is a totally different view on the part of the people on the street about the potential for success here."

House Minority Whip Roy Blunt said on Fox News' Your World (2/21, Cavuto), "I think what's confused here with some of my friends in the Congress is that they have misinterpreted dissatisfaction with what's been going on in Iraq to a belief that people are willing to lose that war. … Iraq is one very complicated piece of an even more complicated world where we have lots of enemies. Those enemies are ready for us to show weakness. Anytime we do this, it just helps them recruit, fund, find suicide bombers, whatever they're looking for at that moment, any weakness in the United States."

George Will writes in the Washington Post (2/22, 690K), "Indiscriminate criticism of…Bush is an infectious disease. Some conservatives seem to have caught it, but congressional Democrats might be crippled by it." Democrats "lack the will to exercise their clearly constitutional power to defund the war. And they lack the power to achieve that end by usurping the commander in chief's powers to conduct a war. They can spend this year fecklessly and cynically enacting restrictions that do not restrict. Or they can legislate decisive failure of the Iraq operation -- withdrawal -- thereby acquiring conspicuous complicity in a defeat that might be inevitable anyway. A Hobson's choice? No, Nancy Pelosi's and Harry Reid's."

Cheney To Face "Public Anger" In Australia. The Christian Science Monitor (2/22, Squires, 59K) says Cheney, "perhaps the most powerful vice president in United States history, arrives in Sydney Thursday for a four-day visit" to Australia, making him "the most senior American visitor to Australia since President Bush addressed the joint houses of Parliament in Canberra in 2003. But despite Australia's status as a steadfast US ally and broad public support for the country's troop deployment in Afghanistan, Cheney will encounter public anger over Australia's participation in the Iraq war and growing disquiet over the fate of the country's lone Guantánamo Bay detainee, David Hicks." Cheney's visit "comes at an awkward time for Prime Minister John Howard, who has been in power for more than a decade but this week slumped to his lowest opinion-poll rating in six years."

Iraqi Insurgents Detonate Second Chemical Dirty Bomb. ABC World News (2/21, story 3, :40, Gibson, 8.78M) reported, "Insurgents in Iraq are stepping up their use of a new and deadly weapon, chemical dirty bombs. A truck bomb, today, in Baghdad, combined explosives with chlorine gas. The chlorine burns and can kill when it explodes. It was the second such blast in as many days." NBC Nightly News (2/21, story 3, :40, Williams, 9.87M) noted two people were killed in yesterday's bombing.

The New York Times (2/22, Cave, Fadam, 1.16M) reports, "Iraqi and American officials said the use of chlorine seemed aimed at bringing a new level of fear and havoc to Iraq as a new security plan for Baghdad takes shape." Lt. Col. Christopher Garver, an American military spokesman, "said the attacks highlighted the fluidity of insurgent tactics in Iraq, dominated by militant groups that often notice and repeat attacks that attract the most attention and cause the most suffering."

The Los Angeles Times (2/22, Daragahi, 850K) reports, "The use of chlorine gas weapons in warfare dates to at least World War I, when Germans used them in April 1915 to dislodge French soldiers from trenches. The weapons caused far more injuries than deaths, though small airborne concentrations of the gas can kill within minutes." Also yesterday, "several roadside bomb attacks in southern Baghdad killed at least three Iraqis and injured two." Violence also "erupted in the country's predominantly Shiite south, where US and British-led forces have begun handing control to Iraqi authorities." The Washington Post (2/22, A12, Londono, 690K) also reports the story.

Another US Helicopter Shot Down. The CBS Evening News (2/21, story 4, :25, Couric, 7.66M) reported, "A US military Blackhawk helicopter was shot down north of Baghdad today. None of the nine people on board was seriously injured. At least eight American helicopters have crashed or been forced down by hostile fire in the past month." The Washington Times/AP (2/22, Salaheddin) reports "all aboard were safely evacuated by a second helicopter."

The AP (2/22, Murphy) reports, "Military officials worry extremists may have recently gained more access to firepower such as shoulder-fired anti-aircraft rockets and heavy machine guns -- and more expertise to use them. The Black Hawk would be at least the eighth U.S. helicopter to crash or be taken down by hostile fire in the past month."

General Says Sadr "Clearly Not In Iraq." Maj. Gen. William Caldwell, chief spokesman of the multinational forces in Iraq, said on CNN's The Situation Room (2/21,

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Blitzer) that Muqtada al-Sadr is "clearly not in Iraq and has not been for some time. And all indications are is that he is currently located in Iran."

Pentagon To Send National Guard Troops Back To Iraq Early. The New York Times (2/22, Cloud, 1.16M) reports on its front page that the Defense Department "is planning to send more than 14,000 National Guard troops back to Iraq next year, shortening their time between deployments to meet the demands of President Bush's buildup." National Guard officials "told state commanders in Arkansas, Indiana, Oklahoma and Ohio last month that while a final decision had not been made, units from their states that had done previous tours in Iraq and Afghanistan could be designated to return to Iraq next year between January and June," according to Pentagon officials.

Commanders Seek Equipment, Reconstruction Funding. The Politico (2/21, Lowe) reports military commanders, "in a move sure to provide ammunition to congressional critics of the Iraq war," have given Congress "a long list of equipment and reconstruction needs totaling nearly $36 billion, denied earlier by the administration in its $481 billion defense appropriations request for the new fiscal year. The lists come as Democratic leaders, who control both the House and the Senate, consider a new legislative strategy to restrict President Bush's ability to prosecute the war and, eventually, force a U.S. withdrawal."

ROTC's Shift Away From Cities Hurts Efforts To Build Multiethnic Military. In a 2,200-word front-page feature, the Wall Street Journal (2/22, Jaffe, 2.04M) writes about the move of Reserve Officer Training Corps programs away from big cities, which is having a negative impact as the Army struggles "to build an officer corps that takes full advantage of America's multiethnic society." The Journal says that an officer's background "didn't matter so much when the U.S. was focused on fighting big armies in large conventional battles. These days, though, U.S. success in places like Iraq and Afghanistan hinges on the ability of Army officers to win the trust of a suspicious and often culturally alien population. … There are only about 1,500 Muslims in a force of about 500,000 soldiers," and "Arabic speakers are in critically short supply throughout the force."

US Military To Investigate Controversial Iraq Rape Claim. USA Today (2/22, 4A, Dorell, 2.27M) reports, "The U.S. military said Wednesday that it will launch its own investigation into an alleged rape that has created a furor among Iraq's Sunnis and bitterly split the country's government." Gen. David Petraeus "ordered an investigation into allegations by a 20-year-old Sunni woman who said she was raped last week by members of Iraq's Shiite-dominated police force." Earlier this week, Prime Minister Nouri al-Maliki "cleared the three police officers…following an investigation that lasted less than a day. He announced an unspecified reward for the officers and said the rape charge was fabricated to discredit the U.S. and Iraqi security crackdown in Baghdad." Yesterday, Maliki "fired a leading Sunni official who had called for an international investigation."

The New York Times (2/22, A10, Santora, 1.16M) says it is "unclear if Mr. Maliki had the authority to fire the Sunni official, Sheik Ahmad Abdul Ghafur al-Samaraei, who runs the Sunni Endowment, an organization that cares for Sunni mosques and shrines in Iraq." Samaraei "said he was not surprised" to be dismissed. Samaraei said, "Maliki is fed up with me talking about all the terrible things that are happening to Iraqis, whether it is killing, kidnappings or illegal arrests."

The Christian Science Monitor (2/22, Peterson, 59K) says that "even before the details of the case could be determined, Iraqis heard competing claims by the alleged Sunni victim broadcast on TV and a Shiite premier who says the charges have been fabricated to undermine the US-Iraqi security plan in Baghdad." Maliki "states that medical tests show the woman 'had not been subjected to any sexual attack,' and that there are three outstanding arrest warrants against her." But the woman's claims "and Maliki's handling of the case are sparking outrage among Sunnis."

Italian Prime Minister Resigns After Losing Afghanistan Vote. The Financial Times (2/22, Barber) reports, "Romano Prodi resigned as prime minister of Italy on Wednesday night after a parliamentary defeat on foreign policy. His decision raised fears that Italy was returning to the days of short-lived governments and paralysis in policymaking. Mr Prodi, 67, handed in his resignation to Giorgio Napolitano, Italy's head of state, who planned to start talks on Thursday to see who, if anyone, has enough support to form a new government." Prodi's "nine-party, centre-left coalition took office in May, a month after he defeated Silvio Berlusconi, the former centre-right premier, in the closest election in modern Italian history." The Times adds, "The sudden crisis that overwhelmed Mr Prodi centred on his

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inability to persuade communists and other radical leftists in his coalition to support two cornerstones of Italian foreign and security policy. These were Mr Prodi's determination to keep Italian troops side by side with Nato forces in Afghanistan and his decision to permit the expansion of a US military base in the north-eastern city of Vicenza."

USA Today (2/22, 4A, For, 2.27M) reports, "Italy's 1,800 troops in Afghanistan are part of the NATO peacekeeping force there. Many members of the broad center-left Prodi coalition are pacifists who oppose sending Italian troops abroad." The constitution "did not require Prodi to step down, but Foreign Minister Massimo D'Alema -- a two-time prime minister and a potential candidate to succeed Prodi -- said before the vote that the government should step down if it failed to win enough support in the Senate."

The Los Angeles Times (2/22, Wilkinson, 850K) says "Prodi will continue as a caretaker prime minister until a new government takes power." The New York Times (2/22, Fisher, 1.16M), Wall Street Journal (2/22, A6, Kahn, Leo, 2.04M), Washington Times (2/22, Phillips, 88K) and Washington Post (2/22, A16, Delaney, 690K) also report the story.

LATimes Says Afghanistan Should Reject War Crimes Amnesty. The Los Angeles Times (2/22, 850K) editorializes, "How does a government prosecute people for crimes against humanity when the suspects happen to be running the government? That's the question facing Afghanistan, where men suspected of horrifying acts of rape and murder sit in parliament and hold other high offices. … The ideal solution for Afghanistan would be to create a body similar to South Africa's Truth and Reconciliation Commission. … Yet South Africa, unlike Afghanistan, didn't have to contend with entrenched politicians who control large swaths of territory with armed militias. It also had the capacity to prosecute those who refused to step forward, while Afghan courts are a work in progress." President Hamid Karzai's "best course would be to reject" a pending war crimes amnesty law "until the country is ready to face the horrors of its recent past. The international community, especially NATO, should be doing more to help Afghanistan build the institutions and civil society necessary for it to do so."

DOJ:

DOJ Probing Home Purchase By Former Attorney, Lobbyist. The AP (2/22, Heilprin) reports, "House Speaker Nancy Pelosi called for tighter ethics rules in federal agencies Wednesday after government officials approved the purchase of a $980,000 vacation home by a top Justice Department lawyer with an oil company lobbyist." The AP continues, "Pelosi's criticism followed an Associated Press report last week that department ethics officials did not object when Sue Ellen Wooldridge, then head of the environment division, was buying a South Carolina beach house with Donald R. Duncan, the top Washington lobbyist for ConocoPhillips. … 'If in fact Ms. Wooldridge got such a pass from the ethics committee of the executive branch, then certainly the executive branch ethics process needs a look as well,' Pelosi, D-Calif., said when asked about the house purchase at a San Francisco news conference." The AP adds, "Nine months after the purchase, Wooldridge approved an agreement that allowed ConocoPhillips an extension of pollution cleanup requirements at some of the company's refineries. The company says Duncan was not part of those negotiations. … Department officials and a lawyer for Wooldridge, who resigned from the job in January, said the department's ethics office approved the arrangement and told her she did not need to withdraw from dealings with ConocoPhillips. … The third buyer of the Kiawah Island, S.C., home was Wooldridge's companion, former Deputy Interior Secretary J. Steven Griles. He is the highest-ranking Bush administration official facing possible criminal charges in the Jack Abramoff corruption probe." The AP notes, "The Justice Department's Office of Professional Responsibility is looking into the home purchase and consent decrees, Acting Assistant Attorney General Richard Hertling said in a letter Friday to Rep. John Conyers, D-Mich., chairman of the House Judiciary Committee."

Columnist Criticizes DOJ Official Over Alleged Conflict. In a column for the Chicago Tribune (2/21), John Kass writes, "Seeking to overturn former Gov. George Ryan's corruption convictions, lawyer Gene Schaerr on Tuesday told a federal appellate court panel that 'a pink rhinoceros' hung over the trial, making a fair jury verdict impossible, perhaps because the lone pro-Ryan holdout juror was bounced for failing to disclose her criminal record. … I

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thought that was why there were alternate jurors--if one or two are excused for cause, you've got a few on the B Team. … But the pink rhinoceros bit is so nice, I'll steal it and remind you of another pink rhinoceros." Kass continues, "Ed McNally is the pink rhinoceros of the U.S. Department of Justice. … He continues to work in the criminal division--though he had a whopping conflict of interest in the Ryan case--even as the Bush Department of Justice fires other prosecutors who actually hunt down political corruption. … 'I'm aware of the allegations [against McNally],' Atty. Gen. Alberto Gonzales told me when he appeared before the Tribune's editorial board a while ago. … 'They're very serious allegations,' Gonzales said. 'And the matter is being reviewed internally. I can say that.' … That was six months ago, on Aug. 14, 2006." Kass adds, "Recently, seven U.S. attorneys of other districts were forced to resign, even though most received positive Justice Department job evaluations prior to their dismissals. Included among those let go are Carol Lam, the U.S. attorney in San Diego who successfully prosecuted the phenomenally corrupt and vulgar Republican U.S. Rep. Randy 'Duke' Cunningham. … So they're gone. And Republican McNally is still very much employed." Kass concludes, "In the seven months since Gonzales said the allegations against McNally were serious, consider: … Chicago U.S. Atty. Patrick Fitzgerald--no friend of the bi-partisan political combine of insiders who run things in this state--got stuck spending his time on the Scooter Libby-CIA leak case in Washington, rather than spending it hunting Republican and Democratic public corruption in Illinois. … Sun-Times columnist Mark Brown revealed in a fine column that Rodger Heaton, the new U.S. attorney for the Central District of Illinois, had dinner in Springfield with two of the combine's cleanup hitters: Republicans Big Bill Cellini and Big Bob Kjellander, who haven't been indicted but are listed as Individual A and Individual K in the state pension fund scandal case. … That's just what a pink rhinoceros would do--publicly feed with Cellini and Kjellander, tell a few jokes and everybody in town gets the message. … And for all the bleating and wailing you'll hear and read by Ryan mouthpieces about justice and fairness, remember the one they won't mention, the pink rhinoceros named Ed McNally."

CORPORATE SCANDALS:

Judge Reverses Conviction Of Former NYSE Trading Specialist. The New York Law Journal (2/22, Bar) reports, "In a blow to the office of Southern District of New York U.S. Attorney Michael J. Garcia, a federal judge has taken the rare step of reversing a jury verdict convicting a former New York Stock Exchange trading specialist of securities fraud in a scheme known as 'interpositioning.'" The Journal continues, "Southern District Judge Denny Chin, in United States v. Finnerty, 05 cr. 393, agreed Wednesday to enter a judgment of acquittal, setting aside the Oct. 26, 2006, verdict. … Chin held that while federal prosecutors proved that defendant David Finnerty engaged in interpositioning, they failed to prove fraudulent or deceptive conduct within the meaning of the securities laws. … 'I hold that the government did not ... establish that Finnerty's customers were misled or defrauded or otherwise deceived,' he said in a 37-page opinion." The Journal adds, "In describing interpositioning, the judge said that instead of matching pending buy and sell orders, the specialists repeatedly trade for their company's proprietary account, making a profit from the slight differences in pricing. … Southern District prosecutors have had a difficult time proving criminal charges against Finnerty and 14 other floor specialist traders whom they accused of using their inside positions to earn an estimated $20 million illegally for themselves and their companies." The Journal notes, "Before Wednesday's ruling, the U.S. Attorney's Office for the Southern District had already dropped charges against seven of the defendants. Besides Finnerty, two former traders (Michael Stern and Michael Hayward of Van der Moolen Specialists USA) were convicted, two were acquitted and two pleaded guilty. One defendant remains at large. (NYLJ, Aug. 10, 2006) … 'he government [in these cases] provided no real evidence that customers were deceived,'said Jacob Zamansky, a plaintiffs attorney at Zamansky & Associates who specializes in securities litigation but did not represent any of the defendants in the interpositioning cases. 'his almost looks like a victimless crime.' … Assistant U.S. Attorneys Lauren Goldberg and Anirudh Bansal prosecuted the case. A spokesperson for the U.S. Attorney's Office declined to comment."

The New York Post (2/22, Boyd) reports, "A federal judge yesterday took the very rare step of throwing out a jury's conviction of former New York Stock Exchange specialist David Finnerty, citing a lack of evidence to support a guilty finding." The Post continues, "The ruling is a stinging rebuke for prosecutors, who have had little success in winning convictions in their high-profile and wide-ranging campaign against corrupt trading practices at the Big Board." The Post

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adds, "The April 2005 indictments filed against 15 specialists shook up Wall Street. … However, the pursuant collapse of many of the cases that prosecutors filed has stunned the legal world. … The Southern District's prosecutors, who generally achieve conviction rates of between 80 and 90 percent, managed to win just two partial convictions and two plea deals. … The partial convictions - of two partners at Van Der Moolen Specialists USA - are currently on appeal." The Post notes, "A spokeswoman for the Southern District of New York said, 'We are reviewing the opinion and considering our options.'" The AP (2/22) also reported on the ruling.

US Will Not Try To Reinstate Former Westar Officials' Fraud Convictions. Bloomberg (2/22) reports, "The government will not try to reinstate the fraud convictions of two former Westar Energy executives, prosecutors said yesterday." Bloomberg continues, "The United States attorney's office in Topeka, Kan., said it would not ask an appeals court in Denver to reconsider its decision in January to reverse the convictions of the executives, David C. Wittig and Douglas T. Lake. The appeals court said that evidence at the trial did not justify the guilty verdicts." Bloomberg adds, "Mr. Wittig, the former chief executive, and Mr. Lake, a former vice president, were accused of looting Westar, a public utility based in Topeka. They were convicted in 2005 of money laundering and wire fraud. … 'We had until Feb. 20 to notify the 10th Circuit whether we wanted to ask for a rehearing,' a government spokesman, Jim Cross, said, referring to the federal appeals court in Denver. 'We have allowed that deadline to pass.'" Bloomberg notes, "The court said prosecutors could not retry the wire fraud and money laundering counts, but could retry some lesser claims. Mr. Cross said that prosecutors had not decided on a retrial. … The remaining charges 'have to do with personal use of a corporate plane,' said Mr. Wittig's lawyer, Steven Alan Reiss, of Weil, Gotshal & Manges in New York."

Veritas Software To Pay $30 Million In AOL Case. The Washington Post (2/22, D4, Johnson) reports, "Veritas Software agreed to pay $30 million to resolve civil fraud charges connected to an improper advertising deal it signed with AOL during the Internet boom's waning days." The Post continues, "A Securities and Exchange Commission complaint accused Veritas and AOL of Dulles of simultaneously wiring payments to each other as part of an improper, unwritten "round-trip" agreement. Both companies used the deal to inflate revenue, the complaint said. For Veritas, the transaction added 2 cents per share to its fourth-quarter and annual earnings in 2000, allowing it to beat Wall Street expectations." The Post adds, "Court papers filed in the District late Tuesday also accused Veritas of engaging in a series of accounting maneuvers to smooth its financial results into 'museum quality' reports from 2000 through 2002. Among other things, the company used 'wish lists' prepared by employees in its finance and operations unit to build cushions of expenses to make its earnings appear steadier. … Veritas, which was acquired nearly two years ago by Symantec and is a wholly owned subsidiary, neither admitted nor denied the allegations. It has restated its financials twice: once to reverse $20 million it had booked as part of the AOL deal and again to correct problems with its profit-smoothing practices. … In a statement, a spokeswoman for Symantec said the company had set aside the settlement funds in reserve. The spokeswoman also pointed out that Symantec, one of the nation's largest providers of data security software, is not named in the complaint. … The case is a leftover from an era when technology companies struggled to meet the expectations of analysts and investors. AOL, which was then known as America Online and has since been absorbed by Time Warner, paid more than $500 million two years ago to settle related charges about its financial dealings."

WSJournal Praises Fannie Mae For Withholding Bonuses. The Wall Street Journal (2/22, 2.04M) says in an editorial, "At a truly private company, withholding more than $40 million in bonuses tied to fraudulent earnings would be a no-brainer. But Fannie Mae is neither a normal business nor exactly private, even if its shares are in private hands. So this week's announcement that current and former top executives at the mortgage giant wouldn't be receiving $44.4 million in Fannie Mae shares has to count as progress." The "optimistic view of yesterday's news is that Fannie, chastened by the accounting fraud and a newly invigorated regulator under Ofheo Director James Lockhart is beginning to act more like an ordinary company and less like the local bully in Washington."

CRIMINAL LAW:

Libby Trial Jury Begins Deliberations. ABC World News (2/21, story 6, :20, Gibson, 8.78M) reported, "The trial of a former top White House adviser went to the jury today.

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Lewis 'Scooter' Libby is accused of obstructing the investigation into who leaked the identity of a CIA agent during the run-up to the war in Iraq. Libby was Vice President Cheney's chief of staff at the time." The CBS Evening News (2/21, story 9, :15, Couric, 7.66M) also noted, "Vice President Cheney's former chief of staff is charged with perjury and obstruction of justice in the CIA leak case."

The AP (2/22, Sniffen) reports, "After 4 1/2 hours of deliberation, the jurors went home until Thursday. The jurors include a former Washington Post reporter, an MIT-trained economist, a retired math teacher, a former museum curator, a law firm accountant, a Web architect and several retired or current federal workers. There are 10 whites and two blacks -- unexpected in a city where blacks outnumber whites more than 2-to-1." The Washington Post (2/22, A4, Goldstein, Leonnig, 690K) notes that "the presiding judge urged jurors to rely on their 'life experiences' in deciding whether the vice president's former chief of staff lied to investigators -- or made an honest mistake -- about his role in a CIA leak. U.S. District Judge Reggie B. Walton's instructions to the jury of eight women and four men reinforced the issue of the fallibility of human memory that has been central to one of Washington's most celebrated trials in years."

The AP (2/22, Sniffen) reports that the jury received "more than an hour of instructions Wednesday from U.S. District Judge Reggie Walton before beginning their discussions. … Walton explained to the jurors that they must weigh the truth of several statements by Libby in the various counts." The AP continues, "On the obstruction count, Walton said they could find Libby guilty should they unanimously decide any one, or more, of three Libby statements were lies: that Russert asked Libby if Plame worked at CIA and said all the reporters knew it; that Libby was surprised to learn the Plame information from Russert; or that Libby told Cooper he had heard it from reporters but did not know it was true. … On one count of lying to the FBI, jurors could find Libby guilty if they found either or both of his statements about the Russert call were lies, Walton explained. The other count of lying to the FBI hinges on Libby's statement about the Cooper call. … On two counts of perjury, jurors would have to weigh various Libby statements to the grand jury about how he learned about Plame's job and whom he told, including four separate statements in one count, Walton said."

In addition to reporting on the start of jury deliberations, the AP and newspaper stories recount the arguments made by both sides at trial – and note, as the WPost reports, "Evidence and 14 days of testimony have shown that Cheney, Libby and other top administration officials sought to discredit Wilson." Under the headline "Libby Perjury Hearing Casts Cloud Over Cheney," the Financial Times (2/22, Daniels) reports, "Even if Mr Libby is convicted, questions will remain about Mr Cheney's role in directing his aide to rebut Mr Wilson, and his intervention to force" former White House spokesman Ari Fleischer "to make a public statement exonerating Mr Libby. But an acquittal would also carry risks for Mr Fitz-gerald. It could lead to criticism that he prosecuted what turned out to be a trivial case. It could also underline that he failed to prosecute anyone for the initial crime he was appointed to investigate: who it was who leaked the name of Ms Plame." The New York Times (2/22, 1.16M) and USA Today (2/22, Willing, 2.27M) also report on yesterday's proceedings.

Trial Fuels Debate Over Alleged Political Use Of Intelligence. Under the headline "Politics Meets Intelligence At Trial," the Wall Street Journal (2/22, A8, Perez, Solomon, 2.04M) reports that the Libby "case has added fuel to calls for a broader examination of how intelligence was used in political arguments in the past six years. Moreover, some current and former administration officials say, the trial's airing of the use of intelligence -- especially over the Iraq war -- threatens to further undermine confidence in American claims on other sensitive matters. That could be a particular problem in the U.S. campaign to convince the world to curb Iran's nuclear program." The Journal adds that "the trial has provided congressional intelligence officials with extensive information on how the vice president's office functioned semi-autonomously in pushing foreign-policy initiatives. These officials said the information could prove helpful in continuing investigations into how public statements made by the president and vice president differed from the underlying intelligence provided by the CIA and other intelligence agencies."

Henninger Blames DOJ For "Travesty" Of Libby Prosecution. In a Wall Street Journal (2/22, 2.04M) column, deputy editor Daniel Henninger writes that the Libby trial "is the closest version of a Red Queen trial this country has had in a long time. … Lewis G. Carroll's account of the Knave' s trial before the Red Queen and White Rabbit is famous for the Queen's dictum, 'Sentence first, verdict afterward.' But read the full transcript of the mock trial and one will see that the real subject is not justice, but the humiliation of the defendant." Henninger adds, "If found guilty, Mr. Libby goes to

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prison. … If acquitted, he loses only…his reputation. This, too, is ruin. … It is a travesty that the Valerie Plame bump-and-run case brought Lewis Libby to the edge of this cliff. Primary blame belongs to the Bush Justice Department's abdication of responsibility."

Former Florida Federal Prison Guard Sentenced In Sex Scandal. The AP (2/22) reports, "A former federal prison guard was sentenced Wednesday to a year of home detention and three years probation for his role in a sex-for-contraband scheme that ended in a deadly gun battle last summer." The AP continues, "E. Lavon Spence, who pleaded guilty to mail fraud in October, was sentenced by Chief Judge Robert L. Hinkle in federal court. … Prison time 'would affect the recovery' of Spence from his November stroke at the age of 40, Hinkle said." The AP adds, "A Justice Department special agent was killed and a prison officer was wounded in June when they came to arrest the six guards at the Tallahassee Federal Correctional Institution. One of the guards, Ralph Hill, was also killed in the gunfight Hill started. … Three of the guards have already been sentenced to a year in prison, with two also receiving three years of probation after their release. A fourth guard was sentenced to a year of probation."

Former Civilian DOD Employee Pleads Guilty To Taking Bribes. The Stars and Stripes (2/22, Coon) reports, "A former employee of U.S. Special Operations Command Europe in Stuttgart, Germany, pleaded guilty on Friday to accepting bribes in return for steering work to a Romania- and Iraq-based contractor." S&S continues, "Steven Merkes, who worked as a logistical planner, faces up to two years in prison and $250,000 in fines for performing acts for Philip Bloom in return for $24,000 in cash and future employment, according to a Justice Department news release. … Sentencing for Merkes is scheduled for June 1." S&S adds, "Bloom, one of the ringleaders in a wide-ranging scheme to defraud the former Coalition Provisional Authority of Iraq, was sentenced Friday to 46 months in prison and ordered to forfeit $3.6 million for committing bribery and money-laundering and conspiring to defraud. … Both cases were tried in U.S. District Court in Washington." S&S notes, "According to the Justice Department, Merkes worked at the special operations command, or SOCEUR, as an airman until January 2005, and afterward as a Defense Department civilian employee. … In both positions, Merkes' official duties consisted of planning military exercises for special operations forces in the European theater, according to the Justice Department. … Bloom, 67, of Bucharest, Romania, was at the center of a scandal that resulted in the arrests of at least four servicemembers and three civilians. One of the civilians, Robert Stein, was sentenced Jan. 29 to nine years in prison for charges including weapons possession. … Stein, a former comptroller with the Coalition Provisional Authority, was convicted of, among other crimes, stealing money from the Coalition Provisional Authority of Iraq that was funneled to Bloom for the purchase of assault rifles, silencers and grenade launchers, for personal use in the United States, according to the Justice Department."

1980 Corruption Case Said To Offer Insights On Fumo Defense. The Philadelphia Inquirer (2/22, Lounsberry, 385K) reports, "The case was federal, and one of the defendants was State Sen. Vincent J. Fumo. But the year was 1980, and that was another era in Philadelphia politics and in FBI corruption probes. … Though a jury found Fumo guilty, along with former city Democratic Party chief Peter J. Camiel and former State Sen. Thomas M. Nolan, a judge overturned the verdict and acquitted all three -- a giant victory for political figures who faced possible prison sentences." The Inquirer notes, "The old case offers insight about how Fumo, as a defendant, conducted himself on the witness stand. It lays out how some of the city's top defense lawyers fought at trial, and on appeal." Then-US Attorney Peter F. Vaira "said that if the 1980 federal case is any guide, Fumo and his current legal team will fight like tigers."

Suspected Software Pirate Arraigned On Federal Charges. InformationWeek (2/22, Gaudin) reports, "A man, U.S. authorities describe as the leader of one of the oldest and most renowned Internet software piracy groups, was arraigned in U.S. District Court on Tuesday." IW continues, "Hew Raymond Griffiths, 44, a British national living in Bateau Bay, Australia, is being charged with one count of conspiracy to commit criminal copyright infringement and one count of criminal copyright infringement. If convicted on both counts, Griffiths faces a maximum sentence of 10 years in prison and a $500,000 fine. … Griffiths, known by the screen nickname 'Bandido,' was extradited from Australia in what the Department of Justice says is one of the first ever extraditions for an intellectual property offense. He had been held in Australia for

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three years while he fought the extradition. … 'Griffiths claimed to be beyond the reach of U.S. law, and today, we have proven otherwise,' said Assistant Attorney General Alice Fisher, in a written statement. 'This extradition represents the Department of Justice's commitment to protect intellectual property rights from those who violate our laws from the other side of the globe.'" IW adds, "The indictment, which was returned in March 2003, charges Griffiths with violating U.S. criminal copyright laws as the leader of an organized criminal group known as DrinkOrDie. The group was known as one of the oldest security-conscious piracy groups on the Internet. DrinkOrDie was founded in Russia in 1993, according to the DOJ, and expanded internationally throughout the '90s. … The group was dismantled by the team effort of the DOJ and U.S. Immigration and Customs Enforcement as part of Operation Buccaneer in December 2001. More than 70 raids reportedly were conducted in the U.S., as well as in the United Kingdom, Finland, Norway, Sweden, and Australia. Operation Buccaneer so far has resulted in 30 felony convictions and 10 convictions of foreign nationals overseas, according to the DOJ."

Railroad Police Hunt Scoff-Law Snowmobilers. The Wall Street Journal (2/22, A1, Machalaba) reports from Holland, NY, "Railroad policeman Matthew Galas eased his cruiser behind a snowbank near a Norfolk Southern Corp. train line. He'd seen what he was looking for: fresh snowmobile tracks on the right of way. Lawbreakers had been there that morning. … He settled in to await his prey. An hour later, a snowmobile slid to a stop at the edge of the woods. Its driver nosed toward the train track, as if about to follow alongside it through railroad property. Then he spotted Mr. Galas, and disappeared back into the snowy forest. … Mr. Galas is one of more than a thousand police officers employed by U.S. railroads. A couple hundred of them spend at least part of their winters on a unique mission: chasing snowmobilers illegally on the train tracks." The Journal continues, "Mr. Galas once ticketed a man whose snowmobile was demolished after it had gotten caught in a snow-covered track. The driver dismounted shortly before a freight train smashed into his snowmobile -- as well as a second snowmobile that was trying to tow his off the track. Another time, Mr. Galas says he was dragged perhaps 100 feet across the snow at 2 a.m. by a snowmobiler he stopped for trespassing and suspected of being under the influence. When the snowmobiler decided to run for it, his vehicle's handlebars caught on Mr. Galas's jacket and gun belt. … After a slow start this year, winter has hit the Northeast with a vengeance. Where Mr. Galas works, in the Buffalo suburbs, that has meant frigid temperatures, heavy snowfall and an escalation of the annual fight between railroad police and the area's legions of snowmobile fanatics. So far this month, Mr. Galas has issued warnings to eight snowmobilers on the right of way in Holland, just one of many freight lines crisscrossing the area. Police have given out tickets that can carry fines of $100." The Journal adds, "Snowmobiling is important to the region's economy and culture. The state government provides funds to local snowmobile clubs to groom and mark their trails. Local shops, gas stations, restaurants and bars rely on snowmobile business, both from tourists and locals. … Some aficionados resent the railroad getting aggressive about patrolling the right of way along its tracks, which can be as wide as 100 feet and tends to have some of the flattest, smoothest paths among the hilly and treacherous woods."

Prosecutors Pursuing Indictments In Nevada Health Care Fraud Probe. KLAS-TV Las Vegas (2/21) reported on its Web site from a broadcast story, "Federal authorities are moving forward with a conspiracy investigation targeting several of the valley's best-known doctors and lawyer. FBI agents began the probe back in 2003. Federal prosecutors turned up the heat in front of a grand jury putting some of the most successful doctors and lawyers in Las Vegas in the crosshairs of this investigation. They reportedly called themselves the 'Medical Mafia.' The FBI suspects them of conspiring to rip off patients, clients, and insurance companies for tens of millions of dollars." KLAS noted, "FBI agents have reportedly gathered so much information about more than a dozen attorneys and physicians that they weren't sure which cases and charges to pursue. Knowledgeable sources say prosecutors have narrowed their focus to concentrate on cases involving conspiracy."

Massachusetts Financial Adviser Charged With Bilking Seniors. The AP (2/22) reports, "A federal grand jury indicted an Andover financial adviser yesterday on charges he bilked senior citizens in Connecticut and Massachusetts out of nearly $2 million and spent the money on lavish trips to Las Vegas and $5,000-a-day visits to strip clubs." John A. Baldo "was arrested Jan. 25 as he got off a flight from Boston to Las Vegas." The AP notes, "An 88-

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year-old man in Storrs, Conn., gave Baldo $1.6 million, and his 85-year-old brother, who also lives in Connecticut, gave him $200,000, according to the indictment. Prosecutors say he also stole $200,000 from a 63-year-old Rockport woman. FBI agent Melissa Valera said in a court filing that Baldo spent about $300,000 for three luxury cars and almost that amount gambling."

Michigan Man Sentenced To Nine Years In Prison For Child Porn. The AP (2/22) reports, "A suburban Detroit man was sentenced to 9 years in prison Wednesday for receiving more than 23,000 images and 94 movies depicting child pornography. Michael Timothy Long's conviction resulted from an investigation conducted by agents from the U.S. Department of Homeland Security's Bureau of Immigration and Customs Enforcement, according a news release from the U.S. Attorney's Detroit office." The AP notes, "The case is part of Project Safe Childhood, a nationwide effort launched in 2006 designed to protect children from online exploitation and abuse"

TJX Says Customer Data Breach Began In 2005. The Washington Post (2/22, D1, Nakashima) reports, "Retail giant TJX, whose stores include discount clothing chains T.J. Maxx and Marshalls, said yesterday that a computer-security breach stretched back 10 months earlier than the company originally thought, compromising credit and debit card data, drivers' license numbers, and names and addresses." The Post continues, "The announcement underscores a trend of security breaches involving sensitive credit card data and reflects failures to properly secure computer systems, to notify customers when breaches occur and to update laws for the cyber-crime age, lawmakers and analysts said. … TJX said that while it first thought the intrusion took place from May 2006 to January 2007, it now thinks its computer system was also hacked in July 2005 and on 'various subsequent dates' that year. The company, which reported the intrusion in January -- a month after it said it discovered the breach -- has not said how many customers may have been affected or how many customers it has notified." The Post adds, "Banks that issued the credit cards have not said how much they have had to cover in fraud-related losses. … More than 30 states have laws that require companies to notify customers as soon as possible when a breach has occurred, though most of the statutes let companies delay notification while law enforcement agencies investigate. A bipartisan group of senators has reintroduced legislation that would mandate customer notification and require companies that maintain personal information to establish internal policies to protect it."

California Sex Harassment Trial Goes To Jury. The Los Angeles Times (2/22, Garrison) reports, "For those who suspect that psychiatrists are at least as crazy as the rest of us, the sexual harassment trial that went to a jury Wednesday in Superior Court here has provided no end of material." The Times continues, "Jurors who listened to two weeks of testimony -- including psychiatrists testifying about their sex lives under code names to protect their reputations and descriptions of psychiatrists allegedly attending porn parties and having oral sex in cars. Now they must decide who is telling the truth." The Times adds, "Dr. David Martorano, a Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, claims he had an affair with his supervisor and that after he broke it off and rumors of it began to circulate, he lost a coveted post as chief resident, and his reputation was ruined. He sued the supervisor, Heather Krell, and UCLA. … Krell says there was no affair. Her lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for libel and slander. The jury considers both claims at the same time." The Times notes, "UCLA's lawyer, meanwhile, said it doesn't matter whether Martorano and Krell had an affair -- university administrators acted properly when they revoked the offer to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country. … Testimony was so explicit that Judge Judith Chirlin allowed several women to testify under code names -- a decision she acknowledged was unusual but said was necessary."

Maryand Governor Urges Lawmakers To Repeal Death Penalty. The Washington Post (2/22, B6, Wagner, Wiggins, 690K) reports, "Gov. Martin O'Malley urged Maryland lawmakers yesterday to repeal the state's death penalty, saying the punishment is 'inherently unjust,' does not serve as a deterrent to murder and saps resources that could be better spent on law enforcement. Stepping forcefully into a debate taking place in Annapolis and across the nation, O'Malley (D) suggested that Maryland and other

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states will inevitably execute innocent people. Maryland has put to death five people since 1978." The Post adds, "The issue, one of the most divisive facing the General Assembly this year, drew pleas from people on both sides of the issue during separate hearings conducted by House and Senate panels. But far more people turned out to support repeal, with nearly 30 people signing up to testify in favor of the bill in the Senate."

CIVIL LAW:

SCOTUS Rules Concealment Of Assets Can Take Away Bankruptcy Right. The AP (2/22, Yost) reports, "The Supreme Court ruled Wednesday that a financially troubled small-business man gave up an important right under the federal bankruptcy code because he failed to disclose all of his assets as the law requires." The AP continues, "In a 5-4 decision, the Court said Robert Marrama of Gloucester, Mass., could not convert his bankruptcy case from one chapter of the code to another, as the law ordinarily allows. … The reason, the Court said, stemmed from his failure to disclose a Maine vacation home placed in a trust. Marrama, who operated a flooring company, listed the value of his interest in the property as zero, according to papers in the case." The AP adds, "After finding out about the home, the bankruptcy trustee said he would recover the real estate for the benefit of Marrama's creditors. Marrama had attempted to convert his case from a Chapter 7 liquidation to Chapter 13, which allows a debtor to keep property and pay debts over time. … Writing for the majority, Justice John Paul Stevens said honest debtors possess an absolute right to convert their cases to Chapter 13, but that nothing in the law limits a court's right to take away that right for 'fraudulent conduct.' … In dissent, Justice Samuel Alito said the bankruptcy code 'unambiguously provides' that a debtor has a 'broad right' to convert to Chapter 13. Alito said Chapter 13 contains a number of requirements that protect creditors from any bad faith by a debtor. … In Marrama's case, a bankruptcy judge denied the conversion to Chapter 13, and a bankruptcy appellate panel agreed."

Louisiana Hospital Settles Healthcare Fraud Charges With DOJ. The Moultrie (LA) Observer (2/22, Glenn) reports, "Following a U.S. Department of Justice investigation, Colquitt Regional Medical Center (CRMC) agreed to pay the federal government $475,000 to settle fraud allegations." The Observer continues, "The federal whistleblower case, which was filed Aug. 17, 2004, remained sealed until Wednesday. It centered around a series of claims submitted for Medicaid and Medicare reimbursement by CRMC's Home Care Services office in Sylvester from 2001 to 2005." The Observer adds, "Plaintiff Joyce Dickerson, a registered nurse and former director of the Moultrie Home Care Services office, allegedly reported to the hospital administration and the hospital authority in 2004 what she believed to be years of illegal billing. While hospital officials say the settlement was based on an 'error rate,' Dickerson's attorney Robert Howell of Moultrie said in actuality CRMC owes the federal government double the compromise agreement. … In the complaint, CRMC was alleged to have received payment from Medicare for services that were not reasonable and necessary, upcoded certification diagnoses so that the hospital was overpaid by Medicare and underutilized services after being paid in advance by Medicare allowing defendants to receive payment from both Medicare and patients."

Administration Stance Said To Have Edge In SCOTUS Faith-Based Case. In a Los Angeles Times (2/22, 850K) op-ed, Stanford Law School fellow Andrew Coan writes, "On Wednesday, the U.S. Supreme Court will hear oral arguments in just such a case. Hein vs. Freedom From Religion Foundation is unlikely to make headlines, but it could deal a sharp blow to the wall of separation between church and state. The plaintiffs are ordinary citizens who object to their federal tax dollars being used to fund the president's program for 'faith-based and community initiatives.' In particular, they claim that several conferences sponsored by the program were propaganda vehicles for religion and therefore violated the establishment clause of the 1st Amendment, which forbids government promotion of religion. The government defendants -- 'Hein' is Jay F. Hein, director of the White House Office of Faith-Based and Community Initiatives -- dispute the plaintiffs' claim about the conferences. But at this stage, the Bush administration is asking the court to throw the case out on grounds that ordinary taxpayers have no legal interest in how the executive branch spends public money." Indicators "strongly suggest that the administration's position will prevail, despite the threat it poses to the separation of church and state."

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LATimes Offers Qualified Praise For SCOTUS Tobacco Ruling. The Los Angeles Times (2/22, 850K) editorializes, "The US Supreme Court went further this week -- though not far enough -- in reining in juries in civil cases that award outlandish punitive damages. By a disappointingly narrow 5-4 vote, the justices overturned a jury's decision that Philip Morris should pay $79.5 million to the widow of a smoker who died of lung cancer. The value of her actual damages was only $821,000. The justices could -- and should -- have ruled clearly that the $79.5-million award violated previous rulings that punitive damages may not be 'grossly excessive' and should bear a reasonable relation to the harm actually experienced by the plaintiff. But in returning the case to the Oregon courts, the court did impose a sensible rule that should make it harder for juries to sock deep-pocket and easily demonized defendants. … Without proper guidance, jurors can leap to the conclusion that damages should reflect the harm experienced by everyone who might have tasted tainted water -- or smoked a cigarette. Though it could have gone further, this week's decision should make such leaps less likely."

CIVIL RIGHTS:

Initiative Will Strengthen Federal Enforcement Of Religious Freedom Rights. UPI (2/22) reports, "With the Executive Committee of the Southern Baptist Convention as his audience, U.S. Attorney General Alberto Gonzales announced the launch of the First Freedom Project, a Justice Department effort to fight religious discrimination. 'Religious freedom is a fundamental part of our nation's history and one of its core principles,' Gonzales told Executive Committee members Tuesday." UPI continues, "The First Freedom Project will be spearheaded by the Justice Department's civil-rights division and will build on the department's efforts to strengthen and preserve religious liberty throughout the nation, according to Gonzales, who sought the meeting with SBC leaders, Associated Baptist Press reported Wednesday. … 'Throughout our history, nothing has defined us a nation more than our respect for religious freedom,' Gonzales said. 'It is not confined to members of one church or the followers of one set of beliefs. Through this initiative, the Justice Department continues its vigorous efforts to enforce protections against religious discrimination.'" UPI adds, "The attorney general stressed that religious liberty is 'a universal right and applies to people of all faiths.' … Later, in response to a question, Gonzales told reporters he chose an audience of Southern Baptists to announce the government's new effort because 'this is a group very interested in the protection of religious freedom.' He noted the 'timing worked out where this was a good venue to speak to a receptive audience.' … Baptists in America were early champions of religious liberty and influenced the development of the Constitution's First Amendment, which guarantees religious liberty and other freedoms." UPI notes, "The First Freedom Project will initiate a program of public education to make certain that people know their rights, Gonzales said. 'People do not understand fully what their rights are,' he explained. … The First Freedom Project will sponsor a series of regional training seminars for leaders interested in religious liberty. The first one will be March 29 in Kansas City, Mo., followed by seminars in Tampa, Fla., April 25 and Seattle, Wash., May 10. Other dates and locations will be announced later."

Ohio Man Sentenced To 27 Months In Prison For Racial Intimidation. The AP (2/22) reports, "A man accused of serving as a lookout in a scheme to use mercury to scare black families from his neighborhood was sentenced to two years and three months in federal prison, the Justice Department said. Joseph Kuzlik of Cleveland, who is white, pleaded guilty in November to conspiring to interfere with the housing rights of an interracial family because of their race and to making false statements to federal investigators." The AP adds, "Kuzlik also was ordered to three years of supervised release and to pay $23,000 restitution to the U.S. Environmental Protection Agency and $767 to the Ohio EPA for cleanup. He also must make payments to individual victims."

Rhode Island AG Says State Should Recognize Massachusetts' Gay Marriages. The New York Times (2/22, Zezima, 1.16M) reports, "The Rhode Island attorney general said Wednesday that same-sex marriages performed in Massachusetts, the sole state where they are legal, should be recognized in Rhode Island." Responding to "a request for a legal opinion from the commissioner of the Rhode Island Board of Governors for Higher Education," Attorney General Patrick C. Lynch "said the state prohibited discrimination based on sexual orientation and did not explicitly prohibit same-sex marriage.

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'Rhode Island will recognize same-sex marriages lawfully performed in Massachusetts as marriages in Rhode Island,' the seven-page opinion said." A spokesman for Gov. Donald L. Carcieri, "a Republican who opposes same-sex marriage, said Mr. Carcieri and his legal counsel were studying the opinion."

Supreme Court Sidesteps "War On Christmas" Case. The Christian Science Monitor (2/22, Richey, 59K) reports, "The US Supreme Court has declined to enter the fracas over what some conservatives are calling the war on Christmas. Without elaboration, the court issued a one-line order on Tuesday refusing to take up a potentially important church-state case concerning the use of religious symbols in public school holiday displays." At issue in Skoros v. City of New York was "whether the city's public school system is impermissibly promoting Judaism and Islam while conveying a message of disapproval of Christianity. School rules allow the Jewish menorah and the Muslim star and crescent in multireligious holiday displays but not nativity scenes depicting the birth of Jesus."

Novak Decries Elimination Of U Of Illinois Symbol. In a column for the Washington Post (2/22, A19), Robert Novak writes about the University of Illinois' board of trustees decision to eliminate the (81-year-old symbol of my alma mater" Chief Illiniwek, "bowing to years of pressure from Native American activists, the National Collegiate Athletic Association and liberal politicians." Novak continues, "This is a melancholy moment for me and many other Illinois alumni and university officials, including President B. Joseph White. The university has been forced to yield to blackmail. The death of the Chief epitomizes some unsavory aspects of contemporary American public life: political correctness, hypocrisy and bureaucratic tyranny." Novak, adds, "Only a small minority of Native Americans is shown by polls to oppose Indian nicknames in sports. The campaign against them gained momentum only when the NCAA, which can hardly cope with policing athlete misconduct and illegal payments in college sports, crusaded against dozens of colleges in the name of political correctness. The NCAA, under President Myles Brand, labeled Chief Illiniwek one of the 'hostile and abusive racial/ethnic/national origin mascots.' … But the Chief is no mascot (the university calls him a symbol). The big-headed depiction of the father of this country at George Washington University, the turtle representing the University of Maryland and the Demon Deacon for Wake Forest are mascots. Such college mascots are comical figures who engage in sham battles with each other and go into the stands to hug children. Chief Illiniwek did not. He was always austere and dignified. … The accusation that Illinois and other schools degrade Native Americans is absurd. These schools picked Indian symbols in admiration of their valor, ferociousness and indomitable spirit in the face of overwhelming odds." Novak concludes, "Chief Illiniwek finally was done in by politicians jumping on the NCAA's political correctness bandwagon. Illinois State Senate President Emil Jones Jr., no friend of the university, warned that trustees might not be confirmed unless they dumped the Chief, and university officials feared their appropriations coming under attack. … While I can understand dumping the Chief, I don't like it. I could react by withdrawing from my long-range commitments to support the University of Illinois, but I won't. That would put me in the same class as the petty bureaucrats and politicians who killed Chief Illiniwek."

ANTITRUST:

EMI Seeks Suitors After Warner Bid. The Financial Times (2/22, Reporters) reports, "EMI is in talks with several private equity groups including One Equity Partners, the US group affiliated with JPMorgan Chase, to sound out potential alternatives to Warner Music's $6bn approach for the British music group." The Times continues, "People familiar with the discussions cautioned that no firm offers appeared imminent, as Warner and would-be private equity suitors are demanding the right to conduct extensive due diligence on EMI's operations after it issued two profit warnings in quick succession since the start of the year. … EMI's board is still examining a possible securitisation of its publishing asset which remains its first choice unless a compelling offer is made." The Times adds, "The development comes less than three months after EMI's talks with Permira collapsed after the UK-based private equity group conducted due diligence, and four weeks after Warner's approach, which was disclosed only on Tuesday. … EMI, which would not comment on the discussions, rejected the January 24 approach from its closest rival, which is understood to have been pitched at an indicative price close to 300p. … Warner would not comment, but it is understood to have cut its valuation of EMI sharply since the latter's

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second profit warning. … Warner said yesterday any offer it made would be all in cash." The Times notes, "The US-listed group is understood to have decided against offering a stock alternative for financial reasons and because of the greater disclosure requirements offering shares would impose on its own investors. … Warner's statement came as EMI wrote to Warner, expressing doubts that the US group had significantly improved the chances of a deal being cleared by regulators. … Warner announced on Tuesday that it had secured the unexpected backing of Impala, an alliance of independent music companies which had opposed previous deals in the sector. … However, EMI's official response to Warner's approach argued it still saw significant regulatory risks."

EU Fines Elevator Makers For Price-Fixing.

The Wall Street Journal (2/22, C12, Cohen) reports, "The European Commission Wednesday fined four elevator and escalator makers a total of €992 million ($1.3 billion) for fixing prices, Europe's largest-ever antitrust penalty." The Journal continues, "ThyssenKrupp AG was fined €479.7 million, United Technologies Corp.'s Otis unit was fined €224.9 million, Schindler Holding AG was hit with a €143.7 million penalty and Kone was fined €142.1 million. The sum of these fines, which topped a €750 million penalty levied last month against makers of power-grid components, reflects the commission's expanded powers to crack down on corporate cartels. … Under new antitrust guidelines established last year, the commission can levy larger fines and apply an automatic 50% increase for repeat cartel offenders. Since ThyssenKrupp had a previous cartel punishment -- a €3.2 million fine in 1998 for fixing stainless-steel prices -- its elevator penalty included this increase, bringing its fine close to the record €497 million Microsoft Corp. paid in 2004 for breaking monopoly laws." The Journal adds, "The commission launched its investigation into the elevator business in January 2004. Its probe showed that the four companies fixed prices and rigged bids in Belgium, Germany, the Netherlands and Luxembourg between 1995 and 2004. … The commission said Mitsubishi Elevator Europe BV, a division of Mitsubishi Electric Corp., participated in the Dutch cartel and it fined the company €1.8 million."

The Financial Times (2/22, Buck) reports, "It was the highest penalty imposed by the European Commission, topping a previous record set only last month. Brussels hopes that the recent increase in antitrust fines will deter companies from abusing the law and encourage people involved in cartels to blow the whistle on co-conspirators in exchange for immunity." The Times continues, "Neelie Kroes, the EU competition commissioner and the -official behind Brussels' get-tough approach, said the lift and escalator cartel had behaved 'outrageously', while her spokesman said taxpayers, public authorities and other customers had been 'ripped off big time' by the cartel." The Times adds, "ThyssenKrupp, the German engineering group, received the toughest penalty, €479.7m ($630m, £322.5m). Otis, a unit of US group United Technologies, was fined €224.9m, Schindler of Switzerland was given a €143.7m penalty and Finland's Kone was ordered to pay €142.1m. Mitsubishi's Dutch subsidiary was fined €1.8m. … Ms Kroes said: 'The damage caused by this cartel will last for many years because it covered not only the initial supply but also the subsequent maintenance of lifts and elevators. For these companies the memory of this fine should last just as long.' … The Commission said the lifts installed in its own headquarters as well as at the European Court of Justice in Luxembourg were covered by the cartel. It urged customers of the companies involved in the agreement to renegotiate their contracts, and said they might have the right to sue for damages."

USA Today/AP (2/22, Brand) reports, "George David, chairman and chief executive of United Technologies, said in a statement that company officials are 'disappointed by the conduct revealed through the Commission's and UTC's own investigations.' … 'UTC will not tolerate unethical behaviors of any kind,' he said. 'The nine local Otis employees who violated our code of ethics and regulatory compliance programs were quickly identified and dismissed and we have reinvigorated our ethics and compliance programs worldwide.'" The AP adds, "Otis and United Technologies disclosed the investigation in 2004 and have cooperated with the European Commission, David said. Otis and UTC have received full or partial reductions in penalties for its cooperation and the outcome will have 'no material impact' on UTC's financial condition or Otis' competitive position. … United Technologies is waiting for the full text of the decision and will review it before reporting on its impact on its 2007 earnings guidance. In addition, David said Otis will appeal the decision to a European court."

Bloomberg (2/22, Newman) reports, "Kroes has made fighting cartels a priority for her five- year term. On Jan. 24, she fined Siemens AG, Areva SA and eight other companies that make electricity network gear 750 million euros. The commission fined seven cartels a total of 1.84 billion euros

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last year, an annual record. … 'oday we see the commission really going forward and really emphasizing its commitment not only to penalizing participants in cartels but also sending a very clear deterrent message to companies that might be tempted to get involved in those types of activities,' John Pheasant, a partner at Hogan & Hartson LLP, said in an interview. … The commission, the EU's antitrust regulator, said the companies set prices in Belgium, Germany, Luxembourg and the Netherlands between at least 1995 and 2004. The companies rigged contract bids, allocated projects to each other and shared confidential information, the regulator said."

AFP (2/22) reports, "The US parent company of elevator maker Otis said Wednesday it would appeal against a record EU antitrust fine imposed against a lift cartel." AFP adds, "United Technologies Corp. (UTC) said it had 'cooperated fully' with the European Union's executive commission during the investigation into the market-rigging cartel. … 'Otis will appeal the commission's decision to the European Court of the First Instance,' a UTC statement said."

US Revokes Genetech Patent. The New York Times (2/22, Pollack) reports, "The Patent and Trademark Office has decided to revoke a fundamental patent held by Genentech, the biotechnology company, that was at the center of a recent Supreme Court decision." The Times continues, "The patent office's decision could cost Genentech hundreds of millions of dollars in royalties over the next decade but would save a like amount for rivals that are paying the royalties, including MedImmune, Abbott Laboratories, Johnson & Johnson and ImClone Systems. … In a statement yesterday, Genentech said it would appeal the decision through the patent office and, if necessary, the courts. The company said the patent would remain 'valid and enforceable' through the appeals process." The Times adds, "The decision is the latest in a long controversy, and even mystery, surrounding the patent. The patent was awarded in 2001 even though the inventions on which it was based were made in the early 1980s. If not revoked, the patent, often called the Cabilly II patent after the lead inventor, Shmuel Cabilly, would expire in 2018. … Last month the Supreme Court ruled that MedImmune could challenge the patent even though it had licensed the rights to use it. Lawyers said the decision would have a big impact on how patent licensing deals are structured. … The patent covers techniques for making monoclonal antibodies, which are the basis for many of the biggest selling products made by the biotechnology industry. Genentech shares revenue from the patent with its research partner at the time, the City of Hope, a medical center in Duarte, Calif."

EU OKs Lukoil Purchase Of ConocoPhillips Stations. AFP (2/22) reports, "EU antitrust regulators gave their approval on Wednesday to Russian energy group Lukoil's plans to buy the filling stations of US oil giant ConocoPhillips in seven European countries." AFP continues, "After probing the deal for its impact on competition, the European Commission said that it had 'ound that the proposed transaction would not impede effective competition'in Europe." AFP adds, "Under the deal, the Russian oil and gas group is buying 400 filling stations from ConocoPhillips in Belgium, the Czech Republic, Finland, Luxembourg, Poland, Hungary and Slovakia. … The two companies have been close partners since ConocoPhillips bought 7.59 percent of Lukoil in 2004. The US company has since increased its stake to 20 percent."

EU Gives Antitrust Nod To Japan Tobacco's Bid For Gallaher. The AP (2/22) reports, "European Union antitrust regulators on Wednesday cleared Japan Tobacco Inc.'s proposed $14.7 billion purchase of British cigarette maker Gallaher Group PLC, saying the deal did not pose competition problems on the European market." The AP continues, "Japan Tobacco, the world's third biggest cigarette company wants to buy Gallaher to give the maker of the Mild Seven brand a bigger share in the European market." The AP adds, "The European Commission said the deal showed overlaps between the two companies 'are generally limited,' with the brands of the two positioned in different market areas. 'Moreover, for all products concerned, the new entity would continue to face several strong, effective competitors with significant market shares,' the commission said in a statement. … The deal would reportedly be the biggest Japanese overseas acquisition. Gallaher, which employs 12,000 people worldwide, dates back to 1857, when Tom Gallaher started a business making Irish roll tobacco in Londonderry, Northern Ireland. Its cigarette brands in Europe include Benson & Hedges, Silk Cut and Sovereign."

AFP (2/22) reports, "The deal is expected to leave the JT group holding some 14 percent of the European Union market, with a 39-percent share in Britain and 45 percent in Austria. … EU regulators also found that the merger would

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not leave the combined company with crushing market share as it would face 'several strong, effective competitors.' … Japan Tobacco sells brands including Mild Seven, Camel and Winston in about 120 countries and the takeover will give it extra muscle to take on world number one Philip Morris Cos. Inc. of the United States."

Union Questions Steel Mill Sale Order. The AP (2/22, Dishneau) reports, "The United Steelworkers union and Maryland's economic development chief say they disagree with a federal order that global steel giant Mittal Steel Co. sell its Sparrows Point mill near Baltimore to settle antitrust issues raised by the Dutch company's planned acquisition of Arcelor SA." The AP continues, "While ordering the sale of the Maryland plant, the consent decree proposed Tuesday by Justice Department would allow Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, which is used primarily for food and aerosol cans." The AP adds, "The United Steelworkers, which represents the mill's 2,106 production workers, said it will seek a reversal of the decision because selling Sparrows Point won't necessarily help workers or the company. … 'It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future,' said David R. McCall, chairman of the union's Mittal Steel committee. … The Justice Department said Sparrow Point's profitability and port access would help make it a viable competitor. In contrast, the Weirton mill has failed to thrive under Mittal's ownership, according to the Independent Steelworkers Union, which represents workers there."

Mittal Says Mill Sale Is Necessary. The Baltimore Sun (2/22, Connolly) reports, "After a day of silence, Mittal Steel Co. NV said yesterday that it was disappointed by the Justice Department's decision requiring it to divest its Sparrows Point steel mill to resolve antitrust concerns over tin plate production in the wake of its $33 billion merger with Luxembourg-based Arcelor SA." The Sun continues, "During a previously scheduled conference call with analysts yesterday to discuss fourth-quarter and year-end earnings, Mittal Chief Financial Officer Aditya Mittal said the company had no choice but to comply with the order even though it preferred to sell its plant in Weirton, W.Va. … A tentative deal to sell Weirton to Chicago-based Esmark Inc. is off the table, Mittal said, because of the Justice Department's decision. … 'We sympathize with everyone in Maryland because we feel the same disappointment,' Mittal said." The Sun adds, "The company has 90 days from Tuesday's ruling to sell Sparrows Point, but is eligible for a 60-day extension. … Esmark Chief Executive Officer James Bouchard said his company, which recently won control of Wheeling-Pittsburgh Steel Corp. in Wheeling, W.Va., has not heard from Mittal even though it has signaled its desire to buy Weirton and possibly Sparrows Point. … In yesterday's conference call, Aditya Mittal said the company wants to 'improve profitability' at Weirton. … However, he said tin plate production, while profitable, will likely face some restructuring in the near future because there is excess capacity."

House Judiciary Committee Plans Hearing With Sirius Executive. CNET News (2/22, Broache) reports, "A proposed merger between XM Satellite Radio and Sirius Satellite Radio has only been officially public for a few days, but it's already stirring questions on Capitol Hill." CNET continues, "On February 28, the U.S. House of Representatives Judiciary Committee, which has jurisdiction over antitrust laws, plans to hold a hearing to examine potential ramifications of uniting the nation's only two satellite radio operators, a deal estimated at $5 billion. Sirius CEO Mel Karmazin is the only confirmed participant so far. … 'We are holding this hearing to allow members to probe whether this merger will enhance or diminish competition in the digital music distribution industry,' Rep. John Conyers (D-Mich.), the committee chairman, said in a statement. 'Our members will explore how to define this new marketplace, and whether this merger will lead to increased choices and lower prices for consumers.' … Rep. Lamar Smith (R-Texas), the committee's co-chairman, said the panel plans to pay close attention to 'whether satellite radio competes against terrestrial radio, the Internet, or other emerging technologies'--a consideration that is key to making an antitrust analysis. … It is ultimately up to the U.S. Department of Justice and the Federal Communications Commission to decide whether the deal merits approval. One of the questions that has been raised is whether such a merger it would amount, as critics say, to a 'monopoly merger.'"

Verizon, Vonage Patent Dispute Heads To Trial. . The Wall Street Journal (2/22, B4, Fam) reports, "Verizon Communications Inc.'s patent-infringement suit against Vonage Holding Corp. opened in federal court, potentially adding to the troubles of the largest Internet telephone start-up." The Journal continues, "The case is

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closely watched by the nascent Web-calling industry, with some experts saying that a ruling against Vonage could encourage more patent suits in the telecom world." The Journal adds, "Verizon is accusing Vonage of infringing five patents, some related to features such as call forwarding, fraud detection and other technologies. Vonage denies the accusations and argues that the actual goal of the Verizon suit is to eliminate the Internet company, a growing competitor to Verizon's landline phone business. … 'We are firm in our belief that we have not infringed on their patents,' said Brooke Schulz, a Vonage spokeswoman. 'This case is about one thing and one thing only and that's about Verizon's attempts to stifle competition.'" The Journal notes, "Officials at Verizon have said the company is motivated by a straightforward desire to protect its intellectual property. The phone company filed the suit in June in U.S. District Court for the Eastern District of Virginia, a month after Vonage's initial public offering in May. … Pretrial talks between the two competitors failed to result in a settlement. In court yesterday , the judge selected a jury and attorneys delivered opening statements for both sides."

Apple, Cisco Settle Differences Over iPhone Name. The Wall Street Journal (2/22, B4, Wingfield) reports, "Apple Inc. and Cisco Systems Inc. agreed to resolve a trademark dispute over the term iPhone that had threatened to put a damper on the introduction of Apple's most eagerly anticipated electronics product in years." The Journal continues, "Under their agreement, Cisco, of San Jose, Calif., and Apple, of Cupertino, Calif., are free to use the iPhone trademark on their respective products throughout the world. Cisco will drop a lawsuit it filed against Apple in federal court in San Francisco, accusing Apple of infringing on a Cisco trademark with a forthcoming cellphone called the iPhone, due out in June." The Journal adds, "In a joint statement, Apple and Cisco said they will explore opportunities for making their products work better together "in the areas of security, and consumer and enterprise communications." The companies said other terms of the settlement are confidential, declining to comment further. … By reaching a deal, the two Silicon Valley icons head off a battle that potentially could have dragged on for years, and possibly led to an injunction to block Apple's use of the iPhone name."

The New York Times (2/22, Stone) reports, "Wednesday night, in a short, ambiguously worded statement, the companies said they would dismiss all legal action against each other regarding the trademark and that Apple could use the name for its device, which it plans to start selling in June. … In addition, the companies said they would explore ways to make their identically named iPhone products work together 'in the areas of security and consumer and enterprise communication.'" The Times adds, "Representatives for Apple and Cisco said other terms of the deal would remain confidential. It is not known if Apple made a cash payment to Cisco, but intellectual property lawyers say some sort of payment is typical in these cases. It is also unclear whether Cisco had sold Apple the name iPhone outright and had then secured permission to use it itself. … But the deal appears to give a partial victory to both sides. Apple can begin selling its phone with the name that its strong-willed chief executive, Steven P. Jobs, seemed to prefer. … Cisco can also continue to use the name, and with the promise of interoperability, it might have some of the hype and magic surrounding Apple's products rub off on its own less prominent offerings."

USA Today (2/22, Kessler) reports, "Apple and Cisco Systems ended their feud over the iPhone name late Wednesday — and Apple appears to have won, tech analysts said." USA continues, "The two Silicon Valley tech giants said they agreed to share rights to the name and end their legal battle over it. … Cisco — the longtime owner of the name — had earlier said it would share it with Apple as long as the electronics-maker made its iPhone compatible with other companies' products. The settlement addressed that concern, with the two companies pledging to "explore opportunities for interoperability in the areas of security, and consumer and (business) communications." … Other terms were confidential." USA adds, "Since the full deal was not made public, it's hard to say for sure which company came out on top, says tech analyst Roger Kay with Endpoint Technologies Associates. But it sure looks like a 'face-saving' agreement for Cisco, he says. … 'It looks like Cisco caved,' says independent tech analyst Rob Enderle. The pledge of interoperability talks 'looks like the typical promise that (Apple CEO) Steve Jobs has no intention of keeping,' he says." USA notes, "The controversy over the iPhone name began last year, when Apple was developing a feature-packed cellphone. Long before it had an official name, Apple fans dubbed it the iPhone. That's because many Apple products begin with an 'I', including the iPod music player and iTunes music store. … But there was a problem: Cisco, the world's largest network equipment maker, owned the iPhone

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trademark. It had originally been registered in 1996 by InfoGear, a networking company later acquired by Cisco. After the deal, Cisco adopted the name and introduced a line of iPhones, which it still sells today."

Justices Consider Patent Case. The Wall Street Journal (2/22, A4, Bravin, 2.04M) reports, "The Supreme Court, in the latest in a series of cases revisiting the application of patent protections in the high-tech era, heard arguments over where software fits within intellectual-property law." AT&T Inc. "holds a patent for voice-compression technology that makes it easier to transmit and store speech on personal computers and other devices. Microsoft Corp. concedes installing the technology on US-built computers would infringe the patent. But it says it isn't a violation to ship a master disk of the software overseas, where it duplicates the software for installation on computers assembled in Germany, Belgium and other countries." Microsoft "argues the 'component' is a physical disk containing the software, and it is free to duplicate it overseas, much as it could duplicate any other patented device overseas. AT&T contends the software itself is the component, regardless of the medium." Lower courts "have agreed with AT&T." The Washington Post (2/22, D1, Barnes, Sipress, 690K) among other newspapers, also reports the story.

ENVIRONMENT:

Nine States Sue US Over Mercury Emissions. The AP (2/22, Flesher) reports from Traverse City, MI, "Michigan and eight other states sued the Bush administration Tuesday, saying the White House failed to adequately regulate emissions of mercury and other pollutants at cement plants." The AP continues, "The states contend a rule issued by the Environmental Protection Agency in December does not comply with the federal Clean Air Act." The AP adds, "Mercury comes from raw materials used to make cement - such as limestone, clay, sand and iron ore - and from fuels such as coal, which fires the kilns where the ingredients are baked at high temperatures. … In December, the EPA announced new limits on mercury and hydrocarbon emissions from cement kilns built after Dec. 2, 2005. … But for kilns built earlier, the agency imposes lesser requirements such as operating kilns properly to ensure complete combustion and removing kiln dust when it can no longer be recycled." The AP notes, "Critics say the Clean Air Act requires the EPA to limit mercury from all kilns, not just new ones. … The lawsuit was filed in the U.S. Court of Appeals in the District of Columbia, where several environmental groups filed a separate action last week. The other eight states are Connecticut, Delaware, Illinois, Maryland, Massachusetts, New York, New Jersey and Pennsylvania."

Study Says Southwest Droughts, Water Shortages Likely To Worsen. The New York Times (2/22, Dean, 1.16M) reports, "The Colorado River Basin is more prone to drought than had been thought, a panel of experts reported yesterday, and as the climate warms and the population in the region grows, pressure on water supplies will become greater." The "panel recommended an 'action-oriented' study of water use patterns and demands, including drought planning, population projections and possible effects of transferring water to urban areas from agriculture, still the dominant consumer." The Times adds, "Global warming is already making things worse, the experts said."

USA Today (2/22, O'Driscoll, 2.27M) reports, "Rising population 'will inevitably result in increasingly costly, controversial and unavoidable trade-off choices' in sharing the Southwest's most precious natural resource, the report says." The "report says climate reconstructions using tree-ring data and projections with computer models show extended droughts were common in the past and will be longer, more severe and more frequent in the future."

The Los Angeles Times (2/22, Boxall, 850K) reports, "Global warming will worsen drought and reduce flows on the Colorado River, a key water source for several western states, according to" the report. The "study, prepared by a National Research Council committee, paints a sobering picture as the water needs of a rapidly expanding population test the limits of a river system strained by the effects of climate change." The Times adds, "Such measures as conservation, desalination and water recycling would be helpful, the [study's] authors said, but wouldn't offer a panacea."

Scientists Fear Release Of Carbon From Northern Forests Could Set Off Vicious Cycle. In a front-page story, the Washington Post (2/22, A1, Struck, 690K) reports, "Nearly half of the carbon that exists on land is contained in the sweeping boreal forests, which gird the Earth in the northern reaches of Canada, Alaska,

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Scandinavia and Russia. Scientists now fear that the steady rise in the temperature of the atmosphere and the increasing human activity in those lands are releasing that carbon, a process that could trigger a vicious cycle of even more warming." Rising temperatures "could free vast stores of carbon and methane that have been collecting since the last ice age in the frozen tundra and northern forests. Their release would push the world's climate toward a heat spiral that would raise ocean levels, spawn fierce storms and scorch farmlands, scientists believe." But the land "could also be enlisted to help abate global warming, as both a storehouse for man-made carbon dioxide and a natural sponge for greenhouse gases. Policymakers are considering changes to protect and expand the forested areas that store carbon; outside the boreal forest, they are experimenting with techniques to bury man-made carbon dioxide in underground vaults and porous seams."

FBI/DEA/ATF/USMS:

Group Sues US Over Medical Marijuana Policy. The New York Times (2/22, Marshall) reports, "Frustrated by government policy and inaction, a group of advocates for medical marijuana sued two federal health agencies on Wednesday over the assertion that smoking it has no medical benefit." The Times continues, "The group, Americans for Safe Access, a nonprofit organization based in Oakland, filed the lawsuit in Federal District Court, challenging the government's position that marijuana, 'has no currently accepted medical use in treatment in the United States.'" The Times adds, "In its lawsuit, the group contends that federal regulators have publicly issued 'false and misleading statements' about the medical benefits of marijuana. … The lawsuit, which named the Department of Health and Human Services and the Food and Drug Administration, seeks a court order to retract and correct statements that the group called, 'incorrect, dishonest and a flagrant violation of laws.' … A lawyer for the medical marijuana group, Joseph Elford, said the lawsuit was filed now because administrative avenues had been exhausted and because of mounting scientific and anecdotal evidence to the contrary."

The AP (2/22, Leff) reports, "Armed with a new study that shows smoking marijuana eased pain in some HIV patients, medical marijuana advocates sued the U.S. government Wednesday over its claim that the drug has no accepted medical benefits." The AP continues, "The lawsuit filed in U.S. District Court by Americans for Safe Access accuses the U.S. Department of Health and Human Services of engaging in 'arbitrary and unlawful behavior' that prevents 'sick and dying persons from seeking to obtain medicine that could provide them needed, and often lifesaving relief.'" The AP adds, "The group wants a judge to force the department and the U.S. Food and Drug Administration to stop giving out information that casts doubt on the efficacy of marijuana in treating various illnesses. … 'The FDA position on medical cannabis is incorrect, dishonest and a flagrant violation of laws requiring the government to base policy on sound science,' Joe Elford, chief counsel for the group, said in a statement. … California is one of 11 states where marijuana use is legal for people with a doctor's recommendation, but because the U.S. government does not recognize the drug's medical benefits, patients can still be arrested and prosecuted by federal authorities."

The San Mateo County Times (2/21) reported the lawsuit "comes a week after the release of a controlled, clinical University of California, San Francisco study showing HIV patients who smoked marijuana found relief from chronic foot pain."

Medical Marijuana ID Card Fee To Nearly Quadruple In California. The San Mateo (CA) Daily Journal (2/22) reports state fee increases "due to a shortfall of clients for California's medical marijuana identification cards is trickling down to local programs, including San Mateo County which plans to nearly quadruple the cost by next month. At its meeting Feb. 27, the Board of Supervisors plan to increase fees from $45 to $174. Medi-Cal beneficiaries will still receive a 50 percent discount. … The change is effective March 1 but participants will only feel the pinch as their cards expire annually. The ID program must be funded entirely by fees rather than taxpayer dollars at both the state and county level."

Researchers Say Long-term Marijuana Use May Cause Respiratory Problems. HealthDay News (2/22) reports people who "smoke marijuana for a long time face many of the same kinds of respiratory problems - such as phlegm, coughing and wheezing - as long-term cigarette smokers, say researchers at the Yale School of Medicine. They reviewed previous studies from 1966 to 2005 that examined the association between marijuana and pulmonary function and respiratory complications. Some of the studies found a link between short-term marijuana use and relaxation

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and opening of the air passages. However, other studies identified an association between long-term marijuana use and increased risk of respiratory symptoms, suggestive of obstructive lung disease."

Marijuana Use Linked To Impaired Memory. CNN's Lou Dobbs Tonight (2/21, 6:00 p.m.) aired, "Marijuana is the most commonly used illegal drug in this country. But in ten states, it's legal for medical purposes. Political maneuvering has intensified the debate over medical marijuana and the growing evidence about its detrimental and dangerous effects. … Proponents of medical marijuana point to its pain-relieving qualities. And a recently-published study with HIV patients with the University of California San Francisco found benefits. But researchers at Brookhaven National laboratory have been conducting research on a different topic: the impact of long-term marijuana use and dependency on the brain." Reporter: "Impaired memory and feelings of anxiety are more than just jokes, they are reality. So too are frequent respiratory infections and concern that the cancer risk of marijuana users is higher, which is why the American cancer society does not endorse smoking marijuana nor its legalization."

NBC Highlights Illegal Internet Drug Sales. NBC News (2/21) reports online that "buying prescription drugs over the Internet has become standard operating procedure for many Americans who used to visit the neighborhood pharmacy. And while many Internet pharmacies are 100-percent legitimate, hundreds of others are not and are seen by law enforcement as a dangerous problem." NBC's Mark Potter "was on a raid of one of these alleged pill mills." NBC adds, "At a drug store near Tampa, agents and investigators from the Drug Enforcement Agency swoop in to suspend the license of an Internet pharmacy for allegedly selling painkillers over the Web illegally. In this case, boxes and boxes of hydrocodone. 'This is probably destined for a customer who's ordered it online somewhere across the country,' says DEA Investigator Chris Grush."

NBC Nightly News (2/21, story 10, 2:30, Williams) aired, "Authorities say thousands of Web sites and hundreds of illegal pharmacies have sprung up nationwide, cutting corners on medical exams, charging 6 to 10 times the normal price for prescription drugs that are widely abused." Mark Trouville, DEA: "They're hiding behind the profession, they're hiding behind their education and out to make money." NBC added, "The big concern is that many online pharmacies use doctors to write prescriptions for dangerous and addictive drugs, for people they've never met. Federal agents say it is not uncommon for Internet buyers to simply fill out a brief medical questionnaire."

Authorities Say Colombian Woman Is Highest Ranking FARC Member Convicted In US. The Washington Times (2/22, Seper) reports a "high-ranking female member of a left-wing Colombian terrorist organization has been convicted with two others in U.S. District Court for the District of Columbia on drug charges." Nayibe Rojas Valderama, "was convicted, along with co-defendants Jose Antonio Celis and Juan Diego Giraldo, on charges of conspiring to import cocaine into the United States and conspiring to manufacture and distribute cocaine -- knowing it would be unlawfully imported into the United States." Valderama "has been identified by U.S. law-enforcement authorities as the finance officer of the 14th Front of FARC and is the highest-ranking member of the group to be convicted in the United States. … 'The FARC is a double evil -- they poison the blood of our people with their drugs and spill the blood of their own with guns and machetes bought with drug profits,' U.S. Drug Enforcement Administration boss Karen P. Tandy said."

In its "Nation in Brief" section, the Washington Post (2/21, A4) reported prosecutors "cast Rojas, also known as Sonia, as a gun-toting senior FARC official who gathered coca base from farmers and sold it to refiners and traffickers, who then sent more than five tons of cocaine to the United States."

IMMIGRATION:

Kennedy Set To Introduce Immigration Reform Bill. The Washington Times (2/22, Hurt, 88K) reports, "Senators and lobbyists are putting the final touches on a comprehensive immigration-reform bill that includes an easier citizenship path for illegal aliens and weaker enforcement provisions than were in the highly criticized legislation that the Senate approved last year." Sen. Edward Kennedy "will introduce the bill as early as next week, according to Senate sources knowledgeable about the negotiations. If the Senate Judiciary Committee can make quick work of the bill, it could be ready for floor action in April." Kennedy "drafted this year's bill with help from Sen. John McCain, Arizona Republican, and outside lobbyists. Mr.

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McCain and the outside groups share Mr. Kennedy's support for increased immigration and leniency for illegals already in the country." Among the "most active participants have been the Essential Worker Immigration Coalition (EWIC) and the U.S. Chamber of Commerce."

Arizona Sees Shortage Of Farm Workers. The Christian Science Monitor (2/22, Bowers, 59K) reports, "Empty stations on the harvest lines are more common this year throughout this swath of Arizona farm country, says" Rick Rademacher, "who serves as president of the Yuma Fresh Vegetable Association. The reasons are many: A 40,000-person limit on the number of foreign guest workers allowed into the US, tighter borders that are discouraging illegal crossings, and rising demand for day laborers in other industries, such as higher-paying construction work." The shortage "of farm workers has been driving wages higher. Last season, base pay for day laborers working in this area was $6.50 an hour. Now it's $8.50. Rademacher says it may go higher because farmers here can't attract enough employees." Rademacher would "like to see an expanded guest-worker program to ease the labor crunch here, just five miles from the border. It would ensure that he can get his crop in – and sell it to supermarkets at a price that is competitive with prices of vegetables from overseas."

Advocacy Groups Criticize Conditions At Family Detention Centers. The New York Times (2/22, Swarns, 1.16M) reports a pair of advocacy groups, the Women's Commission for Refugee Women and Children, and Lutheran Immigration and Refugee Services, are expected to release a report Thursday criticizing the "prisonlike housing" at detention centers used by the Bush administration to hold immigrant families. "The Department of Homeland Security, which allowed the advocacy groups to visit the two detention centers that house immigrant families, has already corrected several problems identified by the groups." Officials at the agency, "who said they were still reviewing the report, vigorously defended the quality of services provided by" the T. Don Hutto Residential Center and the Berks Family Shelter Care Facility, with spokesman Marc Raimondi saying that both "adhere to the highest standards."

The Washington Post (2/22, A3, Moreno, 690K) reports Mustafa Elmi, a 3-year-old living at Hutto, "had to report to his cell three times for headcount" on his birthday. "To be able to get one hour of recreation inside a concrete compound sealed off by metal gates and razor wire he had to pin his picture ID to his uniform." Though "US Immigration and Customs Enforcement (ICE) routinely separated parents from their children upon apprehension by the Border Patrol" before Hutto was opened last May, the advocacy groups "have termed the facility 'a penal detention model that is fundamentally anti-family and anti-American.'" Their report "lauded the goal of keeping families together but urged DHS to close the Hutto facility, saying that 'prison-like institutions' are not appropriate for families. … In response, ICE spokesman Marc Raimondi said that the Hutto and Berks facilities 'maintain safe, secure and humane conditions and invest heavily in the welfare' of the detainees."

McClatchy (2/22, Mondics) reports Berks was found to have "the more humane conditions, but even there detainees reported harassment by staff including the threat of separating parents from their children, the report said. 'Every woman we talked to in the facilities cried,' said Michelle Brane, one of the authors of the report, prepared by the Lutheran Immigration and Refugee Service and the Women's Commission for Refugee Women and Children."

Immigration Raids Raise Concerns Among Advocate Groups. The AP (2/22, Barbassa) reports, "Fear has gripped immigrant families across the United States as federal agents raid neighborhoods, work sites and jails in a nationwide crackdown on illegal immigration." The AP continues, "Tens of thousands of people have been rounded up over the past several months, and many more are afraid to leave home, answer a knock on the door or leave their children alone in fear they might be next. Churches and community groups are stepping in with legal advice and financial aid for families split up or left without an income because of the sweeps. … From California to Connecticut, federal officials have launched a full-scale offensive to find and deport illegal immigrants. It's part of a two-pronged approach, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement: secure the nation's borders while stepping up enforcement within." The AP adds, "Groups supporting a reduction in immigration have praised the shift toward more aggressive enforcement. 'Enforcement actions like these play an enormous role in deterrence,' said Steven Camarota, of the conservative think tank Center for Immigration Studies. … But many immigrants and their advocates say it's splitting families and hurting the legal relatives of immigrants who crossed the border illegally, as well as their co-workers, employers and the businesses that serve them."

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TAX:

Brother Of Alleged Chicago Mobster Gets Probation For Tax Fraud. The Chicago Tribune (2/22, Gibson, 617K) reports, "The brother of reputed mob boss Joey 'the Clown' Lombardo was sentenced Wednesday to 60 months' probation for conspiracy in a tax fraud scheme centered at a strip club in Las Vegas. Sixteen individuals, including Lombardo's brother Rocco, have pleaded guilty to the conspiracy scheme for underreporting cash they received while working at the Crazy Horse Too strip club. The case stems from a lengthy federal investigation of the strip club and owner Ricky Rizzolo." The Tribune notes, "Rizzolo and Rocco Lombardo would dine with Joey Lombardo when Rizzolo came to Chicago on business, court records show. And when Joey Lombardo disappeared, FBI agents went looking for him in Las Vegas."

CONGRESS-ADMINISTRATION:

Bush Promotes Healthcare Plans In Visit To Tennessee. USA Today (2/22, 7A, 2.27M) reports President Bush "flew to Chattanooga, Tenn., on Wednesday to promote his plan to expand health care coverage to millions of people by shifting decisions and responsibility to individuals. … Under the president's proposal, health insurance benefits would be taxable income, but people would get a standard tax deduction for health insurance: up to $15,000 for family coverage, $7,500 for individual coverage." In Chattanooga, Bush co-hosted a healthcare forum with Tennessee Gov. Phil Bredesen, a Democrat. The AP (2/22, Feller) says Bush "received a hearty ovation as he described his plan." He "shared a stage with people who hold full-time jobs but can't afford health insurance for their families."

The Chattanoogan (2/21) reported on its website, "Some 500 Chattanoogans, including many of the city's leaders, were in attendance as the President moderated the event aimed at promoting his new policies aimed at making health care more affordable. He was on the podium with selected citizens and business owners -- all of whom said they either could not afford health care coverage or had inadequate coverage."

The Washington Post (2/22, Abramowitz, 690K) reports, "Democrats in Washington are showing little enthusiasm for the Bush health agenda, but the president is plugging away, insisting he sees hope for compromise before his term ends in less than two years. Indeed, the end seemed on his mind as he bantered with several hundred audience members, arguing for greater transparency in health-care pricing." The Post also reviews Bush's proposed tax-code changes and notes, "Many health economists say they think Bush is overstating the impact of the tax code changes, but they say he might have a bigger bang if he were to give low-income people tax credits to buy insurance, an idea the White House considered and rejected. A study released this week by the Community Research Council of Chattanooga concluded that very few of the uninsured in Hamilton County, which includes Chattanooga and its suburbs, make enough money to benefit under the current Bush plan." The Post also notes, "Even as the president arrived in Tennessee, the local news was full of reports that a change in federal reimbursement policy could cost the state as much as $250 million annually for charity care, countering any relief under the president's new plan."

The New York Times (2/22, Stolberg, 1.16M) says Bush "held forth for nearly an hour," at the event, where "participants had been carefully selected, the tone was confessional, and the president, describing himself as the 'educator in chief,' sounded more like talk-show host in chief." The Times continues, "The round-table discussion, which followed a similar if less lively event with health insurance executives in Washington on Tuesday, was aimed at pitching the president's proposal to provide tax breaks for low- and moderate-income workers to buy insurance while imposing tax increases on some Americans covered by generous employer-sponsored plans." The Times also notes that Bredesen, who has sponsored an initiative called Cover Tennessee, "said in a phone interview that he was skeptical of the president's tax proposal and had been a bit leery of participating in the event here."

The Los Angeles Times (2/22, Reynolds, 850K) says the President "traded one-liners with a handful of workers and employers, who have had trouble getting health insurance. One of them was an interior designer named Amy Childers, who dropped her health coverage when she turned 35 and the premium was raised to $210 a month. 'Doesn't it make sense to change the tax code so that Amy Childers can better afford health care?' the president asked. Then he joked, 'You don't look a day over 34.' 'Most people say 22,' Childers responded, adding that she would forgive him."

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Local TV stations in Tennessee and around the country reported on the President's trip. WVLT-TV Knoxville (2/21, 11:03 pm) reported, "President Bush set his sights on Chattanooga today, promoting his healthcare initiative." The station showed the President saying, "We want there to be price transparency in healthcare. I don't know about you but I don't remember ever asking how much something was going to cost when it came to healthcare." The station added, "President Bush wants Congress to create a tax break to encourage the uninsured to buy health insurance. Opponents argue his plan would give more companies a reason to drop company-provided healthcare." Many other newscasts ran that quote from the President, including WTXL-TV Tallahassee (2/21, 11:15 pm), WBIR-TV Knoxville (2/21, 11:10 pm), WWMT-TV Grand Rapids (2/21, 11:10 pm), WZTV-TV Nashville (2/21, 9:49 pm), WBBJ-TV Jackson, TN (2/21, 6:11 pm), WRCB-TV Chattanooga (2/21, 6:03 pm), and KGTV-TV San Diego (2/21, 5:39 pm).

The AP (2/22) reports that "supporters and protesters" turned out at Bush's events yesterday. The AP says "most carried welcome signs or waved flags on a sunny and unseasonably warm day with temperatures in the mid-60s. Among them were several students from Chattanooga State Technical Community College, who attended in order to earn some credit for a government class." The Chattanoogan (2/22, Frank) runs a similar report.

Democrats Criticize Bush Proposals. As Bush promoted his proposals, congressional Democrats continued to criticize them as insufficient. The Los Angeles Times (2/22, Reynolds, 850K) reports Democrats "say the biggest problem facing the system is the 40 million Americans with no health insurance, and they say the president's proposal would help only a small fraction of them become insured. In particular, they point out that the deduction would not help taxpayers who do not itemize their income tax returns, especially poorer paid workers who are the most likely to lack health insurance." Instead, "Democrats favor a tax credit for health care premiums, which would help all taxpayers regardless of their filing status." USA Today (2/22, 7A, 2.27M) notes Sen. Edward Kennedy, chairman of the Senate committee "that oversees health matters," said yesterday the Bush plan "undercuts a system built on employer-provided coverage."

Meanwhile, noting that Bush's plan "has been pronounced dead by leading Democrats on Capitol Hill.," the New York Times (2/22, Stolberg, 1.16M) also says "leading Democrats, including Senator Max Baucus of Montana, chairman of the Finance Committee, and Representative Pete Stark of California, chairman of a subcommittee overseeing health policy, said in interviews that Mr. Bush's plan was far too dependent on the private sector and that they did not envision anything like it becoming law. Mr. Stark called it 'a farcical move' that was 'primarily designed to encourage employers to drop group coverage.' Mr. Baucus said the plan was 'too much focused on the individual market,' though he did give the president credit for 'stirring up the debate' with his tax idea."

The AP (2/22, Feller) reports "key Democratic leaders have denounced Bush's plan," while Market Watch (2/21, Watts) notes "top Senate Democrats on Wednesday charged that…Bush's proposal to change how the tax code treats employer-provided health benefits would do little to help the uninsured."

Army Rushes To Correct Poor Living Conditions At Walter Reed Hospital. ABC World News (2/21, story 4, 2:10, Gibson, 8.78M) reported, "Many of the wounded being brought home from Iraq, have passed through the Army's Walter Reed Medical Center in Washington. The medical care there has been much praised. But a Washington newspaper investigation has reported that part of the facility itself is ailing. And the Army has been quick to acknowledge that that is, indeed, the case." ABC (Kerly) added, "Just across the street from Walter Reed hospital, this is what greets wounded soldiers. Mold, holes in walls, rats and insect infestation. Building 18 is home for those, who among other things, have lost limbs or suffered brain injuries. And now, a huge embarrassment for the Army." Gen Richard Cody, Army Vice Chief of Staff: "The senior Army leadership takes full responsibility for the lack of quality of life at Building 18. And we're going to fix it." Kerly: "But the Army didn't even know about the problems, until 'The Washington Post' printed the stunning results of a four-month investigation. But it's not just problems with the rooms in this building. 'The Post' investigation found that many of the wounded soldiers here are not getting the services they need. Soldiers face a bureaucratic nightmare and a shortage of trained staff." Rep. Tom Davis (R): "These people gave their lives, their limbs for this country. And they come back here and we treat them very shabbily. And it shouldn't happen."

NBC Nightly News (2/21, story 4, 2:00, Yang, 9.87M) reported, "As the fallout continued over the shocking

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conditions at Walter Reed Army Medical Center's decrepit Building 18 today, top Army officials were front and center. At the Pentagon…" Gen Richard Cody: "I'm the Vice Chief of Staff for the Army. I'll take responsibility for this and make sure it is fixed." Yang: "And at Walter Reed." Major General George Weightman: "It is a leadership problem, but I would say it is my issue as the commander of this organization to take responsibility for that." Yang: "Walter Reed's commanding general said building managers relied too much on soldiers' complaints about conditions, rather than making spot inspection, a system veterans call unacceptable." Officials "blame the problems here at Building 18 on being overwhelmed. Not just by the sheer number of wounded coming here, but by the fact more are staying longer. That is because the military is making an effort to let more of the wounded continue to serve in uniform rather than quickly discharging them."

The Washington Post (2/22, A6, Tyson, 690K) reports Gen. Cody "vowed yesterday to personally oversee the upgrading of Walter Reed Army Medical Center's Building 18, a dilapidated former hotel that houses wounded soldiers as outpatients." The Army Vice Chief of Staff "used terminology similar to that of a military campaign to describe his plan to overhaul the broken building, including giving it a more 'appropriate' name, and the sluggish bureaucracy for outpatient care." Cody "blamed 'a breakdown in leadership' for the troubling conditions but said no one has been fired or relieved of command. He did point to lower-ranking officers and noncommissioned officers lacking 'the right experience and the authority to be able to execute some of the missions.'" Rep. Thomas M. Davis III (Va.), "the top Republican on the House Committee on Oversight and Government Reform, blasted the Army yesterday, saying in a statement that it has known for years about shortcomings at Walter Reed."

The Hill (2/21, Tiron) reports, "Several lawmakers are taking action to improve the conditions and care for veterans of the wars in Iraq and Afghanistan at Walter Reed Army Medical Center." Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) "are sponsoring legislation to improve the lives of recovering veterans at Walter Reed, while Sen. John Kerry (D-Mass.), a cosponsor of the Obama-McCaskill legislation, said that he would explore ways to direct new funds to Walter Reed and make immediate improvements to its veteran housing." Meanwhile, Rep. Louise Slaughter (D-N.Y.) "wrote a letter yesterday to Secretary of Defense Robert Gates demanding information on the current state of Walter Reed's outpatient facilities."

Congressional Quarterly (2/21, Yoest) reports, "Senate Veterans Affairs Chairman Daniel K. Akaka, D-Hawaii, said he would hold a hearing on the issue next month, since many of the soldiers housed at Walter Reed will soon become veterans." Akaka said, "I will purse the situation at Walter Reed and other military treatment facilities that are handling the bulk of returning Iraq and Afghanistan war veterans to ensure that the government is helping those who have been injured in service to our country, and their families." Democratic Sens. Patty Murray of Washington and Barbara Mikulski of Maryland "sent a letter to Defense Secretary Robert Gates calling for an inspector general's investigation into outpatient care and the availability of psychological counseling for soldiers and their families."

AARP Backs Effort To Reform Social Security. The Politico (2/22, Patch) reports AARP officials "said Wednesday they will push hard to revamp Social Security to maintain the social insurance program's solvency and fiscal health." CEO Bill Novelli, legislative policy director David Certner and John Rother, executive officer for policy and strategy said "changes need to be made in the program to head off rising health care costs and declining financial security, especially among baby boomers." Novelli said, "The next generation could be the first in American history that is less well off than their parents." Though Social Security "is often deemed a 'third rail' of American politics for its sensitivity, the program can and should be reformed, Novelli said." The Politico adds that AARP "released a poll showing a consensus for reform in some of the key areas of Social Security." Of eight "possible options, a majority of respondents favored three measures that would raise revenue for Social Security in some fashion: increasing the income cap to $150,000; increasing the payroll tax by 0.5 percent for both workers and employers, and changing the benefit formula to make the program more progressive."

Female Members Criticize Baca's Leadership Of Hispanic Caucus. The Washington Post (2/22, A17, Layton, 690K) reports that the "congressional recess has provided a timeout for feuding members of the Hispanic Caucus," and Chairman Joe Baca "is trying to hold together the group of 20 Democrats and smooth over multiple rifts." But several female members of

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the "mostly male caucus say Baca himself is a source of problems, and one, Rep. Loretta Sanchez (D-Calif.), resigned last month in protest. There were six female members and 15 male members before Sanchez quit. … At a closed meeting last week designed to mend fences, Sanchez made an appearance and, along with several other women, aired grievances, said sources familiar with the caucus's workings. The women said their requests of the caucus staff are not taken seriously, among other things."

Snow, Correspondents Meet For Friendly National Press Club Forum. The Washington Post (2/22, A2, Milbank, 690K) writes about what CBS's Bob Schieffer called a "man bites dog" story at the National Press Club Tuesday night, when six White House correspondents" had agreed to submit to questioning" by White House Press Secretary Tony Snow, "who usually is at the receiving end of such grillings. But Snow wouldn't bite. 'For those of you who are expecting theatrical savagery on my part, forget about it,' Snow advised the crowd of 250 and a live C-SPAN audience. … Snow argued that reporters are not the jackals that the public supposes them to be. The reporters reciprocated with warm tales about covering the Bush White House; one spoke about the perk of seeing Snow's bare knees. 'If there is a flash of tempers between me and Tony, it's not about him and me, it's nothing personal,'" said NBC's David Gregory, "whose televised clashes with Snow have become legend. Snow grinned. 'What you see quite often at the briefings are sharp exchanges, but David's right: It's not personal,' the press secretary agreed. 'I not only like but admire everybody else sitting up here on this podium. It is a real pleasure and a privilege to work with them, to get to know them. … It is a wondrous thing." The Politico (2/22, Allen) also runs a story on the event.

District Of Columbia House Vote Bill "Cruising Along." The Washington Post (2/22, A17, Romano, 690K) writes, "It can't be easy being in Congress without a vote," but District of Columbia Delegate Eleanor Holmes Norton, "has stuck it out for 16 long years, never truly a part of the club but always relentlessly knocking on the door seeking admittance. Now, Norton is sure, success is in her sights. With Democratic leaders pledging to get it done and ample Republican support, the bill giving both the District of Columbia and Utah an additional voting seat is cruising along. 'Won't we be surprised if it doesn't happen -- but I tell you, it's in the stars,' Norton said yesterday." The bill "must clear two committees before it is brought for a floor vote. Norton is hoping that will happen in March." A spokesman for House Speaker Nancy Pelosi said Pelosi "is committed to finalizing the bill's language, moving it through committees and having a floor vote as soon as possible."

Cheney Says McCain Wrong On Rumsfeld. The AP (2/22, Sidoti) reports Vice President Dick Cheney "on Wednesday challenged GOP presidential hopeful John McCain's assertion that Donald H. Rumsfeld was one of the country's worst defense secretaries." Cheney said, "John's entitled to his opinion. I just think he's wrong." In an interview with ABC News, Cheney "also disclosed that the Arizona senator had apologized to him for a previous comment that the vice president had 'badly served' President Bush on Iraq." Cheney said, "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld." The AP adds that at a campaign event in Los Angeles, McCain "said he stood by his remarks about Rumsfeld. He did not mention the vice president, and his campaign declined to comment on Cheney's remarks."

The Politico (2/22, Allen) reports Cheney "made it clear during an interview with ABC News Wednesday that he was none too pleased with McCain's declaration on Monday at a retirement community near Hilton Head Island, S.C.: 'I think that Donald Rumsfeld will go down in history as one of the worst secretaries of Defense in history.' McCain was greeted with applause."

The Washington Post (2/22, A4, Fletcher, 690K) reports Cheney "objected yesterday to Sen. John McCain's assertion that Donald H. Rumsfeld 'will go down as one of the worst secretaries of defense in history' and added that the senator had apologized to him for saying Cheney had misled President Bush on Iraq."

Documentary Suggests Rumsfeld Policies Led To Abu Ghraib. In the Washington Post (2/22, C1, 690K), Tom Shales reviews the new HBO documentary "Ghosts Of Abu Ghraib," saying it "daringly approaches a scandal that hardly anyone wants to see reexamined -- least of all, one can safely assume, the Bush administration and the Pentagon. The reason is not just that what happened at Abu Ghraib is, to understate in the extreme, unpleasant. The documentary says it's also because this breakdown was not so much nervous as inevitable -- and not so spontaneous, having been

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sanctioned by the top brass, including former defense secretary Donald Rumsfeld." Kennedy "suggests the torture was not an outbreak of lunacy but the direct result of policies handed down by Rumsfeld that were designed to circumvent the Geneva Conventions…and U.N. conventions against torture, to which the United States is, at least technically, a signatory."

Davis Measure Would Extend Health Care Premium Savings Benefit To Retirees. The Washington Post's (2/22, D4, Barr) "Federal Diary" column reports, "Since 2000, federal employees have been able to pay their health insurance premiums on a tax-free basis," and many "federal retirees think they should get similar treatment. But extending 'premium conversion,' as it's called, to retirees would require a change in tax law, and Rep. Thomas M. Davis III (R-Va.) and others, who have pushed for that change in the last three congressional sessions, are back at it." The Post quotes Davis who called the change "modest" and said that "to those on fixed income, this could have a real impact," noting that the measure "would result in average savings of $820 a year for federal retirees, he estimated. Under the bill, federal civil service and military retirees would pay their monthly health-care premiums through a pretax deduction from their annuities. The bill also would permit active-duty military personnel to deduct from their taxable income certain supplemental premiums or enrollment fees for Tricare, their military health insurance." The Post notes that in previous efforts to gain approval the "likely cost of the bill appears to" have been "the sticking point. According to a Congressional Budget Office estimate, extending the tax break to federal retirees would cost about $600 million over 10 years."

OTHER NEWS:

Inflation Gauge Rose More Than Expected In January. The Wall Street Journal (2/22, Conkey, 2.04M) reports, "A widely watched gauge of consumer prices rose last month at the fastest rate since June, interrupting what had been a steadily improving inflation outlook in recent months." The Labor Department "said its index of 'core' consumer prices, which excludes food and energy, rose 0.3% in January, after a string of three consecutive monthly increases of 0.1%. Those modest gains had begun to persuade economists that inflation was decelerating. … Last month's increase in core prices was fueled by unusually sharp price increases for health care, which rose 0.8% from December, and in tobacco and smoking products, which leapt 1.5%." Federal Reserve Bank of San Francisco President Janet Yellen "acknowledged yesterday that core inflation was 'on the high side of expectations.'" But "in a speech to a business group in Santa Clara, Calif., she added: 'This followed three straight months' of low core inflation."

The New York Times (2/22, Peters, 1.16M) reports, "Though inflation growth, as represented by the Consumer Price Index, slowed from December, it advanced faster than economists and Wall Street investors had expected." The Washington Post (2/22, D1, Henderson, 690K) runs a similar story under the headline "Slowing Economy Isn't Cooling Prices."

USA Today (2/22, Hagenbaugh, Kirchhoff, 2.27M) reports "Brian Bethune of Global Insight says recent indicators show economic growth wasn't as rosy as the Fed estimated at last month's meeting. Still, the bump in the consumer price index means the Fed needs to keep a close eye on inflation. He expects rates to be steady for most of 2007."

The Financial Times (2/22, Callan, Guha) reports, "The Federal Reserve grew more confident that inflation was moderating at its January policy meeting, minutes released on Wednesday revealed, but policymakers still did not see a downward trend in core inflation as 'definitely established.'" The minutes "show that all members of the Federal Open Market Committee agreed that the predominent risk remained inflation rather than growth."

Central Bankers Confident In World Economy. The Wall Street Journal (2/22, Hayashi, Perry, Ip, 2.04M) reports, "The Bank of Japan's move to raise interest rates for the first time since July underscores the surprisingly upbeat state of the world's major economies, which continue to perk along despite the damage done by high energy prices and sagging housing markets. The world's central bankers are so confident that growth will remain steady and inflation under control that their main worry is less the immediate future than whether conditions are breeding excessive speculation in financial markets." Although "the U.S. economy has slowed substantially from its torrid pace of a year ago, it has kept growing fast enough to keep unemployment down despite the housing slump. In the 13 countries that use the euro, growth is expected to abate from last year's six-year high but remain well above the sluggish pace of prior years."

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Stocks Mixed. NBC Nightly News (2/21, story 7, :10, Williams, 9.87M) reported, "On Wall Street here in New York today, a mixed finish at the end of the day. The Dow was down more than 48 points [to close at 12,738.41]. NASDAQ gained over five points on the day's trading [to close at 2518.42.]" The Wall Street Journal (2/22, C1, McKay, Karmin, 2.04M) says "the stock market reacted with little more than a shrug -- with the Dow down and the Nasdaq up -- as crude oil topped $60 a barrel for the first time this year and investors fretted about monetary policy in the U.S. and Japan."

McCain Criticizes Bush On Global Warming, Iraq. The Los Angeles Times (2/22, Finnegan, 850K) reports McCain "was anything but subtle Wednesday as he took swipes at the Bush administration during a meticulously staged appearance with Gov. Arnold Schwarzenegger on the bustling docks of Los Angeles Harbor. President Bush's record on global warming? 'Terrible,' McCain declared. His pursuit of the Iraq war? 'A train wreck.'" If the "point of the Arizona senator's visit was to put distance between himself and his party's unpopular president, McCain was following a pattern set by Schwarzenegger last year in his re-election campaign. For McCain, the task is especially important, because his vocal support for Bush's recent troop buildup in Iraq threatens a voter backlash." In what "was billed as a nonpolitical event to call for tougher federal action to stop global warming, McCain joined Schwarzenegger for a hazy-morning helicopter tour of the Long Beach and Los Angeles ports. The Republican duo flew over the future site of a hydrogen power plant that would pump carbon dioxide into the ground instead of the air." On the San Pedro docks, Schwarzenegger "offered McCain access to his usual retinue of trailing television crews, and McCain used the opportunity to pound Bush on a number of fronts."

Schwarzenegger Extols McCain At Los Angeles Event. The AP (2/22, Blood) reports Gov. Arnold Schwarzenegger "offered his most lavish praise yet Wednesday for any 2008 presidential candidate, calling John McCain a 'great senator' and 'very good friend' who shared his views on critical issues like the environment." Schwarzenegger "stopped short of a formal declaration of support for McCain's budding candidacy, but their appearance together in the Port of Los Angeles was a strong reminder that the two maverick Republicans share a well-developed friendship." McCain "joked that he was endorsed by Schwarzenegger. Then Schwarzenegger said their joint appearance wasn't about politics." McCain said, "We share common philosophy and goals for this country."

McCain, Giuliani Yet To Sign Tax Cut Pledge. Under the headline, "GOP 'Darlings' Slow To Sign Tax-cut Pledge," the Washington Times (2/22, Lambro, 88K) reports Sen. John McCain and Rudy Giuliani "have not signed an anti-tax-increase pledge that has been embraced by several of their rivals." The "reluctance of the party's two leading candidates to sign the pledge, which has been signed by every Republican presidential nominee since 1988, raised concerns among conservative tax cutters about Mr. McCain's and Mr. Giuliani's commitment to reduce tax rates at a time when all of the Democratic presidential contenders have vowed to raise income taxes if they are elected." Jack Kemp said, "I can't imagine that McCain wouldn't sign it or that Giuliani wouldn't sign it. I can't imagine any Republican not signing that." The Times adds the pledge, "which asks the candidates to sign a statement declaring they will 'oppose any and all efforts to increase the marginal income tax rates,' could become an issue for both men as they vie for the support of their party's economic conservatives -- especially for Mr. McCain who was a foe of President Bush's tax cuts until he began actively running for president last year."

GOP Candidates Advised To Seek The "Big Mo." In his New York Times column (2/22), David Brooks offers advice for Republican presidential candidates, suggesting, "First: Be the Snowball. The conventional view is that Feb. 5 is going to be the decisive day of the race, when California, New Jersey, Illinois and a bunch of other states will probably have their primaries. That's wrong." Because "so many states will be voting then, the candidates will be stretched thin in all of them. As a result, the Republican candidate who does best in the first three states — Iowa, New Hampshire and, on Feb. 2, South Carolina — will sweep on Feb. 5 through sheer momentum." Other advice includes "the Rule of Three. When three big candidates go up against one another, two of them often get into a mutually destructive grudge match and the third skates through to victory. (Right now, the McCain and Romney camps seem set to brawl, leaving Giuliani alone.)" Another suggestion is that if "your last name is Giuliani, McCain or Romney, social conservatives are never going to love you. Don't try to pander to gain their devotion. Instead, offer them a deal," telling them "I'm the guy who can deliver on four programs you want. Then

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pick out four programs you and they can agree on and repeat them in every speech for the next year."

Clinton, Obama Camps Trade Jabs Over Geffen Comments. The fallout from comments made by Hollywood mogul David Geffen, a supporter of Sen. Barack Obama's presidential campaign, that appeared in Wednesday's Maureen Dowd column in the New York Times dominates the political news today, with two broadcast networks and several major newspapers reporting on the back-and-forth between the Obama and Sen. Hillary Clinton campaigns. The story eclipses coverage of a forum for Democratic candidates in Nevada that was attended by eight candidates, with only Obama absent.

ABC World News (2/21, story 5, 2:30, Gibson, 8.78M) said that though "there are more than 10 months to go until we even get to the presidential election year," Clinton and Obama "were sniping at one another, as if the campaign were in midstream." ABC (Tapper) said that in the Dowd column, Geffen "lashed out at both Clintons, saying, 'Everybody in politics lies. But they do it with such ease, it's troubling.' Geffen also alluded to the former 'president's personal life, calling him 'a reckless guy,' and insinuating he has not changed since the Monica Lewinsky days. … Geffen has no official role with the Obama campaign. But almost immediately the Clinton campaign went after Obama, saying he was hypocritical for tolerating Geffen's comments, given Obama's pitch against negative campaigning."

The CBS Evening News (2/21, story 10, 2:20, Couric, 7.66M) said Clinton and Obama "are trading jabs in their first public spat." CBS (Borger) added, "It's 21 months before the election at the first feel-good Democratic candidate forum, yet the campaigns of the two most famous Democrats were already hissing at each other." Clinton: "I sure don't want Democrats or the supporters of Democrats to be engaging in the politics of personal destruction." Borger: "Geffen, a movie mogul and former Clintonite, has deserted his one-time friends for Obama. … The Clinton campaign used the comments to try and recast Obama into another pol who preached against nasty politics while his supporters practice it."

The AP (2/21, Pickler, Riley) said the Clinton and Obama camps "traded accusations of nasty politics" over the Geffen comments. While the Clinton campaign "demanded that Obama denounce comments made by the DreamWorks movie studio founder," Obama, campaigning in Iowa, refused, saying, "It's not clear to me why I'd be apologizing for someone else's remark." Clinton, in Nevada, "sidestepped questions, leaving the issue to her aides to discuss. 'I'm just going to stay focused on my campaign and I'm going to run a positive campaign about the issues that affect the people in our country,'" she said. The Des Moines Register (2/22, 160K) says Obama "said he 'can't be responsible for the statements of every individual' and said voters and candidates alike have more pressing issues that deserve focus."

The Washington Post (2/22, Cillizza, Balz, 690K) headlines its front-page report "Clinton, Obama Camps' Feud Is Out In The Open," and leads by saying "an increasingly acrimonious competition" between Clinton and Obama "to enlist the Democratic Party's leading fundraisers and operatives burst into the open yesterday, overshadowing what was billed as the presidential campaign's first gathering of candidates in Nevada." The Chicago Tribune (2/22, Dorning, Zuckman, 617K) says the Clinton camp was "perhaps stung by Obama's successful incursion into Hollywood, which at one time was unchallenged Clinton country," and "hit back hard, saying Geffen's comments contrasted poorly with the Illinois senator's self-promotion as a new breed of politician, unifying and optimistic."

Newsday (2/22, Thrush) headlines its report "Barack, Hillary Trade Body Blows," saying the "fight was waged through a series of heated e-mails from both campaigns Wednesday -- in which Clinton's top spokesman accused Obama of being a 'slash & burn' politician and Obama's staff slammed the Clintons for using the Lincoln Bedroom as a cash register in the 1990s." McClatchy (2/22, Thomma) calls it the "first full-scale fight of the fledgling 2008 presidential campaign between the front-runners" on the Democratic side, and "perhaps enough to kill talk of a new, less hostile politics - and maybe even speculation about a Clinton-Obama or Obama-Clinton ticket."

On its front page, the New York Times (2/22, Healy, Rutenberg, 1.16M) calls it a "remarkably caustic exchange between the Clinton and Obama campaigns that highlighted the sensitivity in the Clinton camp to Mr. Obama's rapid rise as a rival and his positioning as a fresh face unburdened by the baggage borne by Mrs. Clinton." The Clinton camp "seemed also to be sending a warning to mudslinging critics that they would be dealt with fiercely." The Wall Street Journal (2/22, A8, Calmes, 2.04M) writes, "Forget President Bush." The Clinton and Obama campaigns "have gone after each other in an unusually early and nasty exchange. … An

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email fusillade yesterday left many Democrats shaking their heads that party infighting -- like everything else about the 2008 presidential campaign -- is starting so soon, nearly a year before the first nominating votes."

The Los Angeles Times (2/22, Daunt, Wallsten, 850K) says that Clinton "eventually was going to face the legacy of the more unsavory episodes of her husband's two terms as president. But in a surprise Wednesday, the first person to draw wide attention to some of the old controversies was not a Republican candidate or the 'vast, right-wing conspiracy' that the Clintons have assailed, but a leading liberal at the heart of Hollywood." USA Today (2/22, 6A, Lawrence, 2.27M) reports that at the Nevada forum, another candidate, Gov. Bill Richardson, "said Democrats should pledge not to attack one another. Asked whether Obama should denounce the Geffen comments, he replied: 'Yes. If we're going to win, we have to be positive.'" The Financial Times (2/22, Luce) and the Washington Times (2/22, Bellantoni, 88K) also report on the flap.

Clinton campaign communications director Howard Wolfson said on MSNBC's Hardball (2/21, Matthews), "Our expectation was that Sen. Obama, who was running a campaign premised on changing our politics, who has decried the politics of slash and burn, would denounce the comments, say that these comments don't represent his thinking or his campaign. We were, frankly, surprised that he didn't do that. It makes you wonder whether or not he agrees with them. It's a little ironic that the candidate on one day would say, 'I want to change America. I want to change politics. I want to lift us up. I want to stop the politics of slash and burn,' while at the same time his leading supporter in California is attacking [President Clinton] and Sen. Clinton in very personal terms. … I think that we can have differences of opinion over policy. I hope the Democrats will stay united and mostly focus on winning in November of '08, but obviously, there will be some differences on policy. But when you start getting into personal charges against people and you make personal insults against the candidate and the candidate's spouse, I think that's going too far. I think the American people will think that's going too far."

Eight Democrats Meet In Campaign's First Major Forum. Eight Democratic presidential hopefuls -- Sen. Joseph Biden, Sen. Hillary Clinton, Sen. Christopher Dodd, John Edwards, Mike Gravel, Rep. Dennis Kucinich, Gov. Bill Richardson, and Tom Vilsack -- "defended their histories on Iraq, offered their ideas for ending the war and opened fault lines on taxes and health care Wednesday in the first major forum of the 2008 nomination race," USA Today (2/22, 6A, Lawrence, 2.27M) reports. Among major contenders, only Sen. Barack Obama, campaigning in Iowa, was missing from the Carson City, Nevada, forum, sponsored by the American Federation of State, County and Municipal Employees.

The New York Times (2/22, A18, Healy, 1.16M) says the "toughest words" came from Edwards, who "said Americans needed 'a different kind of leadership' than that provided by the current president who, Mr. Edwards said, had refused to admit error on Iraq." Asked about Clinton's "explanation that her vote was cast based on a sincere belief in military intelligence provided at the time, Mr. Edwards replied: 'Whether it's good enough I think is between her and her conscience. It's not for me to judge.'" Dodd, "who has also renounced his 2002 vote, said there was 'nothing wrong' with admitting mistakes." The AP (2/21, Fouhy) says the "event format did not permit Clinton to respond to Edwards' swipe, which stood out on an afternoon in which Democrats launched serial attacks on President Bush's war policies."

Daschle Endorses Obama. The AP (2/21) reports former Senate Majority Leader Tom Daschle endorsed Obama Wednesday, saying Obama "'personifies the future of Democratic leadership in our country.' Daschle said Obama has a 'great capacity to unify our country and inspire a new generation of young Americans, just as I was inspired by the Kennedys and Martin Luther King when I was young.'" Daschle served in the Senate with four of the Democratic candidates, but not Obama, who took office as Daschle departed.

Broder Says Nomination System "Has Become Truly Insane." In his Washington Post (2/22, A19, 690K) column, David Broder writes, "It's only February of 2007, but from the schedules these presidential hopefuls -- and their rivals -- are keeping, you would think the primaries were almost upon us. … What we have, friends, is a remarkably distinguished field of candidates vying in an election system that has become truly insane. I think the 16 men and one woman actively pursuing the presidency right now constitute a classy assemblage. The front-runners are people of substantial stature; the long shots include many who, in other years, would have been thought of as formidable challengers. But the process in which they are engaged is bizarre -- and getting more so, every time you look."

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Lobbying "Revolving Door" For Former Lawmakers Remains Open. USA Today (2/22, Kelley, 2.27M) reports the "cozy relationships between lawmakers and lobbyists that embarrassed Congress and cost some lawmakers re-election haven't stopped the revolving door between Capitol Hill and the lobbying industry that seeks to influence legislation." Five of "the 39 ex-lawmakers rejected by voters three months ago landed jobs at firms that seek to influence Congress. The hires include two Republicans — Curt Weldon of Pennsylvania and Conrad Burns of Montana — who lost in part because of allegations of ethical lapses." Federal law "requires lawmakers to wait a year after leaving office to lobby Congress, but lets former Congress members advise lobbyists and clients. The Senate passed a bill that would extend that 'cooling-off' period to two years and also ban ex-lawmakers from advising others during that time. The House of Representatives has not taken up that issue."

Rubin's Prescriptions For Fairer Trade Critiqued. In his Washington Post column (2/22, A19), Harold Meyerson says, "In reaction not just to November but to reams of economic data showing that the U.S. median income has flat-lined, such longtime champions of free-trade orthodoxy as former Clinton Treasury secretary Robert Rubin have changed their tune." To "compensate for whatever leveling effect trade may have on Americans' incomes, they now call for wage insurance to help workers who've been compelled to take lower-paying jobs than the ones they lost. As call centers relocate to India, the Rubinauts call for extending trade adjustment assistance to service as well as manufacturing workers. They call for a universal health-care system delinking insurance from employment, so that U.S. companies can compete globally without having to be the only corporations in an advanced economy that cover their workers' medical costs. They call for improving our education system so that American workers can be more competitive." But free-trade skeptics "such as I believe that these domestic reforms, while overdue, are not enough. We argue that there need to be rules for the global economy that protect workers no less than investors, that global minimum wage standards, say, are no less necessary in a global economy than national minimum wage standards are in a national economy."

NYTimes Says Weakness In Mortgage Market A Reason For Tax Hikes. The New York Times (2/22, 1.16M) says in an editorial that if the "bankers, investors and regulators who populate the global financial markets are not already anxious, they should be. The easy money that has buoyed the global economy for much of this decade is getting harder to come by." The "trigger" of a global economic crisis "could be the rapid erosion in the quality of American home mortgages — reflected in surging delinquencies and rising defaults." Mark Zandi and Juan Manuel Licari of Moody's Economy.com "detailed the dangers recently." The "odds of a global financial crisis are still low, according to Mr. Zandi and Mr. Licari, but they are rising. There is not a lot now that can be done about the risks in the mortgage market. But the growing possibility of hard times ahead is another argument for rolling back many of the recent excessive tax cuts, so the government will have more resources available to respond if a crisis comes."

WPost Criticizes Virginia Legislature's Handling Of Transportation Funding. The Washington Post (2/22, A18, 690K) says in an editorial, "The deck is stacked in Richmond this week as negotiators from Virginia's House of Delegates and Senate try to find the first new money for transportation in a generation. Specifically, it is stacked in favor of a flawed plan that would use unstable, unreliable funding sources to produce an anemic cash flow." Just "two of the 12 negotiators" on the conference committee "are Northern Virginians, despite the fact that the region accounts for one-third of the state's population, 40 percent of its economy and at least half its traffic headaches. Ten of the 12 negotiators are Republicans. And, thanks to some artful parliamentary maneuvering, 11 of the 12 negotiators named to the conference committee voted for the House-backed funding package, which is less responsible than the Senate's approach." The "chances of this group of lawmakers forging a genuine compromise are not promising."

Rice Renews Offer For Talks With Iran. In an exclusive interview with CNN's Situation Room (2/21, 7:13PM), Secretary of State Condoleezza Rice "offered an olive branch" to Iran: "Take us up on talks, anytime, anyplace. But stop enriching uranium first." Rice told CNN, "We can talk about anything -- that's an offer I would renew today. We have, in fact, even under the circumstances, cooperated some in Afghanistan. And I think that was useful. So there is

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a different path." Asked if there is a danger that increased rhetoric from Washington "could trigger an accidental war," the Secretary said, "Let me just say here, publicly, the United States has no desire for confrontation with Iran -- none." Rice also "appeared to be signaling to Iran's leaders impatient with Mahmoud Ahmadinejad that she hears them," telling CNN, "The option that we have is to continue to try to convince those who are reasonable in Iran that the course that they're on is destructive."

Meanwhile, AFP (2/22, Millikin) reports as Iran "ignored a U.N. deadline Wednesday to suspend its nuclear reprocessing activities," Rice urged Tehran "to reconsider its defiance and accept an offer of better relations with Washington." ." After meeting with German Foreign Minister Frank-Walter Steinmeier, Rice said, "The Iranians have unfortunately not acceded to the international community's demands." The Secretary was expected to discuss the issue of increasing the sanctions pressure against Iran with Steinmeier, Russian Foreign Minister Sergei Lavrov and EU foreign policy chief Javier Solana on the sideline of the Quartet meeting in Berlin.

Hadley Warns Iran Risks Further Isolation. The Financial Times (2/22, Dombey) reports national security advisor Stephen Hadley Wednesday warned that Iran "faced further isolation if it failed to meet United Nations demands to curb its nuclear programme." In Brussels, Hadley "argued that the Bush administration's concerns were shared by Russia, in spite of the split between Moscow and Washington on issues such as missile defence." Hadley added that Moscow's recent decision to delay work on Iran's light water reactor at Bushehr "indicated the Kremlin's worries about Iran's nuclear ambitions," saying, "They have been increasingly concerned about the proliferation risks associated with Bushehr," and "have entered into understandings with Iranians to mitigate some of those risks."

US, EU Weigh Additional Steps On Iran. The Wall Street Journal (2/22, A6, King, Solomon, 2.04M) reports, "Amid signs of economic unease in Iran, the US and its European partners are weighing another set of financial restrictions on Tehran, including the possibility of targeting companies run by the country's elite Revolutionary Guard Corps." US and European officials say that the move toward a second round of U.N. sanctions "reflects their cautious optimism that sustained pressure on Tehran might succeed in bringing the country to the negotiating table over its nuclear program." However, "Keeping up the pressure may not be easy. Of the five permanent members of the Security Council, France, Britain and the US are eager to push ahead on a second resolution and have already begun to consider some potential targets. But China and, above all, Russia are wary of pushing too hard."

Ahmadinejad Vows To Continue Enriching Uranium Despite U.N. Deadline. The CBS Evening News (2/21, story 5, 0:25, Couric, 7.66M) reported, "The President of Iran today defied a UN deadline and said his country will continue to pursue its nuclear energy program. Mahmoud Ahmadinejad said Iran will not retreat one iota from its position. The UN had given Iran 60 days to stop enriching uranium. The Iranians say they need it for nuclear power, but it can also be used to make nuclear weapons."

The New York Times (2/22, A14, Bowley, Knowlton, 1.16M) reports Ahmadinejad said Iran "had a right to pursue nuclear technology" and "will continue our work to reach our right in the shortest possible time," according to the ISNA news agency. Speaking in Siahkal in northern Iran, Ahmadinejad said, "Obtaining this technology is very important for our country's development and honor."

Expert Warns Beijing's Ties With Tehran Limit Impact Of Sanctions. Ilan Berman, author and vice president for policy at the American Foreign Policy Council, writes in the Wall Street Journal (2/22, A14, 2.04M), "Financial pressure by the U.S. and other Western governments in recent weeks is beginning to have a real impact, chilling investment into Iran's energy sector and ratcheting up the costs of the regime's atomic effort. But these gains are in danger of being erased, thanks to the growing economic partnership between Tehran and Beijing." While Berman concedes that "China's economic interests are understandable," he says "the failure of the Bush administration to take Beijing to task, however, is far less comprehensible."

Differences Emerge Between US, EU Over New Palestinian Government. The New York Times (2/22, A5, Cooper, 1.16M) reports, "Fractures between the United States and Europe began to appear Wednesday over whether the new Palestinian unity government was likely to receive international economic support even as the Middle East peace negotiators officially continued their wait-and-see approach." While Secretary of State Condoleezza Rice "has said repeatedly that unless the new unity government meets those conditions, the United States will continue its economic

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boycott of the Palestinian government," European officials Wednesday at a meeting of the so-called Quartet in Berlin "appeared more willing to hold out the possibility of finding members of a new unity government with whom to work."

Similarly, the Washington Post (2/22, A10, Kessler, 690K) reports EU and US officials "sought to play down emerging differences" over the new Palestinian unity government. US officials "say they were surprised that Abbas struck the deal," but European officials "have been much more receptive to the unity government, saying it might be a way to encourage Hamas to eventually accept a peace deal." In a statement "laden with diplomatic code words," the Quartet "welcomed Rice's efforts and reaffirmed that a Palestinian government must be committed to nonviolence, recognize Israel and honor previous agreements with Israel. But the group also said it was exploring an expansion of a European aid pipeline to the Palestinians."

AFP (2/22, Cole) says Wednesday's meeting "wrapped up with major powers saying they will await the formation of the new Palestinian unity government before deciding whether to lift aid and diplomatic embargoes." But the "two-hour talks left the diplomatic riddle posed by the power-sharing deal…unsolved."

In addition to EU officials, the Financial Times (2/22, Williamson) reports the US is also "at odds" with Russia over relations with a planned Palestinian national unity government, "revealing divisions that are likely to further hamper efforts to reinvigorate international backing for a Middle East peace initiative." Ahead of yesterday's Quartet meeting, Russian Foreign Minister Sergei Lavrov "said pressure on the Palestinian Authority should be eased by lifting an aid embargo imposed when Hamas won elections last year."

Blair Hints At Possible Deal With Hamas. The Financial Times (2/22, Williamson, Dombey) reports British Prime Minister Tony Blair "indicated [the UK] could be prepared to do business" with Hamas, "in comments that underlined the growing difference in approach between Europe and the US on how best to pursue peace in the Middle East." Speaking in London ahead of a meeting with Palestinian President Mahmoud Abbas, Blair said, "It's far easier to deal with the situation in Palestine if there is a national unity government. I hope we can make progress, including even with the more sensible elements of Hamas." By contrast, Secretary Rice said earlier this month that her efforts to achieve an Israeli-Palestinian agreement had "been made more complicated by the unity government".

German FM Warns Against Unrealistic Expectations. The AP (2/22, Gearan) reports Germany's foreign minister "warned Wednesday against building unrealistic expectations for a US-backed push toward peace between Israel and the Palestinians." Following a meeting Secretary of State Condoleezza Rice, German Foreign Minister Frank-Walter Steinmeier said, "We have to show a great deal of realism," and "not get ahead of what is still a tentative but hopeful process."

Israeli Arabs Reject Notion Of Jewish State. On its front page, the Los Angeles Times (2/22, A1, Boudreaux, 850K) reports, "A broadly representative elite of Israel's Arab minority has rejected the idea of Israel as a Jewish state and demanded a partnership in governing the country to ensure that Arab citizens get equal treatment and more control over their communities." In a manifesto "that is stirring anger and soul-searching among Jews," Arab leaders "have declared that Israel's 1.4 million Arab citizens are an indigenous group with collective rights, not just individual rights," and "argues that Arabs are entitled to share power in a binational state and block policies that discriminate against them."

The Wall Street Journal (2/22, A10, Simpson, 2.04M) says the "growing mistrust" between Israel's Jews and its Arab citizens is "testing a political and social fabric" of Israel. The "deepening divide has come into sharper focus" since Israeli-Arab cleric Radd Salah "sent chills across the nation last weekend" by calling for a new intifada in response to construction work near one of Jerusalem's most revered holy sites. Israeli Jews "find questions about the fundamental identity of their state jarring" and are "increasingly fearful of growing religiosity and radicalism among Arab citizens."

Rice Responds To Russian Campaign Against US Missile Plan. The Financial Times (2/22, Dombey, Williamson, Buckley) reports, "Tensions intensified on Wednesday over US plans for missile defence bases in Poland and the Czech Republic, as Washington called on Europe to take a tougher stance towards the Kremlin." Secretary of State Condoleezza Rice and national security advisor Stephen Hadley separately "lashed out at Moscow's campaign against the bases." For her part, Rice "said the suggestion this week by Russia's head of strategic

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rocket forces that Russia could target the two central European countries if they agreed to host the bases" was "very unfortunate." She also "dismissed" comments by German Foreign Minister Frank-Walter Steinmeier, who "said this week Moscow should have been consulted more about the sites, given their proximity to Russia's borders." Separately in Brussels, Hadley "emphasised Washington's dismay" at a speech this month by Russian President Vladimir Putin during which he criticized the US's "unilateral" use of force. Hadley said US officials were "disappointed" by the Russian President's comments. He also noted that "a lot of Europeans were disappointed and dismayed. And one of the things that Europeans need to do is they need to make that clear to Russia and they need to make that clear to President Putin."

The AP (2/22, McHugh) reports Rice told reporters in Berlin that the US has made clear to Russia that the system would be to counter any missile threat from Iran and would pose not threat to Russia. "Anyone who knows anything about this knows that there is no way that 10 interceptors...are a threat to Russia or that they are somehow going to diminish Russia's deterrent of thousands of warheads," Rice said.

In a more conciliatory tone, the New York Times (2/22, A6, Shanker, 1.16M) reports under the headline "US Tries To Ease Concerns In Russia On Antimissile Plan," that Bush administration officials tried Wednesday "to tamp down Russian concerns, voiced in strikingly harsh terms," over the plans. The Administration's concerned "about growing criticism of the program" has prompted officials to schedule a briefing by Lt. Gen. Henry A. Obering III, director of the Missile Defense Agency, on Thursday for foreign reporters based in Washington. Joining him will be Assistant Secretary of State Daniel Fried.

The Washington Times (2/22, Kralev, 88K) says the "war of words" between the US and Russia "escalated yesterday, with Western diplomats saying that Moscow's mistrust and suspicion of Washington -- and the West in general -- have changed little since the Cold War." Several senior US officials "said they have no idea where" the "belligerent outbursts" made by Gen. Nikolay Solovtsov Monday and by Putin "are coming from, given what they described as a businesslike and professional attitude the Russians have been displaying in private meetings."

Pyongyang To Reveal Details Of Uranium Enrichment Program. The Financial Times (2/22, Fifield) reports, "Suspicions over whether Pyongyang has been running a secret uranium enrichment program are back in the spotlight after last week's apparent breakthrough in the long-running North Korean nuclear crisis. Just as concerns about possible uranium enrichment triggered the current crisis, they are again threatening to undermine the agreement under which North Korea will receive step-by-step rewards in return for declaring and then disabling its nuclear weapons program." Former Defense Secretary William Perry, who traveled to North Korea Thursday, said the issue could be a '"deal breaker," and that "much more remains to be done. Two months from now, we will know whether we have a reasonable probability of completing the agreement."

Pyongyang Accuses US Of "Fabricating Lies" About Use Of Aid Money. The AP (2/22, Lederer) reports Pyongyang has accused the US "of fabricating lies that it was diverting U.N. aid money to develop nuclear weapons and said it would accept an outside audit of U.N. operations unless the aim was to politicize aid to the country," according to a letter circulated Wednesday. In the letter to Secretary-General Ban Ki-moon, North Korea's U.N. Ambassador Pak Gil Yon accused the United States of "hostile maneuvers" against his country" in seeking an audit of the alleged misuse of aid money" from the UNDP. Pak "also made clear that North Korea wants to continue cooperation with U.N. agencies," noting that Pyongyang has maintained "good relations and cooperation" with them for several decades.

US Seen As Turning To Diplomacy After Failure Of "Go-It-Alone" Approach. The Christian Science Monitor (2/22, LaFranchi, 59K) reports the Bush administration is now embracing "collective international action" following its "disenchantment with the results of its earlier go-it-alone approach." The shift "also suggests a growing sense within the White House that once-maligned multilateralism is getting results -- on issues ranging from Iran to North Korea." The Administration's "apparent conversion to multilateralism can also be seen in Secretary of State Condoleezza Rice's efforts to revive the Middle East peace process."

Administration's Cuba Policy To Remain In Effect. McClatchy (2/22, Bachelet) reports, "Commerce Secretary Carlos Gutierrez had some straight talk Wednesday for lawmakers and business groups pressing for a softer approach toward Cuba as the island prepares for a post-Fidel

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Castro era. The Bush administration won't waver from its tough stance toward Havana, he said." Gutierrez told a Council of the Americas event on Cuba that the "question is not when will the U.S. change its policy. The question is when will the Cuban regime change its policy." McClatchy adds, "Congress is expected to debate several bills that would relax travel and trade sanctions against Cuba."

The Washington Times (2/22, Hirsch, 88K) reports Gutierrez "yesterday reiterated the Bush administration's steadfast belief in the U.S. embargo of Cuba, despite congressional moves to relax the policy. Cuban leader Fidel Castro's hospitalization last year and ceding of power to his brother, Raul, as well as the election of Democratic House and Senate majorities in Congress have helped fuel speculation that U.S. policies could be eased." The Times adds, "Legislation has been introduced in Congress to weaken the Cuba embargo," and Reps. Emerson and Flake, "two House members who are part of that effort," criticized the Administration's stance after Gutierrez's speech yesterday.

Cuba Poised For Offshore Drilling Near Florida. USA Today (2/22, 1B, Lynch, 2.27M) reports that soon "an oil rig will maneuver into position in waters less than 100 miles from the coast of Florida." But the "rig won't belong to an American company, and any petroleum it discovers won't do a thing to curb the USA's addiction to foreign oil. Instead, any new sub-sea gusher will belong to Cuba." The country "is poised for a significant expansion of its oil program into the waters that separate it from the United States. And thanks to U.S. law, Cuba's drilling partners will be working closer to Florida beaches than any American company ever could." The US Geological Survey "estimated Cuba can lay claim to 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas. With oil prices hovering around $60 a barrel and global supplies persistently tight, any new supply source could benefit the USA. ... There's just one problem: politics."

US Urged To Reconsider Venezuela Ban On Jet Parts. The AP (2/22) reports Rep. Sheila Jackson Lee (D) called on the Bush administration Wednesday "to reconsider its ban on selling parts for US-made F-16 fighter jets to Venezuela, urging improved ties between the two nations." Jackson Lee told reporters that she was making the first US congressional visit to Venezuela since President Hugo Chavez's December re-election with the message of "an immediate repairing" of the relations between the US and Venezuela.

Death Squad Scandal Rocks Colombia. The Washington Post (2/22, A10, Forero, 690K) reports that "after disclosures that have astonished many Colombians," Col. Hernán Mejía, one of the nation's most decorated officers, "has been removed from his post, and the attorney general's office is investigating him for having worked with right-wing paramilitary groups to kill peasant farmers and guerrilla sympathizers." The allegations, announced by Defense Minister Juan Manuel Santos in January, "mark the first time the military has turned over one of its own to civilian prosecutors on suspicion of collaborating with the death squads." The case also comes as Columbia is "undergoing an imperfect but remarkable judicial process that has produced nearly daily disclosures of ties between death squad leaders and Colombia's political and military establishment."

China Launches Controversial Campaign To End Youth Internet Addiction. On its front page, the Washington Post (2/22, A1, Cha, 690K) reports, "Alarmed by a survey that found that nearly 14 percent of teens in China are vulnerable to becoming addicted to the Internet, the Chinese government has launched a nationwide campaign to stamp out what the Communist Youth League calls 'a grave social problem' that threatens the nation." The Chinese government in recent months "has joined South Korea, Thailand and Vietnam in taking measures to try to limit the time teens spend online," but "no country has gone quite as far as China." As part of the campaign, the government is "helping to fund eight in-patient rehabilitation clinics across the country" which use "a tough-love approach that includes counseling, military discipline, drugs, hypnosis and mild electric shocks."

Mandelson Says EU Farm Tariff Cuts Will Not Help Africa. In a letter to the editor of the Wall Street Journal (2/22, B6, 2.04M), EU Trade Commissioner Peter Mandelson writes, "Richard Holbrooke and Stuart Eizenstat ("Africa's Last Best Chance," Feb. 15) are absolutely right that Africa needs a successful conclusion to the Doha Round for a number of reasons, but steep EU farm tariff reductions cut both ways for developing countries depending on their level of competitiveness." EU farm tariff cuts, he argues, "will do little for most in the developing world for the simple reason that almost all their agricultural produce already enters the EU tariff free -- so tariff cuts won't help them." Instead, Mandelson

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says, "The real competitive gain for African farmers in the Doha Round will come from cutting trade-distorting farm subsidies and the elimination of export subsidies for farm goods -- both of which allow farmers in the rich world artificially to undercut farmers in developing countries."

Canadian Ambassador Urges US To Proceed With Caution On Passport Rule. The Washington Times (2/22, Sands, 88K) reports Canadian Ambassador Michael Wilson said in an interview Wednesday that his country is "very concerned" about a planned US passport rule, and that it "must be implemented with 'clarity and flexibility' to avoid damaging the world's most dynamic bilateral trading relationship. … The State Department and the Department of Homeland Security (DHS) have until June 1, 2009, to implement tougher documentation rules for travelers crossing by land from Mexico and Canada. DHS officials are pressing for a quicker implementation schedule, citing the smooth adoption of similar rules for air travelers last month." However, Wilson said that the "huge surge" in passport applications that preceded the air travel change was likely to be far greater for the land crossing rule.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Law Would Bar Dumping Patients On The Street."
"The Conflict In Iraq: British Troop Drawdown."
"Virtual Loses Its Virtues."
"Arabs Say Israel Is Not Just For Jews."
"Gentle Jabs Turn To Punches For Clinton, Obama."
"The Trial Of The Sensory."

USA Today:
"Ex-Lawmakers Find Work With Lobbyists."
"Post-Katrina Baton Rouge Struggles With Its Identity."
"Older Seniors Return North."

New York Times:
"National Guard May Undertake Iraq Duty Early."
"Iraq Insurgents Employ Chlorine in Bomb Attacks."
"Korean Men Use Brokers to Find Brides in Vietnam."
"The Japanese Gyroball Mystery."
"In Both Parties, 2008 Politeness Falls To Infighting."
"Volunteer Group Lags In Replacing Gulf Houses."
"Settlement Lets Apple Use 'iPhone.'"

Washington Post:
"Blair Plans To Withdraw 1,600 Troops From Iraq."
"A Call To Confession, For It Is Fading."
"Va. House To Teens: 'Hang Up And Drive.'"
"In China, Stern Treatment For Young Internet 'Addicts.'"
"Clinton, Obama Camps' Feud Is Out In The Open."
"In Far North, Peril And Promise."

Washington Times:
"GOP 'Darlings' Slow To Sign Tax-Cut Pledge."
"Canada Cautions U.S. On Pending Passport Rule."
"Wages High In D.C., Counties."
"Rice Calls Iraq Coalition 'Intact.'"
"Senate Illegals Bill Near Complete."
"Hillary, Obama Producing Their Own Hollywood Drama."
"O'Malley Considers Extra Session To Sort Out Deficit."

Detroit Free Press:
"'I Am No. 1 Suspect.'"
"Mich. Teens To Get Six More Early Colleges."
"Farrakhan's Final Bow?"

Atlanta Journal-Constitution:
"Would Feb. 5 Primary Put Georgia In Race?"
"Iran Ignores U.N. Nuclear Deadline."
"WWW.GAHOSPITALPRICECHECK.COM: Comparison Shop Hospitals With A Click."
"Delta Flies With Post-Takeover High."

Dallas Morning News:
"Priest Abuse Claims Led To Suspension."
"Parents Confront Deadly Heroin Mix."
"Senior Drivers May Face Vision Tests."
"Nuevo Laredo Handcuffed By Drug Trade."
"House Panel Fights HPV Vaccine Order.'
"Coal Hearings Delayed."

Houston Chronicle:
"Panel Votes To Block HPV Vaccine Requirement."
"Troops On Border Help Fuel Drop In Migrant Arrests."
"Biggio Hits Camp With Milestone On The Horizon."
"3-Point Barrage Carries Rockets Past Heat."
"Hellish 'Exoplanets' A Step Toward Earth-Like Find."
"Galveston Housing Costs Forcing Many From City."

Story Lineup From Last Night's Network News:
ABC: Iraq-UK Troop Reduction; Iraq-Cheney Interview; Iraq-Violence Continues; Walter Reed Living Conditions; Clinton-Obama Campaign Accusations; Libby Trial Update;

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Tennessee Custody Battle; Miracle Baby Leaves Hospital; Dallas-Airplane Emergency Landing; Email Addicts.

CBS: Iraq-British Troops; Southern Iraq; Iraq Analysis; Iraq-Helicopter Shot Down; Iran-Nuclear Program; Healthcare Costs; ADHD Drugs; Elder Care; Libby Trial; Clinton-Obama Clash; Ballroom Dancing.

NBC: Iraq-UK Withdrawal; White House Response To UK Withdrawal; Iraq Violence Continues; Walter Reed Living Conditions; HPV Vaccination Debate; Vaccination Analysis; Economic Update; Thatcher Statue; Aging Parents; Internet-Buying Medication; Miracle Baby Leaves Hospital; New Orleans Firefighters.

Story Lineup From This Morning's Radio News Broadcasts:

CBS: University Of Illinois' Mascot Retired; Britain-Prince Harry Expected To Be Sent To Iraq; Iranian Nuclear Program-UN Deadline; Libby Trial; FL-Premature Baby; IKEA Bags-Conservation Efforts; Medical Marijuana Lawsuit Against Federal Government.

NPR: International Atomic Energy Agency-Iranian Nuclear Program; Rice-Iranian Nuclear Program; Java-Fire On Indonesian Ferry; Cisco, Apple-iPhone Trademark Agreement; Whole Foods To Purchase Wild Oats Market; Tokyo Stock Exchange; Consumer Price Index Up In January; British Minister For Africa-Sudan Sanctions.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours Novozymes North America plant, Franklinton, NC; participates in a panel discussion on cellulosic ethanol, Novozymes North America, Inc., Franklinton, NC.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Tours Katrina Cottages, Cusato Cottages, Ocean Springs, Miss.; attends luncheon, McElroy's on the Bayou Restaurant, Ocean Springs, Miss.; visits D'Iberville Elementary School, D'Iberville, Miss.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: US-INDIA _ Meeting of the US-India High Technology Cooperation Group. Highlights: 12:15 p.m. Commerce Secretary Gutierrez. Location: 1615 H St. NW.

BOSNIA-HERCEGOVINA _ 8:45 a.m. - 4 p.m. The Center for Strategic and International Studies and the Dayton Peace Accords Project host a conference, ``Bosnia-Hercegovina At An International Crossroads. Highlights: 1 p.m. Luncheon session, with Jozo Krizanovic, member of the BiH Parliament; Damir Arnaut, legal advisor to Haris Silajdzic, member of BiH Presidency; Nerkez Arifhodzic, foreign policy advisor to Zeljko Komsic, member of BiH Presidency; Igor Radojicic, Chairman of the National Assembly of Republika Srpska. Location: B-1 conference level, 1800 K St. NW.

PROSPERITY _ 8:15 a.m. - 12:30 p.m. The Economic Policy Institute holds a forum, ``Work that Works: An Agenda for Shared Prosperity," discussing proposals for removing obstacles that increasingly disconnect working Americans from the rewards of their work. Location: Room 345, Cannon.

CYBER SECURITY _ 8:30 a.m. Assistant Homeland Security Secretary Greg Garcia speaks at the Maryland Cyber Security Forum. Location: 3501 University Blvd. East, Adelphi.

FINANCIAL EDUCATION _ 9 a.m. Treasurer Anna Escobedo Cabral, Assistant Treasury Secretary Emil Henry, Jr., and Deputy Assistant Treasury Secretary Dan Iannicola, Jr. speaks at the Summit on K-Postsecondary Financial Education. Location: Cash Room, main Treasury.

HEALTH INSURANCE _ 9 a.m. The Federation of American Hospitals holds a briefing to release a new proposal to provide health coverage to all Americans, and a new survey of voter attitudes on health insurance coverage. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Lt. Gen. Ray Odierno, commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

US-JAPAN _ 9 a.m. The Carnegie Endowment for International Peace holds a seminar, ``A Closer Japan-US Economic Relationship, with panels on ``The Strategic Context in Asia" at 9 a.m. and ``the Japan US-Economic Relationship" at 10:30 a.m. Location: 1779 Massachusetts Ave. NW.

VIETNAM MEMORIAL _ 9:30 a.m. Three veterans organizations hold a news conference to urge their members to come to Washington to protect the Vietnam War Memorial from harm during the March 17 anti-war rally. Location: National Press Club.

ICE CENTER _ 10 a.m. The National Ice Center, a partnership between NOAA, the Navy and the Coast Guard,

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marks its 30th anniversary. Location: NOAA Satellite Operations Facility, 4231 Suitland Rd., Suitland.

IRAN _ 10:30 a.m. The Council on Foreign Relations holds an on-the-record telephone briefing on ``Iran: Time for Detente," with author Ray Takeyh. Contacts: Kate Zimmerman, 212-751-3375/

MEDICARE _ 10:30 a.m. Karen Ignagni, President of America's Health Insurance Plans, holds a telephone briefing on low-income and minority beneficiaries in MA plans. Contacts: Mohit Ghose, 202-778-8494. Notes: Callin number: 866-837-9787.

SIX PARTY TALKS _ 10:30 a.m. The Brookings Institution, Asia Society and the Korea Economic Institute hold a discussion with Assistant Secretary of State Christopher Hill on the Six Party Talks. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

OFF LABEL USES _ 9 p.m. The Washington Legal Foundation holds a briefing on legal and regulatory challenges to the sharing of information on ``off-label" uses of prescription drugs and devices. Location: 2009 Massachusetts Ave. NW.

OVERSIGHT VS. PRIVILEGE _ 12 p.m. The Federalist Society holds a panel discussion on congressional oversight vs. executive privilege with attorneys Chris Bartolomucci and Douglas Cox, former Interim Solicitor General Walter Dellinger, Louis Fisher of the Library of Congress, others. Location: National Press Club.

WAR POWERS _ 12 p.m. American University Washington College of Law holds a discussion on congressional authority to check presidentail war powers in Iraq, with former Associate Deputy Attorney General Patrick Philbin and former Justice Department Office of Legal Counsel advisor Martin Lederman. Location: 4801 Massachusetts Ave. NW.

SOMALIA _ 12:30 p.m. The Council on Foreign Relations holds an on-the-record meeting with Vicki Huddleston, former Charge d'Affairs in Ethiopia, and Terrence Lyons of George Mason University, others, discussing Somalia. Location: 1779 Massachusetts Ave. NW.

WALTER REED _ 12:30 p.m. Walter Reed Army Medical Center holds a media tour through various living quarters for outpatients, followed by a news conference. Location: Building 18, Mologne House, at Walter Reed.

CHILDREN'S HEALTH COVERAGE _ 1 p.m. The Center on Budget and Policy Priorities holds a conference call briefing to discuss the federal funding shortfalls states face in the State Children's Health Insurance Program and the possible consequences for children's health coverage. Contacts: Michelle Bazie, 202-408-1080.

INNOVATION _ 2 p.m. Commerce Secretary Gutierrez convenes the first meeting of his Measuring Innovation in the 21st Century Economy Advisory Committee. Location: Wyndham Hotel, 1400 M St. NW.

TAIWAN _ 2 p.m. The Center for Northeast Asian Policy Studies and the Formosan Association for Public Affairs hosts a discussion with leading experts to examine the importance of the ``228 Incident" in 1947 to the understanding of present-day Taiwan, and the process of reconciliation on the island. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAQ-VIETNAM _ 6 p.m. George Washington University sponsors a discussion with professor Shawn McHale on the untold story of the Vietnamese guerrillas told from their perspective and the implications for Iraq. Location: Room 602, 1957 E St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: THURSDAY, FEBRUARY 22, 2007 7:45 AM EST

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TERRORISM NEWS:

Chicago-Area Cousins Arrested In Alleged Toledo Terror Conspiracy. The AP (2/22, Robinson) reports, "Two Chicago-area cousins were arrested Wednesday on federal charges out of Cleveland accusing them of conspiring to wage holy war against Americans overseas, including U.S. military forces in Iraq." Zubair A. Ahmed and Khaleel Ahmed "were accused along with three other men from the Toledo, Ohio, area who already had been under indictment on charges of plotting acts of terrorism against Americans overseas. The fresh indictment returned by a grand jury in Cleveland added the two Chicago-area men to the roster of defendants and brought additional charges against the three men from Ohio."

The Chicago Tribune (2/22, Coen, Maxwell, 617K) notes that Toledo-area suspects "Mohammad Zaki Amawi, Marwan Othman El-Hindi and Wassim Mazloum have pleaded not guilty and are expected to go on trial in Cleveland in the spring. … El-Hindi allegedly took the cousins from Chicago to Cleveland in 2004 to meet a man described in the document as 'the Trainer,' a man with military experience who was associated with the group." US Attorney Bill Edwards "said the men discussed sniper tactics and were willing to travel to carry out terror plots."

The New York Times (2/22, Sander, 1.16M) reports, "Wednesday's indictment included new charges against" Amawi and Hindi "involving further counts of distributing information regarding the manufacture and use of explosives. In addition, a second new indictment charged Mr. Hindi and Ashraf Zaim, 39, of Ottawa Hills, another town in the Toledo area, with defrauding the government by claiming to have used $40,000 in federal grant money for charitable purposes when in fact, the government said, it actually went to their personal use. And yet another indictment charged Bilal Mazloum, 22, of Sylvania with making false statements to federal agents by denying knowledge that his brother Wassim had participated in firearms training."

Supporters Ask Gonzales To Release Al-Arian. The AP (2/22, Barakat) reports, "Supporters of former professor Sami al-Arian - now in the fifth week of a prison hunger strike as he refuses to testify in front of a federal grand jury - on Wednesday called on Attorney General Alberto Gonzales to deport al-Arian prior to his scheduled release from prison." The AP continues, "Al-Arian, a former computer science professor at the University of South Florida, was accused by prosecutors of being a leader of a terrorist group called Palestinian Islamic Jihad. He is being held at a medical prison in North Carolina. … After a six-month trial ended in an acquittal on some counts and a hung jury on others, al-Arian struck a plea bargain in May 2006 and admitted to conspiring to aid Palestinian Islamic Jihad, specifically by helping a family member with links to the group obtain immigration benefits and by lying to a reporter about another individual's ties to the group." The AP adds, "Al-Arian would be up for release in April, but his prison term is being extended indefinitely after a judge found him in civil contempt for refusing to testify in front of a grand jury in Alexandria, Va., investigating a cluster of Islamic charities in northern Virginia that has ties to al-Arian. … Al-Arian believes his plea deal specifically exempted him from cooperating with authorities. But two federal judges have ruled that al-Arian must testify. … Al-Arian's lawyer, Peter Erlinder, said it is only fair that Gonzales release al-Arian now because prosecutors initially recommended to the judge that al-Arian receive time served when he struck the May 2006 plea deal. A judge rejected that recommendation and sentenced al-Arian to an additional 11 months. … 'Mr. Gonzales, you have the power ... to release Dr. al-Arian for voluntary departure from the U.S. with the stroke of your pen,' Erlinder said in an open letter to Gonzales. … Justice Department spokesman Dean Boyd said the attorney general does not have the power to unilaterally free al-Arian. Deportations are handled by the Department of Homeland Security rather than the Justice Department."

Judge Denies Bail For US Citizen Accused Of Aiding Al Qaeda In Somalia. The AP (2/22, Lozano) reports, "A U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government will remain behind bars until his trial, a federal judge ruled Wednesday. Daniel Joseph Maldonado was ordered held without bond. U.S. Magistrate Judge Calvin Botley also found federal authorities were justified in arresting Maldonado on charges related to his alleged training at an al-Qaeda camp in Somalia." The AP notes, "During a two-day probable cause and detention hearing, FBI agents and prosecutors painted a portrait of a violent young man who willingly trained alongside al-Qaeda operatives to learn firearms and bombmaking skills. … Botley said while the evidence showed Maldonado received weapons and bomb making training, it wasn't clear if al-Qaeda was in charge of the camp."

The New York Times (2/22, Blumenthal, 1.16M) adds that "Botley granted a defense request that Mr. Maldonado, 28, gaunt from malaria and malnutrition, be given extra rations in jail." The Times notes, "At a two-day detention hearing that was unusual for the explicitness of the evidence disclosed, Mr. Maldonado was said to have given the F.B.I.

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false information, then admitted that he 'wrote or told many dishonest statements' and revised his account while still falling short of the truth, an F.B.I. agent testified." Special Agent Lucille Eglen-Anderson "and other agents testified that Mr. Maldonado was at a terrorist training camp run by Al Qaeda, where he was learning to shoot an AK-47 and make bombs."

Spanish Judge's Claims Said To Raise Questions About Wider 9/11 Plotting. In a Wall Street Journal (2/22, 2.04M) op-ed, author Edward Jay Epstein writes that Spanish anti-terror Judge Baltazar Garzon claims a Spanish terror cell provided regular and extensive support to the 9/11 plotters, contradicting the accounts obtained by the CIA from Khalid Sheikh Mohammed and Ramzi Binalshibh. Epstein adds that "if Mr. Garzon is correct about the Spanish connection to 9/11, it is not only the effectiveness of the CIA's interrogation of its al Qaeda prisoners that is called into question. The information from Binalshibh, KSM and other detainees was used to fill in the missing pieces of the jigsaw, and those gaps concerned the contacts the 9/11 conspirators might have had with others wishing to harm America. By saying that no one else was involved -- not in Spain, Iran, Hezbollah, Malaysia, Iraq, the Czech Republic or Pakistan -- these detainees allowed the 9/11 Commission to complete its picture of al Qaeda as a solitary entity."

WSJournal, NYTimes Differ On Court Ruling On Tribunals. Two major newspapers take strikingly different positions on Tuesday's appeals court decision upholding the Military Commissions Act. The Wall Street Journal (2/22, A14, 2.04M) says the decision "is a welcome victory for common sense in the war on terror. Now we'll find out if the Supreme Court meant what it said last year about deferring to the two elected branches on the handling of enemy combatants. We never had a problem with the Bush Administration's plan to set up military commissions shortly after 9/11. It is the duty of the executive branch -- which can act with dispatch and be held accountable by voters -- to conduct wars. And military tribunals have been successfully employed by past Presidents, including Washington, Lincoln and FDR. … Critics in Congress of tribunals as Senate Judiciary Chairman Pat Leahy have every right to try to rewrite the Military Commissions Act, if they have the political nerve. But we're also sure that prosecuting a war on terror would be significantly more difficult as a result."

But the New York Times (2/22, A22, 1.16M) calls it "another low moment for American justice" that "relied on a shameful law that President Bush stampeded through Congress last fall that gives dangerously short shrift to the Constitution. The right of prisoners to challenge their confinement -- habeas corpus -- is enshrined in the Constitution and is central to American liberty. Congress and the Supreme Court should act quickly and forcefully to undo the grievous damage that last fall's law -- and this week's ruling -- have done to this basic freedom." The "frightening" Military Commissions Act "raises insurmountable obstacles for prisoners to challenge their detentions. And it gives the government the power to take away habeas rights from any noncitizen living in the United States who is unfortunate enough to be labeled an enemy combatant."

Ex-CIA General Counsel Calls For Reforms. In a Washington Post (2/22, A19, 690K) op-ed, Jeffrey Smith, former CIA general counsel and now a partner at a law firm that "provides Kuwaiti counsel for the families of the Kuwaiti detainees at Guantanamo," writes that last November, "voters rejected the president's swaggering, go-it-alone approach and the administration's contemptuous attitude toward the Geneva Conventions, which led to the abuses at Abu Ghraib, actions that so damaged our credibility that other nations are much less willing to cooperate in the war on terrorism. Secretary of State Condoleezza Rice, and her able legal adviser, John Bellinger, have pushed for reforms that have begun to reverse this trend -- but much more must be done." Last week, Sens. Christopher Dodd and Patrick Leahy introduced legislation "that will move us further in the right direction. But there are three things Congress should do. First, Congress should reconsider the detainee legislation passed last fall. Last-minute changes rammed through by the White House watered down many of the bill's key provisions. … Second, Congress should repeal the provisions that stripped detainees at Guantanamo Bay and elsewhere of the right of habeas corpus and that instead gave them an extremely limited right to challenge their detentions. … Third, Congress should also examine the practice of 'rendition,' or sending detainees to countries for trial or detention where, it is alleged, they can be mistreated or tortured."

WPost Calls For US To Drop "Los Angeles Eight" Case. The Washington Post (2/22, 690K) editorializes that the Popular Front for the Liberation of Palestine "is a loathsome group that has carried out terrorist activities. It was an important and legitimate policy change, after the Sept. 11 attacks, to tighten the law to make raising money here for terrorist groups a crime. But that law was not in place when" so-called "Los Angeles Eight" members Khader Hamide and Michel Shehadeh "were allegedly involved with the PFLP; they say they were never members but only distributed its magazine. At this point, if not from the outset, the pursuit of two law-abiding, middle-aged men with roots and families in this country is misplaced and even self-defeating on the part of the government." US District Judge

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Bruce Einhorn has ruled against the deportation proceedings against the men, and the "government has until the end of the month to appeal the judge's ruling. It should, instead, drop this case, as it should have done years ago."

HOMELAND RESPONSE:

Gonzales Says Supermax Prison Is Safe, With Room For Improvement. The AP (2/22, Squires) reports from Florence, CO, "Attorney General Alberto Gonzales toured a federal prison holding some of the nation's most violent and disruptive inmates on Wednesday and said the facility is secure, but he conceded that it could be improved. … 'Are there challenges? Yes,' said Gonzales, the nation's top law enforcement official. 'Can we do better? Yes.'" The AP continues, "Gonzales agreed to visit the prison, known as Supermax, after Colorado's two senators raised concerns about staffing and security. … He stopped short of promising to increase the number of guards or build an additional fence around the compound, as some state and local officials have advocated. Instead, he said he was willing to listen. … 'The question is reaching a general consensus on what is needed,' Gonzales said. 'There may be additional staffing that we can provide to the facilities here.'" The AP adds, "Supermax, 90 miles southwest of Denver, houses 474 of the nation's most notorious convicts, including Olympic bomber Eric Rudolph and Sept. 11 conspirator Zacarias Moussaoui. … Security at the 490-bed prison, built in 1994 for $60 million, has been under scrutiny for months. Last year, an arbitrator found that staffing levels had made the facility more dangerous, with some shifts going unfilled. In September, a Justice Department report criticized the prison for not properly screening mail. … The Justice Department says that all mail and phone calls to and from inmates labeled as terrorists have been monitored since October, and that perimeter security has been beefed up."

The Denver Post (2/22, Finley) reports, "A battle over how to run the nation's booming federal prison system intensified Wednesday as U.S. Attorney General Alberto Gonzales, guard-union leaders and lawmakers toured the ultra- high-security Supermax facility and held an unofficial summit." The Post continues, "Gonzales emerged two hours later and pronounced Supermax up to par, lauding recent efforts to make sure mail and phone calls from terrorist prisoners are monitored. … 'I'm comfortable with where we are at today on this issue,' he said after a Supermax tour that was off-limits to reporters. … But guard-union leaders bristled, warning that thin staffing has put prisons on the brink of disastrous riots as the nation's federal inmate population approaches 200,000." The Post adds, "Supermax union president Barbara Batulis, who accompanied Gonzales, said terrorists housed there still are able to communicate with followers in Spain and Iraq. … Union leaders have begun mobilizing a lobbying blitz to demand $500 million from Congress to hire more guards nationwide, said John Gage, president of the American Federation of Government Employees. … New surveillance technology at Supermax and other prisons ignores the core issue of inadequate staffing, Gage said. 'Those cameras will not replace correctional officers. And electric fences? We're not talking about escapes here. We're talking about safety within the walls,' he said." The Post notes, "U.S. Sen. Ken Salazar, who accompanied Gonzales along with U.S. Sen. Wayne Allard, also raised questions. … Federal prison chiefs 'have to do more. They have to recognize ... we need to have much more linguistic capability in Arabic' in order to understand and assess terrorist-prisoner communications, said Salazar, D-Colo. … Allard, R-Colo., praised Gonzales for being 'willing to sit down and listen' in what he and Salazar cast as a continuing dialogue about prison conditions."

The Pueblo (CO) Chieftain (2/22, Harmon) reports, "Gonzales toured the prison with U.S. Sens. Ken Salazar, D-Colo., and Wayne Allard, R-Colo., as well as Federal Bureau of Prisons chief Harley Lappin and U.S. Rep. Doug Lamborn, R-Colo. Gonzales is the second of the nation's chief law enforcement officers to visit the prison - former U.S. Attorney Janet Reno helped dedicate Supermax in January 1995. … 'I heard from Senators Salazar and Allard their concerns about the facility here in Florence and what we could do,' Gonzales said. 'We had good discussions with staff today and are committed to a safe facility here and at facilities throughout the nation.' … 'I want to ensure we are doing everything we can for the wonderful people who work here and the safety of the community,' Gonzales said." The Chieftain adds, "Salazar said since he and Allard took separate tours of Supermax late last year that additional staff have been added, technology has been improved and in lieu of perimeter fencing being added, a control tower has been enhanced to provide a 360 degree view of the complex and an armored vehicle has been added to patrols. … Since the Inspector General's office issued a report last year detailing relaxed inmate phone and mail monitoring, the Bureau of Prisons has monitored 100 percent of the general mail being sent to or from inmates designated as terrorist inmates since October of last year. Mail is not delivered to or sent from terrorist inmates until after it is read and translated if necessary. … Lappin said the bureau has added additional translator analysts. As a result, 100 percent of phone calls for terrorist inmates are monitored; however, because language translators may not always be available, the prison records the conversations for later translation."

The Rocky Mountain (CO) News (2/22, Foster) reports, "All the mail and telephone calls of terrorists housed at Supermax, the nation's highest-security prison, are being monitored under new tighter security procedures, U.S.

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Attorney General Alberto Gonzales said Wednesday after touring the prison. … Less certain are other security improvements sought by the prison's staff and the townspeople of Florence, including more corrections officers and a perimeter fence around the four-prison federal complex that includes Supermax." The News continues, "Supermax's 475 inmates are considered the most dangerous in the country's federal prison system and include a roster of international and domestic terrorists: Sept. 11 conspirator Zacarias Moussaoui, 1993 World Trade Center bomber Ramzi Yousef, shoe bomber Richard Reid, Unabomber Ted Kaczynski, and Olympic and abortion clinic bomber Eric Rudolph. … Security troubles cast the prison into the national spotlight last fall after a Justice Department inspector general's report found that a shortage of Arabic translators prevented the screening of dozens of letters from convicted terrorists to Islamic extremists between 2002 and 2004." The News adds, "That problem has been solved, said Gonzales, who toured the prison with Colorado's two U.S. senators, Wayne Allard and Ken Salazar, and Rep. Doug Lamborn, whose congressional district includes the prison. … 'I am confident that we're doing what we should be doing monitoring communications in and out of the facility,' Gonzales said."

The Colorado Springs (CO) Gazette (2/22, Rappold) reports, "Gonzales didn't pledge to hire more staff or build a perimeter fence — two of the concerns that have been voiced by local officials and the union representing Supermax employees — but said such measures are still options. … 'There has been additional staffing. We've got additional technology in place,' Gonzales said during a news conference after touring the prison. 'We've provided additional tools to deal with the concern about perimeter fencing.'" The Gazette adds, "Gonzales said a perimeter fence, estimated to cost $20 million, is still on the table, though it doesn't appear necessary. … 'The question is, is that a wise use of taxpayer dollars going forward?' Gonzales said. 'That's something the senators and I will be engaging in a dialogue about. … I am committed to ensuring that we have safe and secure facilities, not just here but throughout all of our federal facilities,' he said."

KXTU-TV, Fox 21, Colorado Springs/Pueblo (2/22, Salvo) reports, "US Attorney General Alberto Gonzales toured the Supermax Prison in Florence Wednesday along with Senators Ken Salazar and Wayne Allard to see what steps have been taken to improve the safety and security of the facility." KXTU-TV continues, "The prison has been criticized by state and federal officials because of staffing levels inadequate monitoring and security measures. Supermax houses some of the most harden criminals including both foreign and domestic terrorists, which is what raised so many eyebrows when a report came out last year faulting the facility for among other things not reading all incoming and outgoing mail from the highest-risk prisoners and not monitoring telephone calls. … 'I am confident were doing what should be doing to monitor communication both in and out of these faculties,' said Attorney General Gonzales." KXTU-TV adds, "Big words following big steps that have been taken in the last few months to address security and safety issues in what should be the nation's most secure penitentiary. … 'The issue of additional staffing: there are now some additional correctional officers that have been added to this facility,' said Sen. Salazar. … Presently the Department of Justice reports 92% of authorized positions are filled putting the inmate-to-staff ratio at 1.5:1, the lowest of its kind in comparison. … But is that enough for a prison housing some of the world's most dangerous criminals? … 'I think we have additional funding and one of the things we will look at is should there be additional staffing,' said the Attorney General."

KRDO-TV, ABC 13, Colorado Springs (2/22, Wurtz) reports, "It houses some of the most dangerous criminals in the world, but is Colorado's Supermax Prison secure? The nation's top law enforcement official toured the complex Wednesday. After his tour, US Attorney General Alberto Gonzales said he's confident in the security of the prison complex and is satisfied that steps have already been taken to address safety concerns. But he and Colorado's lawmakers agree: work at Supermax is not done. 'We all care, in a very united way, that we have safe and secure facilities,' says Sen. Ken Salazar, (D) Colorado, 'there are issues that have been raised and we have addressed some of those.'" KRDO-TV adds, "Addressing concerns by adding some staff and security cameras. … The complex has also employed translators and increased the monitoring of inmate mail and phone calls. 'Whether or not they have any terrorist connections, whether or not they've been ordered to subject to any administrative restrictions, will dictate the level of monitoring that does occur,' says Gonzales, 'but we've had some good discussions about that and I'm confident we're doing what we should be doing.' One item still unresolved--the question of whether the complex needs more perimeter fencing. 'We now have armed mobile patrols, we now have a tower that provides additional surveillance,' Gonzales says of increased perimeter security, 'so the question is whether or not [perimeter fencing] is a wise use of taxpayers' money going forward.'" KRDO-TV notes, "Lawmakers and law enforcement will continue to discuss that issue and any future changes may be needed at Supermax. … Gonzales says the tour was a step forward in what he calls an ongoing process. 'We're always evaluating what we do; not just in this area, but everything we do in fighting crime and fighting terrorism,' says Gonzales."

Unions Say BOP Playing Shell Game With Supermax Staffers. The Pueblo (CO) Chieftain (2/22, Harmon) reports, "Union officials on Wednesday accused the

Federal Bureau of Prisons of taking correctional staff intended for other prisons to help staff the Supermax penitentiary." The Chieftain continues, "The Supermax, which is referred to by prison officials as the Administrative Maximum Security U.S. Penitentiary, houses the nation's most dangerous inmates, including convicted terrorists. … 'We got our 18 (additional officers), but they are taking staff from other institutions and funneling them to ours,' said Barb Batulis, American Federation of Government Employees Local 1302 president for the Supermax. 'It is like robbing Peter to pay Paul and they are trying to put it back on me because I told them they had to do something about the staffing.'" The Chieftain continues, "Union officials suspect that the 18 new officers put on staff at Supermax actually were supposed to go to work at the lower security Federal Correctional Complex prisons in Florence. The complex houses four prisons - Supermax, the high-security United States Penitentiary, the medium-security Federal Correctional Institution and a low-security camp. … 'Even with the additional staff, we are still below "mission critical" levels of at least 20 correctional officers,' Batulis said. 'And we haven't gotten any additional (Arabic) translators. We still have just three and that is not a lot to monitor all the calls and mail for the (terrorist) inmates.'" The Chieftain adds, "Holly Pruyne, who is the Local 1300 president representing the medium security and camp prisons, said five correctional officers intended for the Federal Correctional Institution were reassigned to Supermax. … 'The FCI has a maximum rated capacity of 794 inmates. We are at 1,174 inmates now and are going up to 1,300. We have 79 percent of the staff we need for the basic mission critical status,' Pruyne said. … Union officials said on Jan. 3 and Jan. 9, when disturbances were occurring at the high-security penitentiary, staff from both Supermax and the FCI responded to help. With a total of 42 staffers responding, the incidents left the FCI with few officers and inmates who were not on lock-down status. … John Gage, president of the American Federation of Government Employees national union of Washington, D.C., was among high-ranking union officials in town Wednesday to bring a voice to the short staffing problem, which he said exists across the nation."

Habitat For Humanity Facing Criticism Over Pace Of Gulf Coast Homebuilding Effort. The New York Times (2/22, Eaton, Strom, 1.16M) reports from Bay St. Louis, Mississippi, that despite having secured 50,000 volunteers, $127 million and backing from the likes of "President Bush and the New Orleans jazz luminaries Harry Connick Jr. and Branford Marsalis," Habitat for Humanity says that since Katrina "it has built just 10 houses for poor hurricane victims here, 36 in New Orleans, and a total of 416 along the entire coast, from Alabama to Texas. More are under construction, for a total of 702." The "slower pace" – Habitat "built or repaired 8,500 houses in Indonesia, Thailand, India and Sri Lanka" following the 2004 tsunami – "reflects, in part, the more complex houses that Habitat builds in the United States, as well as the mind-numbing issues — involving insurance costs and government regulations — that seem to have bogged down efforts to rebuild after Hurricanes Katrina and Rita. But Habitat International is starting to face criticism that its procedures are slow, rigid and perhaps unsuited to helping disaster victims, however rewarding its efforts are for its volunteers."

Baton Rouge Adjusting To Post-Katrina Surge In Population. In a front page article, USA Today (2/22, 1A, Johnson, 2.27M) reports from Baton Rouge, a city of 250,000 that became "an overwhelmed mass of about 500,000" in the wake of Hurricane Katrina. Many evacuees were just passing through, but city officials say that today, Baton Rouge's population remains 275,000-325,000. From the Los Angeles-style gridlock on Interstate 10 to the overcrowded schools and the escalating real estate prices that have fueled a housing crunch, Baton Rouge has the look and feel of a place grappling for control of its direction. And although the influx of new residents hasn't dramatically increased crime rates, many residents sense that Baton Rouge has lost some of the small-city civility it enjoyed during what they call 'Pre-K' — before Katrina."

WAR NEWS:

British Withdrawal From Iraq Seen As Blow To Bush Policies. Tony Blair's announcement that some of the British troops in Iraq will go back to the UK at the end of the summer is being portrayed as a setback for the Bush Administration. The Los Angeles Times, in a report typical of the tenor of much of the coverage, reports the British move "was widely seen Wednesday as a telling admission that the British military can no longer sustain simultaneous wars in Afghanistan and Iraq. The British military is approaching 'operational failure,' former Defense Staff chief Lord Charles Guthrie warned this week." The decision "to draw down forces by more than 20 percent in the southern city of Basra means that Britain will significantly shrink its military footprint at a time when the Pentagon is increasing U.S. forces to battle militants to the north, in Baghdad and Anbar province." The Bush Administration "hastened to present the British decision as an indication that the U.S.-led military operation was succeeding. … But the Pentagon, in its most recent quarterly report to Congress, listed Basra as one of five cities outside Baghdad where violence remained 'significant,' and said the region is one of only two that are 'not ready for transition' to Iraqi authorities."

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NBC Nightly News (2/21, story 2, 1:50, Gregory, 9.87M) also reported Administration "officials scrambled today to put the best face on the British withdrawal. In Berlin, Secretary of State Rice denied that the so-called 'coalition of the willing' in Iraq is falling apart. The Vice President, in Japan, insisted it is good news." Cheney was shown saying, "I look at it and what I see is an affirmation of the fact that parts of Iraq where things are going pretty well." But "the good spin," added NBC, "masks a darker reality. Just as the US is putting more troops into Iraq to secure Baghdad, America's staunchest ally in the war is beginning to pull up stakes."

The Washington Post (2/22, A12, Weisman, Baker, 690K) says today that "for an already besieged White House, the decision was doing a good job masquerading as a bad-news story. … To many back in Washington, though, what resonated was that Bush's main partner in Iraq is starting to get out just as the president is sending in more U.S. troops."

On the CBS Evening News (2/21, story 3, 1:20, 7.66M), Bob Schieffer said, "I think what we're seeing her…is what happened back during the Vietnam era: When things were going badly and the crusty old Senator from Vermont George Akins said, 'There's only one way out here, that's to declare victory and just leave.' That's what we're seeing." Blair's move "is going to make the President even more isolated than perhaps he is now. The Democrats have already pounced on this. They say it shows that the President's idea of putting more troops in is not the solution and that there is not a military solution, there has to be a diplomatic solution. Whether you're for the war or against the war, Katie, what this underlines tonight is that the coalition that the President put together to fight this war is now coming apart."

USA Today (2/22, Stinson, 2.27M) reports "presidential spokesman Tony Snow, on a trip with Bush to Tennessee, said Britain's decision was not made on a timeline of the sort the president has rejected for American troops. 'What you had is progress first, and then the removal,' Snow said. 'The president's made clear all along, we want to move as rapidly as we can to build capability on the part of the Iraqis so they can in fact assume, first, primary responsibility and then eventually sole responsibility,' he said." Pentagon spokesman Bryan Whitman "said there was no thought that the British were abandoning the United States."

Democrats pounced on the British move as a sign that Bush's plan to increase the US troop level in Iraq by 21,500 was the wrong strategy. The Financial Times (2/22, Blitz, Dombey, Sevastopulo) notes "prominent Democrats in Congress said the move was a sign that Britain was now giving up on the US in Iraq and contrasted it with the surge in US troop numbers deployed to contain the violence in Baghdad. … Edward Kennedy, a senior Democratic senator, said the British redeployment was a 'stunning rejection' of the president's decision to increase US troop numbers around Baghdad by 21,500. 'No matter how the White House tries to spin it, the British government has decided to split with President Bush and begin to move their troops out of Iraq,' Mr Kennedy said." Anthony Cordesman, a Middle East expert at the Center for Strategic and International Studies, "said the UK move 'weakens the image of the coalition and further isolates the US.'" The Washington Times (2/22, Behn, 88K) also quotes Cordesman saying "the British had long ago lost the political fight and ceded Basra and Maysan to Shi'ite Islamist factions. 'The British were not defeated in a military sense, but lost in the political sense if "victory" means securing the southeast for the central government and some form of national unity.'"

The Hill (2/22, Marre) notes "congressional Democrats…said Wednesday that the White House should take a cue from its closest ally and get U.S. soldiers out of Iraq instead of sending in more. 'Why are thousands of additional American troops being sent to Iraq at the same time that British troops are planning to leave?' asked House Speaker Nancy Pelosi." The Washington Times (2/22, Dinan, Ward, 88K) runs a similar story under the headline "Democrats Hail British Pullout," in which it says Democrats "cheered the news." Senate Majority Leader Harry Reid said, "The British government has acknowledged a reality that President Bush still stubbornly refuses to accept."

And in an editorial headlined "Britain Cuts Its Losses," the New York Times (2/22, 1.16M) writes, "Spin it any way you like, Prime Minister Tony Blair's announcement that Britain will be withdrawing up to 1,600 of its 7,100 remaining troops in Iraq can't be welcome military or political news for…Bush."

Blair's announcement led all three network newscasts, with ABC World News (2/21, lead story, 2:50, Gibson, 8.78M) reporting, "For years, the Bush Administration has called it the 'coalition of the willing.' Well, tonight, it appears as if some of the nations in that coalition are no longer as willing. That includes America's chief ally, Great Britain." ABC (Scuitto) added, "Politically, Mr. Blair had little choice. Public opposition to the war is strong. Six in ten here favor a quick withdrawal. And 72% say the war is unwinnable. Blair also faced enormous pressure from his own party to begin the pullout before he steps down as Prime Minister this year to avoid leaving his successor with a damaging political burden." The CBS Evening News (2/21, lead story, 2:50, Couric, 7.66M) noted "the shrinking US-led coalition in Iraq," and added "Denmark, a much smaller ally, announced today it will withdraw its entire contingent of just over 400. So the coalition, which at its peak included the United States and 38 other nations, is down to the US and 21 other nations." In addition, says the AP (2/22), "Lithuania is 'seriously considering' withdrawing its 53 troops from Iraq, a government spokeswoman said Wednesday." Defense Ministry spokeswoman Ruta Apeitkyte told the AP that "the

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Baltic country was considering not replacing the contingent when its mission ends in August."

NBC Nightly News (2/21, lead story, 2:45, Williams, 9.87M) reported, "There are 7,100 British troops in Iraq. The first 1,600 will leave over the next few months." Blair was shown saying, "There is no Sunni insurgency. There is no Al Qaeda base." Blair was "in Parliament today making a case for a British troop draw down in southern Iraq. A few months ago, the British handed over partial control of Basra, the biggest city in the south and since then it has remained relatively calm. … Bottom-line, the British have done what they can, Blair's plan now, withdraw a quarter of British troops by summer, all could be out by the end of next year."

The Washington Post (2/22, A1, Jordan, Partlow, 690K) reports, "Blair's plans allow him in the final months of his administration to show a measure of independence from Washington on Iraq policy. Battered in public opinion polls because of his support of the war, Blair has said he will step down by September."

Maj. Gen. William Caldwell, chief spokesman of the multinational forces in Iraq, said on CNN's The Situation Room (2/21, Blitzer), "The British forces, just like us, have been thoroughly committed from the beginning. They're steadfast partners, been working hard, and as they have looked at their mission down there in Basra, and they see they can draw the force levels down by about 1,500 over this year, it makes logical sense to do that. … It makes sense for the British forces, at this point in time, to draw down their force levels here as they continue to commit themselves both here and in Afghanistan, supporting the efforts of both places."

British Pullout Could Empower Iran. The CBS Evening News (2/21, story 2, 1:55, Logan, 7.66M) reported, "The withdrawal comes as no surprise to US commanders here, one of whom told me the British haven't been in control of the south for some time. However, there is concern that this will give neighboring Iran free reign to continue its support of these powerful militias." USA Today (2/22, 4A, Jervis, 2.27M) runs a similar report under the headline "Iran, Militias Could Gain From British Pullout."

The New York Times (2/22, Cowell, 1.16M) reports that a "senior Defense Department official said that, if security conditions deteriorated in the south, American commanders might need to send in their own forces to help remaining British units and Iraqi troops. He noted that the United States also usually keeps reserve forces nearby in Kuwait that could be sent into Iraq as well. 'If something flares, we will react to it with the forces on the ground,' the official said."

In a similar report, the Christian Science Monitor (2/22, Rice-Oxley, Murphy, 59K) reports, "Blair's move isn't likely to help the Bush administration."

More Commentary. Bartle Brese Bull, the international editor of Prospect magazine, writes in an New York Times op-ed (2/22) titled "The End Of The Alliance," that "Blair's decision may have as much to do with strategic good sense as it does with domestic politics. The truth is that the British gave up trying to win their war in southern Iraq a long time ago, and they probably accomplished as much as they could. … The priority now is to give Iraqis the best possible conditions to achieve the best feasible Iraq: one that stays whole; suffers less internal violence than it has historically; is not a threat to its neighbors or the rest of us; and that through a few good internal examples and a modicum of representative government has hope and mechanisms for improving itself. This is an approach that will have to be adapted to suit each region. And in southern Iraq, it seems clear, it is time for the Iraqis to succeed or fail on their own."

Cheney Criticizes Democratic Efforts To Stop Iraq Troop Surge. The AP (2/21, Hunt) reports Vice President Cheney "harshly criticized Democrats' attempts to thwart President Bush's troop buildup in Iraq, saying their approach would 'validate the al-Qaida strategy.' House Speaker Nancy Pelosi fired back that Cheney was questioning critics' patriotism." Pelosi said, "I hope the President will repudiate and distance himself from the Vice President's remarks." Pelosi said she "tried to complain about Cheney to President Bush but could not reach him." The AP says Cheney, in Tokyo, "used an interview to criticize Pelosi and Rep. John Murtha, D-Pa., over their plan to place restrictions on Bush's request for an additional $93 billion for the Iraq war to make it difficult or impossible to send 21,500 extra troops to Iraq."

During that ABC World News (2/21, story 2, 2:30, 8.78M) interview, Jonathan Karl asked Cheney, "You just made a very clear statement in your speech, saying the American people do not support a policy of retreat. … Is that policy that we hear from the Speaker of the House, Nancy Pelosi, from other Democrats, u that a policy of defeat?" Cheney: "Yes. … I think the American people want to see, first and foremost, success in Iraq. I think to do what Nancy Pelosi is suggesting -- and she made it very clear on many occasions, that she, in fact, wants to get out -- that that's exactly the wrong medicine. It's the wrong course of action. It will do nothing but encourage the terrorists, and it will have a devastating long-term consequences in the global war on terror." The Hill (2/22, Good) reports Cheney also said he "does not think Democratic congressional leaders will be able to stop President Bush from sending additional troops to Iraq. … Cheney said: 'I don't think so. The question is whether or not they have the votes.'"

GOP Lawmakers Defend Bush Strategy. Sen. Jon Kyl, just back from a one-day trip to Iraq, said on CNN's The Situation Room (2/21, Blitzer), "I can tell you that both among all of our military commanders [and] officials from the Iraqi

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leadership, all had what I would characterize as cautious optimism about the new strategy that's beginning to unfold. We already have one of the five new brigades in Iraq, the second is just about ready to go in, just in a matter of days, the third is being prepared. And the Iraqis are doing things a lot differently than they had done before, with the result that the Iraqis have said that there is a totally different view on the part of the people on the street about the potential for success here."

House Minority Whip Roy Blunt said on Fox News' Your World (2/21, Cavuto), "I think what's confused here with some of my friends in the Congress is that they have misinterpreted dissatisfaction with what's been going on in Iraq to a belief that people are willing to lose that war. … Iraq is one very complicated piece of an even more complicated world where we have lots of enemies. Those enemies are ready for us to show weakness. Anytime we do this, it just helps them recruit, fund, find suicide bombers, whatever they're looking for at that moment, any weakness in the United States."

George Will writes in the Washington Post (2/22, 690K), "Indiscriminate criticism of…Bush is an infectious disease. Some conservatives seem to have caught it, but congressional Democrats might be crippled by it." Democrats "lack the will to exercise their clearly constitutional power to defund the war. And they lack the power to achieve that end by usurping the commander in chief's powers to conduct a war. They can spend this year fecklessly and cynically enacting restrictions that do not restrict. Or they can legislate decisive failure of the Iraq operation -- withdrawal -- thereby acquiring conspicuous complicity in a defeat that might be inevitable anyway. A Hobson's choice? No, Nancy Pelosi's and Harry Reid's."

Cheney To Face "Public Anger" In Australia. The Christian Science Monitor (2/22, Squires, 59K) says Cheney, "perhaps the most powerful vice president in United States history, arrives in Sydney Thursday for a four-day visit" to Australia, making him "the most senior American visitor to Australia since President Bush addressed the joint houses of Parliament in Canberra in 2003. But despite Australia's status as a steadfast US ally and broad public support for the country's troop deployment in Afghanistan, Cheney will encounter public anger over Australia's participation in the Iraq war and growing disquiet over the fate of the country's lone Guantánamo Bay detainee, David Hicks." Cheney's visit "comes at an awkward time for Prime Minister John Howard, who has been in power for more than a decade but this week slumped to his lowest opinion-poll rating in six years."

Iraqi Insurgents Detonate Second Chemical Dirty Bomb. ABC World News (2/21, story 3, :40, Gibson, 8.78M) reported, "Insurgents in Iraq are stepping up their use of a new and deadly weapon, chemical dirty bombs. A truck bomb, today, in Baghdad, combined explosives with chlorine gas. The chlorine burns and can kill when it explodes. It was the second such blast in as many days." NBC Nightly News (2/21, story 3, :40, Williams, 9.87M) noted two people were killed in yesterday's bombing.

The New York Times (2/22, Cave, Fadam, 1.16M) reports, "Iraqi and American officials said the use of chlorine seemed aimed at bringing a new level of fear and havoc to Iraq as a new security plan for Baghdad takes shape." Lt. Col. Christopher Garver, an American military spokesman, "said the attacks highlighted the fluidity of insurgent tactics in Iraq, dominated by militant groups that often notice and repeat attacks that attract the most attention and cause the most suffering."

The Los Angeles Times (2/22, Daragahi, 850K) reports, "The use of chlorine gas weapons in warfare dates to at least World War I, when Germans used them in April 1915 to dislodge French soldiers from trenches. The weapons caused far more injuries than deaths, though small airborne concentrations of the gas can kill within minutes." Also yesterday, "several roadside bomb attacks in southern Baghdad killed at least three Iraqis and injured two." Violence also "erupted in the country's predominantly Shiite south, where US and British-led forces have begun handing control to Iraqi authorities." The Washington Post (2/22, A12, Londono, 690K) also reports the story.

Another US Helicopter Shot Down. The CBS Evening News (2/21, story 4, :25, Couric, 7.66M) reported, "A US military Blackhawk helicopter was shot down north of Baghdad today. None of the nine people on board was seriously injured. At least eight American helicopters have crashed or been forced down by hostile fire in the past month." The Washington Times/AP (2/22, Salaheddin) reports "all aboard were safely evacuated by a second helicopter."

The AP (2/22, Murphy) reports, "Military officials worry extremists may have recently gained more access to firepower such as shoulder-fired anti-aircraft rockets and heavy machine guns -- and more expertise to use them. The Black Hawk would be at least the eighth U.S. helicopter to crash or be taken down by hostile fire in the past month."

General Says Sadr "Clearly Not In Iraq." Maj. Gen. William Caldwell, chief spokesman of the multinational forces in Iraq, said on CNN's The Situation Room (2/21, Blitzer) that Muqtada al-Sadr is "clearly not in Iraq and has not been for some time. And all indications are is that he is currently located in Iran."

Pentagon To Send National Guard Troops Back To Iraq Early. The New York Times (2/22, Cloud, 1.16M) reports on its front page that the Defense Department "is planning to send more than 14,000 National Guard troops

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back to Iraq next year, shortening their time between deployments to meet the demands of President Bush's buildup." National Guard officials "told state commanders in Arkansas, Indiana, Oklahoma and Ohio last month that while a final decision had not been made, units from their states that had done previous tours in Iraq and Afghanistan could be designated to return to Iraq next year between January and June," according to Pentagon officials.

Commanders Seek Equipment, Reconstruction Funding. The Politico (2/21, Lowe) reports military commanders, "in a move sure to provide ammunition to congressional critics of the Iraq war," have given Congress "a long list of equipment and reconstruction needs totaling nearly $36 billion, denied earlier by the administration in its $481 billion defense appropriations request for the new fiscal year. The lists come as Democratic leaders, who control both the House and the Senate, consider a new legislative strategy to restrict President Bush's ability to prosecute the war and, eventually, force a U.S. withdrawal."

ROTC's Shift Away From Cities Hurts Efforts To Build Multiethnic Military. In a 2,200-word front-page feature, the Wall Street Journal (2/22, Jaffe, 2.04M) writes about the move of Reserve Officer Training Corps programs away from big cities, which is having a negative impact as the Army struggles "to build an officer corps that takes full advantage of America's multiethnic society." The Journal says that an officer's background "didn't matter so much when the U.S. was focused on fighting big armies in large conventional battles. These days, though, U.S. success in places like Iraq and Afghanistan hinges on the ability of Army officers to win the trust of a suspicious and often culturally alien population. … There are only about 1,500 Muslims in a force of about 500,000 soldiers," and "Arabic speakers are in critically short supply throughout the force."

US Military To Investigate Controversial Iraq Rape Claim. USA Today (2/22, 4A, Dorell, 2.27M) reports, "The U.S. military said Wednesday that it will launch its own investigation into an alleged rape that has created a furor among Iraq's Sunnis and bitterly split the country's government." Gen. David Petraeus "ordered an investigation into allegations by a 20-year-old Sunni woman who said she was raped last week by members of Iraq's Shiite-dominated police force." Earlier this week, Prime Minister Nouri al-Maliki "cleared the three police officers…following an investigation that lasted less than a day. He announced an unspecified reward for the officers and said the rape charge was fabricated to discredit the U.S. and Iraqi security crackdown in Baghdad." Yesterday, Maliki "fired a leading Sunni official who had called for an international investigation."

The New York Times (2/22, A10, Santora, 1.16M) says it is "unclear if Mr. Maliki had the authority to fire the Sunni official, Sheik Ahmad Abdul Ghafur al-Samaraei, who runs the Sunni Endowment, an organization that cares for Sunni mosques and shrines in Iraq." Samaraei "said he was not surprised" to be dismissed. Samaraei said, "Maliki is fed up with me talking about all the terrible things that are happening to Iraqis, whether it is killing, kidnappings or illegal arrests."

The Christian Science Monitor (2/22, Peterson, 59K) says that "even before the details of the case could be determined, Iraqis heard competing claims by the alleged Sunni victim broadcast on TV and a Shiite premier who says the charges have been fabricated to undermine the US-Iraqi security plan in Baghdad." Maliki "states that medical tests show the woman 'had not been subjected to any sexual attack,' and that there are three outstanding arrest warrants against her." But the woman's claims "and Maliki's handling of the case are sparking outrage among Sunnis."

Italian Prime Minister Resigns After Losing Afghanistan Vote. The Financial Times (2/22, Barber) reports, "Romano Prodi resigned as prime minister of Italy on Wednesday night after a parliamentary defeat on foreign policy. His decision raised fears that Italy was returning to the days of short-lived governments and paralysis in policymaking. Mr Prodi, 67, handed in his resignation to Giorgio Napolitano, Italy's head of state, who planned to start talks on Thursday to see who, if anyone, has enough support to form a new government." Prodi's "nine-party, centre-left coalition took office in May, a month after he defeated Silvio Berlusconi, the former centre-right premier, in the closest election in modern Italian history." The Times adds, "The sudden crisis that overwhelmed Mr Prodi centred on his inability to persuade communists and other radical leftists in his coalition to support two cornerstones of Italian foreign and security policy. These were Mr Prodi's determination to keep Italian troops side by side with Nato forces in Afghanistan and his decision to permit the expansion of a US military base in the north-eastern city of Vicenza."

USA Today (2/22, 4A, For, 2.27M) reports, "Italy's 1,800 troops in Afghanistan are part of the NATO peacekeeping force there. Many members of the broad center-left Prodi coalition are pacifists who oppose sending Italian troops abroad." The constitution "did not require Prodi to step down, but Foreign Minister Massimo D'Alema -- a two-time prime minister and a potential candidate to succeed Prodi -- said before the vote that the government should step down if it failed to win enough support in the Senate."

The Los Angeles Times (2/22, Wilkinson, 850K) says "Prodi will continue as a caretaker prime minister until a new government takes power." The New York Times (2/22, Fisher, 1.16M), Wall Street Journal (2/22, A6, Kahn, Leo, 2.04M), Washington Times (2/22, Phillips, 88K) and Washington Post (2/22, A16, Delaney, 690K) also report the story.

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LATimes Says Afghanistan Should Reject War Crimes Amnesty. The Los Angeles Times (2/22, 850K) editorializes, "How does a government prosecute people for crimes against humanity when the suspects happen to be running the government? That's the question facing Afghanistan, where men suspected of horrifying acts of rape and murder sit in parliament and hold other high offices. … The ideal solution for Afghanistan would be to create a body similar to South Africa's Truth and Reconciliation Commission. … Yet South Africa, unlike Afghanistan, didn't have to contend with entrenched politicians who control large swaths of territory with armed militias. It also had the capacity to prosecute those who refused to step forward, while Afghan courts are a work in progress." President Hamid Karzai's "best course would be to reject" a pending war crimes amnesty law "until the country is ready to face the horrors of its recent past. The international community, especially NATO, should be doing more to help Afghanistan build the institutions and civil society necessary for it to do so."

DOJ:

DOJ Probing Home Purchase By Former Attorney, Lobbyist. The AP (2/22, Heilprin) reports, "House Speaker Nancy Pelosi called for tighter ethics rules in federal agencies Wednesday after government officials approved the purchase of a $980,000 vacation home by a top Justice Department lawyer with an oil company lobbyist." The AP continues, "Pelosi's criticism followed an Associated Press report last week that department ethics officials did not object when Sue Ellen Wooldridge, then head of the environment division, was buying a South Carolina beach house with Donald R. Duncan, the top Washington lobbyist for ConocoPhillips. … 'If in fact Ms. Wooldridge got such a pass from the ethics committee of the executive branch, then certainly the executive branch ethics process needs a look as well,' Pelosi, D-Calif., said when asked about the house purchase at a San Francisco news conference." The AP adds, "Nine months after the purchase, Wooldridge approved an agreement that allowed ConocoPhillips an extension of pollution cleanup requirements at some of the company's refineries. The company says Duncan was not part of those negotiations. … Department officials and a lawyer for Wooldridge, who resigned from the job in January, said the department's ethics office approved the arrangement and told her she did not need to withdraw from dealings with ConocoPhillips. … The third buyer of the Kiawah Island, S.C., home was Wooldridge's companion, former Deputy Interior Secretary J. Steven Griles. He is the highest-ranking Bush administration official facing possible criminal charges in the Jack Abramoff corruption probe." The AP notes, "The Justice Department's Office of Professional Responsibility is looking into the home purchase and consent decrees, Acting Assistant Attorney General Richard Hertling said in a letter Friday to Rep. John Conyers, D-Mich., chairman of the House Judiciary Committee."

Columnist Criticizes DOJ Official Over Alleged Conflict. In a column for the Chicago Tribune (2/21), John Kass writes, "Seeking to overturn former Gov. George Ryan's corruption convictions, lawyer Gene Schaerr on Tuesday told a federal appellate court panel that 'a pink rhinoceros' hung over the trial, making a fair jury verdict impossible, perhaps because the lone pro-Ryan holdout juror was bounced for failing to disclose her criminal record. … I thought that was why there were alternate jurors--if one or two are excused for cause, you've got a few on the B Team. … But the pink rhinoceros bit is so nice, I'll steal it and remind you of another pink rhinoceros." Kass continues, "Ed McNally is the pink rhinoceros of the U.S. Department of Justice. … He continues to work in the criminal division--though he had a whopping conflict of interest in the Ryan case--even as the Bush Department of Justice fires other prosecutors who actually hunt down political corruption. … 'I'm aware of the allegations [against McNally],' Atty. Gen. Alberto Gonzales told me when he appeared before the Tribune's editorial board a while ago. … 'They're very serious allegations,' Gonzales said. 'And the matter is being reviewed internally. I can say that.' … That was six months ago, on Aug. 14, 2006." Kass adds, "Recently, seven U.S. attorneys of other districts were forced to resign, even though most received positive Justice Department job evaluations prior to their dismissals. Included among those let go are Carol Lam, the U.S. attorney in San Diego who successfully prosecuted the phenomenally corrupt and vulgar Republican U.S. Rep. Randy 'Duke' Cunningham. … So they're gone. And Republican McNally is still very much employed." Kass concludes, "In the seven months since Gonzales said the allegations against McNally were serious, consider: … Chicago U.S. Atty. Patrick Fitzgerald--no friend of the bi-partisan political combine of insiders who run things in this state--got stuck spending his time on the Scooter Libby-CIA leak case in Washington, rather than spending it hunting Republican and Democratic public corruption in Illinois. … Sun-Times columnist Mark Brown revealed in a fine column that Rodger Heaton, the new U.S. attorney for the Central District of Illinois, had dinner in Springfield with two of the combine's cleanup hitters: Republicans Big Bill Cellini and Big Bob Kjellander, who haven't been indicted but are listed as Individual A and Individual K in the state pension fund scandal case. … That's just what a pink rhinoceros would do--publicly feed with Cellini and Kjellander, tell a few jokes

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and everybody in town gets the message. … And for all the bleating and wailing you'll hear and read by Ryan mouthpieces about justice and fairness, remember the one they won't mention, the pink rhinoceros named Ed McNally."

CORPORATE SCANDALS:

Judge Reverses Conviction Of Former NYSE Trading Specialist. The New York Law Journal (2/22, Bar) reports, "In a blow to the office of Southern District of New York U.S. Attorney Michael J. Garcia, a federal judge has taken the rare step of reversing a jury verdict convicting a former New York Stock Exchange trading specialist of securities fraud in a scheme known as 'interpositioning.'" The Journal continues, "Southern District Judge Denny Chin, in United States v. Finnerty, 05 cr. 393, agreed Wednesday to enter a judgment of acquittal, setting aside the Oct. 26, 2006, verdict. … Chin held that while federal prosecutors proved that defendant David Finnerty engaged in interpositioning, they failed to prove fraudulent or deceptive conduct within the meaning of the securities laws. … 'I hold that the government did not ... establish that Finnerty's customers were misled or defrauded or otherwise deceived,' he said in a 37-page opinion." The Journal adds, "In describing interpositioning, the judge said that instead of matching pending buy and sell orders, the specialists repeatedly trade for their company's proprietary account, making a profit from the slight differences in pricing. … Southern District prosecutors have had a difficult time proving criminal charges against Finnerty and 14 other floor specialist traders whom they accused of using their inside positions to earn an estimated $20 million illegally for themselves and their companies." The Journal notes, "Before Wednesday's ruling, the U.S. Attorney's Office for the Southern District had already dropped charges against seven of the defendants. Besides Finnerty, two former traders (Michael Stern and Michael Hayward of Van der Moolen Specialists USA) were convicted, two were acquitted and two pleaded guilty. One defendant remains at large. (NYLJ, Aug. 10, 2006) … 'he government [in these cases] provided no real evidence that customers were deceived,'said Jacob Zamansky, a plaintiffs attorney at Zamansky & Associates who specializes in securities litigation but did not represent any of the defendants in the interpositioning cases. 'his almost looks like a victimless crime.' … Assistant U.S. Attorneys Lauren Goldberg and Anirudh Bansal prosecuted the case. A spokesperson for the U.S. Attorney's Office declined to comment."

The New York Post (2/22, Boyd) reports, "A federal judge yesterday took the very rare step of throwing out a jury's conviction of former New York Stock Exchange specialist David Finnerty, citing a lack of evidence to support a guilty finding." The Post continues, "The ruling is a stinging rebuke for prosecutors, who have had little success in winning convictions in their high-profile and wide-ranging campaign against corrupt trading practices at the Big Board." The Post adds, "The April 2005 indictments filed against 15 specialists shook up Wall Street. … However, the pursuant collapse of many of the cases that prosecutors filed has stunned the legal world. … The Southern District's prosecutors, who generally achieve conviction rates of between 80 and 90 percent, managed to win just two partial convictions and two plea deals. … The partial convictions - of two partners at Van Der Moolen Specialists USA - are currently on appeal." The Post notes, "A spokeswoman for the Southern District of New York said, 'We are reviewing the opinion and considering our options.'" The AP (2/22) also reported on the ruling.

US Will Not Try To Reinstate Former Westar Officials' Fraud Convictions. Bloomberg (2/22) reports, "The government will not try to reinstate the fraud convictions of two former Westar Energy executives, prosecutors said yesterday." Bloomberg continues, "The United States attorney's office in Topeka, Kan., said it would not ask an appeals court in Denver to reconsider its decision in January to reverse the convictions of the executives, David C. Wittig and Douglas T. Lake. The appeals court said that evidence at the trial did not justify the guilty verdicts." Bloomberg adds, "Mr. Wittig, the former chief executive, and Mr. Lake, a former vice president, were accused of looting Westar, a public utility based in Topeka. They were convicted in 2005 of money laundering and wire fraud. … 'We had until Feb. 20 to notify the 10th Circuit whether we wanted to ask for a rehearing,' a government spokesman, Jim Cross, said, referring to the federal appeals court in Denver. 'We have allowed that deadline to pass.'" Bloomberg notes, "The court said prosecutors could not retry the wire fraud and money laundering counts, but could retry some lesser claims. Mr. Cross said that prosecutors had not decided on a retrial. … The remaining charges 'have to do with personal use of a corporate plane,' said Mr. Wittig's lawyer, Steven Alan Reiss, of Weil, Gotshal & Manges in New York."

Veritas Software To Pay $30 Million In AOL Case. The Washington Post (2/22, D4, Johnson) reports, "Veritas Software agreed to pay $30 million to resolve civil fraud charges connected to an improper advertising deal it signed with AOL during the Internet boom's waning days." The Post continues, "A Securities and Exchange Commission complaint accused Veritas and AOL of Dulles of simultaneously wiring payments to each other as part of an improper, unwritten "round-trip" agreement. Both companies used the deal to inflate revenue, the complaint said. For Veritas, the transaction added 2 cents per share to its fourth-

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quarter and annual earnings in 2000, allowing it to beat Wall Street expectations." The Post adds, "Court papers filed in the District late Tuesday also accused Veritas of engaging in a series of accounting maneuvers to smooth its financial results into 'museum quality' reports from 2000 through 2002. Among other things, the company used 'wish lists' prepared by employees in its finance and operations unit to build cushions of expenses to make its earnings appear steadier. … Veritas, which was acquired nearly two years ago by Symantec and is a wholly owned subsidiary, neither admitted nor denied the allegations. It has restated its financials twice: once to reverse $20 million it had booked as part of the AOL deal and again to correct problems with its profit-smoothing practices. … In a statement, a spokeswoman for Symantec said the company had set aside the settlement funds in reserve. The spokeswoman also pointed out that Symantec, one of the nation's largest providers of data security software, is not named in the complaint. … The case is a leftover from an era when technology companies struggled to meet the expectations of analysts and investors. AOL, which was then known as America Online and has since been absorbed by Time Warner, paid more than $500 million two years ago to settle related charges about its financial dealings."

WSJournal Praises Fannie Mae For Withholding Bonuses. The Wall Street Journal (2/22, 2.04M) says in an editorial, "At a truly private company, withholding more than $40 million in bonuses tied to fraudulent earnings would be a no-brainer. But Fannie Mae is neither a normal business nor exactly private, even if its shares are in private hands. So this week's announcement that current and former top executives at the mortgage giant wouldn't be receiving $44.4 million in Fannie Mae shares has to count as progress." The "optimistic view of yesterday's news is that Fannie, chastened by the accounting fraud and a newly invigorated regulator under Ofheo Director James Lockhart is beginning to act more like an ordinary company and less like the local bully in Washington."

CRIMINAL LAW:

Libby Trial Jury Begins Deliberations. ABC World News (2/21, story 6, :20, Gibson, 8.78M) reported, "The trial of a former top White House adviser went to the jury today. Lewis 'Scooter' Libby is accused of obstructing the investigation into who leaked the identity of a CIA agent during the run-up to the war in Iraq. Libby was Vice President Cheney's chief of staff at the time." The CBS Evening News (2/21, story 9, :15, Couric, 7.66M) also noted, "Vice President Cheney's former chief of staff is charged with perjury and obstruction of justice in the CIA leak case."

The AP (2/22, Sniffen) reports, "After 4 1/2 hours of deliberation, the jurors went home until Thursday. The jurors include a former Washington Post reporter, an MIT-trained economist, a retired math teacher, a former museum curator, a law firm accountant, a Web architect and several retired or current federal workers. There are 10 whites and two blacks -- unexpected in a city where blacks outnumber whites more than 2-to-1." The Washington Post (2/22, A4, Goldstein, Leonnig, 690K) notes that "the presiding judge urged jurors to rely on their 'life experiences' in deciding whether the vice president's former chief of staff lied to investigators -- or made an honest mistake -- about his role in a CIA leak. U.S. District Judge Reggie B. Walton's instructions to the jury of eight women and four men reinforced the issue of the fallibility of human memory that has been central to one of Washington's most celebrated trials in years."

The AP (2/22, Sniffen) reports that the jury received "more than an hour of instructions Wednesday from U.S. District Judge Reggie Walton before beginning their discussions. … Walton explained to the jurors that they must weigh the truth of several statements by Libby in the various counts." The AP continues, "On the obstruction count, Walton said they could find Libby guilty should they unanimously decide any one, or more, of three Libby statements were lies: that Russert asked Libby if Plame worked at CIA and said all the reporters knew it; that Libby was surprised to learn the Plame information from Russert; or that Libby told Cooper he had heard it from reporters but did not know it was true. … On one count of lying to the FBI, jurors could find Libby guilty if they found either or both of his statements about the Russert call were lies, Walton explained. The other count of lying to the FBI hinges on Libby's statement about the Cooper call. … On two counts of perjury, jurors would have to weigh various Libby statements to the grand jury about how he learned about Plame's job and whom he told, including four separate statements in one count, Walton said."

In addition to reporting on the start of jury deliberations, the AP and newspaper stories recount the arguments made by both sides at trial – and note, as the WPost reports, "Evidence and 14 days of testimony have shown that Cheney, Libby and other top administration officials sought to discredit Wilson." Under the headline "Libby Perjury Hearing Casts Cloud Over Cheney," the Financial Times (2/22, Daniels) reports, "Even if Mr Libby is convicted, questions will remain about Mr Cheney's role in directing his aide to rebut Mr Wilson, and his intervention to force" former White House spokesman Ari Fleischer "to make a public statement exonerating Mr Libby. But an acquittal would also carry risks for Mr Fitz-gerald. It could lead to criticism that he prosecuted what turned out to be a trivial case. It could also underline that he failed to prosecute anyone for the initial crime he was appointed to investigate: who it was who leaked the name of Ms Plame." The New York Times (2/22, 1.16M) and USA

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Today (2/22, Willing, 2.27M) also report on yesterday's proceedings.

Trial Fuels Debate Over Alleged Political Use Of Intelligence. Under the headline "Politics Meets Intelligence At Trial," the Wall Street Journal (2/22, A8, Perez, Solomon, 2.04M) reports that the Libby "case has added fuel to calls for a broader examination of how intelligence was used in political arguments in the past six years. Moreover, some current and former administration officials say, the trial's airing of the use of intelligence -- especially over the Iraq war -- threatens to further undermine confidence in American claims on other sensitive matters. That could be a particular problem in the U.S. campaign to convince the world to curb Iran's nuclear program." The Journal adds that "the trial has provided congressional intelligence officials with extensive information on how the vice president's office functioned semi-autonomously in pushing foreign-policy initiatives. These officials said the information could prove helpful in continuing investigations into how public statements made by the president and vice president differed from the underlying intelligence provided by the CIA and other intelligence agencies."

Henninger Blames DOJ For "Travesty" Of Libby Prosecution. In a Wall Street Journal (2/22, 2.04M) column, deputy editor Daniel Henninger writes that the Libby trial "is the closest version of a Red Queen trial this country has had in a long time. … Lewis G. Carroll's account of the Knave' s trial before the Red Queen and White Rabbit is famous for the Queen's dictum, 'Sentence first, verdict afterward.' But read the full transcript of the mock trial and one will see that the real subject is not justice, but the humiliation of the defendant." Henninger adds, "If found guilty, Mr. Libby goes to prison. … If acquitted, he loses only…his reputation. This, too, is ruin. … It is a travesty that the Valerie Plame bump-and-run case brought Lewis Libby to the edge of this cliff. Primary blame belongs to the Bush Justice Department's abdication of responsibility."

Former Florida Federal Prison Guard Sentenced In Sex Scandal. The AP (2/22) reports, "A former federal prison guard was sentenced Wednesday to a year of home detention and three years probation for his role in a sex-for-contraband scheme that ended in a deadly gun battle last summer." The AP continues, "E. Lavon Spence, who pleaded guilty to mail fraud in October, was sentenced by Chief Judge Robert L. Hinkle in federal court. … Prison time 'would affect the recovery' of Spence from his November stroke at the age of 40, Hinkle said." The AP adds, "A Justice Department special agent was killed and a prison officer was wounded in June when they came to arrest the six guards at the Tallahassee Federal Correctional Institution. One of the guards, Ralph Hill, was also killed in the gunfight Hill started. … Three of the guards have already been sentenced to a year in prison, with two also receiving three years of probation after their release. A fourth guard was sentenced to a year of probation."

Former Civilian DOD Employee Pleads Guilty To Taking Bribes. The Stars and Stripes (2/22, Coon) reports, "A former employee of U.S. Special Operations Command Europe in Stuttgart, Germany, pleaded guilty on Friday to accepting bribes in return for steering work to a Romania- and Iraq-based contractor." S&S continues, "Steven Merkes, who worked as a logistical planner, faces up to two years in prison and $250,000 in fines for performing acts for Philip Bloom in return for $24,000 in cash and future employment, according to a Justice Department news release. … Sentencing for Merkes is scheduled for June 1." S&S adds, "Bloom, one of the ringleaders in a wide-ranging scheme to defraud the former Coalition Provisional Authority of Iraq, was sentenced Friday to 46 months in prison and ordered to forfeit $3.6 million for committing bribery and money-laundering and conspiring to defraud. … Both cases were tried in U.S. District Court in Washington." S&S notes, "According to the Justice Department, Merkes worked at the special operations command, or SOCEUR, as an airman until January 2005, and afterward as a Defense Department civilian employee. … In both positions, Merkes' official duties consisted of planning military exercises for special operations forces in the European theater, according to the Justice Department. … Bloom, 67, of Bucharest, Romania, was at the center of a scandal that resulted in the arrests of at least four servicemembers and three civilians. One of the civilians, Robert Stein, was sentenced Jan. 29 to nine years in prison for charges including weapons possession. … Stein, a former comptroller with the Coalition Provisional Authority, was convicted of, among other crimes, stealing money from the Coalition Provisional Authority of Iraq that was funneled to Bloom for the purchase of assault rifles, silencers and grenade launchers, for personal use in the United States, according to the Justice Department."

1980 Corruption Case Said To Offer Insights On Fumo Defense. The Philadelphia Inquirer (2/22, Lounsberry, 385K) reports, "The case was federal, and one of the defendants was State Sen. Vincent J. Fumo. But the year was 1980, and that was another era in Philadelphia politics and in FBI corruption probes. … Though a jury found Fumo guilty, along with former city Democratic Party chief Peter J. Camiel and former State Sen. Thomas M. Nolan, a judge overturned the verdict and acquitted all three -- a giant victory for political figures who faced possible prison sentences." The Inquirer notes, "The old case offers insight about how Fumo, as a defendant, conducted himself on the witness stand. It lays out how some of the city's top defense

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lawyers fought at trial, and on appeal." Then-US Attorney Peter F. Vaira "said that if the 1980 federal case is any guide, Fumo and his current legal team will fight like tigers."

Suspected Software Pirate Arraigned On Federal Charges. InformationWeek (2/22, Gaudin) reports, "A man, U.S. authorities describe as the leader of one of the oldest and most renowned Internet software piracy groups, was arraigned in U.S. District Court on Tuesday." IW continues, "Hew Raymond Griffiths, 44, a British national living in Bateau Bay, Australia, is being charged with one count of conspiracy to commit criminal copyright infringement and one count of criminal copyright infringement. If convicted on both counts, Griffiths faces a maximum sentence of 10 years in prison and a $500,000 fine. … Griffiths, known by the screen nickname 'Bandido,' was extradited from Australia in what the Department of Justice says is one of the first ever extraditions for an intellectual property offense. He had been held in Australia for three years while he fought the extradition. … 'Griffiths claimed to be beyond the reach of U.S. law, and today, we have proven otherwise,' said Assistant Attorney General Alice Fisher, in a written statement. 'This extradition represents the Department of Justice's commitment to protect intellectual property rights from those who violate our laws from the other side of the globe.'" IW adds, "The indictment, which was returned in March 2003, charges Griffiths with violating U.S. criminal copyright laws as the leader of an organized criminal group known as DrinkOrDie. The group was known as one of the oldest security-conscious piracy groups on the Internet. DrinkOrDie was founded in Russia in 1993, according to the DOJ, and expanded internationally throughout the '90s. … The group was dismantled by the team effort of the DOJ and U.S. Immigration and Customs Enforcement as part of Operation Buccaneer in December 2001. More than 70 raids reportedly were conducted in the U.S., as well as in the United Kingdom, Finland, Norway, Sweden, and Australia. Operation Buccaneer so far has resulted in 30 felony convictions and 10 convictions of foreign nationals overseas, according to the DOJ."

Railroad Police Hunt Scoff-Law Snowmobilers. The Wall Street Journal (2/22, A1, Machalaba) reports from Holland, NY, "Railroad policeman Matthew Galas eased his cruiser behind a snowbank near a Norfolk Southern Corp. train line. He'd seen what he was looking for: fresh snowmobile tracks on the right of way. Lawbreakers had been there that morning. … He settled in to await his prey. An hour later, a snowmobile slid to a stop at the edge of the woods. Its driver nosed toward the train track, as if about to follow alongside it through railroad property. Then he spotted Mr. Galas, and disappeared back into the snowy forest. … Mr. Galas is one of more than a thousand police officers employed by U.S. railroads. A couple hundred of them spend at least part of their winters on a unique mission: chasing snowmobilers illegally on the train tracks." The Journal continues, "Mr. Galas once ticketed a man whose snowmobile was demolished after it had gotten caught in a snow-covered track. The driver dismounted shortly before a freight train smashed into his snowmobile -- as well as a second snowmobile that was trying to tow his off the track. Another time, Mr. Galas says he was dragged perhaps 100 feet across the snow at 2 a.m. by a snowmobiler he stopped for trespassing and suspected of being under the influence. When the snowmobiler decided to run for it, his vehicle's handlebars caught on Mr. Galas's jacket and gun belt. … After a slow start this year, winter has hit the Northeast with a vengeance. Where Mr. Galas works, in the Buffalo suburbs, that has meant frigid temperatures, heavy snowfall and an escalation of the annual fight between railroad police and the area's legions of snowmobile fanatics. So far this month, Mr. Galas has issued warnings to eight snowmobilers on the right of way in Holland, just one of many freight lines crisscrossing the area. Police have given out tickets that can carry fines of $100." The Journal adds, "Snowmobiling is important to the region's economy and culture. The state government provides funds to local snowmobile clubs to groom and mark their trails. Local shops, gas stations, restaurants and bars rely on snowmobile business, both from tourists and locals. … Some aficionados resent the railroad getting aggressive about patrolling the right of way along its tracks, which can be as wide as 100 feet and tends to have some of the flattest, smoothest paths among the hilly and treacherous woods."

Prosecutors Pursuing Indictments In Nevada Health Care Fraud Probe. KLAS-TV Las Vegas (2/21) reported on its Web site from a broadcast story, "Federal authorities are moving forward with a conspiracy investigation targeting several of the valley's best-known doctors and lawyer. FBI agents began the probe back in 2003. Federal prosecutors turned up the heat in front of a grand jury putting some of the most successful doctors and lawyers in Las Vegas in the crosshairs of this investigation. They reportedly called themselves the 'Medical Mafia.' The FBI suspects them of conspiring to rip off patients, clients, and insurance companies for tens of millions of dollars." KLAS noted, "FBI agents have reportedly gathered so much information about more than a dozen attorneys and physicians that they weren't sure which cases and charges to pursue. Knowledgeable sources say prosecutors have narrowed their focus to concentrate on cases involving conspiracy."

Massachusetts Financial Adviser Charged With Bilking Seniors. The AP (2/22) reports, "A federal grand jury indicted an Andover financial adviser yesterday on

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charges he bilked senior citizens in Connecticut and Massachusetts out of nearly $2 million and spent the money on lavish trips to Las Vegas and $5,000-a-day visits to strip clubs." John A. Baldo "was arrested Jan. 25 as he got off a flight from Boston to Las Vegas." The AP notes, "An 88-year-old man in Storrs, Conn., gave Baldo $1.6 million, and his 85-year-old brother, who also lives in Connecticut, gave him $200,000, according to the indictment. Prosecutors say he also stole $200,000 from a 63-year-old Rockport woman. FBI agent Melissa Valera said in a court filing that Baldo spent about $300,000 for three luxury cars and almost that amount gambling."

Michigan Man Sentenced To Nine Years In Prison For Child Porn. The AP (2/22) reports, "A suburban Detroit man was sentenced to 9 years in prison Wednesday for receiving more than 23,000 images and 94 movies depicting child pornography. Michael Timothy Long's conviction resulted from an investigation conducted by agents from the U.S. Department of Homeland Security's Bureau of Immigration and Customs Enforcement, according a news release from the U.S. Attorney's Detroit office." The AP notes, "The case is part of Project Safe Childhood, a nationwide effort launched in 2006 designed to protect children from online exploitation and abuse"

TJX Says Customer Data Breach Began In 2005. The Washington Post (2/22, D1, Nakashima) reports, "Retail giant TJX, whose stores include discount clothing chains T.J. Maxx and Marshalls, said yesterday that a computer-security breach stretched back 10 months earlier than the company originally thought, compromising credit and debit card data, drivers' license numbers, and names and addresses." The Post continues, "The announcement underscores a trend of security breaches involving sensitive credit card data and reflects failures to properly secure computer systems, to notify customers when breaches occur and to update laws for the cyber-crime age, lawmakers and analysts said. … TJX said that while it first thought the intrusion took place from May 2006 to January 2007, it now thinks its computer system was also hacked in July 2005 and on 'various subsequent dates' that year. The company, which reported the intrusion in January -- a month after it said it discovered the breach -- has not said how many customers may have been affected or how many customers it has notified." The Post adds, "Banks that issued the credit cards have not said how much they have had to cover in fraud-related losses. … More than 30 states have laws that require companies to notify customers as soon as possible when a breach has occurred, though most of the statutes let companies delay notification while law enforcement agencies investigate. A bipartisan group of senators has reintroduced legislation that would mandate customer notification and require companies that maintain personal information to establish internal policies to protect it."

California Sex Harassment Trial Goes To Jury. The Los Angeles Times (2/22, Garrison) reports, "For those who suspect that psychiatrists are at least as crazy as the rest of us, the sexual harassment trial that went to a jury Wednesday in Superior Court here has provided no end of material." The Times continues, "Jurors who listened to two weeks of testimony -- including psychiatrists testifying about their sex lives under code names to protect their reputations and descriptions of psychiatrists allegedly attending porn parties and having oral sex in cars. Now they must decide who is telling the truth." The Times adds, "Dr. David Martorano, a Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, claims he had an affair with his supervisor and that after he broke it off and rumors of it began to circulate, he lost a coveted post as chief resident, and his reputation was ruined. He sued the supervisor, Heather Krell, and UCLA. … Krell says there was no affair. Her lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for libel and slander. The jury considers both claims at the same time." The Times notes, "UCLA's lawyer, meanwhile, said it doesn't matter whether Martorano and Krell had an affair -- university administrators acted properly when they revoked the offer to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country. … Testimony was so explicit that Judge Judith Chirlin allowed several women to testify under code names -- a decision she acknowledged was unusual but said was necessary."

Maryand Governor Urges Lawmakers To Repeal Death Penalty. The Washington Post (2/22, B6, Wagner, Wiggins, 690K) reports, "Gov. Martin O'Malley urged Maryland lawmakers yesterday to repeal the state's death penalty, saying the punishment is 'inherently unjust,' does not serve as a deterrent to murder and saps resources that could be better spent on law enforcement. Stepping forcefully into a debate taking place in Annapolis and across the nation, O'Malley (D) suggested that Maryland and other states will inevitably execute innocent people. Maryland has put to death five people since 1978." The Post adds, "The issue, one of the most divisive facing the General Assembly this year, drew pleas from people on both sides of the issue during separate hearings conducted by House and Senate panels. But far more people turned out to support repeal, with nearly 30 people signing up to testify in favor of the bill in the Senate."

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CIVIL LAW:

SCOTUS Rules Concealment Of Assets Can Take Away Bankruptcy Right. The AP (2/22, Yost) reports, "The Supreme Court ruled Wednesday that a financially troubled small-business man gave up an important right under the federal bankruptcy code because he failed to disclose all of his assets as the law requires." The AP continues, "In a 5-4 decision, the Court said Robert Marrama of Gloucester, Mass., could not convert his bankruptcy case from one chapter of the code to another, as the law ordinarily allows. … The reason, the Court said, stemmed from his failure to disclose a Maine vacation home placed in a trust. Marrama, who operated a flooring company, listed the value of his interest in the property as zero, according to papers in the case." The AP adds, "After finding out about the home, the bankruptcy trustee said he would recover the real estate for the benefit of Marrama's creditors. Marrama had attempted to convert his case from a Chapter 7 liquidation to Chapter 13, which allows a debtor to keep property and pay debts over time. … Writing for the majority, Justice John Paul Stevens said honest debtors possess an absolute right to convert their cases to Chapter 13, but that nothing in the law limits a court's right to take away that right for 'fraudulent conduct.' … In dissent, Justice Samuel Alito said the bankruptcy code 'unambiguously provides' that a debtor has a 'broad right' to convert to Chapter 13. Alito said Chapter 13 contains a number of requirements that protect creditors from any bad faith by a debtor. … In Marrama's case, a bankruptcy judge denied the conversion to Chapter 13, and a bankruptcy appellate panel agreed."

Louisiana Hospital Settles Healthcare Fraud Charges With DOJ. The Moultrie (LA) Observer (2/22, Glenn) reports, "Following a U.S. Department of Justice investigation, Colquitt Regional Medical Center (CRMC) agreed to pay the federal government $475,000 to settle fraud allegations." The Observer continues, "The federal whistleblower case, which was filed Aug. 17, 2004, remained sealed until Wednesday. It centered around a series of claims submitted for Medicaid and Medicare reimbursement by CRMC's Home Care Services office in Sylvester from 2001 to 2005." The Observer adds, "Plaintiff Joyce Dickerson, a registered nurse and former director of the Moultrie Home Care Services office, allegedly reported to the hospital administration and the hospital authority in 2004 what she believed to be years of illegal billing. While hospital officials say the settlement was based on an 'error rate,' Dickerson's attorney Robert Howell of Moultrie said in actuality CRMC owes the federal government double the compromise agreement. … In the complaint, CRMC was alleged to have received payment from Medicare for services that were not reasonable and necessary, upcoded certification diagnoses so that the hospital was overpaid by Medicare and underutilized services after being paid in advance by Medicare allowing defendants to receive payment from both Medicare and patients."

Administration Stance Said To Have Edge In SCOTUS Faith-Based Case. In a Los Angeles Times (2/22, 850K) op-ed, Stanford Law School fellow Andrew Coan writes, "On Wednesday, the U.S. Supreme Court will hear oral arguments in just such a case. Hein vs. Freedom From Religion Foundation is unlikely to make headlines, but it could deal a sharp blow to the wall of separation between church and state. The plaintiffs are ordinary citizens who object to their federal tax dollars being used to fund the president's program for 'faith-based and community initiatives.' In particular, they claim that several conferences sponsored by the program were propaganda vehicles for religion and therefore violated the establishment clause of the 1st Amendment, which forbids government promotion of religion. The government defendants -- 'Hein' is Jay F. Hein, director of the White House Office of Faith-Based and Community Initiatives -- dispute the plaintiffs' claim about the conferences. But at this stage, the Bush administration is asking the court to throw the case out on grounds that ordinary taxpayers have no legal interest in how the executive branch spends public money." Indicators "strongly suggest that the administration's position will prevail, despite the threat it poses to the separation of church and state."

LATimes Offers Qualified Praise For SCOTUS Tobacco Ruling. The Los Angeles Times (2/22, 850K) editorializes, "The US Supreme Court went further this week -- though not far enough -- in reining in juries in civil cases that award outlandish punitive damages. By a disappointingly narrow 5-4 vote, the justices overturned a jury's decision that Philip Morris should pay $79.5 million to the widow of a smoker who died of lung cancer. The value of her actual damages was only $821,000. The justices could -- and should -- have ruled clearly that the $79.5-million award violated previous rulings that punitive damages may not be 'grossly excessive' and should bear a reasonable relation to the harm actually experienced by the plaintiff. But in returning the case to the Oregon courts, the court did impose a sensible rule that should make it harder for juries to sock deep-pocket and easily demonized defendants. … Without proper guidance, jurors can leap to the conclusion that damages should reflect the harm experienced by everyone who might have tasted tainted water -- or smoked a cigarette. Though it could have gone further, this week's decision should make such leaps less likely."

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CIVIL RIGHTS:

Initiative Will Strengthen Federal Enforcement Of Religious Freedom Rights. UPI (2/22) reports, "With the Executive Committee of the Southern Baptist Convention as his audience, U.S. Attorney General Alberto Gonzales announced the launch of the First Freedom Project, a Justice Department effort to fight religious discrimination. 'Religious freedom is a fundamental part of our nation's history and one of its core principles,' Gonzales told Executive Committee members Tuesday." UPI continues, "The First Freedom Project will be spearheaded by the Justice Department's civil-rights division and will build on the department's efforts to strengthen and preserve religious liberty throughout the nation, according to Gonzales, who sought the meeting with SBC leaders, Associated Baptist Press reported Wednesday. … 'Throughout our history, nothing has defined us a nation more than our respect for religious freedom,' Gonzales said. 'It is not confined to members of one church or the followers of one set of beliefs. Through this initiative, the Justice Department continues its vigorous efforts to enforce protections against religious discrimination.'" UPI adds, "The attorney general stressed that religious liberty is 'a universal right and applies to people of all faiths.' … Later, in response to a question, Gonzales told reporters he chose an audience of Southern Baptists to announce the government's new effort because 'this is a group very interested in the protection of religious freedom.' He noted the 'timing worked out where this was a good venue to speak to a receptive audience.' … Baptists in America were early champions of religious liberty and influenced the development of the Constitution's First Amendment, which guarantees religious liberty and other freedoms." UPI notes, "The First Freedom Project will initiate a program of public education to make certain that people know their rights, Gonzales said. 'People do not understand fully what their rights are,' he explained. … The First Freedom Project will sponsor a series of regional training seminars for leaders interested in religious liberty. The first one will be March 29 in Kansas City, Mo., followed by seminars in Tampa, Fla., April 25 and Seattle, Wash., May 10. Other dates and locations will be announced later."

Ohio Man Sentenced To 27 Months In Prison For Racial Intimidation. The AP (2/22) reports, "A man accused of serving as a lookout in a scheme to use mercury to scare black families from his neighborhood was sentenced to two years and three months in federal prison, the Justice Department said. Joseph Kuzlik of Cleveland, who is white, pleaded guilty in November to conspiring to interfere with the housing rights of an interracial family because of their race and to making false statements to federal investigators." The AP adds, "Kuzlik also was ordered to three years of supervised release and to pay $23,000 restitution to the U.S. Environmental Protection Agency and $767 to the Ohio EPA for cleanup. He also must make payments to individual victims."

Rhode Island AG Says State Should Recognize Massachusetts' Gay Marriages. The New York Times (2/22, Zezima, 1.16M) reports, "The Rhode Island attorney general said Wednesday that same-sex marriages performed in Massachusetts, the sole state where they are legal, should be recognized in Rhode Island." Responding to "a request for a legal opinion from the commissioner of the Rhode Island Board of Governors for Higher Education," Attorney General Patrick C. Lynch "said the state prohibited discrimination based on sexual orientation and did not explicitly prohibit same-sex marriage. 'Rhode Island will recognize same-sex marriages lawfully performed in Massachusetts as marriages in Rhode Island,' the seven-page opinion said." A spokesman for Gov. Donald L. Carcieri, "a Republican who opposes same-sex marriage, said Mr. Carcieri and his legal counsel were studying the opinion."

Supreme Court Sidesteps "War On Christmas" Case. The Christian Science Monitor (2/22, Richey, 59K) reports, "The US Supreme Court has declined to enter the fracas over what some conservatives are calling the war on Christmas. Without elaboration, the court issued a one-line order on Tuesday refusing to take up a potentially important church-state case concerning the use of religious symbols in public school holiday displays." At issue in Skoros v. City of New York was "whether the city's public school system is impermissibly promoting Judaism and Islam while conveying a message of disapproval of Christianity. School rules allow the Jewish menorah and the Muslim star and crescent in multireligious holiday displays but not nativity scenes depicting the birth of Jesus."

Novak Decries Elimination Of U Of Illinois Symbol. In a column for the Washington Post (2/22, A19), Robert Novak writes about the University of Illinois' board of trustees decision to eliminate the (81-year-old symbol of my alma mater" Chief Illiniwek, "bowing to years of pressure from Native American activists, the National Collegiate Athletic Association and liberal politicians." Novak continues, "This is a melancholy moment for me and many other Illinois alumni and university officials, including President B. Joseph White. The university has been forced to yield to blackmail. The death of the Chief epitomizes some unsavory aspects of contemporary American public life: political correctness,

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hypocrisy and bureaucratic tyranny." Novak, adds, "Only a small minority of Native Americans is shown by polls to oppose Indian nicknames in sports. The campaign against them gained momentum only when the NCAA, which can hardly cope with policing athlete misconduct and illegal payments in college sports, crusaded against dozens of colleges in the name of political correctness. The NCAA, under President Myles Brand, labeled Chief Illiniwek one of the 'hostile and abusive racial/ethnic/national origin mascots.' … But the Chief is no mascot (the university calls him a symbol). The big-headed depiction of the father of this country at George Washington University, the turtle representing the University of Maryland and the Demon Deacon for Wake Forest are mascots. Such college mascots are comical figures who engage in sham battles with each other and go into the stands to hug children. Chief Illiniwek did not. He was always austere and dignified. … The accusation that Illinois and other schools degrade Native Americans is absurd. These schools picked Indian symbols in admiration of their valor, ferociousness and indomitable spirit in the face of overwhelming odds." Novak concludes, "Chief Illiniwek finally was done in by politicians jumping on the NCAA's political correctness bandwagon. Illinois State Senate President Emil Jones Jr., no friend of the university, warned that trustees might not be confirmed unless they dumped the Chief, and university officials feared their appropriations coming under attack. … While I can understand dumping the Chief, I don't like it. I could react by withdrawing from my long-range commitments to support the University of Illinois, but I won't. That would put me in the same class as the petty bureaucrats and politicians who killed Chief Illiniwek."

ANTITRUST:

EMI Seeks Suitors After Warner Bid. The Financial Times (2/22, Reporters) reports, "EMI is in talks with several private equity groups including One Equity Partners, the US group affiliated with JPMorgan Chase, to sound out potential alternatives to Warner Music's $6bn approach for the British music group." The Times continues, "People familiar with the discussions cautioned that no firm offers appeared imminent, as Warner and would-be private equity suitors are demanding the right to conduct extensive due diligence on EMI's operations after it issued two profit warnings in quick succession since the start of the year. … EMI's board is still examining a possible securitisation of its publishing asset which remains its first choice unless a compelling offer is made." The Times adds, "The development comes less than three months after EMI's talks with Permira collapsed after the UK-based private equity group conducted due diligence, and four weeks after Warner's approach, which was disclosed only on Tuesday. … EMI, which would not comment on the discussions, rejected the January 24 approach from its closest rival, which is understood to have been pitched at an indicative price close to 300p. … Warner would not comment, but it is understood to have cut its valuation of EMI sharply since the latter's second profit warning. … Warner said yesterday any offer it made would be all in cash." The Times notes, "The US-listed group is understood to have decided against offering a stock alternative for financial reasons and because of the greater disclosure requirements offering shares would impose on its own investors. … Warner's statement came as EMI wrote to Warner, expressing doubts that the US group had significantly improved the chances of a deal being cleared by regulators. … Warner announced on Tuesday that it had secured the unexpected backing of Impala, an alliance of independent music companies which had opposed previous deals in the sector. … However, EMI's official response to Warner's approach argued it still saw significant regulatory risks."

EU Fines Elevator Makers For Price-Fixing. The Wall Street Journal (2/22, C12, Cohen) reports, "The European Commission Wednesday fined four elevator and escalator makers a total of €992 million ($1.3 billion) for fixing prices, Europe's largest-ever antitrust penalty." The Journal continues, "ThyssenKrupp AG was fined €479.7 million, United Technologies Corp.'s Otis unit was fined €224.9 million, Schindler Holding AG was hit with a €143.7 million penalty and Kone was fined €142.1 million. The sum of these fines, which topped a €750 million penalty levied last month against makers of power-grid components, reflects the commission's expanded powers to crack down on corporate cartels. … Under new antitrust guidelines established last year, the commission can levy larger fines and apply an automatic 50% increase for repeat cartel offenders. Since ThyssenKrupp had a previous cartel punishment -- a €3.2 million fine in 1998 for fixing stainless-steel prices -- its elevator penalty included this increase, bringing its fine close to the record €497 million Microsoft Corp. paid in 2004 for breaking monopoly laws." The Journal adds, "The commission launched its investigation into the elevator business in January 2004. Its probe showed that the four companies fixed prices and rigged bids in Belgium, Germany, the Netherlands and Luxembourg between 1995 and 2004. … The commission said Mitsubishi Elevator Europe BV, a division of Mitsubishi Electric Corp., participated in the Dutch cartel and it fined the company €1.8 million."

The Financial Times (2/22, Buck) reports, "It was the highest penalty imposed by the European Commission, topping a previous record set only last month. Brussels hopes that the recent increase in antitrust fines will deter companies from abusing the law and encourage people involved in

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cartels to blow the whistle on co-conspirators in exchange for immunity." The Times continues, "Neelie Kroes, the EU competition commissioner and the -official behind Brussels' get-tough approach, said the lift and escalator cartel had behaved 'outrageously', while her spokesman said taxpayers, public authorities and other customers had been 'ripped off big time' by the cartel." The Times adds, "ThyssenKrupp, the German engineering group, received the toughest penalty, €479.7m ($630m, £322.5m). Otis, a unit of US group United Technologies, was fined €224.9m, Schindler of Switzerland was given a €143.7m penalty and Finland's Kone was ordered to pay €142.1m. Mitsubishi's Dutch subsidiary was fined €1.8m. … Ms Kroes said: 'The damage caused by this cartel will last for many years because it covered not only the initial supply but also the subsequent maintenance of lifts and elevators. For these companies the memory of this fine should last just as long.' … The Commission said the lifts installed in its own headquarters as well as at the European Court of Justice in Luxembourg were covered by the cartel. It urged customers of the companies involved in the agreement to renegotiate their contracts, and said they might have the right to sue for damages."

USA Today/AP (2/22, Brand) reports, "George David, chairman and chief executive of United Technologies, said in a statement that company officials are 'disappointed by the conduct revealed through the Commission's and UTC's own investigations.' … 'UTC will not tolerate unethical behaviors of any kind,' he said. 'The nine local Otis employees who violated our code of ethics and regulatory compliance programs were quickly identified and dismissed and we have reinvigorated our ethics and compliance programs worldwide.'" The AP adds, "Otis and United Technologies disclosed the investigation in 2004 and have cooperated with the European Commission, David said. Otis and UTC have received full or partial reductions in penalties for its cooperation and the outcome will have 'no material impact' on UTC's financial condition or Otis' competitive position. … United Technologies is waiting for the full text of the decision and will review it before reporting on its impact on its 2007 earnings guidance. In addition, David said Otis will appeal the decision to a European court."

Bloomberg (2/22, Newman) reports, "Kroes has made fighting cartels a priority for her five- year term. On Jan. 24, she fined Siemens AG, Areva SA and eight other companies that make electricity network gear 750 million euros. The commission fined seven cartels a total of 1.84 billion euros last year, an annual record. … 'oday we see the commission really going forward and really emphasizing its commitment not only to penalizing participants in cartels but also sending a very clear deterrent message to companies that might be tempted to get involved in those types of activities,' John Pheasant, a partner at Hogan & Hartson LLP, said in an interview. … The commission, the EU's antitrust regulator, said the companies set prices in Belgium, Germany, Luxembourg and the Netherlands between at least 1995 and 2004. The companies rigged contract bids, allocated projects to each other and shared confidential information, the regulator said."

AFP (2/22) reports, "The US parent company of elevator maker Otis said Wednesday it would appeal against a record EU antitrust fine imposed against a lift cartel." AFP adds, "United Technologies Corp. (UTC) said it had 'cooperated fully' with the European Union's executive commission during the investigation into the market-rigging cartel. … 'Otis will appeal the commission's decision to the European Court of the First Instance,' a UTC statement said."

US Revokes Genetech Patent. The New York Times (2/22, Pollack) reports, "The Patent and Trademark Office has decided to revoke a fundamental patent held by Genentech, the biotechnology company, that was at the center of a recent Supreme Court decision." The Times continues, "The patent office's decision could cost Genentech hundreds of millions of dollars in royalties over the next decade but would save a like amount for rivals that are paying the royalties, including MedImmune, Abbott Laboratories, Johnson & Johnson and ImClone Systems. … In a statement yesterday, Genentech said it would appeal the decision through the patent office and, if necessary, the courts. The company said the patent would remain 'valid and enforceable' through the appeals process." The Times adds, "The decision is the latest in a long controversy, and even mystery, surrounding the patent. The patent was awarded in 2001 even though the inventions on which it was based were made in the early 1980s. If not revoked, the patent, often called the Cabilly II patent after the lead inventor, Shmuel Cabilly, would expire in 2018. … Last month the Supreme Court ruled that MedImmune could challenge the patent even though it had licensed the rights to use it. Lawyers said the decision would have a big impact on how patent licensing deals are structured. … The patent covers techniques for making monoclonal antibodies, which are the basis for many of the biggest selling products made by the biotechnology industry. Genentech shares revenue from the patent with its research partner at the time, the City of Hope, a medical center in Duarte, Calif."

EU OKs Lukoil Purchase Of ConocoPhillips Stations. AFP (2/22) reports, "EU antitrust regulators gave their approval on Wednesday to Russian energy group Lukoil's plans to buy the filling stations of US oil giant ConocoPhillips in seven European countries." AFP continues, "After probing the deal for its impact on competition, the European Commission said that it had 'ound that the proposed transaction would not impede effective competition'in Europe." AFP adds, "Under the deal, the

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Russian oil and gas group is buying 400 filling stations from ConocoPhillips in Belgium, the Czech Republic, Finland, Luxembourg, Poland, Hungary and Slovakia. … The two companies have been close partners since ConocoPhillips bought 7.59 percent of Lukoil in 2004. The US company has since increased its stake to 20 percent."

EU Gives Antitrust Nod To Japan Tobacco's Bid For Gallaher. The AP (2/22) reports, "European Union antitrust regulators on Wednesday cleared Japan Tobacco Inc.'s proposed $14.7 billion purchase of British cigarette maker Gallaher Group PLC, saying the deal did not pose competition problems on the European market." The AP continues, "Japan Tobacco, the world's third biggest cigarette company wants to buy Gallaher to give the maker of the Mild Seven brand a bigger share in the European market." The AP adds, "The European Commission said the deal showed overlaps between the two companies 'are generally limited,' with the brands of the two positioned in different market areas. 'Moreover, for all products concerned, the new entity would continue to face several strong, effective competitors with significant market shares,' the commission said in a statement. … The deal would reportedly be the biggest Japanese overseas acquisition. Gallaher, which employs 12,000 people worldwide, dates back to 1857, when Tom Gallaher started a business making Irish roll tobacco in Londonderry, Northern Ireland. Its cigarette brands in Europe include Benson & Hedges, Silk Cut and Sovereign."

AFP (2/22) reports, "The deal is expected to leave the JT group holding some 14 percent of the European Union market, with a 39-percent share in Britain and 45 percent in Austria. … EU regulators also found that the merger would not leave the combined company with crushing market share as it would face 'several strong, effective competitors.' … Japan Tobacco sells brands including Mild Seven, Camel and Winston in about 120 countries and the takeover will give it extra muscle to take on world number one Philip Morris Cos. Inc. of the United States."

Union Questions Steel Mill Sale Order. The AP (2/22, Dishneau) reports, "The United Steelworkers union and Maryland's economic development chief say they disagree with a federal order that global steel giant Mittal Steel Co. sell its Sparrows Point mill near Baltimore to settle antitrust issues raised by the Dutch company's planned acquisition of Arcelor SA." The AP continues, "While ordering the sale of the Maryland plant, the consent decree proposed Tuesday by Justice Department would allow Mittal to keep a Weirton, W.Va., mill that had volunteered to be sold to preserve competition for tin-plated steel, which is used primarily for food and aerosol cans." The AP adds, "The United Steelworkers, which represents the mill's 2,106 production workers, said it will seek a reversal of the decision because selling Sparrows Point won't necessarily help workers or the company. … 'It makes Mittal USA not as strong as it could be and does not assure Sparrows Point or Weirton a secure future,' said David R. McCall, chairman of the union's Mittal Steel committee. … The Justice Department said Sparrow Point's profitability and port access would help make it a viable competitor. In contrast, the Weirton mill has failed to thrive under Mittal's ownership, according to the Independent Steelworkers Union, which represents workers there."

Mittal Says Mill Sale Is Necessary. The Baltimore Sun (2/22, Connolly) reports, "After a day of silence, Mittal Steel Co. NV said yesterday that it was disappointed by the Justice Department's decision requiring it to divest its Sparrows Point steel mill to resolve antitrust concerns over tin plate production in the wake of its $33 billion merger with Luxembourg-based Arcelor SA." The Sun continues, "During a previously scheduled conference call with analysts yesterday to discuss fourth-quarter and year-end earnings, Mittal Chief Financial Officer Aditya Mittal said the company had no choice but to comply with the order even though it preferred to sell its plant in Weirton, W.Va. … A tentative deal to sell Weirton to Chicago-based Esmark Inc. is off the table, Mittal said, because of the Justice Department's decision. … 'We sympathize with everyone in Maryland because we feel the same disappointment,' Mittal said." The Sun adds, "The company has 90 days from Tuesday's ruling to sell Sparrows Point, but is eligible for a 60-day extension. … Esmark Chief Executive Officer James Bouchard said his company, which recently won control of Wheeling-Pittsburgh Steel Corp. in Wheeling, W.Va., has not heard from Mittal even though it has signaled its desire to buy Weirton and possibly Sparrows Point. … In yesterday's conference call, Aditya Mittal said the company wants to 'improve profitability' at Weirton. … However, he said tin plate production, while profitable, will likely face some restructuring in the near future because there is excess capacity."

House Judiciary Committee Plans Hearing With Sirius Executive. CNET News (2/22, Broache) reports, "A proposed merger between XM Satellite Radio and Sirius Satellite Radio has only been officially public for a few days, but it's already stirring questions on Capitol Hill." CNET continues, "On February 28, the U.S. House of Representatives Judiciary Committee, which has jurisdiction over antitrust laws, plans to hold a hearing to examine potential ramifications of uniting the nation's only two satellite radio operators, a deal estimated at $5 billion. Sirius CEO Mel Karmazin is the only confirmed participant so far. … 'We are holding this hearing to allow members to probe whether this merger will enhance or diminish competition in the digital music distribution industry,' Rep. John Conyers (D-Mich.), the committee chairman, said in a statement. 'Our members will

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explore how to define this new marketplace, and whether this merger will lead to increased choices and lower prices for consumers.' … Rep. Lamar Smith (R-Texas), the committee's co-chairman, said the panel plans to pay close attention to 'whether satellite radio competes against terrestrial radio, the Internet, or other emerging technologies'--a consideration that is key to making an antitrust analysis. … It is ultimately up to the U.S. Department of Justice and the Federal Communications Commission to decide whether the deal merits approval. One of the questions that has been raised is whether such a merger it would amount, as critics say, to a 'monopoly merger.'"

Verizon, Vonage Patent Dispute Heads To Trial. . The Wall Street Journal (2/22, B4, Fam) reports, "Verizon Communications Inc.'s patent-infringement suit against Vonage Holding Corp. opened in federal court, potentially adding to the troubles of the largest Internet telephone start-up." The Journal continues, "The case is closely watched by the nascent Web-calling industry, with some experts saying that a ruling against Vonage could encourage more patent suits in the telecom world." The Journal adds, "Verizon is accusing Vonage of infringing five patents, some related to features such as call forwarding, fraud detection and other technologies. Vonage denies the accusations and argues that the actual goal of the Verizon suit is to eliminate the Internet company, a growing competitor to Verizon's landline phone business. … 'We are firm in our belief that we have not infringed on their patents,' said Brooke Schulz, a Vonage spokeswoman. 'This case is about one thing and one thing only and that's about Verizon's attempts to stifle competition.'" The Journal notes, "Officials at Verizon have said the company is motivated by a straightforward desire to protect its intellectual property. The phone company filed the suit in June in U.S. District Court for the Eastern District of Virginia, a month after Vonage's initial public offering in May. … Pretrial talks between the two competitors failed to result in a settlement. In court yesterday , the judge selected a jury and attorneys delivered opening statements for both sides."

Apple, Cisco Settle Differences Over iPhone Name. The Wall Street Journal (2/22, B4, Wingfield) reports, "Apple Inc. and Cisco Systems Inc. agreed to resolve a trademark dispute over the term iPhone that had threatened to put a damper on the introduction of Apple's most eagerly anticipated electronics product in years." The Journal continues, "Under their agreement, Cisco, of San Jose, Calif., and Apple, of Cupertino, Calif., are free to use the iPhone trademark on their respective products throughout the world. Cisco will drop a lawsuit it filed against Apple in federal court in San Francisco, accusing Apple of infringing on a Cisco trademark with a forthcoming cellphone called the iPhone, due out in June." The Journal adds, "In a joint statement, Apple and Cisco said they will explore opportunities for making their products work better together "in the areas of security, and consumer and enterprise communications." The companies said other terms of the settlement are confidential, declining to comment further. … By reaching a deal, the two Silicon Valley icons head off a battle that potentially could have dragged on for years, and possibly led to an injunction to block Apple's use of the iPhone name."

The New York Times (2/22, Stone) reports, "Wednesday night, in a short, ambiguously worded statement, the companies said they would dismiss all legal action against each other regarding the trademark and that Apple could use the name for its device, which it plans to start selling in June. … In addition, the companies said they would explore ways to make their identically named iPhone products work together 'in the areas of security and consumer and enterprise communication.'" The Times adds, "Representatives for Apple and Cisco said other terms of the deal would remain confidential. It is not known if Apple made a cash payment to Cisco, but intellectual property lawyers say some sort of payment is typical in these cases. It is also unclear whether Cisco had sold Apple the name iPhone outright and had then secured permission to use it itself. … But the deal appears to give a partial victory to both sides. Apple can begin selling its phone with the name that its strong-willed chief executive, Steven P. Jobs, seemed to prefer. … Cisco can also continue to use the name, and with the promise of interoperability, it might have some of the hype and magic surrounding Apple's products rub off on its own less prominent offerings."

USA Today (2/22, Kessler) reports, "Apple and Cisco Systems ended their feud over the iPhone name late Wednesday — and Apple appears to have won, tech analysts said." USA continues, "The two Silicon Valley tech giants said they agreed to share rights to the name and end their legal battle over it. … Cisco — the longtime owner of the name — had earlier said it would share it with Apple as long as the electronics-maker made its iPhone compatible with other companies' products. The settlement addressed that concern, with the two companies pledging to "explore opportunities for interoperability in the areas of security, and consumer and (business) communications." … Other terms were confidential." USA adds, "Since the full deal was not made public, it's hard to say for sure which company came out on top, says tech analyst Roger Kay with Endpoint Technologies Associates. But it sure looks like a 'face-saving' agreement for Cisco, he says. … 'It looks like Cisco caved,' says independent tech analyst Rob Enderle. The pledge of interoperability talks 'looks like the typical promise that (Apple CEO) Steve Jobs has no intention of keeping,' he says." USA notes, "The controversy over the iPhone name began last year, when Apple was developing a feature-packed

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cellphone. Long before it had an official name, Apple fans dubbed it the iPhone. That's because many Apple products begin with an 'I', including the iPod music player and iTunes music store. … But there was a problem: Cisco, the world's largest network equipment maker, owned the iPhone trademark. It had originally been registered in 1996 by InfoGear, a networking company later acquired by Cisco. After the deal, Cisco adopted the name and introduced a line of iPhones, which it still sells today."

Justices Consider Patent Case. The Wall Street Journal (2/22, A4, Bravin, 2.04M) reports, "The Supreme Court, in the latest in a series of cases revisiting the application of patent protections in the high-tech era, heard arguments over where software fits within intellectual-property law." AT&T Inc. "holds a patent for voice-compression technology that makes it easier to transmit and store speech on personal computers and other devices. Microsoft Corp. concedes installing the technology on US-built computers would infringe the patent. But it says it isn't a violation to ship a master disk of the software overseas, where it duplicates the software for installation on computers assembled in Germany, Belgium and other countries." Microsoft "argues the 'component' is a physical disk containing the software, and it is free to duplicate it overseas, much as it could duplicate any other patented device overseas. AT&T contends the software itself is the component, regardless of the medium." Lower courts "have agreed with AT&T." The Washington Post (2/22, D1, Barnes, Sipress, 690K) among other newspapers, also reports the story.

ENVIRONMENT:

Nine States Sue US Over Mercury Emissions. The AP (2/22, Flesher) reports from Traverse City, MI, "Michigan and eight other states sued the Bush administration Tuesday, saying the White House failed to adequately regulate emissions of mercury and other pollutants at cement plants." The AP continues, "The states contend a rule issued by the Environmental Protection Agency in December does not comply with the federal Clean Air Act." The AP adds, "Mercury comes from raw materials used to make cement - such as limestone, clay, sand and iron ore - and from fuels such as coal, which fires the kilns where the ingredients are baked at high temperatures. … In December, the EPA announced new limits on mercury and hydrocarbon emissions from cement kilns built after Dec. 2, 2005. … But for kilns built earlier, the agency imposes lesser requirements such as operating kilns properly to ensure complete combustion and removing kiln dust when it can no longer be recycled." The AP notes, "Critics say the Clean Air Act requires the EPA to limit mercury from all kilns, not just new ones. … The lawsuit was filed in the U.S. Court of Appeals in the District of Columbia, where several environmental groups filed a separate action last week. The other eight states are Connecticut, Delaware, Illinois, Maryland, Massachusetts, New York, New Jersey and Pennsylvania."

Study Says Southwest Droughts, Water Shortages Likely To Worsen. The New York Times (2/22, Dean, 1.16M) reports, "The Colorado River Basin is more prone to drought than had been thought, a panel of experts reported yesterday, and as the climate warms and the population in the region grows, pressure on water supplies will become greater." The "panel recommended an 'action-oriented' study of water use patterns and demands, including drought planning, population projections and possible effects of transferring water to urban areas from agriculture, still the dominant consumer." The Times adds, "Global warming is already making things worse, the experts said."

USA Today (2/22, O'Driscoll, 2.27M) reports, "Rising population 'will inevitably result in increasingly costly, controversial and unavoidable trade-off choices' in sharing the Southwest's most precious natural resource, the report says." The "report says climate reconstructions using tree-ring data and projections with computer models show extended droughts were common in the past and will be longer, more severe and more frequent in the future."

The Los Angeles Times (2/22, Boxall, 850K) reports, "Global warming will worsen drought and reduce flows on the Colorado River, a key water source for several western states, according to" the report. The "study, prepared by a National Research Council committee, paints a sobering picture as the water needs of a rapidly expanding population test the limits of a river system strained by the effects of climate change." The Times adds, "Such measures as conservation, desalination and water recycling would be helpful, the [study's] authors said, but wouldn't offer a panacea."

Scientists Fear Release Of Carbon From Northern Forests Could Set Off Vicious Cycle. In a front-page story, the Washington Post (2/22, A1, Struck, 690K) reports, "Nearly half of the carbon that exists on land is contained in the sweeping boreal forests, which gird the Earth in the northern reaches of Canada, Alaska, Scandinavia and Russia. Scientists now fear that the steady rise in the temperature of the atmosphere and the increasing human activity in those lands are releasing that carbon, a process that could trigger a vicious cycle of even more warming." Rising temperatures "could free vast stores of carbon and

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methane that have been collecting since the last ice age in the frozen tundra and northern forests. Their release would push the world's climate toward a heat spiral that would raise ocean levels, spawn fierce storms and scorch farmlands, scientists believe." But the land "could also be enlisted to help abate global warming, as both a storehouse for man-made carbon dioxide and a natural sponge for greenhouse gases. Policymakers are considering changes to protect and expand the forested areas that store carbon; outside the boreal forest, they are experimenting with techniques to bury man-made carbon dioxide in underground vaults and porous seams."

FBI/DEA/ATF/USMS:

Group Sues US Over Medical Marijuana Policy.

The New York Times (2/22, Marshall) reports, "Frustrated by government policy and inaction, a group of advocates for medical marijuana sued two federal health agencies on Wednesday over the assertion that smoking it has no medical benefit." The Times continues, "The group, Americans for Safe Access, a nonprofit organization based in Oakland, filed the lawsuit in Federal District Court, challenging the government's position that marijuana, 'has no currently accepted medical use in treatment in the United States.'" The Times adds, "In its lawsuit, the group contends that federal regulators have publicly issued 'false and misleading statements' about the medical benefits of marijuana. … The lawsuit, which named the Department of Health and Human Services and the Food and Drug Administration, seeks a court order to retract and correct statements that the group called, 'incorrect, dishonest and a flagrant violation of laws.' … A lawyer for the medical marijuana group, Joseph Elford, said the lawsuit was filed now because administrative avenues had been exhausted and because of mounting scientific and anecdotal evidence to the contrary."

The AP (2/22, Leff) reports, "Armed with a new study that shows smoking marijuana eased pain in some HIV patients, medical marijuana advocates sued the U.S. government Wednesday over its claim that the drug has no accepted medical benefits." The AP continues, "The lawsuit filed in U.S. District Court by Americans for Safe Access accuses the U.S. Department of Health and Human Services of engaging in 'arbitrary and unlawful behavior' that prevents 'sick and dying persons from seeking to obtain medicine that could provide them needed, and often lifesaving relief.'" The AP adds, "The group wants a judge to force the department and the U.S. Food and Drug Administration to stop giving out information that casts doubt on the efficacy of marijuana in treating various illnesses. … 'The FDA position on medical cannabis is incorrect, dishonest and a flagrant violation of laws requiring the government to base policy on sound science,' Joe Elford, chief counsel for the group, said in a statement. … California is one of 11 states where marijuana use is legal for people with a doctor's recommendation, but because the U.S. government does not recognize the drug's medical benefits, patients can still be arrested and prosecuted by federal authorities."

The San Mateo County Times (2/21) reported the lawsuit "comes a week after the release of a controlled, clinical University of California, San Francisco study showing HIV patients who smoked marijuana found relief from chronic foot pain."

Medical Marijuana ID Card Fee To Nearly Quadruple In California. The San Mateo (CA) Daily Journal (2/22) reports state fee increases "due to a shortfall of clients for California's medical marijuana identification cards is trickling down to local programs, including San Mateo County which plans to nearly quadruple the cost by next month. At its meeting Feb. 27, the Board of Supervisors plan to increase fees from $45 to $174. Medi-Cal beneficiaries will still receive a 50 percent discount. … The change is effective March 1 but participants will only feel the pinch as their cards expire annually. The ID program must be funded entirely by fees rather than taxpayer dollars at both the state and county level."

Researchers Say Long-term Marijuana Use May Cause Respiratory Problems. HealthDay News (2/22) reports people who "smoke marijuana for a long time face many of the same kinds of respiratory problems - such as phlegm, coughing and wheezing - as long-term cigarette smokers, say researchers at the Yale School of Medicine. They reviewed previous studies from 1966 to 2005 that examined the association between marijuana and pulmonary function and respiratory complications. Some of the studies found a link between short-term marijuana use and relaxation and opening of the air passages. However, other studies identified an association between long-term marijuana use and increased risk of respiratory symptoms, suggestive of obstructive lung disease."

Marijuana Use Linked To Impaired Memory. CNN's Lou Dobbs Tonight (2/21, 6:00 p.m.) aired, "Marijuana is the most commonly used illegal drug in this country. But in ten states, it's legal for medical purposes. Political maneuvering has intensified the debate over medical marijuana and the growing evidence about its detrimental and dangerous effects. … Proponents of medical marijuana point to its pain-relieving qualities. And a recently-published study with HIV patients with the University of California San Francisco found benefits. But researchers at Brookhaven National laboratory have been conducting research on a different topic: the impact of long-term marijuana use and dependency on the brain." Reporter: "Impaired memory and feelings of anxiety are more than just jokes, they are reality. So too are frequent respiratory infections and concern that the cancer risk of

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marijuana users is higher, which is why the American cancer society does not endorse smoking marijuana nor its legalization."

NBC Highlights Illegal Internet Drug Sales. NBC News (2/21) reports online that "buying prescription drugs over the Internet has become standard operating procedure for many Americans who used to visit the neighborhood pharmacy. And while many Internet pharmacies are 100-percent legitimate, hundreds of others are not and are seen by law enforcement as a dangerous problem." NBC's Mark Potter "was on a raid of one of these alleged pill mills." NBC adds, "At a drug store near Tampa, agents and investigators from the Drug Enforcement Agency swoop in to suspend the license of an Internet pharmacy for allegedly selling painkillers over the Web illegally. In this case, boxes and boxes of hydrocodone. 'This is probably destined for a customer who's ordered it online somewhere across the country,' says DEA Investigator Chris Grush."

NBC Nightly News (2/21, story 10, 2:30, Williams) aired, "Authorities say thousands of Web sites and hundreds of illegal pharmacies have sprung up nationwide, cutting corners on medical exams, charging 6 to 10 times the normal price for prescription drugs that are widely abused." Mark Trouville, DEA: "They're hiding behind the profession, they're hiding behind their education and out to make money." NBC added, "The big concern is that many online pharmacies use doctors to write prescriptions for dangerous and addictive drugs, for people they've never met. Federal agents say it is not uncommon for Internet buyers to simply fill out a brief medical questionnaire."

Authorities Say Colombian Woman Is Highest Ranking FARC Member Convicted In US. The Washington Times (2/22, Seper) reports a "high-ranking female member of a left-wing Colombian terrorist organization has been convicted with two others in U.S. District Court for the District of Columbia on drug charges." Nayibe Rojas Valderama, "was convicted, along with co-defendants Jose Antonio Celis and Juan Diego Giraldo, on charges of conspiring to import cocaine into the United States and conspiring to manufacture and distribute cocaine -- knowing it would be unlawfully imported into the United States." Valderama "has been identified by U.S. law-enforcement authorities as the finance officer of the 14th Front of FARC and is the highest-ranking member of the group to be convicted in the United States. … 'The FARC is a double evil -- they poison the blood of our people with their drugs and spill the blood of their own with guns and machetes bought with drug profits,' U.S. Drug Enforcement Administration boss Karen P. Tandy said."

In its "Nation in Brief" section, the Washington Post (2/21, A4) reported prosecutors "cast Rojas, also known as Sonia, as a gun-toting senior FARC official who gathered coca base from farmers and sold it to refiners and traffickers, who then sent more than five tons of cocaine to the United States."

IMMIGRATION:

Kennedy Set To Introduce Immigration Reform Bill. The Washington Times (2/22, Hurt, 88K) reports, "Senators and lobbyists are putting the final touches on a comprehensive immigration-reform bill that includes an easier citizenship path for illegal aliens and weaker enforcement provisions than were in the highly criticized legislation that the Senate approved last year." Sen. Edward Kennedy "will introduce the bill as early as next week, according to Senate sources knowledgeable about the negotiations. If the Senate Judiciary Committee can make quick work of the bill, it could be ready for floor action in April." Kennedy "drafted this year's bill with help from Sen. John McCain, Arizona Republican, and outside lobbyists. Mr. McCain and the outside groups share Mr. Kennedy's support for increased immigration and leniency for illegals already in the country." Among the "most active participants have been the Essential Worker Immigration Coalition (EWIC) and the U.S. Chamber of Commerce."

Arizona Sees Shortage Of Farm Workers. The Christian Science Monitor (2/22, Bowers, 59K) reports, "Empty stations on the harvest lines are more common this year throughout this swath of Arizona farm country, says" Rick Rademacher, "who serves as president of the Yuma Fresh Vegetable Association. The reasons are many: A 40,000-person limit on the number of foreign guest workers allowed into the US, tighter borders that are discouraging illegal crossings, and rising demand for day laborers in other industries, such as higher-paying construction work." The shortage "of farm workers has been driving wages higher. Last season, base pay for day laborers working in this area was $6.50 an hour. Now it's $8.50. Rademacher says it may go higher because farmers here can't attract enough employees." Rademacher would "like to see an expanded guest-worker program to ease the labor crunch here, just five miles from the border. It would ensure that he can get his crop in – and sell it to supermarkets at a price that is competitive with prices of vegetables from overseas."

Advocacy Groups Criticize Conditions At Family Detention Centers. The New York Times (2/22, Swarns, 1.16M) reports a pair of advocacy groups, the Women's Commission for Refugee Women and Children, and Lutheran Immigration and Refugee Services, are expected to release a report Thursday criticizing the "prisonlike housing" at detention centers used by the Bush administration to hold immigrant families. "The Department of Homeland Security,

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which allowed the advocacy groups to visit the two detention centers that house immigrant families, has already corrected several problems identified by the groups." Officials at the agency, "who said they were still reviewing the report, vigorously defended the quality of services provided by" the T. Don Hutto Residential Center and the Berks Family Shelter Care Facility, with spokesman Marc Raimondi saying that both "adhere to the highest standards."

The Washington Post (2/22, A3, Moreno, 690K) reports Mustafa Elmi, a 3-year-old living at Hutto, "had to report to his cell three times for headcount" on his birthday. "To be able to get one hour of recreation inside a concrete compound sealed off by metal gates and razor wire he had to pin his picture ID to his uniform." Though "US Immigration and Customs Enforcement (ICE) routinely separated parents from their children upon apprehension by the Border Patrol" before Hutto was opened last May, the advocacy groups "have termed the facility 'a penal detention model that is fundamentally anti-family and anti-American.'" Their report "lauded the goal of keeping families together but urged DHS to close the Hutto facility, saying that 'prison-like institutions' are not appropriate for families. … In response, ICE spokesman Marc Raimondi said that the Hutto and Berks facilities 'maintain safe, secure and humane conditions and invest heavily in the welfare' of the detainees."

McClatchy (2/22, Mondics) reports Berks was found to have "the more humane conditions, but even there detainees reported harassment by staff including the threat of separating parents from their children, the report said. 'Every woman we talked to in the facilities cried,' said Michelle Brane, one of the authors of the report, prepared by the Lutheran Immigration and Refugee Service and the Women's Commission for Refugee Women and Children."

Immigration Raids Raise Concerns Among Advocate Groups. The AP (2/22, Barbassa) reports, "Fear has gripped immigrant families across the United States as federal agents raid neighborhoods, work sites and jails in a nationwide crackdown on illegal immigration." The AP continues, "Tens of thousands of people have been rounded up over the past several months, and many more are afraid to leave home, answer a knock on the door or leave their children alone in fear they might be next. Churches and community groups are stepping in with legal advice and financial aid for families split up or left without an income because of the sweeps. … From California to Connecticut, federal officials have launched a full-scale offensive to find and deport illegal immigrants. It's part of a two-pronged approach, said Virginia Kice, spokeswoman for U.S. Immigration and Customs Enforcement: secure the nation's borders while stepping up enforcement within." The AP adds, "Groups supporting a reduction in immigration have praised the shift toward more aggressive enforcement. 'Enforcement actions like these play an enormous role in deterrence,' said Steven Camarota, of the conservative think tank Center for Immigration Studies. … But many immigrants and their advocates say it's splitting families and hurting the legal relatives of immigrants who crossed the border illegally, as well as their co-workers, employers and the businesses that serve them."

TAX:

Brother Of Alleged Chicago Mobster Gets Probation For Tax Fraud. The Chicago Tribune (2/22, Gibson, 617K) reports, "The brother of reputed mob boss Joey 'the Clown' Lombardo was sentenced Wednesday to 60 months' probation for conspiracy in a tax fraud scheme centered at a strip club in Las Vegas. Sixteen individuals, including Lombardo's brother Rocco, have pleaded guilty to the conspiracy scheme for underreporting cash they received while working at the Crazy Horse Too strip club. The case stems from a lengthy federal investigation of the strip club and owner Ricky Rizzolo." The Tribune notes, "Rizzolo and Rocco Lombardo would dine with Joey Lombardo when Rizzolo came to Chicago on business, court records show. And when Joey Lombardo disappeared, FBI agents went looking for him in Las Vegas."

CONGRESS-ADMINISTRATION:

Bush Promotes Healthcare Plans In Visit To Tennessee. USA Today (2/22, 7A, 2.27M) reports President Bush "flew to Chattanooga, Tenn., on Wednesday to promote his plan to expand health care coverage to millions of people by shifting decisions and responsibility to individuals. … Under the president's proposal, health insurance benefits would be taxable income, but people would get a standard tax deduction for health insurance: up to $15,000 for family coverage, $7,500 for individual coverage." In Chattanooga, Bush co-hosted a healthcare forum with Tennessee Gov. Phil Bredesen, a Democrat. The AP (2/22, Feller) says Bush "received a hearty ovation as he described his plan." He "shared a stage with people who hold full-time jobs but can't afford health insurance for their families."

The Chattanoogan (2/21) reported on its website, "Some 500 Chattanoogans, including many of the city's leaders, were in attendance as the President moderated the event aimed at promoting his new policies aimed at making health care more affordable. He was on the podium with selected citizens and business owners -- all of whom said

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they either could not afford health care coverage or had inadequate coverage."

The Washington Post (2/22, Abramowitz, 690K) reports, "Democrats in Washington are showing little enthusiasm for the Bush health agenda, but the president is plugging away, insisting he sees hope for compromise before his term ends in less than two years. Indeed, the end seemed on his mind as he bantered with several hundred audience members, arguing for greater transparency in health-care pricing." The Post also reviews Bush's proposed tax-code changes and notes, "Many health economists say they think Bush is overstating the impact of the tax code changes, but they say he might have a bigger bang if he were to give low-income people tax credits to buy insurance, an idea the White House considered and rejected. A study released this week by the Community Research Council of Chattanooga concluded that very few of the uninsured in Hamilton County, which includes Chattanooga and its suburbs, make enough money to benefit under the current Bush plan." The Post also notes, "Even as the president arrived in Tennessee, the local news was full of reports that a change in federal reimbursement policy could cost the state as much as $250 million annually for charity care, countering any relief under the president's new plan."

The New York Times (2/22, Stolberg, 1.16M) says Bush "held forth for nearly an hour," at the event, where "participants had been carefully selected, the tone was confessional, and the president, describing himself as the 'educator in chief,' sounded more like talk-show host in chief." The Times continues, "The round-table discussion, which followed a similar if less lively event with health insurance executives in Washington on Tuesday, was aimed at pitching the president's proposal to provide tax breaks for low- and moderate-income workers to buy insurance while imposing tax increases on some Americans covered by generous employer-sponsored plans." The Times also notes that Bredesen, who has sponsored an initiative called Cover Tennessee, "said in a phone interview that he was skeptical of the president's tax proposal and had been a bit leery of participating in the event here."

The Los Angeles Times (2/22, Reynolds, 850K) says the President "traded one-liners with a handful of workers and employers, who have had trouble getting health insurance. One of them was an interior designer named Amy Childers, who dropped her health coverage when she turned 35 and the premium was raised to $210 a month. 'Doesn't it make sense to change the tax code so that Amy Childers can better afford health care?' the president asked. Then he joked, 'You don't look a day over 34.' 'Most people say 22,' Childers responded, adding that she would forgive him."

Local TV stations in Tennessee and around the country reported on the President's trip. WVLT-TV Knoxville (2/21, 11:03 pm) reported, "President Bush set his sights on Chattanooga today, promoting his healthcare initiative." The station showed the President saying, "We want there to be price transparency in healthcare. I don't know about you but I don't remember ever asking how much something was going to cost when it came to healthcare." The station added, "President Bush wants Congress to create a tax break to encourage the uninsured to buy health insurance. Opponents argue his plan would give more companies a reason to drop company-provided healthcare." Many other newscasts ran that quote from the President, including WTXL-TV Tallahassee (2/21, 11:15 pm), WBIR-TV Knoxville (2/21, 11:10 pm), WWMT-TV Grand Rapids (2/21, 11:10 pm), WZTV-TV Nashville (2/21, 9:49 pm), WBBJ-TV Jackson, TN (2/21, 6:11 pm), WRCB-TV Chattanooga (2/21, 6:03 pm), and KGTV-TV San Diego (2/21, 5:39 pm).

The AP (2/22) reports that "supporters and protesters" turned out at Bush's events yesterday. The AP says "most carried welcome signs or waved flags on a sunny and unseasonably warm day with temperatures in the mid-60s. Among them were several students from Chattanooga State Technical Community College, who attended in order to earn some credit for a government class." The Chattanoogan (2/22, Frank) runs a similar report.

Democrats Criticize Bush Proposals. As Bush promoted his proposals, congressional Democrats continued to criticize them as insufficient. The Los Angeles Times (2/22, Reynolds, 850K) reports Democrats "say the biggest problem facing the system is the 40 million Americans with no health insurance, and they say the president's proposal would help only a small fraction of them become insured. In particular, they point out that the deduction would not help taxpayers who do not itemize their income tax returns, especially poorer paid workers who are the most likely to lack health insurance." Instead, "Democrats favor a tax credit for health care premiums, which would help all taxpayers regardless of their filing status." USA Today (2/22, 7A, 2.27M) notes Sen. Edward Kennedy, chairman of the Senate committee "that oversees health matters," said yesterday the Bush plan "undercuts a system built on employer-provided coverage."

Meanwhile, noting that Bush's plan "has been pronounced dead by leading Democrats on Capitol Hill.," the New York Times (2/22, Stolberg, 1.16M) also says "leading Democrats, including Senator Max Baucus of Montana, chairman of the Finance Committee, and Representative Pete Stark of California, chairman of a subcommittee overseeing health policy, said in interviews that Mr. Bush's plan was far too dependent on the private sector and that they did not envision anything like it becoming law. Mr. Stark called it 'a farcical move' that was 'primarily designed to encourage employers to drop group coverage.' Mr. Baucus said the plan was 'too much focused on the individual

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market,' though he did give the president credit for 'stirring up the debate' with his tax idea."

The AP (2/22, Feller) reports "key Democratic leaders have denounced Bush's plan," while Market Watch (2/21, Watts) notes "top Senate Democrats on Wednesday charged that…Bush's proposal to change how the tax code treats employer-provided health benefits would do little to help the uninsured."

Army Rushes To Correct Poor Living Conditions At Walter Reed Hospital. ABC World News (2/21, story 4, 2:10, Gibson, 8.78M) reported, "Many of the wounded being brought home from Iraq, have passed through the Army's Walter Reed Medical Center in Washington. The medical care there has been much praised. But a Washington newspaper investigation has reported that part of the facility itself is ailing. And the Army has been quick to acknowledge that that is, indeed, the case." ABC (Kerly) added, "Just across the street from Walter Reed hospital, this is what greets wounded soldiers. Mold, holes in walls, rats and insect infestation. Building 18 is home for those, who among other things, have lost limbs or suffered brain injuries. And now, a huge embarrassment for the Army." Gen Richard Cody, Army Vice Chief of Staff: "The senior Army leadership takes full responsibility for the lack of quality of life at Building 18. And we're going to fix it." Kerly: "But the Army didn't even know about the problems, until 'The Washington Post' printed the stunning results of a four-month investigation. But it's not just problems with the rooms in this building. 'The Post' investigation found that many of the wounded soldiers here are not getting the services they need. Soldiers face a bureaucratic nightmare and a shortage of trained staff." Rep. Tom Davis (R): "These people gave their lives, their limbs for this country. And they come back here and we treat them very shabbily. And it shouldn't happen."

NBC Nightly News (2/21, story 4, 2:00, Yang, 9.87M) reported, "As the fallout continued over the shocking conditions at Walter Reed Army Medical Center's decrepit Building 18 today, top Army officials were front and center. At the Pentagon…" Gen Richard Cody: "I'm the Vice Chief of Staff for the Army. I'll take responsibility for this and make sure it is fixed." Yang: "And at Walter Reed." Major General George Weightman: "It is a leadership problem, but I would say it is my issue as the commander of this organization to take responsibility for that." Yang: "Walter Reed's commanding general said building managers relied too much on soldiers' complaints about conditions, rather than making spot inspection, a system veterans call unacceptable." Officials "blame the problems here at Building 18 on being overwhelmed. Not just by the sheer number of wounded coming here, but by the fact more are staying longer. That is because the military is making an effort to let more of the wounded continue to serve in uniform rather than quickly discharging them."

The Washington Post (2/22, A6, Tyson, 690K) reports Gen. Cody "vowed yesterday to personally oversee the upgrading of Walter Reed Army Medical Center's Building 18, a dilapidated former hotel that houses wounded soldiers as outpatients." The Army Vice Chief of Staff "used terminology similar to that of a military campaign to describe his plan to overhaul the broken building, including giving it a more 'appropriate' name, and the sluggish bureaucracy for outpatient care." Cody "blamed 'a breakdown in leadership' for the troubling conditions but said no one has been fired or relieved of command. He did point to lower-ranking officers and noncommissioned officers lacking 'the right experience and the authority to be able to execute some of the missions.'" Rep. Thomas M. Davis III (Va.), "the top Republican on the House Committee on Oversight and Government Reform, blasted the Army yesterday, saying in a statement that it has known for years about shortcomings at Walter Reed."

The Hill (2/21, Tiron) reports, "Several lawmakers are taking action to improve the conditions and care for veterans of the wars in Iraq and Afghanistan at Walter Reed Army Medical Center." Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) "are sponsoring legislation to improve the lives of recovering veterans at Walter Reed, while Sen. John Kerry (D-Mass.), a cosponsor of the Obama-McCaskill legislation, said that he would explore ways to direct new funds to Walter Reed and make immediate improvements to its veteran housing." Meanwhile, Rep. Louise Slaughter (D-N.Y.) "wrote a letter yesterday to Secretary of Defense Robert Gates demanding information on the current state of Walter Reed's outpatient facilities."

Congressional Quarterly (2/21, Yoest) reports, "Senate Veterans Affairs Chairman Daniel K. Akaka, D-Hawaii, said he would hold a hearing on the issue next month, since many of the soldiers housed at Walter Reed will soon become veterans." Akaka said, "I will purse the situation at Walter Reed and other military treatment facilities that are handling the bulk of returning Iraq and Afghanistan war veterans to ensure that the government is helping those who have been injured in service to our country, and their families." Democratic Sens. Patty Murray of Washington and Barbara Mikulski of Maryland "sent a letter to Defense Secretary Robert Gates calling for an inspector general's investigation into outpatient care and the availability of psychological counseling for soldiers and their families."

AARP Backs Effort To Reform Social Security. The Politico (2/22, Patch) reports AARP officials "said Wednesday they will push hard to revamp Social Security to maintain the social insurance program's solvency and fiscal health." CEO Bill Novelli, legislative policy director David

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Certner and John Rother, executive officer for policy and strategy said "changes need to be made in the program to head off rising health care costs and declining financial security, especially among baby boomers." Novelli said, "The next generation could be the first in American history that is less well off than their parents." Though Social Security "is often deemed a 'third rail' of American politics for its sensitivity, the program can and should be reformed, Novelli said." The Politico adds that AARP "released a poll showing a consensus for reform in some of the key areas of Social Security." Of eight "possible options, a majority of respondents favored three measures that would raise revenue for Social Security in some fashion: increasing the income cap to $150,000; increasing the payroll tax by 0.5 percent for both workers and employers, and changing the benefit formula to make the program more progressive."

Female Members Criticize Baca's Leadership Of Hispanic Caucus. The Washington Post (2/22, A17, Layton, 690K) reports that the "congressional recess has provided a timeout for feuding members of the Hispanic Caucus," and Chairman Joe Baca "is trying to hold together the group of 20 Democrats and smooth over multiple rifts." But several female members of the "mostly male caucus say Baca himself is a source of problems, and one, Rep. Loretta Sanchez (D-Calif.), resigned last month in protest. There were six female members and 15 male members before Sanchez quit. … At a closed meeting last week designed to mend fences, Sanchez made an appearance and, along with several other women, aired grievances, said sources familiar with the caucus's workings. The women said their requests of the caucus staff are not taken seriously, among other things."

Snow, Correspondents Meet For Friendly National Press Club Forum. The Washington Post (2/22, A2, Milbank, 690K) writes about what CBS's Bob Schieffer called a "man bites dog" story at the National Press Club Tuesday night, when six White House correspondents" had agreed to submit to questioning" by White House Press Secretary Tony Snow, "who usually is at the receiving end of such grillings. But Snow wouldn't bite. 'For those of you who are expecting theatrical savagery on my part, forget about it,' Snow advised the crowd of 250 and a live C-SPAN audience. … Snow argued that reporters are not the jackals that the public supposes them to be. The reporters reciprocated with warm tales about covering the Bush White House; one spoke about the perk of seeing Snow's bare knees. 'If there is a flash of tempers between me and Tony, it's not about him and me, it's nothing personal,'" said NBC's David Gregory, "whose televised clashes with Snow have become legend. Snow grinned. 'What you see quite often at the briefings are sharp exchanges, but David's right: It's not personal,' the press secretary agreed. 'I not only like but admire everybody else sitting up here on this podium. It is a real pleasure and a privilege to work with them, to get to know them. … It is a wondrous thing." The Politico (2/22, Allen) also runs a story on the event.

District Of Columbia House Vote Bill "Cruising Along." The Washington Post (2/22, A17, Romano, 690K) writes, "It can't be easy being in Congress without a vote," but District of Columbia Delegate Eleanor Holmes Norton, "has stuck it out for 16 long years, never truly a part of the club but always relentlessly knocking on the door seeking admittance. Now, Norton is sure, success is in her sights. With Democratic leaders pledging to get it done and ample Republican support, the bill giving both the District of Columbia and Utah an additional voting seat is cruising along. 'Won't we be surprised if it doesn't happen -- but I tell you, it's in the stars,' Norton said yesterday." The bill "must clear two committees before it is brought for a floor vote. Norton is hoping that will happen in March." A spokesman for House Speaker Nancy Pelosi said Pelosi "is committed to finalizing the bill's language, moving it through committees and having a floor vote as soon as possible."

Cheney Says McCain Wrong On Rumsfeld. The AP (2/22, Sidoti) reports Vice President Dick Cheney "on Wednesday challenged GOP presidential hopeful John McCain's assertion that Donald H. Rumsfeld was one of the country's worst defense secretaries." Cheney said, "John's entitled to his opinion. I just think he's wrong." In an interview with ABC News, Cheney "also disclosed that the Arizona senator had apologized to him for a previous comment that the vice president had 'badly served' President Bush on Iraq." Cheney said, "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld." The AP adds that at a campaign event in Los Angeles, McCain "said he stood by his remarks about Rumsfeld. He did not mention the vice president, and his campaign declined to comment on Cheney's remarks."

The Politico (2/22, Allen) reports Cheney "made it clear during an interview with ABC News Wednesday that he was none too pleased with McCain's declaration on Monday at a retirement community near Hilton Head Island, S.C.: 'I think that Donald Rumsfeld will go down in history as one of the worst secretaries of Defense in history.' McCain was greeted with applause."

The Washington Post (2/22, A4, Fletcher, 690K) reports Cheney "objected yesterday to Sen. John McCain's assertion that Donald H. Rumsfeld 'will go down as one of the worst secretaries of defense in history' and added that the senator

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had apologized to him for saying Cheney had misled President Bush on Iraq."

Documentary Suggests Rumsfeld Policies Led To Abu Ghraib. In the Washington Post (2/22, C1, 690K), Tom Shales reviews the new HBO documentary "Ghosts Of Abu Ghraib," saying it "daringly approaches a scandal that hardly anyone wants to see reexamined -- least of all, one can safely assume, the Bush administration and the Pentagon. The reason is not just that what happened at Abu Ghraib is, to understate in the extreme, unpleasant. The documentary says it's also because this breakdown was not so much nervous as inevitable -- and not so spontaneous, having been sanctioned by the top brass, including former defense secretary Donald Rumsfeld." Kennedy "suggests the torture was not an outbreak of lunacy but the direct result of policies handed down by Rumsfeld that were designed to circumvent the Geneva Conventions…and U.N. conventions against torture, to which the United States is, at least technically, a signatory."

Davis Measure Would Extend Health Care Premium Savings Benefit To Retirees. The Washington Post's (2/22, D4, Barr) "Federal Diary" column reports, "Since 2000, federal employees have been able to pay their health insurance premiums on a tax-free basis," and many "federal retirees think they should get similar treatment. But extending 'premium conversion,' as it's called, to retirees would require a change in tax law, and Rep. Thomas M. Davis III (R-Va.) and others, who have pushed for that change in the last three congressional sessions, are back at it." The Post quotes Davis who called the change "modest" and said that "to those on fixed income, this could have a real impact," noting that the measure "would result in average savings of $820 a year for federal retirees, he estimated. Under the bill, federal civil service and military retirees would pay their monthly health-care premiums through a pretax deduction from their annuities. The bill also would permit active-duty military personnel to deduct from their taxable income certain supplemental premiums or enrollment fees for Tricare, their military health insurance." The Post notes that in previous efforts to gain approval the "likely cost of the bill appears to" have been "the sticking point. According to a Congressional Budget Office estimate, extending the tax break to federal retirees would cost about $600 million over 10 years."

OTHER NEWS:

Inflation Gauge Rose More Than Expected In January. The Wall Street Journal (2/22, Conkey, 2.04M) reports, "A widely watched gauge of consumer prices rose last month at the fastest rate since June, interrupting what had been a steadily improving inflation outlook in recent months." The Labor Department "said its index of 'core' consumer prices, which excludes food and energy, rose 0.3% in January, after a string of three consecutive monthly increases of 0.1%. Those modest gains had begun to persuade economists that inflation was decelerating. … Last month's increase in core prices was fueled by unusually sharp price increases for health care, which rose 0.8% from December, and in tobacco and smoking products, which leapt 1.5%." Federal Reserve Bank of San Francisco President Janet Yellen "acknowledged yesterday that core inflation was 'on the high side of expectations.'" But "in a speech to a business group in Santa Clara, Calif., she added: 'This followed three straight months' of low core inflation."

The New York Times (2/22, Peters, 1.16M) reports, "Though inflation growth, as represented by the Consumer Price Index, slowed from December, it advanced faster than economists and Wall Street investors had expected." The Washington Post (2/22, D1, Henderson, 690K) runs a similar story under the headline "Slowing Economy Isn't Cooling Prices."

USA Today (2/22, Hagenbaugh, Kirchhoff, 2.27M) reports "Brian Bethune of Global Insight says recent indicators show economic growth wasn't as rosy as the Fed estimated at last month's meeting. Still, the bump in the consumer price index means the Fed needs to keep a close eye on inflation. He expects rates to be steady for most of 2007."

The Financial Times (2/22, Callan, Guha) reports, "The Federal Reserve grew more confident that inflation was moderating at its January policy meeting, minutes released on Wednesday revealed, but policymakers still did not see a downward trend in core inflation as 'definitely established.'" The minutes "show that all members of the Federal Open Market Committee agreed that the predominent risk remained inflation rather than growth."

Central Bankers Confident In World Economy. The Wall Street Journal (2/22, Hayashi, Perry, Ip, 2.04M) reports, "The Bank of Japan's move to raise interest rates for the first time since July underscores the surprisingly upbeat state of the world's major economies, which continue to perk along despite the damage done by high energy prices and sagging housing markets. The world's central bankers are so confident that growth will remain steady and inflation under control that their main worry is less the immediate future than whether conditions are breeding excessive speculation in financial markets." Although "the U.S. economy has slowed substantially from its torrid pace of a year ago, it has kept growing fast enough to keep unemployment down despite the housing slump. In the 13 countries that use the euro, growth is expected to abate from last year's six-year high but remain well above the sluggish pace of prior years."

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Stocks Mixed. NBC Nightly News (2/21, story 7, :10, Williams, 9.87M) reported, "On Wall Street here in New York today, a mixed finish at the end of the day. The Dow was down more than 48 points [to close at 12,738.41]. NASDAQ gained over five points on the day's trading [to close at 2518.42.]" The Wall Street Journal (2/22, C1, McKay, Karmin, 2.04M) says "the stock market reacted with little more than a shrug -- with the Dow down and the Nasdaq up -- as crude oil topped $60 a barrel for the first time this year and investors fretted about monetary policy in the U.S. and Japan."

McCain Criticizes Bush On Global Warming, Iraq. The Los Angeles Times (2/22, Finnegan, 850K) reports McCain "was anything but subtle Wednesday as he took swipes at the Bush administration during a meticulously staged appearance with Gov. Arnold Schwarzenegger on the bustling docks of Los Angeles Harbor. President Bush's record on global warming? 'Terrible,' McCain declared. His pursuit of the Iraq war? 'A train wreck.'" If the "point of the Arizona senator's visit was to put distance between himself and his party's unpopular president, McCain was following a pattern set by Schwarzenegger last year in his re-election campaign. For McCain, the task is especially important, because his vocal support for Bush's recent troop buildup in Iraq threatens a voter backlash." In what "was billed as a nonpolitical event to call for tougher federal action to stop global warming, McCain joined Schwarzenegger for a hazy-morning helicopter tour of the Long Beach and Los Angeles ports. The Republican duo flew over the future site of a hydrogen power plant that would pump carbon dioxide into the ground instead of the air." On the San Pedro docks, Schwarzenegger "offered McCain access to his usual retinue of trailing television crews, and McCain used the opportunity to pound Bush on a number of fronts."

Schwarzenegger Extols McCain At Los Angeles Event. The AP (2/22, Blood) reports Gov. Arnold Schwarzenegger "offered his most lavish praise yet Wednesday for any 2008 presidential candidate, calling John McCain a 'great senator' and 'very good friend' who shared his views on critical issues like the environment." Schwarzenegger "stopped short of a formal declaration of support for McCain's budding candidacy, but their appearance together in the Port of Los Angeles was a strong reminder that the two maverick Republicans share a well-developed friendship." McCain "joked that he was endorsed by Schwarzenegger. Then Schwarzenegger said their joint appearance wasn't about politics." McCain said, "We share common philosophy and goals for this country."

McCain, Giuliani Yet To Sign Tax Cut Pledge. Under the headline, "GOP 'Darlings' Slow To Sign Tax-cut Pledge," the Washington Times (2/22, Lambro, 88K) reports Sen. John McCain and Rudy Giuliani "have not signed an anti-tax-increase pledge that has been embraced by several of their rivals." The "reluctance of the party's two leading candidates to sign the pledge, which has been signed by every Republican presidential nominee since 1988, raised concerns among conservative tax cutters about Mr. McCain's and Mr. Giuliani's commitment to reduce tax rates at a time when all of the Democratic presidential contenders have vowed to raise income taxes if they are elected." Jack Kemp said, "I can't imagine that McCain wouldn't sign it or that Giuliani wouldn't sign it. I can't imagine any Republican not signing that." The Times adds the pledge, "which asks the candidates to sign a statement declaring they will 'oppose any and all efforts to increase the marginal income tax rates,' could become an issue for both men as they vie for the support of their party's economic conservatives -- especially for Mr. McCain who was a foe of President Bush's tax cuts until he began actively running for president last year."

GOP Candidates Advised To Seek The "Big Mo." In his New York Times column (2/22), David Brooks offers advice for Republican presidential candidates, suggesting, "First: Be the Snowball. The conventional view is that Feb. 5 is going to be the decisive day of the race, when California, New Jersey, Illinois and a bunch of other states will probably have their primaries. That's wrong." Because "so many states will be voting then, the candidates will be stretched thin in all of them. As a result, the Republican candidate who does best in the first three states — Iowa, New Hampshire and, on Feb. 2, South Carolina — will sweep on Feb. 5 through sheer momentum." Other advice includes "the Rule of Three. When three big candidates go up against one another, two of them often get into a mutually destructive grudge match and the third skates through to victory. (Right now, the McCain and Romney camps seem set to brawl, leaving Giuliani alone.)" Another suggestion is that if "your last name is Giuliani, McCain or Romney, social conservatives are never going to love you. Don't try to pander to gain their devotion. Instead, offer them a deal," telling them "I'm the guy who can deliver on four programs you want. Then pick out four programs you and they can agree on and repeat them in every speech for the next year."

Clinton, Obama Camps Trade Jabs Over Geffen Comments. The fallout from comments made by Hollywood mogul David Geffen, a supporter of Sen. Barack Obama's presidential campaign, that appeared in Wednesday's Maureen Dowd column in the New York Times dominates the political news today, with two broadcast networks and several major newspapers reporting on the back-and-forth between the Obama and Sen. Hillary Clinton campaigns. The story eclipses coverage of a forum for

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Democratic candidates in Nevada that was attended by eight candidates, with only Obama absent.

ABC World News (2/21, story 5, 2:30, Gibson, 8.78M) said that though "there are more than 10 months to go until we even get to the presidential election year," Clinton and Obama "were sniping at one another, as if the campaign were in midstream." ABC (Tapper) said that in the Dowd column, Geffen "lashed out at both Clintons, saying, 'Everybody in politics lies. But they do it with such ease, it's troubling.' Geffen also alluded to the former 'president's personal life, calling him 'a reckless guy,' and insinuating he has not changed since the Monica Lewinsky days. … Geffen has no official role with the Obama campaign. But almost immediately the Clinton campaign went after Obama, saying he was hypocritical for tolerating Geffen's comments, given Obama's pitch against negative campaigning."

The CBS Evening News (2/21, story 10, 2:20, Couric, 7.66M) said Clinton and Obama "are trading jabs in their first public spat." CBS (Borger) added, "It's 21 months before the election at the first feel-good Democratic candidate forum, yet the campaigns of the two most famous Democrats were already hissing at each other." Clinton: "I sure don't want Democrats or the supporters of Democrats to be engaging in the politics of personal destruction." Borger: "Geffen, a movie mogul and former Clintonite, has deserted his one-time friends for Obama. … The Clinton campaign used the comments to try and recast Obama into another pol who preached against nasty politics while his supporters practice it."

The AP (2/21, Pickler, Riley) said the Clinton and Obama camps "traded accusations of nasty politics" over the Geffen comments. While the Clinton campaign "demanded that Obama denounce comments made by the DreamWorks movie studio founder," Obama, campaigning in Iowa, refused, saying, "It's not clear to me why I'd be apologizing for someone else's remark." Clinton, in Nevada, "sidestepped questions, leaving the issue to her aides to discuss. 'I'm just going to stay focused on my campaign and I'm going to run a positive campaign about the issues that affect the people in our country,'" she said. The Des Moines Register (2/22, 160K) says Obama "said he 'can't be responsible for the statements of every individual' and said voters and candidates alike have more pressing issues that deserve focus."

The Washington Post (2/22, Cillizza, Balz, 690K) headlines its front-page report "Clinton, Obama Camps' Feud Is Out In The Open," and leads by saying "an increasingly acrimonious competition" between Clinton and Obama "to enlist the Democratic Party's leading fundraisers and operatives burst into the open yesterday, overshadowing what was billed as the presidential campaign's first gathering of candidates in Nevada." The Chicago Tribune (2/22, Dorning, Zuckman, 617K) says the Clinton camp was "perhaps stung by Obama's successful incursion into Hollywood, which at one time was unchallenged Clinton country," and "hit back hard, saying Geffen's comments contrasted poorly with the Illinois senator's self-promotion as a new breed of politician, unifying and optimistic."

Newsday (2/22, Thrush) headlines its report "Barack, Hillary Trade Body Blows," saying the "fight was waged through a series of heated e-mails from both campaigns Wednesday -- in which Clinton's top spokesman accused Obama of being a 'slash & burn' politician and Obama's staff slammed the Clintons for using the Lincoln Bedroom as a cash register in the 1990s." McClatchy (2/22, Thomma) calls it the "first full-scale fight of the fledgling 2008 presidential campaign between the front-runners" on the Democratic side, and "perhaps enough to kill talk of a new, less hostile politics - and maybe even speculation about a Clinton-Obama or Obama-Clinton ticket."

On its front page, the New York Times (2/22, Healy, Rutenberg, 1.16M) calls it a "remarkably caustic exchange between the Clinton and Obama campaigns that highlighted the sensitivity in the Clinton camp to Mr. Obama's rapid rise as a rival and his positioning as a fresh face unburdened by the baggage borne by Mrs. Clinton." The Clinton camp "seemed also to be sending a warning to mudslinging critics that they would be dealt with fiercely." The Wall Street Journal (2/22, A8, Calmes, 2.04M) writes, "Forget President Bush." The Clinton and Obama campaigns "have gone after each other in an unusually early and nasty exchange. … An email fusillade yesterday left many Democrats shaking their heads that party infighting -- like everything else about the 2008 presidential campaign -- is starting so soon, nearly a year before the first nominating votes."

The Los Angeles Times (2/22, Daunt, Wallsten, 850K) says that Clinton "eventually was going to face the legacy of the more unsavory episodes of her husband's two terms as president. But in a surprise Wednesday, the first person to draw wide attention to some of the old controversies was not a Republican candidate or the 'vast, right-wing conspiracy' that the Clintons have assailed, but a leading liberal at the heart of Hollywood." USA Today (2/22, 6A, Lawrence, 2.27M) reports that at the Nevada forum, another candidate, Gov. Bill Richardson, "said Democrats should pledge not to attack one another. Asked whether Obama should denounce the Geffen comments, he replied: 'Yes. If we're going to win, we have to be positive.'" The Financial Times (2/22, Luce) and the Washington Times (2/22, Bellantoni, 88K) also report on the flap.

Clinton campaign communications director Howard Wolfson said on MSNBC's Hardball (2/21, Matthews), "Our expectation was that Sen. Obama, who was running a campaign premised on changing our politics, who has decried the politics of slash and burn, would denounce the comments, say that these comments don't represent his

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thinking or his campaign. We were, frankly, surprised that he didn't do that. It makes you wonder whether or not he agrees with them. It's a little ironic that the candidate on one day would say, 'I want to change America. I want to change politics. I want to lift us up. I want to stop the politics of slash and burn,' while at the same time his leading supporter in California is attacking [President Clinton] and Sen. Clinton in very personal terms. … I think that we can have differences of opinion over policy. I hope the Democrats will stay united and mostly focus on winning in November of '08, but obviously, there will be some differences on policy. But when you start getting into personal charges against people and you make personal insults against the candidate and the candidate's spouse, I think that's going too far. I think the American people will think that's going too far."

Eight Democrats Meet In Campaign's First Major Forum. Eight Democratic presidential hopefuls -- Sen. Joseph Biden, Sen. Hillary Clinton, Sen. Christopher Dodd, John Edwards, Mike Gravel, Rep. Dennis Kucinich, Gov. Bill Richardson, and Tom Vilsack -- "defended their histories on Iraq, offered their ideas for ending the war and opened fault lines on taxes and health care Wednesday in the first major forum of the 2008 nomination race," USA Today (2/22, 6A, Lawrence, 2.27M) reports. Among major contenders, only Sen. Barack Obama, campaigning in Iowa, was missing from the Carson City, Nevada, forum, sponsored by the American Federation of State, County and Municipal Employees.

The New York Times (2/22, A18, Healy, 1.16M) says the "toughest words" came from Edwards, who "said Americans needed 'a different kind of leadership' than that provided by the current president who, Mr. Edwards said, had refused to admit error on Iraq." Asked about Clinton's "explanation that her vote was cast based on a sincere belief in military intelligence provided at the time, Mr. Edwards replied: 'Whether it's good enough I think is between her and her conscience. It's not for me to judge.'" Dodd, "who has also renounced his 2002 vote, said there was 'nothing wrong' with admitting mistakes." The AP (2/21, Fouhy) says the "event format did not permit Clinton to respond to Edwards' swipe, which stood out on an afternoon in which Democrats launched serial attacks on President Bush's war policies."

Daschle Endorses Obama. The AP (2/21) reports former Senate Majority Leader Tom Daschle endorsed Obama Wednesday, saying Obama "'personifies the future of Democratic leadership in our country.' Daschle said Obama has a 'great capacity to unify our country and inspire a new generation of young Americans, just as I was inspired by the Kennedys and Martin Luther King when I was young.'" Daschle served in the Senate with four of the Democratic candidates, but not Obama, who took office as Daschle departed.

Broder Says Nomination System "Has Become Truly Insane." In his Washington Post (2/22, A19, 690K) column, David Broder writes, "It's only February of 2007, but from the schedules these presidential hopefuls -- and their rivals -- are keeping, you would think the primaries were almost upon us. … What we have, friends, is a remarkably distinguished field of candidates vying in an election system that has become truly insane. I think the 16 men and one woman actively pursuing the presidency right now constitute a classy assemblage. The front-runners are people of substantial stature; the long shots include many who, in other years, would have been thought of as formidable challengers. But the process in which they are engaged is bizarre -- and getting more so, every time you look."

Lobbying "Revolving Door" For Former Lawmakers Remains Open. USA Today (2/22, Kelley, 2.27M) reports the "cozy relationships between lawmakers and lobbyists that embarrassed Congress and cost some lawmakers re-election haven't stopped the revolving door between Capitol Hill and the lobbying industry that seeks to influence legislation." Five of "the 39 ex-lawmakers rejected by voters three months ago landed jobs at firms that seek to influence Congress. The hires include two Republicans — Curt Weldon of Pennsylvania and Conrad Burns of Montana — who lost in part because of allegations of ethical lapses." Federal law "requires lawmakers to wait a year after leaving office to lobby Congress, but lets former Congress members advise lobbyists and clients. The Senate passed a bill that would extend that 'cooling-off' period to two years and also ban ex-lawmakers from advising others during that time. The House of Representatives has not taken up that issue."

Rubin's Prescriptions For Fairer Trade Critiqued. In his Washington Post column (2/22, A19), Harold Meyerson says, "In reaction not just to November but to reams of economic data showing that the U.S. median income has flat-lined, such longtime champions of free-trade orthodoxy as former Clinton Treasury secretary Robert Rubin have changed their tune." To "compensate for whatever leveling effect trade may have on Americans' incomes, they now call for wage insurance to help workers who've been compelled to take lower-paying jobs than the ones they lost. As call centers relocate to India, the Rubinauts call for extending trade adjustment assistance to service as well as manufacturing workers. They call for a universal health-care system delinking insurance from employment, so that U.S. companies can compete globally without having to be the only corporations in an advanced economy that cover their workers' medical costs. They call for improving our education system so that American workers can be more competitive." But free-trade skeptics "such as I believe that these domestic reforms, while overdue, are not enough. We argue that there

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need to be rules for the global economy that protect workers no less than investors, that global minimum wage standards, say, are no less necessary in a global economy than national minimum wage standards are in a national economy."

NYTimes Says Weakness In Mortgage Market A Reason For Tax Hikes. The New York Times (2/22, 1.16M) says in an editorial that if the "bankers, investors and regulators who populate the global financial markets are not already anxious, they should be. The easy money that has buoyed the global economy for much of this decade is getting harder to come by." The "trigger" of a global economic crisis "could be the rapid erosion in the quality of American home mortgages — reflected in surging delinquencies and rising defaults." Mark Zandi and Juan Manuel Licari of Moody's Economy.com "detailed the dangers recently." The "odds of a global financial crisis are still low, according to Mr. Zandi and Mr. Licari, but they are rising. There is not a lot now that can be done about the risks in the mortgage market. But the growing possibility of hard times ahead is another argument for rolling back many of the recent excessive tax cuts, so the government will have more resources available to respond if a crisis comes."

WPost Criticizes Virginia Legislature's Handling Of Transportation Funding. The Washington Post (2/22, A18, 690K) says in an editorial, "The deck is stacked in Richmond this week as negotiators from Virginia's House of Delegates and Senate try to find the first new money for transportation in a generation. Specifically, it is stacked in favor of a flawed plan that would use unstable, unreliable funding sources to produce an anemic cash flow." Just "two of the 12 negotiators" on the conference committee "are Northern Virginians, despite the fact that the region accounts for one-third of the state's population, 40 percent of its economy and at least half its traffic headaches. Ten of the 12 negotiators are Republicans. And, thanks to some artful parliamentary maneuvering, 11 of the 12 negotiators named to the conference committee voted for the House-backed funding package, which is less responsible than the Senate's approach." The "chances of this group of lawmakers forging a genuine compromise are not promising."

Rice Renews Offer For Talks With Iran. In an exclusive interview with CNN's Situation Room (2/21, 7:13PM), Secretary of State Condoleezza Rice "offered an olive branch" to Iran: "Take us up on talks, anytime, anyplace. But stop enriching uranium first." Rice told CNN, "We can talk about anything -- that's an offer I would renew today. We have, in fact, even under the circumstances, cooperated some in Afghanistan. And I think that was useful. So there is a different path." Asked if there is a danger that increased rhetoric from Washington "could trigger an accidental war," the Secretary said, "Let me just say here, publicly, the United States has no desire for confrontation with Iran -- none." Rice also "appeared to be signaling to Iran's leaders impatient with Mahmoud Ahmadinejad that she hears them," telling CNN, "The option that we have is to continue to try to convince those who are reasonable in Iran that the course that they're on is destructive."

Meanwhile, AFP (2/22, Millikin) reports as Iran "ignored a U.N. deadline Wednesday to suspend its nuclear reprocessing activities," Rice urged Tehran "to reconsider its defiance and accept an offer of better relations with Washington." ." After meeting with German Foreign Minister Frank-Walter Steinmeier, Rice said, "The Iranians have unfortunately not acceded to the international community's demands." The Secretary was expected to discuss the issue of increasing the sanctions pressure against Iran with Steinmeier, Russian Foreign Minister Sergei Lavrov and EU foreign policy chief Javier Solana on the sideline of the Quartet meeting in Berlin.

Hadley Warns Iran Risks Further Isolation. The Financial Times (2/22, Dombey) reports national security advisor Stephen Hadley Wednesday warned that Iran "faced further isolation if it failed to meet United Nations demands to curb its nuclear programme." In Brussels, Hadley "argued that the Bush administration's concerns were shared by Russia, in spite of the split between Moscow and Washington on issues such as missile defence." Hadley added that Moscow's recent decision to delay work on Iran's light water reactor at Bushehr "indicated the Kremlin's worries about Iran's nuclear ambitions," saying, "They have been increasingly concerned about the proliferation risks associated with Bushehr," and "have entered into understandings with Iranians to mitigate some of those risks."

US, EU Weigh Additional Steps On Iran. The Wall Street Journal (2/22, A6, King, Solomon, 2.04M) reports, "Amid signs of economic unease in Iran, the US and its European partners are weighing another set of financial restrictions on Tehran, including the possibility of targeting companies run by the country's elite Revolutionary Guard Corps." US and European officials say that the move toward a second round of U.N. sanctions "reflects their cautious optimism that sustained pressure on Tehran might succeed in bringing the country to the negotiating table over its nuclear program." However, "Keeping up the pressure may not be easy. Of the five permanent members of the Security Council, France, Britain and the US are eager to push ahead on a second resolution and have already begun to consider some potential targets. But China and, above all, Russia are wary of pushing too hard."

Ahmadinejad Vows To Continue Enriching Uranium Despite U.N. Deadline. The CBS Evening News (2/21, story 5, 0:25, Couric, 7.66M) reported, "The President of Iran today defied a UN deadline and said his country will continue to

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pursue its nuclear energy program. Mahmoud Ahmadinejad said Iran will not retreat one iota from its position. The UN had given Iran 60 days to stop enriching uranium. The Iranians say they need it for nuclear power, but it can also be used to make nuclear weapons."

The New York Times (2/22, A14, Bowley, Knowlton, 1.16M) reports Ahmadinejad said Iran "had a right to pursue nuclear technology" and "will continue our work to reach our right in the shortest possible time," according to the ISNA news agency. Speaking in Siahkal in northern Iran, Ahmadinejad said, "Obtaining this technology is very important for our country's development and honor."

Expert Warns Beijing's Ties With Tehran Limit Impact Of Sanctions. Ilan Berman, author and vice president for policy at the American Foreign Policy Council, writes in the Wall Street Journal (2/22, A14, 2.04M), "Financial pressure by the U.S. and other Western governments in recent weeks is beginning to have a real impact, chilling investment into Iran's energy sector and ratcheting up the costs of the regime's atomic effort. But these gains are in danger of being erased, thanks to the growing economic partnership between Tehran and Beijing." While Berman concedes that "China's economic interests are understandable," he says "the failure of the Bush administration to take Beijing to task, however, is far less comprehensible."

Differences Emerge Between US, EU Over New Palestinian Government. The New York Times (2/22, A5, Cooper, 1.16M) reports, "Fractures between the United States and Europe began to appear Wednesday over whether the new Palestinian unity government was likely to receive international economic support even as the Middle East peace negotiators officially continued their wait-and-see approach." While Secretary of State Condoleezza Rice "has said repeatedly that unless the new unity government meets those conditions, the United States will continue its economic boycott of the Palestinian government," European officials Wednesday at a meeting of the so-called Quartet in Berlin "appeared more willing to hold out the possibility of finding members of a new unity government with whom to work."

Similarly, the Washington Post (2/22, A10, Kessler, 690K) reports EU and US officials "sought to play down emerging differences" over the new Palestinian unity government. US officials "say they were surprised that Abbas struck the deal," but European officials "have been much more receptive to the unity government, saying it might be a way to encourage Hamas to eventually accept a peace deal." In a statement "laden with diplomatic code words," the Quartet "welcomed Rice's efforts and reaffirmed that a Palestinian government must be committed to nonviolence, recognize Israel and honor previous agreements with Israel. But the group also said it was exploring an expansion of a European aid pipeline to the Palestinians."

AFP (2/22, Cole) says Wednesday's meeting "wrapped up with major powers saying they will await the formation of the new Palestinian unity government before deciding whether to lift aid and diplomatic embargoes." But the "two-hour talks left the diplomatic riddle posed by the power-sharing deal…unsolved."

In addition to EU officials, the Financial Times (2/22, Williamson) reports the US is also "at odds" with Russia over relations with a planned Palestinian national unity government, "revealing divisions that are likely to further hamper efforts to reinvigorate international backing for a Middle East peace initiative." Ahead of yesterday's Quartet meeting, Russian Foreign Minister Sergei Lavrov "said pressure on the Palestinian Authority should be eased by lifting an aid embargo imposed when Hamas won elections last year."

Blair Hints At Possible Deal With Hamas. The Financial Times (2/22, Williamson, Dombey) reports British Prime Minister Tony Blair "indicated [the UK] could be prepared to do business" with Hamas, "in comments that underlined the growing difference in approach between Europe and the US on how best to pursue peace in the Middle East." Speaking in London ahead of a meeting with Palestinian President Mahmoud Abbas, Blair said, "It's far easier to deal with the situation in Palestine if there is a national unity government. I hope we can make progress, including even with the more sensible elements of Hamas." By contrast, Secretary Rice said earlier this month that her efforts to achieve an Israeli-Palestinian agreement had "been made more complicated by the unity government".

German FM Warns Against Unrealistic Expectations. The AP (2/22, Gearan) reports Germany's foreign minister "warned Wednesday against building unrealistic expectations for a US-backed push toward peace between Israel and the Palestinians." Following a meeting Secretary of State Condoleezza Rice, German Foreign Minister Frank-Walter Steinmeier said, "We have to show a great deal of realism," and "not get ahead of what is still a tentative but hopeful process."

Israeli Arabs Reject Notion Of Jewish State. On its front page, the Los Angeles Times (2/22, A1, Boudreaux, 850K) reports, "A broadly representative elite of Israel's Arab minority has rejected the idea of Israel as a Jewish state and demanded a partnership in governing the country to ensure that Arab citizens get equal treatment and more control over their communities." In a manifesto "that is stirring anger and soul-searching among Jews," Arab leaders "have declared that Israel's 1.4 million Arab citizens are an indigenous group with collective rights, not just individual rights," and "argues

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that Arabs are entitled to share power in a binational state and block policies that discriminate against them."

The Wall Street Journal (2/22, A10, Simpson, 2.04M) says the "growing mistrust" between Israel's Jews and its Arab citizens is "testing a political and social fabric" of Israel. The "deepening divide has come into sharper focus" since Israeli-Arab cleric Radd Salah "sent chills across the nation last weekend" by calling for a new intifada in response to construction work near one of Jerusalem's most revered holy sites. Israeli Jews "find questions about the fundamental identity of their state jarring" and are "increasingly fearful of growing religiosity and radicalism among Arab citizens."

Rice Responds To Russian Campaign Against US Missile Plan. The Financial Times (2/22, Dombey, Williamson, Buckley) reports, "Tensions intensified on Wednesday over US plans for missile defence bases in Poland and the Czech Republic, as Washington called on Europe to take a tougher stance towards the Kremlin." Secretary of State Condoleezza Rice and national security advisor Stephen Hadley separately "lashed out at Moscow's campaign against the bases." For her part, Rice "said the suggestion this week by Russia's head of strategic rocket forces that Russia could target the two central European countries if they agreed to host the bases" was "very unfortunate." She also "dismissed" comments by German Foreign Minister Frank-Walter Steinmeier, who "said this week Moscow should have been consulted more about the sites, given their proximity to Russia's borders." Separately in Brussels, Hadley "emphasised Washington's dismay" at a speech this month by Russian President Vladimir Putin during which he criticized the US's "unilateral" use of force. Hadley said US officials were "disappointed" by the Russian President's comments. He also noted that "a lot of Europeans were disappointed and dismayed. And one of the things that Europeans need to do is they need to make that clear to Russia and they need to make that clear to President Putin."

The AP (2/22, McHugh) reports Rice told reporters in Berlin that the US has made clear to Russia that the system would be to counter any missile threat from Iran and would pose not threat to Russia. "Anyone who knows anything about this knows that there is no way that 10 interceptors...are a threat to Russia or that they are somehow going to diminish Russia's deterrent of thousands of warheads," Rice said.

In a more conciliatory tone, the New York Times (2/22, A6, Shanker, 1.16M) reports under the headline "US Tries To Ease Concerns In Russia On Antimissile Plan," that Bush administration officials tried Wednesday "to tamp down Russian concerns, voiced in strikingly harsh terms," over the plans. The Administration's concerned "about growing criticism of the program" has prompted officials to schedule a briefing by Lt. Gen. Henry A. Obering III, director of the Missile Defense Agency, on Thursday for foreign reporters based in Washington. Joining him will be Assistant Secretary of State Daniel Fried.

The Washington Times (2/22, Kralev, 88K) says the "war of words" between the US and Russia "escalated yesterday, with Western diplomats saying that Moscow's mistrust and suspicion of Washington -- and the West in general -- have changed little since the Cold War." Several senior US officials "said they have no idea where" the "belligerent outbursts" made by Gen. Nikolay Solovtsov Monday and by Putin "are coming from, given what they described as a businesslike and professional attitude the Russians have been displaying in private meetings."

Pyongyang To Reveal Details Of Uranium Enrichment Program. The Financial Times (2/22, Fifield) reports, "Suspicions over whether Pyongyang has been running a secret uranium enrichment program are back in the spotlight after last week's apparent breakthrough in the long-running North Korean nuclear crisis. Just as concerns about possible uranium enrichment triggered the current crisis, they are again threatening to undermine the agreement under which North Korea will receive step-by-step rewards in return for declaring and then disabling its nuclear weapons program." Former Defense Secretary William Perry, who traveled to North Korea Thursday, said the issue could be a '"deal breaker," and that "much more remains to be done. Two months from now, we will know whether we have a reasonable probability of completing the agreement."

Pyongyang Accuses US Of "Fabricating Lies" About Use Of Aid Money. The AP (2/22, Lederer) reports Pyongyang has accused the US "of fabricating lies that it was diverting U.N. aid money to develop nuclear weapons and said it would accept an outside audit of U.N. operations unless the aim was to politicize aid to the country," according to a letter circulated Wednesday. In the letter to Secretary-General Ban Ki-moon, North Korea's U.N. Ambassador Pak Gil Yon accused the United States of "hostile maneuvers" against his country" in seeking an audit of the alleged misuse of aid money" from the UNDP. Pak "also made clear that North Korea wants to continue cooperation with U.N. agencies," noting that Pyongyang has maintained "good relations and cooperation" with them for several decades.

US Seen As Turning To Diplomacy After Failure Of "Go-It-Alone" Approach. The Christian Science Monitor (2/22, LaFranchi, 59K) reports the Bush administration is now embracing "collective international action" following its "disenchantment with the results of its earlier go-it-alone approach." The shift "also suggests a

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growing sense within the White House that once-maligned multilateralism is getting results -- on issues ranging from Iran to North Korea." The Administration's "apparent conversion to multilateralism can also be seen in Secretary of State Condoleezza Rice's efforts to revive the Middle East peace process."

Administration's Cuba Policy To Remain In Effect. McClatchy (2/22, Bachelet) reports, "Commerce Secretary Carlos Gutierrez had some straight talk Wednesday for lawmakers and business groups pressing for a softer approach toward Cuba as the island prepares for a post-Fidel Castro era. The Bush administration won't waver from its tough stance toward Havana, he said." Gutierrez told a Council of the Americas event on Cuba that the "question is not when will the U.S. change its policy. The question is when will the Cuban regime change its policy." McClatchy adds, "Congress is expected to debate several bills that would relax travel and trade sanctions against Cuba."

The Washington Times (2/22, Hirsch, 88K) reports Gutierrez "yesterday reiterated the Bush administration's steadfast belief in the U.S. embargo of Cuba, despite congressional moves to relax the policy. Cuban leader Fidel Castro's hospitalization last year and ceding of power to his brother, Raul, as well as the election of Democratic House and Senate majorities in Congress have helped fuel speculation that U.S. policies could be eased." The Times adds, "Legislation has been introduced in Congress to weaken the Cuba embargo," and Reps. Emerson and Flake, "two House members who are part of that effort," criticized the Administration's stance after Gutierrez's speech yesterday.

Cuba Poised For Offshore Drilling Near Florida. USA Today (2/22, 1B, Lynch, 2.27M) reports that soon "an oil rig will maneuver into position in waters less than 100 miles from the coast of Florida." But the "rig won't belong to an American company, and any petroleum it discovers won't do a thing to curb the USA's addiction to foreign oil. Instead, any new sub-sea gusher will belong to Cuba." The country "is poised for a significant expansion of its oil program into the waters that separate it from the United States. And thanks to U.S. law, Cuba's drilling partners will be working closer to Florida beaches than any American company ever could." The US Geological Survey "estimated Cuba can lay claim to 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas. With oil prices hovering around $60 a barrel and global supplies persistently tight, any new supply source could benefit the USA. ... There's just one problem: politics."

US Urged To Reconsider Venezuela Ban On Jet Parts. The AP (2/22) reports Rep. Sheila Jackson Lee (D) called on the Bush administration Wednesday "to reconsider its ban on selling parts for US-made F-16 fighter jets to Venezuela, urging improved ties between the two nations." Jackson Lee told reporters that she was making the first US congressional visit to Venezuela since President Hugo Chavez's December re-election with the message of "an immediate repairing" of the relations between the US and Venezuela.

Death Squad Scandal Rocks Colombia. The Washington Post (2/22, A10, Forero, 690K) reports that "after disclosures that have astonished many Colombians," Col. Hernán Mejía, one of the nation's most decorated officers, "has been removed from his post, and the attorney general's office is investigating him for having worked with right-wing paramilitary groups to kill peasant farmers and guerrilla sympathizers." The allegations, announced by Defense Minister Juan Manuel Santos in January, "mark the first time the military has turned over one of its own to civilian prosecutors on suspicion of collaborating with the death squads." The case also comes as Columbia is "undergoing an imperfect but remarkable judicial process that has produced nearly daily disclosures of ties between death squad leaders and Colombia's political and military establishment."

China Launches Controversial Campaign To End Youth Internet Addiction. On its front page, the Washington Post (2/22, A1, Cha, 690K) reports, "Alarmed by a survey that found that nearly 14 percent of teens in China are vulnerable to becoming addicted to the Internet, the Chinese government has launched a nationwide campaign to stamp out what the Communist Youth League calls 'a grave social problem' that threatens the nation." The Chinese government in recent months "has joined South Korea, Thailand and Vietnam in taking measures to try to limit the time teens spend online," but "no country has gone quite as far as China." As part of the campaign, the government is "helping to fund eight in-patient rehabilitation clinics across the country" which use "a tough-love approach that includes counseling, military discipline, drugs, hypnosis and mild electric shocks."

Mandelson Says EU Farm Tariff Cuts Will Not Help Africa. In a letter to the editor of the Wall Street Journal (2/22, B6, 2.04M), EU Trade Commissioner Peter Mandelson writes, "Richard Holbrooke and Stuart Eizenstat ("Africa's Last Best Chance," Feb. 15) are absolutely right that Africa needs a successful conclusion to the Doha Round for a number of reasons, but steep EU farm tariff reductions cut both ways for developing countries depending on their level of competitiveness." EU farm tariff cuts, he argues, "will do little for most in the developing world for the simple reason that almost all their agricultural produce already enters the

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EU tariff free -- so tariff cuts won't help them." Instead, Mandelson says, "The real competitive gain for African farmers in the Doha Round will come from cutting trade-distorting farm subsidies and the elimination of export subsidies for farm goods -- both of which allow farmers in the rich world artificially to undercut farmers in developing countries."

Canadian Ambassador Urges US To Proceed With Caution On Passport Rule. The Washington Times (2/22, Sands, 88K) reports Canadian Ambassador Michael Wilson said in an interview Wednesday that his country is "very concerned" about a planned US passport rule, and that it "must be implemented with 'clarity and flexibility' to avoid damaging the world's most dynamic bilateral trading relationship. … The State Department and the Department of Homeland Security (DHS) have until June 1, 2009, to implement tougher documentation rules for travelers crossing by land from Mexico and Canada. DHS officials are pressing for a quicker implementation schedule, citing the smooth adoption of similar rules for air travelers last month." However, Wilson said that the "huge surge" in passport applications that preceded the air travel change was likely to be far greater for the land crossing rule.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Law Would Bar Dumping Patients On The Street."
"The Conflict In Iraq: British Troop Drawdown."
"Virtual Loses Its Virtues."
"Arabs Say Israel Is Not Just For Jews."
"Gentle Jabs Turn To Punches For Clinton, Obama."
"The Trial Of The Sensory."

USA Today:
"Ex-Lawmakers Find Work With Lobbyists."
"Post-Katrina Baton Rouge Struggles With Its Identity."
"Older Seniors Return North."

New York Times:
"National Guard May Undertake Iraq Duty Early."
"Iraq Insurgents Employ Chlorine in Bomb Attacks."
"Korean Men Use Brokers to Find Brides in Vietnam."
"The Japanese Gyroball Mystery."
"In Both Parties, 2008 Politeness Falls To Infighting."
"Volunteer Group Lags In Replacing Gulf Houses."
"Settlement Lets Apple Use 'iPhone.'"

Washington Post:
"Blair Plans To Withdraw 1,600 Troops From Iraq."
"A Call To Confession, For It Is Fading."
"Va. House To Teens: 'Hang Up And Drive.'"
"In China, Stern Treatment For Young Internet 'Addicts.'"
"Clinton, Obama Camps' Feud Is Out In The Open."
"In Far North, Peril And Promise."

Washington Times:
"GOP 'Darlings' Slow To Sign Tax-Cut Pledge."
"Canada Cautions U.S. On Pending Passport Rule."
"Wages High In D.C., Counties."
"Rice Calls Iraq Coalition 'Intact.'"
"Senate Illegals Bill Near Complete."
"Hillary, Obama Producing Their Own Hollywood Drama."
"O'Malley Considers Extra Session To Sort Out Deficit."

Detroit Free Press:
"'I Am No. 1 Suspect.'"
"Mich. Teens To Get Six More Early Colleges."
"Farrakhan's Final Bow?"

Atlanta Journal-Constitution:
"Would Feb. 5 Primary Put Georgia In Race?"
"Iran Ignores U.N. Nuclear Deadline."
"WWW.GAHOSPITALPRICECHECK.COM: Comparison Shop Hospitals With A Click."
"Delta Flies With Post-Takeover High."

Dallas Morning News:
"Priest Abuse Claims Led To Suspension."
"Parents Confront Deadly Heroin Mix."
"Senior Drivers May Face Vision Tests."
"Nuevo Laredo Handcuffed By Drug Trade."
"House Panel Fights HPV Vaccine Order.'
"Coal Hearings Delayed."

Houston Chronicle:
"Panel Votes To Block HPV Vaccine Requirement."
"Troops On Border Help Fuel Drop In Migrant Arrests."
"Biggio Hits Camp With Milestone On The Horizon."
"3-Point Barrage Carries Rockets Past Heat."
"Hellish 'Exoplanets' A Step Toward Earth-Like Find."
"Galveston Housing Costs Forcing Many From City."

Story Lineup From Last Night's Network News:
ABC: Iraq-UK Troop Reduction; Iraq-Cheney Interview; Iraq-Violence Continues; Walter Reed Living Conditions; Clinton-Obama Campaign Accusations; Libby Trial Update; Tennessee Custody Battle; Miracle Baby Leaves Hospital; Dallas-Airplane Emergency Landing; Email Addicts.
CBS: Iraq-British Troops; Southern Iraq; Iraq Analysis; Iraq-Helicopter Shot Down; Iran-Nuclear Program; Healthcare Costs; ADHD Drugs; Elder Care; Libby Trial; Clinton-Obama Clash; Ballroom Dancing.
NBC: Iraq-UK Withdrawal; White House Response To UK Withdrawal; Iraq Violence Continues; Walter Reed Living Conditions; HPV Vaccination Debate; Vaccination Analysis; Economic Update; Thatcher Statue; Aging Parents; Internet-

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Buying Medication; Miracle Baby Leaves Hospital; New Orleans Firefighters.

Story Lineup From This Morning's Radio News Broadcasts:

CBS: University Of Illinois' Mascot Retired; Britain-Prince Harry Expected To Be Sent To Iraq; Iranian Nuclear Program-UN Deadline; Libby Trial; FL-Premature Baby; IKEA Bags-Conservation Efforts; Medical Marijuana Lawsuit Against Federal Government.

NPR: International Atomic Energy Agency-Iranian Nuclear Program; Rice-Iranian Nuclear Program; Java-Fire On Indonesian Ferry; Cisco, Apple-iPhone Trademark Agreement; Whole Foods To Purchase Wild Oats Market; Tokyo Stock Exchange; Consumer Price Index Up In January; British Minister For Africa-Sudan Sanctions.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Tours Novozymes North America plant, Franklinton, NC; participates in a panel discussion on cellulosic ethanol, Novozymes North America, Inc., Franklinton, NC.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Tours Katrina Cottages, Cusato Cottages, Ocean Springs, Miss.; attends luncheon, McElroy's on the Bayou Restaurant, Ocean Springs, Miss.; visits D'Iberville Elementary School, D'Iberville, Miss.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: US-INDIA _ Meeting of the US-India High Technology Cooperation Group. Highlights: 12:15 p.m. Commerce Secretary Gutierrez. Location: 1615 H St. NW.

BOSNIA-HERCEGOVINA _ 8:45 a.m. - 4 p.m. The Center for Strategic and International Studies and the Dayton Peace Accords Project host a conference, ``Bosnia-Hercegovina At An International Crossroads. Highlights: 1 p.m. Luncheon session, with Jozo Krizanovic, member of the BiH Parliament; Damir Arnaut, legal advisor to Haris Silajdzic, member of BiH Presidency; Nerkez Arifhodzic, foreign policy advisor to Zeljko Komsic, member of BiH Presidency; Igor Radojicic, Chairman of the National Assembly of Republika Srpska. Location: B-1 conference level, 1800 K St. NW.

PROSPERITY _ 8:15 a.m. - 12:30 p.m. The Economic Policy Institute holds a forum, ``Work that Works: An Agenda for Shared Prosperity," discussing proposals for removing obstacles that increasingly disconnect working Americans from the rewards of their work. Location: Room 345, Cannon.

CYBER SECURITY _ 8:30 a.m. Assistant Homeland Security Secretary Greg Garcia speaks at the Maryland Cyber Security Forum. Location: 3501 University Blvd. East, Adelphi.

FINANCIAL EDUCATION _ 9 a.m. Treasurer Anna Escobedo Cabral, Assistant Treasury Secretary Emil Henry, Jr., and Deputy Assistant Treasury Secretary Dan Iannicola, Jr. speaks at the Summit on K-Postsecondary Financial Education. Location: Cash Room, main Treasury.

HEALTH INSURANCE _ 9 a.m. The Federation of American Hospitals holds a briefing to release a new proposal to provide health coverage to all Americans, and a new survey of voter attitudes on health insurance coverage. Location: National Press Club.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Lt. Gen. Ray Odierno, commander of the Multinational Corps-Iraq, will brief live from Iraq to provide an update on ongoing security operations in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

US-JAPAN _ 9 a.m. The Carnegie Endowment for International Peace holds a seminar, ``A Closer Japan-US Economic Relationship, with panels on ``The Strategic Context in Asia" at 9 a.m. and ``the Japan US-Economic Relationship" at 10:30 a.m. Location: 1779 Massachusetts Ave. NW.

VIETNAM MEMORIAL _ 9:30 a.m. Three veterans organizations hold a news conference to urge their members to come to Washington to protect the Vietnam War Memorial from harm during the March 17 anti-war rally. Location: National Press Club.

ICE CENTER _ 10 a.m. The National Ice Center, a partnership between NOAA, the Navy and the Coast Guard, marks its 30th anniversary. Location: NOAA Satellite Operations Facility, 4231 Suitland Rd., Suitland.

IRAN _ 10:30 a.m. The Council on Foreign Relations holds an on-the-record telephone briefing on ``Iran: Time for Detente," with author Ray Takeyh. Contacts: Kate Zimmerman, 212-751-3375/

MEDICARE _ 10:30 a.m. Karen Ignagni, President of America's Health Insurance Plans, holds a telephone briefing on low-income and minority beneficiaries in MA plans. Contacts: Mohit Ghose, 202-778-8494. Notes: Callin number: 866-837-9787.

SIX PARTY TALKS _ 10:30 a.m. The Brookings Institution, Asia Society and the Korea Economic Institute hold a discussion with Assistant Secretary of State Christopher Hill on the Six Party Talks. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

OFF LABEL USES _ 9 p.m. The Washington Legal Foundation holds a briefing on legal and regulatory challenges to the sharing of information on ``off-label" uses of prescription drugs and devices. Location: 2009 Massachusetts Ave. NW.

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OVERSIGHT VS. PRIVILEGE _ 12 p.m. The Federalist Society holds a panel discussion on congressional oversight vs. executive privilege with attorneys Chris Bartolomucci and Douglas Cox, former Interim Solicitor General Walter Dellinger, Louis Fisher of the Library of Congress, others. Location: National Press Club.

WAR POWERS _ 12 p.m. American University Washington College of Law holds a discussion on congressional authority to check presidentail war powers in Iraq, with former Associate Deputy Attorney General Patrick Philbin and former Justice Department Office of Legal Counsel advisor Martin Lederman. Location: 4801 Massachusetts Ave. NW.

SOMALIA _ 12:30 p.m. The Council on Foreign Relations holds an on-the-record meeting with Vicki Huddleston, former Charge d'Affairs in Ethiopia, and Terrence Lyons of George Mason University, others, discussing Somalia. Location: 1779 Massachusetts Ave. NW.

WALTER REED _ 12:30 p.m. Walter Reed Army Medical Center holds a media tour through various living quarters for outpatients, followed by a news conference. Location: Building 18, Mologne House, at Walter Reed.

CHILDREN'S HEALTH COVERAGE _ 1 p.m. The Center on Budget and Policy Priorities holds a conference call briefing to discuss the federal funding shortfalls states face in the State Children's Health Insurance Program and the possible consequences for children's health coverage. Contacts: Michelle Bazie, 202-408-1080.

INNOVATION _ 2 p.m. Commerce Secretary Gutierrez convenes the first meeting of his Measuring Innovation in the 21st Century Economy Advisory Committee. Location: Wyndham Hotel, 1400 M St. NW.

TAIWAN _ 2 p.m. The Center for Northeast Asian Policy Studies and the Formosan Association for Public Affairs hosts a discussion with leading experts to examine the importance of the ``228 Incident'' in 1947 to the understanding of present-day Taiwan, and the process of reconciliation on the island. Location: Falk Auditorium, 1775 Massachusetts Ave. NW.

IRAQ-VIETNAM _ 6 p.m. George Washington University sponsors a discussion with professor Shawn McHale on the untold story of the Vietnamese guerrillas told from their perspective and the implications for Iraq. Location: Room 602, 1957 E St. NW.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, FEBRUARY 23, 2007 7:45 AM EST

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TERRORISM NEWS:

Defense Experts Testify Padilla Unfit For Trial. In a widely-distributed story, the AP (2/23, Anderson) reports, "Accused al-Qaida operative Jose Padilla suffers from intense stress and anxiety stemming from his isolated years in military custody and cannot adequately help his lawyers prepare for trial, two defense mental experts testified Thursday. Defense lawyers hope to delve more deeply into Padilla's treatment at a Navy brig in Charleston, S.C., later in the federal hearing, when they are allowed to question brig officials directly involved in his custody. … 'He is immobilized by his anxiety,' said Patricia Zapf, a forensic psychologist who administered tests on Padilla last October. 'He believes he will go back to the brig and he will die there.'" The AP notes, "Prosecutors say he is competent for trial," and Pentagon spokesman Cmdr. Jeffrey Gordon said yesterday, "The government in the strongest terms denies Padilla's allegations of torture, allegations made without support and without citing a shred of record evidence."

USA Today (2/23, 6A, Parker) reports from Miami, "A New York psychiatrist testified Thursday that Jose Padilla, a U.S. citizen accused by the government of being an 'enemy combatant,' developed so many mental ailments during three years of solitary confinement in the Navy brig in Charleston, S.C., that he is not competent to stand trial. … That view of the 36-year-old terrorism suspect, once accused of planning to detonate a radioactive 'dirty bomb,' emerged as Angela Hegarty took the stand as the first of three psychiatrists expected to testify at a hearing to determine Padilla's mental fitness. 'He lacks the capacity to assist his counsel in this case,' Hegarty said." USA adds, "More revelations are expected next week when four officials from the brig, as well as four officials from the Miami Federal Detention Center take the stand. Their testimony will provide an unprecedented window into the U.S. military's treatment of terrorism suspects. Since the Sept. 11, 2001, attacks, officials responsible for the detention of terrorism suspects have been ordered by a federal judge to testify only a few times."

The New York Times (2/23, Sontag) reports, "In a highly unusual competency hearing in federal court here Thursday, defense lawyers began to lay out their argument that Jose Padilla, the Brooklyn-born former enemy combatant, was rendered incompetent to stand trial on terrorism conspiracy charges by what they characterize as crippling mistreatment by the government." The Times continues, "Two mental health experts, a forensic psychiatrist and a forensic psychologist hired by the defense, testified that Mr. Padilla, 36, suffers from post-traumatic stress disorder as a result of his isolation and scores of interrogation sessions during three years and eight months in a military brig in South Carolina. … 'He's unfit to stand trial,' said Patricia A. Zapf, the psychologist, describing Mr. Padilla as so 'immobilized by his anxiety' and so distrustful that he is incapable of assisting his own lawyers — whom he at times suspects of being agents of the government — in preparing his defense." The Times adds, "Dr. Zapf said Mr. Padilla, a United States citizen who was initially accused of plotting a dirty bomb attack against the United States and held without charges by the military, believed that he would end up 'back in the brig and that he would die there.' … Mr. Padilla, who was indicted in late 2005 on terrorism conspiracy charges that do not include the dirty bomb plot but do carry a possible life sentence, sat calmly through Thursday's hearing as lawyers and doctors discussed his facial tics, anxieties and feelings of hopelessness."

The Los Angeles Times (2/23, Williams) reports, "U.S. District Judge Marcia Cooke scheduled the competency hearing after Padilla's defense attorneys filed a motion to dismiss the case because of what they called 'outrageous government conduct' that amounted to torture. … Padilla's trial is scheduled to begin April 16." The Times continues, "Both defense experts diagnosed Padilla with post-traumatic stress disorder and acute anxiety, which they attributed to his prolonged isolation and treatment at the Charleston brig. … Padilla, shackled and dressed in a tan cotton jailhouse tunic and trousers, sat impassively throughout the day's proceedings. His only show of emotion was a wave and smile to his mother, who was seated in the back of the courtroom."

Writers Denounce Efforts To Gain Legal Advantage In Terror War. In an op-ed for the Wall Street Journal (2/23, A11), David B. Rivkin, Jr. And Lee A. Casey, who served in the Department of Justice during the Reagan and George H.W. Bush administrations and are writing a book on war's evolving legal architecture, write, "The term 'lawfare' describes the growing use of international law

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claims, usually factually or legally meritless, as a tool of war. The goal is to gain a moral advantage over your enemy in the court of world opinion, and potentially a legal advantage in national and international tribunals. … Al Qaeda, of course, is an experienced lawfare practitioner. Its training manual, seized by British authorities in Manchester, England, openly instructs detained al Qaeda fighters to claim torture and other types of abuse as a means of obtaining a moral advantage over their captors. That advice has been routinely followed by detainees at Guantanamo Bay, who have succeeded in generating incessant demands -- from European officials among others -- for the base's closure and their own liberation." Rivkin and Casey continue, "These efforts, however, pale to insignificance when compared to the blizzard of litigation initiated in the U.S. federal courts on behalf of al Qaeda and Taliban detainees. The suits range from habeas corpus petitions to free captured enemy combatants -- cases that were dismissed by the U.S. Court of Appeals in Washington, D.C. on Tuesday -- to tort suits seeking monies from U.S. government officials, to challenges regarding the detainees' conditions of confinement." Rivkin and Casey add, "The most significant common thread among all these actions is the clear desire to portray U.S. government actions as illegal and unprecedented. In fact, it is the claims for extensive due process rights for captured enemy combatants that are unprecedented." Rivkin and Casey note, "The effect of this lawfare effort, were it successful, would be to make it exceptionally difficult -- if not impossible -- for a law-abiding state to wage war in anything like the traditional manner, bringing the full weight of the national armed forces to bear against an enemy, without prompting charges of war crimes and efforts to intimidate individual officials with prosecutions on ersatz 'war crimes' theories. In fact, the criminalization of traditional warfare seems to be the goal. … Lawfare designed to delegitimize the use of American military force, and the American way of war, certainly has the potential to undermine public support for the war effort, both at home and abroad. Recognizing the stakes involved, the U.S. should be as committed to winning the lawfare battle as the ground combat in Afghanistan and Iraq." Rivkin and Casey conclude, "Merely defending itself in court is not enough. The U.S. must go on both the legal and public diplomacy offensive, utilizing such aggressive litigation tactics as seeking sanctions against lawyers who make frivolous arguments or violate security regulations. Most important, the administration should strive to explain, tirelessly and at the highest levels, that its policies are both legal and legitimate and that it is the lawfare's practitioners who are the true radicals."

WPost Urges Congress To Restore Detainees' Rights. The Washington Post (2/23, A18) editorializes, "On the first day of the new Congress, two leading senators announced they would join in an attempt to reverse the hasty and ill-considered decision of the previous Congress to deprive foreign prisoners at Guantanamo Bay of the ancient right of habeas corpus, which allows the appeal of imprisonment to a judge. One of the senators, Arlen Specter (R-Pa.), predicted that the courts would rule that the provision of the Military Commissions Act eliminating habeas corpus was unconstitutional; he nevertheless joined the incoming chairman of the Senate Judiciary Committee, Patrick J. Leahy (D-Vt.), in sponsoring a bill restoring the appeal right. … Now Mr. Specter's prediction is looking less sure: The U.S. Court of Appeals for the D.C. Circuit ruled this week that Congress's act was constitutional, and it threw the cases of dozens of Guantanamo detainees out of federal court. That ruling will almost certainly be reviewed by the Supreme Court on appeal, but Congress should not wait for its decision. It should move quickly on the Habeas Corpus Restoration Act." The Post adds, "The principal remaining question is whether Congress's action is permitted under Article I, Section 9 of the Constitution … Two judges of the three-member appeals court panel ruled that the provision does not apply at Guantanamo because it is not on U.S. territory and the detainees are foreigners. … Rather than wait for the court's decision, Congress should correct its own mistake. The 51 to 48 vote rejecting Mr. Specter's previous attempt to restore habeas condemned hundreds of foreign prisoners to indefinite detention without trial at Guantanamo; only a few score are expected to be prosecuted by the military commissions. Since 2002 it has become clear that a number of prisoners at the facility were arrested in error, are not terrorists and pose no threat to the United States. Moreover, improvements in the prisoners' treatment have come about largely because of their court appeals. Congress has both a practical and a moral interest in ensuring that this basic human right is restored."

DOJ Urged To Keep More Accurate Anti-Terrorism Statistics. The Ventura County (CA) Star (2/23) editorializes, "The Justice Department's post-9/11

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statistics on terrorism cases have been deeply flawed, sometimes inflated, sometimes underreported — in any case, just highly inaccurate. Only two out of 26 sets of statistics reported between 2001 and 2005 were found to be accurate by the department's inspector general, Glenn Fine." The Star continues, "The most erroneous were figures on terrorism prosecutions collected by the department's Executive Office of U.S. Attorneys. In 2004, the department reported 379 terrorism-related convictions, but Mr. Fine said the actual number was 240. … Given the penchant of the department's political leadership for overhyping terrorism-related cases, the natural inclination is to think that the figures were intentionally padded. … Mr. Fine, reassuringly, says no. He blamed the errors on a "decentralized and haphazard" system of data collection and disagreements over the definition of an 'anti-terrorism' case. … The result was that unrelated offenses like immigration violations, marriage fraud, drug trafficking and firearms violations were included in the terrorism figures." The Star concludes, "Given the sensitivity of these numbers, it's surprising that the department was so careless. The Bush administration has portrayed itself as tough on terrorism — invoking these same statistics to prove it — and, by extension, the Democrats as weak. If it got this wrong, it makes you wonder what else it got wrong. … The audit concluded that, ''it is essential that the department report accurate terrorism-related statistics.' After five years of the domestic war on terror, that's not asking a whole lot."

Maldonado Written Statements Describe His Actions In Somalia. In a widely-distributed story, the AP (2/23, Lozano) reports, "Handwritten statements released Thursday depict the frustration, confusion and deception that revolved around a U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government. The three sets of statements, which Daniel Joseph Maldonado gave to FBI agents after his arrest in Kenya last month, detail in the 28-year-old's words why he left the United States, his time in Somalia and the frantic last few days he and his family spent in the country before his capture by authorities." The AP notes, "In his statements, Maldonado never mentioned al-Qaeda and said he was sick for a week with malaria after arriving in Kismayo. After recovering in a hospital, Maldonado said he was asked again 'to join the jihad. But I was more concerned with my family in Mogadishu and still doubtful about weather it was a valid jihad.' Maldonado later admitted he lied about his doubts" in a letter to his parents, but prosecutors "said they don't think he was lying."

HOMELAND RESPONSE:

Independent Review Of Supermax Prison Security Urged. The Denver Post (2/23) editorializes, "It's hard to know what to believe when it comes to assessing the state of security at the Supermax federal prison in Florence, which holds some of the most dangerous inmates in the country." The Post continues, "During a tour of the facility Wednesday, Barb Batulis, a Supermax guard and union representative, said the prison isn't adequately staffed. But U.S. Bureau of Prisons chief Harley Lappin said he can safely manage the institution with the staff he has. U.S. Attorney General Alberto Gonzales said he thinks the facility is secure but could be improved, though he shared no ideas. … That won't satisfy worried neighbors who want Lappin to erect a $23 million fence - not so much to keep the inmates inside as to keep their accomplices from approaching Supermax from the outside." The Post adds, "Despite watching over some of the nation's most diabolical criminals, Supermax staffing is actually down from when it opened in 1994. Prison officials say the addition of cameras and other technology has lessened the need for guards. … Perhaps that's true. Or perhaps it's a convenient justification. Trouble is, everyone defining the problems and creating solutions has a self-interest that could color their assessment." The Post concludes, "Colorado's congressional delegation has been active in pushing to resolve the prison's shortcomings, and they must work to penetrate the veil of ambiguity. A sweeping review of the prison's security and staffing should be conducted by the Government Accountability Office. The sooner the better."

Gonzales Visits Supermax. CNN Newsroom (2/22, 2:34 p.m. EST) broadcasted, "Attorney general Alberto Gonzalez toured Supermax, making good on a promise last November when CNN exposed the prison's shortcomings, particularly when it comes to inmates communicating with the outside world." Gonzales gave the prison good reviews, and said, "I am confident that we are doing what we should be doing in monitoring communications both in and out of these facilities. "

This story received nationwide covered with over 80 airings. Some examples include: WUSA-TV Washington, DC (2/22,

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9:19 a.m. EST) broadcasted, "US Attorney general Alberto Gonzales says the nation's most secure prison is safe but could be safer." He visited the Supermax facility "with Colorado Senators Wayne Allard and Ken Salazar who have been pushing for improvements." The prison "houses the nation's most notorious criminals."

KXAS-TV Dallas (2/22, 5:43 a.m. CST) broadcasted, "Attorney general say the prison which holds some of the most notorious inmates could be made safer," after touring the Supermax facility. Justice report "criticized the prison for not properly screening mail and other communications."

KMGH-TV Denver (2/22, 5:36 a.m.) broadcasted, "Attorney general Alberto Gonzalez says Colorado's Supermax prison is secure but could stand improvement." He toured the facility yesterday "in response to issues raised by senators Ken Salazar and Wayne Allard about staffing levels and security." Most broadcasts were in Denver, but there were also a moderate amount across the nation. Some examples are: KWNG-TV Denver (2/22, 6:05 a.m.), KWTV-TV Oklahoma City (2/22, 12:06 p.m.), WVLT-TV Knoxville (2/22, 7:10 p.m.), WWBT-TV Richmond (2/22, 6:30 a.m.), KKTV-TV Colorado Springs (2/22, 5:10 a.m.) and KSBY-TV Santa Barbara (2/22, 6:30 p.m.).

More Commentary. The Pueblo (CO) Chieftain (2/23) editorializes, "How safe is Supermax? U.S. Attorney General Alberto Gonzales toured the nation's most secure federal prison on Wednesday and was assured security measures have been taken to beef up safety." The Chieftain continues, "Sens. Wayne Allard and Ken Salazar accompanied the AG on the tour, and afterward Sen. Allard expressed confidence that the Administrative Maximum Security U.S. Penitentiary in Florence has been improved with technological upgrades. He added that more employees and more security measures could be coming in the future. … This is not to say that Supermax has not been without growing pains. An Inspector General's report issued last year detailed relaxed phone and mail monitoring, particularly for the terrorists being held inside the lockup." The Chieftain adds, "We certainly don't believe the prison housing the nastiest of nasties in the federal system ought to be operated unsafely, so the union's concerns should get a fair hearing. On the other hand, the judgment of the professional managers should also be given due weight. … Sen. Allard said the government probably will not be able to address 100 percent of the staffers' concerns at least right away - such things are a matter of available funding - but he added that more employees and more security could be coming in the future. With a growing prison population, such measures will have to be considered by Congress."

Minnesota Human Rights Group Alleges Post-9/11 Harassment Of US Muslims. The Minneapolis Star Tribune (2/23, Hopfensperger, 395K) reports, "The terrorist attacks of 9/11 still are casting a shadow on Minnesota's immigrant and Muslim community, according to a report issued Thursday by Minnesota Advocates for Human Rights. Racial and religious stereotyping continues to this day, as do overt acts of discrimination, the report said. The 94-page report was based on interviews with more than 100 Minnesota immigrants." The Star Tribune notes, "Several incidents of alleged misconduct by the FBI are mentioned in the report. A Somali man employed by a Twin Cities school district says he received a visit from the FBI at his home a day after he inquired about bus rentals for a school event. One of the questions he was asked; 'What do you think of Saddam Hussein?' FBI spokesman Paul McCabe said he had not been informed about the incidents mentioned in the report, and that they would be impossible to verify without names, dates and places. The authors of report, however, offered confidentiality to those they interviewed. If people have concerns about the FBI, they should contact the FBI or a trusted community organization, he said. 'We will investigate,' McCabe said."

New Houses In Lower Ninth Ward Are First Since Katrina. Under the headline "In New Orleans, Progress at Last in the Lower Ninth Ward," the New York Times (2/23, Nossiter, 1.16M) reports, "The first new houses built in the Lower Ninth Ward since Hurricane Katrina were turned over to their owners on Thursday, creating a small island of hope in a sea of ruin." The houses, financed by the nonprofit group Acorn and a California bank, "stand out in a landscape grimly frozen since the storm." The Lower Ninth Ward "is a long way from being a neighborhood again, even though it has been the focus of intensive volunteer efforts and organizing since the storm." However, Gwendolyn Guice, who received one of the homes, "insisted" that the development "would help draw people back."

Lott Said To Be Directing "Populist Rage" At Insurers Over Katrina Claims. In her Wall Street Journal (2/23, A10, 2.04M) column, Kimberley Strassel writes,

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"One big question when Democrats took over Congress was which industry would be first to feel the new majority's populist rage. Oil? Pharma? Banks? Corporate America just got its answer, direct from the angriest man to have been empowered in the past election: Republican Sen. Trent Lott. The Mississippian was 'infuriated' by the insurance industry's refusal to shell out for certain Katrina claims, most notably his own. So Mr. Lott is spearheading a ferocious campaign of political revenge that would make even Henry Waxman envious -- replete with investigations, voracious trial lawyers, ambitious state attorneys general and threats of punitive federal legislation. And like most personal grievances that get morphed into policy battles, it's ending badly for consumers."

WAR NEWS:

Democratic Bill Would Limit Iraq Mission To Combat Against Al Qaeda Elements. The AP (2/23, Espo) reports, "Determined to challenge President Bush, Senate Democrats are drafting legislation to limit the mission of US troops in Iraq, effectively revoking the broad authority Congress granted in 2002, officials said Thursday." The AP adds, "officials said the precise wording of the measure remains unsettled," but "one draft would restrict American troops in Iraq to combating al-Qaida, training Iraqi army and police forces, maintaining Iraq's territorial integrity and otherwise proceeding with the withdrawal of combat forces." The officials, "Democratic aides and others familiar with private discussions, spoke only on condition of anonymity, saying rank-and-file senators had not yet been briefed on the effort. They added, though, the Senate Majority Leader Harry Reid is expected to present the proposal to fellow Democrats early next week for their consideration."

USA Today (2/23, 6A, 2.27M) runs a truncated version of the AP story, while the New York Times (2/23, Hulse, 1.16M) says "the chief authors" of the new bill "are Senators Joseph R. Biden Jr. of Delaware, the chairman of the Foreign Relations Committee, and Carl Levin of Michigan, the chairman of the Armed Services Committee. The plan is to try to attach the proposal to an antiterrorism bill the Senate expects to begin considering Tuesday." The Times adds, "Lawmakers and senior aides said that such a plan was unlikely to pass Congress, and even if it did, it would certainly be vetoed." But "Democrats say their intention is to keep pressure on both Mr. Bush and Congressional Republicans who are facing a public frustrated with the war. Democrats say that other Iraq proposals are likely to emerge as well." Senate Democrats "say they prefer the emphasis on the mission of American troops over a plan by some House members to try to limit United States military involvement by putting restraints on troop deployments based on readiness and equipment availability."

The Washington Post (2/23, A1, Murray, Weisman, 690K) reports, "In both chambers, Democratic lawmakers are eager to take up binding legislation that would impose clear limits on U.S. involvement in Iraq after nearly four years of war. But Democrats remain divided over how to proceed." While "some want to avoid the funding debate altogether, fearing it would invite Republican charges that the party is not supporting the troops," others "take a more aggressive view, believing the most effective way to confront…Bush's war policy is through a $100 billion war-spending bill that the president ultimately must sign to keep the war effort on track. … 'I've had enough of "nonbinding,"' said Sen. John F. Kerry (D-Mass.), who is helping to draft the new Democratic proposal."

Lieberman Suggests He May Switch Parties If Democrats Try To Cut Off Funding. The Politico (2/23) reports, "Sen. Joseph I. Lieberman of Connecticut told the Politico on Thursday that he has no immediate plans to switch parties but suggested that Democratic opposition to funding the war in Iraq might change his mind." Lieberman, "a self-styled independent who caucuses with the Democrats, has been among the strongest supporters of the war and President Bush's plan to send an additional 21,500 combat troops into Iraq to help quell the violence there." Lieberman said in an interview, "I have no desire to change parties. … If that ever happens, it is because I feel the majority of Democrats have gone in a direction that I don't feel comfortable with." Asked "whether that hasn't already happened with Iraq," Lieberman said, "We will see how that plays out in the coming months." He "suggested…that the forthcoming showdown over new funding could be a deciding factor that would lure him to the Republican Party."

On its website, Time (2/22, Calabresi, 4.03M) reported Lieberman "has been indulging in some fairly immodest political footsie. Early this year he terrified fellow Democrats by skipping several of the weekly caucus lunches that cement party fidelity in the Senate. Recently he was spotted in the Republican cloakroom talking with South Carolina's Lindsey Graham about reforming Social Security. He even says he might vote Republican for President in 2008, a not-so-veiled

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hint that he would prefer John McCain, his fellow true believer in the Iraq war, to most, perhaps all, Democratic alternatives." Lieberman "says leaving the Democratic Party is a 'very remote possibility.' But even that slight ambiguity -- and all his cross-aisle flirtation -- has proved more than enough to position Lieberman as the Senate's one-man tipping point."

GOP War Opponent In House Breaks With Murtha. McClatchy (2/23, Schoof) reports, "A longtime Republican opponent of the Iraq war, Rep. Walter Jones of North Carolina, broke ranks Thursday with Democratic Rep. John Murtha over Murtha's plan to attach conditions to war funds." That "split signals that divisions among war opponents are likely to emerge next week when Congress returns from recess. Murtha and other Democrats have said they'll look at how they might use congressional power over military regulations and funding to pressure the Bush administration to redeploy US forces out of Iraq."

"John McCain-Like War Hero" Leading Defense Of Bush Policies In House. The Los Angeles Times (2/23, Simon, 850K) reports, "When House Republicans needed a John McCain-like war hero to lead their fight against Democratic assaults on…Bush's Iraq strategy, they turned to another former POW, a Texas Republican named Sam Johnson." Though "less known than Sen. McCain (R-Ariz.), his onetime cellmate in Vietnam," Johnson "spent nearly seven years in a prisoner of war camp, about half of it in solitary confinement. When he took to the House floor during last week's emotional debate on the Iraq war, the 76-year-old former fighter pilot drew heavily on Vietnam experiences." Johnson "has emerged as the House GOP's point man in an escalating fight in Congress over Bush's execution of the war -- a position that puts him opposite another decorated Vietnam veteran, Rep. John P. Murtha (D-Pa.)." GOP leaders "see Johnson as the Republican best suited to counter Murtha, an ex-Marine and defense hawk who has become a influential war critic."

Krauthammer Criticizes Democratic Tactics. In the Washington Post (2/23, A19, 690K), Charles Krauthammer writes, "Slowly bleeding our forces by defunding what our commanders think they need to win (the House approach) or rewording the authorization of the use of force so that lawyers decide what operations are to be launched (the Senate approach) is no way to fight a war. It is no way to end a war." It is "a way to complicate the war and make it inherently unwinnable -- and to shirk the political responsibility for doing so."

Cheney Says Iraq Withdrawal Would Spawn Terror Wave. The Washington Times (2/23, Keats, 88K) reports Vice President Cheney warned today that the US and Australia "simply cannot indulge" thoughts of an early withdrawal from Iraq "because it would spawn a new wave of global terror." Speaking in Sydney, Cheney said, "The notion that free countries can turn our backs on what happens in places like Afghanistan, Iraq or any other possible safe haven for terrorists is an option we simply cannot indulge." If coalition troops "withdrew before Iraqis could defend themselves," the Vice President said "radical factions would battle for dominance over the country."

Powell Says US Should Leave If "Civil War" Has Not Been Quelled In A Year. The Journal and Courier (2/23, Shaw) of Lafayette, IN, reports, "Former Secretary of State Colin Powell told an audience at Purdue University that he supports sending more American soldiers to Iraq." But "if the troop surge does not quell what he characterized as a 'civil war' within a year, the United States should begin to leave, he said." Powell also "said the United States was right to retaliate against Afghanistan after the attacks of Sept. 11, 2001. But he was less certain when discussing the invasion of Iraq. He conceded that the intelligence on Iraq's having weapons of mass destruction was misleading. 'But we were not wrong about the nature of this regime, and I am glad that it is gone,' he said. 'I hope the Iraqis will the seize the opportunity we have given them.'"

Iraqi Insurgents Seen As Adapting To Counteract Security Push. Media coverage of the situation in Iraq focuses on insurgents' use of chemical "dirty bombs" and a sense that the enemy is changing its tactics to meet the new security push. Such developments are being described as an ominous sign for the US mission to pacify the country. Under the headline "Old Problems Undermine New Security Plan For Baghdad," the New York Times (2/23, Oppel, 1.16M) reports, "The much anticipated effort to wrest Baghdad streets from the control of militias and insurgents has been presented in news conferences and public statements as an Iraqi-led operation. Iraqi officials have been out front, announcing arrests, weapons finds and other details, as well as new decrees intended to halt two years of so-called sectarian cleansing." But "on the streets, the joint patrols seemed little different from those of the past few years: A handful of Iraqis, acting at the direction of a larger group of Americans, opening drawers and closets and looking behind

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furniture as they searched for banned weapons or other contraband."

The Washington Post (2/23, A15, Tyson, Partlow, 690K) says "insurgents…are employing a variety of new tactics -- from an unprecedented string of helicopter shoot-downs to unusual chlorine bomb attacks and direct assaults on US military bases -- that American commanders say are intended to create chaos and undermine the US and Iraqi military push to quell violence in Baghdad. … More aggressive, direct attacks by insurgents on bases housing the US military are another troubling development." USA Today (2/23, 5A, Michaels, 2.27M) reports Lt. Gen. Raymond Odierno, the No. 2 U.S. commander in Iraq, said "Al-Qaeda-associated" cells "may be behind a recent spike in downed US helicopters in Iraq." He added "two suspects have been captured in connection with the helicopter attacks. One suspect, he said, admitted involvement in one attack." USA Today adds, "Since Jan. 20, insurgents have shot or forced down eight US helicopters, killing 28 troops and civilians." The Washington Times (2/23, Gertz, 88K) notes Odierno's comments in a story titled "Al Qaeda Believed Behind Copter Crashes."

CBS and NBC ran stories on this week's "dirty" bombs. The CBS Evening News (2/22, lead story, 2:50, Couric, 7.66M) reported, "The US military in Iraq is warning tonight that insurgents are trying new tactics to try to spread fear. Bombs with chlorine gas have killed as many as 11 people this week. And today US troops found canisters of chlorine when they raided a suspected weapons factory west of Baghdad. Also today, the US military said American forces killed at least 12 insurgents in a six-hour clash in the city of Ramadi. And US forces looking for insurgents shooting down American helicopters detained two members of a militant cell." CBS (Logan) added, "This is the changing face of war in Iraq as a new weapon of terror is unleashed here -- crude chemical bombs that explode poisonous chlorine gas into the air, burning the eyes and lungs of victims too small even to understand what's happened. A chilling turn in tactics that's left survivors bewildered and in pain."

NBC Nightly News (2/22, story 3, 2:00, Williams, 9.87M) reported, "You may recall we reported last night on this broadcast about a new and dangerous trend in Iraq, the insurgents there are using chlorine gas to build bombs that are terrorizing civilians. US troops raided what is being called a bomb factory on Tuesday and what they found there is also troubling." NBC (Arraf) added, "Hospitals filled with the young and old hit not by shrapnel but chlorine gas, the same chemical used to purify water turned to deadly use. Sunni insurgents are suspected to have launched at least three chlorine attacks killing a dozen people and injuring more than 200." Loren Thompson, described as a "national security expert," was shown saying, "The insurgent's aim has been first and foremost to demoralize the Iraqi people and then to defeat American soldiers. If the Iraqis are terrified, we can't secure the country." NBC added, "Iraqis already go through their day worried about car bombs, kidnappings, shootings, mortars and now add more worry to the growing list of fears."

The New York Times (2/23, Oppel, 1.16M), under the headline "Iraq Rebels Expected To Use More Chlorine Gas In Attacks," says "military officials are also acutely concerned that insurgents have adapted tactics to exploit vulnerabilities in flight patterns of military helicopters, which are expected to fly 400,000 hours this year in Iraq, a 20 percent increase over 2006." The Washington Times/AP (2/23, Gamel) runs a similar report.

The Los Angeles Times (2/23, 850K) reports "US troops in Iraq uncovered a 'car bomb factory' near Fallouja this week that contained multiple canisters of chlorine, a potentially lethal gas that has been used in three insurgent attacks over the last month," Odierno said.

In another story that reflects poorly on the new US strategy in Iraq, the Washington Post (2/23, A16, Murphy, 690K) reports from Baqubah, in a story titled "US Unit Shoulders Burden At Police Station In Baqubah," that "it took nearly a month to build the tiny bunker on the roof of this Iraqi police station. The U.S. soldiers worked at night to avoid snipers, carrying sandbags up four flights of stairs in the dark. One day last week, several American soldiers arrived to begin their shift here, using the roof to scan the surrounding area for attackers." The Post adds "there was one thing missing from the roof of the station, and from the ranks of those who were there to defend it: members of the Iraqi security forces. Similar US units are embedded at other Iraqi police and army installations in Baqubah, a city of 300,000 about 35 miles northeast of Baghdad. Keeping these locations open and functioning is vital, military commanders say, if the Iraqis who live here are to have confidence in the government."

Insurgents Attack US Troops In Ramadi. USA Today/AP (2/23, 5A) reports, "Sunni insurgents attacked US troops in the volatile city of Ramadi, setting off a six-hour firefight that killed at least 12 people, the US military said Thursday." The Ramadi battle "broke out Wednesday evening when insurgents opened fire on a US patrol. The

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Americans responded with precision-guided munitions that damaged several buildings and ended the fight, said a Marine spokesman, 1st Lt. Shawn Mercer. There were no US casualties. Twelve insurgents were killed, Mercer said."

Keane Defends Bush Plan. ABC World News (2/22, story 5, 2:50, Gibson, 8.78M) reported, "The new security crackdown in Iraq, the centerpiece of President Bush's surge of troops, has entered its second week. Retired Army General, Jack Keane, one of the architects of the President's plan and an ABC News consultant, over the past 11 days has visited Iraq's most volatile areas to assess how it's going. I spoke to General Keane earlier. He's now in Baghdad to get his assessment." Keane: "First of all, a lot has changed in Iraq, in a year. The situation has gotten considerably more dire certainly. And when you take a look at Baghdad itself, there are neighborhoods down there where people aren't living in anymore." Gibson: "Do you get a sense that this security crackdown can have an effect long term, on sectarian violence?" Keane: "Yeah, I definitely think so. First of all, we're in the very opening stages of this. There's only one new brigade here from the United States. And obviously, four more to arrive. However, the Iraqi ten brigades have showed up. And that's a big plus."

Chalabi In Key Security Post. The Wall Street Journal (2/23, A1, Dreazen, 2.04M) reports, "In his latest remarkable political reincarnation, onetime US favorite Ahmed Chalabi has secured a position inside the Iraqi government that could help determine whether the Bush administration's new push to secure Baghdad succeeds." In "a new post created earlier this year," Chalabi "will serve as an intermediary between Baghdad residents and the Iraqi and US security forces mounting an aggressive counterinsurgency campaign across the city. The position is meant to help Iraqis arrange reimbursement for damage to their cars and homes caused by the security sweeps in the hope of maintaining public support for the strategy." Chalabi's "writ is supposed to be limited mainly to security, according to aides to Iraqi Prime Minister Nouri al-Maliki, but he is already speaking ambitiously about playing a larger role in economic, health and reconstruction efforts as well." He "answers directly to Mr. Maliki and is already taking part in weekly planning meetings with senior American officials such as Ambassador Zalmay Khalilzad and Gen. David Petraeus, the top U.S. military commander in Iraq."

Rape Allegations Prompt Al Qaeda Vow Of Revenge. The CBS Evening News (2/22, story 2, :20, Couric, 7.66M) reported, "Meanwhile, two accusations of rape involving Iraqi security forces are dumping more fuel on the already explosive situation there. Both of the alleged victims are Sunni and claim they were raped by Shiite policemen. Prime Minister Maliki's government has cleared the accused, and today Al Qaeda in Iraq vowed revenge."

ABC World News (2/22, story 4, :35, Gibson, 8.78M) also reported, 'The leader of Al Qaeda's wing in Iraq surfaced today, vowing to avenge the alleged rape of a Sunni woman by Iraq Shiite-dominated police. Abu Ayyub al Masri spoke in an audio tape posted on the Internet. He said that 300 militants volunteered to go on suicide missions after the rape allegations were made. The Shiite-dominated government claims no sexual attack occurred."

The Washington Post (2/23, A16, Londono, 690K) reports "an Iraqi police official in the northwestern city of Tall Afar said Thursday that a military officer and three soldiers had admitted to raping a Sunni woman and recording the act with a cellphone camera. The four soldiers told an investigative committee convened by the Iraqi army that they sexually assaulted the woman nearly two weeks ago, according to Gen. Najem Abdullah, a police spokesman in Tall Afar." The soldiers' statement "follows another Sunni woman's assertion this week that she had been raped in Baghdad by members of Iraq's predominantly Shiite security forces."

Many In Iraq Stop Using Banks Due To Violence. The Washington Times (2/23, Palmer, 88K) reports that most Iraqis are opting to keep their money at home instead of in banks to avoid being "confronted by criminal gangs on the streets and demands for bribes from tellers in the branches -- not to mention long lines, shortages of bank notes, and other inconveniences." Despite "the security concerns, financiers and government officials say, there are not enough banks in Iraq to serve the population and finance sorely needed reconstruction, leaving companies and individuals struggling to secure their assets."

Effects Of Golden Mosque Bombing Assessed. The Los Angeles Times (2/23, Berthelsen, 850K) reports that for many Iraqis, "life has changed in the year since sectarian warfare erupted with the bombing of the Golden Mosque in Samarra," a holy Shiite mosque. Before the mosque bombing, "anger and violence in Iraq had largely been focused on the US-led forces occupying the country in the wake of the 2003 invasion;" now anger has focused more on sectarian differences and "centuries-old distrust." A year after

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the bombing, "amid the latest version of a security plan intended to restore calm, bombed-out buildings scar Baghdad and Iraqis live in fear of one another" with many wanting "the plan to work and for peace to return" although "their faith in such an outcome varies widely."

US Soldier Sentenced To 100 Years For Iraq Rape-Murder. In a widely-distributed story, the AP (2/23) reports, "A U.S. soldier was sentenced to 100 years in prison yesterday for the gang rape and murder of an Iraqi girl and the killing of her family last year. Sgt. Paul E. Cortez, 24, also was given a dishonorable discharge. He will be eligible for parole in 10 years under the terms of his plea agreement." The AP notes, "Earlier yesterday, tears rolled down Cortez's face as he apologized for the rape and murders. He said he could not explain why he took part. … Five soldiers who served with Cortez in Iraq testified that his actions were out of character and described the hardships of war they experienced, including sleep deprivation and the lack of running water."

War Places Heavy Stress On Military Families. In a front-page feature, the New York Times (2/23, Alvarez, 1.16M) looks at stresses to military families in wartime, saying "hundreds of thousands of soldiers and loved ones have endured long, sometimes repeated separations that test the fragility of their relationships in unforeseen ways. The situation is likely to grow worse as the military increases the number of troops in Iraq in coming months," with Pentagon plans "to send more than 14,000 National Guard troops back to Iraq next year. … Most families and soldiers cope, sometimes heroically. But these separations have also left a trail of badly strained or broken unions, many severed by adultery or sexual addictions; burdened spouses, some of whom are reaching for antidepressants; financial turmoil brought on by rising debts, lost wages and overspending; emotionally bruised children whose grades sometimes plummet; and anxious parents who at times turn on each other. Hardest hit are the reservists and their families, who never bargained on long absences, sometimes as long as 18 months, and who lack the support network of full-fledged members of the military."

The Los Angeles Times (2/23, Zucchino, 850K), meanwhile, reports that Nancy Kules created an online journal of her experience as the spouse of an injured soldier when her husband, Ryan, lost two limbs and almost died as a result of injuries he received from a roadside bomb in Iraq. Nancy's "journal opened a window on a searing experience shared by a growing number of spouses who have become collateral damage in America's overseas wars. What began as an attempt to keep loved ones informed became a unique personal account of recovery and accommodation, of suffering and redemption" that has helped others learn about the ordeals of spouses of injured soldiers.

South Korean Businessman Sentenced In Oil-For-Food Probe. The New York Times (2/23, Barron, 1.16M) reports, "Tongsun Park, a once flamboyant South Korean businessman convicted of illegally representing Saddam Hussein in trying to influence the United Nations oil-for-food program, was sentenced yesterday to five years in prison." Judge Denny Chin of Federal District Court in Manhattan "said Mr. Park had 'blatantly disregarded the law' by taking more than $2 million for trying to lobby United Nations officials to ease sanctions against Iraq." The judge "called the sentence 'harsh' for a 71-year-old man with health problems. But he also said it was 'appropriate.'" The Washington Post (2/23, A11, Lynch, 690K) notes the sentence "was the maximum possible."

Iraq Acquires New Site For US Embassy. The Washington Post (2/23, A12, Boustany, 690K) reports, "Iraq may be facing a deadly civil war, but the Iraqi government is initiating major, costly repairs to its diplomatic building in Washington and expanding its real estate holdings here." The "latest Iraqi government purchase for its US mission is a $5.8 million mansion at 3421 Massachusetts Ave. NW in Observatory Circle, across the street from Vice President Cheney's official residence." The mansion will serve "as Iraq's temporary embassy during renovations to its fading Dupont Circle mission." However, plans "are to eventually turn the Dupont Circle building into a cultural center for the exhibition of Iraqi art."

US Attacked Al Qaeda In Somalia From Ethiopian Bases. On its front page, the New York Times (2/23, A1, Gordon, Mazzetti, 1.16M) reports the US military "quietly waged a campaign from Ethiopia last month to capture or kill top leaders of Al Qaeda in the Horn of Africa, including the use of an airstrip in eastern Ethiopia to mount airstrikes against Islamic militants in neighboring Somalia," according to American officials. The "close and largely clandestine" relationship with Ethiopia "also included significant sharing of intelligence on the Islamic militants'

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positions and information from American spy satellites with the Ethiopian military." According to the officials, "members of a secret American Special Operations unit, Task Force 88, were deployed in Ethiopia and Kenya, and ventured into Somalia." The counterterrorism effort was described by American officials "as a qualified success that disrupted terrorist networks in Somalia, led to the death or capture of several Islamic militants and involved a collaborative relationship with Ethiopia that had been developing for years." The "secret campaign" is seen as "an example of a more aggressive approach the Pentagon has taken in recent years to dispatch Special Operations troops globally to hunt high-level terrorism suspects."

Media Investigation Finds Little Security At Afghan-Pakistani Border. NBC Nightly News (2/22, lead story, 3:00, Myers, 9.87M) reported, "Attacks against US and NATO forces in Afghanistan are escalating. Fueled in part officials say by Al Qaeda and Taliban militants in Pakistan who easily cross the border into Afghanistan to join the fight. NBC News decided to investigate security at one of Pakistan's busiest border crossings. Two NBC News producers bought tickets for $4 each and boarded a bus in Pakistan, destination, Jalalabad Afghanistan. The route took them through Peshwar to a major border checkpoint to Jalalabad. Their bus full of passengers was waved through the border crossing. Not once in four hours did guards stop them or check for travel documents." Iqbal Sapand, NBC: "Nobody asked for our documents. Not only me but there were more than 45 people in that bus." NBC added, "The next day our producers repeated the process taking the bus from Afghanistan back to Pakistan. Again, no documents necessary." Mushtaq Yusufzai, NBC: "On both sides of the border nobody checked them."

CORPORATE SCANDALS:

Judge Denies Motion To Delay Enron Shareholder Suit. The AP (2/23, Lozano) reports, "A $40 billion lawsuit filed by former Enron Corp. shareholders and investors alleging investment firms and banks played key roles in the company's collapse will go to trial in April despite a pending appeals court decision on the case, a judge has ruled." The AP continues, "U.S. District Judge Melinda Harmon denied efforts by Merrill Lynch & Co., Credit Suisse First Boston and Barclays PLC to delay the trial while the 5th U.S. Circuit Court of Appeals rules on whether the case can proceed as a class-action suit. … She said in her ruling Wednesday that there should be no postponement, because of the uncertainty of when the appeals court would rule. Jury selection was set for April 9." The AP adds, "Attorneys for the shareholders and investors accused the banks and investment firms of trying to delay the case for several years. The trial has been rescheduled three times. … 'There is no reason to wait indefinitely for a decision from the Fifth Circuit that likely will not impact the trial,' attorneys for investors wrote in a motion last week. 'Any delay simply benefits the banks and harms class members who have waited patiently for over five years for their day in court.' … In their motion to delay the trial, the banks and investment firms argued the 5th Circuit's decision could significantly alter the definition of the lawsuit's class status as well as the claims and defenses to be presented at trial."

SEC Fines Former Sadia CFO In Insider-Trading Case. The AP (2/23) reports, "The former chief financial officer of Sadia SA, a Brazilian chicken and pork producer, and a former employee of Brazil's Banco ABN AMRO Real SA have agreed to pay almost half a million dollars combined to settle charges that they traded on inside information about the meat company's 2006 attempt to take over its largest local rival, Perdigao SA." The AP continues, "The Securities and Exchange Commission on Thursday announced the settlement with Luiz Gonzaga Murat Junior, the former chief financial officer at Sadia, and Alexandre Ponzio De Azevedo, the former banker. The two settled without admitting or denying wrongdoing. Their attorneys could not immediately be identified. … Murat agreed to give up $184,028 and to pay a $180,404 civil penalty. He also agreed to a five-year ban on serving as an officer or director of a public company. Azevedo agreed to give up $68,215 and to pay $67,165." The AP adds. "Murat 'is relieved to resolve this matter, and he is anxious to put this behind him and turn his attention to the future,' said his attorney, Juan Marcelino. … The SEC accused Murat of buying Perdigao securities that are listed in the United States after an April 7, 2006, meeting with investment bankers who proposed that Sadia make an offer for Perdigao. Murat's holdings rose in value after Sadia announced its offer on July 2006, when the price of Perdigao's American depositary shares rose 21 percent to $24.50, the SEC said."

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Presidential Panel Devises Voluntary Guidelines For Hedge Funds. USA Today (2/23, 4B, Shell, 2.27M) reports, "A presidential group charged with devising ways to improve oversight of the secretive $1.2 trillion hedge fund world issued a list of self-policing guidelines Thursday that it asserts will be more effective in protecting investors than more stringent laws would be. Favoring a market-based solution over government regulation, the President's Working Group on Financial Markets (PWGFM) opted for a 'principles-based approach' for dealing with the issues surrounding the fast-growing industry that now includes roughly 9,000 funds, uses exotic investment strategies and has a history of scandalous fund meltdowns." Critics "say the guidelines don't go far enough."

The Washington Post (2/23, D1, Johnson, 690K) notes "former SEC commissioner Harvey J. Goldschmid, who had supported the agency's thwarted bid to register fund managers, expressed concern that regulators lack the authority to perform random inspections of fund operations." And "in Connecticut, home to scores of hedge funds, Attorney General Richard Blumenthal criticized the recommendations as vague, insubstantial and 'unenforceable.'"

The New York Times (2/23, Labaton, 1.16M), under the headline "Officials Reject More Oversight Of Hedge Funds," reports the Administration said that "there was no need for greater government oversight of the rapidly growing hedge fund industry and other private investment groups to protect the nation's financial system." The panel's "conclusions reflected both the strong antiregulatory ideology of the administration and the formidable influence of Wall Street and the increasingly wealthy hedge fund industry among both Democrats and Republicans in Washington. Three of the administration's most senior economic policy makers -- Treasury Secretary Henry M. Paulson Jr., his top deputy, Robert K. Steel, and White House chief of staff Joshua Bolten -- are alumni of Goldman Sachs, which in the last decade has evolved into one of the most important players in the private equity market." The "reaction in Congress, which is in recess this week, was largely muted. Representative Barney Frank, the Massachusetts Democrats who heads the House Financial Services Committee, called the announcement 'a first step in addressing questions presented by the significant growth of hedge funds.'"

CRIMINAL LAW:

Libby Jurors Reach No Verdict Thursday. The Wall Street Journal (2/23, Perez, Solomon, 2.04M) reports, "Jurors reached no verdict Thursday on whether former White House aide I. Lewis 'Scooter' Libby obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic." The Journal notes that "the jurors have issued only two brief written notes, which suggested they are methodically reviewing the evidence against Mr. Libby. They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses." Deliberations resume today.

In a widely-distributed story, the AP (2/23) reports Libby trial jurors "reached no verdict Thursday, and the jury has "issued only two brief written notes, which suggested they are methodically reviewing the evidence." Jurors "requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses." Deliberations resume today.

Libby Trial Said To Show Unreliability Of Interview Notes. In a widely-distributed story, The AP (2/23, Apuzzo) reports, "Write this down: Your notes aren't as reliable as you think. … And, as the monthlong trial of former White House aide I. Lewis 'Scooter' Libby has shown, they're no more reliable if the notes belong to FBI agents, journalists or White House aides. That's a somewhat disconcerting thought. People are charged, front-page articles are written and public policies are decided in part based on those notes. If they are flawed, whose can be believed?" Libby jurors "must decide how much weight to put on notes that were sometimes sloppy and often inconsistent." The AP notes "FBI agent Deborah Bond wrote a report saying Libby 'adamantly denied' discussing…Plame. The original FBI notes, however, contain no record of that denial. Rather, they say he may have discussed Plame but couldn't recall.

Judge Says Fumo Trial Will Not Begin For At Least A Year. The Philadelphia Daily News (2/23, Hinkelman, 106K) reports, "The trial for state Sen. Vince Fumo and three co-defendants likely won't start before early next year, prosecutors and defense lawyers said at a federal court hearing yesterday. U.S. Senior District Judge William H. Yohn Jr. did not set a trial date. Prosecutors also said Fumo's trial could last three to four months. They plan to call at least 100 witnesses to testify for the government. Defense attorneys said they couldn't reliably estimate how long a trial might take

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until they see what evidence the feds have." The Daily News notes, "The feds have plenty to hand over: At least 100,000 documents, including e-mails, grand-jury transcripts, summaries of FBI interviews with witnesses, bills, bank-account statements and store receipts."

The Philadelphia Inquirer (2/23, Shiffman, 385K) reports, "Defense lawyers appear likely to accuse the government of illegally leaking grand jury material to the media or unduly pressuring witnesses, it was disclosed during" yesterday's hearing, and "the government, it would appear, hopes to win the right to tell jurors about 30-year-old allegations that Fumo put ghost employees on the Senate payroll and that he spied on rivals." The Inquirer adds, "For the most part, lawyers were reluctant to reveal strategies and did their best to keep their intentions vague. One thing became clear yesterday: The case the FBI and IRS investigated for four years won't go to trial for a long time."

DIA Analyst Convicted Of Espionage-Related Charges To Be Released. In the "Inside The Ring" section in the Washington Times (2/23, 88K), Bill Gertz reports that "former Defense Intelligence Agency (DIA) analyst Ronald Montaperto, convicted last year on espionage-related charges that involved passing secrets to China, is scheduled to get out of federal prison Sunday" and "will be barred from meeting any Chinese intelligence personnel as a condition of his release." In June, Montaperto "pleaded guilty…to improperly storing classified intelligence documents and admitted as part of a plea deal that he verbally passed both 'secret' and 'top secret' intelligence to two Chinese military intelligence officers" resulting in Montaperto serving "three months at the minimum-security prison at Fort Dix, N.J."

Miller Vows To Continue Land Deals, Despite Federal Probe. In a widely-distributed story, the AP (2/23, Werner) reports, "Rep. Gary Miller grew up poor. Even though he's now worth more than $13 million, he says he's still worried about his family's financial security. So, while federal authorities investigate some of his real estate transactions, he says he'll keep on making deals." Miller said in an interview, "Some people are arguing I shouldn't have the opportunity to make an investment that every other American citizen has an opportunity to make. I've got kids, I've got grandkids, and it'd be nice…if I can help them." The AP notes Miller "is being scrutinized for the millions he made selling properties to two Southern California communities outside his district. FBI agents have interviewed officials in both towns. … An FBI spokeswoman declined on Thursday to confirm or deny if there's an investigation or to make any further comment."

Christie Urges Public To Help Fight Public Corruption. The New York Times (2/23, Rivera, 1.16M) reports that in a speech at Fairleigh Dickinson University in Hackensack, N.J., "Christopher J. Christie, the federal prosecutor who has aggressively pursued New Jersey politicians believed to be corrupt, said in a speech here on Thursday that the public should help stem the tide of corruption by voting out officials who break the law." Christie "said that after domestic terrorism, his office's main priority was to hold the county and state leadership accountable. He asked, 'Wouldn't it be a shame to spend all this money' and endanger so many lives to protect a way of life from outside attack, 'only to give away our way of life from the rot from within? And that's what political corruption is.'" However, "Christie refused to discuss the progress of negotiations between his office and the Office of Legislative Services," over federal subpoenas issued for legislative records. The Times notes that his "increasingly public stance on issues like domestic terrorism and immigration has raised speculation that he may be considering a run for office. Many think he may challenge Gov. Jon S. Corzine in 2009."

Federal Agents Arrest Fugitive California Child Molester In Louisiana. In a widely-distributed story, the AP (2/23) reports "convicted felon and registered sex offender" David John Sprong Jr, "on the run for nearly a year, was captured Thursday at an auto auction business where he'd been working for most of the month, federal authorities said. … Last spring, Sprong skipped a $1 million bond in Sacramento, where he was charged with molesting girls." The US Marshal Service Crescent Star Fugitive Task Force, "with help from the FBI and the Livingston Parish Sheriff's Office arrested Sprong…in Holden, La., without incident." The AP notes, "'When he's not molesting people, he's working on cars,' said Mike Raifield, an agent with the FBI's Sacramento field office which was coordinating the search." Raifield added that "after the America's Most Wanted segment profiled him in January, we got a tip he was running an auto shop in Humble, Texas, but it came two days too late. Apparently he saw the same program and he disappeared."

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Florida Man Pleads Guilty To Child Porn Production. The Miami Herald (2/23, Martinez, 286K) reports, "A 59-year-old man pleaded guilty Thursday in federal court in Fort Lauderdale to preying on children, according to the U.S. Attorney's Office. Raymond George Bohning, of Hollywood, faces five to 30 years in prison for production of child pornography, enticing a minor to engage in illegal sexual activity, distributing child pornography to a minor to induce her to engage in sexual activity and possessing more than 600 images of child pornography." The Herald notes, "An FBI investigation found that Bohning had an extensive collection of child pornography images depicting minors being sexually abused, including babies and toddlers."

FBI, Police Continue Intensive Search For WV Child Rapist. The Pittsburgh Post-Gazette (2/23, Lash, 230K) reports from Wheeling, W.Va., "Investigators believe a partially naked man who accosted a woman Sunday night in Martins Ferry, Ohio, was the same man who kidnapped and sexually assaulted a Wheeling girl two days later. That man has not been identified, but FBI agents and police from the Ohio Valley have mounted a 'significant' investigation to locate him, said Gary Wheeler, the FBI's supervisory agent for northern West Virginia. .. An FBI artist also was summoned from Quantico, Va., to develop a composite sketch of the man and possibly a drawing of his truck. Investigators said they also are reviewing computer databases of sex offenders and may consult FBI profilers in an effort to identify the man." The Wheeling Intelligencer (2/23, Wells) adds that at yesterday's press conference, Wheeling Police Department Lt. Gary Gaus "confirmed the young girl in Tuesday's abduction was sexually assaulted." Wheeling noted that the FBI sketch of the suspect "may be released today, and an improved description of the vehicle is anticipated. … 'There's no need for hysteria,' Wheeler said. 'There is a need for extra prudence.'"

Two Nevadans Arrested On FEMA Relief Fraud Charges. In a widely-distributed story, the AP (2/23) reports, "Nevada residents were arrested Thursday and a third person was named as a fugitive on charges they fraudulently obtained federal funds designated for victims of Hurricane Katrina, a prosecutor said." Wilbert J. Bennett Jr. and Sheila Ritter "pleaded not guilty in initial appearances before a U.S. District Court magistrate judge following their arrests on charges of theft of government funds, U.S. Attorney Daniel Bogden said in a statement." Renee Bellinger "was indicted on charges of theft of government funds, identity theft and misuse of a Social Security number. She remained a fugitive, Bogden said." The AP notes, "Ritter and Bennett were released Thursday on personal recognizance bonds."

Oklahoma Man Indicted On Katrina Relief Fraud Charges. The AP (2/23) reports Darryl Eugene Hayes of Oklahoma City "was indicted in federal court on Thursday on charges of making false claims for Hurricane Katrina disaster relief funds." The AP notes, "The indictment claims that Hayes defrauded the Federal Emergency Management Agency and the Louisiana Department of Labor of more than $10,000 by claiming unemployment benefits for supposed Hurricane Katrina evacuees under three false names." Hayes also allegedly "submitted a fraudulent application to FEMA, claiming that his home in New Orleans was damaged by the August 2005 storm and that he was living in a 'mass shelter,' and later faxed a letter to FEMA claiming he had sustained losses 'from the hurricane' and had relocated to Oklahoma City."

North Carolina Man Convicted Of Silver Ingot Pyramid Scheme. The AP (2/23, Fought) reports, "A North Carolina man who bought one-ounce silver ingots for $10.50 and resold them to investors for $98 each and the promise of huge commission payments was convicted of federal charges in what a prosecutor called a classic 'too-good-to-be-true' pyramid scheme. About 5,000 victims lost more than $4 million in total, said Assistant U.S. Attorney Chris Cardani" in Portland, Ore. Richard Dompier " faces a sentence of about 20 years under federal guidelines, Cardani said, and is free pending sentencing, likely in June." The AP notes, "After investors complained that they weren't getting payments they were promised, the Internal Revenue Service and FBI began an investigation in 2000, joined by British and Oregon authorities. The bulk of the victims were in the United States, Canada and England, but the scheme also reached to Europe, Africa and Australia and was promoted in a total of 41 countries, the U.S. attorney's office said."

Los Angeles Anti-Gang Program Comes Under Criticism. The Los Angeles Times (2/23, Mcgreevy) reports, "Under pressure to show the L.A. Bridges program actually works, the operators of the city's largest gang-prevention effort released results of a study Thursday that sparked new debate about whether the city needs to

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rethink its anti-gang strategy." The Times continues, "The report by the city Community Development Department shows that while some middle-school students targeted by the L.A. Bridges program have boosted or maintained their grades and attendance, most have not improved." The Times adds, "While L.A. Bridges officials said they consider the findings encouraging given the types of students they are trying to help, some city leaders said they more dubious -- especially given the fact that gang membership and crime in Los Angeles is on the rise. … Amid new doubts about the program, which costs about $14 million annually, the city has replaced John Chavez as the interim director of L.A. Bridges." The Times notes, "In addition, City Controller Laura Chick plans to audit the program, and Mayor Antonio Villaraigosa has put its operators on notice that he is only providing funding through September, by which time he expects a new comprehensive gang strategy will be developed. … The debate comes as LAPD Chief William J. Bratton has launched a new assault on gang activity in the city -- a campaign criticized by some for not also including a more aggressive effort to keep kids out of gangs. The crackdown involved the LAPD and other agencies shifting resources to focus on 11 specific street gangs that officials say cause the most problems."

CIVIL RIGHTS:

Gonzales Interviewed About Civil Liberties. The Christian Broadcasting Network (2/23, Charbonneau) interviewed Attorney General Gonzales in Nashville, TN. CBN reports, "It's a day in the life of the U.S. Attorney General Alberto Gonzales as he boards a plane to launch the first Freedom Initiative to protect religious liberties. … Along for the ride, we ask about a report that says discrimination against Muslims after 9/11 in part prompted this new program. … 'It's something we worry about, naturally, when people see images on the television screen that these are the enemies of America, they may naturally assume anyone who looks like these people, or have the same religious belief - that, in fact, they constitute enemies of the United States. And that's just not true,' Gonzales said. … 'The President sent a very clear message in the days following following the attacks of 9/11, going to a Muslim center, and expressing to the American people his clear belief in our country, we have many people of the Muslim faith that do not represent a danger to America and we need to be tolerant of the views of the people of the Muslim faith.'" CBN continues, "We asked Gonzales about 'The Breach,' the just-released film about the worst intelligence failure in the FBIs history - when it turned out an American was spying for the Russians" and "what has been done since that incident at the Justice Department to make sure spies like Robert Hanssen aren't still at the FBI? … Gonzales: Well, I can't tell you everything, otherwise I'd be tipping off someone about our efforts to ensure something like that doesn't happen.I think we're in much better shape today than we were just a few years ago." CBN notes, "Gonzales is at the center of the debate over much-publicized case of two imprisoned border patrol agents who were tried and found guilty for shooting an alleged illegal drug smuggler. He didn't say whether he will recommend a presidential pardon. He did say the facts in the case are not getting out. … 'I've heard people complain about how could these people be convicted for doing their jobs,' he said. 'It's not part of their job to shoot an unarmed man from behind. It's not part of their job to conspire to conceal what they did. It's not part of their job to lie about what they did, to hide it from their superiors. So all that occurred in this particular case. And that's why these individuals were convicted.'" CBN asks Gonzales if he is "concerned that in the last couple of years of the Administration that your efforts will be bogged down by endless hearings and investigations by Democrats? … Gonzales: I think that the American people lose if I spend all my time worrying about congressional requests for information, if I spend all my time responding to subpoenas, to things of that nature. We will work with Congress, and we will do the very best we can to reach an accommodation with Congress, to give them the information, the appropriate information, they need for oversight. But that's an important part of my job. But I also believe that the American people expect me to do my job as Attorney General to protect their kids and make their neighborhood safer."

Report Details DOJ Civil Rights Record Under Bush. UPI (2/22) reports, "In a 43-page document released by the U.S. Department of Justice Feb. 20, Attorney General Alberto Gonzales says the department takes seriously the protection of religious freedom and has worked vigorously during the Bush administration to protect them. … 'Many came to America precisely because of the recognition of religious liberty and the protection of this most basic of human rights,' the report, released in conjunction with the attorney general's visit to the Southern Baptist Convention Building in Nashville, Tenn., says. The document was labeled, 'Report on Enforcement of Laws Protecting

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Religious Freedom: Fiscal Years 2001-2006,' Baptist Press reported Wednesday." UPI continues, "The Civil Rights Division of the justice department was established in 1957 and is best known for its work toward ending racial discrimination. Early in the Bush administration, the department established a Special Counsel for Religious Discrimination to monitor the enforcement of religious freedom laws. … 'Prior to 2001, except for prosecution of religious bias crimes and employment cases, the Civil Rights Division exercised its jurisdiction to enforce civil rights laws with respect to religion sparingly, and had never had an attorney charged with ensuring that these laws were comprehensively enforced,' the report says." UPI adds, "Religious discrimination is a growing problem in the United States as the country is now home to more than 2,000 different faiths and denominations, the report says. From 1992 to 2005, complaints of religious discrimination in employment filed with the Equal Employment Opportunity Commission increased 69 percent, compared to single-digit increases in complaints about sex discrimination and racial discrimination during that period. … Education discrimination cases involving religion increased from one case reviewed and no investigations during the period of 1995-2000 to 82 cases reviewed and 40 investigations from 2001-2006, according to the report."

DOJ Decides Against Seeking Death Penalty For Mississippi Jailer. The Biloxi (MS) Sun Herald (2/23, Fitzgerald) reports from Gulfport, MS, "U.S. Attorney General Alberto Gonzalez decided against seeking the death penalty in the prosecution of Ryan Teel after an extensive review of the criminal case, according to U.S. Attorney Dunn Lampton for the Southern District of Mississippi." The Herald continues, "Teel, a former Harrison County jailer, remains in custody pending trial in the Feb. 4, 2006, fatal beating of inmate Jessie Lee Williams Jr. A motion filed in court Thursday asks for a bond review so Teel could await his May 28 trial out of jail, as first reported on sunherald.com. … Teel was in charge of the booking room the night of the beating. He has been held at an undisclosed location since his arrest Aug. 28, 2006. Teel, 30, pleaded not guilty to charges of deprivation of civil rights under color of law and of falsifying records to obstruct a federal investigation." The Herald adds, "Gonzalez decided against the death penalty after Teel's attorneys and federal prosecutors met with a U.S. Justice Department review panel in Washington. … 'No reason was given,' Lampton said. … 'There's all kinds of arguments for it, but it was his call. I've tried a number of death cases and in this case, I think it's the right decision. It's better to start the case off without the jury or the judge having to deal with the death-penalty issue.'" The Herald notes, "Lampton called the review 'a very serious, involved procedure. They look at all the possible factors like a jury would. With 94 (federal court) districts, I think that's the wise approach in fairness and consistency across the board. When a case goes through, you want the law to be enforced the same in Mississippi that it is in Minnesota and Montana.' … The decision means Teel faces life in prison if convicted on the civil-rights charge."

Urban League Head Seeks DOJ Probe Of New Orleans Katrina Shootings. The AP (2/23, Foster) reports, "Police shootings that left two people dead at a bridge in New Orleans in the chaotic days after Hurricane Katrina should be investigated by the U.S. Justice Department, the president of the National Urban League said Thursday." The AP continues, "In a letter to the chairwoman of the Congressional Black Caucus, Marc Morial - a former New Orleans mayor - asked that the caucus support a federal civil rights investigation into the 'circumstances surrounding the police killing of two unarmed African American men and the wounding of four others.' … Six current and one former police officer have been charged in the case." The AP adds, "Sgts. Kenneth Bowen and Robert Gisevius Jr., Officer Anthony Villavaso II, and former officer Robert Faulcon Jr. were indicted in December on first-degree murder charges and attempted murder charges in the Sept. 4, 2005, shootings on the Danziger Bridge. … Conviction on a first-degree murder charge would mean mandatory life in prison. District Attorney Eddie Jordan said he would not seek the death penalty for the four. … Two other officers - Robert Barrios and Mike Hunter Jr. - were charged with attempted first-degree murder, and Officer Ignatius Hills was charged with attempted second-degree murder in the case." The AP notes, "The New Orleans NAACP asked the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings after those charged were allowed to return to work in non-sensitive jobs away from the public. Danatus King, president of the New Orleans branch of the NAACP said the move smacked of favoritism."

State Lawmaker Introduces Bill To Legalize Gay Marriage In Illinois House. The Chicago

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Tribune (2/23, Yednak, 617K) reports, "A state lawmaker fired up the gay marriage debate in Illinois Thursday by introducing a bill that would legalize marriage between same-sex couples. 'Illinois is a heartland state but has always been a leader in civil rights and social justice issues,' said the bill's sponsor," state Rep. Greg Harris (D), saying "It's the right thing to do." The proposal "would eliminate wording in state law that marriage is between 'a man and a woman' and substitute the phrase 'two persons.'" Harris, "who is openly gay, said a significant education effort would be necessary to get his bill passed, as was the case in 2005 when a gay rights bill passed in Illinois."

Nonprofit Law Center Litigates Largest Employment Bias Case. The National Law Journal (2/23, Bathija) reports, "Attorney Brad Seligman was on a hunt to find out whatever he could about Wal-Mart Stores Inc. after hearing about a potential claim of alleged sex discrimination against the retailer in 1999. … 'I called up my friend, another attorney, and he immediately said, "evil empire,"' said Seligman, executive director and founder of a nonprofit group called The Impact Fund, located in Berkeley, Calif. 'Then I called another friend, who is an economist, and he also indicated the same.'" The Journal continues, "Based on the advice of his friends and some statistical research of his own, the litigation began. On Feb. 6, the 9th U.S. Circuit Court of Appeals upheld a lower court decision making the case the largest employment discrimination class action to go to trial. Dukes v. Wal-Mart Stores Inc., No. 3:01-CV-02252 (N.D. Calif.). … The Impact Fund filed the lawsuit against Wal-Mart. The organization aims to provide funding, training and advice to lawyers who want to bring public interest impact lawsuits in civil rights, poverty and environmental justice. And its Equal Justice Litigation Program works as co-counsel on select cases, including the Wal-Mart case." The Journal adds, "The Impact Fund has three attorneys: Seligman, Jocelyn Larkin and Julia Campins. The entire organization runs with 12 employees, said Larkin … The Impact Fund is currently involved in litigating six cases, including another gender discrimination class action against Costco stores."

WPost Praises PG County Police For K-9 Restraints. The Washington Post (2/23, A18) editorializes, "The police of Prince George's County deserve a pat on the back for mending their canine unit's ways. What for too many years had been a barrage of grisly brutality reports has given way to dramatically fewer injuries to suspects and other people. As reported last week by The Post's Ruben Castaneda, the canine unit, which had been operating under a Justice Department consent decree because of allegations of excessive force and lack of accountability, is being freed of federal oversight." The Post continues, "The statistics -- and the views of citizen groups that used to complain constantly about snarly, excessively ferocious dogs -- indicate significant improvement. During a seven-year period from the mid-1980s to the early 1990s, county police dogs were involved in nearly 800 biting incidents, according to an internal police report included in a federal civil lawsuit against a canine handler. Last year, county police dogs apprehended 55 suspects without biting them, a result of steady training of the dogs to 'bark and hold'" not bark and sink their teeth. … We call it encouraging news for all county residents."

ANTITRUST:

DOJ Ends Concrete Price-Fixing Probe With $1.75 Million Fine. The Indianapolis Star (2/23, Corcoran) reports, "A probe into concrete price-fixing in the Indianapolis area, which sent nine current or former executives to prison, ended after more than three years Thursday with yet another corporate fine." The Star continues, "The $1.75 million penalty levied against MA-RI-AL Corp. during a U.S. District Court sentencing completed a sweeping antitrust investigation into agreements among more than a half-dozen companies to limit discounts on bid work from July 2000 through May 25, 2004. … MA-RI-AL, a Noblesville company doing business as Beaver Materials, agreed Thursday to settle its November conviction by paying the fine in installments over five years." The Star adds, "The company's co-owners, Allyn M. and R. Gary Beaver, who were not charged in the investigation, agreed to the settlement with representatives of the U.S. Department of Justice. … Chief U.S. District Judge Larry J. McKinney accepted the negotiated fine as a fair punishment that would send a message to other corporations about the risks of fixing prices without putting Beaver Materials out of business. The company also got five years' probation." The Star notes, "Companies involved in the conspiracy, including those whose executives cooperated with the Justice Department Antitrust Division and FBI, also face civil suits from customers to recover any overcharges. … Beaver's defense attorney,

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James Voyles, said an agreement was possible because the Justice Department's accountants and the company's experts were relatively close in assessments of the firm's ability to pay a fine. … Federal antitrust officials won't say whether more charges could result from alleged price-fixing schemes in Bloomington, Marion and Muncie, where Irving Materials officials have acknowledged participating in additional price fixing."

Two DOD Contractors Plead Guilty In Bid-Rigging Scheme. Newsday (2/23, Kessler) reports, "Two executives of a Pennsylvania defense contractor pleaded guilty yesterday in federal court in Central Islip to charges of bid-rigging in connection with a contract to sell the Navy slings that are used to move bombs and other munitions on aircraft carriers, officials said." Newsday continues, "Thomas Cunningham, 61, the vice president of Total Industrial & Packaging Inc., of McKee's Rocks, Pa. - a Pittsburgh suburb - and Richard Barko, 44, the company's general manager, admitted they conspired with a Long Island company to criminally violate antitrust laws. The Long Island company involved in the $200,000 contract was not identified in court papers. The contract was to provide slings known as metal sling hoist assemblies, officials said. … According to officials, Barko and Cunningham, along with other unnamed conspirators, met between August 2003 and January 2004 and agreed on who would win the bid on the slings and that they all would submit non-competitive bids, officials said." Newsday adds, "As part of a plea bargain, Cunningham and Barko agreed to cooperate with an ongoing investigation into bid-rigging by the Antitrust Division of the Justice Department and the Defense Criminal Investigative Service, officials said. … Thomas Barnett, the assistant attorney general in charge of the antitrust division, said in a written statement: 'We will continue to seek out and prosecute those who subvert the competitive bidding process.'"

Experts Say Sirius-XM Merger Faces Major Antitrust Hurdles. Bloomberg (2/23, Rowley) reports, "Sirius Satellite Radio Inc. and XM Satellite Holdings Inc. will have trouble persuading the U.S. Justice Department to approve their $4.84 billion merger because the combination appears to threaten competition, antitrust experts say." Bloomberg continues, "Antitrust enforcers won't readily accept assertions by Sirius and XM that satellite radio competes for listeners with broadcast radio, iPods and music downloads by cell-phone users, said Herbert Hovenkamp, who teaches antitrust at the University of Iowa law school. The Justice Department probably won't agree with that 'fairly common error,' he said." Bloomberg adds, "Satellite radio can be viewed as 'a unique technology' controlled by 'two firms that have been duking it out,' Hovenkamp said. 'Since they have the whole thing, that would make this a merger to monopoly.' … The test for the Justice Department, he said, will be whether Sirius and XM could impose a price increase without losing customers." Bloomberg notes, "How the Justice Department defines the market is crucial to the outcome of its merger review. The agency's guidelines say that determination hinges on whether the merging companies can impose a 'small but significant and nontransitory' price increase on customers without forcing them to shift to other products. … If enough customers switch products and thus cancel out any profit from a price increase, the market must include these other products, the guidelines say."

WPost Columnist Argues Against Sirius-XM Merger. In a column for the Washington Post (2/23, D1), Steven Pearlstein writes, "Here's what to expect if the Justice Department and the Federal Communications Commission allow Sirius and XM to merge, creating a monopoly in the satellite radio business: … Clear Channel will start buying every radio station in America that it doesn't already own. … Apple will be able to buy any company that begins to challenge its dominance in the market for portable music players. … Comcast will begin merger talks with Time Warner Cable. … And there will be nothing standing in the way of a marriage of NBC and CBS." Pearlstein continues, "All that will be possible because the government will have declared that there is so much competition between the different technologies in the market for digital material -- and the outcome of that competition is so uncertain -- that there is no reason to worry about consolidation of companies using the same technology. … This is the Powell Doctrine -- not the one about overwhelming force enunciated by Gen. Colin Powell when he was chairman of the Joint Chiefs of Staff, but the one promulgated by his son, Michael Powell, while he was chairman of the FCC. The younger Powell was guided by this doctrine in giving the green light to consolidation in almost every corner of the telecommunications sector. In the one instance he deviated from that position -- blocking the merger of EchoStar and DirecTV -- it was narrowly, on the ground that there weren't enough broadband competitors in

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many rural areas." Pearlstein adds, "There is something to the idea that antitrust regulators should use a lighter touch, and exercise greater humility in predicting what might happen, during periods of rapid technological change. But even discounting for that, there are plenty of reasons for the government to block an XM-Sirius merger, which would create a monopoly. … Let's start with the obvious, which is that that while there are now multiple sources for digital music, they aren't perfect substitutes for each other. … Moreover, people are somewhat locked into their current choice by the investment they've made in equipment or contracts with companies. In that way, too, customers are 'sticky.' … The different technologies also have different business models, complicating the terms of competition. Old-fashioned radio makes its money from advertising, so it is hard to see how it could discipline the XM-Sirius monopoly for raising prices. Nor could Apple, which makes its money selling devices and downloaded songs. And we don't even know yet what the business models will be for Internet radio or music over cellphones." Pearlstein concludes, "What we have here, folks, is a case of two money-losing companies locked in what has become ruinous competition, from which they hope to escape by merging. It may be that, given the economics of the business, there is room for only one to survive and prosper. But if satellite radio is such a 'natural monopoly,' consumers will be better off if the companies are forced to duke it out until one prevails and the other dies. The antitrust laws were designed to foster competition, not to foreclose it by bailing out competitors that overpaid for talent, over-invested in plant and equipment or over-promised results to their investors."

More Commentary. In an op-ed for USA Today (2/23, 10A), Jimmy Schaeffler, senior analyst at The Carmel Group, a telecommunications and media consulting organization, writes, "When the Federal Communications Commission approved the creation of satellite radio in 1997, it had an option: Provide an exclusive license to one company, or authorize competing licenses that ensured consumer choice and lower marketplace prices. It wisely opted for the latter, saying: 'One licensee will not be permitted to acquire control of the other remaining satellite licensee. This prohibition on transfer of control will help assure continuing competition.' … This wording stemmed from the commission's core DNA, which prompts it to act on behalf of consumers by embracing competition, localism and diversity deemed to be 'in the public interest.' Now, after XM and Sirius have fought ferociously for 10 years, they come on bended knee before policymakers, begging for a government-sanctioned monopoly. … Their request should be rejected, as was a similar monopoly merger proposed by satellite television providers DirecTV and DISH Network in 2001." Schaeffler adds, "It took DirecTV and DISH Network well over a decade to gain their financial legs in the satellite TV business. XM and Sirius have sustainable businesses that can operate quite well in satellite radio — right now — as separate entities. They don't need a monopoly; all they need is a class in Business 101 and a little common sense."

USA Today (2/23, 10A) editorializes, "Remember the 'baseball, hot dogs, apple pie and Chevrolet' car ad from the 1980s? Turns out it was prescient. While the food is still sold separately, baseball now comes free with many Chevys, at least for a three-month introductory offer. … That's because General Motors has a deal to build XM Satellite radios into Chevys and its other cars. And XM has a deal with Major League Baseball." USA continues, "Satellite competitor Sirius is frozen out of both. But it has the NFL and NBA contracts, which means that if there's a Ford in your future, football and basketball aren't far behind. Not a sports fan? Oprah is on XM; Martha Stewart is on Sirius. … As Stewart might say, that is not a good thing. It makes little sense that sports fans must decide between every single pro football game and no baseball games, or vice versa. Nor does it make much sense that people's listening preferences should enter into their car-buying decisions. … That's one reason the proposed XM-Sirius combination, announced this week, may be the rare merger that is good for consumers." USA notes, "Before the federal government approves the deal, of course, it should be thoroughly vetted. The salient question for regulators is whether satellite radio is a market unto itself, in which case a merger would create a monopoly, or whether it is part of larger universe that includes broadcast radio and an array of existing and emerging technologies. … If it's the latter — and a strong case can be made that it is — the merged entity would represent a more potent competitor to entrenched broadcast interests, one that would offer its customers a more enticing and complete product." USA concludes, "The case against the proposed deal would be stronger if XM, with 7.6 million subscribers, and Sirius, with 6 million, were strong and profitable companies. Both, in fact, have been big money losers, hemorrhaging $6 billion collectively in less than a decade. … The most pressing question is not whether XM and Sirius would be too powerful if they merged; it is whether

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they can survive if they don't. And the best way to ensure survival is to let them combine. Baseball goes with Chevrolet, so why not also with football, basketball, Howard Stern and Martha Stewart?"

Apple, Cisco Settle iPhone Dispute. The Financial Times (2/23, Francisco) reports, "Shares of Apple and Cisco Systems were little changed yesterday after the companies settled their dispute over the use of the iPhone name by announcing an agreement to share the controversial trademark." The Times continues, "The accord put to rest a month-long dispute that began when Apple launched the iPhone, marking the computer maker's long-awaited foray into the mobile handset market." The Times adds, "Apple and Cisco said they had reached agreement to share the iPhone name, allowing each to apply the name to products sold around the world. … Under the agreement, both sides agreed to 'xplore opportunities for inter-operability in the areas of security, and consumer and enterprise communications' … Other terms of the deal were not disclosed. The agreement represented a concession on the part of Apple, which had originally resisted calls to make the iPhone compatible with other companies' hardware."

South Korea Fines Refiners For Collusion. The Wall Street Journal (2/23, Choi) reports, "South Korea's antitrust regulator said it fined four domestic refiners a combined 52.6 billion won ($56.1 million) for colluding to fix the prices of light-oil products in 2004." The Journal continues, "The country's top four refiners -- SK Corp., GS Caltex Corp., S-Oil Corp. and Hyundai Oilbank Corp. -- colluded to coordinate the prices of light-oil products diesel, gasoline and kerosene from April 1 to June 10, 2004, according to the Korea Fair Trade Commission. … 'The collusion has incurred 240 billion won in damages to customers, which is equal to 15% of their combined sales worth 1.6 trillion won during the cited period,' said Song Sang Min, a commission official." The Journal adds, "During the 71-day period, international oil prices rose by the equivalent of 20 won a liter, but the four companies raised the prices of the three light-oil products by 40 won to 70 won a liter. … The commission said it has also filed a complaint with prosecutors for further investigation against the four refiners."

Judge Tosses Antitrust Suit Against Utah Home Developer. The Salt Lake Tribune (2/23, Manson) reports, "For the second time, a federal judge has thrown out a lawsuit that accuses the developer of a planned community on Traverse Mountain in Draper (UT) of antitrust violations." The Tribune continues, "U.S. District Judge Dee Benson ruled that U.S. General Inc. and DJ Investment Group failed to specify alleged conduct by developer SunCrest LLC that would be considered an antitrust violation. … 'An antitrust claim requires harm to the competitive process, not simply harm to a particular competitor,' Benson wrote in his Feb. 14 decision dismissing the suit. … He also wrote that Traverse Mountain does not constitute an economic market as defined in antitrust law." The Tribune adds, "SunCrest is building its community high atop Traverse Mountain, which is in an area that straddles Salt Lake and Utah counties. DJ Investment owns adjoining land and wants to build its own community with U.S. General, a construction company. … DJ Investment and U.S. General filed suit in November 2005, accusing SunCrest of conspiring with Draper city officials to shut them out of developing their land. They claimed that during secret meetings, Draper and SunCrest agreed to create protection strips that would limit access by the two companies to the DJ Investment property. … SunCrest and Draper strongly denied all of the allegations. In June 2006, U.S. District Judge Ted Stewart threw out the suit. Within days, DJ Investment and U.S. General filed a new lawsuit that made the same claims but had a more detailed argument about the alleged evidence in the case."

FTC Approves AIG Unit's Acquisition Of US Port Operations. The AP (2/23) reports, "Federal antitrust regulators said Thursday they approved American International Group Inc.'s purchase of six U.S. port operations from Dubai Ports World." The AP continues, "DP World, which is owned by the government of Dubai, touched off a political firestorm over port security in early 2006 when it acquired the operations from a British firm. … The Federal Trade Commission cleared the transaction without requiring any changes to the deal." The AP adds, "AIG's Global Investment Group first announced it would buy DP World's U.S. port operations in December 2006. The deal stumbled earlier this month when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal. … After Senators Charles Schumer, D-N.Y., and Robert Menendez, D-N.J., pressured the Port Authority, it reached a deal with AIG Feb. 16."

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EU Clears Purchase Of German TV Network. The AP (2/23) reports, "The European Commission on Thursday cleared the sale of Germany's biggest commercial TV broadcaster ProSiebenSat.1 Media AG to a consortium controlled by private equity groups, saying it found no antitrust problems." The AP continues, "U.S. fund Kohlberg Kravis Roberts & Co. and British-based Permira plan to merge ProSieben with their other broadcasting asset, Dutch-Scandinavian SBS, with the aim of overtaking European industry leader RTL Group SA, which is controlled by media conglomerate Bertelsmann AG. Permira also controls British TV rights manager All3Media." The AP adds, "An antitrust investigation found ProSiebenSat.1 and SBS were not direct rivals and All3Media's TV content sales in Germany were negligible. … 'The Commission concluded that there was no risk that the proposed transaction would allow the new entity to drive competitors out of the market or to discriminate against them,' it said." The AP notes, "ProSieben owns the Sat.1, ProSieben, kabel eins and N24 networks in Germany and controls about 45 percent of Germany's $5 billion television advertising market. … The consortium will pay German Media Partners 3.1 billion euros ($4 billion) cash for the 50.5 percent stake in the company that it acquired in 2003 and has launched an offer to acquire the publicly traded shares. … Separately, ProSieben said Thursday that its fourth-quarter profit rose by 17 percent thanks to increased advertising, but the figure was still short of analysts' expectations."

Black Farmers Oppose Monsanto-Delta Pine Deal. The Jackson (MS) Clarion-Ledger (2/23, Goodman) reports, "Black farmers in Mississippi and around the country are bracing for a major seed company merger they say threatens to create a monopoly that will price them out of the farming business." The Clarion-Ledger continues, "St. Louis-based Monsanto Co. is forging ahead with a plan to purchase Mississippi's Scott-based cottonseed company Delta and Pine Land, and a national black farmers group says its opposition to the deal has gotten lost in the mix. … 'If this merger goes through, it's going to have a drastic effect on black farmers and small farmers around the country,' said John Boyd Jr., president of the National Black Farmers Association. … 'If this merger goes through, there is literally no competition for cottonseed, soybean seed and corn seed, genetically engineered.'" The Clarion-Ledger adds, "The association represents 80,000 members around the country, primarily small producers, and has its biggest membership in Mississippi. … Delta and Pine Land operates the largest and longest-running private cottonseed breeding program in the world while Monsanto, one of the world's largest agricultural products companies, makes Roundup, the world's best-selling herbicide. … The deal, still awaiting U.S. Department of Justice approval, would mean a monopoly on the market, and seed prices would shoot up, Boyd said. … 'It would be just like going to one supermarket and that supermarket sets the price for everything and we don't have any option but to go to that one supermarket.'"

Esmark Says Deal For Ohio Steel Mill Is Dead. The AP (2/23, Smith) reports from Charleston, WV, "A deal to sell the Weirton division of Mittal Steel Co. to Illinois-based Esmark Inc. is dead, Esmark President Craig Bouchard told The Associated Press on Thursday." The AP continues, "To comply with a federal Justice Department decree, Mittal was ordered this week to sell its Sparrows Point mill in Maryland instead of the former Weirton Steel, across the Ohio River from Steubenville, Ohio, where workers had volunteered to be sold and where Esmark had already made an offer. … The government said selling the mill near Baltimore was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel. The decree did not prevent Mittal from making a separate deal to shed Weirton, but Bouchard said the company told him Wednesday night that it would keep the West Virginia operations for now. … 'As of right now, our deal with Mittal for Weirton is dead,' he said." The AP adds, "Mittal spokesman William Steers said a January memorandum of understanding with Esmark is no longer valid because it was conditioned on the Justice Department's acceptance of the sale as a remedy to the antitrust concerns. … 'At this point in time, we're focused on developing a global packaging strategy, and Weirton will be part of that,' Steers said. 'We want to focus on seeing whether we can improve its profitability, retain that business and develop its prospects.'" The AP notes, "The 1,250-member Independent Steelworkers Union said it has been assured Mittal 'remains committed' to keeping a mill in West Virginia. … Justice officials had initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. … That left Mittal with the choice of selling one of its two U.S. assets in the tin

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market, Sparrows Point or Weirton. … Justice ruled that Sparrows Point is 'a profitable and diversified facility' with its own in-house supply of slab steel, while Weirton would have to develop new sources of slab after separating from Mittal."

Jury Orders Microsoft To Pay $1.52 Billion To Alcatel In MP3 Suit. The Wall Street Journal (2/23, A3, Guth, Wingfield) reports, "A federal jury ordered Microsoft Corp. to pay $1.52 billion to Alcatel-Lucent SA for infringing patents on a fundamental technology for digital music." The Journal continues, "The decision found that Microsoft's Windows Media software had infringed two patents related to MP3, a software technology for recording and playing digital audio. … The patent verdict, one of the largest on record, could have broad repercussions because of the widespread use of the MP3 audio format in technology and electronics products. Devices that employ the technology include Apple Inc.'s iPod, software from Macromedia and Internet services from Yahoo Inc." The Journal adds, "The decision came from the U.S. District Court in San Diego. The battle began with a 2003 lawsuit filed by Lucent Technologies Inc., which was bought last year by Alcatel. The complaint alleged that Microsoft customers Dell Inc. and Gateway Inc. infringed 15 patents related to the MP3 technology for encoding and decoding audio files. Those companies sell personal computers that include Microsoft's player technology, which uses MP3."

The New York Times (2/23, Hansell) reports, "At issue is the way the Windows Media Player software from Microsoft plays audio files using MP3, the most common method of distributing music on the Internet. If the ruling stands, Apple and hundreds of other companies that make products that play MP3 files, including portable players, computers and software, could also face demands to pay royalties to Alcatel. … Microsoft and others have licensed MP3 — not from Alcatel-Lucent, but from a consortium led by the Fraunhofer Institute, a large German research organization that was involved, along with the French electronics company Thomson and Bell Labs, in the format's development." The Times adds, "The current case turns on two patents that Alcatel claims were developed by Bell Labs before it joined with Fraunhofer to develop MP3. … Thomas W. Burt, the deputy general counsel of Microsoft, said the company would most likely petition the judge in the San Diego case, Rudi M. Brewster, to set aside or reduce the judgment. If she does not, Microsoft will probably take the case to the federal appeals court in Washington, which hears patent cases."

USA Today (2/23, 1B, Swartz) reports, "In 2002 and 2003, Lucent, which was acquired by Alcatel last year, filed 15 patent claims against computer makers Gateway and Dell. Microsoft sued Lucent over the claims and was countersued by Lucent. A judge has tossed out two of Lucent's claims and set six trials to consider the remaining patent disputes." USA adds, "Microsoft says it properly licensed the MP3 technology from Fraunhofer-Gesellschaft, a German research company, for $16 million, in 1997 and 2004. … 'We are concerned that this decision opens the door for Alcatel-Lucent to pursue action against hundreds of other companies who purchased the rights to use MP3 technology from Fraunhofer, the industry-recognized rightful licensor,' Burt said in an earlier statement."

The Washington Post (2/23, D1, Sipress) reports, "The judgment, which lawyers from both sides called the largest patent award ever, raised the prospect that scores of other companies could now be financially liable for using the popular MP3 format. /// Alcatel-Lucent argued that it held the rights to the technology because it was developed at Bell Laboratories, which later became part of Lucent. Alcatel bought Lucent last year. The company successfully argued that Microsoft infringed on the patents by including the digital music technology in its Windows operating system starting in 1998. The same technology later was used in Microsoft's Windows Media Player and is included in the Windows Vista operating system, which was released to the public last month. … Microsoft countered that it had properly licensed the technology from Germany's Fraunhofer Institute, which was involved with Bell Labs in developing aspects of the MP3 format. Only after Microsoft and other companies made licensing agreements with Fraunhofer did Alcatel-Lucent raise its claim, Microsoft argued."

The Financial Times (2/23, Waters) reports, "The large size of the award highlights the scale of the risk to Microsoft as it faces a series of other wide-ranging legal disputes with Alcatel-Lucent over some of the fundamental technology used in PCs and related devices. … Thursday's verdict, stemming from the use of audio coding technology in PCs, was the first of five due to be heard by the San Diego court in the coming months. The others relate to speech coding technology in Windows; user interface patents; technology in the Xbox games console; and video coding in other Microsoft software."

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The AP (2/23, Mintz) reports, "The court will consider the next of the patent suits, which relates to speech coding, in March or April, Microsoft said. Other areas in dispute include video coding on Microsoft's Xbox game console and Windows' user interface."

ENVIRONMENT:

Bush Promotes Energy Proposals In Visit To North Carolina. The Daily Dispatch (2/23, Ponder) reports this morning, "President George W. Bush promoted a major reduction in gasoline use during a visit Thursday to a Franklinton biotechnology facility doing cutting-edge research in the production of ethanol, one of the fuels at the heart of the plan." Bush "told an audience at the Novozymes facility outside Franklinton Thursday that the company's role in ethanol production was a key to American energy independence. The 20 in 10 initiative is a new Bush administration goal to reduce gasoline consumption in America by 20 percent over the next 10 years." Bush "said ethanol would allow Americans to be 'better stewards of the environment' while reducing dependence on foreign oil."

The Washington Post (2/23, A8, Fletcher, 690K) says "Bush's energy proposal is among the few items in his domestic agenda likely to receive support from Democrats in Congress." Although "Bush has not submitted specific legislation," White House "officials have said that they hope the principles he has laid out will guide lawmakers when they consider energy policy." McClatchy (2/23, Barrett), meanwhile, reports that "for Bush, it was another step in his tour across the country to pitch the priorities he outlined in his State of the Union address in January." For Franklinton, "the visit was a very big deal. Novozymes' CEO flew over from Denmark. The mayor was there, along with county commissioners. Sen. Richard Burr, R-N.C., Rep. G.K. Butterfield, D-N.C., and North Carolina Agriculture Commissioner Steve Troxler showed up. Signs around town welcomed the president, and a quartet of children on a nearby road manned a candy stand, hoping Bush might stop by for a $1 Snickers."

The New York Times (2/23, Andrews, 1.16M) reports, "After touring the laboratory, which is developing enzymes to make cellulosic ethanol, fuel distilled from plant byproducts, Mr. Bush spoke buoyantly about new technologies that may reduce the nation's thirst for foreign oil. … After listening to company executives describe the role of enzymes in reducing the cost of ethanol, Mr. Bush jumped in to ask a layman's question: 'So is this like a distillery?'" The trip "is the latest event this week in which Mr. Bush has stepped away from grim questions about the war in Iraq to focus on domestic themes like energy and health care." The Times adds, "Some environmental groups complain about Mr. Bush's definition of alternative fuel including liquefied coal, which could produce even more heat-trapping gases than gasoline." But "the president appeared to show genuine enthusiasm for cellulosic ethanol, frequently interrupting Novozymes executives to boil down technical explanations into more simple sound bites. At one point, Mr. Bush jumped in to explain that corn-based ethanol could not provide enough alternative fuel because ethanol demand was already outstripping supply."

The AP (2/23, Loven) recounts that at one point, "the president held up a beaker of nearly complete ethanol, sniffed it and laughed: 'I quit drinking in 1986,' he said. Then he turned serious. 'Someday you're going to be able to use this in your car,' Bush said." Remarking on that anecdote, the Los Angeles Times (2/23, Gerstenzang, 850K) runs a story titled "Bush Gets A Whiff Of Alternative Fuel," in which is says that Bush, "who frequently jokes about his undistinguished record as a history major at Yale, is devoting considerable time these days to matters scientific."

News & Observer (2/23) says Inside the company, Bush "donned a white lab coat with his name and the company's name and went from room to room learning about how the company works to develop biotechnology. … Afterward, he greeted people along the rope line and then boarded his helicopter just after 1 p.m."

Bush's visit to North Carolina was extensively covered by local TV newscasts across the country. Some examples: WWAY-TV Wilmington, NC (2/22, 11:12 pm) said in its broadcast, "Bush and a panel of experts came to Franklinton, North Carolina today. They say our state can partake in the growth of the ethanol fuel industry." WCNC-TV Charlotte (2/22, 11:06 pm) reported, "Bush went to Franklinton near Raleigh to visit biotech plant Novozymes. The company produces enzymes which help turn corn into ethanol fuel. WCNC was there as the President learned about other resources which could produce ethanol." The station showed the President saying, "We're on the verge of some breakthroughs that will enable a pile of wood chips to become the raw materials for fuels that will run your car." Many other stations, including WFMZ-TV Philadelphia (2/22,

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10:46 pm), WSJV-TV South Bend (2/22, 10:24 pm), and KTVU-TV San Francisco (2/22, 5:39 pm), aired similar quotes from the President.

Bush Honors North Carolina Volunteer. The Herald-Sun (2/23, West) reports, "Forgive Durham's Jamie Lathan if he feels humbled right now. After all, it's not everyday someone gets to meet and chat briefly with the leader of the free world on the tarmac by Air Force One -- plus have…Bush himself turn and wave to your mother, your father and your younger brother standing nearby in the crowd of spectators. That's precisely what happened to Lathan, 28, a mentor who on Thursday joined an elite list of more than 500 people nationally who have received the President's Volunteer Service Award for making a difference in the lives of others." The Sun adds, "Amid a morning burst of sunshine, Bush presented a ceremonial box containing a pin to Lathan moments before leaving Raleigh-Durham International Airport via helicopter to tour an alternative-energy plant in Franklinton. 'It was amazing. It was amazing,' Lathan said immediately afterward, affixing the pin to the lapel of his dark suit jacket." Lathan "said he told the commander-in-chief he was praying for him." He is "a mentor at the Youth Life Learning Center of Durham, an outreach program originally founded by King's Park International Church."

Critics Criticize Bush Proposal For Energy R&D Spending. The Christian Science Monitor (2/23, Clayton, 59K) reports, "If new technology is a key answer to global warming and America's addiction to oil, then…Bush's proposal to boost federal spending on energy R&D – by no less than 30 percent in fiscal 2008 – would seem a welcome step. In the new $2.7 billion budget plan, R&D dollars allotted to the US Department of Energy (DOE) continue a transition toward research that will help cut greenhouse gases." However, "federal spending on energy research in real dollars is only one-third what it was at its 1978 peak, according to a Harvard University analysis. Some also question the administration's emphasis on nuclear research, saying other promising technologies could be applied sooner to climate and energy-security issues."

Rising Costs Threaten Development Of Gas-To-Liquid Fuel. The Wall Street Journal (2/23, A2, Gold, 2.04M) reports, "The rush to build a new industry that turns natural gas into an ultraclean transportation fuel is stumbling over rising costs, showing how tough it is for emerging fuels to compete with crude oil. This past week, Exxon Mobil Corp. backed out of plans to build an enormous gas-to-liquids, or GTL, plant in Qatar." Yesterday, Shell "broke ground on its own similarly sized GTL plant in Qatar, but said the cost might have tripled to as high as $18 billion. Escalating budgets are threatening to constrain the growth of the GTL industry, which produces a clear liquid that can run existing diesel engines without any of the sooty pollutants associated with diesel." The Journal adds, "Higher costs have hit companies developing Canada's oil sands, where crude is packed into tar-like deposits. Prices for corn and other crops have risen, in part, because of the U.S.'s increasing interest in ethanol."

New Fuel Economy Ratings Show Hybrids Not As Efficient As Thought. In a front-page story, USA Today (2/23, 1A, Healey, 2.27M) reports, "Fuel-saving gasoline-electric hybrid cars don't save as much fuel as thought, according to new government fuel-economy ratings available to the public for the first time. The new ratings go into effect beginning with 2008 models," but "it's possible to tell what rating 2007 and older models would get using the '08 standards. The government's fuel-economy website has a program than makes the comparison." The Toyota Prius "drops to 48 miles per gallon in the city under the '08 testing procedure, from a 60 mpg rating under the current system — a 20% decline. Its highway mileage rating falls about 12%, to 45 mpg."

Iowa City To Pay $1.5 Million In Coal Gas Site Settlement. The Le Mars (IA) Daily Sentinel (2/23, Stevens) reports, "Le Mars City Council members Tuesday approved an agreement with the U.S. Justice Department on the nearly five-year-old dispute centering on clean-up of contamination at the former Le Mars Coal Gas site." The Sentinel continues, "The agreement, as outlined by City Attorney Joe Flannery, calls for the city to pay $1.5 million in clean-up response costs plus additional interest. Payments are to be made in three increments, the first $500,000 to be paid on or before July 31, 2007." The Sentinel adds, "Two additional $500,000 payments will be made, upon final federal acceptance of the pact, by April 22, 2008 and April 22, 2008. MidAmerican Energy has agreed to pay $3.1 million in response cost stemming from the clean-up. The coal gas site is located at the northwest corner of the intersection of Fourth Avenue and First Street Northeast where currently the Le Mars street department building sits. … The agreement, after publication in the Federal Register, will then be ruled on in Federal Court in Sioux City. Councilman John Rexwinkle, a

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MidAmerican employee, emphasized during Tuesday's meeting that he had excused himself from any and all discussions that have taken place on the agreement talks."

BP Employee Deleted Files After Subpoena. The Financial Times (2/23, McNulty) reports, "A BP employee has admitted destroying documents after plaintiffs' lawyers subpoenaed her laptop on an anonymous tip that she had information useful in the lawsuits against the UK oil company arising from its fatal refinery explosion." On "November 3 2006, plaintiffs' lawyers subpoenaed Susan Moore, BP regulatory affairs manager, requesting certain documents and the laptop she has used for the past two to three years in her work for BP." When "plaintiffs' lawyers questioned Ms Moore on January 26 2007, a transcript revealed, she said BP had not shown her the subpoena until earlier in the week, and that she had deleted e-mails in the two months after the subpoena." Moore said, " "To the best of my knowledge, I have not deleted information relative to this case." But "Joseph Gourrier, the plaintiffs' attorney questioning Ms Moore, responded, 'It's not up to you to determine what would be relevant to this case.'"

GAO Report Says Funding For Gasoline Storage Tank Cleanup Falls Far Short. The AP (2/23, Heilprin) reports, "It will cost at least $12 billion to clean up contamination from tens of thousands of gasoline storage tanks that are leaking underground, congressional auditors say. That is far more than the $72 million that Congress and the Bush administration have provided each year, according to the report Thursday from the General Accountability Office." The EPA "has already spent more than $10 billion to reduce the contamination over the past 20 years caused by hundreds of thousands of leaking tanks, many of them found at gas stations and convenience stores. Yet some 117,000 faulty tanks still await cleanups, according to the latest figures current as of September 2005." The "lag in cleanups isn't necessarily due to lack of money, according to the GAO." A trust fund to remove the contamination "has about $2.6 billion and is expected to reach $3 billion before the end of 2008." But "annually only a small fraction has been appropriated for cleanups. Most has sat in the Treasury to help counter federal budget deficits."

Sanford Says Conservatives Must Reframe Climate Change Debate. In a Washington Post (2/23, A19, 690K) op-ed, South Carolina Gov. Mark Sanford (R) writes, "The climate change debate is here to stay, and as America warms to the idea of environmental conservation on a grander scale, it's vital that conservatives change the debate before government regulation expands yet again and personal freedom is pushed closer toward extinction." Conservatives "must reframe the environmental discussion by replacing the political left's scare tactics with conservative principles such as responsibility and stewardship." And "conservatives must reclaim lost ground from far-left interest groups by showing how environmental conservation is as much about expanding economic opportunity as it is about saving whales or replanting rain forests." Finally, "conservatives must respond to climate change with innovation, not regulation. This means encouraging private research and implementation of more eco-friendly construction, more energy-efficient workplaces and more sustainable ways of going about life." If "conservatives cannot reframe, reclaim and respond to climate change with our principles intact, government will undoubtedly provide a solution, no matter how taxing it may be."

Krugman Says California's Experience Shows Conservation Not Burdensome. New York Times (2/23, 1.16M) columnist Paul Krugman writes, "[C]limate change skeptics seem to be making a seamless transition from denial to fatalism. In the past, they rejected the science. Now, with the scientific evidence pretty much irrefutable, they insist that it doesn't matter because any serious attempt to curb greenhouse gas emissions is politically and economically impossible." Krugman adds, "Behind this claim lies the assumption...that any substantial cut in energy use would require a drastic change in the way we live." But "the assumption is false." California "has managed to combine rising living standards with a substantial decline in per capita energy consumption, and managed to keep total carbon dioxide emissions more or less flat for two decades, even as both its economy and its population grew rapidly. And it achieved all this without fundamentally changing" its lifestyle. After the energy crisis of the 1970s, "conservation in most of America soon stalled." In "California, by contrast, the state continued to push policies designed to encourage conservation, especially of electricity. And these policies worked." The state's "experience shows that serious conservation is a lot less disruptive, imposes much less of a burden, than the skeptics would have it."

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FBI/DEA/ATF/USMS:

Detroit Man Who Sold Lethal Fentanyl-Laced Drugs Gets 30-Year Sentence. The Detroit News (2/23) reports a Detroit man who "admitted selling a fentanyl-laced drug cocktail that killed two people was sentenced Thursday to more than 30 years in prison. U.S. District Judge Lawrence P. Zatkoff, sitting in Port Huron, sentenced James Edgar Coleman to 365 months in federal prison. That sentence was at the top of the sentencing guideline range for Coleman, who has previous convictions for drug trafficking. … U.S. Attorney Stephen Murphy credited the work of the Drug Enforcement Agency and Oakland County. 'This significant sentence is the result of a robust federal response to the rash of overdose deaths caused by fentanyl-laced heroin,' Murphy said."

The Detroit Free Press (2/23, Ashenfelter) reports, "Coleman -- accused of selling the drugs that killed 17-year-old Lauren Jolly and 30-year-old Daniel McElmurry -- pleaded guilty in November to avoid a possible life sentence. … Detroit Drug Enforcement Administration Chief Robert Corso said, 'Today's sentencing reflects a substantial sentence for a substantial violator' and should send a message to Detroit-area drug dealers."

The AP (2/23) reports Coleman's "plea to two counts of delivering a controlled substance resulting in death was the first related to fentanyl-laced heroin and cocaine that killed more than 100 people in metropolitan Detroit in 2005 and 2006…Murphy said." CBS News, FOX News, the Washington Post, Los Angeles Times, Houston Chronicle, Newsday, and the Kansas City Star used the AP story.

FBI Arrests Florida Police Officers In Drug Trafficking Sting. In a widely-distributed story, the AP (2/23, Anderson) reports, "Four police officers in Hollywood, Fla., have been arrested on suspicion of providing protection and running drugs and money for an organized crime group that was really an FBI sting operation, a law enforcement official said Thursday. The source, who is familiar with the case, spoke on condition of anonymity because the matter is sealed until Friday." The AP notes, "An FBI spokesman in Miami did not immediately return calls seeking comment. The four officers were expected to appear Friday in federal court in Fort Lauderdale."

The Miami Herald (2/23, Wright, 286K) reports, "It is unclear whether Kevin Companion, Jeff Courtney, Steve Harrison and Tom Simcox, all veterans of the police force, were being held in federal prison Thursday night, but word of the arrests sent shock waves through the department and City Hall." Hollywood City Manager Cameron Benson "said he was told the FBI had been running the sting for about two years. Mayor Mara Giulianti first heard of the investigation several weeks ago and said there was 'pretty convincing and strong evidence' that the officers had been involved in wrongdoing. The FBI has scheduled a press conference at 11 a.m. today in front of the federal courthouse in downtown Fort Lauderdale, where officials are expected to give more details on the case."

Advocates Use Data Quality Act To Dispute Government Stance On Medical Marijuana. The San Francisco Chronicle (2/22) reported medical marijuana advocates "tried a new approach …in their tug-of-war with the federal government, filing suit under a law that requires the government to correct its own misstatements -- including, the advocates say, the assertion that marijuana has no medical value. … The suit was filed in federal court in San Francisco under the Data Quality Act, a little-known statute signed by President Bush in 2001. It directs federal agencies to allow members of the public to 'seek and obtain correction' of false or misleading government information that affects them."

The Los Angeles Times (2/23) reports advocates say the government's stance "ignores its own studies." A 1999 report by the Institute of Medicine "declared that marijuana showed medicinal promise and advocated the development of cannabis-based drugs."

Five To Face Federal Charges In California "Pot Houses" Case. The San Francisco Chronicle (2/22) reported five suspects who "allegedly grew marijuana in specially-outfitted homes in Oakland…are facing federal charges for producing plants with a street value of $6 million." The suspects "were arrested Feb. 7 in Oakland and San Francisco by police and members of the Yolo County Narcotic Enforcement Team. Authorities seized 1,500 marijuana plants during raids of homes in Oakland and West Sacramento, where the investigation began several months ago. … Acting on a tip, agents initially began watching a

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home in West Sacramento, Drug Enforcement Administration Special Agent James Sheeran wrote in a 30-page affidavit "

Walters Promotes US Anti-Drug Strategy In Canada, Some Criticize Approach. The Canadian Press (2/22) reported John Walters "is in Ottawa touting America's anti-drug policy as a model for Canada. Walters says a blend of treatment, prevention and tough law-and-order measures have lowered drug use among American teens. But critics aren't buying it. Lawyers, academics and a Liberal senator warned against a U.S.-style approach in Canada, saying it's hugely expensive and ineffective." They "say the Conservatives should reconsider any drug crackdown that focuses more on prison terms than prevention or treatment." The Edmonton Sun and Ottawa Citizen used the Canadian Press story.

In the Ottawa Citizen (2/22) Ethan Nadelmann, founder and executive director of the Drug Policy Alliance, wrote Walters "is in Ottawa today, trying his best to put a positive spin on one of the greatest disasters in U.S. foreign and domestic policy. Part of his agenda is to persuade Canada to follow in U.S. footsteps, which can only happen if Canadians ignore science, compassion, health and human rights." The United States "ranks first in the world in per-capita incarceration. … The U.S. 'war on drugs' costs at least $40 billion U.S. a year in direct costs, and tens of billions more in indirect costs. It's all useful information for Canadians to keep in mind when being encouraged to further toughen their drug laws to bring them in line with those of the United States."

Jury Awards Former ATF Agents $9.75 Million In Damages In Suit Against Chicago. The AP (2/23, Robinson) reports, "A jury awarded a husband and wife $9.75 million in damages Thursday for a smear and terror campaign aimed at them after they accused a police officer of corruption while working as federal agents." The AP continues, "Diane Klipfel and Michael Casali hugged and kissed their friends and their attorney after the jury delivered its verdict in the civil trial. … 'I'm relieved that the ordeal is finally over and justice is served,' Casali, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, told reporters." The AP adds, "City Law Department spokeswoman Jennifer Hoyle said officials were disappointed and were reviewing appeals options. … The verdict ended a five-week trial focusing on Joseph Miedzianowski, sometimes described as Chicago's most corrupt police officer. … Miedzianowski was convicted in April 2001 of masterminding a Chicago-to-Miami cocaine pipeline and supplying guns and ammunition to the very street gangs he was supposed to be investigating. He is serving a life sentence at a federal prison in California." The AP notes, "Klipfel is a retired ATF agent and Casali still is an agent. They say Miedzianowski smeared them with misconduct allegations and terrified them with threats after they leveled corruption charges against him in 1992 while working in the Chicago ATF office. They say they were so frightened, their children slept in a closet in the interior of the house in case shots were fired through the walls. … Jurors leaving the court scoffed at city officials' claim that they conducted an 18-month investigation of Miedzianowski but never interviewed Klipfel and Casali, and were unable to uncover evidence of corruption at the time."

The Chicago Tribune (2/23, Coen) reports, "Juror Megan Cox said the key to the case was the Chicago Police Department's 'incompetent, lazy and overall negligent' internal investigation into the corrupt officer. … The plaintiffs had argued that Miedzianowski was allowed to select witnesses and bring them in for questioning himself and that Klipfel wasn't interviewed. … Juror Joe Karl said that was especially outrageous given that the corruption was reported by a federal agent. … 'How do you run an investigation and not interview the person making the complaint?' Karl said." The Tribune notes, "The largest part of the $9.75 million award came for the jury's decision that the city and Miedzianowski violated Klipfel's civil rights. Klipfel had testified she was forced from ATF after the Police Department retaliated against her and that she moved her children out of state at times, fearing for their safety."

Philadelphia Man Convicted Of Gun Crimes. The Philadelphia Inquirer (2/23, Shiffman) reports, "A Philadelphia man secretly recorded on tape talking about a plot to detonate pipe bombs inside the Gallery at Market East mall was convicted yesterday of 27 unrelated violent crimes that are likely to send him to prison for life." The Inquirer continues, "The verdicts against Andre L. Henry are significant, federal authorities said, because they represent a brazen case of a felon using women with clean records to make straw gun purchases, then using the weapons in a crime spree. … The jury found that shortly after the women helped Henry buy assault rifles, shotguns and handguns in 2003, he robbed two banks and seven fast-food restaurants, fired shots at a Philadelphia police officer and solicited the

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murder of grand-jury witnesses." The Inquirer adds, "Henry, 29, also faces two decade-old state murder charges. He spent much of his federal trial wearing an electronic stun belt after U.S. marshals said they caught him trying to sneak a seven-inch homemade knife into the courtroom. … Near the end of the two-week trial, Henry testified that the person who confessed to the 27 crimes on a secret recording is actually his twin brother. Assistant U.S. Attorneys Michelle Rotella and Susan Fields presented evidence that Henry does not have a twin brother. … 'His story is just absurd,' Rotella told jurors." The Inquirer notes, "U.S. District Judge Jan E. Dubois scheduled sentencing for May 24. Under the advisory federal guidelines, Henry probably faces life imprisonment. … John Hageman, a spokesman for the Bureau of Alcohol Tobacco and Firearms, said that the Henry case 'truly exhibits the danger and violence brought to Philadelphia by these illegally purchased firearms.' … 'This case also shows that this is a regional problem,' Hageman said. 'All of the guns were purchased in Montgomery County.'"

IMMIGRATION:

Senate Hearing To Look For Administration Backing Of Comprehensive Immigration Reform. The Washington Times (2/23, Hurt, 88K) reports, "Senate Judiciary Committee Chairman Patrick J. Leahy will hold a hearing next week that he hopes will get the Bush administration to confirm publicly that it wants 'comprehensive immigration reform' this year." The Times notes "Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff will testify at the Wednesday hearing. The White House yesterday said Mr. Bush remains committed to comprehensive reform, which many Republicans fear will contain some sort of amnesty for illegal aliens and usher millions of new foreign workers into the country." Meanwhile, Sen. Edward M. Kennedy "plans to introduce a major bill sometime after next week, his office said yesterday." Kennedy's office says the administration has been kept up to date "on the developments of drafting the bill," but a number of Republicans "complain that they have been left out of negotiations," prompting fears "that the bill is being pushed further to the left than last year's final bill."

On CNN's Lou Dobbs Tonight (2/22, 6:19 pm), host Lou Dobbs said, "Corporate lobbyists and special interest groups are helping" to write Kennedy's bill. "The legislative work is being done in secret. Taxpayers who will ultimately have to pay for that legislation for amnesty will not have a voice. But guess who does? … The Chamber of Commerce and groups like it have been allowed to hijack a large part of the process and even write part of the legislation." CNN (Sylvester) continued, "Even moderate Republicans like Senator Arlen Specter have not been offered a seat at the table. … One Republican Hill staffer complained, 'The Chamber has seen more than the senators when it comes to the actual writing on paper.'" Sylvester added later that "despite the election, in which the people spoke loudly and clearly, we are seeing more of the same when it comes to letting special interests dictate what ultimately is the policy on immigration in this country."

Smuggling Rivalries Boost Violence On US-Mexico Border. The Washington Times (2/23, Seper, 88K) reports, "Rival alien and drug smugglers on the US-Mexico border are targeting each other in a wave of escalating violence to win control of smuggling corridors into the United States, with at least four recent killings tied to efforts to kidnap migrants for ransom." Border violence "has risen dramatically over the past three years in what US Immigration and Customs Enforcement (ICE) has called 'an unprecedented surge.' ICE has established intelligence and investigative operations along the border to combat the increased brutality." The Times continues that much of the violence has been directed at "US Border Patrol agents, who have seen a spike in incidents as the agency continues its efforts to bring larger areas of the border under operational control."

Three Executives, 200 Workers Arrested In ICE Sweep Of National Cleaning Company. The Wall Street Journal (2/23, A5, Block, 2.04M) reports the Department of Homeland Security's "new strategy to 'attack the economic engine' that fuels most illegal migration into the US" has led to the arrest of "three top executives of a national cleaning service for allegedly employing illegal immigrants and defrauding the government. The sweep also netted nearly 200 employees believed to be illegal immigrants." A 23-count indictment unsealed yesterday says Nevada-based Rosenbaum-Cunningham International Inc., or RCI, "knowingly hired illegal immigrants, intentionally failed to withhold taxes and created shell accounts to line the pockets of top executives. RCI co-owners Richard M. Rosenbaum and Edward Scott Cunningham and firm controller Christina Flocken face criminal fraud, immigration and tax charges."

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The Washington Times (2/23, Seper, 88K) describes the sweep as "the latest in a series of high-profile efforts by the Bush administration to strengthen its immigration-enforcement credentials as Congress and the White House begin debate on a new round of immigration legislation."

The Washington Post (2/23, A10, Hsu, 690K) reports, "The case marked the latest wrinkle in a renewed campaign by the Bush administration to crack down on employers as Congress debates an overhaul of the nation's immigration laws. ICE arrested 716 individuals on criminal charges last year, up from a few dozen in recent years." The RCI executives "allegedly paid workers in cash and set up shell companies, with such names as Ricurt Inc., Monker and Sunchaser Service Corp., to hide assets from the Internal Revenue Service, the indictment said. Dividing nearly $7 million, defendants allegedly purchased 'racehorses, fancy boats and lavish homes' in Florida and California," said Myers.

The New York Times (2/23, Sander, 1.16M) reports, "By failing to pay taxes on their employees' income, Social Security and Medicare, the three executives cheated the government of $18,640,345 and used about a third of the excess money to finance the "extravagant lifestyle costs" of lavish houses, luxury boats, racehorses and college tuition, the indictment said."

USA Today (2/23, 2B, Leinwand, 2.27M) reports, "The investigation began two years ago when police in Grand Rapids arrested a man who provided fraudulent documents. That arrest led Immigration and Customs Enforcement (ICE) agents to 23 other illegal laborers working at the Grand Traverse Resort & Spa, which had contracted more than $3 million in RCI cleaning services from June 1997 to March 2006, ICE Assistant Secretary Julie Myers said Thursday."

Owners Of Michigan Cleaning Service Charged After Illegal Immigrant Raid. The AP (2/23, Prichard) reports from Grand Rapids, MI, "An investigation of cleaning crews working at a Michigan resort has led to federal fraud and tax charges being filed against three top officials at a U.S. janitorial service and the arrest of more than 200 illegal immigrants around the country, government officials said." The AP continues, "The detainees - mostly Mexican nationals - who were rounded up early Thursday were working as janitors for Rosenbaum-Cunningham International Inc., or RCI, a Florida-based cleaning contractor." The AP adds, "RCI co-owners Richard M. Rosenbaum, 60, and Edward Scott Cunningham, 43, and firm controller Christina A. Flocken, 59, all of Florida, face criminal fraud, immigration and tax charges in a 23-count indictment unsealed Thursday in U.S. District Court in Grand Rapids. … 'This is not a case of bad bookkeeping or skirting the rules,' said Brian M. Moskowitz, special agent in charge of the Detroit office of U.S. Immigration and Customs Enforcement. 'It involved flagrant criminal behavior.'" The AP notes, "Moskowitz said during a news conference in Grand Rapids that federal agents arrested Rosenbaum in Longwood earlier in the day. Cunningham and Flocken were expected to soon turn themselves in to federal authorities in Grand Rapids, where the case will be tried, he said. … Their practice of paying cash wages to their workers deprived the U.S. government of about $18.6 million in employment taxes, according to the indictment. … 'In this particular investigation, these defendants took advantage of illegal workers in order to enrich themselves by violating the internal revenue laws that were created specifically to protect the legitimate work force, all at a cost to taxpayers of approximately $18 million, all so that they could live a very lavish lifestyle and live the high life,' said Sandra L. Carter, special agent in charge of the Internal Revenue Service office in Detroit. … About 203 illegal immigrants who worked for RCI were arrested and expected to be deported, Moskowitz said. Agents took them into custody at 63 business locations in 17 states and the District of Columbia."

Judge Dismisses Posada Carriles' Bid For Freedom. The AP (2/23, Caldwell) reports from El Paso, "A federal judge on Wednesday denied a request by an anti-Fidel Castro activist to be released from jail while immigration officials figure out where to deport him to." The AP continues, "U.S. District Judge Philip R. Martinez threw out Luis Posada Carriles' lawsuit after federal prosecutors said immigration officials could not release him because he is in the custody of the U.S. Marshals Service. … Posada, an ex-CIA operative who is suspected of bombing a Cuban jet 31 years ago, left Department of Homeland Security custody after his indictment last month on suspicion of lying in a citizenship application." The AP adds, "Posada, 79, was arrested two years ago on an immigration violation after he reported paying a smuggler to sneak him into Texas from Mexico. … An immigration judge later ordered that Posada be deported but ruled that he could not be sent to Cuba, where he was born, or Venezuela, where he is a naturalized citizen. … Several

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countries, including Mexico, have declined to allow Posada in. He sued last year, arguing that the U.S. government cannot hold him indefinitely while they look for a country willing to let him move there."

TAX:

Thirteen Indicted For Alleged Minnesota Cigarette Tax Fraud Scheme. The Minneapolis Star Tribune (2/23, Olson, Louwagie, 395K) reports, "Thirteen people face federal charges of defrauding the state of more than $2.5 million in sales tax by concealing revenues from cigarette sales, according to a federal indictment unsealed Thursday. The indictment…cites numerous attempts to conceal earnings and wealth through fraudulent bookkeeping and tax returns, as well as property transfers and large cash transactions." The Star Tribune notes, "The case, the result of a joint investigation by the FBI and the Internal Revenue Service, includes one conspiracy count, 13 mail fraud counts and 26 wire fraud counts. … The defendants also are accused of transferring nearly $1 million to Jordan, Lebanon and the Palestinian territories through checks, currency and wire transfers backed by the tobacco store proceeds. "

Firms Hide Assets, Identities In State Havens. USA Today (2/23, 1B, Mccoy) reports, "Roughly four miles from the famed Las Vegas casino strip, ABC Equity's corporate office is registered in a modest business suite located off West Sahara Avenue. … Great Fortune 600 is registered in the same suite. So are DK Financial, Hill 99, Stock Savant, ZZYZX Holdings — and more than 1,000 other corporations." USA continues, "They share something in common besides their business address. Each lists the same man as its sole corporate officer in Nevada incorporation records. He is William Reed, a businessman with a suspended law license and the target of a Federal Trade Commission lawsuit that alleges he and a convicted felon teamed in a business that promoted forming Nevada corporations to shield assets 'from "capricious federal judges and any government agency."'" USA adds, "A USA TODAY computer-aided review shows that the two men and their business, Asset Protection Group, are part of a thriving mini-industry that has capitalized on real or perceived gaps in domestic incorporation laws and virtually non-existent government oversight to promote some U.S. states as secrecy rivals of offshore havens. … A multi-agency U.S. Money Laundering Threat Assessment issued in 2005 cited Nevada, Wyoming and Delaware as the states with laws most conducive to anonymous corporate ownership. USA TODAY's review… examined databases of all Nevada and Wyoming incorporations but was unable to obtain comprehensive data for Delaware … USA TODAY's findings buttressed the money laundering report's warning that a 'race to the bottom' among states vying to set minimal corporate information requirements has enabled companies to hide the identities of their owners, thereby making it harder for law enforcement agencies to track suspected tax evasion, money laundering and other crimes."

WSJournal Criticizes AMT Hike In 1993 Clinton Tax Plan. Under the headline "Bill Clinton's AMT Bomb," the Wall Street Journal (2/23, 2.04M) editorializes, "As tax season nears, Democrats in Congress are discovering they have an urgent political bomb to defuse -- the alternative minimum tax. The AMT already hits four million Americans, and without new legislation this year it will explode in the pocketbooks of 23 million taxpayers come April 15, 2008. What's amazing is that many Democrats and reporters are trying to blame this looming tax increase on the 2001-2003 tax cuts. See if you can follow their argument: Taxpayers are obliged to pay the higher of their tax bill under either the regular IRS code or the AMT. And because the tax cuts reduced the regular income tax of the average family by $2,000 a year, more middle-class families are being bounced to the AMT system. Ergo, it's all President Bush's fault." The Journal adds "the politician most responsible for the AMT's relentless expansion in recent years is none other than William Jefferson Clinton. Remember the 1993 tax hike that was supposed to fall only on the rich? In addition to raising gas taxes and Medicare payroll taxes and income tax rates, the Democratic Congress that year also raised the AMT: from a 24% flat rate to a dual tax rate of 26% on AMT income up to $175,000 and 28% on AMT income above that amount."

CONGRESS-ADMINISTRATION:

Army Surgeon General Disputes "Characterization," But Not Facts, Of Walter Reed Reports. The Washington Post runs two stories on the problems at Walter Reed Army Medical Center near the front of the A section this morning. On page A3, the

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Washington Post (2/23, Vogel, 690K) runs a straightforward account saying that the "Army's surgeon general yesterday criticized stories" in the Post disclosing problems at Walter Reed, saying the "series unfairly characterized the living conditions and care for soldiers recuperating from wounds at the hospital's facilities." Lt. Gen. Kevin Kiley said during a news conference, "I'm not sure it was an accurate representation. It was a one-sided representation." The Post notes that, "until now, the Army had not challenged any aspect of the Post series." After the news conference, Kiley was "asked to elaborate on his comments." He said he "does not dispute the facts in the Post stories. 'It's not the accuracy I question, it's the characterization,' he said."

On the facing page A2, Dana Milbank of the Washington Post (2/23, 690K) criticizes the military's response in a story headlined "Painting Over The Problems At Walter Reed's Building 18." Milbank writes, "It's not every day one gets to witness a whitewash in action, but Walter Reed…provided just such an opportunity yesterday." A Sunday Post story "described the woeful conditions of Room 205 in Walter Reed's Building 18," and "the Army mobilized. Painters were deployed to cover the offending wall with a fresh coat of white semigloss. And television crews were invited in to inspect the result. … Mission accomplished? Lt. Gen. Kevin Kiley thought so."

In an interview with PBS' NewsHour (2/22, 7:38PM), Rep. Robert Filner (D), chairman of the House Veterans' Affairs Committee, called the conditions "a catastrophic or horrific circumstance" for "our young people coming back" from service overseas. Rep. Filner also pointed a lack of continuity between the medical record systems of the armed forces, which he said, "are not translatable into the VA system." Rep. Filner also noted that the inspector general "although supposedly independent, is really part of that system." Therefore, in order to "do something very quickly" about the problem, he recommended setting up "a hotline that is manned by independent people, maybe some veterans who understand these issues and allow people to report on the situation."

Also appearing on PBS' NewsHour (2/22, 7:39PM), Rep. Christopher Shays (R) said, "The bigger problem is the process of why you would have someone in a hospital for two months to two years. They want to be discharged in some cases, in other cases they can come right back into the military. The problem is the paperwork is just pathetic."

NYTimes Blasts Leaders For Permitting "Shameful Neglect At Walter Reed." The New York Times (2/23, A20, 1.16M) editorializes on the subject, saying that "when the Senate next debates whether to debate the Iraq war, members would do well to visit Walter Reed. … There they can run a stark reality check on how the country is failing the war's wounded despite all those Capitol orations about unstinting support of our fighting troops. As fine as the surgery wards have been through a five-year torrent of battle casualties, Walter Reed has seen the shameful growth of a parallel village of almost 700 traumatized and maimed outpatients. Far too many of these souls wait lost and wasted, abandoned by the post's and the Army's shambling bureaucracy. … The shameful neglect at Walter Reed is more proof of how America's leaders…are failing the nation's warriors in this disastrous war."

Intelligence Legislation Remains Stalled In Senate. The Washington Times (2/23, Waterman, 88K) reports, "The annual legislation that governs the 16 U.S. intelligence agencies and their new boss, the director of national intelligence, is stalled again in the Senate, where efforts to pass it in the past two years also died. 'We're still working it,' said a senior staffer from the Senate Select Committee on Intelligence, which voted the bill out 12-3 last month," adding that Chairman Jay Rockefeller "continued to hope the bill could be passed after the Presidents Day recess." In the "previous two years, under the chairmanship of Sen. Pat Roberts," committee efforts "to move the bill have been blocked by holds from Republican senators" over what some see "as the bill's excessive reporting requirements, both on intelligence agencies about their detention and interrogation of terror suspects, and on the administration as a whole."

Pentagon Cancels Plans For Massive Conventional Bomb Test. The AP (2/23, Talhelm) reports "the Pentagon on Thursday scrapped plans for a 700-ton non-nuclear test blast that would have produced the first mushroom cloud of dust over the Nevada desert in decades." The Defense Department "said it would find other ways to test the nation's ability to penetrate underground bunkers that produce and store weapons of mass destruction. … The decision was not based on any technical information that indicated the test would harm workers, the public or the environment, according to James Tegnelia, director of the

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Pentagon unit that works on technical aspects of how to destroy deeply buried enemy weapons.

The New York Times (2/23, 1.16M) reports, "The test, known as Divine Strake, at the Nevada Test Site would have been conducted near a place used for decades for atomic testing. Opponents said the explosion would create a two-mile-high mushroom cloud and release radioactive dust from long-undisturbed radioactive material." Utah's Congressional delegation and "thousands of Utah residents have written to the Defense Threat Reduction Agency of their opposition to the test."

McCain Critical Of Pentagon Request For Three Experimental Aircraft. The Politico (2/23, Lowe) reports, "Quarreling with Pentagon spending requests, Sen. John McCain has chided Defense Secretary Robert Gates and Air Force Secretary Michael Wynne for seeking three experimental aircraft in the Pentagon's emergency wartime funding bill. The $93 billion funding request for military operations yet this year in Iraq, Afghanistan and other hot spots includes nearly $14 billion for two F-35 Lightning II fighter jets" -- also known as the Joint Strike Fighter – "and a CV-22 Osprey tilt-rotor transport to replace aircraft lost in overseas combat operations. Both aircraft are still in development and years from being fielded. 'In an emergency supplemental, you are proposing to replace combat loss with unproven platforms that not only are not yet operational but will also ultimately cost a lot more than they do now,'" McCain "told Gates and Wynne in a Feb. 13 letter obtained by Politico." McCain added in his letter: "Both the JSF and Osprey are controversial, next-generation programs that require considerable congressional oversight. … Your including the requests to procure both aircraft types in an emergency supplemental effectively insulates these programs from this committee's routine oversight. This is inappropriate.'"

Business, Labor Come To Blows Over Key Unionization Bill. The New York Times (2/23, A18, Greenhouse, 1.16M) reports organized labor "is fighting" for the "pro-union" Employee Free Choice Act "as if its life depended on it. Some labor experts say the union movement's ability to reverse its slide could in fact hinge on its winning passage of the bill, which would make it easier for workers to join unions" by giving employees at a workplace "the right to unionize as soon as a majority sign cards saying they want a union." Currently, "employers can insist on a secret-ballot election to determine whether a majority of employees favors a union." Business groups "are mounting a fierce campaign to stop the bill," while labor unions "are sponsoring demonstrations, conferences and meetings in 99 cities this month to push for the legislation. The two sides have also squared off with newspaper advertisements." While "legislative aides say they expect the bill to be approved next Thursday in the House, where it has 234 sponsors, including seven Republicans," opponents "voice confidence that they can block the bill in the Senate," and last week, Vice President Cheney said resident Bush would veto the bill if it reached his desk.

Virginia May Lose Federal Funds If Districts Fail To Test English Language Learners. The Washington Post (2/23, Glod, 690K) reports, "The U.S. Education Department threatened yesterday to withhold more than $17 million from Fairfax County schools if the system continues to defy a federal mandate to give reading tests to thousands of immigrant children. Other Virginia school systems would also be in jeopardy if they refuse to comply with the federal No Child Left Behind Act, and the state could lose $2 million in administrative funds." The threat "raises the stakes" in the dispute "over the best way to test immigrant students learning English." The department found that the test Virginia uses "shows how well students learn to read, write and speak English" but doesn't "test students on their understanding of grade-level reading material." U.S. officials told Virginia Supt. Billy K. Cannaday Jr. that "they expect to approve a state request to use a portfolio of a student's work over time instead of a test."

The Washington Times/AP (2/23, Sampson) reports Deputy Education Secretary Raymond Simon said that "Virginia school divisions will lose federal funding if they do not comply with a federal law that requires children struggling to learn English take the same reading tests as their native-speaking peers." Cannaday said that "he expected school divisions to comply with the law 'even though they question whether the tests are appropriate and the accommodations are adequate.'"

Student Loan Proposal Said Likely To Reduce Number Of Banks Offering Them. The Washington Times (2/23, Ramstack, 88K) reports, "President Bush is trying to 'right-size' the student loan

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industry with a proposed budget that would cut subsidies and drive out many private lenders by reducing their profits, the head of student loan giant Sallie Mae said yesterday." The proposal "would reduce education subsidies for special programs, such as student loans, to $6.6 billion, from $9.7 billion this year. Lender subsidies would fall by 0.5 percentage points. The White House said the $12.4 billion saved over five years by cutting subsidies would be used to increase the number of Pell Grants."

Congress May Address Lack Of Sick Pay In US. ABC World News (2/22, story 6, 2:50, Gibson, 8.78M) took "A Closer Look" at "an enormous problem for American workers: the lack of sick pay. We were surprised to learn that 145 nations, but not the United States, require businesses to provide some paid sick days, and that nearly half of the private sector workers in America, are not paid when they are too sick to work. This month, San Francisco became the first city to mandate sick pay, and now, Congress might act." ABC (Stark) added that "59 million Americans…have no paid sick days at all," and 86 million "do not get a single paid day off to care for a sick child. The federal government requires most employers to offer some unpaid leave for serious medical conditions. But advocates say until it requires them to provide a few paid sick days, as well, millions of Americans will have no choice…but to work when they should stay home." But business groups "say another federal mandate is the last thing employers can afford. And if paid sick leave becomes the law of the land, somebody will pay."

Bodman Lifts Energy Department Bonus Freeze. In its "Federal Diary" column, the Washington Post (2/23, D4, Barr, 690K) writes, "Bonuses are back at the Energy Department. The department got caught in a budget squeeze late last year when Congress failed to complete the annual spending bills funding the government on time." Last week, "President Bush signed a budget bill that included funds for Energy, and Secretary Samuel W. Bodman sent a memo to the workforce saying 'this new law has allowed us to lift the 'hold' on performance-based awards and discretionary pay adjustments.'"

NYTimes Urges Congress To Increase Oversight Of For-Profit Colleges. The New York Times (2/23, 1.16M) writes in an editorial, "The Democratic leadership in Congress plans to make college affordability a central theme of this legislative session. The pending bills that would increase federal aid to low-income students and lower the costs of student loans are good, as far as they go. But Congress must do more to ensure that scarce federal aid dollars are legitimately spent and not gobbled up by for-profit diploma mills that bilk the government and students alike." Congress "needs to take a harder look at for-profit colleges to make sure that students and the government are getting what they pay for."

NYTimes Backs "Passengers' Bill Of Rights." The New York Times (2/23, 1.16M) editorializes, "JetBlue's horrendous performance during the recent ice storms that paralyzed New York City's airports has reinvigorated calls for a 'passengers' bill of rights' to protect air travelers against what can only be deemed abusive treatment. JetBlue has moved rapidly to make amends, but its shocking failures and those of other airlines in recent months make a federal law the best solution." Sens. Barbara Boxer and Olympia Snowe "have introduced a bill that would require that passengers be provided with adequate food and water and sanitary bathrooms while delayed on the ground and be allowed to leave the plane after three hours. Representative Mike Thompson, also a California Democrat, will introduce a bill that would also require airlines to update passengers frequently on the cause and timing of delays. Both proposals would be strengthened if they required the Transportation Department to impose suitable fines or passenger compensation should an airline fail to comply."

NYTimes Criticizes Cost Of Uncompleted Congressional Visitor Center. The New York Times (2/23, 1.16M) writes in an editorial, "If government had a department of irony, the mammoth, ever more expensive and still uncompleted Capitol Visitor Center would be renamed the People's Debt and Deficit Walk-Through Memorial. The three-story subterranean center being built (for nearly seven years) under the Capitol's East Plaza will have a 600-seat cafeteria, an interactive museum about the glories of democracy and the latest in security to screen out potential malefactors among the throngs who currently gather in snaking outdoor lines for tours. … The American taxpayers, who will pay for the project for generations to come, deserve to be treated to candor. And what better way than by turning the center into a teaching museum on the hyperbolic plans and procrastination of Washington life?"

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OTHER NEWS:

Analysis Finds US Economy Leaving Millions In "Severe Poverty." Under the headline "US Economy Leaving Record Numbers In Severe Poverty," McClatchy (2/23, Pugh) reports, "The percentage of poor Americans who are living in severe poverty has reached a 32-year high, millions of working Americans are falling closer to the poverty line and the gulf between the nation's 'haves' and 'have-nots' continues to widen. A McClatchy Newspapers "analysis of 2005 census figures, the latest available, found that nearly 16 million Americans are living in deep or severe poverty. A family of four with two children and an annual income of less than $9,903 - half the federal poverty line - was considered severely poor in 2005. So were individuals who made less than $5,080 a year." The analysis "found that the number of severely poor Americans grew by 26 percent from 2000 to 2005. That's 56 percent faster than the overall poverty population grew in the same period. McClatchy's review also found statistically significant increases in the percentage of the population in severe poverty in 65 of 215 large U.S. counties, and similar increases in 28 states."

Stocks Mixed Yesterday. USA Today (2/23, 5B, Krantz, 2.27M) reports, "Weak earnings from a leading home builder, a $1.5 billion damage verdict against Microsoft and general concern that a market correction is overdue piled up to send stocks lower Thursday." The Dow Jones industrial average "fell 52.39 points to 12,686.02, making it the benchmark's second-straight down day. Still, the Dow remains up 1.8% this year." The Standard & Poor's 500 index lost 1.25 points to 1456.38. The S&P 500 remains up 2.7% for the year," while the Nasdaq composite index rose 6.52 points to 2524.94. The Wall Street Journal (2/23, C1, Anand, 2.04M), among other major newspapers, also reports the Wall Street numbers.

Jury Rules For UCLA In Psychiatric Sex Trial, But Awards No Money. The Los Angeles Times (2/23, Garrison) reports, "A Los Angeles jury today ruled against a former UCLA psychiatric resident who claimed the school unfairly rescinded its offer of a coveted job because he broke off an affair with his supervisor. … But jurors did not believe the supervisor's counter-charge that Dr. David Martorano had slandered her by making up the affair, which Martorano testified included oral sex in parked cars." The Times continues, "In the end, neither party was awarded any money after a two-week trial of their dueling lawsuits that featured the appearance of no fewer than nine psychiatrists, along with women testifying about their sex lives under code names to protect their privacy. … As Los Angeles Superior Court Judge Judith Chirlin said to the jury: 'You could have been here on some boring contract case.'" The Times adds, "Martorano, a handsome Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, alleged that he lost a coveted post as chief resident and that his reputation was ruined once rumors of the affair began to circulate after he broke off the relationship. He sued his former supervisor, Dr. Heather Krell, and UCLA. … Krell's lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for slander and invasion of privacy. … UCLA's lawyer, meanwhile, said it didn't matter from a legal perspective whether Martorano and Krell had an affair -- university administrators acted properly when they revoked the offer for Martorano to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country."

High School Students Earn Lower Math And Reading Scores Yet Better Grades. ABC World News (2/22, story 7, :30, Gibson, 8.78M) reported, "The government issued a disappointing report card today for the nation's high school seniors. In standardized national reading tests, 73% read at a basic level. That's down from 80% in 1992. And just 35% scored at a proficient level defined as competent with challenging subject matter. That's down from 40%. Then, there was a puzzling second report, as well. While the reading scores fell, graduating seniors are taking harder courses and getting higher grades. Education officials say they're not sure why."

NBC Nightly News (2/22, story 5, :40, Williams, 9.87M) reported, "Now to one of the issues that will be talked about in the next election. There is a new national report card out on how this nation's high school seniors are doing in reading and math. These grades are not good."

The New York Times (2/23, Schemo, 1.16M) reports the National Assessment of Educational Progress results in reading "were significantly worse than those of students in 1992" and also "showed that the overwhelming majority of

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high school seniors have not fully mastered high-school-level math." The Bush administration "seized upon the results as proof that high schools were not measuring up." Secretary of Education Margaret Spellings said, "Schools must prepare students to succeed in college and the 21st-century work force."

USA Today (2/23, Toppo, 2.27M) reports the results were "contradictory" because while, "a record 68% of the class of 2005 completed at least a standard curriculum with four years of English and three each of math, science and social studies" and "51% of students were doing college-preparatory work" yet, "the average high school senior doesn't read as well as those in 1992."

The Washington Post (2/23, Paley, 690K) reports the findings were called "evidence of grade inflation and the dumbing-down of courses" and "also prompted renewed calls for tough national standards and the expansion of the federal No Child Left Behind law." Spellings said, "If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores."

The Wall Street Journal (2/23, Tomsho, 2.04M) reports, "American educators have complained about grade inflation for years. But new findings suggest that U.S. high schools may also suffer from another type of inflation -- in the labeling of courses." Yesterday's NAEP results "aren't the only signs that college-prep courses may not be delivering all that they promise. The College Board…is in the midst of a nationwide audit of its high-school Advanced Placement Program courses, amid concerns that some districts aren't offering college-level content."

The AP (2/23, Zuckerbrod) reports that "It is unclear whether student performance has improved or whether grade inflation or something else might be responsible." Meanwhile, "the gap in reading scores between whites and minorities was relatively unchanged since 2002."

The Washington Times (2/23, Fagan, 88K) reports, "Lawmakers and education researchers agreed that improvement is needed but disagreed on the best way of getting there -- with some arguing the federal government should get more involved in high schools and some saying that is exactly the wrong approach."

Bloomberg (2/23, Basken) reports, "Business and education leaders said the latest results reinforce fears that the U.S. school system isn't preparing its students to be competitive in the global workplace." The results also "may reinforce fears that the quality of high-level courses suffers as more students are allowed into them."

On Campaign Trail, Giuliani Seen As Avoiding Unfriendly Audiences. The New York Times (2/23, Pérez-Peña, 1.16M) reports, "In a swing through South Carolina this week," ex-New York City Mayor Rudy Giuliani (R) "chose to campaign at a fire house, which is a little like Derek Jeter meeting with Yankees fans -- a most unlikely forum for hostility, or even much skepticism. Instead of the sometimes barbed give-and-take endured by the other candidates," Giuliani "fielded a few questions from the firefighters and police officers," which "stuck almost entirely to issues on which Mr. Giuliani is most comfortable, like airport security and border control. More than the other major presidential candidates, Mr. Giuliani has limited himself to events with narrowly defined, friendly audiences, avoiding the kind of uncomfortable interrogations his rivals have occasionally faced." Giuliani has "done little of the politicking that exposes candidates to random sets of people -- at shopping malls or train stations -- who might be of any political stripe, and can raise any issue." He's "yet to be questioned by voters about his support for abortion rights, same-sex civil unions and gun control, or about his marital history." However, Giuliani spokeswoman Maria Comella said the former mayor "was not avoiding difficult questions. … 'The mayor will be at a wide variety of events that will put him in front of voters where he will answer their questions,' Ms. Comella said."

Giuliani To Meet With K Street Lobbyists Friday. In a brief article in The Politico (2/23), Jonathan Martin reports that "Giuliani comes to Washington tomorrow to do a little lobbyist outreach. Lobbyists Dirk Van Dongen, Susan Molinari, Mike Zarelli and Willie Gaynor have helped put together the meet-and-greet, which is designed to familiarize Rudy with top K St. Republicans and vice-versa. There is no charge for the afternoon get-together, to take place at a downtown Washington hotel. … Because of the recess, members are not expected to attend. But Rudy is also making progress on that front and will soon roll out the backing of" PA Rep. Charlie Dent (R). Martin added, "I'm also told that Team Rudy is making progress with other members of both chambers of Congress and will soon be announcing additional endorsements from the sort of states (Pennsylvania being one) that his supporters think he could put in play in the general election."

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Huckabee Set To Announce Endorsements Of Two House Republicans. The Politico (2/23, Allen) reports that ex-Arkansas Gov. Mike Huckabee (R) "plans to make a splash on Capitol Hill on Friday with the surprising announcement that Rep. Don Young of Alaska has signed on as congressional chairman of his Republican presidential exploratory committee. In a letter to House Republicans, Young says Huckabee will help produce 'a reawakening of the conservative values that make our country a land of opportunity.' … Young, the third ranking Republican in Congress…has deep personal connections with almost every member because he was chairman of the Transportation and Infrastructure Committee, which put him in charge of massive amounts of pork." The Politico notes, "Also Friday, Huckabee plans to announce that Rep. John Boozman of Arkansas will be congressional co-chairman of his presidential exploratory committee. Boozman is a member of the Republican Study Committee, the conservative caucus, and so has ties to a group of members whose support could really help Huckabee."

The Washington Post (2/23, A8, Cillizza, 690K) reports, "Asked about winning congressional endorsements, Huckabee said 'it shows [that] people who are policy makers are willing to sign on,' but he added: 'Frankly, I don't think it's going to tip the election one way or another.'"

Obama Tries To "Clear The Air" As Dustup With Clinton Keeps Drawing Attention. Coverage of the clash between Democratic presidential rivals Sens. Hillary Clinton and Barack Obama continues, with a lengthy report on NBC and a front-page story in the New York Times. NBC Nightly News (2/22, story 4, 2:45, Williams, 9.87M) said an effort to "tamp down what has been an unusually early and bitter fight between two of the top contenders" for the Democratic nod is underway. NBC (Gregory) added that Obama was "on the campaign trail today trying to clear the air with Hillary Clinton." Obama: "It should be about the issues and not about personalities or what supporters say." Gregory: "The response, an attempt to overcome a rift started by Hollywood mogul David Geffen, longtime Clinton friend and fundraiser turned foe. His attacks this week caused her campaign to lash out" at Obama. While "the Democratic infighting has made headlines and comes as Clinton's opponents are attacking her for refusal to apologize for supporting the war in Iraq…it was the Clinton campaign's response to Geffen that revealed the tough tactics that Clinton will use against her opponents."

The New York Times (2/23, Nagourney, 1.16M) writes that "after weeks of watching in frustration" as Obama "presented himself as a fresh face gliding above partisan politics," Clinton" has drawn Mr. Obama onto a muddy political field, engaging him in a back-and-forth that recalls the kind of Washington bickering Mr. Obama has decried. Mrs. Clinton's effort to identify Mr. Obama with an attack made by one of his chief Hollywood supporters was widely viewed among Democrats as carrying some cost to Mrs. Clinton. The remarks at the heart of the dispute, by David Geffen, the Hollywood executive who was once a big fund-raiser for the Clintons, were a sharp reminder of Clinton family history that has led some Democrats to believe Mrs. Clinton cannot win a general election. But when it came to tallying the final score on the most intense engagement so far in the 2008 presidential race, even Mr. Obama, the junior senator from Illinois, seemed to acknowledge that he may have been outmaneuvered." In another story, the New York Times (2/23, A16, Steinhauer, Halbfinger, 1.16M) examines the "public unwinding of the relationship between the Clintons and David Geffen," saying that Geffen "has been telling friends for two years that he thinks that Mrs. Clinton is a divisive figure who would fail to bring the nation together."

Clinton Said To "Fall Prey To Missteps." An AP (2/22, Fouhy) analysis piece says the "Hollywood-style brawl" is just "the latest in a series of speed bumps tripping up Hillary Rodham Clinton's early presidential moves. From the Clinton team's decision to criticize -- and therefore publicize -- producer David Geffen's complaints about both Clintons to increasingly skeptical questions about Sen. Clinton's nuanced explanation of her 2002 vote authorizing the Iraq war, it became apparent even a battle-tested front-runner can fall prey to missteps."

LATimes Says Geffen "Has A Point" About "Dynastic Aspect" Of Clinton Bid. The Los Angeles Times (2/23, 850K) headlines an editorial "Geffen Has A Point About The Clintons," saying Geffen "was on to something with his passing mention of the fact that Obama is not from 'the Bush royal family' or the 'Clinton royal family.' Regardless of what you think of Bill Clinton's presidency, or his wife's talent, the dynastic aspect of Hillary Clinton's candidacy is an issue that will increasingly come to occupy center stage in this campaign. Is the country prepared to be governed, potentially, for 28 years by two families who

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alternate turns in the White House? The Clinton campaign appears unwilling to acknowledge this concern."

Dionne Says Tiff Bad For Both Clinton And Obama. In his Washington Post (2/23, A19, 690K) column, E.J. Dionne said the outbreak of the feud "was a good day for Joe Biden, Chris Dodd, John Edwards, Bill Richardson, Tom Vilsack -- and, what the heck, Dennis Kucinich. It was a bad day for Barack Obama, Hillary Clinton and David Geffen. It was a good day for the Republican Party, particularly George W. Bush, John McCain and Dick Cheney. It was a bad day for the Democratic Party, opponents of the Iraq war and advocates of national health insurance." Dionne warns Clinton and Obama to heed the example of the 1988 Democratic nomination contest, when two strong early candidates, Gary Hart and Biden, "were knocked out of the race, because of their own mistakes for sure, but also because of whispering campaigns and subterranean attacks by their opponents."

Robinson Says Clinton Confirming Rivals' Caricature. In his Washington Post (2/23, A19, 690K) column, Eugene Robinson writes under the headline "Depends What The Meaning Of 'Mistake' Is," that Clinton's rivals "would love to paint her as inflexible, programmed, focus-grouped within an inch of her life and intent on bringing nothing less than a full-fledged Clinton Restoration to the White House. So why is she sitting for the portrait?" On Iraq, "Clinton may believe that being the front-runner for the nomination means never having to say you're sorry. She may believe that positioning herself at the hawkish end of the Democratic spectrum helps her project an image of toughness, dispelling any reservations voters may have about a woman as commander in chief. … It sounds like something a candidate has decided to say rather than something a candidate believes." As for the Geffen controversy, Robinson says "the impression that was left at the end of the week was of a touchy, grouchy Clinton Inc. and a candidate constrained by her campaign strategy."

Bill Clinton Has Collected Nearly $40 Million In Speaking Fees Since 2001. In a 2,100-word front-page story, the Washington Post (2/23, Solomon, Mosk, 690K) reports that ex-President Clinton, "who came to the White House with modest means and left deeply in debt, has collected nearly $40 million in speaking fees over the past six years, according to interviews and financial disclosure statements" filed by Sen. Hillary Clinton. In 2006, "one of his most lucrative" years since leaving office, the former president "earned $9 million to $10 million on the lecture circuit. He averaged almost a speech a day -- 352 for the year -- but only about 20 percent were for personal income. The others were given for no fee or for donations to the William J. Clinton Foundation."

Responding To Obama Request, FEC Proposes New Fundraising Option. The AP (2/23, Kuhnhenn) reports, "Presidential candidates may solicit contributions for a general election campaign even if they later decide to take public money for the race, federal regulators said Thursday in a proposed opinion. The draft document, which would have to be approved by the" FEC, "was in response to a request for FEC advice from Democratic presidential candidate Barack Obama, the Illinois senator." The AP notes, "If a majority of the six election commissioners support the opinion, candidates would have yet another incentive to seek double contributions this early in the presidential election cycle. Any candidate who then chooses to accept public money would have to refund money raised exclusively for the general election. The commission will meet March 1."

The Chicago Tribune (2/23, McCormick, 617K) reports that Obama, New York Sen. Hillary Clinton and ex-North Carolina Sen. John Edwards (D) "have indicated they would likely reject the public financing system that has governed presidential elections for more than three decades. … In its draft ruling, the commission said Obama may solicit and receive contributions for the general election if he meets certain conditions, including a requirement to keep the money in a separate escrow account and that the funds not be used for any other purpose other than general election activities. Under the draft proposal, if Obama were to win the Democratic nomination and then decide to accept public funding for the general election, he would need to refund all general election contributions within 60 days of certifying his eligibility for public funds."

The New York Times (2/23, Kirkpatrick, 1.16M) reports that "Obama, campaigning on pledges to clean up politics, argued in his filing with the commission that the public financing system had insulated candidates from a corrupting dependence on big donors. He asserted that the system could be preserved for the general election through bipartisan agreement if party nominees returned early contributions. The plausibility of such an agreement is not clear. One

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nominee is likely to have a financial edge on the other at the outset of the campaign, and accepting public financing would mean relinquishing that edge."

WPost Sees "Glimmer Of Hope" In FEC Draft Ruling. In an editorial, the Washington Post (2/23, A18, 690K) applauds the commission's draft ruling, saying, "The FEC's positive reaction yesterday offers a glimmer of hope that 2008 will not become the first presidential election since the Watergate scandal to be fully financed by private funds. … The solution of allowing a candidate to begin to raise general election funds now but opt to live within the system later isn't perfect, but it's far better than the alternative. Mr. Obama's competitors in both parties should join him in trying to salvage this broken system. As the FEC prepares to finalize its ruling, the candidates should support its interpretation -- and pledge, if they win the nomination, to help control the campaign arms race."

In State Senate, Obama Showed Pragmatism, Ability To Work With GOP. The Wall Street Journal (2/23, A4, Calmes, 2.04M) takes a look at Sen. Barack Obama's tenure as an Illinois state senator, when he "was a leader in helping to tighten state ethics laws -- up to a point. When a 2003 package seemed doomed in the Senate's final hours -- with his Democratic leader among the foes -- he left the chamber to tell advocates there was nothing more he could do." Illinois Campaign for Political Reform Director Cynthia Canary, "an admirer" of Obama, said, "He wasn't going to stand on the desk and pound his shoe. Barack is a political realist. You may know that in his heart he feels strongly, but he'll only go so far." She adds that "a compromise was salvaged" and Obama "helped to toughen it in subsequent legislative sessions. The accomplishment was emblematic of the picture that emerges of the eight years Mr. Obama spent here: of a lawmaker of lofty, liberal rhetoric who nonetheless pragmatically accepted bipartisan compromises that won over foes -- and sometimes left supporters dissatisfied." Republicans in the state "recall Mr. Obama as a committed liberal of no singular achievements, yet one they could work with to pass ethics, welfare and death-penalty revisions." GOP state Sen. Kirk Dillard said, "He's unique in his ability to deal with extremely complex issues, to reach across the aisle and to deal with diverse people. If he surrounds himself with good people, I wouldn't lose any sleep with him as my president."

Wilder Says Obama Smart To Not Rely Just On Black Leaders. The Washington Times (2/23, McLaughlin, 88K) reports L. Douglas Wilder, mayor of Richmond and former governor of Virginia, said Obama's "strategy of relying less on the black leaders of the civil rights era and more on a message of unity gives him the best chance of becoming the first Democrat in 44 years to win the state's electoral votes in a presidential election." Wilder said, "The civil rights movement was over 50-something years ago. … The worst mistake one can make, in my judgment, is to try to tailor a message to a group and to say: 'I am the person for your group.' He should be the person for the American people." Wilder, the nation's first elected black governor, briefly ran for president in 1992.

Daschle Explains Endorsement Of Obama. Former Senate Majority Leader Tom Daschle was asked on CNN's The Situation Room (2/22, Blitzer) why he endorsed Obama, whom he never served with, for president over four Democrats he did serve with in the Senate. Daschle said, "I think they are outstanding United States senators, and I think they would make great presidents. … I didn't reject them. I simply said that I would like to help Barack, because I think he has got a unique ability to communicate with the American people, especially with younger people. I remember, back in the '60s, when I was just beginning to be interested in politics and government, how inspired I was by certain leaders at the time, the Kennedys and Martin Luther King. I think Barack has some of that same magical ability to communicate, to connect, to unify, to inspire."

Despite Broad Résumé, Richardson Bid Could Hinge On Record As Governor. In an article profiling New Mexico Gov. Bill Richardson (D), the New York Times (2/23, Blumenthal, Frosch, 1.16M) reports, "With portfolios as a congressman, global troubleshooter and energy czar, Mr. Richardson, 59, may rightly claim the broadest résumé of the declared presidential candidates." However, "as he makes his case for the Democratic nomination, he is likely to be judged in large measure by his four years as governor, a record that has won him friends and foes." In his time as governor, "unemployment is down, to 3.8 percent from 5.8 percent, according to the federal Labor Department. New Mexico is 10th in economic growth, according to a report by the Federal Funds Information Service for States." He's also "positioned New Mexico for the private space age by carving a spaceport out of the desert

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alongside the White Sands Missile Range." However, "national studies show New Mexico continuing to lag in categories where the state has historically underachieved. … The Annie E. Casey Foundation ranked the state 48th in its 2003-4 Kids Count index of problem indicators. The foundation said more than a quarter of New Mexico children lived in poverty, among the highest rates in the nation. A Census Bureau study shows that from 2003 to 2005, an average of 21 percent of New Mexicans went without health insurance. Just Texas had a greater average rate in that period."

Democratic Hopefuls To Help Raise Funds To Finance South Carolina Primary. The Washington Post (2/23, A8, Cillizza, 690K) reports, "South Carolina may be a new addition to the early days of Democrats' presidential nomination fight, but the state is already showing veteran savvy when it comes to collecting cash for its Jan. 29, 2008, primary. Witness a fundraiser set for March 7 in Washington. The featured guests? The bulk of the 2008 Democratic field, including Sens. Hillary Rodham Clinton (N.Y.), Joe Biden (Del.) and Chris Dodd (Conn.), as well as former senator John Edwards (N.C.) and former Iowa governor Tom Vilsack. … The event, which will be emceed by Clinton White House press secretary Mike McCurry, is being billed as a 'kickoff reception' for the state's presidential primary." South Carolina Democratic Party Chairman Joe Erwin "explained that his state is one of a handful where the party must raise all of the money to finance the primary. In 2004, Erwin estimated, the cost of South Carolina's Democratic primary was $285,000. He believes the price tag this time will be closer to $500,000."

GOP Rolls Out "Put-Downs" Of Democratic Presidential Hopefuls. In The Politico (2/23), Mike Allen examines "The New GOP Attack Machine," a "69-page playbook, posted on the national party's Web site" Wednesday that offers "put-downs – some clever, some blunt" -- of the Democratic presidential candidates. Sen. Joseph Biden is called "An Undisciplined, Self-Described Northeast Liberal, In Love With The Sound Of His Own Voice"; Sen. Hillary Clinton "A Calculating, Divisive, Lifelong Liberal With Political Baggage"; Sen. Christopher Dodd "A New England Liberal, Past His Prime, On An Unrealistic Vanity Run For The White House"; John Edwards "A Hypocritical, Inexperienced Liberal With A New Negative Attitude"; Sen. Barack Obama "An Inexperienced, Insulated, Arrogant, Unabashed Liberal"; Gov. Bill Richardson "A Self-Promoting, Washington Insider With A Controversial Record"; and Tom Vilsack "A Tax-Hiking, Mismanaging, 'Blip' Candidate With No Foreign Policy Experience."

Study Of Private Management Of Philadelphia Schools Criticized. Paul E. Peterson, director of the Program on Education Policy and Governance at Harvard University, writes in the Wall Street Journal (2/23, 2.04M) about a Rand Corporation study to be released today on the Philadelphia schools and particularly evaluating the performance of 45 schools that have been privately managed. Peterson faults the report for failing to identify schools it compares the privately managed schools with and for ignoring "the fact that the 45 schools assigned to the private managers were among the city's most challenging." He concludes, "if education policy research is going to make a solid contribution to school reform, it needs to be both objective and keep pace with rising standards in educational research."

WSJournal Praises Jobs For Criticizing Teachers Unions. The Wall Street Journal (2/23, 2.04M) writes in an editorial, "If Apple CEO Steve Jobs had praised teachers unions as the backbone of public education in the U.S., it would have made the front pages. Instead, at an education conference in Austin, Texas, Mr. Jobs offered some constructive criticism of teachers unions and barely anyone noticed." Jobs said that "the real crisis in public education…has nothing to do with the amount of technology in the classroom. It's the fact that union work rules prevent principals from firing the bad teachers and rewarding the good ones." Jobs "is right to point the finger at the union stewards of public education. And fellow business leaders, who have as big a stake in this matter, would do well to lend him public support."

Rice Warns Tehran As UN Report Points To Advances In Nuclear Program. ABC World News (2/22, story 3, 2:20, Gibson, 8.78M) reported on "Iran's march toward nuclear power and possibly nuclear weapons." The U.N. "had given Iran an ultimatum to stop its uranium enrichment program effective today. Iran not only ignored the ultimatum, it has stepped up production. That has brought a scathing response from the U.N. and raised the possibility of

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tougher sanctions against Iran." ABC (Raddatz) said the U.N.'s report on Iran's nuclear program "is damning in every way." But today, US officials said "major powers will meet on Monday to draft new sanctions resolutions. And while the US is already sending two carrier groups toward the region, President Bush insists the US has no plans to attack the country."

The CBS Evening News (2/22, story 3, 1:45, Couric, 7.66M) said the report "is making a tense situation even worse." The Washington Times/AP (2/23, Jahn) says that although the report's conclusions were "widely expected," they were "important because they could serve as the trigger for the [U.N. Security] Council to start deliberating on new sanctions."

USA Today (2/23, 6A, Slavin, 2.27M) reports Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, Thursday rejected the report, saying the U.N. demand for Iran to suspend its nuclear program "has no legal basis and…naturally, it could not be accepted by Iran."

NBC Nightly News (2/22, story 2, 1:40, Williams, 9.87M) said the U.N. report put the US "and indeed much of the world" in "a rough spot" as to it will how respond. NBC (Mitchell) noted that as diplomats prepare to meet Monday, "Secretary Rice says there are signs that some of Iran's leaders are not happy with President Mahmoud Ahmadinejad's nuclear policy and that is because the economic sanctions are having a real impact on Iran's oil and gas industry. But Russia, Iran's ally will likely oppose any new economic pressure. So the US may find that it has to go it alone."

On its front page, the Washington Post (2/23, A1, Lynch, Linzer, 690K) reports Secretary of State Condoleezza Rice Thursday warned Iran "that it will face further punishment and isolation if it forges ahead with efforts to develop a uranium-enrichment program," but she said the US and other powers "are prepared to restart talks aimed at ending the standoff if Iran suspends its most controversial nuclear activities." Also Thursday, the State Department said Undersecretary Nicholas Burns will attend Monday's meeting in London. After meeting with her European counterparts in Berlin, Rice said, "We have the common goal to encourage Iran back to the bargaining table. The hope is that the sanctions show the Iranians the isolation that they are enduring, that isolation is likely to increase over time and that it is time to take a different course." However, the Post notes that Russia, China and several European countries "have become increasingly uncomfortable with the Bush administration's positions on Iran as tensions between Tehran and Washington have risen in recent months." Those concerns "have prompted renewed calls for direct dialogue with Iran."

The AP (2/23, Gearan) reports Secretary Rice "said she and her counterparts made no decisions Thursday because they met before" the report was released. In Washington, State Department spokesman Tom Casey "said that Iran's refusal to curtail its nuclear program is a 'missed opportunity' for Iran's government and people," but he "is confident that the Security Council will approve additional sanctions against Iran." Separately, the AP (2/23, Gearan) reports Undersecretary of State Burns said Thursday he hoped the US and other Security Council members "can quickly draft a resolution," but "said it was too soon to say what provisions the resolution might contain."

The New York Times (2/23, A1, Sanger, Broad, 1.16M) reports on its front page that "in open defiance" of the U.N., Iran is "steadily expanding its efforts to enrich uranium," which has prompted the Bush administration to press "for more severe sanctions against the country, at a moment of greatly increased tensions between Washington and Tehran." Coming "on the heels of the Bush administration's accusations that Iran's Quds Force is sending deadly bombs and other weapons into Iraq, the report heightens what has become a growing confrontation." The report also comes "at a time of debate within the Administration over whether and how to find a way to negotiate with Iran without violating Mr. Bush's stricture that the country must first suspend its enrichment work." Officials say they are "trying to exploit fissures in Iranian society, as some Iranian groups are beginning to question whether the hard-line position taken by President Mahmoud Ahmadinejad and some of the country's ruling ayatollahs is worth the cost in sanctions and isolation."

The Financial Times (2/23, Dombey, Bozorgmehr) notes the U.N. said Iran intends to "gradually" bring the 3,000 centrifuges it has installed "into operation by May 2007." The speed with which Tehran intends to pursue its program "adds to the tensions surrounding the dispute." However, privately IAEA officials "are skeptical of whether Iran can meet its timetable." But the Los Angeles Times (2/23, Drogin, 850K) warns, "If true…a facility that large conceivably could produce enough enriched uranium in a year to provide enough highly enriched uranium for a nuclear bomb."

Bush To Discuss Report With Rice Friday. Fox Special Report (2/22, lead story, 3:15, Rosen) reported

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President Bush "declined to answer a reporter's shouted questions about the report" during a visit to North Carolina Thursday, "but he was due to discuss [the report] over breakfast Friday with Secretary of State Rice."

Tensions Spark Renewed Concern Of US Military Action. McClatchy (2/23, Hutcheson, Strobel) says the increasing tensions with Iran "have fueled speculation that Bush may be paving the way for military action." Though with US forces "tied down in Iraq and Afghanistan, no one expects a ground invasion, but analysts at both ends of the political spectrum put little stock in Bush's insistence that he's focused only on diplomacy."

Wary Of Iran, Arab States Add To Their Arsenals. The New York Times (2/23, A10, Fattah, 1.16M) reports, "As fears grow over the escalating confrontation between Iran and the West, Arab states across the Persian Gulf have begun a rare show of muscle flexing, publicly advertising a shopping spree for new weapons and openly discussing their security concerns." The "typically secretive" gulf nations "have long planned upgrades to their armed forces, but now are speaking openly about them." American military officials say the countries, which are "normally prone to squabbling, have also increased their military cooperation and opened lines of communication to the American military" in the region. As tensions with Iran rise, many gulf countries "have come to see themselves as the likely first targets of an Iranian attack," while growing "more concerned that the United States may be overstretched militarily."

Iran Sending New Ambassador To UN. The Washington Post's (2/23, A17, 690K) Al Kamen reports in his "In the Loop" column that "in the midst of building tensions' between the US and Iran, Tehran "is withdrawing its long-serving ambassador to the United Nations, Javad Zarif." Iranian sources say Zarif will be replaced by Mohammad Khazai, the deputy minister of economics.

US Commander Reiterates Claim Iranian Forces Are In Iraq. In its "Inside The Ring" column, the Washington Times (2/23, Gertz, 88K) reports, "Army Lt. Gen. Ray Odierno, commander of multinational forces in Iraq, yesterday added his voice to the chorus of officials who identified the Iranian Quds force as working against US and allied forces by helping insurgents in Iraq." However, Odierno "stopped short of saying the Iranian agents are playing a vital role in backing Shi'ite insurgents but that they are assisting with weapons, training and 'some money' and "warned the Iranians that 'we will take action' against the Quds force."

McClatchy (2/23, Landay) says the Quds force is "at the center of the rising tensions between Washington and Tehran," and "many experts now warn that if the US-Iranian frictions over Iraq and Iran's nuclear program escalate into conflict, Tehran would use the Quds Force to launch terrorist attacks against US and allied targets around the world."

Hagel Says Diplomacy Is Best Option For Iran. The AP (2/23, Funk) reports Sen. Chuck Hagel said Thursday that Iran "should be held accountable for supporting terrorists through 'wise statecraft' instead of military force, and America should be careful not to follow the 'same destructive path' it did in Iraq." During an address at the University of Nebraska, Hagel warned that "in a hazy, hair-triggered environment, careless rhetoric and military movements that one side may believe are required to demonstrate resolve and strength...can be misinterpreted as preparations for military options."

More Commentary. In an editorial, the Wall Street Journal (2/23, A10, 2.04M) writes, "Ultimately, whatever hope there might be of resolving the Iranian issue through diplomacy is going to require compromises by the Iranians themselves. Here's what Iranian President Mahmoud Ahmadinejad had to say about that: 'If we shut down other activities for 10 years and the country only focuses on nuclear energy it will be worth it because if we obtain this energy our people will advance as much as 50 years.' Maybe it's time the rest of us start taking Mr. Ahmadinejad at his word, and tailoring our expectations accordingly."

Meanwhile, Abbas Milani, director of Iranian studies at Stanford and a research fellow at the Hoover Institution, writes in the New York Times (2/23, 1.16M) that as Iran "has once again defied" the U.N., "simultaneously, Iranian officials have been sending a very different message -- one that has gone largely unremarked but merits close attention." For example, Ayatollah Ali Khamenei's chief foreign policy adviser, Ali Akbar Velayati, "declared last week that…the mullahs might be ready to agree to some kind of a suspension." Another "powerful insider," Ali Akbar Hashemi Rafsanjani, "said much the same thing in a different setting." Therefore, Milani argues that "with prudence, backed by power but guided by the wisdom to recognize the new signals coming from Tehran, the United States can today achieve a principled solution to the nuclear crisis."

The Washington Post's (2/23, A19) David Ignatius writes that while "Western officials see various signs of an altered political balance in Tehran," a number of US and European

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officials say that does not "mean it's time to go back to the bargaining table." Ignatius says "the only way the Iranians can escape sanctions is to suspend enrichment and sit down at the table. If they do so, an array of goodies awaits. Meanwhile, the strategy of confrontation continues, and US and European officials -- who haven't had much to cheer about recently -- seem confident that it's working."

Hill Says "Long Way To Go" In North Korea Deal. AFP (2/23, Collinson) reports Assistant Secretary of State Christopher Hill Thursday said the US has a "long way to go" to implement the nuclear pact with North Korea and "warned tough talks loom on Pyongyang's suspected secret uranium enrichment program." In an address to the Brookings Institution, Hill also "defended the deal," saying, "I think there is a real sense among all the parties that we have a process going. We are very mindful of the fact that we have a long way to go." He "lavished praise' on China for its role in brokering the deal, and "confirmed that if things go smoothly," Secretary of State Condoleezza Rice will travel to Beijing in April "as required by the deal" for talks with her counterparts from North Korea, China, Russia, Japan, and South Korea. Admitting that the North Koreans "never acknowledged US accusations they had a program to manufacture highly enriched uranium (HEU) for nuclear bombs," Hill said, "They have been willing to discuss what we know and to try to resolve this...to mutual satisfaction."

The Financial Times (2/23, Dinmore) adds, Hill also warned Pyongyang "must stick to the tight deadlines of the new deal to freeze its Yongbyon nuclear facility in exchange for a modest amount of fuel oil."

The Washington Times (2/23, Sands, 88K) notes the US "will insist on strict deadlines to keep" the deal "from unraveling."

The AP (2/23, Schweid) reports Hill said the accord "could pay wide-ranging dividends for all sides, especially in the area of already improving US relations with China and America's allies." Other side benefits "might include a peace treaty formally ending the war on the Korean peninsula after more than a half-century, a cut in the force of 25,000 US troops in South Korea, a better life for impoverished North Koreans and the State Department's declassifying of the North as a sponsor of terror," Hill said.

North Korean Official To Meet With Hill In New York In March. In its "Washington Wire" section, the Wall Street Journal (2/23, Harwood, 2.04M) reports US diplomats are seeking meetings with North Korean officials "within two weeks, probably in New York, for unprecedented talks on normalizing relations and perhaps taking communist state off the list of terror sponsors." Meanwhile, AFP (2/23) reports North Korea's chief nuclear negotiator, Kim Kye-Gwan, "will visit New York early next month" to meet with Assistant Secretary of State Christopher Hill, a source told Yonhap news agency. "No date has been set for his visit, but it is likely to last from March 5 through 7," the source said.

Cheney Expresses Concern About Pyongyang's Commitment. The AP (2/23, Sullivan) reports Vice President Cheney, speaking in Sydney Friday, "expressed wariness about North Korea's commitment" to the deal, but "praised China for playing an 'especially important' role" in the six-party talks.

VOA To End Service In Several Languages. The Washington Post (2/23, A13, Schrank, 690K) reports, "For the second year running, the board overseeing the government-funded VOA has plans to wipe out news in several languages, including its flagship English-language 'News Now' programming." The Broadcast Board of Governors, which oversees VOA, "said this month that the cutbacks are being made in an effort to shift resources to new technology and 'critical audiences' in the Middle East, North Korea, Somalia and Cuba." The board's $668.2 million budget "request calls for a 3.8 percent increase from its anticipated fiscal 2007 level" to fund the expansion of programming to North Korea, Iran, Afghanistan and Pakistan, as well as to the Arab-language satellite network Alhurra TV and Radio Sawa. Board spokesman Larry Hart "said the decision to scrap the services largely reflects their diminishing audiences," but VOA employees and advocates "counter that their programming is a model of open media and a crucial source of trustworthy news and information for decision makers and influential figures worldwide, a demographic that is difficult to quantify."

Europeans Seek To Distance Themselves From US Policy. The Christian Science Monitor (2/23, Marquand, 59K) says the resignation this week of Italian Prime Minister Romano Prodi "underscores the difficulty in Europe of governments trying to support US foreign policy on terror while at the same time pleasing their own publics." Prodi's announcement "came hours after Britain and Denmark announced the start of troop withdrawals from Iraq,"

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a move seen as "a blow to the White House as it deploys an additional 21,000 soldiers to stabilize Baghdad." Then in "a further departure from perfect alignment with US policy in the Middle East," British Prime Minister Tony Blair "also said this week that he will consider dealing with the Palestinian group Hamas."

Columnist Says Bush Has Created Anti-Americanism In UK. Nick Cohen, author and columnist for the Observer and the New Statesman, writes in a Wall Street Journal (2/23, A10, 2.04M) op-ed that it is "a measure of President Bush's failure that anti-Americanism has swept out of the intelligentsia and become mainstream in Britain." A country that "was once the most pro-American in Western Europe," Cohen says, "now derides Tony Blair for sticking with the Atlantic alliance."

Friedman Says Bush Now Trying To Remedy Foreign Policy Mistakes. The New York Times' (2/23) Thomas Friedman writes that "when the inside history of the Bush team is written, we will discover that, contrary to its carefully managed image of a disciplined core operating from consistent, conservative principles, it has actually been one of the most internally divided administrations -- ever." For example, he says the Administration "was divided for so long on Iran and North Korea, over regime change or behavior change, it got neither." President Bush, he continues, "obviously recognizes that and is now trying to remedy it." Friedman concludes, "I guess we should be thankful that Mr. Bush is trying to fix some of his mistakes, but we have paid a huge, unnecessary price for his learning curve. Which is why it's always best to get it right the first time."

US, Russia Play Down Missile Dispute. The Financial Times (2/23, Buckley, Williamson) reports senior US and Russian officials "sought to play down their differences on Thursday after two weeks that have seen a sharp cooling in relations between their countries." On a visit to Moscow, national security advisor Stephen Hadley "said he did not see a speech" by Russian President Vladimir Putin in Munich this month "that was sharply critical of US 'unilateralism' as a return to cold war-style confrontation." Hadley "also reiterated assurances that Washington's planned missile defense system…was not aimed at Russia but at a potential threat from Iran or other rogue states." For its part, Igor Ivanov, head of Russia's national security council, "acknowledged there were disagreements between the two countries, but said it was important that these should be resolved by dialogue." Hadley also held talks with President Putin "during a visit that seemed designed to project a more conciliatory stance after the sharp exchanges that have taken place since the Russian president's Munich address."

The AP (2/23, Danilova) notes that "US and other Western journalists were not invited to be present when [Hadley] made the remarks, which suggests they were aimed at a Russian audience."

Cheney Criticizes Chinese Missile Test. The AP (2/23, Sullivan) reports Vice President Cheney said Friday that China's recent anti-satellite weapons test "and a rapid military buildup were 'not consistent' with its stated aim of a peaceful rise as a global power." Speaking in Sydney, Cheney said, "Last month's anti-satellite test, China's continued fast-paced military buildup are less constructive and are not consistent with China's stated goal of a peaceful rise." The Chinese Foreign Ministry did not immediately respond Cheney's remarks.

Pentagon Says Test Was Part Of "Long-Term Program." In its "Inside The Ring" column, the Washington Times (2/23, Gertz, 88K) reports Air Force Lt. Gen. Henry Obering, head of the Pentagon's Missile Defense Agency (MDA), said yesterday the test "was part of a long-term space weapons program by Beijing's military that has been under way in secret for years." Gen. Obering added that although "the Chinese space weapons system currently does not threaten US missile defenses against North Korea or a future defense against Iranian missiles," possibly "it may do so in the future... based on what we have seen them...demonstrate."

Panel Accuses Philippines Military Of Political Killings. The New York Times (2/23, Times, 1.16M) reports, "A commission investigating political murder in the Philippines has found that members of the armed forces were responsible for 'an undetermined number of killings' and that senior officers could be held accountable." The report, released yesterday, "said military officials had allowed, tolerated and even encouraged the murders of political activists, and that the government of President Gloria Macapagal Arroyo had not done enough to stem the violence." The military chief of staff, Gen. Hermogenes Esperon, "called the commission's conclusions 'strained, unfair and a blank accusation.'" The Christian Science Monitor (2/23, Montlake, 59K) says the "government commission headed by retired Supreme Court judge Jose

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Melo" issued a "damning report," which "came one day after a visiting United Nations investigator said the military was in a 'state of denial' about its involvement in the killings."

Venezuela Boosting Aid To Latin American Neighbors. The Washington Post (2/23, D1, Forero, Goodman, 690K) reports Venezuelan Hugo Chavez "recently announced that his government would build housing, a highway and an oil refinery in Nicaragua, part of an aid package that would benefit one of Washington's most tenacious Cold War adversaries, President Daniel Ortega. Farther south, Venezuela has pledged to provide Ecuador with $1 billion in credit, a gesture that would soften the blow if that country's leftist government follows through on its threat to default on foreign debt payments. And, along with President Mahmoud Ahmadinejad of Iran, a foe of the Bush administration, Chavez has announced a $2 billion international investment fund for Latin America." The Post adds, "Taken together, economists and others who track the country's affairs say, the investments signify an effort by Venezuela to curb the reach of the U. government, whose influence has waned in Latin America."

The New York Times (2/23, Romero, 1.16M) reports from Bolivia, "To understand Venezuela's growing influence here, consider that more than two dozen ambassadors are in this capital city, including those of Bolivia's leading trading partners like Brazil, the United States and Argentina. Yet none enjoy the direct conduit that the Venezuelan ambassador, Julio Montes, has established with President Evo Morales." Since Morales "became president little more than a year ago, Venezuela has quickly come to rival the United States as Bolivia's main patron. It has provided assistance for the army, cattle ranches, soybean cultivation, microfinance projects, urban sanitation companies and the oil industry. Perhaps most important to Washington, despite its opposition, Venezuelan financial assistance has helped Bolivia push ahead with plans to increase exports of its industrial production of coca, the main ingredient in cocaine." The Times adds, "A senior American official here, speaking anonymously out of concern that Bolivia's already fragile relations with the United States could erode further, said it was difficult to know the exact amount of Venezuelan aid because many of the agreements between Venezuela and Bolivia were not made public."

Congresswoman Says US Should Engage Chavez. In an interview with the Houston Chronicle (2/23, Otis, 530K), Rep. Sheila Jackson Lee discussed her recent trip to Venezuela, which she said was meant to "break the tension, to warm up a chilled relationship" with President Hugo Chavez. Jackson Lee said the Bush administration has "made a serious mistake in not engaging with President Chavez" and called on the administration to lift a ban on arms sales to Venezuela.

Cuba Refuses To Renew Two Foreign Journalists' Visas. The Wall Street Journal (2/23, A5, De Córdoba, 2.04M) reports, "The Cuban government refused to renew the visas of at least two resident foreign journalists, dimming hopes it will move forward with reforms as Fidel Castro fades from power. The refusals were 'part of a political tightening in the expectation that when Fidel dies they will have total control and there won't be any opposition or resistance,' said Jaime Suchlicki, an expert on Cuba at the University of Miami." Gary Marx, "who has been based in Havana for the Chicago Tribune since 2002," and Cesar Gonzalez Calero, "a reporter for the Mexico City daily El Universal, were told this week by Cuban officials that their visas wouldn't be renewed and they could no longer report from the island, according to the Chicago Tribune and El Universal."

Chadian Prime Minister Dies. The AP (2/23) reports Chadian Prime Minister Pascal Yoadimnadji died Friday at a Paris hospital "where he was being treated for cardiovascular problems," the African nation's embassy said. The cause of death was not immediately known. Embassy spokesman Kadallah Ousman said he had no immediate information on who would replace Yoadimnadji.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Back From Despair, In Her Words."

"Cramped And Old, LAX Is Losing International Flights To Newer Airports."

"Iran's Nuclear Effort In High Gear, U.N. Says."

"For Some, Beverly Hills Ballots Went Too Farsi."

"Anti-Doping Case Against Landis May Be In Jeopardy."

USA Today:

"Trans Fats: Infamous But Not The Only Villain."

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"Car MPG Ratings Going Down."
"How Much Lower?"

New York Times:
"U.S. Used Bases In Ethiopia To Hunt Al Qaeda In Africa."
"Long Iraq Tours Can Make Home a Trying Front."
"Officials Reject More Oversight of Hedge Funds."
"Iran Expanding Nuclear Effort, Agency Reports."
"Detour From High Road in Clinton-Obama Clash."
"Springtime for Hit's End: 'The Producers' Is Closing."
"MP3 Patents in Upheaval After Verdict."
"Wimbledon Agrees to Even Out Its Prize Money."

Washington Post:
"Test Scores, Grades at Odds."
"Rice Warns Iran It Risks More U.N. Sanctions."
"Dems Aim to Repeal Resolution."
"For Clinton, Wealth in Speeches."
"Brothers Survive Odds Together."
"Chefs Put Accents On Sushi."

Washington Times:
"Iran Defies Nuclear Ultimatum."
"Janitor-Service Chiefs Charged In Illegals Ring."
"Wilder Praises Obama Strategy."
"Children Can Travel Without Passports."
"Weepy Judge Rules On Body In Smith Case."
"Smugglers Raise Stakes In Fight Over Border Rule."
"Withdrawing From Banks."

Detroit Free Press:
"Sales Tax Could Be Waived At Cobo."
"Cosmetic Surgery Like Economy Needs A Lift."
"Ford Boss Urges Care In Buyouts."
"Detroit School Down But Not Broken."

Atlanta Journal-Constitution:
"Funding Problems Stall Nichols Trial."
"Animal Labs Earn Re-Accreditation."
"Good Weekend For Marta."
"Virtual CDC Spreads Like Flu."
"Grades, Test Scores Don't Jibe, Study Says."
"First Ancient Americans?"

Dallas Morning News:
"Does Perry Really Have The Power?"
"Harry's Wild About Serving His Country."
"Dems Seek Repeal Of '02 War Decree."

Houston Chronicle:
"Ex-Girlfriend Recalls Anna Nicole She Knew."
"Deputies Kill Pit Bulls That Attacked Schoolgirls."
"800-Plus-Pound Woman Risks Surgery For A New Life."
"Utopia Eluded Houston Terror Suspect In Somalia."
"FBI Agent Tells Of Texas Syndicate's Vicious Tactics."
"Metro Board OKs Acquisitions For Four Rapid Routes."

Story Lineup From Last Night's Network News:
ABC: Cervical Cancer Vaccine; Vaccine Analysis; Iran Nukes-United Nations; Iraq-Al Qaeda; Iraq Security; US Sick Pay; High School Seniors-Standardized Tests; Anna Nicole Smith Trial; Female Tennis Player Earnings, Movie Snacks.
CBS: Iraq-Chlorine Bombs; Iraq-Rape Charges; Iranian Nuclear Program; Food Inspections; Airport Security; Library For The Blind; Anna Nicole Funeral Hearing; Academy Awards.
NBC: US Security-Afghanistan; Iran Nukes-United Nations; Iraq-Chemical Bombs; Clinton-Obama Dispute; High School Seniors-Standardized Tests; Anna Nicole Smith Trial; TX Electric Company Raises Rates; Iraq-Prince Harry.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate Democrats-Iraq; Cheney-Australia; Bush-Iran; FL-Anna Nicole Smith's Body Released; Britney Spears Returns To Rehab; Wall Street.
CBS: Senate Democrats-Iraq; US Soldier Pleads Guilty To Raping Iraqi Girl; Iraq-Chemical Bombs; Peanut Butter-Salmonella Lawsuits; Latvia-Boarding House Fire; Atlanta-Fulton County Courthouse Shooting Trial Delayed By Judge; Doctors Say Jose Padilla Not Fit To Stand Trial.
NPR: White House-IAEA Report On Iranian Nuclear Program; NY-South Korean Sentenced For His Involvement In Oil-For-Food Scandal; Iraq-Chemical Bombs; US Soldier Pleads Guilty To Raping Iraqi Girl; Tokyo Stock Exchange; Egyptian Cleric Allegedly Abducted By CIA Claims He Was Tortured By Egyptians; Microsoft, Alcatel-Lucent Case.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with transportation fuel experts and researchers, closed, Roosevelt Room; views a demonstration of alternative fuel automobiles, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

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Other: MEDICAID _ 9 a.m. The Urban Institute and Health Affairs hold a briefing on the future of Medicaid, with John Holahan of the institute, Alan Weil of the National Academy for State Health Policy, others. Location: Urban Institute, 2100 M St. NW.

AVIATION SAFETY _ 9:15 a.m. The National Air Disaster Alliance holds a news conference on ways to promote safety, security and survivability, with former FBI agent Coleen Rowley, and family members of people killed in air crashes and the 7/7 London subway bombings, along with former DOT Inspector General Mary Schiavo. Location: National Press Club.

EDUCATION _ 10 a.m. The American Federation of Teachers, Council for Exceptional Children, Easter Seals, Higher Education Consortium for Special Education, others, hold a briefing about Universal Design for Learning and its implications for reauthorization of the No Child Left Behind Act. Location: Room 430, Dirksen.

HEALTH REFORM _ 10 a.m. The Heritage Foundation holds a seminar on whether tax policy is the key to comprehensive health reform, with John Goodman of the National Center for Policy Analysis, David Kendall of the Progressive Policy Institute, Tom Miller of AEI, Len Nichols of the New America Foundation, others. Location: Room S-207, Capitol.

PEACEKEEPING _ 10 a.m. The US Institute of Peace and the Stimson Center hold a discussion on the increasing use of peacekeepers in world hot spots, with Amb. Lakhdar Brahimi, Special Envoy for Sudan Andrew Natsios, William Durch of the Stimson Center, Amb. Carlos Pasacual, others. Location: 2nd floor conference room, 1200 17th St. NW.

WALTER REED _ 10:30 a.m. Secretary of Defense Robert Gates and Vice Chairman of the Joint Chiefs of Staff Adm. Edmund Giambastiani hold a press briefing at Walter Reed Army Medical Center. Location: Walter Reed Army Medical Center, 6900 Georgia Ave. NW.

ARMY-BLACK HISTORY _ 12 p.m. The Army's Freedom Team Salute program marks Black History Month by honoring the Brooks family, the only African American family in Army history with three generals, a teacher who was nominated by her son serving in Iraq and others. Location: Madison Building, Library of Congress.

BROADBAND _ 12 p.m. The New America Foundation holds a discussion on the best way to bring broadband access to all Americans, with John Muleta of M2Z Networks, Chris Guttman-McCabe of the Wireless Association, Nextel Communications co-founder Morgan O'Brien, others. Location: Room 385, Russell.

GATES-KOREA _ 12 p.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome South Korean Minister of National Defense Kim Jang-soo to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

BULGARIA _ 2 p.m. Bulgarian Finance Minister Plamen Orescharski and Deputy Treasury Secretary Robert Kimmit, others, attend a tax treaty and protocol signing. Location: Room 3311, main Treasury.

NAPOLITANO _ 5 p.m. The National Italian American Foundation holds a private reception for Arizona Gov. Janet Napolitano. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Defense Experts Testify Padilla Unfit For Trial. In a widely-distributed story, the AP (2/23, Anderson) reports, "Accused al-Qaida operative Jose Padilla suffers from intense stress and anxiety stemming from his isolated years in military custody and cannot adequately help his lawyers prepare for trial, two defense mental experts testified Thursday. Defense lawyers hope to delve more deeply into Padilla's treatment at a Navy brig in Charleston, S.C., later in the federal hearing, when they are allowed to question brig officials directly involved in his custody. … 'He is immobilized by his anxiety,' said Patricia Zapf, a forensic psychologist who administered tests on Padilla last October. 'He believes he will go back to the brig and he will die there.'" The AP notes, "Prosecutors say he is competent for trial," and Pentagon spokesman Cmdr. Jeffrey Gordon said yesterday, "The government in the strongest terms denies Padilla's allegations of torture, allegations made without support and without citing a shred of record evidence."

USA Today (2/23, 6A, Parker) reports from Miami, "A New York psychiatrist testified Thursday that Jose Padilla, a U.S. citizen accused by the government of being an 'enemy combatant,' developed so many mental ailments during three years of solitary confinement in the Navy brig in Charleston, S.C., that he is not competent to stand trial. … That view of the 36-year-old terrorism suspect, once accused of planning to detonate a radioactive 'dirty bomb,' emerged as Angela Hegarty took the stand as the first of three psychiatrists expected to testify at a hearing to determine Padilla's mental fitness. 'He lacks the capacity to assist his counsel in this case,' Hegarty said." USA adds, "More revelations are expected next week when four officials from the brig, as well as four officials from the Miami Federal Detention Center take the stand. Their testimony will provide an unprecedented window into the U.S. military's treatment of terrorism suspects. Since the Sept. 11, 2001, attacks, officials responsible for the detention of terrorism suspects have been ordered by a federal judge to testify only a few times."

The New York Times (2/23, Sontag) reports, "In a highly unusual competency hearing in federal court here Thursday, defense lawyers began to lay out their argument that Jose Padilla, the Brooklyn-born former enemy combatant, was rendered incompetent to stand trial on terrorism conspiracy charges by what they characterize as crippling mistreatment by the government." The Times continues, "Two mental health experts, a forensic psychiatrist and a forensic psychologist hired by the defense, testified that Mr. Padilla, 36, suffers from post-traumatic stress disorder as a result of his isolation and scores of interrogation sessions during three years and eight months in a military brig in South Carolina. … 'He's unfit to stand trial,' said Patricia A. Zapf, the psychologist, describing Mr. Padilla as so 'immobilized by his anxiety' and so distrustful that he is incapable of assisting his own lawyers — whom he at times suspects of being agents of the government — in preparing his defense." The Times adds, "Dr. Zapf said Mr. Padilla, a United States citizen who was initially accused of plotting a dirty bomb attack against the United States and held without charges by the military, believed that he would end up 'back in the brig and that he would die there.' … Mr. Padilla, who was indicted in late 2005 on terrorism conspiracy charges that do not include the dirty bomb plot but do carry a possible life sentence, sat calmly through Thursday's hearing as lawyers and doctors discussed his facial tics, anxieties and feelings of hopelessness."

The Los Angeles Times (2/23, Williams) reports, "U.S. District Judge Marcia Cooke scheduled the competency hearing after Padilla's defense attorneys filed a motion to dismiss the case because of what they called 'outrageous government conduct' that amounted to torture. … Padilla's trial is scheduled to begin April 16." The Times continues, "Both defense experts diagnosed Padilla with post-traumatic stress disorder and acute anxiety, which they attributed to his prolonged isolation and treatment at the Charleston brig. … Padilla, shackled and dressed in a tan cotton jailhouse tunic and trousers, sat impassively throughout the day's proceedings. His only show of emotion was a wave and smile to his mother, who was seated in the back of the courtroom."

Writers Denounce Efforts To Gain Legal Advantage In Terror War. In an op-ed for the Wall Street Journal (2/23, A11), David B. Rivkin, Jr. And Lee A. Casey, who served in the Department of Justice during the Reagan and George H.W. Bush administrations and are writing a book on war's evolving legal architecture, write, "The term 'lawfare' describes the growing use of international law claims, usually factually or legally meritless, as a tool of war. The goal is to gain a moral advantage over your enemy in the court of world opinion, and potentially a legal advantage in national and international tribunals. … Al Qaeda, of course, is an experienced lawfare practitioner. Its training manual, seized by British authorities in Manchester, England, openly instructs detained al Qaeda fighters to claim torture and other types of abuse as a means of obtaining a moral advantage over their captors. That advice has been routinely followed by detainees at Guantanamo Bay, who have succeeded in generating incessant demands -- from European officials among others -- for the base's closure and their own liberation." Rivkin and Casey continue, "These efforts,

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however, pale to insignificance when compared to the blizzard of litigation initiated in the U.S. federal courts on behalf of al Qaeda and Taliban detainees. The suits range from habeas corpus petitions to free captured enemy combatants -- cases that were dismissed by the U.S. Court of Appeals in Washington, D.C. on Tuesday -- to tort suits seeking monies from U.S. government officials, to challenges regarding the detainees' conditions of confinement." Rivkin and Casey add, "The most significant common thread among all these actions is the clear desire to portray U.S. government actions as illegal and unprecedented. In fact, it is the claims for extensive due process rights for captured enemy combatants that are unprecedented." Rivkin and Casey note, "The effect of this lawfare effort, were it successful, would be to make it exceptionally difficult -- if not impossible -- for a law-abiding state to wage war in anything like the traditional manner, bringing the full weight of the national armed forces to bear against an enemy, without prompting charges of war crimes and efforts to intimidate individual officials with prosecutions on ersatz 'war crimes' theories. In fact, the criminalization of traditional warfare seems to be the goal. … Lawfare designed to delegitimize the use of American military force, and the American way of war, certainly has the potential to undermine public support for the war effort, both at home and abroad. Recognizing the stakes involved, the U.S. should be as committed to winning the lawfare battle as the ground combat in Afghanistan and Iraq." Rivkin and Casey conclude, "Merely defending itself in court is not enough. The U.S. must go on both the legal and public diplomacy offensive, utilizing such aggressive litigation tactics as seeking sanctions against lawyers who make frivolous arguments or violate security regulations. Most important, the administration should strive to explain, tirelessly and at the highest levels, that its policies are both legal and legitimate and that it is the lawfare's practitioners who are the true radicals."

WPost Urges Congress To Restore Detainees' Rights. The Washington Post (2/23, A18) editorializes, "On the first day of the new Congress, two leading senators announced they would join in an attempt to reverse the hasty and ill-considered decision of the previous Congress to deprive foreign prisoners at Guantanamo Bay of the ancient right of habeas corpus, which allows the appeal of imprisonment to a judge. One of the senators, Arlen Specter (R-Pa.), predicted that the courts would rule that the provision of the Military Commissions Act eliminating habeas corpus was unconstitutional; he nevertheless joined the incoming chairman of the Senate Judiciary Committee, Patrick J. Leahy (D-Vt.), in sponsoring a bill restoring the appeal right. … Now Mr. Specter's prediction is looking less sure: The U.S. Court of Appeals for the D.C. Circuit ruled this week that Congress's act was constitutional, and it threw the cases of dozens of Guantanamo detainees out of federal court. That ruling will almost certainly be reviewed by the Supreme Court on appeal, but Congress should not wait for its decision. It should move quickly on the Habeas Corpus Restoration Act." The Post adds, "The principal remaining question is whether Congress's action is permitted under Article I, Section 9 of the Constitution … Two judges of the three-member appeals court panel ruled that the provision does not apply at Guantanamo because it is not on U.S. territory and the detainees are foreigners. … Rather than wait for the court's decision, Congress should correct its own mistake. The 51 to 48 vote rejecting Mr. Specter's previous attempt to restore habeas condemned hundreds of foreign prisoners to indefinite detention without trial at Guantanamo; only a few score are expected to be prosecuted by the military commissions. Since 2002 it has become clear that a number of prisoners at the facility were arrested in error, are not terrorists and pose no threat to the United States. Moreover, improvements in the prisoners' treatment have come about largely because of their court appeals. Congress has both a practical and a moral interest in ensuring that this basic human right is restored."

DOJ Urged To Keep More Accurate Anti-Terrorism Statistics. The Ventura County (CA) Star (2/23) editorializes, "The Justice Department's post-9/11 statistics on terrorism cases have been deeply flawed, sometimes inflated, sometimes underreported — in any case, just highly inaccurate. Only two out of 26 sets of statistics reported between 2001 and 2005 were found to be accurate by the department's inspector general, Glenn Fine." The Star continues, "The most erroneous were figures on terrorism prosecutions collected by the department's Executive Office of U.S. Attorneys. In 2004, the department reported 379 terrorism-related convictions, but Mr. Fine said the actual number was 240. … Given the penchant of the department's political leadership for overhyping terrorism-related cases, the natural inclination is to think that the figures were intentionally padded. … Mr. Fine, reassuringly, says no. He blamed the errors on a "decentralized and haphazard" system of data collection and disagreements over the definition of an 'anti-terrorism' case. … The result was that unrelated offenses like immigration violations, marriage fraud, drug trafficking and firearms violations were included in the terrorism figures." The Star concludes, "Given the sensitivity of these numbers, it's surprising that the department was so careless. The Bush administration has portrayed itself as tough on terrorism — invoking these same statistics to prove it — and, by extension, the Democrats as weak. If it got this wrong, it makes you wonder what else it got wrong. … The audit concluded that, ''it is essential that the department report

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accurate terrorism-related statistics.' After five years of the domestic war on terror, that's not asking a whole lot."

Maldonado Written Statements Describe His Actions In Somalia. In a widely-distributed story, the AP (2/23, Lozano) reports, "Handwritten statements released Thursday depict the frustration, confusion and deception that revolved around a U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government. The three sets of statements, which Daniel Joseph Maldonado gave to FBI agents after his arrest in Kenya last month, detail in the 28-year-old's words why he left the United States, his time in Somalia and the frantic last few days he and his family spent in the country before his capture by authorities." The AP notes, "In his statements, Maldonado never mentioned al-Qaeda and said he was sick for a week with malaria after arriving in Kismayo. After recovering in a hospital, Maldonado said he was asked again 'to join the jihad. But I was more concerned with my family in Mogadishu and still doubtful about weather it was a valid jihad.' Maldonado later admitted he lied about his doubts" in a letter to his parents, but prosecutors "said they don't think he was lying."

HOMELAND RESPONSE:

Independent Review Of Supermax Prison Security Urged. The Denver Post (2/23) editorializes, "It's hard to know what to believe when it comes to assessing the state of security at the Supermax federal prison in Florence, which holds some of the most dangerous inmates in the country." The Post continues, "During a tour of the facility Wednesday, Barb Batulis, a Supermax guard and union representative, said the prison isn't adequately staffed. But U.S. Bureau of Prisons chief Harley Lappin said he can safely manage the institution with the staff he has. U.S. Attorney General Alberto Gonzales said he thinks the facility is secure but could be improved, though he shared no ideas. … That won't satisfy worried neighbors who want Lappin to erect a $23 million fence - not so much to keep the inmates inside as to keep their accomplices from approaching Supermax from the outside." The Post adds, "Despite watching over some of the nation's most diabolical criminals, Supermax staffing is actually down from when it opened in 1994. Prison officials say the addition of cameras and other technology has lessened the need for guards. … Perhaps that's true. Or perhaps it's a convenient justification. Trouble is, everyone defining the problems and creating solutions has a self-interest that could color their assessment." The Post concludes, "Colorado's congressional delegation has been active in pushing to resolve the prison's shortcomings, and they must work to penetrate the veil of ambiguity. A sweeping review of the prison's security and staffing should be conducted by the Government Accountability Office. The sooner the better."

Gonzales Visits Supermax. CNN Newsroom (2/22, 2:34 p.m. EST) broadcasted, "Attorney general Alberto Gonzalez toured Supermax, making good on a promise last November when CNN exposed the prison's shortcomings, particularly when it comes to inmates communicating with the outside world." Gonzales gave the prison good reviews, and said, "I am confident that we are doing what we should be doing in monitoring communications both in and out of these facilities. "

This story received nationwide covered with over 80 airings. Some examples include: WUSA-TV Washington, DC (2/22, 9:19 a.m. EST) broadcasted, "US Attorney general Alberto Gonzales says the nation's most secure prison is safe but could be safer." He visited the Supermax facility "with Colorado Senators Wayne Allard and Ken Salazar who have been pushing for improvements." The prison "houses the nation's most notorious criminals."

KXAS-TV Dallas (2/22, 5:43 a.m. CST) broadcasted, "Attorney general say the prison which holds some of the most notorious inmates could be made safer," after touring the Supermax facility. Justice report "criticized the prison for not properly screening mail and other communications."

KMGH-TV Denver (2/22, 5:36 a.m.) broadcasted, "Attorney general Alberto Gonzalez says Colorado's Supermax prison is secure but could stand improvement." He toured the facility yesterday "in response to issues raised by senators Ken Salazar and Wayne Allard about staffing levels and security." Most broadcasts were in Denver, but there were also a moderate amount across the nation. Some examples are: KWNG-TV Denver (2/22, 6:05 a.m.), KWTV-TV Oklahoma City (2/22, 12:06 p.m.), WVLT-TV Knoxville (2/22, 7:10 p.m.), WWBT-TV Richmond (2/22, 6:30 a.m.), KKTV-TV Colorado Springs (2/22, 5:10 a.m.) and KSBY-TV Santa Barbara (2/22, 6:30 p.m.).

More Commentary. The Pueblo (CO) Chieftain (2/23) editorializes, "How safe is Supermax? U.S. Attorney General Alberto Gonzales toured the nation's most secure federal prison on Wednesday and was assured security measures have been taken to beef up safety." The Chieftain continues, "Sens. Wayne Allard and Ken Salazar accompanied the AG on the tour, and afterward Sen. Allard expressed confidence that the Administrative Maximum Security U.S. Penitentiary in Florence has been improved with technological upgrades. He added that more employees and more security measures could be coming in the future. … This is not to say that Supermax has not been without growing pains. An Inspector General's report issued last year detailed relaxed phone and mail monitoring, particularly for the terrorists being held inside the lockup." The Chieftain adds, "We certainly don't believe

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the prison housing the nastiest of nasties in the federal system ought to be operated unsafely, so the union's concerns should get a fair hearing. On the other hand, the judgment of the professional managers should also be given due weight. … Sen. Allard said the government probably will not be able to address 100 percent of the staffers' concerns at least right away - such things are a matter of available funding - but he added that more employees and more security could be coming in the future. With a growing prison population, such measures will have to be considered by Congress."

Minnesota Human Rights Group Alleges Post-9/11 Harassment Of US Muslims. The Minneapolis Star Tribune (2/23, Hopfensperger, 395K) reports, "The terrorist attacks of 9/11 still are casting a shadow on Minnesota's immigrant and Muslim community, according to a report issued Thursday by Minnesota Advocates for Human Rights. Racial and religious stereotyping continues to this day, as do overt acts of discrimination, the report said. The 94-page report was based on interviews with more than 100 Minnesota immigrants." The Star Tribune notes, "Several incidents of alleged misconduct by the FBI are mentioned in the report. A Somali man employed by a Twin Cities school district says he received a visit from the FBI at his home a day after he inquired about bus rentals for a school event. One of the questions he was asked; 'What do you think of Saddam Hussein?' FBI spokesman Paul McCabe said he had not been informed about the incidents mentioned in the report, and that they would be impossible to verify without names, dates and places. The authors of report, however, offered confidentiality to those they interviewed. If people have concerns about the FBI, they should contact the FBI or a trusted community organization, he said. 'We will investigate,' McCabe said."

New Houses In Lower Ninth Ward Are First Since Katrina. Under the headline "In New Orleans, Progress at Last in the Lower Ninth Ward," the New York Times (2/23, Nossiter, 1.16M) reports, "The first new houses built in the Lower Ninth Ward since Hurricane Katrina were turned over to their owners on Thursday, creating a small island of hope in a sea of ruin." The houses, financed by the nonprofit group Acorn and a California bank, "stand out in a landscape grimly frozen since the storm." The Lower Ninth Ward "is a long way from being a neighborhood again, even though it has been the focus of intensive volunteer efforts and organizing since the storm." However, Gwendolyn Guice, who received one of the homes, "insisted" that the development "would help draw people back."

Lott Said To Be Directing "Populist Rage" At Insurers Over Katrina Claims. In her Wall Street Journal (2/23, A10, 2.04M) column, Kimberley Strassel writes, "One big question when Democrats took over Congress was which industry would be first to feel the new majority's populist rage. Oil? Pharma? Banks? Corporate America just got its answer, direct from the angriest man to have been empowered in the past election: Republican Sen. Trent Lott. The Mississippian was 'infuriated' by the insurance industry's refusal to shell out for certain Katrina claims, most notably his own. So Mr. Lott is spearheading a ferocious campaign of political revenge that would make even Henry Waxman envious -- replete with investigations, voracious trial lawyers, ambitious state attorneys general and threats of punitive federal legislation. And like most personal grievances that get morphed into policy battles, it's ending badly for consumers."

WAR NEWS:

Democratic Bill Would Limit Iraq Mission To Combat Against Al Qaeda Elements. The AP (2/23, Espo) reports, "Determined to challenge President Bush, Senate Democrats are drafting legislation to limit the mission of US troops in Iraq, effectively revoking the broad authority Congress granted in 2002, officials said Thursday." The AP adds, "officials said the precise wording of the measure remains unsettled," but "one draft would restrict American troops in Iraq to combating al-Qaida, training Iraqi army and police forces, maintaining Iraq's territorial integrity and otherwise proceeding with the withdrawal of combat forces." The officials, "Democratic aides and others familiar with private discussions, spoke only on condition of anonymity, saying rank-and-file senators had not yet been briefed on the effort. They added, though, the Senate Majority Leader Harry Reid is expected to present the proposal to fellow Democrats early next week for their consideration."

USA Today (2/23, 6A, 2.27M) runs a truncated version of the AP story, while the New York Times (2/23, Hulse, 1.16M) says "the chief authors" of the new bill "are Senators Joseph R. Biden Jr. of Delaware, the chairman of the Foreign Relations Committee, and Carl Levin of Michigan, the chairman of the Armed Services Committee. The plan is to try to attach the proposal to an antiterrorism bill the Senate expects to begin considering Tuesday." The Times adds, "Lawmakers and senior aides said that such a plan was unlikely to pass Congress, and even if it did, it would certainly be vetoed." But "Democrats say their intention is to keep pressure on both Mr. Bush and Congressional Republicans who are facing a public frustrated with the war. Democrats

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say that other Iraq proposals are likely to emerge as well." Senate Democrats "say they prefer the emphasis on the mission of American troops over a plan by some House members to try to limit United States military involvement by putting restraints on troop deployments based on readiness and equipment availability."

The Washington Post (2/23, A1, Murray, Weisman, 690K) reports, "In both chambers, Democratic lawmakers are eager to take up binding legislation that would impose clear limits on U.S. involvement in Iraq after nearly four years of war. But Democrats remain divided over how to proceed." While "some want to avoid the funding debate altogether, fearing it would invite Republican charges that the party is not supporting the troops," others "take a more aggressive view, believing the most effective way to confront…Bush's war policy is through a $100 billion war-spending bill that the president ultimately must sign to keep the war effort on track. … 'I've had enough of "nonbinding,"' said Sen. John F. Kerry (D-Mass.), who is helping to draft the new Democratic proposal."

Lieberman Suggests He May Switch Parties If Democrats Try To Cut Off Funding. The Politico (2/23) reports, "Sen. Joseph I. Lieberman of Connecticut told the Politico on Thursday that he has no immediate plans to switch parties but suggested that Democratic opposition to funding the war in Iraq might change his mind." Lieberman, "a self-styled independent who caucuses with the Democrats, has been among the strongest supporters of the war and President Bush's plan to send an additional 21,500 combat troops into Iraq to help quell the violence there." Lieberman said in an interview, "I have no desire to change parties. … If that ever happens, it is because I feel the majority of Democrats have gone in a direction that I don't feel comfortable with." Asked "whether that hasn't already happened with Iraq," Lieberman said, "We will see how that plays out in the coming months." He "suggested…that the forthcoming showdown over new funding could be a deciding factor that would lure him to the Republican Party."

On its website, Time (2/22, Calabresi, 4.03M) reported Lieberman "has been indulging in some fairly immodest political footsie. Early this year he terrified fellow Democrats by skipping several of the weekly caucus lunches that cement party fidelity in the Senate. Recently he was spotted in the Republican cloakroom talking with South Carolina's Lindsey Graham about reforming Social Security. He even says he might vote Republican for President in 2008, a not-so-veiled hint that he would prefer John McCain, his fellow true believer in the Iraq war, to most, perhaps all, Democratic alternatives." Lieberman "says leaving the Democratic Party is a 'very remote possibility.' But even that slight ambiguity -- and all his cross-aisle flirtation -- has proved more than enough to position Lieberman as the Senate's one-man tipping point."

GOP War Opponent In House Breaks With Murtha. McClatchy (2/23, Schoof) reports, "A longtime Republican opponent of the Iraq war, Rep. Walter Jones of North Carolina, broke ranks Thursday with Democratic Rep. John Murtha over Murtha's plan to attach conditions to war funds." That "split signals that divisions among war opponents are likely to emerge next week when Congress returns from recess. Murtha and other Democrats have said they'll look at how they might use congressional power over military regulations and funding to pressure the Bush administration to redeploy US forces out of Iraq."

"John McCain-Like War Hero" Leading Defense Of Bush Policies In House. The Los Angeles Times (2/23, Simon, 850K) reports, "When House Republicans needed a John McCain-like war hero to lead their fight against Democratic assaults on…Bush's Iraq strategy, they turned to another former POW, a Texas Republican named Sam Johnson." Though "less known than Sen. McCain (R-Ariz.), his onetime cellmate in Vietnam," Johnson "spent nearly seven years in a prisoner of war camp, about half of it in solitary confinement. When he took to the House floor during last week's emotional debate on the Iraq war, the 76-year-old former fighter pilot drew heavily on Vietnam experiences." Johnson "has emerged as the House GOP's point man in an escalating fight in Congress over Bush's execution of the war -- a position that puts him opposite another decorated Vietnam veteran, Rep. John P. Murtha (D-Pa.)." GOP leaders "see Johnson as the Republican best suited to counter Murtha, an ex-Marine and defense hawk who has become a influential war critic."

Krauthammer Criticizes Democratic Tactics. In the Washington Post (2/23, A19, 690K), Charles Krauthammer writes, "Slowly bleeding our forces by defunding what our commanders think they need to win (the House approach) or rewording the authorization of the use of force so that lawyers decide what operations are to be launched (the Senate approach) is no way to fight a war. It is no way to end a war." It is "a way to complicate the war and make it inherently unwinnable -- and to shirk the political responsibility for doing so."

Cheney Says Iraq Withdrawal Would Spawn Terror Wave. The Washington Times (2/23, Keats, 88K) reports Vice President Cheney warned today that the US and Australia "simply cannot indulge" thoughts of an early withdrawal from Iraq "because it would spawn a new wave of global terror." Speaking in Sydney, Cheney said, "The notion that free countries can turn our backs on what happens in places like Afghanistan, Iraq or any other possible safe haven for terrorists is an option we simply cannot indulge." If coalition troops "withdrew before Iraqis could defend themselves," the Vice President said "radical factions would battle for dominance over the country."

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Powell Says US Should Leave If "Civil War" Has Not Been Quelled In A Year. The Journal and Courier (2/23, Shaw) of Lafayette, IN, reports, "Former Secretary of State Colin Powell told an audience at Purdue University that he supports sending more American soldiers to Iraq." But "if the troop surge does not quell what he characterized as a 'civil war' within a year, the United States should begin to leave, he said." Powell also "said the United States was right to retaliate against Afghanistan after the attacks of Sept. 11, 2001. But he was less certain when discussing the invasion of Iraq. He conceded that the intelligence on Iraq's having weapons of mass destruction was misleading. 'But we were not wrong about the nature of this regime, and I am glad that it is gone,' he said. 'I hope the Iraqis will the seize the opportunity we have given them.'"

Iraqi Insurgents Seen As Adapting To Counteract Security Push. Media coverage of the situation in Iraq focuses on insurgents' use of chemical "dirty bombs" and a sense that the enemy is changing its tactics to meet the new security push. Such developments are being described as an ominous sign for the US mission to pacify the country. Under the headline "Old Problems Undermine New Security Plan For Baghdad," the New York Times (2/23, Oppel, 1.16M) reports, "The much anticipated effort to wrest Baghdad streets from the control of militias and insurgents has been presented in news conferences and public statements as an Iraqi-led operation. Iraqi officials have been out front, announcing arrests, weapons finds and other details, as well as new decrees intended to halt two years of so-called sectarian cleansing." But "on the streets, the joint patrols seemed little different from those of the past few years: A handful of Iraqis, acting at the direction of a larger group of Americans, opening drawers and closets and looking behind furniture as they searched for banned weapons or other contraband."

The Washington Post (2/23, A15, Tyson, Partlow, 690K) says "insurgents…are employing a variety of new tactics -- from an unprecedented string of helicopter shoot-downs to unusual chlorine bomb attacks and direct assaults on US military bases -- that American commanders say are intended to create chaos and undermine the US and Iraqi military push to quell violence in Baghdad. … More aggressive, direct attacks by insurgents on bases housing the US military are another troubling development." USA Today (2/23, 5A, Michaels, 2.27M) reports Lt. Gen. Raymond Odierno, the No. 2 U.S. commander in Iraq, said "Al-Qaeda-associated" cells "may be behind a recent spike in downed US helicopters in Iraq." He added "two suspects have been captured in connection with the helicopter attacks. One suspect, he said, admitted involvement in one attack." USA Today adds, "Since Jan. 20, insurgents have shot or forced down eight US helicopters, killing 28 troops and civilians." The Washington Times (2/23, Gertz, 88K) notes Odierno's comments in a story titled "Al Qaeda Believed Behind Copter Crashes."

CBS and NBC ran stories on this week's "dirty" bombs. The CBS Evening News (2/22, lead story, 2:50, Couric, 7.66M) reported, "The US military in Iraq is warning tonight that insurgents are trying new tactics to try to spread fear. Bombs with chlorine gas have killed as many as 11 people this week. And today US troops found canisters of chlorine when they raided a suspected weapons factory west of Baghdad. Also today, the US military said American forces killed at least 12 insurgents in a six-hour clash in the city of Ramadi. And US forces looking for insurgents shooting down American helicopters detained two members of a militant cell." CBS (Logan) added, "This is the changing face of war in Iraq as a new weapon of terror is unleashed here -- crude chemical bombs that explode poisonous chlorine gas into the air, burning the eyes and lungs of victims too small even to understand what's happened. A chilling turn in tactics that's left survivors bewildered and in pain."

NBC Nightly News (2/22, story 3, 2:00, Williams, 9.87M) reported, "You may recall we reported last night on this broadcast about a new and dangerous trend in Iraq, the insurgents there are using chlorine gas to build bombs that are terrorizing civilians. US troops raided what is being called a bomb factory on Tuesday and what they found there is also troubling." NBC (Arraf) added, "Hospitals filled with the young and old hit not by shrapnel but chlorine gas, the same chemical used to purify water turned to deadly use. Sunni insurgents are suspected to have launched at least three chlorine attacks killing a dozen people and injuring more than 200." Loren Thompson, described as a "national security expert," was shown saying, "The insurgent's aim has been first and foremost to demoralize the Iraqi people and then to defeat American soldiers. If the Iraqis are terrified, we can't secure the country." NBC added, "Iraqis already go through their day worried about car bombs, kidnappings, shootings, mortars and now add more worry to the growing list of fears."

The New York Times (2/23, Oppel, 1.16M), under the headline "Iraq Rebels Expected To Use More Chlorine Gas In Attacks," says "military officials are also acutely concerned that insurgents have adapted tactics to exploit vulnerabilities in flight patterns of military helicopters, which are expected to fly 400,000 hours this year in Iraq, a 20 percent increase over 2006." The Washington Times/AP (2/23, Gamel) runs a similar report.

The Los Angeles Times (2/23, 850K) reports "US troops in Iraq uncovered a 'car bomb factory' near Fallouja this week that contained multiple canisters of chlorine, a potentially lethal gas that has been used in three insurgent attacks over the last month," Odierno said.

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In another story that reflects poorly on the new US strategy in Iraq, the Washington Post (2/23, A16, Murphy, 690K) reports from Baqubah, in a story titled "US Unit Shoulders Burden At Police Station In Baqubah," that "it took nearly a month to build the tiny bunker on the roof of this Iraqi police station. The U.S. soldiers worked at night to avoid snipers, carrying sandbags up four flights of stairs in the dark. One day last week, several American soldiers arrived to begin their shift here, using the roof to scan the surrounding area for attackers." The Post adds "there was one thing missing from the roof of the station, and from the ranks of those who were there to defend it: members of the Iraqi security forces. Similar US units are embedded at other Iraqi police and army installations in Baqubah, a city of 300,000 about 35 miles northeast of Baghdad. Keeping these locations open and functioning is vital, military commanders say, if the Iraqis who live here are to have confidence in the government."

Insurgents Attack US Troops In Ramadi. USA Today/AP (2/23, 5A) reports, "Sunni insurgents attacked US troops in the volatile city of Ramadi, setting off a six-hour firefight that killed at least 12 people, the US military said Thursday." The Ramadi battle "broke out Wednesday evening when insurgents opened fire on a US patrol. The Americans responded with precision-guided munitions that damaged several buildings and ended the fight, said a Marine spokesman, 1st Lt. Shawn Mercer. There were no US casualties. Twelve insurgents were killed, Mercer said."

Keane Defends Bush Plan. ABC World News (2/22, story 5, 2:50, Gibson, 8.78M) reported, "The new security crackdown in Iraq, the centerpiece of President Bush's surge of troops, has entered its second week. Retired Army General, Jack Keane, one of the architects of the President's plan and an ABC News consultant, over the past 11 days has visited Iraq's most volatile areas to assess how it's going. I spoke to General Keane earlier. He's now in Baghdad to get his assessment." Keane: "First of all, a lot has changed in Iraq, in a year. The situation has gotten considerably more dire certainly. And when you take a look at Baghdad itself, there are neighborhoods down there where people aren't living in anymore." Gibson: "Do you get a sense that this security crackdown can have an effect long term, on sectarian violence?" Keane: "Yeah, I definitely think so. First of all, we're in the very opening stages of this. There's only one new brigade here from the United States. And obviously, four more to arrive. However, the Iraqi ten brigades have showed up. And that's a big plus."

Chalabi In Key Security Post. The Wall Street Journal (2/23, A1, Dreazen, 2.04M) reports, "In his latest remarkable political reincarnation, onetime US favorite Ahmed Chalabi has secured a position inside the Iraqi government that could help determine whether the Bush administration's new push to secure Baghdad succeeds." In "a new post created earlier this year," Chalabi "will serve as an intermediary between Baghdad residents and the Iraqi and US security forces mounting an aggressive counterinsurgency campaign across the city. The position is meant to help Iraqis arrange reimbursement for damage to their cars and homes caused by the security sweeps in the hope of maintaining public support for the strategy." Chalabi's "writ is supposed to be limited mainly to security, according to aides to Iraqi Prime Minister Nouri al-Maliki, but he is already speaking ambitiously about playing a larger role in economic, health and reconstruction efforts as well." He "answers directly to Mr. Maliki and is already taking part in weekly planning meetings with senior American officials such as Ambassador Zalmay Khalilzad and Gen. David Petraeus, the top U.S. military commander in Iraq."

Rape Allegations Prompt Al Qaeda Vow Of Revenge. The CBS Evening News (2/22, story 2, :20, Couric, 7.66M) reported, "Meanwhile, two accusations of rape involving Iraqi security forces are dumping more fuel on the already explosive situation there. Both of the alleged victims are Sunni and claim they were raped by Shiite policemen. Prime Minister Maliki's government has cleared the accused, and today Al Qaeda in Iraq vowed revenge."

ABC World News (2/22, story 4, :35, Gibson, 8.78M) also reported, 'The leader of Al Qaeda's wing in Iraq surfaced today, vowing to avenge the alleged rape of a Sunni woman by Iraq Shiite-dominated police. Abu Ayyub al Masri spoke in an audio tape posted on the Internet. He said that 300 militants volunteered to go on suicide missions after the rape allegations were made. The Shiite-dominated government claims no sexual attack occurred."

The Washington Post (2/23, A16, Londono, 690K) reports "an Iraqi police official in the northwestern city of Tall Afar said Thursday that a military officer and three soldiers had admitted to raping a Sunni woman and recording the act with a cellphone camera. The four soldiers told an investigative committee convened by the Iraqi army that they sexually assaulted the woman nearly two weeks ago, according to Gen. Najem Abdullah, a police spokesman in Tall Afar." The soldiers' statement "follows another Sunni woman's assertion this week that she had been raped in Baghdad by members of Iraq's predominantly Shiite security forces."

Many In Iraq Stop Using Banks Due To Violence. The Washington Times (2/23, Palmer, 88K) reports that most Iraqis are opting to keep their money at home instead of in banks to avoid being "confronted by criminal gangs on the streets and demands for bribes from tellers in the branches -- not to mention long lines, shortages of bank notes, and other inconveniences." Despite "the security concerns, financiers and government officials say, there are not enough banks in Iraq to serve the population and finance sorely needed

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reconstruction, leaving companies and individuals struggling to secure their assets."

Effects Of Golden Mosque Bombing Assessed. The Los Angeles Times (2/23, Berthelsen, 850K) reports that for many Iraqis, "life has changed in the year since sectarian warfare erupted with the bombing of the Golden Mosque in Samarra," a holy Shiite mosque. Before the mosque bombing, "anger and violence in Iraq had largely been focused on the US-led forces occupying the country in the wake of the 2003 invasion;" now anger has focused more on sectarian differences and "centuries-old distrust." A year after the bombing, "amid the latest version of a security plan intended to restore calm, bombed-out buildings scar Baghdad and Iraqis live in fear of one another" with many wanting "the plan to work and for peace to return" although "their faith in such an outcome varies widely."

US Soldier Sentenced To 100 Years For Iraq Rape-Murder. In a widely-distributed story, the AP (2/23) reports, "A U.S. soldier was sentenced to 100 years in prison yesterday for the gang rape and murder of an Iraqi girl and the killing of her family last year. Sgt. Paul E. Cortez, 24, also was given a dishonorable discharge. He will be eligible for parole in 10 years under the terms of his plea agreement." The AP notes, "Earlier yesterday, tears rolled down Cortez's face as he apologized for the rape and murders. He said he could not explain why he took part. … Five soldiers who served with Cortez in Iraq testified that his actions were out of character and described the hardships of war they experienced, including sleep deprivation and the lack of running water."

War Places Heavy Stress On Military Families. In a front-page feature, the New York Times (2/23, Alvarez, 1.16M) looks at stresses to military families in wartime, saying "hundreds of thousands of soldiers and loved ones have endured long, sometimes repeated separations that test the fragility of their relationships in unforeseen ways. The situation is likely to grow worse as the military increases the number of troops in Iraq in coming months," with Pentagon plans "to send more than 14,000 National Guard troops back to Iraq next year. … Most families and soldiers cope, sometimes heroically. But these separations have also left a trail of badly strained or broken unions, many severed by adultery or sexual addictions; burdened spouses, some of whom are reaching for antidepressants; financial turmoil brought on by rising debts, lost wages and overspending; emotionally bruised children whose grades sometimes plummet; and anxious parents who at times turn on each other. Hardest hit are the reservists and their families, who never bargained on long absences, sometimes as long as 18 months, and who lack the support network of full-fledged members of the military."

The Los Angeles Times (2/23, Zucchino, 850K), meanwhile, reports that Nancy Kules created an online journal of her experience as the spouse of an injured soldier when her husband, Ryan, lost two limbs and almost died as a result of injuries he received from a roadside bomb in Iraq. Nancy's "journal opened a window on a searing experience shared by a growing number of spouses who have become collateral damage in America's overseas wars. What began as an attempt to keep loved ones informed became a unique personal account of recovery and accommodation, of suffering and redemption" that has helped others learn about the ordeals of spouses of injured soldiers.

South Korean Businessman Sentenced In Oil-For-Food Probe. The New York Times (2/23, Barron, 1.16M) reports, "Tongsun Park, a once flamboyant South Korean businessman convicted of illegally representing Saddam Hussein in trying to influence the United Nations oil-for-food program, was sentenced yesterday to five years in prison." Judge Denny Chin of Federal District Court in Manhattan "said Mr. Park had 'blatantly disregarded the law' by taking more than $2 million for trying to lobby United Nations officials to ease sanctions against Iraq." The judge "called the sentence 'harsh' for a 71-year-old man with health problems. But he also said it was 'appropriate.'" The Washington Post (2/23, A11, Lynch, 690K) notes the sentence "was the maximum possible."

Iraq Acquires New Site For US Embassy. The Washington Post (2/23, A12, Boustany, 690K) reports, "Iraq may be facing a deadly civil war, but the Iraqi government is initiating major, costly repairs to its diplomatic building in Washington and expanding its real estate holdings here." The "latest Iraqi government purchase for its US mission is a $5.8 million mansion at 3421 Massachusetts Ave. NW in Observatory Circle, across the street from Vice President Cheney's official residence." The mansion will serve "as Iraq's temporary embassy during renovations to its fading Dupont Circle mission." However, plans "are to eventually turn the Dupont Circle building into a cultural center for the exhibition of Iraqi art."

US Attacked Al Qaeda In Somalia From Ethiopian Bases. On its front page, the New York Times (2/23, A1, Gordon, Mazzetti, 1.16M) reports the US military "quietly waged a campaign from Ethiopia last month to capture or kill top leaders of Al Qaeda in the Horn of Africa, including the use of an airstrip in eastern Ethiopia to mount airstrikes against Islamic militants in neighboring Somalia," according to American officials. The "close and largely clandestine" relationship with Ethiopia "also included significant sharing of intelligence on the Islamic militants' positions and information from American spy satellites with

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the Ethiopian military." According to the officials, "members of a secret American Special Operations unit, Task Force 88, were deployed in Ethiopia and Kenya, and ventured into Somalia." The counterterrorism effort was described by American officials "as a qualified success that disrupted terrorist networks in Somalia, led to the death or capture of several Islamic militants and involved a collaborative relationship with Ethiopia that had been developing for years." The "secret campaign" is seen as "an example of a more aggressive approach the Pentagon has taken in recent years to dispatch Special Operations troops globally to hunt high-level terrorism suspects."

Media Investigation Finds Little Security At Afghan-Pakistani Border. NBC Nightly News (2/22, lead story, 3:00, Myers, 9.87M) reported, "Attacks against US and NATO forces in Afghanistan are escalating. Fueled in part officials say by Al Qaeda and Taliban militants in Pakistan who easily cross the border into Afghanistan to join the fight. NBC News decided to investigate security at one of Pakistan's busiest border crossings. Two NBC News producers bought tickets for $4 each and boarded a bus in Pakistan, destination, Jalalabad Afghanistan. The route took them through Peshwar to a major border checkpoint to Jalalabad. Their bus full of passengers was waved through the border crossing. Not once in four hours did guards stop them or check for travel documents." Iqbal Sapand, NBC: "Nobody asked for our documents. Not only me but there were more than 45 people in that bus." NBC added, "The next day our producers repeated the process taking the bus from Afghanistan back to Pakistan. Again, no documents necessary." Mushtaq Yusufzai, NBC: "On both sides of the border nobody checked them."

CORPORATE SCANDALS:

Judge Denies Motion To Delay Enron Shareholder Suit. The AP (2/23, Lozano) reports, "A $40 billion lawsuit filed by former Enron Corp. shareholders and investors alleging investment firms and banks played key roles in the company's collapse will go to trial in April despite a pending appeals court decision on the case, a judge has ruled." The AP continues, "U.S. District Judge Melinda Harmon denied efforts by Merrill Lynch & Co., Credit Suisse First Boston and Barclays PLC to delay the trial while the 5th U.S. Circuit Court of Appeals rules on whether the case can proceed as a class-action suit. … She said in her ruling Wednesday that there should be no postponement, because of the uncertainty of when the appeals court would rule. Jury selection was set for April 9." The AP adds, "Attorneys for the shareholders and investors accused the banks and investment firms of trying to delay the case for several years. The trial has been rescheduled three times. … 'There is no reason to wait indefinitely for a decision from the Fifth Circuit that likely will not impact the trial,' attorneys for investors wrote in a motion last week. 'Any delay simply benefits the banks and harms class members who have waited patiently for over five years for their day in court.' … In their motion to delay the trial, the banks and investment firms argued the 5th Circuit's decision could significantly alter the definition of the lawsuit's class status as well as the claims and defenses to be presented at trial."

SEC Fines Former Sadia CFO In Insider-Trading Case. The AP (2/23) reports, "The former chief financial officer of Sadia SA, a Brazilian chicken and pork producer, and a former employee of Brazil's Banco ABN AMRO Real SA have agreed to pay almost half a million dollars combined to settle charges that they traded on inside information about the meat company's 2006 attempt to take over its largest local rival, Perdigao SA." The AP continues, "The Securities and Exchange Commission on Thursday announced the settlement with Luiz Gonzaga Murat Junior, the former chief financial officer at Sadia, and Alexandre Ponzio De Azevedo, the former banker. The two settled without admitting or denying wrongdoing. Their attorneys could not immediately be identified. … Murat agreed to give up $184,028 and to pay a $180,404 civil penalty. He also agreed to a five-year ban on serving as an officer or director of a public company. Azevedo agreed to give up $68,215 and to pay $67,165." The AP adds. "Murat 'is relieved to resolve this matter, and he is anxious to put this behind him and turn his attention to the future,' said his attorney, Juan Marcelino. … The SEC accused Murat of buying Perdigao securities that are listed in the United States after an April 7, 2006, meeting with investment bankers who proposed that Sadia make an offer for Perdigao. Murat's holdings rose in value after Sadia announced its offer on July 2006, when the price of Perdigao's American depositary shares rose 21 percent to $24.50, the SEC said."

Presidential Panel Devises Voluntary Guidelines For Hedge Funds. USA Today (2/23, 4B, Shell, 2.27M) reports, "A presidential group charged with devising ways to improve oversight of the secretive $1.2 trillion hedge fund world issued a list of self-policing guidelines Thursday that it asserts will be more effective in protecting investors than more stringent laws would be. Favoring a market-based solution over government regulation, the President's Working Group on Financial Markets (PWGFM) opted for a 'principles-based approach' for dealing with the issues surrounding the fast-growing industry that now includes roughly 9,000 funds, uses exotic

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investment strategies and has a history of scandalous fund meltdowns." Critics "say the guidelines don't go far enough."

The Washington Post (2/23, D1, Johnson, 690K) notes "former SEC commissioner Harvey J. Goldschmid, who had supported the agency's thwarted bid to register fund managers, expressed concern that regulators lack the authority to perform random inspections of fund operations." And "in Connecticut, home to scores of hedge funds, Attorney General Richard Blumenthal criticized the recommendations as vague, insubstantial and 'unenforceable.'"

The New York Times (2/23, Labaton, 1.16M), under the headline "Officials Reject More Oversight Of Hedge Funds," reports the Administration said that "there was no need for greater government oversight of the rapidly growing hedge fund industry and other private investment groups to protect the nation's financial system." The panel's "conclusions reflected both the strong antiregulatory ideology of the administration and the formidable influence of Wall Street and the increasingly wealthy hedge fund industry among both Democrats and Republicans in Washington. Three of the administration's most senior economic policy makers -- Treasury Secretary Henry M. Paulson Jr., his top deputy, Robert K. Steel, and White House chief of staff Joshua Bolten -- are alumni of Goldman Sachs, which in the last decade has evolved into one of the most important players in the private equity market." The "reaction in Congress, which is in recess this week, was largely muted. Representative Barney Frank, the Massachusetts Democrats who heads the House Financial Services Committee, called the announcement 'a first step in addressing questions presented by the significant growth of hedge funds.'"

CRIMINAL LAW:

Libby Jurors Reach No Verdict Thursday. The Wall Street Journal (2/23, Perez, Solomon, 2.04M) reports, "Jurors reached no verdict Thursday on whether former White House aide I. Lewis 'Scooter' Libby obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic." The Journal notes that "the jurors have issued only two brief written notes, which suggested they are methodically reviewing the evidence against Mr. Libby. They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses." Deliberations resume today.

In a widely-distributed story, the AP (2/23) reports Libby trial jurors "reached no verdict Thursday, and the jury has "issued only two brief written notes, which suggested they are methodically reviewing the evidence." Jurors "requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses." Deliberations resume today.

Libby Trial Said To Show Unreliability Of Interview Notes. In a widely-distributed story, The AP (2/23, Apuzzo) reports, "Write this down: Your notes aren't as reliable as you think. … And, as the monthlong trial of former White House aide I. Lewis 'Scooter' Libby has shown, they're no more reliable if the notes belong to FBI agents, journalists or White House aides. That's a somewhat disconcerting thought. People are charged, front-page articles are written and public policies are decided in part based on those notes. If they are flawed, whose can be believed?" Libby jurors "must decide how much weight to put on notes that were sometimes sloppy and often inconsistent." The AP notes "FBI agent Deborah Bond wrote a report saying Libby 'adamantly denied' discussing…Plame. The original FBI notes, however, contain no record of that denial. Rather, they say he may have discussed Plame but couldn't recall.

Judge Says Fumo Trial Will Not Begin For At Least A Year. The Philadelphia Daily News (2/23, Hinkelman, 106K) reports, "The trial for state Sen. Vince Fumo and three co-defendants likely won't start before early next year, prosecutors and defense lawyers said at a federal court hearing yesterday. U.S. Senior District Judge William H. Yohn Jr. did not set a trial date. Prosecutors also said Fumo's trial could last three to four months. They plan to call at least 100 witnesses to testify for the government. Defense attorneys said they couldn't reliably estimate how long a trial might take until they see what evidence the feds have." The Daily News notes, "The feds have plenty to hand over: At least 100,000 documents, including e-mails, grand-jury transcripts, summaries of FBI interviews with witnesses, bills, bank-account statements and store receipts."

The Philadelphia Inquirer (2/23, Shiffman, 385K) reports, "Defense lawyers appear likely to accuse the government of illegally leaking grand jury material to the media or unduly pressuring witnesses, it was disclosed during" yesterday's hearing, and "the government, it would appear, hopes to win the right to tell jurors about 30-year-old allegations that Fumo put ghost employees on the Senate payroll and that he spied on rivals." The Inquirer adds, "For the most part, lawyers were reluctant to reveal strategies and did their best to keep their intentions vague. One thing became clear yesterday: The case the FBI and IRS investigated for four years won't go to trial for a long time."

DIA Analyst Convicted Of Espionage-Related Charges To Be Released. In the "Inside The Ring" section in the Washington Times (2/23, 88K), Bill Gertz reports that "former Defense Intelligence Agency (DIA) analyst Ronald Montaperto, convicted last year on espionage-related charges that involved passing secrets to China, is scheduled to get out of federal prison Sunday" and

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"will be barred from meeting any Chinese intelligence personnel as a condition of his release." In June, Montaperto "pleaded guilty…to improperly storing classified intelligence documents and admitted as part of a plea deal that he verbally passed both 'secret' and 'top secret' intelligence to two Chinese military intelligence officers" resulting in Montaperto serving "three months at the minimum-security prison at Fort Dix, N.J."

Miller Vows To Continue Land Deals, Despite Federal Probe. In a widely-distributed story, the AP (2/23, Werner) reports, "Rep. Gary Miller grew up poor. Even though he's now worth more than $13 million, he says he's still worried about his family's financial security. So, while federal authorities investigate some of his real estate transactions, he says he'll keep on making deals." Miller said in an interview, "Some people are arguing I shouldn't have the opportunity to make an investment that every other American citizen has an opportunity to make. I've got kids, I've got grandkids, and it'd be nice…if I can help them." The AP notes Miller "is being scrutinized for the millions he made selling properties to two Southern California communities outside his district. FBI agents have interviewed officials in both towns. … An FBI spokeswoman declined on Thursday to confirm or deny if there's an investigation or to make any further comment."

Christie Urges Public To Help Fight Public Corruption. The New York Times (2/23, Rivera, 1.16M) reports that in a speech at Fairleigh Dickinson University in Hackensack, N.J., "Christopher J. Christie, the federal prosecutor who has aggressively pursued New Jersey politicians believed to be corrupt, said in a speech here on Thursday that the public should help stem the tide of corruption by voting out officials who break the law." Christie "said that after domestic terrorism, his office's main priority was to hold the county and state leadership accountable. He asked, 'Wouldn't it be a shame to spend all this money' and endanger so many lives to protect a way of life from outside attack, 'only to give away our way of life from the rot from within? And that's what political corruption is.'" However, "Christie refused to discuss the progress of negotiations between his office and the Office of Legislative Services," over federal subpoenas issued for legislative records. The Times notes that his "increasingly public stance on issues like domestic terrorism and immigration has raised speculation that he may be considering a run for office. Many think he may challenge Gov. Jon S. Corzine in 2009."

Federal Agents Arrest Fugitive California Child Molester In Louisiana. In a widely-distributed story, the AP (2/23) reports "convicted felon and registered sex offender" David John Sprong Jr, "on the run for nearly a year, was captured Thursday at an auto auction business where he'd been working for most of the month, federal authorities said. … Last spring, Sprong skipped a $1 million bond in Sacramento, where he was charged with molesting girls." The US Marshal Service Crescent Star Fugitive Task Force, "with help from the FBI and the Livingston Parish Sheriff's Office arrested Sprong…in Holden, La., without incident." The AP notes, "'When he's not molesting people, he's working on cars,' said Mike Raifield, an agent with the FBI's Sacramento field office which was coordinating the search." Raifield added that "after the America's Most Wanted segment profiled him in January, we got a tip he was running an auto shop in Humble, Texas, but it came two days too late. Apparently he saw the same program and he disappeared."

Florida Man Pleads Guilty To Child Porn Production. The Miami Herald (2/23, Martinez, 286K) reports, "A 59-year-old man pleaded guilty Thursday in federal court in Fort Lauderdale to preying on children, according to the U.S. Attorney's Office. Raymond George Bohning, of Hollywood, faces five to 30 years in prison for production of child pornography, enticing a minor to engage in illegal sexual activity, distributing child pornography to a minor to induce her to engage in sexual activity and possessing more than 600 images of child pornography." The Herald notes, "An FBI investigation found that Bohning had an extensive collection of child pornography images depicting minors being sexually abused, including babies and toddlers."

FBI, Police Continue Intensive Search For WV Child Rapist. The Pittsburgh Post-Gazette (2/23, Lash, 230K) reports from Wheeling, W.Va., "Investigators believe a partially naked man who accosted a woman Sunday night in Martins Ferry, Ohio, was the same man who kidnapped and sexually assaulted a Wheeling girl two days later. That man has not been identified, but FBI agents and police from the Ohio Valley have mounted a 'significant' investigation to locate him, said Gary Wheeler, the FBI's supervisory agent for northern West Virginia. .. An FBI artist also was summoned from Quantico, Va., to develop a composite sketch of the man and possibly a drawing of his truck. Investigators said they also are reviewing computer databases of sex offenders and may consult FBI profilers in an effort to identify the man." The Wheeling Intelligencer (2/23, Wells) adds that at yesterday's press conference, Wheeling Police Department Lt. Gary Gaus "confirmed the young girl in Tuesday's abduction was sexually assaulted." Wheeling noted that the FBI sketch of the suspect "may be released today, and an improved description of the vehicle is

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anticipated. … 'There's no need for hysteria,' Wheeler said. 'There is a need for extra prudence.'"

Two Nevadans Arrested On FEMA Relief Fraud Charges. In a widely-distributed story, the AP (2/23) reports, "Nevada residents were arrested Thursday and a third person was named as a fugitive on charges they fraudulently obtained federal funds designated for victims of Hurricane Katrina, a prosecutor said." Wilbert J. Bennett Jr. and Sheila Ritter "pleaded not guilty in initial appearances before a U.S. District Court magistrate judge following their arrests on charges of theft of government funds, U.S. Attorney Daniel Bogden said in a statement." Renee Bellinger "was indicted on charges of theft of government funds, identity theft and misuse of a Social Security number. She remained a fugitive, Bogden said." The AP notes, "Ritter and Bennett were released Thursday on personal recognizance bonds."

Oklahoma Man Indicted On Katrina Relief Fraud Charges. The AP (2/23) reports Darryl Eugene Hayes of Oklahoma City "was indicted in federal court on Thursday on charges of making false claims for Hurricane Katrina disaster relief funds." The AP notes, "The indictment claims that Hayes defrauded the Federal Emergency Management Agency and the Louisiana Department of Labor of more than $10,000 by claiming unemployment benefits for supposed Hurricane Katrina evacuees under three false names." Hayes also allegedly "submitted a fraudulent application to FEMA, claiming that his home in New Orleans was damaged by the August 2005 storm and that he was living in a 'mass shelter,' and later faxed a letter to FEMA claiming he had sustained losses 'from the hurricane' and had relocated to Oklahoma City."

North Carolina Man Convicted Of Silver Ingot Pyramid Scheme. The AP (2/23, Fought) reports, "A North Carolina man who bought one-ounce silver ingots for $10.50 and resold them to investors for $98 each and the promise of huge commission payments was convicted of federal charges in what a prosecutor called a classic 'too-good-to-be-true' pyramid scheme. About 5,000 victims lost more than $4 million in total, said Assistant U.S. Attorney Chris Cardani" in Portland, Ore. Richard Dompier " faces a sentence of about 20 years under federal guidelines, Cardani said, and is free pending sentencing, likely in June." The AP notes, "After investors complained that they weren't getting payments they were promised, the Internal Revenue Service and FBI began an investigation in 2000, joined by British and Oregon authorities. The bulk of the victims were in the United States, Canada and England, but the scheme also reached to Europe, Africa and Australia and was promoted in a total of 41 countries, the U.S. attorney's office said."

Los Angeles Anti-Gang Program Comes Under Criticism. The Los Angeles Times (2/23, Mcgreevy) reports, "Under pressure to show the L.A. Bridges program actually works, the operators of the city's largest gang-prevention effort released results of a study Thursday that sparked new debate about whether the city needs to rethink its anti-gang strategy." The Times continues, "The report by the city Community Development Department shows that while some middle-school students targeted by the L.A. Bridges program have boosted or maintained their grades and attendance, most have not improved." The Times adds, "While L.A. Bridges officials said they consider the findings encouraging given the types of students they are trying to help, some city leaders said they more dubious -- especially given the fact that gang membership and crime in Los Angeles is on the rise. … Amid new doubts about the program, which costs about $14 million annually, the city has replaced John Chavez as the interim director of L.A. Bridges." The Times notes, "In addition, City Controller Laura Chick plans to audit the program, and Mayor Antonio Villaraigosa has put its operators on notice that he is only providing funding through September, by which time he expects a new comprehensive gang strategy will be developed. … The debate comes as LAPD Chief William J. Bratton has launched a new assault on gang activity in the city -- a campaign criticized by some for not also including a more aggressive effort to keep kids out of gangs. The crackdown involved the LAPD and other agencies shifting resources to focus on 11 specific street gangs that officials say cause the most problems."

CIVIL RIGHTS:

Gonzales Interviewed About Civil Liberties. The Christian Broadcasting Network (2/23, Charbonneau) interviewed Attorney General Gonzales in Nashville, TN. CBN reports, "It's a day in the life of the U.S. Attorney General Alberto Gonzales as he boards a plane to launch the first Freedom Initiative to protect religious liberties. … Along for the ride, we ask about a report that says discrimination against Muslims after 9/11 in part prompted this new program. … 'It's something we worry about, naturally, when people see images on the television screen that these are the enemies of America, they may naturally assume anyone who looks like these people, or have the same religious belief - that, in fact, they constitute enemies of the United States. And that's just not true,' Gonzales said. … 'The President sent a very clear message in the days following following the attacks of 9/11, going to a Muslim center, and expressing to the American people his clear belief in our country, we have many people of the Muslim faith that do not represent a

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danger to America and we need to be tolerant of the views of the people of the Muslim faith.'" CBN continues, "We asked Gonzales about 'The Breach,' the just-released film about the worst intelligence failure in the FBIs history - when it turned out an American was spying for the Russians" and "what has been done since that incident at the Justice Department to make sure spies like Robert Hanssen aren't still at the FBI? … Gonzales: Well, I can't tell you everything, otherwise I'd be tipping off someone about our efforts to ensure something like that doesn't happen.I think we're in much better shape today than we were just a few years ago." CBN notes, "Gonzales is at the center of the debate over much-publicized case of two imprisoned border patrol agents who were tried and found guilty for shooting an alleged illegal drug smuggler. He didn't say whether he will recommend a presidential pardon. He did say the facts in the case are not getting out. … 'I've heard people complain about how could these people be convicted for doing their jobs,' he said. 'It's not part of their job to shoot an unarmed man from behind. It's not part of their job to conspire to conceal what they did. It's not part of their job to lie about what they did, to hide it from their superiors. So all that occurred in this particular case. And that's why these individuals were convicted.'" CBN asks Gonzales if he is "concerned that in the last couple of years of the Administration that your efforts will be bogged down by endless hearings and investigations by Democrats? … Gonzales: I think that the American people lose if I spend all my time worrying about congressional requests for information, if I spend all my time responding to subpoenas, to things of that nature. We will work with Congress, and we will do the very best we can to reach an accommodation with Congress, to give them the information, the appropriate information, they need for oversight. But that's an important part of my job. But I also believe that the American people expect me to do my job as Attorney General to protect their kids and make their neighborhood safer."

Report Details DOJ Civil Rights Record Under Bush. UPI (2/22) reports, "In a 43-page document released by the U.S. Department of Justice Feb. 20, Attorney General Alberto Gonzales says the department takes seriously the protection of religious freedom and has worked vigorously during the Bush administration to protect them. … 'Many came to America precisely because of the recognition of religious liberty and the protection of this most basic of human rights,' the report, released in conjunction with the attorney general's visit to the Southern Baptist Convention Building in Nashville, Tenn., says. The document was labeled, 'Report on Enforcement of Laws Protecting Religious Freedom: Fiscal Years 2001-2006,' Baptist Press reported Wednesday." UPI continues, "The Civil Rights Division of the justice department was established in 1957 and is best known for its work toward ending racial discrimination. Early in the Bush administration, the department established a Special Counsel for Religious Discrimination to monitor the enforcement of religious freedom laws. … 'Prior to 2001, except for prosecution of religious bias crimes and employment cases, the Civil Rights Division exercised its jurisdiction to enforce civil rights laws with respect to religion sparingly, and had never had an attorney charged with ensuring that these laws were comprehensively enforced,' the report says." UPI adds, "Religious discrimination is a growing problem in the United States as the country is now home to more than 2,000 different faiths and denominations, the report says. From 1992 to 2005, complaints of religious discrimination in employment filed with the Equal Employment Opportunity Commission increased 69 percent, compared to single-digit increases in complaints about sex discrimination and racial discrimination during that period. … Education discrimination cases involving religion increased from one case reviewed and no investigations during the period of 1995-2000 to 82 cases reviewed and 40 investigations from 2001-2006, according to the report."

DOJ Decides Against Seeking Death Penalty For Mississippi Jailer. The Biloxi (MS) Sun Herald (2/23, Fitzgerald) reports from Gulfport, MS, "U.S. Attorney General Alberto Gonzalez decided against seeking the death penalty in the prosecution of Ryan Teel after an extensive review of the criminal case, according to U.S. Attorney Dunn Lampton for the Southern District of Mississippi." The Herald continues, "Teel, a former Harrison County jailer, remains in custody pending trial in the Feb. 4, 2006, fatal beating of inmate Jessie Lee Williams Jr. A motion filed in court Thursday asks for a bond review so Teel could await his May 28 trial out of jail, as first reported on sunherald.com. … Teel was in charge of the booking room the night of the beating. He has been held at an undisclosed location since his arrest Aug. 28, 2006. Teel, 30, pleaded not guilty to charges of deprivation of civil rights under color of law and of falsifying records to obstruct a federal investigation." The Herald adds, "Gonzalez decided against the death penalty after Teel's attorneys and federal prosecutors met with a U.S. Justice Department review panel in Washington. … 'No reason was given,' Lampton said. … 'There's all kinds of arguments for it, but it was his call. I've tried a number of death cases and in this case, I think it's the right decision. It's better to start the case off without the jury or the judge having to deal with the death-penalty issue.'" The Herald notes, "Lampton called the review 'a very serious, involved procedure. They look at all the possible factors like a jury would. With 94 (federal court) districts, I think that's the wise approach in fairness and consistency across the board. When a case goes through, you want the law to be enforced the same in Mississippi that it is in Minnesota and Montana.' … The decision means Teel faces life in prison if convicted on the civil-rights charge."

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Urban League Head Seeks DOJ Probe Of New Orleans Katrina Shootings. The AP (2/23, Foster) reports, "Police shootings that left two people dead at a bridge in New Orleans in the chaotic days after Hurricane Katrina should be investigated by the U.S. Justice Department, the president of the National Urban League said Thursday." The AP continues, "In a letter to the chairwoman of the Congressional Black Caucus, Marc Morial - a former New Orleans mayor - asked that the caucus support a federal civil rights investigation into the 'circumstances surrounding the police killing of two unarmed African American men and the wounding of four others.' … Six current and one former police officer have been charged in the case." The AP adds, "Sgts. Kenneth Bowen and Robert Gisevius Jr., Officer Anthony Villavaso II, and former officer Robert Faulcon Jr. were indicted in December on first-degree murder charges and attempted murder charges in the Sept. 4, 2005, shootings on the Danziger Bridge. … Conviction on a first-degree murder charge would mean mandatory life in prison. District Attorney Eddie Jordan said he would not seek the death penalty for the four. … Two other officers - Robert Barrios and Mike Hunter Jr. - were charged with attempted first-degree murder, and Officer Ignatius Hills was charged with attempted second-degree murder in the case." The AP notes, "The New Orleans NAACP asked the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings after those charged were allowed to return to work in non-sensitive jobs away from the public. Danatus King, president of the New Orleans branch of the NAACP said the move smacked of favoritism."

State Lawmaker Introduces Bill To Legalize Gay Marriage In Illinois House. The Chicago Tribune (2/23, Yednak, 617K) reports, "A state lawmaker fired up the gay marriage debate in Illinois Thursday by introducing a bill that would legalize marriage between same-sex couples. 'Illinois is a heartland state but has always been a leader in civil rights and social justice issues,' said the bill's sponsor," state Rep. Greg Harris (D), saying "It's the right thing to do." The proposal "would eliminate wording in state law that marriage is between 'a man and a woman' and substitute the phrase 'two persons.'" Harris, "who is openly gay, said a significant education effort would be necessary to get his bill passed, as was the case in 2005 when a gay rights bill passed in Illinois."

Nonprofit Law Center Litigates Largest Employment Bias Case. The National Law Journal (2/23, Bathija) reports, "Attorney Brad Seligman was on a hunt to find out whatever he could about Wal-Mart Stores Inc. after hearing about a potential claim of alleged sex discrimination against the retailer in 1999. … 'I called up my friend, another attorney, and he immediately said, "evil empire,"' said Seligman, executive director and founder of a nonprofit group called The Impact Fund, located in Berkeley, Calif. 'Then I called another friend, who is an economist, and he also indicated the same.'" The Journal continues, "Based on the advice of his friends and some statistical research of his own, the litigation began. On Feb. 6, the 9th U.S. Circuit Court of Appeals upheld a lower court decision making the case the largest employment discrimination class action to go to trial. Dukes v. Wal-Mart Stores Inc., No. 3:01-CV-02252 (N.D. Calif.). … The Impact Fund filed the lawsuit against Wal-Mart. The organization aims to provide funding, training and advice to lawyers who want to bring public interest impact lawsuits in civil rights, poverty and environmental justice. And its Equal Justice Litigation Program works as co-counsel on select cases, including the Wal-Mart case." The Journal adds, "The Impact Fund has three attorneys: Seligman, Jocelyn Larkin and Julia Campins. The entire organization runs with 12 employees, said Larkin … The Impact Fund is currently involved in litigating six cases, including another gender discrimination class action against Costco stores."

WPost Praises PG County Police For K-9 Restraints. The Washington Post (2/23, A18) editorializes, "The police of Prince George's County deserve a pat on the back for mending their canine unit's ways. What for too many years had been a barrage of grisly brutality reports has given way to dramatically fewer injuries to suspects and other people. As reported last week by The Post's Ruben Castaneda, the canine unit, which had been operating under a Justice Department consent decree because of allegations of excessive force and lack of accountability, is being freed of federal oversight." The Post continues, "The statistics -- and the views of citizen groups that used to complain constantly about snarly, excessively ferocious dogs -- indicate significant improvement. During a seven-year period from the mid-1980s to the early 1990s, county police dogs were involved in nearly 800 biting incidents, according to an internal police report included in a federal civil lawsuit against a canine handler. Last year, county police dogs apprehended 55 suspects without biting them, a result of steady training of the dogs to 'bark and hold'" not bark and sink their teeth. … We call it encouraging news for all county residents."

ANTITRUST:

DOJ Ends Concrete Price-Fixing Probe With $1.75 Million Fine. The Indianapolis Star (2/23, Corcoran) reports, "A probe into concrete price-fixing in the Indianapolis area, which sent nine current or former

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executives to prison, ended after more than three years Thursday with yet another corporate fine." The Star continues, "The $1.75 million penalty levied against MA-RI-AL Corp. during a U.S. District Court sentencing completed a sweeping antitrust investigation into agreements among more than a half-dozen companies to limit discounts on bid work from July 2000 through May 25, 2004. … MA-RI-AL, a Noblesville company doing business as Beaver Materials, agreed Thursday to settle its November conviction by paying the fine in installments over five years." The Star adds, "The company's co-owners, Allyn M. and R. Gary Beaver, who were not charged in the investigation, agreed to the settlement with representatives of the U.S. Department of Justice. … Chief U.S. District Judge Larry J. McKinney accepted the negotiated fine as a fair punishment that would send a message to other corporations about the risks of fixing prices without putting Beaver Materials out of business. The company also got five years' probation." The Star notes, "Companies involved in the conspiracy, including those whose executives cooperated with the Justice Department Antitrust Division and FBI, also face civil suits from customers to recover any overcharges. … Beaver's defense attorney, James Voyles, said an agreement was possible because the Justice Department's accountants and the company's experts were relatively close in assessments of the firm's ability to pay a fine. … Federal antitrust officials won't say whether more charges could result from alleged price-fixing schemes in Bloomington, Marion and Muncie, where Irving Materials officials have acknowledged participating in additional price fixing."

Two DOD Contractors Plead Guilty In Bid-Rigging Scheme. Newsday (2/23, Kessler) reports, "Two executives of a Pennsylvania defense contractor pleaded guilty yesterday in federal court in Central Islip to charges of bid-rigging in connection with a contract to sell the Navy slings that are used to move bombs and other munitions on aircraft carriers, officials said." Newsday continues, "Thomas Cunningham, 61, the vice president of Total Industrial & Packaging Inc., of McKee's Rocks, Pa. - a Pittsburgh suburb - and Richard Barko, 44, the company's general manager, admitted they conspired with a Long Island company to criminally violate antitrust laws. The Long Island company involved in the $200,000 contract was not identified in court papers. The contract was to provide slings known as metal sling hoist assemblies, officials said. … According to officials, Barko and Cunningham, along with other unnamed conspirators, met between August 2003 and January 2004 and agreed on who would win the bid on the slings and that they all would submit non-competitive bids, officials said." Newsday adds, "As part of a plea bargain, Cunningham and Barko agreed to cooperate with an ongoing investigation into bid-rigging by the Antitrust Division of the Justice Department and the Defense Criminal Investigative Service, officials said. … Thomas Barnett, the assistant attorney general in charge of the antitrust division, said in a written statement: 'We will continue to seek out and prosecute those who subvert the competitive bidding process.'"

Experts Say Sirius-XM Merger Faces Major Antitrust Hurdles. Bloomberg (2/23, Rowley) reports, "Sirius Satellite Radio Inc. and XM Satellite Holdings Inc. will have trouble persuading the U.S. Justice Department to approve their $4.84 billion merger because the combination appears to threaten competition, antitrust experts say." Bloomberg continues, "Antitrust enforcers won't readily accept assertions by Sirius and XM that satellite radio competes for listeners with broadcast radio, iPods and music downloads by cell-phone users, said Herbert Hovenkamp, who teaches antitrust at the University of Iowa law school. The Justice Department probably won't agree with that 'fairly common error,' he said." Bloomberg adds, "Satellite radio can be viewed as 'a unique technology' controlled by 'two firms that have been duking it out,' Hovenkamp said. 'Since they have the whole thing, that would make this a merger to monopoly.' … The test for the Justice Department, he said, will be whether Sirius and XM could impose a price increase without losing customers." Bloomberg notes, "How the Justice Department defines the market is crucial to the outcome of its merger review. The agency's guidelines say that determination hinges on whether the merging companies can impose a 'small but significant and nontransitory' price increase on customers without forcing them to shift to other products. … If enough customers switch products and thus cancel out any profit from a price increase, the market must include these other products, the guidelines say."

WPost Columnist Argues Against Sirius-XM Merger. In a column for the Washington Post (2/23, D1), Steven Pearlstein writes, "Here's what to expect if the Justice Department and the Federal Communications Commission allow Sirius and XM to merge, creating a monopoly in the satellite radio business: … Clear Channel will start buying every radio station in America that it doesn't already own. … Apple will be able to buy any company that begins to challenge its dominance in the market for portable music players. … Comcast will begin merger talks with Time Warner Cable. … And there will be nothing standing in the way of a marriage of NBC and CBS." Pearlstein continues, "All that will be possible because the government will have declared that there is so much competition between the different technologies in the market for digital material -- and the outcome of that competition is so uncertain -- that there is no reason to worry about consolidation of companies using the same technology. … This is the Powell Doctrine -- not

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the one about overwhelming force enunciated by Gen. Colin Powell when he was chairman of the Joint Chiefs of Staff, but the one promulgated by his son, Michael Powell, while he was chairman of the FCC. The younger Powell was guided by this doctrine in giving the green light to consolidation in almost every corner of the telecommunications sector. In the one instance he deviated from that position -- blocking the merger of EchoStar and DirecTV -- it was narrowly, on the ground that there weren't enough broadband competitors in many rural areas." Pearlstein adds, "There is something to the idea that antitrust regulators should use a lighter touch, and exercise greater humility in predicting what might happen, during periods of rapid technological change. But even discounting for that, there are plenty of reasons for the government to block an XM-Sirius merger, which would create a monopoly. … Let's start with the obvious, which is that that while there are now multiple sources for digital music, they aren't perfect substitutes for each other. … Moreover, people are somewhat locked into their current choice by the investment they've made in equipment or contracts with companies. In that way, too, customers are 'sticky.' … The different technologies also have different business models, complicating the terms of competition. Old-fashioned radio makes its money from advertising, so it is hard to see how it could discipline the XM-Sirius monopoly for raising prices. Nor could Apple, which makes its money selling devices and downloaded songs. And we don't even know yet what the business models will be for Internet radio or music over cellphones." Pearlstein concludes, "What we have here, folks, is a case of two money-losing companies locked in what has become ruinous competition, from which they hope to escape by merging. It may be that, given the economics of the business, there is room for only one to survive and prosper. But if satellite radio is such a 'natural monopoly,' consumers will be better off if the companies are forced to duke it out until one prevails and the other dies. The antitrust laws were designed to foster competition, not to foreclose it by bailing out competitors that overpaid for talent, over-invested in plant and equipment or over-promised results to their investors."

More Commentary. In an op-ed for USA Today (2/23, 10A), Jimmy Schaeffler, senior analyst at The Carmel Group, a telecommunications and media consulting organization, writes, "When the Federal Communications Commission approved the creation of satellite radio in 1997, it had an option: Provide an exclusive license to one company, or authorize competing licenses that ensured consumer choice and lower marketplace prices. It wisely opted for the latter, saying: 'One licensee will not be permitted to acquire control of the other remaining satellite licensee. This prohibition on transfer of control will help assure continuing competition.' … This wording stemmed from the commission's core DNA, which prompts it to act on behalf of consumers by embracing competition, localism and diversity deemed to be 'in the public interest.' Now, after XM and Sirius have fought ferociously for 10 years, they come on bended knee before policymakers, begging for a government-sanctioned monopoly. … Their request should be rejected, as was a similar monopoly merger proposed by satellite television providers DirecTV and DISH Network in 2001." Schaeffler adds, "It took DirecTV and DISH Network well over a decade to gain their financial legs in the satellite TV business. XM and Sirius have sustainable businesses that can operate quite well in satellite radio — right now — as separate entities. They don't need a monopoly; all they need is a class in Business 101 and a little common sense."

USA Today (2/23, 10A) editorializes, "Remember the 'baseball, hot dogs, apple pie and Chevrolet' car ad from the 1980s? Turns out it was prescient. While the food is still sold separately, baseball now comes free with many Chevys, at least for a three-month introductory offer. … That's because General Motors has a deal to build XM Satellite radios into Chevys and its other cars. And XM has a deal with Major League Baseball." USA continues, "Satellite competitor Sirius is frozen out of both. But it has the NFL and NBA contracts, which means that if there's a Ford in your future, football and basketball aren't far behind. Not a sports fan? Oprah is on XM; Martha Stewart is on Sirius. … As Stewart might say, that is not a good thing. It makes little sense that sports fans must decide between every single pro football game and no baseball games, or vice versa. Nor does it make much sense that people's listening preferences should enter into their car-buying decisions. … That's one reason the proposed XM-Sirius combination, announced this week, may be the rare merger that is good for consumers." USA notes, "Before the federal government approves the deal, of course, it should be thoroughly vetted. The salient question for regulators is whether satellite radio is a market unto itself, in which case a merger would create a monopoly, or whether it is part of larger universe that includes broadcast radio and an array of existing and emerging technologies. … If it's the latter — and a strong case can be made that it is — the merged entity would represent a more potent competitor to entrenched broadcast interests, one that would offer its customers a more enticing and complete product." USA concludes, "The case against the proposed deal would be stronger if XM, with 7.6 million subscribers, and Sirius, with 6 million, were strong and profitable companies. Both, in fact, have been big money losers, hemorrhaging $6 billion collectively in less than a decade. … The most pressing question is not whether XM and Sirius would be too powerful if they merged; it is whether they can survive if they don't. And the best way to ensure survival is to let them combine. Baseball goes with Chevrolet, so why not also with football, basketball, Howard Stern and Martha Stewart?"

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Apple, Cisco Settle iPhone Dispute. The Financial Times (2/23, Francisco) reports, "Shares of Apple and Cisco Systems were little changed yesterday after the companies settled their dispute over the use of the iPhone name by announcing an agreement to share the controversial trademark." The Times continues, "The accord put to rest a month-long dispute that began when Apple launched the iPhone, marking the computer maker's long-awaited foray into the mobile handset market." The Times adds, "Apple and Cisco said they had reached agreement to share the iPhone name, allowing each to apply the name to products sold around the world. … Under the agreement, both sides agreed to 'xplore opportunities for inter-operability in the areas of security, and consumer and enterprise communications' … Other terms of the deal were not disclosed. The agreement represented a concession on the part of Apple, which had originally resisted calls to make the iPhone compatible with other companies' hardware."

South Korea Fines Refiners For Collusion. The Wall Street Journal (2/23, Choi) reports, "South Korea's antitrust regulator said it fined four domestic refiners a combined 52.6 billion won ($56.1 million) for colluding to fix the prices of light-oil products in 2004." The Journal continues, "The country's top four refiners -- SK Corp., GS Caltex Corp., S-Oil Corp. and Hyundai Oilbank Corp. -- colluded to coordinate the prices of light-oil products diesel, gasoline and kerosene from April 1 to June 10, 2004, according to the Korea Fair Trade Commission. … 'The collusion has incurred 240 billion won in damages to customers, which is equal to 15% of their combined sales worth 1.6 trillion won during the cited period,' said Song Sang Min, a commission official." The Journal adds, "During the 71-day period, international oil prices rose by the equivalent of 20 won a liter, but the four companies raised the prices of the three light-oil products by 40 won to 70 won a liter. … The commission said it has also filed a complaint with prosecutors for further investigation against the four refiners."

Judge Tosses Antitrust Suit Against Utah Home Developer. The Salt Lake Tribune (2/23, Manson) reports, "For the second time, a federal judge has thrown out a lawsuit that accuses the developer of a planned community on Traverse Mountain in Draper (UT) of antitrust violations." The Tribune continues, "U.S. District Judge Dee Benson ruled that U.S. General Inc. and DJ Investment Group failed to specify alleged conduct by developer SunCrest LLC that would be considered an antitrust violation. … 'An antitrust claim requires harm to the competitive process, not simply harm to a particular competitor,' Benson wrote in his Feb. 14 decision dismissing the suit. … He also wrote that Traverse Mountain does not constitute an economic market as defined in antitrust law." The Tribune adds, "SunCrest is building its community high atop Traverse Mountain, which is in an area that straddles Salt Lake and Utah counties. DJ Investment owns adjoining land and wants to build its own community with U.S. General, a construction company. … DJ Investment and U.S. General filed suit in November 2005, accusing SunCrest of conspiring with Draper city officials to shut them out of developing their land. They claimed that during secret meetings, Draper and SunCrest agreed to create protection strips that would limit access by the two companies to the DJ Investment property. … SunCrest and Draper strongly denied all of the allegations. In June 2006, U.S. District Judge Ted Stewart threw out the suit. Within days, DJ Investment and U.S. General filed a new lawsuit that made the same claims but had a more detailed argument about the alleged evidence in the case."

FTC Approves AIG Unit's Acquisition Of US Port Operations. The AP (2/23) reports, "Federal antitrust regulators said Thursday they approved American International Group Inc.'s purchase of six U.S. port operations from Dubai Ports World." The AP continues, "DP World, which is owned by the government of Dubai, touched off a political firestorm over port security in early 2006 when it acquired the operations from a British firm. … The Federal Trade Commission cleared the transaction without requiring any changes to the deal." The AP adds, "AIG's Global Investment Group first announced it would buy DP World's U.S. port operations in December 2006. The deal stumbled earlier this month when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal. … After Senators Charles Schumer, D-N.Y., and Robert Menendez, D-N.J., pressured the Port Authority, it reached a deal with AIG Feb. 16."

EU Clears Purchase Of German TV Network. The AP (2/23) reports, "The European Commission on Thursday cleared the sale of Germany's biggest commercial TV broadcaster ProSiebenSat.1 Media AG to a consortium controlled by private equity groups, saying it found no antitrust problems." The AP continues, "U.S. fund Kohlberg Kravis Roberts & Co. and British-based Permira plan to merge ProSieben with their other broadcasting asset, Dutch-Scandinavian SBS, with the aim of overtaking European industry leader RTL Group SA, which is controlled by media conglomerate Bertelsmann AG. Permira also controls British TV rights manager All3Media." The AP adds, "An antitrust investigation found ProSiebenSat.1 and SBS were not direct rivals and All3Media's TV content sales in Germany were negligible. … 'The Commission concluded that there was no

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risk that the proposed transaction would allow the new entity to drive competitors out of the market or to discriminate against them,' it said." The AP notes, "ProSieben owns the Sat.1, ProSieben, kabel eins and N24 networks in Germany and controls about 45 percent of Germany's $5 billion television advertising market. … The consortium will pay German Media Partners 3.1 billion euros ($4 billion) cash for the 50.5 percent stake in the company that it acquired in 2003 and has launched an offer to acquire the publicly traded shares. … Separately, ProSieben said Thursday that its fourth-quarter profit rose by 17 percent thanks to increased advertising, but the figure was still short of analysts' expectations."

Black Farmers Oppose Monsanto-Delta Pine Deal. The Jackson (MS) Clarion-Ledger (2/23, Goodman) reports, "Black farmers in Mississippi and around the country are bracing for a major seed company merger they say threatens to create a monopoly that will price them out of the farming business." The Clarion-Ledger continues, "St. Louis-based Monsanto Co. is forging ahead with a plan to purchase Mississippi's Scott-based cottonseed company Delta and Pine Land, and a national black farmers group says its opposition to the deal has gotten lost in the mix. … 'If this merger goes through, it's going to have a drastic effect on black farmers and small farmers around the country,' said John Boyd Jr., president of the National Black Farmers Association. … 'If this merger goes through, there is literally no competition for cottonseed, soybean seed and corn seed, genetically engineered.'" The Clarion-Ledger adds, "The association represents 80,000 members around the country, primarily small producers, and has its biggest membership in Mississippi. … Delta and Pine Land operates the largest and longest-running private cottonseed breeding program in the world while Monsanto, one of the world's largest agricultural products companies, makes Roundup, the world's best-selling herbicide. … The deal, still awaiting U.S. Department of Justice approval, would mean a monopoly on the market, and seed prices would shoot up, Boyd said. … 'It would be just like going to one supermarket and that supermarket sets the price for everything and we don't have any option but to go to that one supermarket.'"

Esmark Says Deal For Ohio Steel Mill Is Dead. The AP (2/23, Smith) reports from Charleston, WV, "A deal to sell the Weirton division of Mittal Steel Co. to Illinois-based Esmark Inc. is dead, Esmark President Craig Bouchard told The Associated Press on Thursday." The AP continues, "To comply with a federal Justice Department decree, Mittal was ordered this week to sell its Sparrows Point mill in Maryland instead of the former Weirton Steel, across the Ohio River from Steubenville, Ohio, where workers had volunteered to be sold and where Esmark had already made an offer. … The government said selling the mill near Baltimore was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel. The decree did not prevent Mittal from making a separate deal to shed Weirton, but Bouchard said the company told him Wednesday night that it would keep the West Virginia operations for now. … 'As of right now, our deal with Mittal for Weirton is dead,' he said." The AP adds, "Mittal spokesman William Steers said a January memorandum of understanding with Esmark is no longer valid because it was conditioned on the Justice Department's acceptance of the sale as a remedy to the antitrust concerns. … 'At this point in time, we're focused on developing a global packaging strategy, and Weirton will be part of that,' Steers said. 'We want to focus on seeing whether we can improve its profitability, retain that business and develop its prospects.'" The AP notes, "The 1,250-member Independent Steelworkers Union said it has been assured Mittal 'remains committed' to keeping a mill in West Virginia. … Justice officials had initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. … That left Mittal with the choice of selling one of its two U.S. assets in the tin market, Sparrows Point or Weirton. … Justice ruled that Sparrows Point is 'a profitable and diversified facility' with its own in-house supply of slab steel, while Weirton would have to develop new sources of slab after separating from Mittal."

Jury Orders Microsoft To Pay $1.52 Billion To Alcatel In MP3 Suit. The Wall Street Journal (2/23, A3, Guth, Wingfield) reports, "A federal jury ordered Microsoft Corp. to pay $1.52 billion to Alcatel-Lucent SA for infringing patents on a fundamental technology for digital music." The Journal continues, "The decision found that Microsoft's Windows Media software had infringed two patents related to MP3, a software technology for recording and playing digital audio. … The patent verdict, one of the largest on record, could have broad repercussions because of the widespread use of the MP3 audio format in technology and electronics products. Devices that employ the technology include Apple Inc.'s iPod, software from Macromedia and Internet services from Yahoo Inc." The Journal adds, "The decision came from the U.S. District Court in San Diego. The battle began with a 2003 lawsuit filed by Lucent Technologies Inc., which was bought last year by Alcatel. The complaint alleged that Microsoft customers Dell Inc. and Gateway Inc. infringed 15 patents related to the MP3 technology for encoding and decoding audio files. Those companies sell personal computers that include Microsoft's player technology, which uses MP3."

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The New York Times (2/23, Hansell) reports, "At issue is the way the Windows Media Player software from Microsoft plays audio files using MP3, the most common method of distributing music on the Internet. If the ruling stands, Apple and hundreds of other companies that make products that play MP3 files, including portable players, computers and software, could also face demands to pay royalties to Alcatel. … Microsoft and others have licensed MP3 — not from Alcatel-Lucent, but from a consortium led by the Fraunhofer Institute, a large German research organization that was involved, along with the French electronics company Thomson and Bell Labs, in the format's development." The Times adds, "The current case turns on two patents that Alcatel claims were developed by Bell Labs before it joined with Fraunhofer to develop MP3. … Thomas W. Burt, the deputy general counsel of Microsoft, said the company would most likely petition the judge in the San Diego case, Rudi M. Brewster, to set aside or reduce the judgment. If she does not, Microsoft will probably take the case to the federal appeals court in Washington, which hears patent cases."

USA Today (2/23, 1B, Swartz) reports, "In 2002 and 2003, Lucent, which was acquired by Alcatel last year, filed 15 patent claims against computer makers Gateway and Dell. Microsoft sued Lucent over the claims and was countersued by Lucent. A judge has tossed out two of Lucent's claims and set six trials to consider the remaining patent disputes." USA adds, "Microsoft says it properly licensed the MP3 technology from Fraunhofer-Gesellschaft, a German research company, for $16 million, in 1997 and 2004. … 'We are concerned that this decision opens the door for Alcatel-Lucent to pursue action against hundreds of other companies who purchased the rights to use MP3 technology from Fraunhofer, the industry-recognized rightful licensor,' Burt said in an earlier statement."

The Washington Post (2/23, D1, Sipress) reports, "The judgment, which lawyers from both sides called the largest patent award ever, raised the prospect that scores of other companies could now be financially liable for using the popular MP3 format. /// Alcatel-Lucent argued that it held the rights to the technology because it was developed at Bell Laboratories, which later became part of Lucent. Alcatel bought Lucent last year. The company successfully argued that Microsoft infringed on the patents by including the digital music technology in its Windows operating system starting in 1998. The same technology later was used in Microsoft's Windows Media Player and is included in the Windows Vista operating system, which was released to the public last month. … Microsoft countered that it had properly licensed the technology from Germany's Fraunhofer Institute, which was involved with Bell Labs in developing aspects of the MP3 format. Only after Microsoft and other companies made licensing agreements with Fraunhofer did Alcatel-Lucent raise its claim, Microsoft argued."

The Financial Times (2/23, Waters) reports, "The large size of the award highlights the scale of the risk to Microsoft as it faces a series of other wide-ranging legal disputes with Alcatel-Lucent over some of the fundamental technology used in PCs and related devices. … Thursday's verdict, stemming from the use of audio coding technology in PCs, was the first of five due to be heard by the San Diego court in the coming months. The others relate to speech coding technology in Windows; user interface patents; technology in the Xbox games console; and video coding in other Microsoft software."

The AP (2/23, Mintz) reports, "The court will consider the next of the patent suits, which relates to speech coding, in March or April, Microsoft said. Other areas in dispute include video coding on Microsoft's Xbox game console and Windows' user interface."

ENVIRONMENT:

Bush Promotes Energy Proposals In Visit To North Carolina. The Daily Dispatch (2/23, Ponder) reports this morning, "President George W. Bush promoted a major reduction in gasoline use during a visit Thursday to a Franklinton biotechnology facility doing cutting-edge research in the production of ethanol, one of the fuels at the heart of the plan." Bush "told an audience at the Novozymes facility outside Franklinton Thursday that the company's role in ethanol production was a key to American energy independence. The 20 in 10 initiative is a new Bush administration goal to reduce gasoline consumption in America by 20 percent over the next 10 years." Bush "said ethanol would allow Americans to be 'better stewards of the environment' while reducing dependence on foreign oil."

The Washington Post (2/23, A8, Fletcher, 690K) says "Bush's energy proposal is among the few items in his domestic agenda likely to receive support from Democrats in Congress." Although "Bush has not submitted specific legislation," White House "officials have said that they hope the principles he has laid out will guide lawmakers when they consider energy policy." McClatchy (2/23, Barrett), meanwhile, reports that "for Bush, it was another step in his tour across the country to pitch the priorities he outlined in his State of the Union address in January." For Franklinton, "the visit was a very big deal. Novozymes' CEO flew over from Denmark. The mayor was there, along with county commissioners. Sen. Richard Burr, R-N.C., Rep. G.K. Butterfield, D-N.C., and North Carolina Agriculture Commissioner Steve Troxler showed up. Signs around town welcomed the president, and a quartet of children on a nearby road manned a candy stand, hoping Bush might stop by for a $1 Snickers."

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The New York Times (2/23, Andrews, 1.16M) reports, "After touring the laboratory, which is developing enzymes to make cellulosic ethanol, fuel distilled from plant byproducts, Mr. Bush spoke buoyantly about new technologies that may reduce the nation's thirst for foreign oil. … After listening to company executives describe the role of enzymes in reducing the cost of ethanol, Mr. Bush jumped in to ask a layman's question: 'So is this like a distillery?'" The trip "is the latest event this week in which Mr. Bush has stepped away from grim questions about the war in Iraq to focus on domestic themes like energy and health care." The Times adds, "Some environmental groups complain about Mr. Bush's definition of alternative fuel including liquefied coal, which could produce even more heat-trapping gases than gasoline." But "the president appeared to show genuine enthusiasm for cellulosic ethanol, frequently interrupting Novozymes executives to boil down technical explanations into more simple sound bites. At one point, Mr. Bush jumped in to explain that corn-based ethanol could not provide enough alternative fuel because ethanol demand was already outstripping supply."

The AP (2/23, Loven) recounts that at one point, "the president held up a beaker of nearly complete ethanol, sniffed it and laughed: 'I quit drinking in 1986,' he said. Then he turned serious. 'Someday you're going to be able to use this in your car,' Bush said." Remarking on that anecdote, the Los Angeles Times (2/23, Gerstenzang, 850K) runs a story titled "Bush Gets A Whiff Of Alternative Fuel," in which is says that Bush, "who frequently jokes about his undistinguished record as a history major at Yale, is devoting considerable time these days to matters scientific."

News & Observer (2/23) says Inside the company, Bush "donned a white lab coat with his name and the company's name and went from room to room learning about how the company works to develop biotechnology. … Afterward, he greeted people along the rope line and then boarded his helicopter just after 1 p.m."

Bush's visit to North Carolina was extensively covered by local TV newscasts across the country. Some examples: WWAY-TV Wilmington, NC (2/22, 11:12 pm) said in its broadcast, "Bush and a panel of experts came to Franklinton, North Carolina today. They say our state can partake in the growth of the ethanol fuel industry." WCNC-TV Charlotte (2/22, 11:06 pm) reported, "Bush went to Franklinton near Raleigh to visit biotech plant Novozymes. The company produces enzymes which help turn corn into ethanol fuel. WCNC was there as the President learned about other resources which could produce ethanol." The station showed the President saying, "We're on the verge of some breakthroughs that will enable a pile of wood chips to become the raw materials for fuels that will run your car." Many other stations, including WFMZ-TV Philadelphia (2/22, 10:46 pm), WSJV-TV South Bend (2/22, 10:24 pm), and KTVU-TV San Francisco (2/22, 5:39 pm), aired similar quotes from the President.

Bush Honors North Carolina Volunteer. The Herald-Sun (2/23, West) reports, "Forgive Durham's Jamie Lathan if he feels humbled right now. After all, it's not everyday someone gets to meet and chat briefly with the leader of the free world on the tarmac by Air Force One -- plus have…Bush himself turn and wave to your mother, your father and your younger brother standing nearby in the crowd of spectators. That's precisely what happened to Lathan, 28, a mentor who on Thursday joined an elite list of more than 500 people nationally who have received the President's Volunteer Service Award for making a difference in the lives of others." The Sun adds, "Amid a morning burst of sunshine, Bush presented a ceremonial box containing a pin to Lathan moments before leaving Raleigh-Durham International Airport via helicopter to tour an alternative-energy plant in Franklinton. 'It was amazing. It was amazing,' Lathan said immediately afterward, affixing the pin to the lapel of his dark suit jacket." Lathan "said he told the commander-in-chief he was praying for him." He is "a mentor at the Youth Life Learning Center of Durham, an outreach program originally founded by King's Park International Church."

Critics Criticize Bush Proposal For Energy R&D Spending. The Christian Science Monitor (2/23, Clayton, 59K) reports, "If new technology is a key answer to global warming and America's addiction to oil, then…Bush's proposal to boost federal spending on energy R&D – by no less than 30 percent in fiscal 2008 – would seem a welcome step. In the new $2.7 billion budget plan, R&D dollars allotted to the US Department of Energy (DOE) continue a transition toward research that will help cut greenhouse gases." However, "federal spending on energy research in real dollars is only one-third what it was at its 1978 peak, according to a Harvard University analysis. Some also question the administration's emphasis on nuclear research, saying other promising technologies could be applied sooner to climate and energy-security issues."

Rising Costs Threaten Development Of Gas-To-Liquid Fuel. The Wall Street Journal (2/23, A2, Gold, 2.04M) reports, "The rush to build a new industry that turns natural gas into an ultraclean transportation fuel is stumbling over rising costs, showing how tough it is for emerging fuels to compete with crude oil. This past week, Exxon Mobil Corp. backed out of plans to build an enormous gas-to-liquids, or GTL, plant in Qatar." Yesterday, Shell "broke ground on its own similarly sized GTL plant in Qatar, but said the cost might have tripled to as high as $18 billion. Escalating budgets are threatening to constrain the growth of the GTL industry, which produces a clear liquid that can run existing diesel engines without any of the sooty pollutants associated with diesel." The Journal adds, "Higher costs have hit companies developing Canada's oil sands, where crude is

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packed into tar-like deposits. Prices for corn and other crops have risen, in part, because of the U.S.'s increasing interest in ethanol."

New Fuel Economy Ratings Show Hybrids Not As Efficient As Thought. In a front-page story, USA Today (2/23, 1A, Healey, 2.27M) reports, "Fuel-saving gasoline-electric hybrid cars don't save as much fuel as thought, according to new government fuel-economy ratings available to the public for the first time. The new ratings go into effect beginning with 2008 models," but "it's possible to tell what rating 2007 and older models would get using the '08 standards. The government's fuel-economy website has a program than makes the comparison." The Toyota Prius "drops to 48 miles per gallon in the city under the '08 testing procedure, from a 60 mpg rating under the current system — a 20% decline. Its highway mileage rating falls about 12%, to 45 mpg."

Iowa City To Pay $1.5 Million In Coal Gas Site Settlement. The Le Mars (IA) Daily Sentinel (2/23, Stevens) reports, "Le Mars City Council members Tuesday approved an agreement with the U.S. Justice Department on the nearly five-year-old dispute centering on clean-up of contamination at the former Le Mars Coal Gas site." The Sentinel continues, "The agreement, as outlined by City Attorney Joe Flannery, calls for the city to pay $1.5 million in clean-up response costs plus additional interest. Payments are to be made in three increments, the first $500,000 to be paid on or before July 31, 2007." The Sentinel adds, "Two additional $500,000 payments will be made, upon final federal acceptance of the pact, by April 22, 2008 and April 22, 2008. MidAmerican Energy has agreed to pay $3.1 million in response cost stemming from the clean-up. The coal gas site is located at the northwest corner of the intersection of Fourth Avenue and First Street Northeast where currently the Le Mars street department building sits. … The agreement, after publication in the Federal Register, will then be ruled on in Federal Court in Sioux City. Councilman John Rexwinkle, a MidAmerican employee, emphasized during Tuesday's meeting that he had excused himself from any and all discussions that have taken place on the agreement talks."

BP Employee Deleted Files After Subpoena. The Financial Times (2/23, McNulty) reports, "A BP employee has admitted destroying documents after plaintiffs' lawyers subpoenaed her laptop on an anonymous tip that she had information useful in the lawsuits against the UK oil company arising from its fatal refinery explosion." On "November 3 2006, plaintiffs' lawyers subpoenaed Susan Moore, BP regulatory affairs manager, requesting certain documents and the laptop she has used for the past two to three years in her work for BP." When "plaintiffs' lawyers questioned Ms Moore on January 26 2007, a transcript revealed, she said BP had not shown her the subpoena until earlier in the week, and that she had deleted e-mails in the two months after the subpoena." Moore said, " "To the best of my knowledge, I have not deleted information relative to this case." But "Joseph Gourrier, the plaintiffs' attorney questioning Ms Moore, responded, 'It's not up to you to determine what would be relevant to this case.'"

GAO Report Says Funding For Gasoline Storage Tank Cleanup Falls Far Short. The AP (2/23, Heilprin) reports, "It will cost at least $12 billion to clean up contamination from tens of thousands of gasoline storage tanks that are leaking underground, congressional auditors say. That is far more than the $72 million that Congress and the Bush administration have provided each year, according to the report Thursday from the General Accountability Office." The EPA "has already spent more than $10 billion to reduce the contamination over the past 20 years caused by hundreds of thousands of leaking tanks, many of them found at gas stations and convenience stores. Yet some 117,000 faulty tanks still await cleanups, according to the latest figures current as of September 2005." The "lag in cleanups isn't necessarily due to lack of money, according to the GAO." A trust fund to remove the contamination "has about $2.6 billion and is expected to reach $3 billion before the end of 2008." But "annually only a small fraction has been appropriated for cleanups. Most has sat in the Treasury to help counter federal budget deficits."

Sanford Says Conservatives Must Reframe Climate Change Debate. In a Washington Post (2/23, A19, 690K) op-ed, South Carolina Gov. Mark Sanford (R) writes, "The climate change debate is here to stay, and as America warms to the idea of environmental conservation on a grander scale, it's vital that conservatives change the debate before government regulation expands yet again and personal freedom is pushed closer toward extinction." Conservatives "must reframe the environmental discussion by replacing the political left's scare tactics with conservative principles such as responsibility and stewardship." And "conservatives must reclaim lost ground from far-left interest groups by showing how environmental conservation is as much about expanding economic opportunity as it is about saving whales or replanting rain forests." Finally, "conservatives must respond to climate change with innovation, not regulation. This means encouraging private research and implementation of more eco-friendly construction, more energy-efficient workplaces and more sustainable ways of going about life." If "conservatives cannot reframe, reclaim and respond to climate change with our principles intact, government will undoubtedly provide a solution, no matter how taxing it may be."

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Krugman Says California's Experience Shows Conservation Not Burdensome. New York Times (2/23, 1.16M) columnist Paul Krugman writes, "[C]limate change skeptics seem to be making a seamless transition from denial to fatalism. In the past, they rejected the science. Now, with the scientific evidence pretty much irrefutable, they insist that it doesn't matter because any serious attempt to curb greenhouse gas emissions is politically and economically impossible." Krugman adds, "Behind this claim lies the assumption...that any substantial cut in energy use would require a drastic change in the way we live." But "the assumption is false." California "has managed to combine rising living standards with a substantial decline in per capita energy consumption, and managed to keep total carbon dioxide emissions more or less flat for two decades, even as both its economy and its population grew rapidly. And it achieved all this without fundamentally changing" its lifestyle. After the energy crisis of the 1970s, "conservation in most of America soon stalled." In "California, by contrast, the state continued to push policies designed to encourage conservation, especially of electricity. And these policies worked." The state's "experience shows that serious conservation is a lot less disruptive, imposes much less of a burden, than the skeptics would have it."

FBI/DEA/ATF/USMS:

Detroit Man Who Sold Lethal Fentanyl-Laced Drugs Gets 30-Year Sentence. The Detroit News (2/23) reports a Detroit man who "admitted selling a fentanyl-laced drug cocktail that killed two people was sentenced Thursday to more than 30 years in prison. U.S. District Judge Lawrence P. Zatkoff, sitting in Port Huron, sentenced James Edgar Coleman to 365 months in federal prison. That sentence was at the top of the sentencing guideline range for Coleman, who has previous convictions for drug trafficking. … U.S. Attorney Stephen Murphy credited the work of the Drug Enforcement Agency and Oakland County. 'This significant sentence is the result of a robust federal response to the rash of overdose deaths caused by fentanyl-laced heroin,' Murphy said."

The Detroit Free Press (2/23, Ashenfelter) reports, "Coleman -- accused of selling the drugs that killed 17-year-old Lauren Jolly and 30-year-old Daniel McElmurry -- pleaded guilty in November to avoid a possible life sentence. … Detroit Drug Enforcement Administration Chief Robert Corso said, 'Today's sentencing reflects a substantial sentence for a substantial violator' and should send a message to Detroit-area drug dealers."

The AP (2/23) reports Coleman's "plea to two counts of delivering a controlled substance resulting in death was the first related to fentanyl-laced heroin and cocaine that killed more than 100 people in metropolitan Detroit in 2005 and 2006…Murphy said." CBS News, FOX News, the Washington Post, Los Angeles Times, Houston Chronicle, Newsday, and the Kansas City Star used the AP story.

FBI Arrests Florida Police Officers In Drug Trafficking Sting. In a widely-distributed story, the AP (2/23, Anderson) reports, "Four police officers in Hollywood, Fla., have been arrested on suspicion of providing protection and running drugs and money for an organized crime group that was really an FBI sting operation, a law enforcement official said Thursday. The source, who is familiar with the case, spoke on condition of anonymity because the matter is sealed until Friday." The AP notes, "An FBI spokesman in Miami did not immediately return calls seeking comment. The four officers were expected to appear Friday in federal court in Fort Lauderdale."

The Miami Herald (2/23, Wright, 286K) reports, "It is unclear whether Kevin Companion, Jeff Courtney, Steve Harrison and Tom Simcox, all veterans of the police force, were being held in federal prison Thursday night, but word of the arrests sent shock waves through the department and City Hall." Hollywood City Manager Cameron Benson "said he was told the FBI had been running the sting for about two years. Mayor Mara Giulianti first heard of the investigation several weeks ago and said there was 'pretty convincing and strong evidence' that the officers had been involved in wrongdoing. The FBI has scheduled a press conference at 11 a.m. today in front of the federal courthouse in downtown Fort Lauderdale, where officials are expected to give more details on the case."

Advocates Use Data Quality Act To Dispute Government Stance On Medical Marijuana. The San Francisco Chronicle (2/22) reported medical marijuana advocates "tried a new approach …in their tug-of-war with the federal government, filing suit under a law that requires the government to correct its own misstatements -- including, the advocates say, the assertion that marijuana has no medical value. … The suit was filed in federal court in San Francisco under the Data Quality Act, a little-known statute signed by President Bush in 2001. It directs federal agencies to allow members of the public to 'seek and obtain correction' of false or misleading government information that affects them."

The Los Angeles Times (2/23) reports advocates say the government's stance "ignores its own studies." A 1999 report by the Institute of Medicine "declared that marijuana showed medicinal promise and advocated the development of cannabis-based drugs."

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Five To Face Federal Charges In California "Pot Houses" Case. The San Francisco Chronicle (2/22) reported five suspects who "allegedly grew marijuana in specially-outfitted homes in Oakland…are facing federal charges for producing plants with a street value of $6 million." The suspects "were arrested Feb. 7 in Oakland and San Francisco by police and members of the Yolo County Narcotic Enforcement Team. Authorities seized 1,500 marijuana plants during raids of homes in Oakland and West Sacramento, where the investigation began several months ago. … Acting on a tip, agents initially began watching a home in West Sacramento, Drug Enforcement Administration Special Agent James Sheeran wrote in a 30-page affidavit "

Walters Promotes US Anti-Drug Strategy In Canada, Some Criticize Approach. The Canadian Press (2/22) reported John Walters "is in Ottawa touting America's anti-drug policy as a model for Canada. Walters says a blend of treatment, prevention and tough law-and-order measures have lowered drug use among American teens. But critics aren't buying it. Lawyers, academics and a Liberal senator warned against a U.S.-style approach in Canada, saying it's hugely expensive and ineffective." They "say the Conservatives should reconsider any drug crackdown that focuses more on prison terms than prevention or treatment." The Edmonton Sun and Ottawa Citizen used the Canadian Press story.

In the Ottawa Citizen (2/22) Ethan Nadelmann, founder and executive director of the Drug Policy Alliance, wrote Walters "is in Ottawa today, trying his best to put a positive spin on one of the greatest disasters in U.S. foreign and domestic policy. Part of his agenda is to persuade Canada to follow in U.S. footsteps, which can only happen if Canadians ignore science, compassion, health and human rights." The United States "ranks first in the world in per-capita incarceration. … The U.S. 'war on drugs' costs at least $40 billion U.S. a year in direct costs, and tens of billions more in indirect costs. It's all useful information for Canadians to keep in mind when being encouraged to further toughen their drug laws to bring them in line with those of the United States."

Jury Awards Former ATF Agents $9.75 Million In Damages In Suit Against Chicago. The AP (2/23, Robinson) reports, "A jury awarded a husband and wife $9.75 million in damages Thursday for a smear and terror campaign aimed at them after they accused a police officer of corruption while working as federal agents." The AP continues, "Diane Klipfel and Michael Casali hugged and kissed their friends and their attorney after the jury delivered its verdict in the civil trial. … 'I'm relieved that the ordeal is finally over and justice is served,' Casali, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, told reporters." The AP adds, "City Law Department spokeswoman Jennifer Hoyle said officials were disappointed and were reviewing appeals options. … The verdict ended a five-week trial focusing on Joseph Miedzianowski, sometimes described as Chicago's most corrupt police officer. … Miedzianowski was convicted in April 2001 of masterminding a Chicago-to-Miami cocaine pipeline and supplying guns and ammunition to the very street gangs he was supposed to be investigating. He is serving a life sentence at a federal prison in California." The AP notes, "Klipfel is a retired ATF agent and Casali still is an agent. They say Miedzianowski smeared them with misconduct allegations and terrified them with threats after they leveled corruption charges against him in 1992 while working in the Chicago ATF office. They say they were so frightened, their children slept in a closet in the interior of the house in case shots were fired through the walls. … Jurors leaving the court scoffed at city officials' claim that they conducted an 18-month investigation of Miedzianowski but never interviewed Klipfel and Casali, and were unable to uncover evidence of corruption at the time."

The Chicago Tribune (2/23, Coen) reports, "Juror Megan Cox said the key to the case was the Chicago Police Department's 'incompetent, lazy and overall negligent' internal investigation into the corrupt officer. … The plaintiffs had argued that Miedzianowski was allowed to select witnesses and bring them in for questioning himself and that Klipfel wasn't interviewed. … Juror Joe Karl said that was especially outrageous given that the corruption was reported by a federal agent. … 'How do you run an investigation and not interview the person making the complaint?' Karl said." The Tribune notes, "The largest part of the $9.75 million award came for the jury's decision that the city and Miedzianowski violated Klipfel's civil rights. Klipfel had testified she was forced from ATF after the Police Department retaliated against her and that she moved her children out of state at times, fearing for their safety."

Philadelphia Man Convicted Of Gun Crimes. The Philadelphia Inquirer (2/23, Shiffman) reports, "A Philadelphia man secretly recorded on tape talking about a plot to detonate pipe bombs inside the Gallery at Market East mall was convicted yesterday of 27 unrelated violent crimes that are likely to send him to prison for life." The Inquirer continues, "The verdicts against Andre L. Henry are significant, federal authorities said, because they represent a brazen case of a felon using women with clean records to make straw gun purchases, then using the weapons in a crime spree. … The jury found that shortly after the women helped Henry buy assault rifles, shotguns and handguns in 2003, he robbed two banks and seven fast-food restaurants, fired shots at a Philadelphia police officer and solicited the

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murder of grand-jury witnesses." The Inquirer adds, "Henry, 29, also faces two decade-old state murder charges. He spent much of his federal trial wearing an electronic stun belt after U.S. marshals said they caught him trying to sneak a seven-inch homemade knife into the courtroom. … Near the end of the two-week trial, Henry testified that the person who confessed to the 27 crimes on a secret recording is actually his twin brother. Assistant U.S. Attorneys Michelle Rotella and Susan Fields presented evidence that Henry does not have a twin brother. … 'His story is just absurd,' Rotella told jurors." The Inquirer notes, "U.S. District Judge Jan E. Dubois scheduled sentencing for May 24. Under the advisory federal guidelines, Henry probably faces life imprisonment. … John Hageman, a spokesman for the Bureau of Alcohol Tobacco and Firearms, said that the Henry case 'truly exhibits the danger and violence brought to Philadelphia by these illegally purchased firearms.' … 'This case also shows that this is a regional problem,' Hageman said. 'All of the guns were purchased in Montgomery County.'"

IMMIGRATION:

Senate Hearing To Look For Administration Backing Of Comprehensive Immigration Reform. The Washington Times (2/23, Hurt, 88K) reports, "Senate Judiciary Committee Chairman Patrick J. Leahy will hold a hearing next week that he hopes will get the Bush administration to confirm publicly that it wants 'comprehensive immigration reform' this year." The Times notes "Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff will testify at the Wednesday hearing. The White House yesterday said Mr. Bush remains committed to comprehensive reform, which many Republicans fear will contain some sort of amnesty for illegal aliens and usher millions of new foreign workers into the country." Meanwhile, Sen. Edward M. Kennedy "plans to introduce a major bill sometime after next week, his office said yesterday." Kennedy's office says the administration has been kept up to date "on the developments of drafting the bill," but a number of Republicans "complain that they have been left out of negotiations," prompting fears "that the bill is being pushed further to the left than last year's final bill."

On CNN's Lou Dobbs Tonight (2/22, 6:19 pm), host Lou Dobbs said, "Corporate lobbyists and special interest groups are helping" to write Kennedy's bill. "The legislative work is being done in secret. Taxpayers who will ultimately have to pay for that legislation for amnesty will not have a voice. But guess who does? … The Chamber of Commerce and groups like it have been allowed to hijack a large part of the process and even write part of the legislation." CNN (Sylvester) continued, "Even moderate Republicans like Senator Arlen Specter have not been offered a seat at the table. … One Republican Hill staffer complained, 'The Chamber has seen more than the senators when it comes to the actual writing on paper.'" Sylvester added later that "despite the election, in which the people spoke loudly and clearly, we are seeing more of the same when it comes to letting special interests dictate what ultimately is the policy on immigration in this country."

Smuggling Rivalries Boost Violence On US-Mexico Border. The Washington Times (2/23, Seper, 88K) reports, "Rival alien and drug smugglers on the US-Mexico border are targeting each other in a wave of escalating violence to win control of smuggling corridors into the United States, with at least four recent killings tied to efforts to kidnap migrants for ransom." Border violence "has risen dramatically over the past three years in what US Immigration and Customs Enforcement (ICE) has called 'an unprecedented surge.' ICE has established intelligence and investigative operations along the border to combat the increased brutality." The Times continues that much of the violence has been directed at "US Border Patrol agents, who have seen a spike in incidents as the agency continues its efforts to bring larger areas of the border under operational control."

Three Executives, 200 Workers Arrested In ICE Sweep Of National Cleaning Company. The Wall Street Journal (2/23, A5, Block, 2.04M) reports the Department of Homeland Security's "new strategy to 'attack the economic engine' that fuels most illegal migration into the US" has led to the arrest of "three top executives of a national cleaning service for allegedly employing illegal immigrants and defrauding the government. The sweep also netted nearly 200 employees believed to be illegal immigrants." A 23-count indictment unsealed yesterday says Nevada-based Rosenbaum-Cunningham International Inc., or RCI, "knowingly hired illegal immigrants, intentionally failed to withhold taxes and created shell accounts to line the pockets of top executives. RCI co-owners Richard M. Rosenbaum and Edward Scott Cunningham and firm controller Christina Flocken face criminal fraud, immigration and tax charges."

The Washington Times (2/23, Seper, 88K) describes the sweep as "the latest in a series of high-profile efforts by the Bush administration to strengthen its immigration-enforcement credentials as Congress and the White House begin debate on a new round of immigration legislation."

The Washington Post (2/23, A10, Hsu, 690K) reports, "The case marked the latest wrinkle in a renewed campaign by the Bush administration to crack down on employers as Congress debates an overhaul of the nation's immigration laws. ICE arrested 716 individuals on criminal charges last year, up from a few dozen in recent years." The RCI executives "allegedly paid workers in cash and set up shell companies, with such names as Ricurt Inc., Monker and Sunchaser Service Corp., to hide assets from the Internal

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Revenue Service, the indictment said. Dividing nearly $7 million, defendants allegedly purchased 'racehorses, fancy boats and lavish homes' in Florida and California," said Myers.

The New York Times (2/23, Sander, 1.16M) reports, "By failing to pay taxes on their employees' income, Social Security and Medicare, the three executives cheated the government of $18,640,345 and used about a third of the excess money to finance the "extravagant lifestyle costs" of lavish houses, luxury boats, racehorses and college tuition, the indictment said."

USA Today (2/23, 2B, Leinwand, 2.27M) reports, "The investigation began two years ago when police in Grand Rapids arrested a man who provided fraudulent documents. That arrest led Immigration and Customs Enforcement (ICE) agents to 23 other illegal laborers working at the Grand Traverse Resort & Spa, which had contracted more than $3 million in RCI cleaning services from June 1997 to March 2006, ICE Assistant Secretary Julie Myers said Thursday."

Owners Of Michigan Cleaning Service Charged After Illegal Immigrant Raid. The AP (2/23, Prichard) reports from Grand Rapids, MI, "An investigation of cleaning crews working at a Michigan resort has led to federal fraud and tax charges being filed against three top officials at a U.S. janitorial service and the arrest of more than 200 illegal immigrants around the country, government officials said." The AP continues, "The detainees - mostly Mexican nationals - who were rounded up early Thursday were working as janitors for Rosenbaum-Cunningham International Inc., or RCI, a Florida-based cleaning contractor." The AP adds, "RCI co-owners Richard M. Rosenbaum, 60, and Edward Scott Cunningham, 43, and firm controller Christina A. Flocken, 59, all of Florida, face criminal fraud, immigration and tax charges in a 23-count indictment unsealed Thursday in U.S. District Court in Grand Rapids. … 'This is not a case of bad bookkeeping or skirting the rules,' said Brian M. Moskowitz, special agent in charge of the Detroit office of U.S. Immigration and Customs Enforcement. 'It involved flagrant criminal behavior.'" The AP notes, "Moskowitz said during a news conference in Grand Rapids that federal agents arrested Rosenbaum in Longwood earlier in the day. Cunningham and Flocken were expected to soon turn themselves in to federal authorities in Grand Rapids, where the case will be tried, he said. … Their practice of paying cash wages to their workers deprived the U.S. government of about $18.6 million in employment taxes, according to the indictment. … 'In this particular investigation, these defendants took advantage of illegal workers in order to enrich themselves by violating the internal revenue laws that were created specifically to protect the legitimate work force, all at a cost to taxpayers of approximately $18 million, all so that they could live a very lavish lifestyle and live the high life,' said Sandra L. Carter, special agent in charge of the Internal Revenue Service office in Detroit. … About 203 illegal immigrants who worked for RCI were arrested and expected to be deported, Moskowitz said. Agents took them into custody at 63 business locations in 17 states and the District of Columbia."

Judge Dismisses Posada Carriles' Bid For Freedom. The AP (2/23, Caldwell) reports from El Paso, "A federal judge on Wednesday denied a request by an anti-Fidel Castro activist to be released from jail while immigration officials figure out where to deport him to." The AP continues, "U.S. District Judge Philip R. Martinez threw out Luis Posada Carriles' lawsuit after federal prosecutors said immigration officials could not release him because he is in the custody of the U.S. Marshals Service. … Posada, an ex-CIA operative who is suspected of bombing a Cuban jet 31 years ago, left Department of Homeland Security custody after his indictment last month on suspicion of lying in a citizenship application." The AP adds, "Posada, 79, was arrested two years ago on an immigration violation after he reported paying a smuggler to sneak him into Texas from Mexico. … An immigration judge later ordered that Posada be deported but ruled that he could not be sent to Cuba, where he was born, or Venezuela, where he is a naturalized citizen. … Several countries, including Mexico, have declined to allow Posada in. He sued last year, arguing that the U.S. government cannot hold him indefinitely while they look for a country willing to let him move there."

TAX:

Thirteen Indicted For Alleged Minnesota Cigarette Tax Fraud Scheme. The Minneapolis Star Tribune (2/23, Olson, Louwagie, 395K) reports, "Thirteen people face federal charges of defrauding the state of more than $2.5 million in sales tax by concealing revenues from cigarette sales, according to a federal indictment unsealed Thursday. The indictment…cites numerous attempts to conceal earnings and wealth through fraudulent bookkeeping and tax returns, as well as property transfers and large cash transactions." The Star Tribune notes, "The case, the result of a joint investigation by the FBI and the Internal Revenue Service, includes one conspiracy count, 13 mail fraud counts and 26 wire fraud counts. … The defendants also are accused of transferring nearly $1 million to Jordan, Lebanon and the Palestinian territories through checks, currency and wire transfers backed by the tobacco store proceeds. "

Firms Hide Assets, Identities In State Havens. USA Today (2/23, 1B, Mccoy) reports, "Roughly four miles

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from the famed Las Vegas casino strip, ABC Equity's corporate office is registered in a modest business suite located off West Sahara Avenue. … Great Fortune 600 is registered in the same suite. So are DK Financial, Hill 99, Stock Savant, ZZYZX Holdings — and more than 1,000 other corporations." USA continues, "They share something in common besides their business address. Each lists the same man as its sole corporate officer in Nevada incorporation records. He is William Reed, a businessman with a suspended law license and the target of a Federal Trade Commission lawsuit that alleges he and a convicted felon teamed in a business that promoted forming Nevada corporations to shield assets 'from "capricious federal judges and any government agency."'" USA adds, "A USA TODAY computer-aided review shows that the two men and their business, Asset Protection Group, are part of a thriving mini-industry that has capitalized on real or perceived gaps in domestic incorporation laws and virtually non-existent government oversight to promote some U.S. states as secrecy rivals of offshore havens. … A multi-agency U.S. Money Laundering Threat Assessment issued in 2005 cited Nevada, Wyoming and Delaware as the states with laws most conducive to anonymous corporate ownership. USA TODAY's review… examined databases of all Nevada and Wyoming incorporations but was unable to obtain comprehensive data for Delaware … USA TODAY's findings buttressed the money laundering report's warning that a 'race to the bottom' among states vying to set minimal corporate information requirements has enabled companies to hide the identities of their owners, thereby making it harder for law enforcement agencies to track suspected tax evasion, money laundering and other crimes."

WSJournal Criticizes AMT Hike In 1993 Clinton Tax Plan. Under the headline "Bill Clinton's AMT Bomb," the Wall Street Journal (2/23, 2.04M) editorializes, "As tax season nears, Democrats in Congress are discovering they have an urgent political bomb to defuse -- the alternative minimum tax. The AMT already hits four million Americans, and without new legislation this year it will explode in the pocketbooks of 23 million taxpayers come April 15, 2008. What's amazing is that many Democrats and reporters are trying to blame this looming tax increase on the 2001-2003 tax cuts. See if you can follow their argument: Taxpayers are obliged to pay the higher of their tax bill under either the regular IRS code or the AMT. And because the tax cuts reduced the regular income tax of the average family by $2,000 a year, more middle-class families are being bounced to the AMT system. Ergo, it's all President Bush's fault." The Journal adds "the politician most responsible for the AMT's relentless expansion in recent years is none other than William Jefferson Clinton. Remember the 1993 tax hike that was supposed to fall only on the rich? In addition to raising gas taxes and Medicare payroll taxes and income tax rates, the Democratic Congress that year also raised the AMT: from a 24% flat rate to a dual tax rate of 26% on AMT income up to $175,000 and 28% on AMT income above that amount."

CONGRESS-ADMINISTRATION:

Army Surgeon General Disputes "Characterization," But Not Facts, Of Walter Reed Reports. The Washington Post runs two stories on the problems at Walter Reed Army Medical Center near the front of the A section this morning. On page A3, the Washington Post (2/23, Vogel, 690K) runs a straightforward account saying that the "Army's surgeon general yesterday criticized stories" in the Post disclosing problems at Walter Reed, saying the "series unfairly characterized the living conditions and care for soldiers recuperating from wounds at the hospital's facilities." Lt. Gen. Kevin Kiley said during a news conference, "I'm not sure it was an accurate representation. It was a one-sided representation." The Post notes that, "until now, the Army had not challenged any aspect of the Post series." After the news conference, Kiley was "asked to elaborate on his comments." He said he "does not dispute the facts in the Post stories. 'It's not the accuracy I question, it's the characterization,' he said."

On the facing page A2, Dana Milbank of the Washington Post (2/23, 690K) criticizes the military's response in a story headlined "Painting Over The Problems At Walter Reed's Building 18." Milbank writes, "It's not every day one gets to witness a whitewash in action, but Walter Reed…provided just such an opportunity yesterday." A Sunday Post story "described the woeful conditions of Room 205 in Walter Reed's Building 18," and "the Army mobilized. Painters were deployed to cover the offending wall with a fresh coat of white semigloss. And television crews were invited in to inspect the result. … Mission accomplished? Lt. Gen. Kevin Kiley thought so."

In an interview with PBS' NewsHour (2/22, 7:38PM), Rep. Robert Filner (D), chairman of the House Veterans' Affairs Committee, called the conditions "a catastrophic or horrific circumstance" for "our young people coming back" from service overseas. Rep. Filner also pointed a lack of continuity between the medical record systems of the armed forces, which he said, "are not translatable into the VA system." Rep. Filner also noted that the inspector general "although supposedly independent, is really part of that system." Therefore, in order to "do something very quickly" about the problem, he recommended setting up "a hotline that is manned by independent people, maybe some

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veterans who understand these issues and allow people to report on the situation."

Also appearing on PBS' NewsHour (2/22, 7:39PM), Rep. Christopher Shays (R) said, "The bigger problem is the process of why you would have someone in a hospital for two months to two years. They want to be discharged in some cases, in other cases they can come right back into the military. The problem is the paperwork is just pathetic."

NYTimes Blasts Leaders For Permitting "Shameful Neglect At Walter Reed." The New York Times (2/23, A20, 1.16M) editorializes on the subject, saying that "when the Senate next debates whether to debate the Iraq war, members would do well to visit Walter Reed. … There they can run a stark reality check on how the country is failing the war's wounded despite all those Capitol orations about unstinting support of our fighting troops. As fine as the surgery wards have been through a five-year torrent of battle casualties, Walter Reed has seen the shameful growth of a parallel village of almost 700 traumatized and maimed outpatients. Far too many of these souls wait lost and wasted, abandoned by the post's and the Army's shambling bureaucracy. … The shameful neglect at Walter Reed is more proof of how America's leaders…are failing the nation's warriors in this disastrous war."

Intelligence Legislation Remains Stalled In Senate. The Washington Times (2/23, Waterman, 88K) reports, "The annual legislation that governs the 16 U.S. intelligence agencies and their new boss, the director of national intelligence, is stalled again in the Senate, where efforts to pass it in the past two years also died. 'We're still working it,' said a senior staffer from the Senate Select Committee on Intelligence, which voted the bill out 12-3 last month," adding that Chairman Jay Rockefeller "continued to hope the bill could be passed after the Presidents Day recess." In the "previous two years, under the chairmanship of Sen. Pat Roberts," committee efforts "to move the bill have been blocked by holds from Republican senators" over what some see "as the bill's excessive reporting requirements, both on intelligence agencies about their detention and interrogation of terror suspects, and on the administration as a whole."

Pentagon Cancels Plans For Massive Conventional Bomb Test. The AP (2/23, Talhelm) reports "the Pentagon on Thursday scrapped plans for a 700-ton non-nuclear test blast that would have produced the first mushroom cloud of dust over the Nevada desert in decades." The Defense Department "said it would find other ways to test the nation's ability to penetrate underground bunkers that produce and store weapons of mass destruction. … The decision was not based on any technical information that indicated the test would harm workers, the public or the environment, according to James Tegnelia, director of the Pentagon unit that works on technical aspects of how to destroy deeply buried enemy weapons.

The New York Times (2/23, 1.16M) reports, "The test, known as Divine Strake, at the Nevada Test Site would have been conducted near a place used for decades for atomic testing. Opponents said the explosion would create a two-mile-high mushroom cloud and release radioactive dust from long-undisturbed radioactive material." Utah's Congressional delegation and "thousands of Utah residents have written to the Defense Threat Reduction Agency of their opposition to the test."

McCain Critical Of Pentagon Request For Three Experimental Aircraft. The Politico (2/23, Lowe) reports, "Quarreling with Pentagon spending requests, Sen. John McCain has chided Defense Secretary Robert Gates and Air Force Secretary Michael Wynne for seeking three experimental aircraft in the Pentagon's emergency wartime funding bill. The $93 billion funding request for military operations yet this year in Iraq, Afghanistan and other hot spots includes nearly $14 billion for two F-35 Lightning II fighter jets" -- also known as the Joint Strike Fighter – "and a CV-22 Osprey tilt-rotor transport to replace aircraft lost in overseas combat operations. Both aircraft are still in development and years from being fielded. 'In an emergency supplemental, you are proposing to replace combat loss with unproven platforms that not only are not yet operational but will also ultimately cost a lot more than they do now,'" McCain "told Gates and Wynne in a Feb. 13 letter obtained by Politico." McCain added in his letter: "Both the JSF and Osprey are controversial, next-generation programs that require considerable congressional oversight. … Your including the requests to procure both aircraft types in an emergency supplemental effectively insulates these programs from this committee's routine oversight. This is inappropriate.'"

Business, Labor Come To Blows Over Key Unionization Bill. The New York Times (2/23, A18, Greenhouse, 1.16M) reports organized labor "is fighting" for the "pro-union" Employee Free Choice Act "as if its life depended on it. Some labor experts say the union movement's ability to reverse its slide could in fact hinge on its winning passage of the bill, which would make it easier for workers to join unions" by giving employees at a workplace "the right to unionize as soon as a majority sign cards saying they want a union." Currently, "employers can insist on a secret-ballot election to determine whether a majority of employees favors a union." Business groups "are mounting a fierce campaign to stop the bill," while labor unions "are

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sponsoring demonstrations, conferences and meetings in 99 cities this month to push for the legislation. The two sides have also squared off with newspaper advertisements." While "legislative aides say they expect the bill to be approved next Thursday in the House, where it has 234 sponsors, including seven Republicans," opponents "voice confidence that they can block the bill in the Senate," and last week, Vice President Cheney said resident Bush would veto the bill if it reached his desk.

Virginia May Lose Federal Funds If Districts Fail To Test English Language Learners. The Washington Post (2/23, Glod, 690K) reports, "The U.S. Education Department threatened yesterday to withhold more than $17 million from Fairfax County schools if the system continues to defy a federal mandate to give reading tests to thousands of immigrant children. Other Virginia school systems would also be in jeopardy if they refuse to comply with the federal No Child Left Behind Act, and the state could lose $2 million in administrative funds." The threat "raises the stakes" in the dispute "over the best way to test immigrant students learning English." The department found that the test Virginia uses "shows how well students learn to read, write and speak English" but doesn't "test students on their understanding of grade-level reading material." U.S. officials told Virginia Supt. Billy K. Cannaday Jr. that "they expect to approve a state request to use a portfolio of a student's work over time instead of a test."

The Washington Times/AP (2/23, Sampson) reports Deputy Education Secretary Raymond Simon said that "Virginia school divisions will lose federal funding if they do not comply with a federal law that requires children struggling to learn English take the same reading tests as their native-speaking peers." Cannaday said that "he expected school divisions to comply with the law 'even though they question whether the tests are appropriate and the accommodations are adequate.'"

Student Loan Proposal Said Likely To Reduce Number Of Banks Offering Them. The Washington Times (2/23, Ramstack, 88K) reports, "President Bush is trying to 'right-size' the student loan industry with a proposed budget that would cut subsidies and drive out many private lenders by reducing their profits, the head of student loan giant Sallie Mae said yesterday." The proposal "would reduce education subsidies for special programs, such as student loans, to $6.6 billion, from $9.7 billion this year. Lender subsidies would fall by 0.5 percentage points. The White House said the $12.4 billion saved over five years by cutting subsidies would be used to increase the number of Pell Grants."

Congress May Address Lack Of Sick Pay In US. ABC World News (2/22, story 6, 2:50, Gibson, 8.78M) took "A Closer Look" at "an enormous problem for American workers: the lack of sick pay. We were surprised to learn that 145 nations, but not the United States, require businesses to provide some paid sick days, and that nearly half of the private sector workers in America, are not paid when they are too sick to work. This month, San Francisco became the first city to mandate sick pay, and now, Congress might act." ABC (Stark) added that "59 million Americans…have no paid sick days at all," and 86 million "do not get a single paid day off to care for a sick child. The federal government requires most employers to offer some unpaid leave for serious medical conditions. But advocates say until it requires them to provide a few paid sick days, as well, millions of Americans will have no choice…but to work when they should stay home." But business groups "say another federal mandate is the last thing employers can afford. And if paid sick leave becomes the law of the land, somebody will pay."

Bodman Lifts Energy Department Bonus Freeze. In its "Federal Diary" column, the Washington Post (2/23, D4, Barr, 690K) writes, "Bonuses are back at the Energy Department. The department got caught in a budget squeeze late last year when Congress failed to complete the annual spending bills funding the government on time." Last week, "President Bush signed a budget bill that included funds for Energy, and Secretary Samuel W. Bodman sent a memo to the workforce saying 'this new law has allowed us to lift the 'hold' on performance-based awards and discretionary pay adjustments.'"

NYTimes Urges Congress To Increase Oversight Of For-Profit Colleges. The New York Times (2/23, 1.16M) writes in an editorial, "The Democratic leadership in Congress plans to make college affordability a central theme of this legislative session. The pending bills that would increase federal aid to low-income students and lower the costs of student loans are good, as far as they go. But Congress must do more to ensure that scarce federal aid dollars are legitimately spent and not gobbled up by for-profit diploma mills that bilk the government and students alike." Congress "needs to take a harder look at for-profit colleges to make sure that students and the government are getting what they pay for."

NYTimes Backs "Passengers' Bill Of Rights." The New York Times (2/23, 1.16M) editorializes, "JetBlue's horrendous performance during the recent ice storms that paralyzed New York City's airports has reinvigorated calls for a 'passengers' bill of rights' to protect air travelers against what can only be deemed abusive treatment. JetBlue has

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moved rapidly to make amends, but its shocking failures and those of other airlines in recent months make a federal law the best solution." Sens. Barbara Boxer and Olympia Snowe "have introduced a bill that would require that passengers be provided with adequate food and water and sanitary bathrooms while delayed on the ground and be allowed to leave the plane after three hours. Representative Mike Thompson, also a California Democrat, will introduce a bill that would also require airlines to update passengers frequently on the cause and timing of delays. Both proposals would be strengthened if they required the Transportation Department to impose suitable fines or passenger compensation should an airline fail to comply."

NYTimes Criticizes Cost Of Uncompleted Congressional Visitor Center. The New York Times (2/23, 1.16M) writes in an editorial, "If government had a department of irony, the mammoth, ever more expensive and still uncompleted Capitol Visitor Center would be renamed the People's Debt and Deficit Walk-Through Memorial. The three-story subterranean center being built (for nearly seven years) under the Capitol's East Plaza will have a 600-seat cafeteria, an interactive museum about the glories of democracy and the latest in security to screen out potential malefactors among the throngs who currently gather in snaking outdoor lines for tours. … The American taxpayers, who will pay for the project for generations to come, deserve to be treated to candor. And what better way than by turning the center into a teaching museum on the hyperbolic plans and procrastination of Washington life?"

OTHER NEWS:

Analysis Finds US Economy Leaving Millions In "Severe Poverty." Under the headline "US Economy Leaving Record Numbers In Severe Poverty," McClatchy (2/23, Pugh) reports, "The percentage of poor Americans who are living in severe poverty has reached a 32-year high, millions of working Americans are falling closer to the poverty line and the gulf between the nation's 'haves' and 'have-nots' continues to widen. A McClatchy Newspapers "analysis of 2005 census figures, the latest available, found that nearly 16 million Americans are living in deep or severe poverty. A family of four with two children and an annual income of less than $9,903 - half the federal poverty line - was considered severely poor in 2005. So were individuals who made less than $5,080 a year." The analysis "found that the number of severely poor Americans grew by 26 percent from 2000 to 2005. That's 56 percent faster than the overall poverty population grew in the same period. McClatchy's review also found statistically significant increases in the percentage of the population in severe poverty in 65 of 215 large U.S. counties, and similar increases in 28 states."

Stocks Mixed Yesterday. USA Today (2/23, 5B, Krantz, 2.27M) reports, "Weak earnings from a leading home builder, a $1.5 billion damage verdict against Microsoft and general concern that a market correction is overdue piled up to send stocks lower Thursday." The Dow Jones industrial average "fell 52.39 points to 12,686.02, making it the benchmark's second-straight down day. Still, the Dow remains up 1.8% this year." The Standard & Poor's 500 index lost 1.25 points to 1456.38. The S&P 500 remains up 2.7% for the year," while the Nasdaq composite index rose 6.52 points to 2524.94. The Wall Street Journal (2/23, C1, Anand, 2.04M), among other major newspapers, also reports the Wall Street numbers.

Jury Rules For UCLA In Psychiatric Sex Trial, But Awards No Money. The Los Angeles Times (2/23, Garrison) reports, "A Los Angeles jury today ruled against a former UCLA psychiatric resident who claimed the school unfairly rescinded its offer of a coveted job because he broke off an affair with his supervisor. … But jurors did not believe the supervisor's counter-charge that Dr. David Martorano had slandered her by making up the affair, which Martorano testified included oral sex in parked cars." The Times continues, "In the end, neither party was awarded any money after a two-week trial of their dueling lawsuits that featured the appearance of no fewer than nine psychiatrists, along with women testifying about their sex lives under code names to protect their privacy. … As Los Angeles Superior Court Judge Judith Chirlin said to the jury: 'You could have been here on some boring contract case.'" The Times adds, "Martorano, a handsome Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, alleged that he lost a coveted post as chief resident and that his reputation was ruined once rumors of the affair began to circulate after he broke off the relationship. He sued his former supervisor, Dr. Heather Krell, and UCLA. … Krell's lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for slander and invasion of privacy. … UCLA's lawyer, meanwhile, said it didn't matter from a legal perspective whether Martorano and Krell had an affair -- university administrators acted properly when they revoked the offer for Martorano to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country."

High School Students Earn Lower Math And Reading Scores Yet Better Grades. ABC World

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News (2/22, story 7, :30, Gibson, 8.78M) reported, "The government issued a disappointing report card today for the nation's high school seniors. In standardized national reading tests, 73% read at a basic level. That's down from 80% in 1992. And just 35% scored at a proficient level defined as competent with challenging subject matter. That's down from 40%. Then, there was a puzzling second report, as well. While the reading scores fell, graduating seniors are taking harder courses and getting higher grades. Education officials say they're not sure why."

NBC Nightly News (2/22, story 5, :40, Williams, 9.87M) reported, "Now to one of the issues that will be talked about in the next election. There is a new national report card out on how this nation's high school seniors are doing in reading and math. These grades are not good."

The New York Times (2/23, Schemo, 1.16M) reports the National Assessment of Educational Progress results in reading "were significantly worse than those of students in 1992" and also "showed that the overwhelming majority of high school seniors have not fully mastered high-school-level math." The Bush administration "seized upon the results as proof that high schools were not measuring up." Secretary of Education Margaret Spellings said, "Schools must prepare students to succeed in college and the 21st-century work force."

USA Today (2/23, Toppo, 2.27M) reports the results were "contradictory" because while, "a record 68% of the class of 2005 completed at least a standard curriculum with four years of English and three each of math, science and social studies" and "51% of students were doing college-preparatory work" yet, "the average high school senior doesn't read as well as those in 1992."

The Washington Post (2/23, Paley, 690K) reports the findings were called "evidence of grade inflation and the dumbing-down of courses" and "also prompted renewed calls for tough national standards and the expansion of the federal No Child Left Behind law." Spellings said, "If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores."

The Wall Street Journal (2/23, Tomsho, 2.04M) reports, "American educators have complained about grade inflation for years. But new findings suggest that U.S. high schools may also suffer from another type of inflation -- in the labeling of courses." Yesterday's NAEP results "aren't the only signs that college-prep courses may not be delivering all that they promise. The College Board…is in the midst of a nationwide audit of its high-school Advanced Placement Program courses, amid concerns that some districts aren't offering college-level content."

The AP (2/23, Zuckerbrod) reports that "It is unclear whether student performance has improved or whether grade inflation or something else might be responsible." Meanwhile, "the gap in reading scores between whites and minorities was relatively unchanged since 2002."

The Washington Times (2/23, Fagan, 88K) reports, "Lawmakers and education researchers agreed that improvement is needed but disagreed on the best way of getting there -- with some arguing the federal government should get more involved in high schools and some saying that is exactly the wrong approach."

Bloomberg (2/23, Basken) reports, "Business and education leaders said the latest results reinforce fears that the U.S. school system isn't preparing its students to be competitive in the global workplace." The results also "may reinforce fears that the quality of high-level courses suffers as more students are allowed into them."

On Campaign Trail, Giuliani Seen As Avoiding Unfriendly Audiences. The New York Times (2/23, Pérez-Peña, 1.16M) reports, "In a swing through South Carolina this week," ex-New York City Mayor Rudy Giuliani (R) "chose to campaign at a fire house, which is a little like Derek Jeter meeting with Yankees fans -- a most unlikely forum for hostility, or even much skepticism. Instead of the sometimes barbed give-and-take endured by the other candidates," Giuliani "fielded a few questions from the firefighters and police officers," which "stuck almost entirely to issues on which Mr. Giuliani is most comfortable, like airport security and border control. More than the other major presidential candidates, Mr. Giuliani has limited himself to events with narrowly defined, friendly audiences, avoiding the kind of uncomfortable interrogations his rivals have occasionally faced." Giuliani has "done little of the politicking that exposes candidates to random sets of people -- at shopping malls or train stations -- who might be of any political stripe, and can raise any issue." He's "yet to be questioned by voters about his support for abortion rights, same-sex civil unions and gun control, or about his marital history." However, Giuliani spokeswoman Maria Comella said the former mayor "was not avoiding difficult questions. … 'The mayor will be at a wide variety of events that will put him in front of voters where he will answer their questions,' Ms. Comella said."

Giuliani To Meet With K Street Lobbyists Friday. In a brief article in The Politico (2/23), Jonathan Martin reports that "Giuliani comes to Washington tomorrow to do a little lobbyist outreach. Lobbyists Dirk Van Dongen, Susan Molinari, Mike Zarelli and Willie Gaynor have helped put together the meet-and-greet, which is designed to familiarize Rudy with top K St. Republicans and vice-versa. There is no charge for the afternoon get-together, to take place at a downtown Washington hotel. … Because of the recess, members are not expected to attend. But Rudy is also making progress on that front and will soon roll out the

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backing of" PA Rep. Charlie Dent (R). Martin added, "I'm also told that Team Rudy is making progress with other members of both chambers of Congress and will soon be announcing additional endorsements from the sort of states (Pennsylvania being one) that his supporters think he could put in play in the general election."

Huckabee Set To Announce Endorsements Of Two House Republicans. The Politico (2/23, Allen) reports that ex-Arkansas Gov. Mike Huckabee (R) "plans to make a splash on Capitol Hill on Friday with the surprising announcement that Rep. Don Young of Alaska has signed on as congressional chairman of his Republican presidential exploratory committee. In a letter to House Republicans, Young says Huckabee will help produce 'a reawakening of the conservative values that make our country a land of opportunity.' … Young, the third ranking Republican in Congress…has deep personal connections with almost every member because he was chairman of the Transportation and Infrastructure Committee, which put him in charge of massive amounts of pork." The Politico notes, "Also Friday, Huckabee plans to announce that Rep. John Boozman of Arkansas will be congressional co-chairman of his presidential exploratory committee. Boozman is a member of the Republican Study Committee, the conservative caucus, and so has ties to a group of members whose support could really help Huckabee."

The Washington Post (2/23, A8, Cillizza, 690K) reports, "Asked about winning congressional endorsements, Huckabee said 'it shows [that] people who are policy makers are willing to sign on,' but he added: 'Frankly, I don't think it's going to tip the election one way or another.'"

Obama Tries To "Clear The Air" As Dustup With Clinton Keeps Drawing Attention. Coverage of the clash between Democratic presidential rivals Sens. Hillary Clinton and Barack Obama continues, with a lengthy report on NBC and a front-page story in the New York Times. NBC Nightly News (2/22, story 4, 2:45, Williams, 9.87M) said an effort to "tamp down what has been an unusually early and bitter fight between two of the top contenders" for the Democratic nod is underway. NBC (Gregory) added that Obama was "on the campaign trail today trying to clear the air with Hillary Clinton." Obama: "It should be about the issues and not about personalities or what supporters say." Gregory: "The response, an attempt to overcome a rift started by Hollywood mogul David Geffen, longtime Clinton friend and fundraiser turned foe. His attacks this week caused her campaign to lash out" at Obama. While "the Democratic infighting has made headlines and comes as Clinton's opponents are attacking her for refusal to apologize for supporting the war in Iraq…it was the Clinton campaign's response to Geffen that revealed the tough tactics that Clinton will use against her opponents."

The New York Times (2/23, Nagourney, 1.16M) writes that "after weeks of watching in frustration" as Obama "presented himself as a fresh face gliding above partisan politics," Clinton" has drawn Mr. Obama onto a muddy political field, engaging him in a back-and-forth that recalls the kind of Washington bickering Mr. Obama has decried. Mrs. Clinton's effort to identify Mr. Obama with an attack made by one of his chief Hollywood supporters was widely viewed among Democrats as carrying some cost to Mrs. Clinton. The remarks at the heart of the dispute, by David Geffen, the Hollywood executive who was once a big fund-raiser for the Clintons, were a sharp reminder of Clinton family history that has led some Democrats to believe Mrs. Clinton cannot win a general election. But when it came to tallying the final score on the most intense engagement so far in the 2008 presidential race, even Mr. Obama, the junior senator from Illinois, seemed to acknowledge that he may have been outmaneuvered." In another story, the New York Times (2/23, A16, Steinhauer, Halbfinger, 1.16M) examines the "public unwinding of the relationship between the Clintons and David Geffen," saying that Geffen "has been telling friends for two years that he thinks that Mrs. Clinton is a divisive figure who would fail to bring the nation together."

Clinton Said To "Fall Prey To Missteps." An AP (2/22, Fouhy) analysis piece says the "Hollywood-style brawl" is just "the latest in a series of speed bumps tripping up Hillary Rodham Clinton's early presidential moves. From the Clinton team's decision to criticize -- and therefore publicize -- producer David Geffen's complaints about both Clintons to increasingly skeptical questions about Sen. Clinton's nuanced explanation of her 2002 vote authorizing the Iraq war, it became apparent even a battle-tested front-runner can fall prey to missteps."

LATimes Says Geffen "Has A Point" About "Dynastic Aspect" Of Clinton Bid. The Los Angeles Times (2/23, 850K) headlines an editorial "Geffen Has A Point About The Clintons," saying Geffen "was on to something with his passing mention of the fact that Obama is not from 'the Bush royal family' or the 'Clinton royal family.' Regardless of what you think of Bill Clinton's presidency, or his wife's talent, the dynastic aspect of Hillary Clinton's candidacy is an issue that will increasingly come to occupy center stage in this campaign. Is the country prepared to be governed, potentially, for 28 years by two families who alternate turns in the White House? The Clinton campaign appears unwilling to acknowledge this concern."

Dionne Says Tiff Bad For Both Clinton And Obama. In his Washington Post (2/23, A19, 690K) column, E.J. Dionne said the outbreak of the feud "was a good day for Joe Biden, Chris Dodd, John Edwards, Bill Richardson, Tom Vilsack -- and, what the heck, Dennis Kucinich. It was a bad

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day for Barack Obama, Hillary Clinton and David Geffen. It was a good day for the Republican Party, particularly George W. Bush, John McCain and Dick Cheney. It was a bad day for the Democratic Party, opponents of the Iraq war and advocates of national health insurance." Dionne warns Clinton and Obama to heed the example of the 1988 Democratic nomination contest, when two strong early candidates, Gary Hart and Biden, "were knocked out of the race, because of their own mistakes for sure, but also because of whispering campaigns and subterranean attacks by their opponents."

Robinson Says Clinton Confirming Rivals' Caricature. In his Washington Post (2/23, A19, 690K) column, Eugene Robinson writes under the headline "Depends What The Meaning Of 'Mistake' Is," that Clinton's rivals "would love to paint her as inflexible, programmed, focus-grouped within an inch of her life and intent on bringing nothing less than a full-fledged Clinton Restoration to the White House. So why is she sitting for the portrait?" On Iraq, "Clinton may believe that being the front-runner for the nomination means never having to say you're sorry. She may believe that positioning herself at the hawkish end of the Democratic spectrum helps her project an image of toughness, dispelling any reservations voters may have about a woman as commander in chief. … It sounds like something a candidate has decided to say rather than something a candidate believes." As for the Geffen controversy, Robinson says "the impression that was left at the end of the week was of a touchy, grouchy Clinton Inc. and a candidate constrained by her campaign strategy."

Bill Clinton Has Collected Nearly $40 Million In Speaking Fees Since 2001. In a 2,100-word front-page story, the Washington Post (2/23, Solomon, Mosk, 690K) reports that ex-President Clinton, "who came to the White House with modest means and left deeply in debt, has collected nearly $40 million in speaking fees over the past six years, according to interviews and financial disclosure statements" filed by Sen. Hillary Clinton. In 2006, "one of his most lucrative" years since leaving office, the former president "earned $9 million to $10 million on the lecture circuit. He averaged almost a speech a day -- 352 for the year -- but only about 20 percent were for personal income. The others were given for no fee or for donations to the William J. Clinton Foundation."

Responding To Obama Request, FEC Proposes New Fundraising Option. The AP (2/23, Kuhnhenn) reports, "Presidential candidates may solicit contributions for a general election campaign even if they later decide to take public money for the race, federal regulators said Thursday in a proposed opinion. The draft document, which would have to be approved by the" FEC, "was in response to a request for FEC advice from Democratic presidential candidate Barack Obama, the Illinois senator." The AP notes, "If a majority of the six election commissioners support the opinion, candidates would have yet another incentive to seek double contributions this early in the presidential election cycle. Any candidate who then chooses to accept public money would have to refund money raised exclusively for the general election. The commission will meet March 1."

The Chicago Tribune (2/23, McCormick, 617K) reports that Obama, New York Sen. Hillary Clinton and ex-North Carolina Sen. John Edwards (D) "have indicated they would likely reject the public financing system that has governed presidential elections for more than three decades. … In its draft ruling, the commission said Obama may solicit and receive contributions for the general election if he meets certain conditions, including a requirement to keep the money in a separate escrow account and that the funds not be used for any other purpose other than general election activities. Under the draft proposal, if Obama were to win the Democratic nomination and then decide to accept public funding for the general election, he would need to refund all general election contributions within 60 days of certifying his eligibility for public funds."

The New York Times (2/23, Kirkpatrick, 1.16M) reports that "Obama, campaigning on pledges to clean up politics, argued in his filing with the commission that the public financing system had insulated candidates from a corrupting dependence on big donors. He asserted that the system could be preserved for the general election through bipartisan agreement if party nominees returned early contributions. The plausibility of such an agreement is not clear. One nominee is likely to have a financial edge on the other at the outset of the campaign, and accepting public financing would mean relinquishing that edge."

WPost Sees "Glimmer Of Hope" In FEC Draft Ruling. In an editorial, the Washington Post (2/23, A18, 690K) applauds the commission's draft ruling, saying, "The FEC's positive reaction yesterday offers a glimmer of hope that 2008 will not become the first presidential election since the Watergate scandal to be fully financed by private funds. … The solution of allowing a candidate to begin to raise general election funds now but opt to live within the system later isn't perfect, but it's far better than the alternative. Mr. Obama's competitors in both parties should join him in trying to salvage this broken system. As the FEC prepares to finalize its ruling, the candidates should support its interpretation -- and pledge, if they win the nomination, to help control the campaign arms race."

In State Senate, Obama Showed Pragmatism, Ability To Work With GOP. The Wall Street Journal

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(2/23, A4, Calmes, 2.04M) takes a look at Sen. Barack Obama's tenure as an Illinois state senator, when he "was a leader in helping to tighten state ethics laws -- up to a point. When a 2003 package seemed doomed in the Senate's final hours -- with his Democratic leader among the foes -- he left the chamber to tell advocates there was nothing more he could do." Illinois Campaign for Political Reform Director Cynthia Canary, "an admirer" of Obama, said, "He wasn't going to stand on the desk and pound his shoe. Barack is a political realist. You may know that in his heart he feels strongly, but he'll only go so far." She adds that "a compromise was salvaged" and Obama "helped to toughen it in subsequent legislative sessions. The accomplishment was emblematic of the picture that emerges of the eight years Mr. Obama spent here: of a lawmaker of lofty, liberal rhetoric who nonetheless pragmatically accepted bipartisan compromises that won over foes -- and sometimes left supporters dissatisfied." Republicans in the state "recall Mr. Obama as a committed liberal of no singular achievements, yet one they could work with to pass ethics, welfare and death-penalty revisions." GOP state Sen. Kirk Dillard said, "He's unique in his ability to deal with extremely complex issues, to reach across the aisle and to deal with diverse people. If he surrounds himself with good people, I wouldn't lose any sleep with him as my president."

Wilder Says Obama Smart To Not Rely Just On Black Leaders. The Washington Times (2/23, McLaughlin, 88K) reports L. Douglas Wilder, mayor of Richmond and former governor of Virginia, said Obama's "strategy of relying less on the black leaders of the civil rights era and more on a message of unity gives him the best chance of becoming the first Democrat in 44 years to win the state's electoral votes in a presidential election." Wilder said, "The civil rights movement was over 50-something years ago. … The worst mistake one can make, in my judgment, is to try to tailor a message to a group and to say: 'I am the person for your group.' He should be the person for the American people." Wilder, the nation's first elected black governor, briefly ran for president in 1992.

Daschle Explains Endorsement Of Obama. Former Senate Majority Leader Tom Daschle was asked on CNN's The Situation Room (2/22, Blitzer) why he endorsed Obama, whom he never served with, for president over four Democrats he did serve with in the Senate. Daschle said, "I think they are outstanding United States senators, and I think they would make great presidents. … I didn't reject them. I simply said that I would like to help Barack, because I think he has got a unique ability to communicate with the American people, especially with younger people. I remember, back in the '60s, when I was just beginning to be interested in politics and government, how inspired I was by certain leaders at the time, the Kennedys and Martin Luther King. I think Barack has some of that same magical ability to communicate, to connect, to unify, to inspire."

Despite Broad Résumé, Richardson Bid Could Hinge On Record As Governor. In an article profiling New Mexico Gov. Bill Richardson (D), the New York Times (2/23, Blumenthal, Frosch, 1.16M) reports, "With portfolios as a congressman, global troubleshooter and energy czar, Mr. Richardson, 59, may rightly claim the broadest résumé of the declared presidential candidates." However, "as he makes his case for the Democratic nomination, he is likely to be judged in large measure by his four years as governor, a record that has won him friends and foes." In his time as governor, "unemployment is down, to 3.8 percent from 5.8 percent, according to the federal Labor Department. New Mexico is 10th in economic growth, according to a report by the Federal Funds Information Service for States." He's also "positioned New Mexico for the private space age by carving a spaceport out of the desert alongside the White Sands Missile Range." However, "national studies show New Mexico continuing to lag in categories where the state has historically underachieved. … The Annie E. Casey Foundation ranked the state 48th in its 2003-4 Kids Count index of problem indicators. The foundation said more than a quarter of New Mexico children lived in poverty, among the highest rates in the nation. A Census Bureau study shows that from 2003 to 2005, an average of 21 percent of New Mexicans went without health insurance. Just Texas had a greater average rate in that period."

Democratic Hopefuls To Help Raise Funds To Finance South Carolina Primary. The Washington Post (2/23, A8, Cillizza, 690K) reports, "South Carolina may be a new addition to the early days of Democrats' presidential nomination fight, but the state is already showing veteran savvy when it comes to collecting cash for its Jan. 29, 2008, primary. Witness a fundraiser set for March 7 in Washington. The featured guests? The bulk of the 2008 Democratic field, including Sens. Hillary Rodham Clinton (N.Y.), Joe Biden (Del.) and Chris Dodd (Conn.), as well as former senator John Edwards (N.C.) and former Iowa governor Tom Vilsack. … The event, which will be emceed by Clinton White House press secretary Mike McCurry, is being billed as a 'kickoff reception' for the state's presidential primary." South Carolina Democratic Party Chairman Joe Erwin "explained that his state is one of a handful where the party must raise all of the money to finance the primary. In 2004, Erwin estimated, the cost of South Carolina's Democratic primary was $285,000. He believes the price tag this time will be closer to $500,000."

GOP Rolls Out "Put-Downs" Of Democratic Presidential Hopefuls. In The Politico (2/23), Mike

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Allen examines "The New GOP Attack Machine," a "69-page playbook, posted on the national party's Web site" Wednesday that offers "put-downs – some clever, some blunt" -- of the Democratic presidential candidates. Sen. Joseph Biden is called "An Undisciplined, Self-Described Northeast Liberal, In Love With The Sound Of His Own Voice"; Sen. Hillary Clinton "A Calculating, Divisive, Lifelong Liberal With Political Baggage"; Sen. Christopher Dodd "A New England Liberal, Past His Prime, On An Unrealistic Vanity Run For The White House"; John Edwards "A Hypocritical, Inexperienced Liberal With A New Negative Attitude"; Sen. Barack Obama "An Inexperienced, Insulated, Arrogant, Unabashed Liberal"; Gov. Bill Richardson "A Self-Promoting, Washington Insider With A Controversial Record"; and Tom Vilsack "A Tax-Hiking, Mismanaging, 'Blip' Candidate With No Foreign Policy Experience."

Study Of Private Management Of Philadelphia Schools Criticized. Paul E. Peterson, director of the Program on Education Policy and Governance at Harvard University, writes in the Wall Street Journal (2/23, 2.04M) about a Rand Corporation study to be released today on the Philadelphia schools and particularly evaluating the performance of 45 schools that have been privately managed. Peterson faults the report for failing to identify schools it compares the privately managed schools with and for ignoring "the fact that the 45 schools assigned to the private managers were among the city's most challenging." He concludes, "if education policy research is going to make a solid contribution to school reform, it needs to be both objective and keep pace with rising standards in educational research."

WSJournal Praises Jobs For Criticizing Teachers Unions. The Wall Street Journal (2/23, 2.04M) writes in an editorial, "If Apple CEO Steve Jobs had praised teachers unions as the backbone of public education in the U.S., it would have made the front pages. Instead, at an education conference in Austin, Texas, Mr. Jobs offered some constructive criticism of teachers unions and barely anyone noticed." Jobs said that "the real crisis in public education…has nothing to do with the amount of technology in the classroom. It's the fact that union work rules prevent principals from firing the bad teachers and rewarding the good ones." Jobs "is right to point the finger at the union stewards of public education. And fellow business leaders, who have as big a stake in this matter, would do well to lend him public support."

Rice Warns Tehran As UN Report Points To Advances In Nuclear Program. ABC World News (2/22, story 3, 2:20, Gibson, 8.78M) reported on "Iran's march toward nuclear power and possibly nuclear weapons." The U.N. "had given Iran an ultimatum to stop its uranium enrichment program effective today. Iran not only ignored the ultimatum, it has stepped up production. That has brought a scathing response from the U.N. and raised the possibility of tougher sanctions against Iran." ABC (Raddatz) said the U.N.'s report on Iran's nuclear program "is damning in every way." But today, US officials said "major powers will meet on Monday to draft new sanctions resolutions. And while the US is already sending two carrier groups toward the region, President Bush insists the US has no plans to attack the country."

The CBS Evening News (2/22, story 3, 1:45, Couric, 7.66M) said the report "is making a tense situation even worse." The Washington Times/AP (2/23, Jahn) says that although the report's conclusions were "widely expected," they were "important because they could serve as the trigger for the [U.N. Security] Council to start deliberating on new sanctions."

USA Today (2/23, 6A, Slavin, 2.27M) reports Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, Thursday rejected the report, saying the U.N. demand for Iran to suspend its nuclear program "has no legal basis and…naturally, it could not be accepted by Iran."

NBC Nightly News (2/22, story 2, 1:40, Williams, 9.87M) said the U.N. report put the US "and indeed much of the world" in "a rough spot" as to it will how respond. NBC (Mitchell) noted that as diplomats prepare to meet Monday, "Secretary Rice says there are signs that some of Iran's leaders are not happy with President Mahmoud Ahmadinejad's nuclear policy and that is because the economic sanctions are having a real impact on Iran's oil and gas industry. But Russia, Iran's ally will likely oppose any new economic pressure. So the US may find that it has to go it alone."

On its front page, the Washington Post (2/23, A1, Lynch, Linzer, 690K) reports Secretary of State Condoleezza Rice Thursday warned Iran "that it will face further punishment and isolation if it forges ahead with efforts to develop a uranium-enrichment program," but she said the US and other powers "are prepared to restart talks aimed at ending the standoff if Iran suspends its most controversial nuclear activities." Also Thursday, the State Department said Undersecretary Nicholas Burns will attend Monday's meeting in London. After meeting with her European counterparts in Berlin, Rice said, "We have the common goal to encourage Iran back to the bargaining table. The hope is that the sanctions show the Iranians the isolation that they are enduring, that isolation is likely to increase over time and that it is time to take a different course." However, the Post notes that Russia, China and several European countries "have become increasingly uncomfortable with the Bush administration's positions on Iran as tensions between

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Tehran and Washington have risen in recent months." Those concerns "have prompted renewed calls for direct dialogue with Iran."

The AP (2/23, Gearan) reports Secretary Rice "said she and her counterparts made no decisions Thursday because they met before" the report was released. In Washington, State Department spokesman Tom Casey "said that Iran's refusal to curtail its nuclear program is a 'missed opportunity' for Iran's government and people," but he "is confident that the Security Council will approve additional sanctions against Iran." Separately, the AP (2/23, Gearan) reports Undersecretary of State Burns said Thursday he hoped the US and other Security Council members "can quickly draft a resolution," but "said it was too soon to say what provisions the resolution might contain."

The New York Times (2/23, A1, Sanger, Broad, 1.16M) reports on its front page that "in open defiance" of the U.N., Iran is "steadily expanding its efforts to enrich uranium," which has prompted the Bush administration to press "for more severe sanctions against the country, at a moment of greatly increased tensions between Washington and Tehran." Coming "on the heels of the Bush administration's accusations that Iran's Quds Force is sending deadly bombs and other weapons into Iraq, the report heightens what has become a growing confrontation." The report also comes "at a time of debate within the Administration over whether and how to find a way to negotiate with Iran without violating Mr. Bush's stricture that the country must first suspend its enrichment work." Officials say they are "trying to exploit fissures in Iranian society, as some Iranian groups are beginning to question whether the hard-line position taken by President Mahmoud Ahmadinejad and some of the country's ruling ayatollahs is worth the cost in sanctions and isolation."

The Financial Times (2/23, Dombey, Bozorgmehr) notes the U.N. said Iran intends to "gradually" bring the 3,000 centrifuges it has installed "into operation by May 2007." The speed with which Tehran intends to pursue its program "adds to the tensions surrounding the dispute." However, privately IAEA officials "are skeptical of whether Iran can meet its timetable." But the Los Angeles Times (2/23, Drogin, 850K) warns, "If true…a facility that large conceivably could produce enough enriched uranium in a year to provide enough highly enriched uranium for a nuclear bomb."

Bush To Discuss Report With Rice Friday. Fox Special Report (2/22, lead story, 3:15, Rosen) reported President Bush "declined to answer a reporter's shouted questions about the report" during a visit to North Carolina Thursday, "but he was due to discuss [the report] over breakfast Friday with Secretary of State Rice."

Tensions Spark Renewed Concern Of US Military Action. McClatchy (2/23, Hutcheson, Strobel) says the increasing tensions with Iran "have fueled speculation that Bush may be paving the way for military action." Though with US forces "tied down in Iraq and Afghanistan, no one expects a ground invasion, but analysts at both ends of the political spectrum put little stock in Bush's insistence that he's focused only on diplomacy."

Wary Of Iran, Arab States Add To Their Arsenals. The New York Times (2/23, A10, Fattah, 1.16M) reports, "As fears grow over the escalating confrontation between Iran and the West, Arab states across the Persian Gulf have begun a rare show of muscle flexing, publicly advertising a shopping spree for new weapons and openly discussing their security concerns." The "typically secretive" gulf nations "have long planned upgrades to their armed forces, but now are speaking openly about them." American military officials say the countries, which are "normally prone to squabbling, have also increased their military cooperation and opened lines of communication to the American military" in the region. As tensions with Iran rise, many gulf countries "have come to see themselves as the likely first targets of an Iranian attack," while growing "more concerned that the United States may be overstretched militarily."

Iran Sending New Ambassador To UN. The Washington Post's (2/23, A17, 690K) Al Kamen reports in his "In the Loop" column that "in the midst of building tensions' between the US and Iran, Tehran "is withdrawing its long-serving ambassador to the United Nations, Javad Zarif." Iranian sources say Zarif will be replaced by Mohammad Khazai, the deputy minister of economics.

US Commander Reiterates Claim Iranian Forces Are In Iraq. In its "Inside The Ring" column, the Washington Times (2/23, Gertz, 88K) reports, "Army Lt. Gen. Ray Odierno, commander of multinational forces in Iraq, yesterday added his voice to the chorus of officials who identified the Iranian Quds force as working against US and allied forces by helping insurgents in Iraq." However, Odierno "stopped short of saying the Iranian agents are playing a vital role in backing Shi'ite insurgents but that they are assisting with weapons, training and 'some money' and "warned the Iranians that 'we will take action' against the Quds force."

McClatchy (2/23, Landay) says the Quds force is "at the center of the rising tensions between Washington and Tehran," and "many experts now warn that if the US-Iranian frictions over Iraq and Iran's nuclear program escalate into conflict, Tehran would use the Quds Force to launch terrorist attacks against US and allied targets around the world."

Hagel Says Diplomacy Is Best Option For Iran. The AP (2/23, Funk) reports Sen. Chuck Hagel said Thursday that Iran "should be held accountable for supporting terrorists through 'wise statecraft' instead of military force, and America should be careful not to follow the 'same destructive path' it did in Iraq." During an address at the University of Nebraska, Hagel warned that "in a hazy, hair-triggered environment, careless rhetoric and military movements that one side may believe are required to demonstrate resolve and

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strength...can be misinterpreted as preparations for military options."

More Commentary. In an editorial, the Wall Street Journal (2/23, A10, 2.04M) writes, "Ultimately, whatever hope there might be of resolving the Iranian issue through diplomacy is going to require compromises by the Iranians themselves. Here's what Iranian President Mahmoud Ahmadinejad had to say about that: 'If we shut down other activities for 10 years and the country only focuses on nuclear energy it will be worth it because if we obtain this energy our people will advance as much as 50 years.' Maybe it's time the rest of us start taking Mr. Ahmadinejad at his word, and tailoring our expectations accordingly."

Meanwhile, Abbas Milani, director of Iranian studies at Stanford and a research fellow at the Hoover Institution, writes in the New York Times (2/23, 1.16M) that as Iran "has once again defied" the U.N., "simultaneously, Iranian officials have been sending a very different message -- one that has gone largely unremarked but merits close attention." For example, Ayatollah Ali Khamenei's chief foreign policy adviser, Ali Akbar Velayati, "declared last week that…the mullahs might be ready to agree to some kind of a suspension." Another "powerful insider," Ali Akbar Hashemi Rafsanjani, "said much the same thing in a different setting." Therefore, Milani argues that "with prudence, backed by power but guided by the wisdom to recognize the new signals coming from Tehran, the United States can today achieve a principled solution to the nuclear crisis."

The Washington Post's (2/23, A19) David Ignatius writes that while "Western officials see various signs of an altered political balance in Tehran," a number of US and European officials say that does not "mean it's time to go back to the bargaining table." Ignatius says "the only way the Iranians can escape sanctions is to suspend enrichment and sit down at the table. If they do so, an array of goodies awaits. Meanwhile, the strategy of confrontation continues, and US and European officials -- who haven't had much to cheer about recently -- seem confident that it's working."

Hill Says "Long Way To Go" In North Korea Deal. AFP (2/23, Collinson) reports Assistant Secretary of State Christopher Hill Thursday said the US has a "long way to go" to implement the nuclear pact with North Korea and "warned tough talks loom on Pyongyang's suspected secret uranium enrichment program." In an address to the Brookings Institution, Hill also "defended the deal," saying, "I think there is a real sense among all the parties that we have a process going. We are very mindful of the fact that we have a long way to go." He "lavished praise' on China for its role in brokering the deal, and "confirmed that if things go smoothly," Secretary of State Condoleezza Rice will travel to Beijing in April "as required by the deal" for talks with her counterparts from North Korea, China, Russia, Japan, and South Korea. Admitting that the North Koreans "never acknowledged US accusations they had a program to manufacture highly enriched uranium (HEU) for nuclear bombs," Hill said, "They have been willing to discuss what we know and to try to resolve this...to mutual satisfaction."

The Financial Times (2/23, Dinmore) adds, Hill also warned Pyongyang "must stick to the tight deadlines of the new deal to freeze its Yongbyon nuclear facility in exchange for a modest amount of fuel oil."

The Washington Times (2/23, Sands, 88K) notes the US "will insist on strict deadlines to keep" the deal "from unraveling."

The AP (2/23, Schweid) reports Hill said the accord "could pay wide-ranging dividends for all sides, especially in the area of already improving US relations with China and America's allies." Other side benefits "might include a peace treaty formally ending the war on the Korean peninsula after more than a half-century, a cut in the force of 25,000 US troops in South Korea, a better life for impoverished North Koreans and the State Department's declassifying of the North as a sponsor of terror," Hill said.

North Korean Official To Meet With Hill In New York In March. In its "Washington Wire" section, the Wall Street Journal (2/23, Harwood, 2.04M) reports US diplomats are seeking meetings with North Korean officials "within two weeks, probably in New York, for unprecedented talks on normalizing relations and perhaps taking communist state off the list of terror sponsors." Meanwhile, AFP (2/23) reports North Korea's chief nuclear negotiator, Kim Kye-Gwan, "will visit New York early next month" to meet with Assistant Secretary of State Christopher Hill, a source told Yonhap news agency. "No date has been set for his visit, but it is likely to last from March 5 through 7," the source said.

Cheney Expresses Concern About Pyongyang's Commitment. The AP (2/23, Sullivan) reports Vice President Cheney, speaking in Sydney Friday, "expressed wariness about North Korea's commitment" to the deal, but "praised China for playing an 'especially important' role" in the six-party talks.

VOA To End Service In Several Languages. The Washington Post (2/23, A13, Schrank, 690K) reports, "For the second year running, the board overseeing the government-funded VOA has plans to wipe out news in several languages, including its flagship English-language 'News Now' programming." The Broadcast Board of Governors, which oversees VOA, "said this month that the cutbacks are being made in an effort to shift resources to new technology and 'critical audiences' in the Middle East, North Korea, Somalia and Cuba." The board's $668.2 million budget "request calls for a 3.8 percent increase from its anticipated fiscal 2007 level" to fund the expansion of programming to

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North Korea, Iran, Afghanistan and Pakistan, as well as to the Arab-language satellite network Alhurra TV and Radio Sawa. Board spokesman Larry Hart "said the decision to scrap the services largely reflects their diminishing audiences," but VOA employees and advocates "counter that their programming is a model of open media and a crucial source of trustworthy news and information for decision makers and influential figures worldwide, a demographic that is difficult to quantify."

Europeans Seek To Distance Themselves From US Policy. The Christian Science Monitor (2/23, Marquand, 59K) says the resignation this week of Italian Prime Minister Romano Prodi "underscores the difficulty in Europe of governments trying to support US foreign policy on terror while at the same time pleasing their own publics." Prodi's announcement "came hours after Britain and Denmark announced the start of troop withdrawals from Iraq," a move seen as "a blow to the White House as it deploys an additional 21,000 soldiers to stabilize Baghdad." Then in "a further departure from perfect alignment with US policy in the Middle East," British Prime Minister Tony Blair "also said this week that he will consider dealing with the Palestinian group Hamas."

Columnist Says Bush Has Created Anti-Americanism In UK. Nick Cohen, author and columnist for the Observer and the New Statesman, writes in a Wall Street Journal (2/23, A10, 2.04M) op-ed that it is "a measure of President Bush's failure that anti-Americanism has swept out of the intelligentsia and become mainstream in Britain." A country that "was once the most pro-American in Western Europe," Cohen says, "now derides Tony Blair for sticking with the Atlantic alliance."

Friedman Says Bush Now Trying To Remedy Foreign Policy Mistakes. The New York Times' (2/23) Thomas Friedman writes that "when the inside history of the Bush team is written, we will discover that, contrary to its carefully managed image of a disciplined core operating from consistent, conservative principles, it has actually been one of the most internally divided administrations -- ever." For example, he says the Administration "was divided for so long on Iran and North Korea, over regime change or behavior change, it got neither." President Bush, he continues, "obviously recognizes that and is now trying to remedy it." Friedman concludes, "I guess we should be thankful that Mr. Bush is trying to fix some of his mistakes, but we have paid a huge, unnecessary price for his learning curve. Which is why it's always best to get it right the first time."

US, Russia Play Down Missile Dispute. The Financial Times (2/23, Buckley, Williamson) reports senior US and Russian officials "sought to play down their differences on Thursday after two weeks that have seen a sharp cooling in relations between their countries." On a visit to Moscow, national security advisor Stephen Hadley "said he did not see a speech" by Russian President Vladimir Putin in Munich this month "that was sharply critical of US 'unilateralism' as a return to cold war-style confrontation." Hadley "also reiterated assurances that Washington's planned missile defense system…was not aimed at Russia but at a potential threat from Iran or other rogue states." For its part, Igor Ivanov, head of Russia's national security council, "acknowledged there were disagreements between the two countries, but said it was important that these should be resolved by dialogue." Hadley also held talks with President Putin "during a visit that seemed designed to project a more conciliatory stance after the sharp exchanges that have taken place since the Russian president's Munich address."

The AP (2/23, Danilova) notes that "US and other Western journalists were not invited to be present when [Hadley] made the remarks, which suggests they were aimed at a Russian audience."

Cheney Criticizes Chinese Missile Test. The AP (2/23, Sullivan) reports Vice President Cheney said Friday that China's recent anti-satellite weapons test "and a rapid military buildup were 'not consistent' with its stated aim of a peaceful rise as a global power." Speaking in Sydney, Cheney said, "Last month's anti-satellite test, China's continued fast-paced military buildup are less constructive and are not consistent with China's stated goal of a peaceful rise." The Chinese Foreign Ministry did not immediately respond Cheney's remarks.

Pentagon Says Test Was Part Of "Long-Term Program." In its "Inside The Ring" column, the Washington Times (2/23, Gertz, 88K) reports Air Force Lt. Gen. Henry Obering, head of the Pentagon's Missile Defense Agency (MDA), said yesterday the test "was part of a long-term space weapons program by Beijing's military that has been under way in secret for years." Gen. Obering added that although "the Chinese space weapons system currently does not threaten US missile defenses against North Korea or a future defense against Iranian missiles," possibly "it may do so in the future... based on what we have seen them...demonstrate."

Panel Accuses Philippines Military Of Political Killings. The New York Times (2/23, Times, 1.16M) reports, "A commission investigating political murder in the Philippines has found that members of the armed forces were responsible for 'an undetermined number of killings' and that senior officers could be held accountable." The report, released yesterday, "said military officials had allowed, tolerated and even encouraged the murders of political activists, and that the government of President Gloria

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Macapagal Arroyo had not done enough to stem the violence." The military chief of staff, Gen. Hermogenes Esperon, "called the commission's conclusions 'strained, unfair and a blank accusation.'" The Christian Science Monitor (2/23, Montlake, 59K) says the "government commission headed by retired Supreme Court judge Jose Melo" issued a "damning report," which "came one day after a visiting United Nations investigator said the military was in a 'state of denial' about its involvement in the killings."

Venezuela Boosting Aid To Latin American Neighbors. The Washington Post (2/23, D1, Forero, Goodman, 690K) reports Venezuelan Hugo Chavez "recently announced that his government would build housing, a highway and an oil refinery in Nicaragua, part of an aid package that would benefit one of Washington's most tenacious Cold War adversaries, President Daniel Ortega. Farther south, Venezuela has pledged to provide Ecuador with $1 billion in credit, a gesture that would soften the blow if that country's leftist government follows through on its threat to default on foreign debt payments. And, along with President Mahmoud Ahmadinejad of Iran, a foe of the Bush administration, Chavez has announced a $2 billion international investment fund for Latin America." The Post adds, "Taken together, economists and others who track the country's affairs say, the investments signify an effort by Venezuela to curb the reach of the U. government, whose influence has waned in Latin America."

The New York Times (2/23, Romero, 1.16M) reports from Bolivia, "To understand Venezuela's growing influence here, consider that more than two dozen ambassadors are in this capital city, including those of Bolivia's leading trading partners like Brazil, the United States and Argentina. Yet none enjoy the direct conduit that the Venezuelan ambassador, Julio Montes, has established with President Evo Morales." Since Morales "became president little more than a year ago, Venezuela has quickly come to rival the United States as Bolivia's main patron. It has provided assistance for the army, cattle ranches, soybean cultivation, microfinance projects, urban sanitation companies and the oil industry. Perhaps most important to Washington, despite its opposition, Venezuelan financial assistance has helped Bolivia push ahead with plans to increase exports of its industrial production of coca, the main ingredient in cocaine." The Times adds, "A senior American official here, speaking anonymously out of concern that Bolivia's already fragile relations with the United States could erode further, said it was difficult to know the exact amount of Venezuelan aid because many of the agreements between Venezuela and Bolivia were not made public."

Congresswoman Says US Should Engage Chavez. In an interview with the Houston Chronicle (2/23, Otis, 530K), Rep. Sheila Jackson Lee discussed her recent trip to Venezuela, which she said was meant to "break the tension, to warm up a chilled relationship" with President Hugo Chavez. Jackson Lee said the Bush administration has "made a serious mistake in not engaging with President Chavez" and called on the administration to lift a ban on arms sales to Venezuela.

Cuba Refuses To Renew Two Foreign Journalists' Visas. The Wall Street Journal (2/23, A5, De Córdoba, 2.04M) reports, "The Cuban government refused to renew the visas of at least two resident foreign journalists, dimming hopes it will move forward with reforms as Fidel Castro fades from power. The refusals were 'part of a political tightening in the expectation that when Fidel dies they will have total control and there won't be any opposition or resistance,' said Jaime Suchlicki, an expert on Cuba at the University of Miami." Gary Marx, "who has been based in Havana for the Chicago Tribune since 2002," and Cesar Gonzalez Calero, "a reporter for the Mexico City daily El Universal, were told this week by Cuban officials that their visas wouldn't be renewed and they could no longer report from the island, according to the Chicago Tribune and El Universal."

Chadian Prime Minister Dies. The AP (2/23) reports Chadian Prime Minister Pascal Yoadimnadji died Friday at a Paris hospital "where he was being treated for cardiovascular problems," the African nation's embassy said. The cause of death was not immediately known. Embassy spokesman Kadallah Ousman said he had no immediate information on who would replace Yoadimnadji.

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Back From Despair, In Her Words."
"Cramped And Old, LAX Is Losing International Flights To Newer Airports."
"Iran's Nuclear Effort In High Gear, U.N. Says."
"For Some, Beverly Hills Ballots Went Too Farsi."
"Anti-Doping Case Against Landis May Be In Jeopardy."

USA Today:
"Trans Fats: Infamous But Not The Only Villain."
"Car MPG Ratings Going Down."
"How Much Lower?"

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"Long Iraq Tours Can Make Home a Trying Front."

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"Iran Expanding Nuclear Effort, Agency Reports."
"Detour From High Road in Clinton-Obama Clash."
"Springtime for Hit's End: 'The Producers' Is Closing."
"MP3 Patents in Upheaval After Verdict."
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Washington Post:
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"Rice Warns Iran It Risks More U.N. Sanctions."
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"Brothers Survive Odds Together."
"Chefs Put Accents On Sushi."

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"Janitor-Service Chiefs Charged In Illegals Ring."
"Wilder Praises Obama Strategy."
"Children Can Travel Without Passports."
"Weepy Judge Rules On Body In Smith Case."
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"Ford Boss Urges Care In Buyouts."
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Atlanta Journal-Constitution:
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"Animal Labs Earn Re-Accreditation."
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"Grades, Test Scores Don't Jibe, Study Says."
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Dallas Morning News:
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"Dems Seek Repeal Of '02 War Decree."

Houston Chronicle:
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"Deputies Kill Pit Bulls That Attacked Schoolgirls."
"800-Plus-Pound Woman Risks Surgery For A New Life."
"Utopia Eluded Houston Terror Suspect In Somalia."
"FBI Agent Tells Of Texas Syndicate's Vicious Tactics."
"Metro Board OKs Acquisitions For Four Rapid Routes."

Story Lineup From Last Night's Network News:
ABC: Cervical Cancer Vaccine; Vaccine Analysis; Iran Nukes-United Nations; Iraq-Al Qaeda; Iraq Security; US Sick Pay; High School Seniors-Standardized Tests; Anna Nicole Smith Trial; Female Tennis Player Earnings, Movie Snacks.
CBS: Iraq-Chlorine Bombs; Iraq-Rape Charges; Iranian Nuclear Program; Food Inspections; Airport Security; Library For The Blind; Anna Nicole Funeral Hearing; Academy Awards.
NBC: US Security-Afghanistan; Iran Nukes-United Nations; Iraq-Chemical Bombs; Clinton-Obama Dispute; High School Seniors-Standardized Tests; Anna Nicole Smith Trial; TX Electric Company Raises Rates; Iraq-Prince Harry.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Senate Democrats-Iraq; Cheney-Australia; Bush-Iran; FL-Anna Nicole Smith's Body Released; Britney Spears Returns To Rehab; Wall Street.
CBS: Senate Democrats-Iraq; US Soldier Pleads Guilty To Raping Iraqi Girl; Iraq-Chemical Bombs; Peanut Butter-Salmonella Lawsuits; Latvia-Boarding House Fire; Atlanta-Fulton County Courthouse Shooting Trial Delayed By Judge; Doctors Say Jose Padilla Not Fit To Stand Trial.
NPR: White House-IAEA Report On Iranian Nuclear Program; NY-South Korean Sentenced For His Involvement In Oil-For-Food Scandal; Iraq-Chemical Bombs; US Soldier Pleads Guilty To Raping Iraqi Girl; Tokyo Stock Exchange; Egyptian Cleric Allegedly Abducted By CIA Claims He Was Tortured By Egyptians; Microsoft, Alcatel-Lucent Case.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with transportation fuel experts and researchers, closed, Roosevelt Room; views a demonstration of alternative fuel automobiles, South Lawn.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: No Scheduled Events.

US House: No Scheduled Events.

Other: MEDICAID _ 9 a.m. The Urban Institute and Health Affairs hold a briefing on the future of Medicaid, with John Holahan of the institute, Alan Weil of the National Academy for State Health Policy, others. Location: Urban Institute, 2100 M St. NW.

AVIATION SAFETY _ 9:15 a.m. The National Air Disaster Alliance holds a news conference on ways to promote safety, security and survivability, with former FBI agent Coleen Rowley, and family members of people killed in air crashes and the 7/7 London subway bombings, along with former DOT Inspector General Mary Schiavo. Location: National Press Club.

EDUCATION _ 10 a.m. The American Federation of Teachers, Council for Exceptional Children, Easter Seals, Higher Education Consortium for Special Education, others, hold a briefing about Universal Design for Learning and its

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implications for reauthorization of the No Child Left Behind Act. Location: Room 430, Dirksen.

HEALTH REFORM _ 10 a.m. The Heritage Foundation holds a seminar on whether tax policy is the key to comprehensive health reform, with John Goodman of the National Center for Policy Analysis, David Kendall of the Progressive Policy Institute, Tom Miller of AEI, Len Nichols of the New America Foundation, others. Location: Room S-207, Capitol.

PEACEKEEPING _ 10 a.m. The US Institute of Peace and the Stimson Center hold a discussion on the increasing use of peacekeepers in world hot spots, with Amb. Lakhdar Brahimi, Special Envoy for Sudan Andrew Natsios, William Durch of the Stimson Center, Amb. Carlos Pasacual, others. Location: 2nd floor conference room, 1200 17th St. NW.

WALTER REED _ 10:30 a.m. Secretary of Defense Robert Gates and Vice Chairman of the Joint Chiefs of Staff Adm. Edmund Giambastiani hold a press briefing at Walter Reed Army Medical Center. Location: Walter Reed Army Medical Center, 6900 Georgia Ave. NW.

ARMY-BLACK HISTORY _ 12 p.m. The Army's Freedom Team Salute program marks Black History Month by honoring the Brooks family, the only African American family in Army history with three generals, a teacher who was nominated by her son serving in Iraq and others. Location: Madison Building, Library of Congress.

BROADBAND _ 12 p.m. The New America Foundation holds a discussion on the best way to bring broadband access to all Americans, with John Muleta of M2Z Networks, Chris Guttman-McCabe of the Wireless Association, Nextel Communications co-founder Morgan O'Brien, others. Location: Room 385, Russell.

GATES-KOREA _ 12 p.m. Secretary of Defense Robert M. Gates hosts an honor cordon to welcome South Korean Minister of National Defense Kim Jang-soo to the Pentagon. Location: The cordon will be held on the steps of the Pentagon Mall Entrance.

BULGARIA _ 2 p.m. Bulgarian Finance Minister Plamen Orescharski and Deputy Treasury Secretary Robert Kimmit, others, attend a tax treaty and protocol signing. Location: Room 3311, main Treasury.

NAPOLITANO _ 5 p.m. The National Italian American Foundation holds a private reception for Arizona Gov. Janet Napolitano. Location: Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, FEBRUARY 23, 2007 7:45 AM EST

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TERRORISM NEWS:

Experts: Padilla Unable To Stand Trial (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 23, 2007

MIAMI -- Accused al-Qaida operative Jose Padilla suffers from intense stress and anxiety stemming from his isolated years in military custody and cannot adequately help his lawyers prepare for trial, two defense mental experts testified Thursday.

Defense lawyers hope to delve more deeply into Padilla's treatment at a Navy brig in Charleston, S.C., later in the federal hearing, when they are allowed to question brig officials directly involved in his custody. Those officials have never spoken publicly about the case, and the hearing will continue Monday.

"He is immobilized by his anxiety," said Patricia Zapf, a forensic psychologist who administered tests on Padilla last October. "He believes he will go back to the brig and he will die there."

The hearing before U.S. District Judge Marcia Cooke on Padilla's competency is crucial in deciding whether he and two co-defendants will stand trial in April.

Padilla, a 36-year-old U.S. citizen, is charged with being part of a North American terror support cell that provided money, recruits and supplies to Islamic extremists around the world. All three have pleaded not guilty and face possible life imprisonment.

The Bush administration initially claimed that Padilla was on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major U.S. city when he was arrested in May 2002 at Chicago's O'Hare International Airport.

He was designated an "enemy combatant" and was imprisoned by the military without criminal charges. But the dirty-bomb allegations are not part of the Miami case.

Padilla has claimed in court filings that he was tortured at the brig, which U.S. officials have denied. Prosecutors say he is competent for trial.

"It has always been our policy to treat all detainees humanely," Cmdr. Jeffrey Gordon, a Defense Department spokesman, said Thursday. "The government in the strongest terms denies Padilla's allegations of torture, allegations made without support and without citing a shred of record evidence."

Dr. Angela Hegarty, a forensic neuropsychiatrist, said she concluded after examining and testing Padilla for more than 22 hours last fall that he is mentally incompetent for trial because he has post-traumatic stress disorder. Zapf reached the same diagnosis and recommended that Padilla receive treatment.

Padilla's symptoms are most acute when he is asked to talk about his 3 1/2 years in the brig, including interrogations techniques used on him, or to review evidence in his criminal case, including transcripts of intercepted telephone conversations, Hegarty said.

"He doesn't want to because it hurts so much, and because it hurts so much he shuts down," Hegarty said.

When Padilla his asked about his case or the brig, Zapf said, he becomes noticeably tense, begins to sweat, tries to change the subject and rocks back and forth while hunched over. She said he was adamant that he did not want to testify in his own defense.

"He said he can't relive it, he can't go through it again, and he can't name names," Zapf said.

During cross-examination, prosecutor John Shipley pointed to a test administered by Hegarty in which Padilla scored zero on the portions indicating post-traumatic stress disorder. Those segments involved questions about flashbacks, nightmares, depression and other symptoms.

"Nothing in this test supports your diagnosis at all, isn't that correct?" Shipley asked.

"No," Hegarty replied, noting that the test answers were only one component of her decision.

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Psychiatrist: Solitary Confinement Has Made Padilla Unfit For Trial (USAT)

By Laura Parker

USA Today, February 23, 2007

MIAMI — A New York psychiatrist testified Thursday that Jose Padilla, a U.S. citizen accused by the government of being an "enemy combatant," developed so many mental ailments during three years of solitary confinement in the Navy brig in Charleston, S.C., that he is not competent to stand trial.

That view of the 36-year-old terrorism suspect, once accused of planning to detonate a radioactive "dirty bomb," emerged as Angela Hegarty took the stand as the first of three psychiatrists expected to testify at a hearing to determine Padilla's mental fitness. "He lacks the capacity to assist his counsel in this case," Hegarty said.

More revelations are expected next week when four officials from the brig, as well as four officials from the Miami Federal Detention Center take the stand. Their testimony will provide an unprecedented window into the U.S. military's treatment of terrorism suspects. Since the Sept. 11, 2001, attacks, officials responsible for the detention of terrorism suspects have been ordered by a federal judge to testify only a few times.

Padilla, 36, faces trial April 16 on federal charges of conspiring to murder, kidnap and maim people overseas and conspiracy to support terrorism by supplying money and materials. He was arrested in May 2002, and spent three years and eight months in the brig until he was transferred into federal custody after his indictment in Miami in November 2005.

Federal prosecutors have fiercely resisted defense efforts to call the brig officials for the hearing, arguing that Padilla's treatment at the brig is not relevant to the federal charges he faces. Defense attorneys contend that Padilla's treatment amounts to torture and caused his mental break.

U.S. District Court Judge Marcia Cooke ordered Defense Department attorney Mike Reheuser, brig technical director Sandy Seymour, brig psychologist Craig Noble and brig social worker Maj. Andrew Cruz to testify. Federal Detention Center officials Jorge Luis, Dr. Victor Shoukry, Dr. Lisa Feldman and Dr. Hoa Ngo also will testify.

Hegarty, who testified for the defense, was followed to the stand by Patricia Zapf, a psychologist hired by the defense. Both experts said Padilla suffers from post traumatic stress as a result of his confinement.

Prosecutors will call Rodolfo Buigas, a medical expert for the Bureau of Prisons, who examined Padilla and found him mentally competent. The hearing resumes Monday.

Defense Calls Padilla Incompetent For Trial (NYT)

By Deborah Sontag

The New York Times, February 23, 2007

MIAMI, Feb. 22 — In a highly unusual competency hearing in federal court here Thursday, defense lawyers began to lay out their argument that Jose Padilla, the Brooklyn-born former enemy combatant, was rendered incompetent to stand trial on terrorism conspiracy charges by what they characterize as crippling mistreatment by the government.

Two mental health experts, a forensic psychiatrist and a forensic psychologist hired by the defense, testified that Mr. Padilla, 36, suffers from post-traumatic stress disorder as a result of his isolation and scores of interrogation sessions during three years and eight months in a military brig in South Carolina.

“He’s unfit to stand trial,” said Patricia A. Zapf, the psychologist, describing Mr. Padilla as so “immobilized by his anxiety” and so distrustful that he is incapable of assisting his own lawyers — whom he at times suspects of being agents of the government — in preparing his defense.

Dr. Zapf said Mr. Padilla, a United States citizen who was initially accused of plotting a dirty bomb attack against the United States and held without charges by the military, believed that he would end up “back in the brig and that he would die there.”

Dr. Zapf continued: “He’d say, ‘What does it matter? It doesn’t matter. My fate has been decided. It’s better to let things be.’ ”

Mr. Padilla, who was indicted in late 2005 on terrorism conspiracy charges that do not include the dirty bomb plot but do carry a possible life sentence, sat calmly through Thursday’s hearing as lawyers and doctors discussed his facial tics, anxieties and feelings of hopelessness.

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Wearing a tan jumpsuit, sandals with socks, wire-rimmed glasses and a wispy mustache, Mr. Padilla occasionally chatted amiably with his lawyers and once turned around and gave his mother, Estela Lebron of Broward County, a broad, sustained smile. His leg irons were barely visible beneath the rolled-up cuffs of the pants that belong to the federal detention center where he is now being held in isolation.

In a recent motion to the court, Anthony J. Natale, a federal public defender and one of Mr. Padilla's lawyers, said, "Like many aspects of Mr. Padilla's case, his claim of incompetency is unique in that it is the government that is squarely to blame for his current mental state and his concomitant ability to stand trial."

Marcia G. Cooke, the federal judge presiding over the case, ordered a Bureau of Prisons evaluation of Mr. Padilla late last year when his lawyers raised the issue of his competency. That review, which was complicated by Mr. Padilla's refusal to submit to testing by prison psychologists, concluded recently that Mr. Padilla was competent to stand trial.

Prosecution lawyers urged Judge Cooke to accept that evaluation as neutral and final. They opposed a full-blown competency hearing that examined Mr. Padilla's treatment in the brig, calling the subject of his detention there a "sideshow." But Judge Cooke ordered officials from the brig to testify, and they are expected to do so when the hearing continues next week.

If Judge Cooke finds Mr. Padilla incompetent to stand trial, prosecutors have made it clear they will appeal that decision. If a ruling of incompetency were upheld, Mr. Padilla might then be transferred by the government to a psychiatric institution with the goal of making him capable of standing trial.

Mr. Padilla, according to the defense-hired doctors who examined him, is terrified of ending up in a psychiatric hospital and denies that he has any mental disorders. During their evaluations, they said, Mr. Padilla denied that he was anxious, while flushing, sweating, twitching and visibly manifesting his anxiety.

"Mr. Padilla is very, very anxious about quote-unquote appearing crazy," said Dr. Angela M. Hegarty, a psychiatrist.

The doctors testified that Mr. Padilla refused to discuss the details of his case with his lawyers, growing agitated when asked to review video recordings of his interrogations — 87 such tapes have been turned over to the defense — or to listen to wiretapped phone conversations.

According to the testimony, Mr. Padilla, a Muslim convert, also declines to answer his lawyers' questions about his whereabouts or activities after he left the United States in 1998 on what he told his family was a spiritual journey but what prosecutors see as a mission to conduct "global jihad." The questioning, according to the doctors, echoes the questioning of his interrogators.

"When asked, he shuts down and says, 'I can't, I can't,' " Dr. Hegarty said. Prosecutors challenged the idea that Mr. Padilla was incapable of communicating with his lawyers, noting that the lawyers had submitted an affidavit signed by him with a motion to dismiss the charges based on "outrageous government conduct." That motion contained detailed accusations by Mr. Padilla about abuses in the brig, including hooding, stress positions, assaults, threats of imminent execution and the administration of "truth serums."

Padilla Unfit For Trial, Defense Experts Say (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, February 23, 2007

2 psychiatrists agree the terrorism suspect has post-traumatic stress disorder. His lawyers blame his treatment in custody.

MIAMI — Two forensic psychology experts testified Thursday that alleged Al Qaeda accomplice Jose Padilla suffered mental damage during his 3 1/2 years in U.S. military custody and was unfit to stand trial on terrorism charges.

Testing and evaluation of the 36-year-old former Chicago gang member revealed "strong indication of cognitive impairment" and a 98% probability of brain injury, said Patricia Zapf, a clinical forensic psychologist and associate professor at City University of New York.

"I believe he is not competent to proceed, that he is not fit to stand trial," Zapf testified as a witness for the defense.

U.S. District Judge Marcia Cooke scheduled the competency hearing after Padilla's defense attorneys filed a motion to dismiss the case because of what they called "outrageous government conduct" that amounted to torture.

Padilla's trial is scheduled to begin April 16.

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Forensic neuropsychiatrist Angela Hegarty told the court that Padilla wasn't competent to assist in his own defense because he exhibits profound anxiety and "shuts down" at any mention of his treatment at the U.S. Navy brig in Charleston, S.C.

Both defense experts diagnosed Padilla with post-traumatic stress disorder and acute anxiety, which they attributed to his prolonged isolation and treatment at the Charleston brig.

Padilla, shackled and dressed in a tan cotton jailhouse tunic and trousers, sat impassively throughout the day's proceedings. His only show of emotion was a wave and smile to his mother, who was seated in the back of the courtroom.

Padilla was arrested at Chicago's O'Hare International Airport upon his return from Pakistan in May 2002, on suspicion of having plotted with other terrorism suspects to unleash a "dirty bomb" on an unnamed U.S. city.

President Bush declared Padilla an enemy combatant, and he was held in the brig without charges until late 2005. The government then moved the case to the federal court system with an indictment alleging Padilla was part of a North American terrorist cell providing material assistance to Islamic extremists abroad.

Lead defense attorney Anthony Natale has called mental health professionals and interrogation personnel from the brig staff to testify to the conditions in which Padilla was held. Testimony from the brig personnel, expected when proceedings resume Monday, could shed light on the military's controversial and secretive practices in getting terrorism suspects to disclose incriminating information.

A Bureau of Prisons psychological evaluator, Rodolfo Buigas, is expected to testify for the prosecution that Padilla is competent to stand trial.

Hegarty, an assistant professor of clinical psychology at Columbia University, said Padilla suffered from a form of Stockholm syndrome in which a captive identifies with his aggressors because of a perception that they control his fate.

"When you are helpless and dependent on an all-powerful group, it takes away your anxiety when you line up with them," she said, recalling instances during her 22 hours of discussion with Padilla when he would object to contradicting the government for fear of reprisals.

"He thought he would go back to the brig and that he would die there," Zapf said. "He's very much living in the present. He doesn't want to talk about the past or think about the future."

Any attempts to get Padilla to discuss his custody left the defendant "immobilized by his anxiety," Zapf said.

Both witnesses reported that Padilla exhibited facial tics, flushing and perspiration, and that he evaded all questions relating to his solitary confinement. Defense attorneys say he was subjected to extreme temperatures and noise, fed LSD and other drugs, and made to endure hours of interrogation shackled in "stress positions."

Both also denied that Padilla was deliberately feigning psychological problems to evade prosecution.

Assistant U.S. Atty. John C. Shipley attempted to discredit Hegarty's post-traumatic stress disorder diagnosis by pointing out that Padilla scored "a perfect zero" on the segment of a standardized test designed to detect symptoms of the disorder.

But Hegarty countered that visible symptoms of anxiety as well as nightmares, depression and hallucination had been observed in the defendant, leading her to conclude he was exhibiting "minimalization" or denial, a classic indication of the disorder.

Asked how she reconciled Padilla's affidavit attesting to brutal treatment in the brig with his supposed mental alignment with his government jailers and accusers, Hegarty compared the defendant's situation to that of a battered woman who vacillates between defense of the abuser and short-lived efforts to escape him.

Zapf described Padilla as polite and apologetic about his inability to discuss his military captivity and, like Hegarty, quoted the defendant as saying he feared that his defense lawyers were part of a government plot against him.

Cooke repeatedly overruled objections from the prosecutors that Hegarty and Zapf were straying beyond the questions asked of them. The judge's latitude with the defense attorneys could signal that she will allow military jailers and interrogators to answer questions about their methods. Prosecutors in previous terrorism cases have stifled such testimony by deeming the techniques classified.

Lawfare (WSJ)

By David B. Rivkin, Jr. And Lee A. Casey

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The Wall Street Journal, February 23, 2007

The term "lawfare" describes the growing use of international law claims, usually factually or legally meritless, as a tool of war. The goal is to gain a moral advantage over your enemy in the court of world opinion, and potentially a legal advantage in national and international tribunals.

Al Qaeda, of course, is an experienced lawfare practitioner. Its training manual, seized by British authorities in Manchester, England, openly instructs detained al Qaeda fighters to claim torture and other types of abuse as a means of obtaining a moral advantage over their captors. That advice has been routinely followed by detainees at Guantanamo Bay, who have succeeded in generating incessant demands -- from European officials among others -- for the base's closure and their own liberation.

These efforts, however, pale to insignificance when compared to the blizzard of litigation initiated in the U.S. federal courts on behalf of al Qaeda and Taliban detainees. The suits range from habeas corpus petitions to free captured enemy combatants -- cases that were dismissed by the U.S. Court of Appeals in Washington, D.C. on Tuesday -- to tort suits seeking monies from U.S. government officials, to challenges regarding the detainees' conditions of confinement.

There was a quixotic attempt to save Saddam Hussein's life by asking a federal court in Washington, D.C. to "stay" his execution by the Baghdad government. Several suits seek to hold the U.S. liable for the alleged misconduct of other governments. Of these, the lawsuit by Canadian Maher Arar, ostensibly tortured after being "rendered" to Syria, is the best known.

The most significant common thread among all these actions is the clear desire to portray U.S. government actions as illegal and unprecedented. In fact, it is the claims for extensive due process rights for captured enemy combatants that are unprecedented.

Combatants, whether the regular soldiers of sovereign states, irregular guerillas or terrorists, have never enjoyed the right to contest the legality of their detention in the civilian courts, or to a criminal trial. The Supreme Court reaffirmed these traditional rules in Hamdi v. Rumsfeld (2004), where a clear majority held that captured al Qaeda operatives could constitutionally be held as enemy combatants for the duration of hostilities without the due process required for individuals accused of criminal violations. The only process the court considered necessary was an opportunity to contest, before military authorities, the factual basis of their classification as enemy combatants with a limited opportunity for judicial review.

Nevertheless, lawyers for the detainees continue to demand a full-fledged criminal process in the civilian courts for their clients. Former Clinton Attorney General Janet Reno has argued in a friend of the court brief that one detainee (Ali Saleh Kahlah al-Marri) should be entirely removed from the military justice system, even though he already has received far more extensive judicial process than that required by the Hamdi decision.

Similarly, in a grim echo of domestic prisoners-rights cases, lawyers for another detainee, Saifullah Paracha, have demanded that he be transferred from Guantanamo Bay to a civilian U.S. hospital for a common medical procedure -- a cardiac catheterization.

Perhaps the most pernicious ongoing lawfare example is the effort to hold U.S. officials financially liable for their wartime conduct based on the theories developed in Bivens v. Six Unknown Named Agents (1971). In that case, the Supreme Court permitted a civil damage suit against individual federal drug enforcement agents for allegedly violating the plaintiff's constitutional rights, in particular the Fourth Amendment guarantee against unreasonable searches and seizures.

Several Bivens actions have been filed on behalf of foreign combatants captured, detained and later released by U.S. forces. None have been particularly successful -- so far -- but the determined effort to use legal principles developed in the context of civilian law-enforcement operations on U.S. soil against officials directing an ongoing armed conflict overseas reveals an unsettling policy agenda.

These efforts are of a piece with a similar "progressive" movement -- ongoing at least since the end of World War II -- to remake the traditional laws of war, attempting to import into the area of armed conflict concepts and norms from the world of domestic law enforcement. Thus, leftist NGOs routinely demand that irregular enemy combatants like al Qaeda and the Taliban be treated as POWs or criminal defendants, claim that military force can be applied only to the minimum amounts necessary to neutralize a particular opponent (rather than with a view to achieving ultimate victory), and have sought to ban an increasing number of weapons and weapons systems as being "inherently indiscriminate."

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The effect of this lawfare effort, were it successful, would be to make it exceptionally difficult -- if not impossible -- for a law-abiding state to wage war in anything like the traditional manner, bringing the full weight of the national armed forces to bear against an enemy, without prompting charges of war crimes and efforts to intimidate individual officials with prosecutions on ersatz "war crimes" theories. In fact, the criminalization of traditional warfare seems to be the goal.

Unfortunately, the progressive humanitarians (as they would certainly describe themselves) have embarked on this campaign to criminalize warfare (a kind of judicially enforced Kellog-Briand Pact), without giving much thought to alternatives for ensuring the welfare and security of the civilian populations that the armed forces of states, and of the U.S. in particular, are raised and maintained to protect. To the extent that terrorist combatants are given the rights of criminal defendants, their ability to sustain long-term hostilities, and to reach their civilian targets, is increased.

Lawfare designed to delegitimize the use of American military force, and the American way of war, certainly has the potential to undermine public support for the war effort, both at home and abroad. Recognizing the stakes involved, the U.S. should be as committed to winning the lawfare battle as the ground combat in Afghanistan and Iraq.

Merely defending itself in court is not enough. The U.S. must go on both the legal and public diplomacy offensive, utilizing such aggressive litigation tactics as seeking sanctions against lawyers who make frivolous arguments or violate security regulations. Most important, the administration should strive to explain, tirelessly and at the highest levels, that its policies are both legal and legitimate and that it is the lawfare's practitioners who are the true radicals.

Messrs. Rivkin & Casey, who served in the Department of Justice during the Reagan and George H.W. Bush administrations, are writing a book on war's evolving legal architecture.

A Congressional Duty (WP)

The Washington Post, February 23, 2007

ON THE FIRST day of the new Congress, two leading senators announced they would join in an attempt to reverse the hasty and ill-considered decision of the previous Congress to deprive foreign prisoners at Guantanamo Bay of the ancient right of habeas corpus, which allows the appeal of imprisonment to a judge. One of the senators, Arlen Specter (R-Pa.), predicted that the courts would rule that the provision of the Military Commissions Act eliminating habeas corpus was unconstitutional; he nevertheless joined the incoming chairman of the Senate Judiciary Committee, Patrick J. Leahy (D-Vt.), in sponsoring a bill restoring the appeal right.

Now Mr. Specter's prediction is looking less sure: The U.S. Court of Appeals for the D.C. Circuit ruled this week that Congress's act was constitutional, and it threw the cases of dozens of Guantanamo detainees out of federal court. That ruling will almost certainly be reviewed by the Supreme Court on appeal, but Congress should not wait for its decision. It should move quickly on the Habeas Corpus Restoration Act.

The Supreme Court has already twice overruled decisions by the D.C. Circuit denying Guantanamo detainees habeas rights, but it is hard to predict whether it will do so again. The court's composition has changed since those rulings, with the addition of justices more likely to be sympathetic to the arguments of the Bush administration. Congress has reversed part of the basis for the court's previous rulings by enacting a statute saying that persons found to be "enemy combatants" by military review panels, including detainees held at Guantanamo, have only a limited right of appeal.

The principal remaining question is whether Congress's action is permitted under Article I, Section 9 of the Constitution, which says, "The Privilege of the Writ of Habeas Corpus shall not be suspended" except in cases of "Rebellion or Invasion." Two judges of the three-member appeals court panel ruled that the provision does not apply at Guantanamo because it is not on U.S. territory and the detainees are foreigners. A dissent written by Judge Judith Rogers pointed out that one of the earlier Supreme Court rulings stated that giving appeal rights to Guantanamo inmates "is consistent with the historical reach of the writ of habeas corpus." But the court has not ruled squarely on the constitutional issue.

Rather than wait for the court's decision, Congress should correct its own mistake. The 51 to 48 vote rejecting Mr. Specter's previous attempt to restore habeas condemned hundreds of foreign prisoners to indefinite detention without trial at Guantanamo; only a few score are expected to be prosecuted by the military commissions. Since 2002 it has become clear that a number of prisoners at the facility were arrested in error, are not terrorists and pose no threat to the United States. Moreover,

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improvements in the prisoners' treatment have come about largely because of their court appeals. Congress has both a practical and a moral interest in ensuring that this basic human right is restored.

Editorial: Figures Don't Add Up (VENTCS)

Ventura County (CA) Star, February 23, 2007

The Justice Department's post-9/11 statistics on terrorism cases have been deeply flawed, sometimes inflated, sometimes underreported — in any case, just highly inaccurate. Only two out of 26 sets of statistics reported between 2001 and 2005 were found to be accurate by the department's inspector general, Glenn Fine.

The most erroneous were figures on terrorism prosecutions collected by the department's Executive Office of U.S. Attorneys. In 2004, the department reported 379 terrorism-related convictions, but Mr. Fine said the actual number was 240.

Given the penchant of the department's political leadership for overhyping terrorism-related cases, the natural inclination is to think that the figures were intentionally padded.

Mr. Fine, reassuringly, says no. He blamed the errors on a "decentralized and haphazard" system of data collection and disagreements over the definition of an "anti-terrorism" case.

The result was that unrelated offenses like immigration violations, marriage fraud, drug trafficking and firearms violations were included in the terrorism figures.

Given the sensitivity of these numbers, it's surprising that the department was so careless. The Bush administration has portrayed itself as tough on terrorism — invoking these same statistics to prove it — and, by extension, the Democrats as weak. If it got this wrong, it makes you wonder what else it got wrong.

The audit concluded that, "it is essential that the department report accurate terrorism-related statistics." After five years of the domestic war on terror, that's not asking a whole lot.

Terror Suspect's Statements Detail Time In Somalia (BOS/AP)

By Juan A. Lozano, Associated Press Writer

The Boston Globe, February 23, 2007

HOUSTON --Handwritten statements released Thursday depict the frustration, confusion and deception that revolved around a U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government.

The three sets of statements, which Daniel Joseph Maldonado gave to FBI agents after his arrest in Kenya last month, detail in the 28-year-old's words why he left the United States, his time in Somalia and the frantic last few days he and his family spent in the country before his capture by authorities.

In his initial handwritten statement, Maldonado wrote he moved from the United States because of anti-Muslim sentiment following the Sept. 11, 2001, terrorist attacks and heard that Somalia was emerging as a "true Islamic state."

"I would be able to live, pray, act, dress and be a Muslim without anyone yelling at me, calling me names, refusing me jobs or apartments," he wrote.

He also said in later statements that he wanted to "fight jihad" or a holy war in Somalia.

The statements first became public during Maldonado's two-day probable cause and detention hearing earlier this week. A federal magistrate judge ruled Wednesday there was sufficient evidence that Maldonado received weapons and bombmaking training at a Somali camp where al-Qaeda members were also present. Maldonado was ordered held without bond until his trial.

Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, is accused of traveling in November to an al-Qaeda terrorist camp in Somalia, where he was trained to use firearms and explosives in an effort to help another group, the Islamic Courts Union, topple the government and install an Islamic state. He was captured by the Kenyan military while trying to flee Somalia on Jan. 21.

He faces charges of undergoing military training with a terrorist organization and conspiring to use a weapon of mass destruction, specifically a bomb. If convicted, he faces up to life in prison.

During the hearing, FBI agent Loretta Eglen-Anderson testified she and other agents had him write down what he had done in Somalia.

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Maldonado, who grew up in Pelham, N.H., and lived in Houston from August 2005 to November 2005, moved with his wife and three children to Cairo, Egypt, before going to Somalia in November.

Maldonado wrote that he didn't find acceptance in Egypt nor when he first got to Somalia, which has not had an effective national government since 1991.

Eglen-Anderson testified Maldonado initially lied to FBI agents about his reasons for going to Somalia. In later statements, Maldonado admitted he "left out the fact that I wanted to fight jihad."

After arriving in Somalia, Maldonado wrote he and his family were taken in by a man. In revised statements he said the man gave him a gun and ammunition.

Maldonado left his family in the Somali capital of Mogadishu and traveled to the southern port city of Kismayo, where FBI agents and federal prosecutors said he went to receive weapons and bombmaking training at an al-Qaeda camp. Maldonado later admitted he did go to get training.

In his statements, Maldonado never mentioned al-Qaeda and said he was sick for a week with malaria after arriving in Kismayo.

After recovering in a hospital, Maldonado said he was asked again "to join the jihad. But I was more concerned with my family in Mogadishu and still doubtful about weather it was a valid jihad."

Maldonado later admitted he lied about his doubts.

Maldonado wrote that after the fighting in Somalia intensified, he tried to get his family to come to Kismayo so they could leave the country. He was reunited with his family but was told he and his family would have to travel separately to Kenya.

In his worry and frustration, Maldonado wrote he called his parents and lied to make them feel guilty.

"So I decided to make them feel bad by saying that I was a soldier and I was going to fight jihad and possibly die," he wrote.

Prosecutors said they don't think he was lying.

Maldonado was able to travel with his family part of the way to the Kenyan-Somali border.

"We said very sad good by's hoping for each others safety and her and the children left," he wrote.

In his efforts to get to the border, Maldonado traveled by boat and truck, ending up in a camp in a wooded area. The camp was raided and Maldonado fled, eventually being captured by Kenyan troops.

Maldonado's wife died of malaria but it is not clear where or when she died. The couple's three children are now being taken care of by Maldonado's parents in New Hampshire.

HOMELAND RESPONSE:

Independent Review Needed For Supermax (DENP)

Denver Post, February 23, 2007

Colorado's congressional delegation has been pushing to identify and resolve the prison's shortcomings. A sweeping inquiry should be conducted.

It's hard to know what to believe when it comes to assessing the state of security at the Supermax federal prison in Florence, which holds some of the most dangerous inmates in the country.

During a tour of the facility Wednesday, Barb Batulis, a Supermax guard and union representative, said the prison isn't adequately staffed. But U.S. Bureau of Prisons chief Harley Lappin said he can safely manage the institution with the staff he has. U.S. Attorney General Alberto Gonzales said he thinks the facility is secure but could be improved, though he shared no ideas.

That won't satisfy worried neighbors who want Lappin to erect a $23 million fence - not so much to keep the inmates inside as to keep their accomplices from approaching Supermax from the outside.

There have been troubling signals from the maximum security prison for some time. The question of adequate staffing came into focus last fall with release of a report by the Department of Justice inspector general. It said Supermax didn't have adequate staff or language skills to monitor communications between inmates and the outside world. The investigation was sparked by March 2005 media reports that said three convicted terrorists involved in the 1993 World Trade Center bombing

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wrote about 90 letters to Islamic extremists with links to the Madrid train bombings. Prison officials said they've taken steps to address the shortages.

But that wasn't all. Shortly thereafter, an arbitrator ruled that staffing at the prison had gotten so low that working there had become more hazardous. The prison smartly hired more staff; however, union officials say at least some of the hires were destined for other understaffed prisons and not replaced. It's difficult to know whether the situation has improved or if prison officials are robbing Peter to pay Paul. But we do know this: Despite watching over some of the nation's most diabolical criminals, Supermax staffing is actually down from when it opened in 1994. Prison officials say the addition of cameras and other technology has lessened the need for guards.

Perhaps that's true. Or perhaps it's a convenient justification. Trouble is, everyone defining the problems and creating solutions has a self-interest that could color their assessment.

Colorado's congressional delegation has been active in pushing to resolve the prison's shortcomings, and they must work to penetrate the veil of ambiguity. A sweeping review of the prison's security and staffing should be conducted by the Government Accountability Office. The sooner the better.

Supermax Safety (PUEBCH)

Pueblo (CO) Chieftain, February 23, 2007

HOW SAFE is Supermax? U.S. Attorney General Alberto Gonzales toured the nation's most secure federal prison on Wednesday and was assured security measures have been taken to beef up safety.

Sens. Wayne Allard and Ken Salazar accompanied the AG on the tour, and afterward Sen. Allard expressed confidence that the Administrative Maximum Security U.S. Penitentiary in Florence has been improved with technological upgrades. He added that more employees and more security measures could be coming in the future.

Sen. Salazar said, "We are committed to making sure this is the safest and most secure for the protection of the people who work and live here." Both senators previously had toured Supermax, and Sen. Salazar noted that staffing has been improved since then, in addition to the technology upgrades.

This is not to say that Supermax has not been without growing pains. An Inspector General's report issued last year detailed relaxed phone and mail monitoring, particularly for the terrorists being held inside the lockup.

As a result of that report, the Bureau of Prisons has monitored 100 percent of the mail to or from inmates designated as terrorists. All of those prisoners' phone calls also are monitored, although sometimes due to staffing patterns the calls are recorded, then listened to later.

Officials of the American Federation of Government Employees, the union representing the rank-and-file prison staffers, say more should be done to beef up security. Particularly, they believe staffing levels should be bolstered.

We certainly don't believe the prison housing the nastiest of nasties in the federal system ought to be operated unsafely, so the union's concerns should get a fair hearing. On the other hand, the judgment of the professional managers should also be given due weight.

Sen. Allard said the government probably will not be able to address 100 percent of the staffers' concerns at least right away - such things are a matter of available funding - but he added that more employees and more security could be coming in the future. With a growing prison population, such measures will have to be considered by Congress.

Report Details Harassment That Followed 9/11 Attacks (MINNST)

By Jean Hopfensperger, Star Tribune

Minneapolis Star Tribune, February 23, 2007

Minnesota Advocates for Human Rights says concerns about terrorism are exposing innocent people to discriminatory treatment.

Imani Jaafar-Mohammed, a Muslim lawyer from Woodbury, endured a neighbor throwing chunks of pork in her yard and yelling "terrorist!" from his window.

Hyder Khan, an Indian from Bloomington, says he can't print out his airline boarding pass in advance because there is a name like his on a security list.

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Dipankar Mukherjee, an Asian theater director from Minneapolis, says he has heard airline passengers request that they be moved so they don't have to sit next to him.

"When I used to travel back into the United States, people would say 'Welcome home,' " said Mukherjee. "Now they say, 'Step aside,' or 'Please go to this room.' "

The terrorist attacks of 9/11 still are casting a shadow on Minnesota's immigrant and Muslim community, according to a report issued Thursday by Minnesota Advocates for Human Rights. Racial and religious stereotyping continues to this day, as do overt acts of discrimination, the report said.

The 94-page report was based on interviews with more than 100 Minnesota immigrants. The events of 9/11 fueled changes in public attitudes toward national security and immigration that continue today, it said. Those changes were also aggravated by subsequent political campaigns targeting immigrants and the public debate over immigration reform, the report said.

"This was not meant to be a scientific study, but to detail history and real life experiences," said Robin Phillips, executive director of Minnesota Advocates for Human Rights. "We want to make sure that history and experience is included in the public policy dialogue."

Mukherjee, who spoke at a news conference Thursday announcing the report, was most exasperated by how he was constantly pulled from airport lines during "random" passenger checks. Once, after being released from one interview, he was pulled out of line again, less than an hour later.

The Department of Homeland Security, which oversees the Transportation Security Administration, has a policy strongly discouraging racial or ethnic profiling in law enforcement activities.

But immigrants are also targeted in unofficial ways, Mukherjee said. He recalled trying to get a receipt from a tow truck operator in Uptown last year. He said the operator yelled at him, "Why don't you first give me a receipt from the World Trade Center?"

Jaafar-Mohammed, meanwhile, said she and her husband had looked forward to their first home together in Woodbury. But the harassment from their neighbor reached the point that she feared for her safety. The Minneapolis attorney said she obtained a restraining order last year on the man, who eventually left their suburban neighborhood.

Harassment aside, federal policies to contain terrorism also continue to leave their mark, the report said. For example, some Muslims continue to worry whether their charitable donations to Islamic organizations could be construed as "material support" to terrorists groups, which is prohibited by the Patriot Act. Islam requires its followers to donate 2.5 percent of their savings to charity.

Several incidents of alleged misconduct by the FBI are mentioned in the report. A Somali man employed by a Twin Cities school district says he received a visit from the FBI at his home a day after he inquired about bus rentals for a school event. One of the questions he was asked; "What do you think of Saddam Hussein?"

FBI spokesman Paul McCabe said he had not been informed about the incidents mentioned in the report, and that they would be impossible to verify without names, dates and places. The authors of report, however, offered confidentiality to those they interviewed.

If people have concerns about the FBI, they should contact the FBI or a trusted community organization, he said. "We will investigate," McCabe said.

Phillips said that the Minnesota Advocates is interested in learning about other experiences -- good and bad -- resulting from Sept. 11. To report those experiences, or to view the report, go to www.mnadvocates.org.

In New Orleans, Progress At Last In The Lower Ninth Ward (NYT)

By Adam Nossiter

The New York Times, February 23, 2007

NEW ORLEANS, Feb. 22 — The first new houses built in the Lower Ninth Ward since Hurricane Katrina were turned over to their owners on Thursday, creating a small island of hope in a sea of ruin.

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Side by side, sparkling and bright on Delery Street at the neighborhood's eastern edge, the two houses unveiled at a ceremony on Thursday stand out in a landscape grimly frozen since the storm. The twin pastel variants on traditional New Orleans architecture sit incongruously whole amid block after block of ruined shells with doors swinging open and windows gaping wide.

Empty during the day and dark at night, this area is a long way from being a neighborhood again, even though it has been the focus of intensive volunteer efforts and organizing since the storm. The destruction of the Lower Ninth Ward, which was working-class and black before the hurricane, and its subsequent failure to begin recovering, have become symbols for what some see as inequities in this city's halting revival.

That symbolism was much in evidence at the ceremony, a gathering of the homeowners and the varied volunteer forces that built the $125,000 solid pine houses, which officials said are elevated five feet and designed to resist hurricane-force winds. It was an occasion to look past the catastrophe that sent a wall of water rushing into the Lower Ninth Ward 18 months ago, at least for the moment. If the levees fail again and a similar volume of water comes through, the new houses will take only two feet of water, the contractor said.

There were promises on Thursday to bring the neighborhood back, particularly from Acorn, the nonprofit neighborhood group that organized the construction and helped finance the two houses. There was cheering, there were plaques for the volunteers, and there were speeches by politicians and preachers.

And there were the two sturdy women who had been next-door neighbors for 25 years until Hurricane Katrina blew their houses away, the owners Gwendolyn Guice and Josephine Butler, who received the keys to the new houses on Thursday.

Acorn and the volunteers built the houses on the same spot as the women's original ones, and both women seemed overcome at being back.

"I'm all over hoops," Ms. Guice said, switching between tears and smiles as she happily showed off her trim little green house, a subtle modification of the classic New Orleans front-to-back-hall style.

Looking out the back at a nearby school building with a collapsed roof and a muddy vacant lot where there was once a house, Ms. Guice was adamant that Thursday represented a hopeful beginning on a street that once sheltered many solid homeowners.

"A lot of people are just sitting back, waiting and seeing," Ms. Guice said.

Her re-installment and Ms. Butler's, she insisted, would help draw people back. And given the privations of her long exile, much of it spent in Houston, she would not be fazed by living in the ward's darkness and isolation, she suggested.

She showed no regrets about the fate of her old house.

"I never did find the den," Ms. Guice said. "It just shoved straight off. It might be floating in the gulf."

Still, the complications of the demonstration project on Delery Street raise questions about its usefulness as a prototype. The two houses were financed by Acorn and a California bank, and the two women are planning to repay their loans using their insurance proceeds and money they hope will be forthcoming from Louisiana's Road Home housing aid program. Louisiana State University's School of Architecture helped design the houses, students from the school helped build them, young people from Covenant House did odd jobs, a church provided landscaping, and even the novelist Richard Ford, who recently moved back to the city, pitched in.

How often this process could be replicated is unclear, though Acorn has money for more loans. Some believe that a neighborhood as destitute as this one cannot come back without large-scale intervention.

"I think we have a problem of quantity, and anything that can't be delivered in quantity is not a suitable prototype, regardless of the fantastic intentions," said Andrés Duany, the Miami architect and planner who has played a leading role in this city's efforts at rebuilding. "The verification is not aesthetics, not the degree of good will; it's quantity."

But under Thursday's bright sun, the focus was not on the hurdles.

"If you try not to focus on how bad everything is, you can focus on what is good," Allan Jones, an electrician who worked on the two houses, said as he surveyed the bleak landscape. "There is potential."

Mr. Ford spoke at the ceremony of the "valiant and hopeful house-raising," and those words captured the spirit of an enterprise that seemed as much a challenge to the future as a foundation for something new.

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When Ms. Butler moved to the area nearly 60 years ago, it was still a semi-wilderness, recalled Tanya Harris, her granddaughter and an Acorn official.

"This was a shot in the dark," Ms. Harris said. "This was a leap of faith."

Senator Lott Floods The Zone (WSJ)

By Kimberley Strassel

The Wall Street Journal, February 23, 2007

One big question when Democrats took over Congress was which industry would be first to feel the new majority's populist rage. Oil? Pharma? Banks? Corporate America just got its answer, direct from the angriest man to have been empowered in the past election: Republican Sen. Trent Lott.

The Mississippian was "infuriated" by the insurance industry's refusal to shell out for certain Katrina claims, most notably his own. So Mr. Lott is spearheading a ferocious campaign of political revenge that would make even Henry Waxman envious -- replete with investigations, voracious trial lawyers, ambitious state attorneys general and threats of punitive federal legislation. And like most personal grievances that get morphed into policy battles, it's ending badly for consumers.

Mr. Lott's beachfront property in Pascagoula -- one of three homes he owned -- was swept away entirely by Hurricane Katrina's waters. Like many Gulf Coast residents, Mr. Lott was soon reminded by his insurer, State Farm, that his policy only covered wind damage -- not flood damage. The senator surely knew that, which is why he'd also purchased federal flood insurance. According to his flood policy that was in effect when Katrina hit, he was covered up to $350,000 in flood damages, and he presumably collected in full. (Sen. Lott's office didn't return my call.)

State Farm, however, refused to cough up, inspiring Mr. Lott to embark on a campaign ripped straight out of the Democratic playbook. First was to pay a call to the favorite mob squad of the left, the plaintiffs' bar. Quicker than you can say "tort reform," Dickie Scruggs, the legal kingpin who engineered Mississippi's tobacco shakedown, was representing Mr. Lott in a high-profile lawsuit against State Farm.

Mr. Lott probably didn't have to do much special pleading, since Mr. Scruggs is his brother-in-law, and had also suffered Katrina damage. Mr. Scruggs is also a pal of Mississippi Attorney General Jim Hood, who within a few weeks of Katrina had filed a lawsuit against insurers over their "unconscionable" decision to not pay for damage they didn't cover. By December of 2005, the Lott-Scruggs-Hood triangle was proving a gale force storm for insurers.

For his part, Mr. Lott has been busy cranking up the pressure in Washington. Not that he didn't give fair warning. In July of last year, he placed a call to Chuck Chamness, the CEO of the National Association of Mutual Insurance Companies, to let the industry know what was coming. Mr. Chamness later sent a letter to Mr. Lott, summing up the call. The key passage: "Your comment that you will dedicate your next term of office to 'bringing down State Farm and the industry' through all means available to you, including legislation designed to harm the property/casualty insurance industry, was very unsettling, to say the least."

Mr. Lott has proven as good as his word. Since Katrina, he's slipped legislation into a Homeland Security bill requiring the inspector general of that agency to investigate insurers. He's put forward a bill requiring insurers to "state clearly" on their policies' "front page" what they don't cover. He's dropped another bill that would compel insurers to release more information about vehicles damaged by Katrina. Word is he's even been looking into the industry's tax rates.

But his big bomb came last week, when he introduced legislation that would end the insurance industry's exemption from certain federal antitrust regulations. Mr. Lott suggests this is to keep big insurance players from conspiring to do evil things, though the reality is that the exemption mainly benefits small insurers who use it to pool statistically reliable data. So in his wrath, Mr. Lott may end up kneecapping many of the hundreds of small insurers who offer some real competition to the so-called conspiring giants.

Democrats have been only too happy to assist in this fight, given their own ambitions of turning the Katrina mess to their political advantage. Mr. Lott's been getting his biggest help from fellow Mississippian and Democrat Gene Taylor -- who also has a beef with State Farm and was part of the Scruggs lawsuit. In January, Mr. Taylor asked Financial Services Committee chief Barney Frank for an investigation into insurers' Katrina practices. Mr. Frank was only too happy to take the first step and next week Mr. Taylor will be the star witness in a subcommittee hearing about insurers' decision not to pay claims. Next up: subpoenas.

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(Congressman Taylor, in a conversation with me yesterday, said he thinks it is "extremely appropriate" that he is in this insurance fight because "what happened to my constituents, my neighbors and my friends also happened to me.")

Meanwhile, Attorney General Hood has deftly used Messrs. Lott's and Taylor's Washington moves as a prod for his own agenda. In a public statement in January he noted that if insurers didn't settle with him, and continued "with their 'robber baron' mentality, I think that Congressman Taylor and [Congressman Bennie] Thompson and Senator Lott will see to it that we have national insurance reform." How's that for a threat?

Within a few weeks State Farm had agreed to settle with the Attorney General Hood and to review 35,000 claims, as well as agreed to pay off all those in the Scruggs lawsuit, including Messrs. Lott and Taylor. Any bets on just how big a slice of his contingency fees Mr. Scruggs will now donate to the Democratic National Committee for next year's elections?

Lost among all the politicians' war-whooping over the State Farm capitulation, is the effect this extortion has had on the private insurance industry. In recent weeks companies from State Farm to AllState have stopped writing policies in parts of Mississippi, which will result in consumers having fewer insurance choices, if they can find insurance at all.

Ah, but never fear: Washington has a solution for that, too. In the face of insurers exiting his state (in no small part because of the actions of politicians), Mr. Taylor earlier this month introduced yet another piece of insurance legislation. This one would expand the national flood insurance program to cover other hurricane-related damage. In other words, the Mississippian wants to create a new federal disaster insurance program that will put taxpayers -- rather than private insurers -- on the hook next time a storm hits. Revenge is a scary thing.

WAR NEWS:

Senate Dems Move To Limit Iraq Mission (AP)

By David Espo

AP, February 23, 2007

Determined to challenge President Bush, Senate Democrats are drafting legislation to limit the mission of U.S. troops in Iraq, effectively revoking the broad authority Congress granted in 2002, officials said Thursday.

While these officials said the precise wording of the measure remains unsettled, one draft would restrict American troops in Iraq to combating al-Qaida, training Iraqi army and police forces, maintaining Iraq's territorial integrity and otherwise proceeding with the withdrawal of combat forces.

The officials, Democratic aides and others familiar with private discussions, spoke only on condition of anonymity, saying rank-and-file senators had not yet been briefed on the effort. They added, though, the Senate Majority Leader Harry Reid is expected to present the proposal to fellow Democrats early next week for their consideration.

The plan is to attempt to add the measure to anti-terrorism legislation that scheduled to be on the Senate floor next week and the week following.

Jim Manley, a spokesman for Reid, declined to discuss the deliberations, saying only, "No final decisions have been made on how to proceed."

Any attempt to limit Bush's powers as commander in chief would likely face strong opposition from Republican allies of the administration in the Senate and could also face a veto threat.

The decision to try to limit the military mission marks the next move in what Reid and other Senate war critics have said will be a multistep effort to force a change in Bush's strategy and eventually force an end to U.S. participation in the nearly four-year-old war.

Earlier efforts to pass a nonbinding measure critical of Bush's decision to deploy 21,500 additional troops ended in gridlock after Senate Republicans blocked votes on two separate measures.

The emerging Senate plan differs markedly from an approach favored by critics of the war in the House, where a nonbinding measure passed last week.

Speaker Nancy Pelosi has said she expects the next challenge to Bush's war policies to come in the form of legislation requiring the Pentagon to adhere to strict training and readiness standards in the case of troops ticketed for the war zone.

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Rep. John Murtha, D-Pa., the leading advocate of that approach, has said it would effectively deny Bush the ability to proceed with the troop buildup that has been partially implemented since he announced it in January.

Some Senate Democrats have been privately critical of that approach, saying it would have virtually no chance of passing and could easily backfire politically in the face of Republican arguments that it would deny reinforcements to troops already in the war zone.

Several Senate Democrats have called in recent days for revoking the original authorization that Bush sought and won from Congress in the months before the U.S.-led invasion that toppled Saddam Hussein.

That measure authorized the president to use the armed forces "as he determines to be necessary and appropriate ... to defend the national security of the United States against the continuing threat posed by Iraq" and to enforce relevant United Nations Security Council resolutions.

At the time the world body had passed resolutions regarding Iraq's presumed effort to develop weapons of mass destruction.

In a speech last week, Sen. Joseph Biden of Delaware, chairman of the Senate Foreign Relations Committee, said, "I am working on legislation to repeal that authorization and replace it with a much narrower mission statement for our troops in Iraq."

He added that Congress should make clear what the mission of U.S. troops is: to responsibly draw down, while continuing to combat terrorists, train Iraqis and respond to emergencies.

"We should make equally clear what their mission is not: to stay in Iraq indefinitely and get mired in a savage civil war," said Biden, a 2008 Democratic presidential candidate.

Along with Biden, officials said Sen. Carl Levin of Michigan, chairman of the Senate Armed Services Committee, and a small group of key Democrats were involved in the effort to draft legislation. Leadership aides are also playing a role.

It was not clear whether the measure would explicitly state that the 2002 authorization for the use of military force was being revoked. One proposal that had been circulated would declare that Bush was not authorized to involve U.S. armed forces in an Iraqi civil war, but it appeared that prohibition had been dropped as part of the discussions.

One Democrat said the legislation could remain silent on the issue of Bush's troop increase and noted that Reid had said he was ready to move beyond the deployment of more troops.

At the same time, several officials noted that any explicit authority for U.S. troops to confront al-Qaida would effectively bless Bush's decision to dispatch about 3,500 troops to the volatile Anbar Province in the western part of Iraq.

The balance of the 21,500 additional troops would go to Baghdad, where the administration hopes they can help quell sectarian violence and give the Iraqi government time to establish its authority.

Democrats May Try To Limit Iraq Mission (USAT)

USA Today, February 23, 2007

Senate Democrats are drafting legislation that would limit the mission of U.S. troops in Iraq, Democratic aides told the Associated Press on Thursday.

The aides said that the precise wording of the measure has yet to be determined but that one draft would restrict American troops in Iraq to combating al-Qaeda, training Iraqi army and police forces, maintaining Iraq's territorial integrity and otherwise proceeding with the withdrawal of combat forces.

The aides and others familiar with private discussions spoke on condition of anonymity because most senators had not yet been briefed.

U.S. cancels Nevada bomb test

The Pentagon canceled a planned explosion over the Nevada desert to test a conventional weapon intended for use on underground facilities that produce and store weapons of mass destruction. James Tegnelia of the Defense Threat Reduction Agency said, "It's time to look at alternative methods" that don't involve "this type of large-scale test." Indian tribes and state officials said the test could kick up radioactive material from earlier nuclear tests.

Ga. congressional election set

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Georgia Gov. Sonny Perdue set June 19 for a special election to fill the congressional seat left vacant by the death last week of Republican Rep. Charles Norwood. If no candidate receives a majority, a runoff between the top two vote-getters will be July 17. Norwood, 65, was in his seventh term.

Bush touts use of biofuels

President Bush, touting his plan to boost use of biofuels fivefold over 10 years, toured a Franklinton, N.C., laboratory that is working on ways to convert wood chips to ethanol. Bush's plan relies on advances in making ethanol from sources such as wood chips and switchgrass rather than just corn. Bush's trip is designed to promote energy initiatives he outlined in his State of the Union address.

Senate Democrats Keep Pressure On Bush With Plan To Limit Iraq Mission To Counterterrorism (NYT)

By Carl Hulse

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — Senior Senate Democrats, stepping up their confrontation with President Bush over Iraq policy, are preparing legislation that would limit the role of United States troops there to counterterrorism efforts and prohibit them from interceding in sectarian violence.

Senate officials said Thursday that the proposal now being drafted would be a new turn in their attempts to force the White House to halt its troop buildup in Baghdad. They described it as more substantive than the nonbinding resolution of opposition to the increase that stalled in the Senate last Saturday.

The officials would speak only if not identified because the central proposal was still being drafted and needs to be presented to all Senate Democrats when they return from a weeklong recess next Tuesday.

They said the proposal was intended to essentially overturn the 2002 resolution granting Mr. Bush the authority to remove Saddam Hussein from power, and limit the military to combating Al Qaeda in Iraq, keeping Iraq from becoming a haven for terrorists and training Iraqi forces. The proposal's goal, officials said, would be to allow combat forces not engaged in those duties to be removed from Iraq next year.

The chief authors are Senators Joseph R. Biden Jr. of Delaware, the chairman of the Foreign Relations Committee, and Carl Levin of Michigan, the chairman of the Armed Services Committee. The plan is to try to attach the proposal to an antiterrorism bill the Senate expects to begin considering Tuesday.

Lawmakers and senior aides said that such a plan was unlikely to pass Congress, and even if it did, it would certainly be vetoed by President Bush. But Democrats say their intention is to keep pressure on both Mr. Bush and Congressional Republicans who are facing a public frustrated with the war. Democrats say that other Iraq proposals are likely to emerge as well.

Senate Democrats say they prefer the emphasis on the mission of American troops over a plan by some House members to try to limit United States military involvement by putting restraints on troop deployments based on readiness and equipment availability.

Senate Democrats have been discussing such an approach in recent weeks and decided to forge ahead after Senate Republicans were able to block a vote on the resolution criticizing the troop buildup even though 56 senators, including 7 Republicans, voted last Saturday to debate the resolution.

In meetings with Senator Harry Reid of Nevada, the majority leader, and other Democratic leaders, officials said a consensus emerged that trying to redefine the 2002 resolution was the best approach. Officials said lawmakers and senior aides were still refining the exact language that would be used and were uncertain whether the new proposal would explicitly repeal the initial Iraq war resolution, amend it or take another avenue. "We haven't crossed that bridge yet," one official said.

But he and others said they believed the initiative made good political and policy sense because the circumstances had changed so much since the 2002 vote, with Saddam Hussein executed and the search for weapons of mass destruction coming up empty.

Senator Biden foreshadowed his approach in a speech last week when he said that the "the best next step is to revisit the authorization Congress granted the president in 2002 to use force in Iraq. That's exactly what I'm doing."

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"We gave the president that power to destroy Iraq's weapons of mass destruction and, if necessary, to depose Saddam Hussein," he said. "The W.M.D. were not there. Saddam Hussein is no longer there. The 2002 authorization is no longer relevant to the situation in Iraq."

Republican leaders have already said they expected the new Democratic effort to be blocked. But Democrats said they saw it as the next step to building a case against Mr. Bush's war effort and that Republicans could be drawn to it if the war continued to go badly.

They said they believed that the initiative had the capacity to attract broad support from Democrats even though members of the party were splintered over how aggressively to confront Mr. Bush over the war. Officials said they were heartened that the Democratic senators Edward M. Kennedy of Massachusetts and Russell D. Feingold of Wisconsin, two strong war opponents, seemed open to the idea of embracing the new proposal by Senators Levin and Biden.

Jim Manley, a spokesman for Mr. Reid, would not discuss the plans that Democrats have for moving forward on Iraq policy next week, saying no final decisions had been made on how to proceed.

Democrats Seek To Repeal 2002 War Authorization (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, February 23, 2007

Senate Democratic leaders intend to unveil a plan next week to repeal the 2002 resolution authorizing the war in Iraq in favor of narrower authority that restricts the military's role and begins withdrawals of combat troops.

House Democrats have pulled back from efforts to link additional funding for the war to strict troop-readiness standards after the proposal came under withering fire from Republicans and from their party's own moderates. That strategy was championed by Rep. John P. Murtha (D-Pa.) and endorsed by House Speaker Nancy Pelosi (D-Calif.).

"If you strictly limit a commander's ability to rotate troops in and out of Iraq, that kind of inflexibility could put some missions and some troops at risk," said Rep. Chet Edwards (D-Tex.), who personally lodged his concerns with Murtha.

In both chambers, Democratic lawmakers are eager to take up binding legislation that would impose clear limits on U.S. involvement in Iraq after nearly four years of war. But Democrats remain divided over how to proceed. Some want to avoid the funding debate altogether, fearing it would invite Republican charges that the party is not supporting the troops. Others take a more aggressive view, believing the most effective way to confront President Bush's war policy is through a $100 billion war-spending bill that the president ultimately must sign to keep the war effort on track.

Last week, the House approved a nonbinding resolution that criticized Bush's decision to deploy an additional 21,500 troops, but the measure was blocked in the Senate by Republicans during a rare Saturday session. It is probable that Senate Democrats will encounter the same procedural roadblock in attempting to push through another resolution, in particular one with real teeth.

"I've had enough of 'nonbinding,' " said Sen. John F. Kerry (D-Mass.), who is helping to draft the new Democratic proposal. The 2002 war resolution, he said, is an obvious target.

"The authorization that we gave the president back in 2002 is completely, completely outdated, inappropriate to what we're engaged in today," he said.

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) began calling for a reauthorization of the war early last month and raised it again last week, during a gathering in the office of Majority Leader Harry M. Reid (D-Nev.). Participants included Kerry, Armed Services Committee Chairman Carl M. Levin (Mich.), Charles E. Schumer (N.Y.), Jack Reed (R.I.) and Russell Feingold (Wis.). Those Democratic senators have emerged as an unofficial war council representing the caucus's wide range of views.

"We gave the president that power to destroy Iraq's weapons of mass destruction and, if necessary, to depose Saddam Hussein," Biden said of the 2002 resolution in a speech last week before the Brookings Institution. "The WMD was not there. Saddam Hussein is no longer there. The 2002 authorization is no longer relevant to the situation in Iraq."

Biden and Levin are drafting language to present to their colleagues when the Senate reconvenes on Tuesday, following a week-long recess.

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The new framework would set a goal for withdrawing combat brigades by March 31, 2008, the same timetable established by the bipartisan Iraq Study Group. Once the combat phase ends, troops would be restricted to assisting Iraqis with training, border security and counterterrorism.

Senior Democratic aides said the proposed resolution would be sent directly to the Senate floor for action, without committee review, possibly as an amendment to a homeland security bill scheduled for debate next week.

Reid said no final decision had been made on the timing. Spokesman Jim Manley said Reid wants to present the idea to other Democrats before determining how and when to proceed.

Party leaders in the House are likely to present a proposal for binding legislation to the Democratic caucus next week, according to lawmakers in that chamber. But lawmakers and senior Democratic aides said Murtha's plan would have to be scaled back dramatically, after a week-long Republican assault.

Murtha, chairman of the Appropriations defense subcommittee and a leading critic of the war, had intended to fully fund Bush's $100 billion war request for the remainder of this fiscal year. But under his plan, those funds could be spent only to deploy combat troops deemed fully rested, trained and equipped.

After nearly four years of combat, most military units would not be able to meet those standards. Although the war would be fully funded, the policy would prevent some of the 21,500 additional combat troops from being deployed, and some troops already in Iraq would have to be sent home.

But that approach may be all but dead, according to several Democratic lawmakers. Murtha doomed his own plan in part by unveiling it on a left-wing Web site, inflaming party moderates.

"Congress has no business micromanaging a war, cutting off funding or even conditioning those funds," said Rep. Jim Cooper (Tenn.), a leading Democratic moderate, who called Murtha's whole effort "clumsy."

Cooper's position underscores the challenges now facing the House Democratic leadership. While the caucus's liberal wing is demanding legislation to end the war almost immediately, moderates such as Cooper say Congress should focus on oversight of the war and stay away from legislation that encroaches on the war powers of the president.

"I think Congress begins to skate on thin ice when we start to micromanage troop deployments and rotations," said Texas's Edwards, whose views reflect those of several other Democrats from conservative districts.

House Democratic Caucus Chairman Rahm Emanuel (Ill.) pointed out that Democrats still have public opinion strongly on their side and that a vote on any plan would place Republicans in more jeopardy than Democrats. A new, more restrictive authorization for the war also is gaining serious consideration in the House, Emanuel noted.

Several Democratic aides say the Iraq funding bill, due for a vote the week of March 12, may contain some of Murtha's demands for more training and better equipment for combat troops. But the proposals that set the toughest requirements are likely to drop out, such as a demand that troops be trained on and deployed with the combat equipment they will use in Iraq.

More important, the legislation may include a waiver that the president or defense secretary could invoke to deploy troops who are not fully combat-ready, Democratic aides said. That way, the commander in chief's hands would not be tied.

But under such a bill the president would have to publicly acknowledge that he is deploying troops with less than a year's rest from combat, that he is extending combat tours of troops in Iraq, or that he is sending units into battle without full training in counterinsurgency or urban warfare, the aides said.

Lieberman Says War Vote Could Prompt Party Switch (POL)

By Carrie Budoff

Politico.com, February 23, 2007

Sen. Joseph I. Lieberman of Connecticut told the Politico on Thursday that he has no immediate plans to switch parties but suggested that Democratic opposition to funding the war in Iraq might change his mind.

Lieberman, a self-styled independent who caucuses with the Democrats, has been among the strongest supporters of the war and President Bush's plan to send an additional 21,500 combat troops into Iraq to help quell the violence there.

"I have no desire to change parties," Lieberman said in a telephone interview. "If that ever happens, it is because I feel the majority of Democrats have gone in a direction that I don't feel comfortable with."

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Asked whether that hasn't already happened with Iraq, Lieberman said: "We will see how that plays out in the coming months," specifically how the party approaches the issue of continued funding for the war.

He suggested, however, that the forthcoming showdown over new funding could be a deciding factor that would lure him to the Republican Party.

"I hope we don't get to that point," Lieberman said. "That's about all I will say on it today. That would hurt."

Republicans have long targeted Lieberman to switch – a move that would give them control of the Senate. And Time magazine is set to report Friday that there is a "remote" chance Lieberman would join the GOP.

What Joe Lieberman Wants... (TIME)

By Massimo Calabresi

Time, February 23, 2007

In his 18 years in the U.S. Senate, Joe Lieberman has cultivated an image of himself as a lonely prude among the morally corrupt, that rare Washington official who places principle above politics. But with the Democrats' hold on power dependent on just one vote — in effect, his — and with Republicans courting him to tilt the balance in their favor, Lieberman has been indulging in some fairly immodest political footsie. Early this year he terrified fellow Democrats by skipping several of the weekly caucus lunches that cement party fidelity in the Senate. Recently he was spotted in the Republican cloakroom talking with South Carolina's Lindsey Graham about reforming Social Security. He even says he might vote Republican for President in 2008, a not-so-veiled hint that he would prefer John McCain, his fellow true believer in the Iraq war, to most, perhaps all, Democratic alternatives.

The Democrats' 2000 candidate for Vice President is the only party member in the Senate supporting President Bush's Iraq policy and says he is "very troubled about the direction the party is heading on foreign policy generally." With his re-election in November, many old allies now rue abandoning him after he lost the Connecticut Democratic primary to Ned Lamont last August. Both sides concede that bitterness remains. "It's still a little painful and awkward," says the majority whip, Dick Durbin, "but I think the caucus counts him as a friend."

Lieberman says leaving the Democratic Party is a "very remote possibility." But even that slight ambiguity — and all his cross-aisle flirtation — has proved more than enough to position Lieberman as the Senate's one-man tipping point. If he were to jump ship, the ensuing shift of power to Republicans would scramble the politics of the war in Iraq, undercut the Democrats' national agenda and potentially weaken their hopes for the White House in 2008. Those stakes are high enough to give Lieberman leverage with both parties no matter how slim the chance of his crossing the aisle. Which means Senate leaders aren't worrying only about whether Joe Lieberman will switch parties. They're wondering what, if anything, he plans to do with the power that comes from keeping that possibility alive.

So far, Lieberman is using his clout mostly in ways that discomfit his fellow Democrats, while his relationship with Republicans has involved more collaboration than coercion. When Senate Majority Leader Harry Reid said Bush's State of the Union proposal for a bipartisan terrorism panel was redundant, Lieberman, who supported the idea, privately sent Reid a letter saying he was "upset." Within days, Reid backed down and negotiated the panel's makeup with the White House. And last month, after Lieberman told Reid he had stopped attending the weekly Democratic lunch because he didn't feel comfortable discussing Iraq there, Reid offered to hold those discussions at another time. Lieberman has started attending again.

It stands to reason that Lieberman, a lifelong Democrat, would be interested in extracting concessions from Republicans as well. He describes himself as a hawk abroad, and lately his rhetoric has come to resemble the G.O.P.'s, notably when he said Democratic opposition to Bush's troop surge would "discourage our troops, hearten our enemies." But he's progressive at home; he has a long record of fighting for environmental concerns, prides himself on his early support for the civil rights movement and has earned strong ratings from labor. He's even working on a military mental-health bill with California liberal Barbara Boxer. His staff claims he votes with Democrats more than 90% of the time, if Iraq is removed from the calculation.

And Lieberman is uniquely positioned to influence the Bush Administration. In December 2004 the White House "sounded him out" for the job of U.N. ambassador, says a source close to Lieberman, and although he declined the offer, he remains in regular contact with the Executive Branch. Before Bush's State of the Union speech in January, National Security Adviser Stephen

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Hadley brought in Lieberman for a private consultation with the President. Lieberman says he talks with or e-mails Hadley, Homeland Security chief Michael Chertoff and White House legislative-affairs head Candida Wolff every week or two.

Lieberman's G.O.P. flirtation has its risks — and a time limit. By this time next year, the 2008 election cycle will overshadow anything that happens in the Senate. The longer he waits to capitalize on his moment, the greater the danger that he'll be tagged as one of those politicians for whom having power is more important than using it.

Republican Critic Of Iraq Policy Vows Not To 'Starve' The War (MCT)

By Renee Schoof

McClatchy Newspapers, February 23, 2007

WASHINGTON - A longtime Republican opponent of the Iraq war, Rep. Walter Jones of North Carolina, broke ranks Thursday with Democratic Rep. John Murtha over Murtha's plan to attach conditions to war funds.

The split signals that divisions among war opponents are likely to emerge next week when Congress returns from recess. Murtha and other Democrats have said they'll look at how they might use congressional power over military regulations and funding to pressure the Bush administration to redeploy U.S. forces out of Iraq.

Murtha, D-Pa., chairs the House Appropriations Defense Subcommittee. Last week he said he'd amend the bill funding the war so that U.S. troop deployments couldn't be extended beyond one year and so that troops would have at least one year at home between deployments and be certified as "fully combat ready" with training and equipment before being sent.

Murtha also said he'd try to prevent the military from using "stop-loss" orders to force soldiers to remain on active duty beyond the terms of their enlistments.

Murtha said those steps would effectively stop the troop increase.

"They won't be able to do the deployment," he said. "They won't have the equipment. They won't have the training."

Jones applauded Murtha's intention to require proper training and equipment, but he said he opposed any effort to "starve" the war.

"I believe that we must take great care to ensure that any effort to provide for our armed forces not be used as a proxy for resolving larger issues concerning the war in Iraq," Jones wrote in a letter to Murtha. "Any attempt to starve the war as a way of bringing it to a conclusion, rather than through a serious policy debate about the best way forward in Iraq, would be wrong."

Jones argued that until "elected officials in Washington" change the mission of the troops in Iraq, "their funding should be unfettered by appropriations strings."

Murtha didn't issue an immediate public response to Jones.

Jones was a co-sponsor of the nonbinding resolution the House of Representatives passed earlier this month that opposed President Bush's plan to send more than 21,000 additional U.S. soldiers and Marines to Iraq.

A conservative whose district includes the Camp Lejeune Marine Corps base, Jones voted in 2002 for the resolution that authorized the war in Iraq. Later, he concluded that pro-war administration officials had manipulated intelligence and that the war was unjustified. Jones called on Bush in 2005 to set a timetable to begin withdrawing troops by fall 2006.

Jones has personally signed more than 6,000 two-page letters to the families of all Americans killed in Afghanistan and Iraq.

In his letter to Murtha, Jones said he holds accountable "those institutions and individuals who have made serious misjudgments leading up to, and during, the war in Iraq." But he added that he had assured his constituents and members of the armed forces that he wouldn't vote to cut off funding for troops in the field.

Jones easily won re-election in November to his seventh term.

Rep. Sam Johnson Emerges As GOP Voice In War Debate (LAT)

By Richard Simon

The Los Angeles Times, February 23, 2007

WASHINGTON — When House Republicans needed a John McCain-like war hero to lead their fight against Democratic assaults on President Bush's Iraq strategy, they turned to another former POW, a Texas Republican named Sam Johnson.

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Though less known than Sen. McCain (R-Ariz.), his onetime cellmate in Vietnam, Johnson spent nearly seven years in a prisoner of war camp, about half of it in solitary confinement. When he took to the House floor during last week's emotional debate on the Iraq war, the 76-year-old former fighter pilot drew heavily on Vietnam experiences.

He spoke about his 2,494 days of "hell on Earth" in captivity and his "rat-infested 3-by-8 dark and filthy cell," while displaying the effects of injuries he sustained 34 years ago: a mangled right hand, stooped posture and slow gait.

Johnson has emerged as the House GOP's point man in an escalating fight in Congress over Bush's execution of the war — a position that puts him opposite another decorated Vietnam veteran, Rep. John P. Murtha (D-Pa.). GOP leaders see Johnson as the Republican best suited to counter Murtha, an ex-Marine and defense hawk who has become a influential war critic. "I respect John Murtha as a Marine," Johnson said. "However, serviceman to serviceman, I think his efforts are misguided."

Johnson is preparing for the next phase of challenges to Bush's war strategy. Murtha, who heads the House defense appropriations subcommittee, is moving to attach strings to Bush's war-funding request that could thwart his plan to add 21,500 troops to the 135,000-plus already in Iraq.

Both parties have featured military veterans prominently to make their case in the debate over the 4-year-old war.

Johnson led a parade of congressional military veterans in the GOP's losing fight last week against a symbolic resolution, sponsored by the House's Democratic majority, that put the chamber on record against a buildup of U.S. troops in Iraq.

He marked the 34th anniversary of his first full day of freedom from POW camp during the debate.

And he gave the closing speech — one of the most impassioned during four days of debate — opposing the resolution.

"Let my body serve as a brutal reminder that we must not repeat the mistakes of the past," Johnson said. "We must not cut funding for our troops. We must stick by them. We must support them all the way."

He delivered a salute and returned to his seat as members of both parties applauded.

A Johnson staffer said the response to Johnson's stand had been overwhelmingly positive. "We've received phone calls from across America of grown men crying," said communications director McCall Avery.

But, said Texas state Rep. Lon Burnam, a Democrat who is director of the Dallas Peace Center, Johnson is going against public opinion on the war. "Sam Johnson is never going to pay attention to that because he is a hard-right, ideologically driven hawk," he said. "We don't bother to go to talk to him."

Liberal bloggers have also taken Johnson to task, posting remarks he made in 1995 in support of withholding funds from President Clinton's plan to send 20,000 American peacekeeping troops to Bosnia.

"I wholeheartedly support withholding funds from President Clinton's Bosnia mission," Johnson said then. "Although it is a drastic step and ties the president's hands, I do not feel like we have any other choice. The president has tied our hands, gone against the wishes of the American people, and this is the last best way I know how to show my respect for our American servicemen and -women."

Johnson defended his earlier comments Thursday, noting that in 1995 he opposed the deployment of troops to Bosnia "in the first place."

"In 2002, I supported sending our guys to Iraq, and I stand by that decision today," he said. "The Democrats who voted to go to war in Iraq in 2002 and just voted against our troops are the ones who are changing their tune."

Johnson made headlines in 2005 for suggesting that the weapons of mass destruction that U.S. troops failed to find in Iraq were in Syria and offering to drop a nuclear bomb on the country.

He later said he was joking.

Johnson was elected to the House in 1991 after serving six years in the Texas Legislature. Before that, he served in the Air Force for 29 years, once flying with the Thunderbirds, the Air Force's precision demonstration team.

He flew 62 combat missions in the Korean War in a plane named Shirley's Texas Tornado after his then-wife. On his 25th Vietnam mission, he was shot down in 1966 and captured.

"While in solitary confinement, my captors kept me in leg stocks, like the pilgrims, … for 72 days," he recalled during the debate. Next, he said, "they put me in leg irons … for 2 1/2 years."

Last week was not the first time Bush's allies called on Johnson because of his military background. In the 2000 presidential campaign, Johnson went to South Carolina to campaign for Bush against McCain. And during the 2004 campaign,

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Johnson called Democratic presidential candidate Sen. John F. Kerry, a decorated Vietnam veteran, "Hanoi John" — a comparison to actress Jane Fonda, who is still reviled by many for her trip to North Vietnam during the war.

But Johnson, a conservative, also has broken with Bush. He recently opposed a Vietnam trade agreement that was a presidential priority, and Bush's call to include a guest-worker program in an immigration overhaul.

No Way To End A War (WP)

By Charles Krauthammer

The Washington Post, February 23, 2007

The United States has fought many wars since 1941 but has never again declared one. No one abroad declares war anymore either, perhaps because it has the anachronistic feel of an aristocratic challenge. Whatever the reason, today Congress doesn't declare war; it "authorizes" the "use of force."

In October 2002, both houses of Congress did exactly that with open eyes and large majorities. Sen. Jay Rockefeller, a Democratic member of the Senate intelligence committee who had access to all the relevant information at the time, said, "I have come to the inescapable conclusion that the threat posed to America by Saddam's weapons of mass destruction is so serious that despite the risks -- and we should not minimize the risks -- we must authorize the president to take the necessary steps to deal with that threat."

Now, more than four years later, the Democrats want out of the resulting war. Most, such as Rep. John Murtha, want to do so for a simple reason: They think the war is lost. If you believe that, then getting out is the most reasonable and honorable and patriotic policy.

Congress has the power to do that by cutting off the funds. But Democrats will not, because it is politically dangerous. Instead, they are seeking other ways, clever ways. The House is pursuing a method, developed by Murtha and deemed "ingenious" by antiwar activist Tom Andrews of Win Without War, to impose a conditional cutoff of funds, ostensibly in the name of protecting the troops. Unless the troops are given the precise equipment, training and amount of rest Murtha stipulates -- no funds.

Unfortunately for the Democrats, Murtha is not disingenuous enough to have concealed the real motive for these ostensibly pro-readiness, pro-troops conditions. He has chosen conditions he knows are impossible to meet -- "We have analyzed this, and we have come to the conclusion that it can't be done," he told MoveCongress.org -- in order to make the continued prosecution of the war difficult, if not impossible, for the commanders in the field.

But think of what that entails. It leaves the existing 130,000 troops out there without the reinforcements and tactical flexibility that the commander, Gen. David H. Petraeus, says he needs to win.

Of course, the Democrats believe the war cannot be won. But if that's the case, they should order a withdrawal by cutting off funds. They shouldn't micromanage the war in a way that will make winning impossible. That not only endangers the troops remaining in the field, it also makes the Democrats' "the war is lost" mantra a self-fulfilling prophecy.

Murtha's ruse is so transparent that even Senate Armed Services Committee Chairman Carl Levin, who opposes the war, will not countenance it: "I think that sends the wrong message to our troops."

Levin has a different idea -- change the original October 2002 authorization. "We . . . will be looking at modification of that authorization in order to limit the mission of American troops to a support mission instead of a combat mission," says Levin. "That is very different from cutting funds."

While this idea is not as perverse as Murtha's, it is totally illogical. There is something exceedingly strange about authorizing the use of force -- except for combat. That is an oxymoron. Changing the language of authorization means -- if it means anything -- that Petraeus will have to surround himself with lawyers who will tell him, every time he wants to deploy a unit, whether he is ordering a legal "support" mission or an illegal "combat" mission.

If Levin wants to withdraw our forces from the civil war in the cities to more secure bases from which we can continue training and launching operations against al-Qaeda, he should present that to the country as an alternative to (or a fallback after) the administration's troop surge. But to force it on our commanders through legalisms is simply to undermine their ability to fight the war occurring on the ground today.

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Slowly bleeding our forces by defunding what our commanders think they need to win (the House approach) or rewording the authorization of the use of force so that lawyers decide what operations are to be launched (the Senate approach) is no way to fight a war. It is no way to end a war. It is a way to complicate the war and make it inherently unwinnable -- and to shirk the political responsibility for doing so.

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Free Nations Can't Ignore Terror, Cheney Warns (WT)

By Michael Keats

The Washington Times, February 23, 2007

SYDNEY, Australia --Vice President Dick Cheney warned today that the United States and a key ally, Australia, "simply cannot indulge" thoughts of an early withdrawal from Iraq because it would spawn a new wave of global terror.

Mr. Cheney, on a two-day visit to a staunch U.S. ally, praised Prime Minister John Howard's firm support of the U.S.-led war and its fight against terror, saying the only option for survival was to fight back ferociously.

"The notion that free countries can turn our backs on what happens in places like Afghanistan, Iraq or any other possible safe haven for terrorists is an option we simply cannot indulge," Mr. Cheney said in Sydney.

"We are determined to prevail in Iraq because we understand the consequences of failure. If our coalition withdrew before Iraqis could defend themselves, radical factions would battle for dominance over the country," he said.

Ahead of Mr. Cheney's Sydney visit today, anti-war demonstrators scuffled with police.

Mr. Cheney arrived with assurances for Mr. Howard in the face of mounting domestic criticism of the Iraq war.

Opposition leader Kevin Rudd, meanwhile, seized on Britain's decision to reduce its troop presence in southern Iraq, arguing that Australia should follow suit.

Hours before Mr. Cheney's plane touched down in Sydney last night, about 250 demonstrators defied a police ban to march through the city center to the Sydney Town Hall.

Authorities made at least 10 arrests when the demonstrators set out for the U.S. Consulate chanting: "Troops out now," "Jail Cheney," and "Free David Hicks" -- a reference to the Australian who has been languishing in the U.S. prison at Guantanamo Bay, Cuba, since his capture in Afghanistan five years ago.

Hundreds of police are involved in a security operation that has locked down access to several areas of Sydney, where Mr. Cheney will stay before departing Sunday.

Mr. Cheney's visit comes at a testing time for Mr. Howard's Liberal-National coalition government, which faces a national election later this year.

The latest public-opinion survey, a Newspoll published Tuesday, has Labor Party leader Mr. Rudd ahead of Mr. Howard as preferred prime minister by 47 percent to 37 percent.

Mr. Howard has ruled out following Britain and Denmark in withdrawing forces from Iraq and has been at pains to stress that there are still 10 times the number of British troops remaining in Iraq than those from Australia -- with the U.S. commitment even greater.

Powell Backs Surge, Time Frame To Quell 'civil War' (JC)

By Dan Shaw

Journal and Courier, February 23, 2007

Former Secretary of State Colin Powell told an audience at Purdue University that he supports sending more American soldiers to Iraq.

But if the troop surge does not quell what he characterized as a "civil war" within a year, the United States should begin to leave, he said.

"The situation is getting more and more confused," he told an audience of slightly more than 1,000 people seated in the Loeb Playhouse on the Purdue campus Thursday.

Powell was invited to be the featured speaker during the university's annual celebration of National Engineers Week. Last year, Purdue brought another former secretary of state -- Madeleine Albright -- for the event.

Speaking about the conflicts in the Middle East, Powell said the United States was right to retaliate against Afghanistan after the attacks of Sept. 11, 2001. But he was less certain when discussing the invasion of Iraq.

He conceded that the intelligence on Iraq's having weapons of mass destruction was misleading.

"But we were not wrong about the nature of this regime, and I am glad that it is gone," he said. "I hope the Iraqis will the seize the opportunity we have given them."

After Powell finished speaking, aeronautical engineering student John Wright said, "I liked that he was so direct and upfront about the intelligence they had. He owned up to the pitfalls and never backed down."

During the middle of the speech, Powell had to stop talking temporarily when a fire alarm sounded.

Jeanne Norberg, spokeswoman for the university, said the alarm was pulled accidentally and the interruption had nothing to do with a small group of protesters who had gathered outside the theater doors before Powell's speech.

Police officers ordered several of the protesters, who criticized Powell with signs and comments, to leave the Stewart Center shortly after the speech, saying they had become disruptive.

Powell took time during the interruption to sign books, drawing laughs when someone handed him a copy of an AARP magazine.

Much of Powell's speech was delivered with humor. He even affected a Texas accent to imitate President Bush.

Speaking of Russian President Vladimir Putin, Powell said Bush might say, "Colin I have looked into his eyes and seen his soul."

"OK," Powell said, reverting to his regular voice. "I have looked into his eyes and still see KGB."

Even so, Powell said he is hopeful that Putin is trying to move Russia in the right direction. And he takes heart that the United States is trading more and more freely with China and Asian countries. Commerce will make them so dependent on each other that they cannot afford to go to war, he said.

Turning to the United States, he said it can best serve the world by showing how having a free society can help make a nation happy and prosperous, he said. Americans must not let the fear of terrorism make them intolerant of people from different cultures.

"We are still like no other place in the world," he said. "We are still a place that people come to have their problems solved."

Henry Chou, a biochemistry student from Fishers, Ind., said the speech was perhaps the best he had ever heard.

"He has the message of hope," Chou said. "People still know what the U.S. stands for, and we have that to hold on to."

Old Problems Undermine New Security Plan For Baghdad (NYT)

By Richard A. Oppel Jr.

The New York Times, February 23, 2007

BAGHDAD, Feb. 19 — It looked like a scene out of a counterinsurgency training video. Dressed in crisp uniforms with a computer-generated camouflage of blue, gray and brown, Iraqi national police officers joined United States troops on searches late last week through relatively calm districts of Shaab and Ur in northeast Baghdad in the first large operation of the Baghdad security plan.

But appearances in Iraq can often be deceiving. At least two of the national police officers who turned out for the operation were moving ahead of the American troops not to lead the security drive but to warn the residents to hide their weapons and other incriminating evidence.

Some policemen on the sweep advertised their Shiite sympathies. Infiltration by militias has always been a major problem for the Iraqi security forces, and particularly the police, viewed by many Sunnis in the capital as de facto Shiite militia fighters.

The much anticipated effort to wrest Baghdad streets from the control of militias and insurgents has been presented in news conferences and public statements as an Iraqi-led operation. Iraqi officials have been out front, announcing arrests, weapons finds and other details, as well as new decrees intended to halt two years of so-called sectarian cleansing. But on the streets, the joint patrols seemed little different from those of the past few years: A handful of Iraqis, acting at the direction of a larger group of Americans, opening drawers and closets and looking behind furniture as they searched for banned weapons or other contraband.

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For the first few days of the operation, about 2,500 American troops took part, compared with about 300 Iraqi forces, a mix of police and Army personnel, military officials said. The original plan called for Iraqis to work with United States troops throughout the night to enforce curfews and otherwise ensure that the gains of the previous day were not lost. But they were shifted to buttress the day force.

It was a translator working with the Americans, interviewed a day after the fact, who had overheard the Iraqi police tipping off the Iraqis. "They were telling people in the neighborhood to hide your weapons from the Americans," he said. The police were Shiites, he said, and inclined to favor others of their sect in the district, which is mostly Shiite but has a considerable Sunni population.

On another patrol, an American commander said, Iraqi residents told American soldiers that a national policemen had warned them to hide anything incriminating including paraphernalia about Moktada al-Sadr, the Shiite militia leader whose forces are targets of the Baghdad crackdown.

"Families told us he was warning people before we'd come in, 'If you have this or that, then hide it before they get here,' " said First Lt. Andy Moffit, who led a platoon through Shaab and Ur. The major problem with Iraqi forces is not their tactical skill, but their "loyalties and integrity," he said.

On that score, he said, "We've still got years to go."

Fearful of police ties to the militias, some residents questioned by the Americans about militia activity refused to say anything until the police were led out of the room.

Moreover, some Iraqi forces made little effort to hide their true allegiance. In one police truck an amulet stamped with the image of Imam Hussein, the revered Shiite martyr, swung from a rearview mirror. Next to it was a green Shiite flag, taped to the inside of the windshield. The truck's radio blared chants heard during Ashura, a Shiite religious holiday.

To many Sunnis the Iraqi forces remain little more than instruments of Shiite hegemony, and the Baghdad plan appears to have done little to change that view.

"They can't protect the Sunnis in the Shiite districts, and they will never fight the militias because they are from the same sect," said Ahmed al-Mashhadani, a Sunni resident of west Baghdad, where other Baghdad security operations took place last week. "We don't trust them, and if American troops leave, we will call back the resistance platoons to protect ourselves."

American troops in northeast Baghdad heard the same refrain from Shiites who said that only their own militias could protect them from Sunni insurgents. "Before, the Mahdi Army checkpoints used to check each vehicle that came in here," lamented one Facilities Protection Service guard, a Shiite, at a warehouse in Ur. "Now, the Iraqi police aren't really checking each vehicle."

American officials had long insisted that Iraqi forces were making great strides. But the torrent of sectarian killings that followed the Samarra shrine bombing last February made plain that most Iraqi troops were not up to the task and, in a frightening number of cases, were part of the problem.

Beginning in August, American troops increasingly returned to the front lines in Baghdad, facing roadside bombs and other threats. They have suffered an average of 85 deaths a month since then — a 50 percent increase over the previous six months. And those fatalities have increasingly occurred in Baghdad.

Lt. Col. Avanulas Smiley, commander of the First Battalion, 23rd Infantry Regiment, said he took heart in the performance of an Iraqi national police commander during the northeast Baghdad operations, citing the man's willingness to acknowledge and address concerns about militia infiltration.

He also said the number of police officers on the sweeps was not the total number of Iraqis working on the security push. That number would include others who operated checkpoints and worked independently of the Americans. He said he was disappointed that more Iraqi forces did not participate in the sweeps.

And he noted the flagging political support in the United States for the occupation. "We run the risk of losing popular support when there is the potential for getting this thing over the hump," he said.

For now, what the Bush administration has called its surge plan, widely seen as a last effort to rescue Baghdad from civil war, will bring more than 17,000 additional troops to Baghdad to carry out a new strategy that leaves United States forces clustered in outposts throughout Baghdad neighborhoods, close to the streets and to Iraqi police and troops.

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They will have plenty to do. Even routine security tasks performed by Iraqi forces, such as operating traffic checkpoints, are frequently undermined by laziness, American troops say, if not outright sabotage through complicity with the militias.

The thoroughness of the inspections can vary widely. In one hour at an Iraqi checkpoint in Karada, a mostly Shiite neighborhood, on Feb. 16, the police allowed more than 150 vehicles to pass while pulling over about 25. In only three cases did they open the trunks. They found nothing. At another checkpoint a mile away, near the Green Zone, most of the cars were pulled aside, and eventually traffic snaked for a mile.

Then a sedan containing six young men pulled up to barriers set up by interior ministry commandos. The driver, apparently referring to an unspecified militia, said, "I'm with the guys," said an Iraqi reporter for The New York Times who had heard the exchange. The car was immediately sent through.

Insurgents Broaden Arsenal In Battles With U.S., Iraqi Forces (WP)

By Ann Scott Tyson And Joshua Partlow

The Washington Post, February 23, 2007

Insurgents in Iraq are employing a variety of new tactics -- from an unprecedented string of helicopter shoot-downs to unusual chlorine bomb attacks and direct assaults on U.S. military bases -- that American commanders say are intended to create chaos and undermine the U.S. and Iraqi military push to quell violence in Baghdad.

Lt. Gen. Raymond T. Odierno, the second-ranking U.S. commander in Iraq, said Thursday that he believed a U.S. Army Black Hawk helicopter that went down Wednesday north of Baghdad had been shot down -- which would make it the eighth U.S. military or civilian aircraft to be downed by insurgents since Jan. 20.

"Initial reports that I have seen indicate enemy fire," Odierno told Pentagon reporters during a teleconference from Baghdad. Helicopters are essential to U.S. military operations, he said, and will fly an estimated 400,000 hours in Iraq this year, making it vital to protect them.

Odierno said he believed that "al-Qaeda-associated cells" using similar tactics are behind at least some of the shoot-downs. He said U.S. raids in recent days have led to the capture of two suspected cell members, one of whom admitted he was involved in shooting down an aircraft. The Sunni insurgent group al-Qaeda in Iraq has asserted responsibility for several of the recent attacks on U.S. helicopters.

Chlorine-laced bombs are another new tactic. Four more people died Thursday in Baghdad after ingesting chlorine fumes from a blast the day before on the road leading to the capital's airport, raising the death toll in the attack to seven people, said Col. Sami Hassan of the Interior Ministry.

"This is just the first time that we've seen the chlorine used in this way," said Lt. Col. Christopher C. Garver, a U.S. military spokesman in Baghdad. He said he knew of no more than two or three people who died from ingesting the chlorine, a common industrial chemical used heavily in water treatment and not a "weaponized-chemical" agent capable of inflicting mass casualties.

Wednesday's bombing was the third time in a month that insurgents rigged chlorine tanks to their explosives to increase the deadliness of their attacks, military officials said. The day before, insurgents blew up a truck carrying chlorine gas tanks in Taji, north of Baghdad, in an attack that killed nine people. In late January, another truck carrying explosives and chlorine tanks exploded near Ramadi, killing 16 people.

Insurgents are attempting to "adapt in such ways where they can continue to create instability. And that's what they're doing, especially with these" vehicle bombs incorporating chlorine, Odierno said. He added that U.S. and Iraqi forces stationed around Baghdad were taking steps to keep car bombs out of crowded areas. U.S. troops discovered a car-bomb factory Tuesday outside Fallujah that contained chlorine cylinders, he said.

More aggressive, direct attacks by insurgents on bases housing the U.S. military are another troubling development. Last month, four American soldiers were killed after being kidnapped at their compound in Karbala, and a suicide bomb attack this week on a U.S. military facility in Tarmiyah north of Baghdad left three soldiers dead.

On Thursday, U.S. soldiers killed at least 12 suspected insurgents and wounded three others in a six-hour battle starting at 7:30 p.m. in eastern Ramadi, the capital of Anbar province in western Iraq.

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Soldiers from Task Force 1-9 were attacked by small-arms fire and found insurgents in several buildings in the area, said 1st Lt. Shawn Mercer, a Marine spokesman in western Iraq.

Soldiers used heavy machine guns and one shoulder-fired rocket, and eventually "precision-guided munitions," which damaged buildings, he said. "We have no reports of civilian casualties, and there were no coalition casualties," he said.

General Implicates Al-Qaeda In Copter Crashes (USAT)

By Jim Michaels

USA Today, February 23, 2007

WASHINGTON — "Al-Qaeda-associated" cells may be behind a recent spike in downed U.S. helicopters in Iraq, a general said Thursday.

Lt. Gen. Raymond Odierno, the No. 2 U.S. commander in Iraq, said two suspects have been captured in connection with the helicopter attacks. One suspect, he said, admitted involvement in one attack.

Since Jan. 20, insurgents have shot or forced down eight U.S. helicopters, killing 28 troops and civilians. Enemy fire forced down a Black Hawk helicopter north of Baghdad on Wednesday.

Insurgents fire on Army helicopters an average of 100 times a month, Maj. Gen. James Simmons, deputy commander of Multinational Corps-Iraq, said earlier this month. Enemy fire hits helicopters in about 17% of those attacks, he said. Most are able to keep flying.

U.S. officers are studying the recent incidents to determine how best to adjust helicopter flying tactics and are attempting to uncover and destroy the groups behind the attacks, Odierno said.

Earlier this month, Odierno said he didn't think insurgents had greater access to sophisticated weapons, such as surface-to-air missiles. But insurgents have used similar tactics in recent attacks, suggesting they may be more effectively using machine gun and small-arms fire against helicopters.

"I think we see in a few cases … that there were probably some sort of ambush sites that were set up by some of our foes," Odierno said in a video conference from Baghdad. "I think they've probably been trying to do this for a long time, but my guess is we have a cell out there that's somewhat effective." He later clarified his remarks to say there may be several cells.

U.S. forces rely on helicopters more to move supplies and troops as roadside bombs make ground travel more dangerous.

The Army expects to log 400,000 flight hours in helicopters this year, up from 240,000 hours in 2005.

The Army has almost quadrupled its spending this year, from $7.5 million to $29.6 million, on equipment that protects helicopters from missiles and other attacks, Pentagon budget records show. That includes a laser warning system that alerts pilots to threats from the ground.

Changing helicopter flying tactics often means trading one threat for another. Low-flying helicopters are less vulnerable to surface-to-air missiles because they are hidden by terrain and buildings. However, helicopters flying closer to the ground are easier to hit with rocket-propelled grenades or with fire from assault rifles or machine guns.

Al Qaeda Believed Behind Copter Crashes (WT)

By Bill Gertz

The Washington Times, February 23, 2007

Two or three al Qaeda terrorist cells in Iraq are behind the recent series of helicopter shootdowns, a senior U.S. commander in Iraq said yesterday.

Army Lt. Gen. Ray Odierno, commander of the Multinational Corps, Iraq, told reporters that the downing of several helicopters involved common tactics, techniques and procedures used by terrorists.

"We're trying to understand what those are, learn about it so we can protect our aircraft, but more importantly, try to go after the cells," the three-star general said. "I believe they're al Qaeda-associated cells."

Eight helicopters in Iraq have been shot down or have crash-landed after ground fire since Jan. 20. Some of the attacks involved shoulder-fired surface-to-air missiles.

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Military officials at first sought to blame the downings on mechanical problems, but later information revealed most were hit by enemy fire. One attack on a UH-60 Black Hawk north of Baghdad resulted in the deaths of 12 soldiers. A third Black Hawk was shot down Wednesday and Gen. Odierno said initial reports indicate "enemy fire" was the cause.

"We are aggressively examining the conditions of each incident and adapting tactics and techniques to address the issue," Gen. Odierno said, noting that the military is increasing the use of helicopters because most casualties are occurring from improvised bomb attacks on ground vehicles.

Two persons linked to the helicopter attacks are being questioned, including one who took part in one of the shootdowns. The terrorist "admitted that he was involved in one of them," Gen. Odierno said.

"And we've done a couple of operations over the last few nights, and I think we've also gotten into another part of a cell who might have shot down another aircraft, one of the aircraft. So we continue to work this extremely hard," he said.

The aircraft attacks were carried out from "ambush sites that were set up by some of our foes," Gen. Odierno said, noting that "I think they've probably been trying to do this for a long time, but my guess is we have a cell out there that's somewhat effective."

The increase in the helicopters attacks comes as U.S. and Iraqi forces have launched a major, months-long program to pacify Baghdad, where much of the insurgency against the new Iraqi government and U.S.-led coalition forces is taking place.

Gen. Odierno said one breakthrough was the discovery by an Army airborne unit Tuesday of a car bomb factory near Karma, about 12 miles northeast of Fallujah.

"The unit discovered numerous artillery rounds, mortar rounds, bombs, rockets, gutted anti-aircraft shells, a pickup truck and three other vehicles that were already in various stages of preparations as car bombs, as well as much detonation material," he said.

The factory also contained material that is being used to enhance bombs, such as fertilizer and chlorine in cylinders.

"We also found the various components of a metal shop, including welders, burner stoves, circular saws, sanders and other items needed to build explosive devices," he said.

Asked about the insurgent's use of chlorine bombs, Gen. Odierno said over the past two years there have been attempts to use different chemicals to boost the lethality of improvised bombs and chlorine "is just another way to do it."

Iraq Rebels Expected To Use More Chlorine Gas In Attacks (NYT)

By Richard A. Oppel Jr.

The New York Times, February 23, 2007

BAGHDAD, Feb. 22 — Insurgents are likely to continue combining car bombs with chlorine gas and other chemicals to launch attacks similar to three in recent weeks that spewed chlorine and sickened scores of Iraqis, the military warned Thursday.

American troops raided a car-bomb factory near Falluja and found chlorine cylinders and propane tanks among the bomb components.

The raid late Tuesday in Karma, an insurgent-dominated village between Falluja and Baghdad, led American officials to suggest that insurgents had planned to combine the materials found into a new round of chemical-laden vehicular bombs.

The latest chlorine bombing happened Wednesday in southern Baghdad and killed at least two people and wounded 32 others. Many exhibited symptoms of exposure to chlorine, a greenish gas that burns the skin and can be fatal after a few concentrated, deep breaths.

The Karma site was stocked with “numerous artillery rounds, mortar rounds, bombs, rockets, gutted antiaircraft shells, a pickup truck and three other vehicles that were already in various stages of preparations as car bombs,” said Lt. Gen. Ray Odierno, the second-ranking commander in Iraq.

“We also found ingredients to be used to devise or enhance explosives such as fertilizer and chlorine cylinders,” the general said.

The general insisted that the recent chlorine attacks did not suggest that the insurgency is “any more capable,” but said that militants were trying to “adapt in such ways where they can continue to create instability, and that’s what they’re doing.”

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Maj. Gen. William B. Caldwell IV told CNN that the troops had found "five complete buildings full of these various types of things," including 65 propane tanks. "What we are seeing is a change in tactics, but the strategy has not changed."

Military officials are also acutely concerned that insurgents have adapted tactics to exploit vulnerabilities in flight patterns of military helicopters, which are expected to fly 400,000 hours this year in Iraq, a 20 percent increase over 2006.

At least eight helicopters have been downed in the last month, the latest on Wednesday when a Black Hawk crash-landed in Diyala Province after coming under fire from heavy machine guns and rocket-propelled grenades.

No one was wounded in the latest crash.

General Odierno said that in two or three of the helicopter shoot downs "ambush sites" had been set up by insurgents. "My guess is we have a cell out there that's somewhat effective," he said. He said two suspected of being insurgents, each believed to have played a role in separate helicopter attacks, had been detained in the past week, and one had admitted his involvement.

In Ramadi, the Anbar provincial capital, American forces fought a fierce battle with insurgents that officials at the Ramadi hospital said had left at least 27 Iraqis dead. One of the officials, Dr. Abdullah Salah, said four women and four children were among those killed. Witnesses said at least three houses had been attacked by American aircraft.

The marines, who patrol western Iraq, disputed the hospital casualty count, saying that the six-hour fight left 12 insurgents dead and that they had no reports of civilian or American military casualties.

A Marine spokesman, First Lt. Shawn Mercer, said insurgents attacked soldiers with small arms and rocket-propelled grenades Wednesday evening in east Ramadi. The American soldiers fired back at first with small arms and medium machine guns, then with heavy machine guns, a shoulder-fired rocket, and "precision guided munitions."

The Associated Press reported that photographs made available to the news agency showed "the bodies of two small boys wrapped in one blanket, one with a bloody face, the other ashen and with mud on his mouth, his hands crossed on his chest." Other pictures showed four or five bodies covered by blankets, and men searching through rubble.

On the heels of another rape allegation that has shaken Iraq's Shiite-dominated government, an Iraqi general in the northern city of Tal Afar told several news agencies that four Iraqi soldiers had been accused of raping a 50-year-old Sunni Turkmen woman about 10 days ago.

Brig. Gen. Nijm Abdullah told The Associated Press that a lieutenant and three enlisted men initially denied the woman's charge, but then confessed after being confronted by the woman.

An official from the Tal Afar hospital said the woman was raped after her husband was jailed by Iraqi soldiers, and she did not come forward until she was encouraged to do so by an official from the main Sunni political bloc.

One soldier from the 13th Sustainment Command (Expeditionary) was killed and three wounded by a roadside bomb attack near Diwaniya early Thursday morning, the military reported.

At least 14 bodies were also discovered throughout the capital on Thursday, an Interior Ministry official said.

U.S. Troops Uncover "car Bomb Factory" Near Fallouja (LAT)

The Los Angeles Times, February 23, 2007

U.S. troops in Iraq uncovered a "car bomb factory" near Fallouja this week that contained multiple canisters of chlorine, a potentially lethal gas that has been used in three insurgent attacks over the last month, a top U.S. official in Baghdad told reporters Thursday.

Lt. Gen. Raymond T. Odierno, the Army commander responsible for day-to-day military operations in Iraq, said the Tuesday night raid outside the city west of Baghdad netted a wide array of munitions and three vehicles that were apparently being readied as car bombs at the compound, in addition to the chlorine cylinders.

The discovery of yet more chlorine following bombings Tuesday and Wednesday in which the chemical was used seemed to indicate a stepped-up effort by insurgents to use such choking agents to cause even more deaths and spread fear among Iraqi civilians.

At least 21 Iraqis and a U.S. soldier were killed or found dead around the country Thursday amid an aggressive security crackdown in the capital and rainy weather hampering travel across the region.

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Odierno noted that insurgents have for several months been trying to use various other chemicals to make car bombs more deadly, and characterized the use of chlorine as part of these efforts.

Such bombs are capable of spreading fear, but Odierno noted that deaths caused by the chemical have thus far been limited. The most recent attack, on Wednesday, sickened 25 Iraqis, killing two.

"Over the last year or so ... we have found attempts of them to try to use all different types of chemical mixtures in order to try to make [car bombs] more lethal, and this is just another way to do it," Odierno said in a briefing from Baghdad held for reporters at the Pentagon.

Army Maj. Gen. William B. Caldwell IV, the chief U.S. military spokesman in Iraq, said in an interview on CNN that the cache of weapons found Tuesday night near the town of Karma, northeast of Fallouja, included "all kinds of ordinary chemicals" besides chlorine, a possible indication that insurgents have stepped up their efforts to use toxic substances in their attacks.

Although Odierno would not say who the U.S. believed was behind the chlorine bombs, Karma is in Sunni Arab-dominated Al Anbar province, home to both home-grown Sunni insurgents and foreign fighters linked to the group Al Qaeda in Iraq.

Despite the limited deaths in the chlorine attacks, White House spokesman Dana Perino said the use of chlorine appeared to be part of an effort by insurgents to pull off "spectacular events" that would kill civilians, and she called employment of the gas "disturbing and concerning".

Chlorine has been considered for use as a chemical weapon as far back as the U.S. Civil War. According to the 2003 book "A War of Nerves," proposals were made to President Lincoln's secretary of War to use chlorine against Confederate forces in 1862, but the suggestions were never acted upon.

The first documented use of the gas in warfare was by German troops against Allied forces during World War I; chlorine cylinders were first opened in April 1915, releasing the yellowish-green gas on French and Algerian troops defending the town of Ypres in Belgium.

Although Germany again employed chlorine during World War II, it has not been widely used in warfare since then. The U.S. Department of Health and Human Services lists chlorine as a "choking agent" that could be used as a weapon by terrorists.

On Thursday, an improvised explosive device, or roadside bomb, was blamed for the death of the American soldier near the southern city of Diwaniya. Three other soldiers wounded in the blast were evacuated to Baghdad for treatment, the U.S. military said.

In Baghdad, the bodies of at least 14 men were discovered. Mortar rounds struck a western neighborhood of the capital, killing one civilian and injuring three others. Elsewhere in Iraq, three bodies were found in Kirkuk, two in Mosul and one in Hillah.

U.S. and Iraqi forces northeast of Baghdad arrested a top police official on charges of running death squads. Brig. Gen. Qassem Khazaal, head of Diyala province's criminal intelligence division, and six others under his command were arrested on charges of kidnapping and murder.

U.S. Unit Shoulders Burden At Police Station In Baqubah (WP)

By Bill Murphy Jr.

The Washington Post, February 23, 2007

BAQUBAH, Iraq -- It took nearly a month to build the tiny bunker on the roof of this Iraqi police station. The U.S. soldiers worked at night to avoid snipers, carrying sandbags up four flights of stairs in the dark.

One day last week, several American soldiers arrived to begin their shift here, using the roof to scan the surrounding area for attackers. The soldiers were well armed, and they had cigarettes, coffee and soda with them, even beef jerky. But there was one thing missing from the roof of the station, and from the ranks of those who were there to defend it: members of the Iraqi security forces.

Similar U.S. units are embedded at other Iraqi police and army installations in Baqubah, a city of 300,000 about 35 miles northeast of Baghdad. Keeping these locations open and functioning is vital, military commanders say, if the Iraqis who live here are to have confidence in the government.

The police station houses a unit of the local police Emergency Response Force. The Americans call it "the ERF," so it rhymes with "surf." In theory, the ERF should be like a U.S. police SWAT team, but in practice, the Iraqis are simply outmanned

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and outgunned. The U.S. troops here, from Alpha Company, a unit in the 1st Cavalry Division, say the Iraqi police officers are loath even to leave the station.

"Originally, it was designed like we were going to be training" them, said 1st Lt. Jason Brinkley, 23, of Palacios, Tex. But ever since insurgent attacks in late November, "we've just kind of been staying here, pretty much to keep the place from being overrun," he said.

In one room of the station that the Americans use, weapons, ammunition and rations were stacked alongside cases of soda and hundreds of bottles of water. A generator powered a microwave oven, and a freezer was stuffed with frozen hamburgers, hot dogs and breakfast sandwiches.

"It's like an infantryman's dream in here," said Sgt. Benny Alicea, 34, of Attleboro, Mass.

The ERF comes under fire almost every day, and most days, Brinkley said, his troops kill between one and six insurgents. "The standoff we've got is to our advantage, because we shoot better than they do," Brinkley said.

"You get used to it," said Spec. Monty Hesley, 27, of Hanover, Kan. "That's your job, is killing people and people trying to kill you. You can get into a zone. You have to, or you're going to drive yourself nuts."

Most of the troops at the ERF said they had no idea how their work might contribute to a larger effort, or even who the enemy is. And they said they do not trust the Iraqi police officers living one floor below them. At least one U.S. soldier stood guard with his rifle at all times, ensuring that none of the Iraqi police ventured into the American living area.

The core of this platoon is on its second tour together in Iraq. It fought at Najaf in August 2004 and alongside the Marines at Fallujah in November 2004.

"I just care about my friends -- this platoon, that everybody will come home," said Pfc. Stanislav Mykhaylichenko, 20, of New York, a Ukrainian immigrant whose father fought in the Soviet army in Afghanistan in the 1980s.

"The best bet is to pull back," said Sgt. Jerry White, 26, of Bell, Fla. "Sending more troops -- it's not working. You're sending more targets. That's all you're doing."

"They're going to have their civil war, and all we're doing is just being in the middle of it," Alicea said.Frustration and Death

"Everybody gets frustrated. Who the hell wouldn't be?" Lt. Col. Mo Goins, commander of the 1st Battalion, 12th Cavalry Regiment, said later. "We're all Type A personalities, Westerners, and we want it done right away."

"The soldiers see their small part of the war," said Col. David Sutherland, commander of 3rd Brigade, the 4,700-strong unit that includes the 1-12 Cavalry and other battalions, and has the entire province of Diyala -- home to about 1.6 million people -- as its area of operations. "We've been here for five months. The soldiers get frustrated. They think all they're doing is going out and getting hit with" improvised explosive devices.

"We've got hot spots," he said. Overall, he said, Baqubah has gotten more violent, but things have improved in the rest of the province. Since Feb. 4, nine U.S. soldiers have been killed in and around Baqubah.'We're Under Attack'

At 9:46 a.m. on the second day of the soldiers' three-day shift, small-arms fire erupted outside.

"Shooting from the south. They do that," said Spec. Patrick Pena, 24, of Midland, Tex.

Long bursts of automatic-weapons fire followed. Outside, bullets hit a damaged vehicle in front of the building. Not far away, a U.S. soldier refueling the ERF's generator took cover. It was unclear whether any of the Iraqi police officers were returning fire.

Two loud thumps echoed.

"Mortar rounds!" someone yelled.

"Yeah, mortars. Small arms," Brinkley agreed. "I think we're under attack."

The soldiers erupted in laughter.

"It's what they always do," Brinkley continued. "They just get out of a car, fire two rounds and get out of here. It's nothing accurate, just harassing fire."

Spec. Jeremy Anderson, 22, of Corpus Christi, Tex., stayed low on the roof, near the sandbag bunker, pointing out buildings from which insurgents often target the ERF and the small road that the soldiers call Sesame Street because they see the same odd characters there every day.

The shooting died down. Loudspeakers blared from nearby neighborhoods. None of the soldiers spoke Arabic, but they said they can sometimes make out words like "Ameriki," "Bush" and "jihad."

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Morning turned to midday. There were two more loud explosions. Mortars again, the soldiers said.

Downstairs, Brinkley sipped a Mountain Dew and walked into a room where several soldiers were resting. He had spent two hours in a sniper's nest over a shower stall that the men use as a makeshift urinal, and he had finally found a target. A man with an AK-47 assault rifle was trying to get into position about 500 yards away.

Brinkley squeezed the trigger and killed him.

"I'm still happy," Brinkley said. "The right thing to do is get dudes to stop shooting at you, especially that accurate fire."Engaging the Officers

Few of the U.S. troops have much contact with the Iraqi police here, but Staff Sgt. Thomas Blair, 22, of Boston, walked downstairs in the early afternoon.

"Mister Thomas!" a 21-year-old Iraqi officer called out.

A half-dozen Iraqi police officers spoke through an Iraqi interpreter employed by the U.S. Army. None would give their names for fear that their families would be killed if insurgents learned their identities. Most wore civilian clothes.

An officer who said he was 37 was eager to talk. "Insurgents have good weapons. [We] don't. No uniform, no ammunition."

Several officers said they wanted an armored Humvee. They drive around in pickup trucks now, they said.

The police showed off their living quarters. In one dusty room, five twin beds took up most of the space. Ten policemen sleep there, switching off on the beds, the men explained. An officer wearing a light sweater and sandals said he wanted boots and a uniform, but cannot afford them. All the officers said they were owed money, and one said he had not been paid for eight months.

A 26-year-old officer gestured at a bullet hole in the window. He traced a line through the air to another hole in the wall above one of the beds.

"I'm scared of any bad guy," the 21-year-old officer said. "I have no ammo."

"But you have me!" chimed in Blair. He struck an exaggerated pose with his M-4 rifle and laughed.

As the men talked, Blair shared his cigarettes with them. He said he feels bad for the officers, and he gives them food and cigarettes because their rations are so meager. But he acknowledged he has another motive. If the insurgents overrun the ERF, he said, he wants to be known as the nice, friendly American.

"They're not chopping my head off," he said.'Fire Danger Close'

Anderson came down from the roof. He and another soldier had spotted two men with an AK-47 trying to bury something on the road, a classic IED team. He opened fire with an M-14 sniper rifle, hitting one of them. It was the platoon's second suspected kill of the day.

At 4:20 p.m., troops who weren't on guard ate microwave oatmeal from foam plates. There was another loud explosion outside, followed by smaller booms.

"Fire danger close," came a radio report from the rooftop. "We've got our heads down, but it sounds like RPGs," or rocket-propelled grenades.

Two of the platoon's Bradley Fighting Vehicles went out to assist a U.S. tank that was immobilized after breaking a tread. As they returned to the ERF, a sniper opened fire. Brinkley's driver, Spec. Jeremy Mitchell, 26, of Rockmart, Ga., was nearly hit as he started to climb out.

Brinkley returned fire with the vehicle's 25mm gun, and there was no more activity in the building where the shots had come from. He counted it as their third kill of the day.

"Not the first time I've been shot at, and it won't be the last," Mitchell said afterward, though he clearly looked shaken.

Calls came over the radio. The platoon learned it would be given 12 hours back at the forward operating base the next day to do some much-needed maintenance on its Bradleys.

It would be the first such stand-down in three weeks.

"This is all normal, routine stuff," Brinkley said. "Dude with the AK that I shot in the street? That's routine. The dudes digging an IED? That's an everyday occurrence."

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"Let's see if we get shot at if we go out to grill," Mitchell suggested. The platoon keeps a barbecue on an outside landing, right off the third floor. On its last rotation here, a sniper fired at Brinkley while he was cooking about 5 p.m., so the platoon has learned to wait until dark to cook.

"It wasn't that close," Brinkley recalled. "Five or six feet away."

Firefight Between U.S. Troops, Insurgents Kills At Least 12 (USAT/AP)

The Associated Press

USA Today, February 23, 2007

Sunni insurgents attacked U.S. troops in the volatile city of Ramadi, setting off a six-hour firefight that killed at least 12 people, the U.S. military said Thursday.

The Ramadi battle broke out Wednesday evening when insurgents opened fire on a U.S. patrol. The Americans responded with precision-guided munitions that damaged several buildings and ended the fight, said a Marine spokesman, 1st Lt. Shawn Mercer.

There were no U.S. casualties. Twelve insurgents were killed, Mercer said. He said no civilian casualties were reported.

However, Hafidh Ibrahim of the Ramadi Hospital said the bodies of 26 people, including four women and children, were pulled from the rubble of three houses.

Frequent battles have taken place in Ramadi, the capital of Anbar province west of Baghdad. President Bush has ordered an increase of 21,500 troops in Iraq — 4,000 of them in Anbar province to try to quell violence there. The rest are bound for Baghdad.

The military warned that insurgents were adopting new tactics after a raid near Fallujah uncovered a car bomb factory with propane tanks and chlorine canisters. Insurgents have detonated three trucks carrying canisters of toxic chlorine since Jan. 28. The most recent attack, Wednesday in Baghdad, killed five people and sent more than 55 to hospitals.

U.S. troops "found ingredients to be used to devise or enhance explosives, such as fertilizer and chlorine cylinders," Lt. Gen. Ray Odierno, the No. 2 U.S. commander in Iraq, told Pentagon reporters by video link.

"What they're trying to do is … adapt in such ways where they can continue to create instability," Odierno said.

Chlorine, used as a weapon in World War I, can cause breathing problems and irritate the skin. At high levels, it can be fatal.

Also Thursday, at least 19 people were killed or found dead in Baghdad, and two bodies were discovered in the city of Kut. Three other people were shot to death in the northern city of Mosul.

Baghdad 'Surge' Returns Chalabi To Center Stage (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 23, 2007

BAGHDAD, Iraq -- In his latest remarkable political reincarnation, onetime U.S. favorite Ahmed Chalabi has secured a position inside the Iraqi government that could help determine whether the Bush administration's new push to secure Baghdad succeeds.

In a new post created earlier this year, Mr. Chalabi will serve as an intermediary between Baghdad residents and the Iraqi and U.S. security forces mounting an aggressive counterinsurgency campaign across the city. The position is meant to help Iraqis arrange reimbursement for damage to their cars and homes caused by the security sweeps in the hope of maintaining public support for the strategy.

Mr. Chalabi's writ is supposed to be limited mainly to security, according to aides to Iraqi Prime Minister Nouri al-Maliki, but he is already speaking ambitiously about playing a larger role in economic, health and reconstruction efforts as well. In his new capacity, Mr. Chalabi answers directly to Mr. Maliki and is already taking part in weekly planning meetings with senior American officials such as Ambassador Zalmay Khalilzad and Gen. David Petraeus, the top U.S. military commander in Iraq.

Mr. Chalabi's position was created as part of a broad push by Mr. Maliki's government to capitalize on any positive momentum created by the addition of 21,500 additional American forces to Iraq, of which some 3,000 have arrived so far. In the weeks after President Bush disclosed his plans to "surge" additional forces to Iraq, Mr. Maliki created five new government

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committees charged with making the plan work on the ground. They include panels focused on economic development, the restoration of basic services such as electricity, and, in Mr. Chalabi's case, the critical task of maintaining public backing for the initiative.

The new position is vaguely defined, and it is too early to tell how much power Mr. Chalabi will ultimately wield. How much money will be available to pay claims and how it might be awarded and disbursed remains to be finalized, too. But he is a skilled political infighter who has often shown a talent for making the most out of whatever hand he is dealt. Mr. Chalabi also maintains close ties with key political allies of Mr. Maliki such as radical Shiite Muslim cleric Muqtada al-Sadr, which gives him extra sway within Mr. Maliki's government. Indeed, U.S. Embassy officials suggest Mr. Chalabi's closeness to Mr. Sadr is a major reason he was offered the liaison post.

Already, some U.S. officials are expressing concern about Mr. Chalabi's new role, fearing he will undercut the elaborate system of elected and appointed local governments that American officials have been cultivating over the past three years. American and Iraqi critics also worry that Mr. Chalabi, a Shiite, will use his clout to ensure that Sunni Muslim neighborhoods of the city are hit hardest by the new security crackdown, a move that would further inflame Iraq's sectarian tensions.

"The question is whether he is really doing this to help, or whether he's trying to build himself a new political base in Baghdad or carry water for the Shiites," said a senior American official here. "And we simply don't know the answer to that yet."

In an interview yesterday, Mr. Chalabi said such concerns are unfounded, and stressed that he would use his position solely to help maintain public backing for the security push. "This is not about political parties, or about sectarian groups," he said. "We just want to motivate people to support the security plan, because otherwise it can't succeed."

Mr. Chalabi said he envisions helping Iraqis get the government to repair homes or furniture harmed in security raids, or to reimburse them for damage caused by the sweeps. He said he also plans to develop a way for Iraqis to report petty theft by security personnel, a common occurrence across Iraq. Mr. Chalabi insisted he would treat Sunnis fairly, and pointed to a recent series of conciliatory gestures he has made toward the embittered minority, which ruled for decades before the 2003 U.S. invasion that toppled Saddam Hussein.

In addition to leading the new "popular committee for mobilizing the people" in support of the Baghdad security push, Mr. Chalabi continues to head a government de-Baathification committee. That panel -- charged with expelling members of Mr. Hussein's ruling Baath Party from the government -- has come under fire for firing hundreds of thousands of mainly Sunni civil servants from their government posts. The mass unemployment and ill will resulting from the purge is widely believed to have helped swell insurgent ranks, and senior officials in the U.S. and Iraq have conceded the move was counterproductive.

Mr. Chalabi, too, has changed course in recent weeks and now says he wants to bring most former Baathists back into the government. Mr. Chalabi said he had helped draft legislation that would enable most of the ousted Sunni civil servants to reclaim their jobs or pensions, and said 14,000 former Baathists had already returned to their jobs. If the bill is signed into law, Mr. Chalabi said only 1,500 high-ranking former Baathists would be permanently barred from the government.

Despite such assurances, Mr. Chalabi remains a deeply divisive figure in Iraq, viewed skeptically by many U.S. as well as Iraqi officials. Critics see him as openly sectarian, and say they have little faith that he will treat Shiites and Sunnis equally in his new role.

"Chalabi is a very good politician, but we don't know his true intentions," said Mohammad al-Rubaie, who heads the district government in Baghdad's Karrada neighborhood. "We have to make sure that he doesn't have a free hand to do everything he wants, because otherwise his position can cause more harm than good, and create even more sectarian dangers."

Mr. Chalabi's return to prominence caps a remarkable turnaround for a man whose moment seemed to have passed after a string of political setbacks. He had spent decades in exile building ties with the neoconservative thinkers pushing for a U.S. invasion of Iraq. He returned to Baghdad after Mr. Hussein's ouster, but soon alienated many of his former backers by becoming a close ally of Mr. Sadr and making frequent trips to Iran. In December 2005 elections, Mr. Chalabi's party failed to win a single parliamentary seat.

Mr. Chalabi largely faded from public view, but he remained an active behind-the-scenes player in Iraq's chaotic political scene. He continued to run the powerful de-Baathification panel, made regular trips to Iran and recently returned from a trip to Syria undertaken at Mr. Maliki's behest, according to a senior Maliki aide.

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An aide to Mr. Chalabi said the vehicle for his latest renaissance was born of the realization that an aggressive counterinsurgency -- which involves breaking down doors, rifling through houses and making wide-scale arrests -- can quickly alienate the public.

Mr. Maliki tasked Mr. Chalabi with building a system of district committees that will work with American and Iraqi security forces operating in each area of the city, the aide said. The hope is that these committees will make it easier for residents to get restitution from the Iraqi government -- and possibly the American military -- if their property is harmed, and give them an incentive to approach Iraqi and American forces with information about insurgents.

Fueling speculation that he will expand his role, Mr. Chalabi invited dozens of political, tribal and religious leaders to a meeting in a Baghdad hotel Wednesday to explain how his new post would function and begin the process of choosing the members of the liaison committees meant to operate in Baghdad's 10 districts. During the meeting, Mr. Chalabi repeatedly told the crowd of his close ties to Mr. Maliki and described an ambitious plan to ban cars from the main market area of the Rusafa neighborhood for security reasons, a move he said would rejuvenate economic growth there.

In the interview, meanwhile, Mr. Chalabi said he would use his new position to identify shortfalls in the city's health system and basic infrastructure.

Even Mr. Chalabi's critics acknowledge he is an unusually skilled politician, a gift on full display as he made his way through a smoke-filled banquet hall in the Mansoor Hotel Wednesday, nattily attired and trailed by a retinue of bodyguards and aides. Mr. Chalabi glad-handed his way from table to table, exchanging handshakes and kisses with the local Iraqi political officials clamoring for a moment of his time. By the end of the meeting, he had won over at least some of the skeptics.

"It doesn't matter that he didn't win a seat in the elections -- this is a man who is better than most of the current people in parliament," said Muslim Ahmad Saleh, chairman of the district government in the Kadhamiya neighborhood.

Rape Of Second Sunni Woman By Iraqi Security Forces Alleged (WP)

By Ernesto Londono

The Washington Post, February 23, 2007

BAGHDAD, Feb. 22 -- An Iraqi police official in the northwestern city of Tall Afar said Thursday that a military officer and three soldiers had admitted to raping a Sunni woman and recording the act with a cellphone camera.

The four soldiers told an investigative committee convened by the Iraqi army that they sexually assaulted the woman nearly two weeks ago, according to Gen. Najem Abdullah, a police spokesman in Tall Afar.

The soldiers' statement follows another Sunni woman's assertion this week that she had been raped in Baghdad by members of Iraq's predominantly Shiite security forces. Iraq's Kurdish president and its Sunni vice president said Thursday that a judge should investigate her case, which the Shiite-led government of Prime Minister Nouri al-Maliki has dismissed as groundless.

Iraqi President Jalal Talabani said in a statement that the courts were "the only legitimate place to examine such allegations" and that the government should avoid steps that would "inflame sensitivities and create mistrust."

Talabani's stance, echoed by Vice President Tariq al-Hashimi, is sharply at odds with Maliki's insistence that the 20-year-old Baghdad woman who contends three Iraqi policemen raped her Sunday is a criminal who fabricated the story to exacerbate sectarian tension and undermine a U.S. and Iraqi security plan to pacify the capital.

The case has caused a political uproar -- with Sunnis demanding justice and Shiites defending the officers -- in a society where public discussion of rape is rare.

"In this country, [rape] is more serious than any other crime," said Wamid Nadhme, a political scientist at Baghdad University. "The religious values and the honor values say that one should not violate a woman. This will have very serious implications in coming days if neither side is able to prove that they are right and the other side is wrong."

"Sexual violence is a well-documented tool of war," said Sarah Leah Whitson, director of the Middle East and North Africa sections of Human Rights Watch. But in Iraq, "this case is the first of its kind."

The day after the Baghdad woman's allegation came to light, Maliki said the accused officers deserved to be honored. He said the government would sue her for making the claim.

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The U.S. government has remained largely on the sidelines, even though many Iraqis view the Americans as the only potential impartial arbiter. The woman was treated at a U.S. military-run medical facility in Baghdad's fortified Green Zone.

Maliki's office e-mailed to reporters portions of her medical record, which showed health-care providers had documented signs of bruising on her inner thighs, groin and head. The document also included a handwritten note in English saying there were no signs of trauma in the patient's vagina.

U.S. officials initially said they would issue a statement on the case but later said discussing it would violate patient privacy guidelines.

Khalid Mohammed Hassan, a civic activist in Tall Afar, called the rape case there "a very dangerous crime and a very ugly crime."

"Such ugly practices will push the citizens to not cooperate with the security forces or the army, and they'll be afraid they'll be in the same position," he said.

The Islamic State of Iraq, a Sunni insurgent group, issued an audio statement on its Web site Thursday saying 300 insurgents have volunteered to conduct suicide operations to avenge the woman who came forward Monday. At least 50 are from the woman's tribe, and 20 offered to marry her if she is single, the statement says.

Withdrawing From Banks (WT)

By James Palmer

The Washington Times, February 23, 2007

There is nothing routine about a trip to the bank in Baghdad.

Confronted by criminal gangs on the streets and demands for bribes from tellers in the branches -- not to mention long lines, shortages of bank notes, and other inconveniences -- many Iraqis are opting simply to keep their savings at home.

Even without the security concerns, financiers and government officials say, there are not enough banks in Iraq to serve the population and finance sorely needed reconstruction, leaving companies and individuals struggling to secure their assets.

"You must keep it somewhere," said Abd Ali Radi, the 56-year-old owner of a modest bus company. "This is a problem for all Iraqis today."

Interviewed in a restaurant last month, Mr. Radi recalled a recent trip to his bank in which, while nervously edging ahead in line, he heard the familiar sound of an ammunition round being injected into the chamber of an automatic pistol. He quickly fled.

Ali Al-Ajeely, a 48-year-old travel agency owner, said he is so fearful of carrying large amounts of cash that he avoids the city's depositories altogether. "It's safer to stay away from the banks," he said.

And businessman Hamza Own, a 47-year-old waterworks contractor, called the banks insecure and inefficient. "I have better ways of storing my money," he said, adding he last held a bank account in 1990.

Several banks in Baghdad this year have suffered daylight heists in which millions of dollars were stolen from their main offices, branches and armored vehicles.

"Most banks handling cash have experienced large robberies -- a million here, another million there," said Foud M. Mustafa, the managing director of the Credit Bank of Iraq.

The robberies have forced some institutions to reduce the amount of cash they keep on hand. "Smaller is better now," said Zuhair Al-Hafidh, whose Ashur International Bank focuses on the investment sector.

Iraqi banks guarantee their deposits, but customers have few assurances while traveling to and from the institutions. And in a city where dozens of people are killed every day, many residents feel it is more practical to keep their savings at home.

"If anything happens to you, your family has the money," said Mr. Al-Ajeely, the travel agent.

Yet even in a society where an estimated 70 percent of business is conducted in cash, many Iraqis can't avoid banks.

Raad Mohammed Salman, whose company transports oil, said the volume of his business forces him to make deposits because "it's too much to keep at home." But he doesn't relish the experience.

Corrupt bank clerks commonly press for bribes of 50,000 dinars -- about $38.50 -- to complete a transaction valued at a little over $23,000. "They know I have good contracts with the oil ministry," Mr. Salman explained.

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Wa'al Abdul Mutalab, a 39-year-old money changer, said he handles tens of thousands of dollars daily and delivers cash deposits to his bank on a motorcycle to avoid thieves.

Once in the banks, Mr. Mutalab said, he must deal with long lines of government pensioners. "I have to arrange an appointment so I can finish quickly," he said.

Misgivings about banks date from the rule of Saddam Hussein, who would impose restrictions on banks without warning during times of unrest -- notably a $750 monthly limit on withdrawals after the 1990 invasion of Kuwait.

Saddam did open the banking sector to private institutions, and 21 such banking companies operate in Iraq today. But financial analysts say it is still not enough, especially as security problems have forced them to close branches and shelve expansion plans.

The Credit Bank of Iraq had planned to create 55 branches after Saddam's fall, but it recently closed two in Baghdad and now has only 12 open, according to Mr. Mustafa, its director.

During the nearly four years since Saddam was overthrown, five Iraqi banking companies have partnered with foreign banks. But companies outside Iraq still are hesitant to risk investments.

"We have no dealings with foreign banks now," said Farzdak Abdal Razak, a manager at the Middle East Investment Bank in Baghdad. He said merger talks with Citibank officials in Jordan collapsed last year.

Bank directors still dream of adding branches, welcoming foreign investors and having automated teller machines operating 24 hours a day. But most Iraqis would settle for a safe place to keep their money.

For those with just a little cash like Mr. Al-Ajeely, the matter is simple. "I keep it in my pockets," he said.

Distrust, Fear A Year After Iraq Mosque Bombing (LAT)

By Christian Berthelsen

The Los Angeles Times, February 23, 2007

BAGHDAD — On a gray, drizzly day in the mostly Shiite Muslim neighborhood of Karada, one of this capital's last bastions of relative stability, sheepherder Ahmed Jassim Safee reflected on how life has changed in the year since sectarian warfare erupted with the bombing of the Golden Mosque in Samarra.

"We used to go to sell our livestock in Fallouja, Ramadi and Rutbah," Safee said of Iraqi cities that are now Sunni hotspots practically off-limits to Shiites. "The shrine bombing has resulted in the drawing of borders, and now we cannot travel freely even within the limits of one city or town because you don't know when you're going to be targeted or for what reason."

The Golden Mosque held the tombs of imams who were descendants of the Muslim prophet Muhammad and regarded by the Shiite sect as his rightful successors. U.S. and Iraqi officials have committed to rebuilding the mosque's bomb-damaged golden dome, but it is in a Sunni-dominated area and the work is viewed as too dangerous to undertake at the moment.

Before the mosque bombing, anger and violence in Iraq had largely been focused on the U.S.-led forces occupying the country in the wake of the 2003 invasion.

But the Feb. 22, 2006, attack on one of the nation's holiest Shiite mosques overshadowed Western failures and transgressions, including the Abu Ghraib prison scandal and reconstruction lapses, that occurred after the fall of Iraqi President Saddam Hussein. It set off a convulsion of sectarian warfare that continues mostly unabated to this day and starkly divides Iraq in ways that were largely buried before.

Now, one year on, amid the latest version of a security plan intended to restore calm, bombed-out buildings scar Baghdad and Iraqis live in fear of one another. Several people asked to discuss their feelings on the shrine bombing and their hopes for the future declined to do so. Those who were willing to talk said they badly wanted the plan to work and for peace to return. But their faith in such an outcome varies widely.

As his 14-year-old son, Abbas, slaughtered a sheep for a customer and dozens of other animals milled around, Safee, 37, said he was pessimistic. He noted that hundreds of people have been killed even after the new security effort was launched early this month and that on Wednesday the government announced it had captured Sudanese militants entering the country.

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"What kind of security plan is this?" Safee said. "Life after the shrine incident in Samarra has become unbearable and worse than ever. It has become very dangerous to the extent that even a .50-caliber machine gun wouldn't do you good for protection."

The distrust is not limited to Shiites. Sunnis too believe sectarian tensions have long-lasting ramifications, and fear for the future.

"I don't think that the shockwaves of this incident have died down yet, and I don't think that they will unless a more secular government comes into power," said Zaid Jumaili, a 33-year-old electrical engineer from a predominantly Sunni neighborhood in west Baghdad.

"These explosions basically got rid of any inhibitions that the people had before it. It's all about revenge. Ordinary Shiites started attacking or killing ordinary Sunnis, and ordinary Sunnis who had nothing to do with [religious militants] started doing the same thing as a reprisal."

Still, many Shiites and Sunnis share the view that the attack was the work of foreign agents determined to foment a holy war in Iraq, and resent the way it has divided their country. Saif Lahaybi, a 23-year-old Sunni engineering student, said he had to end a relationship with a Shiite girl because of the divisions, and he and Shiite friends are no longer able to visit each other's neighborhoods to socialize.

"No doubt the bombing of the shrine in Samarra is not accepted, whether by Shiite or Sunnis," he said. "We were like one, living together and sharing neighborhoods."

But there are those who hold out hope.

Mohammed Thamir, 28, who on Thursday sat in his darkened luggage store without electricity, said he believed the new security effort would bring an end to the violence.

"It was a big tragedy and what happened is unfathomable, but I am optimistic that we will be able to surpass these hard times," he said as the light from a battery-powered fluorescent bulb glinted off the metal fixtures of his suitcases. Business was brisk after the bombing, as Iraqis bought baggage to flee the country. Now, he said, sales have slowed as people give the new plan a chance to work.

"'Hopefully this security plan will put an end to this violence," Thamir said. "I have faith that it will work. It's not just Iraqis; the whole international community has interest in the success of this plan."

Shujaa Abdul-Ilah, the 25-year-old owner of a store that sells leather shoes and coats, said the violence had forced him to close his shop five hours earlier each day, but that the crackdown had made him feel safer.

He said that despite the violence and sectarian tension, "I don't think that it will stay like that. We are all brothers regardless of our religion or sect. We have lived in Iraq for numerous generations."

Soldier Sentenced For Rape, Murder In Iraq (AP)

AP, February 23, 2007

FORT CAMPBELL, Ky. -- A U.S. soldier was sentenced to 100 years in prison yesterday for the gang rape and murder of an Iraqi girl and the killing of her family last year.

Sgt. Paul E. Cortez, 24, also was given a dishonorable discharge. He will be eligible for parole in 10 years under the terms of his plea agreement.

Cortez of Barstow, Calif., pleaded guilty this week to four counts of felony murder, rape and conspiracy to rape in a case considered among the worst atrocities by U.S. military personnel in Iraq.

In his plea agreement, he said he conspired with other soldiers from the Fort Campbell-based 101st Airborne Division to rape 14-year-old Abeer Qassim al-Janabi. The girl, her parents and a younger sister were all killed.

Earlier yesterday, tears rolled down Cortez's face as he apologized for the rape and murders. He said he could not explain why he took part.

"I still don't have an answer," Cortez told the judge. "I don't know why. I wish I hadn't. The lives of four innocent people were taken. I want to apologize for all of the pain and suffering I have caused the al-Janabi family."

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The military judge hearing the case, Col. Stephen R. Henley, issued a sentence of life in prison without parole, the maximum for the charges. Under military law, the defendant is given the lesser sentence unless he violates terms of the plea agreement, which requires Cortez to testify against others charged in the case.

Psychologist Charles Figley testified that Cortez and the other soldiers likely suffered stress brought on by fatigue and trauma.

"It eats you up," Figley said. "It's a horrible thing. This is not unique. We've seen this in other wars."

Five soldiers who served with Cortez in Iraq testified that his actions were out of character and described the hardships of war they experienced, including sleep deprivation and the lack of running water.

"I just never would have seen it coming," said Staff Sgt. Tim Briggs, who has known Cortez for five years and served with him in Iraq.

Prosecutors said the stress was no excuse for the actions of Cortez and the other soldiers from the 101st Airborne Division, based at Fort Campbell.

On Wednesday, Cortez described raping the girl in her family's home in Mahmoudiya last March, along with Spc. James Barker, 24. Barker pleaded guilty in November to rape and murder and was sentenced to 90 years in military prison.

Cortez said this week that former private Steven D. Green raped the girl in front of him; shot her father, mother and sister; and then shot her in the head. He also testified that the soldiers attempted to burn the girl's body; burned their own clothes; and threw the murder weapon, an AK-47, into a canal in an attempt to dispose of the evidence.

Cortez was found not guilty of more serious charges of premeditated murder and conspiracy to premeditated murder.

Pfcs. Jesse Spielman, 22, and Bryan Howard, 19, await courts-martial. Green, who is accused of being the ringleader but was discharged from the military before being charged, will be prosecuted in a federal court in Kentucky.

Long Iraq Tours Can Make Home A Trying Front (NYT)

By Lizette Alvarez

The New York Times, February 23, 2007

In the nearly two years Cpl. John Callahan of the Army was away from home, his wife, he said, had two extramarital affairs. She failed to pay his credit card bills. And their two children were sent to live with her parents as their home life deteriorated.

Then, in November, his machine gun malfunctioned during a firefight, wounding him in the groin and ravaging his left leg. When his wife reached him by phone after an operation in Germany, Corporal Callahan could barely hear her. Her boyfriend was shouting too loudly in the background.

“Haven’t you told him it’s over?” Corporal Callahan, 42, recalled the man saying. “That you aren’t wearing his wedding ring anymore?”

For Corporal Callahan, who is recuperating at Walter Reed Army Medical Center, and so many other soldiers and family members, the repercussions, chaos and loneliness of wartime deployments are one of the toughest, least discussed byproducts of the conflicts in Iraq and Afghanistan. Hundreds of thousands of soldiers and loved ones have endured long, sometimes repeated separations that test the fragility of their relationships in unforeseen ways.

The situation is likely to grow worse as the military increases the number of troops in Iraq in coming months. The Pentagon announced Wednesday that it was planning to send more than 14,000 National Guard troops back to Iraq next year, causing widespread concern among reservists. Nearly a third of the troops who have served in Iraq and Afghanistan have done more than one tour of duty.

Most families and soldiers cope, sometimes heroically. But these separations have also left a trail of badly strained or broken unions, many severed by adultery or sexual addictions; burdened spouses, some of whom are reaching for antidepressants; financial turmoil brought on by rising debts, lost wages and overspending; emotionally bruised children whose grades sometimes plummet; and anxious parents who at times turn on each other.

Hardest hit are the reservists and their families, who never bargained on long absences, sometimes as long as 18 months, and who lack the support network of full-fledged members of the military.

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"Since my husband has been gone, I have potty-trained two kids, my oldest started preschool, a kid learned to walk and talk, plus the baby is not sleeping that well," said Lori Jorgenson, 30, whose husband, a captain in the Minnesota National Guard, has been deployed since November 2005 and recently had his tour extended another four months. "I am very burnt out."

In the next couple of months, Ms. Jorgenson, who has three young children, has to get a loan, buy a house and move out of their apartment.

Even many active-duty military families, used to the difficulties of deployments, are reeling as soldiers are being sent again and again to war zones, with only the smallest pause in between. The unrelenting fear of death or injury, mental health problems, the lack of recuperative downtime between deployments and the changes that await when a soldier comes home hover over every household.

And unlike the Vietnam era, when the draft meant that many people were directly touched by the conflict, this period finds military families feeling a keen sense of isolation from the rest of society. Not many Americans have a direct connection to the war or the military. Only 1.4 million people, or less than 1 percent of the American population, serve in the active-duty military.

"Prior to 9/11, the deployments were not wartime related," said Kristin Henderson, a military spouse whose husband served as a Navy chaplain in Iraq and Afghanistan and whose recent book "While They're at War" explores the impact of today's deployments. "There were separation issues, but there was no anticipatory grief and no fear and no medical overload."

It is common for spouses to wind up on antidepressants, Ms. Henderson said, a situation made worse by the repeat deployments. The more deployments, the less time that families have to mend before the stress sets in again, she added.

Ms. Henderson recalled having a panic attack in church while her husband was away and crying in the shower most mornings so no one would see her. "The common misconception," she said, "is that the more you do this, the better you get. That is not true."

Some relationships grow stronger as distance and sacrifice help bring into sharp focus what is important. Before Robert Johnson's deployments to Iraq with the North Carolina Army National Guard, he and his wife, Dawn, faced difficult decisions about how to care for their seven children, including four living at home. They decided their two severely disabled teenage twin sons would be best cared for elsewhere, one in a group home, the other with grandparents.

But Ms. Johnson, 41, who works full time at a pharmacy, said she felt there had been an upside to the ordeal. "Now I know," she said, "that I can pretty much survive anything."

Other marriages, especially young marriages rushed by deployment, may have been destined to fail from the start.

Seeking Help

As the war stretches into its fourth year, more troops and their families are reaching out for help, turning to family therapists and counselors. The Army and the Marines, partly in response to a jump in the number of divorces and a rise in domestic violence reports, have created programs to help couples cope, including seminars and family weekend retreats. The Army has also improved the family readiness groups that often serve as a lifeline for spouses.

Divorces, which had hovered in the 2 percent to 3 percent range for the Army since 2000, spiked in 2004 to 6 percent among officers and 3.6 percent among enlisted personnel. The rate for officers dropped to 2.1 percent in 2006, but the rate for enlisted personnel has stayed level, at 3.6 percent.

Married women are having the hardest time. The divorce rate for women in the Army in 2006 was 7.9 percent, the highest since 2000, compared with 2.6 percent for men.

Demand for counseling has grown so quickly among military families and returning soldiers that the military has begun contracting out more services to private therapists. Reservists must rely largely on networks of volunteers.

"For a while a lot of soldiers coming back were not being seen because there was such an overload of patients and so few mental health providers on base," said Carl Settles, a psychologist and retired Army colonel who runs a practice near Fort Hood, Tex.

The military recently called him to ask how many of several hundred patients he could take on, Dr. Settles said.

Corporal Callahan, who is on the brink of divorce, said his marriage, his second, had been troubled before his deployment but became unsalvageable once he shipped out. His deployment also forced him to transfer guardianship of his children temporarily to their grandparents because of problems at home, he said.

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His injury, which has left him unable to walk, has now complicated his chances of remaining in the Army. "I felt like I had hit bottom," he said. "I had so much bitterness in me. I have been so angry. So many nights I have cried and tried to figure out what I can do and what I can't do."

Capt. Lance Oliver, Corporal Callahan's commander in Iraq, said he kept close track of Corporal Callahan's personal situation, and while disintegrating marriages are not uncommon, Captain Oliver said, Corporal Callahan's was the most dramatic.

"I can't think of one that is more heartwrenching," he said.

Spouses' Secrets

Extramarital affairs, hardly rare in other wars, are also a fixture now.

David Hernandez, who is in the Army and is based in Fort Hood, said his relationship with his wife of 10 years crumbled between his second and third deployments. She was frazzled and lonely, he said, with two children to care for; he came back moodier, quieter and more distant. Now his wife is living with another man, Mr. Hernandez said in e-mail messages from Iraq. He, in turn, has started a relationship with a female soldier, despite his hope for reconciliation.

"It was very stressful for her doing everything and worrying about me," he said, adding, "I spent so much time away; it drove us apart to seek other relationships."

"Now I'm back out here," he said. "I feel helpless. What can I do? It makes it a little easier being with someone out here. Temptation was the hardest, and I gave in."

Dr. Settles sees about 40 soldiers a week in private practice and says a majority of soldiers cope well. But those with problems feel them deeply.

"Infidelity and financial issues are major issues," Dr. Settles said, adding that there are abundant cases of wives who clear out their husband's bank accounts or soldiers who come home and go binge shopping. "Even a good mule needs a few oats once in a while," he said. " Some of these guys, they are kind of at their limit."

Some therapists say they are bracing for this year's divorces. Mary Coe, a marriage and family therapist working near Fort Campbell, an Army base on the border of Kentucky and Tennessee, said she was seeing "many, many divorces" right now. The 101st Airborne Division recently returned from its second deployment with an astonishing level of rage, she said. "Now we are seeing 15- to 20-year marriages not making it, and these are families that survived 20 years of deployments," Dr. Coe said.

Lei Steivers, whose husband is a senior noncommissioned officer at Fort Campbell, has been a military wife for 25 years. But it took her husband's second yearlong deployment to Iraq to cripple their marriage. They are now in counseling. A family leader on the base, Ms. Steivers, 46, also has two sons in the military. She said a number of men she knows came home last year for rest and relaxation and demanded a divorce.

Many spouses, she said, blame the presence of women alongside combat units. The blame may be misplaced, but the anxiety is not.

"They are side-by-side fixing an engine, the girls live upstairs, the guys live downstairs," Ms. Steivers said. "We are just more and more in awe, saying, What is going on?"

Some wives have uncovered their husband's pornographic pictures on Web sites like MySpace, she said, adding, "I've seen them because the wives show them to me."

Dr. Coe said she had been surprised by the number of soldiers who had come home and sought counseling for sexual addictions fueled by DVD's and Internet pornography.

While pornography is blocked by the United States military in Iraq, service members gain access to it with laptops through their own Internet service providers, Corporal Callahan said.

At the same time, spouses back home sometimes hook up with men on the Internet. When the relationship surfaces, it sometimes leads to violence, said Robert Weiss, who co-wrote "Untangling the Web," a book about Internet pornography, and who has been hired as a consultant by military family groups looking for guidance.

Family Trumps All Else

For some spouses, concerns about infidelity take a back seat to the demands of a household. Lillian Connolly's husband of 21 years, a staff sergeant in the Army Reserve in Massachusetts who now works at a Lowe's Home Improvement, was sent to Iraq

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twice. The first deployment, in 2003, lasted 11 months. The second one, for which he volunteered, was much harder on the family. Even before his father's second deployment, the couple's 12-year-old started having tantrums. When his father left their home in 2005, the boy started to misbehave at school, Ms. Connolly said. He and his sister were the only children with a deployed parent, and the school, she said, was mostly unsympathetic. If anything, Ms. Connolly said, she got the blame.

"He really worried about his dad every day," Ms. Connolly said of her son. "They couldn't understand he had an anger problem because his dad was gone.

"That was more stressful and harder to deal with than my husband being gone."

Mary Keller, the executive director of the Military Child Education Coalition, a private nonprofit group that helps children and schools cope, said two million children had experienced deployments. Worst hit are those in schools that are isolated from military culture.

"It is highly likely that the teacher doesn't have a personal experience with the military," Dr. Keller said.

At home, spouses say, they try to keep their young children connected to their deployed parents. Ms. Jorgenson lets her three children pull Skittles out of a bowl to mark the passage of time. She buys them surprise gifts from their father, like boxes of Fruity Pebbles or camouflage sheets. Meanwhile, she thinks, "Will I ever get through bath time and get them to bed without screaming and losing my patience?"

Parents of young soldiers often appear the most tormented, counselors say, especially if opposed to the enlistment. There are also few resources for them.

"Mothers are in worse shape than wives," said Jaine Darwin, a psychoanalyst and co-director of Strategic Outreach to Families of All Reservists, a volunteer group that offers counseling to military families in many states. "Mom is not allowed to cry. And that is certainly a problem."

Esther Gallagher, 50, who works in a counseling office at a high school in Goodrich, Minn., has two sons in Iraq. She worries about both but frets most about her youngest, Justin, 22, a gunner who has seen a lot of violence in Falluja. He joined the Minnesota Army National Guard and has spent most of the past three years on deployment; the last tour was recently extended, which angered his mother and disheartened the soldiers in his unit.

When Sergeant Gallagher came home for two weeks last year, he walked out of the room any time anyone talked about Iraq.

"Every day, they are in harm's way," Ms. Gallagher said, her voice quavering. "I mean, that's your baby — to have him out there in harm's way, and not knowing. Your life has been to protect these kids."

Back From Despair, In Her Words (LAT)

The Los Angeles Times, February 23, 2007

WITH her husband in a coma, unable to breathe on his own, Nancy Kules sat down at a computer and began to type. PRAY, PRAY, PRAY, she wrote.

It was Dec. 2, 2005. Nancy, a kindergarten teacher from Arizona, had flown across the Atlantic to be with her husband, Army 1st Lt. Ryan Kules, at a military hospital in Germany. His entire body was wrapped in bandages. All Nancy could see were his forehead, a toe and his blood-clogged ears.

Ryan's Humvee had been hit by a roadside bomb in Iraq three days earlier. His right arm and left leg were blown off. He nearly bled to death. He had severe brain damage. Doctors feared he would not survive.

Nancy wrote to friends and relatives: I wish I were logging on with better news…. I will give you all the cold, hard facts.

The ordeals of combat amputees in Iraq and Afghanistan have provided a familiar narrative after nearly four years of war. But less familiar are the stories of their spouses. For the next year, in 309 entries in an online journal, Nancy Kules laid out the facts and poured out her emotions.

Her journal opened a window on a searing experience shared by a growing number of spouses who have become collateral damage in America's overseas wars. What began as an attempt to keep loved ones informed became a unique personal account of recovery and accommodation, of suffering and redemption.

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"People think what a great story it is, and what blessings we've had, and how Ryan has overcome great odds," Nancy said outside the couple's Maryland home on a sunny winter morning. "But they don't think about the daily repercussions of it. The heart of the matter isn't something you can therapy away. It is what it is. It's our new reality."

For Nancy, and for thousands who have visited the site (www.caringbridge.org/visit/ryankules) to offer comments and contributions, the journal is an inspiration. But in its frank approach to tragedy, it is also a reminder that reality can be daunting, and that life for this couple can never be the same.

The story begins just after Nancy, 24, received the phone call that military families dread. Summoned to a phone at her elementary school in Ahwatukee, Ariz., she heard a faraway voice say, matter-of-factly, that Ryan, 25, had lost limbs in an explosion.

She left work, packed and headed for the airport — knowing that being told to fly to Germany meant that Ryan was too badly injured to make it back to the U.S.

"I honestly thought I was going to be bringing a body home," she said.

Nancy was bombarded with contradictory information. After one doctor described severe brain damage, she threw up. Other doctors had assured her there was minimal brain damage.

"I wanted to know the truth, and I wanted to kick whoever gave me bad information," she said.

On Dec. 3, 2005, the second day at the hospital in Germany, she wrote: It is easier to get the info to you this way, because it is difficult to talk about it out loud.

Between the grief, time changes, and jet lag, we are so unaware of time. I got to help clean Ryan up last night. I spent a good 4 hours taking a q-tip to his fingers, toes, ears and any other visible skin. It was somewhat therapeutic for me….

I want MY Ryan back, (past, present, and future) and all those memories that we share and I have been re-living for the past few days … I have faith that this will happen.

Dec. 7: I re-read the things that I have written, barely remembering some of it…. I find myself crying when I read these things. Not the kinds of sobs that shake my whole body, but a peaceful stream of tears running down my face.

With Ryan in a coma, Nancy spoke to him, hoping he would somehow understand that she was at his side.

"He was so badly broken," she recalled recently. "If he was hanging on until we got there, I wanted him to know, 'Baby, I'm here and I love you and if you gotta let go, it's OK.' "

HE did not let go.

Ryan was transferred to Walter Reed Army Medical Center in Washington, still in a coma and fighting a high fever. There, Nancy noticed that his eyes were no longer locked in a fixed stare. They moved slightly.

Dec. 10: I knew for the first time that Ryan is aware that I am here. He is still not following commands, but when I looked in his eyes, I just feel like he is still there, frustrated that he cannot show this to us yet …

The anguish of this discovery is startling. I feel like my time to deal with 'me' is over, and I now need to find the strength to focus on him …. I am scared of what Ryan will think. I am scared of what he already knows…. I think I need to go outside, stomp, scream, and cry a little.

Three days later, after a breathing tube was removed, Ryan spoke his first words since the explosion: "Hi, Nancy."

Nancy quizzed him. His name? "Ryan." His dog's name? "Peanut." Did he love Nancy? "Yes." Their wedding anniversary? "Um … April?"

Dec. 13: Ha ha. I'll take it …. It is a long, l o n g road ahead of us, but the progress of today helps us look toward tomorrow …

Dec. 14: This evening, Ryan told me "my legs and arms are broken." I just said "yes baby, but the doctors are working to help you. I have to go to the bathroom, I will be right back." Then, I stepped around the corner and cried. My poor Ryan. My heart aches for him …

I cannot imagine waking up and suddenly having to deal with the loss.

That same day, Ryan called his wife "Miss Nancy."

I got all teary eyed because of this … I don't know why he called me Miss Nancy. That was hard. I am sure he will get around to "baby" or at least Nancy soon enough but …

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The loss of his limbs weighed on Ryan. "I didn't freak out, but I would realize it all over again the next day, anew," he recalled. "People ask if I woke and started screaming because I'm missing an arm and a leg. Well, it was gradual — it happened over and over."

Doctors discovered mucous and blood clots in Ryan's lungs. Because of breathing problems, he was re-intubated and unable to speak.

Dec. 16: 2 steps forward, 100 steps back. We feel like we have lost a week+ of progress in one night.

Dec. 18: I am happy as a clam this evening. His vital signs are great, the clots have not presented any new problems as of yet, and he gives me kisses whenever I ask for them (mostly) :)

Ryan had not yet been told that two of his soldiers died in the explosion.

Dec. 23: Ryan told me that he had been waiting for us to have some time alone so he could ask … the question that I have been preparing for, but dreading. "What happened to the other men from my platoon?"

It broke my heart to tell Ryan, but he was understanding and lay in quiet contemplation after I broke the news. I cried.

The journal records Ryan's three dozen surgeries (he remembers only three) and his long medical odyssey from coma to intensive care to therapy to rehabilitation. It captures Ryan's first attempts to feed himself, his first "breakout" from the hospital for a day trip, his struggles to learn to walk on a prosthetic leg. He left the hospital as an outpatient in mid-January 2006.

July 12: Ryan is able to walk, AND drink a Slurpee at the same time. The small things in life …

The entries document with candor and passion the couple's "roller coaster ride."

Nov. 29, the one-year anniversary of the explosion: Even through times that felt very dark and lonely, this website has been a beacon of support, and a lifeline to others that were (and are) willing to share in our pain and concern, or joy and accomplishments …

I can honestly say neither of us has ever experienced anything more challenging, or demanding. Although things have been almost impossible to bear at times and even harder to understand, the number one thing … is to try our best to learn from the situation. What can we take away from all of this that will leave us stronger?

RYAN is among 100 Americans who have lost two limbs in Iraq or Afghanistan. An additional 448 have lost one limb, and four have lost three.

Promoted to captain in July, he is walking, with effort, on his prosthesis. He can drive a car. He has undergone therapy to become left-hand dominant. His right arm — he was right-handed — was severed too high up for a prosthetic arm to fit effectively.

Nancy says his brain function is as good as ever, though Ryan cracked, "Some would argue that I've always had reduced brain function."

He and Nancy have taken trips around the country in which Ryan has gone snowboarding, snow skiing, water-skiing, whitewater rafting, biking, fishing and canoeing. He visits Walter Reed twice a week for physical therapy.

"The neighbors know me as the guy with the left arm who walks kind of funny," he said. "They don't know me any other way. I'm kind of accepted as a normal member of society, and that's the goal in rehab."

Ryan plans to work as an intelligence analyst for a private company that does contract work for the federal government. "I can't get back into the fight on the ground anymore, so this is my way of getting back into it," he said.

Nancy plans to return to teaching someday, and is "slowing down" on the journal, she said.

"It's time to kind of get back our privacy," she said. "We still want to share the highlights of our life, but in a more normal way. Now, thank God, the updates are kind of ordinary. It's not do-or-die information anymore."

They are now "just a normal couple in their 20s, dealing with all the little things couples deal with," Nancy said.

"But for every day for the rest of hopefully Ryan's very long life, he will wake up every morning and face the challenge mentally, physically and emotionally, strapping on body parts in order to function," she said. "That doesn't go away."

Recently, the journal reported a new development: The Kuleses are expecting their first child, a girl, in May. They've already named her: Jillian Deme Kules. The "J" honors Sgt. Jerry W. Mills Jr., 23, and the "D" Sgt. Donald J. Haase, 28, the soldiers killed in the explosion.

"It was a relief to know there wasn't anything, uh, you know … well, you get blown up, you sort of wonder what else might not be working," Nancy said.

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"Yeah, you gotta make sure everything works," Ryan said.

"Well, everything's working fine," Nancy said. "It's not just for show."

"Good way to put it there, Nancy," Ryan said.

Nancy's journal no longer focuses on Ryan's recovery, or her own. The main topic now is the latest baby news.

Sept. 23: Ryan and I cannot wait until our little one is old enough to understand the meaning behind [her] name.

South Korean Gets 5 Years For Dealings With Iraqis (NYT)

By James Barron

The New York Times, February 23, 2007

Tongsun Park, a once flamboyant South Korean businessman convicted of illegally representing Saddam Hussein in trying to influence the United Nations oil-for-food program, was sentenced yesterday to five years in prison.

Judge Denny Chin of Federal District Court in Manhattan said Mr. Park had "blatantly disregarded the law" by taking more than $2 million for trying to lobby United Nations officials to ease sanctions against Iraq.

"You acted out of greed, acted to profit from what was supposed to be a humanitarian program," Judge Chin told Mr. Park. He also fined him $15,000 and ordered him to forfeit $1.2 million.

The judge called the sentence "harsh" for a 71-year-old man with health problems. But he also said it was "appropriate."

Mr. Park was found guilty last July. He was the first defendant to go to trial in connection with a scandal that involved cash from Iraq in diplomatic pouches, "back-channel communications" to the United Nations secretary general at the time, and even a scheme to bribe him.

The oil-for-food program was intended to ease some aspects of the sanctions imposed on Iraq after it invaded Kuwait in 1990. Under it, Mr. Hussein's government could use the money from limited oil sales to buy aid supplies — food, medicine and other nonmilitary staples.

Federal prosecutors said Mr. Park had even had a hand in influencing the negotiations that gave birth to the aid program in 1995. But they said he never registered as an agent for Mr. Hussein's government, as required under federal law.

Judge Chin focused on the money that passed through Mr. Park's hands, and on the money that he pocketed. The judge said Mr. Park had accepted "manila folders filled with $100 bills" and had once gone to Iraq to pick up $700,000 in cash.

Mr. Park's lawyer, Michael S. Kim, said Mr. Park had decided not to say anything in court because of "advanced age, frail health and his desire to get his life back on track." Mr. Park said at the time of his arrest that he had diabetes and high blood pressure and had just had a kidney transplant.

The sentencing came hours after Judge Chin refused a request from four other defendants to dismiss separate fraud and conspiracy charges. They have pleaded not guilty and are awaiting trial.

Mr. Park, who was also a central figure in a Congressional bribery scandal in the 1970s that became known as Koreagate, was arrested 13 months ago. Mexican immigration officials took him into custody at the Mexico City airport.

As prosecutors prepared their case against Mr. Park, an independent panel led by Paul A. Volcker, the former Federal Reserve chairman, concluded that at the time of his activities for Iraq, Mr. Park was something of an informal adviser to the United Nations secretary general at the time, Boutros Boutros-Ghali.

The report said Mr. Park and a business partner, Samir A. Vincent, had worked out an arrangement with officials of Mr. Hussein's government and would receive millions of dollars in cash.

Park Sentenced To 5 Years In U.N. Oil-for-Food Bribery Scandal (WP)

By Colum Lynch

Washington Post, February 23, 2007

NEW YORK, Feb. 22 -- South Korean businessman and influence peddler Tongsun Park was sentenced Thursday to five years in prison for his role in the bribery scandal surrounding the United Nation's oil-for-food program for Iraq a decade ago.

Park, 71, admitted taking more than $2.5 million from Saddam Hussein's government to bribe senior U.N. officials to persuade them to ease economic sanctions against Iraq after the 1991 Persian Gulf War. He was convicted in July of acting as

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an unregistered agent of Iraq; he was to have set up a back channel between then-U.N. Secretary General Boutros Boutros-Ghali and then-Iraqi Deputy Prime Minister Tariq Aziz.

The sentence was the maximum possible. U.S. District Judge Denny Chin also ordered Park to forfeit $1.2 million of his assets and fined him $15,000. Chin said Park had "acted out of greed" and "blatantly disregarded the law."

"You either bribed a U.N. official or you were acting as if you were going to bribe a U.N. official," Chin told Park, who stood impassively in the courtroom. He was taken into custody after saying goodbye to friends.

Park's trial and a U.N. investigation exposed a secretive network of businessmen, Washington politicians and other insiders who joined forces in the early 1990s to ease U.N. sanctions imposed on Iraq after it invaded Kuwait in 1990. Their efforts eventually led to the $64 million oil-for-food program allowing Iraq to sell its oil to pay for humanitarian goods.

Park's role in the scheme marked an extraordinary comeback -- and another amazing fall -- for a man who was indicted in the 1970s "Koreagate" influence-peddling scandal that roiled Washington. He had funneled hundreds of thousands in cash from the South Korean government to influential members of Congress. After the case broke, Park fled to South Korea. But after bribery charges against him were dropped, he agreed to return to the United States and testify before Congress about his activities.

During that era, Park was a fixture in Washington political circles, hosting parties at his historic George Town Club. His friends and clients included the late House Speaker Thomas P. "Tip" O'Neill Jr. (D-Mass.), Rep. Charles B. Rangel (D-N.Y.) and William E. Timmons, an influential Republican lobbyist who once joined forces with Park in an unsuccessful attempt to prevent the U.S. ouster of Panamanian strongman Manuel Noriega.

"He was always known as a man who was willing to bring two people together for the right price," said Mark G. Califano, a former U.N. investigator who co-wrote "Good Intentions Corrupted," a book based on the findings of a U.N. probe led by former U.S. Federal Reserve chairman Paul A. Volcker.

Despite his past, Park insinuated himself with Boutros-Ghali in the early 1990s, acting as an unofficial intelligence adviser on issues including the Korean Peninsula and Japan. He provided "first-class information," "knew everybody" and was "an integral part" of Washington's political elite, Boutros-Ghali told a team of U.N. investigators probing corruption in the humanitarian program.

Park was also valued by Boutros-Ghali and U.N. insiders for his capacity to secure money and political support for a variety of U.N. causes, including the organization's 50th anniversary celebration.

He also set up meetings with influential political leaders, including Rangel, now chairman of the House Ways and Means Committee, to reinvigorate Boutros-Ghali's unsuccessful 1996 reelection campaign after the Clinton administration decided to veto his candidacy.

"It was always interesting to talk to Tongsun, about the travels he had done, relationships with people, how he was seeking to build a better world, said George Dalley, Rangel's chief of staff. "Whatever purpose he might have had, he was good at masking it. That is my best explanation of why a person even with a shadowy past could remake himself and develop a relationship that would be a positive one with a guy like Charlie Rangel."

"I guess now it's for sure that his reputation and his memory is all going to be the fixer, the hustler," Dalley said. "For a while I guess I saw a guy trying to redeem himself from his past and doing something that was totally different. But apparently it wa sn't."

Park's foray into Iraq diplomacy began in 1992 when he joined forces with Samir A. Vincent, a former Iraqi Olympic athlete who had close ties to officials in Baghdad and Washington.

Vincent had been unable to persuade Iraqi officials to allow the American Red Cross to oversee a humanitarian relief program for the country.

Park and Vincent hatched a plan to solicit millions from the Iraqis to try to bribe Boutros-Ghali and other officials to develop an oil-for-food program that was favorable to the Iraqi government.

In 1996, Hussein's government agreed to pay $5 million to Park and $10 million to Vincent, a portion of which was to be used to bribe unnamed U.N. officials. But Park received only a fraction of his cut, more than $700,000, in old bills stuffed into shopping bags.

The following year, Park traveled to Baghdad to try to collect the rest. Aziz provided him with $1 million in a cardboard box, which he exchanged for a $988,885 check that was invested in a Canadian company controlled by a then-senior U.N. official.

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The federal investigation into the oil-for-food program has expanded into a wider probe of other corruption at the United Nations and has resulted in the indictment or conviction of 14 people. Vincent pleaded guilty and testified against Park at the trial.

But there was no evidence in Park's case that he and Vincent used the cash to bribe Boutros-Ghali.

Califano said a "fairly detailed review" of Boutros-Ghali's financial records yielded no evidence of inappropriate payments. "We think the Iraqis probably got ripped off," Califano said.

Iraqi Embassy Upgrades Its D.C. Digs (WP)

By Nora Boustany

The Washington Post, February 23, 2007

Iraq may be facing a deadly civil war, but the Iraqi government is initiating major, costly repairs to its diplomatic building in Washington and expanding its real estate holdings here.

The latest Iraqi government purchase for its U.S. mission is a $5.8 million mansion at 3421 Massachusetts Ave. NW in Observatory Circle, across the street from Vice President Cheney's official residence. The three-story, 1920 Tudor-style structure, with more than 7,000 square feet of space, will serve as Iraq's temporary embassy during renovations to its fading Dupont Circle mission. Plans are to eventually turn the Dupont Circle building into a cultural center for the exhibition of Iraqi art.

The mansion comes with bright skylights, inset lighting fixtures, a top-floor kitchenette with a built-in espresso machine, new hardwood floors and soft pistachio carpeting up the winding stairs. There are heated floors, a firefighting system, speakers for music throughout the building, and spacious bathrooms, one with a Jacuzzi.

"We have bathrooms coming out of our ears," said Iraqi Ambassador Samir Sumaidaie, inspecting the new digs.

A Washington design and restoration company, Skynear and Co., painstakingly repaired the building after a 2004 fire, replicating almost every detail. Original plaster moldings were recast and French chandeliers imported to replace the originals. "A lot of blood, sweat and tears went into it," said Lynn Skynear. "We think we resurrected it back from the dead."

The Iraqi government bought the building in October.

Overseeing the effort is Sumaidaie, an electrical engineer by training, a poet and Islamic art connoisseur by inclination. His soon-to-be-vacated Dupont Circle office is a study in good lighting and precision. There is chaos in Iraq, but his working space exudes maximum control: a sleek computer screen, a yellow pad, Mont Blanc pens in a wooden case, rows of rulers, cellphones.

"It is a tiny part of what I do here," he said last week, looking up from design plans spread over a desk buffed to gleaming perfection. "Bear with me, I have to watch this," he said as he watched President Bush, on a vast television screen, speak about the importance of success in Iraq.

Asked about spending oil revenue on embassy buildings while Iraq is in the throes of war, Sumaidaie turned off the television's sound. "Rebuilding is part of our recovery, regaining normalcy is part of our recovery," he replied. "It is building, not destroying."

Sumaidaie is the first Iraqi ambassador to the United States since Mohamed al-Mashat fled to Canada in January 1991 before the start of the Persian Gulf War. His hands are full, with requests for media interviews, meetings with U.S. officials and lobbying a newly critical Congress, in addition to the minutiae of sifting through plans submitted by five local companies vying for the embassy's renovation project. The embassy also tends to the local Iraqi community and is developing consular offices in other major American cities.

"I believe every person in charge of something should do his best," Sumaidaie said. "I am doing the best for Iraq from where I am sitting."

Sumaidaie has even bigger real estate expansion plans, once peace descends on Iraq: a new facility in a prime location in Washington that would be designed by one of Iraq's internationally renowned architects, such as Iraq-born, Britain-based Zaha Hadid. The Dupont Circle embassy would then become an Iraqi museum.

On this day, however, the daily reports of casualties, both Iraqi and American, are topmost in this thoughts.

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After a recent visit to Walter Reed Army Medical Center, he said, "These great young men and women are heroes, yet their lives will never be the same. Each one of their sacrifices is a personal tragedy. This has been a joint effort, like a baptism of fire. We will get to the other side of this war, hopefully."

In the meantime, he wants to repair Iraq's image in Washington -- or at least its public facade. After 15 years of neglect, the red-brick embassy off Dupont Circle is in disrepair, with corroding pipes, peeling gold-leaf ceilings and rusty wiring.

To repair the Dupont Circle building will take millions. Sumaidaie is currently soliciting bids. Once the renovation is underway, the Iraqi mission will decamp to the posh new quarters at Observatory Circle.

The new facility sits amid some of the city's major religious centers: across Massachusetts Avenue from St. Sophia Greek Orthodox Cathedral, next to a construction site for a Buddhist temple, and five blocks from the Islamic Center of Washington. The towers of Washington National Cathedral can be seen nearby.

But the colorful history of 3421 seems more earthly than divine.

The building became the embassy of Sudan in 1961, during the Kennedy administration. When Bangladesh gained independence from Pakistan in 1971, the mansion became its embassy. In the mid-1980s, at the peak of demonstrations against apartheid, South Africa moved part of its embassy there. In the early 1990s, Kazakhstan launched its U.S. diplomatic mission there after gaining independence from the former Soviet Union.

The most recent previous occupant was the diplomatic mission of Ivory Coast, which has since moved to a new building. During its years at the address, Ivory Coast endured a bloody civil war. In February 2004, days after the Ivorians moved out, the building was damaged by an electrical fire.

In addition to his other duties, Sumaidaie is collecting works by Iraqi artists to exhibit in the embassy's buildings, wise investments for the future, he said.

"It will take a long time for us to heal," he said. "I do believe that giving helps healing, doing something positive. It is the antidote to destruction. In the teeth of the most horrendous violence, there are people out there doing their jobs. This is the best way to deal with fear, a constructive way out. It is one of the ways of healing."

U.S. Used Bases In Ethiopia To Hunt Al Qaeda In Africa (NYT)

By Michael R. Gordon And Mark Mazzetti

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — The American military quietly waged a campaign from Ethiopia last month to capture or kill top leaders of Al Qaeda in the Horn of Africa, including the use of an airstrip in eastern Ethiopia to mount airstrikes against Islamic militants in neighboring Somalia, according to American officials.

The close and largely clandestine relationship with Ethiopia also included significant sharing of intelligence on the Islamic militants' positions and information from American spy satellites with the Ethiopian military. Members of a secret American Special Operations unit, Task Force 88, were deployed in Ethiopia and Kenya, and ventured into Somalia, the officials said.

The counterterrorism effort was described by American officials as a qualified success that disrupted terrorist networks in Somalia, led to the death or capture of several Islamic militants and involved a collaborative relationship with Ethiopia that had been developing for years.

But the tally of the dead and captured does not as yet include some Qaeda leaders — including Fazul Abdullah Mohammed and Fahid Mohammed Ally Msalam — whom the United States has hunted for their suspected roles in the attacks on American Embassies in Kenya and Tanzania in 1998. With Somalia still in a chaotic state, and American and African officials struggling to cobble together a peacekeeping force for the war-ravaged country, the long-term effects of recent American operations remain unclear.

It has been known for several weeks that American Special Operations troops have operated inside Somalia and that the United States carried out two strikes on Qaeda suspects using AC-130 gunships. But the extent of American cooperation with the recent Ethiopian invasion into Somalia and the fact that the Pentagon secretly used an airstrip in Ethiopia to carry out attacks have not been previously reported. The secret campaign in the Horn of Africa is an example of a more aggressive approach the Pentagon has taken in recent years to dispatch Special Operations troops globally to hunt high-level terrorism suspects.

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President Bush gave the Pentagon powers after the Sept. 11, 2001, attacks to carry out these missions, which historically had been reserved for intelligence operatives.

When Ethiopian troops first began a large-scale military offensive in Somalia late last year, officials in Washington denied that the Bush administration had given its tacit approval to the Ethiopian government. In interviews over the past several weeks, however, officials from several American agencies with a hand in Somalia policy have described a close alliance between Washington and the Ethiopian government that was developed with a common purpose: rooting out Islamic radicalism inside Somalia.

Indeed, the Pentagon for several years has been training Ethiopian troops for counterterrorism operations in camps near the Somalia border, including Ethiopian special forces called the Agazi Commandos, which were part of the Ethiopian offensive in Somalia.

Bryan Whitman, a Pentagon spokesman, declined to discuss details of the American operation, but some officials agreed to provide specifics because they saw it as a relative success story. They said that the close relationship had included the sharing of battlefield intelligence on the Islamists' positions — a result of an Ethiopian request to Gen. John P. Abizaid, then the commander of the United States Central Command. John D. Negroponte, the director of national intelligence at the time, then authorized spy satellites to be diverted to provide information for Ethiopian troops, the officials said.

The deepening American alliance with Ethiopia is the latest twist in the United States' on-and-off intervention in Somalia, beginning with an effort in 1992 to distribute food to starving Somalis and evolving into deadly confrontation in 1993 between American troops and fighters loyal to a Somali warlord, Mohammed Farah Aidid. The latest chapter began last June when the Council of Islamic Courts, an armed fundamentalist movement, defeated a coalition of warlords backed by the Central Intelligence Agency and took power in Mogadishu, the capital. The Islamists were believed to be sheltering Qaeda militants involved in the embassy bombings, as well as in a 2002 hotel bombing in Kenya.

After a failed C.I.A. effort to arm and finance Somali warlords, the Bush administration decided on a policy to bolster Somalia's weak transitional government. This decision brought the American policy in line with Ethiopia's.

As the Islamists' grip on power grew stronger, their militias began to encircle Baidoa, where the transitional government was operating in virtual exile. Ethiopian officials pledged that if the Islamists attacked Baidoa, they would respond with a full-scale assault.

While Washington resisted officially endorsing an Ethiopian invasion, American officials from several government agencies said that the Bush administration decided last year that an incursion was the best option to dislodge the Islamists from power.

When the Ethiopian offensive began on Dec. 24, it soon turned into a rout, somewhat to the Americans' surprise. Armed with American intelligence, the Ethiopians' tank columns, artillery batteries and military jets made quick work of the poorly trained and ill-equipped Islamist militia.

"The Ethiopians just wiped out entire grid squares; it was a blitzkrieg," said one official in Washington who had helped develop the strategy toward Somalia.

As the Islamists retreated, the Qaeda operatives and their close aides fled south toward a swampy region. Using information provided by Ethiopian forces in Somalia as well as American intelligence, a task force from the Pentagon's Joint Special Operations Command began planning direct strikes.

On Dec. 31, the largely impotent transitional government of Somalia submitted a formal request to the American ambassador in Kenya asking for the United States to take action against the militants.

General Abizaid called Defense Secretary Robert M. Gates and informed him that the Central Command was sending additional Special Operations forces to the region. The deployment was carried out under the terms of an earlier, classified directive that gave the military the authority to kill or capture senior Qaeda operatives if it was determined that the failure to act expeditiously meant the United States would lose a "fleeting opportunity" to neutralize the enemy, American officials said.

On Jan. 6, two Air Force AC-130 gunships, aircraft with devastating firepower, arrived at a small airport in eastern Ethiopia. American Special Operations troops operating in Kenya, working with the Kenyan military, also set up positions along the southern border to capture militants trying to flee the country.

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A Navy flotilla began to search for ships that might be carrying fleeing Qaeda operatives. Support planes were deployed in Djibouti. F-15Es from Al Udeid air base in Qatar also flew missions. Intelligence was shared with Ethiopia and Kenya through C.I.A. operatives in each country. American military planners also worked directly with Ethiopian and Kenyan military officials.

On Jan. 7, one day after the AC-130s arrived in Ethiopia, the airstrike was carried our near Ras Kamboni, an isolated fishing village on the Kenyan border.

According to American officials, the primary target of the strike was Aden Hashi Ayro, a young military commander trained in Afghanistan who was one of the senior leaders of the Council of Islamic Courts.

Several hours after the strike, Ethiopian troops and one member of the American Special Operations team arrived at the site and confirmed that eight people had been killed and three wounded, all of whom were described as being armed. After sifting through the debris, they found a bloodied passport and other items that led them to believe Mr. Ayro was injured in the strike and probably died. Several members of the Special Operations team were also in Somalia at the time of the strike, one official said.

The second AC-130 strike, on Jan. 23, had another of the Islamic council's senior leaders, Sheik Ahmed Madobe, as its target. Mr. Madobe survived and was later captured by the Ethiopians, Americans say.

American officials said that Fazul Abdullah Mohammed, the mastermind of the 1998 embassy bombings in Kenya and Tanzania and the alleged ringleader of Al Qaeda's East African cell, remains at large. Some officials caution that while the Ethiopians have said additional "high-priority targets," including Abu Talha al-Sudani, a leading member of the cell, were killed in their own airstrikes, American intelligence officials have yet to confirm this.

In late January, American officials played a role in securing the safe passage of Sheik Sharif Sheik Ahmed, the second-highest-ranking Islamist leader, from southern Somalia to Nairobi, Kenya. The exact role of American involvement is still not clear, but some American officials consider him to be a moderate Islamist.

CORPORATE SCANDALS:

US Judge Denies Motion To Delay Enron Lawsuit (AP)

By JUAN A. LOZANO, Associated Press Writer

AP, February 23, 2007

(AP) - HOUSTON-A $40 billion (â,¬30.5 billion) lawsuit filed by former Enron Corp. shareholders and investors alleging investment firms and banks played key roles in the company's collapse will go to trial in April despite a pending appeals court decision on the case, a judge has ruled.

U.S. District Judge Melinda Harmon denied efforts by Merrill Lynch & Co., Credit Suisse First Boston and Barclays PLC to delay the trial while the 5th U.S. Circuit Court of Appeals rules on whether the case can proceed as a class-action suit.

She said in her ruling Wednesday that there should be no postponement, because of the uncertainty of when the appeals court would rule. Jury selection was set for April 9.

Attorneys for the shareholders and investors accused the banks and investment firms of trying to delay the case for several years. The trial has been rescheduled three times.

"There is no reason to wait indefinitely for a decision from the Fifth Circuit that likely will not impact the trial," attorneys for investors wrote in a motion last week. "Any delay simply benefits the banks and harms class members who have waited patiently for over five years for their day in court."

In their motion to delay the trial, the banks and investment firms argued the 5th Circuit's decision could significantly alter the definition of the lawsuit's class status as well as the claims and defenses to be presented at trial.

The banks and firms, which have denied any wrongdoing, also said they do not want to delay the trial for several more years.

"There is nothing sinister about the suggestion that since the Fifth Circuit will be ruling on that appeal, the court and the parties should take the time to apply the Fifth Circuit's guidance to the class definition, the parties, the claims and the defenses

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before sending class notice and embarking on a jury trial estimated to last many months," attorneys for Merrill Lynch, Credit Suisse and Barclays wrote in a motion.

Spokesmen for Merrill Lynch and Credit Suisse both declined to comment Thursday, and an attorney for Barclays did not immediately return a call seeking comment.

Some former Enron officials have been dropped as defendants in the case, but a few remain, including former Chief Executive Jeffrey Skilling, who is serving a 24-year prison sentence.

So far plaintiffs have recouped $7.3 billion (â,¬5.57 billion), mostly from such financial institutions as Bank of America, JPMorgan Chase & Co., Citigroup and Canadian Imperial Bank of Commerce.

Enron, once the seventh-largest U.S. company, entered bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable. The collapse wiped out thousands of jobs, more than $60 billion (â,¬45.78 billion) in market value and more than $2 billion (â,¬1.53 billion) in pension plans. 2007-02-22T19:36:20Z

Former Sadia CFO To Pay $364,000 In SEC Insider-trading Case (AP)

AP, February 23, 2007

(AP) - WASHINGTON-The former chief financial officer of Sadia SA, a Brazilian chicken and pork producer, and a former employee of Brazil's Banco ABN AMRO Real SA have agreed to pay almost half a million dollars (â,¬381,500) combined to settle charges that they traded on inside information about the meat company's 2006 attempt to take over its largest local rival, Perdigao SA.

The Securities and Exchange Commission on Thursday announced the settlement with Luiz Gonzaga Murat Junior, the former chief financial officer at Sadia, and Alexandre Ponzio De Azevedo, the former banker. The two settled without admitting or denying wrongdoing. Their attorneys could not immediately be identified.

Murat agreed to give up $184,028 (â,¬140,415) and to pay a $180,404 (â,¬137,650) civil penalty. He also agreed to a five-year ban on serving as an officer or director of a public company. Azevedo agreed to give up $68,215 (â,¬52,049) and to pay a $67,165 (â,¬51,248).

Murat "is relieved to resolve this matter, and he is anxious to put this behind him and turn his attention to the future," said his attorney, Juan Marcelino. An attorney for Azevedo could not immediately be reached for comment.

The SEC accused Murat of buying Perdigao securities that are listed in the United States after an April 7, 2006, meeting with investment bankers who proposed that Sadia make an offer for Perdigao. Murat's holdings rose in value after Sadia announced its offer on July 2006, when the price of Perdigao's American depositary shares rose 21 percent to $24.50, the SEC said.

The SEC said that Azevedo learned of the possible offer on April 11, 2006, when he was assigned to the ABN AMRO tender offer financing team. He then bought 14,000 American depositary shares in June, and sold 10,500 of the securities shortly after Sadia announced its offer, the SEC said.

Sadia withdrew its hostile bid to take over Perdigao days after announcing its offer. Pension funds and investors holding 55 percent of Perdigao's voting stock chose not to accept a second offer.

The settlement agreements still face court approval.

Siobhan Hughes is a Dow Jones Newswires correspondent.

Panel Sets Voluntary Guides For Hedge Funds (USAT)

By Adam Shell

USA Today, February 23, 2007

A presidential group charged with devising ways to improve oversight of the secretive $1.2 trillion hedge fund world issued a list of self-policing guidelines Thursday that it asserts will be more effective in protecting investors than more stringent laws would be.

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Favoring a market-based solution over government regulation, the President's Working Group on Financial Markets (PWGFM) opted for a "principles-based approach" for dealing with the issues surrounding the fast-growing industry that now includes roughly 9,000 funds, uses exotic investment strategies and has a history of scandalous fund meltdowns.

"These guidelines should serve as a foundation to enhance vigilance and market discipline further, which will strengthen investor protection and guard against systemic risk," Treasury Secretary Henry Paulson, a member of the PWGFM, said in a statement.

Hedge funds are lightly regulated private investment pools geared toward wealthy and sophisticated investors.

They have been under the microscope amid a massive influx of cash and high-profile fund implosions, such as the $6 billion loss suffered by Amaranth Advisors last fall.

The guidelines released by the presidential group encourages:

•Hedge funds to enhance the amount of timely information they provide to investors.

•Investors to consider the suitability of these investments in light of their risk tolerance and investment objectives.

•Creditors (i.e., banks who lend money to hedge funds) to set aside enough reserves to minimize risks if big losses occur at a fund.

•Regulators to work together to maintain market integrity.

Critics say the guidelines don't go far enough.

"These vague recommendations lack substance and specifics, making them unenforceable," Connecticut Attorney General Richard Blumenthal said in a statement. Blumenthal said states may respond to the federal inaction with their own initiatives.

Micah Green, of the Securities Industry and Financial Markets Association, backed the group's plan: "Too often, regulators reach for new laws which can … stifle innovation and smother markets."

In an effort to keep not-so-savvy investors away from hedge funds, the Securities and Exchange Commission has proposed boosting the minimum net worth for investors to get into such funds to $2.5 million from $1 million.

Call For More Oversight Of Hedge Funds Is Rejected (WP)

By Carrie Johnson

The Washington Post, February 23, 2007

Financial regulators yesterday rejected calls for more direct oversight of hedge funds and said that the current system for preventing market collapse and widespread investor losses is "working well" in their first policy statement on the issue in eight years.

Hedge funds are loosely regulated pools of private investment designed for wealthy individuals and institutions. Nearly 9,000 of the rapidly growing funds control more than $1 trillion in assets. On a given day, the funds may account for a third of the trading volume in major U.S. stock exchanges, according to industry estimates.

The funds' outsized returns are drawing interest from pension funds and less-well-heeled investors -- and concern from investor advocates and analysts who fear that excessive borrowing and risky trading bets by the funds could induce instability in the market.

The unanimous policy directive by the President's Working Group on Financial Markets comes weeks after pressure from allies in Europe and elsewhere to pay heightened attention to the hedge fund sector. Led by Germany, the Group of Seven nations pressed for more vigilance in policing the funds earlier this month. On Tuesday, Canadian authorities proposed forcing hedge fund managers in that country to register with regulators.

The approach in the United States has been far less direct. The Securities and Exchange Commission tried to impose a similar registration requirement in 2004, only to see it struck down by a federal appeals court as overreaching. The SEC is considering a separate proposal to raise the minimum net worth that would allow an individual to invest in a hedge fund to $2.5 million from $1 million.

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The strategy set out by the working group, made up of the heads of the SEC, Treasury Department, Federal Reserve and the Commodity Futures Trading Commission, places the greatest onus not on hedge fund managers but on sophisticated investors, banks that lend vast streams of money to the funds and brokers who process their trades.

To protect themselves, wealthy investors should evaluate a fund manager's experience, disciplinary history and potential conflicts of interest, the six-page policy statement said. Managers of pension funds should perform due diligence and ensure that their portfolios are properly diversified before investing in the funds. Investors including pension funds lost more than $6 billion in last year's collapse of hedge fund Amaranth Advisors.

Since June 1999, the SEC has filed more than 100 enforcement cases against hedge funds or their advisers over securities-law violations, according to public records.

Still, Treasury Secretary Henry M. Paulson Jr., chairman of the working group, expressed reluctance to tamper with an innovative industry that has created billions of dollars in wealth and liquidity. In an interview with Bloomberg television yesterday, Paulson said that regulators do not have the ability or the desire to shield all investors from suffering losses, preferring to let the market operate without undue meddling from overseers.

In a separate interview, SEC Chairman Christopher Cox stressed that lenders and brokers, who are regularly policed by the Federal Reserve and the SEC, should monitor their tolerance for risks and losses.

The report stopped far short of creating any new rules, such as the imposition of limits on lending to hedge funds or barring their fast-moving trading strategies.

The Managed Funds Association and the Coalition of Private Investment Companies, the hedge fund industry's chief trade groups, said regulators had achieved an appropriate balance between oversight and preserving the funds' entrepreneurial benefits.

But former SEC commissioner Harvey J. Goldschmid, who had supported the agency's thwarted bid to register fund managers, expressed concern that regulators lack the authority to perform random inspections of fund operations.

In Connecticut, home to scores of hedge funds, Attorney General Richard Blumenthal criticized the recommendations as vague, insubstantial and "unenforceable."

"Opaque is the operative word for these investment pools . . . and these guidelines will do virtually nothing to make them more transparent," said Blumenthal, who created a unit last year to police the funds. "Federal inaction and inertia will invite -- indeed, fuel -- state initiatives."

House Financial Services Committee Chairman Barney Frank (D-Mass.) issued a statement calling the report "a first step" and pledged to invite the group's leaders to testify at a hearing this spring.

Officials Reject More Oversight Of Hedge Funds (NYT)

By Stephen Labaton

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — The Bush administration said Thursday that there was no need for greater government oversight of the rapidly growing hedge fund industry and other private investment groups to protect the nation's financial system.

Instead, the administration, in an agreement it reached with the independent regulatory agencies, announced that investors, hedge fund companies and their lenders could adequately take care of themselves by adhering to a set of nonbinding principles.

The principles, many already being followed by the sharpest investors and best-run companies, say that investors should not take risks they cannot tolerate and should carefully evaluate the strategies and management skills of hedge funds. They also call for funds to make clear and meaningful disclosures to investors.

The decision came after months of study by a presidential working group of top officials and regulators. They looked at both the hedge fund industry, which has more than $1 trillion in assets, and the management of private equity firms, which take direct control and ownership of companies rather than relying on large numbers of outside stockholders.

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The group's conclusions reflected both the strong antiregulatory ideology of the administration and the formidable influence of Wall Street and the increasingly wealthy hedge fund industry among both Democrats and Republicans in Washington.

Three of the administration's most senior economic policy makers — Treasury Secretary Henry M. Paulson Jr., his top deputy, Robert K. Steel, and White House chief of staff Joshua Bolten — are alumni of Goldman Sachs, which in the last decade has evolved into one of the most important players in the private equity market.

As hedge funds have grown both in the United States and globally, and as periodic collapses have shaken the markets and caused investors to lose money, pressures have increased to impose greater regulation on them. But supporters say that the hedge fund industry had grown more sophisticated in recent years, is well equipped to manage risks, and that none of the failures have harmed the nation's financial system.

The explosive growth in recent years of private equity investment and hedge funds has made their managers symbols of new wealth, a huge source of philanthropy to the nation's museums, hospitals and orchestras, and a major new force in political campaigns.

Millions of Americans do not qualify to make investments in hedge funds, which are pools of largely unregulated assets, but they are exposed to the risks associated with hedge funds through their pensions and personal retirement accounts.

The decision to avoid demanding more openness from private funds represents a starkly different approach to that undertaken by Washington for publicly traded companies, which in the last five years have faced a battery of new governance, auditing and disclosure rules following the scandals at Enron and other large companies.

The working group rejected any proposal that would give the government the ability to inspect the books and records of hedge funds or force the funds to make regular reports about their activities. Both banks and brokerage firms must adhere to stringent rules that give regulators great leeway in supervising them.

While the working group never considered anything as strict, many hedge funds oppose even minimal oversight because they say it could slow their ability to make lightning-fast investment decisions or reveal trading strategies to rivals.

A previous effort by the Securities and Exchange Commission to protect investors by requiring hedge funds to register with the government failed last summer. In June, a federal appeals court ruled that the agency did not have the authority to regulate them.

In leading a deeply divided commission to adopt those rules in the first place, its then chairman, William H. Donaldson, said that hedge funds had been central figures in a variety of market trading abuses and that registration was a modest and essential way for regulators to begin to understand them. Although he had the support of two of the four other commissioners for his efforts on hedge funds, Mr. Donaldson came under heavy criticism from Republican lawmakers and top administration officials for suggesting that regulators shine a light on what he called "a dark corner" of the market.

Under its new chairman, Christopher Cox, the commission decided not to appeal the court decision that struck down the rules. Instead the agency is preparing to write a new regulation that would require investors in such funds to have greater personal wealth. That proposed regulation is not affected by today's announcement.

On Thursday, the president's working group, led by Mr. Paulson, proposed a series of nonbinding principles that put the onus primarily on companies, investors and the buyers and sellers of their complex securities to impose a "market discipline" that should be adequate to protect investors and the marketplace. Officials said those principles would make the hedge fund companies more transparent and their investors and creditors more vigilant to shady operators and excessive risk-takers.

At a briefing Thursday, a senior Treasury Department official involved in drafting the principles suggested that any new regulations would discourage innovation and risk-taking. The official said he would only speak on condition that he not be identified because the new guidelines were the product of a group of agencies.

Officials acknowledged that many of the principles that were advanced by the administration and the regulators would seem obvious to smart investors and properly managed hedge funds.

"Private pools of capital can be an appropriate investment vehicle for more sophisticated investors," read one of the main principles that the officials and agencies agreed upon. "Because these pools can involve complex, illiquid or opaque

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investments and investment strategies that are not fully disclosed, the risk associated with direct investment in these pools are most appropriately borne by investors with the sophistication to identify, analyze and bear these risks."

The report said that the concerns of less sophisticated investors in pension and retirement vehicles could best be addressed "through sound practices on the part of the fiduciaries that manage such vehicles."

The announcement was hailed by several trade groups for the hedge funds and other companies involved in trading complex financial instruments.

"The President's Working Group has taken a thoughtful and judicious approach to many of the investor protection and systemic risk issues which surround hedge funds," said Micah S. Green, co-chief executive of the Securities Industry and Financial Markets Association, which represents hundreds of Wall Street firms.

"Too often, regulators reach immediately for new laws or rules which can have the unintended consequence of stifling innovation or smothering markets," Mr. Green said. "By instead providing principles and guidelines, the President's Working Group has recognized the importance of flexibility and efficiency in a healthy marketplace."

But other experts said the guidelines would have limited effect.

"They are regulating around the peripheries," said Jay G. Baris, a securities lawyer with Kramer Levin Naftalis & Frankel in New York. "They are turning up the heat on disclosures, on fiduciaries to determine suitability, and on risk management. But they are going to stop short of substantive regulation of hedge funds or of unregistered hedge fund advisers."

The reaction in Congress, which is in recess this week, was largely muted.

Representative Barney Frank, the Massachusetts Democrats who heads the House Financial Services Committee, called the announcement "a first step in addressing questions presented by the significant growth of hedge funds."

"Steps are being taken to increase investor protection," Mr. Frank added, "and I believe the appropriate committee in the House and the Senate should be working with the Presidential Working Group and others for the further study and monitoring of both issues."

A similar statement was issued by Senator Christopher J. Dodd, the Connecticut Democrat who heads the Senate Banking Committee.

There is no expectation that Congress will adopt legislation on the subject any time soon.

CRIMINAL LAW:

Jury To Continue Deliberations In Scooter Libby CIA-Leak Case (WSJ)

By Evan Perez And Jay Solomon

The Wall Street Journal, February 23, 2007

WASHINGTON -- Jurors reached no verdict Thursday on whether former White House aide I. Lewis "Scooter" Libby obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic.

The jury went home until Friday.

In a day and a half of deliberations, the jurors have issued only two brief written notes, which suggested they are methodically reviewing the evidence against Mr. Libby. They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses.

The trial, which focused on efforts to leak classified information to the press, comes amid revived debate over intelligence in the newly Democratic Congress.

Already, the Senate Intelligence Committee has requested documents and interview transcripts from the Inspector General's office, while the Senate Armed Services Committee seeks further interviews with Mr. Libby, the former chief of staff for Vice President Dick Cheney, and National Security Adviser Stephen Hadley. "The bottom line is that the intelligence relating to the Iraq-al Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," committee Chairman Carl Levin (D., Mich.) said at recent hearing.

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The Libby trial put an especially bright spotlight on the debate. A jury of eight women and four men began were weighing a month of testimony from 19 witnesses in a case that began as a probe into the outing of former Central Intelligence Agency operative Valerie Plame and three years later ended up focusing on the trustworthiness of recall and the semantics of lying.

In court, Special Prosecutor Patrick Fitzgerald told jurors that Mr. Libby deliberately lied to Federal Bureau of Investigation agents and a grand jury to try to cover up the administration's efforts to respond to criticism of the Iraq war.

In response, Mr. Libby's attorneys highlighted "mis-recollections" by a number of prosecution witness, including several reporters, to bolster their argument that Mr. Libby didn't lie but simply had faulty memory when he made erroneous statements to investigators.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, former U.S. Ambassador Joseph Wilson, complained publicly that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain weapons of mass destruction.

Mr. Wilson in July 2003 went public with his story of taking a CIA sponsored trip to Africa to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of since-discredited intelligence that alleged Iraq sought weapons materials in the African nation of Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complain that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

Mr. Libby is charged with two counts of perjury, two counts of making false statements and one count of obstruction of justice. He faces up to 30 years in prison and $1.25 million in fines if found guilty.

Still No Verdict In CIA Leak Trial (NSDY/AP)

By Associated Press, February 22, 2007, 9:42 Pm Est

Long Island Newsday, February 23, 2007

The jury went home until Friday.

In a day and a half of deliberations, the eight women and four men have issued only two brief written notes, which suggested they are methodically reviewing the evidence against the former chief of staff to Vice President Dick Cheney.

They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses.

In addition to obstruction of the leak investigation, Libby is charged with lying to the FBI and a grand jury about how he learned and who he told about CIA operative Valerie Plame.

Prosecutors say he concocted a story to avoid losing his job for disclosing classified information to reporters without authorization. Libby said he gave investigators his best recollection of what happened and any errors in that resulted from memory flaws.

Leak Trial Reveals Flaws In Note-taking (AP)

By Matt Apuzzo, ASSOCIATED PRESS WRITER

AP, February 23, 2007

I. Lewis "Scooter" Libby leaves Federal Court at the conclusion of the day's jury deliberations in Washington, Thursday, Feb. 22, 2007. Jurors reached no verdict Thursday on whether former White House aide I. Lewis "Scooter" Libby obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic. (AP Photo/Gerald Herbert)

WASHINGTON -- Write this down: Your notes aren't as reliable as you think. That's true whether they're scrawled in the margins of a business meeting agenda, typed on a secretary's laptop, scribbled on a patient's chart or carefully recorded from a lecture hall blackboard.

And, as the monthlong trial of former White House aide I. Lewis "Scooter" Libby has shown, they're no more reliable if the notes belong to FBI agents, journalists or White House aides.

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That's a somewhat disconcerting thought. People are charged, front-page articles are written and public policies are decided in part based on those notes. If they are flawed, whose can be believed?

"Based on what I've heard in this trial, I don't know if notes are the best evidence of anything," U.S. District Judge Reggie B. Walton commented midway through the trial.

Jurors, who are due to begin their third day of deliberations in Libby's perjury and obstruction case Friday, must decide how much weight to put on notes that were sometimes sloppy and often inconsistent.

Researchers who have studied note-taking have known its flaws for years. Take college students, for example. Their memories are at their peak, their success depends largely on their note-taking abilities and they practice every day.

Yet only about 30 percent of important classroom information makes it into a typical student's notebook, said Kenneth A. Kiewra, a University of Nebraska educational psychology professor who studies note-taking.

Part of the problem, Kiewra said, is that words are filtered before they make it onto the page. Things we already know often don't get written, he said, nor do things we don't totally understand. And impressions can skew our notes. In that way, notes can become personal snapshots, useful for jogging memory, more than an official record.

Historians have reviewed multiple sets of notes from the same Middle Ages sermon and found that different people created different written records, said Harvard historian Ann Blair. Notes on early inquisitions similarly appear to be skewed by the inquisitor's impressions, she said.

In Libby's case, FBI agent Deborah Bond wrote a report saying Libby "adamantly denied" discussing CIA operative Valerie Plame. The original FBI notes, however, contain no record of that denial. Rather, they say he may have discussed Plame but couldn't recall.

"Adamantly might not be the perfect word," Bond acknowledged at trial.

Prosecutors say Libby told New York Times reporter Judith Miller that Plame, the wife of prominent war critic Joseph Wilson, worked for the CIA. As evidence, they point to Miller's note, set off by parentheses, that said, "Wife works for bureau?"

Miller testified that she believed Libby told her Plame worked for a bureau of the CIA. But she said she sometimes sets things off in parentheses when she already knows information and wants to ask about it. That's how Libby's attorneys want jurors to read those notes.

That's also how Libby handled his own notes as he scrambled from one high-level White House meeting to the next. Sometimes he made to-do lists. Other times his lists were things he'd just learned. And when he crossed things off, sometimes it meant he'd discussed them with the vice president. Other times it meant he decided not to. Only Libby knew for sure.

"Your notes are not X-rays. Your notes are a guide for you," said Roger W. Shuy, a Georgetown University linguistics expert who reviews documents and notes for court cases. "Notes are inherently not complete."

Former Time magazine reporter Matt Cooper testified that Libby confirmed for him that Plame worked at the CIA. That confirmation did not appear in Cooper's notes. Libby says he told Cooper only that he'd heard something like that but didn't know for sure.

Cooper could not explain a line in his typewritten notes that read: "had somethine about the wilson thing and not sure if it's ever."

Libby's lawyers believe that was supposed to read: "Heard something about the Wilson thing, but not sure if it's even true."

When it comes to the credibility of notes, however, Libby's attorneys sought to have it both ways. They told jurors that another FBI agent's notes, which seemed to contradict NBC reporter and government witness Tim Russert, should be believed. And attorneys made it a point to tell jurors that Libby had only one note mentioning Plame.

Ronald P. Fisher, a memory expert at Florida International University, said FBI agents and reporters have similar problems: Journalism schools and criminal justice classes focus heavily on interview techniques and investigative tactics but offer little in the way of actual note-taking instruction.

"I have a feeling people believe they take better notes than they do," Fisher said.

One of the few reporters whose notes were not dissected in the Libby trial was Washington Post reporter Bob Woodward. He spoke confidently about what he learned about Plame and when he learned it.

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Fumo Trial Likely To Start Early '08 (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, February 23, 2007

The trial for state Sen. Vince Fumo and three co-defendants likely won't start before early next year, prosecutors and defense lawyers said at a federal court hearing yesterday.

U.S. Senior District Judge William H. Yohn Jr. did not set a trial date.

Prosecutors also said Fumo's trial could last three to four months. They plan to call at least 100 witnesses to testify for the government.

Defense attorneys said they couldn't reliably estimate how long a trial might take until they see what evidence the feds have.

The feds hit Fumo, 63, with a 139-count, 267-page indictment on Feb. 6 charging him with conspiracy, fraud, obstruction and tax felonies.

Also indicted were Ruth Arnao, 50, a former top aide to Fumo, and two ex-computer aides of Fumo. Arnao was charged with conspiracy, fraud and obstruction, and with filing a false tax return.

Earlier yesterday, the two ex-computer aides for Fumo, Leonard Luchko, 50, and Mark Eister, 37, were arraigned before U.S. Magistrate L. Felipe Restrepo on conspiracy and obstruction charges. They pleaded not guilty.

Luchko and Eister had been indicted on obstruction counts in June but were charged anew when Fumo and Arnao were charged in a superseding indictment.

Fumo and Arnao pleaded not guilty to all charges on Feb. 7.

All defendants are free on $100,000 bail, and their freedom to travel has been restricted.

During yesterday's hearing before Yohn, prosecutors agreed to turn over all their discovery in the case to defense attorneys within 45 days.

The feds have plenty to hand over: At least 100,000 documents, including e-mails, grand-jury transcripts, summaries of FBI interviews with witnesses, bills, bank-account statements and store receipts.

Prosecutors declined to say whether any of the discovery included wiretaps or video surveillance.

Defense attorneys asked Yohn for 45 days to review the discovery materials once all have been received.

Then Yohn is expected to hold another hearing, probably in late spring, when he may set dates by which all pretrial motions need to be filed and also set a trial start date.

In the meantime, both sides appear ready to rumble.

Prosecutors said they plan to file court papers soon asking Yohn to hold a hearing to determine whether lawyers for Fumo and Arnao should be disqualified because of potential conflicts of interest.

Fumo is being represented by the firm of Sprague & Sprague, and Arnao is being represented by Edwin J. Jacobs Jr., William H. Lamb and Joel L. Frank.

Yohn, directing a question to Sprague, said he understood Sprague might be filing court papers alleging prosecutorial misconduct.

Sprague said he wasn't in a position to comment on that yesterday.

One other thing left unresolved yesterday is whether the trial would be conducted four days a week or five days.

Sprague, 81, said courtroom proceedings move along more "efficiently" if lawyers and the jury have Fridays off.

Yohn said he preferred five days a week, 9 to 5, but would defer a decision.

Meeting Offers Sneak Preview Of Fumo Trial (PHI)

By John Shiffman

The Philadelphia Inquirer, February 23, 2007

Long before the government puts State Sen. Vincent J. Fumo on trial - an event that isn't likely to happen for a year - the senator's lawyers intend to put the government on trial.

Defense lawyers appear likely to accuse the government of illegally leaking grand jury material to the media or unduly pressuring witnesses, it was disclosed during a court hearing yesterday in U.S. District Court.

And the government, it would appear, hopes to win the right to tell jurors about 30-year-old allegations that Fumo put ghost employees on the Senate payroll and that he spied on rivals.

These were among the details that emerged during a pretrial meeting before District Judge William H. Yohn yesterday.

The South Philadelphia Democrat is charged with defrauding a multimillion-dollar charity, using Senate staff for personal and political errands, and engaging in a cover-up after the FBI and IRS began to investigate him.

The 139 charges against Fumo include mail fraud, conspiracy to defraud the United States, obstruction of justice, and aiding and abetting the filing of a false tax return.

Fumo and his three codefendants - former aides Ruth Arnao, Mark C. Eister and Leonard P. Luchko - did not attend yesterday's meeting. But 11 lawyers - two prosecutors and nine defense attorneys - participated.

Yohn convened the session to try to get a sense of what pretrial motions might be filed, and what the trial will look like.

For the most part, lawyers were reluctant to reveal strategies and did their best to keep their intentions vague.

One thing became clear yesterday: The case the FBI and IRS investigated for four years won't go to trial for a long time.

Yohn told lawyers that they would have at least six months to file pretrial motions. Prosecutors said they would be ready to go to trial by January. Fumo's lawyer, Richard A. Sprague, said he would probably need a few more months than that.

"I've never seen an indictment that is 267 pages," Sprague said.

The trial will probably last three to four months, prosecutors said. The government intends to call 100 witness, said Assistant U.S. Attorney John J. Pease. One potential witness has suffered a stroke, and her testimony may be videotaped soon, he said.

Assistant U.S. Attorney Robert A. Zauzmer said that the government intends to seek permission to tell jurors about Fumo's conduct in the 1970s - presumably, allegations about ghost employees and spying that are not part of the current indictment. Under the rules of evidence, prosecutors might be allowed to do this to try to show Fumo's motives or intents, or to try to demonstrate a long pattern of bad behavior.

Yohn indicated that Sprague may ask for the case to be split into two trials. Sprague didn't offer details, though he may be seeking to separate the fraud charges from the obstruction-of-justice charges.

Sprague also did not elaborate on his expected motion alleging government misconduct during the investigation. But at a recent news conference, Sprague accused the government of leaking to the press. In at least one pre-indictment motion, defense lawyers made similar accusations, and a judge rejected them.

Since the indictment, Fumo has resigned from several public posts, including ranking Democrat on the Senate Appropriations Committee and the Delaware River Port Authority board. He also has temporarily quit his $1 million-a-year post at Dilworth Paxson L.L.P.

Independence Blue Cross chairman M. Walter D'Alessio said yesterday that Fumo has stepped down from that board, too.

"Because of the press of other matters and the time needed to defend myself against federal charges," Fumo said in a letter, "I would not be able to devote sufficient time to my duties at IBC. It is my intention to resume these duties after my vindication in federal court."

As Fumo's lawyers appeared in court yesterday, Fumo spoke at ceremonies marking the 100th anniversary of the beginning of construction of the Benjamin Franklin Parkway.

"I intend to continue to do my job as a senator," Fumo told the crowd. "And I will be in Harrisburg on Monday, for those of you who care, working on the budget to make sure Philadelphia gets more than its fair share."

Inside The Ring (WT)

By Bill Gertz

The Washington Times, February 23, 2007

Spy release

Former Defense Intelligence Agency (DIA) analyst Ronald Montaperto, convicted last year on espionage-related charges that involved passing secrets to China, is scheduled to get out of federal prison Sunday. Prosecutors say he will be barred from meeting any Chinese intelligence personnel as a condition of his release.

Montaperto pleaded guilty in June to improperly storing classified intelligence documents and admitted as part of a plea deal that he verbally passed both "secret" and "top secret" intelligence to two Chinese military intelligence officers during 60 meetings over a number of years.

He spent three months at the minimum-security prison at Fort Dix, N.J.

The court order in the case states that Montaperto "shall have no contact with any foreign government or agents thereof, except with the express permission of [Department of Defense], and shall not seek or accept, personally or through another person or entity, any benefit from such foreign government or agent thereof."

If Montaperto is paid or receives benefits from the Chinese or their agents, he will have to turn them over to the U.S. government.

"There's also a provision in the plea agreement that prohibits him from disclosing classified information," one law-enforcement official close to the case said.

Montaperto's conviction was a major blow to a network of politically powerful pro-China intelligence officials and academics who share his views of China.

U.S. intelligence officials have said that Montaperto's disclosures to Chinese intelligence coincided with the loss of a major electronic eavesdropping program against China that had helped track Beijing's illicit arms exports.

Before sentencing, Montaperto received letters of support from several current and former intelligence officials, including DIA analyst and friend Lonnie Henley, who ultimately was reprimanded by the Office of the Director of National Intelligence for his defense of Montaperto.

Mr. Henley also had criticized the FBI for investigating Montaperto in an e-mail to a group of China specialists. The e-mail defended Montaperto as someone who only wanted to improve U.S.-Chinese relations and who was persecuted by the FBI as a result.

Despite the letter of reprimand, Mr. Henley recently was promoted to acting national intelligence officer for East Asia.

Montaperto was sentenced to three months in prison by federal Judge Gerald Bruce Lee, who said the light sentence was the result of the letters of support he received from current and former intelligence and military officials, despite what he called a "very serious charge."

Montaperto claimed the passing of intelligence to China was unintentional and the result of being tricked by two Chinese officers.

Quds in Iraq

Army Lt. Gen. Ray Odierno, commander of multinational forces in Iraq, yesterday added his voice to the chorus of officials who identified the Iranian Quds force as working against U.S. and allied forces by helping insurgents in Iraq.

"The bottom line is we believe that the Quds force has been involved in training and possibly providing funding and potentially weapons to some groups within Iraq," Gen. Odierno said, noting that "we watch that extremely carefully."

Gen. Odierno warned the Iranians that "we will take action" against the Quds force supporters helping insurgents.

"Their goal is to destabilize this government. So our goal is we want a stable government and we'll do whatever we can to keep them from destabilizing what's going on in Iraq here," he said.

The three-star general stopped short of saying the Iranian agents are playing a vital role in backing Shi'ite insurgents but that they are assisting with weapons, training and "some money."

Gen. Odierno declined to answer directly when asked whether a recent attack in Karbala included Iranian involvement, but said "we are looking at it extremely hard, and when appropriate, we will take the necessary action to bring those who were involved in it into custody."

China ASAT program

China's recent test of an anti-satellite missile warhead was part of a long-term space weapons program by Beijing's military that has been under way in secret for years, the head of the Pentagon's Missile Defense Agency (MDA) said yesterday.

"The Chinese launch represented years and years of work on their part in terms of what they demonstrated, even though their success in doing that was obviously a surprise, I think, around the world," Air Force Lt. Gen. Henry Obering told reporters.

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Gen. Obering said the Chinese space weapons system currently does not threaten U.S. missile defenses against North Korea or a future defense against Iranian missiles, but "it may do so in the future ... based on what we have seen them ... demonstrate."

He also said the MDA has a development program that will be able to deal with China's anti-satellite program but there are no current plans to deploy weapons against it.

In a provocative space weapons test, China fired a missile Jan. 11 that entered space, then released a nonexplosive warhead that tracked and destroyed a Chinese weather satellite. The test, the fourth attempt at destroying a satellite, contradicted the Chinese government's public advocacy of reaching an international treaty banning space weapons.

Moseley on China

Air Force Chief of Staff Gen. Michael Moseley told reporters in New York this week that the United States is not looking to make China a new enemy but must be prepared for the challenge of China in the future.

"I would not be looking for bad guys, I would be looking for ways to partner. I would be looking for ways to minimize uncertainty and to minimize miscalculations, I would be looking for ways to do that, as opposed for ways to find potential competitors," Gen. Moseley said when asked about earlier comments that the Air Force will have a major role in countering China's aggressive military buildup, including its space weapons.

While countering terrorism currently is a key priority, Gen. Moseley also suggested that China must be watched carefully as it could emerge as a threat.

"We're also dealing in a very uncertain global context," he said. "My job is to provide global intelligence, surveillance and reconnaissance. My job is to provide global mobility. My job is to provide global strike, and so it's not just about China, it is about an uncertain global setting."

The Air Force has been given a key role in the Pentagon's new "hedge" strategy against China, which calls for developing forces that can conduct very rapid strikes throughout China in any future conflict.

Air Force weapons being developed for the new strategy include a new long-range bomber and possibly new space-based missile systems that can strike China on very short notice.

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ingtontimes.com.

Investigation Won't Stop Rep. Miller From California Dealmaking (AP)

By Erica Werner, The Associated Press

AP, February 23, 2007

WASHINGTON - Rep. Gary Miller grew up poor. Even though he's now worth more than $13 million, he says he's still worried about his family's financial security.

So, while federal authorities investigate some of his real estate transactions, he says he'll keep on making deals.

Miller, a fifth-term Republican representing conservative inland Southern California, said in an interview that he had put his real estate investment activities on hold upon entering politics, only to find that "I was worth less money every year."

"Some people are arguing I shouldn't have the opportunity to make an investment that every other American citizen has an opportunity to make," he said. "I've got kids, I've got grandkids, and it'd be nice, when I get ready to go, when they're older, if I can help them."

Miller, 58, who makes $165,200 as a congressman, is being scrutinized for the millions he made selling properties to two Southern California communities outside his district. FBI agents have interviewed officials in both towns.

Miller also faces accusations of using his staff for personal errands and pursuing federal funding for projects beneficial to properties that he and his campaign contributors owned.

He's denied any wrongdoing, and calls media reports about his activities "lies" and "trash." He said he has turned over documentation of his deals to the House Ethics Committee, and he defended himself at a meeting of House Republicans earlier this month.

An FBI spokeswoman declined on Thursday to confirm or deny if there's an investigation or to make any further comment.

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At the heart of the Miller probe is the 2002 sale of 165 acres to Monrovia, a town of 40,000 northeast of Los Angeles. Miller contended he was forced to sell the property when the city threatened to take it by eminent domain.

Under IRS code, that allowed Miller to defer capital gains taxes on his profit if he reinvested it in other property within two years. With a tax rate of more than 20 percent on a profit of at least $10 million, the deferment involved more than $2 million.

Miller used the proceeds from the Monrovia sale to purchase properties in Fontana from a campaign contributor in December 2004. He then sold the land to the city at a profit of $12,400, he said. He filed tax forms with the city describing the sales as forced, which gave him the right to again delay paying taxes.

Miller's spokesman, Scott Toussaint, said the congressman did not take advantage of the tax deferment on the Fontana deal and has now completed paying taxes on the transactions. Miller will not say how much he paid or release tax returns that would prove it, Toussaint said, because that goes beyond what he should have to disclose.

To Miller's defenders, the whole controversy amounts to a bum rap.

"Any good businessman's going to push the envelope from time to time," said Frank Williams, executive officer of the Baldy View Chapter of the Building Industry Association in California. "That's part of dealmaking. It's not illegal."

Miller is one of three California Republicans being investigated by the Justice Department. Rep. John Doolittle has drawn attention in the corruption investigation centered on jailed GOP lobbyist Jack Abramoff, and Rep. Jerry Lewis is being investigated over his ties to a different lobbyist.

After the Los Angeles Times and others published reports on the Monrovia deal and quoted city officials saying Miller was a willing seller, the congressman made public two letters from Monrovia officials describing the transaction as "eminent domain" and "friendly condemnation." His attorney sent a letter to city officials warning of "damages for which the city could be held accountable" if they did not stop making "misstatements."

Monrovia officials subsequently posted a detailed narrative on the city Web site explaining that eminent domain was never used in the sale but the threat did exist.

Miller's business dealings have drawn scrutiny before.

In the early 1990s, as a member of the Diamond Bar City Council, Miller faced a recall drive. Critics alleged that he lied about owning a company with business before the council and opposed a subdivision because the developer refused to hold a fundraiser for a council ally.

Miller denied the accusations and filed a libel lawsuit. The recall fell short of getting on the ballot, and Miller's suit was dismissed.

Hard feelings linger in Diamond Bar, the town 30 miles east of Los Angeles where Miller still lives. Eileen Ansari, a Democrat and former city councilwoman who challenged Miller in his first race for Congress, contends that Miller clocks little time in Washington and can claim few legislative accomplishments.

"It looks like he's in there for his own benefit. That's my disappointment in him," Ansari said.

Miller said being a congressman has hurt his business rather than helped, because of the time spent in Washington and the glare of public life. He said he'd rather be home in his district, where he said he can help constituents, and routinely takes the first plane home each weekend when House votes are over.

"I'm not a Washington politician," he said.

Miller, tall with thick, neatly combed red hair, has a consistently conservative voting record. He served three years in the California Assembly before running for Congress in 1998. He replaced GOP incumbent Jay Kim, who had pleaded guilty to taking illegal campaign contributions.

Miller got into politics, he said, because he wanted to do something about government regulation on businesses. He founded G. Miller Development Co. in his early 20s and now runs it with his wife, Cathleen.

Rep. Barney Frank of Massachusetts, one of Congress' most liberal members, praised Miller for his work on affordable housing on the Financial Services Committee that Frank chairs.

"I think he would personally like to stamp out every endangered species known to man," Frank said. "But he does care a lot about housing and helping build housing."

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The accomplishment of which Miller is most proud has nothing to do with business. A Civil War buff who made a cameo appearance as a Confederate general in the movie "Gods and Generals," he sponsored legislation to preserve Civil War battle sites that was ultimately signed into law by President Bush.

Prosecutor Urges Public To Help Fight Corruption (NYT)

By Laura Rivera

The New York Times, February 23, 2007

HACKENSACK, N.J., Feb. 22 — Christopher J. Christie, the federal prosecutor who has aggressively pursued New Jersey politicians believed to be corrupt, said in a speech here on Thursday that the public should help stem the tide of corruption by voting out officials who break the law.

Mr. Christie, the United States attorney for New Jersey, said that after domestic terrorism, his office's main priority was to hold the county and state leadership accountable.

He asked, "Wouldn't it be a shame to spend all this money" and endanger so many lives to protect a way of life from outside attack, "only to give away our way of life from the rot from within? And that's what political corruption is."

Mr. Christie, a Republican, said that his investigations had resulted in the arrest of more than 100 officials across the state, but he declined to discuss his latest high-profile move: the issuance of subpoenas last week to the leaders of the State Legislature. The subpoenas are for documents related to possible wrongdoing involving "Christmas-tree items" that lawmakers have added to budgets over the past three years.

The subpoenas have prompted speculation that a federal investigation into the activities of State Senator Wayne Bryant, a Camden Democrat who was chairman of the budget committee until last fall, may be expanding.

In a speech before 200 people at Fairleigh Dickinson University here, Mr. Christie refused to discuss the progress of negotiations between his office and the Office of Legislative Services, which provides research and legal counsel to the Legislature. He said that the federal judge handling the case had ordered him not to discuss it.

"I've made no public comment at all on Senator Bryant," Mr. Christie said. "What I will say is I just hope the issue will be resolved soon."

Monitors of a federal investigation said that Mr. Bryant, who announced last week that he would not seek re-election, was the subject of a federal investigation into the possibility that he routed $12.5 million in state funds to the University of Medicine and Dentistry of New Jersey in exchange for a job in which he was paid $38,000 a year but did little work.

In his speech, Mr. Christie said that 75 percent of his cases involved bribery of public officials. "It is a rogue's gallery," he said, "and I fear that we are just becoming numb."

As Mr. Christie's appointment, made by President Bush more than five years ago, nears completion, the prosecutor's increasingly public stance on issues like domestic terrorism and immigration has raised speculation that he may be considering a run for office. Many think he may challenge Gov. Jon S. Corzine in 2009.

"Do I think about it? Of course," he said. "My only focus right now is to do this job for as long as the president allows me to do it. But it's coming to an end. So at some point I'm going to have to do something else."

FBI: Sex Fugitive Captured In Livingston Parish (AP)

AP, February 23, 2007

LIVINGSTON, La. (AP) — A fugitive child molester, on the run for nearly a year, was captured Thursday at an auto auction business where he'd been working for most of the month, federal authorities said.

David John Sprong Jr., 47, a convicted felon and registered sex offender, is wanted in California on a variety of molestation charges involving young girls.

Authorities previously thought Sprong was living under an alias near Houston. Then his last known vehicle, a 1997 sport utility vehicle, was found at a bar on Monday in Hammond, said Brian Fair, a spokesman for the U.S. Marshals Service.

Last spring, Sprong skipped a $1 million bond in Sacramento, where he was charged with molesting girls. He could have been sentenced to life in prison if found guilty of being a habitual sex offender with multiple victims.

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The marshals' Crescent Star Fugitive Task Force, with help from the FBI and the Livingston Parish Sheriff's Office arrested Sprong at A to Z Auto Auction L.L.C in Holden, La., without incident, Fair said.

Sprong was working as a mechanic there under the alias of Thomas Turner and had been employed for about three weeks. He was booked into the Livingston Parish jail and will await extradition back to Sacramento, Fair said.

"When he's not molesting people, he's working on cars," said Mike Raifield, an agent with the FBI's Sacramento field office which was coordinating the search.

The FBI was also looking to Sprong's longtime girlfriend Lynn Rodaer and 10-year-old daughter Justine. Authorities said Sprong led them to his family after his capture.

On Saturday, Sprong was featured on the TV show "America's Most Wanted" for the third time.

"When he leaves, he disappears completely," Raifield said. "He never re-contacted anyone he knew in Sacramento. And, everybody we talked to disliked him. All his contacts, he owed money to. He burned every bridge.

"We do all the angles and find nothing for a long time. Then after the America's Most Wanted segment profiled him in January, we got a tip he was running an auto shop in Humble, Texas, but it came two days too late. Apparently he saw the same program and he disappeared."

Oprah Winfrey included Sprong on her list of child sexual predators. She said she would give a $100,000 reward for information leading to their arrests.

In addition to the charges in California, Raifield said Sprong may face charges of attempted molestation of two teen-aged girls who worked for him in Houston.

Man Pleads Guilty In Child Pornography Case (MH)

The Miami Herald, February 23, 2007

A 59-year-old man pleaded guilty Thursday in federal court in Fort Lauderdale to preying on children, according to the U.S. Attorney's Office.

Raymond George Bohning, of Hollywood, faces five to 30 years in prison for production of child pornography, enticing a minor to engage in illegal sexual activity, distributing child pornography to a minor to induce her to engage in sexual activity and possessing more than 600 images of child pornography.

Bohning also could face a fine of up to $250,000 for each count and a possible lifetime period of supervised release, according to the office of South Florida's U.S. attorney, R. Alexander Acosta.

A sentencing hearing is scheduled for May 11.

In November 2003, Bohning was arrested in the United Kingdom and charged with various offenses including possessing and distributing lewd images of minors.

Bohning pleaded guilty in the U.K. to possessing and distributing indecent images and publishing an indecent article and was sentenced to 30 months in prison. He was then extradited to the United States for prosecution.

An FBI investigation found that Bohning had an extensive collection of child pornography images depicting minors being sexually abused, including babies and toddlers.

Authorities say the defendant convinced a 15-year-old girl to engage in sexually explicit conduct to produce pictures, gave pictures to a minor in an effort to persuade her to engage in sexual activity with him, and created a list of 374 individuals' Internet screen or user names -- mostly minors whom he cataloged by physical attributes, state or country of residence and the nature of their sexual experiences.

The FBI in Miami and the West Midlands Police Department in the United Kingdom handled the investigation.

-- ANI MARTINEZ

Man Sought In W.Va., Ohio Sex Attack (PPG)

By Cindi Lash, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, February 23, 2007

Police say same man accosted young woman in Martins Ferry before N. Wheeling abduction

DOJ_NMG_0135621

WHEELING, W.Va. -- Investigators believe a partially naked man who accosted a woman Sunday night in Martins Ferry, Ohio, was the same man who kidnapped and sexually assaulted a Wheeling girl two days later.

That man has not been identified, but FBI agents and police from the Ohio Valley have mounted a "significant" investigation to locate him, said Gary Wheeler, the FBI's supervisory agent for northern West Virginia. Police have increased patrols in Wheeling, Martins Ferry and other Ohio Valley communities and have pulled over and examined several vehicles that resembled the dark pickup truck the suspect drove during both incidents

An FBI artist also was summoned from Quantico, Va., to develop a composite sketch of the man and possibly a drawing of his truck. Investigators said they also are reviewing computer databases of sex offenders and may consult FBI profilers in an effort to identify the man.

Investigators yesterday said the circumstances of the 12-year-old girl's abduction Tuesday night from a street in North Wheeling were very similar to an incident Sunday night that may have been an abduction attempt. They warned parents in West Virginia, Ohio and Pennsylvania to be particularly cautious about allowing children to walk alone, saying they believe the incidents were rare examples of victims targeted by a brazen stranger.

"Stranger abductions are very rare occurrences," said Agent Wheeler, adding that kidnappings more often are committed by someone who knows the victim. "He struck twice in the same area that we know of. He is aggressive, and a little extra prudence on the part of parents [is warranted]."

Wheeling police said the man snatched the 12-year-old girl between 8:30 and 9 p.m. after parking his truck near a ramshackle garage near the intersection of North Fifth and Kenney Streets, barely a block from busy Main Street. The man, who was naked, walked up behind the girl and a friend who were walking together and asked for directions, Wheeling Lt. Gary Gaus said.

The girls "did what they've been told to do" and tried to run, but the man grabbed one of them and carried her a half-block to his truck, then drove away, Lt. Gaus said. The other girl ran to her home and her family called police.

The man sexually assaulted the girl before dropping her off about 40 minutes later at the Kirkwood Presbyterian Church in Bridgeport, Ohio, across the Ohio River from Wheeling. She walked to a nearby house and begged for help.

Investigators believe her attacker also sought directions from an 18-year-old woman around 9 p.m. Sunday in a residential neighborhood of Martins Ferry, about two miles from Wheeling. The woman was walking on Hughes Avenue when the man spoke to her while kneeling beside a parked vehicle, Martins Ferry Police Chief Barry Carpenter said.

When the woman replied that she didn't know how to get to the location he sought, the man opened his jacket and revealed that he was not wearing pants, Chief Carpenter said. The man began to masturbate and the woman screamed and ran to a porch.

The man chased her briefly before driving away in a dark pickup truck, Chief Carpenter said. He is described as white, between 5 feet 8 and 5 feet 10 inches tall, with short brown hair and a pudgy build.

The dark pickup truck he drove is possibly brown, with an extended cab and a 4-inch-wide white or light-colored stripe on the side that may fade as it reaches the back of the truck.

People who live and work in the North Wheeling neighborhood where the girl was abducted said they recall a truck like that parked near a Convenient Food Mart at North Fifth and Main streets and on adjacent streets.

"I have seen that truck up there. I have seen it in our neighborhood, in our parking lot," said Hattie Tamburin, who works at the Main Street Depot, a casino housed in the same building as the convenience store.

"The police haven't let up since day one on this, and hopefully they'll find him," said Ms. Tamburin, whose granddaughter attends school with the victim. "We're all afraid. I'm sure nobody will let the little girls out now."

Workers at those businesses said the victim of the abduction is a frequent customer at the convenience store and they were terrified by the attack.

"[The store] used to be full of children," said food mart cashier Robin Blum. "But it struck me when I worked [Wednesday night] that there were no kids in here unless they were with a parent or guardian."

Anyone with information about the man or his truck is asked to call the FBI in Pittsburgh at 412-432-4000, Wheeling police at 304-234-3661, Martins Ferry police at 740-633-2121 or their local police or sheriff's department.

DOJ_NMG_0135622

Police Probe Ferry Offense (WHEELINT)

By Gabe Wells

Wheeling Intelligencer, February 23, 2007

WHEELING — Police believe the man responsible for the abduction and sexual assault of a Wheeling girl is the same man who exposed himself Sunday to a Martins Ferry woman.

Martins Ferry Police Chief Barry Carpenter made the announcement Thursday at a news conference in Wheeling City Council Chambers. Wheeling police are seeking a suspect in Tuesday's abduction of a city girl, whose 12th birthday was Wednesday. Carpenter said a man matching the description of the suspect was involved in what may have been an abduction attempt at about 9 p.m. Sunday on Hughes Avenue in the south end of his city.

According to Carpenter, the man approached an 18-year-old woman as she returned to her home. He then asked her for directions, exposed himself to the woman and then began to masturbate, Carpenter said.

The woman turned and ran, and the suspect chased her for a distance before he got into a nearby truck and left the scene.

The truck also is similar in description to the vehicle used in Tuesday's abduction in Wheeling.

Wheeling Police Department Lt. Gary Gaus and FBI Supervisory Senior Resident Agent Mark Wheeler said the techniques are the same in both crimes.

In both cases, the suspect asked the victims for directions to an area location and then chased them after posing the question.

Also at the news conference, Gauss confirmed the young girl in Tuesday's abduction was sexually assaulted.

Wheeler then added that an FBI sketch artist currently is working with that victim to develop and release a rendering of the suspect.

That rendering may be released today, and an improved description of the vehicle is anticipated.

Wheeler, Gaus and Carpenter said the police presence already has been greatly increased in both cities.

And Wheeler is asking area parents to pay close attention to the whereabouts of their children.

''There's no need for hysteria,'' Wheeler said. ''There is a need for extra prudence.''

The suspect is a heavyset or ''chubby'' white male who is believed to be in his mid-20s. He is about 5 feet 10 inches tall.

The suspected vehicle is full-size pickup truck that is medium-brown in color. It has a stripe on its side that gets darker in color down the length of the body. The truck may have an extended cab.

Anyone with information regarding the alleged abduction or the vehicle believed to have been involved is asked to contact the Wheeling Police Department at (304) 234-3664.

Three Indicted In Las Vegas In Katrina Relief Fund Fraud Case (BSH)

Biloxi Sun Herald, February 23, 2007

LAS VEGAS - Two Nevada residents were arrested Thursday and a third person was named as a fugitive on charges they fraudulently obtained federal funds designated for victims of Hurricane Katrina, a prosecutor said.

Wilbert J. Bennett Jr., 31, of Henderson, and Sheila Ritter, 47, of Las Vegas, pleaded not guilty in initial appearances before a U.S. District Court magistrate judge following their arrests on charges of theft of government funds, U.S. Attorney Daniel Bogden said in a statement.

Renee Bellinger, 42, was indicted on charges of theft of government funds, identity theft and misuse of a Social Security number. She remained a fugitive, Bogden said.

Bellinger, who also used the name Renee McLoughlin, was identified in the statement as a secretary with the International Alliance of Theatrical Stage Employees. Union officials at the Las Vegas local and at international offices in New York City did not immediately confirm that account.

The indictment handed up Feb. 14 accuses Bennett of obtaining about $15,000 in Federal Emergency Management Agency disaster relief funds and Ritter of obtaining almost $21,000 in FEMA funds following Hurricane Katrina in August 2005, although both lived in Nevada.

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Ritter and Bennett were released Thursday on personal recognizance bonds. They had not yet been assigned public defenders.

Each faces up to five years in prison and a $250,000 fine if convicted, Bogden said.

Bellinger was accused of using her mother's identification as part of a scheme to obtain more than $23,000 in FEMA disaster relief money. If convicted, Bellinger faces up to 25 years in prison and $750,000 in fines, Bogden said.

Oklahoma City Man Accused Of Falsely Claiming Katrina Funds (AP)

AP, February 23, 2007

OKLAHOMA CITY (AP) — An Oklahoma City man was indicted in federal court on Thursday on charges of making false claims for Hurricane Katrina disaster relief funds.

A federal grand jury indicted Darryl Eugene Hayes, 31, on three counts of mail fraud and two counts of making false statements, U.S. Attorney John C. Richter said.

The mail fraud counts each carry a penalty of up to 20 years in prison plus restitution and a fine of up to $250,000. The other two counts are punishable by up to five years in prison and a fine of up to $250,000.

The indictment claims that Hayes defrauded the Federal Emergency Management Agency and the Louisiana Department of Labor of more than $10,000 by claiming unemployment benefits for supposed Hurricane Katrina evacuees under three false names, Richter said.

It also alleges that Hayes submitted a fraudulent application to FEMA, claiming that his home in New Orleans was damaged by the August 2005 storm and that he was living in a "mass shelter," and later faxed a letter to FEMA claiming he had sustained losses "from the hurricane" and had relocated to Oklahoma City, Richter said.

N.C. Man Convicted In Oregon In Multicountry Silver Scheme (AP)

By Tim Fought, Associated Press Writer

AP, February 23, 2007

PORTLAND, Ore. - A North Carolina man who bought one-ounce silver ingots for $10.50 and resold them to investors for $98 each and the promise of huge commission payments was convicted of federal charges in what a prosecutor called a classic "too-good-to-be-true" pyramid scheme.

About 5,000 victims lost more than $4 million in total, said Assistant U.S. Attorney Chris Cardani.

He said Richard Dompier of Vale, N.C., was convicted Wednesday of 29 counts in federal court in Eugene after a seven-day trial. He was accused of mail and tax fraud and money laundering.

Dompier, 48, faces a sentence of about 20 years under federal guidelines, Cardani said, and is free pending sentencing, likely in June.

Dompier used some of his gains to sponsor a NASCAR driver and start a motorcycle company, according to the indictment handed up in 2005.

He operated first out of Roseburg, Ore., and then later in Lincolnton, N.C., and the operation had offices in Park Rapids, Minn., and England, where Dompier hired a salesman, Cardani said.

Between 1998 and 2000, Dompier's New Millennium Group sold nearly 76,000 of the ingots, representing a promised payoff to investors of more than $1 billion, the U.S. attorney's office said in a press release.

The indictment said he bought the bars from the Franklin Mint and sold them through the mail and over the Internet, delivering the ingots along with promises of commission checks totaling $15,853.50 in 14 months.

A few customers lost as much as $20,000, buying up to 200 bars, but typically an investor would buy five or fewer, Cardani said.

As is typical in pyramid schemes, "he made a few payments early on as a way to lull investors into the program," using the payments of later investors to pay the earlier investors, Cardani said. The company had no legitimate business operation, Cardani said.

Often, Cardani said, pyramid schemes guarantee high returns, a tip-off to those who might be tempted: "If it sounds too good to be true, stay away."

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"This one was pretty good because he actually gave out the ingot bars," Cardani said.

After investors complained that they weren't getting payments they were promised, the Internal Revenue Service and FBI began an investigation in 2000, joined by British and Oregon authorities.

The bulk of the victims were in the United States, Canada and England, but the scheme also reached to Europe, Africa and Australia and was promoted in a total of 41 countries, the U.S. attorney's office said.

Study Fails To Stem Gangs Debate (LAT)

The Los Angeles Times, February 23, 2007

L.A.'s biggest prevention and intervention program finds hope in data on participants' performance. Others say the effort is not effective.

Under pressure to show that the L.A. Bridges program actually works, the operators of the city's largest gang prevention effort released results of a study Thursday that sparked new debate about whether the city needs to rethink its anti-gang strategy.

The data from the city Community Development Department shows that although some middle school students targeted by L.A. Bridges have boosted or maintained their grades and attendance, most last year did not improve.

L.A. Bridges officials said they consider the findings encouraging given the types of students they are trying to help. But some city leaders said they were more skeptical, especially considering that gang membership and gang-related crime in Los Angeles are on the rise.

Amid new doubts about the program, which costs about $14 million annually, the city has replaced John Chavez as director of L.A. Bridges.

In addition, City Controller Laura Chick plans to audit the program, and Mayor Antonio Villaraigosa has put its operators on notice that he is providing funding only through September, by which time he expects that a new comprehensive gang strategy will be developed.

"I don't think it has been effective," said Alex Alonso, a scholar on gang issues who has taught at USC. "For all the millions of dollars we've spent, I haven't seen results."

The debate comes as Police Chief William J. Bratton has launched a new assault on gang activity in the city, a campaign criticized by some for not also including a more aggressive effort to keep kids out of gangs. The crackdown has involved the shift of resources by the Los Angeles Police Department and other agencies to focus on 11 specific street gangs that officials say cause the most problems.

But although there has been much focus on L.A.'s law enforcement push, the effort to keep youths from joining gangs has received less attention.

The report released Thursday indicates that of the 1,786 "at risk" kids in L.A. Bridges who turned in at least two report cards last year, about 45% improved their grades. Grades stayed the same for 23% and declined for the rest.

Among that same group, only 21% improved their attendance.

"Those numbers are not satisfactory," said Councilman Tony Cardenas, who heads a council committee considering an overhaul of L.A. Bridges. "If we got coordination and accountability, we could really get those numbers up dramatically."

Cardenas' committee is scheduled to receive the report from the Community Development Department, which oversees L.A. Bridges' contracts, and discuss it at a special meeting today at 8:15 a.m. at City Hall.

Even though the majority of students did not improve grades or attendance, Sharon Morris, an assistant general manager of the department, defended the results.

"For the number of kids we are serving, we are very satisfied," she said. "These are kids in low-income communities, and they have been identified as needing this program."

The city's premier gang prevention and intervention effort is being reevaluated because gang crime increased 15.7% in 2006 compared with the year before, including a 4% increase in gang-related homicides, with 272 killings, according to LAPD statistics.

Gang membership had been dropping but ended 2006 with an increase to 39,315 from 38,974 a year earlier. That means there were 341 more gang members.

DOJ_NMG_0135625

The original L.A. Bridges program, aimed at keeping kids out of gangs, funds centers serving 27 of the Los Angeles Unified School District's 73 middle schools.

L.A. Bridges targets middle school students ages 10 to 14 and is aimed at reducing their involvement in gangs. Goals include improving student performance and involving the community in helping the students.

Each caseworker is assigned 10 to 20 middle school students who are judged to be at risk, and the adults help the kids with homework, supervise them in after-school recreation, counsel their families and monitor their attendance at school.

L.A. Bridges II is an intervention program aimed at current and former gang members ages 14 to 25. The program has 64 gang intervention workers, who mentor 1,437 young people in gangs.

The results for Bridges II also sparked debate Thursday.

The Community Development Department reported that it managed 661 cases last year, including those of 175 people who were referred to city WorkSource job centers and 362 referred to other job training or placement.

Critics said the report fails to provide information that would better show whether the program is working — that is, how many gang members have quit gangs and how many middle school students have been kept from joining.

"How can you tell if you are reducing the gang problem unless you can tell how many young people you got out of gangs?" asked Connie Rice, director of Advancement Project Los Angeles, which last month released a city-financed study strongly criticizing L.A. Bridges and other city anti-gang programs as lacking focus, coordination and accountability.

The head of the department said his agency is improving its management and evaluation of L.A. Bridges. But General Manager Richard Benbow argued in the report to the City Council that as long as young people are being mentored and tutored after school, and referred to job training, they are less likely to be involved in a street gang.

"Any client connected to a departmental program represents a 'success,' because the alternatives — disconnection from social services and/or institutions — can lead to truancy, delinquency and criminal activity," he wrote.

CIVIL RIGHTS:

EXCLUSIVE: Gonzales Talks On Civil Liberties (CBN)

By Melissa Charbonneau

Christian Broadcasting Network, February 23, 2007

NASHVILLE, Tenn. - It's a day in the life of the U.S. Attorney General Alberto Gonzales as he boards a plane to launch the first Freedom Initiative to protect religious liberties.

Along for the ride, we ask about a report that says discrimination against Muslims after 9/11 in part prompted this new program.

"It's something we worry about, naturally, when people see images on the television screen that these are the enemies of America, they may naturally assume anyone who looks like these people, or have the same religious belief - that, in fact, they constitute enemies of the United States. And that's just not true," Gonzales said.

Excerpts from Gonzales "The President sent a very clear message in the days following following the attacks of 9/11, going to a Muslim center, and expressing to the American people his clear belief in our country, we have many people of the Muslim faith that do not represent a danger to America and we need to be tolerant of the views of the people of the Muslim faith."

We asked Gonzales about "The Breach," the just-released film about the worst intelligence failure in the FBIs history - when it turned out an American was spying for the Russians.

Charbonneau: That was before your watch, but what has been done since that incident at the Justice Department to make sure spies like Robert Hanssen aren't still at the FBI?

Gonzales: Well, I can't tell you everything, otherwise I'd be tipping off someone about our efforts to ensure something like that doesn't happen.I think we're in much better shape today than we were just a few years ago.

Gonzales is at the center of the debate over much-publicized case of two imprisoned border patrol agents who were tried and found guilty for shooting an alleged illegal drug smuggler. He didn't say whether he will recommend a presidential pardon. He did say the facts in the case are not getting out.

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"I've heard people complain about how could these people be convicted for doing their jobs," he said. "It's not part of their job to shoot an unarmed man from behind. It's not part of their job to conspire to conceal what they did. It's not part of their job to lie about what they did, to hide it from their superiors. So all that occurred in this particular case. And that's why these individuals were convicted."

Now Gonzales himself may become one of the political targets in a string of investigations from the new Democratic majority in Congress.

Charbonneau: Are you concerned that in the last couple of years of the Administration that your efforts will be bogged down by endless hearings and investigations by Democrats?

Gonzales: I think that the American people lose if I spend all my time worrying about congressional requests for information, if I spend all my time responding to subpoenas, to things of that nature. We will work with Congress, and we will do the very best we can to reach an accommodation with Congress, to give them the information, the appropriate information, they need for oversight. But that's an important part of my job. But I also believe that the American people expect me to do my job as Attorney General to protect their kids and make their neighborhood safer.

DOJ Report Touts Bush Record On Rights (UPI)

UPI, February 22, 2007

In a 43-page document released by the U.S. Department of Justice Feb. 20, Attorney General Alberto Gonzales says the department takes seriously the protection of religious freedom and has worked vigorously during the Bush administration to protect them.

"Many came to America precisely because of the recognition of religious liberty and the protection of this most basic of human rights," the report, released in conjunction with the attorney general's visit to the Southern Baptist Convention Building in Nashville, Tenn., says. The document was labeled, "Report on Enforcement of Laws Protecting Religious Freedom: Fiscal Years 2001-2006," Baptist Press reported Wednesday.

The Civil Rights Division of the justice department was established in 1957 and is best known for its work toward ending racial discrimination. Early in the Bush administration, the department established a Special Counsel for Religious Discrimination to monitor the enforcement of religious freedom laws.

"Prior to 2001, except for prosecution of religious bias crimes and employment cases, the Civil Rights Division exercised its jurisdiction to enforce civil rights laws with respect to religion sparingly, and had never had an attorney charged with ensuring that these laws were comprehensively enforced," the report says.

Religious discrimination is a growing problem in the United States as the country is now home to more than 2,000 different faiths and denominations, the report says. From 1992 to 2005, complaints of religious discrimination in employment filed with the Equal Employment Opportunity Commission increased 69 percent, compared to single-digit increases in complaints about sex discrimination and racial discrimination during that period.

Education discrimination cases involving religion increased from one case reviewed and no investigations during the period of 1995-2000 to 82 cases reviewed and 40 investigations from 2001-2006, according to the report.

In March 2005, the Civil Rights Division reached a settlement with a Delaware school district after a fourth-grade Muslim student was harassed by her teacher about her faith in front of her class, the report says. The student was ridiculed because her mother wore a headscarf, and other students joined in the criticism, causing the Muslim girl to miss several weeks of school because of emotional distress, according to the report. The settlement required religious tolerance classes for students and teachers, and the girl's teacher was monitored closely.

Regarding religious discrimination in the area of employment, the Civil Rights Division filed a lawsuit against the Los Angles County Metropolitan Transit Authority after it refused to accept bus driver applications unless the applicant was available to work 24 hours per day, seven days a week. The suit alleged that the transit authority's policy discriminated against Sabbath-observing Jews and Christians and others who must miss work for religious reasons. An agreement now allows drivers to swap assignments or take temporary leaves of absence for religious purposes, the report says.

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Another case the justice department took up involved an investigation of the city of Balch Springs, Texas, after the city-run senior center told senior adults they could no longer pray before meals, sing gospel songs or hold Bible studies, according to the report. All of the activities were initiated by the seniors themselves, but the city mistakenly believed that the separation of church and state required a ban, the report says. The city settled with the seniors in January 2004, and they won the right to continue their religious activities.

Religious freedom regarding land use is a growing issue in the United States, and in 2000 Congress passed the Religious Land Use and Institutionalized Persons Act (RLUIPA), citing widespread discrimination against religious institutions by state and local officials in land-use decisions.

Since 2001, the Civil Rights Division has reviewed 118 RLUIPA matters, opening 26 investigations resulting in 16 favorable resolutions before a lawsuit was necessary, the report says. The division has also filed four lawsuits.

In United States v. Maui County, the division sued the city of Maui, Hawaii, after it denied a permit for a nondenominational Christian church that has held services on Maui since 1960 to build a church on 5.85 acres of land in an agricultural district. The county allowed secular assemblies such as rodeo facilities, petting zoos and sports fields, but the church was denied, the report says. After the justice department intervened, the church was allowed to build in the Maui agricultural district, and the county paid it damages and attorney's fees.

A case brought by the Department of Justice in the area of crimes against persons and property based on religion was United States v. Bryant and Martin in 2004. Two men pleaded guilty to vandalizing a historic black church by breaking windows in the sanctuary and smashing items throughout the church, the report says, resulting in sentences of 27 and 21 months in prison.

"Experience in enforcing civil rights over the past 50 years has taught that a key to success is developing good working relationships with civil rights and community organizations," the report says. "It is such groups on the ground that bring many cases to the Department of Justice's attention, help identify trends and issues, and help spread the word about people's rights."

To facilitate that goal, the attorney general sought the help of the Southern Baptist Convention when he addressed its Executive Committee members Feb. 20 in Nashville. There he unveiled the "First Freedom Project," which is aimed at educating Americans about their religious freedoms and encouraging them to help identify and report abuses of those freedoms.

"We have seen too many churches burned, too many rocks thrown through stained-glass windows, too many swastikas painted on sanctuary walls, too many lives taken," Gonzales told Executive Committee members. "There are fewer of these attacks today, but still too many. And when faced with that kind of assault, the Department of Justice has responded, and will always respond, with force and conviction."

Teel Avoids Death Penalty (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, February 23, 2007

GULFPORT - U.S. Attorney General Alberto Gonzalez decided against seeking the death penalty in the prosecution of Ryan Teel after an extensive review of the criminal case, according to U.S. Attorney Dunn Lampton for the Southern District of Mississippi.

Teel, a former Harrison County jailer, remains in custody pending trial in the Feb. 4, 2006, fatal beating of inmate Jessie Lee Williams Jr. A motion filed in court Thursday asks for a bond review so Teel could await his May 28 trial out of jail, as first reported on sunherald.com.

Teel was in charge of the booking room the night of the beating. He has been held at an undisclosed location since his arrest Aug. 28, 2006. Teel, 30, pleaded not guilty to charges of deprivation of civil rights under color of law and of falsifying records to obstruct a federal investigation.

Gonzalez decided against the death penalty after Teel's attorneys and federal prosecutors met with a U.S. Justice Department review panel in Washington.

"No reason was given," Lampton said.

"There's all kinds of arguments for it, but it was his call. I've tried a number of death cases and in this case, I think it's the right decision. It's better to start the case off without the jury or the judge having to deal with the death-penalty issue."

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Lampton called the review "a very serious, involved procedure. They look at all the possible factors like a jury would. With 94 (federal court) districts, I think that's the wise approach in fairness and consistency across the board. When a case goes through, you want the law to be enforced the same in Mississippi that it is in Minnesota and Montana."

The decision means Teel faces life in prison if convicted on the civil-rights charge.

Teel is relieved over the decision, said Jim Davis, lead defense attorney.

U.S. Chief Magistrate Judge John M. Roper denied bond for Teel after his arrest, saying Teel was a possible flight risk and danger to others.

Davis' motion for a bond review says Teel's detention was ordered before the death-penalty issue was decided.

The family of the 40-year-old Williams, who had been taken to jail on misdemeanors, has been informed, said Michael W. Crosby, lead attorney for Williams' estate.

"We continue to monitor developments in the criminal proceedings, but we don't want to say anything that could jeopardize the prosecution or the venue," Crosby said.

A change of venue would move the trial to another region of the state.

A wrongful-death civil lawsuit for Williams' estate has been placed on hold.

The scope of the criminal investigation broadened in public view three weeks before Teel's arrest when ex-jailer Regina Rhodes admitted she helped beat Williams. Rhodes and four other former jailers have entered plea agreements, admitting a conspiracy to deprive hundreds of inmates of their rights.

Rhodes awaits sentencing, as do former jailers Morgan Thompson, Dedri Caldwell, Preston Wills and William Jeffery Priest.

Urban League Chief Wants Justice Probe Of Katrina Shootings (AP)

By Mary Foster, Associated Press Writer

AP, February 23, 2007

NEW ORLEANS (AP) -- Police shootings that left two people dead at a bridge in New Orleans in the chaotic days after Hurricane Katrina should be investigated by the U.S. Justice Department, the president of the National Urban League said Thursday.

In a letter to the chairwoman of the Congressional Black Caucus, Marc Morial - a former New Orleans mayor - asked that the caucus support a federal civil rights investigation into the "circumstances surrounding the police killing of two unarmed African American men and the wounding of four others."

Six current and one former police officer have been charged in the case.

Sgts. Kenneth Bowen and Robert Gisevius Jr., Officer Anthony Villavaso II, and former officer Robert Faulcon Jr. were indicted in December on first-degree murder charges and attempted murder charges in the Sept. 4, 2005, shootings on the Danziger Bridge.

Conviction on a first-degree murder charge would mean mandatory life in prison. District Attorney Eddie Jordan said he would not seek the death penalty for the four.

Two other officers - Robert Barrios and Mike Hunter Jr. - were charged with attempted first-degree murder, and Officer Ignatius Hills was charged with attempted second-degree murder in the case.

Ronald Madison, a 40-year-old mentally retarded man, and James Brissette, 19, were shot and killed at the bridge.

"What's the matter he doesn't have faith in Eddie Jordan?" said attorney Frank DeSalvo, who represents Bowen. "I don't know what motivates these people to do what they do. I assume there is a political reason for it."

The New Orleans NAACP asked the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings after those charged were allowed to return to work in non-sensitive jobs away from the public. Danatus King, president of the New Orleans branch of the NAACP said the move smacked of favoritism.

U.S. Attorney Jim Letten at that time said his office, the Justice Department and the FBI have been monitoring the investigation. He described that as routine.

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"I think we have a suitable number of investigations under way," said Police Association on New Orleans President Michael Glasser. "The feds have had every opportunity to conduct an investigation from the day it happened to the present."

The officers have drawn strong support from the union and other police. When the men turned themselves in after being indicted, supporters lined the street, stepping forward to embrace the seven men and shake their hands. One sign in the crowd read "Support the Danziger 7." Another read "Thanks for protecting our city."

"I am especially calling for congressional oversight into the subsequent handling of this case by the New Orleans Police Department and the court," Morial's letter to Carolyn Kilpatrick, chair of the Black Caucus, said.

"I would certainly concur," said Nathan Fisher, who represents Ronald Madison's brother Lance Madison. "I certainly think the police department did a terrible job investigating."

Illinois Gay Marriage Bill Introduced (CHIT)

By Crystal Yednak, Tribune Staff Reporter

Chicago Tribune, February 23, 2007

A state lawmaker fired up the gay marriage debate in Illinois Thursday by introducing a bill that would legalize marriage between same-sex couples.

"Illinois is a heartland state but has always been a leader in civil rights and social justice issues," said the bill's sponsor, state Rep. Greg Harris (D-Chicago). "It's the right thing to do."The proposal would eliminate wording in state law that marriage is between "a man and a woman" and substitute the phrase "two persons."

Massachusetts is the only state that recognizes same-sex marriages. Just this week, New Jersey became the third state to offer gay couples civil unions, joining Connecticut and Vermont.

Last year, opponents of gay marriage tried to head off just this sort of action in Illinois. They tried to put a question on the ballot asking voters whether marriage should be defined as a union between "one man and one woman." But the Illinois State Board of Elections ruled the group hadn't collected enough valid signatures.

David E. Smith, executive director of the Illinois Family Institute, which helped organize the drive, said the group is considering another ballot drive this year.

The proposed legislation could be the thing that mobilizes the group again, Smith said.

"We believe that government doesn't have a responsibility to promote or protect the homosexual lifestyle," he added.

Harris, who is openly gay, said a significant education effort would be necessary to get his bill passed, as was the case in 2005 when a gay rights bill passed in Illinois.

The gay rights bill was first introduced in the mid-1970s but it took decades to build legislative support, said Rick Garcia, director of public policy for Equality Illinois.

Garcia said the gay marriage bill is necessary to protect gay couples and their families so partners can make health decisions, qualify for pensions and benefits and have a say in the disposition of remains, among other things.

Still, advocates know the word "marriage" complicates the issue.

"When we use the word marriage, what people are really thinking of is the sacrament of matrimony. We're talking about civil marriage," Garcia said.

Harris said the title of the bill—the "Religious Freedom and Marriage Fairness Act"—is intended to calm the concerns of religious groups who worry they would be forced to recognize same-sex marriages as well.

"We wanted to reaffirm in this bill that there is no religion, no church, no temple, no mosque that we are trying to compel to consecrate marriages," Harris said.

Harris said supporters talked about the idea of pushing for civil unions instead. Civil unions offer many of the same protections of marriage, but not the title. But it was "decided that marriage is the fully equal term and that's where we want to begin," he said.

Garcia said advocates will have an uphill battle getting it passed.

"I cautioned people—don't start planning a June wedding in Illinois, it's going to take awhile for us to get the support legislatively," he said.

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Nonprofit Litigates Largest Employment Discrimination Class Action Ever To Go To Trial (LAW)

By Sandhya Bathija, The National Law Journal

National Law Journal, February 23, 2007

Attorney Brad Seligman was on a hunt to find out whatever he could about Wal-Mart Stores Inc. after hearing about a potential claim of alleged sex discrimination against the retailer in 1999.

"I called up my friend, another attorney, and he immediately said, 'evil empire,' " said Seligman, executive director and founder of a nonprofit group called The Impact Fund, located in Berkeley, Calif. "Then I called another friend, who is an economist, and he also indicated the same."

Based on the advice of his friends and some statistical research of his own, the litigation began. On Feb. 6, the 9th U.S. Circuit Court of Appeals upheld a lower court decision making the case the largest employment discrimination class action to go to trial. Dukes v. Wal-Mart Stores Inc., No. 3:01-CV-02252 (N.D. Calif.).

The Impact Fund filed the lawsuit against Wal-Mart. The organization aims to provide funding, training and advice to lawyers who want to bring public interest impact lawsuits in civil rights, poverty and environmental justice. And its Equal Justice Litigation Program works as co-counsel on select cases, including the Wal-Mart case.

The Impact Fund has three attorneys: Seligman, Jocelyn Larkin and Julia Campins. The entire organization runs with 12 employees, said Larkin, and their workspace is a typical nonprofit office, full of "hand-me-down furniture." But their work, as the organization's name suggests, is anything but little.

The Impact Fund is currently involved in litigating six cases, including another gender discrimination class action against Costco stores. Ellis v. Costco Wholesale Corp., No. 3:04-CV-03341 (N.D. Calif.).

Wal-Mart will appeal the decision, said Theodore J. Boutrous, the company's chief counsel on appeal and a partner at Gibson, Dunn & Crutcher in Los Angeles.

"We feel we have excellent arguments for en banc review in the 9th Circuit and to the Supreme Court," Boutrous said, arguing that this ruling conflicts with class action certification laws in other jurisdictions.

"We do not feel it is fair for the plaintiffs to act that the court has made a decision on the merits," he said. "This ruling does not speak to the merits of the plaintiffs' claim."

A LIFE CHANGE

Seligman founded The Impact Fund after working 11 years as a plaintiffs class action lawyer in a small Oakland, Calif., firm, Saperstein, Seligman, Mayeda & Larkin. He became managing partner of the firm, and then realized his career was becoming too demanding.

"I was 40 and I was a single parent, and I realized it just wouldn't be as much fun for me, so I resigned," he said. "Then I realized I made more money than I planned to make and I wanted to find a way to give it away."

He thought of creating a fund from which he could give grants to attorneys who have clients and cases, but do not have enough money to go through litigation. He quickly learned that it wasn't just money that other attorneys sought. They also wanted to learn from his experience and expertise as a class action attorney.

"I started to spend much more time talking to people than giving away money," Seligman said.

And so he started a training program and working as co-counsel on certain cases. Seligman became interested in Wal-Mart when Stephen Tinkler, now an attorney with Tinkler & Firth in Santa Fe, N.M., called him for information on how he should best carry out a gender discrimination class action against the retailer.

Seligman's idea was to put together a unique team made up of a mix of nonprofit organizations and private firms to represent the class against Wal-Mart. The nonprofit groups, in addition to The Impact Fund, are Equal Rights Advocates in San Francisco, which specializes in sex discrimination cases, and Public Justice Center, a Baltimore nonprofit firm. The firms are Cohen, Milstein, Hausfeld & Toll in Washington; Davis Cowell & Bowe in San Francisco; and Tinkler & Firth and Merit Bennett P.C. in Santa Fe.

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Together, 18 attorneys worked through discovery, Seligman said.

Irma Herrera, executive director of Equal Rights Advocates, said the attorneys reviewed more than one million documents. "We were criss-crossing the country taking depositions of Wal-Mart employers and preparing the employees," she said.

Bark And Hold (WP)

The Washington Post, February 23, 2007

THE POLICE of Prince George's County deserve a pat on the back for mending their canine unit's ways. What for too many years had been a barrage of grisly brutality reports has given way to dramatically fewer injuries to suspects and other people. As reported last week by The Post's Ruben Castaneda, the canine unit, which had been operating under a Justice Department consent decree because of allegations of excessive force and lack of accountability, is being freed of federal oversight.

The statistics -- and the views of citizen groups that used to complain constantly about snarly, excessively ferocious dogs -- indicate significant improvement. During a seven-year period from the mid-1980s to the early 1990s, county police dogs were involved in nearly 800 biting incidents, according to an internal police report included in a federal civil lawsuit against a canine handler. Last year, county police dogs apprehended 55 suspects without biting them, a result of steady training of the dogs to "bark and hold," not bark and sink their teeth.

Police Chief Melvin C. High says his leaders and the rank and file have "worked really hard to get to this place." Better still, he acknowledges that "this is just the first step in what we're about," which he calls "constitutional policing." We call it encouraging news for all county residents.

ANTITRUST:

$1.75M Fine Ends Probe Of Concrete Price-fixing (INDYSTAR)

By Kevin Corcoran

The Indianapolis Star, February 23, 2007

Noblesville company, 1 of 4 fined a total of $35.2M in penalties, will pay over 5 years

A probe into concrete price-fixing in the Indianapolis area, which sent nine current or former executives to prison, ended after more than three years Thursday with yet another corporate fine.

The $1.75 million penalty levied against MA-RI-AL Corp. during a U.S. District Court sentencing completed a sweeping antitrust investigation into agreements among more than a half-dozen companies to limit discounts on bid work from July 2000 through May 25, 2004

MA-RI-AL, a Noblesville company doing business as Beaver Materials, agreed Thursday to settle its November conviction by paying the fine in installments over five years.

The company's co-owners, Allyn M. and R. Gary Beaver, who were not charged in the investigation, agreed to the settlement with representatives of the U.S. Department of Justice.

Chief U.S. District Judge Larry J. McKinney accepted the negotiated fine as a fair punishment that would send a message to other corporations about the risks of fixing prices without putting Beaver Materials out of business. The company also got five years' probation.

Companies involved in the conspiracy, including those whose executives cooperated with the Justice Department Antitrust Division and FBI, also face civil suits from customers to recover any overcharges.

Beaver's defense attorney, James Voyles, said an agreement was possible because the Justice Department's accountants and the company's experts were relatively close in assessments of the firm's ability to pay a fine.

Going into the sentencing hearing, Beaver Materials asserted it could afford no more than $1.1 million. Federal prosecutors were seeking a $2.5 million fine.

Beaver sells about $15 million a year of ready-mix concrete, mostly to homebuilders in fast-growing suburbs north and south of Marion County, and employs nearly 90 people.

In all, four Indianapolis-area companies paid $35.2 million in fines stemming from the case.

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The price-fixing scandal became public in June 2005, when federal prosecutors announced a $29.2 million fine against Greenfield-based Irving Materials Inc., the largest fine ever paid in a domestic price-fixing conspiracy.

Company operations manager Christopher A. Beaver, 42, Noblesville, who was convicted at the same November trial as his firm, filed notice Tuesday that he will appeal his 27-month federal sentence imposed Feb. 9 for price fixing and lying to the FBI.

He and his cousin, Ricky J. Beaver, 43, Noblesville, the company's sales manager, received stiffer prison terms than the leaders of the conspiracy, who pleaded guilty and cooperated with the government.

Ricky Beaver chose not to appeal his 27-month prison term. Both men have acknowledged lying to the FBI during surprise interviews, but said they did not participate in price-fixing.

Federal antitrust officials won't say whether more charges could result from alleged price-fixing schemes in Bloomington, Marion and Muncie, where Irving Materials officials have acknowledged participating in additional price fixing.

Plea Deal In Bid-rig Scheme (NSDY)

By Robert E. Kessler, Robert.kessler@newsday.com

Long Island Newsday, February 23, 2007

Pennsylvania execs admit they conspired with LI company in $200G contract to sell slings to Navy carriers

Two executives of a Pennsylvania defense contractor pleaded guilty yesterday in federal court in Central Islip to charges of bid-rigging in connection with a contract to sell the Navy slings that are used to move bombs and other munitions on aircraft carriers, officials said.

Thomas Cunningham, 61, the vice president of Total Industrial & Packaging Inc., of McKee's Rocks, Pa. - a Pittsburgh suburb - and Richard Barko, 44, the company's general manager, admitted they conspired with a Long Island company to criminally violate antitrust laws. The Long Island company involved in the $200,000 contract was not identified in court papers. The contract was to provide slings known as metal sling hoist assemblies, officials said.

According to officials, Barko and Cunningham, along with other unnamed conspirators, met between August 2003 and January 2004 and agreed on who would win the bid on the slings and that they all would submit non-competitive bids, officials said.

As part of a plea bargain, Cunningham and Barko agreed to cooperate with an ongoing investigation into bid-rigging by the Antitrust Division of the Justice Department and the Defense Criminal Investigative Service, officials said.

Neither their attorney nor the company could be reached for comment.

Thomas Barnett, the assistant attorney general in charge of the antitrust division, said in a written statement: "We will continue to seek out and prosecute those who subvert the competitive bidding process."

Barko and Cunningham each face up to 6 months in prison and a fine of $10,000 when they are sentenced.

Sirius-XM Merger Faces Major Hurdle Over Antitrust Issues, Experts Say (BLOOM)

Bloomberg, February 23, 2007

Sirius Satellite Radio Inc. and XM Satellite Holdings Inc. will have trouble persuading the U.S. Justice Department to approve their $4.84 billion merger because the combination appears to threaten competition, antitrust experts say.

Antitrust enforcers won't readily accept assertions by Sirius and XM that satellite radio competes for listeners with broadcast radio, iPods and music downloads by cell-phone users, said Herbert Hovenkamp, who teaches antitrust at the University of Iowa law school. The Justice Department probably won't agree with that "fairly common error," he said.

Satellite radio can be viewed as "a unique technology" controlled by "two firms that have been duking it out," Hovenkamp said. "Since they have the whole thing, that would make this a merger to monopoly."

The test for the Justice Department, he said, will be whether Sirius and XM could impose a price increase without losing customers.

How the Justice Department defines the market is crucial to the outcome of its merger review. The agency's guidelines say that determination hinges on whether the merging companies can impose a "small but significant and nontransitory" price increase on customers without forcing them to shift to other products.

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If enough customers switch products and thus cancel out any profit from a price increase, the market must include these other products, the guidelines say.

"XM and Sirius are competing for consumers' attention and entertainment dollars from multiple products and services in the highly competitive and rapidly evolving audio entertainment marketplace," Gary M. Parsons, XM's chairman, told investors in a Tuesday conference call. "Satellite radio is still a small player."

Parsons also sought to dispel fears the combined company would raise prices.

The merged company can't continue to grow unless it meets "consumer expectations on both price and programming," he said.

Sirius and XM declined to comment beyond citing public statements by Parsons and Mel Karmazin, chief executive officer for Sirius. Karmazin echoed Parsons' analysis on the conference call.

In recent government reviews of media mergers, antitrust officials have narrowly defined the markets in which the combining companies compete, said David Balto, a former Federal Trade Commission official.

Sirius-XM Merger Would Send Wrong Signal (WP)

By Steven Pearlstein

The Washington Post, February 23, 2007

Here's what to expect if the Justice Department and the Federal Communications Commission allow Sirius and XM to merge, creating a monopoly in the satellite radio business:

Clear Channel will start buying every radio station in America that it doesn't already own.

Apple will be able to buy any company that begins to challenge its dominance in the market for portable music players.

Comcast will begin merger talks with Time Warner Cable.

And there will be nothing standing in the way of a marriage of NBC and CBS.

All that will be possible because the government will have declared that there is so much competition between the different technologies in the market for digital material -- and the outcome of that competition is so uncertain -- that there is no reason to worry about consolidation of companies using the same technology.

This is the Powell Doctrine -- not the one about overwhelming force enunciated by Gen. Colin Powell when he was chairman of the Joint Chiefs of Staff, but the one promulgated by his son, Michael Powell, while he was chairman of the FCC. The younger Powell was guided by this doctrine in giving the green light to consolidation in almost every corner of the telecommunications sector. In the one instance he deviated from that position -- blocking the merger of EchoStar and DirecTV -- it was narrowly, on the ground that there weren't enough broadband competitors in many rural areas.

There is something to the idea that antitrust regulators should use a lighter touch, and exercise greater humility in predicting what might happen, during periods of rapid technological change. But even discounting for that, there are plenty of reasons for the government to block an XM-Sirius merger, which would create a monopoly.

Let's start with the obvious, which is that that while there are now multiple sources for digital music, they aren't perfect substitutes for each other.

I like radio, my wife will listen only to CDs, my daughter prefers her iPod, and my son will enjoy the convenience of getting music on his cellphone when that service finally takes off. Any of us could switch if the other channels offered lower prices or superior quality, but the differences would have to be pretty significant to overcome habit and personal preference.

Moreover, people are somewhat locked into their current choice by the investment they've made in equipment or contracts with companies. In that way, too, customers are "sticky."

The different technologies also have different business models, complicating the terms of competition. Old-fashioned radio makes its money from advertising, so it is hard to see how it could discipline the XM-Sirius monopoly for raising prices. Nor could Apple, which makes its money selling devices and downloaded songs. And we don't even know yet what the business models will be for Internet radio or music over cellphones.

In fact, XM and Sirius really offer two services. One is music programming. The other is the delivery of that programming via satellites and ground stations. Most of their customers buy the package, but not all. I get limited XM service as part of my

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DirecTV subscription, and in the future one can imagine cellphone operators and cable companies and maybe even old-fashioned radio stations contracting with XM or Sirius for programming. A merger would reduce their choice of suppliers.

In the same way, XM and Sirius are engaged in furious bidding wars to get different auto companies to install their systems as standard features and options. Obviously, that kind of competition will disappear after a merger -- in fact, the companies say explicitly that would be a benefit of the merger. At the same time, it works to the detriment of car buyers.

As for consumer choice, the companies argue that by eliminating duplicative folk channels and '80s rock channels, the merger will give them the money and bandwidth to launch even more specialty channels. Of course, we have no assurances of that. And as anyone with 500 channels of cable knows, there is a diminishing return to that kind of "variety." My hunch is that music lovers would be better off if XM and Sirius continued to compete by providing the best and most innovative jazz channels, for example, than offering me only one jazz channel along with another specializing in East European folk dances.

Moreover, you can bet your Gilbert Arenas game jersey that XM-Sirius would try to use its new clout and financial resources to outbid competitors for the exclusive audio rights to major sporting events, including those of your local teams.

XM and Sirius are correct when they argue that we are about to enjoy a competitive free-for-all among various companies and technologies to determine which is the most effective in bringing digital music to consumers. It is a process that will foster innovation and greatly benefit consumers. But for precisely that reason, this is the wrong time to give one technology a leg up in that competition by allowing it to become a monopoly, while other companies are forced to compete on two fronts -- against other companies using the same technology, and against companies using different technologies. By approving the XM-Sirius merger, the government would be stacking the deck in favor of satellite radio.

Moreover, history suggests that one or two of the technologies will eventually prevail by proving itself more effective and efficient. And if one of the survivors is satellite radio, consumers will find themselves worse off because the government had allowed a monopoly.

What we have here, folks, is a case of two money-losing companies locked in what has become ruinous competition, from which they hope to escape by merging. It may be that, given the economics of the business, there is room for only one to survive and prosper. But if satellite radio is such a "natural monopoly," consumers will be better off if the companies are forced to duke it out until one prevails and the other dies. The antitrust laws were designed to foster competition, not to foreclose it by bailing out competitors that overpaid for talent, over-invested in plant and equipment or over-promised results to their investors.

Steven Pearlstein can be reached atpearlsteins@washpost.com.

Reject Their Request (USAT)

By Jimmy Schaeffler

USA Today, February 23, 2007

When the Federal Communications Commission approved the creation of satellite radio in 1997, it had an option: Provide an exclusive license to one company, or authorize competing licenses that ensured consumer choice and lower marketplace prices. It wisely opted for the latter, saying: "One licensee will not be permitted to acquire control of the other remaining satellite licensee. This prohibition on transfer of control will help assure continuing competition."

This wording stemmed from the commission's core DNA, which prompts it to act on behalf of consumers by embracing competition, localism and diversity deemed to be "in the public interest." Now, after XM and Sirius have fought ferociously for 10 years, they come on bended knee before policymakers, begging for a government-sanctioned monopoly.

Their request should be rejected, as was a similar monopoly merger proposed by satellite television providers DirecTV and DISH Network in 2001.

Let's review facts: Combined, XM and Sirius have about 14 million subscribers. They compete in a finite industry: satellite radio. Moreover, it is disingenuous, if not ludicrous, to suggest that XM and Sirius face financial woes because of threats from Internet radio, iPods or alternative music platforms.

XM and Sirius have no one to blame but themselves for their alleged financial worries. Now they seek a government bailout for their shockingly bad business decisions.

Paying individual talent hundreds of millions of dollars may make sense in the NBA or NFL, both established businesses. To pay it for individual talent in a fledgling entertainment start-up is preposterous. Yet that has been the XM-Sirius business model. Now they ask the government — and consumers — to cover the tab. And they ask consumers to settle for considerably less choice, which is what monopolies do.

It took DirecTV and DISH Network well over a decade to gain their financial legs in the satellite TV business. XM and Sirius have sustainable businesses that can operate quite well in satellite radio — right now — as separate entities. They don't need a monopoly; all they need is a class in Business 101 and a little common sense.

Jimmy Schaeffler is a senior analyst at The Carmel Group, a telecommunications and media consulting organization.

Sirius And XM Together Makes Sense For Listeners (USAT)

USA Today, February 23, 2007

Remember the "baseball, hot dogs, apple pie and Chevrolet" car ad from the 1980s? Turns out it was prescient. While the food is still sold separately, baseball now comes free with many Chevys, at least for a three-month introductory offer.

That's because General Motors has a deal to build XM Satellite radios into Chevys and its other cars. And XM has a deal with Major League Baseball.

Satellite competitor Sirius is frozen out of both. But it has the NFL and NBA contracts, which means that if there's a Ford in your future, football and basketball aren't far behind. Not a sports fan? Oprah is on XM; Martha Stewart is on Sirius.

As Stewart might say, that is not a good thing. It makes little sense that sports fans must decide between every single pro football game and no baseball games, or vice versa. Nor does it make much sense that people's listening preferences should enter into their car-buying decisions.

That's one reason the proposed XM-Sirius combination, announced this week, may be the rare merger that is good for consumers.

Before the federal government approves the deal, of course, it should be thoroughly vetted. The salient question for regulators is whether satellite radio is a market unto itself, in which case a merger would create a monopoly, or whether it is part of larger universe that includes broadcast radio and an array of existing and emerging technologies.

If it's the latter — and a strong case can be made that it is — the merged entity would represent a more potent competitor to entrenched broadcast interests, one that would offer its customers a more enticing and complete product.

Satellite clearly competes with ground-based radio. If it didn't, the National Association of Broadcasters wouldn't be trying to restrict the traffic and weather channels offered on the satellite services, nor would it be so concerned about an XM-Sirius merger.

Satellite competes at a disadvantage with traditional radio. Broadcasters can offer programs free in part because they don't pay the government for use of the airwaves. Sirius and XM had to pay about $90 million each for a tiny fraction of the space on the airwaves that broadcasters enjoy. If the government insists on maintaining such an uneven playing field, the least it can do for satellite is unshackle it.

Satellite listeners would end up paying more than the $12.95 a month they currently pay, as well they might expect if they get more content. But the merged company might offer à la carte pricing options and would face natural constraints. The more it charged, the more listeners would opt for free broadcast radio, MP-3 devices or new car-based Internet options being developed.

The case against the proposed deal would be stronger if XM, with 7.6 million subscribers, and Sirius, with 6 million, were strong and profitable companies. Both, in fact, have been big money losers, hemorrhaging $6 billion collectively in less than a decade.

The most pressing question is not whether XM and Sirius would be too powerful if they merged; it is whether they can survive if they don't. And the best way to ensure survival is to let them combine. Baseball goes with Chevrolet, so why not also with football, basketball, Howard Stern and Martha Stewart?

Apple And Cisco Settle Dispute Over IPhone Name (FT)

By Kevin Allison in San Francisco

Financial Times, February 23, 2007

DOJ_NMG_0135636

Shares of Apple and Cisco Systems were little changed yesterday after the companies settled their dispute over the use of the iPhone name by announcing an agreement to share the controversial trademark.

The accord put to rest a month-long dispute that began when Apple launched the iPhone, marking the computer maker's long-awaited foray into the mobile handset market.

Apple and Cisco said they had reached agreement to share the iPhone name, allowing each to apply the name to products sold around the world.

Under the agreement, both sides agreed to "explore opportunities for inter-operability in the areas of security, and consumer and enterprise communications".

Other terms of the deal were not disclosed. The agreement represented a concession on the part of Apple, which had originally resisted calls to make the iPhone compatible with other companies' hardware.

But Gene Munster, an analyst at Piper Jaffray, said he was sceptical over whether Apple was serious about making its hardware and software compatible with rival products. "It's good lip service from Apple," he said. "I don't know what's really in it for them."

Apple has long preferred closed, proprietary systems, which lock customers into using Apple hardware and software.

Music bought from the Apple's iTunes online music store, for example, will not play on music players other than Apple's iPod.

"Apple feel that by having a closed system they can have better products," said Mr Munster. "Their perspective is they can have a lot tighter experience if they control it and keep variability out of it."

Cisco filed a lawsuit seeking to block the computer maker from using the name iPhone shortly after Steve Jobs, Apple's co-founder and chief executive, unveiled the mobile handset at a January trade show.

Cisco, the world's biggest maker of data networking equipment, had earlier begun marketing its own line of iPhone internet telephones with the trademark it acquired seven years ago.

The iPhone settlement came weeks after Apple settled a long-running trademark dispute over the use of the Apple name with Apple Corp, the Beatles' record label.

It comes as Apple faces growing pressure to open iTunes by stripping out digital rights management software that limits the ability of music downloaded from the online store to play on rival music players.

Consumer rights groups and agencies in Denmark, Finland, France, Germany, Norway, the Netherlands and Sweden have filed complaints in recent months seeking to remove the software limitations.

Apple's shares fell fractionally yesterday to $89.17 by mid-day. Cisco's shares slipped 0.2 per cent to $27.33.

South Korea Fines Four Refiners For Price-Fixing (WSJ)

By Kyong-Ae Choi

Wall Street Journal, February 23, 2007

SEOUL, South Korea -- South Korea's antitrust regulator said it fined four domestic refiners a combined 52.6 billion won ($56.1 million) for colluding to fix the prices of light-oil products in 2004.

The country's top four refiners -- SK Corp., GS Caltex Corp., S-Oil Corp. and Hyundai Oilbank Corp. -- colluded to coordinate the prices of light-oil products diesel, gasoline and kerosene from April 1 to June 10, 2004, according to the Korea Fair Trade Commission.

"The collusion has incurred 240 billion won in damages to customers, which is equal to 15% of their combined sales worth 1.6 trillion won during the cited period," said Song Sang Min, a commission official.

During the 71-day period, international oil prices rose by the equivalent of 20 won a liter, but the four companies raised the prices of the three light-oil products by 40 won to 70 won a liter.

The commission said it has also filed a complaint with prosecutors for further investigation against the four refiners.

"We believe the FTC's decision today does not reflect the facts and the realities of the marketplace," said SK Corp. spokeswoman Katharine Kho. "Therefore, further administrative actions including an appeal will be carefully reviewed, so the commission's announcement today should not be considered the final judgment on this issue."

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A GS Caltex official said "we will appeal the FTC ruling because we were not involved in the collusion in 2004."

SK Corp., the country's largest refiner by capacity, was fined around 19.2 billion won, while GS Caltex was fined 16.2 billion won, Hyundai Oilbank 9.3 billion won and S-Oil 7.8 billion won.

Traverse Mountain Antitrust Suit Fails (SLT)

By Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, February 23, 2007

Allegations against home developer SunCrest don't meet criteria, judge rules

For the second time, a federal judge has thrown out a lawsuit that accuses the developer of a planned community on Traverse Mountain in Draper of antitrust violations.

U.S. District Judge Dee Benson ruled that U.S. General Inc. and DJ Investment Group failed to specify alleged conduct by developer SunCrest LLC that would be considered an antitrust violation.

"An antitrust claim requires harm to the competitive process, not simply harm to a particular competitor," Benson wrote in his Feb. 14 decision dismissing the suit.

He also wrote that Traverse Mountain does not constitute an economic market as defined in antitrust law.

SunCrest is building its community high atop Traverse Mountain, which is in an area that straddles Salt Lake and Utah counties. DJ Investment owns adjoining land and wants to build its own community with U.S. General, a construction company.

DJ Investment and U.S. General filed suit in November 2005, accusing SunCrest of conspiring with Draper city officials to shut them out of developing their land. They claimed that during secret meetings, Draper and SunCrest agreed to create protection strips that would limit access by the two companies to the DJ Investment property.

SunCrest and Draper strongly denied all of the allegations. In June 2006, U.S. District Judge Ted Stewart threw out the suit. Within days, DJ Investment

Advertisement

and U.S. General filed a new lawsuit that made the same claims but had a more detailed argument about the alleged evidence in the case.

The latest suit described Traverse Mountain as unique and a market in itself.

"It is the only location along the Wasatch Front where its homes are primarily located above the winter inversion and summer smog," the suit said. "As such, many homeowners have purchased in that area solely for the purpose of escaping health hazards caused by those conditions, creating a unique market which involves only this area."

The amount of damages sought were unspecified. However, a claim letter sent to the city of Draper said DJ Investment's losses were at least $40 million.

FTC Clears AIG Acquisition Of U.S. Ports (AP)

AP, February 23, 2007

Federal Regulators Approve AIG Unit's Acquisition of U.S. Port Operations From Dubai Firm

WASHINGTON (AP) -- Federal antitrust regulators said Thursday they approved American International Group Inc.'s purchase of six U.S. port operations from Dubai Ports World.

DP World, which is owned by the government of Dubai, touched off a political firestorm over port security in early 2006 when it acquired the operations from a British firm.

The Federal Trade Commission cleared the transaction without requiring any changes to the deal.

AIG's Global Investment Group first announced it would buy DP World's U.S. port operations in December 2006. The deal stumbled earlier this month when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal.

After Senators Charles Schumer, D-N.Y., and Robert Menendez, D-N.J., pressured the Port Authority, it reached a deal with AIG Feb. 16.

AIG's shares fell 35 cents to close at $69.34 on the New York Stock Exchange.

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EU Clears ProSiebenSat.1 Acquisition (AP)

AP, February 23, 2007

EU Clears Private Equity Groups to Buy German TV Network ProSiebenSat.1

BRUSSELS, Belgium (AP) -- The European Commission on Thursday cleared the sale of Germany's biggest commercial TV broadcaster ProSiebenSat.1 Media AG to a consortium controlled by private equity groups, saying it found no antitrust problems.

U.S. fund Kohlberg Kravis Roberts & Co. and British-based Permira plan to merge ProSieben with their other broadcasting asset, Dutch-Scandinavian SBS, with the aim of overtaking European industry leader RTL Group SA, which is controlled by media conglomerate Bertelsmann AG. Permira also controls British TV rights manager All3Media.

An antitrust investigation found ProSiebenSat.1 and SBS were not direct rivals and All3Media's TV content sales in Germany were negligible.

"The Commission concluded that there was no risk that the proposed transaction would allow the new entity to drive competitors out of the market or to discriminate against them," it said.

ProSieben owns the Sat.1, ProSieben, kabel eins and N24 networks in Germany and controls about 45 percent of Germany's $5 billion television advertising market.

The consortium will pay German Media Partners 3.1 billion euros ($4 billion) cash for the 50.5 percent stake in the company that it acquired in 2003 and has launched an offer to acquire the publicly traded shares.

Separately, ProSieben said Thursday that its fourth-quarter profit rose by 17 percent thanks to increased advertising, but the figure was still short of analysts' expectations.

It earned 113.4 million euros ($149.1 million) in the fourth quarter, up from 96.9 million euros a year earlier.

Analysts polled by Dow Jones Newswires had expected 122 million euros ($160 million).

Sales rose 3 percent to 657 million euros ($863.6 million), below analysts' expectations of 670 million euros ($880.7 million).

http://www.prosiebensat1.com/

Planned Merger Angers Black Farmers (JCL)

By Julie Goodman

Jackson (MS) Clarion-Ledger, February 23, 2007

Black farmers in Mississippi and around the country are bracing for a major seed company merger they say threatens to create a monopoly that will price them out of the farming business.

St. Louis-based Monsanto Co. is forging ahead with a plan to purchase Mississippi's Scott-based cottonseed company Delta and Pine Land, and a national black farmers group says its opposition to the deal has gotten lost in the mix.

"If this merger goes through, it's going to have a drastic effect on black farmers and small farmers around the country," said John Boyd Jr., president of the National Black Farmers Association.

"If this merger goes through, there is literally no competition for cottonseed, soybean seed and corn seed, genetically engineered."

The association represents 80,000 members around the country, primarily small producers, and has its biggest membership in Mississippi.

Delta and Pine Land operates the largest and longest-running private cottonseed breeding program in the world while Monsanto, one of the world's largest agricultural products companies, makes Roundup, the world's best-selling herbicide.

The deal, still awaiting U.S. Department of Justice approval, would mean a monopoly on the market, and seed prices would shoot up, Boyd said.

"It would be just like going to one supermarket and that supermarket sets the price for everything and we don't have any option but to go to that one supermarket."

Monsanto, which sells seeds and also licenses technology for insect protection and herbicide tolerance - one way farmers can help keep costs low - could not say whether prices would go up.

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"It's difficult to speculate on pricing decisions in the future, but I would say that bottom line is, we've always looked to price our technologies based on the value the technology and the seed is delivering to the farmer," said company spokesman Lee Quarles.

Monsanto broadly licenses the technologies to other cottonseed companies so farmers can access the technologies in the seed brands they prefer to plant, he said.

A portion of the money the company makes is reinvested into new technology for farmers, including cotton farmers.

Quarles said a monopoly is not in the works, pointing to other companies farmers will have access to, including Stoneville, which Monsanto currently owns and could become an independent brand if the merger goes through.

"Just as we have announced that we would have a proposed merger with Delta and Pine Land, we've also announced that we would divest of the Stoneville business if that's required by the Department of Justice."

Boyd, who raises corn, soybeans and wheat, said he has asked Congress to hold hearings on the issue, but has not yet heard back on a decision.

One farmer in Mississippi, Rodalton Hart, fears he will go out of business if the merger goes through.

"You ain't got no control over it and with the cost of fertilizer and chemicals and everything that goes in to it, ain't no way anybody can survive," said Hart, 56, a cotton farmer in Lexington with 1,500 acres.

"They can go up as high as they want to go and you ain't got no control over it. It's just like the airlines. You can't control it," he said.

"You have to pay labor; you have to pay rent; you got to pay for seeds and chemicals ... equipment. It just goes on and on and on. I mean, everything comes out of the farmer's pocket."

The stakes are already high in farming, Hart said.

"Farming is risky. You're already on the edge. You're already on the verge ... Ain't no way you can survive," he said.

"Unless the government steps in and regulates the prices, we're just messed up."

Esmark: Deal For Weirton Is Dead (AP)

By Vicki Smith

AP, February 23, 2007

CHARLESTON, W.Va. - A deal to sell the Weirton division of Mittal Steel Co. to Illinois-based Esmark Inc. is dead, Esmark President Craig Bouchard told The Associated Press on Thursday.

To comply with a federal Justice Department decree, Mittal was ordered this week to sell its Sparrows Point mill in Maryland instead of the former Weirton Steel, across the Ohio River from Steubenville, Ohio, where workers had volunteered to be sold and where Esmark had already made an offer.

The government said selling the mill near Baltimore was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel. The decree did not prevent Mittal from making a separate deal to shed Weirton, but Bouchard said the company told him Wednesday night that it would keep the West Virginia operations for now.

"As of right now, our deal with Mittal for Weirton is dead," he said.

Mittal spokesman William Steers said a January memorandum of understanding with Esmark is no longer valid because it was conditioned on the Justice Department's acceptance of the sale as a remedy to the antitrust concerns.

"At this point in time, we're focused on developing a global packaging strategy, and Weirton will be part of that," Steers said. "We want to focus on seeing whether we can improve its profitability, retain that business and develop its prospects."

The 1,250-member Independent Steelworkers Union said it has been assured Mittal "remains committed" to keeping a mill in West Virginia.

"The ISU leadership will continue to explore all ideas and strategies that will benefit the union membership," said spokesman Dave Gossett. "The men and women of Weirton are survivors and the steel business, with the cooperation of Mittal Steel USA, will remain alive and well in Weirton."

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Justice officials had initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany.

That left Mittal with the choice of selling one of its two U.S. assets in the tin market, Sparrows Point or Weirton.

Justice ruled that Sparrows Point is "a profitable and diversified facility" with its own in-house supply of slab steel, while Weirton would have to develop new sources of slab after separating from Mittal.

Esmark, a steel supplier that has acquired 10 companies since its founding in 2003, is now looking at a possible deal for Sparrows Point, Bouchard said. Though the United Steelworkers has said it will fight any sale that is not in the best interest of its members, the union has a long-standing relationship with Esmark CEO James Bouchard.

The USW backed Esmark last fall when it led a successful proxy fight to seize control of Wheeling Pittsburgh Corp., rejecting the former management team's plan to merge with a Brazilian steelmaker.

The USW has the right to reject a potential change in ownership. However, the union cannot appeal the Justice Department ruling on behalf of its 2,100 union workers at Sparrows Point.

Mittal must sell the Maryland plant by May 21 or an appointed trustee will arrange a deal. That deadline could be extended by up to 60 days.

Mittal's $33 billion merger with Arcelor, which would create the world's largest steel company, cannot proceed without the sale of Sparrows Point.

Chief Financial Officer Aditya Mittal said this week he was disappointed he could not sell Weirton. So were the Bouchards, who set their sights on Weirton within hours of winning the battle for Wheeling-Pitt.

The independent union at Weirton wanted their mill to be sold because it had failed to thrive under Mittal's ownership, and Esmark saw the two West Virginia companies as a logical fit.

After years of deep losses, Weirton Steel filed for Chapter 11 bankruptcy in May 2003 and was sold twice in 18 months, first to International Steel Group, then to Mittal. Almost immediately, Mittal shut down the blast furnace, stopping the production of raw steel and cutting more than 800 jobs.

Gov. Joe Manchin remains hopeful that Esmark and Mittal will continue to discuss a possible deal, spokeswoman Lara Ramsburg said.

Esmark is a leader in the consolidation of U.S. steel service centers and is aiming to dominate the Midwest market for steel by buying up distribution companies, steelmakers and finishing facilities.

It buys more than 750,000 tons of steel products every year and can produce more than 350,000 tons of electrogalvanized steel annually.

Microsoft Hit With $1.52 Billion Verdict In MP3 Suit (WSJ)

By Robert A. Guth And Nick Wingfield

The Wall Street Journal, February 23, 2007

A federal jury ordered Microsoft Corp. to pay $1.52 billion to Alcatel-Lucent SA for infringing patents on a fundamental technology for digital music.

The decision found that Microsoft's Windows Media software had infringed two patents related to MP3, a software technology for recording and playing digital audio.

The patent verdict, one of the largest on record, could have broad repercussions because of the widespread use of the MP3 audio format in technology and electronics products. Devices that employ the technology include Apple Inc.'s iPod, software from Macromedia and Internet services from Yahoo Inc.

Daniel Harris, an intellectual-property attorney at Clifford Chance in Washington, D.C., said the decision "has great consequence for the industry as a whole, not to mention every company that implements MP3 technology."

The decision came from the U.S. District Court in San Diego. The battle began with a 2003 lawsuit filed by Lucent Technologies Inc., which was bought last year by Alcatel. The complaint alleged that Microsoft customers Dell Inc. and Gateway

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Inc. infringed 15 patents related to the MP3 technology for encoding and decoding audio files. Those companies sell personal computers that include Microsoft's player technology, which uses MP3.

'Declaratory Action'

Development of MP3 technology was led by engineers at Bell Laboratories and Fraunhofer Institute in Germany, drawing on patents Bell held on methods for compressing data. (Bell Labs later became a part of Lucent). Microsoft said it paid Fraunhofer $16 million to license the technology.

In April 2003, Microsoft joined the case through a "declaratory action," a suit against Lucent that asked for a ruling that Microsoft and its customers didn't infringe any claims and that the patents Lucent asserted weren't valid. The patents are being reviewed in six separate jury trials in San Diego. The decision yesterday was the first.

Tom Burt, Microsoft's deputy general counsel said the verdict is "completely unsupported by the law or the facts." He said Microsoft will respond by asking the court for relief to set aside all or some of this verdict. "If we don't get relief from the trial court then we will definitely appeal this verdict," Mr. Burt said.

• The News: A jury ordered Microsoft to pay $1.52 billion to Alcatel-Lucent for infringing patents on the MP3 format widely used for digital audio.

• The Background: Inventors of the MP3 format include Fraunhofer and Bell Laboratories, whose patents are now owned by Alcatel-Lucent.

• What's Next: Microsoft hopes to get the ruling overturned by the trial judge or an appeals court; Alcatel-Lucent could sue others using the technology.

Joan Campion, a spokeswoman for Alcatel-Lucent, said, "We have made strong arguments supporting our view and we are pleased with the court's decision."

Mr. Harris, the attorney with Clifford Chance, said the case is "long from being over" given the likelihood of a Microsoft appeal. He said 40% to 50% of patent verdicts are reversed on appeal. Mr. Harris predicts Alcatel will wait until its battle with Microsoft is done before taking action against other companies in the market.

Format Is Lingua Franca

"It wouldn't make sense to start suing everyone else until this case is resolved on the merits," he said. Alcatel's Ms. Campion declined to comment on whether Alcatel intends to pursue licensing talks with or litigation against other technology companies in the digital-audio market.

The jury verdict involves an audio format that has become the lingua franca of music in the digital era, used in products from iPods to car stereos to videogame consoles. MP3 -- the shorthand term for Moving Picture Experts Group 1 Audio Layer 3 -- is a technology for converting audio into digital form and compressing it into a file size that makes it easier to transmit over data networks.

In the late 1990s, MP3s became almost synonymous with pirated music because the format's broad support in music-playback software on PCs made it the choice for the original Napster, a song-sharing network that teemed with illicit copies of music.

The format remains widely supported in software and electronics products today such as the iPod, though Apple sells music in a different format that comes with technology to limit copying. French electronics company Thomson SA handles the licensing of MP3 patents on behalf of the Fraunhofer Institute of Germany.

Microsoft's Mr. Burt argued Alcatel-Lucent was "laying in the weeds" -- while Fraunhofer licensed and the MP3 industry developed -- before jumping in to assert its patents. "Lucent has been asserting these patents against the computer industry since the 1990s," said John Desmarais at the law firm Kirkland & Ellis LLP, which is representing Alcatel-Lucent in the case.

Several patent lawyers said the damages were some of the largest awarded in a patent case. The damages were calculated based on the average selling price of Windows PCs that were shipped world-wide between mid-2003 and 2005. Microsoft's Mr. Burt, meanwhile, argued the damages were "outrageous" given that Microsoft paid just $16 million to Fraunhofer to license the MP3 patents.

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MP3 Patents In Upheaval After Verdict (NYT)

By Saul Hansell

The New York Times, February 23, 2007

Microsoft was ordered by a federal jury yesterday to pay $1.52 billion in a patent dispute over the MP3 format, the technology at the heart of the digital music boom. If upheld on appeal, it would be the largest patent judgment on record.

The ruling, in Federal District Court in San Diego, was a victory for Alcatel-Lucent, the big networking equipment company. Its forebears include Bell Laboratories, which was involved in the development of MP3 almost two decades ago.

At issue is the way the Windows Media Player software from Microsoft plays audio files using MP3, the most common method of distributing music on the Internet. If the ruling stands, Apple and hundreds of other companies that make products that play MP3 files, including portable players, computers and software, could also face demands to pay royalties to Alcatel.

Microsoft and others have licensed MP3 — not from Alcatel-Lucent, but from a consortium led by the Fraunhofer Institute, a large German research organization that was involved, along with the French electronics company Thomson and Bell Labs, in the format's development.

The current case turns on two patents that Alcatel claims were developed by Bell Labs before it joined with Fraunhofer to develop MP3.

"Intellectual property is a core asset of the company," said Joan Campion, a spokeswoman for Alcatel-Lucent. "We will continue to protect and defend that asset."

Thomas W. Burt, the deputy general counsel of Microsoft, said the company would most likely petition the judge in the San Diego case, Rudi M. Brewster, to set aside or reduce the judgment. If she does not, Microsoft will probably take the case to the federal appeals court in Washington, which hears patent cases.

Microsoft argued that one patent in question did not apply to its MP3 software and that the other was included in the Fraunhofer software that it paid to license.

Moreover, it argued that the damages sought by Alcatel were unreasonably high, pointing out that it paid Thomson, which represented the consortium in its dealings over the patent, a flat $16 million fee for the rights to the MP3 software.

"We think this is just plain wrong," Mr. Burt said. "They told the jury to measure damages, not on the value to Microsoft of one of the 10,000 features in Windows, but on the value of the entire computer."

Alcatel argued that the damages should be based on a royalty of 0.5 percent of the total value of Windows computers sold.

John M. Desmarais, a partner with Kirkland & Ellis who represented Alcatel, said the proposed damages were consistent with patent law. He said it was not appropriate to compare them with the $16 million Microsoft paid Thomson because the rights to the Bell Labs patents were far more valuable.

"It's like going to the supermarket and paying $1 for a bar of soap," he said. "That lets you use the soap. We were offering the equivalent of the right to make soap any way they wanted."

The jury supported Alcatel's arguments on every count except one. It deadlocked on the question of whether Microsoft willfully infringed on the Bell Labs patents. If the jury had found that it did, Microsoft would have had to pay triple damages.

"Microsoft has been and to some degree continues to be at a competitive disadvantage, as it did not file for patents for many, many, many years," said Jack Russo, a patent lawyer with Russo & Hale in Palo Alto, Calif.

That makes it harder, he said, to work out deals with other large companies in which they exchange the rights to each other's patents.

Large companies like AT&T and I.B.M. "have huge patent portfolios and that represents large and unpredictable risks for companies like Microsoft," he said.

The judgment is part of litigation by Alcatel to enforce claims related to Bell Labs patents. The case was initially brought against Dell and Gateway, which make computers using Microsoft software. Other trials are pending for technology related to speech recognition, user interfaces and video processing.

Microsoft has countered with a claim, filed with the International Trade Commission, that Alcatel is violating its patents related to messaging technology.

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The largest award for a patent infringement case to date was the $909 million that Kodak was ordered to pay in 1990 to Polaroid for violating patents related to instant cameras. That case also forced Kodak to exit the instant photography market and recall its cameras.

Mr. Burt said the appeals process might take another year or two. He said he did not expect that the courts would force Microsoft to remove the MP3 functions from Windows.

Ms. Campion of Alcatel declined to comment on whether that company would pursue similar claims against makers of MP3 players, like Apple.

An Apple spokesman declined to comment. A Thomson spokesman did not return calls or e-mail messages requesting comment.

If the judgment is affirmed, the damages payment would make only a modest dent in Microsoft's cash hoard, which totaled almost $29 billion at the end of last year.

News of the ruling surfaced just before the regular close. Microsoft's shares closed at $29.39, up 4 cents, and fell 11 cents after hours.

Alcatel-Lucent American depository receipts, each representing one ordinary share, rose 7 cents, to $13.14, in regular trading, and 34 cents after hours.

Microsoft Ordered To Pay $1.5B To Alcatel (USAT)

By Jon Swartz

USA Today, February 23, 2007

SAN FRANCISCO — A federal jury Thursday ruled Microsoft must pay $1.5 billion in patent-infringement damages to telecom equipment maker Alcatel-Lucent in what patent attorneys call one of the biggest judgments ever.

Microsoft says the patents involve converting audio into digital MP3 files on PCs. It plans to appeal.

The news came before markets closed. Shares of Microsoft closed 4 cents higher at $29.39 on Thursday. Alcatel-Lucent's U.S. shares were up 7 cents to $13.14.

"This verdict is completely unsupported by the law or facts," Tom Burt, Microsoft's deputy general counsel, said in a phone interview.

In 2002 and 2003, Lucent, which was acquired by Alcatel last year, filed 15 patent claims against computer makers Gateway and Dell. Microsoft sued Lucent over the claims and was countersued by Lucent. A judge has tossed out two of Lucent's claims and set six trials to consider the remaining patent disputes.

Microsoft says it properly licensed the MP3 technology from Fraunhofer-Gesellschaft, a German research company, for $16 million, in 1997 and 2004.

"We are concerned that this decision opens the door for Alcatel-Lucent to pursue action against hundreds of other companies who purchased the rights to use MP3 technology from Fraunhofer, the industry-recognized rightful licensor," Burt said in an earlier statement.

"We made strong arguments supporting our view, and we are pleased with the court's decision," said Alcatel-Lucent spokeswoman Joan Campion. She declined to discuss details of the decision.

The software giant, meanwhile, says damages were determined by multiplying Windows sales and average PC sales prices worldwide since May 2003.

The same federal court in San Diego will consider the next of the patent lawsuits, this time covering speech coding, in March and April, Microsoft said. Also at issue is video coding on both Microsoft's Xbox video game console and the Windows interface.

"This case could bode ill for the other five patent cases still in the pipeline," says Charles King, principal analyst at Pund-IT.

While the verdict is a public-relations blow to Microsoft, it isn't necessarily a financial one, patent attorneys and software analysts say.

Large jury verdicts on patent-infringement cases are typically appealed, and damages can be reduced significantly or reversed, says Jeff Berkowitz, a software-patent attorney.

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"This thing is far from over," says analyst Matt Rosoff of Directions on Microsoft. He notes Microsoft successfully appealed a $521 million patent-infringement award in 2003 for Eolas Technologies, which developed a Web-browser patent. The case is still in court.

Microsoft Loses Big In MP3 Patent Suit (WP)

By Alan Sipress

The Washington Post, February 23, 2007

A federal jury in San Diego yesterday ordered Microsoft to pay $1.52 billion to Alcatel-Lucent for violating two patents for a technology used by hundreds of companies that allows users to play digital music on computers, cellphones and other portable devices.

The judgment, which lawyers from both sides called the largest patent award ever, raised the prospect that scores of other companies could now be financially liable for using the popular MP3 format.

"Any of the companies that have licensed and implemented that technology have to have great concern about this verdict," said Thomas W. Burt, a Microsoft vice president and deputy general counsel.

Alcatel-Lucent argued that it held the rights to the technology because it was developed at Bell Laboratories, which later became part of Lucent. Alcatel bought Lucent last year. The company successfully argued that Microsoft infringed on the patents by including the digital music technology in its Windows operating system starting in 1998. The same technology later was used in Microsoft's Windows Media Player and is included in the Windows Vista operating system, which was released to the public last month.

Microsoft countered that it had properly licensed the technology from Germany's Fraunhofer Institute, which was involved with Bell Labs in developing aspects of the MP3 format. Only after Microsoft and other companies made licensing agreements with Fraunhofer did Alcatel-Lucent raise its claim, Microsoft argued.

"As a result of the verdict today, the jury determined the patents were developed by Bell Labs and not in conjunction" with Fraunhofer, said Joan Campion, a spokeswoman for Alcatel-Lucent. "We've made strong arguments supporting our view and we are pleased by the court's decision."

Alcatel-Lucent said it would ask for a larger judgment against Microsoft. The $1.52 billion in damages was determined by calculating 0.5 percent of all sales of computers equipped with Windows and lacking the proper licensing from mid-2003 through 2005. John Desmarais, Alcatel-Lucent's lead trial lawyer, said the company would ask that 2006 sales be included.

Burt said Microsoft not only would appeal the jury's findings of patent infringement but also would challenge the amount of the damages. He said it was improper to calculate damages based on the value of computer sales rather than the lesser value of sales of the Windows operating system. He also said that the jury improperly included overseas sales of computers in the calculations.

The issue of whether U.S. patent law can be extended to products made abroad figured prominently this week in arguments before the U.S. Supreme Court in a separate case pitting Microsoft against AT&T.

The verdict yesterday came in one of several patent lawsuits that Alcatel-Lucent brought against Microsoft. Others involve video-file, color graphics and computer interface technologies. Several billion dollars of additional damages could ride on the outcome of these suits, lawyers said.

The judgment surprised industry experts, who said they had not been following the case closely.

"Most of us thought this was going to go bye-bye," technology analyst Rob Enderle said. He said he expected Alcatel-Lucent to approach other companies using MP3 technology and use the verdict "like a club" to collect fees.

About 400 companies have similar licensing agreements with Fraunhofer, according to Thomson Technology, a San Diego company that identifies itself as the "licensing representative of MP3 patents and software of the Fraunhofer Institute." Those companies include Apple, Creative Technology, Real Networks, Palm and Samsung.

Alcatel-Lucent and its lawyers would not say whether they plan to target more companies, but Desmarais signaled that others using the audio-file technology could be vulnerable.

"For anyone who implements the standard, the same arguments would apply," he said.

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Staff writer Mike Musgrove contributed to this report.

Microsoft Hit By $1.5bn Award (FT)

By Richard Waters

Financial Times, February 23, 2007

Microsoft has been hit with a $1.52bn patent infringement award, one of the biggest on record, in a case that it warned would have sweeping implications for many technology companies involved in digital music.

The award was won on Thursday by Alcatel-Lucent after a jury in a US district court in San Diego agreed with its claim that the software giant had infringed two of its patents.

The dispute surrounded Microsoft's use of MP3 technology, a format for encoding and compressing digital music so that it can be transmitted over the internet.

Tom Burt, Microsoft's deputy general counsel, rejected the verdict as "completely unsupported by the law or the facts", and predicted the ruling would have implications for "hundreds of other companies who have licensed MP3 technology".

An Alcatel-Lucent spokesperson said there were no other lawsuits outstanding over the technology.

The large size of the award highlights the scale of the risk to Microsoft as it faces a series of other wide-ranging legal disputes with Alcatel-Lucent over some of the fundamental technology used in PCs and related devices.

Thursday's verdict, stemming from the use of audio coding technology in PCs, was the first of five due to be heard by the San Diego court in the coming months. The others relate to speech coding technology in Windows; user interface patents; technology in the Xbox games console; and video coding in other Microsoft software.

Given Microsoft's dominance of the desktop computing market, the potential losses are considerable. Thursday's award was calculated based on the number of Windows operating systems sold since May 2003, multiplied by the average selling price of a range of PCs.

Microsoft argued that it had licensed the necessary technology to use the MP3 format in its software from Fraunhofer Society, a German research concern, which was involved in the development of the format.

It paid just $16m for the privilege, but Mr Burt claimed it was "the industry-recognised rightful licensor".

Jury Finds Against Microsoft In $1.5 Billion Patent Dispute With Alcatel-Lucent (AP)

By Jessica Mintz, The Associated Press

AP, February 23, 2007

Microsoft Corp. must pay $1.5 billion in damages to telecommunications equipment maker Alcatel-Lucent SA for violating two patents related to digital music, a federal jury ruled Thursday.

The Redmond, Wash.-based software company said the patents in question govern the conversion of audio into the digital MP3 file format on personal computers.

In 2003, Lucent Technologies Inc., which last year was acquired by Alcatel, filed 15 patent claims against Gateway Inc. and Dell Inc. In April 2003, Microsoft added itself to the list of defendants, saying the patents were closely tied to its Windows operating system. The PC makers are still defendants.

Microsoft said a judge threw out two of the 2003 patent claims, and scheduled six separate trials to consider the remaining disputes. The case that was just decided went to trial in San Diego on Jan. 29.

"We think this verdict is completely unsupported by the law or the facts," said Tom Burt, a Microsoft deputy general counsel.

Microsoft disputed that Paris-based Alcatel-Lucent's patents govern its MP3 encoding and decoding tools, and said it licenses the MP3 software used by its Windows Media Player from Fraunhofer-Gesellschaft, a German company.

"We believe that we properly licensed MP3 technology from its industry recognized licenser -- Fraunhofer. The damages award seems particularly outrageous when you consider we paid Fraunhofer only $16 million to license this technology."

Microsoft said the damages were calculated by multiplying Windows sales volumes and PC sales prices worldwide since May 2003.

"We've made strong arguments supporting our view, and we are pleased with the court's decision," Alcatel-Lucent spokeswoman Mary Lou Ambrus said.

The court will consider the next of the patent suits, which relates to speech coding, in March or April, Microsoft said. Other areas in dispute include video coding on Microsoft's Xbox game console and Windows' user interface.

Shares of Microsoft slipped 3 cents to close at $29.32 on the Nasdaq Stock Market. Alcatel-Lucent's stock added 10 cents to end the day at $13.17 on the New York Stock Exchange.

ENVIRONMENT:

Bush Talks Energy (HDD)

By Reggie Ponder

Henderson Daily Dispatch, February 23, 2007

FRANKLINTON - President George W. Bush promoted a major reduction in gasoline use during a visit Thursday to a Franklinton biotechnology facility doing cutting-edge research in the production of ethanol, one of the fuels at the heart of the plan.

Against a backdrop that read "Innovation Leads to Energy Security" and ?0 in 10," Bush told an audience at the Novozymes facility outside Franklinton Thursday that the company's role in ethanol production was a key to American energy independence.

The 20 in 10 initiative is a new Bush administration goal to reduce gasoline consumption in America by 20 percent over the next 10 years.

Bush said ethanol would allow Americans to be "better stewards of the environment" while reducing dependence on foreign oil.

Novozymes, which employs some 435 people in North Carolina, is not directly involved in ethanol manufacturing, but is developing an enzyme technology that the company says will enable manufacturers to produce ethanol from a wide variety of materials, including wood chips and switch grass, in a cost-effective manner.

Bush also plugged free trade by pointing out that Novozymes, a Danish firm, was providing good jobs for people in North Carolina as well as helping the country with renewable energy. He said that as he toured the Franklinton facility and spoke to employees he learned that "a lot of people have been here 20-plus years."

He said it was an example of how free trade could be good for the American economy.

"There are interests that we have in free and fair trade," he said.

The president acknowledged the presence of Democratic Rep. G.K. Butterfield, who represents North Carolina's District 1.

"He's from a neighboring district but he has enough interest in making sure that we succeed in alternative energy that he's here today," Bush said.

Bush heralded the Novozymes technology, and the ethanol industry generally, as a centerpiece of the plan for energy independence and also as a way to stimulate America's rural economy.

"I know it sounds like a pipe dream to some - there goes the optimistic president talking again," he said.

But he said he had experts on hand to back him up.

Those experts included Kevin Wenger, research and development manager with Novozymes; Mike Pacheco, director of the Bioenergy Center of the National Renewable Energy laboratory; Ratna Sharma, assistant professor of bioprocess engineering at N.C. State University; Ryan Adolphson, director of the Biomass Pilot Program at the University of Georgia; and Terry Ruse, chief operating officer of Agri-Ethanol Products.

"We've got PhDs surrounding the president," Bush said. "We've got a lot of brainpower."

Cutting-edge research is being done by Novozymes, he said.

"They are developing technologies that will enable us to convert wood chips into fuels that will run our automobiles," he said, adding that it was a proper use of taxpayer money to support research into innovative energy technologies.

Bush also briefly mentioned the importance of clean coal technology and nuclear power.

But ethanol- and battery-powered cars may be the most important of all, he said. "If you really want to reduce dependence on foreign oil, what you've really got to do is change gasoline usage in the United States."

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Bush said Americans were now consuming seven billion gallons of ethanol a year made from corn. A lot of hog growers in North Carolina and around the country, and cattle producers in Texas and elsewhere, are worried about the effect of corn prices on their livelihood, he said.

He said making ethanol from wood chips and other materials would allow Americans to become less dependent on foreign oil "without breaking your hog raisers," though he acknowledged that "corn farmers happen to like" higher corn prices.

The push for energy independence combines national security concerns, energy security concerns, and environmental concerns, he said. "All these three concerns come together with technology as the solution,"

Bush acknowledged that a 20 percent reduction in gasoline consumption over the next 10 years was a challenge, but he was optimistic.

"I think it's possible to do it," he said.

The key, though, is to make ethanol more affordable, and the new technology can help with that, he said.

"Somebody's not going to fill up their car with ethanol if it costs a lot more than gasoline," Bush said.

Agri-Ethanol's Ruse said the company was developing a plant in Aurora, with plans to gradually move into the wood chip conversion technology. He said it could provide a very good market for pulpwood growers.

"The role of the government is to stimulate thought and investment and to set goals," Bush said. "I want to thank those of you who are on the front line of change."

Butterfield, who has been critical of much of the president's domestic agenda and foreign policy, said during a visit to Henderson Tuesday that he appreciated Bush's commitment to biofuels.

"I believe the president is serious about this," Butterfield said.

He said that in addition to its role in energy security, ethanol was a potential boost for America's rural economy. Butterfield said that was important to him as a representative of a largely rural district in eastern North Carolina.

Thursday's presidential visit indicates the importance of ethanol for America, Butterfield said, adding he hoped it would mark the beginning of a long-term commitment to biofuels.

At Novozymes Thursday, Butterfield said he was excited about the potential for the new ethanol technology to create manufacturing jobs in rural America.

How many jobs?

"Your imagination can just go wild," he said.

Bush Stresses Fuel Technology (WP)

By Michael A. Fletcher

Washington Post, February 23, 2007

FRANKLINTON, N.C., Feb. 22 -- President Bush touted his plan Thursday to reduce the projected consumption of gasoline by 20 percent over the next decade, predicting that alternative fuels such as ethanol made from wood chips and switch grass will play a major role in powering the country's automobiles.

Bush said the goal, which he outlined last month in his State of the Union address, is vital to the nation's future. "We are on the verge of breakthroughs to allow a pile of wood chips to become the raw materials for fuels that'll run your car," Bush said during a visit to a plant here that makes enzymes critical to ethanol production.

Using more alternative fuels not only will be good for the environment, Bush said, but also will reduce the nation's dependence on oil from unfriendly nations and insulate the U.S. economy from the shocks caused by sudden increases in oil prices.

Bush wants the country to be using 35 billion gallons of renewable fuels annually by 2017, and he would like to raise mileage standards for automobiles -- efforts that he said would allow the nation to meet his goal for gasoline consumption.

"I know it sounds like a pipe dream to some," Bush said, adding that the technology for increasing ethanol production is at hand. He said ethanol will be powering many of the nation's cars in the near future.

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Almost all of the 6 billion to 7 billion gallons of ethanol used annually in the country is produced from corn. While corn-based ethanol is becoming common, particularly in parts of the Midwest, it is causing corn prices to increase, affecting industries as diverse as tortilla production and hog farming.

Because of the fast-rising demand for corn, Bush said, the nation will soon have to rely on ethanol made from switch grass, wood chips and agricultural waste to produce a larger share of ethanol.

Before chairing a panel discussion on ethanol, Bush toured a plant run by Novozymes North America, which makes enzymes crucial to making corn-based ethanol. The company is researching ways to make the fuel from other materials. Bush said Novozymes received a federal grant that helped it develop processes that have dramatically reduced the price of enzymes used to make ethanol.

Wearing a white lab coat and safety glasses, Bush was led through a laboratory where researchers are developing enzymes. He also was taken to a production facility where the raw materials used for ethanol are fermented in vats. Bush peppered researchers with questions about potential bottlenecks in the production of cellulosic ethanol and seemed satisfied that the problems that remain will be ironed out.

At one point, Bush hoisted a beaker of the clear ethanol and joked, "I quit drinking in '86."

Bush's energy proposal is among the few items in his domestic agenda likely to receive support from Democrats in Congress. Although Bush has not submitted specific legislation, White House officials have said that they hope the principles he has laid out will guide lawmakers when they consider energy policy.

Bush Pushes His Energy Initiative At North Carolina Biofuel Plant (MCT)

By Barbara Barrett

McClatchy Newspapers, February 23, 2007

FRANKLINTON, N.C. - Enzymes culled from the microbial soups of the earth were mixed with plant scraps inside a laboratory here, fermented into a sugary liquid, dumped into a beaker and presented Thursday morning to the presidential nose.

"Would you like to smell it?" asked Novozymes laboratory technician Erin Quattrini.

President Bush, clad in a white lab coat and safety glasses, leaned over for a sniff. This, to his way of thinking, is the scent of progress.

Bush came to Novozymes in Franklinton on Thursday to tout his "20 in 10" proposal to reduce Americans' gasoline usage by 20 percent over the next decade. Landing amid a rotor wash of mowed corn stalks in a field on company property, he toured labs, posed for pictures with workers and led a panel discussion with scientists about new kinds of ethanol.

For Bush, it was another step in his tour across the country to pitch the priorities he outlined in his State of the Union address in January.

For Franklinton, the visit was a very big deal. Novozymes' CEO flew over from Denmark. The mayor was there, along with county commissioners. Sen. Richard Burr, R-N.C., Rep. G.K. Butterfield, D-N.C., and North Carolina Agriculture Commissioner Steve Troxler showed up. Signs around town welcomed the president, and a quartet of children on a nearby road manned a candy stand, hoping Bush might stop by for a $1 Snickers.

Alas, he arrived by helicopter.

Novozymes has become a leading supplier of the enzymes that help the United States create about 7 billion gallons a year of ethanol out of corn kernels.

But ethanol is pushing up corn prices, so Novozymes has created an enzyme cocktail that it says will significantly reduce the costs to mass-produce cellulosic ethanol, which is derived from tougher plant matters such as sawgrasses and wood chips. The ethanol can be blended with gasoline to run vehicles.

In the Novozymes laboratory, Bush moved from room to room to hear the process of how enzymes can be found, selected and converted. A man showed Bush a bottle of liquid in a glass bottle.

"Senator, don't drink this!" Bush hollered over his shoulder to Burr.

"I quit drinking in `86," Bush added. He would mention the date twice more in his tour through what is, essentially, a giant fermentation operation with the faint aroma of a brewery.

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In a room of two-gallon containers holding liquid the color of amber beer, Bush picked up a jar of straw to show off to the crush of journalists tagging along.

"Straw!" he proclaimed. Cameras clicked and whirred.

"Someday, you're going to be using this in your car," he said.

He picked up another jar. "Spruce chips!" He picked up yet another vessel, this one containing clear ethanol, and took another sniff.

Bush has called for increases in funding for research on alternative fuels. His administration's farm bill proposal includes $2 billion for loans for plants producing cellulosic ethanol.

Bush also has called for modernizing the mileage requirements for cars and trucks. Outside the plant, Bush checked out a Formula One race car that runs on ethanol.

"It may be hard for you to believe," he said. "It may be hard for Americans to believe, but someday we'll be taking piles of woodchips and, using technology developed here, develop fuel for automobiles. And when that happens, that'll make us less dependent on foreign oil and better stewards of the environment."

Bush Makes A Pitch For Amber Waves Of Homegrown Fuel (NYT)

By Edmund L. Andrews

New York Times, February 23, 2007

FRANKLINTON, N.C., Feb. 22 — President Bush put on a white coat and visited a laboratory here Thursday to promote his goals for making alternative fuels from switch grass, woodchips and other plant waste.

After touring the laboratory, which is developing enzymes to make cellulosic ethanol, fuel distilled from plant byproducts, Mr. Bush spoke buoyantly about new technologies that may reduce the nation's thirst for foreign oil.

"Doesn't it make sense to be able to say to our farmers, grow what you can grow so we become less dependent on oil?" the president told an audience at Novozymes North America, the subsidiary of a Danish technology company. "I like the idea of a president being able to say, wow, the crop report is in, we're growing more corn than ever before, which means we're importing less oil from overseas."

After listening to company executives describe the role of enzymes in reducing the cost of ethanol, Mr. Bush jumped in to ask a layman's question: "So is this like a distillery?"

The trip is the latest event this week in which Mr. Bush has stepped away from grim questions about the war in Iraq to focus on domestic themes like energy and health care.

He has called for reducing the nation's projected gasoline consumption by 20 percent over the next 10 years, and he has proposed a mandatory, fivefold increase in the production of gasoline alternatives to about 35 billion gallons a year by 2017.

Corn-based ethanol is the primary substitute for gasoline, and output is about seven billion gallons a year. But industry experts and administration officials estimate that corn-based ethanol can at most supply only half the alternative fuel Mr. Bush has proposed.

The future, many experts say, lies in cellulosic ethanol, but it remains in the development stage, and is competing for research money with technologies like biodiesel fuel, hydrogen fuel cells and liquefied coal. The largest cellulosic ethanol plant is a demonstration-scale facility in Canada built by the Ontario-based logen Corporation, which produces about one million gallons a year.

A commercial-scale factory would need an annual capacity of 40 million gallons or more, said Robert Dineen, president of the Renewable Fuels Association, which represents ethanol producers.

The president has proposed significant increases in spending for alternative energy development, including about $50 million a year for bioenergy research, $15 million a year for grants on biomass projects and about $2.1 billion in loan guarantees for companies building cellulosic ethanol plants.

But Democrats in Congress have criticized Mr. Bush for spending far more money on coal-based technologies and nuclear power.

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In his budget, Mr. Bush proposed spending $863 million on programs related to fossil fuels, a 33 percent increase over his request for 2007. That increase included more than $500 million for various forms of "clean-coal" technology.

Mr. Bush has also proposed spending $875 million for nuclear energy research and development, an increase of 38 percent. Of that, Mr. Bush has requested $405 million for his proposed Global Nuclear Energy Partnership, a plan to develop uranium enrichment with other countries. The administration's budget also calls for offering up to $9 billion in loan guarantees for a new generation of nuclear power plants.

Mr. Bush made almost no reference to global warming and climate change on Thursday, though his goal of reducing petroleum consumption is closely related to the reduction heat-trapping gases.

He kept his focus on the goal of energy security, and reiterated his support for more coal and nuclear power. "We've got about 250 years supply of coal in this country," he noted, adding that it "makes sense" to use it.

Some environmental groups complain about Mr. Bush's definition of alternative fuel including liquefied coal, which could produce even more heat-trapping gases than gasoline.

But the president appeared to show genuine enthusiasm for cellulosic ethanol, frequently interrupting Novozymes executives to boil down technical explanations into more simple sound bites.

At one point, Mr. Bush jumped in to explain that corn-based ethanol could not provide enough alternative fuel because ethanol demand was already outstripping supply.

"We got a lot of hog growers around the United States, and a lot of them here in North Carolina, who are beginning to feel the pinch as a result of high corn prices," he said. "The question, then, is how do you achieve your goal of less dependence on oil without breaking your farmers — without breaking your hog raisers?"

"Here's how: You develop new technologies that will enable you to make ethanol from wood chips, or stalk grass, or agricultural waste."

Bush Pushes Energy Initiative In N.C. (AP)

By Jennifer Loven, Associated Press Writer

AP, February 23, 2007

Franklinton, N.C. (AP) -- Trying to draw attention to his domestic agenda, President Bush on Thursday extolled the science of turning grasses and wood chips into ethanol to lessen the U.S. thirst for foreign oil.

"If you really want to reduce the amount of oil that you consume, you have to reduce the amount of gasoline you use," Bush said on a road trip to push energy initiatives he announced last month in his State of the Union address.

Bush has proposed ramping up the production of alternative fuels such as ethanol made from something other than corn. The president wants to require the use of 35 billion gallons a year of ethanol and other alternative fuels, such as soybean-based biodiesel, by 2017 — a fivefold increase over current requirements.

The call for sharp increases in ethanol use will get bipartisan support in Congress. But production of ethanol from corn is expected to fall far short of meeting such an increase. So Bush envisions a major speedup of research into production of "cellulosic" ethanol made from wood chips, switchgrass and other feedstocks.

Each year, the United States consumes about 7 billion gallons of ethanol, made primarily from corn. The demand for corn for agricultural uses as well as energy, however, is causing corn prices to rise.

"The problem is we've got a lot of hog growers around the United States, and a lot of them in North Carolina, who are beginning to feel the pinch as a result of high corn prices," said Bush, who participated in a panel on cellulosic ethanol at Novozymes North America Inc., which is researching enzymes to break down crops such as corn waste and spruce chips to produce ethanol.

"The question, then, is how do you achieve your goal of less dependence on oil without breaking your ... hog farmers?" Bush said. "Here's how: You develop new technologies that will enable you to make ethanol from wood chips, or stalk grass or agriculture waste."

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Bush also said that a lot of private money is being invested in new energy technologies, and the federal government is spending money to develop new battery technology that will allow motorists to drive short distances on battery power instead of gasoline.

"Someday you're going to be able to get in your car, particularly if you're a big city person, and drive 40 miles on a battery," he said. "And by the way, your car doesn't have to look like a golf cart. It could be a pickup truck.

"That technology is around the corner, and if we're able to drive the first 40 miles, or say 20 miles ... there are a lot of city folks who won't have to use a drop of gasoline on a daily basis."

Before the panel discussion, Bush toured laboratories at Novozymes. In one room, the president held up a beaker of nearly complete ethanol, sniffed it and laughed: "I quit drinking in 1986," he said.

Then he turned serious. "Someday you're going to be able to use this in your car," Bush said.

Outside, Bush was shown a blue and green stock car that runs on ethanol. He leaned down and fiddled with the wheel a couple times, but didn't climb down into the tiny driver's seat.

Bush Gets A Whiff Of Alternative Fuel (LAT)

By James Gerstenzang

The Los Angeles Times, February 23, 2007

FRANKLINTON, N.C. — President Bush, who frequently jokes about his undistinguished record as a history major at Yale, is devoting considerable time these days to matters scientific.

Four weeks ago, he toured a chemical plant in Delaware. Earlier this month he visited a Virginia computer-chip manufacturer. On Wednesday, at a hospital in Tennessee, he watched a video of a surgical robot excising cancerous tissue, prompting his host to ask, "You OK with the blood?"

And Thursday, he studied what it would take to put cellulosic ethanol in your fuel tank. It's made when enzymes or bacteria break down agricultural waste, switch grass, wood chips and other forms of biomass. Scientists hope the process that turns plants into a burnable liquid can be harnessed to economically produce at least a partial substitute for fossil fuels.

The president has been talking about this technology for more than a year and has made it a centerpiece of his 2007 domestic policy agenda, built around proposals to reduce U.S. gasoline consumption by 20% in 10 years by developing renewable and alternative fuels and increasing reliance on nuclear energy.

His proposals would require drivers to use 35 billion gallons of alternative fuels by 2017, up from the current 5 billion gallons. It would be a key to trimming U.S. reliance on foreign oil, which Bush sees as a national security liability, and to reducing carbon emissions, which are released when oil products are burned and are blamed by most scientists as a factor in global warming.

"I know it sounds like a pipe dream to some — you know, there goes the optimistic president talking again," said Bush, describing himself as having been "just a history major."

But the scientists alongside him during his visit to Novozymes North America Inc. "are providing the brainpower necessary to help plants like this develop technologies that will enable us to convert wood chips into fuels that are running automobiles," he said.

Bush toured the laboratories and factory where enzymes are produced and used to quicken the transformation of plant starch into fermentable sugars, a key step in producing ethanol.

The Union of Concerned Scientists, a nonprofit organization that focuses on environmental and other issues and often disagrees with Bush, said its analysis indicated that if Bush's energy goals were met primarily by using ethanol, global warming pollution could be reduced by 160 million metric tons in 2017 — an amount it likened to taking nearly 24 million current-model cars and trucks off the roads.

In recent weeks, Bush has made stops across the country in an effort to put the media spotlight on his domestic policies — he discussed environmental issues in Shenandoah National Park in Virginia and his healthcare proposals in Tennessee, for example — instead of the increasingly unpopular war in Iraq. Here in North Carolina, he spent about an hour and a half immersed in the efforts to expand the use of biofuels.

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Specifically, Bush focused on the potential, still under development, to use enzymes to help convert such agricultural waste as cornhusks and weed-like switch grass into cellulosic ethanol, rather than increasing the demand for corn.

"The demand for corn, because of agricultural use and now energy use, is causing corn prices to go up," he said, noting that hog farmers and cattle ranchers — both of whom use corn as feedstock — were feeling the pinch. "The question is, how do you achieve your goal of less dependence on oil without breaking … the people dependent on corn?"

The answer, he said, is the technology being developed at companies like Novozymes.

On his tour of the facilities, Bush said the fermentation smell and steel vats reminded him of a distillery.

As he held up a beaker of ethanol and sniffed it, he said with a laugh, "I quit drinking in 1986" — and then added: "Someday you're going to be able to use this in your car."

Bush Visits Franklinton Biotech (RNO)

Raleigh News & Observer, February 23, 2007

President Bush arrived at Novozymes, a biotechnology company about 20 miles north of Raleigh by helicopter this morning, landing in a mowed cornfield owned by the company.

Inside the company, he donned a white lab coat with his name and the company's name and went from room to room learning about how the company works to develop biotechnology.

Outside the building, he checked out of a life-size race car powered by ethanol, then made his way to a warehouse, where he led a panel discussion about alternative fuels and his "20 in 10" plan that urges every American to reduce fuel usage by 20 percent in 10 years.

In the audience were about 200 employees and guests in the company.

Afterward, he greeted people along the rope line and then boarded his helicopter just after 1 p.m.

A Presidential Pat On The Back (DHS)

By William West

Durham Herald-Sun, February 23, 2007

DURHAM -- Forgive Durham's Jamie Lathan if he feels humbled right now.

After all, it's not everyday someone gets to meet and chat briefly with the leader of the free world on the tarmac by Air Force One -- plus have President George W. Bush himself turn and wave to your mother, your father and your younger brother standing nearby in the crowd of spectators.

That's precisely what happened to Lathan, 28, a mentor who on Thursday joined an elite list of more than 500 people nationally who have received the President's Volunteer Service Award for making a difference in the lives of others.

Amid a morning burst of sunshine, Bush presented a ceremonial box containing a pin to Lathan moments before leaving Raleigh-Durham International Airport via helicopter to tour an alternative-energy plant in Franklinton.

"It was amazing. It was amazing," Lathan said immediately afterward, affixing the pin to the lapel of his dark suit jacket.

Lathan said Bush told him "America is what it is today because of people like me volunteering and giving their time and their efforts."

Lathan said he told the commander-in-chief he was praying for him.

Lathan is a mentor at the Youth Life Learning Center of Durham, an outreach program originally founded by King's Park International Church.

Lathan credited his parents, Arthur and Carrie Lathan; his younger brother, Ken Lathan; and the young people he serves.

He also praised all people who serve as volunteers.

"Words just can't express my feelings," Arthur Lathan said of Thursday's occasion.

"I'm absolutely elated -- elated," he father added, putting special emphasis on the word "elated." "We're just so excited and we're happy for him because he is just deserving of it."

"I am speechless, speechless," Carrie Lathan said. "I give God the glory."

She said a photo of Jamie Lathan with Bush is soon going to become a fixture in the family household.

Arthur Lathan, 59, was an engineer with the South Carolina Department of Transportation before retiring.

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Carrie Lathan, 57, worked for a textile company before retiring.

The couple, who have been married 33 years, made the trip from their home in Winnsboro, S.C., north of Columbia.

Ken Lathan, 26, made the trip from the Atlanta area, where he works as a guidance counselor.

"It's one of those things," he said. "As young people say, 'It's cool' to actually see my older brother and the president of the United States waving at us. It's something."

On Tuesday, Jamie Lathan had just finished teaching a U.S. history class at the N.C. School of Science and Mathematics when he received word of the award from the White House.

Lathan has been a mentor for four years at the Youth Life Learning Center, which benefits children and families living in low-income environments through after-school programs and leadership clubs.

Each week, he mentors at-risk youth in academics and character education.

And he takes students to cultural arts performances and lectures on leadership at N.C. Central University.

Additionally, he helped establish the Teen Leadership Club, an outreach program for young men from the Cornwallis community.

Through the club, Lathan mentors young men about the importance of education, leadership and decision-making skills and challenges students to take responsibility for their families and communities.

Lathan has become a center of much news and official attention.

Earlier Thursday at RDU, he visited with U.S. Sen. Richard Burr, R-N.C.

Lathan told Burr he believes "we need adults who have made it" need to go back and guide the young.

The two talked by a parcel company building amid security so intense that law enforcement officers were using dogs to sniff nearby conveyor belts and a forklift for any dangerous materials, while heavily armed security personnel stood on the building's rooftop.

Helicopters soon landed on the tarmac, and Burr would ride in one of them with Bush to Franklinton.

"As I try to tell school kids when they ask me what it's like to go to the White House and meet the president, it's like going to the principal's office," Burr said before leaving RDU.

Then he added with a smile, "You know exactly where you're going. You just don't know what the topic is yet."

Where Bush Would Steer Energy R&D (CSM)

By Mark Clayton

Christian Science Monitor, February 23, 2007

Some critics question proposed federal spending hikes for nuclear research.

If new technology is a key answer to global warming and America's addiction to oil, then President Bush's proposal to boost federal spending on energy R&D – by no less than 30 percent in fiscal 2008 – would seem a welcome step.

In the new $2.7 billion budget plan, R&D dollars allotted to the US Department of Energy (DOE) continue a transition toward research that will help cut greenhouse gases.

But overall federal spending on energy research in real dollars is only one-third what it was at its 1978 peak, according to a Harvard University analysis. Some also question the administration's emphasis on nuclear research, saying other promising technologies could be applied sooner to climate and energy-security issues.

"The new DOE budget doesn't reflect the big increase in public concern about greenhouse gases," says energy expert Richard Newell, formerly a senior economist on the President's Council of Economic Advisers, now at Duke University in North Carolina.

Because the federal government remains the largest investor in energy R&D, its spending priorities are of keen interest to scientists, environmentalists, energy entrepreneurs, utilities, and the general public – especially as concerns rise about both climate change and energy security. As might be expected, the new budget proposal has a host of critics. Among the concerns:

•Next year's budget request would boost funding for biofuel, clean-coal, battery, and solar technologies. But it eliminates research for hydropower and geo-thermal, two renewable energy sources.

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•Spending on energy-efficiency programs, which in the past led to low-power refrigerators and energy-saving compact fluorescent bulbs, would drop.

•There would be a fourfold increase from 2006 in spending for nuclear-fuel reprocessing, a practice that many experts say does little to replace oil and remains years from commercialization.

Taken together, the budget request breaks little new ground in terms of fighting global warming or the nation's reliance on foreign oil, many experts say.

"There simply is no new sense of urgency in this energy R&D budget," says Kelly Gallagher, director of the Energy Technology Innovation Project at Harvard University. "Growth for solar, biofuels, and clean-coal research is positive. But overall funding is not nearly equal to the challenge."

Resources devoted to climate change and energy security "are largely anemic," says Jason Grumet, executive director of the National Commission on Energy Policy, a group of energy experts that recommends doubling federal energy-research funding.

Energy Department officials disagree.

"This year's budget request supports the president's energy initiative to accelerate the deployment of renewable energy technology, such as biomass, hydrogen, and solar energy," says Megan Barnett, a DOE spokeswoman. The budget "builds on our commitment to strengthen global energy security by making investment to diversify our energy resources, expand our nation's scientific know-how, and continue to invest in energy that can reduce our carbon footprint," she says.

Is R&D government's job?

The overall decline in federal research dollars since the late 1970s is troubling to many, but not to everyone. Some argue that government is best left out of the energy research business because it's no good at picking winning technologies. The nation has received little in return for its massive investment in energy-technology research since 1978, these analysts say.

"If the utility industry wants clean coal, they can figure out themselves how to have cleaner coal," says Myron Ebell of the Competitive Enterprise Institute, a Washington think tank. "We don't think government-sponsored technology has a very good track record. Markets work better."

Others cite studies that indicate benefits to government involvement. A 2004 National Research Council (NRC) study calculated a historically good return on several categories of energy technology investment. Energy efficiency, for instance, showed a $30 billion return on investment of $7 billion – or $4 for every $1 invested in it since 1978, according to the report.

Innovations flowing from federal research include compact fluorescent light bulbs and refrigerators that use only one-third the electricity of earlier models. These and other gains have helped slash America's "energy intensity," the amount of energy spending per dollar of economic output, economists say.

Funding for energy-efficiency technology at DOE has seen a "substantial decline" during the Bush years, says Ms. Gallagher. Even renewable-energy funding has been only about flat, after inflation is considered, she says. She and others question whether funding for nuclear technology is robbing efficiency and renewable research budgets – and even funds for "clean" coal.

'Clean' coal's future

The ability to capture carbon dioxide (the major gas tied to global warming) from future coal-fired power plants and store it underground is critical to the future of using massive US coal reserves. If research doesn't reveal how CO2 can be held underground, then those reserves are at risk, experts say.

Even so, funding for "carbon sequestration" research is up a modest 7 percent since last year to $79 million. That's dwarfed by a $395 million budget request for nuclear-fuel reprocessing – a 400 percent jump from 2006. The request for nuclear-fusion research is up 34 percent from this year, to $428 million.

"There's no way fusion is going to be commercial even in decades – and we should not be robbing Peter to pay Paul," says Carol Werner of the Environmental and Energy Study Institute in Washington. "We should be deploying technology that can delivered now and over the next 15 years. Fusion is not one of those."

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Still, she's glad to see clean-coal research getting more funding. DOE plans to build an almost-emissions-free "FutureGen" plant, a $1 billion coal-fired power plant, in Texas or Illinois by 2012. It would capture carbon dioxide – a precursor to storing the gas underground.

FutureGen would get $109 million, double last year's request. Likewise, funding for biomass research, which includes ethanol made from switchgrass and crops other than corn, would double since 2006, and solar funding would rise 80 percent. It's good, but it's not enough, say experts.

Federal R&D funding is vital for pilot projects for noncorn-based ethanol and carbon sequestration, in particular, says Robert Nordhaus, an expert on energy technology research at Van Ness Feldman, a Washington law firm. "We're ... betting on carbon sequestration for keeping coal going without really moving quickly ahead on the sequestration project," he says.

A major problem has been that priorities and funding levels change continually, "which makes it difficult to have a coherent technology program," Mr. Nordhaus says.

A report last week by the Electric Power Research Institute, the industry's research arm, cited the urgency of energy research to addressing global warming. CO2 emissions from the coal-burning US electric-utility sector could be cut to 1990 levels within 25 years, the report said. But that can happen only with "accelerated investment in electric technology R&D and aggressive deployment of the resulting technologies," the EPRI report states.

Car Mpg Ratings Going Down (USAT)

By James R. Healey

USA Today, February 23, 2007

Fuel-saving gasoline-electric hybrid cars don't save as much fuel as thought, according to new government fuel-economy ratings available to the public for the first time.

The new ratings go into effect beginning with 2008 models, a few of which will soon be on sale. But now it's possible to tell what rating 2007 and older models would get using the '08 standards.

The government's fuel-economy website has a program than makes the comparison. The site: www.fueleconomy.gov. Click on the button that says "Compare Old and New MPG Ratings." It shows that vehicles typically bought for their fuel efficiency use significantly more fuel than the previous ratings have said.

Toyota's Prius, the best-known and best-selling gas-electric car in the USA, drops to 48 miles per gallon in the city under the '08 testing procedure, from a 60 mpg rating under the current system — a 20% decline. Its highway mileage rating falls about 12%, to 45 mpg.

The Ford Escape hybrid, which uses a gasoline-electric drive system similar to Toyota's, goes down about 12%.

"What the cars get hasn't changed. It's just the numbers on the sticker," says Toyota spokesman Mike Michels. The lowered Prius rating is "probably more reflective of real-world experience," he says. "We hear people getting 46 to 50. I have one, and I get 48.

"If the (new) numbers contribute to customer satisfaction, that's a good thing," Michels says.

"I got near 60 (mpg) on the first tank, then never anywhere near that after," says Martha Ehrenfeld, a teacher who lives in San Francisco. The 48 mpg rating "makes me feel better, because that's about what I get. I was wondering what I was doing wrong. It's still better than most cars."

Tests the government has used for mileage estimates were created in the 1970s and haven't reflected today's driving environment. They have assumed, for instance, that people don't use air conditioning and don't drive more than about 60 mph.

After years of complaints from motorists and environmental activists that the Environmental Protection Agency estimates were too optimistic, the agency announced last year that it had come up with tests that include faster driving speeds, quicker acceleration, hotter and colder temperatures, and the use of air conditioning. It said it expected mileage numbers to drop about 10% when all types of vehicles and drivetrains were considered.

The change is good news for hybrid owners, says Bradley Berman, editor of HybridCars.com and owner of a 2006 Prius and 2003 Civic hybrid.

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"It's great that consumers will have a better sense of what they may expect on the road," he says. Berman says he gets gas mileage in the 40s on his Prius in short city drives near his Berkeley, Calif., home and a bit less on his Civic.

City To Pay $1.5 Million In Coal Gas Site Agreement (LMDS)

By Jolene Stevens

Le Mars (IA) Daily Sentinel, February 23, 2007

Le Mars City Council members Tuesday approved an agreement with the U.S. Justice Department on the nearly five-year-old dispute centering on clean-up of contamination at the former Le Mars Coal Gas site.

The agreement, as outlined by City Attorney Joe Flannery, calls for the city to pay $1.5 million in clean-up response costs plus additional interest. Payments are to be made in three increments, the first $500,000 to be paid on or before July 31, 2007.

(Advertisement)

Two additional $500,000 payments will be made, upon final federal acceptance of the pact, by April 22, 2008 and April 22, 2008. MidAmerican Energy has agreed to pay $3.1 million in response cost stemming from the clean-up. The coal gas site is located at the northwest corner of the intersection of Fourth Avenue and First Street Northeast where currently the Le Mars street department building sits.

The agreement, after publication in the Federal Register, will then be ruled on in Federal Court in Sioux City. Councilman John Rexwinkle, a MidAmerican employee, emphasized during Tuesday's meeting that he had excused himself from any and all discussions that have taken place on the agreement talks.

Flannery told the council that had members not approved the agreement which stops all future costs, the city of Le Mars' could well "be pretty much out on a limb" with regard to future liability and costs The liability, he said, could well be expected to reach the $6 to $7 million dollar range with future court battles likely. At the same time, he said, the probability would also exist that MidAmerican would ask for the $3.5 million that is its share of the settlement.

Councilman Rex Knapp noted that some $6 to $7 million has already been spent by contractors in the clean-up, a figure paid in one way or another by citizens through either property tax, income tax or rising MidAmerican rates.

Responding to a question from Councilman Ken Nelson, Flannery said it was his opinion that should the city make future plans to remove a structure on the coal gas site, the property could most likely use the area for a green site if no invasive site work was performed there. However, Flannery added, if anything invasive was undertaken, officials of the DNR and EPA would have to be on hand and assume responsibility for the work.

BP Employee Deleted Files From Computer (FT)

By Sheila McNulty

Financial Times, February 23, 2007

A BP employee has admitted destroying documents after plaintiffs' lawyers subpoenaed her laptop on an anonymous tip that she had information useful in the lawsuits against the UK oil company arising from its fatal refinery explosion.

Court records show that on November 3 2006, plaintiffs' lawyers subpoenaed Susan Moore, BP regulatory affairs manager, requesting certain documents and the laptop she has used for the past two to three years in her work for BP.

The subpoena specifically instructed BP: "You are urged not to destroy or attempt to destroy, delete, erase, or otherwise alter any of the electronic data, data files, meta data, media, records, charts, forms, or other documents stored on Ms Moore's hard drive.''

When plaintiffs' lawyers questioned Ms Moore on January 26 2007, a transcript revealed, she said BP had not shown her the subpoena until earlier in the week, and that she had deleted e-mails in the two months after the subpoena.

She did not know if she had deleted text files, did not think she had deleted folders but did not recall whether she had wiped presentations.

"I can't speculate on why someone might think my laptop would be useful,'' Ms Moore said. "To the best of my knowledge, I have not deleted information relative to this case.''

Yet Joseph Gourrier, the plaintiffs' attorney questioning Ms Moore, responded, "It's not up to you to determine what would be relevant to this case.''

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The case was filed against BP by plaintiffs' lawyers on behalf of the 15 people killed and 500 injured when BP's Texas City refinery exploded in 2005.

Brent Coon, the lead plaintiffs' lawyer in the case, said judges had a tremendous amount of discretion in determining if there had been abuse of process.

Once a subpoena has been served, deleting documents created an inference that they were prejudicial, and the burden shifted to BP to prove the deleted files were irrelevant to the litigation.

Judge Susan Criss ruled that BP had to produce the deleted documents by Friday.

"We have agreed to deliver Ms Moore's hard drive to a third-party expert who will determine what has been deleted,'' said BP spokesman Ronnie Chappell. "If we find anything relevant to the case, we will turn it over to plaintiffs counsel or the court.''

"No one at BP has been instructed to delete relevant documents,'' he said, adding, "We have made it clear that staff are to preserve relevant documents, including relevant e-mails.''

GAO: Fuel Tank Cleanup Could Cost $12B (AP)

By John Heilprin, Associated Press Writer

AP, February 23, 2007

It will cost at least $12 billion to clean up contamination from tens of thousands of gasoline storage tanks that are leaking underground, congressional auditors say.

That is far more than the $72 million that Congress and the Bush administration have provided each year, according to the report Thursday from the General Accountability Office.

The Environmental Protection Agency, which oversees the cleanups, has already spent more than $10 billion to reduce the contamination over the past 20 years caused by hundreds of thousands of leaking tanks, many of them found at gas stations and convenience stores.

Yet some 117,000 faulty tanks still await cleanups, according to the latest figures current as of September 2005.

The GAO's $12 billion estimate would pay to remove 54,000 leaks from underground storage tanks that are either abandoned or no one can be held accountable for cleaning up. Another 63,000 leaking tanks would be paid for by pump stations, store owners or other operators of the leaking tanks, along with insurers and state funds, according to the GAO.

The problem is growing, however. Forty-three states said they expect to find 16,700 new leaks in the next five years, many requiring at least some federal money for the cleanups.

The lag in cleanups isn't necessarily due to lack of money, according to the GAO.

Every time a motorist pays for a gallon of gas, a tenth of a penny goes into a trust fund to remove the contamination. The fund now has about $2.6 billion and is expected to reach $3 billion before the end of 2008. Congress created the trust fund in 1986 because of concerns about contamination from leaking tanks at gas stations, but annually only a small fraction has been appropriated for cleanups. Most has sat in the Treasury to help counter federal budget deficits.

Rep. John Dingell, D-Mich., who chairs the House Energy and Commerce Committee and who released the GAO report on Thursday, called the situation an "inexplicable failure to use available resources to speed the cleanup of pollution that is likely to spread."

The failure to clean up the tank waste is "contaminating our water supplies with MTBE and other carcinogens, unnecessarily risking public health," said Rep. Hilda Solis, D-Calif., who along with Dingell had requested the report.

Leaking underground gasoline tanks for years have been blamed for much of the MTBE — or methyl tertiary-butyl ether — found in drinking water supplies in at least 36 states. More than 150 lawsuits have been filed seeking damages because of problems with MTBE, which until recently has been a widespread gasoline additive that helped curb air pollution.

The GAO report found some states' financial assurance funds lack the money to pay for timely tank cleanups. It said tank owners covered under the state programs usually pay only a small deductible when tanks leak, with the government picking up most of the tab.

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The Energy Policy Act of 2005 required underground storage tanks to be inspected every three years. The EPA is drafting guidelines for how the agency and states should comply with the new inspection requirements, said Susan Parker Bodine, head of EPA's Office of Solid Waste and Emergency Response, in a written response to the GAO report.

Only about one-third of states currently assure the EPA they are checking to see if tank owners are covered by insurance, the GAO said. Bodine said the agency also will consider studying better ways to distribute money from the trust fund and whether the state funds and insurance are effective enough.

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On the Net:

House Energy and Commerce Committee: http://energycommerce.house.gov/

EPA: http://www.epa.gov/OUST/index.htm

A Conservative Conservationist? (WP)

By Mark Sanford

Washington Post, February 23, 2007

Why the Right Needs to Get Invested in the Search for Climate Change Solutions

When George W. Bush, The Post and the insurance giant Lloyd's of London agree on something, it's obvious a new wind is blowing. The climate change debate is here to stay, and as America warms to the idea of environmental conservation on a grander scale, it's vital that conservatives change the debate before government regulation expands yet again and personal freedom is pushed closer toward extinction.

The fact is, I'm a conservative and a conservationist -- and that's okay.

For the past 20 years, I have seen the ever-so-gradual effects of rising sea levels at our farm on the South Carolina coast. I've had to watch once-thriving pine trees die in that fragile zone between uplands and salt marshes. I know the climate change debate isn't over, but I believe human activity is having a measurable effect on the environment.

The real "inconvenient truth" about climate change is that some people are losing their rights and freedoms because of the actions of others -- in either the quality of the air they breathe, the geography they hold dear, the insurance costs they bear or the future environment of the children they love.

But like a polar bear searching for solid ice, many people seem ready to dig into the first solution offered to slow or reverse climate change. Cue former vice president Al Gore -- the politician turned screen star who could take home an Academy Award this weekend and a Nobel Peace Prize later this year -- whose call for greater government intervention is resonating with administrations in this country and across the globe: California may soon ban incandescent light bulbs; France wants to force the Kyoto-less United States to pay carbon taxes on exports; and the European Union is pushing automobile emission standards that would cost carmakers such as Volvo roughly $3,200 more per vehicle.

Make no mistake, the issue of environmental conservation sits squarely on the battle line between government and liberty. From light bulbs to automobiles, government will gladly expand its regulatory reach even if the result is a hamstrung economy and curtailed individual freedoms. Yet conservatives have remained largely absent from this debate, and by pulling back from the environmental battle they have conceded the high ground to those on the far left.

I believe conservatives have a window of opportunity, but that window is closing fast.

First, conservatives must reframe the environmental discussion by replacing the political left's scare tactics with conservative principles such as responsibility and stewardship. Stewardship -- the idea that we need to take care of what we've been given -- simply makes sense. It makes dollars as well, for the simple reason that our economy is founded on natural resources, from tourism and manufacturing to real estate and agriculture. Here in South Carolina, conservation easements are springing up across the state as landowners see the dual benefit of preserving the environment and protecting their pocketbooks.

Second, conservatives must reclaim lost ground from far-left interest groups by showing how environmental conservation is as much about expanding economic opportunity as it is about saving whales or replanting rain forests. When corporations such as BP and Shell America pursue alternative energy sources, they not only cut carbon emissions but help cut our petroleum

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dependency on OPEC nations. When South Carolina restaurants recycle their oyster shells, they not only restore shellfish habitat but take a job off local governments' plates and ensure continuing revenue streams for local fishermen.

Third, conservatives must respond to climate change with innovation, not regulation. This means encouraging private research and implementation of more eco-friendly construction, more energy-efficient workplaces and more sustainable ways of going about life -- all of which cuts costs and protects God's creation. It means looking past the question of whether your car's exhaust melts polar ice caps and instead treating our environment as an investment our future depends on.

South Carolina is creating an advisory group that will study the effects of climate change on commerce and vice versa, with an eye toward crafting a plan that balances the needs of the business and environmental communities.

I am a conservative conservationist who worries that sea levels and government intervention may end up rising together. My earnest hope going forward is that we can find conservative solutions to the climate change problem -- ecologically responsible solutions based on free-market principles that both improve our quality of life and safeguard our freedoms.

For if conservatives cannot reframe, reclaim and respond to climate change with our principles intact, government will undoubtedly provide a solution, no matter how taxing it may be.

The writer, a Republican, is governor of South Carolina.

Colorless Green Ideas (NYT)

By Paul Krugman

The New York Times, February 23, 2007

The factual debate about whether global warming is real is, or at least should be, over. The question now is what to do about it.

Aside from a few dead-enders on the political right, climate change skeptics seem to be making a seamless transition from denial to fatalism. In the past, they rejected the science. Now, with the scientific evidence pretty much irrefutable, they insist that it doesn't matter because any serious attempt to curb greenhouse gas emissions is politically and economically impossible.

Behind this claim lies the assumption, explicit or implicit, that any substantial cut in energy use would require a drastic change in the way we live. To be fair, some people in the conservation movement seem to share that assumption.

But the assumption is false. Let me tell you about a real-world counterexample: an advanced economy that has managed to combine rising living standards with a substantial decline in per capita energy consumption, and managed to keep total carbon dioxide emissions more or less flat for two decades, even as both its economy and its population grew rapidly. And it achieved all this without fundamentally changing a lifestyle centered on automobiles and single-family houses.

The name of the economy? California.

There's nothing heroic about California's energy policy — but that's precisely the point. Over the years the state has adopted a series of conservation measures that are anything but splashy. They're the kind of drab, colorless stuff that excites only real policy wonks. Yet the cumulative effect has been impressive, if still well short of what we really need to do.

The energy divergence between California and the rest of the United States dates from the 1970s. Both the nation and the state initially engaged in significant energy conservation after that decade's energy crisis. But conservation in most of America soon stalled: after a decade of rapid progress, improvements in auto mileage came to an end, while electricity consumption continued to rise rapidly, driven by the growing size of houses, the increasing use of air-conditioning and the proliferation of appliances.

In California, by contrast, the state continued to push policies designed to encourage conservation, especially of electricity. And these policies worked.

People in California have always used a bit less energy than other Americans because of the mild climate. But the difference has grown much larger since the 1970s. Today, the average Californian uses about a third less total energy than the average American, uses less than 60 percent as much electricity, and is responsible for emitting only about 55 percent as much carbon dioxide.

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How did the state do it? In some cases conservation was mandated directly, through energy efficiency standards for appliances and rules governing new construction. Also, regulated power companies were given new incentives to promote conservation, via rule changes that "decoupled" their profits from the amount of electricity they sold.

And yes, a variety of state actions had the effect of raising energy prices. In the early 1970s, the price of electricity in California was close to the national average. Today, it's about 50 percent higher.

Incidentally, since someone is bound to mention it: the California energy crisis of 2000-2001 has nothing to do with this story. That crisis was caused by market manipulation — we've got it on tape — made possible by ill-conceived deregulation, not conservation.

Back to California's success. As the higher price of power indicates, conservation didn't come free. Still, it's striking how invisible California's energy policy remains. It's easy to see why New York has much lower per capita energy consumption than, say, Georgia: it's a matter of high-rises versus sprawl, mass transit versus driving alone. It's less obvious that Los Angeles is a much greener city than Atlanta. But it is.

So is California a role model for climate policy? No and yes. Even if America as a whole had matched California's conservation efforts, we'd still be emitting about as much carbon dioxide now as we were in 1990. That's too much.

But California's experience shows that serious conservation is a lot less disruptive, imposes much less of a burden, than the skeptics would have it. And the fact that a state government, with far more limited powers than those at Washington's disposal, has been able to achieve so much is a good omen for our ability to do a lot to limit climate change, if and when we find the political will.

FBI/DEA/ATF/USMS:

Detroit Dealer Gets 30 Years In Two Fentanyl Deaths (DN)

Detroit News, February 23, 2007

A Detroit man who admitted selling a fentanyl-laced drug cocktail that killed two people was sentenced Thursday to more than 30 years in prison.

U.S. District Judge Lawrence P. Zatkoff, sitting in Port Huron, sentenced James Edgar Coleman to 365 months in federal prison. That sentence was at the top of the sentencing guideline range for Coleman, who has previous convictions for drug trafficking.

Coleman, 36, admitted to selling the fentanyl-laced heroin that killed Lauren Jolly, a 17-year-old Bloomfield Township high school student, and Daniel McElmurry, 30, of Madison Heights, last year.

The charge against Coleman was the first charge of selling a controlled substance causing death related to fentanyl-laced heroin and cocaine that killed an estimated 133 people in Metro Detroit in 2005-06.

Coleman had pleaded guilty and expressed remorse at his sentencing, lawyer Warren Harris said.

"He was not the person who mixed the drugs," Harris said. "Mr. Coleman would not know fentanyl right now if he saw it."

U.S. Attorney Stephen Murphy credited the work of the Drug Enforcement Agency and Oakland County.

"This significant sentence is the result of a robust federal response to the rash of overdose deaths caused by fentanyl-laced heroin," Murphy said.

Drug Dealer Gets 30 Years In Fentanyl Case (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, February 23, 2007

A 37-year-old Detroit man who sold the fentanyl-laced heroin that killed a Birmingham high school junior and a Madison Heights man last May was sentenced Thursday to 30 1/2 years in prison.

The sentence imposed on James E. Coleman by U.S. District Judge Lawrence Zatkoff was at the top of the federal sentencing guidelines.

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Coleman -- accused of selling the drugs that killed 17-year-old Lauren Jolly and 30-year-old Daniel McElmurry -- pleaded guilty in November to avoid a possible life sentence.

Coleman's lawyer, former Detroit police narcotics unit Cmdr. Warren Harris, urged Zatkoff to show leniency, saying Coleman had no idea that the drugs he sold contained fentanyl.

Fentanyl has been blamed for more than 100 deaths in metro Detroit since late 2005.

"I think the sentence was too severe," Harris said after the 10-minute hearing. Harris said Coleman grew up in a drug-infested neighborhood, was introduced to drug trafficking by family members and, despite prior drug convictions, wasn't a violent predator.

"He's not the villain who was the source of all of the fentanyl problem, and putting him away will not solve the fentanyl problem," Harris said. "In the total scheme of things, James Coleman is a small fry."

Detroit Drug Enforcement Administration Chief Robert Corso said, "Today's sentencing reflects a substantial sentence for a substantial violator" and should send a message to Detroit-area drug dealers.

Jolly's mother, Beth Jolly, declined to comment.

Jolly, a student at Birmingham Groves, and McElmurry bought drugs from Coleman's drug house in Detroit.

Seller Of Lethal Drug Cocktail Sentenced (AP)

AP, February 23, 2007

(AP) A man who pleaded guilty to selling heroin laced with a powerful painkiller that killed two people was sentenced Thursday to more than 30 years in prison.

U.S. District Judge Lawrence P. Zatkoff sentenced James Edgar Coleman, 36, to 365 months in federal prison. The sentence was the maximum possible penalty for Coleman, who has previous convictions for drug trafficking.

Coleman, of Detroit, admitted he sold the drug cocktail with fentanyl that last year killed Lauren Jolly, 17, and Daniel McElmurry, 30.

Coleman's plea to two counts of delivering a controlled substance resulting in death was the first related to fentanyl-laced heroin and cocaine that killed more than 100 people in metropolitan Detroit in 2005 and 2006, U.S. Attorney Stephen Murphy said.

Coleman expressed remorse at his sentencing, defense attorney Warren Harris told The Detroit News.

"He was not the person who mixed the drugs," Harris said. "Mr. Coleman would not know fentanyl right now if he saw it."

Official: 4 Officers Arrested In Sting (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 23, 2007

MIAMI -- Four police officers in Hollywood, Fla., have been arrested on suspicion of providing protection and running drugs and money for an organized crime group that was really an FBI sting operation, a law enforcement official said Thursday.

The source, who is familiar with the case, spoke on condition of anonymity because the matter is sealed until Friday. The source would not provide further details.

Police Chief Jim Scarberry said the officers are veterans, but he declined to comment further.

An FBI spokesman in Miami did not immediately return calls seeking comment.

The four officers were expected to appear Friday in federal court in Fort Lauderdale.

Four Hollywood Cops Face Charges In FBI Sting (MH)

By Todd Wright

The Miami Herald, February 23, 2007

Four Hollywood police officers were arrested by federal agents Thursday, accused of providing protection and running drugs and money for what they thought was an organized crime group but was instead an FBI sting operation, a law enforcement source said.

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It is unclear whether Kevin Companion, Jeff Courtney, Steve Harrison and Tom Simcox, all veterans of the police force, were being held in federal prison Thursday night, but word of the arrests sent shock waves through the department and City Hall.

"It's been really tough on all of us. Some of us just can't believe it," police spokesman Capt. Tony Rode said. ``It's really crazy."

Few details were released on the investigation or the charges, but City Manager Cameron Benson said he was told the FBI had been running the sting for about two years.

Mayor Mara Giulianti first heard of the investigation several weeks ago and said there was "pretty convincing and strong evidence" that the officers had been involved in wrongdoing.

The FBI has scheduled a press conference at 11 a.m. today in front of the federal courthouse in downtown Fort Lauderdale, where officials are expected to give more details on the case.

"The four individuals dishonored themselves and their colleagues," Giulianti said. ``This is going to be an embarrassment to the men and women that serve our city. This is very, very painful."

The on-duty FBI spokesman did not immediately return calls seeking comment.

Broward County Police Benevolent Association president Dick Brickman said he had heard about the arrests Thursday evening from other officers.

Brickman said he didn't know what the specific charges are but said they are unrelated to the officers' jobs and therefore they would not get union representation.

"From what I understand it's serious charges," Brickman said. ``It's a very, very touchy situation right now."

The alleged corruption in the police department comes as the city is dealing with similar accusations in City Hall.

Suspended Commissioner Keith Wasserstrom is facing five felony corruption charges stemming from his role in helping a sludge processing firm win an $18 million city contract in 2004. State prosecutors recently opened two more investigations of his business dealings.

A woman who answered the phone at Courtney's home Thursday night hung up after a caller identified himself as a Miami Herald reporter. Phone calls to Companion's house were not returned.

Harrison, 46, and Simcox, 50, could not be reached.

The Hollywood Police Department is no stranger to scandal.

The city's street crimes unit was disbanded in 1997 by then-Chief Rick Stone after officers were accused of brutality, making false arrests and sexual battery.

In 1998, a Miami Herald investigation found abuse in the system of off-duty shift assignments. As many as 500 times in a year, Hollywood officers scheduled themselves to work two or more off-duty jobs at the same time and could have been paid for working off-duty during their regular police shifts.

Several of the officers in question also have dealt with charges before.

Simcox, a 24-year veteran, was suspended without pay for four weeks in May 1997 after a complaint that he slapped a 9-year-old at a Palm Beach County day-care center while off-duty and fractured the child's jaw.

Articles in the Herald in 1995 and 1996 questioned the department's 1991 hiring of Courtney, 51, who had been arrested in the 1970s for issuing bad checks and driving while intoxicated.

At the time, he blamed the arrests on immaturity and a messy divorce.

Mothers Against Drunk Driving named him Officer of the Year in 1995.

Companion, who joined the force in 1986, was investigated several years ago after a Miami Herald investigation found that he was scheduled to work off-duty at multiple sites in a single day on as many as 111 dates.

Companion also was one of several people named in a 1994 sexual harassment lawsuit filed by a former Hollywood police officer.

"It looks bad. The news hit me like a ton of bricks, but I still think we have one of the best police departments in the state," Benson said.

``I was sick to my stomach honestly."

Miami Herald staff writers Jerry Berrios, Wanda J. DeMarzo, Hannah Sampson and Amy Sherman contributed to this report.

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Medical Marijuana Activists Cite Little-known Law In Suit (SFC)

San Francisco Chronicle, February 22, 2007

Medical marijuana advocates tried a new approach Wednesday in their tug-of-war with the federal government, filing suit under a law that requires the government to correct its own misstatements -- including, the advocates say, the assertion that marijuana has no medical value.

"Citizens have a right to expect the government to use the best available information for policy decisions," said Alan Morrison, a Stanford Law School lecturer and an attorney in the lawsuit by Americans for Safe Access.

The suit was filed in federal court in San Francisco under the Data Quality Act, a little-known statute signed by President Bush in 2001. It directs federal agencies to allow members of the public to "seek and obtain correction" of false or misleading government information that affects them.

Morrison said the law was originally pushed by businesses that objected to government statements taking dim views of products or entire industries, notably Clinton administration reports that listed industrial activities among the causes of global warming. He said he knew of only two lawsuits filed under the statute, neither of them successful.

Americans for Safe Access invoked the 2001 law in a complaint to the Department of Health and Human Services in October 2004, saying its members included seriously ill people who had been discouraged from using marijuana by the department's position that the drug has "no currently accepted medical use."

The federal government classifies marijuana among the most dangerous drugs and has won court rulings allowing it to prosecute suppliers and patients in California, where medical marijuana was legalized by a 1996 initiative.

The lawsuit said the agency was ignoring scientific studies, including a 1999 report by the National Academy of Sciences' Institute of Medicine that found that the active ingredients in marijuana could help relieve pain, nausea and loss of appetite associated with illnesses, though it cautioned that smoking marijuana can be harmful.

More recently, researchers reported last week that HIV-positive patients at San Francisco General Hospital experienced relief of searing pain in their hands and feet after smoking marijuana cigarettes in a state-funded study.

The suit said the department's only responses to the 2004 complaint have been perfunctory denials, in 2005 and 2006. Those responses did not address the scientific evidence and instead noted that the Drug Enforcement Administration was considering a separate request to reclassify marijuana, the suit said.

Morrison said the department could have complied with the law by explaining its current position and posting links to the medical studies on its Web site to promote public debate. The suit accuses the department of violating the law and seeks court orders requiring the department to stop asserting that marijuana has no medical value and to make "appropriate corrections" to past statements.

Health and Human Services spokeswoman Christina Pearson declined to comment on the suit. She referred a reporter to the Food and Drug Administration's April 2006 statement that federal evaluations have found "no sound scientific studies supported medical use of marijuana."

Advocacy Group's Suit Calls On U.S. To Acknowledge Pot's Medicinal Value (LAT)

The Los Angeles Times, February 23, 2007

SACRAMENTO — A patient advocacy group sued the federal government Wednesday to try to force U.S. health agencies to acknowledge that marijuana has merit as a medicine.

The lawsuit by Americans for Safe Access follows a two-year effort to reverse what it calls a "misinformation campaign" by U.S. health agencies.

Americans for Safe Access is suing under the Data Quality Act, a little-known statute that lets citizens challenge the accuracy of government-disseminated information.

The Oakland-based group filed a petition in October 2004 asking the United States to reverse its staunch opposition to pot as medicine. After months of delays, the government rejected the petition.

A spokeswoman for the Department of Health and Human Services said the agency could not comment because of the litigation.

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For years, U.S. regulators have said marijuana has no accepted medicinal value.

Such statements are "false and misleading," Americans for Safe Access said in its lawsuit, filed in U.S. District Court in Oakland. The group cited peer-reviewed studies suggesting cannabis can be effective for AIDS wasting, muscle spasticity and chronic pain.

The government's stance ignores its own studies, activists say.

A 1999 report by the Institute of Medicine declared that marijuana showed medicinal promise and advocated the development of cannabis-based drugs.

Since then, the University of California has begun several rigorous studies to test marijuana's medical efficacy. Last week, a UC San Francisco researcher announced that clinical trials found marijuana helped treat HIV pain.

Meanwhile, British drug company GW Pharmaceuticals won Canadian approval for a marijuana spray for multiple sclerosis. The firm hopes to eventually market Sativex in the United States.

Federal Charges In Home Pot-growing Operation (SFC)

San Francisco Chronicle, February 22, 2007

SACRAMENTO -- Five suspects who allegedly grew marijuana in specially-outfitted homes in Oakland - including one across the street from an elementary school -- are facing federal charges for producing plants with a street value of $6 million, court records show.

Van Hung Vi, 42; his brother, Van Dat Vi, 57; Ivy Tran, 27; Tommy Ly, 23; and Van Hy Vi, 55, a relative of the Vi brothers, appeared Wednesday in U.S. District Court in Sacramento on a federal complaint charging them with manufacturing marijuana and conspiracy to manufacture marijuana.

The suspects were arrested Feb. 7 in Oakland and San Francisco by police and members of the Yolo County Narcotic Enforcement Team, a branch of the state Bureau of Narcotic Enforcement.

Authorities seized 1,500 marijuana plants during raids of homes in Oakland and West Sacramento, where the investigation began several months ago.

Each plant had a high content of the active ingredient THC and was capable of producing a pound of the drug, said Roy Giorgi, commander of the Yolo County team.

Acting on a tip, agents initially began watching a home in West Sacramento, Drug Enforcement Administration Special Agent James Sheeran wrote in a 30-page affidavit.

Agents saw Ly, Van Hung Vi and Tran at the home and identified them during traffic stops, checks of license plates or, in one case, an unspecified "ruse," Sheeran wrote.

Agents learned that Van Hung Vi and his brother lived at 3735 Lincoln Ave., across from Sequoia Elementary School, in Oakland. A search of that home uncovered 533 plants and 4 pounds of processed marijuana, the affidavit said, and authorities arrested the Vi brothers.

The narcotic agents' search led to another home, also associated with the Vi brothers, at 701 MacArthur Blvd. in Oakland. There, investigators found that every room had been converted to grow marijuana and seized 681 plants, the affidavit said.

Van Hy Vi was arrested at a home at 2514 Ninth Avenue in Oakland.

Tran, the ex-girlfriend of Van Hung Vi, was taken into custody at her place of business on Ninth Street in Oakland's Chinatown, Giorgi said.

Ly was arrested at an apartment on Pacific Street in San Francisco.

Authorities also found evidence of a marijuana-growing operation -- but no drugs -- at a home on the 1700 block of 11th Avenue in Oakland, Giorgi said.

Van Hung Vi was sent to the California Youth Authority in 1983 for manslaughter, and Van Hy Vi has a conspiracy conviction for a state Fish and Game violation relating to abalone, the affidavit said.

U.S. Drug Czar Urges Canada To Crack Down On Pot Claims American Measures Have Lowered Drug Use In Teens (CP)

DOJ_NMG_0135665

Canadian Press, February 22, 2007

OTTAWA — U.S. drug czar John Walters is in Ottawa touting America's anti-drug policy as a model for Canada.

Walters says a blend of treatment, prevention and tough law-and-order measures have lowered drug use among American teens.

But critics aren't buying it.

Lawyers, academics and a Liberal senator warned against a U.S.-style approach in Canada, saying it's hugely expensive and ineffective.

They say the Conservatives should reconsider any drug crackdown that focuses more on prison terms than prevention or treatment.

Walters says cross-border marijuana trafficking is still a major problem, but that the Tory government has eased tensions with Washington since taking power.

The Liberals had planned to decriminalize possession of small amounts of pot — a plan that has been scrapped by the Conservatives.

Canada Must Not Follow The U.S. On Drug Policy (OC)

By Ethan Nadelmann

Ottawa Citizen, February 22, 2007

The U.S. drug czar, John Walters, is in Ottawa today, trying his best to put a positive spin on one of the greatest disasters in U.S. foreign and domestic policy. Part of his agenda is to persuade Canada to follow in U.S. footsteps, which can only happen if Canadians ignore science, compassion, health and human rights.

The United States ranks first in the world in per-capita incarceration, with roughly five per cent of the earth's population but 25 per cent of the total incarcerated population. Russia and China simply can't keep up. Among the 2.2 million people behind bars today in the United States, roughly half a million are locked up for drug-law violations, and hundreds of thousands more for other "drug-related" offences. The U.S. "war on drugs" costs at least $40 billion U.S. a year in direct costs, and tens of billions more in indirect costs.

It's all useful information for Canadians to keep in mind when being encouraged to further toughen their drug laws to bring them in line with those of the United States.

What's most remarkable about U.S. drug policy is the way it endures despite persistent evidence that it is ineffective, costly and counterproductive. One report after another -- by the U.S. General Accountability Office, the National Academy of Sciences, independent agencies and even the Bush administration itself -- consistently fault federal drug-control programs for failing to achieve their objectives.

But funding nonetheless persists. The DARE (Drug Abuse Resistance Education) program, which relies on police to "educate" young people about drugs, keeps being funded despite an impressive run of studies demonstrating no effect on adolescent drug use. Ditto for the government's border interdiction and anti-drug ad campaigns, and its funding of federal-state anti-drug task forces, and much else.

Drug-policy reformers in the United States have been cheered by Canada's willingness -- at least until now -- to look to Europe rather than the United States for drug-control models. When HIV/AIDS started spreading a generation ago among people who inject drugs, both Europe and Canada were quick to implement needle exchanges and other harm-reduction programs, even as the United States opted instead to allow hundreds of thousands to become infected and die needlessly.

Heroin-prescription trials are now underway in Montreal and Vancouver, trying to determine whether what worked so well in Switzerland, Germany, The Netherlands and other countries can also work in Canada. The same is true of supervised injection sites, which have proven effective in reducing fatal overdoses, transmission of infectious diseases and drug-related nuisance. And most recently, Vancouver's mayor, Sam Sullivan, has broken new ground by proposing that cocaine and methamphetamine addicts be prescribed legal substitutes.

But I wonder whether Canada just can't help following in U.S. footsteps. DARE survives in Canada too, notwithstanding evidence of its lack of efficacy. Almost three quarters of Canadian federal drug-strategy spending is for law-enforcement

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initiatives, few of which demonstrate any success in reducing drug problems. "While harm-reduction interventions supported through the drug strategy are being held to an extraordinary standard of proof," the director of the B.C. Centre for Excellence in HIV/AIDS, Dr. Julio Montaner, recently observed, "those receiving the greatest proportion of funding remain under-evaluated or have already proven to be ineffective."

The survival of Vancouver's supervised-injection facility is currently at risk, for reasons having everything to do with politics and nothing with science or health, while federal drug-enforcement authorities know that all they need to do to preserve funding is make arrests and avoid scandal.

What matters most to U.S. drug czar John Walters, though, is cannabis, which he occasionally, and absurdly, describes as the most dangerous of all drugs. Seventy per cent of Americans say cannabis should be legal for medical purposes, and one study after another points to its efficacy and safety as a medicine. A similar percentage also think personal possession of marijuana should be decriminalized (i.e., resulting in fines rather than arrest and incarceration) and 40 per cent say it should be taxed, controlled and regulated, more or less like alcohol.

But Mr. Walters will have none of it. He travels the country, railing against cannabis and urging schools to drug test all students, without cause -- and without any scientific evidence that testing will work. And when he visits or talks about Canada, it's typically to complain -- erroneously -- that Canada is a major supplier of marijuana for the U.S., never mind the fact that Americans now produce most of the marijuana consumed in the United States.

Canada needs to lead, not follow, the United States when it comes to dealing sensibly with drugs. Mr. Walters's Canadian hosts today should remind him of the 2002 report of the Canadian Senate Special Committee on Illegal Drugs, chaired by Conservative Senator Pierre-Claude Nolin.

It's probably the best, most comprehensive, most evidence-based report on drug policy produced by any government in the past 30 years. And its recommendations are all about dealing with drugs as if politics were an afterthought, and all that mattered were reducing the harms associated with both drug use and failed drug policies. Imagine that.

Ethan Nadelmann is the founder and executive director of the Drug Policy Alliance (www.drugpolicy.org), the leading organization in the U.S. promoting alternatives to the war on drugs, and co-author of Policing the Globe: Criminalization and Crime Control in International Relations.

Former Federal Agents Suing City, Charge Police Corruption (AP)

By Mike Robinson, The Associated Press

AP, February 23, 2007

CHICAGO - A jury awarded a husband and wife $9.75 million in damages Thursday for a smear and terror campaign aimed at them after they accused a police officer of corruption while working as federal agents.

Diane Klipfel and Michael Casali hugged and kissed their friends and their attorney after the jury delivered its verdict in the civil trial.

"I'm relieved that the ordeal is finally over and justice is served," Casali, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, told reporters.

City Law Department spokeswoman Jennifer Hoyle said officials were disappointed and were reviewing appeals options.

The verdict ended a five-week trial focusing on Joseph Miedzianowski, sometimes described as Chicago's most corrupt police officer.

Miedzianowski was convicted in April 2001 of masterminding a Chicago-to-Miami cocaine pipeline and supplying guns and ammunition to the very street gangs he was supposed to be investigating. He is serving a life sentence at a federal prison in California.

Klipfel is a retired ATF agent and Casali still is an agent. They say Miedzianowski smeared them with misconduct allegations and terrified them with threats after they leveled corruption charges against him in 1992 while working in the Chicago ATF office. They say they were so frightened, their children slept in a closet in the interior of the house in case shots were fired through the walls.

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Jurors leaving the court scoffed at city officials' claim that they conducted an 18-month investigation of Miedzianowski but never interviewed Klipfel and Casali, and were unable to uncover evidence of corruption at the time.

"You run an investigation and never interview the main person who made the complaint?" juror Joe Karl said. He and other jurors also said they gave greater credence to testimony that Miedzianowski frightened people after seeing a tape of a deposition at his California prison.

"Joe Miedzianowski is a scary, scary guy, a frightening guy with a winning personality," said Sally H. Saltzberg, the lead attorney for Klipfel and Casali. She said he was able to use his personality to manipulate public officials and get away with corruption for 14 years.

Witnesses who testified during the trial included Chicago police Superintendent Phil Cline, who was once Miedzianowski's supervisor, and other police officials.

Cline testified that he suspected Miedzianowski of stealing police documents twice in the early 1990s. He said evidence of the second instance became part of the federal indictment against the officer.

"Joe Miedzianowski was an aberration in this department and a disgrace to his star," Cline testified.

The jury awarded Klipfel $7.75 million for violation of her rights by both Miedzianowski and the city. It awarded her $1 million for defamation of character by Miedzianowski while acting in his role as a city employee.

It also awarded Casali $1 million for Miedzianowski's violation of his rights while acting as a city employee.

Saltzberg said the city would have to pay the entire $9.75 million because Miedzianowski is believed to have no money. She said the couple's attorneys would ask the court to award them fees in the $1 million range.

ATF Agents Faced Cop Retaliation, Jury Rules (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, February 23, 2007

Jurors awarded nearly $10 million in damages Thursday to a couple who said the Chicago Police Department retaliated against them after they tried to report corrupt former Officer Joseph Miedzianowski in 1992.

Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms, and her husband, Michael Casali, a current agent, charged in their lawsuit that Miedzianowski turned internal probes against them and trashed their reputations after they came forward with allegations that the officer was stealing from drug dealers.

Juror Megan Cox said the key to the case was the Chicago Police Department's "incompetent, lazy and overall negligent" internal investigation into the corrupt officer.

The plaintiffs had argued that Miedzianowski was allowed to select witnesses and bring them in for questioning himself and that Klipfel wasn't interviewed.

Juror Joe Karl said that was especially outrageous given that the corruption was reported by a federal agent.

"How do you run an investigation and not interview the person making the complaint?" Karl said.

The largest part of the $9.75 million award came for the jury's decision that the city and Miedzianowski violated Klipfel's civil rights. Klipfel had testified she was forced from ATF after the Police Department retaliated against her and that she moved her children out of state at times, fearing for their safety.

Sally Saltzberg, lawyer for the couple, said she was happy the jury accepted her argument.

"This was not an investigation, it was a coverup," she said.

It was not until years later, in 2001, that Miedzianowski finally was convicted in federal court of running a Chicago-to-Miami drug ring and was sentenced to life in prison.

Miedzianowski was arrested a few months after federal investigators had tapped his home telephone. The probe captured a 1998 conversation between Miedzianowski and Raymond Risley, who was the head of the police internal affairs division when Miedzianowski was being investigated.

Jurors had listened this month as Risley spoke of Klipfel's suit and dismissed her allegations as the "ranting of a lunatic." He also could be heard telling Miedzianowski that he had kept evidence.

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A videotaped deposition of Miedzianowski also was compelling, jurors said, adding that they saw an intense man who was prone to explosive anger.

The city is expected to pay the entire award, as the panel found that even as an individual, Miedzianowski was acting within the scope of his city employment.

Jennifer Hoyle of the city's Law Department said the city is disappointed by the jury's verdict.

"We are reviewing all of our appellate options," Hoyle said.

City lawyers had argued that Klipfel had her own woes at ATF and said a police internal affairs officer brought information to federal authorities that brought Miedzianowski down.

Klipfel and Casali said they are glad to have the trial behind them.

Klipfel said all she ever wanted was for Miedzianowski to be investigated and for police who were supposed to stop him to be held accountable.

"I never dreamed Mike and I would not be believed," she said. "And that they could do to us what they did."

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City Man Guilty Of 27 Crimes, All Violent (PHI)

By John Shiffman

The Philadelphia Inquirer, February 23, 2007

A Philadelphia man secretly recorded on tape talking about a plot to detonate pipe bombs inside the Gallery at Market East mall was convicted yesterday of 27 unrelated violent crimes that are likely to send him to prison for life.

The verdicts against Andre L. Henry are significant, federal authorities said, because they represent a brazen case of a felon using women with clean records to make straw gun purchases, then using the weapons in a crime spree.

The jury found that shortly after the women helped Henry buy assault rifles, shotguns and handguns in 2003, he robbed two banks and seven fast-food restaurants, fired shots at a Philadelphia police officer and solicited the murder of grand-jury witnesses.

Henry, 29, also faces two decade-old state murder charges. He spent much of his federal trial wearing an electronic stun belt after U.S. marshals said they caught him trying to sneak a seven-inch homemade knife into the courtroom.

Near the end of the two-week trial, Henry testified that the person who confessed to the 27 crimes on a secret recording is actually his twin brother. Assistant U.S. Attorneys Michelle Rotella and Susan Fields presented evidence that Henry does not have a twin brother.

"His story is just absurd," Rotella told jurors.

U.S. District Judge Jan E. Dubois scheduled sentencing for May 24. Under the advisory federal guidelines, Henry probably faces life imprisonment.

Henry, who quietly stroked his chin as the verdicts were read, plans to appeal, said his attorney, Christopher Warren. As Henry was escorted from court, he said: "I'll be back."

John Hageman, a spokesman for the Bureau of Alcohol Tobacco and Firearms, said that the Henry case "truly exhibits the danger and violence brought to Philadelphia by these illegally purchased firearms."

"This case also shows that this is a regional problem," Hageman said. "All of the guns were purchased in Montgomery County."

Jurors in the federal case were not told directly about the alleged 2003 Gallery bombing plot because Henry was not charged with such a crime.

However, Henry brought it up unexpectedly on cross-examination. He made vague references to the Gallery and "domestic terrorism."

Henry's cellmate secretly taped Henry talking about a plot to set off pipe bombs in the food-court area of the Gallery during rush hour.

According to a portion of the transcript of the conversation in the cell - a portion not played for jurors - Henry said he was working with an unidentified man.

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Henry: "He thought it was a good idea to plant the explosives, so I did some recon and scoped them out."

Williams: "Do you know where the explosives was gonna be placed?"

Henry: "Yeah... the Gallery. Around three o'clock and see how see how busy it is because he said that might be a good target."

The alleged Gallery plot was first disclosed in an Inquirer article published Wednesday. Information in the article was based on transcripts of the Henry-Williams recording and of a grand jury proceeding. Neither transcript was used during the trial, but the transcripts had been part of the public case file. Yesterday, in response to The Inquirer report, the judge sealed both transcripts.

Henry was arrested in October 2003 for a parole violation, shortly after ATF agents conducted a compliance inspection at Abington Gun Sports Inc. and noticed that a young woman had purchased two 12-gauge shotguns and three rifles, including an AK-47, in one month's time. The woman acknowledged that she bought them for Henry, who could not lawfully buy them because he had a felony criminal record.

Soon after, federal and state authorities searched Henry's home, found the weapons and more: a Point Blank bulletproof vest, $14,000 in pink dye-stained cash and photos of Henry and others holding weapons.

Williams, who was serving time for a parole violation at the same state prison as Henry, wrote to ATF agents and offered to wear the wire.

Under the guise of helping Henry prepare his legal case, the cellmate got Henry to talk about his crimes. Besides speaking about the alleged Gallery plot, Henry was recorded speaking about other crimes.

"The robberies of the fast food joints was to buy the guns... so we can actually pull off the bank robberies," Henry said on the tape. "The purpose of the bank robberies was to buy fake identification to leave the country, after we were gonna set the explosives."

IMMIGRATION:

Senate Hearing To Push Bush On Immigration (WT)

By Charles Hurt

The Washington Times, February 23, 2007

Senate Judiciary Committee Chairman Patrick J. Leahy will hold a hearing next week that he hopes will get the Bush administration to confirm publicly that it wants "comprehensive immigration reform" this year.

"Chairman Leahy is looking for the Bush administration to walk the walk on comprehensive immigration reform," Tracy Schmaler, spokeswoman for the Vermont Democrat, said yesterday. "President Bush has publicly indicated his support for comprehensive reforms that would provide a realistic solution to bringing millions out of shadows, improve internal and border security and meet the pressing needs of employers for willing workers."

Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff will testify at the Wednesday hearing.

The White House yesterday said Mr. Bush remains committed to comprehensive reform, which many Republicans fear will contain some sort of amnesty for illegal aliens and usher millions of new foreign workers into the country.

"In his State of the Union address, the president called on Congress to pass comprehensive immigration reform that will secure our borders, enhance interior and work-site enforcement, create a temporary-worker program and resolve -- without amnesty or animosity -- the status of illegal immigrants already here," Bush spokesman Scott Stanzel said.

"The president would like Congress to address immigration reform as soon as possible, as the issue is not getting any less complicated with the passage of time," he said.

Last year, Mr. Bush supported legislation that the Senate approved but was rejected by the Republican-led House. That bill offered a direct path to citizenship for most of the 12 million aliens in the country.

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With Democrats now controlling both chambers and Mr. Bush sharing their views on immigration, conservatives worry about what will come of legislation this year. But Democrats have been adamant that Mr. Bush take an active role in the immigration debate so that he will share equally any criticism over the legislation.

"As the Senate begins the process of considering bipartisan legislation, Chairman Leahy believes it is important for the committee to hear from administration officials, in clear and unequivocal terms, their commitment to passing comprehensive immigration reform this year," Miss Schmaler said.

Sen. Edward M. Kennedy, Massachusetts Democrat, plans to introduce a major bill sometime after next week, his office said yesterday.

Mr. Kennedy's staff has kept the administration informed on the developments of drafting the bill, according to Mr. Kennedy's office. And, after a Jan. 8 meeting at the White House on another matter, Mr. Bush pulled Mr. Kennedy aside to reiterate his support for comprehensive immigration reform this year.

Several Republicans on Capitol Hill who supported last year's comprehensive reform, however, now complain that they have been left out of negotiations. As a consequence, they and others worry that the bill is being pushed further to the left than last year's final bill.

Among those who complain of being left out of negotiations is Sen. Sam Brownback, Kansas Republican who supported last year's legislation and is running for his party's presidential nomination.

But Senate aides said yesterday that Mr. Brownback has skipped or canceled meetings at which he was invited to discuss the bill with Mr. Kennedy and Sen. John McCain, Arizona Republican and co-author of the bill.

"He's chosen not to be involved and canceled meeting after meeting," said one Senate staffer with knowledge of negotiations. "He's chosen to distance himself from a bill that he was an original co-sponsor of because of presidential politics."

Smugglers Raise Stakes In Fight Over Border Rule (WT)

By Jerry Seper

The Washington Times, February 23, 2007

Rival alien and drug smugglers on the U.S.-Mexico border are targeting each other in a wave of escalating violence to win control of smuggling corridors into the United States, with at least four recent killings tied to efforts to kidnap migrants for ransom.

Three of the killings took place Feb. 8 north of Tucson, Ariz., in what federal and state law-enforcement authorities have described as one of the nation's most popular alien- and drug-smuggling corridors. Another occurred Jan. 28, south of Tucson.

Authorities said gang members are kidnapping illegal aliens being guided into the United States, demanding ransoms of up to $2,500 a person and killing the illegals, along with gang rivals, who resist. The kidnappings save the gangs the cost of recruiting migrants in Mexico and hiring guides, or "coyotes," to bring them across the border.

They also said some gang members are thought to have targeted "stash houses" in Phoenix, where illegal aliens are taken to await transportation to cities across the country.

Violence on the U.S.-Mexico border has risen dramatically over the past three years in what U.S. Immigration and Customs Enforcement (ICE) has called "an unprecedented surge." ICE has established intelligence and investigative operations along the border to combat the increased brutality.

In a recent report, ICE said the border gangs, which collect hundreds of millions of dollars annually in illicit profits, are becoming increasingly ruthless -- against their victims, rivals and federal, state and local police.

Much of that violence has targeted U.S. Border Patrol agents, who have seen a spike in incidents as the agency continues its efforts to bring larger areas of the border under operational control. Violence directed at agents has included physical and vehicle assaults, and shooting incidents.

Gunfire has become commonplace along the border, authorities said, particularly in the alien- and drug-smuggling corridors of southern Arizona. They said about 90 percent of the migrants headed north out of Mexico have hired a coyote to guide them into the United States.

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T.J. Bonner, president of the National Border Patrol Council, which represents all 11,000 of the agency's non-supervisory agents, said violence by gangs battling for control of smuggling routes into the United States has increased dramatically, and is now spilling over into some U.S. communities.

Mr. Bonner said that while much of the violence is directed at rival gang members, there is what he called an "inevitable spillover that touches innocent civilians and law-enforcement officials on both sides of the border." He noted that the number of assaults against Border Patrol agents has more than doubled over the past two years.

"Cartels are far more inclined to utilize violence as a means of achieving their goal of successfully smuggling contraband and people," he said.

In the Feb. 8 incident, three Guatemalan nationals in a truck carrying illegal aliens were killed and three others wounded. One man, identified as a coyote, was killed in the Jan. 28 ambush as he drove across the desert with a load of 15 to 20 illegals, who fled.

The February incident followed by a day the attack of illegal aliens being led out of Mexico near Sasabe, Ariz., about 70 miles southwest of Tucson, by four men carrying assault weapons and wearing ski masks. The aliens were robbed, but none was reported injured.

Men armed with assault rifles also approached a National Guard site on the border near Sasabe on Jan. 3. The armed guardsmen were ordered to relocate to a safer location. They called the Border Patrol, which responded 16 minutes later, but the intruders had fled. No shots were fired, and no one was injured. The armed men have not been identified.

State and local law-enforcement officials on the border have said they are outgunned and outmanned by drug- and alien-smugglers armed with automatic weapons, grenade launchers, bazookas, improvised explosive devices, and state-of-the-art communications and tracking systems.

The rising border violence also has been attributed by authorities to efforts by the street gang Mara Salvatrucha, or MS-13, to win control of drug- and alien-smuggling routes into the United States. The Border Patrol's field-intelligence center said MS-13 has aligned with drug cartels in Mexico and Colombia, and seeks unfettered access to smuggling corridors.

The intelligence center said the MS-13 presence has increased competition between rival gangs that must vie for areas where they can ply their trade. The result, it said, has been an increase in violence as rival gangs struggle for domination.

MS-13 members also reportedly have accepted contracts to assassinate Border Patrol agents to intimidate and frighten agents away from the border.

Homeland Security Strategy Hits Executives, Illegal Workers (WSJ)

By Robert Block

The Wall Street Journal, February 23, 2007

WASHINGTON -- Pressing ahead with its new strategy to "attack the economic engine" that fuels most illegal migration into the U.S., Homeland Security agents arrested three top executives of a national cleaning service for allegedly employing illegal immigrants and defrauding the government. The sweep also netted nearly 200 employees believed to be illegal immigrants.

Nevada-based Rosenbaum-Cunningham International Inc., or RCI, provided cleaning and maintenance services to popular hospitality venues and restaurants like Hard Rock Cafe, ESPN Zone and House of Blues, taking in more than $54.3 million between 2001 and 2005, Homeland Security officials said yesterday.

According to a 23-count indictment unsealed yesterday, the company knowingly hired illegal immigrants, intentionally failed to withhold taxes and created shell accounts to line the pockets of top executives. RCI co-owners Richard M. Rosenbaum and Edward Scott Cunningham and firm controller Christina Flocken face criminal fraud, immigration and tax charges.

Another 195 people working for RCI as cleaners were arrested on illegal-immigration charges in raids in 17 states and Washington, D.C. A message on an answering machine for RCI in Florida said it had ceased operations as of yesterday. The government said its investigation was ongoing.

U.S. Immigration and Customs Enforcement, part of the Department of Homeland Security, began the investigation 20 months ago over concerns about cleaning crews at the Grand Traverse Resort in northwestern Michigan.

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Janitorial companies competing for lucrative chain-store and office-building cleaning contracts are often magnets for undocumented workers. In 2003, federal agents rounded up 250 illegal immigrants working as cleaning crews in 61 Wal-Marts across 21 states. Twelve federal agents also descended on Wal-Mart Stores Inc. offices in Bentonville, Ark. Brandishing a search warrant, they made off with 18 boxes of documents from the company's operations department, mostly records related to cleaning contractors dating back to March 2000. In the end, Wal-Mart wasn't criminally charged for using the contractors companies but agreed to pay $11 million in fines in 2005.

More recently, DHS has decided to target company executives who may know about, and benefit from, illegal hiring practices.

"We know that targeting unscrupulous employers is crucial to deterring illegal immigration," Julie Myers, assistant secretary of homeland security in charge of ICE, said in a statement announcing the arrests. "Today's charges against RCI executives reflect the federal government's commitment to addressing the employment magnet for illegal immigration and ensuring businesses comply with our laws."

Earlier this month, Homeland Security Secretary Michael Chertoff promised that there would be more work-site enforcement arrests and promised to bring high-impact criminal cases against employers who systematically violate immigration laws.

He said that in 2006, DHS set a new record, in terms of work-site enforcement cases, with 716 criminal arrests and more than 3,600 administrative apprehensions. That was a 700% increase since 2002, before the department was created.

Janitor-service Chiefs Charged In Illegals Ring (WT)

By Jerry Seper

The Washington Times, February 23, 2007

Three top executives at a nationwide cleaning service were named in a federal grand jury indictment unsealed yesterday, charged with conspiracy, fraud and tax crimes in an ongoing investigation that has netted more than 200 illegal aliens who worked as janitors.

The illegal aliens, all of whom were employed by Florida-based cleaning contractor Rosenbaum-Cunningham International Inc. (RCI), were arrested in 17 states at 63 locations -- including the Hard Rock Cafe, ESPN Zone, Planet Hollywood, Dave & Busters and the House of Blues restaurants.

Homeland Security Assistant Secretary Julie L. Myers, who heads U.S. Immigration and Customs Enforcement (ICE), said RCI co-owners Richard M. Rosenbaum, 60, of Longwood, Fla., and Edward Scott Cunningham, 43, of West Palm Beach, Fla., and the firm's controller, Christina Flocken, 59, also of Longwood, were named in the 23-count indictment unsealed in U.S. District Court in Grand Rapids, Mich.

The indictment and arrests were the latest in a series of high-profile efforts by the Bush administration to strengthen its immigration-enforcement credentials as Congress and the White House begin debate on a new round of immigration legislation.

Much of that effort has been aimed at work-site enforcement, targeting and bringing administrative sanctions against employers who hire illegal aliens.

In the past 10 months, ICE and other federal agencies have raided, among others, Swift & Co., arresting 1,300 illegal aliens in six states and finding that 30 percent of the company's work force used fraudulent documents to be hired. Also, at IFCO Systems North America, seven company managers were charged with harboring illegal aliens for financial gain and 1,200 illegals were apprehended at 40 locations nationwide.

Cecilia Munoz, a senior vice president at the National Council of La Raza, which has called on the Bush administration to root out unscrupulous employers who hire and exploit migrant workers, applauded the government's targeting of the RCI officials, saying it was "the kind of immigration enforcement" the country needed.

"By the sound of it, these employers were taking outrageous advantage of these workers," she said.

The ICE-led investigation began 20 months ago, when agents focused on cleaning crews at the Grand Traverse Resort in northwestern Michigan.

"We know that targeting unscrupulous employers is crucial to deterring illegal immigration," Mrs. Myers said.

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According to the indictment, RCI, which is licensed in Nevada, operated a cleaning and grounds-maintenance service that contracted with theme restaurant chains and hospitality venues throughout the United States, most of which were predominantly staffed by illegal aliens.

The indictment said that the restaurant chains and hospitality venues paid RCI more than $54.3 million for janitorial services from 2001 to 2005 and that by failing to collect and pay federal income, Social Security, Medicare and federal employment taxes on the wages it paid to its work force, RCI was able to evade payment of more than $18.6 million in employment taxes.

Mr. Rosenbaum, Mr. Cunningham and Mrs. Flocken, according to the indictment, spent about $34 million of the firm's revenue to operate RCI and divided the remainder, about $20 million, among themselves. It said they disguised the true nature of their activities and obstructed the Internal Revenue Service by creating several shell companies and bank accounts to hide their excess funds.

The excess funds, according to U.S. Attorney Margaret M. Chiara in Michigan, were used by Mr. Rosenbaum, Mr. Cunningham and Mrs. Flocken to pay personal expenses for items such as luxury boats, vehicles, lavish homes and racehorses.

If convicted, the RCI officials face 15 years in prison and $18 million in restitution fees.

"This case is an excellent example of the cooperative efforts of federal law-enforcement agencies," Mrs. Chiara said.

RCI officials were not available yesterday. A message on the company's answering machine said it had ceased operations.

In addition to the indictment, ICE arrested more than 200 illegal aliens Wednesday night and yesterday morning as part of the ongoing operation.

The indictment is part of a continuing criminal prosecution against the principals and certain employees of RCI.

Santiago Echaniz, an ex-RCI supervisor, pleaded guilty to charges of harboring illegal aliens and making a false statement on a tax return. Former RCI employees Ofmara Maltos-Trevino and Miguel Martinez-Garcia pleaded guilty to aiding and abetting the unlawful employment of aliens, and Juanita Schlagel pleaded guilty to a two-count indictment charging trafficking in means of identification.

Janitorial Service Officials Charged In Sweep Of Illegal Immigrants (WP)

By Spencer S. Hsu

The Washington Post, February 23, 2007

Three top executives of a janitorial service used by such national restaurant chains as Hard Rock Cafe and ESPN Zone face charges of tax evasion, fraud and harboring illegal immigrants, U.S. officials announced yesterday, after overnight raids in 18 states netted about 200 undocumented workers.

Authorities unsealed a 23-count indictment returned Feb. 15 by a grand jury in Grand Rapids, Mich., against co-owners Richard M. Rosenbaum, 60, and Edward Scott Cunningham, 43, and controller Christina A. Flocken, 59, of Rosenbaum-Cunningham International Inc., of Palm Beach, Fla.

The trio allegedly failed to pay $18.6 million in federal employment taxes on $54 million in custodial and grounds-keeping contracts between 2001 and 2005 at the chains, which also included House of Blues, Planet Hollywood, Dave and Busters, Yard House and China Grill, U.S. officials said. The restaurants' parent companies were not charged.

Raids targeted 63 locations in 17 states and the District of Columbia, from California to Florida and New York, including ESPN Zone restaurants in Washington and Baltimore, U.S. Immigration and Customs Enforcement officials said. Illegal workers face administrative charges and deportation.

The case marked the latest wrinkle in a renewed campaign by the Bush administration to crack down on employers as Congress debates an overhaul of the nation's immigration laws. ICE arrested 716 individuals on criminal charges last year, up from a few dozen in recent years.

The government lost a criminal case against Tyson Foods employees in 2003, ended a criminal investigation against Wal-Mart in 2005 after negotiating an $11 million civil fine, and charged workers but not managers in raids against meatpacker Swift & Co. last year, but it continued to target smaller companies with criminal probes. Subjects included a California fence-building company, a Kentucky home-building firm, a Texas-based transportation pallet firm, and a temporary labor service in Ohio.

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Commercial cleaning services are a $100 billion U.S. industry employing nearly 1 million workers across the private sector. According to prosecutors, RCI supervisors and about 155 on-site managers allegedly hired hundreds of workers since 1997 without job applications, W-4 tax withholding or I-9 employment eligibility forms, or W-2 wage and tax statements. The company recruited through word of mouth and advertisements at job fairs, festivals and in Spanish-language newspapers. In one case, an employee allegedly bought 20 phony green cards.

The trio allegedly paid workers in cash and set up shell companies, with such names as Ricurt Inc., Monker and Sunchaser Service Corp., to hide assets from the Internal Revenue Service, the indictment said. Dividing nearly $7 million, defendants allegedly purchased "racehorses, fancy boats and lavish homes" in Florida and California, said Department of Homeland Security Assistant Secretary Julie L. Myers. Assistant U.S. Attorney Hagen Frank said Rosenbaum was arrested in central Florida. Cunningham and Flocken are expected to surrender to officials soon, an ICE spokesman said.

John Vandevelde and Jeffrey Rutherford, attorneys for Cunningham, released a statement noting that the use of undocumented workers "pervades many industries throughout the United States," and added that his client was cooperating fully and "expects to resolve this matter to everyone's satisfaction."

Vincent J. Marella and Evan Jenness, attorneys for Rosenbaum and Flocken, respectively, did not respond to requests for comment.

The investigation began 20 months ago after tips by a cleaning crew at the Grand Traverse Resort in Michigan. Earlier, a former RCI supervisor, two ex-employees and a state of Michigan employee pleaded guilty to related charges.

Cleaning Executives Indicted In $18 Million Fraud (NYT)

By Libby Sander

The New York Times, February 23, 2007

CHICAGO, Feb. 22 — Three executives of a national cleaning and maintenance company were indicted on Thursday on charges of defrauding the federal government of more than $18 million in employment taxes owed on behalf of hundreds of illegal immigrant workers.

The company, Rosenbaum-Cunningham International, performed janitorial services for theme-restaurant chains like the House of Blues, Hard Rock Cafe and Dave & Busters, as well as for the Grand Traverse Resort and Spa in Acme, Mich.

Nearly 200 immigrant workers at some of the restaurants were arrested early Thursday in 17 states and the District of Columbia as part of the investigation of the company, which is being conducted by United States Immigration and Customs Enforcement and the Internal Revenue Service.

The indictment says the executives hired illegal immigrants, primarily from Mexico, Honduras and Guatemala, and then constructed an elaborate scheme of shell companies, bank accounts and cash-only payroll procedures to avoid paying millions of dollars in federal taxes on the workers' wages from 1999 until today.

The executives are the company president, Richard M. Rosenbaum; its vice president, Edward Scott Cunningham; and its controller, Christina A. Flocken. The 23-count indictment was unsealed on Thursday in Federal District Court in Grand Rapids, Mich.

Mr. Rosenbaum, 60, of Longwood, Fla., was arrested on Thursday in Florida and was held in federal custody there. Mr. Cunningham, 43, of West Palm Beach, Fla., and Ms. Flocken, 59, also of Longwood, were issued subpoenas and are expected to appear voluntarily in Federal District Court in Western Michigan. No court dates have been set.

The company is incorporated in Nevada but operates primarily out of West Palm Beach.

From 2001 to 2005, the government says, Rosenbaum-Cunningham International received gross payments from its various clients of $54,327,845.

By failing to pay taxes on their employees' income, Social Security and Medicare, the three executives cheated the government of $18,640,345 and used about a third of the excess money to finance the "extravagant lifestyle costs" of lavish houses, luxury boats, racehorses and college tuition, the indictment said.

Cleaning Company Executives Accused Of Employing Illegal Workers (USAT)

By Donna Leinwand

DOJ_NMG_0135675

USA Today, February 23, 2007

WASHINGTON — The president of a nationwide cleaning company that counts Hard Rock Cafe and Planet Hollywood theme restaurants among its customers was arrested Thursday for allegedly hiring hundreds of illegal workers.

Federal agents arrested 195 allegedly illegal workers at 63 businesses in 17 states and Washington, D.C., as part of the investigation into RCI International, a janitorial contracting company owned by Richard Rosenbaum, 60, of Longwood, Fla.

An indictment made public Thursday charges Rosenbaum with conspiracy to defraud the United States, harboring illegal immigrants and evading employment taxes.

Also charged in the indictment filed in U.S. District Court in Grand Rapids, Mich., were company Vice President Edward Scott Cunningham, 43, of West Palm Beach, Fla., and Controller Christina Flocken, 59, also of Longwood.

Attorneys representing Rosenbaum, Cunningham and Flocken did not return phone messages left at their offices Thursday.

RCI allegedly hired hundreds of illegal workers from Mexico, Honduras, Guatemala and Haiti and, in some cases, provided them with false immigration papers, the indictment said. The laborers were allegedly paid in cash to avoid reporting the income to the IRS, court papers say.

Prosecutors say the business failed to pay more than $18 million in employment taxes. RCI had contracts to clean the Grand Traverse Resort & Spa in Acme, Mich., and theme restaurants, including House of Blues, Planet Hollywood, Hard Rock Cafe, Dave and Busters, Yard House, ESPN Zone and China Grill, the indictment said.

Rosenbaum, Cunningham and Flocken allegedly skimmed money from the company to finance a luxurious lifestyle that included multiple houses in Florida and California, race horses and boats, the indictment said.

"They were able to do this because these employees were basically off the books," federal prosecutor Hagen Frank said. "They became millionaires."

The investigation began two years ago when police in Grand Rapids arrested a man who provided fraudulent documents. That arrest led Immigration and Customs Enforcement (ICE) agents to 23 other illegal laborers working at the Grand Traverse Resort & Spa, which had contracted more than $3 million in RCI cleaning services from June 1997 to March 2006, ICE Assistant Secretary Julie Myers said Thursday.

When the resort demanded proof that RCI employed legal workers, Rosenbaum authorized his site manager to acquire fake immigration papers, Myers said. The site manager paid $3,460 for the cards and was reimbursed and paid a $1,000 bonus by Flocken from company accounts, the indictment said.

Arrests were made in Arizona, California, Colorado, Florida, Georgia, Illinois, Maryland, Michigan, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, Pennsylvania, Tennessee, Texas and Washington, D.C.

Cleaning Service Owners Charged In Sweep Of Illegal Immigrants (AP)

By James Prichard, Associated Press Writer

AP, February 23, 2007

(AP) - GRAND RAPIDS, Michigan-An investigation of cleaning crews working at a Michigan resort has led to federal fraud and tax charges being filed against three top officials at a U.S. janitorial service and the arrest of more than 200 illegal immigrants around the country, government officials said.

The detainees - mostly Mexican nationals - who were rounded up early Thursday were working as janitors for Rosenbaum-Cunningham International Inc., or RCI, a Florida-based cleaning contractor.

RCI co-owners Richard M. Rosenbaum, 60, and Edward Scott Cunningham, 43, and firm controller Christina A. Flocken, 59, all of Florida, face criminal fraud, immigration and tax charges in a 23-count indictment unsealed Thursday in U.S. District Court in Grand Rapids.

"This is not a case of bad bookkeeping or skirting the rules," said Brian M. Moskowitz, special agent in charge of the Detroit office of U.S. Immigration and Customs Enforcement. "It involved flagrant criminal behavior."

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Moskowitz said during a news conference in Grand Rapids that federal agents arrested Rosenbaum in Longwood earlier in the day. Cunningham and Flocken were expected to soon turn themselves in to federal authorities in Grand Rapids, where the case will be tried, he said.

Their practice of paying cash wages to their workers deprived the U.S. government of about $18.6 million (â,¬14.2 million) in employment taxes, according to the indictment.

"In this particular investigation, these defendants took advantage of illegal workers in order to enrich themselves by violating the internal revenue laws that were created specifically to protect the legitimate work force, all at a cost to taxpayers of approximately $18 million (â,¬13.73 million), all so that they could live a very lavish lifestyle and live the high life," said Sandra L. Carter, special agent in charge of the Internal Revenue Service office in Detroit.

About 203 illegal immigrants who worked for RCI were arrested and expected to be deported, Moskowitz said. Agents took them into custody at 63 business locations in 17 states and the District of Columbia.

An outgoing telephone message from RCI's headquarters in Palm Beach, Florida, said the company had "ceased operations" effective Thursday.

There was no home phone listing in Longwood for Rosenbaum and calls could not be completed to West Palm Beach homes listed under Cunningham's name. A woman who identified herself as Flocken hung up on a reporter who called her at home.

The joint ICE-IRS investigation began 20 months ago at the Grand Traverse Resort in Acme in Michigan's northwestern Lower Peninsula.

RCI contracted with the resort between June 1997 and March 2006, according to the indictment. Between 2002 and 2006 alone, Grand Traverse paid RCI more than $3 million (â,¬2.29 million) for grounds and maintenance services, kitchen cleaning and housekeeping duties.

Not only did RCI fail to pay employment taxes on its nationwide operations - its clients included such venues as Planet Hollywood, Hard Rock Cafe and ESPN Zone - but its top officials also had its supervisors procure and maintain a work force of illegal immigrants and authorized managers to provide them with fake resident cards, or green cards, according to the indictment.

Planet Hollywood founder and owner Robert Earl said Thursday evening that his restaurants never used RCI for cleaning. The company did contract with an earlier janitor firm that was operated by the RCI officials, but ended that relationship by 2001, Earl said in an interview with The Associated Press. He denied that janitors at any of his restaurants were included in the sting.

"I have phoned all the restaurants, and we have had no (federal) visits, and do not employ this company," Earl said in a telephone interview from Orlando, Florida.

Spokespeople with the U.S. Attorneys' office in Grand Rapids, Michigan, and U.S. Immigration and Customs Enforcement could not immediately clarify whether Planet Hollywood was linked to the illegal activity.

The three company officials facing charges also set up shell companies to hide excess assets, the indictment says.

Although the case is being prosecuted in Grand Rapids, none of the illegal immigrants picked up Thursday was arrested in Michigan. 2007-02-22T16:12:11Z

Judge Dismisses Posada's Bid To Be Freed (AP)

By ALICIA A. CALDWELL, Associated Press Writer

AP, February 23, 2007

(AP) - EL PASO, Texas-A federal judge on Wednesday denied a request by an anti-Fidel Castro activist to be released from jail while immigration officials figure out where to deport him to.

U.S. District Judge Philip R. Martinez threw out Luis Posada Carriles' lawsuit after federal prosecutors said immigration officials could not release him because he is in the custody of the U.S. Marshals Service.

Posada, an ex-CIA operative who is suspected of bombing a Cuban jet 31 years ago, left Department of Homeland Security custody after his indictment last month on suspicion of lying in a citizenship application.

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Posada, 79, was arrested two years ago on an immigration violation after he reported paying a smuggler to sneak him into Texas from Mexico.

An immigration judge later ordered that Posada be deported but ruled that he could not be sent to Cuba, where he was born, or Venezuela, where he is a naturalized citizen.

Several countries, including Mexico, have declined to allow Posada in. He sued last year, arguing that the U.S. government cannot hold him indefinitely while they look for a country willing to let him move there.

Governments of both countries want Posada sent to Venezuela to stand trial on charges that he was in Caracas when he plotted the deadly 1976 bombing.

Posada, who had a role in the failed Bay of Pigs invasion of Cuba, has denied any wrongdoing. 2007-02-22T01:31:53Z

TAX:

13 Charged With Fraud Over Tobacco Sales Taxes (MINNST)

By Rochelle Olson And Pam Louwagie

Minneapolis Star Tribune, February 23, 2007

They concealed more than $2.5 million in revenue from the state, the federal indictment says.

Thirteen people face federal charges of defrauding the state of more than $2.5 million in sales tax by concealing revenues from cigarette sales, according to a federal indictment unsealed Thursday.

The indictment, which according to attorneys in the case was unsealed by a U.S. District Court magistrate judge, cites numerous attempts to conceal earnings and wealth through fraudulent bookkeeping and tax returns, as well as property transfers and large cash transactions.

One defendant is accused of stashing $1 million cash in his ceiling, and another allegedly bought a BMW car with $20 and $50 bills.

Scott Tilsen, a federal public defender, said it is too early to know the full extent of what the government claims or what it can prove.

"They've charged a form of tax evasion over a four-year period involving a large number of individuals named and unnamed," Tilsen said. "Traditionally, there's always a few tax prosecutions brought ... as we approach April 15."

The case, the result of a joint investigation by the FBI and the Internal Revenue Service, includes one conspiracy count, 13 mail fraud counts and 26 wire fraud counts.

In addition to conspiracy charges, 11 of the defendants are accused of mail and wire fraud involving false or incomplete sales tax payments or filings.

All but one of the 13 defendants uses or has used the last name Wazwaz.

The defendants own 52 Twin Cities-area tobacco stores, including Wholey Smokes in Blaine, Coon Rapids and Minnetonka, and Mr. Discount Tobacco I in Fridley and II in Roseville.

Transactions date to 1996

The 58-page indictment alleges that the dozens of transactions date from 1996 through the present and details numerous transactions involving thousands of dollars.

The defendants also are accused of transferring nearly $1 million to Jordan, Lebanon and the Palestinian territories through checks, currency and wire transfers backed by the tobacco store proceeds.

An unindicted co-conspirator was caught at the Minneapolis-St. Paul International Airport in March 2003 with six cashier's checks worth $108,030 destined for Lebanon, the indictment said.

"There's millions of Americans who send funds to relatives overseas," Tilsen said, noting that the money can add up over time. He represents Yousef Mahmoud Wazwaz, also known as Joseph Mahmoud.

The indictment alleges that the defendants, in order to conceal their worth, transferred the ownership of the tobacco stores rapidly back and forth to "conceal from the United States the true owner of and who benefited from the stores."

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Despite substantial cash receipts in the stores, the defendants did not deposit a significant portion in their bank accounts but rather "used the cash to pay employees, to acquire inventory, to pay personal expenses or to hoard."

In 2000, the indictment claims, Tawfiq Othman Wazwaz stored $1 million in cash in the "suspended ceiling in the basement of his residence."

Another defendant, Raed Yassin Wazwaz, is alleged to have paid $32,825 in cash for a BMW in 2001, using $20 and $50 bills.

In April 2004, an unindicted coconspirator identified as B.W. "transported $17,500 in currency generated by stores under his control." The owner of Stillwater Tobacco also wrote a check to B.W. for $35,000 in May 2002, claiming it was a "gift," the indictment said.

Some defendants owned homes and cars in the names of others to impede calculation of their income, the indictment said.

Groups of brothers

Most of the defendants belong to four groups of brothers identified by their names: Othman, Mohamed, Yassin and Mahmoud.

They own tobacco stores in the Twin Cities and concealed the revenue and expenses of those stores or the identities of the people deriving economic benefit from their operation, according to the indictment.

At least two of the defendants already have pleaded guilty to federal charges in connection with cigarette sales.

Zuhair Wazwaz, also known as Anthony Stallone, pleaded guilty in 2004 to mail and wire fraud. Adel Salem pleaded guilty that same year to mail fraud. They pleaded guilty to ordering nearly $1 million in cigarettes with no intention of paying for them.

The other defendants are Houd Othman Wazwaz, Fares Othman Wazwaz, Taleb Mohamed Wazwaz, Kennedy Mohamed Wazwaz, Sabry Mohamed Wazwaz and Ziad Mahmoud Wazwaz.

Othman Majed Wazwaz and Kamil Madfoun Al-Esawi are charged only with conspiracy.

Defendant 'shocked'

Defense attorney Richard Kyle said his client Kamil Madfoun Al-Esawi simply worked as a cashier at one of the stores.

"My client is shocked that he's named in this indictment," Kyle said. "He's not a member of this Wazwaz family. ... He has no involvement. He's named in one of the 40 counts. We just don't get it."

Kyle said Al-Esawi had hired him during the investigation.

"Quite frankly, I thought, I was very surprised that he'd ever be named in an indictment."

Staff Writer Dan Browning contributed to this report. The writers are at raolson@startribune.com • 612-673-1747 and plouwagie@startribune.com • 612-673-7102

Corporate Owners Hide Assets, Identities (USAT)

By Kevin McCoy

USA Today, February 23, 2007

Roughly four miles from the famed Las Vegas casino strip, ABC Equity's corporate office is registered in a modest business suite located off West Sahara Avenue.

Great Fortune 600 is registered in the same suite. So are DK Financial, Hill 99, Stock Savant, ZZYZX Holdings — and more than 1,000 other corporations.

They share something in common besides their business address. Each lists the same man as its sole corporate officer in Nevada incorporation records. He is William Reed, a businessman with a suspended law license and the target of a Federal Trade Commission lawsuit that alleges he and a convicted felon teamed in a business that promoted forming Nevada corporations to shield assets "from 'capricious federal judges and any government agency.' "

A USA TODAY computer-aided review shows that the two men and their business, Asset Protection Group, are part of a thriving mini-industry that has capitalized on real or perceived gaps in domestic incorporation laws and virtually non-existent government oversight to promote some U.S. states as secrecy rivals of offshore havens.

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A multi-agency U.S. Money Laundering Threat Assessment issued in 2005 cited Nevada, Wyoming and Delaware as the states with laws most conducive to anonymous corporate ownership. USA TODAY's review, which examined databases of all Nevada and Wyoming incorporations but was unable to obtain comprehensive data for Delaware, found:

•A Florida man who served a federal prison term for an international currency trading scam used his secret ownership of a Nevada corporation to launch a similar fraud after he was released. More than 120 victims lost $8 million.

•Interpol or other international investigators probing suspected crimes overseas have contacted the Wyoming Secretary of State's office about corporations registered by a businessman whose Internet-based venture advertised using Wyoming firms to shield assets.

•The sole publicly listed officer for nearly 100 firms incorporated in Wyoming is a woman whose listed address is a postal box in the Republic of Seychelles, an Indian Ocean nation that has been the focus of corporate secrecy concerns.

USA TODAY's findings buttressed the money laundering report's warning that a "race to the bottom" among states vying to set minimal corporate information requirements has enabled companies to hide the identities of their owners, thereby making it harder for law enforcement agencies to track suspected tax evasion, money laundering and other crimes.

"The purpose of corporations originally was to provide limited liability, not anonymity," said Sen. Carl Levin, D-Mich., chairman of the Senate Permanent Subcommittee on Investigations, which held a recent hearing on the issue. "Now they're providing both limited liability and anonymity, and the law enforcement folks … are very upset. They want to know who it is that's behind these corporations."

Concern about camouflaged corporate ownership prompted the IRS to list the tactic this week in its 2007 "Dirty Dozen" tax scams. The IRS said anonymous entities are facilitating "underreporting of income, non-filing of tax returns … money laundering, financial crimes and possibly terrorist financing."

Most states don't require companies to provide ownership information when they incorporate. And they exercise virtually no oversight on the corporations' internal operations. In part, that's because most corporations operate legally, generate new jobs and fuel economic expansion, plus registration fees.

Nevada and Wyoming officials said their laws encourage legitimate businesses with reasonable registration requirements. "The law isn't unscrupulous. It's the individuals that use it in an improper manner," said Tom Cowan, head of the securities division in the Wyoming Secretary of State's office.

But law enforcement officials say relaxed state requirements let the mini-industry facilitate formation of shell companies that have no employees, exist chiefly on paper, yet conduct financial transactions.

Most states require companies to list the names of their officers in incorporation filings. However, a 2006 Government Accountability Office report showed most states do not bar the use of nominee officers, who may be straw men who camouflage the identities and activities of the real owners.

Secrecy marketers in the mini-industry provide nominee officers for Nevada and Wyoming corporations for an annual fee. They also tout the use of so-called bearer shares, an ownership system in which controlling shares may be physically transferred from one person to another in secret.

Referring to corporations whose owners are shielded by nominee officers, bearer shares and other tactics, the money laundering report said "Delaware, Nevada and Wyoming are often cited as the most accommodating jurisdictions in the United States for the organization of these legal entities."

The Nevada Secretary of State's website even proclaims: "No IRS Information Sharing Agreement."

Secretary of State officials in Nevada and Wyoming said in interviews that while they cooperate with law enforcement agencies, current laws in most cases don't let them challenge or investigate incorporations. "We're a filing office, and we don't make the law," said Nevada Deputy Secretary of State Scott Anderson, head of the Commercial Recordings Division.

Nonetheless, the officials said their state legislatures are expected to respond to law enforcement concerns by enacting changes as early as this year to close real or perceived loopholes.

That's welcome news for John Colledge, head of the Reno office of Immigration and Customs Enforcement. He complained that corporate anonymity, a "large stumbling block," thwarted him in 2004 when he checked a bank's tip about a Swiss man who had formed two Nevada corporations.

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The man had flown from Zurich to Reno and opened corporate accounts that received thousands of euros and quickly redirected the funds overseas, Colledge said. Although he suspected that the funds were being laundered, Colledge said he could not get enough information to determine for sure.

"To fly from Zurich to Reno for a long weekend is a very unusual sort of thing. I think most of us (in law enforcement) who have some experience in this international area historically would look at somebody flying from Reno to Switzerland to do something in reverse," said Colledge.

The operations of Asset Protection Group demonstrate the level of anonymous activity available under some states' incorporation laws. The firm attracted clients in part with a promotional video in which actor Robert Wagner warned that without asset protection, "You could lose everything you've worked so hard for, in a flash."

Wagner publicist Alan Nierob called the video "a one-shot deal," and said his client didn't endorse Asset Protection Group.

USA TODAY's analysis found that more than 1,000 Nevada corporations list William Reed, a 56-year-old executive identified in the Federal Trade Commission lawsuit as Asset Protection Group's operator, as the sole officer. Each corporation listed the firm's office address as its own.

A Colorado Supreme Court disciplinary panel suspended Reed's law license in 1997 for "dishonest" conduct in transferring purported ownership interests to employees of his former law firm, a court record shows. Reed did not seek reinstatement. Separately, under questioning in an October deposition for the Federal Trade Commission case, Reed said he was under IRS investigation.

Government lawyers in the case allege that Reed teamed with Richard Neiswonger, 55, who headed Asset Protection Group's marketing affiliate. Court records show Neiswonger was sentenced to 18 months in federal prison in 1998 after pleading guilty to money laundering and wire fraud charges. The case involved misleading marketing claims in a previous business.

The Federal Trade Commission lawsuit alleges Reed, Neiswonger and Asset Protection Group used misleading income projections to defraud scores of consultants who paid $9,800 each in hope of marketing the firm's privacy tactics.

Defense attorneys said Reed, Neiswonger and Asset Protection Group did nothing wrong. They have asked U.S. District Judge Stephen Limbaugh to dismiss the lawsuit. Limbaugh named a receiver to administer Asset Protection Group pending the outcome of the case.

The receiver, Robb Evans & Associates, alleged in court filings that Asset Protection Group may have facilitated money laundering by a suspected crime ring thousands of miles away. Police in Fairfax County, Va., notified Asset Protection Group in May that suspects in a string of identity thefts had used the company "to set up multiple corporations and open bank accounts," the receiver reported in a court filing.

"I have reviewed bank statements for two of the corporations, and over $500,000 in apparently stolen funds (from the suspected Virginia identity thefts) was deposited in these accounts," M. Val Miller, an attorney working with the court receiver, wrote.

Fairfax police said no arrests had been made in the case. Miller said detectives told the receiver's office the suspects were believed to have fled the country.

Anderson, the Nevada deputy secretary of state, said the agency did not know about the federal allegations against Reed, Neiswonger and Asset Protection group.

The Secretary of State's office became aware of another Nevada corporation, Par Three Financial, in 2005 after the Securities and Exchange Commission filed a federal court complaint that accused the firm and its secret owner of using a pyramid scheme to scam investors. In such a scheme, money from newly recruited investors is used to pay those who invested earlier.

Nevada records show Par Three was based in Las Vegas and at various times listed a Carson City businessman or a Nevada attorney as its sole publicly listed officer. But, the SEC lawsuit alleged, the company was secretly controlled by Melvin Ruth, a Florida felon who served nearly three years in federal prison after he pleaded guilty to conspiracy to commit mail and wire fraud in a scam involving stolen investments.

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In November 2003, shortly after he was released from prison, Ruth allegedly used Par Three to mount a similar scam. The firm offered potential investors a monthly return of at least 2% on loans to check-cashing stores, company and court records show. Par Three raised at least $8 million from more than 120 investors who were unaware of Ruth's role, the SEC alleged.

In December 2005, the SEC got a court judgment that permanently restrained Ruth and anyone working with him from violating securities laws. The judgment ordered Ruth to pay a civil penalty and give up ill-gotten gains, with interest. Ruth died last year of cancer complications amid efforts to recover Par Three assets that could repay investors, said his lawyer, Carl Schoeppl.

USA TODAY's review of incorporations found that Wyoming, like Nevada, has multiple examples where a single person is the sole officer for a string of companies.

Guillermo Jalil, for instance, runs AssetProfile.com, which sells Wyoming corporations and provides nominee officers. State records list him as an officer of more than 100 corporations, from A+ Shadow Systems to Yokohama Technologies.

Investigators from Interpol, the international law enforcement agency, have contacted the Wyoming Secretary of State's office about several of the corporations registered by Jalil, said Cowan, the securities division chief. None of the inquiries directly involved Jalil, who operates legally and sells corporations that typically may be used outside the USA, Cowan said.

In a recent interview, Jalil said he had not been contacted by Interpol and knew nothing about the inquiries to the Secretary of State. He said he conducts background checks on anyone seeking nominee officers for a corporation.

Jalil contended that the IRS and law enforcement investigators can check on any company by examining bank records. Claiming that corporation secrecy laws can block investigators "doesn't sound like reality to me," Jalil said.

But the internal workings of some corporations prove particularly resistant to transparency. Wyoming incorporation records show that at least 90 companies created since 2002 list Stella Port-Louis as the sole listed officer. Many of the firms, such as Export Deutschland AG and Motorcomsa S.A., have foreign corporate names.

The only address for Port-Louis listed in the records is a postal box in the Republic of Seychelles. A USA TODAY interview request mailed in January to Port-Louis' postal box could not be delivered. Port-Louis did not respond to a message relayed via Registered Agency Services, the Cheyenne company that is the local agent for the corporations that list her as an officer.

JoLyn Jordan, an official of Registered Agency Services, a firm that files incorporations, said she believed Port-Louis was a nominee for owners outside the USA. "I don't know who she is, or if she's for real," said Jordan. Asked how to determine if they were shell firms created for crime, Jordan said, "You don't know."

Jack Blum, an international tax expert and former special counsel to the Senate Foreign Relations Committee, said money laundering investigations have historically focused on the Seychelles. While saying he had no information about the Port-Louis firms, he said the filings seemed designed to frustrate.

"Whoever's trying to research it will go batty," said Blum.

Bill Clinton's AMT Bomb (WSJ)

The Wall Street Journal, February 23, 2007

As tax season nears, Democrats in Congress are discovering they have an urgent political bomb to defuse -- the alternative minimum tax. The AMT already hits four million Americans, and without new legislation this year it will explode in the pocketbooks of 23 million taxpayers come April 15, 2008.

What's amazing is that many Democrats and reporters are trying to blame this looming tax increase on the 2001-2003 tax cuts. See if you can follow their argument: Taxpayers are obliged to pay the higher of their tax bill under either the regular IRS code or the AMT. And because the tax cuts reduced the regular income tax of the average family by $2,000 a year, more middle-class families are being bounced to the AMT system. Ergo, it's all President Bush's fault.

This logic requires overlooking that a taxpayer's bill under the AMT is still lower than it would have been without the tax cuts. But never mind: The political game here is to use the AMT as an excuse to justify repealing the Bush tax cuts.

In reality, the AMT is one more liberal monster that was created in the name of soaking the rich but has now come back to swallow the middle class. Democrats created the AMT in 1969, amid a political frenzy to capture a mere 21 millionaires who had paid nothing. And the politician most responsible for the AMT's relentless expansion in recent years is none other than William Jefferson Clinton.

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Remember the 1993 tax hike that was supposed to fall only on the rich? In addition to raising gas taxes and Medicare payroll taxes and income tax rates, the Democratic Congress that year also raised the AMT: from a 24% flat rate to a dual tax rate of 26% on AMT income up to $175,000 and 28% on AMT income above that amount.

It's true that the 1993 bill slightly increased the AMT's family income exemption, but Democrats refused to index those exemptions for inflation. So the combination of the higher rates and the failure to index for inflation has caught more and more middle-class taxpayers in the AMT's maw. From 1992 to 2002, this Clinton stealth tax hike increased sixfold the number of filers paying the AMT, to nearly two million from 300,000.

A Joint Tax Committee (JTC) analysis requested last year by Senator Charles Grassley of Iowa shows that about 11 million more Americans will have to pay the AMT next year thanks to the higher post-1993 AMT rates. The House Ways and Means Committee calculates that if you live in a high-tax state (such as California or New York) and have two or more kids, you're very likely to be hit with the AMT this year even if your income is as low as $75,000.

All of which means that if Democrats really want to spare Joe Lunchbucket from the AMT, the cleanest solution is to repeal the Clinton AMT rate hikes. The nearby chart, prepared by the American Shareholders Association based on Joint Tax data, compares the number of filers who will be hit by the AMT under current law and what would happen if the AMT rate was moved back to the pre-Clinton 24% and the exemption was indexed for inflation at the 2005 level of $40,250 ($58,000 for a joint return). Going back to the pre-Clinton rates would leave only about 2.6 million tax filers subject to an AMT penalty next year instead of 23 million under current law.

The estimated "cost" of this fix to the Treasury over 10 years would be some $632 billion, which is money Democrats in Congress would prefer to spend. But as Senator Grassley notes: "This tax was never meant to tax the middle class, so why should we count it as a revenue loss when we make sure they don't have to pay it?"

There's a larger policy lesson to keep in mind as the debate unfolds over both the AMT and the looming expiration of the Bush tax cuts in 2010: Beware politicians who say they only want to tax the rich. Sooner or later their tax schemes will soak the middle class because that's where the real money is. Regarding the AMT, Democrats are now saying they'll be glad to provide AMT relief for the middle class but they'll have to raise taxes on CEOs and other high-income Americans to do it. Where have we heard that one before?

CONGRESS-ADMINISTRATION:

Walter Reed Stories Factual But Unfair, Medical Chief Says (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, February 23, 2007

The Army's surgeon general yesterday criticized stories in The Washington Post disclosing problems at Walter Reed Army Medical Center, saying the series unfairly characterized the living conditions and care for soldiers recuperating from wounds at the hospital's facilities.

"I'm not sure it was an accurate representation," Lt. Gen. Kevin C. Kiley, chief of the Army Medical Command, told reporters during a news conference. "It was a one-sided representation."

The Medical Command oversees Walter Reed and all Army health care.

Until now, the Army had not challenged any aspect of the Post series. Army and Defense Department leaders have promised to eliminate squalid conditions in Building 18, a former hotel outside the Walter Reed gate where 76 wounded soldiers live as outpatients. They have also promised to address bureaucratic problems in the handling of wounded soldiers.

The two-part newspaper series reported that many soldiers spend 18 months or more at Walter Reed. It quoted many patients and their families describing a bureaucratic indifference to medical needs. And it described rooms in Building 18 with mold, leaky plumbing and holes in ceilings.

While acknowledging "pretty distressing" conditions in some rooms at Building 18, Kiley said the problems were neither widespread nor symptoms of a system that allows soldiers to languish. The building is not "emblematic of a process of Walter

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Reed that has abandoned soldiers and their families," said Kiley, who was commander at the hospital before becoming surgeon general in 2004.

"I want to reset the thinking . . .," Kiley said. "While we have some issues here, this is not a horrific, catastrophic failure at Walter Reed."

Asked to elaborate on his comments after the news conference at the facility, Kiley said he does not dispute the facts in the Post stories. "It's not the accuracy question, it's the characterization," he said.

Kiley said the Army is beginning to study ways to streamline the medical bureaucracy, including the process by which soldiers are evaluated and either discharged or returned to active duty. "That's going to take more than a couple of weeks, but we're going to get at it," he said.

Kiley's comments came at the end of a media tour during which reporters and television camera crews were escorted through Building 18 to view conditions and repairs. Rooms had been painted, plumbing repaired and floors disinfected.

"It's not the Ritz-Carlton at Pentagon City, I'll grant you that," Kiley said, surveying the cleaned, repaired and repainted room where until recently Army Spec. Jeremy Duncan lived with black mold and a hole in the ceiling above the shower.

Duncan, who broke his neck while on patrol in Iraq last year, was moved to a new room after the Post story described his living conditions. He said he has not suffered any reprisals. "Believe it or not, people were actually happy about the fact that someone spoke up," Duncan said.

Kiley said that while repairs to Building 18 are nearly complete, the aging facility needs a top-to-bottom renovation. "That's tough to do while you're trying to take care of soldiers," he said.

In another development yesterday, the White House announced that President Bush plans to nominate S. Ward Casscells to replace William Winkenwerder as assistant defense secretary for health affairs. The Pentagon said Winkenwerder's departure was already planned and is not related to problems at Walter Reed.

Painting Over The Problems At Walter Reed's Building 18 (WP)

By Dana Milbank

The Washington Post, February 23, 2007

It's not every day one gets to witness a whitewash in action, but Walter Reed Army Medical Center provided just such an opportunity yesterday.

In Sunday's Washington Post, Dana Priest and Anne Hull described the woeful conditions of Room 205 in Walter Reed's Building 18: "Behind the door of Army Spec. Jeremy Duncan's room, part of the wall is torn and hangs in the air, weighted down with black mold. When the wounded combat engineer stands in his shower and looks up, he can see the bathtub on the floor above through a rotted hole."

The Army mobilized. Painters were deployed to cover the offending wall with a fresh coat of white semigloss. And television crews were invited in to inspect the result.

"Some of the paint is still wet against that wall, so be careful," Walter Reed public affairs officer Donald Vandrey, standing on the bed in his socks, advised the film crews. "They just finished repainting it about 10 minutes ago."

Mission accomplished?

Lt. Gen. Kevin Kiley thought so. After the media tour of Building 18, the Army's surgeon general gave a news conference. "I do not consider Building 18 to be substandard," he said of a facility Priest and Hull found full of "mouse droppings, belly-up cockroaches, stained carpets, cheap mattresses" and other delights. "We needed to do a better job on some of those rooms, and those of you that got in today saw that we frankly have fixed all of those problems. They weren't serious, and there weren't a lot of them."

Kiley might have had a stronger case if men wearing Tyvek hazmat suits and gas masks hadn't walked through the lobby while the camera crews waited for the tour to start, or if he hadn't acknowledged, moments later, that the entire building would have to be closed for a complete renovation. The general also seemed to miss a larger point identified by other officials: Walter Reed's problem isn't of mice and mold but a bureaucracy that has impeded the recovery of wounded soldiers.

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The Army's vice chief of staff, only 24 hours earlier, decried "a breakdown in leadership" for the conditions in the place. And Rep. Tom Davis (R-Va.) noted that "you could put all the wounded soldiers in the Ritz-Carlton, and it wouldn't fix the personnel management and recordkeeping problems that keep them languishing in outpatient limbo out there for months."

"We're not letting soldiers languish," came Kiley's reply.

For all the stagecraft, there was still broken glass in the driveway of Building 18 yesterday, a banana peel on the steps and an empty Budweiser can in the shrubbery. There were signs of hasty repairs: a plumber's truck outside, dust masks and spray cleaners on window sills, rat poison outside the dumpster, and a discarded box proclaiming "Emergency Exit Lighting Fixture." Construction workers came and went.

The base's public-affairs crew arrived 25 minutes late for the tour but got right to work. "Some of these people are not on our list and are not coming in," announced Lori Calvillo, Walter Reed's chief spokeswoman. "C-SPAN, you're not on the list. You're not coming in." She then attempted to evict a Washington Post reporter, who appealed, loudly, to Kiley.

The tour began in the game room, where soldiers shot pool and watched a plasma TV. From there, the tourists climbed a stairwell smelling of chlorine bleach to a floor smelling of fresh paint.

"In the next room, there's a little water drop on the ceiling; you can get a nice shot of it," Kiley joked. Inside Room 416, there was indeed some rainwater dripping into a wastebasket, a missing lampshade, some loose wallpaper and a mirror on the floor -- but neither rodents nor fungus were visible.

Then it was down to Room 205, crammed with Tilex, sealant, paint rollers, a dropcloth and ceramic tiles. Spokesman Vandrey spoke like a real estate agent: "There was no plumbing leakage in the bathroom. That was all condensation." Outside the room, a man spoke urgently into his cellphone: "The drywall has to dry before they can paint."

A few doors down was Spec. Duncan, in his new room. "Unfortunately, I had to stand up and tell them, 'Hey, the room is messed up,' " he told a Voice of America camera. "I got my point across."

He sure did -- and that's why Kiley, who was the commander at Walter Reed before assuming his current role in 2004, found himself staring into a bank of 12 cameras yesterday. Missing was Maj. Gen. George Weightman, the current Walter Reed commander -- "called away to important business," Kiley explained.

At times, Kiley appeared to acknowledge a systemic problem. He promised to "go at this thing soup to nuts," adding: "We're gonna get at it real quickly." But then he quibbled with the scope of the problem. "Some of this bureaucracy, as much as it frustrates us, I'm not sure that's a breakdown in leadership," he reasoned.

He then attacked the "one-sided representation" of the Post reporting. "I do not think that Building 8" -- he apparently meant 18 -- "is emblematic of a process of Walter Reed that has abandoned soldiers and their families," Kiley said. "I want to reset the thinking that while we have some issues here, this is not a horrific, catastrophic failure at Walter Reed."

Back in Room 205, the whitewash was almost dry.

Damaged And Adrift In The Shadows (NYT)

The New York Times, February 23, 2007

When the Senate next debates whether to debate the Iraq war, members would do well to visit Walter Reed Army Medical Center, just five miles to the north. There they can run a stark reality check on how the country is failing the war's wounded despite all those Capitol orations about unstinting support of our fighting troops.

As fine as the surgery wards have been through a five-year torrent of battle casualties, Walter Reed has seen the shameful growth of a parallel village of almost 700 traumatized and maimed outpatients. Far too many of these souls wait lost and wasted, abandoned by the post's and the Army's shambling bureaucracy.

This outpatient world has become a holding ground for desperation and dysfunction, according to a Washington Post investigative report. Some drift away unnoticed, AWOL, while others huddle in their rooms, depressed and forgotten. The scenes uncovered by The Post range from slumlord conditions in one residential building to drug abuse and suicide among desperate patients caught in a Catch-22, where psychologically damaged veterans are put in charge of fellow sufferers.

A staff sergeant who had his eye and skull shattered in Iraq stumbled about after his release from a surgical recovery room. He was handed a map and ordered to find his way across the sprawling post to the outpatient unit. After he found his room he sat

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for weeks like some accidental tourist, with no doctor appointments nor official concern. “Shouldn’t they contact me?” he wondered.

The Army is promising to rush repairs and extra personnel. But the shameful neglect at Walter Reed is more proof of how America’s leaders — despite all the rhetoric about unlimited support for the troops — are failing the nation’s warriors in this disastrous war.

Senate Effort To Pass Intelligence Legislation Stalls Again (WT)

By Shaun Waterman, United Press International

The Washington Times, February 23, 2007

The annual legislation that governs the 16 U.S. intelligence agencies and their new boss, the director of national intelligence, is stalled again in the Senate, where efforts to pass it in the past two years also died.

"We're still working it," said a senior staffer from the Senate Select Committee on Intelligence, which voted the bill out 12-3 last month, adding that the new committee chairman, Sen. John D. Rockefeller, West Virginia Democrat, continued to hope the bill could be passed after the Presidents Day recess.

The staffer, who was authorized to speak only on the condition of anonymity, said committee members were working on a unanimous-consent agreement -- a procedural measure whereby noncontentious bills are brought to the floor of the Senate and voted on without time-consuming debate.

"It's cleared on our side," said the staffer of the committee majority, adding that a provision in the bill temporarily suspending some federal privacy protections would be removed as part of the deal. Democratic Sens. Ron Wyden of Oregon and Russ Feingold of Wisconsin, said in additional views submitted with the bill that they believed this provision "merit[ed] further study and debate" before being passed into law.

The staffer said other Democrats had been prevailed upon not to force the issue of congressional access to the presidential daily briefings about pre-Iraq war intelligence.

But a unanimous consent agreement, as its name implies, can be halted by any objection, and the Senate's arcane rules allow the objector to remain anonymous.

In the previous two years, under the chairmanship of Sen. Pat Roberts, Kansas Republican, the committee's efforts to move the bill have been blocked by holds from Republican senators.

The same issues are behind the holdup this year, according to sources from both sides of the aisle: There is concern about what some Republican senators see as the bill's excessive reporting requirements, both on intelligence agencies about their detention and interrogation of terror suspects, and on the administration as a whole. The new law would require much wider congressional notifications about the most secret oversight briefings of all.

The staffer said the committee leadership hoped to address those concerns by "tweaking the language" in a couple of parts of the bill "to make clear that sources and methods will be protected."

"Our Republican colleagues [on the committee] are working on" overcoming Republican objections, said the staffer. The committee's senior Republican, Sen. Christopher S. Bond of Missouri, was traveling in East Asia this week and could not be reached. His staff declined comment.

Although U.S. intelligence activities are funded from a special secret annex of the vast defense appropriations act, the authorization law is the only vehicle for public legislative oversight and guidance to the sprawling and sometimes fractious collection of agencies dubbed by insiders as the "U.S. intelligence community."

The hiatus in the legislation has meant, for instance, that lawmakers have not yet been able to make a series of fixes and adjustments to the new intelligence structure they put into place in the huge 2004 Intelligence Reform and Terrorism Prevention Act.

The 2007 authorization bill contains additional clarified budget re-programming authority for the new director of national intelligence and creates an inspector general for his office.

Pentagon Abandons Big Bomb Test (AP)

By Jennifer Talhelm, Associated Press Writer

DOJ_NMG_0135686

AP, February 23, 2007

Facing stiff opposition from two Western states, the Pentagon on Thursday scrapped plans for a 700-ton non-nuclear test blast that would have produced the first mushroom cloud of dust over the Nevada desert in decades.

The Defense Department said it would find other ways to test the nation's ability to penetrate underground bunkers that produce and store weapons of mass destruction.

The cloud may have reached an altitude of 10,000 feet over the site about 90 miles northwest of Las Vegas, an eerie echo of long-ago open-air nuclear testing.

Originally scheduled for last June 2, the test blast — called Divine Strake — had been postponed indefinitely until the Defense Threat Reduction Agency finally canceled it.

"I have become convinced that it's time to look at alternative methods that obviate the need for this type of large-scale test," he said in a statement.

The decision was not based on any technical information that indicated the test would harm workers, the public or the environment, according to James Tegnelia, director of the Pentagon unit that works on technical aspects of how to destroy deeply buried enemy weapons.

It was in March 2006 that he had likened the spectacle of a test explosion to a mushroom cloud.

"I don't want to sound glib here, but it is the first time in Nevada that you'll see a mushroom cloud over Las Vegas since we stopped testing nuclear weapons," Tegnelia said at the time to reporters.

The United States stopped conducting aboveground nuclear tests in 1963.

In Nevada and Utah, there was concern that the blast would scatter decades-old radioactive material from previous Cold War-era tests. Other critics contended the explosion would mark a step toward new tests to develop "bunker buster" nuclear weapons.

Two months ago, the agency released a new environmental report that confirmed there is radioactive material about a mile from the blast site. Officials insisted any harm would be "extremely unlikely."

The agency said in a statement it would develop other ways to gather the kind of data that Divine Strake would have provided. "Such methods to assess capabilities to defeat underground facilities do not currently exist," it said.

The agency is committed "to help develop non-nuclear means to defeat underground targets. I am optimistic that we will succeed," Tegnelia said.

Senate Majority Leader Harry Reid, D-Nev., and other lawmakers said they understood the need for tests to develop defense strategies.

But, Reid said, "there were still many questions left unanswered, including the possible environmental effects."

The loudest critics said the plan revived bitter memories of government "lies" during Cold War-era tests, when officials said there would be no danger.

Thousands of people who lived near the Nevada Test Site — called downwinders — were exposed to cancer-causing radiation from weapons tests.

Residents feared Divine Strake would spread more radioactive material or lead to further nuclear experiments there.

"If this announcement truly signals the end of Divine Strake, my hope is that DTRA would instead spend time and money on developing a conventional weapon that would actually be useful to our military in destroying deeply buried terrorist targets," said Rep. Jim Matheson, D-Utah.

John Wells, a Las Vegas carpenter and regional representative to the Western Shoshone National Council, said the blast would "compound wrongs" for the American Indian tribe.

The tribe fought the test in court and long has contested the government over the test site, now contaminated from years of nuclear tests.

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Associated Press Writer Ken Ritter in Las Vegas contributed to this report.

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On the Net:

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Defense Threat Reduction Agency: http://www.dtra.mil/

Agency Scraps Plan For Explosives Test (NYT)

New York Times, February 23, 2007

A federal agency announced yesterday that it had canceled a plan to detonate 700 tons of conventional explosives in the Nevada desert as part of a study of ways to target underground weapons facilities or bunkers.

The test, known as Divine Strake, at the Nevada Test Site would have been conducted near a place used for decades for atomic testing. Opponents said the explosion would create a two-mile-high mushroom cloud and release radioactive dust from long-undisturbed radioactive material.

Utah's Congressional delegation and thousands of Utah residents have written to the Defense Threat Reduction Agency of their opposition to the test. The agency said yesterday that it would look at alternative means of testing. A news release from the Department of Defense, which is seeking alternatives, said the decision "was not based on any technical information that indicates the test would produce harm to workers, the general public, or the environment."

McCain Raps Extraneous Pentagon Spending Requests (POL)

By Christian Lowe

Politico.com, February 23, 2007

Quarreling with Pentagon spending requests, Sen. John McCain has chided Defense Secretary Robert Gates and Air Force Secretary Michael Wynne for seeking three experimental aircraft in the Pentagon's emergency wartime funding bill.

The $93 billion funding request for military operations yet this year in Iraq, Afghanistan and other hot spots includes nearly $14 billion for two F-35 Lightning II fighter jets and a CV-22 Osprey tilt-rotor transport to replace aircraft lost in overseas combat operations. Both aircraft are still in development and years from being fielded.

"In an emergency supplemental, you are proposing to replace combat loss with unproven platforms that not only are not yet operational but will also ultimately cost a lot more than they do now," the Arizona Republican told Gates and Wynne in a Feb. 13 letter obtained by Politico.

McCain, the ranking member of the Senate Armed Services Committee, is a staunch supporter of President Bush's plan to send an additional 21,500 troops into Iraq. But he's also often criticized the military for slipping costly extraneous programs into emergency wartime spending bills.

The F-35, also known as the Joint Strike Fighter, has only recently begun test flights. The Air Force asked for two of the small, stealthy planes to replace an F-16 Falcon and an F-15 Eagle fighter lost during combat operations. The Air Force argues that neither fighter is being produced for the U.S. military anymore and that the F-35 is the only viable replacement option.

But the F-35 isn't in large-scale production either, McCain noted, and the replacements wouldn't reach the Air Force until 2013.

The CV-22, with a shaky safety record, is still in testing as well.

"Both the JSF and Osprey are controversial, next-generation programs that require considerable congressional oversight," McCain wrote. "Your including the requests to procure both aircraft types in an emergency supplemental effectively insulates these programs from this committee's routine oversight. This is inappropriate."

McCain's salvo was buttressed Thursday by the chairman of the House Armed Services Committee's Air and Land Forces Subcommittee, Rep. Neil Abercrombie, D-Hawaii, who fired off a news release outlining what he sees as additional inappropriate spending requests.

Abercrombie challenged the Army's request for $14 billion in tanks, transports and other armored vehicles that are not intended to replace combat losses. The vehicles are largely part of the Army's reorganization effort to carve "modular" brigades out of Cold War-era divisions. The smaller brigades are easier to deploy, but come with logistics and combat support requiring dozens of new vehicles.

"What they're trying to do here is a budget trick where they hide the spending 'pea' under the 'shell' of support for the troops," Abercrombie said in an interview. "This has to stop."

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In his release, Abercrombie complained that such purchases should be considered part of the annual Pentagon appropriations request subject to congressional oversight. His critique is his answer to a request by House Defense Appropriations Subcommittee Chairman John P. Murtha, D-Pa., for a list of items deemed inappropriate for consideration in the wartime funding bill.

Abercrombie said he found nearly 40 items in the emergency bill that could be cut or modified, representing a savings of about $4 billion.

Labor Seeks Boost From Pro-Union Measure (NYT)

By Steven Greenhouse

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — Organized labor is fighting for a pro-union bill as if its life depended on it.

Some labor experts say the union movement's ability to reverse its slide could in fact hinge on its winning passage of the bill, which would make it easier for workers to join unions.

The United States Chamber of Commerce, the National Retail Federation and more than a dozen other business groups are mounting a fierce campaign to stop the bill, inundating Congress with more than 10,000 e-mail messages and letters. At the same time, labor unions are sponsoring demonstrations, conferences and meetings in 99 cities this month to push for the legislation. The two sides have also squared off with newspaper advertisements.

"The business community thinks the labor movement is at death's door, and they want to make sure they keep this bill from passing," said Charles Craver, a professor of labor law at George Washington University. "If it passes, it will give labor a big boost."

Labor unions represent only 7.4 percent of the nation's private-sector workers, down from 35 percent in the 1950s. That helps explain why labor's campaign for the bill, the Employee Free Choice Act, represents its biggest legislative push in 30 years.

Legislative aides say they expect the bill to be approved next Thursday in the House, where it has 234 sponsors, including seven Republicans.

Business lobbyists voice confidence that they can block the bill in the Senate, where opponents say a filibuster is likely. Vice President Dick Cheney said last week that President Bush would veto the bill.

"It's a huge issue," said Randel Johnson, vice president for labor policy at the United States Chamber of Commerce. "We've targeted this as our No. 1 or No. 2 priority to defeat."

The bill would give employees at a workplace the right to unionize as soon as a majority sign cards saying they want a union, a process known as a card check or majority signup. Under current law, employers can insist on a secret-ballot election to determine whether a majority of employees favors a union.

Last summer Unite Here, the union representing apparel, hotel and laundry workers, used a card check to organize 300 housekeepers and other workers at the Marriott Downtown Los Angeles. Unite Here's previous efforts to organize the hotel's workers through a secret-ballot election faltered in the late 1980s and in the 1990s in the face of an aggressive management campaign.

"It didn't take very long for us to get 70 percent of the workers to sign cards saying they wanted a union," said Bruce Raynor, Unite Here's president.

With card checks, unions can often win unionization drives in two to four weeks.

With secret-ballot elections, unionization efforts can drag on for months, often delayed by litigation. Unions also say that many corporations break the law during election campaigns by firing, intimidating and spying on union supporters.

"Secret-ballot elections often occur in an environment that is so poisoned by the anti-union campaign that they can't possibly be considered a free choice," said Bill Samuel, the A.F.L.-C.I.O.'s legislative director.

Mr. Samuel pointed to a National Labor Relations Board report that 31,358 workers received back pay in 2005 after their employers were accused of illegally retaliating against them for supporting a union.

Business lobbyists say the Employee Free Choice Act is antidemocratic and would deprive workers of their right to a secret ballot. They say union organizers will bully workers into signing pro-union cards.

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"This debate is not about free choice," said Jason Straczewski, director of human resources policy for the National Association of Manufacturers. "It's about a quick fix for union membership on the decline."

Business groups argue that if secret-ballot elections are good enough for American voters, they should be good enough for union members.

Joseph A. McInerney, chief executive of the American Hotel and Lodging Association, said, "It's simply un-American."

Labor Secretary Elaine L. Chao has also denounced the bill, saying, "A worker's right to a secret ballot election is an intrinsic right in our democracy that should not be legislated away at the behest of special interest groups."

Mary Beth Maxwell, executive director of American Rights at Work, a pro-union group, said it was surprising that corporations were defending workers' rights. "The notion that corporate lobbying coalitions and front groups are the new champions of workers' rights and democracy is laughable," Ms. Maxwell said.

Fairfax Schools Could Lose Millions For Defying 'No Child' (WP)

By Maria Glod

The Washington Post, February 23, 2007

The U.S. Education Department threatened yesterday to withhold more than $17 million from Fairfax County schools if the system continues to defy a federal mandate to give reading tests to thousands of immigrant children.

Other Virginia school systems would also be in jeopardy if they refuse to comply with the federal No Child Left Behind Act, and the state could lose $2 million in administrative funds.

The possible loss of millions of dollars raises the stakes in a months-long standoff between the federal government and a growing group of Virginia educators over the best way to test immigrant students learning English.

The dispute started last summer when federal officials rejected the test Virginia uses to measure the progress of many immigrant children. The exam shows how well students learn to read, write and speak English. But it doesn't, as the No Child law requires, test students on their understanding of grade-level reading material, which can include comprehension and such concepts as similes and metaphors.

The Fairfax County School Board passed a resolution last month to defy the mandate, saying it is unfair to give such an exam to students just beginning to grasp the nuances of English. School boards in Arlington County, the city of Fairfax and Harrisonburg passed similar measures. The rebellion appears to be intensifying, with Loudoun County school officials also considering such a step.

"The resolutions say we will do the fair and right thing," said Allen C. Griffith, vice chairman of the Fairfax City School Board. But he said the threat of sanctions means that school systems will have to make difficult decisions.

The Education Department has "got the hammer, and they've got the big stick," Griffith said. "I suppose they can force these districts to bend to their will. . . . But how have the children gained anything?"

Chad Colby, an Education Department spokesman, said that under the No Child law, systems must show that all students, including children learning English, are making academic progress. He said the federal government needs to know that the funds it distributes are being used wisely.

"If you don't assess students, you don't know which students need the most help and how to direct those resources," Colby said. "Prior to No Child Left Behind, we spent . . . and there was no accountability."

The rift in Virginia mirrors a nationwide debate over how to ensure that English-language learners, a fast-growing population in schools, are making progress. When the Education Department rejected Virginia's test, it also found problems with the way 17 other states test English-language learners. Testing programs in Maryland and the District have withstood federal scrutiny.

Federal education officials note that students who are in the country less than a year are exempt from the reading test. Other language learners are allowed accommodations, such as more time or use of a bilingual dictionary.

Virginia educators, who say it takes far longer than a year for most children to comprehend grade-level reading work, had asked for permission to use the old test this spring and develop an alternative for next year. That request was denied.

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Of the approximately 10,200 Virginia students affected by the testing dispute, about 4,000 are in Fairfax. Thousands more immigrant students who have made enough progress take the same reading tests as their native-speaking peers.

But in a meeting yesterday with state Superintendent of Public Instruction Billy K. Cannaday Jr., U.S. officials indicated that there probably will be a third alternative for Virginia schools. Federal officials said they expect to approve a state request to use a portfolio of a student's work over time instead of a test.

Fairfax County School Board member Stuart D. Gibson (Hunter Mill) yesterday said he does not think there is enough time to train teachers on the portfolio assessment and to collect assignments that show a student has mastered the material before the spring testing season.

Staff writer Michael Alison Chandler contributed to this report.

Virginia Schools May Lose Funding (WT/AP)

By Zinie Chen Sampson, Associated Press

The Washington Times, February 23, 2007

RICHMOND -- A top U.S. Department of Education official said yesterday that Virginia school divisions will lose federal funding if they do not comply with a federal law that requires children struggling to learn English take the same reading tests as their native-speaking peers.

Deputy Education Secretary Raymond Simon met with Superintendent of Public Instruction Billy K. Cannaday and other state education officials to discuss the provision of the No Child Left Behind law targeting those who are the least proficient in English. The Virginia Department of Education had unsuccessfully sought an exemption for another year, contending the rule is unfair.

Mr. Cannaday said after yesterday's meeting that he wanted school divisions to be aware that "no one is operating under the illusion that there will not be consequences for noncompliance," and that he expected school divisions to comply with the law "even though they question whether the tests are appropriate and the accommodations are adequate."

Immigrant-rich Fairfax County, the state's largest school division, stands to lose about $17 million, Mr. Cannaday said in a conference call with reporters. Officials have asked Mr. Simon to provide the state Board of Education figures on how much federal Title I funding school divisions stand to lose if they do not follow the law's provision.

Title I schools receive federal funds to serve children from low-income families and are the focus of most of NCLB's accountability measures.

School boards in Harrisonburg, Frederick, King and Queen and Amherst counties, and the D.C. suburbs of Fairfax, Prince William and Arlington counties recently signaled their intent to defy the NCLB mandates. Others are considering following suit.

Those boards have passed resolutions saying they will continue to evaluate all students' reading proficiency, but will only administer the state's grade-level Standards of Learning tests to students with an adequate grasp of English. Several school divisions said they wanted to continue using an alternative test to measure progress in nonnative English speakers.

Donald J. Ford, Harrisonburg's school superintendent, said yesterday that Harrisonburg's resolution stands, and the school board's next step is to determine how much Title I money the division could lose.

"Our school board isn't seeking to defy anything -- we're trying to determine how we can best meet the needs of children. It's simply unfair to proceed as we're being mandated to do," Mr. Ford said in a telephone interview.

"Whether there will come a time at all over the next month or six weeks that someone in authority at the U.S. Department of Education realizes how unfair and inappropriate their decision is something we're still looking for," he said.

While he empathized with local school divisions, Mr. Cannaday said the state can't risk losing money that will benefit more than just children who are learning English.

Mr. Cannaday also said the federal education department signaled it could let school divisions use the Virginia Grade-Level Assessment -- a portfolio of a student's work -- to measure the skills of low-English proficiency students. He also said state officials and Mr. Simon discussed the possibility of an option under a reauthorized NCLB that would give schools credit for making progress if they don't meet academic benchmarks solely because of the performance of English-language learners.

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The issue is part of a larger debate over the law, which seeks to have all students, regardless of race, poverty or disability, proficient in reading and mathematics by 2014. It calls for students to be tested in math and reading in the third through eighth grades and once in high school, and it requires schools to show annual progress in test scores.

If schools fail to show yearly progress by each of numerous student subgroups -- including children who have limited English proficiency -- they face being labeled failing.

Those schools can lose funding.

Bush's Budget May Stifle Students' Loans (WT)

By Tom Ramstack

The Washington Times, February 23, 2007

President Bush is trying to "right-size" the student loan industry with a proposed budget that would cut subsidies and drive out many private lenders by reducing their profits, the head of student loan giant Sallie Mae said yesterday.

"He put together something that would more than likely eliminate many of the players in the FFELP [Federal Family Education Loan Program student loan] industry," Tom Fitzpatrick, chief executive officer of SLM Corp., known as Sallie Mae, said during a meeting with editors and reporters at The Washington Times.

The Bush administration's proposed fiscal 2008 budget would reduce education subsidies for special programs, such as student loans, to $6.6 billion, from $9.7 billion this year. Lender subsidies would fall by 0.5 percentage points.

The White House said the $12.4 billion saved over five years by cutting subsidies would be used to increase the number of Pell Grants, which are given to the poorest college students. The grants do not need to be repaid.

Mr. Fitzpatrick's warnings about the Bush administration proposals were echoed by Prudential Equity Group financial analyst Charles Gabriel, who called the budget cuts a "shocker" in a research note to investors. The administration "may be doing the equivalent of throwing the student loan industry under the bus," the note said.

Meanwhile, the Senate is considering three bills on student loans. The proposals would create financial incentives for schools to participate in the government loan program by returning fees to them that otherwise would be paid to private lending institutions.

About 80 percent of student loans are given out by private lenders, while 20 percent are through the federal government, according to Sallie Mae, the nation's biggest provider of student loans.

The Reston company was formed as a government-sponsored enterprise in 1972 but completed a privatization in 2004.

Sallie Mae says giving the government more control over student loans would create a bloated bureaucracy and reduce competition among lenders to serve students and their families.

"The indicators are that the program actually costs the taxpayers money" by reducing competition among lenders, Mr. Fitzpatrick said.

A House bill approved Jan. 17 would cut interest rates on student loans in half, from 6.8 percent to 3.4 percent, over five years.

An estimated 5.5 million students who take out need-based federal loans would benefit from the lower interest rate.

Mr. Fitzpatrick said the 5.5 million students are about 27 percent of borrowers, but cutting rates would do little to reduce their college expenses. He called the idea of reducing interest rates "frivolous" and said it creates nothing more than a "headline sensation."

Mr. Fitzpatrick said he expects increases in Pell Grants to be approved, but that reduced interest rates on loans face a struggle in Congress.

The government pays interest on subsidized loans while students are in college. Afterward, the students pick up the payments.

The House proposal would cost the taxpayers nearly $6 billion, according to the Congressional Budget Office.

The costs would be offset by reducing the yield lenders can receive from the loans and cutting the guaranteed return banks receive when students default. Banks also would have to pay higher fees.

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Mr. Fitzpatrick said just a small reduction in the money banks earn from student lending would mean "no one makes enough money to even service these loans."

He also said, "The margin on these loans have been, and are, razor thin."

Sallie Mae Chairman Albert Lord faces an investigation after he sold 400,000 shares of Sallie Mae stock on Feb. 2, three days before President Bush announced his budget proposal. The company's stock fell nearly 9 percent the day the budget was announced.

Mr. Lord saved about $1.4 million by selling the stock, which prompted calls by Sen. Edward M. Kennedy, Massachusetts Democrat, and other members of Congress for a Securities and Exchange Commission investigation.

"I would say it's unfortunate timing," Mr. Fitzpatrick said. He added that Mr. Lord notified the board of directors Jan. 25 that he would sell some of his shares.

SLM Corp.'s stock, SLM on the New York Stock Exchange, closed yesterday at $44.04 a share, down 7 cents, or less than 1 percent, from Wednesday's closing price.

For Energy, A Budget Not Without Merit (WP)

By Stephen Barr

The Washington Post, February 23, 2007

Bonuses are back at the Energy Department.

The department got caught in a budget squeeze late last year when Congress failed to complete the annual spending bills funding the government on time. Worried that they would not be able to make ends meet and might even have to lay off employees, officials suspended bonuses normally paid at year's end until Congress wrapped up the fiscal 2007 budget.

Last week, President Bush signed a budget bill that included funds for Energy, and Secretary Samuel W. Bodman sent a memo to the workforce saying "this new law has allowed us to lift the 'hold' on performance-based awards and discretionary pay adjustments."

In his announcement Bodman called the matter "a subject I know has been on the minds of many."

The secretary thanked employees for their patience "while we steered our way through this budget process."

The hold on bonuses caused some stir in the department. The National Treasury Employees Union, which represents about 1,700 Energy employees, had filed two grievances over the matter. Yesterday, union president Colleen M. Kelley said she was pleased that the bonuses were back on track.

Energy was not the only agency concerned about funding this year. The Social Security Administration had cautioned Congress that it might have to send employees home without pay for up to 10 days if funding fell short. In the end, Congress cobbled together a big budget bill that averted temporary layoffs in government.

Bodman said Energy's funding "puts us in a solid position to achieve our goals this year," but the department will be operating more or less on the same footing as last year. The new budget provides $23.6 billion for the department, slightly more than the $23.5 billion in the 2006 budget.

Craig Stevens, the department's spokesman, said senior officials are reviewing programs and will make recommendations on their funding requirements to Bodman by mid-March. Even though Energy has not settled on program priorities for this year, Stevens said "there is enough money to support the bonuses."

He noted, "We did our best to be upfront and forthright with employees."Rally Time

Several hundred union activists will gather in Washington next week to attend annual legislative conferences sponsored by the American Federation of Government Employees and the National Treasury Employees Union.

AFGE's three-day conference begins on Sunday and features an address by former North Carolina senator John Edwards, a Democratic presidential candidate.

House Majority Leader Steny H. Hoyer (D-Md.) will address the NTEU conference on its opening day, Tuesday. The three-day conference will conclude with a luncheon address by Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee.

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Both unions will ask their members to make visits to senators and House members to discuss issues important to federal employees, union officials said.Management Conference

The Federal Financial Management Conference, featuring Bush administration officials and a series of panel discussions, will be held in Washington on March 13.

Speakers include Clay Johnson III, deputy director for management at the Office of Management and Budget; Linda Combs~, controller at OMB; Linda M. Springer, director of the Office of Personnel Management; and David M. Walker, head of the Government Accountability Office.

The conference is sponsored by the Joint Financial Management Improvement Program, the General Services Administration's Financial Systems Integration Office and the Graduate School, USDA. For details, go to http://www.fsio.gov/fsio.Talk Shows

Margaret Baptiste, president of the National Active and Retired Federal Employees Association, and the association's legislative aides, Dan Adcock and Jill Crissman, will be the guests on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

Adm. Thad Allen, Coast Guard commandant, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Profiteering Colleges (NYT)

The New York Times, February 23, 2007

The Democratic leadership in Congress plans to make college affordability a central theme of this legislative session. The pending bills that would increase federal aid to low-income students and lower the costs of student loans are good, as far as they go. But Congress must do more to ensure that scarce federal aid dollars are legitimately spent and not gobbled up by for-profit diploma mills that bilk the government and students alike.

Legitimate, well-run commercial colleges provide a crucial service for poorly prepared students who do not qualify for admission to traditional colleges. But not all schools are up to the job. Some rake in state and federal aid by recruiting marginally literate students who have no hope of ever graduating. Students who exhaust their aid find themselves burdened with debt and no closer to the degrees or the better lives they had hoped for.

The full scope of the problem is not yet known. But Congress got a glimpse of it two years ago, when the Office of the Inspector General at the United States Education Department reported that nearly three-quarters of its investigations had focused on problems at profit-making schools.

These problems have been especially evident in the state of New York, which has the most generous need-based student aid program in the nation. Faced with documented cases of student exploitation, the State Board of Regents declared a temporary moratorium last year on the opening of any more for-profit colleges, then beefed up the regulations governing their operation.

The Regents have closed down one commercial college and sanctioned three others, which could be closed if they do not meet performance targets. They are now scrutinizing the University of Phoenix, the for-profit giant that has been trying for years to enter the lucrative New York market. At issue are questions about academic quality, graduation rates and a pending federal lawsuit that charges the university with fraudulently obtaining hundreds of millions of dollars in aid.

New York's Board of Regents is right to keep a close eye on these schools. And as Congress prepares to reauthorize the Higher Education Act, it needs to take a harder look at for-profit colleges to make sure that students and the government are getting what they pay for.

Trapped On An Airplane (NYT)

The New York Times, February 23, 2007

JetBlue's horrendous performance during the recent ice storms that paralyzed New York City's airports has reinvigorated calls for a "passengers' bill of rights" to protect air travelers against what can only be deemed abusive treatment. JetBlue has

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moved rapidly to make amends, but its shocking failures and those of other airlines in recent months make a federal law the best solution.

At the storm's worst, JetBlue had nine planes sitting on the tarmac at Kennedy Airport for six to 10 hours while passengers were trapped in sweltering cabins with only snacks for food and stinking toilets. The company's first big mistake was betting that the weather would quickly improve. It failed to cancel outgoing fights that were unable to take off while it allowed incoming flights to keep landing — creating gridlock at its gates. Meanwhile, some planes' wheels froze to the ground along with the equipment that moves and de-ices them.

The same lean organization that has allowed JetBlue to keep fares low collapsed under the strain. The airline ended up with large numbers of pilots and flight attendants far from where they were needed. Crew members who tried to call in failed to get through an overwhelmed communications system. The understaffed reservations system could not handle the flood of calls from passengers trying to figure out whether to go to the airport.

JetBlue seems desperately eager to make amends before it loses a huge chunk of its customers. It has said it will add staff members and improve training. It has also issued a "Customer Bill of Rights," which would compensate passengers kept waiting by the airline's own mistakes (including those affected by the recent ice storm) and allow passengers to get off planes if grounded for more than five hours.

That's a start but not enough. The code is voluntary and applies only to JetBlue, whereas other airlines have also treated passengers abusively. Last December, American Airlines kept passengers trapped aboard a diverted plane for more than eight hours — an incident of such notoriety that American now pledges to let passengers off after four hours.

Senators Barbara Boxer, a California Democrat, and Olympia Snowe, Republican of Maine, have introduced a bill that would require that passengers be provided with adequate food and water and sanitary bathrooms while delayed on the ground and be allowed to leave the plane after three hours. Representative Mike Thompson, also a California Democrat, will introduce a bill that would also require airlines to update passengers frequently on the cause and timing of delays. Both proposals would be strengthened if they required the Transportation Department to impose suitable fines or passenger compensation should an airline fail to comply.

Although the airline industry continues to oppose government intervention, Congress needs to ensure that passengers have the right to escape involuntary confinement, to be adequately fed and cared for, and to receive timely and accurate information about their prospects for taking off. These needs seem so basic it is hard to see why they should not be mandatory.

A Visit Worth The Time And Money (NYT)

The New York Times, February 23, 2007

If government had a department of irony, the mammoth, ever more expensive and still uncompleted Capitol Visitor Center would be renamed the People's Debt and Deficit Walk-Through Memorial.

The three-story subterranean center being built (for nearly seven years) under the Capitol's East Plaza will have a 600-seat cafeteria, an interactive museum about the glories of democracy and the latest in security to screen out potential malefactors among the throngs who currently gather in snaking outdoor lines for tours.

The center will also have a grand waiting hall — appropriately enough — since it handily missed its planned opening for President Bush's second inaugural. Official optimism has undergone annual readjustments, with Congress now informed that the center won't open this fall (as promised last year) but for sure will open in summer of 2008. Meanwhile, the cost has doubled, steadily rising somewhere "north of $600 million," as one government expert told lawmakers.

Congress put its thumb on the scale, ordering up extra hideaways — second offices for members who want more time to themselves — along with more conference rooms and an emergency debating auditorium. The 9/11 attacks have inevitably been cited as the cause for delays and additional costs as designers built in increased security. But specialists estimate that the project schedule continues to slip by two weeks every month.

The American taxpayers, who will pay for the project for generations to come, deserve to be treated to candor. And what better way than by turning the center into a teaching museum on the hyperbolic plans and procrastination of Washington life?

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Why not add exhibits saluting other grand cost overruns? The Top 10 list includes the still dysfunctional “Star Wars” missile defense, with a current estimated price tag of $130 billion-plus. And, of course, the Iraq war, consuming an estimated $10 billion in military expenses each month.

No need to rush, but there’s still time to make an honest sow’s ear out of this silk purse. Parents and kids alike will enjoy the tour.

OTHER NEWS:

U.S. Economy Leaving Record Numbers In Severe Poverty (MCT)

By Tony Pugh

McClatchy Newspapers, February 23, 2007

WASHINGTON - The percentage of poor Americans who are living in severe poverty has reached a 32-year high, millions of working Americans are falling closer to the poverty line and the gulf between the nation's "haves" and "have-nots" continues to widen.

A McClatchy Newspapers analysis of 2005 census figures, the latest available, found that nearly 16 million Americans are living in deep or severe poverty. A family of four with two children and an annual income of less than $9,903 - half the federal poverty line - was considered severely poor in 2005. So were individuals who made less than $5,080 a year.

The McClatchy analysis found that the number of severely poor Americans grew by 26 percent from 2000 to 2005. That's 56 percent faster than the overall poverty population grew in the same period. McClatchy's review also found statistically significant increases in the percentage of the population in severe poverty in 65 of 215 large U.S. counties, and similar increases in 28 states. The review also suggested that the rise in severely poor residents isn't confined to large urban counties but extends to suburban and rural areas.

The plight of the severely poor is a distressing sidebar to an unusual economic expansion. Worker productivity has increased dramatically since the brief recession of 2001, but wages and job growth have lagged behind. At the same time, the share of national income going to corporate profits has dwarfed the amount going to wages and salaries. That helps explain why the median household income of working-age families, adjusted for inflation, has fallen for five straight years.

These and other factors have helped push 43 percent of the nation's 37 million poor people into deep poverty - the highest rate since at least 1975.

The share of poor Americans in deep poverty has climbed slowly but steadily over the last three decades. But since 2000, the number of severely poor has grown "more than any other segment of the population," according to a recent study in the American Journal of Preventive Medicine.

"That was the exact opposite of what we anticipated when we began," said Dr. Steven Woolf of Virginia Commonwealth University, who co-authored the study. "We're not seeing as much moderate poverty as a proportion of the population. What we're seeing is a dramatic growth of severe poverty."

The growth spurt, which leveled off in 2005, in part reflects how hard it is for low-skilled workers to earn their way out of poverty in an unstable job market that favors skilled and educated workers. It also suggests that social programs aren't as effective as they once were at catching those who fall into economic despair.

About one in three severely poor people are under age 17, and nearly two out of three are female. Female-headed families with children account for a large share of the severely poor.

Nearly two out of three people (10.3 million) in severe poverty are white, but blacks (4.3 million) and Hispanics of any race (3.7 million) make up disproportionate shares. Blacks are nearly three times as likely as non-Hispanic whites to be in deep poverty, while Hispanics are roughly twice as likely.

Washington, D.C., the nation's capital, has a higher concentration of severely poor people - 10.8 percent in 2005 - than any of the 50 states, topping even hurricane-ravaged Mississippi and Louisiana, with 9.3 percent and 8.3 percent, respectively. Nearly six of 10 poor District residents are in extreme poverty.

'I DON'T ASK FOR NOTHING'

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A few miles from the Capitol Building, 60-year-old John Treece pondered his life in deep poverty as he left a local food pantry with two bags of free groceries.

Plagued by arthritis, back problems and myriad ailments from years of manual labor, Treece has been unable to work full time for 15 years. He's tried unsuccessfully to get benefits from the Social Security Administration, which he said disputes his injuries and work history.

In 2006, an extremely poor individual earned less than $5,244 a year, according to federal poverty guidelines. Treece said he earned about that much in 2006 doing odd jobs.

Wearing shoes with holes, a tattered plaid jacket and a battered baseball cap, Treece lives hand-to-mouth in a $450-a-month room in a nondescript boarding house in a high-crime neighborhood. Thanks to food stamps, the food pantry and help from relatives, Treece said he never goes hungry. But toothpaste, soap, toilet paper and other items that require cash are tougher to come by.

"Sometimes it makes you want to do the wrong thing, you know," Treece said, referring to crime. "But I ain't a kid no more. I can't do no time. At this point, I ain't got a lotta years left."

Treece remains positive and humble despite his circumstances.

"I don't ask for nothing," he said. "I just thank the Lord for this day and ask that tomorrow be just as blessed."

Like Treece, many who did physical labor during their peak earning years have watched their job prospects dim as their bodies gave out.

David Jones, the president of the Community Service Society of New York City, an advocacy group for the poor, testified before the House Ways and Means Committee last month that he was shocked to discover how pervasive the problem was.

"You have this whole cohort of, particularly African-Americans of limited skills, men, who can't participate in the workforce because they don't have skills to do anything but heavy labor," he said.

'A PERMANENT UNDERCLASS'

Severe poverty is worst near the Mexican border and in some areas of the South, where 6.5 million severely poor residents are struggling to find work as manufacturing jobs in the textile, apparel and furniture-making industries disappear. The Midwestern Rust Belt and areas of the Northeast also have been hard hit as economic restructuring and foreign competition have forced numerous plant closings.

At the same time, low-skilled immigrants with impoverished family members are increasingly drawn to the South and Midwest to work in the meatpacking, food processing and agricultural industries.

These and other factors such as increased fluctuations in family incomes and illegal immigration have helped push 43 percent of the nation's 37 million poor people into deep poverty - the highest rate in at least 32 years.

"What appears to be taking place is that, over the long term, you have a significant permanent underclass that is not being impacted by anti-poverty policies," said Michael Tanner, the director of Health and Welfare Studies at the Cato Institute, a libertarian think tank.

Arloc Sherman, a senior researcher at the Center on Budget and Policy Priorities, a liberal think tank, disagreed. "It doesn't look like a growing permanent underclass," said Sherman, whose organization has chronicled the growth of deep poverty. "What you see in the data are more and more single moms with children who lose their jobs and who aren't being caught by a safety net anymore."

About 1.1 million such families account for roughly 2.1 million deeply poor children, Sherman said.

After fleeing an abusive marriage in 2002, 42-year-old Marjorie Sant moved with her three children from Arkansas to a seedy boarding house in Raleigh, N.C., where the four shared one bedroom. For most of 2005, they lived off food stamps and the $300 a month in Social Security Disability Income for her son with attention deficit hyperactivity disorder. Teachers offered clothes to Sant's children. Saturdays meant lunch at the Salvation Army.

"To depend on other people to feed and clothe your kids is horrible," Sant said. "I found myself in a hole and didn't know how to get out."

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In the summer of 2005, social workers warned that she'd lose her children if her home situation didn't change. Sant then brought her two youngest children to a temporary housing program at the Raleigh Rescue Mission while her oldest son moved to California to live with an adult daughter from a previous marriage.

So for 10 months, Sant learned basic office skills. She now lives in a rented house, works two jobs and earns about $20,400 a year.

Sant is proud of where she is, but she knows that "if something went wrong, I could well be back to where I was."

'I'M GETTING NOWHERE FAST'

As more poor Americans sink into severe poverty, more individuals and families living within $8,000 above or below the poverty line also have seen their incomes decline. Steven Woolf of Virginia Commonwealth University attributes this to what he calls a "sinkhole effect" on income.

"Just as a sinkhole causes everything above it to collapse downward, families and individuals in the middle and upper classes appear to be migrating to lower-income tiers that bring them closer to the poverty threshold," Woolf wrote in the study.

Before Hurricane Katrina, Rene Winn of Biloxi, Miss., earned $28,000 a year as an administrator for the Boys and Girls Club. But for 11 months in 2006, she couldn't find steady work and wouldn't take a fast-food job. As her opportunities dwindled, Winn's frustration grew.

"Some days I feel like the world is mine and I can create my own destiny," she said. "Other days I feel a desperate feeling. Like I gotta' hurry up. Like my career is at a stop. Like I'm getting nowhere fast. And that's not me because I've always been a positive person."

After relocating to New Jersey for 10 months after the storm, Winn returned to Biloxi in September because of medical and emotional problems with her son. She and her two youngest children moved into her sister's home along with her mother, who has Alzheimer's. With her sister, brother-in-law and their two children, eight people now share a three-bedroom home.

Winn said she recently took a job as a technician at the state health department. The hourly job pays $16,120 a year. That's enough to bring her out of severe poverty and just $122 shy of the $16,242 needed for a single mother with two children to escape poverty altogether under current federal guidelines.

Winn eventually wants to transfer to a higher-paying job, but she's thankful for her current position.

"I'm very independent and used to taking care of my own, so I don't like the fact that I have to depend on the state. I want to be able to do it myself."

The Census Bureau's Survey of Income and Program Participation shows that, in a given month, only 10 percent of severely poor Americans received Temporary Assistance for Needy Families in 2003 - the latest year available - and that only 36 percent received food stamps.

Many could have exhausted their eligibility for welfare or decided that the new program requirements were too onerous. But the low participation rates are troubling because the worst byproducts of poverty, such as higher crime and violence rates and poor health, nutrition and educational outcomes, are worse for those in deep poverty.

Over the last two decades, America has had the highest or near-highest poverty rates for children, individual adults and families among 31 developed countries, according to the Luxembourg Income Study, a 23-year project that compares poverty and income data from 31 industrial nations.

"It's shameful," said Timothy Smeeding, the former director of the study and the current head of the Center for Policy Research at Syracuse University. "We've been the worst performer every year since we've been doing this study."

With the exception of Mexico and Russia, the U.S. devotes the smallest portion of its gross domestic product to federal anti-poverty programs, and those programs are among the least effective at reducing poverty, the study found. Again, only Russia and Mexico do worse jobs.

One in three Americans will experience a full year of extreme poverty at some point in his or her adult life, according to long-term research by Mark Rank, a professor of social welfare at the University of Wisconsin, Madison.

An estimated 58 percent of Americans between the ages of 20 and 75 will spend at least a year in poverty, Rank said. Two of three will use a public assistance program between ages 20 and 65, and 40 percent will do so for five years or more.

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These estimates apply only to non-immigrants. If illegal immigrants were factored in, the numbers would be worse, Rank said.

"It would appear that for most Americans the question is no longer if, but rather when, they will experience poverty. In short, poverty has become a routine and unfortunate part of the American life course," Rank wrote in a recent study. "Whether these patterns will continue throughout the first decade of 2000 and beyond is difficult to say ... but there is little reason to think that this trend will reverse itself any time soon."

'SOMETHING REAL AND TROUBLING'

Most researchers and economists say federal poverty estimates are a poor tool to gauge the complexity of poverty. The numbers don't factor in assistance from government anti-poverty programs, such as food stamps, housing subsidies and the Earned Income Tax Credit, all of which increase incomes and help pull people out of poverty.

But federal poverty measures also exclude work-related expenses and necessities such as day care, transportation, housing and health care costs, which eat up large portions of disposable income, particularly for low-income families.

Alternative poverty measures that account for these shortcomings typically inflate or deflate official poverty statistics. But many of those alternative measures show the same kind of long-term trends as the official poverty data.

Robert Rector, a senior researcher with the Heritage Foundation, a conservative think tank, questioned the growth of severe poverty, saying that census data become less accurate farther down the income ladder. He said many poor people, particularly single mothers with boyfriends, underreport their income by not including cash gifts and loans. Rector said he's seen no data that suggest increasing deprivation among the very poor.

Arloc Sherman of the liberal Center on Budget and Policy Priorities argues that the growing number of severely poor is an indisputable fact.

"When we check against more complete government survey data and administrative records from the benefit programs themselves, they confirm that this trend is real," Sherman said. He added that even among the poor, severely poor people have a much tougher time paying their bills. "That's another sign to me that we're seeing something real and troubling," Sherman said.

Dow, S& P 500 Sink While Nasdaq Rises (USAT)

By Matt Krantz

USA Today, February 23, 2007

Weak earnings from a leading home builder, a $1.5 billion damage verdict against Microsoft and general concern that a market correction is overdue piled up to send stocks lower Thursday.

The Dow Jones industrial average fell 52.39 points to 12,686.02, making it the benchmark's second-straight down day. Still, the Dow remains up 1.8% this year.

Injured by losses of stocks in the environmental services, specialized finance and construction materials industries, the Standard & Poor's 500 index lost 1.25 points to 1456.38. The S&P 500 remains up 2.7% for the year.

Tech stocks were the exception, with the Nasdaq composite index rising 6.52 points to 2524.94. The tech-heavy index got a lift from semiconductor maker Analog Devices, which reported strong quarterly results late Wednesday and issued a positive outlook.

Some were encouraged by the market's ability to recover from the day's lows. The Dow, for instance, had been down nearly 90 points during the day. "It was a test. It was a good test," says Joseph Saluzzi, trader at Themis Trading. "It was relatively stable," he says.

Investors need to block out the panic about whether a market correction is overdue and imminent, says Alan Skrainka, strategist at Edward Jones.

It's true that the current rally of the Dow and S&P 500 is the second longest without a 10% correction in more than 100 years, Skrainka says. But he adds the longest rally, in the 1990s, ran 1,000 days longer than the current one, which is about a week from the 1,000-day mark. "It doesn't pay to worry about a correction. That doesn't stop it from happening," Skrainka says.

Instead, know that corrections are frequent and normal, and be ready to buy stocks at lower prices if the opportunity comes. "It doesn't pay to time the market," he says.

DOJ_NMG_0135699

Highlights:

Microsoft rose 4 cents to $29.39 despite the software firm facing a $1.5 billion judgment for allegedly infringing digital music patents held by Alcatel-Lucent (story, 1B). Meanwhile, Google took on Microsoft by beginning to sell Web-based word-processing and spreadsheet software to businesses. Google fell 1 cent to $475.85.

•Analog Devices gained $3.48, or 10.4%, to $36.80. The company reported 37.5% higher first-quarter earnings.

•Home builder Toll Bros. fell 93 cents to $31.93. It reported 67% lower profit largely due to write-offs in the value of land it holds (story, 6B).

Stocks Ease As Oil Nears $61; Nasdaq Grabs A 6-Year High (WSJ)

By Shefali Anand

The Wall Street Journal, February 23, 2007

Stocks slipped, as oil zipped higher for a second straight day.

Crude-oil prices crossed the $61 mark in intraday trading, following news of a decline in supplies of some petroleum products. Crude-futures contracts for April delivery rose 88 cents, or 1.5%, to $60.95 a barrel at the New York Mercantile Exchange, the highest close in 2007 and only 10 cents below the start of the year.

The Dow Jones Industrial Average fell for a second straight day, closing down 52.39 points, or 0.4%, to 12686.02, up 1.8% this year.

The Energy Department reported that inventories of gasoline and natural gas fell more than expected in the week ended Feb 16. Supplies of crude oil, however, rose.

Traders also paid attention to a United Nations report that Iran wasn't cutting back its nuclear program, which raises the possibility of trouble in the Middle East that could affect the supply, and consequently, the price of oil.

Still, analysts aren't sure that oil's gains can be sustained for a long period. "Without further help, be it from weather or supply, [the price] may settle back a bit," said Jeffrey Grossman, president of commodities trading firm BRG Brokerage.

The broad Standard & Poor's 500-stock index slipped 0.1%, or 1.25 points, to 1456.38, up 2.7% on the year. But the technology-laden Nasdaq Composite Index, which began the day lower, closed at a fresh six-year high, rising 0.3%, or 6.52 points, to 2524.94. It is now up 4.5% year-to-date.

Some market professionals said they wouldn't be surprised to see more declines in the next few trading sessions, but remain bullish on stocks for the year overall. "We're overdue for a pause on the equity side because the markets have really been very strong," said Andy Brooks, head of stock trading at Baltimore investment-management firm T. Rowe Price.

Some semiconductor shares rose on the back of good company news. Microchip maker Analog Devices rose 10% to $36.80, following its announcement of better-than-expected first-quarter earnings after the market close Wednesday. National Semiconductor shares jumped about 7% to $25.39.

Shares of Whole Foods Market rose 14% to $51.74, after the firm announced that it would buy rival Wild Oats Markets for $565 million. Wild Oats stock was up 17% to close at $18.41.

Outside the U.S. Stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.35%, or 0.89 point, to 253.33.

In major U.S. market action:

Stocks were mixed. On the Big Board, where 2.6 billion shares traded, 1,534 stocks rose and 1,736 fell.

Bonds declined. The 10-year Treasury note fell 10/32, or $3.12 for each $1,000 invested, pushing the yield up to 4.730%. The 30-year bond fell 20/32, to yield 4.830%.

The dollar strengthened. Late in New York, it traded at 121.58 yen, up from 120.88 yen, while the euro fell slightly against the dollar at $1.3124 from $1.3139.

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UCLA Wins Psychiatric Sex Trial, But No One Gets Monetary Award (LAT)

The Los Angeles Times, February 23, 2007

DOJ_NMG_0135700

A Los Angeles jury today ruled against a former UCLA psychiatric resident who claimed the school unfairly rescinded its offer of a coveted job because he broke off an affair with his supervisor.

But jurors did not believe the supervisor's counter-charge that Dr. David Martorano had slandered her by making up the affair, which Martorano testified included oral sex in parked cars.

In the end, neither party was awarded any money after a two-week trial of their dueling lawsuits that featured the appearance of no fewer than nine psychiatrists, along with women testifying about their sex lives under code names to protect their privacy.

As Los Angeles Superior Court Judge Judith Chirlin said to the jury: "You could have been here on some boring contract case."

Martorano, a handsome Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, alleged that he lost a coveted post as chief resident and that his reputation was ruined once rumors of the affair began to circulate after he broke off the relationship. He sued his former supervisor, Dr. Heather Krell, and UCLA.

Krell's lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for slander and invasion of privacy.

UCLA's lawyer, meanwhile, said it didn't matter from a legal perspective whether Martorano and Krell had an affair -- university administrators acted properly when they revoked the offer for Martorano to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country.

Testimony was so explicit that Chirlin allowed several women to testify under code names, a decision she acknowledged was unusual but necessary to protect their reputations.

At times, the witness box seemed more like a psychoanalytic couch -- and not just because witnesses often faced not only a judge, jury and lawyers but also at least two psychiatrists.

Testimony and court papers included Martorano's depiction of himself zipping around Malibu on dates in a two-seater, as well as an internal UCLA report that said that people who worked with him said he "frequently spent his downtime ... talking about his sexual conduct." Jurors also heard his personal psychiatrist's assessment that he was "addicted" to having women fall in love with him.

At one point, UCLA's lawyer, Alan Zuckerman, asked Martorano, a former opera singer and the son of a psychiatrist, if he thought he had a narcissistic personality disorder. As Zuckerman later told the jury, narcissists have a grandiose sense of self, lack empathy for others and take advantage of them.

Martorano replied that he would never call himself narcissistic but that "there are traits of narcissism that I possess."

In his closing argument, Zuckerman went point by point through the nine attributes of narcissistic personality disorder in the Diagnostic and Statistical Manual of Mental Disorders and explained how each attribute fit Martorano. He then accused the doctor of filing the lawsuit because his narcissistic personality couldn't handle that Krell would not admit that she had slept with him.

In response, Martorano's lawyer, Robert Scott, said that "some lawyers want to become psychiatrists." Later, he referred to Krell's lawyer, Donald Garrard, as "Dr. Garrard."

Garrard, meanwhile, enthusiastically endorsed the diagnoses of Martorano as a raging narcissist, offering several examples of his own.

Then he turned to evolutionary psychology in his attempt to impugn Martorano's testimony, saying that it wasn't believable that Martorano couldn't recall details of sex he allegedly had with Krell. "The genes we come with are programmed for little else," he said as the judge and members of the jury and gallery burst into laughter.

He also argued that jurors should not believe Martorano's claim that Krell had performed oral sex on him parked in an Audi in front of her apartment, because a 35-year-old physician would obviously choose to go to her apartment rather than stay in the car.

Garrard urged jurors to punish Martorano for acting like "a 14-year-old boy" by awarding Krell punitive damages.

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Martorano's attorney, however, argued that the evidence that Martorano and Krell had an affair was hard to dispute. He pointed to dozens of phone calls, social events they attended together and testimony that they watched a movie about a porn star titled "The Fluffer."

Then, when rumors of the affair emerged, he said, Krell created a hostile work environment for Martorano by criticizing him excessively and by spreading rumors that he was a liar, a misogynist and manic depressive. He also was denied the job of chief resident. Then, Scott said, UCLA tried to "sweep it all under the rug" to protect itself.

This is not the only sexual harassment claim facing UCLA's medical school and its psychiatry department.

Krell has also filed a separate sexual harassment suit against UCLA, alleging that she was subjected to an onslaught of sexual comments and sexually degrading and demeaning behavior and gestures from Andrew Leuchter, another psychiatrist at UCLA.

She also alleged that department administrators retaliated against her when she complained. UCLA denies the allegations. The case is to go to trial next fall.

The university recently lost an appeal of a third, unrelated sexual harassment and discrimination case in which a female psychiatrist was awarded $2.9 million.

Martorano now runs a psychiatric practice out of his home in Malibu, where one of the things he specializes in, according to his website, is couples therapy. But that has not been trouble-free.

He and his new wife are embroiled in a legal dispute with a neighbor.

His next-door neighbor recently accused him of killing his dog and videotaping his children. In a countersuit, Martorano denied the allegations and accused his neighbor of telling his patients he was a dog-killer and child molester.

Grades Rise, But Reading Skills Do Not (NYT)

By Diana Jean Schemo

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — High school students nationwide are taking seemingly tougher courses and earning better grades, but their reading skills are not improving through the effort, according to two federal reports released here Thursday that cite grade inflation as a possible explanation.

The National Assessment of Educational Progress, an exam commonly known as the nation's report card, found that the reading skills of 12th graders tested in 2005 were significantly worse than those of students in 1992, when a comparable test was first given, and essentially flat since students previously took the exam in 2002.

The test results also showed that the overwhelming majority of high school seniors have not fully mastered high-school-level math.

At the same time, however, grade-point averages have risen nationwide, according to a separate survey by the National Assessment, of the transcripts of 26,000 students, which compared them with a study of students' coursework in 1990.

"There's a disconnect between what we want and expect our 12th graders to know and do, and what our schools are actually delivering through instruction in the classroom," David W. Gordon, the superintendent of schools in Sacramento, said at a news conference announcing the results.

The reports offered several rationales for the disparity between rising grade-point averages and tougher coursework on the one hand and stagnant reading scores on the other, including "grade inflation, changes in grading standards" or the possibility that student grades were being increasingly affected by things like classroom participation or extra assignments.

The National Assessment of Educational Progress is considered the yardstick for academic performance because it is the only test taken all across the country. The test of 12th-grade achievement was given to a representative sample of 21,000 high school seniors attending 900 public and private schools from January to March 2005.

It showed that the share of 12th-grade students lacking even basic high school reading skills — meaning they could not, for example, extract data about train fares at different times of day from a brochure — rose to 27 percent from 20 percent in 1992.

The share of students proficient in reading dropped to 35 percent from 40 percent in 1992. At the same time, the gap between boys and girls grew, with girls' reading skills more than a year ahead those of boys.

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In math, only 23 percent of all 12th graders were proficient, but the exam has been revamped, so the results could not be compared with those from earlier years, officials said. The new test has fewer questions requiring arithmetic and more using algebra and geometry. Some 39 percent of 12th graders lacked even basic high school math skills.

These results came about even though the separate study of transcripts showed that 12th graders in 2005 averaged 360 more hours of classroom instruction during their high school years than students had in 1990.

Their overall grade-point average was 2.98 — just shy of a B. That was one-third of a letter grade higher than in 1990. The share of students taking a standard curriculum or better, intended to prepare them for college, jumped to 68 percent from 40 percent.

In math, girls had higher grades than boys, and closed the achievement gap, scoring about as well as boys did on the national assessment. Boys who had taken advanced math and science courses, however, scored higher than girls who had also taken such courses.

The Bush administration, which has been pressing to expand testing in high school under the federal education law, No Child Left Behind, seized upon the results as proof that high schools were not measuring up.

"The consensus for strengthening our high schools has never been stronger," Margaret Spellings, the secretary of education, said in a statement released in advance of the report. "Schools must prepare students to succeed in college and the 21st-century work force."

Just how students can be getting better grades in classes that are supposedly more challenging yet lag in reading may become clearer in the future. Mark Schneider, the commissioner of the National Center for Education Statistics, the branch of the Education Department that administers the exams, had also collected a warehouse full of course descriptions, reading lists and textbooks to investigate the actual content of classes students are taking.

The Education Trust, a nonprofit group representing urban schools, attributed the disparity to a kind of academic false advertising, saying that schools may seem to offer the same courses to all students, but that the content of those courses is sometimes less demanding for poor and minority children.

For example, the group found, a ninth-grade English teacher at one school assigned students a two- to three-page essay comparing the themes of Homer's "Odyssey" to those in the movie "O Brother, Where Art Thou?" At the same school, assignments in another class covering the same material were considerably less demanding. There, students broke up into three clusters, with one designing a brochure for "Odyssey Cruises," another drawing pictures and the third making up a crossword using characters from the "Odyssey."

"Just slapping new names on courses with weak curriculum and ill-prepared teachers won't boost achievement," Kati Haycock, the Education Trust's president, said.

Grades Rise, But Reading Skills Fall, Data Suggest (USAT)

By Greg Toppo

USA Today, February 23, 2007

WASHINGTON — High school seniors are taking more challenging classes and earning higher grades than ever, but their reading skills have actually worsened since 1992, data released Thursday by the U.S. Education Department suggest.

Education Secretary Margaret Spellings said the results show that "we must act now to increase rigor in our high schools." The No Child Left Behind law, up for reauthorization this year, currently applies only minimally to high schools.

The report brought mixed — and contradictory — results:

A record 68% of the class of 2005 completed at least a standard curriculum with four years of English and three each of math, science and social studies. That's a huge jump from 1990, when only 40% did the same, according to the study of 26,000 public- and private-school transcripts.

In 2005, 51% of students were doing college-preparatory work, up from 31% in 1990. And 10% were earning college credit, up from 5% in 1990.

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•The average high school senior doesn't read as well as those in 1992, the first year the National Assessment of Educational Progress (NAEP) was given to 12th-graders. In 2005, 35% of seniors scored "proficient" or "advanced," down from 40% in 1992.

Reading at a "proficient" level means students can make critical judgments — for instance, describing how two editorials argue different viewpoints. "Basic" means students can read and retrieve information from a document and recognize a sequence of plot elements.

The government has no comparable long-term data on math scores since it changed the test in 2005. But the 2005 scores show that, overall, 12th-graders' skills are basic at best.

"Clearly we need to look at some major changes in the way schools are organized and how teaching is delivered," Massachusetts Education Commissioner David Driscoll said.

The Brookings Institution's Tom Loveless, who researches the NAEP and course content, said that the reading results "should really be an area of concern" — and that perhaps even the brightest students don't read as much as they used to.

Critics have long said the NAEP is a poor measure of how well 12th-graders do, and the new data could give them ammunition: Even students whose transcripts show they took calculus score only, on average, "proficient" in math.

Loveless noted that the test includes no calculus, which forces advanced students to do math work they haven't done in three or four years.

Education researcher Gerald Bracey said 12th-graders take the NAEP in the last semester of their high school careers, and they have no real incentive to do well. Poor results are "senior slump writ large," he said.

Test Scores At Odds With Rising High School Grades (WP)

By Amit R. Paley

The Washington Post, February 23, 2007

High school seniors are performing worse overall on some national tests than they did in the previous decade, even though they are receiving significantly higher grades and taking what seem to be more rigorous courses, according to government data released yesterday.

The mismatch between stronger transcripts and weak test scores on the National Assessment of Educational Progress, often called the nation's report card, resonated in the Washington area and elsewhere. Some seized upon the findings as evidence of grade inflation and the dumbing-down of courses. The findings also prompted renewed calls for tough national standards and the expansion of the federal No Child Left Behind law.

"We have our work cut out for us," Education Secretary Margaret Spellings said in a statement. "If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores."

About 35 percent of 12th-graders tested in 2005 scored proficient or better in reading -- the lowest percentage since the test was launched in 1992, the new data showed. And less than a quarter of seniors scored at least proficient on a new version of the math test; officials called those results disappointing but said they could not be compared to past scores. In addition, a previous report found that 18 percent of seniors in 2005 scored at least proficient in science, down from 21 percent in 1996.

At the same time, the average high school grade-point average rose from 2.68 in 1990 (about a B-minus) to 2.98 in 2005 (about a B), according to a study of transcripts from graduating seniors. The study also found that the percentage of graduating seniors who completed a standard or mid-level course of study rose from 35 to 58 percent in that time; meanwhile, the percentage who took the highest-level curriculum doubled, to 10 percent.

"The core problem is that course titles don't really signal what is taught in the course and grades don't signal what a kid has learned," said Kati Haycock, president of the Education Trust, a D.C.-based nonprofit group that supports No Child Left Behind. She added hyperbolically, "What we're going to end up with is the high school valedictorian who can't write three paragraphs."

Some experts say these educational mirages, which obscure low student achievement with inflated grades and tough-sounding class titles, disproportionately harm poor and minority students.

DOJ_NMG_0135704

A visit to two ninth-grade English classes in Prince George's County this week showed that instruction can vary immensely even in classrooms -- just 15 miles apart -- that share the same champagne-colored textbook, the same course title and the same syllabus.

In Room 101 at Bowie High, a racially diverse school in one of the county's more affluent areas, the assignment was: Compare and contrast the themes of disillusionment, poverty and frustration in George Orwell's "Animal Farm" and the poems of Langston Hughes.

In Room 31 at Suitland High, which has more poor and black students, the assignment was: What are your immediate goals? How would you feel if no one close to you supported you in reaching your goals?

The teacher at Suitland, R'Chelle L. Mullins, walked around the classroom and repeated the assignment several times to the students, some of whose heads were slumped on their desks. "What are your immediate goals?" she asked one boy again.

"To pass the ninth grade," he finally answered.

After class, Mullins said she had "stuck very close to the curriculum" and "was doing exactly what the county wants me to do." But when told of the more complicated questions asked in the Bowie High class, Mullins acknowledged that she sometimes modifies assignments based on the background of her students.

Mullins, 24, who began teaching two years ago because she wanted to help underprivileged children, said she had "a different caliber" of students in her classroom. "Not to dumb my kids down," she added. "I hate the bad reputation that they get, and I don't think it's fair at all. . . . Not to pass the blame, but some of these kids should never have been allowed to graduate middle school."

County Superintendent John E. Deasy said he is working hard to reduce inequities among schools and cited uneven teacher quality as a key issue. He said that the county curriculum has been standardized and that the challenge now is to ensure an equal level of instruction in every classroom by investing in teacher training and increasing the number of Advancement Placement courses.

"This is the civil rights issue of our time," Deasy said.

The potential for grade and course-title inflation is not confined to low-performing schools. Julie Greenberg, a math teacher at Montgomery Blair High School in Silver Spring, said she was under such pressure to raise grades that she used to keep two sets of books in her statistics class: one for the grades students deserved and one for the grades that appeared on report cards.

"If a teacher were to really grade students on their true level of mastery, there would be such extraordinary levels of failure that it would not be tolerated, so most teachers don't do that," she said.

At a news conference yesterday near Capitol Hill, education experts expressed concern that white and Asian students continue to score consistently higher than black and Hispanic students in all subjects. They also said the overall discrepancy between the test scores and transcripts deserves close examination. Darvin M. Winick, chairman of the National Assessment Governing Board, which oversaw the exams and the transcript study, called the gap "very suspicious."

"For all of our talk of the achievement gap amongst subgroups of students, a larger problem may be an instructional gap or a rigor gap," said David W. Gordon, superintendent of Sacramento County schools in California. "There's a disconnect between what we want and expect our 12th-grade students to know and do and what our schools are actually delivering through instruction in the classroom."

Lawmakers said the low test scores would reinvigorate the debate over high school reform as Congress considers the renewal of No Child Left Behind.

Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee, said "disappointing" results underscore the need to recruit first-rate teachers to low-performing schools.

Report Raises Questions About High-School Courses (WSJ)

By Robert Tomsho

The Wall Street Journal, February 23, 2007

DOJ_NMG_0135705

American educators have complained about grade inflation for years. But new findings suggest that U.S. high schools may also suffer from another type of inflation -- in the labeling of courses.

Under pressure to produce graduates better prepared for college and the workplace, dozens of states have stiffened high-school graduation requirements in recent years, pushing a broader array of students to take more years of core subjects and eliminating less rigorous lower-tier courses altogether.

Reflecting these efforts, a review of high-school transcripts by the staff of the National Assessment of Educational Progress shows that high-school students are taking, and receiving higher grades in, more college-prep courses than ever.

Yet just-released test results for 12th graders on the NAEP, a widely respected barometer of educational achievement known as the "nation's report card," indicated that students are graduating with mediocre math skills and reading abilities that have tumbled to their lowest level since the early 1990s. The 12th-grade tests are designed to measure the sorts of high-level thinking demanded in college work.

The findings raise questions about whether college-prep courses are as tough as their titles indicate, and, if so, whether high schools and their instructors are adequately prepared to teach such courses to a rapidly changing mix of students.

U.S. Education Secretary Margaret Spellings expressed disappointment with the findings, saying: "If, in fact, our high-school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores."

Other observers said the results suggest that some school districts are teaching watered-down versions of everything from history to trigonometry. "A course title alone does not make rigor," said David Conley, a University of Oregon professor who studies high-school course content.

The NAEP results are likely to fuel calls for reform measures as the federal No Child Left Behind act approaches a reauthorization debate. The Bush administration has proposed requiring states to conduct additional reading and math achievement tests at the high-school level.

In December, the Commission on the Skills of the American Workforce, a private group that includes former governors and cabinet secretaries from both political parties, called for such radical measures as ending high school after 10th grade for some students and denying entry to public colleges and universities to any who can't pass so-called board exams in core subjects.

The NAEP review of high school transcripts, released yesterday, found that 51% of the graduating class of 2005 completed at least a midlevel college-prep curriculum that included four years of English; three years of math, including geometry and algebra; and three years of science including at least two of biology, chemistry and physics. In 1990, only about 31% of seniors completed a similar curriculum.

The NAEP review also found that the class of 2005 received about 360 more hours of instruction in high school than their 1990 counterparts and earned higher grades. On a zero-to-four point scale, the 2005 seniors had a cumulative grade point average of 2.98 points, or about a B, up from 2.68 points in 1990. But the benefits of such changes weren't evident in the results of NAEP reading and math achievement tests for the class of 2005.

On a zero-to-500 point scale, their average reading score was 286 points. That was down a point from 2002, the last time the test was given, and was the lowest average score since 1992, when the average was 292 points. About 40% of the test takers scored at or above the proficient range, down from 44% in 1992.

On the math side, the average score was 150 on a zero-to-300 point scale and only 23% of the seniors were scored at or above the proficient range. NAEP officials said results of the 2005 math test aren't comparable with those from previous years because of recent changes in the exam's structure and content.

Reflecting demographic changes in society, the sorts of students taking the NAEP test have changed significantly in recent years. Hispanics accounted for 14% of all 12th graders in 2005, up from 7% in 1992. The scoring gap between them and white students has changed little since 1992.

Since 1998, when NAEP began allowing accommodations such as longer testing times, more English-language learners are also taking the NAEP. In 2005, they accounted for about 4% of all seniors taking the NAEP reading test and posted an average score of 247. The effect was to lower the overall average score by two points, to 286, which NAEP officials said was statistically significant.

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The decline in reading abilities was not a complete surprise. A recent study by ACT Inc., the nonprofit testing concern based in Iowa City, Iowa, found that only about 51% of high school graduates who took the ACT test in 2005 were prepared to tackle college-level reading, down from 55% in 1999. ACT also found a decline in reading skills through the high-school years, with more eighth- and 10th-graders on track for college reading than seniors. "Reading just drops off the radar in high school," said Jon Erickson, ACT's vice president for educational services.

And the NAEP results aren't the only signs that college-prep courses may not be delivering all that they promise.

The College Board, the New York nonprofit that gives the SAT admissions test, is in the midst of a nationwide audit of its high-school Advanced Placement Program courses, amid concerns that some districts aren't offering college-level content.

Meanwhile, a recent study by the state of Maryland found that 30% of its 2005 high-school graduates who completed a college-prep curriculum needed remedial math in college, up from 26% for the class of 2000.

States may require students to take more upper-level courses, but content is still largely left up to local school boards and varies widely. And few states have instituted mandatory end-of-course tests to measure what is actually being taught in high-school classrooms or taken concrete action to ensure that high-school graduation standards are aligned with what colleges and universities expect incoming freshmen to know.

Hodan Janay, of Boston says she earned B's during four years of high-school English, took a college-prep literature course her senior year and passed the state English exams required to graduate. "But I wasn't as ready as I thought," says the 21-year-old, who is now enrolled in a remedial English course at Boston's Bunker Hill Community College.

Write to Robert Tomsho at rob.tomsho@wsj.com3

Higher Grades Contradict Test Scores (AP)

By Nancy Zuckerbrod

AP, February 23, 2007

WASHINGTON — Large percentages of high school seniors are posting weak scores on national math and reading tests even though more of them are taking challenging courses and getting higher grades in school, say two new government reports released Thursday.

"The reality is that the results don't square," said Darvin Winick, chair of the independent National Assessment Governing Board, which oversees the national tests.

Nearly 40 percent of high school seniors scored below the basic level on the math test. More than a quarter of seniors failed to reach the basic level on the reading test. Most educators think students ought to be able to work at the basic level.

The reading scores show no change since 2002, the last time the tests were given. "We should be getting better. There's nothing good about a flat score," Winick said.

The government said it could not compare the math results to old scores because the latest test was significantly different.

The National Assessment of Educational Progress — often called the nation's report card — is viewed as the best way to compare students across the country because it's the only uniform national yardstick for how well students are learning.

The tests were given in 2005. The government released the scores Thursday along with a report examining the high school transcripts of 2005 graduates.

The transcript study shows high school students are earning more credits, taking more challenging courses and getting higher grade-point averages than in the past.

In 2005, high school graduates had an overall grade-point average just shy of 3.0 — or about a B. That has gone up from a grade-point average of about 2.7 in 1990.

It is unclear whether student performance has improved or whether grade inflation or something else might be responsible, the report said.

More students are completing high school with a standard curriculum, meaning they took at least four credits of English and three credits each of social studies, math and science. More students also are taking the next level of courses, which generally includes college preparatory classes.

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But the study showed no increase in the number of high-schoolers who completed the most advanced curriculum, which could include college-level or honors classes.

On the math test, about 60 percent of high school seniors performed at or above the basic level. At that level, a student should be able to convert a decimal to a fraction, for example.

Just one-fourth of 12th-graders were proficient or better in math, meaning they demonstrated solid academic performance. To qualify as "proficient," students might have to determine what type of graph should be used to display particular types of data.

On the reading test, about three-fourths of seniors performed at or above the basic level, while 40 percent hit the proficient mark.

Seniors working at a basic reading level can identify elements of an author's style. At the proficient level, they can make inferences from reading material, draw conclusions from it and make connections to their own experiences.

As in the past, the math and reading scores showed large achievement gaps between white students and minorities.

Forty-three percent of white students scored at or above proficient levels on the reading test, compared with 20 percent of Hispanic students and 16 percent of black students.

On the math test, 29 percent of white students reached the proficient level, compared with 8 percent of Hispanics and 6 percent of blacks.

The gap in reading scores between whites and minorities was relatively unchanged since 2002.

The federal No Child Left Behind law has put added emphasis on math and reading, largely in the elementary- and middle-school grades. It also requires states to separate out their test scores by race so officials can track and try to narrow achievement gaps between groups of students.

High Schoolers' Scores Lag Despite Courses, Grades (WT)

By Amy Fagan, The Washington Times

The Washington Times, February 23, 2007

More 2005 high school graduates took challenging classes and got higher grades than their peers a few years prior, but overall, large percentages of high school seniors are scoring poorly on reading and math tests, two new reports found yesterday.

Education Secretary Margaret Spellings said these results mean "we have our work cut out for us," in providing quality education.

"If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores," she said, after the release of the National Assessment of Educational Progress (NEAP).

These reading and math tests, released by the government yesterday, were given in 2005 to a representative sample of more than 21,000 high school seniors from 900 schools. Accompanying that report was a separate study examining the transcripts of 2005 high school graduates.

According to the NAEP, nearly 40 percent of high school seniors didn't perform at the basic level on the math test and 23 percent performed at or above proficient level.

The average reading scores didn't change much since 2002 but declined since 1992. Seventy-three percent of 2005 high school seniors performed at or above basic reading level, meaning more than a quarter of seniors didn't reach that threshold.

In 2000, about 13 percent of high school graduates completed standard course work, and 36 percent went beyond and completed midlevel course work, according to the transcript study. Those percentages increased in 2005, to 17 percent and 41 percent.

The 2005 graduates also carried a slightly higher grade point average -- about a 3.0 -- than 2000 graduates and notably higher than the 2.7 GPA in 1990. The study noted "many possible reasons" for the increase, including grade inflation, changes in grading standards and practices, and growth in student performance.

Lawmakers and education researchers agreed that improvement is needed but disagreed on the best way of getting there -- with some arguing the federal government should get more involved in high schools and some saying that is exactly the wrong approach.

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"The No Child Left Behind Act is working to improve our nation's elementary and middle schools, and we must act now to increase rigor in our high schools and improve graduation rates," Mrs. Spellings said, touting President Bush's proposal for more testing and improved curricula in high schools as part of his suggestions for renewing the law.

House education panel Chairman Rep. George Miller, California Democrat, called the scores a "disappointment" and said that as lawmakers work to renew federal education law for younger students "part of our charge will be to develop strategies for helping our struggling high schools," such as recruiting better teachers and ensuring all students have access to advanced courses.

Neal McClusky, education policy analyst at the Cato Institute, noted that the disappointing scores come despite "huge increases in per-pupil expenditures, the installation of 'standards and accountability' mechanisms all around the country, and ever-greater federal intervention" in America's schools.

"With all this in mind, the lesson from the latest NAEP scores is clear: American education needs fundamental restructuring away from the top-down, government control that has wrought regular academic failure, to a system that empowers parents to take their children and tax dollars out of broken public schools and put them into institutions that work," he said.

U.S. High Schools Raise Grades, Don't Test Better (Update2) (BLOOM)

By Paul Basken

Bloomberg, February 23, 2007

Feb. 22 (Bloomberg) -- U.S. high school students are showing no overall improvement on a nationwide achievement test, even as they take more challenging courses and earn higher grades, the U.S. Education Department reported.

Nationwide, 73 percent of 12th-grade students achieved a ``basic" reading score in 2005, down from 80 percent in 1992, according to the National Assessment of Educational Progress, a sampling test the government calls the ``nation's report card." Sixty-one percent scored at or above the basic level in math.

At the same time, 68 percent of high school graduates completed at least a ``standard" curriculum, up from 59 percent in 2000, with the overall grade point average about one-third of a letter grade higher than in 1990, the department said in a report. The figures raise questions about the quality of the courses being taught at U.S. high schools, it said.

``If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores," U.S. Education Secretary Margaret Spellings said in a statement. The results ``show that we have our work cut out for us," she said.

In May, NAEP said there were declines in science scores for high school students. Among 12th-graders, 54 percent were at or above the basic level in science in 2005, statistically similar to 2000 and a decline from 57 percent in 1996, the report said.

`Disappointing' Results

Business and education leaders said the latest results reinforce fears that the U.S. school system isn't preparing its students to be competitive in the global workplace.

``It's disappointing and unacceptable," said Susan Traiman, director of education and workforce policy at the Business Roundtable, a Washington-based association of chief executive officers of U.S. companies including General Motors Corp., Exxon Mobil Corp. and Citigroup Inc.

``These numbers perfectly book-end the rating of employers last fall," who in a nationwide survey said more half of companies are finding workers inadequately training in math or reading, said Linda Barrington, labor economist and research director at the Conference Board, a New York-based business group.

Bush Budget

Today's report on reading and math follows President George W. Bush's release earlier this month of his fiscal 2008 budget recommendation, in which he again asked Congress to devote a greater share of federal funding toward raising high school achievement levels.

Congress hasn't endorsed that plan in the past, in part because Democrats opposed Bush's calls for financing high school improvements through spending cuts in other parts of the federal education budget.

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Representative Buck McKeon, the California Republican who headed the House education committee last year, believes the NAEP results mean Congress must continue to demand more from schools, spokesman Steve Forde said.

The NAEP report ``is a further indication that backing away from that commitment would be a huge mistake," Forde said.

Others were more cautious. Some of the lower performance at the 12th-grade level could be due to older students realizing their scores on the NAEP test have no effect on their personal records, said Antonia Cortese, executive vice president of the 1.3 million-member American Federation of Teachers, the nation's second-largest teacher union.

`No Child' Testing

The federal No Child Left Behind law currently requires schools to test students in grades 3 through 8, then once in high school. Researchers including Bruce Fuller, an education professor at the University of California, Berkeley, have suggested that states may be weakening their tests to help raise their passing rates under the federal law.

The NAEP reports today may reinforce fears that the quality of high-level courses suffers as more students are allowed into them, the Education Trust, a Washington-based research and advocacy group, said in a statement. ``This pattern is undoubtedly playing out in some schools," Education Trust said. ``But we know that it doesn't have to be this way."

The NAEP tests for 2005 were given to a nationally representative sample of more than 21,000 high school seniors in 900 schools.

The results show 35 percent of 12th-grade students scored at or above ``proficient" in reading in 2005, down from 40 percent in 1992. Only 23 percent of 12th-graders achieved the proficient rating in math in 2005.

Math Scores

The math scores aren't comparable with previous years because NAEP introduced a new assessment test in 2005, the report said. A separate analysis provided by NAEP of common math questions, however, showed a ``statistically significant increase," to 44 percent in 2005 from 42 percent in 2000, in the percentage of students answering each question correctly.

The scores released today also showed persistent gaps among racial and ethnic groups, including white students scoring 31 points higher than black students in math and 24 points higher than Hispanic students.

The comparisons to high school transcripts were based on data from 26,000 graduates of about 640 public schools and 80 private schools. The report defined a ``standard curriculum" to mean the student has taken at least four credits of English and three each in social studies, mathematics and science.

In addition to more students enrolling in such a curriculum and receiving higher grades, the NAEP study found that U.S. high school graduates in 2005 earned about three credits more than their 1990 counterparts. That translates to about 360 additional hours of instruction during their high school years, it said.

Possible reasons for the increase in high school grades include ``grade inflation, changes in grading standards and practices and growth in student performance," the report said.

Stepping To The Plate, Giuliani Is Seeing Only Softballs (NYT)

By Richard Pérez-peña

The New York Times, February 23, 2007

SPARTANBURG, S.C., Feb. 21 — In a swing through South Carolina this week, Rudolph W. Giuliani chose to campaign at a fire house, which is a little like Derek Jeter meeting with Yankees fans — a most unlikely forum for hostility, or even much skepticism.

Instead of the sometimes barbed give-and-take endured by the other candidates, Mr. Giuliani, the former mayor of New York, fielded a few questions from the firefighters and police officers who gathered to hear him here. The questions, which began with comments like, “Being in your presence here is just unbelievable,” stuck almost entirely to issues on which Mr. Giuliani is most comfortable, like airport security and border control.

More than the other major presidential candidates, Mr. Giuliani has limited himself to events with narrowly defined, friendly audiences, avoiding the kind of uncomfortable interrogations his rivals have occasionally faced. Aside from a couple of brief swings through diners, including one yesterday in Delray Beach, Fla., he has done little of the politicking that exposes candidates to random sets of people — at shopping malls or train stations — who might be of any political stripe, and can raise any issue.

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Senators Hillary Rodham Clinton, John McCain and Barack Obama and others have held forums in Iowa and New Hampshire that were open to anyone and were widely advertised in advance — Mr. McCain did three on Saturday alone. People who were clearly skeptical pressed the candidates — Mrs. Clinton and Mr. McCain on their Iraq war positions, and Mr. Obama on his relative inexperience.

Mr. Giuliani has had no such events so far. He has yet to be questioned by voters about his support for abortion rights, same-sex civil unions and gun control, or about his marital history.

Party officials say Mr. Giuliani will have to face greater scrutiny from voters in primary states.

"For now it's O.K., but he can't follow that strategy indefinitely," said Fergus Cullen, the Republican chairman in New Hampshire. "People in New Hampshire, Iowa and a couple of other places really demand a chance to hit you between the eyes, and to ask a pointed follow-up if you don't give a straight answer. And there's a curveball in every group."

A spokeswoman, Maria Comella, said Mr. Giuliani was not avoiding difficult questions, noting that it was still early in the campaign and that "the mayor's travel has just started to pick up."

"The mayor will be at a wide variety of events that will put him in front of voters where he will answer their questions," Ms. Comella said.

She would not say whether there were plans for an open forum in the near future.

Difficult issues have come up, raised by journalists if not by others, and all candidates like to go before sympathetic groups and take agreeable questions. President Bush made a habit of it in 2004. Conversely, Mr. Giuliani was known for his frequent sparring with combative New York City reporters during his years as mayor.

The traditions of states with early presidential contests call for taking a few risks in front of voters. Dick Bennett, an independent pollster based in New Hampshire, said after Mr. Giuliani's last trip to that state that he was surprised at how little unscripted exposure to voters there was and wondered if they would hold it against him.

"People here expect to be able to see you, up close, more than once," Mr. Bennett said.

Mr. Giuliani recently spoke to state Republican conventions in New Hampshire and California, but he did not take questions, so there was little opportunity to address his views on social issues that set him apart from many in his party.

In the last month, Mr. Giuliani has had three brief public exchanges with groups of business people who were more interested in economic issues than social ones. At an agricultural fair in Central California he was asked about farm policy, and at a Chamber of Commerce dinner in New Hampshire, he was asked about budget deficits.

The Giuliani campaign billed the stop Wednesday in South Carolina, an early primary state, as a town-hall meeting. But only "first responders" had been invited, and Mr. Giuliani's speech was devoted to the heroism of police officers and firefighters on Sept. 11 and the threat of terrorism.

Many of those present described themselves as religious and more conservative than Mr. Giuliani, but they also said they attended because they were fans — and after hearing him praise them as the nation's heroes, they were in no mood to challenge him.

As much as the audiences he chooses, it is Mr. Giuliani's reputation as the icon of Sept. 11 that has shielded him during his early campaigning. At every stop, he is greeted more like a celebrity than a candidate and is asked in reverential tones about his handling of the attacks on the World Trade Center.

The social issues "carry some weight, but you have to look at the big picture," said Brian Lawson, the assistant fire chief in Chesnee, S.C., who attended Wednesday's event. "9/11, everybody knows what a job he did there, that he showed some great leadership. That's why we're here."

And of all the presidential candidates who have visited upstate South Carolina, Mr. Lawson said, "he's the first one to ask to speak with this group."

Giuliani To Court K Street (POL)

By Jonathan Martin

Politico.com, February 23, 2007

DOJ_NMG_0135711

Former New York Mayor Rudy Giuliani comes to Washington tomorrow to do a little lobbyist outreach. Lobbyists Dirk Van Dongen, Susan Molinari, Mike Zarelli and Willie Gaynor have helped put together the meet-and-greet, which is designed to familiarize Rudy with top K St. Republicans and vice-versa. There is no charge for the afternoon get-together, to take place at a downtown Washington hotel. First there will be a general reception, followed by a series of smaller meetings.

Because of the recess, members are not expected to attend. But Rudy is also making progress on that front and will soon roll out the backing of Rep. Charlie Dent of Pennyslvania. Dent, who represents an Allentown-area district, is only in his second term but is a respected member of the GOP conference. He served for years in the state legislature and knows the Lehigh Valley and Keystone State politics well. I'm also told that Team Rudy is making progress with other members of both chambers of Congress and will soon be announcing additional endorsements from the sort of states (Pennsylvania being one) that his supporters think he could put in play in the general election.

Huckabee: Don't Forget Me (POL)

By Mike Allen

Politico.com, February 23, 2007

Exclusive: Former Arkansas governor Mike Huckabee plans to make a splash on Capitol Hill on Friday with the surprising announcement that Rep. Don Young of Alaska has signed on as congressional chairman of his Republican presidential exploratory committee.

In a letter to House Republicans, Young says Huckabee will help produce "a reawakening of the conservative values that make our country a land of opportunity."

Huckabee, who moved out of the mansion in Little Rock in January, is rushing to catch up with the front-runners' massive organization and plans to officially announce his candidacy in the next few months. He said in a telephone interview that the debates – including the Politico-MSNBC debate on May 3 at the Ronald Reagan Library – will be critical to his chances of breaking out.

"Best I can determine, the floor is the same level for everybody at the debates," Huckabee said on his cell phone as he ran errands in Little Rock on Thursday. "This election will eventually become focused not just on rhetoric but the results behind the rhetoric."

Huckabee noted with a chuckle the disadvantages of being the front-runner this early in the campaign. "There's only one direction you can go, and it's not a good one," he said.

His campaign got a critical boost in South Carolina, which has one of the earliest nominating contests, when he was endorsed earlier this month by former South Carolina first lady Iris Campbell. Her youngest son, Mike Campbell, will serve as a senior national adviser to the campaign. The late Gov. Carroll Campbell and his family played a critical role in helping Ronald Reagan, George H.W. Bush, Bob Dole and George W. Bush win the South Carolina primary.

Young, the third-ranking Republican in Congress, is no diplomat but he has deep personal connections with almost every member because he was chairman of the House Transportation and Infrastructure Committee, which put him in charge of massive amounts of pork.

Young said in an interview from Puerto Rico that Huckabee is "a man of character and a hell of a speaker." Young said he'll travel on Huckabee's behalf. "He may be a long shot now," Young said. "But when this settles down, people will see that a governor is best positioned to bring the country together. They have the experience of bringing the opposite sides of a legislature together. People always ask me who I think I going to win, and when I say Governor Huckabee, they say, 'Who?' So we just need to convince people that he's a leader with great character."

Also Friday, Huckabee plans to announce that Rep. John Boozman of Arkansas will be congressional co-chairman of his presidential exploratory committee. Boozman is a member of the Republican Study Committee, the conservative caucus, and so has ties to a group of members whose support could really help Huckabee.

Boozman said in an interview that Huckabee "has a tremendous ability to communicate" and has positioned himself well as a conservative. "This thing is wide open," Boozman said. "His greatest challenge is going to be coordinating a national campaign."

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Fundraiser To Help Underwrite S.C. Primary (WP)

By Chris Cillizza

The Washington Post, February 23, 2007

South Carolina may be a new addition to the early days of Democrats' presidential nomination fight, but the state is already showing veteran savvy when it comes to collecting cash for its Jan. 29, 2008, primary.

Witness a fundraiser set for March 7 in Washington. The featured guests? The bulk of the 2008 Democratic field, including Sens. Hillary Rodham Clinton (N.Y.), Joe Biden (Del.) and Chris Dodd (Conn.), as well as former senator John Edwards (N.C.) and former Iowa governor Tom Vilsack. Reps. Jim Clyburn and John Spratt -- the only Democrats in South Carolina's congressional delegation -- are also set to appear.

The event, which will be emceed by Clinton White House press secretary Mike McCurry, is being billed as a "kickoff reception" for the state's presidential primary.

Joe Erwin, chairman of the South Carolina Democratic Party, explained that his state is one of a handful where the party must raise all of the money to finance the primary. In 2004, Erwin estimated, the cost of South Carolina's Democratic primary was $285,000. He believes the price tag this time will be closer to $500,000.

"It's a great honor to seek and successfully garner the first-in-the-South primary; it's a heck of a challenge to put it on," Erwin said.Breaux to the Rescue?

One question dominated the political chatter at this week's Washington Mardi Gras celebration: Will he or won't he? The "he" in question being former senator John Breaux (D-La.), who is looking seriously at running for governor in November.

Breaux, who served in Congress for more than three decades, is widely seen as Democrats' strongest statewide candidate and is being pushed to make a run by party regulars who don't believe Gov. Kathleen Babineaux Blanco (D) can win reelection. Blanco faced widespread criticism for her handling of the response to Hurricane Katrina, and private polling has shown her badly trailing Rep. Bobby Jindal (R), who has already declared his candidacy.

"Really, only John and Lois Breaux know the real odds of his decision-making process right now," said Rich Masters, a former senior aide to Louisiana Sen. Mary Landrieu (D). "But the odds of remaking New Orleans and the state would be much better with John Breaux as governor, so personally I hope he runs."

Breaux did not return a call seeking comment. He has until Sept. 6 -- the state's filing deadline -- to make up his mind.Huckabee Gets a Hand on the Hill

Former governor and current presidential candidate Mike Huckabee (R-Ark.) isn't a household name inside the Beltway. He's hoping to change that today as he announces the congressional co-chairs of his national bid.

Reps. Don Young (Alaska) and John Boozman (Ark.) will lead Huckabee's efforts to make inroads among the opinion leaders on Capitol Hill.

Asked about winning congressional endorsements, Huckabee said "it shows [that] people who are policy makers are willing to sign on," but he added: "Frankly, I don't think it's going to tip the election one way or another."

Detour From High Road In Clinton-Obama Clash (NYT)

By Adam Nagourney

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — After weeks of watching in frustration as Senator Barack Obama presented himself as a fresh face gliding above partisan politics, Senator Hillary Rodham Clinton has drawn Mr. Obama onto a muddy political field, engaging him in a back-and-forth that recalls the kind of Washington bickering Mr. Obama has decried.

Mrs. Clinton's effort to identify Mr. Obama with an attack made by one of his chief Hollywood supporters was widely viewed among Democrats as carrying some cost to Mrs. Clinton. The remarks at the heart of the dispute, by David Geffen, the Hollywood executive who was once a big fund-raiser for the Clintons, were a sharp reminder of Clinton family history that has led some Democrats to believe Mrs. Clinton cannot win a general election.

But when it came to tallying the final score on the most intense engagement so far in the 2008 presidential race, even Mr. Obama, the junior senator from Illinois, seemed to acknowledge that he may have been outmaneuvered.

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In a telephone interview Thursday, Mr. Obama said he had not been aware beforehand of the statement his campaign had put out Wednesday morning responding to the public demand by Howard Wolfson, Mrs. Clinton's hard-driving senior communications adviser, that Mr. Obama denounce Mr. Geffen and return the money he had raised.

Mr. Obama said he had been on a red-eye flight, getting a haircut and taking his daughters to school as the fight broke out, and strongly suggested he had told his aides he wanted to stay above the fray.

"I told my staff that I don't want us to be a party to these kinds of distractions because I want to make sure that we're spending time talking about issues," Mr. Obama said. "My preference going forward is that we have to be careful not to slip into playing the game as it customarily is played."

For Mrs. Clinton, the risks of going after Mr. Obama included the possibility that some voters would view her as driven more by tactical war-room politics than by the domestic and foreign policy issues they are most concerned about.

At the very least, the blow-up provided a vivid snapshot of how the Clinton campaign is approaching what it views as the biggest obstacles to Mrs. Clinton's winning the nomination: the rapid emergence of Mr. Obama as a potent rival, and persistent questions about Mrs. Clinton's electability. And it demonstrated how fiercely these two formidable candidates are moving to nail down support in all quarters.

That is particularly true for Mrs. Clinton, backed by a cadre of aggressive advisers who have weathered a decade of some of the toughest political fights imaginable, from the election of Bill Clinton in 1992 to the fight to save him from impeachment in 1998, and are using lessons learned from those campaigns here and now.

For weeks, the Clinton campaign has been dealing with the threat from Mr. Obama aggressively, if not in such a public way as it did on Wednesday. Mrs. Clinton's team, which includes toughened advisers like Terry McAuliffe, the former Democratic Committee National chairman, has been sending signals, some gentle and some not so gentle, that it wants Democrats to choose between her and Mr. Obama and not hedge their bets.

At a fund-raiser for Mrs. Clinton in Hollywood two weeks ago, as Mr. McAuliffe told the story in an interview on Thursday, he joked in a crowded room that big contributors would be honored with limo rides with the new president while those who wrote checks to, say, Mr. Obama could give up their dreams of access.

"Clarence Avant's daughter was there, he's a friend of mine, and I looked at her and in front of 500 people I said, If you don't contribute, you're not going to get that ambassadorship to France," he said, referring to the former chairman of Motown Records. "It's a joke! I said it in front of 500 people."

The Los Angeles Times quoted Mr. McAuliffe as saying at that event, "You are either with us or you're against us," a remark Mr. McAullife and other attendees said was jocular.

But from New York to Washington to Los Angeles, the Clinton campaign has sought commitments of total loyalty this winter from a swath of important donors and elected officials. Mrs. Clinton would meet one-on-one with prominent donors, for instance, and make clear that she wanted their support exclusively. Some elected officials in New Hampshire, meanwhile, said they were told that their early support would matter more to the Clintons than an endorsement down the road.

Aides to both Mrs. Clinton, the junior senator from New York, and Mr. Obama said the other side had been relentless in trying to force potential contributors and political leaders to take sides. Their aggressiveness is not going over well with everyone, especially those who have given large sums to many Democrats over the years and are happy to see two or more presidential candidates continue to compete for their support more than 10 months before the first primary.

"I feel that way only because we the electorate earn the right to a vigorous debate," said Norman Lear, the producer, who has contributed to both Mr. Obama and Mrs. Clinton. Asked about Mr. McAuliffe's remark, he responded: "What's he going to do, jail me?"

The way that campaigns operate provide insights into the candidates themselves. If lessons were learned about the Clinton campaign style, there were lessons learned as well about Mr. Obama, who is making his first run for the presidency and whose lack of experience in campaigns has been a source of worry for some of his supporters.

In response to the initial volley from the Clinton camp on Wednesday, Mr. Obama's spokesman, Robert Gibbs, refused the demand by the Clinton campaign that the candidate distance himself from Mr. Geffen's statement, which he made in an interview with a New York Times columnist, Maureen Dowd. (Mr. Geffen said Mrs. Clinton was unelectable, and raised questions

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about her ethics and Bill Clinton's trustworthiness.) Mr. Gibbs went on to note that the Clintons had taken money from Mr. Geffen while they were in the White House, noting that Mr. Geffen had been among those who had spent the night in the Lincoln Bedroom.

The two camps traded barbs all day Wednesday, going toe to toe on a day when Mr. Obama had skipped an appearance with the rest of the Democratic presidential field in a demonstration of his desire to stay out of the daily exchange of criticism that can consume campaigns.

"It fundamentally undermined their long-term message," said Chris Lehane, a Democratic consultant who made his name with a tough campaign style, referring to the Obama campaign.

"If you're to run as something fundamentally different — the philosopher king — you have to have a campaign that is completely different," said Mr. Lehane, who has not endorsed a candidate. "Long term, there is peril here for Obama: if he is presenting a message that he represents a new style of governance, once you start to engage in the back and forth, you really diminish this kind of message."

If there was one clear beneficiary to the wrangling — other than the Republican Party, which stood back and enjoyed the fight — it was a third Democratic candidate, John Edwards. Mr. Edwards's strategy has been to let Mr. Obama and Mrs. Clinton fight it out, leaving an opening for him.

Et Tu, David? A Lucrative Friendship Sours (NYT)

By Jennifer Steinhauer, David M. Halbfinger

The New York Times, February 23, 2007

LOS ANGELES Feb. 22 — The public unwinding of the relationship between the Clintons and David Geffen has many of the makings of a Hollywood who-done-it: While the outcome is now known, the trail remains complicated and mysterious.

The strains between Mr. Geffen and the Clintons were brought to the fore this week when Mr. Geffen, an entertainment executive and longtime benefactor of the Clintons, made clear with shards of verbal glass that he would not support the presidential campaign of Senator Hillary Rodham Clinton.

Mr. Geffen has been telling friends for two years that he thinks that Mrs. Clinton is a divisive figure who would fail to bring the nation together. He has since thrown his support behind Senator Barrack Obama of Illinois, who raised $1.3 million this week at a fund-raiser for which Mr. Geffen was a co-host.

"What Geffen did was he gave an expression to what is in the collective unconscious about the Clintons," said one Obama supporter in Hollywood, who, like everyone who was interviewed about the issue, would not speak for attribution out of fear of retribution from the Clinton camp, the famously irascible Mr. Geffen, or both.

Mr. Geffen's embrace of Mr. Obama is a notion that — backed with checkbooks and liberal blogging — could have resonance among Hollywood money raisers, who love nothing more than a fresh face attached to even perceived early momentum. It appears to be an outgrowth of Mr. Geffen's anger and disillusion with both Clintons, and his belief that Mrs. Clinton's candidacy impedes Democrats from regaining the White House, people close to the Clintons and Mr. Geffen said Thursday.

Yet even as his doubts about Mrs. Clinton have risen, Mr. Geffen contributed generously to her two Senate campaigns. All told, Mr. Geffen — who discussed his displeasure with a Clinton candidacy with the New York Times columnist Maureen Dowd this week — has raised or given millions of dollars to the Clinton political machine.

Long after his fury over Mr. Clinton's last-minute pardoning of the financier Marc Rich and not Leonard Peltier — the Indian activist who was convicted and sentenced to life imprisonment for the murders of two federal agents — Mr. Geffen went on to donate $1 million to the Clinton presidential library, even though Mr. Clinton made a disparaging remark to Time magazine about Mr. Geffen's displeasure with the way the last-minute pardons were executed.

Mr. Clinton had long paid homage to Mr. Geffen, and was a frequent guest at his home in Los Angeles. But after his 1996 re-election, Mr. Clinton began staying more frequently with Ron Burkle, a longtime Clinton supporter and onetime rival of Mr. Geffen for ownership of The Los Angeles Times. Mr. Burkle, a supermarket tycoon, lives in a 40-room Beverly Hills home that once belonged to the silent-movie star Harold Lloyd.

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By late 1999, the president felt so divided between his two billionaire friends that he once wound up leaving Mr. Burkle's home late one evening to turn in for the night at Mr. Geffen's nearby Beverly Hills home, all to avoid offending Mr. Geffen, one member of the president's entourage said, even though Mr. Geffen was out of town.

(No Hollywood sleepover goes without a movie screening, in this case, "Titus," starring Anthony Hopkins.)

For their part, Mrs. Clinton's supporters say that they are convinced that her luster in Los Angeles is untainted, and both spokesmen for both her and her husband declined to comment Thursday.

On Thursday in Los Angeles, Mrs. Clinton attended meetings with fund-raisers at Haim Saban's office, and later with supporters at Creative Artists Agency and other money raisers.

At the meeting at Mr. Saban's office, when the idea of a California primary's being moved to Feb. 5 was raised, according to one person who attended the event, Mr. Saban said, "Then we'll have to double what we all planned to do."

Analysis: Early Bumps Trip Clinton Camp (AP)

By Beth Fouhy, Associated Press Writer

AP, February 22, 2007

A Hollywood-style brawl with the campaign of rival Barack Obama is the latest in a series of speed bumps tripping up Hillary Rodham Clinton's early presidential moves.

From the Clinton team's decision to criticize — and therefore publicize — producer David Geffen's complaints about both Clintons to increasingly skeptical questions about Sen. Clinton's nuanced explanation of her 2002 vote authorizing the Iraq war, it became apparent even a battle-tested front-runner can fall prey to missteps.

On top of that, voters were reminded of the downside of the first Clinton presidency.

"Her explanation for her Iraq vote sounds like the bad old days of Dick Morris triangulation," said Marty Kaplan, a political communications professor at the University of Southern California. Morris, once an influential adviser to both Clintons who has since turned against the couple, urged President Clinton to make policy decisions by splitting the difference on opposing views.

Kaplan added, "She may have overreacted to Geffen in a way that showed she's potentially thin-skinned. And the whole thing was a reminder that the issues of Monica Lewinsky and Whitewater are still out there."

The latest spat began Wednesday, when Clinton spokesman Howard Wolfson called on Obama to disavow comments Geffen made in a New York Times interview.

Geffen, a onetime Clinton supporter who threw a $1.3 million fundraiser for Obama in Hollywood Tuesday night, criticized Bill Clinton for "reckless" behavior and called his wife polarizing and dishonest. He also took her to task for refusing to recant her Iraq vote.

Obama ducked the controversy, saying he shouldn't have to apologize for something he didn't say. But his spokesman Robert Gibbs noted that Geffen had raised $18 million for Bill Clinton and had been invited to one of the infamous Lincoln Bedroom sleepovers that helped define the Clinton fundraising excesses of the 1990s.

The brouhaha reflected the Clinton campaign's annoyance with what it perceives as the national media's lenient treatment of Obama.

The tit-for-tat between campaign operatives helped the story to explode nationally — overshadowing a Democratic presidential forum in Nevada that all the candidates except Obama attended.

Ironically, that lack of attention may have helped Clinton, who was pointedly jabbed by rival John Edwards for her unwillingness to revisit her war stance.

Edwards, a former North Carolina senator who also voted to authorize the invasion, has repeatedly apologized for his vote and said Clinton's decision not to do so was "between her and her conscience."

With the early 2008 voting contests in Iowa and New Hampshire still a year away, the current turbulence on the campaign trail is largely the province of hard-core political junkies.

Even so, the events of the last few days exposed the Clinton campaign's sensitivity to criticism of her husband's White House years the growing appeal of Obama — and to some extent, former North Carolina Sen. John Edwards — among the party's overwhelmingly anti-war activists.

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"It's time for a different kind of leadership in this country," Edwards said, adding that voters want a president "who will tell the truth when they've made a mistake. Who will take responsibility when they've made a mistake."

Clinton has been challenged to explain her vote at nearly every campaign stop since entering the presidential field last month.

She tried to put the matter to rest in New Hampshire last weekend, saying voters could choose another candidate if her answer doesn't suffice. Nevertheless, the questions persist.

Another headache emerged last week when Clinton was asked to renounce comments about Obama made by one of her South Carolina supporters. State Sen. Robert Ford, who is black, said he was endorsing Clinton in part because Obama as a black presidential candidate would hurt other Democrats on the ballot.

"Every Democrat running on that ticket next year would lose — because he's black and he's top of the ticket," Ford said.

Ford later apologized as did a Clinton spokesman. But Clinton did not personally distance herself from it.

Raphael Sonenshein, a political scientist at California State University-Fullerton, said the Clinton campaign had seized on the Geffen comments as a prelude of what to expect later.

"This is a dress rehearsal, and it's peanuts compared to what Republicans will do in the general election," he said. "She knows she's got to come out and come out strong."

EDITORIALS Geffen Has A Point About The Clintons (LAT)

The Los Angeles Times, February 23, 2007

THERE ARE TWO THINGS to be said about the first major intramural spat of the 2008 Democratic primary season. The first is that David Geffen has a point (and we're not saying that just because there is a remote chance that we might work for him someday). The second is that if California moves up its primary, presidential candidates visiting here will soon have to pander to more than just Hollywood moguls.

Geffen, once among Bill and Hillary Rodham Clinton's biggest financial backers, threw Hollywood's first mega-fundraiser of the election cycle on Tuesday — for Barack Obama. His criticism of Hillary Clinton, reported Wednesday by New York Times columnist Maureen Dowd, sparked an amusingly overwrought exchange between the Clinton and Obama camps.

Geffen was on to something with his passing mention of the fact that Obama is not from "the Bush royal family" or the "Clinton royal family." Regardless of what you think of Bill Clinton's presidency, or his wife's talent, the dynastic aspect of Hillary Clinton's candidacy is an issue that will increasingly come to occupy center stage in this campaign. Is the country prepared to be governed, potentially, for 28 years by two families who alternate turns in the White House?

The Clinton campaign appears unwilling to acknowledge this concern. The candidate likes talking to audiences about whether the nation is ready for a female president. But the question of whether the country is ready to perpetuate the dueling-family reign by voting in the former president's spouse is disingenuously left off the table. Maybe Hillary Clinton can make the case that she is the most qualified candidate, but she is going to have to find a way to address the dynastic issue directly. She can't have it both ways — trading on her husband's popularity but not acknowledging people's unease at turning the White House into a family business.

Yet Californians, at least, may be grateful that candidates vying for the 2008 presidential nomination in both parties will have to worry not only about what big donors think of them but what all Californians think. In recent presidential primary seasons, the California contest hasn't gotten beyond the David Geffens because the state has been solely a fundraising battlefield. But now that California is likely to move its presidential primary to early February, candidates will no longer think of their California constituencies as consisting solely of that other royalty: Hollywood celebrities.

So, if you are frustrated that one Californian's view on the race could be so newsworthy, bear with us. You'll get your turn.

Clinton And Obama's Hollywood Scene (WP)

By E. J. Dionne

The Washington Post, February 23, 2007

It was a good day for Joe Biden, Chris Dodd, John Edwards, Bill Richardson, Tom Vilsack -- and, what the heck, Dennis Kucinich.

DOJ_NMG_0135717

It was a bad day for Barack Obama, Hillary Clinton and David Geffen.

It was a good day for the Republican Party, particularly George W. Bush, John McCain and Dick Cheney.

It was a bad day for the Democratic Party, opponents of the Iraq war and advocates of national health insurance.

The petty feud was started by big-time producer Geffen's brutal remarks about the Clintons, which appeared after he helped raise a ton of Hollywood money for Obama. The grudge match revived those depressing cliches about the Democrats: their affection for circular firing squads and their habit of never missing an opportunity to miss an opportunity.

You wonder what Clinton and Obama will learn from this. Both might study the long Democratic nomination fight that began in 1987, well in advance of the 1988 election.

There was an obvious front-runner named Gary Hart, a smart, young former Colorado senator who promised to lead his party out of the 1930s into the 1990s. There was a young Delaware senator named Joe Biden, the same guy who's running this time. Biden wasn't the clear No. 2 that Obama is now, but he got some good early reviews.

Before election year dawned, Hart and Biden were knocked out of the race, because of their own mistakes for sure, but also because of whispering campaigns and subterranean attacks by their opponents.

By the fall of 1987, the Democrats looked like ineffectual dwarfs, to use the word popular back then. A Republican operative named Haley Barbour -- now Mississippi's governor -- happily declared: "At the beginning of this year, the American people questioned whether the Democrats had the first team on the field. I think everything that's happened has confirmed that it's a real amateur hour. It's been a confirmation of people's idea that these aren't the big boys."

Obama and Clinton lieutenants and their full-of-themselves fundraisers: Read Barbour a few times and remember that the Democrats blew the 1988 election. Today, the party has its most talented collection of candidates since 1960. That could change fast.

Political junkies know the week's story line, but in brief: Geffen, a Hollywood mogul who co-hosted a $1.3 million fundraiser for Obama, trashed Bill and Hillary Clinton to New York Times columnist Maureen Dowd, who gets the powerful to say the darnedest things. The Clinton and Obama camps went to war, rocking computers all over the country with incendiary e-mails.

The Clinton side insisted that Obama -- the let's-end-negative-politics candidate -- disown Geffen. The Obama forces trashed Clinton for accepting support from a South Carolina Democrat who suggested that Obama would doom the ticket because he's black.

Just lovely. Because Clinton pulled her saintly opponent off his pedestal and made her new enemy Geffen into an Obama problem, she might be seen as the net winner. In truth, both campaigns showed they care a lot more about themselves than the causes (and the party) to which they claim to be devoted.

That's why every other Democratic presidential candidate was smiling, and why Republicans were gleeful, too. Absent the explosions set off by Geffen's therapy session with Dowd, the big news would have been Dick Cheney's mean jab at John McCain.

McCain, ensnared in Bush's Iraq disaster, tried to disentangle himself by going after Cheney and former defense secretary Donald Rumsfeld. Cheney's devastating pushback in an interview with ABC News made McCain look wimpy and less than straight-talking: "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld."

But the Hollywood news pushed the Republican eye-scratching over Iraq onto the back pages. It also shrank coverage of the first big Democratic forum in Nevada (only Obama skipped it), where the candidates sparred about serious issues, notably over how to achieve universal health coverage.

Oh, but health care is so boring compared with a Hollywood big shot who drops hints about Bill Clinton's love life. Yeah? Tell that to the family of someone who died of cancer because she had no insurance and couldn't afford a screening test.

Clinton, Obama and their brilliant staffs don't own the Democratic Party, no matter how much money they raise in Hollywood. If they think this is all about their personal drama, they should quit politics and go into the movies. Geffen can put up the money.

Depends What The Meaning Of "Mistake" Is (WP)

DOJ_NMG_0135718

By Eugene Robinson

The Washington Post, February 23, 2007

Hillary Clinton's rivals would love to paint her as inflexible, programmed, focus-grouped within an inch of her life and intent on bringing nothing less than a full-fledged Clinton Restoration to the White House. So why is she sitting for the portrait?

We'll get to her campaign's delicious quarrel with Hollywood mogul David Geffen in a moment. Less entertaining, but ultimately more important, is the rhetorical line that Clinton drew in the Iraqi quicksand Wednesday at the Democratic candidates' forum in Nevada: no apology for her vote to authorize the war, no admission that she made a mistake. In other words, Clinton opposes the war but defends her vote to enable it.

That's the kind of carefully calibrated position that I suppose might help her in the general election, when she would have to win support from independents. It would let her avoid the "I voted for it before I voted against it" trap that snared John Kerry in 2004. But buckling herself into a no-regrets straitjacket so early can only hurt Clinton among Democratic primary voters, who overwhelmingly oppose the war -- and who, by all evidence, expect abject contrition from candidates who voted to authorize it.

Barack Obama gets a pass -- he wasn't anywhere near Congress at the time, and he publicly opposed the war to boot. John Edwards and Christopher Dodd, both of whom were in the Senate in 2002, have proclaimed that their votes to authorize the invasion were wrong and are begging forgiveness.

Asked about Clinton's position, Edwards said: "Whether it's good enough, I think, is between her and her conscience. It's not for me to judge."

Which, of course, was a judgment.

Clinton may believe that being the front-runner for the nomination means never having to say you're sorry. She may believe that positioning herself at the hawkish end of the Democratic spectrum helps her project an image of toughness, dispelling any reservations voters may have about a woman as commander in chief. Whatever the reason, refusing to say the words "mistake" or "apology" seems transparently artificial. It's a simple matter of cause and effect: If you deplore the effect, how can you not regret participating in the cause?

It sounds like something a candidate has decided to say rather than something a candidate believes -- an all-too-cute parsing of the language that brings to mind some of the less glorious episodes of the Clinton years. It sounds like a position manufactured by committee, an output from a machine. It certainly doesn't sound like an organic part of the "conversation" that Clinton says she wants to have with America.

It's awfully early for a candidate to lock herself into such a problematic script. As long as the war remains the campaign's dominant issue, Clinton is likely to be pressed on Iraq at virtually every stop. Refusing to apologize, or even to admit making a mistake, just keeps alive an issue for Clinton that her opponents already have dealt with and left behind.

Now, on to the Geffen imbroglio. Once one of the Clintons' biggest Hollywood supporters, the billionaire co-hosted a fundraiser for Obama this week that brought in $1.3 million. That was bad enough, from the Clintons' point of view -- they're not used to having to share the Hollywood money machine with anybody else. But Geffen went much further, telling New York Times columnist Maureen Dowd that Hillary Clinton was "incredibly polarizing" -- and that while everyone in politics lies, the Clintons "do it with such ease, it's troubling."

The Clinton campaign went thermonuclear, and it's easy to understand why. Here was a former insider, a one-time guest in the Lincoln Bedroom, seeming to confirm the suspicions of the most dedicated Clinton-haters. The campaign immediately responded by demanding that Obama disassociate himself from Geffen's remarks and "return his money" -- presumably meaning his personal $2,300 campaign contribution. Clinton herself refrained from attacking Obama but deplored the "politics of personal destruction" -- a classic Clinton-era phrase.

Obama responded that he didn't see why he should get involved in what looked like a dispute between Geffen and the Clintons. Obama's campaign issued a sharper statement, perhaps worried about looking soft or passive, then wisely let the matter drop.

The impression that was left at the end of the week was of a touchy, grouchy Clinton Inc. and a candidate constrained by her campaign strategy. It was as if Hillary Clinton were sketching a caricature of herself. That's wasted effort. Others would be happy to do the job for her.

DOJ_NMG_0135719

For Clinton, New Wealth In Speeches (WP)

By John Solomon, Matthew Mosk, Washington Post Staff Writers

The Washington Post, February 23, 2007

Fees in 6 Years Total Nearly $40 Million

Former president Bill Clinton, who came to the White House with modest means and left deeply in debt, has collected nearly $40 million in speaking fees over the past six years, according to interviews and financial disclosure statements filed by his wife, Sen. Hillary Rodham Clinton (D-N.Y.).

Last year, one of his most lucrative since he left the presidency, Clinton earned $9 million to $10 million on the lecture circuit. He averaged almost a speech a day -- 352 for the year -- but only about 20 percent were for personal income. The others were given for no fee or for donations to the William J. Clinton Foundation, the nonprofit group he founded to pursue causes such as the fight against AIDS.

His paid speeches included $150,000 appearances before landlord groups, biotechnology firms and food distributors, as well as speeches in England, Ireland, New Zealand and Australia that together netted him more than $1.6 million. On one particularly good day in Canada, Clinton made $475,000 for two speeches, more than double his annual salary as president.

"I never had a nickel to my name until I got out of the White House, and now I'm a millionaire, the most favored person for the Washington Republicans," Clinton told a friendly audience in Kentucky last fall. "I get a tax cut every year, no matter what our needs are."

Indeed, the Clintons -- who left the White House with an estimated $12 million in legal debts rung up during the Whitewater, campaign fundraising and Monica S. Lewinsky investigations -- are worth an estimated $10 million to $50 million, according to Hillary Clinton's most recent disclosure form. That is attributable primarily to the speaking fees and to the seven-figure book deals that both Clintons signed shortly after leaving the White House.

The fortune they have amassed gives the Clintons a nest egg for the first time, and it allows them to tap into that wealth for a campaign if Hillary Clinton, as expected, forgoes public financing in her race for president. It also suggests a sometimes close connection between their personal finances and her political career.

Many of Bill Clinton's six-figure speeches have been made to companies whose employees and political action committees have been among Hillary Clinton's top backers in her Senate campaigns. The New York investment giant Goldman Sachs paid him $650,000 for four speeches in recent years. Its employees and PAC have given her $270,000 since 2000 -- putting it second on the list of her most generous political patrons.

The banking firm Citigroup, whose employees and PAC have been Hillary Clinton's top source of campaign donations, with more than $320,000, paid her husband $250,000 for a speech in France in 2004. Last year, it committed $5.5 million for Clinton's Global Initiative to help encourage entrepreneurship and financial education among the poor.

Asked about the companies and their relationship to the Clintons, Jay Carson, a spokesman for the former president, said, "It certainly makes sense that reputable New York companies who support the policies and works of President Clinton and his foundation would also be supportive of their senator."Finding Foreign Audiences

Over the past two decades, speaking for money, especially to foreign audiences, has become a common way for ex-presidents to find financial security. Ronald Reagan raised eyebrows collecting $2 million in Japan shortly after he left office in 1989. And George H.W. Bush and Jimmy Carter have both traveled extensively to lecture for pay.

The elder Bush, who was wealthy before he became president, had an active speaking schedule after he left the White House, and as recently as 2004 he was reported to have been paid between $125,000 and $150,000 for a series of speeches in China. He has also held seats on corporate boards. But much of his activity remains private because he is under no obligation to disclose it.

Mark K. Updegrove, author of a book on the activities of former presidents, said Clinton remains a huge draw even six years after leaving the White House. "One thing makes President Clinton slightly different from his predecessors," Updegrove said. "Not only has he carried the prestige of the presidency, but he maintains the mystique of celebrity."

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Two-thirds of the former president's speaking money has come from foreign sources. Outside the United States, clients are willing to pay more to hear him speak, Clinton is able to conduct his charitable work on AIDS, and he can avoid upstaging his wife on the American political scene, associates say.

Foreign clients have included Saudi Arabia's Dabbagh investment firm, which paid $600,000 for two speeches, and China's JingJi Real Estate Development Group, run by a local Communist Party official, which paid $200,000 for a speech. The Mito City Political Research Group, a Japanese political studies center, paid Clinton $400,000 for a 2002 speech about politics.

Besides Goldman Sachs, the two firms that have paid Clinton the most over the past six years are foreign-based. Gold Services International, an event organizer based in Bogota, Colombia, brought Clinton to Latin America in the summer of 2005 for $800,000 in speaking fees. The Power Within, a motivational-speech company in Toronto, paid Clinton $650,000 for speeches in Canada in 2005 and brought him back for an undisclosed sum in 2006. The company was founded by Salim Khoja, a Kenyan immigrant who years earlier was convicted of stock fraud and was barred for life from the brokerage business.Speaking for Charity

The nearly $40 million total is based on Hillary Clinton's annual ethics report to Congress, which showed that her husband made more than $30 million from speeches from 2001 to 2005. Under Senate ethics rules, she does not have to disclose 2006 fees until mid-May, and the estimate for that year's totals is based on interviews with speech organizers, who confirmed an additional $9 million to $10 million in fees.

Beyond the millions he has earned personally, the former president has given dozens more speeches that result in payments to the William J. Clinton Foundation, his nonprofit charity in New York. His associates say those have yielded millions to help cover the $60 million annual budget the foundation spends to fund his charitable work on AIDS and world hunger.

The Clintons declined to disclose the size and sources of the payments for speeches he delivered on behalf of the charity. Campaign law and Senate ethics rules require Hillary Clinton to disclose only the fees her husband has taken as personal income, not those he routed to charity.

The former president declined repeated requests to discuss his speeches or the income he earns from them. "The reason that he picked paid speeches is that it is an efficient way for him to make a living for his family and allow him a lot of time to do charitable work, which is his passion," said Carson, his spokesman.

Carson said Clinton's staff constructs his schedule to pack as much charitable work as possible -- along with political events helpful to Democrats -- around his for-profit speaking career.

"We take a look at the schedule and say, 'All right, he has to be in this place for that paid speech. There are these three or four great things we've been meaning to do in this place. Let's do them,' " Carson said.

Last June, for example, Clinton booked a speech in Denver before the National Apartment Association, the industry group for landlords, which earned him $150,000.

When his office heard that funds were lagging for a nearby memorial to victims of the Columbine High School massacre, he volunteered to be the keynote speaker at the groundbreaking ceremony -- at no charge -- and instantly boosted fundraising. On the dais that day, when told the project was still short of its goal, he pledged $50,000 that could be matched by a local company. On the same trip, he addressed a politically important group of school principals.

Likewise, in February 2006, Clinton headed to Asia for charitable work to help tsunami and AIDS victims. At the last minute, the State Department asked him to squeeze in a visit to Pakistan, helping ease tensions among Muslims angered by political cartoons they considered insulting. He then tacked on three days of paid engagements in Australia and New Zealand that earned him about $750,000.'It Was Worth It'

Those willing to pay Clinton to speak say they can pack a hall with people eager to hear his question-and-answer sessions on Middle East peace, his motivational seminars, or his lectures on globalization that weave together personal anecdotes and detailed data aimed at inspiring corporate executives to compete better in the 21st-century global economy.

Clinton can also transform a fundraising event.

The former president in 2005 helped the U.S. arm of Israel's treasury authority sell $101 million in investment bonds by speaking at a luncheon at the Pierre Hotel in New York that was jammed with real estate executives who wanted to hear his keynote address.

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A Catholic group in Canada far exceeded its fundraising goal when it hired Clinton to address a fundraising gala for domestic violence services last November. The crowds came despite protests by Catholic bishops who urged a boycott because of the group's support for abortion rights.

"We had people buying $500 tickets for a lunch. This was a once-in-a-lifetime event for them," said Andrew Wilding of the Catholic Family Counseling Center in Kitchener, Ontario. "They did it in lieu of Christmas gifts, birthday gifts. It was unbelievable."

Kevin O'Marah, senior vice president of AMR Research, an industry group for retail, food and manufacturing suppliers, said the process of signing Clinton to speak last year was so complex -- including filling out multiple forms explaining to Clinton's office and the speakers bureau he uses why the group wanted him -- that "it was like applying for college."

"But it was worth it," he said, adding that Clinton's speech to 900 executives at AMR's annual conference in Scottsdale, Ariz., inspired many in the audience to consider what they could do to address global hunger.More Money, More Access

Clinton gets a flat fee for those overseas events, but event promoters sometimes offer a tier of options to their patrons. Spending more means gaining more access. This was the case when Clinton collected at least $900,000 last fall for speeches in England and Ireland promoted by longtime golfing partner Satty Singh, a wealthy businessman based in Glasgow, Scotland.

Those who paid about $1,000 to see Clinton at the Burlington Hotel in Dublin on Sept. 27 gained entry to a champagne reception and lunch before the speech. For $4,000 more, they got VIP perks that included a photo and a goody bag containing an autographed copy of his memoir. For about $150,000, corporate sponsors were assured of seats close to Clinton.

Clinton receives thousands of speaking requests a year and accepts a few hundred. Despite the extensive vetting, at least two companies that booked him were under federal investigation.

In February 2005, Clinton traveled to the Paradise Island resort in the Bahamas and collected $150,000 from Swiss biotechnology giant Serono International for a speech that touched on global AIDS. Serono's U.S. arm was then embroiled in a well-publicized federal investigation into giveaways to doctors who unnecessarily prescribed its AIDS drug. A few months after the speech, the company pleaded guilty to two federal conspiracy charges and agreed to pay $704 million in fines.

Clinton also accepted $125,000 in December 2001 to address workers at International Profit Associates, an Illinois company that advises small businesses. At the time, IPA was the focus of a federal investigation -- started during the Clinton administration -- and a government lawsuit alleging widespread sexual harassment.

Like many who have paid the former president to give a speech, IPA executives have been helpful to his wife's campaigns in New York. Her campaign and political action committee have collected nearly $150,000 in donations from the company's officials, making IPA one of her largest single sources of campaign contributions since she ran for the Senate in 2000. The company also flew her aboard its corporate jet, according to a 2004 reimbursement item on her campaign finance report.

Asked about the IPA and Serono speeches, Carson said: "We take our vetting process very seriously. We do our best to try to catch any issues. And given the volume of that, we are not always perfect."

Clinton continues to book new lectures this year as his wife campaigns for president. He will be in Montreal for a motivational speech next month.

FEC Drafts New Campaign Finance Opinion (WP/AP)

By Jim Kuhnhenn, The Associated Press

The Washington Post, February 23, 2007

WASHINGTON -- Presidential candidates may solicit contributions for a general election campaign even if they later decide to take public money for the race, federal regulators said Thursday in a proposed opinion.

The draft document, which would have to be approved by the Federal Election Commission, was in response to a request for FEC advice from Democratic presidential candidate Barack Obama, the Illinois senator.

If a majority of the six election commissioners support the opinion, candidates would have yet another incentive to seek double contributions this early in the presidential election cycle. Any candidate who then chooses to accept public money would have to refund money raised exclusively for the general election.

The commission will meet March 1.

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Sen. Hillary Clinton, D-N.Y., and former Sen. John Edwards, D-N.C., have already said they will forego public financing in both the primary and general election campaigns. As a result, both are soliciting maximum contributions of $4,600 from individual donors, twice the $2,300 permitted for each election.

Under federal law, taxpayers can redirect $3 of their income tax payment to the presidential campaign fund. Candidates who accept public financing in the primaries can still accept political contributions, but must agree to certain spending limits. Primary winners who accept public financing in the general election cannot use political donations to finance their campaigns.

This year, the primary winners would be entitled to about $85 million each. But campaign finance experts and advisers to presidential candidates predict that the 2008 general election campaign will be far longer and much more expensive than previous ones. Some predict the total cost to each nominee will be $500 million. That is why some candidates would prefer to turn down the public funds and raise their own, more substantial sums.

Campaign watchdog groups, however, have lamented the trend as signaling the demise of the public financing system, which attempted to reduce the influence of money in politics.

Under federal law, any candidate who raises money during the primary for the general election must refund donors if he or she loses the primary. Obama, in seeking an opinion from the FEC, offered a twist on that financial consideration that left the door open to staying within the public system.

"We're pleased this draft opinion moves the ball forward in the direction of preserving public financing of campaigns this election," Obama spokesman Bill Burton said.

Obama's Funding Question To Get FEC Look (CHIT)

By John Mccormick, Tribune Staff Reporter

Chicago Tribune, February 23, 2007

Responding to his request for clarification, the Federal Election Commission signaled Thursday that Sen. Barack Obama's presidential campaign may be able to solicit private contributions for the 2008 general election while remaining eligible for public financing for that same contest.

The draft response was to a question Obama's campaign brought up this month when it indicated that it would start raising money for a potential general election candidacy, nearly a year before the first caucus and primary votes will be cast.

Obama (D-Ill.) and two of his top rivals for the Democratic nomination, Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.), have indicated they would likely reject the public financing system that has governed presidential elections for more than three decades.

But Obama wanted to see if he had the option of reversing course and then use public financing, should he win the nomination and be able to convince his Republican opponent to also limit spending.

The commission said it would formally consider the question at a March 1 meeting. "We have never faced this question before," said Bob Biersack, a commission spokesman.

In its draft ruling, the commission said Obama may solicit and receive contributions for the general election if he meets certain conditions, including a requirement to keep the money in a separate escrow account and that the funds not be used for any other purpose other than general election activities.

Under the draft proposal, if Obama were to win the Democratic nomination and then decide to accept public funding for the general election, he would need to refund all general election contributions within 60 days of certifying his eligibility for public funds.

In previous elections, candidates have accepted the notion that once they start raising money for the general election, they have committed to running without federal matching funds.

"We're pleased this draft opinion moves the ball forward in the direction of preserving public financing of campaigns this election," Obama spokesman Bill Burton said.

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Proposal By Obama On Public Financing Appears To Gain (NYT)

By David D. Kirkpatrick

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — The staff of the Federal Election Commission has drafted an opinion that would allow the two major parties' presidential nominees to adopt what amounts to a fund-raising truce.

The draft opinion would allow the nominees, if both agreed, to return contributions they had solicited for the general election campaign and limit themselves to public financing for it instead.

The opinion is a response to an inquiry by Senator Barack Obama of Illinois, a leading candidate for the Democratic nomination. It is an indication of how the commission, which released the document Thursday, is likely to rule on the idea. The commissioners are expected to issue their decision after a meeting next Thursday.

Mr. Obama sought the ruling after all the front-runners in both parties rejected public financing for the primary campaign, already under way, and prepared to forgo it for the general election as well, to avoid the spending limits that it imposes. That would make the 2008 general election the first outside the system since its creation in the aftermath of the Watergate scandal more than three decades ago.

Candidates say the amount of public financing — it would be about $85 million per nominee next year — has failed to keep pace not only with campaign costs but also with the potential for private contributions, meaning a candidate who does not seek donations early on risks falling far behind.

But Mr. Obama, campaigning on pledges to clean up politics, argued in his filing with the commission that the public financing system had insulated candidates from a corrupting dependence on big donors. He asserted that the system could be preserved for the general election through bipartisan agreement if party nominees returned early contributions.

The plausibility of such an agreement is not clear. One nominee is likely to have a financial edge on the other at the outset of the campaign, and accepting public financing would mean relinquishing that edge.

Hope From The FEC (WP)

The Washington Post, February 23, 2007

MAYBE THE public financing system for presidential campaigns can be saved after all -- at least part of it. The Federal Election Commission released a draft advisory opinion yesterday that could provide a way to slow the fundraising frenzy and encourage the 2008 nominees to accept full federal funding for their general election campaigns. The draft, likely to be approved by the commission at a meeting March 1, came in response to a creative request from Sen. Barack Obama (D-Ill.).

Like other presidential contenders this cycle, Mr. Obama is already raising money for a hoped-for general election campaign. The candidates are calculating that there are enough donors to go around and that the costs of campaigns have grown so high that it doesn't make sense to live within the $84 million public-money limit. But Mr. Obama asked whether he could also reserve the option, if he were to win the nomination, of returning those donations and taking public funds instead -- if the Republican nominee agreed to do so as well.

The FEC's positive reaction yesterday offers a glimmer of hope that 2008 will not become the first presidential election since the Watergate scandal to be fully financed by private funds. The system of providing federal matching funds during the primaries is dead, a victim of woefully outdated spending limits; none of the leading candidates participated in the system in 2004, and none is expected to this time around. But 2008 would be the first election in which candidates turn down matching funds for the general election as well. The result might be as much as $1 billion in combined spending, with enormous amounts of the candidates' time devoted to raising money rather than meeting voters. The solution of allowing a candidate to begin to raise general election funds now but opt to live within the system later isn't perfect, but it's far better than the alternative.

Mr. Obama's competitors in both parties should join him in trying to salvage this broken system. As the FEC prepares to finalize its ruling, the candidates should support its interpretation -- and pledge, if they win the nomination, to help control the campaign arms race.

Statehouse Yields Clues To Obama (WSJ)

By Jackie Calmes

The Wall Street Journal, February 23, 2007

Sharp Elbows of Illinois Politics Taught Lessons In Art of Compromise

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SPRINGFIELD, Ill. -- As an Illinois state senator, Barack Obama was a leader in helping to tighten state ethics laws -- up to a point. When a 2003 package seemed doomed in the Senate's final hours -- with his Democratic leader among the foes -- he left the chamber to tell advocates there was nothing more he could do.

"He wasn't going to stand on the desk and pound his shoe," recalls Cynthia Canary, director of the nonpartisan Illinois Campaign for Political Reform, and an admirer. "Barack is a political realist. You may know that in his heart he feels strongly, but he'll only go so far." Yet a compromise was salvaged, she adds, and Mr. Obama helped to toughen it in subsequent legislative sessions.

The accomplishment was emblematic of the picture that emerges of the eight years Mr. Obama spent here: of a lawmaker of lofty, liberal rhetoric who nonetheless pragmatically accepted bipartisan compromises that won over foes -- and sometimes left supporters dissatisfied.

Now that he is running as a presidential candidate, after just two years in the U.S. Senate, most clues about what style of politics he would bring to the White House are here in Illinois's Statehouse.

Mr. Obama wrote in his recent, best-selling memoir that it was in Springfield that he learned "how the game had come to be played" between Democrats and Republicans: "I understood politics as a full-contact sport, and minded neither the sharp elbows nor the occasional blindside hit." The Obama campaign's tangle this week with that of Democratic rival Hillary Clinton shows a willingness to engage in intraparty spats, as well.

Yet he also wrote that through his state Senate years he "clung to the notion that politics could be different," less combative, more bipartisan. He has put that notion at the heart of his presidential bid.

Illinois Republicans recall Mr. Obama as a committed liberal of no singular achievements, yet one they could work with to pass ethics, welfare and death-penalty revisions. "He's unique in his ability to deal with extremely complex issues, to reach across the aisle and to deal with diverse people," says Republican state Sen. Kirk Dillard. "If he surrounds himself with good people, I wouldn't lose any sleep with him as my president."

As for sharp elbows, the scraps for which Mr. Obama is remembered -- including near-fisticuffs once on the Senate floor -- were with fellow black Democrats, some of whom were resentful of his ambitions and his successes.

In Mr. Obama's first term, in 1997-98, he joined with Mr. Dillard to pass Illinois's first ethics package in a quarter-century, and with Republican state Sen. Dave Syverson, then chairman of a health and human services committee, to overhaul the state's welfare law. Those earlier ethics overhauls grew out of a proposal from the late U.S. Sen. Paul Simon, an Illinois Democrat, for a four-member task force -- one representative of each party in the Illinois House and Senate -- to forge a compromise. Mr. Dillard represented Senate Republicans. Senate Democratic leader Emil Jones, like Mr. Obama an African-American from Chicago, picked the young freshman on the advice of former federal judge Abner Mikva, who had known Mr. Obama as a constitutional-law teacher at the University of Chicago.

The panel's recommendations didn't go so far as ethics-revamp advocates wanted. To ease passage, for example, its ban on lawmakers' personal use of campaign funds exempted existing accounts. Still, Mr. Obama had a hard sell in Senate Democrats' caucuses. "He was getting so beat up by the members, sometimes I felt sorry for him," recalls Mr. Jones, who became his mentor. "He would just listen to them, and then explain the reason why this particular issue was before us."

When the legislature revisited the ethics issue in 2003, Mr. Jones was among those who resisted changes Mr. Obama promoted. "He wouldn't buck Emil Jones," Ms. Canary said. The Senate and House agreed to a weaker bill.

Likewise, Mr. Syverson says the welfare-overhaul compromise he cosponsored with Mr. Obama riled both parties. "He took heat from some liberal groups" for welfare limits, Mr. Syverson says, "but I took heat from conservative groups," for the child-care and health-care aid to those who moved from welfare to work. When Democrats won a majority in 2003, for Mr. Obama's final two years, he succeeded Mr. Syverson as the health panel's chairman. Yet on his most ambitious initiative, for universal health-care coverage, the best he could do was pass a measure providing for a study.

On the Judiciary Committee, Mr. Obama wanted to co-sponsor Democratic Chairman John Cullerton's top initiative, a highway-safety measure allowing police to stop vehicles in which occupants weren't wearing seat belts. At the time, nonuse couldn't be the primary reason for stopping drivers.

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But Mr. Jones objected. The Senate leader said a tougher seat-belt law would give police another ruse for racial profiling -- the practice of stopping and searching minority drivers for little reason. "Barack said, 'Then let's do a racial profiling law,' " Mr. Cullerton recalls.

Mr. Obama and other Democrats had previously proposed antiprofiling bills, which would require police to keep data on the race of those they stopped. Police groups always were opposed. But they wanted a seat-belt law. Senators say Mr. Obama negotiated changes to the racial-profiling measure that allowed the police to remain neutral. Both bills were passed.

Meanwhile, the legislature in 2003 was revamping death-penalty laws after evidence of numerous wrongful convictions. Mr. Obama wanted to mandate videotaping of interrogations of murder suspects, to guard against coerced confessions. Prosecutors and many Republicans were opposed, particularly to the prospect that unrecorded confessions would be inadmissible in court. They recall Mr. Obama's spending hours in negotiations on compromises, such as allowing for equipment failure and providing for judges' discretion. "Some people say the exemptions are too broad," Mr. Cullerton says, "but that's what you have to do to pass laws."

The credit that went to Mr. Obama for the racial-profiling and videotaping measures stoked tensions among black colleagues who had sponsored similar proposals only to see Mr. Jones promote his protégé's efforts. One was state Sen. Rickey "Hollywood" Hendon, an outspoken Democrat, who once had to be separated from Mr. Obama in the Senate after confronting him for reasons that witnesses don't recall and Mr. Hendon won't discuss.

Mr. Hendon complained that he felt like the football player who had run 99 yards, only to see the halfback plunge the final yard for the touchdown and the credit. Earlier this month, he was outside the Old State Capitol in the cold, lending support as Mr. Obama announced his presidential candidacy.

Wilder Praises Obama Strategy (WT)

By Seth McLaughlin, The Washington Times

The Washington Times, February 23, 2007

RICHMOND -- Richmond Mayor L. Douglas Wilder says Sen. Barack Obama's strategy of relying less on the black leaders of the civil rights era and more on a message of unity gives him the best chance of becoming the first Democrat in 44 years to win the state's electoral votes in a presidential election.

"The civil rights movement was over 50-something years ago," Mr. Wilder, a Democrat and the country's first elected black governor, told The Washington Times. "Many people know nothing of it other than a recitation [during Black History] month. People are tired of that. They want to see more relatively.

"The worst mistake one can make, in my judgment, is to try to tailor a message to a group and to say: 'I am the person for your group.' He should be the person for the American people," he said.

As a result, Mr. Obama, an Illinois Democrat who is black, has "received an audience the likes of which have never been seen by any African-American seeking an elective office in this country, period," Mr. Wilder said. "Even at [former Secretary of State] Colin Powell's height, he did not get these kinds of crowds, and Colin was not chopped liver."

The mayor's comments come less than a week after Mr. Obama addressed nearly 4,000 people at the annual Jefferson-Jackson dinner in Richmond and received Virginia Gov. Timothy M. Kaine's early endorsement.

The endorsement was the first by any governor outside of a candidate's home state. It also takes on additional significance in a state that has not voted for a Democrat in a presidential election since Lyndon B. Johnson in 1964, but where voters had elected Democrats in the past two gubernatorial races and last year's U.S. Senate race.

After his speech in Richmond on Saturday, Mr. Obama was thronged by supporters, who toppled a metal railing and knocked plates of half-eaten food off tables to get a peak of the senator before he slipped out a back door.

"It is a new day," Delegate Dwight Clinton Jones, a black Richmond Democrat, said after he watched Mr. Obama court voters and political leaders in Virginia on Saturday. "I believe that America is ready for things that in past times they may not have considered."

Although most black political leaders have been careful about what they say about Mr. Obama, there is evidence that civil rights leaders are concerned that Mr. Obama is not overly interested in appeasing them.

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For example, earlier this month, Mr. Obama opted to announce his bid for the Democratic presidential nomination in front of nearly 15,000 people, most of whom were white, at the Old State Capitol in Springfield, Ill. -- the same day thousands of black leaders gathered at Hampton University in Virginia for the State of the Black Union, an annual traveling town hall.

The timing and location of Mr. Obama's announcement drew some cutting responses from State of the Black Union panelists, even though the former civil rights lawyer and community organizer in Chicago apologized beforehand for not attending the event.

Without singling out Mr. Obama, one of the panelists, the Rev. Al Sharpton, told attendees, "Just because you're our color doesn't make you our kind."

The remarks from Mr. Sharpton helped open the floodgates for pundits eager to question Mr. Obama's so-called "blackness" and left some local black leaders bewildered.

When asked about the remarks, Delegate A. Donald McEachin, a black Richmond Democrat, said it is wrong to question Mr. Obama's "integrity or commitment" to the black community "in the absence of any evidence to the contrary."

"We all have our roles in history to play," Mr. McEachin said. "[The civil rights leaders] have, and continue to play their roles, and he is playing his.'

Mr. Wilder, a State of the Black Union panelist, said Mr. Obama is too smart to get bogged down in such comments.

"That wasn't from the people," he said. "That wasn't from that audience, that wasn't from attendees. I really do believe he is past that level, but he is not dismissive of it."

Running On A Résumé Both Local And National (NYT)

By Ralph Blumenthal And Dan Frosch

The New York Times, February 23, 2007

SANTA FE, N.M. — When a governor runs for president, local issues can suddenly loom large. Take cockfighting. Gov. Bill Richardson has come out against it after ignoring the question for years.

Concerned that New Mexico suffers for being the sole state other than Louisiana to permit wagering contests pitting weaponed birds in fights to the death, Mr. Richardson has taken sides in the emotional debate, speaking out for a ban, to be debated on Saturday in the Legislature.

“I believe the people of the state want to abolish it,” the governor, a Democrat, said in his art-bedecked office. “It’s a bad image nationally. I’m putting my weight on it. It’s going to make it pass, and it’s the right thing to do.”

With portfolios as a congressman, global troubleshooter and energy czar, Mr. Richardson, 59, may rightly claim the broadest résumé of the declared presidential candidates.

He served seven terms in the House until joining the Clinton administration as ambassador to the United Nations and then energy secretary before being elected governor in 2002.

But as he makes his case for the Democratic nomination, he is likely to be judged in large measure by his four years as governor, a record that has won him friends and foes.

He acknowledged being far back in the polls and unlikely to match leading rivals’ fund-raising.

“I’m not going to be competitive in that area with the top-tier candidates,” Mr. Richardson said. “But I’m going to have enough to win.”

He said he would wage “an old-fashioned grass-roots campaign” based on his résumé.

“Who’s the best person to get us out of Iraq?” he asked. “Who’s the best person to restore America’s international standing? The best person to create jobs? I believe I have the experience. I’ve done all these things everyone’s talked about.”

Hispanic — his mother was born in Mexico — in one of only three states where Anglos are no longer a majority (California and Texas are the others), Mr. Richardson won re-election as governor in November with a record 69 percent of the vote.

An imposing, exuberant figure with a relish for attention, he enjoys near-celebrity status in New Mexico, where his comings and goings — like being driven around in a speeding S.U.V. and holding court at a popular capital watering hole — routinely dominate the news.

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Under Mr. Richardson, New Mexico, long ranked near the bottom of almost every social index, has made advances. With his pressing for higher wages for educators, teachers' salaries have moved from 46th in the nation in 2000 to 39th in 2006, the highest since the mid-'80s, the National Education Association says.

Since Mr. Richardson took office, unemployment is down, to 3.8 percent from 5.8 percent, according to the federal Labor Department. New Mexico is 10th in economic growth, according to a report by the Federal Funds Information Service for States, affiliated with the National Governors Association and the National Conference of State Legislators.

Mr. Richardson has also pushed hard to make New Mexico, with its dust-swept mesas and high-desert peaks, a choice location for Hollywood. According to the New Mexico Film Office, more than 60 movies and television programs have been shot here since he became governor.

And he positioned New Mexico for the private space age by carving a spaceport out of the desert alongside the White Sands Missile Range.

He persuaded Mexican authorities to bulldoze a human-smuggling base across from Columbus and declared the first governor's state of emergency on the border, freeing $1 million a year for extra patrols. But the state is also broadly tolerant of immigrants, issuing driver's licenses without regard to legal residency.

"Richardson has positioned himself as hard to cubbyhole," Brian Sanderoff, a leading pollster, said. "The minute you think he's liberal, he does something conservative."

Critics say Mr. Richardson can be vindictive, penalizing opponents by holding up their projects or grants.

"He rules the roost," Lonna Atkeson, a professor of political science at the University of New Mexico, said. "He takes things away when people are not so nice."

Told that some people called his politics rough, Mr. Richardson blurted, "Who's saying that?"

Then he said: "No, no. Look, I'm aggressive. I get things done. I believe I'm a good manager."

The governor has also been lucky. State coffers are overflowing, with much of the revenue generated by oil and gas resources. His proposed budget calls for $123 million in tax cuts, a 9 percent increase in spending for primary and secondary schools and a 7.4 percent increase in teachers' salaries.

But national studies show New Mexico continuing to lag in categories where the state has historically underachieved, although some of the figures predate Mr. Richardson's efforts.

The Annie E. Casey Foundation ranked the state 48th in its 2003-4 Kids Count index of problem indicators. The foundation said more than a quarter of New Mexico children lived in poverty, among the highest rates in the nation.

A Census Bureau study shows that from 2003 to 2005, an average of 21 percent of New Mexicans went without health insurance. Just Texas had a greater average rate in that period.

"It's a failure of a systematic way of looking at the problem," said Kay Monaco, former executive director of New Mexico Voices for Children, an advocacy group.

Although not laid at Mr. Richardson's door, corruption scandals have also tarnished the state — "pay to play," in the words of critics. Some of Mr. Richardson's embarrassing appointees stepped down, including a former state police officer named to a magistrate judgeship who resigned after being caught ordering the release of a friend jailed on a drunken-driving charge.

"One bad judge out of 56," Mr. Richardson said, acknowledging "our vetting procedures are not the most extensive."

His ethics package, pending before the Legislature, includes limits on campaign contributions.

Mr. Richardson's physicality and roughhousing have also drawn rebukes. In his autobiography from 2005, "Between Worlds," Mr. Richardson recalled negotiating with Saddam Hussein in 1995 and, in a gesture of good will, touching President Hussein's arm.

"Saddam started," he recalled, "and along the wall eight hands suddenly touched sidearms."

In late 2005, Lt. Gov. Diane Denish told The Albuquerque Journal that Mr. Richardson "pokes me" when they sit together, calling that more annoying and likely to be misconstrued than improper.

"He pinches my neck," Ms. Denish said. "He touches my hip, my thigh, sort of the side of my leg."

The governor waved that off, telling The Journal: "I tease Diane. I touch guys. It's my way of lessening tension."

In the interview, Mr. Richardson ridiculed blogs' suggesting he acted improperly around women.

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"Rumors are always in a politician's life by your opposition," he said. "I've run seven times for Congress. I've been vetted by the F.B.I. for cabinet posts. I've been confirmed by the Senate. I've run two statewide races. Top security clearance. Kerry vetted me for vice president. Was clean."

He said that he welcomed scrutiny and that he had told his wife of 33 years, Barbara: "You ought to expect this. She said: 'I know. I'm ready for it.' "

Locally, no issue in recent years seems as volatile as cockfighting. State Senator Mary Jane Garcia, a Democrat who is sponsoring the bill, has tried to pass similar bills for nearly 20 years. But Ms. Garcia could never muster enough votes, largely because lawmakers were reluctant to provoke constituents, many of whom say the sport is rooted in the state's Hispanic culture.

But this time is different. Mr. Richardson is running for president.

"I asked him, 'Are you serious?' " Ms. Garcia recalled. "And he told me that he was ready to help, that it was the right thing to do, that it was the right thing for New Mexico."

The New GOP Attack Machine (POL)

By Mike Allen

The Politico, February 23, 2007

If you suddenly start hearing a lot about Sen. Hillary Rodham Clinton, D-N.Y., having a "calculating nature" and "political baggage," or being a "lifelong liberal," it won't be a coincidence. Similarly, get ready to see Sen. Barack Obama, D-Ill., strafed for his "short political timeline" (a euphemism for "rookie"), for being "arrogant and insulated" and a liberal rubberstamp. John Edwards? "New negative tone," "running to the far left" and "hypocritical."

The put-downs – some clever, some blunt -- are part of an attack-o-matic that the Republican National Committee is encouraging its supporters to use in preparing for their appearances on cable television and talk radio. The 69-page playbook, posted on the national party's Web site (GOP.com) on Wednesday as "Meet the Real Dem Candidates," devotes 10 pages each to Clinton, Edwards and Obama; nine each to Sen. Joseph R. Biden Jr. of Delaware and Sen. Chris Dodd of Connecticut; and seven each to New Mexico Gov. Bill Richardson and former Iowa governor Tom Vilsack.

The Republican tip sheets, each with the antiseptic title of "Research Report," constitute a sophisticated new way for the party to infuse the blogosphere and airwaves with a coordinated, fact-based message. They help allies who come with their own credibility and are not identified as party officials.

The reports come complete with video links and amusing photos: Edwards has a shiny forehead, Biden has an open mouth, Obama glowers, Dodd pontificates and Clinton and Richardson purse their lips.

Critics will call it pre-fab mudslinging, but the documents are laid out in a just-the-facts fashion, with each charge linked to a citation for a news story. Such "talking points" used to be closely held, but Republicans are going public with them in an effort to standardize the message they propagate through the new media culture.

For some time, the Democratic National Committee has had a resource center for its advocates, in the form of a blog-style collection of riffs from news stories. It points to "smooth talking Mitt" Romney, "angry" John McCain and a Rudy Giuliani who might be "hiding" something. The entries can be sorted by candidate.

Karen Finney, communications director of the Democratic National Committee, called the GOP packet "a lame attempt on the part of the RNC to play catch-up" and said there is more to come from her party, both online and offline. The DNC reached out to its own talkers on Wednesday with a memo about vulnerabilities of Republican candidates, including "The Rudy You Don't Know" Giuliani, "Anything to Win" John McCain and "Smooth Talking" Mitt Romney.

RNC Chairman Mike Duncan explained on a conference call for "friends and allies" on Wednesday afternoon that the Democratic forum in Carson City, Nev., provided the party with the "first opportunity to get the truth out about the Democrats in a widespread, coordinated way."

"Our message is very simple," Duncan said, in rolling out the dossiers. "It seems like the Democrats have far more candidates for the presidency than they have real plans for the highest office in the land, if by chance one of them wins. That's a pretty simple message. Their candidates run the gamut from Hillary Clinton, who carefully calculates every single policy decision

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to see how it plays with her base, to … John Edwards, who complains that there are two Americas. But the problem is, he's not sure which America his $4.2 million mansion resides in."

Duncan called for "a coordinated volley" against the candidates. "These documents will detail the flip-flops of the Democratic candidates … their dashes to the left, various verbal missteps that they've made," Duncan said. "I hope that you can use this new research to help us deliver the message about the Democrats early in the debate. You are the people who make a big difference for us. You're our face on television, our voice on radio. We need your help, and we appreciate your help. Every opportunity we have for you to hit the Democrats on the air is an opportunity for us to define them before they can define themselves."

RNC press secretary Tracey Schmitt said party officials and surrogates gave national and local radio and TV interviews on the documents, and state parties released statements echoing the research. "It's pretty obvious that the Democrats aren't eager to discuss the ins and outs of their records," Schmitt said. "We are more than happy to fill in the blanks."

Here are the images Republicans are pushing for each candidate, so count the times you hear them on radio and TV out of the mouth of your favorite (or least favorite) pundit:

Biden: "An Undisciplined, Self-Described Northeast Liberal, In Love With The Sound Of His Own Voice."

Clinton:"A Calculating, Divisive, Lifelong Liberal With Political Baggage."

Dodd: "A New England Liberal, Past His Prime, On An Unrealistic Vanity Run For The White House."

Edwards: "A Hypocritical, Inexperienced Liberal With A New Negative Attitude."

Obama: "An Inexperienced, Insulated, Arrogant, Unabashed Liberal."

Richardson: "A Self-Promoting, Washington Insider With A Controversial Record."

Vilsack: "A Tax-Hiking, Mismanaging, 'Blip' Candidate With No Foreign Policy Experience."

The Philadelphia Story (WSJ)

By Paul E. Peterson

The Wall Street Journal, February 23, 2007

Judging by test-score results, Philadelphia schools have been enjoying a renaissance over the past four years. Thirty-two percent of Philadelphia's fifth-graders achieved proficiency on the Pennsylvania reading test in 2006, as compared to just 21% in 2002; math proficiency rose to 41% from 19%. At the eighth-grade level, there were 20 percentage point uptics in both reading and math.

Nevertheless, the respected RAND Corporation, in a study expected to influence the report of the Accountability Review Council for the Philadelphia schools that will be released later today, claims these positive results -- which came after a series of reforms including the engagement of private firms in the management of 45 schools -- are in fact deceptive and misleading.

In a press release early this month, announcing results from its latest study, RAND claims to have shown that "the four-year gains . . . were generally on a par with gains from similar low-achieving schools in the rest of the state." According to Jolley Christman, one of the report's authors, Philadelphia's "investment in private management of schools has not paid the expected dividends."

Needless to say, the study attracted wide attention. It also thrilled school choice critics, including Henry Levin of Columbia Teachers College, who said of the experiment in private management, "It's a romance that just hasn't worked. . . . They don't seem to be doing better, and they cost more."

These strong conclusions are not well supported by the RAND study, however. The widely quoted press release overstates what is actually in the report; the comparisons within the study itself are inexact; and vital information on school spending and other school characteristics is missing from the report.

First, a few words about the larger context. In 2002, fighting off fierce opposition, Pennsylvania placed Philadelphia's schools in the hands of a School Reform Commission, which then hired as superintendent the same Paul Vallas who had helped lift student achievement in Chicago. Among other innovations, Mr. Vallas audaciously turned 45 of the lowest performing schools over to private providers.

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But reform did not come without a prolonged political struggle. Numerous compromises were struck, including concessions to unions that allowed many of the old regulations to remain in effect. Meanwhile, the unions kept a low public profile while apparently doing their best to undermine the reforms, especially by encouraging experienced teachers to leave the 45 schools assigned to private providers. In the first year, teacher transfer rates more than doubled at many of these schools. Despite this, test scores rose in most of the privately managed schools.

Now RAND says Philadelphia could have done equally well by doing nothing.

To prove that claim, one might expect RAND to have identified other big cities with extremely low-performing schools making equally striking gains -- but without launching reforms such as those undertaken in Philadelphia. Instead, RAND compared Philadelphia to other schools in Pennsylvania -- despite RAND's own admission (buried deep in its report) that "Philadelphia is unique among Pennsylvania school districts: Other schools in the state are only imperfectly comparable to Philadelphia schools."

In any event, RAND says that gains in Philadelphia "were generally on a par" with gains in "similar" schools elsewhere. But the report never identifies those "similar" schools -- not their names, not the characteristics of the students attending them, not their test performance back in 2002 before reforms began. RAND only tells us that the comparison schools were in the bottom 25% of all the state's schools, a very large category that contains a wide range of schools.

Still, Philadelphia schools do not look all that bad. While not making much progress the first year, they are estimated to have outperformed the comparison schools in the second and third years. For example, Philadelphia eighth-graders, in year three, are estimated to have gained eight to 10 points more than those in the comparison schools. In year four Philadelphia's edge slips. That could be a temporary blip; RAND instead concludes that Philadelphia's gains remained only at "par." Ordinarily, researchers make use of all available estimates, not just the most recent one, to draw their conclusions.

In its second analysis of schools within Philadelphia, RAND finds privately operated schools to have done no better -- but also no worse -- than would be expected from that same school, given citywide trends. In the words of the report's italicized conclusion: "We find little evidence in terms of academic outcomes that would support the additional resources for the private managers."

Given the restrictions placed on the private providers, such a finding would not necessarily be surprising. But RAND's way of reaching its conclusion is flawed; the research looked only at those students in certain grades who were tested on multiple occasions, a small, non-random percentage of all students. No information is provided on their representativeness.

More puzzling still is RAND's decision to expect these schools to exceed the overall citywide gains in test score performance. In so doing, RAND seemingly ignored the fact that the 45 schools assigned to the private managers were among the city's most challenging, scoring, in 2002, one to two years below the citywide average. A more suitable analysis would have expected them to gain more than students at comparably low-performing schools.

Finally, RAND questions the additional cost of private management, and says that the privately managed schools gained additional resources that the average school did not. But nowhere does RAND provide evidence on overall per-pupil spending at any Philadelphia school, making it impossible to tell whether the privately managed schools actually received more additional resources than other city schools.

It is more likely that per-pupil expenditure at the privately managed schools dropped when experienced, highly paid teachers left the schools at a much higher rate than before. RAND needs to show that that did not happen, or was offset by large increments in other kinds of expenditures, if it is to draw the conclusion that the privately managed schools had "additional resources."

Just how sensitive results are to RAND's specific methodology is unknown. But if education policy research is going to make a solid contribution to school reform, it needs to be both objective and keep pace with rising standards in educational research. In RAND's case, a forward step would be to make its Philadelphia data available to other qualified researchers, something it has so far been unwilling to do.

Paul E. Peterson is director of the Program on Education Policy and Governance at Harvard University and a senior fellow at Stanford's Hoover Institution.

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Non-Union Jobs (WSJ)

The Wall Street Journal, February 23, 2007

If Apple CEO Steve Jobs had praised teachers unions as the backbone of public education in the U.S., it would have made the front pages. Instead, at an education conference in Austin, Texas, Mr. Jobs offered some constructive criticism of teachers unions and barely anyone noticed. Sounds like news to us.

"I believe that what is wrong with our schools in this nation is that they've become unionized in the worst possible way," said Mr. Jobs during a Q-and-A session on technology in the classroom. "This unionization and lifetime employment of K-12 teachers is off-the-charts crazy."

The real crisis in public education, he noted, has nothing to do with the amount of technology in the classroom. It's the fact that union work rules prevent principals from firing the bad teachers and rewarding the good ones. "Here's the problem," said Mr. Jobs, using a business analogy: "What kind of person could you get to run a small business if you told them, when they came in, they couldn't get rid of people they thought weren't any good in the first place? Or they couldn't pay people three times as much when they got three times as much work done?"

Regular readers of these columns will find nothing particularly shocking in Mr. Jobs's broadside. Still, it's nice to hear such sentiments coming from a titan of industry, especially his.

The latest National Assessment of Educational Progress (NAEP) report was released yesterday. The dismal results are what we've come to expect from an elementary and secondary public education system in the vice-grip of the National Education Association and its political acolytes. According to the NAEP survey, nearly 40% of high-school seniors scored below basic level on the math test, and fewer than a quarter of 12th graders rate proficient.

Except for high-skill immigrants, this would be Apple's future labor pool. Mr. Jobs is right to point the finger at the union stewards of public education. And fellow business leaders, who have as big a stake in this matter, would do well to lend him public support.

Iran Defies Nuclear Ultimatum (WT/AP)

By George Jahn, Associated Press

The Washington Times, February 23, 2007

VIENNA, Austria -- Iran has ignored a U.N. Security Council ultimatum to freeze uranium enrichment and has instead expanded its program by setting up hundreds of centrifuges, the U.N. nuclear watchdog agency said yesterday. The finding paves the way for new U.N. sanctions.

The International Atomic Energy Agency (IAEA) said in a report to the Security Council and its 35-nation board that Tehran also has continued to build a heavy water reactor and related facilities which, along with enrichment, could help it develop nuclear arms.

In addition, the report said, Iran ignored a Security Council call to cooperate with the IAEA in its efforts to shed light on suspicious nuclear activities.

The conclusions, while widely expected, could serve as the trigger for the council to start deliberating on new sanctions against Iran.

In Washington, State Department spokesman Tom Casey said U.S. officials have already begun consulting with allies about the next steps, including sanctions. He said officials expect the council to meet on the matter as early as next week.

"The report gives us a pretty clear picture that shows that Iran has not changed its behavior, has not changed its views and is continuing on the path of defiance. We think that's unfortunate," he told reporters.

In Tehran, the deputy head of Iran's Atomic Energy Organization, Mohammed Saeedi, said international demands for Iran to suspend enrichment violated Iran's "rights, the nuclear Non-Proliferation Treaty and international regulations."

The Security Council issued three demands to Iran on Dec. 23 -- freeze uranium enrichment, stop building heavy water facilities and fully cooperate with the IAEA. It introduced limited sanctions and gave Iran 60 days to comply -- a deadline that expired Wednesday.

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The IAEA report prepared by director Mohamed ElBaradei showed Tehran has instead expanded its enrichment efforts by setting up nearly 1,000 centrifuges in and above an underground bunker, enriching minute amounts of uranium and bringing nearly 9 tons of gaseous feedstock -- the mixture that is fed into the centrifuges for enrichment -- into its underground nuclear facility at Natanz.

Iranian officials also informed the agency that they planned to have close to 3,000 centrifuges in place by May, the report said.

Iran's stated goal is running 54,000 centrifuges at Natanz to churn out enriched uranium -- enough for dozens of nuclear weapons a year.

Iran maintains it only wants to generate power and says its heavy water facilities at the central city of Arak -- which will produce plutonium, another potential pathway to nuclear arms -- are meant solely to generate isotopes for medical research and other peaceful purposes.

Even before the IAEA report was issued, Secretary of State Condoleezza Rice said the U.S. and its allies would use the Security Council and other "available channels" to bring Tehran back to negotiations over its nuclear program.

British Foreign Minister Margaret Beckett said her country would consult with other Security Council members on the next steps, adding: "We remain determined to prevent Iran acquiring the means to develop nuclear weapons."

The sanctions approved in December banned all countries from supplying Iran with materials and technology that could contribute to its nuclear and missile programs and froze the Iranian assets of 10 key companies and 12 individuals related to those programs.

Russia and China, veto-holding council members with close ties to Iran, are likely to oppose strict economic sanctions or weapons bans. A travel ban was dropped from the initial resolution because of Moscow's opposition, so tough negotiations are expected.

Russia's U.N. ambassador, Vitaly Churkin, said yesterday that he had "no substantive comment" on the IAEA report, but he reiterated Moscow's desire for a diplomatically negotiated solution.

"We should not lose sight of the goal -- and the goal is not to have a resolution or to impose sanctions," he said. "The goal is to accomplish a political outcome."

New Penalties May Loom For Iran's Nuclear Work (USAT)

By Barbara Slavin

USA Today, February 23, 2007

WASHINGTON — The United Nations' nuclear watchdog said Thursday that Iran has expanded its efforts to enrich uranium, a conclusion likely to result in a push for tougher penalties against Tehran.

A report by the International Atomic Energy Agency (IAEA) said Iran was installing hundreds of new centrifuges for uranium enrichment and was taking other steps that would enable it to build nuclear weapons.

Undersecretary of State Nicholas Burns announced later Thursday that he will travel to London on Monday to meet with negotiating partners to try to draft a new resolution on Iran. Even before the report was issued, Burns had said the United States, its European allies, Russia and China had begun discussing a new round of penalties.

Iran's nuclear activities defy a U.N. Security Council demand that it suspend uranium enrichment by Wednesday or face the possibility of additional sanctions.

On Dec. 23, the council imposed penalties intended to cut off trade that could provide Iran with technology and know-how for its nuclear and missile programs. The council also banned travel by Iranian officials involved in the programs.

In addition, the United States has persuaded several large European banks to cut ties with Iranian banks or restrict dealings with them.

Iranian central bank figures show inflation and unemployment rising as the United States and Europe have increased economic pressure.

Burns said the administration was "heartened" by the impact the sanctions have had on other trade and investment in Iran. "It leads us to believe that a second round would have a similar impact."

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Despite sanctions, Iran appears to be accelerating efforts to enrich uranium. The IAEA report said Iran has installed two new sets of centrifuges in an underground plant at Natanz, 160 miles south of Tehran. Another two sets were "in the final stages of installation," and Iran told the U.N. agency it intended to put 3,000 centrifuges into operation by May. Centrifuges are machines that spin at high speed and isolate a form of uranium suitable for fuel for nuclear reactors or bombs.

Iran has said that it intends to make only fuel for nuclear power plants, not weapons.

Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, said on Thursday that the U.N. demand for Iran to suspend uranium work "has no legal basis and … naturally, it could not be accepted by Iran."

The IAEA said Iran had failed to clear up long-standing questions about other nuclear activities. The agency was uncertain if Iran was hiding other programs.

David Albright, a former U.N. nuclear inspector and president of the Institute for Science and International Security, a Washington think tank, said Iran was experiencing some technical difficulties but was still "moving ahead pretty fast."

Albright said it was possible Iran could have enough highly enriched uranium to make a bomb by 2009.

The Bush administration has urged Iran to stop uranium work and begin negotiations with the United States and five other countries: Britain, France, Germany, Russia and China. Iran has said it wants to talk but will not suspend enrichment as a precondition.

Contributing: Wire reports

Rice Warns Iran It Risks Further U.N. Sanctions (WP)

By Colum Lynch And Dafna Linzer

The Washington Post, February 23, 2007

UNITED NATIONS, Feb. 22 -- Secretary of State Condoleezza Rice warned Iran on Thursday that it will face further punishment and isolation if it forges ahead with efforts to develop a uranium-enrichment program, but she said the United States and other powers are prepared to restart talks aimed at ending the standoff if Iran suspends its most controversial nuclear activities.

The remarks came hours after the International Atomic Energy Agency issued a report saying Iran has defied yet another U.N. Security Council demand to halt its most sensitive nuclear activities. R. Nicholas Burns, undersecretary of state for political affairs, plans to travel to London on Monday to press Russia, China, Britain, France and Germany to slap additional penalties on Iran.

"We have the common goal to encourage Iran back to the bargaining table," Rice said after a meeting in Berlin with her counterparts from Russia, Germany and the European Union. "The hope is that the sanctions show the Iranians the isolation that they are enduring, that isolation is likely to increase over time and that it is time to take a different course."

The IAEA report confirmed that Iran has continued to operate an experimental uranium-enrichment program and that it has advanced its efforts to produce an industrial-scale facility that could potentially produce enough highly enriched uranium to make as many as two bombs a year. Iran says it has no intention of producing bomb-grade uranium and will use the facility to produce nuclear fuel for energy.

A senior Iranian official said that the council's demand to suspend its nuclear activities "could not be accepted by Iran" because it would strip Tehran of its right, under the 1970 Non-Proliferation Treaty, to operate a civilian nuclear energy program. "This report shows that the best way to resolve this international issue is to return to the negotiating table and reach a broad agreement," said the official, Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, according to [a news agency].

Russia, China and several European countries have become increasingly uncomfortable with the Bush administration's positions on Iran as tensions between Tehran and Washington have risen in recent months. Bush recently authorized the U.S. military to capture or kill Iranian intelligence and paramilitary agents in Iraq; the administration has said such agents are involved in attacks against U.S. military forces. The Pentagon has sent two carriers to sit off the Iranian coast in the Persian Gulf, which some allies have interpreted as preparation for a possible military strike.

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Those concerns have prompted renewed calls for direct dialogue with Iran. German, Swiss, Russian, Chinese, Saudi and IAEA officials have all reached out to Iran in recent weeks in the hopes of restarting talks even if Iran continues to defy the Security Council.

Several diplomats said there is a possibility that the E.U.'s top diplomat, Javier Solana, will meet next week with Iranian negotiator Ali Larijani to assemble a list of guiding principles for future negotiations.

U.S and European diplomats said that they are pursuing a "dual track" diplomatic strategy -- pressing simultaneously for additional sanctions and renewed negotiations with Tehran -- but remained divided over how tough new sanctions should be.

The United States, Britain and France favor imposing a series of additional penalties against Iran, including a mandatory travel ban and additional asset freezes against some Iranian officials linked to the country's most sensitive nuclear programs. They also support measures including a ban on export credits. "We want to do it as soon as possible and to avoid the wrangling of last time. But we've got to get tougher sanctions than we have at the moment if we want real impact, and we're very realistic about how difficult that may be," a senior European official said.

A senior U.S. official said the United States is willing to forgo a tough resolution in exchange for the Security Council moving quickly to a unified agreement to raise the political stakes for Iran while avoiding a fight with the Russians.

But other European powers that conduct billions of dollars in trade with Iran, including Germany and Italy, have resisted stringent economic sanctions that would harm their commercial interests.

Russia and China are also resisting a tough reaction. Russia's U.N. ambassador, Vitaly Churkin, said, "We should not lose sight of the goal, . . . to accomplish a political outcome of this problem."

Thursday's six-page report concluded that "Iran has not suspended its enrichment related activities." The report provided no evidence that Iran is trying to develop nuclear weapons, as President Bush asserts, but inspectors said Iran's lack of voluntary cooperation with its investigation made it impossible to rule out that such efforts were underway.

The report detailed progress Iran has made in the past two months installing several hundred centrifuges for industrial-scale enrichment at its largest nuclear facility in the town of Natanz. The Iranians have been enriching low levels of uranium suitable for a nuclear energy program, not bombs, in other centrifuges set up more than a year ago at Natanz's research center.

IAEA inspectors said Iran had not provided any new information on the history of its nuclear program, which began in secret in 1987. Inspectors also received no answers to questions raised by documents obtained by U.S. intelligence in 2004 that suggest Iran was trying to develop a missile capable of carrying a nuclear warhead and was considering plans for a second uranium-conversion facility.

Despite the lack of information in the report, no official, in Washington or Europe, suggested that Iran's current work meant it will acquire nuclear weapons in the near future.

"Their nuclear program is not forging ahead," said a senior European diplomat. "Some of that is a result of the sanctions and the international pressure on them and some of it is because of their own technical difficulties in putting the program together."

Rice Says Europe, Russia Want Iran Talks (AP)

By Anne Gearan

AP, February 23, 2007

Secretary of State Condoleezza Rice said Thursday that U.S., European and Russian diplomats have a common goal to encourage Iran back to the bargaining table over its disputed nuclear program. "We reconfirmed we will use available channels and the Security Council to try to achieve that goal," the top U.S. diplomat said. Rice spoke following a breakfast meeting with her counterparts from Germany, Russia and the European Union.

The group reviewed Iran's compliance with a U.N. Security Council demand that it stop enriching uranium, a key step toward producing either nuclear power or a nuclear weapon.

After the meeting ended, the U.N. nuclear watchdog released a report formally confirming the Islamic republic's refusal to freeze enrichment.

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The report by Mohamed ElBaradei, head of the International Atomic Energy Agency, said Iran has expanded enrichment efforts.

The finding is a step toward additional sanctions, but it was not clear whether U.N. Security Council members Russia and China would go along.

Rice said she and her counterparts made no decisions Thursday because they met before ElBaradei's report was released. Rice headed back to the United States immediately after the breakfast meeting.

In Washington, State Department spokesman Tom Casey said that Iran's refusal to curtail its nuclear program is a "missed opportunity" for Iran's government and people.

Casey said that he is confident that the Security Council will approve additional sanctions against Iran but he declined to predict what they might be.

Iran has called for talks with the United States — but has not budged on council demands that it mothball its enrichment program.

Enriched to a low level, uranium is used to produce nuclear fuel but further enrichment makes it suitable for use in building an atomic bomb. The West claims the Islamic republic intends to build a bomb with enriched uranium. Iran says it merely wants to develop peaceful nuclear power.

In moderate remarks Wednesday directed at Washington — the key backer of tougher U.N. action — Iranian Foreign Minister Manouchehr Mottaki said the dispute "has to be decided peacefully with the United States."

But other top Iranian officials used harsher language, and none showed signs of compromise on the main demand of the U.S. and other world powers — a halt to enrichment and related activities.

"The enemy is making a big mistake if it thinks it can thwart the will of the Iranian nation to achieve the peaceful use of nuclear technology," Iranian state TV's Web site quoted President Mahmoud Ahmadinejad as saying Wednesday.

Rice said last week that the United States probably would press for another U.N. resolution condemning Iran for continuing to defy the U.N. demand to stop enriching uranium, and to seek additional penalties against Tehran.

The Security Council set a 60-day deadline on Dec. 23 for Iran to freeze its enrichment activities and said continued Iranian defiance past that ultimatum, which ran out Wednesday, could lead to stronger punishment.

The U.N. is demanding an immediate and unconditional stop to uranium enrichment, after which European-led negotiations over an economic reward package might begin. Iran has long insisted it will not stop its nuclear activities as a condition for negotiations to start.

"The best course would be for Iran to suspend its enrichment and reprocessing activities so that we can return to negotiations," Rice told reporters Tuesday. "That is the entire purpose of having the pressure on the Iranian regime, so that the Iranian regime can make better choices about how to engage the international community."

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On the Net:

CIA World Factbook on Iran: https://http://www.cia.gov/cia/publications/factbook/geos/ir.html

Diplomats Trying To Restart Iran Talks (AP)

By Anne Gearan

AP, February 23, 2007

U.S., European and Russian diplomats agree on encouraging Iran back to the bargaining table over its disputed nuclear program, Secretary of State Condoleezza Rice said Thursday. Diplomats from the U.S. and its negotiating partners plan to meet next week to try drafting a new U.N. resolution on the standoff.

"We reconfirmed we will use available channels and the Security Council to try to achieve that goal" of restarting negotiations with Iran, the top U.S. diplomat said. Rice spoke after a breakfast meeting with her counterparts from Germany, Russia and the European Union.

The group reviewed Iran's compliance with a U.N. Security Council demand that it stop enriching uranium, a key step toward producing either nuclear power or a nuclear weapon.

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After the meeting, the U.N. nuclear watchdog released a report confirming the Islamic republic's refusal to freeze enrichment. The report by Mohamed ElBaradei, head of the International Atomic Energy Agency, said Iran has expanded enrichment efforts.

Undersecretary of State Nicholas Burns said Thursday he will travel to London on Monday for meetings aimed at forging a new resolution on Iran.

Burns said he hoped the United States and other permanent members of the U.N. Security Council, plus Germany, can quickly draft a resolution. He said it was too soon to say what provisions the resolution might contain but said his hope was one would be drafted that would "see Iran repudiated again."

The atomic energy agency's report is a step toward additional sanctions, but it was not clear whether U.N. Security Council members Russia and China would go along.

Rice said she and her counterparts made no decisions Thursday because they met before ElBaradei's report was released. Rice headed back to the United States immediately after the breakfast meeting.

"The report gives us a pretty clear picture that shows that Iran has not changed its behavior, has not changed its views and is continuing on the path of defiance. We think that's unfortunate," State Department spokesman Tom Casey told reporters.

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"The best course would be for Iran to suspend its enrichment and reprocessing activities so that we can return to negotiations," Rice told reporters Tuesday. "That is the entire purpose of having the pressure on the Iranian regime, so that the Iranian regime can make better choices about how to engage the international community."

Iran Expanding Nuclear Effort, Agency Reports (NYT)

By David E. Sanger And William J. Broad

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — In open defiance of the United Nations, Iran is steadily expanding its efforts to enrich uranium, the International Atomic Energy Agency reported Thursday. In response, the Bush administration immediately pressed for more severe sanctions against the country, at a moment of greatly increased tensions between Washington and Tehran.

In a mild surprise to outside experts, the nuclear agency reported that Iran was now operating or about to switch on roughly 1,000 centrifuges, the high-speed devices that enrich uranium, at its nuclear facility at Natanz.

“They are very serious,” said David Albright, a former inspector who is now president of the Institute for Science and International Security, a private nuclear study group. “They are installing faster than was commonly expected.”

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Coming on the heels of the Bush administration's accusations that Iran's Quds Force is sending deadly bombs and other weapons into Iraq, the report heightens what has become a growing confrontation.

Since the last energy agency assessment of Iran's progress, President Bush has ordered a second aircraft carrier group into waters in striking distance of Iran, an unsubtle reminder that, if diplomacy fails, Mr. Bush could order a strike on Iran's nuclear facilities. But senior administration officials have insisted in recent days that the show of military force is intended only to remind Iran of Washington's options, and they have dismissed the idea that Mr. Bush is considering an attack.

On Thursday, administration officials said they hoped to use the agency's conclusions to return to the Security Council for approval of deeper sanctions, and they said the United States would work outside the Council to persuade banks around the world to cut off more lending and export credits to Iran, in hopes of further damaging its oil infrastructure. Under Secretary of State R. Nicholas Burns will go to London on Monday to begin that process, meeting with the four other permanent members of the Security Council and Germany to talk about tougher sanctions. While Russia and China agreed to the December resolution, which required the inspectors to report back on Iran's compliance in 60 days, they indicated at the time that they were unwilling to increase the penalties.

The report appeared to confirm that the Iranian government was somewhat behind schedule in its nuclear ambitions: it boasted a year ago of plans to have roughly 3,000 centrifuges running by about now. But the 1,000 that it has nearly ready to run is still more than most outside experts believed it could install. If the country could operate 3,000 centrifuges continuously for a year, it could produce about one weapon's worth of highly enriched uranium.

Prime Minister Ehud Olmert of Israel said Thursday that even though the Iranians were not as far along as they would like to be, they were still far closer to learning how to make bomb-grade uranium than Israel was comfortable with. He dodged questions about at what point Israel might lean toward military action, a step American officials have said that they are trying to discourage.

"We're a long way from that," one senior administration official said earlier this week. "We want to make sure that the Israelis are, too." He said he had no indication that Israel was planning unilateral action.

The report comes at a time of debate within the administration over whether and how to find a way to negotiate with Iran without violating Mr. Bush's stricture that the country must first suspend its enrichment work. Officials say they are trying to exploit fissures in Iranian society, as some Iranian groups are beginning to question whether the hard-line position taken by President Mahmoud Ahmadinejad and some of the country's ruling ayatollahs is worth the cost in sanctions and isolation.

"There are people in Iran who recognize that the path that they're on is not a useful path, not a constructive path," Secretary of State Condoleezza Rice said in Berlin before the release of the report. She said if Iran suspended enrichment, "We could begin negotiations on whatever they would like to talk about."

On Thursday, Mr. Burns said in an interview that he believed the Security Council resolution in December was having an effect. "We did not fully anticipate the strong impact that it would have," he said. "It has divided the government in Tehran and frankly knocked them off stride."

But Iran's leaders have continued to reject Mr. Bush's condition for talks — a suspension of nuclear activity — which would essentially undercut their only real leverage in negotiations. Unlike North Korea, which agreed in principle in recent days to freeze its production of new nuclear material, Iran is not believed to possess nuclear weapons, meaning that the uranium enrichment is its main bargaining chip.

Mr. Bush and Ms. Rice are also concerned about losing leverage, senior officials say. With oil at $60 a barrel, they are concerned that no sanctions can truly harm Iran. And negotiating while Iran expands its enrichment capacity, they fear, would mean that as negotiations dragged on, Iran would get closer to being able to produce a nuclear weapon.

In its December resolution , the Security Council gave Iran 60 days to both suspend its operations and answer a series of questions. Open issues, it said, included research on high explosives, which are necessary to detonate an atom bomb, as well as the design of a missile warhead.

"Without such cooperation and transparency," the report said, "the agency will not be able to provide assurances about the absence of undeclared nuclear material and activities in Iran or about the exclusively peaceful nature of that program."

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Moreover, the Iranians have sharply restricted the access of inspectors to many of the sites they once had freedom to visit. Inspectors were allowed several recent visits to the nuclear complex at Natanz, and their report reflected greater-than-expected progress there. In addition to the 362 centrifuges in its pilot plant there, Iran in recent months has been installing an additional 656 machines in two cavernous underground halls at the complex. Of those, inspectors say, roughly half are at the final stage of testing before the introduction of uranium, and the other half were "in the final stages of installation."

The report said that between Nov. 2 and Feb. 17, Iranian crews fed 145 pounds of uranium into the pilot plant for enrichment. That is more than they had done in previous intervals. But their effort still produced only about 15 pounds of low-enriched uranium — too little for anything but experimental analysis.

The inspectors expected that effort to expand quickly, saying that Iran planned to begin feeding uranium into the new centrifuges in the big halls by the end of this month, and to continue installing more centrifuges there so that, by May, the total number of operating machines would come to 3,000.

"They're forging ahead," said a European diplomat who spoke on the condition of anonymity because of protocol. "They're not moving at a huge pace but they're moving."

"It's fairly clear," the diplomat added, "that Iran still has not addressed the outstanding issues — the scope and intent of the program."

The Iranians say the cavernous underground halls will eventually hold 54,000 centrifuges, allowing the enrichment of uranium by the ton for reactor fuel rods — or, if the Bush administration's fears come true, nuclear arms.

The atomic agency in its report said Iran had already moved into the cavernous halls nearly 10 tons of unenriched uranium — enough, nuclear experts said, to make at least one atom bomb. In all, at its sprawling plant at Isfahan, Iran has produced some 200 tons of uranium now ready for enrichment at Natanz. If turned into weapons-grade uranium, that would be enough for more than a dozen nuclear weapons.

Iran Has Speeded Up N-plans, Says UN (FT)

By Daniel Dombey And Najmeh Bozorgmehr

Financial Times, February 23, 2007

Iran has speeded up its nuclear programme and plans to complete a large-scale uranium enrichment facility by May, the United Nations atomic watchdog said on Thursday.

By that time, according to a long-awaited report by the International Atomic Energy Agency, Iran plans to install and start using 3,000 centrifuges to enrich uranium – despite UN demands that it suspend uranium enrichment related activities.

If they functioned smoothly, the 3,000 centrifuges – organised into "cascades" of 164 machines apiece – could produce sufficient highly enriched uranium for a nuclear bomb within a year.

The report said Iran intended "to continue progressively with the installation of the 18 cascades of the 3,000 machine hall and to bring them gradually into operation by May 2007".

However, Iran protests its purposes are purely peaceful, and many observers add that the country relies on inferior blackmarket technology, notorious for breaking down.

Yesterday Mohammad Saeedi, deputy head of Iran's Atomic Energy Organisation, confirmed to the country's Mehr news agency that Iran planned to bring the 3,000 centrifuges on stream in May. Originally, Iran had intended to start installing the centrifuges by the final quarter of last year.

The report added that on January 31 Iran transferred "approximately 8.7 tonnes" of the nuclear feedstock uranium hexafluoride to the Natanz plant and that it planned to begin feeding them into the centrifuges by the end of this month.

The speed with which Tehran intends to pursue its programme adds to the tensions surrounding the dispute and means that the issue is likely to make a swift return to the UN Security Council, where the US will push for new measures against Tehran to add to UN sanctions agreed last December. However, Russia and China are sceptical about sanctions.

Privately, IAEA officials are sceptical of whether Iran can meet its timetable, which it informed the agency of last month. This week, Mohamed ElBaradei, IAEA director general, told the Financial Times that Iran could take between six months and a year to install and operate 3,000 centrifuges.

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So far, yesterday's report says, Iran has installed and started spinning two cascades of 164 centrifuges at the fuel enrichment plant, to add to two 164-centrifuge cascades in a "research" facility above ground. The report added that, as of February 17, Iran was in the final stages of installing two additional 164-centrifuge cascades.

The report also notes that Iran has objected to 10 of the agency's designated nuclear inspectors, after having rejected an earlier 38 inspectors, and failed to account for uranium contamination at a technical university.

Iran Says Nuclear Fuel Is For Future (LAT)

The Los Angeles Times, February 23, 2007

VIENNA, Austria — Iran has steadily expanded its program to enrich uranium and defied a U.N. Security Council deadline for an immediate freeze of nuclear activities before it gains the capability to produce fuel for nuclear weapons, the U.N. nuclear watchdog agency said here today.

The six-page report by Mohamed ElBaradei, head of the International Atomic Energy Agency, is almost certain to trigger moves by the Bush administration and its European allies for stiffer U.N. sanctions against the hard-line Iranian regime.

The Security Council voted unanimously in December to impose a 60-day deadline for Iran to unconditionally stop a pilot program that has begun small-scale uranium enrichment, as well as stop construction of a heavy water reactor and installation of a much larger enrichment facility.

But ElBaradei's report indicated that the Iranians instead have pushed the program into higher gear since November. A senior United Nations' official, who briefed reporters, said there had been "no progress" in resolving the IAEA's major outstanding concerns.

"There is limited cooperation," he said. "In my view, it's fairly limited."

Most significantly, the report confirmed that Iran has begun installation of 3,000 gas centrifuges in an underground facility at Natanz and plans to "bring them gradually into operation by May 2007."

If true, experts here said, a facility that large conceivably could produce enough enriched uranium in a year to provide enough highly enriched uranium for a nuclear bomb. Earlier this week, ElBaradei was quoted as saying he believed the facility would not be operational for another six months.

Iran insists it will only produce low-enriched uranium to fuel civilian reactors at electric power plants, but the international community fears the effort could be extended to also produce weapons-grade material. Iran ultimately hopes to install 54,000 centrifuges, a facility large enough to fuel 20 bombs a year.

Iranian officials have repeatedly rebuffed IAEA requests to install special cameras and other remote monitoring equipment at the underground site to ensure the enrichment program is for peaceful purposes, according to the report.

Officials in Tehran also have failed to fully explain the source of particles of high-enriched uranium that previously were detected on equipment on the Natanz centrifuges and at separate technical research center, the report said.

IAEA inspectors visited Iran earlier this week and plan to return on March 3.

U.N. Secretary-General Ban Ki-Moon, on a visit to Vienna, told reporters that he was "deeply concerned … that the Iranian government did not meet the deadline set by the Security Council."

Iran's nuclear activities, he added, had "great implications for peace and security, as well as nonproliferation of weapons of mass destruction."

The focus now moves to the Security Council in New York, which is expected to meet next week to consider a range of further actions against Iran.

Possible new sanctions could include a travel ban on certain Iranian officials, a prohibition against export guarantees and other financial support for Iran, and an expansion of the nuclear embargo to an arms embargo.

Iran's nuclear negotiator, Ali Larijani, flew to Vienna on Tuesday for last minute talks with ElBaradei. Larijani told reporters afterward that Iran was "looking for ways and means to start negotiations."

He said Iran was prepared to provide "assurances that there would be no deviation" of material for nuclear weapons, but ruled out stopping the program outright as a precondition for talks.

Speculation Rages: Is Iran Bush's Next Target? (MCT)

By Ron Hutcheson And Warren P. Strobel

McClatchy Newspapers, February 23, 2007

WASHINGTON - President Bush says he isn't looking for a fight, but the question won't go away: Is the United States headed for war with Iran's Islamic rulers?

Increasing tensions with Iran over its nuclear program and actions in Iraq have fueled speculation that Bush may be paving the way for military action. With U.S. forces tied down in Iraq and Afghanistan, no one expects a ground invasion, but analysts at both ends of the political spectrum put little stock in Bush's insistence that he's focused only on diplomacy.

"I still believe, at the end of the day, that he will bomb the Iranian (nuclear) facilities," said Joshua Muravchik, a neoconservative scholar at the American Enterprise Institute, a think tank with close ties to the Bush administration. Muravchik, who favors military action, sees Bush's current focus on diplomacy as a prelude to attack.

"When he does it - if he does it - it will be wildly unpopular. He certainly at least wants to be able to say convincingly, `I tried everything else,'" Muravchik said.

Bush bristles at suggestions that he wants a confrontation. He and his advisers describe U.S. policy as a carrot-and-stick approach that uses the threat of military action to create diplomatic leverage. The goal is to encourage internal dissent in Iran and force the government to take a more moderate approach.

"Our policies are all aimed at convincing the Iranian people there's a better way forward, and I hope their government hears that message," Bush said at a Feb. 14 news conference. "We'll continue to try to solve the issue peacefully."

The next day, a frustrated Defense Secretary Robert Gates declared, "For the umpteenth time, we are not looking for an excuse to go to war with Iran."

The strategy could backfire, however, if U.S. pressure prompts Iranians to coalesce behind their leaders instead of encouraging dissent. Moreover, Iran has signaled that it has tools of its own, such as planning war games in the Strait of Hormuz, a chokepoint for half the world's oil; improving relations with Russia and China; and stepping up support for militant Shiite Muslims in Iraq, Lebanon, Afghanistan and elsewhere.

Skeptics note that Bush also stressed diplomacy in the run-up to the Iraq war, declaring his peaceful intentions even as he prepared for the 2003 invasion.

"I don't have any war plans on my desk," he told reporters during a visit to France on May 26, 2002. While that may have been technically correct, Bush already had received a series of briefings on invasion plans, including one about two weeks before his European trip.

In recent months, the Bush administration has ratcheted up pressure against Iran. It has:

Dispatched a second aircraft carrier strike group to patrol the Persian Gulf and sent Patriot anti-missile missiles to Arab allies bordering the Gulf.

Expanded operations against alleged Iranian networks operating in Iraq, conducting two raids, one involving U.S. soldiers snatching Iranians said to be members of the al Quds paramilitary force.

Accused Iran of supplying roadside bombs to Iraqi insurgents and vowed to stop the shipments.

Moved to bolster the government of Lebanese Prime Minister Fuad Saniora with money and military supplies in a proxy struggle with the Iranian-backed Hezbollah terrorist group.

Launched an aggressive financial campaign against Iran to curb its access to the international financial system, freezing bank funds and barring U.S. transactions with various entities. This week the Treasury Department added Hezbollah's construction arm, Jihad al Bina, to a roster of blacklisted banks.

A senior U.S. official said in an interview that Bush is seeking to increase pressure on Iran to change its behavior, but isn't trying to spark a military confrontation.

European and Arab diplomats say they've sought and received assurances that the United States isn't planning war against Iran.

"They have told us there are no plans to attack Iran," said Nabil Fahmy, Egypt's ambassador in Washington. Fahmy said that while Iran must address concerns about its nuclear program, the Middle East needs less conflict, not more.

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U.S. officials from Secretary of State Condoleezza Rice on down say the pressure on Iran is producing results. They cite a growing debate in Iran over President Mahmoud Ahmadinejad's performance, the country's economic doldrums and the poor showing of Ahmadinejad's supporters in December's local elections.

Still, Ahmadinejad has remained defiant on the nuclear issue, ignoring a Feb. 21 U.N. deadline to halt uranium enrichment. He says Iran is interested only in nuclear power generation. U.S. officials believe Iran is using its civilian nuclear industry as cover for a weapons program.

"The free world is sending the regime in Tehran a clear message: We're not going to allow Iran to have nuclear weapons,'" Bush told an American Legion convention last February.

So what happens if threats and diplomacy fail? It's a question that administration officials don't want to answer. Iran isn't believed to be on the verge of obtaining nuclear weapons, but some analysts - and Israelis - worry that it could soon reach a point where its program will be hard to stop without military strikes.

"We have got time," Undersecretary of State Nicholas Burns, the No. 3 State Department official, said at a recent forum. "There is no one arguing, that I know of, inside the administration or outside, to the effect that we have to exhaust diplomacy in the next few months."

But Bush has two more years in the White House, and he may not want to leave the Iranian problem to the next president.

"We may be talking about decisions the president has not yet made, but may yet make before his two years are up," said Paul Pillar, a retired senior CIA analyst who's now a Georgetown University professor.

"In military terms, in political terms, the stage is being set," said retired Air Force Col. Sam Gardiner, a frequent administration critic. "The path is toward the military option, although a decision, I don't think, has been made."

Some analysts fear that heightened tensions could lead to military action whether Bush wants it or not. In 1988, during a tense period of the Iran-Iraq War, the guided-missile cruiser USS Vincennes mistakenly shot down an Iranian civilian airliner, killing all 290 people aboard.

"In the current climate, there's a substantial risk of things escalating out of control," Pillar said.

Arab States, Wary Of Iran, Add To Their Arsenals But Still Lean On The U.S. (NYT)

By Hassan M. Fattah

The New York Times, February 23, 2007

ABU DHABI, United Arab Emirates, Feb. 22 — As fears grow over the escalating confrontation between Iran and the West, Arab states across the Persian Gulf have begun a rare show of muscle flexing, publicly advertising a shopping spree for new weapons and openly discussing their security concerns.

Typically secretive, the gulf nations have long planned upgrades to their armed forces, but now are speaking openly about them. American military officials say the countries, normally prone to squabbling, have also increased their military cooperation and opened lines of communication to the American military here.

Patriot missile batteries capable of striking down ballistic missiles have been readied in several gulf countries, including Kuwait, Saudi Arabia and Qatar, analysts say, and increasingly, the states have sought to emphasize their unanimity against Iran's nuclear ambitions.

"There has always been an acknowledgment of the threat in the region, but the volume of the debate has now risen," said one United Arab Emirates official, who spoke on condition of anonymity because he was not authorized to speak on the subject. "Now the message is there's a dialogue going on with Iran, but that doesn't mean I don't intend to defend myself."

The Persian Gulf monarchies and sheikdoms, mostly small and vulnerable, have long relied on the United States to protect them. The United States Fifth Fleet is based in Bahrain; the United States Central Command is based in nearby Qatar; and the Navy has long relied on docking facilities in the United Arab Emirates, which has one of the region's deepest water ports at Jebel Ali.

The United States, too, has begun a significant expansion of forces in the gulf, with a second United States aircraft carrier battle group led by the John C. Stennis now in the Persian Gulf and with minesweeping ships.

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The expansion has helped calm fears among gulf governments that the United States could pull out of the region in the future, even as it has raised concerns about a potential American confrontation with Iran, accidental or intentional.

As tensions with Iran rise, many gulf countries have come to see themselves as the likely first targets of an Iranian attack. Some have grown more concerned that the United States may be overstretched militarily, many analysts say, while almost all the monarchies, flush with cash as a result of high oil prices, have sought to build a military deterrent of their own.

"The message is first, 'U.S., stay involved here,' and second, 'Iran, we will maintain a technological edge no matter what,' " said Emile el-Hokayem, research fellow at the Henry L. Stimson Center, a research center based in Washington. "They are trying to reinforce the credibility of the threat of force."

Military officials from throughout the region descended this week on the Idex military trade fair, a semiannual event that has become the region's largest arms market, drawing nearly 900 weapons makers from around the world. They came ready to update their military capacities and air and naval defenses. They also came armed with a veiled message of resolve.

"We believe there is a need for power to protect peace, and strong people with the capability to respond are the real protectors of peace," said Sheik Khalifa bin Zayed al-Nahyan, the president of the United Arab Emirates and ruler of the emirate of Abu Dhabi, at the exposition. "That is why we are keen to maintain the efficiency of our armed forces."

The Persian Gulf has been a lucrative market for arms. Saudi Arabia, Kuwait and Oman spend up to 10 percent of their gross domestic product on the military, amounting to nearly $21 billion, $4 billion and $2.7 billion, respectively, estimates John Kenkel, senior director of Jane's Strategic Advisory Services.

If they follow through on the deals announced recently, it is estimated that countries like the United Arab Emirates, Kuwait, Oman and Saudi Arabia will spend up to $60 billion this year. The biggest buyer in 2006, according to the defense industry journal Defense News, was Saudi Arabia, which has agreed to buy 72 Eurofighter Typhoon combat jets for $11 billion. It also has a $400 million deal to upgrade 12 Apache AH-64A helicopters to the Longbow standard. The kingdom also reportedly plans to acquire cruise missiles, attack helicopters and tanks, all for a total of $50 billion.

Kuwait reportedly bought 24 Apache Longbow helicopters, while the United Arab Emirates has continued to take delivery of 80 F-16 Block 60 fighters, with plans to buy air tankers, missile defense batteries and airborne early warning systems. Bahrain ordered nine UH-60M Black Hawk helicopters in an estimated $252 million deal, while Oman reportedly bought 30 antitank rocket launchers in a $48 million purchase and is planning a naval overhaul.

"It is a message to enemies that 'We are taking defense seriously,' " Mr. Kenkel said, emphasizing that the new arms were for deterrence.

"If the U.S. ever does pull back, these countries in the gulf have realized, they may have to fend for themselves," Mr. Kenkel said. "As the Boy Scouts say, always be prepared."

The most marked change is in the public nature of the acquisitions, which previously would have been kept secret, many analysts here said, itself a form of deterrence.

"They have been doing these kinds of purchases since the '90s," said Marwan Lahoud, chief executive of the European missile maker MBDA. "What has changed is they are stating it publicly. The other side is making pronouncements so they have to as well," he said, speaking of Iran's recent announcements about its weapons capacity.

Senior United States military officials say gulf countries have become more nervous as Iran has conducted naval maneuvers, especially near the Straits of Hormuz, the main artery through which two-fifths of the world's oil reaches markets.

"A year ago you could have characterized the interaction with the Iranians as professional," said Vice Adm. Patrick Walsh, departing commander of the Fifth Fleet. "What's different today has been the number and amount of exercises and the proximity of those exercises to the Straits of Hormuz themselves."

The exercises were among the reasons for the expansion of Navy forces in the region, he said, but have also raised alarm about the potential for accidents to lead to an unintended war.

Admiral Walsh said that American warships remained in international waters, and that Iranian and American ships kept close watch on one another. Some critics of the Bush administration have alleged that the increased military presence in the gulf risks igniting a conflict.

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Admiral Walsh said the increased American presence was aimed at o reassuring gulf states that the United States remained committed to their security, but also welcomed their efforts to build deterrence.

“We have found that we need to be physically present to prevent such armed behavior,” he said of the Iranian maneuvers. “We’re mindful we’re not giving up any water, but also being careful not to take a provocative stance.”

A Presidential Candidate Bill Clinton Can Publicly Embrace (WP)

By Al Kamen

The Washington Post, February 23, 2007

And now, the first known use of the Heimlich maneuver in political advertising. This photo was included in an e-mail a Loop Fan and undoubtedly countless Clinton contributors received on Wednesday.

The former president has written a campaign solicitation for his wife with his usual impeccable timing: It's a week when tensions between Sen. Barack Obama's and Sen. Hillary Rodham Clinton's campaigns have exploded over unkind comments about the Clintons from Hollywood producer and former Clinton -- now Obama -- contributor David Geffen.

It was exceptionally hard to find Bill Clinton campaigning for Al Gore in 2000, but now, he writes, "I can't wait to join Hillary on the campaign trail and talk to people about what a great president she's going to be."

"During eight years in the White House," he writes, "Hillary and I faced a constant barrage of attacks from Washington Republicans. No insult was off-limits. No tactic was too low." And the GOP never had David Geffen on its side.

Meanwhile, Bill Clinton wants to raise $1 million in a week for his candidate spouse.

So contribute -- or, in this case, cough it up!

No Guns in Cheney's Photo Shoot

Still haven't found the perfect calendar for 2007? How about the Republican National Committee's splendid offering? Eleven beautiful shots of President Bush as leader of the free world. Several show him with kids, babies, sharing a laugh with the troops, with Laura Bush at the White House and so on.

The August photo, however, features a fine shot of Vice President Cheney at his ranch in Wyoming, taken by White House photographer David Bohrer.

So why August? No, stop it. Not for the Pulitzer Prize-winning book "The Guns of August." And anyway, he shot his friend in the face in February -- a year ago. The picture was taken in August 2003.

Hurry, the calendar's on sale for $25.

You Say 'Extraordinary Rendition,' They Say 'Vacation'

Tired of snorkeling in the Caribbean? Skiing in the Alps? Safaris in Africa? Then perhaps it's time for a truly different vacation. This just in from Agence France-Presse:

"A Polish travel firm said Thursday it was giving tourists a chance to follow in the footsteps of CIA agents and terror suspects near an alleged US detention centre in Poland's lakeland -- which the authorities deny exists.

"Visitors will be able to cycle and canoe near the Polish intelligence service's training centre . . . in the northern Mazuria region, and the nearby Szymany airport, Joanna Sobieska of Szarpie Travel was quoted as saying by the PAP news agency."

Just a seamless transition from stifling communism to creative capitalism.

Iran Sending In a New U.N. Ambassador

In the midst of building tensions between the United States and Iran, Tehran is withdrawing its long-serving ambassador to the United Nations, Javad Zarif. Iranian sources say Zarif, who has been a central figure in the negotiations over Iran's nuclear program, will be replaced by Mohammad Khazai, the deputy minister of economics. Khazai is no stranger to politics in the United States, having worked at the World Bank.

Zarif, who was sent to the United Nations when Mohammad Khatami was Iran's president, is due to leave in April. (There has been no Iranian ambassador to the United States since 1980, though there is a large interests section on Wisconsin Avenue NW staffed by dozens of Iranians, run under the auspices of the embassy of Pakistan. The United States uses Swiss diplomats to do its business in Tehran.)

Balanced Reading for Political Book Clubs

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An update on John R. Bolton's book on his days at the State Department and the United Nations: The former U.S. ambassador's book, "Surrender Is Not an Option: Defending America at the United Nations and Abroad," is to be published by Threshold Editions, which is the conservative publishing subsidiary of Simon & Schuster. (They've published Mary Cheney, Ed Gillespie, Al Regnery, Glenn Beck and other conservatives.) Bolton's book will be on sale Nov. 6 -- he'll be typing fast and aided by a daily diary -- and will naturally feature "no holds barred candor," take you "behind the scenes" and be "revealing," the publishing blurb says, all in 336 pages.

Also on the book front, this time from the left, a new one just out by Washington author Andrew Cockburn on former defense secretary Donald Rumsfeld. This one, we are told, is "drawn from sources deep inside Washington, D.C." -- meaning folks who ride the Metro? -- and promises to be a "startling" exposé.

In a week in which Sen. John McCain (R-Ariz.) said Rumsfeld "will go down as one of the worst secretaries of defense in history" -- presumably this ranking includes even Robert McNamara-- it seems Cockburn agrees. The book title offers a hint: "Rumsfeld: His Rise, Fall, and Catastrophic Legacy." Sounds a bit negative.

New Committee Chairman, New Horse for PAC to Back

Bandwagon alert! The Maersk Inc. Good Government Fund, the federal PAC of the shipping giant, gave $2,500 to Rep. Bennie Thompson (D-Miss.) on Jan. 29. It marked the first time that the company has given to the new chairman of the House Homeland Security Committee.

Secretive Force At Center Of Tensions Between U.S., Iran (MCT)

By Jonathan S. Landay

McClatchy Newspapers, February 23, 2007

WASHINGTON - A band of religious warriors that Iran's clerical rulers created to spread their country's Islamic Revolution has joined Iran's nuclear program at the center of the rising tensions between Washington and Tehran.

The Quds Force, a secretive overseas arm of Iran's Islamic Revolutionary Guard Corps, has operatives in Iraq and Afghanistan; runs Shiite extremist networks in Asia, the Middle East, Africa, Latin America and Europe; trains and arms Hezbollah and other Shiite radicals in Iran and Lebanon; and funds the Palestinian Islamic Jihad terrorist group. Now it's arming Iraqi Shiite Muslims with armor-piercing bombs to use against American troops, according to U.S. officials.

Many experts now warn that if the U.S.-Iranian frictions over Iraq and Iran's nuclear program escalate into conflict, Tehran would use the Quds Force to launch terrorist attacks against U.S. and allied targets around the world.

"They are the brains behind those who are pulling the trigger," said one official, who requested anonymity because intelligence on the group is highly classified. "You are never going to see their fingerprints."

Iran denies that it's helping to kill U.S. soldiers in Iraq, and the Bush administration has refused to declassify the intelligence that it says proves the Quds Force is sending weapons to Iraqi militants. As a result, while it's clear that Iran is supporting Shiite groups in Iraq, both the extent and the intent of its meddling there are subjects of debate.

Five Iranian officials detained by U.S. forces in recent raids in Iraq are said to be Quds Force operatives, but some U.S. officials think the force isn't in Iraq to direct attacks on U.S. troops. The Iranians, they think, simply want to ensure that Iraq's Shiites prevail over the minority Sunnis, thereby ensuring peaceful relations with Iran.

The Quds force is well known to the world's intelligence agencies, but much about it remains unknown, including where it fits into Iran's deliberately complex and confusing power structure. One early attempt to diagram the power structure, by a Defense Intelligence Agency analyst in the 1980s, put "God" in the top box.

Although many intelligence services, including those of the United States, Israel and European and Arab nations, have been keeping tabs on its operatives - or at least trying to - for more than 20 years, the unit has been publicly accused of complicity in a terrorist attack only once. That was in the July 18, 1994, suicide bombing of a Jewish community center in Buenos Aires, which killed 85 people and injured 151.

The case was based in part on the testimony of Abdolhassem Masbahi, a former senior Iranian intelligence officer who defected to Turkey in 1995. An Argentine judge, acting at the request of special prosecutors, issued arrest warrants in November

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for former Iranian President Ali Akbar Rafsanjani and seven other Iranian officials, including Ahmad Vahidi, the Quds Force commander at the time of the bombing.

Experts say the force is a highly compartmentalized and disciplined contingent of several thousand men who are trained in espionage, military operations and political analysis, and it reports directly to supreme leader Ali Khamenei.

"It's like taking the CIA, special forces and the State Department and rolling them all into one," said the U.S. official.

"These guys have been around for a very long time," said Daniel Byman, a former CIA analyst who's now a terrorism expert at The Brookings Institution, a centrist Washington policy organization. "We know they are nasty, and we know they are capable."

Its mission of exporting the Islamic Revolution has meant confronting Iran's main enemies, the United States and Israel, beginning in Lebanon 25 years ago.

Current and former U.S. officials said Revolutionary Guard members helped plan and organize the Hezbollah suicide bombings of the U.S. Embassy and Marine barracks in Beirut in 1983 and 1984, which killed more than 300 people, including 241 U.S. service personnel. Reconnaissance photographs of the Iranian headquarters near the town of Baalbek revealed a mockup of the unfinished defenses around the embassy annex and tire tracks where the bomber had rehearsed his mission.

The force also is believed to have been involved in recruiting and training the Shiite radicals who carried out the 1996 truck-bombing of the Khobar Towers housing complex in Dhahran, Saudi Arabia, which killed 19 U.S. servicemen and a Saudi.

Only now, however, has the United States confronted Iran over the force's activities.

"No administration wanted to take these people on," charged Robert Baer, a former covert CIA officer who served in the Middle East.

The unit's name, Persian for Jerusalem, reflects the Iranian goal of destroying Israel and liberating Islam's third holiest city. Its hostility toward the United States is reflected in its use of part of the former U.S. Embassy compound in Tehran, where 52 Americans were held hostage for 444 days between 1979 and 1980, U.S. intelligence officials said.

The force was formally constituted in 1990 as the foreign operations arm of the Islamic Revolutionary Guard Corps, a military organization with its own air, land and sea forces that's separate from the regular Iranian military, whose main mission is protecting the ruling ayatollahs.

Hagel Says Diplomacy Is Best Option For Iran (FT)

By Josh Funk

Fremont (NE) Tribune, February 23, 2007

KEARNEY, Neb. - U.S. Sen. Chuck Hagel said Thursday that Iran should be held accountable for supporting terrorists through "wise statecraft" instead of military force, and America should be careful not to follow the "same destructive path" it did in Iraq.

The Nebraska Republican, who is still considering a 2008 presidential run, spoke at the University of Nebraska at Kearney's James E. Smith Conference on World Affairs.

Hagel said the United States must carefully consider any action against Iran in the wake of Thursday's report that Iran refused to comply with U.N. Security Council demands to curtail its nuclear program and suspend uranium enrichment.

"In a hazy, hair-triggered environment, careless rhetoric and military movements that one side may believe are required to demonstrate resolve and strength ... can be misinterpreted as preparations for military options," Hagel said. "The risk of inadvertent conflict because of miscalculation is great."

Middle East expert Steven Cook said Hagel is saying the Bush administration is wrong, and Iran needs to be engaged.

"Basically this is a polite, yet firm critique of the Bush administration policy with regard to Iran," said Cook, who is with the nonpartisan Council on Foreign Relations.

Cook said Hagel's speech appears related to his political aspirations.

"I think he's really trying to stake out a difference between himself and the other Republican contenders," Cook said.

Someone asked Hagel about his presidential aspirations during a question period after his speech.

"I'll make a decision on my political future in the next few weeks," Hagel said.

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During his speech, Hagel said part of the problem in U.S.-Iran relations is that neither country understands the other very well. Hagel said complex factors inside Iran can affect the situation, and not all of Iran is against the United States.

Two-thirds of Iran's population is younger than 30, Hagel said, and many of those Iranians have positive attitudes about America.

"We do not want to lose this pro-American generation by turning them away from us," Hagel said. "They are the hope of Iran. They bristle under the heavy yoke of the ayatollahs' strident limitations of personal freedom."

He said the recent success of six-party talks about North Korea's nuclear program should serve as a model for talks with Iran.

"The United States must employ similar, wise statecraft to redirect deepening Middle East tensions toward a higher ground of resolution," Hagel said.

And diplomacy is likely to be much more productive than military action in Iran.

"A U.S. military conflict with Iran would inflame the Middle East and global Muslim populations, crippling U.S. security, political, economic and strategic interests worldwide," Hagel said.

Hagel, who attended UNK when it was Kearney State College, used part of his speech to offer his audience of mostly college students a history lesson on conflict in the Middle East. And he said the United States should pay attention to that history because it affects current events.

"Forces and events in the Middle East cannot be neatly categorized. The swirl of Middle East history creates layers upon layers of complexity," Hagel said. "There is little transparency in the Middle East. That is a reality that is inescapable and cannot be assumed away.

"To ignore this reality is to risk being trapped by false choices _ false choices such as the question, "Which is worse: Iran with nuclear weapons or war with Iran?" Hagel said.

Iran Misses Another Deadline (WSJ)

The Wall Street Journal, February 23, 2007

Conspiracy theorists may soon have to add another name to Dick Cheney's secret cabal planning war with Iran: Mohamed ElBaradei.

At least that's what a wag might say after the Director General of the International Atomic Energy Agency (IAEA) speculated this week in an interview with the Financial Times that Iran might be as close as six months from developing an industrial-scale uranium enrichment facility of 3,000 centrifuges. That kind of capability would put Iran on track to produce sufficient fissile uranium for a nuclear bomb by the fall of 2008.

Mr. ElBaradei also noted that "even if the Iranian [nuclear] program is for peaceful purposes, there is no question that at the back of their minds this is a deterrent." Let's underscore the words "even if." The Director General has until now been remarkably cautious in his pronouncements on Iran's intentions. But his comments this week are a remarkable, if implicit, admission that Iran might have other uses for enriched uranium than turning on lights.

These comments also coincide with Iran's decision to flout yet another U.N. deadline to suspend enrichment. According to the IAEA report on Iran, released yesterday, not only have the Iranians continued to enrich, they have also failed to offer further information on some of the outstanding questions in their nuclear file. One such question concerns the source of some highly enriched (read, bomb-grade) uranium particles found in Iran by IAEA inspectors.

So what does the international community now intend to do? Belying his own forecasts as a U.N. technocrat, Mr. ElBaradei ventured a political opinion that any military strikes against Iran would be "catastrophic, counterproductive." So much for him being a neocon shill. Secretary of State Condoleezza Rice after meeting with her Russian, German and EU counterparts in Berlin, could only say that she "confirmed that we will use our available channels and the Security Council to try and achieve that goal."

Ms. Rice shouldn't hold her breath. The Security Council could barely agree in December to sanction a handful of companies and individuals directly implicated in Iran's nuclear and ballistic-missile programs. And as these columns reported Tuesday, the level of European commercial investment in Iran has grown briskly since its secret nuclear programs were exposed

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in 2003, with an estimated 10,000 jobs in Germany alone dependent on exports to Iran. Moral courage on that front may be expecting too much.

Ultimately, whatever hope there might be of resolving the Iranian issue through diplomacy is going to require compromises by the Iranians themselves. Here's what Iranian President Mahmoud Ahmadinejad had to say about that: "If we shut down other activities for 10 years and the country only focuses on nuclear energy it will be worth it because if we obtain this energy our people will advance as much as 50 years."

Maybe it's time the rest of us start taking Mr. Ahmadinejad at his word, and tailoring our expectations accordingly.

What Scares Iran's Mullahs? (NYT)

By Abbas Milani

The New York Times, February 23, 2007

Stanford, Calif.

IRAN has once again defied the United Nations by proceeding with enrichment activities, the International Atomic Energy Agency reported yesterday. And yet, simultaneously, Iranian officials have been sending a very different message — one that has gone largely unremarked but merits close attention.

After a meeting with the supreme leader Ayatollah Ali Khamenei, the leader's chief foreign policy adviser, Ali Akbar Velayati, declared last week that suspending uranium enrichment is not a red line for the regime — in other words, the mullahs might be ready to agree to some kind of a suspension. Another powerful insider, Ali Akbar Hashemi Rafsanjani, said much the same thing in a different setting, while a third high-ranking official acknowledged that the Islamic Republic is seriously considering a proposal by President Vladimir Putin of Russia to suspend enrichment at least long enough to start serious negotiations with the United Nations.

There have also been indications that the Iranians are willing to accept a compromise plan presented by Mohamed ElBaradei, the director general of the International Atomic Energy Agency. That plan calls for the suspension of all major enrichment activities but allows the regime to save face by keeping a handful of centrifuges in operation.

The mullahs are keen on damage control on another front as well. After his meeting with Ayatollah Khamenei, Mr. Velayati announced that the Holocaust is a fact of history and chastised those who question its reality. Ali Larijani, Iran's chief nuclear negotiator, also declared the Holocaust a "historical matter" to be discussed by scholars (and not, he implied, by ignorant politicians). In short, there is a new willingness among the Iranian political elite to avoid the rhetoric of confrontation and to negotiate.

There are three ways to analyze this turn. Advocates of an American invasion of Iran say that last month's strengthening of the American armada in the Persian Gulf has frightened the Iranian regime. What diplomacy could not do for years, a few destroyers did in less than a month. These advocates encourage more of the same, hoping either that the mullahs will accept defeat in the face of an imminent attack, or that a Gulf of Tonkin incident will lead to a full attack on Iran's nuclear facilities.

A second camp attacks the build-up of the armada as dangerous saber-rattling at best, and at worst as camouflage for already settled plans to attack Iran's nuclear sites. Such an attack, they say, might provide a much-needed feather for President Bush's empty cap at a time when his Middle East policy has manifestly failed. According to this camp, what changed the minds of Iranian officials was only the United Nations resolution threatening economic sanctions, and the possibility of other resolutions and more serious sanctions.

Both camps are partly right and yet dangerously wrong. There is a third way of looking at the facts.

The mullahs have historically shown an unfailing ability to smell out and, when pragmatic, succumb to credible power in their foes. Indeed, the presence of the American ships has helped encourage them to negotiate. But no less clear is the fact that the mullahs' attitude change began in late December, when the United Nations Security Council finally passed a resolution against the regime in Tehran.

The passage of the resolution hastened the demise of President Mahmoud Ahmadinejad's confrontational approach to the West. And the falling price of oil, leading to declining revenues for the regime, magnified the resolution's economic impact. Top

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leaders of the Islamic Republic, from Ayatollah Khamenei to Mr. Rafsanjani, have made it clear that they consider sanctions a serious threat — more serious, according to Mr. Rafsanjani, than the possibility of an invasion.

In other words, what the unilateral and increasingly quixotic American embargo could not do in more than a decade, a limited United Nations resolution has accomplished in less than a month. And the resolution succeeded because few things frighten the mullahs more than the prospect of confronting a united front made up of the European Union, Russia, China and the United States. The resolution was a manifestation of just such a united front.

While the combination of credible force, reduced oil prices and a United Nations resolution has worked to create the most favorable conditions yet for a negotiated solution to the nuclear crisis, any unilateral American attack on Iran is sure to backfire. It will break the international coalition against the Islamic Republic's nuclear adventurism; it will allow China, Russia and even some countries in Europe to legitimately side with the mullahs; it will lead to higher oil prices and an increase in Iranian government revenues; and finally, it will help revive the waning power of the warmongers in Tehran.

Those convinced that only the combination of credible might and diplomatic pressure will work worry rightly that the Bush administration, frustrated by its failures in Iraq and goaded by hawks in Washington, will do to Iran what it did to Iraq. In confronting Saddam Hussein and the threat of his weapons of mass destruction, the Bush administration insisted that amassing an armada in the Persian Gulf was necessary to frighten Mr. Hussein into submission. But once the armada was in place, they used it to carry out a long-ago planned invasion of Iraq.

Today, many worry that the plans for an invasion of Iran, too, were made long ago, and that the armada is there to make possible either another Gulf of Tonkin resolution or an Iranian act of provocation against American forces, which could then serve as an excuse for an attack on Iran.

War and peace with Iran are both possible today. With prudence, backed by power but guided by the wisdom to recognize the new signals coming from Tehran, the United States can today achieve a principled solution to the nuclear crisis. Congress, vigilant American citizens and a resolute policy from America's European allies can ensure that this principled peace is given a chance.

Abbas Milani is the director of Iranian studies at Stanford and a research fellow at the Hoover Institution.

Signals From Tehran (WP)

By David Ignatius

The Washington Post, February 23, 2007

The title of the two-page Iranian document is "Gentlemen's Agreement." In convoluted English, it lists 11 points of understanding supposedly reached in September between Iranian negotiator Ali Larijani and his European counterpart, Javier Solana, on a temporary, partial, not-quite suspension of uranium enrichment.

What's interesting isn't the purported agreement -- Solana's spokeswoman, Cristina Gallach, insists there wasn't one -- but the fact that the Iranians are circulating the document and signaling through various channels that they want to restart dialogue. Indeed, when Larijani met Solana in Munich this month, "he expressed the willingness to resume talks to prepare final negotiations," according to a source close to Solana.

"We're getting pinged all over the world by Iranians wanting to talk to us," Undersecretary of State R. Nicholas Burns said in an interview yesterday. The problem, says Burns, is that the Iranians haven't yet said the "magic word," which is that they will actually suspend enrichment in exchange for the suspension of U.N. sanctions.

With Iran still publicly defying the United Nations over its nuclear program, the United States and its allies agreed yesterday to tighten the pressure another notch by preparing a second U.N. Security Council resolution with additional sanctions. Burns said Russia and China agreed to back the new resolution in a meeting yesterday with Secretary of State Condoleezza Rice. "It may not be substantially stronger, but it will be stronger," said Burns, who will travel to London on Monday to negotiate the details of the new resolution.

U.S. and European officials think Iran's new interest in negotiations is a sign that pressure on Tehran is working. The campaign includes the initial U.N. sanctions resolution, which shook the Iranians because it was backed by Russia and China; tough U.S. banking sanctions, accompanied by a successful Treasury Department push to dissuade European and Japanese

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banks from lending to Iran; and calculated muscle-flexing by the Bush administration, which has sent an additional aircraft carrier task force to the Persian Gulf and seized Iranian operatives inside Iraq.

"We are hopeful that all these pressure points will influence the internal debate in Iran," says Burns. And they appear to be doing just that.

The multipronged squeeze on Tehran surprised President Mahmoud Ahmadinejad and other Iranian officials, who seemed confident when I visited the country in September that they were in the driver's seat and that it was the United States that was weakened and isolated. "We knocked them off stride and put them on the defensive," argues Burns. A British official who follows the issue closely agrees: "The Iranians have moved from cockiness to division and nervousness."

Western officials see various signs of an altered political balance in Tehran: public criticism of Ahmadinejad's management of the economy by former president Ali Akbar Hashemi Rafsanjani; a letter challenging the president's economic policy signed by 150 members of the Iranian parliament; criticism of Ahmadinejad's handling of the nuclear issue by former members of the Iranian negotiating team and by a hard-line newspaper; and now new signals from Larijani and others that Iran wants to resume the preliminary negotiations it broke off last year.

"The financial sanctions have had a real impact," says the British official. "They lead to a general insecurity about economic viability."

So does all this mean it's time to go back to the bargaining table? Not yet, say a number of U.S. and European officials. They insist that the Iranians must stop haggling and agree to quit enriching uranium. Russian officials told me in Moscow last week that President Vladimir Putin passed the message to a top Iranian emissary this month that Tehran must agree to a "timeout" in enriching uranium if it wants to settle the nuclear issue.

The Iranians continue to dicker, in what Western officials regard as a tactical ploy to get out of trouble. Their efforts center on paragraph eight of the "Gentlemen's Agreement" their officials have been circulating. That part of the document proposes that if U.N. sanctions are lifted, Iran would agree to a two-month period "during which Iran in a voluntary and non-binding and temporary move avoids installation of next cascades" for enrichment. In other words, the Iranians wouldn't add additional centrifuges that would allow industrial-scale enrichment but would continue spinning their modest initial cascade of centrifuges.

No deal, say U.S. and European officials. The only way the Iranians can escape sanctions is to suspend enrichment and sit down at the table. If they do so, an array of goodies awaits. Meanwhile, the strategy of confrontation continues, and U.S. and European officials -- who haven't had much to cheer about recently -- seem confident that it's working.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

'Long Way' To Go In North Korea Nuclear Pact: US (AFP)

By Stephen Collinson

AFP, February 23, 2007

The United States said Thursday there was a "long way to go" to implement a landmark North Korea nuclear deal, and warned tough talks loom on Pyongyang's suspected secret uranium enrichment program.

US Assistant Secretary of State Christopher Hill defended the deal with the isolated and impoverished Stalinist state which emerged from exhaustive six-nation talks in Beijing last week.

"I think there is a real sense among all the parties that we have a process going. We are very mindful of the fact that we have a long way to go," Hill said at a briefing at the Brookings Institution think-tank.

Hill lavished praise on China for its role in brokering the deal, and confirmed that if things go smoothly, Secretary of State Condoleezza Rice will travel to Beijing in April as required by the deal for talks with her North Korean counterpart and ministers from the other parties to the negotiations: China, Russia, Japan, and South Korea.

The deal, which binds North Korea to shut key nuclear facilities in exchange for energy aid, requires Pyongyang to produce a list of all its nuclear programs.

"We will face the problem -- in fact, the very serious problem -- of the highly enriched uranium program," Hill said,

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Hill said the North Koreans had never acknowledged US accusations they had a program to manufacture highly enriched uranium (HEU) for nuclear bombs, but added that the United States had information North Korea had bought equipment consistent with plans for such a scheme.

"But they have been willing to discuss what we know and to try to resolve this ... to mutual satisfaction," he said.

"We don't know whether we're going to be able to do that, but we have agreed to have this discussion."

The United States accused North Korea in October 2002 of hiding a program to produce HEU, and the ensuing showdown sent relations back into the Cold War deep-freeze, ultimately resulting in the rupture of a 1994 deal which froze the Stalinist state's plutonium-based nuclear program.

Officials in Seoul this week warned Pyongyang must disable all programs under the six-party deal.

Critics have complained the pact does not directly address North Korea's existing plutonium nuclear bombs, or its suspected HEU program.

Hill heaped praise on China for hosting the six-party talks.

"I do believe that we have been able to synchronize our goals," Hill said.

"I think we're also synchronizing not only the goals, but also the strategy and in many respects the tactics themselves, so we've really come together with them on this."

"If we're successful with all of this, our plan is to then have a ministerial where US Secretary of State Condi Rice will go out to Beijing and she will meet with her other five counterparts, including the North Korean minister of foreign affairs, and review the first 60 days," Hill said.

Hill's remarks came a day after Washington said US Deputy Secretary of State John Negroponte will travel to major Asian capitals next week for talks likely to focus on the nuclear deal.

Vice President Dick Cheney meanwhile wrapped up a visit to Japan, offering to support Tokyo on the emotionally charged issue of resolving North Korean kidnappings of Japanese citizens, which has cast a shadow over the nuclear deal.

Economically crippled North Korea has agreed to start disabling its nuclear facilities in exchange for badly needed energy aid.

It agreed to close and seal its Yongbyon reactor -- long suspected to be the centre of its nuclear program -- within 60 days and admit UN nuclear inspectors in return for 50,000 tonnes of heavy fuel oil.

Further steps to disable nuclear facilities would be rewarded with up to 950,000 tons of heavy oil or other aid, while Washington also agreed to discuss removing North Korea from a list of state sponsors of terrorism and begin talks on normalizing relations.

Hill Warns N Korea On Deadlines (FT)

By Guy Dinmore

Financial Times, February 23, 2007

North Korea must stick to the tight deadlines of the new deal to freeze its Yongbyon nuclear facility in exchange for a modest amount of fuel oil, Christopher Hill, the US negotiator at the six-party nuclear talks, said on Thursday.

Describing the 60-day deadline agreed to on February 13 as “very short” and one that required a “considerable amount of negotiation”, Mr Hill conceded that potentially serious sticking points lay ahead.

“We need to avoid, above all, missing deadlines,” Mr Hill told the Brookings Institution, a Washington think-tank. “When you start missing deadlines, it’s like a broken window theory. One window is unrepaired. Before you know it, you’ll have a lot of broken windows and nobody cares.”

Mr Hill stressed that the shutting down of Yongbyon and the return of international inspectors within 60 days was just the first step of a much longer process. The ultimate goal, which North Korea signed up to in September 2005, is denuclearisation of the Korean peninsula in exchange for aid and security guarantees.

During the first 60 days, in which North Korea is to receive 50,000 tonnes of fuel oil for its depleted power stations, Pyongyang has also committed to discussing a list of all its nuclear programmes, and to later provide a complete declaration.

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Mr Hill anticipated “problems” with that declaration, noting that North Korea had refused to acknowledge the existence of what the US alleges is a secret uranium enrichment programme. However he also indicated that the US did not believe Pyongyang had mastered the enrichment process.

North Korea carried out an underground test explosion last October and is believed to have enough reprocessed plutonium for some eight to 10 bombs.

North Korea’s demand to be taken off the US list of state sponsors of terrorism would take “some time”, Mr Hill said.

Foreign ministers of the six nations, which also include hosts China, South Korea, Japan and Russia, are to meet in Beijing in April to review any progress.

Within 30 days, the US and North Korea are to set up a bilateral working group to start discussions on normalising relations. Mr Hill made clear that process would only conclude when North Korea had dismantled its entire nuclear programme.

Nuke Timeline Key To Successful Deal (WT)

By David R. Sands

The Washington Times, February 23, 2007

The top U.S. negotiator on North Korea said yesterday that the United States will insist on strict deadlines to keep a step-by-step deal to end the North's nuclear-weapons programs from unraveling as did a similar deal negotiated under the Clinton administration.

Christopher R. Hill, assistant secretary of state for East Asian Affairs, said North Korea must shut down its nuclear site at Yongbyon and allow United Nations inspectors back into the country by mid-April under the deal struck at the six-party talks in Beijing 10 days ago.

Also by that date, a series of working groups -- including a bilateral one on U.S.-North Korean relations and one on promised food and fuel aid for Pyongyang -- are supposed to be up and running. The U.S. government also has promised to wrap up an 18-month investigation of a Chinese bank that was a crucial conduit for the North's meager hard currency reserves.

"Above all, everyone is agreed that we need to avoid missing deadlines," Mr. Hill told a packed room yesterday in a briefing at the Brookings Institution think tank.

"When you start missing deadline, it's like the theory about a broken window," Mr. Hill said. "If one window isn't repaired, before you know it, you'll have a lot of broken windows and nobody cares."

The agreement was signed by representatives from the United States, North and South Korea, Russia, Japan and China. Beijing hosted the talks and provided crucial behind-the-scenes diplomacy to make the deal, Mr. Hill said.

China's decision to back U.N. resolutions condemning Pyongyang for a missile test last summer and a nuclear bomb test in October "really got the attention of North Korea," he added.

U.S. critics of the deal, including former U.N. Ambassador John R. Bolton, have criticized the agreement as a replay of the 1994 Agreed Framework, negotiated by the Clinton administration to head off an earlier North Korean nuclear crisis. Pyongyang proceeded with a secret nuclear-weapons program despite the promises of energy and aid in the 1994 deal.

Mr. Hill said that this time, China and all of the North's neighbors were parties to the deal, making it harder for Pyongyang to walk away. The six-party agreement also is far more ambitious, he said, calling for the eventual elimination of the North's nuclear-weapons programs and normalization of relations with the United States.

But Mr. Hill said he was "not taking a victory lap yet," because the Beijing accord left some major questions unanswered.

Among them: the fate of the North's existing stock of nuclear bombs -- estimated at four to 12 -- and of the 50 kilotons of plutonium Pyongyang is thought to have on hand to make more bombs. The North still has to provide a detailed list of all its nuclear sites that will be dismantled.

The State Department envoy also conceded that major uncertainties remain about the North's plans to use highly enriched uranium to fuel nuclear bombs. The Bush administration cited Pyongyang's admission in 2002 that it had a secret uranium program as a reason to break off the Agreed Framework deal for good.

Pyongyang has secretly bought some equipment consistent with an enriched uranium program, but there are some "considerable production techniques that we're not sure whether they have mastered," Mr. Hill said.

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N. Korea Nuclear Deal Rife With Benefits (AP)

By Barry Schweid

AP, February 23, 2007

The breakthrough nuclear agreement with North Korea could pay wide-ranging dividends for all sides, especially in the area of already improving U.S. relations with China and America's allies, chief U.S. negotiator Christopher Hill said Thursday.

Other side benefits might include a peace treaty formally ending the war on the Korean peninsula after more than a half-century, a cut in the force of 25,000 U.S. troops in South Korea, a better life for impoverished North Koreans and the State Department's declassifying of the North as a sponsor of terror, Hill said in remarks at the Brookings Institution, a liberal-oriented think tank.

The U.S. negotiator said he plans to meet with North Korean counterparts within 30 days to work on these issues and a schedule for North Korea to go beyond its commitment last week in six-sided negotiations in Beijing to seal its main nuclear reactor and permit international inspection.

In return, Pyongyang is due to receive 50,000 tons of heavy fuel oil and ultimately another 950,000 tons in fuel if it completely abandons its nuclear weapons program.

"We are very mindful we have a long way to go," Hill said.

For one thing, he said, Pyongyang must provide a complete list of programs to be put out of commission.

Conservatives have blasted the agreement, which was considered a breakthrough after months of deadlock and bickering, as naive and worse. They say it rewards North Korea for bad behavior and sets a terrible precedent for Iran, another country with which the U.S. is locked in a nuclear standoff.

Former U.N. Ambassador John Bolton said in an interview that the North Korean regime "is not going to give up something so central to its survival as nuclear weapons."

North Korea is known to have tried to acquire aluminum tubes from Germany and "made certain purchases of equipment which is entirely consistent with a highly enriched uranium program," he said.

The agreement already has strengthened U.S. relations with China and South Korea, Hill said. China wants "clarity" from North Korea on abandoning its weapons program and, "We really have lined up our interests with them," Hill said.

Further closing ranks on all fronts, Secretary of State Condoleezza Rice is planning to meet with the foreign ministers of the five other countries in April in Beijing. They are North Korea, China, South Korea, Japan and Russia.

In a parallel move, Deputy Secretary of State John Negroponte will make a trip early next month to Japan, South Korea and China. The State Department has ruled out a stop in Pyongyang by Rice's new top deputy.

Hill stressed that North Korea has not yet made a commitment to abandon its entire program.

"They're going to make decisions to move on a step-by-step basis. And as they move one step, they will look back and say, 'This is a better place than we were in yesterday.' And that will encourage them to take still another step," Hill said.

Meanwhile, he said, North Korea is very interested in getting off the State Department list of terror sponsors.

"We are prepared to begin that process, with the understanding it's going to take some time. ... We need some answers from them," he said.

A peace treaty to replace an armistice and formally end the Korean war is not technically a six-party issue. Hill said he assumes China, the United States, North Korea and South Korea would meet to resolve the issue. If they do, different ways may be found to maintain peace on the peninsula, a task undertaken since the war by U.S. troops.

"Our guiding star," Hill said, is "we want to maintain the security and the stability that we've maintained all these years."

Top Democratic Hopefuls' Bickering Puts Focus On Candor And Personal Behavior (WSJ)

By John Harwood

The Wall Street Journal, February 23, 2007

CHARACTER RISES as top issue in early presidential skirmishing.

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Criticism by media mogul Geffen, a onetime ally of Bill and Hillary Clinton, underscores concerns among Democrats that controversies over candor and personal behavior could embroil 2008 ticket. Clinton team's attack on Geffen's new favorite, Obama, aimed to quash such discussion, but a top adviser laments that the tactic "gave it too much attention."

One academic expert on political combat calls Obama camp's feisty response worth risks to his "above politics" stance. "Real political change requires ... attacks to show what is wrong," says Vanderbilt's John Geer, author of "In Defense of Negativity."

Facing skepticism over shifting political image, Romney says "I believe" four times in his first TV ad.

CONGRESS MULLS different approaches on executive pay.

House shows little interest in Senate-passed limits on deferred-compensation plans. But Sen. Grassley shows willingness to modify the proposal to fend off complaints from business groups that it might hit middle managers.

In talks between the two chambers, another Senate proposal has a better chance: limiting company deductions for exit-pay packages of departing executives. Meanwhile, House Financial Services Chairman Frank plans hearing next month on giving shareholders more control of executive pay.

BUSINESS ASSAILS Democrats' push for "card check" union-organizing legislation.

House leaders expect the bill, which would end workplace secret ballots to determine union status, to pass with 20 or more Republicans joining majority Democrats. U.S. Chamber's political director, Bill Miller, denounces the attack on "a function of democracy."

Neither side expects the bill to garner the 60 votes needed to clear Senate procedural votes before passage, and the Bush administration has signaled a potential veto in any case. The two parties plan to use the issue to rally their bases for the 2008 elections.

"The result ... will be an issue in the next campaign," says AFL-CIO's Kelly Ross.

STARTING POINT? Citing potential for first step toward addressing climate change, Senate environment committee chairwoman Boxer seeks cooperation from administration on improving energy efficiency at 9,000 federal buildings. House Energy and Commerce Chairman Dingell aims for climate-change hearing in March with chief executives from U.S. auto makers.

DINGELL PREPARES congressional budget writers for a request for $50 billion over five years to finance the children's-health initiative that he plans to introduce with Sen. Clinton as early as next week. Sen. Kennedy explores new funding source to expand coverage beyond "sin taxes" on cigarettes and alcohol: a new levy on junk food.

COMPETITORS? U.S. Chamber bristles at Treasury's roundtable with Secretary Paulson on March 13 on the competitiveness of U.S. capital markets. The chamber had hoped to own the spotlight with its own report on that subject, to be released the same week. Treasury officials say the timing was dictated by Paulson's schedule, not an attempt to upstage the chamber.

THE EQUALIZER? Paulson is expected to put inequality on the agenda again in a speech Thursday before traveling to Korea, Japan and China. The former Goldman Sachs chief, arguing that addressing workers' concerns about globalization is essential to resisting protectionism, has been pushing within the administration for better policy responses.

BUSH ADMINISTRATION AIMS toward first steps on implementing North Korean nuclear deal.

U.S. diplomats seek meetings with North Korean officials within two weeks, probably in New York, for unprecedented talks on normalizing relations and perhaps taking communist state off the list of terror sponsors. The U.S. also promises to thaw frozen North Korean bank account in Macau.

Rice could meet North Korea's foreign minister as soon as April. North Korean talks with Japan may grow testy, as Tokyo presses Pyongyang on fate of 13 Japanese abducted in the 1970s and 1980s.

Bush's Asia hand Christopher Hill invokes "broken-window theory" in arguing against tolerating missed deadlines.

MINOR MEMOS: While Hollywood fuels Clinton-Obama competition, Gore walks the red carpet as his climate-change documentary aims for two awards at this weekend's Oscars. Win or lose, the ex-VP will attend the Governor's Ball and Vanity Fair party.

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NKorea Official To US For Talks: Sources (AFP)

AFP, February 23, 2007

North Korea's chief nuclear negotiator will visit New York early next month to follow up the multinational agreement on scrapping his country's nuclear programmes, sources said Friday.

Kim Kye-Gwan was expected to take part in a working group meeting on normalising US-North Korea relations, a source told Yonhap news agency.

"No date has been set for his visit but it is likely to last from March 5 through 7," the source said.

An official who spoke to AFP on condition of anonymity confirmed Kim would go to New York in early March but said he was unsure of the reason.

"It is probably for the purpose of the joint working group but no date has been set for that meeting," the official said.

At six-nation talks in Beijing on February 13 the communist state agreed to shut down and then disable its nuclear facilities in phases. In return it will receive up to one million tons of heavy fuel oil or equivalent economic aid.

As part of the deal the United States and North Korea agreed to start talking about establishing full diplomatic relations. Five working groups are due to meet within 30 days to start planning how to implement it.

Yonhap said Kim, a vice-foreign minister, is expected to hold talks with his US counterpart Christopher Hill in New York.

Hill cautioned Thursday there was a "long way to go" to implement the deal and said tough talks lie ahead on a suspected uranium enrichment project which Washington believes Pyongyang is concealing.

He said the North Koreans had never acknowledged such a programme. "But they have been willing to discuss what we know and to try to resolve this."

Critics have complained the Beijing pact does not directly address North Korea's existing plutonium stockpile or nuclear bombs, or its suspected uranium programme.

US Vice President Dick Cheney said Friday in Australia that the deal was a hopeful step towards a better future for the North Korean people.

But he added: "We go into this deal with our eyes open. In light of North Korea's missile tests last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove."

Cheney Criticizes China's Arms Buildup (AP)

By Rohan Sullivan

AP, February 23, 2007

Vice President Dick Cheney said Friday that China's recent anti-satellite weapons test and a rapid military buildup were "not consistent" with its stated aim of a peaceful rise as a global power.

Speaking in Sydney, Cheney also expressed wariness about North Korea's commitment to a landmark deal announced last week on ending the country's nuclear programs.

As anti-war demonstrators clashed with police outside the hotel where Cheney was speaking, the vice president also expressed gratitude to Australia for sending troops to the Iraq war, which he said must be won or terrorists would be emboldened worldwide.

Cheney praised China for playing an "especially important" role in the six-nation negotiations that resulted in the North Korea deal, under which the North is to seal its main nuclear reactor and allow international inspections in exchange for fuel oil.

"Other actions by the Chinese government send a different message," Cheney told the Australian-American Leadership Dialogue, a private organization that promotes ties between the two countries.

"Last month's anti-satellite test, China's continued fast-paced military buildup are less constructive and are not consistent with China's stated goal of a peaceful rise," he said.

The Chinese Foreign Ministry did not immediately respond to a faxed request for comment on Cheney's remarks. Many government offices were closed Friday for the weeklong Lunar New Year holiday.

Beijing previously said its Jan. 11 destruction of a defunct weather satellite was for scientific purposes, but the test was widely criticized as a provocative demonstration of China's growing military clout.

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Washington and key Asian allies such as Japan say the test — which made China only the third nation after the United States and Russia to use weapons beyond the atmosphere — undermined efforts to keep weapons out of space. Beijing countered by saying the United States is blocking a possible global treaty that would ban weapons in space.

China's military has grown rapidly along with its economy in recent years, prompting concern in Washington that the balance of military power in the Pacific could start to shift away from the United States.

Regarding the North Korea deal, Cheney said it represented "a first hopeful step" that would "bring us closer" to a nuclear-free Korean peninsula — but he also sounded a note of caution.

"We go into this deal with our eyes open," he said. "In light of North Korea's missile test last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove."

Washington and key Asian allies such as Japan have expressed concern that China's Jan. 11 firing of a missile at a defunct weather satellite — making it only the third nation after the United States and Russia to use weapons beyond the Earth's atmosphere — undermined efforts to keep weapons out of space. China says the test was for scientific purposes.

Also, China said in late December it was strengthening its military to thwart any attempt by Taiwan to push for independence, but vowed that it was committed to the peaceful development of its 2.3 million-strong military, the world's largest.

Cheney praised Prime Minister John Howard, who sent 2,000 troops to join the U.S.-led invasion of Iraq, saying Australians had won the respect of the world through their support of the fight against terror.

He said that if the U.S.-led coalition leaves Iraq before domestic forces can handle security, radical factions would battle for control, and the violence would spread throughout the country and beyond.

"Having tasted victory in Iraq, jihadists would look for new missions," joining the Taliban fighting in Afghanistan and spreading "sorrow and discord" across the Middle East and further afield, he said.

"Such chaos and mounting danger does not have to occur, it is however the enemy's objective," Cheney said. "For the sake of our own long-term security, we have a duty to stand in their way."

Outside, protesters waved placards saying "Go home Cheney" and "Bring the troops home." Three people were arrested as police clashed with about 50 demonstrators. Ten people were arrested at a similar demonstration shortly before Cheney arrived in Australia late Thursday.

Cheney was to hold talks Saturday with Howard, a staunch ally of Washington who has become a rarity by offering more, not fewer, troops for Iraq and Afghanistan.

Iraq, Afghanistan and North Korea are expected to dominate the talks with Howard, who is under increasing political pressure to set an exit strategy for the 1,400 Australian troops who remain in and around Iraq.

Among the protesters in Sydney on Friday was former Guantanamo Bay detainee Mamdouh Habib, who called for the release of the lone Australian still held at the U.S. naval base at Cuba, David Hicks. A group of three men held a counter-protest nearby with a banner reading: "The world needs more men like Dick Cheney — we love America."

Cheney and Howard are expected to discuss Hicks, a former kangaroo skinner captured in Afghanistan who has been locked up without trial at Guantanamo for more than five years.

Under growing public pressure, and with Hicks looming as an issue at elections due later this year, Howard has begun pushing U.S. officials to deal with Hicks' case more quickly.

VOA Says Goodbye To Uzbek, Other Tongues (WP)

By Delphine Schrank

The Washington Post, February 23, 2007

Back home on a farm in Uzbekistan, Navbahor Imamova's mother and siblings crowd around their cranky, Soviet-made radio and tune in daily to Voice of America broadcasts in Uzbek. Though frequently scrambled by Chinese martial music, the VOA journalist said, the broadcast is her family's chief source of credible, uncensored foreign news in the authoritarian Central Asian country.

But that source is due to be silenced. For the second year running, the board overseeing the government-funded VOA has plans to wipe out news in several languages, including its flagship English-language "News Now" programming.

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"This is big," said Imamova, one of seven people who put together the Uzbek service from Washington. "It's not a secret that Uzbekistan is one of the most politically oppressed countries. There's not a single outlet that can call itself independent there."

The Broadcast Board of Governors, which oversees VOA and six other government-funded international broadcasters, said this month that the cutbacks are being made in an effort to shift resources to new technology and "critical audiences" in the Middle East, North Korea, Somalia and Cuba.

"The current budget climate requires that we utilize our funds to effectively adapt to changing viewing habits and new technology, and respond to the nation's most immediate and vital national security challenges," the board said in a statement.

The board's $668.2 million budget request calls for a 3.8 percent increase from its anticipated fiscal 2007 level. The increase would fund the expansion of programming to North Korea, Iran, Afghanistan and Pakistan, as well as to the Arab-language satellite network Alhurra TV and its pop music and news counterpart, Radio Sawa.

Board spokesman Larry Hart said the decision to scrap the services largely reflects their diminishing audiences. "The world has changed, and our independent surveys show year after year that fewer and fewer people use shortwave radio," Hart said. "Now, that differs dramatically in different parts of the world. But satellite TV, FM radio and the Internet are the way of the future."

VOA employees and advocates counter that their programming is a model of open media and a crucial source of trustworthy news and information for decision makers and influential figures worldwide, a demographic that is difficult to quantify.

Since VOA's inaugural radio broadcast into Nazi Germany 65 years ago, the network has expanded into television and across the globe, and in its heyday, it carried programming in more than 50 languages. In the past few years, services were cut in 10 former Soviet bloc countries that have since joined the European Union. Other services have come and gone only to appear again.

VOA advocates and employees said that among the more dire changes being planned is elimination of "News Now," which feeds the broadcaster's 45 language services and includes reports from Washington and around the world. VOA would continue to offer Web-based English-language content, as well as English to sub-Saharan Africa and news for listeners with a limited English vocabulary.

"This is the VOA. Everything else is patterned on it. This has been our identity since 1942," said Neil Currie, a senior anchor with "News Now" and 23-year veteran of the agency. The English-language program has already suffered the effects of drastic cuts, he said, with staff whittled down in the past two years from more than 50 people to 14. Broadcasts have been reduced dramatically. On Sundays, Currie said, he is alone in the VOA newsroom putting together hours' worth of news.

"It is very hard to think of a parallel to killing the English-language services of VOA America. I can't think of an analogy absurd enough," said Sanford J. Ungar, president of Goucher College in Maryland and VOA's director from 1999 to 2001. "Would Radio Moscow stop broadcasting in Russian? Would Radio Beijing stop broadcasting in Chinese? Radio France in French? The BBC in English?"

Alan L. Heil Jr., a former deputy director of VOA and author of "Voice of America: A History," said, "We need Voice of America more than ever, and yet here we are silencing ourselves on radio." For Heil, the plan is particularly shortsighted when English is spoken by more than a quarter of the world's population and when Russia, China, Iran and al-Jazeera are expanding their TV and Internet programming in English.

Based on figures from the research group InterMedia Survey Institute, Heil calculated that total audience losses worldwide under the budget plan could run to 18.5 million listeners, with 10.5 million lost for the English broadcasts alone.

But Hart, the broadcast board's spokesman, said the priority is to use the limited funds available to target information-deprived indigenous speakers in their own languages, rather than English-speakers traveling abroad. "People who are information-deprived or who don't have access to satellite TV or who don't have hookups to the BBC or CNN -- they don't speak English, and those are the people we need to reach," he said.

Ungar, who was director of VOA when it started offering 24-hour news on the Internet, does not dispute the value of new technology. "But VOA radio is a great bargain," he said. "It costs so little to do it, and is vastly less expensive than TV."

Advocates say shortwave radio should hardly be dismissed as an anachronism. Battery-operated radios are cheap and easy to procure worldwide. Not so with satellite TVs or even Internet service, both of which can be blocked more easily and

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efficiently than shortwave frequencies. And unlike FM, which transmits up to 75 miles, shortwave can be broadcast over vast distances.

VOA advocates contend that the broadcast board has opted to bulldoze the agency rather than explore alternatives, including asking for greater appropriations to cover the cost of the doomed services, which come to $22 million, or about 3.5 percent of the budget.

For Imamova, the broadcaster in the Uzbek service, the plan is devastating. "VOA Uzbek is the only source of U.S. and international news in the region. It is a critical service," especially in light of a crackdown on news media in Uzbekistan, she said, adding that her comments reflect her personal views.

The Uzbek government has crippled reception of the multimedia service, which costs VOA $600,000 a year and also reaches Kazakhstan, Tajikistan and parts of China. But researcher InterMedia also notes the likelihood of a significant audience undercount because of respondent wariness in the country.

But virtually all the countries listed for eliminations are critical, Heil said. Russian President Vladimir Putin "could pull the plug on TV any day, the Balkans are something of a tinderbox with the Kosovo crisis coming to a head, and Tibetan services are absolutely critical in a country with no other independent information."

"You have to keep up with new technology, but at the same time you need a measured approach to keep your audience base," Heil added. "The stronger you are as a news gatherer, the closer you come to fulfilling VOA's mission: 'The news may be good. The news may be bad. We shall tell you the truth.' "

Europeans' Chill Deepens On US Policy (CSM)

By Robert Marquand

The Christian Science Monitor, February 23, 2007

The resignation of Italian Prime Minister Romano Prodi underscores the difficulty in Europe of governments trying to support US foreign policy on terror while at the same time pleasing their own publics.

Mr. Prodi, who has been in office less than a year, stepped down Wednesday after he was unable to convince his parliament of the "profound difference" between sending Italian troops to Afghanistan and sending them to Iraq. Italy currently deploys 1,950 troops in Afghanistan as part of a NATO mission of some 30,000 soldiers from European states.

The Prodi drama came hours after Britain and Denmark announced the start of troop withdrawals from Iraq – a blow to the White House as it deploys an additional 21,000 soldiers to stabilize Baghdad. In a further departure from perfect alignment with US policy in the Middle East, British prime minister Tony Blair also said this week that he will consider dealing with the Palestinian group Hamas as part of a new "national unity" government in the occupied territories.

European capitals are wavering over how to deal with a US administration in its final two years, one saddled with multiple inconclusive wars and battles against terror.

Yet despite the crisis in Italy, and general dislike in Europe for US tactics in fighting terrorism, a fairly clear distinction continues to exist in elite circles between US-led Iraq and Afghan ventures.

Those distinctions have both practical and legal foundations: While a defeat of the US in Iraq might be troubling for the West, an accompanying defeat in Afghanistan would be "catastrophic," says a Brussels-based European diplomat.

"The war in Afghanistan is seen by Europeans as having a real basis in the events of 9/11, under UN rulings of the right of self-defense," says Adam Roberts, a professor at Oxford University, "and this is seen as different from the war in Iraq.

"In Afghanistan, efforts at transformation are multilateral, as distinct from Iraq," he adds. "In Afghanistan, 2 million refugees have returned, whereas in Iraq, 2 million refugees have left. There is still a strong tendency to draw these distinctions, despite European concern over US policy, which is very widespread."

The center-left Prodi government in Rome was always fragile, a nine-party coalition whose main agreement was its dislike of the previous center-right government of Silvio Berlusconi. Prodi decided to resign, it appears, after he was unable to achieve supporting votes from within his coalition for Italy's troops in Afghanistan or to follow through on a two-year-old deal with Washington to expand a military base in Vicenza.

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Still, growing negative perceptions in Italy over the US enterprise in the Middle East has been eroding many distinctions in the public mind between the Afghanistan and Iraq wars, according to French analyst Bernard Getta. Such perceptions deepened last week when a judge ordered that 25 suspected CIA operatives stand trial in Milan for kidnapping an Islamist cleric in 2003 and sending him to Egypt. On Feb. 18, tens of thousands of Italians marched in Vicenza.

In Britain, Mr. Blair's announcement Wednesday that he would forces in Basra by 1,600 as part of what may be a complete drawdown by the end of 2008 reflects a broad consensus about Iraq.

Blair emphasized the difference between relatively safer conditions in Basra and those in Baghdad, suggesting that British forces had played their part, and that "the next chapter ... will be written by Iraqis." But the Iraq deployment is increasingly less popular. Blair spoke with his heir apparent, Chancellor of the Exchequer Gordon Brown, sitting to his left; Mr. Brown is regarded as willing to take a more independent position vis-à-vis the White House.

In the case of the Palestinian territories, the US has said it won't deal with a unity government unless it abides by conditions set last year by the Quartet mediating group – Russia, the US, the EU, and the UN – that Hamas renounce violence and recognize Israel.

In Denmark, which will bring home all 460 ground troops from Iraq by summer, public opinion generally distinguishes between Iraq and Afghanistan, says Mogens Jakobsen, who runs Epinion, a polling firm in Copenhagen.

As in Britain, the Iraq war is losing traction among Danes.

"The British withdrawal gave the Danish government a window of opportunity to get out," Mr. Jakobsen says. "Popular support ... is dropping, and it is more difficult for the government to explain to the people why they are there. So the British action was a kind of fig leaf for the Danes."

In the past year, some Danes have become skeptical of their Afghan role. Mostly, this is over tensions with the US created by a Danish policy not to turn over Afghan prisoners to US forces. A perception exists that US troops have sometimes tortured prisoners in Afghanistan. But "the Afghan war is not ... high on the agenda of opposition," Jakobsen says.

Europe's pushback stems partly from frustration that until recently the US had not worked closely with its allies on the Continent. Yet most European foreign ministries, from Britain to Germany to France, are working closely with US allies on Afghanistan, the Iranian nuclear question, and the Middle East, and are now considering a controversial US missile-shield for central Europe.

Italy has had 61 governments in 62 years; its parliamentary system is rife with squabbling parties that often take uncompromising positions. It remains unclear whether the government will disband, leading to new elections. That would pave the way for another run by Mr. Berlusconi.

Thursday, however, President Giorgio Napolitano began polling parties to determine whether a new government can be formed in the immediate future.

An Upside-Down World (WSJ)

By Nick Cohen

The Wall Street Journal, February 23, 2007

LONDON -- The other day Ken Livingstone, the mayor of my hometown of London, organized a conference on Islam and the West. It was a carefully rigged affair in which handpicked speaker after handpicked speaker stood up and announced that the democracies were to blame for the tidal wave of murder sweeping the world. To provide a spurious air of balance, the organizers invited a few people who dissented from the line of the Muslim Brotherhood and its British allies. Agnès Poirier, a French feminist, was one of them, but she pulled out because although there were no special facilities for Christians, Hindus and Jews, Mr. Livingstone had provided separate prayer rooms for Muslim men and Muslim women.

She wanted to know: Does Ken Livingstone's idea of multiculturalism acknowledge and condone segregation? It clearly does, but what made this vignette of ethnic politics in a European city worth noting is that commentators for the BBC and nearly every newspaper here describe Mr. Livingstone as one of the most left-wing politicians in British public life. Hardly any of them notices the weirdness of an apparent socialist pandering to a reactionary strain of Islam, pushing its arguments and accepting its dictates.

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Mr. Livingstone's not alone. After suicide bombers massacred Londoners on July 7, 2005, leftish rather than conservative papers held British foreign policy responsible for the slaughters on the transport network. ("Blair's Bombs," ran the headline in my own leftish New Statesman.) In any university, you are more likely to hear campaigns for the rights of Muslim women derided by postmodernists than by crusty conservative dons. Our Stop the War coalition is an alliance of the white far left and the Islamist far right, and George Galloway, its leader, and the first allegedly "far left" MP to be elected to the British parliament in 50 years, is an admirer of Saddam Hussein and Hezbollah.

I could go on with specific examples, but the crucial point is the pervasive European attitude to the Iraq catastrophe. As al Qaeda, the Baathists and Shiite Islamists slaughter thousands, there is virtually no sense that their successes are our defeats. Iraqi socialists and trade unionists I know are close to despair. They turn for support to Europe, the home of liberalism, feminism and socialism, and find that rich democrats, liberals and feminists won't help them or even acknowledge their existence.

There were plenty of leftish people in the 20th century who excused communism, but they could at least say that communism was a left-wing idea. Now overwhelmingly and everywhere you find people who scream their heads off about the smallest sexist or racist remark, yet refuse to confront ultra-reactionary movements that explicitly reject every principle they profess to hold.

Why is the world upside down? In part, it is a measure of President Bush's failure that anti-Americanism has swept out of the intelligentsia and become mainstream in Britain. A country that was once the most pro-American in Western Europe now derides Tony Blair for sticking with the Atlantic alliance. But if Iraq has pummeled Mr. Blair's reputation, it has also shone a very harsh light on the British and European left. No one noticed it when the Berlin Wall came down, but the death of socialism gave people who called themselves "left wing" a paradoxical advantage. They no longer had a practical program they needed to defend and could go along with ultra-right movements that would once have been taboo. In moments of crisis, otherwise sane liberals will turn to these movements and be reassured by the professed leftism of the protest organizers that they are not making a nonsense of their beliefs.

If, that is, they have strong beliefs to abandon. In Europe and North America extreme versions of multiculturalism and identity politics have left a poisonous legacy. Far too many liberal-minded people think that is somehow culturally imperialist to criticize reactionary movements and ideas -- as long as they aren't European or American reactionary movements. This delusion is everywhere. Until very recently our Labour government was allowing its dealings with Britain's Muslim minority to be controlled by an unelected group, the Muslim Council of Britain, which stood for everything social democrats were against. In their desperate attempts to ingratiate themselves, ministers gave its leader a knighthood -- even though he had said that "death was too good" for Salman Rushdie, who happens to be a British citizen as well as a great novelist.

Beyond the contortions and betrayals of liberal and leftish thinking lies a simple emotion that I don't believe Americans take account of: an insidious fear that has produced the ideal conditions for appeasement. Radical Islam does worry Europeans but we are trying to prevent an explosion by going along with Islamist victimhood. We blame ourselves for the Islamist rage, in the hope that our admission of guilt will pacify our enemies. We are scared, but not scared enough to take a stand.

I hope conservative American readers come to Britain. But if you do, expect to find an upside-down world. People who call themselves liberals or leftists will argue with you, and when they have finished you may experience the strange realization that they have become far more reactionary than you have ever been.

Mr. Cohen, a columnist for the Observer and the New Statesman, is the author of "What's Left?: How Liberals Lost Their Way" (Fourth Estate, 2007).

A Foreign Policy Built On Do-Overs (NYT)

By Thomas L. Friedman

The New York Times, February 23, 2007

Watching the Bush team wrestle with Iran, North Korea and Iraq reminds me of something that used to be said of the Reagan administration: The right hand never knew what the far right hand was doing.

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In fact, my bet is that when the inside history of the Bush team is written, we will discover that, contrary to its carefully managed image of a disciplined core operating from consistent, conservative principles, it has actually been one of the most internally divided administrations — ever.

The only thing the Bush folks all agreed on was that they would never do anything Bill Clinton did. Beyond that, it's been a food fight. The trial of Scooter Libby, with its testimony about wars between the V.P.'s office and the White House, the White House and the C.I.A., and everyone against the State Department, proves that beyond a reasonable doubt.

When the former Bush U.N. ambassador John Bolton trashed the president's recent deal with North Korea as a "charade," though, he highlighted the biggest internal division of all within the Bush team: how to deal with rogue regimes like Iran, North Korea and Saddam's Iraq — whether to go for regime change or behavior change.

On Iran and North Korea, "this administration does not have clear policies, it has competing impulses," said Robert Litwak of the Wilson Center, who just published a smart book on this theme: "Regime Change: U.S. Strategy Through the Prism of 9/11." "The administration's mantra is 'all options are on the table.' But the dilemma is that too many objectives are on the table as well."

Because this administration was divided for so long on Iran and North Korea, over regime change or behavior change, it got neither. All it got was that Iran and North Korea both went out and bought Bush insurance: a nuclear weapons program.

President Bush obviously recognizes that and is now trying to remedy it. Bill Clinton was criticized for taking more golf mulligans — do-overs — than any other president. Mr. Bush will be remembered for taking more foreign policy mulligans than any other president.

On North Korea, the president has finally decided to focus purely on changing behavior. He struck a very sensible deal last week with Kim Jong Il to take his country off our terrorism list and normalize relations, provided Mr. Kim gives up his nukes.

But we could have had a similar deal years ago — when North Korea had only two nukes — had the Bush team not been wrangling with itself over regime change or behavior change. While it wrangled, Mr. Kim built up his nuclear arsenal, adding six to 12 more bombs. If this deal is carried out, which is still uncertain, the wasted years will not have been a disaster. If it isn't carried out, they will have been very costly.

Why do you think that a year after Mr. Bush told us we were "addicted to oil" we still have no serious plan to end that addiction? Because the market fundamentalists in his White House — led by Dick Cheney, who opposes any government effort to impose carbon caps or taxes to promote alternative energies, à la California — keep blocking the market pragmatists who do. And Mr. Bush won't intervene.

The irony of Iraq is that it's the one place where Mr. Bush decisively chose regime change, but he then executed it so poorly, with insufficient troops, that Iraq never stood a chance. If Don Rumsfeld and Dick Cheney had spent as much time plotting the toppling of Saddam Hussein as they did the toppling of Colin Powell, Iraq today would be Switzerland. Today's Bush troop surge in Iraq is just another mulligan — the president's trying to do in 2007 what he should have done in 2003. In between, we've paid a huge price.

How about we avoid a mulligan on Iran? Let's put a clear deal on the table: full diplomatic relations, security guarantees and thousands of student visas if Iran puts its nuclear program under U.N. inspection and stops supporting terrorism. If not: more sanctions and isolation. Such an offer would at least get us some leverage, unite us more with our allies outside Iran, energize our allies inside Iran and force some excruciating choices on Iran's leaders.

"Resolving the contradiction in Washington will sharpen the contradiction in Tehran," Mr. Litwak argued. "Taking regime change off the table in America will put behavior change on the table in Iran."

I guess we should be thankful that Mr. Bush is trying to fix some of his mistakes, but we have paid a huge, unnecessary price for his learning curve. Which is why it's always best to get it right the first time. The best golfers never take mulligans, and the best presidents never need them.

Russia And US Play Down Missile Dispute (FT)

By Neil Buckley And Hugh Williamson

Financial Times, February 23, 2007

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Senior US and Russian officials sought to play down their differences on Thursday after two weeks that have seen a sharp cooling in relations between their countries.

On a visit to Moscow, Stephen Hadley, the US national security adviser, said he did not see a speech by President Vladimir Putin of Russia in Munich this month that was sharply critical of US "unilateralism" as a return to cold war-style confrontation.

He also reiterated assurances that Washington's planned missile defence system, parts of which the US wants to locate in eastern Europe, was not aimed at Russia but at a potential threat from Iran or other rogue states.

Igor Ivanov, Mr Hadley's counterpart as head of Russia's national security council, acknowledged there were disagreements between the two countries but said it was important that these should be resolved by dialogue.

Mr Hadley also held talks with Mr Putin during a visit that seemed designed to project a more conciliatory stance after the sharp exchanges that have taken place since the Russian president's Munich address.

"We do not see President Putin's speech as an invitation to confrontation and do not believe it was made with that intention," Mr Hadley said.

Sergei Yastrzhembsky, Mr Putin's envoy to the European Union, described the Munich speech as a "cold shower" rather than a declaration of cold war. He told Rossiiskaya Gazeta, a government daily, the speech brought into the open the kind of issues usually discussed behind closed doors.

"We are no longer in ideological conflict with the west," Mr Yastrzhembsky added. "Russia is a totally different country."

But the dispute over the planned US missile defence system continued to simmer on Thursday. Sergei Lavrov, Russia's foreign minister, said Moscow's complaints arose from concerns on how such defences were being handled between Russia and the west. He said western countries in the Nato-Russia Council, which deals with military ties between Moscow and the alliance, had insisted on "calling a break" in talks on co-operation on missile defence.

The pause in consultations appeared to have been "tailor-made to coincide with" the US move to position parts of its national missile system in eastern Europe, he complained.

Frank-Walter Steinmeier, Germany's foreign minister, said it was important to avoid "anti-American or anti-Russian reflexes" when tackling this issue.

Russia, US Advisers Pledge Cooperation (AP)

By Maria Danilova

AP, February 23, 2007

The U.S. national security adviser sought Thursday to ease Russian concerns about American intentions, saying he did not consider a fiery speech by President Vladimir Putin to have been a sign of confrontation, and reiterating reassurances about U.S. missile defense plans.

Washington and Moscow have been trading heated criticism over issues including U.S. plans to deploy elements of a national missile defense system in former Soviet satellites in Europe.

At a security conference this month in Germany, Putin said the United States "has overstepped its national borders in every way" and is fostering a global arms race — an unusually clear, comprehensive account of Kremlin complaints about U.S. conduct.

U.S. National Security Adviser Stephen Hadley played down speculation that the remarks heralded a return to Cold War-style confrontation.

"We do not read President Putin's comments in any way ... as an invitation to confrontation," the Interfax news agency quoted Hadley as telling Russian reporters during his visit to Moscow, which included a meeting with Putin.

U.S. and other Western journalists were not invited to be present when he made the remarks, which suggests they were aimed at a Russian audience.

Hadley repeated assurances that planned missile defense sites in Poland and the Czech Republic would be aimed at countering a potential threat from Iran, and constituted no threat to Russia.

"It is not directed in any way against Russia," Interfax quoted him as saying.

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According to Interfax, he also indicated the United States has no plans to deploy missile-defense components in Ukraine, which shares a long border with Russia.

Putin and other Russian officials have rejected the assurance that the system would be meant to combat an Iranian threat.

At a meeting between Hadley and his Russian counterpart, both men acknowledged disagreements but pledged to work closely together to overcome them and reach common goals.

Russian Security Council Secretary Igor Ivanov said the two countries should cooperate closely in areas such as fighting international terrorism and striving for global peace.

"This does not mean that our relations are cloudless — there are disagreements, there are misunderstandings, including on security matters. That is why it is very important that the dialogue that we have continues to develop at all levels and allows us to deal with those issues so that they don't damage bilateral relations," Ivanov said after the Kremlin meeting.

Hadley also met with Sergei Ivanov and Dmitry Medvedev, two first vice-premiers who are seen as the leading potential candidates to succeed Putin in 2008.

Hadley, who is visiting several European capitals this week amid a flurry of international diplomacy over Iran's nuclear program, the persistent Mideast unrest and other issues, also said Moscow and Washington share goals and should continue to seek common ground when they disagree.

"Where we have disagreements we've been able to talk candidly about them and work together constructively," he said.

Undersecretary of State Nicholas Burns, speaking Wednesday in Washington, described Putin's speech as "extraordinary."

Putin aide Sergei Yastrzhembsky, suggested Thursday that Putin's speech was not a statement of mistrust and animosity toward the United States but a sign of what Russia feels is its resurgence in the international arena after years of post-Soviet decline.

"Putin very clearly said one simple thing: 'Gentlemen, Russia has returned, it should be reckoned with,'" Yastrzhembsky was quoted as saying by the RIA-Novosti news agency.

Philippine Military Is Linked To Killings (NYT)

By The New York Times

The New York Times, February 23, 2007

MANILA, Feb. 22 — A commission investigating political murder in the Philippines has found that members of the armed forces were responsible for “an undetermined number of killings” and that senior officers could be held accountable.

Jose Melo, a retired Supreme Court justice, conducted the inquiry. The report, released on Thursday, said military officials had allowed, tolerated and even encouraged the murders of political activists, and that the government of President Gloria Macapagal Arroyo had not done enough to stem the violence.

It singled out a retired major general, Jovito Palparan, who leftist and human rights groups have said was behind many of the abuses. He has long denied a role in the abuses.

The military chief of staff, Gen. Hermogenes Esperon, called the commission’s conclusions “strained, unfair and a blank accusation.”

Political Killings Traced To Philippine Military (CSM)

By Simon Montlake

The Christian Science Monitor, February 23, 2007

These days, Boy Facunla is afraid to return home to the sun-drenched rice paddies of central Luzon, the region where he raised a family of eight and became active in local left-wing politics. Now, he spends his days hiding out in a cramped Manila office, fearing that a spate of unexpected murders in his community may one day turn on him.

"I haven't been home in two years. I'm the number one target in my area," he says in an interview held at the office of a farmers' union. "We think it's the military behind these killings."

Mr. Facunla is not alone in his suspicions. Since 2001, when President Gloria Macapagal Arroyo took office with the backing of the powerful military, hundreds of left-wing activists, unionists, farmers, human rights workers, and clergy have been slain, sparking accusations of a systematic, nationwide campaign to silence those who challenge the status quo.

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A government commission headed by retired Supreme Court judge Jose Melo issued a long-awaited report Thursday that put the blame for much of the violence on the Philippine military. The damning report came one day after a visiting United Nations investigator said the military was in a "state of denial" about its involvement in the killings.

However, Philip Alston, a law professor at New York University and the UN's special rapporteur on extrajudicial killings, said that the "death squads" weren't state sanctioned.

"I do not believe that there's a policy at the top designed to direct these killings," he told a press conference at the end of a 10-day trip by the invitation of the Philippine government.

The Melo commission concurred, saying elements in the military had acted outside the law and called for an independent agency to investigate the security forces.

The military swung back at the commission, calling the report "strained, unfair, and a blank accusation."

"I believe that Mr. Alston might be in a state of denial himself," said Gen. Hermogenes Esperon at a news conference on Wednesday.

Ms. Arroyo has proposed creating special courts to try cases of extrajudicial killings. But ending a culture of impunity in the military won't be easy, not least because of its tight hold on local and national politics. It has also garnered substantial US assistance since 2001 for its war on terror, and its elite troops are being trained by US Special Forces.

The commission's findings are likely to increase pressure on Arroyo. Midterm elections in May could tip the balance in Congress against her. The president's opponents already tried unsuccessfully to impeach her once in 2005 over election fraud allegations.

Internal purges or military death squads?

Security officials reject claims of military death squads, calling them left-wing propaganda by groups that they consider to be fronts for the outlawed Communist Party of the Philippines (CPP) and its armed wing, the New People's Army (NPA). Indeed, while the US is fixated on the fight against Islamic extremists in the southern Philippines, Arroyo's advisers say the greater threat comes from Communist insurgents that roam across the country.

There is also disagreement over the extent of the violence. Karapatan, a leftist human rights watchdog, has recorded over 800 killings since 2001, but observers say that number is inflated and includes dozens of nonpolitical murders and undocumented cases. Alston declined to provide an estimate, but said the total was "high enough to be distressing."

A police task force set up last year to probe the violence has pinned much of the blame on the CPP itself. Deputy Director General Avelino Razon, who oversees the task force, says that most documented killings of left-wing activists were carried out by Communist forces, not the security forces.

"We think they're doing a series of purges, and this is timed during a government campaign against their insurgency," he says, referring to an all-out war that Arroyo declared last year against the CPP.

General Razon says police and Army personnel were involved in a few murder cases, but insists they were acting alone. "If we have evidence of orders from above, we would file charges against the officer issuing the orders," he says.

Unsurprisingly, this is vigorously disputed by leftist groups who accuse the police of a whitewash. Teodoro Casino is one of six left-wing lawmakers who were charged with rebellion last year after Arroyo declared a state of emergency. A court later overturned the charges. Mr. Casino says the administration's hand is clearly seen in the violence.

"You can't attribute widespread killings to a few generals. It has to go all the way up. It's the government's counterinsurgency policy that's provided the environment for these human rights abuses to take place," he says.

Military killings may lend support to leftists

Casino's complaint is echoed not only in political circles but also within the influential Roman Catholic church. Bishop Deogracias Iniguez, head of public affairs for the Catholic Bishops Conference of the Philippines, says Arroyo, a devout Catholic, is quick to smear her opponents. Many priests have been accused of Communist sympathies in the past – some of whom have turned up dead.

"In the Philippines, if you are against the government, then you're associated with the left-wing groups," he says.

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The presence of legal leftist organizations in the Philippines is a legacy of a 1990s peace initiative to bring activists into the political arena and cut ties with armed insurgents. Security officials say these ties persist and accuse left-wing lawmakers of channeling Congressional funds to their comrades. Casino denies this accusation.

Even Arroyo's critics concede that a tough response is needed to counter the NPA and its frequent attacks on government targets. But declaring all-out war on Communists and tarring all activists with the same brush isn't the way forward, says Randy David, a newspaper columnist and sociologist at the University of the Philippines.

"This is a terrible approach to the insurgency. Those who are already in the underground may even welcome this. It focuses attention on their struggle, and in the long term it forces people to go underground," he says.

Chavez Builds His Sphere Of Influence (WP)

By Juan Forero And Peter S. Goodman

The Washington Post, February 23, 2007

CARACAS, Venezuela President Hugo Chavez of Venezuela has long pledged to buck Washington-backed economic policies in Latin America. Now, two months after winning reelection and consolidating his hold on the country with new powers to rule by decree, he is strengthening economic ties in the region in a bid to limit U.S. influence.

Chavez recently announced that his government would build housing, a highway and an oil refinery in Nicaragua, part of an aid package that would benefit one of Washington's most tenacious Cold War adversaries, President Daniel Ortega.

Farther south, Venezuela has pledged to provide Ecuador with $1 billion in credit, a gesture that would soften the blow if that country's leftist government follows through on its threat to default on foreign debt payments. And, along with President Mahmoud Ahmadinejad of Iran, a foe of the Bush administration, Chavez has announced a $2 billion international investment fund for Latin America.

Taken together, economists and others who track the country's affairs say, the investments signify an effort by Venezuela to curb the reach of the U.S. government, whose influence has waned in Latin America. For Chavez, the goal is nothing less than to kill the so-called Washington consensus, the economic prescriptions championed by the International Monetary Fund and the U.S. Treasury, which press governments to limit spending, raise interest rates and open their economies to foreign trade and investment.

Backing such economic principles as privatization and trade liberalization, the consensus rooted out bloated bureaucracies and helped tame hyper-inflation. Yet even those countries that have run their economies along Washington consensus lines have generally seen disappointing rates of economic growth and deepening poverty. The electoral success of such leftist leaders as Chavez, Ortega, Bolivia's Evo Morales and Ecuador's Rafael Correa is in part the result of the failure of previous policies to generate growth and raise incomes, economists say.

"All of this IMF stuff has actually benefited a very small sector of our economies," said Hernando de Soto, a Peruvian economist who champions free markets and has criticized elements of Chavez's political program. "That's where Chavez and company come in, because they pick up on the resentment."

Chavez's campaign to persuade countries to break with fiscal orthodoxy, a strategy funded by revenue from the largest oil reserves in the Americas, has had mixed success. Some of the region's most important economies -- Mexico, Brazil, Chile, Colombia and Peru -- maintain solid relations with multilateral lenders and continue to follow market-oriented principles, such as welcoming foreign investment, limiting government spending and attacking inflation.

For its part, the United States still has enormous influence in and close ties with most Latin American countries. Free-trade agreements now cover nearly two-thirds of economic output in the Americas, according to Thomas A. Shannon Jr., assistant secretary of state for Western Hemisphere affairs. And although voters in the region have increasingly elected leftist governments in the past several years, most of them are like those headed by Luiz Inacio Lula da Silva in Brazil and Michelle Bachelet in Chile -- concerned about social inequality but fiscally austere and on friendly terms with Wall Street.

Although Chavez frequently travels to foreign capitals to lambaste Washington, it's not so clear that Latin Americans favor the Venezuelan president's prescriptions, even if their governments are happy to accept his aid. According to a recent survey of 20,200 people in 18 countries by LatinobarÃ³metro, a Chilean polling firm, most Latin Americans lumped Chavez with Fidel

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Castro and President Bush as bad leaders, citing Brazil's Lula and Chile's Bachelet as the best. And most of those polled classified themselves as political moderates .

Still, U.S. efforts to reach a free-trade agreement with South America's two biggest economic powers, Brazil and Argentina, are stalled, and Washington's efforts to influence economic policies through the IMF and its sister organization, the World Bank, have diminished.

Chavez vs. the IMF

In a policy marked by 1960s-style rhetoric, Chavez is promising to "liberate" Latin America from the "imperialist North American plot" to enslave the region, as he put it recently during the inauguration of Correa in Ecuador. Given new powers to pass economic decrees for 18 months, the Venezuelan president has a free hand to control his country's purse strings.

"In Latin America and the Caribbean, there's more consciousness that these financial organizations are a curse that have taken our countries to hunger, misery and exploitation," said Sal Ortega, a member of the Venezuelan National Assembly's foreign relations committee.

Economists say other factors have helped leaders sever ties with the IMF, perhaps most notably the booming commodity prices that have filled government coffers from Bogota to Buenos Aires with international reserves and led to three years of robust economic growth. "The region doesn't need IMF financing, and we're happy about that," said Anoop Singh, director of the IMF's Western Hemisphere department. "The main reason is that the world economy is healthy, commodity prices are high and countries in the region are generally following much stronger policies than during previous expansions."

Chavez is most closely allied with those governments furthest from Washington's reach, including Cuba, which each year gets as much as $2 billion worth of cut-rate oil from Venezuela. He has also found allies in newly ascendant, like-minded political leaders: Ortega and Correa took office in January, and another beneficiary of Venezuelan aid, Bolivia's Morales, who rose to prominence opposing globalization, took office in January 2006.

Some analysts supportive of Chavez's policies, like Mark Weisbrot, co-director of the Center for Economic and Policy Research in Washington, contend that Venezuelan aid has made a difference for countries in the region. They point to Latin America's poor growth in the 1990s, when privatizations, pension cuts and other austerity measures prescribed by Washington were in full swing.

"Venezuela has added an alternative source of financing without policy conditions," Weisbrot said. "This has given governments wanting to avoid IMF conditions another option, as well as increased bargaining power with international financial institutions."

In the past two years, Argentina, Bolivia, Brazil and Nicaragua have all paid off IMF loans or let lapse IMF agreements that imposed significant strictures on their governments. Among countries in Central and South America, only Paraguay, Peru and Honduras still have major agreements with the IMF, though Nicaragua has said it will negotiate a new one.

Data from the Penn World Table, an analytical unit at the University of Pennsylvania, highlight the economic difficulties that are driving some of Latin America's politics these days. In five Latin American countries that have allied themselves with Chavez -- Venezuela, Bolivia, Argentina, Ecuador and Nicaragua -- the data show that from 1980 through 2003, economic output per person shrank by more than 10 percent, when adjusted for inflation and relative purchasing power. That's a sharp contrast to the 40 percent economic growth those countries recorded from 1960 to 1979.

In Venezuela, Chavez has nationalized industries and tapped the country's oil wealth to expand public health and educational programs aimed at the poor. He has directed his aid dollars toward enabling other countries to cut ties with the IMF and similarly disregard the Washington consensus, nationalizing industries and boosting social spending even while risking inflation -- a course the IMF would not have allowed.A New Era?

The amount of Venezuelan aid is hard to quantify. The Center of Economic Investigations, a consulting firm in Caracas, the capital, has kept track of Chavez's frequent pronouncements and says that in 2006, he pledged $47 billion in aid and agreements -- impossible to deliver considering that Venezuela's annual budget hovers around $50 billion. Still, the country's central bank recorded billions spent on foreign bonds and other investments in the first nine months of last year, dwarfing the amount the United States offers in assistance to Latin America.

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In Venezuela, the closer ties to Ecuador and Nicaragua, coupled with ChÃ¡vez's recent announcements that he will nationalize utilities and take greater control of oil projects at the expense of multinational corporations, has enthralled supporters who believe the country is in the vanguard of a new era in Latin America. Venezuela is proposing a new multinational bank, a Bank of the South, to replace Washington-based lenders.

"We are distancing ourselves fundamentally from the imperial pretensions of the United States," said Haiman El Troudi, a former chief of staff to Chavez who studies economic issues at the state-funded International Miranda Center in Caracas. "The leftist, progressive thought is thinking the same, thinking of human beings, the installation of new social relations to get along, thinking of the conditions of people's lives and people's culture."

The Venezuelan model, which is predicated on a break with all multinational institutions with Washington ties, has plainly gathered steam in some Latin American countries.

Last year, Argentina, recovering after its 2001 economic collapse by ignoring some crucial aspects of IMF advice, paid off the last of the $10 billion it owed the fund. It was aided by Venezuela, which had bought $2.5 billion in Argentine debt.

In Bolivia, Morales nationalized the gas industry and renegotiated agreements with foreign investors -- measures opposed by orthodox economists. Last March, after spending nearly two decades under the strictures of an IMF program, Bolivia let its agreement with the fund end. Meanwhile, Venezuela has committed more than $140 million in loans and grants while pledging to invest as much as $1.5 billion in Bolivia's gas industry in coming years.

Bolivian leaders said Venezuelan aid comes with fewer strings attached. "In the case of the United States, we're locked into specific areas -- aid for roads, aid for health, aid for electricity," Ãlvaro GarcÃ-a Linera, the vice president, said in an interview in his office. The Venezuelan aid "allows us greater flexibility to choose projects with more productive impact, especially those ventures that include a state presence."

With Venezuela offering loans, Ecuador, too, has moved to cut back its ties to the IMF and related lenders. The Correa administration said it would not sign an agreement allowing the fund to monitor the government's economic plan.

The question now is how long Venezuela can maintain the aid. Although the economy is growing thanks to high oil prices, it has little private investment and creates few new jobs. And, true to the predictions of economists who are skeptical of the Chavez model, inflation is skyrocketing -- so much so that Chavez recently threatened to nationalize grocery stores if they did not limit price increases.

"I don't know if Venezuela can simultaneously sustain internal spending and external spending at the level it has until now," said Teodoro Petkoff, a former leftist guerrilla and a Chavez opponent who runs a newspaper in Caracas. "I've said it before -- this year, the economy is going to begin to cost Chavez."

Venezuela Rivals U.S. In Aid To Bolivia (NYT)

By Simon Romero

New York Times, February 23, 2007

LA PAZ, Bolivia — To understand Venezuela's growing influence here, consider that more than two dozen ambassadors are in this capital city, including those of Bolivia's leading trading partners like Brazil, the United States and Argentina. Yet none enjoy the direct conduit that the Venezuelan ambassador, Julio Montes, has established with President Evo Morales.

Mr. Montes often accompanies Mr. Morales on domestic and international trips on executive jets provided by Venezuela's national oil company, say officials who have seen them traveling together. On many days Mr. Montes, who arrived in La Paz a year ago, can be found at the presidential palace huddled in meetings with Mr. Morales or the president's top aides.

Since Mr. Morales became president little more than a year ago, Venezuela has quickly come to rival the United States as Bolivia's main patron. It has provided assistance for the army, cattle ranches, soybean cultivation, microfinance projects, urban sanitation companies and the oil industry.

Perhaps most important to Washington, despite its opposition, Venezuelan financial assistance has helped Bolivia push ahead with plans to increase exports of its industrial production of coca, the main ingredient in cocaine.

The coca financing plan has helped Venezuela accomplish one of its foreign policy goals: limiting the regional influence of the United States, which for years has provided Bolivia with millions of dollars in aid in an effort to curb coca production. The

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United States recently cut its drug enforcement aid to Bolivia by about 25 percent, to $33.8 million, after Mr. Morales acknowledged that the size of the country's coca-growing areas were about double official estimates.

A senior American official here, speaking anonymously out of concern that Bolivia's already fragile relations with the United States could erode further, said it was difficult to know the exact amount of Venezuelan aid because many of the agreements between Venezuela and Bolivia were not made public.

Citing Mr. Morales's efforts to assert greater government control over the energy industry and to rush a military agreement with Venezuela through the Bolivian Congress, the American official said, "It is clear that Venezuela has strongly influenced policy in Bolivia."

Analysts who have reviewed the various Venezuelan assistance projects say the total may surpass the $120 million in antidrug and humanitarian assistance from the United States, which made Bolivia one of the largest recipients in the world of aid from Washington per capita.

[A report in the Venezuelan newspaper El Nacional over the weekend of Feb. 17-18 said President Hugo Chávez had approved a $100 million assistance fund for Bolivia, though it was not clear whether that included assistance for military or petroleum projects.

["What we are doing in Bolivia is the same that Cuba has done in Venezuela," Mr. Montes told El Nacional, referring to the thousands of Cuban doctors and social workers who had been sent to Venezuela. "The difference is that the greatest resource of the Cubans is their human capital. We have the possibility to help our Bolivian brothers with economic resources."]

Not all are pleased with Venezuela's new role. "We've become a client state of Venezuela, in what is a new form of imperialism," said Óscar Ortiz, an opposition senator with the Podemos Party who has publicly criticized Bolivia's relationship with Venezuela.

Mr. Ortiz and other opposition legislators have been particularly critical of Venezuelan ambitions that they believe may conflict with Bolivia's interests.

For instance, even as Venezuela advises Y.P.F.B., Bolivia's national energy company, in its efforts to assert greater control over ventures with foreign energy companies, Venezuela has moved forward with its own plans to build a pipeline that would export gas to Brazil, currently the main customer for Bolivian gas.

Political supporters of Mr. Morales argue that the alliance with Venezuela has allowed Bolivia to avoid some of the potentially detrimental effects of United States trade and drug policies in Latin America.

"Our comrades in Venezuela are rescuing our way of life," said Jerónimo Meneces Mollo, director of coca industrialization for Bolivia's government, which is receiving $250,000 in financing from Venezuela to build two coca-processing plants that will produce coca tea for exclusive export to the Venezuelan market. "No one but Hugo Chávez is brave enough to do this."

Others point to a prospective trade agreement between Colombia and the United States that could ease the entry of American soybean exports to Colombia and potentially deprive Bolivian farmers of one of their key markets.

In a boon to Mr. Morales's government, Venezuela answered the threat by announcing that it would purchase a large portion of Bolivia's soybean crop. Venezuela also says it plans to import 300 tons of Bolivian beef to meet demand in its domestic market, along with as much as 7,500 tons of beans and poultry.

Though much of Venezuela's aid is related to agriculture, like the donation of more than 300 tractors produced by a joint Venezuelan-Iranian venture, its military assistance has attracted the most scrutiny.

Opposition legislators are trying to overturn a military agreement reached last year that could provide Bolivia with as much as $47 million in assistance intended, among other things, to strengthen the government's presence in the eastern lowlands, where separatist sentiment runs strong.

The International Institute for Strategic Studies, a British research group, said in a recent report that Venezuela, which is undertaking a rapid armaments buildup, could be providing Bolivia with weapons and financing for new military bases.

Officials from both countries minimized the report, saying any military assistance was intended to assist Mr. Morales by lending him helicopters and flight crews to travel throughout Bolivia. [Citing military officials, the Bolivian newspaper La Razón reported on Feb. 19 that Venezuela was giving Bolivia two SuperPuma helicopters in a good-will gesture.]

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“Bolivia is a tremendously poor country,” said Gustavo Torrico, a leading supporter of Mr. Morales in Congress. “Any help we can get is positive.”

Not least, the Venezuelan aid has given Bolivia a source of assistance outside the International Monetary Fund, whose policies are widely criticized in much of Latin America as not having helped the poor. It has also given Mr. Morales the breathing space to carry out popular social welfare programs.

“The direct relationship with Chávez hasn’t been problematic for Evo Morales so far,” said Jim Shultz, executive director of the Democracy Center, a nonprofit institute in the Bolivian city of Cochabamba. “The I.M.F. is a banker without clients in parts of Latin America.”

Jackson Lee Tries To Smooth Chavez Ties (HC)

By John Otis

Houston Chronicle, February 23, 2007

BOGOTA, COLOMBIA — Breaking with Bush administration policy, Rep. Sheila Jackson Lee of Houston ventured to Venezuela to campaign for a thaw in relations with leftist President Hugo Chavez.

"We've made a serious mistake in not engaging with President Chavez," the Democratic lawmaker said Thursday in a telephone interview from Houston, a few hours after returning from a three-day trip to Caracas, the capital. "I came to break the tension, to warm up a chilled relationship."

The visit by Jackson Lee, a member of the House Foreign Affairs Committee, which paid for the trip, was the first by a member of the U.S. Congress since the Democrats took control of the House and Senate and since Chavez won re-election. It also came in the wake of announcements by Chavez to move Venezuela toward what he calls "21st century socialism" — including plans by his government to take a majority stake of U.S.-run oil operations in the country.

"Houston jobs are directly related to our relationship with Venezuela," Jackson Lee said. "I don't want to give up on this very important regional partner."

Venezuela supplies about 11 percent of America's oil imports. Major U.S. petroleum companies, some based in Houston, have invested billions in the country.

But ever since an aborted coup in 2002 that Chavez charges was supported by the Bush administration, relations between Washington and Caracas have gone downhill.

For his part, Chavez has alienated many members of Congress, especially after his infamous speech in September at the United Nations when he called President Bush "the devil."

The last high-profile U.S. delegation to Venezuela, led by Rep. Henry Hyde, R-Ill., who has since retired, was initially refused permission by the Chavez government to de-plane at the international airport in November 2005 and abruptly flew back to the U.S., further damaging ties.

Even so, said Cynthia Arnson, who heads the Latin America program at the Woodrow Wilson International Center for Scholars in Washington, "there are people on both sides of the aisle in Congress who recognize that there are U.S. interests that need to be protected and that it requires a more pragmatic approach."

Opening door to dialogue?Jackson Lee pressed the same point at a news conference Wednesday at the U.S. Embassy in Caracas, saying, "Venezuela has many friends in this new Congress."

But Arnson cautioned that "Chavez has not shown any interest in engaging the United States in any kind of constructive way."

In addition, there is growing concern in the U.S. about the health of Venezuela's democracy under Chavez, who also controls the military, the legislature and the courts and has moved to clamp down on some media outlets.

Jackson Lee met with Vice President Jorge Rodriguez as well as with officials at the National Assembly and Foreign Ministry and members of the Venezuelan media. She did not meet with Chavez in Caracas but said she would speak with him by telephone later Thursday.

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Jackson Lee also conferred with executives from Chevron, Exxon Mobil Corp. and Venezuela's state-run oil company to discuss compensation as the government moves to become the majority shareholder of operations in the oil-rich Orinco River basin.

"I think we opened a door to dialogue," she said, "though it's not open far enough,"

Jackson Lee called on the Bush administration to lift a ban on arms sales to Venezuela. That would clear the way for the sale of spare parts and technological upgrades for Venezuela's aging F-16 fighter jets, which were purchased in the early 1980s and were made by Lockheed Martin Aeronautics of Fort Worth.

According to the Center for Responsive Politics in Washington, Jackson Lee, a seven-term lawmaker, has received about $7,000 in campaign contributions from Lockheed Martin since 1989. However, according to the center, she received far less than several other members of Congress from Texas, including Rep. Nick Lampson, D-Stafford — $28,259 — and Sen. Kay Bailey Hutchison, R-Texas — $32,707.

Last year, the State Department banned the arms sales on grounds that Venezuela had failed to cooperate in the fight against drugs and terrorism. Chavez's government has also refused to sign agreements stating that U.S.-developed technologies would not be passed on to third countries.

Venezuela has purchased a new fleet of Russian-made Sukhoi fighter jets, and Chavez has talked of selling the F-16s to Iran, which Washington says would be illegal.

As for growing concerns in Washington about Chavez's leftist politics, Jackson Lee said: "The U.S. government has relations with many governments where we question human rights and press freedoms.

"China comes to mind."

Chronicle reporters Michelle Mittlestadt and Bennett Roth contributed to this report from Washington.

Cuba's Visa Denials Signal Reluctance On Reforms (WSJ)

By José De Córdoba

The Wall Street Journal, February 23, 2007

MEXICO CITY -- The Cuban government refused to renew the visas of at least two resident foreign journalists, dimming hopes it will move forward with reforms as Fidel Castro fades from power.

The refusals were "part of a political tightening in the expectation that when Fidel dies they will have total control and there won't be any opposition or resistance," said Jaime Suchlicki, an expert on Cuba at the University of Miami.

Mr. Castro, 80 years old, handed power over to his brother, longtime Defense Minister Raúl Castro, 75, on a provisional basis after undergoing surgery in July. Since then, many analysts have speculated that the younger Castro, who is believed to be more pragmatic than his brother, would experiment with reforms and fresh thinking.

Since the younger Castro assumed power, there have been some signals of a domestic thaw. In one speech, Raúl Castro urged university students to question authority. On another occasion, intellectuals took the unprecedented action of demanding an apology from the government for seeming to bring back a hard-line official who had been involved in censuring writers decades ago. The younger Castro also has called for negotiations with the U.S. to resolve the differences between the two countries.

While Raúl Castro has sounded like a moderate, Ramiro Valdez, a hard-line former interior minister who is information and technology minister, has been cracking down on the use of parabolic antennas used by Cubans to pick up television signals from the U.S. He also defended the restrictions Cuba places on its citizens to access the Internet.

Cuba recently announced regulations that it would require correspondents to renew permits every 30 days, enabling the government to keep a tighter leash on journalists.

Gary Marx, who has been based in Havana for the Chicago Tribune since 2002, and Cesar Gonzalez Calero, a reporter for the Mexico City daily El Universal, were told this week by Cuban officials that their visas wouldn't be renewed and they could no longer report from the island, according to the Chicago Tribune and El Universal.

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The Chicago Tribune said a reporter for the South Florida Sun-Sentinel will continue to staff the Tribune Co. bureau in Havana, and the Cuban government had told Mr. Marx that the government would welcome an application from a new Chicago Tribune correspondent.

The Tribune quoted Mr. Marx as saying the Cuban government said it had revoked his visa because he had been on the island too long, and didn't give any examples of stories to which they objected.

Julia Sweig, a Cuba specialist at the Council on Foreign Relations, said the Cuban government often exhibits a contradictory pattern of opening up in one area and battening down in another. "It's like, 'Just in case someone is getting too excited that we might have process of reform, we'll take a whack at the foreign press to show who we are -- a closed society,' " she said.

Chadian Prime Minister Yoadimnadji Dies (AP)

AP, February 23, 2007

Chadian Prime Minister Pascal Yoadimnadji died Friday at a Paris hospital where he was being treated for cardiovascular problems, the African nation's embassy said. He was 56.

Kadallah Ousman, the embassy spokesman, said Yoadimnadji died at midnight at Val de Grace military hospital in Paris.

The cause of death was not immediately known.

Ousman said he had no immediate information on a funeral service or on who would replace Yoadimnadji.

Chadian President Idriss Deby appointed Yoadimnadji, a lawyer, as head of government in 2005. He replaced Moussa Faki Mahamat, who had resigned.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Experts: Padilla Unable To Stand Trial (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 23, 2007

MIAMI -- Accused al-Qaida operative Jose Padilla suffers from intense stress and anxiety stemming from his isolated years in military custody and cannot adequately help his lawyers prepare for trial, two defense mental experts testified Thursday.

Defense lawyers hope to delve more deeply into Padilla's treatment at a Navy brig in Charleston, S.C., later in the federal hearing, when they are allowed to question brig officials directly involved in his custody. Those officials have never spoken publicly about the case, and the hearing will continue Monday.

"He is immobilized by his anxiety," said Patricia Zapf, a forensic psychologist who administered tests on Padilla last October. "He believes he will go back to the brig and he will die there."

The hearing before U.S. District Judge Marcia Cooke on Padilla's competency is crucial in deciding whether he and two co-defendants will stand trial in April.

Padilla, a 36-year-old U.S. citizen, is charged with being part of a North American terror support cell that provided money, recruits and supplies to Islamic extremists around the world. All three have pleaded not guilty and face possible life imprisonment.

The Bush administration initially claimed that Padilla was on an al-Qaida mission to detonate a radioactive "dirty bomb" in a major U.S. city when he was arrested in May 2002 at Chicago's O'Hare International Airport.

He was designated an "enemy combatant" and was imprisoned by the military without criminal charges. But the dirty-bomb allegations are not part of the Miami case.

Padilla has claimed in court filings that he was tortured at the brig, which U.S. officials have denied. Prosecutors say he is competent for trial.

"It has always been our policy to treat all detainees humanely," Cmdr. Jeffrey Gordon, a Defense Department spokesman, said Thursday. "The government in the strongest terms denies Padilla's allegations of torture, allegations made without support and without citing a shred of record evidence."

Dr. Angela Hegarty, a forensic neuropsychiatrist, said she concluded after examining and testing Padilla for more than 22 hours last fall that he is mentally incompetent for trial because he has post-traumatic stress disorder. Zapf reached the same diagnosis and recommended that Padilla receive treatment.

Padilla's symptoms are most acute when he is asked to talk about his 3 1/2 years in the brig, including interrogations techniques used on him, or to review evidence in his criminal case, including transcripts of intercepted telephone conversations, Hegarty said.

"He doesn't want to because it hurts so much, and because it hurts so much he shuts down," Hegarty said.

When Padilla his asked about his case or the brig, Zapf said, he becomes noticeably tense, begins to sweat, tries to change the subject and rocks back and forth while hunched over. She said he was adamant that he did not want to testify in his own defense.

"He said he can't relive it, he can't go through it again, and he can't name names," Zapf said.

During cross-examination, prosecutor John Shipley pointed to a test administered by Hegarty in which Padilla scored zero on the portions indicating post-traumatic stress disorder. Those segments involved questions about flashbacks, nightmares, depression and other symptoms.

"Nothing in this test supports your diagnosis at all, isn't that correct?" Shipley asked.

"No," Hegarty replied, noting that the test answers were only one component of her decision.

Psychiatrist: Solitary Confinement Has Made Padilla Unfit For Trial (USAT)

By Laura Parker

USA Today, February 23, 2007

MIAMI — A New York psychiatrist testified Thursday that Jose Padilla, a U.S. citizen accused by the government of being an "enemy combatant," developed so many mental ailments during three years of solitary confinement in the Navy brig in Charleston, S.C., that he is not competent to stand trial.

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That view of the 36-year-old terrorism suspect, once accused of planning to detonate a radioactive "dirty bomb," emerged as Angela Hegarty took the stand as the first of three psychiatrists expected to testify at a hearing to determine Padilla's mental fitness. "He lacks the capacity to assist his counsel in this case," Hegarty said.

More revelations are expected next week when four officials from the brig, as well as four officials from the Miami Federal Detention Center take the stand. Their testimony will provide an unprecedented window into the U.S. military's treatment of terrorism suspects. Since the Sept. 11, 2001, attacks, officials responsible for the detention of terrorism suspects have been ordered by a federal judge to testify only a few times.

Padilla, 36, faces trial April 16 on federal charges of conspiring to murder, kidnap and maim people overseas and conspiracy to support terrorism by supplying money and materials. He was arrested in May 2002, and spent three years and eight months in the brig until he was transferred into federal custody after his indictment in Miami in November 2005.

Federal prosecutors have fiercely resisted defense efforts to call the brig officials for the hearing, arguing that Padilla's treatment at the brig is not relevant to the federal charges he faces. Defense attorneys contend that Padilla's treatment amounts to torture and caused his mental break.

U.S. District Court Judge Marcia Cooke ordered Defense Department attorney Mike Reheuser, brig technical director Sandy Seymour, brig psychologist Craig Noble and brig social worker Maj. Andrew Cruz to testify. Federal Detention Center officials Jorge Luis, Dr. Victor Shoukry, Dr. Lisa Feldman and Dr. Hoa Ngo also will testify.

Hegarty, who testified for the defense, was followed to the stand by Patricia Zapf, a psychologist hired by the defense. Both experts said Padilla suffers from post traumatic stress as a result of his confinement.

Prosecutors will call Rodolfo Buigas, a medical expert for the Bureau of Prisons, who examined Padilla and found him mentally competent. The hearing resumes Monday.

Defense Calls Padilla Incompetent For Trial (NYT)

By Deborah Sontag

The New York Times, February 23, 2007

MIAMI, Feb. 22 — In a highly unusual competency hearing in federal court here Thursday, defense lawyers began to lay out their argument that Jose Padilla, the Brooklyn-born former enemy combatant, was rendered incompetent to stand trial on terrorism conspiracy charges by what they characterize as crippling mistreatment by the government.

Two mental health experts, a forensic psychiatrist and a forensic psychologist hired by the defense, testified that Mr. Padilla, 36, suffers from post-traumatic stress disorder as a result of his isolation and scores of interrogation sessions during three years and eight months in a military brig in South Carolina.

“He’s unfit to stand trial,” said Patricia A. Zapf, the psychologist, describing Mr. Padilla as so “immobilized by his anxiety” and so distrustful that he is incapable of assisting his own lawyers — whom he at times suspects of being agents of the government — in preparing his defense.

Dr. Zapf said Mr. Padilla, a United States citizen who was initially accused of plotting a dirty bomb attack against the United States and held without charges by the military, believed that he would end up “back in the brig and that he would die there.”

Dr. Zapf continued: “He’d say, ‘What does it matter? It doesn’t matter. My fate has been decided. It’s better to let things be.’ ”

Mr. Padilla, who was indicted in late 2005 on terrorism conspiracy charges that do not include the dirty bomb plot but do carry a possible life sentence, sat calmly through Thursday’s hearing as lawyers and doctors discussed his facial tics, anxieties and feelings of hopelessness.

Wearing a tan jumpsuit, sandals with socks, wire-rimmed glasses and a wispy mustache, Mr. Padilla occasionally chatted amiably with his lawyers and once turned around and gave his mother, Estela Lebron of Broward County, a broad, sustained smile. His leg irons were barely visible beneath the rolled-up cuffs of the pants that belong to the federal detention center where he is now being held in isolation.

In a recent motion to the court, Anthony J. Natale, a federal public defender and one of Mr. Padilla’s lawyers, said, “Like many aspects of Mr. Padilla’s case, his claim of incompetency is unique in that it is the government that is squarely to blame for his current mental state and his concomitant ability to stand trial.”

Marcia G. Cooke, the federal judge presiding over the case, ordered a Bureau of Prisons evaluation of Mr. Padilla late last year when his lawyers raised the issue of his competency. That review, which was complicated by Mr. Padilla’s refusal to submit to testing by prison psychologists, concluded recently that Mr. Padilla was competent to stand trial.

Prosecution lawyers urged Judge Cooke to accept that evaluation as neutral and final. They opposed a full-blown competency hearing that examined Mr. Padilla’s treatment in the brig, calling the subject of his detention there a “sideshow.” But Judge Cooke ordered officials from the brig to testify, and they are expected to do so when the hearing continues next week.

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If Judge Cooke finds Mr. Padilla incompetent to stand trial, prosecutors have made it clear they will appeal that decision. If a ruling of incompetency were upheld, Mr. Padilla might then be transferred by the government to a psychiatric institution with the goal of making him capable of standing trial.

Mr. Padilla, according to the defense-hired doctors who examined him, is terrified of ending up in a psychiatric hospital and denies that he has any mental disorders. During their evaluations, they said, Mr. Padilla denied that he was anxious, while flushing, sweating, twitching and visibly manifesting his anxiety.

"Mr. Padilla is very, very anxious about quote-unquote appearing crazy," said Dr. Angela M. Hegarty, a psychiatrist.

The doctors testified that Mr. Padilla refused to discuss the details of his case with his lawyers, growing agitated when asked to review video recordings of his interrogations — 87 such tapes have been turned over to the defense — or to listen to wiretapped phone conversations.

According to the testimony, Mr. Padilla, a Muslim convert, also declines to answer his lawyers' questions about his whereabouts or activities after he left the United States in 1998 on what he told his family was a spiritual journey but what prosecutors see as a mission to conduct "global jihad." The questioning, according to the doctors, echoes the questioning of his interrogators.

"When asked, he shuts down and says, 'I can't, I can't,' " Dr. Hegarty said. Prosecutors challenged the idea that Mr. Padilla was incapable of communicating with his lawyers, noting that the lawyers had submitted an affidavit signed by him with a motion to dismiss the charges based on "outrageous government conduct." That motion contained detailed accusations by Mr. Padilla about abuses in the brig, including hooding, stress positions, assaults, threats of imminent execution and the administration of "truth serums."

Padilla Unfit For Trial, Defense Experts Say (LAT)

By Carol J. Williams, Times Staff Writer

The Los Angeles Times, February 23, 2007

2 psychiatrists agree the terrorism suspect has post-traumatic stress disorder. His lawyers blame his treatment in custody.

MIAMI — Two forensic psychology experts testified Thursday that alleged Al Qaeda accomplice Jose Padilla suffered mental damage during his 3 1/2 years in U.S. military custody and was unfit to stand trial on terrorism charges.

Testing and evaluation of the 36-year-old former Chicago gang member revealed "strong indication of cognitive impairment" and a 98% probability of brain injury, said Patricia Zapf, a clinical forensic psychologist and associate professor at City University of New York.

"I believe he is not competent to proceed, that he is not fit to stand trial," Zapf testified as a witness for the defense.

U.S. District Judge Marcia Cooke scheduled the competency hearing after Padilla's defense attorneys filed a motion to dismiss the case because of what they called "outrageous government conduct" that amounted to torture.

Padilla's trial is scheduled to begin April 16.

Forensic neuropsychiatrist Angela Hegarty told the court that Padilla wasn't competent to assist in his own defense because he exhibits profound anxiety and "shuts down" at any mention of his treatment at the U.S. Navy brig in Charleston, S.C.

Both defense experts diagnosed Padilla with post-traumatic stress disorder and acute anxiety, which they attributed to his prolonged isolation and treatment at the Charleston brig.

Padilla, shackled and dressed in a tan cotton jailhouse tunic and trousers, sat impassively throughout the day's proceedings. His only show of emotion was a wave and smile to his mother, who was seated in the back of the courtroom.

Padilla was arrested at Chicago's O'Hare International Airport upon his return from Pakistan in May 2002, on suspicion of having plotted with other terrorism suspects to unleash a "dirty bomb" on an unnamed U.S. city.

President Bush declared Padilla an enemy combatant, and he was held in the brig without charges until late 2005. The government then moved the case to the federal court system with an indictment alleging Padilla was part of a North American terrorist cell providing material assistance to Islamic extremists abroad.

Lead defense attorney Anthony Natale has called mental health professionals and interrogation personnel from the brig staff to testify to the conditions in which Padilla was held. Testimony from the brig personnel, expected when proceedings resume Monday, could shed light on the military's controversial and secretive practices in getting terrorism suspects to disclose incriminating information.

A Bureau of Prisons psychological evaluator, Rodolfo Buigas, is expected to testify for the prosecution that Padilla is competent to stand trial.

Hegarty, an assistant professor of clinical psychology at Columbia University, said Padilla suffered from a form of Stockholm syndrome in which a captive identifies with his aggressors because of a perception that they control his fate.

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"When you are helpless and dependent on an all-powerful group, it takes away your anxiety when you line up with them," she said, recalling instances during her 22 hours of discussion with Padilla when he would object to contradicting the government for fear of reprisals.

"He thought he would go back to the brig and that he would die there," Zapf said. "He's very much living in the present. He doesn't want to talk about the past or think about the future."

Any attempts to get Padilla to discuss his custody left the defendant "immobilized by his anxiety," Zapf said.

Both witnesses reported that Padilla exhibited facial tics, flushing and perspiration, and that he evaded all questions relating to his solitary confinement. Defense attorneys say he was subjected to extreme temperatures and noise, fed LSD and other drugs, and made to endure hours of interrogation shackled in "stress positions."

Both also denied that Padilla was deliberately feigning psychological problems to evade prosecution.

Assistant U.S. Atty. John C. Shipley attempted to discredit Hegarty's post-traumatic stress disorder diagnosis by pointing out that Padilla scored "a perfect zero" on the segment of a standardized test designed to detect symptoms of the disorder.

But Hegarty countered that visible symptoms of anxiety as well as nightmares, depression and hallucination had been observed in the defendant, leading her to conclude he was exhibiting "minimalization" or denial, a classic indication of the disorder.

Asked how she reconciled Padilla's affidavit attesting to brutal treatment in the brig with his supposed mental alignment with his government jailers and accusers, Hegarty compared the defendant's situation to that of a battered woman who vacillates between defense of the abuser and short-lived efforts to escape him.

Zapf described Padilla as polite and apologetic about his inability to discuss his military captivity and, like Hegarty, quoted the defendant as saying he feared that his defense lawyers were part of a government plot against him.

Cooke repeatedly overruled objections from the prosecutors that Hegarty and Zapf were straying beyond the questions asked of them. The judge's latitude with the defense attorneys could signal that she will allow military jailers and interrogators to answer questions about their methods. Prosecutors in previous terrorism cases have stifled such testimony by deeming the techniques classified.

Lawfare (WSJ)

By David B. Rivkin, Jr. And Lee A. Casey

The Wall Street Journal, February 23, 2007

The term "lawfare" describes the growing use of international law claims, usually factually or legally meritless, as a tool of war. The goal is to gain a moral advantage over your enemy in the court of world opinion, and potentially a legal advantage in national and international tribunals.

Al Qaeda, of course, is an experienced lawfare practitioner. Its training manual, seized by British authorities in Manchester, England, openly instructs detained al Qaeda fighters to claim torture and other types of abuse as a means of obtaining a moral advantage over their captors. That advice has been routinely followed by detainees at Guantanamo Bay, who have succeeded in generating incessant demands -- from European officials among others -- for the base's closure and their own liberation.

These efforts, however, pale to insignificance when compared to the blizzard of litigation initiated in the U.S. federal courts on behalf of al Qaeda and Taliban detainees. The suits range from habeas corpus petitions to free captured enemy combatants -- cases that were dismissed by the U.S. Court of Appeals in Washington, D.C. on Tuesday -- to tort suits seeking monies from U.S. government officials, to challenges regarding the detainees' conditions of confinement.

There was a quixotic attempt to save Saddam Hussein's life by asking a federal court in Washington, D.C. to "stay" his execution by the Baghdad government. Several suits seek to hold the U.S. liable for the alleged misconduct of other governments. Of these, the lawsuit by Canadian Maher Arar, ostensibly tortured after being "rendered" to Syria, is the best known.

The most significant common thread among all these actions is the clear desire to portray U.S. government actions as illegal and unprecedented. In fact, it is the claims for extensive due process rights for captured enemy combatants that are unprecedented.

Combatants, whether the regular soldiers of sovereign states, irregular guerillas or terrorists, have never enjoyed the right to contest the legality of their detention in the civilian courts, or to a criminal trial. The Supreme Court reaffirmed these traditional rules in Hamdi v. Rumsfeld (2004), where a clear majority held that captured al Qaeda operatives could constitutionally be held as enemy combatants for the duration of hostilities without the due process required for individuals accused of criminal violations. The only process the court considered necessary was an opportunity to contest, before military authorities, the factual basis of their classification as enemy combatants with a limited opportunity for judicial review.

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Nevertheless, lawyers for the detainees continue to demand a full-fledged criminal process in the civilian courts for their clients. Former Clinton Attorney General Janet Reno has argued in a friend of the court brief that one detainee (Ali Saleh Kahlah al-Marri) should be entirely removed from the military justice system, even though he already has received far more extensive judicial process than that required by the Hamdi decision.

Similarly, in a grim echo of domestic prisoners-rights cases, lawyers for another detainee, Saifullah Paracha, have demanded that he be transferred from Guantanamo Bay to a civilian U.S. hospital for a common medical procedure -- a cardiac catheterization.

Perhaps the most pernicious ongoing lawfare example is the effort to hold U.S. officials financially liable for their wartime conduct based on the theories developed in Bivens v. Six Unknown Named Agents (1971). In that case, the Supreme Court permitted a civil damage suit against individual federal drug enforcement agents for allegedly violating the plaintiff's constitutional rights, in particular the Fourth Amendment guarantee against unreasonable searches and seizures.

Several Bivens actions have been filed on behalf of foreign combatants captured, detained and later released by U.S. forces. None have been particularly successful -- so far -- but the determined effort to use legal principles developed in the context of civilian law-enforcement operations on U.S. soil against officials directing an ongoing armed conflict overseas reveals an unsettling policy agenda.

These efforts are of a piece with a similar "progressive" movement -- ongoing at least since the end of World War II -- to remake the traditional laws of war, attempting to import into the area of armed conflict concepts and norms from the world of domestic law enforcement. Thus, leftist NGOs routinely demand that irregular enemy combatants like al Qaeda and the Taliban be treated as POWs or criminal defendants, claim that military force can be applied only to the minimum amounts necessary to neutralize a particular opponent (rather than with a view to achieving ultimate victory), and have sought to ban an increasing number of weapons and weapons systems as being "inherently indiscriminate."

The effect of this lawfare effort, were it successful, would be to make it exceptionally difficult -- if not impossible -- for a law-abiding state to wage war in anything like the traditional manner, bringing the full weight of the national armed forces to bear against an enemy, without prompting charges of war crimes and efforts to intimidate individual officials with prosecutions on ersatz "war crimes" theories. In fact, the criminalization of traditional warfare seems to be the goal.

Unfortunately, the progressive humanitarians (as they would certainly describe themselves) have embarked on this campaign to criminalize warfare (a kind of judicially enforced Kellog-Briand Pact), without giving much thought to alternatives for ensuring the welfare and security of the civilian populations that the armed forces of states, and of the U.S. in particular, are raised and maintained to protect. To the extent that terrorist combatants are given the rights of criminal defendants, their ability to sustain long-term hostilities, and to reach their civilian targets, is increased.

Lawfare designed to delegitimize the use of American military force, and the American way of war, certainly has the potential to undermine public support for the war effort, both at home and abroad. Recognizing the stakes involved, the U.S. should be as committed to winning the lawfare battle as the ground combat in Afghanistan and Iraq.

Merely defending itself in court is not enough. The U.S. must go on both the legal and public diplomacy offensive, utilizing such aggressive litigation tactics as seeking sanctions against lawyers who make frivolous arguments or violate security regulations. Most important, the administration should strive to explain, tirelessly and at the highest levels, that its policies are both legal and legitimate and that it is the lawfare's practitioners who are the true radicals.

Messrs. Rivkin & Casey, who served in the Department of Justice during the Reagan and George H.W. Bush administrations, are writing a book on war's evolving legal architecture.

A Congressional Duty (WP)

The Washington Post, February 23, 2007

ON THE FIRST day of the new Congress, two leading senators announced they would join in an attempt to reverse the hasty and ill-considered decision of the previous Congress to deprive foreign prisoners at Guantanamo Bay of the ancient right of habeas corpus, which allows the appeal of imprisonment to a judge. One of the senators, Arlen Specter (R-Pa.), predicted that the courts would rule that the provision of the Military Commissions Act eliminating habeas corpus was unconstitutional; he nevertheless joined the incoming chairman of the Senate Judiciary Committee, Patrick J. Leahy (D-Vt.), in sponsoring a bill restoring the appeal right.

Now Mr. Specter's prediction is looking less sure: The U.S. Court of Appeals for the D.C. Circuit ruled this week that Congress's act was constitutional, and it threw the cases of dozens of Guantanamo detainees out of federal court. That ruling will almost certainly be reviewed by the Supreme Court on appeal, but Congress should not wait for its decision. It should move quickly on the Habeas Corpus Restoration Act.

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The Supreme Court has already twice overruled decisions by the D.C. Circuit denying Guantanamo detainees habeas rights, but it is hard to predict whether it will do so again. The court's composition has changed since those rulings, with the addition of justices more likely to be sympathetic to the arguments of the Bush administration. Congress has reversed part of the basis for the court's previous rulings by enacting a statute saying that persons found to be "enemy combatants" by military review panels, including detainees held at Guantanamo, have only a limited right of appeal.

The principal remaining question is whether Congress's action is permitted under Article I, Section 9 of the Constitution, which says, "The Privilege of the Writ of Habeas Corpus shall not be suspended" except in cases of "Rebellion or Invasion." Two judges of the three-member appeals court panel ruled that the provision does not apply at Guantanamo because it is not on U.S. territory and the detainees are foreigners. A dissent written by Judge Judith Rogers pointed out that one of the earlier Supreme Court rulings stated that giving appeal rights to Guantanamo inmates "is consistent with the historical reach of the writ of habeas corpus." But the court has not ruled squarely on the constitutional issue.

Rather than wait for the court's decision, Congress should correct its own mistake. The 51 to 48 vote rejecting Mr. Specter's previous attempt to restore habeas condemned hundreds of foreign prisoners to indefinite detention without trial at Guantanamo; only a few score are expected to be prosecuted by the military commissions. Since 2002 it has become clear that a number of prisoners at the facility were arrested in error, are not terrorists and pose no threat to the United States. Moreover, improvements in the prisoners' treatment have come about largely because of their court appeals. Congress has both a practical and a moral interest in ensuring that this basic human right is restored.

Editorial: Figures Don't Add Up (VENTCS)

Ventura County (CA) Star, February 23, 2007

The Justice Department's post-9/11 statistics on terrorism cases have been deeply flawed, sometimes inflated, sometimes underreported — in any case, just highly inaccurate. Only two out of 26 sets of statistics reported between 2001 and 2005 were found to be accurate by the department's inspector general, Glenn Fine.

The most erroneous were figures on terrorism prosecutions collected by the department's Executive Office of U.S. Attorneys. In 2004, the department reported 379 terrorism-related convictions, but Mr. Fine said the actual number was 240.

Given the penchant of the department's political leadership for overhyping terrorism-related cases, the natural inclination is to think that the figures were intentionally padded.

Mr. Fine, reassuringly, says no. He blamed the errors on a "decentralized and haphazard" system of data collection and disagreements over the definition of an "anti-terrorism" case.

The result was that unrelated offenses like immigration violations, marriage fraud, drug trafficking and firearms violations were included in the terrorism figures.

Given the sensitivity of these numbers, it's surprising that the department was so careless. The Bush administration has portrayed itself as tough on terrorism — invoking these same statistics to prove it — and, by extension, the Democrats as weak. If it got this wrong, it makes you wonder what else it got wrong.

The audit concluded that, "it is essential that the department report accurate terrorism-related statistics." After five years of the domestic war on terror, that's not asking a whole lot.

Terror Suspect's Statements Detail Time In Somalia (BOS/AP)

By Juan A. Lozano, Associated Press Writer

The Boston Globe, February 23, 2007

HOUSTON --Handwritten statements released Thursday depict the frustration, confusion and deception that revolved around a U.S. citizen accused of receiving training from al-Qaeda in his efforts to help overthrow the Somali government.

The three sets of statements, which Daniel Joseph Maldonado gave to FBI agents after his arrest in Kenya last month, detail in the 28-year-old's words why he left the United States, his time in Somalia and the frantic last few days he and his family spent in the country before his capture by authorities.

In his initial handwritten statement, Maldonado wrote he moved from the United States because of anti-Muslim sentiment following the Sept. 11, 2001, terrorist attacks and heard that Somalia was emerging as a "true Islamic state."

"I would be able to live, pray, act, dress and be a Muslim without anyone yelling at me, calling me names, refusing me jobs or apartments," he wrote.

He also said in later statements that he wanted to "fight jihad" or a holy war in Somalia.

The statements first became public during Maldonado's two-day probable cause and detention hearing earlier this week. A federal magistrate judge ruled Wednesday there was sufficient evidence that Maldonado received weapons and bombmaking training at a Somali camp where al-Qaeda members were also present. Maldonado was ordered held without bond until his trial.

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Maldonado, 28, a Muslim convert also known as Daniel Aljughaifi and Abu Mohammed, is accused of traveling in November to an al-Qaeda terrorist camp in Somalia, where he was trained to use firearms and explosives in an effort to help another group, the Islamic Courts Union, topple the government and install an Islamic state. He was captured by the Kenyan military while trying to flee Somalia on Jan. 21.

He faces charges of undergoing military training with a terrorist organization and conspiring to use a weapon of mass destruction, specifically a bomb. If convicted, he faces up to life in prison.

During the hearing, FBI agent Loretta Eglen-Anderson testified she and other agents had him write down what he had done in Somalia.

Maldonado, who grew up in Pelham, N.H., and lived in Houston from August 2005 to November 2005, moved with his wife and three children to Cairo, Egypt, before going to Somalia in November.

Maldonado wrote that he didn't find acceptance in Egypt nor when he first got to Somalia, which has not had an effective national government since 1991.

Eglen-Anderson testified Maldonado initially lied to FBI agents about his reasons for going to Somalia. In later statements, Maldonado admitted he "left out the fact that I wanted to fight jihad."

After arriving in Somalia, Maldonado wrote he and his family were taken in by a man. In revised statements he said the man gave him a gun and ammunition.

Maldonado left his family in the Somali capital of Mogadishu and traveled to the southern port city of Kismayo, where FBI agents and federal prosecutors said he went to receive weapons and bombmaking training at an al-Qaeda camp. Maldonado later admitted he did go to get training.

In his statements, Maldonado never mentioned al-Qaeda and said he was sick for a week with malaria after arriving in Kismayo.

After recovering in a hospital, Maldonado said he was asked again "to join the jihad. But I was more concerned with my family in Mogadishu and still doubtful about weather it was a valid jihad."

Maldonado later admitted he lied about his doubts.

Maldonado wrote that after the fighting in Somalia intensified, he tried to get his family to come to Kismayo so they could leave the country. He was reunited with his family but was told he and his family would have to travel separately to Kenya.

In his worry and frustration, Maldonado wrote he called his parents and lied to make them feel guilty.

"So I decided to make them feel bad by saying that I was a soldier and I was going to fight jihad and possibly die," he wrote.

Prosecutors said they don't think he was lying.

Maldonado was able to travel with his family part of the way to the Kenyan-Somali border.

"We said very sad good by's hoping for each others safety and her and the children left," he wrote.

In his efforts to get to the border, Maldonado traveled by boat and truck, ending up in a camp in a wooded area. The camp was raided and Maldonado fled, eventually being captured by Kenyan troops.

Maldonado's wife died of malaria but it is not clear where or when she died. The couple's three children are now being taken care of by Maldonado's parents in New Hampshire.

HOMELAND RESPONSE:

Independent Review Needed For Supermax (DENP)

Denver Post, February 23, 2007

Colorado's congressional delegation has been pushing to identify and resolve the prison's shortcomings. A sweeping inquiry should be conducted.

It's hard to know what to believe when it comes to assessing the state of security at the Supermax federal prison in Florence, which holds some of the most dangerous inmates in the country.

During a tour of the facility Wednesday, Barb Batulis, a Supermax guard and union representative, said the prison isn't adequately staffed. But U.S. Bureau of Prisons chief Harley Lappin said he can safely manage the institution with the staff he has. U.S. Attorney General Alberto Gonzales said he thinks the facility is secure but could be improved, though he shared no ideas.

That won't satisfy worried neighbors who want Lappin to erect a $23 million fence - not so much to keep the inmates inside as to keep their accomplices from approaching Supermax from the outside.

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There have been troubling signals from the maximum security prison for some time. The question of adequate staffing came into focus last fall with release of a report by the Department of Justice inspector general. It said Supermax didn't have adequate staff or language skills to monitor communications between inmates and the outside world. The investigation was sparked by March 2005 media reports that said three convicted terrorists involved in the 1993 World Trade Center bombing wrote about 90 letters to Islamic extremists with links to the Madrid train bombings. Prison officials said they've taken steps to address the shortages.

But that wasn't all. Shortly thereafter, an arbitrator ruled that staffing at the prison had gotten so low that working there had become more hazardous. The prison smartly hired more staff; however, union officials say at least some of the hires were destined for other understaffed prisons and not replaced. It's difficult to know whether the situation has improved or if prison officials are robbing Peter to pay Paul. But we do know this: Despite watching over some of the nation's most diabolical criminals, Supermax staffing is actually down from when it opened in 1994. Prison officials say the addition of cameras and other technology has lessened the need for guards.

Perhaps that's true. Or perhaps it's a convenient justification. Trouble is, everyone defining the problems and creating solutions has a self-interest that could color their assessment.

Colorado's congressional delegation has been active in pushing to resolve the prison's shortcomings, and they must work to penetrate the veil of ambiguity. A sweeping review of the prison's security and staffing should be conducted by the Government Accountability Office. The sooner the better.

Supermax Safety (PUEBCH)

Pueblo (CO) Chieftain, February 23, 2007

HOW SAFE is Supermax? U.S. Attorney General Alberto Gonzales toured the nation's most secure federal prison on Wednesday and was assured security measures have been taken to beef up safety.

Sens. Wayne Allard and Ken Salazar accompanied the AG on the tour, and afterward Sen. Allard expressed confidence that the Administrative Maximum Security U.S. Penitentiary in Florence has been improved with technological upgrades. He added that more employees and more security measures could be coming in the future.

Sen. Salazar said, "We are committed to making sure this is the safest and most secure for the protection of the people who work and live here." Both senators previously had toured Supermax, and Sen. Salazar noted that staffing has been improved since then, in addition to the technology upgrades.

This is not to say that Supermax has not been without growing pains. An Inspector General's report issued last year detailed relaxed phone and mail monitoring, particularly for the terrorists being held inside the lockup.

As a result of that report, the Bureau of Prisons has monitored 100 percent of the mail to or from inmates designated as terrorists. All of those prisoners' phone calls also are monitored, although sometimes due to staffing patterns the calls are recorded, then listened to later.

Officials of the American Federation of Government Employees, the union representing the rank-and-file prison staffers, say more should be done to beef up security. Particularly, they believe staffing levels should be bolstered.

We certainly don't believe the prison housing the nastiest of nasties in the federal system ought to be operated unsafely, so the union's concerns should get a fair hearing. On the other hand, the judgment of the professional managers should also be given due weight.

Sen. Allard said the government probably will not be able to address 100 percent of the staffers' concerns at least right away - such things are a matter of available funding - but he added that more employees and more security could be coming in the future. With a growing prison population, such measures will have to be considered by Congress.

Report Details Harassment That Followed 9/11 Attacks (MINNST)

By Jean Hopfensperger, Star Tribune

Minneapolis Star Tribune, February 23, 2007

Minnesota Advocates for Human Rights says concerns about terrorism are exposing innocent people to discriminatory treatment.

Imani Jaafar-Mohammed, a Muslim lawyer from Woodbury, endured a neighbor throwing chunks of pork in her yard and yelling "terrorist!" from his window.

Hyder Khan, an Indian from Bloomington, says he can't print out his airline boarding pass in advance because there is a name like his on a security list.

Dipankar Mukherjee, an Asian theater director from Minneapolis, says he has heard airline passengers request that they be moved so they don't have to sit next to him.

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"When I used to travel back into the United States, people would say 'Welcome home,' " said Mukherjee. "Now they say, 'Step aside,' or 'Please go to this room.' "

The terrorist attacks of 9/11 still are casting a shadow on Minnesota's immigrant and Muslim community, according to a report issued Thursday by Minnesota Advocates for Human Rights. Racial and religious stereotyping continues to this day, as do overt acts of discrimination, the report said.

The 94-page report was based on interviews with more than 100 Minnesota immigrants. The events of 9/11 fueled changes in public attitudes toward national security and immigration that continue today, it said. Those changes were also aggravated by subsequent political campaigns targeting immigrants and the public debate over immigration reform, the report said.

"This was not meant to be a scientific study, but to detail history and real life experiences," said Robin Phillips, executive director of Minnesota Advocates for Human Rights. "We want to make sure that history and experience is included in the public policy dialogue."

Mukherjee, who spoke at a news conference Thursday announcing the report, was most exasperated by how he was constantly pulled from airport lines during "random" passenger checks. Once, after being released from one interview, he was pulled out of line again, less than an hour later.

The Department of Homeland Security, which oversees the Transportation Security Administration, has a policy strongly discouraging racial or ethnic profiling in law enforcement activities.

But immigrants are also targeted in unofficial ways, Mukherjee said. He recalled trying to get a receipt from a tow truck operator in Uptown last year. He said the operator yelled at him, "Why don't you first give me a receipt from the World Trade Center?"

Jaafar-Mohammed, meanwhile, said she and her husband had looked forward to their first home together in Woodbury. But the harassment from their neighbor reached the point that she feared for her safety. The Minneapolis attorney said she obtained a restraining order last year on the man, who eventually left their suburban neighborhood.

Harassment aside, federal policies to contain terrorism also continue to leave their mark, the report said. For example, some Muslims continue to worry whether their charitable donations to Islamic organizations could be construed as "material support" to terrorists groups, which is prohibited by the Patriot Act. Islam requires its followers to donate 2.5 percent of their savings to charity.

Several incidents of alleged misconduct by the FBI are mentioned in the report. A Somali man employed by a Twin Cities school district says he received a visit from the FBI at his home a day after he inquired about bus rentals for a school event. One of the questions he was asked; "What do you think of Saddam Hussein?"

FBI spokesman Paul McCabe said he had not been informed about the incidents mentioned in the report, and that they would be impossible to verify without names, dates and places. The authors of report, however, offered confidentiality to those they interviewed.

If people have concerns about the FBI, they should contact the FBI or a trusted community organization, he said. "We will investigate," McCabe said.

Phillips said that the Minnesota Advocates is interested in learning about other experiences -- good and bad -- resulting from Sept. 11. To report those experiences, or to view the report, go to www.mnadvocates.org.

In New Orleans, Progress At Last In The Lower Ninth Ward (NYT)

By Adam Nossiter

The New York Times, February 23, 2007

NEW ORLEANS, Feb. 22 — The first new houses built in the Lower Ninth Ward since Hurricane Katrina were turned over to their owners on Thursday, creating a small island of hope in a sea of ruin.

Side by side, sparkling and bright on Delery Street at the neighborhood's eastern edge, the two houses unveiled at a ceremony on Thursday stand out in a landscape grimly frozen since the storm. The twin pastel variants on traditional New Orleans architecture sit incongruously whole amid block after block of ruined shells with doors swinging open and windows gaping wide.

Empty during the day and dark at night, this area is a long way from being a neighborhood again, even though it has been the focus of intensive volunteer efforts and organizing since the storm. The destruction of the Lower Ninth Ward, which was working-class and black before the hurricane, and its subsequent failure to begin recovering, have become symbols for what some see as inequities in this city's halting revival.

That symbolism was much in evidence at the ceremony, a gathering of the homeowners and the varied volunteer forces that built the $125,000 solid pine houses, which officials said are elevated five feet and designed to resist hurricane-force winds.

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It was an occasion to look past the catastrophe that sent a wall of water rushing into the Lower Ninth Ward 18 months ago, at least for the moment. If the levees fail again and a similar volume of water comes through, the new houses will take only two feet of water, the contractor said.

There were promises on Thursday to bring the neighborhood back, particularly from Acorn, the nonprofit neighborhood group that organized the construction and helped finance the two houses. There was cheering, there were plaques for the volunteers, and there were speeches by politicians and preachers.

And there were the two sturdy women who had been next-door neighbors for 25 years until Hurricane Katrina blew their houses away, the owners Gwendolyn Guice and Josephine Butler, who received the keys to the new houses on Thursday.

Acorn and the volunteers built the houses on the same spot as the women's original ones, and both women seemed overcome at being back.

"I'm all over hoops," Ms. Guice said, switching between tears and smiles as she happily showed off her trim little green house, a subtle modification of the classic New Orleans front-to-back-hall style.

Looking out the back at a nearby school building with a collapsed roof and a muddy vacant lot where there was once a house, Ms. Guice was adamant that Thursday represented a hopeful beginning on a street that once sheltered many solid homeowners.

"A lot of people are just sitting back, waiting and seeing," Ms. Guice said.

Her re-installment and Ms. Butler's, she insisted, would help draw people back. And given the privations of her long exile, much of it spent in Houston, she would not be fazed by living in the ward's darkness and isolation, she suggested.

She showed no regrets about the fate of her old house.

"I never did find the den," Ms. Guice said. "It just shoved straight off. It might be floating in the gulf."

Still, the complications of the demonstration project on Delery Street raise questions about its usefulness as a prototype. The two houses were financed by Acorn and a California bank, and the two women are planning to repay their loans using their insurance proceeds and money they hope will be forthcoming from Louisiana's Road Home housing aid program. Louisiana State University's School of Architecture helped design the houses, students from the school helped build them, young people from Covenant House did odd jobs, a church provided landscaping, and even the novelist Richard Ford, who recently moved back to the city, pitched in.

How often this process could be replicated is unclear, though Acorn has money for more loans. Some believe that a neighborhood as destitute as this one cannot come back without large-scale intervention.

"I think we have a problem of quantity, and anything that can't be delivered in quantity is not a suitable prototype, regardless of the fantastic intentions," said Andrés Duany, the Miami architect and planner who has played a leading role in this city's efforts at rebuilding. "The verification is not aesthetics, not the degree of good will; it's quantity."

But under Thursday's bright sun, the focus was not on the hurdles.

"If you try not to focus on how bad everything is, you can focus on what is good," Allan Jones, an electrician who worked on the two houses, said as he surveyed the bleak landscape. "There is potential."

Mr. Ford spoke at the ceremony of the "valiant and hopeful house-raising," and those words captured the spirit of an enterprise that seemed as much a challenge to the future as a foundation for something new.

When Ms. Butler moved to the area nearly 60 years ago, it was still a semi-wilderness, recalled Tanya Harris, her granddaughter and an Acorn official.

"This was a shot in the dark," Ms. Harris said. "This was a leap of faith."

Senator Lott Floods The Zone (WSJ)

By Kimberley Strassel

The Wall Street Journal, February 23, 2007

One big question when Democrats took over Congress was which industry would be first to feel the new majority's populist rage. Oil? Pharma? Banks? Corporate America just got its answer, direct from the angriest man to have been empowered in the past election: Republican Sen. Trent Lott.

The Mississippian was "infuriated" by the insurance industry's refusal to shell out for certain Katrina claims, most notably his own. So Mr. Lott is spearheading a ferocious campaign of political revenge that would make even Henry Waxman envious -- replete with investigations, voracious trial lawyers, ambitious state attorneys general and threats of punitive federal legislation. And like most personal grievances that get morphed into policy battles, it's ending badly for consumers.

Mr. Lott's beachfront property in Pascagoula -- one of three homes he owned -- was swept away entirely by Hurricane Katrina's waters. Like many Gulf Coast residents, Mr. Lott was soon reminded by his insurer, State Farm, that his policy only covered wind damage -- not flood damage. The senator surely knew that, which is why he'd also purchased federal flood

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insurance. According to his flood policy that was in effect when Katrina hit, he was covered up to $350,000 in flood damages, and he presumably collected in full. (Sen. Lott's office didn't return my call.)

State Farm, however, refused to cough up, inspiring Mr. Lott to embark on a campaign ripped straight out of the Democratic playbook. First was to pay a call to the favorite mob squad of the left, the plaintiffs' bar. Quicker than you can say "tort reform," Dickie Scruggs, the legal kingpin who engineered Mississippi's tobacco shakedown, was representing Mr. Lott in a high-profile lawsuit against State Farm.

Mr. Lott probably didn't have to do much special pleading, since Mr. Scruggs is his brother-in-law, and had also suffered Katrina damage. Mr. Scruggs is also a pal of Mississippi Attorney General Jim Hood, who within a few weeks of Katrina had filed a lawsuit against insurers over their "unconscionable" decision to not pay for damage they didn't cover. By December of 2005, the Lott-Scruggs-Hood triangle was proving a gale force storm for insurers.

For his part, Mr. Lott has been busy cranking up the pressure in Washington. Not that he didn't give fair warning. In July of last year, he placed a call to Chuck Chamness, the CEO of the National Association of Mutual Insurance Companies, to let the industry know what was coming. Mr. Chamness later sent a letter to Mr. Lott, summing up the call. The key passage: "Your comment that you will dedicate your next term of office to 'bringing down State Farm and the industry' through all means available to you, including legislation designed to harm the property/casualty insurance industry, was very unsettling, to say the least."

Mr. Lott has proven as good as his word. Since Katrina, he's slipped legislation into a Homeland Security bill requiring the inspector general of that agency to investigate insurers. He's put forward a bill requiring insurers to "state clearly" on their policies' "front page" what they don't cover. He's dropped another bill that would compel insurers to release more information about vehicles damaged by Katrina. Word is he's even been looking into the industry's tax rates.

But his big bomb came last week, when he introduced legislation that would end the insurance industry's exemption from certain federal antitrust regulations. Mr. Lott suggests this is to keep big insurance players from conspiring to do evil things, though the reality is that the exemption mainly benefits small insurers who use it to pool statistically reliable data. So in his wrath, Mr. Lott may end up kneecapping many of the hundreds of small insurers who offer some real competition to the so-called conspiring giants.

Democrats have been only too happy to assist in this fight, given their own ambitions of turning the Katrina mess to their political advantage. Mr. Lott's been getting his biggest help from fellow Mississippian and Democrat Gene Taylor -- who also has a beef with State Farm and was part of the Scruggs lawsuit. In January, Mr. Taylor asked Financial Services Committee chief Barney Frank for an investigation into insurers' Katrina practices. Mr. Frank was only too happy to take the first step and next week Mr. Taylor will be the star witness in a subcommittee hearing about insurers' decision not to pay claims. Next up: subpoenas.

(Congressman Taylor, in a conversation with me yesterday, said he thinks it is "extremely appropriate" that he is in this insurance fight because "what happened to my constituents, my neighbors and my friends also happened to me.")

Meanwhile, Attorney General Hood has deftly used Messrs. Lott's and Taylor's Washington moves as a prod for his own agenda. In a public statement in January he noted that if insurers didn't settle with him, and continued "with their 'robber baron' mentality, I think that Congressman Taylor and [Congressman Bennie] Thompson and Senator Lott will see to it that we have national insurance reform." How's that for a threat?

Within a few weeks State Farm had agreed to settle with the Attorney General Hood and to review 35,000 claims, as well as agreed to pay off all those in the Scruggs lawsuit, including Messrs. Lott and Taylor. Any bets on just how big a slice of his contingency fees Mr. Scruggs will now donate to the Democratic National Committee for next year's elections?

Lost among all the politicians' war-whooping over the State Farm capitulation, is the effect this extortion has had on the private insurance industry. In recent weeks companies from State Farm to AllState have stopped writing policies in parts of Mississippi, which will result in consumers having fewer insurance choices, if they can find insurance at all.

Ah, but never fear: Washington has a solution for that, too. In the face of insurers exiting his state (in no small part because of the actions of politicians), Mr. Taylor earlier this month introduced yet another piece of insurance legislation. This one would expand the national flood insurance program to cover other hurricane-related damage. In other words, the Mississippian wants to create a new federal disaster insurance program that will put taxpayers -- rather than private insurers -- on the hook next time a storm hits. Revenge is a scary thing.

WAR NEWS:

Senate Dems Move To Limit Iraq Mission (AP)

DOJ_NMG_0135785

By David Espo
AP, February 23, 2007

Determined to challenge President Bush, Senate Democrats are drafting legislation to limit the mission of U.S. troops in Iraq, effectively revoking the broad authority Congress granted in 2002, officials said Thursday.

While these officials said the precise wording of the measure remains unsettled, one draft would restrict American troops in Iraq to combating al-Qaida, training Iraqi army and police forces, maintaining Iraq's territorial integrity and otherwise proceeding with the withdrawal of combat forces.

The officials, Democratic aides and others familiar with private discussions, spoke only on condition of anonymity, saying rank-and-file senators had not yet been briefed on the effort. They added, though, the Senate Majority Leader Harry Reid is expected to present the proposal to fellow Democrats early next week for their consideration.

The plan is to attempt to add the measure to anti-terrorism legislation that scheduled to be on the Senate floor next week and the week following.

Jim Manley, a spokesman for Reid, declined to discuss the deliberations, saying only, "No final decisions have been made on how to proceed."

Any attempt to limit Bush's powers as commander in chief would likely face strong opposition from Republican allies of the administration in the Senate and could also face a veto threat.

The decision to try to limit the military mission marks the next move in what Reid and other Senate war critics have said will be a multistep effort to force a change in Bush's strategy and eventually force an end to U.S. participation in the nearly four-year-old war.

Earlier efforts to pass a nonbinding measure critical of Bush's decision to deploy 21,500 additional troops ended in gridlock after Senate Republicans blocked votes on two separate measures.

The emerging Senate plan differs markedly from an approach favored by critics of the war in the House, where a nonbinding measure passed last week.

Speaker Nancy Pelosi has said she expects the next challenge to Bush's war policies to come in the form of legislation requiring the Pentagon to adhere to strict training and readiness standards in the case of troops ticketed for the war zone.

Rep. John Murtha, D-Pa., the leading advocate of that approach, has said it would effectively deny Bush the ability to proceed with the troop buildup that has been partially implemented since he announced it in January.

Some Senate Democrats have been privately critical of that approach, saying it would have virtually no chance of passing and could easily backfire politically in the face of Republican arguments that it would deny reinforcements to troops already in the war zone.

Several Senate Democrats have called in recent days for revoking the original authorization that Bush sought and won from Congress in the months before the U.S.-led invasion that toppled Saddam Hussein.

That measure authorized the president to use the armed forces "as he determines to be necessary and appropriate ... to defend the national security of the United States against the continuing threat posed by Iraq" and to enforce relevant United Nations Security Council resolutions.

At the time the world body had passed resolutions regarding Iraq's presumed effort to develop weapons of mass destruction.

In a speech last week, Sen. Joseph Biden of Delaware, chairman of the Senate Foreign Relations Committee, said, "I am working on legislation to repeal that authorization and replace it with a much narrower mission statement for our troops in Iraq."

He added that Congress should make clear what the mission of U.S. troops is: to responsibly draw down, while continuing to combat terrorists, train Iraqis and respond to emergencies.

"We should make equally clear what their mission is not: to stay in Iraq indefinitely and get mired in a savage civil war," said Biden, a 2008 Democratic presidential candidate.

Along with Biden, officials said Sen. Carl Levin of Michigan, chairman of the Senate Armed Services Committee, and a small group of key Democrats were involved in the effort to draft legislation. Leadership aides are also playing a role.

It was not clear whether the measure would explicitly state that the 2002 authorization for the use of military force was being revoked. One proposal that had been circulated would declare that Bush was not authorized to involve U.S. armed forces in an Iraqi civil war, but it appeared that prohibition had been dropped as part of the discussions.

One Democrat said the legislation could remain silent on the issue of Bush's troop increase and noted that Reid had said he was ready to move beyond the deployment of more troops.

At the same time, several officials noted that any explicit authority for U.S. troops to confront al-Qaida would effectively bless Bush's decision to dispatch about 3,500 troops to the volatile Anbar Province in the western part of Iraq.

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The balance of the 21,500 additional troops would go to Baghdad, where the administration hopes they can help quell sectarian violence and give the Iraqi government time to establish its authority.

Democrats May Try To Limit Iraq Mission (USAT)

USA Today, February 23, 2007

Senate Democrats are drafting legislation that would limit the mission of U.S. troops in Iraq, Democratic aides told the Associated Press on Thursday.

The aides said that the precise wording of the measure has yet to be determined but that one draft would restrict American troops in Iraq to combating al-Qaeda, training Iraqi army and police forces, maintaining Iraq's territorial integrity and otherwise proceeding with the withdrawal of combat forces.

The aides and others familiar with private discussions spoke on condition of anonymity because most senators had not yet been briefed.

U.S. cancels Nevada bomb test

The Pentagon canceled a planned explosion over the Nevada desert to test a conventional weapon intended for use on underground facilities that produce and store weapons of mass destruction. James Tegnelia of the Defense Threat Reduction Agency said, "It's time to look at alternative methods" that don't involve "this type of large-scale test." Indian tribes and state officials said the test could kick up radioactive material from earlier nuclear tests.

Ga. congressional election set

Georgia Gov. Sonny Perdue set June 19 for a special election to fill the congressional seat left vacant by the death last week of Republican Rep. Charles Norwood. If no candidate receives a majority, a runoff between the top two vote-getters will be July 17. Norwood, 65, was in his seventh term.

Bush touts use of biofuels

President Bush, touting his plan to boost use of biofuels fivefold over 10 years, toured a Franklinton, N.C., laboratory that is working on ways to convert wood chips to ethanol. Bush's plan relies on advances in making ethanol from sources such as wood chips and switchgrass rather than just corn. Bush's trip is designed to promote energy initiatives he outlined in his State of the Union address.

Senate Democrats Keep Pressure On Bush With Plan To Limit Iraq Mission To Counterterrorism (NYT)

By Carl Hulse

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — Senior Senate Democrats, stepping up their confrontation with President Bush over Iraq policy, are preparing legislation that would limit the role of United States troops there to counterterrorism efforts and prohibit them from interceding in sectarian violence.

Senate officials said Thursday that the proposal now being drafted would be a new turn in their attempts to force the White House to halt its troop buildup in Baghdad. They described it as more substantive than the nonbinding resolution of opposition to the increase that stalled in the Senate last Saturday.

The officials would speak only if not identified because the central proposal was still being drafted and needs to be presented to all Senate Democrats when they return from a weeklong recess next Tuesday.

They said the proposal was intended to essentially overturn the 2002 resolution granting Mr. Bush the authority to remove Saddam Hussein from power, and limit the military to combating Al Qaeda in Iraq, keeping Iraq from becoming a haven for terrorists and training Iraqi forces. The proposal's goal, officials said, would be to allow combat forces not engaged in those duties to be removed from Iraq next year.

The chief authors are Senators Joseph R. Biden Jr. of Delaware, the chairman of the Foreign Relations Committee, and Carl Levin of Michigan, the chairman of the Armed Services Committee. The plan is to try to attach the proposal to an antiterrorism bill the Senate expects to begin considering Tuesday.

Lawmakers and senior aides said that such a plan was unlikely to pass Congress, and even if it did, it would certainly be vetoed by President Bush. But Democrats say their intention is to keep pressure on both Mr. Bush and Congressional Republicans who are facing a public frustrated with the war. Democrats say that other Iraq proposals are likely to emerge as well.

Senate Democrats say they prefer the emphasis on the mission of American troops over a plan by some House members to try to limit United States military involvement by putting restraints on troop deployments based on readiness and equipment availability.

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Senate Democrats have been discussing such an approach in recent weeks and decided to forge ahead after Senate Republicans were able to block a vote on the resolution criticizing the troop buildup even though 56 senators, including 7 Republicans, voted last Saturday to debate the resolution.

In meetings with Senator Harry Reid of Nevada, the majority leader, and other Democratic leaders, officials said a consensus emerged that trying to redefine the 2002 resolution was the best approach. Officials said lawmakers and senior aides were still refining the exact language that would be used and were uncertain whether the new proposal would explicitly repeal the initial Iraq war resolution, amend it or take another avenue. "We haven't crossed that bridge yet," one official said.

But he and others said they believed the initiative made good political and policy sense because the circumstances had changed so much since the 2002 vote, with Saddam Hussein executed and the search for weapons of mass destruction coming up empty.

Senator Biden foreshadowed his approach in a speech last week when he said that the "the best next step is to revisit the authorization Congress granted the president in 2002 to use force in Iraq. That's exactly what I'm doing."

"We gave the president that power to destroy Iraq's weapons of mass destruction and, if necessary, to depose Saddam Hussein," he said. "The W.M.D. were not there. Saddam Hussein is no longer there. The 2002 authorization is no longer relevant to the situation in Iraq."

Republican leaders have already said they expected the new Democratic effort to be blocked. But Democrats said they saw it as the next step to building a case against Mr. Bush's war effort and that Republicans could be drawn to it if the war continued to go badly.

They said they believed that the initiative had the capacity to attract broad support from Democrats even though members of the party were splintered over how aggressively to confront Mr. Bush over the war. Officials said they were heartened that the Democratic senators Edward M. Kennedy of Massachusetts and Russell D. Feingold of Wisconsin, two strong war opponents, seemed open to the idea of embracing the new proposal by Senators Levin and Biden.

Jim Manley, a spokesman for Mr. Reid, would not discuss the plans that Democrats have for moving forward on Iraq policy next week, saying no final decisions had been made on how to proceed.

Democrats Seek To Repeal 2002 War Authorization (WP)

By Shailagh Murray And Jonathan Weisman

The Washington Post, February 23, 2007

Senate Democratic leaders intend to unveil a plan next week to repeal the 2002 resolution authorizing the war in Iraq in favor of narrower authority that restricts the military's role and begins withdrawals of combat troops.

House Democrats have pulled back from efforts to link additional funding for the war to strict troop-readiness standards after the proposal came under withering fire from Republicans and from their party's own moderates. That strategy was championed by Rep. John P. Murtha (D-Pa.) and endorsed by House Speaker Nancy Pelosi (D-Calif.).

"If you strictly limit a commander's ability to rotate troops in and out of Iraq, that kind of inflexibility could put some missions and some troops at risk," said Rep. Chet Edwards (D-Tex.), who personally lodged his concerns with Murtha.

In both chambers, Democratic lawmakers are eager to take up binding legislation that would impose clear limits on U.S. involvement in Iraq after nearly four years of war. But Democrats remain divided over how to proceed. Some want to avoid the funding debate altogether, fearing it would invite Republican charges that the party is not supporting the troops. Others take a more aggressive view, believing the most effective way to confront President Bush's war policy is through a $100 billion war-spending bill that the president ultimately must sign to keep the war effort on track.

Last week, the House approved a nonbinding resolution that criticized Bush's decision to deploy an additional 21,500 troops, but the measure was blocked in the Senate by Republicans during a rare Saturday session. It is probable that Senate Democrats will encounter the same procedural roadblock in attempting to push through another resolution, in particular one with real teeth.

"I've had enough of 'nonbinding,' " said Sen. John F. Kerry (D-Mass.), who is helping to draft the new Democratic proposal. The 2002 war resolution, he said, is an obvious target.

"The authorization that we gave the president back in 2002 is completely, completely outdated, inappropriate to what we're engaged in today," he said.

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) began calling for a reauthorization of the war early last month and raised it again last week, during a gathering in the office of Majority Leader Harry M. Reid (D-Nev.). Participants included Kerry, Armed Services Committee Chairman Carl M. Levin (Mich.), Charles E. Schumer (N.Y.), Jack Reed (R.I.) and Russell Feingold (Wis.). Those Democratic senators have emerged as an unofficial war council representing the caucus's wide range of views.

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"We gave the president that power to destroy Iraq's weapons of mass destruction and, if necessary, to depose Saddam Hussein," Biden said of the 2002 resolution in a speech last week before the Brookings Institution. "The WMD was not there. Saddam Hussein is no longer there. The 2002 authorization is no longer relevant to the situation in Iraq."

Biden and Levin are drafting language to present to their colleagues when the Senate reconvenes on Tuesday, following a week-long recess.

The new framework would set a goal for withdrawing combat brigades by March 31, 2008, the same timetable established by the bipartisan Iraq Study Group. Once the combat phase ends, troops would be restricted to assisting Iraqis with training, border security and counterterrorism.

Senior Democratic aides said the proposed resolution would be sent directly to the Senate floor for action, without committee review, possibly as an amendment to a homeland security bill scheduled for debate next week.

Reid said no final decision had been made on the timing. Spokesman Jim Manley said Reid wants to present the idea to other Democrats before determining how and when to proceed.

Party leaders in the House are likely to present a proposal for binding legislation to the Democratic caucus next week, according to lawmakers in that chamber. But lawmakers and senior Democratic aides said Murtha's plan would have to be scaled back dramatically, after a week-long Republican assault.

Murtha, chairman of the Appropriations defense subcommittee and a leading critic of the war, had intended to fully fund Bush's $100 billion war request for the remainder of this fiscal year. But under his plan, those funds could be spent only to deploy combat troops deemed fully rested, trained and equipped.

After nearly four years of combat, most military units would not be able to meet those standards. Although the war would be fully funded, the policy would prevent some of the 21,500 additional combat troops from being deployed, and some troops already in Iraq would have to be sent home.

But that approach may be all but dead, according to several Democratic lawmakers. Murtha doomed his own plan in part by unveiling it on a left-wing Web site, inflaming party moderates.

"Congress has no business micromanaging a war, cutting off funding or even conditioning those funds," said Rep. Jim Cooper (Tenn.), a leading Democratic moderate, who called Murtha's whole effort "clumsy."

Cooper's position underscores the challenges now facing the House Democratic leadership. While the caucus's liberal wing is demanding legislation to end the war almost immediately, moderates such as Cooper say Congress should focus on oversight of the war and stay away from legislation that encroaches on the war powers of the president.

"I think Congress begins to skate on thin ice when we start to micromanage troop deployments and rotations," said Texas's Edwards, whose views reflect those of several other Democrats from conservative districts.

House Democratic Caucus Chairman Rahm Emanuel (Ill.) pointed out that Democrats still have public opinion strongly on their side and that a vote on any plan would place Republicans in more jeopardy than Democrats. A new, more restrictive authorization for the war also is gaining serious consideration in the House, Emanuel noted.

Several Democratic aides say the Iraq funding bill, due for a vote the week of March 12, may contain some of Murtha's demands for more training and better equipment for combat troops. But the proposals that set the toughest requirements are likely to drop out, such as a demand that troops be trained on and deployed with the combat equipment they will use in Iraq.

More important, the legislation may include a waiver that the president or defense secretary could invoke to deploy troops who are not fully combat-ready, Democratic aides said. That way, the commander in chief's hands would not be tied.

But under such a bill the president would have to publicly acknowledge that he is deploying troops with less than a year's rest from combat, that he is extending combat tours of troops in Iraq, or that he is sending units into battle without full training in counterinsurgency or urban warfare, the aides said.

Lieberman Says War Vote Could Prompt Party Switch (POL)

By Carrie Budoff

Politico.com, February 23, 2007

Sen. Joseph I. Lieberman of Connecticut told the Politico on Thursday that he has no immediate plans to switch parties but suggested that Democratic opposition to funding the war in Iraq might change his mind.

Lieberman, a self-styled independent who caucuses with the Democrats, has been among the strongest supporters of the war and President Bush's plan to send an additional 21,500 combat troops into Iraq to help quell the violence there.

"I have no desire to change parties," Lieberman said in a telephone interview. "If that ever happens, it is because I feel the majority of Democrats have gone in a direction that I don't feel comfortable with."

Asked whether that hasn't already happened with Iraq, Lieberman said: "We will see how that plays out in the coming months," specifically how the party approaches the issue of continued funding for the war.

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He suggested, however, that the forthcoming showdown over new funding could be a deciding factor that would lure him to the Republican Party.

"I hope we don't get to that point," Lieberman said. "That's about all I will say on it today. That would hurt."

Republicans have long targeted Lieberman to switch – a move that would give them control of the Senate. And Time magazine is set to report Friday that there is a "remote" chance Lieberman would join the GOP.

What Joe Lieberman Wants... (TIME)

By Massimo Calabresi

Time, February 23, 2007

In his 18 years in the U.S. Senate, Joe Lieberman has cultivated an image of himself as a lonely prude among the morally corrupt, that rare Washington official who places principle above politics. But with the Democrats' hold on power dependent on just one vote — in effect, his — and with Republicans courting him to tilt the balance in their favor, Lieberman has been indulging in some fairly immodest political footsie. Early this year he terrified fellow Democrats by skipping several of the weekly caucus lunches that cement party fidelity in the Senate. Recently he was spotted in the Republican cloakroom talking with South Carolina's Lindsey Graham about reforming Social Security. He even says he might vote Republican for President in 2008, a not-so-veiled hint that he would prefer John McCain, his fellow true believer in the Iraq war, to most, perhaps all, Democratic alternatives.

The Democrats' 2000 candidate for Vice President is the only party member in the Senate supporting President Bush's Iraq policy and says he is "very troubled about the direction the party is heading on foreign policy generally." With his re-election in November, many old allies now rue abandoning him after he lost the Connecticut Democratic primary to Ned Lamont last August. Both sides concede that bitterness remains. "It's still a little painful and awkward," says the majority whip, Dick Durbin, "but I think the caucus counts him as a friend."

Lieberman says leaving the Democratic Party is a "very remote possibility." But even that slight ambiguity — and all his cross-aisle flirtation — has proved more than enough to position Lieberman as the Senate's one-man tipping point. If he were to jump ship, the ensuing shift of power to Republicans would scramble the politics of the war in Iraq, undercut the Democrats' national agenda and potentially weaken their hopes for the White House in 2008. Those stakes are high enough to give Lieberman leverage with both parties no matter how slim the chance of his crossing the aisle. Which means Senate leaders aren't worrying only about whether Joe Lieberman will switch parties. They're wondering what, if anything, he plans to do with the power that comes from keeping that possibility alive.

So far, Lieberman is using his clout mostly in ways that discomfit his fellow Democrats, while his relationship with Republicans has involved more collaboration than coercion. When Senate Majority Leader Harry Reid said Bush's State of the Union proposal for a bipartisan terrorism panel was redundant, Lieberman, who supported the idea, privately sent Reid a letter saying he was "upset." Within days, Reid backed down and negotiated the panel's makeup with the White House. And last month, after Lieberman told Reid he had stopped attending the weekly Democratic lunch because he didn't feel comfortable discussing Iraq there, Reid offered to hold those discussions at another time. Lieberman has started attending again.

It stands to reason that Lieberman, a lifelong Democrat, would be interested in extracting concessions from Republicans as well. He describes himself as a hawk abroad, and lately his rhetoric has come to resemble the G.O.P.'s, notably when he said Democratic opposition to Bush's troop surge would "discourage our troops, hearten our enemies." But he's progressive at home; he has a long record of fighting for environmental concerns, prides himself on his early support for the civil rights movement and has earned strong ratings from labor. He's even working on a military mental-health bill with California liberal Barbara Boxer. His staff claims he votes with Democrats more than 90% of the time, if Iraq is removed from the calculation.

And Lieberman is uniquely positioned to influence the Bush Administration. In December 2004 the White House "sounded him out" for the job of U.N. ambassador, says a source close to Lieberman, and although he declined the offer, he remains in regular contact with the Executive Branch. Before Bush's State of the Union speech in January, National Security Adviser Stephen Hadley brought in Lieberman for a private consultation with the President. Lieberman says he talks with or e-mails Hadley, Homeland Security chief Michael Chertoff and White House legislative-affairs head Candida Wolff every week or two.

Lieberman's G.O.P. flirtation has its risks — and a time limit. By this time next year, the 2008 election cycle will overshadow anything that happens in the Senate. The longer he waits to capitalize on his moment, the greater the danger that he'll be tagged as one of those politicians for whom having power is more important than using it.

Republican Critic Of Iraq Policy Vows Not To 'Starve' The War (MCT)

By Renee Schoof

McClatchy Newspapers, February 23, 2007

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WASHINGTON - A longtime Republican opponent of the Iraq war, Rep. Walter Jones of North Carolina, broke ranks Thursday with Democratic Rep. John Murtha over Murtha's plan to attach conditions to war funds.

The split signals that divisions among war opponents are likely to emerge next week when Congress returns from recess. Murtha and other Democrats have said they'll look at how they might use congressional power over military regulations and funding to pressure the Bush administration to redeploy U.S. forces out of Iraq.

Murtha, D-Pa., chairs the House Appropriations Defense Subcommittee. Last week he said he'd amend the bill funding the war so that U.S. troop deployments couldn't be extended beyond one year and so that troops would have at least one year at home between deployments and be certified as "fully combat ready" with training and equipment before being sent.

Murtha also said he'd try to prevent the military from using "stop-loss" orders to force soldiers to remain on active duty beyond the terms of their enlistments.

Murtha said those steps would effectively stop the troop increase.

"They won't be able to do the deployment," he said. "They won't have the equipment. They won't have the training."

Jones applauded Murtha's intention to require proper training and equipment, but he said he opposed any effort to "starve" the war.

"I believe that we must take great care to ensure that any effort to provide for our armed forces not be used as a proxy for resolving larger issues concerning the war in Iraq," Jones wrote in a letter to Murtha. "Any attempt to starve the war as a way of bringing it to a conclusion, rather than through a serious policy debate about the best way forward in Iraq, would be wrong."

Jones argued that until "elected officials in Washington" change the mission of the troops in Iraq, "their funding should be unfettered by appropriations strings."

Murtha didn't issue an immediate public response to Jones.

Jones was a co-sponsor of the nonbinding resolution the House of Representatives passed earlier this month that opposed President Bush's plan to send more than 21,000 additional U.S. soldiers and Marines to Iraq.

A conservative whose district includes the Camp Lejeune Marine Corps base, Jones voted in 2002 for the resolution that authorized the war in Iraq. Later, he concluded that pro-war administration officials had manipulated intelligence and that the war was unjustified. Jones called on Bush in 2005 to set a timetable to begin withdrawing troops by fall 2006.

Jones has personally signed more than 6,000 two-page letters to the families of all Americans killed in Afghanistan and Iraq.

In his letter to Murtha, Jones said he holds accountable "those institutions and individuals who have made serious misjudgments leading up to, and during, the war in Iraq." But he added that he had assured his constituents and members of the armed forces that he wouldn't vote to cut off funding for troops in the field.

Jones easily won re-election in November to his seventh term.

Rep. Sam Johnson Emerges As GOP Voice In War Debate (LAT)

By Richard Simon

The Los Angeles Times, February 23, 2007

WASHINGTON — When House Republicans needed a John McCain-like war hero to lead their fight against Democratic assaults on President Bush's Iraq strategy, they turned to another former POW, a Texas Republican named Sam Johnson.

Though less known than Sen. McCain (R-Ariz.), his onetime cellmate in Vietnam, Johnson spent nearly seven years in a prisoner of war camp, about half of it in solitary confinement. When he took to the House floor during last week's emotional debate on the Iraq war, the 76-year-old former fighter pilot drew heavily on Vietnam experiences.

He spoke about his 2,494 days of "hell on Earth" in captivity and his "rat-infested 3-by-8 dark and filthy cell," while displaying the effects of injuries he sustained 34 years ago: a mangled right hand, stooped posture and slow gait.

Johnson has emerged as the House GOP's point man in an escalating fight in Congress over Bush's execution of the war — a position that puts him opposite another decorated Vietnam veteran, Rep. John P. Murtha (D-Pa.). GOP leaders see Johnson as the Republican best suited to counter Murtha, an ex-Marine and defense hawk who has become a influential war critic. "I respect John Murtha as a Marine," Johnson said. "However, serviceman to serviceman, I think his efforts are misguided."

Johnson is preparing for the next phase of challenges to Bush's war strategy. Murtha, who heads the House defense appropriations subcommittee, is moving to attach strings to Bush's war-funding request that could thwart his plan to add 21,500 troops to the 135,000-plus already in Iraq.

Both parties have featured military veterans prominently to make their case in the debate over the 4-year-old war.

Johnson led a parade of congressional military veterans in the GOP's losing fight last week against a symbolic resolution, sponsored by the House's Democratic majority, that put the chamber on record against a buildup of U.S. troops in Iraq.

He marked the 34th anniversary of his first full day of freedom from POW camp during the debate.

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And he gave the closing speech — one of the most impassioned during four days of debate — opposing the resolution.

"Let my body serve as a brutal reminder that we must not repeat the mistakes of the past," Johnson said. "We must not cut funding for our troops. We must stick by them. We must support them all the way."

He delivered a salute and returned to his seat as members of both parties applauded.

A Johnson staffer said the response to Johnson's stand had been overwhelmingly positive. "We've received phone calls from across America of grown men crying," said communications director McCall Avery.

But, said Texas state Rep. Lon Burnam, a Democrat who is director of the Dallas Peace Center, Johnson is going against public opinion on the war. "Sam Johnson is never going to pay attention to that because he is a hard-right, ideologically driven hawk," he said. "We don't bother to go to talk to him."

Liberal bloggers have also taken Johnson to task, posting remarks he made in 1995 in support of withholding funds from President Clinton's plan to send 20,000 American peacekeeping troops to Bosnia.

"I wholeheartedly support withholding funds from President Clinton's Bosnia mission," Johnson said then. "Although it is a drastic step and ties the president's hands, I do not feel like we have any other choice. The president has tied our hands, gone against the wishes of the American people, and this is the last best way I know how to show my respect for our American servicemen and -women."

Johnson defended his earlier comments Thursday, noting that in 1995 he opposed the deployment of troops to Bosnia "in the first place."

"In 2002, I supported sending our guys to Iraq, and I stand by that decision today," he said. "The Democrats who voted to go to war in Iraq in 2002 and just voted against our troops are the ones who are changing their tune."

Johnson made headlines in 2005 for suggesting that the weapons of mass destruction that U.S. troops failed to find in Iraq were in Syria and offering to drop a nuclear bomb on the country.

He later said he was joking.

Johnson was elected to the House in 1991 after serving six years in the Texas Legislature. Before that, he served in the Air Force for 29 years, once flying with the Thunderbirds, the Air Force's precision demonstration team.

He flew 62 combat missions in the Korean War in a plane named Shirley's Texas Tornado after his then-wife. On his 25th Vietnam mission, he was shot down in 1966 and captured.

"While in solitary confinement, my captors kept me in leg stocks, like the pilgrims, … for 72 days," he recalled during the debate. Next, he said, "they put me in leg irons … for 2 1/2 years."

Last week was not the first time Bush's allies called on Johnson because of his military background. In the 2000 presidential campaign, Johnson went to South Carolina to campaign for Bush against McCain. And during the 2004 campaign, Johnson called Democratic presidential candidate Sen. John F. Kerry, a decorated Vietnam veteran, "Hanoi John" — a comparison to actress Jane Fonda, who is still reviled by many for her trip to North Vietnam during the war.

But Johnson, a conservative, also has broken with Bush. He recently opposed a Vietnam trade agreement that was a presidential priority, and Bush's call to include a guest-worker program in an immigration overhaul.

No Way To End A War (WP)

By Charles Krauthammer

The Washington Post, February 23, 2007

The United States has fought many wars since 1941 but has never again declared one. No one abroad declares war anymore either, perhaps because it has the anachronistic feel of an aristocratic challenge. Whatever the reason, today Congress doesn't declare war; it "authorizes" the "use of force."

In October 2002, both houses of Congress did exactly that with open eyes and large majorities. Sen. Jay Rockefeller, a Democratic member of the Senate intelligence committee who had access to all the relevant information at the time, said, "I have come to the inescapable conclusion that the threat posed to America by Saddam's weapons of mass destruction is so serious that despite the risks -- and we should not minimize the risks -- we must authorize the president to take the necessary steps to deal with that threat."

Now, more than four years later, the Democrats want out of the resulting war. Most, such as Rep. John Murtha, want to do so for a simple reason: They think the war is lost. If you believe that, then getting out is the most reasonable and honorable and patriotic policy.

Congress has the power to do that by cutting off the funds. But Democrats will not, because it is politically dangerous. Instead, they are seeking other ways, clever ways. The House is pursuing a method, developed by Murtha and deemed "ingenious" by antiwar activist Tom Andrews of Win Without War, to impose a conditional cutoff of funds, ostensibly in the name

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of protecting the troops. Unless the troops are given the precise equipment, training and amount of rest Murtha stipulates -- no funds.

Unfortunately for the Democrats, Murtha is not disingenuous enough to have concealed the real motive for these ostensibly pro-readiness, pro-troops conditions. He has chosen conditions he knows are impossible to meet -- "We have analyzed this, and we have come to the conclusion that it can't be done," he told MoveCongress.org -- in order to make the continued prosecution of the war difficult, if not impossible, for the commanders in the field.

But think of what that entails. It leaves the existing 130,000 troops out there without the reinforcements and tactical flexibility that the commander, Gen. David H. Petraeus, says he needs to win.

Of course, the Democrats believe the war cannot be won. But if that's the case, they should order a withdrawal by cutting off funds. They shouldn't micromanage the war in a way that will make winning impossible. That not only endangers the troops remaining in the field, it also makes the Democrats' "the war is lost" mantra a self-fulfilling prophecy.

Murtha's ruse is so transparent that even Senate Armed Services Committee Chairman Carl Levin, who opposes the war, will not countenance it: "I think that sends the wrong message to our troops."

Levin has a different idea -- change the original October 2002 authorization. "We . . . will be looking at modification of that authorization in order to limit the mission of American troops to a support mission instead of a combat mission," says Levin. "That is very different from cutting funds."

While this idea is not as perverse as Murtha's, it is totally illogical. There is something exceedingly strange about authorizing the use of force -- except for combat. That is an oxymoron. Changing the language of authorization means -- if it means anything -- that Petraeus will have to surround himself with lawyers who will tell him, every time he wants to deploy a unit, whether he is ordering a legal "support" mission or an illegal "combat" mission.

If Levin wants to withdraw our forces from the civil war in the cities to more secure bases from which we can continue training and launching operations against al-Qaeda, he should present that to the country as an alternative to (or a fallback after) the administration's troop surge. But to force it on our commanders through legalisms is simply to undermine their ability to fight the war occurring on the ground today.

Slowly bleeding our forces by defunding what our commanders think they need to win (the House approach) or rewording the authorization of the use of force so that lawyers decide what operations are to be launched (the Senate approach) is no way to fight a war. It is no way to end a war. It is a way to complicate the war and make it inherently unwinnable -- and to shirk the political responsibility for doing so.

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Free Nations Can't Ignore Terror, Cheney Warns (WT)

By Michael Keats

The Washington Times, February 23, 2007

SYDNEY, Australia --Vice President Dick Cheney warned today that the United States and a key ally, Australia, "simply cannot indulge" thoughts of an early withdrawal from Iraq because it would spawn a new wave of global terror.

Mr. Cheney, on a two-day visit to a staunch U.S. ally, praised Prime Minister John Howard's firm support of the U.S.-led war and its fight against terror, saying the only option for survival was to fight back ferociously.

"The notion that free countries can turn our backs on what happens in places like Afghanistan, Iraq or any other possible safe haven for terrorists is an option we simply cannot indulge," Mr. Cheney said in Sydney.

"We are determined to prevail in Iraq because we understand the consequences of failure. If our coalition withdrew before Iraqis could defend themselves, radical factions would battle for dominance over the country," he said.

Ahead of Mr. Cheney's Sydney visit today, anti-war demonstrators scuffled with police.

Mr. Cheney arrived with assurances for Mr. Howard in the face of mounting domestic criticism of the Iraq war.

Opposition leader Kevin Rudd, meanwhile, seized on Britain's decision to reduce its troop presence in southern Iraq, arguing that Australia should follow suit.

Hours before Mr. Cheney's plane touched down in Sydney last night, about 250 demonstrators defied a police ban to march through the city center to the Sydney Town Hall.

Authorities made at least 10 arrests when the demonstrators set out for the U.S. Consulate chanting: "Troops out now," "Jail Cheney," and "Free David Hicks" -- a reference to the Australian who has been languishing in the U.S. prison at Guantanamo Bay, Cuba, since his capture in Afghanistan five years ago.

Hundreds of police are involved in a security operation that has locked down access to several areas of Sydney, where Mr. Cheney will stay before departing Sunday.

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Mr. Cheney's visit comes at a testing time for Mr. Howard's Liberal-National coalition government, which faces a national election later this year.

The latest public-opinion survey, a Newspoll published Tuesday, has Labor Party leader Mr. Rudd ahead of Mr. Howard as preferred prime minister by 47 percent to 37 percent.

Mr. Howard has ruled out following Britain and Denmark in withdrawing forces from Iraq and has been at pains to stress that there are still 10 times the number of British troops remaining in Iraq than those from Australia -- with the U.S. commitment even greater.

Powell Backs Surge, Time Frame To Quell 'civil War' (JC)

By Dan Shaw

Journal and Courier, February 23, 2007

Former Secretary of State Colin Powell told an audience at Purdue University that he supports sending more American soldiers to Iraq.

But if the troop surge does not quell what he characterized as a "civil war" within a year, the United States should begin to leave, he said.

"The situation is getting more and more confused," he told an audience of slightly more than 1,000 people seated in the Loeb Playhouse on the Purdue campus Thursday.

Powell was invited to be the featured speaker during the university's annual celebration of National Engineers Week. Last year, Purdue brought another former secretary of state -- Madeleine Albright -- for the event.

Speaking about the conflicts in the Middle East, Powell said the United States was right to retaliate against Afghanistan after the attacks of Sept. 11, 2001. But he was less certain when discussing the invasion of Iraq.

He conceded that the intelligence on Iraq's having weapons of mass destruction was misleading.

"But we were not wrong about the nature of this regime, and I am glad that it is gone," he said. "I hope the Iraqis will the seize the opportunity we have given them."

After Powell finished speaking, aeronautical engineering student John Wright said, "I liked that he was so direct and upfront about the intelligence they had. He owned up to the pitfalls and never backed down."

During the middle of the speech, Powell had to stop talking temporarily when a fire alarm sounded.

Jeanne Norberg, spokeswoman for the university, said the alarm was pulled accidentally and the interruption had nothing to do with a small group of protesters who had gathered outside the theater doors before Powell's speech.

Police officers ordered several of the protesters, who criticized Powell with signs and comments, to leave the Stewart Center shortly after the speech, saying they had become disruptive.

Powell took time during the interruption to sign books, drawing laughs when someone handed him a copy of an AARP magazine.

Much of Powell's speech was delivered with humor. He even affected a Texas accent to imitate President Bush.

Speaking of Russian President Vladimir Putin, Powell said Bush might say, "Colin I have looked into his eyes and seen his soul."

"OK," Powell said, reverting to his regular voice. "I have looked into his eyes and still see KGB."

Even so, Powell said he is hopeful that Putin is trying to move Russia in the right direction. And he takes heart that the United States is trading more and more freely with China and Asian countries. Commerce will make them so dependent on each other that they cannot afford to go to war, he said.

Turning to the United States, he said it can best serve the world by showing how having a free society can help make a nation happy and prosperous, he said. Americans must not let the fear of terrorism make them intolerant of people from different cultures.

"We are still like no other place in the world," he said. "We are still a place that people come to have their problems solved."

Henry Chou, a biochemistry student from Fishers, Ind., said the speech was perhaps the best he had ever heard.

"He has the message of hope," Chou said. "People still know what the U.S. stands for, and we have that to hold on to."

Old Problems Undermine New Security Plan For Baghdad (NYT)

By Richard A. Oppel Jr.

The New York Times, February 23, 2007

BAGHDAD, Feb. 19 — It looked like a scene out of a counterinsurgency training video. Dressed in crisp uniforms with a computer-generated camouflage of blue, gray and brown, Iraqi national police officers joined United States troops on searches

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late last week through relatively calm districts of Shaab and Ur in northeast Baghdad in the first large operation of the Baghdad security plan.

But appearances in Iraq can often be deceiving. At least two of the national police officers who turned out for the operation were moving ahead of the American troops not to lead the security drive but to warn the residents to hide their weapons and other incriminating evidence.

Some policemen on the sweep advertised their Shiite sympathies. Infiltration by militias has always been a major problem for the Iraqi security forces, and particularly the police, viewed by many Sunnis in the capital as de facto Shiite militia fighters.

The much anticipated effort to wrest Baghdad streets from the control of militias and insurgents has been presented in news conferences and public statements as an Iraqi-led operation. Iraqi officials have been out front, announcing arrests, weapons finds and other details, as well as new decrees intended to halt two years of so-called sectarian cleansing. But on the streets, the joint patrols seemed little different from those of the past few years: A handful of Iraqis, acting at the direction of a larger group of Americans, opening drawers and closets and looking behind furniture as they searched for banned weapons or other contraband.

For the first few days of the operation, about 2,500 American troops took part, compared with about 300 Iraqi forces, a mix of police and Army personnel, military officials said. The original plan called for Iraqis to work with United States troops throughout the night to enforce curfews and otherwise ensure that the gains of the previous day were not lost. But they were shifted to buttress the day force.

It was a translator working with the Americans, interviewed a day after the fact, who had overheard the Iraqi police tipping off the Iraqis. “They were telling people in the neighborhood to hide your weapons from the Americans,” he said. The police were Shiites, he said, and inclined to favor others of their sect in the district, which is mostly Shiite but has a considerable Sunni population.

On another patrol, an American commander said, Iraqi residents told American soldiers that a national policemen had warned them to hide anything incriminating including paraphernalia about Moktada al-Sadr, the Shiite militia leader whose forces are targets of the Baghdad crackdown.

“Families told us he was warning people before we’d come in, ‘If you have this or that, then hide it before they get here,’ ” said First Lt. Andy Moffit, who led a platoon through Shaab and Ur. The major problem with Iraqi forces is not their tactical skill, but their “loyalties and integrity,” he said.

On that score, he said, “We’ve still got years to go.”

Fearful of police ties to the militias, some residents questioned by the Americans about militia activity refused to say anything until the police were led out of the room.

Moreover, some Iraqi forces made little effort to hide their true allegiance. In one police truck an amulet stamped with the image of Imam Hussein, the revered Shiite martyr, swung from a rearview mirror. Next to it was a green Shiite flag, taped to the inside of the windshield. The truck’s radio blared chants heard during Ashura, a Shiite religious holiday.

To many Sunnis the Iraqi forces remain little more than instruments of Shiite hegemony, and the Baghdad plan appears to have done little to change that view.

“They can’t protect the Sunnis in the Shiite districts, and they will never fight the militias because they are from the same sect,” said Ahmed al-Mashhadani, a Sunni resident of west Baghdad, where other Baghdad security operations took place last week. “We don’t trust them, and if American troops leave, we will call back the resistance platoons to protect ourselves.”

American troops in northeast Baghdad heard the same refrain from Shiites who said that only their own militias could protect them from Sunni insurgents. “Before, the Mahdi Army checkpoints used to check each vehicle that came in here,” lamented one Facilities Protection Service guard, a Shiite, at a warehouse in Ur. “Now, the Iraqi police aren’t really checking each vehicle.”

American officials had long insisted that Iraqi forces were making great strides. But the torrent of sectarian killings that followed the Samarra shrine bombing last February made plain that most Iraqi troops were not up to the task and, in a frightening number of cases, were part of the problem.

Beginning in August, American troops increasingly returned to the front lines in Baghdad, facing roadside bombs and other threats. They have suffered an average of 85 deaths a month since then — a 50 percent increase over the previous six months. And those fatalities have increasingly occurred in Baghdad.

Lt. Col. Avanulas Smiley, commander of the First Battalion, 23rd Infantry Regiment, said he took heart in the performance of an Iraqi national police commander during the northeast Baghdad operations, citing the man’s willingness to acknowledge and address concerns about militia infiltration.

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He also said the number of police officers on the sweeps was not the total number of Iraqis working on the security push. That number would include others who operated checkpoints and worked independently of the Americans. He said he was disappointed that more Iraqi forces did not participate in the sweeps.

And he noted the flagging political support in the United States for the occupation. “We run the risk of losing popular support when there is the potential for getting this thing over the hump,” he said.

For now, what the Bush administration has called its surge plan, widely seen as a last effort to rescue Baghdad from civil war, will bring more than 17,000 additional troops to Baghdad to carry out a new strategy that leaves United States forces clustered in outposts throughout Baghdad neighborhoods, close to the streets and to Iraqi police and troops.

They will have plenty to do. Even routine security tasks performed by Iraqi forces, such as operating traffic checkpoints, are frequently undermined by laziness, American troops say, if not outright sabotage through complicity with the militias.

The thoroughness of the inspections can vary widely. In one hour at an Iraqi checkpoint in Karada, a mostly Shiite neighborhood, on Feb. 16, the police allowed more than 150 vehicles to pass while pulling over about 25. In only three cases did they open the trunks. They found nothing. At another checkpoint a mile away, near the Green Zone, most of the cars were pulled aside, and eventually traffic snaked for a mile.

Then a sedan containing six young men pulled up to barriers set up by interior ministry commandos. The driver, apparently referring to an unspecified militia, said, “I’m with the guys,” said an Iraqi reporter for The New York Times who had heard the exchange. The car was immediately sent through.

Insurgents Broaden Arsenal In Battles With U.S., Iraqi Forces (WP)

By Ann Scott Tyson And Joshua Partlow

The Washington Post, February 23, 2007

Insurgents in Iraq are employing a variety of new tactics -- from an unprecedented string of helicopter shoot-downs to unusual chlorine bomb attacks and direct assaults on U.S. military bases -- that American commanders say are intended to create chaos and undermine the U.S. and Iraqi military push to quell violence in Baghdad.

Lt. Gen. Raymond T. Odierno, the second-ranking U.S. commander in Iraq, said Thursday that he believed a U.S. Army Black Hawk helicopter that went down Wednesday north of Baghdad had been shot down -- which would make it the eighth U.S. military or civilian aircraft to be downed by insurgents since Jan. 20.

"Initial reports that I have seen indicate enemy fire," Odierno told Pentagon reporters during a teleconference from Baghdad. Helicopters are essential to U.S. military operations, he said, and will fly an estimated 400,000 hours in Iraq this year, making it vital to protect them.

Odierno said he believed that "al-Qaeda-associated cells" using similar tactics are behind at least some of the shoot-downs. He said U.S. raids in recent days have led to the capture of two suspected cell members, one of whom admitted he was involved in shooting down an aircraft. The Sunni insurgent group al-Qaeda in Iraq has asserted responsibility for several of the recent attacks on U.S. helicopters.

Chlorine-laced bombs are another new tactic. Four more people died Thursday in Baghdad after ingesting chlorine fumes from a blast the day before on the road leading to the capital's airport, raising the death toll in the attack to seven people, said Col. Sami Hassan of the Interior Ministry.

"This is just the first time that we've seen the chlorine used in this way," said Lt. Col. Christopher C. Garver, a U.S. military spokesman in Baghdad. He said he knew of no more than two or three people who died from ingesting the chlorine, a common industrial chemical used heavily in water treatment and not a "weaponized-chemical" agent capable of inflicting mass casualties.

Wednesday's bombing was the third time in a month that insurgents rigged chlorine tanks to their explosives to increase the deadliness of their attacks, military officials said. The day before, insurgents blew up a truck carrying chlorine gas tanks in Taji, north of Baghdad, in an attack that killed nine people. In late January, another truck carrying explosives and chlorine tanks exploded near Ramadi, killing 16 people.

Insurgents are attempting to "adapt in such ways where they can continue to create instability. And that's what they're doing, especially with these" vehicle bombs incorporating chlorine, Odierno said. He added that U.S. and Iraqi forces stationed around Baghdad were taking steps to keep car bombs out of crowded areas. U.S. troops discovered a car-bomb factory Tuesday outside Fallujah that contained chlorine cylinders, he said.

More aggressive, direct attacks by insurgents on bases housing the U.S. military are another troubling development. Last month, four American soldiers were killed after being kidnapped at their compound in Karbala, and a suicide bomb attack this week on a U.S. military facility in Tarmiyah north of Baghdad left three soldiers dead.

On Thursday, U.S. soldiers killed at least 12 suspected insurgents and wounded three others in a six-hour battle starting at 7:30 p.m. in eastern Ramadi, the capital of Anbar province in western Iraq.

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Soldiers from Task Force 1-9 were attacked by small-arms fire and found insurgents in several buildings in the area, said 1st Lt. Shawn Mercer, a Marine spokesman in western Iraq.

Soldiers used heavy machine guns and one shoulder-fired rocket, and eventually "precision-guided munitions," which damaged buildings, he said. "We have no reports of civilian casualties, and there were no coalition casualties," he said.

General Implicates Al-Qaeda In Copter Crashes (USAT)

By Jim Michaels

USA Today, February 23, 2007

WASHINGTON — "Al-Qaeda-associated" cells may be behind a recent spike in downed U.S. helicopters in Iraq, a general said Thursday.

Lt. Gen. Raymond Odierno, the No. 2 U.S. commander in Iraq, said two suspects have been captured in connection with the helicopter attacks. One suspect, he said, admitted involvement in one attack.

Since Jan. 20, insurgents have shot or forced down eight U.S. helicopters, killing 28 troops and civilians. Enemy fire forced down a Black Hawk helicopter north of Baghdad on Wednesday.

Insurgents fire on Army helicopters an average of 100 times a month, Maj. Gen. James Simmons, deputy commander of Multinational Corps-Iraq, said earlier this month. Enemy fire hits helicopters in about 17% of those attacks, he said. Most are able to keep flying.

U.S. officers are studying the recent incidents to determine how best to adjust helicopter flying tactics and are attempting to uncover and destroy the groups behind the attacks, Odierno said.

Earlier this month, Odierno said he didn't think insurgents had greater access to sophisticated weapons, such as surface-to-air missiles. But insurgents have used similar tactics in recent attacks, suggesting they may be more effectively using machine gun and small-arms fire against helicopters.

"I think we see in a few cases … that there were probably some sort of ambush sites that were set up by some of our foes," Odierno said in a video conference from Baghdad. "I think they've probably been trying to do this for a long time, but my guess is we have a cell out there that's somewhat effective." He later clarified his remarks to say there may be several cells.

U.S. forces rely on helicopters more to move supplies and troops as roadside bombs make ground travel more dangerous.

The Army expects to log 400,000 flight hours in helicopters this year, up from 240,000 hours in 2005.

The Army has almost quadrupled its spending this year, from $7.5 million to $29.6 million, on equipment that protects helicopters from missiles and other attacks, Pentagon budget records show. That includes a laser warning system that alerts pilots to threats from the ground.

Changing helicopter flying tactics often means trading one threat for another. Low-flying helicopters are less vulnerable to surface-to-air missiles because they are hidden by terrain and buildings. However, helicopters flying closer to the ground are easier to hit with rocket-propelled grenades or with fire from assault rifles or machine guns.

Al Qaeda Believed Behind Copter Crashes (WT)

By Bill Gertz

The Washington Times, February 23, 2007

Two or three al Qaeda terrorist cells in Iraq are behind the recent series of helicopter shootdowns, a senior U.S. commander in Iraq said yesterday.

Army Lt. Gen. Ray Odierno, commander of the Multinational Corps, Iraq, told reporters that the downing of several helicopters involved common tactics, techniques and procedures used by terrorists.

"We're trying to understand what those are, learn about it so we can protect our aircraft, but more importantly, try to go after the cells," the three-star general said. "I believe they're al Qaeda-associated cells."

Eight helicopters in Iraq have been shot down or have crash-landed after ground fire since Jan. 20. Some of the attacks involved shoulder-fired surface-to-air missiles.

Military officials at first sought to blame the downings on mechanical problems, but later information revealed most were hit by enemy fire. One attack on a UH-60 Black Hawk north of Baghdad resulted in the deaths of 12 soldiers. A third Black Hawk was shot down Wednesday and Gen. Odierno said initial reports indicate "enemy fire" was the cause.

"We are aggressively examining the conditions of each incident and adapting tactics and techniques to address the issue," Gen. Odierno said, noting that the military is increasing the use of helicopters because most casualties are occurring from improvised bomb attacks on ground vehicles.

Two persons linked to the helicopter attacks are being questioned, including one who took part in one of the shootdowns. The terrorist "admitted that he was involved in one of them," Gen. Odierno said.

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"And we've done a couple of operations over the last few nights, and I think we've also gotten into another part of a cell who might have shot down another aircraft, one of the aircraft. So we continue to work this extremely hard," he said.

The aircraft attacks were carried out from "ambush sites that were set up by some of our foes," Gen. Odierno said, noting that "I think they've probably been trying to do this for a long time, but my guess is we have a cell out there that's somewhat effective."

The increase in the helicopters attacks comes as U.S. and Iraqi forces have launched a major, months-long program to pacify Baghdad, where much of the insurgency against the new Iraqi government and U.S.-led coalition forces is taking place.

Gen. Odierno said one breakthrough was the discovery by an Army airborne unit Tuesday of a car bomb factory near Karma, about 12 miles northeast of Fallujah.

"The unit discovered numerous artillery rounds, mortar rounds, bombs, rockets, gutted anti-aircraft shells, a pickup truck and three other vehicles that were already in various stages of preparations as car bombs, as well as much detonation material," he said.

The factory also contained material that is being used to enhance bombs, such as fertilizer and chlorine in cylinders.

"We also found the various components of a metal shop, including welders, burner stoves, circular saws, sanders and other items needed to build explosive devices," he said.

Asked about the insurgent's use of chlorine bombs, Gen. Odierno said over the past two years there have been attempts to use different chemicals to boost the lethality of improvised bombs and chlorine "is just another way to do it."

Iraq Rebels Expected To Use More Chlorine Gas In Attacks (NYT)

By Richard A. Oppel Jr.

The New York Times, February 23, 2007

BAGHDAD, Feb. 22 — Insurgents are likely to continue combining car bombs with chlorine gas and other chemicals to launch attacks similar to three in recent weeks that spewed chlorine and sickened scores of Iraqis, the military warned Thursday.

American troops raided a car-bomb factory near Falluja and found chlorine cylinders and propane tanks among the bomb components.

The raid late Tuesday in Karma, an insurgent-dominated village between Falluja and Baghdad, led American officials to suggest that insurgents had planned to combine the materials found into a new round of chemical-laden vehicular bombs.

The latest chlorine bombing happened Wednesday in southern Baghdad and killed at least two people and wounded 32 others. Many exhibited symptoms of exposure to chlorine, a greenish gas that burns the skin and can be fatal after a few concentrated, deep breaths.

The Karma site was stocked with “numerous artillery rounds, mortar rounds, bombs, rockets, gutted antiaircraft shells, a pickup truck and three other vehicles that were already in various stages of preparations as car bombs,” said Lt. Gen. Ray Odierno, the second-ranking commander in Iraq.

“We also found ingredients to be used to devise or enhance explosives such as fertilizer and chlorine cylinders,” the general said.

The general insisted that the recent chlorine attacks did not suggest that the insurgency is “any more capable,” but said that militants were trying to “adapt in such ways where they can continue to create instability, and that’s what they’re doing.”

Maj. Gen. William B. Caldwell IV told CNN that the troops had found “five complete buildings full of these various types of things,” including 65 propane tanks. “What we are seeing is a change in tactics, but the strategy has not changed.”

Military officials are also acutely concerned that insurgents have adapted tactics to exploit vulnerabilities in flight patterns of military helicopters, which are expected to fly 400,000 hours this year in Iraq, a 20 percent increase over 2006.

At least eight helicopters have been downed in the last month, the latest on Wednesday when a Black Hawk crash-landed in Diyala Province after coming under fire from heavy machine guns and rocket-propelled grenades.

No one was wounded in the latest crash.

General Odierno said that in two or three of the helicopter shoot downs “ambush sites” had been set up by insurgents. “My guess is we have a cell out there that’s somewhat effective,” he said. He said two suspected of being insurgents, each believed to have played a role in separate helicopter attacks, had been detained in the past week, and one had admitted his involvement.

In Ramadi, the Anbar provincial capital, American forces fought a fierce battle with insurgents that officials at the Ramadi hospital said had left at least 27 Iraqis dead. One of the officials, Dr. Abdullah Salah, said four women and four children were among those killed. Witnesses said at least three houses had been attacked by American aircraft.

The marines, who patrol western Iraq, disputed the hospital casualty count, saying that the six-hour fight left 12 insurgents dead and that they had no reports of civilian or American military casualties.

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A Marine spokesman, First Lt. Shawn Mercer, said insurgents attacked soldiers with small arms and rocket-propelled grenades Wednesday evening in east Ramadi. The American soldiers fired back at first with small arms and medium machine guns, then with heavy machine guns, a shoulder-fired rocket, and "precision guided munitions."

The Associated Press reported that photographs made available to the news agency showed "the bodies of two small boys wrapped in one blanket, one with a bloody face, the other ashen and with mud on his mouth, his hands crossed on his chest." Other pictures showed four or five bodies covered by blankets, and men searching through rubble.

On the heels of another rape allegation that has shaken Iraq's Shiite-dominated government, an Iraqi general in the northern city of Tal Afar told several news agencies that four Iraqi soldiers had been accused of raping a 50-year-old Sunni Turkmen woman about 10 days ago.

Brig. Gen. Nijm Abdullah told The Associated Press that a lieutenant and three enlisted men initially denied the woman's charge, but then confessed after being confronted by the woman.

An official from the Tal Afar hospital said the woman was raped after her husband was jailed by Iraqi soldiers, and she did not come forward until she was encouraged to do so by an official from the main Sunni political bloc.

One soldier from the 13th Sustainment Command (Expeditionary) was killed and three wounded by a roadside bomb attack near Diwaniya early Thursday morning, the military reported.

At least 14 bodies were also discovered throughout the capital on Thursday, an Interior Ministry official said.

U.S. Troops Uncover "car Bomb Factory" Near Fallouja (LAT)

The Los Angeles Times, February 23, 2007

U.S. troops in Iraq uncovered a "car bomb factory" near Fallouja this week that contained multiple canisters of chlorine, a potentially lethal gas that has been used in three insurgent attacks over the last month, a top U.S. official in Baghdad told reporters Thursday.

Lt. Gen. Raymond T. Odierno, the Army commander responsible for day-to-day military operations in Iraq, said the Tuesday night raid outside the city west of Baghdad netted a wide array of munitions and three vehicles that were apparently being readied as car bombs at the compound, in addition to the chlorine cylinders.

The discovery of yet more chlorine following bombings Tuesday and Wednesday in which the chemical was used seemed to indicate a stepped-up effort by insurgents to use such choking agents to cause even more deaths and spread fear among Iraqi civilians.

At least 21 Iraqis and a U.S. soldier were killed or found dead around the country Thursday amid an aggressive security crackdown in the capital and rainy weather hampering travel across the region.

Odierno noted that insurgents have for several months been trying to use various other chemicals to make car bombs more deadly, and characterized the use of chlorine as part of these efforts.

Such bombs are capable of spreading fear, but Odierno noted that deaths caused by the chemical have thus far been limited. The most recent attack, on Wednesday, sickened 25 Iraqis, killing two.

"Over the last year or so ... we have found attempts of them to try to use all different types of chemical mixtures in order to try to make [car bombs] more lethal, and this is just another way to do it," Odierno said in a briefing from Baghdad held for reporters at the Pentagon.

Army Maj. Gen. William B. Caldwell IV, the chief U.S. military spokesman in Iraq, said in an interview on CNN that the cache of weapons found Tuesday night near the town of Karma, northeast of Fallouja, included "all kinds of ordinary chemicals" besides chlorine, a possible indication that insurgents have stepped up their efforts to use toxic substances in their attacks.

Although Odierno would not say who the U.S. believed was behind the chlorine bombs, Karma is in Sunni Arab-dominated Al Anbar province, home to both home-grown Sunni insurgents and foreign fighters linked to the group Al Qaeda in Iraq.

Despite the limited deaths in the chlorine attacks, White House spokesman Dana Perino said the use of chlorine appeared to be part of an effort by insurgents to pull off "spectacular events" that would kill civilians, and she called employment of the gas "disturbing and concerning".

Chlorine has been considered for use as a chemical weapon as far back as the U.S. Civil War. According to the 2003 book "A War of Nerves," proposals were made to President Lincoln's secretary of War to use chlorine against Confederate forces in 1862, but the suggestions were never acted upon.

The first documented use of the gas in warfare was by German troops against Allied forces during World War I; chlorine cylinders were first opened in April 1915, releasing the yellowish-green gas on French and Algerian troops defending the town of Ypres in Belgium.

Although Germany again employed chlorine during World War II, it has not been widely used in warfare since then. The U.S. Department of Health and Human Services lists chlorine as a "choking agent" that could be used as a weapon by terrorists.

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On Thursday, an improvised explosive device, or roadside bomb, was blamed for the death of the American soldier near the southern city of Diwaniya. Three other soldiers wounded in the blast were evacuated to Baghdad for treatment, the U.S. military said.

In Baghdad, the bodies of at least 14 men were discovered. Mortar rounds struck a western neighborhood of the capital, killing one civilian and injuring three others. Elsewhere in Iraq, three bodies were found in Kirkuk, two in Mosul and one in Hillah.

U.S. and Iraqi forces northeast of Baghdad arrested a top police official on charges of running death squads. Brig. Gen. Qassem Khazaal, head of Diyala province's criminal intelligence division, and six others under his command were arrested on charges of kidnapping and murder.

U.S. Unit Shoulders Burden At Police Station In Baqubah (WP)

By Bill Murphy Jr.

The Washington Post, February 23, 2007

BAQUBAH, Iraq -- It took nearly a month to build the tiny bunker on the roof of this Iraqi police station. The U.S. soldiers worked at night to avoid snipers, carrying sandbags up four flights of stairs in the dark.

One day last week, several American soldiers arrived to begin their shift here, using the roof to scan the surrounding area for attackers. The soldiers were well armed, and they had cigarettes, coffee and soda with them, even beef jerky. But there was one thing missing from the roof of the station, and from the ranks of those who were there to defend it: members of the Iraqi security forces.

Similar U.S. units are embedded at other Iraqi police and army installations in Baqubah, a city of 300,000 about 35 miles northeast of Baghdad. Keeping these locations open and functioning is vital, military commanders say, if the Iraqis who live here are to have confidence in the government.

The police station houses a unit of the local police Emergency Response Force. The Americans call it "the ERF," so it rhymes with "surf." In theory, the ERF should be like a U.S. police SWAT team, but in practice, the Iraqis are simply outmanned and outgunned. The U.S. troops here, from Alpha Company, a unit in the 1st Cavalry Division, say the Iraqi police officers are loath even to leave the station.

"Originally, it was designed like we were going to be training" them, said 1st Lt. Jason Brinkley, 23, of Palacios, Tex. But ever since insurgent attacks in late November, "we've just kind of been staying here, pretty much to keep the place from being overrun," he said.

In one room of the station that the Americans use, weapons, ammunition and rations were stacked alongside cases of soda and hundreds of bottles of water. A generator powered a microwave oven, and a freezer was stuffed with frozen hamburgers, hot dogs and breakfast sandwiches.

"It's like an infantryman's dream in here," said Sgt. Benny Alicea, 34, of Attleboro, Mass.

The ERF comes under fire almost every day, and most days, Brinkley said, his troops kill between one and six insurgents. "The standoff we've got is to our advantage, because we shoot better than they do," Brinkley said.

"You get used to it," said Spec. Monty Hesley, 27, of Hanover, Kan. "That's your job, is killing people and people trying to kill you. You can get into a zone. You have to, or you're going to drive yourself nuts."

Most of the troops at the ERF said they had no idea how their work might contribute to a larger effort, or even who the enemy is. And they said they do not trust the Iraqi police officers living one floor below them. At least one U.S. soldier stood guard with his rifle at all times, ensuring that none of the Iraqi police ventured into the American living area.

The core of this platoon is on its second tour together in Iraq. It fought at Najaf in August 2004 and alongside the Marines at Fallujah in November 2004.

"I just care about my friends -- this platoon, that everybody will come home," said Pfc. Stanislav Mykhaylichenko, 20, of New York, a Ukrainian immigrant whose father fought in the Soviet army in Afghanistan in the 1980s.

"The best bet is to pull back," said Sgt. Jerry White, 26, of Bell, Fla. "Sending more troops -- it's not working. You're sending more targets. That's all you're doing."

"They're going to have their civil war, and all we're doing is just being in the middle of it," Alicea said.Frustration and Death

"Everybody gets frustrated. Who the hell wouldn't be?" Lt. Col. Mo Goins, commander of the 1st Battalion, 12th Cavalry Regiment, said later. "We're all Type A personalities, Westerners, and we want it done right away."

"The soldiers see their small part of the war," said Col. David Sutherland, commander of 3rd Brigade, the 4,700-strong unit that includes the 1-12 Cavalry and other battalions, and has the entire province of Diyala -- home to about 1.6 million people -- as its area of operations. "We've been here for five months. The soldiers get frustrated. They think all they're doing is going out and getting hit with" improvised explosive devices.

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"We've got hot spots," he said. Overall, he said, Baqubah has gotten more violent, but things have improved in the rest of the province. Since Feb. 4, nine U.S. soldiers have been killed in and around Baqubah.'We're Under Attack'

At 9:46 a.m. on the second day of the soldiers' three-day shift, small-arms fire erupted outside.

"Shooting from the south. They do that," said Spec. Patrick Pena, 24, of Midland, Tex.

Long bursts of automatic-weapons fire followed. Outside, bullets hit a damaged vehicle in front of the building. Not far away, a U.S. soldier refueling the ERF's generator took cover. It was unclear whether any of the Iraqi police officers were returning fire.

Two loud thumps echoed.

"Mortar rounds!" someone yelled.

"Yeah, mortars. Small arms," Brinkley agreed. "I think we're under attack."

The soldiers erupted in laughter.

"It's what they always do," Brinkley continued. "They just get out of a car, fire two rounds and get out of here. It's nothing accurate, just harassing fire."

Spec. Jeremy Anderson, 22, of Corpus Christi, Tex., stayed low on the roof, near the sandbag bunker, pointing out buildings from which insurgents often target the ERF and the small road that the soldiers call Sesame Street because they see the same odd characters there every day.

The shooting died down. Loudspeakers blared from nearby neighborhoods. None of the soldiers spoke Arabic, but they said they can sometimes make out words like "Ameriki," "Bush" and "jihad."

Morning turned to midday. There were two more loud explosions. Mortars again, the soldiers said.

Downstairs, Brinkley sipped a Mountain Dew and walked into a room where several soldiers were resting. He had spent two hours in a sniper's nest over a shower stall that the men use as a makeshift urinal, and he had finally found a target. A man with an AK-47 assault rifle was trying to get into position about 500 yards away.

Brinkley squeezed the trigger and killed him.

"I'm still happy," Brinkley said. "The right thing to do is get dudes to stop shooting at you, especially that accurate fire."Engaging the Officers

Few of the U.S. troops have much contact with the Iraqi police here, but Staff Sgt. Thomas Blair, 22, of Boston, walked downstairs in the early afternoon.

"Mister Thomas!" a 21-year-old Iraqi officer called out.

A half-dozen Iraqi police officers spoke through an Iraqi interpreter employed by the U.S. Army. None would give their names for fear that their families would be killed if insurgents learned their identities. Most wore civilian clothes.

An officer who said he was 37 was eager to talk. "Insurgents have good weapons. [We] don't. No uniform, no ammunition."

Several officers said they wanted an armored Humvee. They drive around in pickup trucks now, they said.

The police showed off their living quarters. In one dusty room, five twin beds took up most of the space. Ten policemen sleep there, switching off on the beds, the men explained. An officer wearing a light sweater and sandals said he wanted boots and a uniform, but cannot afford them. All the officers said they were owed money, and one said he had not been paid for eight months.

A 26-year-old officer gestured at a bullet hole in the window. He traced a line through the air to another hole in the wall above one of the beds.

"I'm scared of any bad guy," the 21-year-old officer said. "I have no ammo."

"But you have me!" chimed in Blair. He struck an exaggerated pose with his M-4 rifle and laughed.

As the men talked, Blair shared his cigarettes with them. He said he feels bad for the officers, and he gives them food and cigarettes because their rations are so meager. But he acknowledged he has another motive. If the insurgents overrun the ERF, he said, he wants to be known as the nice, friendly American.

"They're not chopping my head off," he said.'Fire Danger Close'

Anderson came down from the roof. He and another soldier had spotted two men with an AK-47 trying to bury something on the road, a classic IED team. He opened fire with an M-14 sniper rifle, hitting one of them. It was the platoon's second suspected kill of the day.

At 4:20 p.m., troops who weren't on guard ate microwave oatmeal from foam plates. There was another loud explosion outside, followed by smaller booms.

"Fire danger close," came a radio report from the rooftop. "We've got our heads down, but it sounds like RPGs," or rocket-propelled grenades.

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Two of the platoon's Bradley Fighting Vehicles went out to assist a U.S. tank that was immobilized after breaking a tread. As they returned to the ERF, a sniper opened fire. Brinkley's driver, Spec. Jeremy Mitchell, 26, of Rockmart, Ga., was nearly hit as he started to climb out.

Brinkley returned fire with the vehicle's 25mm gun, and there was no more activity in the building where the shots had come from. He counted it as their third kill of the day.

"Not the first time I've been shot at, and it won't be the last," Mitchell said afterward, though he clearly looked shaken.

Calls came over the radio. The platoon learned it would be given 12 hours back at the forward operating base the next day to do some much-needed maintenance on its Bradleys.

It would be the first such stand-down in three weeks.

"This is all normal, routine stuff," Brinkley said. "Dude with the AK that I shot in the street? That's routine. The dudes digging an IED? That's an everyday occurrence."

"Let's see if we get shot at if we go out to grill," Mitchell suggested. The platoon keeps a barbecue on an outside landing, right off the third floor. On its last rotation here, a sniper fired at Brinkley while he was cooking about 5 p.m., so the platoon has learned to wait until dark to cook.

"It wasn't that close," Brinkley recalled. "Five or six feet away."

Firefight Between U.S. Troops, Insurgents Kills At Least 12 (USAT/AP)

The Associated Press

USA Today, February 23, 2007

Sunni insurgents attacked U.S. troops in the volatile city of Ramadi, setting off a six-hour firefight that killed at least 12 people, the U.S. military said Thursday.

The Ramadi battle broke out Wednesday evening when insurgents opened fire on a U.S. patrol. The Americans responded with precision-guided munitions that damaged several buildings and ended the fight, said a Marine spokesman, 1st Lt. Shawn Mercer.

There were no U.S. casualties. Twelve insurgents were killed, Mercer said. He said no civilian casualties were reported.

However, Hafidh Ibrahim of the Ramadi Hospital said the bodies of 26 people, including four women and children, were pulled from the rubble of three houses.

Frequent battles have taken place in Ramadi, the capital of Anbar province west of Baghdad. President Bush has ordered an increase of 21,500 troops in Iraq — 4,000 of them in Anbar province to try to quell violence there. The rest are bound for Baghdad.

The military warned that insurgents were adopting new tactics after a raid near Fallujah uncovered a car bomb factory with propane tanks and chlorine canisters. Insurgents have detonated three trucks carrying canisters of toxic chlorine since Jan. 28. The most recent attack, Wednesday in Baghdad, killed five people and sent more than 55 to hospitals.

U.S. troops "found ingredients to be used to devise or enhance explosives, such as fertilizer and chlorine cylinders," Lt. Gen. Ray Odierno, the No. 2 U.S. commander in Iraq, told Pentagon reporters by video link.

"What they're trying to do is … adapt in such ways where they can continue to create instability," Odierno said.

Chlorine, used as a weapon in World War I, can cause breathing problems and irritate the skin. At high levels, it can be fatal.

Also Thursday, at least 19 people were killed or found dead in Baghdad, and two bodies were discovered in the city of Kut. Three other people were shot to death in the northern city of Mosul.

Baghdad 'Surge' Returns Chalabi To Center Stage (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 23, 2007

BAGHDAD, Iraq -- In his latest remarkable political reincarnation, onetime U.S. favorite Ahmed Chalabi has secured a position inside the Iraqi government that could help determine whether the Bush administration's new push to secure Baghdad succeeds.

In a new post created earlier this year, Mr. Chalabi will serve as an intermediary between Baghdad residents and the Iraqi and U.S. security forces mounting an aggressive counterinsurgency campaign across the city. The position is meant to help Iraqis arrange reimbursement for damage to their cars and homes caused by the security sweeps in the hope of maintaining public support for the strategy.

Mr. Chalabi's writ is supposed to be limited mainly to security, according to aides to Iraqi Prime Minister Nouri al-Maliki, but he is already speaking ambitiously about playing a larger role in economic, health and reconstruction efforts as well. In his new

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capacity, Mr. Chalabi answers directly to Mr. Maliki and is already taking part in weekly planning meetings with senior American officials such as Ambassador Zalmay Khalilzad and Gen. David Petraeus, the top U.S. military commander in Iraq.

Mr. Chalabi's position was created as part of a broad push by Mr. Maliki's government to capitalize on any positive momentum created by the addition of 21,500 additional American forces to Iraq, of which some 3,000 have arrived so far. In the weeks after President Bush disclosed his plans to "surge" additional forces to Iraq, Mr. Maliki created five new government committees charged with making the plan work on the ground. They include panels focused on economic development, the restoration of basic services such as electricity, and, in Mr. Chalabi's case, the critical task of maintaining public backing for the initiative.

The new position is vaguely defined, and it is too early to tell how much power Mr. Chalabi will ultimately wield. How much money will be available to pay claims and how it might be awarded and disbursed remains to be finalized, too. But he is a skilled political infighter who has often shown a talent for making the most out of whatever hand he is dealt. Mr. Chalabi also maintains close ties with key political allies of Mr. Maliki such as radical Shiite Muslim cleric Muqtada al-Sadr, which gives him extra sway within Mr. Maliki's government. Indeed, U.S. Embassy officials suggest Mr. Chalabi's closeness to Mr. Sadr is a major reason he was offered the liaison post.

Already, some U.S. officials are expressing concern about Mr. Chalabi's new role, fearing he will undercut the elaborate system of elected and appointed local governments that American officials have been cultivating over the past three years. American and Iraqi critics also worry that Mr. Chalabi, a Shiite, will use his clout to ensure that Sunni Muslim neighborhoods of the city are hit hardest by the new security crackdown, a move that would further inflame Iraq's sectarian tensions.

"The question is whether he is really doing this to help, or whether he's trying to build himself a new political base in Baghdad or carry water for the Shiites," said a senior American official here. "And we simply don't know the answer to that yet."

In an interview yesterday, Mr. Chalabi said such concerns are unfounded, and stressed that he would use his position solely to help maintain public backing for the security push. "This is not about political parties, or about sectarian groups," he said. "We just want to motivate people to support the security plan, because otherwise it can't succeed."

Mr. Chalabi said he envisions helping Iraqis get the government to repair homes or furniture harmed in security raids, or to reimburse them for damage caused by the sweeps. He said he also plans to develop a way for Iraqis to report petty theft by security personnel, a common occurrence across Iraq. Mr. Chalabi insisted he would treat Sunnis fairly, and pointed to a recent series of conciliatory gestures he has made toward the embittered minority, which ruled for decades before the 2003 U.S. invasion that toppled Saddam Hussein.

In addition to leading the new "popular committee for mobilizing the people" in support of the Baghdad security push, Mr. Chalabi continues to head a government de-Baathification committee. That panel -- charged with expelling members of Mr. Hussein's ruling Baath Party from the government -- has come under fire for firing hundreds of thousands of mainly Sunni civil servants from their government posts. The mass unemployment and ill will resulting from the purge is widely believed to have helped swell insurgent ranks, and senior officials in the U.S. and Iraq have conceded the move was counterproductive.

Mr. Chalabi, too, has changed course in recent weeks and now says he wants to bring most former Baathists back into the government. Mr. Chalabi said he had helped draft legislation that would enable most of the ousted Sunni civil servants to reclaim their jobs or pensions, and said 14,000 former Baathists had already returned to their jobs. If the bill is signed into law, Mr. Chalabi said only 1,500 high-ranking former Baathists would be permanently barred from the government.

Despite such assurances, Mr. Chalabi remains a deeply divisive figure in Iraq, viewed skeptically by many U.S. as well as Iraqi officials. Critics see him as openly sectarian, and say they have little faith that he will treat Shiites and Sunnis equally in his new role.

"Chalabi is a very good politician, but we don't know his true intentions," said Mohammad al-Rubaie, who heads the district government in Baghdad's Karrada neighborhood. "We have to make sure that he doesn't have a free hand to do everything he wants, because otherwise his position can cause more harm than good, and create even more sectarian dangers."

Mr. Chalabi's return to prominence caps a remarkable turnaround for a man whose moment seemed to have passed after a string of political setbacks. He had spent decades in exile building ties with the neoconservative thinkers pushing for a U.S. invasion of Iraq. He returned to Baghdad after Mr. Hussein's ouster, but soon alienated many of his former backers by becoming a close ally of Mr. Sadr and making frequent trips to Iran. In December 2005 elections, Mr. Chalabi's party failed to win a single parliamentary seat.

Mr. Chalabi largely faded from public view, but he remained an active behind-the-scenes player in Iraq's chaotic political scene. He continued to run the powerful de-Baathification panel, made regular trips to Iran and recently returned from a trip to Syria undertaken at Mr. Maliki's behest, according to a senior Maliki aide.

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An aide to Mr. Chalabi said the vehicle for his latest renaissance was born of the realization that an aggressive counterinsurgency -- which involves breaking down doors, rifling through houses and making wide-scale arrests -- can quickly alienate the public.

Mr. Maliki tasked Mr. Chalabi with building a system of district committees that will work with American and Iraqi security forces operating in each area of the city, the aide said. The hope is that these committees will make it easier for residents to get restitution from the Iraqi government -- and possibly the American military -- if their property is harmed, and give them an incentive to approach Iraqi and American forces with information about insurgents.

Fueling speculation that he will expand his role, Mr. Chalabi invited dozens of political, tribal and religious leaders to a meeting in a Baghdad hotel Wednesday to explain how his new post would function and begin the process of choosing the members of the liaison committees meant to operate in Baghdad's 10 districts. During the meeting, Mr. Chalabi repeatedly told the crowd of his close ties to Mr. Maliki and described an ambitious plan to ban cars from the main market area of the Rusafa neighborhood for security reasons, a move he said would rejuvenate economic growth there.

In the interview, meanwhile, Mr. Chalabi said he would use his new position to identify shortfalls in the city's health system and basic infrastructure.

Even Mr. Chalabi's critics acknowledge he is an unusually skilled politician, a gift on full display as he made his way through a smoke-filled banquet hall in the Mansoor Hotel Wednesday, nattily attired and trailed by a retinue of bodyguards and aides. Mr. Chalabi glad-handed his way from table to table, exchanging handshakes and kisses with the local Iraqi political officials clamoring for a moment of his time. By the end of the meeting, he had won over at least some of the skeptics.

"It doesn't matter that he didn't win a seat in the elections -- this is a man who is better than most of the current people in parliament," said Muslim Ahmad Saleh, chairman of the district government in the Kadhamiya neighborhood.

Rape Of Second Sunni Woman By Iraqi Security Forces Alleged (WP)

By Ernesto Londono

The Washington Post, February 23, 2007

BAGHDAD, Feb. 22 -- An Iraqi police official in the northwestern city of Tall Afar said Thursday that a military officer and three soldiers had admitted to raping a Sunni woman and recording the act with a cellphone camera.

The four soldiers told an investigative committee convened by the Iraqi army that they sexually assaulted the woman nearly two weeks ago, according to Gen. Najem Abdullah, a police spokesman in Tall Afar.

The soldiers' statement follows another Sunni woman's assertion this week that she had been raped in Baghdad by members of Iraq's predominantly Shiite security forces. Iraq's Kurdish president and its Sunni vice president said Thursday that a judge should investigate her case, which the Shiite-led government of Prime Minister Nouri al-Maliki has dismissed as groundless.

Iraqi President Jalal Talabani said in a statement that the courts were "the only legitimate place to examine such allegations" and that the government should avoid steps that would "inflame sensitivities and create mistrust."

Talabani's stance, echoed by Vice President Tariq al-Hashimi, is sharply at odds with Maliki's insistence that the 20-year-old Baghdad woman who contends three Iraqi policemen raped her Sunday is a criminal who fabricated the story to exacerbate sectarian tension and undermine a U.S. and Iraqi security plan to pacify the capital.

The case has caused a political uproar -- with Sunnis demanding justice and Shiites defending the officers -- in a society where public discussion of rape is rare.

"In this country, [rape] is more serious than any other crime," said Wamid Nadhme, a political scientist at Baghdad University. "The religious values and the honor values say that one should not violate a woman. This will have very serious implications in coming days if neither side is able to prove that they are right and the other side is wrong."

"Sexual violence is a well-documented tool of war," said Sarah Leah Whitson, director of the Middle East and North Africa sections of Human Rights Watch. But in Iraq, "this case is the first of its kind."

The day after the Baghdad woman's allegation came to light, Maliki said the accused officers deserved to be honored. He said the government would sue her for making the claim.

The U.S. government has remained largely on the sidelines, even though many Iraqis view the Americans as the only potential impartial arbiter. The woman was treated at a U.S. military-run medical facility in Baghdad's fortified Green Zone.

Maliki's office e-mailed to reporters portions of her medical record, which showed health-care providers had documented signs of bruising on her inner thighs, groin and head. The document also included a handwritten note in English saying there were no signs of trauma in the patient's vagina.

U.S. officials initially said they would issue a statement on the case but later said discussing it would violate patient privacy guidelines.

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Khalid Mohammed Hassan, a civic activist in Tall Afar, called the rape case there "a very dangerous crime and a very ugly crime."

"Such ugly practices will push the citizens to not cooperate with the security forces or the army, and they'll be afraid they'll be in the same position," he said.

The Islamic State of Iraq, a Sunni insurgent group, issued an audio statement on its Web site Thursday saying 300 insurgents have volunteered to conduct suicide operations to avenge the woman who came forward Monday. At least 50 are from the woman's tribe, and 20 offered to marry her if she is single, the statement says.

Withdrawing From Banks (WT)

By James Palmer

The Washington Times, February 23, 2007

There is nothing routine about a trip to the bank in Baghdad.

Confronted by criminal gangs on the streets and demands for bribes from tellers in the branches -- not to mention long lines, shortages of bank notes, and other inconveniences -- many Iraqis are opting simply to keep their savings at home.

Even without the security concerns, financiers and government officials say, there are not enough banks in Iraq to serve the population and finance sorely needed reconstruction, leaving companies and individuals struggling to secure their assets.

"You must keep it somewhere," said Abd Ali Radi, the 56-year-old owner of a modest bus company. "This is a problem for all Iraqis today."

Interviewed in a restaurant last month, Mr. Radi recalled a recent trip to his bank in which, while nervously edging ahead in line, he heard the familiar sound of an ammunition round being injected into the chamber of an automatic pistol. He quickly fled.

Ali Al-Ajeely, a 48-year-old travel agency owner, said he is so fearful of carrying large amounts of cash that he avoids the city's depositories altogether. "It's safer to stay away from the banks," he said.

And businessman Hamza Own, a 47-year-old waterworks contractor, called the banks insecure and inefficient. "I have better ways of storing my money," he said, adding he last held a bank account in 1990.

Several banks in Baghdad this year have suffered daylight heists in which millions of dollars were stolen from their main offices, branches and armored vehicles.

"Most banks handling cash have experienced large robberies -- a million here, another million there," said Foud M. Mustafa, the managing director of the Credit Bank of Iraq.

The robberies have forced some institutions to reduce the amount of cash they keep on hand. "Smaller is better now," said Zuhair Al-Hafidh, whose Ashur International Bank focuses on the investment sector.

Iraqi banks guarantee their deposits, but customers have few assurances while traveling to and from the institutions. And in a city where dozens of people are killed every day, many residents feel it is more practical to keep their savings at home.

"If anything happens to you, your family has the money," said Mr. Al-Ajeely, the travel agent.

Yet even in a society where an estimated 70 percent of business is conducted in cash, many Iraqis can't avoid banks.

Raad Mohammed Salman, whose company transports oil, said the volume of his business forces him to make deposits because "it's too much to keep at home." But he doesn't relish the experience.

Corrupt bank clerks commonly press for bribes of 50,000 dinars -- about $38.50 -- to complete a transaction valued at a little over $23,000. "They know I have good contracts with the oil ministry," Mr. Salman explained.

Wa'al Abdul Mutalab, a 39-year-old money changer, said he handles tens of thousands of dollars daily and delivers cash deposits to his bank on a motorcycle to avoid thieves.

Once in the banks, Mr. Mutalab said, he must deal with long lines of government pensioners. "I have to arrange an appointment so I can finish quickly," he said.

Misgivings about banks date from the rule of Saddam Hussein, who would impose restrictions on banks without warning during times of unrest -- notably a $750 monthly limit on withdrawals after the 1990 invasion of Kuwait.

Saddam did open the banking sector to private institutions, and 21 such banking companies operate in Iraq today. But financial analysts say it is still not enough, especially as security problems have forced them to close branches and shelve expansion plans.

The Credit Bank of Iraq had planned to create 55 branches after Saddam's fall, but it recently closed two in Baghdad and now has only 12 open, according to Mr. Mustafa, its director.

During the nearly four years since Saddam was overthrown, five Iraqi banking companies have partnered with foreign banks. But companies outside Iraq still are hesitant to risk investments.

"We have no dealings with foreign banks now," said Farzdak Abdal Razak, a manager at the Middle East Investment Bank in Baghdad. He said merger talks with Citibank officials in Jordan collapsed last year.

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Bank directors still dream of adding branches, welcoming foreign investors and having automated teller machines operating 24 hours a day. But most Iraqis would settle for a safe place to keep their money.

For those with just a little cash like Mr. Al-Ajeely, the matter is simple. "I keep it in my pockets," he said.

Distrust, Fear A Year After Iraq Mosque Bombing (LAT)

By Christian Berthelsen

The Los Angeles Times, February 23, 2007

BAGHDAD — On a gray, drizzly day in the mostly Shiite Muslim neighborhood of Karada, one of this capital's last bastions of relative stability, sheepherder Ahmed Jassim Safee reflected on how life has changed in the year since sectarian warfare erupted with the bombing of the Golden Mosque in Samarra.

"We used to go to sell our livestock in Fallouja, Ramadi and Rutbah," Safee said of Iraqi cities that are now Sunni hotspots practically off-limits to Shiites. "The shrine bombing has resulted in the drawing of borders, and now we cannot travel freely even within the limits of one city or town because you don't know when you're going to be targeted or for what reason."

The Golden Mosque held the tombs of imams who were descendants of the Muslim prophet Muhammad and regarded by the Shiite sect as his rightful successors. U.S. and Iraqi officials have committed to rebuilding the mosque's bomb-damaged golden dome, but it is in a Sunni-dominated area and the work is viewed as too dangerous to undertake at the moment.

Before the mosque bombing, anger and violence in Iraq had largely been focused on the U.S.-led forces occupying the country in the wake of the 2003 invasion.

But the Feb. 22, 2006, attack on one of the nation's holiest Shiite mosques overshadowed Western failures and transgressions, including the Abu Ghraib prison scandal and reconstruction lapses, that occurred after the fall of Iraqi President Saddam Hussein. It set off a convulsion of sectarian warfare that continues mostly unabated to this day and starkly divides Iraq in ways that were largely buried before.

Now, one year on, amid the latest version of a security plan intended to restore calm, bombed-out buildings scar Baghdad and Iraqis live in fear of one another. Several people asked to discuss their feelings on the shrine bombing and their hopes for the future declined to do so. Those who were willing to talk said they badly wanted the plan to work and for peace to return. But their faith in such an outcome varies widely.

As his 14-year-old son, Abbas, slaughtered a sheep for a customer and dozens of other animals milled around, Safee, 37, said he was pessimistic. He noted that hundreds of people have been killed even after the new security effort was launched early this month and that on Wednesday the government announced it had captured Sudanese militants entering the country.

"What kind of security plan is this?" Safee said. "Life after the shrine incident in Samarra has become unbearable and worse than ever. It has become very dangerous to the extent that even a .50-caliber machine gun wouldn't do you good for protection."

The distrust is not limited to Shiites. Sunnis too believe sectarian tensions have long-lasting ramifications, and fear for the future.

"I don't think that the shockwaves of this incident have died down yet, and I don't think that they will unless a more secular government comes into power," said Zaid Jumaili, a 33-year-old electrical engineer from a predominantly Sunni neighborhood in west Baghdad.

"These explosions basically got rid of any inhibitions that the people had before it. It's all about revenge. Ordinary Shiites started attacking or killing ordinary Sunnis, and ordinary Sunnis who had nothing to do with [religious militants] started doing the same thing as a reprisal."

Still, many Shiites and Sunnis share the view that the attack was the work of foreign agents determined to foment a holy war in Iraq, and resent the way it has divided their country. Saif Lahaybi, a 23-year-old Sunni engineering student, said he had to end a relationship with a Shiite girl because of the divisions, and he and Shiite friends are no longer able to visit each other's neighborhoods to socialize.

"No doubt the bombing of the shrine in Samarra is not accepted, whether by Shiite or Sunnis," he said. "We were like one, living together and sharing neighborhoods."

But there are those who hold out hope.

Mohammed Thamir, 28, who on Thursday sat in his darkened luggage store without electricity, said he believed the new security effort would bring an end to the violence.

"It was a big tragedy and what happened is unfathomable, but I am optimistic that we will be able to surpass these hard times," he said as the light from a battery-powered fluorescent bulb glinted off the metal fixtures of his suitcases. Business was brisk after the bombing, as Iraqis bought baggage to flee the country. Now, he said, sales have slowed as people give the new plan a chance to work.

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"'Hopefully this security plan will put an end to this violence," Thamir said. "I have faith that it will work. It's not just Iraqis; the whole international community has interest in the success of this plan."

Shujaa Abdul-Ilah, the 25-year-old owner of a store that sells leather shoes and coats, said the violence had forced him to close his shop five hours earlier each day, but that the crackdown had made him feel safer.

He said that despite the violence and sectarian tension, "I don't think that it will stay like that. We are all brothers regardless of our religion or sect. We have lived in Iraq for numerous generations."

Soldier Sentenced For Rape, Murder In Iraq (AP)

AP, February 23, 2007

FORT CAMPBELL, Ky. -- A U.S. soldier was sentenced to 100 years in prison yesterday for the gang rape and murder of an Iraqi girl and the killing of her family last year.

Sgt. Paul E. Cortez, 24, also was given a dishonorable discharge. He will be eligible for parole in 10 years under the terms of his plea agreement.

Cortez of Barstow, Calif., pleaded guilty this week to four counts of felony murder, rape and conspiracy to rape in a case considered among the worst atrocities by U.S. military personnel in Iraq.

In his plea agreement, he said he conspired with other soldiers from the Fort Campbell-based 101st Airborne Division to rape 14-year-old Abeer Qassim al-Janabi. The girl, her parents and a younger sister were all killed.

Earlier yesterday, tears rolled down Cortez's face as he apologized for the rape and murders. He said he could not explain why he took part.

"I still don't have an answer," Cortez told the judge. "I don't know why. I wish I hadn't. The lives of four innocent people were taken. I want to apologize for all of the pain and suffering I have caused the al-Janabi family."

The military judge hearing the case, Col. Stephen R. Henley, issued a sentence of life in prison without parole, the maximum for the charges. Under military law, the defendant is given the lesser sentence unless he violates terms of the plea agreement, which requires Cortez to testify against others charged in the case.

Psychologist Charles Figley testified that Cortez and the other soldiers likely suffered stress brought on by fatigue and trauma.

"It eats you up," Figley said. "It's a horrible thing. This is not unique. We've seen this in other wars."

Five soldiers who served with Cortez in Iraq testified that his actions were out of character and described the hardships of war they experienced, including sleep deprivation and the lack of running water.

"I just never would have seen it coming," said Staff Sgt. Tim Briggs, who has known Cortez for five years and served with him in Iraq.

Prosecutors said the stress was no excuse for the actions of Cortez and the other soldiers from the 101st Airborne Division, based at Fort Campbell.

On Wednesday, Cortez described raping the girl in her family's home in Mahmoudiya last March, along with Spc. James Barker, 24. Barker pleaded guilty in November to rape and murder and was sentenced to 90 years in military prison.

Cortez said this week that former private Steven D. Green raped the girl in front of him; shot her father, mother and sister; and then shot her in the head. He also testified that the soldiers attempted to burn the girl's body; burned their own clothes; and threw the murder weapon, an AK-47, into a canal in an attempt to dispose of the evidence.

Cortez was found not guilty of more serious charges of premeditated murder and conspiracy to premeditated murder.

Pfcs. Jesse Spielman, 22, and Bryan Howard, 19, await courts-martial. Green, who is accused of being the ringleader but was discharged from the military before being charged, will be prosecuted in a federal court in Kentucky.

Long Iraq Tours Can Make Home A Trying Front (NYT)

By Lizette Alvarez

The New York Times, February 23, 2007

In the nearly two years Cpl. John Callahan of the Army was away from home, his wife, he said, had two extramarital affairs. She failed to pay his credit card bills. And their two children were sent to live with her parents as their home life deteriorated.

Then, in November, his machine gun malfunctioned during a firefight, wounding him in the groin and ravaging his left leg. When his wife reached him by phone after an operation in Germany, Corporal Callahan could barely hear her. Her boyfriend was shouting too loudly in the background.

“Haven’t you told him it’s over?” Corporal Callahan, 42, recalled the man saying. “That you aren’t wearing his wedding ring anymore?”

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For Corporal Callahan, who is recuperating at Walter Reed Army Medical Center, and so many other soldiers and family members, the repercussions, chaos and loneliness of wartime deployments are one of the toughest, least discussed byproducts of the conflicts in Iraq and Afghanistan. Hundreds of thousands of soldiers and loved ones have endured long, sometimes repeated separations that test the fragility of their relationships in unforeseen ways.

The situation is likely to grow worse as the military increases the number of troops in Iraq in coming months. The Pentagon announced Wednesday that it was planning to send more than 14,000 National Guard troops back to Iraq next year, causing widespread concern among reservists. Nearly a third of the troops who have served in Iraq and Afghanistan have done more than one tour of duty.

Most families and soldiers cope, sometimes heroically. But these separations have also left a trail of badly strained or broken unions, many severed by adultery or sexual addictions; burdened spouses, some of whom are reaching for antidepressants; financial turmoil brought on by rising debts, lost wages and overspending; emotionally bruised children whose grades sometimes plummet; and anxious parents who at times turn on each other.

Hardest hit are the reservists and their families, who never bargained on long absences, sometimes as long as 18 months, and who lack the support network of full-fledged members of the military.

"Since my husband has been gone, I have potty-trained two kids, my oldest started preschool, a kid learned to walk and talk, plus the baby is not sleeping that well," said Lori Jorgenson, 30, whose husband, a captain in the Minnesota National Guard, has been deployed since November 2005 and recently had his tour extended another four months. "I am very burnt out."

In the next couple of months, Ms. Jorgenson, who has three young children, has to get a loan, buy a house and move out of their apartment.

Even many active-duty military families, used to the difficulties of deployments, are reeling as soldiers are being sent again and again to war zones, with only the smallest pause in between. The unrelenting fear of death or injury, mental health problems, the lack of recuperative downtime between deployments and the changes that await when a soldier comes home hover over every household.

And unlike the Vietnam era, when the draft meant that many people were directly touched by the conflict, this period finds military families feeling a keen sense of isolation from the rest of society. Not many Americans have a direct connection to the war or the military. Only 1.4 million people, or less than 1 percent of the American population, serve in the active-duty military.

"Prior to 9/11, the deployments were not wartime related," said Kristin Henderson, a military spouse whose husband served as a Navy chaplain in Iraq and Afghanistan and whose recent book "While They're at War" explores the impact of today's deployments. "There were separation issues, but there was no anticipatory grief and no fear and no medical overload."

It is common for spouses to wind up on antidepressants, Ms. Henderson said, a situation made worse by the repeat deployments. The more deployments, the less time that families have to mend before the stress sets in again, she added.

Ms. Henderson recalled having a panic attack in church while her husband was away and crying in the shower most mornings so no one would see her. "The common misconception," she said, "is that the more you do this, the better you get. That is not true."

Some relationships grow stronger as distance and sacrifice help bring into sharp focus what is important. Before Robert Johnson's deployments to Iraq with the North Carolina Army National Guard, he and his wife, Dawn, faced difficult decisions about how to care for their seven children, including four living at home. They decided their two severely disabled teenage twin sons would be best cared for elsewhere, one in a group home, the other with grandparents.

But Ms. Johnson, 41, who works full time at a pharmacy, said she felt there had been an upside to the ordeal. "Now I know," she said, "that I can pretty much survive anything."

Other marriages, especially young marriages rushed by deployment, may have been destined to fail from the start.

Seeking Help

As the war stretches into its fourth year, more troops and their families are reaching out for help, turning to family therapists and counselors. The Army and the Marines, partly in response to a jump in the number of divorces and a rise in domestic violence reports, have created programs to help couples cope, including seminars and family weekend retreats. The Army has also improved the family readiness groups that often serve as a lifeline for spouses.

Divorces, which had hovered in the 2 percent to 3 percent range for the Army since 2000, spiked in 2004 to 6 percent among officers and 3.6 percent among enlisted personnel. The rate for officers dropped to 2.1 percent in 2006, but the rate for enlisted personnel has stayed level, at 3.6 percent.

Married women are having the hardest time. The divorce rate for women in the Army in 2006 was 7.9 percent, the highest since 2000, compared with 2.6 percent for men.

Demand for counseling has grown so quickly among military families and returning soldiers that the military has begun contracting out more services to private therapists. Reservists must rely largely on networks of volunteers.

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"For a while a lot of soldiers coming back were not being seen because there was such an overload of patients and so few mental health providers on base," said Carl Settles, a psychologist and retired Army colonel who runs a practice near Fort Hood, Tex.

The military recently called him to ask how many of several hundred patients he could take on, Dr. Settles said.

Corporal Callahan, who is on the brink of divorce, said his marriage, his second, had been troubled before his deployment but became unsalvageable once he shipped out. His deployment also forced him to transfer guardianship of his children temporarily to their grandparents because of problems at home, he said.

His injury, which has left him unable to walk, has now complicated his chances of remaining in the Army. "I felt like I had hit bottom," he said. "I had so much bitterness in me. I have been so angry. So many nights I have cried and tried to figure out what I can do and what I can't do."

Capt. Lance Oliver, Corporal Callahan's commander in Iraq, said he kept close track of Corporal Callahan's personal situation, and while disintegrating marriages are not uncommon, Captain Oliver said, Corporal Callahan's was the most dramatic.

"I can't think of one that is more heartwrenching," he said.

Spouses' Secrets

Extramarital affairs, hardly rare in other wars, are also a fixture now.

David Hernandez, who is in the Army and is based in Fort Hood, said his relationship with his wife of 10 years crumbled between his second and third deployments. She was frazzled and lonely, he said, with two children to care for; he came back moodier, quieter and more distant. Now his wife is living with another man, Mr. Hernandez said in e-mail messages from Iraq. He, in turn, has started a relationship with a female soldier, despite his hope for reconciliation.

"It was very stressful for her doing everything and worrying about me," he said, adding, "I spent so much time away; it drove us apart to seek other relationships."

"Now I'm back out here," he said. "I feel helpless. What can I do? It makes it a little easier being with someone out here. Temptation was the hardest, and I gave in."

Dr. Settles sees about 40 soldiers a week in private practice and says a majority of soldiers cope well. But those with problems feel them deeply.

"Infidelity and financial issues are major issues," Dr. Settles said, adding that there are abundant cases of wives who clear out their husband's bank accounts or soldiers who come home and go binge shopping. "Even a good mule needs a few oats once in a while," he said. " Some of these guys, they are kind of at their limit."

Some therapists say they are bracing for this year's divorces. Mary Coe, a marriage and family therapist working near Fort Campbell, an Army base on the border of Kentucky and Tennessee, said she was seeing "many, many divorces" right now. The 101st Airborne Division recently returned from its second deployment with an astonishing level of rage, she said. "Now we are seeing 15- to 20-year marriages not making it, and these are families that survived 20 years of deployments," Dr. Coe said.

Lei Steivers, whose husband is a senior noncommissioned officer at Fort Campbell, has been a military wife for 25 years. But it took her husband's second yearlong deployment to Iraq to cripple their marriage. They are now in counseling. A family leader on the base, Ms. Steivers, 46, also has two sons in the military. She said a number of men she knows came home last year for rest and relaxation and demanded a divorce.

Many spouses, she said, blame the presence of women alongside combat units. The blame may be misplaced, but the anxiety is not.

"They are side-by-side fixing an engine, the girls live upstairs, the guys live downstairs," Ms. Steivers said. "We are just more and more in awe, saying, What is going on?"

Some wives have uncovered their husband's pornographic pictures on Web sites like MySpace, she said, adding, "I've seen them because the wives show them to me."

Dr. Coe said she had been surprised by the number of soldiers who had come home and sought counseling for sexual addictions fueled by DVD's and Internet pornography.

While pornography is blocked by the United States military in Iraq, service members gain access to it with laptops through their own Internet service providers, Corporal Callahan said.

At the same time, spouses back home sometimes hook up with men on the Internet. When the relationship surfaces, it sometimes leads to violence, said Robert Weiss, who co-wrote "Untangling the Web," a book about Internet pornography, and who has been hired as a consultant by military family groups looking for guidance.

Family Trumps All Else

For some spouses, concerns about infidelity take a back seat to the demands of a household. Lillian Connolly's husband of 21 years, a staff sergeant in the Army Reserve in Massachusetts who now works at a Lowe's Home Improvement, was sent to Iraq twice. The first deployment, in 2003, lasted 11 months. The second one, for which he volunteered, was much harder on the

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family. Even before his father's second deployment, the couple's 12-year-old started having tantrums. When his father left their home in 2005, the boy started to misbehave at school, Ms. Connolly said. He and his sister were the only children with a deployed parent, and the school, she said, was mostly unsympathetic. If anything, Ms. Connolly said, she got the blame.

"He really worried about his dad every day," Ms. Connolly said of her son. "They couldn't understand he had an anger problem because his dad was gone.

"That was more stressful and harder to deal with than my husband being gone."

Mary Keller, the executive director of the Military Child Education Coalition, a private nonprofit group that helps children and schools cope, said two million children had experienced deployments. Worst hit are those in schools that are isolated from military culture.

"It is highly likely that the teacher doesn't have a personal experience with the military," Dr. Keller said.

At home, spouses say, they try to keep their young children connected to their deployed parents. Ms. Jorgenson lets her three children pull Skittles out of a bowl to mark the passage of time. She buys them surprise gifts from their father, like boxes of Fruity Pebbles or camouflage sheets. Meanwhile, she thinks, "Will I ever get through bath time and get them to bed without screaming and losing my patience?"

Parents of young soldiers often appear the most tormented, counselors say, especially if opposed to the enlistment. There are also few resources for them.

"Mothers are in worse shape than wives," said Jaine Darwin, a psychoanalyst and co-director of Strategic Outreach to Families of All Reservists, a volunteer group that offers counseling to military families in many states. "Mom is not allowed to cry. And that is certainly a problem."

Esther Gallagher, 50, who works in a counseling office at a high school in Goodrich, Minn., has two sons in Iraq. She worries about both but frets most about her youngest, Justin, 22, a gunner who has seen a lot of violence in Falluja. He joined the Minnesota Army National Guard and has spent most of the past three years on deployment; the last tour was recently extended, which angered his mother and disheartened the soldiers in his unit.

When Sergeant Gallagher came home for two weeks last year, he walked out of the room any time anyone talked about Iraq.

"Every day, they are in harm's way," Ms. Gallagher said, her voice quavering. "I mean, that's your baby — to have him out there in harm's way, and not knowing. Your life has been to protect these kids."

Back From Despair, In Her Words (LAT)

The Los Angeles Times, February 23, 2007

WITH her husband in a coma, unable to breathe on his own, Nancy Kules sat down at a computer and began to type. PRAY, PRAY, PRAY, she wrote.

It was Dec. 2, 2005. Nancy, a kindergarten teacher from Arizona, had flown across the Atlantic to be with her husband, Army 1st Lt. Ryan Kules, at a military hospital in Germany. His entire body was wrapped in bandages. All Nancy could see were his forehead, a toe and his blood-clogged ears.

Ryan's Humvee had been hit by a roadside bomb in Iraq three days earlier. His right arm and left leg were blown off. He nearly bled to death. He had severe brain damage. Doctors feared he would not survive.

Nancy wrote to friends and relatives: I wish I were logging on with better news…. I will give you all the cold, hard facts.

The ordeals of combat amputees in Iraq and Afghanistan have provided a familiar narrative after nearly four years of war. But less familiar are the stories of their spouses. For the next year, in 309 entries in an online journal, Nancy Kules laid out the facts and poured out her emotions.

Her journal opened a window on a searing experience shared by a growing number of spouses who have become collateral damage in America's overseas wars. What began as an attempt to keep loved ones informed became a unique personal account of recovery and accommodation, of suffering and redemption.

"People think what a great story it is, and what blessings we've had, and how Ryan has overcome great odds," Nancy said outside the couple's Maryland home on a sunny winter morning. "But they don't think about the daily repercussions of it. The heart of the matter isn't something you can therapy away. It is what it is. It's our new reality."

For Nancy, and for thousands who have visited the site (www.caringbridge.org/visit/ryankules) to offer comments and contributions, the journal is an inspiration. But in its frank approach to tragedy, it is also a reminder that reality can be daunting, and that life for this couple can never be the same.

The story begins just after Nancy, 24, received the phone call that military families dread. Summoned to a phone at her elementary school in Ahwatukee, Ariz., she heard a faraway voice say, matter-of-factly, that Ryan, 25, had lost limbs in an explosion.

She left work, packed and headed for the airport — knowing that being told to fly to Germany meant that Ryan was too badly injured to make it back to the U.S.

"I honestly thought I was going to be bringing a body home," she said.

Nancy was bombarded with contradictory information. After one doctor described severe brain damage, she threw up. Other doctors had assured her there was minimal brain damage.

"I wanted to know the truth, and I wanted to kick whoever gave me bad information," she said.

On Dec. 3, 2005, the second day at the hospital in Germany, she wrote: It is easier to get the info to you this way, because it is difficult to talk about it out loud.

Between the grief, time changes, and jet lag, we are so unaware of time. I got to help clean Ryan up last night. I spent a good 4 hours taking a q-tip to his fingers, toes, ears and any other visible skin. It was somewhat therapeutic for me….

I want MY Ryan back, (past, present, and future) and all those memories that we share and I have been re-living for the past few days … I have faith that this will happen.

Dec. 7: I re-read the things that I have written, barely remembering some of it…. I find myself crying when I read these things. Not the kinds of sobs that shake my whole body, but a peaceful stream of tears running down my face.

With Ryan in a coma, Nancy spoke to him, hoping he would somehow understand that she was at his side.

"He was so badly broken," she recalled recently. "If he was hanging on until we got there, I wanted him to know, 'Baby, I'm here and I love you and if you gotta let go, it's OK.' "

HE did not let go.

Ryan was transferred to Walter Reed Army Medical Center in Washington, still in a coma and fighting a high fever. There, Nancy noticed that his eyes were no longer locked in a fixed stare. They moved slightly.

Dec. 10: I knew for the first time that Ryan is aware that I am here. He is still not following commands, but when I looked in his eyes, I just feel like he is still there, frustrated that he cannot show this to us yet …

The anguish of this discovery is startling. I feel like my time to deal with 'me' is over, and I now need to find the strength to focus on him …. I am scared of what Ryan will think. I am scared of what he already knows…. I think I need to go outside, stomp, scream, and cry a little.

Three days later, after a breathing tube was removed, Ryan spoke his first words since the explosion: "Hi, Nancy."

Nancy quizzed him. His name? "Ryan." His dog's name? "Peanut." Did he love Nancy? "Yes." Their wedding anniversary? "Um … April?"

Dec. 13: Ha ha. I'll take it …. It is a long, l o n g road ahead of us, but the progress of today helps us look toward tomorrow …

Dec. 14: This evening, Ryan told me "my legs and arms are broken." I just said "yes baby, but the doctors are working to help you. I have to go to the bathroom, I will be right back." Then, I stepped around the corner and cried. My poor Ryan. My heart aches for him …

I cannot imagine waking up and suddenly having to deal with the loss.

That same day, Ryan called his wife "Miss Nancy."

I got all teary eyed because of this … I don't know why he called me Miss Nancy. That was hard. I am sure he will get around to "baby" or at least Nancy soon enough but …

The loss of his limbs weighed on Ryan. "I didn't freak out, but I would realize it all over again the next day, anew," he recalled. "People ask if I woke and started screaming because I'm missing an arm and a leg. Well, it was gradual — it happened over and over."

Doctors discovered mucous and blood clots in Ryan's lungs. Because of breathing problems, he was re-intubated and unable to speak.

Dec. 16: 2 steps forward, 100 steps back. We feel like we have lost a week+ of progress in one night.

Dec. 18: I am happy as a clam this evening. His vital signs are great, the clots have not presented any new problems as of yet, and he gives me kisses whenever I ask for them (mostly) :)

Ryan had not yet been told that two of his soldiers died in the explosion.

Dec. 23: Ryan told me that he had been waiting for us to have some time alone so he could ask … the question that I have been preparing for, but dreading. "What happened to the other men from my platoon?"

It broke my heart to tell Ryan, but he was understanding and lay in quiet contemplation after I broke the news. I cried.

The journal records Ryan's three dozen surgeries (he remembers only three) and his long medical odyssey from coma to intensive care to therapy to rehabilitation. It captures Ryan's first attempts to feed himself, his first "breakout" from the hospital for a day trip, his struggles to learn to walk on a prosthetic leg. He left the hospital as an outpatient in mid-January 2006.

July 12: Ryan is able to walk, AND drink a Slurpee at the same time. The small things in life …

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The entries document with candor and passion the couple's "roller coaster ride."

Nov. 29, the one-year anniversary of the explosion: Even through times that felt very dark and lonely, this website has been a beacon of support, and a lifeline to others that were (and are) willing to share in our pain and concern, or joy and accomplishments …

I can honestly say neither of us has ever experienced anything more challenging, or demanding. Although things have been almost impossible to bear at times and even harder to understand, the number one thing … is to try our best to learn from the situation. What can we take away from all of this that will leave us stronger?

RYAN is among 100 Americans who have lost two limbs in Iraq or Afghanistan. An additional 448 have lost one limb, and four have lost three.

Promoted to captain in July, he is walking, with effort, on his prosthesis. He can drive a car. He has undergone therapy to become left-hand dominant. His right arm — he was right-handed — was severed too high up for a prosthetic arm to fit effectively.

Nancy says his brain function is as good as ever, though Ryan cracked, "Some would argue that I've always had reduced brain function."

He and Nancy have taken trips around the country in which Ryan has gone snowboarding, snow skiing, water-skiing, whitewater rafting, biking, fishing and canoeing. He visits Walter Reed twice a week for physical therapy.

"The neighbors know me as the guy with the left arm who walks kind of funny," he said. "They don't know me any other way. I'm kind of accepted as a normal member of society, and that's the goal in rehab."

Ryan plans to work as an intelligence analyst for a private company that does contract work for the federal government. "I can't get back into the fight on the ground anymore, so this is my way of getting back into it," he said.

Nancy plans to return to teaching someday, and is "slowing down" on the journal, she said.

"It's time to kind of get back our privacy," she said. "We still want to share the highlights of our life, but in a more normal way. Now, thank God, the updates are kind of ordinary. It's not do-or-die information anymore."

They are now "just a normal couple in their 20s, dealing with all the little things couples deal with," Nancy said.

"But for every day for the rest of hopefully Ryan's very long life, he will wake up every morning and face the challenge mentally, physically and emotionally, strapping on body parts in order to function," she said. "That doesn't go away."

Recently, the journal reported a new development: The Kuleses are expecting their first child, a girl, in May. They've already named her: Jillian Deme Kules. The "J" honors Sgt. Jerry W. Mills Jr., 23, and the "D" Sgt. Donald J. Haase, 28, the soldiers killed in the explosion.

"It was a relief to know there wasn't anything, uh, you know … well, you get blown up, you sort of wonder what else might not be working," Nancy said.

"Yeah, you gotta make sure everything works," Ryan said.

"Well, everything's working fine," Nancy said. "It's not just for show."

"Good way to put it there, Nancy," Ryan said.

Nancy's journal no longer focuses on Ryan's recovery, or her own. The main topic now is the latest baby news.

Sept. 23: Ryan and I cannot wait until our little one is old enough to understand the meaning behind [her] name.

South Korean Gets 5 Years For Dealings With Iraqis (NYT)

By James Barron

The New York Times, February 23, 2007

Tongsun Park, a once flamboyant South Korean businessman convicted of illegally representing Saddam Hussein in trying to influence the United Nations oil-for-food program, was sentenced yesterday to five years in prison.

Judge Denny Chin of Federal District Court in Manhattan said Mr. Park had “blatantly disregarded the law” by taking more than $2 million for trying to lobby United Nations officials to ease sanctions against Iraq.

“You acted out of greed, acted to profit from what was supposed to be a humanitarian program,” Judge Chin told Mr. Park. He also fined him $15,000 and ordered him to forfeit $1.2 million.

The judge called the sentence “harsh” for a 71-year-old man with health problems. But he also said it was “appropriate.”

Mr. Park was found guilty last July. He was the first defendant to go to trial in connection with a scandal that involved cash from Iraq in diplomatic pouches, “back-channel communications” to the United Nations secretary general at the time, and even a scheme to bribe him.

The oil-for-food program was intended to ease some aspects of the sanctions imposed on Iraq after it invaded Kuwait in 1990. Under it, Mr. Hussein’s government could use the money from limited oil sales to buy aid supplies — food, medicine and other nonmilitary staples.

Federal prosecutors said Mr. Park had even had a hand in influencing the negotiations that gave birth to the aid program in 1995. But they said he never registered as an agent for Mr. Hussein's government, as required under federal law.

Judge Chin focused on the money that passed through Mr. Park's hands, and on the money that he pocketed. The judge said Mr. Park had accepted "manila folders filled with $100 bills" and had once gone to Iraq to pick up $700,000 in cash.

Mr. Park's lawyer, Michael S. Kim, said Mr. Park had decided not to say anything in court because of "advanced age, frail health and his desire to get his life back on track." Mr. Park said at the time of his arrest that he had diabetes and high blood pressure and had just had a kidney transplant.

The sentencing came hours after Judge Chin refused a request from four other defendants to dismiss separate fraud and conspiracy charges. They have pleaded not guilty and are awaiting trial.

Mr. Park, who was also a central figure in a Congressional bribery scandal in the 1970s that became known as Koreagate, was arrested 13 months ago. Mexican immigration officials took him into custody at the Mexico City airport.

As prosecutors prepared their case against Mr. Park, an independent panel led by Paul A. Volcker, the former Federal Reserve chairman, concluded that at the time of his activities for Iraq, Mr. Park was something of an informal adviser to the United Nations secretary general at the time, Boutros Boutros-Ghali.

The report said Mr. Park and a business partner, Samir A. Vincent, had worked out an arrangement with officials of Mr. Hussein's government and would receive millions of dollars in cash.

Park Sentenced To 5 Years In U.N. Oil-for-Food Bribery Scandal (WP)

By Colum Lynch

Washington Post, February 23, 2007

NEW YORK, Feb. 22 -- South Korean businessman and influence peddler Tongsun Park was sentenced Thursday to five years in prison for his role in the bribery scandal surrounding the United Nation's oil-for-food program for Iraq a decade ago.

Park, 71, admitted taking more than $2.5 million from Saddam Hussein's government to bribe senior U.N. officials to persuade them to ease economic sanctions against Iraq after the 1991 Persian Gulf War. He was convicted in July of acting as an unregistered agent of Iraq; he was to have set up a back channel between then-U.N. Secretary General Boutros Boutros-Ghali and then-Iraqi Deputy Prime Minister Tariq Aziz.

The sentence was the maximum possible. U.S. District Judge Denny Chin also ordered Park to forfeit $1.2 million of his assets and fined him $15,000. Chin said Park had "acted out of greed" and "blatantly disregarded the law."

"You either bribed a U.N. official or you were acting as if you were going to bribe a U.N. official," Chin told Park, who stood impassively in the courtroom. He was taken into custody after saying goodbye to friends.

Park's trial and a U.N. investigation exposed a secretive network of businessmen, Washington politicians and other insiders who joined forces in the early 1990s to ease U.N. sanctions imposed on Iraq after it invaded Kuwait in 1990. Their efforts eventually led to the $64 million oil-for-food program allowing Iraq to sell its oil to pay for humanitarian goods.

Park's role in the scheme marked an extraordinary comeback -- and another amazing fall -- for a man who was indicted in the 1970s "Koreagate" influence-peddling scandal that roiled Washington. He had funneled hundreds of thousands in cash from the South Korean government to influential members of Congress. After the case broke, Park fled to South Korea. But after bribery charges against him were dropped, he agreed to return to the United States and testify before Congress about his activities.

During that era, Park was a fixture in Washington political circles, hosting parties at his historic George Town Club. His friends and clients included the late House Speaker Thomas P. "Tip" O'Neill Jr. (D-Mass.), Rep. Charles B. Rangel (D-N.Y.) and William E. Timmons, an influential Republican lobbyist who once joined forces with Park in an unsuccessful attempt to prevent the U.S. ouster of Panamanian strongman Manuel Noriega.

"He was always known as a man who was willing to bring two people together for the right price," said Mark G. Califano, a former U.N. investigator who co-wrote "Good Intentions Corrupted," a book based on the findings of a U.N. probe led by former U.S. Federal Reserve chairman Paul A. Volcker.

Despite his past, Park insinuated himself with Boutros-Ghali in the early 1990s, acting as an unofficial intelligence adviser on issues including the Korean Peninsula and Japan. He provided "first-class information," "knew everybody" and was "an integral part" of Washington's political elite, Boutros-Ghali told a team of U.N. investigators probing corruption in the humanitarian program.

Park was also valued by Boutros-Ghali and U.N. insiders for his capacity to secure money and political support for a variety of U.N. causes, including the organization's 50th anniversary celebration.

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He also set up meetings with influential political leaders, including Rangel, now chairman of the House Ways and Means Committee, to reinvigorate Boutros-Ghali's unsuccessful 1996 reelection campaign after the Clinton administration decided to veto his candidacy.

"It was always interesting to talk to Tongsun, about the travels he had done, relationships with people, how he was seeking to build a better world, said George Dalley, Rangel's chief of staff. "Whatever purpose he might have had, he was good at masking it. That is my best explanation of why a person even with a shadowy past could remake himself and develop a relationship that would be a positive one with a guy like Charlie Rangel."

"I guess now it's for sure that his reputation and his memory is all going to be the fixer, the hustler," Dalley said. "For a while I guess I saw a guy trying to redeem himself from his past and doing something that was totally different. But apparently it wasn't."

Park's foray into Iraq diplomacy began in 1992 when he joined forces with Samir A. Vincent, a former Iraqi Olympic athlete who had close ties to officials in Baghdad and Washington.

Vincent had been unable to persuade Iraqi officials to allow the American Red Cross to oversee a humanitarian relief program for the country.

Park and Vincent hatched a plan to solicit millions from the Iraqis to try to bribe Boutros-Ghali and other officials to develop an oil-for-food program that was favorable to the Iraqi government.

In 1996, Hussein's government agreed to pay $5 million to Park and $10 million to Vincent, a portion of which was to be used to bribe unnamed U.N. officials. But Park received only a fraction of his cut, more than $700,000, in old bills stuffed into shopping bags.

The following year, Park traveled to Baghdad to try to collect the rest. Aziz provided him with $1 million in a cardboard box, which he exchanged for a $988,885 check that was invested in a Canadian company controlled by a then-senior U.N. official.

The federal investigation into the oil-for-food program has expanded into a wider probe of other corruption at the United Nations and has resulted in the indictment or conviction of 14 people. Vincent pleaded guilty and testified against Park at the trial.

But there was no evidence in Park's case that he and Vincent used the cash to bribe Boutros-Ghali.

Califano said a "fairly detailed review" of Boutros-Ghali's financial records yielded no evidence of inappropriate payments. "We think the Iraqis probably got ripped off," Califano said.

Iraqi Embassy Upgrades Its D.C. Digs (WP)

By Nora Boustany

The Washington Post, February 23, 2007

Iraq may be facing a deadly civil war, but the Iraqi government is initiating major, costly repairs to its diplomatic building in Washington and expanding its real estate holdings here.

The latest Iraqi government purchase for its U.S. mission is a $5.8 million mansion at 3421 Massachusetts Ave. NW in Observatory Circle, across the street from Vice President Cheney's official residence. The three-story, 1920 Tudor-style structure, with more than 7,000 square feet of space, will serve as Iraq's temporary embassy during renovations to its fading Dupont Circle mission. Plans are to eventually turn the Dupont Circle building into a cultural center for the exhibition of Iraqi art.

The mansion comes with bright skylights, inset lighting fixtures, a top-floor kitchenette with a built-in espresso machine, new hardwood floors and soft pistachio carpeting up the winding stairs. There are heated floors, a firefighting system, speakers for music throughout the building, and spacious bathrooms, one with a Jacuzzi.

"We have bathrooms coming out of our ears," said Iraqi Ambassador Samir Sumaidaie, inspecting the new digs.

A Washington design and restoration company, Skynear and Co., painstakingly repaired the building after a 2004 fire, replicating almost every detail. Original plaster moldings were recast and French chandeliers imported to replace the originals. "A lot of blood, sweat and tears went into it," said Lynn Skynear. "We think we resurrected it back from the dead."

The Iraqi government bought the building in October.

Overseeing the effort is Sumaidaie, an electrical engineer by training, a poet and Islamic art connoisseur by inclination. His soon-to-be-vacated Dupont Circle office is a study in good lighting and precision. There is chaos in Iraq, but his working space exudes maximum control: a sleek computer screen, a yellow pad, Mont Blanc pens in a wooden case, rows of rulers, cellphones.

"It is a tiny part of what I do here," he said last week, looking up from design plans spread over a desk buffed to gleaming perfection. "Bear with me, I have to watch this," he said as he watched President Bush, on a vast television screen, speak about the importance of success in Iraq.

Asked about spending oil revenue on embassy buildings while Iraq is in the throes of war, Sumaidaie turned off the television's sound. "Rebuilding is part of our recovery, regaining normalcy is part of our recovery," he replied. "It is building, not destroying."

Sumaidaie is the first Iraqi ambassador to the United States since Mohamed al-Mashat fled to Canada in January 1991 before the start of the Persian Gulf War. His hands are full, with requests for media interviews, meetings with U.S. officials and lobbying a newly critical Congress, in addition to the minutiae of sifting through plans submitted by five local companies vying for the embassy's renovation project. The embassy also tends to the local Iraqi community and is developing consular offices in other major American cities.

"I believe every person in charge of something should do his best," Sumaidaie said. "I am doing the best for Iraq from where I am sitting."

Sumaidaie has even bigger real estate expansion plans, once peace descends on Iraq: a new facility in a prime location in Washington that would be designed by one of Iraq's internationally renowned architects, such as Iraq-born, Britain-based Zaha Hadid. The Dupont Circle embassy would then become an Iraqi museum.

On this day, however, the daily reports of casualties, both Iraqi and American, are topmost in this thoughts.

After a recent visit to Walter Reed Army Medical Center, he said, "These great young men and women are heroes, yet their lives will never be the same. Each one of their sacrifices is a personal tragedy. This has been a joint effort, like a baptism of fire. We will get to the other side of this war, hopefully."

In the meantime, he wants to repair Iraq's image in Washington -- or at least its public facade. After 15 years of neglect, the red-brick embassy off Dupont Circle is in disrepair, with corroding pipes, peeling gold-leaf ceilings and rusty wiring.

To repair the Dupont Circle building will take millions. Sumaidaie is currently soliciting bids. Once the renovation is underway, the Iraqi mission will decamp to the posh new quarters at Observatory Circle.

The new facility sits amid some of the city's major religious centers: across Massachusetts Avenue from St. Sophia Greek Orthodox Cathedral, next to a construction site for a Buddhist temple, and five blocks from the Islamic Center of Washington. The towers of Washington National Cathedral can be seen nearby.

But the colorful history of 3421 seems more earthly than divine.

The building became the embassy of Sudan in 1961, during the Kennedy administration. When Bangladesh gained independence from Pakistan in 1971, the mansion became its embassy. In the mid-1980s, at the peak of demonstrations against apartheid, South Africa moved part of its embassy there. In the early 1990s, Kazakhstan launched its U.S. diplomatic mission there after gaining independence from the former Soviet Union.

The most recent previous occupant was the diplomatic mission of Ivory Coast, which has since moved to a new building. During its years at the address, Ivory Coast endured a bloody civil war. In February 2004, days after the Ivorians moved out, the building was damaged by an electrical fire.

In addition to his other duties, Sumaidaie is collecting works by Iraqi artists to exhibit in the embassy's buildings, wise investments for the future, he said.

"It will take a long time for us to heal," he said. "I do believe that giving helps healing, doing something positive. It is the antidote to destruction. In the teeth of the most horrendous violence, there are people out there doing their jobs. This is the best way to deal with fear, a constructive way out. It is one of the ways of healing."

U.S. Used Bases In Ethiopia To Hunt Al Qaeda In Africa (NYT)

By Michael R. Gordon And Mark Mazzetti

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — The American military quietly waged a campaign from Ethiopia last month to capture or kill top leaders of Al Qaeda in the Horn of Africa, including the use of an airstrip in eastern Ethiopia to mount airstrikes against Islamic militants in neighboring Somalia, according to American officials.

The close and largely clandestine relationship with Ethiopia also included significant sharing of intelligence on the Islamic militants' positions and information from American spy satellites with the Ethiopian military. Members of a secret American Special Operations unit, Task Force 88, were deployed in Ethiopia and Kenya, and ventured into Somalia, the officials said.

The counterterrorism effort was described by American officials as a qualified success that disrupted terrorist networks in Somalia, led to the death or capture of several Islamic militants and involved a collaborative relationship with Ethiopia that had been developing for years.

But the tally of the dead and captured does not as yet include some Qaeda leaders — including Fazul Abdullah Mohammed and Fahid Mohammed Ally Msalam — whom the United States has hunted for their suspected roles in the attacks on American Embassies in Kenya and Tanzania in 1998. With Somalia still in a chaotic state, and American and African officials struggling to cobble together a peacekeeping force for the war-ravaged country, the long-term effects of recent American operations remain unclear.

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It has been known for several weeks that American Special Operations troops have operated inside Somalia and that the United States carried out two strikes on Qaeda suspects using AC-130 gunships. But the extent of American cooperation with the recent Ethiopian invasion into Somalia and the fact that the Pentagon secretly used an airstrip in Ethiopia to carry out attacks have not been previously reported. The secret campaign in the Horn of Africa is an example of a more aggressive approach the Pentagon has taken in recent years to dispatch Special Operations troops globally to hunt high-level terrorism suspects. President Bush gave the Pentagon powers after the Sept. 11, 2001, attacks to carry out these missions, which historically had been reserved for intelligence operatives.

When Ethiopian troops first began a large-scale military offensive in Somalia late last year, officials in Washington denied that the Bush administration had given its tacit approval to the Ethiopian government. In interviews over the past several weeks, however, officials from several American agencies with a hand in Somalia policy have described a close alliance between Washington and the Ethiopian government that was developed with a common purpose: rooting out Islamic radicalism inside Somalia.

Indeed, the Pentagon for several years has been training Ethiopian troops for counterterrorism operations in camps near the Somalia border, including Ethiopian special forces called the Agazi Commandos, which were part of the Ethiopian offensive in Somalia.

Bryan Whitman, a Pentagon spokesman, declined to discuss details of the American operation, but some officials agreed to provide specifics because they saw it as a relative success story. They said that the close relationship had included the sharing of battlefield intelligence on the Islamists' positions — a result of an Ethiopian request to Gen. John P. Abizaid, then the commander of the United States Central Command. John D. Negroponte, the director of national intelligence at the time, then authorized spy satellites to be diverted to provide information for Ethiopian troops, the officials said.

The deepening American alliance with Ethiopia is the latest twist in the United States' on-and-off intervention in Somalia, beginning with an effort in 1992 to distribute food to starving Somalis and evolving into deadly confrontation in 1993 between American troops and fighters loyal to a Somali warlord, Mohammed Farah Aidid. The latest chapter began last June when the Council of Islamic Courts, an armed fundamentalist movement, defeated a coalition of warlords backed by the Central Intelligence Agency and took power in Mogadishu, the capital. The Islamists were believed to be sheltering Qaeda militants involved in the embassy bombings, as well as in a 2002 hotel bombing in Kenya.

After a failed C.I.A. effort to arm and finance Somali warlords, the Bush administration decided on a policy to bolster Somalia's weak transitional government. This decision brought the American policy in line with Ethiopia's.

As the Islamists' grip on power grew stronger, their militias began to encircle Baidoa, where the transitional government was operating in virtual exile. Ethiopian officials pledged that if the Islamists attacked Baidoa, they would respond with a full-scale assault.

While Washington resisted officially endorsing an Ethiopian invasion, American officials from several government agencies said that the Bush administration decided last year that an incursion was the best option to dislodge the Islamists from power.

When the Ethiopian offensive began on Dec. 24, it soon turned into a rout, somewhat to the Americans' surprise. Armed with American intelligence, the Ethiopians' tank columns, artillery batteries and military jets made quick work of the poorly trained and ill-equipped Islamist militia.

"The Ethiopians just wiped out entire grid squares; it was a blitzkrieg," said one official in Washington who had helped develop the strategy toward Somalia.

As the Islamists retreated, the Qaeda operatives and their close aides fled south toward a swampy region. Using information provided by Ethiopian forces in Somalia as well as American intelligence, a task force from the Pentagon's Joint Special Operations Command began planning direct strikes.

On Dec. 31, the largely impotent transitional government of Somalia submitted a formal request to the American ambassador in Kenya asking for the United States to take action against the militants.

General Abizaid called Defense Secretary Robert M. Gates and informed him that the Central Command was sending additional Special Operations forces to the region. The deployment was carried out under the terms of an earlier, classified directive that gave the military the authority to kill or capture senior Qaeda operatives if it was determined that the failure to act expeditiously meant the United States would lose a "fleeting opportunity" to neutralize the enemy, American officials said.

On Jan. 6, two Air Force AC-130 gunships, aircraft with devastating firepower, arrived at a small airport in eastern Ethiopia. American Special Operations troops operating in Kenya, working with the Kenyan military, also set up positions along the southern border to capture militants trying to flee the country.

A Navy flotilla began to search for ships that might be carrying fleeing Qaeda operatives. Support planes were deployed in Djibouti. F-15Es from Al Udeid air base in Qatar also flew missions. Intelligence was shared with Ethiopia and Kenya through C.I.A. operatives in each country. American military planners also worked directly with Ethiopian and Kenyan military officials.

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On Jan. 7, one day after the AC-130s arrived in Ethiopia, the airstrike was carried our near Ras Kamboni, an isolated fishing village on the Kenyan border.

According to American officials, the primary target of the strike was Aden Hashi Ayro, a young military commander trained in Afghanistan who was one of the senior leaders of the Council of Islamic Courts.

Several hours after the strike, Ethiopian troops and one member of the American Special Operations team arrived at the site and confirmed that eight people had been killed and three wounded, all of whom were described as being armed. After sifting through the debris, they found a bloodied passport and other items that led them to believe Mr. Ayro was injured in the strike and probably died. Several members of the Special Operations team were also in Somalia at the time of the strike, one official said.

The second AC-130 strike, on Jan. 23, had another of the Islamic council's senior leaders, Sheik Ahmed Madobe, as its target. Mr. Madobe survived and was later captured by the Ethiopians, Americans say.

American officials said that Fazul Abdullah Mohammed, the mastermind of the 1998 embassy bombings in Kenya and Tanzania and the alleged ringleader of Al Qaeda's East African cell, remains at large. Some officials caution that while the Ethiopians have said additional "high-priority targets," including Abu Talha al-Sudani, a leading member of the cell, were killed in their own airstrikes, American intelligence officials have yet to confirm this.

In late January, American officials played a role in securing the safe passage of Sheik Sharif Sheik Ahmed, the second-highest-ranking Islamist leader, from southern Somalia to Nairobi, Kenya. The exact role of American involvement is still not clear, but some American officials consider him to be a moderate Islamist.

CORPORATE SCANDALS:

US Judge Denies Motion To Delay Enron Lawsuit (AP)

By JUAN A. LOZANO, Associated Press Writer

AP, February 23, 2007

(AP) - HOUSTON-A $40 billion (â,¬30.5 billion) lawsuit filed by former Enron Corp. shareholders and investors alleging investment firms and banks played key roles in the company's collapse will go to trial in April despite a pending appeals court decision on the case, a judge has ruled.

U.S. District Judge Melinda Harmon denied efforts by Merrill Lynch & Co., Credit Suisse First Boston and Barclays PLC to delay the trial while the 5th U.S. Circuit Court of Appeals rules on whether the case can proceed as a class-action suit.

She said in her ruling Wednesday that there should be no postponement, because of the uncertainty of when the appeals court would rule. Jury selection was set for April 9.

Attorneys for the shareholders and investors accused the banks and investment firms of trying to delay the case for several years. The trial has been rescheduled three times.

"There is no reason to wait indefinitely for a decision from the Fifth Circuit that likely will not impact the trial," attorneys for investors wrote in a motion last week. "Any delay simply benefits the banks and harms class members who have waited patiently for over five years for their day in court."

In their motion to delay the trial, the banks and investment firms argued the 5th Circuit's decision could significantly alter the definition of the lawsuit's class status as well as the claims and defenses to be presented at trial.

The banks and firms, which have denied any wrongdoing, also said they do not want to delay the trial for several more years.

"There is nothing sinister about the suggestion that since the Fifth Circuit will be ruling on that appeal, the court and the parties should take the time to apply the Fifth Circuit's guidance to the class definition, the parties, the claims and the defenses before sending class notice and embarking on a jury trial estimated to last many months," attorneys for Merrill Lynch, Credit Suisse and Barclays wrote in a motion.

Spokesmen for Merrill Lynch and Credit Suisse both declined to comment Thursday, and an attorney for Barclays did not immediately return a call seeking comment.

Some former Enron officials have been dropped as defendants in the case, but a few remain, including former Chief Executive Jeffrey Skilling, who is serving a 24-year prison sentence.

So far plaintiffs have recouped $7.3 billion (â,¬5.57 billion), mostly from such financial institutions as Bank of America, JPMorgan Chase & Co., Citigroup and Canadian Imperial Bank of Commerce.

Enron, once the seventh-largest U.S. company, entered bankruptcy proceedings in December 2001 after years of accounting tricks could no longer hide billions in debt or make failing ventures appear profitable. The collapse wiped out

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thousands of jobs, more than $60 billion (â,¬45.78 billion) in market value and more than $2 billion (â,¬1.53 billion) in pension plans. 2007-02-22T19:36:20Z

Former Sadia CFO To Pay $364,000 In SEC Insider-trading Case (AP)

AP, February 23, 2007

(AP) - WASHINGTON-The former chief financial officer of Sadia SA, a Brazilian chicken and pork producer, and a former employee of Brazil's Banco ABN AMRO Real SA have agreed to pay almost half a million dollars (â,¬381,500) combined to settle charges that they traded on inside information about the meat company's 2006 attempt to take over its largest local rival, Perdigao SA.

The Securities and Exchange Commission on Thursday announced the settlement with Luiz Gonzaga Murat Junior, the former chief financial officer at Sadia, and Alexandre Ponzio De Azevedo, the former banker. The two settled without admitting or denying wrongdoing. Their attorneys could not immediately be identified.

Murat agreed to give up $184,028 (â,¬140,415) and to pay a $180,404 (â,¬137,650) civil penalty. He also agreed to a five-year ban on serving as an officer or director of a public company. Azevedo agreed to give up $68,215 (â,¬52,049) and to pay a $67,165 (â,¬51,248).

Murat "is relieved to resolve this matter, and he is anxious to put this behind him and turn his attention to the future," said his attorney, Juan Marcelino. An attorney for Azevedo could not immediately be reached for comment.

The SEC accused Murat of buying Perdigao securities that are listed in the United States after an April 7, 2006, meeting with investment bankers who proposed that Sadia make an offer for Perdigao. Murat's holdings rose in value after Sadia announced its offer on July 2006, when the price of Perdigao's American depositary shares rose 21 percent to $24.50, the SEC said.

The SEC said that Azevedo learned of the possible offer on April 11, 2006, when he was assigned to the ABN AMRO tender offer financing team. He then bought 14,000 American depositary shares in June, and sold 10,500 of the securities shortly after Sadia announced its offer, the SEC said.

Sadia withdrew its hostile bid to take over Perdigao days after announcing its offer. Pension funds and investors holding 55 percent of Perdigao's voting stock chose not to accept a second offer.

The settlement agreements still face court approval.

Siobhan Hughes is a Dow Jones Newswires correspondent.

Panel Sets Voluntary Guides For Hedge Funds (USAT)

By Adam Shell

USA Today, February 23, 2007

A presidential group charged with devising ways to improve oversight of the secretive $1.2 trillion hedge fund world issued a list of self-policing guidelines Thursday that it asserts will be more effective in protecting investors than more stringent laws would be.

Favoring a market-based solution over government regulation, the President's Working Group on Financial Markets (PWGFM) opted for a "principles-based approach" for dealing with the issues surrounding the fast-growing industry that now includes roughly 9,000 funds, uses exotic investment strategies and has a history of scandalous fund meltdowns.

"These guidelines should serve as a foundation to enhance vigilance and market discipline further, which will strengthen investor protection and guard against systemic risk," Treasury Secretary Henry Paulson, a member of the PWGFM, said in a statement.

Hedge funds are lightly regulated private investment pools geared toward wealthy and sophisticated investors.

They have been under the microscope amid a massive influx of cash and high-profile fund implosions, such as the $6 billion loss suffered by Amaranth Advisors last fall.

The guidelines released by the presidential group encourages:

·Hedge funds to enhance the amount of timely information they provide to investors.

·Investors to consider the suitability of these investments in light of their risk tolerance and investment objectives.

·Creditors (i.e., banks who lend money to hedge funds) to set aside enough reserves to minimize risks if big losses occur at a fund.

·Regulators to work together to maintain market integrity.

Critics say the guidelines don't go far enough.

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"These vague recommendations lack substance and specifics, making them unenforceable," Connecticut Attorney General Richard Blumenthal said in a statement. Blumenthal said states may respond to the federal inaction with their own initiatives.

Micah Green, of the Securities Industry and Financial Markets Association, backed the group's plan: "Too often, regulators reach for new laws which can … stifle innovation and smother markets."

In an effort to keep not-so-savvy investors away from hedge funds, the Securities and Exchange Commission has proposed boosting the minimum net worth for investors to get into such funds to $2.5 million from $1 million.

Call For More Oversight Of Hedge Funds Is Rejected (WP)

By Carrie Johnson

The Washington Post, February 23, 2007

Financial regulators yesterday rejected calls for more direct oversight of hedge funds and said that the current system for preventing market collapse and widespread investor losses is "working well" in their first policy statement on the issue in eight years.

Hedge funds are loosely regulated pools of private investment designed for wealthy individuals and institutions. Nearly 9,000 of the rapidly growing funds control more than $1 trillion in assets. On a given day, the funds may account for a third of the trading volume in major U.S. stock exchanges, according to industry estimates.

The funds' outsized returns are drawing interest from pension funds and less-well-heeled investors -- and concern from investor advocates and analysts who fear that excessive borrowing and risky trading bets by the funds could induce instability in the market.

The unanimous policy directive by the President's Working Group on Financial Markets comes weeks after pressure from allies in Europe and elsewhere to pay heightened attention to the hedge fund sector. Led by Germany, the Group of Seven nations pressed for more vigilance in policing the funds earlier this month. On Tuesday, Canadian authorities proposed forcing hedge fund managers in that country to register with regulators.

The approach in the United States has been far less direct. The Securities and Exchange Commission tried to impose a similar registration requirement in 2004, only to see it struck down by a federal appeals court as overreaching. The SEC is considering a separate proposal to raise the minimum net worth that would allow an individual to invest in a hedge fund to $2.5 million from $1 million.

The strategy set out by the working group, made up of the heads of the SEC, Treasury Department, Federal Reserve and the Commodity Futures Trading Commission, places the greatest onus not on hedge fund managers but on sophisticated investors, banks that lend vast streams of money to the funds and brokers who process their trades.

To protect themselves, wealthy investors should evaluate a fund manager's experience, disciplinary history and potential conflicts of interest, the six-page policy statement said. Managers of pension funds should perform due diligence and ensure that their portfolios are properly diversified before investing in the funds. Investors including pension funds lost more than $6 billion in last year's collapse of hedge fund Amaranth Advisors.

Since June 1999, the SEC has filed more than 100 enforcement cases against hedge funds or their advisers over securities-law violations, according to public records.

Still, Treasury Secretary Henry M. Paulson Jr., chairman of the working group, expressed reluctance to tamper with an innovative industry that has created billions of dollars in wealth and liquidity. In an interview with Bloomberg television yesterday, Paulson said that regulators do not have the ability or the desire to shield all investors from suffering losses, preferring to let the market operate without undue meddling from overseers.

In a separate interview, SEC Chairman Christopher Cox stressed that lenders and brokers, who are regularly policed by the Federal Reserve and the SEC, should monitor their tolerance for risks and losses.

The report stopped far short of creating any new rules, such as the imposition of limits on lending to hedge funds or barring their fast-moving trading strategies.

The Managed Funds Association and the Coalition of Private Investment Companies, the hedge fund industry's chief trade groups, said regulators had achieved an appropriate balance between oversight and preserving the funds' entrepreneurial benefits.

But former SEC commissioner Harvey J. Goldschmid, who had supported the agency's thwarted bid to register fund managers, expressed concern that regulators lack the authority to perform random inspections of fund operations.

In Connecticut, home to scores of hedge funds, Attorney General Richard Blumenthal criticized the recommendations as vague, insubstantial and "unenforceable."

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"Opaque is the operative word for these investment pools . . . and these guidelines will do virtually nothing to make them more transparent," said Blumenthal, who created a unit last year to police the funds. "Federal inaction and inertia will invite -- indeed, fuel -- state initiatives."

House Financial Services Committee Chairman Barney Frank (D-Mass.) issued a statement calling the report "a first step" and pledged to invite the group's leaders to testify at a hearing this spring.

Officials Reject More Oversight Of Hedge Funds (NYT)

By Stephen Labaton

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — The Bush administration said Thursday that there was no need for greater government oversight of the rapidly growing hedge fund industry and other private investment groups to protect the nation's financial system.

Instead, the administration, in an agreement it reached with the independent regulatory agencies, announced that investors, hedge fund companies and their lenders could adequately take care of themselves by adhering to a set of nonbinding principles.

The principles, many already being followed by the sharpest investors and best-run companies, say that investors should not take risks they cannot tolerate and should carefully evaluate the strategies and management skills of hedge funds. They also call for funds to make clear and meaningful disclosures to investors.

The decision came after months of study by a presidential working group of top officials and regulators. They looked at both the hedge fund industry, which has more than $1 trillion in assets, and the management of private equity firms, which take direct control and ownership of companies rather than relying on large numbers of outside stockholders.

The group's conclusions reflected both the strong antiregulatory ideology of the administration and the formidable influence of Wall Street and the increasingly wealthy hedge fund industry among both Democrats and Republicans in Washington.

Three of the administration's most senior economic policy makers — Treasury Secretary Henry M. Paulson Jr., his top deputy, Robert K. Steel, and White House chief of staff Joshua Bolten — are alumni of Goldman Sachs, which in the last decade has evolved into one of the most important players in the private equity market.

As hedge funds have grown both in the United States and globally, and as periodic collapses have shaken the markets and caused investors to lose money, pressures have increased to impose greater regulation on them. But supporters say that the hedge fund industry had grown more sophisticated in recent years, is well equipped to manage risks, and that none of the failures have harmed the nation's financial system.

The explosive growth in recent years of private equity investment and hedge funds has made their managers symbols of new wealth, a huge source of philanthropy to the nation's museums, hospitals and orchestras, and a major new force in political campaigns.

Millions of Americans do not qualify to make investments in hedge funds, which are pools of largely unregulated assets, but they are exposed to the risks associated with hedge funds through their pensions and personal retirement accounts.

The decision to avoid demanding more openness from private funds represents a starkly different approach to that undertaken by Washington for publicly traded companies, which in the last five years have faced a battery of new governance, auditing and disclosure rules following the scandals at Enron and other large companies.

The working group rejected any proposal that would give the government the ability to inspect the books and records of hedge funds or force the funds to make regular reports about their activities. Both banks and brokerage firms must adhere to stringent rules that give regulators great leeway in supervising them.

While the working group never considered anything as strict, many hedge funds oppose even minimal oversight because they say it could slow their ability to make lightning-fast investment decisions or reveal trading strategies to rivals.

A previous effort by the Securities and Exchange Commission to protect investors by requiring hedge funds to register with the government failed last summer. In June, a federal appeals court ruled that the agency did not have the authority to regulate them.

In leading a deeply divided commission to adopt those rules in the first place, its then chairman, William H. Donaldson, said that hedge funds had been central figures in a variety of market trading abuses and that registration was a modest and essential way for regulators to begin to understand them. Although he had the support of two of the four other commissioners for his efforts on hedge funds, Mr. Donaldson came under heavy criticism from Republican lawmakers and top administration officials for suggesting that regulators shine a light on what he called "a dark corner" of the market.

Under its new chairman, Christopher Cox, the commission decided not to appeal the court decision that struck down the rules. Instead the agency is preparing to write a new regulation that would require investors in such funds to have greater personal wealth. That proposed regulation is not affected by today's announcement.

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On Thursday, the president's working group, led by Mr. Paulson, proposed a series of nonbinding principles that put the onus primarily on companies, investors and the buyers and sellers of their complex securities to impose a "market discipline" that should be adequate to protect investors and the marketplace. Officials said those principles would make the hedge fund companies more transparent and their investors and creditors more vigilant to shady operators and excessive risk-takers.

At a briefing Thursday, a senior Treasury Department official involved in drafting the principles suggested that any new regulations would discourage innovation and risk-taking. The official said he would only speak on condition that he not be identified because the new guidelines were the product of a group of agencies.

Officials acknowledged that many of the principles that were advanced by the administration and the regulators would seem obvious to smart investors and properly managed hedge funds.

"Private pools of capital can be an appropriate investment vehicle for more sophisticated investors," read one of the main principles that the officials and agencies agreed upon. "Because these pools can involve complex, illiquid or opaque investments and investment strategies that are not fully disclosed, the risk associated with direct investment in these pools are most appropriately borne by investors with the sophistication to identify, analyze and bear these risks."

The report said that the concerns of less sophisticated investors in pension and retirement vehicles could best be addressed "through sound practices on the part of the fiduciaries that manage such vehicles."

The announcement was hailed by several trade groups for the hedge funds and other companies involved in trading complex financial instruments.

"The President's Working Group has taken a thoughtful and judicious approach to many of the investor protection and systemic risk issues which surround hedge funds," said Micah S. Green, co-chief executive of the Securities Industry and Financial Markets Association, which represents hundreds of Wall Street firms.

"Too often, regulators reach immediately for new laws or rules which can have the unintended consequence of stifling innovation or smothering markets," Mr. Green said. "By instead providing principles and guidelines, the President's Working Group has recognized the importance of flexibility and efficiency in a healthy marketplace."

But other experts said the guidelines would have limited effect.

"They are regulating around the peripheries," said Jay G. Baris, a securities lawyer with Kramer Levin Naftalis & Frankel in New York. "They are turning up the heat on disclosures, on fiduciaries to determine suitability, and on risk management. But they are going to stop short of substantive regulation of hedge funds or of unregistered hedge fund advisers."

The reaction in Congress, which is in recess this week, was largely muted.

Representative Barney Frank, the Massachusetts Democrats who heads the House Financial Services Committee, called the announcement "a first step in addressing questions presented by the significant growth of hedge funds."

"Steps are being taken to increase investor protection," Mr. Frank added, "and I believe the appropriate committee in the House and the Senate should be working with the Presidential Working Group and others for the further study and monitoring of both issues."

A similar statement was issued by Senator Christopher J. Dodd, the Connecticut Democrat who heads the Senate Banking Committee.

There is no expectation that Congress will adopt legislation on the subject any time soon.

CRIMINAL LAW:

Jury To Continue Deliberations In Scooter Libby CIA-Leak Case (WSJ)

By Evan Perez And Jay Solomon

The Wall Street Journal, February 23, 2007

WASHINGTON -- Jurors reached no verdict Thursday on whether former White House aide I. Lewis "Scooter" Libby obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic.

The jury went home until Friday.

In a day and a half of deliberations, the jurors have issued only two brief written notes, which suggested they are methodically reviewing the evidence against Mr. Libby. They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses.

The trial, which focused on efforts to leak classified information to the press, comes amid revived debate over intelligence in the newly Democratic Congress.

Already, the Senate Intelligence Committee has requested documents and interview transcripts from the Inspector General's office, while the Senate Armed Services Committee seeks further interviews with Mr. Libby, the former chief of staff for

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Vice President Dick Cheney, and National Security Adviser Stephen Hadley. "The bottom line is that the intelligence relating to the Iraq-al Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," committee Chairman Carl Levin (D., Mich.) said at recent hearing.

The Libby trial put an especially bright spotlight on the debate. A jury of eight women and four men began were weighing a month of testimony from 19 witnesses in a case that began as a probe into the outing of former Central Intelligence Agency operative Valerie Plame and three years later ended up focusing on the trustworthiness of recall and the semantics of lying.

In court, Special Prosecutor Patrick Fitzgerald told jurors that Mr. Libby deliberately lied to Federal Bureau of Investigation agents and a grand jury to try to cover up the administration's efforts to respond to criticism of the Iraq war.

In response, Mr. Libby's attorneys highlighted "mis-recollections" by a number of prosecution witness, including several reporters, to bolster their argument that Mr. Libby didn't lie but simply had faulty memory when he made erroneous statements to investigators.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, former U.S. Ambassador Joseph Wilson, complained publicly that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain weapons of mass destruction.

Mr. Wilson in July 2003 went public with his story of taking a CIA sponsored trip to Africa to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of since-discredited intelligence that alleged Iraq sought weapons materials in the African nation of Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complain that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

Mr. Libby is charged with two counts of perjury, two counts of making false statements and one count of obstruction of justice. He faces up to 30 years in prison and $1.25 million in fines if found guilty.

Still No Verdict In CIA Leak Trial (NSDY/AP)

By Associated Press, February 22, 2007, 9:42 Pm Est

Long Island Newsday, February 23, 2007

The jury went home until Friday.

In a day and a half of deliberations, the eight women and four men have issued only two brief written notes, which suggested they are methodically reviewing the evidence against the former chief of staff to Vice President Dick Cheney.

They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses.

In addition to obstruction of the leak investigation, Libby is charged with lying to the FBI and a grand jury about how he learned and who he told about CIA operative Valerie Plame.

Prosecutors say he concocted a story to avoid losing his job for disclosing classified information to reporters without authorization. Libby said he gave investigators his best recollection of what happened and any errors in that resulted from memory flaws.

Leak Trial Reveals Flaws In Note-taking (AP)

By Matt Apuzzo, ASSOCIATED PRESS WRITER

AP, February 23, 2007

I. Lewis "Scooter" Libby leaves Federal Court at the conclusion of the day's jury deliberations in Washington, Thursday, Feb. 22, 2007. Jurors reached no verdict Thursday on whether former White House aide I. Lewis "Scooter" Libby obstructed the investigation into who leaked the identity of a CIA operative married to a prominent Iraq war critic. (AP Photo/Gerald Herbert)

WASHINGTON -- Write this down: Your notes aren't as reliable as you think. That's true whether they're scrawled in the margins of a business meeting agenda, typed on a secretary's laptop, scribbled on a patient's chart or carefully recorded from a lecture hall blackboard.

And, as the monthlong trial of former White House aide I. Lewis "Scooter" Libby has shown, they're no more reliable if the notes belong to FBI agents, journalists or White House aides.

That's a somewhat disconcerting thought. People are charged, front-page articles are written and public policies are decided in part based on those notes. If they are flawed, whose can be believed?

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"Based on what I've heard in this trial, I don't know if notes are the best evidence of anything," U.S. District Judge Reggie B. Walton commented midway through the trial.

Jurors, who are due to begin their third day of deliberations in Libby's perjury and obstruction case Friday, must decide how much weight to put on notes that were sometimes sloppy and often inconsistent.

Researchers who have studied note-taking have known its flaws for years. Take college students, for example. Their memories are at their peak, their success depends largely on their note-taking abilities and they practice every day.

Yet only about 30 percent of important classroom information makes it into a typical student's notebook, said Kenneth A. Kiewra, a University of Nebraska educational psychology professor who studies note-taking.

Part of the problem, Kiewra said, is that words are filtered before they make it onto the page. Things we already know often don't get written, he said, nor do things we don't totally understand. And impressions can skew our notes. In that way, notes can become personal snapshots, useful for jogging memory, more than an official record.

Historians have reviewed multiple sets of notes from the same Middle Ages sermon and found that different people created different written records, said Harvard historian Ann Blair. Notes on early inquisitions similarly appear to be skewed by the inquisitor's impressions, she said.

In Libby's case, FBI agent Deborah Bond wrote a report saying Libby "adamantly denied" discussing CIA operative Valerie Plame. The original FBI notes, however, contain no record of that denial. Rather, they say he may have discussed Plame but couldn't recall.

"Adamantly might not be the perfect word," Bond acknowledged at trial.

Prosecutors say Libby told New York Times reporter Judith Miller that Plame, the wife of prominent war critic Joseph Wilson, worked for the CIA. As evidence, they point to Miller's note, set off by parentheses, that said, "Wife works for bureau?"

Miller testified that she believed Libby told her Plame worked for a bureau of the CIA. But she said she sometimes sets things off in parentheses when she already knows information and wants to ask about it. That's how Libby's attorneys want jurors to read those notes.

That's also how Libby handled his own notes as he scrambled from one high-level White House meeting to the next. Sometimes he made to-do lists. Other times his lists were things he'd just learned. And when he crossed things off, sometimes it meant he'd discussed them with the vice president. Other times it meant he decided not to. Only Libby knew for sure.

"Your notes are not X-rays. Your notes are a guide for you," said Roger W. Shuy, a Georgetown University linguistics expert who reviews documents and notes for court cases. "Notes are inherently not complete."

Former Time magazine reporter Matt Cooper testified that Libby confirmed for him that Plame worked at the CIA. That confirmation did not appear in Cooper's notes. Libby says he told Cooper only that he'd heard something like that but didn't know for sure.

Cooper could not explain a line in his typewritten notes that read: "had somethine about the wilson thing and not sure if it's ever."

Libby's lawyers believe that was supposed to read: "Heard something about the Wilson thing, but not sure if it's even true."

When it comes to the credibility of notes, however, Libby's attorneys sought to have it both ways. They told jurors that another FBI agent's notes, which seemed to contradict NBC reporter and government witness Tim Russert, should be believed. And attorneys made it a point to tell jurors that Libby had only one note mentioning Plame.

Ronald P. Fisher, a memory expert at Florida International University, said FBI agents and reporters have similar problems: Journalism schools and criminal justice classes focus heavily on interview techniques and investigative tactics but offer little in the way of actual note-taking instruction.

"I have a feeling people believe they take better notes than they do," Fisher said.

One of the few reporters whose notes were not dissected in the Libby trial was Washington Post reporter Bob Woodward. He spoke confidently about what he learned about Plame and when he learned it.

Fumo Trial Likely To Start Early '08 (PHI)

By Michael Hinkelman

The Philadelphia Inquirer, February 23, 2007

The trial for state Sen. Vince Fumo and three co-defendants likely won't start before early next year, prosecutors and defense lawyers said at a federal court hearing yesterday.

U.S. Senior District Judge William H. Yohn Jr. did not set a trial date.

Prosecutors also said Fumo's trial could last three to four months. They plan to call at least 100 witnesses to testify for the government.

Defense attorneys said they couldn't reliably estimate how long a trial might take until they see what evidence the feds have.

The feds hit Fumo, 63, with a 139-count, 267-page indictment on Feb. 6 charging him with conspiracy, fraud, obstruction and tax felonies.

Also indicted were Ruth Arnao, 50, a former top aide to Fumo, and two ex-computer aides of Fumo. Arnao was charged with conspiracy, fraud and obstruction, and with filing a false tax return.

Earlier yesterday, the two ex-computer aides for Fumo, Leonard Luchko, 50, and Mark Eister, 37, were arraigned before U.S. Magistrate L. Felipe Restrepo on conspiracy and obstruction charges. They pleaded not guilty.

Luchko and Eister had been indicted on obstruction counts in June but were charged anew when Fumo and Arnao were charged in a superseding indictment.

Fumo and Arnao pleaded not guilty to all charges on Feb. 7.

All defendants are free on $100,000 bail, and their freedom to travel has been restricted.

During yesterday's hearing before Yohn, prosecutors agreed to turn over all their discovery in the case to defense attorneys within 45 days.

The feds have plenty to hand over: At least 100,000 documents, including e-mails, grand-jury transcripts, summaries of FBI interviews with witnesses, bills, bank-account statements and store receipts.

Prosecutors declined to say whether any of the discovery included wiretaps or video surveillance.

Defense attorneys asked Yohn for 45 days to review the discovery materials once all have been received.

Then Yohn is expected to hold another hearing, probably in late spring, when he may set dates by which all pretrial motions need to be filed and also set a trial start date.

In the meantime, both sides appear ready to rumble.

Prosecutors said they plan to file court papers soon asking Yohn to hold a hearing to determine whether lawyers for Fumo and Arnao should be disqualified because of potential conflicts of interest.

Fumo is being represented by the firm of Sprague & Sprague, and Arnao is being represented by Edwin J. Jacobs Jr., William H. Lamb and Joel L. Frank.

Yohn, directing a question to Sprague, said he understood Sprague might be filing court papers alleging prosecutorial misconduct.

Sprague said he wasn't in a position to comment on that yesterday.

One other thing left unresolved yesterday is whether the trial would be conducted four days a week or five days.

Sprague, 81, said courtroom proceedings move along more "efficiently" if lawyers and the jury have Fridays off.

Yohn said he preferred five days a week, 9 to 5, but would defer a decision.

Meeting Offers Sneak Preview Of Fumo Trial (PHI)

By John Shiffman

The Philadelphia Inquirer, February 23, 2007

Long before the government puts State Sen. Vincent J. Fumo on trial - an event that isn't likely to happen for a year - the senator's lawyers intend to put the government on trial.

Defense lawyers appear likely to accuse the government of illegally leaking grand jury material to the media or unduly pressuring witnesses, it was disclosed during a court hearing yesterday in U.S. District Court.

And the government, it would appear, hopes to win the right to tell jurors about 30-year-old allegations that Fumo put ghost employees on the Senate payroll and that he spied on rivals.

These were among the details that emerged during a pretrial meeting before District Judge William H. Yohn yesterday.

The South Philadelphia Democrat is charged with defrauding a multimillion-dollar charity, using Senate staff for personal and political errands, and engaging in a cover-up after the FBI and IRS began to investigate him.

The 139 charges against Fumo include mail fraud, conspiracy to defraud the United States, obstruction of justice, and aiding and abetting the filing of a false tax return.

Fumo and his three codefendants - former aides Ruth Arnao, Mark C. Eister and Leonard P. Luchko - did not attend yesterday's meeting. But 11 lawyers - two prosecutors and nine defense attorneys - participated.

Yohn convened the session to try to get a sense of what pretrial motions might be filed, and what the trial will look like.

For the most part, lawyers were reluctant to reveal strategies and did their best to keep their intentions vague.

One thing became clear yesterday: The case the FBI and IRS investigated for four years won't go to trial for a long time.

Yohn told lawyers that they would have at least six months to file pretrial motions. Prosecutors said they would be ready to go to trial by January. Fumo's lawyer, Richard A. Sprague, said he would probably need a few more months than that.

"I've never seen an indictment that is 267 pages," Sprague said.

The trial will probably last three to four months, prosecutors said. The government intends to call 100 witness, said Assistant U.S. Attorney John J. Pease. One potential witness has suffered a stroke, and her testimony may be videotaped soon, he said.

Assistant U.S. Attorney Robert A. Zauzmer said that the government intends to seek permission to tell jurors about Fumo's conduct in the 1970s - presumably, allegations about ghost employees and spying that are not part of the current indictment. Under the rules of evidence, prosecutors might be allowed to do this to try to show Fumo's motives or intents, or to try to demonstrate a long pattern of bad behavior.

Yohn indicated that Sprague may ask for the case to be split into two trials. Sprague didn't offer details, though he may be seeking to separate the fraud charges from the obstruction-of-justice charges.

Sprague also did not elaborate on his expected motion alleging government misconduct during the investigation. But at a recent news conference, Sprague accused the government of leaking to the press. In at least one pre-indictment motion, defense lawyers made similar accusations, and a judge rejected them.

Since the indictment, Fumo has resigned from several public posts, including ranking Democrat on the Senate Appropriations Committee and the Delaware River Port Authority board. He also has temporarily quit his $1 million-a-year post at Dilworth Paxson L.L.P.

Independence Blue Cross chairman M. Walter D'Alessio said yesterday that Fumo has stepped down from that board, too.

"Because of the press of other matters and the time needed to defend myself against federal charges," Fumo said in a letter, "I would not be able to devote sufficient time to my duties at IBC. It is my intention to resume these duties after my vindication in federal court."

As Fumo's lawyers appeared in court yesterday, Fumo spoke at ceremonies marking the 100th anniversary of the beginning of construction of the Benjamin Franklin Parkway.

"I intend to continue to do my job as a senator," Fumo told the crowd. "And I will be in Harrisburg on Monday, for those of you who care, working on the budget to make sure Philadelphia gets more than its fair share."

Inside The Ring (WT)

By Bill Gertz

The Washington Times, February 23, 2007

Spy release

Former Defense Intelligence Agency (DIA) analyst Ronald Montaperto, convicted last year on espionage-related charges that involved passing secrets to China, is scheduled to get out of federal prison Sunday. Prosecutors say he will be barred from meeting any Chinese intelligence personnel as a condition of his release.

Montaperto pleaded guilty in June to improperly storing classified intelligence documents and admitted as part of a plea deal that he verbally passed both "secret" and "top secret" intelligence to two Chinese military intelligence officers during 60 meetings over a number of years.

He spent three months at the minimum-security prison at Fort Dix, N.J.

The court order in the case states that Montaperto "shall have no contact with any foreign government or agents thereof, except with the express permission of [Department of Defense], and shall not seek or accept, personally or through another person or entity, any benefit from such foreign government or agent thereof."

If Montaperto is paid or receives benefits from the Chinese or their agents, he will have to turn them over to the U.S. government.

"There's also a provision in the plea agreement that prohibits him from disclosing classified information," one law-enforcement official close to the case said.

Montaperto's conviction was a major blow to a network of politically powerful pro-China intelligence officials and academics who share his views of China.

U.S. intelligence officials have said that Montaperto's disclosures to Chinese intelligence coincided with the loss of a major electronic eavesdropping program against China that had helped track Beijing's illicit arms exports.

Before sentencing, Montaperto received letters of support from several current and former intelligence officials, including DIA analyst and friend Lonnie Henley, who ultimately was reprimanded by the Office of the Director of National Intelligence for his defense of Montaperto.

Mr. Henley also had criticized the FBI for investigating Montaperto in an e-mail to a group of China specialists. The e-mail defended Montaperto as someone who only wanted to improve U.S.-Chinese relations and who was persecuted by the FBI as a result.

Despite the letter of reprimand, Mr. Henley recently was promoted to acting national intelligence officer for East Asia.

Montaperto was sentenced to three months in prison by federal Judge Gerald Bruce Lee, who said the light sentence was the result of the letters of support he received from current and former intelligence and military officials, despite what he called a "very serious charge."

Montaperto claimed the passing of intelligence to China was unintentional and the result of being tricked by two Chinese officers.

Quds in Iraq

Army Lt. Gen. Ray Odierno, commander of multinational forces in Iraq, yesterday added his voice to the chorus of officials who identified the Iranian Quds force as working against U.S. and allied forces by helping insurgents in Iraq.

"The bottom line is we believe that the Quds force has been involved in training and possibly providing funding and potentially weapons to some groups within Iraq," Gen. Odierno said, noting that "we watch that extremely carefully."

Gen. Odierno warned the Iranians that "we will take action" against the Quds force supporters helping insurgents.

"Their goal is to destabilize this government. So our goal is we want a stable government and we'll do whatever we can to keep them from destabilizing what's going on in Iraq here," he said.

The three-star general stopped short of saying the Iranian agents are playing a vital role in backing Shi'ite insurgents but that they are assisting with weapons, training and "some money."

Gen. Odierno declined to answer directly when asked whether a recent attack in Karbala included Iranian involvement, but said "we are looking at it extremely hard, and when appropriate, we will take the necessary action to bring those who were involved in it into custody."

China ASAT program

China's recent test of an anti-satellite missile warhead was part of a long-term space weapons program by Beijing's military that has been under way in secret for years, the head of the Pentagon's Missile Defense Agency (MDA) said yesterday.

"The Chinese launch represented years and years of work on their part in terms of what they demonstrated, even though their success in doing that was obviously a surprise, I think, around the world," Air Force Lt. Gen. Henry Obering told reporters.

Gen. Obering said the Chinese space weapons system currently does not threaten U.S. missile defenses against North Korea or a future defense against Iranian missiles, but "it may do so in the future ... based on what we have seen them ... demonstrate."

He also said the MDA has a development program that will be able to deal with China's anti-satellite program but there are no current plans to deploy weapons against it.

In a provocative space weapons test, China fired a missile Jan. 11 that entered space, then released a nonexplosive warhead that tracked and destroyed a Chinese weather satellite. The test, the fourth attempt at destroying a satellite, contradicted the Chinese government's public advocacy of reaching an international treaty banning space weapons.

Moseley on China

Air Force Chief of Staff Gen. Michael Moseley told reporters in New York this week that the United States is not looking to make China a new enemy but must be prepared for the challenge of China in the future.

"I would not be looking for bad guys, I would be looking for ways to partner. I would be looking for ways to minimize uncertainty and to minimize miscalculations, I would be looking for ways to do that, as opposed for ways to find potential competitors," Gen. Moseley said when asked about earlier comments that the Air Force will have a major role in countering China's aggressive military buildup, including its space weapons.

While countering terrorism currently is a key priority, Gen. Moseley also suggested that China must be watched carefully as it could emerge as a threat.

"We're also dealing in a very uncertain global context," he said. "My job is to provide global intelligence, surveillance and reconnaissance. My job is to provide global mobility. My job is to provide global strike, and so it's not just about China, it is about an uncertain global setting."

The Air Force has been given a key role in the Pentagon's new "hedge" strategy against China, which calls for developing forces that can conduct very rapid strikes throughout China in any future conflict.

Air Force weapons being developed for the new strategy include a new long-range bomber and possibly new space-based missile systems that can strike China on very short notice.

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Investigation Won't Stop Rep. Miller From California Dealmaking (AP)

By Erica Werner, The Associated Press

AP, February 23, 2007

WASHINGTON - Rep. Gary Miller grew up poor. Even though he's now worth more than $13 million, he says he's still worried about his family's financial security.

So, while federal authorities investigate some of his real estate transactions, he says he'll keep on making deals.

Miller, a fifth-term Republican representing conservative inland Southern California, said in an interview that he had put his real estate investment activities on hold upon entering politics, only to find that "I was worth less money every year."

"Some people are arguing I shouldn't have the opportunity to make an investment that every other American citizen has an opportunity to make," he said. "I've got kids, I've got grandkids, and it'd be nice, when I get ready to go, when they're older, if I can help them."

Miller, 58, who makes $165,200 as a congressman, is being scrutinized for the millions he made selling properties to two Southern California communities outside his district. FBI agents have interviewed officials in both towns.

Miller also faces accusations of using his staff for personal errands and pursuing federal funding for projects beneficial to properties that he and his campaign contributors owned.

He's denied any wrongdoing, and calls media reports about his activities "lies" and "trash." He said he has turned over documentation of his deals to the House Ethics Committee, and he defended himself at a meeting of House Republicans earlier this month.

An FBI spokeswoman declined on Thursday to confirm or deny if there's an investigation or to make any further comment.

At the heart of the Miller probe is the 2002 sale of 165 acres to Monrovia, a town of 40,000 northeast of Los Angeles. Miller contended he was forced to sell the property when the city threatened to take it by eminent domain.

Under IRS code, that allowed Miller to defer capital gains taxes on his profit if he reinvested it in other property within two years. With a tax rate of more than 20 percent on a profit of at least $10 million, the deferment involved more than $2 million.

Miller used the proceeds from the Monrovia sale to purchase properties in Fontana from a campaign contributor in December 2004. He then sold the land to the city at a profit of $12,400, he said. He filed tax forms with the city describing the sales as forced, which gave him the right to again delay paying taxes.

Miller's spokesman, Scott Toussaint, said the congressman did not take advantage of the tax deferment on the Fontana deal and has now completed paying taxes on the transactions. Miller will not say how much he paid or release tax returns that would prove it, Toussaint said, because that goes beyond what he should have to disclose.

To Miller's defenders, the whole controversy amounts to a bum rap.

"Any good businessman's going to push the envelope from time to time," said Frank Williams, executive officer of the Baldy View Chapter of the Building Industry Association in California. "That's part of dealmaking. It's not illegal."

Miller is one of three California Republicans being investigated by the Justice Department. Rep. John Doolittle has drawn attention in the corruption investigation centered on jailed GOP lobbyist Jack Abramoff, and Rep. Jerry Lewis is being investigated over his ties to a different lobbyist.

After the Los Angeles Times and others published reports on the Monrovia deal and quoted city officials saying Miller was a willing seller, the congressman made public two letters from Monrovia officials describing the transaction as "eminent domain" and "friendly condemnation." His attorney sent a letter to city officials warning of "damages for which the city could be held accountable" if they did not stop making "misstatements."

Monrovia officials subsequently posted a detailed narrative on the city Web site explaining that eminent domain was never used in the sale but the threat did exist.

Miller's business dealings have drawn scrutiny before.

In the early 1990s, as a member of the Diamond Bar City Council, Miller faced a recall drive. Critics alleged that he lied about owning a company with business before the council and opposed a subdivision because the developer refused to hold a fundraiser for a council ally.

Miller denied the accusations and filed a libel lawsuit. The recall fell short of getting on the ballot, and Miller's suit was dismissed.

Hard feelings linger in Diamond Bar, the town 30 miles east of Los Angeles where Miller still lives. Eileen Ansari, a Democrat and former city councilwoman who challenged Miller in his first race for Congress, contends that Miller clocks little time in Washington and can claim few legislative accomplishments.

"It looks like he's in there for his own benefit. That's my disappointment in him," Ansari said.

Miller said being a congressman has hurt his business rather than helped, because of the time spent in Washington and the glare of public life. He said he'd rather be home in his district, where he said he can help constituents, and routinely takes the first plane home each weekend when House votes are over.

"I'm not a Washington politician," he said.

Miller, tall with thick, neatly combed red hair, has a consistently conservative voting record. He served three years in the California Assembly before running for Congress in 1998. He replaced GOP incumbent Jay Kim, who had pleaded guilty to taking illegal campaign contributions.

Miller got into politics, he said, because he wanted to do something about government regulation on businesses. He founded G. Miller Development Co. in his early 20s and now runs it with his wife, Cathleen.

Rep. Barney Frank of Massachusetts, one of Congress' most liberal members, praised Miller for his work on affordable housing on the Financial Services Committee that Frank chairs.

"I think he would personally like to stamp out every endangered species known to man," Frank said. "But he does care a lot about housing and helping build housing."

The accomplishment of which Miller is most proud has nothing to do with business. A Civil War buff who made a cameo appearance as a Confederate general in the movie "Gods and Generals," he sponsored legislation to preserve Civil War battle sites that was ultimately signed into law by President Bush.

Prosecutor Urges Public To Help Fight Corruption (NYT)

By Laura Rivera

The New York Times, February 23, 2007

HACKENSACK, N.J., Feb. 22 — Christopher J. Christie, the federal prosecutor who has aggressively pursued New Jersey politicians believed to be corrupt, said in a speech here on Thursday that the public should help stem the tide of corruption by voting out officials who break the law.

Mr. Christie, the United States attorney for New Jersey, said that after domestic terrorism, his office's main priority was to hold the county and state leadership accountable.

He asked, "Wouldn't it be a shame to spend all this money" and endanger so many lives to protect a way of life from outside attack, "only to give away our way of life from the rot from within? And that's what political corruption is."

Mr. Christie, a Republican, said that his investigations had resulted in the arrest of more than 100 officials across the state, but he declined to discuss his latest high-profile move: the issuance of subpoenas last week to the leaders of the State Legislature. The subpoenas are for documents related to possible wrongdoing involving "Christmas-tree items" that lawmakers have added to budgets over the past three years.

The subpoenas have prompted speculation that a federal investigation into the activities of State Senator Wayne Bryant, a Camden Democrat who was chairman of the budget committee until last fall, may be expanding.

In a speech before 200 people at Fairleigh Dickinson University here, Mr. Christie refused to discuss the progress of negotiations between his office and the Office of Legislative Services, which provides research and legal counsel to the Legislature. He said that the federal judge handling the case had ordered him not to discuss it.

"I've made no public comment at all on Senator Bryant," Mr. Christie said. "What I will say is I just hope the issue will be resolved soon."

Monitors of a federal investigation said that Mr. Bryant, who announced last week that he would not seek re-election, was the subject of a federal investigation into the possibility that he routed $12.5 million in state funds to the University of Medicine and Dentistry of New Jersey in exchange for a job in which he was paid $38,000 a year but did little work.

In his speech, Mr. Christie said that 75 percent of his cases involved bribery of public officials. "It is a rogue's gallery," he said, "and I fear that we are just becoming numb."

As Mr. Christie's appointment, made by President Bush more than five years ago, nears completion, the prosecutor's increasingly public stance on issues like domestic terrorism and immigration has raised speculation that he may be considering a run for office. Many think he may challenge Gov. Jon S. Corzine in 2009.

"Do I think about it? Of course," he said. "My only focus right now is to do this job for as long as the president allows me to do it. But it's coming to an end. So at some point I'm going to have to do something else."

FBI: Sex Fugitive Captured In Livingston Parish (AP)

AP, February 23, 2007

LIVINGSTON, La. (AP) — A fugitive child molester, on the run for nearly a year, was captured Thursday at an auto auction business where he'd been working for most of the month, federal authorities said.

David John Sprong Jr., 47, a convicted felon and registered sex offender, is wanted in California on a variety of molestation charges involving young girls.

Authorities previously thought Sprong was living under an alias near Houston. Then his last known vehicle, a 1997 sport utility vehicle, was found at a bar on Monday in Hammond, said Brian Fair, a spokesman for the U.S. Marshals Service.

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Last spring, Sprong skipped a $1 million bond in Sacramento, where he was charged with molesting girls. He could have been sentenced to life in prison if found guilty of being a habitual sex offender with multiple victims.

The marshals' Crescent Star Fugitive Task Force, with help from the FBI and the Livingston Parish Sheriff's Office arrested Sprong at A to Z Auto Auction L.L.C in Holden, La., without incident, Fair said.

Sprong was working as a mechanic there under the alias of Thomas Turner and had been employed for about three weeks. He was booked into the Livingston Parish jail and will await extradition back to Sacramento, Fair said.

"When he's not molesting people, he's working on cars," said Mike Raifield, an agent with the FBI's Sacramento field office which was coordinating the search.

The FBI was also looking to Sprong's longtime girlfriend Lynn Rodaer and 10-year-old daughter Justine. Authorities said Sprong led them to his family after his capture.

On Saturday, Sprong was featured on the TV show "America's Most Wanted" for the third time.

"When he leaves, he disappears completely," Raifield said. "He never re-contacted anyone he knew in Sacramento. And, everybody we talked to disliked him. All his contacts, he owed money to. He burned every bridge.

"We do all the angles and find nothing for a long time. Then after the America's Most Wanted segment profiled him in January, we got a tip he was running an auto shop in Humble, Texas, but it came two days too late. Apparently he saw the same program and he disappeared."

Oprah Winfrey included Sprong on her list of child sexual predators. She said she would give a $100,000 reward for information leading to their arrests.

In addition to the charges in California, Raifield said Sprong may face charges of attempted molestation of two teen-aged girls who worked for him in Houston.

Man Pleads Guilty In Child Pornography Case (MH)

The Miami Herald, February 23, 2007

A 59-year-old man pleaded guilty Thursday in federal court in Fort Lauderdale to preying on children, according to the U.S. Attorney's Office.

Raymond George Bohning, of Hollywood, faces five to 30 years in prison for production of child pornography, enticing a minor to engage in illegal sexual activity, distributing child pornography to a minor to induce her to engage in sexual activity and possessing more than 600 images of child pornography.

Bohning also could face a fine of up to $250,000 for each count and a possible lifetime period of supervised release, according to the office of South Florida's U.S. attorney, R. Alexander Acosta.

A sentencing hearing is scheduled for May 11.

In November 2003, Bohning was arrested in the United Kingdom and charged with various offenses including possessing and distributing lewd images of minors.

Bohning pleaded guilty in the U.K. to possessing and distributing indecent images and publishing an indecent article and was sentenced to 30 months in prison. He was then extradited to the United States for prosecution.

An FBI investigation found that Bohning had an extensive collection of child pornography images depicting minors being sexually abused, including babies and toddlers.

Authorities say the defendant convinced a 15-year-old girl to engage in sexually explicit conduct to produce pictures, gave pictures to a minor in an effort to persuade her to engage in sexual activity with him, and created a list of 374 individuals' Internet screen or user names -- mostly minors whom he cataloged by physical attributes, state or country of residence and the nature of their sexual experiences.

The FBI in Miami and the West Midlands Police Department in the United Kingdom handled the investigation.

-- ANI MARTINEZ

Man Sought In W.Va., Ohio Sex Attack (PPG)

By Cindi Lash, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, February 23, 2007

Police say same man accosted young woman in Martins Ferry before N. Wheeling abduction

WHEELING, W.Va. -- Investigators believe a partially naked man who accosted a woman Sunday night in Martins Ferry, Ohio, was the same man who kidnapped and sexually assaulted a Wheeling girl two days later.

That man has not been identified, but FBI agents and police from the Ohio Valley have mounted a "significant" investigation to locate him, said Gary Wheeler, the FBI's supervisory agent for northern West Virginia. Police have increased

patrols in Wheeling, Martins Ferry and other Ohio Valley communities and have pulled over and examined several vehicles that resembled the dark pickup truck the suspect drove during both incidents

An FBI artist also was summoned from Quantico, Va., to develop a composite sketch of the man and possibly a drawing of his truck. Investigators said they also are reviewing computer databases of sex offenders and may consult FBI profilers in an effort to identify the man.

Investigators yesterday said the circumstances of the 12-year-old girl's abduction Tuesday night from a street in North Wheeling were very similar to an incident Sunday night that may have been an abduction attempt. They warned parents in West Virginia, Ohio and Pennsylvania to be particularly cautious about allowing children to walk alone, saying they believe the incidents were rare examples of victims targeted by a brazen stranger.

"Stranger abductions are very rare occurrences," said Agent Wheeler, adding that kidnappings more often are committed by someone who knows the victim. "He struck twice in the same area that we know of. He is aggressive, and a little extra prudence on the part of parents [is warranted]."

Wheeling police said the man snatched the 12-year-old girl between 8:30 and 9 p.m. after parking his truck near a ramshackle garage near the intersection of North Fifth and Kenney Streets, barely a block from busy Main Street. The man, who was naked, walked up behind the girl and a friend who were walking together and asked for directions, Wheeling Lt. Gary Gaus said.

The girls "did what they've been told to do" and tried to run, but the man grabbed one of them and carried her a half-block to his truck, then drove away, Lt. Gaus said. The other girl ran to her home and her family called police.

The man sexually assaulted the girl before dropping her off about 40 minutes later at the Kirkwood Presbyterian Church in Bridgeport, Ohio, across the Ohio River from Wheeling. She walked to a nearby house and begged for help.

Investigators believe her attacker also sought directions from an 18-year-old woman around 9 p.m. Sunday in a residential neighborhood of Martins Ferry, about two miles from Wheeling. The woman was walking on Hughes Avenue when the man spoke to her while kneeling beside a parked vehicle, Martins Ferry Police Chief Barry Carpenter said.

When the woman replied that she didn't know how to get to the location he sought, the man opened his jacket and revealed that he was not wearing pants, Chief Carpenter said. The man began to masturbate and the woman screamed and ran to a porch.

The man chased her briefly before driving away in a dark pickup truck, Chief Carpenter said. He is described as white, between 5 feet 8 and 5 feet 10 inches tall, with short brown hair and a pudgy build.

The dark pickup truck he drove is possibly brown, with an extended cab and a 4-inch-wide white or light-colored stripe on the side that may fade as it reaches the back of the truck.

People who live and work in the North Wheeling neighborhood where the girl was abducted said they recall a truck like that parked near a Convenient Food Mart at North Fifth and Main streets and on adjacent streets.

"I have seen that truck up there. I have seen it in our neighborhood, in our parking lot," said Hattie Tamburin, who works at the Main Street Depot, a casino housed in the same building as the convenience store.

"The police haven't let up since day one on this, and hopefully they'll find him," said Ms. Tamburin, whose granddaughter attends school with the victim. "We're all afraid. I'm sure nobody will let the little girls out now."

Workers at those businesses said the victim of the abduction is a frequent customer at the convenience store and they were terrified by the attack.

"[The store] used to be full of children," said food mart cashier Robin Blum. "But it struck me when I worked [Wednesday night] that there were no kids in here unless they were with a parent or guardian."

Anyone with information about the man or his truck is asked to call the FBI in Pittsburgh at 412-432-4000, Wheeling police at 304-234-3661, Martins Ferry police at 740-633-2121 or their local police or sheriff's department.

Police Probe Ferry Offense (WHEELINT)

By Gabe Wells

Wheeling Intelligencer, February 23, 2007

WHEELING — Police believe the man responsible for the abduction and sexual assault of a Wheeling girl is the same man who exposed himself Sunday to a Martins Ferry woman.

Martins Ferry Police Chief Barry Carpenter made the announcement Thursday at a news conference in Wheeling City Council Chambers. Wheeling police are seeking a suspect in Tuesday's abduction of a city girl, whose 12th birthday was Wednesday. Carpenter said a man matching the description of the suspect was involved in what may have been an abduction attempt at about 9 p.m. Sunday on Hughes Avenue in the south end of his city.

According to Carpenter, the man approached an 18-year-old woman as she returned to her home. He then asked her for directions, exposed himself to the woman and then began to masturbate, Carpenter said.

The woman turned and ran, and the suspect chased her for a distance before he got into a nearby truck and left the scene.

The truck also is similar in description to the vehicle used in Tuesday's abduction in Wheeling.

Wheeling Police Department Lt. Gary Gaus and FBI Supervisory Senior Resident Agent Mark Wheeler said the techniques are the same in both crimes.

In both cases, the suspect asked the victims for directions to an area location and then chased them after posing the question.

Also at the news conference, Gauss confirmed the young girl in Tuesday's abduction was sexually assaulted.

Wheeler then added that an FBI sketch artist currently is working with that victim to develop and release a rendering of the suspect.

That rendering may be released today, and an improved description of the vehicle is anticipated.

Wheeler, Gaus and Carpenter said the police presence already has been greatly increased in both cities.

And Wheeler is asking area parents to pay close attention to the whereabouts of their children.

"There's no need for hysteria," Wheeler said. "There is a need for extra prudence."

The suspect is a heavyset or "chubby" white male who is believed to be in his mid-20s. He is about 5 feet 10 inches tall.

The suspected vehicle is full-size pickup truck that is medium-brown in color. It has a stripe on its side that gets darker in color down the length of the body. The truck may have an extended cab.

Anyone with information regarding the alleged abduction or the vehicle believed to have been involved is asked to contact the Wheeling Police Department at (304) 234-3664.

Three Indicted In Las Vegas In Katrina Relief Fund Fraud Case (BSH)

Biloxi Sun Herald, February 23, 2007

LAS VEGAS - Two Nevada residents were arrested Thursday and a third person was named as a fugitive on charges they fraudulently obtained federal funds designated for victims of Hurricane Katrina, a prosecutor said.

Wilbert J. Bennett Jr., 31, of Henderson, and Sheila Ritter, 47, of Las Vegas, pleaded not guilty in initial appearances before a U.S. District Court magistrate judge following their arrests on charges of theft of government funds, U.S. Attorney Daniel Bogden said in a statement.

Renee Bellinger, 42, was indicted on charges of theft of government funds, identity theft and misuse of a Social Security number. She remained a fugitive, Bogden said.

Bellinger, who also used the name Renee McLoughlin, was identified in the statement as a secretary with the International Alliance of Theatrical Stage Employees. Union officials at the Las Vegas local and at international offices in New York City did not immediately confirm that account.

The indictment handed up Feb. 14 accuses Bennett of obtaining about $15,000 in Federal Emergency Management Agency disaster relief funds and Ritter of obtaining almost $21,000 in FEMA funds following Hurricane Katrina in August 2005, although both lived in Nevada.

Ritter and Bennett were released Thursday on personal recognizance bonds. They had not yet been assigned public defenders.

Each faces up to five years in prison and a $250,000 fine if convicted, Bogden said.

Bellinger was accused of using her mother's identification as part of a scheme to obtain more than $23,000 in FEMA disaster relief money. If convicted, Bellinger faces up to 25 years in prison and $750,000 in fines, Bogden said.

Oklahoma City Man Accused Of Falsely Claiming Katrina Funds (AP)

AP, February 23, 2007

OKLAHOMA CITY (AP) — An Oklahoma City man was indicted in federal court on Thursday on charges of making false claims for Hurricane Katrina disaster relief funds.

A federal grand jury indicted Darryl Eugene Hayes, 31, on three counts of mail fraud and two counts of making false statements, U.S. Attorney John C. Richter said.

The mail fraud counts each carry a penalty of up to 20 years in prison plus restitution and a fine of up to $250,000. The other two counts are punishable by up to five years in prison and a fine of up to $250,000.

The indictment claims that Hayes defrauded the Federal Emergency Management Agency and the Louisiana Department of Labor of more than $10,000 by claiming unemployment benefits for supposed Hurricane Katrina evacuees under three false names, Richter said.

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It also alleges that Hayes submitted a fraudulent application to FEMA, claiming that his home in New Orleans was damaged by the August 2005 storm and that he was living in a "mass shelter," and later faxed a letter to FEMA claiming he had sustained losses "from the hurricane" and had relocated to Oklahoma City, Richter said.

N.C. Man Convicted In Oregon In Multicountry Silver Scheme (AP)

By Tim Fought, Associated Press Writer

AP, February 23, 2007

PORTLAND, Ore. - A North Carolina man who bought one-ounce silver ingots for $10.50 and resold them to investors for $98 each and the promise of huge commission payments was convicted of federal charges in what a prosecutor called a classic "too-good-to-be-true" pyramid scheme.

About 5,000 victims lost more than $4 million in total, said Assistant U.S. Attorney Chris Cardani.

He said Richard Dompier of Vale, N.C., was convicted Wednesday of 29 counts in federal court in Eugene after a seven-day trial. He was accused of mail and tax fraud and money laundering.

Dompier, 48, faces a sentence of about 20 years under federal guidelines, Cardani said, and is free pending sentencing, likely in June.

Dompier used some of his gains to sponsor a NASCAR driver and start a motorcycle company, according to the indictment handed up in 2005.

He operated first out of Roseburg, Ore., and then later in Lincolnton, N.C., and the operation had offices in Park Rapids, Minn., and England, where Dompier hired a salesman, Cardani said.

Between 1998 and 2000, Dompier's New Millennium Group sold nearly 76,000 of the ingots, representing a promised payoff to investors of more than $1 billion, the U.S. attorney's office said in a press release.

The indictment said he bought the bars from the Franklin Mint and sold them through the mail and over the Internet, delivering the ingots along with promises of commission checks totaling $15,853.50 in 14 months.

A few customers lost as much as $20,000, buying up to 200 bars, but typically an investor would buy five or fewer, Cardani said.

As is typical in pyramid schemes, "he made a few payments early on as a way to lull investors into the program," using the payments of later investors to pay the earlier investors, Cardani said. The company had no legitimate business operation, Cardani said.

Often, Cardani said, pyramid schemes guarantee high returns, a tip-off to those who might be tempted: "If it sounds too good to be true, stay away."

"This one was pretty good because he actually gave out the ingot bars," Cardani said.

After investors complained that they weren't getting payments they were promised, the Internal Revenue Service and FBI began an investigation in 2000, joined by British and Oregon authorities.

The bulk of the victims were in the United States, Canada and England, but the scheme also reached to Europe, Africa and Australia and was promoted in a total of 41 countries, the U.S. attorney's office said.

Study Fails To Stem Gangs Debate (LAT)

The Los Angeles Times, February 23, 2007

L.A.'s biggest prevention and intervention program finds hope in data on participants' performance. Others say the effort is not effective.

Under pressure to show that the L.A. Bridges program actually works, the operators of the city's largest gang prevention effort released results of a study Thursday that sparked new debate about whether the city needs to rethink its anti-gang strategy.

The data from the city Community Development Department shows that although some middle school students targeted by L.A. Bridges have boosted or maintained their grades and attendance, most last year did not improve.

L.A. Bridges officials said they consider the findings encouraging given the types of students they are trying to help. But some city leaders said they were more skeptical, especially considering that gang membership and gang-related crime in Los Angeles are on the rise.

Amid new doubts about the program, which costs about $14 million annually, the city has replaced John Chavez as director of L.A. Bridges.

In addition, City Controller Laura Chick plans to audit the program, and Mayor Antonio Villaraigosa has put its operators on notice that he is providing funding only through September, by which time he expects that a new comprehensive gang strategy will be developed.

DOJ_NMG_0135832

"I don't think it has been effective," said Alex Alonso, a scholar on gang issues who has taught at USC. "For all the millions of dollars we've spent, I haven't seen results."

The debate comes as Police Chief William J. Bratton has launched a new assault on gang activity in the city, a campaign criticized by some for not also including a more aggressive effort to keep kids out of gangs. The crackdown has involved the shift of resources by the Los Angeles Police Department and other agencies to focus on 11 specific street gangs that officials say cause the most problems.

But although there has been much focus on L.A.'s law enforcement push, the effort to keep youths from joining gangs has received less attention.

The report released Thursday indicates that of the 1,786 "at risk" kids in L.A. Bridges who turned in at least two report cards last year, about 45% improved their grades. Grades stayed the same for 23% and declined for the rest.

Among that same group, only 21% improved their attendance.

"Those numbers are not satisfactory," said Councilman Tony Cardenas, who heads a council committee considering an overhaul of L.A. Bridges. "If we got coordination and accountability, we could really get those numbers up dramatically."

Cardenas' committee is scheduled to receive the report from the Community Development Department, which oversees L.A. Bridges' contracts, and discuss it at a special meeting today at 8:15 a.m. at City Hall.

Even though the majority of students did not improve grades or attendance, Sharon Morris, an assistant general manager of the department, defended the results.

"For the number of kids we are serving, we are very satisfied," she said. "These are kids in low-income communities, and they have been identified as needing this program."

The city's premier gang prevention and intervention effort is being reevaluated because gang crime increased 15.7% in 2006 compared with the year before, including a 4% increase in gang-related homicides, with 272 killings, according to LAPD statistics.

Gang membership had been dropping but ended 2006 with an increase to 39,315 from 38,974 a year earlier. That means there were 341 more gang members.

The original L.A. Bridges program, aimed at keeping kids out of gangs, funds centers serving 27 of the Los Angeles Unified School District's 73 middle schools.

L.A. Bridges targets middle school students ages 10 to 14 and is aimed at reducing their involvement in gangs. Goals include improving student performance and involving the community in helping the students.

Each caseworker is assigned 10 to 20 middle school students who are judged to be at risk, and the adults help the kids with homework, supervise them in after-school recreation, counsel their families and monitor their attendance at school.

L.A. Bridges II is an intervention program aimed at current and former gang members ages 14 to 25. The program has 64 gang intervention workers, who mentor 1,437 young people in gangs.

The results for Bridges II also sparked debate Thursday.

The Community Development Department reported that it managed 661 cases last year, including those of 175 people who were referred to city WorkSource job centers and 362 referred to other job training or placement.

Critics said the report fails to provide information that would better show whether the program is working — that is, how many gang members have quit gangs and how many middle school students have been kept from joining.

"How can you tell if you are reducing the gang problem unless you can tell how many young people you got out of gangs?" asked Connie Rice, director of Advancement Project Los Angeles, which last month released a city-financed study strongly criticizing L.A. Bridges and other city anti-gang programs as lacking focus, coordination and accountability.

The head of the department said his agency is improving its management and evaluation of L.A. Bridges. But General Manager Richard Benbow argued in the report to the City Council that as long as young people are being mentored and tutored after school, and referred to job training, they are less likely to be involved in a street gang.

"Any client connected to a departmental program represents a 'success,' because the alternatives — disconnection from social services and/or institutions — can lead to truancy, delinquency and criminal activity," he wrote.

CIVIL RIGHTS:

EXCLUSIVE: Gonzales Talks On Civil Liberties (CBN)

By Melissa Charbonneau

Christian Broadcasting Network, February 23, 2007

NASHVILLE, Tenn. - It's a day in the life of the U.S. Attorney General Alberto Gonzales as he boards a plane to launch the first Freedom Initiative to protect religious liberties.

Along for the ride, we ask about a report that says discrimination against Muslims after 9/11 in part prompted this new program.

"It's something we worry about, naturally, when people see images on the television screen that these are the enemies of America, they may naturally assume anyone who looks like these people, or have the same religious belief - that, in fact, they constitute enemies of the United States. And that's just not true," Gonzales said.

Excerpts from Gonzales "The President sent a very clear message in the days following following the attacks of 9/11, going to a Muslim center, and expressing to the American people his clear belief in our country, we have many people of the Muslim faith that do not represent a danger to America and we need to be tolerant of the views of the people of the Muslim faith."

We asked Gonzales about "The Breach," the just-released film about the worst intelligence failure in the FBIs history - when it turned out an American was spying for the Russians.

Charbonneau: That was before your watch, but what has been done since that incident at the Justice Department to make sure spies like Robert Hanssen aren't still at the FBI?

Gonzales: Well, I can't tell you everything, otherwise I'd be tipping off someone about our efforts to ensure something like that doesn't happen.I think we're in much better shape today than we were just a few years ago.

Gonzales is at the center of the debate over much-publicized case of two imprisoned border patrol agents who were tried and found guilty for shooting an alleged illegal drug smuggler. He didn't say whether he will recommend a presidential pardon. He did say the facts in the case are not getting out.

"I've heard people complain about how could these people be convicted for doing their jobs," he said. "It's not part of their job to shoot an unarmed man from behind. It's not part of their job to conspire to conceal what they did. It's not part of their job to lie about what they did, to hide it from their superiors. So all that occurred in this particular case. And that's why these individuals were convicted."

Now Gonzales himself may become one of the political targets in a string of investigations from the new Democratic majority in Congress.

Charbonneau: Are you concerned that in the last couple of years of the Administration that your efforts will be bogged down by endless hearings and investigations by Democrats?

Gonzales: I think that the American people lose if I spend all my time worrying about congressional requests for information, if I spend all my time responding to subpoenas, to things of that nature. We will work with Congress, and we will do the very best we can to reach an accommodation with Congress, to give them the information, the appropriate information, they need for oversight. But that's an important part of my job. But I also believe that the American people expect me to do my job as Attorney General to protect their kids and make their neighborhood safer.

DOJ Report Touts Bush Record On Rights (UPI)

UPI, February 22, 2007

In a 43-page document released by the U.S. Department of Justice Feb. 20, Attorney General Alberto Gonzales says the department takes seriously the protection of religious freedom and has worked vigorously during the Bush administration to protect them.

"Many came to America precisely because of the recognition of religious liberty and the protection of this most basic of human rights," the report, released in conjunction with the attorney general's visit to the Southern Baptist Convention Building in Nashville, Tenn., says. The document was labeled, "Report on Enforcement of Laws Protecting Religious Freedom: Fiscal Years 2001-2006," Baptist Press reported Wednesday.

The Civil Rights Division of the justice department was established in 1957 and is best known for its work toward ending racial discrimination. Early in the Bush administration, the department established a Special Counsel for Religious Discrimination to monitor the enforcement of religious freedom laws.

"Prior to 2001, except for prosecution of religious bias crimes and employment cases, the Civil Rights Division exercised its jurisdiction to enforce civil rights laws with respect to religion sparingly, and had never had an attorney charged with ensuring that these laws were comprehensively enforced," the report says.

Religious discrimination is a growing problem in the United States as the country is now home to more than 2,000 different faiths and denominations, the report says. From 1992 to 2005, complaints of religious discrimination in employment filed with the Equal Employment Opportunity Commission increased 69 percent, compared to single-digit increases in complaints about sex discrimination and racial discrimination during that period.

Education discrimination cases involving religion increased from one case reviewed and no investigations during the period of 1995-2000 to 82 cases reviewed and 40 investigations from 2001-2006, according to the report.

In March 2005, the Civil Rights Division reached a settlement with a Delaware school district after a fourth-grade Muslim student was harassed by her teacher about her faith in front of her class, the report says. The student was ridiculed because her mother wore a headscarf, and other students joined in the criticism, causing the Muslim girl to miss several weeks of school because of emotional distress, according to the report. The settlement required religious tolerance classes for students and teachers, and the girl's teacher was monitored closely.

Regarding religious discrimination in the area of employment, the Civil Rights Division filed a lawsuit against the Los Angles County Metropolitan Transit Authority after it refused to accept bus driver applications unless the applicant was available to work 24 hours per day, seven days a week. The suit alleged that the transit authority's policy discriminated against Sabbath-observing Jews and Christians and others who must miss work for religious reasons. An agreement now allows drivers to swap assignments or take temporary leaves of absence for religious purposes, the report says.

Another case the justice department took up involved an investigation of the city of Balch Springs, Texas, after the city-run senior center told senior adults they could no longer pray before meals, sing gospel songs or hold Bible studies, according to the report. All of the activities were initiated by the seniors themselves, but the city mistakenly believed that the separation of church and state required a ban, the report says. The city settled with the seniors in January 2004, and they won the right to continue their religious activities.

Religious freedom regarding land use is a growing issue in the United States, and in 2000 Congress passed the Religious Land Use and Institutionalized Persons Act (RLUIPA), citing widespread discrimination against religious institutions by state and local officials in land-use decisions.

Since 2001, the Civil Rights Division has reviewed 118 RLUIPA matters, opening 26 investigations resulting in 16 favorable resolutions before a lawsuit was necessary, the report says. The division has also filed four lawsuits.

In United States v. Maui County, the division sued the city of Maui, Hawaii, after it denied a permit for a nondenominational Christian church that has held services on Maui since 1960 to build a church on 5.85 acres of land in an agricultural district. The county allowed secular assemblies such as rodeo facilities, petting zoos and sports fields, but the church was denied, the report says. After the justice department intervened, the church was allowed to build in the Maui agricultural district, and the county paid it damages and attorney's fees.

A case brought by the Department of Justice in the area of crimes against persons and property based on religion was United States v. Bryant and Martin in 2004. Two men pleaded guilty to vandalizing a historic black church by breaking windows in the sanctuary and smashing items throughout the church, the report says, resulting in sentences of 27 and 21 months in prison.

"Experience in enforcing civil rights over the past 50 years has taught that a key to success is developing good working relationships with civil rights and community organizations," the report says. "It is such groups on the ground that bring many cases to the Department of Justice's attention, help identify trends and issues, and help spread the word about people's rights."

To facilitate that goal, the attorney general sought the help of the Southern Baptist Convention when he addressed its Executive Committee members Feb. 20 in Nashville. There he unveiled the "First Freedom Project," which is aimed at educating Americans about their religious freedoms and encouraging them to help identify and report abuses of those freedoms.

"We have seen too many churches burned, too many rocks thrown through stained-glass windows, too many swastikas painted on sanctuary walls, too many lives taken," Gonzales told Executive Committee members. "There are fewer of these attacks today, but still too many. And when faced with that kind of assault, the Department of Justice has responded, and will always respond, with force and conviction."

Teel Avoids Death Penalty (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, February 23, 2007

GULFPORT - U.S. Attorney General Alberto Gonzalez decided against seeking the death penalty in the prosecution of Ryan Teel after an extensive review of the criminal case, according to U.S. Attorney Dunn Lampton for the Southern District of Mississippi.

Teel, a former Harrison County jailer, remains in custody pending trial in the Feb. 4, 2006, fatal beating of inmate Jessie Lee Williams Jr. A motion filed in court Thursday asks for a bond review so Teel could await his May 28 trial out of jail, as first reported on sunherald.com.

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Teel was in charge of the booking room the night of the beating. He has been held at an undisclosed location since his arrest Aug. 28, 2006. Teel, 30, pleaded not guilty to charges of deprivation of civil rights under color of law and of falsifying records to obstruct a federal investigation.

Gonzalez decided against the death penalty after Teel's attorneys and federal prosecutors met with a U.S. Justice Department review panel in Washington.

"No reason was given," Lampton said.

"There's all kinds of arguments for it, but it was his call. I've tried a number of death cases and in this case, I think it's the right decision. It's better to start the case off without the jury or the judge having to deal with the death-penalty issue."

Lampton called the review "a very serious, involved procedure. They look at all the possible factors like a jury would. With 94 (federal court) districts, I think that's the wise approach in fairness and consistency across the board. When a case goes through, you want the law to be enforced the same in Mississippi that it is in Minnesota and Montana."

The decision means Teel faces life in prison if convicted on the civil-rights charge.

Teel is relieved over the decision, said Jim Davis, lead defense attorney.

U.S. Chief Magistrate Judge John M. Roper denied bond for Teel after his arrest, saying Teel was a possible flight risk and danger to others.

Davis' motion for a bond review says Teel's detention was ordered before the death-penalty issue was decided.

The family of the 40-year-old Williams, who had been taken to jail on misdemeanors, has been informed, said Michael W. Crosby, lead attorney for Williams' estate.

"We continue to monitor developments in the criminal proceedings, but we don't want to say anything that could jeopardize the prosecution or the venue," Crosby said.

A change of venue would move the trial to another region of the state.

A wrongful-death civil lawsuit for Williams' estate has been placed on hold.

The scope of the criminal investigation broadened in public view three weeks before Teel's arrest when ex-jailer Regina Rhodes admitted she helped beat Williams. Rhodes and four other former jailers have entered plea agreements, admitting a conspiracy to deprive hundreds of inmates of their rights.

Rhodes awaits sentencing, as do former jailers Morgan Thompson, Dedri Caldwell, Preston Wills and William Jeffery Priest.

Urban League Chief Wants Justice Probe Of Katrina Shootings (AP)

By Mary Foster, Associated Press Writer

AP, February 23, 2007

NEW ORLEANS (AP) -- Police shootings that left two people dead at a bridge in New Orleans in the chaotic days after Hurricane Katrina should be investigated by the U.S. Justice Department, the president of the National Urban League said Thursday.

In a letter to the chairwoman of the Congressional Black Caucus, Marc Morial - a former New Orleans mayor - asked that the caucus support a federal civil rights investigation into the "circumstances surrounding the police killing of two unarmed African American men and the wounding of four others."

Six current and one former police officer have been charged in the case.

Sgts. Kenneth Bowen and Robert Gisevius Jr., Officer Anthony Villavaso II, and former officer Robert Faulcon Jr. were indicted in December on first-degree murder charges and attempted murder charges in the Sept. 4, 2005, shootings on the Danziger Bridge.

Conviction on a first-degree murder charge would mean mandatory life in prison. District Attorney Eddie Jordan said he would not seek the death penalty for the four.

Two other officers - Robert Barrios and Mike Hunter Jr. - were charged with attempted first-degree murder, and Officer Ignatius Hills was charged with attempted second-degree murder in the case.

Ronald Madison, a 40-year-old mentally retarded man, and James Brissette, 19, were shot and killed at the bridge.

"What's the matter he doesn't have faith in Eddie Jordan?" said attorney Frank DeSalvo, who represents Bowen. "I don't know what motivates these people to do what they do. I assume there is a political reason for it."

The New Orleans NAACP asked the U.S. Attorney and the civil rights division of the Justice Department to investigate the shootings after those charged were allowed to return to work in non-sensitive jobs away from the public. Danatus King, president of the New Orleans branch of the NAACP said the move smacked of favoritism.

U.S. Attorney Jim Letten at that time said his office, the Justice Department and the FBI have been monitoring the investigation. He described that as routine.

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"I think we have a suitable number of investigations under way," said Police Association on New Orleans President Michael Glasser. "The feds have had every opportunity to conduct an investigation from the day it happened to the present."

The officers have drawn strong support from the union and other police. When the men turned themselves in after being indicted, supporters lined the street, stepping forward to embrace the seven men and shake their hands. One sign in the crowd read "Support the Danziger 7." Another read "Thanks for protecting our city."

"I am especially calling for congressional oversight into the subsequent handling of this case by the New Orleans Police Department and the court," Morial's letter to Carolyn Kilpatrick, chair of the Black Caucus, said.

"I would certainly concur," said Nathan Fisher, who represents Ronald Madison's brother Lance Madison. "I certainly think the police department did a terrible job investigating."

Illinois Gay Marriage Bill Introduced (CHIT)

By Crystal Yednak, Tribune Staff Reporter

Chicago Tribune, February 23, 2007

A state lawmaker fired up the gay marriage debate in Illinois Thursday by introducing a bill that would legalize marriage between same-sex couples.

"Illinois is a heartland state but has always been a leader in civil rights and social justice issues," said the bill's sponsor, state Rep. Greg Harris (D-Chicago). "It's the right thing to do."The proposal would eliminate wording in state law that marriage is between "a man and a woman" and substitute the phrase "two persons."

Massachusetts is the only state that recognizes same-sex marriages. Just this week, New Jersey became the third state to offer gay couples civil unions, joining Connecticut and Vermont.

Last year, opponents of gay marriage tried to head off just this sort of action in Illinois. They tried to put a question on the ballot asking voters whether marriage should be defined as a union between "one man and one woman." But the Illinois State Board of Elections ruled the group hadn't collected enough valid signatures.

David E. Smith, executive director of the Illinois Family Institute, which helped organize the drive, said the group is considering another ballot drive this year.

The proposed legislation could be the thing that mobilizes the group again, Smith said.

"We believe that government doesn't have a responsibility to promote or protect the homosexual lifestyle," he added.

Harris, who is openly gay, said a significant education effort would be necessary to get his bill passed, as was the case in 2005 when a gay rights bill passed in Illinois.

The gay rights bill was first introduced in the mid-1970s but it took decades to build legislative support, said Rick Garcia, director of public policy for Equality Illinois.

Garcia said the gay marriage bill is necessary to protect gay couples and their families so partners can make health decisions, qualify for pensions and benefits and have a say in the disposition of remains, among other things.

Still, advocates know the word "marriage" complicates the issue.

"When we use the word marriage, what people are really thinking of is the sacrament of matrimony. We're talking about civil marriage," Garcia said.

Harris said the title of the bill—the "Religious Freedom and Marriage Fairness Act"—is intended to calm the concerns of religious groups who worry they would be forced to recognize same-sex marriages as well.

"We wanted to reaffirm in this bill that there is no religion, no church, no temple, no mosque that we are trying to compel to consecrate marriages," Harris said.

Harris said supporters talked about the idea of pushing for civil unions instead. Civil unions offer many of the same protections of marriage, but not the title. But it was "decided that marriage is the fully equal term and that's where we want to begin," he said.

Garcia said advocates will have an uphill battle getting it passed.

"I cautioned people—don't start planning a June wedding in Illinois, it's going to take awhile for us to get the support legislatively," he said.

cyednak@tribune.com

Nonprofit Litigates Largest Employment Discrimination Class Action Ever To Go To Trial (LAW)

By Sandhya Bathija, The National Law Journal

National Law Journal, February 23, 2007

Attorney Brad Seligman was on a hunt to find out whatever he could about Wal-Mart Stores Inc. after hearing about a potential claim of alleged sex discrimination against the retailer in 1999.

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"I called up my friend, another attorney, and he immediately said, 'evil empire,' " said Seligman, executive director and founder of a nonprofit group called The Impact Fund, located in Berkeley, Calif. "Then I called another friend, who is an economist, and he also indicated the same."

Based on the advice of his friends and some statistical research of his own, the litigation began. On Feb. 6, the 9th U.S. Circuit Court of Appeals upheld a lower court decision making the case the largest employment discrimination class action to go to trial. Dukes v. Wal-Mart Stores Inc., No. 3:01-CV-02252 (N.D. Calif.).

The Impact Fund filed the lawsuit against Wal-Mart. The organization aims to provide funding, training and advice to lawyers who want to bring public interest impact lawsuits in civil rights, poverty and environmental justice. And its Equal Justice Litigation Program works as co-counsel on select cases, including the Wal-Mart case.

The Impact Fund has three attorneys: Seligman, Jocelyn Larkin and Julia Campins. The entire organization runs with 12 employees, said Larkin, and their workspace is a typical nonprofit office, full of "hand-me-down furniture." But their work, as the organization's name suggests, is anything but little.

The Impact Fund is currently involved in litigating six cases, including another gender discrimination class action against Costco stores. Ellis v. Costco Wholesale Corp., No. 3:04-CV-03341 (N.D. Calif.).

Wal-Mart will appeal the decision, said Theodore J. Boutrous, the company's chief counsel on appeal and a partner at Gibson, Dunn & Crutcher in Los Angeles.

"We feel we have excellent arguments for en banc review in the 9th Circuit and to the Supreme Court," Boutrous said, arguing that this ruling conflicts with class action certification laws in other jurisdictions.

"We do not feel it is fair for the plaintiffs to act that the court has made a decision on the merits," he said. "This ruling does not speak to the merits of the plaintiffs' claim."

A LIFE CHANGE

Seligman founded The Impact Fund after working 11 years as a plaintiffs class action lawyer in a small Oakland, Calif., firm, Saperstein, Seligman, Mayeda & Larkin. He became managing partner of the firm, and then realized his career was becoming too demanding.

"I was 40 and I was a single parent, and I realized it just wouldn't be as much fun for me, so I resigned," he said. "Then I realized I made more money than I planned to make and I wanted to find a way to give it away."

He thought of creating a fund from which he could give grants to attorneys who have clients and cases, but do not have enough money to go through litigation. He quickly learned that it wasn't just money that other attorneys sought. They also wanted to learn from his experience and expertise as a class action attorney.

"I started to spend much more time talking to people than giving away money," Seligman said.

And so he started a training program and working as co-counsel on certain cases. Seligman became interested in Wal-Mart when Stephen Tinkler, now an attorney with Tinkler & Firth in Santa Fe, N.M., called him for information on how he should best carry out a gender discrimination class action against the retailer.

Seligman's idea was to put together a unique team made up of a mix of nonprofit organizations and private firms to represent the class against Wal-Mart. The nonprofit groups, in addition to The Impact Fund, are Equal Rights Advocates in San Francisco, which specializes in sex discrimination cases, and Public Justice Center, a Baltimore nonprofit firm. The firms are Cohen, Milstein, Hausfeld & Toll in Washington; Davis Cowell & Bowe in San Francisco; and Tinkler & Firth and Merit Bennett P.C. in Santa Fe.

Together, 18 attorneys worked through discovery, Seligman said.

Irma Herrera, executive director of Equal Rights Advocates, said the attorneys reviewed more than one million documents. "We were criss-crossing the country taking depositions of Wal-Mart employers and preparing the employees," she said.

Bark And Hold (WP)

The Washington Post, February 23, 2007

THE POLICE of Prince George's County deserve a pat on the back for mending their canine unit's ways. What for too many years had been a barrage of grisly brutality reports has given way to dramatically fewer injuries to suspects and other people. As reported last week by The Post's Ruben Castaneda, the canine unit, which had been operating under a Justice Department consent decree because of allegations of excessive force and lack of accountability, is being freed of federal oversight.

The statistics -- and the views of citizen groups that used to complain constantly about snarly, excessively ferocious dogs -- indicate significant improvement. During a seven-year period from the mid-1980s to the early 1990s, county police dogs were involved in nearly 800 biting incidents, according to an internal police report included in a federal civil lawsuit against a canine

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handler. Last year, county police dogs apprehended 55 suspects without biting them, a result of steady training of the dogs to "bark and hold," not bark and sink their teeth.

Police Chief Melvin C. High says his leaders and the rank and file have "worked really hard to get to this place." Better still, he acknowledges that "this is just the first step in what we're about," which he calls "constitutional policing." We call it encouraging news for all county residents.

ANTITRUST:

$1.75M Fine Ends Probe Of Concrete Price-fixing (INDYSTAR)

By Kevin Corcoran

The Indianapolis Star, February 23, 2007

Noblesville company, 1 of 4 fined a total of $35.2M in penalties, will pay over 5 years

A probe into concrete price-fixing in the Indianapolis area, which sent nine current or former executives to prison, ended after more than three years Thursday with yet another corporate fine.

The $1.75 million penalty levied against MA-RI-AL Corp. during a U.S. District Court sentencing completed a sweeping antitrust investigation into agreements among more than a half-dozen companies to limit discounts on bid work from July 2000 through May 25, 2004

MA-RI-AL, a Noblesville company doing business as Beaver Materials, agreed Thursday to settle its November conviction by paying the fine in installments over five years.

The company's co-owners, Allyn M. and R. Gary Beaver, who were not charged in the investigation, agreed to the settlement with representatives of the U.S. Department of Justice.

Chief U.S. District Judge Larry J. McKinney accepted the negotiated fine as a fair punishment that would send a message to other corporations about the risks of fixing prices without putting Beaver Materials out of business. The company also got five years' probation.

Companies involved in the conspiracy, including those whose executives cooperated with the Justice Department Antitrust Division and FBI, also face civil suits from customers to recover any overcharges.

Beaver's defense attorney, James Voyles, said an agreement was possible because the Justice Department's accountants and the company's experts were relatively close in assessments of the firm's ability to pay a fine.

Going into the sentencing hearing, Beaver Materials asserted it could afford no more than $1.1 million. Federal prosecutors were seeking a $2.5 million fine.

Beaver sells about $15 million a year of ready-mix concrete, mostly to homebuilders in fast-growing suburbs north and south of Marion County, and employs nearly 90 people.

In all, four Indianapolis-area companies paid $35.2 million in fines stemming from the case.

The price-fixing scandal became public in June 2005, when federal prosecutors announced a $29.2 million fine against Greenfield-based Irving Materials Inc., the largest fine ever paid in a domestic price-fixing conspiracy.

Company operations manager Christopher A. Beaver, 42, Noblesville, who was convicted at the same November trial as his firm, filed notice Tuesday that he will appeal his 27-month federal sentence imposed Feb. 9 for price fixing and lying to the FBI.

He and his cousin, Ricky J. Beaver, 43, Noblesville, the company's sales manager, received stiffer prison terms than the leaders of the conspiracy, who pleaded guilty and cooperated with the government.

Ricky Beaver chose not to appeal his 27-month prison term. Both men have acknowledged lying to the FBI during surprise interviews, but said they did not participate in price-fixing.

Federal antitrust officials won't say whether more charges could result from alleged price-fixing schemes in Bloomington, Marion and Muncie, where Irving Materials officials have acknowledged participating in additional price fixing.

Plea Deal In Bid-rig Scheme (NSDY)

By Robert E. Kessler, Robert.kessler@newsday.com

Long Island Newsday, February 23, 2007

Pennsylvania execs admit they conspired with LI company in $200G contract to sell slings to Navy carriers

Two executives of a Pennsylvania defense contractor pleaded guilty yesterday in federal court in Central Islip to charges of bid-rigging in connection with a contract to sell the Navy slings that are used to move bombs and other munitions on aircraft carriers, officials said.

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Thomas Cunningham, 61, the vice president of Total Industrial & Packaging Inc., of McKee's Rocks, Pa. - a Pittsburgh suburb - and Richard Barko, 44, the company's general manager, admitted they conspired with a Long Island company to criminally violate antitrust laws. The Long Island company involved in the $200,000 contract was not identified in court papers. The contract was to provide slings known as metal sling hoist assemblies, officials said.

According to officials, Barko and Cunningham, along with other unnamed conspirators, met between August 2003 and January 2004 and agreed on who would win the bid on the slings and that they all would submit non-competitive bids, officials said.

As part of a plea bargain, Cunningham and Barko agreed to cooperate with an ongoing investigation into bid-rigging by the Antitrust Division of the Justice Department and the Defense Criminal Investigative Service, officials said.

Neither their attorney nor the company could be reached for comment.

Thomas Barnett, the assistant attorney general in charge of the antitrust division, said in a written statement: "We will continue to seek out and prosecute those who subvert the competitive bidding process."

Barko and Cunningham each face up to 6 months in prison and a fine of $10,000 when they are sentenced.

Sirius-XM Merger Faces Major Hurdle Over Antitrust Issues, Experts Say (BLOOM)

Bloomberg, February 23, 2007

Sirius Satellite Radio Inc. and XM Satellite Holdings Inc. will have trouble persuading the U.S. Justice Department to approve their $4.84 billion merger because the combination appears to threaten competition, antitrust experts say.

Antitrust enforcers won't readily accept assertions by Sirius and XM that satellite radio competes for listeners with broadcast radio, iPods and music downloads by cell-phone users, said Herbert Hovenkamp, who teaches antitrust at the University of Iowa law school. The Justice Department probably won't agree with that "fairly common error," he said.

Satellite radio can be viewed as "a unique technology" controlled by "two firms that have been duking it out," Hovenkamp said. "Since they have the whole thing, that would make this a merger to monopoly."

The test for the Justice Department, he said, will be whether Sirius and XM could impose a price increase without losing customers.

How the Justice Department defines the market is crucial to the outcome of its merger review. The agency's guidelines say that determination hinges on whether the merging companies can impose a "small but significant and nontransitory" price increase on customers without forcing them to shift to other products.

If enough customers switch products and thus cancel out any profit from a price increase, the market must include these other products, the guidelines say.

"XM and Sirius are competing for consumers' attention and entertainment dollars from multiple products and services in the highly competitive and rapidly evolving audio entertainment marketplace," Gary M. Parsons, XM's chairman, told investors in a Tuesday conference call. "Satellite radio is still a small player."

Parsons also sought to dispel fears the combined company would raise prices.

The merged company can't continue to grow unless it meets "consumer expectations on both price and programming," he said.

Sirius and XM declined to comment beyond citing public statements by Parsons and Mel Karmazin, chief executive officer for Sirius. Karmazin echoed Parsons' analysis on the conference call.

In recent government reviews of media mergers, antitrust officials have narrowly defined the markets in which the combining companies compete, said David Balto, a former Federal Trade Commission official.

Sirius-XM Merger Would Send Wrong Signal (WP)

By Steven Pearlstein

The Washington Post, February 23, 2007

Here's what to expect if the Justice Department and the Federal Communications Commission allow Sirius and XM to merge, creating a monopoly in the satellite radio business:

Clear Channel will start buying every radio station in America that it doesn't already own.

Apple will be able to buy any company that begins to challenge its dominance in the market for portable music players.

Comcast will begin merger talks with Time Warner Cable.

And there will be nothing standing in the way of a marriage of NBC and CBS.

All that will be possible because the government will have declared that there is so much competition between the different technologies in the market for digital material -- and the outcome of that competition is so uncertain -- that there is no reason to worry about consolidation of companies using the same technology.

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This is the Powell Doctrine -- not the one about overwhelming force enunciated by Gen. Colin Powell when he was chairman of the Joint Chiefs of Staff, but the one promulgated by his son, Michael Powell, while he was chairman of the FCC. The younger Powell was guided by this doctrine in giving the green light to consolidation in almost every corner of the telecommunications sector. In the one instance he deviated from that position -- blocking the merger of EchoStar and DirecTV -- it was narrowly, on the ground that there weren't enough broadband competitors in many rural areas.

There is something to the idea that antitrust regulators should use a lighter touch, and exercise greater humility in predicting what might happen, during periods of rapid technological change. But even discounting for that, there are plenty of reasons for the government to block an XM-Sirius merger, which would create a monopoly.

Let's start with the obvious, which is that that while there are now multiple sources for digital music, they aren't perfect substitutes for each other.

I like radio, my wife will listen only to CDs, my daughter prefers her iPod, and my son will enjoy the convenience of getting music on his cellphone when that service finally takes off. Any of us could switch if the other channels offered lower prices or superior quality, but the differences would have to be pretty significant to overcome habit and personal preference.

Moreover, people are somewhat locked into their current choice by the investment they've made in equipment or contracts with companies. In that way, too, customers are "sticky."

The different technologies also have different business models, complicating the terms of competition. Old-fashioned radio makes its money from advertising, so it is hard to see how it could discipline the XM-Sirius monopoly for raising prices. Nor could Apple, which makes its money selling devices and downloaded songs. And we don't even know yet what the business models will be for Internet radio or music over cellphones.

In fact, XM and Sirius really offer two services. One is music programming. The other is the delivery of that programming via satellites and ground stations. Most of their customers buy the package, but not all. I get limited XM service as part of my DirecTV subscription, and in the future one can imagine cellphone operators and cable companies and maybe even old-fashioned radio stations contracting with XM or Sirius for programming. A merger would reduce their choice of suppliers.

In the same way, XM and Sirius are engaged in furious bidding wars to get different auto companies to install their systems as standard features and options. Obviously, that kind of competition will disappear after a merger -- in fact, the companies say explicitly that would be a benefit of the merger. At the same time, it works to the detriment of car buyers.

As for consumer choice, the companies argue that by eliminating duplicative folk channels and '80s rock channels, the merger will give them the money and bandwidth to launch even more specialty channels. Of course, we have no assurances of that. And as anyone with 500 channels of cable knows, there is a diminishing return to that kind of "variety." My hunch is that music lovers would be better off if XM and Sirius continued to compete by providing the best and most innovative jazz channels, for example, than offering me only one jazz channel along with another specializing in East European folk dances.

Moreover, you can bet your Gilbert Arenas game jersey that XM-Sirius would try to use its new clout and financial resources to outbid competitors for the exclusive audio rights to major sporting events, including those of your local teams.

XM and Sirius are correct when they argue that we are about to enjoy a competitive free-for-all among various companies and technologies to determine which is the most effective in bringing digital music to consumers. It is a process that will foster innovation and greatly benefit consumers. But for precisely that reason, this is the wrong time to give one technology a leg up in that competition by allowing it to become a monopoly, while other companies are forced to compete on two fronts -- against other companies using the same technology, and against companies using different technologies. By approving the XM-Sirius merger, the government would be stacking the deck in favor of satellite radio.

Moreover, history suggests that one or two of the technologies will eventually prevail by proving itself more effective and efficient. And if one of the survivors is satellite radio, consumers will find themselves worse off because the government had allowed a monopoly.

What we have here, folks, is a case of two money-losing companies locked in what has become ruinous competition, from which they hope to escape by merging. It may be that, given the economics of the business, there is room for only one to survive and prosper. But if satellite radio is such a "natural monopoly," consumers will be better off if the companies are forced to duke it out until one prevails and the other dies. The antitrust laws were designed to foster competition, not to foreclose it by bailing out competitors that overpaid for talent, over-invested in plant and equipment or over-promised results to their investors.

Steven Pearlstein can be reached atpearlsteins@washpost.com.

Reject Their Request (USAT)

By Jimmy Schaeffler

USA Today, February 23, 2007

DOJ_NMG_0135841

When the Federal Communications Commission approved the creation of satellite radio in 1997, it had an option: Provide an exclusive license to one company, or authorize competing licenses that ensured consumer choice and lower marketplace prices. It wisely opted for the latter, saying: "One licensee will not be permitted to acquire control of the other remaining satellite licensee. This prohibition on transfer of control will help assure continuing competition."

This wording stemmed from the commission's core DNA, which prompts it to act on behalf of consumers by embracing competition, localism and diversity deemed to be "in the public interest." Now, after XM and Sirius have fought ferociously for 10 years, they come on bended knee before policymakers, begging for a government-sanctioned monopoly.

Their request should be rejected, as was a similar monopoly merger proposed by satellite television providers DirecTV and DISH Network in 2001.

Let's review facts: Combined, XM and Sirius have about 14 million subscribers. They compete in a finite industry: satellite radio. Moreover, it is disingenuous, if not ludicrous, to suggest that XM and Sirius face financial woes because of threats from Internet radio, iPods or alternative music platforms.

XM and Sirius have no one to blame but themselves for their alleged financial worries. Now they seek a government bailout for their shockingly bad business decisions.

Paying individual talent hundreds of millions of dollars may make sense in the NBA or NFL, both established businesses. To pay it for individual talent in a fledgling entertainment start-up is preposterous. Yet that has been the XM-Sirius business model. Now they ask the government — and consumers — to cover the tab. And they ask consumers to settle for considerably less choice, which is what monopolies do.

It took DirecTV and DISH Network well over a decade to gain their financial legs in the satellite TV business. XM and Sirius have sustainable businesses that can operate quite well in satellite radio — right now — as separate entities. They don't need a monopoly; all they need is a class in Business 101 and a little common sense.

Jimmy Schaeffler is a senior analyst at The Carmel Group, a telecommunications and media consulting organization.

Sirius And XM Together Makes Sense For Listeners (USAT)

USA Today, February 23, 2007

Remember the "baseball, hot dogs, apple pie and Chevrolet" car ad from the 1980s? Turns out it was prescient. While the food is still sold separately, baseball now comes free with many Chevys, at least for a three-month introductory offer.

That's because General Motors has a deal to build XM Satellite radios into Chevys and its other cars. And XM has a deal with Major League Baseball.

Satellite competitor Sirius is frozen out of both. But it has the NFL and NBA contracts, which means that if there's a Ford in your future, football and basketball aren't far behind. Not a sports fan? Oprah is on XM; Martha Stewart is on Sirius.

As Stewart might say, that is not a good thing. It makes little sense that sports fans must decide between every single pro football game and no baseball games, or vice versa. Nor does it make much sense that people's listening preferences should enter into their car-buying decisions.

That's one reason the proposed XM-Sirius combination, announced this week, may be the rare merger that is good for consumers.

Before the federal government approves the deal, of course, it should be thoroughly vetted. The salient question for regulators is whether satellite radio is a market unto itself, in which case a merger would create a monopoly, or whether it is part of larger universe that includes broadcast radio and an array of existing and emerging technologies.

If it's the latter — and a strong case can be made that it is — the merged entity would represent a more potent competitor to entrenched broadcast interests, one that would offer its customers a more enticing and complete product.

Satellite clearly competes with ground-based radio. If it didn't, the National Association of Broadcasters wouldn't be trying to restrict the traffic and weather channels offered on the satellite services, nor would it be so concerned about an XM-Sirius merger.

Satellite competes at a disadvantage with traditional radio. Broadcasters can offer programs free in part because they don't pay the government for use of the airwaves. Sirius and XM had to pay about $90 million each for a tiny fraction of the space on the airwaves that broadcasters enjoy. If the government insists on maintaining such an uneven playing field, the least it can do for satellite is unshackle it.

Satellite listeners would end up paying more than the $12.95 a month they currently pay, as well they might expect if they get more content. But the merged company might offer à la carte pricing options and would face natural constraints. The more it charged, the more listeners would opt for free broadcast radio, MP-3 devices or new car-based Internet options being developed.

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The case against the proposed deal would be stronger if XM, with 7.6 million subscribers, and Sirius, with 6 million, were strong and profitable companies. Both, in fact, have been big money losers, hemorrhaging $6 billion collectively in less than a decade.

The most pressing question is not whether XM and Sirius would be too powerful if they merged; it is whether they can survive if they don't. And the best way to ensure survival is to let them combine. Baseball goes with Chevrolet, so why not also with football, basketball, Howard Stern and Martha Stewart?

Apple And Cisco Settle Dispute Over IPhone Name (FT)

By Kevin Allisonin San Francisco

Financial Times, February 23, 2007

Shares of Apple and Cisco Systems were little changed yesterday after the companies settled their dispute over the use of the iPhone name by announcing an agreement to share the controversial trademark.

The accord put to rest a month-long dispute that began when Apple launched the iPhone, marking the computer maker's long-awaited foray into the mobile handset market.

Apple and Cisco said they had reached agreement to share the iPhone name, allowing each to apply the name to products sold around the world.

Under the agreement, both sides agreed to "explore opportunities for inter-operability in the areas of security, and consumer and enterprise communications".

Other terms of the deal were not disclosed. The agreement represented a concession on the part of Apple, which had originally resisted calls to make the iPhone compatible with other companies' hardware.

But Gene Munster, an analyst at Piper Jaffray, said he was sceptical over whether Apple was serious about making its hardware and software compatible with rival products. "It's good lip service from Apple," he said. "I don't know what's really in it for them."

Apple has long preferred closed, proprietary systems, which lock customers into using Apple hardware and software.

Music bought from the Apple's iTunes online music store, for example, will not play on music players other than Apple's iPod.

"Apple feel that by having a closed system they can have better products," said Mr Munster. "Their perspective is they can have a lot tighter experience if they control it and keep variability out of it."

Cisco filed a lawsuit seeking to block the computer maker from using the name iPhone shortly after Steve Jobs, Apple's co-founder and chief executive, unveiled the mobile handset at a January trade show.

Cisco, the world's biggest maker of data networking equipment, had earlier begun marketing its own line of iPhone internet telephones with the trademark it acquired seven years ago.

The iPhone settlement came weeks after Apple settled a long-running trademark dispute over the use of the Apple name with Apple Corp, the Beatles' record label.

It comes as Apple faces growing pressure to open iTunes by stripping out digital rights management software that limits the ability of music downloaded from the online store to play on rival music players.

Consumer rights groups and agencies in Denmark, Finland, France, Germany, Norway, the Netherlands and Sweden have filed complaints in recent months seeking to remove the software limitations.

Apple's shares fell fractionally yesterday to $89.17 by mid-day. Cisco's shares slipped 0.2 per cent to $27.33.

South Korea Fines Four Refiners For Price-Fixing (WSJ)

By Kyong-Ae Choi

Wall Street Journal, February 23, 2007

SEOUL, South Korea -- South Korea's antitrust regulator said it fined four domestic refiners a combined 52.6 billion won ($56.1 million) for colluding to fix the prices of light-oil products in 2004.

The country's top four refiners -- SK Corp., GS Caltex Corp., S-Oil Corp. and Hyundai Oilbank Corp. -- colluded to coordinate the prices of light-oil products diesel, gasoline and kerosene from April 1 to June 10, 2004, according to the Korea Fair Trade Commission.

"The collusion has incurred 240 billion won in damages to customers, which is equal to 15% of their combined sales worth 1.6 trillion won during the cited period," said Song Sang Min, a commission official.

During the 71-day period, international oil prices rose by the equivalent of 20 won a liter, but the four companies raised the prices of the three light-oil products by 40 won to 70 won a liter.

The commission said it has also filed a complaint with prosecutors for further investigation against the four refiners.

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"We believe the FTC's decision today does not reflect the facts and the realities of the marketplace," said SK Corp. spokeswoman Katharine Kho. "Therefore, further administrative actions including an appeal will be carefully reviewed, so the commission's announcement today should not be considered the final judgment on this issue."

A GS Caltex official said "we will appeal the FTC ruling because we were not involved in the collusion in 2004."

SK Corp., the country's largest refiner by capacity, was fined around 19.2 billion won, while GS Caltex was fined 16.2 billion won, Hyundai Oilbank 9.3 billion won and S-Oil 7.8 billion won.

Traverse Mountain Antitrust Suit Fails (SLT)

By Pamela Manson, The Salt Lake Tribune

Salt Lake Tribune, February 23, 2007

Allegations against home developer SunCrest don't meet criteria, judge rules

For the second time, a federal judge has thrown out a lawsuit that accuses the developer of a planned community on Traverse Mountain in Draper of antitrust violations.

U.S. District Judge Dee Benson ruled that U.S. General Inc. and DJ Investment Group failed to specify alleged conduct by developer SunCrest LLC that would be considered an antitrust violation.

"An antitrust claim requires harm to the competitive process, not simply harm to a particular competitor," Benson wrote in his Feb. 14 decision dismissing the suit.

He also wrote that Traverse Mountain does not constitute an economic market as defined in antitrust law.

SunCrest is building its community high atop Traverse Mountain, which is in an area that straddles Salt Lake and Utah counties. DJ Investment owns adjoining land and wants to build its own community with U.S. General, a construction company.

DJ Investment and U.S. General filed suit in November 2005, accusing SunCrest of conspiring with Draper city officials to shut them out of developing their land. They claimed that during secret meetings, Draper and SunCrest agreed to create protection strips that would limit access by the two companies to the DJ Investment property.

SunCrest and Draper strongly denied all of the allegations. In June 2006, U.S. District Judge Ted Stewart threw out the suit. Within days, DJ Investment

Advertisement

and U.S. General filed a new lawsuit that made the same claims but had a more detailed argument about the alleged evidence in the case.

The latest suit described Traverse Mountain as unique and a market in itself.

"It is the only location along the Wasatch Front where its homes are primarily located above the winter inversion and summer smog," the suit said. "As such, many homeowners have purchased in that area solely for the purpose of escaping health hazards caused by those conditions, creating a unique market which involves only this area."

The amount of damages sought were unspecified. However, a claim letter sent to the city of Draper said DJ Investment's losses were at least $40 million.

FTC Clears AIG Acquisition Of U.S. Ports (AP)

AP, February 23, 2007

Federal Regulators Approve AIG Unit's Acquisition of U.S. Port Operations From Dubai Firm

WASHINGTON (AP) -- Federal antitrust regulators said Thursday they approved American International Group Inc.'s purchase of six U.S. port operations from Dubai Ports World.

DP World, which is owned by the government of Dubai, touched off a political firestorm over port security in early 2006 when it acquired the operations from a British firm.

The Federal Trade Commission cleared the transaction without requiring any changes to the deal.

AIG's Global Investment Group first announced it would buy DP World's U.S. port operations in December 2006. The deal stumbled earlier this month when the Port Authority of New York and New Jersey, which must consent to the sale, asked the two companies for tens of millions of dollars in cash and future infrastructure work at the Port Newark Container Terminal.

After Senators Charles Schumer, D-N.Y., and Robert Menendez, D-N.J., pressured the Port Authority, it reached a deal with AIG Feb. 16.

AIG's shares fell 35 cents to close at $69.34 on the New York Stock Exchange.

EU Clears ProSiebenSat.1 Acquisition (AP)

AP, February 23, 2007

EU Clears Private Equity Groups to Buy German TV Network ProSiebenSat.1

BRUSSELS, Belgium (AP) -- The European Commission on Thursday cleared the sale of Germany's biggest commercial TV broadcaster ProSiebenSat.1 Media AG to a consortium controlled by private equity groups, saying it found no antitrust problems.

U.S. fund Kohlberg Kravis Roberts & Co. and British-based Permira plan to merge ProSieben with their other broadcasting asset, Dutch-Scandinavian SBS, with the aim of overtaking European industry leader RTL Group SA, which is controlled by media conglomerate Bertelsmann AG. Permira also controls British TV rights manager All3Media.

An antitrust investigation found ProSiebenSat.1 and SBS were not direct rivals and All3Media's TV content sales in Germany were negligible.

"The Commission concluded that there was no risk that the proposed transaction would allow the new entity to drive competitors out of the market or to discriminate against them," it said.

ProSieben owns the Sat.1, ProSieben, kabel eins and N24 networks in Germany and controls about 45 percent of Germany's $5 billion television advertising market.

The consortium will pay German Media Partners 3.1 billion euros ($4 billion) cash for the 50.5 percent stake in the company that it acquired in 2003 and has launched an offer to acquire the publicly traded shares.

Separately, ProSieben said Thursday that its fourth-quarter profit rose by 17 percent thanks to increased advertising, but the figure was still short of analysts' expectations.

It earned 113.4 million euros ($149.1 million) in the fourth quarter, up from 96.9 million euros a year earlier.

Analysts polled by Dow Jones Newswires had expected 122 million euros ($160 million).

Sales rose 3 percent to 657 million euros ($863.6 million), below analysts' expectations of 670 million euros ($880.7 million).

http://www.prosiebensat1.com/

Planned Merger Angers Black Farmers (JCL)

By Julie Goodman

Jackson (MS) Clarion-Ledger, February 23, 2007

Black farmers in Mississippi and around the country are bracing for a major seed company merger they say threatens to create a monopoly that will price them out of the farming business.

St. Louis-based Monsanto Co. is forging ahead with a plan to purchase Mississippi's Scott-based cottonseed company Delta and Pine Land, and a national black farmers group says its opposition to the deal has gotten lost in the mix.

"If this merger goes through, it's going to have a drastic effect on black farmers and small farmers around the country," said John Boyd Jr., president of the National Black Farmers Association.

"If this merger goes through, there is literally no competition for cottonseed, soybean seed and corn seed, genetically engineered."

The association represents 80,000 members around the country, primarily small producers, and has its biggest membership in Mississippi.

Delta and Pine Land operates the largest and longest-running private cottonseed breeding program in the world while Monsanto, one of the world's largest agricultural products companies, makes Roundup, the world's best-selling herbicide.

The deal, still awaiting U.S. Department of Justice approval, would mean a monopoly on the market, and seed prices would shoot up, Boyd said.

"It would be just like going to one supermarket and that supermarket sets the price for everything and we don't have any option but to go to that one supermarket."

Monsanto, which sells seeds and also licenses technology for insect protection and herbicide tolerance - one way farmers can help keep costs low - could not say whether prices would go up.

"It's difficult to speculate on pricing decisions in the future, but I would say that bottom line is, we've always looked to price our technologies based on the value the technology and the seed is delivering to the farmer," said company spokesman Lee Quarles.

Monsanto broadly licenses the technologies to other cottonseed companies so farmers can access the technologies in the seed brands they prefer to plant, he said.

A portion of the money the company makes is reinvested into new technology for farmers, including cotton farmers.

Quarles said a monopoly is not in the works, pointing to other companies farmers will have access to, including Stoneville, which Monsanto currently owns and could become an independent brand if the merger goes through.

"Just as we have announced that we would have a proposed merger with Delta and Pine Land, we've also announced that we would divest of the Stoneville business if that's required by the Department of Justice."

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Boyd, who raises corn, soybeans and wheat, said he has asked Congress to hold hearings on the issue, but has not yet heard back on a decision.

One farmer in Mississippi, Rodalton Hart, fears he will go out of business if the merger goes through.

"You ain't got no control over it and with the cost of fertilizer and chemicals and everything that goes in to it, ain't no way anybody can survive," said Hart, 56, a cotton farmer in Lexington with 1,500 acres.

"They can go up as high as they want to go and you ain't got no control over it. It's just like the airlines. You can't control it," he said.

"You have to pay labor; you have to pay rent; you got to pay for seeds and chemicals ... equipment. It just goes on and on and on. I mean, everything comes out of the farmer's pocket."

The stakes are already high in farming, Hart said.

"Farming is risky. You're already on the edge. You're already on the verge ... Ain't no way you can survive," he said.

"Unless the government steps in and regulates the prices, we're just messed up."

Esmark: Deal For Weirton Is Dead (AP)

By Vicki Smith

AP, February 23, 2007

CHARLESTON, W.Va. - A deal to sell the Weirton division of Mittal Steel Co. to Illinois-based Esmark Inc. is dead, Esmark President Craig Bouchard told The Associated Press on Thursday.

To comply with a federal Justice Department decree, Mittal was ordered this week to sell its Sparrows Point mill in Maryland instead of the former Weirton Steel, across the Ohio River from Steubenville, Ohio, where workers had volunteered to be sold and where Esmark had already made an offer.

The government said selling the mill near Baltimore was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel. The decree did not prevent Mittal from making a separate deal to shed Weirton, but Bouchard said the company told him Wednesday night that it would keep the West Virginia operations for now.

"As of right now, our deal with Mittal for Weirton is dead," he said.

Mittal spokesman William Steers said a January memorandum of understanding with Esmark is no longer valid because it was conditioned on the Justice Department's acceptance of the sale as a remedy to the antitrust concerns.

"At this point in time, we're focused on developing a global packaging strategy, and Weirton will be part of that," Steers said. "We want to focus on seeing whether we can improve its profitability, retain that business and develop its prospects."

The 1,250-member Independent Steelworkers Union said it has been assured Mittal "remains committed" to keeping a mill in West Virginia.

"The ISU leadership will continue to explore all ideas and strategies that will benefit the union membership," said spokesman Dave Gossett. "The men and women of Weirton are survivors and the steel business, with the cooperation of Mittal Steel USA, will remain alive and well in Weirton."

Justice officials had initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany.

That left Mittal with the choice of selling one of its two U.S. assets in the tin market, Sparrows Point or Weirton.

Justice ruled that Sparrows Point is "a profitable and diversified facility" with its own in-house supply of slab steel, while Weirton would have to develop new sources of slab after separating from Mittal.

Esmark, a steel supplier that has acquired 10 companies since its founding in 2003, is now looking at a possible deal for Sparrows Point, Bouchard said. Though the United Steelworkers has said it will fight any sale that is not in the best interest of its members, the union has a long-standing relationship with Esmark CEO James Bouchard.

The USW backed Esmark last fall when it led a successful proxy fight to seize control of Wheeling Pittsburgh Corp., rejecting the former management team's plan to merge with a Brazilian steelmaker.

The USW has the right to reject a potential change in ownership. However, the union cannot appeal the Justice Department ruling on behalf of its 2,100 union workers at Sparrows Point.

Mittal must sell the Maryland plant by May 21 or an appointed trustee will arrange a deal. That deadline could be extended by up to 60 days.

Mittal's $33 billion merger with Arcelor, which would create the world's largest steel company, cannot proceed without the sale of Sparrows Point.

Chief Financial Officer Aditya Mittal said this week he was disappointed he could not sell Weirton. So were the Bouchards, who set their sights on Weirton within hours of winning the battle for Wheeling-Pitt.

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The independent union at Weirton wanted their mill to be sold because it had failed to thrive under Mittal's ownership, and Esmark saw the two West Virginia companies as a logical fit.

After years of deep losses, Weirton Steel filed for Chapter 11 bankruptcy in May 2003 and was sold twice in 18 months, first to International Steel Group, then to Mittal. Almost immediately, Mittal shut down the blast furnace, stopping the production of raw steel and cutting more than 800 jobs.

Gov. Joe Manchin remains hopeful that Esmark and Mittal will continue to discuss a possible deal, spokeswoman Lara Ramsburg said.

Esmark is a leader in the consolidation of U.S. steel service centers and is aiming to dominate the Midwest market for steel by buying up distribution companies, steelmakers and finishing facilities.

It buys more than 750,000 tons of steel products every year and can produce more than 350,000 tons of electrogalvanized steel annually.

Microsoft Hit With $1.52 Billion Verdict In MP3 Suit (WSJ)

By Robert A. Guth And Nick Wingfield

The Wall Street Journal, February 23, 2007

A federal jury ordered Microsoft Corp. to pay $1.52 billion to Alcatel-Lucent SA for infringing patents on a fundamental technology for digital music.

The decision found that Microsoft's Windows Media software had infringed two patents related to MP3, a software technology for recording and playing digital audio.

The patent verdict, one of the largest on record, could have broad repercussions because of the widespread use of the MP3 audio format in technology and electronics products. Devices that employ the technology include Apple Inc.'s iPod, software from Macromedia and Internet services from Yahoo Inc.

Daniel Harris, an intellectual-property attorney at Clifford Chance in Washington, D.C., said the decision "has great consequence for the industry as a whole, not to mention every company that implements MP3 technology."

The decision came from the U.S. District Court in San Diego. The battle began with a 2003 lawsuit filed by Lucent Technologies Inc., which was bought last year by Alcatel. The complaint alleged that Microsoft customers Dell Inc. and Gateway Inc. infringed 15 patents related to the MP3 technology for encoding and decoding audio files. Those companies sell personal computers that include Microsoft's player technology, which uses MP3.

'Declaratory Action'

Development of MP3 technology was led by engineers at Bell Laboratories and Fraunhofer Institute in Germany, drawing on patents Bell held on methods for compressing data. (Bell Labs later became a part of Lucent). Microsoft said it paid Fraunhofer $16 million to license the technology.

In April 2003, Microsoft joined the case through a "declaratory action," a suit against Lucent that asked for a ruling that Microsoft and its customers didn't infringe any claims and that the patents Lucent asserted weren't valid. The patents are being reviewed in six separate jury trials in San Diego. The decision yesterday was the first.

Tom Burt, Microsoft's deputy general counsel said the verdict is "completely unsupported by the law or the facts." He said Microsoft will respond by asking the court for relief to set aside all or some of this verdict. "If we don't get relief from the trial court then we will definitely appeal this verdict," Mr. Burt said.

· The News: A jury ordered Microsoft to pay $1.52 billion to Alcatel-Lucent for infringing patents on the MP3 format widely used for digital audio.

· The Background: Inventors of the MP3 format include Fraunhofer and Bell Laboratories, whose patents are now owned by Alcatel-Lucent.

· What's Next: Microsoft hopes to get the ruling overturned by the trial judge or an appeals court; Alcatel-Lucent could sue others using the technology.

Joan Campion, a spokeswoman for Alcatel-Lucent, said, "We have made strong arguments supporting our view and we are pleased with the court's decision."

Mr. Harris, the attorney with Clifford Chance, said the case is "long from being over" given the likelihood of a Microsoft appeal. He said 40% to 50% of patent verdicts are reversed on appeal. Mr. Harris predicts Alcatel will wait until its battle with Microsoft is done before taking action against other companies in the market.

Format Is Lingua Franca

"It wouldn't make sense to start suing everyone else until this case is resolved on the merits," he said. Alcatel's Ms. Campion declined to comment on whether Alcatel intends to pursue licensing talks with or litigation against other technology companies in the digital-audio market.

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The jury verdict involves an audio format that has become the lingua franca of music in the digital era, used in products from iPods to car stereos to videogame consoles. MP3 -- the shorthand term for Moving Picture Experts Group 1 Audio Layer 3 -- is a technology for converting audio into digital form and compressing it into a file size that makes it easier to transmit over data networks.

In the late 1990s, MP3s became almost synonymous with pirated music because the format's broad support in music-playback software on PCs made it the choice for the original Napster, a song-sharing network that teemed with illicit copies of music.

The format remains widely supported in software and electronics products today such as the iPod, though Apple sells music in a different format that comes with technology to limit copying. French electronics company Thomson SA handles the licensing of MP3 patents on behalf of the Fraunhofer Institute of Germany.

Microsoft's Mr. Burt argued Alcatel-Lucent was "laying in the weeds" -- while Fraunhofer licensed and the MP3 industry developed -- before jumping in to assert its patents. "Lucent has been asserting these patents against the computer industry since the 1990s," said John Desmarais at the law firm Kirkland & Ellis LLP, which is representing Alcatel-Lucent in the case.

Several patent lawyers said the damages were some of the largest awarded in a patent case. The damages were calculated based on the average selling price of Windows PCs that were shipped world-wide between mid-2003 and 2005. Microsoft's Mr. Burt, meanwhile, argued the damages were "outrageous" given that Microsoft paid just $16 million to Fraunhofer to license the MP3 patents.

Write to Robert A. Guth at rob.guth@wsj.com4 and Nick Wingfield at nick.wingfield@wsj.com5

MP3 Patents In Upheaval After Verdict (NYT)

By Saul Hansell

The New York Times, February 23, 2007

Microsoft was ordered by a federal jury yesterday to pay $1.52 billion in a patent dispute over the MP3 format, the technology at the heart of the digital music boom. If upheld on appeal, it would be the largest patent judgment on record.

The ruling, in Federal District Court in San Diego, was a victory for Alcatel-Lucent, the big networking equipment company. Its forebears include Bell Laboratories, which was involved in the development of MP3 almost two decades ago.

At issue is the way the Windows Media Player software from Microsoft plays audio files using MP3, the most common method of distributing music on the Internet. If the ruling stands, Apple and hundreds of other companies that make products that play MP3 files, including portable players, computers and software, could also face demands to pay royalties to Alcatel.

Microsoft and others have licensed MP3 — not from Alcatel-Lucent, but from a consortium led by the Fraunhofer Institute, a large German research organization that was involved, along with the French electronics company Thomson and Bell Labs, in the format's development.

The current case turns on two patents that Alcatel claims were developed by Bell Labs before it joined with Fraunhofer to develop MP3.

"Intellectual property is a core asset of the company," said Joan Campion, a spokeswoman for Alcatel-Lucent. "We will continue to protect and defend that asset."

Thomas W. Burt, the deputy general counsel of Microsoft, said the company would most likely petition the judge in the San Diego case, Rudi M. Brewster, to set aside or reduce the judgment. If she does not, Microsoft will probably take the case to the federal appeals court in Washington, which hears patent cases.

Microsoft argued that one patent in question did not apply to its MP3 software and that the other was included in the Fraunhofer software that it paid to license.

Moreover, it argued that the damages sought by Alcatel were unreasonably high, pointing out that it paid Thomson, which represented the consortium in its dealings over the patent, a flat $16 million fee for the rights to the MP3 software.

"We think this is just plain wrong," Mr. Burt said. "They told the jury to measure damages, not on the value to Microsoft of one of the 10,000 features in Windows, but on the value of the entire computer."

Alcatel argued that the damages should be based on a royalty of 0.5 percent of the total value of Windows computers sold.

John M. Desmarais, a partner with Kirkland & Ellis who represented Alcatel, said the proposed damages were consistent with patent law. He said it was not appropriate to compare them with the $16 million Microsoft paid Thomson because the rights to the Bell Labs patents were far more valuable.

"It's like going to the supermarket and paying $1 for a bar of soap," he said. "That lets you use the soap. We were offering the equivalent of the right to make soap any way they wanted."

The jury supported Alcatel's arguments on every count except one. It deadlocked on the question of whether Microsoft willfully infringed on the Bell Labs patents. If the jury had found that it did, Microsoft would have had to pay triple damages.

"Microsoft has been and to some degree continues to be at a competitive disadvantage, as it did not file for patents for many, many, many years," said Jack Russo, a patent lawyer with Russo & Hale in Palo Alto, Calif.

That makes it harder, he said, to work out deals with other large companies in which they exchange the rights to each other's patents.

Large companies like AT&T and I.B.M. "have huge patent portfolios and that represents large and unpredictable risks for companies like Microsoft," he said.

The judgment is part of litigation by Alcatel to enforce claims related to Bell Labs patents. The case was initially brought against Dell and Gateway, which make computers using Microsoft software. Other trials are pending for technology related to speech recognition, user interfaces and video processing.

Microsoft has countered with a claim, filed with the International Trade Commission, that Alcatel is violating its patents related to messaging technology.

The largest award for a patent infringement case to date was the $909 million that Kodak was ordered to pay in 1990 to Polaroid for violating patents related to instant cameras. That case also forced Kodak to exit the instant photography market and recall its cameras.

Mr. Burt said the appeals process might take another year or two. He said he did not expect that the courts would force Microsoft to remove the MP3 functions from Windows.

Ms. Campion of Alcatel declined to comment on whether that company would pursue similar claims against makers of MP3 players, like Apple.

An Apple spokesman declined to comment. A Thomson spokesman did not return calls or e-mail messages requesting comment.

If the judgment is affirmed, the damages payment would make only a modest dent in Microsoft's cash hoard, which totaled almost $29 billion at the end of last year.

News of the ruling surfaced just before the regular close. Microsoft's shares closed at $29.39, up 4 cents, and fell 11 cents after hours.

Alcatel-Lucent American depository receipts, each representing one ordinary share, rose 7 cents, to $13.14, in regular trading, and 34 cents after hours.

Microsoft Ordered To Pay $1.5B To Alcatel (USAT)

By Jon Swartz

USA Today, February 23, 2007

SAN FRANCISCO — A federal jury Thursday ruled Microsoft must pay $1.5 billion in patent-infringement damages to telecom equipment maker Alcatel-Lucent in what patent attorneys call one of the biggest judgments ever.

Microsoft says the patents involve converting audio into digital MP3 files on PCs. It plans to appeal.

The news came before markets closed. Shares of Microsoft closed 4 cents higher at $29.39 on Thursday. Alcatel-Lucent's U.S. shares were up 7 cents to $13.14.

"This verdict is completely unsupported by the law or facts," Tom Burt, Microsoft's deputy general counsel, said in a phone interview.

In 2002 and 2003, Lucent, which was acquired by Alcatel last year, filed 15 patent claims against computer makers Gateway and Dell. Microsoft sued Lucent over the claims and was countersued by Lucent. A judge has tossed out two of Lucent's claims and set six trials to consider the remaining patent disputes.

Microsoft says it properly licensed the MP3 technology from Fraunhofer-Gesellschaft, a German research company, for $16 million, in 1997 and 2004.

"We are concerned that this decision opens the door for Alcatel-Lucent to pursue action against hundreds of other companies who purchased the rights to use MP3 technology from Fraunhofer, the industry-recognized rightful licensor," Burt said in an earlier statement.

"We made strong arguments supporting our view, and we are pleased with the court's decision," said Alcatel-Lucent spokeswoman Joan Campion. She declined to discuss details of the decision.

The software giant, meanwhile, says damages were determined by multiplying Windows sales and average PC sales prices worldwide since May 2003.

The same federal court in San Diego will consider the next of the patent lawsuits, this time covering speech coding, in March and April, Microsoft said. Also at issue is video coding on both Microsoft's Xbox video game console and the Windows interface.

"This case could bode ill for the other five patent cases still in the pipeline," says Charles King, principal analyst at Pund-IT.

While the verdict is a public-relations blow to Microsoft, it isn't necessarily a financial one, patent attorneys and software analysts say.

Large jury verdicts on patent-infringement cases are typically appealed, and damages can be reduced significantly or reversed, says Jeff Berkowitz, a software-patent attorney.

"This thing is far from over," says analyst Matt Rosoff of Directions on Microsoft. He notes Microsoft successfully appealed a $521 million patent-infringement award in 2003 for Eolas Technologies, which developed a Web-browser patent. The case is still in court.

Microsoft Loses Big In MP3 Patent Suit (WP)

By Alan Sipress

The Washington Post, February 23, 2007

A federal jury in San Diego yesterday ordered Microsoft to pay $1.52 billion to Alcatel-Lucent for violating two patents for a technology used by hundreds of companies that allows users to play digital music on computers, cellphones and other portable devices.

The judgment, which lawyers from both sides called the largest patent award ever, raised the prospect that scores of other companies could now be financially liable for using the popular MP3 format.

"Any of the companies that have licensed and implemented that technology have to have great concern about this verdict," said Thomas W. Burt, a Microsoft vice president and deputy general counsel.

Alcatel-Lucent argued that it held the rights to the technology because it was developed at Bell Laboratories, which later became part of Lucent. Alcatel bought Lucent last year. The company successfully argued that Microsoft infringed on the patents by including the digital music technology in its Windows operating system starting in 1998. The same technology later was used in Microsoft's Windows Media Player and is included in the Windows Vista operating system, which was released to the public last month.

Microsoft countered that it had properly licensed the technology from Germany's Fraunhofer Institute, which was involved with Bell Labs in developing aspects of the MP3 format. Only after Microsoft and other companies made licensing agreements with Fraunhofer did Alcatel-Lucent raise its claim, Microsoft argued.

"As a result of the verdict today, the jury determined the patents were developed by Bell Labs and not in conjunction" with Fraunhofer, said Joan Campion, a spokeswoman for Alcatel-Lucent. "We've made strong arguments supporting our view and we are pleased by the court's decision."

Alcatel-Lucent said it would ask for a larger judgment against Microsoft. The $1.52 billion in damages was determined by calculating 0.5 percent of all sales of computers equipped with Windows and lacking the proper licensing from mid-2003 through 2005. John Desmarais, Alcatel-Lucent's lead trial lawyer, said the company would ask that 2006 sales be included.

Burt said Microsoft not only would appeal the jury's findings of patent infringement but also would challenge the amount of the damages. He said it was improper to calculate damages based on the value of computer sales rather than the lesser value of sales of the Windows operating system. He also said that the jury improperly included overseas sales of computers in the calculations.

The issue of whether U.S. patent law can be extended to products made abroad figured prominently this week in arguments before the U.S. Supreme Court in a separate case pitting Microsoft against AT&T.

The verdict yesterday came in one of several patent lawsuits that Alcatel-Lucent brought against Microsoft. Others involve video-file, color graphics and computer interface technologies. Several billion dollars of additional damages could ride on the outcome of these suits, lawyers said.

The judgment surprised industry experts, who said they had not been following the case closely.

"Most of us thought this was going to go bye-bye," technology analyst Rob Enderle said. He said he expected Alcatel-Lucent to approach other companies using MP3 technology and use the verdict "like a club" to collect fees.

About 400 companies have similar licensing agreements with Fraunhofer, according to Thomson Technology, a San Diego company that identifies itself as the "licensing representative of MP3 patents and software of the Fraunhofer Institute." Those companies include Apple, Creative Technology, Real Networks, Palm and Samsung.

Alcatel-Lucent and its lawyers would not say whether they plan to target more companies, but Desmarais signaled that others using the audio-file technology could be vulnerable.

"For anyone who implements the standard, the same arguments would apply," he said.

Staff writer Mike Musgrove contributed to this report.

Microsoft Hit By $1.5bn Award (FT)

By Richard Waters

Financial Times, February 23, 2007

Microsoft has been hit with a $1.52bn patent infringement award, one of the biggest on record, in a case that it warned would have sweeping implications for many technology companies involved in digital music.

The award was won on Thursday by Alcatel-Lucent after a jury in a US district court in San Diego agreed with its claim that the software giant had infringed two of its patents.

The dispute surrounded Microsoft's use of MP3 technology, a format for encoding and compressing digital music so that it can be transmitted over the internet.

Tom Burt, Microsoft's deputy general counsel, rejected the verdict as "completely unsupported by the law or the facts", and predicted the ruling would have implications for "hundreds of other companies who have licensed MP3 technology".

An Alcatel-Lucent spokesperson said there were no other lawsuits outstanding over the technology.

The large size of the award highlights the scale of the risk to Microsoft as it faces a series of other wide-ranging legal disputes with Alcatel-Lucent over some of the fundamental technology used in PCs and related devices.

Thursday's verdict, stemming from the use of audio coding technology in PCs, was the first of five due to be heard by the San Diego court in the coming months. The others relate to speech coding technology in Windows; user interface patents; technology in the Xbox games console; and video coding in other Microsoft software.

Given Microsoft's dominance of the desktop computing market, the potential losses are considerable. Thursday's award was calculated based on the number of Windows operating systems sold since May 2003, multiplied by the average selling price of a range of PCs.

Microsoft argued that it had licensed the necessary technology to use the MP3 format in its software from Fraunhofer Society, a German research concern, which was involved in the development of the format.

It paid just $16m for the privilege, but Mr Burt claimed it was "the industry-recognised rightful licensor".

Jury Finds Against Microsoft In $1.5 Billion Patent Dispute With Alcatel-Lucent (AP)

By Jessica Mintz, The Associated Press

AP, February 23, 2007

Microsoft Corp. must pay $1.5 billion in damages to telecommunications equipment maker Alcatel-Lucent SA for violating two patents related to digital music, a federal jury ruled Thursday.

The Redmond, Wash.-based software company said the patents in question govern the conversion of audio into the digital MP3 file format on personal computers.

In 2003, Lucent Technologies Inc., which last year was acquired by Alcatel, filed 15 patent claims against Gateway Inc. and Dell Inc. In April 2003, Microsoft added itself to the list of defendants, saying the patents were closely tied to its Windows operating system. The PC makers are still defendants.

Microsoft said a judge threw out two of the 2003 patent claims, and scheduled six separate trials to consider the remaining disputes. The case that was just decided went to trial in San Diego on Jan. 29.

"We think this verdict is completely unsupported by the law or the facts," said Tom Burt, a Microsoft deputy general counsel.

Microsoft disputed that Paris-based Alcatel-Lucent's patents govern its MP3 encoding and decoding tools, and said it licenses the MP3 software used by its Windows Media Player from Fraunhofer-Gesellschaft, a German company.

"We believe that we properly licensed MP3 technology from its industry recognized licenser -- Fraunhofer. The damages award seems particularly outrageous when you consider we paid Fraunhofer only $16 million to license this technology."

Microsoft said the damages were calculated by multiplying Windows sales volumes and PC sales prices worldwide since May 2003.

"We've made strong arguments supporting our view, and we are pleased with the court's decision," Alcatel-Lucent spokeswoman Mary Lou Ambrus said.

The court will consider the next of the patent suits, which relates to speech coding, in March or April, Microsoft said. Other areas in dispute include video coding on Microsoft's Xbox game console and Windows' user interface.

Shares of Microsoft slipped 3 cents to close at $29.32 on the Nasdaq Stock Market. Alcatel-Lucent's stock added 10 cents to end the day at $13.17 on the New York Stock Exchange.

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ENVIRONMENT:

Bush Talks Energy (HDD)

By Reggie Ponder

Henderson Daily Dispatch, February 23, 2007

FRANKLINTON - President George W. Bush promoted a major reduction in gasoline use during a visit Thursday to a Franklinton biotechnology facility doing cutting-edge research in the production of ethanol, one of the fuels at the heart of the plan.

Against a backdrop that read "Innovation Leads to Energy Security" and ?0 in 10," Bush told an audience at the Novozymes facility outside Franklinton Thursday that the company's role in ethanol production was a key to American energy independence.

The 20 in 10 initiative is a new Bush administration goal to reduce gasoline consumption in America by 20 percent over the next 10 years.

Bush said ethanol would allow Americans to be "better stewards of the environment" while reducing dependence on foreign oil.

Novozymes, which employs some 435 people in North Carolina, is not directly involved in ethanol manufacturing, but is developing an enzyme technology that the company says will enable manufacturers to produce ethanol from a wide variety of materials, including wood chips and switch grass, in a cost-effective manner.

Bush also plugged free trade by pointing out that Novozymes, a Danish firm, was providing good jobs for people in North Carolina as well as helping the country with renewable energy. He said that as he toured the Franklinton facility and spoke to employees he learned that "a lot of people have been here 20-plus years."

He said it was an example of how free trade could be good for the American economy.

"There are interests that we have in free and fair trade," he said.

The president acknowledged the presence of Democratic Rep. G.K. Butterfield, who represents North Carolina's District 1.

"He's from a neighboring district but he has enough interest in making sure that we succeed in alternative energy that he's here today," Bush said.

Bush heralded the Novozymes technology, and the ethanol industry generally, as a centerpiece of the plan for energy independence and also as a way to stimulate America's rural economy.

"I know it sounds like a pipe dream to some - there goes the optimistic president talking again," he said.

But he said he had experts on hand to back him up.

Those experts included Kevin Wenger, research and development manager with Novozymes; Mike Pacheco, director of the Bioenergy Center of the National Renewable Energy laboratory; Ratna Sharma, assistant professor of bioprocess engineering at N.C. State University; Ryan Adolphson, director of the Biomass Pilot Program at the University of Georgia; and Terry Ruse, chief operating officer of Agri-Ethanol Products.

"We've got PhDs surrounding the president," Bush said. "We've got a lot of brainpower."

Cutting-edge research is being done by Novozymes, he said.

"They are developing technologies that will enable us to convert wood chips into fuels that will run our automobiles," he said, adding that it was a proper use of taxpayer money to support research into innovative energy technologies.

Bush also briefly mentioned the importance of clean coal technology and nuclear power.

But ethanol- and battery-powered cars may be the most important of all, he said. "If you really want to reduce dependence on foreign oil, what you've really got to do is change gasoline usage in the United States."

Bush said Americans were now consuming seven billion gallons of ethanol a year made from corn. A lot of hog growers in North Carolina and around the country, and cattle producers in Texas and elsewhere, are worried about the effect of corn prices on their livelihood, he said.

He said making ethanol from wood chips and other materials would allow Americans to become less dependent on foreign oil "without breaking your hog raisers," though he acknowledged that "corn farmers happen to like" higher corn prices.

The push for energy independence combines national security concerns, energy security concerns, and environmental concerns, he said. "All these three concerns come together with technology as the solution,"

Bush acknowledged that a 20 percent reduction in gasoline consumption over the next 10 years was a challenge, but he was optimistic.

"I think it's possible to do it," he said.

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The key, though, is to make ethanol more affordable, and the new technology can help with that, he said.

“Somebody's not going to fill up their car with ethanol if it costs a lot more than gasoline,” Bush said.

Agri-Ethanol's Ruse said the company was developing a plant in Aurora, with plans to gradually move into the wood chip conversion technology. He said it could provide a very good market for pulpwood growers.

“The role of the government is to stimulate thought and investment and to set goals,” Bush said. “I want to thank those of you who are on the front line of change.”

Butterfield, who has been critical of much of the president's domestic agenda and foreign policy, said during a visit to Henderson Tuesday that he appreciated Bush's commitment to biofuels.

“I believe the president is serious about this,” Butterfield said.

He said that in addition to its role in energy security, ethanol was a potential boost for America's rural economy. Butterfield said that was important to him as a representative of a largely rural district in eastern North Carolina.

Thursday's presidential visit indicates the importance of ethanol for America, Butterfield said, adding he hoped it would mark the beginning of a long-term commitment to biofuels.

At Novozymes Thursday, Butterfield said he was excited about the potential for the new ethanol technology to create manufacturing jobs in rural America.

How many jobs?

“Your imagination can just go wild,” he said.

Bush Stresses Fuel Technology (WP)

By Michael A. Fletcher

Washington Post, February 23, 2007

FRANKLINTON, N.C., Feb. 22 -- President Bush touted his plan Thursday to reduce the projected consumption of gasoline by 20 percent over the next decade, predicting that alternative fuels such as ethanol made from wood chips and switch grass will play a major role in powering the country's automobiles.

Bush said the goal, which he outlined last month in his State of the Union address, is vital to the nation's future. "We are on the verge of breakthroughs to allow a pile of wood chips to become the raw materials for fuels that'll run your car," Bush said during a visit to a plant here that makes enzymes critical to ethanol production.

Using more alternative fuels not only will be good for the environment, Bush said, but also will reduce the nation's dependence on oil from unfriendly nations and insulate the U.S. economy from the shocks caused by sudden increases in oil prices.

Bush wants the country to be using 35 billion gallons of renewable fuels annually by 2017, and he would like to raise mileage standards for automobiles -- efforts that he said would allow the nation to meet his goal for gasoline consumption.

"I know it sounds like a pipe dream to some," Bush said, adding that the technology for increasing ethanol production is at hand. He said ethanol will be powering many of the nation's cars in the near future.

Almost all of the 6 billion to 7 billion gallons of ethanol used annually in the country is produced from corn. While corn-based ethanol is becoming common, particularly in parts of the Midwest, it is causing corn prices to increase, affecting industries as diverse as tortilla production and hog farming.

Because of the fast-rising demand for corn, Bush said, the nation will soon have to rely on ethanol made from switch grass, wood chips and agricultural waste to produce a larger share of ethanol.

Before chairing a panel discussion on ethanol, Bush toured a plant run by Novozymes North America, which makes enzymes crucial to making corn-based ethanol. The company is researching ways to make the fuel from other materials. Bush said Novozymes received a federal grant that helped it develop processes that have dramatically reduced the price of enzymes used to make ethanol.

Wearing a white lab coat and safety glasses, Bush was led through a laboratory where researchers are developing enzymes. He also was taken to a production facility where the raw materials used for ethanol are fermented in vats. Bush peppered researchers with questions about potential bottlenecks in the production of cellulosic ethanol and seemed satisfied that the problems that remain will be ironed out.

At one point, Bush hoisted a beaker of the clear ethanol and joked, "I quit drinking in '86."

Bush's energy proposal is among the few items in his domestic agenda likely to receive support from Democrats in Congress. Although Bush has not submitted specific legislation, White House officials have said that they hope the principles he has laid out will guide lawmakers when they consider energy policy.

Bush Pushes His Energy Initiative At North Carolina Biofuel Plant (MCT)

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By Barbara Barrett

McClatchy Newspapers, February 23, 2007

FRANKLINTON, N.C. - Enzymes culled from the microbial soups of the earth were mixed with plant scraps inside a laboratory here, fermented into a sugary liquid, dumped into a beaker and presented Thursday morning to the presidential nose.

"Would you like to smell it?" asked Novozymes laboratory technician Erin Quattrini.

President Bush, clad in a white lab coat and safety glasses, leaned over for a sniff. This, to his way of thinking, is the scent of progress.

Bush came to Novozymes in Franklinton on Thursday to tout his "20 in 10" proposal to reduce Americans' gasoline usage by 20 percent over the next decade. Landing amid a rotor wash of mowed corn stalks in a field on company property, he toured labs, posed for pictures with workers and led a panel discussion with scientists about new kinds of ethanol.

For Bush, it was another step in his tour across the country to pitch the priorities he outlined in his State of the Union address in January.

For Franklinton, the visit was a very big deal. Novozymes' CEO flew over from Denmark. The mayor was there, along with county commissioners. Sen. Richard Burr, R-N.C., Rep. G.K. Butterfield, D-N.C., and North Carolina Agriculture Commissioner Steve Troxler showed up. Signs around town welcomed the president, and a quartet of children on a nearby road manned a candy stand, hoping Bush might stop by for a $1 Snickers.

Alas, he arrived by helicopter.

Novozymes has become a leading supplier of the enzymes that help the United States create about 7 billion gallons a year of ethanol out of corn kernels.

But ethanol is pushing up corn prices, so Novozymes has created an enzyme cocktail that it says will significantly reduce the costs to mass-produce cellulosic ethanol, which is derived from tougher plant matters such as sawgrasses and wood chips. The ethanol can be blended with gasoline to run vehicles.

In the Novozymes laboratory, Bush moved from room to room to hear the process of how enzymes can be found, selected and converted. A man showed Bush a bottle of liquid in a glass bottle.

"Senator, don't drink this!" Bush hollered over his shoulder to Burr.

"I quit drinking in `86," Bush added. He would mention the date twice more in his tour through what is, essentially, a giant fermentation operation with the faint aroma of a brewery.

In a room of two-gallon containers holding liquid the color of amber beer, Bush picked up a jar of straw to show off to the crush of journalists tagging along.

"Straw!" he proclaimed. Cameras clicked and whirred.

"Someday, you're going to be using this in your car," he said.

He picked up another jar. "Spruce chips!" He picked up yet another vessel, this one containing clear ethanol, and took another sniff.

Bush has called for increases in funding for research on alternative fuels. His administration's farm bill proposal includes $2 billion for loans for plants producing cellulosic ethanol.

Bush also has called for modernizing the mileage requirements for cars and trucks. Outside the plant, Bush checked out a Formula One race car that runs on ethanol.

"It may be hard for you to believe," he said. "It may be hard for Americans to believe, but someday we'll be taking piles of woodchips and, using technology developed here, develop fuel for automobiles. And when that happens, that'll make us less dependent on foreign oil and better stewards of the environment."

Bush Makes A Pitch For Amber Waves Of Homegrown Fuel (NYT)

By Edmund L. Andrews

New York Times, February 23, 2007

FRANKLINTON, N.C., Feb. 22 — President Bush put on a white coat and visited a laboratory here Thursday to promote his goals for making alternative fuels from switch grass, woodchips and other plant waste.

After touring the laboratory, which is developing enzymes to make cellulosic ethanol, fuel distilled from plant byproducts, Mr. Bush spoke buoyantly about new technologies that may reduce the nation's thirst for foreign oil.

"Doesn't it make sense to be able to say to our farmers, grow what you can grow so we become less dependent on oil?" the president told an audience at Novozymes North America, the subsidiary of a Danish technology company. "I like the idea of a president being able to say, wow, the crop report is in, we're growing more corn than ever before, which means we're importing less oil from overseas."

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After listening to company executives describe the role of enzymes in reducing the cost of ethanol, Mr. Bush jumped in to ask a layman's question: "So is this like a distillery?"

The trip is the latest event this week in which Mr. Bush has stepped away from grim questions about the war in Iraq to focus on domestic themes like energy and health care.

He has called for reducing the nation's projected gasoline consumption by 20 percent over the next 10 years, and he has proposed a mandatory, fivefold increase in the production of gasoline alternatives to about 35 billion gallons a year by 2017.

Corn-based ethanol is the primary substitute for gasoline, and output is about seven billion gallons a year. But industry experts and administration officials estimate that corn-based ethanol can at most supply only half the alternative fuel Mr. Bush has proposed.

The future, many experts say, lies in cellulosic ethanol, but it remains in the development stage, and is competing for research money with technologies like biodiesel fuel, hydrogen fuel cells and liquefied coal. The largest cellulosic ethanol plant is a demonstration-scale facility in Canada built by the Ontario-based Iogen Corporation, which produces about one million gallons a year.

A commercial-scale factory would need an annual capacity of 40 million gallons or more, said Robert Dineen, president of the Renewable Fuels Association, which represents ethanol producers.

The president has proposed significant increases in spending for alternative energy development, including about $50 million a year for bioenergy research, $15 million a year for grants on biomass projects and about $2.1 billion in loan guarantees for companies building cellulosic ethanol plants.

But Democrats in Congress have criticized Mr. Bush for spending far more money on coal-based technologies and nuclear power.

In his budget, Mr. Bush proposed spending $863 million on programs related to fossil fuels, a 33 percent increase over his request for 2007. That increase included more than $500 million for various forms of "clean-coal" technology.

Mr. Bush has also proposed spending $875 million for nuclear energy research and development, an increase of 38 percent. Of that, Mr. Bush has requested $405 million for his proposed Global Nuclear Energy Partnership, a plan to develop uranium enrichment with other countries. The administration's budget also calls for offering up to $9 billion in loan guarantees for a new generation of nuclear power plants.

Mr. Bush made almost no reference to global warming and climate change on Thursday, though his goal of reducing petroleum consumption is closely related to the reduction heat-trapping gases.

He kept his focus on the goal of energy security, and reiterated his support for more coal and nuclear power. "We've got about 250 years supply of coal in this country," he noted, adding that it "makes sense" to use it.

Some environmental groups complain about Mr. Bush's definition of alternative fuel including liquefied coal, which could produce even more heat-trapping gases than gasoline.

But the president appeared to show genuine enthusiasm for cellulosic ethanol, frequently interrupting Novozymes executives to boil down technical explanations into more simple sound bites.

At one point, Mr. Bush jumped in to explain that corn-based ethanol could not provide enough alternative fuel because ethanol demand was already outstripping supply.

"We got a lot of hog growers around the United States, and a lot of them here in North Carolina, who are beginning to feel the pinch as a result of high corn prices," he said. "The question, then, is how do you achieve your goal of less dependence on oil without breaking your farmers — without breaking your hog raisers?"

"Here's how: You develop new technologies that will enable you to make ethanol from wood chips, or stalk grass, or agricultural waste."

Bush Pushes Energy Initiative In N.C. (AP)

By Jennifer Loven, Associated Press Writer

AP, February 23, 2007

Franklinton, N.C. (AP) -- Trying to draw attention to his domestic agenda, President Bush on Thursday extolled the science of turning grasses and wood chips into ethanol to lessen the U.S. thirst for foreign oil.

"If you really want to reduce the amount of oil that you consume, you have to reduce the amount of gasoline you use," Bush said on a road trip to push energy initiatives he announced last month in his State of the Union address.

Bush has proposed ramping up the production of alternative fuels such as ethanol made from something other than corn. The president wants to require the use of 35 billion gallons a year of ethanol and other alternative fuels, such as soybean-based biodiesel, by 2017 — a fivefold increase over current requirements.

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The call for sharp increases in ethanol use will get bipartisan support in Congress. But production of ethanol from corn is expected to fall far short of meeting such an increase. So Bush envisions a major speedup of research into production of "cellulosic" ethanol made from wood chips, switchgrass and other feedstocks.

Each year, the United States consumes about 7 billion gallons of ethanol, made primarily from corn. The demand for corn for agricultural uses as well as energy, however, is causing corn prices to rise.

"The problem is we've got a lot of hog growers around the United States, and a lot of them in North Carolina, who are beginning to feel the pinch as a result of high corn prices," said Bush, who participated in a panel on cellulosic ethanol at Novozymes North America Inc., which is researching enzymes to break down crops such as corn waste and spruce chips to produce ethanol.

"The question, then, is how do you achieve your goal of less dependence on oil without breaking your ... hog farmers?" Bush said. "Here's how: You develop new technologies that will enable you to make ethanol from wood chips, or stalk grass or agriculture waste."

Bush also said that a lot of private money is being invested in new energy technologies, and the federal government is spending money to develop new battery technology that will allow motorists to drive short distances on battery power instead of gasoline.

"Someday you're going to be able to get in your car, particularly if you're a big city person, and drive 40 miles on a battery," he said. "And by the way, your car doesn't have to look like a golf cart. It could be a pickup truck.

"That technology is around the corner, and if we're able to drive the first 40 miles, or say 20 miles ... there are a lot of city folks who won't have to use a drop of gasoline on a daily basis."

Before the panel discussion, Bush toured laboratories at Novozymes. In one room, the president held up a beaker of nearly complete ethanol, sniffed it and laughed: "I quit drinking in 1986," he said.

Then he turned serious. "Someday you're going to be able to use this in your car," Bush said.

Outside, Bush was shown a blue and green stock car that runs on ethanol. He leaned down and fiddled with the wheel a couple times, but didn't climb down into the tiny driver's seat.

Bush Gets A Whiff Of Alternative Fuel (LAT)

By James Gerstenzang

The Los Angeles Times, February 23, 2007

FRANKLINTON, N.C. — President Bush, who frequently jokes about his undistinguished record as a history major at Yale, is devoting considerable time these days to matters scientific.

Four weeks ago, he toured a chemical plant in Delaware. Earlier this month he visited a Virginia computer-chip manufacturer. On Wednesday, at a hospital in Tennessee, he watched a video of a surgical robot excising cancerous tissue, prompting his host to ask, "You OK with the blood?"

And Thursday, he studied what it would take to put cellulosic ethanol in your fuel tank. It's made when enzymes or bacteria break down agricultural waste, switch grass, wood chips and other forms of biomass. Scientists hope the process that turns plants into a burnable liquid can be harnessed to economically produce at least a partial substitute for fossil fuels.

The president has been talking about this technology for more than a year and has made it a centerpiece of his 2007 domestic policy agenda, built around proposals to reduce U.S. gasoline consumption by 20% in 10 years by developing renewable and alternative fuels and increasing reliance on nuclear energy.

His proposals would require drivers to use 35 billion gallons of alternative fuels by 2017, up from the current 5 billion gallons. It would be a key to trimming U.S. reliance on foreign oil, which Bush sees as a national security liability, and to reducing carbon emissions, which are released when oil products are burned and are blamed by most scientists as a factor in global warming.

"I know it sounds like a pipe dream to some — you know, there goes the optimistic president talking again," said Bush, describing himself as having been "just a history major."

But the scientists alongside him during his visit to Novozymes North America Inc. "are providing the brainpower necessary to help plants like this develop technologies that will enable us to convert wood chips into fuels that are running automobiles," he said.

Bush toured the laboratories and factory where enzymes are produced and used to quicken the transformation of plant starch into fermentable sugars, a key step in producing ethanol.

The Union of Concerned Scientists, a nonprofit organization that focuses on environmental and other issues and often disagrees with Bush, said its analysis indicated that if Bush's energy goals were met primarily by using ethanol, global warming

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pollution could be reduced by 160 million metric tons in 2017 — an amount it likened to taking nearly 24 million current-model cars and trucks off the roads.

In recent weeks, Bush has made stops across the country in an effort to put the media spotlight on his domestic policies — he discussed environmental issues in Shenandoah National Park in Virginia and his healthcare proposals in Tennessee, for example — instead of the increasingly unpopular war in Iraq. Here in North Carolina, he spent about an hour and a half immersed in the efforts to expand the use of biofuels.

Specifically, Bush focused on the potential, still under development, to use enzymes to help convert such agricultural waste as cornhusks and weed-like switch grass into cellulosic ethanol, rather than increasing the demand for corn.

"The demand for corn, because of agricultural use and now energy use, is causing corn prices to go up," he said, noting that hog farmers and cattle ranchers — both of whom use corn as feedstock — were feeling the pinch. "The question is, how do you achieve your goal of less dependence on oil without breaking … the people dependent on corn?"

The answer, he said, is the technology being developed at companies like Novozymes.

On his tour of the facilities, Bush said the fermentation smell and steel vats reminded him of a distillery.

As he held up a beaker of ethanol and sniffed it, he said with a laugh, "I quit drinking in 1986" — and then added: "Someday you're going to be able to use this in your car."

Bush Visits Franklinton Biotech (RNO)

Raleigh News & Observer, February 23, 2007

President Bush arrived at Novozymes, a biotechnology company about 20 miles north of Raleigh by helicopter this morning, landing in a mowed cornfield owned by the company.

Inside the company, he donned a white lab coat with his name and the company's name and went from room to room learning about how the company works to develop biotechnology.

Outside the building, he checked out of a life-size race car powered by ethanol, then made his way to a warehouse, where he led a panel discussion about alternative fuels and his "20 in 10" plan that urges every American to reduce fuel usage by 20 percent in 10 years.

In the audience were about 200 employees and guests in the company.

Afterward, he greeted people along the rope line and then boarded his helicopter just after 1 p.m.

A Presidential Pat On The Back (DHS)

By William West

Durham Herald-Sun, February 23, 2007

DURHAM -- Forgive Durham's Jamie Lathan if he feels humbled right now.

After all, it's not everyday someone gets to meet and chat briefly with the leader of the free world on the tarmac by Air Force One -- plus have President George W. Bush himself turn and wave to your mother, your father and your younger brother standing nearby in the crowd of spectators.

That's precisely what happened to Lathan, 28, a mentor who on Thursday joined an elite list of more than 500 people nationally who have received the President's Volunteer Service Award for making a difference in the lives of others.

Amid a morning burst of sunshine, Bush presented a ceremonial box containing a pin to Lathan moments before leaving Raleigh-Durham International Airport via helicopter to tour an alternative-energy plant in Franklinton.

"It was amazing. It was amazing," Lathan said immediately afterward, affixing the pin to the lapel of his dark suit jacket.

Lathan said Bush told him "America is what it is today because of people like me volunteering and giving their time and their efforts."

Lathan said he told the commander-in-chief he was praying for him.

Lathan is a mentor at the Youth Life Learning Center of Durham, an outreach program originally founded by King's Park International Church.

Lathan credited his parents, Arthur and Carrie Lathan; his younger brother, Ken Lathan; and the young people he serves.

He also praised all people who serve as volunteers.

"Words just can't express my feelings," Arthur Lathan said of Thursday's occasion.

"I'm absolutely elated -- elated," he father added, putting special emphasis on the word "elated." "We're just so excited and we're happy for him because he is just deserving of it."

"I am speechless, speechless," Carrie Lathan said. "I give God the glory."

She said a photo of Jamie Lathan with Bush is soon going to become a fixture in the family household.

Arthur Lathan, 59, was an engineer with the South Carolina Department of Transportation before retiring.

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Carrie Lathan, 57, worked for a textile company before retiring.

The couple, who have been married 33 years, made the trip from their home in Winnsboro, S.C., north of Columbia.

Ken Lathan, 26, made the trip from the Atlanta area, where he works as a guidance counselor.

"It's one of those things," he said. "As young people say, 'It's cool' to actually see my older brother and the president of the United States waving at us. It's something."

On Tuesday, Jamie Lathan had just finished teaching a U.S. history class at the N.C. School of Science and Mathematics when he received word of the award from the White House.

Lathan has been a mentor for four years at the Youth Life Learning Center, which benefits children and families living in low-income environments through after-school programs and leadership clubs.

Each week, he mentors at-risk youth in academics and character education.

And he takes students to cultural arts performances and lectures on leadership at N.C. Central University.

Additionally, he helped establish the Teen Leadership Club, an outreach program for young men from the Cornwallis community.

Through the club, Lathan mentors young men about the importance of education, leadership and decision-making skills and challenges students to take responsibility for their families and communities.

Lathan has become a center of much news and official attention.

Earlier Thursday at RDU, he visited with U.S. Sen. Richard Burr, R-N.C.

Lathan told Burr he believes "we need adults who have made it" need to go back and guide the young.

The two talked by a parcel company building amid security so intense that law enforcement officers were using dogs to sniff nearby conveyor belts and a forklift for any dangerous materials, while heavily armed security personnel stood on the building's rooftop.

Helicopters soon landed on the tarmac, and Burr would ride in one of them with Bush to Franklinton.

"As I try to tell school kids when they ask me what it's like to go to the White House and meet the president, it's like going to the principal's office," Burr said before leaving RDU.

Then he added with a smile, "You know exactly where you're going. You just don't know what the topic is yet."

Where Bush Would Steer Energy R&D (CSM)

By Mark Clayton

Christian Science Monitor, February 23, 2007

Some critics question proposed federal spending hikes for nuclear research.

If new technology is a key answer to global warming and America's addiction to oil, then President Bush's proposal to boost federal spending on energy R&D – by no less than 30 percent in fiscal 2008 – would seem a welcome step.

In the new $2.7 billion budget plan, R&D dollars allotted to the US Department of Energy (DOE) continue a transition toward research that will help cut greenhouse gases.

But overall federal spending on energy research in real dollars is only one-third what it was at its 1978 peak, according to a Harvard University analysis. Some also question the administration's emphasis on nuclear research, saying other promising technologies could be applied sooner to climate and energy-security issues.

"The new DOE budget doesn't reflect the big increase in public concern about greenhouse gases," says energy expert Richard Newell, formerly a senior economist on the President's Council of Economic Advisers, now at Duke University in North Carolina.

Because the federal government remains the largest investor in energy R&D, its spending priorities are of keen interest to scientists, environmentalists, energy entrepreneurs, utilities, and the general public – especially as concerns rise about both climate change and energy security. As might be expected, the new budget proposal has a host of critics. Among the concerns:

·Next year's budget request would boost funding for biofuel, clean-coal, battery, and solar technologies. But it eliminates research for hydropower and geo-thermal, two renewable energy sources.

·Spending on energy-efficiency programs, which in the past led to low-power refrigerators and energy-saving compact fluorescent bulbs, would drop.

·There would be a fourfold increase from 2006 in spending for nuclear-fuel reprocessing, a practice that many experts say does little to replace oil and remains years from commercialization.

Taken together, the budget request breaks little new ground in terms of fighting global warming or the nation's reliance on foreign oil, many experts say.

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"There simply is no new sense of urgency in this energy R&D budget," says Kelly Gallagher, director of the Energy Technology Innovation Project at Harvard University. "Growth for solar, biofuels, and clean-coal research is positive. But overall funding is not nearly equal to the challenge."

Resources devoted to climate change and energy security "are largely anemic," says Jason Grumet, executive director of the National Commission on Energy Policy, a group of energy experts that recommends doubling federal energy-research funding.

Energy Department officials disagree.

"This year's budget request supports the president's energy initiative to accelerate the deployment of renewable energy technology, such as biomass, hydrogen, and solar energy," says Megan Barnett, a DOE spokeswoman. The budget "builds on our commitment to strengthen global energy security by making investment to diversify our energy resources, expand our nation's scientific know-how, and continue to invest in energy that can reduce our carbon footprint," she says.

Is R&D government's job?

The overall decline in federal research dollars since the late 1970s is troubling to many, but not to everyone. Some argue that government is best left out of the energy research business because it's no good at picking winning technologies. The nation has received little in return for its massive investment in energy-technology research since 1978, these analysts say.

"If the utility industry wants clean coal, they can figure out themselves how to have cleaner coal," says Myron Ebell of the Competitive Enterprise Institute, a Washington think tank. "We don't think government-sponsored technology has a very good track record. Markets work better."

Others cite studies that indicate benefits to government involvement. A 2004 National Research Council (NRC) study calculated a historically good return on several categories of energy technology investment. Energy efficiency, for instance, showed a $30 billion return on investment of $7 billion – or $4 for every $1 invested in it since 1978, according to the report.

Innovations flowing from federal research include compact fluorescent light bulbs and refrigerators that use only one-third the electricity of earlier models. These and other gains have helped slash America's "energy intensity," the amount of energy spending per dollar of economic output, economists say.

Funding for energy-efficiency technology at DOE has seen a "substantial decline" during the Bush years, says Ms. Gallagher. Even renewable-energy funding has been only about flat, after inflation is considered, she says. She and others question whether funding for nuclear technology is robbing efficiency and renewable research budgets – and even funds for "clean" coal.

'Clean' coal's future

The ability to capture carbon dioxide (the major gas tied to global warming) from future coal-fired power plants and store it underground is critical to the future of using massive US coal reserves. If research doesn't reveal how CO2 can be held underground, then those reserves are at risk, experts say.

Even so, funding for "carbon sequestration" research is up a modest 7 percent since last year to $79 million. That's dwarfed by a $395 million budget request for nuclear-fuel reprocessing – a 400 percent jump from 2006. The request for nuclear-fusion research is up 34 percent from this year, to $428 million.

"There's no way fusion is going to be commercial even in decades – and we should not be robbing Peter to pay Paul," says Carol Werner of the Environmental and Energy Study Institute in Washington. "We should be deploying technology that can delivered now and over the next 15 years. Fusion is not one of those."

Still, she's glad to see clean-coal research getting more funding. DOE plans to build an almost-emissions-free "FutureGen" plant, a $1 billion coal-fired power plant, in Texas or Illinois by 2012. It would capture carbon dioxide – a precursor to storing the gas underground.

FutureGen would get $109 million, double last year's request. Likewise, funding for biomass research, which includes ethanol made from switchgrass and crops other than corn, would double since 2006, and solar funding would rise 80 percent. It's good, but it's not enough, say experts.

Federal R&D funding is vital for pilot projects for noncorn-based ethanol and carbon sequestration, in particular, says Robert Nordhaus, an expert on energy technology research at Van Ness Feldman, a Washington law firm. "We're ... betting on carbon sequestration for keeping coal going without really moving quickly ahead on the sequestration project," he says.

A major problem has been that priorities and funding levels change continually, "which makes it difficult to have a coherent technology program," Mr. Nordhaus says.

A report last week by the Electric Power Research Institute, the industry's research arm, cited the urgency of energy research to addressing global warming. CO2 emissions from the coal-burning US electric-utility sector could be cut to 1990 levels within 25 years, the report said. But that can happen only with "accelerated investment in electric technology R&D and aggressive deployment of the resulting technologies," the EPRI report states.

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Car Mpg Ratings Going Down (USAT)

By James R. Healey

USA Today, February 23, 2007

Fuel-saving gasoline-electric hybrid cars don't save as much fuel as thought, according to new government fuel-economy ratings available to the public for the first time.

The new ratings go into effect beginning with 2008 models, a few of which will soon be on sale. But now it's possible to tell what rating 2007 and older models would get using the '08 standards.

The government's fuel-economy website has a program than makes the comparison. The site: www.fueleconomy.gov. Click on the button that says "Compare Old and New MPG Ratings." It shows that vehicles typically bought for their fuel efficiency use significantly more fuel than the previous ratings have said.

Toyota's Prius, the best-known and best-selling gas-electric car in the USA, drops to 48 miles per gallon in the city under the '08 testing procedure, from a 60 mpg rating under the current system — a 20% decline. Its highway mileage rating falls about 12%, to 45 mpg.

The Ford Escape hybrid, which uses a gasoline-electric drive system similar to Toyota's, goes down about 12%.

"What the cars get hasn't changed. It's just the numbers on the sticker," says Toyota spokesman Mike Michels. The lowered Prius rating is "probably more reflective of real-world experience," he says. "We hear people getting 46 to 50. I have one, and I get 48.

"If the (new) numbers contribute to customer satisfaction, that's a good thing," Michels says.

"I got near 60 (mpg) on the first tank, then never anywhere near that after," says Martha Ehrenfeld, a teacher who lives in San Francisco. The 48 mpg rating "makes me feel better, because that's about what I get. I was wondering what I was doing wrong. It's still better than most cars."

Tests the government has used for mileage estimates were created in the 1970s and haven't reflected today's driving environment. They have assumed, for instance, that people don't use air conditioning and don't drive more than about 60 mph.

After years of complaints from motorists and environmental activists that the Environmental Protection Agency estimates were too optimistic, the agency announced last year that it had come up with tests that include faster driving speeds, quicker acceleration, hotter and colder temperatures, and the use of air conditioning. It said it expected mileage numbers to drop about 10% when all types of vehicles and drivetrains were considered.

The change is good news for hybrid owners, says Bradley Berman, editor of HybridCars.com and owner of a 2006 Prius and 2003 Civic hybrid.

"It's great that consumers will have a better sense of what they may expect on the road," he says. Berman says he gets gas mileage in the 40s on his Prius in short city drives near his Berkeley, Calif., home and a bit less on his Civic.

City To Pay $1.5 Million In Coal Gas Site Agreement (LMDS)

By Jolene Stevens

Le Mars (IA) Daily Sentinel, February 23, 2007

Le Mars City Council members Tuesday approved an agreement with the U.S. Justice Department on the nearly five-year-old dispute centering on clean-up of contamination at the former Le Mars Coal Gas site.

The agreement, as outlined by City Attorney Joe Flannery, calls for the city to pay $1.5 million in clean-up response costs plus additional interest. Payments are to be made in three increments, the first $500,000 to be paid on or before July 31, 2007.

(Advertisement)

Two additional $500,000 payments will be made, upon final federal acceptance of the pact, by April 22, 2008 and April 22, 2008. MidAmerican Energy has agreed to pay $3.1 million in response cost stemming from the clean-up. The coal gas site is located at the northwest corner of the intersection of Fourth Avenue and First Street Northeast where currently the Le Mars street department building sits.

The agreement, after publication in the Federal Register, will then be ruled on in Federal Court in Sioux City. Councilman John Rexwinkle, a MidAmerican employee, emphasized during Tuesday's meeting that he had excused himself from any and all discussions that have taken place on the agreement talks.

Flannery told the council that had members not approved the agreement which stops all future costs, the city of Le Mars' could well "be pretty much out on a limb" with regard to future liability and costs The liability, he said, could well be expected to reach the $6 to $7 million dollar range with future court battles likely. At the same time, he said, the probability would also exist that MidAmerican would ask for the $3.5 million that is its share of the settlement.

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Councilman Rex Knapp noted that some $6 to $7 million has already been spent by contractors in the clean-up, a figure paid in one way or another by citizens through either property tax, income tax or rising MidAmerican rates.

Responding to a question from Councilman Ken Nelson, Flannery said it was his opinion that should the city make future plans to remove a structure on the coal gas site, the property could most likely use the area for a green site if no invasive site work was performed there. However, Flannery added, if anything invasive was undertaken, officials of the DNR and EPA would have to be on hand and assume responsibility for the work.

BP Employee Deleted Files From Computer (FT)

By Sheila McNulty

Financial Times, February 23, 2007

A BP employee has admitted destroying documents after plaintiffs' lawyers subpoenaed her laptop on an anonymous tip that she had information useful in the lawsuits against the UK oil company arising from its fatal refinery explosion.

Court records show that on November 3 2006, plaintiffs' lawyers subpoenaed Susan Moore, BP regulatory affairs manager, requesting certain documents and the laptop she has used for the past two to three years in her work for BP.

The subpoena specifically instructed BP: "You are urged not to destroy or attempt to destroy, delete, erase, or otherwise alter any of the electronic data, data files, meta data, media, records, charts, forms, or other documents stored on Ms Moore's hard drive.''

When plaintiffs' lawyers questioned Ms Moore on January 26 2007, a transcript revealed, she said BP had not shown her the subpoena until earlier in the week, and that she had deleted e-mails in the two months after the subpoena.

She did not know if she had deleted text files, did not think she had deleted folders but did not recall whether she had wiped presentations.

"I can't speculate on why someone might think my laptop would be useful,'' Ms Moore said. "To the best of my knowledge, I have not deleted information relative to this case.''

Yet Joseph Gourrier, the plaintiffs' attorney questioning Ms Moore, responded, "It's not up to you to determine what would be relevant to this case.''

The case was filed against BP by plaintiffs' lawyers on behalf of the 15 people killed and 500 injured when BP's Texas City refinery exploded in 2005.

Brent Coon, the lead plaintiffs' lawyer in the case, said judges had a tremendous amount of discretion in determining if there had been abuse of process.

Once a subpoena has been served, deleting documents created an inference that they were prejudicial, and the burden shifted to BP to prove the deleted files were irrelevant to the litigation.

Judge Susan Criss ruled that BP had to produce the deleted documents by Friday.

"We have agreed to deliver Ms Moore's hard drive to a third-party expert who will determine what has been deleted,'' said BP spokesman Ronnie Chappell. "If we find anything relevant to the case, we will turn it over to plaintiffs counsel or the court.''

"No one at BP has been instructed to delete relevant documents,'' he said, adding, "We have made it clear that staff are to preserve relevant documents, including relevant e-mails.''

GAO: Fuel Tank Cleanup Could Cost $12B (AP)

By John Heilprin, Associated Press Writer

AP, February 23, 2007

It will cost at least $12 billion to clean up contamination from tens of thousands of gasoline storage tanks that are leaking underground, congressional auditors say.

That is far more than the $72 million that Congress and the Bush administration have provided each year, according to the report Thursday from the General Accountability Office.

The Environmental Protection Agency, which oversees the cleanups, has already spent more than $10 billion to reduce the contamination over the past 20 years caused by hundreds of thousands of leaking tanks, many of them found at gas stations and convenience stores.

Yet some 117,000 faulty tanks still await cleanups, according to the latest figures current as of September 2005.

The GAO's $12 billion estimate would pay to remove 54,000 leaks from underground storage tanks that are either abandoned or no one can be held accountable for cleaning up. Another 63,000 leaking tanks would be paid for by pump stations, store owners or other operators of the leaking tanks, along with insurers and state funds, according to the GAO.

The problem is growing, however. Forty-three states said they expect to find 16,700 new leaks in the next five years, many requiring at least some federal money for the cleanups.

The lag in cleanups isn't necessarily due to lack of money, according to the GAO.

Every time a motorist pays for a gallon of gas, a tenth of a penny goes into a trust fund to remove the contamination. The fund now has about $2.6 billion and is expected to reach $3 billion before the end of 2008. Congress created the trust fund in 1986 because of concerns about contamination from leaking tanks at gas stations, but annually only a small fraction has been appropriated for cleanups. Most has sat in the Treasury to help counter federal budget deficits.

Rep. John Dingell, D-Mich., who chairs the House Energy and Commerce Committee and who released the GAO report on Thursday, called the situation an "inexplicable failure to use available resources to speed the cleanup of pollution that is likely to spread."

The failure to clean up the tank waste is "contaminating our water supplies with MTBE and other carcinogens, unnecessarily risking public health," said Rep. Hilda Solis, D-Calif., who along with Dingell had requested the report.

Leaking underground gasoline tanks for years have been blamed for much of the MTBE — or methyl tertiary-butyl ether — found in drinking water supplies in at least 36 states. More than 150 lawsuits have been filed seeking damages because of problems with MTBE, which until recently has been a widespread gasoline additive that helped curb air pollution.

The GAO report found some states' financial assurance funds lack the money to pay for timely tank cleanups. It said tank owners covered under the state programs usually pay only a small deductible when tanks leak, with the government picking up most of the tab.

The Energy Policy Act of 2005 required underground storage tanks to be inspected every three years. The EPA is drafting guidelines for how the agency and states should comply with the new inspection requirements, said Susan Parker Bodine, head of EPA's Office of Solid Waste and Emergency Response, in a written response to the GAO report.

Only about one-third of states currently assure the EPA they are checking to see if tank owners are covered by insurance, the GAO said. Bodine said the agency also will consider studying better ways to distribute money from the trust fund and whether the state funds and insurance are effective enough.

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On the Net:

House Energy and Commerce Committee: http://energycommerce.house.gov/

EPA: http://www.epa.gov/OUST/index.htm

A Conservative Conservationist? (WP)

By Mark Sanford

Washington Post, February 23, 2007

Why the Right Needs to Get Invested in the Search for Climate Change Solutions

When George W. Bush, The Post and the insurance giant Lloyd's of London agree on something, it's obvious a new wind is blowing. The climate change debate is here to stay, and as America warms to the idea of environmental conservation on a grander scale, it's vital that conservatives change the debate before government regulation expands yet again and personal freedom is pushed closer toward extinction.

The fact is, I'm a conservative and a conservationist -- and that's okay.

For the past 20 years, I have seen the ever-so-gradual effects of rising sea levels at our farm on the South Carolina coast. I've had to watch once-thriving pine trees die in that fragile zone between uplands and salt marshes. I know the climate change debate isn't over, but I believe human activity is having a measurable effect on the environment.

The real "inconvenient truth" about climate change is that some people are losing their rights and freedoms because of the actions of others -- in either the quality of the air they breathe, the geography they hold dear, the insurance costs they bear or the future environment of the children they love.

But like a polar bear searching for solid ice, many people seem ready to dig into the first solution offered to slow or reverse climate change. Cue former vice president Al Gore -- the politician turned screen star who could take home an Academy Award this weekend and a Nobel Peace Prize later this year -- whose call for greater government intervention is resonating with administrations in this country and across the globe: California may soon ban incandescent light bulbs; France wants to force the Kyoto-less United States to pay carbon taxes on exports; and the European Union is pushing automobile emission standards that would cost carmakers such as Volvo roughly $3,200 more per vehicle.

Make no mistake, the issue of environmental conservation sits squarely on the battle line between government and liberty. From light bulbs to automobiles, government will gladly expand its regulatory reach even if the result is a hamstrung economy and curtailed individual freedoms. Yet conservatives have remained largely absent from this debate, and by pulling back from the environmental battle they have conceded the high ground to those on the far left.

I believe conservatives have a window of opportunity, but that window is closing fast.

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First, conservatives must reframe the environmental discussion by replacing the political left's scare tactics with conservative principles such as responsibility and stewardship. Stewardship -- the idea that we need to take care of what we've been given -- simply makes sense. It makes dollars as well, for the simple reason that our economy is founded on natural resources, from tourism and manufacturing to real estate and agriculture. Here in South Carolina, conservation easements are springing up across the state as landowners see the dual benefit of preserving the environment and protecting their pocketbooks.

Second, conservatives must reclaim lost ground from far-left interest groups by showing how environmental conservation is as much about expanding economic opportunity as it is about saving whales or replanting rain forests. When corporations such as BP and Shell America pursue alternative energy sources, they not only cut carbon emissions but help cut our petroleum dependency on OPEC nations. When South Carolina restaurants recycle their oyster shells, they not only restore shellfish habitat but take a job off local governments' plates and ensure continuing revenue streams for local fishermen.

Third, conservatives must respond to climate change with innovation, not regulation. This means encouraging private research and implementation of more eco-friendly construction, more energy-efficient workplaces and more sustainable ways of going about life -- all of which cuts costs and protects God's creation. It means looking past the question of whether your car's exhaust melts polar ice caps and instead treating our environment as an investment our future depends on.

South Carolina is creating an advisory group that will study the effects of climate change on commerce and vice versa, with an eye toward crafting a plan that balances the needs of the business and environmental communities.

I am a conservative conservationist who worries that sea levels and government intervention may end up rising together. My earnest hope going forward is that we can find conservative solutions to the climate change problem -- ecologically responsible solutions based on free-market principles that both improve our quality of life and safeguard our freedoms.

For if conservatives cannot reframe, reclaim and respond to climate change with our principles intact, government will undoubtedly provide a solution, no matter how taxing it may be.

The writer, a Republican, is governor of South Carolina.

Colorless Green Ideas (NYT)

By Paul Krugman

The New York Times, February 23, 2007

The factual debate about whether global warming is real is, or at least should be, over. The question now is what to do about it.

Aside from a few dead-enders on the political right, climate change skeptics seem to be making a seamless transition from denial to fatalism. In the past, they rejected the science. Now, with the scientific evidence pretty much irrefutable, they insist that it doesn't matter because any serious attempt to curb greenhouse gas emissions is politically and economically impossible.

Behind this claim lies the assumption, explicit or implicit, that any substantial cut in energy use would require a drastic change in the way we live. To be fair, some people in the conservation movement seem to share that assumption.

But the assumption is false. Let me tell you about a real-world counterexample: an advanced economy that has managed to combine rising living standards with a substantial decline in per capita energy consumption, and managed to keep total carbon dioxide emissions more or less flat for two decades, even as both its economy and its population grew rapidly. And it achieved all this without fundamentally changing a lifestyle centered on automobiles and single-family houses.

The name of the economy? California.

There's nothing heroic about California's energy policy — but that's precisely the point. Over the years the state has adopted a series of conservation measures that are anything but splashy. They're the kind of drab, colorless stuff that excites only real policy wonks. Yet the cumulative effect has been impressive, if still well short of what we really need to do.

The energy divergence between California and the rest of the United States dates from the 1970s. Both the nation and the state initially engaged in significant energy conservation after that decade's energy crisis. But conservation in most of America soon stalled: after a decade of rapid progress, improvements in auto mileage came to an end, while electricity consumption continued to rise rapidly, driven by the growing size of houses, the increasing use of air-conditioning and the proliferation of appliances.

In California, by contrast, the state continued to push policies designed to encourage conservation, especially of electricity. And these policies worked.

People in California have always used a bit less energy than other Americans because of the mild climate. But the difference has grown much larger since the 1970s. Today, the average Californian uses about a third less total energy than the average American, uses less than 60 percent as much electricity, and is responsible for emitting only about 55 percent as much carbon dioxide.

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How did the state do it? In some cases conservation was mandated directly, through energy efficiency standards for appliances and rules governing new construction. Also, regulated power companies were given new incentives to promote conservation, via rule changes that "decoupled" their profits from the amount of electricity they sold.

And yes, a variety of state actions had the effect of raising energy prices. In the early 1970s, the price of electricity in California was close to the national average. Today, it's about 50 percent higher.

Incidentally, since someone is bound to mention it: the California energy crisis of 2000-2001 has nothing to do with this story. That crisis was caused by market manipulation — we've got it on tape — made possible by ill-conceived deregulation, not conservation.

Back to California's success. As the higher price of power indicates, conservation didn't come free. Still, it's striking how invisible California's energy policy remains. It's easy to see why New York has much lower per capita energy consumption than, say, Georgia: it's a matter of high-rises versus sprawl, mass transit versus driving alone. It's less obvious that Los Angeles is a much greener city than Atlanta. But it is.

So is California a role model for climate policy? No and yes. Even if America as a whole had matched California's conservation efforts, we'd still be emitting about as much carbon dioxide now as we were in 1990. That's too much.

But California's experience shows that serious conservation is a lot less disruptive, imposes much less of a burden, than the skeptics would have it. And the fact that a state government, with far more limited powers than those at Washington's disposal, has been able to achieve so much is a good omen for our ability to do a lot to limit climate change, if and when we find the political will.

FBI/DEA/ATF/USMS:

Detroit Dealer Gets 30 Years In Two Fentanyl Deaths (DN)

Detroit News, February 23, 2007

A Detroit man who admitted selling a fentanyl-laced drug cocktail that killed two people was sentenced Thursday to more than 30 years in prison.

U.S. District Judge Lawrence P. Zatkoff, sitting in Port Huron, sentenced James Edgar Coleman to 365 months in federal prison. That sentence was at the top of the sentencing guideline range for Coleman, who has previous convictions for drug trafficking.

Coleman, 36, admitted to selling the fentanyl-laced heroin that killed Lauren Jolly, a 17-year-old Bloomfield Township high school student, and Daniel McElmurry, 30, of Madison Heights, last year.

The charge against Coleman was the first charge of selling a controlled substance causing death related to fentanyl-laced heroin and cocaine that killed an estimated 133 people in Metro Detroit in 2005-06.

Coleman had pleaded guilty and expressed remorse at his sentencing, lawyer Warren Harris said.

"He was not the person who mixed the drugs," Harris said. "Mr. Coleman would not know fentanyl right now if he saw it."

U.S. Attorney Stephen Murphy credited the work of the Drug Enforcement Agency and Oakland County.

"This significant sentence is the result of a robust federal response to the rash of overdose deaths caused by fentanyl-laced heroin," Murphy said.

Drug Dealer Gets 30 Years In Fentanyl Case (FREEP)

By David Ashenfelter, Free Press Staff Writer

Detroit Free Press, February 23, 2007

A 37-year-old Detroit man who sold the fentanyl-laced heroin that killed a Birmingham high school junior and a Madison Heights man last May was sentenced Thursday to 30 1/2 years in prison.

The sentence imposed on James E. Coleman by U.S. District Judge Lawrence Zatkoff was at the top of the federal sentencing guidelines.

Coleman -- accused of selling the drugs that killed 17-year-old Lauren Jolly and 30-year-old Daniel McElmurry -- pleaded guilty in November to avoid a possible life sentence.

Coleman's lawyer, former Detroit police narcotics unit Cmdr. Warren Harris, urged Zatkoff to show leniency, saying Coleman had no idea that the drugs he sold contained fentanyl.

Fentanyl has been blamed for more than 100 deaths in metro Detroit since late 2005.

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"I think the sentence was too severe," Harris said after the 10-minute hearing. Harris said Coleman grew up in a drug-infested neighborhood, was introduced to drug trafficking by family members and, despite prior drug convictions, wasn't a violent predator.

"He's not the villain who was the source of all of the fentanyl problem, and putting him away will not solve the fentanyl problem," Harris said. "In the total scheme of things, James Coleman is a small fry."

Detroit Drug Enforcement Administration Chief Robert Corso said, "Today's sentencing reflects a substantial sentence for a substantial violator" and should send a message to Detroit-area drug dealers.

Jolly's mother, Beth Jolly, declined to comment.

Jolly, a student at Birmingham Groves, and McElmurry bought drugs from Coleman's drug house in Detroit.

Seller Of Lethal Drug Cocktail Sentenced (AP)

AP, February 23, 2007

(AP) A man who pleaded guilty to selling heroin laced with a powerful painkiller that killed two people was sentenced Thursday to more than 30 years in prison.

U.S. District Judge Lawrence P. Zatkoff sentenced James Edgar Coleman, 36, to 365 months in federal prison. The sentence was the maximum possible penalty for Coleman, who has previous convictions for drug trafficking.

Coleman, of Detroit, admitted he sold the drug cocktail with fentanyl that last year killed Lauren Jolly, 17, and Daniel McElmurry, 30.

Coleman's plea to two counts of delivering a controlled substance resulting in death was the first related to fentanyl-laced heroin and cocaine that killed more than 100 people in metropolitan Detroit in 2005 and 2006, U.S. Attorney Stephen Murphy said.

Coleman expressed remorse at his sentencing, defense attorney Warren Harris told The Detroit News.

"He was not the person who mixed the drugs," Harris said. "Mr. Coleman would not know fentanyl right now if he saw it."

Official: 4 Officers Arrested In Sting (NSDY/AP)

By Curt Anderson, Associated Press Writer

Long Island Newsday, February 23, 2007

MIAMI -- Four police officers in Hollywood, Fla., have been arrested on suspicion of providing protection and running drugs and money for an organized crime group that was really an FBI sting operation, a law enforcement official said Thursday.

The source, who is familiar with the case, spoke on condition of anonymity because the matter is sealed until Friday. The source would not provide further details.

Police Chief Jim Scarberry said the officers are veterans, but he declined to comment further.

An FBI spokesman in Miami did not immediately return calls seeking comment.

The four officers were expected to appear Friday in federal court in Fort Lauderdale.

Four Hollywood Cops Face Charges In FBI Sting (MH)

By Todd Wright

The Miami Herald, February 23, 2007

Four Hollywood police officers were arrested by federal agents Thursday, accused of providing protection and running drugs and money for what they thought was an organized crime group but was instead an FBI sting operation, a law enforcement source said.

It is unclear whether Kevin Companion, Jeff Courtney, Steve Harrison and Tom Simcox, all veterans of the police force, were being held in federal prison Thursday night, but word of the arrests sent shock waves through the department and City Hall.

"It's been really tough on all of us. Some of us just can't believe it," police spokesman Capt. Tony Rode said. ``It's really crazy."

Few details were released on the investigation or the charges, but City Manager Cameron Benson said he was told the FBI had been running the sting for about two years.

Mayor Mara Giulianti first heard of the investigation several weeks ago and said there was "pretty convincing and strong evidence" that the officers had been involved in wrongdoing.

The FBI has scheduled a press conference at 11 a.m. today in front of the federal courthouse in downtown Fort Lauderdale, where officials are expected to give more details on the case.

"The four individuals dishonored themselves and their colleagues," Giulianti said. ``This is going to be an embarrassment to the men and women that serve our city. This is very, very painful."

The on-duty FBI spokesman did not immediately return calls seeking comment.

Broward County Police Benevolent Association president Dick Brickman said he had heard about the arrests Thursday evening from other officers.

Brickman said he didn't know what the specific charges are but said they are unrelated to the officers' jobs and therefore they would not get union representation.

"From what I understand it's serious charges," Brickman said. ``It's a very, very touchy situation right now."

The alleged corruption in the police department comes as the city is dealing with similar accusations in City Hall.

Suspended Commissioner Keith Wasserstrom is facing five felony corruption charges stemming from his role in helping a sludge processing firm win an $18 million city contract in 2004. State prosecutors recently opened two more investigations of his business dealings.

A woman who answered the phone at Courtney's home Thursday night hung up after a caller identified himself as a Miami Herald reporter. Phone calls to Companion's house were not returned.

Harrison, 46, and Simcox, 50, could not be reached.

The Hollywood Police Department is no stranger to scandal.

The city's street crimes unit was disbanded in 1997 by then-Chief Rick Stone after officers were accused of brutality, making false arrests and sexual battery.

In 1998, a Miami Herald investigation found abuse in the system of off-duty shift assignments. As many as 500 times in a year, Hollywood officers scheduled themselves to work two or more off-duty jobs at the same time and could have been paid for working off-duty during their regular police shifts.

Several of the officers in question also have dealt with charges before.

Simcox, a 24-year veteran, was suspended without pay for four weeks in May 1997 after a complaint that he slapped a 9-year-old at a Palm Beach County day-care center while off-duty and fractured the child's jaw.

Articles in the Herald in 1995 and 1996 questioned the department's 1991 hiring of Courtney, 51, who had been arrested in the 1970s for issuing bad checks and driving while intoxicated.

At the time, he blamed the arrests on immaturity and a messy divorce.

Mothers Against Drunk Driving named him Officer of the Year in 1995.

Companion, who joined the force in 1986, was investigated several years ago after a Miami Herald investigation found that he was scheduled to work off-duty at multiple sites in a single day on as many as 111 dates.

Companion also was one of several people named in a 1994 sexual harassment lawsuit filed by a former Hollywood police officer.

"It looks bad. The news hit me like a ton of bricks, but I still think we have one of the best police departments in the state," Benson said.

``I was sick to my stomach honestly."

Miami Herald staff writers Jerry Berrios, Wanda J. DeMarzo, Hannah Sampson and Amy Sherman contributed to this report.

Medical Marijuana Activists Cite Little-known Law In Suit (SFC)

San Francisco Chronicle, February 22, 2007

Medical marijuana advocates tried a new approach Wednesday in their tug-of-war with the federal government, filing suit under a law that requires the government to correct its own misstatements -- including, the advocates say, the assertion that marijuana has no medical value.

"Citizens have a right to expect the government to use the best available information for policy decisions," said Alan Morrison, a Stanford Law School lecturer and an attorney in the lawsuit by Americans for Safe Access.

The suit was filed in federal court in San Francisco under the Data Quality Act, a little-known statute signed by President Bush in 2001. It directs federal agencies to allow members of the public to "seek and obtain correction" of false or misleading government information that affects them.

Morrison said the law was originally pushed by businesses that objected to government statements taking dim views of products or entire industries, notably Clinton administration reports that listed industrial activities among the causes of global warming. He said he knew of only two lawsuits filed under the statute, neither of them successful.

Americans for Safe Access invoked the 2001 law in a complaint to the Department of Health and Human Services in October 2004, saying its members included seriously ill people who had been discouraged from using marijuana by the department's position that the drug has "no currently accepted medical use."

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The federal government classifies marijuana among the most dangerous drugs and has won court rulings allowing it to prosecute suppliers and patients in California, where medical marijuana was legalized by a 1996 initiative.

The lawsuit said the agency was ignoring scientific studies, including a 1999 report by the National Academy of Sciences' Institute of Medicine that found that the active ingredients in marijuana could help relieve pain, nausea and loss of appetite associated with illnesses, though it cautioned that smoking marijuana can be harmful.

More recently, researchers reported last week that HIV-positive patients at San Francisco General Hospital experienced relief of searing pain in their hands and feet after smoking marijuana cigarettes in a state-funded study.

The suit said the department's only responses to the 2004 complaint have been perfunctory denials, in 2005 and 2006. Those responses did not address the scientific evidence and instead noted that the Drug Enforcement Administration was considering a separate request to reclassify marijuana, the suit said.

Morrison said the department could have complied with the law by explaining its current position and posting links to the medical studies on its Web site to promote public debate. The suit accuses the department of violating the law and seeks court orders requiring the department to stop asserting that marijuana has no medical value and to make "appropriate corrections" to past statements.

Health and Human Services spokeswoman Christina Pearson declined to comment on the suit. She referred a reporter to the Food and Drug Administration's April 2006 statement that federal evaluations have found "no sound scientific studies supported medical use of marijuana."

Advocacy Group's Suit Calls On U.S. To Acknowledge Pot's Medicinal Value (LAT)

The Los Angeles Times, February 23, 2007

SACRAMENTO — A patient advocacy group sued the federal government Wednesday to try to force U.S. health agencies to acknowledge that marijuana has merit as a medicine.

The lawsuit by Americans for Safe Access follows a two-year effort to reverse what it calls a "misinformation campaign" by U.S. health agencies.

Americans for Safe Access is suing under the Data Quality Act, a little-known statute that lets citizens challenge the accuracy of government-disseminated information.

The Oakland-based group filed a petition in October 2004 asking the United States to reverse its staunch opposition to pot as medicine. After months of delays, the government rejected the petition.

A spokeswoman for the Department of Health and Human Services said the agency could not comment because of the litigation.

For years, U.S. regulators have said marijuana has no accepted medicinal value.

Such statements are "false and misleading," Americans for Safe Access said in its lawsuit, filed in U.S. District Court in Oakland. The group cited peer-reviewed studies suggesting cannabis can be effective for AIDS wasting, muscle spasticity and chronic pain.

The government's stance ignores its own studies, activists say.

A 1999 report by the Institute of Medicine declared that marijuana showed medicinal promise and advocated the development of cannabis-based drugs.

Since then, the University of California has begun several rigorous studies to test marijuana's medical efficacy. Last week, a UC San Francisco researcher announced that clinical trials found marijuana helped treat HIV pain.

Meanwhile, British drug company GW Pharmaceuticals won Canadian approval for a marijuana spray for multiple sclerosis. The firm hopes to eventually market Sativex in the United States.

Federal Charges In Home Pot-growing Operation (SFC)

San Francisco Chronicle, February 22, 2007

SACRAMENTO -- Five suspects who allegedly grew marijuana in specially-outfitted homes in Oakland - including one across the street from an elementary school -- are facing federal charges for producing plants with a street value of $6 million, court records show.

Van Hung Vi, 42; his brother, Van Dat Vi, 57; Ivy Tran, 27; Tommy Ly, 23; and Van Hy Vi, 55, a relative of the Vi brothers, appeared Wednesday in U.S. District Court in Sacramento on a federal complaint charging them with manufacturing marijuana and conspiracy to manufacture marijuana.

The suspects were arrested Feb. 7 in Oakland and San Francisco by police and members of the Yolo County Narcotic Enforcement Team, a branch of the state Bureau of Narcotic Enforcement.

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Authorities seized 1,500 marijuana plants during raids of homes in Oakland and West Sacramento, where the investigation began several months ago.

Each plant had a high content of the active ingredient THC and was capable of producing a pound of the drug, said Roy Giorgi, commander of the Yolo County team.

Acting on a tip, agents initially began watching a home in West Sacramento, Drug Enforcement Administration Special Agent James Sheeran wrote in a 30-page affidavit.

Agents saw Ly, Van Hung Vi and Tran at the home and identified them during traffic stops, checks of license plates or, in one case, an unspecified "ruse," Sheeran wrote.

Agents learned that Van Hung Vi and his brother lived at 3735 Lincoln Ave., across from Sequoia Elementary School, in Oakland. A search of that home uncovered 533 plants and 4 pounds of processed marijuana, the affidavit said, and authorities arrested the Vi brothers.

The narcotic agents' search led to another home, also associated with the Vi brothers, at 701 MacArthur Blvd. in Oakland. There, investigators found that every room had been converted to grow marijuana and seized 681 plants, the affidavit said.

Van Hy Vi was arrested at a home at 2514 Ninth Avenue in Oakland.

Tran, the ex-girlfriend of Van Hung Vi, was taken into custody at her place of business on Ninth Street in Oakland's Chinatown, Giorgi said.

Ly was arrested at an apartment on Pacific Street in San Francisco.

Authorities also found evidence of a marijuana-growing operation -- but no drugs -- at a home on the 1700 block of 11th Avenue in Oakland, Giorgi said.

Van Hung Vi was sent to the California Youth Authority in 1983 for manslaughter, and Van Hy Vi has a conspiracy conviction for a state Fish and Game violation relating to abalone, the affidavit said.

U.S. Drug Czar Urges Canada To Crack Down On Pot Claims American Measures Have Lowered Drug Use In Teens (CP)

Canadian Press, February 22, 2007

OTTAWA — U.S. drug czar John Walters is in Ottawa touting America's anti-drug policy as a model for Canada.

Walters says a blend of treatment, prevention and tough law-and-order measures have lowered drug use among American teens.

But critics aren't buying it.

Lawyers, academics and a Liberal senator warned against a U.S.-style approach in Canada, saying it's hugely expensive and ineffective.

They say the Conservatives should reconsider any drug crackdown that focuses more on prison terms than prevention or treatment.

Walters says cross-border marijuana trafficking is still a major problem, but that the Tory government has eased tensions with Washington since taking power.

The Liberals had planned to decriminalize possession of small amounts of pot — a plan that has been scrapped by the Conservatives.

Canada Must Not Follow The U.S. On Drug Policy (OC)

By Ethan Nadelmann

Ottawa Citizen, February 22, 2007

The U.S. drug czar, John Walters, is in Ottawa today, trying his best to put a positive spin on one of the greatest disasters in U.S. foreign and domestic policy. Part of his agenda is to persuade Canada to follow in U.S. footsteps, which can only happen if Canadians ignore science, compassion, health and human rights.

The United States ranks first in the world in per-capita incarceration, with roughly five per cent of the earth's population but 25 per cent of the total incarcerated population. Russia and China simply can't keep up. Among the 2.2 million people behind bars today in the United States, roughly half a million are locked up for drug-law violations, and hundreds of thousands more for other "drug-related" offences. The U.S. "war on drugs" costs at least $40 billion U.S. a year in direct costs, and tens of billions more in indirect costs.

It's all useful information for Canadians to keep in mind when being encouraged to further toughen their drug laws to bring them in line with those of the United States.

What's most remarkable about U.S. drug policy is the way it endures despite persistent evidence that it is ineffective, costly and counterproductive. One report after another -- by the U.S. General Accountability Office, the National Academy of Sciences,

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independent agencies and even the Bush administration itself -- consistently fault federal drug-control programs for failing to achieve their objectives.

But funding nonetheless persists. The DARE (Drug Abuse Resistance Education) program, which relies on police to "educate" young people about drugs, keeps being funded despite an impressive run of studies demonstrating no effect on adolescent drug use. Ditto for the government's border interdiction and anti-drug ad campaigns, and its funding of federal-state anti-drug task forces, and much else.

Drug-policy reformers in the United States have been cheered by Canada's willingness -- at least until now -- to look to Europe rather than the United States for drug-control models. When HIV/AIDS started spreading a generation ago among people who inject drugs, both Europe and Canada were quick to implement needle exchanges and other harm-reduction programs, even as the United States opted instead to allow hundreds of thousands to become infected and die needlessly.

Heroin-prescription trials are now underway in Montreal and Vancouver, trying to determine whether what worked so well in Switzerland, Germany, The Netherlands and other countries can also work in Canada. The same is true of supervised injection sites, which have proven effective in reducing fatal overdoses, transmission of infectious diseases and drug-related nuisance. And most recently, Vancouver's mayor, Sam Sullivan, has broken new ground by proposing that cocaine and methamphetamine addicts be prescribed legal substitutes.

But I wonder whether Canada just can't help following in U.S. footsteps. DARE survives in Canada too, notwithstanding evidence of its lack of efficacy. Almost three quarters of Canadian federal drug-strategy spending is for law-enforcement initiatives, few of which demonstrate any success in reducing drug problems. "While harm-reduction interventions supported through the drug strategy are being held to an extraordinary standard of proof," the director of the B.C. Centre for Excellence in HIV/AIDS, Dr. Julio Montaner, recently observed, "those receiving the greatest proportion of funding remain under-evaluated or have already proven to be ineffective."

The survival of Vancouver's supervised-injection facility is currently at risk, for reasons having everything to do with politics and nothing with science or health, while federal drug-enforcement authorities know that all they need to do to preserve funding is make arrests and avoid scandal.

What matters most to U.S. drug czar John Walters, though, is cannabis, which he occasionally, and absurdly, describes as the most dangerous of all drugs. Seventy per cent of Americans say cannabis should be legal for medical purposes, and one study after another points to its efficacy and safety as a medicine. A similar percentage also think personal possession of marijuana should be decriminalized (i.e., resulting in fines rather than arrest and incarceration) and 40 per cent say it should be taxed, controlled and regulated, more or less like alcohol.

But Mr. Walters will have none of it. He travels the country, railing against cannabis and urging schools to drug test all students, without cause -- and without any scientific evidence that testing will work. And when he visits or talks about Canada, it's typically to complain -- erroneously -- that Canada is a major supplier of marijuana for the U.S., never mind the fact that Americans now produce most of the marijuana consumed in the United States.

Canada needs to lead, not follow, the United States when it comes to dealing sensibly with drugs. Mr. Walters's Canadian hosts today should remind him of the 2002 report of the Canadian Senate Special Committee on Illegal Drugs, chaired by Conservative Senator Pierre-Claude Nolin.

It's probably the best, most comprehensive, most evidence-based report on drug policy produced by any government in the past 30 years. And its recommendations are all about dealing with drugs as if politics were an afterthought, and all that mattered were reducing the harms associated with both drug use and failed drug policies. Imagine that.

Ethan Nadelmann is the founder and executive director of the Drug Policy Alliance (www.drugpolicy.org), the leading organization in the U.S. promoting alternatives to the war on drugs, and co-author of Policing the Globe: Criminalization and Crime Control in International Relations.

Former Federal Agents Suing City, Charge Police Corruption (AP)

By Mike Robinson, The Associated Press

AP, February 23, 2007

CHICAGO - A jury awarded a husband and wife $9.75 million in damages Thursday for a smear and terror campaign aimed at them after they accused a police officer of corruption while working as federal agents.

Diane Klipfel and Michael Casali hugged and kissed their friends and their attorney after the jury delivered its verdict in the civil trial.

"I'm relieved that the ordeal is finally over and justice is served," Casali, an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, told reporters.

City Law Department spokeswoman Jennifer Hoyle said officials were disappointed and were reviewing appeals options.

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The verdict ended a five-week trial focusing on Joseph Miedzianowski, sometimes described as Chicago's most corrupt police officer.

Miedzianowski was convicted in April 2001 of masterminding a Chicago-to-Miami cocaine pipeline and supplying guns and ammunition to the very street gangs he was supposed to be investigating. He is serving a life sentence at a federal prison in California.

Klipfel is a retired ATF agent and Casali still is an agent. They say Miedzianowski smeared them with misconduct allegations and terrified them with threats after they leveled corruption charges against him in 1992 while working in the Chicago ATF office. They say they were so frightened, their children slept in a closet in the interior of the house in case shots were fired through the walls.

Jurors leaving the court scoffed at city officials' claim that they conducted an 18-month investigation of Miedzianowski but never interviewed Klipfel and Casali, and were unable to uncover evidence of corruption at the time.

"You run an investigation and never interview the main person who made the complaint?" juror Joe Karl said. He and other jurors also said they gave greater credence to testimony that Miedzianowski frightened people after seeing a tape of a deposition at his California prison.

"Joe Miedzianowski is a scary, scary guy, a frightening guy with a winning personality," said Sally H. Saltzberg, the lead attorney for Klipfel and Casali. She said he was able to use his personality to manipulate public officials and get away with corruption for 14 years.

Witnesses who testified during the trial included Chicago police Superintendent Phil Cline, who was once Miedzianowski's supervisor, and other police officials.

Cline testified that he suspected Miedzianowski of stealing police documents twice in the early 1990s. He said evidence of the second instance became part of the federal indictment against the officer.

"Joe Miedzianowski was an aberration in this department and a disgrace to his star," Cline testified.

The jury awarded Klipfel $7.75 million for violation of her rights by both Miedzianowski and the city. It awarded her $1 million for defamation of character by Miedzianowski while acting in his role as a city employee.

It also awarded Casali $1 million for Miedzianowski's violation of his rights while acting as a city employee.

Saltzberg said the city would have to pay the entire $9.75 million because Miedzianowski is believed to have no money. She said the couple's attorneys would ask the court to award them fees in the $1 million range.

ATF Agents Faced Cop Retaliation, Jury Rules (CHIT)

By Jeff Coen, Tribune Staff Reporter

Chicago Tribune, February 23, 2007

Jurors awarded nearly $10 million in damages Thursday to a couple who said the Chicago Police Department retaliated against them after they tried to report corrupt former Officer Joseph Miedzianowski in 1992.

Diane Klipfel, a former agent with the Bureau of Alcohol, Tobacco and Firearms, and her husband, Michael Casali, a current agent, charged in their lawsuit that Miedzianowski turned internal probes against them and trashed their reputations after they came forward with allegations that the officer was stealing from drug dealers.

Juror Megan Cox said the key to the case was the Chicago Police Department's "incompetent, lazy and overall negligent" internal investigation into the corrupt officer.

The plaintiffs had argued that Miedzianowski was allowed to select witnesses and bring them in for questioning himself and that Klipfel wasn't interviewed.

Juror Joe Karl said that was especially outrageous given that the corruption was reported by a federal agent.

"How do you run an investigation and not interview the person making the complaint?" Karl said.

The largest part of the $9.75 million award came for the jury's decision that the city and Miedzianowski violated Klipfel's civil rights. Klipfel had testified she was forced from ATF after the Police Department retaliated against her and that she moved her children out of state at times, fearing for their safety.

Sally Saltzberg, lawyer for the couple, said she was happy the jury accepted her argument.

"This was not an investigation, it was a coverup," she said.

It was not until years later, in 2001, that Miedzianowski finally was convicted in federal court of running a Chicago-to-Miami drug ring and was sentenced to life in prison.

Miedzianowski was arrested a few months after federal investigators had tapped his home telephone. The probe captured a 1998 conversation between Miedzianowski and Raymond Risley, who was the head of the police internal affairs division when Miedzianowski was being investigated.

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Jurors had listened this month as Risley spoke of Klipfel's suit and dismissed her allegations as the "ranting of a lunatic." He also could be heard telling Miedzianowski that he had kept evidence.

A videotaped deposition of Miedzianowski also was compelling, jurors said, adding that they saw an intense man who was prone to explosive anger.

The city is expected to pay the entire award, as the panel found that even as an individual, Miedzianowski was acting within the scope of his city employment.

Jennifer Hoyle of the city's Law Department said the city is disappointed by the jury's verdict.

"We are reviewing all of our appellate options," Hoyle said.

City lawyers had argued that Klipfel had her own woes at ATF and said a police internal affairs officer brought information to federal authorities that brought Miedzianowski down.

Klipfel and Casali said they are glad to have the trial behind them.

Klipfel said all she ever wanted was for Miedzianowski to be investigated and for police who were supposed to stop him to be held accountable.

"I never dreamed Mike and I would not be believed," she said. "And that they could do to us what they did."

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City Man Guilty Of 27 Crimes, All Violent (PHI)

By John Shiffman

The Philadelphia Inquirer, February 23, 2007

A Philadelphia man secretly recorded on tape talking about a plot to detonate pipe bombs inside the Gallery at Market East mall was convicted yesterday of 27 unrelated violent crimes that are likely to send him to prison for life.

The verdicts against Andre L. Henry are significant, federal authorities said, because they represent a brazen case of a felon using women with clean records to make straw gun purchases, then using the weapons in a crime spree.

The jury found that shortly after the women helped Henry buy assault rifles, shotguns and handguns in 2003, he robbed two banks and seven fast-food restaurants, fired shots at a Philadelphia police officer and solicited the murder of grand-jury witnesses.

Henry, 29, also faces two decade-old state murder charges. He spent much of his federal trial wearing an electronic stun belt after U.S. marshals said they caught him trying to sneak a seven-inch homemade knife into the courtroom.

Near the end of the two-week trial, Henry testified that the person who confessed to the 27 crimes on a secret recording is actually his twin brother. Assistant U.S. Attorneys Michelle Rotella and Susan Fields presented evidence that Henry does not have a twin brother.

"His story is just absurd," Rotella told jurors.

U.S. District Judge Jan E. Dubois scheduled sentencing for May 24. Under the advisory federal guidelines, Henry probably faces life imprisonment.

Henry, who quietly stroked his chin as the verdicts were read, plans to appeal, said his attorney, Christopher Warren. As Henry was escorted from court, he said: "I'll be back."

John Hageman, a spokesman for the Bureau of Alcohol Tobacco and Firearms, said that the Henry case "truly exhibits the danger and violence brought to Philadelphia by these illegally purchased firearms."

"This case also shows that this is a regional problem," Hageman said. "All of the guns were purchased in Montgomery County."

Jurors in the federal case were not told directly about the alleged 2003 Gallery bombing plot because Henry was not charged with such a crime.

However, Henry brought it up unexpectedly on cross-examination. He made vague references to the Gallery and "domestic terrorism."

Henry's cellmate secretly taped Henry talking about a plot to set off pipe bombs in the food-court area of the Gallery during rush hour.

According to a portion of the transcript of the conversation in the cell - a portion not played for jurors - Henry said he was working with an unidentified man.

Henry: "He thought it was a good idea to plant the explosives, so I did some recon and scoped them out."

Williams: "Do you know where the explosives was gonna be placed?"

Henry: "Yeah... the Gallery. Around three o'clock and see how see how busy it is because he said that might be a good target."

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The alleged Gallery plot was first disclosed in an Inquirer article published Wednesday. Information in the article was based on transcripts of the Henry-Williams recording and of a grand jury proceeding. Neither transcript was used during the trial, but the transcripts had been part of the public case file. Yesterday, in response to The Inquirer report, the judge sealed both transcripts.

Henry was arrested in October 2003 for a parole violation, shortly after ATF agents conducted a compliance inspection at Abington Gun Sports Inc. and noticed that a young woman had purchased two 12-gauge shotguns and three rifles, including an AK-47, in one month's time. The woman acknowledged that she bought them for Henry, who could not lawfully buy them because he had a felony criminal record.

Soon after, federal and state authorities searched Henry's home, found the weapons and more: a Point Blank bulletproof vest, $14,000 in pink dye-stained cash and photos of Henry and others holding weapons.

Williams, who was serving time for a parole violation at the same state prison as Henry, wrote to ATF agents and offered to wear the wire.

Under the guise of helping Henry prepare his legal case, the cellmate got Henry to talk about his crimes. Besides speaking about the alleged Gallery plot, Henry was recorded speaking about other crimes.

"The robberies of the fast food joints was to buy the guns... so we can actually pull off the bank robberies," Henry said on the tape. "The purpose of the bank robberies was to buy fake identification to leave the country, after we were gonna set the explosives."

IMMIGRATION:

Senate Hearing To Push Bush On Immigration (WT)

By Charles Hurt

The Washington Times, February 23, 2007

Senate Judiciary Committee Chairman Patrick J. Leahy will hold a hearing next week that he hopes will get the Bush administration to confirm publicly that it wants "comprehensive immigration reform" this year.

"Chairman Leahy is looking for the Bush administration to walk the walk on comprehensive immigration reform," Tracy Schmaler, spokeswoman for the Vermont Democrat, said yesterday. "President Bush has publicly indicated his support for comprehensive reforms that would provide a realistic solution to bringing millions out of shadows, improve internal and border security and meet the pressing needs of employers for willing workers."

Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff will testify at the Wednesday hearing.

The White House yesterday said Mr. Bush remains committed to comprehensive reform, which many Republicans fear will contain some sort of amnesty for illegal aliens and usher millions of new foreign workers into the country.

"In his State of the Union address, the president called on Congress to pass comprehensive immigration reform that will secure our borders, enhance interior and work-site enforcement, create a temporary-worker program and resolve -- without amnesty or animosity -- the status of illegal immigrants already here," Bush spokesman Scott Stanzel said.

"The president would like Congress to address immigration reform as soon as possible, as the issue is not getting any less complicated with the passage of time," he said.

Last year, Mr. Bush supported legislation that the Senate approved but was rejected by the Republican-led House. That bill offered a direct path to citizenship for most of the 12 million aliens in the country.

With Democrats now controlling both chambers and Mr. Bush sharing their views on immigration, conservatives worry about what will come of legislation this year. But Democrats have been adamant that Mr. Bush take an active role in the immigration debate so that he will share equally any criticism over the legislation.

"As the Senate begins the process of considering bipartisan legislation, Chairman Leahy believes it is important for the committee to hear from administration officials, in clear and unequivocal terms, their commitment to passing comprehensive immigration reform this year," Miss Schmaler said.

Sen. Edward M. Kennedy, Massachusetts Democrat, plans to introduce a major bill sometime after next week, his office said yesterday.

Mr. Kennedy's staff has kept the administration informed on the developments of drafting the bill, according to Mr. Kennedy's office. And, after a Jan. 8 meeting at the White House on another matter, Mr. Bush pulled Mr. Kennedy aside to reiterate his support for comprehensive immigration reform this year.

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Several Republicans on Capitol Hill who supported last year's comprehensive reform, however, now complain that they have been left out of negotiations. As a consequence, they and others worry that the bill is being pushed further to the left than last year's final bill.

Among those who complain of being left out of negotiations is Sen. Sam Brownback, Kansas Republican who supported last year's legislation and is running for his party's presidential nomination.

But Senate aides said yesterday that Mr. Brownback has skipped or canceled meetings at which he was invited to discuss the bill with Mr. Kennedy and Sen. John McCain, Arizona Republican and co-author of the bill.

"He's chosen not to be involved and canceled meeting after meeting," said one Senate staffer with knowledge of negotiations. "He's chosen to distance himself from a bill that he was an original co-sponsor of because of presidential politics."

Smugglers Raise Stakes In Fight Over Border Rule (WT)

By Jerry Seper

The Washington Times, February 23, 2007

Rival alien and drug smugglers on the U.S.-Mexico border are targeting each other in a wave of escalating violence to win control of smuggling corridors into the United States, with at least four recent killings tied to efforts to kidnap migrants for ransom.

Three of the killings took place Feb. 8 north of Tucson, Ariz., in what federal and state law-enforcement authorities have described as one of the nation's most popular alien- and drug-smuggling corridors. Another occurred Jan. 28, south of Tucson.

Authorities said gang members are kidnapping illegal aliens being guided into the United States, demanding ransoms of up to $2,500 a person and killing the illegals, along with gang rivals, who resist. The kidnappings save the gangs the cost of recruiting migrants in Mexico and hiring guides, or "coyotes," to bring them across the border.

They also said some gang members are thought to have targeted "stash houses" in Phoenix, where illegal aliens are taken to await transportation to cities across the country.

Violence on the U.S.-Mexico border has risen dramatically over the past three years in what U.S. Immigration and Customs Enforcement (ICE) has called "an unprecedented surge." ICE has established intelligence and investigative operations along the border to combat the increased brutality.

In a recent report, ICE said the border gangs, which collect hundreds of millions of dollars annually in illicit profits, are becoming increasingly ruthless -- against their victims, rivals and federal, state and local police.

Much of that violence has targeted U.S. Border Patrol agents, who have seen a spike in incidents as the agency continues its efforts to bring larger areas of the border under operational control. Violence directed at agents has included physical and vehicle assaults, and shooting incidents.

Gunfire has become commonplace along the border, authorities said, particularly in the alien- and drug-smuggling corridors of southern Arizona. They said about 90 percent of the migrants headed north out of Mexico have hired a coyote to guide them into the United States.

T.J. Bonner, president of the National Border Patrol Council, which represents all 11,000 of the agency's non-supervisory agents, said violence by gangs battling for control of smuggling routes into the United States has increased dramatically, and is now spilling over into some U.S. communities.

Mr. Bonner said that while much of the violence is directed at rival gang members, there is what he called an "inevitable spillover that touches innocent civilians and law-enforcement officials on both sides of the border." He noted that the number of assaults against Border Patrol agents has more than doubled over the past two years.

"Cartels are far more inclined to utilize violence as a means of achieving their goal of successfully smuggling contraband and people," he said.

In the Feb. 8 incident, three Guatemalan nationals in a truck carrying illegal aliens were killed and three others wounded. One man, identified as a coyote, was killed in the Jan. 28 ambush as he drove across the desert with a load of 15 to 20 illegals, who fled.

The February incident followed by a day the attack of illegal aliens being led out of Mexico near Sasabe, Ariz., about 70 miles southwest of Tucson, by four men carrying assault weapons and wearing ski masks. The aliens were robbed, but none was reported injured.

Men armed with assault rifles also approached a National Guard site on the border near Sasabe on Jan. 3. The armed guardsmen were ordered to relocate to a safer location. They called the Border Patrol, which responded 16 minutes later, but the intruders had fled. No shots were fired, and no one was injured. The armed men have not been identified.

State and local law-enforcement officials on the border have said they are outgunned and outmanned by drug- and alien-smugglers armed with automatic weapons, grenade launchers, bazookas, improvised explosive devices, and state-of-the-art communications and tracking systems.

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The rising border violence also has been attributed by authorities to efforts by the street gang Mara Salvatrucha, or MS-13, to win control of drug- and alien-smuggling routes into the United States. The Border Patrol's field-intelligence center said MS-13 has aligned with drug cartels in Mexico and Colombia, and seeks unfettered access to smuggling corridors.

The intelligence center said the MS-13 presence has increased competition between rival gangs that must vie for areas where they can ply their trade. The result, it said, has been an increase in violence as rival gangs struggle for domination.

MS-13 members also reportedly have accepted contracts to assassinate Border Patrol agents to intimidate and frighten agents away from the border.

Homeland Security Strategy Hits Executives, Illegal Workers (WSJ)

By Robert Block

The Wall Street Journal, February 23, 2007

WASHINGTON -- Pressing ahead with its new strategy to "attack the economic engine" that fuels most illegal migration into the U.S., Homeland Security agents arrested three top executives of a national cleaning service for allegedly employing illegal immigrants and defrauding the government. The sweep also netted nearly 200 employees believed to be illegal immigrants.

Nevada-based Rosenbaum-Cunningham International Inc., or RCI, provided cleaning and maintenance services to popular hospitality venues and restaurants like Hard Rock Cafe, ESPN Zone and House of Blues, taking in more than $54.3 million between 2001 and 2005, Homeland Security officials said yesterday .

According to a 23-count indictment unsealed yesterday, the company knowingly hired illegal immigrants, intentionally failed to withhold taxes and created shell accounts to line the pockets of top executives. RCI co-owners Richard M. Rosenbaum and Edward Scott Cunningham and firm controller Christina Flocken face criminal fraud, immigration and tax charges.

Another 195 people working for RCI as cleaners were arrested on illegal-immigration charges in raids in 17 states and Washington, D.C. A message on an answering machine for RCI in Florida said it had ceased operations as of yesterday. The government said its investigation was ongoing.

U.S. Immigration and Customs Enforcement, part of the Department of Homeland Security, began the investigation 20 months ago over concerns about cleaning crews at the Grand Traverse Resort in northwestern Michigan.

Janitorial companies competing for lucrative chain-store and office-building cleaning contracts are often magnets for undocumented workers. In 2003, federal agents rounded up 250 illegal immigrants working as cleaning crews in 61 Wal-Marts across 21 states. Twelve federal agents also descended on Wal-Mart Stores Inc. offices in Bentonville, Ark. Brandishing a search warrant, they made off with 18 boxes of documents from the company's operations department, mostly records related to cleaning contractors dating back to March 2000. In the end, Wal-Mart wasn't criminally charged for using the contractors companies but agreed to pay $11 million in fines in 2005.

More recently, DHS has decided to target company executives who may know about, and benefit from, illegal hiring practices.

"We know that targeting unscrupulous employers is crucial to deterring illegal immigration," Julie Myers, assistant secretary of homeland security in charge of ICE, said in a statement announcing the arrests. "Today's charges against RCI executives reflect the federal government's commitment to addressing the employment magnet for illegal immigration and ensuring businesses comply with our laws."

Earlier this month, Homeland Security Secretary Michael Chertoff promised that there would be more work-site enforcement arrests and promised to bring high-impact criminal cases against employers who systematically violate immigration laws.

He said that in 2006, DHS set a new record, in terms of work-site enforcement cases, with 716 criminal arrests and more than 3,600 administrative apprehensions. That was a 700% increase since 2002, before the department was created.

Janitor-service Chiefs Charged In Illegals Ring (WT)

By Jerry Seper

The Washington Times, February 23, 2007

Three top executives at a nationwide cleaning service were named in a federal grand jury indictment unsealed yesterday, charged with conspiracy, fraud and tax crimes in an ongoing investigation that has netted more than 200 illegal aliens who worked as janitors.

The illegal aliens, all of whom were employed by Florida-based cleaning contractor Rosenbaum-Cunningham International Inc. (RCI), were arrested in 17 states at 63 locations -- including the Hard Rock Cafe, ESPN Zone, Planet Hollywood, Dave & Busters and the House of Blues restaurants.

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Homeland Security Assistant Secretary Julie L. Myers, who heads U.S. Immigration and Customs Enforcement (ICE), said RCI co-owners Richard M. Rosenbaum, 60, of Longwood, Fla., and Edward Scott Cunningham, 43, of West Palm Beach, Fla., and the firm's controller, Christina Flocken, 59, also of Longwood, were named in the 23-count indictment unsealed in U.S. District Court in Grand Rapids, Mich.

The indictment and arrests were the latest in a series of high-profile efforts by the Bush administration to strengthen its immigration-enforcement credentials as Congress and the White House begin debate on a new round of immigration legislation.

Much of that effort has been aimed at work-site enforcement, targeting and bringing administrative sanctions against employers who hire illegal aliens.

In the past 10 months, ICE and other federal agencies have raided, among others, Swift & Co., arresting 1,300 illegal aliens in six states and finding that 30 percent of the company's work force used fraudulent documents to be hired. Also, at IFCO Systems North America, seven company managers were charged with harboring illegal aliens for financial gain and 1,200 illegals were apprehended at 40 locations nationwide.

Cecilia Munoz, a senior vice president at the National Council of La Raza, which has called on the Bush administration to root out unscrupulous employers who hire and exploit migrant workers, applauded the government's targeting of the RCI officials, saying it was "the kind of immigration enforcement" the country needed.

"By the sound of it, these employers were taking outrageous advantage of these workers," she said.

The ICE-led investigation began 20 months ago, when agents focused on cleaning crews at the Grand Traverse Resort in northwestern Michigan.

"We know that targeting unscrupulous employers is crucial to deterring illegal immigration," Mrs. Myers said.

According to the indictment, RCI, which is licensed in Nevada, operated a cleaning and grounds-maintenance service that contracted with theme restaurant chains and hospitality venues throughout the United States, most of which were predominantly staffed by illegal aliens.

The indictment said that the restaurant chains and hospitality venues paid RCI more than $54.3 million for janitorial services from 2001 to 2005 and that by failing to collect and pay federal income, Social Security, Medicare and federal employment taxes on the wages it paid to its work force, RCI was able to evade payment of more than $18.6 million in employment taxes.

Mr. Rosenbaum, Mr. Cunningham and Mrs. Flocken, according to the indictment, spent about $34 million of the firm's revenue to operate RCI and divided the remainder, about $20 million, among themselves. It said they disguised the true nature of their activities and obstructed the Internal Revenue Service by creating several shell companies and bank accounts to hide their excess funds.

The excess funds, according to U.S. Attorney Margaret M. Chiara in Michigan, were used by Mr. Rosenbaum, Mr. Cunningham and Mrs. Flocken to pay personal expenses for items such as luxury boats, vehicles, lavish homes and racehorses.

If convicted, the RCI officials face 15 years in prison and $18 million in restitution fees.

"This case is an excellent example of the cooperative efforts of federal law-enforcement agencies," Mrs. Chiara said.

RCI officials were not available yesterday. A message on the company's answering machine said it had ceased operations.

In addition to the indictment, ICE arrested more than 200 illegal aliens Wednesday night and yesterday morning as part of the ongoing operation.

The indictment is part of a continuing criminal prosecution against the principals and certain employees of RCI.

Santiago Echaniz, an ex-RCI supervisor, pleaded guilty to charges of harboring illegal aliens and making a false statement on a tax return. Former RCI employees Ofmara Maltos-Trevino and Miguel Martinez-Garcia pleaded guilty to aiding and abetting the unlawful employment of aliens, and Juanita Schlagel pleaded guilty to a two-count indictment charging trafficking in means of identification.

Janitorial Service Officials Charged In Sweep Of Illegal Immigrants (WP)

By Spencer S. Hsu

The Washington Post, February 23, 2007

Three top executives of a janitorial service used by such national restaurant chains as Hard Rock Cafe and ESPN Zone face charges of tax evasion, fraud and harboring illegal immigrants, U.S. officials announced yesterday, after overnight raids in 18 states netted about 200 undocumented workers.

Authorities unsealed a 23-count indictment returned Feb. 15 by a grand jury in Grand Rapids, Mich., against co-owners Richard M. Rosenbaum, 60, and Edward Scott Cunningham, 43, and controller Christina A. Flocken, 59, of Rosenbaum-Cunningham International Inc., of Palm Beach, Fla.

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The trio allegedly failed to pay $18.6 million in federal employment taxes on $54 million in custodial and grounds-keeping contracts between 2001 and 2005 at the chains, which also included House of Blues, Planet Hollywood, Dave and Busters, Yard House and China Grill, U.S. officials said. The restaurants' parent companies were not charged.

Raids targeted 63 locations in 17 states and the District of Columbia, from California to Florida and New York, including ESPN Zone restaurants in Washington and Baltimore, U.S. Immigration and Customs Enforcement officials said. Illegal workers face administrative charges and deportation.

The case marked the latest wrinkle in a renewed campaign by the Bush administration to crack down on employers as Congress debates an overhaul of the nation's immigration laws. ICE arrested 716 individuals on criminal charges last year, up from a few dozen in recent years.

The government lost a criminal case against Tyson Foods employees in 2003, ended a criminal investigation against Wal-Mart in 2005 after negotiating an $11 million civil fine, and charged workers but not managers in raids against meatpacker Swift & Co. last year, but it continued to target smaller companies with criminal probes. Subjects included a California fence-building company, a Kentucky home-building firm, a Texas-based transportation pallet firm, and a temporary labor service in Ohio.

Commercial cleaning services are a $100 billion U.S. industry employing nearly 1 million workers across the private sector. According to prosecutors, RCI supervisors and about 155 on-site managers allegedly hired hundreds of workers since 1997 without job applications, W-4 tax withholding or I-9 employment eligibility forms, or W-2 wage and tax statements. The company recruited through word of mouth and advertisements at job fairs, festivals and in Spanish-language newspapers. In one case, an employee allegedly bought 20 phony green cards.

The trio allegedly paid workers in cash and set up shell companies, with such names as Ricurt Inc., Monker and Sunchaser Service Corp., to hide assets from the Internal Revenue Service, the indictment said. Dividing nearly $7 million, defendants allegedly purchased "racehorses, fancy boats and lavish homes" in Florida and California, said Department of Homeland Security Assistant Secretary Julie L. Myers. Assistant U.S. Attorney Hagen Frank said Rosenbaum was arrested in central Florida. Cunningham and Flocken are expected to surrender to officials soon, an ICE spokesman said.

John Vandevelde and Jeffrey Rutherford, attorneys for Cunningham, released a statement noting that the use of undocumented workers "pervades many industries throughout the United States," and added that his client was cooperating fully and "expects to resolve this matter to everyone's satisfaction."

Vincent J. Marella and Evan Jenness, attorneys for Rosenbaum and Flocken, respectively, did not respond to requests for comment.

The investigation began 20 months ago after tips by a cleaning crew at the Grand Traverse Resort in Michigan. Earlier, a former RCI supervisor, two ex-employees and a state of Michigan employee pleaded guilty to related charges.

Cleaning Executives Indicted In $18 Million Fraud (NYT)

By Libby Sander

The New York Times, February 23, 2007

CHICAGO, Feb. 22 — Three executives of a national cleaning and maintenance company were indicted on Thursday on charges of defrauding the federal government of more than $18 million in employment taxes owed on behalf of hundreds of illegal immigrant workers.

The company, Rosenbaum-Cunningham International, performed janitorial services for theme-restaurant chains like the House of Blues, Hard Rock Cafe and Dave & Busters, as well as for the Grand Traverse Resort and Spa in Acme, Mich.

Nearly 200 immigrant workers at some of the restaurants were arrested early Thursday in 17 states and the District of Columbia as part of the investigation of the company, which is being conducted by United States Immigration and Customs Enforcement and the Internal Revenue Service.

The indictment says the executives hired illegal immigrants, primarily from Mexico, Honduras and Guatemala, and then constructed an elaborate scheme of shell companies, bank accounts and cash-only payroll procedures to avoid paying millions of dollars in federal taxes on the workers' wages from 1999 until today.

The executives are the company president, Richard M. Rosenbaum; its vice president, Edward Scott Cunningham; and its controller, Christina A. Flocken. The 23-count indictment was unsealed on Thursday in Federal District Court in Grand Rapids, Mich.

Mr. Rosenbaum, 60, of Longwood, Fla., was arrested on Thursday in Florida and was held in federal custody there. Mr. Cunningham, 43, of West Palm Beach, Fla., and Ms. Flocken, 59, also of Longwood, were issued subpoenas and are expected to appear voluntarily in Federal District Court in Western Michigan. No court dates have been set.

The company is incorporated in Nevada but operates primarily out of West Palm Beach.

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From 2001 to 2005, the government says, Rosenbaum-Cunningham International received gross payments from its various clients of $54,327,845.

By failing to pay taxes on their employees' income, Social Security and Medicare, the three executives cheated the government of $18,640,345 and used about a third of the excess money to finance the "extravagant lifestyle costs" of lavish houses, luxury boats, racehorses and college tuition, the indictment said.

Cleaning Company Executives Accused Of Employing Illegal Workers (USAT)

By Donna Leinwand

USA Today, February 23, 2007

WASHINGTON — The president of a nationwide cleaning company that counts Hard Rock Cafe and Planet Hollywood theme restaurants among its customers was arrested Thursday for allegedly hiring hundreds of illegal workers.

Federal agents arrested 195 allegedly illegal workers at 63 businesses in 17 states and Washington, D.C., as part of the investigation into RCI International, a janitorial contracting company owned by Richard Rosenbaum, 60, of Longwood, Fla.

An indictment made public Thursday charges Rosenbaum with conspiracy to defraud the United States, harboring illegal immigrants and evading employment taxes.

Also charged in the indictment filed in U.S. District Court in Grand Rapids, Mich., were company Vice President Edward Scott Cunningham, 43, of West Palm Beach, Fla., and Controller Christina Flocken, 59, also of Longwood.

Attorneys representing Rosenbaum, Cunningham and Flocken did not return phone messages left at their offices Thursday.

RCI allegedly hired hundreds of illegal workers from Mexico, Honduras, Guatemala and Haiti and, in some cases, provided them with false immigration papers, the indictment said. The laborers were allegedly paid in cash to avoid reporting the income to the IRS, court papers say.

Prosecutors say the business failed to pay more than $18 million in employment taxes. RCI had contracts to clean the Grand Traverse Resort & Spa in Acme, Mich., and theme restaurants, including House of Blues, Planet Hollywood, Hard Rock Cafe, Dave and Busters, Yard House, ESPN Zone and China Grill, the indictment said.

Rosenbaum, Cunningham and Flocken allegedly skimmed money from the company to finance a luxurious lifestyle that included multiple houses in Florida and California, race horses and boats, the indictment said.

"They were able to do this because these employees were basically off the books," federal prosecutor Hagen Frank said. "They became millionaires."

The investigation began two years ago when police in Grand Rapids arrested a man who provided fraudulent documents. That arrest led Immigration and Customs Enforcement (ICE) agents to 23 other illegal laborers working at the Grand Traverse Resort & Spa, which had contracted more than $3 million in RCI cleaning services from June 1997 to March 2006, ICE Assistant Secretary Julie Myers said Thursday.

When the resort demanded proof that RCI employed legal workers, Rosenbaum authorized his site manager to acquire fake immigration papers, Myers said. The site manager paid $3,460 for the cards and was reimbursed and paid a $1,000 bonus by Flocken from company accounts, the indictment said.

Arrests were made in Arizona, California, Colorado, Florida, Georgia, Illinois, Maryland, Michigan, Missouri, Nebraska, Nevada, New Jersey, New York, North Carolina, Pennsylvania, Tennessee, Texas and Washington, D.C.

Cleaning Service Owners Charged In Sweep Of Illegal Immigrants (AP)

By James Prichard, Associated Press Writer

AP, February 23, 2007

(AP) - GRAND RAPIDS, Michigan-An investigation of cleaning crews working at a Michigan resort has led to federal fraud and tax charges being filed against three top officials at a U.S. janitorial service and the arrest of more than 200 illegal immigrants around the country, government officials said.

The detainees - mostly Mexican nationals - who were rounded up early Thursday were working as janitors for Rosenbaum-Cunningham International Inc., or RCI, a Florida-based cleaning contractor.

RCI co-owners Richard M. Rosenbaum, 60, and Edward Scott Cunningham, 43, and firm controller Christina A. Flocken, 59, all of Florida, face criminal fraud, immigration and tax charges in a 23-count indictment unsealed Thursday in U.S. District Court in Grand Rapids.

"This is not a case of bad bookkeeping or skirting the rules," said Brian M. Moskowitz, special agent in charge of the Detroit office of U.S. Immigration and Customs Enforcement. "It involved flagrant criminal behavior."

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Moskowitz said during a news conference in Grand Rapids that federal agents arrested Rosenbaum in Longwood earlier in the day. Cunningham and Flocken were expected to soon turn themselves in to federal authorities in Grand Rapids, where the case will be tried, he said.

Their practice of paying cash wages to their workers deprived the U.S. government of about $18.6 million (â,¬14.2 million) in employment taxes, according to the indictment.

"In this particular investigation, these defendants took advantage of illegal workers in order to enrich themselves by violating the internal revenue laws that were created specifically to protect the legitimate work force, all at a cost to taxpayers of approximately $18 million (â,¬13.73 million), all so that they could live a very lavish lifestyle and live the high life," said Sandra L. Carter, special agent in charge of the Internal Revenue Service office in Detroit.

About 203 illegal immigrants who worked for RCI were arrested and expected to be deported, Moskowitz said. Agents took them into custody at 63 business locations in 17 states and the District of Columbia.

An outgoing telephone message from RCI's headquarters in Palm Beach, Florida, said the company had "ceased operations" effective Thursday.

There was no home phone listing in Longwood for Rosenbaum and calls could not be completed to West Palm Beach homes listed under Cunningham's name. A woman who identified herself as Flocken hung up on a reporter who called her at home.

The joint ICE-IRS investigation began 20 months ago at the Grand Traverse Resort in Acme in Michigan's northwestern Lower Peninsula.

RCI contracted with the resort between June 1997 and March 2006, according to the indictment. Between 2002 and 2006 alone, Grand Traverse paid RCI more than $3 million (â,¬2.29 million) for grounds and maintenance services, kitchen cleaning and housekeeping duties.

Not only did RCI fail to pay employment taxes on its nationwide operations - its clients included such venues as Planet Hollywood, Hard Rock Cafe and ESPN Zone - but its top officials also had its supervisors procure and maintain a work force of illegal immigrants and authorized managers to provide them with fake resident cards, or green cards, according to the indictment.

Planet Hollywood founder and owner Robert Earl said Thursday evening that his restaurants never used RCI for cleaning. The company did contract with an earlier janitor firm that was operated by the RCI officials, but ended that relationship by 2001, Earl said in an interview with The Associated Press. He denied that janitors at any of his restaurants were included in the sting.

"I have phoned all the restaurants, and we have had no (federal) visits, and do not employ this company," Earl said in a telephone interview from Orlando, Florida.

Spokespeople with the U.S. Attorneys' office in Grand Rapids, Michigan, and U.S. Immigration and Customs Enforcement could not immediately clarify whether Planet Hollywood was linked to the illegal activity.

The three company officials facing charges also set up shell companies to hide excess assets, the indictment says.

Although the case is being prosecuted in Grand Rapids, none of the illegal immigrants picked up Thursday was arrested in Michigan. 2007-02-22T16:12:11Z

Judge Dismisses Posada's Bid To Be Freed (AP)

By ALICIA A. CALDWELL, Associated Press Writer

AP, February 23, 2007

(AP) - EL PASO, Texas-A federal judge on Wednesday denied a request by an anti-Fidel Castro activist to be released from jail while immigration officials figure out where to deport him to.

U.S. District Judge Philip R. Martinez threw out Luis Posada Carriles' lawsuit after federal prosecutors said immigration officials could not release him because he is in the custody of the U.S. Marshals Service.

Posada, an ex-CIA operative who is suspected of bombing a Cuban jet 31 years ago, left Department of Homeland Security custody after his indictment last month on suspicion of lying in a citizenship application.

Posada, 79, was arrested two years ago on an immigration violation after he reported paying a smuggler to sneak him into Texas from Mexico.

An immigration judge later ordered that Posada be deported but ruled that he could not be sent to Cuba, where he was born, or Venezuela, where he is a naturalized citizen.

Several countries, including Mexico, have declined to allow Posada in. He sued last year, arguing that the U.S. government cannot hold him indefinitely while they look for a country willing to let him move there.

Governments of both countries want Posada sent to Venezuela to stand trial on charges that he was in Caracas when he plotted the deadly 1976 bombing.

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Posada, who had a role in the failed Bay of Pigs invasion of Cuba, has denied any wrongdoing. 2007-02-22T01:31:53Z

TAX:

13 Charged With Fraud Over Tobacco Sales Taxes (MINNST)

By Rochelle Olson And Pam Louwagie

Minneapolis Star Tribune, February 23, 2007

They concealed more than $2.5 million in revenue from the state, the federal indictment says.

Thirteen people face federal charges of defrauding the state of more than $2.5 million in sales tax by concealing revenues from cigarette sales, according to a federal indictment unsealed Thursday.

The indictment, which according to attorneys in the case was unsealed by a U.S. District Court magistrate judge, cites numerous attempts to conceal earnings and wealth through fraudulent bookkeeping and tax returns, as well as property transfers and large cash transactions.

One defendant is accused of stashing $1 million cash in his ceiling, and another allegedly bought a BMW car with $20 and $50 bills.

Scott Tilsen, a federal public defender, said it is too early to know the full extent of what the government claims or what it can prove.

"They've charged a form of tax evasion over a four-year period involving a large number of individuals named and unnamed," Tilsen said. "Traditionally, there's always a few tax prosecutions brought ... as we approach April 15."

The case, the result of a joint investigation by the FBI and the Internal Revenue Service, includes one conspiracy count, 13 mail fraud counts and 26 wire fraud counts.

In addition to conspiracy charges, 11 of the defendants are accused of mail and wire fraud involving false or incomplete sales tax payments or filings.

All but one of the 13 defendants uses or has used the last name Wazwaz.

The defendants own 52 Twin Cities-area tobacco stores, including Wholey Smokes in Blaine, Coon Rapids and Minnetonka, and Mr. Discount Tobacco I in Fridley and II in Roseville.

Transactions date to 1996

The 58-page indictment alleges that the dozens of transactions date from 1996 through the present and details numerous transactions involving thousands of dollars.

The defendants also are accused of transferring nearly $1 million to Jordan, Lebanon and the Palestinian territories through checks, currency and wire transfers backed by the tobacco store proceeds.

An unindicted co-conspirator was caught at the Minneapolis-St. Paul International Airport in March 2003 with six cashier's checks worth $108,030 destined for Lebanon, the indictment said.

"There's millions of Americans who send funds to relatives overseas," Tilsen said, noting that the money can add up over time. He represents Yousef Mahmoud Wazwaz, also known as Joseph Mahmoud.

The indictment alleges that the defendants, in order to conceal their worth, transferred the ownership of the tobacco stores rapidly back and forth to "conceal from the United States the true owner of and who benefited from the stores."

Despite substantial cash receipts in the stores, the defendants did not deposit a significant portion in their bank accounts but rather "used the cash to pay employees, to acquire inventory, to pay personal expenses or to hoard."

In 2000, the indictment claims, Tawfiq Othman Wazwaz stored $1 million in cash in the "suspended ceiling in the basement of his residence."

Another defendant, Raed Yassin Wazwaz, is alleged to have paid $32,825 in cash for a BMW in 2001, using $20 and $50 bills.

In April 2004, an unindicted coconspirator identified as B.W. "transported $17,500 in currency generated by stores under his control." The owner of Stillwater Tobacco also wrote a check to B.W. for $35,000 in May 2002, claiming it was a "gift," the indictment said.

Some defendants owned homes and cars in the names of others to impede calculation of their income, the indictment said.

Groups of brothers

Most of the defendants belong to four groups of brothers identified by their names: Othman, Mohamed, Yassin and Mahmoud.

They own tobacco stores in the Twin Cities and concealed the revenue and expenses of those stores or the identities of the people deriving economic benefit from their operation, according to the indictment.

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At least two of the defendants already have pleaded guilty to federal charges in connection with cigarette sales.

Zuhair Wazwaz, also known as Anthony Stallone, pleaded guilty in 2004 to mail and wire fraud. Adel Salem pleaded guilty that same year to mail fraud. They pleaded guilty to ordering nearly $1 million in cigarettes with no intention of paying for them.

The other defendants are Houd Othman Wazwaz, Fares Othman Wazwaz, Taleb Mohamed Wazwaz, Kennedy Mohamed Wazwaz, Sabry Mohamed Wazwaz and Ziad Mahmoud Wazwaz.

Othman Majed Wazwaz and Kamil Madfoun Al-Esawi are charged only with conspiracy.

Defendant 'shocked'

Defense attorney Richard Kyle said his client Kamil Madfoun Al-Esawi simply worked as a cashier at one of the stores.

"My client is shocked that he's named in this indictment," Kyle said. "He's not a member of this Wazwaz family. ... He has no involvement. He's named in one of the 40 counts. We just don't get it."

Kyle said Al-Esawi had hired him during the investigation.

"Quite frankly, I thought, I was very surprised that he'd ever be named in an indictment."

Staff Writer Dan Browning contributed to this report. The writers are at raolson@startribune.com · 612-673-1747 and plouwagie@startribune.com · 612-673-7102

Corporate Owners Hide Assets, Identities (USAT)

By Kevin McCoy

USA Today, February 23, 2007

Roughly four miles from the famed Las Vegas casino strip, ABC Equity's corporate office is registered in a modest business suite located off West Sahara Avenue.

Great Fortune 600 is registered in the same suite. So are DK Financial, Hill 99, Stock Savant, ZZYZX Holdings — and more than 1,000 other corporations.

They share something in common besides their business address. Each lists the same man as its sole corporate officer in Nevada incorporation records. He is William Reed, a businessman with a suspended law license and the target of a Federal Trade Commission lawsuit that alleges he and a convicted felon teamed in a business that promoted forming Nevada corporations to shield assets "from 'capricious federal judges and any government agency.' "

A USA TODAY computer-aided review shows that the two men and their business, Asset Protection Group, are part of a thriving mini-industry that has capitalized on real or perceived gaps in domestic incorporation laws and virtually non-existent government oversight to promote some U.S. states as secrecy rivals of offshore havens.

A multi-agency U.S. Money Laundering Threat Assessment issued in 2005 cited Nevada, Wyoming and Delaware as the states with laws most conducive to anonymous corporate ownership. USA TODAY's review, which examined databases of all Nevada and Wyoming incorporations but was unable to obtain comprehensive data for Delaware, found:

·A Florida man who served a federal prison term for an international currency trading scam used his secret ownership of a Nevada corporation to launch a similar fraud after he was released. More than 120 victims lost $8 million.

·Interpol or other international investigators probing suspected crimes overseas have contacted the Wyoming Secretary of State's office about corporations registered by a businessman whose Internet-based venture advertised using Wyoming firms to shield assets.

·The sole publicly listed officer for nearly 100 firms incorporated in Wyoming is a woman whose listed address is a postal box in the Republic of Seychelles, an Indian Ocean nation that has been the focus of corporate secrecy concerns.

USA TODAY's findings buttressed the money laundering report's warning that a "race to the bottom" among states vying to set minimal corporate information requirements has enabled companies to hide the identities of their owners, thereby making it harder for law enforcement agencies to track suspected tax evasion, money laundering and other crimes.

"The purpose of corporations originally was to provide limited liability, not anonymity," said Sen. Carl Levin, D-Mich., chairman of the Senate Permanent Subcommittee on Investigations, which held a recent hearing on the issue. "Now they're providing both limited liability and anonymity, and the law enforcement folks … are very upset. They want to know who it is that's behind these corporations."

Concern about camouflaged corporate ownership prompted the IRS to list the tactic this week in its 2007 "Dirty Dozen" tax scams. The IRS said anonymous entities are facilitating "underreporting of income, non-filing of tax returns … money laundering, financial crimes and possibly terrorist financing."

Most states don't require companies to provide ownership information when they incorporate. And they exercise virtually no oversight on the corporations' internal operations. In part, that's because most corporations operate legally, generate new jobs and fuel economic expansion, plus registration fees.

Nevada and Wyoming officials said their laws encourage legitimate businesses with reasonable registration requirements. "The law isn't unscrupulous. It's the individuals that use it in an improper manner," said Tom Cowan, head of the securities division in the Wyoming Secretary of State's office.

But law enforcement officials say relaxed state requirements let the mini-industry facilitate formation of shell companies that have no employees, exist chiefly on paper, yet conduct financial transactions.

Most states require companies to list the names of their officers in incorporation filings. However, a 2006 Government Accountability Office report showed most states do not bar the use of nominee officers, who may be straw men who camouflage the identities and activities of the real owners.

Secrecy marketers in the mini-industry provide nominee officers for Nevada and Wyoming corporations for an annual fee. They also tout the use of so-called bearer shares, an ownership system in which controlling shares may be physically transferred from one person to another in secret.

Referring to corporations whose owners are shielded by nominee officers, bearer shares and other tactics, the money laundering report said "Delaware, Nevada and Wyoming are often cited as the most accommodating jurisdictions in the United States for the organization of these legal entities."

The Nevada Secretary of State's website even proclaims: "No IRS Information Sharing Agreement."

Secretary of State officials in Nevada and Wyoming said in interviews that while they cooperate with law enforcement agencies, current laws in most cases don't let them challenge or investigate incorporations. "We're a filing office, and we don't make the law," said Nevada Deputy Secretary of State Scott Anderson, head of the Commercial Recordings Division.

Nonetheless, the officials said their state legislatures are expected to respond to law enforcement concerns by enacting changes as early as this year to close real or perceived loopholes.

That's welcome news for John Colledge, head of the Reno office of Immigration and Customs Enforcement. He complained that corporate anonymity, a "large stumbling block," thwarted him in 2004 when he checked a bank's tip about a Swiss man who had formed two Nevada corporations.

The man had flown from Zurich to Reno and opened corporate accounts that received thousands of euros and quickly redirected the funds overseas, Colledge said. Although he suspected that the funds were being laundered, Colledge said he could not get enough information to determine for sure.

"To fly from Zurich to Reno for a long weekend is a very unusual sort of thing. I think most of us (in law enforcement) who have some experience in this international area historically would look at somebody flying from Reno to Switzerland to do something in reverse," said Colledge.

The operations of Asset Protection Group demonstrate the level of anonymous activity available under some states' incorporation laws. The firm attracted clients in part with a promotional video in which actor Robert Wagner warned that without asset protection, "You could lose everything you've worked so hard for, in a flash."

Wagner publicist Alan Nierob called the video "a one-shot deal," and said his client didn't endorse Asset Protection Group.

USA TODAY's analysis found that more than 1,000 Nevada corporations list William Reed, a 56-year-old executive identified in the Federal Trade Commission lawsuit as Asset Protection Group's operator, as the sole officer. Each corporation listed the firm's office address as its own.

A Colorado Supreme Court disciplinary panel suspended Reed's law license in 1997 for "dishonest" conduct in transferring purported ownership interests to employees of his former law firm, a court record shows. Reed did not seek reinstatement. Separately, under questioning in an October deposition for the Federal Trade Commission case, Reed said he was under IRS investigation.

Government lawyers in the case allege that Reed teamed with Richard Neiswonger, 55, who headed Asset Protection Group's marketing affiliate. Court records show Neiswonger was sentenced to 18 months in federal prison in 1998 after pleading guilty to money laundering and wire fraud charges. The case involved misleading marketing claims in a previous business.

The Federal Trade Commission lawsuit alleges Reed, Neiswonger and Asset Protection Group used misleading income projections to defraud scores of consultants who paid $9,800 each in hope of marketing the firm's privacy tactics.

Defense attorneys said Reed, Neiswonger and Asset Protection Group did nothing wrong. They have asked U.S. District Judge Stephen Limbaugh to dismiss the lawsuit. Limbaugh named a receiver to administer Asset Protection Group pending the outcome of the case.

The receiver, Robb Evans & Associates, alleged in court filings that Asset Protection Group may have facilitated money laundering by a suspected crime ring thousands of miles away. Police in Fairfax County, Va., notified Asset Protection Group in May that suspects in a string of identity thefts had used the company "to set up multiple corporations and open bank accounts," the receiver reported in a court filing.

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"I have reviewed bank statements for two of the corporations, and over $500,000 in apparently stolen funds (from the suspected Virginia identity thefts) was deposited in these accounts," M. Val Miller, an attorney working with the court receiver, wrote.

Fairfax police said no arrests had been made in the case. Miller said detectives told the receiver's office the suspects were believed to have fled the country.

Anderson, the Nevada deputy secretary of state, said the agency did not know about the federal allegations against Reed, Neiswonger and Asset Protection group.

The Secretary of State's office became aware of another Nevada corporation, Par Three Financial, in 2005 after the Securities and Exchange Commission filed a federal court complaint that accused the firm and its secret owner of using a pyramid scheme to scam investors. In such a scheme, money from newly recruited investors is used to pay those who invested earlier.

Nevada records show Par Three was based in Las Vegas and at various times listed a Carson City businessman or a Nevada attorney as its sole publicly listed officer. But, the SEC lawsuit alleged, the company was secretly controlled by Melvin Ruth, a Florida felon who served nearly three years in federal prison after he pleaded guilty to conspiracy to commit mail and wire fraud in a scam involving stolen investments.

In November 2003, shortly after he was released from prison, Ruth allegedly used Par Three to mount a similar scam. The firm offered potential investors a monthly return of at least 2% on loans to check-cashing stores, company and court records show. Par Three raised at least $8 million from more than 120 investors who were unaware of Ruth's role, the SEC alleged.

In December 2005, the SEC got a court judgment that permanently restrained Ruth and anyone working with him from violating securities laws. The judgment ordered Ruth to pay a civil penalty and give up ill-gotten gains, with interest. Ruth died last year of cancer complications amid efforts to recover Par Three assets that could repay investors, said his lawyer, Carl Schoeppl.

USA TODAY's review of incorporations found that Wyoming, like Nevada, has multiple examples where a single person is the sole officer for a string of companies.

Guillermo Jalil, for instance, runs AssetProfile.com, which sells Wyoming corporations and provides nominee officers. State records list him as an officer of more than 100 corporations, from A+ Shadow Systems to Yokohama Technologies.

Investigators from Interpol, the international law enforcement agency, have contacted the Wyoming Secretary of State's office about several of the corporations registered by Jalil, said Cowan, the securities division chief. None of the inquiries directly involved Jalil, who operates legally and sells corporations that typically may be used outside the USA, Cowan said.

In a recent interview, Jalil said he had not been contacted by Interpol and knew nothing about the inquiries to the Secretary of State. He said he conducts background checks on anyone seeking nominee officers for a corporation.

Jalil contended that the IRS and law enforcement investigators can check on any company by examining bank records. Claiming that corporation secrecy laws can block investigators "doesn't sound like reality to me," Jalil said.

But the internal workings of some corporations prove particularly resistant to transparency. Wyoming incorporation records show that at least 90 companies created since 2002 list Stella Port-Louis as the sole listed officer. Many of the firms, such as Export Deutschland AG and Motorcomsa S.A., have foreign corporate names.

The only address for Port-Louis listed in the records is a postal box in the Republic of Seychelles. A USA TODAY interview request mailed in January to Port-Louis' postal box could not be delivered. Port-Louis did not respond to a message relayed via Registered Agency Services, the Cheyenne company that is the local agent for the corporations that list her as an officer.

JoLyn Jordan, an official of Registered Agency Services, a firm that files incorporations, said she believed Port-Louis was a nominee for owners outside the USA. "I don't know who she is, or if she's for real," said Jordan. Asked how to determine if they were shell firms created for crime, Jordan said, "You don't know."

Jack Blum, an international tax expert and former special counsel to the Senate Foreign Relations Committee, said money laundering investigations have historically focused on the Seychelles. While saying he had no information about the Port-Louis firms, he said the filings seemed designed to frustrate.

"Whoever's trying to research it will go batty," said Blum.

Bill Clinton's AMT Bomb (WSJ)

The Wall Street Journal, February 23, 2007

As tax season nears, Democrats in Congress are discovering they have an urgent political bomb to defuse -- the alternative minimum tax. The AMT already hits four million Americans, and without new legislation this year it will explode in the pocketbooks of 23 million taxpayers come April 15, 2008.

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What's amazing is that many Democrats and reporters are trying to blame this looming tax increase on the 2001-2003 tax cuts. See if you can follow their argument: Taxpayers are obliged to pay the higher of their tax bill under either the regular IRS code or the AMT. And because the tax cuts reduced the regular income tax of the average family by $2,000 a year, more middle-class families are being bounced to the AMT system. Ergo, it's all President Bush's fault.

This logic requires overlooking that a taxpayer's bill under the AMT is still lower than it would have been without the tax cuts. But never mind: The political game here is to use the AMT as an excuse to justify repealing the Bush tax cuts.

In reality, the AMT is one more liberal monster that was created in the name of soaking the rich but has now come back to swallow the middle class. Democrats created the AMT in 1969, amid a political frenzy to capture a mere 21 millionaires who had paid nothing. And the politician most responsible for the AMT's relentless expansion in recent years is none other than William Jefferson Clinton.

Remember the 1993 tax hike that was supposed to fall only on the rich? In addition to raising gas taxes and Medicare payroll taxes and income tax rates, the Democratic Congress that year also raised the AMT: from a 24% flat rate to a dual tax rate of 26% on AMT income up to $175,000 and 28% on AMT income above that amount.

It's true that the 1993 bill slightly increased the AMT's family income exemption, but Democrats refused to index those exemptions for inflation. So the combination of the higher rates and the failure to index for inflation has caught more and more middle-class taxpayers in the AMT's maw. From 1992 to 2002, this Clinton stealth tax hike increased sixfold the number of filers paying the AMT, to nearly two million from 300,000.

A Joint Tax Committee (JTC) analysis requested last year by Senator Charles Grassley of Iowa shows that about 11 million more Americans will have to pay the AMT next year thanks to the higher post-1993 AMT rates. The House Ways and Means Committee calculates that if you live in a high-tax state (such as California or New York) and have two or more kids, you're very likely to be hit with the AMT this year even if your income is as low as $75,000.

All of which means that if Democrats really want to spare Joe Lunchbucket from the AMT, the cleanest solution is to repeal the Clinton AMT rate hikes. The nearby chart, prepared by the American Shareholders Association based on Joint Tax data, compares the number of filers who will be hit by the AMT under current law and what would happen if the AMT rate was moved back to the pre-Clinton 24% and the exemption was indexed for inflation at the 2005 level of $40,250 ($58,000 for a joint return). Going back to the pre-Clinton rates would leave only about 2.6 million tax filers subject to an AMT penalty next year instead of 23 million under current law.

The estimated "cost" of this fix to the Treasury over 10 years would be some $632 billion, which is money Democrats in Congress would prefer to spend. But as Senator Grassley notes: "This tax was never meant to tax the middle class, so why should we count it as a revenue loss when we make sure they don't have to pay it?"

There's a larger policy lesson to keep in mind as the debate unfolds over both the AMT and the looming expiration of the Bush tax cuts in 2010: Beware politicians who say they only want to tax the rich. Sooner or later their tax schemes will soak the middle class because that's where the real money is. Regarding the AMT, Democrats are now saying they'll be glad to provide AMT relief for the middle class but they'll have to raise taxes on CEOs and other high-income Americans to do it. Where have we heard that one before?

CONGRESS-ADMINISTRATION:

Walter Reed Stories Factual But Unfair, Medical Chief Says (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, February 23, 2007

The Army's surgeon general yesterday criticized stories in The Washington Post disclosing problems at Walter Reed Army Medical Center, saying the series unfairly characterized the living conditions and care for soldiers recuperating from wounds at the hospital's facilities.

"I'm not sure it was an accurate representation," Lt. Gen. Kevin C. Kiley, chief of the Army Medical Command, told reporters during a news conference. "It was a one-sided representation."

The Medical Command oversees Walter Reed and all Army health care.

Until now, the Army had not challenged any aspect of the Post series. Army and Defense Department leaders have promised to eliminate squalid conditions in Building 18, a former hotel outside the Walter Reed gate where 76 wounded soldiers live as outpatients. They have also promised to address bureaucratic problems in the handling of wounded soldiers.

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The two-part newspaper series reported that many soldiers spend 18 months or more at Walter Reed. It quoted many patients and their families describing a bureaucratic indifference to medical needs. And it described rooms in Building 18 with mold, leaky plumbing and holes in ceilings.

While acknowledging "pretty distressing" conditions in some rooms at Building 18, Kiley said the problems were neither widespread nor symptoms of a system that allows soldiers to languish. The building is not "emblematic of a process of Walter Reed that has abandoned soldiers and their families," said Kiley, who was commander at the hospital before becoming surgeon general in 2004.

"I want to reset the thinking . . .," Kiley said. "While we have some issues here, this is not a horrific, catastrophic failure at Walter Reed."

Asked to elaborate on his comments after the news conference at the facility, Kiley said he does not dispute the facts in the Post stories. "It's not the accuracy I question, it's the characterization," he said.

Kiley said the Army is beginning to study ways to streamline the medical bureaucracy, including the process by which soldiers are evaluated and either discharged or returned to active duty. "That's going to take more than a couple of weeks, but we're going to get at it," he said.

Kiley's comments came at the end of a media tour during which reporters and television camera crews were escorted through Building 18 to view conditions and repairs. Rooms had been painted, plumbing repaired and floors disinfected.

"It's not the Ritz-Carlton at Pentagon City, I'll grant you that," Kiley said, surveying the cleaned, repaired and repainted room where until recently Army Spec. Jeremy Duncan lived with black mold and a hole in the ceiling above the shower.

Duncan, who broke his neck while on patrol in Iraq last year, was moved to a new room after the Post story described his living conditions. He said he has not suffered any reprisals. "Believe it or not, people were actually happy about the fact that someone spoke up," Duncan said.

Kiley said that while repairs to Building 18 are nearly complete, the aging facility needs a top-to-bottom renovation. "That's tough to do while you're trying to take care of soldiers," he said.

In another development yesterday, the White House announced that President Bush plans to nominate S. Ward Casscells to replace William Winkenwerder as assistant defense secretary for health affairs. The Pentagon said Winkenwerder's departure was already planned and is not related to problems at Walter Reed.

Painting Over The Problems At Walter Reed's Building 18 (WP)

By Dana Milbank

The Washington Post, February 23, 2007

It's not every day one gets to witness a whitewash in action, but Walter Reed Army Medical Center provided just such an opportunity yesterday.

In Sunday's Washington Post, Dana Priest and Anne Hull described the woeful conditions of Room 205 in Walter Reed's Building 18: "Behind the door of Army Spec. Jeremy Duncan's room, part of the wall is torn and hangs in the air, weighted down with black mold. When the wounded combat engineer stands in his shower and looks up, he can see the bathtub on the floor above through a rotted hole."

The Army mobilized. Painters were deployed to cover the offending wall with a fresh coat of white semigloss. And television crews were invited in to inspect the result.

"Some of the paint is still wet against that wall, so be careful," Walter Reed public affairs officer Donald Vandrey, standing on the bed in his socks, advised the film crews. "They just finished repainting it about 10 minutes ago."

Mission accomplished?

Lt. Gen. Kevin Kiley thought so. After the media tour of Building 18, the Army's surgeon general gave a news conference. "I do not consider Building 18 to be substandard," he said of a facility Priest and Hull found full of "mouse droppings, belly-up cockroaches, stained carpets, cheap mattresses" and other delights. "We needed to do a better job on some of those rooms, and those of you that got in today saw that we frankly have fixed all of those problems. They weren't serious, and there weren't a lot of them."

Kiley might have had a stronger case if men wearing Tyvek hazmat suits and gas masks hadn't walked through the lobby while the camera crews waited for the tour to start, or if he hadn't acknowledged, moments later, that the entire building would have to be closed for a complete renovation. The general also seemed to miss a larger point identified by other officials: Walter Reed's problem isn't of mice and mold but a bureaucracy that has impeded the recovery of wounded soldiers.

The Army's vice chief of staff, only 24 hours earlier, decried "a breakdown in leadership" for the conditions in the place. And Rep. Tom Davis (R-Va.) noted that "you could put all the wounded soldiers in the Ritz-Carlton, and it wouldn't fix the personnel management and recordkeeping problems that keep them languishing in outpatient limbo out there for months."

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"We're not letting soldiers languish," came Kiley's reply.

For all the stagecraft, there was still broken glass in the driveway of Building 18 yesterday, a banana peel on the steps and an empty Budweiser can in the shrubbery. There were signs of hasty repairs: a plumber's truck outside, dust masks and spray cleaners on window sills, rat poison outside the dumpster, and a discarded box proclaiming "Emergency Exit Lighting Fixture." Construction workers came and went.

The base's public-affairs crew arrived 25 minutes late for the tour but got right to work. "Some of these people are not on our list and are not coming in," announced Lori Calvillo, Walter Reed's chief spokeswoman. "C-SPAN, you're not on the list. You're not coming in." She then attempted to evict a Washington Post reporter, who appealed, loudly, to Kiley.

The tour began in the game room, where soldiers shot pool and watched a plasma TV. From there, the tourists climbed a stairwell smelling of chlorine bleach to a floor smelling of fresh paint.

"In the next room, there's a little water drop on the ceiling; you can get a nice shot of it," Kiley joked. Inside Room 416, there was indeed some rainwater dripping into a wastebasket, a missing lampshade, some loose wallpaper and a mirror on the floor -- but neither rodents nor fungus were visible.

Then it was down to Room 205, crammed with Tilex, sealant, paint rollers, a dropcloth and ceramic tiles. Spokesman Vandrey spoke like a real estate agent: "There was no plumbing leakage in the bathroom. That was all condensation." Outside the room, a man spoke urgently into his cellphone: "The drywall has to dry before they can paint."

A few doors down was Spec. Duncan, in his new room. "Unfortunately, I had to stand up and tell them, 'Hey, the room is messed up,' " he told a Voice of America camera. "I got my point across."

He sure did -- and that's why Kiley, who was the commander at Walter Reed before assuming his current role in 2004, found himself staring into a bank of 12 cameras yesterday. Missing was Maj. Gen. George Weightman, the current Walter Reed commander -- "called away to important business," Kiley explained.

At times, Kiley appeared to acknowledge a systemic problem. He promised to "go at this thing soup to nuts," adding: "We're gonna get at it real quickly." But then he quibbled with the scope of the problem. "Some of this bureaucracy, as much as it frustrates us, I'm not sure that's a breakdown in leadership," he reasoned.

He then attacked the "one-sided representation" of the Post reporting. "I do not think that Building 8" -- he apparently meant 18 -- "is emblematic of a process of Walter Reed that has abandoned soldiers and their families," Kiley said. "I want to reset the thinking that while we have some issues here, this is not a horrific, catastrophic failure at Walter Reed."

Back in Room 205, the whitewash was almost dry.

Damaged And Adrift In The Shadows (NYT)

The New York Times, February 23, 2007

When the Senate next debates whether to debate the Iraq war, members would do well to visit Walter Reed Army Medical Center, just five miles to the north. There they can run a stark reality check on how the country is failing the war's wounded despite all those Capitol orations about unstinting support of our fighting troops.

As fine as the surgery wards have been through a five-year torrent of battle casualties, Walter Reed has seen the shameful growth of a parallel village of almost 700 traumatized and maimed outpatients. Far too many of these souls wait lost and wasted, abandoned by the post's and the Army's shambling bureaucracy.

This outpatient world has become a holding ground for desperation and dysfunction, according to a Washington Post investigative report. Some drift away unnoticed, AWOL, while others huddle in their rooms, depressed and forgotten. The scenes uncovered by The Post range from slumlord conditions in one residential building to drug abuse and suicide among desperate patients caught in a Catch-22, where psychologically damaged veterans are put in charge of fellow sufferers.

A staff sergeant who had his eye and skull shattered in Iraq stumbled about after his release from a surgical recovery room. He was handed a map and ordered to find his way across the sprawling post to the outpatient unit. After he found his room he sat for weeks like some accidental tourist, with no doctor appointments nor official concern. "Shouldn't they contact me?" he wondered.

The Army is promising to rush repairs and extra personnel. But the shameful neglect at Walter Reed is more proof of how America's leaders — despite all the rhetoric about unlimited support for the troops — are failing the nation's warriors in this disastrous war.

Senate Effort To Pass Intelligence Legislation Stalls Again (WT)

By Shaun Waterman, United Press International

The Washington Times, February 23, 2007

DOJ_NMG_0135885

The annual legislation that governs the 16 U.S. intelligence agencies and their new boss, the director of national intelligence, is stalled again in the Senate, where efforts to pass it in the past two years also died.

"We're still working it," said a senior staffer from the Senate Select Committee on Intelligence, which voted the bill out 12-3 last month, adding that the new committee chairman, Sen. John D. Rockefeller, West Virginia Democrat, continued to hope the bill could be passed after the Presidents Day recess.

The staffer, who was authorized to speak only on the condition of anonymity, said committee members were working on a unanimous-consent agreement -- a procedural measure whereby noncontentious bills are brought to the floor of the Senate and voted on without time-consuming debate.

"It's cleared on our side," said the staffer of the committee majority, adding that a provision in the bill temporarily suspending some federal privacy protections would be removed as part of the deal. Democratic Sens. Ron Wyden of Oregon and Russ Feingold of Wisconsin, said in additional views submitted with the bill that they believed this provision "merit[ed] further study and debate" before being passed into law.

The staffer said other Democrats had been prevailed upon not to force the issue of congressional access to the presidential daily briefings about pre-Iraq war intelligence.

But a unanimous consent agreement, as its name implies, can be halted by any objection, and the Senate's arcane rules allow the objector to remain anonymous.

In the previous two years, under the chairmanship of Sen. Pat Roberts, Kansas Republican, the committee's efforts to move the bill have been blocked by holds from Republican senators.

The same issues are behind the holdup this year, according to sources from both sides of the aisle: There is concern about what some Republican senators see as the bill's excessive reporting requirements, both on intelligence agencies about their detention and interrogation of terror suspects, and on the administration as a whole. The new law would require much wider congressional notifications about the most secret oversight briefings of all.

The staffer said the committee leadership hoped to address those concerns by "tweaking the language" in a couple of parts of the bill "to make clear that sources and methods will be protected."

"Our Republican colleagues [on the committee] are working on" overcoming Republican objections, said the staffer. The committee's senior Republican, Sen. Christopher S. Bond of Missouri, was traveling in East Asia this week and could not be reached. His staff declined comment.

Although U.S. intelligence activities are funded from a special secret annex of the vast defense appropriations act, the authorization law is the only vehicle for public legislative oversight and guidance to the sprawling and sometimes fractious collection of agencies dubbed by insiders as the "U.S. intelligence community."

The hiatus in the legislation has meant, for instance, that lawmakers have not yet been able to make a series of fixes and adjustments to the new intelligence structure they put into place in the huge 2004 Intelligence Reform and Terrorism Prevention Act.

The 2007 authorization bill contains additional clarified budget re-programming authority for the new director of national intelligence and creates an inspector general for his office.

Pentagon Abandons Big Bomb Test (AP)

By Jennifer Talhelm, Associated Press Writer

AP, February 23, 2007

Facing stiff opposition from two Western states, the Pentagon on Thursday scrapped plans for a 700-ton non-nuclear test blast that would have produced the first mushroom cloud of dust over the Nevada desert in decades.

The Defense Department said it would find other ways to test the nation's ability to penetrate underground bunkers that produce and store weapons of mass destruction.

The cloud may have reached an altitude of 10,000 feet over the site about 90 miles northwest of Las Vegas, an eerie echo of long-ago open-air nuclear testing.

Originally scheduled for last June 2, the test blast — called Divine Strake — had been postponed indefinitely until the Defense Threat Reduction Agency finally canceled it.

"I have become convinced that it's time to look at alternative methods that obviate the need for this type of large-scale test," he said in a statement.

The decision was not based on any technical information that indicated the test would harm workers, the public or the environment, according to James Tegnelia, director of the Pentagon unit that works on technical aspects of how to destroy deeply buried enemy weapons.

It was in March 2006 that he had likened the spectacle of a test explosion to a mushroom cloud.

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"I don't want to sound glib here, but it is the first time in Nevada that you'll see a mushroom cloud over Las Vegas since we stopped testing nuclear weapons," Tegnelia said at the time to reporters.

The United States stopped conducting aboveground nuclear tests in 1963.

In Nevada and Utah, there was concern that the blast would scatter decades-old radioactive material from previous Cold War-era tests. Other critics contended the explosion would mark a step toward new tests to develop "bunker buster" nuclear weapons.

Two months ago, the agency released a new environmental report that confirmed there is radioactive material about a mile from the blast site. Officials insisted any harm would be "extremely unlikely."

The agency said in a statement it would develop other ways to gather the kind of data that Divine Strake would have provided. "Such methods to assess capabilities to defeat underground facilities do not currently exist," it said.

The agency is committed "to help develop non-nuclear means to defeat underground targets. I am optimistic that we will succeed," Tegnelia said.

Senate Majority Leader Harry Reid, D-Nev., and other lawmakers said they understood the need for tests to develop defense strategies.

But, Reid said, "there were still many questions left unanswered, including the possible environmental effects."

The loudest critics said the plan revived bitter memories of government "lies" during Cold War-era tests, when officials said there would be no danger.

Thousands of people who lived near the Nevada Test Site — called downwinders — were exposed to cancer-causing radiation from weapons tests.

Residents feared Divine Strake would spread more radioactive material or lead to further nuclear experiments there.

"If this announcement truly signals the end of Divine Strake, my hope is that DTRA would instead spend time and money on developing a conventional weapon that would actually be useful to our military in destroying deeply buried terrorist targets," said Rep. Jim Matheson, D-Utah.

John Wells, a Las Vegas carpenter and regional representative to the Western Shoshone National Council, said the blast would "compound wrongs" for the American Indian tribe.

The tribe fought the test in court and long has contested the government over the test site, now contaminated from years of nuclear tests.

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Associated Press Writer Ken Ritter in Las Vegas contributed to this report.

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On the Net:

Defense Threat Reduction Agency: http://www.dtra.mil/

Agency Scraps Plan For Explosives Test (NYT)

New York Times, February 23, 2007

A federal agency announced yesterday that it had canceled a plan to detonate 700 tons of conventional explosives in the Nevada desert as part of a study of ways to target underground weapons facilities or bunkers.

The test, known as Divine Strake, at the Nevada Test Site would have been conducted near a place used for decades for atomic testing. Opponents said the explosion would create a two-mile-high mushroom cloud and release radioactive dust from long-undisturbed radioactive material.

Utah's Congressional delegation and thousands of Utah residents have written to the Defense Threat Reduction Agency of their opposition to the test. The agency said yesterday that it would look at alternative means of testing. A news release from the Department of Defense, which is seeking alternatives, said the decision "was not based on any technical information that indicates the test would produce harm to workers, the general public, or the environment."

McCain Raps Extraneous Pentagon Spending Requests (POL)

By Christian Lowe

Politico.com, February 23, 2007

Quarreling with Pentagon spending requests, Sen. John McCain has chided Defense Secretary Robert Gates and Air Force Secretary Michael Wynne for seeking three experimental aircraft in the Pentagon's emergency wartime funding bill.

The $93 billion funding request for military operations yet this year in Iraq, Afghanistan and other hot spots includes nearly $14 billion for two F-35 Lightning II fighter jets and a CV-22 Osprey tilt-rotor transport to replace aircraft lost in overseas combat operations. Both aircraft are still in development and years from being fielded.

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"In an emergency supplemental, you are proposing to replace combat loss with unproven platforms that not only are not yet operational but will also ultimately cost a lot more than they do now," the Arizona Republican told Gates and Wynne in a Feb. 13 letter obtained by Politico.

McCain, the ranking member of the Senate Armed Services Committee, is a staunch supporter of President Bush's plan to send an additional 21,500 troops into Iraq. But he's also often criticized the military for slipping costly extraneous programs into emergency wartime spending bills.

The F-35, also known as the Joint Strike Fighter, has only recently begun test flights. The Air Force asked for two of the small, stealthy planes to replace an F-16 Falcon and an F-15 Eagle fighter lost during combat operations. The Air Force argues that neither fighter is being produced for the U.S. military anymore and that the F-35 is the only viable replacement option.

But the F-35 isn't in large-scale production either, McCain noted, and the replacements wouldn't reach the Air Force until 2013.

The CV-22, with a shaky safety record, is still in testing as well.

"Both the JSF and Osprey are controversial, next-generation programs that require considerable congressional oversight," McCain wrote. "Your including the requests to procure both aircraft types in an emergency supplemental effectively insulates these programs from this committee's routine oversight. This is inappropriate."

McCain's salvo was buttressed Thursday by the chairman of the House Armed Services Committee's Air and Land Forces Subcommittee, Rep. Neil Abercrombie, D-Hawaii, who fired off a news release outlining what he sees as additional inappropriate spending requests.

Abercrombie challenged the Army's request for $14 billion in tanks, transports and other armored vehicles that are not intended to replace combat losses. The vehicles are largely part of the Army's reorganization effort to carve "modular" brigades out of Cold War-era divisions. The smaller brigades are easier to deploy, but come with logistics and combat support requiring dozens of new vehicles.

"What they're trying to do here is a budget trick where they hide the spending 'pea' under the 'shell' of support for the troops," Abercrombie said in an interview. "This has to stop."

In his release, Abercrombie complained that such purchases should be considered part of the annual Pentagon appropriations request subject to congressional oversight. His critique is his answer to a request by House Defense Appropriations Subcommittee Chairman John P. Murtha, D-Pa., for a list of items deemed inappropriate for consideration in the wartime funding bill.

Abercrombie said he found nearly 40 items in the emergency bill that could be cut or modified, representing a savings of about $4 billion.

Labor Seeks Boost From Pro-Union Measure (NYT)

By Steven Greenhouse

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — Organized labor is fighting for a pro-union bill as if its life depended on it.

Some labor experts say the union movement's ability to reverse its slide could in fact hinge on its winning passage of the bill, which would make it easier for workers to join unions.

The United States Chamber of Commerce, the National Retail Federation and more than a dozen other business groups are mounting a fierce campaign to stop the bill, inundating Congress with more than 10,000 e-mail messages and letters. At the same time, labor unions are sponsoring demonstrations, conferences and meetings in 99 cities this month to push for the legislation. The two sides have also squared off with newspaper advertisements.

"The business community thinks the labor movement is at death's door, and they want to make sure they keep this bill from passing," said Charles Craver, a professor of labor law at George Washington University. "If it passes, it will give labor a big boost."

Labor unions represent only 7.4 percent of the nation's private-sector workers, down from 35 percent in the 1950s. That helps explain why labor's campaign for the bill, the Employee Free Choice Act, represents its biggest legislative push in 30 years.

Legislative aides say they expect the bill to be approved next Thursday in the House, where it has 234 sponsors, including seven Republicans.

Business lobbyists voice confidence that they can block the bill in the Senate, where opponents say a filibuster is likely. Vice President Dick Cheney said last week that President Bush would veto the bill.

"It's a huge issue," said Randel Johnson, vice president for labor policy at the United States Chamber of Commerce. "We've targeted this as our No. 1 or No. 2 priority to defeat."

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The bill would give employees at a workplace the right to unionize as soon as a majority sign cards saying they want a union, a process known as a card check or majority signup. Under current law, employers can insist on a secret-ballot election to determine whether a majority of employees favors a union.

Last summer Unite Here, the union representing apparel, hotel and laundry workers, used a card check to organize 300 housekeepers and other workers at the Marriott Downtown Los Angeles. Unite Here's previous efforts to organize the hotel's workers through a secret-ballot election faltered in the late 1980s and in the 1990s in the face of an aggressive management campaign.

"It didn't take very long for us to get 70 percent of the workers to sign cards saying they wanted a union," said Bruce Raynor, Unite Here's president.

With card checks, unions can often win unionization drives in two to four weeks.

With secret-ballot elections, unionization efforts can drag on for months, often delayed by litigation. Unions also say that many corporations break the law during election campaigns by firing, intimidating and spying on union supporters.

"Secret-ballot elections often occur in an environment that is so poisoned by the anti-union campaign that they can't possibly be considered a free choice," said Bill Samuel, the A.F.L.-C.I.O.'s legislative director.

Mr. Samuel pointed to a National Labor Relations Board report that 31,358 workers received back pay in 2005 after their employers were accused of illegally retaliating against them for supporting a union.

Business lobbyists say the Employee Free Choice Act is antidemocratic and would deprive workers of their right to a secret ballot. They say union organizers will bully workers into signing pro-union cards.

"This debate is not about free choice," said Jason Straczewski, director of human resources policy for the National Association of Manufacturers. "It's about a quick fix for union membership on the decline."

Business groups argue that if secret-ballot elections are good enough for American voters, they should be good enough for union members.

Joseph A. McInerney, chief executive of the American Hotel and Lodging Association, said, "It's simply un-American."

Labor Secretary Elaine L. Chao has also denounced the bill, saying, "A worker's right to a secret ballot election is an intrinsic right in our democracy that should not be legislated away at the behest of special interest groups."

Mary Beth Maxwell, executive director of American Rights at Work, a pro-union group, said it was surprising that corporations were defending workers' rights. "The notion that corporate lobbying coalitions and front groups are the new champions of workers' rights and democracy is laughable," Ms. Maxwell said.

Fairfax Schools Could Lose Millions For Defying 'No Child' (WP)

By Maria Glod

The Washington Post, February 23, 2007

The U.S. Education Department threatened yesterday to withhold more than $17 million from Fairfax County schools if the system continues to defy a federal mandate to give reading tests to thousands of immigrant children.

Other Virginia school systems would also be in jeopardy if they refuse to comply with the federal No Child Left Behind Act, and the state could lose $2 million in administrative funds.

The possible loss of millions of dollars raises the stakes in a months-long standoff between the federal government and a growing group of Virginia educators over the best way to test immigrant students learning English.

The dispute started last summer when federal officials rejected the test Virginia uses to measure the progress of many immigrant children. The exam shows how well students learn to read, write and speak English. But it doesn't, as the No Child law requires, test students on their understanding of grade-level reading material, which can include comprehension and such concepts as similes and metaphors.

The Fairfax County School Board passed a resolution last month to defy the mandate, saying it is unfair to give such an exam to students just beginning to grasp the nuances of English. School boards in Arlington County, the city of Fairfax and Harrisonburg passed similar measures. The rebellion appears to be intensifying, with Loudoun County school officials also considering such a step.

"The resolutions say we will do the fair and right thing," said Allen C. Griffith, vice chairman of the Fairfax City School Board. But he said the threat of sanctions means that school systems will have to make difficult decisions.

The Education Department has "got the hammer, and they've got the big stick," Griffith said. "I suppose they can force these districts to bend to their will. . . . But how have the children gained anything?"

Chad Colby, an Education Department spokesman, said that under the No Child law, systems must show that all students, including children learning English, are making academic progress. He said the federal government needs to know that the funds it distributes are being used wisely.

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"If you don't assess students, you don't know which students need the most help and how to direct those resources," Colby said. "Prior to No Child Left Behind, we spent . . . and there was no accountability."

The rift in Virginia mirrors a nationwide debate over how to ensure that English-language learners, a fast-growing population in schools, are making progress. When the Education Department rejected Virginia's test, it also found problems with the way 17 other states test English-language learners. Testing programs in Maryland and the District have withstood federal scrutiny.

Federal education officials note that students who are in the country less than a year are exempt from the reading test. Other language learners are allowed accommodations, such as more time or use of a bilingual dictionary.

Virginia educators, who say it takes far longer than a year for most children to comprehend grade-level reading work, had asked for permission to use the old test this spring and develop an alternative for next year. That request was denied.

Of the approximately 10,200 Virginia students affected by the testing dispute, about 4,000 are in Fairfax. Thousands more immigrant students who have made enough progress take the same reading tests as their native-speaking peers.

But in a meeting yesterday with state Superintendent of Public Instruction Billy K. Cannaday Jr., U.S. officials indicated that there probably will be a third alternative for Virginia schools. Federal officials said they expect to approve a state request to use a portfolio of a student's work over time instead of a test.

Fairfax County School Board member Stuart D. Gibson (Hunter Mill) yesterday said he does not think there is enough time to train teachers on the portfolio assessment and to collect assignments that show a student has mastered the material before the spring testing season.

Staff writer Michael Alison Chandler contributed to this report.

Virginia Schools May Lose Funding (WT/AP)

By Zinie Chen Sampson, Associated Press

The Washington Times, February 23, 2007

RICHMOND -- A top U.S. Department of Education official said yesterday that Virginia school divisions will lose federal funding if they do not comply with a federal law that requires children struggling to learn English take the same reading tests as their native-speaking peers.

Deputy Education Secretary Raymond Simon met with Superintendent of Public Instruction Billy K. Cannaday and other state education officials to discuss the provision of the No Child Left Behind law targeting those who are the least proficient in English. The Virginia Department of Education had unsuccessfully sought an exemption for another year, contending the rule is unfair.

Mr. Cannaday said after yesterday's meeting that he wanted school divisions to be aware that "no one is operating under the illusion that there will not be consequences for noncompliance," and that he expected school divisions to comply with the law "even though they question whether the tests are appropriate and the accommodations are adequate."

Immigrant-rich Fairfax County, the state's largest school division, stands to lose about $17 million, Mr. Cannaday said in a conference call with reporters. Officials have asked Mr. Simon to provide the state Board of Education figures on how much federal Title I funding school divisions stand to lose if they do not follow the law's provision.

Title I schools receive federal funds to serve children from low-income families and are the focus of most of NCLB's accountability measures.

School boards in Harrisonburg, Frederick, King and Queen and Amherst counties, and the D.C. suburbs of Fairfax, Prince William and Arlington counties recently signaled their intent to defy the NCLB mandates. Others are considering following suit.

Those boards have passed resolutions saying they will continue to evaluate all students' reading proficiency, but will only administer the state's grade-level Standards of Learning tests to students with an adequate grasp of English. Several school divisions said they wanted to continue using an alternative test to measure progress in nonnative English speakers.

Donald J. Ford, Harrisonburg's school superintendent, said yesterday that Harrisonburg's resolution stands, and the school board's next step is to determine how much Title I money the division could lose.

"Our school board isn't seeking to defy anything -- we're trying to determine how we can best meet the needs of children. It's simply unfair to proceed as we're being mandated to do," Mr. Ford said in a telephone interview.

"Whether there will come a time at all over the next month or six weeks that someone in authority at the U.S. Department of Education realizes how unfair and inappropriate their decision is something we're still looking for," he said.

While he empathized with local school divisions, Mr. Cannaday said the state can't risk losing money that will benefit more than just children who are learning English.

Mr. Cannaday also said the federal education department signaled it could let school divisions use the Virginia Grade-Level Assessment -- a portfolio of a student's work -- to measure the skills of low-English proficiency students. He also said state

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officials and Mr. Simon discussed the possibility of an option under a reauthorized NCLB that would give schools credit for making progress if they don't meet academic benchmarks solely because of the performance of English-language learners.

The issue is part of a larger debate over the law, which seeks to have all students, regardless of race, poverty or disability, proficient in reading and mathematics by 2014. It calls for students to be tested in math and reading in the third through eighth grades and once in high school, and it requires schools to show annual progress in test scores.

If schools fail to show yearly progress by each of numerous student subgroups -- including children who have limited English proficiency -- they face being labeled failing.

Those schools can lose funding.

Bush's Budget May Stifle Students' Loans (WT)

By Tom Ramstack

The Washington Times, February 23, 2007

President Bush is trying to "right-size" the student loan industry with a proposed budget that would cut subsidies and drive out many private lenders by reducing their profits, the head of student loan giant Sallie Mae said yesterday.

"He put together something that would more than likely eliminate many of the players in the FFELP [Federal Family Education Loan Program student loan] industry," Tom Fitzpatrick, chief executive officer of SLM Corp., known as Sallie Mae, said during a meeting with editors and reporters at The Washington Times.

The Bush administration's proposed fiscal 2008 budget would reduce education subsidies for special programs, such as student loans, to $6.6 billion, from $9.7 billion this year. Lender subsidies would fall by 0.5 percentage points.

The White House said the $12.4 billion saved over five years by cutting subsidies would be used to increase the number of Pell Grants, which are given to the poorest college students. The grants do not need to be repaid.

Mr. Fitzpatrick's warnings about the Bush administration proposals were echoed by Prudential Equity Group financial analyst Charles Gabriel, who called the budget cuts a "shocker" in a research note to investors. The administration "may be doing the equivalent of throwing the student loan industry under the bus," the note said.

Meanwhile, the Senate is considering three bills on student loans. The proposals would create financial incentives for schools to participate in the government loan program by returning fees to them that otherwise would be paid to private lending institutions.

About 80 percent of student loans are given out by private lenders, while 20 percent are through the federal government, according to Sallie Mae, the nation's biggest provider of student loans.

The Reston company was formed as a government-sponsored enterprise in 1972 but completed a privatization in 2004.

Sallie Mae says giving the government more control over student loans would create a bloated bureaucracy and reduce competition among lenders to serve students and their families.

"The indicators are that the program actually costs the taxpayers money" by reducing competition among lenders, Mr. Fitzpatrick said.

A House bill approved Jan. 17 would cut interest rates on student loans in half, from 6.8 percent to 3.4 percent, over five years.

An estimated 5.5 million students who take out need-based federal loans would benefit from the lower interest rate.

Mr. Fitzpatrick said the 5.5 million students are about 27 percent of borrowers, but cutting rates would do little to reduce their college expenses. He called the idea of reducing interest rates "frivolous" and said it creates nothing more than a "headline sensation."

Mr. Fitzpatrick said he expects increases in Pell Grants to be approved, but that reduced interest rates on loans face a struggle in Congress.

The government pays interest on subsidized loans while students are in college. Afterward, the students pick up the payments.

The House proposal would cost the taxpayers nearly $6 billion, according to the Congressional Budget Office.

The costs would be offset by reducing the yield lenders can receive from the loans and cutting the guaranteed return banks receive when students default. Banks also would have to pay higher fees.

Mr. Fitzpatrick said just a small reduction in the money banks earn from student lending would mean "no one makes enough money to even service these loans."

He also said, "The margin on these loans have been, and are, razor thin."

Sallie Mae Chairman Albert Lord faces an investigation after he sold 400,000 shares of Sallie Mae stock on Feb. 2, three days before President Bush announced his budget proposal. The company's stock fell nearly 9 percent the day the budget was announced.

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Mr. Lord saved about $1.4 million by selling the stock, which prompted calls by Sen. Edward M. Kennedy, Massachusetts Democrat, and other members of Congress for a Securities and Exchange Commission investigation.

"I would say it's unfortunate timing," Mr. Fitzpatrick said. He added that Mr. Lord notified the board of directors Jan. 25 that he would sell some of his shares.

SLM Corp.'s stock, SLM on the New York Stock Exchange, closed yesterday at $44.04 a share, down 7 cents, or less than 1 percent, from Wednesday's closing price.

For Energy, A Budget Not Without Merit (WP)

By Stephen Barr

The Washington Post, February 23, 2007

Bonuses are back at the Energy Department.

The department got caught in a budget squeeze late last year when Congress failed to complete the annual spending bills funding the government on time. Worried that they would not be able to make ends meet and might even have to lay off employees, officials suspended bonuses normally paid at year's end until Congress wrapped up the fiscal 2007 budget.

Last week, President Bush signed a budget bill that included funds for Energy, and Secretary Samuel W. Bodman sent a memo to the workforce saying "this new law has allowed us to lift the 'hold' on performance-based awards and discretionary pay adjustments."

In his announcement Bodman called the matter "a subject I know has been on the minds of many."

The secretary thanked employees for their patience "while we steered our way through this budget process."

The hold on bonuses caused some stir in the department. The National Treasury Employees Union, which represents about 1,700 Energy employees, had filed two grievances over the matter. Yesterday, union president Colleen M. Kelley said she was pleased that the bonuses were back on track.

Energy was not the only agency concerned about funding this year. The Social Security Administration had cautioned Congress that it might have to send employees home without pay for up to 10 days if funding fell short. In the end, Congress cobbled together a big budget bill that averted temporary layoffs in government.

Bodman said Energy's funding "puts us in a solid position to achieve our goals this year," but the department will be operating more or less on the same footing as last year. The new budget provides $23.6 billion for the department, slightly more than the $23.5 billion in the 2006 budget.

Craig Stevens, the department's spokesman, said senior officials are reviewing programs and will make recommendations on their funding requirements to Bodman by mid-March. Even though Energy has not settled on program priorities for this year, Stevens said "there is enough money to support the bonuses."

He noted, "We did our best to be upfront and forthright with employees."Rally Time

Several hundred union activists will gather in Washington next week to attend annual legislative conferences sponsored by the American Federation of Government Employees and the National Treasury Employees Union.

AFGE's three-day conference begins on Sunday and features an address by former North Carolina senator John Edwards, a Democratic presidential candidate.

House Majority Leader Steny H. Hoyer (D-Md.) will address the NTEU conference on its opening day, Tuesday. The three-day conference will conclude with a luncheon address by Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee.

Both unions will ask their members to make visits to senators and House members to discuss issues important to federal employees, union officials said.Management Conference

The Federal Financial Management Conference, featuring Bush administration officials and a series of panel discussions, will be held in Washington on March 13.

Speakers include Clay Johnson III, deputy director for management at the Office of Management and Budget; Linda Combs~, controller at OMB; Linda M. Springer, director of the Office of Personnel Management; and David M. Walker, head of the Government Accountability Office.

The conference is sponsored by the Joint Financial Management Improvement Program, the General Services Administration's Financial Systems Integration Office and the Graduate School, USDA. For details, go to http://www.fsio.gov/fsio.Talk Shows

Margaret Baptiste, president of the National Active and Retired Federal Employees Association, and the association's legislative aides, Dan Adcock and Jill Crissman, will be the guests on "FedTalk" at 11 a.m. today on http://federalnewsradio.com and WFED radio (1050 AM).

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Adm. Thad Allen, Coast Guard commandant, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Stephen Barr's e-mail address isbarrs@washpost.com.

Profiteering Colleges (NYT)

The New York Times, February 23, 2007

The Democratic leadership in Congress plans to make college affordability a central theme of this legislative session. The pending bills that would increase federal aid to low-income students and lower the costs of student loans are good, as far as they go. But Congress must do more to ensure that scarce federal aid dollars are legitimately spent and not gobbled up by for-profit diploma mills that bilk the government and students alike.

Legitimate, well-run commercial colleges provide a crucial service for poorly prepared students who do not qualify for admission to traditional colleges. But not all schools are up to the job. Some rake in state and federal aid by recruiting marginally literate students who have no hope of ever graduating. Students who exhaust their aid find themselves burdened with debt and no closer to the degrees or the better lives they had hoped for.

The full scope of the problem is not yet known. But Congress got a glimpse of it two years ago, when the Office of the Inspector General at the United States Education Department reported that nearly three-quarters of its investigations had focused on problems at profit-making schools.

These problems have been especially evident in the state of New York, which has the most generous need-based student aid program in the nation. Faced with documented cases of student exploitation, the State Board of Regents declared a temporary moratorium last year on the opening of any more for-profit colleges, then beefed up the regulations governing their operation.

The Regents have closed down one commercial college and sanctioned three others, which could be closed if they do not meet performance targets. They are now scrutinizing the University of Phoenix, the for-profit giant that has been trying for years to enter the lucrative New York market. At issue are questions about academic quality, graduation rates and a pending federal lawsuit that charges the university with fraudulently obtaining hundreds of millions of dollars in aid.

New York's Board of Regents is right to keep a close eye on these schools. And as Congress prepares to reauthorize the Higher Education Act, it needs to take a harder look at for-profit colleges to make sure that students and the government are getting what they pay for.

Trapped On An Airplane (NYT)

The New York Times, February 23, 2007

JetBlue's horrendous performance during the recent ice storms that paralyzed New York City's airports has reinvigorated calls for a "passengers' bill of rights" to protect air travelers against what can only be deemed abusive treatment. JetBlue has moved rapidly to make amends, but its shocking failures and those of other airlines in recent months make a federal law the best solution.

At the storm's worst, JetBlue had nine planes sitting on the tarmac at Kennedy Airport for six to 10 hours while passengers were trapped in sweltering cabins with only snacks for food and stinking toilets. The company's first big mistake was betting that the weather would quickly improve. It failed to cancel outgoing fights that were unable to take off while it allowed incoming flights to keep landing — creating gridlock at its gates. Meanwhile, some planes' wheels froze to the ground along with the equipment that moves and de-ices them.

The same lean organization that has allowed JetBlue to keep fares low collapsed under the strain. The airline ended up with large numbers of pilots and flight attendants far from where they were needed. Crew members who tried to call in failed to get through an overwhelmed communications system. The understaffed reservations system could not handle the flood of calls from passengers trying to figure out whether to go to the airport.

JetBlue seems desperately eager to make amends before it loses a huge chunk of its customers. It has said it will add staff members and improve training. It has also issued a "Customer Bill of Rights," which would compensate passengers kept waiting by the airline's own mistakes (including those affected by the recent ice storm) and allow passengers to get off planes if grounded for more than five hours.

That's a start but not enough. The code is voluntary and applies only to JetBlue, whereas other airlines have also treated passengers abusively. Last December, American Airlines kept passengers trapped aboard a diverted plane for more than eight hours — an incident of such notoriety that American now pledges to let passengers off after four hours.

Senators Barbara Boxer, a California Democrat, and Olympia Snowe, Republican of Maine, have introduced a bill that would require that passengers be provided with adequate food and water and sanitary bathrooms while delayed on the ground

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and be allowed to leave the plane after three hours. Representative Mike Thompson, also a California Democrat, will introduce a bill that would also require airlines to update passengers frequently on the cause and timing of delays. Both proposals would be strengthened if they required the Transportation Department to impose suitable fines or passenger compensation should an airline fail to comply.

Although the airline industry continues to oppose government intervention, Congress needs to ensure that passengers have the right to escape involuntary confinement, to be adequately fed and cared for, and to receive timely and accurate information about their prospects for taking off. These needs seem so basic it is hard to see why they should not be mandatory.

A Visit Worth The Time And Money (NYT)

The New York Times, February 23, 2007

If government had a department of irony, the mammoth, ever more expensive and still uncompleted Capitol Visitor Center would be renamed the People's Debt and Deficit Walk-Through Memorial.

The three-story subterranean center being built (for nearly seven years) under the Capitol's East Plaza will have a 600-seat cafeteria, an interactive museum about the glories of democracy and the latest in security to screen out potential malefactors among the throngs who currently gather in snaking outdoor lines for tours.

The center will also have a grand waiting hall — appropriately enough — since it handily missed its planned opening for President Bush's second inaugural. Official optimism has undergone annual readjustments, with Congress now informed that the center won't open this fall (as promised last year) but for sure will open in summer of 2008. Meanwhile, the cost has doubled, steadily rising somewhere "north of $600 million," as one government expert told lawmakers.

Congress put its thumb on the scale, ordering up extra hideaways — second offices for members who want more time to themselves — along with more conference rooms and an emergency debating auditorium. The 9/11 attacks have inevitably been cited as the cause for delays and additional costs as designers built in increased security. But specialists estimate that the project schedule continues to slip by two weeks every month.

The American taxpayers, who will pay for the project for generations to come, deserve to be treated to candor. And what better way than by turning the center into a teaching museum on the hyperbolic plans and procrastination of Washington life?

Why not add exhibits saluting other grand cost overruns? The Top 10 list includes the still dysfunctional "Star Wars" missile defense, with a current estimated price tag of $130 billion-plus. And, of course, the Iraq war, consuming an estimated $10 billion in military expenses each month.

No need to rush, but there's still time to make an honest sow's ear out of this silk purse. Parents and kids alike will enjoy the tour.

OTHER NEWS:

U.S. Economy Leaving Record Numbers In Severe Poverty (MCT)

By Tony Pugh

McClatchy Newspapers, February 23, 2007

WASHINGTON - The percentage of poor Americans who are living in severe poverty has reached a 32-year high, millions of working Americans are falling closer to the poverty line and the gulf between the nation's "haves" and "have-nots" continues to widen.

A McClatchy Newspapers analysis of 2005 census figures, the latest available, found that nearly 16 million Americans are living in deep or severe poverty. A family of four with two children and an annual income of less than $9,903 - half the federal poverty line - was considered severely poor in 2005. So were individuals who made less than $5,080 a year.

The McClatchy analysis found that the number of severely poor Americans grew by 26 percent from 2000 to 2005. That's 56 percent faster than the overall poverty population grew in the same period. McClatchy's review also found statistically significant increases in the percentage of the population in severe poverty in 65 of 215 large U.S. counties, and similar increases in 28 states. The review also suggested that the rise in severely poor residents isn't confined to large urban counties but extends to suburban and rural areas.

The plight of the severely poor is a distressing sidebar to an unusual economic expansion. Worker productivity has increased dramatically since the brief recession of 2001, but wages and job growth have lagged behind. At the same time, the share of national income going to corporate profits has dwarfed the amount going to wages and salaries. That helps explain why the median household income of working-age families, adjusted for inflation, has fallen for five straight years.

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These and other factors have helped push 43 percent of the nation's 37 million poor people into deep poverty - the highest rate since at least 1975.

The share of poor Americans in deep poverty has climbed slowly but steadily over the last three decades. But since 2000, the number of severely poor has grown "more than any other segment of the population," according to a recent study in the American Journal of Preventive Medicine.

"That was the exact opposite of what we anticipated when we began," said Dr. Steven Woolf of Virginia Commonwealth University, who co-authored the study. "We're not seeing as much moderate poverty as a proportion of the population. What we're seeing is a dramatic growth of severe poverty."

The growth spurt, which leveled off in 2005, in part reflects how hard it is for low-skilled workers to earn their way out of poverty in an unstable job market that favors skilled and educated workers. It also suggests that social programs aren't as effective as they once were at catching those who fall into economic despair.

About one in three severely poor people are under age 17, and nearly two out of three are female. Female-headed families with children account for a large share of the severely poor.

Nearly two out of three people (10.3 million) in severe poverty are white, but blacks (4.3 million) and Hispanics of any race (3.7 million) make up disproportionate shares. Blacks are nearly three times as likely as non-Hispanic whites to be in deep poverty, while Hispanics are roughly twice as likely.

Washington, D.C., the nation's capital, has a higher concentration of severely poor people - 10.8 percent in 2005 - than any of the 50 states, topping even hurricane-ravaged Mississippi and Louisiana, with 9.3 percent and 8.3 percent, respectively. Nearly six of 10 poor District residents are in extreme poverty.

'I DON'T ASK FOR NOTHING'

A few miles from the Capitol Building, 60-year-old John Treece pondered his life in deep poverty as he left a local food pantry with two bags of free groceries.

Plagued by arthritis, back problems and myriad ailments from years of manual labor, Treece has been unable to work full time for 15 years. He's tried unsuccessfully to get benefits from the Social Security Administration, which he said disputes his injuries and work history.

In 2006, an extremely poor individual earned less than $5,244 a year, according to federal poverty guidelines. Treece said he earned about that much in 2006 doing odd jobs.

Wearing shoes with holes, a tattered plaid jacket and a battered baseball cap, Treece lives hand-to-mouth in a $450-a-month room in a nondescript boarding house in a high-crime neighborhood. Thanks to food stamps, the food pantry and help from relatives, Treece said he never goes hungry. But toothpaste, soap, toilet paper and other items that require cash are tougher to come by.

"Sometimes it makes you want to do the wrong thing, you know," Treece said, referring to crime. "But I ain't a kid no more. I can't do no time. At this point, I ain't got a lotta years left."

Treece remains positive and humble despite his circumstances.

"I don't ask for nothing," he said. "I just thank the Lord for this day and ask that tomorrow be just as blessed."

Like Treece, many who did physical labor during their peak earning years have watched their job prospects dim as their bodies gave out.

David Jones, the president of the Community Service Society of New York City, an advocacy group for the poor, testified before the House Ways and Means Committee last month that he was shocked to discover how pervasive the problem was.

"You have this whole cohort of, particularly African-Americans of limited skills, men, who can't participate in the workforce because they don't have skills to do anything but heavy labor," he said.

'A PERMANENT UNDERCLASS'

Severe poverty is worst near the Mexican border and in some areas of the South, where 6.5 million severely poor residents are struggling to find work as manufacturing jobs in the textile, apparel and furniture-making industries disappear. The Midwestern Rust Belt and areas of the Northeast also have been hard hit as economic restructuring and foreign competition have forced numerous plant closings.

At the same time, low-skilled immigrants with impoverished family members are increasingly drawn to the South and Midwest to work in the meatpacking, food processing and agricultural industries.

These and other factors such as increased fluctuations in family incomes and illegal immigration have helped push 43 percent of the nation's 37 million poor people into deep poverty - the highest rate in at least 32 years.

"What appears to be taking place is that, over the long term, you have a significant permanent underclass that is not being impacted by anti-poverty policies," said Michael Tanner, the director of Health and Welfare Studies at the Cato Institute, a libertarian think tank.

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Arloc Sherman, a senior researcher at the Center on Budget and Policy Priorities, a liberal think tank, disagreed. "It doesn't look like a growing permanent underclass," said Sherman, whose organization has chronicled the growth of deep poverty. "What you see in the data are more and more single moms with children who lose their jobs and who aren't being caught by a safety net anymore."

About 1.1 million such families account for roughly 2.1 million deeply poor children, Sherman said.

After fleeing an abusive marriage in 2002, 42-year-old Marjorie Sant moved with her three children from Arkansas to a seedy boarding house in Raleigh, N.C., where the four shared one bedroom. For most of 2005, they lived off food stamps and the $300 a month in Social Security Disability Income for her son with attention deficit hyperactivity disorder. Teachers offered clothes to Sant's children. Saturdays meant lunch at the Salvation Army.

"To depend on other people to feed and clothe your kids is horrible," Sant said. "I found myself in a hole and didn't know how to get out."

In the summer of 2005, social workers warned that she'd lose her children if her home situation didn't change. Sant then brought her two youngest children to a temporary housing program at the Raleigh Rescue Mission while her oldest son moved to California to live with an adult daughter from a previous marriage.

So for 10 months, Sant learned basic office skills. She now lives in a rented house, works two jobs and earns about $20,400 a year.

Sant is proud of where she is, but she knows that "if something went wrong, I could well be back to where I was."

'I'M GETTING NOWHERE FAST'

As more poor Americans sink into severe poverty, more individuals and families living within $8,000 above or below the poverty line also have seen their incomes decline. Steven Woolf of Virginia Commonwealth University attributes this to what he calls a "sinkhole effect" on income.

"Just as a sinkhole causes everything above it to collapse downward, families and individuals in the middle and upper classes appear to be migrating to lower-income tiers that bring them closer to the poverty threshold," Woolf wrote in the study.

Before Hurricane Katrina, Rene Winn of Biloxi, Miss., earned $28,000 a year as an administrator for the Boys and Girls Club. But for 11 months in 2006, she couldn't find steady work and wouldn't take a fast-food job. As her opportunities dwindled, Winn's frustration grew.

"Some days I feel like the world is mine and I can create my own destiny," she said. "Other days I feel a desperate feeling. Like I gotta' hurry up. Like my career is at a stop. Like I'm getting nowhere fast. And that's not me because I've always been a positive person."

After relocating to New Jersey for 10 months after the storm, Winn returned to Biloxi in September because of medical and emotional problems with her son. She and her two youngest children moved into her sister's home along with her mother, who has Alzheimer's. With her sister, brother-in-law and their two children, eight people now share a three-bedroom home.

Winn said she recently took a job as a technician at the state health department. The hourly job pays $16,120 a year. That's enough to bring her out of severe poverty and just $122 shy of the $16,242 needed for a single mother with two children to escape poverty altogether under current federal guidelines.

Winn eventually wants to transfer to a higher-paying job, but she's thankful for her current position.

"I'm very independent and used to taking care of my own, so I don't like the fact that I have to depend on the state. I want to be able to do it myself."

The Census Bureau's Survey of Income and Program Participation shows that, in a given month, only 10 percent of severely poor Americans received Temporary Assistance for Needy Families in 2003 - the latest year available - and that only 36 percent received food stamps.

Many could have exhausted their eligibility for welfare or decided that the new program requirements were too onerous. But the low participation rates are troubling because the worst byproducts of poverty, such as higher crime and violence rates and poor health, nutrition and educational outcomes, are worse for those in deep poverty.

Over the last two decades, America has had the highest or near-highest poverty rates for children, individual adults and families among 31 developed countries, according to the Luxembourg Income Study, a 23-year project that compares poverty and income data from 31 industrial nations.

"It's shameful," said Timothy Smeeding, the former director of the study and the current head of the Center for Policy Research at Syracuse University. "We've been the worst performer every year since we've been doing this study."

With the exception of Mexico and Russia, the U.S. devotes the smallest portion of its gross domestic product to federal anti-poverty programs, and those programs are among the least effective at reducing poverty, the study found. Again, only Russia and Mexico do worse jobs.

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One in three Americans will experience a full year of extreme poverty at some point in his or her adult life, according to long-term research by Mark Rank, a professor of social welfare at the University of Wisconsin, Madison.

An estimated 58 percent of Americans between the ages of 20 and 75 will spend at least a year in poverty, Rank said. Two of three will use a public assistance program between ages 20 and 65, and 40 percent will do so for five years or more.

These estimates apply only to non-immigrants. If illegal immigrants were factored in, the numbers would be worse, Rank said.

"It would appear that for most Americans the question is no longer if, but rather when, they will experience poverty. In short, poverty has become a routine and unfortunate part of the American life course," Rank wrote in a recent study. "Whether these patterns will continue throughout the first decade of 2000 and beyond is difficult to say ... but there is little reason to think that this trend will reverse itself any time soon."

'SOMETHING REAL AND TROUBLING'

Most researchers and economists say federal poverty estimates are a poor tool to gauge the complexity of poverty. The numbers don't factor in assistance from government anti-poverty programs, such as food stamps, housing subsidies and the Earned Income Tax Credit, all of which increase incomes and help pull people out of poverty.

But federal poverty measures also exclude work-related expenses and necessities such as day care, transportation, housing and health care costs, which eat up large portions of disposable income, particularly for low-income families.

Alternative poverty measures that account for these shortcomings typically inflate or deflate official poverty statistics. But many of those alternative measures show the same kind of long-term trends as the official poverty data.

Robert Rector, a senior researcher with the Heritage Foundation, a conservative think tank, questioned the growth of severe poverty, saying that census data become less accurate farther down the income ladder. He said many poor people, particularly single mothers with boyfriends, underreport their income by not including cash gifts and loans. Rector said he's seen no data that suggest increasing deprivation among the very poor.

Arloc Sherman of the liberal Center on Budget and Policy Priorities argues that the growing number of severely poor is an indisputable fact.

"When we check against more complete government survey data and administrative records from the benefit programs themselves, they confirm that this trend is real," Sherman said. He added that even among the poor, severely poor people have a much tougher time paying their bills. "That's another sign to me that we're seeing something real and troubling," Sherman said.

Dow, S& P 500 Sink While Nasdaq Rises (USAT)

By Matt Krantz

USA Today, February 23, 2007

Weak earnings from a leading home builder, a $1.5 billion damage verdict against Microsoft and general concern that a market correction is overdue piled up to send stocks lower Thursday.

The Dow Jones industrial average fell 52.39 points to 12,686.02, making it the benchmark's second-straight down day. Still, the Dow remains up 1.8% this year.

Injured by losses of stocks in the environmental services, specialized finance and construction materials industries, the Standard & Poor's 500 index lost 1.25 points to 1456.38. The S&P 500 remains up 2.7% for the year.

Tech stocks were the exception, with the Nasdaq composite index rising 6.52 points to 2524.94. The tech-heavy index got a lift from semiconductor maker Analog Devices, which reported strong quarterly results late Wednesday and issued a positive outlook.

Some were encouraged by the market's ability to recover from the day's lows. The Dow, for instance, had been down nearly 90 points during the day. "It was a test. It was a good test," says Joseph Saluzzi, trader at Themis Trading. "It was relatively stable," he says.

Investors need to block out the panic about whether a market correction is overdue and imminent, says Alan Skrainka, strategist at Edward Jones.

It's true that the current rally of the Dow and S&P 500 is the second longest without a 10% correction in more than 100 years, Skrainka says. But he adds the longest rally, in the 1990s, ran 1,000 days longer than the current one, which is about a week from the 1,000-day mark. "It doesn't pay to worry about a correction. That doesn't stop it from happening," Skrainka says.

Instead, know that corrections are frequent and normal, and be ready to buy stocks at lower prices if the opportunity comes. "It doesn't pay to time the market," he says.

Highlights:

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Microsoft rose 4 cents to $29.39 despite the software firm facing a $1.5 billion judgment for allegedly infringing digital music patents held by Alcatel-Lucent (story, 1B). Meanwhile, Google took on Microsoft by beginning to sell Web-based word-processing and spreadsheet software to businesses. Google fell 1 cent to $475.85.

·Analog Devices gained $3.48, or 10.4%, to $36.80. The company reported 37.5% higher first-quarter earnings.

·Home builder Toll Bros. fell 93 cents to $31.93. It reported 67% lower profit largely due to write-offs in the value of land it holds (story, 6B).

Stocks Ease As Oil Nears $61; Nasdaq Grabs A 6-Year High (WSJ)

By Shefali Anand

The Wall Street Journal, February 23, 2007

Stocks slipped, as oil zipped higher for a second straight day.

Crude-oil prices crossed the $61 mark in intraday trading, following news of a decline in supplies of some petroleum products. Crude-futures contracts for April delivery rose 88 cents, or 1.5%, to $60.95 a barrel at the New York Mercantile Exchange, the highest close in 2007 and only 10 cents below the start of the year.

The Dow Jones Industrial Average fell for a second straight day, closing down 52.39 points, or 0.4%, to 12686.02, up 1.8% this year.

The Energy Department reported that inventories of gasoline and natural gas fell more than expected in the week ended Feb 16. Supplies of crude oil, however, rose.

Traders also paid attention to a United Nations report that Iran wasn't cutting back its nuclear program, which raises the possibility of trouble in the Middle East that could affect the supply, and consequently, the price of oil.

Still, analysts aren't sure that oil's gains can be sustained for a long period. "Without further help, be it from weather or supply, [the price] may settle back a bit," said Jeffrey Grossman, president of commodities trading firm BRG Brokerage.

The broad Standard & Poor's 500-stock index slipped 0.1%, or 1.25 points, to 1456.38, up 2.7% on the year. But the technology-laden Nasdaq Composite Index, which began the day lower, closed at a fresh six-year high, rising 0.3%, or 6.52 points, to 2524.94. It is now up 4.5% year-to-date.

Some market professionals said they wouldn't be surprised to see more declines in the next few trading sessions, but remain bullish on stocks for the year overall. "We're overdue for a pause on the equity side because the markets have really been very strong," said Andy Brooks, head of stock trading at Baltimore investment-management firm T. Rowe Price.

Some semiconductor shares rose on the back of good company news. Microchip maker Analog Devices rose 10% to $36.80, following its announcement of better-than-expected first-quarter earnings after the market close Wednesday. National Semiconductor shares jumped about 7% to $25.39.

Shares of Whole Foods Market rose 14% to $51.74, after the firm announced that it would buy rival Wild Oats Markets for $565 million. Wild Oats stock was up 17% to close at $18.41.

Outside the U.S. Stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 0.35%, or 0.89 point, to 253.33.

In major U.S. market action:

Stocks were mixed. On the Big Board, where 2.6 billion shares traded, 1,534 stocks rose and 1,736 fell.

Bonds declined. The 10-year Treasury note fell 10/32, or $3.12 for each $1,000 invested, pushing the yield up to 4.730%. The 30-year bond fell 20/32, to yield 4.830%.

The dollar strengthened. Late in New York, it traded at 121.58 yen, up from 120.88 yen, while the euro fell slightly against the dollar at $1.3124 from $1.3139.

Write to Shefali Anand at shefali.anand@wsj.com1

UCLA Wins Psychiatric Sex Trial, But No One Gets Monetary Award (LAT)

The Los Angeles Times, February 23, 2007

A Los Angeles jury today ruled against a former UCLA psychiatric resident who claimed the school unfairly rescinded its offer of a coveted job because he broke off an affair with his supervisor.

But jurors did not believe the supervisor's counter-charge that Dr. David Martorano had slandered her by making up the affair, which Martorano testified included oral sex in parked cars.

In the end, neither party was awarded any money after a two-week trial of their dueling lawsuits that featured the appearance of no fewer than nine psychiatrists, along with women testifying about their sex lives under code names to protect their privacy.

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As Los Angeles Superior Court Judge Judith Chirlin said to the jury: "You could have been here on some boring contract case."

Martorano, a handsome Columbia University-educated physician and a former psychiatric resident at UCLA's Neuropsychiatric Institute, alleged that he lost a coveted post as chief resident and that his reputation was ruined once rumors of the affair began to circulate after he broke off the relationship. He sued his former supervisor, Dr. Heather Krell, and UCLA.

Krell's lawyer accused Martorano of making the whole thing up to seduce yet another psychiatrist. Krell countersued Martorano for slander and invasion of privacy.

UCLA's lawyer, meanwhile, said it didn't matter from a legal perspective whether Martorano and Krell had an affair -- university administrators acted properly when they revoked the offer for Martorano to become chief resident after rumors began to fly because it was unacceptable for there to be even the perception that he was getting a job based on a sexual affair at the institute, one of the top facilities of its kind in the country.

Testimony was so explicit that Chirlin allowed several women to testify under code names, a decision she acknowledged was unusual but necessary to protect their reputations.

At times, the witness box seemed more like a psychoanalytic couch -- and not just because witnesses often faced not only a judge, jury and lawyers but also at least two psychiatrists.

Testimony and court papers included Martorano's depiction of himself zipping around Malibu on dates in a two-seater, as well as an internal UCLA report that said that people who worked with him said he "frequently spent his downtime ... talking about his sexual conduct." Jurors also heard his personal psychiatrist's assessment that he was "addicted" to having women fall in love with him.

At one point, UCLA's lawyer, Alan Zuckerman, asked Martorano, a former opera singer and the son of a psychiatrist, if he thought he had a narcissistic personality disorder. As Zuckerman later told the jury, narcissists have a grandiose sense of self, lack empathy for others and take advantage of them.

Martorano replied that he would never call himself narcissistic but that "there are traits of narcissism that I possess."

In his closing argument, Zuckerman went point by point through the nine attributes of narcissistic personality disorder in the Diagnostic and Statistical Manual of Mental Disorders and explained how each attribute fit Martorano. He then accused the doctor of filing the lawsuit because his narcissistic personality couldn't handle that Krell would not admit that she had slept with him.

In response, Martorano's lawyer, Robert Scott, said that "some lawyers want to become psychiatrists." Later, he referred to Krell's lawyer, Donald Garrard, as "Dr. Garrard."

Garrard, meanwhile, enthusiastically endorsed the diagnoses of Martorano as a raging narcissist, offering several examples of his own.

Then he turned to evolutionary psychology in his attempt to impugn Martorano's testimony, saying that it wasn't believable that Martorano couldn't recall details of sex he allegedly had with Krell. "The genes we come with are programmed for little else," he said as the judge and members of the jury and gallery burst into laughter.

He also argued that jurors should not believe Martorano's claim that Krell had performed oral sex on him parked in an Audi in front of her apartment, because a 35-year-old physician would obviously choose to go to her apartment rather than stay in the car.

Garrard urged jurors to punish Martorano for acting like "a 14-year-old boy" by awarding Krell punitive damages.

Martorano's attorney, however, argued that the evidence that Martorano and Krell had an affair was hard to dispute. He pointed to dozens of phone calls, social events they attended together and testimony that they watched a movie about a porn star titled "The Fluffer."

Then, when rumors of the affair emerged, he said, Krell created a hostile work environment for Martorano by criticizing him excessively and by spreading rumors that he was a liar, a misogynist and manic depressive. He also was denied the job of chief resident. Then, Scott said, UCLA tried to "sweep it all under the rug" to protect itself.

This is not the only sexual harassment claim facing UCLA's medical school and its psychiatry department.

Krell has also filed a separate sexual harassment suit against UCLA, alleging that she was subjected to an onslaught of sexual comments and sexually degrading and demeaning behavior and gestures from Andrew Leuchter, another psychiatrist at UCLA.

She also alleged that department administrators retaliated against her when she complained. UCLA denies the allegations. The case is to go to trial next fall.

The university recently lost an appeal of a third, unrelated sexual harassment and discrimination case in which a female psychiatrist was awarded $2.9 million.

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Martorano now runs a psychiatric practice out of his home in Malibu, where one of the things he specializes in, according to his website, is couples therapy. But that has not been trouble-free.

He and his new wife are embroiled in a legal dispute with a neighbor.

His next-door neighbor recently accused him of killing his dog and videotaping his children. In a countersuit, Martorano denied the allegations and accused his neighbor of telling his patients he was a dog-killer and child molester.

Grades Rise, But Reading Skills Do Not (NYT)

By Diana Jean Schemo

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — High school students nationwide are taking seemingly tougher courses and earning better grades, but their reading skills are not improving through the effort, according to two federal reports released here Thursday that cite grade inflation as a possible explanation.

The National Assessment of Educational Progress, an exam commonly known as the nation's report card, found that the reading skills of 12th graders tested in 2005 were significantly worse than those of students in 1992, when a comparable test was first given, and essentially flat since students previously took the exam in 2002.

The test results also showed that the overwhelming majority of high school seniors have not fully mastered high-school-level math.

At the same time, however, grade-point averages have risen nationwide, according to a separate survey by the National Assessment, of the transcripts of 26,000 students, which compared them with a study of students' coursework in 1990.

"There's a disconnect between what we want and expect our 12th graders to know and do, and what our schools are actually delivering through instruction in the classroom," David W. Gordon, the superintendent of schools in Sacramento, said at a news conference announcing the results.

The reports offered several rationales for the disparity between rising grade-point averages and tougher coursework on the one hand and stagnant reading scores on the other, including "grade inflation, changes in grading standards" or the possibility that student grades were being increasingly affected by things like classroom participation or extra assignments.

The National Assessment of Educational Progress is considered the yardstick for academic performance because it is the only test taken all across the country. The test of 12th-grade achievement was given to a representative sample of 21,000 high school seniors attending 900 public and private schools from January to March 2005.

It showed that the share of 12th-grade students lacking even basic high school reading skills — meaning they could not, for example, extract data about train fares at different times of day from a brochure — rose to 27 percent from 20 percent in 1992.

The share of students proficient in reading dropped to 35 percent from 40 percent in 1992. At the same time, the gap between boys and girls grew, with girls' reading skills more than a year ahead those of boys.

In math, only 23 percent of all 12th graders were proficient, but the exam has been revamped, so the results could not be compared with those from earlier years, officials said. The new test has fewer questions requiring arithmetic and more using algebra and geometry. Some 39 percent of 12th graders lacked even basic high school math skills.

These results came about even though the separate study of transcripts showed that 12th graders in 2005 averaged 360 more hours of classroom instruction during their high school years than students had in 1990.

Their overall grade-point average was 2.98 — just shy of a B. That was one-third of a letter grade higher than in 1990. The share of students taking a standard curriculum or better, intended to prepare them for college, jumped to 68 percent from 40 percent.

In math, girls had higher grades than boys, and closed the achievement gap, scoring about as well as boys did on the national assessment. Boys who had taken advanced math and science courses, however, scored higher than girls who had also taken such courses.

The Bush administration, which has been pressing to expand testing in high school under the federal education law, No Child Left Behind, seized upon the results as proof that high schools were not measuring up.

"The consensus for strengthening our high schools has never been stronger," Margaret Spellings, the secretary of education, said in a statement released in advance of the report. "Schools must prepare students to succeed in college and the 21st-century work force."

Just how students can be getting better grades in classes that are supposedly more challenging yet lag in reading may become clearer in the future. Mark Schneider, the commissioner of the National Center for Education Statistics, the branch of the Education Department that administers the exams, had also collected a warehouse full of course descriptions, reading lists and textbooks to investigate the actual content of classes students are taking.

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The Education Trust, a nonprofit group representing urban schools, attributed the disparity to a kind of academic false advertising, saying that schools may seem to offer the same courses to all students, but that the content of those courses is sometimes less demanding for poor and minority children.

For example, the group found, a ninth-grade English teacher at one school assigned students a two- to three-page essay comparing the themes of Homer's "Odyssey" to those in the movie "O Brother, Where Art Thou?" At the same school, assignments in another class covering the same material were considerably less demanding. There, students broke up into three clusters, with one designing a brochure for "Odyssey Cruises," another drawing pictures and the third making up a crossword using characters from the "Odyssey."

"Just slapping new names on courses with weak curriculum and ill-prepared teachers won't boost achievement," Kati Haycock, the Education Trust's president, said.

Grades Rise, But Reading Skills Fall, Data Suggest (USAT)

By Greg Toppo

USA Today, February 23, 2007

WASHINGTON — High school seniors are taking more challenging classes and earning higher grades than ever, but their reading skills have actually worsened since 1992, data released Thursday by the U.S. Education Department suggest.

Education Secretary Margaret Spellings said the results show that "we must act now to increase rigor in our high schools." The No Child Left Behind law, up for reauthorization this year, currently applies only minimally to high schools.

The report brought mixed — and contradictory — results:

A record 68% of the class of 2005 completed at least a standard curriculum with four years of English and three each of math, science and social studies. That's a huge jump from 1990, when only 40% did the same, according to the study of 26,000 public- and private-school transcripts.

In 2005, 51% of students were doing college-preparatory work, up from 31% in 1990. And 10% were earning college credit, up from 5% in 1990.

·The average high school senior doesn't read as well as those in 1992, the first year the National Assessment of Educational Progress (NAEP) was given to 12th-graders. In 2005, 35% of seniors scored "proficient" or "advanced," down from 40% in 1992.

Reading at a "proficient" level means students can make critical judgments — for instance, describing how two editorials argue different viewpoints. "Basic" means students can read and retrieve information from a document and recognize a sequence of plot elements.

The government has no comparable long-term data on math scores since it changed the test in 2005. But the 2005 scores show that, overall, 12th-graders' skills are basic at best.

"Clearly we need to look at some major changes in the way schools are organized and how teaching is delivered," Massachusetts Education Commissioner David Driscoll said.

The Brookings Institution's Tom Loveless, who researches the NAEP and course content, said that the reading results "should really be an area of concern" — and that perhaps even the brightest students don't read as much as they used to.

Critics have long said the NAEP is a poor measure of how well 12th-graders do, and the new data could give them ammunition: Even students whose transcripts show they took calculus score only, on average, "proficient" in math.

Loveless noted that the test includes no calculus, which forces advanced students to do math work they haven't done in three or four years.

Education researcher Gerald Bracey said 12th-graders take the NAEP in the last semester of their high school careers, and they have no real incentive to do well. Poor results are "senior slump writ large," he said.

Test Scores At Odds With Rising High School Grades (WP)

By Amit R. Paley

The Washington Post, February 23, 2007

High school seniors are performing worse overall on some national tests than they did in the previous decade, even though they are receiving significantly higher grades and taking what seem to be more rigorous courses, according to government data released yesterday.

The mismatch between stronger transcripts and weak test scores on the National Assessment of Educational Progress, often called the nation's report card, resonated in the Washington area and elsewhere. Some seized upon the findings as evidence of grade inflation and the dumbing-down of courses. The findings also prompted renewed calls for tough national standards and the expansion of the federal No Child Left Behind law.

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"We have our work cut out for us," Education Secretary Margaret Spellings said in a statement. "If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores."

About 35 percent of 12th-graders tested in 2005 scored proficient or better in reading -- the lowest percentage since the test was launched in 1992, the new data showed. And less than a quarter of seniors scored at least proficient on a new version of the math test; officials called those results disappointing but said they could not be compared to past scores. In addition, a previous report found that 18 percent of seniors in 2005 scored at least proficient in science, down from 21 percent in 1996.

At the same time, the average high school grade-point average rose from 2.68 in 1990 (about a B-minus) to 2.98 in 2005 (about a B), according to a study of transcripts from graduating seniors. The study also found that the percentage of graduating seniors who completed a standard or mid-level course of study rose from 35 to 58 percent in that time; meanwhile, the percentage who took the highest-level curriculum doubled, to 10 percent.

"The core problem is that course titles don't really signal what is taught in the course and grades don't signal what a kid has learned," said Kati Haycock, president of the Education Trust, a D.C.-based nonprofit group that supports No Child Left Behind. She added hyperbolically, "What we're going to end up with is the high school valedictorian who can't write three paragraphs."

Some experts say these educational mirages, which obscure low student achievement with inflated grades and tough-sounding class titles, disproportionately harm poor and minority students.

A visit to two ninth-grade English classes in Prince George's County this week showed that instruction can vary immensely even in classrooms -- just 15 miles apart -- that share the same champagne-colored textbook, the same course title and the same syllabus.

In Room 101 at Bowie High, a racially diverse school in one of the county's more affluent areas, the assignment was: Compare and contrast the themes of disillusionment, poverty and frustration in George Orwell's "Animal Farm" and the poems of Langston Hughes.

In Room 31 at Suitland High, which has more poor and black students, the assignment was: What are your immediate goals? How would you feel if no one close to you supported you in reaching your goals?

The teacher at Suitland, R'Chelle L. Mullins, walked around the classroom and repeated the assignment several times to the students, some of whose heads were slumped on their desks. "What are your immediate goals?" she asked one boy again.

"To pass the ninth grade," he finally answered.

After class, Mullins said she had "stuck very close to the curriculum" and "was doing exactly what the county wants me to do." But when told of the more complicated questions asked in the Bowie High class, Mullins acknowledged that she sometimes modifies assignments based on the background of her students.

Mullins, 24, who began teaching two years ago because she wanted to help underprivileged children, said she had "a different caliber" of students in her classroom. "Not to dumb my kids down," she added. "I hate the bad reputation that they get, and I don't think it's fair at all. . . . Not to pass the blame, but some of these kids should never have been allowed to graduate middle school."

County Superintendent John E. Deasy said he is working hard to reduce inequities among schools and cited uneven teacher quality as a key issue. He said that the county curriculum has been standardized and that the challenge now is to ensure an equal level of instruction in every classroom by investing in teacher training and increasing the number of Advancement Placement courses.

"This is the civil rights issue of our time," Deasy said.

The potential for grade and course-title inflation is not confined to low-performing schools. Julie Greenberg, a math teacher at Montgomery Blair High School in Silver Spring, said she was under such pressure to raise grades that she used to keep two sets of books in her statistics class: one for the grades students deserved and one for the grades that appeared on report cards.

"If a teacher were to really grade students on their true level of mastery, there would be such extraordinary levels of failure that it would not be tolerated, so most teachers don't do that," she said.

At a news conference yesterday near Capitol Hill, education experts expressed concern that white and Asian students continue to score consistently higher than black and Hispanic students in all subjects. They also said the overall discrepancy between the test scores and transcripts deserves close examination. Darvin M. Winick, chairman of the National Assessment Governing Board, which oversaw the exams and the transcript study, called the gap "very suspicious."

"For all of our talk of the achievement gap amongst subgroups of students, a larger problem may be an instructional gap or a rigor gap," said David W. Gordon, superintendent of Sacramento County schools in California. "There's a disconnect between what we want and expect our 12th-grade students to know and do and what our schools are actually delivering through instruction in the classroom."

Lawmakers said the low test scores would reinvigorate the debate over high school reform as Congress considers the renewal of No Child Left Behind.

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Rep. George Miller (D-Calif.), chairman of the House Education and Labor Committee, said "disappointing" results underscore the need to recruit first-rate teachers to low-performing schools.

Report Raises Questions About High-School Courses (WSJ)

By Robert Tomsho

The Wall Street Journal, February 23, 2007

American educators have complained about grade inflation for years. But new findings suggest that U.S. high schools may also suffer from another type of inflation -- in the labeling of courses.

Under pressure to produce graduates better prepared for college and the workplace, dozens of states have stiffened high-school graduation requirements in recent years, pushing a broader array of students to take more years of core subjects and eliminating less rigorous lower-tier courses altogether.

Reflecting these efforts, a review of high-school transcripts by the staff of the National Assessment of Educational Progress shows that high-school students are taking, and receiving higher grades in, more college-prep courses than ever.

Yet just-released test results for 12th graders on the NAEP, a widely respected barometer of educational achievement known as the "nation's report card," indicated that students are graduating with mediocre math skills and reading abilities that have tumbled to their lowest level since the early 1990s. The 12th-grade tests are designed to measure the sorts of high-level thinking demanded in college work.

The findings raise questions about whether college-prep courses are as tough as their titles indicate, and, if so, whether high schools and their instructors are adequately prepared to teach such courses to a rapidly changing mix of students.

U.S. Education Secretary Margaret Spellings expressed disappointment with the findings, saying: "If, in fact, our high-school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores."

Other observers said the results suggest that some school districts are teaching watered-down versions of everything from history to trigonometry. "A course title alone does not make rigor," said David Conley, a University of Oregon professor who studies high-school course content.

The NAEP results are likely to fuel calls for reform measures as the federal No Child Left Behind act approaches a reauthorization debate. The Bush administration has proposed requiring states to conduct additional reading and math achievement tests at the high-school level.

In December, the Commission on the Skills of the American Workforce, a private group that includes former governors and cabinet secretaries from both political parties, called for such radical measures as ending high school after 10th grade for some students and denying entry to public colleges and universities to any who can't pass so-called board exams in core subjects.

The NAEP review of high school transcripts, released yesterday, found that 51% of the graduating class of 2005 completed at least a midlevel college-prep curriculum that included four years of English; three years of math, including geometry and algebra; and three years of science including at least two of biology, chemistry and physics. In 1990, only about 31% of seniors completed a similar curriculum.

The NAEP review also found that the class of 2005 received about 360 more hours of instruction in high school than their 1990 counterparts and earned higher grades. On a zero-to-four point scale, the 2005 seniors had a cumulative grade point average of 2.98 points, or about a B, up from 2.68 points in 1990. But the benefits of such changes weren't evident in the results of NAEP reading and math achievement tests for the class of 2005.

On a zero-to-500 point scale, their average reading score was 286 points. That was down a point from 2002, the last time the test was given, and was the lowest average score since 1992, when the average was 292 points. About 40% of the test takers scored at or above the proficient range, down from 44% in 1992.

On the math side, the average score was 150 on a zero-to-300 point scale and only 23% of the seniors were scored at or above the proficient range. NAEP officials said results of the 2005 math test aren't comparable with those from previous years because of recent changes in the exam's structure and content.

Reflecting demographic changes in society, the sorts of students taking the NAEP test have changed significantly in recent years. Hispanics accounted for 14% of all 12th graders in 2005, up from 7% in 1992. The scoring gap between them and white students has changed little since 1992.

Since 1998, when NAEP began allowing accommodations such as longer testing times, more English-language learners are also taking the NAEP. In 2005, they accounted for about 4% of all seniors taking the NAEP reading test and posted an average score of 247. The effect was to lower the overall average score by two points, to 286, which NAEP officials said was statistically significant.

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The decline in reading abilities was not a complete surprise. A recent study by ACT Inc., the nonprofit testing concern based in Iowa City, Iowa, found that only about 51% of high school graduates who took the ACT test in 2005 were prepared to tackle college-level reading, down from 55% in 1999. ACT also found a decline in reading skills through the high-school years, with more eighth- and 10th-graders on track for college reading than seniors. "Reading just drops off the radar in high school," said Jon Erickson, ACT's vice president for educational services.

And the NAEP results aren't the only signs that college-prep courses may not be delivering all that they promise.

The College Board, the New York nonprofit that gives the SAT admissions test, is in the midst of a nationwide audit of its high-school Advanced Placement Program courses, amid concerns that some districts aren't offering college-level content.

Meanwhile, a recent study by the state of Maryland found that 30% of its 2005 high-school graduates who completed a college-prep curriculum needed remedial math in college, up from 26% for the class of 2000.

States may require students to take more upper-level courses, but content is still largely left up to local school boards and varies widely. And few states have instituted mandatory end-of-course tests to measure what is actually being taught in high-school classrooms or taken concrete action to ensure that high-school graduation standards are aligned with what colleges and universities expect incoming freshmen to know.

Hodan Janay, of Boston says she earned B's during four years of high-school English, took a college-prep literature course her senior year and passed the state English exams required to graduate. "But I wasn't as ready as I thought," says the 21-year-old, who is now enrolled in a remedial English course at Boston's Bunker Hill Community College.

Write to Robert Tomsho at rob.tomsho@wsj.com3

Higher Grades Contradict Test Scores (AP)

By Nancy Zuckerbrod

AP, February 23, 2007

WASHINGTON — Large percentages of high school seniors are posting weak scores on national math and reading tests even though more of them are taking challenging courses and getting higher grades in school, say two new government reports released Thursday.

"The reality is that the results don't square," said Darvin Winick, chair of the independent National Assessment Governing Board, which oversees the national tests.

Nearly 40 percent of high school seniors scored below the basic level on the math test. More than a quarter of seniors failed to reach the basic level on the reading test. Most educators think students ought to be able to work at the basic level.

The reading scores show no change since 2002, the last time the tests were given. "We should be getting better. There's nothing good about a flat score," Winick said.

The government said it could not compare the math results to old scores because the latest test was significantly different.

The National Assessment of Educational Progress — often called the nation's report card — is viewed as the best way to compare students across the country because it's the only uniform national yardstick for how well students are learning.

The tests were given in 2005. The government released the scores Thursday along with a report examining the high school transcripts of 2005 graduates.

The transcript study shows high school students are earning more credits, taking more challenging courses and getting higher grade-point averages than in the past.

In 2005, high school graduates had an overall grade-point average just shy of 3.0 — or about a B. That has gone up from a grade-point average of about 2.7 in 1990.

It is unclear whether student performance has improved or whether grade inflation or something else might be responsible, the report said.

More students are completing high school with a standard curriculum, meaning they took at least four credits of English and three credits each of social studies, math and science. More students also are taking the next level of courses, which generally includes college preparatory classes.

But the study showed no increase in the number of high-schoolers who completed the most advanced curriculum, which could include college-level or honors classes.

On the math test, about 60 percent of high school seniors performed at or above the basic level. At that level, a student should be able to convert a decimal to a fraction, for example.

Just one-fourth of 12th-graders were proficient or better in math, meaning they demonstrated solid academic performance. To qualify as "proficient," students might have to determine what type of graph should be used to display particular types of data.

On the reading test, about three-fourths of seniors performed at or above the basic level, while 40 percent hit the proficient mark.

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Seniors working at a basic reading level can identify elements of an author's style. At the proficient level, they can make inferences from reading material, draw conclusions from it and make connections to their own experiences.

As in the past, the math and reading scores showed large achievement gaps between white students and minorities.

Forty-three percent of white students scored at or above proficient levels on the reading test, compared with 20 percent of Hispanic students and 16 percent of black students.

On the math test, 29 percent of white students reached the proficient level, compared with 8 percent of Hispanics and 6 percent of blacks.

The gap in reading scores between whites and minorities was relatively unchanged since 2002.

The federal No Child Left Behind law has put added emphasis on math and reading, largely in the elementary- and middle-school grades. It also requires states to separate out their test scores by race so officials can track and try to narrow achievement gaps between groups of students.

High Schoolers' Scores Lag Despite Courses, Grades (WT)

By Amy Fagan, The Washington Times

The Washington Times, February 23, 2007

More 2005 high school graduates took challenging classes and got higher grades than their peers a few years prior, but overall, large percentages of high school seniors are scoring poorly on reading and math tests, two new reports found yesterday.

Education Secretary Margaret Spellings said these results mean "we have our work cut out for us," in providing quality education.

"If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores," she said, after the release of the National Assessment of Educational Progress (NEAP).

These reading and math tests, released by the government yesterday, were given in 2005 to a representative sample of more than 21,000 high school seniors from 900 schools. Accompanying that report was a separate study examining the transcripts of 2005 high school graduates.

According to the NAEP, nearly 40 percent of high school seniors didn't perform at the basic level on the math test and 23 percent performed at or above proficient level.

The average reading scores didn't change much since 2002 but declined since 1992. Seventy-three percent of 2005 high school seniors performed at or above basic reading level, meaning more than a quarter of seniors didn't reach that threshold.

In 2000, about 13 percent of high school graduates completed standard course work, and 36 percent went beyond and completed midlevel course work, according to the transcript study. Those percentages increased in 2005, to 17 percent and 41 percent.

The 2005 graduates also carried a slightly higher grade point average -- about a 3.0 -- than 2000 graduates and notably higher than the 2.7 GPA in 1990. The study noted "many possible reasons" for the increase, including grade inflation, changes in grading standards and practices, and growth in student performance.

Lawmakers and education researchers agreed that improvement is needed but disagreed on the best way of getting there -- with some arguing the federal government should get more involved in high schools and some saying that is exactly the wrong approach.

"The No Child Left Behind Act is working to improve our nation's elementary and middle schools, and we must act now to increase rigor in our high schools and improve graduation rates," Mrs. Spellings said, touting President Bush's proposal for more testing and improved curricula in high schools as part of his suggestions for renewing the law.

House education panel Chairman Rep. George Miller, California Democrat, called the scores a "disappointment" and said that as lawmakers work to renew federal education law for younger students "part of our charge will be to develop strategies for helping our struggling high schools," such as recruiting better teachers and ensuring all students have access to advanced courses.

Neal McClusky, education policy analyst at the Cato Institute, noted that the disappointing scores come despite "huge increases in per-pupil expenditures, the installation of 'standards and accountability' mechanisms all around the country, and ever-greater federal intervention" in America's schools.

"With all this in mind, the lesson from the latest NAEP scores is clear: American education needs fundamental restructuring away from the top-down, government control that has wrought regular academic failure, to a system that empowers parents to take their children and tax dollars out of broken public schools and put them into institutions that work," he said.

U.S. High Schools Raise Grades, Don't Test Better (Update2) (BLOOM)

By Paul Basken

DOJ_NMG_0135905

Bloomberg, February 23, 2007

Feb. 22 (Bloomberg) -- U.S. high school students are showing no overall improvement on a nationwide achievement test, even as they take more challenging courses and earn higher grades, the U.S. Education Department reported.

Nationwide, 73 percent of 12th-grade students achieved a ``basic'' reading score in 2005, down from 80 percent in 1992, according to the National Assessment of Educational Progress, a sampling test the government calls the ``nation's report card.'' Sixty-one percent scored at or above the basic level in math.

At the same time, 68 percent of high school graduates completed at least a ``standard'' curriculum, up from 59 percent in 2000, with the overall grade point average about one-third of a letter grade higher than in 1990, the department said in a report. The figures raise questions about the quality of the courses being taught at U.S. high schools, it said.

``If, in fact, our high school students are taking more challenging courses and earning higher grades, we should be seeing greater gains in test scores,'' U.S. Education Secretary Margaret Spellings said in a statement. The results ``show that we have our work cut out for us,'' she said.

In May, NAEP said there were declines in science scores for high school students. Among 12th-graders, 54 percent were at or above the basic level in science in 2005, statistically similar to 2000 and a decline from 57 percent in 1996, the report said.

`Disappointing' Results

Business and education leaders said the latest results reinforce fears that the U.S. school system isn't preparing its students to be competitive in the global workplace.

``It's disappointing and unacceptable,'' said Susan Traiman, director of education and workforce policy at the Business Roundtable, a Washington-based association of chief executive officers of U.S. companies including General Motors Corp., Exxon Mobil Corp. and Citigroup Inc.

``These numbers perfectly book-end the rating of employers last fall,'' who in a nationwide survey said more half of companies are finding workers inadequately training in math or reading, said Linda Barrington, labor economist and research director at the Conference Board, a New York-based business group.

Bush Budget

Today's report on reading and math follows President George W. Bush's release earlier this month of his fiscal 2008 budget recommendation, in which he again asked Congress to devote a greater share of federal funding toward raising high school achievement levels.

Congress hasn't endorsed that plan in the past, in part because Democrats opposed Bush's calls for financing high school improvements through spending cuts in other parts of the federal education budget.

Representative Buck McKeon, the California Republican who headed the House education committee last year, believes the NAEP results mean Congress must continue to demand more from schools, spokesman Steve Forde said.

The NAEP report ``is a further indication that backing away from that commitment would be a huge mistake,'' Forde said.

Others were more cautious. Some of the lower performance at the 12th-grade level could be due to older students realizing their scores on the NAEP test have no effect on their personal records, said Antonia Cortese, executive vice president of the 1.3 million-member American Federation of Teachers, the nation's second-largest teacher union.

`No Child' Testing

The federal No Child Left Behind law currently requires schools to test students in grades 3 through 8, then once in high school. Researchers including Bruce Fuller, an education professor at the University of California, Berkeley, have suggested that states may be weakening their tests to help raise their passing rates under the federal law.

The NAEP reports today may reinforce fears that the quality of high-level courses suffers as more students are allowed into them, the Education Trust, a Washington-based research and advocacy group, said in a statement. ``This pattern is undoubtedly playing out in some schools,'' Education Trust said. ``But we know that it doesn't have to be this way.''

The NAEP tests for 2005 were given to a nationally representative sample of more than 21,000 high school seniors in 900 schools.

The results show 35 percent of 12th-grade students scored at or above ``proficient'' in reading in 2005, down from 40 percent in 1992. Only 23 percent of 12th-graders achieved the proficient rating in math in 2005.

Math Scores

The math scores aren't comparable with previous years because NAEP introduced a new assessment test in 2005, the report said. A separate analysis provided by NAEP of common math questions, however, showed a ``statistically significant increase,'' to 44 percent in 2005 from 42 percent in 2000, in the percentage of students answering each question correctly.

The scores released today also showed persistent gaps among racial and ethnic groups, including white students scoring 31 points higher than black students in math and 24 points higher than Hispanic students.

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The comparisons to high school transcripts were based on data from 26,000 graduates of about 640 public schools and 80 private schools. The report defined a ``standard curriculum'' to mean the student has taken at least four credits of English and three each in social studies, mathematics and science.

In addition to more students enrolling in such a curriculum and receiving higher grades, the NAEP study found that U.S. high school graduates in 2005 earned about three credits more than their 1990 counterparts. That translates to about 360 additional hours of instruction during their high school years, it said.

Possible reasons for the increase in high school grades include ``grade inflation, changes in grading standards and practices and growth in student performance,'' the report said.

Stepping To The Plate, Giuliani Is Seeing Only Softballs (NYT)

By Richard Pérez-peña

The New York Times, February 23, 2007

SPARTANBURG, S.C., Feb. 21 — In a swing through South Carolina this week, Rudolph W. Giuliani chose to campaign at a fire house, which is a little like Derek Jeter meeting with Yankees fans — a most unlikely forum for hostility, or even much skepticism.

Instead of the sometimes barbed give-and-take endured by the other candidates, Mr. Giuliani, the former mayor of New York, fielded a few questions from the firefighters and police officers who gathered to hear him here. The questions, which began with comments like, "Being in your presence here is just unbelievable," stuck almost entirely to issues on which Mr. Giuliani is most comfortable, like airport security and border control.

More than the other major presidential candidates, Mr. Giuliani has limited himself to events with narrowly defined, friendly audiences, avoiding the kind of uncomfortable interrogations his rivals have occasionally faced. Aside from a couple of brief swings through diners, including one yesterday in Delray Beach, Fla., he has done little of the politicking that exposes candidates to random sets of people — at shopping malls or train stations — who might be of any political stripe, and can raise any issue.

Senators Hillary Rodham Clinton, John McCain and Barack Obama and others have held forums in Iowa and New Hampshire that were open to anyone and were widely advertised in advance — Mr. McCain did three on Saturday alone. People who were clearly skeptical pressed the candidates — Mrs. Clinton and Mr. McCain on their Iraq war positions, and Mr. Obama on his relative inexperience.

Mr. Giuliani has had no such events so far. He has yet to be questioned by voters about his support for abortion rights, same-sex civil unions and gun control, or about his marital history.

Party officials say Mr. Giuliani will have to face greater scrutiny from voters in primary states.

"For now it's O.K., but he can't follow that strategy indefinitely," said Fergus Cullen, the Republican chairman in New Hampshire. "People in New Hampshire, Iowa and a couple of other places really demand a chance to hit you between the eyes, and to ask a pointed follow-up if you don't give a straight answer. And there's a curveball in every group."

A spokeswoman, Maria Comella, said Mr. Giuliani was not avoiding difficult questions, noting that it was still early in the campaign and that "the mayor's travel has just started to pick up."

"The mayor will be at a wide variety of events that will put him in front of voters where he will answer their questions," Ms. Comella said.

She would not say whether there were plans for an open forum in the near future.

Difficult issues have come up, raised by journalists if not by others, and all candidates like to go before sympathetic groups and take agreeable questions. President Bush made a habit of it in 2004. Conversely, Mr. Giuliani was known for his frequent sparring with combative New York City reporters during his years as mayor.

The traditions of states with early presidential contests call for taking a few risks in front of voters. Dick Bennett, an independent pollster based in New Hampshire, said after Mr. Giuliani's last trip to that state that he was surprised at how little unscripted exposure to voters there was and wondered if they would hold it against him.

"People here expect to be able to see you, up close, more than once," Mr. Bennett said.

Mr. Giuliani recently spoke to state Republican conventions in New Hampshire and California, but he did not take questions, so there was little opportunity to address his views on social issues that set him apart from many in his party.

In the last month, Mr. Giuliani has had three brief public exchanges with groups of business people who were more interested in economic issues than social ones. At an agricultural fair in Central California he was asked about farm policy, and at a Chamber of Commerce dinner in New Hampshire, he was asked about budget deficits.

The Giuliani campaign billed the stop Wednesday in South Carolina, an early primary state, as a town-hall meeting. But only "first responders" had been invited, and Mr. Giuliani's speech was devoted to the heroism of police officers and firefighters on Sept. 11 and the threat of terrorism.

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Many of those present described themselves as religious and more conservative than Mr. Giuliani, but they also said they attended because they were fans — and after hearing him praise them as the nation's heroes, they were in no mood to challenge him.

As much as the audiences he chooses, it is Mr. Giuliani's reputation as the icon of Sept. 11 that has shielded him during his early campaigning. At every stop, he is greeted more like a celebrity than a candidate and is asked in reverential tones about his handling of the attacks on the World Trade Center.

The social issues "carry some weight, but you have to look at the big picture," said Brian Lawson, the assistant fire chief in Chesnee, S.C., who attended Wednesday's event. "9/11, everybody knows what a job he did there, that he showed some great leadership. That's why we're here."

And of all the presidential candidates who have visited upstate South Carolina, Mr. Lawson said, "he's the first one to ask to speak with this group."

Giuliani To Court K Street (POL)

By Jonathan Martin

Politico.com, February 23, 2007

Former New York Mayor Rudy Giuliani comes to Washington tomorrow to do a little lobbyist outreach. Lobbyists Dirk Van Dongen, Susan Molinari, Mike Zarelli and Willie Gaynor have helped put together the meet-and-greet, which is designed to familiarize Rudy with top K St. Republicans and vice-versa. There is no charge for the afternoon get-together, to take place at a downtown Washington hotel. First there will be a general reception, followed by a series of smaller meetings.

Because of the recess, members are not expected to attend. But Rudy is also making progress on that front and will soon roll out the backing of Rep. Charlie Dent of Pennyslvania. Dent, who represents an Allentown-area district, is only in his second term but is a respected member of the GOP conference. He served for years in the state legislature and knows the Lehigh Valley and Keystone State politics well. I'm also told that Team Rudy is making progress with other members of both chambers of Congress and will soon be announcing additional endorsements from the sort of states (Pennsylvania being one) that his supporters think he could put in play in the general election.

Huckabee: Don't Forget Me (POL)

By Mike Allen

Politico.com, February 23, 2007

Exclusive: Former Arkansas governor Mike Huckabee plans to make a splash on Capitol Hill on Friday with the surprising announcement that Rep. Don Young of Alaska has signed on as congressional chairman of his Republican presidential exploratory committee.

In a letter to House Republicans, Young says Huckabee will help produce "a reawakening of the conservative values that make our country a land of opportunity."

Huckabee, who moved out of the mansion in Little Rock in January, is rushing to catch up with the front-runners' massive organization and plans to officially announce his candidacy in the next few months. He said in a telephone interview that the debates – including the Politico-MSNBC debate on May 3 at the Ronald Reagan Library – will be critical to his chances of breaking out.

"Best I can determine, the floor is the same level for everybody at the debates," Huckabee said on his cell phone as he ran errands in Little Rock on Thursday. "This election will eventually become focused not just on rhetoric but the results behind the rhetoric."

Huckabee noted with a chuckle the disadvantages of being the front-runner this early in the campaign. "There's only one direction you can go, and it's not a good one," he said.

His campaign got a critical boost in South Carolina, which has one of the earliest nominating contests, when he was endorsed earlier this month by former South Carolina first lady Iris Campbell. Her youngest son, Mike Campbell, will serve as a senior national adviser to the campaign. The late Gov. Carroll Campbell and his family played a critical role in helping Ronald Reagan, George H.W. Bush, Bob Dole and George W. Bush win the South Carolina primary.

Young, the third-ranking Republican in Congress, is no diplomat but he has deep personal connections with almost every member because he was chairman of the House Transportation and Infrastructure Committee, which put him in charge of massive amounts of pork.

Young said in an interview from Puerto Rico that Huckabee is "a man of character and a hell of a speaker." Young said he'll travel on Huckabee's behalf. "He may be a long shot now," Young said. "But when this settles down, people will see that a governor is best positioned to bring the country together. They have the experience of bringing the opposite sides of a legislature

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together. People always ask me who I think I going to win, and when I say Governor Huckabee, they say, 'Who?' So we just need to convince people that he's a leader with great character."

Also Friday, Huckabee plans to announce that Rep. John Boozman of Arkansas will be congressional co-chairman of his presidential exploratory committee. Boozman is a member of the Republican Study Committee, the conservative caucus, and so has ties to a group of members whose support could really help Huckabee.

Boozman said in an interview that Huckabee "has a tremendous ability to communicate" and has positioned himself well as a conservative. "This thing is wide open," Boozman said. "His greatest challenge is going to be coordinating a national campaign."

Fundraiser To Help Underwrite S.C. Primary (WP)

By Chris Cillizza

The Washington Post, February 23, 2007

South Carolina may be a new addition to the early days of Democrats' presidential nomination fight, but the state is already showing veteran savvy when it comes to collecting cash for its Jan. 29, 2008, primary.

Witness a fundraiser set for March 7 in Washington. The featured guests? The bulk of the 2008 Democratic field, including Sens. Hillary Rodham Clinton (N.Y.), Joe Biden (Del.) and Chris Dodd (Conn.), as well as former senator John Edwards (N.C.) and former Iowa governor Tom Vilsack. Reps. Jim Clyburn and John Spratt -- the only Democrats in South Carolina's congressional delegation -- are also set to appear.

The event, which will be emceed by Clinton White House press secretary Mike McCurry, is being billed as a "kickoff reception" for the state's presidential primary.

Joe Erwin, chairman of the South Carolina Democratic Party, explained that his state is one of a handful where the party must raise all of the money to finance the primary. In 2004, Erwin estimated, the cost of South Carolina's Democratic primary was $285,000. He believes the price tag this time will be closer to $500,000.

"It's a great honor to seek and successfully garner the first-in-the-South primary; it's a heck of a challenge to put it on," Erwin said.Breaux to the Rescue?

One question dominated the political chatter at this week's Washington Mardi Gras celebration: Will he or won't he? The "he" in question being former senator John Breaux (D-La.), who is looking seriously at running for governor in November.

Breaux, who served in Congress for more than three decades, is widely seen as Democrats' strongest statewide candidate and is being pushed to make a run by party regulars who don't believe Gov. Kathleen Babineaux Blanco (D) can win reelection. Blanco faced widespread criticism for her handling of the response to Hurricane Katrina, and private polling has shown her badly trailing Rep. Bobby Jindal (R), who has already declared his candidacy.

"Really, only John and Lois Breaux know the real odds of his decision-making process right now," said Rich Masters, a former senior aide to Louisiana Sen. Mary Landrieu (D). "But the odds of remaking New Orleans and the state would be much better with John Breaux as governor, so personally I hope he runs."

Breaux did not return a call seeking comment. He has until Sept. 6 -- the state's filing deadline -- to make up his mind.Huckabee Gets a Hand on the Hill

Former governor and current presidential candidate Mike Huckabee (R-Ark.) isn't a household name inside the Beltway. He's hoping to change that today as he announces the congressional co-chairs of his national bid.

Reps. Don Young (Alaska) and John Boozman (Ark.) will lead Huckabee's efforts to make inroads among the opinion leaders on Capitol Hill.

Asked about winning congressional endorsements, Huckabee said "it shows [that] people who are policy makers are willing to sign on," but he added: "Frankly, I don't think it's going to tip the election one way or another."

Detour From High Road In Clinton-Obama Clash (NYT)

By Adam Nagourney

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — After weeks of watching in frustration as Senator Barack Obama presented himself as a fresh face gliding above partisan politics, Senator Hillary Rodham Clinton has drawn Mr. Obama onto a muddy political field, engaging him in a back-and-forth that recalls the kind of Washington bickering Mr. Obama has decried.

Mrs. Clinton's effort to identify Mr. Obama with an attack made by one of his chief Hollywood supporters was widely viewed among Democrats as carrying some cost to Mrs. Clinton. The remarks at the heart of the dispute, by David Geffen, the Hollywood executive who was once a big fund-raiser for the Clintons, were a sharp reminder of Clinton family history that has led some Democrats to believe Mrs. Clinton cannot win a general election.

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But when it came to tallying the final score on the most intense engagement so far in the 2008 presidential race, even Mr. Obama, the junior senator from Illinois, seemed to acknowledge that he may have been outmaneuvered.

In a telephone interview Thursday, Mr. Obama said he had not been aware beforehand of the statement his campaign had put out Wednesday morning responding to the public demand by Howard Wolfson, Mrs. Clinton's hard-driving senior communications adviser, that Mr. Obama denounce Mr. Geffen and return the money he had raised.

Mr. Obama said he had been on a red-eye flight, getting a haircut and taking his daughters to school as the fight broke out, and strongly suggested he had told his aides he wanted to stay above the fray.

"I told my staff that I don't want us to be a party to these kinds of distractions because I want to make sure that we're spending time talking about issues," Mr. Obama said. "My preference going forward is that we have to be careful not to slip into playing the game as it customarily is played."

For Mrs. Clinton, the risks of going after Mr. Obama included the possibility that some voters would view her as driven more by tactical war-room politics than by the domestic and foreign policy issues they are most concerned about.

At the very least, the blow-up provided a vivid snapshot of how the Clinton campaign is approaching what it views as the biggest obstacles to Mrs. Clinton's winning the nomination: the rapid emergence of Mr. Obama as a potent rival, and persistent questions about Mrs. Clinton's electability. And it demonstrated how fiercely these two formidable candidates are moving to nail down support in all quarters.

That is particularly true for Mrs. Clinton, backed by a cadre of aggressive advisers who have weathered a decade of some of the toughest political fights imaginable, from the election of Bill Clinton in 1992 to the fight to save him from impeachment in 1998, and are using lessons learned from those campaigns here and now.

For weeks, the Clinton campaign has been dealing with the threat from Mr. Obama aggressively, if not in such a public way as it did on Wednesday. Mrs. Clinton's team, which includes toughened advisers like Terry McAuliffe, the former Democratic Committee National chairman, has been sending signals, some gentle and some not so gentle, that it wants Democrats to choose between her and Mr. Obama and not hedge their bets.

At a fund-raiser for Mrs. Clinton in Hollywood two weeks ago, as Mr. McAuliffe told the story in an interview on Thursday, he joked in a crowded room that big contributors would be honored with limo rides with the new president while those who wrote checks to, say, Mr. Obama could give up their dreams of access.

"Clarence Avant's daughter was there, he's a friend of mine, and I looked at her and in front of 500 people I said, If you don't contribute, you're not going to get that ambassadorship to France," he said, referring to the former chairman of Motown Records. "It's a joke! I said it in front of 500 people."

The Los Angeles Times quoted Mr. McAuliffe as saying at that event, "You are either with us or you're against us," a remark Mr. McAullife and other attendees said was jocular.

But from New York to Washington to Los Angeles, the Clinton campaign has sought commitments of total loyalty this winter from a swath of important donors and elected officials. Mrs. Clinton would meet one-on-one with prominent donors, for instance, and make clear that she wanted their support exclusively. Some elected officials in New Hampshire, meanwhile, said they were told that their early support would matter more to the Clintons than an endorsement down the road.

Aides to both Mrs. Clinton, the junior senator from New York, and Mr. Obama said the other side had been relentless in trying to force potential contributors and political leaders to take sides. Their aggressiveness is not going over well with everyone, especially those who have given large sums to many Democrats over the years and are happy to see two or more presidential candidates continue to compete for their support more than 10 months before the first primary.

"I feel that way only because we the electorate earn the right to a vigorous debate," said Norman Lear, the producer, who has contributed to both Mr. Obama and Mrs. Clinton. Asked about Mr. McAuliffe's remark, he responded: "What's he going to do, jail me?"

The way that campaigns operate provide insights into the candidates themselves. If lessons were learned about the Clinton campaign style, there were lessons learned as well about Mr. Obama, who is making his first run for the presidency and whose lack of experience in campaigns has been a source of worry for some of his supporters.

In response to the initial volley from the Clinton camp on Wednesday, Mr. Obama's spokesman, Robert Gibbs, refused the demand by the Clinton campaign that the candidate distance himself from Mr. Geffen's statement, which he made in an interview with a New York Times columnist, Maureen Dowd. (Mr. Geffen said Mrs. Clinton was unelectable, and raised questions about her ethics and Bill Clinton's trustworthiness.) Mr. Gibbs went on to note that the Clintons had taken money from Mr. Geffen while they were in the White House, noting that Mr. Geffen had been among those who had spent the night in the Lincoln Bedroom.

The two camps traded barbs all day Wednesday, going toe to toe on a day when Mr. Obama had skipped an appearance with the rest of the Democratic presidential field in a demonstration of his desire to stay out of the daily exchange of criticism that can consume campaigns.

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"It fundamentally undermined their long-term message," said Chris Lehane, a Democratic consultant who made his name with a tough campaign style, referring to the Obama campaign.

"If you're to run as something fundamentally different — the philosopher king — you have to have a campaign that is completely different," said Mr. Lehane, who has not endorsed a candidate. "Long term, there is peril here for Obama: if he is presenting a message that he represents a new style of governance, once you start to engage in the back and forth, you really diminish this kind of message."

If there was one clear beneficiary to the wrangling — other than the Republican Party, which stood back and enjoyed the fight — it was a third Democratic candidate, John Edwards. Mr. Edwards's strategy has been to let Mr. Obama and Mrs. Clinton fight it out, leaving an opening for him.

Et Tu, David? A Lucrative Friendship Sours (NYT)

By Jennifer Steinhauer, David M. Halbfinger

The New York Times, February 23, 2007

LOS ANGELES Feb. 22 — The public unwinding of the relationship between the Clintons and David Geffen has many of the makings of a Hollywood who-done-it: While the outcome is now known, the trail remains complicated and mysterious.

The strains between Mr. Geffen and the Clintons were brought to the fore this week when Mr. Geffen, an entertainment executive and longtime benefactor of the Clintons, made clear with shards of verbal glass that he would not support the presidential campaign of Senator Hillary Rodham Clinton.

Mr. Geffen has been telling friends for two years that he thinks that Mrs. Clinton is a divisive figure who would fail to bring the nation together. He has since thrown his support behind Senator Barrack Obama of Illinois, who raised $1.3 million this week at a fund-raiser for which Mr. Geffen was a co-host.

"What Geffen did was he gave an expression to what is in the collective unconscious about the Clintons," said one Obama supporter in Hollywood, who, like everyone who was interviewed about the issue, would not speak for attribution out of fear of retribution from the Clinton camp, the famously irascible Mr. Geffen, or both.

Mr. Geffen's embrace of Mr. Obama is a notion that — backed with checkbooks and liberal blogging — could have resonance among Hollywood money raisers, who love nothing more than a fresh face attached to even perceived early momentum. It appears to be an outgrowth of Mr. Geffen's anger and disillusion with both Clintons, and his belief that Mrs. Clinton's candidacy impedes Democrats from regaining the White House, people close to the Clintons and Mr. Geffen said Thursday.

Yet even as his doubts about Mrs. Clinton have risen, Mr. Geffen contributed generously to her two Senate campaigns. All told, Mr. Geffen — who discussed his displeasure with a Clinton candidacy with the New York Times columnist Maureen Dowd this week — has raised or given millions of dollars to the Clinton political machine.

Long after his fury over Mr. Clinton's last-minute pardoning of the financier Marc Rich and not Leonard Peltier — the Indian activist who was convicted and sentenced to life imprisonment for the murders of two federal agents — Mr. Geffen went on to donate $1 million to the Clinton presidential library, even though Mr. Clinton made a disparaging remark to Time magazine about Mr. Geffen's displeasure with the way the last-minute pardons were executed.

Mr. Clinton had long paid homage to Mr. Geffen, and was a frequent guest at his home in Los Angeles. But after his 1996 re-election, Mr. Clinton began staying more frequently with Ron Burkle, a longtime Clinton supporter and onetime rival of Mr. Geffen for ownership of The Los Angeles Times. Mr. Burkle, a supermarket tycoon, lives in a 40-room Beverly Hills home that once belonged to the silent-movie star Harold Lloyd.

By late 1999, the president felt so divided between his two billionaire friends that he once wound up leaving Mr. Burkle's home late one evening to turn in for the night at Mr. Geffen's nearby Beverly Hills home, all to avoid offending Mr. Geffen, one member of the president's entourage said, even though Mr. Geffen was out of town.

(No Hollywood sleepover goes without a movie screening, in this case, "Titus," starring Anthony Hopkins.)

For their part, Mrs. Clinton's supporters say that they are convinced that her luster in Los Angeles is untainted, and both spokesmen for both her and her husband declined to comment Thursday.

On Thursday in Los Angeles, Mrs. Clinton attended meetings with fund-raisers at Haim Saban's office, and later with supporters at Creative Artists Agency and other money raisers.

At the meeting at Mr. Saban's office, when the idea of a California primary's being moved to Feb. 5 was raised, according to one person who attended the event, Mr. Saban said, "Then we'll have to double what we all planned to do."

Analysis: Early Bumps Trip Clinton Camp (AP)

By Beth Fouhy, Associated Press Writer

DOJ_NMG_0135911

AP, February 22, 2007

A Hollywood-style brawl with the campaign of rival Barack Obama is the latest in a series of speed bumps tripping up Hillary Rodham Clinton's early presidential moves.

From the Clinton team's decision to criticize — and therefore publicize — producer David Geffen's complaints about both Clintons to increasingly skeptical questions about Sen. Clinton's nuanced explanation of her 2002 vote authorizing the Iraq war, it became apparent even a battle-tested front-runner can fall prey to missteps.

On top of that, voters were reminded of the downside of the first Clinton presidency.

"Her explanation for her Iraq vote sounds like the bad old days of Dick Morris triangulation," said Marty Kaplan, a political communications professor at the University of Southern California. Morris, once an influential adviser to both Clintons who has since turned against the couple, urged President Clinton to make policy decisions by splitting the difference on opposing views.

Kaplan added, "She may have overreacted to Geffen in a way that showed she's potentially thin-skinned. And the whole thing was a reminder that the issues of Monica Lewinsky and Whitewater are still out there."

The latest spat began Wednesday, when Clinton spokesman Howard Wolfson called on Obama to disavow comments Geffen made in a New York Times interview.

Geffen, a onetime Clinton supporter who threw a $1.3 million fundraiser for Obama in Hollywood Tuesday night, criticized Bill Clinton for "reckless" behavior and called his wife polarizing and dishonest. He also took her to task for refusing to recant her Iraq vote.

Obama ducked the controversy, saying he shouldn't have to apologize for something he didn't say. But his spokesman Robert Gibbs noted that Geffen had raised $18 million for Bill Clinton and had been invited to one of the infamous Lincoln Bedroom sleepovers that helped define the Clinton fundraising excesses of the 1990s.

The brouhaha reflected the Clinton campaign's annoyance with what it perceives as the national media's lenient treatment of Obama.

The tit-for-tat between campaign operatives helped the story to explode nationally — overshadowing a Democratic presidential forum in Nevada that all the candidates except Obama attended.

Ironically, that lack of attention may have helped Clinton, who was pointedly jabbed by rival John Edwards for her unwillingness to revisit her war stance.

Edwards, a former North Carolina senator who also voted to authorize the invasion, has repeatedly apologized for his vote and said Clinton's decision not to do so was "between her and her conscience."

With the early 2008 voting contests in Iowa and New Hampshire still a year away, the current turbulence on the campaign trail is largely the province of hard-core political junkies.

Even so, the events of the last few days exposed the Clinton campaign's sensitivity to criticism of her husband's White House years the growing appeal of Obama — and to some extent, former North Carolina Sen. John Edwards — among the party's overwhelmingly anti-war activists.

"It's time for a different kind of leadership in this country," Edwards said, adding that voters want a president "who will tell the truth when they've made a mistake. Who will take responsibility when they've made a mistake."

Clinton has been challenged to explain her vote at nearly every campaign stop since entering the presidential field last month.

She tried to put the matter to rest in New Hampshire last weekend, saying voters could choose another candidate if her answer doesn't suffice. Nevertheless, the questions persist.

Another headache emerged last week when Clinton was asked to renounce comments about Obama made by one of her South Carolina supporters. State Sen. Robert Ford, who is black, said he was endorsing Clinton in part because Obama as a black presidential candidate would hurt other Democrats on the ballot.

"Every Democrat running on that ticket next year would lose — because he's black and he's top of the ticket," Ford said.

Ford later apologized as did a Clinton spokesman. But Clinton did not personally distance herself from it.

Raphael Sonenshein, a political scientist at California State University-Fullerton, said the Clinton campaign had seized on the Geffen comments as a prelude of what to expect later.

"This is a dress rehearsal, and it's peanuts compared to what Republicans will do in the general election," he said. "She knows she's got to come out and come out strong."

EDITORIALS Geffen Has A Point About The Clintons (LAT)

The Los Angeles Times, February 23, 2007

THERE ARE TWO THINGS to be said about the first major intramural spat of the 2008 Democratic primary season. The first is that David Geffen has a point (and we're not saying that just because there is a remote chance that we might work for him

someday). The second is that if California moves up its primary, presidential candidates visiting here will soon have to pander to more than just Hollywood moguls.

Geffen, once among Bill and Hillary Rodham Clinton's biggest financial backers, threw Hollywood's first mega-fundraiser of the election cycle on Tuesday — for Barack Obama. His criticism of Hillary Clinton, reported Wednesday by New York Times columnist Maureen Dowd, sparked an amusingly overwrought exchange between the Clinton and Obama camps.

Geffen was on to something with his passing mention of the fact that Obama is not from "the Bush royal family" or the "Clinton royal family." Regardless of what you think of Bill Clinton's presidency, or his wife's talent, the dynastic aspect of Hillary Clinton's candidacy is an issue that will increasingly come to occupy center stage in this campaign. Is the country prepared to be governed, potentially, for 28 years by two families who alternate turns in the White House?

The Clinton campaign appears unwilling to acknowledge this concern. The candidate likes talking to audiences about whether the nation is ready for a female president. But the question of whether the country is ready to perpetuate the dueling-family reign by voting in the former president's spouse is disingenuously left off the table. Maybe Hillary Clinton can make the case that she is the most qualified candidate, but she is going to have to find a way to address the dynastic issue directly. She can't have it both ways — trading on her husband's popularity but not acknowledging people's unease at turning the White House into a family business.

Yet Californians, at least, may be grateful that candidates vying for the 2008 presidential nomination in both parties will have to worry not only about what big donors think of them but what all Californians think. In recent presidential primary seasons, the California contest hasn't gotten beyond the David Geffens because the state has been solely a fundraising battlefield. But now that California is likely to move its presidential primary to early February, candidates will no longer think of their California constituencies as consisting solely of that other royalty: Hollywood celebrities.

So, if you are frustrated that one Californian's view on the race could be so newsworthy, bear with us. You'll get your turn.

Clinton And Obama's Hollywood Scene (WP)

By E. J. Dionne

The Washington Post, February 23, 2007

It was a good day for Joe Biden, Chris Dodd, John Edwards, Bill Richardson, Tom Vilsack -- and, what the heck, Dennis Kucinich.

It was a bad day for Barack Obama, Hillary Clinton and David Geffen.

It was a good day for the Republican Party, particularly George W. Bush, John McCain and Dick Cheney.

It was a bad day for the Democratic Party, opponents of the Iraq war and advocates of national health insurance.

The petty feud was started by big-time producer Geffen's brutal remarks about the Clintons, which appeared after he helped raise a ton of Hollywood money for Obama. The grudge match revived those depressing cliches about the Democrats: their affection for circular firing squads and their habit of never missing an opportunity to miss an opportunity.

You wonder what Clinton and Obama will learn from this. Both might study the long Democratic nomination fight that began in 1987, well in advance of the 1988 election.

There was an obvious front-runner named Gary Hart, a smart, young former Colorado senator who promised to lead his party out of the 1930s into the 1990s. There was a young Delaware senator named Joe Biden, the same guy who's running this time. Biden wasn't the clear No. 2 that Obama is now, but he got some good early reviews.

Before election year dawned, Hart and Biden were knocked out of the race, because of their own mistakes for sure, but also because of whispering campaigns and subterranean attacks by their opponents.

By the fall of 1987, the Democrats looked like ineffectual dwarfs, to use the word popular back then. A Republican operative named Haley Barbour -- now Mississippi's governor -- happily declared: "At the beginning of this year, the American people questioned whether the Democrats had the first team on the field. I think everything that's happened has confirmed that it's a real amateur hour. It's been a confirmation of people's idea that these aren't the big boys."

Obama and Clinton lieutenants and their full-of-themselves fundraisers: Read Barbour a few times and remember that the Democrats blew the 1988 election. Today, the party has its most talented collection of candidates since 1960. That could change fast.

Political junkies know the week's story line, but in brief: Geffen, a Hollywood mogul who co-hosted a $1.3 million fundraiser for Obama, trashed Bill and Hillary Clinton to New York Times columnist Maureen Dowd, who gets the powerful to say the darnedest things. The Clinton and Obama camps went to war, rocking computers all over the country with incendiary e-mails.

The Clinton side insisted that Obama -- the let's-end-negative-politics candidate -- disown Geffen. The Obama forces trashed Clinton for accepting support from a South Carolina Democrat who suggested that Obama would doom the ticket because he's black.

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Just lovely. Because Clinton pulled her saintly opponent off his pedestal and made her new enemy Geffen into an Obama problem, she might be seen as the net winner. In truth, both campaigns showed they care a lot more about themselves than the causes (and the party) to which they claim to be devoted.

That's why every other Democratic presidential candidate was smiling, and why Republicans were gleeful, too. Absent the explosions set off by Geffen's therapy session with Dowd, the big news would have been Dick Cheney's mean jab at John McCain.

McCain, ensnared in Bush's Iraq disaster, tried to disentangle himself by going after Cheney and former defense secretary Donald Rumsfeld. Cheney's devastating pushback in an interview with ABC News made McCain look wimpy and less than straight-talking: "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld."

But the Hollywood news pushed the Republican eye-scratching over Iraq onto the back pages. It also shrank coverage of the first big Democratic forum in Nevada (only Obama skipped it), where the candidates sparred about serious issues, notably over how to achieve universal health coverage.

Oh, but health care is so boring compared with a Hollywood big shot who drops hints about Bill Clinton's love life. Yeah? Tell that to the family of someone who died of cancer because she had no insurance and couldn't afford a screening test.

Clinton, Obama and their brilliant staffs don't own the Democratic Party, no matter how much money they raise in Hollywood. If they think this is all about their personal drama, they should quit politics and go into the movies. Geffen can put up the money.

Depends What The Meaning Of "Mistake" Is (WP)

By Eugene Robinson

The Washington Post, February 23, 2007

Hillary Clinton's rivals would love to paint her as inflexible, programmed, focus-grouped within an inch of her life and intent on bringing nothing less than a full-fledged Clinton Restoration to the White House. So why is she sitting for the portrait?

We'll get to her campaign's delicious quarrel with Hollywood mogul David Geffen in a moment. Less entertaining, but ultimately more important, is the rhetorical line that Clinton drew in the Iraqi quicksand Wednesday at the Democratic candidates' forum in Nevada: no apology for her vote to authorize the war, no admission that she made a mistake. In other words, Clinton opposes the war but defends her vote to enable it.

That's the kind of carefully calibrated position that I suppose might help her in the general election, when she would have to win support from independents. It would let her avoid the "I voted for it before I voted against it" trap that snared John Kerry in 2004. But buckling herself into a no-regrets straitjacket so early can only hurt Clinton among Democratic primary voters, who overwhelmingly oppose the war -- and who, by all evidence, expect abject contrition from candidates who voted to authorize it.

Barack Obama gets a pass -- he wasn't anywhere near Congress at the time, and he publicly opposed the war to boot. John Edwards and Christopher Dodd, both of whom were in the Senate in 2002, have proclaimed that their votes to authorize the invasion were wrong and are begging forgiveness.

Asked about Clinton's position, Edwards said: "Whether it's good enough, I think, is between her and her conscience. It's not for me to judge."

Which, of course, was a judgment.

Clinton may believe that being the front-runner for the nomination means never having to say you're sorry. She may believe that positioning herself at the hawkish end of the Democratic spectrum helps her project an image of toughness, dispelling any reservations voters may have about a woman as commander in chief. Whatever the reason, refusing to say the words "mistake" or "apology" seems transparently artificial. It's a simple matter of cause and effect: If you deplore the effect, how can you not regret participating in the cause?

It sounds like something a candidate has decided to say rather than something a candidate believes -- an all-too-cute parsing of the language that brings to mind some of the less glorious episodes of the Clinton years. It sounds like a position manufactured by committee, an output from a machine. It certainly doesn't sound like an organic part of the "conversation" that Clinton says she wants to have with America.

It's awfully early for a candidate to lock herself into such a problematic script. As long as the war remains the campaign's dominant issue, Clinton is likely to be pressed on Iraq at virtually every stop. Refusing to apologize, or even to admit making a mistake, just keeps alive an issue for Clinton that her opponents already have dealt with and left behind.

Now, on to the Geffen imbroglio. Once one of the Clintons' biggest Hollywood supporters, the billionaire co-hosted a fundraiser for Obama this week that brought in $1.3 million. That was bad enough, from the Clintons' point of view -- they're not used to having to share the Hollywood money machine with anybody else. But Geffen went much further, telling New York Times

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columnist Maureen Dowd that Hillary Clinton was "incredibly polarizing" -- and that while everyone in politics lies, the Clintons "do it with such ease, it's troubling."

The Clinton campaign went thermonuclear, and it's easy to understand why. Here was a former insider, a one-time guest in the Lincoln Bedroom, seeming to confirm the suspicions of the most dedicated Clinton-haters. The campaign immediately responded by demanding that Obama disassociate himself from Geffen's remarks and "return his money" -- presumably meaning his personal $2,300 campaign contribution. Clinton herself refrained from attacking Obama but deplored the "politics of personal destruction" -- a classic Clinton-era phrase.

Obama responded that he didn't see why he should get involved in what looked like a dispute between Geffen and the Clintons. Obama's campaign issued a sharper statement, perhaps worried about looking soft or passive, then wisely let the matter drop.

The impression that was left at the end of the week was of a touchy, grouchy Clinton Inc. and a candidate constrained by her campaign strategy. It was as if Hillary Clinton were sketching a caricature of herself. That's wasted effort. Others would be happy to do the job for her.

For Clinton, New Wealth In Speeches (WP)

By John Solomon, Matthew Mosk, Washington Post Staff Writers

The Washington Post, February 23, 2007

Fees in 6 Years Total Nearly $40 Million

Former president Bill Clinton, who came to the White House with modest means and left deeply in debt, has collected nearly $40 million in speaking fees over the past six years, according to interviews and financial disclosure statements filed by his wife, Sen. Hillary Rodham Clinton (D-N.Y.).

Last year, one of his most lucrative since he left the presidency, Clinton earned $9 million to $10 million on the lecture circuit. He averaged almost a speech a day -- 352 for the year -- but only about 20 percent were for personal income. The others were given for no fee or for donations to the William J. Clinton Foundation, the nonprofit group he founded to pursue causes such as the fight against AIDS.

His paid speeches included $150,000 appearances before landlord groups, biotechnology firms and food distributors, as well as speeches in England, Ireland, New Zealand and Australia that together netted him more than $1.6 million. On one particularly good day in Canada, Clinton made $475,000 for two speeches, more than double his annual salary as president.

"I never had a nickel to my name until I got out of the White House, and now I'm a millionaire, the most favored person for the Washington Republicans," Clinton told a friendly audience in Kentucky last fall. "I get a tax cut every year, no matter what our needs are."

Indeed, the Clintons -- who left the White House with an estimated $12 million in legal debts rung up during the Whitewater, campaign fundraising and Monica S. Lewinsky investigations -- are worth an estimated $10 million to $50 million, according to Hillary Clinton's most recent disclosure form. That is attributable primarily to the speaking fees and to the seven-figure book deals that both Clintons signed shortly after leaving the White House.

The fortune they have amassed gives the Clintons a nest egg for the first time, and it allows them to tap into that wealth for a campaign if Hillary Clinton, as expected, forgoes public financing in her race for president. It also suggests a sometimes close connection between their personal finances and her political career.

Many of Bill Clinton's six-figure speeches have been made to companies whose employees and political action committees have been among Hillary Clinton's top backers in her Senate campaigns. The New York investment giant Goldman Sachs paid him $650,000 for four speeches in recent years. Its employees and PAC have given her $270,000 since 2000 -- putting it second on the list of her most generous political patrons.

The banking firm Citigroup, whose employees and PAC have been Hillary Clinton's top source of campaign donations, with more than $320,000, paid her husband $250,000 for a speech in France in 2004. Last year, it committed $5.5 million for Clinton's Global Initiative to help encourage entrepreneurship and financial education among the poor.

Asked about the companies and their relationship to the Clintons, Jay Carson, a spokesman for the former president, said, "It certainly makes sense that reputable New York companies who support the policies and works of President Clinton and his foundation would also be supportive of their senator."Finding Foreign Audiences

Over the past two decades, speaking for money, especially to foreign audiences, has become a common way for ex-presidents to find financial security. Ronald Reagan raised eyebrows collecting $2 million in Japan shortly after he left office in 1989. And George H.W. Bush and Jimmy Carter have both traveled extensively to lecture for pay.

The elder Bush, who was wealthy before he became president, had an active speaking schedule after he left the White House, and as recently as 2004 he was reported to have been paid between $125,000 and $150,000 for a series of speeches in

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China. He has also held seats on corporate boards. But much of his activity remains private because he is under no obligation to disclose it.

Mark K. Updegrove, author of a book on the activities of former presidents, said Clinton remains a huge draw even six years after leaving the White House. "One thing makes President Clinton slightly different from his predecessors," Updegrove said. "Not only has he carried the prestige of the presidency, but he maintains the mystique of celebrity."

Two-thirds of the former president's speaking money has come from foreign sources. Outside the United States, clients are willing to pay more to hear him speak, Clinton is able to conduct his charitable work on AIDS, and he can avoid upstaging his wife on the American political scene, associates say.

Foreign clients have included Saudi Arabia's Dabbagh investment firm, which paid $600,000 for two speeches, and China's JingJi Real Estate Development Group, run by a local Communist Party official, which paid $200,000 for a speech. The Mito City Political Research Group, a Japanese political studies center, paid Clinton $400,000 for a 2002 speech about politics.

Besides Goldman Sachs, the two firms that have paid Clinton the most over the past six years are foreign-based. Gold Services International, an event organizer based in Bogota, Colombia, brought Clinton to Latin America in the summer of 2005 for $800,000 in speaking fees. The Power Within, a motivational-speech company in Toronto, paid Clinton $650,000 for speeches in Canada in 2005 and brought him back for an undisclosed sum in 2006. The company was founded by Salim Khoja, a Kenyan immigrant who years earlier was convicted of stock fraud and was barred for life from the brokerage business.Speaking for Charity

The nearly $40 million total is based on Hillary Clinton's annual ethics report to Congress, which showed that her husband made more than $30 million from speeches from 2001 to 2005. Under Senate ethics rules, she does not have to disclose 2006 fees until mid-May, and the estimate for that year's totals is based on interviews with speech organizers, who confirmed an additional $9 million to $10 million in fees.

Beyond the millions he has earned personally, the former president has given dozens more speeches that result in payments to the William J. Clinton Foundation, his nonprofit charity in New York. His associates say those have yielded millions to help cover the $60 million annual budget the foundation spends to fund his charitable work on AIDS and world hunger.

The Clintons declined to disclose the size and sources of the payments for speeches he delivered on behalf of the charity. Campaign law and Senate ethics rules require Hillary Clinton to disclose only the fees her husband has taken as personal income, not those he routed to charity.

The former president declined repeated requests to discuss his speeches or the income he earns from them. "The reason that he picked paid speeches is that it is an efficient way for him to make a living for his family and allow him a lot of time to do charitable work, which is his passion," said Carson, his spokesman.

Carson said Clinton's staff constructs his schedule to pack as much charitable work as possible -- along with political events helpful to Democrats -- around his for-profit speaking career.

"We take a look at the schedule and say, 'All right, he has to be in this place for that paid speech. There are these three or four great things we've been meaning to do in this place. Let's do them,' " Carson said.

Last June, for example, Clinton booked a speech in Denver before the National Apartment Association, the industry group for landlords, which earned him $150,000.

When his office heard that funds were lagging for a nearby memorial to victims of the Columbine High School massacre, he volunteered to be the keynote speaker at the groundbreaking ceremony -- at no charge -- and instantly boosted fundraising. On the dais that day, when told the project was still short of its goal, he pledged $50,000 that could be matched by a local company. On the same trip, he addressed a politically important group of school principals.

Likewise, in February 2006, Clinton headed to Asia for charitable work to help tsunami and AIDS victims. At the last minute, the State Department asked him to squeeze in a visit to Pakistan, helping ease tensions among Muslims angered by political cartoons they considered insulting. He then tacked on three days of paid engagements in Australia and New Zealand that earned him about $750,000.'It Was Worth It'

Those willing to pay Clinton to speak say they can pack a hall with people eager to hear his question-and-answer sessions on Middle East peace, his motivational seminars, or his lectures on globalization that weave together personal anecdotes and detailed data aimed at inspiring corporate executives to compete better in the 21st-century global economy.

Clinton can also transform a fundraising event.

The former president in 2005 helped the U.S. arm of Israel's treasury authority sell $101 million in investment bonds by speaking at a luncheon at the Pierre Hotel in New York that was jammed with real estate executives who wanted to hear his keynote address.

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A Catholic group in Canada far exceeded its fundraising goal when it hired Clinton to address a fundraising gala for domestic violence services last November. The crowds came despite protests by Catholic bishops who urged a boycott because of the group's support for abortion rights.

"We had people buying $500 tickets for a lunch. This was a once-in-a-lifetime event for them," said Andrew Wilding of the Catholic Family Counseling Center in Kitchener, Ontario. "They did it in lieu of Christmas gifts, birthday gifts. It was unbelievable."

Kevin O'Marah, senior vice president of AMR Research, an industry group for retail, food and manufacturing suppliers, said the process of signing Clinton to speak last year was so complex -- including filling out multiple forms explaining to Clinton's office and the speakers bureau he uses why the group wanted him -- that "it was like applying for college."

"But it was worth it," he said, adding that Clinton's speech to 900 executives at AMR's annual conference in Scottsdale, Ariz., inspired many in the audience to consider what they could do to address global hunger.More Money, More Access

Clinton gets a flat fee for those overseas events, but event promoters sometimes offer a tier of options to their patrons. Spending more means gaining more access. This was the case when Clinton collected at least $900,000 last fall for speeches in England and Ireland promoted by longtime golfing partner Satty Singh, a wealthy businessman based in Glasgow, Scotland.

Those who paid about $1,000 to see Clinton at the Burlington Hotel in Dublin on Sept. 27 gained entry to a champagne reception and lunch before the speech. For $4,000 more, they got VIP perks that included a photo and a goody bag containing an autographed copy of his memoir. For about $150,000, corporate sponsors were assured of seats close to Clinton.

Clinton receives thousands of speaking requests a year and accepts a few hundred. Despite the extensive vetting, at least two companies that booked him were under federal investigation.

In February 2005, Clinton traveled to the Paradise Island resort in the Bahamas and collected $150,000 from Swiss biotechnology giant Serono International for a speech that touched on global AIDS. Serono's U.S. arm was then embroiled in a well-publicized federal investigation into giveaways to doctors who unnecessarily prescribed its AIDS drug. A few months after the speech, the company pleaded guilty to two federal conspiracy charges and agreed to pay $704 million in fines.

Clinton also accepted $125,000 in December 2001 to address workers at International Profit Associates, an Illinois company that advises small businesses. At the time, IPA was the focus of a federal investigation -- started during the Clinton administration -- and a government lawsuit alleging widespread sexual harassment.

Like many who have paid the former president to give a speech, IPA executives have been helpful to his wife's campaigns in New York. Her campaign and political action committee have collected nearly $150,000 in donations from the company's officials, making IPA one of her largest single sources of campaign contributions since she ran for the Senate in 2000. The company also flew her aboard its corporate jet, according to a 2004 reimbursement item on her campaign finance report.

Asked about the IPA and Serono speeches, Carson said: "We take our vetting process very seriously. We do our best to try to catch any issues. And given the volume of that, we are not always perfect."

Clinton continues to book new lectures this year as his wife campaigns for president. He will be in Montreal for a motivational speech next month.

FEC Drafts New Campaign Finance Opinion (WP/AP)

By Jim Kuhnhenn, The Associated Press

The Washington Post, February 23, 2007

WASHINGTON -- Presidential candidates may solicit contributions for a general election campaign even if they later decide to take public money for the race, federal regulators said Thursday in a proposed opinion.

The draft document, which would have to be approved by the Federal Election Commission, was in response to a request for FEC advice from Democratic presidential candidate Barack Obama, the Illinois senator.

If a majority of the six election commissioners support the opinion, candidates would have yet another incentive to seek double contributions this early in the presidential election cycle. Any candidate who then chooses to accept public money would have to refund money raised exclusively for the general election.

The commission will meet March 1.

Sen. Hillary Clinton, D-N.Y., and former Sen. John Edwards, D-N.C., have already said they will forego public financing in both the primary and general election campaigns. As a result, both are soliciting maximum contributions of $4,600 from individual donors, twice the $2,300 permitted for each election.

Under federal law, taxpayers can redirect $3 of their income tax payment to the presidential campaign fund. Candidates who accept public financing in the primaries can still accept political contributions, but must agree to certain spending limits. Primary winners who accept public financing in the general election cannot use political donations to finance their campaigns.

This year, the primary winners would be entitled to about $85 million each. But campaign finance experts and advisers to presidential candidates predict that the 2008 general election campaign will be far longer and much more expensive than

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previous ones. Some predict the total cost to each nominee will be $500 million. That is why some candidates would prefer to turn down the public funds and raise their own, more substantial sums.

Campaign watchdog groups, however, have lamented the trend as signaling the demise of the public financing system, which attempted to reduce the influence of money in politics.

Under federal law, any candidate who raises money during the primary for the general election must refund donors if he or she loses the primary. Obama, in seeking an opinion from the FEC, offered a twist on that financial consideration that left the door open to staying within the public system.

"We're pleased this draft opinion moves the ball forward in the direction of preserving public financing of campaigns this election," Obama spokesman Bill Burton said.

Obama's Funding Question To Get FEC Look (CHIT)

By John Mccormick, Tribune Staff Reporter

Chicago Tribune, February 23, 2007

Responding to his request for clarification, the Federal Election Commission signaled Thursday that Sen. Barack Obama's presidential campaign may be able to solicit private contributions for the 2008 general election while remaining eligible for public financing for that same contest.

The draft response was to a question Obama's campaign brought up this month when it indicated that it would start raising money for a potential general election candidacy, nearly a year before the first caucus and primary votes will be cast.

Obama (D-Ill.) and two of his top rivals for the Democratic nomination, Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.), have indicated they would likely reject the public financing system that has governed presidential elections for more than three decades.

But Obama wanted to see if he had the option of reversing course and then use public financing, should he win the nomination and be able to convince his Republican opponent to also limit spending.

The commission said it would formally consider the question at a March 1 meeting. "We have never faced this question before," said Bob Biersack, a commission spokesman.

In its draft ruling, the commission said Obama may solicit and receive contributions for the general election if he meets certain conditions, including a requirement to keep the money in a separate escrow account and that the funds not be used for any other purpose other than general election activities.

Under the draft proposal, if Obama were to win the Democratic nomination and then decide to accept public funding for the general election, he would need to refund all general election contributions within 60 days of certifying his eligibility for public funds.

In previous elections, candidates have accepted the notion that once they start raising money for the general election, they have committed to running without federal matching funds.

"We're pleased this draft opinion moves the ball forward in the direction of preserving public financing of campaigns this election," Obama spokesman Bill Burton said.

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Proposal By Obama On Public Financing Appears To Gain (NYT)

By David D. Kirkpatrick

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — The staff of the Federal Election Commission has drafted an opinion that would allow the two major parties' presidential nominees to adopt what amounts to a fund-raising truce.

The draft opinion would allow the nominees, if both agreed, to return contributions they had solicited for the general election campaign and limit themselves to public financing for it instead.

The opinion is a response to an inquiry by Senator Barack Obama of Illinois, a leading candidate for the Democratic nomination. It is an indication of how the commission, which released the document Thursday, is likely to rule on the idea. The commissioners are expected to issue their decision after a meeting next Thursday.

Mr. Obama sought the ruling after all the front-runners in both parties rejected public financing for the primary campaign, already under way, and prepared to forgo it for the general election as well, to avoid the spending limits that it imposes. That would make the 2008 general election the first outside the system since its creation in the aftermath of the Watergate scandal more than three decades ago.

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Candidates say the amount of public financing — it would be about $85 million per nominee next year — has failed to keep pace not only with campaign costs but also with the potential for private contributions, meaning a candidate who does not seek donations early on risks falling far behind.

But Mr. Obama, campaigning on pledges to clean up politics, argued in his filing with the commission that the public financing system had insulated candidates from a corrupting dependence on big donors. He asserted that the system could be preserved for the general election through bipartisan agreement if party nominees returned early contributions.

The plausibility of such an agreement is not clear. One nominee is likely to have a financial edge on the other at the outset of the campaign, and accepting public financing would mean relinquishing that edge.

Hope From The FEC (WP)

The Washington Post, February 23, 2007

MAYBE THE public financing system for presidential campaigns can be saved after all -- at least part of it. The Federal Election Commission released a draft advisory opinion yesterday that could provide a way to slow the fundraising frenzy and encourage the 2008 nominees to accept full federal funding for their general election campaigns. The draft, likely to be approved by the commission at a meeting March 1, came in response to a creative request from Sen. Barack Obama (D-Ill.).

Like other presidential contenders this cycle, Mr. Obama is already raising money for a hoped-for general election campaign. The candidates are calculating that there are enough donors to go around and that the costs of campaigns have grown so high that it doesn't make sense to live within the $84 million public-money limit. But Mr. Obama asked whether he could also reserve the option, if he were to win the nomination, of returning those donations and taking public funds instead -- if the Republican nominee agreed to do so as well.

The FEC's positive reaction yesterday offers a glimmer of hope that 2008 will not become the first presidential election since the Watergate scandal to be fully financed by private funds. The system of providing federal matching funds during the primaries is dead, a victim of woefully outdated spending limits; none of the leading candidates participated in the system in 2004, and none is expected to this time around. But 2008 would be the first election in which candidates turn down matching funds for the general election as well. The result might be as much as $1 billion in combined spending, with enormous amounts of the candidates' time devoted to raising money rather than meeting voters. The solution of allowing a candidate to begin to raise general election funds now but opt to live within the system later isn't perfect, but it's far better than the alternative.

Mr. Obama's competitors in both parties should join him in trying to salvage this broken system. As the FEC prepares to finalize its ruling, the candidates should support its interpretation -- and pledge, if they win the nomination, to help control the campaign arms race.

Statehouse Yields Clues To Obama (WSJ)

By Jackie Calmes

The Wall Street Journal, February 23, 2007

Sharp Elbows of Illinois Politics Taught Lessons In Art of Compromise

SPRINGFIELD, Ill. -- As an Illinois state senator, Barack Obama was a leader in helping to tighten state ethics laws -- up to a point. When a 2003 package seemed doomed in the Senate's final hours -- with his Democratic leader among the foes -- he left the chamber to tell advocates there was nothing more he could do.

"He wasn't going to stand on the desk and pound his shoe," recalls Cynthia Canary, director of the nonpartisan Illinois Campaign for Political Reform, and an admirer. "Barack is a political realist. You may know that in his heart he feels strongly, but he'll only go so far." Yet a compromise was salvaged, she adds, and Mr. Obama helped to toughen it in subsequent legislative sessions.

The accomplishment was emblematic of the picture that emerges of the eight years Mr. Obama spent here: of a lawmaker of lofty, liberal rhetoric who nonetheless pragmatically accepted bipartisan compromises that won over foes -- and sometimes left supporters dissatisfied.

Now that he is running as a presidential candidate, after just two years in the U.S. Senate, most clues about what style of politics he would bring to the White House are here in Illinois's Statehouse.

Mr. Obama wrote in his recent, best-selling memoir that it was in Springfield that he learned "how the game had come to be played" between Democrats and Republicans: "I understood politics as a full-contact sport, and minded neither the sharp elbows nor the occasional blindside hit." The Obama campaign's tangle this week with that of Democratic rival Hillary Clinton shows a willingness to engage in intraparty spats, as well.

Yet he also wrote that through his state Senate years he "clung to the notion that politics could be different," less combative, more bipartisan. He has put that notion at the heart of his presidential bid.

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Illinois Republicans recall Mr. Obama as a committed liberal of no singular achievements, yet one they could work with to pass ethics, welfare and death-penalty revisions. "He's unique in his ability to deal with extremely complex issues, to reach across the aisle and to deal with diverse people," says Republican state Sen. Kirk Dillard. "If he surrounds himself with good people, I wouldn't lose any sleep with him as my president."

As for sharp elbows, the scraps for which Mr. Obama is remembered -- including near-fisticuffs once on the Senate floor -- were with fellow black Democrats, some of whom were resentful of his ambitions and his successes.

In Mr. Obama's first term, in 1997-98, he joined with Mr. Dillard to pass Illinois's first ethics package in a quarter-century, and with Republican state Sen. Dave Syverson, then chairman of a health and human services committee, to overhaul the state's welfare law. Those earlier ethics overhauls grew out of a proposal from the late U.S. Sen. Paul Simon, an Illinois Democrat, for a four-member task force -- one representative of each party in the Illinois House and Senate -- to forge a compromise. Mr. Dillard represented Senate Republicans. Senate Democratic leader Emil Jones, like Mr. Obama an African-American from Chicago, picked the young freshman on the advice of former federal judge Abner Mikva, who had known Mr. Obama as a constitutional-law teacher at the University of Chicago.

The panel's recommendations didn't go so far as ethics-revamp advocates wanted. To ease passage, for example, its ban on lawmakers' personal use of campaign funds exempted existing accounts. Still, Mr. Obama had a hard sell in Senate Democrats' caucuses. "He was getting so beat up by the members, sometimes I felt sorry for him," recalls Mr. Jones, who became his mentor. "He would just listen to them, and then explain the reason why this particular issue was before us."

When the legislature revisited the ethics issue in 2003, Mr. Jones was among those who resisted changes Mr. Obama promoted. "He wouldn't buck Emil Jones," Ms. Canary said. The Senate and House agreed to a weaker bill.

Likewise, Mr. Syverson says the welfare-overhaul compromise he cosponsored with Mr. Obama riled both parties. "He took heat from some liberal groups" for welfare limits, Mr. Syverson says, "but I took heat from conservative groups," for the child-care and health-care aid to those who moved from welfare to work. When Democrats won a majority in 2003, for Mr. Obama's final two years, he succeeded Mr. Syverson as the health panel's chairman. Yet on his most ambitious initiative, for universal health-care coverage, the best he could do was pass a measure providing for a study.

On the Judiciary Committee, Mr. Obama wanted to co-sponsor Democratic Chairman John Cullerton's top initiative, a highway-safety measure allowing police to stop vehicles in which occupants weren't wearing seat belts. At the time, nonuse couldn't be the primary reason for stopping drivers.

But Mr. Jones objected. The Senate leader said a tougher seat-belt law would give police another ruse for racial profiling -- the practice of stopping and searching minority drivers for little reason. "Barack said, 'Then let's do a racial profiling law,' " Mr. Cullerton recalls.

Mr. Obama and other Democrats had previously proposed antiprofiling bills, which would require police to keep data on the race of those they stopped. Police groups always were opposed. But they wanted a seat-belt law. Senators say Mr. Obama negotiated changes to the racial-profiling measure that allowed the police to remain neutral. Both bills were passed.

Meanwhile, the legislature in 2003 was revamping death-penalty laws after evidence of numerous wrongful convictions. Mr. Obama wanted to mandate videotaping of interrogations of murder suspects, to guard against coerced confessions. Prosecutors and many Republicans were opposed, particularly to the prospect that unrecorded confessions would be inadmissible in court. They recall Mr. Obama's spending hours in negotiations on compromises, such as allowing for equipment failure and providing for judges' discretion. "Some people say the exemptions are too broad," Mr. Cullerton says, "but that's what you have to do to pass laws."

The credit that went to Mr. Obama for the racial-profiling and videotaping measures stoked tensions among black colleagues who had sponsored similar proposals only to see Mr. Jones promote his protégé's efforts. One was state Sen. Rickey "Hollywood" Hendon, an outspoken Democrat, who once had to be separated from Mr. Obama in the Senate after confronting him for reasons that witnesses don't recall and Mr. Hendon won't discuss.

Mr. Hendon complained that he felt like the football player who had run 99 yards, only to see the halfback plunge the final yard for the touchdown and the credit. Earlier this month, he was outside the Old State Capitol in the cold, lending support as Mr. Obama announced his presidential candidacy.

Wilder Praises Obama Strategy (WT)

By Seth McLaughlin, The Washington Times

The Washington Times, February 23, 2007

RICHMOND -- Richmond Mayor L. Douglas Wilder says Sen. Barack Obama's strategy of relying less on the black leaders of the civil rights era and more on a message of unity gives him the best chance of becoming the first Democrat in 44 years to win the state's electoral votes in a presidential election.

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"The civil rights movement was over 50-something years ago," Mr. Wilder, a Democrat and the country's first elected black governor, told The Washington Times. "Many people know nothing of it other than a recitation [during Black History] month. People are tired of that. They want to see more relatively.

"The worst mistake one can make, in my judgment, is to try to tailor a message to a group and to say: 'I am the person for your group.' He should be the person for the American people," he said.

As a result, Mr. Obama, an Illinois Democrat who is black, has "received an audience the likes of which have never been seen by any African-American seeking an elective office in this country, period," Mr. Wilder said. "Even at [former Secretary of State] Colin Powell's height, he did not get these kinds of crowds, and Colin was not chopped liver."

The mayor's comments come less than a week after Mr. Obama addressed nearly 4,000 people at the annual Jefferson-Jackson dinner in Richmond and received Virginia Gov. Timothy M. Kaine's early endorsement.

The endorsement was the first by any governor outside of a candidate's home state. It also takes on additional significance in a state that has not voted for a Democrat in a presidential election since Lyndon B. Johnson in 1964, but where voters had elected Democrats in the past two gubernatorial races and last year's U.S. Senate race.

After his speech in Richmond on Saturday, Mr. Obama was thronged by supporters, who toppled a metal railing and knocked plates of half-eaten food off tables to get a peak of the senator before he slipped out a back door.

"It is a new day," Delegate Dwight Clinton Jones, a black Richmond Democrat, said after he watched Mr. Obama court voters and political leaders in Virginia on Saturday. "I believe that America is ready for things that in past times they may not have considered."

Although most black political leaders have been careful about what they say about Mr. Obama, there is evidence that civil rights leaders are concerned that Mr. Obama is not overly interested in appeasing them.

For example, earlier this month, Mr. Obama opted to announce his bid for the Democratic presidential nomination in front of nearly 15,000 people, most of whom were white, at the Old State Capitol in Springfield, Ill. -- the same day thousands of black leaders gathered at Hampton University in Virginia for the State of the Black Union, an annual traveling town hall.

The timing and location of Mr. Obama's announcement drew some cutting responses from State of the Black Union panelists, even though the former civil rights lawyer and community organizer in Chicago apologized beforehand for not attending the event.

Without singling out Mr. Obama, one of the panelists, the Rev. Al Sharpton, told attendees, "Just because you're our color doesn't make you our kind."

The remarks from Mr. Sharpton helped open the floodgates for pundits eager to question Mr. Obama's so-called "blackness" and left some local black leaders bewildered.

When asked about the remarks, Delegate A. Donald McEachin, a black Richmond Democrat, said it is wrong to question Mr. Obama's "integrity or commitment" to the black community "in the absence of any evidence to the contrary."

"We all have our roles in history to play," Mr. McEachin said. "[The civil rights leaders] have, and continue to play their roles, and he is playing his.'

Mr. Wilder, a State of the Black Union panelist, said Mr. Obama is too smart to get bogged down in such comments.

"That wasn't from the people," he said. "That wasn't from that audience, that wasn't from attendees. I really do believe he is past that level, but he is not dismissive of it."

Running On A Résumé Both Local And National (NYT)

By Ralph Blumenthal And Dan Frosch

The New York Times, February 23, 2007

SANTA FE, N.M. — When a governor runs for president, local issues can suddenly loom large. Take cockfighting. Gov. Bill Richardson has come out against it after ignoring the question for years.

Concerned that New Mexico suffers for being the sole state other than Louisiana to permit wagering contests pitting weaponed birds in fights to the death, Mr. Richardson has taken sides in the emotional debate, speaking out for a ban, to be debated on Saturday in the Legislature.

“I believe the people of the state want to abolish it,” the governor, a Democrat, said in his art-bedecked office. “It’s a bad image nationally. I’m putting my weight on it. It’s going to make it pass, and it’s the right thing to do.”

With portfolios as a congressman, global troubleshooter and energy czar, Mr. Richardson, 59, may rightly claim the broadest résumé of the declared presidential candidates.

He served seven terms in the House until joining the Clinton administration as ambassador to the United Nations and then energy secretary before being elected governor in 2002.

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But as he makes his case for the Democratic nomination, he is likely to be judged in large measure by his four years as governor, a record that has won him friends and foes.

He acknowledged being far back in the polls and unlikely to match leading rivals' fund-raising.

"I'm not going to be competitive in that area with the top-tier candidates," Mr. Richardson said. "But I'm going to have enough to win."

He said he would wage "an old-fashioned grass-roots campaign" based on his résumé.

"Who's the best person to get us out of Iraq?" he asked. "Who's the best person to restore America's international standing? The best person to create jobs? I believe I have the experience. I've done all these things everyone's talked about."

Hispanic — his mother was born in Mexico — in one of only three states where Anglos are no longer a majority (California and Texas are the others), Mr. Richardson won re-election as governor in November with a record 69 percent of the vote.

An imposing, exuberant figure with a relish for attention, he enjoys near-celebrity status in New Mexico, where his comings and goings — like being driven around in a speeding S.U.V. and holding court at a popular capital watering hole — routinely dominate the news.

Under Mr. Richardson, New Mexico, long ranked near the bottom of almost every social index, has made advances. With his pressing for higher wages for educators, teachers' salaries have moved from 46th in the nation in 2000 to 39th in 2006, the highest since the mid-'80s, the National Education Association says.

Since Mr. Richardson took office, unemployment is down, to 3.8 percent from 5.8 percent, according to the federal Labor Department. New Mexico is 10th in economic growth, according to a report by the Federal Funds Information Service for States, affiliated with the National Governors Association and the National Conference of State Legislators.

Mr. Richardson has also pushed hard to make New Mexico, with its dust-swept mesas and high-desert peaks, a choice location for Hollywood. According to the New Mexico Film Office, more than 60 movies and television programs have been shot here since he became governor.

And he positioned New Mexico for the private space age by carving a spaceport out of the desert alongside the White Sands Missile Range.

He persuaded Mexican authorities to bulldoze a human-smuggling base across from Columbus and declared the first governor's state of emergency on the border, freeing $1 million a year for extra patrols. But the state is also broadly tolerant of immigrants, issuing driver's licenses without regard to legal residency.

"Richardson has positioned himself as hard to cubbyhole," Brian Sanderoff, a leading pollster, said. "The minute you think he's liberal, he does something conservative."

Critics say Mr. Richardson can be vindictive, penalizing opponents by holding up their projects or grants.

"He rules the roost," Lonna Atkeson, a professor of political science at the University of New Mexico, said. "He takes things away when people are not so nice."

Told that some people called his politics rough, Mr. Richardson blurted, "Who's saying that?"

Then he said: "No, no. Look, I'm aggressive. I get things done. I believe I'm a good manager."

The governor has also been lucky. State coffers are overflowing, with much of the revenue generated by oil and gas resources. His proposed budget calls for $123 million in tax cuts, a 9 percent increase in spending for primary and secondary schools and a 7.4 percent increase in teachers' salaries.

But national studies show New Mexico continuing to lag in categories where the state has historically underachieved, although some of the figures predate Mr. Richardson's efforts.

The Annie E. Casey Foundation ranked the state 48th in its 2003-4 Kids Count index of problem indicators. The foundation said more than a quarter of New Mexico children lived in poverty, among the highest rates in the nation.

A Census Bureau study shows that from 2003 to 2005, an average of 21 percent of New Mexicans went without health insurance. Just Texas had a greater average rate in that period.

"It's a failure of a systematic way of looking at the problem," said Kay Monaco, former executive director of New Mexico Voices for Children, an advocacy group.

Although not laid at Mr. Richardson's door, corruption scandals have also tarnished the state — "pay to play," in the words of critics. Some of Mr. Richardson's embarrassing appointees stepped down, including a former state police officer named to a magistrate judgeship who resigned after being caught ordering the release of a friend jailed on a drunken-driving charge.

"One bad judge out of 56," Mr. Richardson said, acknowledging "our vetting procedures are not the most extensive."

His ethics package, pending before the Legislature, includes limits on campaign contributions.

Mr. Richardson's physicality and roughhousing have also drawn rebukes. In his autobiography from 2005, "Between Worlds," Mr. Richardson recalled negotiating with Saddam Hussein in 1995 and, in a gesture of good will, touching President Hussein's arm.

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"Saddam started," he recalled, "and along the wall eight hands suddenly touched sidearms."

In late 2005, Lt. Gov. Diane Denish told The Albuquerque Journal that Mr. Richardson "pokes me" when they sit together, calling that more annoying and likely to be misconstrued than improper.

"He pinches my neck," Ms. Denish said. "He touches my hip, my thigh, sort of the side of my leg."

The governor waved that off, telling The Journal: "I tease Diane. I touch guys. It's my way of lessening tension."

In the interview, Mr. Richardson ridiculed blogs' suggesting he acted improperly around women.

"Rumors are always in a politician's life by your opposition," he said. "I've run seven times for Congress. I've been vetted by the F.B.I. for cabinet posts. I've been confirmed by the Senate. I've run two statewide races. Top security clearance. Kerry vetted me for vice president. Was clean."

He said that he welcomed scrutiny and that he had told his wife of 33 years, Barbara: "You ought to expect this. She said: 'I know. I'm ready for it.' "

Locally, no issue in recent years seems as volatile as cockfighting. State Senator Mary Jane Garcia, a Democrat who is sponsoring the bill, has tried to pass similar bills for nearly 20 years. But Ms. Garcia could never muster enough votes, largely because lawmakers were reluctant to provoke constituents, many of whom say the sport is rooted in the state's Hispanic culture.

But this time is different. Mr. Richardson is running for president.

"I asked him, 'Are you serious?' " Ms. Garcia recalled. "And he told me that he was ready to help, that it was the right thing to do, that it was the right thing for New Mexico."

The New GOP Attack Machine (POL)

By Mike Allen

The Politico, February 23, 2007

If you suddenly start hearing a lot about Sen. Hillary Rodham Clinton, D-N.Y., having a "calculating nature" and "political baggage," or being a "lifelong liberal," it won't be a coincidence. Similarly, get ready to see Sen. Barack Obama, D-Ill., strafed for his "short political timeline" (a euphemism for "rookie"), for being "arrogant and insulated" and a liberal rubberstamp. John Edwards? "New negative tone," "running to the far left" and "hypocritical."

The put-downs – some clever, some blunt -- are part of an attack-o-matic that the Republican National Committee is encouraging its supporters to use in preparing for their appearances on cable television and talk radio. The 69-page playbook, posted on the national party's Web site (GOP.com) on Wednesday as "Meet the Real Dem Candidates," devotes 10 pages each to Clinton, Edwards and Obama; nine each to Sen. Joseph R. Biden Jr. of Delaware and Sen. Chris Dodd of Connecticut; and seven each to New Mexico Gov. Bill Richardson and former Iowa governor Tom Vilsack.

The Republican tip sheets, each with the antiseptic title of "Research Report," constitute a sophisticated new way for the party to infuse the blogosphere and airwaves with a coordinated, fact-based message. They help allies who come with their own credibility and are not identified as party officials.

The reports come complete with video links and amusing photos: Edwards has a shiny forehead, Biden has an open mouth, Obama glowers, Dodd pontificates and Clinton and Richardson purse their lips.

Critics will call it pre-fab mudslinging, but the documents are laid out in a just-the-facts fashion, with each charge linked to a citation for a news story. Such "talking points" used to be closely held, but Republicans are going public with them in an effort to standardize the message they propagate through the new media culture.

For some time, the Democratic National Committee has had a resource center for its advocates, in the form of a blog-style collection of riffs from news stories. It points to "smooth talking Mitt" Romney, "angry" John McCain and a Rudy Giuliani who might be "hiding" something. The entries can be sorted by candidate.

Karen Finney, communications director of the Democratic National Committee, called the GOP packet "a lame attempt on the part of the RNC to play catch-up" and said there is more to come from her party, both online and offline. The DNC reached out to its own talkers on Wednesday with a memo about vulnerabilities of Republican candidates, including "The Rudy You Don't Know" Giuliani, "Anything to Win" John McCain and "Smooth Talking" Mitt Romney.

RNC Chairman Mike Duncan explained on a conference call for "friends and allies" on Wednesday afternoon that the Democratic forum in Carson City, Nev., provided the party with the "first opportunity to get the truth out about the Democrats in a widespread, coordinated way."

"Our message is very simple," Duncan said, in rolling out the dossiers. "It seems like the Democrats have far more candidates for the presidency than they have real plans for the highest office in the land, if by chance one of them wins. That's a pretty simple message. Their candidates run the gamut from Hillary Clinton, who carefully calculates every single policy decision to see how it plays with her base, to … John Edwards, who complains that there are two Americas. But the problem is, he's not sure which America his $4.2 million mansion resides in."

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Duncan called for “a coordinated volley” against the candidates. “These documents will detail the flip-flops of the Democratic candidates … their dashes to the left, various verbal missteps that they’ve made,” Duncan said. “I hope that you can use this new research to help us deliver the message about the Democrats early in the debate. You are the people who make a big difference for us. You’re our face on television, our voice on radio. We need your help, and we appreciate your help. Every opportunity we have for you to hit the Democrats on the air is an opportunity for us to define them before they can define themselves.”

RNC press secretary Tracey Schmitt said party officials and surrogates gave national and local radio and TV interviews on the documents, and state parties released statements echoing the research. “It’s pretty obvious that the Democrats aren’t eager to discuss the ins and outs of their records,” Schmitt said. “We are more than happy to fill in the blanks.”

Here are the images Republicans are pushing for each candidate, so count the times you hear them on radio and TV out of the mouth of your favorite (or least favorite) pundit:

Biden: "An Undisciplined, Self-Described Northeast Liberal, In Love With The Sound Of His Own Voice."

Clinton:"A Calculating, Divisive, Lifelong Liberal With Political Baggage."

Dodd: "A New England Liberal, Past His Prime, On An Unrealistic Vanity Run For The White House."

Edwards: "A Hypocritical, Inexperienced Liberal With A New Negative Attitude."

Obama: "An Inexperienced, Insulated, Arrogant, Unabashed Liberal."

Richardson: "A Self-Promoting, Washington Insider With A Controversial Record."

Vilsack: "A Tax-Hiking, Mismanaging, 'Blip' Candidate With No Foreign Policy Experience."

The Philadelphia Story (WSJ)

By Paul E. Peterson

The Wall Street Journal, February 23, 2007

Judging by test-score results, Philadelphia schools have been enjoying a renaissance over the past four years. Thirty-two percent of Philadelphia's fifth-graders achieved proficiency on the Pennsylvania reading test in 2006, as compared to just 21% in 2002; math proficiency rose to 41% from 19%. At the eighth-grade level, there were 20 percentage point uptics in both reading and math.

Nevertheless, the respected RAND Corporation, in a study expected to influence the report of the Accountability Review Council for the Philadelphia schools that will be released later today, claims these positive results -- which came after a series of reforms including the engagement of private firms in the management of 45 schools -- are in fact deceptive and misleading.

In a press release early this month, announcing results from its latest study, RAND claims to have shown that "the four-year gains . . . were generally on a par with gains from similar low-achieving schools in the rest of the state." According to Jolley Christman, one of the report's authors, Philadelphia's "investment in private management of schools has not paid the expected dividends."

Needless to say, the study attracted wide attention. It also thrilled school choice critics, including Henry Levin of Columbia Teachers College, who said of the experiment in private management, "It's a romance that just hasn't worked. . . . They don't seem to be doing better, and they cost more."

These strong conclusions are not well supported by the RAND study, however. The widely quoted press release overstates what is actually in the report; the comparisons within the study itself are inexact; and vital information on school spending and other school characteristics is missing from the report.

First, a few words about the larger context. In 2002, fighting off fierce opposition, Pennsylvania placed Philadelphia's schools in the hands of a School Reform Commission, which then hired as superintendent the same Paul Vallas who had helped lift student achievement in Chicago. Among other innovations, Mr. Vallas audaciously turned 45 of the lowest performing schools over to private providers.

But reform did not come without a prolonged political struggle. Numerous compromises were struck, including concessions to unions that allowed many of the old regulations to remain in effect. Meanwhile, the unions kept a low public profile while apparently doing their best to undermine the reforms, especially by encouraging experienced teachers to leave the 45 schools assigned to private providers. In the first year, teacher transfer rates more than doubled at many of these schools. Despite this, test scores rose in most of the privately managed schools.

Now RAND says Philadelphia could have done equally well by doing nothing.

To prove that claim, one might expect RAND to have identified other big cities with extremely low-performing schools making equally striking gains -- but without launching reforms such as those undertaken in Philadelphia. Instead, RAND compared Philadelphia to other schools in Pennsylvania -- despite RAND's own admission (buried deep in its report) that

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"Philadelphia is unique among Pennsylvania school districts: Other schools in the state are only imperfectly comparable to Philadelphia schools."

In any event, RAND says that gains in Philadelphia "were generally on a par" with gains in "similar" schools elsewhere. But the report never identifies those "similar" schools -- not their names, not the characteristics of the students attending them, not their test performance back in 2002 before reforms began. RAND only tells us that the comparison schools were in the bottom 25% of all the state's schools, a very large category that contains a wide range of schools.

Still, Philadelphia schools do not look all that bad. While not making much progress the first year, they are estimated to have outperformed the comparison schools in the second and third years. For example, Philadelphia eighth-graders, in year three, are estimated to have gained eight to 10 points more than those in the comparison schools. In year four Philadelphia's edge slips. That could be a temporary blip; RAND instead concludes that Philadelphia's gains remained only at "par." Ordinarily, researchers make use of all available estimates, not just the most recent one, to draw their conclusions.

In its second analysis of schools within Philadelphia, RAND finds privately operated schools to have done no better -- but also no worse -- than would be expected from that same school, given citywide trends. In the words of the report's italicized conclusion: "We find little evidence in terms of academic outcomes that would support the additional resources for the private managers."

Given the restrictions placed on the private providers, such a finding would not necessarily be surprising. But RAND's way of reaching its conclusion is flawed; the research looked only at those students in certain grades who were tested on multiple occasions, a small, non-random percentage of all students. No information is provided on their representativeness.

More puzzling still is RAND's decision to expect these schools to exceed the overall citywide gains in test score performance. In so doing, RAND seemingly ignored the fact that the 45 schools assigned to the private managers were among the city's most challenging, scoring, in 2002, one to two years below the citywide average. A more suitable analysis would have expected them to gain more than students at comparably low-performing schools.

Finally, RAND questions the additional cost of private management, and says that the privately managed schools gained additional resources that the average school did not. But nowhere does RAND provide evidence on overall per-pupil spending at any Philadelphia school, making it impossible to tell whether the privately managed schools actually received more additional resources than other city schools.

It is more likely that per-pupil expenditure at the privately managed schools dropped when experienced, highly paid teachers left the schools at a much higher rate than before. RAND needs to show that that did not happen, or was offset by large increments in other kinds of expenditures, if it is to draw the conclusion that the privately managed schools had "additional resources."

Just how sensitive results are to RAND's specific methodology is unknown. But if education policy research is going to make a solid contribution to school reform, it needs to be both objective and keep pace with rising standards in educational research. In RAND's case, a forward step would be to make its Philadelphia data available to other qualified researchers, something it has so far been unwilling to do.

Paul E. Peterson is director of the Program on Education Policy and Governance at Harvard University and a senior fellow at Stanford's Hoover Institution.

Non-Union Jobs (WSJ)

The Wall Street Journal, February 23, 2007

If Apple CEO Steve Jobs had praised teachers unions as the backbone of public education in the U.S., it would have made the front pages. Instead, at an education conference in Austin, Texas, Mr. Jobs offered some constructive criticism of teachers unions and barely anyone noticed. Sounds like news to us.

"I believe that what is wrong with our schools in this nation is that they've become unionized in the worst possible way," said Mr. Jobs during a Q-and-A session on technology in the classroom. "This unionization and lifetime employment of K-12 teachers is off-the-charts crazy."

The real crisis in public education, he noted, has nothing to do with the amount of technology in the classroom. It's the fact that union work rules prevent principals from firing the bad teachers and rewarding the good ones. "Here's the problem," said Mr. Jobs, using a business analogy: "What kind of person could you get to run a small business if you told them, when they came in, they couldn't get rid of people they thought weren't any good in the first place? Or they couldn't pay people three times as much when they got three times as much work done?"

Regular readers of these columns will find nothing particularly shocking in Mr. Jobs's broadside. Still, it's nice to hear such sentiments coming from a titan of industry, especially his.

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The latest National Assessment of Educational Progress (NAEP) report was released yesterday. The dismal results are what we've come to expect from an elementary and secondary public education system in the vice-grip of the National Education Association and its political acolytes. According to the NAEP survey, nearly 40% of high-school seniors scored below basic level on the math test, and fewer than a quarter of 12th graders rate proficient.

Except for high-skill immigrants, this would be Apple's future labor pool. Mr. Jobs is right to point the finger at the union stewards of public education. And fellow business leaders, who have as big a stake in this matter, would do well to lend him public support.

Iran Defies Nuclear Ultimatum (WT/AP)

By George Jahn, Associated Press

The Washington Times, February 23, 2007

VIENNA, Austria -- Iran has ignored a U.N. Security Council ultimatum to freeze uranium enrichment and has instead expanded its program by setting up hundreds of centrifuges, the U.N. nuclear watchdog agency said yesterday. The finding paves the way for new U.N. sanctions.

The International Atomic Energy Agency (IAEA) said in a report to the Security Council and its 35-nation board that Tehran also has continued to build a heavy water reactor and related facilities which, along with enrichment, could help it develop nuclear arms.

In addition, the report said, Iran ignored a Security Council call to cooperate with the IAEA in its efforts to shed light on suspicious nuclear activities.

The conclusions, while widely expected, could serve as the trigger for the council to start deliberating on new sanctions against Iran.

In Washington, State Department spokesman Tom Casey said U.S. officials have already begun consulting with allies about the next steps, including sanctions. He said officials expect the council to meet on the matter as early as next week.

"The report gives us a pretty clear picture that shows that Iran has not changed its behavior, has not changed its views and is continuing on the path of defiance. We think that's unfortunate," he told reporters.

In Tehran, the deputy head of Iran's Atomic Energy Organization, Mohammed Saeedi, said international demands for Iran to suspend enrichment violated Iran's "rights, the nuclear Non-Proliferation Treaty and international regulations."

The Security Council issued three demands to Iran on Dec. 23 -- freeze uranium enrichment, stop building heavy water facilities and fully cooperate with the IAEA. It introduced limited sanctions and gave Iran 60 days to comply -- a deadline that expired Wednesday.

The IAEA report prepared by director Mohamed ElBaradei showed Tehran has instead expanded its enrichment efforts by setting up nearly 1,000 centrifuges in and above an underground bunker, enriching minute amounts of uranium and bringing nearly 9 tons of gaseous feedstock -- the mixture that is fed into the centrifuges for enrichment -- into its underground nuclear facility at Natanz.

Iranian officials also informed the agency that they planned to have close to 3,000 centrifuges in place by May, the report said.

Iran's stated goal is running 54,000 centrifuges at Natanz to churn out enriched uranium -- enough for dozens of nuclear weapons a year.

Iran maintains it only wants to generate power and says its heavy water facilities at the central city of Arak -- which will produce plutonium, another potential pathway to nuclear arms -- are meant solely to generate isotopes for medical research and other peaceful purposes.

Even before the IAEA report was issued, Secretary of State Condoleezza Rice said the U.S. and its allies would use the Security Council and other "available channels" to bring Tehran back to negotiations over its nuclear program.

British Foreign Minister Margaret Beckett said her country would consult with other Security Council members on the next steps, adding: "We remain determined to prevent Iran acquiring the means to develop nuclear weapons."

The sanctions approved in December banned all countries from supplying Iran with materials and technology that could contribute to its nuclear and missile programs and froze the Iranian assets of 10 key companies and 12 individuals related to those programs.

Russia and China, veto-holding council members with close ties to Iran, are likely to oppose strict economic sanctions or weapons bans. A travel ban was dropped from the initial resolution because of Moscow's opposition, so tough negotiations are expected.

Russia's U.N. ambassador, Vitaly Churkin, said yesterday that he had "no substantive comment" on the IAEA report, but he reiterated Moscow's desire for a diplomatically negotiated solution.

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"We should not lose sight of the goal -- and the goal is not to have a resolution or to impose sanctions," he said. "The goal is to accomplish a political outcome."

New Penalties May Loom For Iran's Nuclear Work (USAT)

By Barbara Slavin

USA Today, February 23, 2007

WASHINGTON — The United Nations' nuclear watchdog said Thursday that Iran has expanded its efforts to enrich uranium, a conclusion likely to result in a push for tougher penalties against Tehran.

A report by the International Atomic Energy Agency (IAEA) said Iran was installing hundreds of new centrifuges for uranium enrichment and was taking other steps that would enable it to build nuclear weapons.

Undersecretary of State Nicholas Burns announced later Thursday that he will travel to London on Monday to meet with negotiating partners to try to draft a new resolution on Iran. Even before the report was issued, Burns had said the United States, its European allies, Russia and China had begun discussing a new round of penalties.

Iran's nuclear activities defy a U.N. Security Council demand that it suspend uranium enrichment by Wednesday or face the possibility of additional sanctions.

On Dec. 23, the council imposed penalties intended to cut off trade that could provide Iran with technology and know-how for its nuclear and missile programs. The council also banned travel by Iranian officials involved in the programs.

In addition, the United States has persuaded several large European banks to cut ties with Iranian banks or restrict dealings with them.

Iranian central bank figures show inflation and unemployment rising as the United States and Europe have increased economic pressure.

Burns said the administration was "heartened" by the impact the sanctions have had on other trade and investment in Iran. "It leads us to believe that a second round would have a similar impact."

Despite sanctions, Iran appears to be accelerating efforts to enrich uranium. The IAEA report said Iran has installed two new sets of centrifuges in an underground plant at Natanz, 160 miles south of Tehran. Another two sets were "in the final stages of installation," and Iran told the U.N. agency it intended to put 3,000 centrifuges into operation by May. Centrifuges are machines that spin at high speed and isolate a form of uranium suitable for fuel for nuclear reactors or bombs.

Iran has said that it intends to make only fuel for nuclear power plants, not weapons.

Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, said on Thursday that the U.N. demand for Iran to suspend uranium work "has no legal basis and … naturally, it could not be accepted by Iran."

The IAEA said Iran had failed to clear up long-standing questions about other nuclear activities. The agency was uncertain if Iran was hiding other programs.

David Albright, a former U.N. nuclear inspector and president of the Institute for Science and International Security, a Washington think tank, said Iran was experiencing some technical difficulties but was still "moving ahead pretty fast."

Albright said it was possible Iran could have enough highly enriched uranium to make a bomb by 2009.

The Bush administration has urged Iran to stop uranium work and begin negotiations with the United States and five other countries: Britain, France, Germany, Russia and China. Iran has said it wants to talk but will not suspend enrichment as a precondition.

Contributing: Wire reports

Rice Warns Iran It Risks Further U.N. Sanctions (WP)

By Colum Lynch And Dafna Linzer

The Washington Post, February 23, 2007

UNITED NATIONS, Feb. 22 -- Secretary of State Condoleezza Rice warned Iran on Thursday that it will face further punishment and isolation if it forges ahead with efforts to develop a uranium-enrichment program, but she said the United States and other powers are prepared to restart talks aimed at ending the standoff if Iran suspends its most controversial nuclear activities.

The remarks came hours after the International Atomic Energy Agency issued a report saying Iran has defied yet another U.N. Security Council demand to halt its most sensitive nuclear activities. R. Nicholas Burns, undersecretary of state for political affairs, plans to travel to London on Monday to press Russia, China, Britain, France and Germany to slap additional penalties on Iran.

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"We have the common goal to encourage Iran back to the bargaining table," Rice said after a meeting in Berlin with her counterparts from Russia, Germany and the European Union. "The hope is that the sanctions show the Iranians the isolation that they are enduring, that isolation is likely to increase over time and that it is time to take a different course."

The IAEA report confirmed that Iran has continued to operate an experimental uranium-enrichment program and that it has advanced its efforts to produce an industrial-scale facility that could potentially produce enough highly enriched uranium to make as many as two bombs a year. Iran says it has no intention of producing bomb-grade uranium and will use the facility to produce nuclear fuel for energy.

A senior Iranian official said that the council's demand to suspend its nuclear activities "could not be accepted by Iran" because it would strip Tehran of its right, under the 1970 Non-Proliferation Treaty, to operate a civilian nuclear energy program. "This report shows that the best way to resolve this international issue is to return to the negotiating table and reach a broad agreement," said the official, Mohammad Saeedi, deputy head of Iran's Atomic Energy Organization, according to [a news agency].

Russia, China and several European countries have become increasingly uncomfortable with the Bush administration's positions on Iran as tensions between Tehran and Washington have risen in recent months. Bush recently authorized the U.S. military to capture or kill Iranian intelligence and paramilitary agents in Iraq; the administration has said such agents are involved in attacks against U.S. military forces. The Pentagon has sent two carriers to sit off the Iranian coast in the Persian Gulf, which some allies have interpreted as preparation for a possible military strike.

Those concerns have prompted renewed calls for direct dialogue with Iran. German, Swiss, Russian, Chinese, Saudi and IAEA officials have all reached out to Iran in recent weeks in the hopes of restarting talks even if Iran continues to defy the Security Council.

Several diplomats said there is a possibility that the E.U.'s top diplomat, Javier Solana, will meet next week with Iranian negotiator Ali Larijani to assemble a list of guiding principles for future negotiations.

U.S and European diplomats said that they are pursuing a "dual track" diplomatic strategy -- pressing simultaneously for additional sanctions and renewed negotiations with Tehran -- but remained divided over how tough new sanctions should be.

The United States, Britain and France favor imposing a series of additional penalties against Iran, including a mandatory travel ban and additional asset freezes against some Iranian officials linked to the country's most sensitive nuclear programs. They also support measures including a ban on export credits. "We want to do it as soon as possible and to avoid the wrangling of last time. But we've got to get tougher sanctions than we have at the moment if we want real impact, and we're very realistic about how difficult that may be," a senior European official said.

A senior U.S. official said the United States is willing to forgo a tough resolution in exchange for the Security Council moving quickly to a unified agreement to raise the political stakes for Iran while avoiding a fight with the Russians.

But other European powers that conduct billions of dollars in trade with Iran, including Germany and Italy, have resisted stringent economic sanctions that would harm their commercial interests.

Russia and China are also resisting a tough reaction. Russia's U.N. ambassador, Vitaly Churkin, said, "We should not lose sight of the goal, . . . to accomplish a political outcome of this problem."

Thursday's six-page report concluded that "Iran has not suspended its enrichment related activities." The report provided no evidence that Iran is trying to develop nuclear weapons, as President Bush asserts, but inspectors said Iran's lack of voluntary cooperation with its investigation made it impossible to rule out that such efforts were underway.

The report detailed progress Iran has made in the past two months installing several hundred centrifuges for industrial-scale enrichment at its largest nuclear facility in the town of Natanz. The Iranians have been enriching low levels of uranium suitable for a nuclear energy program, not bombs, in other centrifuges set up more than a year ago at Natanz's research center.

IAEA inspectors said Iran had not provided any new information on the history of its nuclear program, which began in secret in 1987. Inspectors also received no answers to questions raised by documents obtained by U.S. intelligence in 2004 that suggest Iran was trying to develop a missile capable of carrying a nuclear warhead and was considering plans for a second uranium-conversion facility.

Despite the lack of information in the report, no official, in Washington or Europe, suggested that Iran's current work meant it will acquire nuclear weapons in the near future.

"Their nuclear program is not forging ahead," said a senior European diplomat. "Some of that is a result of the sanctions and the international pressure on them and some of it is because of their own technical difficulties in putting the program together."

Rice Says Europe, Russia Want Iran Talks (AP)

By Anne Gearan

DOJ_NMG_0135928

AP, February 23, 2007

Secretary of State Condoleezza Rice said Thursday that U.S., European and Russian diplomats have a common goal to encourage Iran back to the bargaining table over its disputed nuclear program. "We reconfirmed we will use available channels and the Security Council to try to achieve that goal," the top U.S. diplomat said. Rice spoke following a breakfast meeting with her counterparts from Germany, Russia and the European Union.

The group reviewed Iran's compliance with a U.N. Security Council demand that it stop enriching uranium, a key step toward producing either nuclear power or a nuclear weapon.

After the meeting ended, the U.N. nuclear watchdog released a report formally confirming the Islamic republic's refusal to freeze enrichment.

The report by Mohamed ElBaradei, head of the International Atomic Energy Agency, said Iran has expanded enrichment efforts.

The finding is a step toward additional sanctions, but it was not clear whether U.N. Security Council members Russia and China would go along.

Rice said she and her counterparts made no decisions Thursday because they met before ElBaradei's report was released. Rice headed back to the United States immediately after the breakfast meeting.

In Washington, State Department spokesman Tom Casey said that Iran's refusal to curtail its nuclear program is a "missed opportunity" for Iran's government and people.

Casey said that he is confident that the Security Council will approve additional sanctions against Iran but he declined to predict what they might be.

Iran has called for talks with the United States — but has not budged on council demands that it mothball its enrichment program.

Enriched to a low level, uranium is used to produce nuclear fuel but further enrichment makes it suitable for use in building an atomic bomb. The West claims the Islamic republic intends to build a bomb with enriched uranium. Iran says it merely wants to develop peaceful nuclear power.

In moderate remarks Wednesday directed at Washington — the key backer of tougher U.N. action — Iranian Foreign Minister Manouchehr Mottaki said the dispute "has to be decided peacefully with the United States."

But other top Iranian officials used harsher language, and none showed signs of compromise on the main demand of the U.S. and other world powers — a halt to enrichment and related activities.

"The enemy is making a big mistake if it thinks it can thwart the will of the Iranian nation to achieve the peaceful use of nuclear technology," Iranian state TV's Web site quoted President Mahmoud Ahmadinejad as saying Wednesday.

Rice said last week that the United States probably would press for another U.N. resolution condemning Iran for continuing to defy the U.N. demand to stop enriching uranium, and to seek additional penalties against Tehran.

The Security Council set a 60-day deadline on Dec. 23 for Iran to freeze its enrichment activities and said continued Iranian defiance past that ultimatum, which ran out Wednesday, could lead to stronger punishment.

The U.N. is demanding an immediate and unconditional stop to uranium enrichment, after which European-led negotiations over an economic reward package might begin. Iran has long insisted it will not stop its nuclear activities as a condition for negotiations to start.

"The best course would be for Iran to suspend its enrichment and reprocessing activities so that we can return to negotiations," Rice told reporters Tuesday. "That is the entire purpose of having the pressure on the Iranian regime, so that the Iranian regime can make better choices about how to engage the international community."

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On the Net:

CIA World Factbook on Iran: https://http://www.cia.gov/cia/publications/factbook/geos/ir.html

Diplomats Trying To Restart Iran Talks (AP)

By Anne Gearan

AP, February 23, 2007

U.S., European and Russian diplomats agree on encouraging Iran back to the bargaining table over its disputed nuclear program, Secretary of State Condoleezza Rice said Thursday. Diplomats from the U.S. and its negotiating partners plan to meet next week to try drafting a new U.N. resolution on the standoff.

"We reconfirmed we will use available channels and the Security Council to try to achieve that goal" of restarting negotiations with Iran, the top U.S. diplomat said. Rice spoke after a breakfast meeting with her counterparts from Germany, Russia and the European Union.

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The group reviewed Iran's compliance with a U.N. Security Council demand that it stop enriching uranium, a key step toward producing either nuclear power or a nuclear weapon.

After the meeting, the U.N. nuclear watchdog released a report confirming the Islamic republic's refusal to freeze enrichment. The report by Mohamed ElBaradei, head of the International Atomic Energy Agency, said Iran has expanded enrichment efforts.

Undersecretary of State Nicholas Burns said Thursday he will travel to London on Monday for meetings aimed at forging a new resolution on Iran.

Burns said he hoped the United States and other permanent members of the U.N. Security Council, plus Germany, can quickly draft a resolution. He said it was too soon to say what provisions the resolution might contain but said his hope was one would be drafted that would "see Iran repudiated again."

The atomic energy agency's report is a step toward additional sanctions, but it was not clear whether U.N. Security Council members Russia and China would go along.

Rice said she and her counterparts made no decisions Thursday because they met before ElBaradei's report was released. Rice headed back to the United States immediately after the breakfast meeting.

"The report gives us a pretty clear picture that shows that Iran has not changed its behavior, has not changed its views and is continuing on the path of defiance. We think that's unfortunate," State Department spokesman Tom Casey told reporters.

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Enriched to a low level, uranium is used to produce nuclear fuel but further enrichment makes it suitable for use in building an atomic bomb. The West claims the Islamic republic intends to build a bomb with enriched uranium. Iran says it merely wants to develop peaceful nuclear power.

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"The best course would be for Iran to suspend its enrichment and reprocessing activities so that we can return to negotiations," Rice told reporters Tuesday. "That is the entire purpose of having the pressure on the Iranian regime, so that the Iranian regime can make better choices about how to engage the international community."

Iran Expanding Nuclear Effort, Agency Reports (NYT)

By David E. Sanger And William J. Broad

The New York Times, February 23, 2007

WASHINGTON, Feb. 22 — In open defiance of the United Nations, Iran is steadily expanding its efforts to enrich uranium, the International Atomic Energy Agency reported Thursday. In response, the Bush administration immediately pressed for more severe sanctions against the country, at a moment of greatly increased tensions between Washington and Tehran.

In a mild surprise to outside experts, the nuclear agency reported that Iran was now operating or about to switch on roughly 1,000 centrifuges, the high-speed devices that enrich uranium, at its nuclear facility at Natanz.

“They are very serious,” said David Albright, a former inspector who is now president of the Institute for Science and International Security, a private nuclear study group. “They are installing faster than was commonly expected.”

Coming on the heels of the Bush administration’s accusations that Iran’s Quds Force is sending deadly bombs and other weapons into Iraq, the report heightens what has become a growing confrontation.

Since the last energy agency assessment of Iran’s progress, President Bush has ordered a second aircraft carrier group into waters in striking distance of Iran, an unsubtle reminder that, if diplomacy fails, Mr. Bush could order a strike on Iran’s

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nuclear facilities. But senior administration officials have insisted in recent days that the show of military force is intended only to remind Iran of Washington's options, and they have dismissed the idea that Mr. Bush is considering an attack.

On Thursday, administration officials said they hoped to use the agency's conclusions to return to the Security Council for approval of deeper sanctions, and they said the United States would work outside the Council to persuade banks around the world to cut off more lending and export credits to Iran, in hopes of further damaging its oil infrastructure. Under Secretary of State R. Nicholas Burns will go to London on Monday to begin that process, meeting with the four other permanent members of the Security Council and Germany to talk about tougher sanctions. While Russia and China agreed to the December resolution, which required the inspectors to report back on Iran's compliance in 60 days, they indicated at the time that they were unwilling to increase the penalties.

The report appeared to confirm that the Iranian government was somewhat behind schedule in its nuclear ambitions: it boasted a year ago of plans to have roughly 3,000 centrifuges running by about now. But the 1,000 that it has nearly ready to run is still more than most outside experts believed it could install. If the country could operate 3,000 centrifuges continuously for a year, it could produce about one weapon's worth of highly enriched uranium.

Prime Minister Ehud Olmert of Israel said Thursday that even though the Iranians were not as far along as they would like to be, they were still far closer to learning how to make bomb-grade uranium than Israel was comfortable with. He dodged questions about at what point Israel might lean toward military action, a step American officials have said that they are trying to discourage.

"We're a long way from that," one senior administration official said earlier this week. "We want to make sure that the Israelis are, too." He said he had no indication that Israel was planning unilateral action.

The report comes at a time of debate within the administration over whether and how to find a way to negotiate with Iran without violating Mr. Bush's stricture that the country must first suspend its enrichment work. Officials say they are trying to exploit fissures in Iranian society, as some Iranian groups are beginning to question whether the hard-line position taken by President Mahmoud Ahmadinejad and some of the country's ruling ayatollahs is worth the cost in sanctions and isolation.

"There are people in Iran who recognize that the path that they're on is not a useful path, not a constructive path," Secretary of State Condoleezza Rice said in Berlin before the release of the report. She said if Iran suspended enrichment, "We could begin negotiations on whatever they would like to talk about."

On Thursday, Mr. Burns said in an interview that he believed the Security Council resolution in December was having an effect. "We did not fully anticipate the strong impact that it would have," he said. "It has divided the government in Tehran and frankly knocked them off stride."

But Iran's leaders have continued to reject Mr. Bush's condition for talks — a suspension of nuclear activity — which would essentially undercut their only real leverage in negotiations. Unlike North Korea, which agreed in principle in recent days to freeze its production of new nuclear material, Iran is not believed to possess nuclear weapons, meaning that the uranium enrichment is its main bargaining chip.

Mr. Bush and Ms. Rice are also concerned about losing leverage, senior officials say. With oil at $60 a barrel, they are concerned that no sanctions can truly harm Iran. And negotiating while Iran expands its enrichment capacity, they fear, would mean that as negotiations dragged on, Iran would get closer to being able to produce a nuclear weapon.

In its December resolution , the Security Council gave Iran 60 days to both suspend its operations and answer a series of questions. Open issues, it said, included research on high explosives, which are necessary to detonate an atom bomb, as well as the design of a missile warhead.

"Without such cooperation and transparency," the report said, "the agency will not be able to provide assurances about the absence of undeclared nuclear material and activities in Iran or about the exclusively peaceful nature of that program."

Moreover, the Iranians have sharply restricted the access of inspectors to many of the sites they once had freedom to visit. Inspectors were allowed several recent visits to the nuclear complex at Natanz, and their report reflected greater-than-expected progress there. In addition to the 362 centrifuges in its pilot plant there, Iran in recent months has been installing an additional 656 machines in two cavernous underground halls at the complex. Of those, inspectors say, roughly half are at the final stage of testing before the introduction of uranium, and the other half were "in the final stages of installation."

The report said that between Nov. 2 and Feb. 17, Iranian crews fed 145 pounds of uranium into the pilot plant for enrichment. That is more than they had done in previous intervals. But their effort still produced only about 15 pounds of low-enriched uranium — too little for anything but experimental analysis.

The inspectors expected that effort to expand quickly, saying that Iran planned to begin feeding uranium into the new centrifuges in the big halls by the end of this month, and to continue installing more centrifuges there so that, by May, the total number of operating machines would come to 3,000.

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"They're forging ahead," said a European diplomat who spoke on the condition of anonymity because of protocol. "They're not moving at a huge pace but they're moving."

"It's fairly clear," the diplomat added, "that Iran still has not addressed the outstanding issues — the scope and intent of the program."

The Iranians say the cavernous underground halls will eventually hold 54,000 centrifuges, allowing the enrichment of uranium by the ton for reactor fuel rods — or, if the Bush administration's fears come true, nuclear arms.

The atomic agency in its report said Iran had already moved into the cavernous halls nearly 10 tons of unenriched uranium — enough, nuclear experts said, to make at least one atom bomb. In all, at its sprawling plant at Isfahan, Iran has produced some 200 tons of uranium now ready for enrichment at Natanz. If turned into weapons-grade uranium, that would be enough for more than a dozen nuclear weapons.

Iran Has Speeded Up N-plans, Says UN (FT)

By Daniel Dombey And Najmeh Bozorgmehr

Financial Times, February 23, 2007

Iran has speeded up its nuclear programme and plans to complete a large-scale uranium enrichment facility by May, the United Nations atomic watchdog said on Thursday.

By that time, according to a long-awaited report by the International Atomic Energy Agency, Iran plans to install and start using 3,000 centrifuges to enrich uranium – despite UN demands that it suspend uranium enrichment related activities.

If they functioned smoothly, the 3,000 centrifuges – organised into "cascades" of 164 machines apiece – could produce sufficient highly enriched uranium for a nuclear bomb within a year.

The report said Iran intended "to continue progressively with the installation of the 18 cascades of the 3,000 machine hall and to bring them gradually into operation by May 2007".

However, Iran protests its purposes are purely peaceful, and many observers add that the country relies on inferior blackmarket technology, notorious for breaking down.

Yesterday Mohammad Saeedi, deputy head of Iran's Atomic Energy Organisation, confirmed to the country's Mehr news agency that Iran planned to bring the 3,000 centrifuges on stream in May. Originally, Iran had intended to start installing the centrifuges by the final quarter of last year.

The report added that on January 31 Iran transferred "approximately 8.7 tonnes" of the nuclear feedstock uranium hexafluoride to the Natanz plant and that it planned to begin feeding them into the centrifuges by the end of this month.

The speed with which Tehran intends to pursue its programme adds to the tensions surrounding the dispute and means that the issue is likely to make a swift return to the UN Security Council, where the US will push for new measures against Tehran to add to UN sanctions agreed last December. However, Russia and China are sceptical about sanctions.

Privately, IAEA officials are sceptical of whether Iran can meet its timetable, which it informed the agency of last month. This week, Mohamed ElBaradei, IAEA director general, told the Financial Times that Iran could take between six months and a year to install and operate 3,000 centrifuges.

So far, yesterday's report says, Iran has installed and started spinning two cascades of 164 centrifuges at the fuel enrichment plant, to add to two 164-centrifuge cascades in a "research" facility above ground. The report added that, as of February 17, Iran was in the final stages of installing two additional 164-centrifuge cascades.

The report also notes that Iran has objected to 10 of the agency's designated nuclear inspectors, after having rejected an earlier 38 inspectors, and failed to account for uranium contamination at a technical university.

Iran Says Nuclear Fuel Is For Future (LAT)

The Los Angeles Times, February 23, 2007

VIENNA, Austria — Iran has steadily expanded its program to enrich uranium and defied a U.N. Security Council deadline for an immediate freeze of nuclear activities before it gains the capability to produce fuel for nuclear weapons, the U.N. nuclear watchdog agency said here today.

The six-page report by Mohamed ElBaradei, head of the International Atomic Energy Agency, is almost certain to trigger moves by the Bush administration and its European allies for stiffer U.N. sanctions against the hard-line Iranian regime.

The Security Council voted unanimously in December to impose a 60-day deadline for Iran to unconditionally stop a pilot program that has begun small-scale uranium enrichment, as well as stop construction of a heavy water reactor and installation of a much larger enrichment facility.

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But ElBaradei's report indicated that the Iranians instead have pushed the program into higher gear since November. A senior United Nations' official, who briefed reporters, said there had been "no progress" in resolving the IAEA's major outstanding concerns.

"There is limited cooperation," he said. "In my view, it's fairly limited."

Most significantly, the report confirmed that Iran has begun installation of 3,000 gas centrifuges in an underground facility at Natanz and plans to "bring them gradually into operation by May 2007."

If true, experts here said, a facility that large conceivably could produce enough enriched uranium in a year to provide enough highly enriched uranium for a nuclear bomb. Earlier this week, ElBaradei was quoted as saying he believed the facility would not be operational for another six months.

Iran insists it will only produce low-enriched uranium to fuel civilian reactors at electric power plants, but the international community fears the effort could be extended to also produce weapons-grade material. Iran ultimately hopes to install 54,000 centrifuges, a facility large enough to fuel 20 bombs a year.

Iranian officials have repeatedly rebuffed IAEA requests to install special cameras and other remote monitoring equipment at the underground site to ensure the enrichment program is for peaceful purposes, according to the report.

Officials in Tehran also have failed to fully explain the source of particles of high-enriched uranium that previously were detected on equipment on the Natanz centrifuges and at separate technical research center, the report said.

IAEA inspectors visited Iran earlier this week and plan to return on March 3.

U.N. Secretary-General Ban Ki-Moon, on a visit to Vienna, told reporters that he was "deeply concerned … that the Iranian government did not meet the deadline set by the Security Council."

Iran's nuclear activities, he added, had "great implications for peace and security, as well as nonproliferation of weapons of mass destruction."

The focus now moves to the Security Council in New York, which is expected to meet next week to consider a range of further actions against Iran.

Possible new sanctions could include a travel ban on certain Iranian officials, a prohibition against export guarantees and other financial support for Iran, and an expansion of the nuclear embargo to an arms embargo.

Iran's nuclear negotiator, Ali Larijani, flew to Vienna on Tuesday for last minute talks with ElBaradei. Larijani told reporters afterward that Iran was "looking for ways and means to start negotiations."

He said Iran was prepared to provide "assurances that there would be no deviation" of material for nuclear weapons, but ruled out stopping the program outright as a precondition for talks.

Speculation Rages: Is Iran Bush's Next Target? (MCT)

By Ron Hutcheson And Warren P. Strobel

McClatchy Newspapers, February 23, 2007

WASHINGTON - President Bush says he isn't looking for a fight, but the question won't go away: Is the United States headed for war with Iran's Islamic rulers?

Increasing tensions with Iran over its nuclear program and actions in Iraq have fueled speculation that Bush may be paving the way for military action. With U.S. forces tied down in Iraq and Afghanistan, no one expects a ground invasion, but analysts at both ends of the political spectrum put little stock in Bush's insistence that he's focused only on diplomacy.

"I still believe, at the end of the day, that he will bomb the Iranian (nuclear) facilities," said Joshua Muravchik, a neoconservative scholar at the American Enterprise Institute, a think tank with close ties to the Bush administration. Muravchik, who favors military action, sees Bush's current focus on diplomacy as a prelude to attack.

"When he does it - if he does it - it will be wildly unpopular. He certainly at least wants to be able to say convincingly, `I tried everything else,'" Muravchik said.

Bush bristles at suggestions that he wants a confrontation. He and his advisers describe U.S. policy as a carrot-and-stick approach that uses the threat of military action to create diplomatic leverage. The goal is to encourage internal dissent in Iran and force the government to take a more moderate approach.

"Our policies are all aimed at convincing the Iranian people there's a better way forward, and I hope their government hears that message," Bush said at a Feb. 14 news conference. "We'll continue to try to solve the issue peacefully."

The next day, a frustrated Defense Secretary Robert Gates declared, "For the umpteenth time, we are not looking for an excuse to go to war with Iran."

The strategy could backfire, however, if U.S. pressure prompts Iranians to coalesce behind their leaders instead of encouraging dissent. Moreover, Iran has signaled that it has tools of its own, such as planning war games in the Strait of

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Hormuz, a chokepoint for half the world's oil; improving relations with Russia and China; and stepping up support for militant Shiite Muslims in Iraq, Lebanon, Afghanistan and elsewhere.

Skeptics note that Bush also stressed diplomacy in the run-up to the Iraq war, declaring his peaceful intentions even as he prepared for the 2003 invasion.

"I don't have any war plans on my desk," he told reporters during a visit to France on May 26, 2002. While that may have been technically correct, Bush already had received a series of briefings on invasion plans, including one about two weeks before his European trip.

In recent months, the Bush administration has ratcheted up pressure against Iran. It has:

Dispatched a second aircraft carrier strike group to patrol the Persian Gulf and sent Patriot anti-missile missiles to Arab allies bordering the Gulf.

Expanded operations against alleged Iranian networks operating in Iraq, conducting two raids, one involving U.S. soldiers snatching Iranians said to be members of the al Quds paramilitary force.

Accused Iran of supplying roadside bombs to Iraqi insurgents and vowed to stop the shipments.

Moved to bolster the government of Lebanese Prime Minister Fuad Saniora with money and military supplies in a proxy struggle with the Iranian-backed Hezbollah terrorist group.

Launched an aggressive financial campaign against Iran to curb its access to the international financial system, freezing bank funds and barring U.S. transactions with various entities. This week the Treasury Department added Hezbollah's construction arm, Jihad al Bina, to a roster of blacklisted banks.

A senior U.S. official said in an interview that Bush is seeking to increase pressure on Iran to change its behavior, but isn't trying to spark a military confrontation.

European and Arab diplomats say they've sought and received assurances that the United States isn't planning war against Iran.

"They have told us there are no plans to attack Iran," said Nabil Fahmy, Egypt's ambassador in Washington. Fahmy said that while Iran must address concerns about its nuclear program, the Middle East needs less conflict, not more.

U.S. officials from Secretary of State Condoleezza Rice on down say the pressure on Iran is producing results. They cite a growing debate in Iran over President Mahmoud Ahmadinejad's performance, the country's economic doldrums and the poor showing of Ahmadinejad's supporters in December's local elections.

Still, Ahmadinejad has remained defiant on the nuclear issue, ignoring a Feb. 21 U.N. deadline to halt uranium enrichment. He says Iran is interested only in nuclear power generation. U.S. officials believe Iran is using its civilian nuclear industry as cover for a weapons program.

"The free world is sending the regime in Tehran a clear message: We're not going to allow Iran to have nuclear weapons,'" Bush told an American Legion convention last February.

So what happens if threats and diplomacy fail? It's a question that administration officials don't want to answer. Iran isn't believed to be on the verge of obtaining nuclear weapons, but some analysts - and Israelis - worry that it could soon reach a point where its program will be hard to stop without military strikes.

"We have got time," Undersecretary of State Nicholas Burns, the No. 3 State Department official, said at a recent forum. "There is no one arguing, that I know of, inside the administration or outside, to the effect that we have to exhaust diplomacy in the next few months."

But Bush has two more years in the White House, and he may not want to leave the Iranian problem to the next president.

"We may be talking about decisions the president has not yet made, but may yet make before his two years are up," said Paul Pillar, a retired senior CIA analyst who's now a Georgetown University professor.

"In military terms, in political terms, the stage is being set," said retired Air Force Col. Sam Gardiner, a frequent administration critic. "The path is toward the military option, although a decision, I don't think, has been made."

Some analysts fear that heightened tensions could lead to military action whether Bush wants it or not. In 1988, during a tense period of the Iran-Iraq War, the guided-missile cruiser USS Vincennes mistakenly shot down an Iranian civilian airliner, killing all 290 people aboard.

"In the current climate, there's a substantial risk of things escalating out of control," Pillar said.

Arab States, Wary Of Iran, Add To Their Arsenals But Still Lean On The U.S. (NYT)

By Hassan M. Fattah

The New York Times, February 23, 2007

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ABU DHABI, United Arab Emirates, Feb. 22 — As fears grow over the escalating confrontation between Iran and the West, Arab states across the Persian Gulf have begun a rare show of muscle flexing, publicly advertising a shopping spree for new weapons and openly discussing their security concerns.

Typically secretive, the gulf nations have long planned upgrades to their armed forces, but now are speaking openly about them. American military officials say the countries, normally prone to squabbling, have also increased their military cooperation and opened lines of communication to the American military here.

Patriot missile batteries capable of striking down ballistic missiles have been readied in several gulf countries, including Kuwait, Saudi Arabia and Qatar, analysts say, and increasingly, the states have sought to emphasize their unanimity against Iran's nuclear ambitions.

"There has always been an acknowledgment of the threat in the region, but the volume of the debate has now risen," said one United Arab Emirates official, who spoke on condition of anonymity because he was not authorized to speak on the subject. "Now the message is there's a dialogue going on with Iran, but that doesn't mean I don't intend to defend myself."

The Persian Gulf monarchies and sheikdoms, mostly small and vulnerable, have long relied on the United States to protect them. The United States Fifth Fleet is based in Bahrain; the United States Central Command is based in nearby Qatar; and the Navy has long relied on docking facilities in the United Arab Emirates, which has one of the region's deepest water ports at Jebel Ali.

The United States, too, has begun a significant expansion of forces in the gulf, with a second United States aircraft carrier battle group led by the John C. Stennis now in the Persian Gulf and with minesweeping ships.

The expansion has helped calm fears among gulf governments that the United States could pull out of the region in the future, even as it has raised concerns about a potential American confrontation with Iran, accidental or intentional.

As tensions with Iran rise, many gulf countries have come to see themselves as the likely first targets of an Iranian attack. Some have grown more concerned that the United States may be overstretched militarily, many analysts say, while almost all the monarchies, flush with cash as a result of high oil prices, have sought to build a military deterrent of their own.

"The message is first, 'U.S., stay involved here,' and second, 'Iran, we will maintain a technological edge no matter what,' " said Emile el-Hokayem, research fellow at the Henry L. Stimson Center, a research center based in Washington. "They are trying to reinforce the credibility of the threat of force."

Military officials from throughout the region descended this week on the Idex military trade fair, a semiannual event that has become the region's largest arms market, drawing nearly 900 weapons makers from around the world. They came ready to update their military capacities and air and naval defenses. They also came armed with a veiled message of resolve.

"We believe there is a need for power to protect peace, and strong people with the capability to respond are the real protectors of peace," said Sheik Khalifa bin Zayed al-Nahyan, the president of the United Arab Emirates and ruler of the emirate of Abu Dhabi, at the exposition. "That is why we are keen to maintain the efficiency of our armed forces."

The Persian Gulf has been a lucrative market for arms. Saudi Arabia, Kuwait and Oman spend up to 10 percent of their gross domestic product on the military, amounting to nearly $21 billion, $4 billion and $2.7 billion, respectively, estimates John Kenkel, senior director of Jane's Strategic Advisory Services.

If they follow through on the deals announced recently, it is estimated that countries like the United Arab Emirates, Kuwait, Oman and Saudi Arabia will spend up to $60 billion this year. The biggest buyer in 2006, according to the defense industry journal Defense News, was Saudi Arabia, which has agreed to buy 72 Eurofighter Typhoon combat jets for $11 billion. It also has a $400 million deal to upgrade 12 Apache AH-64A helicopters to the Longbow standard. The kingdom also reportedly plans to acquire cruise missiles, attack helicopters and tanks, all for a total of $50 billion.

Kuwait reportedly bought 24 Apache Longbow helicopters, while the United Arab Emirates has continued to take delivery of 80 F-16 Block 60 fighters, with plans to buy air tankers, missile defense batteries and airborne early warning systems. Bahrain ordered nine UH-60M Black Hawk helicopters in an estimated $252 million deal, while Oman reportedly bought 30 antitank rocket launchers in a $48 million purchase and is planning a naval overhaul.

"It is a message to enemies that 'We are taking defense seriously,' " Mr. Kenkel said, emphasizing that the new arms were for deterrence.

"If the U.S. ever does pull back, these countries in the gulf have realized, they may have to fend for themselves," Mr. Kenkel said. "As the Boy Scouts say, always be prepared."

The most marked change is in the public nature of the acquisitions, which previously would have been kept secret, many analysts here said, itself a form of deterrence.

"They have been doing these kinds of purchases since the '90s," said Marwan Lahoud, chief executive of the European missile maker MBDA. "What has changed is they are stating it publicly. The other side is making pronouncements so they have to as well," he said, speaking of Iran's recent announcements about its weapons capacity.

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Senior United States military officials say gulf countries have become more nervous as Iran has conducted naval maneuvers, especially near the Straits of Hormuz, the main artery through which two-fifths of the world's oil reaches markets.

"A year ago you could have characterized the interaction with the Iranians as professional," said Vice Adm. Patrick Walsh, departing commander of the Fifth Fleet. "What's different today has been the number and amount of exercises and the proximity of those exercises to the Straits of Hormuz themselves."

The exercises were among the reasons for the expansion of Navy forces in the region, he said, but have also raised alarm about the potential for accidents to lead to an unintended war.

Admiral Walsh said that American warships remained in international waters, and that Iranian and American ships kept close watch on one another. Some critics of the Bush administration have alleged that the increased military presence in the gulf risks igniting a conflict.

Admiral Walsh said the increased American presence was aimed at o reassuring gulf states that the United States remained committed to their security, but also welcomed their efforts to build deterrence.

"We have found that we need to be physically present to prevent such armed behavior," he said of the Iranian maneuvers. "We're mindful we're not giving up any water, but also being careful not to take a provocative stance."

A Presidential Candidate Bill Clinton Can Publicly Embrace (WP)

By Al Kamen

The Washington Post, February 23, 2007

And now, the first known use of the Heimlich maneuver in political advertising. This photo was included in an e-mail a Loop Fan and undoubtedly countless Clinton contributors received on Wednesday.

The former president has written a campaign solicitation for his wife with his usual impeccable timing: It's a week when tensions between Sen. Barack Obama's and Sen. Hillary Rodham Clinton's campaigns have exploded over unkind comments about the Clintons from Hollywood producer and former Clinton -- now Obama -- contributor David Geffen.

It was exceptionally hard to find Bill Clinton campaigning for Al Gore in 2000, but now, he writes, "I can't wait to join Hillary on the campaign trail and talk to people about what a great president she's going to be."

"During eight years in the White House," he writes, "Hillary and I faced a constant barrage of attacks from Washington Republicans. No insult was off-limits. No tactic was too low." And the GOP never had David Geffen on its side.

Meanwhile, Bill Clinton wants to raise $1 million in a week for his candidate spouse.

So contribute -- or, in this case, cough it up!

No Guns in Cheney's Photo Shoot

Still haven't found the perfect calendar for 2007? How about the Republican National Committee's splendid offering? Eleven beautiful shots of President Bush as leader of the free world. Several show him with kids, babies, sharing a laugh with the troops, with Laura Bush at the White House and so on.

The August photo, however, features a fine shot of Vice President Cheney at his ranch in Wyoming, taken by White House photographer David Bohrer.

So why August? No, stop it. Not for the Pulitzer Prize-winning book "The Guns of August." And anyway, he shot his friend in the face in February -- a year ago. The picture was taken in August 2003.

Hurry, the calendar's on sale for $25.

You Say 'Extraordinary Rendition,' They Say 'Vacation'

Tired of snorkeling in the Caribbean? Skiiing in the Alps? Safaris in Africa? Then perhaps it's time for a truly different vacation. This just in from Agence France-Presse:

"A Polish travel firm said Thursday it was giving tourists a chance to follow in the footsteps of CIA agents and terror suspects near an alleged US detention centre in Poland's lakeland -- which the authorities deny exists.

"Visitors will be able to cycle and canoe near the Polish intelligence service's training centre . . . in the northern Mazuria region, and the nearby Szymany airport, Joanna Sobieska of Szarpie Travel was quoted as saying by the PAP news agency."

Just a seamless transition from stifling communism to creative capitalism.

Iran Sending In a New U.N. Ambassador

In the midst of building tensions between the United States and Iran, Tehran is withdrawing its long-serving ambassador to the United Nations, Javad Zarif. Iranian sources say Zarif, who has been a central figure in the negotiations over Iran's nuclear program, will be replaced by Mohammad Khazai, the deputy minister of economics. Khazai is no stranger to politics in the United States, having worked at the World Bank.

Zarif, who was sent to the United Nations when Mohammad Khatami was Iran's president, is due to leave in April. (There has been no Iranian ambassador to the United States since 1980, though there is a large interests section on Wisconsin Avenue

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NW staffed by dozens of Iranians, run under the auspices of the embassy of Pakistan. The United States uses Swiss diplomats to do its business in Tehran.)

Balanced Reading for Political Book Clubs

An update on John R. Bolton's book on his days at the State Department and the United Nations: The former U.S. ambassador's book, "Surrender Is Not an Option: Defending America at the United Nations and Abroad," is to be published by Threshold Editions, which is the conservative publishing subsidiary of Simon & Schuster. (They've published Mary Cheney, Ed Gillespie, Al Regnery, Glenn Beck and other conservatives.) Bolton's book will be on sale Nov. 6 -- he'll be typing fast and aided by a daily diary -- and will naturally feature "no holds barred candor," take you "behind the scenes" and be "revealing," the publishing blurb says, all in 336 pages.

Also on the book front, this time from the left, a new one just out by Washington author Andrew Cockburn on former defense secretary Donald Rumsfeld. This one, we are told, is "drawn from sources deep inside Washington, D.C." -- meaning folks who ride the Metro? -- and promises to be a "startling" exposé.

In a week in which Sen. John McCain (R-Ariz.) said Rumsfeld "will go down as one of the worst secretaries of defense in history" -- presumably this ranking includes even Robert McNamara-- it seems Cockburn agrees. The book title offers a hint: "Rumsfeld: His Rise, Fall, and Catastrophic Legacy." Sounds a bit negative.

New Committee Chairman, New Horse for PAC to Back

Bandwagon alert! The Maersk Inc. Good Government Fund, the federal PAC of the shipping giant, gave $2,500 to Rep. Bennie Thompson (D-Miss.) on Jan. 29. It marked the first time that the company has given to the new chairman of the House Homeland Security Committee.

Secretive Force At Center Of Tensions Between U.S., Iran (MCT)

By Jonathan S. Landay

McClatchy Newspapers, February 23, 2007

WASHINGTON - A band of religious warriors that Iran's clerical rulers created to spread their country's Islamic Revolution has joined Iran's nuclear program at the center of the rising tensions between Washington and Tehran.

The Quds Force, a secretive overseas arm of Iran's Islamic Revolutionary Guard Corps, has operatives in Iraq and Afghanistan; runs Shiite extremist networks in Asia, the Middle East, Africa, Latin America and Europe; trains and arms Hezbollah and other Shiite radicals in Iran and Lebanon; and funds the Palestinian Islamic Jihad terrorist group. Now it's arming Iraqi Shiite Muslims with armor-piercing bombs to use against American troops, according to U.S. officials.

Many experts now warn that if the U.S.-Iranian frictions over Iraq and Iran's nuclear program escalate into conflict, Tehran would use the Quds Force to launch terrorist attacks against U.S. and allied targets around the world.

"They are the brains behind those who are pulling the trigger," said one official, who requested anonymity because intelligence on the group is highly classified. "You are never going to see their fingerprints."

Iran denies that it's helping to kill U.S. soldiers in Iraq, and the Bush administration has refused to declassify the intelligence that it says proves the Quds Force is sending weapons to Iraqi militants. As a result, while it's clear that Iran is supporting Shiite groups in Iraq, both the extent and the intent of its meddling there are subjects of debate.

Five Iranian officials detained by U.S. forces in recent raids in Iraq are said to be Quds Force operatives, but some U.S. officials think the force isn't in Iraq to direct attacks on U.S. troops. The Iranians, they think, simply want to ensure that Iraq's Shiites prevail over the minority Sunnis, thereby ensuring peaceful relations with Iran.

The Quds force is well known to the world's intelligence agencies, but much about it remains unknown, including where it fits into Iran's deliberately complex and confusing power structure. One early attempt to diagram the power structure, by a Defense Intelligence Agency analyst in the 1980s, put "God" in the top box.

Although many intelligence services, including those of the United States, Israel and European and Arab nations, have been keeping tabs on its operatives - or at least trying to - for more than 20 years, the unit has been publicly accused of complicity in a terrorist attack only once. That was in the July 18, 1994, suicide bombing of a Jewish community center in Buenos Aires, which killed 85 people and injured 151.

The case was based in part on the testimony of Abdolhassem Masbahi, a former senior Iranian intelligence officer who defected to Turkey in 1995. An Argentine judge, acting at the request of special prosecutors, issued arrest warrants in November for former Iranian President Ali Akbar Rafsanjani and seven other Iranian officials, including Ahmad Vahidi, the Quds Force commander at the time of the bombing.

Experts say the force is a highly compartmentalized and disciplined contingent of several thousand men who are trained in espionage, military operations and political analysis, and it reports directly to supreme leader Ali Khamenei.

"It's like taking the CIA, special forces and the State Department and rolling them all into one," said the U.S. official.

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"These guys have been around for a very long time," said Daniel Byman, a former CIA analyst who's now a terrorism expert at The Brookings Institution, a centrist Washington policy organization. "We know they are nasty, and we know they are capable."

Its mission of exporting the Islamic Revolution has meant confronting Iran's main enemies, the United States and Israel, beginning in Lebanon 25 years ago.

Current and former U.S. officials said Revolutionary Guard members helped plan and organize the Hezbollah suicide bombings of the U.S. Embassy and Marine barracks in Beirut in 1983 and 1984, which killed more than 300 people, including 241 U.S. service personnel. Reconnaissance photographs of the Iranian headquarters near the town of Baalbek revealed a mockup of the unfinished defenses around the embassy annex and tire tracks where the bomber had rehearsed his mission.

The force also is believed to have been involved in recruiting and training the Shiite radicals who carried out the 1996 truck-bombing of the Khobar Towers housing complex in Dhahran, Saudi Arabia, which killed 19 U.S. servicemen and a Saudi.

Only now, however, has the United States confronted Iran over the force's activities.

"No administration wanted to take these people on," charged Robert Baer, a former covert CIA officer who served in the Middle East.

The unit's name, Persian for Jerusalem, reflects the Iranian goal of destroying Israel and liberating Islam's third holiest city. Its hostility toward the United States is reflected in its use of part of the former U.S. Embassy compound in Tehran, where 52 Americans were held hostage for 444 days between 1979 and 1980, U.S. intelligence officials said.

The force was formally constituted in 1990 as the foreign operations arm of the Islamic Revolutionary Guard Corps, a military organization with its own air, land and sea forces that's separate from the regular Iranian military, whose main mission is protecting the ruling ayatollahs.

Hagel Says Diplomacy Is Best Option For Iran (FT)

By Josh Funk

Fremont (NE) Tribune, February 23, 2007

KEARNEY, Neb. - U.S. Sen. Chuck Hagel said Thursday that Iran should be held accountable for supporting terrorists through "wise statecraft" instead of military force, and America should be careful not to follow the "same destructive path" it did in Iraq.

The Nebraska Republican, who is still considering a 2008 presidential run, spoke at the University of Nebraska at Kearney's James E. Smith Conference on World Affairs.

Hagel said the United States must carefully consider any action against Iran in the wake of Thursday's report that Iran refused to comply with U.N. Security Council demands to curtail its nuclear program and suspend uranium enrichment.

"In a hazy, hair-triggered environment, careless rhetoric and military movements that one side may believe are required to demonstrate resolve and strength ... can be misinterpreted as preparations for military options," Hagel said. "The risk of inadvertent conflict because of miscalculation is great."

Middle East expert Steven Cook said Hagel is saying the Bush administration is wrong, and Iran needs to be engaged.

"Basically this is a polite, yet firm critique of the Bush administration policy with regard to Iran," said Cook, who is with the nonpartisan Council on Foreign Relations.

Cook said Hagel's speech appears related to his political aspirations.

"I think he's really trying to stake out a difference between himself and the other Republican contenders," Cook said.

Someone asked Hagel about his presidential aspirations during a question period after his speech.

"I'll make a decision on my political future in the next few weeks," Hagel said.

During his speech, Hagel said part of the problem in U.S.-Iran relations is that neither country understands the other very well. Hagel said complex factors inside Iran can affect the situation, and not all of Iran is against the United States.

Two-thirds of Iran's population is younger than 30, Hagel said, and many of those Iranians have positive attitudes about America.

"We do not want to lose this pro-American generation by turning them away from us," Hagel said. "They are the hope of Iran. They bristle under the heavy yoke of the ayatollahs' strident limitations of personal freedom."

He said the recent success of six-party talks about North Korea's nuclear program should serve as a model for talks with Iran.

"The United States must employ similar, wise statecraft to redirect deepening Middle East tensions toward a higher ground of resolution," Hagel said.

And diplomacy is likely to be much more productive than military action in Iran.

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"A U.S. military conflict with Iran would inflame the Middle East and global Muslim populations, crippling U.S. security, political, economic and strategic interests worldwide," Hagel said.

Hagel, who attended UNK when it was Kearney State College, used part of his speech to offer his audience of mostly college students a history lesson on conflict in the Middle East. And he said the United States should pay attention to that history because it affects current events.

"Forces and events in the Middle East cannot be neatly categorized. The swirl of Middle East history creates layers upon layers of complexity," Hagel said. "There is little transparency in the Middle East. That is a reality that is inescapable and cannot be assumed away.

"To ignore this reality is to risk being trapped by false choices _ false choices such as the question, "Which is worse: Iran with nuclear weapons or war with Iran?" Hagel said.

Iran Misses Another Deadline (WSJ)

The Wall Street Journal, February 23, 2007

Conspiracy theorists may soon have to add another name to Dick Cheney's secret cabal planning war with Iran: Mohamed ElBaradei.

At least that's what a wag might say after the Director General of the International Atomic Energy Agency (IAEA) speculated this week in an interview with the Financial Times that Iran might be as close as six months from developing an industrial-scale uranium enrichment facility of 3,000 centrifuges. That kind of capability would put Iran on track to produce sufficient fissile uranium for a nuclear bomb by the fall of 2008.

Mr. ElBaradei also noted that "even if the Iranian [nuclear] program is for peaceful purposes, there is no question that at the back of their minds this is a deterrent." Let's underscore the words "even if." The Director General has until now been remarkably cautious in his pronouncements on Iran's intentions. But his comments this week are a remarkable, if implicit, admission that Iran might have other uses for enriched uranium than turning on lights.

These comments also coincide with Iran's decision to flout yet another U.N. deadline to suspend enrichment. According to the IAEA report on Iran, released yesterday, not only have the Iranians continued to enrich, they have also failed to offer further information on some of the outstanding questions in their nuclear file. One such question concerns the source of some highly enriched (read, bomb-grade) uranium particles found in Iran by IAEA inspectors.

So what does the international community now intend to do? Belying his own forecasts as a U.N. technocrat, Mr. ElBaradei ventured a political opinion that any military strikes against Iran would be "catastrophic, counterproductive." So much for him being a neocon shill. Secretary of State Condoleezza Rice after meeting with her Russian, German and EU counterparts in Berlin, could only say that she "confirmed that we will use our available channels and the Security Council to try and achieve that goal."

Ms. Rice shouldn't hold her breath. The Security Council could barely agree in December to sanction a handful of companies and individuals directly implicated in Iran's nuclear and ballistic-missile programs. And as these columns reported Tuesday, the level of European commercial investment in Iran has grown briskly since its secret nuclear programs were exposed in 2003, with an estimated 10,000 jobs in Germany alone dependent on exports to Iran. Moral courage on that front may be expecting too much.

Ultimately, whatever hope there might be of resolving the Iranian issue through diplomacy is going to require compromises by the Iranians themselves. Here's what Iranian President Mahmoud Ahmadinejad had to say about that: "If we shut down other activities for 10 years and the country only focuses on nuclear energy it will be worth it because if we obtain this energy our people will advance as much as 50 years."

Maybe it's time the rest of us start taking Mr. Ahmadinejad at his word, and tailoring our expectations accordingly.

What Scares Iran's Mullahs? (NYT)

By Abbas Milani

The New York Times, February 23, 2007

Stanford, Calif.

IRAN has once again defied the United Nations by proceeding with enrichment activities, the International Atomic Energy Agency reported yesterday. And yet, simultaneously, Iranian officials have been sending a very different message — one that has gone largely unremarked but merits close attention.

After a meeting with the supreme leader Ayatollah Ali Khamenei, the leader's chief foreign policy adviser, Ali Akbar Velayati, declared last week that suspending uranium enrichment is not a red line for the regime — in other words, the mullahs might be ready to agree to some kind of a suspension. Another powerful insider, Ali Akbar Hashemi Rafsanjani, said much the

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same thing in a different setting, while a third high-ranking official acknowledged that the Islamic Republic is seriously considering a proposal by President Vladimir Putin of Russia to suspend enrichment at least long enough to start serious negotiations with the United Nations.

There have also been indications that the Iranians are willing to accept a compromise plan presented by Mohamed ElBaradei, the director general of the International Atomic Energy Agency. That plan calls for the suspension of all major enrichment activities but allows the regime to save face by keeping a handful of centrifuges in operation.

The mullahs are keen on damage control on another front as well. After his meeting with Ayatollah Khamenei, Mr. Velayati announced that the Holocaust is a fact of history and chastised those who question its reality. Ali Larijani, Iran's chief nuclear negotiator, also declared the Holocaust a "historical matter" to be discussed by scholars (and not, he implied, by ignorant politicians). In short, there is a new willingness among the Iranian political elite to avoid the rhetoric of confrontation and to negotiate.

There are three ways to analyze this turn. Advocates of an American invasion of Iran say that last month's strengthening of the American armada in the Persian Gulf has frightened the Iranian regime. What diplomacy could not do for years, a few destroyers did in less than a month. These advocates encourage more of the same, hoping either that the mullahs will accept defeat in the face of an imminent attack, or that a Gulf of Tonkin incident will lead to a full attack on Iran's nuclear facilities.

A second camp attacks the build-up of the armada as dangerous saber-rattling at best, and at worst as camouflage for already settled plans to attack Iran's nuclear sites. Such an attack, they say, might provide a much-needed feather for President Bush's empty cap at a time when his Middle East policy has manifestly failed. According to this camp, what changed the minds of Iranian officials was only the United Nations resolution threatening economic sanctions, and the possibility of other resolutions and more serious sanctions.

Both camps are partly right and yet dangerously wrong. There is a third way of looking at the facts.

The mullahs have historically shown an unfailing ability to smell out and, when pragmatic, succumb to credible power in their foes. Indeed, the presence of the American ships has helped encourage them to negotiate. But no less clear is the fact that the mullahs' attitude change began in late December, when the United Nations Security Council finally passed a resolution against the regime in Tehran.

The passage of the resolution hastened the demise of President Mahmoud Ahmadinejad's confrontational approach to the West. And the falling price of oil, leading to declining revenues for the regime, magnified the resolution's economic impact. Top leaders of the Islamic Republic, from Ayatollah Khamenei to Mr. Rafsanjani, have made it clear that they consider sanctions a serious threat — more serious, according to Mr. Rafsanjani, than the possibility of an invasion.

In other words, what the unilateral and increasingly quixotic American embargo could not do in more than a decade, a limited United Nations resolution has accomplished in less than a month. And the resolution succeeded because few things frighten the mullahs more than the prospect of confronting a united front made up of the European Union, Russia, China and the United States. The resolution was a manifestation of just such a united front.

While the combination of credible force, reduced oil prices and a United Nations resolution has worked to create the most favorable conditions yet for a negotiated solution to the nuclear crisis, any unilateral American attack on Iran is sure to backfire. It will break the international coalition against the Islamic Republic's nuclear adventurism; it will allow China, Russia and even some countries in Europe to legitimately side with the mullahs; it will lead to higher oil prices and an increase in Iranian government revenues; and finally, it will help revive the waning power of the warmongers in Tehran.

Those convinced that only the combination of credible might and diplomatic pressure will work worry rightly that the Bush administration, frustrated by its failures in Iraq and goaded by hawks in Washington, will do to Iran what it did to Iraq. In confronting Saddam Hussein and the threat of his weapons of mass destruction, the Bush administration insisted that amassing an armada in the Persian Gulf was necessary to frighten Mr. Hussein into submission. But once the armada was in place, they used it to carry out a long-ago planned invasion of Iraq.

Today, many worry that the plans for an invasion of Iran, too, were made long ago, and that the armada is there to make possible either another Gulf of Tonkin resolution or an Iranian act of provocation against American forces, which could then serve as an excuse for an attack on Iran.

War and peace with Iran are both possible today. With prudence, backed by power but guided by the wisdom to recognize the new signals coming from Tehran, the United States can today achieve a principled solution to the nuclear crisis. Congress, vigilant American citizens and a resolute policy from America's European allies can ensure that this principled peace is given a chance.

Abbas Milani is the director of Iranian studies at Stanford and a research fellow at the Hoover Institution.

Signals From Tehran (WP)

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By David Ignatius
The Washington Post, February 23, 2007

The title of the two-page Iranian document is "Gentlemen's Agreement." In convoluted English, it lists 11 points of understanding supposedly reached in September between Iranian negotiator Ali Larijani and his European counterpart, Javier Solana, on a temporary, partial, not-quite suspension of uranium enrichment.

What's interesting isn't the purported agreement -- Solana's spokeswoman, Cristina Gallach, insists there wasn't one -- but the fact that the Iranians are circulating the document and signaling through various channels that they want to restart dialogue. Indeed, when Larijani met Solana in Munich this month, "he expressed the willingness to resume talks to prepare final negotiations," according to a source close to Solana.

"We're getting pinged all over the world by Iranians wanting to talk to us," Undersecretary of State R. Nicholas Burns said in an interview yesterday. The problem, says Burns, is that the Iranians haven't yet said the "magic word," which is that they will actually suspend enrichment in exchange for the suspension of U.N. sanctions.

With Iran still publicly defying the United Nations over its nuclear program, the United States and its allies agreed yesterday to tighten the pressure another notch by preparing a second U.N. Security Council resolution with additional sanctions. Burns said Russia and China agreed to back the new resolution in a meeting yesterday with Secretary of State Condoleezza Rice. "It may not be substantially stronger, but it will be stronger," said Burns, who will travel to London on Monday to negotiate the details of the new resolution.

U.S. and European officials think Iran's new interest in negotiations is a sign that pressure on Tehran is working. The campaign includes the initial U.N. sanctions resolution, which shook the Iranians because it was backed by Russia and China; tough U.S. banking sanctions, accompanied by a successful Treasury Department push to dissuade European and Japanese banks from lending to Iran; and calculated muscle-flexing by the Bush administration, which has sent an additional aircraft carrier task force to the Persian Gulf and seized Iranian operatives inside Iraq.

"We are hopeful that all these pressure points will influence the internal debate in Iran," says Burns. And they appear to be doing just that.

The multipronged squeeze on Tehran surprised President Mahmoud Ahmadinejad and other Iranian officials, who seemed confident when I visited the country in September that they were in the driver's seat and that it was the United States that was weakened and isolated. "We knocked them off stride and put them on the defensive," argues Burns. A British official who follows the issue closely agrees: "The Iranians have moved from cockiness to division and nervousness."

Western officials see various signs of an altered political balance in Tehran: public criticism of Ahmadinejad's management of the economy by former president Ali Akbar Hashemi Rafsanjani; a letter challenging the president's economic policy signed by 150 members of the Iranian parliament; criticism of Ahmadinejad's handling of the nuclear issue by former members of the Iranian negotiating team and by a hard-line newspaper; and now new signals from Larijani and others that Iran wants to resume the preliminary negotiations it broke off last year.

"The financial sanctions have had a real impact," says the British official. "They lead to a general insecurity about economic viability."

So does all this mean it's time to go back to the bargaining table? Not yet, say a number of U.S. and European officials. They insist that the Iranians must stop haggling and agree to quit enriching uranium. Russian officials told me in Moscow last week that President Vladimir Putin passed the message to a top Iranian emissary this month that Tehran must agree to a "timeout" in enriching uranium if it wants to settle the nuclear issue.

The Iranians continue to dicker, in what Western officials regard as a tactical ploy to get out of trouble. Their efforts center on paragraph eight of the "Gentlemen's Agreement" their officials have been circulating. That part of the document proposes that if U.N. sanctions are lifted, Iran would agree to a two-month period "during which Iran in a voluntary and non-binding and temporary move avoids installation of next cascades" for enrichment. In other words, the Iranians wouldn't add additional centrifuges that would allow industrial-scale enrichment but would continue spinning their modest initial cascade of centrifuges.

No deal, say U.S. and European officials. The only way the Iranians can escape sanctions is to suspend enrichment and sit down at the table. If they do so, an array of goodies awaits. Meanwhile, the strategy of confrontation continues, and U.S. and European officials -- who haven't had much to cheer about recently -- seem confident that it's working.

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

'Long Way' To Go In North Korea Nuclear Pact: US (AFP)

By Stephen Collinson
AFP, February 23, 2007

DOJ_NMG_0135941

The United States said Thursday there was a "long way to go" to implement a landmark North Korea nuclear deal, and warned tough talks loom on Pyongyang's suspected secret uranium enrichment program.

US Assistant Secretary of State Christopher Hill defended the deal with the isolated and impoverished Stalinist state which emerged from exhaustive six-nation talks in Beijing last week.

"I think there is a real sense among all the parties that we have a process going. We are very mindful of the fact that we have a long way to go," Hill said at a briefing at the Brookings Institution think-tank.

Hill lavished praise on China for its role in brokering the deal, and confirmed that if things go smoothly, Secretary of State Condoleezza Rice will travel to Beijing in April as required by the deal for talks with her North Korean counterpart and ministers from the other parties to the negotiations: China, Russia, Japan, and South Korea.

The deal, which binds North Korea to shut key nuclear facilities in exchange for energy aid, requires Pyongyang to produce a list of all its nuclear programs.

"We will face the problem -- in fact, the very serious problem -- of the highly enriched uranium program," Hill said,

Hill said the North Koreans had never acknowledged US accusations they had a program to manufacture highly enriched uranium (HEU) for nuclear bombs, but added that the United States had information North Korea had bought equipment consistent with plans for such a scheme.

"But they have been willing to discuss what we know and to try to resolve this ... to mutual satisfaction," he said.

"We don't know whether we're going to be able to do that, but we have agreed to have this discussion."

The United States accused North Korea in October 2002 of hiding a program to produce HEU, and the ensuing showdown sent relations back into the Cold War deep-freeze, ultimately resulting in the rupture of a 1994 deal which froze the Stalinist state's plutonium-based nuclear program.

Officials in Seoul this week warned Pyongyang must disable all programs under the six-party deal.

Critics have complained the pact does not directly address North Korea's existing plutonium nuclear bombs, or its suspected HEU program.

Hill heaped praise on China for hosting the six-party talks.

"I do believe that we have been able to synchronize our goals," Hill said.

"I think we're also synchronizing not only the goals, but also the strategy and in many respects the tactics themselves, so we've really come together with them on this."

"If we're successful with all of this, our plan is to then have a ministerial where US Secretary of State Condi Rice will go out to Beijing and she will meet with her other five counterparts, including the North Korean minister of foreign affairs, and review the first 60 days," Hill said.

Hill's remarks came a day after Washington said US Deputy Secretary of State John Negroponte will travel to major Asian capitals next week for talks likely to focus on the nuclear deal.

Vice President Dick Cheney meanwhile wrapped up a visit to Japan, offering to support Tokyo on the emotionally charged issue of resolving North Korean kidnappings of Japanese citizens, which has cast a shadow over the nuclear deal.

Economically crippled North Korea has agreed to start disabling its nuclear facilities in exchange for badly needed energy aid.

It agreed to close and seal its Yongbyon reactor -- long suspected to be the centre of its nuclear program -- within 60 days and admit UN nuclear inspectors in return for 50,000 tonnes of heavy fuel oil.

Further steps to disable nuclear facilities would be rewarded with up to 950,000 tons of heavy oil or other aid, while Washington also agreed to discuss removing North Korea from a list of state sponsors of terrorism and begin talks on normalizing relations.

Hill Warns N Korea On Deadlines (FT)

By Guy Dinmore

Financial Times, February 23, 2007

North Korea must stick to the tight deadlines of the new deal to freeze its Yongbyon nuclear facility in exchange for a modest amount of fuel oil, Christopher Hill, the US negotiator at the six-party nuclear talks, said on Thursday.

Describing the 60-day deadline agreed to on February 13 as “very short” and one that required a “considerable amount of negotiation”, Mr Hill conceded that potentially serious sticking points lay ahead.

“We need to avoid, above all, missing deadlines,” Mr Hill told the Brookings Institution, a Washington think-tank. “When you start missing deadlines, it’s like a broken window theory. One window is unrepaired. Before you know it, you’ll have a lot of broken windows and nobody cares.”

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Mr Hill stressed that the shutting down of Yongbyon and the return of international inspectors within 60 days was just the first step of a much longer process. The ultimate goal, which North Korea signed up to in September 2005, is denuclearisation of the Korean peninsula in exchange for aid and security guarantees.

During the first 60 days, in which North Korea is to receive 50,000 tonnes of fuel oil for its depleted power stations, Pyongyang has also committed to discussing a list of all its nuclear programmes, and to later provide a complete declaration.

Mr Hill anticipated "problems" with that declaration, noting that North Korea had refused to acknowledge the existence of what the US alleges is a secret uranium enrichment programme. However he also indicated that the US did not believe Pyongyang had mastered the enrichment process.

North Korea carried out an underground test explosion last October and is believed to have enough reprocessed plutonium for some eight to 10 bombs.

North Korea's demand to be taken off the US list of state sponsors of terrorism would take "some time", Mr Hill said.

Foreign ministers of the six nations, which also include hosts China, South Korea, Japan and Russia, are to meet in Beijing in April to review any progress.

Within 30 days, the US and North Korea are to set up a bilateral working group to start discussions on normalising relations. Mr Hill made clear that process would only conclude when North Korea had dismantled its entire nuclear programme.

Nuke Timeline Key To Successful Deal (WT)

By David R. Sands

The Washington Times, February 23, 2007

The top U.S. negotiator on North Korea said yesterday that the United States will insist on strict deadlines to keep a step-by-step deal to end the North's nuclear-weapons programs from unraveling as did a similar deal negotiated under the Clinton administration.

Christopher R. Hill, assistant secretary of state for East Asian Affairs, said North Korea must shut down its nuclear site at Yongbyon and allow United Nations inspectors back into the country by mid-April under the deal struck at the six-party talks in Beijing 10 days ago.

Also by that date, a series of working groups -- including a bilateral one on U.S.-North Korean relations and one on promised food and fuel aid for Pyongyang -- are supposed to be up and running. The U.S. government also has promised to wrap up an 18-month investigation of a Chinese bank that was a crucial conduit for the North's meager hard currency reserves.

"Above all, everyone is agreed that we need to avoid missing deadlines," Mr. Hill told a packed room yesterday in a briefing at the Brookings Institution think tank.

"When you start missing deadline, it's like the theory about a broken window," Mr. Hill said. "If one window isn't repaired, before you know it, you'll have a lot of broken windows and nobody cares."

The agreement was signed by representatives from the United States, North and South Korea, Russia, Japan and China. Beijing hosted the talks and provided crucial behind-the-scenes diplomacy to make the deal, Mr. Hill said.

China's decision to back U.N. resolutions condemning Pyongyang for a missile test last summer and a nuclear bomb test in October "really got the attention of North Korea," he added.

U.S. critics of the deal, including former U.N. Ambassador John R. Bolton, have criticized the agreement as a replay of the 1994 Agreed Framework, negotiated by the Clinton administration to head off an earlier North Korean nuclear crisis. Pyongyang proceeded with a secret nuclear-weapons program despite the promises of energy and aid in the 1994 deal.

Mr. Hill said that this time, China and all of the North's neighbors were parties to the deal, making it harder for Pyongyang to walk away. The six-party agreement also is far more ambitious, he said, calling for the eventual elimination of the North's nuclear-weapons programs and normalization of relations with the United States.

But Mr. Hill said he was "not taking a victory lap yet," because the Beijing accord left some major questions unanswered.

Among them: the fate of the North's existing stock of nuclear bombs -- estimated at four to 12 -- and of the 50 kilotons of plutonium Pyongyang is thought to have on hand to make more bombs. The North still has to provide a detailed list of all its nuclear sites that will be dismantled.

The State Department envoy also conceded that major uncertainties remain about the North's plans to use highly enriched uranium to fuel nuclear bombs. The Bush administration cited Pyongyang's admission in 2002 that it had a secret uranium program as a reason to break off the Agreed Framework deal for good.

Pyongyang has secretly bought some equipment consistent with an enriched uranium program, but there are some "considerable production techniques that we're not sure whether they have mastered," Mr. Hill said.

N. Korea Nuclear Deal Rife With Benefits (AP)

DOJ_NMG_0135943

By Barry Schweid
AP, February 23, 2007

The breakthrough nuclear agreement with North Korea could pay wide-ranging dividends for all sides, especially in the area of already improving U.S. relations with China and America's allies, chief U.S. negotiator Christopher Hill said Thursday.

Other side benefits might include a peace treaty formally ending the war on the Korean peninsula after more than a half-century, a cut in the force of 25,000 U.S. troops in South Korea, a better life for impoverished North Koreans and the State Department's declassifying of the North as a sponsor of terror, Hill said in remarks at the Brookings Institution, a liberal-oriented think tank.

The U.S. negotiator said he plans to meet with North Korean counterparts within 30 days to work on these issues and a schedule for North Korea to go beyond its commitment last week in six-sided negotiations in Beijing to seal its main nuclear reactor and permit international inspection.

In return, Pyongyang is due to receive 50,000 tons of heavy fuel oil and ultimately another 950,000 tons in fuel if it completely abandons its nuclear weapons program.

"We are very mindful we have a long way to go," Hill said.

For one thing, he said, Pyongyang must provide a complete list of programs to be put out of commission.

Conservatives have blasted the agreement, which was considered a breakthrough after months of deadlock and bickering, as naive and worse. They say it rewards North Korea for bad behavior and sets a terrible precedent for Iran, another country with which the U.S. is locked in a nuclear standoff.

Former U.N. Ambassador John Bolton said in an interview that the North Korean regime "is not going to give up something so central to its survival as nuclear weapons."

North Korea is known to have tried to acquire aluminum tubes from Germany and "made certain purchases of equipment which is entirely consistent with a highly enriched uranium program," he said.

The agreement already has strengthened U.S. relations with China and South Korea, Hill said. China wants "clarity" from North Korea on abandoning its weapons program and, "We really have lined up our interests with them," Hill said.

Further closing ranks on all fronts, Secretary of State Condoleezza Rice is planning to meet with the foreign ministers of the five other countries in April in Beijing. They are North Korea, China, South Korea, Japan and Russia.

In a parallel move, Deputy Secretary of State John Negroponte will make a trip early next month to Japan, South Korea and China. The State Department has ruled out a stop in Pyongyang by Rice's new top deputy.

Hill stressed that North Korea has not yet made a commitment to abandon its entire program.

"They're going to make decisions to move on a step- by-step basis. And as they move one step, they will look back and say, 'This is a better place than we were in yesterday.' And that will encourage them to take still another step," Hill said.

Meanwhile, he said, North Korea is very interested in getting off the State Department list of terror sponsors.

"We are prepared to begin that process, with the understanding it's going to take some time. ... We need some answers from them," he said.

A peace treaty to replace an armistice and formally end the Korean war is not technically a six-party issue. Hill said he assumes China, the United States, North Korea and South Korea would meet to resolve the issue. If they do, different ways may be found to maintain peace on the peninsula, a task undertaken since the war by U.S. troops.

"Our guiding star," Hill said, is "we want to maintain the security and the stability that we've maintained all these years."

Top Democratic Hopefuls' Bickering Puts Focus On Candor And Personal Behavior (WSJ)

By John Harwood
The Wall Street Journal, February 23, 2007

CHARACTER RISES as top issue in early presidential skirmishing.

Criticism by media mogul Geffen, a onetime ally of Bill and Hillary Clinton, underscores concerns among Democrats that controversies over candor and personal behavior could embroil 2008 ticket. Clinton team's attack on Geffen's new favorite, Obama, aimed to quash such discussion, but a top adviser laments that the tactic "gave it too much attention."

One academic expert on political combat calls Obama camp's feisty response worth risks to his "above politics" stance. "Real political change requires ... attacks to show what is wrong," says Vanderbilt's John Geer, author of "In Defense of Negativity."

Facing skepticism over shifting political image, Romney says "I believe" four times in his first TV ad.

CONGRESS MULLS different approaches on executive pay.

House shows little interest in Senate-passed limits on deferred-compensation plans. But Sen. Grassley shows willingness to modify the proposal to fend off complaints from business groups that it might hit middle managers.

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In talks between the two chambers, another Senate proposal has a better chance: limiting company deductions for exit-pay packages of departing executives. Meanwhile, House Financial Services Chairman Frank plans hearing next month on giving shareholders more control of executive pay.

BUSINESS ASSAILS Democrats' push for "card check" union-organizing legislation.

House leaders expect the bill, which would end workplace secret ballots to determine union status, to pass with 20 or more Republicans joining majority Democrats. U.S. Chamber's political director, Bill Miller, denounces the attack on "a function of democracy."

Neither side expects the bill to garner the 60 votes needed to clear Senate procedural votes before passage, and the Bush administration has signaled a potential veto in any case. The two parties plan to use the issue to rally their bases for the 2008 elections.

"The result ... will be an issue in the next campaign," says AFL-CIO's Kelly Ross.

STARTING POINT? Citing potential for first step toward addressing climate change, Senate environment committee chairwoman Boxer seeks cooperation from administration on improving energy efficiency at 9,000 federal buildings. House Energy and Commerce Chairman Dingell aims for climate-change hearing in March with chief executives from U.S. auto makers.

DINGELL PREPARES congressional budget writers for a request for $50 billion over five years to finance the children's-health initiative that he plans to introduce with Sen. Clinton as early as next week. Sen. Kennedy explores new funding source to expand coverage beyond "sin taxes" on cigarettes and alcohol: a new levy on junk food.

COMPETITORS? U.S. Chamber bristles at Treasury's roundtable with Secretary Paulson on March 13 on the competitiveness of U.S. capital markets. The chamber had hoped to own the spotlight with its own report on that subject, to be released the same week. Treasury officials say the timing was dictated by Paulson's schedule, not an attempt to upstage the chamber.

THE EQUALIZER? Paulson is expected to put inequality on the agenda again in a speech Thursday before traveling to Korea, Japan and China. The former Goldman Sachs chief, arguing that addressing workers' concerns about globalization is essential to resisting protectionism, has been pushing within the administration for better policy responses.

BUSH ADMINISTRATION AIMS toward first steps on implementing North Korean nuclear deal.

U.S. diplomats seek meetings with North Korean officials within two weeks, probably in New York, for unprecedented talks on normalizing relations and perhaps taking communist state off the list of terror sponsors. The U.S. also promises to thaw frozen North Korean bank account in Macau.

Rice could meet North Korea's foreign minister as soon as April. North Korean talks with Japan may grow testy, as Tokyo presses Pyongyang on fate of 13 Japanese abducted in the 1970s and 1980s.

Bush's Asia hand Christopher Hill invokes "broken-window theory" in arguing against tolerating missed deadlines.

MINOR MEMOS: While Hollywood fuels Clinton-Obama competition, Gore walks the red carpet as his climate-change documentary aims for two awards at this weekend's Oscars. Win or lose, the ex-VP will attend the Governor's Ball and Vanity Fair party.

NKorea Official To US For Talks: Sources (AFP)

AFP, February 23, 2007

North Korea's chief nuclear negotiator will visit New York early next month to follow up the multinational agreement on scrapping his country's nuclear programmes, sources said Friday.

Kim Kye-Gwan was expected to take part in a working group meeting on normalising US-North Korea relations, a source told Yonhap news agency.

"No date has been set for his visit but it is likely to last from March 5 through 7," the source said.

An official who spoke to AFP on condition of anonymity confirmed Kim would go to New York in early March but said he was unsure of the reason.

"It is probably for the purpose of the joint working group but no date has been set for that meeting," the official said.

At six-nation talks in Beijing on February 13 the communist state agreed to shut down and then disable its nuclear facilities in phases. In return it will receive up to one million tons of heavy fuel oil or equivalent economic aid.

As part of the deal the United States and North Korea agreed to start talking about establishing full diplomatic relations. Five working groups are due to meet within 30 days to start planning how to implement it.

Yonhap said Kim, a vice-foreign minister, is expected to hold talks with his US counterpart Christopher Hill in New York.

Hill cautioned Thursday there was a "long way to go" to implement the deal and said tough talks lie ahead on a suspected uranium enrichment project which Washington believes Pyongyang is concealing.

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He said the North Koreans had never acknowledged such a programme. "But they have been willing to discuss what we know and to try to resolve this."

Critics have complained the Beijing pact does not directly address North Korea's existing plutonium stockpile or nuclear bombs, or its suspected uranium programme.

US Vice President Dick Cheney said Friday in Australia that the deal was a hopeful step towards a better future for the North Korean people.

But he added: "We go into this deal with our eyes open. In light of North Korea's missile tests last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove."

Cheney Criticizes China's Arms Buildup (AP)

By Rohan Sullivan

AP, February 23, 2007

Vice President Dick Cheney said Friday that China's recent anti-satellite weapons test and a rapid military buildup were "not consistent" with its stated aim of a peaceful rise as a global power.

Speaking in Sydney, Cheney also expressed wariness about North Korea's commitment to a landmark deal announced last week on ending the country's nuclear programs.

As anti-war demonstrators clashed with police outside the hotel where Cheney was speaking, the vice president also expressed gratitude to Australia for sending troops to the Iraq war, which he said must be won or terrorists would be emboldened worldwide.

Cheney praised China for playing an "especially important" role in the six-nation negotiations that resulted in the North Korea deal, under which the North is to seal its main nuclear reactor and allow international inspections in exchange for fuel oil.

"Other actions by the Chinese government send a different message," Cheney told the Australian-American Leadership Dialogue, a private organization that promotes ties between the two countries.

"Last month's anti-satellite test, China's continued fast-paced military buildup are less constructive and are not consistent with China's stated goal of a peaceful rise," he said.

The Chinese Foreign Ministry did not immediately respond to a faxed request for comment on Cheney's remarks. Many government offices were closed Friday for the weeklong Lunar New Year holiday.

Beijing previously said its Jan. 11 destruction of a defunct weather satellite was for scientific purposes, but the test was widely criticized as a provocative demonstration of China's growing military clout.

Washington and key Asian allies such as Japan say the test — which made China only the third nation after the United States and Russia to use weapons beyond the atmosphere — undermined efforts to keep weapons out of space. Beijing countered by saying the United States is blocking a possible global treaty that would ban weapons in space.

China's military has grown rapidly along with its economy in recent years, prompting concern in Washington that the balance of military power in the Pacific could start to shift away from the United States.

Regarding the North Korea deal, Cheney said it represented "a first hopeful step" that would "bring us closer" to a nuclear-free Korean peninsula — but he also sounded a note of caution.

"We go into this deal with our eyes open," he said. "In light of North Korea's missile test last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove."

Washington and key Asian allies such as Japan have expressed concern that China's Jan. 11 firing of a missile at a defunct weather satellite — making it only the third nation after the United States and Russia to use weapons beyond the Earth's atmosphere — undermined efforts to keep weapons out of space. China says the test was for scientific purposes.

Also, China said in late December it was strengthening its military to thwart any attempt by Taiwan to push for independence, but vowed that it was committed to the peaceful development of its 2.3 million-strong military, the world's largest.

Cheney praised Prime Minister John Howard, who sent 2,000 troops to join the U.S.-led invasion of Iraq, saying Australians had won the respect of the world through their support of the fight against terror.

He said that if the U.S.-led coalition leaves Iraq before domestic forces can handle security, radical factions would battle for control, and the violence would spread throughout the country and beyond.

"Having tasted victory in Iraq, jihadists would look for new missions," joining the Taliban fighting in Afghanistan and spreading "sorrow and discord" across the Middle East and further afield, he said.

"Such chaos and mounting danger does not have to occur, it is however the enemy's objective," Cheney said. "For the sake of our own long-term security, we have a duty to stand in their way."

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Outside, protesters waved placards saying "Go home Cheney" and "Bring the troops home." Three people were arrested as police clashed with about 50 demonstrators. Ten people were arrested at a similar demonstration shortly before Cheney arrived in Australia late Thursday.

Cheney was to hold talks Saturday with Howard, a staunch ally of Washington who has become a rarity by offering more, not fewer, troops for Iraq and Afghanistan.

Iraq, Afghanistan and North Korea are expected to dominate the talks with Howard, who is under increasing political pressure to set an exit strategy for the 1,400 Australian troops who remain in and around Iraq.

Among the protesters in Sydney on Friday was former Guantanamo Bay detainee Mamdouh Habib, who called for the release of the lone Australian still held at the U.S. naval base at Cuba, David Hicks. A group of three men held a counter-protest nearby with a banner reading: "The world needs more men like Dick Cheney — we love America."

Cheney and Howard are expected to discuss Hicks, a former kangaroo skinner captured in Afghanistan who has been locked up without trial at Guantanamo for more than five years.

Under growing public pressure, and with Hicks looming as an issue at elections due later this year, Howard has begun pushing U.S. officials to deal with Hicks' case more quickly.

VOA Says Goodbye To Uzbek, Other Tongues (WP)

By Delphine Schrank

The Washington Post, February 23, 2007

Back home on a farm in Uzbekistan, Navbahor Imamova's mother and siblings crowd around their cranky, Soviet-made radio and tune in daily to Voice of America broadcasts in Uzbek. Though frequently scrambled by Chinese martial music, the VOA journalist said, the broadcast is her family's chief source of credible, uncensored foreign news in the authoritarian Central Asian country.

But that source is due to be silenced. For the second year running, the board overseeing the government-funded VOA has plans to wipe out news in several languages, including its flagship English-language "News Now" programming.

"This is big," said Imamova, one of seven people who put together the Uzbek service from Washington. "It's not a secret that Uzbekistan is one of the most politically oppressed countries. There's not a single outlet that can call itself independent there."

The Broadcast Board of Governors, which oversees VOA and six other government-funded international broadcasters, said this month that the cutbacks are being made in an effort to shift resources to new technology and "critical audiences" in the Middle East, North Korea, Somalia and Cuba.

"The current budget climate requires that we utilize our funds to effectively adapt to changing viewing habits and new technology, and respond to the nation's most immediate and vital national security challenges," the board said in a statement.

The board's $668.2 million budget request calls for a 3.8 percent increase from its anticipated fiscal 2007 level. The increase would fund the expansion of programming to North Korea, Iran, Afghanistan and Pakistan, as well as to the Arab-language satellite network Alhurra TV and its pop music and news counterpart, Radio Sawa.

Board spokesman Larry Hart said the decision to scrap the services largely reflects their diminishing audiences. "The world has changed, and our independent surveys show year after year that fewer and fewer people use shortwave radio," Hart said. "Now, that differs dramatically in different parts of the world. But satellite TV, FM radio and the Internet are the way of the future."

VOA employees and advocates counter that their programming is a model of open media and a crucial source of trustworthy news and information for decision makers and influential figures worldwide, a demographic that is difficult to quantify.

Since VOA's inaugural radio broadcast into Nazi Germany 65 years ago, the network has expanded into television and across the globe, and in its heyday, it carried programming in more than 50 languages. In the past few years, services were cut in 10 former Soviet bloc countries that have since joined the European Union. Other services have come and gone only to appear again.

VOA advocates and employees said that among the more dire changes being planned is elimination of "News Now," which feeds the broadcaster's 45 language services and includes reports from Washington and around the world. VOA would continue to offer Web-based English-language content, as well as English to sub-Saharan Africa and news for listeners with a limited English vocabulary.

"This is the VOA. Everything else is patterned on it. This has been our identity since 1942," said Neil Currie, a senior anchor with "News Now" and 23-year veteran of the agency. The English-language program has already suffered the effects of drastic cuts, he said, with staff whittled down in the past two years from more than 50 people to 14. Broadcasts have been reduced dramatically. On Sundays, Currie said, he is alone in the VOA newsroom putting together hours' worth of news.

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"It is very hard to think of a parallel to killing the English-language services of VOA America. I can't think of an analogy absurd enough," said Sanford J. Ungar, president of Goucher College in Maryland and VOA's director from 1999 to 2001. "Would Radio Moscow stop broadcasting in Russian? Would Radio Beijing stop broadcasting in Chinese? Radio France in French? The BBC in English?"

Alan L. Heil Jr., a former deputy director of VOA and author of "Voice of America: A History," said, "We need Voice of America more than ever, and yet here we are silencing ourselves on radio." For Heil, the plan is particularly shortsighted when English is spoken by more than a quarter of the world's population and when Russia, China, Iran and al-Jazeera are expanding their TV and Internet programming in English.

Based on figures from the research group InterMedia Survey Institute, Heil calculated that total audience losses worldwide under the budget plan could run to 18.5 million listeners, with 10.5 million lost for the English broadcasts alone.

But Hart, the broadcast board's spokesman, said the priority is to use the limited funds available to target information-deprived indigenous speakers in their own languages, rather than English-speakers traveling abroad. "People who are information-deprived or who don't have access to satellite TV or who don't have hookups to the BBC or CNN -- they don't speak English, and those are the people we need to reach," he said.

Ungar, who was director of VOA when it started offering 24-hour news on the Internet, does not dispute the value of new technology. "But VOA radio is a great bargain," he said. "It costs so little to do it, and is vastly less expensive than TV."

Advocates say shortwave radio should hardly be dismissed as an anachronism. Battery-operated radios are cheap and easy to procure worldwide. Not so with satellite TVs or even Internet service, both of which can be blocked more easily and efficiently than shortwave frequencies. And unlike FM, which transmits up to 75 miles, shortwave can be broadcast over vast distances.

VOA advocates contend that the broadcast board has opted to bulldoze the agency rather than explore alternatives, including asking for greater appropriations to cover the cost of the doomed services, which come to $22 million, or about 3.5 percent of the budget.

For Imamova, the broadcaster in the Uzbek service, the plan is devastating. "VOA Uzbek is the only source of U.S. and international news in the region. It is a critical service," especially in light of a crackdown on news media in Uzbekistan, she said, adding that her comments reflect her personal views.

The Uzbek government has crippled reception of the multimedia service, which costs VOA $600,000 a year and also reaches Kazakhstan, Tajikistan and parts of China. But researcher InterMedia also notes the likelihood of a significant audience undercount because of respondent wariness in the country.

But virtually all the countries listed for eliminations are critical, Heil said. Russian President Vladimir Putin "could pull the plug on TV any day, the Balkans are something of a tinderbox with the Kosovo crisis coming to a head, and Tibetan services are absolutely critical in a country with no other independent information."

"You have to keep up with new technology, but at the same time you need a measured approach to keep your audience base," Heil added. "The stronger you are as a news gatherer, the closer you come to fulfilling VOA's mission: 'The news may be good. The news may be bad. We shall tell you the truth.' "

Europeans' Chill Deepens On US Policy (CSM)

By Robert Marquand

The Christian Science Monitor, February 23, 2007

The resignation of Italian Prime Minister Romano Prodi underscores the difficulty in Europe of governments trying to support US foreign policy on terror while at the same time pleasing their own publics.

Mr. Prodi, who has been in office less than a year, stepped down Wednesday after he was unable to convince his parliament of the "profound difference" between sending Italian troops to Afghanistan and sending them to Iraq. Italy currently deploys 1,950 troops in Afghanistan as part of a NATO mission of some 30,000 soldiers from European states.

The Prodi drama came hours after Britain and Denmark announced the start of troop withdrawals from Iraq – a blow to the White House as it deploys an additional 21,000 soldiers to stabilize Baghdad. In a further departure from perfect alignment with US policy in the Middle East, British prime minister Tony Blair also said this week that he will consider dealing with the Palestinian group Hamas as part of a new "national unity" government in the occupied territories.

European capitals are wavering over how to deal with a US administration in its final two years, one saddled with multiple inconclusive wars and battles against terror.

Yet despite the crisis in Italy, and general dislike in Europe for US tactics in fighting terrorism, a fairly clear distinction continues to exist in elite circles between US-led Iraq and Afghan ventures.

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Those distinctions have both practical and legal foundations: While a defeat of the US in Iraq might be troubling for the West, an accompanying defeat in Afghanistan would be "catastrophic," says a Brussels-based European diplomat.

"The war in Afghanistan is seen by Europeans as having a real basis in the events of 9/11, under UN rulings of the right of self-defense," says Adam Roberts, a professor at Oxford University, "and this is seen as different from the war in Iraq.

"In Afghanistan, efforts at transformation are multilateral, as distinct from Iraq," he adds. "In Afghanistan, 2 million refugees have returned, whereas in Iraq, 2 million refugees have left. There is still a strong tendency to draw these distinctions, despite European concern over US policy, which is very widespread."

The center-left Prodi government in Rome was always fragile, a nine-party coalition whose main agreement was its dislike of the previous center-right government of Silvio Berlusconi. Prodi decided to resign, it appears, after he was unable to achieve supporting votes from within his coalition for Italy's troops in Afghanistan or to follow through on a two-year-old deal with Washington to expand a military base in Vicenza.

Still, growing negative perceptions in Italy over the US enterprise in the Middle East has been eroding many distinctions in the public mind between the Afghanistan and Iraq wars, according to French analyst Bernard Getta. Such perceptions deepened last week when a judge ordered that 25 suspected CIA operatives stand trial in Milan for kidnapping an Islamist cleric in 2003 and sending him to Egypt. On Feb. 18, tens of thousands of Italians marched in Vicenza.

In Britain, Mr. Blair's announcement Wednesday that he would forces in Basra by 1,600 as part of what may be a complete drawdown by the end of 2008 reflects a broad consensus about Iraq.

Blair emphasized the difference between relatively safer conditions in Basra and those in Baghdad, suggesting that British forces had played their part, and that "the next chapter ... will be written by Iraqis." But the Iraq deployment is increasingly less popular. Blair spoke with his heir apparent, Chancellor of the Exchequer Gordon Brown, sitting to his left; Mr. Brown is regarded as willing to take a more independent position vis-à-vis the White House.

In the case of the Palestinian territories, the US has said it won't deal with a unity government unless it abides by conditions set last year by the Quartet mediating group – Russia, the US, the EU, and the UN – that Hamas renounce violence and recognize Israel.

In Denmark, which will bring home all 460 ground troops from Iraq by summer, public opinion generally distinguishes between Iraq and Afghanistan, says Mogens Jakobsen, who runs Epinion, a polling firm in Copenhagen.

As in Britain, the Iraq war is losing traction among Danes.

"The British withdrawal gave the Danish government a window of opportunity to get out," Mr. Jakobsen says. "Popular support ... is dropping, and it is more difficult for the government to explain to the people why they are there. So the British action was a kind of fig leaf for the Danes."

In the past year, some Danes have become skeptical of their Afghan role. Mostly, this is over tensions with the US created by a Danish policy not to turn over Afghan prisoners to US forces. A perception exists that US troops have sometimes tortured prisoners in Afghanistan. But "the Afghan war is not ... high on the agenda of opposition," Jakobsen says.

Europe's pushback stems partly from frustration that until recently the US had not worked closely with its allies on the Continent. Yet most European foreign ministries, from Britain to Germany to France, are working closely with US allies on Afghanistan, the Iranian nuclear question, and the Middle East, and are now considering a controversial US missile-shield for central Europe.

Italy has had 61 governments in 62 years; its parliamentary system is rife with squabbling parties that often take uncompromising positions. It remains unclear whether the government will disband, leading to new elections. That would pave the way for another run by Mr. Berlusconi.

Thursday, however, President Giorgio Napolitano began polling parties to determine whether a new government can be formed in the immediate future.

An Upside-Down World (WSJ)

By Nick Cohen

The Wall Street Journal, February 23, 2007

LONDON -- The other day Ken Livingstone, the mayor of my hometown of London, organized a conference on Islam and the West. It was a carefully rigged affair in which handpicked speaker after handpicked speaker stood up and announced that the democracies were to blame for the tidal wave of murder sweeping the world. To provide a spurious air of balance, the organizers invited a few people who dissented from the line of the Muslim Brotherhood and its British allies. Agnès Poirier, a French feminist, was one of them, but she pulled out because although there were no special facilities for Christians, Hindus and Jews, Mr. Livingstone had provided separate prayer rooms for Muslim men and Muslim women.

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She wanted to know: Does Ken Livingstone's idea of multiculturalism acknowledge and condone segregation? It clearly does, but what made this vignette of ethnic politics in a European city worth noting is that commentators for the BBC and nearly every newspaper here describe Mr. Livingstone as one of the most left-wing politicians in British public life. Hardly any of them notices the weirdness of an apparent socialist pandering to a reactionary strain of Islam, pushing its arguments and accepting its dictates.

Mr. Livingstone's not alone. After suicide bombers massacred Londoners on July 7, 2005, leftish rather than conservative papers held British foreign policy responsible for the slaughters on the transport network. ("Blair's Bombs," ran the headline in my own leftish New Statesman.) In any university, you are more likely to hear campaigns for the rights of Muslim women derided by postmodernists than by crusty conservative dons. Our Stop the War coalition is an alliance of the white far left and the Islamist far right, and George Galloway, its leader, and the first allegedly "far left" MP to be elected to the British parliament in 50 years, is an admirer of Saddam Hussein and Hezbollah.

I could go on with specific examples, but the crucial point is the pervasive European attitude to the Iraq catastrophe. As al Qaeda, the Baathists and Shiite Islamists slaughter thousands, there is virtually no sense that their successes are our defeats. Iraqi socialists and trade unionists I know are close to despair. They turn for support to Europe, the home of liberalism, feminism and socialism, and find that rich democrats, liberals and feminists won't help them or even acknowledge their existence.

There were plenty of leftish people in the 20th century who excused communism, but they could at least say that communism was a left-wing idea. Now overwhelmingly and everywhere you find people who scream their heads off about the smallest sexist or racist remark, yet refuse to confront ultra-reactionary movements that explicitly reject every principle they profess to hold.

Why is the world upside down? In part, it is a measure of President Bush's failure that anti-Americanism has swept out of the intelligentsia and become mainstream in Britain. A country that was once the most pro-American in Western Europe now derides Tony Blair for sticking with the Atlantic alliance. But if Iraq has pummeled Mr. Blair's reputation, it has also shone a very harsh light on the British and European left. No one noticed it when the Berlin Wall came down, but the death of socialism gave people who called themselves "left wing" a paradoxical advantage. They no longer had a practical program they needed to defend and could go along with ultra-right movements that would once have been taboo. In moments of crisis, otherwise sane liberals will turn to these movements and be reassured by the professed leftism of the protest organizers that they are not making a nonsense of their beliefs.

If, that is, they have strong beliefs to abandon. In Europe and North America extreme versions of multiculturalism and identity politics have left a poisonous legacy. Far too many liberal-minded people think that is somehow culturally imperialist to criticize reactionary movements and ideas -- as long as they aren't European or American reactionary movements. This delusion is everywhere. Until very recently our Labour government was allowing its dealings with Britain's Muslim minority to be controlled by an unelected group, the Muslim Council of Britain, which stood for everything social democrats were against. In their desperate attempts to ingratiate themselves, ministers gave its leader a knighthood -- even though he had said that "death was too good" for Salman Rushdie, who happens to be a British citizen as well as a great novelist.

Beyond the contortions and betrayals of liberal and leftish thinking lies a simple emotion that I don't believe Americans take account of: an insidious fear that has produced the ideal conditions for appeasement. Radical Islam does worry Europeans but we are trying to prevent an explosion by going along with Islamist victimhood. We blame ourselves for the Islamist rage, in the hope that our admission of guilt will pacify our enemies. We are scared, but not scared enough to take a stand.

I hope conservative American readers come to Britain. But if you do, expect to find an upside-down world. People who call themselves liberals or leftists will argue with you, and when they have finished you may experience the strange realization that they have become far more reactionary than you have ever been.

Mr. Cohen, a columnist for the Observer and the New Statesman, is the author of "What's Left?: How Liberals Lost Their Way" (Fourth Estate, 2007).

A Foreign Policy Built On Do-Overs (NYT)

By Thomas L. Friedman

The New York Times, February 23, 2007

Watching the Bush team wrestle with Iran, North Korea and Iraq reminds me of something that used to be said of the Reagan administration: The right hand never knew what the far right hand was doing.

In fact, my bet is that when the inside history of the Bush team is written, we will discover that, contrary to its carefully managed image of a disciplined core operating from consistent, conservative principles, it has actually been one of the most internally divided administrations — ever.

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The only thing the Bush folks all agreed on was that they would never do anything Bill Clinton did. Beyond that, it's been a food fight. The trial of Scooter Libby, with its testimony about wars between the V.P.'s office and the White House, the White House and the C.I.A., and everyone against the State Department, proves that beyond a reasonable doubt.

When the former Bush U.N. ambassador John Bolton trashed the president's recent deal with North Korea as a "charade," though, he highlighted the biggest internal division of all within the Bush team: how to deal with rogue regimes like Iran, North Korea and Saddam's Iraq — whether to go for regime change or behavior change.

On Iran and North Korea, "this administration does not have clear policies, it has competing impulses," said Robert Litwak of the Wilson Center, who just published a smart book on this theme: "Regime Change: U.S. Strategy Through the Prism of 9/11." "The administration's mantra is 'all options are on the table.' But the dilemma is that too many objectives are on the table as well."

Because this administration was divided for so long on Iran and North Korea, over regime change or behavior change, it got neither. All it got was that Iran and North Korea both went out and bought Bush insurance: a nuclear weapons program.

President Bush obviously recognizes that and is now trying to remedy it. Bill Clinton was criticized for taking more golf mulligans — do-overs — than any other president. Mr. Bush will be remembered for taking more foreign policy mulligans than any other president.

On North Korea, the president has finally decided to focus purely on changing behavior. He struck a very sensible deal last week with Kim Jong Il to take his country off our terrorism list and normalize relations, provided Mr. Kim gives up his nukes.

But we could have had a similar deal years ago — when North Korea had only two nukes — had the Bush team not been wrangling with itself over regime change or behavior change. While it wrangled, Mr. Kim built up his nuclear arsenal, adding six to 12 more bombs. If this deal is carried out, which is still uncertain, the wasted years will not have been a disaster. If it isn't carried out, they will have been very costly.

Why do you think that a year after Mr. Bush told us we were "addicted to oil" we still have no serious plan to end that addiction? Because the market fundamentalists in his White House — led by Dick Cheney, who opposes any government effort to impose carbon caps or taxes to promote alternative energies, à la California — keep blocking the market pragmatists who do. And Mr. Bush won't intervene.

The irony of Iraq is that it's the one place where Mr. Bush decisively chose regime change, but he then executed it so poorly, with insufficient troops, that Iraq never stood a chance. If Don Rumsfeld and Dick Cheney had spent as much time plotting the toppling of Saddam Hussein as they did the toppling of Colin Powell, Iraq today would be Switzerland. Today's Bush troop surge in Iraq is just another mulligan — the president's trying to do in 2007 what he should have done in 2003. In between, we've paid a huge price.

How about we avoid a mulligan on Iran? Let's put a clear deal on the table: full diplomatic relations, security guarantees and thousands of student visas if Iran puts its nuclear program under U.N. inspection and stops supporting terrorism. If not: more sanctions and isolation. Such an offer would at least get us some leverage, unite us more with our allies outside Iran, energize our allies inside Iran and force some excruciating choices on Iran's leaders.

"Resolving the contradiction in Washington will sharpen the contradiction in Tehran," Mr. Litwak argued. "Taking regime change off the table in America will put behavior change on the table in Iran."

I guess we should be thankful that Mr. Bush is trying to fix some of his mistakes, but we have paid a huge, unnecessary price for his learning curve. Which is why it's always best to get it right the first time. The best golfers never take mulligans, and the best presidents never need them.

Russia And US Play Down Missile Dispute (FT)

By Neil Buckley And Hugh Williamson

Financial Times, February 23, 2007

Senior US and Russian officials sought to play down their differences on Thursday after two weeks that have seen a sharp cooling in relations between their countries.

On a visit to Moscow, Stephen Hadley, the US national security adviser, said he did not see a speech by President Vladimir Putin of Russia in Munich this month that was sharply critical of US "unilateralism" as a return to cold war-style confrontation.

He also reiterated assurances that Washington's planned missile defence system, parts of which the US wants to locate in eastern Europe, was not aimed at Russia but at a potential threat from Iran or other rogue states.

Igor Ivanov, Mr Hadley's counterpart as head of Russia's national security council, acknowledged there were disagreements between the two countries but said it was important that these should be resolved by dialogue.

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Mr Hadley also held talks with Mr Putin during a visit that seemed designed to project a more conciliatory stance after the sharp exchanges that have taken place since the Russian president's Munich address.

"We do not see President Putin's speech as an invitation to confrontation and do not believe it was made with that intention," Mr Hadley said.

Sergei Yastrzhembsky, Mr Putin's envoy to the European Union, described the Munich speech as a "cold shower" rather than a declaration of cold war. He told Rossiiskaya Gazeta, a government daily, the speech brought into the open the kind of issues usually discussed behind closed doors.

"We are no longer in ideological conflict with the west," Mr Yastrzhembsky added. "Russia is a totally different country."

But the dispute over the planned US missile defence system continued to simmer on Thursday. Sergei Lavrov, Russia's foreign minister, said Moscow's complaints arose from concerns on how such defences were being handled between Russia and the west. He said western countries in the Nato-Russia Council, which deals with military ties between Moscow and the alliance, had insisted on "calling a break" in talks on co-operation on missile defence.

The pause in consultations appeared to have been "tailor-made to coincide with" the US move to position parts of its national missile system in eastern Europe, he complained.

Frank-Walter Steinmeier, Germany's foreign minister, said it was important to avoid "anti-American or anti-Russian reflexes" when tackling this issue.

Russia, US Advisers Pledge Cooperation (AP)

By Maria Danilova

AP, February 23, 2007

The U.S. national security adviser sought Thursday to ease Russian concerns about American intentions, saying he did not consider a fiery speech by President Vladimir Putin to have been a sign of confrontation, and reiterating reassurances about U.S. missile defense plans.

Washington and Moscow have been trading heated criticism over issues including U.S. plans to deploy elements of a national missile defense system in former Soviet satellites in Europe.

At a security conference this month in Germany, Putin said the United States "has overstepped its national borders in every way" and is fostering a global arms race — an unusually clear, comprehensive account of Kremlin complaints about U.S. conduct.

U.S. National Security Adviser Stephen Hadley played down speculation that the remarks heralded a return to Cold War-style confrontation.

"We do not read President Putin's comments in any way ... as an invitation to confrontation," the Interfax news agency quoted Hadley as telling Russian reporters during his visit to Moscow, which included a meeting with Putin.

U.S. and other Western journalists were not invited to be present when he made the remarks, which suggests they were aimed at a Russian audience.

Hadley repeated assurances that planned missile defense sites in Poland and the Czech Republic would be aimed at countering a potential threat from Iran, and constituted no threat to Russia.

"It is not directed in any way against Russia," Interfax quoted him as saying.

According to Interfax, he also indicated the United States has no plans to deploy missile-defense components in Ukraine, which shares a long border with Russia.

Putin and other Russian officials have rejected the assurance that the system would be meant to combat an Iranian threat.

At a meeting between Hadley and his Russian counterpart, both men acknowledged disagreements but pledged to work closely together to overcome them and reach common goals.

Russian Security Council Secretary Igor Ivanov said the two countries should cooperate closely in areas such as fighting international terrorism and striving for global peace.

"This does not mean that our relations are cloudless — there are disagreements, there are misunderstandings, including on security matters. That is why it is very important that the dialogue that we have continues to develop at all levels and allows us to deal with those issues so that they don't damage bilateral relations," Ivanov said after the Kremlin meeting.

Hadley also met with Sergei Ivanov and Dmitry Medvedev, two first vice-premiers who are seen as the leading potential candidates to succeed Putin in 2008.

Hadley, who is visiting several European capitals this week amid a flurry of international diplomacy over Iran's nuclear program, the persistent Mideast unrest and other issues, also said Moscow and Washington share goals and should continue to seek common ground when they disagree.

"Where we have disagreements we've been able to talk candidly about them and work together constructively," he said.

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Undersecretary of State Nicholas Burns, speaking Wednesday in Washington, described Putin's speech as "extraordinary."

Putin aide Sergei Yastrzhembsky, suggested Thursday that Putin's speech was not a statement of mistrust and animosity toward the United States but a sign of what Russia feels is its resurgence in the international arena after years of post-Soviet decline.

"Putin very clearly said one simple thing: 'Gentlemen, Russia has returned, it should be reckoned with,'" Yastrzhembsky was quoted as saying by the RIA-Novosti news agency.

Philippine Military Is Linked To Killings (NYT)

By The New York Times

The New York Times, February 23, 2007

MANILA, Feb. 22 — A commission investigating political murder in the Philippines has found that members of the armed forces were responsible for “an undetermined number of killings” and that senior officers could be held accountable.

Jose Melo, a retired Supreme Court justice, conducted the inquiry. The report, released on Thursday, said military officials had allowed, tolerated and even encouraged the murders of political activists, and that the government of President Gloria Macapagal Arroyo had not done enough to stem the violence.

It singled out a retired major general, Jovito Palparan, who leftist and human rights groups have said was behind many of the abuses. He has long denied a role in the abuses.

The military chief of staff, Gen. Hermogenes Esperon, called the commission’s conclusions “strained, unfair and a blank accusation.”

Political Killings Traced To Philippine Military (CSM)

By Simon Montlake

The Christian Science Monitor, February 23, 2007

These days, Boy Facunla is afraid to return home to the sun-drenched rice paddies of central Luzon, the region where he raised a family of eight and became active in local left-wing politics. Now, he spends his days hiding out in a cramped Manila office, fearing that a spate of unexpected murders in his community may one day turn on him.

"I haven't been home in two years. I'm the number one target in my area," he says in an interview held at the office of a farmers' union. "We think it's the military behind these killings."

Mr. Facunla is not alone in his suspicions. Since 2001, when President Gloria Macapagal Arroyo took office with the backing of the powerful military, hundreds of left-wing activists, unionists, farmers, human rights workers, and clergy have been slain, sparking accusations of a systematic, nationwide campaign to silence those who challenge the status quo.

A government commission headed by retired Supreme Court judge Jose Melo issued a long-awaited report Thursday that put the blame for much of the violence on the Philippine military. The damning report came one day after a visiting United Nations investigator said the military was in a "state of denial" about its involvement in the killings.

However, Philip Alston, a law professor at New York University and the UN's special rapporteur on extrajudicial killings, said that the "death squads" weren't state sanctioned.

"I do not believe that there's a policy at the top designed to direct these killings," he told a press conference at the end of a 10-day trip by the invitation of the Philippine government.

The Melo commission concurred, saying elements in the military had acted outside the law and called for an independent agency to investigate the security forces.

The military swung back at the commission, calling the report "strained, unfair, and a blank accusation."

"I believe that Mr. Alston might be in a state of denial himself," said Gen. Hermogenes Esperon at a news conference on Wednesday.

Ms. Arroyo has proposed creating special courts to try cases of extrajudicial killings. But ending a culture of impunity in the military won't be easy, not least because of its tight hold on local and national politics. It has also garnered substantial US assistance since 2001 for its war on terror, and its elite troops are being trained by US Special Forces.

The commission's findings are likely to increase pressure on Arroyo. Midterm elections in May could tip the balance in Congress against her. The president's opponents already tried unsuccessfully to impeach her once in 2005 over election fraud allegations.

Internal purges or military death squads?

Security officials reject claims of military death squads, calling them left-wing propaganda by groups that they consider to be fronts for the outlawed Communist Party of the Philippines (CPP) and its armed wing, the New People's Army (NPA). Indeed,

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while the US is fixated on the fight against Islamic extremists in the southern Philippines, Arroyo's advisers say the greater threat comes from Communist insurgents that roam across the country.

There is also disagreement over the extent of the violence. Karapatan, a leftist human rights watchdog, has recorded over 800 killings since 2001, but observers say that number is inflated and includes dozens of nonpolitical murders and undocumented cases. Alston declined to provide an estimate, but said the total was "high enough to be distressing."

A police task force set up last year to probe the violence has pinned much of the blame on the CPP itself. Deputy Director General Avelino Razon, who oversees the task force, says that most documented killings of left-wing activists were carried out by Communist forces, not the security forces.

"We think they're doing a series of purges, and this is timed during a government campaign against their insurgency," he says, referring to an all-out war that Arroyo declared last year against the CPP.

General Razon says police and Army personnel were involved in a few murder cases, but insists they were acting alone. "If we have evidence of orders from above, we would file charges against the officer issuing the orders," he says.

Unsurprisingly, this is vigorously disputed by leftist groups who accuse the police of a whitewash. Teodoro Casino is one of six left-wing lawmakers who were charged with rebellion last year after Arroyo declared a state of emergency. A court later overturned the charges. Mr. Casino says the administration's hand is clearly seen in the violence.

"You can't attribute widespread killings to a few generals. It has to go all the way up. It's the government's counterinsurgency policy that's provided the environment for these human rights abuses to take place," he says.

Military killings may lend support to leftists

Casino's complaint is echoed not only in political circles but also within the influential Roman Catholic church. Bishop Deogracias Iniguez, head of public affairs for the Catholic Bishops Conference of the Philippines, says Arroyo, a devout Catholic, is quick to smear her opponents. Many priests have been accused of Communist sympathies in the past – some of whom have turned up dead.

"In the Philippines, if you are against the government, then you're associated with the left-wing groups," he says.

The presence of legal leftist organizations in the Philippines is a legacy of a 1990s peace initiative to bring activists into the political arena and cut ties with armed insurgents. Security officials say these ties persist and accuse left-wing lawmakers of channeling Congressional funds to their comrades. Casino denies this accusation.

Even Arroyo's critics concede that a tough response is needed to counter the NPA and its frequent attacks on government targets. But declaring all-out war on Communists and tarring all activists with the same brush isn't the way forward, says Randy David, a newspaper columnist and sociologist at the University of the Philippines.

"This is a terrible approach to the insurgency. Those who are already in the underground may even welcome this. It focuses attention on their struggle, and in the long term it forces people to go underground," he says.

Chavez Builds His Sphere Of Influence (WP)

By Juan Forero And Peter S. Goodman

The Washington Post, February 23, 2007

CARACAS, Venezuela President Hugo Chavez of Venezuela has long pledged to buck Washington-backed economic policies in Latin America. Now, two months after winning reelection and consolidating his hold on the country with new powers to rule by decree, he is strengthening economic ties in the region in a bid to limit U.S. influence.

Chavez recently announced that his government would build housing, a highway and an oil refinery in Nicaragua, part of an aid package that would benefit one of Washington's most tenacious Cold War adversaries, President Daniel Ortega.

Farther south, Venezuela has pledged to provide Ecuador with $1 billion in credit, a gesture that would soften the blow if that country's leftist government follows through on its threat to default on foreign debt payments. And, along with President Mahmoud Ahmadinejad of Iran, a foe of the Bush administration, Chavez has announced a $2 billion international investment fund for Latin America.

Taken together, economists and others who track the country's affairs say, the investments signify an effort by Venezuela to curb the reach of the U.S. government, whose influence has waned in Latin America. For Chavez, the goal is nothing less than to kill the so-called Washington consensus, the economic prescriptions championed by the International Monetary Fund and the U.S. Treasury, which press governments to limit spending, raise interest rates and open their economies to foreign trade and investment.

Backing such economic principles as privatization and trade liberalization, the consensus rooted out bloated bureaucracies and helped tame hyper-inflation. Yet even those countries that have run their economies along Washington consensus lines have generally seen disappointing rates of economic growth and deepening poverty. The electoral success of such leftist leaders

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as Chavez, Ortega, Bolivia's Evo Morales and Ecuador's Rafael Correa is in part the result of the failure of previous policies to generate growth and raise incomes, economists say.

"All of this IMF stuff has actually benefited a very small sector of our economies," said Hernando de Soto, a Peruvian economist who champions free markets and has criticized elements of Chavez's political program. "That's where Chavez and company come in, because they pick up on the resentment."

Chavez's campaign to persuade countries to break with fiscal orthodoxy, a strategy funded by revenue from the largest oil reserves in the Americas, has had mixed success. Some of the region's most important economies -- Mexico, Brazil, Chile, Colombia and Peru -- maintain solid relations with multilateral lenders and continue to follow market-oriented principles, such as welcoming foreign investment, limiting government spending and attacking inflation.

For its part, the United States still has enormous influence in and close ties with most Latin American countries. Free-trade agreements now cover nearly two-thirds of economic output in the Americas, according to Thomas A. Shannon Jr., assistant secretary of state for Western Hemisphere affairs. And although voters in the region have increasingly elected leftist governments in the past several years, most of them are like those headed by Luiz Inacio Lula da Silva in Brazil and Michelle Bachelet in Chile -- concerned about social inequality but fiscally austere and on friendly terms with Wall Street.

Although Chavez frequently travels to foreign capitals to lambaste Washington, it's not so clear that Latin Americans favor the Venezuelan president's prescriptions, even if their governments are happy to accept his aid. According to a recent survey of 20,200 people in 18 countries by LatinobarÃ³metro, a Chilean polling firm, most Latin Americans lumped Chavez with Fidel Castro and President Bush as bad leaders, citing Brazil's Lula and Chile's Bachelet as the best. And most of those polled classified themselves as political moderates .

Still, U.S. efforts to reach a free-trade agreement with South America's two biggest economic powers, Brazil and Argentina, are stalled, and Washington's efforts to influence economic policies through the IMF and its sister organization, the World Bank, have diminished.

Chavez vs. the IMF

In a policy marked by 1960s-style rhetoric, Chavez is promising to "liberate" Latin America from the "imperialist North American plot" to enslave the region, as he put it recently during the inauguration of Correa in Ecuador. Given new powers to pass economic decrees for 18 months, the Venezuelan president has a free hand to control his country's purse strings.

"In Latin America and the Caribbean, there's more consciousness that these financial organizations are a curse that have taken our countries to hunger, misery and exploitation," said Sal Ortega, a member of the Venezuelan National Assembly's foreign relations committee.

Economists say other factors have helped leaders sever ties with the IMF, perhaps most notably the booming commodity prices that have filled government coffers from Bogota to Buenos Aires with international reserves and led to three years of robust economic growth. "The region doesn't need IMF financing, and we're happy about that," said Anoop Singh, director of the IMF's Western Hemisphere department. "The main reason is that the world economy is healthy, commodity prices are high and countries in the region are generally following much stronger policies than during previous expansions."

Chavez is most closely allied with those governments furthest from Washington's reach, including Cuba, which each year gets as much as $2 billion worth of cut-rate oil from Venezuela. He has also found allies in newly ascendant, like-minded political leaders: Ortega and Correa took office in January, and another beneficiary of Venezuelan aid, Bolivia's Morales, who rose to prominence opposing globalization, took office in January 2006.

Some analysts supportive of Chavez's policies, like Mark Weisbrot, co-director of the Center for Economic and Policy Research in Washington, contend that Venezuelan aid has made a difference for countries in the region. They point to Latin America's poor growth in the 1990s, when privatizations, pension cuts and other austerity measures prescribed by Washington were in full swing.

"Venezuela has added an alternative source of financing without policy conditions," Weisbrot said. "This has given governments wanting to avoid IMF conditions another option, as well as increased bargaining power with international financial institutions."

In the past two years, Argentina, Bolivia, Brazil and Nicaragua have all paid off IMF loans or let lapse IMF agreements that imposed significant strictures on their governments. Among countries in Central and South America, only Paraguay, Peru and Honduras still have major agreements with the IMF, though Nicaragua has said it will negotiate a new one.

Data from the Penn World Table, an analytical unit at the University of Pennsylvania, highlight the economic difficulties that are driving some of Latin America's politics these days. In five Latin American countries that have allied themselves with Chavez -- Venezuela, Bolivia, Argentina, Ecuador and Nicaragua -- the data show that from 1980 through 2003, economic output per person shrank by more than 10 percent, when adjusted for inflation and relative purchasing power. That's a sharp contrast to the 40 percent economic growth those countries recorded from 1960 to 1979.

In Venezuela, Chavez has nationalized industries and tapped the country's oil wealth to expand public health and educational programs aimed at the poor. He has directed his aid dollars toward enabling other countries to cut ties with the IMF and similarly disregard the Washington consensus, nationalizing industries and boosting social spending even while risking inflation -- a course the IMF would not have allowed.A New Era?

The amount of Venezuelan aid is hard to quantify. The Center of Economic Investigations, a consulting firm in Caracas, the capital, has kept track of Chavez's frequent pronouncements and says that in 2006, he pledged $47 billion in aid and agreements -- impossible to deliver considering that Venezuela's annual budget hovers around $50 billion. Still, the country's central bank recorded billions spent on foreign bonds and other investments in the first nine months of last year, dwarfing the amount the United States offers in assistance to Latin America.

In Venezuela, the closer ties to Ecuador and Nicaragua, coupled with ChÃ¡vez's recent announcements that he will nationalize utilities and take greater control of oil projects at the expense of multinational corporations, has enthralled supporters who believe the country is in the vanguard of a new era in Latin America. Venezuela is proposing a new multinational bank, a Bank of the South, to replace Washington-based lenders.

"We are distancing ourselves fundamentally from the imperial pretensions of the United States," said Haiman El Troudi, a former chief of staff to Chavez who studies economic issues at the state-funded International Miranda Center in Caracas. "The leftist, progressive thought is thinking the same, thinking of human beings, the installation of new social relations to get along, thinking of the conditions of people's lives and people's culture."

The Venezuelan model, which is predicated on a break with all multinational institutions with Washington ties, has plainly gathered steam in some Latin American countries.

Last year, Argentina, recovering after its 2001 economic collapse by ignoring some crucial aspects of IMF advice, paid off the last of the $10 billion it owed the fund. It was aided by Venezuela, which had bought $2.5 billion in Argentine debt.

In Bolivia, Morales nationalized the gas industry and renegotiated agreements with foreign investors -- measures opposed by orthodox economists. Last March, after spending nearly two decades under the strictures of an IMF program, Bolivia let its agreement with the fund end. Meanwhile, Venezuela has committed more than $140 million in loans and grants while pledging to invest as much as $1.5 billion in Bolivia's gas industry in coming years.

Bolivian leaders said Venezuelan aid comes with fewer strings attached. "In the case of the United States, we're locked into specific areas -- aid for roads, aid for health, aid for electricity," Ãlvaro GarcÃ-a Linera, the vice president, said in an interview in his office. The Venezuelan aid "allows us greater flexibility to choose projects with more productive impact, especially those ventures that include a state presence."

With Venezuela offering loans, Ecuador, too, has moved to cut back its ties to the IMF and related lenders. The Correa administration said it would not sign an agreement allowing the fund to monitor the government's economic plan.

The question now is how long Venezuela can maintain the aid. Although the economy is growing thanks to high oil prices, it has little private investment and creates few new jobs. And, true to the predictions of economists who are skeptical of the Chavez model, inflation is skyrocketing -- so much so that Chavez recently threatened to nationalize grocery stores if they did not limit price increases.

"I don't know if Venezuela can simultaneously sustain internal spending and external spending at the level it has until now," said Teodoro Petkoff, a former leftist guerrilla and a Chavez opponent who runs a newspaper in Caracas. "I've said it before -- this year, the economy is going to begin to cost Chavez."

Venezuela Rivals U.S. In Aid To Bolivia (NYT)

By Simon Romero

New York Times, February 23, 2007

LA PAZ, Bolivia — To understand Venezuela's growing influence here, consider that more than two dozen ambassadors are in this capital city, including those of Bolivia's leading trading partners like Brazil, the United States and Argentina. Yet none enjoy the direct conduit that the Venezuelan ambassador, Julio Montes, has established with President Evo Morales.

Mr. Montes often accompanies Mr. Morales on domestic and international trips on executive jets provided by Venezuela's national oil company, say officials who have seen them traveling together. On many days Mr. Montes, who arrived in La Paz a year ago, can be found at the presidential palace huddled in meetings with Mr. Morales or the president's top aides.

Since Mr. Morales became president little more than a year ago, Venezuela has quickly come to rival the United States as Bolivia's main patron. It has provided assistance for the army, cattle ranches, soybean cultivation, microfinance projects, urban sanitation companies and the oil industry.

Perhaps most important to Washington, despite its opposition, Venezuelan financial assistance has helped Bolivia push ahead with plans to increase exports of its industrial production of coca, the main ingredient in cocaine.

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The coca financing plan has helped Venezuela accomplish one of its foreign policy goals: limiting the regional influence of the United States, which for years has provided Bolivia with millions of dollars in aid in an effort to curb coca production. The United States recently cut its drug enforcement aid to Bolivia by about 25 percent, to $33.8 million, after Mr. Morales acknowledged that the size of the country's coca-growing areas were about double official estimates.

A senior American official here, speaking anonymously out of concern that Bolivia's already fragile relations with the United States could erode further, said it was difficult to know the exact amount of Venezuelan aid because many of the agreements between Venezuela and Bolivia were not made public.

Citing Mr. Morales's efforts to assert greater government control over the energy industry and to rush a military agreement with Venezuela through the Bolivian Congress, the American official said, "It is clear that Venezuela has strongly influenced policy in Bolivia."

Analysts who have reviewed the various Venezuelan assistance projects say the total may surpass the $120 million in antidrug and humanitarian assistance from the United States, which made Bolivia one of the largest recipients in the world of aid from Washington per capita.

[A report in the Venezuelan newspaper El Nacional over the weekend of Feb. 17-18 said President Hugo Chávez had approved a $100 million assistance fund for Bolivia, though it was not clear whether that included assistance for military or petroleum projects.

["What we are doing in Bolivia is the same that Cuba has done in Venezuela," Mr. Montes told El Nacional, referring to the thousands of Cuban doctors and social workers who had been sent to Venezuela. "The difference is that the greatest resource of the Cubans is their human capital. We have the possibility to help our Bolivian brothers with economic resources."]

Not all are pleased with Venezuela's new role. "We've become a client state of Venezuela, in what is a new form of imperialism," said Óscar Ortiz, an opposition senator with the Podemos Party who has publicly criticized Bolivia's relationship with Venezuela.

Mr. Ortiz and other opposition legislators have been particularly critical of Venezuelan ambitions that they believe may conflict with Bolivia's interests.

For instance, even as Venezuela advises Y.P.F.B., Bolivia's national energy company, in its efforts to assert greater control over ventures with foreign energy companies, Venezuela has moved forward with its own plans to build a pipeline that would export gas to Brazil, currently the main customer for Bolivian gas.

Political supporters of Mr. Morales argue that the alliance with Venezuela has allowed Bolivia to avoid some of the potentially detrimental effects of United States trade and drug policies in Latin America.

"Our comrades in Venezuela are rescuing our way of life," said Jerónimo Meneces Mollo, director of coca industrialization for Bolivia's government, which is receiving $250,000 in financing from Venezuela to build two coca-processing plants that will produce coca tea for exclusive export to the Venezuelan market. "No one but Hugo Chávez is brave enough to do this."

Others point to a prospective trade agreement between Colombia and the United States that could ease the entry of American soybean exports to Colombia and potentially deprive Bolivian farmers of one of their key markets.

In a boon to Mr. Morales's government, Venezuela answered the threat by announcing that it would purchase a large portion of Bolivia's soybean crop. Venezuela also says it plans to import 300 tons of Bolivian beef to meet demand in its domestic market, along with as much as 7,500 tons of beans and poultry.

Though much of Venezuela's aid is related to agriculture, like the donation of more than 300 tractors produced by a joint Venezuelan-Iranian venture, its military assistance has attracted the most scrutiny.

Opposition legislators are trying to overturn a military agreement reached last year that could provide Bolivia with as much as $47 million in assistance intended, among other things, to strengthen the government's presence in the eastern lowlands, where separatist sentiment runs strong.

The International Institute for Strategic Studies, a British research group, said in a recent report that Venezuela, which is undertaking a rapid armaments buildup, could be providing Bolivia with weapons and financing for new military bases.

Officials from both countries minimized the report, saying any military assistance was intended to assist Mr. Morales by lending him helicopters and flight crews to travel throughout Bolivia. [Citing military officials, the Bolivian newspaper La Razón reported on Feb. 19 that Venezuela was giving Bolivia two SuperPuma helicopters in a good-will gesture.]

"Bolivia is a tremendously poor country," said Gustavo Torrico, a leading supporter of Mr. Morales in Congress. "Any help we can get is positive."

Not least, the Venezuelan aid has given Bolivia a source of assistance outside the International Monetary Fund, whose policies are widely criticized in much of Latin America as not having helped the poor. It has also given Mr. Morales the breathing space to carry out popular social welfare programs.

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“The direct relationship with Chávez hasn’t been problematic for Evo Morales so far,” said Jim Shultz, executive director of the Democracy Center, a nonprofit institute in the Bolivian city of Cochabamba. “The I.M.F. is a banker without clients in parts of Latin America.”

Jackson Lee Tries To Smooth Chavez Ties (HC)

By John Otis

Houston Chronicle, February 23, 2007

BOGOTA, COLOMBIA — Breaking with Bush administration policy, Rep. Sheila Jackson Lee of Houston ventured to Venezuela to campaign for a thaw in relations with leftist President Hugo Chavez.

"We've made a serious mistake in not engaging with President Chavez," the Democratic lawmaker said Thursday in a telephone interview from Houston, a few hours after returning from a three-day trip to Caracas, the capital. "I came to break the tension, to warm up a chilled relationship."

The visit by Jackson Lee, a member of the House Foreign Affairs Committee, which paid for the trip, was the first by a member of the U.S. Congress since the Democrats took control of the House and Senate and since Chavez won re-election. It also came in the wake of announcements by Chavez to move Venezuela toward what he calls "21st century socialism" — including plans by his government to take a majority stake of U.S.-run oil operations in the country.

"Houston jobs are directly related to our relationship with Venezuela," Jackson Lee said. "I don't want to give up on this very important regional partner."

Venezuela supplies about 11 percent of America's oil imports. Major U.S. petroleum companies, some based in Houston, have invested billions in the country.

But ever since an aborted coup in 2002 that Chavez charges was supported by the Bush administration, relations between Washington and Caracas have gone downhill.

For his part, Chavez has alienated many members of Congress, especially after his infamous speech in September at the United Nations when he called President Bush "the devil."

The last high-profile U.S. delegation to Venezuela, led by Rep. Henry Hyde, R-Ill., who has since retired, was initially refused permission by the Chavez government to de-plane at the international airport in November 2005 and abruptly flew back to the U.S., further damaging ties.

Even so, said Cynthia Arnson, who heads the Latin America program at the Woodrow Wilson International Center for Scholars in Washington, "there are people on both sides of the aisle in Congress who recognize that there are U.S. interests that need to be protected and that it requires a more pragmatic approach."

Opening door to dialogue?Jackson Lee pressed the same point at a news conference Wednesday at the U.S. Embassy in Caracas, saying, "Venezuela has many friends in this new Congress."

But Arnson cautioned that "Chavez has not shown any interest in engaging the United States in any kind of constructive way."

In addition, there is growing concern in the U.S. about the health of Venezuela's democracy under Chavez, who also controls the military, the legislature and the courts and has moved to clamp down on some media outlets.

Jackson Lee met with Vice President Jorge Rodriguez as well as with officials at the National Assembly and Foreign Ministry and members of the Venezuelan media. She did not meet with Chavez in Caracas but said she would speak with him by telephone later Thursday.

Jackson Lee also conferred with executives from Chevron, Exxon Mobil Corp. and Venezuela's state-run oil company to discuss compensation as the government moves to become the majority shareholder of operations in the oil-rich Orinco River basin.

"I think we opened a door to dialogue," she said, "though it's not open far enough,"

Jackson Lee called on the Bush administration to lift a ban on arms sales to Venezuela. That would clear the way for the sale of spare parts and technological upgrades for Venezuela's aging F-16 fighter jets, which were purchased in the early 1980s and were made by Lockheed Martin Aeronautics of Fort Worth.

According to the Center for Responsive Politics in Washington, Jackson Lee, a seven-term lawmaker, has received about $7,000 in campaign contributions from Lockheed Martin since 1989. However, according to the center, she received far less than several other members of Congress from Texas, including Rep. Nick Lampson, D-Stafford — $28,259 — and Sen. Kay Bailey Hutchison, R-Texas — $32,707.

Last year, the State Department banned the arms sales on grounds that Venezuela had failed to cooperate in the fight against drugs and terrorism. Chavez's government has also refused to sign agreements stating that U.S.-developed technologies would not be passed on to third countries.

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Venezuela has purchased a new fleet of Russian-made Sukhoi fighter jets, and Chavez has talked of selling the F-16s to Iran, which Washington says would be illegal.

As for growing concerns in Washington about Chavez's leftist politics, Jackson Lee said: "The U.S. government has relations with many governments where we question human rights and press freedoms.

"China comes to mind."

Chronicle reporters Michelle Mittlestadt and Bennett Roth contributed to this report from Washington.

Cuba's Visa Denials Signal Reluctance On Reforms (WSJ)

By José De Córdoba

The Wall Street Journal, February 23, 2007

MEXICO CITY -- The Cuban government refused to renew the visas of at least two resident foreign journalists, dimming hopes it will move forward with reforms as Fidel Castro fades from power.

The refusals were "part of a political tightening in the expectation that when Fidel dies they will have total control and there won't be any opposition or resistance," said Jaime Suchlicki, an expert on Cuba at the University of Miami.

Mr. Castro, 80 years old, handed power over to his brother, longtime Defense Minister Raúl Castro, 75, on a provisional basis after undergoing surgery in July. Since then, many analysts have speculated that the younger Castro, who is believed to be more pragmatic than his brother, would experiment with reforms and fresh thinking.

Since the younger Castro assumed power, there have been some signals of a domestic thaw. In one speech, Raúl Castro urged university students to question authority. On another occasion, intellectuals took the unprecedented action of demanding an apology from the government for seeming to bring back a hard-line official who had been involved in censuring writers decades ago. The younger Castro also has called for negotiations with the U.S. to resolve the differences between the two countries.

While Raúl Castro has sounded like a moderate, Ramiro Valdez, a hard-line former interior minister who is information and technology minister, has been cracking down on the use of parabolic antennas used by Cubans to pick up television signals from the U.S. He also defended the restrictions Cuba places on its citizens to access the Internet.

Cuba recently announced regulations that it would require correspondents to renew permits every 30 days, enabling the government to keep a tighter leash on journalists.

Gary Marx, who has been based in Havana for the Chicago Tribune since 2002, and Cesar Gonzalez Calero, a reporter for the Mexico City daily El Universal, were told this week by Cuban officials that their visas wouldn't be renewed and they could no longer report from the island, according to the Chicago Tribune and El Universal.

The Chicago Tribune said a reporter for the South Florida Sun-Sentinel will continue to staff the Tribune Co. bureau in Havana, and the Cuban government had told Mr. Marx that the government would welcome an application from a new Chicago Tribune correspondent.

The Tribune quoted Mr. Marx as saying the Cuban government said it had revoked his visa because he had been on the island too long, and didn't give any examples of stories to which they objected.

Julia Sweig, a Cuba specialist at the Council on Foreign Relations, said the Cuban government often exhibits a contradictory pattern of opening up in one area and battening down in another. "It's like, 'Just in case someone is getting too excited that we might have process of reform, we'll take a whack at the foreign press to show who we are -- a closed society,' " she said.

Chadian Prime Minister Yoadimnadji Dies (AP)

AP, February 23, 2007

Chadian Prime Minister Pascal Yoadimnadji died Friday at a Paris hospital where he was being treated for cardiovascular problems, the African nation's embassy said. He was 56.

Kadallah Ousman, the embassy spokesman, said Yoadimnadji died at midnight at Val de Grace military hospital in Paris.

The cause of death was not immediately known.

Ousman said he had no immediate information on a funeral service or on who would replace Yoadimnadji.

Chadian President Idriss Deby appointed Yoadimnadji, a lawyer, as head of government in 2005. He replaced Moussa Faki Mahamat, who had resigned.

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USDOJ- Office of Public Affairs

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Sent:	Monday, February 26, 2007 7:56 AM
To:	USDOJ- Office of Public Affairs
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TERRORISM NEWS:

Al-Arian Hunger Strike Continues. The Washington Post (2/26, B3, Markon) reports, "A former Florida professor has not eaten for more than a month to protest prosecutors' efforts to make him cooperate with their investigation into whether a network of Herndon-based Muslim charities financed terrorist organizations." The Post continues, "Sami al-Arian, 49, who has twice refused to testify before a federal grand jury in Alexandria, has lost more than 30 pounds and collapsed in jail from the effects of his water-only diet. His hunger strike has drawn the support of Muslim organizations, which held a news conference last week at Justice Department headquarters in Washington and called for a worldwide fast in support of al-Arian." The Post adds, "Tracy Billingsley, a spokeswoman for the federal Bureau of Prisons, said prison officials will force-feed al-Arian through a tube if he appears close to death. 'We would not let an inmate die,' she said. " The Post notes, "A federal jury in Tampa deadlocked in 2005 on nine charges that al-Arian aided terrorists and acquitted him of eight other counts. He then pleaded guilty to one count of supporting a Palestinian terrorist organization. Sentenced to 57 months, including time already served, he was expected to be released from prison and deported this year. … But prosecutors want al-Arian to testify in their probe into whether the network of Muslim charities, businesses and think tanks was financing terrorist organizations, according to court documents. He has twice refused and been held in contempt by a federal judge. As much as 18 months could be added to his prison term unless he agrees to testify. … On Jan. 21, al-Arian stopped eating, supporters said. He has had only water since then, and several days not that. Federal marshals recently moved him from Northern Neck Regional Jail in Warsaw, Va., to a federal medical prison in Butner, N.C., federal officials and supporters said. … Al-Arian is trying to rally public support so prosecutors will stop trying to make him testify, said Agha Saeed, chairman of the American Muslim Taskforce for Civil Rights and Elections, a coalition of Muslim groups. The former University of South Florida professor has accused prosecutors of violating his plea agreement with the Justice Department, which he contends does not require his cooperation. … David N. Kelley, a former U.S. attorney who prosecuted terrorism cases in New York, said it is a common tactic for prosecutors to seek additional testimony from someone already convicted. 'In many instances, you are remiss if you don't pursue that,' he said."

UK Report Warns Of Growing Threat From Al Qaeda. The Washington Times/London Sunday Telegraph (2/26, Rayment) reports, "Al Qaeda has established a foothold in most countries across North Africa and the Middle East and poses a far graver threat to Britain than previously thought, according to a report being circulated among British security departments. Titled 'Extremist Threat Assessment,' the document, which was drawn up this month, also predicts that Afghanistan will supersede Iraq as the main location for terrorists planning violent acts against the West. The secret intelligence document says that the number of locally based Islamist terrorists involved in plotting suicide attacks against 'soft' targets in Britain could number more than 2,000."

WSJournal Says Europe Undermining War On Terror. The Wall Street Journal (2/26, 2.04M) editorializes, "The capture of an alleged Islamist terrorist recruiter in Milan four years ago in an operation carried out by U.S. and Italian intelligence could have been a model for transatlantic cooperation in counterterrorism. Instead, it is becoming Exhibit A in how European politicians are working against the U.S., undermining the fight against Islamic terrorism and endangering the NATO alliance. ... If the CIA agents did anything wrong, that's up to American authorities to decide. ... Since the 9/11 attacks in the U.S., many European leaders have been playing a double game, working with the U.S. to root out terrorist plots on the sly -- and saving countless lives -- while publicly condemning 'American methods' in rhetoric that has fed rising anti-Americanism."

HOMELAND RESPONSE:

NYPD Concerned Over Potential Attack By Iranian Agents. Newsweek (3/5, Hosenball, 3.12M) reports, "Increasing tensions between Washington and Tehran have revived New York Police Department concerns that Iranian agents may already have targeted the city for terror attacks. Such attacks could be aimed at bridges and tunnels, Jewish organizations and Wall Street, NYPD briefers

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told security execs last fall, according to a person with access to the briefing materials who asked for anonymity because of the sensitive subject matter." Newsweek notes, "NYPD officials have worried about possible Iranian-sponsored attacks since a series of incidents involving officials of the Iranian Mission to the United Nations. In November 2003, Ahmad Safari and Alireaza Safi, described as Iranian Mission 'security' personnel, were detained by transit cops when they were seen videotaping subway tracks from Queens to Manhattan at 1:10 in the morning. The men later left New York."

Most Passengers Consent To Scan By "X-Ray Machine." The Christian Science Monitor (2/26, Bowers, 59K) reports, "Most passengers asked to submit to a full-body X-ray at Security Checkpoint B didn't bat an eyelash. Nine in 10 gamely stepped up to a scanner about the size of a vending machine, placed their feet on the red footprints painted on the carpet, and raised their arms – all in the name of airport security. The aim of the new technology unveiled Friday at Phoenix Sky Harbor International Airport: to allow officials to detect weapons – such as plastic explosives strapped to the body – that metal detectors and other security measures might miss. … A traveler would have to have set off alarms on the routine metal detector, or be randomly selected for further screening. Even then, travelers have two options: the new X-ray machine, or a pat-down, which has caused passenger complaints about invasiveness."

Bees Used To Detect Explosives. The CBS Evening News (2/25, story 7, 2:40, Mitchell, 7.66M) reported, "In the wild bee's acute sense of smell helps them find flower nectar. In the lab that sense of smell can be retrained to recognize anything from explosives to rotten food. … Animals, especially dogs are already used to sniff out drugs or weapons. But they're not 100 percent reliable. They get bored. And they're only as good as their handler. Bees, say scientists, are foolproof. … As for detecting explosives, it's even attracted the attention of the US Weapons Testing Lab in Los Alamos."

Expanded DHS Fingerprinting System Spurs Privacy Concerns. The New York Times (2/26, Liptak, 1.16M) writes, "Foreigners arriving at the American border must present both index fingers for fingerprinting, but that will soon change. The Department of Homeland Security now wants 10 fingers. The two-print system was largely a biometric backup, an added level of security to supplement and verify a passport or a visa. The 10-print system adds a powerful investigative tool. 'When we have a fingerprint of a terrorist who has left behind a bomb or an I.E.D. in Iraq or has left his fingerprint in a safe house somewhere, we don't always have the two index fingers,' Paul Rosenzweig, a Department of Homeland Security official, said at a briefing in December." However, the Times adds that "people concerned about privacy and civil liberties say they fear the creation of gigantic biometric databases ripe for data-mining abuse. They note that Mr. Rosenzweig was a supporter of the Total Information Awareness program at the Defense Department, which had planned, as the Pentagon put it, to create 'ultralarge all-source information repositories.'"

Scope Of DHS Personnel System Overhaul Reduced. The Washington Post (2/26, Barr, 690K) "Federal Diary" column reports, "MaxHR is out. Human Capital Operational Plan is in. The name change at the Homeland Security Department reflects a new set of priorities aimed at improving how thousands of Border Patrol, customs and immigration officers are hired and how career leaders are chosen and trained. But the name change -- from trendy branding to prosaic government jargon -- also can be taken as a symbol of how one of the Bush administration's signature efforts to shake up the federal workforce lost momentum because of overly ambitious goals, adverse court rulings and budget cuts. The shift to the new plan means that a key goal of the Bush White House -- to use about 110,000 Homeland Security employees as a model for a rigorous pay system with raises linked to job performance ratings -- will not be completed before the presidential election in 2008, leaving it to a new White House team to forge on or abandon that effort."

WAR NEWS:

Democrats To Take On War Authorization Without GOP Help. Coverage of Democratic efforts to rewrite the 2002 resolution authorizing the use of force in Iraq focused on the unlikelihood of their winning any GOP support, even from Republicans skeptical of the war.

NBC Nightly News (2/25, story 4, 2:10, Seigenthaler, 9.87M) reported, "The political war of words over Iraq is escalating in Washington, D.C. This week, Senate Democrats could take the debate to a new level." NBC

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(Yang) adds that Sens. Sen. Carl Levin and Joseph Biden "will propose a resolution that would revoke President Bush's sweeping military authority in Iraq, say US forces could only be used to guard the borders, train Iraqi forces and go after al Qaeda, and set a March 2008 goal for withdrawing combat troops." Biden: "It explicitly says what it is not. It is not to send troops into the middle of Baghdad, 6.2 million people, to get involved in the midst of a civil war." Yang: "Senate Democrats know they'd probably don't have enough votes to overcome the objections of Senate Republicans to this issue. But what they're hoping for" is to "pick up enough Republican votes to ratchet up the pressure on President Bush."

The Washington Times (2/26, Pfeiffer, 88K) reports that Secretary of State Condoleezza Rice, appearing on both Fox News Sunday (2/25, Wallace) and ABC's This Week (2/25, Stephanopoulos), called the Democrats' intentions "the worst of micromanagement." The Los Angeles Times (2/26, Hennessey-Fiske, 850K) also quotes Rice's remark, observing that she "said the restrictions were impractical given the nature of war and counterterrorism in Iraq."

In the Washington Post (2/26, A15, 690K), Robert Novak writes, "Republican senators who have turned against the U.S. military intervention in Iraq are not interested in bailing out Democrats by approving their proposal to repeal the authorization overwhelmingly passed by Congress in 2002." If Sen. Chuck Hagel refuses to back the Levin-Biden effort, Democrats "might fall short of the 50 votes necessary for final passage, much less the 60 necessary to close off debate." President Bush "may be an unpopular president fighting an unpopular war, but Democrats are finding it hard to make war policy from Capitol Hill."

Roll Call (2/26, Pierce) reports that even as Democrats "ready a bill to rewrite President Bush's authorization for the Iraq War, Senate Judiciary ranking member Arlen Specter" is "raising constitutional questions about just what Congress can do to restrict the commander in chief's ability to wage war." In a letter to Judiciary Chairman Patrick Leahy, Specter "called for more hearings on Congress' options regarding Iraq and specifically questioned the Democrats' nascent plan to rewrite the 2002 Authorization for Use of Military Force Against Iraq." He also "also outlined a number of ways in which Congress previously has restricted or cut off funds for war efforts," notably against President Nixon in the early 1970s.

Levin Says Democrats Will Not Cut Off Funding. On NBC's Meet the Press (2/25), Levin said, "Our differences are with the Commander in Chief and his policies, and we're going to fund the troops as long as they're there."

Lieberman Urges Continued Commitment To War. In an op-ed for the Wall Street Journal (2/26, A19, 2.04M), Sen. Joseph Lieberman writes that the US now has "a new strategy, a new commander, and more troops on the ground." Antiwar lawmakers "have already made up their minds about America's cause in Iraq, declaring their intention to put an end to the mission before we have had the time to see whether our new plan will work. ... halting the current security operation at midpoint, as virtually all of the congressional proposals seek to do, would have devastating consequences."

Brownback Supports "Three-State" Proposal. Sen. Sam Brownback, on CNN's Late Edition (2/25, Blitzer), said, "I think we have to get to a political solution and that we cannot impose a military solution. … The worst thing to happen would be for us to precipitously pull out. … I really think we need to push in Iraq for a three-state, one-country solution: a Kurdish region, a Sunni region and a Shia region, with Baghdad as the federal city."

UK Troops Withdrawal Insulates Democrats From "Cut And Run" Criticism. Newsweek (3/5, McGuire, Wolffe, Dehghanpisheh, 3.12M) reports, "Several officials on both sides of the Atlantic (who all declined to be named when discussing the internal debate on security issues) say there was real consternation among Bush's aides about the prospect of a British withdrawal at a time when the president was planning to make the case for a surge of troops. … After several rounds of talks, the Americans were eventually satisfied that Britain's phased withdrawal would truly be 'conditions-based'; that the reduction in force was geared to the security situation on the ground and not a politically inspired cut-and-run." Democrats "treated the news as a flak jacket against GOP accusations that they support a policy of retreat. 'No matter how the White House tries to spin it, the British government has decided to split with President Bush,' said Sen. Ted Kennedy. … One Downing Street source told NEWSWEEK that it's 'potentially the case' that all British troops could be out of Iraq by the end of 2008."

Cost Of Iraq War May Reach $2 Trillion. Newsweek (3/5, Samuelson, 3.12M) writes, "No one knows what the wars' ultimate costs might be. But suppose that they reach $2 trillion by 2017 (the figure is cumulative, not in any one year). That's a big number, perhaps too big. It's also a wild guess.

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Still, CBO estimates all federal spending over the same period (2002-2017) will total $48 trillion; war spending would be about 4 percent. In the same period, the income of the U.S. economy (gross domestic product) would total an estimated $248 trillion; war spending would be less than 1 percent of that. The point, as I said in 2002, is that we're so wealthy we 'can wage war almost with pocket change.' With hindsight, it now seems almost incontestable that the Iraq war should never have been fought. … But I am certain—now as then—that budget consequences should occupy a minor spot in our war debates."

Closing Of State-Owned Factories Blamed For Instability. Newsweek (3/5, Zakaria, 3.12M) writes, "One of the less-remarked-upon blunders of the Coalition Provisional Authority was that -- consumed by free-market ideology -- it shut down all of Iraq's state-owned enterprises. This crippled the bulk of Iraq's non-oil economy, threw hundreds of thousands of workers into the streets and further alienated the Sunnis, who were the managerial class of the country. The economic effects of this decision have been seismic. For example, Iraq's agricultural productivity has plummeted because fertilizer plants were summarily closed. Unemployment in non-Kurdish Iraq remains close to 50 percent, which helps explain why so many young men are joining gangs, militias and insurgent groups. … Paul Brinkley, a talented deputy under secretary of Defense, is trying to get the bulk of these state-owned factories up and running."

Iran's Influence In Iraq Said To Be Often Overestimated. U.S. News and World Report (3/5, Ajami, 2.03M) writes, "'A cemetery of dreams.' Iran is a radical player in the world of states, to be sure, but we should not overstate its power. We should not fall for the Persian bluff. It is important that we do all we can to thwart Iran's nuclear ambitions and to checkmate it in arenas that count, but we should always remember that this is a society swimming against the tide of history and confronting the limits of its capabilities. There is an Iranian role in Iraq, but it should not be exaggerated. It is not true that the Iraqi political class marches to the Iranian drummer. It is well known that Iraqi Prime Minister Nouri al-Maliki spent his years of exile in Syria and kept his distance from the Iranians. … The Iranians dwell virtually alone in the House of Islam, separated by language and culture, marked by their Shiism."

Bush Said To Need To Overcome "Iraq Syndrome" In Making Case Against Iran. U.S. News and World Report (3/5, Duffy, 2.03M) writes, "It took the Pentagon's highest-ranking soldier, Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, to flatly refute the unsupported 'highest levels' statement. Then President Bush finally got around to doing the same thing. 'We don't know ... whether the head leaders of Iran ordered' it, he conceded. For all the predictable-and, evidently, unfounded-criticism about the Bush administration's trying to make a case for attacking Iran, much as it made its flawed case for attacking Iraq, there is more at stake here than politics as usual, and perhaps President Bush's forthright rejection of the 'highest leaders' charge was a tentative first step toward acknowledging it. … As a result of the many misapprehensions and misstatements made before the invasion of Iraq and in its mismanaged aftermath, we are now beset by something that can only be called the Iraq syndrome. Its symptoms may be seen not just in the cynicism of so many Americans, as reflected in the opinion polls, but also in the reflexive rejection of American pronouncements by friends and allies even, as was the case with the unfortunate Baghdad briefing, when they are tenanted upon hard, credible evidence.'

Wounded Vets' Poor Care Seen As Undermining War On Terror. Newsweek (3/5, Ephron, Childress, 3.12M), in its cover story titled, "How U.S. Is Failing Its War Veterans, reports, "How well do we care for our wounded and impaired when they come home? For a country amid what President Bush calls a 'long war,' the question has profound moral implications. We send young Americans to the world's most unruly places to execute our national policies. About 50,000 service members so far have been banged up or burned, suffered disease, lost limbs or sacrificed something less tangible inside them. … The question of after-action care also has strategic consequences. Iraq marks the first drawn-out campaign we've fought with an all-volunteer military. In practice, that means far fewer Americans are taking part in this war (12 percent of the total population participated in World War II, 2 percent in Vietnam and less than half of 1 percent in Iraq and Afghanistan). Already, the war has made it harder for the military to recruit new soldiers and more expensive to retain the ones it has. If we fall down in the attention we provide them, who's to say volunteers will continue coming forward?"

Treatment Of Wounded Iraqi Troops Described. Newsweek (3/5, Dehghanpisheh, 3.12M) reports, "During a speech last year, the then secretary of Defense Donald Rumsfeld noted that Iraqi security forces take casualties at

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'roughly twice the rate of all Coalition forces.' That's approximately 40,000 wounded and more than 6,000 dead, grim numbers by any measure. (Both the Iraqi Ministry of Defense and the U.S. military refuse to divulge data on Iraqi wounded for 'security reasons.') … Most of the Iraqi soldiers are first transferred to a hospital in central Baghdad that, by local standards, has decent equipment and well-trained doctors. Some Sunni troops are terrified of being absorbed into the public-healthcare system, which is run by officials with ties to the Shiite cleric Moqtada al-Sadr. All the Baghdad hospitals that receive Iraqi wounded have heavy security to guard against insurgents."

Female Suicide Bomber Kills More Than 40 At Baghdad College. Coverage of a suicide bombing at a Baghdad university noted the ability of suicide bombers to inflict massive death tolls despite the ongoing crackdown, as well as the first repudiation of the crackdown by cleric Moqtada al-Sadr.

The CBS Evening News (2/25, story 4, :30, Mitchell, 7.66M) reported, "A suicide car bombing at a Baghdad college killed 41 people while a car bomb that exploded near the Iranian Embassy killed at least two civilians and wounded four others." ABC World News (2/25, story 3, 2:20, Harris, 8.78M) reported, "At least 40 died when a female suicide bomber set off an enormous bomb at a college."

NBC Nightly News (2/25, story 3, 2:10, Seigenthaler, 9.87M) reported, "This time the target was a college where the student body is mostly Shiite." NBC (Arraf) adds, "Insurgents look for any target that will stop normal life in its tracks and show Iraqis not even soldiers can protect them."

The New York Times (2/26, Cave, Habeeb, 1.16M) reports in the most detailed print coverage of the bombing that one student "blamed Syria, Saudi Arabia and other countries for sowing destruction in his country. ... Other colleges throughout Iraq have been made targets in the past year, reflecting what is widely viewed as an attempt by Sunni extremist groups like Al Qaeda to drive out Iraq's middle class, the secular and the educated."

The Washington Post (2/26, A12, Londono, 690K) reports, "At least 39 students and nine guards were killed ... The attack was one of the deadliest in the capital since stepped-up security measures in the capital officially took effect on Feb. 14. U.S. and Iraqi officials have taken measures to limit vehicle access to markets, government buildings and other sites frequently targeted by insurgents using car bombs. But the officials have expressed concern about the difficulty of intercepting suicide bombers with explosives strapped to their bodies."

The Los Angeles Times (2/26, Susman, 850K) reports, "The attack was the second in recent weeks to target the mainly Shiite Muslim Mustansiriya University. ... [nonetheless], the Iraqi government insisted that the U.S.-Iraqi security plan launched nearly two weeks ago was succeeding. ... Students say Sadr's Al Mahdi militia virtually controls the university, enforcing conservative dress codes for women and canceling classes to honor Shiite martyrs. The militia's presence has made Mustansiriya a sectarian battleground."

USA Today/AP (2/26, Murphy) reports, "A female suicide bomber triggered a ball bearing-packed charge Sunday, killing at least 41 people at a mostly Shiite college ... The attack came as the powerful Shiite militia leader Muqtada al-Sadr said an ongoing security crackdown in Baghdad was doomed to fail because of U.S. involvement and suggested he was rethinking his cooperation."

Sadr Urges Iraqi Security Forces Not To Work With US. The CBS Evening News (2/25, story 4, :30, Mitchell, 7.66M) reported Sadr "complained today that if bombs continue in Baghdad, he predicted that the US-led security crackdown is doomed to fail."

ABC World News (2/25, story 3, 2:20, Harris, 8.78M) reported, "There's recent signs that Sadr wants to cooperate with the operation bringing Baghdad under control. But there's questions about whether or not that cooperation is real, and how long it might last." ABC (Marquez) adds, The US, so far, is not moving into Sadr City in great force. Analysts worry Sadr could be using the time to ferry Mahdi army leaders out of Iraq or using the US to eliminate his rivals."

The New York Times (2/26, Cave, Habeeb, 1.16M) reports, "Iraq's most powerful Shiite militant cleric publicly repudiated the new Baghdad security plan for the first time on Sunday, according to a statement distributed by his aides that said the push to quell violence was doomed to fail as long as it was directed by the American military." Without his blessing, "the prospects for continued sectarian violence and a direct conflict with American troops could increase. ... It was unclear why he would turn against the joint American-Iraqi plan, but many of his followers have been losing patience with the failure of the security push to eliminate violence against Shiites." The Al-Sadr statement "is likely to

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put more pressure on Prime Minister Maliki, who recently called the security plan a 'dazzling success.'"

The Washington Times/AP (2/26, Salaheddin) reports, "Many Shi'ites think bombings have continued because the Shi'ite-led government bowed to American pressure and persuaded the radical cleric Sheik Muqtada al-Sadr to take his Mahdi's Army fighters off the streets." Al-Sadr's statement "is likely to add pressure on U.S. and Iraqi forces to show results in the nearly two-week-old crackdown."

USA Today (2/26, 8A, 2.27M) reports, "According to a statement attributed to Muqtada al-Sadr, the radical Iraqi Shiite cleric has withdrawn support for a security crackdown in Baghdad. ... His militia has avoided confrontation with U.S. forces this time. There was no indication in the statement that this position would change."

The AP (2/25, Murphy) reports, "A return to the streets by the Mahdi Army forces could effectively block the security effort and raise the chances of Baghdad falling into sectarian street battles — the apparent aim of Sunni extremists seeking any way to destroy the U.S.-backed government. ... Shiite anger at the United States is running high since American soldiers on Friday detained the son of the most powerful Shiite political leader for nearly 12 hours."

Maliki Blames Sunni Mosque Attack On Al Qaeda. AFP (2/26) reports, "Iraq's Prime Minister Nuri al-Maliki on Sunday blamed Al-Qaeda for a deadly bomb attack on a Sunni mosque, saying the blast proved that 'terrorists' will attack anyone, regardless of their sect. ... Suicide bomb attacks on civilian targets have become a hallmark of Sunni extremist assaults on Iraq's Shiite majority, and it is relatively unusual for such a strike to target Sunni worshippers. Maliki was at pains to stress that the attack should not be seen as sectarian in nature."

New Iraqi Troops Fly To Baghdad. The AP (2/25, Gamel) reports, "About 130 fresh Iraqi troops from the country's Kurdish north flew into Baghdad on Sunday to join the fight for the nation's capital — with the promise of a $200 bonus, nearly a month's pay. The mostly Kurdish soldiers — the first to arrive from the northern city of Irbil — were greeted by Iraqi commanders as they filed off the gray C-130 troop transport. ... The drafting of troops from the north — most former Kurdish guerrillas who fought for decades against Saddam Hussein's regime — to participate in the security crackdown in the capital has raised concerns as many speak no Arabic and are unfamiliar with the territory and urban warfare." Besides the bonus, the troops "would only be deployed for three months, then allowed to go home," according to Iraq's ground forces commander. Bonuses "underscore the eagerness of the Iraqi government to show it can rally sufficient forces."

Omar Reportedly Planning Renewed Taliban Offensive. Newsweek (3/5, Yousafzai, Moreau, 3.12M) reports, "Mullah Omar has emerged from the shadows, his field officers say, and with his inspiration they're planning a military push against U.S.-led forces like never before. NEWSWEEK has viewed a new recruiting video in which the Taliban's most notoriously cruel commander, the one-legged Mullah Dadullah Akhund, addresses an audience of some 400 men who are described as trained suicide bombers, ready to die on his order. 'Our suicide bombers are countless,' he says in a videotaped response to questions from NEWSWEEK. 'Hundreds have already registered their names, and hundreds more are on the waiting list.' Those claims, while impossible to verify, can't be discounted, either. In an interview that aired on Al-Jazeera last week, Dadullah claimed to have more than 6,000 armed guerrillas in underground hideouts and other staging areas, awaiting the moment to strike."

Talabani Reportedly Hospitalized For Exhaustion. NBC Nightly News (2/25, story 3, 2:10, Seigenthaler, 9.87M) reported, "There are new concerns over the health of Iraq's President Jalal Talabani. He was rushed to an Iraqi hospital and later flown to Jordan for medical treatment. His son denied that Talabani had a stroke or heart attack and said his father was suffering from exhaustion and walked off the plane on his own." ABC World News (2/25, story 3, 2:20, Harris, 8.78M) reported, "Officials say he's exhausted. He's been working very hard. They deny reports of a heart attack or a stroke." The CBS Evening News (2/25, story 4, :30, Mitchell, 7.66M) briefly mentioned the hospitalization.

The AP (2/25) reports, "An official at Talabani's Patriotic Union of Kurdistan party said the president has a long history of fainting when he is exhausted - a condition dating back to his years as a Kurdish guerrilla leader fighting Saddam Hussein's regime decades ago." An anonymous Jordanian doctor noted that Talabani was "not being flown in by a helicopter or transported in an ambulance," a possible sign that "his medical condition is not worrisome."

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The Washington Post (2/26, A12, Londono, 690K) reports his illness in two sentences at the end of an article about a college suicide bombing. USA Today (2/26, 8A, 2.27M) also reports his illness.

Targets Of Baghdad Patrols Prove Elusive. The Washington Post (2/26, Partlow, 690K) reports on its front page, "American military commanders in Iraq describe the security plan they began implementing in mid-February as a rising tide: a gradual influx of thousands of U.S. and Iraqi troops whose extended presence in the city's violent neighborhoods will drown the militants' ability to stage bombings and sectarian killings. ... But U.S. troops, Iraqi soldiers and officials, and Baghdad residents say the plan is hampered because security forces cannot identify, let alone apprehend, the elusive perpetrators of the violence. Shiite militiamen in the capital say they are keeping a low profile to wait out the security plan. U.S. commanders have noted increased insurgent violence in the Sunni-dominated belt around Baghdad and are concerned that fighters are shifting their focus outside the city. ... Many people in Baghdad express deep reservations about the Iraqi security forces' ability and desire to battle their fellow citizens. U.S. soldiers say their Iraqi counterparts are swayed more by the anti-American speeches of Shiite cleric Moqtada al-Sadr than by the public appeals of Prime Minister Nouri al-Maliki for even-handed enforcement."

Marines Train For Iraq Civil Affairs Duty. The Christian Science Monitor (2/26, Sasser, 59K) reports from Trenton, North Carolina, "One elderly man seemed shaken at the sight of marines striding into the Realo drugstore. ... The 5th Battalion, 10th Marine Regiment is unusual – the first active-duty unit in the Marine Corps to retrain for civil affairs work in Iraq. That means the 250 soldiers in the group will be departing from their frontline combat role to help Iraqis rebuild their cities and neighborhoods. The 5/10's six-month retraining has included study of Arabic and the Iraqi culture. The unit will be important in determining whether the US's latest – and perhaps final – initiative in Iraq works. ... The transition isn't easy for marines, who are trained to kill the enemy rather than engage in the softer skills of negotiation."

Anbar Fratricide May Escalate. The AP (2/25, Murphy) reports, "To much of the world, the meltdown in Iraq is a two-act spectacle: insurgents versus U.S.-led forces and Iraqi allies, and the sectarian bloodletting between Sunni Muslims and the majority Shiites. Yet out in the desert of the western Anbar province there is another story — told one attack at a time — of an internal struggle among Sunnis, between militant factions and those who have stood up against them. It's a fratricide that may be escalating. ... Political and religious leaders are being pushed to choose between the insurgency or the U.S.-backed government. Heads of the province's powerful desert clans also must decide if they will assist or resist the militants — setting off mafia-style turf wars along tribal lines." While "the Pentagon has learned some painful lessons about dealing with the insurgency here," it remains "difficult to recruit nervous Sunnis to the government's side."

US Says Iraq Raid Supports Claim On Iran. In a front page article, the New York Times (2/26, Glanz, Oppel, 1.16M) reports a raid on a Shiite weapons cache in the southern city of Hilla last week "is providing what American officials call the best evidence yet that the deadliest roadside bombs in Iraq are manufactured in Iran, but critics contend that the forensic case remains circumstantial and inferential." The new evidence includes "infrared sensors, electronic triggering devices and information about plastic explosives used in bombs that the Americans say lead back to Iran." But critics assert that "nearly all the bomb components could have been produced in Iraq or somewhere else in the region. Even if the evidence were to establish that Iran is the source, they add, that does not necessarily mean that the Iranian leadership is responsible." The assertion that the latest find "greatly bolsters the theory of the Iranian origin" of the weapons is "significant" because it could provide the US with "a new justification to take action against Iran." However, the evidence is "unlikely to satisfy skeptics who have been suspicious that the Bush administration is trying to lay the groundwork for attacking Iran."

Oil Ministry Casts Doubts On Draft Law. The AP (2/25, Juhi) reports, "The Oil Ministry cast doubt Sunday on statements indicating the Kurds had agreed to support a draft oil law that would divide revenues among all Iraqi factions and meet a key U.S. benchmark in Iraq. ... An Oil Ministry spokesman ... stressed that the draft law still needed to be discussed at the Cabinet level. ... The Bush administration, facing growing pressure to end the Iraq conflict, has been urging the Iraqis to finish the new oil law." The Washington Post (2/26, A12, Londono, 690K) reports that Prime Minister Nouri al-Maliki "had promised that the law would be passed by the end of 2006."

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Troops' Mental Health Needs Allegedly Not Met. The Washington Post/AP (2/26, Borenstein) reports, "Many Iraq war soldiers, veterans and their families are not getting needed psychological help because a stressed military's mental health system is overwhelmed and understaffed, a task force of psychologists found. The panel's 67-page report calls for the immediate strengthening of the military mental health system," citing "a 40 percent vacancy rate in active duty psychologists in the Army and Navy. ... The Defense Department's mental health experts hadn't read the report," but "Pentagon spokeswoman Cynthia Smith said the military is proud of its mental health services record, including a new program this year that checks up on service members after they return home to their families," while the VA's Annette Zeiss "said her agency didn't have 'an opportunity to present data (to the panel) about what the VA is really doing.'" Several veterans' advocates are quoted expressing discontent with the mental health system.

USA Today (2/26, 8A, Zoroya, 2.27M) reports that "the American Psychological Association task force said families are particularly at risk" and that the report faulted the Pentagon for failing "to implement the best mental health treatment programs across the military."

Iraqi Student Obtains Scholarship. ABC World News (2/25, story 4, 1:40, Harris, 8.78M) reported, "We have some good news from Iraq. For weeks, we've been following the struggles of one Iraqi teenager. ... Dan, whose last name we can't use for safety reasons, now has a visa to come to the U.S." Dan: "Very excited to go to the US it's a big opportunity to study there. And make a big future in me." Harris: "And Dan is scheduled to fly from Jordan to the US in just a few days. He will enroll in Thomas College shortly after that."

Dionne Claims Libby Case Explains Why Bush Has Lost Credibility On Iraq. Washington Post (2/26, A15, 690K) columnist E. J. Dionne writes, "The fabricate-and-smear cycle illustrated so dramatically during" the Libby case "explains why President Bush is failing to rally support for the latest iteration of his Iraq policy. The administration's willingness at the outset to say anything, no matter how questionable, to justify the war has destroyed its credibility. Its habit of attacking those who expressed misgivings has destroyed any goodwill it might have enjoyed. Bush and Cheney have lost the benefit of the doubt."

Elders From Taliban-Held Town Plead For Help. The New York Times (2/26, Wafa, Gall, 1.16M) reports, "Taliban fighters who seized control of a remote town [Musa Qala] in southern Afghanistan three weeks ago have started a campaign of arrests and reprisals against tribal elders and townspeople, according to tribal elders. The elders called on NATO forces and the government to move against the insurgents, even if it means bombing the town." The elders traveled to Kabul and expressed "bitterness that neither Afghan forces nor NATO troops responded when Taliban forces overran the town on Feb. 2. ... Asadullah Wafa, the governor of Musa Qala's province, Helmand, was at the NATO airbase at Kandahar discussing the situation with NATO commanders. He said that he was not aware that the Taliban had begun making arrests but that the government and NATO were poised to act."

Former Warlords Rally For Amnesty. The Christian Science Monitor (2/26, Sappenfield, 59K) reports on a man attending a rally in a Kabul soccer stadium, "He has come here to rail against [President Hamid] Karzai and the tyranny of Western nations, which have opposed an Afghan bill that would grant the mujahideen amnesty for war crimes committed during the past 25 years. ... Away from the teeming streets around the stadium, the attitudes of average Afghans take on a different air. Many express frustration that former military leaders who killed thousands and destroyed Kabul in a four-year civil war might never be brought to justice. Yet in a country still divided by tribes, tongues, and traditions, Friday's rally sent a clear message – that even now, Afghanistan's onetime warlords alone have the power to muster the masses." The amnesty bill "has been portrayed as a self-serving political ploy. Those likely to benefit most from the legislation are legislators and government officials themselves, many of whom are former mujahideen who stepped into the political vacuum following the fall of the Taliban."

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US Attorney Dismissals Said To Look Political. In an "Editorial Observer" column for the New York Times (2/26), Adam Cohen writes, "Carol Lam, the former United States attorney for San Diego, is smart and tireless and was very good at her job. Her investigation of Representative Randy Cunningham resulted in a guilty plea

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for taking more than $2 million in bribes from defense contractors and a sentence of more than eight years. Two weeks ago, she indicted Kyle Dustin Foggo, the former No. 3 official in the C.I.A. The defense-contracting scandal she pursued so vigorously could yet drag in other politicians. … In many Justice Departments, her record would have won her awards, and perhaps a promotion to a top post in Washington. In the Bush Justice Department, it got her fired." Cohen continues, "Ms. Lam is one of at least seven United States attorneys fired recently under questionable circumstances. The Justice Department is claiming that Ms. Lam and other well-regarded prosecutors like John McKay of Seattle, David Iglesias of New Mexico, Daniel Bogden of Nevada and Paul Charlton of Arizona — who all received strong job evaluations — performed inadequately. … It is hard to call what's happening anything other than a political purge. And it's another shameful example of how in the Bush administration, everything — from rebuilding a hurricane-ravaged city to allocating homeland security dollars to invading Iraq — is sacrificed to partisan politics and winning elections." Cohen adds, "Three theories are emerging for why these well-qualified U.S. attorney were fired — all political, and all disturbing. … 1. Helping friends. Ms. Lam had already put one powerful Republican congressman in jail and was investigating other powerful politicians. The Justice Department, unpersuasively, claims that it was unhappy about Ms. Lam's failure to bring more immigration cases. Meanwhile, Ms. Lam has been replaced with an interim prosecutor whose résumé shows almost no criminal law experience, but includes her membership in the Federalist Society, a conservative legal group. … 2. Candidate recruitment. U.S. attorney is a position that can make headlines and launch political careers. Congressional Democrats suspect that the Bush administration has been pushing out long-serving U.S. attorneys to replace them with promising Republican lawyers who can then be run for Congress and top state offices. … 3. Presidential politics. The Justice Department concedes that Mr. Cummins was doing a good job in Little Rock. An obvious question is whether the administration was more interested in his successor's skills in opposition political research — let's not forget that Arkansas has been lucrative fodder for Republicans in the past — in time for the 2008 elections." Cohen concludes, "The politicization of government over the last six years has had tragic consequences — in New Orleans, Iraq and elsewhere. But allowing politics to infect U.S. attorney offices takes it to a whole new level. Congress should continue to pursue the case of the fired U.S. attorneys vigorously, both to find out what really happened and to make sure that it does not happen again."

CORPORATE SCANDALS:

Former Halliburton Official Will Not Face SEC Charges. The Wall Street Journal (2/26) reports, "The Securities and Exchange Commission moved to withdraw charges against a former Halliburton Co. chief financial officer after accusing him more than two years ago of failing to ensure that the company disclosed an accounting change that was material to investors. In a filing in federal court in Houston, the SEC said it wanted to dismiss its pending claims against Gary Morris 'in the interest of justice.'"

Shareholders Push For Voice On Executive Compensation. The Wall Street Journal (2/26, B1, White, Patrick) reports, "Some shareholders are angry about soaring executive pay. Soon, they may get a voice. … Ahead of this year's annual meetings, activist investors have submitted shareholder proposals at roughly 60 companies seeking an advisory vote on executive pay, according to Institutional Shareholder Services. Targets include Citigroup Inc., Wells Fargo & Co., WellPoint Inc. and Northrop Grumman Corp." The Journal continues, "The vote would be nonbinding, but activists hope that public censure, or the threat of it, would prompt directors to curb outsized awards and better link pay with performance. The proposals come as new Securities and Exchange Commission rules requiring greater disclosure promise to cast a brighter spotlight on compensation." The Journal adds, "One company facing a shareholder proposal, insurer Aflac Inc., agreed earlier this month to give investors a nonbinding vote on executive compensation, beginning in 2009. Others, including Pfizer Inc. and Schering-Plough Corp., are discussing the possibility of similar moves. … This week, U.S. Rep. Barney Frank (D., Mass.), the new chairman of the House Financial Services Committee, plans to introduce a revised version of his 2005 bill that aimed to give shareholders power to veto executive-pay deals. He will hold a hearing next week on his latest measure, which instead would require advisory votes." The Journal notes, "The activists are taking a page from the British. Since 2003, United Kingdom shareholders have cast advisory votes on corporate compensation policies and how

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much they pay executives. Investors and companies say the practice, which began after the British government passed a law requiring it for all public companies, has generated more discussion between shareholders and boards. … But it hasn't necessarily curbed compensation."

Corporations Seen As Trying To Derail DOJ's White-Collar Prosecutions. In an op-ed for the Washington Post (2/26, A15), University of Florida law professor Michael Seigel writes, "Last time the public was tuned in, the Justice Department was vigorously prosecuting corporate giants such as Enron for massive frauds committed during the waning days of the stock bubble. Assisted by the Sarbanes-Oxley Act, government lawyers were racking up victories in the battle against white-collar crime. One recent highlight was the October sentencing of former Enron chief executive Jeffrey Skilling to 24 years in prison." Seigel continues, "Now that the public's attention has shifted to matters such as Iraq, however, corporate America has launched a counterattack. Its goal is to derail the Justice Department's efforts to maintain a heightened level of white-collar criminal enforcement. Its success thus far starkly illustrates how power and money influence our criminal justice system. … Big business, represented primarily by the U.S. Chamber of Commerce, could not attack white-collar criminal enforcement head-on. Instead, it enlisted the aid of its lawyers, including the American Bar Association and the Association of Corporate Counsel, in a more oblique assault. Their strategy was to mount an all-out offensive against a seemingly obscure trend: the Justice Department's increasing insistence that corporations waive their attorney-client privilege as part of their cooperation with government investigators." Seigel adds, "Through experience, government lawyers have learned that the efficiency of white-collar criminal prosecution can be significantly improved when companies facing indictment cooperate and provide relevant information. This way, prosecutors can get to the bottom of complex criminality and promptly indict those responsible. However, unlike an ordinary criminal who cooperates by telling what he knows, a corporation only 'knows' what its employees tell it. Often, information relevant to a prosecution has been gathered by the corporation's counsel. Therefore, to cooperate, the corporation must waive its attorney-client privilege. … In a January 2003 document known as the 'Thompson Memorandum,' Justice told its prosecutors to consider a corporation's willingness to waive its attorney-client privilege in determining whether it ought to be indicted. This is where big business and its lawyers aimed their attack. Treating attorney-client privilege as if it were a sacrosanct American institution, akin to freedom of speech, they claimed that Justice was unfairly using its tremendous power to coerce corporations into privilege waivers. The resultant erosion of the privilege would be catastrophic, they contended. This tactic even garnered the support of the American Civil Liberties Union, and together the various lobbying groups formed the Coalition to Preserve the Attorney-Client Privilege. … But big business smells blood. Its reaction to the McNulty memo has been negative, and its goal continues to be the outright prohibition of waiver requests. Through reintroduction of the Specter bill, it is pressing its legislative 'fix' in the new Congress, and the newly empowered Democrats -- eager for lobbyists' money -- are likely to be as responsive as their Republican predecessors. The result of a waiver prohibition, of course, would be a significant slowdown of white-collar criminal prosecutions -- exactly what the business lobby wants. And the losers, once again, would be the victims of white-collar crime: the American people."

CRIMINAL LAW:

FBI Probe Of Alaskan Influence-Peddling Focuses On Oil Industry Player. The Wall Street Journal (2/26, Carlton) reports from Anchorage, AK, "The oil industry has long enjoyed a cozy relationship with the state government here -- not to mention the residents, who receive an annual dividend from the industry." The Journal continues, "A Federal Bureau of Investigation probe of influence peddling -- which has focused on one of the oil industry's most powerful players -- is shaking up those ties. … At the center of the turmoil is closely held VECO Corp., the state's largest oil-services company, which has provided construction, engineering, management and other services for pipelines, refineries and other facilities." The Journal adds, "VECO has long been one of Alaska's most prodigious campaign contributors; Chairman Bill Allen and top VECO executives have donated a total of more than $1 million to state campaigns since 1998. A year ago, a witness saw Mr. Allen in the gallery of the state legislature passing notes to a Republican politician backed by the company -- at the same time that legislators were debating a measure to cut taxes on the industry. … In August, FBI agents swarmed into legislative

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offices throughout the state seeking evidence of payments to state lawmakers by Mr. Allen and his executives, according to a warrant. Since then, a cloud from the investigation has hung over the state's capital, Juneau. … In recent months, a number of Alaska politicians have publicly distanced themselves from VECO and refused to take any donations from it. The new governor, Republican Sarah Palin, made a refusal to accept any VECO donations part of her platform when she challenged former Gov. Tony Knowles -- a Democrat who had made a similar pledge." The Journal notes, "No VECO executives have been charged in the probe. FBI officials and Mr. Allen declined requests for comment. Amy Menard, an Anchorage attorney representing VECO, said, 'There is no question that VECO and some VECO executives have always, from day one, had an interest in politics. But to suggest that there has been improper or inappropriate political contributions is an unfair charge.'"

Bruno's Mixed Business Record Seen As Important Issue For Grand Jury. The New York Times (2/26, McIntire, 1.16M) reports, "It is an oft-told tale that has become part of Albany lore. Long before he became the State Senate majority leader, Joseph L. Bruno borrowed $5,000 to start a telephone equipment company, built it into a profitable business and sold it for $23 million in 1990. Born into poverty, Mr. Bruno became a millionaire. … In fact, the company had been steadily losing money, and Mr. Bruno made less than $400,000 from the transaction. As a result, Mr. Bruno began to pursue other sources of money, and those pursuits are now the subject of a federal investigation." The Times notes, "Some of Mr. Bruno's other business ventures, before and after he sold Coradian, did poorly," and his "mixed success as a businessman might have important implications for a federal grand jury investigation into his financial dealings." The Times goes on to detail Bruno's business dealings that are under FBI scrutiny.

Three Sentenced To Prison For Running Seattle-Area Brothels. The Seattle Post-Intelligencer (2/24, McDonald, 124K) reported, "The three leaders of a ring of Seattle-area brothels and escort services were sentenced in U.S. District Court on Friday to two and three years in prison." Kesheng Zhu, Rujing Jiang and Yong Jun Kang, "who are all Chinese citizens and in the U.S. illegally, pleaded guilty to conspiracy to transport individuals for prostitution and conspiracy to launder money. According to court documents, Zhu and his wife, Rujing, started in the prostitution business in 2003 with the opening of the Apple Spa massage parlor in Bellevue as the front for a brothel. The business was sold to Kang in early 2004 for $10,000, then raided that April by the Eastside Narcotics Task Force. Officers found hundreds of used condoms in the massage parlor's garbage." The P-I added, "Both Zhu and Kang used a national network of prostitutes and brothels. … Most of the women were in the United States on expired visas and came from across Asia." The Seattle Times (2/23, 118K) noted on its Web site, "The three people were among nine arrested in August following a 21-month investigation by the FBI, U.S. Immigration and Customs Enforcement and the Seattle Police Department." The AP (2/24) also reported on the sentences.

Judge Orders Continued Detention Of Alleged Texas Syndicate Members. The Houston Chronicle (2/24, George, 530K) reported, "A federal judge ordered detention Friday for four alleged Texas Syndicate gang members who sought release pending trial. Seventeen Houston-area men are charged in an indictment that alleges murders, armed robberies and drug trafficking. The four who will remain detained after a two-day hearing this week are: Francisco Nuncio Jr., 34; Johnny Perez Jr., 35 of Houston; Robbie Lee Danas, 35, of Rosenberg; George Duran, 39, of Baytown." The Chronicle noted, "Grounds for detention were based on testimony this week from an FBI agent who has worked for five years building the case. Special Agent Randy Durney said the agency began investigating murders credited to the Texas Syndicate in 2002. … Membership is lifelong, Durney said."

The AP (2/24) reported that "Durney said federal authorities began investigating the gang after learning from confidential sources the group was responsible for a series of murders in the Houston area. Using wire taps and confidential informants, some who were gang members, Durney said the FBI learned the Texas Syndicate would routinely rob drug dealers at their homes. … During his lengthy testimony, Durney described how gang members would meet, sometimes at bars or at family barbecues, to vote on whether to kill other members."

Louisiana Woman Pleads Guilty To FEMA Relief Fraud. The Baton Rouge Advocate (2/24, 98K) reported, "A Baton Rouge woman pleaded guilty in federal court to one count of making a false claim for disaster

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assistance benefits. According to court documents, Latoya Dunn submitted a fraudulent application for FEMA benefits, falsely claiming that her primary residence had been damaged during Hurricane Katrina. The Federal Emergency Management Agency mailed Dunn a $2,000 check."

Ohio Broker Charged With Investment Fraud. The Toledo Blade (2/17, Reiter) reported, "The former manager and vice president of a Toledo brokerage firm was charged…in federal court in a $17 million-to-$40 million investment scam. William A. Sirls of Grosse Ile, Mich., was charged in U.S. District Court in Toledo with money laundering and mail fraud. A bill of information filed in the court alleges Mr. Sirls, who was manager and vice president of a Toledo Wachovia Securities office, engaged in fraudulent investment transactions to bilk investors, co-workers, and others in a Ponzi scheme. … But Toledo attorney Stephen Hartman said the case against his client emerged only after Mr. Sirls went to authorities late last year and confessed. … 'He turned himself in and voluntarily came in and told authorities about his activities. He never did get caught,' Mr. Hartman said."

Montana Man Sentenced To Five Years In Prison For Online Solicitation. The Seattle Post-Intelligencer (2/24, McNerthney, 124K) reported, "A Montana man was sentenced in federal court Friday to five years in prison and 15 years of supervised release for traveling to Washington state and attempting to have sex with a minor. Andy Maxfield , 55, was arrested…at a Holiday Inn in Kent, where police say he intended to meet a 13-year-old girl. He had been investigated since June 2006 when he entered an online chat room…and contacted a federal investigator posing as the girl's mother, Department of Justice officials said. … The former bus driver also made arrangements to engage in sexual activity with the minor, the documents said." The P-I noted, "Maxfield's case was brought as part of Project Safe Childhood -- a nationwide initiative designed to protect children from online exploitation and abuse."

States Consider Easing Sex-Offender Residency Restrictions. USA Today (2/26, 1A, Koch) reports, "Oklahoma state Rep. Lucky Lamons was a police officer for 22 years. He calls himself a 'lock-'em-up kind of guy.' … Yet Lamons wants to loosen his state's law that bans registered sex offenders from living within 2,000 feet of a school or day care center. He says it forces many offenders to live in rural areas where they are difficult for authorities to monitor. Also, he says, it does not differentiate between real predators and the type of men he recalls arresting for urinating in public, a sex offense in Oklahoma. … 'We need to focus on people we're afraid of, not mad at,' says Lamons, a Tulsa Democrat who wants the rules to focus more on high-risk offenders." USA continues, "Lamons is among a growing number of officials who want to ease the 'not-in-my-backyard' policies that communities are using to try to control sex offenders. In the past decade, 27 states and hundreds of cities have reacted to public fear of sex crimes against children by passing residency restrictions that, in some cases, have the effect of barring sex offenders from large parts of cities. They can't live in most of downtown Tulsa, Atlanta or Des Moines, for example, because of overlapping exclusion zones around schools and day care centers." USA adds, "Now a backlash is brewing. Several states, including Iowa, Oklahoma and Georgia, are considering changes in residency laws that have led some sex offenders to go underground. Such offenders either have not registered with local police as the laws require or they have given fake addresses. Many complain they cannot find a place to live legally. … The push to ease residency restrictions has support from victims' advocates, prosecutors and police who say they spend too much time investigating potential violations. … They're battling a mountain of momentum, however, because residency restrictions remain popular. … New or expanded ones have been proposed in 20 states this year. Some legislators are reluctant to pare back restrictions they passed only recently."

CIVIL LAW:

Retired Georgia Teacher Becomes Whistleblower Over Reading Program. The Atlanta Journal-Constitution (2/26) reports from Savannah, GA about reading teacher Cindy Cupp, who "rose to the top — becoming Georgia's director of reading instruction — before she retired and created her own brand of 'Dick and Jane' textbooks. But four years ago, Cupp found herself in a fight over her storybooks that led from her port city all the way to Washington." The AJC continues, "Cupp had no idea what she was getting into in 2003 when she tried to have her 'Dr. Cupp Readers' approved for use in Reading First, a major federal initiative promising to make all children successful

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readers by fourth grade. Cupp just figured her company could benefit from the $6 billion flowing to schools for new reading programs. … Now, after years of pursuing perceived wrongs that blocked Cupp Publishers from winning lucrative contracts, she stands as a key whistle-blower whose complaints helped touch off a federal audit of the Georgia Department of Education, a shake-up at the U.S. Department of Education and possible congressional hearings on conflicts of interest that may have compromised Reading First." The AJC adds, "Nearly 150 elementary schools, including some in Atlanta and in Clayton and DeKalb counties, are serving 53,000 Georgia students through Reading First. So far, nearly $100 million has been spent statewide on textbooks, training and reading specialists. … Cupp's curriculum — which teaches children to read with phonics instruction, where students decipher the sounds letters make, and by tutoring in common words — is used in about 80 elementary schools. Only three are part of Reading First. … State and federal officials have said mistakes made in implementing the program have been corrected, but deny taking any intentional actions that may have favored big national publishers with connections over smaller companies such as Cupp's. … Now Cupp is waiting to hear whether the U.S. Department of Justice will open another investigation as she continues her life's work: visiting schools to assist teachers, checking students' progress and prescribing remedies for those who struggle."

WPost Praises SCOTUS Decision On Tobacco Trial Award. The Washington Post (2/26, A14, 690K) editorializes that "regardless of what you think about tobacco companies, you should welcome last week's Supreme Court decision that repudiated an $80 million ruling against Philip Morris. … The issue…revolved around how the jury calculated the size of the punitive damages it awarded Mr. Williams's estate -- almost all of the $80 million package."

CIVIL RIGHTS:

Virginia Officials Try To Make Ice Center Accessible. The AP (2/26, Karush) reports, "When Arlington County (VA) officials unveiled a new ice complex to serve as the Washington Capitals' practice facility, they emphasized it would also be a community resource serving diverse groups, particularly the disabled. … So Rosemary Ciotti, who lives nearby and uses a wheelchair, was particularly dismayed when she visited the new facility shortly after it opened in November and discovered there was no room in the bleachers for her to watch the action on the ice. Despite its $42.8 million price tag, the Kettler Capitals Iceplex is not compliant with the Americans with Disabilities Act." The AP continues, "Another disabled Arlington resident, Sheri Denkensohn, said she visited the iceplex after hearing about the problems from Ciotti. Outraged by what she saw, she filed a complaint with the Justice Department. … Arlington officials say such glitches are common in construction projects. They say they already have addressed most of the ADA problems that were noted by building inspectors before the facility opened and are working to correct the problem with the bleachers." The AP adds, "In April, the Special Hockey International Tournament is expected to draw 1,500 people to the iceplex. In March, USA Disabled Hockey and other groups are hosting a sled hockey clinic there. Officials said the bleachers should be fixed in time for both events. … Construction of the iceplex was paid for by the county, and the Capitals signed a long-term lease. The 137,000-square-foot facility, built atop a seven-story public parking garage in Arlington's Ballston neighborhood, has two NHL-sized rinks, office space and locker rooms, as well as a Capitals training center with a weight room and medical facilities. It also houses the front offices of the Capitals and the WNBA's Washington Mystics. …

Congress To Revisit Gays In Military Issue. ABC World News (2/25, story 5, 2:20, Harris, 8.78M) reported, "On Capitol Hill this week, Congress is set to revisit the divisive issue of gays and lesbians in the military. ... Part of the rationale here, at a time when the military is struggling to fill its ranks, it can't afford to turn qualified people away." ABC (Tapper) added, "Decorated Air Force Staff Sergeant David Hall wants to fly missions in Iraq and was training to be a pilot." Hall: "To have that taken away from me, it was devastating." Tapper: "Hall is one of more than 11,000 gay and lesbian service members discharged under the 'don't ask/don't tell' policy enacted in 1993. ... One government study found that 8% of the discharged gay soldiers held critical occupations, including 322 with skills in an important language, such as Arabic, Farsi or Korean. Public opinion has shifted. In 1993, only 44% of the American people supported letting gays and lesbian troops serve openly. In 2004, 63% supported their serving openly."

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Genealogist Says Thurmond Family Owned Sharpton's Ancestor. ABC World News (2/25, story 6, 2:20, Harris, 8.78M) reported, "Today, one of the country's most outspoken civil rights activists went public with what he calls a chilling discovery. The Rev. Al Sharpton has just found out slavery connects him to a long-serving US Senator, the late Strom Thurmond of South Carolina who once used his power to fight for segregation." ABC (Jamieson) added Sharpton's "ancestors were slaves to the family of Strom Thurmond, hardline opponent of civil rights during many of his 50 years in the Senate, and candidate of the Dixiecrat Segregationist Party in 1948." NBC Nightly News (2/25, story 10, ;20, Seigenthaler, 9.87M) reported the New York Daily News "says it found documents showing that some of Sharpton's ancestors were slaves once owned by Thurmond's relatives. Sharpton called the report chilling."

The Washington Post (2/26, A1, Shulman, 690K) reports "revelation was particularly stunning for the juxtaposition of the two men's public lives." The New York Times (2/26, B3, Santos, 1.16M) reports Sharpton "said he had not heard from the Thurmonds and had no immediate plans of contacting them. 'This is not family,' he said firmly. 'This is property.'" USA Today/AP (2/26) reports, "Some of Thurmond's relatives said the nexus also came as a surprise to them. Doris Strom Costner, a distant cousin who said she knew the late senator all her life, said Sunday she 'never heard of such a thing.'"

UCLA To Create Chair For Sexual Orientation Law. The Los Angeles Times (2/26, Gordon) reports, "Thanks to a more than $1-million donation from a gay male couple who hope one day to marry in California, UCLA's law school is planning to establish what is described as the nation's first endowed academic chair in sexual orientation law." The Times continues, "The cash gift from John McDonald and Rob Wright will help fund the research of a still-to-be-named professor at UCLA Law School's Williams Institute on Sexual Orientation Law and Public Policy. That 5-year-old think tank investigates such topics as anti-homosexual discrimination, the impact of the military's don't ask-don't tell policies and the demographics of same-sex couples who have adopted children. … 'This is going to support legal scholarship, legal research and education that covers a whole area so fundamental to creating change,' said McDonald, a retired businessman and attorney who earned his bachelor's degree at UCLA. 'We just think this is one of the best things we've ever done.'" The Times adds, "The UC system recently approved an agreement to accept the money, but formal establishment of the chair awaits a review to ensure that it matches UC's research and teaching missions and is not too narrowly drawn, system officials said. Although the research topics may upset social conservatives, approval is expected. … The donation for the chair was announced publicly in connection with a Williams Institute conference Friday at the Westwood campus." The Times notes, "Though some universities have chairs in gay and gender studies, those have been in the humanities and social sciences and not in a law school, said Brad Sears, executive director of the Williams Institute. A professor from the current UCLA law faculty will be appointed to the chair in three to six months, and the funds will help pay for such things as teaching assistants and research costs, Sears said."

WSJournal Notes FL13 Voting Machine Study's Findings. The Wall Street Journal (2/26, 2.04M), in an editorial, writes, "we thought you'd like to know that an independent team of computer scientists has absolved touch-screen voting machines of stealing an election in Florida's 13th Congressional District last November. Republican Vern Buchanan won his seat by a mere 369 votes over Democratic challenger Christine Jennings, who has nonetheless refused to concede and has sued to demand a new election. Ms. Jennings claims that faulty software was the cause of 18,000 'undervotes,' or incidences where voters cast ballots in other races but not in the Congressional contest, in what is a mainly GOP district on the Florida Gulf Coast south of Tampa."

ANTITRUST:

TXU Board Accepts $45 Billion Takeover Bid From Private Equity Group. The Washington Post (2/26, A4, Mufson, Cho) reports, "TXU, the largest energy provider in Texas, agreed last night to a $45 billion buyout that would not only be the largest private-equity deal in history but would also feature an unusual twist: The buyers have promised environmental groups they would cancel a slew of coal-fired power plants on the firm's drawing boards." The Post continues, "The buyout firms' deal with environmental groups, which could become a landmark in the battle over climate-change policy, would force an abrupt turnaround in

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the strategy of TXU, which has defied environmentalists' and congressional criticism of its plans to expand coal use and carbon dioxide emissions." The Post adds, "The environmental agreement was the idea of the private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts, which made it a condition of the acquisition, according to several sources involved in the negotiations, who gave details of the deal on condition of anonymity because it had not been announced yet. … Texas Pacific's head, David Bonderman, is no stranger to creative deals in the energy sector or in the cause of environmentalism. Bonderman sits on the boards of the World Wildlife Fund and the Grand Canyon Trust. He was a key figure in negotiating with power plants in Arizona to reduce air pollution over the Grand Canyon. In the TXU case, he tasked William K. Reilly, who had led the Environmental Protection Agency under President George H.W. Bush, to reach out and negotiate with environmental groups." The Post notes, "If shareholders approve the acquisition, TXU would back federal legislation that would require reductions in carbon dioxide emissions through a cap-and-trade system. It would shelve plans for eight of 11 coal-fired plants that current TXU executives had proposed for Texas and would drop plans to build new coal plants in Pennsylvania and Virginia. The company would also double its spending to promote energy efficiency, to $80 million a year, for five years."

The Dallas Morning News/AP (2/26) reports, "Final details were still being worked out late Sunday, and TXU was expected to announce a deal early Monday, said the people, who spoke on condition of anonymity because the companies had not officially announced the deal." The AP adds, "Since a turnaround that began in 2004, TXU has become highly profitable, but the dramatic rise in its stock price had stalled, making it an attractive takeover target. … KKR and Texas Pacific Group agreed over the weekend to drop most of TXU's ambitious plans for building eight new coal-fired power plants, a move designed to win support for the deal from environmentalists and other critics of the company. … The new buyers also agreed to support a mandatory national program to cap emissions of greenhouse gases and pledged not to build coal-fired plants outside Texas."

The Wall Street Journal (2/26, Smith, Berman, Sender) reports, "For years, cash-rich buyout firms have tried to break into the lucrative electricity business only to be rebuffed by wary regulators, consumer groups and environmentalists. Now, in what would be the biggest leveraged-buyout ever, an investor group is hoping it has cracked the code." The Journal continues,. "A total of seven firms -- led by Kohlberg, Kravis, Roberts & Co., Texas Pacific Group and Goldman Sachs Group -- are close to signing a deal to buy utility powerhouse TXU Corp. for $32 billion plus more than $12 billion in TXU debt, according to people familiar with the matter. In a creative twist, the firms have moved quickly to pre-empt opposition from powerful environmental groups while seeking support from various regulators and politicians. Already, the potential buyers have promised to cancel plans to build all but three of the company's 11 coal-fired plants under development. And they are planning to placate consumers with rate reductions." The Journal adds, "The deal marks a quantum leap in the political sophistication of the buyout world, and may signal a broader remaking of private equity's image in the utility industry. Buyout firms have generally received a chilly reception from utility regulators because they're seen as temporary, profit-driven caretakers not answerable to public shareholders or sensitive to consumers. If the prospective TXU buyers can overcome that perception, they could potentially open the door for more private-equity investors. … A successful deal will also create a chance to profit from a central predicament facing today's utility industry: a public that hungers for more and more electricity to burn, but has limited will to build new plants for providing it. … But it's far from a sure thing. Regulators at all levels of government could trip up the deal. It may also be subject to complaints from consumers who regard reasonably priced electrical service as a basic right."

Deal Is Unique In Corporate-Environmental Cooperation. The New York Times (2/26, Sorkin) reports, "About two weeks ago, Fred Krupp, the president of a nonprofit advocacy group called Environmental Defense, received an unusual phone call. … William K. Reilly, the former administrator for the Environmental Protection Agency under President George H. W. Bush, was on the other end. But before Mr. Reilly would explain the reason for his call, he said he needed an assurance from Mr. Krupp that he would keep the conversation confidential." The Times continues, "After receiving such a pledge, Mr. Reilly dropped a bombshell: the TXU Corporation, the Texas energy giant that had become the whipping boy of the nation's largest environmental groups, was in talks to be sold to a group led by Kohlberg Kravis Roberts & Company and Texas Pacific Group, two large private equity firms. … Mr. Reilly, who works

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for Texas Pacific, said he wanted to negotiate a cease-fire. If the investors succeeded in taking over TXU, Mr. Reilly said, they would commit themselves to scale back significantly on TXU's plan to build 11 new coal plants and adhere to a strict set of environmental rules. In return, he wanted the support of Mr. Krupp and his peers, who had spent the past several months waging a bitter and public war against TXU." The Times adds, "Last night, after several weeks of marathon negotiations that brought together both environmentalists and Wall Street bankers, the board of TXU was moving toward a vote to accept the bid from Kohlberg Kravis and Texas Pacific for about $45 billion, which would be the largest buyout in history. … The deal would be noteworthy not just for its size, but for the confluence of business decisions and environmental concerns that drove the ultimate transaction. Because private equity firms are unregulated and historically have valued their privacy, neither Kohlberg Kravis nor Texas Pacific were eager to become an "enemy combatant" of the environmental groups, people involved in the talks said. Reducing the coal plant initiative will also free up billions of dollars in planned spending that the firms will be able to use for other projects or to help finance the transaction."

Kravis An Old Hand At The Takeover Game. The New York Times (2/26, Thomas) reports, "He has been there, done that, and now, close to 20 years after clinching the grandest buyout deal ever, Henry R. Kravis seems to be doing it again." The Times continues, "As always, the raw numbers loom large: $45 billion for the proposed buyout of the TXU Corporation, compared to $39 billion for the Blackstone Group's recent deal with Equity Office Properties and $25 billion for his RJR Nabisco takeover in 1988. … As this era's generation of hedge fund executives and private equity moguls use their billions to buy art, assume leadership roles in New York's cultural institutions and publicly celebrate their successes, they are working from a two-decade-old playbook of one of Wall Street's oldest masters, Mr. Kravis himself." The Times adds, "In contrast to the giddy exuberance of this era's newly minted billionaires, however, Mr. Kravis, who is 63, is making his resurgence not only as a cornerstone of New York's social and financial landscape, but also as a seasoned executive whose survival of a series of tough business setbacks and personal tragedies during the 1990s has given him a more measured perspective. … 'Look, don't congratulate us when we buy a company, congratulate us when we sell it,' Mr. Kravis said in an interview he gave to the Academy of Achievement. 'Because any fool can overpay and buy a company, as long as money will last to buy it.' … It's a telling comment, and according to people who know him it has become a favored maxim for Mr. Kravis, one that he trots out whenever anyone tries to praise him for a large deal. In this heady period, a deal maker's time on the mountaintop can be short indeed."

Tribune Mulls Late Offer From Real Estate Magnate. The Wall Street Journal (2/26, A12, Ellison) reports, "Despite considering a late-breaking bid from Chicago real-estate magnate Sam Zell, Tribune Co.'s board is inching closer to a "self-help" restructuring deal it will implement on its own, say people familiar with the situation." The Journal continues, "The board met with its advisers Saturday for an update on the five-month-old auction. Unlike the past couple of board meetings, it issued no statement afterward. Tribune -- which owns the Los Angeles Times, the Chicago Tribune and 23 television stations -- has promised shareholders a resolution of the auction by March 31." The Journal adds, "Mr. Zell's offer to take the company private emerged after the deadline for offers last month. People familiar with the situation noted that his proposal is structured in a way that would take time to implement, a strike against it for executives. … The board's preferred plan continues to be a recapitalization involving a spinoff of Tribune's TV stations and the payment of a big dividend to shareholders. Such a plan could involve buying out part of the 20% stake in Tribune held by the Chandler family, the company's biggest shareholder and the instigator for the sale process last year."

The New York Times (2/26, Seelye, Sorkin) reports, "Mr. Zell, 66, has never owned a major media property, but gained the nickname the 'Grave Dancer' for his ability to spot and exploit undervalued properties in the real estate business. … His proposal would involve buying the entire company with the participation of an employee stock ownership plan, these people said. Although the deal would be highly leveraged, the employee stock plans have many tax advantages, including the ability to write off interest on debt." The Times adds, "Tribune has received two other bids, but considered both inadequate and has been putting together what it called a self-help plan in which it would spin off its two dozen broadcast outlets, keep most if not all of its 11 newspapers, and borrow money to pay shareholders a large dividend. … It has also been considering ways to buy out the Chandler family, the company's biggest shareholder, possibly

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with the help of the McCormick Tribune Foundation, the second largest."

The Financial Times (2/26, Chaffin, Politi) reports, "Tribune, which owns 23 television stations as well as the Los Angeles Times, Chicago Tribune and other papers, put itself up for sale last year under pressure from one of its largest shareholders. So far, the sale has drawn scant interest, forcing Tribune's board to push back their self-imposed deadline to the end of the first quarter, and highlighting investors' concerns about the future of the newspaper business. … Until Mr Zell, a real estate mogul, stepped in, Tribune had been weighing a combined offer from two billionaires, Eli Broad and Ron Burkle, and one from the Chandler family, which had originally pressed for the company's break-up. Neither, however, represented a premium to Tribune investors. … As a result, Tribune officials were leaning toward a 'self-help plan,' according to people familiar with the matter, in which the company would be split into newspaper and broadcasting divisions and offer investors a dividend. The downside of the plan is that it would add to the company's debt load, and could limit its financial flexibility."

Fate Of XM's DC Headquarters Uncertain In Merger. The Washington Post (2/26, D1, Heath) reports, "XM Satellite Radio chief executive Hugh Panero and his top engineer were exploring an abandoned printing plant in Northeast Washington back in 1999, looking for a home for their growing space-age radio company. … 'This is the greatest place I can imagine,' Panero recalled saying to himself, noting its spacious rooms and 20-foot ceilings. Not even the spent bullets strewn across the roof dissuaded him, he said last week -- though the engineer, a retired Air Force brigadier general, 'thought I was nuts.'" The Post continues, "XM bought the building. The company invested $70 million in high-tech and aerospace hardware. And as it grew into a $4.3 billion enterprise that today employs more than 700 people, it helped turn the area around New York and Florida avenues NE from a strip of boarded-up buildings into a growing commercial center with a Metro stop, office and condo space and the future headquarters of the Bureau of Alcohol, Tobacco, Firearms and Explosives. … But XM itself has been on a wild ride, losing more than $3 billion over the past seven years. Its stock, which had rocketed from $2 to nearly $40 a share , closed at $15.10 Friday, four days after the company announced its plan to merge with its New York-based rival, Sirius Satellite Radio." The Post adds, "The $13 billion deal is far from a lock, because the companies will have to overcome antitrust regulatory hurdles. But inside XM and elsewhere in Washington there was concern that the District might lose a company that had added some cutting-edge glamour to a business community better known for its government contractors. … Sirius chief executive Mel Karmazin, who would run the merged company, said in an interview that XM's headquarters building is a valuable asset and that he might even expand its workforce. But there was an anxious mood last week in the XM hallways -- where dimly lit studios have names like XM Kids and Liquid Metal, and the conference rooms are labeled Sinatra, Springsteen and Hendrix."

ENVIRONMENT:

Western States To Sign Regional Climate Change Compact. The Wall Street Journal (2/26, 2.04M) reports that as leaders "at the state level decided much more needs to be done to address climate change, five Western states -- California, Arizona, New Mexico, Oregon and Washington -- will announce at the National Governors Association annual winter meeting today a regional strategy to reduce global-warming emissions." The state leaders "will sign a memorandum of understanding that commits them to pursue clean-energy technology and market-based solutions toward greenhouse-gas emissions."

FBI/DEA/ATF/USMS:

Bonds Attorney Says He Will Not Cooperate With Steroid Probe. The San Francisco Chronicle (2/26, Fainaru-Wada, Williams) reports, "Major League Baseball's top steroids investigator has urged Giants star Barry Bonds and other players tied to the BALCO drug scandal to submit to interviews and turn over their medical records, The Chronicle has learned. … But Bonds' lawyer said Sunday that the Giants star cannot cooperate with baseball's steroids investigation as long as he remains the focus of a possible perjury indictment." The Chronicle continues, "In a Feb. 1 letter, George Mitchell, the former U.S. Senate majority leader who is threatening that Congress may intervene if his investigation of performance-enhancing drug use in baseball is thwarted by lack of cooperation, urged

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Bonds and the other players to cooperate for the sake of the game. … 'Nothing is more important than the integrity of the game of baseball,' he wrote." The Chronicle adds, "Copies of Mitchell's letter, which was read to The Chronicle by a person with knowledge of the investigation, were sent to Bonds, Detroit Tigers outfielder Gary Sheffield and other players. … Bonds, Sheffield and six other present and former players testified in 2003 before the federal grand jury that investigated the Bay Area Laboratory Co-Operative steroid ring. The players were implicated in the use of BALCO's banned drugs, according to evidence in possession of federal investigators, but none was accused of a crime. … Mitchell's letters were accompanied by medical waiver forms that, if signed, would allow baseball investigators access to a player's past, current and future medical records." The Chronicle notes, "Contacted for comment, Michael Rains, Bonds' lawyer, said he had told Mitchell that Bonds wanted to help but was unavailable as long as he faces possible indictment. … 'I said, "I'm sorry, but I have to give him that advice," ' Rains said. … For almost two years, federal authorities have been investigating whether Bonds testified falsely when he told the BALCO grand jury that he had never knowingly used banned drugs. As recently as November, then-U.S. Attorney Kevin Ryan refused to comment on the status of the probe, Rains said. … If Schools, the new U.S. attorney, seeks an indictment of Bonds, the government's evidence of steroid use in baseball might become public in court proceedings -- and thus available to Mitchell. If the perjury investigation is dropped, Mitchell might get access to the prosecutor's witnesses and documents from the government itself."

Former Fugitive Gets 12-Year Sentence In Drug Conspiracy Case. The Ashtabula (OH) Star-Beacon (2/25) reported "convicted drug dealer fugitive Thomas J. MacWilliams is headed to 12 years and seven months in federal prison after being sentenced Feb. 14…in Clarksburg, W.Va." MacWilliams "fled Ashtabula County in 2005 after being convicted…of drug-related conspiracy charges. … A year-long search ended on May 7, 2006 when MacWilliams was apprehended by Harrison County drug task force officers. TAG and U.S. Drug Enforcement Administration officials had received numerous tips on MacWillaims whereabouts, according to TAG task force commander Sgt. Jeff Orr."

LATimes Profiles Cali Cartel "Betrayer." In a lengthy story out of Miami, the Los Angeles Times (2/24) reported the "official end of the notorious Cali cocaine cartel came late last year here with little more commotion than the rap of a judge's gavel. The Colombian drug lords Miguel Rodriguez Orejuela, 63, and Gilberto Rodriguez Orejuela, 67, entered guilty pleas and were ushered off to federal prison for the next 30 years. … But behind the bloodless fall of the ruthless Orejuela brothers and collapse of their $7-billion-a-year empire lies a little-known story of daring and betrayal. Aiding U.S. drug agents unexpectedly and at great risk was a senior cartel official, the head of security and intelligence for the syndicate. … He used to be Jorge Salcedo."

"Guru Of Ganja" To Get Help Paying Legal Fees. In a widely reported story, the AP (2/26) reports comedian Tommy Chong "will help raise money to defend the self-proclaimed 'Guru of Ganja,' who is charged with growing hundreds of marijuana plants for a dispensary. Chong…will appear at a $125-per-person event for Ed Rosenthal." Rosenthal is "scheduled to appear in federal court March 19." Federal prosecutors "accused Rosenthal of growing marijuana, laundering money and falsifying tax returns from October 2001 through February 2002."

Hells Angels Racketeering Case Heads To Trial In Seattle. The Seattle Times (2/26, Bowermaster) reports, "Jury selection begins today in a massive federal racketeering case being brought against current and former members of the Washington Nomads chapter of the Hells Angels." The Times continues, "Prosecutors allege that the Nomads' president and three others engaged in a long list of crimes, from murder, kidnapping and witness tampering to extortion, robbery and interstate trafficking of stolen Harley Davidson motorcycles, according to a 19-count indictment filed in the case. … The government intends to call 125 to 150 witnesses and take 10 weeks to present its case in U.S. District Court in Seattle, according to a pre-trial brief filed last week." The Times adds, "It is the latest in a string of racketeering cases that the Justice Department has brought against motorcycle gangs around the country in recent years, including a sweeping case filed against 26 members of the Bandidos Motorcycle Club in U.S. District Court in Seattle in June 2005. … George Wegers, the national president of the Bandidos Motorcycle Club, last May pleaded guilty to one count of conspiracy to commit racketeering. Wegers received

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a 20-month prison sentence in October, which included credit for time served." The Times notes, "Last week, two Hells Angels motorcycle-club members were sentenced to 12 to 30 months in Nevada state prison for their roles in a bloody brawl in 2002 with rival biker-gang members at Harrah's Laughlin hotel-casino in southern Nevada that left two Hells Angels and a rival Mongol gang member dead. … The core charge in the upcoming Seattle trial, which is scheduled to begin next Monday, is that the Washington Nomads is a highly organized, criminal enterprise whose members are punishable under the Racketeer Influenced and Corrupt Organizations (RICO) Act, which was created to prosecute organized-crime syndicates such as the Mafia."

IMMIGRATION:

Fed Program Helps Illegal Immigrants Wire Money To Mexico. The Los Angeles Times (2/26, A1, Hennessy-Fiske, 850K) reports, "Even as the federal government is starting to crack down on companies that hire illegal immigrants, it's been helping those same workers send money home, cheap. Dubbed Directo a Mexico, the Federal Reserve-sponsored service allows customers without Social Security numbers to wire money through the Fed system to Mexico's central bank at little cost." In September, the Fed "expanded the remittance program by allowing immigrants, legal or not, to open accounts at participating banks and credit unions in the U.S. or Mexico. About 27,000 transfers are made through the program each month." The program has "attracted the attention of conservative immigration activists and members of Congress, who say financial institutions shouldn't cater to illegal immigrants."

Mexican Wives Seek Return Of Husbands Working In US. The Washington Times (2/26, A1, Dinan, 88K) reports, "The women of Tecalpulco, Mexico, want the U.S. government to enforce its immigration laws because they want to force their husbands to come back home from working illegally in the United States. They have created an English-language Web page where they identify themselves as the 'wetback wives' and broadcast their pleas, both to their men and to the U.S. government. … In poignant public messages to their husbands, the women talk about their children who feel abandoned, and worry that the men have forsaken their families for other women and for the American lifestyle." According to the Times, " It's a stark reminder of an often forgotten voice in the U.S. immigration debate -- the wives, children, parents and villages left behind as millions of workers come to the U.S., many of them illegally. The plea also underscores the dual effects of migration on Mexico: Its economy needs American jobs as an outlet for workers, but determined, able-bodied workers get siphoned out of Mexico."

TAX:

California Dentist Sentenced For Tax Fraud. The AP (2/26) reports, "A Danville (CA) dentist convicted of hiding $300,000 from the IRS in a secret offshore bank account has been sentenced to two years in prison, the Justice Department said." The AP continues, "Roy Albert Lewis was sentenced Friday in U.S. District Court for income tax evasion and conspiracy to defraud the government after being found guilty in August. Judge Susan Illston also ordered Lewis to participate in a mental health treatment program and perform 100 hours of community service." The AP adds, "Lewis' medical practice paid bogus expenses over a 10-year period to Denver-based Tower Executive Resources for items such as franchise, consulting, or management fees to generate huge tax deductions, according to the Justice Department. … Tower then allegedly funneled the money into the secret account, which Lewis controlled, authorities said. … In April 2005, two Tower promoters were convicted of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver. … Lewis' father, Leroy Albert Lewis, 72, an oral surgeon from Danville, is still awaiting trial on fraud and tax-evasion charges, according to prosecutors."

IRS "Telephone Tax" Refunds To Cost $13 Billion. NBC Nightly News (2/25, story 8, 1:50, Seigenthaler, 9.87M) reported, "Last year, the Federal Government finally stopped collecting this century old telephone tax. Now the IRS is giving some of the money back." NBC (Epperson) adds, "This is an opportunity for millions to get $30 to $60 back with this telephone tax refund. The problem is a lot of folks don't know about it and don't realize how easy it is to get this refund. All you have to do is fill out one line on the tax return to get the standard refund. If you think you're due more than $30 to $60, you'll need bills to substantiate it." Seigenthaler: "This one time refund is expected to cost the government some $13 billion."

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Treasury Department Eases Tax Hike On Expatriate Workers. The Wall Street Journal (2/26, A2, Wells, Herman, 2.04M) reports a new Treasury Department notice "affecting some Americans working abroad further chips away at a controversial tax increase enacted last May." Accountants say it is "too soon to gauge the precise impact on expatriates and employers, but business leaders say the move could provide significant relief in numerous cases." At issue are "details of the May law, which raised taxes on many Americans working abroad, retroactive to the start of 2006."

CONGRESS-ADMINISTRATION:

House Members Still Taking Trips Paid For By Outside Interests. USA Today (2/26, 1A, Schouten, 2.27M) reports, "Lawmakers have continued to take trips paid for by outside groups since the House voted last month to restrict who can pay for such travel" House travel records "show that 19 members since Jan. 5 have accepted airfare, meals and lodging from special interests, including groups that employ lobbyists." Melanie Sloan, executive director "of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington," said "the trips demonstrate that lawmakers 'are trying to see what they are going to get away with.'" Most of the travel "reported by House members would be exempt from the rules because it was paid for by groups that don't hire lobbyists." Five trips were "sponsored by organizations that lobby Congress and would face greater scrutiny by the House ethics committee."

USA Today (2/26, 5A, Schouten, 2.27M) reports that on one weekend in January, "a dozen House members gathered at a luxury Miami hotel to learn more about health care issues." They "assembled at the Mandarin Oriental, which boasts Biscayne Bay views and rooms starting at $469 a night. The trip, sponsored by the non-profit Alliance for Health Reform, is among the travel allowed under ethics rules that go into effect Thursday." Top Democrats "led by House Speaker Nancy Pelosi also agreed to exemptions that allow House members to continue taking trips to destinations such as Miami and San Juan, Puerto Rico."

House To Take Up Contentious Debate Over Union Organizing. The Los Angeles Times (2/26, Matthews, 850K) reports, "It has become the central question in union organizing fights across the country: Will the employer recognize a union after a majority of its workers sign union cards? Or will the employer insist that its workers cast secret ballots in federally supervised elections? These questions — of paper and power — move from the workplace to Congress this week, when the House is scheduled to cast the first vote in what could be a years-long legislative battle between the country's largest labor unions and most powerful business lobbies. The stakes: deciding the manner in which Americans join unions. The proposed Employee Free Choice Act would take from employers the right to decide whether to accept the signing of cards — generally called 'card check' — or demand an election. Instead, a workplace could unionize if labor persuaded a majority of employees to sign cards — without an election of all employees." The Times notes that "unions and their political allies, which for 70 years championed the secret ballot for unionizing workers, are all but abandoning the election process, arguing that aggressive anti-union tactics by businesses make such elections too difficult and costly. And business leaders, generally hostile to any government intervention in their companies, are preparing to spend millions to defend federal supervision of elections in which workers choose whether to unionize. … The House is expected to approve the legislation as soon as Thursday, but Senate prospects are less certain. Even if the bill passes Congress, President Bush has pledged to veto it."

House Committees Seeking Average 10.7% Funding Increase. Roll Call (2/26, Brotherton, McArdle) reports House committees are "proving to be a little more ambitious, at least financially, than their Senate counterparts, according to budget requests submitted to the chambers' respective administrative panels." With most committees "having turned in their requests, House panels are seeking an overall budget boost of 10.7 percent, nearly double the average Senate request of about 5 percent over funding provided during the 109th Congress." The Oversight and Government Reform Committee is "seeking an 11.6 percent increase, to $22.9 million from $20.5 million. Chairman Henry Waxman (D-Calif.) has made it clear in recent weeks he intends to increase the level of oversight done by the committee."

Roll Call (2/26, Davis) reports the House ethics committee "has requested a $6.1 million operating budget for the 110th Congress, nearly a 43 percent increase from the

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previous Congress. If approved by the House Administration Committee, which has jurisdiction over all House committee budgets, the investigative panel will have doubled its funding since the 108th Congress, when it had a $3 million budget."

Study Finds Congressional Web Sites Lacking. Roll Call (2/26, Brotherton) reports the Senate is "more Web savvy than the House, and Republicans are superior to Democrats when it comes to maintaining their Congressional sites — but, overall, the legislative branch is performing poorly, according to a report scheduled to be released today by the Congressional Management Foundation." The Foundation, "working with experts from Harvard University's John F. Kennedy School of Government, the University of California at Riverside and Ohio State University," studied "615 Congressional Web sites from April to August 2006. Only 85 sites -- 14 percent -- received an 'A' compared with nearly 40 percent that received a 'D' or 'F' ranking." The results "show little improvement from 2003, the last time the foundation handed out similar awards."

Proposal To Define National Standards For NCLB Gains Momentum. U.S. News and World Report (3/5, Green, 2.03M) reports that the 2002 No Child Left Behind Act "requires all states to draft standards…and to annually assess how well those standards are being met. But critics of the law argue that all the tests that have followed have not clarified matters at all. Every state administers a different test tied to different standards, and few of the state standards seem to match national ideas about what kids should know. … With hearings on No Child Left Behind starting in March, two top Senate Democrats have introduced legislation that would require the federal government to define the standards against which all states would be measured. Groups from the conservative Thomas B. Fordham Institute to the National Education Association, a teachers union, support the idea."

NCLB Said To Lack Incentives For Establishing Charter Schools. In an op-ed for the Wall Street Journal (2/26, A19, 2.04M), Nelson Smith, president of the National Alliance for Public Charter Schools, writes, "The NCLB has laid bare the troubling gaps in student achievement among racial and socioeconomic groups, and it has spurred some improvement, particularly in the early grades. Yet its prescriptions for reform have provoked meager change in schools and systems that produce chronically weak results. … The act's coup de grâce, after years of failure, is to require 'restructuring' a dysfunctional school from scratch, through state takeover, contracting-out, or re-opening as a public charter school. But its impact has been stifled by legislative language allowing 'any other' step as well. Districts and states have opted to switch principals, give pep talks and hire 'turnaround specialists' instead of coming to terms with intractable failure. Indeed, according to a recent analysis by SRI International for the U.S. Department of Education, only one of 12 states with Title I schools identified for restructuring as of 2004 had reopened a school as a public charter; one turned over operations to the state; two states replaced school staff and eight took no action. Ironically, the best illustration of the NCLB's mission may be outside this whole 'turnaround' apparatus, in the open sector of public education called charter schooling, where parents, teachers and entrepreneurs are creating new schools that are publicly accountable but independent of bureaucratic rules."

Analysis Finds Welfare State Expanding. The AP (2/25, Ohlemacher) reports the welfare state "is bigger than ever despite a decade of policies designed to wean poor people from public aid." The number of families "receiving cash benefits from welfare has plummeted since the government imposed time limits on the payments a decade ago. But other programs for the poor, including Medicaid, food stamps and disability benefits, are bursting with new enrollees." The result, "according to an Associated Press analysis: Nearly one in six people rely on some form of public assistance, a larger share than at any time since the government started measuring two decades ago."

Poll Suggests Bush Remains Overwhelmingly Popular Among Republicans. USA Today (2/26, 11A, 2.27M) columnist Richard Benedetto writes, "The Washington punditocracy has proclaimed far and wide that Republicans, disenchanted with the war in Iraq, are abandoning President Bush in droves, leaving him the lamest of lame ducks. However, the latest USA TODAY/Gallup Poll suggests Bush might not be as wounded as he appears — at least not among his party faithful. The Feb. 9-11 poll puts Bush's job approval at 37%, but among people who identify themselves as Republican or leaning Republican, his approval rating is 76%. Thus, despite bad news from Baghdad and carefully crafted hand-wringing by high-profile GOP war critics in Congress such as

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Sen. Chuck Hagel of Nebraska, three of four Republicans in the country are hanging in there with the president."

Army Chaplains In Short Supply. The Washington Times (2/26, Altamirano, 88K) reports, "The Army Chaplain Corps now has about 520 vacancies, its most severe shortage in history. ... Despite the three-year shortage, the Army and the Army Reserve has celebrated two consecutive years of record-breaking chaplain recruitment, closing the gap between authorized and assigned positions, Lt. Col. [Kevin] Beale said. ... He credits the recent recruiting successes to post-September 11 patriotism. To attract chaplains, the Army Reserve is offering $10,000 signing bonuses for first-time officers. The Army National Guard has similar incentives, such as student loan repayment and college scholarships." Army Chaplain Ran Dolinger "said it is more difficult to recruit chaplains into the reserves than into active duty. 'A lot of churches don't want their senior [chief executive officer] to be gone,' he said."

Univision Gets Record FEC Fine Over Children's Programming. The Wall Street Journal (2/26, A5, Schatz, 2.04M) reports Federal regulators "appear to be turning more attention to a perennial concern: making sure television is safer for kids. " Last week, Spanish-language broadcaster Univision Communications Inc. "agreed in principle to pay an unusually steep $24 million fine for violating the Children's Television Act, which requires broadcasters to show three hours of educational programming a week, Federal Communications Commission officials said. In exchange, the FCC will approve Univision's sale to a consortium of private-equity groups for $12.3 billion." It is "the largest fine assessed by the FCC against a company."

Smithsonian Boss Under Fire For Extravagant Expenses. The CBS Evening News (2/25, story 3, 2:40, Mitchell, 7.66M) reported, "A Smithsonian Institution audit is focusing attention this evening on the expenses of the museum group's top officer, Lawrence Small." CBS (Attkisson) added the Smithsonian Institution is "supported by donors and $700 billion tax dollars a year. Now an independent audit and inspector general's report obtained by CBS News raise questions as to whether" Small "is being allowed extravagances that are inappropriate for a public-supported charity. Questioned expenses and policies include the method by which Small has been paid up to $179,000 a year on top of his salary to live in the house he owns. Small's wife accompanied him on a business trip to China, but auditors said she was not authorized to expense $5,000 for a side trip to Cambodia with Smithsonian donors. And they flagged Small's $14,000 charter flight to Texas, saying a first class commercial ticket would have cost just $2,000. At the time Small reportedly claimed he paid for the charter himself. But the inspector general said that's inaccurate. The trip was paid for with Smithsonian funds. While Small is living in a material world could make some corporate CEO's green with envy, the charity is said to be strapped by a tight budget."

OTHER NEWS:

Fed Changing Assumption On Relationship Of Inflation, Unemployment. The Wall Street Journal (2/26, A1, lp, 2.04M) reports that for "decades, a simple rule has governed how the Federal Reserve views the nation's economy: When unemployment falls too low, inflation goes up, and vice versa." But Fed officials "have rethought that notion. They believe it takes a far bigger change in unemployment to affect inflation today than it did 25 years ago. Now, when inflation fluctuates, they are far more likely to blame temporary factors, such as changes in oil prices or rents, than a change in the jobless rate." One explanation "for why inflation is influenced less by changes in unemployment is that the American public has come to expect inflation to remain stable. When inflation moves up or down, it is less likely to get stuck at the new level because companies and workers don't factor the change into their expectations -- or their behavior. Another explanation is that the Fed is better at adjusting interest rates in anticipation of swings in unemployment before those swings can affect inflation."

Gasoline Prices Up 13 Cents In Two Weeks. The Houston Chronicle/AP (2/26) reports gasoline prices "soared nearly 13 cents a gallon on average nationwide in the past two weeks as the price of crude oil rose." The national average "for self-serve regular was $2.35 per gallon, up 12.8 cents since Feb. 9, industry analyst Trilby Lundberg said Sunday." Oil prices "reached a new high for the year Friday. Light, sweet crude for April delivery added 19 cents to settle on the New York Mercantile Exchange at $61.14, its highest closing price since Dec. 22."

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NBC Nightly News (2/25, story 7, ;20, Seigenthaler, 9.87M) reported, "The latest Lundberg Survey finds gas prices have gone up nearly 13 cents a gallon in the past two weeks. And are expected to climb further as a result of disruptions over oil refineries. On average, self-service gasoline now costs 2.35 for regular."

Retired Federal Judge Sporkin Hangs Out Shingle. The Washington Post (2/26, D1, Johnson) reports, "For the first time in a legal career that spans nearly half a century, Stanley Sporkin is striking out on his own." The Post continues, "In the 1960s and '70s, Sporkin was one of the first enforcement watchdogs at the Securities and Exchange Commission. Next he became the top lawyer at the CIA. President Ronald Reagan several years later named him to a high-profile federal judgeship in the District." The Post adds, "Until his retirement in 2000, Sporkin cultivated a reputation for being an outspoken, results-oriented judge. From the bench he famously threw out an early antitrust settlement that the Justice Department struck with Microsoft and rejected on procedural grounds the Senate's bid to impeach U.S. District Judge Alcee L. Hastings (currently a member of the House of Representatives). … Now, at 75, Sporkin is trying something new." The Post notes, "He's hung out his own shingle as a lawyer and consultant, signing on as a part-time ombudsman for troubled petroleum giant BP and filling out his time by working as an arbitrator and mediator at Gavel Consulting Group. He says his favorite part of the job involves advising companies on how to keep in line with securities laws. … Sporkin continues to work out of the I Street NW office of Weil, Gotshal & Manges, the law firm where he was a partner before resigning last year because of client conflicts with his BP assignment."

Governors Seek More Funding For Children's Health Insurance. The Washington Post/AP (2/26, A5, Tanner) reports governors "from both parties appealed yesterday for the Bush administration and Congress to provide more money for a health-care program that insures millions of children." The issue concerns "coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the challenge of uninsured working families." The governors "want two things: enough money -- estimated at $745 million -- to keep the program float through October, and changes to President Bush's budget. Analysts say the president's spending plan would shortchange the program even if the number of people served does not grow."

USA Today Says Health Care Reform Gaining Traction. USA Today (2/26, 10A, 2.27M) says in an editorial that since President and Hillary Clinton's healthcare plan failed to pass Congress in the 1990s, "health-care reform has been considered too costly, in dollars and political capital, for most politicians to touch. But the beleaguered system's problems — one in seven people without insurance, rising premiums and lower reimbursements for those who have insurance, endless payment hassles — haven't gone away. Attempts at fixing them have been incremental and timid at best." That "could be about to change. Several groups that usually are at odds on health care now agree on the need for broad reform. These strange bedfellows are still a long way from agreeing on a plan, but the fact that they now see a common need signals a shift in the political dynamic." The "important point is that for the first time since the early 1990s, the stars appear to be aligning for a major effort to reshape health care in America. It's about time."

"Money Primary" Already Winnowing Presidential Field. Two national newspapers run features on the "money primary" in the 2008 presidential race. USA Today (2/26, 5A, Lawrence, 2.27M) says a "daunting mix of celebrity candidates, rich candidates and early nomination contests is prompting long-shot presidential hopefuls to give up months and even years" before the election, and since this time, "measured by polls, name recognition and money, each party has three front-runners," it will be hard for others to emerge. Political scientist Dante Scala said, "It's tough to be fourth or fifth. If Hillary falters, Obama's there. If Obama falters, Edwards is there. That's a lot to overcome." Both USA Today and the Christian Science Monitor (2/26, Feldmann, 59K) note Tom Vilsack's blunt statement that money was the only reason why he quit the race. The Monitor says "the money that donors are willing to shell out to candidates represents an important signal of a candidate's viability. Even if much of the public is not fully engaged in the intense nomination races under way in both parties, wealthy donors are. And they're voting with their checkbooks."

Early GOP Leader, But Not Early Democrat, Tends To Win Nomination. The AP (2/25, Lester) writes that while Sen. Hillary Clinton "is the clear favorite in early polls" for the Democratic nomination, that might not mean much. Republican Rudy Giuliani, "however, is sitting pretty. For at

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least three decades, Republicans have been far better than Democrats in early polls at getting behind the candidates who end up winning the party's presidential nomination."

Krugman Says "Early Signs Aren't Encouraging" That Campaign Will Be About Substance. In his New York Times (2/26, 1.16M) column, Paul Krugman writes, "Six years ago a man unsuited both by intellect and by temperament for high office somehow ended up running the country. How did that happen? First, he got the Republican nomination by locking up the big money early. Then, he got within chad-and-butterfly range of the White House because the public, enthusiastically encouraged by many in the news media, treated the presidential election like a high school popularity contest. The successful candidate received kid-gloves treatment -- and a free pass on the fuzzy math of his policy proposals -- because he seemed like a fun guy to hang out with, while the unsuccessful candidate was subjected to sniggering mockery over his clothing and his mannerisms. Today, with thousands of Americans and tens of thousands of Iraqis dead thanks to presidential folly, with Al Qaeda resurgent and Afghanistan on the brink, you'd think we would have learned a lesson. But the early signs aren't encouraging. … Enough already. Let's make this election about the issues."

Most Governors Holding Off On Endorsing Presidential Candidates. The New York Times (2/26, Pear, 1.16M) writes Sen. Hillary Clinton "is the front-runner and will probably win the Democratic presidential nomination." Rudy Giuliani "could do well in Mississippi. And the length of the presidential campaign is insane. Those were the views expressed Sunday by some of the foremost experts on American politics: governors gathered here for the winter meeting of the National Governors Association. A few governors have endorsed presidential candidates, but many said they were reserving judgment." Democratic governors "pleaded with their presidential candidates to ignore the fringes of the party and focus instead on the 'middle 20 percent' of the electorate with a pragmatic, problem-solving agenda." Gov. Phil Bredesen said, "Democrats certainly could not win in Tennessee with just a hard-nosed Nancy Pelosi-style Democratic agenda." But Gov. Haley Barbour "toasted the political prowess of Mrs. Clinton," saying, "She will be a formidable opponent if she is the Democratic nominee. And I think she probably will be." Barbour said "on the Republican side, 'we don't have a front-runner.' … As a result, he said, 'an unusually large number of governors are keeping their powder dry.'"

Perry, Rendell Say They Are Not Interested In Vice Presidency. The AP (2/25, Zuckerbrod) reports Govs. Rick Perry and Ed Rendell both said they are not interested in their parties' vice presidential nominations. Texas Republican Perry said, "I got the best job in the world. Ask President Bush," while Pennsylvania Democrat Rendell said, "I like to be my own boss."

Geffen Comments Introduce Bill Clinton's Indiscretions As Campaign Issue. Newsweek (3/5, Thomas, 3.12M) reports Sen. Hillary Clinton's presidential campaign "can ill afford another scandal swirling around her husband. … They doubtless anticipate an assault from Clinton's old foes, but they may have been caught unawares by the attack from one of Bill's old friends" – David Geffen. In an interview with New York Times columnist Maureen Dowd, Hollywood mogul…Geffen tore into the Clintons' integrity and Hillary's electability. … The reaction to Geffen's remarks from the Clinton campaign was immediate and outraged." According to Newsweek, "the Clintonites were serving notice -- not for the first time -- that anyone who brings up Bill and Hillary's past marital problems will be branded a character assassin. … Dowd tells NEWSWEEK that Geffen did not seem out to get the Clintons." Dowd "says she was the one who brought up questions about Bill Clinton's past as a campaign issue. Geffen acknowledged that some big donors and celebrity Clinton supporters were fretting, as Dowd put it, 'that Bill will 'pull the focus' and shelve his wife's campaign.'"

Nevada Caucus Shakes Up Democrats' Campaigns. U.S. News and World Report (3/5, Lo Scalzo, 2.03M) reports, "The state of Nevada displayed its newfound political muscle last week, with the appearance of eight Democratic presidential hopefuls (Sen. Barack Obama was the sole exception) at a forum in Carson City. With Nevada's caucus scheduled-for now, anyway-just after the Iowa caucus and just ahead of the New Hampshire primary, this quirky state seems poised to be a crucial Democratic battlefield for the '08 elections. …Citing the state's ethnic diversity (nearly a quarter of Nevada's residents are Hispanic), concentration of organized labor (about 14 percent of the workforce), and economic growth (consistently one of the nation's strongest performers), Democratic leaders believe the state offers an alternative to Iowa and New Hampshire's mostly white, rural populations." US News notes that "aside from Nevada's

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potential political value, it's an unusual locale to say the least, featuring legal gambling and prostitution, a booming big city and desolate hinterlands."

Clyburn Assumes Role As South Carolina Powerbroker. U.S. News and World Report (3/5, Brush, 2.03M) reports Rep. Jim Clyburn "is at the center of the Democrats' most pressing concerns on Capitol Hill. As the majority whip, the No. 3 Democratic position in the House of Representatives, he's in charge of keeping the party together on votes and reaching out to the Democrats' famously broad set of interest groups. And for presidential candidates, his endorsement could swing the South Carolina primary. For the next year or two, Jim Clyburn is going to be a very popular- and powerful-man."

Democrats Work To Attract Religious Voters. U.S. News and World Report (3/5, Gilgoff, 2.03M) reports, "One of…Clinton's first campaign hires was a top evangelical staffer on Capitol Hill. U.S. News has learned that an aide in…Obama's office tasked with religious outreach is joining his presidential campaign this week. And former North Carolina Sen. John Edwards is framing poverty relief as a moral issue that's helping to drive his campaign."

Gore Candidacy Rumors Fueled By His Personal Wealth. U.S. News and World Report (3/5, Bedard, 2.03M) "Washington Whispers" reports, "If you're wondering why, despite his denials, Al Gore remains the most talked about nonpresidential candidate, it's this: His friends think he's done so well in the private world that he could bankroll the start of his own 2008 bid. 'If Al Gore wants to run, he will come with all the means necessary,' says longtime ally Donna Brazile. 'Al Gore is someone who can pull it off at half time,' she said. But he's got competing interests for his wallet: Friends say he also wants to expand his global climate change campaign."

Clinton's Stance On 2002 Iraq Vote Defended. Newsweek (3/5, Alter, 3.12M) writes, "Hillary Clinton is right to resist efforts to make her cry uncle and apologize for her 2002 vote in favor of the Iraq-war resolution; that would look weak. Her mistake was in not anticipating this problem with the liberal base of her party last summer and cauterizing the wound in advance, before it festered. Instead, she offered lame rationalizations. She should have taken a leaf from John McCain and her husband, each skilled in the subtle politics of contrition. This skill will be essential to the success of the next president."

Democrats Worry Clinton-Obama Fight Will Hurt Party's Chances. Under the headline "Hillary-Obama Feud Imperils Party For '08," the Washington Times (2/26, Lambro, 88K) reports, "Democratic strategists say the bitter fight between Sens. Hillary Rodham Clinton and Barack Obama could undermine their party's bid to win back the White House if it continues." Democratic media adviser Bud Jackson said, "I think the Democrats in general, particularly party activists and leaders, do not want to see a knife fight between these two which results in blood all over the Democrats. We want a strong nominee coming out of this primary process, not one that is beaten and bloodied." Jackson's view "summed up what many Democrats were thinking last week." Pollster John Zogby said, "The opening kickoff has been made. Clinton's the kicker and Obama's the receiver, who kicked back. What's clear is that it's going to be nasty from here on, which doesn't help the Democrats. At this stage, anything that threatens party unity or alienates Democrats or annoys swing voters can hurt."

Edwards Calls Frontrunners' Spat "A Bunch Of Silliness." The AP (2/25, Zuckerbrod) reports Sen. John Edwards said on CBS' Face The Nation that the spat between Clinton and Obama over comments by Hollywood mogul David Geffer is "a bunch of silliness." Edwards "said the topic was not on the minds of voters during a stop Saturday in New Hampshire. 'I met probably over a thousand New Hampshire primary voters in the course of having a bunch of house parties. And you'd be shocked to hear the only people who asked me about this were reporters.'"

Clinton Leads Obama By 11 Points In California Primary Poll. A Datamar poll of 865 likely California Democratic primary voters conducted February 9-13 (+/- 3.3%), finds Clinton at 34.3%, Obama 23.6%, Edwards 16.2%, Gov. Bill Richardson 7.2%, Rep. Dennis Kucinich 4.2%, Sen. Joseph Biden 3.9%, Sen. Christopher Dodd 0.8%, Mike Gravel 0.3%, and Tom Vilsack 0.2%, with 9.2% undecided.

South Carolina Momentum Said To Be With Clinton, Obama. South Carolina political reporter Lee Bandy writes at The Politico (2/26) that Clinton and Obama "drew huge crowds on recent campaign swings through South Carolina. Together, they made a statement: The Democratic Party is back." A "sizable number of South Carolinians have been showing up at the rallies of Democratic candidates, catching party establishment types off guard. But it is foolhardy for candidates and their followers

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to suggest victory is in the air." Many in attendance "at the candidate rallies are curiosity seekers," who are "a long ways off from picking a horse to ride." But right now, "the momentum is with Obama and Clinton."

Geffen's "Precision Ruthlessness" Seen As Danger To Process. In a New York Times (2/26, 1.16M) media column headlined "Someone Give Geffen a Day Job," David Carr writes, "There is a danger that if the coming election" becomes Geffen's "full-time hobby, his precision ruthlessness will distort the public process. After all, this is not a movie sale, a busted deal or a Don Henley album; this is about the duly elected leader of the United States. … But if kings are to be made or undone, you can bet that Mr. Geffen is standing at the ready."

Herbert Calls Clintons "Connivers." In his New York Times (2/26, 1.16M) column, Bob Herbert writes, "If Bill and Hillary Clinton were the stars of a reality TV show, it would be a weekly series called 'The Connivers.' The Clintons, the most powerful of power couples, are always scheming at something, and they're good at it. Their latest project is to contrive ways to knock Barack Obama off his white horse and muddy him up a little. A lot, actually. Most of the analyses after last week's dust-up…have focused on whether the Clintons succeeded in tarnishing the junior senator from Illinois. What I found interesting was that no one questioned whether the Clintons would be willing to get down in the muck and start flinging it around. That was a given."

Clinton Woos Black Voters In New York. Newsday (2/26, Epstein) reports, "It wasn't officially a campaign event, and she didn't mention the presidency," but Sen. Hillary Clinton spent Sunday "working to position herself as the candidate for African-Americans." Clinton "presided over an African-American heritage celebration hosted by District Council 37, New York City's largest public employee union." At the event, "Clinton spoke mostly about local issues not likely to earn her attention in early presidential battleground states like Iowa and New Hampshire."

Rice Says Support For Obama Shows US Has Made Strides On Race. The AP (2/25) reports Secretary of State Condoleezza Rice "finds Democratic presidential candidate Barack Obama appealing and says it won't be much longer before race isn't a barrier to becoming president." On Fox News Sunday, Rice said, "I do think we've come a long way in overcoming stereotypes, role stereotypes about African-Americans. I will say race is still a factor. … But it's less and less of a barrier to believing that that person can be your doctor or your lawyer or a professor in your university or the CEO of a company. And it will not be long, I think, before it's no longer a barrier to being president of the United States."

Rothenberg Says Race Unlikely To Doom Obama's Chances. In his Roll Call (2/26) column, Stuart Rothenberg writes, "Many of us who write about politics -- and as a group we are overwhelmingly white -- have concluded" that Mitt Romney's Mormon religion "is a greater impediment to his presidential hopes" than is Sen. Hillary Clinton's gender or Obama's race. "But some in the black community remain deeply skeptical about Obama's electability. Their view is simple: Whether those being surveyed about their willingness to vote for an African-American are deceiving themselves or intentionally misleading pollsters, a lot of white voters won't vote for a black nominee." Rothenberg says he remains "convinced that Obama's race is not an insurmountable problem for him," because the "question…is whether Obama can carry enough white voters in enough Democratic or politically competitive states to win 270 electoral votes," and in many of those states, prominent blacks have been elected.

Obama Hardens Antiwar Stance In Presidential Bid. The New York Times (2/26, Zeleny, 1.16M) reports Obama "is running for president as one of the few candidates who opposed the Iraq war from the beginning, a simple position unburdened by expressions of regret or decisions over whether to apologize for initially supporting the invasion." But while Obama "is framing his candidacy to appeal to Democrats who have long opposed the war, until recently he was not among his party's most outspoken voices against it. He campaigned strongly against the war in his bid for the Senate in 2004, but when he arrived in Washington he waited 11 months to deliver a major speech on Iraq. And only after Mr. Obama opened a presidential exploratory committee did he introduce legislation to withdraw American combat brigades from Iraq by March 31, 2008." The four Democratic presidential hopefuls who were in the Senate at the time of the 2002 vote all "voted to authorize the invasion." But Obama "was not always so critical" of their votes. In interviews "before the Democratic National Convention in 2004, where his national political ascent began, he said he did not place blame on Democrats who had voted to authorize the war."

Obama Speaks To 3,000 At Rally In Kentucky. The AP (2/25) reports Obama "spoke Sunday night to a crowd of at

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least 3,000 supporters who waited nearly two hours for him to arrive for his first campaign stop in Kentucky. Obama apologized for the delay, saying snow in Chicago kept him from arriving sooner. … 'There was no way I was not going to make 3,000 people coming out,' he said to audience members who paid $25 a ticket for the event."

Obama Effort To Quit Smoking Cited. In a Los Angeles Times (2/26, 850K) op-ed, Harvard professor of medical history uses Obama's effort to quit smoking to examine the cigarette industry's supposed efforts to help smokers give up the habit, saying that "if Obama quits, no doubt Philip Morris will be the first to congratulate him. After all, won't that prove that anyone can stop anytime he wants to? If only that were true."

Conservative Leaders Look Beyond Three 2008 Frontrunners. U.S. News and World Report (3/5, Gilgoff, 2.03M) reports, "Whether McCain and the other leaders of the GOP presidential pack -- Giuliani and Romney -- can make enough converts among the Republican Party's base of religious conservatives may determine whether any of them can win the presidential nomination. Because of their political records and personal lives, all three have raised abundant doubts within the Christian right. … McCain and Romney-and, to a lesser extent, Giuliani-have launched Christian conservative outreach plans. But some powerful Christian right activists are skeptical. And others are determined to stop the front-runners in their tracks." According to US news, "Some heavyweights within the Council for National Policy and other conservative coalitions are weighing an effort to galvanize behind a socially conservative second-tier candidate, such as" former Arkansas Gov. Mike Huckabee or Sen. Sam Brownback.

New Book Explores Bush-Cheney Campaign's Evangelical Outreach Effort. U.S. News and World Report (3/5, 2.03M) reports that in his new book "The Jesus Machine: How James Dobson, Focus on the Family, and Evangelical America Are Winning the Culture War," U.S. News Senior Editor Dan Gilgoff "details how George W. Bush's evangelical outreach machine, and John Kerry's failure to connect with evangelicals and other religious voters, may have determined the outcome."

Vilsack Exit Raises Iowa Pressure On Edwards. The Des Moines Register (2/26, Beaumont, 160K) writes that "if any candidate inherits something from Tom Vilsack's departure from the Democratic presidential campaign, it's John Edwards. What he gets: Pressure." Vilsack's decision to exit the race "shifts much of the burden of expectations in the caucuses to Edwards, the front-runner in early Iowa polls." While Edwards' "popularity among Iowa party activists has endured since his strong second-place finish in the 2004 caucuses" and his run for vice president, he is "not entirely the same Edwards that Iowans remember from his 2004 campaign. He has moved noticeably to the left since then" on issues like Iraq and health care. Edwards "rejected the idea that Vilsack's withdrawal puts particular pressure on him to win in Iowa." He said, "It raises expectations for everyone. … Other candidates might have used it as an excuse for not doing well. That excuse is now gone."

Gore Documentary Wins Academy Award. The AP (2/26, Gentile) reports, "'An Inconvenient Truth,' the documentary that turned former vice president Al Gore's power-point presentation on global warming into an engaging and entertaining film, won the Oscar Sunday night. The best-documentary win was a triumph for Gore."

Gore Seen As Potential Alternative Candidate For Democrats. In the New Yorker (3/5), David Remnick says, "Despite the burden of injury and injustice," Gore, "more than any other major Democratic Party figure, including the many candidates assembled for next year's Presidential nomination, has demonstrated in opposition precisely the quality of judgment that Bush has lacked in office." In the "view of former aides still close to him, Gore can't lose by staying on the electoral sidelines. While Hillary Clinton and Barack Obama start competing -- warily at first, and then, inevitably, taking direct aim at one another's weaknesses -- Gore can stand unbruised, nursing the lingering glamour of his popular margin in 2000."

Warner To Endorse McCain For President, Despite Iraq Differences. Roll Call (2/26, Whittington) reports Sen. John McCain, who has been among the staunchest supporters of President Bush's effort to increase troop levels in Iraq, is set to receive the endorsement of one of the most prominent critics of the 'surge' plan." Sen. John Warner "will announce his support of McCain's 2008 presidential bid today, lending the name of one of the chamber's most respected old bulls to the Republican frontrunner's developing Capitol Hill support." Warner "cited

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his long personal history with McCain -- as well as the importance of national security issues in the 2008 campaign -- as the chief factors that led to his endorsement." Warner said, "To me, voters are going to seek out that candidate, be it Republican or Democrat, that's got the proven credentials on issues that concern security abroad and here at home."

Romney Health Care Plan Said To Be In Trouble In Massachusetts. In a Wall Street Journal (2/26, A19, 2.04M) op-ed, Sally Pipes, president and CEO of the Pacific Research Institute says that when "then-Gov. Mitt Romney, a Republican, introduced a universal health-insurance plan in the Bay State early last year, it was widely acclaimed. But less than a year after passage, RomneyCare is in the intensive care unit, soon to be wheeled into hospice." Reality "fully hit in late January of this year, when private insurers submitted bids to the bureaucracy that would administer the new program. The average premium for the unsubsidized plans was not $200 per month -- as Mr. Romney promised from the stump -- but rather $380. That's more than 15% of the target audiences' income -- and for a plan with a $2,000 deductible and a total cost sharing of $5,000. People were stunned, outraged. Naturally, 'greedy' private insurers were blamed. Politicians called for price controls." Pipes adds, "There's a slim chance that the new Democratic governor Deval Patrick and the Democratic legislature will implement this plan and enforce the mandate. But if they do, an individual with a $30,000 income would be on the hook for 32% of his or her income before being fully covered by insurance. Yet there is an equally small chance that the politicians will deregulate the state's insurance market."

Paul Campaigns In New Hampshire. The New Hampshire Union Leader (2/26, Kepple) reports Rep. Ron Paul "brought his anti-war and limited government message to a gathering of largely like-minded activists" in Concord, New Hampshire, Sunday, "and condemned the Republican establishment for forsaking principles it claims to uphold. Paul, who ran as the Libertarian Party's presidential candidate in 1988, is now exploring a run for the Republican Party's presidential nomination. Should he decide to enter the race, he would prove a long shot at best, and run at a considerable disadvantage in terms of fundraising."

Hagel "Flirting With Running For President." USA Today (2/26, 8A, Kiely, 2.27M) reports Sen. Chuck Hagel "seems to be paying no great political price for his apostasy" in his home state of Nebraska. While there "have been some angry letters to the editor of the Omaha World-Herald, no Republican has emerged to challenge Hagel next year, when he will be up for election to a third term." Hagel "has not only emerged as a leading critic of the administration's foreign policy, he's also flirting with running for president next year -- possibly on a hybrid ticket that would include a Democrat."

New Blog Tracks Candidates' Web Presence. Newsweek (3/5, Briscoe, 3.12M) reports Sen. Barack Obama "can take comfort in at least one tally: MySpace, apparently, is Obama country. About 48,000 members of the wildly popular social-networking site have added Obama to their online profiles as a 'friend,' while only 25,000 have 'friended' Clinton. It may seem a trivial statistic. But to the political junkies who run techPresident.com, a new 'group blog' that obsessively follows how the presidential campaign is playing on the Internet, no Web trend is too small to track. Micah Sifry, the site's cofounder and editor, says he's trying to make sense of 'how candidates are using the Web and how the Web is using them.' … TechPresident's stable of bloggers includes Zephyr Teachout, the Internet director of Dean's 2004 campaign, and Mike Turk, the e-campaign director for Bush-Cheney 2004."

Candidates Urged To Articulate Concrete Policies. U.S. News and World Report (3/5, Barone, 2.03M) writes, "so far, candidates have told us very little about where they think the world is headed and what we should do about it. And they've shown us little to indicate that they've thought seriously about governance and long-term problems like Social Security and Medicare. Let's hope they do better as they make their way through Iowa's 99 counties and New Hampshire's 234 cities and towns."

Cole's Strategy For 2008 To Balance Local Issues, National Picture. Roll Call (2/26, Duran, Drucker) reports National Republican Congressional Committee Chairman Tom Cole (Okla.) "believes a strategy combining the 'all races are local' mantra of his predecessor with the nationalized campaign Democrats employed is the way to undo the drubbing the GOP took at the polls this past year." Cole said that for this cycle, "the NRCC will spread the wealth among consultants and pollsters, giving political professionals inside and outside the Beltway a crack at consulting contracts." Cole "did not disavow the localized

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approach to House races preferred by former NRCC Chairman Tom Reynolds (N.Y.), but said his 2008 plan will include key elements of a nationalized campaign." Cole said, "The 'you have a national campaign or a local campaign' is a false dichotomy. There's no question that good campaigns address both things. I tell our members: 'Know your locality, but also you are going to have to address the big national issues.'"

Perdue Sets Date For GA10 Special Election. Roll Call (2/26, Whittington) reports Georgia Gov. Sonny Perdue (R) "has asked that June 19 be the date for a special election to fill the 10th district seat of Rep. Charlie Norwood (R), who died Feb. 13." State Sens. Ralph Hudgens (R) and Jim Whitehead (R) "have emerged as the early frontrunners in the race for the Augusta-based seat, which leans heavily toward Republicans." Both men "will have to relinquish their state legislative seats once they qualify to run in the special election under Georgia law."

Gilchrest May Face Conservative Primary Challenger In MD1. Roll Call (2/26, Kurtz) reports conservative Maryland state Sen. Andrew Harris "is taking steps to challenge Rep. Wayne Gilchrest in the 2008 Republican primary, though he said Friday that he has not completely decided whether to make the race." Harris said he "has thought about challenging the Congressman for several months and was leaning against it until two weeks ago, when Gilchrest joined 16 other House Republicans in voting for a resolution that criticized President Bush's proposal to send 21,500 additional troops to Iraq." Harris said, "That has changed the calculus a little bit." Roll Call adds Gilchrest "easily turned back conservative challengers in 2002 and 2004, but Harris, the sole physician in the state Senate, could be more formidable because he is no stranger to tough races."

Farrakhan Delivers "Final" Major Speech. The CBS Evening News (2/25, story 5, :20, Mitchell, 7.66M) reported, "Ailing Nation of Islam leader Louis Farrakhan today gave a speech that was billed as his final major speech. He called for unity between Christians and Muslims in Detroit where the nation of Islam was founded back in 1930. The 73-year-old Farrakhan has had prostate cancer and recently had abdominal surgery."

The AP (2/25, Karoub) reports Farrakhan "was greeted by cheers, tears and chants from tens of thousands as he returned to the public eye just long enough to say he would be leaving it soon." Farrakhan, who "ceded leadership duties last year because of illness, spoke for nearly two hours Sunday."

NYTimes Calls On States To Require HPV Vaccine. The New York Times (2/26, 1.16M), in an editorial, writes, "Debate over a new vaccine to prevent cervical cancer and genital warts has reached a high pitch. State legislatures are debating whether to mandate the vaccine or insist that its use be kept voluntary. The manufacturer stopped a vigorous lobbying campaign lest it provoke more opposition than support. And some health professionals who had been championing the vaccine flinched at making it mandatory, at least for now. Even so, state legislatures should require that all young girls be given this vaccine, which protects against a virus that causes some 10,000 new cases of cervical cancer in the United States each year — and 3,700 cancer deaths."

Bush To Warn Musharraf To Crackdown On Terror Groups. On its front page, the New York Times (2/26, A1, Sanger, Mazzetti, 1.16M) reports President Bush "has decided to send an unusually tough message" to Pakistani President Pervez Musharraf, "warning him that the newly Democratic Congress could cut aid to his country unless his forces become far more aggressive in hunting down operatives with Al Qaeda, senior administration officials say." The decision came "after the White House concluded that General Musharraf is failing to live up to commitments." On senior administration official said Musharraf has "made a number of assurances over the past few months, but the bottom line is that what they are doing now is not working. The message we're sending to him now is that the only thing that matters is results." For now, officials say, the White House "has ruled out unilateral strikes against the training camps that American spy satellites are monitoring in North Waziristan," fearing "that such strikes would result in what one administration official referred to as a 'shock to the stability' of General Musharraf's government."

The AP (2/25, Hunt) reports the move comes "amid growing concern in Congress and the Administration that terrorist forces are regrouping in the border area and preparing for a spring offensive in Afghanistan." In an interview Sunday with ABC's "This Week," Secretary of State Condoleezza Rice said, "I don't doubt that al-Qaeda has tried

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to regenerate some of its leadership. … But we have to be vigilant, and that's why we are working with the Pakistanis, we are working with the Afghans." Asked about Musharraf's efforts, Rice said, "I'm certainly aware that there are political issues in Pakistan. To not say that would be not to face reality."

Rice Condemns Iran's Vow To Continue Nuclear Program. NBC Nightly News (2/25, story 5, 0:30, Seigenthaler, 9.87M) reported, "To Iran now where it's ever defiant leader is going forward with his nuclear enrichment program. President Mahmoud Ahmadinejad compared the program to a train without a reverse gear or brakes. In response, Secretary of State Condoleezza Rice recommitted her offer to personally meet with Iranian officials, but only if they stop nuclear enrichment and reprocessing. This week the United Nations Security Council will meet to consider new sanctions against Iran."

The Washington Post/AP (2/26, A11, Karimi) reports Ahmadinejad announcement prompted Secretary Rice to respond that Iran needs "a stop button." In an appearance on "Fox News Sunday," the Secretary said, "They don't need a reverse gear. They need a stop button" so "we can sit down and talk about whatever is on Iran's mind." Rice said it "should be a clear signal" that "I've said that I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities." USA Today (2/26, 8A, 2.27M) and the Los Angeles Times/AP also note briefly the Secretary's comments on talks with Iran.

In a separate interview with ABC's "This Week," AFP (2/26, Milliken) reports Rice said sanctions imposed on Tehran were beginning to fuel dissatisfaction among Iranians with Ahmadinejad. "If you just read the press you see the criticism of President Ahmadinejad by people inside Iran, knowledgeable and authoritative people in Iran, that (his) policies are isolating Iran," she told ABC. Meanwhile, the New Yorker (3/5, Hirsh) says "US covert actions against Iran had increased under a major recent shift in US Middle East strategy, with the unintended result of exacerbating regional Sunni-Shiite sectarian tensions and bolstering Sunni radicals hostile to the United States." Reporter Seymour Hersh wrote in the magazine that the strategy, guided by Vice President Dick Cheney and reliant on Saudi Arabia's national security advisor Prince Bandar bin Sultan, "had complicated the war in Iraq, where the rise to power of Shiites over the previously dominant Sunnis has empowered Iran."

The Financial Times (2/26, Dombey) says the "extent to which Iran has mastered such technology remains one of the most important questions in the controversy over the nuclear program, together with other factors such as Tehran's true intentions and the difficulty of forging a common front on the issue among big powers."

As US Pressure On Tehran Mounts, Religious Divide In Gulf Widens. The Wall Street Journal (2/26, A1, Higgins, 2.04M) reports in a front page article that "at a time of rising tension between Washington and Tehran," America's "geopolitical standoff with Iran is paralleled by much older animosities between the Muslim world's two great traditions, Sunni and Shiite." In a "dangerous dynamic, legitimate concerns about Tehran's intentions are being overlain with phobias and political calculation as Arab governments, rabble-rousing politicians and clerics fan sectarian fears." Some experts on the region warn that America's "standoff with Iran is exacerbating Sunni-Shiite rivalry and pushing the US into some unruly company. Indeed, America now unintentionally finds itself on the same page as Sunni firebrands who loathe America but sometimes hate Shiites even more."

Iran Launches First Rocket Into Space. The New York Times (2/26, A12, Fathi, 1.16M) reports Iran announced Sunday that it had launched "a research rocket that attained a suborbital altitude, a test that appeared to move it closer toward its aim of putting its own satellites into space." A test rocket "capable of reaching greater altitudes would have had significant meaning not only for Iran's effort to put satellites into orbit, but also for developing a transcontinental ballistic missile, making it a topic of keen interest to other countries."

Harman Claims Bush Needs Congressional Approval For Strike Against Iran. Rep. Jane Harman, on CNN's Late Edition (2/25, Blitzer), said, "I think if we are ever to initiate military action in Iran, Congress needs to approve it. I support legislation that would make that crystal clear. … And I think we have a real shot here of changing the policy in Iran in a way that would be very constructive and much more effective than this notion of initiating military action where we don't have a day after scenario that makes any sense whatsoever."

Rep. Duncan Hunter, also on CNN's Late Edition (2/25, Blitzer), said that "with respect to Iran, our number one role here, our number one goal is, we must stand firm. We must protect Israel. And right now, this is a military challenge that we have. One, to protect against the developing missile

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capability of Iran. Number two, to watch very closely this emergence of an incipient nuclear capability. And this could well…at some point, require American military forces in Iran. We should never take that card off the table."

Cheney Arrives In Oman For Talks. The AP (2/25, Krane) reports Vice President Cheney arrived in Oman Sunday for talks the nation's foreign minister on "regional security issues, including the US standoff with Iran," an Omani government official said. The AP notes that Oman allows the US to use its air bases "for refueling, logistics and storage of pre-positioned military supplies," however "little has been revealed publicly about US military ties with the reclusive country." While Oman's cooperation with the US military "appears to have dwindled over the past few years," renewed US access to its bases would give "a huge boost to any American action on Iran."

Hezbollah Strengthening Positions Along Peacekeeping Zone. The Christian Science Monitor (2/26, Blanford, 59K) reports Hezbollah militants have relocated along the northern border of the zone UN peacekeeping forces and Lebanese troops have been policing since last summer "to build a new line of defense." Hezbollah's "strengthening presence…coincides with a series of land purchases here by a Shiite businessman with ties to the militant group and, critics say, with funds from Tehran." While analysts say the military buildup "does not necessarily signal any intention by the Iranian-supported militants to launch a fresh round of fighting," they say it is "a troubling sign that Hezbollah is rearming just out of sight of the United Nations."

Israeli Troops Launch Operation In West Bank City. The New York Times (2/26, A6, Erlanger, 1.16M) reports the Israeli Army put the West Bank city of Nablus "under curfew on Sunday in one of the biggest military operations there in two years." Israeli forces "discovered an explosives laboratory in Nablus, the second one found in two days," containing "a hand-held Lau guided missile and launcher that apparently had belonged to the Israeli Army." However, it was not immediately clear whether the missile had been stolen or purchased.

USA Today (2/26, 8A, 2.27M) reports an Israeli military official said the operation "was crucial to stop militant attacks against Israel."

Plight Of Gaza Settlers Signals Troubles With West Bank Evacuation. The Los Angeles Times (2/26, Bekker, 850K) reports on Israeli settlers evacuated from the Gaza Strip in 2005 who today are "straining to meet daily expenses." Many of the evacuees "are older than 50 and unskilled for available jobs." The evacuees' predicament is seen as "a measure of the decline in political power of Israel's settler movement" and as "an indication of the difficulties Israel may encounter in any evacuation of the much larger number of settlements in the West Bank, considered an inevitable part of any final peace accord with the Palestinians."

Israeli Supreme Court To Rule On Status Of Border Crossing. The Christian Science Monitor (2/26, Mitnick, 59K) reports the Karni crossing at the Israel-Gaza border has become "the focus of a dispute in Israel's Supreme Court between human rights groups and the government" over Israel's "invisible hand" in Gaza by regulating commercial goods coming or leaving the territory. The dispute "underscores the tradeoff between Israeli security needs and the Palestinian need for the passage of people and commercial goods."

Rice, Lavrov Seek To Down Play Tensions. The AP (2/25, Butler) reports Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov "Sunday tried to play down concerns about a Cold War revival set off by Russian President Vladimir Putin's claim that Washington is fostering a global arms race." But they "could not put aside disagreements about a proposed US missile defense system in Europe." Lavrov wrote in Sunday's Washington Post that Putin's recent remarks "have been widely misinterpreted," while Rice "also denied the rhetoric could push the countries back to Cold War-era relations." In an interview with "Fox News Sunday," Rice said it is "a ludicrous claim" by Russia to "suggest that somehow 10 interceptors deployed in Poland are going to threaten the thousands of warheads in the Russian deterrent."

Missile Shield Gaining Support Among European Nations. The Christian Science Monitor (2/25, White, 59K) reports the US missile-defense program is "gaining acceptance among governments" in Europe "despite Russia's mounting opposition." For example, the Czech Republic, Poland, and Britain "have all expressed serious interest in hosting parts of the shield," while "other countries

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traditionally cool to the idea have been notably quiet." The trigger, the Monitor says, is "concern about a nuclear Iran."

Prodi Set To Resume Control Of Italian Government. The Wall Street Journal (2/26, A6, Kahn, 2.04M) reports, "After resigning as Italy's prime minister last week, Romano Prodi is preparing to resurrect his government with his old cabinet intact and push ahead with his political program." But in recent days, Prodi "has lured a few new allies to his side in order to bolster his narrow majority in Parliament." However, he still must address Parliament this week before facing confidence votes in the upper and lower houses. AFP (2/26) also reports the developments.

UN Court To Issue Ruling In Bosnian Genocide Case. The Washington Times/AP (2/26, Max) reports the U.N.'s International Court of Justice is expected to rule today in what is seen as "one of the most momentous cases in its 60 years" -- Bosnia's "demand to make Serbia accountable for the slaughter, terrorizing, rape and displacement of Bosnian Muslims in the early 1990s." If it rules for Bosnia, the Court "could open the way for compensation amounting to billions of dollars from Serbia."

NYTimes Urges US, Europe To Back Kosovo Plan. The New York Times (2/26, 1.16M) editorializes, "Earlier this month, a United Nations envoy, Martti Ahtisaari, presented a sensible plan for the future of Kosovo. ... Mr. Ahtisaari's proposal would effectively grant Kosovo independence, but with strict limits, extensive international supervision, and protection for the ethnic Serbs and other minorities who live there. ... The United States and Europe should press the Security Council to quickly endorse the Ahtisaari plan."

Treasury Delegation In Macau To Discuss North Korean Funds. The AP (2/25, Lee) reports a US Treasury Department delegation was in Macau Monday "briefing local officials about the investigation of North Korean bank accounts in the Chinese territory," an American official said. On Monday, Dale Kreisher, spokesman at the US Consulate General in Hong Kong, told the AP that the US Treasury delegation was in Macau briefing local officials about North Korean funds frozen by Banco Delta Asia. "Discussions (with North Korea) along with the US investigation have brought Treasury to the point where they think they can begin taking steps to resolve the BDA matter," said Kreisher, but declined to say if Washington was ready to lift the sanctions on the bank.

Zoellick Says Nuclear Deal Moves Korean Peninsula Towards Reconciliation. In an op-ed for the Wall Street Journal (2/26, A18, 2.04M) Robert Zoellick, former U.S. trade representative and deputy secretary of state, writes, "North Korea needs to fulfill its September 2005 commitment to abandon all nuclear weapons and programs. North Korea's steps are likely to be halting as it weighs the risks of opening with those of isolation. Yet even if Pyongyang chooses belligerence, U.S. cooperation with the other four parties will position it better to quarantine the dangers. The five can best deter North Korea. They will be best able to prevent the selling of nuclear materials. President Bush does not view this move as another accord limited to nonproliferation objectives. It opens the way for peace and reconciliation on the peninsula and a means to shape the future security arrangements in East Asia."

Thai Government Fails To Stem Muslim Insurgency. The New York Times (2/26, Mydans, 1.16M) reports, "Some are already calling it war, a brutal Muslim separatist insurgency in southern Thailand that has taken as many as 2,000 lives in three years with almost daily bombings, drive-by shootings, arson and beheadings. It is a conflict the government admits it is losing. A harsh crackdown and martial law in recent years seem only to have fueled the insurgency by generating fear and anger and undermining moderate Muslim voices. A new policy of conciliation in the past four months has been met by increased violence, including a barrage of 28 coordinated bombings in the south that killed or wounded about 60 people on Feb. 18."

UN Security Council Mulls Sending Force To Chad. USA Today/AP (2/26) reports, "Tribal leaders are desperate for the deployment of a U.N. peacekeeping force along Chad's border with Sudan to protect refugees and stop increasing spillover from the violence in Darfur. The U.N. Security Council is considering a mission, with up to 10,000 troops, largely because Sudan's government has resisted efforts to send U.N. peacekeepers to Darfur itself. But Chad's president is worried about inflaming tensions with Sudan, while U.N. Secretary-General Ban Ki-moon has warned the Security Council that peacekeepers would face 'serious risks' of rebel attacks."

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ICC Prepares Darfur-Related Indictments. The New York Times (2/26, Simons, 1.16M) reports that on the International Criminal Court's "plans to file its first criminal charges linked to the conflict between the Sudanese government and the rebel fighters. The prosecution will disclose the names of several senior figures it believes to be among those most responsible for Darfur's devastating bloodshed and human disaster. Other names are expected to follow. … Thomas Lubanga, a Congolese citizen and once a powerful militia leader, has been charged with conscripting and abusing children, some as young as 10, during the fighting in the country's Ituri region. He is the only suspect in the court's custody, and his trial, expected later this year, will be the first since the tribunal opened for business in 2002."

Economic Boom Said To Have Exacerbated Sudanese Refugees' Misery. The Washington Post (2/26, A10, McCrummen, 690K) reports, "These days, Khartoum has palm trees wrapped in lights, new Toyota dealerships and an outdoor cafe where patrons can sip lattes under a delicately refreshing mist spray. This week marks the opening of Khartoum's first five-star hotel, Al Salam Rotana -- a swank, $300-a-night palace of marble and haute cuisine for the jet set. At the city's edges, however, is the detritus of power struggles dating back decades -- a dozen or so squalid, off-the-map camps, most without running water or electricity, and filled with more than 2 million people. Most of the residents are non-Arab Africans who fled the conflict in the south. More recently, people have come here to escape the conflict in Darfur, now in its fourth year. For people in the camps, the economic boom has had the perverse effect of further undermining their already precarious existence. With land at a premium, the local government of Khartoum state periodically sends police and bulldozers into the camps to plow under swaths of mud houses, pushing people even farther out into the desert, and then sells the cleared land to developers."

Senegal President Leading In Bid For Second Term. The AP (2/25, Callimachi) reports, "The president of one of Africa's most stable democracies sought another five-year term Sunday, jostling with 14 contenders in a race that may hinge on the votes of young people hungry for jobs. Early results reported by state-run Senegalese Press Agency indicated President Abdoulaye Wade was in the lead but did not say by how much. It was not known how many votes had been counted, but they included polling stations in key cities including the capital Dakar and Thies, the agency said. The first official results are not expected until later Monday."

Election Upsets Relatively Stable Senegal. The New York Times (2/26, Polgreen, 1.16M) reports, "In the more than four decades since it won its independence from France, Senegal has never had a coup and suffers from almost none of the ethnic strife that has dragged many West African countries into civil war. It is one of Africa's oldest and most open democracies, with genteel politics that have been the envy of many of its neighbors. But this election has been different. The campaign was marred by accusations that the government was trying to stifle opposition. One opposition rally was barred from taking place, though others were allowed."

Kenyan Education Program Draws Mixed Reactions. On its front page, the Los Angeles Times (2/26, Sanders, 850K) reports on a "growing public education crisis" in Kenya "spurred by a national decision in 2003 to make primary education free to all." Since the school fees were eliminated, "more than 1 million additional youngsters have entered public schools" and the move "has won international praise for President Mwai Kibaki." So far, however, officials "have failed to back their ambitious policy with adequate resources. Enrollment is up 24% since the fees were dropped, but the number of school facilities has barely expanded and the number of teachers has fallen 6%, according to the Education Ministry."

Bush's Fast-Track Trade Authority Expires June 30. Roll Call (2/26, Ackley) reports, "President Bush's fast-track trade negotiating authority expires June 30, but a new business coalition pushing for its renewal has crafted a long-term plan, indicating that pro-trade lobbyists expect a much longer slog than they would like to admit. The Trade for America Coalition, according to sources familiar with the effort, has planned for a new set of co-chairmen to take over six months into the campaign, which would take it beyond the deadline for fast-track renewal. A lobbyist whose clients are involved in the coalition said that even though Members and Bush administration officials continue to negotiate to renew it before the authority lapses, this likely will be no quick lobbying battle. … Opponents of trade promotion authority — emboldened by the Democratic-controlled Congress — have geared up their own effort, working closely with the office of

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Rep. Mike Michaud (D-Maine). Michaud's staff is meeting regularly with representatives from the AFL-CIO and other labor unions, Sierra Club, Friends of the Earth, Public Citizen and the U.S. Business and Industry Council."

CAFTA Considered A Success On Its First Anniversary. The Wall Street Journal (2/26, A18, 2.04M) Mary Anastasia O'Grady writes, "As the Central American Free Trade Agreement marks its one-year anniversary Friday, it's a good time to remind Capitol Hill protectionists how wrong they were when they tried to kill the deal in 2005. Every country that entered into Cafta is enjoying new benefits, including the U.S. The U.S. and El Salvador were the first two countries to begin trading under Cafta last March. In the months that followed, Guatemala, Nicaragua and Honduras made it official. The Dominican Republic and Costa Rica have yet to join. Both have signed onto the negotiated agreement, but without implementing legislation before Feb. 29, 2008, they could end up shut out of the free-trade area. Costa Rica hasn't even ratified the deal yet. The early results from Cafta's first year are promising. Central Americans are importing more than ever from the U.S. and the region is also attracting new capital. Both developments are helping participants grow more competitive and improving the quality of life for consumers."

US Urged To Develop Economic Relations With China. Lawrence H. Summers, a contributing editor to Opinion, writes in a Los Angeles Times (2/26, 850K) op-ed that economic advancements happening in China reflect events in the Japanese economy in the late 1980s and early 1990s. Although there are "obvious differences," Summers says the similarities "are striking enough to invite an effort to draw some lessons from the Japanese experience." Given China's "scale, rapid growth and the greater level of imbalances in today's global economy," he says Chinese economic policy and its international economic relations "are even more important. By learning from a rather unfortunate history, policymakers on both sides of the Pacific can avoid repeating its mistakes."

Columnist Says Allies, Not Enemies, Hate US Most. Los Angeles Times (2/26, 850K) columnist Niall Ferguson explores why Americans are so hated. The "best explanation," he says, "is the simplest. Being hated is what happens to dominant empires." Therefore, Ferguson says one might assume those who hate us the most are "people in countries that the United States has recently attacked or threatened to attack." However, a recent Gallup Center for Muslim Studies' poll suggests that it's "not the United States' enemies that hate it most," bur rather "people in countries that are supposed to be friendly, if not allies." There is, he says, "after all, a reason why they say it's lonely at the top."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Suicide Blast Kills Dozens At University In Baghdad."
"High Cost Of Free Education In Kenya."
"Immigrants Who Wire Money Get Help From The Fed."
"Methadone Emerges As New Killer."
"'The Departed' Shows Silence Can Be Golden."

USA Today:

"Sex-Offender Residency Laws Get Second Look."
"House's Travel Rules Limited."

New York Times:

"Bush To Warn Pakistan To Act On Terror."
"As Candidate, Obama Carves Antiwar Stance."
"U.S. Says Raid In Iraq Supports Claim On Iran."
"Nation Of Islam At A Crossroad As Leader Exits."
"Training For India's Job Boom And Finding Career Path To Sky."
"Scorsese And 'The Departed' Win Oscars."

Washington Post:

"U.S. Patrols In Baghdad Seek Elusive Targets."
"Kaine To Tour On Transport Plan."
"Sharpton, Thurmond Linked."
"Job Training Offers A Hand Up."
"Multitasking Effects Questioned."
"Scorsese Wins First Oscar."

Washington Times:

"Rice Decries Democrats' War Tactics."
"India's Imbalance Of Sexes."
"Mexican Wives Seek Ouster Of Husbands From U.S."
"Winter Storm Dumps Snow But Few Woes."
"Israel's Economy Leaps Upward Despite Unrest."
"Job Seekers Can Cash In As Baby Boomers Age."
"Chaplain Shortage Severe For Army."

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Detroit Free Press:
"Farrakhan Speaks To Thousands In Detroit."
"Diversity Rules."
"Merger Traffic Pains Michiganders."

Atlanta Journal-Constitution:
"Democrats Walk Razor's Edge In Fight With Bush On Iraq."
"New Cameras Can Do More Than Keep An Eye On Things."
"Shut Out But Not Silenced."
"Nuclear Route Possible For Ga."

Houston Chronicle:
"Two Houston Children Shocked By Transformer."
"TXU Directors OK Sale To Private-Equity Firms."
"Texas' King Ranch Fights Planned Turbine Power."
"Bush: Pakistan Aid Hinges On Al-Qaida Sweep."
"Houston Red-Light Camera Scofflaw Readies Suit."
"Houston Marathoner Girds For An Antarctic Test."

Story Lineup From Last Night's Network News:
ABC: SCOTUS-High Speed Chases; Winter Weather; Iraq-Sadr; Iraqi Student Gets Scholarship; Gays In The Military; Sharpton-Thurmond.
CBS: Winter Weather; Texas Tornadoes; Smithsonian Director; Iraq-Talibani; Farrakhan; Darfur Genocide; Bees-Explosives Detectors.
NBC: Winter Weather; Arkansas Tornados; Iraq Suicide Debate; Iraq Congressional Debate; Iran-Uranium Enrichment; Courtroom Cameras; Gasoline Prices; Telephone Tax; Declaration Of Independence Sale; Sharpton-Thurmond; Da Vinci Mystery.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Oscar Winners; Winter Weather-Flight Cancellations; Bush-Warning For Pakistan; Sharpton, Thurmond-Slavery Connection; UT-Olympic Wrestler Survives Plane Crash; Tokyo Stock Exchange.
CBS: Oscar Winners; Baghdad-Public Works Ministry Explosion; Iraqi President-Medical Tests; Cheney-Pakistan; Pakistan-Kite Festival Deaths; Horn Of Africa-Somali Pirates; Gas Prices; Farrakhan -Farewell Speech In Detroit; Sharpton, Thurmond-Slavery Connection; Israeli Curfew In West Bank; UT-Olympic Wrestler Survives Plane Crash.
NPR: Congressional Democrats-Iraq; Iraq-Suicide Bombing; Sadr Withdraws Support For Security Crackdown In Baghdad; UNICEF-Children Heavily Impacted By Cyclone In Mozambique; Winter Weather-Flight Cancellations; New Zealand-Crippled Japanese Whaling Ship Being Moved; NASA-New Horizons Probe.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the National Governors Association, State Dining Room; presentation of Medal of Honor, East Room; participates in Presentation of the Annual Report to the Nation by the Boy Scouts of America, Oval Office, The White House; speaks at the 2007 Republican Governors Association gala, National Building Museum.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 2 p.m. Sen. Corker will read Washington's Farewell Address, followed by morning business.

US House: No Scheduled Events.

Other: GOVERNORS _ The National Governors Association holds its Winter Meeting. Highlights: 7:30 a.m. Democratic Governors Association meeting. 7:30 a.m. Republican Governors Association meeting. Polaris Room, Reagan Trade Center. 9:30 a.m. Meeting with President Bush. White House. 12 p.m. Luncheon, with speaker former astronaut Mae Jemison. 12:15 p.m. Media briefing following the morning White House meeting with President Bush. Salon D. 2 p.m. News conference on entrepreneurship. 2:30 p.m. Session on economic development and globalization, with USTR Susan Schwab and William Reinsch of the National Foreign Trade Council. 2:30 p.m. Session on Children's health care, with HSS Secretary Leavitt, and Rep. Frank Pallone. 2:30 p.m. Session on clean energy investments, with Energy Secretary Bodman, others. 4:15 p.m. Coalition of Northeastern Governors meeting. Location: JW Marriott, 1331 Pennsylvania Ave, NW, unless otherwise noted.

JEWISH COMMUNITY POLICY _ Jewish leaders from the United States and Canada meet to debate, analyze and vote the Jewish community's domestic and international policy at the 2007 Jewish Council for Public Affairs plenum. Highlights: 1:30 p.m. Plenary session on Jewish relations with Mainline Protestant churches. 3 p.m. Domestic plenary with Supreme Court Justice Stephen Breyer. 4:30 p.m. Iraq plenary with presentations by Amb. David Satterfield and Sen. Chuck Hagel. 8 p.m. Presentation of Chrnin Award to Senator

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Frank Lautenberg. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AFGE _ The American Federation of Government Employees, the nation's largest union of federal and DC government workers, holds its annual legislative conference. Highlights: 9 a.m. Reps. Ron Yarmuth and John Sarbanes. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

CLEAN ENERGY-JOBS _ The Apollo Alliance holds a summit to discuss the movement for clean energy and good jobs. Highlights: 7:30 a.m. Gov. Deval Patrick, D-Mass., Gov. Bill Ritter, D-Colo. deliver major speeches on energy independence. 8:30 a.m. Apollo Alliance president Jerome Ringo discusses a 4-point strategy to make energy independence a key element in the presidential elections. 7:45 p.m. Keynote address - Pennsylvania Gov. Ed Rendell. Location: Hotel Washington, 515 15th St. NW, unless otherwise noted.

ANTI-HUNGER CONFERENCE _ The Food Research and Action Center and America's Second harvest hold the 2007 National Anti-Hunger Policy Conference. Highlights: 8:15 a.m. Session with Agriculture Secretary Johanns; Nancy Montanez Johner, Under Secretary, Department of Agriculture; and Texas State Sen. Leticia Van de Putte. Washington Court Hotel, 525 New Jersey Ave. NW.

CREDIT UNIONS _ The Credit Union National Association holds its Governmental Affairs Conference. Highlights: 10:45 a.m. SBA Administrator Steven Preston. 11:30 a.m. Actor Martin Sheen. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AMERICAN INDIANS _ The National Congress of American Indians holds its 110th Congress Executive Council "Tribal Nations Legislative Summit." Highlights: 1:35 p.m. Agriculture Secretary Johanns. 2:40 p.m. Sen. Byron Dorgan. 3:20 p.m. New Mexico Gov. Bill Richardson. 4:30 p.m. Arizona Gov. Janet Napolitano. Location: Wyndham Hotel, 1400 M St. NW.

ELECTRIC DEREGULATION _ 8:30 a.m. - 5 p.m. Consumer, labor, public power and industry advocates hold a Take Back the Power conference to discuss electricity deregulation's failures. Highlights: 10:30 a.m. Connecticut Attorney General Richard Blumenthal. Location: National Press Club.

IRAN-RELIGIOUS LEADERS _ 9 a.m. US religious leaders just returned from a visit to Iran hold a news conference about their trip. Location: National Press Club.

ENTREPRENEURSHIP _ 10:30 a.m. - 12:30 p.m. Council on Competitiveness President Deborah L. Wince-Smith will highlight findings from a new Council report on U.S. entrepreneurship, "Where America Stands: Entrepreneurship," during a public policy summit that's part of EntrepreneurshipWeek USA. Wince-Smith will join U.S. Labor Secretary Elaine Chao and Ewing Marion Kauffman Foundation President Carl Schramm for the discussion. Location: George Washington University, Jack Morton Auditorium, 805 21st St. NW.

HEALTH CARE _ 11 a.m. The Center for American Progress holds a discussion on health care for racial and ethnic minorities, with delegate Donna Christian-Christensen, LaToya Chavis of Charlotte REACH 2010, Brian Smedley of the Opportunity Agenda, others. Location: 10th floor, 1333 H St. NW.

GIULIANI _ 12 p.m. Republican presidential hopeful Rudy Giuliani speaks to the Hoover Institution Overseers and guests. Location: Ballroom, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

MEDICAL-WMD _ 12 p.m. The Advanced Medical Countermeasures Consortium holds a briefing to discuss its work to develop solutions to WMD problems. Location: National Press Club.

CHILDREN'S HEALTH _ 12:15 p.m. The Alliance for Health Reform and the Robert Wood Johnson Foundation sponsor a briefing on enrolling and keeping children in the State Children's Health Insurance Program, with Cindy Mann of Georgetown University, Virginia SCHIP Director Linda Nablo; Judith Wooldridge of Mathematica Policy Research, others. Location: Columbus Club, Union Station.

SCHWARZENEGGER _ 12:30 p.m. California Governor Arnold Schwarzenegger addresses a National Press Club luncheon. Location: National Press Club.

HANSEN-GLOBAL WARMING _ 1 p.m. The National Press Club hosts a newsmaker with Dr. James Hansen, director, NASA Goddard Institute for Space Studies." Hansen will discuss "Global Warming: Connecting the Dots from Causes to Solutions." Location: National Press Club.

HEALTH-CREDIT CARDS _ 2:30 p.m. - 4 p.m. Reps. Pete Stark, D-Calif., and Barney Frank, D-Mass., others, hold a briefing for members of Congress and their staff on the report, "Borrowing to Stay Healthy," linking medical costs to credit card debt. Location: Room H-137, Capitol.

JOHANNS _ 3 p.m. Agriculture Secretary Johanns speaks to the National Association of Resource Conservation

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and Development Council Leadership Forum. Location: Holiday Inn, 415 New Jersey Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Al-Arian Hunger Strike Continues. The Washington Post (2/26, B3, Markon) reports, "A former Florida professor has not eaten for more than a month to protest prosecutors' efforts to make him cooperate with their investigation into whether a network of Herndon-based Muslim charities financed terrorist organizations." The Post continues, "Sami al-Arian, 49, who has twice refused to testify before a federal grand jury in Alexandria, has lost more than 30 pounds and collapsed in jail from the effects of his water-only diet. His hunger strike has drawn the support of Muslim organizations, which held a news conference last week at Justice Department headquarters in Washington and called for a worldwide fast in support of al-Arian." The Post adds, "Tracy Billingsley, a spokeswoman for the federal Bureau of Prisons, said prison officials will force-feed al-Arian through a tube if he appears close to death. 'We would not let an inmate die,' she said. " The Post notes, "A federal jury in Tampa deadlocked in 2005 on nine charges that al-Arian aided terrorists and acquitted him of eight other counts. He then pleaded guilty to one count of supporting a Palestinian terrorist organization. Sentenced to 57 months, including time already served, he was expected to be released from prison and deported this year. … But prosecutors want al-Arian to testify in their probe into whether the network of Muslim charities, businesses and think tanks was financing terrorist organizations, according to court documents. He has twice refused and been held in contempt by a federal judge. As much as 18 months could be added to his prison term unless he agrees to testify. … On Jan. 21, al-Arian stopped eating, supporters said. He has had only water since then, and several days not that. Federal marshals recently moved him from Northern Neck Regional Jail in Warsaw, Va., to a federal medical prison in Butner, N.C., federal officials and supporters said. … Al-Arian is trying to rally public support so prosecutors will stop trying to make him testify, said Agha Saeed, chairman of the American Muslim Taskforce for Civil Rights and Elections, a coalition of Muslim groups. The former University of South Florida professor has accused prosecutors of violating his plea agreement with the Justice Department, which he contends does not require his cooperation. … David N. Kelley, a former U.S. attorney who prosecuted terrorism cases in New York, said it is a common tactic for prosecutors to seek additional testimony from someone already convicted. 'In many instances, you are remiss if you don't pursue that,' he said."

UK Report Warns Of Growing Threat From Al Qaeda. The Washington Times/London Sunday Telegraph (2/26, Rayment) reports, "Al Qaeda has established a foothold in most countries across North Africa and the Middle East and poses a far graver threat to Britain than previously thought, according to a report being circulated among British security departments. Titled 'Extremist Threat Assessment,' the document, which was drawn up this month, also predicts that Afghanistan will supersede Iraq as the main location for terrorists planning violent acts against the West. The secret intelligence document says that the number of locally based Islamist terrorists involved in plotting suicide attacks against 'soft' targets in Britain could number more than 2,000."

WSJournal Says Europe Undermining War On Terror. The Wall Street Journal (2/26, 2.04M) editorializes, "The capture of an alleged Islamist terrorist recruiter in Milan four years ago in an operation carried out by U.S. and Italian intelligence could have been a model for transatlantic cooperation in counterterrorism. Instead, it is becoming Exhibit A in how European politicians are working against the U.S., undermining the fight against Islamic terrorism and endangering the NATO alliance. ... If the CIA agents did anything wrong, that's up to American authorities to decide. ... Since the 9/11 attacks in the U.S., many European leaders have been playing a double game, working with the U.S. to root out terrorist plots on the sly -- and saving countless lives -- while publicly condemning 'American methods' in rhetoric that has fed rising anti-Americanism."

HOMELAND RESPONSE:

NYPD Concerned Over Potential Attack By Iranian Agents. Newsweek (3/5, Hosenball, 3.12M) reports, "Increasing tensions between Washington and Tehran have revived New York Police Department concerns that Iranian agents may already have targeted the city for terror attacks. Such attacks could be aimed at bridges and tunnels, Jewish organizations and Wall Street, NYPD briefers told security execs last fall, according to a person with access to the briefing materials who asked for anonymity because of the sensitive subject matter." Newsweek notes, "NYPD officials have worried about possible Iranian-sponsored attacks since a series of incidents involving officials of the Iranian Mission to the United Nations. In November 2003, Ahmad Safari and Alireaza Safi, described as Iranian Mission 'security' personnel, were detained by transit cops when they were seen videotaping subway tracks from Queens to Manhattan at 1:10 in the morning. The men later left New York."

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Most Passengers Consent To Scan By "X-Ray Machine." The Christian Science Monitor (2/26, Bowers, 59K) reports, "Most passengers asked to submit to a full-body X-ray at Security Checkpoint B didn't bat an eyelash. Nine in 10 gamely stepped up to a scanner about the size of a vending machine, placed their feet on the red footprints painted on the carpet, and raised their arms – all in the name of airport security. The aim of the new technology unveiled Friday at Phoenix Sky Harbor International Airport: to allow officials to detect weapons – such as plastic explosives strapped to the body – that metal detectors and other security measures might miss. … A traveler would have to have set off alarms on the routine metal detector, or be randomly selected for further screening. Even then, travelers have two options: the new X-ray machine, or a pat-down, which has caused passenger complaints about invasiveness."

Bees Used To Detect Explosives. The CBS Evening News (2/25, story 7, 2:40, Mitchell, 7.66M) reported, "In the wild bee's acute sense of smell helps them find flower nectar. In the lab that sense of smell can be retrained to recognize anything from explosives to rotten food. … Animals, especially dogs are already used to sniff out drugs or weapons. But they're not 100 percent reliable. They get bored. And they're only as good as their handler. Bees, say scientists, are foolproof. … As for detecting explosives, it's even attracted the attention of the US Weapons Testing Lab in Los Alamos."

Expanded DHS Fingerprinting System Spurs Privacy Concerns. The New York Times (2/26, Liptak, 1.16M) writes, "Foreigners arriving at the American border must present both index fingers for fingerprinting, but that will soon change. The Department of Homeland Security now wants 10 fingers. The two-print system was largely a biometric backup, an added level of security to supplement and verify a passport or a visa. The 10-print system adds a powerful investigative tool. 'When we have a fingerprint of a terrorist who has left behind a bomb or an I.E.D. in Iraq or has left his fingerprint in a safe house somewhere, we don't always have the two index fingers,' Paul Rosenzweig, a Department of Homeland Security official, said at a briefing in December." However, the Times adds that "people concerned about privacy and civil liberties say they fear the creation of gigantic biometric databases ripe for data-mining abuse. They note that Mr. Rosenzweig was a supporter of the Total Information Awareness program at the Defense Department, which had planned, as the Pentagon put it, to create 'ultralarge all-source information repositories.'"

Scope Of DHS Personnel System Overhaul Reduced. The Washington Post (2/26, Barr, 690K) "Federal Diary" column reports, "MaxHR is out. Human Capital Operational Plan is in. The name change at the Homeland Security Department reflects a new set of priorities aimed at improving how thousands of Border Patrol, customs and immigration officers are hired and how career leaders are chosen and trained. But the name change -- from trendy branding to prosaic government jargon -- also can be taken as a symbol of how one of the Bush administration's signature efforts to shake up the federal workforce lost momentum because of overly ambitious goals, adverse court rulings and budget cuts. The shift to the new plan means that a key goal of the Bush White House -- to use about 110,000 Homeland Security employees as a model for a rigorous pay system with raises linked to job performance ratings -- will not be completed before the presidential election in 2008, leaving it to a new White House team to forge on or abandon that effort."

WAR NEWS:

Democrats To Take On War Authorization Without GOP Help. Coverage of Democratic efforts to rewrite the 2002 resolution authorizing the use of force in Iraq focused on the unlikelihood of their winning any GOP support, even from Republicans skeptical of the war.

NBC Nightly News (2/25, story 4, 2:10, Seigenthaler, 9.87M) reported, "The political war of words over Iraq is escalating in Washington, D.C. This week, Senate Democrats could take the debate to a new level." NBC (Yang) adds that Sens. Sen. Carl Levin and Joseph Biden "will propose a resolution that would revoke President Bush's sweeping military authority in Iraq, say US forces could only be used to guard the borders, train Iraqi forces and go after al Qaeda, and set a March 2008 goal for withdrawing combat troops." Biden: "It explicitly says what it is not. It is not to send troops into the middle of Baghdad, 6.2 million people, to get involved in the midst of a civil war." Yang: "Senate Democrats know they'd probably don't have enough votes to overcome the objections of Senate Republicans to this issue. But what they're hoping for" is to "pick up enough Republican votes to ratchet up the pressure on President Bush."

The Washington Times (2/26, Pfeiffer, 88K) reports that Secretary of State Condoleezza Rice, appearing on both Fox News Sunday (2/25, Wallace) and ABC's This Week (2/25, Stephanopoulos), called the Democrats' intentions "the worst of micromanagement." The Los Angeles Times (2/26, Hennessey-Fiske, 850K) also quotes Rice's remark, observing that she "said the restrictions were impractical given the nature of war and counterterrorism in Iraq."

In the Washington Post (2/26, A15, 690K), Robert Novak writes, "Republican senators who have turned against the U.S. military intervention in Iraq are not interested in

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bailing out Democrats by approving their proposal to repeal the authorization overwhelmingly passed by Congress in 2002." If Sen. Chuck Hagel refuses to back the Levin-Biden effort, Democrats "might fall short of the 50 votes necessary for final passage, much less the 60 necessary to close off debate." President Bush "may be an unpopular president fighting an unpopular war, but Democrats are finding it hard to make war policy from Capitol Hill."

Roll Call (2/26, Pierce) reports that even as Democrats "ready a bill to rewrite President Bush's authorization for the Iraq War, Senate Judiciary ranking member Arlen Specter" is "raising constitutional questions about just what Congress can do to restrict the commander in chief's ability to wage war." In a letter to Judiciary Chairman Patrick Leahy, Specter "called for more hearings on Congress' options regarding Iraq and specifically questioned the Democrats' nascent plan to rewrite the 2002 Authorization for Use of Military Force Against Iraq." He also "also outlined a number of ways in which Congress previously has restricted or cut off funds for war efforts," notably against President Nixon in the early 1970s.

Levin Says Democrats Will Not Cut Off Funding. On NBC's Meet the Press (2/25), Levin said, "Our differences are with the Commander in Chief and his policies, and we're going to fund the troops as long as they're there."

Lieberman Urges Continued Commitment To War. In an op-ed for the Wall Street Journal (2/26, A19, 2.04M), Sen. Joseph Lieberman writes that the US now has "a new strategy, a new commander, and more troops on the ground." Antiwar lawmakers "have already made up their minds about America's cause in Iraq, declaring their intention to put an end to the mission before we have had the time to see whether our new plan will work. ... halting the current security operation at midpoint, as virtually all of the congressional proposals seek to do, would have devastating consequences."

Brownback Supports "Three-State" Proposal. Sen. Sam Brownback, on CNN's Late Edition (2/25, Blitzer), said, "I think we have to get to a political solution and that we cannot impose a military solution. … The worst thing to happen would be for us to precipitously pull out. … I really think we need to push in Iraq for a three-state, one-country solution: a Kurdish region, a Sunni region and a Shia region, with Baghdad as the federal city."

UK Troops Withdrawal Insulates Democrats From "Cut And Run" Criticism. Newsweek (3/5, McGuire, Wolffe, Dehghanpisheh, 3.12M) reports, "Several officials on both sides of the Atlantic (who all declined to be named when discussing the internal debate on security issues) say there was real consternation among Bush's aides about the prospect of a British withdrawal at a time when the president was planning to make the case for a surge of troops. … After several rounds of talks, the Americans were eventually satisfied that Britain's phased withdrawal would truly be 'conditions-based'; that the reduction in force was geared to the security situation on the ground and not a politically inspired cut-and-run." Democrats "treated the news as a flak jacket against GOP accusations that they support a policy of retreat. 'No matter how the White House tries to spin it, the British government has decided to split with President Bush,' said Sen. Ted Kennedy. … One Downing Street source told NEWSWEEK that it's 'potentially the case' that all British troops could be out of Iraq by the end of 2008."

Cost Of Iraq War May Reach $2 Trillion. Newsweek (3/5, Samuelson, 3.12M) writes, "No one knows what the wars' ultimate costs might be. But suppose that they reach $2 trillion by 2017 (the figure is cumulative, not in any one year). That's a big number, perhaps too big. It's also a wild guess. Still, CBO estimates all federal spending over the same period (2002-2017) will total $48 trillion; war spending would be about 4 percent. In the same period, the income of the U.S. economy (gross domestic product) would total an estimated $248 trillion; war spending would be less than 1 percent of that. The point, as I said in 2002, is that we're so wealthy we 'can wage war almost with pocket change.' With hindsight, it now seems almost incontestable that the Iraq war should never have been fought. … But I am certain—now as then—that budget consequences should occupy a minor spot in our war debates."

Closing Of State-Owned Factories Blamed For Instability. Newsweek (3/5, Zakaria, 3.12M) writes, "One of the less-remarked-upon blunders of the Coalition Provisional Authority was that -- consumed by free-market ideology -- it shut down all of Iraq's state-owned enterprises. This crippled the bulk of Iraq's non-oil economy, threw hundreds of thousands of workers into the streets and further alienated the Sunnis, who were the managerial class of the country. The economic effects of this decision have been seismic. For example, Iraq's agricultural productivity has plummeted because fertilizer plants were summarily closed. Unemployment in non-Kurdish Iraq remains close to 50 percent, which helps explain why so many young men are joining gangs, militias and insurgent groups. … Paul Brinkley, a talented deputy under secretary of Defense, is trying to get the bulk of these state-owned factories up and running."

Iran's Influence In Iraq Said To Be Often Overestimated. U.S. News and World Report (3/5, Ajami, 2.03M) writes, "'A cemetery of dreams.' Iran is a radical player in the world of states, to be sure, but we should not overstate its power. We should not fall for the Persian bluff. It is important that we do all we can to thwart Iran's nuclear ambitions and to checkmate it in arenas that count, but we should always remember that this is a society swimming

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against the tide of history and confronting the limits of its capabilities. There is an Iranian role in Iraq, but it should not be exaggerated. It is not true that the Iraqi political class marches to the Iranian drummer. It is well known that Iraqi Prime Minister Nouri al-Maliki spent his years of exile in Syria and kept his distance from the Iranians. … The Iranians dwell virtually alone in the House of Islam, separated by language and culture, marked by their Shiism."

Bush Said To Need To Overcome "Iraq Syndrome" In Making Case Against Iran. U.S. News and World Report (3/5, Duffy, 2.03M) writes, "It took the Pentagon's highest-ranking soldier, Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, to flatly refute the unsupported 'highest levels' statement. Then President Bush finally got around to doing the same thing. 'We don't know ... whether the head leaders of Iran ordered' it, he conceded. For all the predictable-and, evidently, unfounded-criticism about the Bush administration's trying to make a case for attacking Iran, much as it made its flawed case for attacking Iraq, there is more at stake here than politics as usual, and perhaps President Bush's forthright rejection of the 'highest leaders' charge was a tentative first step toward acknowledging it. … As a result of the many misapprehensions and misstatements made before the invasion of Iraq and in its mismanaged aftermath, we are now beset by something that can only be called the Iraq syndrome. Its symptoms may be seen not just in the cynicism of so many Americans, as reflected in the opinion polls, but also in the reflexive rejection of American pronouncements by friends and allies even, as was the case with the unfortunate Baghdad briefing, when they are tenanted upon hard, credible evidence.'

Wounded Vets' Poor Care Seen As Undermining War On Terror. Newsweek (3/5, Ephron, Childress, 3.12M), in its cover story titled, "How U.S. Is Failing Its War Veterans, reports, "How well do we care for our wounded and impaired when they come home? For a country amid what President Bush calls a 'long war,' the question has profound moral implications. We send young Americans to the world's most unruly places to execute our national policies. About 50,000 service members so far have been banged up or burned, suffered disease, lost limbs or sacrificed something less tangible inside them. … The question of after-action care also has strategic consequences. Iraq marks the first drawn-out campaign we've fought with an all-volunteer military. In practice, that means far fewer Americans are taking part in this war (12 percent of the total population participated in World War II, 2 percent in Vietnam and less than half of 1 percent in Iraq and Afghanistan). Already, the war has made it harder for the military to recruit new soldiers and more expensive to retain the ones it has. If we fall down in the attention we provide them, who's to say volunteers will continue coming forward?"

Treatment Of Wounded Iraqi Troops Described. Newsweek (3/5, Dehghanpisheh, 3.12M) reports, "During a speech last year, the then secretary of Defense Donald Rumsfeld noted that Iraqi security forces take casualties at 'roughly twice the rate of all Coalition forces.' That's approximately 40,000 wounded and more than 6,000 dead, grim numbers by any measure. (Both the Iraqi Ministry of Defense and the U.S. military refuse to divulge data on Iraqi wounded for 'security reasons.') … Most of the Iraqi soldiers are first transferred to a hospital in central Baghdad that, by local standards, has decent equipment and well-trained doctors. Some Sunni troops are terrified of being absorbed into the public-healthcare system, which is run by officials with ties to the Shiite cleric Moqtada al-Sadr. All the Baghdad hospitals that receive Iraqi wounded have heavy security to guard against insurgents."

Female Suicide Bomber Kills More Than 40 At Baghdad College. Coverage of a suicide bombing at a Baghdad university noted the ability of suicide bombers to inflict massive death tolls despite the ongoing crackdown, as well as the first repudiation of the crackdown by cleric Moqtada al-Sadr.

The CBS Evening News (2/25, story 4, :30, Mitchell, 7.66M) reported, "A suicide car bombing at a Baghdad college killed 41 people while a car bomb that exploded near the Iranian Embassy killed at least two civilians and wounded four others." ABC World News (2/25, story 3, 2:20, Harris, 8.78M) reported, "At least 40 died when a female suicide bomber set off an enormous bomb at a college."

NBC Nightly News (2/25, story 3, 2:10, Seigenthaler, 9.87M) reported, "This time the target was a college where the student body is mostly Shiite." NBC (Arraf) adds, "Insurgents look for any target that will stop normal life in its tracks and show Iraqis not even soldiers can protect them."

The New York Times (2/26, Cave, Habeeb, 1.16M) reports in the most detailed print coverage of the bombing that one student "blamed Syria, Saudi Arabia and other countries for sowing destruction in his country. ... Other colleges throughout Iraq have been made targets in the past year, reflecting what is widely viewed as an attempt by Sunni extremist groups like Al Qaeda to drive out Iraq's middle class, the secular and the educated."

The Washington Post (2/26, A12, Londono, 690K) reports, "At least 39 students and nine guards were killed ... The attack was one of the deadliest in the capital since stepped-up security measures in the capital officially took effect on Feb. 14. U.S. and Iraqi officials have taken measures to limit vehicle access to markets, government buildings and other sites frequently targeted by insurgents

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using car bombs. But the officials have expressed concern about the difficulty of intercepting suicide bombers with explosives strapped to their bodies."

The Los Angeles Times (2/26, Susman, 850K) reports, "The attack was the second in recent weeks to target the mainly Shiite Muslim Mustansiriya University. ... [nonetheless], the Iraqi government insisted that the U.S.-Iraqi security plan launched nearly two weeks ago was succeeding. ... Students say Sadr's Al Mahdi militia virtually controls the university, enforcing conservative dress codes for women and canceling classes to honor Shiite martyrs. The militia's presence has made Mustansiriya a sectarian battleground."

USA Today/AP (2/26, Murphy) reports, "A female suicide bomber triggered a ball bearing-packed charge Sunday, killing at least 41 people at a mostly Shiite college ... The attack came as the powerful Shiite militia leader Muqtada al-Sadr said an ongoing security crackdown in Baghdad was doomed to fail because of U.S. involvement and suggested he was rethinking his cooperation."

Sadr Urges Iraqi Security Forces Not To Work With US. The CBS Evening News (2/25, story 4, :30, Mitchell, 7.66M) reported Sadr "complained today that if bombs continue in Baghdad, he predicted that the US-led security crackdown is doomed to fail."

ABC World News (2/25, story 3, 2:20, Harris, 8.78M) reported, "There's recent signs that Sadr wants to cooperate with the operation bringing Baghdad under control. But there's questions about whether or not that cooperation is real, and how long it might last." ABC (Marquez) adds, The US, so far, is not moving into Sadr City in great force. Analysts worry Sadr could be using the time to ferry Mahdi army leaders out of Iraq or using the US to eliminate his rivals."

The New York Times (2/26, Cave, Habeeb, 1.16M) reports, "Iraq's most powerful Shiite militant cleric publicly repudiated the new Baghdad security plan for the first time on Sunday, according to a statement distributed by his aides that said the push to quell violence was doomed to fail as long as it was directed by the American military." Without his blessing, "the prospects for continued sectarian violence and a direct conflict with American troops could increase. ... It was unclear why he would turn against the joint American-Iraqi plan, but many of his followers have been losing patience with the failure of the security push to eliminate violence against Shiites." The Al-Sadr statement "is likely to put more pressure on Prime Minister Maliki, who recently called the security plan a 'dazzling success.'"

The Washington Times/AP (2/26, Salaheddin) reports, "Many Shi'ites think bombings have continued because the Shi'ite-led government bowed to American pressure and persuaded the radical cleric Sheik Muqtada al-Sadr to take his Mahdi's Army fighters off the streets." Al-Sadr's statement "is likely to add pressure on U.S. and Iraqi forces to show results in the nearly two-week-old crackdown."

USA Today (2/26, 8A, 2.27M) reports, "According to a statement attributed to Muqtada al-Sadr, the radical Iraqi Shiite cleric has withdrawn support for a security crackdown in Baghdad. ... His militia has avoided confrontation with U.S. forces this time. There was no indication in the statement that this position would change."

The AP (2/25, Murphy) reports, "A return to the streets by the Mahdi Army forces could effectively block the security effort and raise the chances of Baghdad falling into sectarian street battles — the apparent aim of Sunni extremists seeking any way to destroy the U.S.-backed government. ... Shiite anger at the United States is running high since American soldiers on Friday detained the son of the most powerful Shiite political leader for nearly 12 hours."

Maliki Blames Sunni Mosque Attack On Al Qaeda. AFP (2/26) reports, "Iraq's Prime Minister Nuri al-Maliki on Sunday blamed Al-Qaeda for a deadly bomb attack on a Sunni mosque, saying the blast proved that 'terrorists' will attack anyone, regardless of their sect. ... Suicide bomb attacks on civilian targets have become a hallmark of Sunni extremist assaults on Iraq's Shiite majority, and it is relatively unusual for such a strike to target Sunni worshippers. Maliki was at pains to stress that the attack should not be seen as sectarian in nature."

New Iraqi Troops Fly To Baghdad. The AP (2/25, Gamel) reports, "About 130 fresh Iraqi troops from the country's Kurdish north flew into Baghdad on Sunday to join the fight for the nation's capital — with the promise of a $200 bonus, nearly a month's pay. The mostly Kurdish soldiers — the first to arrive from the northern city of Irbil — were greeted by Iraqi commanders as they filed off the gray C-130 troop transport. ... The drafting of troops from the north — most former Kurdish guerrillas who fought for decades against Saddam Hussein's regime — to participate in the security crackdown in the capital has raised concerns as many speak no Arabic and are unfamiliar with the territory and urban warfare." Besides the bonus, the troops "would only be deployed for three months, then allowed to go home," according to Iraq's ground forces commander. Bonuses "underscore the eagerness of the Iraqi government to show it can rally sufficient forces."

Omar Reportedly Planning Renewed Taliban Offensive. Newsweek (3/5, Yousafzai, Moreau, 3.12M) reports, "Mullah Omar has emerged from the shadows, his field officers say, and with his inspiration they're planning a military push against U.S.-led forces like never before. NEWSWEEK has viewed a new recruiting video in which the Taliban's most notoriously cruel commander, the one-legged Mullah Dadullah Akhund, addresses an audience of some

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400 men who are described as trained suicide bombers, ready to die on his order. 'Our suicide bombers are countless,' he says in a videotaped response to questions from NEWSWEEK. 'Hundreds have already registered their names, and hundreds more are on the waiting list.' Those claims, while impossible to verify, can't be discounted, either. In an interview that aired on Al-Jazeera last week, Dadullah claimed to have more than 6,000 armed guerrillas in underground hideouts and other staging areas, awaiting the moment to strike."

Talabani Reportedly Hospitalized For Exhaustion. NBC Nightly News (2/25, story 3, 2:10, Seigenthaler, 9.87M) reported, "There are new concerns over the health of Iraq's President Jalal Talabani. He was rushed to an Iraqi hospital and later flown to Jordan for medical treatment. His son denied that Talabani had a stroke or heart attack and said his father was suffering from exhaustion and walked off the plane on his own." ABC World News (2/25, story 3, 2:20, Harris, 8.78M) reported, "Officials say he's exhausted. He's been working very hard. They deny reports of a heart attack or a stroke." The CBS Evening News (2/25, story 4, :30, Mitchell, 7.66M) briefly mentioned the hospitalization.

The AP (2/25) reports, "An official at Talabani's Patriotic Union of Kurdistan party said the president has a long history of fainting when he is exhausted - a condition dating back to his years as a Kurdish guerrilla leader fighting Saddam Hussein's regime decades ago." An anonymous Jordanian doctor noted that Talabani was "not being flown in by a helicopter or transported in an ambulance," a possible sign that "his medical condition is not worrisome."

The Washington Post (2/26, A12, Londono, 690K) reports his illness in two sentences at the end of an article about a college suicide bombing. USA Today (2/26, 8A, 2.27M) also reports his illness.

Targets Of Baghdad Patrols Prove Elusive. The Washington Post (2/26, Partlow, 690K) reports on its front page, "American military commanders in Iraq describe the security plan they began implementing in mid-February as a rising tide: a gradual influx of thousands of U.S. and Iraqi troops whose extended presence in the city's violent neighborhoods will drown the militants' ability to stage bombings and sectarian killings. ... But U.S. troops, Iraqi soldiers and officials, and Baghdad residents say the plan is hampered because security forces cannot identify, let alone apprehend, the elusive perpetrators of the violence. Shiite militiamen in the capital say they are keeping a low profile to wait out the security plan. U.S. commanders have noted increased insurgent violence in the Sunni-dominated belt around Baghdad and are concerned that fighters are shifting their focus outside the city. ... Many people in Baghdad express deep reservations about the Iraqi security forces' ability and desire to battle their fellow citizens. U.S. soldiers say their Iraqi counterparts are swayed more by the anti-American speeches of Shiite cleric Moqtada al-Sadr than by the public appeals of Prime Minister Nouri al-Maliki for even-handed enforcement."

Marines Train For Iraq Civil Affairs Duty. The Christian Science Monitor (2/26, Sasser, 59K) reports from Trenton, North Carolina, "One elderly man seemed shaken at the sight of marines striding into the Realo drugstore. ... The 5th Battalion, 10th Marine Regiment is unusual – the first active-duty unit in the Marine Corps to retrain for civil affairs work in Iraq. That means the 250 soldiers in the group will be departing from their frontline combat role to help Iraqis rebuild their cities and neighborhoods. The 5/10's six-month retraining has included study of Arabic and the Iraqi culture. The unit will be important in determining whether the US's latest – and perhaps final – initiative in Iraq works. ... The transition isn't easy for marines, who are trained to kill the enemy rather than engage in the softer skills of negotiation."

Anbar Fratricide May Escalate. The AP (2/25, Murphy) reports, "To much of the world, the meltdown in Iraq is a two-act spectacle: insurgents versus U.S.-led forces and Iraqi allies, and the sectarian bloodletting between Sunni Muslims and the majority Shiites. Yet out in the desert of the western Anbar province there is another story — told one attack at a time — of an internal struggle among Sunnis, between militant factions and those who have stood up against them. It's a fratricide that may be escalating. ... Political and religious leaders are being pushed to choose between the insurgency or the U.S.-backed government. Heads of the province's powerful desert clans also must decide if they will assist or resist the militants — setting off mafia-style turf wars along tribal lines." While "the Pentagon has learned some painful lessons about dealing with the insurgency here," it remains "difficult to recruit nervous Sunnis to the government's side."

US Says Iraq Raid Supports Claim On Iran. In a front page article, the New York Times (2/26, Glanz, Oppel, 1.16M) reports a raid on a Shiite weapons cache in the southern city of Hilla last week "is providing what American officials call the best evidence yet that the deadliest roadside bombs in Iraq are manufactured in Iran, but critics contend that the forensic case remains circumstantial and inferential." The new evidence includes "infrared sensors, electronic triggering devices and information about plastic explosives used in bombs that the Americans say lead back to Iran." But critics assert that "nearly all the bomb components could have been produced in Iraq or somewhere else in the region. Even if the evidence were to establish that Iran is the source, they add, that does not necessarily mean that the Iranian

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leadership is responsible." The assertion that the latest find "greatly bolsters the theory of the Iranian origin" of the weapons is "significant" because it could provide the US with "a new justification to take action against Iran." However, the evidence is "unlikely to satisfy skeptics who have been suspicious that the Bush administration is trying to lay the groundwork for attacking Iran."

Oil Ministry Casts Doubts On Draft Law. The AP (2/25, Juhi) reports, "The Oil Ministry cast doubt Sunday on statements indicating the Kurds had agreed to support a draft oil law that would divide revenues among all Iraqi factions and meet a key U.S. benchmark in Iraq. ... An Oil Ministry spokesman ... stressed that the draft law still needed to be discussed at the Cabinet level. ... The Bush administration, facing growing pressure to end the Iraq conflict, has been urging the Iraqis to finish the new oil law." The Washington Post (2/26, A12, Londono, 690K) reports that Prime Minister Nouri al-Maliki "had promised that the law would be passed by the end of 2006."

Troops' Mental Health Needs Allegedly Not Met. The Washington Post/AP (2/26, Borenstein) reports, "Many Iraq war soldiers, veterans and their families are not getting needed psychological help because a stressed military's mental health system is overwhelmed and understaffed, a task force of psychologists found. The panel's 67-page report calls for the immediate strengthening of the military mental health system," citing "a 40 percent vacancy rate in active duty psychologists in the Army and Navy. ... The Defense Department's mental health experts hadn't read the report," but "Pentagon spokeswoman Cynthia Smith said the military is proud of its mental health services record, including a new program this year that checks up on service members after they return home to their families," while the VA's Annette Zeiss "said her agency didn't have 'an opportunity to present data (to the panel) about what the VA is really doing.'" Several veterans' advocates are quoted expressing discontent with the mental health system.

USA Today (2/26, 8A, Zoroya, 2.27M) reports that "the American Psychological Association task force said families are particularly at risk" and that the report faulted the Pentagon for failing "to implement the best mental health treatment programs across the military."

Iraqi Student Obtains Scholarship. ABC World News (2/25, story 4, 1:40, Harris, 8.78M) reported, "We have some good news from Iraq. For weeks, we've been following the struggles of one Iraqi teenager. ... Dan, whose last name we can't use for safety reasons, now has a visa to come to the U.S." Dan: "Very excited to go to the US it's a big opportunity to study there. And make a big future in me." Harris: "And Dan is scheduled to fly from Jordan to the US in just a few days. He will enroll in Thomas College shortly after that."

Dionne Claims Libby Case Explains Why Bush Has Lost Credibility On Iraq. Washington Post (2/26, A15, 690K) columnist E. J. Dionne writes, "The fabricate-and-smear cycle illustrated so dramatically during" the Libby case "explains why President Bush is failing to rally support for the latest iteration of his Iraq policy. The administration's willingness at the outset to say anything, no matter how questionable, to justify the war has destroyed its credibility. Its habit of attacking those who expressed misgivings has destroyed any goodwill it might have enjoyed. Bush and Cheney have lost the benefit of the doubt."

Elders From Taliban-Held Town Plead For Help. The New York Times (2/26, Wafa, Gall, 1.16M) reports, "Taliban fighters who seized control of a remote town [Musa Qala] in southern Afghanistan three weeks ago have started a campaign of arrests and reprisals against tribal elders and townspeople, according to tribal elders. The elders called on NATO forces and the government to move against the insurgents, even if it means bombing the town." The elders traveled to Kabul and expressed "bitterness that neither Afghan forces nor NATO troops responded when Taliban forces overran the town on Feb. 2. ... Asadullah Wafa, the governor of Musa Qala's province, Helmand, was at the NATO airbase at Kandahar discussing the situation with NATO commanders. He said that he was not aware that the Taliban had begun making arrests but that the government and NATO were poised to act."

Former Warlords Rally For Amnesty. The Christian Science Monitor (2/26, Sappenfield, 59K) reports on a man attending a rally in a Kabul soccer stadium, "He has come here to rail against [President Hamid] Karzai and the tyranny of Western nations, which have opposed an Afghan bill that would grant the mujahideen amnesty for war crimes committed during the past 25 years. ... Away from the teeming streets around the stadium, the attitudes of average Afghans take on a different air. Many express frustration that former military leaders who killed thousands and destroyed Kabul in a four-year civil war might never be brought to justice. Yet in a country still divided by tribes, tongues, and traditions, Friday's rally sent a clear message – that even now, Afghanistan's onetime warlords alone have the power to muster the masses." The amnesty bill "has been portrayed as a self-serving political ploy. Those likely to benefit most from the legislation are legislators and government officials themselves, many of whom are former mujahideen who stepped into the political vacuum following the fall of the Taliban."

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US Attorney Dismissals Said To Look Political.

In an "Editorial Observer" column for the New York Times (2/26), Adam Cohen writes, "Carol Lam, the former United States attorney for San Diego, is smart and tireless and was very good at her job. Her investigation of Representative Randy Cunningham resulted in a guilty plea for taking more than $2 million in bribes from defense contractors and a sentence of more than eight years. Two weeks ago, she indicted Kyle Dustin Foggo, the former No. 3 official in the C.I.A. The defense-contracting scandal she pursued so vigorously could yet drag in other politicians. … In many Justice Departments, her record would have won her awards, and perhaps a promotion to a top post in Washington. In the Bush Justice Department, it got her fired." Cohen continues, "Ms. Lam is one of at least seven United States attorneys fired recently under questionable circumstances. The Justice Department is claiming that Ms. Lam and other well-regarded prosecutors like John McKay of Seattle, David Iglesias of New Mexico, Daniel Bogden of Nevada and Paul Charlton of Arizona — who all received strong job evaluations — performed inadequately. … It is hard to call what's happening anything other than a political purge. And it's another shameful example of how in the Bush administration, everything — from rebuilding a hurricane-ravaged city to allocating homeland security dollars to invading Iraq — is sacrificed to partisan politics and winning elections." Cohen adds, "Three theories are emerging for why these well-qualified U.S. attorney were fired — all political, and all disturbing. … 1. Helping friends. Ms. Lam had already put one powerful Republican congressman in jail and was investigating other powerful politicians. The Justice Department, unpersuasively, claims that it was unhappy about Ms. Lam's failure to bring more immigration cases. Meanwhile, Ms. Lam has been replaced with an interim prosecutor whose résumé shows almost no criminal law experience, but includes her membership in the Federalist Society, a conservative legal group. … 2. Candidate recruitment. U.S. attorney is a position that can make headlines and launch political careers. Congressional Democrats suspect that the Bush administration has been pushing out long-serving U.S. attorneys to replace them with promising Republican lawyers who can then be run for Congress and top state offices. … 3. Presidential politics. The Justice Department concedes that Mr. Cummins was doing a good job in Little Rock. An obvious question is whether the administration was more interested in his successor's skills in opposition political research — let's not forget that Arkansas has been lucrative fodder for Republicans in the past — in time for the 2008 elections." Cohen concludes, "The politicization of government over the last six years has had tragic consequences — in New Orleans, Iraq and elsewhere. But allowing politics to infect U.S. attorney offices takes it to a whole new level. Congress should continue to pursue the case of the fired U.S. attorneys vigorously, both to find out what really happened and to make sure that it does not happen again."

CORPORATE SCANDALS:

Former Halliburton Official Will Not Face SEC Charges. The Wall Street Journal (2/26) reports, "The Securities and Exchange Commission moved to withdraw charges against a former Halliburton Co. chief financial officer after accusing him more than two years ago of failing to ensure that the company disclosed an accounting change that was material to investors. In a filing in federal court in Houston, the SEC said it wanted to dismiss its pending claims against Gary Morris 'in the interest of justice.'"

Shareholders Push For Voice On Executive Compensation. The Wall Street Journal (2/26, B1, White, Patrick) reports, "Some shareholders are angry about soaring executive pay. Soon, they may get a voice. … Ahead of this year's annual meetings, activist investors have submitted shareholder proposals at roughly 60 companies seeking an advisory vote on executive pay, according to Institutional Shareholder Services. Targets include Citigroup Inc., Wells Fargo & Co., WellPoint Inc. and Northrop Grumman Corp." The Journal continues, "The vote would be nonbinding, but activists hope that public censure, or the threat of it, would prompt directors to curb outsized awards and better link pay with performance. The proposals come as new Securities and Exchange Commission rules requiring greater disclosure promise to cast a brighter spotlight on compensation." The Journal adds, "One company facing a shareholder proposal, insurer Aflac Inc., agreed earlier this month to give investors a nonbinding vote on executive compensation, beginning in 2009. Others, including Pfizer Inc. and Schering-Plough Corp., are discussing the possibility of similar moves. … This week, U.S. Rep. Barney Frank (D., Mass.), the new chairman of the House Financial Services Committee, plans to introduce a revised version of his 2005 bill that aimed to give shareholders power to veto executive-pay deals. He will hold a hearing next week on his latest measure, which instead would require advisory votes." The Journal notes, "The activists are taking a page from the British. Since 2003, United Kingdom shareholders have cast advisory votes on corporate compensation policies and how much they pay executives. Investors and companies say the practice, which began after the British government passed a law requiring it for all public companies, has generated more

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discussion between shareholders and boards. … But it hasn't necessarily curbed compensation."

Corporations Seen As Trying To Derail DOJ's White-Collar Prosecutions. In an op-ed for the Washington Post (2/26, A15), University of Florida law professor Michael Seigel writes, "Last time the public was tuned in, the Justice Department was vigorously prosecuting corporate giants such as Enron for massive frauds committed during the waning days of the stock bubble. Assisted by the Sarbanes-Oxley Act, government lawyers were racking up victories in the battle against white-collar crime. One recent highlight was the October sentencing of former Enron chief executive Jeffrey Skilling to 24 years in prison." Seigel continues, "Now that the public's attention has shifted to matters such as Iraq, however, corporate America has launched a counterattack. Its goal is to derail the Justice Department's efforts to maintain a heightened level of white-collar criminal enforcement. Its success thus far starkly illustrates how power and money influence our criminal justice system. … Big business, represented primarily by the U.S. Chamber of Commerce, could not attack white-collar criminal enforcement head-on. Instead, it enlisted the aid of its lawyers, including the American Bar Association and the Association of Corporate Counsel, in a more oblique assault. Their strategy was to mount an all-out offensive against a seemingly obscure trend: the Justice Department's increasing insistence that corporations waive their attorney-client privilege as part of their cooperation with government investigators." Seigel adds, "Through experience, government lawyers have learned that the efficiency of white-collar criminal prosecution can be significantly improved when companies facing indictment cooperate and provide relevant information. This way, prosecutors can get to the bottom of complex criminality and promptly indict those responsible. However, unlike an ordinary criminal who cooperates by telling what he knows, a corporation only 'knows' what its employees tell it. Often, information relevant to a prosecution has been gathered by the corporation's counsel. Therefore, to cooperate, the corporation must waive its attorney-client privilege. … In a January 2003 document known as the 'Thompson Memorandum,' Justice told its prosecutors to consider a corporation's willingness to waive its attorney-client privilege in determining whether it ought to be indicted. This is where big business and its lawyers aimed their attack. Treating attorney-client privilege as if it were a sacrosanct American institution, akin to freedom of speech, they claimed that Justice was unfairly using its tremendous power to coerce corporations into privilege waivers. The resultant erosion of the privilege would be catastrophic, they contended. This tactic even garnered the support of the American Civil Liberties Union, and together the various lobbying groups formed the Coalition to Preserve the Attorney-Client Privilege. … But big business smells blood. Its reaction to the McNulty memo has been negative, and its goal continues to be the outright prohibition of waiver requests. Through reintroduction of the Specter bill, it is pressing its legislative 'fix' in the new Congress, and the newly empowered Democrats -- eager for lobbyists' money -- are likely to be as responsive as their Republican predecessors. The result of a waiver prohibition, of course, would be a significant slowdown of white-collar criminal prosecutions -- exactly what the business lobby wants. And the losers, once again, would be the victims of white-collar crime: the American people."

CRIMINAL LAW:

FBI Probe Of Alaskan Influence-Peddling Focuses On Oil Industry Player. The Wall Street Journal (2/26, Carlton) reports from Anchorage, AK, "The oil industry has long enjoyed a cozy relationship with the state government here -- not to mention the residents, who receive an annual dividend from the industry." The Journal continues, "A Federal Bureau of Investigation probe of influence peddling -- which has focused on one of the oil industry's most powerful players -- is shaking up those ties. … At the center of the turmoil is closely held VECO Corp., the state's largest oil-services company, which has provided construction, engineering, management and other services for pipelines, refineries and other facilities." The Journal adds, "VECO has long been one of Alaska's most prodigious campaign contributors; Chairman Bill Allen and top VECO executives have donated a total of more than $1 million to state campaigns since 1998. A year ago, a witness saw Mr. Allen in the gallery of the state legislature passing notes to a Republican politician backed by the company -- at the same time that legislators were debating a measure to cut taxes on the industry. … In August, FBI agents swarmed into legislative offices throughout the state seeking evidence of payments to state lawmakers by Mr. Allen and his executives, according to a warrant. Since then, a cloud from the investigation has hung over the state's capital, Juneau. … In recent months, a number of Alaska politicians have publicly distanced themselves from VECO and refused to take any donations from it. The new governor, Republican Sarah Palin, made a refusal to accept any VECO donations part of her platform when she challenged former Gov. Tony Knowles -- a Democrat who had made a similar pledge." The Journal notes, "No VECO executives have been charged in the probe. FBI officials and Mr. Allen declined requests for comment. Amy Menard, an Anchorage attorney representing VECO, said, 'There is no question that VECO and some VECO executives have always, from day one, had an interest

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in politics. But to suggest that there has been improper or inappropriate political contributions is an unfair charge.'"

Bruno's Mixed Business Record Seen As Important Issue For Grand Jury. The New York Times (2/26, McIntire, 1.16M) reports, "It is an oft-told tale that has become part of Albany lore. Long before he became the State Senate majority leader, Joseph L. Bruno borrowed $5,000 to start a telephone equipment company, built it into a profitable business and sold it for $23 million in 1990. Born into poverty, Mr. Bruno became a millionaire. … In fact, the company had been steadily losing money, and Mr. Bruno made less than $400,000 from the transaction. As a result, Mr. Bruno began to pursue other sources of money, and those pursuits are now the subject of a federal investigation." The Times notes, "Some of Mr. Bruno's other business ventures, before and after he sold Coradian, did poorly," and his "mixed success as a businessman might have important implications for a federal grand jury investigation into his financial dealings." The Times goes on to detail Bruno's business dealings that are under FBI scrutiny.

Three Sentenced To Prison For Running Seattle-Area Brothels. The Seattle Post-Intelligencer (2/24, McDonald, 124K) reported, "The three leaders of a ring of Seattle-area brothels and escort services were sentenced in U.S. District Court on Friday to two and three years in prison." Kesheng Zhu, Rujing Jiang and Yong Jun Kang, "who are all Chinese citizens and in the U.S. illegally, pleaded guilty to conspiracy to transport individuals for prostitution and conspiracy to launder money. According to court documents, Zhu and his wife, Rujing, started in the prostitution business in 2003 with the opening of the Apple Spa massage parlor in Bellevue as the front for a brothel. The business was sold to Kang in early 2004 for $10,000, then raided that April by the Eastside Narcotics Task Force. Officers found hundreds of used condoms in the massage parlor's garbage." The P-I added, "Both Zhu and Kang used a national network of prostitutes and brothels. … Most of the women were in the United States on expired visas and came from across Asia." The Seattle Times (2/23, 118K) noted on its Web site, "The three people were among nine arrested in August following a 21-month investigation by the FBI, U.S. Immigration and Customs Enforcement and the Seattle Police Department." The AP (2/24) also reported on the sentences.

Judge Orders Continued Detention Of Alleged Texas Syndicate Members. The Houston Chronicle (2/24, George, 530K) reported, "A federal judge ordered detention Friday for four alleged Texas Syndicate gang members who sought release pending trial. Seventeen Houston-area men are charged in an indictment that alleges murders, armed robberies and drug trafficking. The four who will remain detained after a two-day hearing this week are: Francisco Nuncio Jr., 34; Johnny Perez Jr., 35 of Houston; Robbie Lee Danas, 35, of Rosenberg; George Duran, 39, of Baytown." The Chronicle noted, "Grounds for detention were based on testimony this week from an FBI agent who has worked for five years building the case. Special Agent Randy Durney said the agency began investigating murders credited to the Texas Syndicate in 2002. … Membership is lifelong, Durney said."

The AP (2/24) reported that "Durney said federal authorities began investigating the gang after learning from confidential sources the group was responsible for a series of murders in the Houston area. Using wire taps and confidential informants, some who were gang members, Durney said the FBI learned the Texas Syndicate would routinely rob drug dealers at their homes. … During his lengthy testimony, Durney described how gang members would meet, sometimes at bars or at family barbecues, to vote on whether to kill other members."

Louisiana Woman Pleads Guilty To FEMA Relief Fraud. The Baton Rouge Advocate (2/24, 98K) reported, "A Baton Rouge woman pleaded guilty in federal court to one count of making a false claim for disaster assistance benefits. According to court documents, Latoya Dunn submitted a fraudulent application for FEMA benefits, falsely claiming that her primary residence had been damaged during Hurricane Katrina. The Federal Emergency Management Agency mailed Dunn a $2,000 check."

Ohio Broker Charged With Investment Fraud. The Toledo Blade (2/17, Reiter) reported, "The former manager and vice president of a Toledo brokerage firm was charged…in federal court in a $17 million-to-$40 million investment scam. William A. Sirls of Grosse Ile, Mich., was charged in U.S. District Court in Toledo with money laundering and mail fraud. A bill of information filed in the court alleges Mr. Sirls, who was manager and vice president of a Toledo Wachovia Securities office, engaged in fraudulent investment transactions to bilk investors, co-workers, and others in a Ponzi scheme. … But Toledo attorney Stephen Hartman said the case against his client emerged only after Mr. Sirls went to authorities late last year and confessed. … 'He turned himself in and voluntarily came in and told authorities about his activities. He never did get caught,' Mr. Hartman said."

Montana Man Sentenced To Five Years In Prison For Online Solicitation. The Seattle Post-Intelligencer (2/24, McNerthney, 124K) reported, "A Montana man was sentenced in federal court Friday to five years in prison and 15 years of supervised release for traveling to

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Washington state and attempting to have sex with a minor. Andy Maxfield , 55, was arrested…at a Holiday Inn in Kent, where police say he intended to meet a 13-year-old girl. He had been investigated since June 2006 when he entered an online chat room…and contacted a federal investigator posing as the girl's mother, Department of Justice officials said. … The former bus driver also made arrangements to engage in sexual activity with the minor, the documents said." The P-I noted, "Maxfield's case was brought as part of Project Safe Childhood -- a nationwide initiative designed to protect children from online exploitation and abuse."

States Consider Easing Sex-Offender Residency Restrictions. USA Today (2/26, 1A, Koch) reports, "Oklahoma state Rep. Lucky Lamons was a police officer for 22 years. He calls himself a 'lock-'em-up kind of guy.' … Yet Lamons wants to loosen his state's law that bans registered sex offenders from living within 2,000 feet of a school or day care center. He says it forces many offenders to live in rural areas where they are difficult for authorities to monitor. Also, he says, it does not differentiate between real predators and the type of men he recalls arresting for urinating in public, a sex offense in Oklahoma. … 'We need to focus on people we're afraid of, not mad at,' says Lamons, a Tulsa Democrat who wants the rules to focus more on high-risk offenders." USA continues, "Lamons is among a growing number of officials who want to ease the 'not-in-my-backyard' policies that communities are using to try to control sex offenders. In the past decade, 27 states and hundreds of cities have reacted to public fear of sex crimes against children by passing residency restrictions that, in some cases, have the effect of barring sex offenders from large parts of cities. They can't live in most of downtown Tulsa, Atlanta or Des Moines, for example, because of overlapping exclusion zones around schools and day care centers." USA adds, "Now a backlash is brewing. Several states, including Iowa, Oklahoma and Georgia, are considering changes in residency laws that have led some sex offenders to go underground. Such offenders either have not registered with local police as the laws require or they have given fake addresses. Many complain they cannot find a place to live legally. … The push to ease residency restrictions has support from victims' advocates, prosecutors and police who say they spend too much time investigating potential violations. … They're battling a mountain of momentum, however, because residency restrictions remain popular. … New or expanded ones have been proposed in 20 states this year. Some legislators are reluctant to pare back restrictions they passed only recently."

CIVIL LAW:

Retired Georgia Teacher Becomes Whistleblower Over Reading Program. The Atlanta Journal-Constitution (2/26) reports from Savannah, GA about reading teacher Cindy Cupp, who "rose to the top — becoming Georgia's director of reading instruction — before she retired and created her own brand of 'Dick and Jane' textbooks. But four years ago, Cupp found herself in a fight over her storybooks that led from her port city all the way to Washington." The AJC continues, "Cupp had no idea what she was getting into in 2003 when she tried to have her 'Dr. Cupp Readers' approved for use in Reading First, a major federal initiative promising to make all children successful readers by fourth grade. Cupp just figured her company could benefit from the $6 billion flowing to schools for new reading programs. … Now, after years of pursuing perceived wrongs that blocked Cupp Publishers from winning lucrative contracts, she stands as a key whistle-blower whose complaints helped touch off a federal audit of the Georgia Department of Education, a shake-up at the U.S. Department of Education and possible congressional hearings on conflicts of interest that may have compromised Reading First." The AJC adds, "Nearly 150 elementary schools, including some in Atlanta and in Clayton and DeKalb counties, are serving 53,000 Georgia students through Reading First. So far, nearly $100 million has been spent statewide on textbooks, training and reading specialists. … Cupp's curriculum — which teaches children to read with phonics instruction, where students decipher the sounds letters make, and by tutoring in common words — is used in about 80 elementary schools. Only three are part of Reading First. … State and federal officials have said mistakes made in implementing the program have been corrected, but deny taking any intentional actions that may have favored big national publishers with connections over smaller companies such as Cupp's. … Now Cupp is waiting to hear whether the U.S. Department of Justice will open another investigation as she continues her life's work: visiting schools to assist teachers, checking students' progress and prescribing remedies for those who struggle."

WPost Praises SCOTUS Decision On Tobacco Trial Award. The Washington Post (2/26, A14, 690K) editorializes that "regardless of what you think about tobacco companies, you should welcome last week's Supreme Court decision that repudiated an $80 million ruling against Philip Morris. … The issue…revolved around how the jury calculated the size of the punitive damages it awarded Mr. Williams's estate -- almost all of the $80 million package."

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CIVIL RIGHTS:

Virginia Officials Try To Make Ice Center Accessible. The AP (2/26, Karush) reports, "When Arlington County (VA) officials unveiled a new ice complex to serve as the Washington Capitals' practice facility, they emphasized it would also be a community resource serving diverse groups, particularly the disabled. … So Rosemary Ciotti, who lives nearby and uses a wheelchair, was particularly dismayed when she visited the new facility shortly after it opened in November and discovered there was no room in the bleachers for her to watch the action on the ice. Despite its $42.8 million price tag, the Kettler Capitals Iceplex is not compliant with the Americans with Disabilities Act." The AP continues, "Another disabled Arlington resident, Sheri Denkensohn, said she visited the iceplex after hearing about the problems from Ciotti. Outraged by what she saw, she filed a complaint with the Justice Department. … Arlington officials say such glitches are common in construction projects. They say they already have addressed most of the ADA problems that were noted by building inspectors before the facility opened and are working to correct the problem with the bleachers." The AP adds, "In April, the Special Hockey International Tournament is expected to draw 1,500 people to the iceplex. In March, USA Disabled Hockey and other groups are hosting a sled hockey clinic there. Officials said the bleachers should be fixed in time for both events. … Construction of the iceplex was paid for by the county, and the Capitals signed a long-term lease. The 137,000-square-foot facility, built atop a seven-story public parking garage in Arlington's Ballston neighborhood, has two NHL-sized rinks, office space and locker rooms, as well as a Capitals training center with a weight room and medical facilities. It also houses the front offices of the Capitals and the WNBA's Washington Mystics. …

Congress To Revisit Gays In Military Issue. ABC World News (2/25, story 5, 2:20, Harris, 8.78M) reported, "On Capitol Hill this week, Congress is set to revisit the divisive issue of gays and lesbians in the military. ... Part of the rationale here, at a time when the military is struggling to fill its ranks, it can't afford to turn qualified people away." ABC (Tapper) added, "Decorated Air Force Staff Sergeant David Hall wants to fly missions in Iraq and was training to be a pilot." Hall: "To have that taken away from me, it was devastating." Tapper: "Hall is one of more than 11,000 gay and lesbian service members discharged under the 'don't ask/don't tell' policy enacted in 1993. ... One government study found that 8% of the discharged gay soldiers held critical occupations, including 322 with skills in an important language, such as Arabic, Farsi or Korean. Public opinion has shifted. In 1993, only 44% of the American people supported letting gays and lesbian troops serve openly. In 2004, 63% supported their serving openly."

Genealogist Says Thurmond Family Owned Sharpton's Ancestor. ABC World News (2/25, story 6, 2:20, Harris, 8.78M) reported, "Today, one of the country's most outspoken civil rights activists went public with what he calls a chilling discovery. The Rev. Al Sharpton has just found out slavery connects him to a long-serving US Senator, the late Strom Thurmond of South Carolina who once used his power to fight for segregation." ABC (Jamieson) added Sharpton's "ancestors were slaves to the family of Strom Thurmond, hardline opponent of civil rights during many of his 50 years in the Senate, and candidate of the Dixiecrat Segregationist Party in 1948." NBC Nightly News (2/25, story 10, ;20, Seigenthaler, 9.87M) reported the New York Daily News "says it found documents showing that some of Sharpton's ancestors were slaves once owned by Thurmond's relatives. Sharpton called the report chilling."

The Washington Post (2/26, A1, Shulman, 690K) reports "revelation was particularly stunning for the juxtaposition of the two men's public lives." The New York Times (2/26, B3, Santos, 1.16M) reports Sharpton "said he had not heard from the Thurmonds and had no immediate plans of contacting them. 'This is not family,' he said firmly. 'This is property.'" USA Today/AP (2/26) reports, "Some of Thurmond's relatives said the nexus also came as a surprise to them. Doris Strom Costner, a distant cousin who said she knew the late senator all her life, said Sunday she 'never heard of such a thing.'"

UCLA To Create Chair For Sexual Orientation Law. The Los Angeles Times (2/26, Gordon) reports, "Thanks to a more than $1-million donation from a gay male couple who hope one day to marry in California, UCLA's law school is planning to establish what is described as the nation's first endowed academic chair in sexual orientation law." The Times continues, "The cash gift from John McDonald and Rob Wright will help fund the research of a still-to-be-named professor at UCLA Law School's Williams Institute on Sexual Orientation Law and Public Policy. That 5-year-old think tank investigates such topics as anti-homosexual discrimination, the impact of the military's don't ask-don't tell policies and the demographics of same-sex couples who have adopted children. … 'This is going to support legal scholarship, legal research and education that covers a whole area so fundamental to creating change,' said McDonald, a retired businessman and attorney who earned his bachelor's degree at UCLA. 'We just think this is one of the best things we've ever done.'" The Times adds, "The UC system recently approved an agreement to accept the

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money, but formal establishment of the chair awaits a review to ensure that it matches UC's research and teaching missions and is not too narrowly drawn, system officials said. Although the research topics may upset social conservatives, approval is expected. … The donation for the chair was announced publicly in connection with a Williams Institute conference Friday at the Westwood campus." The Times notes, "Though some universities have chairs in gay and gender studies, those have been in the humanities and social sciences and not in a law school, said Brad Sears, executive director of the Williams Institute. A professor from the current UCLA law faculty will be appointed to the chair in three to six months, and the funds will help pay for such things as teaching assistants and research costs, Sears said."

WSJournal Notes FL13 Voting Machine Study's Findings. The Wall Street Journal (2/26, 2.04M), in an editorial, writes, "we thought you'd like to know that an independent team of computer scientists has absolved touch-screen voting machines of stealing an election in Florida's 13th Congressional District last November. Republican Vern Buchanan won his seat by a mere 369 votes over Democratic challenger Christine Jennings, who has nonetheless refused to concede and has sued to demand a new election. Ms. Jennings claims that faulty software was the cause of 18,000 'undervotes,' or incidences where voters cast ballots in other races but not in the Congressional contest, in what is a mainly GOP district on the Florida Gulf Coast south of Tampa."

ANTITRUST:

TXU Board Accepts $45 Billion Takeover Bid From Private Equity Group. The Washington Post (2/26, A4, Mufson, Cho) reports, "TXU, the largest energy provider in Texas, agreed last night to a $45 billion buyout that would not only be the largest private-equity deal in history but would also feature an unusual twist: The buyers have promised environmental groups they would cancel a slew of coal-fired power plants on the firm's drawing boards." The Post continues, "The buyout firms' deal with environmental groups, which could become a landmark in the battle over climate-change policy, would force an abrupt turnaround in the strategy of TXU, which has defied environmentalists' and congressional criticism of its plans to expand coal use and carbon dioxide emissions." The Post adds, "The environmental agreement was the idea of the private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts, which made it a condition of the acquisition, according to several sources involved in the negotiations, who gave details of the deal on condition of anonymity because it had not been announced yet. … Texas Pacific's head, David Bonderman, is no stranger to creative deals in the energy sector or in the cause of environmentalism. Bonderman sits on the boards of the World Wildlife Fund and the Grand Canyon Trust. He was a key figure in negotiating with power plants in Arizona to reduce air pollution over the Grand Canyon. In the TXU case, he tasked William K. Reilly, who had led the Environmental Protection Agency under President George H.W. Bush, to reach out and negotiate with environmental groups." The Post notes, "If shareholders approve the acquisition, TXU would back federal legislation that would require reductions in carbon dioxide emissions through a cap-and-trade system. It would shelve plans for eight of 11 coal-fired plants that current TXU executives had proposed for Texas and would drop plans to build new coal plants in Pennsylvania and Virginia. The company would also double its spending to promote energy efficiency, to $80 million a year, for five years."

The Dallas Morning News/AP (2/26) reports, "Final details were still being worked out late Sunday, and TXU was expected to announce a deal early Monday, said the people, who spoke on condition of anonymity because the companies had not officially announced the deal." The AP adds, "Since a turnaround that began in 2004, TXU has become highly profitable, but the dramatic rise in its stock price had stalled, making it an attractive takeover target. … KKR and Texas Pacific Group agreed over the weekend to drop most of TXU's ambitious plans for building eight new coal-fired power plants, a move designed to win support for the deal from environmentalists and other critics of the company. … The new buyers also agreed to support a mandatory national program to cap emissions of greenhouse gases and pledged not to build coal-fired plants outside Texas."

The Wall Street Journal (2/26, Smith, Berman, Sender) reports, "For years, cash-rich buyout firms have tried to break into the lucrative electricity business only to be rebuffed by wary regulators, consumer groups and environmentalists. Now, in what would be the biggest leveraged-buyout ever, an investor group is hoping it has cracked the code." The Journal continues,. "A total of seven firms -- led by Kohlberg, Kravis, Roberts & Co., Texas Pacific Group and Goldman Sachs Group -- are close to signing a deal to buy utility powerhouse TXU Corp. for $32 billion plus more than $12 billion in TXU debt, according to people familiar with the matter. In a creative twist, the firms have moved quickly to pre-empt opposition from powerful environmental groups while seeking support from various regulators and politicians. Already, the potential buyers have promised to cancel plans to build all but three of the company's 11 coal-fired plants under development. And they are planning to placate consumers with rate reductions." The Journal adds, "The deal marks a quantum leap in the political sophistication of the buyout world, and may signal a broader remaking of private equity's image in the utility industry. Buyout firms have generally

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received a chilly reception from utility regulators because they're seen as temporary, profit-driven caretakers not answerable to public shareholders or sensitive to consumers. If the prospective TXU buyers can overcome that perception, they could potentially open the door for more private-equity investors. … A successful deal will also create a chance to profit from a central predicament facing today's utility industry: a public that hungers for more and more electricity to burn, but has limited will to build new plants for providing it. … But it's far from a sure thing. Regulators at all levels of government could trip up the deal. It may also be subject to complaints from consumers who regard reasonably priced electrical service as a basic right."

Deal Is Unique In Corporate-Environmental Cooperation. The New York Times (2/26, Sorkin) reports, "About two weeks ago, Fred Krupp, the president of a nonprofit advocacy group called Environmental Defense, received an unusual phone call. … William K. Reilly, the former administrator for the Environmental Protection Agency under President George H. W. Bush, was on the other end. But before Mr. Reilly would explain the reason for his call, he said he needed an assurance from Mr. Krupp that he would keep the conversation confidential." The Times continues, "After receiving such a pledge, Mr. Reilly dropped a bombshell: the TXU Corporation, the Texas energy giant that had become the whipping boy of the nation's largest environmental groups, was in talks to be sold to a group led by Kohlberg Kravis Roberts & Company and Texas Pacific Group, two large private equity firms. … Mr. Reilly, who works for Texas Pacific, said he wanted to negotiate a cease-fire. If the investors succeeded in taking over TXU, Mr. Reilly said, they would commit themselves to scale back significantly on TXU's plan to build 11 new coal plants and adhere to a strict set of environmental rules. In return, he wanted the support of Mr. Krupp and his peers, who had spent the past several months waging a bitter and public war against TXU." The Times adds, "Last night, after several weeks of marathon negotiations that brought together both environmentalists and Wall Street bankers, the board of TXU was moving toward a vote to accept the bid from Kohlberg Kravis and Texas Pacific for about $45 billion, which would be the largest buyout in history. … The deal would be noteworthy not just for its size, but for the confluence of business decisions and environmental concerns that drove the ultimate transaction. Because private equity firms are unregulated and historically have valued their privacy, neither Kohlberg Kravis nor Texas Pacific were eager to become an "enemy combatant" of the environmental groups, people involved in the talks said. Reducing the coal plant initiative will also free up billions of dollars in planned spending that the firms will be able to use for other projects or to help finance the transaction."

Kravis An Old Hand At The Takeover Game. The New York Times (2/26, Thomas) reports, "He has been there, done that, and now, close to 20 years after clinching the grandest buyout deal ever, Henry R. Kravis seems to be doing it again." The Times continues, "As always, the raw numbers loom large: $45 billion for the proposed buyout of the TXU Corporation, compared to $39 billion for the Blackstone Group's recent deal with Equity Office Properties and $25 billion for his RJR Nabisco takeover in 1988. … As this era's generation of hedge fund executives and private equity moguls use their billions to buy art, assume leadership roles in New York's cultural institutions and publicly celebrate their successes, they are working from a two-decade-old playbook of one of Wall Street's oldest masters, Mr. Kravis himself." The Times adds, "In contrast to the giddy exuberance of this era's newly minted billionaires, however, Mr. Kravis, who is 63, is making his resurgence not only as a cornerstone of New York's social and financial landscape, but also as a seasoned executive whose survival of a series of tough business setbacks and personal tragedies during the 1990s has given him a more measured perspective. … 'Look, don't congratulate us when we buy a company, congratulate us when we sell it,' Mr. Kravis said in an interview he gave to the Academy of Achievement. 'Because any fool can overpay and buy a company, as long as money will last to buy it.' … It's a telling comment, and according to people who know him it has become a favored maxim for Mr. Kravis, one that he trots out whenever anyone tries to praise him for a large deal. In this heady period, a deal maker's time on the mountaintop can be short indeed."

Tribune Mulls Late Offer From Real Estate Magnate. The Wall Street Journal (2/26, A12, Ellison) reports, "Despite considering a late-breaking bid from Chicago real-estate magnate Sam Zell, Tribune Co.'s board is inching closer to a "self-help" restructuring deal it will implement on its own, say people familiar with the situation." The Journal continues, "The board met with its advisers Saturday for an update on the five-month-old auction. Unlike the past couple of board meetings, it issued no statement afterward. Tribune -- which owns the Los Angeles Times, the Chicago Tribune and 23 television stations -- has promised shareholders a resolution of the auction by March 31." The Journal adds, "Mr. Zell's offer to take the company private emerged after the deadline for offers last month. People familiar with the situation noted that his proposal is structured in a way that would take time to implement, a strike against it for executives. … The board's preferred plan continues to be a recapitalization involving a spinoff of Tribune's TV stations and the payment of a big dividend to shareholders. Such a plan could involve buying out part of the 20% stake in Tribune

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held by the Chandler family, the company's biggest shareholder and the instigator for the sale process last year."

The New York Times (2/26, Seelye, Sorkin) reports, "Mr. Zell, 66, has never owned a major media property, but gained the nickname the 'Grave Dancer' for his ability to spot and exploit undervalued properties in the real estate business. … His proposal would involve buying the entire company with the participation of an employee stock ownership plan, these people said. Although the deal would be highly leveraged, the employee stock plans have many tax advantages, including the ability to write off interest on debt." The Times adds, "Tribune has received two other bids, but considered both inadequate and has been putting together what it called a self-help plan in which it would spin off its two dozen broadcast outlets, keep most if not all of its 11 newspapers, and borrow money to pay shareholders a large dividend. … It has also been considering ways to buy out the Chandler family, the company's biggest shareholder, possibly with the help of the McCormick Tribune Foundation, the second largest."

The Financial Times (2/26, Chaffin, Politi) reports, "Tribune, which owns 23 television stations as well as the Los Angeles Times, Chicago Tribune and other papers, put itself up for sale last year under pressure from one of its largest shareholders. So far, the sale has drawn scant interest, forcing Tribune's board to push back their self-imposed deadline to the end of the first quarter, and highlighting investors' concerns about the future of the newspaper business. … Until Mr Zell, a real estate mogul, stepped in, Tribune had been weighing a combined offer from two billionaires, Eli Broad and Ron Burkle, and one from the Chandler family, which had originally pressed for the company's break-up. Neither, however, represented a premium to Tribune investors. … As a result, Tribune officials were leaning toward a 'self-help plan,' according to people familiar with the matter, in which the company would be split into newspaper and broadcasting divisions and offer investors a dividend. The downside of the plan is that it would add to the company's debt load, and could limit its financial flexibility."

Fate Of XM's DC Headquarters Uncertain In Merger. The Washington Post (2/26, D1, Heath) reports, "XM Satellite Radio chief executive Hugh Panero and his top engineer were exploring an abandoned printing plant in Northeast Washington back in 1999, looking for a home for their growing space-age radio company. … 'This is the greatest place I can imagine,' Panero recalled saying to himself, noting its spacious rooms and 20-foot ceilings. Not even the spent bullets strewn across the roof dissuaded him, he said last week -- though the engineer, a retired Air Force brigadier general, 'thought I was nuts.'" The Post continues, "XM bought the building. The company invested $70 million in high-tech and aerospace hardware. And as it grew into a $4.3 billion enterprise that today employs more than 700 people, it helped turn the area around New York and Florida avenues NE from a strip of boarded-up buildings into a growing commercial center with a Metro stop, office and condo space and the future headquarters of the Bureau of Alcohol, Tobacco, Firearms and Explosives. … But XM itself has been on a wild ride, losing more than $3 billion over the past seven years. Its stock, which had rocketed from $2 to nearly $40 a share , closed at $15.10 Friday, four days after the company announced its plan to merge with its New York-based rival, Sirius Satellite Radio." The Post adds, "The $13 billion deal is far from a lock, because the companies will have to overcome antitrust regulatory hurdles. But inside XM and elsewhere in Washington there was concern that the District might lose a company that had added some cutting-edge glamour to a business community better known for its government contractors. … Sirius chief executive Mel Karmazin, who would run the merged company, said in an interview that XM's headquarters building is a valuable asset and that he might even expand its workforce. But there was an anxious mood last week in the XM hallways -- where dimly lit studios have names like XM Kids and Liquid Metal, and the conference rooms are labeled Sinatra, Springsteen and Hendrix."

ENVIRONMENT:

Western States To Sign Regional Climate Change Compact. The Wall Street Journal (2/26, 2.04M) reports that as leaders "at the state level decided much more needs to be done to address climate change, five Western states -- California, Arizona, New Mexico, Oregon and Washington -- will announce at the National Governors Association annual winter meeting today a regional strategy to reduce global-warming emissions." The state leaders "will sign a memorandum of understanding that commits them to pursue clean-energy technology and market-based solutions toward greenhouse-gas emissions."

FBI/DEA/ATF/USMS:

Bonds Attorney Says He Will Not Cooperate With Steroid Probe. The San Francisco Chronicle (2/26, Fainaru-Wada, Williams) reports, "Major League Baseball's top steroids investigator has urged Giants star Barry Bonds and other players tied to the BALCO drug scandal to submit to interviews and turn over their medical records, The Chronicle has learned. … But Bonds' lawyer said Sunday that the Giants star cannot cooperate with

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baseball's steroids investigation as long as he remains the focus of a possible perjury indictment." The Chronicle continues, "In a Feb. 1 letter, George Mitchell, the former U.S. Senate majority leader who is threatening that Congress may intervene if his investigation of performance-enhancing drug use in baseball is thwarted by lack of cooperation, urged Bonds and the other players to cooperate for the sake of the game. … 'Nothing is more important than the integrity of the game of baseball,' he wrote." The Chronicle adds, "Copies of Mitchell's letter, which was read to The Chronicle by a person with knowledge of the investigation, were sent to Bonds, Detroit Tigers outfielder Gary Sheffield and other players. … Bonds, Sheffield and six other present and former players testified in 2003 before the federal grand jury that investigated the Bay Area Laboratory Co-Operative steroid ring. The players were implicated in the use of BALCO's banned drugs, according to evidence in possession of federal investigators, but none was accused of a crime. … Mitchell's letters were accompanied by medical waiver forms that, if signed, would allow baseball investigators access to a player's past, current and future medical records." The Chronicle notes, "Contacted for comment, Michael Rains, Bonds' lawyer, said he had told Mitchell that Bonds wanted to help but was unavailable as long as he faces possible indictment. … 'I said, "I'm sorry, but I have to give him that advice," ' Rains said. … For almost two years, federal authorities have been investigating whether Bonds testified falsely when he told the BALCO grand jury that he had never knowingly used banned drugs. As recently as November, then-U.S. Attorney Kevin Ryan refused to comment on the status of the probe, Rains said. … If Schools, the new U.S. attorney, seeks an indictment of Bonds, the government's evidence of steroid use in baseball might become public in court proceedings -- and thus available to Mitchell. If the perjury investigation is dropped, Mitchell might get access to the prosecutor's witnesses and documents from the government itself."

Former Fugitive Gets 12-Year Sentence In Drug Conspiracy Case. The Ashtabula (OH) Star-Beacon (2/25) reported "convicted drug dealer fugitive Thomas J. MacWilliams is headed to 12 years and seven months in federal prison after being sentenced Feb. 14…in Clarksburg, W.Va." MacWilliams "fled Ashtabula County in 2005 after being convicted…of drug-related conspiracy charges. … A year-long search ended on May 7, 2006 when MacWilliams was apprehended by Harrison County drug task force officers. TAG and U.S. Drug Enforcement Administration officials had received numerous tips on MacWillaims whereabouts, according to TAG task force commander Sgt. Jeff Orr."

LATimes Profiles Cali Cartel "Betrayer." In a lengthy story out of Miami, the Los Angeles Times (2/24) reported the "official end of the notorious Cali cocaine cartel came late last year here with little more commotion than the rap of a judge's gavel. The Colombian drug lords Miguel Rodriguez Orejuela, 63, and Gilberto Rodriguez Orejuela, 67, entered guilty pleas and were ushered off to federal prison for the next 30 years. … But behind the bloodless fall of the ruthless Orejuela brothers and collapse of their $7-billion-a-year empire lies a little-known story of daring and betrayal. Aiding U.S. drug agents unexpectedly and at great risk was a senior cartel official, the head of security and intelligence for the syndicate. … He used to be Jorge Salcedo."

"Guru Of Ganja" To Get Help Paying Legal Fees. In a widely reported story, the AP (2/26) reports comedian Tommy Chong "will help raise money to defend the self-proclaimed 'Guru of Ganja,' who is charged with growing hundreds of marijuana plants for a dispensary. Chong…will appear at a $125-per-person event for Ed Rosenthal." Rosenthal is "scheduled to appear in federal court March 19." Federal prosecutors "accused Rosenthal of growing marijuana, laundering money and falsifying tax returns from October 2001 through February 2002."

Hells Angels Racketeering Case Heads To Trial In Seattle. The Seattle Times (2/26, Bowermaster) reports, "Jury selection begins today in a massive federal racketeering case being brought against current and former members of the Washington Nomads chapter of the Hells Angels." The Times continues, "Prosecutors allege that the Nomads' president and three others engaged in a long list of crimes, from murder, kidnapping and witness tampering to extortion, robbery and interstate trafficking of stolen Harley Davidson motorcycles, according to a 19-count indictment filed in the case. … The government intends to call 125 to 150 witnesses and take 10 weeks to present its case in U.S. District Court in Seattle, according to a pre-trial brief filed last week." The Times adds, "It is the latest in a string of racketeering cases that the Justice Department has brought against motorcycle gangs around the country in recent years, including a sweeping case filed against 26 members of the Bandidos Motorcycle Club in U.S. District Court in Seattle in June 2005. … George Wegers, the national president of the Bandidos Motorcycle Club, last May pleaded guilty to one count of conspiracy to commit racketeering. Wegers received a 20-month prison sentence in October, which included credit for time served." The Times notes, "Last week, two Hells Angels motorcycle-club members were sentenced to 12 to 30 months in Nevada state prison for their roles in a bloody brawl in 2002 with rival biker-gang members at Harrah's Laughlin hotel-casino in southern Nevada that left two Hells

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Angels and a rival Mongol gang member dead. … The core charge in the upcoming Seattle trial, which is scheduled to begin next Monday, is that the Washington Nomads is a highly organized, criminal enterprise whose members are punishable under the Racketeer Influenced and Corrupt Organizations (RICO) Act, which was created to prosecute organized-crime syndicates such as the Mafia."

IMMIGRATION:

Fed Program Helps Illegal Immigrants Wire Money To Mexico. The Los Angeles Times (2/26, A1, Hennessy-Fiske, 850K) reports, "Even as the federal government is starting to crack down on companies that hire illegal immigrants, it's been helping those same workers send money home, cheap. Dubbed Directo a Mexico, the Federal Reserve-sponsored service allows customers without Social Security numbers to wire money through the Fed system to Mexico's central bank at little cost." In September, the Fed "expanded the remittance program by allowing immigrants, legal or not, to open accounts at participating banks and credit unions in the U.S. or Mexico. About 27,000 transfers are made through the program each month." The program has "attracted the attention of conservative immigration activists and members of Congress, who say financial institutions shouldn't cater to illegal immigrants."

Mexican Wives Seek Return Of Husbands Working In US. The Washington Times (2/26, A1, Dinan, 88K) reports, "The women of Tecalpulco, Mexico, want the U.S. government to enforce its immigration laws because they want to force their husbands to come back home from working illegally in the United States. They have created an English-language Web page where they identify themselves as the 'wetback wives' and broadcast their pleas, both to their men and to the U.S. government. … In poignant public messages to their husbands, the women talk about their children who feel abandoned, and worry that the men have forsaken their families for other women and for the American lifestyle." According to the Times, " It's a stark reminder of an often forgotten voice in the U.S. immigration debate -- the wives, children, parents and villages left behind as millions of workers come to the U.S., many of them illegally. The plea also underscores the dual effects of migration on Mexico: Its economy needs American jobs as an outlet for workers, but determined, able-bodied workers get siphoned out of Mexico."

TAX:

California Dentist Sentenced For Tax Fraud. The AP (2/26) reports, "A Danville (CA) dentist convicted of hiding $300,000 from the IRS in a secret offshore bank account has been sentenced to two years in prison, the Justice Department said." The AP continues, "Roy Albert Lewis was sentenced Friday in U.S. District Court for income tax evasion and conspiracy to defraud the government after being found guilty in August. Judge Susan Illston also ordered Lewis to participate in a mental health treatment program and perform 100 hours of community service." The AP adds, "Lewis' medical practice paid bogus expenses over a 10-year period to Denver-based Tower Executive Resources for items such as franchise, consulting, or management fees to generate huge tax deductions, according to the Justice Department. … Tower then allegedly funneled the money into the secret account, which Lewis controlled, authorities said. … In April 2005, two Tower promoters were convicted of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver. … Lewis' father, Leroy Albert Lewis, 72, an oral surgeon from Danville, is still awaiting trial on fraud and tax-evasion charges, according to prosecutors."

IRS "Telephone Tax" Refunds To Cost $13 Billion. NBC Nightly News (2/25, story 8, 1:50, Seigenthaler, 9.87M) reported, "Last year, the Federal Government finally stopped collecting this century old telephone tax. Now the IRS is giving some of the money back." NBC (Epperson) adds, "This is an opportunity for millions to get $30 to $60 back with this telephone tax refund. The problem is a lot of folks don't know about it and don't realize how easy it is to get this refund. All you have to do is fill out one line on the tax return to get the standard refund. If you think you're due more than $30 to $60, you'll need bills to substantiate it." Seigenthaler: "This one time refund is expected to cost the government some $13 billion."

Treasury Department Eases Tax Hike On Expatriate Workers. The Wall Street Journal (2/26, A2, Wells, Herman, 2.04M) reports a new Treasury Department notice "affecting some Americans working abroad further chips away at a controversial tax increase enacted last May." Accountants say it is "too soon to gauge the precise impact on expatriates and employers, but business leaders say the move could provide significant relief in numerous cases." At issue are "details of the May law, which raised taxes on many Americans working abroad, retroactive to the start of 2006."

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CONGRESS-ADMINISTRATION:

House Members Still Taking Trips Paid For By Outside Interests. USA Today (2/26, 1A, Schouten, 2.27M) reports, "Lawmakers have continued to take trips paid for by outside groups since the House voted last month to restrict who can pay for such travel" House travel records "show that 19 members since Jan. 5 have accepted airfare, meals and lodging from special interests, including groups that employ lobbyists." Melanie Sloan, executive director "of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington," said "the trips demonstrate that lawmakers 'are trying to see what they are going to get away with.'" Most of the travel "reported by House members would be exempt from the rules because it was paid for by groups that don't hire lobbyists." Five trips were "sponsored by organizations that lobby Congress and would face greater scrutiny by the House ethics committee."

USA Today (2/26, 5A, Schouten, 2.27M) reports that on one weekend in January, "a dozen House members gathered at a luxury Miami hotel to learn more about health care issues." They "assembled at the Mandarin Oriental, which boasts Biscayne Bay views and rooms starting at $469 a night. The trip, sponsored by the non-profit Alliance for Health Reform, is among the travel allowed under ethics rules that go into effect Thursday." Top Democrats "led by House Speaker Nancy Pelosi also agreed to exemptions that allow House members to continue taking trips to destinations such as Miami and San Juan, Puerto Rico."

House To Take Up Contentious Debate Over Union Organizing. The Los Angeles Times (2/26, Matthews, 850K) reports, "It has become the central question in union organizing fights across the country: Will the employer recognize a union after a majority of its workers sign union cards? Or will the employer insist that its workers cast secret ballots in federally supervised elections? These questions — of paper and power — move from the workplace to Congress this week, when the House is scheduled to cast the first vote in what could be a years-long legislative battle between the country's largest labor unions and most powerful business lobbies. The stakes: deciding the manner in which Americans join unions. The proposed Employee Free Choice Act would take from employers the right to decide whether to accept the signing of cards — generally called 'card check' — or demand an election. Instead, a workplace could unionize if labor persuaded a majority of employees to sign cards — without an election of all employees." The Times notes that "unions and their political allies, which for 70 years championed the secret ballot for unionizing workers, are all but abandoning the election process, arguing that aggressive anti-union tactics by businesses make such elections too difficult and costly. And business leaders, generally hostile to any government intervention in their companies, are preparing to spend millions to defend federal supervision of elections in which workers choose whether to unionize. … The House is expected to approve the legislation as soon as Thursday, but Senate prospects are less certain. Even if the bill passes Congress, President Bush has pledged to veto it."

House Committees Seeking Average 10.7% Funding Increase. Roll Call (2/26, Brotherton, McArdle) reports House committees are "proving to be a little more ambitious, at least financially, than their Senate counterparts, according to budget requests submitted to the chambers' respective administrative panels." With most committees "having turned in their requests, House panels are seeking an overall budget boost of 10.7 percent, nearly double the average Senate request of about 5 percent over funding provided during the 109th Congress." The Oversight and Government Reform Committee is "seeking an 11.6 percent increase, to $22.9 million from $20.5 million. Chairman Henry Waxman (D-Calif.) has made it clear in recent weeks he intends to increase the level of oversight done by the committee."

Roll Call (2/26, Davis) reports the House ethics committee "has requested a $6.1 million operating budget for the 110th Congress, nearly a 43 percent increase from the previous Congress. If approved by the House Administration Committee, which has jurisdiction over all House committee budgets, the investigative panel will have doubled its funding since the 108th Congress, when it had a $3 million budget."

Study Finds Congressional Web Sites Lacking. Roll Call (2/26, Brotherton) reports the Senate is "more Web savvy than the House, and Republicans are superior to Democrats when it comes to maintaining their Congressional sites — but, overall, the legislative branch is performing poorly, according to a report scheduled to be released today by the Congressional Management Foundation." The Foundation, "working with experts from Harvard University's John F. Kennedy School of Government, the University of California at Riverside and Ohio State University," studied "615 Congressional Web sites from April to August 2006. Only 85 sites -- 14 percent -- received an 'A' compared with nearly 40 percent that received a 'D' or 'F' ranking." The results "show little improvement from 2003, the last time the foundation handed out similar awards."

Proposal To Define National Standards For NCLB Gains Momentum. U.S. News and World Report (3/5, Green, 2.03M) reports that the 2002 No Child Left Behind Act "requires all states to draft standards…and to annually assess how well those standards are being met.

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But critics of the law argue that all the tests that have followed have not clarified matters at all. Every state administers a different test tied to different standards, and few of the state standards seem to match national ideas about what kids should know. … With hearings on No Child Left Behind starting in March, two top Senate Democrats have introduced legislation that would require the federal government to define the standards against which all states would be measured. Groups from the conservative Thomas B. Fordham Institute to the National Education Association, a teachers union, support the idea."

NCLB Said To Lack Incentives For Establishing Charter Schools. In an op-ed for the Wall Street Journal (2/26, A19, 2.04M), Nelson Smith, president of the National Alliance for Public Charter Schools, writes, "The NCLB has laid bare the troubling gaps in student achievement among racial and socioeconomic groups, and it has spurred some improvement, particularly in the early grades. Yet its prescriptions for reform have provoked meager change in schools and systems that produce chronically weak results. … The act's coup de grâce, after years of failure, is to require 'restructuring' a dysfunctional school from scratch, through state takeover, contracting-out, or re-opening as a public charter school. But its impact has been stifled by legislative language allowing 'any other' step as well. Districts and states have opted to switch principals, give pep talks and hire 'turnaround specialists' instead of coming to terms with intractable failure. Indeed, according to a recent analysis by SRI International for the U.S. Department of Education, only one of 12 states with Title I schools identified for restructuring as of 2004 had reopened a school as a public charter; one turned over operations to the state; two states replaced school staff and eight took no action. Ironically, the best illustration of the NCLB's mission may be outside this whole 'turnaround' apparatus, in the open sector of public education called charter schooling, where parents, teachers and entrepreneurs are creating new schools that are publicly accountable but independent of bureaucratic rules."

Analysis Finds Welfare State Expanding. The AP (2/25, Ohlemacher) reports the welfare state "is bigger than ever despite a decade of policies designed to wean poor people from public aid." The number of families "receiving cash benefits from welfare has plummeted since the government imposed time limits on the payments a decade ago. But other programs for the poor, including Medicaid, food stamps and disability benefits, are bursting with new enrollees." The result, "according to an Associated Press analysis: Nearly one in six people rely on some form of public assistance, a larger share than at any time since the government started measuring two decades ago."

Poll Suggests Bush Remains Overwhelmingly Popular Among Republicans. USA Today (2/26, 11A, 2.27M) columnist Richard Benedetto writes, "The Washington punditocracy has proclaimed far and wide that Republicans, disenchanted with the war in Iraq, are abandoning President Bush in droves, leaving him the lamest of lame ducks. However, the latest USA TODAY/Gallup Poll suggests Bush might not be as wounded as he appears — at least not among his party faithful. The Feb. 9-11 poll puts Bush's job approval at 37%, but among people who identify themselves as Republican or leaning Republican, his approval rating is 76%. Thus, despite bad news from Baghdad and carefully crafted hand-wringing by high-profile GOP war critics in Congress such as Sen. Chuck Hagel of Nebraska, three of four Republicans in the country are hanging in there with the president."

Army Chaplains In Short Supply. The Washington Times (2/26, Altamirano, 88K) reports, "The Army Chaplain Corps now has about 520 vacancies, its most severe shortage in history. ... Despite the three-year shortage, the Army and the Army Reserve has celebrated two consecutive years of record-breaking chaplain recruitment, closing the gap between authorized and assigned positions, Lt. Col. [Kevin] Beale said. ... He credits the recent recruiting successes to post-September 11 patriotism. To attract chaplains, the Army Reserve is offering $10,000 signing bonuses for first-time officers. The Army National Guard has similar incentives, such as student loan repayment and college scholarships." Army Chaplain Ran Dolinger "said it is more difficult to recruit chaplains into the reserves than into active duty. 'A lot of churches don't want their senior [chief executive officer] to be gone,' he said."

Univision Gets Record FEC Fine Over Children's Programming. The Wall Street Journal (2/26, A5, Schatz, 2.04M) reports Federal regulators "appear to be turning more attention to a perennial concern: making sure television is safer for kids. " Last week, Spanish-language broadcaster Univision Communications Inc. "agreed in principle to pay an unusually steep $24 million fine for violating the Children's Television Act, which requires broadcasters to show three hours of educational programming a week, Federal Communications Commission officials said. In exchange, the FCC will approve Univision's sale to a consortium of private-equity groups for $12.3 billion." It is "the largest fine assessed by the FCC against a company."

Smithsonian Boss Under Fire For Extravagant Expenses. The CBS Evening News (2/25, story 3, 2:40, Mitchell, 7.66M) reported, "A Smithsonian Institution audit is

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focusing attention this evening on the expenses of the museum group's top officer, Lawrence Small." CBS (Attkisson) added the Smithsonian Institution is "supported by donors and $700 billion tax dollars a year. Now an independent audit and inspector general's report obtained by CBS News raise questions as to whether" Small "is being allowed extravagances that are inappropriate for a public-supported charity. Questioned expenses and policies include the method by which Small has been paid up to $179,000 a year on top of his salary to live in the house he owns. Small's wife accompanied him on a business trip to China, but auditors said she was not authorized to expense $5,000 for a side trip to Cambodia with Smithsonian donors. And they flagged Small's $14,000 charter flight to Texas, saying a first class commercial ticket would have cost just $2,000. At the time Small reportedly claimed he paid for the charter himself. But the inspector general said that's inaccurate. The trip was paid for with Smithsonian funds. While Small is living in a material world could make some corporate CEO's green with envy, the charity is said to be strapped by a tight budget."

OTHER NEWS:

Fed Changing Assumption On Relationship Of Inflation, Unemployment. The Wall Street Journal (2/26, A1, Ip, 2.04M) reports that for "decades, a simple rule has governed how the Federal Reserve views the nation's economy: When unemployment falls too low, inflation goes up, and vice versa." But Fed officials "have rethought that notion. They believe it takes a far bigger change in unemployment to affect inflation today than it did 25 years ago. Now, when inflation fluctuates, they are far more likely to blame temporary factors, such as changes in oil prices or rents, than a change in the jobless rate." One explanation "for why inflation is influenced less by changes in unemployment is that the American public has come to expect inflation to remain stable. When inflation moves up or down, it is less likely to get stuck at the new level because companies and workers don't factor the change into their expectations -- or their behavior. Another explanation is that the Fed is better at adjusting interest rates in anticipation of swings in unemployment before those swings can affect inflation."

Gasoline Prices Up 13 Cents In Two Weeks. The Houston Chronicle/AP (2/26) reports gasoline prices "soared nearly 13 cents a gallon on average nationwide in the past two weeks as the price of crude oil rose." The national average "for self-serve regular was $2.35 per gallon, up 12.8 cents since Feb. 9, industry analyst Trilby Lundberg said Sunday." Oil prices "reached a new high for the year Friday. Light, sweet crude for April delivery added 19 cents to settle on the New York Mercantile Exchange at $61.14, its highest closing price since Dec. 22."

NBC Nightly News (2/25, story 7, ;20, Seigenthaler, 9.87M) reported, "The latest Lundberg Survey finds gas prices have gone up nearly 13 cents a gallon in the past two weeks. And are expected to climb further as a result of disruptions over oil refineries. On average, self-service gasoline now costs 2.35 for regular."

Retired Federal Judge Sporkin Hangs Out Shingle. The Washington Post (2/26, D1, Johnson) reports, "For the first time in a legal career that spans nearly half a century, Stanley Sporkin is striking out on his own." The Post continues, "In the 1960s and '70s, Sporkin was one of the first enforcement watchdogs at the Securities and Exchange Commission. Next he became the top lawyer at the CIA. President Ronald Reagan several years later named him to a high-profile federal judgeship in the District." The Post adds, "Until his retirement in 2000, Sporkin cultivated a reputation for being an outspoken, results-oriented judge. From the bench he famously threw out an early antitrust settlement that the Justice Department struck with Microsoft and rejected on procedural grounds the Senate's bid to impeach U.S. District Judge Alcee L. Hastings (currently a member of the House of Representatives). … Now, at 75, Sporkin is trying something new." The Post notes, "He's hung out his own shingle as a lawyer and consultant, signing on as a part-time ombudsman for troubled petroleum giant BP and filling out his time by working as an arbitrator and mediator at Gavel Consulting Group. He says his favorite part of the job involves advising companies on how to keep in line with securities laws. … Sporkin continues to work out of the I Street NW office of Weil, Gotshal & Manges, the law firm where he was a partner before resigning last year because of client conflicts with his BP assignment."

Governors Seek More Funding For Children's Health Insurance. The Washington Post/AP (2/26, A5, Tanner) reports governors "from both parties appealed yesterday for the Bush administration and Congress to provide more money for a health-care program that insures millions of children." The issue concerns "coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the challenge of uninsured working families." The governors "want two things: enough money -- estimated at $745 million -- to keep the program float through October, and changes to President Bush's budget. Analysts say the president's spending plan would shortchange the program even if the number of people served does not grow."

USA Today Says Health Care Reform Gaining Traction. USA Today (2/26, 10A, 2.27M) says in an editorial

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that since President and Hillary Clinton's healthcare plan failed to pass Congress in the 1990s, "health-care reform has been considered too costly, in dollars and political capital, for most politicians to touch. But the beleaguered system's problems — one in seven people without insurance, rising premiums and lower reimbursements for those who have insurance, endless payment hassles — haven't gone away. Attempts at fixing them have been incremental and timid at best." That "could be about to change. Several groups that usually are at odds on health care now agree on the need for broad reform. These strange bedfellows are still a long way from agreeing on a plan, but the fact that they now see a common need signals a shift in the political dynamic." The "important point is that for the first time since the early 1990s, the stars appear to be aligning for a major effort to reshape health care in America. It's about time."

"Money Primary" Already Winnowing Presidential Field. Two national newspapers run features on the "money primary" in the 2008 presidential race. USA Today (2/26, 5A, Lawrence, 2.27M) says a "daunting mix of celebrity candidates, rich candidates and early nomination contests is prompting long-shot presidential hopefuls to give up months and even years" before the election, and since this time, "measured by polls, name recognition and money, each party has three front-runners," it will be hard for others to emerge. Political scientist Dante Scala said, "It's tough to be fourth or fifth. If Hillary falters, Obama's there. If Obama falters, Edwards is there. That's a lot to overcome." Both USA Today and the Christian Science Monitor (2/26, Feldmann, 59K) note Tom Vilsack's blunt statement that money was the only reason why he quit the race. The Monitor says "the money that donors are willing to shell out to candidates represents an important signal of a candidate's viability. Even if much of the public is not fully engaged in the intense nomination races under way in both parties, wealthy donors are. And they're voting with their checkbooks."

Early GOP Leader, But Not Early Democrat, Tends To Win Nomination. The AP (2/25, Lester) writes that while Sen. Hillary Clinton "is the clear favorite in early polls" for the Democratic nomination, that might not mean much. Republican Rudy Giuliani, "however, is sitting pretty. For at least three decades, Republicans have been far better than Democrats in early polls at getting behind the candidates who end up winning the party's presidential nomination."

Krugman Says "Early Signs Aren't Encouraging" That Campaign Will Be About Substance. In his New York Times (2/26, 1.16M) column, Paul Krugman writes, "Six years ago a man unsuited both by intellect and by temperament for high office somehow ended up running the country. How did that happen? First, he got the Republican nomination by locking up the big money early. Then, he got within chad-and-butterfly range of the White House because the public, enthusiastically encouraged by many in the news media, treated the presidential election like a high school popularity contest. The successful candidate received kid-gloves treatment -- and a free pass on the fuzzy math of his policy proposals -- because he seemed like a fun guy to hang out with, while the unsuccessful candidate was subjected to sniggering mockery over his clothing and his mannerisms. Today, with thousands of Americans and tens of thousands of Iraqis dead thanks to presidential folly, with Al Qaeda resurgent and Afghanistan on the brink, you'd think we would have learned a lesson. But the early signs aren't encouraging. … Enough already. Let's make this election about the issues."

Most Governors Holding Off On Endorsing Presidential Candidates. The New York Times (2/26, Pear, 1.16M) writes Sen. Hillary Clinton "is the front-runner and will probably win the Democratic presidential nomination." Rudy Giuliani "could do well in Mississippi. And the length of the presidential campaign is insane. Those were the views expressed Sunday by some of the foremost experts on American politics: governors gathered here for the winter meeting of the National Governors Association. A few governors have endorsed presidential candidates, but many said they were reserving judgment." Democratic governors "pleaded with their presidential candidates to ignore the fringes of the party and focus instead on the 'middle 20 percent' of the electorate with a pragmatic, problem-solving agenda." Gov. Phil Bredesen said, "Democrats certainly could not win in Tennessee with just a hard-nosed Nancy Pelosi-style Democratic agenda." But Gov. Haley Barbour "toasted the political prowess of Mrs. Clinton," saying, "She will be a formidable opponent if she is the Democratic nominee. And I think she probably will be." Barbour said "on the Republican side, 'we don't have a front-runner.' … As a result, he said, 'an unusually large number of governors are keeping their powder dry.'"

Perry, Rendell Say They Are Not Interested In Vice Presidency. The AP (2/25, Zuckerbrod) reports Govs. Rick Perry and Ed Rendell both said they are not interested in their parties' vice presidential nominations. Texas Republican Perry said, "I got the best job in the world. Ask President Bush," while Pennsylvania Democrat Rendell said, "I like to be my own boss."

Geffen Comments Introduce Bill Clinton's Indiscretions As Campaign Issue. Newsweek (3/5, Thomas, 3.12M) reports Sen. Hillary Clinton's presidential campaign "can ill afford another scandal swirling around her husband. … They doubtless anticipate an assault from Clinton's old foes, but they may have been caught unawares

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by the attack from one of Bill's old friends" – David Geffen. In an interview with New York Times columnist Maureen Dowd, Hollywood mogul…Geffen tore into the Clintons' integrity and Hillary's electability. … The reaction to Geffen's remarks from the Clinton campaign was immediate and outraged." According to Newsweek, "the Clintonites were serving notice -- not for the first time -- that anyone who brings up Bill and Hillary's past marital problems will be branded a character assassin. … Dowd tells NEWSWEEK that Geffen did not seem out to get the Clintons." Dowd "says she was the one who brought up questions about Bill Clinton's past as a campaign issue. Geffen acknowledged that some big donors and celebrity Clinton supporters were fretting, as Dowd put it, 'that Bill will 'pull the focus' and shelve his wife's campaign.'"

Nevada Caucus Shakes Up Democrats' Campaigns. U.S. News and World Report (3/5, Lo Scalzo, 2.03M) reports, "The state of Nevada displayed its newfound political muscle last week, with the appearance of eight Democratic presidential hopefuls (Sen. Barack Obama was the sole exception) at a forum in Carson City. With Nevada's caucus scheduled-for now, anyway-just after the Iowa caucus and just ahead of the New Hampshire primary, this quirky state seems poised to be a crucial Democratic battlefield for the '08 elections. …Citing the state's ethnic diversity (nearly a quarter of Nevada's residents are Hispanic), concentration of organized labor (about 14 percent of the workforce), and economic growth (consistently one of the nation's strongest performers), Democratic leaders believe the state offers an alternative to Iowa and New Hampshire's mostly white, rural populations." US News notes that "aside from Nevada's potential political value, it's an unusual locale to say the least, featuring legal gambling and prostitution, a booming big city and desolate hinterlands."

Clyburn Assumes Role As South Carolina Powerbroker. U.S. News and World Report (3/5, Brush, 2.03M) reports Rep. Jim Clyburn "is at the center of the Democrats' most pressing concerns on Capitol Hill. As the majority whip, the No. 3 Democratic position in the House of Representatives, he's in charge of keeping the party together on votes and reaching out to the Democrats' famously broad set of interest groups. And for presidential candidates, his endorsement could swing the South Carolina primary. For the next year or two, Jim Clyburn is going to be a very popular-and powerful-man."

Democrats Work To Attract Religious Voters. U.S. News and World Report (3/5, Gilgoff, 2.03M) reports, "One of…Clinton's first campaign hires was a top evangelical staffer on Capitol Hill. U.S. News has learned that an aide in…Obama's office tasked with religious outreach is joining his presidential campaign this week. And former North Carolina Sen. John Edwards is framing poverty relief as a moral issue that's helping to drive his campaign."

Gore Candidacy Rumors Fueled By His Personal Wealth. U.S. News and World Report (3/5, Bedard, 2.03M) "Washington Whispers" reports, "If you're wondering why, despite his denials, Al Gore remains the most talked about nonpresidential candidate, it's this: His friends think he's done so well in the private world that he could bankroll the start of his own 2008 bid. 'If Al Gore wants to run, he will come with all the means necessary,' says longtime ally Donna Brazile. 'Al Gore is someone who can pull it off at half time,' she said. But he's got competing interests for his wallet: Friends say he also wants to expand his global climate change campaign."

Clinton's Stance On 2002 Iraq Vote Defended. Newsweek (3/5, Alter, 3.12M) writes, "Hillary Clinton is right to resist efforts to make her cry uncle and apologize for her 2002 vote in favor of the Iraq-war resolution; that would look weak. Her mistake was in not anticipating this problem with the liberal base of her party last summer and cauterizing the wound in advance, before it festered. Instead, she offered lame rationalizations. She should have taken a leaf from John McCain and her husband, each skilled in the subtle politics of contrition. This skill will be essential to the success of the next president."

Democrats Worry Clinton-Obama Fight Will Hurt Party's Chances. Under the headline "Hillary-Obama Feud Imperils Party For '08," the Washington Times (2/26, Lambro, 88K) reports, "Democratic strategists say the bitter fight between Sens. Hillary Rodham Clinton and Barack Obama could undermine their party's bid to win back the White House if it continues." Democratic media adviser Bud Jackson said, "I think the Democrats in general, particularly party activists and leaders, do not want to see a knife fight between these two which results in blood all over the Democrats. We want a strong nominee coming out of this primary process, not one that is beaten and bloodied." Jackson's view "summed up what many Democrats were thinking last week." Pollster John Zogby said, "The opening kickoff has been made. Clinton's the kicker and Obama's the receiver, who kicked back. What's clear is that it's going to be nasty from here on, which doesn't help the Democrats. At this stage, anything that threatens party unity or alienates Democrats or annoys swing voters can hurt."

Edwards Calls Frontrunners' Spat "A Bunch Of Silliness." The AP (2/25, Zuckerbrod) reports Sen. John Edwards said on CBS' Face The Nation that the spat between Clinton and Obama over comments by Hollywood mogul David Geffer is "a bunch of silliness." Edwards "said the topic was not on the minds of voters during a stop Saturday in New Hampshire. 'I met probably over a thousand New Hampshire primary voters in the course of having a bunch of house parties. And you'd be shocked to hear the only people who asked me about this were reporters.'"

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Clinton Leads Obama By 11 Points In California Primary Poll. A Datamar poll of 865 likely California Democratic primary voters conducted February 9-13 (+/- 3.3%), finds Clinton at 34.3%, Obama 23.6%, Edwards 16.2%, Gov. Bill Richardson 7.2%, Rep. Dennis Kucinich 4.2%, Sen. Joseph Biden 3.9%, Sen. Christopher Dodd 0.8%, Mike Gravel 0.3%, and Tom Vilsack 0.2%, with 9.2% undecided.

South Carolina Momentum Said To Be With Clinton, Obama. South Carolina political reporter Lee Bandy writes at The Politico (2/26) that Clinton and Obama "drew huge crowds on recent campaign swings through South Carolina. Together, they made a statement: The Democratic Party is back." A "sizable number of South Carolinians have been showing up at the rallies of Democratic candidates, catching party establishment types off guard. But it is foolhardy for candidates and their followers to suggest victory is in the air." Many in attendance "at the candidate rallies are curiosity seekers," who are "a long ways off from picking a horse to ride." But right now, "the momentum is with Obama and Clinton."

Geffen's "Precision Ruthlessness" Seen As Danger To Process. In a New York Times (2/26, 1.16M) media column headlined "Someone Give Geffen a Day Job," David Carr writes, "There is a danger that if the coming election" becomes Geffen's "full-time hobby, his precision ruthlessness will distort the public process. After all, this is not a movie sale, a busted deal or a Don Henley album; this is about the duly elected leader of the United States. … But if kings are to be made or undone, you can bet that Mr. Geffen is standing at the ready."

Herbert Calls Clintons "Connivers." In his New York Times (2/26, 1.16M) column, Bob Herbert writes, "If Bill and Hillary Clinton were the stars of a reality TV show, it would be a weekly series called 'The Connivers.' The Clintons, the most powerful of power couples, are always scheming at something, and they're good at it. Their latest project is to contrive ways to knock Barack Obama off his white horse and muddy him up a little. A lot, actually. Most of the analyses after last week's dust-up…have focused on whether the Clintons succeeded in tarnishing the junior senator from Illinois. What I found interesting was that no one questioned whether the Clintons would be willing to get down in the muck and start flinging it around. That was a given."

Clinton Woos Black Voters In New York. Newsday (2/26, Epstein) reports, "It wasn't officially a campaign event, and she didn't mention the presidency," but Sen. Hillary Clinton spent Sunday "working to position herself as the candidate for African-Americans." Clinton "presided over an African-American heritage celebration hosted by District Council 37, New York City's largest public employee union." At the event, "Clinton spoke mostly about local issues not likely to earn her attention in early presidential battleground states like Iowa and New Hampshire."

Rice Says Support For Obama Shows US Has Made Strides On Race. The AP (2/25) reports Secretary of State Condoleezza Rice "finds Democratic presidential candidate Barack Obama appealing and says it won't be much longer before race isn't a barrier to becoming president." On Fox News Sunday, Rice said, "I do think we've come a long way in overcoming stereotypes, role stereotypes about African-Americans. I will say race is still a factor. … But it's less and less of a barrier to believing that that person can be your doctor or your lawyer or a professor in your university or the CEO of a company. And it will not be long, I think, before it's no longer a barrier to being president of the United States."

Rothenberg Says Race Unlikely To Doom Obama's Chances. In his Roll Call (2/26) column, Stuart Rothenberg writes, "Many of us who write about politics -- and as a group we are overwhelmingly white -- have concluded" that Mitt Romney's Mormon religion "is a greater impediment to his presidential hopes" than is Sen. Hillary Clinton's gender or Obama's race. "But some in the black community remain deeply skeptical about Obama's electability. Their view is simple: Whether those being surveyed about their willingness to vote for an African-American are deceiving themselves or intentionally misleading pollsters, a lot of white voters won't vote for a black nominee." Rothenberg says he remains "convinced that Obama's race is not an insurmountable problem for him," because the "question…is whether Obama can carry enough white voters in enough Democratic or politically competitive states to win 270 electoral votes," and in many of those states, prominent blacks have been elected.

Obama Hardens Antiwar Stance In Presidential Bid. The New York Times (2/26, Zeleny, 1.16M) reports Obama "is running for president as one of the few candidates who opposed the Iraq war from the beginning, a simple position unburdened by expressions of regret or decisions over whether to apologize for initially supporting the invasion." But while Obama "is framing his candidacy to appeal to Democrats who have long opposed the war, until recently he was not among his party's most outspoken voices against it. He campaigned strongly against the war in his bid for the Senate in 2004, but when he arrived in Washington he waited 11 months to deliver a major speech on Iraq. And only after Mr. Obama opened a presidential exploratory committee did he introduce legislation to withdraw American combat brigades from Iraq by March 31, 2008." The four Democratic presidential hopefuls who were in the Senate at the time of the 2002 vote all "voted to authorize the invasion." But Obama "was not always so critical" of their votes. In interviews "before the Democratic National Convention in 2004, where his national political ascent began, he said he

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did not place blame on Democrats who had voted to authorize the war."

Obama Speaks To 3,000 At Rally In Kentucky. The AP (2/25) reports Obama "spoke Sunday night to a crowd of at least 3,000 supporters who waited nearly two hours for him to arrive for his first campaign stop in Kentucky. Obama apologized for the delay, saying snow in Chicago kept him from arriving sooner. … 'There was no way I was not going to make 3,000 people coming out,' he said to audience members who paid $25 a ticket for the event."

Obama Effort To Quit Smoking Cited. In a Los Angeles Times (2/26, 850K) op-ed, Harvard professor of medical history uses Obama's effort to quit smoking to examine the cigarette industry's supposed efforts to help smokers give up the habit, saying that "if Obama quits, no doubt Philip Morris will be the first to congratulate him. After all, won't that prove that anyone can stop anytime he wants to? If only that were true."

Conservative Leaders Look Beyond Three 2008 Frontrunners. U.S. News and World Report (3/5, Gilgoff, 2.03M) reports, "Whether McCain and the other leaders of the GOP presidential pack -- Giuliani and Romney -- can make enough converts among the Republican Party's base of religious conservatives may determine whether any of them can win the presidential nomination. Because of their political records and personal lives, all three have raised abundant doubts within the Christian right. … McCain and Romney-and, to a lesser extent, Giuliani-have launched Christian conservative outreach plans. But some powerful Christian right activists are skeptical. And others are determined to stop the front-runners in their tracks." According to US news, "Some heavyweights within the Council for National Policy and other conservative coalitions are weighing an effort to galvanize behind a socially conservative second-tier candidate, such as" former Arkansas Gov. Mike Huckabee or Sen. Sam Brownback.

New Book Explores Bush-Cheney Campaign's Evangelical Outreach Effort. U.S. News and World Report (3/5, 2.03M) reports that in his new book "The Jesus Machine: How James Dobson, Focus on the Family, and Evangelical America Are Winning the Culture War," U.S. News Senior Editor Dan Gilgoff "details how George W. Bush's evangelical outreach machine, and John Kerry's failure to connect with evangelicals and other religious voters, may have determined the outcome."

Vilsack Exit Raises Iowa Pressure On Edwards. The Des Moines Register (2/26, Beaumont, 160K) writes that "if any candidate inherits something from Tom Vilsack's departure from the Democratic presidential campaign, it's John Edwards. What he gets: Pressure." Vilsack's decision to exit the race "shifts much of the burden of expectations in the caucuses to Edwards, the front-runner in early Iowa polls." While Edwards' "popularity among Iowa party activists has endured since his strong second-place finish in the 2004 caucuses" and his run for vice president, he is "not entirely the same Edwards that Iowans remember from his 2004 campaign. He has moved noticeably to the left since then" on issues like Iraq and health care. Edwards "rejected the idea that Vilsack's withdrawal puts particular pressure on him to win in Iowa." He said, "It raises expectations for everyone. … Other candidates might have used it as an excuse for not doing well. That excuse is now gone."

Gore Documentary Wins Academy Award. The AP (2/26, Gentile) reports, "'An Inconvenient Truth,' the documentary that turned former vice president Al Gore's power-point presentation on global warming into an engaging and entertaining film, won the Oscar Sunday night. The best-documentary win was a triumph for Gore."

Gore Seen As Potential Alternative Candidate For Democrats. In the New Yorker (3/5), David Remnick says, "Despite the burden of injury and injustice," Gore, "more than any other major Democratic Party figure, including the many candidates assembled for next year's Presidential nomination, has demonstrated in opposition precisely the quality of judgment that Bush has lacked in office." In the "view of former aides still close to him, Gore can't lose by staying on the electoral sidelines. While Hillary Clinton and Barack Obama start competing -- warily at first, and then, inevitably, taking direct aim at one another's weaknesses -- Gore can stand unbruised, nursing the lingering glamour of his popular margin in 2000."

Warner To Endorse McCain For President, Despite Iraq Differences. Roll Call (2/26, Whittington) reports Sen. John McCain, who has been among the staunchest supporters of President Bush's effort to increase troop levels in Iraq, is set to receive the endorsement of one of the most prominent critics of the 'surge' plan." Sen. John Warner "will announce his support of McCain's 2008 presidential bid today, lending the name of one of the chamber's most respected old bulls to the Republican frontrunner's developing Capitol Hill support." Warner "cited his long personal history with McCain -- as well as the importance of national security issues in the 2008 campaign -- as the chief factors that led to his endorsement." Warner said, "To me, voters are going to seek out that candidate, be it Republican or Democrat, that's got the proven credentials on issues that concern security abroad and here at home."

Romney Health Care Plan Said To Be In Trouble In Massachusetts. In a Wall Street Journal (2/26, A19, 2.04M) op-ed, Sally Pipes, president and CEO of the Pacific Research Institute says that when "then-Gov. Mitt

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Romney, a Republican, introduced a universal health-insurance plan in the Bay State early last year, it was widely acclaimed. But less than a year after passage, RomneyCare is in the intensive care unit, soon to be wheeled into hospice." Reality "fully hit in late January of this year, when private insurers submitted bids to the bureaucracy that would administer the new program. The average premium for the unsubsidized plans was not $200 per month -- as Mr. Romney promised from the stump -- but rather $380. That's more than 15% of the target audiences' income -- and for a plan with a $2,000 deductible and a total cost sharing of $5,000. People were stunned, outraged. Naturally, 'greedy' private insurers were blamed. Politicians called for price controls." Pipes adds, "There's a slim chance that the new Democratic governor Deval Patrick and the Democratic legislature will implement this plan and enforce the mandate. But if they do, an individual with a $30,000 income would be on the hook for 32% of his or her income before being fully covered by insurance. Yet there is an equally small chance that the politicians will deregulate the state's insurance market."

Paul Campaigns In New Hampshire. The New Hampshire Union Leader (2/26, Kepple) reports Rep. Ron Paul "brought his anti-war and limited government message to a gathering of largely like-minded activists" in Concord, New Hampshire, Sunday, "and condemned the Republican establishment for forsaking principles it claims to uphold. Paul, who ran as the Libertarian Party's presidential candidate in 1988, is now exploring a run for the Republican Party's presidential nomination. Should he decide to enter the race, he would prove a long shot at best, and run at a considerable disadvantage in terms of fundraising."

Hagel "Flirting With Running For President." USA Today (2/26, 8A, Kiely, 2.27M) reports Sen. Chuck Hagel "seems to be paying no great political price for his apostasy" in his home state of Nebraska. While there "have been some angry letters to the editor of the Omaha World-Herald, no Republican has emerged to challenge Hagel next year, when he will be up for election to a third term." Hagel "has not only emerged as a leading critic of the administration's foreign policy, he's also flirting with running for president next year -- possibly on a hybrid ticket that would include a Democrat."

New Blog Tracks Candidates' Web Presence. Newsweek (3/5, Briscoe, 3.12M) reports Sen. Barack Obama "can take comfort in at least one tally: MySpace, apparently, is Obama country. About 48,000 members of the wildly popular social-networking site have added Obama to their online profiles as a 'friend,' while only 25,000 have 'friended' Clinton. It may seem a trivial statistic. But to the political junkies who run techPresident.com, a new 'group blog' that obsessively follows how the presidential campaign is playing on the Internet, no Web trend is too small to track. Micah Sifry, the site's cofounder and editor, says he's trying to make sense of 'how candidates are using the Web and how the Web is using them.' … TechPresident's stable of bloggers includes Zephyr Teachout, the Internet director of Dean's 2004 campaign, and Mike Turk, the e-campaign director for Bush-Cheney 2004."

Candidates Urged To Articulate Concrete Policies. U.S. News and World Report (3/5, Barone, 2.03M) writes, "so far, candidates have told us very little about where they think the world is headed and what we should do about it. And they've shown us little to indicate that they've thought seriously about governance and long-term problems like Social Security and Medicare. Let's hope they do better as they make their way through Iowa's 99 counties and New Hampshire's 234 cities and towns."

Cole's Strategy For 2008 To Balance Local Issues, National Picture. Roll Call (2/26, Duran, Drucker) reports National Republican Congressional Committee Chairman Tom Cole (Okla.) "believes a strategy combining the 'all races are local' mantra of his predecessor with the nationalized campaign Democrats employed is the way to undo the drubbing the GOP took at the polls this past year." Cole said that for this cycle, "the NRCC will spread the wealth among consultants and pollsters, giving political professionals inside and outside the Beltway a crack at consulting contracts." Cole "did not disavow the localized approach to House races preferred by former NRCC Chairman Tom Reynolds (N.Y.), but said his 2008 plan will include key elements of a nationalized campaign." Cole said, "The 'you have a national campaign or a local campaign' is a false dichotomy. There's no question that good campaigns address both things. I tell our members: 'Know your locality, but also you are going to have to address the big national issues.'"

Perdue Sets Date For GA10 Special Election. Roll Call (2/26, Whittington) reports Georgia Gov. Sonny Perdue (R) "has asked that June 19 be the date for a special election to fill the 10th district seat of Rep. Charlie Norwood (R), who died Feb. 13." State Sens. Ralph Hudgens (R) and Jim Whitehead (R) "have emerged as the early frontrunners in the race for the Augusta-based seat, which leans heavily toward Republicans." Both men "will have to relinquish their state legislative seats once they qualify to run in the special election under Georgia law."

Gilchrest May Face Conservative Primary Challenger In MD1. Roll Call (2/26, Kurtz) reports conservative Maryland state Sen. Andrew Harris "is taking

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steps to challenge Rep. Wayne Gilchrest in the 2008 Republican primary, though he said Friday that he has not completely decided whether to make the race." Harris said he "has thought about challenging the Congressman for several months and was leaning against it until two weeks ago, when Gilchrest joined 16 other House Republicans in voting for a resolution that criticized President Bush's proposal to send 21,500 additional troops to Iraq." Harris said, "That has changed the calculus a little bit." Roll Call adds Gilchrest "easily turned back conservative challengers in 2002 and 2004, but Harris, the sole physician in the state Senate, could be more formidable because he is no stranger to tough races."

Farrakhan Delivers "Final" Major Speech. The CBS Evening News (2/25, story 5, :20, Mitchell, 7.66M) reported, "Ailing Nation of Islam leader Louis Farrakhan today gave a speech that was billed as his final major speech. He called for unity between Christians and Muslims in Detroit where the nation of Islam was founded back in 1930. The 73-year-old Farrakhan has had prostate cancer and recently had abdominal surgery."

The AP (2/25, Karoub) reports Farrakhan "was greeted by cheers, tears and chants from tens of thousands as he returned to the public eye just long enough to say he would be leaving it soon." Farrakhan, who "ceded leadership duties last year because of illness, spoke for nearly two hours Sunday."

NYTimes Calls On States To Require HPV Vaccine. The New York Times (2/26, 1.16M), in an editorial, writes, "Debate over a new vaccine to prevent cervical cancer and genital warts has reached a high pitch. State legislatures are debating whether to mandate the vaccine or insist that its use be kept voluntary. The manufacturer stopped a vigorous lobbying campaign lest it provoke more opposition than support. And some health professionals who had been championing the vaccine flinched at making it mandatory, at least for now. Even so, state legislatures should require that all young girls be given this vaccine, which protects against a virus that causes some 10,000 new cases of cervical cancer in the United States each year — and 3,700 cancer deaths."

Bush To Warn Musharraf To Crackdown On Terror Groups. On its front page, the New York Times (2/26, A1, Sanger, Mazzetti, 1.16M) reports President Bush "has decided to send an unusually tough message" to Pakistani President Pervez Musharraf, "warning him that the newly Democratic Congress could cut aid to his country unless his forces become far more aggressive in hunting down operatives with Al Qaeda, senior administration officials say." The decision came "after the White House concluded that General Musharraf is failing to live up to commitments." On senior administration official said Musharraf has "made a number of assurances over the past few months, but the bottom line is that what they are doing now is not working. The message we're sending to him now is that the only thing that matters is results." For now, officials say, the White House "has ruled out unilateral strikes against the training camps that American spy satellites are monitoring in North Waziristan," fearing "that such strikes would result in what one administration official referred to as a 'shock to the stability' of General Musharraf's government."

The AP (2/25, Hunt) reports the move comes "amid growing concern in Congress and the Administration that terrorist forces are regrouping in the border area and preparing for a spring offensive in Afghanistan." In an interview Sunday with ABC's "This Week," Secretary of State Condoleezza Rice said, "I don't doubt that al-Qaeda has tried to regenerate some of its leadership. … But we have to be vigilant, and that's why we are working with the Pakistanis, we are working with the Afghans." Asked about Musharraf's efforts, Rice said, "I'm certainly aware that there are political issues in Pakistan. To not say that would be not to face reality."

Rice Condemns Iran's Vow To Continue Nuclear Program. NBC Nightly News (2/25, story 5, 0:30, Seigenthaler, 9.87M) reported, "To Iran now where it's ever defiant leader is going forward with his nuclear enrichment program. President Mahmoud Ahmadinejad compared the program to a train without a reverse gear or brakes. In response, Secretary of State Condoleezza Rice recommitted her offer to personally meet with Iranian officials, but only if they stop nuclear enrichment and reprocessing. This week the United Nations Security Council will meet to consider new sanctions against Iran."

The Washington Post/AP (2/26, A11, Karimi) reports Ahmadinejad announcement prompted Secretary Rice to respond that Iran needs "a stop button." In an appearance on "Fox News Sunday," the Secretary said, "They don't need a reverse gear. They need a stop button" so "we can sit down and talk about whatever is on Iran's mind." Rice said it "should be a clear signal" that "I've said that I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities." USA Today (2/26, 8A, 2.27M) and the Los Angeles Times/AP also note briefly the Secretary's comments on talks with Iran.

In a separate interview with ABC's "This Week," AFP (2/26, Milliken) reports Rice said sanctions imposed on Tehran were beginning to fuel dissatisfaction among Iranians with Ahmadinejad. "If you just read the press you see the criticism of President Ahmadinejad by people inside Iran, knowledgeable and authoritative people in Iran, that (his)

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policies are isolating Iran," she told ABC. Meanwhile, the New Yorker (3/5, Hirsh) says "US covert actions against Iran had increased under a major recent shift in US Middle East strategy, with the unintended result of exacerbating regional Sunni-Shiite sectarian tensions and bolstering Sunni radicals hostile to the United States." Reporter Seymour Hersh wrote in the magazine that the strategy, guided by Vice President Dick Cheney and reliant on Saudi Arabia's national security advisor Prince Bandar bin Sultan, "had complicated the war in Iraq, where the rise to power of Shiites over the previously dominant Sunnis has empowered Iran."

The Financial Times (2/26, Dombey) says the "extent to which Iran has mastered such technology remains one of the most important questions in the controversy over the nuclear program, together with other factors such as Tehran's true intentions and the difficulty of forging a common front on the issue among big powers."

As US Pressure On Tehran Mounts, Religious Divide In Gulf Widens. The Wall Street Journal (2/26, A1, Higgins, 2.04M) reports in a front page article that "at a time of rising tension between Washington and Tehran," America's "geopolitical standoff with Iran is paralleled by much older animosities between the Muslim world's two great traditions, Sunni and Shiite." In a "dangerous dynamic, legitimate concerns about Tehran's intentions are being overlain with phobias and political calculation as Arab governments, rabble-rousing politicians and clerics fan sectarian fears." Some experts on the region warn that America's "standoff with Iran is exacerbating Sunni-Shiite rivalry and pushing the US into some unruly company. Indeed, America now unintentionally finds itself on the same page as Sunni firebrands who loathe America but sometimes hate Shiites even more."

Iran Launches First Rocket Into Space. The New York Times (2/26, A12, Fathi, 1.16M) reports Iran announced Sunday that it had launched "a research rocket that attained a suborbital altitude, a test that appeared to move it closer toward its aim of putting its own satellites into space." A test rocket "capable of reaching greater altitudes would have had significant meaning not only for Iran's effort to put satellites into orbit, but also for developing a transcontinental ballistic missile, making it a topic of keen interest to other countries."

Harman Claims Bush Needs Congressional Approval For Strike Against Iran. Rep. Jane Harman, on CNN's Late Edition (2/25, Blitzer), said, "I think if we are ever to initiate military action in Iran, Congress needs to approve it. I support legislation that would make that crystal clear. … And I think we have a real shot here of changing the policy in Iran in a way that would be very constructive and much more effective than this notion of initiating military action where we don't have a day after scenario that makes any sense whatsoever."

Rep. Duncan Hunter, also on CNN's Late Edition (2/25, Blitzer), said that "with respect to Iran, our number one role here, our number one goal is, we must stand firm. We must protect Israel. And right now, this is a military challenge that we have. One, to protect against the developing missile capability of Iran. Number two, to watch very closely this emergence of an incipient nuclear capability. And this could well…at some point, require American military forces in Iran. We should never take that card off the table."

Cheney Arrives In Oman For Talks. The AP (2/25, Krane) reports Vice President Cheney arrived in Oman Sunday for talks the nation's foreign minister on "regional security issues, including the US standoff with Iran," an Omani government official said. The AP notes that Oman allows the US to use its air bases "for refueling, logistics and storage of pre-positioned military supplies," however "little has been revealed publicly about US military ties with the reclusive country." While Oman's cooperation with the US military "appears to have dwindled over the past few years," renewed US access to its bases would give "a huge boost to any American action on Iran."

Hezbollah Strengthening Positions Along Peacekeeping Zone. The Christian Science Monitor (2/26, Blanford, 59K) reports Hezbollah militants have relocated along the northern border of the zone UN peacekeeping forces and Lebanese troops have been policing since last summer "to build a new line of defense." Hezbollah's "strengthening presence…coincides with a series of land purchases here by a Shiite businessman with ties to the militant group and, critics say, with funds from Tehran." While analysts say the military buildup "does not necessarily signal any intention by the Iranian-supported militants to launch a fresh round of fighting," they say it is "a troubling sign that Hezbollah is rearming just out of sight of the United Nations."

Israeli Troops Launch Operation In West Bank City. The New York Times (2/26, A6, Erlanger, 1.16M) reports the Israeli Army put the West Bank city of Nablus "under curfew on Sunday in one of the biggest military operations there in two years." Israeli forces "discovered an explosives laboratory in Nablus, the second one found in two days," containing "a hand-held Lau guided missile and launcher that apparently had belonged to the Israeli Army." However, it was not immediately clear whether the missile had been stolen or purchased.

USA Today (2/26, 8A, 2.27M) reports an Israeli military official said the operation "was crucial to stop militant attacks against Israel."

Plight Of Gaza Settlers Signals Troubles With West Bank Evacuation. The Los Angeles Times (2/26, Bekker,

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850K) reports on Israeli settlers evacuated from the Gaza Strip in 2005 who today are "straining to meet daily expenses." Many of the evacuees "are older than 50 and unskilled for available jobs." The evacuees' predicament is seen as "a measure of the decline in political power of Israel's settler movement" and as "an indication of the difficulties Israel may encounter in any evacuation of the much larger number of settlements in the West Bank, considered an inevitable part of any final peace accord with the Palestinians."

Israeli Supreme Court To Rule On Status Of Border Crossing. The Christian Science Monitor (2/26, Mitnick, 59K) reports the Karni crossing at the Israel-Gaza border has become "the focus of a dispute in Israel's Supreme Court between human rights groups and the government" over Israel's "invisible hand" in Gaza by regulating commercial goods coming or leaving the territory. The dispute "underscores the tradeoff between Israeli security needs and the Palestinian need for the passage of people and commercial goods."

Rice, Lavrov Seek To Down Play Tensions. The AP (2/25, Butler) reports Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov "Sunday tried to play down concerns about a Cold War revival set off by Russian President Vladimir Putin's claim that Washington is fostering a global arms race." But they "could not put aside disagreements about a proposed US missile defense system in Europe." Lavrov wrote in Sunday's Washington Post that Putin's recent remarks "have been widely misinterpreted," while Rice "also denied the rhetoric could push the countries back to Cold War-era relations." In an interview with "Fox News Sunday," Rice said it is "a ludicrous claim" by Russia to "suggest that somehow 10 interceptors deployed in Poland are going to threaten the thousands of warheads in the Russian deterrent."

Missile Shield Gaining Support Among European Nations. The Christian Science Monitor (2/25, White, 59K) reports the US missile-defense program is "gaining acceptance among governments" in Europe "despite Russia's mounting opposition." For example, the Czech Republic, Poland, and Britain "have all expressed serious interest in hosting parts of the shield," while "other countries traditionally cool to the idea have been notably quiet." The trigger, the Monitor says, is "concern about a nuclear Iran."

Prodi Set To Resume Control Of Italian Government. The Wall Street Journal (2/26, A6, Kahn, 2.04M) reports, "After resigning as Italy's prime minister last week, Romano Prodi is preparing to resurrect his government with his old cabinet intact and push ahead with his political program." But in recent days, Prodi "has lured a few new allies to his side in order to bolster his narrow majority in Parliament." However, he still must address Parliament this week before facing confidence votes in the upper and lower houses. AFP (2/26) also reports the developments.

UN Court To Issue Ruling In Bosnian Genocide Case. The Washington Times/AP (2/26, Max) reports the U.N.'s International Court of Justice is expected to rule today in what is seen as "one of the most momentous cases in its 60 years" -- Bosnia's "demand to make Serbia accountable for the slaughter, terrorizing, rape and displacement of Bosnian Muslims in the early 1990s." If it rules for Bosnia, the Court "could open the way for compensation amounting to billions of dollars from Serbia."

NYTimes Urges US, Europe To Back Kosovo Plan. The New York Times (2/26, 1.16M) editorializes, "Earlier this month, a United Nations envoy, Martti Ahtisaari, presented a sensible plan for the future of Kosovo. ... Mr. Ahtisaari's proposal would effectively grant Kosovo independence, but with strict limits, extensive international supervision, and protection for the ethnic Serbs and other minorities who live there. ... The United States and Europe should press the Security Council to quickly endorse the Ahtisaari plan."

Treasury Delegation In Macau To Discuss North Korean Funds. The AP (2/25, Lee) reports a US Treasury Department delegation was in Macau Monday "briefing local officials about the investigation of North Korean bank accounts in the Chinese territory," an American official said. On Monday, Dale Kreisher, spokesman at the US Consulate General in Hong Kong, told the AP that the US Treasury delegation was in Macau briefing local officials about North Korean funds frozen by Banco Delta Asia. "Discussions (with North Korea) along with the US investigation have brought Treasury to the point where they think they can begin taking steps to resolve the BDA matter," said Kreisher, but declined to say if Washington was ready to lift the sanctions on the bank.

Zoellick Says Nuclear Deal Moves Korean Peninsula Towards Reconciliation. In an op-ed for the Wall Street Journal (2/26, A18, 2.04M) Robert Zoellick, former U.S. trade representative and deputy secretary of state, writes, "North Korea needs to fulfill its September 2005 commitment to abandon all nuclear weapons and programs. North Korea's steps are likely to be halting as it weighs the risks of opening with those of isolation. Yet even if Pyongyang chooses belligerence, U.S. cooperation with the other four parties will position it better to quarantine the dangers. The five can best deter North Korea. They will be best able to prevent the selling of nuclear materials. President Bush does not view this move as another accord limited to nonproliferation objectives. It opens the way for

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peace and reconciliation on the peninsula and a means to shape the future security arrangements in East Asia."

Thai Government Fails To Stem Muslim Insurgency. The New York Times (2/26, Mydans, 1.16M) reports, "Some are already calling it war, a brutal Muslim separatist insurgency in southern Thailand that has taken as many as 2,000 lives in three years with almost daily bombings, drive-by shootings, arson and beheadings. It is a conflict the government admits it is losing. A harsh crackdown and martial law in recent years seem only to have fueled the insurgency by generating fear and anger and undermining moderate Muslim voices. A new policy of conciliation in the past four months has been met by increased violence, including a barrage of 28 coordinated bombings in the south that killed or wounded about 60 people on Feb. 18."

UN Security Council Mulls Sending Force To Chad. USA Today/AP (2/26) reports, "Tribal leaders are desperate for the deployment of a U.N. peacekeeping force along Chad's border with Sudan to protect refugees and stop increasing spillover from the violence in Darfur. The U.N. Security Council is considering a mission, with up to 10,000 troops, largely because Sudan's government has resisted efforts to send U.N. peacekeepers to Darfur itself. But Chad's president is worried about inflaming tensions with Sudan, while U.N. Secretary-General Ban Ki-moon has warned the Security Council that peacekeepers would face 'serious risks' of rebel attacks."

ICC Prepares Darfur-Related Indictments. The New York Times (2/26, Simons, 1.16M) reports that on the International Criminal Court's "plans to file its first criminal charges linked to the conflict between the Sudanese government and the rebel fighters. The prosecution will disclose the names of several senior figures it believes to be among those most responsible for Darfur's devastating bloodshed and human disaster. Other names are expected to follow. … Thomas Lubanga, a Congolese citizen and once a powerful militia leader, has been charged with conscripting and abusing children, some as young as 10, during the fighting in the country's Ituri region. He is the only suspect in the court's custody, and his trial, expected later this year, will be the first since the tribunal opened for business in 2002."

Economic Boom Said To Have Exacerbated Sudanese Refugees' Misery. The Washington Post (2/26, A10, McCrummen, 690K) reports, "These days, Khartoum has palm trees wrapped in lights, new Toyota dealerships and an outdoor cafe where patrons can sip lattes under a delicately refreshing mist spray. This week marks the opening of Khartoum's first five-star hotel, Al Salam Rotana -- a swank, $300-a-night palace of marble and haute cuisine for the jet set. At the city's edges, however, is the detritus of power struggles dating back decades -- a dozen or so squalid, off-the-map camps, most without running water or electricity, and filled with more than 2 million people. Most of the residents are non-Arab Africans who fled the conflict in the south. More recently, people have come here to escape the conflict in Darfur, now in its fourth year. For people in the camps, the economic boom has had the perverse effect of further undermining their already precarious existence. With land at a premium, the local government of Khartoum state periodically sends police and bulldozers into the camps to plow under swaths of mud houses, pushing people even farther out into the desert, and then sells the cleared land to developers."

Senegal President Leading In Bid For Second Term. The AP (2/25, Callimachi) reports, "The president of one of Africa's most stable democracies sought another five-year term Sunday, jostling with 14 contenders in a race that may hinge on the votes of young people hungry for jobs. Early results reported by state-run Senegalese Press Agency indicated President Abdoulaye Wade was in the lead but did not say by how much. It was not known how many votes had been counted, but they included polling stations in key cities including the capital Dakar and Thies, the agency said. The first official results are not expected until later Monday."

Election Upsets Relatively Stable Senegal. The New York Times (2/26, Polgreen, 1.16M) reports, "In the more than four decades since it won its independence from France, Senegal has never had a coup and suffers from almost none of the ethnic strife that has dragged many West African countries into civil war. It is one of Africa's oldest and most open democracies, with genteel politics that have been the envy of many of its neighbors. But this election has been different. The campaign was marred by accusations that the government was trying to stifle opposition. One opposition rally was barred from taking place, though others were allowed."

Kenyan Education Program Draws Mixed Reactions. On its front page, the Los Angeles Times (2/26, Sanders, 850K) reports on a "growing public education crisis" in Kenya "spurred by a national decision in 2003 to make primary education free to all." Since the school fees were eliminated, "more than 1 million additional youngsters have entered public schools" and the move "has won international praise for President Mwai Kibaki." So far, however, officials "have failed to back their ambitious policy with adequate resources. Enrollment is up 24% since the fees were dropped, but the number of school facilities has barely expanded and the number of teachers has fallen 6%, according to the Education Ministry."

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Bush's Fast-Track Trade Authority Expires June 30. Roll Call (2/26, Ackley) reports, "President Bush's fast-track trade negotiating authority expires June 30, but a new business coalition pushing for its renewal has crafted a long-term plan, indicating that pro-trade lobbyists expect a much longer slog than they would like to admit. The Trade for America Coalition, according to sources familiar with the effort, has planned for a new set of co-chairmen to take over six months into the campaign, which would take it beyond the deadline for fast-track renewal. A lobbyist whose clients are involved in the coalition said that even though Members and Bush administration officials continue to negotiate to renew it before the authority lapses, this likely will be no quick lobbying battle. … Opponents of trade promotion authority — emboldened by the Democratic-controlled Congress — have geared up their own effort, working closely with the office of Rep. Mike Michaud (D-Maine). Michaud's staff is meeting regularly with representatives from the AFL-CIO and other labor unions, Sierra Club, Friends of the Earth, Public Citizen and the U.S. Business and Industry Council."

CAFTA Considered A Success On Its First Anniversary. The Wall Street Journal (2/26, A18, 2.04M) Mary Anastasia O'Grady writes, "As the Central American Free Trade Agreement marks its one-year anniversary Friday, it's a good time to remind Capitol Hill protectionists how wrong they were when they tried to kill the deal in 2005. Every country that entered into Cafta is enjoying new benefits, including the U.S. The U.S. and El Salvador were the first two countries to begin trading under Cafta last March. In the months that followed, Guatemala, Nicaragua and Honduras made it official. The Dominican Republic and Costa Rica have yet to join. Both have signed onto the negotiated agreement, but without implementing legislation before Feb. 29, 2008, they could end up shut out of the free-trade area. Costa Rica hasn't even ratified the deal yet. The early results from Cafta's first year are promising. Central Americans are importing more than ever from the U.S. and the region is also attracting new capital. Both developments are helping participants grow more competitive and improving the quality of life for consumers."

US Urged To Develop Economic Relations With China. Lawrence H. Summers, a contributing editor to Opinion, writes in a Los Angeles Times (2/26, 850K) op-ed that economic advancements happening in China reflect events in the Japanese economy in the late 1980s and early 1990s. Although there are "obvious differences," Summers says the similarities "are striking enough to invite an effort to draw some lessons from the Japanese experience." Given China's "scale, rapid growth and the greater level of imbalances in today's global economy," he says Chinese economic policy and its international economic relations "are even more important. By learning from a rather unfortunate history, policymakers on both sides of the Pacific can avoid repeating its mistakes."

Columnist Says Allies, Not Enemies, Hate US Most. Los Angeles Times (2/26, 850K) columnist Niall Ferguson explores why Americans are so hated. The "best explanation," he says, "is the simplest. Being hated is what happens to dominant empires." Therefore, Ferguson says one might assume those who hate us the most are "people in countries that the United States has recently attacked or threatened to attack." However, a recent Gallup Center for Muslim Studies' poll suggests that it's "not the United States' enemies that hate it most," bur rather "people in countries that are supposed to be friendly, if not allies." There is, he says, "after all, a reason why they say it's lonely at the top."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Suicide Blast Kills Dozens At University In Baghdad."
"High Cost Of Free Education In Kenya."
"Immigrants Who Wire Money Get Help From The Fed."
"Methadone Emerges As New Killer."
"'The Departed' Shows Silence Can Be Golden."

USA Today:
"Sex-Offender Residency Laws Get Second Look."
"House's Travel Rules Limited."

New York Times:
"Bush To Warn Pakistan To Act On Terror."
"As Candidate, Obama Carves Antiwar Stance."
"U.S. Says Raid In Iraq Supports Claim On Iran."
"Nation Of Islam At A Crossroad As Leader Exits."
"Training For India's Job Boom And Finding Career Path To Sky."
"Scorsese And 'The Departed' Win Oscars."

Washington Post:
"U.S. Patrols In Baghdad Seek Elusive Targets."
"Kaine To Tour On Transport Plan."
"Sharpton, Thurmond Linked."
"Job Training Offers A Hand Up."
"Multitasking Effects Questioned."
"Scorsese Wins First Oscar."

Washington Times:
"Rice Decries Democrats' War Tactics."
"India's Imbalance Of Sexes."
"Mexican Wives Seek Ouster Of Husbands From U.S."
"Winter Storm Dumps Snow But Few Woes."

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"Israel's Economy Leaps Upward Despite Unrest."
"Job Seekers Can Cash In As Baby Boomers Age."
"Chaplain Shortage Severe For Army."

Detroit Free Press:
"Farrakhan Speaks To Thousands In Detroit."
"Diversity Rules."
"Merger Traffic Pains Michiganders."

Atlanta Journal-Constitution:
"Democrats Walk Razor's Edge In Fight With Bush On Iraq."
"New Cameras Can Do More Than Keep An Eye On Things."
"Shut Out But Not Silenced."
"Nuclear Route Possible For Ga."

Houston Chronicle:
"Two Houston Children Shocked By Transformer."
"TXU Directors OK Sale To Private-Equity Firms."
"Texas' King Ranch Fights Planned Turbine Power."
"Bush: Pakistan Aid Hinges On Al-Qaida Sweep."
"Houston Red-Light Camera Scofflaw Readies Suit."
"Houston Marathoner Girds For An Antarctic Test."

Story Lineup From Last Night's Network News:
ABC: SCOTUS-High Speed Chases; Winter Weather; Iraq-Sadr; Iraqi Student Gets Scholarship; Gays In The Military; Sharpton-Thurmond.
CBS: Winter Weather; Texas Tornadoes; Smithsonian Director; Iraq-Talibani; Farrakhan; Darfur Genocide; Bees-Explosives Detectors.
NBC: Winter Weather; Arkansas Tornados; Iraq Suicide Debate; Iraq Congressional Debate; Iran-Uranium Enrichment; Courtroom Cameras; Gasoline Prices; Telephone Tax; Declaration Of Independence Sale; Sharpton-Thurmond; Da Vinci Mystery.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Oscar Winners; Winter Weather-Flight Cancellations; Bush-Warning For Pakistan; Sharpton, Thurmond-Slavery Connection; UT-Olympic Wrestler Survives Plane Crash; Tokyo Stock Exchange.
CBS: Oscar Winners; Baghdad-Public Works Ministry Explosion; Iraqi President-Medical Tests; Cheney-Pakistan; Pakistan-Kite Festival Deaths; Horn Of Africa-Somali Pirates; Gas Prices; Farrakhan -Farewell Speech In Detroit; Sharpton, Thurmond-Slavery Connection; Israeli Curfew In West Bank; UT-Olympic Wrestler Survives Plane Crash.
NPR: Congressional Democrats-Iraq; Iraq-Suicide Bombing; Sadr Withdraws Support For Security Crackdown In Baghdad; UNICEF-Children Heavily Impacted By Cyclone In Mozambique; Winter Weather-Flight Cancellations; New Zealand-Crippled Japanese Whaling Ship Being Moved; NASA-New Horizons Probe.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with the National Governors Association, State Dining Room; presentation of Medal of Honor, East Room; participates in Presentation of the Annual Report to the Nation by the Boy Scouts of America, Oval Office, The White House; speaks at the 2007 Republican Governors Association gala, National Building Museum.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: FLOOR SCHEDULE _ 2 p.m. Sen. Corker will read Washington's Farewell Address, followed by morning business.

US House: No Scheduled Events.

Other: GOVERNORS _ The National Governors Association holds its Winter Meeting. Highlights: 7:30 a.m. Democratic Governors Association meeting. 7:30 a.m. Republican Governors Association meeting. Polaris Room, Reagan Trade Center. 9:30 a.m. Meeting with President Bush. White House. 12 p.m. Luncheon, with speaker former astronaut Mae Jemison. 12:15 p.m. Media briefing following the morning White House meeting with President Bush. Salon D. 2 p.m. News conference on entrepreneurship. 2:30 p.m. Session on economic development and globalization, with USTR Susan Schwab and William Reinsch of the National Foreign Trade Council. 2:30 p.m. Session on Children's health care, with HSS Secretary Leavitt, and Rep. Frank Pallone. 2:30 p.m. Session on clean energy investments, with Energy Secretary Bodman, others. 4:15 p.m. Coalition of Northeastern Governors meeting. Location: JW Marriott, 1331 Pennsylvania Ave, NW, unless otherwise noted.

JEWISH COMMUNITY POLICY _ Jewish leaders from the United States and Canada meet to debate, analyze and vote the Jewish community's domestic and international policy at the 2007 Jewish Council for Public Affairs plenum. Highlights: 1:30 p.m. Plenary session on Jewish relations with Mainline Protestant churches. 3 p.m. Domestic plenary with Supreme Court Justice Stephen Breyer. 4:30 p.m. Iraq plenary with presentations by Amb. David Satterfield and Sen. Chuck Hagel. 8 p.m. Presentation of Chrnin Award to Senator Frank Lautenberg. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AFGE _ The American Federation of Government Employees, the nation's largest union of federal and DC government workers, holds its annual legislative conference. Highlights: 9 a.m. Reps. Ron Yarmuth and John Sarbanes. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

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CLEAN ENERGY-JOBS _ The Apollo Alliance holds a summit to discuss the movement for clean energy and good jobs. Highlights: 7:30 a.m. Gov. Deval Patrick, D-Mass., Gov. Bill Ritter, D-Colo. deliver major speeches on energy independence. 8:30 a.m. Apollo Alliance president Jerome Ringo discusses a 4-point strategy to make energy independence a key element in the presidential elections. 7:45 p.m. Keynote address - Pennsylvania Gov. Ed Rendell. Location: Hotel Washington, 515 15th St. NW, unless otherwise noted.

ANTI-HUNGER CONFERENCE _ The Food Research and Action Center and America's Second harvest hold the 2007 National Anti-Hunger Policy Conference. Highlights: 8:15 a.m. Session with Agriculture Secretary Johanns; Nancy Montanez Johner, Under Secretary, Department of Agriculture; and Texas State Sen. Leticia Van de Putte. Washington Court Hotel, 525 New Jersey Ave. NW.

CREDIT UNIONS _ The Credit Union National Association holds its Governmental Affairs Conference. Highlights: 10:45 a.m. SBA Administrator Steven Preston. 11:30 a.m. Actor Martin Sheen. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AMERICAN INDIANS _ The National Congress of American Indians holds its 110th Congress Executive Council "Tribal Nations Legislative Summit." Highlights: 1:35 p.m. Agriculture Secretary Johanns. 2:40 p.m. Sen. Byron Dorgan. 3:20 p.m. New Mexico Gov. Bill Richardson. 4:30 p.m. Arizona Gov. Janet Napolitano. Location: Wyndham Hotel, 1400 M St. NW.

ELECTRIC DEREGULATION _ 8:30 a.m. - 5 p.m. Consumer, labor, public power and industry advocates hold a Take Back the Power conference to discuss electricity deregulation's failures. Highlights: 10:30 a.m. Connecticut Attorney General Richard Blumenthal. Location: National Press Club.

IRAN-RELIGIOUS LEADERS _ 9 a.m. US religious leaders just returned from a visit to Iran hold a news conference about their trip. Location: National Press Club.

ENTREPRENEURSHIP _ 10:30 a.m. - 12:30 p.m. Council on Competitiveness President Deborah L. Wince-Smith will highlight findings from a new Council report on U.S. entrepreneurship, "Where America Stands: Entrepreneurship," during a public policy summit that's part of EntrepreneurshipWeek USA. Wince-Smith will join U.S. Labor Secretary Elaine Chao and Ewing Marion Kauffman Foundation President Carl Schramm for the discussion. Location: George Washington University, Jack Morton Auditorium, 805 21st St. NW.

HEALTH CARE _ 11 a.m. The Center for American Progress holds a discussion on health care for racial and ethnic minorities, with delegate Donna Christian-Christensen, LaToya Chavis of Charlotte REACH 2010, Brian Smedley of the Opportunity Agenda, others. Location: 10th floor, 1333 H St. NW.

GIULIANI _ 12 p.m. Republican presidential hopeful Rudy Giuliani speaks to the Hoover Institution Overseers and guests. Location: Ballroom, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

MEDICAL-WMD _ 12 p.m. The Advanced Medical Countermeasures Consortium holds a briefing to discuss its work to develop solutions to WMD problems. Location: National Press Club.

CHILDREN'S HEALTH _ 12:15 p.m. The Alliance for Health Reform and the Robert Wood Johnson Foundation sponsor a briefing on enrolling and keeping children in the State Children's Health Insurance Program, with Cindy Mann of Georgetown University, Virginia SCHIP Director Linda Nablo; Judith Wooldridge of Mathematica Policy Research, others. Location: Columbus Club, Union Station.

SCHWARZENEGGER _ 12:30 p.m. California Governor Arnold Schwarzenegger addresses a National Press Club luncheon. Location: National Press Club.

HANSEN-GLOBAL WARMING _ 1 p.m. The National Press Club hosts a newsmaker with Dr. James Hansen, director, NASA Goddard Institute for Space Studies." Hansen will discuss "Global Warming: Connecting the Dots from Causes to Solutions." Location: National Press Club.

HEALTH-CREDIT CARDS _ 2:30 p.m. - 4 p.m. Reps. Pete Stark, D-Calif., and Barney Frank, D-Mass., others, hold a briefing for members of Congress and their staff on the report, "Borrowing to Stay Healthy," linking medical costs to credit card debt. Location: Room H-137, Capitol.

JOHANNS _ 3 p.m. Agriculture Secretary Johanns speaks to the National Association of Resource Conservation and Development Council Leadership Forum. Location: Holiday Inn, 415 New Jersey Ave. NW.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, FEBRUARY 26, 2007 7:45 AM EST

TODAY'S EDITION

Terrorism News:

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Intelligence Report Reassesses Threat Of Al Qaeda (WT) 4
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TERRORISM NEWS:

Support For Hunger Strike Growing (WP)

By Jerry Markon, Washington Post Staff Writer

The Washington Post, February 26, 2007

A former Florida professor has not eaten for more than a month to protest prosecutors' efforts to make him cooperate with their investigation into whether a network of Herndon-based Muslim charities financed terrorist organizations.

Sami al-Arian, 49, who has twice refused to testify before a federal grand jury in Alexandria, has lost more than 30 pounds and collapsed in jail from the effects of his water-only diet. His hunger strike has drawn the support of Muslim organizations, which held a news conference last week at Justice Department headquarters in Washington and called for a worldwide fast in support of al-Arian.

Tracy Billingsley, a spokeswoman for the federal Bureau of Prisons, said prison officials will force-feed al-Arian through a tube if he appears close to death. "We would not let an inmate die," she said.

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A federal jury in Tampa deadlocked in 2005 on nine charges that al-Arian aided terrorists and acquitted him of eight other counts. He then pleaded guilty to one count of supporting a Palestinian terrorist organization. Sentenced to 57 months, including time already served, he was expected to be released from prison and deported this year.

But prosecutors want al-Arian to testify in their probe into whether the network of Muslim charities, businesses and think tanks was financing terrorist organizations, according to court documents. He has twice refused and been held in contempt by a federal judge. As much as 18 months could be added to his prison term unless he agrees to testify.

On Jan. 21, al-Arian stopped eating, supporters said. He has had only water since then, and several days not that. Federal marshals recently moved him from Northern Neck Regional Jail in Warsaw, Va., to a federal medical prison in Butner, N.C., federal officials and supporters said.

Al-Arian is trying to rally public support so prosecutors will stop trying to make him testify, said Agha Saeed, chairman of the American Muslim Taskforce for Civil Rights and Elections, a coalition of Muslim groups. The former University of South Florida professor has accused prosecutors of violating his plea agreement with the Justice Department, which he contends does not require his cooperation.

"Why do they continue to humiliate and punish this man?" asked Nihad Awad, national executive director of the Council on American-Islamic Relations. "They exhausted all their resources and found out there is no case against him. Enough is enough."

The U.S. attorney's office in Alexandria, which is leading the Herndon probe, would not comment.

David N. Kelley, a former U.S. attorney who prosecuted terrorism cases in New York, said it is a common tactic for prosecutors to seek additional testimony from someone already convicted. "In many instances, you are remiss if you don't pursue that," he said.

Kelley, who would not comment on the specifics of al-Arian's case, said people are routinely held in contempt if they refuse to testify. "The law is quite clear," he said. "The grand jury is entitled to every man's evidence, regardless of his status."

A judge has rejected al-Arian's argument that he does not have to cooperate with Alexandria prosecutors under his plea agreement. "The Court has never heard of the Government agreeing that someone would forever be protected from grand jury subpoena," U.S. District Judge James S. Moody Jr. wrote in November from Tampa.

On Wednesday, al-Arian's attorneys filed a notice indicating that they will appeal the contempt findings to the U.S. Court of Appeals for the 4th Circuit in Richmond, said Ashraf Nubani, one of the attorneys.

Prosecutors want al-Arian to reveal what they believe are his ties to the International Institute of Islamic Thought, a Herndon group that is one of the key organizations being investigated. The probe burst into public view in March 2002, when federal agents raided homes and businesses in Herndon and elsewhere in Northern Virginia.

The searches led to the convictions of two people, including prominent Muslim activist Abdurahman Alamoudi, who admitted that he plotted with Libya to assassinate Saudi Arabia's ruler. But no charges have been filed against the principals of the cluster of companies and charities at the center of the investigation, and the charities strongly deny terrorist ties.

Al-Arian contends that he has no information that could help the investigation and that any ties between him and the Institute of Islamic Thought are more than a decade old, according to court documents.

Intelligence Report Reassesses Threat Of Al Qaeda (WT)

By Sean Rayment, London Sunday Telegraph

The Washington Times, February 26, 2007

LONDON -- Al Qaeda has established a foothold in most countries across North Africa and the Middle East and poses a far graver threat to Britain than previously thought, according to a report being circulated among British security departments.

Titled "Extremist Threat Assessment," the document, which was drawn up this month, also predicts that Afghanistan will supersede Iraq as the main location for terrorists planning violent acts against the West.

The secret intelligence document says that the number of locally based Islamist terrorists involved in plotting suicide attacks against "soft" targets in Britain could number more than 2,000.

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The document, which has been circulated to the MI5 counterintelligence service, Scotland Yard, the interior ministry, Cabinet officials and the Ministry of Defense, says al Qaeda has grown into a worldwide organization with a foothold in virtually every Muslim country in North Africa, the Middle East and central Asia.

It says the terrorist group's influence extends from North Africa, including Egypt, through to Lebanon, Turkey and Jordan, and into Somalia and Sudan. Al Qaeda is "resilient and effective" in Iraq, its "operating environment and financial position" in Pakistan has improved and a new group had emerged in Yemen.

"With violence in Afghanistan intensifying, and therefore receiving greater media attention, the country may well become more attractive as a venue for foreigners wishing to fulfill their jihad ambitions," the document says.

Using the term "UK" or "United Kingdom" to refer to Britain, the document states: "The scale of al Qaeda's ambitions toward attacking the UK and the number of UK extremists prepared to participate in attacks are even greater than we had previously judged."

It warns that terrorist "attack planning" against Britain will increase this year, and adds: "We still believe that [al Qaeda] will continue to seek opportunities for mass casualty attacks against soft targets and key infrastructure. These attacks are likely to involve the use of suicide operatives."

Eliza Manningham-Buller, the director general of MI5, warned recently that more than 1,600 "identified individuals" were actively engaged in plotting terrorist attacks in Britain. There were 200 known networks involved in at least 30 terrorist plots. It is thought the number of British citizens involved in plots could be well in excess of 2,000.

MI5 thinks that soft targets, such as the transportation system and economic targets such as the city of London and Canary Wharf, are most at risk.

A senior political source said the picture painted by the document was "particularly bleak and unlikely to improve for several years."

"The Security Services have constantly warned that the task of countering Islamist terrorism is a daunting one. There will be more attacks in Britain," he said.

Two years ago, Western intelligence said that al Qaeda was virtually a spent force, disrupted by counterterrorist operations around the world.

In July 2005, the Pentagon obtained a letter written by Ayman al-Zawahri, al Qaeda's deputy leader, saying the organization had lost many of its leaders and that it had virtually resigned itself to defeat in Afghanistan. Al Qaeda's lines of communication, funding and structure had been severely damaged.

Jonathan Eyal, the director of international security at the Royal United Services Institute, attributed the al Qaeda revival to the West's inability to kill or capture Osama bin Laden, and said the wars in Afghanistan and Iraq made matters worse.

"This document clearly demonstrates a marked shift from the mood of Western governments only a year or two ago," he said. "It is a clear admission that the organization is re-emerging and the reasons are that none of al Qaeda's top leaders have been killed or captured."

The Italian Job (WSJ)

The Wall Street Journal, February 26, 2007

The capture of an alleged Islamist terrorist recruiter in Milan four years ago in an operation carried out by U.S. and Italian intelligence could have been a model for transatlantic cooperation in counterterrorism. Instead, it is becoming Exhibit A in how European politicians are working against the U.S., undermining the fight against Islamic terrorism and endangering the NATO alliance.

An Italian court 10 days ago indicted 25 CIA agents and a U.S. Air Force lieutenant-colonel on charges that they kidnapped Osama Mustafa Hassan Nasr and illegally took him back to his native Egypt, where he was imprisoned and, he claims, tortured. Five Italians were also charged -- including the top two officials at the military intelligence agency at the time.

Nasr, a radical imam also known as Abu Omar, is a terrorist suspect who had been under Italian police surveillance since 9/11. In the covert operation that took place in February 2003, Italians and Americans worked together to apprehend Nasr, before whisking him back to Egypt against his will and without the permission of an Italian court. The Milan prosecutor, Armando

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Spataro, contends that Nasr was "kidnapped." Such "extraordinary rendition," he tells us by phone, is illegal under Italian law, and he's ensuring that the "rules are really followed . . . without any political considerations."

As in many such operations, the particulars are in dispute. But no one, including the Italian prosecutors, doubts that Nasr posed a security risk. In 2005, a Milan court, at Mr. Spataro's behest, issued an arrest warrant for Nasr, charging him with building a terrorist network in Europe that actively recruited terrorists, including for Iraq. Eight of his accomplices have been sentenced to up to 10 years in prison on similar charges, and Italian authorities believe more are at large.

Why Nasr was captured rather than arrested in 2003 isn't clear. According to a July 2005 story in the New York Times, which cited unnamed current and former American officials, the CIA was concerned that Nasr was plotting to attack the U.S. Embassy in Rome. For whatever reason, the U.S. wanted him off the streets while the Italians weren't ready to arrest him. The CIA won't comment. The government of Silvio Berlusconi -- who was Prime Minister at the time -- denied any foreknowledge of the rendition.

No one seriously claims, however, that the CIA agents were in Italy without the explicit knowledge and participation of Italy's security services. This is the crucial point -- and explains why the indictments are a hostile act against the U.S. By long-established international legal practice, the official agents of one country operating in another with that state's permission are immune from prosecution. The status of forces agreement that governs U.S. troops stationed in Italy enshrines this principle at least for official conduct.

If the CIA agents did anything wrong, that's up to American authorities to decide. Mr. Spataro, an independent prosecutor, can indict as many Italians as he wants. His pursuit of U.S. government personnel, however, makes him a rogue. Aggravating the harm, Mr. Spataro cited the 25 agents by name, possibly putting their lives in danger. The trial in June, presumably in absentia, would likely do further damage by exposing intelligence-gathering techniques. Call it a tutorial for al Qaeda on how to avoid detection.

The appropriate response by Prime Minister Romano Prodi would have been a swift announcement that he would reject any extradition request from the court. Instead, Mr. Prodi merely hinted that he might do so before his government collapsed on Wednesday night. If he wins the confidence vote he's likely to face this week to resume power, he'll get a second chance to finally fulfill his obligation to his U.S. treaty allies and reject extradition.

European politicians are more at fault here than any prosecutor. Since the 9/11 attacks in the U.S., many European leaders have been playing a double game, working with the U.S. to root out terrorist plots on the sly -- and saving countless lives -- while publicly condemning "American methods" in rhetoric that has fed rising anti-Americanism. It doesn't help that many Europeans embrace the preposterous legal notion of "universal jurisdiction," the idea that an ambitious prosecutor can indict and try anyone for an alleged crime committed anywhere in the world.

This is the climate in which, for example, a German court this month issued arrest warrants for 13 CIA agents allegedly involved in transferring a German-Lebanese terrorist suspect, Khaled al-Masri, to Afghanistan for questioning. It made no difference that Mr. al-Masri had been arrested in Macedonia. Also in Germany, prosecutors are considering whether to bring war-crimes charges against former Defense Secretary Donald Rumsfeld, Attorney General Alberto Gonzales, former CIA Director George Tenet and other senior civilian and military officials. Mr. Rumsfeld, Colin Powell and Dick Cheney were targeted by Belgian courts until the law there was changed. And so on.

European officials need to understand the risks they're running if they keep this up. Italy and the U.S. are NATO partners, but such an alliance is meaningless if "allies" make a habit of prosecuting each other for cooperating against a common threat. Italy's political grandstanding is endangering NATO, as well as the lives of millions on both sides of the Atlantic.

HOMELAND RESPONSE:

Terror: Is Tehran Targeting New York? (NSWK)

By Mark Hosenball

Newsweek, February 26, 2007

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Increasing tensions between Washington and Tehran have revived New York Police Department concerns that Iranian agents may already have targeted the city for terror attacks. Such attacks could be aimed at bridges and tunnels, Jewish organizations and Wall Street, NYPD briefers told security execs last fall, according to a person with access to the briefing materials who asked for anonymity because of the sensitive subject matter.

NYPD officials have worried about possible Iranian-sponsored attacks since a series of incidents involving officials of the Iranian Mission to the United Nations. In November 2003, Ahmad Safari and Alireaza Safi, described as Iranian Mission "security" personnel, were detained by transit cops when they were seen videotaping subway tracks from Queens to Manhattan at 1:10 in the morning. The men later left New York. "We're concerned that Iranian agents were engaged in reconnaissance that might be used in an attack against New York City at some future date," Police Commissioner Raymond W. Kelly told NEWSWEEK. A spokesman for the Iranian Mission in New York said he was aware of the allegations but had no immediate comment.

With Full-body X-ray, A Closer Look At Air Travelers (CSM)

By Faye Bowers

The Christian Science Monitor, February 26, 2007

Most passengers asked to submit to a full-body X-ray at Security Checkpoint B didn't bat an eyelash. Nine in 10 gamely stepped up to a scanner about the size of a vending machine, placed their feet on the red footprints painted on the carpet, and raised their arms – all in the name of airport security.

The aim of the new technology unveiled Friday at Phoenix Sky Harbor International Airport: to allow officials to detect weapons – such as plastic explosives strapped to the body – that metal detectors and other security measures might miss.

A potential sticking point is that this machine, known as a backscatter, can see through clothes. Its deployment at the Phoenix airport is a test to see how well it works – and to assess how air travelers respond to its use. If passengers at Terminal 4 who were asked to undergo body scans are an indication, security trumps privacy.

"Sure, I'd be happy to do it," said Ella Adams from Atlanta, who had stopped in Phoenix on Friday to catch a connecting flight to San Diego. "Privacy to me isn't nearly as important as our security, especially if they assure me the X-rays aren't harmful."

In all, the Phoenix airport has seven security checkpoints, and the body- scanning machine has been installed for this pilot program at just one. About 8,000 travelers a day move through this checkpoint, says Paul Armes, security director at Sky Harbor for the federal Transportation Security Administration (TSA).

The backscatter will not be used for everyone who passes this way, at least not at first. A traveler would have to have set off alarms on the routine metal detector, or be randomly selected for further screening. Even then, travelers have two options: the new X-ray machine, or a pat-down, which has caused passenger complaints about invasiveness.

What the backscatter 'sees'

Privacy advocates remain wary of backscatter technology. Barry Steinhardt, director of the technology and liberty program for the American Civil Liberties Union, likens it to a "virtual strip search." He hasn't seen a demonstration of the latest version of the technology, but he saw an earlier one at a Los Angeles city jail.

"The one I saw was very graphic, almost like a nude picture," he says. The technology has not been installed at airports until now because of questions about privacy and how well it can detect possible weapons, adds Mr. Steinhardt. "Utility is ... important here. People are being asked to trade their privacy for security. But first show us there is some security [benefit]."

Backscatter technology has been around for years, says Joe Reiss, vice president of marketing for American Science and Engineering Inc. (AS&E), which makes the backscatter being tested in Phoenix. The technology has been used, for example, to check large cargo containers and passenger vehicles.

"About 15 years ago, this technology was incorporated in personal [body] scanning systems," Mr. Reiss adds. For airport use, AS&E has adjusted the technology so that what's depicted is only an outline of a passenger – with private parts blurred – and any objects on him or her, such as "a handgun, or a blade of a ceramic knife that wouldn't be discovered by a metal detector."

"This technology gives us an additional layer of capabilities to detect objects," says Michael Golden, a technology expert for Southwest Airlines, who is on loan to the TSA. "This actually will show us where prohibited items are on the body," he says, though he declines to name all objects this machine can detect. "We think it is a good balance between security and privacy."

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Other officials say the backscatter will be able to detect several items that other security technology – including metal detectors – cannot. Those items include plastic or ceramic knives, plastic explosives, and some liquid explosives. They say it can at best prevent a bomb plot like the one uncovered in London last summer, in which alleged terrorists planned to attack using liquid explosives.

What the screened passenger does

Here's how the screening is working so far. A traveler, after agreeing to the X-ray, is walked through the process by a TSA employee. He or she stands on the red-painted footprints facing the scanner, with arms raised as if a police officer had yelled, "Hands up." Then the traveler turns around for a back pose.

Another TSA employee in a tiny, walled room about 50 feet away assesses the image. A man views images of male passengers, and a woman views images of women. The images are not stored, government officials say, and they aren't transmitted anywhere else. The process should take about 30 seconds.

Kenneth Johnson, a Vietnam veteran with artificial shoulder joints and an artificial knee, was among the first to be pulled out of line Friday for closer screening. He chose the backscatter X-ray over the pat-down, saying he didn't mind it a bit.

As the TSA decides whether to buy the $100,000 machine, its pilot project is expected to last up to 90 days. It may be expanded later this year, using another manufacturer, at Los Angeles International Airport and John F. Kennedy International Airport in New York.

"We want to look at the operational capabilities of this machine and have a dialogue with the public about their perceptions of its use," says Ellen Howe, assistant administrator for the Department of Homeland Security.

Adding To Security But Multiplying The Fears (NYT)

By Adam Liptak

The New York Times, February 26, 2007

Foreigners arriving at the American border must present both index fingers for fingerprinting, but that will soon change. The Department of Homeland Security now wants 10 fingers.

The two-print system was largely a biometric backup, an added level of security to supplement and verify a passport or a visa. The 10-print system adds a powerful investigative tool.

“When we have a fingerprint of a terrorist who has left behind a bomb or an I.E.D. in Iraq or has left his fingerprint in a safe house somewhere, we don’t always have the two index fingers,” Paul Rosenzweig, a Department of Homeland Security official, said at a briefing in December. “It could be the pinkie or the thumb. And thus by moving to a 10-print system, we will enhance our ability to use biometrics to enable us to identify threats before they occur in the United States.”

Call it biometric mission creep.

People concerned about privacy and civil liberties say they fear the creation of gigantic biometric databases ripe for data-mining abuse. They note that Mr. Rosenzweig was a supporter of the Total Information Awareness program at the Defense Department, which had planned, as the Pentagon put it, to create “ultralarge all-source information repositories.” The program was shut down in 2003 because it scared people.

The administration’s last-ditch defense of that effort was telling, too. It changed the name to the Terrorism Information Awareness program.

There is a pattern here, said Marc Rotenberg, the executive director of the Electronic Privacy Information Center. “These techniques that are sold to us as necessary to identify terrorists inevitably become systems of mass surveillance directed at the American people,” Mr. Rotenberg said.

In an interview, Robert A. Mocny, the acting director of U.S.-Visit, the unit in the Department of Homeland Security that is in charge of the fingerprint program, said all the right things. “We cannot,” Mr. Mocny said, “have a reaction to 9/11 such that we’re sacrificing privacy and civil liberties on the altar of security.”

But the privacy folks have a point. Once information is captured, it must be tempting to use it. With little discussion, for instance, driver’s license photographs have been dumped into enormous digital databases, ripe for searches with facial

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recognition technology. Police departments have started to use the databases to find people and identify suspects. That may be a fine idea, but it is one that has been pursued without real debate or disclosure.

Mr. Mocny made a persuasive case that the move to 10 prints enhanced the legitimate goals of identification and investigation.

"We've identified 1,800 people who've tried to lie their way into the United States, and their fingerprints tripped them up," he said.

The 10-print program will, he said, make identifications even more reliable. "We're now at 80 million-plus individuals in the system," he said. "With that many fingerprints, they start to look alike." More fingers, he said, means more differentiation.

On the investigative side, more fingerprints give the authorities more opportunities to check them against a watch list of 2.5 million prints that includes, he said, "known and suspected terrorists," sexual predators and people wanted on criminal and immigration charges.

But there are real questions about the reliability of the technologies employed. Though fingerprint evidence is widely assumed to be close to infallible, recall the $2 million the federal government paid in November in the settlement of a lawsuit filed by Brandon Mayfield.

Mr. Mayfield, a lawyer in Oregon, was arrested in 2004 after the F.B.I. definitively and mistakenly concluded that his fingerprints matched one taken from a plastic bag containing detonator caps found at the scene of the bombings in Madrid that year.

"Fingerprints work fine when you have a bank robbery in Chicago," said Michael Cherry, vice chairman of the digital technology committee of the National Association of Criminal Defense Lawyers. But matching a partial fingerprint of poor quality and uncertain vintage collected in Afghanistan or Iraq to a database of global scope is a different matter.

The 10-print strategy, Mr. Cherry said, is a "technical nightmare that will produce many Brandon Mayfields."

At an American Bar Association conference in November, Michael Chertoff, the secretary of Homeland Security, said the 10-print program "creates a powerful deterrent for anybody who has ever spent time sitting in a training camp and training or building a bomb in a safe house or carrying out a terrorist mission on a battlefield."

Those terrorists, presumably, will be deterred by not wanting to test the nation's border security. Or the deterrent may be a different one: encouraging a generation of young jihadists to wear gloves.

"Unless you believe there's a constitutional right or a civil liberties right to have phony documents or to pretend to be someone you're not, I don't really see the cost in civil liberties," Mr. Chertoff told the assembled lawyers.

"By the way," he added, "we'll be collecting all of your glasses after dinner."

A Symbolic Setback To Linking Pay With Performance (WP)

By Stephen Barr

The Washington Post, February 26, 2007

MaxHR is out.

Human Capital Operational Plan is in.

The name change at the Homeland Security Department reflects a new set of priorities aimed at improving how thousands of Border Patrol, customs and immigration officers are hired and how career leaders are chosen and trained.

But the name change -- from trendy branding to prosaic government jargon -- also can be taken as a symbol of how one of the Bush administration's signature efforts to shake up the federal workforce lost momentum because of overly ambitious goals, adverse court rulings and budget cuts.

The shift to the new plan means that a key goal of the Bush White House -- to use about 110,000 Homeland Security employees as a model for a rigorous pay system with raises linked to job performance ratings -- will not be completed before the presidential election in 2008, leaving it to a new White House team to forge on or abandon that effort.

Marta Brito PÃ©rez, who became the department's chief human capital officer five months ago, called the decision to adopt a new workforce management plan "the right thing to do."

"It should be reassuring to the employees, employee representatives, the Hill and the public," she added.

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Instead of pushing forward on a department-wide performance-based pay system, Homeland Security will set up a pilot project in 2008 focused on the department's employees who work in intelligence. The pilot will be coordinated with a pay initiative being developed by the director of national intelligence for the government's primary intelligence agencies.

Because intelligence analysts are in high demand across government, the pilot project should help the department stay competitive in hiring and pay while also providing a test of Homeland Security's new performance management system. That system calls for developing job goals for employees, tracking their accomplishments and using job ratings to steer larger pay raises to the best workers.

"There was a conscious decision that this organization needs to have a good performance management program in place before pay can be linked to it," Perez said. "We have to get this right."

If the pilot goes well, the department in 2009 could move to the next step: shifting employees off the 15-grade General Schedule, a decades-old pay system that the Bush administration faults as giving too many automatic pay raises to federal workers, and into "pay bands" where salaries are more closely tied to occupation and geographic location.

But changing pay rules at Homeland Security may prove difficult. Federal unions have won court rulings that block the department's efforts to limit their bargaining rights, and the department will probably have to negotiate with unions over the design and implementation of a new pay system.

The unions and some employees are skeptical about revamping pay practices, in part because they believe giving managers greater discretion over raises will let them play favorites or use pay decisions to single out employees for punitive actions.

Under the new plan, known as HCOP, the department will focus on hiring and retaining a talented and diverse workforce, creating a "culture of performance," creating high-quality training programs and improving leadership development programs.

PÃ©rez said the department is not jettisoning MaxHR, which kicked off in February 2004. "We are moving beyond Max in areas that are keys to our success," she said.

Still, she acknowledged in an interview, "every time someone mentions Max, their eyes roll," apparently because it has become tainted by union lawsuits or because it is no longer seen as living up to its catchy name.

"We're not going to be using the term MaxHR anymore," PÃ©rez said. "Folks around here don't seem to like it. It is not reflective of the things we are doing."

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WAR NEWS:

Rice Decries Democrats' War Tactics (WT)

By Eric Pfeiffer

The Washington Times, February 26, 2007

Secretary of State Condoleezza Rice yesterday denounced the Iraq war resolutions being planned by congressional Democrats as "the worst of micromanagement" that would intrude on the president's power as commander in chief to manage the war.

But Senate Democrats may not be able to force the issue. Sen. Carl Levin of Michigan said his party does "not yet" have 60 votes needed to defeat an expected Republican filibuster of a vote reversing the 2002 Iraq war resolution. "We hope to pick up some Republicans. We don't know if we will," he said.

Miss Rice strongly criticized the Democrats' plans, some of which would also restrict what actions U.S. troops may take or put impossible conditions on their funding.

"I think policies that diminish the flexibility of the commanders, the commander in chief, but especially the commanders in the field, that disrupt the normal process of allowing the executive branch to determine things like training times and so forth, this would be a problem," she said on ABC's "This Week."

She said that while "it's very important for to have the oversight role when it comes to the execution of policy in the field, there has to be a clear relationship between the commander in chief and the commanders in the field."

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"If you ever disrupt that chain, then you're going to have the worst of micromanagement of military affairs, and it's always served us badly in the past," Miss Rice said.

Mr. Levin said Democrats still plan to bring forward a resolution that reverses the congressional authorization for President Bush to invade Iraq. Democrats have said they would approve a new resolution limiting the scope of Mr. Bush's ability to wage war in Iraq, with an aim to bring home most U.S. forces from the country by March 2008.

"Hopefully, we're going to come with a resolution which is going to modify, in effect, the previous resolution that was very broad," Mr. Levin, chairman of the Senate Armed Services Committee, said on NBC's "Meet the Press." "We don't believe it is going to be possible to remove all of the troops."

The draft version, supported by Senate Majority Leader Harry Reid, Nevada Democrat, would restrict U.S. troops to fighting al Qaeda terrorists, training the Iraqi security forces and maintaining Iraq's borders. The approach backed by many House Democrats, led by Rep. John P. Murtha of Pennsylvania, would only fund U.S. forces in Iraq under onerous conditions that Mr. Murtha has said the Pentagon could not meet.

ABC's "This Week" host George Stephanopoulos asked Miss Rice whether she would recommend that Mr. Bush veto any bills to require forces to leave Iraq. She said that decision was up to the president.

When Miss Rice was asked on "Fox News Sunday" by host Chris Wallace whether Mr. Bush would "feel bound" by legislation calling for the end of the U.S. combat role, the secretary of state responded: "The president is going to, as commander in chief, need to do what the country needs done."

Mr. Levin declined to say how many American troops should remain if the Democrats' plan to withdraw forces from Iraq passes. However, he was more direct when asked what would happen if Mr. Bush simply ignores any new congressional resolution.

"Well, then we have a constitutional battle on our hands because this is a binding resolution," he said. "It would be very difficult, I think, for him to sustain that position given the fact that he has relied so heavily on our resolution authorizing him to go to war in the first place."

Several Republicans, including some who have turned against the war, have challenged Democrats to vote on a bill that would cut off funding for the war.

"The truth of the matter is there's really only, you know, one way to end the war, if that's what our Democratic friends want to do. That is to cut off the funding for the war," said Senate Minority Leader Mitch McConnell, Kentucky Republican, during a meeting with reporters on Friday.

California Gov. Arnold Schwarzenegger, who now supports a timetable for a withdrawal of U.S. forces from Iraq, echoed Mr. McConnell's statement during an appearance yesterday on CBS' "Face the Nation."

"They should cut the funding or let the president do what he needs to do, because to micromanage a war is the worst thing," said Mr. Schwarzenegger, a Republican. "It's the ingredient for a loss."

Rice Says Congress Shouldn't Micromanage War (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, February 26, 2007

WASHINGTON — Secretary of State Condoleezza Rice spoke out Sunday against efforts in Congress to limit the role of U.S. forces in Iraq, saying President Bush would not allow himself to be constrained by such a "micromanagement of military affairs."

Asked whether Bush would abide by a binding resolution, now being drafted by Democratic leaders, that would include the start of troop withdrawal from Iraq, Rice told "Fox News Sunday" such a measure would hinder his efforts to support the "flexibility of our commanders to do what they think they need to do on the ground."

"I can't imagine a circumstance in which it's a good thing that their flexibility is constrained by people sitting here in Washington, sitting in the Congress, trying to micromanage this war," Rice said. "I just don't think it's a good thing."

She said Army Gen. David H. Petraeus, the new U.S. commander in Iraq, backs the president's plan to send in 21,500 more troops, primarily to deal with sectarian violence in Baghdad.

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The legislation being drafted by Senate Armed Services Committee Chairman Carl Levin (D-Mich.) and other Democrats would limit the mission by modifying the 2002 resolution authorizing the use of U.S. military force in Iraq.

It would restrict the role of U.S. forces to pursuing Al Qaeda operatives and supporting and training Iraqi army soldiers. It could also set a March 2008 goal for withdrawing troops not involved in those activities.

It is unclear how much bipartisan support Levin and others have managed to gather in the Senate since failing in this month's effort to pass a symbolic resolution opposing the troop buildup. A similar measure passed the House.

Rice, who also appeared on ABC's "This Week," said the restrictions were impractical given the nature of war and counterterrorism in Iraq.

"How do you possibly distinguish what is going on in Baghdad, for instance, from the fight with Al Qaeda?" she said. "Some of these car bombs may indeed be the work of an organization like Al Qaeda or Al Qaedaaffiliated allies."

Levin, on NBC's "Meet the Press," argued that Congress had "the responsibility — not just the power, the responsibility — to speak out and to change the course when you have a failing course, which is what we're on."

"This is not a surge so much as it is a plunge into Baghdad and into the middle of a civil war," Levin said.

Asked if he was "tying the hands of the commander in chief," he answered in part: "Of course we're trying to tie the hands of the president and his policy. We're trying to change the policy. And if someone wants to call that 'tying the hands' instead of 'changing the policy' — yeah, the president needs a check and a balance."

If Congress passes this binding resolution and Bush ignores it, Levin said, "we have a constitutional battle on our hands."

Deauthorizing Iraq (WP)

By Robert D. Novak

The Washington Post, February 26, 2007

Democratic senators face trouble this week trying to cleanse themselves of the stain of voting for President Bush's Iraq war resolution. Republican senators who have turned against the U.S. military intervention in Iraq are not interested in bailing out Democrats by approving their proposal to repeal the authorization overwhelmingly passed by Congress in 2002.

As Congress returns this week from the year's first recess, an amendment to repeal authorization is supposed to be attached to the bill containing homeland security recommendations by the Sept. 11 commission. But Sen. Norm Coleman, who has become prominent among Republican critics of Bush's war policy, told me from his home state of Minnesota that he would oppose deauthorization and predicted that no more than two Republican senators would vote for it.

One of those two Republican senators would have to be Nebraska's Chuck Hagel, who has fearlessly critiqued Bush's war policy. But Hagel told me that he is not inclined to support a repeal. If Hagel is lost, Democrats might fall short of the 50 votes necessary for final passage, much less the 60 necessary to close off debate. George W. Bush may be an unpopular president fighting an unpopular war, but Democrats are finding it hard to make war policy from Capitol Hill.

Democrats do not cloak the political nature of their efforts. Senate Foreign Relations Committee Chairman Joseph Biden, participating in a Nevada forum for Democratic presidential candidates last week, exultantly announced to applause his intent to "revoke the president's authority that he was given . . . to go to war." The mantra is not limited to the presidential hopefuls from the Senate. On the campaign trail in New Hampshire, Gov. Bill Richardson of New Mexico also called for de-authorization.

The de-authorization effort follows a series of frustrations for Democrats. Biden, having regained the Foreign Relations chairmanship after the 2006 elections, pushed a harshly worded, though nonbinding, antiwar resolution that went nowhere. A milder bipartisan measure fell short of the votes needed for cloture. Democratic backing for a plan to place conditions on the funding for Bush's surge of troops dropped off when its sponsor, Rep. John Murtha, bragged that troops in the field "won't have the equipment" under his plan.

As Congress began its break, Biden and Carl Levin, chairman of the Senate Armed Services Committee, looked to events 37 years ago. A 1964 resolution (passed with only two dissenting votes in the Senate) gave President Lyndon B. Johnson his requested free hand in Vietnam because of a trumped-up attack on a U.S. naval vessel in the Gulf of Tonkin. It was repealed in 1970 as an amendment to a noncontroversial bill.

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But as is true with most Iraq-Vietnam analogies, de-authorization of the Tonkin Gulf resolution bears little resemblance to what is being contemplated today. President Richard M. Nixon began pulling combat troops out of Vietnam soon after he took office in 1969, and he offered no objection to repeal of the LBJ resolution. It passed the Senate 81 to 10, with unanimous support from Republicans.

In contrast, the proposed 2007 de-authorization looks like a Democratic effort to escape the wrath of the antiwar party faithful. Of the 29 Democrats who voted for the 2002 war resolution over four years ago, 21 are still in the Senate, seven are up for reelection next year and three -- Biden, Christopher Dodd and Hillary Clinton -- are running for president.

After checking with antiwar Republicans on recess last week, I found that several who had favored a nonbinding resolution rejecting Bush's policy are loath to give Democrats a get-out-of-jail-free card on Iraq. An exception was Sen. Gordon Smith of Oregon, who indicated he might favor de-authorization but would never vote to cut off funds. However, Coleman told me: "I don't see us going back and rewriting history." Similarly, Hagel said: "We are not going back and rewind every decision we made."

Hagel's position is critical. Before the recess, Biden and Levin sought support from the conservative who had been one of only two Republicans to back their tough nonbinding resolution. Hagel has long been appalled by Bush's war policy, but he is rightly suspicious of Democratic ploys that would have no impact on dire conditions in Iraq.

Specter Explores Congress' Role On War Policies (RC)

By Emily Pierce

Roll Call, February 26, 2007

Even as Senate Democrats ready a bill to rewrite President Bush's authorization for the Iraq War, Senate Judiciary ranking member Arlen Specter (R-Pa.) is raising constitutional questions about just what Congress can do to restrict the commander in chief's ability to wage war.

"I'm worried that the Congress is going to go off half-cocked," said Specter, according to a transcript of a Feb. 22 interview with the Philadelphia Inquirer. "I don't want to see something come to the Senate and have a historic debate ... and be called upon to vote on something which I haven't fully explored, and the Senate doesn't understand."

In a Feb. 20 letter to Judiciary Chairman Patrick Leahy (D-Vt.), Specter called for more hearings on Congress' options regarding Iraq and specifically questioned the Democrats' nascent plan to rewrite the 2002 Authorization for Use of Military Force Against Iraq.

"I question whether, absent the use of the appropriations power, the only choice for the Congress is a total repeal of the authorization to use military force in Iraq," Specter wrote. "If Congress acts to repeal the authorization to use force in Iraq, the question may arise whether the President may veto that action requiring a two-thirds override."

Indeed, Bush is unlikely to sign such a repeal or any modification to the 2002 Iraq War authorization, and Senate Republicans are expected to vigorously object to — and possibly filibuster — any new authorization measure.

But Specter indicated in his letter that if a new war authorization measure were to become law, it would be binding on the president even though Bush and other presidents have treated war authorizations as mere expressions of support that do not have the force of law.

Specter pointed out that the current war authorization governing the Iraq conflict "placed restrictions on the President's use of force in Iraq, requiring him to certify that diplomatic means are insufficient and that the use of force will not impede the war on terrorism," among other things.

Of course, Congress twice repealed the use of force authorization for the Vietnam War, but then-President Lyndon Johnson essentially told Members that he never needed their permission in the first place, noted Louis Fisher, a Constitutional scholar at the Law Library of Congress.

Specter also outlined a number of ways in which Congress previously has restricted or cut off funds for war efforts, most notably during then-President Richard Nixon's administration in the early 1970s.

However, Senate Majority Leader Harry Reid (D-Nev.) has repeatedly said that Democrats will not move to cut off funding for troops currently in Iraq and he has reacted coolly to proposals to restrict funds for Bush's plan to send 21,500 more troops to the region.

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In the Philadelphia Inquirer interview, Specter said Rep. John Murtha's (D-Pa.) proposal to use the appropriations power to put strict limits on troop movements in an attempt to force a draw-down of troops in Iraq might go too far.

He said the key question Senators must answer will be "where Congressional power ends under the precedents that I cited in the letter and where micromanagement begins."

In the letter, which Leahy's office said he had not yet seen, Specter outlined several other ways that Congress could effect a change in the president's Iraq policy, while Democrats also said the authorization for the war is just one weapon in their arsenal.

"We're examining all our options to force President Bush to make the necessary changes in Iraq," said Reid spokesman Jim Manley.

Though Specter declined to specify what he would be willing to vote for, he noted in his letter that Congress in the past has dictated military personnel choices to the president as well as troop levels under its constitutional authority to "raise and regulate armies and navies."

Following the Civil War, for example, Congress barred then-President Andrew Johnson from firing Gen. Ulysses S. Grant without prior approval from the Senate, the letter stated. Under then-President Theodore Roosevelt, Congress required that the crews on naval vessels should be made up of at least 8 percent Marines.

"This represents a specific action by the Congress to control a quite specific aspect of warfare," Specter noted of the naval vessel provision.

Fisher, however, said Congress has even more options — from targeting the president's domestic priorities to removing him from office.

"One big recourse, when you're dealing with the president, is that you can always [use Congressional powers] to hurt him elsewhere," said Fisher, who testified at a Jan. 30 Senate Judiciary Committee hearing on the subject of Congress' war powers. "The big one at the very end, of course, is impeachment."

The Choice On Iraq (WSJ)

By Joseph Lieberman

The Wall Street Journal, February 26, 2007

Two months into the 110th Congress, Washington has never been more bitterly divided over our mission in Iraq. The Senate and House of Representatives are bracing for parliamentary trench warfare -- trapped in an escalating dynamic of division and confrontation that will neither resolve the tough challenges we face in Iraq nor strengthen our nation against its terrorist enemies around the world.

What is remarkable about this state of affairs in Washington is just how removed it is from what is actually happening in Iraq. There, the battle of Baghdad is now under way. A new commander, Gen. David Petraeus, has taken command, having been confirmed by the Senate, 81-0, just a few weeks ago. And a new strategy is being put into action, with thousands of additional American soldiers streaming into the Iraqi capital.

Congress thus faces a choice in the weeks and months ahead. Will we allow our actions to be driven by the changing conditions on the ground in Iraq -- or by the unchanging political and ideological positions long ago staked out in Washington? What ultimately matters more to us: the real fight over there, or the political fight over here?

If we stopped the legislative maneuvering and looked to Baghdad, we would see what the new security strategy actually entails and how dramatically it differs from previous efforts. For the first time in the Iraqi capital, the focus of the U.S. military is not just training indigenous forces or chasing down insurgents, but ensuring basic security -- meaning an end, at last, to the large-scale sectarian slaughter and ethnic cleansing that has paralyzed Iraq for the past year.

Tamping down this violence is more than a moral imperative. Al Qaeda's stated strategy in Iraq has been to provoke a Sunni-Shiite civil war, precisely because they recognize that it is their best chance to radicalize the country's politics, derail any hope of democracy in the Middle East, and drive the U.S. to despair and retreat. It also takes advantage of what has been the single greatest American weakness in Iraq: the absence of sufficient troops to protect ordinary Iraqis from violence and terrorism.

The new strategy at last begins to tackle these problems. Where previously there weren't enough soldiers to hold key neighborhoods after they had been cleared of extremists and militias, now more U.S. and Iraqi forces are either in place or on the

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way. Where previously American forces were based on the outskirts of Baghdad, unable to help secure the city, now they are living and working side-by-side with their Iraqi counterparts on small bases being set up throughout the capital.

At least four of these new joint bases have already been established in the Sunni neighborhoods in west Baghdad -- the same neighborhoods where, just a few weeks ago, jihadists and death squads held sway. In the Shiite neighborhoods of east Baghdad, American troops are also moving in -- and Moqtada al-Sadr and his Mahdi army are moving out.

We of course will not know whether this new strategy in Iraq will succeed for some time. Even under the most optimistic of scenarios, there will be more attacks and casualties in the months ahead, especially as our fanatical enemies react and attempt to thwart any perception of progress.

But the fact is that we are in a different place in Iraq today from even just a month ago -- with a new strategy, a new commander, and more troops on the ground. We are now in a stronger position to ensure basic security -- and with that, we are in a stronger position to marginalize the extremists and strengthen the moderates; a stronger position to foster the economic activity that will drain the insurgency and militias of public support; and a stronger position to press the Iraqi government to make the tough decisions that everyone acknowledges are necessary for progress.

Unfortunately, for many congressional opponents of the war, none of this seems to matter. As the battle of Baghdad just gets underway, they have already made up their minds about America's cause in Iraq, declaring their intention to put an end to the mission before we have had the time to see whether our new plan will work.

There is of course a direct and straightforward way that Congress could end the war, consistent with its authority under the Constitution: by cutting off funds. Yet this option is not being proposed. Critics of the war instead are planning to constrain and squeeze the current strategy and troops by a thousand cuts and conditions.

Among the specific ideas under consideration are to tangle up the deployment of requested reinforcements by imposing certain "readiness" standards, and to redraft the congressional authorization for the war, apparently in such a way that Congress will assume the role of commander in chief and dictate when, where and against whom U.S. troops can fight.

I understand the frustration, anger and exhaustion so many Americans feel about Iraq, the desire to throw up our hands and simply say, "Enough." And I am painfully aware of the enormous toll of this war in human life, and of the infuriating mistakes that have been made in the war's conduct.

But we must not make another terrible mistake now. Many of the worst errors in Iraq arose precisely because the Bush administration best-cased what would happen after Saddam was overthrown. Now many opponents of the war are making the very same best-case mistake -- assuming we can pull back in the midst of a critical battle with impunity, even arguing that our retreat will reduce the terrorism and sectarian violence in Iraq.

In fact, halting the current security operation at midpoint, as virtually all of the congressional proposals seek to do, would have devastating consequences. It would put thousands of American troops already deployed in the heart of Baghdad in even greater danger -- forced to choose between trying to hold their position without the required reinforcements or, more likely, abandoning them outright. A precipitous pullout would leave a gaping security vacuum in its wake, which terrorists, insurgents, militias and Iran would rush to fill -- probably resulting in a spiral of ethnic cleansing and slaughter on a scale as yet unseen in Iraq.

I appeal to my colleagues in Congress to step back and think carefully about what to do next. Instead of undermining Gen. Petraeus before he has been in Iraq for even a month, let us give him and his troops the time and support they need to succeed.

Gen. Petraeus says he will be able to see whether progress is occurring by the end of the summer, so let us declare a truce in the Washington political war over Iraq until then. Let us come together around a constructive legislative agenda for our security: authorizing an increase in the size of the Army and Marines, funding the equipment and protection our troops need, monitoring progress on the ground in Iraq with oversight hearings, investigating contract procedures, and guaranteeing Iraq war veterans the first-class treatment and care they deserve when they come home.

We are at a critical moment in Iraq -- at the beginning of a key battle, in the midst of a war that is irretrievably bound up in an even bigger, global struggle against the totalitarian ideology of radical Islamism. However tired, however frustrated, however angry we may feel, we must remember that our forces in Iraq carry America's cause -- the cause of freedom -- which we abandon at our peril.

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Mr. Lieberman is an Independent senator from Connecticut.

The Politics Of The Brit Drawdown (NSWK)

Newsweek, February 26, 2007

In public, British and American officials say the U.K.'s withdrawal of troops from southern Iraq is a sign of success. But that wasn't the private reaction when the Brits first explained their plans last year. Several officials on both sides of the Atlantic (who all declined to be named when discussing the internal debate on security issues) say there was real consternation among Bush's aides about the prospect of a British withdrawal at a time when the president was planning to make the case for a surge of troops. Two senior officials in Washington said the concern was about how the British drawdown would look in PR and political terms inside the Beltway.

The two sides have been running on different tracks for several months. As the Brits outlined their plans for withdrawal, in November and December of last year, the details of Bush's surge were far from settled. At the same time, the Baker-Hamilton group was releasing an alternative strategy for Iraq. British officials were far more supportive of the study group's proposals than their counterparts inside the White House were. But the Brits also admitted that their challenges in southern Iraq are much simpler than the sectarian war facing American troops in and around Baghdad. After several rounds of talks, the Americans were eventually satisfied that Britain's phased withdrawal would truly be "conditions-based"; that the reduction in force was geared to the security situation on the ground and not a politically inspired cut-and-run.

In fact, the British officials concede that Prime Minister Tony Blair has a strong political interest in starting the endgame for his engagement in Iraq before he hands over power to his political ally Gordon Brown. Democrats in Washington, meanwhile, treated the news as a flak jacket against GOP accusations that they support a policy of retreat. "No matter how the White House tries to spin it, the British government has decided to split with President Bush," said Sen. Ted Kennedy.

On the ground in Iraq, rival Shiite parties are already jockeying for power. "The withdrawal of the British forces is a political decision to save Blair more than it is a decision to help the people of Iraq," says Ali Yassin of the Fadhila Party in Basra. "We are afraid of the vacuum that will come after the withdrawal of the British forces."

Britain, which had more than 40,000 troops in the region at the time of the 2003 invasion, now has 7,100 troops in Iraq. Blair said the number could "possibly" drop to below 5,000 by the end of the year. One Downing Street source told NEWSWEEK that it's "potentially the case" that all British troops could be out of Iraq by the end of 2008. That would happen only if conditions allowed, but he said, "We believe things are heading in that direction." In that case, the Brits are on the same timeline as most of the Democratic candidates who want to succeed President Bush in 2009.

Stryker McGuire, Richard Wolffe and Babak Dehghanpisheh

Samuelson: A $2 Trillion Footnote? (NSWK)

By Robert J. Samuelson

Newsweek, February 26, 2007

Anyone who practices deadline journalism is bound to find much to regret—things you wish you'd said (or hadn't said) and words, arguments and attitudes that, with hindsight, seem poorly chosen. Which brings me to my September 2002 column, "A War We Can Afford." As the situation in Iraq has deteriorated, some readers have suggested that I revisit that column and confess to error. Let me now take up their invitation, because today's ferocious war debate raises many of the same issues.

Yes, that column made big mistakes. The war has cost far more than I (or almost anyone) anticipated. Still, I defend the column's central thesis, which remains relevant today: budget costs should not shape our Iraq policy. Frankly, I don't know what we should do now. But in considering the various proposals—Bush's "surge," fewer troops or redeployment of those already there—the costs should be a footnote. We ought to focus mostly on what's best for America's security, the situation in Iraq and our global influence.

To be sure, the war's costs have been huge. Since September 2001, Congress has provided $503 billion for Iraq, Afghanistan and related activities, says the Congressional Budget Office. The administration's request for fiscal 2007 (ending in September) and fiscal 2008 would bring the total to $746 billion. Iraq represents about 70 percent of that. By contrast, my original column put the cost of an Iraq war at up to $80 billion. That was based on the cost then of the war in Afghanistan ($10 billion), the

cost of the first gulf war ($61 billion) and the expectation that another invasion would involve fewer troops (it did). It also assumed that U.S. troops wouldn't stay indefinitely.

As to the future, CBO has done two "illustrative scenarios"—one involving a troop reduction to 30,000 by 2010, the other a reduction to 75,000 by 2013. In both instances, troop levels would remain until 2017. By CBO's estimates, the two scenarios would involve extra spending from 2009 to 2017 of $269 billion and $696 billion, respectively.

Finally, the war has created costs that, though they don't show up in accounts labeled "Iraq," are properly attributed to Iraq. Trucks, helicopters and tanks are wearing out at faster rates; they'll have to be replaced or refurbished. Recruiting costs have risen. Veterans' disability benefits and health costs are increasing. Already, 1.4 million U.S. troops have served in the Iraq and Afghanistan wars, says Linda Bilmes, a budget expert at Harvard. Since the first gulf war, almost 40 percent of veterans have received disability benefits, she says. The rate for today's wars could be higher. She estimates the present value of future disability and health benefits at between $300 billion and $600 billion.

The war has clearly worsened the long-term budget outlook. How then can I treat that so lightly? What's missing is context. Dominated by Social Security and health care, the federal budget now totals nearly $3 trillion annually. No one knows what the wars' ultimate costs might be. But suppose that they reach $2 trillion by 2017 (the figure is cumulative, not in any one year). That's a big number, perhaps too big. It's also a wild guess. Still, CBO estimates all federal spending over the same period (2002-2017) will total $48 trillion; war spending would be about 4 percent. In the same period, the income of the U.S. economy (gross domestic product) would total an estimated $248 trillion; war spending would be less than 1 percent of that. The point, as I said in 2002, is that we're so wealthy we "can wage war almost with pocket change."

With hindsight, it now seems almost incontestable that the Iraq war should never have been fought. It has eroded our global power, weakened our military and resulted in thousands of American and Iraqi deaths. What I most regret about my earlier column is that it seemed to bless a war, when I was mainly trying to focus attention on questions more important than money. Given the headline (I wrote it) and the fact that those questions came at the end of the column ("Is this war justifiable? Should the United States go it alone? What would happen if we don't fight? What will happen if we do?"), the reaction was understandable. In truth, I was uncertain about the war then, just as I'm unsure of what to do now.

But I am certain—now as then—that budget consequences should occupy a minor spot in our war debates. It's not that the costs are unimportant; it's simply that they're overshadowed by other considerations that are so much more important. We should argue about what's best for our national security. We can pay for whatever's necessary. If we decide to do less because that's the most sensible policy, we shouldn't delude ourselves that any "savings" will rescue us from our long-term budget predicament, which involves the huge costs of federal retirement programs. Just because the war is unpopular doesn't mean it's the source of all our problems.

Zakaria: Iraq Needs An 'Economic Surge' (NSWK)

By Fareed Zakaria

Newsweek, February 26, 2007

We are now fighting a war intelligently in Iraq. The only problem is, it's the last war, not the present one. The United States has gambled all its efforts on a troop surge that tackles the conflict that defined Iraq from 2003 to 2005—the insurgency—rather than the civil war now raging across the country. Worse, in trying to solve yesterday's problem we are exacerbating today's. In Baghdad, Shiite militias have melted away. Almost all U.S. military operations are now directed against Sunni insurgents. If those are successful, the picture could look less violent in six months, but it will be a dangerous stasis. A senior U.S. military officer, who is not allowed to speak on the record on these matters, said to me, "If we continue down the path we're on, the Sunnis in Iraq will throw their lot behind Al Qaeda, and the Sunni majority in the Arab world will believe that we helped in the killing and cleansing of their brethren in Iraq. That's not a good outcome for the security of the American people."

We don't intend to side with anyone. We're trying to be evenhanded and build a single, democratic nation. But this attempt at neutrality is collapsing in Iraq's bloody sectarian reality. Last week's uproar over allegations that Shiite policemen in Baghdad had raped a 20-year-old Sunni woman vividly illustrates how trust between the two communities has been shattered. Shiite Prime Minister Nuri al-Maliki first ordered an investigation, then 12 hours later declared the woman a liar, freed and rewarded the

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alleged rapists and later fired a Sunni official who had called for an unbiased investigation. Meanwhile we're stuck in the middle, promising to uncover the truth while both sides are convinced that we've betrayed them. This is the definition of a no-win strategy.

The United States needs to find fresh approaches that won't feed the sectarian dynamic and will address the needs of ordinary Iraqis, not the political elites who are jockeying for power. Most important, we need to find a strategy whose costs are sustainable. Militarily this means drawing down our forces to around 60,000 troops and concentrating on Al Qaeda in Anbar province. The surge we should be pushing instead is a political one, and even more critically, an economic one.

An economic surge is long overdue. One of the less-remarked-upon blunders of the Coalition Provisional Authority was that—consumed by free-market ideology—it shut down all of Iraq's state-owned enterprises. This crippled the bulk of Iraq's non-oil economy, threw hundreds of thousands of workers into the streets and further alienated the Sunnis, who were the managerial class of the country. The economic effects of this decision have been seismic. For example, Iraq's agricultural productivity has plummeted because fertilizer plants were summarily closed. Unemployment in non-Kurdish Iraq remains close to 50 percent, which helps explain why so many young men are joining gangs, militias and insurgent groups. For the moment at least, democracy in Iraq has sharpened the country's divisions. Capitalism and commerce can make them less relevant. That is the lesson of many conflict-ridden countries from Northern Ireland to Mozambique to Vietnam.

Paul Brinkley, a talented deputy under secretary of Defense, is trying to get the bulk of these state-owned factories up and running. He's already restarted a bus factory in Iskandariyah, south of Baghdad, and the experience has been telling. Hundreds of workers still in the area showed up for work and the machines are now humming busily. There have been no attacks on the factory. "The insurgents attack people working for the police, Army or the Americans. They do not want to alienate locals trying to make ends meet," said one official working on the project.

Of the original 193 state enterprises, 143 could be restarted soon, says Brinkley. Management and workers are desperate to get jobs. The problem is money. Brinkley points out that his next target, a ceramics factory in Ramadi, is only waiting for two generators before it can reopen. They cost $1 million each. But funds for this purpose are hard to find. Washington has pledged more than $18 billion to fund "reconstruction" in Iraq but will not appropriate a cent to start up state-owned Iraqi companies. The Iraqi government has billions in oil revenue of its own but is so dysfunctional that it cannot move a new project through the system. So the factory is idle. A major global consulting firm has reviewed Iraq's state-owned enterprises and estimated that it would cost $100 million to restart all of them and employ more than 150,000 Iraqis—$100 million. That's as much money as the American military will spend in Iraq in the next 12 hours.

Reddit Maintaining Perspective (USNEWS)

By Fouad Ajami

U.S. News and World Report, February 26, 2007

'It's too soon to tell," The late Chinese leader Zhou Enlai is reported to have answered when asked for an evaluation of the significance of the French Revolution of 1789. This was nearly two centuries after the great upheaval of France. Revolutions are full of cunning, and the Iranian Revolution, now almost three decades old, has been no exception-cunning and ferocity side by side, the talk of a revolutionary millennium often concealing the skills of a leadership steeped in the ways of the bazaar. Shrewd players, these clerical leaders have found the cracks in the order of states around them. Brutal men, they rule a society of great historical sophistication. Given room to maneuver by a substantial windfall of oil income, they have made their nation a player of consequence in its neighborhood. Sly and opportunistic, Iran's rulers have been able to pick and choose at a time, and in a place, of great volatility.

American power swept away two regimes that the Iranians dreaded-the Taliban in Afghanistan and Saddam Hussein in Iraq. True, America was now a land power on Iran's flanks; the Iranians ducked at first, then gathered themselves as the American burden grew. Mixing bravado and bluff, and granting proxies in Palestine and Lebanon, the leaders of the Iranian theocracy appear to have succeeded in spreading the image of a mighty power able to have its way in the world. For some, that great arc stretching from the Persian Gulf to the Mediterranean is now a battleground between Pax Americana and the Persians. This belief is in part due to the abdication of the Arab states, their virtual absence from the contest of nations. There is bigotry in Arab lands, an animus on the part of the Sunni majority toward the political emancipation of the Arab Shiites. Arab diplomats and

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leaders shy away from Iraq-the pitiless jihadists are the only Arabs who come to Iraq-but the Iranians are present in force as pilgrims and traders and troublemakers and intelligence operatives.

"A cemetery of dreams." Iran is a radical player in the world of states, to be sure, but we should not overstate its power. We should not fall for the Persian bluff. It is important that we do all we can to thwart Iran's nuclear ambitions and to checkmate it in arenas that count, but we should always remember that this is a society swimming against the tide of history and confronting the limits of its capabilities. There is an Iranian role in Iraq, but it should not be exaggerated. It is not true that the Iraqi political class marches to the Iranian drummer. It is well known that Iraqi Prime Minister Nouri al-Maliki spent his years of exile in Syria and kept his distance from the Iranians. "Iraq is a cemetery of dreams," a thoughtful Iraqi observed to me of his country. "Iranian dreams, no less than American dreams perhaps." Iraqis are a tough breed, and the notion that they are eager to take their country into a Persian dominion is unconvincing. The Iranians dwell virtually alone in the House of Islam, separated by language and culture, marked by their Shiism.

Then there are the troubles that count-the disabilities at home. Iran's deranged president, Mahmoud Ahmadinejad, came into power promising to put Iran's oil wealth "on the dinner table." But the Iranian economy is on the ropes. Hyperinflation, the drying up of international credit lines, and the astounding growth in energy consumption in Iran are bringing the country to the edge of crisis. The price of bread and meat and basic commodities has risen by as much as 25 percent. To tranquilize the realm, gasoline is subsidized well below its cost, and domestic consumption now accounts for a stunning 40 percent of Iran's oil production. Dire predictions now hold that the country will be unable to export much oil a decade from now.

The true believers will proclaim that revolutionary purity trumps all, but worldly needs and affairs ultimately prevail. A society that spends $20 billion a year to subsidize the price of energy, electricity, and gasoline will in the end have to contend with the wrath and disappointment of its people. There is swagger in Iran, and there is menace, for its rulers are without scruples. Terrorism, for them, is always an option. But theirs is a vulnerable and brittle society. There is no need to "engage" them and bail them out as they stumble. The regime should be harassed, contained, and held to account. We may not have to wait two centuries to pronounce on the fate of this revolution. The swagger abroad and the rot at home: It is a trajectory we are all too familiar with by now.

Just The Facts, Ma'am (USNEWS)

By Brian Duffy

U.S. News and World Report, February 26, 2007

The dark art of intelligence, never far from the surface in our post-9/11 world, is once again front and center, only not exactly in the way President Bush might have wished. After several weeks of on-again, off-again promises of a top-secret briefing on the alleged role of Iranian agents in the nightmarish violence of Iraq, U.S. military officials finally decided to deliver the goods in a secret briefing to reporters in Baghdad-and promptly stubbed their toe. The charge of Iranian meddling in Iraq is a grave one and needs to be dealt with seriously. But given the Bush administration's dismal record in the intelligence arena, the Baghdad briefing was handled in the worst way possible. No cameras or tape recorders were allowed. The identity of the intelligence analyst who led the briefing was not disclosed. And despite weeks of careful vetting by intelligence and military officials back in Washington, the briefing ran disastrously off message. This is all the more sad for the fact that there was, at the heart of the briefing, what appeared to be some very credible evidence to support the allegations against Iran.

One of the few salutary things about military conflict is that in bringing soldiers face to face with the enemy, it affords the opportunity of collecting courtroom-quality evidence that is the intelligence equivalent of the Holy Grail. That seems to have been the case here. The reporters in Baghdad were shown physical evidence-materiel, serial numbers, and the like-indicating that Iranian agents were shipping a highly lethal new roadside bomb into Iraq. More damningly, intelligence officials concluded that the agents were members of an elite cadre called the Quds force, a unit of Iran's Islamic Revolutionary Guards Force, which reports directly to Iranian leader Ayatollah Ali Khamenei. That's about as good as intelligence work gets. But then the briefer blew his case sky-high with this statement: "So the activities that the ... Quds force are conducting in Iraq, we assess, are coming from the highest levels of the Iranian government."

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Iraq syndrome. It took the Pentagon's highest-ranking soldier, Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, to flatly refute the unsupported "highest levels" statement. Then President Bush finally got around to doing the same thing. "We don't know ... whether the head leaders of Iran ordered" it, he conceded.

For all the predictable-and, evidently, unfounded-criticism about the Bush administration's trying to make a case for attacking Iran, much as it made its flawed case for attacking Iraq, there is more at stake here than politics as usual, and perhaps President Bush's forthright rejection of the "highest leaders" charge was a tentative first step toward acknowledging it. Yes, the alleged parallels between Iraq and Vietnam have been badly overdrawn. But there is one fitting comparison whose implications the Bush administration-and perhaps succeeding administrations-will have to learn to live with. The lies and self-delusional scenarios our military and political leaders indulged themselves in during the Vietnam War created a long hangover effect called the Vietnam syndrome. As a result of the many misapprehensions and misstatements made before the invasion of Iraq and in its mismanaged aftermath, we are now beset by something that can only be called the Iraq syndrome. Its symptoms may be seen not just in the cynicism of so many Americans, as reflected in the opinion polls, but also in the reflexive rejection of American pronouncements by friends and allies even, as was the case with the unfortunate Baghdad briefing, when they are tenanted upon hard, credible evidence.

In the global war on terrorism, no tool will be more critical to American success than good intelligence. This administration, however, has done much to render that tool almost unfit for use. The tawdry disclosures from the perjury trial of Vice President Cheney's former aide, Lewis "Scooter" Libby, and the scathing Pentagon report against former Rumsfeld aide Douglas Feith show an administration dangerously cavalier about the credibility of its most critical intelligence and seemingly unconcerned about employing it in an overtly political context..

Vice President Cheney may feel as if the prewar intelligence failures on Iraq have been dealt with by simply hanging the issue around the neck of George "Slam Dunk" Tenet, the former director of central intelligence. And President Bush may sleep easier at night, having finally acceded to the demands that he create a new Director of National Intelligence office to fix the problems exposed by both Iraq and the 9/11 attacks. The jury on the latter is still out, but the implications of the Iraq syndrome are so pernicious that, for a long time to come, much greater care will have to be taken in the collection, analysis, and portrayal of American intelligence information. Credibility takes a long time to build, but it can be lost in just an instant.

How U.S. Is Failing Its War Veterans (NSWK)

By Dan Ephron And Sarah Childress

Newsweek, February 25, 2007

After returning from Iraq in late 2005, Jonathan Schulze spent every day struggling not to fall apart. When a Department of Veterans Affairs clinic turned him away last month, he lost the battle. The 25-year-old Marine from Stewart, Minn., had told his parents that 16 men in his unit had died in two days of battle in Ramadi. At home, he was drinking hard to stave off the nightmares. Though he managed to get a job as a roofer, he was suffering flashbacks and panic attacks so intense that he couldn't concentrate on his work. Sometimes, he heard in his mind the haunting chants of the muezzin—the Muslim call to prayer that he'd heard many times in Iraq. Again and again, he'd relive the moments he was in a Humvee, manning the machine gun, but helpless to save his fellow Marines. "He'd be seeing them in his own mind, standing in front of him," says his stepmother, Marianne.

Schulze, who earned two Purple Hearts for wounds sustained in Iraq, was initially reluctant to turn to the VA. Raised among fighters—Schulze's father served in Vietnam and over the years his older brother and six stepbrothers all enlisted in the military—Jonathan might have felt asking for help didn't befit a Marine.

But when the panic attacks got to be too much, he started showing up at the VA emergency room, where doctors recommended he try group therapy. He resisted; he didn't think hearing other veterans' depressing problems would help solve his own. Then, early last month, after more than a year of anxiety, he finally decided to admit himself to an inpatient program. Schulze packed a bag on Jan. 11 and drove with his family to the VA center in St. Cloud, about 70 miles away. The Schulzes were ushered into the mental-health-care unit and an intake worker sat down at a computer across from them. "She started typing," Marianne says. "She asked, 'Do you feel suicidal?' and Jonathan said, 'Yes, I feel suicidal'." The woman kept typing,

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seemingly unconcerned. Marianne was livid. "He's an Iraqi veteran!" she snapped. "Listen to him!" The woman made a phone call, then told him no one was available that day to screen him for hospitalization. Jonathan could come back tomorrow or call the counselor for a screening on the phone.

When he did call the following day, the response from the clinic was even more disheartening: the center was full. Schulze would be No. 26 on the waiting list. He was encouraged to call back periodically over the next two weeks in case there was a cancellation. Marianne was listening in on the conversation from the dining room. She watched Jonathan, slumped on the couch, as he talked to the doctor. "I heard him say the same thing: I'm suicidal, I feel lost, I feel hopelessness," she says. Four days later Schulze got drunk, wrapped an electrical cord around a basement beam in his home and hanged himself. A friend he telephoned while tying the noose called the police, but by the time officers broke down the door, Schulze was dead.

How well do we care for our wounded and impaired when they come home? For a country amid what President Bush calls a "long war," the question has profound moral implications. We send young Americans to the world's most unruly places to execute our national policies. About 50,000 service members so far have been banged up or burned, suffered disease, lost limbs or sacrificed something less tangible inside them. Schulze is an extreme example but not an isolated one, and such stories are raising concerns that the country is failing to meet its most basic obligations to those who fight our wars.

The question of after-action care also has strategic consequences. Iraq marks the first drawn-out campaign we've fought with an all-volunteer military. In practice, that means far fewer Americans are taking part in this war (12 percent of the total population participated in World War II, 2 percent in Vietnam and less than half of 1 percent in Iraq and Afghanistan). Already, the war has made it harder for the military to recruit new soldiers and more expensive to retain the ones it has. If we fall down in the attention we provide them, who's to say volunteers will continue coming forward?

The issue of veterans' care jumped into the headlines last week when The Washington Post published a series about Walter Reed Army Medical Center in Washington, D.C. The stories revealed decay and mismanagement at the hospital, and provoked shock and concern among politicians in both parties. "The doctors were fantastic," a Walter Reed patient, 21-year-old Marissa Strock, tells NEWSWEEK. "But some of the nurses and other staffers here have been a nightmare." Strock suffered multiple injuries, including broken bones, a lacerated liver and severely bruised lungs, when her Humvee rolled over an improvised explosive device on Nov. 24, 2005. She later had both her legs amputated. "I think a big part of [Walter Reed's problems] is they just don't have enough people to adequately handle all the wounded troops coming in here every day," she says. (Walter Reed did not respond to requests for comment about Strock's case.) The Pentagon responded swiftly to the Post series. It vowed to investigate what went wrong and immediately sent a repair crew to repaint and fix the damage to the aging buildings.

The revelations were especially shocking because Walter Reed is one of the country's most prestigious military hospitals, often visited by prominent politicians, including the president. But it is just one part of a vast network of hospitals and clinics that serve wounded soldiers and veterans throughout the country. A NEWSWEEK investigation focused not on one facility but on the services of the Department of Veterans Affairs, a 235,000-person bureaucracy that provides medical care to a much larger number of servicemen and women from the time they're released from the military, and doles out their disability payments. Our reporting paints a grim portrait of an overloaded bureaucracy cluttered with red tape; veterans having to wait weeks or months for mental-health care and other appointments; families sliding into debt as VA case managers study disability claims over many months, and the seriously wounded requiring help from outside experts just to understand the VA's arcane system of rights and benefits. "In no way do I diminish the fact that there are veterans out there who are coming in who require treatment and maybe are not getting the treatment they need," White House Deputy Press Secretary Tony Fratto tells NEWSWEEK. "It's real and it exists."

The system's shortcomings are certainly not deliberate; no organization is perfect. Some of the VA's hospitals have been cited as among the best in the country, and even in extreme cases, the picture is seldom black-and-white. Before he killed himself, Schulze was seen by the VA 46 times, VA Secretary James Nicholson told Congress this month. (He did not elaborate on what care Schulze received.)

Yet, as the number of veterans continues to grow, critics worry the VA is in a state of denial. In a broad sense, the situation at the VA seems to mirror the overall lack of planning for the war. "We know the VA doesn't have the capacity to process a large number of disability claims at the same time," says Linda Bilmes, a Harvard public-finance professor and former Clinton

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administration Commerce Department official. Last month Bilmes released a 34-page study on the long-term cost of caring for veterans from Iraq and Afghanistan. She projects that at least 700,000 veterans from the global war on terror (GWOT) will flood the system in the coming years.

As it is, for some veterans the wait can be agonizing. Patrick Feges was on hold for 17 months until his first disability check from the VA came through. An Eagle Scout from Sugar Land, Texas, Feges enlisted in 2003 and found himself in Ramadi a year later. In October 2004, a mortar exploded on his base about 50 yards from him, spraying him with shrapnel, slicing his intestines and severing a major artery. Feges lost consciousness and was flown to Walter Reed, where he underwent surgery. Long scars trail down his legs and midsection. At the hospital a fellow Texan came to visit: President Bush stood by his bed and chatted with him.

Feges is a polite 22-year-old with a military manner. He addresses strangers by last name and an honorific, even when prodded to drop the formality. "I was brought up right, sir," he explains. But his voice rises slightly when he describes his ordeal with the VA. A case officer in Houston processed Feges's request for disability in September 2005, then lost his application. Feges was summoned to repeated medical evaluations at the Houston center, but a year later he was still waiting for a check. By then, Feges had been accepted to culinary school in Austin and did not want to put off his studies. His mother, an elementary-school teacher, took a second job at a local McDonald's to help support him.

For discharged service members, the VA serves two functions: it provides medical care for service-related conditions at its clinics and hospitals across the country, and it reviews claims for disability benefits—chiefly, the monthly payments wounded veterans get for the rest of their lives. The review process can be complicated. It requires veterans to prove, through documents and sometimes through the testimony of fellow soldiers, that their afflictions are a result of their time in the military. Feges listed on his application all the ways he'd been affected by the wounds: he'd lost mobility in his ankles and knees, he suffered regular stomach cramps from the intestinal wound, he lost sensation in his hands and legs, he had trouble standing for long periods. NEWSWEEK presented the VA with the names and details of the veterans whose stories are told here, but a spokesman for the agency declined to comment on individual cases, citing doctor-patient confidentiality. Speaking generally, Dr. Michael Kussman, the VA's acting under secretary for health, tells NEWSWEEK that the department is trying to reach veterans earlier, as they approach their date of discharge, and that he does not believe Iraq and Afghanistan are straining resources severely. "The impact on the VA so far has been relatively small," Kussman says. "It has not kicked the system over in our budget and in our ability to absorb it."

Still, a jump in disability claims in recent years has created a bottleneck. Daniel Cooper, the VA's under secretary for benefits, confirmed his department was coping with a backlog of 400,000 applications and appeals; 75 percent of them were still within a "reasonable" reviewing time frame, he says. Yet, most of those claims were filed by veterans of previous wars (a veteran can file or appeal a claim even decades after discharge). As more servicemen and women return from Iraq, the backlog is likely to increase. Cooper says the average waiting time for a benefits claim is about six months. NEWSWEEK turned up a number of veterans who'd waited longer. Keri Christensen, a National Guard veteran and a mother of two, says the VA in Chicago took 10 months to process her application. Rory Dunn, who nearly died in an IED attack outside Fallujah, says his application was delayed because, among other things, the VA mixed up his file with that of a Korean War veteran.

Feges's claim was finally approved last month: after NEWSWEEK and the advocacy group Veterans for America began looking into his case, he got a call from a VA official in Waco, Texas, with the news that his money would come through. Last week he received back pay to the date of his application.

The compensation is not huge. A veteran with a disability rating of 100 percent gets about $2,400 a month—more if he or she has children. A 50 percent rating brings in around $700 a month. But for many returning servicemen burdened with wounds, it is, initially at least, their sole income. "When I started school, that's when it became really hard not to have that money," says Feges.

One reason to worry about a crush of new vets at the VA has to do with the proportion of wounded to dead Americans in Iraq. Though we tend to mark the grim timeline of the war by counting fatalities, what really distinguishes this conflict is how many soldiers don't die, but suffer appalling injuries. In Vietnam and Korea, about three Americans were wounded for every one who died. The ratio in WWII was nearly 2-1. In Iraq, 16 soldiers are wounded or get sick for every one who dies. The yawning ratio

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marks progress: better body armor and helmets are shielding more soldiers from fatal wounds. And advanced emergency care is keeping more of the wounded alive. The VA's Kussman says that soldiers who survive the first few minutes after an explosion have a 98 percent chance of surviving altogether. But that means an increased burden on the VA's health-care system.

Two such survivors are Albert and Connie Ross. Albert lost a leg when a rocket-propelled grenade landed close to him in August 2004 while he was on patrol in Baghdad. Connie lived through a 2004 suicide bombing in Mosul but suffered multiple fractures and burns. When the two met in a hallway at Brooke Army Medical Center in San Antonio, Texas, Connie thought she noticed a certain swagger in Albert's walk. "He had this weird dip in his walk, so I asked him, 'Why are you pimp-walking in a hospital?' And he said: 'I'm not pimp-walking, I'm an amputee.' I was so embarrassed." The two married earlier this year and are expecting a child.

Though he's been in the VA system for more than two years now, Albert still doesn't have a primary-care doctor. Without one, getting appointments with specialists can be difficult. "You're supposed to be assigned one right away," says Albert, who now lives in San Antonio. "I'm not frustrated so much as worried—worried if and when something does go wrong, something will happen with one of my legs ... They [primary-care doctors] are the ones who have to fill out a work-order form; it's impossible to do anything without them."

One thing Albert desperately wants to do: get a new prosthetic. He's one of the early African-American amputees of the war. But the fake limb he's been given matches the skin tone of a Caucasian. It so embarrasses Albert that he always wears a sock over it—even if he's in sandals. "He's very self-conscious about it," says Connie. "It really bothers him."

Albert's situation is probably atypical. The VA says a huge majority of veterans get primary-care doctors within 30 days. But people inside the system do concede there's a shortage of mental-health workers at many of the VA's hospitals and clinics across the country. And Schulze is not the only veteran to commit suicide after being turned away. In a similar case in 2004, the VA twice neglected to treat Iraq veteran Jeffrey Lucey for posttraumatic stress disorder (the second time because he was told alcoholics must dry out before being accepted to an inpatient program). By the time a VA counselor tracked down a bed in a New York facility with a built-in detox program, Lucey had already hanged himself. "The system doesn't treat mental health with the same urgency it treats general health care," says a senior VA manager who did not want to be named talking about shortcomings in the agency.

Even when veterans get to the right doctors, understanding how to leverage what they need from the system can be mind-bending. Tonia Sargent, whose husband, Kenneth, nearly died in a sniper attack in Najaf in 2004, says no one ever sat her down and explained the benefits and how to access them. Her husband's brain injury made him often incapable of understanding his own care. Key decisions fell to her alone. It's a "don't ask, don't tell system," she says.

Kenneth is a Marine master sergeant who'd been in the Corps for nearly 18 years. He was on his second tour in Iraq when a sniper bullet ricocheted off the metal hatch on his vehicle and hit him directly below the right eye, grazing the front of his brain and exiting near his left ear. Among other things, he was diagnosed with traumatic brain injury, which has become the signature wound of the Iraq war. Tonia had to fight the Marine Corps to keep him from being discharged, figuring he'd get better medical care if he remained in active service. But some of his treatment has been outsourced to the VA.

One of the tricks she learned early on was to demand photocopies of her husband's records—every exam, every X-ray, every diagnosis—and personally carry the file from appointment to appointment. "I don't know if there is a more formal protocol for transferring documents, but I know that what I brought ... was definitely put to use." When Sargent was transferred to the VA's lauded Polytrauma Center in Palo Alto, Calif., doctors there encouraged her to go home to Camp Pendleton near San Diego and treat his stay at the hospital as if it was a deployment. "After two weeks, they asked me how long I was planning to stay with my husband," she says. "They said it was his rehab, not mine. But I needed to learn how to care for him, and he suffered from extreme anxiety without me." She pushed back, staying in Palo Alto until he completed his care.

How can the system improve? Bilmes, who authored the Harvard study, proposes at least one drastic change—automatically accepting all disability claims and auditing them after payments have begun. (The VA says that would be an irresponsible use of taxpayer money.) Other critics have focused on raising the VA's budget, which has been proposed at $87 billion for 2008. More money could go toward hiring more claims officers and more doctors, easing the burden now and preparing the VA for the end of the Iraq war, when soldiers return home en masse.

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But veterans' support groups and even some former and current VA insiders believe there's a reluctance in the Bush administration to deal openly with the long-term costs of the war. (All told, Bilmes projects it could cost as much as $600 billion to care for GWOT veterans over the course of their lifetimes.) That reluctance, they say, trickles down to the VA, where top managers are politically appointed. Secretary Jim Nicholson, a decorated Vietnam War veteran who was chosen by Bush in 2005, tends to be the focus of this criticism.

The senior VA manager who did not want to be named criticizing superiors told NEWSWEEK: "He's a political appointee and he needs to respond to the White House's direction." Steve Robinson of Veterans for America levels the accusation more directly. "Why doesn't the VA have a projection of casualties for the wars? Because it would be a political bombshell for Nicholson to estimate so many casualties." The VA denies political considerations are involved in its budgeting or planning. Nicholson declined to be interviewed but Matt Burns, a spokesman for the VA, called Robinson's comments "nonsensical and inflammatory," adding: "The VA, in its budgeting process, carefully prepares for future costs so that we can continue to deliver the quality health care and myriad benefits veterans have earned."

Fratto, the White House deputy press secretary, says money is not the problem. He points out the VA has had a hard time filling positions in some remote parts of the country. "You need to find people who are trained in PTSD and other disorders that are affecting veterans and find those who are willing to go to places where they are needed."

As is often the case in America when government institutions falter, however, community groups are already stepping into the void. Veterans of Foreign Wars has advocates helping vets negotiate the VA bureaucracy, much the way health facilitators in the private sector help consumers get the most from their health insurance. Robinson, of Veterans for America, has pulled together teams of volunteers—physicians, psychologists, lawyers—who give vets free services when the local VA branch falls down. At his office recently, he was coordinating a traumatic-brain-injury screening with a private doctor for a veteran who'd been denied access to VA care. The fact that Americans are coming forward doesn't absolve the VA of its obligation to provide first-rate care for veterans. Most of the wounded's problems just can't be solved by private citizens and groups, no matter how well meaning. But it does serve to remind us that we should take better care of veterans wounded in the line of duty as they make their way home, and try to remake their lives.

With Jamie Reno, Eve Conant, John Barry, Richard Wolffe, Karen Springen, Jonathan Mummolo and Ty Brickhouse

Untreated Wounds (NSWK)

By Babak Dehghanpisheh

Newsweek, February 26, 2007

Private Atiya was driving a heavy truck on the outskirts of Baghdad when he saw the flash. Then, a deafening boom and darkness. When Atiya came to, he was lying on the side of the road and the truck, still carrying 11 of his colleagues from the Iraqi National Guard, was rolling on without a driver. He looked down. "I saw my leg was gone," he says, squeezing his eyes shut at the memory. "It was the worst pain." One of his arms was broken, the other severely burned.

Atiya (who asked that only his first name be used for safety reasons) is one of thousands of members of the Iraqi security forces who have been wounded on the job. That attack, near the town of Abu Ghraib last Wednesday, was the third time Atiya, 32, has been hit by an IED since he joined the Guard last year. He was quickly taken to the American-run Combat Support Hospital, known as the Cash, in the Green Zone, often the first stop for critically wounded soldiers. "These guys are in harm's way more than any other slice of the Iraqi population," says an American doctor at the Cash who asked not to be quoted by name.

During a speech last year, the then secretary of Defense Donald Rumsfeld noted that Iraqi security forces take casualties at "roughly twice the rate of all Coalition forces." That's approximately 40,000 wounded and more than 6,000 dead, grim numbers by any measure. (Both the Iraqi Ministry of Defense and the U.S. military refuse to divulge data on Iraqi wounded for "security reasons.") "I've lost many friends," says Atiya, a soft-spoken man with a thick black mustache and receding hairline. At the Cash, Iraqi and American soldiers receive the same state-of-the-art care until they're stabilized. But for the Iraqis, it's downhill from there. "The problem is what happens afterward," says the U.S. doctor. "The safety net is very low."

Most of the Iraqi soldiers are first transferred to a hospital in central Baghdad that, by local standards, has decent equipment and well-trained doctors. Some Sunni troops are terrified of being absorbed into the public-healthcare system, which

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is run by officials with ties to the Shiite cleric Moqtada al-Sadr. All the Baghdad hospitals that receive Iraqi wounded have heavy security to guard against insurgents.

Under Saddam Hussein, an extensive infrastructure was put in place to deal with the casualties of the dictator's wars. Military hospitals were set up for long-term care and an Association of Veterans' Affairs helped the disabled and paid out pensions. Now one of the largest former military hospitals is used by squatters and the veterans' office doesn't deal with soldiers who signed up after 2003. A spokesman for the Ministry of Defense says that wounded soldiers are looked after well and continue to receive their salaries even if they can't return to the job. But anecdotal evidence suggests otherwise. Shakir Mohammed, a fair-haired 27-year-old soldier from Baghdad, received severe burns on the right side of his body from an IED attack in 2004. After treatment at the Cash, he says the Iraqi Army forgot about him. "When we left the hospital, no one asked about us anymore," he says. "All aid stopped at that time."

Mohammed still has nasty purplish scars on the right side of his body and says he's often in pain. He's also back on the job: with unemployment as high as 50 percent, the roughly $550 he receives each month is tough to beat. "There are no other jobs," says Mohammed. Swathed in bandages, Private Atiya looks down at his missing left leg and says he hopes the Guard can find him a posting in Najaf, his hometown. "I have no regrets," he says. "I want to serve."

With Baghdad bureau reports

Militant Iraqi Shiite Cleric Denounces Security Push (NYT)

By Damien Cave And Wisam A. Habeeb

The New York Times, February 26, 2007

BAGHDAD, Feb. 25 — Iraq's most powerful Shiite militant cleric publicly repudiated the new Baghdad security plan for the first time on Sunday, according to a statement distributed by his aides that said the push to quell violence was doomed to fail as long as it was directed by the American military.

The cleric, Moktada al-Sadr, controls the Mahdi Army, the largest Shiite militia in Iraq, and without his support for the stepped-up security effort, the prospects for continued sectarian violence and a direct conflict with American troops could increase.

His precise whereabouts have remained unknown since Prime Minister Nuri Kamal al-Maliki announced the start of the plan two weeks ago. Until now Mr. Sadr seemed to cooperate, allowing his most unruly commanders to be arrested and ordering his organization to focus on political rather than military resistance.

It was unclear why he would turn against the joint American-Iraqi plan, but many of his followers have been losing patience with the failure of the security push to eliminate violence against Shiites. On Sunday, that violence included a suicide bombing by a woman that killed 40 people at an elite Baghdad university attended mainly by Shiite students.

"There is no good that comes from a security plan controlled by our enemies, the occupiers," the statement said. "If you stay away from them, God will protect you from horror and harm. Make sure your plans are purely Iraqi and not sectarian."

The statement attributed to Mr. Sadr was read to a crowd of several hundred supporters in Baghdad's largest Shiite neighborhood by a top aide to his organization. The statement, which did not call on supporters to resist the plan but reiterated his longstanding demands for an immediate American withdrawal, is likely to put more pressure on Prime Minister Maliki, who recently called the security plan a "dazzling success."

In fact, since the plan started, violence in the capital has seemed to abate only marginally, with some days of relative calm and others pocked with violence that begins at dawn and continues until dark.

The Americans have repeatedly asked for patience and have emphasized that the plan's results will only become evident after several months.

On Sunday, Lt. Col. Scott R. Bleichwehl, an American military spokesman, said the denunciation by Mr. Sadr — who controls 30 seats in Parliament that the prime minister relies on for power — would not deter the security push. He said Iraqis supported the effort.

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"The coalition is committed to working together with our Iraqi partners to reduce the violence and help protect the population," he said. "All of our operations are being done with the full cooperation with the Baghdad operational command and the duly elected Iraqi government."

The bombing on Sunday at Mustansiriya University's college of economy and administration wounded at least 55 people, most of them students, many of them women. Most suicide attacks in Iraq have been conducted by men, but since the first woman exploded herself at an army recruiting station near the Syrian border in September 2005, a handful of other women have carried out attacks.

The suicide bomber at Mustansiriya arrived at the busiest time of day, at about 12:40 p.m., minutes before the start of afternoon exams. Officials said she approached the campus through a middle pathway, between separate canopied entrances for men and women. When guards saw her trying to enter, they questioned her, and she moved quickly toward the building, the officials said.

The blast shattered glass all the way through the surrounding academic buildings, from front to back. An hour and a half later, the walkway where the explosion occurred was covered with blood, body parts, skirts, veils, blood-stained textbooks and steel ball bearings.

Inside the main room of the security building closest to the blast, where women are checked before being allowed in, a pool of water red with blood rippled at the doorway.

After the attack, about 10 American Humvees, along with Iraqi Army vehicles, were deployed at the site. Iraqi police officers patrolled the scene after hearing reports that a second suicide bomber might be on the way.

In a campus courtyard about 25 yards from where the explosion hit, students and neighbors dug small holes around a flower bed so they could bury some of what was left at the scene.

Hussain Ali al-Mousawi, a middle-aged blacksmith who said he lived across the street from the university, collected body parts on a notebook, placing severed fingers, pieces of skull and flesh on pages covered with student notes.

He said he had been carrying bodies, and the sleeves of his striped cotton shirt were soaked bright red.

He walked over to the holes and placed clothing, flesh and debris into the ground. Stunned Iraqi policemen stared. All around him, students crouched or sat on the ground crying.

At one point, a group of young men pulled away a wailing first-year accounting student who could not bear to leave. His arms resting on the shoulders of two friends, he shouted through tears; "I don't want to go home, I don't want to go home. I want to die here! I want to die here where my friends have died! How can I come back tomorrow without them?"

Mr. Mousawi continued his work. He showed a reporter the remains he sought to bury. "I don't know what they've done to deserve this," he said. "What have they done wrong?"

Many of the surviving students expressed defiance. Falah Hasan, 35, a third-year management student standing nearby blamed Syria, Saudi Arabia and other countries for sowing destruction in his country. He said that Iraqis would not give up.

"We are burying here the minds of our society," he said, pointing to the ad hoc graves being filled by Mr. Mousawi, the blacksmith. "We are planting them anew. How many of our great minds have they killed? They are targeting the students who are carrying pencils — our dirty neighbors."

"We shall reconstruct the great Iraqi mind from the beginning. This land will produce more minds than ever."

The attack Sunday was the second recent assault at a branch of the university. Two car bombs and a suicide bomber killed at least 70 people at a nearby campus on Jan. 16.

Other colleges throughout Iraq have been made targets in the past year, reflecting what is widely viewed as an attempt by Sunni extremist groups like Al Qaeda to drive out Iraq's middle class, the secular and the educated.

Also on Sunday, a car bomb struck near the Iranian Embassy in central Baghdad, killing one person and wounding four. Several mortars landed in Abu Dshir in southern Baghdad, and another car bomb in central Baghdad wounded four.

Bomber Targets Baghdad College; At Least 39 Students, 9 Guards Die (WP)

By Ernesto Londono

The Washington Post, February 26, 2007

DOJ_NMG_0136061

BAGHDAD, Feb. 25 -- A suicide bomber detonated a belt of explosives Sunday afternoon at a university in Baghdad, killing dozens of students, in the second large-scale attack on a college campus in the capital this year.

At least 39 students and nine guards were killed in the blast at the college of administration and economics of Mustansiriya University in northwestern Baghdad, according to Fadil al-Amiri, the school's administrative dean.

Last month, at least 70 people were killed in a bombing at the university's main campus.

"The students were coming very happy, very enthusiastic, anxious to take their exam," the dean said in a telephone interview. "It is catastrophic. They're like ripe flowers, just starting their lives."

The attack was one of the deadliest in the capital since stepped-up security measures in the capital officially took effect on Feb. 14. U.S. and Iraqi officials have taken measures to limit vehicle access to markets, government buildings and other sites frequently targeted by insurgents using car bombs. But the officials have expressed concern about the difficulty of intercepting suicide bombers with explosives strapped to their bodies.

Universities in Baghdad have remained open despite a string of threats, attacks and kidnappings targeting students and professors. Amiri said he spent the afternoon visiting injured students at hospitals.

"I knew these people," he said. "They considered me their guide. They are preventing people from coming to study in order to disable the education system."

Hours after the bombing, a statement attributed to radical Shiite cleric Moqtada al-Sadr criticized the security plan. The statement, issued in the holy city of Najaf, said that "bombs continue to explode" under a plan "controlled by the occupiers," a reference to the United States.

The statement expressed support for Iraq's security forces and called for reconciliation between Sunnis and Shiites. Sadr, the leader of the Mahdi Army, a powerful Shiite militia, is widely seen as a wild card in the success of the security plan.

"You are capable of protecting Iraq and its people with your faith, your sacrifice, your patience, your unity and your love, and not by the occupier and his tanks and planes," the statement said. "The security plan will not be good if it is controlled and ruled by our enemies, the occupiers."

Also Sunday, a spokesman for Iraq's Oil Ministry said a draft of the country's much-anticipated oil law still faces a potentially lengthy legislative review process. Kurdish officials announced Saturday that they had endorsed the draft bill, which still must be considered by a committee headed by the prime minister's office, said Assem Jihad, the Oil Ministry spokesman.

Fouad Hussein, a spokesman for the Kurdish regional government, said Sunday that Kurdish officials -- key participants in negotiations on the law -- conveyed their endorsement of the draft in a letter sent to Prime Minister Nouri al-Maliki. He said Kurdish officials asked that national oil policy rely on two separate bills: one that focuses on the industry and another that sets rules for distributing oil revenue.

"The two laws must go together to the parliament," he said.

Maliki had promised that the law would be passed by the end of 2006.

U.S. officials, who have pressured Iraqi officials to enact the law, expressed support for the agreement. "Any movement toward agreement is welcome," said John C. Roberts, a spokesman for the U.S. Embassy in Baghdad. "Given the complexities of the full range of oil and gas issues, as well as the financial ramifications and the technical issues that need to be addressed as Iraq modernizes its energy sector, good progress has been made already."

Also Sunday, Iraqi President Jalal Talabani was flown to the Jordanian capital to undergo medical treatment, according to a statement issued by his office. His aides said he had traveled to Amman for a round of checkups after becoming sick "due to the exhausting continuous work during the past few days."

Special correspondents Naseer Mehdawi, Naseer Nouri and Yasmin Mousa contributed to this report.

Suicide Blast Kills Dozens At University In Baghdad (LAT)

By Tina Susman

The Los Angeles Times, February 26, 2007

A suicide bomber pushed past guards at a crowded college campus Sunday and set off a thunderous blast that killed at least 40 Iraqis, most of them female students waiting in line to enter classrooms for midterm exams.

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The attack was the second in recent weeks to target the mainly Shiite Muslim Mustansiriya University.

Even as rescue workers mopped up blood from the college grounds, the Iraqi government insisted that the U.S.-Iraqi security plan launched nearly two weeks ago was succeeding.

But radical Shiite cleric Muqtada Sadr, whose followers virtually control the campus, denounced the plan as a failure and said Iraqi government troops and police should take charge of security and that "invaders," a reference to U.S. troops, should leave.

Sadr's comments suggested that he is fed up with the plan, which aims to put thousands more U.S. and Iraqi troops on Baghdad's streets. The anti-American firebrand had agreed to cooperate with Prime Minister Nouri Maliki by drawing down his militia forces, and the result may have been evident in the decreased number of Sunni victims of Shiite death squads found along Baghdad's streets in recent weeks.

No group immediately claimed responsibility for the attack, but it was similar to others on mainly Shiite targets, such as crowded markets, which have appeared designed by Sunni insurgents to inflict maximum suffering.

Mustansiriya University's main campus and its satellite colleges are sandwiched between Shiite-dominated Sadr City and a mainly Sunni area. Students say Sadr's Al Mahdi militia virtually controls the university, enforcing conservative dress codes for women and canceling classes to honor Shiite martyrs.

The militia's presence has made Mustansiriya a sectarian battleground. On Jan. 16, at least 70 students were killed when two car bombs exploded almost simultaneously on the university's main campus, about a mile and a half from the College of Business Administration and Economics, where Sunday's attack took place.

The bomber, identified as a woman, struck at an especially busy time Sunday at the college gate. Two lines, one for female students and one for male students, had formed as students waited to be checked by guards, who patted them down, looked inside their bags and confiscated cellphones and other items that could hide explosives.

As they were being allowed in for 1 p.m. midterms, other students who had sat for morning exams were filtering out or milling in the campus courtyard comparing notes.

One person resisted being searched. The guards became agitated.

Luay Sadek, a business management student who is a Shiite, heard yelling near the gate and moved closer to see what was happening. As he did, the bomb detonated, sending shrapnel and flames across the campus. Sadek saw a wall of fire and the bodies of guards and classmates flying into the air. "Those are the same people I talk to every day," said Sadek, who woke up in Imam Ali Hospital after having lost consciousness.

The words of the wounded underscored the despair and bewilderment of both Sunni and Shiite students as their attempts to do something as routine as take midterms were upended by sectarian and ideological extremism.

"The last thing I expected was that students would be attacked, especially because we are in the middle of a residential area," said Saad Abdalla, a Sunni economics student, who suffered burns and shrapnel wounds to his head. "We felt safe, especially after the application of the new security plan."

Evidence of the blast's ferocity could even be found in tree branches, where a woman's scarf fluttered in the afternoon breeze. Some victims' body parts landed in nearby shops. Sobbing survivors clung to one another and used their clothing to mop up blood in the courtyard, which was littered with shredded notebooks and shoes. At least 55 people were wounded.

"What was really painful to me is seeing the female students' bodies torn apart and thrown here and there," said Ismaeel Ubaidi, who owns a small market about 300 feet from the campus gate. Ubaidi said students had been clustered in small groups when the "indescribable detonation" shattered the calm.

Most of the victims were young women because the female students' line was far longer than the men's, said student Muaataz Jawad, explaining that it had taken longer to check the women because of their purses.

"There were bodies scattered in pools of blood near the gate," said Jawad, a Shiite accounting major who just 10 minutes before the blast had been joking with guards at the gate. After the bombing, Jawad rushed to check on them, but they had died, their bodies so mutilated he could barely recognize them.

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"I saw female students weeping and wailing for the friends they lost and male students who cried harder. This is the first time I see men cry like this," he said. "I prayed to God that either he lift this ordeal or take my soul. It was really painful seeing all this chaos."

Iraqi police confirmed witness accounts that the bomber was a woman.

Despite two consecutive days of bloodshed — a bomb in a village west of Baghdad on Saturday killed at least 37 Iraqis — the Iraqi government insisted that the security plan was working, albeit gradually.

"We have got a reduction in violence. And we have got a huge, considerable reduction in the execution-style killings," Iraq's national security advisor, Mowaffak Rubaie, said on CNN. Rubaie was referring to the daily count of bullet-riddled corpses picked up in and around Baghdad, most of them victims of Shiite death squads.

Since the security plan officially began Feb. 13 with the introduction of new checkpoints and thousands more Iraqi and U.S. troops, the number of sectarian executions has averaged less than 20 a day, according to an analysis of morgue and police statistics compiled by The Times. In the weeks before the plan took effect, the average was often more than 30. Police in Baghdad said they found 15 bodies Sunday.

In the northern city of Mosul, however, police said 24 bodies had been found Sunday, a sign of the difficulties security forces are likely to face elsewhere as they concentrate on pacifying Baghdad. Two more bodies, both beheaded, were found in the northern city of Kirkuk.

Rubaie, repeating what U.S. and Iraqi officials have said since the plan was launched, said, "We should look into this plan in terms of months.

"Probably we will see a tangible success or measurable success by Easter time."

But Sadr, in a statement read by an associate, rejected any idea of the plan succeeding and said foreign forces had turned Iraq into "a core for terror."

Sadr's whereabouts remain a mystery. U.S. officials say he fled to Iran before the security plan was launched, but Sadr's associates say he is in Iraq. The cleric has not appeared in public in weeks.

The university bombing came amid a string of smaller attacks across Iraq. Mortar fire and car bombings killed at least three civilians in Baghdad, and a roadside bomb in Kirkuk killed one person.

Also Sunday, the Iraqi government announced that President Jalal Talabani had been flown to Jordan after falling ill with "malaise" as a result of overwork. A brief statement from Talabani's office said that doctors had recommended additional tests but that there was no cause for concern.

U.S. officials said the military had killed two suspected terrorists and captured a senior Al Qaeda leader on Sunday during a raid in Mosul. Five other suspected insurgents were also detained in the raid, the military said in a statement.

Fifteen other suspected insurgents were killed during a recent three-day operation in Salman Pak, a volatile area southeast of Baghdad.

Suicide Bomber Strikes Baghdad College; Cleric Condemns U.S-Iraqi Security Sweep (USAT/AP)

USA Today, February 26, 2007

BAGHDAD (AP) — A suicide bomber triggered a ball bearing-packed charge Sunday, killing at least 41 people at a mostly Shiite college whose main gate was left littered with blood-soaked student notebooks and papers amid the bodies.

Witnesses said a woman carried out the attack at the business school annex to Mustansiriyah University, but Interior Ministry officials said it was investigating the reports. The school's main campus was hit by a string of bombings last month that killed 70 people.

VIDEO: String of attacks rock Baghdad

The attack came as a powerful Shiite militia leader bitterly complained that "car bombs continue to explode" despite an ongoing security crackdown in Baghdad and suggested he was rethinking his cooperation.

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The statement issued in the name of the radical cleric Muqtada al-Sadr put increased strains on the U.S.-Iraqi security sweeps — aimed at restoring order in the capital. The cleric said any crackdown that includes American soldiers was doomed to failure.

Al-Sadr's Mahdi Army militia pulled its fighters off the streets under intense government pressure to let the 12-day-old security plan proceed. But a relentless wave of Sunni attacks — six alone in the Baghdad area Sunday — has apparently tested al-Sadr's patience as well as many ordinary Shiites.

A return to the streets by the Mahdi Army forces could effectively block the security effort and raise the chances of Baghdad falling into sectarian street battles — the apparent aim of Sunni extremists seeking any way to destroy the U.S.-backed government.

"Here we are, watching car bombs continue to explode to harvest thousands of innocent lives from our beloved people in the middle of a security plan controlled by an occupier," said a statement read by an al-Sadr aide in Baghdad.

Al-Sadr — who has not appeared in public in more than a month — is no friend of Washington and his forces fought fierce battles with U.S. troops in 2004. But he has largely cooperated in the Iraqi political process to avoid strains with Prime Minister Nouri al-Maliki and the Shiite leadership.

The statement, however, was highly critical of the U.S. role in the security plan and urged leaders to "make your own Iraqi (security) plans." He said "no security plan will work" with direct U.S. involvement.

The statement — read to hundreds of cheering supporters — was the first public word from the al-Sadr since U.S. assertions earlier this month that he fled to neighboring Iran to avoid arrest. Al-Sadr's aides and other loyalists insist he never left Iraq.

The political situation in Iraq was further thrown into question after President Jalal Talabani, a 73-year-old Kurd, was taken to Jordan for medical tests after feeling ill, his office said. It added there was "no cause for worry," but gave no other details.

Shiite anger at the United States is running high since American soldiers on Friday detained the son of the most powerful Shiite political leader for nearly 12 hours after he crossed from Iran. U.S. officials claim Shiite groups, including the Mahdi Army, receive weapons and aid from Iran. Iran denies the charges.

"To my Shiite and Sunni brothers, I say, 'Let us scorn sectarianism and hoist the banner of unity,'" said the statement from al-Sadr, whose militia is blamed for frequent execution-style slayings of Sunni rivals.

Since the security crackdown began, the number of bodies thought to be victims of Shiite death squads has gone down dramatically in Baghdad, but there has been no respite from violence blamed on Sunni insurgents.

Besides the college blast, at least 18 people were killed — mostly in Shiite districts — in bombings and rocket attacks in the Baghdad area.

Security guards at the Mustansiriyah University annex scuffled with the bomber before the blast, witnesses said. Most of the victims were students, including at least 46 injured, said police

If the bomber is found to be woman it would unusual — but not unprecedented — in Iraq's chaos. The main campus at Mustansiriyah, about 1½ miles away, was the target of twin car bombs and a suicide blast last month that killed 70 people.

The students at the business college were returning to midterm exams after the Iraqi weekend.

A 22-year-old student, Muhanad Nasir, said he saw a commotion at the gate. "Then there was an explosion. I did not feel anything for 15 minutes and when I returned to consciousness, I found myself in the hospital," said Nasir, wounded in the head and chest.

The blast flung blood-soaked notebooks and backpacks among the lifeless bodies and wounded. Cement walls were pockmarked by the hail of ball bearings. Parents rushed to the site and some collapsed in tears after learning their children were killed or injured. Students used rags and towels to try to mop up the blood.

The school is located in a mostly Shiite district of northeast Baghdad, but does not limit enrollment to that group.

In the northern city of Mosul, U.S. troops killed two gunmen in a raid and captured a suspected local leader of the insurgent group al-Qaeda in Iraq, the military said. Additional details were no immediately available.

Iraq's Interior Ministry, meanwhile, raised the toll from a suicide truck bombing in the violence-wracked Anbar province on Saturday to 52 dead and 74 injured.

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The attack on worshippers leaving a mosque in Habbaniyah, about 50 miles west of Baghdad, was believed linked to escalating internal Sunni battles between insurgents and those who oppose them.

"This cowardly act of violence underscores that the terrorists are the enemies of all Iraqis, regardless of sect," the U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement. "They want Iraq to fail. Now is the time for the Iraqis to come together against these terrorists."

Al-Sadr Calls Crackdown A Failure After College Bombing (AP)

By Sinan Salaheddin, ASSOCIATED PRESS

AP, February 26, 2007

BAGHDAD -- A suicide attacker struck outside a college campus, killing at least 41 persons and prompting the leader of Iraq's biggest Shi'ite militia to complain that a U.S.-led security crackdown has failed to protect Iraqis.

Many Shi'ites think bombings have continued because the Shi'ite-led government bowed to American pressure and persuaded the radical cleric Sheik Muqtada al-Sadr to take his Mahdi's Army fighters off the streets.

Sheik al-Sadr's statement, read to his followers in Sadr City, is likely to add pressure on U.S. and Iraqi forces to show results in the nearly two-week-old crackdown.

"I'm certain, just like all oppressed Iraqis are certain, that no security plan will work, and no good will come of any occupier," Sheik al-Sadr said in the statement.

"Here we are, watching booby-trapped cars exploding to harvest thousands of innocent lives from our beloved people in the middle of a security plan that is controlled by an occupier who does as he pleases."

U.S. and Iraqi leaders have urged the public to be patient, warning that it will take months before the security operation shows results. President Bush has ordered 21,500 more U.S. troops to Baghdad and surrounding areas, although the last units are not due until May.

Sheik al-Sadr urged Iraq's mostly Shi'ite security forces to "make your own Iraqi plans independent of the Americans."

Most of the victims of yesterday's bombing were students at the college, a business-studies annex of Mustansiriyah University that was hit by a series of deadly explosions last month. At least 46 persons were injured in yesterday's blast.

The attacker detonated a bomb-rigged suicide belt near the main entrance to the college, where students were resuming midterm exams after the two-day weekend in Iraq. Police said that guards confronted the bomber as he tried to enter the college grounds.

A 22-year-old student, Muhanad Nasir, said he saw a commotion at the gate. "Then there was an explosion. I did not feel anything for 15 minutes and when I returned to consciousness, I found myself in the hospital," said Mr. Nasir, who was wounded in his head and chest.

The blast left cement walls pockmarked by shrapnel and twisted parts of the metal gate and turnstile. Parents rushed to the site and some collapsed in tears after learning their children were killed or injured. Students used rags and towels to try to mop up the blood.

The school is in a mostly Shi'ite district of northeast Baghdad, but it does not limit its enrollment to that group. The main campus of Mustansiriyah University, about 1? miles away, was the target of twin car bombs and a suicide blast last month that killed 70 persons.

Earlier, two Katyusha rockets hit a Shi'ite enclave in southern Baghdad, killing at least 10, and a bomb near the fortified Green Zone claimed two lives, police said.

The Green Zone houses the U.S. and British embassies and key Iraqi government offices. The blast was about 100 yards from the Iranian Embassy, but authorities did not think it was targeting the compound.

A separate car bombing in a Shi'ite district in central Baghdad killed at least one person and injured four, police said.

In the northern city of Mosul, U.S. troops killed two gunmen in a raid and captured a suspected local leader of the insurgent group al Qaeda in Iraq, the military said. Additional details were not immediately available.

Iraq's Interior Ministry, meanwhile, raised the toll from a suicide truck bombing in the violence-wracked Anbar province on Saturday to 52 dead and 74 injured.

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The attack on worshippers leaving a mosque in Habbaniyah, about 50 miles west of Baghdad, was thought to be linked to escalating internal Sunni battles between insurgents and those who oppose them.

U.S. military envoys and pro-government leaders have worked hard to sway clan chiefs and other influential Anbar figures to turn against the militants, who include foreigners fighting under the banner of al Qaeda in Iraq. The extremists have fought back with targeted killings and bombings against fellow Sunnis.

Al-Sadr Won't Back Security Operation, Statement Says (USAT)

USA Today, February 26, 2007

BAGHDAD — According to a statement attributed to Muqtada al-Sadr, the radical Iraqi Shiite cleric has withdrawn support for a security crackdown in Baghdad.

The statement came Sunday, hours after a suicide bomber wearing a vest packed with explosives killed 41 at a college.

The security operation will not work because U.S. forces are involved, according to the statement, which was read by Shiite cleric Abdulzahra al-Suweidi.

"There is no benefit in this security plan because it is controlled by the occupiers," al-Suweidi read in front of throngs of chanting supporters in al-Sadr's stronghold of Sadr City. The United States "is watching car bombs explode, taking the souls of thousands of innocent Iraqi people."

Al-Sadr has not been seen in public for more than a month. The cleric led his Mahdi Army militia in two uprisings against U.S. forces in 2004. His militia has avoided confrontation with U.S. forces this time. There was no indication in the statement that this position would change.

Shiite Prime Minister Nouri al-Maliki expressed optimism Saturday about the U.S.-backed offensive, which is an attempt to stave off a full-out civil war in Iraq.

At least 41 people were killed when a suicide bomber triggered a ball-bearing-packed charge at the Baghdad Economy and Administration College. At least 46 were wounded. Most of the victims were students.

A string of car bombings and rockets also hit Baghdad on Sunday as U.S. and Iraqi security forces stepped up efforts to stamp out Sunni-Shiite sectarian bloodshed.

In other news:

•Iraqi national security adviser Mouwafak al-Rubaie told CNN that Iranians had stopped training and providing weapons to Iraqi Shiite militants to give the security plan a chance to work.

"They have changed their position and stopped a lot of their tactics and interference in Iraq's internal affairs," al-Rubaie said Sunday. It was unclear whether he was referring to Iran's government or other Iranians.

•Iraqi President Jalal Talabani arrived in Jordan late Sunday for a medical checkup after he became ill and was rushed unconscious to a hospital, Iraqi Ambassador Saad al-Hayyani said.

Talabani's son Qubad said his father suffered from exhaustion.

"He did not have a heart attack" or a stroke, he told CNN. Qubad Talabani said his father "made his own way off the plane" when he landed in Jordan.

•Thousands of Shiites protested Saturday in Baghdad after U.S. soldiers on Friday detained Amar al-Hakim, the son of Abdul Aziz al-Hakim, a Shiite political leader. The son was taken into custody after he crossed from Iran.

•A suicide truck bombing in Anbar province killed 52 and injured 74 Saturday. The attack targeted worshipers leaving a Sunni mosque in Habaniyah, about 50 miles west of Baghdad.

"Now is the time for the Iraqis to come together against these terrorists," the U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement.

Woman Bomber Kills 41 At Baghdad College (AP)

By Brian Murphy,

AP, February 26, 2007

A female suicide bomber triggered a ball bearing-packed charge Sunday, killing at least 41 people at a mostly Shiite college whose main gate was left littered with blood-soaked student notebooks and papers amid the bodies.

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Witnesses said a woman carried out the attack at the business school annex to Mustansiriyah University. Interior Ministry officials said they were still investigating those reports. The school's main campus was hit by a string of bombings last month that killed 70 people.

The attack came as the powerful Shiite militia leader Muqtada al-Sadr said an ongoing security crackdown in Baghdad was doomed to fail because of U.S. involvement and suggested he was rethinking his cooperation. He bitterly complained that "car bombs continue to explode" in the capital despite the new security push.

The political situation in Iraq was further thrown into question after President Jalal Talabani, a 73-year-old Kurd, was taken to Jordan for medical tests after feeling ill. Talabani's son, Qubad Talabani, said his father was suffering from fatigue and exhaustion. "He did not have a heart attack" or a stroke, he told CNN.

The statement issued in the name of the radical cleric al-Sadr put increased strains on the U.S.-Iraqi security sweeps aimed at restoring order in the capital.

Al-Sadr's Mahdi Army militia pulled its fighters off the streets under intense government pressure to let the 12-day-old security plan proceed. But a relentless wave of Sunni attacks — six alone in the Baghdad area Sunday — has apparently tested the patience of al-Sadr as well as many ordinary Shiites.

A return to the streets by the Mahdi Army forces could effectively block the security effort and raise the chances of Baghdad falling into sectarian street battles — the apparent aim of Sunni extremists seeking any way to destroy the U.S.-backed government.

"Here we are, watching car bombs continue to explode to harvest thousands of innocent lives from our beloved people in the middle of a security plan controlled by an occupier," said a statement read to hundreds of cheering supporters by an al-Sadr aide in Baghdad.

The cleric was highly critical of the U.S. role and urged leaders to "make your own Iraqi (security) plans." He said "no security plan will work" with direct U.S. involvement.

Al-Sadr — who has not appeared in public in more than a month — is no friend of Washington and his forces fought fierce battles with U.S. troops in 2004. But he has largely cooperated in the Iraqi political process to avoid strains with Prime Minister Nouri al-Maliki and the Shiite leadership.

The statement was the first public word from al-Sadr since U.S. assertions earlier this month that he fled to neighboring Iran to avoid arrest. Al-Sadr's aides and other loyalists insist he never left Iraq.

Shiite anger at the United States is running high since American soldiers on Friday detained the son of the most powerful Shiite political leader for nearly 12 hours after he crossed from Iran. U.S. officials claim Shiite groups, including the Mahdi Army, receive weapons and aid from Iran. Iran denies the charges.

"To my Shiite and Sunni brothers, I say, `Let us scorn sectarianism and hoist the banner of unity,'" said the statement from al-Sadr, whose militia is blamed for frequent execution-style slayings of Sunni rivals.

Since the security crackdown began, the number of bodies thought to be victims of Shiite death squads has gone down dramatically in Baghdad, but there has been no respite from violence blamed on Sunni insurgents.

In other developments, Talabani's office said he had fallen ill due to "continuing hard work over the past few days."

A doctor said Talabani was being treated at the heart center at King Hussein Medical City in Amman because the facility has modern equipment, not necessarily because the president suffers from a heart ailment.

The president's son said he was "up and about" and able to communicate.

Under Iraq's constitution, the president serves as the country's titular head of state. The prime minister runs the government.

Besides the college blast, at least 18 people were killed — mostly in Shiite districts — in bombings and rocket attacks in the Baghdad area.

Security guards at the Mustansiriyah University annex scuffled with the bomber before the blast, witnesses said. Most of the victims were students, including at least 46 injured, said police

Suicide bombings by women are unusual but not unprecedented in Iraq's chaos. The main campus at Mustansiriyah, about 1 1/2 miles away, was the target of twin car bombs and a suicide blast last month that killed 70 people.

The students at the business college were returning to midterm exams after the Iraqi weekend.

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A 22-year-old student, Muhanad Nasir, said he saw a commotion at the gate.

"Then there was an explosion. I did not feel anything for 15 minutes and when I returned to consciousness, I found myself in the hospital," said Nasir, who was wounded in the head and chest.

The blast flung blood-soaked notebooks and backpacks among the lifeless bodies and wounded. Cement walls were pockmarked by the hail of ball bearings. Parents rushed to the site and some collapsed in tears after learning their children were killed or injured. Students used rags and towels to try to mop up the blood.

The school is located in a mostly Shiite district of northeast Baghdad, but does not limit enrollment to that group.

In the northern city of Mosul, U.S. troops killed two gunmen in a raid and captured a suspected local leader of the insurgent group al-Qaida in Iraq, the military said. Additional details were not immediately available.

Iraq's Interior Ministry, meanwhile, raised the toll from a suicide truck bombing in the violence-wracked Anbar province on Saturday to 52 dead and 74 injured.

The attack on worshippers leaving a mosque in Habbaniyah, about 50 miles west of Baghdad, was believed linked to escalating internal Sunni battles between insurgents and those who oppose them.

"This cowardly act of violence underscores that the terrorists are the enemies of all Iraqis, regardless of sect," the U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement. "They want Iraq to fail. Now is the time for the Iraqis to come together against these terrorists."

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Associated Press writers Shafika Mattar in Amman, Jordan, and Yahya Barzanji in Sulaimaniyah, Iraq, contributed to this report.

Iraqi PM Blames Al-Qaeda For Sunni Mosque Attack (AFP)

AFP, February 26, 2007

Iraq's Prime Minister Nuri al-Maliki on Sunday blamed Al-Qaeda for a deadly bomb attack on a Sunni mosque, saying the blast proved that "terrorists" will attack anyone, regardless of their sect.

A suicide tanker bomb exploded outside a mosque in the western town of Habbaniyah on Saturday as worshippers were leaving, killing at least 40 people and wounding more than 60, a local medical official said.

"Al-Qaeda committed a new terrible massacre resulting in the deaths of dozens of civilians as they finished prayers at a mosque in Habbaniyah," Maliki said in a statement released by his office.

"They don't value holy prayer nor worshippers nor even a mosque," he added.

Habbaniyah is a small town in the so-called "Sunni triangle", lying 80 kilometres (50 miles) due west of Baghdad, where tribal chiefs have vowed to fight Al-Qaeda, a Sunni-led militant group.

Suicide bomb attacks on civilian targets have become a hallmark of Sunni extremist assaults on Iraq's Shiite majority, and it is relatively unusual for such a strike to target Sunni worshippers.

Maliki was at pains to stress that the attack should not be seen as sectarian in nature.

"(Al-Qaeda) is targetting all Iraqis without exception," he said. "They are using a cover of sectarianism to assassinate the people... and to increase sectarian strife in society."

"We strongly condemn this terrible crime which shows how low (Al-Qaeda) can sink," he said, urging people of Anbar province to back "the national effort by our security forces who are chasing the terrorists criminals."

New Iraqi Troops Fly Into Baghdad (AP)

By Kim Gamel,

AP, February 26, 2007

About 130 fresh Iraqi troops from the country's Kurdish north flew into Baghdad on Sunday to join the fight for the nation's capital — with the promise of a $200 bonus, nearly a month's pay.

The mostly Kurdish soldiers — the first to arrive from the northern city of Irbil — were greeted by Iraqi commanders as they filed off the gray C-130 troop transport. They wore camouflage, with machine guns or rocket-propelled grenade launchers slung over their shoulders. Many carried belongings in plastic bags.

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The troops represented a fraction of the expected influx of some 8,000 Iraqi reinforcements from the north, the Shiite south and the insurgent stronghold of Anbar province west of Baghdad.

The drafting of troops from the north — most former Kurdish guerrillas who fought for decades against Saddam Hussein's regime — to participate in the security crackdown in the capital has raised concerns as many speak no Arabic and are unfamiliar with the territory and urban warfare.

Many Kurds also refused to leave their autonomous region to fight in far-off Baghdad.

But Lt. Gen. Ali Ghadan, Iraq's ground forces commander, said the Kurds and other troops coming from outside Baghdad had a powerful incentive. Each would receive a $200 bonus in addition to their regular salaries and would only be deployed for three months, then allowed to go home.

The minimum salary for Iraqi soldiers is nearly $300 per month, although some get food allowances, according to the Defense Ministry.

Ghadan said the troops would get another bonus of the same amount if they signed on for another tour after their first deployment.

The bonuses underscore the eagerness of the Iraqi government to show it can rally sufficient forces to allow it to take the lead in the security sweep aimed at clearing the capital of Sunni insurgents and local Shiite militias who have killed thousands in rising violence between the two Islamic sects.

The inability of the Shiite-led government to deliver the promised number of Iraqi forces has been partly blamed for the failure of two previous security operations in Baghdad. President Bush has promised to send 21,500 more American troops to Iraq for the current effort.

Gen. Babaker Shawkat Zebari, the army chief of staff, stressed unity in the armed forces, addressing concerns the Kurdish troops might resent being called to Baghdad because they feel more loyalty to their homeland.

"Baghdad is a beautiful city that desperately needs your help," Zebari, himself a Kurd, said in Arabic after welcoming the troops in Kurdish. "If the terrorists are defeated here, all of Iraq will get back on its feet."

A brigade from Sulaimaniyah, also in the Kurdish north, has reached Baghdad, but it is only 1,000-men strong, not the expected 3,000.

Capt. Amir Wali, a 29-year-old former Kurdish guerrilla who has been integrated into the army, agreed. "I was glad to come here," he told reporters after the ceremony. "We came to defend Baghdad against terrorists."

The Iraqi troops were the first to be brought to the capital in an aircraft piloted by Iraqis, the military said, touting it as a sign the Iraqis are making strides toward taking over their own security.

"Instead of depending on the friendly forces to move such units, now the transportation is done by Iraqi planes. This is a historic event," Ghadan said.

Afghanistan: Taliban Preps For Bloody Assault (NSWK)

By Sami Yousafzai And Ron Moreau

Newsweek, February 26, 2007

There's no mistaking the thrill in Ghul Agha Akhund's voice. The Taliban field commander, speaking by mobile phone from his redoubt in Afghanistan's Helmand province, says the militants' covert network of couriers has brought him a vital message. It's a dark photocopy of a handwritten note, just seven lines to congratulate the group's fighting forces on "getting even with the infidel invaders" last year and to urge them to launch "a more intensive jihad" this year. But Ghul Agha views the scrap of paper as an almost sacred artifact: it bears the signature of the Taliban's Supreme Leader, Mullah Mohammed Omar. "This message from our leader is like tonic medicine," the chieftain says. "It makes us stronger."

In fact, he's doubly excited. This is the second communication he's gotten from Mullah Omar this year—after not one word since the U.S.-led 2001 invasion. (Although not all the information in this report can be independently verified, it came from sources who have proved reliable in the past, and the details are consistent with the established facts.) This January, Ghul Agha received an audiocassette of Mullah Omar praising the virtue of self-sacrifice. "Carry out your Islamic responsibilities as I carry out mine," the officer quotes the tape as saying. "Don't look for promotions or benefits. Just serve the jihad." The message

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electrified Ghul Agha. "For the last few years, we heard only rumors about Mullah Omar," he says. "Now we hear from him directly!" The commander and his men are energetically preparing to launch an offensive as soon as the snow melts; he hopes this year they will cut off the provincial capital.

Mullah Omar has emerged from the shadows, his field officers say, and with his inspiration they're planning a military push against U.S.-led forces like never before. NEWSWEEK has viewed a new recruiting video in which the Taliban's most notoriously cruel commander, the one-legged Mullah Dadullah Akhund, addresses an audience of some 400 men who are described as trained suicide bombers, ready to die on his order. "Our suicide bombers are countless," he says in a videotaped response to questions from NEWSWEEK. "Hundreds have already registered their names, and hundreds more are on the waiting list." Those claims, while impossible to verify, can't be discounted, either. In an interview that aired on Al-Jazeera last week, Dadullah claimed to have more than 6,000 armed guerrillas in underground hideouts and other staging areas, awaiting the moment to strike. "The attack is imminent," he told the Arabic TV channel.

Western forces are certainly bracing for one. Thousands of reinforcements have deployed to Afghanistan, bringing the Coalition's total armed strength to nearly 50,000, including 15,500 Americans in NATO's ranks and 11,000 others under direct U.S. command. NATO's chief spokes-man in Kabul, Col. Tom Collins, says his force intends to head off the militants' assault with pre-emptive attacks against Taliban strongholds and sanctuaries in Helmand and Uruzgan provinces. The Coalition, with its enormous superiority in firepower, sees no way the Taliban can capture and hold any significant target. "They may hold a small place for days," Collins allows, "but they'll get run out at a high cost." An estimated 3,000 Taliban fighters died in last year's engagements alone. But replacing those losses has been easy—thanks largely to the 47-year-old Mullah Omar.

To Westerners his appeal all but defies explanation. He was always an unprepossessing figure, even during the late 1990s, when he and his followers ruled most of Afghanistan. He seldom gave speeches on the radio, let alone in public, and he traveled out of his home province, Kandahar, to visit Kabul only once. Those who have met him describe him as a seemingly humble—though intelligent—village preacher, shy, inarticulate and utterly lacking in charisma. His manner is awkward, even childlike at times. In the 1980s he enlisted in the fight against the Soviet occupation, which cost him his right eye in a 1989 rocket attack and kept him from completing his religious education. As a result he has always called himself a talib, a "seeker of knowledge"—and his followers became known as the Taliban.

The group's recruiters owe much of their continued success to his saintly reputation. To his followers, Omar stands in bold contrast to the corrupt thugs who have returned to control many parts of Afghanistan and to the foreign-influenced Kabul government. In 1994 Mullah Omar rose to prominence by organizing the Taliban as a vigilante force to fight warlords who had been kidnapping, raping and strong-arming the civilians of Kandahar ever since the Soviets left. While local leaders are nowhere near as rapacious as they once were, villagers complain of some of the same sleazy behavior—crime, corruption, immorality. Omar, by contrast, "looks at things in black and white. There is no middle ground for him," says Rahimullah Yusufzai, a Peshawar-based journalist and expert on the Taliban. "No one has ever found fault with his Islamic character," says Nek Mohammed, one of Omar's former aides.

The Supreme Leader probably never knew what his guest Osama bin Laden was planning in 2001. All the same, Omar rejected America's demand after September 11 that he hand over the Qaeda leader—even though that refusal led directly to the U.S. invasion. "That principled decision enhanced his position among his followers," says Yusufzai. "But to others it shows he's simply stupid and too rigid."

After the Taliban's fall, Omar effectively vanished. His whereabouts were a mystery to everyone including his three wives and nine children, who heard nothing from him even indirectly for a solid year, according to Zabibullah, a senior Taliban official. (Last year one of the wives finally rejoined Omar at his present hideout, Zabibullah says.) Still, Omar did not quit the jihad. As his men regrouped, he gradually emerged from hiding and in 2004 began traveling from camp to camp in remote Taliban-held areas, riding on the back of a motorbike to rally his old troops and recruit new ones. One of the reasons he was able to avoid capture was that few people aside from his close followers know his face. He has always refused to let anyone take his picture, citing Islamic strictures against creating idols. Photos identified as Mullah Omar have circulated in recent years, but the clearest shots proved to be hoaxes or cases of mistaken identity.

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Only a few trusted assistants know where the fugitive leader is now. U.S. officials refuse to discuss what they know of his whereabouts and actions, beyond admitting that he's still in charge. "The hard-core Taliban leadership is Mullah Omar and his 27 to 30 subcommanders," says Collins. Afghan President Hamid Karzai has repeatedly charged that Omar is holed up in the Pakistan city of Quetta, protected by Pakistan's military spy agency, Inter-Services Intelligence. That claim was backed up (probably under duress) by Mohammad Hanafi, a reputed Taliban spokesman, after his capture by Afghan forces last month.

Pakistani President Pervez Musharraf denies the allegation, calling Karzai "ignorant" of what's happening inside Afghanistan. Taliban commanders and political operatives, who admit to frequently visiting Pakistan themselves, agree with Musharraf. "Baseless lies," Dadullah told NEWSWEEK. "He is not there [in Pakistan] in any city." Dadullah and others say they believe he's safely ensconced deep in the remote and rugged mountains of Uruzgan province, where he once lived.

Wherever he's hidden, Omar is closer than ever to many of his followers—not only to long-neglected fighters like Ghul Agha, but even to members of the Taliban's ruling council, the Shura. In the past, according to Mullah Rahman, the group's deputy commander in Zabul province, it could take six weeks for senior Taliban officials to send a message to the leader and get a reply. Now, thanks to the Taliban's military gains and growing network of messengers and mobile phones, the Shura can send Omar a question and get his answer within 24 hours. The leader communicates only via two top aides: former Defense minister Mullah Obaidullah and Mullah Barader, an old friend and one of the first mullahs to join the fledgling Taliban in 1994. Even those two do not see him face to face, instead passing messages by word of mouth, audiotape or handwritten notes. They relay Omar's directives and pep talks to the appropriate Shura members, who in turn disseminate them through the chain of command.

The Supreme Leader tends to focus on moral questions, leaving most military and financial matters to his deputies. His recent communiqués assert that Afghans have a duty under Islam to fight the foreign "invaders" and their "puppets" in Kabul because they will not leave Afghanistan "peacefully." At the same time, he urges his fighters to spare the lives of Afghans who have no part in the conflict. Last year's epidemic of suicide bombings killed more than two dozen foreign troops, but also killed and maimed hundreds of Afghan civilians. "Avoid operations that cause death and injury to innocent people," Omar said in a message marking the end of Ramadan this past December. "We are obliged to target only our enemy."

His word is law—or so his followers say. "No one can or dares to challenge Mullah Omar," says Zabibullah. Last year, for example, he dismissed his Ghazni province commander for "selfishness." And yet not every order is followed. Suicide bombings have continued to rock Kandahar. Dadullah says such attacks are no more than a prelude to bigger things soon to come. "With new war tactics, we possibly will get control of a provincial capital," he told NEWSWEEK. Commander Momin Ahmed, a heavy-set Taliban subcommander in Ghazni province, says provincial commanders have been promised detachments of 30 suicide bombers apiece from the batches of new recruits.

Most Coalition officers shrug at such threats. The militants suffered horrendous casualties last year while failing to stop the spread of NATO control into southern Afghanistan. In a single battle last September for the village of Panjwayi in Kandahar, the Taliban lost more than 500 men. At the same time, Afghan civilians are heartily fed up with all parties. They despise the Karzai government's weakness and corruption; they blame the Coalition for the collateral damage caused by its massive firepower; they don't want Mullah Omar's lightning-rod fighting forces anywhere near their homes. The guerrillas have little to no chance of ever regaining power though force of arms. What they do have in abundance is stubbornness—just like their leader, Mullah Omar. "We respect him even more than we did five years ago," says Ghul Agha. "He refuses to give up, no matter what the odds." That's not the message most Afghan civilians want to hear.

Iraq President Falls Ill, Flies To Amman (AP)

By Shafika Mattar

AP, February 26, 2007

AMMAN, Jordan (AP) - Iraqi President Jalal Talabani fell ill Sunday and was rushed unconscious to a hospital before being flown to neighboring Jordan for an immediate medical checkup, medical and government officials said.

A brief statement issued by Talabani's office said the 73-year-old president had fallen ill because of "continuing hard work over the past few days," but added there was "no cause for worry."

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Iraq's ambassador to Jordan, Saad al-Hayyani, said Talabani had not suffered a stroke or a heart attack. He said he suffered from "general fatigue and exhaustion and he needs medical examination to determine what is causing that."

A doctor at Amman's King Hussein Medical City said Talabani would be admitted to the heart center at the facility. Several Arab leaders have been treated at the military hospital in the past, including the late Palestinian leader Yasser Arafat.

He said Talabani would be checked into the heart center because the facility has sophisticated and modern equipment to check the president's condition, not because he necessarily suffers from a heart ailment.

"It appears that his medical condition is not worrisome" because he is not being flown in by a helicopter or transported in an ambulance, the doctor said on condition of anonymity because he is not authorized to speak to the media. "He is being driven by a car from Amman airport to the hospital, escorted by his private physician."

A doctor in Sulaimaniyah, Talabani's hometown, told The Associated Press that the president was unconscious when an ambulance rushed him to a hospital there earlier Sunday.

"After his condition stabilized, the doctors advised him to go to Jordan for a complete check up," the doctor said on condition of anonymity because he was not authorized to release the information.

Talabani, a Kurd, appeared in public Saturday in Sulaimaniyah where he met with U.S. Ambassador Zalmay Khalilzad and Massoud Barzani, leader of the self-ruled Kurdish region in northern Iraq.

Senior Kurdish politician Barham Saleh said Talabani was on his feet when he headed for a meeting Sunday with top aides shortly before he left for Jordan. Saleh, a deputy prime minister, said members of Talabani's immediate family accompanied him to Amman.

An official at Talabani's Patriotic Union of Kurdistan party said the president has a long history of fainting when he is exhausted - a condition dating back to his years as a Kurdish guerrilla leader fighting Saddam Hussein's regime decades ago.

The official also spoke on condition of anonymity because of the sensitivity of the subject.

Baghdad Plan Has Elusive Targets (WP)

By Joshua Partlow

The Washington Post, February 26, 2007

BAGHDAD -- The engineer stood aside as Iraqi and American soldiers rifled through his daughter's wardrobe and peered under her bed. He did not mind when they confiscated the second clip for his AK-47, because he knew it could be easily replaced. He demurred when asked about insurgent activity in the neighborhood, afraid to be stamped an informant and driven from his home of 14 years. Face to face with the Baghdad security plan, it seemed to him a bit absurd.

"Obviously, the soldiers lack the necessary information about where to look and who to look for," said the government engineer, who declined to give his name in an interview during a sweep through his western Baghdad neighborhood last Monday. "There are too many houses and too many hide-outs."

American military commanders in Iraq describe the security plan they began implementing in mid-February as a rising tide: a gradual influx of thousands of U.S. and Iraqi troops whose extended presence in the city's violent neighborhoods will drown the militants' ability to stage bombings and sectarian killings. The first brigade of 2,700 American reinforcements is patrolling the capital, bringing the total U.S. troop presence in Baghdad to 40,000, and members of three additional Iraqi military brigades have entered the city, though not at full strength. Soldiers have opened 14 of the estimated 30 joint policing stations they will operate in the capital.

But U.S. troops, Iraqi soldiers and officials, and Baghdad residents say the plan is hampered because security forces cannot identify, let alone apprehend, the elusive perpetrators of the violence. Shiite militiamen in the capital say they are keeping a low profile to wait out the security plan. U.S. commanders have noted increased insurgent violence in the Sunni-dominated belt around Baghdad and are concerned that fighters are shifting their focus outside the city.

Military patrols frequently push into neighborhoods where they have been shot at or struck with improvised explosive devices, or IEDs, only to find no one to arrest.

"I don't know who I'm fighting most of the time," said Staff Sgt. Joseph Lopez, 39, a soldier based in the northern outskirts of the capital. "I don't know who is setting what IED."

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Many people in Baghdad express deep reservations about the Iraqi security forces' ability and desire to battle their fellow citizens. U.S. soldiers say their Iraqi counterparts are swayed more by the anti-American speeches of Shiite cleric Moqtada al-Sadr than by the public appeals of Prime Minister Nouri al-Maliki for even-handed enforcement.

On the streets of the capital, it is impossible to miss the increased military presence. Iraqi police pickups speed down the avenues, sirens wailing, as masked officers fire machine guns to clear their path. Iraqi army soldiers and policemen stand sentry at checkpoint after checkpoint, but more often than not allow cars to pass through without inspection.

"They're just standing and waving at the cars," said Sgt. Haider Hasim, 20, a member of the Iraqi National Guard's 1st Brigade, 2nd Regiment of the 6th Division, who patrols the western Baghdad neighborhood of Amiriyah. "They won't take weapons from their friends."

Commandos and policemen from the predominantly Shiite Interior Ministry have little desire to raid or arrest members of their own sect or residents from their home neighborhoods, said Hasim, whose father is Sunni and mother is Shiite. From what he has seen, the Iraqi soldiers brought in for the security plan are accomplishing little.

"They're doing nothing, they're just sleeping at the camps," he said. "We do not go out if the Americans are not with us."

For the Americans, the security plan depends heavily on pushing along the Iraqi security forces. The so-called joint security stations envisioned under the plan are intended not only to generate intelligence about insurgents and militias but also to bring together Iraqi military and police personnel, who often fail to communicate, as well as U.S. troops. The stations will be scattered throughout the city's 10 newly designated security districts. The plan originally divided the city into nine sectors, but one was split in two.

Lt. Col. Christopher C. Garver, a U.S. military spokesman, said that although part of the stations' function is to encourage Iraqis to visit, their locations would not be disclosed because of concern within the Iraqi government that such information would facilitate attacks.

Under the security plan, the Iraqi government has granted itself broad powers to impose martial law. Lt. Gen. Abboud Gambar, the Iraqi commander of the effort, said in a speech last week that the government could hold and search individuals "whenever deemed fit." The government can disperse any public gatherings, inspect any public or private property, and "search, control, and seize all parcel post, mail, telegraphs, communication devices as needed," Gambar said.

To prevent car bomb attacks in Baghdad, the U.S. military has adopted a "city manager" approach, looking at "where all the different marketplaces were, the ingress-egress routes, the side roads, the traffic pattern flows," Maj. Gen. William B. Caldwell told reporters in a briefing last week. But he also acknowledged that as security forces focus on threats from vehicles, insurgents have been shifting tactics, increasingly deploying suicide bombers wearing explosive vests.

Some of the 21,500 additional troops President Bush is sending to Iraq have arrived. Top U.S. commanders are considering sending at least one of the five new brigades to the outskirts of the city and another to Diyala province, which this month has become increasingly deadly for U.S. soldiers.

"This is the very start, and it's too early to make any determinations at all on whether it's working, not working, what effect it's had," said a senior U.S. defense official in Baghdad who spoke on condition of anonymity. "We just don't have all the forces on the ground yet. People are looking for this big D-Day event and it's not going to happen."

Two days after the plan's official start on Feb. 14, Maliki, the prime minister, hailed its "fabulous success." Two days later, a double car bomb attack along a commercial strip in New Baghdad killed more than 60 people. A week after the plan's launch, a truck bomb rigged with tanks of chlorine gas blew up in southern Baghdad, killing seven people. It was among at least three attacks that involved chlorine gas in the past month. U.S. officials warned that it was a new insurgent tactic designed to sow panic and incite further sectarian violence.

At the end of the first week of the security crackdown, Caldwell announced, without providing statistics, a "very significant" decrease in such sectarian violence, while cautioning that it was premature to judge the plan's success.

Death tolls in February provided by an official at the Baghdad morgue, who is not authorized to speak publicly, appear to support Caldwell's statement. The official said that from Feb. 1 to Feb. 13, the bodies of 806 people who died as a result of violence were brought to the morgue, including 211 unidentified bodies, many of them bound, shot and showing signs of torture. Over the next nine days, 244 bodies were brought in, among them 58 unidentified corpses.

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But there is still a bunker mentality among residents of the capital, who are afraid to venture out for any but the most necessary errands. The owner of a deserted fabric shop in Baghdad's Zayuna neighborhood, Manaf Ali, said his children continue to attend school only once a week because he is afraid for their lives. A goldsmith working next door at al-Faiq shopping center, Haider Mohammed, 31, sleeps on the floor of an unfurnished apartment close to his shop rather than travel to work from his embattled Sunni neighborhood of Adhamiyah. Both men carry guns.

"How can we notice any change in the streets? We are just like chickens, staying in our cages," Mohammed said. "I am a goldsmith. What am I doing carrying a gun?"

To Ali, 41, there are only small signs of increased order. He welcomes the presence of more soldiers on the streets, and sees fewer Shiite militiamen. "Thank God now the mass abductions and the militias seem to be slowing down, and we are only left with the suicide bombs and car bombs," he said.

Along Palestine Street, a once vibrant commercial district, shop owners were relieved not by the greater military presence, but by the absence of Mahdi Army militiamen from neighboring Sadr City, the impoverished Shiite district and militia stronghold. The owner of a photography studio, a Sunni, pulled from his wallet a receipt for the "tax" that militiamen extract from merchants for their protection. Another merchant said he, too, faced extortion, which costs the equivalent of $30 a month. This month, the "savages" have not been around to collect, said the studio owner, who would not allow his name to be published.

"There needs to be raids against the militias, and not only in Sadr City," said Ahmed Abdul Rahman, 29, who works in an art gallery on Palestine Street. "Until then, this is not real."

Backstory: US Marines 'Invade' The Pop Tucci Diner (CSM)

By Bill Sasser

The Christian Science Monitor, February 26, 2007

After a frigid night camped under pine trees at an airfield, the convoy of 20 US Marines rolled into this sleepy town just as businesses were opening. The rumble of their Humvees unnerved some local residents. Even more jarring was the sight of the soldiers leaping from their vehicles with weapons.

In the parking lot of the Zion Lodge, a marine scanned the quiet street from behind a .50-caliber machine gun. One elderly man seemed shaken at the sight of marines striding into the Realo drugstore.

Yet this was no hostile invasion. As final preparation for a one-year deployment in Iraq, a US Marine unit recently brought the war home to tiny Trenton, N.C. (pop. 240), and the nearby coastal towns of Pollocksville and Maysville with a three-day training exercise. It was camouflage meets denim, Kevlar helmets meet Tar Heel caps, war-gaming meets the Pop Tucci diner.

It was also significant. The 5th Battalion, 10th Marine Regiment is unusual – the first active-duty unit in the Marine Corps to retrain for civil affairs work in Iraq. That means the 250 soldiers in the group will be departing from their frontline combat role to help Iraqis rebuild their cities and neighborhoods.

The 5/10's six-month retraining has included study of Arabic and the Iraqi culture. The unit will be important in determining whether the US's latest – and perhaps final – initiative in Iraq works. Under the new command of Gen. David Petraeus, US forces in Iraq will be trying to secure, hold, and then help stabilize and reconstruct embattled neighborhoods. Units like the 5/10 will be instrumental in gaining the confidence of local residents and acting as intermediaries between combat troops and civilians, particularly as the US tries to shift more security and reconstruction functions to the Iraqis.

"Our mission is to bridge the gap between a local population and the local military command, to say, 'Hey, sir, if you want to blow up that water tower, you can do it, but you're going to leave X amount of people without water," said Capt. Jim Burgess, who is leading a team of 10 marines and a Navy corpsman in the exercise here. "There are some civil issues you need to take into consideration."

The transition isn't easy for marines, who are trained to kill the enemy rather than engage in the softer skills of negotiation – say, quizzing local residents about their sewer system. "Some of these marines would rather be out on an artillery range pulling a lanyard, so it's important to get them out of their comfort zones preparing for this mission," said Maj. Andrew Dietz, who commanded one of the three training detachments.

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While the soldiers were learning new skills, local residents were discovering a few things about Marine training and the rigors of war. The troops were generally greeted as heroes after the initial shock of seeing marines standing guard by doorways and patrolling downtown sidewalks with their M-16s, which weren't loaded.

"We're talking to town leaders to find out what they do and engaging in foot patrols to get to know the locals," said Captain Burgess. "Some are looking at us like, 'Hey, what are you guys doing here?' "

Later that morning, Glen Spivey sat down with a second civil affairs team at Pop Tucci's restaurant. "You get such a mix of emotions when you see them," said waitress Marti Rouse. "The first time they walked in it sort of took us all back, then we got used to having them all here. You're proud of them, and then you worry about where they're going, and now I'm sorry to see them go."

A woman having an early lunch exchanged a knowing glance with her friends as she changed seats for a better view of the men in uniform. "Don't you feel safe?" she asked.

Mr. Spivey explained the mechanics of the town sewer system, which he directs, and the volunteer fire department, which he has belonged to for 46 years. "I was glad to do anything I could to help them prepare for the job they have ahead," said Spivey, who is also commander of the local American Legion post. "I was impressed with the way they rolled in and did these interviews and tried to learn how the systems work."

Maj. Leland Suttee, commander of one of the detachments, said the transition to civil affairs has come with growing pains. "Every marine is trained as a rifleman first, and it's easy for us in an artillery unit to be good at that," he said. "It's easy to go kick down a door, and marines love that, so this is actually much harder for them."

While there's a huge difference between Al Anbar Province and Jones County, N.C., the goal of the exercise was to show marines what a well-run, fully functioning local government looks like. "They will know what the goal is when they go into Fallujah or Ramadi," Major Suttee said. "In Ramadi, we have a burgeoning city government. We need to be able to go in and show them how to take funding from the provincial government, prioritize projects, get contractors to start rebuilding their cities, and get businesses running again."

One morning, 1st Lt. Steven Aguilera and his civil affairs team rolled into Maysville, where they secured the Maysville Milling Co. and interviewed manager James Harper about the business. Mr. Harper, whose father served in the Marine Corps in Korea and for two tours in Vietnam, was born in 1950 at Camp Lejeune, where the 5/10, part of the 2nd Marine Expeditionary Force, is stationed.

Harper's son is also a marine and served during the 2003 invasion of Iraq. "I don't advise any parent watching CNN when their kid is over there, because it will drive you mad," said Harper, an Army veteran himself. "I don't know about this war. This one is hard to figure out, and it would be really hard to have to bury one of your own for it."

Harper explained the basics of operating a mill and some of the social ills of seemingly idyllic Jones County. "We've got a crack epidemic here," he said, pointing to a neighborhood across US Highway 17. "On the weekends during the summer, you can see them set up outside selling it. They have guys riding on bicycles selling it."

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Along the tree-lined streets of Trenton, another Marine patrol stopped to introduce themselves to residents and ask who they were, what they do, and what problems they have in town. They passed the Jones County courthouse without a glance at the two war memorials out front, one for a Navy seaman who was killed during World War II, another for Michael Harris Jr., an Army sergeant who died in Saudi Arabia in 1991 during Operation Desert Storm.

Turning down a side street, the patrol parted for a passing pickup truck, apparently driven by another veteran who had emblazoned "68 Viet Nam Vet 69" on the back of his cab. "Check that," one Marine commented.

A moment later, they chatted with a resident walking to her mailbox. "Civil affairs is like customer service – you're out shaking hands, you're trying to be nice to people, and the customer is always right," said Cpl. Jason Talbot.

By lunchtime on the final day of the exercise, most of the marines had exited Trenton. Paula Tucci, who runs Pop Tucci's with her husband, had collected signatures from the arines on a "Pop Tucci's" T-shirt. She pinned the memento on the wall by the front counter.

"It's been a trip having them here this week," she said. "Even though I don't know them, I'm sorry to see them leave."

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At Jones Middle School, a civil affairs team engaged dozens of students with an outdoor display of Marine equipment. LCpl. Joel Vannatta reached down to shake the hand of an awed sixth-grader. "When I first joined the Marines, I knew that going to Iraq was a good possibility," said Corporal Vannatta of Jacksonville, Fla. "I would have been disappointed if I had spent four years in the Marines without going. I want to do something with all this training I have."

Fratricide In Iraq's Anbar May Escalate (AP)

By Brian Murphy,

AP, February 26, 2007

The killers started early. Just after sunrise, they tracked the imam to his modest brick mosque, where he was praying on a green carpet. Three masked gunmen muscled past a handful of worshippers and pumped four bullets into the chest of Sheik Adbul Rahman Jawhar al-Karbouli.

His murder Feb. 16 in a village near the Syrian border was barely noticed in Iraq's daily body count. But — like a vivid footnote in a dry collection of statistics — it helps bring the violence among Iraqi into sharper focus.

To much of the world, the meltdown in Iraq is a two-act spectacle: insurgents versus U.S.-led forces and Iraqi allies, and the sectarian bloodletting between Sunni Muslims and the majority Shiites. Yet out in the desert of the western Anbar province there is another story — told one attack at a time — of an internal struggle among Sunnis, between militant factions and those who have stood up against them.

It's a fratricide that may be escalating.

A suicide truck bomb killed more than 50 people Saturday leaving a mosque in the Anbar village of Habbaniyah, 50 miles west of Baghdad. The mosque's imam — like the slain al-Karbouli — had spoken out against the insurgents, which include extremists inspired by al-Qaida.

The showdowns in Anbar demonstrate how the battle for Iraq can reach into every home and mosque. Political and religious leaders are being pushed to choose between the insurgency or the U.S.-backed government.

Heads of the province's powerful desert clans also must decide if they will assist or resist the militants — setting off mafia-style turf wars along tribal lines.

"The first step, before we talk about reconciliation, is to bring the outlaw places under control," said Brig. Gen. Qassim Moussawi, a spokesman for the Iraqi military.

No place, it seems, shelters more outlaws than wild Anbar, a huge wedge of badlands and dunes with the Euphrates River as its lifeline.

Supply lines from Syria are thought to lace this vast empty landscape, bringing weapons and goods to Sunni insurgents. Among the militant groups operating here are those loyal to the former regime of Saddam Hussein, as well as al-Qaida in Iraq — which has committed suicide strikes, kidnappings and beheadings, in addition to attacks on U.S.-led forces.

Anbar's capital — Ramadi — is often referred to as Iraq's "wild west." It's the scene of near daily battles that produce a steady flow of U.S. body bags.

As insurgents clash with government forces, Anbar's clan leaders are caught between them.

Clan chiefs often act as judges, policy makers and intelligence chiefs for entire neighborhoods and villages. They also have the firepower at their disposal to enforce their decisions. Both the government and the insurgents need their support.

Some clans have thrown in with the insurgents — providing them with safe houses and protection along the suspected smuggling lines. Others have spurned the al-Qaida inspired "mujahadeen" — such as Jordanian-born leader Abu Musab al-Zarqawi, killed by a U.S. airstrike last June — as foreign interlopers.

The result for Anbar's Sunnis has been division and bloodshed.

"Anbar represents the breakdown of Iraq at its most basic levels. It has forced tribes and families to pick sides," said Mustafa Alani, an expert in Iraqi affairs at the Gulf Research Center in Dubai.

The imam al-Karbouli was a victim of this splintering of Anbar along clan lines, one of perhaps hundreds of similar killings since 2003.

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Members of his tribe had publicly denounced the insurgents. Al-Karbouli often used his Friday sermons at the Ameen mosque in Karabilah to warn worshippers against joining the "terrorists," said residents of the town, located about 240 miles west of Baghdad.

The 45-year-old al-Karbouli spoke out in other prominent forums. As a member of the municipal council, he tried to rally young men to join the police or military. As a lawyer, he mocked the declarations by al-Qaida in Iraq to establish an Islamic state.

Resident of Karabilah say his opposition to the insurgents cost him his life. "The only reason for this brutal act was his stance against al-Qaida," said one resident, who spoke on condition of anonymity because of fear of reprisals.

Family members refused to release a photograph of the imam. They are worried that insurgents may attack the four children he left behind.

The impact of Anbar's clan-against-clan violence on the people living in this desert landscape is difficult to measure. Reports, however, give a sense of how ruthless and thorough the killers can be.

On Feb. 19, gunmen ambushed a minivan on the main highway from Baghdad to Anbar. The attackers accused the 13 aboard of opposing al-Qaida in Iraq. All 13 were executed, including an elderly woman and two boys, police said. The bodies lay on the roadside for hours.

The same day, a suicide bomber tried to kill Abdul Sattar Abu Risha, leader of the Anbar Salvation Council, an alliance of clans backing the government.

"We give al-Qaida and their supporters these choices: either surrender, kill themselves or we kill them," said Col. Tarik Youssif Mohammed al-Assal, the deputy interior minister in Anbar and the Salvation Council's top security adviser.

The council, he said, uses a network of informants to hunt for insurgent backers and weapons stashes. He declined to give a clear breakdown on how many clans back the militants, but he suggested that the tide was turning.

"Al-Qaida is dying in Anbar," he claimed.

What progres has been made has come — in part — because the Pentagon has learned some painful lessons about dealing with the insurgency here.

During the 2003 invasion, the province was largely bypassed as U.S.-led columns pushed toward Baghdad. Small detachments were sent into the Anbar desert to try to block Scud missile batteries from moving within range of Israel.

But Anbar's expanses were too vast and its population too small to draw much attention after Saddam Hussein's fall.

That all changed in March 2004 when mobs in Fallujah ambushed U.S. security contractors and displayed the mutilated remains of two victims on a bridge over the Euphrates. The intense street-by-street battles that followed foreshadowed the bloody struggles ahead for U.S.-led forces across Anbar.

The Pentagon struck back with offensives to try to block the cross-border networks of suspected foreign fighters. These were the first major campaigns joined by the new Iraqi Army and another allied force: Several hundred Anbar tribesmen pledged to fight against the insurgents, who called themselves the Desert Protectors.

Since then, Washington has tried to expand the ranks of pro-government clans in Anbar by wooing clan leaders. The Pentagon's No. 2 commander in Iraq, Lt. Gen. Ray Odierno, traveled Thursday to Anbar towns near the Syrian border, where he met political leaders and tribal elders.

But it can be difficult to recruit nervous Sunnis to the government's side.

The Shiites can count on the protection of the police, who are led by Shiites, and on their miliitas, including the powerful Mahdi Army of radical cleric Muqtada al-Sadr. The Kurds of northern Iraq are protected by their traditional mountain guerrillas, called the peshmerga.

Many Sunnis — who were favored under Saddam — now feel vulnerable without a homegrown armed faction on their side.

"Groups like al-Qaida in Iraq exploit these fears among Sunnis and tell them things like, `We are here to protect you,'" said Alani, the security analyst.

Andrew Exum, a specialist in Iraqi issues at The Washington Institute for Near East Policy, believes the White House is still struggling to grasp the "tribal geography and social geography" of Anbar.

"For the most part, the complications of tribal politics remain a mystery for the Americans," he said.

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"No doubt they may be getting better at getting some clan leaders over to the government side," he added, "but they still have to make sure that empowering one faction does not appear be at the expense of another group. It's a very difficult place."

U.S. Says Raid In Iraq Supports Claim On Iran (NYT)

By James Glanz And Richard A. Oppel Jr.

The New York Times, February 26, 2007

BAGHDAD, Feb. 25 — A raid on a Shiite weapons cache in the southern city of Hilla one week ago is providing what American officials call the best evidence yet that the deadliest roadside bombs in Iraq are manufactured in Iran, but critics contend that the forensic case remains circumstantial and inferential.

The new evidence includes infrared sensors, electronic triggering devices and information about plastic explosives used in bombs that the Americans say lead back to Iran. The explosive material, triggering devices, other components and the method of assembly all produce weapons with an Iranian signature that has never been found outside Iraq or southern Lebanon, where Hezbollah is believed to have used weapons supplied by Iran, the Americans say.

But critics assert that nearly all the bomb components could have been produced in Iraq or somewhere else in the region. Even if the evidence were to establish that Iran is the source, they add, that does not necessarily mean that the Iranian leadership is responsible.

The raid by American and Iraqi forces discovered a fake boulder made of polyurethane and containing three of the deadliest kind of roadside bombs in Iraq. Smeared with dirt and pebbles to give it the color and texture of a rock, the polyurethane blob was resting in the back seat of a Toyota, apparently in preparation for a roadside attack, American officials said in lengthy briefings with two New York Times reporters last week.

The Toyota, along with a second vehicle and a nearby house described as an assembly point, contained components and other weaponry that the officials believe demonstrate that the bomb parts must have originated in Iran. Called explosively formed penetrators, or E.F.P.'s, bombs like the ones hidden inside the fake boulder are designed to eject molten slugs that slice through American armor with deadly precision.

The assertion that the latest find greatly bolsters the theory of the Iranian origin of the E.F.P.'s is significant because it could provide the United States with a new justification to take action against Iran. But the evidence is unlikely to satisfy skeptics who have been suspicious that the Bush administration is trying to lay the groundwork for attacking Iran. They point to the flawed intelligence used by the administration to accuse Saddam Hussein of harboring weapons of mass destruction before invading Iraq nearly four years ago.

All of the items found in the Hilla raid have been used by Hezbollah in southern Lebanon, said Maj. Marty Weber, a master explosives ordnance technician who has studied many kinds of improvised bombs in the Middle East and elsewhere and is closely involved in the effort in Iraq.

In addition, the shallow concave caps, which are made of copper and change into armor-piercing balls when the E.F.P.'s explode, were smooth and flawless, indicating to the explosives expert that they were manufactured in Iran because of the high precision required to make them so. Also found during the raid were 10 107-millimeter Strella rockets that had Iranian markings.

A Question of Technology

The most specialized part of the E.F.P.'s that were found is the concave copper disc, called a liner, that rolls into a deadly armor-piercing ball when the device explodes. Although American explosives experts say that the liner is deceptively difficult to make properly, the discs in Hilla look like a thick little alms plate or even a souvenir ashtray minus the indentations for holding cigarettes.

The electronics package is built around everyday items like the motion sensors used in garage-door openers and outdoor security systems; in fact, at the heart of some of the bombs found in Iraq is a type of infrared sensor commonly sold at electronic stores like RadioShack.

Still, American military officials appear to be making an attempt to respond to critics who say the evidence is inconclusive. In the course of the detailed briefing on the Hilla discovery, Major Weber said that most of the E.F.P.'s in Iraq use C-4 plastic

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explosive manufactured in Iran. At the request of the Bush administration, The Times is withholding some specific details about the weapons to protect intelligence sources and methods.

In addition to the Hilla discovery, military officials are expected to disclose at a briefing on Monday details about materials found in a raid in Diyala Province, the mixed Sunni-Shiite battleground north of Baghdad, that, according to one defense official, included enough components to make more than 100 E.F.P.'s. The official asked not to be identified by name because the matter is so sensitive.

Major Weber said the use of precision copper discs combined with passive infrared sensors amounted to "a no-brainer" that the explosive components were of Iranian origin, because no one has used that sort of configuration except Iranian-backed Shiite militias.

Could copper discs be manufactured with the required precision in Iraq? "You can never be certain," Major Weber said. But he said that "having studied all these groups, I've only seen E.F.P.'s used in two areas of the world: The Levant and here," meaning in Hezbollah areas of Lebanon and in Iraq. Hezbollah is thought to be directly armed and trained by Iran.

Skeptics say the new details do not support a conclusion that only Iran could be providing the components. "Iran may well be involved in the supply of these weapons, but so far they haven't proved it," said Joseph Cirincione, senior vice president for National Security at the Center for American Progress, a liberal research and advocacy organization.

"Before we act on the assumption that these are Iranian we've got to rule out all these other possibilities," he said. "The military hasn't done that."

He noted that a related weapon, the shape charge, "has been around for decades. This is not new stuff. There is a vast international arms market selling shape charges from many countries."

New Details

The new information is more substantial than the limited details disclosed earlier this month in Baghdad, said John Pike, director of GlobalSecurity.org, a research group based in Alexandria, Va.

"That initial briefing was not much to write home about," Mr. Pike said. "The points that they are making here are rather more convincing. Whether they're true is a completely different question."

Mr. Pike said he was not swayed by arguments that the copper discs could only be made by equipment in Iran. All that is required are machine tools, he said. "You can buy them. I mean, look at all those cylinders people use for L.P.G. cooking gas. Do you think they are all imported from Iran? Probably not. I bet there are guys all over Iraq who make those things for a living."

But he found other details more persuasive. "The two points they are making about the tradecraft of the fuse and the wrappings of the explosives those are pretty good pieces of evidence," he said. "I will say that, totally apart from any of this evidence, I would be astonished if Iran was not providing military support to the Shia militias. It should be self-evident that they are doing that."

Afternoon Attack

The Hilla raid took place at 1:30 p.m. on Feb. 17 after a tipster reported seeing a tow truck carrying rockets.

The fake rock with three E.F.P. canisters inside was sitting on the back seat of a different vehicle, a Toyota Crown. The trunk of the same car contained various equipment including an infrared sensor, a G.P.S. unit, two compasses and a jug filled with an unknown explosive.

Tools and materials for making fake rocks were found inside the house along with a partially completed rock and two E.F.P.'s. Among the items found there were seven battery packs needed to set off the blasting caps that initiate the E.F.P. explosion, four cans of epoxy foam and three of the infrared sensors.

The E.F.P.'s were designed to inflict maximum damage. The positioning of the sensor and the exact angles of the E.F.P.'s inside the rock were fixed to find weak points in American armored vehicles like Humvees and Strykers.

"The E.F.P. canisters are typically arrayed at angles to minimize the effects of countermeasures," Major Weber said. "They want to hit the truck when it is already well into the kill zone."

The infrared sensors could be armed and disarmed at a distance with cellphones, long-distance cordless phones or radios. That allows the attackers to arm the devices only when American or Iraqi convoys are approaching. Then, when the convoys trip the sensors, the E.F.P.'s explode.

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Major Weber said that many of those techniques were clearly Iranian in origin. Critics said that all of them could be replicated by skilled Iraqis or others in the Middle East with a solid knowledge of electronics and basic manufacturing techniques.

Still, Major Weber said, there were other indications of Iranian involvement in Hilla. In the raid, the Iraqi and American troops also found a red 1988 Chevy tow truck carrying 10 Strella rockets under a false bottom in the bed. The rockets had MJ-1 contact fuses and were probably made in China and repainted with Iranian markings — the usual practice for weapons that Iran imports and resells. Following international convention, the markings were in English, not Persian. They indicated that the rockets had been made in 2005 and each carried 18 kilograms of explosive.

As to why the Iranians would leave such obvious markings on the shells, Major Weber speculated that they had simply been taken out of stock and shipped across the border.

Comparisons to Others

Major Weber said he doubted that Hezbollah — the group Mahdi militia leader Moktada al-Sadr has used as a model for his political movement — would have provided the material and technology to the Mahdi militia or to other Shiite fighters in Iraq.

"It is possible, but based upon my experience we have not seen Hezbollah share information or technology on anything until they have been told to," Major Weber said.

"The E.F.P. is their silver bullet," he said, referring to Iran and its allied militias.

Major Weber also said that the use of passive infrared sensors, or P.I.R.'s, was one of the strongest markers of Iranian involvement, based on years of experience indicating that only Iranian-backed groups employ the sensors in that manner. But he also acknowledged that the electronic components needed to make the sensors are easily available off the shelf at places like RadioShack.

Those components are usedin commercial products, such as motion sensors for a lighting system or garage door openers. Those products are opened up, rewired and repackaged. Sometimes on products where multiple beams must be triggered to close the circuit, masking tape is used to cover up some beams so that only one is triggered.

"Every P.I.R. in Iraq has been RadioShack, Digigard or Everspring," Major Weber said. "But in southern Lebanon I never saw them use Radio Shack."

While he maintained that the copper liner also required specialized equipment and skills to make properly, that assertion also rests on some rather subtle distinctions. A senior defense official displayed pictures of a stack of some 30 copper E.F.P. liners seized in a raid in Mahmudiya, a town south of Baghdad. The liners, Major Weber said, were "copycats" stamped in Iraq, not Iran. To the untrained eye, the liners initially looked identical to the genuine ones.

But Major Weber then pointed out that there were slightly visible cracks often running in circles around the tops of the liners when they sat on a table with their concave sides pointing down. Those imperfections were signs that the liners had been made in Iraq, Major Weber said. And because of the imperfections, he said, an E.F.P. made with them would be much less deadly. Such an E.F.P. would fragment rather than curl into a ball, he said, and the fragments would be much less likely to pierce armor.

Iraqi Ministry Casts Doubt On Oil Law (AP)

By Bushra Juhi,

AP, February 26, 2007

The Oil Ministry cast doubt Sunday on statements indicating the Kurds had agreed to support a draft oil law that would divide revenues among all Iraqi factions and meet a key U.S. benchmark in Iraq.

Prime Minister Nouri al-Maliki's government had promised to enact a new oil law by the end of 2006 but missed the deadline due to objections from the Kurds. Many of Iraq's vast oil reserves can be found in the Kurdish north and the Shiite south, and the Kurds wanted a greater role in awarding contracts and administering the revenues.

Massoud Barzani, president of the self-governing Kurdish administration in the north, said Saturday that he and President Jalal Talabani, a Kurd, had discussed the latest draft law by telephone with al-Maliki and "the results were good."

Barzani made the comments in a joint press conference with Talabani after a meeting with U.S. Ambassador Zalmay Khalilzad in the northern Kurdish city of Sulaimaniyah.

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"We reached a final agreement," Barzani said, without elaborating. "We accept the draft."

An Oil Ministry spokesman, however, stressed that the draft law still needed to be discussed at the Cabinet level.

"Today, we got confirmation that Barzani said that they support the draft law but he mentioned nothing about agreeing to it," ministry spokesman Assem Jihad said. "The discussions and the negotiations are still ongoing."

It was unclear if Barzani was saying he supported the idea of a law or the draft as currently worded. Kurdish officials could not be reached for clarification.

Secretary of State Condoleezza Rice said she had stressed the importance of making rapid progress on the oil law with Iraqi leaders when she was in Baghdad last week. But she said she recognized the difficulty of the task.

"The oil law is not just an oil law. It's a law about dividing the resources of the country and therefore maintaining the unity of Iraq. So it's not easy," she said on "Fox News Sunday."

Once the Cabinet signs off, the measure goes to parliament for final approval once the legislators return from a recess early next month.

The Bush administration, facing growing pressure to end the Iraq conflict, has been urging the Iraqis to finish the new oil law.

A new law is needed, most outside experts believe, to encourage international companies to pour billions of dollars into Iraq to repair pipelines, upgrade wells, develop new fields and begin to exploit the country's petroleum reserves, estimated at about 115 billion barrels.

Panel: Military Health System Needs Help (WP/AP)

By Seth Borenstein, The Associated Press

The Washington Post, February 26, 2007

WASHINGTON -- Many Iraq war soldiers, veterans and their families are not getting needed psychological help because a stressed military's mental health system is overwhelmed and understaffed, a task force of psychologists found.

The panel's 67-page report calls for the immediate strengthening of the military mental health system. It cites a 40 percent vacancy rate in active duty psychologists in the Army and Navy, resources diverted from family counselors and a weak transition for veterans leaving the military.

The findings were released Sunday by the American Psychological Association.

More than three out of 10 soldiers met the criteria for a "mental disorder," but far less than half of those in need sought help, the report found. Sometimes that's because of the stigma of having mental health problems, other times the help simply wasn't available, according to the task force. And there are special difficulties in getting help to National Guard and Reserve troops, who have been used heavily in Iraq, the report said.

The special task force found no evidence of a "well-coordinated or well-disseminated approach to providing behavioral health care to service members and their families."

The psychology task force, chaired by an active military psychologist and comprised of psychologists working for the military or Veterans Administration, said "relatively few high-quality" mental health programs exist in the military now.

"There are tremendous needs; the system is stressed by these needs," said pediatric psychologist Jeanne Hoffman, a task force member and a civilian pediatric psychologist at Tripler Army Medical Center in Honolulu.

The Defense Department's mental health experts hadn't read the report. Pentagon spokeswoman Cynthia Smith said the military is proud of its mental health services record, including a new program this year that checks up on service members after they return home to their families.

"For the past four years, DOD has been aggressively reaching out to support our military personnel before and after deployments. This is unprecedented," Smith said in an e-mail to The Associated Press. "We have assessed the health, including the mental health of more than 1 million service members before and after deployments. We have worked with their families and others to address mental health concerns associated with deployments and with war."

One of the major problems is that four out of 10 "active duty licensed clinical psychologist" slots in the Army and Navy are not filled, a problem worsened by the dire need to send mental health experts into war zones, the report said.

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That high vacancy rate has several side effects. One is that the psychologists left are overwhelmed, the report said. It found that one-third of Army mental health personnel reported "high burn out" and 27 percent reported "low motivation for their work."

Because of the shortage, there are even fewer stateside therapists to help families of those deployed and to help returning soldiers readjust, the report found.

Hoffman, the pediatric psychologist, said she's seen children regress on toilet training, have severe headaches, stomach pains, and suffer in school because of the stress of having a parent deployed.

And for soldiers and veterans returning home, only 10 to 20 percent of the military's mental health experts are trained to help those with post-traumatic stress disorder, the report found.

"I know guys that are waiting for appointments," said Russell Terry, chief executive officer of the Iraq War Veterans Organization. "I know guys who are dealing with doctors who have no concept of PTSD."

Terry was on the phone with an Iraq war veteran last year when the vet killed himself.

Report co-chair Michelle Sherman, a psychologist at the Veterans Administration Medical Center in Oklahoma City, said the military and VA are "working very hard to meet the needs" of those returning from Iraq.

At VA headquarters, Antonette Zeiss, deputy chief consultant in the agency's office of mental health services, said the report "misses the mark by quite a way." She said her agency didn't have "an opportunity to present data (to the panel) about what the VA is really doing."

Sherman said the panel did seek data from the VA, but when asked if the agency provided information to the psychologists' panel, she said: "I'm not supposed to answer that question."

Zeiss said the VA has been increasing spending on mental health services yearly, opening new centers and hiring more psychological professionals.

"We have the strongest mental health system in the country and we are making it stronger," she said.

But veterans groups disagree.

"The system as it exists today ignores the readjustment needs specific to Iraq and Afghanistan service members," Veterans for America President Bobby Muller said in a statement. "We have to stop throwing money at a problem that requires a complete overhaul. The system is broken."

Troops' Needs Not Met, Psychological Group Says (USAT)

By Gregg Zoroya, Usa Today

USA Today, February 26, 2007

Task force: Families vulnerable to war trauma

A task force of the nation's largest group of mental health professionals warns that the U.S. military is not fully addressing the needs of troops and family members traumatized by war.

In a report issued Sunday, the American Psychological Association task force said families are particularly at risk. It noted that 700,000 children have had a parent sent overseas since Sept. 11, 2001, and estimated that 2,733 children have lost a parent killed in Iraq or Afghanistan.

"Many service personnel and their family members are going without mental health care because of the limited availability of such care and the barriers to accessing care," a news release accompanying the study said.

The Pentagon declined to comment on the study but defended its record of treating troops and their families. Spokeswoman Cynthia Smith said physical and mental health screenings before and after deployments have been provided to 1 million troops during the past six years, and mental health teams are sent into combat zones to monitor and assist servicemembers there. She said the military also has created several family support systems.

"No military in the history of the world has done more to identify, evaluate, prevent and treat the mental health needs and concerns of its personnel than the military services of the United States," Smith said.

Among the problems, according to the psychological task force:

•The Pentagon failed to implement the best mental health treatment programs across the military. Rather, plans varied by installation and included only a few that were deemed high quality.

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•The military hasn't hired enough psychologists. The study notes a 22% decline in the number of uniformed clinical psychologists in the military and a 40% vacancy among licensed clinical psychologist positions in the Army and Navy.

•Not enough research has been done on the war's impact on military spouses and children. "Given that our country has been at war for nearly six years, the absence of systematic research … is striking," the study said.

Psychologist Ron Palomares, who headed the task force, said the problems the report identified "kind of crept up on us."

Smearing Like It's 2003 (WP)

By E. J. Dionne Jr.

The Washington Post, February 26, 2007

Even as jurors pondered whether Vice President Cheney's former chief of staff should be convicted for lying about what the Bush administration did to smear one of its critics, there was Cheney accusing another adversary of doing the work of the terrorists.

The fabricate-and-smear cycle illustrated so dramatically during the case of I. Lewis "Scooter" Libby explains why President Bush is failing to rally support for the latest iteration of his Iraq policy. The administration's willingness at the outset to say anything, no matter how questionable, to justify the war has destroyed its credibility. Its habit of attacking those who expressed misgivings has destroyed any goodwill it might have enjoyed. Bush and Cheney have lost the benefit of the doubt.

Yet Cheney has learned nothing and forgotten nothing. His latest demon is House Speaker Nancy Pelosi, whom he accuses of validating al-Qaeda's objectives.

"Al-Qaeda functions on the basis that they think they can break our will," Cheney told ABC News on Friday by way of explaining his earlier attack on the speaker. "That's their fundamental underlying strategy, that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home."

Cheney added: "And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of al-Qaeda. I said it, and I meant it."

No doubt he did, and those words illustrate the administration's political methodology from the very beginning of its public campaign against Iraq. Back in 2002 and early 2003, it browbeat a reluctant country into this war by making assertions about an Iraqi nuclear program that proved to be groundless and by inventing ties between Saddam Hussein and al-Qaeda that didn't exist.

Then, once our troops were committed, anyone who had second thoughts could be trashed and driven back as a pro-terrorist weakling. The quagmire would be self-perpetuating: Once you checked in, you could never leave.

The evidence presented at the Libby trial has demonstrated how worried Cheney was that this scheme could unravel. Thanks to Patrick Fitzgerald, the painstaking prosecutor, we know that Cheney was beside himself over former ambassador Joseph Wilson's July 6, 2003, New York Times op-ed article undercutting the administration's claim that Saddam Hussein had sought nuclear materials in Niger.

Whatever the jury decides, Fitzgerald has amply demonstrated that Cheney directed Libby to destroy Wilson's credibility, partly by leaking that his wife, Valerie Plame Wilson, was a CIA operative who had suggested Wilson was well qualified to investigate the claims in Niger. For Libby, Fitzgerald said in closing his case, Valerie Wilson "wasn't a person. She was an argument, a fact to use against Joe Wilson."

Libby-Cheney apologists have argued over and over that Cheney had a right to be angry because Wilson said that Cheney had sent him to Niger. But Wilson said no such thing. In his New York Times piece, Wilson wrote only that he had been "informed by officials at the Central Intelligence Agency that Vice President Dick Cheney's office had questions about a particular intelligence report." That was true.

The attack apparatus has now turned on Fitzgerald, whose record is that of a thoroughly nonpartisan prosecutor. Fitzgerald's perjury rap against Libby, Cheney allies say, is a cheap attempt to criminalize politics.

Really? Here's what Rep. Ileana Ros-Lehtinen (R-Fla.) had to say about perjury: "Lying under oath is an ancient crime of great weight because it shields other offenses, because it blocks the light of truth in human affairs. It is a dagger in the heart of our legal system, and indeed in our democracy. It cannot, it should not, it must not be tolerated."

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Ros-Lehtinen made that statement not about Libby, but to justify the impeachment of Bill Clinton back in 1998. I have no idea where she stands on the Plame-Wilson case. But it's certainly amusing that so many who were eager to throw Clinton out of office for perjury and obstruction of justice when he lied about sex are now livid at Fitzgerald for bringing comparable charges in a controversy over the rationale for war. Do they think sex is more important than war?

Whatever price Scooter Libby pays, the country is already paying for the divisive practices of a crowd that wanted to go to war in Iraq in the very worst way -- and did exactly that. As a result, we confront the mess in Baghdad and the continued threat of terrorism as an angry, polarized nation.

Town's Elders Plead For Help With Taliban (NYT)

By Abdul Waheed Wafa And Carlotta Gall

The New York Times, February 26, 2007

KABUL, Afghanistan, Feb. 24 — Taliban fighters who seized control of a remote town in southern Afghanistan three weeks ago have started a campaign of arrests and reprisals against tribal elders and townspeople, according to tribal elders. The elders called on NATO forces and the government to move against the insurgents, even if it means bombing the town.

Five elders from the town, Musa Qala, including a member of its tribal council, traveled to Kabul this week to plead for help, expressing bitterness that neither Afghan forces nor NATO troops responded when Taliban forces overran the town on Feb. 2.

In October, in a controversial deal brokered by the town's 50-member tribal council, both British NATO troops and the Taliban withdrew, and the town enjoyed three months of calm. But the Taliban remained at large in the district, and when NATO forces killed eight of their members in an airstrike last month, their leader seized control of the town, putting elders who did not flee under house arrest and issuing death threats.

Hundreds of families fled, anticipating NATO bombing. NATO airstrikes have continued in the region and have killed several local insurgent leaders, but the elders said that had made the situation harder for the townspeople. "Mullah Ghafoor was killed in an airstrike, and the Taliban started to blame the elders and people for spying for NATO troops," said the main spokesman for the group that came to Kabul, identifying one insurgent leader. Another leader, Mullah Manan, was killed, and the house where his body was taken was bombed, he said.

"Since Tuesday the Taliban started to arrest people and elders and charge them with helping the government," he said. Ten people had been arrested, including an elder who had served as police chief, and one man was hurt and may have died, the elders said. The spokesman and an elder interviewed by telephone said that a Taliban leadership council in Quetta, Pakistan, was ordering the arrests and issuing the death threats.

The elders who spoke asked not to be identified for fear of reprisals from the Taliban. Two said they had received death threats from the Taliban and had fled their homes. Other members of the tribal council were in hiding, they said.

One elder said the Taliban had told him by telephone that they were under strong pressure from Pakistan to seize control of the town and now to go further. "One of the Taliban told me on the telephone, 'Hajji Sahib, I am respecting you like my father, but we are ordered to kill you,' " he said.

One landowner from Kajaki, a neighboring district, said the Taliban had executed 13 people from their own ranks and arrested three more.

About 1,000 Taliban are in Musa Qala's broader district, also called Musa Qala, the elders said. The Taliban have boasted that they control 10,000 fighters in the region.

"We want the government to take back Musa Qala," said one elder who helped broker the October deal. "People are ready to help NATO and the government, but we don't know what we are waiting for."

Asadullah Wafa, the governor of Musa Qala's province, Helmand, was at the NATO airbase at Kandahar discussing the situation with NATO commanders. He said that he was not aware that the Taliban had begun making arrests but that the government and NATO were poised to act. "We have a comprehensive plan to resolve the issue of Musa Qala, and it will be solved very soon," he said by telephone.

Former Afghan Warlords Rally For Amnesty (CSM)

By Mark Sappenfield

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The Christian Science Monitor, February 26, 2007

In one corner of a soccer stadium that has seen both athletic contests and executions stands a poster some 20 feet tall of Afghanistan's president, Hamid Karzai. Perhaps appropriately, Feda Mohammad Mujahid has turned away from it.

The 25,000 Afghans crowded into this bare concrete oval hoist up different posters of stern-faced mujahideen commanders who first fought the Soviets, and then each other, before joining with America to oust the Taliban in 2001.

To Mr. Mujahid, wrapped in a white scarf against the winter chill, these are the heroes of Afghanistan's "holy wars," not war criminals. So he has come here to rail against Mr. Karzai and the tyranny of Western nations, which have opposed an Afghan bill that would grant the mujahideen amnesty for war crimes committed during the past 25 years.

"This is a mujahideen nation," he says, as nearby loudspeakers crackle with speeches of defiance. "We want the law of Islam, and the government of mujahideen."

Away from the teeming streets around the stadium, the attitudes of average Afghans take on a different air. Many express frustration that former military leaders who killed thousands and destroyed Kabul in a four-year civil war might never be brought to justice. Yet in a country still divided by tribes, tongues, and traditions, Friday's rally sent a clear message – that even now, Afghanistan's onetime warlords alone have the power to muster the masses.

In this rally, "you saw their continuing ability to mobilize people and to potentially influence politics," says Paul Fishstein, director of the Afghanistan Research and Evaluation Unit, an independent analysis organization here.

Some see amnesty as political ploy

The bill itself, which was recently approved by both houses of Afghanistan's parliament, has attracted international attention largely because it has been portrayed as a self-serving political ploy. Those likely to benefit most from the legislation are legislators and government officials themselves, many of whom are former mujahideen who stepped into the political vacuum following the fall of the Taliban.

Among the speakers at Friday's event were members of parliament, the vice president, the president's top security adviser, an army chief of staff, and an energy minister.

To them, amnesty does offer a measure of self-preservation. The momentum for warlord amnesty here began after the execution of former Iraqi leader Saddam Hussein, a onetime US ally.

Former mujahideen members of parliament "thought that there might be a day that maybe they will face the same thing that Saddam Hussein faced," says Najibullah Kabuli, a member of the lower house of the Afghan parliament, the Wolesi Jirga, who abstained from voting on the amnesty bill because he thinks it is too broad.

"Didn't the US support the mujahideen?" asks protester Abdul Malik, noting how the mujahideen, too, were allies of the United States during the Soviet invasion of Afghanistan in 1979.

Even after the fall of the Taliban, the international community could have taken a stronger stand against allowing former warlords into politics, says Mr. Kabuli, the member of parliament. For a country that has been at war for 25 years, "it was not possible to have a government that was free of war criminals," he says. "But it was possible for the government to have fewer of these."

As the political winds have shifted from a focus purely on stability to issues of human rights and good governance, former mujahideen have emerged as an easy target.

A report by Human Rights Watch, for instance, called for several members of the government to be tried for war crimes.

"Human Rights Watch should consider the stability of Afghanistan, otherwise Afghanistan will go toward crisis again," cried security adviser Mohammed Qasim Fahim. "This country we have today was created by the holy war, by the mujahideen, and by their sacrifices."

In this conviction lies the warlords' greatest power. In a nation with a tribal heritage and a history of endless foreign interventions and abandonments, Afghans have come to trust only on those closest to them. As a result, warlords are able to mobilize unshakable support though regional or ethnic alliances.

Protesters say amnesty brings unity

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For those who slogged through the mud of Kabul's soccer stadium, thrusting frenzied fists into the air and bearing massive posters of commanders around the field in a triumphal march, the amnesty is partially an act of healing these historic rifts. Mujahideen commanders who once turned Kabul to rubble in their attempts to kill each other were now standing side by side.

"This is a war-torn country," says Mujahid, his hands folded behind his back, counting crimson prayer beads. "We have suffered a lot and we don't want to fight each other again."

"Let's forget about the past and think about a prosperous future," he says. "We want to be united."

A peaceful protest is a part of that message, some say. "We want to show the people of the world that one day we were evil to each other, but we can be peaceful, too," says Mr. Malik.

However, many Afghans and experts alike are skeptical. "These things tend to be cyclical – there tend to be alliances of convenience," says Mr. Fishstein.

Far from the echoes of the soccer stadium, Kabul resident Mohammad Ewaz sits on a stone wall in the hills high above the Kabul plains. In the amber light of late afternoon, he sips his tea, taking a break from the new wall he and his friends are building a few feet away.

Farther down the slope, the remnants of shattered houses, destroyed in the civil war, emerge from the hillside. "This is the work of the people who are asking for amnesty," he says.

"If they are really intending to bring unity, then it is a good idea," he adds. "But if it is just words and nothing else, then I don't think that it is a useful thing."

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Why Have So Many U.S. Attorneys Been Fired? It Looks A Lot Like Politics (NYT)

By Adam Cohen

The New York Times, February 26, 2007

Carol Lam, the former United States attorney for San Diego, is smart and tireless and was very good at her job. Her investigation of Representative Randy Cunningham resulted in a guilty plea for taking more than $2 million in bribes from defense contractors and a sentence of more than eight years. Two weeks ago, she indicted Kyle Dustin Foggo, the former No. 3 official in the C.I.A. The defense-contracting scandal she pursued so vigorously could yet drag in other politicians.

In many Justice Departments, her record would have won her awards, and perhaps a promotion to a top post in Washington. In the Bush Justice Department, it got her fired.

Ms. Lam is one of at least seven United States attorneys fired recently under questionable circumstances. The Justice Department is claiming that Ms. Lam and other well-regarded prosecutors like John McKay of Seattle, David Iglesias of New Mexico, Daniel Bogden of Nevada and Paul Charlton of Arizona — who all received strong job evaluations — performed inadequately.

It is hard to call what's happening anything other than a political purge. And it's another shameful example of how in the Bush administration, everything — from rebuilding a hurricane-ravaged city to allocating homeland security dollars to invading Iraq — is sacrificed to partisan politics and winning elections.

U.S. attorneys have enormous power. Their decision to investigate or indict can bankrupt a business or destroy a life. They must be, and long have been, insulated from political pressures. Although appointed by the president, once in office they are almost never asked to leave until a new president is elected. The Congressional Research Service has confirmed how unprecedented these firings are. It found that of 486 U.S. attorneys confirmed since 1981, perhaps no more than three were forced out in similar ways — three in 25 years, compared with seven in recent months.

It is not just the large numbers. The firing of H. E. Cummins III is raising as many questions as Ms. Lam's. Mr. Cummins, one of the most distinguished lawyers in Arkansas, is respected by Republicans and Democrats alike. But he was forced out to make room for J. Timothy Griffin, a former Karl Rove deputy with thin legal experience who did opposition research for the Republican National Committee. (Mr. Griffin recently bowed to the inevitable and said he will not try for a permanent appointment. But he remains in office indefinitely.)

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The Bush administration cleared the way for these personnel changes by slipping a little-noticed provision into the Patriot Act last year that allows the president to appoint interim U.S. attorneys for an indefinite period without Senate confirmation.

Three theories are emerging for why these well-qualified U.S. attorney were fired — all political, and all disturbing.

1. Helping friends. Ms. Lam had already put one powerful Republican congressman in jail and was investigating other powerful politicians. The Justice Department, unpersuasively, claims that it was unhappy about Ms. Lam's failure to bring more immigration cases. Meanwhile, Ms. Lam has been replaced with an interim prosecutor whose résumé shows almost no criminal law experience, but includes her membership in the Federalist Society, a conservative legal group.

2. Candidate recruitment. U.S. attorney is a position that can make headlines and launch political careers. Congressional Democrats suspect that the Bush administration has been pushing out long-serving U.S. attorneys to replace them with promising Republican lawyers who can then be run for Congress and top state offices.

3. Presidential politics. The Justice Department concedes that Mr. Cummins was doing a good job in Little Rock. An obvious question is whether the administration was more interested in his successor's skills in opposition political research — let's not forget that Arkansas has been lucrative fodder for Republicans in the past — in time for the 2008 elections.

The charge of politics certainly feels right. This administration has made partisanship its lodestar. The Washington Post reporter Rajiv Chandrasekaran revealed in his book, "Imperial Life in the Emerald City," that even applicants to help administer post-invasion Iraq were asked whom they voted for in 2000 and what they thought of Roe v. Wade.

Congress has been admirably aggressive about investigating. Senator Charles Schumer, Democrat of New York, held a tough hearing. And he is now talking about calling on the fired U.S. attorneys to testify and subpoenaing their performance evaluations — both good ideas.

The politicization of government over the last six years has had tragic consequences — in New Orleans, Iraq and elsewhere. But allowing politics to infect U.S. attorney offices takes it to a whole new level. Congress should continue to pursue the case of the fired U.S. attorneys vigorously, both to find out what really happened and to make sure that it does not happen again.

CORPORATE SCANDALS:

In Brief (WSJ)

The Wall Street Journal, February 26, 2007

The Securities and Exchange Commission moved to withdraw charges against a former Halliburton Co. chief financial officer after accusing him more than two years ago of failing to ensure that the company disclosed an accounting change that was material to investors. In a filing in federal court in Houston, the SEC said it wanted to dismiss its pending claims against Gary Morris "in the interest of justice."

Shareholders Push For Vote On Executive Pay (WSJ)

By Erin White And Aaron O. Patrick

The Wall Street Journal, February 26, 2007

Some shareholders are angry about soaring executive pay. Soon, they may get a voice.

Ahead of this year's annual meetings, activist investors have submitted shareholder proposals at roughly 60 companies seeking an advisory vote on executive pay, according to Institutional Shareholder Services. Targets include Citigroup Inc., Wells Fargo & Co., WellPoint Inc. and Northrop Grumman Corp.

The vote would be nonbinding, but activists hope that public censure, or the threat of it, would prompt directors to curb outsized awards and better link pay with performance. The proposals come as new Securities and Exchange Commission rules requiring greater disclosure promise to cast a brighter spotlight on compensation.

One company facing a shareholder proposal, insurer Aflac Inc., agreed earlier this month to give investors a nonbinding vote on executive compensation, beginning in 2009. Others, including Pfizer Inc. and Schering-Plough Corp., are discussing the possibility of similar moves.

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This week, U.S. Rep. Barney Frank (D., Mass.), the new chairman of the House Financial Services Committee, plans to introduce a revised version of his 2005 bill that aimed to give shareholders power to veto executive-pay deals. He will hold a hearing next week on his latest measure, which instead would require advisory votes.

The activists are taking a page from the British. Since 2003, United Kingdom shareholders have cast advisory votes on corporate compensation policies and how much they pay executives. Investors and companies say the practice, which began after the British government passed a law requiring it for all public companies, has generated more discussion between shareholders and boards.

But it hasn't necessarily curbed compensation.

"We have better disclosure and better accountability," says Ian Jones, head of responsible investment at Co-operative Insurance Society Ltd., an insurance company with about $40 billion under management. But "I don't think it's had much effect on the amount of remuneration."

British CEOs have long made less on average than their U.S. counterparts, but pay in both markets has risen at roughly comparable rates in recent years, with some indications pay may have risen faster in the U.K. than in the U.S. The median salary and bonus for CEOs at 250 large and mid-size U.K. companies totaled £610,000 ($1.2 million) in 2005, the latest year for which data are available, according to the U.K. arm of ISS. That's up 9.9% from 2004 and 35.6% from £450,000 in 2003.

In the U.S., median CEO salary and bonus hit $2.4 million in 2005, up 7.1% from 2004, and up 13.7% from $2.1 million in 2003, at 350 large companies studied by Mercer Human Resource Consulting. The companies in the 2003 and 2005 samples varied somewhat.

Stephen Davis, a fellow at Yale University's Millstein Center for Corporate Governance and Performance who has studied the U.K. experience, says the advisory vote has strengthened the link between pay and performance. For example, pay consultants say the practice has pushed British companies to shift executive compensation toward bonuses and away from big salary increases. But Mr. Davis says "Investors still feel...that pay is not yet fully aligned with performance in the way that they would like."

Mr. Davis says companies and investors are on a learning curve, but he says the vote appears to have helped curb severance packages. At the start of the decade, a three-year payout was standard; today, a one-year payout is "virtually universal," Mr. Davis says. But he says directors worry that investors reviewing dozens of pay plans are issuing "cookie-cutter" judgments rather than evaluating packages individually.

Big U.K. shareholders applaud the increased discussion. Talks, often held in advance of annual meetings, are "more meaningful" than the occasional formal presentations managers used to offer shareholders, says Colin Melvin, head of corporate governance at London-based Hermes Pension Management Ltd., which manages $120 billion in assets.

For instance, in 2003, 50.7% of votes cast by shareholders opposed a pay package for GlaxoSmithKline PLC Chief Executive Jean-Pierre Garnier. The pharmaceutical maker later agreed to overhaul its pay policies and end "what might be deemed 'payment for failure,'" according to its 2004 letter to shareholders. Dr. Garnier's total pay package fell slightly in 2004, to $4.56 million from $4.57 million the year before.

Ahead of the 2004 shareholder meeting, Glaxo sent draft copies of its compensation report to large shareholders, according to Richard Singleton, the director of corporate governance at F&C Asset Management. Mr. Singleton emailed Glaxo's then-chairman, Sir Christopher Hogg, suggesting tougher performance targets for executives to earn bonuses. The company added a clause stating performance targets would consider analysts' forecasts.

"I was delighted," Mr. Singleton says. The clause remains part of Glaxo's compensation policy.

A Glaxo spokesman confirmed the clause was inserted in the 2004 report, but he declined to comment on the process. Sir Christopher couldn't be reached.

Tlk doesn't always translate into action. Early last year, London-based investment manager Amvescap PLC decided to pay its departing chairman, Charles W. Brady, a $9 million bonus. ISS's British arm believed the payment was unjustified, according to director of research David Paterson, and considered opposing the compensation report.

Amvescap's company secretary, Michael Perman, told an ISS analyst that executives considered the bonus reasonable because Mr. Brady had shepherded Amvescap through a tough period and had hired a new chief executive. The analyst wasn't

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convinced, and ISS recommended that investors oppose the compensation report; at the annual meeting, 48% of votes cast did. Mr. Brady did get the bonus.

An Amvescap spokesman declined to comment beyond a written statement from Amvescap Chairman Rex Adams on the day of the vote: "Over the last weeks, Amvescap has initiated direct discussions with many of our company's major shareholders, and we believe we have a good understanding of their views."

Despite the shortcomings, U.K. investors are among those pushing U.S. companies to adopt the advisory vote. In January, a group of 13 institutional investors, nine British, wrote SEC Chairman Christopher Cox to endorse the practice. The group, which collectively has $1.5 trillion under management, said the votes would bolster communication between shareholders and directors, better link pay with performance and "provide a counter-weight" to rising executive pay. Companies in Australia, Sweden and the Netherlands also grant shareholders a vote on pay.

In the U.S., the American Federation of State, County and Municipal Employees union sponsored "say on pay" resolutions at seven companies last year and 10 so far this year, says Richard Ferlauto, director of pension and benefit policy for AFSCME. ISS says the resolutions last year won an average of 40% support, which is high for new issues.

This year, AFSCME is co-leading a group of companies and shareholders to discuss the idea. The group includes Pfizer, Intel Corp., Schering-Plough and American International Group Inc., as well as the California Public Employees' Retirement System and other funds.

Some corporate participants in the group think the concept has merit, but they worry about the mechanics. One sticking point: How to give shareholders a voice on elements of a pay package that companies are legally bound to pay, such as an executive's deferred compensation? "You create an expectation that you can do something about it" if investors reject the package, says one person close to the situation.

Alex Kelly, head of investor relations at Schering-Plough, says the company is willing to consider letting shareholders vote on pay. "We're willing to listen," he says.

Other companies oppose the notion. In a statement to be included in its proxy, Wells Fargo argues that an advisory pay vote "would provide no clear or meaningful guidance" because directors wouldn't know which portion of compensation investors objected to. Shareholders already have plenty of ways to tell directors what they think, the company states. Wells Fargo also contends that the U.S. and U.K. corporate systems have "significant differences in regulatory and corporate governance policies and practices."

Other companies aim to keep the proposal off the proxy. WellPoint contended to the SEC staff that the proposal could be kept off the ballot; SEC rules allow companies to exclude proposals in some circumstances, including if it's "misleading." On Friday, WellPoint was notified that the SEC staff agreed "there appears to be some basis for your view." So WellPoint will now keep it off the proxy, a spokesman says. A spokeswoman for proposal submitter Connecticut Retirement Plans and Trust Funds said it won't try to appeal to the SEC. Instead, it will support the say-on-pay idea in other ways, such as by supporting legislation Mr. Frank plans to introduce.

Another company, Northrop Grumman, has also argued to the SEC that the proposal should be kept off the proxy. As of Friday, the company had not heard back, a spokesman said.

-- Joann S. Lublin contributed to this article.

Corporate America Fights Back (WP)

By Michael Seigel

The Washington Post, February 26, 2007

Last time the public was tuned in, the Justice Department was vigorously prosecuting corporate giants such as Enron for massive frauds committed during the waning days of the stock bubble. Assisted by the Sarbanes-Oxley Act, government lawyers were racking up victories in the battle against white-collar crime. One recent highlight was the October sentencing of former Enron chief executive Jeffrey Skilling to 24 years in prison.

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Now that the public's attention has shifted to matters such as Iraq, however, corporate America has launched a counterattack. Its goal is to derail the Justice Department's efforts to maintain a heightened level of white-collar criminal enforcement. Its success thus far starkly illustrates how power and money influence our criminal justice system.

Big business, represented primarily by the U.S. Chamber of Commerce, could not attack white-collar criminal enforcement head-on. Instead, it enlisted the aid of its lawyers, including the American Bar Association and the Association of Corporate Counsel, in a more oblique assault. Their strategy was to mount an all-out offensive against a seemingly obscure trend: the Justice Department's increasing insistence that corporations waive their attorney-client privilege as part of their cooperation with government investigators.

Through experience, government lawyers have learned that the efficiency of white-collar criminal prosecution can be significantly improved when companies facing indictment cooperate and provide relevant information. This way, prosecutors can get to the bottom of complex criminality and promptly indict those responsible. However, unlike an ordinary criminal who cooperates by telling what he knows, a corporation only "knows" what its employees tell it. Often, information relevant to a prosecution has been gathered by the corporation's counsel. Therefore, to cooperate, the corporation must waive its attorney-client privilege.

In a January 2003 document known as the "Thompson Memorandum," Justice told its prosecutors to consider a corporation's willingness to waive its attorney-client privilege in determining whether it ought to be indicted. This is where big business and its lawyers aimed their attack. Treating attorney-client privilege as if it were a sacrosanct American institution, akin to freedom of speech, they claimed that Justice was unfairly using its tremendous power to coerce corporations into privilege waivers. The resultant erosion of the privilege would be catastrophic, they contended. This tactic even garnered the support of the American Civil Liberties Union, and together the various lobbying groups formed the Coalition to Preserve the Attorney-Client Privilege.

The coalition's claims are hugely overstated. The government does not "coerce" corporations to waive their attorney-client privilege any more than it "coerces" drug dealers to waive their Fifth Amendment privilege against self-incrimination when they agree to testify. Moreover, the attorney-client privilege is not an end unto itself but a means to an end. Its main purpose is to encourage individuals to be candid with their lawyers.

The coalition says that the prospect of a privilege waiver will cause corporate employees and officers to clam up, eviscerating internal investigations and compliance programs and resulting in more corporate crime. But employees of corporations have known since the Supreme Court's 1981 decision in Upjohn Co. v. U.S. that when they speak to corporate counsel, the decision of whether to keep the conversation confidential resides with the corporation, not with them. The necessity and complexity of legal compliance leads most employees to talk to counsel nonetheless. Little indicates that the recent increase in privilege waivers has upset this balance.

So the Justice Department simply carried on. But it underestimated the power of the forces allied against it. Through intense lobbying efforts, the coalition persuaded Congress to conduct hearings. The same politicians who expressed outrage at corporate fraud a few years back now expressed outrage at the government's vigorous pursuit of it. Eventually, Sen. Arlen Specter (R-Pa.) introduced a bill that would prohibit federal prosecutors from seeking privilege waivers or considering a corporation's willingness to waive privilege voluntarily when evaluating its cooperation. Realizing that it was in danger of losing, Justice issued the "McNulty Memorandum" on Dec. 12. It reins in prosecutors' ability to request privilege waivers by requiring high-level supervisory approval.

But big business smells blood. Its reaction to the McNulty memo has been negative, and its goal continues to be the outright prohibition of waiver requests. Through reintroduction of the Specter bill, it is pressing its legislative "fix" in the new Congress, and the newly empowered Democrats -- eager for lobbyists' money -- are likely to be as responsive as their Republican predecessors. The result of a waiver prohibition, of course, would be a significant slowdown of white-collar criminal prosecutions -- exactly what the business lobby wants. And the losers, once again, would be the victims of white-collar crime: the American people.

The writer is a professor at the University of Florida's Levin College of Law. He serves on the Attorney-Client Privilege Task Force, which is examining whether the Florida Bar should take a position on this matter. The views expressed here are his own.

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CRIMINAL LAW:

In Alaska, An Oil Player Loses Favor (WSJ)

By Jim Carlton

Wall Street Journal, February 26, 2007

VECO Gets Chilly Treatment From Once-Friendly Politicians As FBI Probe Jolts Statehouse

ANCHORAGE, Alaska -- The oil industry has long enjoyed a cozy relationship with the state government here -- not to mention the residents, who receive an annual dividend from the industry.

A Federal Bureau of Investigation probe of influence peddling -- which has focused on one of the oil industry's most powerful players -- is shaking up those ties.

At the center of the turmoil is closely held VECO Corp., the state's largest oil-services company, which has provided construction, engineering, management and other services for pipelines, refineries and other facilities.

VECO has long been one of Alaska's most prodigious campaign contributors; Chairman Bill Allen and top VECO executives have donated a total of more than $1 million to state campaigns since 1998. A year ago, a witness saw Mr. Allen in the gallery of the state legislature passing notes to a Republican politician backed by the company -- at the same time that legislators were debating a measure to cut taxes on the industry.

In August, FBI agents swarmed into legislative offices throughout the state seeking evidence of payments to state lawmakers by Mr. Allen and his executives, according to a warrant. Since then, a cloud from the investigation has hung over the state's capital, Juneau.

In recent months, a number of Alaska politicians have publicly distanced themselves from VECO and refused to take any donations from it. The new governor, Republican Sarah Palin, made a refusal to accept any VECO donations part of her platform when she challenged former Gov. Tony Knowles -- a Democrat who had made a similar pledge.

No VECO executives have been charged in the probe. FBI officials and Mr. Allen declined requests for comment. Amy Menard, an Anchorage attorney representing VECO, said, "There is no question that VECO and some VECO executives have always, from day one, had an interest in politics. But to suggest that there has been improper or inappropriate political contributions is an unfair charge."

In December, one state official was charged in connection with the influence-peddling investigation. The legislator, Tom Anderson, was indicted by a federal grand jury in Anchorage on charges of extortion, conspiracy, bribery and money laundering stemming from an FBI undercover operation in the case. Mr. Anderson, who had accepted campaign contributions from Mr. Allen and other VECO executives, faces up to 115 years and fines of up to $2.5 million. He has pleaded not guilty.

It isn't clear whether his case was related to VECO, nor whether the investigation extends beyond the company. It isn't clear what spurred the initial investigation. According to the search warrants executed in August on offices of VECO and six state legislators, FBI agents were authorized to seize documents relating to VECO, Mr. Allen and several other VECO officials.

For years, regulators paid relatively little attention to the industry here. As the nation's energy supplies have become more uncertain amid political tensions around the world, the Bush administration and its allies have made tapping Alaska's oil reserves a top energy strategy. That has brought attention to the once oil-friendly political scene in Alaska.

The Environmental Protection Agency last year launched a criminal probe into BP PLC's maintenance of its aging oil facilities at Alaska's Prudhoe Bay. BP was forced to shut down the giant oil field for several days during the summer. EPA officials launched a criminal inquiry into corrosion problems on the 800-mile Trans-Alaska Pipeline, which ferries crude across the state to the ice-free port of Valdez, Alaska. The investigations are continuing.

Mr. Allen, who arrived in Alaska in 1968 as a high-school dropout from New Mexico, has built VECO into an oil-services giant, with more than 5,000 employees and $5 billion in world-wide contracts. It has helped companies like BP and ConocoPhillips construct pipelines, transport equipment and design oil-field power plants.

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Along the way, the 69-year-old has fashioned himself into one of the state's formidable, behind-the-scenes political forces. From early in his career, he has talked about making sure the oil industry's views are represented in the state capital -- and sometimes gotten in hot water.

In 1983, Mr. Allen co-founded a political-action committee to support five Republican legislative candidates who promised to hold down taxes on the oil industry. VECO and some of its subsidiaries then set up a payroll-deduction plan through which employees donated about $40,000 to the candidates, according to state documents.

Two years later, the Alaska Public Offices Commission fined VECO $72,660, saying the employee contributions weren't properly disclosed. The fine later was reduced to $28,000 on appeal by VECO. The candidates Mr. Allen recommended all went on to win, and later helped vote down a proposal by Democrats to increase taxes on the industry.

In 2002, Mr. Allen spent so much time personally lobbying for legislation in Juneau that state regulators ordered him to register as a professional lobbyist. Mr. Allen complained, saying he considered contacts with legislators his right as a businessman. Soon afterward, the legislature passed a law that critics dubbed "the Bill Allen bill." The law increased the time someone could spend pushing for legislation before being considered a lobbyist to 40 hours each month from four hours -- effectively exempting Mr. Allen from registering as a lobbyist.

In early 2006, then-Gov. Frank Murkowski presented a proposal to give oil producers a tax break as an incentive to build a natural-gas pipeline that would ship an estimated $20 billion of natural gas from the state's North Slope field. Democrats argued that Alaska would be giving away millions in potential revenue. Mr. Allen took up residence in Juneau to help push for the measure. Though it failed to pass in the regular session, it was approved in a special session last summer.

In his December indictment, Mr. Anderson was accused of accepting $26,000 in payments from a consultant for a private corrections company. In return, the indictment claims he agreed to perform unspecified "official acts" to help that person's business, according to a Justice Department news release. The consultant was working as a confidential informant for the FBI.

Federal officials won't discuss the case nor say whether it ties into VECO. But Mr. Allen and VECO did lobby for a private prison in Alaska in 2002. Though much of VECO's business is with the oil industry, the company does other work, including building prisons.

Mike Chenault, a Republican state legislator who co-chairs the House finance committee, said he has voted for oil-industry bills backed by Mr. Allen, but not because he received money from him or anyone else. He professed an admiration for the VECO chairman, who got his start in Alaska in the legislator's district on the Kenai Peninsula. "He's actually fulfilled the Alaskan dream to come up here and do well," Mr. Chenault said.

Papers Show Mixed Result From Legislator's Years In Business (NYT)

By Mike Mcintire

The New York Times, February 26, 2007

It is an oft-told tale that has become part of Albany lore. Long before he became the State Senate majority leader, Joseph L. Bruno borrowed $5,000 to start a telephone equipment company, built it into a profitable business and sold it for $23 million in 1990. Born into poverty, Mr. Bruno became a millionaire.

Or did he?

A review of records and interviews with his former partners showed that while Mr. Bruno indeed built his publicly traded firm , Coradian Corporation, from scratch, its sale did not make him a millionaire. In fact, the company had been steadily losing money, and Mr. Bruno made less than $400,000 from the transaction.

As a result, Mr. Bruno began to pursue other sources of money, and those pursuits are now the subject of a federal investigation.

Some of Mr. Bruno's other business ventures, before and after he sold Coradian, did poorly. In one case, he lost about $150,000 on a real estate project that dragged on for 17 years, a former partner said. And in the past six years, he has lost at least $50,000 on investments in high-tech companies, according to financial disclosure records and interviews with his aides.

Mr. Bruno's mixed success as a businessman might have important implications for a federal grand jury investigation into his financial dealings. Soon after selling Coradian, Mr. Bruno — who has for years complained that being in office has hurt his

ability to make money — opened a consulting business out of his home. That business is now the focus of the federal investigation into whether Mr. Bruno provided government favors to his consulting clients, people who have been briefed about the inquiry have said.

Records show that the consulting business has been a consistently reliable stream of income for Mr. Bruno. Yet the firm does not advertise or have a published telephone number and Mr. Bruno has refused to publicly identify its clients, describing them only as "substantial and important business people."

Mr. Bruno, who declined to be interviewed for this article, has consistently defended his right to remain a businessman while serving in the Legislature, asserting that he has never used his power to enrich himself or his business associates.

It is impossible to know the full extent of Mr. Bruno's wealth because he is not required to provide details about his income or assets on disclosure forms made available to the public. There are no indications that he is in financial trouble; he lives on a sprawling farm in Rensselaer County, owns thoroughbred horses and earns $121,000 as majority leader.

But interviews and documents suggested that Mr. Bruno, 77, has remained an active consultant and aggressive investor in part because he felt he needed the money. He suggested as much in an interview with The New York Times in December.

"Nobody wants to hear it, but my being in office has cost me a fortune — millions, literally millions," he said. "I'm worth a hell of a lot less today than I was 30 years ago. That's kind of sad. I'm worth a hell of a lot less now than I was 10 years ago."

By his own account, Mr. Bruno overcame humble origins in upstate poverty by selling ice and frozen food, obtaining an undergraduate degree in business administration and, in the 1950s, teaming with an older businessman, Stanley B. Ringel, to sell insurance and mutual funds. In the late 1960s, Mr. Ringel and Mr. Bruno began selling office telephone equipment, forming what would become Coradian.

Mr. Bruno, who associates said was a gifted salesman, handled the marketing side and pursued a second career in politics, while Mr. Ringel, the chief executive, managed the day-to-day operations. By 1981, Coradian had revenues of $35 million and employed about 500 people.

But a major supplier dropped its contract, profits dried up, workers were let go, and an ailing Mr. Ringel stepped aside as chief executive, allowing Mr. Bruno to take over.

In the years after Mr. Bruno was elected to the State Senate in 1976, questions were raised about possible ethical conflicts, since Coradian received $1.5 million in state contracts from 1983 to 1988, according to The Times Union of Albany. The State Commission on Government Integrity investigated Coradian's contracts with state and local government agencies in 1988, but reported no evidence of wrongdoing.

By 1989, with Coradian hemorrhaging cash and unable to pay its debts, the company was put up for sale. It hired a consultant to interview 24 prospective buyers, but 19 expressed no interest, securities filings showed.

Mitel, a Canadian firm that was a major equipment supplier to Coradian, eventually agreed to buy it, paying $10 million in cash and assuming $13 million in debt. Numerous newspaper accounts since then, including in The Times, have stated or implied that the $23 million sale price resulted in a windfall for Mr. Bruno worth millions of dollars.

In reality, Mr. Bruno owned only enough shares to earn at most $383,000 from the sale, according to the securities filings, and he agreed to remain with the newly merged company for a couple of years at his old salary of $110,000.

George L. Benson, Coradian's president at the time of the sale, recalled recently that "nobody made a lot of money out of it, I can tell you that. It was a graceful exit. That was all it was."

Even before leaving Coradian, Mr. Bruno began pursuing other ways to make money, an effort that intensified after the sale of the company. One of the earliest was a partnership called First Grafton that he created in 1987, along with his brother and some friends, to purchase and develop a large tract of forest into home sites, a project that seemed vexed from the start and would not be completed until just a few years ago.

After two of his original partners bowed out, Mr. Bruno's solution — to replace them with two lawyer-lobbyists he knew from his work at Coradian and the state capital — inflamed old charges of ethical carelessness that had begun to dog his Senate career. The ensuing uproar forced Mr. Bruno to place his interest in First Grafton into a blind trust.

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One of the lobbyists, James D. Featherstonhaugh, has represented dozens of special interest groups, including banks, insurance companies, the horse racing industry and labor unions. In December, the federal grand jury investigating Mr. Bruno sent a subpoena to Mr. Featherstonhaugh for First Grafton's records.

Mr. Featherstonhaugh said everyone involved in First Grafton had lost money, and he estimated Mr. Bruno's losses totaled about $150,000 over the 17 years that the project dragged on. Despite that, he said Mr. Bruno "never seemed to be in financial stress." The senator, he said, tended to be frugal.

"He has never struck me as either outrageously wealthy or poor," Mr. Featherstonhaugh said. "He just seemed to me to be kind of O.K."

Mr. Bruno's willingness to mix public and private interests was apparent in another real estate deal he entered into in 1999, when he and his son Joseph bought a small apartment house in Troy from Russell C. Ball, a state contractor whose wife, Dori Evans, served as finance director for the Senate Republican campaign committee, which Mr. Bruno controls.

Mr. Ball's Brooklyn-based company, which does underground utility work, has had contracts on several major state projects, and a couple of years ago he created a nonprofit group that purchased full-page newspaper ads saluting Mr. Bruno. An official familiar with the investigation said the F.B.I. has questioned people about Mr. Ball's relationship with Mr. Bruno. Mr. Ball had no comment.

Not long after buying the building, Mr. Bruno's son decided he wanted out, and Mr. Bruno tapped a friend and neighbor, Joseph L. Magno, to step in and replace his son in the investment and on a $235,000 loan used to buy the property.

"He literally said, 'Will you please help me out,' " said Mr. Magno, who is now a lobbyist. He said that he lost as much as $30,000 on the investment, and that Mr. Bruno lost money as well.

Mr. Magno was not just a friend, but also an investor in high-tech companies. In 2000, Mr. Magno agreed to help Mr. Bruno, the senator secured $150,000 in state money to start a statewide trade association of technology firms headed by Mr. Magno.

The same year, an Internet company called Go2pay, whose directors included Mr. Magno, received $250,000 in state economic development funds, at a ceremony presided over by Mr. Bruno and Gov. George E. Pataki.

Mr. Bruno did not lose money on all his ventures. His financial disclosure statements showed that he seemed to have earned money, on a regular basis, from the consulting business he started, Capital Business Consultants L.L.C.

In a news conference in December when he revealed the F.B.I. inquiry, Mr. Bruno said he provided advice on marketing and business development to lawyers and businesspeople. He declined to release information about his fees or the names of his clients, though some have been identified as a result of the investigation.

One of his first clients was McGinn Smith, an Albany investment firm. Mr. Bruno has invested both personal and campaign funds in companies controlled by McGinn Smith's chairman, Timothy M. McGinn. In 1999, Mr. Bruno reported making an undisclosed amount of money on the sale of stock in Pointe Financial, a bank holding company of which Mr. McGinn was chairman. It was one of Mr. Bruno's few profitable stock investments in recent years.

Another consulting client was Jared Abbruzzese, a businessman and friend who has flown Mr. Bruno around on private jets and who, until recently, was part of a group competing for a statewide horse racing franchise. From 2002 to 2004, Mr. Bruno decided to award $500,000 in discretionary state grants to a company in which Mr. Abbruzzese was a major investor, Evident Technologies.

The F.B.I. is now investigating Mr. Bruno's dealings with both McGinn Smith and Mr. Abbruzzese, people who have been briefed about the inquiry said.

Mr. Bruno has defended his use of state money to support Evident and other businesses, saying his only goal was to create jobs. His aides have also shrugged off questions about his overlapping personal and public interests, saying that Mr. Bruno has been in business and politics so long that interaction with people in both spheres was unavoidable.

To old friends and supporters, some of whom have benefited from the millions in public money that Mr. Bruno has directed to projects over the years, the senator's current predicament is heartbreaking. Mr. Benson, who was once Mr. Bruno's partner at Coradian, said he recently heard about the F.B.I. investigation while listening to the radio and immediately called Mr. Bruno.

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"Joe called me back and left a message, saying he was O.K., that he had been re-elected majority leader and that everything was under control," Mr. Benson said from his home in Wisconsin. "But I have to say, he didn't sound all that good."

Brothel Leaders Sentenced (SEAPI)

By COLIN McDONALD, P-I REPORTER

Seattle Post-Intelligencer, February 24, 2007

3 Chinese face prison, deportation

The three leaders of a ring of Seattle-area brothels and escort services were sentenced in U.S. District Court on Friday to two and three years in prison.

Kesheng Zhu, 38, Rujing Jiang, 36, and Yong Jun Kang, 36, who are all Chinese citizens and in the U.S. illegally, pleaded guilty to conspiracy to transport individuals for prostitution and conspiracy to launder money.

According to court documents, Zhu and his wife, Rujing, started in the prostitution business in 2003 with the opening of the Apple Spa massage parlor in Bellevue as the front for a brothel. The business was sold to Kang in early 2004 for $10,000, then raided that April by the Eastside Narcotics Task Force. Officers found hundreds of used condoms in the massage parlor's garbage.

One of the prostitutes who worked at the spa told investigators that a man, believed to be Kang or Zhu, would arrive at the business at the end of the day, pick up the money and receptionist, then lock the prostitutes inside the building.

Zhu, Jiang and Kang weren't charged with a crime then, but Zhu was deported to China. Jiang remained in the U.S. because she was pregnant with their child. Kang did not show up for his deportation hearing, court documents show.

Zhu then paid to be smuggled back into the U.S., where, with the help of Kang, he set up an escort service by placing ads in The Stranger and Seattle Weekly. Investigators later discovered that Kang had fled to Portland, where he set up a brothel. By May of 2005 Kang was back in Seattle operating another brothel in a private home in Seattle, according to prosecutors.

Both Zhu and Kang used a national network of prostitutes and brothels. That meant women would rotate every eight to 14 days among the brothels. Most of the women were in the United States on expired visas and came from across Asia.

In taped phone conversations used by prosecutors, Kang and Zhu talked with customers as if the brothels were restaurants and the women were food dishes using "kimchee" to refer to a Korean prostitute and "pho dish" for a Vietnamese woman.

During their 21-month investigation, investigators followed Zhu and Kang as they picked up and dropped off women at Sea-Tac Airport and at local hotels, documented Jiang's work as a secretary and manager of a brothel, put tracking devices on vehicles and paid a former customer of Kang's more than $30,000 for information.

In August the investigators arrested Zhu, Kang and Jiang along with six others tied to prostitution in the Seattle area.

Judge John Coughenour sentenced Zhu to 36 months in prison and Kang and Jiang to 24 months each. Because they are all in the county illegally, deportation proceedings to China will begin after they have served their sentences.

Zhu and Jiang will most likely not be reunited with their 2 1/2-year-old son until they are back in China, said defense lawyer Paula Deutsch.

"To become an orphan overnight," Jiang said about her son through an interpreter at her sentencing. "To lose a parent's love, I cannot express how this feels."

P-I reporter Colin McDonald can be reached at 206-448-8312 or colinmcdonald@seattlepi.com.

3 Chinese Nationals Sentenced To Prison Terms (AP)

AP, February 26, 2007

SEATTLE (AP) - Three Chinese nationals were sentenced to prison terms today in U.S. District Court in Seattle for conspiracy to transport individuals in furtherance of prostitution.

All three individuals will be deported following their prison terms.

The government says one was a brothel operator and two ran an escort service.

36-year-old Yong Jun Kang of Seattle was sentenced to two years in prison for conspiracy to transport individuals in furtherance of prostitution, conspiracy to transport and harbor illegal aliens and conspiracy to launder money. The government says Kang operated brothels in Seattle and Portland, Oregon.

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38-year-old Kesheng Zhu and his wife, 36-year-old Rujing Jiang, both of Seattle, were sentenced for conspiracy to transport individuals in furterance of transportation. Zhu was sentenced to two years and nine months, while Jiang was sentenced to two years in prison.

The government says the couple ran an escort service in Seattle that was a front for prostitution, providing prostitutes to customers who called from homes, apartments and hotels in the Seattle area.

4 Alleged Gang Members Ordered Held (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 24, 2007

The suspects all have lengthy criminal records

A federal judge ordered detention Friday for four alleged Texas Syndicate gang members who sought release pending trial.

Seventeen Houston-area men are charged in an indictment that alleges murders, armed robberies and drug trafficking.

The four who will remain detained after a two-day hearing this week are: Francisco Nuncio Jr., 34; Johnny Perez Jr., 35 of Houston; Robbie Lee Danas, 35, of Rosenberg; George Duran, 39, of Baytown.

While saying each was dangerous, U.S. Magistrate Judge Calvin Botley declined to call any of them flight risks, noting their families, employment histories and community ties.

Nuncio and Perez face charges that could bring them death sentences. All four have lengthy criminal records and two are convicted murderers.

Perez served time for a killing in the 1980s and had posted a bond for a pending murder charge in Harris County. His lawyer offered a letter from a Houston parish priest calling Perez "a kind, gentle and respectful person.

Duran also was convicted of murder 20 years ago. Nuncio was on federal supervision when he was arrested in a roundup last week and Danas, a six-time felon, is a "habitual criminal," Botley said.

The 11-count indictment is led by a 14-charge racketeering conspiracy, followed by accusations of three murders, five armed robberies along with marijuana and cocaine trafficking charges.

Grounds for detention were based on testimony this week from an FBI agent who has worked for five years building the case. Special Agent Randy Durney said the agency began investigating murders credited to the Texas Syndicate in 2002. The gang was founded in the Texas prison system in the 1970s and employs killing and stealing to enrich its members and preserve its power. Membership is lifelong, Durney said.

"This is a dangerous group of people who have no respect for each other or for the laws of the United States," said Assistant U.S. Attorney Tim Braley.

Four defendants — Jesus Galvan Jr., Roberto Garza, Michael Thaman and Jerry Villarreal — waived their detention hearings.

Nine others are serving time in various prisons and jails.

Judge: Texas Prison Gang Members To Remain In Jail (AP)

AP, February 24, 2007

(AP) HOUSTON A Texas prison gang's violent exploits over the last eight years, including murders and brutal robberies, were detailed over a two-day court hearing that ended Friday with a federal judge ordering four of the members to be held without bond.

Francisco Nuncio, Jr., 34, of Houston; Robbie Lee Danas, 35, of Rosenberg; George Duran, 39, of Baytown; and Johnny Perez Jr., 35, of Houston were part of a group of 17 members of the Texas Syndicate who were the targets of a five-year FBI investigation.

The federal probe resulted in an 11-count indictment charging the men with a variety of crimes in the Houston area, including murder, racketeering, aggravated robbery and drug trafficking.

Six of the gang members, including Nuncio and Perez, face a possible death sentence for their part in several murders.

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While the four men who appeared before U.S. Magistrate Judge Calvin Botley for their probable cause and detention hearing had such innocuous nicknames as "Porkchop" and "Sleepy," an FBI agent testified they were violent and ruthless individuals who wouldn't hesitate killing members of their own gang.

FBI agent Randy Durney said federal authorities began investigating the gang after learning from confidential sources the group was responsible for a series of murders in the Houston area.

Using wire taps and confidential informants, some who were gang members, Durney said the FBI learned the Texas Syndicate would routinely rob drug dealers at their homes.

One man was shot and killed for 50 pounds of marijuana. At another drug robbery, gang members stole $69,000 and two kilos of cocaine, Durney said.

Texas Syndicate members also killed two men for falsely claiming to be members of the group, Durney said.

During his lengthy testimony, Durney described how gang members would meet, sometimes at bars or at family barbecues, to vote on whether to kill other members.

One member was targeted for murder because he wasn't participating in gang business or regularly attending meetings.

Another was targeted for having an affair with another member's wife. He survived a shooting and was given a reprieve as long as he ended the affair. When he failed to do so, another vote was taken to kill him. But the order was not carried out, Durney said.

Defense attorneys for the four gang members tried to imply the confidential informants helping investigators were lying to protect crimes they had committed.

"Do you have a single eyewitness against Mr. Nuncio that is not participating in the crimes?" Richard Kuniansky, Nuncio's attorney, asked. Durney replied no.

Other defense attorneys said their clients joined the gang in prison simply to survive.

Baton Rouge Woman Pleads Guilty To Fraud (BRADV)

Baton Rouge Advocate, February 24, 2007

A Baton Rouge woman pleaded guilty in federal court to one count of making a false claim for disaster assistance benefits.

According to court documents, Latoya Dunn submitted a fraudulent application for FEMA benefits, falsely claiming that her primary residence had been damaged during Hurricane Katrina.

The Federal Emergency Management Agency mailed Dunn a $2,000 check.

Dunn could be sentenced to five years in prison, a fine of $250,000, or both, as well as additional court costs.

Ex-broker In Area Firm Is Charged With Scam; Investment Fraud May Reach $40M (TOLB)

By Mark Reiter, BLADE STAFF WRITER

Toledo Blade (OH), February 17, 2007

The former manager and vice president of a Toledo brokerage firm was charged yesterday in federal court in a $17 million-to-$40 million investment scam.

William A. Sirls of Grosse Ile, Mich., was charged in U.S. District Court in Toledo with money laundering and mail fraud.

A bill of information filed in the court alleges Mr. Sirls, who was manager and vice president of a Toledo Wachovia Securities office, engaged in fraudulent investment transactions to bilk investors, co-workers, and others in a Ponzi scheme.

The scheme, which began in January, 2000, and continued until September, 2006 - nearly 18 months after he left Wachovia, was used to defraud an estimated 45 people, federal prosecutors said.

But Toledo attorney Stephen Hartman said the case against his client emerged only after Mr. Sirls went to authorities late last year and confessed.

"There was no catching him in the act. He turned himself in and voluntarily came in and told authorities about his activities. He never did get caught," Mr. Hartman said.

The two charges carry a possible sentence of 30 years in prison and more than $34 million in fines.

Mr. Sirls, if convicted, would face a substantial reduction in punishment under federal sentencing guidelines because of his cooperation.

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Mr. Hartman said his client, the divorced father of two children, confessed to the activities partly out of guilt and to get it off his chest.

"He didn't feel right about it," he said. "A lot of people were shocked after he confessed. Some of the people who were [affected as investors] have been very supportive of him. He has done a lot of work in his life for charities and civic causes.

The government's case alleges that an assortment of fraudulent transactions involving bogus stocks and nonexistent property were used to lure money from investors.

In one method, investors were sold interests in what they were told were the last remaining unsold homes in a newly constructed housing development and that the discounted real estate could be flipped for a profit.

Other investors believed they were earning profits on purported stocks from nonexistent brokerage firms that were made available after the stock was ordered but never paid for by clients.

And investors were falsely promised returns on short-term promissory notes with high rates of interests.

Mr. Sirls also is accused of operating a Ponzi scheme, in which investors are paid returns resulting not from actual investment profits but from funds generated from new investors.

When he left in March, 2005, Mr. Sirls was manager of the Wachovia's former office on West Sylvania Avenue near Talmadge Road in West Toledo.

"At this point, because it is the subject of an ongoing investigation, we decline comment," said Tony Mattera, a spokesman for Wachovia, one of the nation's largest brokerage chains.

Randy Hunt, vice president of Wachovia's downtown Toledo offices in One SeaGate, said he was unaware of any investigation into Mr. Sirls' activities while he was employed at Wachovia.

Mr. Hartman disputed the amount of money that federal investigators believe was taken in the investment scams.

"While we agreed to have him charged in an information, we don't necessarily agree with the amount. We are still looking at the history to determine the actual loss that people suffered," he said.

"A vast majority of people got their money back and, in fact, the vast majority got their money back with interest. But that doesn't excuse what he did."

The reaction of former co-workers and colleagues was disbelief and shock.

"You've got to be kidding. I can't believe it," said John Carroll, the owner of River Road Investors and a former Wachovia employee.

Mr. Carroll knew Mr. Sirls from the days when the Toledo Wachovia offices were under the name First Union Securities.

After learning about Mr. Sirls' resignation two years ago, Mr. Carroll said he called him and wished him well in his future endeavors.

"I am perplexed. I am shocked. You hate to hear about that when it is about someone you like," he said.

An investment broker for nearly 40 years, Mr. Carroll feared that the scandal would harm the reputation of the firm and employees in the industry.

"It gives brokerages a bad name and drags down everybody who is in the business," he said.

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Montana Man Sentenced To 15 Years In Online Luring Case (SEAPI)

By Casey McNerthney, P-I REPORTER

Seattle Post-Intelligencer, February 24, 2007

Federal investigation part of nationwide effort

A Montana man was sentenced in federal court Friday to five years in prison and 15 years of supervised release for traveling to Washington state and attempting to have sex with a minor.

Andy Maxfield, 55, was arrested September 12 at a Holiday Inn in Kent, where police say he intended to meet a 13-year-old girl. He had been investigated since June 2006 when he entered an online chat room under the screen name "Gentlooking4fun" and contacted a federal investigator posing as the girl's mother, Department of Justice officials said.

Maxfield engaged in sexually explicit chat with the undercover officer, who posed as the girl, according to court documents. The former bus driver also made arrangements to engage in sexual activity with the minor, the documents said.

In online conversations, Maxfield told the 13-year-old he would teach her about sexual activity and that she was not to tell anyone about it because he would go to jail, Justice Department spokeswoman Emily Langlie said.

Maxfield brought condoms to the Holiday Inn hoping to meet the mother and daughter, but met federal agents instead, according to court documents.

"The United States Attorney's Office is committed to the aggressive prosecution of sexual predators like Maxfield," said Jeffrey C. Sullivan, U.S. Attorney for the western district of Washington.

U.S. District Court Judge Thomas S. Zilly said the 15-year period of federal supervision following his imprisonment was appropriate for the case.

Maxfield's case was brought as part of Project Safe Childhood -- a nationwide initiative designed to protect children from online exploitation and abuse. The program was launched in 2006, following a year when federal prosecutors charged 1,447 child exploitation cases involving child pornography, coercion and enticement offenses, according to the Department of Justice.

Casey McNerthney can be reached at 206-448-8220 or caseymcnerthney@seattlepi.com.

Sex-offender Residency Laws Get Second Look (USAT)

By Wendy Koch

USA Today, February 26, 2007

Oklahoma state Rep. Lucky Lamons was a police officer for 22 years. He calls himself a "lock-'em-up kind of guy."

Yet Lamons wants to loosen his state's law that bans registered sex offenders from living within 2,000 feet of a school or day care center. He says it forces many offenders to live in rural areas where they are difficult for authorities to monitor. Also, he says, it does not differentiate between real predators and the type of men he recalls arresting for urinating in public, a sex offense in Oklahoma.

"We need to focus on people we're afraid of, not mad at," says Lamons, a Tulsa Democrat who wants the rules to focus more on high-risk offenders.

Lamons is among a growing number of officials who want to ease the "not-in-my-backyard" policies that communities are using to try to control sex offenders. In the past decade, 27 states and hundreds of cities have reacted to public fear of sex crimes against children by passing residency restrictions that, in some cases, have the effect of barring sex offenders from large parts of cities. They can't live in most of downtown Tulsa, Atlanta or Des Moines, for example, because of overlapping exclusion zones around schools and day care centers.

Now a backlash is brewing. Several states, including Iowa, Oklahoma and Georgia, are considering changes in residency laws that have led some sex offenders to go underground. Such offenders either have not registered with local police as the laws require or they have given fake addresses. Many complain they cannot find a place to live legally.

The push to ease residency restrictions has support from victims' advocates, prosecutors and police who say they spend too much time investigating potential violations.

They're battling a mountain of momentum, however, because residency restrictions remain popular.

New or expanded ones have been proposed in 20 states this year. Some legislators are reluctant to pare back restrictions they passed only recently.

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"We ought to give it time to work," says state Rep. Jerry Keen, author of Georgia's law, passed last year, which bans sex offenders from living, working or loitering within 1,000 feet of where kids gather. Keen, Republican majority leader of the House, says Georgia's rules put children's safety before the convenience of sex offenders.

Illinois Attorney General Lisa Madigan has a similar view. "We're trying to protect children," she says. "We're dealing with people raping children. These are horrible crimes." She says Illinois' restrictions target those who have seriously hurt children.

Others see growing problems with the residency laws.

Broad restrictions provide a "false sense of security," says Nancy Sabin of the Jacob Wetterling Foundation, which fights child exploitation. She says such laws do not protect the more than 90% of abused children who suffer at the hands of people they know. And many of the laws bar offenders from living near schools but do not stop them from loitering there, she says.

Most of the restrictions also lump all sex offenders together, even though some are child rapists and others may be 18-year-old men who had sex with underage girlfriends. There is no national breakdown of sex offenders by severity of their crimes.

"You can't paint sex offenders with a broad brush," says John Walsh, host of Fox network's America's Most Wanted. He says residency laws are worthwhile only if they can be enforced, and tens of thousands of the nation's 600,000 sex offenders are giving police fake addresses.

Walsh prodded Congress to pass a law last year — named for his son Adam, who was abducted and killed 25 years ago — that makes failure to register a felony for serious sex offenders such as rapists and child molesters. Those are the people Walsh says residency rules should target.

Some state lawmakers are trying to move in that direction:

•Iowa — Legislators began holding hearings in January on the effectiveness of a 2002 law that bars sex offenders from living within 2,000 feet of a school or day care facility. Sen. Keith Kreiman, Democratic co-chairman of the Judiciary Committee, says he expects the law to be revised but not repealed. "It is very politically risky to even hold hearings," he says, because lawmakers who change the rules could be called "soft on crime."

State figures show sexual-abuse convictions have remained steady since the law took effect, but the number of sex offenders failing to register has more than doubled. Sen. Jerry Behn, a Republican who wrote Iowa's law, says it may be overly broad. He says he's talking to colleagues about how to focus on "true predators."

•Oklahoma — Like Lamons, other legislators say they'll try to narrow their state's restrictions. "Let's apply them to those who are the highest risk to society," says state Rep. Gus Blackwell, the Republican majority whip.

Sgt. Gary Stansill, head of the Tulsa Police Department's sex-crimes unit, says the current law applies to too many offenders and that he spends "way, way too much of my time" trying to enforce it. He says he investigates as many cases of sex offenders not registering as he investigates rape reports. He considers less than 10% of the state's 8,000 convicted sex offenders to be high-risk and is lobbying lawmakers to focus on them.

•Georgia — Republican state Rep. Robert Mumford, vice chairman of a judiciary panel, says he plans to propose a bill to scale back the state's law. With the backing of the Georgia Sheriffs' Association, he suggests removing many bus stops and churches from the list of areas where offenders are banned.

•Kansas — On Feb. 12, the state Senate passed a bill that extends for another year Kansas' moratorium on local governments restricting where sex offenders can live.

Some cities have rejected such restrictions. Among them: Topeka; Maplewood, Minn.; and Covington, Ky.

Several offenders have challenged residency rules in court, claiming they unfairly punish offenders who have served their time. In December, New Jersey Superior Court Judge Valerie Armstrong rejected a local ordinance as too broad. She said it had several flaws. For example, she said, it violated U.S. law that says being on a sex offender registry cannot disqualify someone from housing.

Many of the state laws are known as "Jessica's Laws" because they were passed or expanded after the slaying in Florida of 9-year-old Jessica Lunsford in 2005. Her neighbor, convicted sex offender John Couey, is on trial for the crime.

The surge in residency restrictions happened in the absence of research proving that they work.

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"Residency restrictions have a lot of unintended consequences," says Jill Levenson, professor of human services at Lynn University in Boca Raton, Fla. She says many offenders are "more likely to resume a life of crime" if pushed into rural areas, because they have less access to jobs and mental health services that bring them needed stability.

Levenson surveyed 135 sex offenders in Florida, which passed a law in 2003 barring those who hurt children from living within 1,000 feet of where kids gather. Most said they had been careful not to commit crimes near their homes, so residency rules made little difference. Others said that even outside restricted areas, they live near kids.

Sex offenders seeking victims are likely to go to another neighborhood so they won't be recognized, the Minnesota Department of Corrections found in a 2003 study.

In Colorado, convicted molesters who committed more offenses lived no closer to schools or child care centers than those who had not re-offended, according to a report in 2004 by the state's Department of Public Safety.

In Arkansas, however, Jeffrey Walker of the University of Arkansas found in 2001 that child molesters are nearly twice as likely to live near schools than those convicted of sexually assaulting adults. Walker says he doesn't know why that's the case, or whether proximity to kids makes them more likely to offend again.

The need for housing for paroled sex offenders in Illinois is "close to crisis levels" because of residency restrictions, says Jorge Montes, chairman of the Illinois Prisoner Review Board. He says it's in a Catch-22 situation, because without a place to live, a parolee cannot be released.

"We go into cyclical incarceration," he says, adding that more than 400 sex offenders are doing parole in prison because they have no place to go. He says many are not child predators.

Janet Allison, 45, a mother of five in Georgia, says she was forced to move from a four-bedroom home in downtown Dahlonega to a two-bedroom mobile home "way off on a dirt road" because she is a convicted sex offender and her former home was within a quarter-mile of a church.

Allison's situation also reflects how residency laws can affect those who aren't sexual predators. Allison says she was arrested five years ago for allowing the 17-year-old boyfriend of her pregnant daughter, then 15, to move in with them. She was convicted of being a party to child molestation.

Allison didn't go to prison, but three of her children were put in foster care, and she's not allowed to have contact with her daughter or grandson. "I didn't touch anyone," Allison says. "I just thought I was protecting my daughter."

Keen, author of Georgia's residency law, says it applies to all released sex offenders, regardless of their offense, because the state has not classified them by risk. He says those released in the future will be assessed, and the restrictions will target more serious offenders.

Dyersville, Iowa, is among the cities with the strictest residency laws for sex offenders: It bars them from living anywhere in the city.

Mayor Jim Heavens says the city did so to protect public safety and property values. "We consider this a crude tool, but at least we can do something. We're not trying to banish people," he says, adding that the city might make an exception for sex offenders who pose little risk to public safety.

Researchers who study sex offenders say that other approaches could be more effective in dealing with released sex offenders than broad residency laws:

•More checks by probation officers — David Finkelhor of the Crimes Against Children Research Center at the University of New Hampshire says the best way to monitor offenders is to require frequent meetings with well-trained officers.

•Mandatory therapy — Kim English of Colorado's Division of Criminal Justice recommends having freed offenders attend therapy in group residential centers.

•Polygraphing — Levenson says lie-detector tests also can be helpful, along with electronic monitoring and required driving logs.

Illinois is inviting officials from other states to a conference in April to discuss the effects of residency restrictions.

"Somebody is going to end up with a huge problem," says Frances Breyne of the Kansas Department of Corrections, "unless we all get on the same page."

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CIVIL LAW:

Ga. Whistleblower Shakes Up U.S. Dept. Of Education (AJC)

By Bridget Gutierrez

The Atlanta Journal-Constitution, February 26, 2007

Reading Teacher From Savannah Shows Flaws In Federal Progam

Savannah — Cindy Cupp strode into the kindergarten classroom at Heard Elementary Academy and launched into an introduction.

"Good morning, boys and girls! My name is Dr. Cupp, and I'm the reading doctor," she enthused as a girl giggled. "I'm not going to give shots or anything. I'm just going to listen to you read."

Cupp has been teaching children to read for 35 years. She's so good at it, she rose to the top — becoming Georgia's director of reading instruction — before she retired and created her own brand of "Dick and Jane" textbooks. But four years ago, Cupp found herself in a fight over her storybooks that led from her port city all the way to Washington.

Cupp had no idea what she was getting into in 2003 when she tried to have her "Dr. Cupp Readers" approved for use in Reading First, a major federal initiative promising to make all children successful readers by fourth grade. Cupp just figured her company could benefit from the $6 billion flowing to schools for new reading programs.

Now, after years of pursuing perceived wrongs that blocked Cupp Publishers from winning lucrative contracts, she stands as a key whistle-blower whose complaints helped touch off a federal audit of the Georgia Department of Education, a shake-up at the U.S. Department of Education and possible congressional hearings on conflicts of interest that may have compromised Reading First.

"This is what one person on a mission can do," said Dick Allington, a University of Tennessee education professor who has been critical of the handling of Reading First, a linchpin of President Bush's signature No Child Left Behind Act. "It was just sheer persistence on her part."

Nearly 150 elementary schools, including some in Atlanta and in Clayton and DeKalb counties, are serving 53,000 Georgia students through Reading First. So far, nearly $100 million has been spent statewide on textbooks, training and reading specialists.

Cupp's curriculum — which teaches children to read with phonics instruction, where students decipher the sounds letters make, and by tutoring in common words — is used in about 80 elementary schools. Only three are part of Reading First.

State and federal officials have said mistakes made in implementing the program have been corrected, but deny taking any intentional actions that may have favored big national publishers with connections over smaller companies such as Cupp's.

"It is a very effective program," said Katherine McLane, a spokeswoman at the U.S. Department of Education. "It's very regrettable to see it viewed in this light, rather than in the light of its merits."

Turned down by state

When Sheree Bryant, an associate superintendent for instruction in Butts County, wanted to apply for Reading First funds, her school system about 45 miles south of Atlanta already had used Cupp's program in one class with success. But the state education department, which was doling out the grants, initially turned down Butts' request, which included funding for Cupp's material.

Reading First rules required use of materials proved effective through research, a hallmark of the program. Some experts the state hired to review systems' applications for Reading First funds had never seen Cupp's curriculum, which uses stories about "Jack" and "Jilly" — a pair of cape-wearing turtles — to teach new words. Yet, according to Bryant and Cupp, her books received poor marks, dooming Butts' proposal.

After Cupp complained to state officials, they relented, but only allowed Butts County to use Cupp's readers on a limited basis. By then, Cupp said, most systems had selected other materials.

Clifford Johnson, a reading expert at Georgia State University, which is aligned with another literacy program called Reading Recovery, also complained to the State Board of Education about department officials.

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"They let it be known if you didn't adopt a certain type of material you wouldn't get Reading First funds," Johnson said. "Now, Cindy and I disagree on her program. But ... there ought to be freedom of choice and fair access to the public money."

After months of feeling thwarted in her attempts to get her series approved for Reading First schools, a friend suggested Cupp contact the Office of the Inspector General, a state agency created to root out corruption, waste and abuse in government. In March 2005, Cupp filed a complaint alleging that, as a small-time publisher, she was largely prevented from selling to Reading First schools.

An Oregon connection

The day she met with the agency, Cupp started to wonder why department officials acted the way they had. Why, for instance, did Georgia use a University of Oregon guide to screen textbooks such as Cupp's before they could be used in Reading First classrooms?

Unable to sleep, Cupp logged on to the Internet, began running searches on the university, and stumbled onto a newspaper article — "Oregon education professors wield influence with Bush" — that reported that the university had developed methods and a program for teaching students to read that had influenced the president's policies. One of those professors, the article said, was a longtime adviser to Bush.

For the first time in two years, Cupp said, she realized her problems went beyond Georgia. "I cried," Cupp recalled. "I thought: If there's that much strength ... that's coming from that high up in government, then what did one little person like me think I was gonna do?"

What Cupp did was begin researching the players behind Reading First, using e-mail and the Internet. She began finding professional connections between experts hired to assist with Reading First's national rollout, including some of those Oregon professors, and large textbook publishers for whom they also worked.

Emboldened, Cupp sent a complaint to the inspector general at the U.S. Education Department that May, alleging that Reading First had been rigged to force schools to use a handful of select products. Two weeks later, Robert Slavin, an education researcher at Johns Hopkins University, filed a similar complaint, saying his program, Success For All, also had been shut out. In August 2005, the Reading Recovery Council of North America followed with a third plea for an investigation.

"She was the first to submit a complaint. We would have done so anyway, but she gave us, perhaps, a model and a little courage to go forward with it," said Slavin, who began probing Reading First when he saw schools drop his program to get funding. "Filing a complaint like this is an extraordinarily dangerous thing to do. You don't do it unless you have exhausted all other alternatives."

Conflicts of interest

Much, but not all, of what Cupp found through her Internet sleuthing turned out to be true. In two recent reports, the federal inspector general gave a scathing review of the program that detailed rampant favoritism for certain teaching methods; conflicts of interest with consultants, including some of those Oregon professors, who were hired to advise states on products they themselves had authored; and willful disregard for the law, which prohibits the federal government from dictating specific curriculums.

Last month, the agency issued an audit of Georgia's program, which also backed Cupp's claims of bias, although she was not named. State officials have played down the audit, which charged that they ran the program with no written policies, hired consultants who had blatant conflicts of interest or didn't meet standards, and created mandates for publishers such as Cupp that were not part of approved guidelines.

Wanda Barrs, chairwoman of the State Board of Education, said through a spokesman that she was pleased the audit didn't find any malfeasance. "I know other states have been audited and the resulting reports were much harsher than what Georgia received."

Today, Cupp says her phone frequently rings with calls from staffers at the U.S. House Committee on Education and Labor, which is considering holding hearings on Reading First, and from journalists, including from ABC News and the New York Times, which has published a profile of her. This month, she received an award from the Wisconsin State Reading Association for her role in exposing the problems that led to a shake-up of federal employees overseeing Reading First and stronger policies to avoid conflicts of interest.

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Now Cupp is waiting to hear whether the U.S. Department of Justice will open another investigation as she continues her life's work: visiting schools to assist teachers, checking students' progress and prescribing remedies for those who struggle.

As she walked down the hallway to leave Heard Elementary recently, Cupp stopped abruptly. "This is my song, can you hear it?" she asked as she stepped toward a classroom where kindergartners were singing.

"These are the letters of the alphabet! No we are not finished yet! Come join in and clap with me! As we learn the letters from A to Z!"

Within seconds, Cupp was in front of the class — smiling, clapping and leading her song.

Overly Punitive? (WP)

The Washington Post, February 26, 2007

REGARDLESS OF what you think about tobacco companies, you should welcome last week's Supreme Court decision that repudiated an $80 million ruling against Philip Morris. Beyond question in this case was that the tobacco giant had misled Jesse Williams, a longtime cigarette smoker who died of lung cancer, into believing that smoking was not dangerous and that it therefore was culpable for his illness. The issue instead revolved around how the jury calculated the size of the punitive damages it awarded Mr. Williams's estate -- almost all of the $80 million package.

The majority held that the Oregon court considering the case should have made clear to the jury that it was not to punish Philip Morris directly for the harm it might have caused smokers other than Mr. Williams. During the trial, the plaintiff's lawyer asked the jury to consider the ill health the deceptively advertised product might have produced in other Oregonians. The result was a fat punitive award, though it is unclear how much the jury heeded the plaintiff's counsel when it settled on the amount. Regardless, the high court has set an important precedent: Defendants should not be punished for injuries they might have caused "strangers to the litigation," as Justice Stephen G. Breyer wrote in the majority opinion. Otherwise, they would not have a fair chance to defend themselves against the hypothetical harm they might have done to an unspecified number of people under varying conditions.

The question the court did not answer is whether the punitive award the jury handed down was "grossly excessive," a standard that the court established in the past but has not concretely defined. The court has indicated that punitive damages generally should be a single-digit multiple of the base compensation a jury awards a plaintiff. That vague standard and the current majority's sidestepping of the issue reflect the difficulty judges have had in establishing clear limits on the often outrageous size of punitive awards.

Capping punitive damages is a task suited for state legislatures, and it's one states should complete. States should also ensure that punitive damages -- meant to serve the public interest by punishing companies for wrongdoing, not to enrich plaintiffs -- go into public coffers.

CIVIL RIGHTS:

Arlington Officials Scramble To Make Ice Center Fully Accessible (AP)

By Sarah Karush, Associated Press Writer

AP, February 26, 2007

ARLINGTON, Va. (AP) - When Arlington County officials unveiled a new ice complex to serve as the Washington Capitals' practice facility, they emphasized it would also be a community resource serving diverse groups, particularly the disabled.

So Rosemary Ciotti, who lives nearby and uses a wheelchair, was particularly dismayed when she visited the new facility shortly after it opened in November and discovered there was no room in the bleachers for her to watch the action on the ice. Despite its $42.8 million price tag, the Kettler Capitals Iceplex is not compliant with the Americans with Disabilities Act.

"It makes you want to bang your head against the wall," said Ciotti, a member of the county planning commission.

Another disabled Arlington resident, Sheri Denkensohn, said she visited the iceplex after hearing about the problems from Ciotti. Outraged by what she saw, she filed a complaint with the Justice Department.

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Arlington officials say such glitches are common in construction projects. They say they already have addressed most of the ADA problems that were noted by building inspectors before the facility opened and are working to correct the problem with the bleachers.

In April, the Special Hockey International Tournament is expected to draw 1,500 people to the iceplex. In March, USA Disabled Hockey and other groups are hosting a sled hockey clinic there. Officials said the bleachers should be fixed in time for both events.

Construction of the iceplex was paid for by the county, and the Capitals signed a long-term lease. The 137,000-square-foot facility, built atop a seven-story public parking garage in Arlington's Ballston neighborhood, has two NHL-sized rinks, office space and locker rooms, as well as a Capitals training center with a weight room and medical facilities. It also houses the front offices of the Capitals and the WNBA's Washington Mystics.

The complex has regular ice time for skating programs and youth, high school and college hockey. In addition, the Capitals are donating 500 hours of ice time a year for "economically disadvantaged and physically and mentally challenged members of the community," according to a county news release issued in November.

But when the project was finished, officials learned they had committed several ADA no-no's: A men's room urinal was several inches too high, and a locker-room shower was half an inch too narrow. A door in front of a wheelchair ramp was too heavy.

But the biggest problem was the bleachers. Wheelchairs are supposed to be able to access the front row, but the only place for them at the ice rink is at the back, where they would block the exit, Ciotti said.

"There's really no lawful place to sit in your wheelchair," she said.

Tom Newman, real estate development director for Arlington Economic Development, said the mistake happened during last-minute changes to the project.

"It sort of got forgotten in the rush to get the building finished," he said.

Newman estimated it would cost $30,000 to $40,000 to fix the bleachers. He said the county would get it fixed first and then figure out who should pay for it.

A message seeking comment was left for William Drury, president of Reston-based Architecture Inc., the iceplex architect.

Ciotti, who joined the planning commission after the iceplex was nearly complete, worries the changes won't address all the concerns of disabled residents _ even if they do satisfy the legal requirements.

"What we keep saying is we want to be at the table and we want to see the fix," she said.

Ciotti said Arlington is by and large a hospitable place for the disabled. But she is frustrated that people still need to be reminded about ADA requirements.

"Architects know the ADA. They know what they're legally bound to do," she said. "The law is 17 years old."

Sharpton's Ancestor Was Owned By Thurmond's (WP)

By Robin Shulman

The Washington Post, February 26, 2007

NEW YORK, Feb. 25 -- The Rev. Al Sharpton, the prominent civil rights activist, is descended from a slave owned by relatives of the late senator and one-time segregationist Strom Thurmond, a genealogical study released Sunday reported.

"It was probably the most shocking thing of my life," Sharpton said of learning the findings, which were requested and published Sunday by the New York Daily News. He called a news conference to respond publicly to the report. "I couldn't describe to you the emotions I have had . . . everything from anger to outrage to reflection to some pride and glory."

Sharpton, 52, said he had suspected that his forebears may have been slaves but had never attempted to confirm that or find out any details.

"I had never really traced my family history, particularly on my father's side, since my parents separated when I was going on 10 years old," he said.

The newfound knowledge that his great-grandfather was a slave, Sharpton added, gave him a new perspective on his life.

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"You think about the distance that you've come, you think about how brutal it was, you think about how life must have been like for him. And then you start wondering whether or not he would be proud or disappointed in what we have done," Sharpton said, with his eldest daughter, Dominique, 20, at his side.

The revelation was particularly stunning for the juxtaposition of the two men's public lives.

Sharpton, known for his fiery rhetoric and a tendency to intervene as an advocate in racially charged incidents, ran for president in 2004 on a ticket promoting racial justice. Thurmond made his own bid for the presidency in 1948, promising to preserve racial segregation, and in 1957 he filibustered for more than 24 hours against a civil rights bill.

After his death in 2003, though, it became clear that Thurmond had a complicated history with issues of race. A 78-year-old retired schoolteacher, Essie Mae Washington-Williams, revealed that she was the offspring of his extramarital relationship with his family's black housekeeper.

"In the story of the Thurmonds and the Sharptons is the story of the shame and the glory of America," Sharpton said Sunday.

The genealogy study was produced by researchers for the Web site Ancestry.com. Daily News reporter Austin Fenner initially asked them to research his own roots. He then approached Sharpton and asked if he would permit an investigation of his family history as well, for use in a story. Sharpton agreed. Neither the Daily News nor Sharpton paid for the research.

The research was led by chief Ancestry.com genealogist Megan Smolenyak, who was also the lead researcher for the 1997 PBS series "Ancestors" and has written several books on the subject. She was assisted by researchers including Tony Burroughs, who has been honored by the National Genealogical Society. They used documents including census, marriage, death and military records over a three-week period to examine Sharpton's family roots.

They found that Sharpton's great-grandfather, Coleman Sharpton, was a slave owned by Strom Thurmond's distant cousin.

Coleman Sharpton was given as a gift to Julia Thurmond, whose grandfather was the late senator's great-great-grandfather, said Mike Ward, a spokesman for Ancestry.com. Coleman Sharpton was later freed.

Al Sharpton met Strom Thurmond once with his friend James Brown, the late singer, who knew Thurmond and wanted to pay him a visit while in Washington.

"I was not happy to visit him because of what he had been all his life," Sharpton said.

Sharpton said his family origins in Edgefield County, S.C., brought him nearer to his closest mentors, Brown and the Rev. Jesse Jackson, who had lived nearby. Sharpton said he mused with Brown's family about whether their families might have a shared past.

"I told his daughters last night about this, and we all wondered whether some of James Brown's family might have been slaves with my great-grandfather," Sharpton said.

While some of Thurmond's relatives contacted by the Daily News expressed skepticism about the report, Doris Strom Costner, a cousin of the late senator, said Sharpton should be proud to know his family's connection to hers. "He's in a mighty good family," she said by telephone from Edgefield, S.C.

Asked how she feels to learn of evidence that her family owned slaves, she said: "I can't help it. I'm 74 years old, and I certainly can't help it. I don't feel one way or the other." Most white South Carolinians at the time owned slaves, she said.

Sharpton said he hoped the news of his roots would help heal the lingering wounds of slavery.

"If we open the scars just to leave them open, we've done a misdeed to both sides," Sharpton said. "We should open them and deal with them toward healing them so we can come together on some genuine level."

Staff writer Rob Stein and staff researcher Rena Kirsch in Washington contributed to this report.

Sharpton Learns His Forebears Were Thurmonds' Slaves (NYT)

By Fernanda Santos

The New York Times, February 26, 2007

On the eve of the Civil War, in segregated Florida, a white man died in debt at age 40, leaving his wife, Julia Thurmond Sharpton, alone to raise their four children and to honor his financial obligations.

Determined to offer a helping hand, Mrs. Sharpton's father-in-law, a plantation owner in South Carolina, gave her a gift: four slaves, two adults and two children, who would work to pay off the money owed.

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In that transaction, the bloodlines of two emblematic figures of the next century, each representing an opposite side of America's racial divide, intersected. Mrs. Sharpton was a first cousin, twice removed, of Senator Strom Thurmond of South Carolina, a longtime segregationist. And one of the slaves given to her, Coleman Sharpton, was the paternal great-grandfather of the Rev. Al Sharpton, one of the most vocal and recognizable civil rights leaders of our time.

The connection, sealed in a slave contract signed in 1861, might have remained unknown had it not been for a Web site's efforts to publicize its extensive collection of African-American genealogy records, a reporter's curiosity and Mr. Sharpton's willingness to let researchers dig into his family's past, a topic he often avoids discussing in public.

The results of the investigation, pieced together from census documents, slave narratives and birth and marriage registries, were unveiled yesterday in The Daily News, with the front-page headline, "Shock of My Life!"

"In the story of the Thurmonds and the Sharptons is the story of the shame and the glory of America," Mr. Sharpton said at a news conference at the office of The Daily News yesterday, with the older of his two daughters, Dominique, standing behind him.

"The shame is that people were owned as property, and the shame is that I'm the heir of those who were property to the Thurmond family," he said. "The glory is that Strom Thurmond ran for president in 1948 on a segregationist ticket; I ran in '04 on a ticket for racial justice, and that shows what America can become, if you're determined to beat" discrimination.

Mr. Sharpton said he had not heard from the Thurmonds and had no immediate plans of contacting them. "This is not family," he said firmly. "This is property."

While news of Mr. Sharpton's link to Mr. Thurmond might have tickled the public's curiosity, its impact was tame when compared with the shock of four years ago, when Essie Mae Washington-Williams, the daughter of the Thurmond family's black maid, stepped forward to acknowledge that she was the senator's daughter.

Ms. Washington-Williams, as well as Mr. Thurmond's other daughter and two sons, did not return phone calls last night.

Mr. Sharpton was born in Brooklyn on Oct. 3, 1954, the son of Alfred Charles Sharpton and Ada Richards. His parents divorced before he turned 10; he and his father have since had a distant relationship, he said yesterday.

Ancestry.com approached The Daily News last month seeking to publicize its African-American ancestry database, which it says contains 55 million historical documents. A reporter asked Mr. Sharpton if he would agree to have the Web site's researchers look into his family history. Mr. Sharpton said he had never considered investigating his lineage and did not know that his father's side of the family had roots in South Carolina.

The researchers tracked three generations of Mr. Sharpton's ancestors to the pre-Civil War era, eventually uncovering the slave contract, also known as indenture, in the Liberty County Courthouse in Bristol, Fla., about an hour west of Tallahassee.

The contract registered the ownership transfer of Coleman Sharpton, along with a woman and two boys, presumably his wife and sons, to Julia Thurmond Sharpton.

The familiar middle name spurred Megan Smolenyak, the Web site's chief family historian, to "play six degrees of separation," she said, reviewing Mrs. Sharpton's own past and establishing a blood connection between her and Senator Thurmond.

Coleman Sharpton took his surname from his owners, as was common practice among slaves, Ms. Smolenyak said. After emancipation, he worked as a wood hauler, at least until age 65, as recorded in the 1900 census.

"I cannot redo what happened to my great-grandfather, but I can make him say that I'm glad my great-grandson redeemed what happened," Mr. Sharpton said.

"I would hope that this story will make America deal with the pains of its past and present, the continued fight for social equity," he added. "But I also would hope that it would encourage obligation of many of us in the African-American community that have ourselves not lived up to the dreams and hopes of those who suffered before us."

Report: Sharpton Descended From Slaves Owned By Strom Thurmond's Relatives (USAT/AP)

USA Today, February 26, 2007

NEW YORK (AP) — Genealogists have revealed that the Rev. Al Sharpton is a descendent of a slave owned by relatives of the late Sen. Strom Thurmond — a discovery the civil rights activist on Sunday called "shocking."

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Sharpton learned of his connection to Thurmond, once a prominent defender of segregation, last week through the Daily News, which asked genealogists to trace his roots.

"It was probably the most shocking thing in my life," Sharpton said at a news conference Sunday, the same day the tabloid revealed the story.

Some of Thurmond's relatives said the nexus also came as a surprise to them. Doris Strom Costner, a distant cousin who said she knew the late senator all her life, said Sunday she "never heard of such a thing."

"My momma never would talk to me about nothing like that," Costner said of ancestors who owned slaves. "She only talked to me about good things."

The revelations surfaced after Ancestry.com contacted a Daily News reporter who agreed to have his own family tree done. The intrigued reporter then turned around and asked Sharpton if he wanted to participate. Sharpton said he told the paper, "Go for it."

The genealogists, who were not paid by the newspaper, uncovered the ancestral ties using a variety of documents that included census, marriage and death records.

Thurmond, of South Carolina, was once considered an icon of racial segregation. During his 1948 bid for president, he promised to preserve segregation and, in 1957, he filibustered for more than 24 hours against a civil rights bill.

Sharpton, who ran for president in 2004 on a ticket of racial justice, said he met Thurmond only once in 1991 when he visited Washington, D.C., with the late soul singer James Brown, who knew Thurmond. Sharpton said the meeting was "awkward."

"I was not happy to meet him because what he had done all his life," Sharpton said.

Thurmond was seen as softening his segregation stance later in his life. He died in 2003, at 100. The long-serving senator was originally a Democrat but became a Republican in 1964.

Thurmond's children have acknowledged that Thurmond fathered a biracial daughter. Essie Mae Washington-Williams' mother was a housekeeper in the home of Thurmond's parents.

Telephone message left by The Associated Press on Sunday for Strom Thurmond Jr. and an attorney who once represented Thurmond's biracial daughter, Essie Mae Washington-Williams, were not returned.

UCLA To Establish Unique Law Chair (LAT)

By Larry Gordon

The Los Angeles Times, February 26, 2007

Thanks to a more than $1-million donation from a gay male couple who hope one day to marry in California, UCLA's law school is planning to establish what is described as the nation's first endowed academic chair in sexual orientation law.

The cash gift from John McDonald and Rob Wright will help fund the research of a still-to-be-named professor at UCLA Law School's Williams Institute on Sexual Orientation Law and Public Policy. That 5-year-old think tank investigates such topics as anti-homosexual discrimination, the impact of the military's don't ask-don't tell policies and the demographics of same-sex couples who have adopted children.

"This is going to support legal scholarship, legal research and education that covers a whole area so fundamental to creating change," said McDonald, a retired businessman and attorney who earned his bachelor's degree at UCLA. "We just think this is one of the best things we've ever done."

The UC system recently approved an agreement to accept the money, but formal establishment of the chair awaits a review to ensure that it matches UC's research and teaching missions and is not too narrowly drawn, system officials said. Although the research topics may upset social conservatives, approval is expected.

The donation for the chair was announced publicly in connection with a Williams Institute conference Friday at the Westwood campus.

Though some universities have chairs in gay and gender studies, those have been in the humanities and social sciences and not in a law school, said Brad Sears, executive director of the Williams Institute. A professor from the current UCLA law

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faculty will be appointed to the chair in three to six months, and the funds will help pay for such things as teaching assistants and research costs, Sears said.

"This is a big step," he said, expressing his gratitude to the donors.

The gift for the chair was described by experts across the country as giving a prestigious boost to a budding field of scholarship. "It is a terrifically exciting and important development. And it is another marker that sexual orientation law has come into its own as an important field of study," said Suzanne B. Goldberg, a Columbia University law school professor, who runs a clinic on those topics for students at that New York school.

Jennifer Pizer, a senior counsel for Lambda Legal, the national gay civil rights organization, agreed. She said that an endowed chair would be especially noteworthy because UCLA is such a well-respected school and a state university.

Pizer was among the conference speakers Friday who discussed laws that allow gay marriage in some European countries and the panoply of lawsuits involving the issue in the United States. In the keynote address, before an audience of about 150, Boris O. Dittrich, a former member of the Dutch Parliament, spoke about how his legislation led the Netherlands to be the first nation in the world to recognize homosexual marriage, starting in 2001.

McDonald and Wright, who split their time between homes in Colorado and West Hollywood, have lived together for nearly 25 years and have registered as domestic partners. But they said they faced financial and legal burdens that a heterosexual couple would not.

For example, they made costly inheritance and insurance arrangements that "would have been totally unnecessary" for a straight married couple, Wright said. And when they travel, they always take legal documents that name each other as caretakers in case of a medical emergency, he said.

McDonald, 74, was the chief executive of Mullikin Medical Enterprises, a medical and hospital management firm that was sold in 1995. Wright, 58, worked in advertising and real estate.

If gay marriage were approved in California, the pair "would do it instantly," McDonald said.

The state Supreme Court this year is expected to review an appeals court ruling that upheld a prohibition on same-sex marriage in California. Gov. Arnold Schwarzenegger in 2005 vetoed a bill that would have permitted gay marriage and said the issue was a matter for the courts to decide.

McDonald and Wright previously donated $100,000 so the Williams institute could offer training for judges and lawyers in sexual orientation law. They are well known in the gay community for a $1.5-million donation in 1996 to the Los Angeles Gay & Lesbian Center, which then named its headquarters building after them.

The couple stress that they want the professor who takes the McDonald/Wright chair to avoid partisan advocacy and stick to objective research on a wide range of legal topics involving same-sex relationships, including adoption and property settlements after gay couples break up. But they clearly hope that such studies will aid the campaign for gay marriage and other gay rights issues.

The institute, which has a staff of 12, is named after its prime donor, Charles Williams, a UCLA alumnus who was a senior executive for Sperry Corp. Williams has given a total of $10 million to the institute, Sears said.

Williams, who was at Friday's meeting, said he wanted to help establish an academic research unit rather than an advocacy group. "You don't get change in the law or in public policy by saying it's a nice thing to do or it's right or it benefits people. You only do it by proving, through research, the facts," said Williams, who lives in Malibu.

The institute's recent studies have found, among other things, that more homosexuals live openly in rural areas of the United States than in the past and that nearly half of skilled nursing homes in the Los Angeles area will not treat HIV patients. Though the overwhelming majority of Friday's participants appeared to support gay marriage, Sears stressed that the institute seeks to present both sides of the issue. For example, last year it and Brigham Young University in Utah co-sponsored debates on the topic.

Conspiracy Weary (WSJ)

The Wall Street Journal, February 26, 2007

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In today's paranoid political climate, any bow toward reality is welcome. So we thought you'd like to know that an independent team of computer scientists has absolved touch-screen voting machines of stealing an election in Florida's 13th Congressional District last November.

Republican Vern Buchanan won his seat by a mere 369 votes over Democratic challenger Christine Jennings, who has nonetheless refused to concede and has sued to demand a new election. Ms. Jennings claims that faulty software was the cause of 18,000 "undervotes," or incidences where voters cast ballots in other races but not in the Congressional contest, in what is a mainly GOP district on the Florida Gulf Coast south of Tampa.

However, eight computer experts from several universities looked at the iVotronic software and last week concluded unanimously that it "did not cause or contribute to the CD13 undervote." Ms. Jennings and her allies at People for the American Way aren't giving up and are demanding to see the source code themselves. Naturally, they're also claiming that one of the scientists who conducted the audit is known to have voted for President Bush. Some people will believe anything, but Ms. Jennings looks worse with each day she continues to rage against the machines.

ANTITRUST:

Energy Firm Accepts $45 Billion Takeover (WP)

By Steven Mufson And David Cho

Washington Post, February 26, 2007

Buyers Made Environmental Pledge

TXU, the largest energy provider in Texas, agreed last night to a $45 billion buyout that would not only be the largest private-equity deal in history but would also feature an unusual twist: The buyers have promised environmental groups they would cancel a slew of coal-fired power plants on the firm's drawing boards.

The buyout firms' deal with environmental groups, which could become a landmark in the battle over climate-change policy, would force an abrupt turnaround in the strategy of TXU, which has defied environmentalists' and congressional criticism of its plans to expand coal use and carbon dioxide emissions.

The environmental agreement was the idea of the private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts, which made it a condition of the acquisition, according to several sources involved in the negotiations, who gave details of the deal on condition of anonymity because it had not been announced yet.

Texas Pacific's head, David Bonderman, is no stranger to creative deals in the energy sector or in the cause of environmentalism. Bonderman sits on the boards of the World Wildlife Fund and the Grand Canyon Trust. He was a key figure in negotiating with power plants in Arizona to reduce air pollution over the Grand Canyon. In the TXU case, he tasked William K. Reilly, who had led the Environmental Protection Agency under President George H.W. Bush, to reach out and negotiate with environmental groups.

If shareholders approve the acquisition, TXU would back federal legislation that would require reductions in carbon dioxide emissions through a cap-and-trade system. It would shelve plans for eight of 11 coal-fired plants that current TXU executives had proposed for Texas and would drop plans to build new coal plants in Pennsylvania and Virginia. The company would also double its spending to promote energy efficiency, to $80 million a year, for five years.

"We think this is really a big deal, a watershed moment in America's fight against global warming," said Jim Marston, regional director of Environmental Defense in Austin and who helped forge the environmental accord in a 17-hour negotiating session with the buyout firms on Wednesday. He said it would reshape the electricity sector in Texas and alter the attitudes of Texas congressmen toward climate-change legislation.

The buyout firms also promised to cut TXU's emissions of carbon dioxide, the most prevalent of greenhouse gases scientists blame for global warming, to 1990 levels by 2020. This matches the targets contained in legislation passed last year in California but exceeds anything TXU is obligated to achieve. When the three new coal plants are on line, the company's emissions are projected to be nearly 20 percent higher than they were in 1990.

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In return, Environmental Defense, which has been leading the fight against TXU's coal expansion plans, would drop its objections to the three large new units, including two 800-megawatt units at Oak Grove, Tex., and a 600-megawatt plant at Sandow, Tex. The private-equity firms held an initial round of talks on Friday with another environmental group that opposes the Oak Grove units.

The unusual talks between the buyout firms and environmental groups began Feb. 14. Reilly, who now heads a Texas Pacific subsidiary that invests in water projects in the developing world, called Fred Krupp, president of Environmental Defense.

"Reilly told us that they were negotiating to buy TXU but that they would not go through with the deal unless they could re-create the company as a green electricity generator," Marston said.

Last Tuesday, Marston got a phone call asking him to get on a plane in two hours and fly to the Texas Pacific headquarters in downtown San Francisco. Talks began 8 a.m. in a Texas Pacific conference room, and by 1 a.m. Thursday, they had a three-page list of commitments. Then the buyout executives flew in a private jet to Austin to discuss them with Texas Gov. Rick Perry (R) and other state leaders.

Although the deal is not a contract and wasn't signed, the buyout firms say they intend to fulfill the commitments.

The board of TXU met last night to vote on the leveraged buyout, which would eclipse the previous record of $31.3 billion, paid for RJR Nabisco in 1989. That deal was the subject of the popular journalistic account "Barbarians at the Gate." Texas Pacific and KKR would pay about $70 per share for TXU, or about $32 billion, and assume more than $12 billion in debt. The deal could be officially announced as early as today.

Bonderman is trying to ensure that this buyout has a happier ending than a utility deal he attempted in 2004. Then, Bonderman tried to acquire Portland General Electric from the bankrupt Enron, but it ended up as a public relations disaster. Despite efforts to assuage customers and grass-roots groups, the buyout sparked picketing and vociferous opposition from Oregon legislators. The state's utility commission rejected the proposal in 2005.

This time, Bonderman was personally involved in the initial meetings with environmental groups. He assigned Reilly to lead the negotiations. He and his partners at Kohlberg Kravis Roberts also told TXU that they would walk away from the deal if the energy giant didn't scale down its coal plant expansion plans as a concession to environmental groups.

"I think anyone doing an energy investment in today's situation has got to be sensitive of the change in the attitudes of the culture and the change in the attitudes of the country, and particularly the attitudes of Congress," said a person involved in the negotiations who spoke on condition of anonymity because the deal had not yet been announced.

But there are financial advantages to the environmental agreement, as well. When they acquire companies, private-equity firms typically try to cut costs rather than expand operations. TXU had estimated that the ambitious coal plant expansion would cost at least $10 billion; others suggested that with soaring construction costs, the ultimate price tag could be much higher.

Many power industry executives said they doubted TXU ever meant to build all 11 plants. "I think it is a bit of a gimmick," said the chief executive of another utility, who spoke on condition of anonymity for business reasons. He said that deregulation of the utility business in Texas has opened the state to competition on power generation. But with TXU claiming to build so much new generation, "who's going to jump in and say they don't believe them?"

Sources involved in the negotiation said TXU's assets -- which encompass a retail business with 2.4 million customers; more than 50 generating plants, including a nuclear facility; and a power wholesale business -- would not be split up if the deal gains approval from shareholders.

A turnaround at TXU would represent a reproach to C. John Wilder, TXU's chief executive, who in the past has criticized new technology that burns coal with fewer greenhouse gases as too expensive or technologically unsound. Although he is expected to retain his position at TXU, Wilder would be expected to consult with a new environmental advisory board that would include representatives from Environmental Defense and the Natural Resources Defense Council in San Francisco.

TXU Sale Going Forward (DMN/AP)

Associated Press

The Dallas Morning News, February 26, 2007

Plans for coal-fired plants may be abandoned

DALLAS – Directors of TXU Corp., the largest electric producer in Texas, gave tentative approval Sunday to sell the electric company to two private-equity firms that would abandon plans to build eight new coal-fired power plants, according to people close to the situation.

Kohlberg Kravis Roberts & Co. and Texas Pacific Group were offering about $32 billion plus the assumption of more than $12 billion in TXU debt, which would make it the largest private buyout in U.S. corporate history.

Final details were still being worked out late Sunday, and TXU was expected to announce a deal early Monday, said the people, who spoke on condition of anonymity because the companies had not officially announced the deal.

Since a turnaround that began in 2004, TXU has become highly profitable, but the dramatic rise in its stock price had stalled, making it an attractive takeover target.

KKR and Texas Pacific Group agreed over the weekend to drop most of TXU's ambitious plans for building eight new coal-fired power plants, a move designed to win support for the deal from environmentalists and other critics of the company.

The new buyers also agreed to support a mandatory national program to cap emissions of greenhouse gases and pledged not to build coal-fired plants outside Texas.

TXU is the largest electric provider in Texas, with 2.3 million customers. Wall Street expects TXU to report this week that it earned more than $2.5 billion last year.

If TXU shareholders approve the sale, the deal would eclipse the previous record private buyout, KKR's $25.1 billion purchase of RJR Nabisco Inc. in 1988.

An obstacle to a TXU sale had been the company's controversial proposal to build 11 new coal-fired power plants in Texas. Environmentalists and civic leaders in some cities, including the mayors of Dallas and Houston, are fighting the company's plans.

TXU has acknowledged that the new plants would produce 78 million tons of carbon dioxide each year, more than doubling the 55 million tons the company releases now.

The Natural Resources Defense Council said the new buyers have agreed to withdraw permit applications for eight of the 11 proposed plants and decline to propose new coal plants outside Texas and support caps on emissions linked to global warming. The buyers also agreed to support a system of trading credits for cutting emissions, called cap and trade.

KKR and Texas Pacific declined to comment publicly. TXU officials did not return phone calls.

TXU's coal play was already in trouble. Last week, a state court judge blocked Texas Gov. Rick Perry's order to speed up the process of gaining permits for six plants. Hearings on the proposal were delayed four months, until June 27.

According to people close to the situation, the buyout firms approached environmental groups and a few Texas legislators in the past week with a plan for making the deal palatable.

"Certainly the sponsors were conscious of a large audience beyond just the (TXU) shareholders," said one of those with knowledge of the process.

David Hawkins, director of the Natural Resources Defense Council's climate center, said he was approached by an old friend, William Reilly, who led the Environmental Protection Agency under President George H.W. Bush and negotiated terms of the TXU agreement for Texas Pacific Group.

The environmental terms "don't have everything that we would have liked, and it's not a legally binding document, but it's a new direction for this company," Hawkins said. He added that having the support of a large Texas-based power company could help pass global-warming legislation and "make the difference in whether hundreds of coal plants get built" in coming decades.

Even if the buyout fails, Hawkins said it would now be much harder for TXU to build new coal-fired plants in Texas because potential buyers agreed to drop most of them.

The agreement between the environmental groups and the private-equity firms would let TXU build three new coal plants in Central Texas at sites called Oak Grove and Sandow.

Shares of TXU soared in after-hours trading Friday, when news of the offer leaked out. The shares closed regular trading at $60.02, up $2.38, or 4.1 percent on the New York Stock Exchange.

At that price, TXU has a market value of about $27.5 billion, far higher than late 2002, when the shares sunk to about $5 apiece.

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The company responded by selling off troubled units in Europe and Australia and getting out of the natural gas business to focus on producing and selling electricity to 2.3 million customers in Texas.

Besides the coal controversy, TXU has also been under attack from consumer groups and legislators over high rates and compensation paid to its chief executive, C. John Wilder, who was hired in early 2004.

In 2004, TXU lost $386 million but paid Wilder $55 million, mostly in stock-related bonuses that kicked in as the company's shares soared. TXU returned to profitability in 2005, earning $1.72 billion.

The company is scheduled to report its final 2006 results Tuesday, and analysts surveyed by Thomson Financial expect it to post a profit of $5.54 per share, or more than $2.5 billion. Forecasts call for only slightly smaller gains in each of the next two years.

TXU's electric rates have risen sharply since deregulation. Some state legislators propose to cap electric rates and force TXU to sell generating plants.

Within hours of the news Friday that the company could be sold, state Rep. Sylvester Turner said he was worried that private buyers "will further bleed residential and small business ratepayers." The Houston Democrat said the deal should force the Legislature to reconsider electric deregulation.

POWER PLAY Bidders Try To Pre-Empt Gridlock In TXU Deal (WSJ)

By Rebecca Smith, Dennis K. Berman And Henny Sender

Wall Street Journal, February 26, 2007

Long a Tempting Target, Utilities Have Proved Elusive for Buyout Firms

For years, cash-rich buyout firms have tried to break into the lucrative electricity business only to be rebuffed by wary regulators, consumer groups and environmentalists. Now, in what would be the biggest leveraged-buyout ever, an investor group is hoping it has cracked the code.

A total of seven firms -- led by Kohlberg, Kravis, Roberts & Co., Texas Pacific Group and Goldman Sachs Group -- are close to signing a deal to buy utility powerhouse TXU Corp. for $32 billion plus more than $12 billion in TXU debt, according to people familiar with the matter. In a creative twist, the firms have moved quickly to pre-empt opposition from powerful environmental groups while seeking support from various regulators and politicians. Already, the potential buyers have promised to cancel plans to build all but three of the company's 11 coal-fired plants under development. And they are planning to placate consumers with rate reductions.

The deal marks a quantum leap in the political sophistication of the buyout world, and may signal a broader remaking of private equity's image in the utility industry. Buyout firms have generally received a chilly reception from utility regulators because they're seen as temporary, profit-driven caretakers not answerable to public shareholders or sensitive to consumers. If the prospective TXU buyers can overcome that perception, they could potentially open the door for more private-equity investors.

A successful deal will also create a chance to profit from a central predicament facing today's utility industry: a public that hungers for more and more electricity to burn, but has limited will to build new plants for providing it.

But it's far from a sure thing. Regulators at all levels of government could trip up the deal. It may also be subject to complaints from consumers who regard reasonably priced electrical service as a basic right.

Twice before, two of the private-equity investors involved in the deal -- KKR and Texas Pacific -- have tried to buy utilities and come up short after running into a buzz saw of criticism from state officials and consumers.

The firms are attempting to get out in front of TXU's many detractors and make concessions early, so that dislike of TXU's operating practices does not taint the deal.

On Saturday, two big environmental organizations that had fought TXU's plans to build the new coal-fired operations in Texas agreed to support the deal on the assurance that the buyers would cancel most of the plants.

There is an element of stagecraft at work, too. TXU already had plans to cut six of those plants, said people familiar with the effort. The plants that remain on the drawing board are responsible for the lion's share of the profits of the entire 11-plant project, said another person close to the company.

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Private-equity firms once shunned utilities as capital-intensive, regulated and low-return businesses. But now, in a world of cheap debt, their steady and predictable cash flows have made them desirable targets.

One reason the buyers have zeroed in on TXU: It possesses unrivaled power in a state that has removed nearly all price controls for the sale of electricity. It owns the largest fleet of power plants, 19 in total, and serves the most customers.

Under the tenure of Chief Executive C. John Wilder, TXU became one of the nation's most controversial utility companies, known for turning off the service of late-paying customers, boosting rates rapidly and building plants that produce huge amounts of harmful gases. It also became one of the most profitable utilities in U.S. history.

In 2003, Texas Pacific announced its intention to buy Enron Corp.'s Oregon utility, Portland General Electric. The deal attracted widespread opposition because Texas Pacific was seen as a short-term investor that wouldn't have customers' interests in mind. Among the firms Texas Pacific had acquired were Burger King, Continental Airlines and retailer J. Crew. Texas Pacific told investors in 2005 that its returns, before taxes, have averaged 55% a year. The Oregon utilities commission eventually rejected the Portland General deal on the recommendation of its staff.

Also in 2003, KKR announced an agreement to buy UniSource Energy Corp., an Arizona utility, for $2.85 billion in cash and debt. That effort ended in late 2004 when the Arizona commission, on a 4-to-1 vote, rejected KKR's bid. In both cases, rate concessions didn't look substantial enough to overcome fear of the risks to customers if service deteriorated amid cost-cutting.

This time around, it was clear that the buyers needed a more strategic approach. At the heart of the potential new owners' campaign for support lies Texas Pacific representative William Reilly, a former administrator of the Environmental Protection Agency under President George H.W. Bush. Mr. Reilly became the public face for the buyout group largely because of his reputation among environmentalists. David Bonderman, co-founder of Texas Pacific, has a similar reputation. He is touting his board membership of World Wildlife Fund as evidence that the group will behave responsibly.

The two men have a solid history together. Back in the late 1970s, Mr. Reilly tapped Mr. Bonderman -- then a Washington, D.C., lawyer -- to write a supporting brief for environmentalists before the Supreme Court. Later, when Mr. Reilly served as chairman of the board of World Wildlife Fund, he asked Mr. Bonderman to join the group's board. Mr. Bonderman, in turn brought Mr. Reilly to Texas Pacific.

Still, Mr. Reilly was stunned five or six weeks ago when Mr. Bonderman walked into his office at Texas Pacific and asked for his help in connection with the planned buyout of TXU, according to people familiar with the matter. Initial conversations with environmentalists quickly made the two realize that the campaign would not be easy.

The efforts to woo conservation groups quickly focused on the Environmental Defense Fund, along with Public Citizen, one of the two key plaintiffs in environmental litigation against the Texas utility and the Natural Resources Defense Council.

On Wednesday, Jim Marston, an attorney with the Environmental Defense Fund, went to San Francisco to listen to Texas Pacific's case in a meeting that went from 8 a.m. to 1 a.m. the following day.

Many of the proposals that Texas Pacific and KKR came up with were developed in connection with Green Strategies, a consulting firm based in Washington state headed by Roger Ballentine, a former Clinton White House staffer.

Under Mr. Reilly, the potential owners are also planning a sustainable energy advisory committee that would include Mr. Marston and a representative from the Natural Resources Defense Council as well as a host of prominent Texans. About six days ago, Michael MacDougall of Texas Pacific, along with Fred Goltz and Marc Lipschultz from KKR reached out to James Baker, the veteran Texas politician and former cabinet member, to serve in an advisory capacity at TXU. One of the first things he asked was about environmentalists' position on the deal, according to people familiar with the matter.

On Thursday, the investors took their campaign to Texas Gov. Rick Perry. Mr. Bonderman and Henry Kravis of KKR led the delegation, which included Mr. MacDougall and Mr. Goltz, in a 90-minute meeting at the governor's mansion. "The governor gave them the message that Texas is in dire need of new capacity," said Robert Black, Mr. Perry's press secretary.

Support of the governor and the legislature is critical both to approval and to the financial viability of the deal. There are several bills before the Texas legislature now which if enacted could have a negative impact on the potential profitability of the buyout.

The buyers will need all the goodwill they can get -- and must address more than just the environmental issue. Consumer resentment of TXU runs high in Texas, where under deregulation the company has aggressively moved to raise power prices

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that are now among the highest in the nation. In a bid to win over consumers, the private-equity buyers have put out the word to Texas lawmakers that they plan a 10% rate reduction. Already, some lawmakers who have been briefed are unimpressed. Texas state Rep. Sylvester Turner of Houston says he believes rates should drop at least 30%.

Mr. Turner said Sunday the sale "is causing me to re-evaluate the market we created in 1999. I have serious questions about the direction we're headed and the impact on consumers who never wanted deregulation to begin with."

Per terms of the deal being contemplated, Mr. Wilder and other top executives would remain at the company, while rolling over their 5% ownership stakes into the new ownership plan. They would then have access to options that could give them another 5% stake over time. Private-equity firms generally need the support of management when making a bid for a public company. By giving management equity, that support is usually forthcoming. Mr. Wilder appears to be entitled to change of control payments that could be worth $65 million or more.

On Tuesday, TXU is expected to show record earnings for 2006. In the first nine months of 2006, it earned $2 billion on operating revenues of $7.5 billion, nearly double its profits a year earlier on a slight increase in revenues.

Insiders have described Mr. Wilder as brilliant but "tone deaf" to the niceties of the utility business. Regulated utilities, traditionally, are generous community givers and are solicitous of politicians and regulators. Erle Nye, the longtime chief executive whom Mr. Wilder replaced, typified the courtly utility chief; Mr. Wilder seemed brusque by comparison.

TXU did not return calls seeking comment.

Dallas Mayor Laura Miller said TXU has communicated poorly with elected officials. She's never met Mr. Wilder and said he has refused to meet with critics to discuss a long list of grievances that range from the coal plants, which she opposes, to nagging problems like perpetually burned-out street lights in downtown Dallas, undermining a $190 million redevelopment effort.

"Large swaths of downtown have been dark and scary," she said. "How's customer service going to get better with a bunch of outsiders running the company from New York or San Francisco?"

The buyers have tried to show that the company's tone will change. Tom "Smitty" Smith, director of Public Citizen, an advocacy organization, said he met with a KKR representative on Friday who said, "You've been a frequent critic of TXU, let's open a dialogue."

Mr. Smith -- a loud critic of both TXU's consumer relations and its coal-plant program -- said he found the overture "refreshing," particularly since he'd been trying to get a meeting, he says, with Mr. Wilder for more than a year to express concerns.

Whether the new owners could come to terms with the management of TXU was also a big question. But at a long meeting 10 days ago, Messrs. MacDougall and Goltz met with Mr. Wilder to review the specific commitments the two planned to make to reduce hostility to their bid.

Among the several u-turns: TXU was planning to introduce coal-fired plants into Virginia, Maryland and Pennsylvania. Indeed, David Hawkins of the NRDC already had 16 lawyers trying to derail the proposed move. The new owners promised environmentalists that there would be no such expansion if their bid went through, these people say.

Once environmentalists get over the euphoria of getting eight coal-fired plants off the table, however, some may wonder whether they got enough out of the bargain. After all, they've garnered an agreement that the buyers won't build plants they never had permission to build. But prior to the deal, it appeared that the opposition was at least making it difficult for TXU to navigate the approval process.

One administrative judge recommended that permits on an early project be denied because he didn't believe TXU could deliver the pollution reductions it had promised.

In a separate victory last week, challengers -- including a coalition of Texas cities led by the Dallas and Houston mayors and the Chickasaw Indian nation in Oklahoma -- were given four months to prepare cases and line up expert witnesses to challenge the TXU plan.

TXU was advised by Credit Suisse and Lazard, with attorneys Cravath Swaine & Moore and Sullivan & Cromwell. The buyers were advised by Citigroup, Goldman Sachs, J.P. Morgan Chase, Lehman Brothers, Morgan Stanley and attorneys Simpson Thacher & Bartlett and Vinson & Elkins.

Citigroup, J.P. Morgan Chase, Lehman and Morgan Stanley are also smaller investors in the deal.

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A Buyout Deal That Has Many Shades Of Green (NYT)

By Andrew Ross Sorkin

New York Times, February 26, 2007

About two weeks ago, Fred Krupp, the president of a nonprofit advocacy group called Environmental Defense, received an unusual phone call.

William K. Reilly, the former administrator for the Environmental Protection Agency under President George H. W. Bush, was on the other end. But before Mr. Reilly would explain the reason for his call, he said he needed an assurance from Mr. Krupp that he would keep the conversation confidential.

After receiving such a pledge, Mr. Reilly dropped a bombshell: the TXU Corporation, the Texas energy giant that had become the whipping boy of the nation's largest environmental groups, was in talks to be sold to a group led by Kohlberg Kravis Roberts & Company and Texas Pacific Group, two large private equity firms.

Mr. Reilly, who works for Texas Pacific, said he wanted to negotiate a cease-fire. If the investors succeeded in taking over TXU, Mr. Reilly said, they would commit themselves to scale back significantly on TXU's plan to build 11 new coal plants and adhere to a strict set of environmental rules. In return, he wanted the support of Mr. Krupp and his peers, who had spent the past several months waging a bitter and public war against TXU.

Last night, after several weeks of marathon negotiations that brought together both environmentalists and Wall Street bankers, the board of TXU was moving toward a vote to accept the bid from Kohlberg Kravis and Texas Pacific for about $45 billion, which would be the largest buyout in history.

The deal would be noteworthy not just for its size, but for the confluence of business decisions and environmental concerns that drove the ultimate transaction. Because private equity firms are unregulated and historically have valued their privacy, neither Kohlberg Kravis nor Texas Pacific were eager to become an "enemy combatant" of the environmental groups, people involved in the talks said. Reducing the coal plant initiative will also free up billions of dollars in planned spending that the firms will be able to use for other projects or to help finance the transaction.

Within TXU, the controversial plan to build a raft of coal plants had become so damaging to its stock price that its board had been privately weighing a plan to scrap part of the project, said people involved in the talks, bringing the number of new plants to 5 or 6 from 11. Shareholders had sent the stock on a roller coaster ride from more than $67 a share to as low as about $53 over concerns about the risk and vast expenditure; the stock closed at $60.02 on Friday.

Indeed, it was the quick drop in TXU's stock price that got the attention of Kohlberg Kravis and Texas Pacific, which look for undervalued companies and try to turn them around. Together, both firms approached C. John Wilder, TXU's chief executive, in January with an offer for the company, these people said.

At the time, neither Kohlberg Kravis nor Texas Pacific told TXU about their ambition to scale back its controversial coal plants. But behind the scenes, both firms had been developing a new strategy for the company with the help of Goldman Sachs, their lead adviser.

Goldman Sachs has been a longtime proponent of reducing carbon emissions. Its former chief executive, Henry M. Paulson, now the secretary of the treasury, was also the chairman of the Nature Conservancy, an environmental activist group.

Texas Pacific's co-founder, David Bonderman, is member of the board of the World Wildlife Fund, and Mr. Reilly is chairman emeritus. Mr. Bonderman called Mr. Reilly to help work on the deal and create what they ultimately called The Green Group, a committee of advisers that included Mr. Reilly, Roger Ballentine of Green Strategies and Stuart E. Eizenstat, the former chief domestic policy adviser for President Jimmy Carter.

"We didn't want to be on the wrong side of history," said a person involved in the bidding group who was not authorized to talk about the transaction before its formal announcement, which is expected today.

Under the terms of the deal, Kohlberg Kravis and Texas Pacific will pay $69.25 a share for TXU, people involved said. Goldman Sachs, Morgan Stanley, Lehman Brothers and Citigroup are expected to take small stakes in TXU as well as help finance the debt with J. P. Morgan Chase. In addition, the investor group will assume more than $12 billion of TXU's debt.

The deal represents about a 17 percent premium over TXU's closing price on Thursday before word of the deal began to leak and was reported Friday on CNBC after the market closed.

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It is unclear whether shareholders will agitate for a higher price from the investor group or push for other suitors to emerge. Several recent "go private" deals have drawn opposition from shareholders who expressed concern that they were being shortchanged.

The investor group has not laid out any specific plans to grow revenues through alternatives to the coal plants, but TXU is not likely to lose money, at least initially, as a result of scaling back. Three of the plants are already in the works and other eight that will be canceled would not have been built for years.

And the group will be getting more than just a utility. TXU is in the midst of an experiment to run broadband Internet over its power lines as part of a venture with Current Communications.

Both TXU, which was advised by Credit Suisse and Lazard, and the investor group spent weeks holed up in three conference rooms at the Gaylord Texan, a hotel just outside of Dallas. With armies of bankers and lawyers that frequently numbered more than 40, the group negotiated the buyout deal, including an unusual provision that will allow TXU to seek higher rival bids over the next 50 days. This clause could potentially create a bidding war, perhaps bringing other private equity firms and utilities into an auction.

Mr. Bonderman and Henry R. Kravis, the founder of Kohlberg Kravis, pleaded their case to the Texas governor, Rick Perry, on Thursday in person at his mansion, mindful that Oregon had rejected Texas Pacific's deal to buy Portland General and that Arizona had rejected Kohlberg Kravis' deal to buy UniSource Energy. The pair has also reached out to James A. Baker, a Texan and former Reagan cabinet member.

But perhaps the most difficult talks were with the environmentalists, who often seemed more like Wall Street negotiators than green activists.

Mr. Krupp of Environmental Defense used his conversation with Mr. Reilly as an opportunity to negotiate even harder for further concessions. The men agreed that Mr. Krupp's lieutenant, James D. Marston, who was leading the charge against TXU in Texas, would meet with Mr. Reilly and other representatives of the buying group. And representatives from Natural Resource Defense Council, another climate-control advocacy group, was brought into the discussion to help formulate a plan that all sides could agree on.

So last Wednesday, Mr. Marston flew to San Francisco, where he found himself face to face with Mr. Reilly over breakfast at the Mandarin Oriental hotel. There, over scrambled eggs and croissants, Mr. Reilly laid out a plan that included reducing the coal plants from 11 to 3.

Then the men went to Texas Pacific's conference room overlooking Alcatraz and the San Francisco Bay for a day-long negotiation that stretched until early the next morning. The group, which included Mr. Reilly, Mr. Bonderman and Frederick Goltz of Kohlberg Kravis, worked out a "10-point plan" that included a commitment by the investors to return the carbon-dioxide emissions by TXU to 1990 levels by 2020 and support a $400 million energy efficiency program.

When an agreement was finally struck, at 1 a.m. the next morning, Mr. Reilly grabbed a bottle of pinot noir from his colleague's office to toast the group. But he couldn't find a corkscrew. So he ran back to the Mandarin Oriental to borrow one.

Not all of TXU's historical opponents are popping corks. Some noted that a decision by one company did not sway the others that are building plants. In Dallas, Laura Miller, the mayor and leader of a coalition of municipal officials that has spent $600,000 fighting the TXU plants, said the agreement with the environmental groups might not get TXU as much help as it wanted.

Ms. Miller pointed out that one of the three surviving projects, a plant near Waco, is still opposed by local officials and had drawn a negative recommendation from a panel of Texas judges. She said she hoped that TXU's plans would leave an opening for cleaner projects, like a proposal to build a power line to West Texas, where power producers propose to build large wind farms.

For TXU, One Of The Street's Fabled Barbarians Is Back In The Hunt (NYT)

By Landon Thomas Jr.

New York Times, February 26, 2007

DOJ_NMG_0136118

He has been there, done that, and now, close to 20 years after clinching the grandest buyout deal ever, Henry R. Kravis seems to be doing it again.

As always, the raw numbers loom large: $45 billion for the proposed buyout of the TXU Corporation, compared to $39 billion for the Blackstone Group's recent deal with Equity Office Properties and $25 billion for his RJR Nabisco takeover in 1988.

As this era's generation of hedge fund executives and private equity moguls use their billions to buy art, assume leadership roles in New York's cultural institutions and publicly celebrate their successes, they are working from a two-decade-old playbook of one of Wall Street's oldest masters, Mr. Kravis himself.

In contrast to the giddy exuberance of this era's newly minted billionaires, however, Mr. Kravis, who is 63, is making his resurgence not only as a cornerstone of New York's social and financial landscape, but also as a seasoned executive whose survival of a series of tough business setbacks and personal tragedies during the 1990s has given him a more measured perspective.

"Look, don't congratulate us when we buy a company, congratulate us when we sell it," Mr. Kravis said in an interview he gave to the Academy of Achievement. "Because any fool can overpay and buy a company, as long as money will last to buy it."

It's a telling comment, and according to people who know him it has become a favored maxim for Mr. Kravis, one that he trots out whenever anyone tries to praise him for a large deal. In this heady period, a deal maker's time on the mountaintop can be short indeed.

Just last year, Kohlberg Kravis Roberts & Company was involved in a $33 billion takeover for the health care provider HCA Inc., that was the largest ever until the Equity Office deal. Last year, K.K.R. distributed $837 million in fees to investment banks, an amount that surpassed all other buyout firms.

Mr. Kravis's wider renown largely came from the RJR deal, memorialized in the best seller "Barbarians at the Gate." But the deal itself, the culmination of a frenzied bidding war that was in some ways reminiscent of the battle for Equity Office Properties, did not come close to producing a satisfactory return.

K.K.R. reaped extraordinary riches from its early deals — minting $7.4 billion from an investment in Safeway that prompted a rush of private equity imitators, for example — but the firm's failures were also monumental and industry-rattling. K.K.R.'s billion-dollar loss in Regal Entertainment — one that it shared with Hicks, Muse, Tate & Furst, now called HM Capital Partners — was one of the biggest ever.

Born in Tulsa, Okla., the son of a successful oil and gas executive, Mr. Kravis worked as an investment banker at Bear Stearns in the late 1960s. By the early 1970s, leveraged buyouts were the work of a small sideline industry that largely focused on family-owned businesses. Even in 1976, when Mr. Kravis, his first cousin George R. Roberts and Jerome Kohlberg Jr. all left Bear Stearns to found today's firm, the deals were just a couple of hundred million dollars in size. (Mr. Kravis's initial investment in the firm was $10,000; his two colleagues invested $10,000 and $100,000 respectively)

During the 1980s buyout boom, fueled by the easy availability of high-yield debt, K.K.R.'s returns led the industry. According to Fortune magazine, its first five funds averaged close to 37 percent. Mr. Kravis became a trustee of the Metropolitan Museum of Art and Mount Sinai Hospital, and the lush dinner parties he put on with his second wife, Carolyne Roehm, came to define the mores of that decade, as captured in Tom Wolfe's "Bonfire of the Vanities."

But in the 1990s, Mr. Kravis's luck changed. Tragically, his 19-year-old son Harrison was killed in a car crash in 1991 in Colorado. A run of less-than-stellar investments led to fund returns that fell considerably short of earlier successes. A clutch of private equity competitors began to assert their presence in the field, and while K.K.R. remained influential, it was by no means dominant.

Mr. Kravis's public profile also underwent a shift.

In 1994, he married Marie-Josée Drouin, a Canadian economist, who now sits on the boards of Ford Motor, the Memorial Sloan-Kettering Cancer Center and the Robin Hood Foundation, and is president of the Museum of Modern Art.

Short and sleek, with slicked-back graying hair, Mr. Kravis looks more than ever like a central establishment figure as opposed to the bomb thrower he once was (he is a prominent supporter of Senator John McCain; a trustee at the Council on Foreign Relations; and a member of the exclusive club for chief executives, the Business Council).

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But in the industry he had such a hand in creating — and that is now sending shock waves through the global economy — Mr. Kravis is again making his presence felt. K.K.R. is near completion of a $16 billion fund, and last year became the first of the giant buyout firms to list shares of a fund to raise money, $5 billion to be specific, from smaller investors.

"He is the Roger Clemens of the industry. He was a winner when he was 20 years old, and he is winner in his 60s," said James B. Lee Jr., vice chairman of JPMorgan Chase and a banker to Mr. Kravis for close to 30 years. Mr. Lee also disputes the notion that landing the biggest deal is what drives Mr. Kravis. "Henry does not keep score that way," he said. "What matters to Henry is being an agent of change in the alignment of capital and management."

While Mr. Kravis's relentless, hands-on management style has changed little over the last 30 years, the growth of larger and more complex deals has forced K.K.R. to alter its approach in managing the many companies in its portfolio.

In the 1980s, as a result of the small amounts of equity invested in deals, turning companies around depended largely on feats of fast financial engineering. With the recent flood of private equity capital, buyout firms are investing higher proportions of equity when they take firms private, which places a larger onus on them to work with management to effect longer-term results.

When K.K.R. adds a new company to its portfolio now, executives at the firm, in the spirit of President Franklin D. Roosevelt's first 100 days in office, outline a 100-day game plan that sets specific targets to be met for each of the 100 days.

Mr. Kravis, a billionaire several times over, still has the drive to succeed that pushes all business titans. But, in Mr. Kravis's own words, he also is driven by a deeper anxiety. "It's the fear of failure," he said in the Academy of Achievement interview. "Of not wanting to fail. That makes people as great as they are. I know that's what pushes me, a lot."

Tribune Mulls Revamp As Auction Founders (WSJ)

By Sarah Ellison

The Wall Street Journal, February 26, 2007

Despite considering a late-breaking bid from Chicago real-estate magnate Sam Zell, Tribune Co.'s board is inching closer to a "self-help" restructuring deal it will implement on its own, say people familiar with the situation.

The board met with its advisers Saturday for an update on the five-month-old auction. Unlike the past couple of board meetings, it issued no statement afterward. Tribune -- which owns the Los Angeles Times, the Chicago Tribune and 23 television stations -- has promised shareholders a resolution of the auction by March 31.

Mr. Zell's offer to take the company private emerged after the deadline for offers last month. People familiar with the situation noted that his proposal is structured in a way that would take time to implement, a strike against it for executives.

Mr. Zell didn't return a phone call seeking comment.

The board's preferred plan continues to be a recapitalization involving a spinoff of Tribune's TV stations and the payment of a big dividend to shareholders. Such a plan could involve buying out part of the 20% stake in Tribune held by the Chandler family, the company's biggest shareholder and the instigator for the sale process last year.

One option under consideration is for the Robert R. McCormick Tribune Foundation, the company's second biggest shareholder, to use part of the money it would get in the dividend payout to buy out part of the Chandler stake, according to people familiar with the matter. Such a deal is possible because the foundation has strong ties to Tribune management. Its board includes three current Tribune executives -- who have recused themselves from voting on the charity's shares in the sale process -- and two former executives. The foundation and a related charity own about 14% of Tribune.

Sale of part of the Chandlers' stake could cost the family its three board seats.

Tribune fielded offers for months before opting to explore a self-help deal. The company on Friday said its January revenue fell 5% from a year earlier to $442 million, mainly due to weakness in newspaper advertising. The January numbers, which the company presented to potential bidders weeks ago, pushed Tribune's management to lower its internal projections for the full year, according to people familiar with the matter.

Write to Sarah Ellison at sarah.ellison@wsj.com1

Tribune Considering Late Offer From Real Estate Magnate (NYT)

By Katharine Q. Seelye And Andrew Ross Sorkin

The New York Times, February 26, 2007

DOJ_NMG_0136120

The Tribune Company, in discussions about its future, is weighing a proposal from Sam Zell, the Chicago real estate maverick and billionaire who sold his huge office development company this month for $39 billion in the biggest leveraged buyout ever.

A special committee of Tribune board members was close to settling on an internal overhaul when Mr. Zell made a last-minute entry into the discussions, people close to the situation said.

His bid for Tribune all but eliminates other offers — including one from the Los Angeles billionaires Ronald Burkle and Eli Broad — from consideration.

Mr. Zell, 66, has never owned a major media property, but gained the nickname the "Grave Dancer" for his ability to spot and exploit undervalued properties in the real estate business.

His proposal would involve buying the entire company with the participation of an employee stock ownership plan, these people said. Although the deal would be highly leveraged, the employee stock plans have many tax advantages, including the ability to write off interest on debt.

Tribune has received two other bids, but considered both inadequate and has been putting together what it called a self-help plan in which it would spin off its two dozen broadcast outlets, keep most if not all of its 11 newspapers, and borrow money to pay shareholders a large dividend.

It has also been considering ways to buy out the Chandler family, the company's biggest shareholder, possibly with the help of the McCormick Tribune Foundation, the second largest.

The Tribune Company declined to comment yesterday.

The board committee is taking Mr. Zell seriously enough that it has slowed its deliberations, which continued over the weekend, to explore his proposals further. It intends to reach a decision no later than the end of March.

Tribune's newspapers include The Los Angeles Times, which is the nation's fourth-largest paper, as well as The Chicago Tribune, The Baltimore Sun and Newsday.

It is not clear how the newspapers might change if Mr. Zell had a controlling stake in them. He told The Chicago Tribune last month that "there is no difference" between running a newspaper and managing any other for-profit business.

The Chicago Tribune first reported Mr. Zell's interest this month. It also reported that the Tribune Company was exploring selling its newspapers in Stamford and Greenwich, Conn., to Gannett, the nation's biggest newspaper company, and might consider selling the Chicago Cubs baseball team.

Mr. Zell sold his Equity Office Properties Trust, the biggest office landlord in the United States, to the Blackstone Group in an auction on Feb. 9. He proved a cagey negotiator. When Blackstone first approached him, he said he was not interested and dismissed its approach as a flirtation. Months later, he accepted it, saying he did so because it was all cash and higher than he expected. He made almost $1 billion from the sale.

Of the two other bids, one came from the Chandlers, who proposed taking the company private in a deal that valued Tribune at $7.6 billion, or $31.70 a share. The second was from Mr. Broad and Mr. Burkle, valuing it at $34 a share. A third bid from the Carlyle Group, just for the broadcast stations, has been dismissed.

Zell Joins Auction To Buy Tribune (FT)

By Joshua Chaffin And James Politi

Financial Times, February 26, 2007

Sam Zell, the Chicago billionaire, has entered the frame for the Tribune auction, making a proposal for the media group ahead of a weekend board meeting, according to people familiar with the matter.

The value of Mr Zell's offer was not known, although these people suggested that the company's advisers were initially sceptical that it would outweigh the merits of a company-led restructuring. Tribune and Mr Zell could not be reached for comment.

Tribune, which owns 23 television stations as well as the Los Angeles Times, Chicago Tribune and other papers, put itself up for sale last year under pressure from one of its largest shareholders. So far, the sale has drawn scant interest, forcing

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Tribune's board to push back their self-imposed deadline to the end of the first quarter, and highlighting investors' concerns about the future of the newspaper business.

Until Mr Zell, a real estate mogul, stepped in, Tribune had been weighing a combined offer from two billionaires, Eli Broad and Ron Burkle, and one from the Chandler family, which had originally pressed for the company's break-up. Neither, however, represented a premium to Tribune investors.

As a result, Tribune officials were leaning toward a "self-help plan," according to people familiar with the matter, in which the company would be split into newspaper and broadcasting divisions and offer investors a dividend. The downside of the plan is that it would add to the company's debt load, and could limit its financial flexibility.

The Zell offer would include the participation of Tribune's employee share ownership plan, according to reports in the Chicago Tribune and Los Angeles Times, allowing the bidders to take advantage of special tax breaks associated with the plan.

XM's Mark On Northeast D.C. (WP)

By Thomas Heath, Washington Post Staff Writer

The Washington Post, February 26, 2007

Fate of Headquarters Uncertain if Sirius Merger Goes Through

XM Satellite Radio chief executive Hugh Panero and his top engineer were exploring an abandoned printing plant in Northeast Washington back in 1999, looking for a home for their growing space-age radio company.

"This is the greatest place I can imagine," Panero recalled saying to himself, noting its spacious rooms and 20-foot ceilings. Not even the spent bullets strewn across the roof dissuaded him, he said last week -- though the engineer, a retired Air Force brigadier general, "thought I was nuts."

XM bought the building. The company invested $70 million in high-tech and aerospace hardware. And as it grew into a $4.3 billion enterprise that today employs more than 700 people, it helped turn the area around New York and Florida avenues NE from a strip of boarded-up buildings into a growing commercial center with a Metro stop, office and condo space and the future headquarters of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

But XM itself has been on a wild ride, losing more than $3 billion over the past seven years. Its stock, which had rocketed from $2 to nearly $40 a share , closed at $15.10 Friday, four days after the company announced its plan to merge with its New York-based rival, Sirius Satellite Radio.

The $13 billion deal is far from a lock, because the companies will have to overcome antitrust regulatory hurdles. But inside XM and elsewhere in Washington there was concern that the District might lose a company that had added some cutting-edge glamour to a business community better known for its government contractors.

"That's been a feather in our cap that XM Satellite has made their headquarters in the District," said James J. Abdo, chief executive of Abdo Development, which has a big project about a mile up New York Avenue.

It was certainly a change for the neighborhood when the Allman Brothers crew unloaded a couple of semis full of equipment into the XM Performance Theater, where the band spent three days re-recording its classic "Eat a Peach" album for a show called "Then . . . Again . . . Live." Jethro Tull did the same thing with "Aqualung." Janet Jackson stopped by on a publicity tour and talked for four hours on various shows. Tori Amos and Ludacris came by.

Sirius chief executive Mel Karmazin, who would run the merged company, said in an interview that XM's headquarters building is a valuable asset and that he might even expand its workforce. But there was an anxious mood last week in the XM hallways -- where dimly lit studios have names like XM Kids and Liquid Metal, and the conference rooms are labeled Sinatra, Springsteen and Hendrix.

"There are definitely people who are nervous," said programming director Billy Zero. "Without a doubt, there's going to be some overlap. I'm a creative guy. I'm an innovator. Hopefully, I will be part of that team. That's what it's going to be about -- pulling the most creative and innovative people onto the next leg of this tour."

Scott Walterman, director of news programming, said he worried that most of the operation would be shifted to New York.

"I've done Manhattan when I was younger," said Walterman, 48, who has been with XM since 2001. But, he added, "you do what you've got to do and go where you've got to go at the end of the day. Nobody knows how everything is going to play out."

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Like many of his colleagues, he's uneasy about the idea of merging with a longtime rival. "It's kind of like the collapse of the Berlin Wall," Walterman said. "You fight an enemy for six years and now you are allied with them."

"It might take us a few more days to get on the bandwagon and huzzah," said Bob Edwards, the former National Public Radio mainstay who hosts an XM show weekday mornings. People are in "a period of adjustment because we've been in this toe-to-toe battle with these guys, and now we're brothers and sisters. If it helps the company and saves satellite radio and makes it viable, then we're all for it. It's already helped my stock."

XM has been a Washington company since 1998, when founder Gary Parsons purchased one of two available satellite-radio spectrum licenses from the Federal Communications Commission and subleased space at 23rd and M Streets NW to be near the FCC and Capitol Hill. He recruited Panero, 51, who was working for a start-up pay-per-view network in Colorado, soon after.

They started shopping their idea for a subscription radio service to investors such as General Motors, which put up $75 million. The company initially raised $250 million.

"I turned down the investment several times because the whole proposition seemed like a long shot," said Mark D. Ein, a Washington venture capitalist who later signed on as an investor. "But Hugh sold his vision, and his vision became true. It's one of the great business success stories in Washington ever."

By the time XM went public in 1999, it needed a headquarters. "We wanted to be easily accessible to the bands touring the East Coast," said XM spokesman Chance Patterson, who was a consultant to XM for the accounting firm KPMG at the time. "It seemed like a stretch that Paul McCartney or P. Diddy would want to hang out near Dulles," where AOL and other tech firms are located.

They found the abandoned building that had been home to Judd & Detweiler, the master printers who for decades produced National Geographic magazine. The corner of Florida and New York avenues was minutes from Interstate 95, and not far from downtown D.C. nightclubs and the Verizon Center, so entertainers could swing by after performances.

Panero liked the idea that a Metro stop was planned nearby. He loved the building's red-brick, retro look, which reminded him of the homes of other start-ups. And he took into account the fact that if the neighborhood improved, so would the value of XM's headquarters. (The building is fully paid for.)

Mayor Anthony A. Williams heard about XM and saw a chance to bring an entirely new industry to a blighted area. He offered a package of tax breaks to save XM millions of dollars and help seal the deal.

"I viewed it as . . . a kind of iconic, symbolic statement that convinces people that an area is turning around," Williams said. "It was a signature investment."

"They have really helped to transform that neighborhood," said Barbara B. Lang, president of the D.C. Chamber of Commerce.

Panero, who will not be part of the company if the merger goes through, said no decisions have been made regarding management and responsibilities after the companies combine, but he said he expected there would still be a strong presence in Washington.

"What has been said is we have to continue to run the company as separate companies until the merger is closed," Panero said. "When it closes, the plan is to take advantage of great talent that exists in both companies. Clearly, there will be redundancies. But these are growth companies."

ENVIRONMENT:

In Brief (WSJ)

The Wall Street Journal, February 26, 2007

As leaders at the state level decided much more needs to be done to address climate change, five Western states -- California, Arizona, New Mexico, Oregon and Washington -- will announce at the National Governors Association annual winter meeting today a regional strategy to reduce global-warming emissions. State leaders will sign a memorandum of understanding that commits them to pursue clean-energy technology and market-based solutions toward greenhouse-gas emissions. The

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governors there are following New York and New England states, which established a regional compact to restricting power-plant emissions in their region.

British Growth Augurs Rate Rise

Britain's economy grew at its fastest pace in more than two years in the final quarter of 2006, reinforcing expectations that the Bank of England will need to raise interest rates again. Strong consumer spending helped the economy to grow by 0.8% quarter on quarter in October-December, data from the Office of National Statistics showed, marking the highest quarterly growth rate since April-June 2004. In year-on-year terms, GDP growth stood at 3%, its highest rate since the third quarter of 2004. Business investment expanded 11.1% in annual terms -- its highest growth since 1998.

China Polices Securities Market

China has set up a top-level task force to clamp down on illegal activities in the securities market, a government report said. The committee will formulate and interpret rules to crack down on illicit activities in the industry and help related agencies pursue suspected crimes, according to the report on the central government's Web site.

FBI/DEA/ATF/USMS:

Investigator Sends Bonds Letter Urging Cooperation (SFC)

By Mark Fainaru-Wada And Lance Williams, Chronicle Staff Writers

San Francisco Chronicle, February 26, 2007

But player can't comply with Mitchell's request, lawyer says

Major League Baseball's top steroids investigator has urged Giants star Barry Bonds and other players tied to the BALCO drug scandal to submit to interviews and turn over their medical records, The Chronicle has learned.

But Bonds' lawyer said Sunday that the Giants star cannot cooperate with baseball's steroids investigation as long as he remains the focus of a possible perjury indictment.

In a Feb. 1 letter, George Mitchell, the former U.S. Senate majority leader who is threatening that Congress may intervene if his investigation of performance-enhancing drug use in baseball is thwarted by lack of cooperation, urged Bonds and the other players to cooperate for the sake of the game.

"Nothing is more important than the integrity of the game of baseball," he wrote.

Copies of Mitchell's letter, which was read to The Chronicle by a person with knowledge of the investigation, were sent to Bonds, Detroit Tigers outfielder Gary Sheffield and other players.

Bonds, Sheffield and six other present and former players testified in 2003 before the federal grand jury that investigated the Bay Area Laboratory Co-Operative steroid ring. The players were implicated in the use of BALCO's banned drugs, according to evidence in possession of federal investigators, but none was accused of a crime.

Mitchell's letters were accompanied by medical waiver forms that, if signed, would allow baseball investigators access to a player's past, current and future medical records.

Contacted for comment, Michael Rains, Bonds' lawyer, said he had told Mitchell that Bonds wanted to help but was unavailable as long as he faces possible indictment.

"I said, 'I'm sorry, but I have to give him that advice,' " Rains said.

For almost two years, federal authorities have been investigating whether Bonds testified falsely when he told the BALCO grand jury that he had never knowingly used banned drugs. As recently as November, then-U.S. Attorney Kevin Ryan refused to comment on the status of the probe, Rains said.

Sheffield, who denied knowingly using steroids when he testified, also appears to be off-limits to Mitchell. His lawyer, Paula Canny, said she advised Sheffield that Mitchell's requests for information violate terms of baseball's labor contract.

"There are things more important than baseball -- like the integrity of collective bargaining agreements," she said.

Canny said "dozens" of players -- including many not connected with BALCO -- received letters, and she said that the players union also has written to Mitchell about his request. She declined to characterize the union's letter, and the union declined immediate comment.

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Mitchell sent letters to the players two weeks after he warned baseball owners that the game "has a cloud over its head" because of the steroid scandal and faces a likely congressional investigation if its own probe of drugs in sports falls short.

Commissioner Bud Selig ordered the Mitchell investigation in March 2006, amid steroid concerns fueled by the BALCO scandal. But the probe stalled, in part because the players union advised players not to submit to questioning without a lawyer present, and in part because prosecutors in the BALCO case asked prospective witnesses not to talk to Mitchell and his legal team.

In his warning to owners, delivered Jan. 18 at a meeting in Phoenix, Mitchell cited another concern: He said some clubs were balking at providing his investigators with relevant documents.

Mitchell's letter to the players comes at a time when Bonds is set to resume his pursuit of Henry Aaron's career record for home runs -- and when a new federal prosecutor, acting U.S. Attorney Scott Schools, has taken charge of the Bonds perjury investigation.

In his grand jury testimony in 2003, Bonds denied knowingly using banned drugs. But federal investigators have significant evidence that Bonds had used steroids and other banned drugs for years, according to sources familiar with the BALCO case.

In 2005, a federal grand jury began investigating whether Bonds had lied under oath. Witnesses have included former Bonds girlfriend Kim Bell; former Giants trainer Stan Conte; Bonds orthopedist Dr. Arthur Ting; Harvey Shields, Bonds' stretching coach; Giants equipment manager Mike Murphy; and BALCO vice president James Valente, who pleaded guilty in the BALCO case.

Last summer, when the grand jury's term was about to expire, some prosecutors wanted to indict Bonds for perjury, according to two people with knowledge of the investigation who asked not to be quoted by name.

But Ryan, who had run the BALCO investigation since its beginning in 2002, wavered. At that point, according to the sources, officials from the Internal Revenue Service and the Federal Bureau of Investigation, agencies that had investigated BALCO, began lobbying the Justice Department in Washington in an unsuccessful attempt to push for an indictment.

Instead, the call was left to Ryan. He chose to transfer the perjury investigation to a new grand jury, while pressuring Bonds' former trainer, Greg Anderson, to testify. Anderson has been imprisoned for contempt of court since before Thanksgiving for refusing to cooperate.

If Schools, the new U.S. attorney, seeks an indictment of Bonds, the government's evidence of steroid use in baseball might become public in court proceedings -- and thus available to Mitchell. If the perjury investigation is dropped, Mitchell might get access to the prosecutor's witnesses and documents from the government itself.

Mitchell's letter was the second he has sent attempting to get information from players associated with BALCO. In April 2006, Mitchell asked players to provide him with an array of documents, including their drug test results and their phone and medical records dating back to 1998.

What Mitchell hasn't done, though, is request the kind of help the U.S. Anti-Doping Agency received from Congress in 2004. Then, fearful of drug cheats competing at the Summer Games in Athens, Congress subpoenaed BALCO documents from the Justice Department and gave them to USADA. The anti-doping agency used the documents to bring charges against four sprinters, including then-100-meter world record holder Tim Montgomery.

Rains, Bonds' lawyer, said he hopes the new U.S. attorney in San Francisco will bring a fresh eye to the BALCO case, now in its fourth year, and drop the investigation of Bonds. In the meantime, he said, he has filed Freedom of Information Act requests in an effort to learn how much money the federal government has spent investigating BALCO.

Five men pleaded guilty to drug charges in the case. BALCO founder Victor Conte received the stiffest sentence: four months in federal prison.

Charles Scheeler, a lawyer involved in the Mitchell investigation, didn't respond to a call requesting comment. Luke Macaulay, spokesman for the U.S. attorney's office in San Francisco, declined comment.

Chronicle staff writer John Shea contributed to this report.

Ashtabula Druggy Goes To W. Va. Prison (ASB)

Ashtabula Star-Beacon, February 23, 2007

JEFFERSON - - Ashtabula County convicted drug dealer fugitive Thomas J. MacWilliams is headed to 12 years and seven months in federal prison after being sentenced Feb. 14 by U.S. District Court Judge Irene M. Keeley in Clarksburg, W.Va.

The 42-year-old MacWilliams fled Ashtabula County in 2005 after being convicted by Common Pleas Court Judge Gary Yost of drug-related conspiracy charges. Yost sentenced MacWilliams to four years in an Ohio prison, then released him for 30 days to get family affairs in order.

At the end of 30 days, MacWilliams failed to report to the Ashtabula County Sheriff's Department to begin his incarceration. He was reported to have fled to a remote section of West Virginia, according to investigators with Trumbull, Ashtabula, Geauga Law Enforcement Task Force (TAG).

A year-long search ended on May 7, 2006 when MacWilliams was apprehended by Harrison County drug task force officers in a remote area known as Hoot Owl Hollow in Burnsville, W.Va. TAG and U.S. Drug Enforcement Administration officials had received numerous tips on MacWillaims whereabouts, according to TAG task force commander Sgt. Jeff Orr.

West Virginia authorities arrested the former New Lyme Township resident, who was using several trailers to grow marijuana and distribute it. He was arrested along with a female companion.

Additional drug charges were filed against MacWilliams by Gilmer County and Harrison County law enforcement officials. He pleaded guilty to the West Virginia charges of aiding and abetting by using the trailers for marijuana cultivation, possession and distribution between Dec. 2005 to May 7, 2006.

Prior to his sentencing, MacWilliams was held in custody at the Harrison County jail in Clarksburg. The defendant was labeled a career offender by Keeley, who made it binding after learning about his past criminal history.

The Ashtabula County drug-related convictions ended up with a court forfeiture order seizing MacWilliams' assets. Seized were 900 pounds of marijuana, $76,400, five vehicles, two Harley-Davidson motorcycles, a Honda four-wheel all-terrain vehicle and a car wash.

MacWilliams is expected to be brought back to Ashtabula County as soon as legally possible, Orr said Wednesday.

"If he would have just stayed here and done his four years in an Ohio prison instead of fleeing; now he faces 19 to 20 years in prison. The grand jury also indicted him on escape charges," Orr said.

MacWilliams' original prison sentence from Yost may be tacked on consecutively or back-to-back, according to Orr. Keeley, in her sentence, requires MacWillaims to face three years of federal supervised release plus recommended him for the prison bureau's 500-hour substance abuse treatment program.

Cali Drug Cartel's Betrayer Tells His Story (LAT)

The Los Angeles Times, February 24, 2007

Miami — THE official end of the notorious Cali cocaine cartel came late last year here with little more commotion than the rap of a judge's gavel.

The Colombian drug lords Miguel Rodriguez Orejuela, 63, and Gilberto Rodriguez Orejuela, 67, entered guilty pleas and were ushered off to federal prison for the next 30 years — no Miami Vice-like dramatics, no bodies riddled with gunfire in the manner of Medellin rival Pablo Escobar.

But behind the bloodless fall of the ruthless Orejuela brothers and collapse of their $7-billion-a-year empire lies a little-known story of daring and betrayal.

Aiding U.S. drug agents unexpectedly and at great risk was a senior cartel official, the head of security and intelligence for the syndicate. For years he had protected the bosses, their wives and children. Then, he crossed them.

"It was very risky, but I was trapped in a nightmare, in a totally corrupt environment. I had to escape," he explained.

Federal prosecutor Edward R. Ryan called the defection a shock and "a very personal betrayal" to the Cali bosses, leaving the man marked for death. He is still "No. 1 to be killed," Ryan said.

The man has lost much of what he once took for granted: his home, his country, his name, even his past.

From somewhere deep inside the federal witness protection program that harbors him and his family, he has shared pieces of his story in sporadic telephone conversations with a reporter.

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"Obviously, I'm not looking for celebrity — it would jeopardize our safety," he told The Times. "But people should know what I know now. My story should start by saying, if you are invited into such an organization, stop — stop and run away.

"Don't think you can ever fully escape."

He used to be Jorge Salcedo.

THE wonkish, soft-spoken family man was an unlikely drug gang recruit. He held university degrees in mechanical engineering and industrial economics. He started his career designing forklifts and other machinery. Later he ran an oil recovery business.

His father was a retired Colombian army general and respected diplomatic figure. The son was an officer in the army reserves, but he regarded himself more as an engineer than a soldier. He became proficient in electronic surveillance, which increasingly drew him into counter-terrorism assignments.

His military service in the late 1980s coincided with one of Colombia's bloodiest periods.

Anti-government guerrilla groups unleashed waves of kidnappings that terrorized the nation. Some targeted the rich drug lords. At the same time, rival cocaine cartels were warring with one another, killing scores of police, judges, politicians and innocent bystanders.

Military leaders grew restless because of the security failings of an impotent and corrupt government and tried to fill the vacuum, sometimes taking military actions without approval from officials in Bogota, the capital.

Enter Salcedo. He was secretly dispatched to Europe by military leaders to assemble a team of mercenaries. In an unusual move largely financed by Medellin cartel bosses, he was to organize an off-the-books, paramilitary operation — an armed assault on a guerrilla mountain fortress called Casa Verde.

It was aborted at the last minute. However, word of Salcedo's role reached Cali, 185 miles southwest of Bogota. The drug bosses there, engaged at the time in a vicious feud with Escobar and the Medellin, summoned the 41-year-old engineer to visit.

"Some people in Cali want a word with you," Salcedo was told in a phone call in January 1989.

"I had to go. It was not an invitation I could refuse," he said. "In Colombia, even honest people have to deal with the cartels." The next morning, he caught the first Avianca flight to Cali.

THE compound of Miguel Rodriguez Orejuela filled a city block. In addition to living quarters, it contained a large swimming pool, a tennis court and half of a soccer field.

Salcedo was escorted to a wing of the residence that contained Miguel's offices — with marble floors, wood paneling, leather furniture, fine porcelain and four cartel dons who were waiting to see him.

Jose Santacruz Londono got right to the point. Pablo Escobar of Medellin was "a bandit … a criminal … a crazy guy" who was threatening to kill their wives and children. Miguel, the younger of the two Orejuela brothers, was even more direct: He wanted Escobar dead.

Escobar was the most powerful criminal in the world. The Cali brothers earlier had dispatched an unsuccessful hit squad to Medellin, 155 miles northwest of the capital. But it was the would-be assassins who ended up dead. All six of them. Another attempt with a massive car bomb succeeded only in injuring one of Escobar's

children.

The Cali dons knew Salcedo had ties to mercenaries. They knew he helped plan the aborted raid on the guerrillas. They told him his skills were required to end Escobar's reign of terror and to help protect them and their families.

Thus was Salcedo drafted into the Cali cartel.

"I did not feel I was a criminal," Salcedo recalled. "I had been fighting against the guerrillas. Now I was against Pablo Escobar."

ALMOST immediately, Salcedo helped devise an assault on

Escobar's Medellin compound.

Two heavily armed Hughes 500 helicopters, painted in the olive green of Colombia's national police, flew a 12-man team of Salcedo's mercenaries to a mountain staging area.

But descending through a cloud bank, one of the choppers hit a mountaintop. The pilot was killed. The attack had to be abandoned.

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A second assault was planned, this time from a base in Panama. The mostly British mercenaries were in hotels for nearly two months awaiting orders to attack. Salcedo said they got bored and rowdy.

"It was difficult to keep these wild people quiet," he said. "They fought, they drank, they wanted women every day — they were like mad dogs."

Finally the raucous strangers attracted so much attention, including television news coverage, that Salcedo was forced to scrap yet another mission.

Meanwhile, Salcedo beefed up security for the Orejuela brothers and their extended families — a mother, four sisters, in-laws, wives and children.

"The families were huge. We had about 150 persons dedicated to caring for the safety of these people," Salcedo recalled.

Local police helped. Some were on the cartel payroll. Some regularly shared information with Salcedo.

"Miguel and Gilberto were able to corrupt anyone," he said. Finally, Escobar went to prison, where he continued to run his cartel and menace rivals from his cell. Salcedo was ordered to arrange an aerial bomb attack on Escobar's wing of the prison.

"It was an absurd idea. I told them it was unlikely to succeed. But Miguel said, 'Do your job,' " Salcedo recalled.

He traveled to El Salvador and, through a military contact, purchased four 500-pound bombs for about half a million dollars.

Waiting at a rural airstrip for the dawn arrival of a cargo plane from Cali to retrieve the illicit munitions, Salcedo was distressed to see an executive jet swoop out of the clouds. Its limited cargo space wasn't designed for bombs. Only three fit, stacked in the passenger cabin.

Local authorities closed in. The leftover bomb was abandoned. Salcedo barely escaped El Salvador and arrest before the botched pickup was exposed.

The episode drew international attention, and another assault plan was junked.

There was no turning back for Salcedo. The Colombian government now knew he had worked for the Cali cartel. And the Medellin gangs knew he was plotting to kill Escobar.

But in Cali, Salcedo found personal safety as he settled in to managing security for the Orejuela family.

"I had nothing to do with drugs. I told myself I was not one of them," he said.

SALCEDO had arrived in Cali just in time for a business boom. The early 1990s were, he said, the golden years for the cartel.

Business improved even more after December 1993, when Escobar died in a blaze of gunfire. The Medellin boss had escaped from prison, and from continuing Cali assassination plots, in 1992 only to be tracked down by national police 15 months later. Police were guided to his hide-out by radiophone signals. He and his bodyguard were gunned down as they tried to flee across the rooftops.

The Orejuela brothers promptly absorbed much of the Medellin cartel and ultimately controlled 80% of the international cocaine market. At its peak, the family ran what one U.S. Justice Department official told Congress was "the most prolific and successful criminal enterprise in history."

Then came the crackdown.

In Miami, U.S. Drug Enforcement Administration agents targeted the Cali cartel's distribution organizations. Smuggling routes from Florida to Texas were compromised and had to be replaced. Key operatives were arrested and had to be bribed, or killed, to keep silent. Shipments of dope and money were lost.

In Bogota, the Clinton administration pressed Colombian political leaders to arrest major traffickers.

"Miguel was getting paranoid," Salcedo said. "He saw traitors everywhere."

Desperate for protection from what they feared most — extradition to the United States — the cartel bosses poured millions of dollars into the bank accounts of Colombian politicians. The new constitution included a no-extradition provision for native Colombians.

As U.S. prosecutor Ryan later would note, then "the bodies began to show up."

THE far-flung cartel was directed by Cali-based Colombians, but its operatives included many non-

Colombians susceptible to extradition. The "extraditables" came to be seen as security risks.

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WITHIN a week of his first conversation with a U.S. agent, Salcedo faced his first life-threatening decision. He knew where Miguel would be in the morning. He had been summoned to the hide-out to give an impatient Miguel a detailed report.

"He wanted to know what I was doing" to complete the assassination of Pallomari. Instead of preparing his report, Salcedo called in federal police.

The raiding party that hit Miguel's door about dawn the next morning included two DEA agents and an elite search team under Gen. Jose Serrano, chief of the Colombian national police.

Inside the apartment they found … no one.

Many safe houses were known to conceal vaults built into the walls for magician-like escapes. The Bogota team listened, tapped on cement walls and floors, then pulled out power drills and bored into suspicious areas.

Across town, Salcedo's pager went off. Still no sign of Miguel, the agents told him. He sensed doubts about his information.

Salcedo insisted that the drug lord was there. He also directed the raiding party to a desk in one of the rooms. It had a thick top, he said, that concealed a secret compartment.

Searchers dismantled the desk. Its secret chamber gave up a trove of records that delighted Serrano — "30,000 checks, cartel payments to police, 150 politicians, reporters, everyone," Salcedo said.

The sensational evidence was rushed back to Bogota.

About that time, however, cartel-friendly police arrived at the search site. They noted the physical damage — broken desk and holes in the walls — and found that the search team lacked a proper warrant. Furthermore, the American drug agents were armed, a violation of Colombian law.

Under threat of arrest, the U.S. agents and Serrano's team abandoned their search for Miguel Orejuela.

Salcedo soon learned of "the horrible situation."

On a cartel radiophone he overheard a call between Miguel and his son, William. The drug boss had just been rescued from an escape vault with the help of a local police captain.

He had emerged bleeding, an angry, wounded bear, apparently injured by one of the power drills.

Listening in on the phone conversation as Miguel reported to his son the details of his ordeal, Salcedo's only thought:

"What a nightmare. I am dead."

SALCEDO was a prime suspect, one of only five to 10 people who knew where Miguel had been hiding.

The American DEA agents insisted on taking him into protective custody immediately. But Salcedo refused, knowing that more time was needed to evacuate his extended family from Colombia.

"I decided to play on the fact that I might not be discovered," Salcedo said. "I immediately started investigating the leak."

The ploy seemed to deflect suspicion. It bought time. Salcedo used it to help steer accountant Pallomari toward the DEA. He also helped agents raid a cartel bomb-making site and a weapons storage warehouse with hundreds of machine guns.

"The risk was so incredible," Agent Kacerosky said in testimony. "I had to advise him to be [more] careful."

Salcedo and his U.S. handlers arranged to meet in a rural area outside Cali.

"If I was seen talking to an American, I would be killed," he said. "So we always arranged our meetings in the woods. This time it was near a sugar cane plantation."

It was nearly dark. Salcedo in his silver Mazda sedan was joined on an isolated dirt road by two U.S. agents crammed into a small, rented car.

"It should have been the perfect lonely place," Salcedo said. But suddenly police surrounded them. By unnerving coincidence, they were looking for the killer of a taxi driver.

The police demanded identity papers and prepared to search their cars. Salcedo knew that if the DEA agents were identified, their case would be blown and his life would be in even more jeopardy.

He took the police aside and pulled out 500 pesos.

"What are you doing in the middle of a cane field?" one officer inquired. Salcedo said he responded:

"Don't ask — just take this and go."

When they pressed for information, Salcedo told them: "We are homosexuals. They are foreigners and will be very embarrassed by any questions."

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The policemen took the 500 pesos and drove off.

FROM mid-July into August 1995, Salcedo continued to play a dual role — the man in charge of security for Miguel Rodriguez Orejuela, and his secret betrayer.

He stayed close to Miguel and his family, at every opportunity sharing car rides and meeting with them alone to let his vulnerability erode suspicions.

The family became most concerned about accountant Pallomari. In the wrong hands, his extensive records of bribes and business dealings posed a greater threat to operations than the inconvenience of the brothers spending a few years of lavish confinement in a Colombian jail. Salcedo feigned progress toward setting up an assassination.

A police raid was scheduled one night to arrest Pallomari at a hiding place. An incident also was arranged so he would inexplicably die in custody.

That night, Salcedo arrived just ahead of the police. He told Pallomari he was about to be arrested and would die in jail. Though Pallomari did not trust Cali's chief of security, the fearful accountant went along to another hide-out.

"How did you know where to find me?" Pallomari asked the next day.

"I said, 'Guillermo, I've been taking care of you a lot.' "

But Salcedo's ability to protect Pallomari and himself was nearly exhausted. Then he got another opportunity and called his DEA contacts in Bogota.

AT dawn on a Sunday in August, four weeks after the failed raid that left Miguel Rodriguez Orejuela wounded, another police strike team arrived outside an apartment building in Cali.

Accompanied by two U.S. agents, the 15-man team of Colombian national police poured silently into the building.

Miguel heard them too late. He was arrested without incident in his underwear, scurrying for a vault in the wall.

Almost immediately, people began to disappear — Salcedo and his family, Pallomari — but this time it was into the custody and protection of U.S. authorities.

In the days that followed, the entire Cali cartel infrastructure was exposed. Within a few months, about 130 people were indicted. It was, Agent Kacerosky later would observe tersely, "historical."

Salcedo pleaded guilty in Miami to a single count of racketeering and, at an unusual sentencing hearing, was universally praised by agents and prosecutors who recommended unprecedented leniency. U.S. District Judge William Hoeveler agreed, noting Salcedo's "service rendered to this country" and actions that "saved the lives of a number of people."

But it was not the end of the Cali cartel.

As Colombian citizens, the Orejuela brothers could not be extradited to the United States. Though that law was repealed after the politicians behind it were exposed for taking bribes from the cartels, the brothers remained in Bogota's La Picota prison, beyond the reach of U.S. authorities.

Federal drug agents would have to prove that the cartel leaders continued to operate their smuggling empire from prison, after the extradition ban was lifted.

They did just that. Since then, the entire Cali cartel hierarchy has been extradited, thanks to Salcedo. For his service, the relocated Colombian received rewards of about $1.7 million.

But more than a decade after betraying his bosses, Salcedo's life remains in jeopardy.

"He has done an inestimable service to the U.S. and Colombia," said his lawyer, Robert F. Dunlap of Miami.

Ryan, the federal prosecutor, in a recent interview called Salcedo one of the country's "least-known heroes," one of the people most responsible "for bringing down the most powerful criminals in the world."

Ryan still marvels at Salcedo's contribution, saying he and federal agents thought at the time that the effort had no more than "a 1% chance to succeed."

He recalled: "You can't imagine just how alone this guy was — talking on phones that he knew were bugged … knowing so well how easily he could be compromised. He must have brass balls this big."

Miguel Orejuela was extradited to Florida in 2005, a year after Gilberto. Today, the brothers are serving what probably will be life terms in U.S. federal prison.

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The former Jorge Salcedo remains in hiding — his location unknown even to his lawyer — somewhere in the United States.

(INFOBOX BELOW)

About this story

Jorge Salcedo's contacts with The Times began with a handshake in Miami during a brief court appearance in October 1998. In the years since, he has made sporadic telephone calls to a Times reporter from undisclosed locations.

In telephone interviews ranging from a few minutes to more than an hour, he shared details of his role in the cartel and occasional frustrations with life in U.S. exile. Years passed between some of his calls.

The Times has no information about his whereabouts and no way to reach him. All contacts were by phone and were initiated by Salcedo.

This account is based on those interviews, corroborated by court records, sworn testimony and additional interviews with federal agents involved in the case.

Tommy Chong To Raise Money To Help 'Guru Of Ganja' Defend Himself At Federal Trial (AP)

AP, February 26, 2007

PIEDMONT, Calif. — Comedian Tommy Chong will help raise money to defend the self-proclaimed "Guru of Ganja," who is charged with growing hundreds of marijuana plants for a dispensary.

Chong, who starred with Cheech Marin in stoner movie classics "Up in Smoke" and "Nice Dreams," will appear at a $125-per-person event for Ed Rosenthal.

Rosenthal, 62, famed for his marijuana cultivation books and the "Ask Ed" column he wrote for High Times magazine, will host the event at his Piedmont home on March 4.

"The party will celebrate how far we've come in legalizing medical marijuana as well as provide me with the money I need to fund my current trial that is defending all of our rights," Rosenthal said.

Rosenthal, who's scheduled to appear in federal court March 19, estimates his trial and related expenses could cost more than $300,000.

Federal prosecutors accused Rosenthal of growing marijuana, laundering money and falsifying tax returns from October 2001 through February 2002.

In a post to his Web log, The Blog of Chong, on Saturday, Chong urged his readers to attend the benefit for Rosenthal and donate to his defense. "Ed is being dogged by the feds for his marijuana work with sick people," Chong wrote. "It is the feds who are sick."

Hells Angels Case Going To Trial (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, February 26, 2007

Jury selection begins today in a massive federal racketeering case being brought against current and former members of the Washington Nomads chapter of the Hells Angels.

Prosecutors allege that the Nomads' president and three others engaged in a long list of crimes, from murder, kidnapping and witness tampering to extortion, robbery and interstate trafficking of stolen Harley Davidson motorcycles, according to a 19-count indictment filed in the case.

The government intends to call 125 to 150 witnesses and take 10 weeks to present its case in U.S. District Court in Seattle, according to a pre-trial brief filed last week.

It is the latest in a string of racketeering cases that the Justice Department has brought against motorcycle gangs around the country in recent years, including a sweeping case filed against 26 members of the Bandidos Motorcycle Club in U.S. District Court in Seattle in June 2005.

George Wegers, the national president of the Bandidos Motorcycle Club, last May pleaded guilty to one count of conspiracy to commit racketeering. Wegers received a 20-month prison sentence in October, which included credit for time served.

Last week, two Hells Angels motorcycle-club members were sentenced to 12 to 30 months in Nevada state prison for their roles in a bloody brawl in 2002 with rival biker-gang members at Harrah's Laughlin hotel-casino in southern Nevada that left two Hells Angels and a rival Mongol gang member dead.

The core charge in the upcoming Seattle trial, which is scheduled to begin next Monday, is that the Washington Nomads is a highly organized, criminal enterprise whose members are punishable under the Racketeer Influenced and Corrupt Organizations (RICO) Act, which was created to prosecute organized-crime syndicates such as the Mafia.

The lead defendant in the case is Richard "Smilin' Rick" Fabel, who served as the president of the Washington Nomads and, for a time, as West Coast president of the Hells Angels.

Other defendants in the case are Joshua Binder and Rodney Rollness, who were both full-time members of the Washington Nomads until 2003, and Ricky Jenks, who is still a member.

Prosecutors allege a laundry list of crimes perpetrated by the four defendants between 1996 and 2006. "As an enterprise, the Washington Nomads Chapter engaged in acts of violence, including extortion, robbery, kidnapping, murder, threats of violence and witness tampering; interstate trafficking in stolen motor vehicles; and [vehicle identification number] switching," according to charging papers.

Murder allegation

The most serious allegation is that Rollness and Binder murdered Michael "Santa" Walsh during a party at the home of Paul Foster in Arlington on July 21, 2001.

Foster has been charged as an accessory to murder. U.S. District Court Judge Robert Lasnik has ordered that Foster be tried separately, beginning in June.

The government said it intends to call confidential informants who have claimed Rollness told them he and Binder killed Walsh because Walsh was falsely presenting himself as a member of the Hells Angels.

They also killed Walsh, the government alleges, so Binder could get his "Filthy Few" patch, which is allegedly given only to Hells Angels members who have committed a murder on behalf of the club.

Prosecutors had contemplated seeking the death penalty against Rollness and Binder for Walsh's murder but decided against it in September, after consultation with Justice Department headquarters.

The charges include three allegations of witness tampering by Rollness. The most recent allegedly occurred between Feb. 14, 2006, and May 1, 2006 — while Rollness was in federal custody awaiting trial. While in prison, according to prosecutors, Rollness used "intimidation, threats and corrupt persuasion" to influence or prevent the testimony of an unnamed witness relating to Walsh's murder.

Undercover infiltrator

Several of the other charges relate to the theft and trafficking of motorcycles, particularly Harley Davidsons, which Hells Angels are required to ride, according to prosecutors.

Prosecutors plan to bring five motorcycles into the courtroom to show as evidence to the jury.

An unusual sidelight to the case could come Tuesday, when a hearing is scheduled to determine whether testimony by expert witness Jay Dobyns, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives, will be allowed. Dobyns, who went undercover to infiltrate a Hells Angels chapter in Arizona, is expected to testify about the internal workings of the Hells Angels and the club's processes, such as how it accepts new members and awards patches.

However, Dobyns in May filed a formal grievance with ATF alleging that the agency failed to protect him and ignored death threats against himself and his family, according to the Arizona Republic newspaper. Dobyns also said ATF spread false allegations that he was psychologically unfit for duty and a danger to himself and others.

Attorneys for Fabel requested, and received from the court, a copy of Dobyns' personnel file to evaluate his fitness as a witness.

IMMIGRATION:

Immigrants Who Wire Money Get Help From The Fed (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, February 26, 2007

Even as the federal government is starting to crack down on companies that hire illegal immigrants, it's been helping those same workers send money home, cheap.

Dubbed Directo a Mexico, the Federal Reserve-sponsored service allows customers without Social Security numbers to wire money through the Fed system to Mexico's central bank at little cost. In September, the Fed expanded the remittance program by allowing immigrants, legal or not, to open accounts at participating banks and credit unions in the U.S. or Mexico. About 27,000 transfers are made through the program each month.

The program has attracted the attention of conservative immigration activists and members of Congress, who say financial institutions shouldn't cater to illegal immigrants.

Rep. Brian P. Bilbray (R-Solana Beach), who chairs the congressional Immigration Reform Caucus, said Directo a Mexico and programs like it should be stopped and that banks that participate are "profiteering from illegal immigration."

Bilbray is also targeting Bank of America Corp., which this month announced plans to offer credit cards to immigrants without Social Security numbers, drawing complaints that the nation's largest retail bank was underwriting illegal immigration.

"It's illegal for a landlord to do it, it's illegal for an employer to do it and it should be illegal for financial institutions to do it," Bilbray said.

Bank of America has said that it complied fully with all banking and anti-terrorism laws governing customer identification, which permit the use of forms of ID other than Social Security numbers.

Bilbray said legislators are working on proposals that would prevent financial institutions such as the Fed and Bank of America from catering to illegal immigrants, and are calling on the Bush administration to address the issue.

Elizabeth McQuerry, an Atlanta-based assistant vice president for the Fed's retail payments office, said Directo a Mexico isn't breaking any laws. She said the program complies with the Patriot Act, the Bank Secrecy Act and other money laundering laws. Customers have to provide identification — a consular identification card or other picture ID — and banks regularly check the documents' authenticity, she said.

Fed staff developed the program with counterparts at Mexico's central bank after President Bush announced it with then-Mexican President Vicente Fox in 2003. About 150 banks and credit unions participate, including 20 in California, McQuerry said.

Directo a Mexico was intended for all Mexicans living in the U.S., but did not specifically exclude those here illegally. Only immigrants who are in the U.S. legally can get a Social Security number, but any Mexican national can get a consular ID, regardless of legal status.

Rep. Tom Tancredo (R-Colo.), an advocate of increased border security who has talked in the past of taxing illegal immigrants' remittances, said that while the Fed program may not be breaking any financial laws, "There is a law against aiding and abetting illegal aliens in this country."

Conservative groups are also pressing the government to stop or modify Directo a Mexico. The Washington-based legal group Judicial Watch, which claims 400,000 members, obtained a copy of a Fed presentation about Directo a Mexico in December and posted it on its website to show that the government was not only offering a subsidized service to illegals, but actively marketing and promoting it.

"This program undermines our nation's immigration laws and is a potential national security nightmare," Judicial Watch President Tom Fitton said in a statement at the time. "In the least, the Federal Reserve must limit this program to legal aliens and U.S. citizens only."

Ira Mehlman, the Los Angeles-based spokesman for the Federation for American Immigration Reform, said Directo a Mexico not only flouts immigration law, it hurts U.S. workers by draining money from the national economy.

"This is money earned by people who have come here illegally, often earned at the expense of other Americans and then taken out of the country and not spent here," Mehlman said.

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His group, which claims 100,000 members, about 35,000 in California, believes the federal government should better regulate wire transfer companies rather than offer an alternative that "makes it easier and more attractive for people to come here and break the law."

Directo a Mexico supporters and economists dispute claims that it harms the U.S. economy, and say the program will actually help fight crime by encouraging people to use a legal, regulated money transfer service. They also say it may stem illegal immigration by making it easier and cheaper to wire money home, lessening the need for the sender's relatives to cross the border to earn a living.

Philip Martin, chair of the Comparative Immigration and Integration Program at UC Davis, said remittances sent to Mexico last year were just a fraction of the U.S. economy, $23 billion out of a gross domestic product of more than $13 trillion. And as businesses increasingly serve illegal immigrant customers, he said, it's in the country's best interest to monitor their activity through programs like the Fed's.

"If you don't allow people to use the banking system, the money will still go but it will build up a transfer infrastructure that terrorists can then use," Martin said.

Rep. Eliot L. Engel (D-N.Y.), who chairs the Western Hemisphere subcommittee of the House Committee on International Relations, plans to hold hearings about remittances, which he said need to be formally integrated into the U.S. banking system. "We should stop pretending that they're not there," he said.

Engel thinks the U.S. needs to standardize the remittance wire system, linking the Fed to foreign central banks so that people can transfer money, "without having to sneak around or do it on the sly."

"You cut down transaction costs, make it easier to do and it helps everybody," Engel said.

The Fed offers a competitive exchange rate and charges banks 67 cents for each wire transfer to Mexico. After banks add their own fees, it usually costs customers $2 to $5 per transfer, regardless of the amount sent.

Private wire services usually charge more, including surcharges for larger transfers and claiming the money in Mexico. The average cost of wiring $300 to Mexico from the U.S. was $10.40 last year, when 65.8 million of the transfers were made, according to a Bank of Mexico report.

McQuerry estimates Directo a Mexico saves its customers about $3.7 million annually.

Directo a Mexico proved popular at Mitchell Bank in Milwaukee, which remade itself as "Wisconsin's immigrant bank" during the past seven years to cater to an increasingly Mexican customer base. The bank offers the first two wire transfers free, then charges $2.50 for each additional wire, $4 for customers without accounts at the bank.

On average, customers make about 200 wire transfers totaling $200,000 each month, according to James Maloney, the bank's chairman. Maloney credits Directo a Mexico with attracting 10% to 15% more customers a month.

"We've really removed a lot of the banking barriers for the migrant community," he said.

New customers include Jose Chavez, 52, an accountant and real estate investor who immigrated to Milwaukee from Mexico illegally in 1983 and later became a citizen. Chavez opened an account at Mitchell Bank last year after he heard about Directo a Mexico, and used it to open one for his brother in his hometown in the state of Michoacan.

Every two weeks, Chavez wires $100 to his mother, saving about $8 a transfer, and he recommends the program to illegal immigrants. "They have a hard time establishing credit here, for obvious reasons," he said. "But the reality is they're here and they are not going anywhere"

Maloney has fielded criticism recently for serving illegal immigrants. But he defends Directo a Mexico, which he supplemented with mortgage loans that target immigrants.

"We find ourselves in a neighborhood that is heavily migrants. Our job is not to determine what other people's status is," Maloney said, any more than it's the responsibility of a grocery or department store. "These people live and work in our neighborhood. It's our job as a community bank to provide them services."

Mexican Wives Seek Ouster Of Husbands From U.S. (WT)

By Stephen Dinan

The Washington Times, February 26, 2007

DOJ_NMG_0136134

The women of Tecalpulco, Mexico, want the U.S. government to enforce its immigration laws because they want to force their husbands to come back home from working illegally in the United States.

They have created an English-language Web page where they identify themselves as the "wetback wives" and broadcast their pleas, both to their men and to the U.S. government.

"To the United States government -- close the border, send our men home to us, even if you must deport them (only treat them in a humane manner -- please do not hurt them)," it reads.

In poignant public messages to their husbands, the women talk about their children who feel abandoned, and worry that the men have forsaken their families for other women and for the American lifestyle.

"You said you were only going to Arizona to get money for our house, but now you have been away and did not come back when your sister got married," one woman writes to a man named Pedro. "Oh how I worry that you have another woman! Don't you love me? You told me you love me."

It's a stark reminder of an often forgotten voice in the U.S. immigration debate -- the wives, children, parents and villages left behind as millions of workers come to the U.S., many of them illegally. The plea also underscores the dual effects of migration on Mexico: Its economy needs American jobs as an outlet for workers, but determined, able-bodied workers get siphoned out of Mexico.

More than 10 million Mexican-born people, or nearly one out of every 10, was living in the United States in 2005. And as a percentage of the work force it's even higher: One in seven, or 14 percent, were here, according to the Migration Policy Institute. The institute said 77 percent of Mexican workers in the U.S. were younger than 45, and 70 percent were men.

Villages devoid of men between 20 and 50 are common in many parts of the country. The stories of single mothers struggling to raise their children are just as frequent.

The women of Tecalpulco have come up with one way to cope. They run an artists' cooperative to sell traditional-style jewelry, including through the Internet. The page where they make their personal pleas, www.artcamp.com.mx/venga/, is a part of their Web site.

One of the women writes to "Ruben" telling him their children haven't seen him in three years and ask where he is.

"I know we agreed you should try your fortune in the United States, but I didn't know that it would be so lonely and that you would be gone for such a long time, please return to us," she writes.

Mexican officials are aware of the social and economic consequences to their towns and villages. But businesses and government officials on both sides of the border also acknowledge a sort of grand bargain -- the U.S. gets cheap labor, while Mexico has an outlet for its unemployed, who in turn send cash back home.

Mexican President Felipe Calderon in December, while visiting Nogales on the U.S.-Mexico border, said his country needs more foreign investment to try to keep jobs at home.

"The generation of well-paid jobs is the only long lasting solution to the migration problem," he said, according to the Associated Press.

But for now, Mexico is also addicted to the influx of cash. In 2006, Mexican workers in the United States sent $23 billion back to their families in Mexico, an amount that rivals Mexico's foreign income from oil sales.

Steven Camarota, research director for the Center for Immigration Studies, which backs less immigration and a crackdown on illegal aliens, said the women's stories show that the huge migration flow is "very disruptive to the lives of those other countries."

He said it also proves that the men aren't fleeing poverty.

"These women would not be asking their husbands to come back if they themselves were starving," he said. "It's really more of people wanting more, a better life. It's perfectly understandable. But that's different than these people fleeing such desperation there's no way you could enforce the law."

TAX:

Danville Dentist Sentenced To Prison In Tax Fraud Scheme (AP)

DOJ_NMG_0136135

AP, February 26, 2007

San Francisco (AP) -- A Danville dentist convicted of hiding $300,000 from the IRS in a secret offshore bank account has been sentenced to two years in prison, the Justice Department said.

Roy Albert Lewis was sentenced Friday in U.S. District Court for income tax evasion and conspiracy to defraud the government after being found guilty in August. Judge Susan Illston also ordered Lewis to participate in a mental health treatment program and perform 100 hours of community service.

Lewis' medical practice paid bogus expenses over a 10-year period to Denver-based Tower Executive Resources for items such as franchise, consulting, or management fees to generate huge tax deductions, according to the Justice Department.

Tower then allegedly funneled the money into the secret account, which Lewis controlled, authorities said.

In April 2005, two Tower promoters were convicted of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver.

Lewis' father, Leroy Albert Lewis, 72, an oral surgeon from Danville, is still awaiting trial on fraud and tax-evasion charges, according to prosecutors.

U.S. Softens Tax Increase For Some Expats (WSJ)

By Rob Wells And Tom Herman

The Wall Street Journal, February 26, 2007

A new Treasury Department notice affecting some Americans working abroad further chips away at a controversial tax increase enacted last May.

Accountants say it is too soon to gauge the precise impact on expatriates and employers, but business leaders say the move could provide significant relief in numerous cases.

The new Treasury notice "will ameliorate what had become a disincentive to put U.S. workers in jobs in some key locations around the world," says Kenneth Kies, managing director of Clark Consulting's Federal Policy Group in Washington.

The latest Treasury announcement, issued Friday, came after strong protests from business leaders about a Treasury Department notice in October. That notice offered some relief but didn't go nearly as far as business leaders had hoped. At issue are details of the May law, which raised taxes on many Americans working abroad, retroactive to the start of 2006.

Among those hit hard by the tax increase were upper-income Americans working in places with high housing costs and low taxes, such as Hong Kong and Singapore, and whose employers don't give them tax-protection packages. Along with the expats, many employers protested, noting the expense of providing such tax protection and arguing that the May law discouraged the hiring of Americans abroad.

Congressional staffers have estimated the tax increase will raise about $2.1 billion for the U.S. government over a decade.

Part of the complex May law limited the amount of housing costs some Americans working abroad may exclude or deduct on their U.S. income-tax returns. Critics of the Treasury's October notice said it didn't offer enough relief for Americans in some places, such as Moscow, and unjustifiably omitted important high-cost locations, such as Beijing and Shanghai.

Friday's revised notice, issued by Treasury and the Internal Revenue Service, increased the housing-expense limit in several places, including Moscow, Oslo and Hamilton, Bermuda. It included adjusted limits for 15 locations that weren't on the original list, including Beijing; Shanghai; Mumbai and New Delhi, India; Zurich; Taipei, Taiwan; and Jakarta, Indonesia. The new list also included Riyadh and Jidda in Saudi Arabia.

The tax impact of Friday's rules can vary widely from country to country.

The law signed by President Bush last May made major changes to the old law, under which Americans working abroad could exclude as much as $80,000 of their foreign-earned pay for 2006. Under the new law, that figure rose to $82,400 for 2006, but income above that now typically is subject to higher effective tax rates than before. The new law also greatly reduced the maximum amount of housing costs overseas workers could exclude or deduct.

Treasury and IRS officials say they are continuing to work on guidance for housing expenses for 2007.

CONGRESS-ADMINISTRATION:

DOJ_NMG_0136136

House's Travel Rules Limited (USAT)

By Fredreka Schouten

USA Today, February 26, 2007

WASHINGTON — Lawmakers have continued to take trips paid for by outside groups since the House voted last month to restrict who can pay for such travel.

House travel records show that 19 members since Jan. 5 have accepted airfare, meals and lodging from special interests, including groups that employ lobbyists. The records were compiled by the non-partisan PoliticalMoneyLine.

The trips demonstrate that lawmakers "are trying to see what they are going to get away with," said Melanie Sloan, executive director of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington.

In its first official act as it took control Jan. 4, the Democratic majority in the House pushed through rules on the way lawmakers do business with lobbyists. The changes, which take effect Thursday, were a response to corruption scandals such as those that sent former lobbyist Jack Abramoff and ex-California congressman Randy "Duke" Cunningham to prison.

The House also created exemptions to the rules, including allowing lawmakers to take overnight trips paid for by lobbyists and the companies that hire them and to accept travel expenses from organizations that don't hire lobbyists. Two-night trips also are allowed if members need extra time to get to and from an event. The Senate has approved similar exemptions that are not yet law.

Most of the travel reported by House members would be exempt from the rules because it was paid for by groups that don't hire lobbyists.

Five trips were sponsored by organizations that lobby Congress and would face greater scrutiny by the House ethics committee.

Rep. Cliff Stearns, R-Fla., and his wife, Joan, flew to Las Vegas at the expense of the Consumer Electronics Association, according to a disclosure report Stearns filed with the House. The technology industry group, which lobbies on issues such as trade, spent $1,970 on the Stearnses' trip. Stearns is the top Republican on a panel overseeing trade and consumer protection.

Stearns' trip on Jan. 6-9 would not be allowed under the new rules. Spokesman Paul Flusche said Stearns had been invited well before the House adopted the changes. Flusche said the trip was "an educational experience" that provides information so Stearns "can do his job better."

Michael Petricone, the association's lobbyist, defended the trip. "This is (lawmakers') best opportunity to have hands-on experience with these products that they are regulating," he said.

Petricone said a "handful" of other lawmakers attended the event. He declined to name them. Lawmakers have 30 days after a trip to file a report disclosing the sponsor, location and other details.

Brendan Daly, spokesman for House Speaker Nancy Pelosi, D-Calif., said the effective date of the travel rule was postponed to give the House ethics committee time to devise new guidelines.

Exemptions Still Allow Lawmakers Plenty Of Free Trips (USAT)

By Fredreka Schouten

USA Today, February 26, 2007

WASHINGTON — One weekend in January, a dozen House members gathered at a luxury Miami hotel to learn more about health care issues.

The lawmakers assembled at the Mandarin Oriental, which boasts Biscayne Bay views and rooms starting at $469 a night. The trip, sponsored by the non-profit Alliance for Health Reform, is among the travel allowed under ethics rules that go into effect Thursday.

In passing the rules, intended to cut ties between lawmakers and lobbyists, top Democrats led by House Speaker Nancy Pelosi also agreed to exemptions that allow House members to continue taking trips to destinations such as Miami and San Juan, Puerto Rico.

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The Miami trip — along with a gathering in San Juan last week sponsored by the Aspen Institute, a non-profit think tank — is allowed under an exemption that permits organizations that don't employ lobbyists to pick up the tab. Another exemption allows trips paid for by lobbyists and their employers as along as the trips last no more than two nights.

Since the House rules leave campaign-finance laws untouched, lobbyists and members of Congress also can spend days together on golfing and ski trips paid for by a third party, generally a political fundraising committee established by a lawmaker. Lobbyists can then write checks in support of lawmakers' fundraising committees.

A lobbying and ethics bill recently passed by the Senate has similar exemptions but is not yet law.

"The question this raises is whether very much has changed," said Ellen Miller, executive director of the Sunlight Foundation, a government watchdog group. "There are still ways for people who carry water for special interests to pay for travel."

Lawmakers long have traveled on the tab of special interests, including organizations that seek to influence legislation. PoliticalMoneyLine, a group that tracks congressional travel, has counted more than 7,500 such trips worth more than $21.5 million since 2000.

The new rules, however, still allow groups with ties to lobbyists to pay for trips by members of Congress that last for up to two nights. The travel must be approved by the House ethics committee and is restricted to activities such as a giving a speech or attending a forum.

Sponsors of such trips also will have to declare in writing that lobbyists won't accompany House members on the trip or play a big role in planning the event.

Rep. Collin Peterson, D-Minn., chairman of the House Agriculture Committee, took an overnight trip last month paid for by the American Farm Bureau, according to a report Peterson filed with the House. The bureau paid the $1,800 tab for him to speak at its annual meeting.

"There's nothing unethical about the trip," said Mary Kay Thatcher, the bureau's public policy director. "It's not like we took him to Hawaii and kept him there for five days."

Peterson did not respond to interview requests.

John Graham, who heads the American Society of Association Executives, takes credit for pushing the exemption for short trips. His 22,000-member group represents the CEOs of professional associations, from doctors to roofers.

Graham said his group began lobbying Pelosi's staff about this provision before the November election that gave Democrats control of the House. Graham said his group also pressed its case with House Majority Leader Steny Hoyer of Maryland and Majority Whip James Clyburn of South Carolina.

Graham said he argued that a ban on travel would keep lawmakers from attending legitimate gatherings of professional groups such as those he represents, while still allowing lobbyists to participate in campaign-fundraising trips.

"As long as you were going to give a check to a member in the form of a fundraiser you could take them anywhere," he said. "That image is horrible."

Pelosi spokesman Brendan Daly said several groups lobbied for the short trip exemption. Daly said the rules represent real change. "Not all travel is, by definition, wrong," he said. "The idea was to curb the abuses. We have done that."

Craig Holman, of the liberal-leaning watchdog group Public Citizen, said the rules are a "vast improvement" and called Pelosi's compromises "reasonable."

Under the rules, the trip to Miami passes muster because the health alliance doesn't hire lobbyists or use lobbyist money to pay for the conference. The Commonwealth Fund, a New York-based foundation, helped pay the bills.

Ed Howard, executive vice president of the Alliance for Health Reform, said the event was no vacation for House members. "We kept them working," he said.

George Burke, a spokesman for Rep. Carolyn McCarthy, D-N.Y., one of the House members on the trip, agreed: "It's not one of these trips where they go and lounge on the beach for three days."

More trips acceptable under the House exemptions occurred during the week-long Presidents Day recess, which ends today.

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The Aspen Institute scheduled its four-day trip to San Juan last week for members of Congress to learn more about the No Child Left Behind education law. Former Iowa senator Dick Clark, who runs Aspen's congressional program, said 16 or 17 lawmakers were scheduled for the trip. He declined to name them.

Congress To Consider How Unions Organize (LAT)

By Joe Mathews

The Los Angeles Times, February 26, 2007

Choose your weapon: cards or ballots?

It has become the central question in union organizing fights across the country: Will the employer recognize a union after a majority of its workers sign union cards? Or will the employer insist that its workers cast secret ballots in federally supervised elections?

These questions — of paper and power — move from the workplace to Congress this week, when the House is scheduled to cast the first vote in what could be a years-long legislative battle between the country's largest labor unions and most powerful business lobbies.

The stakes: deciding the manner in which Americans join unions.

The proposed Employee Free Choice Act would take from employers the right to decide whether to accept the signing of cards — generally called "card check" — or demand an election. Instead, a workplace could unionize if labor persuaded a majority of employees to sign cards — without an election of all employees.

"We're not free to organize the way we want to organize," said Glendale Hilton bartender Angela Reid, who has been active in union organizing at the hotel.

"We don't want to do an election. We want to vote the way we want to — give our cards back to our organizers and vote that way."

Reversed roles

For both sides, the battle represents something of a role reversal and offers a window on the important but odd details of labor law.

Unions and their political allies, which for 70 years championed the secret ballot for unionizing workers, are all but abandoning the election process, arguing that aggressive anti-union tactics by businesses make such elections too difficult and costly.

And business leaders, generally hostile to any government intervention in their companies, are preparing to spend millions to defend federal supervision of elections in which workers choose whether to unionize.

Without a vote, said Joe Herman, a lawyer who has long represented employers, "employees would lose their free choice on whether or not to become unionized."

"It's incredible verbal jujitsu to call this Employee Free Choice," Herman said. "It's Orwellian."

The House is expected to approve the legislation as soon as Thursday, but Senate prospects are less certain.

Even if the bill passes Congress, President Bush has pledged to veto it.

Labor leaders expect defeat this year but say theirs is a years-long strategy, designed to educate the public on the problems of secret ballots.

'That's the crunch'

Unions say that without a change in how workers join unions, the percentage of union-represented workers — fewer than 10% in the private sector — will continue its decline.

Through natural attrition and changes in the economy, labor loses about 500,000 members a year, said labor historian David Brody, a professor emeritus at UC Davis. Under secret ballots, the union movement produces fewer than 100,000 new members a year.

"They need a new process," Brody said. "That's the crunch right there."

Secret ballots were part of the National Labor Relations Act, passed in 1935. Advocates saw elections as a way to give workers a choice between "company unions," created by management, and more independent and adversarial unions.

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The signing of union cards also has long been an integral part of how people join unions. Under the current law, unions organize by having workers sign cards. Some employers agree that if the cards are independently checked by a third party — a card check — they will automatically recognize the union without a secret ballot.

But under the law, employers can and often do insist on a secret ballot, which must be supervised by the federal National Labor Relations Board. If a majority votes to join the union, collective bargaining is supposed to begin.

Unions win three out of every five such elections, according to the board. But dozens of studies by labor, academic researchers and human rights groups have found that the rules for such elections favor employers.

Most companies faced with organizing campaigns hire consultants or lawyers who specialize in "union avoidance." By one estimate, the business of battling union organizing is a $4-billion industry.

Unions allege systematic attempts by companies to fire, discipline or intimidate workers who support a union. The balance of labor complaints about the election process focus on delays. Even when unions win, some companies delay contract talks or refuse to bargain collectively.

In response, many unions have tried to avoid elections. Before submitting signed union cards, they build campaigns to push employers to sign "card-check neutrality" deals to recognize the union without an election.

Such campaigns have been successful in Los Angeles. Security officers in office buildings around Los Angeles County are being organized under a neutrality agreement between Service Employees International Union, building owners and security contractors.

The most prominent ongoing labor dispute in Southern California — over a unionization drive at hotels near Los Angeles International Airport — is about a card check. The union seeking to organize, Unite Here, is demanding that hotels agree to a card check. The hotels want their workers to have a secret ballot.

Asked about the effect on hotel workers, Maria Elena Durazo, head of the Los Angeles County Federation of Labor, said, "I'm confident that if the Employee Free Choice were law, workers on Century Boulevard would now have better wages, family health insurance and a pension through a union contract."

Making their case

The nation's leading business lobbies and trade associations counter that problems with the system are relatively rare. More than 90% of secret ballots take place within 57 days.

Businesses have hired top political consultants for a campaign that portrays unions as hostile to democracy.

Congressional Republicans say that under a card check, some workers could see their workplace unionized without having a say.

They also suggest that their Democratic colleagues, some of whom previously supported secret ballots, have been intimidated by labor political power into supporting the Employee Free Choice measure.

Opponents of the legislation have circulated letters in which bill supporters — writing in the past in other contexts — have demanded secret ballot elections.

"I wish members of Congress could vote secret ballot when it comes to union issues," said Sen. Jim DeMint (R-S.C.), "because a whole lot of intimidation goes on."

Panels Seek Bigger Budgets For 110th (RC)

By Elizabeth Brotherton And John Mcardle

Roll Call, February 26, 2007

House committees are proving to be a little more ambitious, at least financially, than their Senate counterparts, according to budget requests submitted to the chambers' respective administrative panels. With most committees having turned in their requests, House panels are seeking an overall budget boost of 10.7 percent, nearly double the average Senate request of about 5 percent over funding provided during the 109th Congress.

So far, the leaders of 16 House committees had introduced funding resolutions, which cover the panels from January 2007 to January 2009 and include funding requirements for 2007 and 2008. (In most panel requests, funds are split evenly for each year.)

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The ethics committee is seeking the biggest increase, a 42.6 percent boost in funds to $6.1 million from $4.3 million two years ago.

But that's still the lowest request any committee has submitted so far.

The panel that has requested the most money? That honor goes to Oversight and Government Reform, which is seeking an 11.6 percent increase, to $22.9 million from $20.5 million. Chairman Henry Waxman (D-Calif.) has made it clear in recent weeks he intends to increase the level of oversight done by the committee.

Per tradition, the Appropriations Committee writes and approves its own budget. Energy and Commerce, Intelligence, Rules, and House Administration had yet to introduce their budget resolutions as of last week.

A new panel that is expected to study climate change is still being formed and also has not introduced a funding resolution.

Spokesmen for the Energy, House Administration and Rules committees said their funding resolutions should be forthcoming.

House Administration is in charge of approving committee funds and normally holds hearings on requests. The committee has not yet scheduled a hearing on the matter, spokeswoman Janice Crump confirmed Friday.

In the past, the funding resolutions are viewed as "wish lists" for the committees, and the final budgets often are pared down. In 2005, the House panels asked for a 17 percent increase in funding but ended up with 10.1 percent.

The only panel not seeking an increase this session is the House Budget Committee, which is requesting about $12 million. But others asked for fairly significant funding boosts.

Armed Services is seeking $15.5 million, a 20.6 percent increase from the previous session's $12.8 million. The Homeland Security Committee, meanwhile, requested $16.5 million, a 17.9 percent boost from $14 million two years ago.

But a Homeland Security aide said those numbers are a bit misleading, as the committee is asking for about a 3 percent increase in 2007 from 2006, to $8.1 million from $7.9 million.

That is because in 2005, when the 109th session committee budgets were approved, Homeland Security had just become a permanent panel and required a bit more funding.

On the Senate side, the Rules and Administration Committee will meet Wednesday to hold a markup for the 110th Congress omnibus committee funding resolution, which provides funds for 18 of the chamber's 20 committees. (The Appropriations and Ethics committee budgets are not included in the bill.)

Most Senate committee budget requests this year kept to guidelines established in January that allowed additional money only for administrative expenses.

Over the course of the 110th Congress, the additional money works out to about a 5 percent increase over the funding provided during the 109th. That increase is primarily to fund cost-of-living adjustments for staffers, provided that such COLAs are approved each fiscal year.

But three Senate committee requests came in above guideline levels. The Foreign Relations Committee is requesting an increase that works out to about 11.8 percent over what it was provided during the 109th Congress; Intelligence, 9.2 percent; Finance, 11.3 percent.

Leaders for each of those committees went before the Rules panel prior to the Presidents Day recess to make their cases.

Foreign Relations Chairman Joseph Biden (D-Del.) and ranking member Dick Lugar (R-Ind.) noted in a joint letter to Rules that they were seeking additional money this year because the size and workload of their committee has expanded and because during the 109th Congress the Rules panel had granted the committee additional money from a special reserve held for such uses. This Congress, Foreign Relations is hoping to have that additional funding be permanently added to its budget so as not to have to dip into the special reserve again.

The Intelligence Committee sought to justify its funding request by pointing out that the COLA provided for high-level staff salaries is not adequate to compete in the marketplace when it comes to attracting, retaining and compensating qualified individuals. The Intelligence panel also is seeking additional funding to replace all of the laptop and workstation devices on the committee's unclassified network.

Finance is seeking its additional money to fund its subcommittees, which is something the committee did not do until it was mandated by Conference rules during the 109th Congress.

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House Ethics Seeks 43% Boost (RC)

By Susan Davis

Roll Call, February 26, 2007

The House ethics committee has requested a $6.1 million operating budget for the 110th Congress, nearly a 43 percent increase from the previous Congress. If approved by the House Administration Committee, which has jurisdiction over all House committee budgets, the investigative panel will have doubled its funding since the 108th Congress, when it had a $3 million budget.

The request marks a dramatic increase in committee spending in recent years. Throughout most of the 1990s, the Committee on Standards of Official Conduct funding consistently hovered in the mid-$2 million range. In the 109th Congress, then-Chairman Doc Hastings (R-Wash.) and then-ranking member Alan Mollohan (D-W.Va.) asked for and received an operational budget of $4.2 million, a 40 percent increase.

At the time, Hastings outlined his intentions to use the funds to hire additional investigative staff, increase ethics education efforts, revamp the panel's Web site to make it more user-friendly and to reissue committee guidelines available to Members, staff and the public.

Those additional funds, however, largely went unused after Hastings and Mollohan deadlocked on a number of issues that left the panel inactive for several months during the 109th Congress, and Hastings was unsuccessful in achieving a number of those objectives.

Chairwoman Stephanie Tubbs Jones (D-Ohio) has indicated she would like to hire additional investigative staff. The panel also is taking on increased responsibility to vet and approve privately funded travel requests by Members and staff in the wake of new travel guidelines unveiled Feb. 20.

According to LegiStorm.com, a tracking service for Congressional staff salaries, the ethics panel had 12 staffers on the payroll in late 2006, including eight staff counsels. In early February, Jones hired one additional counsel, Dawn Kelly Mobley.

The panel on Feb. 16 requested a $3 million budget to be allocated in 2007, and $3.1 million for 2008. While the funding request, if approved, will double the budget in a little over three years, the ethics committee still has the smallest operational budget of all House committees.

Few Congressional Web Sites Make The Grade (RC)

By Elizabeth Brotherton

Roll Call, February 26, 2007

The Senate is more Web savvy than the House, and Republicans are superior to Democrats when it comes to maintaining their Congressional sites — but, overall, the legislative branch is performing poorly, according to a report scheduled to be released today by the Congressional Management Foundation.

Working with experts from Harvard University's John F. Kennedy School of Government, the University of California at Riverside and Ohio State University, the CMF studied 615 Congressional Web sites from April to August 2006. Only 85 sites — 14 percent — received an "A" compared with nearly 40 percent that received a "D" or "F" ranking.

The results show little improvement from 2003, the last time the foundation handed out similar awards, said Tim Hysom, the group's assistant director for communication and technology services.

"We're a little disappointed in what we found," Hysom said. "We would have hoped that in the meantime we would have seen Congressional Web sites escalate in the way that private industry, and even other government Web sites, have."

The CMF, a nonprofit, nonpartisan group that analyzes ways Congressional offices can be more efficient, has handed out the awards three times — 2002, 2003 and the current study, which looks at Member, committee and leadership Web sites in the 109th Congress. (Thus, many of the recipients have since left office, and freshman Members of the 110th were not included in the study.)

Past Gold Mouse winners fared particularly well this time around, as more than half of this year's best have won an award before.

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The study ranks Web sites in five key areas: audience, content, usability, interactivity and innovation, which the CMF labels as the building blocks in Web site creation. Above all, offices that knew who their constituents are fared the best, Hysom said.

"They've clearly identified their audiences and who is visiting their Web sites," he said.

Researchers had thought geographic statistics would play into the results (some districts are more tech-savvy than others, for example) but that didn't turn out to be the case, Hysom said.

"It didn't matter whether your district was rural or urban, or the education level," Hysom added.

The awards are broken done into three categories: gold, silver and bronze. Gold winners received an "A+" mark, while silver received an "A" and bronze an "A-." Only 18 gold awards were handed out, compared with 27 silver and 40 bronze marks.

There are some interesting statistical findings in the report.

Researchers found a correlation between Web site grades and performance in the 2006 elections. Members who received less than 50 percent of the vote in the election had the highest percent of Web sites with an "F" rating. Oddly, those who received more than 55 percent of the vote had the highest percentage of "D" ratings.

Senate sites earned 8 percent more "A's" and "B's" than House sites. But the Senate also had more "F's" than the House — 18 percent compared with 12 percent. And while Member Web sites in the Senate fared better, House committees had higher marks.

As for the breakdown by party, Republicans fared far better than their Democratic colleagues. GOPers had 136 "A" or "B" rankings, compared with just 95 for Democrats. Republicans also had 6 percent more "C's" and 10 percent fewer "D's" and "F's" than the Democrats. The gap between the parties particularly is pronounced in the Senate, as Republicans earned 10 percent more "A's" and 15 percent more "B's." Republican committee sites also scored better.

But in the House, the proportions were fairly even, and while Republicans earned more awards overall, Democrats earned more gold awards — 11 compared with seven for the GOP.

Sen. Patrick Leahy (D-Vt.) is one of three Members to win a Gold Mouse Award all three times it has been given out, along with Rep. Mike Honda (D-Calif.) and Sen. Jeff Bingaman (D-N.M.).

Honda — who represents a district in California's tech-savvy Silicon Valley — offers a variety of extensive services for his constituents on his site, according to the report. In addition to regularly updating the site, he provides a number of extras, from podcasts to e-mail updates to a Google search.

"My entire staff contributes to provide constituents timely information on my legislative efforts, constituent services, as well as a list of district nonprofit and government resources," Honda said. "Because my district is so diverse, we provide information in several languages, including a Spanish newsletter. As the constituents of California's 15th Congressional district continue to lead America with their high-tech innovations, I will continue working to reflect that innovative spirit in my work in Congress."

Leahy excels on the Web because he clearly knows his audience, according to the report. He posts a range of targeted information and tries to reach constituents in various ways, from fancy methods such as online chats, podcasts, video and audio clips to maintaining a simple layout, the report reads.

"Al Gore may have been aiming for an Oscar this weekend, but I'll settle for a Gold Mouse," said Leahy, the second Senator to start a Web site and the first to blog.

It is interesting to note that Leahy is the only Senator who received a gold award (out of three) who is still serving in the chamber.

Republican Sens. Bill Frist (Tenn.) retired at the end of the 109th Congress, and Rick Santorum (Pa.) was not re-elected.

"Because of the timing of the release, a number of our winners are no longer serving in their respective chambers," Hysom said.

On the House side, 10 of the 11 gold winners remain in office. Rep. Charlie Norwood (R-Ga.), honored with a gold award for the first time, died two weeks ago following a battle with lung cancer.

Rep. Xavier Becerra (D-Calif.) said the awards are important because "constituents deserve both a personal and virtual connection with their elected representatives."

"I consider my Web site an extension of my office, where constituents have access not only to the information they need, but a direct line to my staff and to me," Becerra said.

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Fellow recipient Rep. Brian Baird (D-Wash.) also said he was honored.

"With more and more people connected to the Internet, I recognized early on that my site needed to provide my constituents with information that would be easy to find, relevant and pertinent," he said.

In coming months, CMF researchers plan to begin a study of Web sites in the 110th Congress. The organization is hopeful that this year's study — along with an influx of possibly more tech-savvy freshmen — will push Congressional offices to up-the-ante on the Web, Hysom said.

Local Success, Federal Failure (USNEWS)

By Elizabeth Weiss Green

U.S. News and World Report, February 26, 2007

Since moving from Massachusetts to California, David Gerhard and his wife have made an effort to stay in touch with friends back East. They talk about their homes, their jobs, and another subject: fifth grade. Does your kid have to memorize times tables? Does he have to memorize all the states? What about long division? "We keep a monitor on it," Gerhard says. "Not hard data but to get a feel." Their constant concern: Will their children leave California schools as well educated as their kids' friends in Massachusetts?

The 2002 No Child Left Behind Act was supposed to help families like Gerhard's answer that question with a definitive "Yes." The federal law requires all states to draft standards-minimum expectations for each grade level-and to annually assess how well those standards are being met. But critics of the law argue that all the tests that have followed have not clarified matters at all. Every state administers a different test tied to different standards, and few of the state standards seem to match national ideas about what kids should know.

One size. So why not teach all kids the same things? Or try to make standards uniform? That's what Gerhard and, more important, a growing number of policymakers want to know. With hearings on No Child Left Behind starting in March, two top Senate Democrats have introduced legislation that would require the federal government to define the standards against which all states would be measured. Groups from the conservative Thomas B. Fordham Institute to the National Education Association, a teachers union, support the idea.

"Isn't it crazy that your child is learning different material and being held to a different standard than, say, your sister's children in another state?" asks Mike Petrilli, Fordham's vice president.

An existing test that should set this all straight-the National Assessment of Educational Progress or the so-called nation's report card-only muddles matters more. NAEP, created in 1964 to provide a snapshot of national academic performance, tests just a sample of students on a sample of questions; as a result, it cannot grade individual students or individual schools.

It can, however, cast doubt on other grades, often contradicting states' rosy reports. In 2003, states like Tennessee, Texas, and Mississippi reported that over 80 percent of their fourth graders were "proficient" or better in reading, yet fewer than 30 percent of their students scored proficient on the NAEP reading test. Thirty-two other states posted gaps of more than 30 percentage points. The latest data-presented last week-are just as dismal. One study, based on 2005 high school transcripts, showed impressive gains in state-reported grade-point averages and course loads. Another, based on 12th-grade NAEP scores in the same year, showed depressing stagnancy in actual test performance; less than one quarter of high school seniors scored proficient in math, and only 35 percent scored proficient in reading-down from 40 percent in 1992.

Critics say No Child Left Behind is the source of the problem. To avoid labeling hundreds of schools "failing," they say states have simply lowered the definition of proficient, or the "cut score," to ensure more schools make the grade. Indeed, a 2004 Missouri law mandated lower cut scores, and Arizona has lowered some of its scores, too.

Of course, grades are less important than the content they measure. But critics say the content is also too weak. A 2006 Fordham report grading the quality of the state standards awarded only three states A's; 26 got D's or F's. A major problem highlighted by Fordham: The "experts" drafted to write the standards were not highly educated in their disciplines.

Qualified standards writers can be hard to find-especially for a state on a tight deadline and trim budget. North Dakota had just 10 permanent staffers on standards and testing; on assessments, Montana's education agency had one. "She's the whole department," says Linda McCulloch, the state superintendent.

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By contrast, the National Assessment Governing Board, which oversees NAEP, regularly revises standards with the help of dozens of experts. "As a [state] commissioner, you're really pretty much restricted to off-the-shelf tests," says Charles Smith, the former Tennessee education commissioner and now NAGB's executive director. There are not many states ... [that] could attract the kind of experts that we're able to attract." If the federal government were in charge, reformers say, states could design better tests and create more rigorous standards, with no additional funding.

This is not the first time national standards have been proposed. President Bill Clinton tried twice-first to draft standards and later to introduce a voluntary national test-but the ideas failed as opponents warned the test would force schools to teach a liberal national agenda condoning homosexuality and encouraging feminism and as states and municipalities resisted the loss of local control.

The double failure made a deep impression on Michael Cohen, a Clinton adviser. "What is conventionally thought of as national standards-that is, the federal government leads, it picks somebody to write them, and it puts it out there for states to use-I'm increasingly unconvinced that that's the way to get there," he says.

Bottom up. Cohen now believes the states must take the initiative. He is president of Achieve, a nonprofit that helps states improve their standards through a process far more intensive than simply accepting a list from the government. Instead, the states hold summits and solicit outside assistance; the proposed standards are then reviewed by an independent panel. Although each state conducts its own review, they tend to reach similar goals. "The real world is the same wherever you are," Cohen says. "So the states, by virtue of trying to create real-world anchors, are discovering their standards ought to be quite similar to each other."

Letting states write their own plans could produce even better results. Cheri Pierson Yecke, Florida's chancellor of K-12 schools, points to a new reading program that some California schools tested in the 1990s. The resulting lower test scores alarmed policymakers, and the program was scrapped. Because the program wasn't a national one, only some students had to suffer its poor results. "That's the beauty of local control," Yecke explains. "[It] gives us 50 different laboratories, so we'll know what we need to discard and what we need to embrace."

National standards would not necessarily disrupt those laboratories. Neither plan before Congress-one from Sen. Christopher Dodd and the other from Sen. Edward Kennedy-would force the states to adopt the standards the federal government would be required to write. But, if history is any guide, backlashes could result from whatever those standards turn out to be.

Magna Charters (WSJ)

By Nelson Smith

The Wall Street Journal, February 26, 2007

As he prepared to announce the Aspen Commission's recent recommendations for revamping the No Child Left Behind Act (NCLB), co-chair Tommy Thompson made a telling remark: "We have been much more successful at identifying struggling schools than we have been in actually turning them around." Regrettably, as with other mainstream groups that have weighed in on the NCLB, the commission's report focuses almost exclusively on fixing ailing schools rather than starting healthy new ones. Both tracks are needed.

The NCLB has laid bare the troubling gaps in student achievement among racial and socioeconomic groups, and it has spurred some improvement, particularly in the early grades. Yet its prescriptions for reform have provoked meager change in schools and systems that produce chronically weak results.

The law lets parents move kids to a higher performing public school -- but in many cities there simply aren't any better choices available. Using federal dollars for "supplemental services" can help -- but tutoring often takes place after students have spent the school day in learning-deprived classrooms.

The act's coup de grâce, after years of failure, is to require "restructuring" a dysfunctional school from scratch, through state takeover, contracting-out, or re-opening as a public charter school. But its impact has been stifled by legislative language allowing "any other" step as well. Districts and states have opted to switch principals, give pep talks and hire "turnaround specialists" instead of coming to terms with intractable failure.

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Indeed, according to a recent analysis by SRI International for the U.S. Department of Education, only one of 12 states with Title I schools identified for restructuring as of 2004 had reopened a school as a public charter; one turned over operations to the state; two states replaced school staff and eight took no action.

Ironically, the best illustration of the NCLB's mission may be outside this whole "turnaround" apparatus, in the open sector of public education called charter schooling, where parents, teachers and entrepreneurs are creating new schools that are publicly accountable but independent of bureaucratic rules. Reporter Paul Tough recently wrote about three charter-school networks (Achievement First, the Knowledge Is Power Program (KIPP), and Uncommon Schools) for the New York Times magazine. Students attending these institutions made large learning gains despite years of educational neglect elsewhere.

Rather than cobbling together remediation strategies, these schools create an unyielding culture of high expectations, offer significantly longer learning time than traditional public schools, and organize everything (including personnel decisions) around evidence of student achievement. While these are superstars, dozens of independent studies show that public charter schools around the country are closing achievement gaps at a faster pace than their district counterparts.

Despite low participation rates for "official" NCLB-driven choice (less than 1% of those eligible to transfer, according to federal figures), more than a million families, disproportionately poor and minority, have sought out public charter schools on their own. Charters now educate 26% of all public school kids in Washington, D.C.; 28% in Dayton; and 18% in Detroit (and climbing since that city's recent teacher strike). According to our research, charters now account for more than 13% of public school enrollment in 19 jurisdictions.

By all means, the next No Child Left Behind Act should continue pushing to improve existing schools. But the reauthorized NCLB should also be an engine for creating new, high-quality schools in communities where they're most needed. Here's how:

Quality first. The federal Charter Schools Program, authorized in Title V of the NCLB, provides critically important seed funding for startups. It has been an important source of support, especially for small, community-based charters. Created with bipartisan support when only seven states had charter laws (there are 40 today), the program is due for an overhaul, placing more emphasis on funding the strongest startups and replicating top-quality charters.

Grants should be targeted toward places with high numbers of schools "in need of improvement." And states should be expected to promote and monitor quality like the best venture capitalists -- or lose the right to administer the grant program altogether.

The charter program has been flat-lined for four appropriations cycles; it's time to align funding levels with need. Related programs that support charter facilities should be reauthorized and put on a sound financial footing as well, since charter schools do not qualify for state capital programs and only 11 states offer any kind of compensation for facilities needs.

Bust caps. More money will be pointless unless artificial limits on charter growth are lifted in the 26 states that now have them. In some cases these "caps" directly pre-empt the intent of the NCLB. It's actually illegal to create a new charter school in New York State right now -- meaning that a mother desperate to pull her child out of a failing school in the South Bronx may simply have to wait until Assembly Speaker Sheldon Silver has a change of heart about the state's limit of 100 public charter schools.

U.S. Education Secretary Margaret Spellings recently proposed reauthorization language permitting local officials to reopen a failing school as a charter even if it would exceed a state charter cap. The secretary's idea is on-target, but Congress should go her one better, permitting cap-free chartering wherever students lack suitable public schools. And the local school board should not be the only game in town. In states where universities and state boards can approve charter schools, they too should be able to override restrictive caps.

Add teeth. Persistently failing schools need fundamental change, not cosmetic touch-ups. Re-opening as a charter, with a proven academic model, new team and clear accountability for performance, can provide a fresh start. But to work, such "re-opened" charters must have independent governance with full autonomy over budgets, personnel and working conditions. That independence must be spelled out in the federal law, or else we risk creating a raft of so-called "charters" still tethered to the same central offices that let students down in the first place.

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In its first five years, the NCLB has affirmed a national commitment to educational opportunity for all. In the next five years, it should do more to galvanize real change by ratcheting up its support of public charter schools. A vibrant new-schools sector is the best way to challenge the status quo and offer real promise of achievement for every American public-school student.

Nelson Smith is president of the National Alliance for Public Charter Schools.

Welfare State Growing Despite Overhauls (AP)

By Stephen Ohlemacher, Associated Press Writer

AP, February 26, 2007

The welfare state is bigger than ever despite a decade of policies designed to wean poor people from public aid.

The number of families receiving cash benefits from welfare has plummeted since the government imposed time limits on the payments a decade ago. But other programs for the poor, including Medicaid, food stamps and disability benefits, are bursting with new enrollees.

The result, according to an Associated Press analysis: Nearly one in six people rely on some form of public assistance, a larger share than at any time since the government started measuring two decades ago.

Critics of the welfare overhaul say the numbers offer fresh evidence that few former recipients have become self-sufficient, even though millions have moved from welfare to work. They say the vast majority have been forced into low-paying jobs without benefits and few opportunities to advance.

"If the goal of welfare reform was to get people off the welfare rolls, bravo," said Vivyan Adair, a former welfare recipient who is now an assistant professor of women's studies at Hamilton College in upstate New York. "If the goal was to reduce poverty and give people economic and job stability, it was not a success."

Proponents of the changes in welfare say programs that once discouraged work now offer support to people in low-paying jobs. They point to expanded eligibility rules for food stamps and Medicaid, the health insurance program for the poor, that enable people to keep getting benefits even after they start working.

"I don't have any problems with those programs growing, and indeed, they were intended to grow," said Ron Haskins, a former adviser to President Bush on welfare policy.

"We've taken the step of getting way more people into the labor force and they have taken a huge step toward self-sufficiency. What is the other choice?" he asked.

In the early 1990s, critics contended the welfare system encouraged unemployment and promoted single-parent families. Welfare recipients, mostly single mothers, could lose benefits if they earned too much money or if they lived with the father of their children.

Major changes in welfare were enacted in 1996, requiring most recipients to work but allowing them to continue some benefits after they started jobs. The law imposed a five-year limit on cash payments for most people in the Temporary Assistance for Needy Families program, or TANF. Some states have shorter time limits.

Nia Foster fits the pattern of dependence on government programs. She stopped getting cash welfare payments in the late 1990s and has moved from one clerical job to another. None provided medical benefits.

The 32-year-old mother of two from Cincinnati said she supports her family with help from food stamps and Medicaid.

Foster said she did not get any job training when she left welfare. She earned her high-school equivalency last year at a community college.

"If you want to get educated or want to succeed, the welfare office don't care," Foster said. "I don't think they really care what you do once the benefits are gone."

Foster now works in a tax office, a seasonal job that will end after April 15. She hopes to enroll at the University of Cincinnati this spring and would like to study accounting. She is waiting to find out if she qualifies for enough financial aid to cover tuition.

"I like data processing, something where it's a bunch of invoices and you have to key them in," Foster said. "I want to be an accountant so bad."

Shannon Stanfield took a different, less-traveled path from welfare, thanks to a generous program that offered her a chance to get a college education.

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Stanfield, 36, was cleaning houses to support her two young children four years ago when she learned about a program for welfare recipients at nearby Hamilton College, a private liberal arts school in Clinton, N.Y.

"At the time I was living in a pretty run-down apartment," said Stanfield, who was getting welfare payments, Medicaid and food stamps. "It wasn't healthy."

The program, called the Access Project, accepts about 25 welfare-eligible parents a year. Hamilton waives tuition for first-year students and the program supplements financial aid in later years. Students get a host of social and career services, including help finding internships and jobs and financial assistance in times of crisis.

About 140 former welfare recipients have completed the program and none still relies on government programs for the poor, said Adair, the Hamilton professor who started the Access Project in 2001.

Stanfield, who still gets Medicaid and food stamps, plans to graduate in May with a bachelor's degree in theater. She wants to be a teacher.

"I slowly built up my confidence through education," Stanfield said. "I can't honestly tell you how much it has changed my life."

Programs such as the Access Project are not cheap, which is one reason they are rare. Tuition and fees run about $35,000 a year at Hamilton, and the program's annual budget is between $250,000 and $500,000, Adair said.

In 2005, about 5.1 million people received monthly welfare payments from TANF and similar state programs, a 60 percent drop from a decade before.

But other government programs grew, offsetting the declines.

About 44 million people — nearly one in six in the country — relied on government services for the poor in 2003, according to the most recent statistics compiled by the Census Bureau. That compares with about 39 million in 1996.

Also, the number of people getting government aid continues to increase, according to more recent enrollment figures from individual programs.

Medicaid rolls alone topped 45 million people in 2005, pushed up in part by rising health care costs and fewer employers offering benefits. Nearly 26 million people a month received food stamps that year.

Cash welfare recipients, by comparison, peaked at 14.2 million people in 1994.

There is much debate over whether those leaving welfare for work should be offered more opportunities for training and education, so they do not have to settle for low-paying jobs that keep them dependent on government programs.

"We said get a job, any job," said Rep. Jim McDermott, chairman of the House subcommittee that oversees welfare issues. "And now we expect them to be making it on these minimum-wage jobs."

McDermott, D-Wash., said stricter work requirements enacted last year, when Congress renewed the welfare overhaul law, will make it even more difficult for welfare recipients to get sufficient training to land good-paying jobs.

But people who support the welfare changes say former recipients often fare better economically if they start working, even in low-paying jobs, before entering education programs.

"What many people on TANF need first is the confidence that they can succeed in the workplace and to develop the habits of work," said Wade Horn, the Bush administration's point man on welfare overhaul.

"Also, many TANF recipients didn't have a lot of success in the classroom," Horn said. "If you want to improve the confidence of a TANF recipient, putting them in the classroom, where they failed in the past, that is not likely to increase their confidence."

Horn noted that employment among poor single mothers is up and child poverty rates are down since the welfare changes in 1996, though the numbers have worsened since the start of the decade.

Horn, however, said he would like to see local welfare agencies provide more education and training to people who have already moved from welfare to work.

"I think more attention has to be paid to helping those families move up the income scale, increasing their independence of other government welfare programs," Horn said.

"The true goal of welfare to work programs should be self-sufficiency."

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On the Net:
Temporary Assistance for Needy Families: http://www.acf.hhs.gov/acf_services.html walia
Medicaid: http://www.cms.hhs.gov/home/medicaid.asp
Food stamp program: http://www.fns.usda.gov/fsp/
Supplemental Security Income:
http://www.ssa.gov/notices/supplemental-secur
ity-income/
The Access Project: http://www.hamilton.edu/college/access/index.
html

GOP Is Abandoning Bush? Not Quite (USAT)

By Richard Benedetto
USA Today, February 26, 2007

The Washington punditocracy has proclaimed far and wide that Republicans, disenchanted with the war in Iraq, are abandoning President Bush in droves, leaving him the lamest of lame ducks. However, the latest USA TODAY/Gallup Poll suggests Bush might not be as wounded as he appears — at least not among his party faithful.

The Feb. 9-11 poll puts Bush's job approval at 37%, but among people who identify themselves as Republican or leaning Republican, his approval rating is 76%.

Thus, despite bad news from Baghdad and carefully crafted hand-wringing by high-profile GOP war critics in Congress such as Sen. Chuck Hagel of Nebraska, three of four Republicans in the country are hanging in there with the president.

The poll also shows that rank-and-file Republicans have higher regard for the president than they do Republicans in Congress. They gave GOP lawmakers a 63% job-approval rating, 13 points below Bush's. And 72% of Republicans do not think Bush made a mistake sending U.S. troops to Iraq.

So if congressional Republicans figure the key to re-election in 2008 is taking a hard line against Bush on Iraq, they could be dead wrong. They might lure some independents, but they risk alienating their GOP base. To win, you need solid support from your base plus independents, not independents alone.

Conventional wisdom also says the presidential ambitions of Sen. John McCain, R-Ariz., could be derailed by his strong support for the war. This poll, however, shows that his stance could be a plus among the base.

What does this high approval among Republicans mean for Bush? It means that as long as his party support remains that strong, he won't fall below 30% approval, a depth that would virtually extinguish his political power. The lowest Bush has fallen is 31%, still enough to make him a significant, although wounded, force in legislative battles with the Democratic-controlled Congress.

The latest congressional skirmish over Iraq underscores the point. In the House's non-binding vote to oppose the president's deployment of more troops to Baghdad, 17 Republicans voted with 229 Democrats to pass the measure. Four GOP representatives didn't vote. Lost was the fact that 180 Republicans stuck with Bush. By that count, Bush gets a 92% loyalty standing among House Republicans who voted. Hardly a GOP exodus.

In the Senate, Democrats fell four votes short of the 60 needed to force a vote on an identical Iraq resolution. Why? Not enough Republicans would go along. Indeed, seven GOP senators broke with the president, and nine didn't vote, yet 33 held firm. Among GOP senators who voted, that's an 83% Republican loyalty rating for Bush.

Though the president may have lost the country on the issues of the day, rumors of his demise among Republicans voters and lawmakers are greatly exaggerated.

Richard Benedetto retired last year as White House correspondent for USA TODAY. He teaches journalism and politics at American University in Washington and is author of Politicians Are People, Too.

Chaplain Shortage Severe For Army (WT)

By Natasha Altamirano
The Washington Times, February 26, 2007

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The hardest part of Army Chaplain Lt. Col. Ran Dolinger's job is the long hours, which is partly why the Army Chaplain Corps now has about 520 vacancies, its most severe shortage in history.

"I go everywhere my troops go," said Col. Dolinger, who during his 21 years of service has been sent to Bosnia and Korea and whose most recent deployment to Iraq was from November to December last year.

The 48-year-old who also serves as pastor at the Fort Belvoir chapel and as spokesman for the U.S. Army's Office of the Chief of Chaplains in Arlington, calls his line of work "a blessed misery."

"When I see the atrocities of man toward man, it shows me the need for God," he said.

The Army Reserve and the Army National Guard have about 440 openings, while the Army has 80 vacancies. Col. Dolinger said it is more difficult to recruit chaplains into the reserves than into active duty.

"A lot of churches don't want their senior [chief executive officer] to be gone," he said. "They say one weekend a month, well, ministers are usually pretty busy then -- that's prime time. You can guarantee if a person comes into the reserves, in time they're going to be deployed."

The Army Chaplain Corps, which includes the Army, the Army Reserve and the Army National Guard, has about 2,600 chaplains and the most vacancies among the branches of the U.S. military, Col. Dolinger said.

The Navy Chaplain Corps, which has about 1,000 active-duty and reserve chaplains and serves the Navy, Marine Corps, Coast Guard and Merchant Marines, has 29 vacancies, a Navy spokesman said.

Information about the Air Force Chaplain Service was not available.

The Army Chaplain Corps always has assigned fewer positions than what the Department of Defense has authorized, but the current shortage is the most severe, said Chaplain Lt. Col. Ken Lawson of the U.S. Army Chaplain School at Fort Jackson, S.C.

Since the Revolutionary War, the number of chaplains has increased during times of conflict and decreased during times of peace until the numbers stabilized after the Vietnam War, Col. Lawson said.

The Army went from having hundreds of chaplains during the Revolutionary War to one between the war's end and the War of 1812, he said.

The Chief of Chaplains has the authority to transfer a chaplain from a unit stationed at home to one that is being deployed, said Chaplain Lt. Col. Ken Beale, who's in charge of chaplain recruitment for the Army and Army Reserve.

"We're grateful that our Chief of Chaplains is not going to allow our men and women of uniform to be in harm's way without the presence of a chaplain, but that means that our active-duty chaplains and existing reserve chaplains are being rotated 'into theater' more than might be desired," Col. Beale said, using a common term for deployment.

Chaplain candidates must meet the same physical requirements as other troops and must be endorsed by a recognized denomination or faith-based group.

They must be 21 to 42 years old and have a master's or seminary degree. Many seminarians, whether preparing for civilian ministry or the chaplaincy, are second-career students, which limits the pool of potential chaplains.

Despite the three-year shortage, the Army and the Army Reserve has celebrated two consecutive years of record-breaking chaplain recruitment, closing the gap between authorized and assigned positions, Col. Beale said.

The Army and the Army Reserve recruited an all-time high of 231 chaplains in fiscal 2005, and 291 recruits in fiscal 2006, he said.

"To have done that in the midst of the [Iraq] war -- a protracted war with no end in sight -- is rather remarkable," Col. Beale said. "I praise God that the Lord is calling these men and women to this form of ministry."

He credits the recent recruiting successes to post-September 11 patriotism.

To attract chaplains, the Army Reserve is offering $10,000 signing bonuses for first-time officers. The Army National Guard has similar incentives, such as student loan repayment and college scholarships.

The Army doesn't offer sign-up incentives since there isn't much of a shortage of active-duty chaplains.

Chaplain candidate Chris Dolinger, Col. Dolinger's nephew, felt called to the military as he watched news reports when the U.S. first went to war with Iraq in 2003. The 24-year-old was an undergraduate at Bethel College, an evangelical Christian school in Indiana.

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"That's when I first felt like I could really go and make a difference," said Chris Dolinger, who is pursuing a master's degree from Liberty University in Lynchburg, Va. "I see a need in the Army especially for help and guidance and counseling. I'm hoping to offer that as an Army chaplain."

FCC May Try To Scrub Kids' TV (WSJ)

By Amy Schatz

The Wall Street Journal, February 26, 2007

WASHINGTON -- Federal regulators appear to be turning more attention to a perennial concern: making sure television is safer for kids.

Last week, Spanish-language broadcaster Univision Communications Inc. agreed in principle to pay an unusually steep $24 million fine for violating the Children's Television Act, which requires broadcasters to show three hours of educational programming a week, Federal Communications Commission officials said. In exchange, the FCC will approve Univision's sale to a consortium of private-equity groups for $12.3 billion. Univision declined to comment on the proposed consent decree.

It's the largest fine assessed by the FCC against a company, far exceeding the $9 million fine slapped on Qwest Communications in 2004 for violating FCC rules and the $3.6 million indecency fine proposed against CBS and its affiliates last year for an episode of the crime drama "Without a Trace."

Broadcasters have long considered Republican FCC Chairman Kevin Martin an ally. Since becoming an FCC commissioner in 2001 he's been an advocate for some of their biggest priorities, including a requirement that cable companies carry more local channels once the U.S. shifts to digital-only broadcasts in 2009. The National Association of Broadcasters hope he'll torpedo a proposed merger of terrestrial radio's rivals XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc.

But broadcasters are also increasingly finding themselves on the wrong side of Mr. Martin's FCC. Last year, the networks and affiliates took the unusual step of challenging several proposed indecency fines in federal court. More recently, the FCC has drafted a report suggesting Congress can expand the agency's reach to regulate violence on TV. Now, the FCC's unusually large fine against Univision appears to be part of a larger effort by the agency to make sure broadcasters are offering kid-friendly programming.

The $24-million fine was negotiated by Mr. Martin's staff, not the five-member FCC board. Several senior FCC officials, including at least one FCC commissioner, said they learned of the fine by reading the New York Times on Saturday.

Despite some discomfort about the unusually high amount of the fine, the full FCC board is likely to vote for it. It would be politically difficult for FCC members to vote against enforcing children's programming standards and the company has apparently agreed to pay the fine to clear the way for its sale.

Mr. Martin said the severity of the violation and the long time period in which children watching Univision, the largest Spanish-language broadcaster in the U.S., had no appropriate shows led him to propose the historic fine.

Providence Equity Partners Inc., one of the firms buying Univision, employs Michael Powell, a Republican and Mr. Martin's predecessor as FCC chairman, as a senior adviser. The two had a rocky relationship, prompting speculation it played a role in the stringent fine. "It wasn't a factor at all," Mr. Martin said. He said he didn't know Mr. Powell was involved in the deal.

"Across the board we're trying to protect consumers," said Mr. Martin, who pointed out the Univision fine follows previous efforts to ensure 911 service is available from all phones and newly proposed rules to protect the privacy of cellphone users. "I don't think I'm trying to send any particular message. The commission takes all of its rules seriously," he said.

But the fine also may go a long way toward placating Latino groups who've complained the FCC has ignored violations on Spanish-language stations, and some conservative Christians who've grumbled that Mr. Martin hasn't done enough to clean up the airwaves. "It boggles the mind that Univision would even attempt to present a soap opera as educational programming for children," said Janice Shaw Crouse, a former speechwriter for President George H.W. Bush, referring to company claims that figured in the fine. She currently is a senior fellow for the Concerned Women for America, a think tank devoted to bringing "Biblical principles into all levels of public policy," according to its Web site.

The new politics of Capitol Hill may also play a role. With Democrats controlling Congress, Mr. Martin is expected to begin making regular trips to Capitol Hill to explain his agency's actions. A greater emphasis by the FCC on trying to regulate violent

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television shows could help Mr. Martin with some leading Democrats, such as West Virginia Sen. Jay Rockefeller, an outspoken critic about the issue. The FCC's crackdown on Univision has already been applauded by Massachusetts Rep. Edward Markey, a Democrat who's often been critical of Mr. Martin. Mr. Markey helped write the federal requirements on children's television broadcasts years ago.

Univision was accused by watchdog groups of violating children's broadcast standards on 24 stations between 2004 and 2006 by claiming that "Complices al Rescate," a soap opera about 11-year-old identical twin girls, was educational. Several groups complained it wasn't.

Children's television advocates expressed shock at the size of the $24 million fine, since several complaints about inappropriate children's shows -- including the Univision soap opera -- had sat without action for upward of two years. The United Church of Christ, representing 1.3 million members and very active on educational broadcasting issues, became so frustrated it sent a letter to the FCC last September to complain. "We hope very much this is a sign that children's television will now be taken seriously by the agency," said Cheryl Leanza, a Church spokeswoman.

According to people familiar with the FCC consent decree, the company will offer a voluntary one-time payment of $24 million, but won't admit wrong-doing. Additionally, Univision will establish an advisory committee and appoint a compliance officer to ensure the network is meeting the FCC's children's programming requirements.

OTHER NEWS:

Policy Makers At Fed Rethink Inflation's Roots (WSJ)

By Greg Ip

The Wall Street Journal, February 26, 2007

For decades, a simple rule has governed how the Federal Reserve views the nation's economy: When unemployment falls too low, inflation goes up, and vice versa.

But Fed officials have rethought that notion. They believe it takes a far bigger change in unemployment to affect inflation today than it did 25 years ago. Now, when inflation fluctuates, they are far more likely to blame temporary factors, such as changes in oil prices or rents, than a change in the jobless rate.

One explanation for why inflation is influenced less by changes in unemployment is that the American public has come to expect inflation to remain stable. When inflation moves up or down, it is less likely to get stuck at the new level because companies and workers don't factor the change into their expectations -- or their behavior. Another explanation is that the Fed is better at adjusting interest rates in anticipation of swings in unemployment before those swings can affect inflation.

This new view of the economy, formed in recent years, helps explain why the Fed stopped raising interest rates last summer while core inflation, which excludes food and energy prices, was rising. And it helps explain why the Fed is reluctant to cut rates now even though it sees inflation edging lower over the next two years.

The new view "has profound implications," says former Fed economist Brian Sack, now at Macroeconomic Advisers, a St. Louis-based forecasting firm. That doesn't mean unemployment can be ignored. But it does mean that in the short run, a period of high or low joblessness would be less likely to alter the Fed's view of inflation and trigger an immediate change in interest rates. A shift in public expectations of inflation, however, would carry more weight in the Fed's calculations.

In the late 1950s, economists discovered a tendency for inflation to rise when unemployment was low and to fall when unemployment was high. At lower unemployment rates, they concluded, companies paid more to attract scarce workers and recouped the higher wage costs by raising prices. This relationship was shown on a chart called the Phillips Curve, after Alban William Phillips, one of the first economists to identify it.

In the 1960s, American presidents and Fed officials sought to exploit the Phillips Curve by letting inflation edge higher in exchange for lower unemployment. But in the late 1960s economists Milton Friedman, who died last year, and Edmund Phelps, both of whom would later become Nobel laureates, independently deduced that the reduction in unemployment would be temporary.

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Once workers began to expect higher inflation, they would want higher wages. In the long run, the economists argued, unemployment would gravitate to some "natural" level no matter what inflation did.

Although economists concluded there wasn't a long-run tradeoff between inflation and unemployment, they still believed there could be a short-run tradeoff. From 1979 to 2003, Fed Chairman Paul Volcker and his successor, Alan Greenspan, exploited this idea, periodically using interest rates to push unemployment higher to achieve lasting reductions in inflation.

But even as they were doing so, the short-run impact of unemployment on inflation began to diminish. Though the trend has been under way for 25 years, only recently has intensive research by Fed economists and others incorporated it into mainstream thinking. The new thinking on inflation will be the subject of a March 9 conference in Washington that brings together Wall Street Fed watchers, academics and Fed officials.

"Among the feet-on-the-ground Fed inflation forecasters, who do this for a living, there's been a lot of concern for the last 10 years about whether there's...less of a relationship between output and future inflation," says Harvard University economist James Stock. "The accumulation of evidence occurs at a snail's pace. The evidence now is a lot stronger."

Mr. Stock and fellow economist Mark Watson at Princeton University presented evidence to a Fed conference in late 2005 that inflation's long-term trend has varied little since 1984, and that most fluctuations were the result of temporary disturbances, such as a change in energy prices.

Indeed, when core inflation rose last year, the Fed blamed higher rents and oil prices, rather than an overheating economy. It appears to have been right: As energy prices have come down and rent increases moderated, so has core inflation.

Core inflation, now running at a 2.2% rate by the Fed's preferred measure, remains higher than the 2% ceiling most Fed officials are comfortable with. But Janet Yellen, president of the Federal Reserve Bank of San Francisco, noted earlier this year that over the past decade, when inflation has drifted away from the 1.75% to 2% range, it has later reverted to it. For this reason it "may move down from its elevated level faster than many forecasters expect."

Fed Chairman Ben Bernanke echoed that sentiment earlier this month, saying the public's expectations will determine whether temporary factors like changes in rents and oil prices "leave a lasting imprint" on inflation: "It is encouraging that inflation expectations appear to have remained contained," he said.

Mr. Phelps says the new thinking on the Phillips Curve doesn't change the implications of his Nobel-winning work. If the Fed never responded to higher inflation, consumers and businesses eventually would begin to expect higher inflation, and "then the game is up."

Fed officials agree. While a given drop in unemployment is less likely to spark inflation, the potential is still there. The Fed's staff estimates it takes up to twice as much additional unemployment to achieve a percentage drop in inflation as it did before 1984. "Imbalances between demand and potential supply [may] be slow to show through convincingly to inflation, but when they do, they may be costly to correct," Fed Vice Chairman Donald Kohn said in late 2005.

That's one reason the Fed, though it expects core inflation to ease this year, isn't relaxing. With unemployment currently 4.6%, at or below the Fed's view of its natural rate, inflation may edge up after the temporary impacts of energy and rent subside. That could require the Fed to raise interest rates enough to push unemployment up sharply and bring inflation down.

Write to Greg Ip at greg.ip@wsj.com2

U.S. Gasoline Prices Jump Nearly 13 Cents (HC/AP)

Houston Chronicle, February 26, 2007

CAMARILLO, Calif. — Gasoline prices soared nearly 13 cents a gallon on average nationwide in the past two weeks as the price of crude oil rose.

The national average for self-serve regular was $2.35 per gallon, up 12.8 cents since Feb. 9, industry analyst Trilby Lundberg said Sunday.

The average for midgrade was $2.46 per gallon, and premium was $2.56, according to Lundberg's latest survey of 7,000 gas stations across the country.

Oil prices reached a new high for the year Friday. Light, sweet crude for April delivery added 19 cents to settle on the New York Mercantile Exchange at $61.14, its highest closing price since Dec. 22.

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The cheapest gas in the country was found in Salt Lake City, where a gallon of self-serve regular was $2.12. The highest average price in the nation for self-serve regular was in San Francisco at $2.84.

Sporkin's New Post: Working For Himself (WP)

By Carrie Johnson

The Washington Post, February 26, 2007

For the first time in a legal career that spans nearly half a century, Stanley Sporkin is striking out on his own.

In the 1960s and '70s, Sporkin was one of the first enforcement watchdogs at the Securities and Exchange Commission. Next he became the top lawyer at the CIA. President Ronald Reagan several years later named him to a high-profile federal judgeship in the District.

Until his retirement in 2000, Sporkin cultivated a reputation for being an outspoken, results-oriented judge. From the bench he famously threw out an early antitrust settlement that the Justice Department struck with Microsoft and rejected on procedural grounds the Senate's bid to impeach U.S. District Judge Alcee L. Hastings (currently a member of the House of Representatives).

Now, at 75, Sporkin is trying something new.

He's hung out his own shingle as a lawyer and consultant, signing on as a part-time ombudsman for troubled petroleum giant BP and filling out his time by working as an arbitrator and mediator at Gavel Consulting Group. He says his favorite part of the job involves advising companies on how to keep in line with securities laws.

"What I enjoy is being able to consult with people," he said. "We've become such cookie cutters that we've lost common sense."

Sporkin continues to work out of the I Street NW office of Weil, Gotshal & Manges, the law firm where he was a partner before resigning last year because of client conflicts with his BP assignment.

Unlike some fledgling solo practitioners, he's got more than enough work. "The last thing I need to do is advertise," he said.

Governors Seek More Money For Children's Insurance (WP/AP)

By Robert Tanner

The Washington Post, February 26, 2007

Governors from both parties appealed yesterday for the Bush administration and Congress to provide more money for a health-care program that insures millions of children.

At stake is coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the challenge of uninsured working families.

"We can come to a consensus that children should be the first priority," Georgia Gov. Sonny Perdue (R) said.

State leaders met privately to discuss the State Children's Health Insurance Program at the annual winter meeting of the National Governors Association.

"This is one area where I think people stand entirely together," said New Jersey Gov. Jon S. Corzine (D).

Georgia and New Jersey are among 14 states expected to run out of money for the program before the next budget year begins in October, In Georgia, a shortfall could happen as soon as March.

The governors want two things: enough money -- estimated at $745 million -- to keep the program float through October, and changes to President Bush's budget. Analysts say the president's spending plan would shortchange the program even if the number of people served does not grow.

Health and Human Services Secretary Mike Leavitt said he met privately with the governors but offered little hope that the administration will accept their demands.

Last night, Bush welcomed the governors to a formal dinner at the White House. "I believe governors add a lot to the work of our nation," he said. "I believe if we work together we can do a lot of good things."

The insurance program, approved in 1997, covers uninsured children whose families earn too much to qualify for Medicaid. More than a dozen states have expanded the program, which also insures about 639,000 adults.

Many governors said administration attempts to curb the program would undermine state efforts to offer universal health-care plans.

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Leavitt said yesterday that there is enough money among states to cover short-term shortfalls in the program, if states with surpluses share with those with deficits -- an idea that has little support among governors. And Bush wants the program to remain focused on poor children, not all children and not adults, Leavitt said.

Maryland Gov. Martin O'Malley (D) said that during their private lunch, many governors were "visibly frustrated" by the administration's approach.

Arizona Gov. Janet Napolitano (D), who heads the association, said the issue will come up today when governors meet with members of Bush's Cabinet.

Amid the talk about dollars and percentages, the real cost is being ignored, some governors said.

"I think more about what it means to be a parent, a parent who can't go to sleep at night without worrying that 'if my kid gets ill tomorrow or gets in an accident, he won't have adequate coverage,' " Virginia Gov. Timothy M. Kaine (D) said. "I can't imagine more anxiety."

After Sorry 14-year Hiatus, Health-care Debate Revives (USAT)

USA Today, February 26, 2007

Hopes were high 14 years ago when Bill and Hillary Clinton proposed an ambitious plan to provide health insurance for all Americans. Democrats and Republicans alike cheered when the president threatened to veto anything less than universal coverage.

That promising moment didn't last long. After initially winning support from medical, business and labor groups, the Clintons' top-down plan collapsed under the weight of its own complexity. Attacks on "Hillary Care" helped Republicans win control ofCongress in 1994.

Ever since, health-care reform has been considered too costly, in dollars and political capital, for most politicians to touch. But the beleaguered system's problems — one in seven people without insurance, rising premiums and lower reimbursements for those who have insurance, endless payment hassles — haven't gone away. Attempts at fixing them have been incremental and timid at best.

That could be about to change. Several groups that usually are at odds on health care now agree on the need for broad reform. These strange bedfellows are still a long way from agreeing on a plan, but the fact that they now see a common need signals a shift in the political dynamic.

So, too, does the power of the economic forces driving them. It seems everyone, from presidential candidates to hospitals, insurers, think tanks and governors, has a comprehensive health plan.

Among the new alliances:

•America's Health Insurance Plans, a lobbying group for insurers joined last month with Families USA, a liberal advocacy group, on a plan to extend health coverage to all children and the uninsured. Insurance companies, fearful of losing profits, were harsh critics of the Clinton plan.

•The CEO of Wal-Mart and the president of the 1.8 million-member Service Employees International Union have forged an alliance to push for universal coverage. Union president Andy Stern, a supporter of the Clinton plan, now says insurance has grown so costly that unions can no longer demand Cadillac plans.

•Stern and Wal-Mart are also part of a broader alliance called Better Health Care together. It includes leaders of AT&T, Intel, Kelly Services and the Communications Workers of America. They're urging reform and exploring whether tying insurance to employment, which started in the 1940s, still makes sense.

•In Washington, a bipartisan group of legislators has pledged to work with President Bush on achieving universal coverage. "The status quo is unacceptable," Bush said last week, citing 47 million Americans who have no insurance, and escalating health costs that will account for 20% of all spending in the United States by 2015.

The president might have added that the status quo is also unsustainable. It is melting away under pressure from rising global competition and spiraling costs.

General Motors estimates that health care adds $1,500 to the price of a car — a cost foreign rivals don't have to pay because their employees' health care is funded though government. At home, meanwhile, health-care inflation is not just

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crimping profits; it's eating money that otherwise could go for raises or other employee benefits. Health-care premiums have risen by 87% in just six years.

That's a potent incentive for employers to shed the burden. How will all this ferment play out? It brings to mind the Buffalo Springfield song from four decades ago: "There's something happening here. What it is ain't exactly clear."

What's clearer is the choice that's coming: Change the USA's unique employer-based health-care system or junk it?

A shift from the private sector to government is already well underway. By 2015, according to Medicare projections, more than half the money spent on health care will come from government plans: Medicare, Medicaid, the military or other programs.

But most reform ideas would keep and augment employer-based health care.

Massachusetts, for instance, has embarked on a bold experiment to provide universal coverage by requiring all residents to buy policies, and to provide subsidies to the poor. Employers who don't offer plans are taxed to cover their employees. California is weighing a similar plan, and a dozen other states are trying on innovative projects to expand coverage.

The newly allied private-sector reformers, meanwhile, are being purposely vague. They note that the Clinton plan was so detailed that it gave special interests a fat target to shoot at. They want to build support for change before trotting out specifics that might divide the parties.

That's smart. But a choice eventually will have to be made, and the truth is that for all the suspicion and demonization that's sure to greet any serious plan, both the right and the left have ideas that would be better than the present mess.

The important point is that for the first time since the early 1990s, the stars appear to be aligning for a major effort to reshape health care in America. It's about time.

In Crowded Presidential Race, It All Comes Down To Money (USAT)

By Jill Lawrence

USA Today, February 26, 2007

WASHINGTON — A daunting mix of celebrity candidates, rich candidates and early nomination contests is prompting long-shot presidential hopefuls to give up months and even years before the 2008 election.

The latest is former Iowa governor Tom Vilsack. "At the end of the day, it's not about hard work or good ideas, it's about money," Vilsack said Friday. Indiana Sen. Evan Bayh and former Virginia governor Mark Warner, Democrats well into fundraising and other preparations, earlier had decided against running.

"The way the system is erected now, where money begets organization and TV is everything, long shots have no shot barring a cataclysm befalling the front-runners," says Jon Ralston, a Nevada politics expert.

And this year, measured by polls, name recognition and money, each party has three front-runners. "It's tough to be fourth or fifth," says political scientist Dante Scala of Saint Anselm College in Manchester, N.H. "If Hillary falters, Obama's there. If Obama falters, Edwards is there. That's a lot to overcome."

Scala was running through the Democrats' top tier: New York Sen. Hillary Rodham Clinton, a former first lady; Illinois Sen. Barack Obama, a charismatic newcomer; and former North Carolina senator John Edwards, the 2004 vice presidential nominee.

The GOP has a similar trio: former New York City mayor Rudy Giuliani, known for his post-9/11 performance; Arizona Sen. John McCain, who won a national following in his 2000 presidential run; and former Massachusetts governor Mitt Romney, well situated due to personal wealth and corporate connections.

This is an unusual year. In 1988, the crowded Democratic field was known as the Seven Dwarfs. In 1992, Mario Cuomo left the field to several relatively obscure senators and governors — one named Bill Clinton. The GOP race in 2000 was dominated by one front-runner, George W. Bush, and one alternative, McCain.

The top-heavy fields this year have made it harder for lesser-known candidates to capture money and attention just when they need both more than ever. Democrats have squeezed four caucuses and primaries into January 2008 (Iowa, Nevada, New Hampshire and South Carolina), one more than usual. And several large, expensive states — California, Florida and New Jersey among them — may move to Feb. 5.

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Former New York governor George Pataki and former Senate majority leader Bill Frist are among Republicans who opted out. George Allen, who had contemplated a run, was not re-elected as Virginia senator. The three Democratic dropouts had no personal setbacks and helped many Democrats win last year. Vilsack impressed some Nevadans at a forum just two days before he withdrew.

Gordon Fischer, a former Iowa Democratic Party chairman and Vilsack backer, says Vilsack could have stayed in the race longer if he were wealthy. "It doesn't speak particularly well about our country's political system," he says. Former president Jimmy Carter says, "You can't dream of getting the nomination" now unless you raise $100 million in advance.

"That's a gross distortion … of propriety in an election process," Carter said Sunday on ABC's This Week.

Before Any Votes, A 'Money Primary' (CSM)

By Linda Feldmann

The Christian Science Monitor, February 26, 2007

It was "money, and only money," that led former Iowa Gov. Tom Vilsack to drop out of the 2008 presidential race last Friday. What the Democrat meant, of course, was a lack of money. Not hard work or desire.

Politicians often speak of fundraising with disdain, but in fact, the money that donors are willing to shell out to candidates represents an important signal of a candidate's viability. Even if much of the public is not fully engaged in the intense nomination races under way in both parties, wealthy donors are. And they're voting with their checkbooks.

It's all part of what's come to be known as the "invisible primary" – the early jockeying for money, top campaign staff, and high-profile endorsements that winnow the presidential field long before any caucuses or primaries are held. A fourth piece, media buzz, magnifies the effect of the other three.

"Organization, fundraising, and endorsements are all various forms of currency, or various bets on the probability that a candidate will finish first or in the [top three]" in the early nominating contests, says Cal Jillson, a political scientist at Southern Methodist University in Dallas. "No one wants to endorse a candidate they know will have to drop out early or won't be able to raise money or convince a top-drawer management team to take on their campaign."

Mr. Vilsack knew going in that he faced an uphill climb. Democratic Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois were likely to run, and a third likely candidate, former vice presidential nominee John Edwards, had already built up a strong organization in Iowa, which will hold the first nominating contest next January. All three ended up declaring, and currently occupy the top three spots in most polls of Democratic primary voters.

For Vilsack, one big trouble sign came in polls of his home state, where he typically polled fourth among Democratic presidential wannabes. Though he was a popular two-term governor, with a centrist approach, he never was able to carve out a national image among his own people, and, lacking the charisma of an Obama or an Edwards, could not attract much attention (or money or media or endorsements) outside Iowa. In the Iowa caucuses, he had to finish well if not first to keep going. But as the hometown candidate, the moment he did well, the import of the Iowa caucuses would have been discounted. So in effect, he was in a no-win situation.

One beneficiary of Vilsack's decision could be Gov. Bill Richardson (D) of New Mexico, the only other candidate with executive experience in the race. Governor Richardson also brings Washington experience – as a former congressman and Energy secretary – as well as foreign policy credentials, as a former UN ambassador and still part-time globetrotter and hostage negotiator, to the table.

But Richardson is another candidate who could face viability problems soon if he does not show some chops in the fundraising department. As the sitting governor of a state far from the key money centers, Los Angeles and New York, it will be hard for him to raise the kind of serious money he needs. Still, he's already well ahead of where Vilsack was when he pulled out. Last week, Richardson raised $2 million in a single fundraiser. Vilsack had raised just $1.1 million in the last seven weeks of 2006, and had spent most of it by the end of the year.

In this presidential cycle, money is more important than ever – especially since some top candidates have signaled they will forgo the public financing system and raise as much as they can on their own. Campaign-finance experts say that, to remain

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viable, a candidate needs to raise upwards of $20 million by June. Some top-tier candidates, like Clinton, can expect to do far better than that.

The Richardson and Obama candidacies have opened up mini invisible primaries within the larger one, one in the Hispanic community and the other among African-Americans. The challenge for both men is to compete against the Clinton machine, which has strong connections to both communities owing to the presidency of Clinton's husband, Bill Clinton, and his continuing popularity among both groups. (Richardson is Hispanic and Obama is black.)

The campaign of Hillary Clinton, which has worked all along to create an air of inevitability around her candidacy, has reached out to key players in both worlds and locked in talent and donors. For both Richardson and Obama, the ethnic/racial dimension has presented a challenge: Neither says he is running as the "Hispanic candidate" or the "African-American candidate," but those are natural ties that can produce important endorsements and donations.

And even as the overall Democratic field has shrunk, it may not be done growing either. Speculation persists that former Vice President Al Gore may yet jump into the race – one of the few people who could still do that and mount a viable candidacy, given his national fame and fundraising ability.

In a Pew Research Center poll released last Friday, most Democratic voters (77 percent) reported that they have not given the presidential campaign much thought and were not prepared to state which candidate they would support. Among those who were willing to name a candidate, Clinton came in first with 11 percent, Obama got 7 percent, Edwards got 1 percent, Gore got 1 percent, and 4 percent went to others.

Given that the invisible primary is taking place largely unnoticed by most Americans may strike some as undemocratic. In effect, the choices that voters will face early next year in the nominating contests are being shaped right now, before most people are paying attention. But the system has run this way for a long time. It was the influential GOP donors and governors who hand-picked then-Texas Gov. George W. Bush to run for president back in 1999. Ronald Reagan was tapped to run for president in similar fashion.

Still, the early importance of big money in the 2008 presidential cycle is unprecedented. "This may well be a very important year in that process, in the sense of more and more money being required to run," says Mr. Jillson.

GOP Early Front-runner More Often Gets Job (AP)

By Will Lester

AP, February 26, 2007

WASHINGTON – Hillary Rodham Clinton is the clear favorite in early polls for the 2008 Democratic presidential nomination. So, what does that mean? Not a lot, if history is any guide.

Republican hopeful Rudy Giuliani, however, is sitting pretty.

For at least three decades, Republicans have been far better than Democrats in early polls at getting behind the candidates who end up winning the party's presidential nomination.

Note that Edmund Muskie in 1972, George Wallace in 1976, Ted Kennedy in 1980, Gary Hart in 1988, Mario Cuomo in 1992 and Joe Lieberman in 2004 were early front-runners among Democrats. None won the nomination.

Looking back

Gallup polling over the past three decades shows Republican front-runners usually win their party's nomination, but Democrats do not. Some elections:

1972-Democrats

February 1971: Edmund Muskie, 26 percent; Edward Kennedy, 25; Hubert Humphrey, 21; John Lindsay and George McGovern, each at 5.

McGovern won the nomination and lost the general election to President Nixon.

1976-Democrats

February 1975: George Wallace, 22 percent; Humphrey, 16; Henry Jackson, 13; McGovern, 10; Muskie, 9. Jimmy Carter was at 1 percent with 10 candidates in front of him. Carter won the general election, defeating President Ford.

1976-Republicans

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March 1975: Gerald Ford 34, Ronald Reagan 22, Barry Goldwater 17.

1980-Democrats

February 1979: Kennedy, 60 percent; Carter, 28.

Carter lost the general election to Reagan.

1980-Republicans

February 1979: Reagan, 31 percent; Ford, 26; John Connally, 12.

1984-Democrats

April 1983: Walter Mondale, 29 percent; John Glenn, 23; Gary Hart, 4.

Mondale won the nomination and lost the general election to Reagan.

1988-Democrats

January 1987: Hart, 30 percent; Lee Iacocca, 14; Jesse Jackson, 13. Michael Dukakis was at 1 percent with seven people in front of him.

Dukakis won the nomination and lost the general election to Vice President George H.W. Bush.

1988-Republicans

January 1987: Bush, 33 percent; Bob Dole 16, Howard Baker and Pat Robertson, each at 6.

1992-Democrats

February 1991: Mario Cuomo, 18 percent; Jackson, 12; McGovern, 9; Richard Gephardt, 8. Bill Clinton was at 2 percent with 10 people in front of him.

Clinton won the nomination and beat Bush in the general election.

1996-Republicans

February 1995: Dole, 38 percent; Dan Quayle, 17; Newt Gingrich and Phil Gramm, each at 7.

Dole won the nomination and lost to Clinton in the general election.

2000-Democrats

January 1999: Al Gore, 47 percent; Gephardt, 13; Bill Bradley, 12; Jackson, 11.

2000-Republicans

January 1999: George W. Bush, 42; Elizabeth Dole, 22; John McCain; 8; Quayle, 6.

Bush beat Gore in the general election.

2004-Democrats

January 2003: Joe Lieberman, 17 percent; John Kerry, 16; John Edwards and Gephardt, each at 13.

Kerry won the nomination and lost to Bush in the general election.

2008-Democrats

Mid-February 2007: Hillary Rodham Clinton, 41 percent; Barack Obama, 21; Gore, 14; Edwards, 13. Other candidates' support was less than 5 percent.

2008-Republicans

Mid-February 2007: Rudy Giuliani, 40 percent; McCain, 24; Gingrich, 9; Mitt Romney, 5. Other candidates' support was less than 5 percent.

Republicans have picked the early front-runner in seven of the past 10 elections, according to Gallup polling. In the other three elections, Republican incumbents cruised to re-election.

Democrats nominated a former vice president, Walter Mondale, in 1984, and a sitting vice president, Al Gore, in 2000. For those elections, the early polls were more predictable at picking the front-runner.

Why has the GOP been better at predicting winners?

"There is this sense among Republicans - a belief that it's a certain person's time to run for president," said Thomas Mann, a political analyst at the Brookings Institution. The GOP track record is probably due more to chance and the Republicans' success at winning the White House since 1968, he said.

In 2008, neither party has a former vice president or president competing for the nomination for the first time in almost 80 years.

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Giuliani, a former New York City mayor, is a favorite in early polls. Many people feel his personal history and moderate positions on social issues may cost him support among some conservatives.

Arizona Sen. John McCain is running even or second to Giuliani, with former Massachusetts Gov. Mitt Romney running a distant third.

Among Democrats, New York Sen. Clinton looks strong at this point, with Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards giving her the stiffest competition.

Despite their occasional difficulties in picking eventual winners, early polls can provide important clues about the campaign.

Among the more interesting findings from recent national polls:

Democrats are more likely than Republicans to be paying close attention to the presidential race, by 31 percent to 20 percent, according to a poll taken in February by the Pew Research Center for the People & the Press.

Romney may find his Mormon faith an obstacle with many voters. One-quarter of people questioned say they would not vote for a Mormon candidate, compared with 8 percent who say they would not vote for a woman and 3 percent for a black candidate, according to a Newsweek poll in December.

Clinton is viewed unfavorably by at least 40 percent of people, many of them Republicans who will be difficult for her to win over, various polls have found.

Four in 10 Democratic voters say they have not heard enough about Obama to have an opinion yet. Only 3 percent say that about Clinton, according to a CBS News poll in mid-January.

Most Republicans and those who lean Republican are unaware of Giuliani's support for civil unions for same-sex couples and abortion rights, according to a Gallup poll in mid-January.

Public support for Clinton and McCain is probably based on a fairly firm base of knowledge about them, said public opinion analyst Charles Franklin. Knowledge of Giuliani is probably based mostly on his response as New York's mayor to the Sept. 11 attacks.

The old complaint about early polls as measures of name recognition is probably less true today because of the intensity of coverage by 24-hour cable news, GOP pollster David Winston said.

Most poll analysts agree the polls six months from now will be far more meaningful.

"For the most part, the political polls don't mean much now," said Scott Keeter, of the Pew Research Center for the People & the Press. "But political junkies have an endless appetite for them. People are looking for some kind of evidence of how things are going to turn out."

Substance Over Image (NYT)

By Paul Krugman

The New York Times, February 26, 2007

Six years ago a man unsuited both by intellect and by temperament for high office somehow ended up running the country.

How did that happen? First, he got the Republican nomination by locking up the big money early.

Then, he got within chad-and-butterfly range of the White House because the public, enthusiastically encouraged by many in the news media, treated the presidential election like a high school popularity contest. The successful candidate received kid-gloves treatment — and a free pass on the fuzzy math of his policy proposals — because he seemed like a fun guy to hang out with, while the unsuccessful candidate was subjected to sniggering mockery over his clothing and his mannerisms.

Today, with thousands of Americans and tens of thousands of Iraqis dead thanks to presidential folly, with Al Qaeda resurgent and Afghanistan on the brink, you'd think we would have learned a lesson. But the early signs aren't encouraging.

"Presidential elections are high school writ large, of course," declared Newsweek's Howard Fineman last month. Oh, my goodness. But in fairness to Mr. Fineman, he was talking about the almost content-free rivalry between Hillary Clinton and Barack Obama — a rivalry that, at this point, is mainly a struggle over who's the bigger celebrity and gets to lock up the big donors.

Enough already. Let's make this election about the issues. Let's demand that presidential candidates explain what they propose doing about the real problems facing the nation, and judge them by how they respond.

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I know the counterargument: you can't tell in advance what challenges a president may face, so you should vote for the person, not the policy details. But how do you judge the person? Public images can be deeply misleading: remember when Dick Cheney had gravitas? The best way to judge politicians is by how they respond to hard policy questions.

So here are some questions for the Democratic hopefuls. (I'll talk about the Republicans another time.)

First, what do they propose doing about the health care crisis? All the leading Democratic candidates say they're for universal care, but only John Edwards has come out with a specific proposal. The others have offered only vague generalities — wonderfully uplifting generalities, in Mr. Obama's case — with no real substance.

Second, what do they propose doing about the budget deficit? There's a serious debate within the Democratic Party between deficit hawks, who point out how well the economy did in the Clinton years, and those who, having watched Republicans squander Bill Clinton's hard-won surplus on tax cuts for the wealthy and a feckless war, would give other things — such as universal health care — higher priority than deficit reduction.

Mr. Edwards has come down on the anti-hawk side. But which side are Mrs. Clinton and Mr. Obama on? I have no idea.

Third, what will candidates do about taxes? Many of the Bush tax cuts are scheduled to expire at the end of 2010. Should they be extended, in whole or in part? And what do candidates propose doing about the alternative minimum tax, which will hit tens of millions of middle-class Americans unless something is done?

Fourth, how do the candidates propose getting America's position in the world out of the hole the Bush administration has dug? All the Democrats seem to be more or less in favor of withdrawing from Iraq. But what do they think we should do about Al Qaeda's sanctuary in Pakistan? And what will they do if the lame-duck administration starts bombing Iran?

The point of these questions isn't to pose an ideological litmus test. The point is, instead, to gauge candidates' judgment, seriousness and courage. How they answer is as important as what they answer.

I should also say that although today's column focuses on the Democrats, Republican candidates shouldn't be let off the hook. In particular, someone needs to make Rudy Giuliani, who seems to have become the Republican front-runner, stop running exclusively on what he did on 9/11.

Over the last six years we've witnessed the damage done by a president nominated because he had the big bucks behind him, and elected (sort of) because he came across well on camera. We need to pick the next president on the basis of substance, not image.

Surveying '08 Field, Governors Urge Moderation (NYT)

By Robert Pear

The New York Times, February 26, 2007

WASHINGTON, Feb. 25 — Senator Hillary Rodham Clinton is the front-runner and will probably win the Democratic presidential nomination. Rudolph W. Giuliani could do well in Mississippi. And the length of the presidential campaign is insane.

Those were the views expressed Sunday by some of the foremost experts on American politics: governors gathered here for the winter meeting of the National Governors Association.

A few governors have endorsed presidential candidates, but many said they were reserving judgment.

Democratic governors pleaded with their presidential candidates to ignore the fringes of the party and focus instead on the "middle 20 percent" of the electorate with a pragmatic, problem-solving agenda.

"Democrats certainly could not win in Tennessee with just a hard-nosed Nancy Pelosi-style Democratic agenda," said Gov. Phil Bredesen of Tennessee. Mr. Bredesen, a Democrat re-elected in a landslide last year, was referring to the House speaker.

Gov. Haley Barbour of Mississippi, a former chairman of the Republican National Committee, toasted the political prowess of Mrs. Clinton.

"Republicans would make a bad mistake to underestimate Hillary Clinton," Mr. Barbour said. "She will be a formidable opponent if she is the Democratic nominee. And I think she probably will be. The Democrats have a true front-runner this time, and she is quite likely to win the nomination."

Mrs. Clinton would probably not carry Mississippi in a general election, Mr. Barbour said, but "John Kerry got 40 percent of the vote there in 2004, and Senator Clinton would be a stronger candidate than he was."

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By contrast, Mr. Barbour said, on the Republican side, "we don't have a front-runner." Indeed, he said, the campaign for the Republican presidential nomination is "the most open race since I got involved in politics in 1968." As a result, he said, "an unusually large number of governors are keeping their powder dry."

Could a New Yorker like Mr. Giuliani excite voters in Mississippi?

"It depends on who his opponent is," Governor Barbour said. "Life is a series of choices. If he is running against Hillary Clinton, I believe he will carry Mississippi."

Gov. M. Jodi Rell of Connecticut, a Republican, said that she, like many voters, had not yet focused on the presidential race. Even as candidates woo the conservative base of the Republican Party, Mrs. Rell said she hoped the nominee would be "a moderate — not particularly far right or far left."

Gov. Edward G. Rendell of Pennsylvania, a Democrat, said "it's way too soon to tell" who will win his party's presidential nomination.

Mr. Rendell has a big appetite for politics. He was general chairman of the Democratic National Committee in the 2000 election. But he is disgusted with the early start to the 2008 race.

"I think it's insane," Mr. Rendell said in an interview. "The media has created a two-year presidential election cycle that's very destructive to American politics. And the political system is complicit. We front-load our primaries so much that four or five states decide who the nominees are going to be. It's over by February. And then we have a God-awful yearlong presidential campaign, general election campaign, which is too long and lends itself to all these negative attacks."

"If we were to design a system for electing a president, I don't think we could do worse," Mr. Rendell said. "It's terrible."

Mr. Rendell is hoping the Republicans choose Senator Sam Brownback, the conservative of Kansas, as their presidential nominee. "Give us Senator Brownback, and we'll be all right," Mr. Rendell said. "It doesn't matter who we nominate."

Gov. John Baldacci of Maine, a Democrat, said Mrs. Clinton, Senator Barack Obama and John Edwards were all potentially strong candidates. But Mr. Baldacci said: "I have not spoken to any of them. None of them have called me. None of them have reached out to me."

At the winter meeting of the National Governors Association eight years ago, Republican governors rallied around George W. Bush and virtually crowned him as their party's presidential nominee. But no such groundswell has occurred this year.

One governor who has embraced a candidate is Tim Pawlenty of Minnesota, a co-chairman of Senator John McCain's presidential exploratory committee. "Senator McCain is a once-in-a-generation leader, one of the strongest, most courageous and fearless public servants I have ever met," Mr. Pawlenty said.

Gov. Bill Ritter Jr. of Colorado, a Democrat, said the party's presidential candidates should study his election and the success of other moderate Democrats like Gov. Kathleen Sebelius of Kansas.

"We have learned a way of speaking to the middle with a pragmatic, problem-solving agenda," Mr. Ritter said. "We have something to teach the rest of the country."

Ms. Sebelius said, "We have figured out a way to convince voters in our states to cross party lines."

Govs. Perry, Rendell: No VP Interest (WP/AP)

By Nancy Zuckerbrod, The Associated Press

The Washington Post, February 26, 2007

WASHINGTON -- Governor or vice president?

That's an easy choice, say two state leaders who have been talked about for a possible spot on the 2008 ticket.

"I got the best job in the world. Ask President Bush," GOP Gov. Rick Perry of Texas said Sunday, dismissing speculation he might be interested in serving as a running mate to the eventual nominee.

Pennsylvania Gov. Ed Rendell, a Democrat, also denied any interest in the No. 2 spot. "I like to be my own boss," Rendell said.

The two were in the capital for a National Governors Association meeting.

Texas is among several states considering moving its primary election up to have more of an influential role in the nominating process. Perry said that idea is gaining momentum back home.

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"It's an interesting concept, and I certainly want to see the legislation, but it's something that I think the Legislature is full well behind," Perry said.

In 2004, Texas primary voters found themselves casting only symbolic votes in early March. Legislation would move the primary to February 2008. Several other big states, including California and Florida, also are considering a similar shift.

Rendell said the current presidential nominating system makes little sense because it does not give large, populous states enough influence.

"Pennsylvania, which is one of the two or three most important states in the general election, we have no input at all into who the nominee is. Our primary is in late April. It's a mess," he said.

The governors appeared on "Fox News Sunday."

Is Hillary Afraid Of Being Embarrassed By Bill? (NSWK)

By Evan Thomas

Newsweek, February 26, 2007

Last December, a NEWSWEEK reporter tentatively broached a delicate subject with a longstanding adviser to Hillary Clinton: was there a concern in the Hillary camp that her husband might somehow embarrass her in the campaign ahead? The reaction was swift and fierce. "If that's what you want to talk about, I'm hanging up right now," said the adviser, who did not wish to be identified even entertaining such a question.

But it is the elephant in the room. Senator Clinton's presidential campaign can ill afford another scandal swirling around her husband, whose second term in the White House was badly disrupted by the Monica Lewinsky affair. Perhaps the Clintonites are understandably worried that the Republican right will try to create a scandal where there is none or dredge up old history. They doubtless anticipate an assault from Clinton's old foes, but they may have been caught unawares by the attack from one of Bill's old friends. In an interview with New York Times columnist Maureen Dowd, Hollywood mogul David Geffen tore into the Clintons' integrity and Hillary's electability. "Everybody in politics lies," said Geffen, "but [the Clintons] do it with such ease, it's troubling." Geffen raised the most eyebrows when he referred to the former president as "a reckless guy" who "gave his enemies a lot of ammunition to hurt him and distract the country." Geffen was not just speaking in the past tense. "I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Geffen told Dowd.

The reaction to Geffen's remarks from the Clinton campaign was immediate and outraged. The night before Dowd's column appeared, Geffen had co-hosted a fund-raiser for Sen. Barack Obama, a Clinton rival for the Democratic nomination. At 9:46 a.m., the Clinton campaign issued a statement calling on Obama to cut his ties to Geffen and give back the $1.3 million raised by Geffen's star-studded party. (Jennifer Aniston, Morgan Freeman and Ben Stiller were all there. George Clooney, off shooting a movie, contributed the maximum when Obama first announced and tells NEWSWEEK that Obama is "as good as Bobby [Kennedy] late in his career and Jack from early on.") The press release described Geffen as Obama's "finance chair" and accused him of "viciously and personally attacking Senator Clinton and her husband."

Geffen is not Obama's finance chair; the two are not even close friends. The shot at Obama may have been meant as a kind of welcome-to-the-NFL forearm shiver, intended to rattle the upstart candidate the Chicago press mockingly calls "Obambi." (Obama's aides hit back hard, saying that the Clintons had no problem with Geffen when they were raising $18 million from him. But Obama himself played it cool: "It's not clear to me why I'd be apologizing for someone else's remark," he said while campaigning in Iowa. In any case, he was not giving back the money.)

The Clinton camp has always believed in rapid response—in returning fire before a news cycle can pass. Last week, the Clintonites were serving notice—not for the first time—that anyone who brings up Bill and Hillary's past marital problems will be branded a character assassin. "It's the 'Godfather' theory of politics," says a Democratic strategist who asked not to be identified discussing the Clinton campaign's tactics. "If people stray, you send them a message. That's how you keep them in line."

Democratic activist Arianna Huffington, who attended the Obama event but says she is uncommitted, tells NEWSWEEK, "I think [Geffen's remarks] definitely benefited Obama because it brings into the open conversations many people have been having about the Clintons." Clinton's allies suggested that Geffen was motivated by bile. Once a close F.O.B. (Friend of Bill), he had

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stayed in the Lincoln Bedroom (twice). But when he asked for a presidential pardon for imprisoned American Indian activist Leonard Peltier, Clinton turned him down.

Dowd tells NEWSWEEK that Geffen did not seem out to get the Clintons. She says she asked for the interview because she had recalled hearing Geffen doubt Senator Clinton's presidential prospects during an audience Q&A at the 92nd Street Y in New York City in February 2005. "She can't win, and she's an incredibly polarizing figure," he had said of Hillary at the time. Dowd says Geffen was initially reluctant to be interviewed for her column. During their hourlong interview at his Beverly Hills mansion, his tone was "reflective," she says. (When Dowd asked him about the Peltier pardon, he said he never really expected one, though he was angry when fugitive financier Marc Rich was pardoned by Clinton.)

Dowd says she was the one who brought up questions about Bill Clinton's past as a campaign issue. Geffen acknowledged that some big donors and celebrity Clinton supporters were fretting, as Dowd put it, "that Bill will 'pull the focus' and shelve his wife's campaign." In the column, Dowd paraphrased Geffen as saying that "if Republicans are digging up dirt, they'll wait until Hillary's the nominee to use it."

Geffen may be right about the GOP dirt diggers. Republican conservative activist Grover Norquist, who loathes the Clintons, coyly tells NEWSWEEK, "Hillary is my first choice to be the Democrat nominee." A New York Times story last week suggested that the so-called vast right-wing conspiracy has gone soft. The article quoted Chris Ruddy, a mouthpiece for the conservative conspiracy theorist Richard Mellon Scaife, as saying that the Clinton administration "wasn't so bad." But the right-wingers may just be lying low. David Bossie, the former congressional investigator familiar to journalists for helping them track down Clinton sex scandals, is working with Clinton strategist turned apostate Dick Morris on an anti-Hillary documentary. R. Emmett Tyrrell Jr., the editor of The American Spectator, which first printed salacious details from Arkansas state troopers about Clinton's sex life, is publishing a book titled "The Clinton Crack-up: The Boy President's Life After the White House."

The mainstream press has largely steered clear of stories about the Clintons' marriage. A widely noted article last May in The New York Times reported that the Clintons are often apart. "Nights out find him zipping around Los Angeles with his bachelor buddy, Ronald W. Burkle, or hitting parties and fund-raisers in Manhattan; she is yoked to work in Washington or New York ... " No longer Geffen's pal (or recipient of his largesse), Bill Clinton has been spending more time with Burkle, a supermarket tycoon who is giving a big fund-raiser for Hillary Clinton in March. The buzz in Hollywood is that Geffen is jealous of Burkle. But Geffen denies it, and denies any animus against the Clintons. "I think Bill Clinton is a great guy," he tells NEWSWEEK. "I support them both. I just don't think she can be elected president."

With Eleanor Clift and Mark Hosenball in Washington, Johnnie L. Roberts and Jonathan Alter in New York and Andrew Murr and Sean Smith in Los Angeles

The Democrats' Gamble (USNEWS)

By Jim Lo Scalzo

U.S. News and World Report, February 26, 2007

The state of Nevada displayed its newfound political muscle last week, with the appearance of eight Democratic presidential hopefuls (Sen. Barack Obama was the sole exception) at a forum in Carson City. With Nevada's caucus scheduled-for now, anyway-just after the Iowa caucus and just ahead of the New Hampshire primary, this quirky state seems poised to be a crucial Democratic battlefield for the '08 elections.

Seeking a much-needed foothold in the West, the Democratic National Committee, with a little lobbying from Senate Majority Leader Harry Reid, reshuffled the calendar in Nevada's favor. Citing the state's ethnic diversity (nearly a quarter of Nevada's residents are Hispanic), concentration of organized labor (about 14 percent of the workforce), and economic growth (consistently one of the nation's strongest performers), Democratic leaders believe the state offers an alternative to Iowa and New Hampshire's mostly white, rural populations.

Yet the move has infuriated New Hampshire's secretary of state, William Gardner, who considers his state's voting position sacrosanct and who is now threatening to reschedule his state's primary before the first of the year, if necessary. Not to be left behind, almost a dozen other states are angling to move up as well.

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Aside from Nevada's potential political value, it's an unusual locale to say the least, featuring legal gambling and prostitution, a booming big city and desolate hinterlands. Nevada is a state of surrogate realities. In Las Vegas, for example, where the gaming industry can take credit for employing much of the growing Hispanic population, these new Nevadans work largely unseen, obscured by facades of New York and Paris and Venice. Beyond Las Vegas's all-night glow, in the dusty nether reaches that are the rest of the state, the populace is little more apparent.

If it's possible for a landscape to say something about its people, then Nevada says hardscrabble. And hardly visible. Some towns exist barely above desertion, a mere collection of parked cars and corrugated metal. Others really are ghost towns-abandoned relics of long-ago gold mines. Dominating the Nevada landscape are not humans but highways, the loneliest in the lower 48, draped like filaments across great swaths of sand and rock. Just when that nothingness seems absolute, there appears a trace of habitation: a makeshift grave, a bullet-riddled car, or, near the ghost town of Rhyolite, a life-size plaster sculpture of the Last Supper.

In this peculiar place, the Democratic candidates are already converging, as are the press, the political consultants, the policy wonks. And they'll be around awhile. More presidential debates are scheduled: Reno in August, Las Vegas in November. Should the DNC's gamble prove sagacious, the people of Nevada will help deliver the party a sustainable nominee and perhaps even turn their state from red to blue. Should it prove ill-conceived, the DNC won't be the first bettor to watch his hopes evaporate in Nevada's dry desert wind.

Hidden Power On The Hill (USNEWS)

By Silla Brush

U.S. News and World Report, February 26, 2007

By about 1:30 p.m. one recent day, Rep. Jim Clyburn was hunched in the back seat of an SUV parked outside the Capitol and talking on a BlackBerry about the impact of the president's budget on rural districts. He had already done a radio interview about Iraq and the 2008 presidential race, led a meeting with 100 or so Democratic members or their staff, spoken against the president's Iraq plan, given a press conference on Hurricane Katrina, and delivered a speech to the National Association of Manufacturers. He took a quick break in his office for salted cashews and diet soda. It's been busy "every day since being in the majority," he said. And then it was off to a PBS interview.

A headline grabber? Not exactly. Busy? Absolutely. Clyburn is at the center of the Democrats' most pressing concerns on Capitol Hill. As the majority whip, the No. 3 Democratic position in the House of Representatives, he's in charge of keeping the party together on votes and reaching out to the Democrats' famously broad set of interest groups. And for presidential candidates, his endorsement could swing the South Carolina primary. For the next year or two, Jim Clyburn is going to be a very popular-and powerful-man.

Lessons. A 15-year veteran of the House and the highest-ranking African-American in Congress (the first black congressman from his state since 1897), Clyburn, 66, talks in the deep baritone of a minister's son. He traces his political success to lessons learned in a fundamentalist home in Sumter, S.C. His father went to divinity school but made only $10 a week from the Church of God and instead supported his family as a contractor; his mother graduated from college when he was 13 and then just hung the diploma in her beauty shop.

He was always interested in politics. In a speech prior to his election as whip, Clyburn recalled how at age 12 he mentioned his plans-to go to college and work in Washington, D.C.-in his mother's store. One client told him not to bother, since he was black. His mother thought otherwise. "You just hold fast," she said. And he did. As a student at South Carolina State College in 1960, he organized the state's first sit-in at an Orangeburg drugstore with six friends; later, he would join a civil rights group led by future Rep. John Lewis, now Clyburn's right-hand man. Clyburn was a community organizer, a teacher, an employment counselor, and a failed candidate for state representative before beginning a 20-year career in state government, most prominently as human affairs commissioner. Much of the work boiled down to managing competing interests and racial groups. "That's my long suit," he says. "I've been managing people since I was 24 years old."

Clyburn believes his current job is best handled without constantly putting his face before the cameras, though he'll sit for interviews when asked. Yes, he admits, he's been on MSNBC's Hardball With Chris Matthews, but he prefers "playing hardball

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with baseballs." And when he latches onto an issue, he'll make his voice heard. Right now, his passions are turning the rural areas around South Carolina's Interstate 95 corridor into a center for biofuels and improving the state's health and education programs. He's also focused on smoothing assistance for Katrina victims, and he strongly supports sending earmark dollars-federal money for specific projects-back to the district.

Since winning election in 1992 in a district designed to have a black majority-it was the only district in the state President Bush did not carry in 2000 or 2004-Clyburn has shot up the Democratic ranks. He was unanimously elected chairman of the Congressional Black Caucus and took charge of the party's faith working group in the House. He was also elected chairman of the Democratic caucus. Just before Election Day in November, Clyburn began campaigning for the whip post. "I don't know if I saw myself as successful or not," he demurs, "but I darn sure was pursuing it." North Carolina Rep. G.K. Butterfield, a frequent dinner companion, decamped to South Carolina for days to telephone members and try to win their support for Clyburn, starting a month before the Democrats had even won the House. Clyburn was somewhat reluctant at first, Butterfield says. "He thought it'd be in poor taste before the election." In the end, though, it all worked out.

House Speaker Nancy Pelosi and Majority Leader Steny Hoyer are the public faces of the House Democrats, but it's Clyburn who handles the nuts and bolts of holding the party together on votes. So far that hasn't been too difficult, considering that the Democrats' 100-hours legislative push was an assortment of popular, poll-tested issues.

Challenges. But now, as Congress takes up legislation on climate change, immigration, healthcare, and the budget, things could get tougher. "We can't afford to lose 15 members"-Democrats have that many more than the obligatory 218 votes for a majority-"on any one vote," he says. But some believe if anyone can hold Democrats together, it's Clyburn. Butterfield, for one, praises Clyburn's style of chatting one on one with colleagues rather than holding large events. Clyburn, who has a moderate-to-liberal voting record, also regularly tries to reach out to business interests and more conservative Democrats. (He's writing a book tentatively titled I Too Am a Southerner in part about working as a black with white politicians.) He's planning on running his whip operation differently from those in the past: He wants to have members on the same page before a bill actually comes up for a vote instead of trying to then get them onboard when a vote is imminent. Clyburn has seven major coalitions to manage, from the liberal black caucus to the moderate Blue Dogs. "I think a lot of my job will be to get our members to understand that we can't bite off more than we can chew," he says.

Clyburn will also be at the heart of the Democratic presidential fight. His endorsement carries a lot of weight in South Carolina. "Clyburn does not have a machine," says Jack Bass, professor at the College of Charleston, but he does have the "Jim Clyburn Network"-a group of civic and religious organizations with regional influence. Yet his endorsement hasn't been a silver bullet. In 2004, he initially backed former Rep. Dick Gephardt, who dropped out before the South Carolina primary, and then backed Sen. John Kerry, who was soundly beaten there by Sen. John Edwards.

Still, Clyburn's receiving a constant flow of presidential suitors. He says he is staying out of the endorsement sweepstakes-"at least at this point, anyway"-but admits that "I'm crazy about Bill Richardson," the New Mexico governor. "I have a closer personal relationship with [him] than any other of the candidates." Still, he won't commit. "I'm not going to tell you. I'm not going to tell my wife." Jim Clyburn is still, after all, managing people.

Born: July 21, 1940

Family: Married, wife, Emily. Three children

Education: South Carolina State College, B.A. 1962; attended University of South Carolina Law School, 1972-74

Public service: South Carolina Commission of Farmworkers executive director, 1968-71; South Carolina Human Affairs commissioner, 1974-82; U.S. representative, 1993-present

The Dems Get Religion (USNEWS)

By Dan Gilgoff

U.S. News and World Report, February 26, 2007

John Kerry struggled to overcome his secular image in 2004, but the current crop of Democratic presidential front-runners is determined not to repeat his mistakes.

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One of New York Sen. Hillary Rodham Clinton's first campaign hires was a top evangelical staffer on Capitol Hill. U.S. News has learned that an aide in Illinois Sen. Barack Obama's office tasked with religious outreach is joining his presidential campaign this week. And former North Carolina Sen. John Edwards is framing poverty relief as a moral issue that's helping to drive his campaign. "Two thousand eight could be the first time since Jimmy Carter that the presidential candidate who's really good on faith issues is the Democrat," says Eric Sapp, a Democratic consultant. So the Democratic primaries could see serious competition among candidates for the faith vote.

Clinton, a scourge of the religious right, was raised in a conservative Methodist home. "Over the years, Senator Clinton has expressed her faith often in speeches and books, and I've always been impressed with its authenticity," says Burns Strider, the Capitol Hill staffer who became Clinton's new faith outreach director. But Clinton is sure to encounter skeptics. When she donned a crucifix while campaigning for re-election last year, some pundits called it a ploy to moderate her image. "I got deluged with calls from New York reporters who had this view of her as a nonreligious person," says John Green at the Pew Forum on Religion and Public Life. "But ... she's a very serious social-justice Methodist."

Faith. Strider says the campaign will focus on liberal "social justice" Democrats but on socially conservative Democrats, too. Clinton raised eyebrows in 2005 by calling for fewer abortions before an audience of family planning providers. "For a long time, Democrats forfeited part of the electorate by choosing not to have a conversation about faith," says Strider.

Obama attracted attention last year when he addressed evangelicals on fighting AIDS at Purpose Driven Life author Rick Warren's Saddleback Church in Southern California. This week, Obama's Senate religious outreach coordinator, Josh DuBois-active in the conservative Assemblies of God church-will join the campaign. Obama often discusses his relationship with his Chicago pastor and his work with black churches as a community organizer. "I ... worked closely with my fellow members of the religious community long before this campaign began," Obama says. Obama aides say religious leaders will play a role in policy, as they did when Obama cosponsored legislation last year to protect charitable donations from bankruptcy proceedings.

Edwards has not hired religious outreach staff but has built bridges to the progressive faith community through projects like promoting state amendments to raise the minimum wage. His campaign launched One Corps, a volunteer program that combines political organizing with service projects like building houses for the poor; aides describe it as translating faith to action. "He practices his religion personally in a more profound way than any political leader I've associated with," says Edwards's campaign manager, David Bonior.

But Edwards upset religious Democrats in February by declining to fire two Internet bloggers who were attacked by a Roman Catholic group for making offensive comments toward Catholics before joining the campaign. The bloggers left the campaign anyway. "We should have had a better vetting process," says Bonior. It's the kind of mistake that Democrats are trying to avoid this time around.

This story appears in the March 5, 2007 print edition of U.S. News & World Report.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, February 26, 2007

The PowerPoint as Running Mate

Mitt Romney, the former Bay State guv now running third in the GOP presidential sweepstakes, doesn't use a BlackBerry or even carry a cellphone. But that's not to say he's not a techie geek. In fact, he's proving to be just the kind of wonk that would make Microsoft's Bill Gates giddy at an issues lunch. Here's the deal: Romney is the first-ever presidential candidate to haul out a PowerPoint presentation at campaign events. He did it recently while addressing the Detroit Economic Club, and the audience went nuts for it. "It was amazing," an auto exec tells us. "I mean he didn't just make claims. He had the graphs to back him up!"

The idea was the candidate's and was a textbook presentation outlined in classic fashion: It opened with the "Intro," wrapped up under the title "Close," and finished with an "End" on Page 21. In between were graphs that Romney tried to soften with descriptions of lines like "squiggle." PowerPoints, says spokesman Kevin Madden, "speak to the competency that [Romney] exudes and the authoritative nature of his understanding of the issues." Plus, he says, the boss just digs them-and is a great

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presenter. "He's the PowerPoint president. Very few people could pull this off and not look wonkish." And the Mitt-tech doesn't end there: He's started Mitt TV and raises cash on ComMitt, a computer fundraising program.

Could Al Gore Bankroll His Bid?

If you're wondering why, despite his denials, Al Gore remains the most talked about nonpresidential candidate, it's this: His friends think he's done so well in the private world that he could bankroll the start of his own 2008 bid. "If Al Gore wants to run, he will come with all the means necessary," says longtime ally Donna Brazile. "Al Gore is someone who can pull it off at half time,"she said. But he's got competing interests for his wallet: Friends say he also wants to expand his global climate change campaign.

This Candidate Is Used to Running

It doesn't look as if we'll be seeing Sen. Barack Obama, among the leanest Democrats running for the presidency, hanging out at McDonald's. That's because he's big on exercise and healthy eating. "He exercises every day," says an insider. Obama's a runner and a regular on the treadmill. The youthful lawmaker even ran for an hour before announcing his candidacy back in Illinois. Among his snacks: trail mix.

Once Again in the Line of Fire

Can a prosecutor go on to become president? Well, that's what fans of TV prosecutor Arthur Branch, aka former Sen. Fred Thompson,hope. We hear that his buddies are strongly urging him to jump into the already packed GOP race. "The draft- Fred movement grows," says one ally, citing several blogs pushing Thompson, who has been feeding his fans with occasional commentary-laced fill-in work for radio's Paul Harvey.

A New Rambo, but the Same Ending

Suicide attacks dominate the headlines, but here's one that didn't happen. A U.S. Army officer in Afghanistan reports that last month a suicide bomber drove an explosive-laden Toyota Corolla up to an Army base in Kabul, where an Afghan nicknamed "Rambo" was guarding the gate. Rambo wears an Army-style uniform but isn't allowed to pack heat, so he uses a big red pipe, which he sometimes slams on car hoods to slow them down. Anyway, as the suicide bomber approached, he got hung up in the gate. Rambo reached into the window and yanked the bomber out before he could detonate the explosives. Rambo's reward: Troops passed a hat and handed him a wad of cash.

United by Lipstick to Fight Violence

Avon is joining Mary Kay February 27 to demand Congress fund the Violence Against Women Act. And note to lawmakers not into this program: Running when you see one of Mary Kay's pink brigade won't work. Avon's got some 5 million worldwide agents who dress just like you.

A Scandal for the Silver Screen

From our Buzz Etc. files: There's talk that outted CIA operative Valerie Plame's story may hit the silver screen. It all started when she was spotted lunching with actress Morgan Fairchild and hubby Joe Wilson. CIA types say her book has been iced in the clearance process, so the quickest way to seize on the scandal is to make a movie. Separately, there's speculation that Bush Commerce chief Carlos Gutierrez is being wooed by Latin America's TV giant Univison.

A Nasty Habit, All Snuffed Out

He was among Congress's heaviest smokers, but now former Majority Leader Dick Armey has given up his Carlton menthol 100s. "I was just thinking about my wife one day," he tells us, "and I realized that of all the things I could do on this Earth that would make her happy is to quit smoking." Just like that, he did. "If a guy knows that, then it seems to me a guy has got to quit." Certainly, his wife, Susan, had told him many times before to snuff out the nasty habit. "I heard it a lot, of course," he says, but it didn't sink in until about two months ago. "We don't want to shock and startle your women readers, but even though I heard it over the years, I guess I'm living proof that on some occasions, some husbands sometimes actually hear what their wives say." Still, he did question his move. "I spent the next four weeks of my life trying to figure out if her happiness really meant that much to me." It went so well that he's not sympathetic to others like Sen. Barack Obama, who chews Nicorette to get over the habit. "If he's chewing this stuff, he's not stopped smoking," says Armey, who revealed a broader skepticism of crutches used by those with bad habits. "I'm laughing now, but if we ever indict a Mormon in Congress, what is the guy going to do, because he can't check into an

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alcohol rehab facility. ... I don't know what a politician that's indicted does if he can't check into rehab and say, 'The whiskey did it.'"

Alter: The Apology Primary Is On (NSWK)

By Jonathan Alter

Newsweek, February 26, 2007

Hillary Clinton is right to resist efforts to make her cry uncle and apologize for her 2002 vote in favor of the Iraq-war resolution; that would look weak. Her mistake was in not anticipating this problem with the liberal base of her party last summer and cauterizing the wound in advance, before it festered. Instead, she offered lame rationalizations. She should have taken a leaf from John McCain and her husband, each skilled in the subtle politics of contrition. This skill will be essential to the success of the next president.

In recent years, the word apology has reverted in politics to its original meaning in Greek, which is "defense." (Plato's "Apologia" is an account of Socrates' unsuccessful defense of himself in his trial.) Exhibit A is McCain, whose career-enhancing apologies are legion. A partial list includes apologizing for making a "confession" tape during his captivity by the North Vietnamese; for committing adultery during his first marriage; for his role in the Keating Five savings-and-loan scandal; for a nasty joke about Chelsea Clinton; for comparing Newt Gingrich's popularity to Jeffrey Dahmer's, and, during the 2000 campaign, for calling Pat Robertson and Jerry Falwell "agents of intolerance." Whew!

But McCain's reputation for using contrition to charm his way out of trouble might be catching up with him. When ABC News asked Vice President Cheney last week about McCain's comments that Donald Rumsfeld was "perhaps the worst secretary of Defense ever," Cheney replied archly: "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld." He didn't.

But if he were truly a straight talker McCain would express regret for his consistently insincere praise of President Bush. For six years, Rumsfeld and Bush were joined at the hip. One can't be bad and the other good. It may be that McCain is on the verge of losing the Apology Primary to John Edwards, whose showy contrition for his vote in favor of the war resolution is what has put Hillary on the hot seat.

Bill Clinton approved of his wife's approach, perhaps because he, too, largely refrained from personal apologies until forced to by the Lewinsky scandal ("I have sinned"). But he built good will worldwide in part by repeatedly admitting historical error on the part of the United States, from U.S. support for the "dirty war" in Guatemala to the Tuskegee syphilis studies on blacks to the overthrow of the Hawaiian Queen Liliuokalani. Most significantly, he went to Africa in 1998 and said the United States had been wrong to engage in the slave trade and that his administration had erred by failing to intervene more forcefully to prevent Rwandan genocide.

This marked a big change from George H.W. Bush, who said in 1988, "I will never apologize for the United States. I don't care what the facts are," after a U.S. ship mistakenly shot down an Iranian airliner, killing 290 civilians. Bush's son has stuck to his father's view. He famously couldn't recall any mistakes he'd made as president and left apologies for the torture at Abu Ghraib to Rumsfeld and other underlings until King Abdullah of Jordan insisted he make amends personally. As the list of appallingly bad decisions by his administration lengthens, Bush often opts for the passive voice President Reagan favored during the Iran-contra scandal: "Mistakes were made."

Does Hillary Clinton have the same instinct to maintain a façade of presidential infallibility? She's known to apologize quickly in private after ruffling feathers. But with her polls showing that she receives high marks for strength and toughness, she is loathe to do anything in public that might be seen as wimpy or fulfilling unflattering stereotypes of women. Hillary finally admitted in December that if she'd known then what she knows now, she would have voted differently on the war resolution. To a normal person, that would mean she was wrong in 2002 to have entrusted Bush with a blank check. Instead, she chose to play the kind of semantic games that always spell trouble for the Clintons.

By doubling down—insisting that it's wrong to admit she was wrong—Hillary may have set a bad precedent in the humility department. Should she win, she'll need every tool at her disposal to convince the world that a new day has dawned, with the "humble foreign policy" promised by none other than George W. Bush in 2000. That's the only way we can recover our global

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leadership and mobilize allies to confront emerging threats. It's too late to apologize for this one, but the next time things go wrong, she could do worse than meld the McCain and Clinton styles of saying sorry into a persuasive defense of her own.

Hillary-Obama Feud Imperils Party For '08 (WT)

By Donald Lambro, THE WASHINGTON TIMES

The Washington Times, February 26, 2007

Democratic strategists say the bitter fight between Sens. Hillary Rodham Clinton and Barack Obama could undermine their party's bid to win back the White House if it continues.

"I think the Democrats in general, particularly party activists and leaders, do not want to see a knife fight between these two which results in blood all over the Democrats. We want a strong nominee coming out of this primary process, not one that is beaten and bloodied," said Bud Jackson, a Democratic media adviser.

That view summed up what many Democrats were thinking last week when the front-runners were trading political blows through their spokesmen after movie mogul David Geffen, a former Clinton ally who is now backing Mr. Obama, called Mrs. Clinton a disingenuous, "incredibly polarizing figure" who isn't electable and appeared to allude to her husband's past infidelity.

It was the first skirmish of the presidential election cycle, which triggered a storm of media attention on the nightly news and on the front pages of the nation's newspapers and which campaign pollsters say has already had a negative effect on both of the candidates.

"This story has legs. The opening kickoff has been made. Clinton's the kicker and Obama's the receiver, who kicked back. What's clear is that it's going to be nasty from here on, which doesn't help the Democrats," said independent pollster John Zogby.

"At this stage, anything that threatens party unity or alienates Democrats or annoys swing voters can hurt. So in the case of Hillary, anything that reminds swing voters of the darker side of the Clintons hurts. And anything that suggests that Obama is not 'Clean Gene,' meaning 'I'm not going to run on the "audacity of hope," but I'm going to kick you if you kick me,' can hurt," Mr. Zogby said.

By late last week, the Clinton-Obama fight was still reverberating in the press, which up until now has had thin gruel to write about in the Democrats' campaign. The New York Times said in a front-page article Friday that the New York senator's effort to identify Mr. Obama with Mr. Geffen's attack "was widely viewed among Democrats as carrying some cost to Mrs. Clinton."

Her campaign's broadside against her chief rival for the nomination was "a sharp reminder of Clinton family history that has led some Democrats to believe Mrs. Clinton cannot win a general election," the Times said.

Whoever won the first round in their nominating fight, many Democrats were clearly uncomfortable with the intensity of their exchange.

"The Democrats have momentum going their way, an unpopular president waging a misguided war, and now they're pointing fingers at each other," said Chris Redfern, the Ohio Democratic chairman. "At the end of the day, no one's paying any attention to this, but they need to clean it up, make nice with each other and get to work."

Other Democrats, though, saw this as nothing more than the usual political rough-and-tumble of a presidential campaign and thought the story was being overplayed.

"I think we are going to have a spirited debate [over who the party should nominate], and that is going to be uplifting and at times rough. This is the nature of politics," said Simon Rosenberg, president of the New Democrat Network.

Despite his concern about how voters perceived the latest fight between the two party leaders, even Mr. Jackson, the media adviser, called it "a minor speed bump" on the road to next January's primaries and caucuses. "I think Obama overreacted a little bit, but this is inside baseball. It only becomes an issue if we see a pattern develop," he said.

One rival for the Democratic nomination suggested yesterday that reporters were making too much of the Obama-Clinton dust-up.

"Oh, I think it's a bunch of silliness," former North Carolina Sen. John Edwards said on CBS' "Face the Nation."

"I was in New Hampshire yesterday. I met probably over a thousand New Hampshire primary voters in the course of having a bunch of house parties. And you'd be shocked to hear the only people who asked me about this were reporters," Mr. Edwards said. "I didn't have a single New Hampshire voter ask me about this."

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John Edwards Says Democratic Donor Spat Is Silly (MBSN)

By Nancy Zuckerbrod

Myrtle Beach (SC) Sun News, February 26, 2007

WASHINGTON - "Silliness."

That's what Democratic presidential candidate John Edwards had to say about the publicity surrounding the donor spat between two of his chief rivals, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

The Obama and Clinton campaigns issued dueling press releases about a top Hollywood donor who once supported Bill Clinton but is now backing Obama.

Hillary Clinton's campaign demanded Obama return producer David Geffen's money after Geffen criticized both Clintons. Obama declined, and his spokesman criticized Clinton for accepting support from a South Carolina lawmaker who said Obama could not win because he is black.

"Oh, I think it's a bunch of silliness," Edwards said Sunday on CBS "Face the Nation."

He said the topic was not on the minds of voters during a stop Saturday in New Hampshire.

"I met probably over a thousand New Hampshire primary voters in the course of having a bunch of house parties. And you'd be shocked to hear the only people who asked me about this were reporters.

"I didn't have a single New Hampshire voter ask me about this. What they're asking about is what are we going to do about Iraq? What are we going to do about Iran? What are we going to do about health care? The things you'd expect them to be concerned about," Edwards said.

Reactions To Obama, Clinton Excite S.C. Democrats (POL)

By Lee Bandy

Politico.com, February 26, 2007

Democratic presidential hopefuls Hillary Rodham Clinton and Barack Obama drew huge crowds on recent campaign swings through South Carolina.

Together, they made a statement: The Democratic Party is back.

“I’ve never seen anything like it,” remarked Democratic consultant Bob Wislinski on leaving the Columbia Metropolitan Convention Center where Obama, a U.S. senator from Illinois, just had addressed a raucous rally of 2,800.

“I’m hopeful,” Wislinski said of his party’s future.

Clinton, a U.S. senator from New York, spoke to more than 3,500 at a town meeting at Allen University.

South Carolina is a key battleground state in the primary process, coming just a week after New Hampshire’s first-in-the-nation primary.

The S.C. Democratic primary is set for Jan. 29, 2008. The Republican contest tentatively is scheduled for Feb. 2, 2008.

With both parties holding early primaries, South Carolina will get a lot of attention from Republican and Democratic candidates. There’s been a steady stream since the first of the year.

A sizable number of South Carolinians have been showing up at the rallies of Democratic candidates, catching party establishment types off guard.

But it is foolhardy for candidates and their followers to suggest victory is in the air.

The size of the turnout is no indication of what’s going to happen on Election Day, says Clemson University political scientist Bruce Ransom.

Many in attendance at the candidate rallies are curiosity seekers, like John Clark, a State House employee.

He came to see Obama, a “celebrity, a rock star,” he said. But he was a long ways off from picking a horse to ride.

After all, what’s the rush?

Columbia attorney and former state Rep. I.S. Leevy Johnson cautions black voters to proceed slowly in picking a 2008 candidate for president.

Gather background information on the candidates. Listen to their stands on key issues. Check out their personal lives.

Right now, the momentum is with Obama and Clinton.

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"I'm excited," said state Rep. Gilda Cobb-Hunter. "Obama is stirring excitement among voters in a manner I have not seen before. That's good for the Democratic Party.

"I want to win in '08 and will support the candidate who demonstrates electability and whose message I can resonate with."

Unlike some past years, Cobb-Hunter, D-Orangeburg, has no intention of staying on the political sidelines this primary cycle.

"I believe this election is for the Democrats to lose," Cobb-Hunter said. "I can't afford to sit this one out."

Candidate No. 4, Please

Meanwhile, some Republicans are concerned that U.S. Sen. John McCain of Arizona appears to have lost interest in the race.

"The excitement in 2008 is on the side of the Democrats. No doubt about it," says Francis Marion University political scientist Neal Thigpen , a GOP activist.

On the Republican side of the primary ledger, McCain is locked in a tight race and appears to be losing ground. Those who've seen him recently say he looks a bit shopworn.

"My impression is that the Republicans are demoralized," Thigpen said. "They are not wild about any of their top three candidates."

Someone Give Geffen A Day Job (NYT)

By David Carr

The New York Times, February 26, 2007

Last Friday, two days before the conclusion of the most closely contested Oscar race in recent memory, a dozen people from various parts of the entertainment industry sat down to lunch at the home of Arianna Huffington in Brentwood.

Would the Oscar go to "The Departed" or "Babel," Martin Scorsese or Clint Eastwood?

The topic barely came up.

Instead, the conversation was all about the media mogul David Geffen's drive-by maiming of the Clintons earlier in the week in remarks he made to Maureen Dowd of The New York Times. For over an hour, the people at the table debated his decision to take on Hillary Clinton, who is pursuing the Democratic nomination for president.

Mr. Geffen, 64, would no doubt have been pleased. A billionaire with manifest interests, he has a lot of time on his hands now that DreamWorks, the mini-major studio he formed with Steven Spielberg and Jeffrey Katzenberg, has been bought and folded into Paramount. With a net worth that has been estimated at $4.5 billion and no more worlds to conquer, Mr. Geffen finds himself — well, inserts himself — in the middle of conversations over the future of Paramount, The Los Angeles Times and now the republic itself.

On Tuesday night, Senator Barack Obama, Mrs. Clinton's closest rival for the nomination, topped off a day of old-time politicking here by speaking at a $2,300-a-plate fund-raiser at the Beverly Hilton, dappled with celebrities like Eddie Murphy, Jennifer Aniston and Morgan Freeman. That was followed by a more intimate affair at Mr. Geffen's Beverly Hills home. Within hours of the event, BlackBerrys started lighting up all over town with Ms. Dowd's column, in which she chatted with Mr. Geffen about the Clintons.

"Everybody in politics lies, but they do it with such ease, it's troubling," he told Ms. Dowd. (Of course, many of Mr. Geffen's former business partners say that he has had his own idiosyncratic relationship with the truth.) Calling the former president a "reckless guy" deftly put the issue of Bill Clinton's behavior in the present tense. And at a moment when some of the smart money was poised to line up behind Mrs. Clinton's candidacy, Mr. Geffen was signaling that backing her may not be so smart after all.

You have to hand it to him: here it was, Oscar weekend, and at least nobody was talking about the failure of "Dreamgirls," Mr. Geffen's pet project, to get a best picture nomination.

"David Geffen gave voice to the collective unconscious of many people here," said Ms. Huffington, whose opposition to the Iraq war and Mrs. Clinton's candidacy has been on display on the Huffington Post Web site for some time. "The story would have been dead in a day if he was just speaking for himself, but these things are on everybody's mind."

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Still, while Mr. Geffen hardly needs the money, you can understand why a lot of people here wish he still had a day job. (Mr. Geffen declined to elaborate on his remarks to Ms. Dowd.)

"I don't think that all of this is productive," said Warren Beatty, reached on his cellphone. "I think the media is looking for a big political story, and I think it is much more important to talk about the issues."

The mixture of revulsion and fascination with this episode mirrors Mr. Geffen's career. He combines a gift for market timing — this is the guy who brought you the Eagles in the '70s, Guns N' Roses in the '80s and Nirvana in the '90s — with a guerrilla's touch for instigation.

Even though DreamWorks was acquired by Paramount for $1.6 billion a year ago, many people have seen his hand in the subsequent moves at the studio. The decision to bring in Stacey Snider, a Geffen familiar, to run the DreamWorks division could be perceived as a threat to Brad Grey, the head of Paramount. And according to The Los Angeles Times, after Tom Freston was ousted as the head of Viacom, Mr. Geffen called Viacom's chairman, Sumner M. Redstone, and suggested that he hire Mr. Katzenberg, the head of DreamWorks Animation, and buy that as well.

"He is a star in a way that none of the other people in Hollywood with money are stars," said James Toback, a film director who once tried to cast Mr. Geffen in a movie.

And then there is Mr. Geffen's offer to buy The Los Angeles Times for $2 billion. While everyone can give Mr. Geffen credit for his deep understanding of how the news media can be manipulated, few would think of that skill set as congruent with owning a newspaper. (And indeed, his effort hasn't panned out.) But given what he accomplished with a few sharply conceived quotes to a well-read columnist, it is not hard, and not pretty, to imagine what he could do if he were in charge of one of the country's most important daily newspapers.

And perhaps that's the lesson the Democrats (and everyone else) should take from the past week. Business types love to get involved in politics, of course, but their tactics tend more toward the kind of knee-capping they remember so fondly from their boardroom days.

No one is expecting Mr. Geffen to spend his days golfing, but there is a danger that if the coming election becomes his full-time hobby, his precision ruthlessness will distort the public process. After all, this is not a movie sale, a busted deal or a Don Henley album; this is about the duly elected leader of the United States.

Mr. Geffen and Ron Burkle, another Los Angeles billionaire who is a staunch ally of the Clintons, have already fought for custody of The Los Angeles Times. No one wants to see the presidency treated as a cat toy between rich men who don't like to lose.

"I think that America was better served when the candidates were chosen in smoke-filled rooms," Mr. Geffen told Ms. Dowd.

There will be no smoke — we're talking about California, after all — but if kings are to be made or undone, you can bet that Mr. Geffen is standing at the ready.

Mud, Dust, Whatever (NYT)

By Bob Herbert

The New York Times, February 26, 2007

If Bill and Hillary Clinton were the stars of a reality TV show, it would be a weekly series called "The Connivers." The Clintons, the most powerful of power couples, are always scheming at something, and they're good at it.

Their latest project is to contrive ways to knock Barack Obama off his white horse and muddy him up a little. A lot, actually.

Most of the analyses after last week's dust-up over David Geffen's comments to Maureen Dowd have focused on whether the Clintons succeeded in tarnishing the junior senator from Illinois. What I found interesting was that no one questioned whether the Clintons would be willing to get down in the muck and start flinging it around. That was a given.

When Senator Obama talks about bringing a new kind of politics to the national scene, he's talking about something that would differ radically from the relentlessly vicious, sleazy, mendacious politics that have plagued the country throughout the Bush-Clinton years. Whether he can pull that off is an open question. But there's no doubt the Clintons want to stop him from succeeding.

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Senator Obama has come riding out of the wilderness (all right, Chicago) to stand between the Clintons and their dream of returning to the White House and resuming what they will always see as the glory years of the 1990s.

He hurts Senator Clinton in myriad ways. In all the uproar over Mr. Geffen's comments, hardly anyone has said they were wildly off the mark. There would be no Obama phenomenon if an awful lot of people weren't fed up with just the sort of mean-spirited, take-no-prisoners politics that the Clintons and the Bush crowd represent. Senator Obama — at least for the time being — is an extremely attractive alternative.

Right behind that as a factor is the distinct possibility that Mr. Obama will ride off with the black vote, without which the Clintons are doomed. Those who joked that Bill Clinton was the first black president are now confronted with someone who might be the real deal.

Senator Obama is also much freer to take fresh stands on the issues. His camp has been delighted, for example, to watch Senator Clinton twist herself into a pretzel on Iraq. From day care to health care to trade and beyond, Mr. Obama is free to offer something new. He's not tied to the Clinton experience, the Clintonian way of viewing the world.

And, finally, this campaign is not the be-all and end-all for Senator Obama. More easily than the Clintons, he can afford to make mistakes. He does not have to win this election. He can fight another day. In the absence of any catastrophic misstep, he could be selected as a vice-presidential candidate this time around. (It's not too hard to imagine a John Edwards-Barack Obama pairing.) He can run again for president four years from now, or eight years from now.

His future, as Yogi might have said, is all in front of him.

The Clintons were fresh once. I remember the exhilarating bus tour they took with Al and Tipper Gore right after Bill Clinton won the Democratic presidential nomination in the summer of 1992. There was a spontaneous quality to that tour and a sense that these four young leaders represented a new dawn of American politics.

Almost 15 years later, Hillary Clinton has to fight the perception that she is chasing yesterday's dawn. She has the benefit of universal name recognition, uniformly high poll numbers and trainloads of campaign cash. But she still gives the impression that she's riding the political high wire with the mixed blessing of Bill Clinton planted firmly on her shoulders.

It's ironic that the first woman with a real shot at the presidency comes off not as a compelling underdog but as the powerful front-runner at the controls of a ruthless political machine.

We'll have to wait and see whether Senator Obama is really offering a new, more hopeful brand of national politics. But here's a bit of unsolicited advice for a candidate making his first foray into the crucible of presidential politics:

Don't listen to those who tell you not to fight back against the Clintons. You will not become president if you allow yourself to become their punching bag. Keep in mind the Swift-boating of John Kerry. Raising politics to a higher level does not mean leaving oneself defenseless.

Hillary Clinton Courts Black Voters (NSDY)

By Reid J. Epstein, Reid.epstein@newsday.com

Long Island Newsday, February 26, 2007

At African-American cultural celebration in NY, senator talks about local issues and helps honor community activists

It wasn't officially a campaign event, and she didn't mention the presidency, but Sen. Hillary Rodham Clinton spent yesterday working to position herself as the candidate for African-Americans.

Coming after a week in which her campaign traded barbs with Illinois Sen. Barack Obama, Clinton's Democratic primary opponent, she presided over an African-American heritage celebration hosted by District Council 37, New York City's largest public employee union.

At the union's lower Manhattan headquarters, Clinton spoke mostly about local issues not likely to earn her attention in early presidential battleground states like Iowa and New Hampshire.

The former first lady, who wore a black suit with a pink shirt, praised the York College basketball team for winning the CUNY conference basketball championship, touted the preservation of the downtown African burial ground and promised to work to keep residents of Brooklyn's massive Starrett City housing development, which is in the process of being sold, from being priced out of their homes.

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"Starrett," she said, "we've got to save the housing there."

Even though Clinton focused on local issues -- she also pushed universal health care coverage -- the event's honorees didn't hesitate to expound on her presidential prospects.

"Our president often considers, it appears, Africa a country and not a continent," said Elsie Crum McCabe, the president of the Museum for African Art in Long Island City. "Our next president won't do that."

The remark was clearly made with Clinton in mind though it could apply also to Obama, whose father was born in Kenya. The presidential contender is well-respected by many blacks for his work as a community organizer in Chicago.

Ernest Davis, the mayor of Mount Vernon in Westchester County, said New York state's black community will work hard to help candidate Clinton.

"If she is to succeed, we can't just stand on the sidelines," Davis said while accepting an award during the event. "We're going to do everything in our power to make sure that she is successful."

Other honorees spoke of Clinton as a trail blazer for women. Sheena Wright, the president and chief executive of the Harlem-based Abyssinian Development Corp., a nonprofit investment organization, said the free world would be fortunate to have Clinton as its leader.

"As she makes her way to the White House again," Wright said to raucous applause while accepting an award at the event, "not only does the United States of America need her leadership ... but the world needs her to sit in that seat."

Other honorees yesterday were Divine Bradley, 24, a hip-hop artist who started an after-school program near his home in Canarsie, Brooklyn; Marcia Keizs, the president of York College in Jamaica; and Lillian Roberts, DC37's executive director.

Yesterday marked the seventh year of the event, which Clinton began upon her election to the Senate.

Clinton finished her day at a discussion of Sen. Charles Schumer's book, "Positively American: Winning Back the Middle-Class Majority One Family at a Time," at the 92nd Street Y on the Upper East Side. She is scheduled to spend today traveling upstate to discuss economic issues.

Rice: Obama's Run Shows Black Progress (KCS)

The Kansas City Star, February 26, 2007

WASHINGTON - Secretary of State Condoleezza Rice finds Democratic presidential candidate Barack Obama appealing and says it won't be much longer before race isn't a barrier to becoming president.

Obama is a top-tier contender among Democrats and his wide support early in the 2008 race "just shows that we've come a very long way," Rice said Sunday. She and the Illinois senator are black.

"I do think we've come a long way in overcoming stereotypes, role stereotypes about African-Americans. I will say race is still a factor. When a person walks into a room, I still think people still see race," Rice said.

"But it's less and less of a barrier to believing that that person can be your doctor or your lawyer or a professor in your university or the CEO of a company. And it will not be long, I think, before it's no longer a barrier to being president of the United States," Rice said.

Rice, a Republican, has said repeatedly she will not run for president despite high popularity ratings and measurable support in opinion polls.

She noted that if she were to continue as secretary of state through the end of President Bush's term in January 2009, "we will not have had a white male secretary of state for 12 years - a white woman, black man and a black woman. That says something about how far our country has come, even though we can't deceive ourselves. Race is still a factor in this country."

Her most recent predecessors at the State Department were Colin Powell and Madeleine Albright. Powell was secretary of state from 2001 to 2005; Albright from 1997 to 2001.

Rice discussed race in the United States when asked about Obama's candidacy. Obama, a first-term senator, is considered among the early front-runners for the Democratic nomination with Sen. Hillary Rodham Clinton of New York and 2004 vice presidential nominee John Edwards.

Rice noted that Obama is a member of the Senate Foreign Relations Committee, where the secretary often testifies.

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"I think he's very appealing and a great person. He's on my committee. And we've always had good exchanges. I think he's an extraordinary person," she said.

Rice declined to say whether she thought he had enough experience, especially in foreign policy, to be president.

"Oh, I'm not going to make that choice. The American people are going to make that choice," she said.

Rice was interviewed on "Fox News Sunday."

How Much Will The '08 Race Turn On Race? (RC)

By Stuart Rothenberg

Roll Call, February 26, 2007

During the past three weeks, three different African-American political insiders have commented to me that I have mistakenly failed to discuss "race" when talking about Sen. Barack Obama's prospects for 2008.

They all thought that the Illinois Democrat's race is an impossible burden for him and makes him unelectable in the general election even if he were to win the Democratic nomination.

It's true, I think, that many of us who write about politics — and as a group we are overwhelmingly white — have concluded that former Massachusetts Gov. Mitt Romney's (R) religion is a greater impediment to his presidential hopes than is Sen. Hillary Rodham Clinton's (D-N.Y.) gender or Obama's race.

That's been my assumption for months, in part because national public opinion surveys have shown that more Americans say they wouldn't vote for a Mormon than for a woman or an African-American, and in part because the nature of the presidential nominating process elevates the importance of certain states and of certain demographic groups in those key states.

After all, if evangelical Christians prove to be unwilling to support a Mormon, it's hard to see how Romney can do well in Iowa or South Carolina, two key early tests for the GOP nomination. And if he flops there, he probably can't be nominated, let alone elected president.

But some in the black community remain deeply skeptical about Obama's electability. Their view is simple: Whether those being surveyed about their willingness to vote for an African-American are deceiving themselves or intentionally misleading pollsters, a lot of white voters won't vote for a black nominee.

There is, of course, something to this view. Political observers long ago concluded that African-American candidates often underperform among undecided voters, and polling in past races has exaggerated the strength of some black candidates.

But after re-examining my assumptions, talking to some thoughtful political veterans and considering the data, I remain convinced that Obama's race is not an insurmountable problem for him.

First, let's stipulate that there are still some people in this country who won't vote for an African-American for any office. Second, let's agree that there are plenty of states that a Democrat, white or black, is not going to carry in the 2008 presidential race. And third, let's also note that race tends to be more of an issue in states with large black populations, and that happens to be in Southern states that no Democrat will win.

The question then is whether Obama can carry enough white voters in enough Democratic or politically competitive states to win 270 electoral votes. I think it's possible. He wouldn't need to carry South Carolina or Oklahoma or even Louisiana. He might need some combination of Iowa, Nevada, New Mexico, Colorado and/or Ohio — all states that Sen. John Kerry (D-Mass.) lost in 2004 — but he wouldn't need to carry a Deep South state or a bastion of Republicanism.

Ten African-Americans in the House, all Democrats, currently represent majority white districts, including two each in Florida, Georgia and Missouri. In addition, Julia Carson of Indiana, Keith Ellison of Minnesota, Mel Watt of North Carolina and Gwen Moore of Wisconsin all represent majority white districts. Ellison's district is only 10 percent black, while Carson's is 26 percent and Moore's is 28 percent.

Colorado has had two African-American lieutenant governors over the past 40 years, and in the late 1990s it had two black statewide officials at the same time (both Republicans).

African-American Thurbert Baker (D) has been elected and re-elected as Georgia's attorney general, and Michael Thurmond has been elected twice as the state's commissioner of labor. Baker ran far ahead of then-Sen. Max Cleland (D) and

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then-Gov. Roy Barnes (D) when each was going down to defeat in 2002. Republicans nominated African-Americans for governor last year in Ohio and Pennsylvania, and Massachusetts elected an African-American to the state's top job.

For the moment, I have more concerns about Obama's ability to win black support for the Democratic nomination than I do about his ability to get elected if nominated, especially since Clinton and former Sen. John Edwards (D-N.C.) have appeal in that community.

"Older African-Americans are more pessimistic about what the prospects are for black candidates," said David Bositis, a senior political analyst with the Joint Center for Political and Economic Studies, and one of the most thoughtful and well-informed students of black political behavior and public opinion. That means they are likely to doubt Obama's electability in 2008.

But what happens if Obama starts winning primaries? "If Obama comes out of Iowa and New Hampshire looking like a winner, there will be a substantial move of support to him in the African-American community," Bositis predicted.

We all know that the Illinois Senator has considerable personal appeal, and white voters are likely to react far more favorably to him than to African-American political figures such as the Revs. Jesse Jackson or Al Sharpton. I believe he is electable under the right circumstances, which makes him no different than any other politician. That means he will win or lose because of his record, his campaign and his performance as a candidate.

Stuart Rothenberg is editor of the Rothenberg Political Report.

As Candidate, Obama Carves Antiwar Stance (NYT)

By Jeff Zeleny

The New York Times, February 26, 2007

WASHINGTON, Feb. 25 — Senator Barack Obama is running for president as one of the few candidates who opposed the Iraq war from the beginning, a simple position unburdened by expressions of regret or decisions over whether to apologize for initially supporting the invasion.

Iraq remains a defining topic in the opening stages of the 2008 presidential race, but it may prove easier for Mr. Obama, Democrat of Illinois, to revisit the past than to distinguish his views in the future. The current Iraq proposals of Mr. Obama; Senator Hillary Rodham Clinton, Democrat of New York; and former Senator John Edwards of North Carolina share more similarities than differences, including a gradual withdrawal of troops.

Though Mr. Obama is framing his candidacy to appeal to Democrats who have long opposed the war, until recently he was not among his party's most outspoken voices against it. He campaigned strongly against the war in his bid for the Senate in 2004, but when he arrived in Washington he waited 11 months to deliver a major speech on Iraq.

And only after Mr. Obama opened a presidential exploratory committee did he introduce legislation to withdraw American combat brigades from Iraq by March 31, 2008.

In an interview last week, Mr. Obama said he intended to continue using the authorization of the war to distinguish himself from fellow Democratic presidential candidates. In addition to Mrs. Clinton and Mr. Edwards, Senators Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware voted to authorize the invasion.

"The authorization vote is relevant only because it gives an insight into how people think about these problems and suggests the sort of judgment they apply in evaluating a policy decision," Mr. Obama said. "There are people who sincerely believe that this was the best course of action, but in some cases politics entered into the calculation. In retrospect, a lot of people feel like they didn't ask hard enough questions."

Mr. Obama was not always so critical of the Congressional vote, taken on Oct. 11, 2002. In several interviews before the Democratic National Convention in 2004, where his national political ascent began, he said he did not place blame on Democrats who had voted to authorize the war, conceding he had not been privy to the same intelligence information.

Now, he appears intent on drawing the contrast between his early opposition to the war and the Senate votes to authorize it by Mr. Edwards, who has since repudiated his vote and apologized for it, and Mrs. Clinton, who has not apologized but has said she would not have supported the resolution had she known then what she knows now.

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These days Mr. Obama dismisses the suggestion that it was easier for him to speak against the war because he was not serving in the Senate and therefore not obligated to vote on the matter. He recalled worrying, at the time, that he might lose his Senate primary election because of his decision to oppose the Iraq invasion.

"It certainly didn't look like a cost-free decision when Saddam Hussein's statue was being pulled down in Baghdad," Mr. Obama said in an interview. "I was in a hotel room in the middle of my Senate campaign, watching that happen, and President Bush's job approval rating was at 60 percent. Those who voted for the authorization felt pretty good."

In a Senate debate on Iraq last June, Mr. Obama voted to oppose an amendment seeking to set a specific timetable for withdrawing American troops. His current position on a withdrawal mirrors the conclusions of the bipartisan Iraq Study Group, which recommended a specific time frame for troops to leave.

Now the politics of the war seem to be working in his favor among Democratic primary voters.

As Mr. Obama has introduced himself in the opening weeks of his candidacy, few subjects have garnered more applause than his criticism of the war. He does not refer to the conflict as Mr. Bush's war, which antiwar candidates in the Democratic Party did in the 2004 election, but rather is seeking to expand the circle of responsibility to those who supported the invasion.

"We continue to be in a war that should never have been authorized," Mr. Obama told an audience in Iowa last week, making a not-so-subtle reference to Mrs. Clinton and other Democratic rivals. Two days later, at a Texas rally, he said, "I am proud of the fact that way back in 2002, I said that this war was a mistake."

As if on cue, the crowds of Democrats cheered with gusto.

Nolden Gentry, a lawyer in Des Moines who has been in audiences to see Mrs. Clinton and Mr. Obama in the past month, said Mr. Obama's position on Iraq was one of many factors setting his candidacy apart in the eyes of Democrats. "He's more pure on the war," Mr. Gentry said, walking from a town meeting where he and 2,200 others had seen Mr. Obama.

Sterletha Grover, an account representative for a computer company who saw Mr. Obama speak to about 20,000 people on Friday in Austin, Tex., said she liked his view on Iraq. "We shouldn't have gone there in the beginning," she said.

Mr. Obama highlights his points of distinction on the war in meetings with party officials and influential donors as well. During his trip to Des Moines last week, he met behind closed doors with members of the Iowa House of Representatives and the State Senate. In both sessions, participants said, he raised the issue of Iraq himself.

Still, his proposals for Iraq do not go as far as those of others in the Democratic field, particularly that of Representative Dennis J. Kucinich of Ohio, who voted against the Iraq authorization and has recommended cutting military spending to end the war. Mr. Edwards, too, has called on Congress to pass substantive legislation that would, among other measures, block financing for a buildup of troops. Mr. Obama has not suggested such proposals.

Among the differences in the plans offered by Mr. Obama and Mrs. Clinton is that she does not propose setting a deadline for American troops to be withdrawn. The titles of their plans, though, are similar. Hers is called the Iraq Troop Reduction and Protection Act of 2007, and his is the Iraq War De-escalation Act of 2007.

In the interview last week, Mr. Obama said that he had not wavered on Iraq since the onset of the war and that he disagreed with critics who said he had become more vocal since becoming a candidate. He said he did not deliver speeches on the topic when he first arrived in the Senate because he was taking a low-key approach in his first year in office.

"As a freshman, our objective was not to try to get in the front all the time," Mr. Obama said. "But the truth is that in that first year, we had just seen an Iraqi election, and my feeling was that while I was not optimistic, it was appropriate to try to give the nascent government a chance."

At the time, Mr. Obama was also not planning to run for president. He opened his presidential exploratory committee on Jan. 16. The next day, Mrs. Clinton presented her Iraq plan on Capitol Hill.

As he stepped into an elevator that day, reporters asked whether he would be presenting a specific Iraq proposal. "That will be coming soon," he replied. Aides went to work, formulating legislation consistent with his views from more than four years earlier. And 13 days later, on Jan. 30, his plan was introduced.

Obama Makes First Campaign Stop In Kentucky (LEXHL)

Lexington Herald-Leader (KY), February 26, 2007

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LOUISVILLE, Ky. - Democratic presidential hopeful U.S. Sen. Barack Obama spoke Sunday night to a crowd of at least 3,000 supporters who waited nearly two hours for him to arrive for his first campaign stop in Kentucky.

Obama apologized for the delay, saying snow in Chicago kept him from arriving sooner.

"We had a blizzard up in Chicago," Obama said. "It was snowing and sleeting and blizzarding."

"There was no way I was not going to make 3,000 people coming out," he said to audience members who paid $25 a ticket for the event. A higher dollar fund-raising event was scheduled later at the nearby Henry Clay Hotel.

Obama talked about concerns that he is too inexperienced to be president.

"Some people might ask, 'How can this guy been president? He's only been in Washington for two years.' Let me tell you, I've been in Washington long enough to see that things need to be changed," he said.

Obama touched upon the issues that he has focused on in stump speeches during his two-week old campaign education, health care, energy policy, economic policy and the war in Iraq.

Loud applause rose from the crowd each time he said, "At the end of my first term as president."

On Iraq, he called the war "ill-conceived" and said it is "distracting attention away from the war on terrorism."

He called for a phased redeployment beginning May 1 of this year and a complete pullout of combat troops by March 31, 2008.

"We cannot bring about change in Iraq militarily," he said. "What we can't do is put our young men and women in the middle of a sectarian war. It won't work."

Obama is considered among the early front-runners for the Democratic nomination with U.S. Sen. Hillary Rodham Clinton of New York and 2004 vice presidential nominee John Edwards.

U.S. Rep. John Yarmuth, D-Ky., appeared on stage with Obama, but said his appearance wasn't an endorsement.

"I would be here for any of the Democratic candidates," he said. "But if he's the nominee, I will be extremely enthusiastic."

A Hard Habit To Kick -- Right, Obama? (LAT)

By Allan M. Brandt

The Los Angeles Times, February 26, 2007

PRESIDENTIAL hopeful Barack Obama is trying to quit smoking. There are, of course, many good reasons to. He will significantly reduce his own risk of serious disease and that of those around him by not smoking. But clearly, one of the reasons Obama wants to quit now — beyond pressure from his wife — is that it would be widely perceived as unseemly and inappropriate to have a smoker in the White House.

Smoking has become a marginalized and often stigmatized behavior, a sign of personal weakness — which just won't do in a presidential candidate these days. A once-social behavior has become largely solitary; the fragrant has turned foul. Indeed, we've had a revolution in the meanings associated with cigarettes that has coincided with a remarkable decline in smoking.

At the time of the first U.S. surgeon general's report issued in 1964, nearly half of all adult Americans were smokers. Today, the number stands at about one in five. Nonetheless, smoking continues to exact an enormous health toll. Nearly 450,000 deaths each year in the U.S. are attributed to cigarette use.

As Obama must know, quitting is no easy matter. Most individuals attempting it have tried and failed. Even those who get the best counseling and pharmacologic treatments are likely (at a rate of about 80%) to be smoking still, or again, at the end of a year.

And it may well be getting even more difficult to quit. A recent study shows that the average dose of nicotine in a pack of cigarettes has increased by more than 10% just since 1995, a result of explicitly engineered modifications.

Yet tobacco giant Philip Morris claims that it is eager to help smokers quit. It says so on its website and in much-touted "Quit Assist" ads and booklets that offer cessation strategies to smokers. This is the brilliant contemporary formulation of an old tobacco industry yarn: any smoker can quit if they are motivated and persevere.

So, even as tobacco companies admit that smoking is harmful — a fact they denied for 40 years — they continue to assert that consenting adults assume the risks (though they don't like to get specific about what those risks are, like lung cancer and stroke). As we now know from the millions of pages of internal tobacco documents available on the Web, the industry blows

smoke out of both sides of its mouth. Philip Morris has been especially eager to complete its makeover into a "responsible corporate citizen." The company gave $25 million to the University of Virginia this month to support research on, yes, smoking cessation. Meanwhile, the five major U.S. tobacco companies, including Philip Morris, spent more than $15 billion last year promoting cigarettes here.

For every American like Obama who may successfully quit, there are "replacement smokers" in foreign lands. When Americans and others in Western developed nations began quitting in greater numbers in the 1970s and 1980s, the industry ramped up its efforts abroad, often with the assistance of the U.S. trade representative. Philip Morris International now sells more than four times as many cigarettes as its American sister company.

This dramatic rise in global consumption will prove disastrous in the future, especially in poorer countries. While 100 million people worldwide died of tobacco-induced diseases in the 20th century, the World Health Organization now predicts that nearly 1 billion such deaths will occur in this century.

Yet the ability to regulate tobacco is severely limited both here and abroad. Despite a Supreme Court ruling Tuesday tossing out a $79.5-million punitive damages judgment against Philip Morris, litigation remains a critical approach to holding the companies accountable. (In this case, the award may still be reinstated or reduced.)

One new strategy is the Framework Convention for Tobacco Control, an international treaty developed by the World Health Organization to restrict tobacco use. Participating countries agree to formulate pricing, taxation, labeling and controls on advertising to promote public health.

Philip Morris worked concertedly behind the scenes during the drafting of the pact to undermine the treaty's key provisions. The chief U.S. treaty negotiator, a career public health officer, even quit in protest when the Bush administration assisted in trying to water down the final version.

The treaty has been ratified by 144 nations, with the notable exception of the U.S. The Bush administration has yet to forward it to Obama and his colleagues in the Senate.

If Obama quits, no doubt Philip Morris will be the first to congratulate him. After all, won't that prove that anyone can stop anytime he wants to? If only that were true. Then the global epidemic of tobacco deaths would be coming to a precipitous end instead of spiraling upward. As the tobacco executives know all too well, a new smoker is born every minute — and they are ready with a pack of Marlboros.

Keeping The Faith (USNEWS)

By Dan Gilgoff

U.S. News and World Report, February 26, 2007

Veteran Christian activist Marlene Elwell is not inclined to make political compromises. She helped engineer Pat Robertson's victory over George H. W. Bush in 1988's Iowa caucuses and led Michigan to constitutionally ban gay marriage in 2004. But after meeting with Kansas Sen. Sam Brownback, interviewing California Rep. Duncan Hunter, and studying former Arkansas Gov. Mike Huckabee-all 2008 presidential hopefuls who, like Elwell, are dyed-in-the-wool religious conservatives-she concluded that none could raise the tens of millions of dollars necessary for a competitive campaign. So she looked to the top-tier Republican candidates who were less ideologically pure on abortion and gay marriage.

Of course, that decision had its own challenges. Elwell knew she could rule out supporting ex-New York Mayor Rudolph Giuliani, a social liberal. She sat down with former Massachusetts Gov. Mitt Romney, a onetime supporter of gay rights and abortion rights who now calls himself a staunch social conservative, but couldn't get past his "sketchy and inconsistent" record. So Elwell cast her lot with Arizona Sen. John McCain, who infuriated religious conservatives by supporting embryonic stem cell research and opposing a constitutional amendment to ban gay marriage. She reasoned that McCain's many antiabortion votes in the Senate made him enough of a social conservative and that he has a strong shot at actually winning. Elwell signed on, not just as a supporter but as McCain's faith outreach director. Now her task is to convince fellow Christian right activists that the senator is not the social moderate they think he is. "At first, audiences say, 'Oh, my-McCain isn't pro-life,'" Elwell says. "But after I discuss his record, they're pleasantly surprised. There are converts."

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Whether McCain and the other leaders of the GOP presidential pack-Giuliani and Romney-can make enough converts among the Republican Party's base of religious conservatives may determine whether any of them can win the presidential nomination. Because of their political records and personal lives, all three have raised abundant doubts within the Christian right. And what happens next could be crucial. "One possibility is that Christian right activists coalesce around Brownback or Huckabee-if united, they would be formidable," says John Green, a scholar at the Pew Forum on Religion and Public Life. "And if they unite against any one candidate's nomination, they could prevent him from winning the nomination." Trying to stave off either possibility, McCain and Romney-and, to a lesser extent, Giuliani-have launched Christian conservative outreach plans. But some powerful Christian right activists are skeptical. And others are determined to stop the front-runners in their tracks.

The Christian right's consternation over Giuliani, McCain, and Romney is a remarkable turnabout from 2004, when the movement was united behind the re-election of George W. Bush. White evangelicals, who made up roughly a quarter of the electorate in 2004 and 2006, accounted for nearly 4 in every 10 Bush votes. "I don't think any of the three are remotely acceptable, and I don't think I'm an outlier," says Michael Farris, a top Christian activist who organized meetings between Bush and evangelical leaders for his first presidential run. "Giuliani holds the opposite view of the Republican platform on social issues, Romney has held both sides of those issues, and McCain picked fights with us the last time he ran for president." An early February meeting of the Council for National Policy, a club of powerful social conservatives whose members include Focus on the Family founder James Dobson and Left Behind author Tim LaHaye, was thick with fretting over '08. "I've never seen more disillusionment at this point in the election in 30 years," says a source close to the Council for National Policy, which prohibits members from discussing meetings with the media. "There's a revolt out there, a feeling these top three are being pushed on us by Republican leadership in D.C."

Splits. Some heavyweights within the Council for National Policy and other conservative coalitions are weighing an effort to galvanize behind a socially conservative second-tier candidate, such as Huckabee or Brownback, in an attempt to catapult him into the top tier. "There is a very strong feeling that we have to assert ourselves or we're going to end up with somebody we can't support," says Paul Weyrich, a longtime conservative activist and cofounder of Moral Majority. Weyrich says Christian right leadership is currently split "around fifty-fifty" over whether to pursue such a plan or to adopt an every-man-for-himself approach, in which activists would gravitate toward the candidate of their choice.

A concerted attempt to steer evangelical and conservative Roman Catholic voters toward a second-tier candidate could hit Romney hardest. In reversing his support for abortion rights and gay rights, Romney's strategy is to convince right-wing Republicans leaning toward Huckabee or Brownback that he's the more viable candidate. (The plan presumes that McCain and Giuliani will fight for the votes of the Republican establishment.) "There's a big group of pragmatic social conservatives who don't want to waste their votes," says a Romney aide. "We're going to be the second choice of a lot of people who want to follow their hearts but want a strong candidate."

Of the three front-runners, Romney has been courting evangelical leaders most zealously. After a meeting at his Massachusetts home last fall with roughly 15 high-powered religious conservatives, Romney sent each attendee a wooden captain's chair mounted with a brass plaque that reads, "You are welcome at our table anytime." Because many evangelicals consider Romney's Mormonism to be a cult, he has the most to gain by winning over visible evangelical leaders. "If the person in the pulpit says [Mormonism] is a line you cannot cross, then you can't reach the person in the pew," says evangelical publicity executive Mark DeMoss, who organized the Massachusetts meeting. The courtship continued in February at the National Religious Broadcasters convention in Orlando, where DeMoss introduced Romney to closed-door sessions of Christian right activists by saying: "I've found the answer to the question of whether you can support a Mormon: It depends on who the Mormon is."

Romney has picked up support among key evangelicals, including DeMoss and Jay Sekulow, who runs the Christian legal group American Center for Law and Justice, founded by Pat Robertson. Romney's campaign has also been assiduously courting Dobson, the nation's most politically powerful evangelical leader, who announced earlier that he couldn't support McCain or Giuliani. U.S. News has learned that Romney sat down with Dobson last week at Focus's Colorado Springs, Colo., headquarters for their first getting-to-know-you session. Christian right activists say that unless Romney can win his support, Dobson-who has not met with other presidential candidates at Focus HQ-is inclined to back a second-tier candidate.

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Critics. Romney has suffered among social conservatives in recent months, as activists around the country have E-mailed to one another more than a dozen memos and news clips criticizing his gubernatorial record. Among other things, the memos allege that Romney appointed liberals to fill state court vacancies and that he failed to use his executive power to stop the distribution of marriage licenses to gay couples. The Romney campaign notes that his court appointees needed approval of Democratic officials and argues that an amendment to the state Constitution to ban gay marriage, which Romney backed, was preferable to a one-time executive injunction. But many conservatives remain skeptical. " If there's anything else [social conservatives] should know, he should let them know now," says Family Research Council President Tony Perkins, who stood with Romney last fall in Massachusetts to oppose the state Supreme Court's legalization of gay marriage.

Even before recent disclosures about what an ardent gay-rights and abortion-rights supporter Romney had been, some activists were dubious of his conversion to social conservativism. "Bush had a pretty consistent record of being pro-life and pro-family-it wasn't perfect, but it was consistent," says Farris. "Romney is not even in the ballpark."

That's where the McCain campaign sees its opening. In the past month or two, McCain has hired a handful of staffers to make the case to religious conservatives that McCain's antiabortion record in the Senate makes him a trustworthy alternative to Romney. McCain recently told a South Carolina audience that Roe v. Wade should be overturned, and he has been lobbying the National Right to Life Political Action Committee for an endorsement. That effort has so far failed to bear fruit, but McCain's pitch is resonating. "One's record is a good indicator of future performance," said Perkins after emerging from a meeting with McCain at the National Religious Broadcasters conference. "The senator does have a pretty solid record on the life issues."

McCain has begun tying his support for states' rights on the issue of abortion to his view that states should decide how to deal with gay marriage. But his opposition to the so-called Marriage Protection Amendment isn't McCain's only sticking point with religious conservatives. Grass-roots groups like Focus on the Family loathe the McCain-Feingold campaign finance law because they say it restricts their ability to communicate with constituents before elections. And, despite McCain's recent buddying up with Jerry Falwell, many activists are still sore over his "agents of intolerance" excoriation of Christian conservatives in 2000. "People say, 'McCain hated us then,'" says Weyrich. "'How do we know that he doesn't still hate us?'"

Faith. Unlike Romney, an active member and former official in the Mormon Church, the Episcopal McCain rarely speaks about his religious life. That's another possible stumbling block among religious conservatives, whose favorite politicians, like George W. Bush and Ronald Reagan, discussed their faith openly. Though McCain's aides say he will avoid talking about his religion, he does, in sessions with religious conservatives, tell of his role as an unofficial chaplain among his fellow POWs during the Vietnam War.

Of course, with his well-known defense credentials, McCain stands to benefit if, in the first competitive post-9/11 Republican presidential primary, issues like abortion and gay marriage take a back seat to terrorism and national security. That certainly appears to be Giuliani's calculus. The former New York mayor has been on a hiring spree, but he hasn't brought aboard staff to court religious conservatives. (His campaign notes that Giuliani will speak at Robertson's Regent University in Virginia Beach this spring.) Giuliani has stressed that he would appoint "strict constructionists" to the judiciary, an important cause for social conservatives, and his staff says he holds some positions-like opposing gay marriage and the procedure critics call "partial-birth" abortion-that will appeal to religious conservatives. But his campaign believes the '08 Republican primary will see candidates' leadership qualities overshadow their stances on hot-button issues. "Rudy is moderate on social issues, and despite that, he's leading in the polls," says Bill Simon, a top Giuliani adviser. "This is a time when people feel uncertain about the international situation and want to know the person in the Oval Office is up to the task, even if they don't agree with him on everything."

If Giuliani winds up harnessing enough moderate Republican support to win the nomination, the GOP will have another problem on its hands: how to get evangelicals to the polls in the general election. "Evangelicals just won't vote" if Giuliani is the nominee, says the Southern Baptist Convention's Richard Land. "He'll lose Ohio, perhaps Tennessee-maybe even Texas." To Christian conservatives, it's a losing formula. But they still have to find a winning formula that includes them.

Winning With Evangelicals (USNEWS)

By Dan Gilgoff

DOJ_NMG_0136182

U.S. News and World Report, February 26, 2007

To appreciate how much is at stake in the Republican contenders' struggles to win over evangelical voters-and in the vows of the Democratic candidates to change their party's secular image-just consider the 2004 election. In his new book The Jesus Machine: How James Dobson, Focus on the Family, and Evangelical America Are Winning the Culture War, U.S. News Senior Editor Dan Gilgoff details how George W. Bush's evangelical outreach machine, and John Kerry's failure to connect with evangelicals and other religious voters, may have determined the outcome.

Despite the unprecedented get-out-the-vote efforts being organized by evangelical groups like Focus on the Family, the Bush-Cheney 2004 campaign wasn't taking any chances. After the 2000 election debacle, which saw Bush lose the popular vote, White House political don Karl Rove estimated publicly that 4 million white evangelical voters had stayed home on Election Day 2000. He vowed to reinvigorate them for 2004. No other demographic that size would consistently pull the Republican lever.

But rather than blame the Bush-Cheney 2000 campaign for the depressed evangelical turnout that year, the Bush-Cheney 2004 re-election team pointed the finger at evangelical groups like Focus on the Family. In the eyes of the Bushies, such groups claimed huge followings but had failed to get them to the polls four years earlier. Said one Bush-Cheney '04 official: "Because the ball was dropped so precipitously in 2000, [evangelical mobilization] had to be brought inside."

Officials inside Focus on the Family's public policy shop argued that they had been much less gung-ho about mobilizing evangelical voters in 2000 than in 2004 because candidate Bush was something of an unknown quantity; he promoted "compassionate conservatism" and a "big tent" GOP rather than play up antiabortion and antigay rights themes. "We didn't really know George Bush till he was inaugurated," said Focus on the Family public policy director Tom Minnery. "At that inauguration, he had Franklin Graham ... there were church hymns being sung. It was a Christian service was what it was."

Creating motivation. Focus on the Family officials also noted that at the time of the 2000 election, Massachusetts hadn't yet legalized gay marriage, and the proposed amendment to the Constitution banning gay marriage hadn't yet emerged as a key issue. Evangelicals, in other words, had fewer reasons to be motivated for Bush in 2000.

But Bush's re-election team had a different theory. When Ralph Reed left Christian Coalition after the 1996 election, the organization-which had boasted an $8.5 million budget and a thousand nationwide chapters-more or less collapsed. Membership dwindled and the group fell into debt. But, the Bushies theorized, neither GOP strategists nor Christian right groups had appreciated the vacuum in voter mobilization efforts left by Christian Coalition's implosion until the exit polls came back from 2000. "People trusted that there was still a Christian Coalition getting out the vote," said one Bush-Cheney '04 official. "But Christian Coalition had fallen apart, and no one else had picked up the slack yet."

So in 2004, the Bush team vowed to take evangelical mobilization into its own hands. In 2000, the Bush campaign had outsourced evangelical outreach to the consulting firm that Ralph Reed launched after leaving Christian Coalition. In 2004, Bush's campaign instead hired Reed to work from the inside. Officially, he was the Bush-Cheney chairman for the southeast region of the United States. But his more important assignment was to construct a vast volunteer infrastructure, extending into tens of thousands of voter precincts, to get evangelicals to the polls. "It was very new in terms of ... full-scale investment in this particular demographic," said Gary Marx, who worked under Reed as the Bush-Cheney 2004 national conservative coalition director. "It was the first time in Republican political history that the presidential campaign was run in such a way that this was a formalized element in everything we did, from radio buys to direct mail. ... It was a demographic group that was courted ... just as soccer moms were in 2000 and NASCAR dads in 2002."

Bush-Cheney headquarters sent the names of unregistered churchgoers back to volunteers across the country, who would call their evangelical neighbors and urge them to register. Some volunteers even offered to deliver registration forms and absentee ballots. Asked how many new voters the Bush campaign registered this way, Marx estimated the figure to be "in the range of millions."

Between the efforts of the Bush-Cheney campaign, the RNC, and outside groups like Focus on the Family, Rove nearly met his goal of turning out 4 million more evangelicals in 2004. Exit polls showed that 3.5 million white evangelicals who stayed home in 2000 cast ballots in 2004. Bush also captured a larger share of the evangelical vote in 2004-78 percent-than in 2000, when 68 percent backed him. Between new evangelical voters and those who had voted for Gore in 2000, Bush picked up nearly 6 million new evangelical votes, about twice his margin of victory.

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Of course, to the true believers who built Bush's 2004 evangelical voter machine, there was more than demographics at work in his re-election. "Prayer was a hugely important part of the strategy," said Olsen, the Florida chairwoman for social conservative outreach. "I prayed that people not be persuaded by their pocketbooks [at the voting booth] but that ... they voted as if God was to come down and vote."

By April 2004, The John Kerry campaign had hired a born-again Christian and ex-Howard Dean aide named Mara Vanderslice to be its religious outreach director. At that point in the election cycle, Reed had been at work for six months assembling his evangelical outreach machine for President Bush. He had appointed chairpersons for social conservative outreach in battleground states. He had signed up tens of thousands of evangelical volunteers. Reed had begun collecting church directories to sign up new evangelical voters.

Vanderslice's operation inside the Kerry campaign was more modest. It comprised herself, then 29, and an unpaid intern. She had no volunteer lists. Except for Kerry's appearances before African-American congregations, the campaign had resolved to stay out of churches. "They didn't have any vision at all," Vanderslice said of the campaign's religious outreach strategy. "I just kind of had to make it up."

There were six months till Election Day.

Even before Kerry emerged as the Democratic front-runner, he had drawn fire from a handful of Catholic bishops. St. Louis Archbishop Raymond Burke said he would refuse to give Holy Communion to Kerry, a former altar boy and lifelong Catholic, because he was pro-choice. A Colorado Springs bishop went so far as to instruct Catholic voters who backed candidates supportive of abortion rights to forgo Communion.

Kerry was surprised and hurt by the attacks, according to aides. "I've met with many bishops ... on this very subject before and after the campaign," he said after the election. "And key prelates in the church have indicated to me that nowhere in canon law is there any refusal of the Eucharist to a parishioner." Still, Kerry responded swiftly at the time in the news media, expressing his respect for the bishops while affirming his own Catholic commitment and his opposition to "legislating articles of faith."

But beyond Kerry's own reactions in the press, his campaign declined to dispatch credible Catholic figures in his defense or to reach out to Catholics with Kerry's response. The way the story was playing out in the media, it was easy to infer that a rift had opened between Kerry and the Roman Catholic Church he claimed to belong to. "There were many conversations about it, but there was a lot of fear and indecision about how to respond," Vanderslice said. "[N]ot having some backup within the broader Catholic community made [the campaign] even more timid." The Kerry campaign decided to ignore the bishops.

Kerry's privacy. But one of Vanderslice's goals remained getting Kerry to open up about his faith. She noticed that Kerry's appearance at Ronald Reagan's funeral in June 2004, where he crossed himself over Reagan's coffin, went a long way in making religious people comfortable with him. "People were longing to understand ... what was guiding him," Vanderslice said. But Kerry was reluctant to discuss his faith, in contrast to President Bush, whose tale of conversion from drunk to born-again was well known.

It wasn't until 10 days before Election Day that Kerry delivered his so-called faith and values speech. At a stop in Florida, Kerry quoted from all four Gospels and the Ten Commandments. He spoke of how his Catholicism played into his upbringing and his service in the Vietnam War. He explained the Catholic notion of the "common good." The Washington Post called it "perhaps the most overtly religious speech of the campaign by either candidate."

Vanderslice welcomed the speech, but thought it came much too late. She had tried for months to insert religious themes into message development, but was stymied by senior campaign officials. She also felt that Kerry's "faith and values" speech was delivered in the wrong venue: to a largely Jewish audience in Fort Lauderdale, Fla. Vanderslice had long pressed for Kerry to appear in an overtly Christian setting, like an evangelical or Catholic college, but she met with resistance from the campaign.

The Kerry campaign's fears about its religious outreach effort backfiring seemed to be vindicated in June 2004, when the conservative Catholic League for Religious and Civil Rights issued a press release attacking Kerry for hiring Vanderslice. It assailed Vanderslice for her involvement with her college's Socialist Alliance and noted her role as an organizer for World Trade Organization and World Bank protests.

After the Catholic League attack, Vanderslice was barred by the Kerry campaign from speaking to the press. She had been hired barely a month earlier. When the Catholic League later criticized the religious outreach director for the Democratic

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National Committee, that person was silenced as well. The result was that the Democrats' ties to the religious press were completely severed. "Reporters from the religious press ... didn't get their phone calls returned for two or three months," Vanderslice said.

That helps explain why Christianity Today's October 2004 John Kerry profile read like a hatchet job. The magazine noted that the Democratic nominee invoked God's name just once in the three days that its reporter rode aboard the campaign's press plane, and then in a secular context. Denied an interview with Kerry, Christianity Today resorted to citing his 1998 interview with American Windsurfer magazine as a source for "some of his most detailed public comments about his theological ideals." The story skewered Kerry's support for abortion rights and gay rights.

Barred from speaking to the press, Vanderslice focused on organizing grass-roots religious volunteers. The Bush campaign signed up more than 300,000 conservative religious volunteers; Vanderslice worked with a national volunteer list of 700. Rather than actively court volunteers, she simply tried to keep up with the calls and E-mails from religious Kerry supporters. They were requesting everything from bumper stickers and buttons to talking points on why Catholics could support Kerry despite the criticisms he'd received from Catholic bishops.

In addition to losing the evangelical vote by the most lopsided margin on record for a presidential candidate, election returns showed that Kerry became the first Democratic presidential candidate in memory to lose the Catholic vote, despite his own Catholicism.

In the crucial battleground of Ohio, Kerry won only about 1 in 3 weekly churchgoers. Two years later, in the 2006 midterms, successful Ohio Democratic Senate candidate Sherrod Brown would increase his share of weekly churchgoers to 48 percent. Had Kerry done that well among those Ohioans, he'd be in the White House today.

Edwards' Campaign Rides On Iowa (DMR)

By Thomas Beaumont

Des Moines Register, February 26, 2007

If any candidate inherits something from Tom Vilsack's departure from the Democratic presidential campaign, it's John Edwards.

What he gets: Pressure.

The former Iowa governor's campaign hinged on winning his home state's caucuses, the start of a fiercely competitive nominating gauntlet. Vilsack's decision Friday to quit the race shifts much of the burden of expectations in the caucuses to Edwards, the front-runner in early Iowa polls.

"Edwards has as much or more riding on the Iowa's outcome as any of the others," University of Iowa political science professor Peverill Squire said.

The former North Carolina senator's popularity among Iowa party activists has endured since his strong second-place finish in the 2004 caucuses, and survived losing the vice presidency and the entry of new, nationally popular rivals into the 2008 race.

He's not entirely the same Edwards that Iowans remember from his 2004 campaign. He has moved noticeably to the left since then, disavowing his support for the 2002 Senate resolution authorizing military force in Iraq.

He also now embraces a broad policy to provide health care to all Americans after supporting a more incremental approach in 2004.

Edwards' success at recapturing the Iowa momentum that vaulted him to contention in 2004 depends on Iowans' willingness to accept these changes and embrace Edwards, once the fresh face in the field, as a familiar face.

Edwards rejected the idea that Vilsack's withdrawal puts particular pressure on him to win in Iowa.

"It raises expectations for everyone," he said in a Des Moines Register interview Saturday.

"Other candidates might have used it as an excuse for not doing well," he added, referring to Vilsack's presence in the race. "That excuse is now gone."

But almost every poll of likely Democratic caucusgoers in Iowa taken in the past year has shown Edwards on top.

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Whether his early lead in Iowa has been a factor of residual loyalty to his 2004 campaign or Edwards' vigilant attention to Iowa since then, his status as the Iowa front-runner is enhanced by Vilsack's withdrawal, Squire said.

New York Sen. Hillary Clinton and Illinois Sen. Barack Obama "could carry on with only a reasonable finish in Iowa," Squire said. "But for Edwards, he really does need to land a knockout blow in Iowa to have the momentum he needs to carry him to the next couple of states."

Edwards has visited Iowa more often than any prospective presidential candidate in either party since the 2004 election.

Edwards' continued commitment to the theme that sparked his rise during the 2004 Iowa campaign is more important to Davenport Democrat Bev Strayhall, an Edwards supporter, than his repeated visits to Iowa over the past two years.

He has continued to hone the message that Americans ought to do more to improve the lives of the poor.

"He didn't just use that as a platform to run. Thank God he kept talking about it because when Katrina hit, people said, 'Oh, yeah. There it is,' " said Strayhall said, referring to the attention the 2005 hurricane shone on poverty in the Gulf Coast.

Edwards left elected office two years ago, after deciding in 2003 not to seek re-election to the U.S. Senate, where he served just one term.

Since then, he has traveled widely to key political states, helping candidates raise money for the 2006 midterm elections and campaigning for ballot initiatives to increase the minimum wage.

Edwards also moved back to North Carolina from Washington, D.C., in 2005 and helped establish a public policy institute at the University of North Carolina at Chapel Hill that researches poverty's causes and possible remedies.

In November 2005, Edwards wrote an op-ed column for the Washington Post in which he called his support for the resolution a mistake.

As a candidate for president this year, he has broadened his critique of the war to include the Democrat-controlled Congress, calling any action short of ending the war "betrayal."

Edwards' reversal on the war does not discourage Iowa City Democrat Lisa Fender from considering him as her choice in the caucuses.

His stance on the war, which has drawn attention to Clinton's refusal to call her vote a mistake, is a mark of Edwards' "humanity," Fender said.

"Whether it's a political move or not, he's saying he was wrong in plain terms. We want someone to admit when they were wrong, because we don't have that now," she said. "It doesn't suggest weakness. It suggests humility and part of being human."

Fender is undecided about whom she will support in the caucuses, now less than 11 months away. She is weighing Clinton, Edwards and Obama.

Despite Edwards' shifts on the war and health care, he has remained at or near the top of Iowa polls.

One survey in January showed Clinton ahead, while another showed Edwards and Obama tied for the early Iowa lead.

Most polls, however, have resembled one published last week, in which Edwards received support from 24 percent likely Democratic caucusgoers, compared to 18 percent for Clinton and Obama.

It's too early to say whether Edwards will inherit supporters, donors and staff from the defunct Vilsack campaign. He has hired Jennifer O'Malley to run his Iowa campaign. O'Malley was a top Iowa staffer for Edwards in 2004. The campaign expects to add roughly two dozen staff to the Iowa organization in the coming weeks, Edwards advisers said.

A lot can happen in the months before the caucuses, Edwards said. "I think we would expect to be competitive if the caucus were held today, but the caucus is not held today," he said. "We have a long campaign in front of us and I've been through this before."

Gore's Global Warming Doc Wins Oscar (AP)

By Gary Gentile, Associated Press Writer

AP, February 26, 2007

"An Inconvenient Truth," the documentary that turned former vice president Al Gore's power-point presentation on global warming into an engaging and entertaining film, won the Oscar Sunday night.

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The best-documentary win was a triumph for Gore, who has kept a sense of humor about his loss in the 2000 election that was decided in George W. Bush's favor by a U.S. Supreme Court decision.

"I am Al Gore. I used to be the next president of the United States of America," Gore says in the film, repeating a line he has used often.

Sunday, Gore used the Oscar win not to further his political career but to boost his campaign to find solutions for global warming and other environmental problems.

"My fellow Americans," Gore said to laughter from the crowd. "People all over the world, we need to solve the climate crisis. It's not a political issue, it's a moral issue. We have everything we need to get started with the possible will to act. That's a renewable resource. Let's renew it."

Earlier in the evening, Gore and Leonardo DiCaprio took the stage to unveil a series of efforts the Academy of Motion Picture Arts and Sciences took to make this year's awards more environmentally friendly.

Pressed by DiCaprio about any other major announcement he might like to make, the former vice president pulled out a statement.

"My fellow Americans, I'm going to take this opportunity right here and now, to formally announce my intentions to ..." Gore said before the orchestra broke in and he walked off, arm-in-arm and laughing, with DiCaprio.

Backstage, Gore put speculation to rest, saying "I do not have plans to become a candidate for office again."

Instead, Gore said he was dedicating all his efforts to pressuring governments to act on climate-crisis issues.

"It is the overriding world challenge of our time," Gore said. "I really hope the decision by the academy to honor the work by director Davis Guggenheim and these producers will convince people who did not go see it before to see the movie and learn about the climate crisis and become a part of the solution."

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Associated Press Writer Greg Risling contributed to this report.

Party Talk (NY)

New Yorker, February 26, 2007

"Saturday Night Live" is erratic in middle age but rarely cruel. An exception came late last spring, when, at the stroke of eleven-thirty, an NBC announcer gravely told the American people to stand by for a "message from the President of the United States," and Al Gore, surrounded by Oval Office knickknacks, came into focus to deliver what could best be described as an interim report from a parallel, and happier, galaxy. President Gore reviewed some of his actions and their unintended consequences:

In the last six years we have been able to stop global warming. No one could have predicted the negative results of this. Glaciers that once were melting are now on the attack. As you know, these renegade glaciers have already captured parts of upper Michigan and northern Maine. But I assure you: we will not let the glaciers win.

Nor was this the only problem. Although Social Security had been repaired, the cost had been high: the budget surplus was "down to a perilously low eleven trillion dollars." The price of gas had dropped to nineteen cents a gallon, and the oil companies were hurting. ("I know that I am partly to blame by insisting that cars run on trash.") After winning the plaudits of a grateful world—and turning Afghanistan into a premier "spring-break destination"—Americans could no longer risk travelling abroad, for fear of "getting hugged." Even the national pastime was in danger. "But," Gore added hopefully, "I have faith in baseball commissioner George W. Bush when he says, 'We will find the steroid users if we have to tap every phone in America!' "

The cruelty here was not to Gore, who probably requires no prompting to brood now and then about what might have been, but to the audience. It is worse than painful to reflect on how much better off the United States and the world would be today if the outcome of the 2000 election had been permitted to correspond with the wishes of the electorate. The attacks of September 11, 2001, would likely not have been avoided, though there is ample evidence, in the 9/11 Commission report and elsewhere, that Gore and his circle were far more alert to the threat of Islamist terrorism than Bush and his. But can anyone seriously doubt that a Gore Administration would have meant, well, an alternate universe, in which, say, American troops were sent on a necessary mission in Afghanistan but not on a mistaken and misbegotten one in Iraq; the fate of the earth, not the fate of oil-company

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executives, was the priority of the Environmental Protection Agency; civil liberties and diplomacy were subjects of attention rather than of derision; torture found no place or rationale?

In increasing numbers, poll results imply, Americans are disheartened by the real and existing Presidency, and no small number also feel regret that Gore—the winner in 2000 of the popular vote by more than half a million ballots, the almost certain winner of any reasonable or consistent count in the state of Florida—ended up the target of what it is not an exaggeration to call a judicial coup d'état. Justice Antonin Scalia routinely instructs those who question his vote in Bush v. Gore to stop their ceaseless whinging. "It's water over the deck," he told an audience at Iona College last month. "Get over it." But it is neither possible nor wise to "get over it." The historical damage is too profound.

And yet, despite the burden of injury and injustice, Gore, more than any other major Democratic Party figure, including the many candidates assembled for next year's Presidential nomination, has demonstrated in opposition precisely the quality of judgment that Bush has lacked in office. Gore's critiques of the Administration's rush to war in Iraq and of the deceptions used to justify it were early, brave, and correct. On the issue of climate change, of course, he has exercised visionary leadership. With humor and intelligence, and negligible self-pity, he dispensed with the temptations of political martyrdom and became a global Jeremiah. Beginning in the nineteen-eighties, he waged what was at first a fairly lonely campaign to draw attention to the problem; now, as a popularizing propagandist, he has succeeded in registering it as a crisis with nearly everyone, from field-tripping schoolchildren to reality-dubious members of the Administration. With his documentary film, "An Inconvenient Truth," Gore made the undeniability of the crisis a matter of consensus; thanks largely to him, an environmental issue will be an electoral issue. His secular evangelism has earned him an honored night at the Academy Awards and—almost as glittering—a nomination for the Nobel Peace Prize.

For the moment, Gore has absented himself from the 2008 Presidential race with a deliberately provisional explanation: He has no plans to be a candidate. He doesn't expect to be a candidate. (Or, as he satirized his language for Jay Leno when talking about his future in the movies, "I just want to clarify: I have no plans to do a nude scene. I have no intention to do a nude scene. I don't expect to do a nude scene. But I haven't made a Shermanesque statement about it.")

Gore's reluctance is understandable. The balloting in Iowa and New Hampshire is nearly a year away. He is in no rush. He may have shared Bill Clinton's love of policymaking but not his relish for full-immersion politicking. In the view of former aides still close to him, Gore can't lose by staying on the electoral sidelines. While Hillary Clinton and Barack Obama start competing—warily at first, and then, inevitably, taking direct aim at one another's weaknesses—Gore can stand unbruised, nursing the lingering glamour of his popular margin in 2000 and, perhaps, demanding by quiet inference that we take stock of a distinguished public career that began three decades ago, when Gore was a twenty-eight-year-old Vietnam veteran freshly elected to Congress.

If only to take an honest man's word for it, Gore's entry into the race is unlikely. Clinton, Obama, Bill Richardson, John Edwards, Joseph Biden, Christopher Dodd—the field already provides a pool of talent and a range of possibilities infinitely more encouraging than the status quo. Moreover, the nomination and election of any one of the first three would take America a long way toward keeping the unfulfilled promise of "We the people"—not least because the appeal of all three is based only incidentally upon gender, race, or ethnic heritage.

If the next few months produce an obvious and relatively intact nominee, fine. Gore can stay active in his new role, and perhaps carry that role further, as a kind of climate czar in a Democratic Administration. But, as someone once said, stuff happens. The campaign may get nasty quickly. Clinton's Iraq position may prove untenable in any of its iterations. Obama's youthful charisma may look like inexperience after prolonged exposure to electoral gamesmanship. David Geffen might grow claws. A year is a very long time in politics, especially in the circular shooting contests that the Democrats so often convene.

There will still be Gore, patient and untrammelled. In any case, he will not have embarrassed himself. Post-lock-box, he has developed a keener sense of that. When the writers at "Saturday Night Live" suggested that he take part in a sketch featuring some scatological themes, Gore demurred with a combination of ironic self-preservation and his customary good judgment. "I'm sure this is funny," he said, "but at the end of this I want to have some bread crumbs left leading back to my dignity."

Warner Backs McCain (RC)

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By Lauren W. Whittington

Roll Call, February 26, 2007

Sen. John McCain (R-Ariz.), who has been among the staunchest supporters of President Bush's effort to increase troop levels in Iraq, is set to receive the endorsement of one of the most prominent critics of the "surge" plan.

Sen. John Warner (R-Va.) will announce his support of McCain's 2008 presidential bid today, lending the name of one of the chamber's most respected old bulls to the Republican frontrunner's developing Capitol Hill support.

In a brief interview, Warner, a former Armed Services chairman and one-time secretary of the Navy, cited his long personal history with McCain — as well as the importance of national security issues in the 2008 campaign — as the chief factors that led to his endorsement.

"To me, voters are going to seek out that candidate, be it Republican or Democrat, that's got the proven credentials on issues that concern security abroad and here at home," Warner said.

McCain, a Naval aviator who spent five and a half years as a prisoner of war in Vietnam, was released from captivity in 1973 while Warner was serving as Navy Secretary.

Warner recalled that on his trips to Vietnam as secretary, he would stop in Hawaii to be briefed by Adm. John McCain Sr., Sen. McCain's father who was commander in chief of the U.S. Pacific Command at the time.

"Of the people who worked with me in that period ... he was one of the most valued advisers that I had in that intense period of the war," Warner said of the senior McCain. "He was absolutely superb."

In recent weeks, however, Warner has been the chief GOP spokesman in the Senate against Bush's latest Iraq War strategy, going so far as to draft a bipartisan resolution that expressed that opposition.

McCain and his two main rivals for the 2008 GOP nod, former New York City Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney, support the president's plan to increase troop levels in Iraq by 21,500.

But while Warner and McCain have been on opposite ends of the surge debate, the two men have a long history of shared causes.

Warner noted that his "fierce battles" against McCain on the Senate floor only served to boost their mutual respect.

"We've gone toe-to-toe together and we've gone arm-and-arm together," Warner said. "I think that strengthens the relationship."

In the previous Congress, McCain and Warner were instrumental members of the "Gang of 14," which sought to avert a Senate showdown over judicial nominations.

Also, Warner and McCain backed now-Senate Minority Whip Trent Lott's (R-Miss.) leadership bid last fall. Lott is now one of McCain's most active presidential backers.

Last week, McCain's campaign rolled out the endorsements of Sen. John Thune (R-S.D.) and Rep. Chip Pickering (R-Miss.), both of whom are close to Lott and are far more conservative than Warner.

While political insiders debate the ultimate worth and impact of Congressional endorsements, McCain's campaign has been steadily adding to its ranks after getting off to what was perceived as a slow start.

Romney was most aggressive out of the gate in January in garnering Hill supporters and some Republican observers have privately speculated that McCain's team was caught off-guard initially.

With the addition of Warner, McCain now has eight backers in the Senate and 17 in the House, with more to come soon. Both Romney's and Giuliani's support is rooted almost entirely in the House.

In a recent interview, McCain acknowledged he has been slow to add Congressional endorsements, saying he's been preoccupied by the Senate debate over Bush's troop proposal. McCain took a leading role in the discussions as one of the top supporters of the plan.

"I am working on it," McCain said of lining up backers. "I've been working so much on Iraq, I haven't had as much time meeting with people. I'll take some time when the Iraq debate dies down a little."

He also said that Congressional endorsements were less about numbers and more about the weight those supporters carry back home.

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While Giuliani has been out front in most public polls that tested the GOP field, McCain's national security credentials, political apparatus and leftover support from his unsuccessful 2000 bid put him first among most political handicappers in the race for the 2008 nod. Still, McCain's thorny relationship with social conservatives remains the biggest wild card in his path to the nomination.

Romney, who is the least-known of all three top contenders, began a TV ad campaign last week to boost his profile.

Meanwhile, McCain also has recently announced the support of several people with ties to Capitol Hill.

Former Sen. Mike DeWine (R-Ohio), who was defeated for re-election last year, will chair McCain's campaign in Ohio and former Sen. Warren Rudman (R-N.H.) will be a co-chairman of his national exploratory committee. DeWine was a member of the Gang of 14 along with McCain.

Last week, McCain also got the backing of Indiana Gov. Mitch Daniels (R), a former Office of Management and Budget director, and moderate Rep. Mike Castle (R-Del.).

Erin P. Billings contributed to this report.

Intensive Care For RomneyCare (WSJ)

By Sally C. Pipes

The Wall Street Journal, February 26, 2007

Presidential hopeful John Edwards recently unveiled a plan for universal health care, proving that the bad idea of raising taxes on employers and forcing individuals to purchase insurance holds bipartisan appeal. Before others get carried away with this model, they should take a look at its most recent manifestation in Massachusetts.

When then-Gov. Mitt Romney, a Republican, introduced a universal health-insurance plan in the Bay State early last year, it was widely acclaimed. But less than a year after passage, RomneyCare is in the intensive care unit, soon to be wheeled into hospice.

The first signs of trouble appeared last August. In a filing to support general obligation bonds, officials projected that the new plan would increase state government health-care spending by $276.4 million in 2007. That's $151 million more than what the public had been told the plan would cost. Meanwhile, the state's new bureaucracy, busily signing up people for free care, has run into trouble finding affordable plans for those who have to pay. The premiums for subsidized plans would consume up to 6% of a person's income -- prompting calls from activists and echoes from politicians that they should be exempted from the individual mandate. So much for universal coverage.

Reality fully hit in late January of this year, when private insurers submitted bids to the bureaucracy that would administer the new program. The average premium for the unsubsidized plans was not $200 per month -- as Mr. Romney promised from the stump -- but rather $380. That's more than 15% of the target audiences' income -- and for a plan with a $2,000 deductible and a total cost sharing of $5,000. People were stunned, outraged. Naturally, "greedy" private insurers were blamed. Politicians called for price controls.

Interestingly, monthly premiums of $325 were forecast by insurers cited in an April 6, 2006 article in the Boston Globe entitled "Health Bill Premiums May Exceed Prediction." At the time, Romney administration consultant and MIT economist Jonathan Gruber, who helped design the plan and now advises the bureaucracy, dismissed the predictions.

There's a slim chance that the new Democratic governor Deval Patrick and the Democratic legislature will implement this plan and enforce the mandate. But if they do, an individual with a $30,000 income would be on the hook for 32% of his or her income before being fully covered by insurance. Yet there is an equally small chance that the politicians will deregulate the state's insurance market.

Regulators are however settling in comfortably to their jobs, dictating health-insurance design by creating the standards for Minimum Creditable Coverage (MCC) that individuals must meet to avoid paying the fine. If these standards are implemented, they would render illegal roughly 200,000 high-deductible policies currently in force -- exactly the sort of insurance that makes sense for the self-employed and young individuals.

Meanwhile, California Gov. Arnold Schwarzenegger has introduced an even more comprehensive plan to guarantee universal coverage. The $12 billion plan includes individual and employer mandates, expansion of Medi-Cal and Healthy

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Families, and a tax on doctors and hospitals. If enacted, Californians will face higher taxes, a much larger bureaucracy and increased spending. And I predict the problem of the uninsured will not be solved.

Ms. Pipes is president and CEO of the Pacific Research Institute.

Libertarian Candidate In '88, Paul Eyes GOP Nomination (NH)

By Benjamin Kepple

New Hampshire Union Leader, February 26, 2007

CONCORD – U.S. Rep. Ron Paul, R-Texas, brought his anti-war and limited government message to a gathering of largely like-minded activists here yesterday, and condemned the Republican establishment for forsaking principles it claims to uphold.

Paul, who ran as the Libertarian Party's presidential candidate in 1988, is now exploring a run for the Republican Party's presidential nomination. Should he decide to enter the race, he would prove a long shot at best, and run at a considerable disadvantage in terms of fundraising. The Texas congressman said yesterday he believed his message would garner support from those upset about how the nation is now run.

"The message is always the same - government intrusion into our lives is way too much," said Paul prior to his talk. "I think the Republicans have failed to live up to their commitments to smaller government."

On the national scene, Paul, a physician, largely toils in obscurity, although The Washington Post last year wrote a profile which mentioned his nickname, "Dr. No." This sobriquet referred to Paul's general opposition to spending proposals and other measures he considers outside the government's Constitutional scope.

Paul - who had been in New Hampshire since Thursday - found himself treated like a rock star at yesterday's event, and a couple of hundred people were on hand to hear him speak at the Free State Project's New Hampshire Liberty Forum. About half the 350 people who attended the days-long conference, at the Holiday Inn on North Main Street, were from New Hampshire, organizers said.

Paul, who received a standing ovation before and after his remarks, touched on many points during his address. For instance, he noted his long-standing opposition to the war in Iraq, which he said stemmed from his belief there was no security threat to America and the vote authorizing the war represented an illegal transfer of power to the president. He also called for the United States to withdraw from Iraq.

"The worst thing that could happen to al-Qaeda is for that war to end," Paul said.

Among other issues, Paul also voiced support for abandoning the war on drugs, allowing gold and silver to serve as legal tender, repealing the Seventeenth Amendment €" which lets voters directly elect U.S. Senators €" and ending the practice of withholding taxes from one's pay. Instead, taxpayers would have to actually write checks to pay their taxes, a move Paul figured would soon end what he called the present tax-and-spend philosophy of government.

Yesterday, Paul said he planned to take part in a debate among Republican presidential candidates scheduled for Apr. 4. However, he said he was still unsure about whether he would actually throw his hat into the ring.

"If this exploratory committee doesn't go well, maybe I ought to consider moving here and running (in) a statewide race," Paul said, to cheers.

War Critic Speaks From Heart Of Bush Country (USAT)

By Kathy Kiely

USA Today, February 26, 2007

KEARNEY, Neb. — Jeff Strong, a recently retired National Guardsman and "rock-ribbed Republican," churned with conflicting emotions as he sat in an auditorium at the University of Nebraska at Kearney, waiting for Sen. Chuck Hagel.

Strong personifies the dilemma for many residents in this state, where President Bush captured two-thirds of the vote in 2004. Strong is uncomfortable with the role Hagel, the state's Republican senior senator, has taken in criticizing Bush's war plans. "I just don't understand how his anti-war rhetoric is helping to stabilize Iraq," said Strong, a postal worker.

Yet Strong is less enthusiastic about Bush, who got his vote two years ago. Hagel, who served in the infantry in Vietnam, gets "the benefit of the doubt because he's been on the ground," Strong said. "The people running the country now, they haven't been on the ground. They haven't suffered. They just played with people's lives."

Such sentiments in this Great Plains community are an indication of the challenge facing Bush as Congress returns this week with more confrontations in store on Iraq.

In the Senate, Democrats will try to revoke the 2002 resolution authorizing the use of force in Iraq. Senate Armed Services Committee Chairman Carl Levin, D-Mich., said Sunday on Meet the Press that legislation he is drafting would remove most combat troops from Iraq by next year. In the House, Democrats are working on requirements for equipping and resting troops that would make it harder for Bush to send as many to Iraq as he'd like.

So far, Senate Minority Leader Mitch McConnell, R-Ky., has been able to hold the line in the Senate, where it takes 60 votes to move legislation. How long he can continue to do so remains an open question, given doubts that are arising in Bush country.

The president has been enormously popular in Nebraska. Only Utah, Wyoming and Idaho gave him larger margins of victory in the last presidential election. But Hagel has not only emerged as a leading critic of the administration's foreign policy, he's also flirting with running for president next year — possibly on a hybrid ticket that would include a Democrat.

"If I decide to get into this, I would run not just to make a statement," Hagel, 60, said in an interview last week.

He said that if he ran he would seek the Republican nomination. Yet he's also talking up Unity08. That's a plan by a bipartisan group of political operatives to draft a bipartisan presidential ticket on the Internet and offer voters an alternative to the Democratic and Republican candidates next year.

"I think it's a very intriguing enterprise," Hagel said. He said most Americans are disenchanted with the major political parties.

Despite his own stated misgivings, Hagel voted with 76 other senators in October 2002 to give Bush the authority to go to war in Iraq. He said he did so after being assured by the president and his advisers that "he was going to use that leverage to get the diplomatic effort on track."

Since then, Hagel has become a prominent critic of Bush's policies in Iraq and the Middle East generally. This culminated in an impassioned speech last month in a Senate Foreign Relations Committee hearing when he challenged his colleagues to take a stand on a resolution he co-sponsored disapproving of the president's planned troop increase in Iraq. "If you wanted a safe job, go sell shoes," he said.

When his resolution hit the floor of the Senate, Hagel voted first against and then for allowing the debate to proceed. The first vote was an act of party loyalty, he said. He wanted to give Senate GOP leader McConnell negotiating leverage to win a vote on a separate resolution expressing opposition to cutting funds for troops in Iraq.

Hagel acknowledged that the vote McConnell was seeking was intended to "embarrass the other party," but argued, "Why not have the debate that we all say we want, let the resolutions come, let them be debated and let the American people sort it out?"

When it appeared that wasn't going to happen, he and other Republican war critics switched their votes, but the effort to force debate on a resolution of disapproval still fell four votes short of 60.

In Nebraska last week, Hagel warned that Bush's troop increase will plunge U.S. soldiers into "a vat of chaos." In his speech at Kearney, Hagel turned his attention to Iran and accused the administration of blowing a chance to win a "pro-American generation" of young Iranians. Instead of saber rattling over Iran's nuclear ambitions, Hagel said, the administration should open a consulate in Tehran.

Hagel has irked the White House. "I believe firmly in Ronald Reagan's '11th Commandment': Thou shalt not speak ill of a fellow Republican," Vice President Cheney told Newsweek magazine in an interview this month. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

At home, however, Hagel seems to be paying no great political price for his apostasy. While there have been some angry letters to the editor of the Omaha World-Herald, no Republican has emerged to challenge Hagel next year, when he will be up for election to a third term.

In fact, Republican leaders ranging from McConnell to Nebraska Gov. Dave Heineman to the state GOP chairman, Mark Quandahl, say they want Hagel to run again.

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Hagel's continued popularity in Republican circles is in part a reflection of his work at shoring up his base. Quandahl said the senator has been "very helpful" in recruiting candidates and raising money for the party. It may also be a sign that more Nebraskans are beginning to share Hagel's Iraq concerns.

Bob Lucas, a private investigator who attended Hagel's speech in Kearney, supported Bush in the 2004 election but said "I'm not sure I do now." Bush is "too rigid" in his foreign policy, Lucas said. "I agree with Hagel that talking with people doesn't cost anything."

The state's Republican governor, a longtime Hagel friend, said his constituents tend to be more tolerant of criticism when it comes from a Vietnam War vet. Hagel brings "an unusual insight that needs to be respected," Heineman said.

Heineman acknowledged that more Nebraskans are questioning the president. Nevertheless, Hagel "has lost a lot of support out here, no question about it," he said. "There's a lot of nervousness. A lot of people don't want to lose this war and yet, the concern is, is there a way to win it?"

Which 2008 Candidates Are Most Web Savvy? (NSWK)

By Daren Briscoe

Newsweek, February 26, 2007

In the early race for 2008, most national polls have Hillary Clinton thumping Democratic rival Barack Obama by double digits. But the junior senator from Illinois can take comfort in at least one tally: MySpace, apparently, is Obama country. About 48,000 members of the wildly popular social-networking site have added Obama to their online profiles as a "friend," while only 25,000 have "friended" Clinton. It may seem a trivial statistic. But to the political junkies who run techPresident.com, a new "group blog" that obsessively follows how the presidential campaign is playing on the Internet, no Web trend is too small to track.

Micah Sifry, the site's cofounder and editor, says he's trying to make sense of "how candidates are using the Web and how the Web is using them." A lot has changed since the 2004 campaign, when Howard Dean helped pioneer a new kind of Net politicking, creating an online community of supporters that ultimately brought in $27 million and redefined campaign fund-raising. Now all candidates—drawn by the Web's potential to help get their message out, yet leery of its ability to magnify the smallest mistake—are Web savvy. (Or at least they hire people who are.) Sifry is trying to make sense of it: "We want to be an interpreter, to help people understand how the Internet is changing politics on a daily basis."

The trick is doing that without being accused of being a stooge for one side or the other. TechPresident's stable of bloggers includes Zephyr Teachout, the Internet director of Dean's 2004 campaign, and Mike Turk, the e-campaign director for Bush-Cheney 2004. Sifry, a former political reporter for the left-wing Nation magazine, forbids techPresident bloggers from making "partisan" arguments. "If we have a bias, it's toward making campaigns to make smarter use of the Web," he says. (TechPresident is financed by cofounder Andrew Rasiej and doesn't pay bloggers.) In recent posts, the site critiqued a photo of Bill and Hillary Clinton in a fund-raising e-mail (too much Bill, not enough Hill); praised John Edwards for linking to 24 different social-networking sites on his homepage ("I like the spaghetti tactic—let's throw it all at the wall and see what sticks."); and chided the major Republican candidates for not having a single, candidate-created MySpace profile among them ("The No. 1 most popular watering hole," wrote David All, a "modern media" consultant for Republican candidates. "I guess I just see things a little bit differently."). In addition to the blogs, the site also features a tracker tallying how often candidates are mentioned in the blogosphere and a daily digest of what other sites on the Web are saying about online campaigning.

And prominently displayed on the homepage is that up-to-the-minute scorecard of nearly all of the presidential candidates' MySpace friends. The Republican hopeful with the most pals—2,757, as of last Friday—is Ron Paul, a GOP Texas congressman who's running for president. Sifry says the MySpace numbers mean ... something, though it's unclear if a candidate's online friends will cast real-world votes. "It is a measure of enthusiasm," he says. "It's the world live Web now, and it reflects the conversations people are having around the digital water cooler." Such as: who, exactly, is this Ron Paul guy?

Where's The Beef.com? (USNEWS)

By Michael Barone

U.S. News and World Report, February 26, 2007

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Presidential candidates have the opportunity to set the national agenda by bringing forward new proposals and innovative policies. Some do this: Bill Clinton in 1992, George W. Bush in 2000. Others don't. Like most or all of the 2008 candidates. Click through their websites, and what you find is pretty thin gruel.

Especially so from the two leading in the polls. Hillary Rodham Clinton's home page links to her recent Senate speech on Iran, but not her 2002 speech backing the Iraq war resolution. She calls for putting "some of the oil industry's windfall profits into a fund that would help develop practical new sources of renewable energy," but with no details. You might find out more by clicking on her "Let the Conversation Begin" webcasts. Rudy Giuliani tells you even less. His exploratory committee website has an account of his work as mayor of New York. But I could find nothing on what he would do as president.

John McCain's website makes some interesting points. As president he would "use the veto pen" on pork and earmarks. The section on "human dignity and the sanctity of life" mentions his opposition to abortion for many years and to funding embryonic stem cell research: a reminder to cultural conservatives that he's been on their side, though he has seldom talked about it. For Iraq he wants a "more robust counterinsurgency strategy"-which seems to be under way now. Barack Obama's issue positions seem to be taken more or less intact from his senatorial website. He cites his work with various Republican senators on important issues. He wants government to assume domestic autoworkers' healthcare costs if they invest half in fuel-efficient technology, and he promises more "resources" to teachers: something for the United Auto Workers and the teachers unions.

John Edwards provides more detail. He wants withdrawal from Iraq "within 12-18 months," plus direct talks with Iran and Syria and a regional peace conference. Would Israel be invited? Variety reported (and Edwards denied) that he told a Hollywood crowd an attack by Israel on Iran was the greatest threat to world peace. He calls for universal health insurance through requiring employer coverage, expanding Medicaid, "reform[ing] insurance," and restricting drug ads. Eliminating poverty, his trademark theme in 2004, gets one paragraph. Mitt Romney has an Issue Watch tab, with single-paragraph discussions of eight issues and multiple recent Romney quotes. He calls for "address[ing] entitlement programs" and universal health insurance "through market reforms."

Rest of the pack. Single-digit candidates' websites vary. Mike Huckabee has a four-word slogan and a YouTube link. Duncan Hunter discusses border security, trade, and the war on terrorism. Joe Biden has a few paragraphs on 10 issues (with Afghanistan and Darfur treated as one issue). Chris Dodd identifies six issues but has single paragraphs on only four so far. Jim Gilmore reports on his record as governor of Virginia. John Cox, a Chicago-area accountant who ran for the Senate in 2004, wants lower spending, calls global warming "overblown," and stresses his opposition to abortion.

Some offer more. Bill Richardson invites you to sign a petition for diplomacy with Iran and has one-paragraph takes on seven issues. Dennis Kucinich's front page is mostly about Iraq but has links to long comments on 10 issues from healthcare to the Patriot Act. Mike Gravel highlights his opposition to the Iraq war and his proposals for national initiative elections. Sam Brownback mentions issues he's taken the lead on (human rights, Darfur) and calls for a $5,000 tax credit for rural first-time home buyers. Tom Tancredo starts with immigration, his signature issue, but provides some detail on 10 others (he's for a flat tax or national sales tax).

Yes, it's early yet. The candidates haven't had time to get issue shops up and running. Clinton and Bush got started much later in the 1992 and 2000 cycles. But so far, candidates have told us very little about where they think the world is headed and what we should do about it. And they've shown us little to indicate that they've thought seriously about governance and long-term problems like Social Security and Medicare. Let's hope they do better as they make their way through Iowa's 99 counties and New Hampshire's 234 cities and towns.

Cole Ponders Change Of Course (RC)

By Nicole Duran And David M. Drucker

Roll Call, February 26, 2007

National Republican Congressional Committee Chairman Tom Cole (Okla.) believes a strategy combining the “all races are local” mantra of his predecessor with the nationalized campaign Democrats employed is the way to undo the drubbing the GOP took at the polls this past year.

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This cycle the NRCC will spread the wealth among consultants and pollsters, giving political professionals inside and outside the Beltway a crack at consulting contracts, Cole said Friday. Cole did not disavow the localized approach to House races preferred by former NRCC Chairman Tom Reynolds (N.Y.), but said his 2008 plan will include key elements of a nationalized campaign.

"The 'you have a national campaign or a local campaign' is a false dichotomy," Cole said by telephone from Oklahoma. "There's no question that good campaigns address both things. I tell our members: 'Know your locality, but also you are going to have to address the big national issues.'"

Cole already has eschewed Reynolds' tactic of playing in the occasional Republican primary. He built his own team and generally snubbed top Reynolds' aides, which made clear he is abandoning the mind-set that recently prevailed at the NRCC. Saying 2008 "unquestionably will be a national election," Cole is adjusting the committee's governing political strategy.

Where Reynolds only strayed from "all races are local" in those House districts where the big national issues were of most concern to voters, Cole espouses splitting the difference, running all campaigns with one eye on the national and one eye on the local.

"It's really about crafting the right message and finding the right balance," said Cole, a political consultant by trade before being elected to Congress in 2002.

According to one Republican strategist with knowledge of how the NRCC was run during the 2004 and 2006 cycles, Reynolds did rely on national issues when necessary.

Meanwhile, Cole is reviewing the NRCC's past dealings with political consultants, media firms and pollsters and studying their work product. Some of it was quite good, he said, while some of it needs to be revisited.

Whom Cole chooses to conduct polling, produce direct-mail pieces, television ads and provide general consulting for the committee, could say the most about which strategic direction he will go. In particular, pollsters wield a lot of influence and affect committee tactics the most.

But the Oklahoma Republican — who retains a financial interest in his old consulting firm, Cole Hargrave Snodgrass & Associates — has yet to sign up any firms, and he is in no hurry to do so.

"We're going to try and spread the work around more broadly," he said. "That's no reflection on the people who have done it, but we just think with the number of competitive races we expect to see this cycle, we need to have a big enough range of people so they aren't overloaded."

As Cole makes changes, Republican consultants are debating the merits of the "all-races-are-local" path the GOP tread since the 1998 cycle, in light of House Democrats' 30-seat pickup last year.

Some, citing a shifting media environment and the television viewing habits of voters, contend that the day of the localized House race — even in a non-wave election — is over.

But others, echoing Reynolds, former Republican National Republican Committee Chairman Ken Mehlman and White House strategist Karl Rove, say each district must be handled separately, with Republican candidates campaigning on national or local issues according to what is likely to be the most effective.

Glen Bolger, a Republican consultant who specializes in House races, cautioned against reading too much into the results of the 2006 elections, which most political professionals say was unique.

"I think it's a little bit of a stretch to say this is the end of local politics. All politics has never been local, but it's not all going to be national, either," Bolger said. "It depends on how contentious or polarized the national environment is. When it's less controversial, there will be more of a default to local politics."

The Republican strategist with knowledge of the NRCC under Reynolds said the committee this past year relied on national issues to win races in campaigns where the Democratic candidate did not have a voting record that could be exploited.

In those cases, Republicans relied on poll-tested attack lines that the Democratic candidate would raise taxes or be weak on border security.

"Localizing is code for giving the people in that district a reason to disqualify your opponent," this strategist said. "If [the NRCC] had better issues to talk about in that district, it did."

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David Dixon of the Democratic Dixon/Davis Media Group said Democrats will continue to beat the GOP in Congressional elections if the Republican candidates seem detached from the bigger picture, as he believes many appeared to be last year.

"Candidates needed to acknowledge there was a scandal, they didn't have to do 'mea culpa' ads but there was no communication from their side even recognizing there was a problem," Dixon said.

As to the NRCC's reliance on tried and true messages, Dixon said voters eventually want to hear something new.

"They went to the well on abortion and gay marriage too many times — they used those issues like doctors use antibiotics to treat children's ear infections, but sometimes the arithromycin stops working."

Special Set (RC)

By Lauren W. Whittington

Roll Call, February 26, 2007

Georgia Gov. Sonny Perdue (R) has asked that June 19 be the date for a special election to fill the 10th district seat of Rep. Charlie Norwood (R), who died Feb. 13.

State Sens. Ralph Hudgens (R) and Jim Whitehead (R) have emerged as the early frontrunners in the race for the Augusta-based seat, which leans heavily toward Republicans.

Both men will have to relinquish their state legislative seats once they qualify to run in the special election under Georgia law. Georgia Secretary of State Karen Handel (R) has agreed to set the qualifying date for the Congressional election after the current session of the General Assembly concludes, allowing Hudgens and Whitehead to continue to serve through the end of the session.

Several Democrats have said they are contemplating running in the special election. If no candidate gets more than 50 percent in the all-party June special election, a runoff between the top two vote-getters, regardless of party, will be held on July 17.

Another Conservative May Challenge Gilchrest (RC)

By Josh Kurtz

Roll Call, February 26, 2007

A conservative Maryland state Senator is taking steps to challenge Rep. Wayne Gilchrest in the 2008 Republican primary, though he said Friday that he has not completely decided whether to make the race.

State Sen. Andrew Harris said he has thought about challenging the Congressman for several months and was leaning against it until two weeks ago, when Gilchrest joined 16 other House Republicans in voting for a resolution that criticized President Bush's proposal to send 21,500 additional troops to Iraq.

"That has changed the calculus a little bit," Harris said.

Gilchrest easily turned back conservative challengers in 2002 and 2004, but Harris, the sole physician in the state Senate, could be more formidable because he is no stranger to tough races.

He was elected to the state Senate in 1998 by ousting the sitting Minority Leader, a moderate, in the GOP primary. Last fall, he beat back an expensive general election challenge in his Baltimore County district from the president of the Maryland State Teachers Association, whose campaign was fueled by labor support.

Harris also has collected chits throughout the 1st district, which spans both sides of the Chesapeake Bay, by campaigning for Republican candidates for legislative and local offices in 2006.

But Harris conceded that Gilchrest remains a difficult target. Even though conservative groups routinely criticize him, the unassuming former teacher and house painter remains a popular figure in his district.

Although he is not a prodigious fundraiser, Gilchrest began 2007 with $308,000 in his campaign account, after spending just $178,000 on his 2006 re-election, which he won with 69 percent of the vote. Harris, who would not have to sacrifice his Senate seat to run for Congress, said he spent about $250,000 on his own re-election last year and estimated that he would need $750,000 to beat Gilchrest.

Both Gilchrest's chief of staff and communications director could not be reached for comment by press time Friday. But Chris Baron, a spokesman for the Republican Main Street Partnership, a national group that aids GOP centrists, said Gilchrest's

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reputation as “an independent fighter” with a strong record on taxes, the environment and agriculture should serve him well in a primary with Harris.

“He’s somebody who we think is a good fit for his district,” Baron said.

Still, Harris said he detected a restlessness among Republican voters in Maryland that could accrue to his benefit, especially since the Iraq vote. He called Gilchrest wrong on economic policies, social issues and the Iraq War, and said Republicans want a more faithful conservative in a district that gave Bush 62 percent of the vote in 2004.

“I just don’t understand how Congressman Gilchrest didn’t get the message from the last election that Republicans are supposed to return to their base,” Harris said. “A district as Republican as the 1st Congressional district should elect as conservative a Republican as we can.”

Harris said he would spend the next several weeks meeting with interest groups and attending local Republican meetings before deciding whether to run. He could be aided by several national organizations, including the Victory Caucus, a new group put together by conservative talk show hosts dedicated to defeating the 17 House Republicans who opposed the troop surge, and the Club for Growth, the anti-tax group.

Last year, Gilchrest was listed as 212th of 232 Republican House Members when it came to supporting club priorities, and the group’s political action committee has worked against Gilchrest in the past.

In 2002, the club endorsed David Fischer, a lawyer and political neophyte who took just 36 percent of the vote in his primary challenge against Gilchrest. Later that year, the club sent Gilchrest a check for the general election — which he refused to deposit and has kept as a souvenir.

Two years later, the club stayed out when another conservative state Senator, Richard Colburn (R), took just 38 percent of the primary vote against Gilchrest.

Club President Pat Toomey, a former Pennsylvania Congressman, said the group is aware of Harris but has not yet had a conversation with him.

“We’ll just have to see how it develops,” Toomey said.

Farrakhan In Speech: 'My Time Is Up' (AP)

By Jeff Karoub, Associated Press Writer

AP, February 26, 2007

Nation of Islam leader Louis Farrakhan was greeted by cheers, tears and chants from tens of thousands as he returned to the public eye just long enough to say he would be leaving it soon.

Farrakhan, who ceded leadership duties last year because of illness, spoke for nearly two hours Sunday. Looking healthy and fit, he credited the prayers of millions from all walks of life for allowing him to take the stage at Detroit's Ford Field.

His vitality seemed at odds with his message, that his time left in the spotlight was short.

"My time is up," the 73-year-old Farrakhan said, describing his exit from leadership. "I believe ... that my time to be with my spiritual father and his sender has come. And your time to go through serious trial has come."

The topic of the speech was "One Nation Under God." But Farrakhan said the world is at war because Christians, Muslims and people of other faiths are divided.

Farrakhan said Jesus Christ and the Prophet Muhammad would embrace each other with love if they were on the stage behind him.

"Our lips are full of praise, but our hearts are far removed from the prophets we all claim," he said. "That's why the world is in the shape that it's in."

The leader of 1995's Million Man March said he is leaving at a time of great conflict, citing the war in Iraq specifically, and he believes God is angry with leaders who are putting politics and greed above service to others. He predicted "the fall of the great Babylon, the United States of America."

He said President Bush should be impeached or at least censured for his "wicked policies," and urged young people to avoid joining a military that will have them "leave one way and come back another."

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The speech at the home of the National Football League's Detroit Lions capped the Nation's three-day convention in the city where it was founded in 1930.

The downtown venue was not filled to capacity, but seats on the field and in the lower levels of the 65,000-seat stadium were packed.

Anita Baker performed two songs before Farrakhan took the stage and speakers from various religious and ethnic groups welcomed him. Among those on the stage behind him were U.S. Rep. John Conyers, D-Mich.; Russell Simmons, hip-hop pioneer and entrepreneur; and Joe Shirley Jr., Navajo Nation president.

The annual convention, usually held in Chicago, honors Nation founder Wallace D. Fard, who attracted black Detroiters on the margins of society with a message of self-improvement and separation from whites. Fard said whites were inherently evil because of their enslavement of blacks.

The Nation of Islam, which promotes black empowerment and nationalism, was rebuilt by Farrakhan in the late 1970s after W.D. Mohammed, the son of longtime leader Elijah Mohammed, moved his followers toward mainstream Islam.

Farrakhan became notorious for calling Judaism a "gutter religion" and suggesting crack cocaine might have been a CIA plot to enslave blacks. He met with foreign leaders at odds with the United States — Moammar Gadhafi, Fidel Castro and Saddam Hussein — prompting the State Department in 1996 to accuse him of "cavorting with dictators."

Farrakhan, who embraced W.D. Mohammed on stage in 2000 after years of discord, has credited his steps toward reconciliation to what he called a "near death" experience related to prostate cancer, which he began battling in 1991.

Detroiter Che-Lin Aldridge, who described herself as spiritual but not a member of the Nation, welcomed Farrakhan and what he had to say.

"This message is something everybody needs to hear — a message that's universal," Aldridge said. "What he said was critical for our lives today."

Farrakhan recalled the story of the final message delivered by the Prophet Muhammad, who was dying at the time. "Within 80 days ... he expired," Farrakhan said.

"I don't see expiration for me," he said, "but I do see exaltation."

A Necessary Vaccine (NYT)

The New York Times, February 26, 2007

Debate over a new vaccine to prevent cervical cancer and genital warts has reached a high pitch. State legislatures are debating whether to mandate the vaccine or insist that its use be kept voluntary. The manufacturer stopped a vigorous lobbying campaign lest it provoke more opposition than support. And some health professionals who had been championing the vaccine flinched at making it mandatory, at least for now.

Even so, state legislatures should require that all young girls be given this vaccine, which protects against a virus that causes some 10,000 new cases of cervical cancer in the United States each year — and 3,700 cancer deaths.

Three weeks ago we applauded Gov. Rick Perry for making Texas the first state to require vaccinating young schoolgirls — ages 11 and 12 — against the human papillomavirus. In the ensuing uproar, the Texas House has moved to overturn his order, but the Virginia Legislature has approved a similar mandate. Some 20 states have bills pending to require the vaccinations for school attendance.

We have endorsed a mandate because the vaccine — Merck's Gardasil — looks highly effective against strains that cause 70 percent of all cervical cancer. With more than two million doses already distributed, the reported side effects have been mostly minor, such as dizziness or fainting. Many parents who oppose a mandate are aghast at the thought of vaccinating such young girls against a sexually transmitted disease. But the vaccine works only if taken before a girl becomes infected. Social conservatives object that the vaccine will encourage promiscuity, but it seems farfetched to believe that protection from cervical cancer will change any girl's behavior. Others complain that a mandate will pre-empt parental rights to make health decisions, but all vaccine mandates do that, to protect the children and those they might infect.

The strongest arguments against moving ahead quickly tend to be practical and financial. States have typically used school mandates for vaccines that are already in wide use, and it is possible that unexpected side effects could emerge (though

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any mandate could be suspended if that happened). Health professionals also need to be certain that there are stable supplies, adequate insurance coverage, ample public money to vaccinate low-income children and physician support.

Merck deserves praise for developing Gardasil at a time when many companies shun the vaccine business as risky and unprofitable. But it is charging $360 for a three-dose regimen, a price that might come down if a competing vaccine enters the market soon, as expected.

The vaccine could prevent thousands of new cases of cervical cancer annually and hundreds of thousands of cases of genital warts and precancerous growths. A mandate would force the health care system to get cracking. And it is the best way to ensure that all children get the vaccine, not just those who are aware of it and can afford it.

Bush To Warn Pakistan To Act On Terror (NYT)

By David E. Sanger And Mark Mazzetti

The New York Times, February 26, 2007

WASHINGTON, Feb. 25 — President Bush has decided to send an unusually tough message to one of his most important allies, Gen. Pervez Musharraf, the president of Pakistan, warning him that the newly Democratic Congress could cut aid to his country unless his forces become far more aggressive in hunting down operatives with Al Qaeda, senior administration officials say.

The decision came after the White House concluded that General Musharraf is failing to live up to commitments he made to Mr. Bush during a visit here in September. General Musharraf insisted then, both in private and public, that a peace deal he struck with tribal leaders in one of the country's most lawless border areas would not diminish the hunt for the leaders of Al Qaeda and the Taliban or their training camps.

Now, American intelligence officials have concluded that the terrorist infrastructure is being rebuilt, and that while Pakistan has attacked some camps, its overall effort has flagged.

"He's made a number of assurances over the past few months, but the bottom line is that what they are doing now is not working," one senior administration official who deals often with South Asian issues said late last week. "The message we're sending to him now is that the only thing that matters is results."

Democrats, who took control of Congress last month, have urged the White House to put greater pressure on Pakistan because of statements from American commanders that units based in Pakistan that are linked to the Taliban, Afghanistan's ousted rulers, are increasing their attacks into Afghanistan.

For the time being, officials say, the White House has ruled out unilateral strikes against the training camps that American spy satellites are monitoring in North Waziristan, in Pakistan's tribal areas on the border. The fear is that such strikes would result in what one administration official referred to as a "shock to the stability" of General Musharraf's government.

General Musharraf, a savvy survivor in the brutal world of Pakistani politics, knows that the administration is hesitant to push him too far. If his government collapses, it is not clear who would succeed him or who would gain control over Pakistan's arsenal of nuclear weapons.

But the spread of Al Qaeda in the tribal areas threatens to undermine a central element of Mr. Bush's argument that he is succeeding in the administration's effort to curb terrorism. The bomb plot disrupted in Britain last summer, involving plans to hijack airplanes, has been linked by British and American intelligence agencies to camps in the Pakistan-Afghan border areas.

General Musharraf has told American officials that Pakistani military operations in the tribal areas in recent years so alienated local residents that they no longer provide the central government with quality intelligence about the movements of senior Islamic militants.

Congressional Democrats have threatened to review military assistance and other aid to Pakistan unless they see evidence of aggressive attacks on Al Qaeda. The House last month passed a measure linking future military aid to White House certification that Pakistan "is making all possible efforts to prevent the Taliban from operating in areas under its sovereign control."

Pakistan is now the fifth-largest recipient of American aid. Mr. Bush has proposed $785 million in aid to Pakistan in his new budget, including $300 million in military aid to help Pakistan combat Islamic radicalism in the country.

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The rumblings from Congress give Mr. Bush and his top advisers a way of conveying the seriousness of the problem, officials said, without appearing to issue a direct threat to the proud Pakistani leader themselves.

"We think the Pakistani aid is at risk in Congress," said the senior official, who declined to speak on the record because the subject involved intelligence matters.

The administration has sent a series of emissaries to see the Pakistani leader in recent weeks, including the new secretary of defense, Robert M. Gates. Mr. Gates was charged with prompting more action in a region in which American forces operate with great constraints, if they are allowed in at all.

"This is not the type of relationship where we can order action," said an administration official involved in discussions over Pakistan policy. "We can strongly encourage."

Relations between General Musharraf and Mr. Bush have always been tense, as the Pakistani leader veers between his need for American support and protection and his awareness that many Pakistani people — and the intelligence service — have strong sympathies for Al Qaeda and the resurgent Taliban. Officials involved with the issue describe the current moment between the leaders as especially fraught.

Mr. Bush was deeply skeptical of the deal General Musharraf struck with the tribal leaders last year, fearing that it would limit the government's powers to intercede in what Mr. Bush has called the "wild west" of Waziristan, administration officials said at the time.

During his visit to Washington last fall, General Musharraf said the agreement he signed with tribal leaders, giving them greater sovereignty in the region, had "three bottom lines." He said one was "no Al Qaeda activities in our tribal agencies or across the border in Afghanistan." The second was "no Taliban activity" in the same areas. And the third was "no Talibanization," which he described as "obscurantist thoughts or way of life."

American intelligence officials have made an assessment that senior Qaeda leaders in Pakistan have re-established significant control over their global network and are training operatives in some of the camps for strikes on Western targets.

One American official familiar with intelligence reports about Pakistan said intelligence agencies had established "clear linkages" between the Qaeda camps and the plot to blow up trans-Atlantic flights that was thwarted last August. American analysts said the recent trials of terrorism suspects in Britain showed that some defendants had been trained in Pakistan.

American officials say one reason General Musharraf agreed to pull government troops back to their barracks in North Waziristan and allow tribal leaders greater control over security was to give him time to rebuild his intelligence network in the border region gradually.

Rice: Pakistan Must Control Border Area (AP)

By Terence Hunt

AP, February 26, 2007

The White House is pressuring Pakistan to crack down on al-Qaida and Taliban operatives in the lawless border area with Afghanistan that President Bush recently said was "wilder than the Wild West."

The move comes amid growing concern in Congress and the administration that terrorist forces are regrouping in the border area and preparing for a spring offensive in Afghanistan.

Secretary of State Condoleezza Rice said Sunday the administration was concerned that al-Qaida was attempting to stage a comeback.

"I don't doubt that al-Qaida has tried to regenerate some of its leadership," Rice said on ABC's "This Week." "I don't doubt that. I don't think that anybody would claim that this is the same organization or the same kind of organization that operated out of Afghanistan.

"But we have to be vigilant, and that's why we are working with the Pakistanis, we are working with the Afghans, we're working worldwide in our intelligence network to continue to degrade this institution, this organization worldwide and on the Afghan border," the secretary said.

Pakistan's border regions have long been suspected to be the hiding places for al-Qaida leader Osama bin Laden and his deputy, Ayman al-Zawahri. Pakistan, an Islamic country, is one of the biggest beneficiaries of U.S. foreign aid.

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Rice, asked whether Musharraf was constrained in how tough he could be, said, "I'm certainly aware that there are political issues in Pakistan. To not say that would be not to face reality."

But she said Musharraf has been "a stalwart fighter" and himself a target of al-Qaida assassination attempts.

"And the Pakistani leadership knows that al-Qaida would like nothing better than to destabilize Pakistan and to use Pakistan as the base rather than Afghanistan for its operations," Rice said. "And so we have excellent cooperation with the Pakistanis on hunting down al-Qaida, on working to disrupt its network. More al-Qaida have been caught in Pakistan and in Saudi Arabia than any other place in the world.

"And so they are working very hard with us," the secretary said. "We have excellent cooperation on that.

Defense Secretary Robert Gates, earlier this month, traveled to Pakistan for talks with Musharraf, about the terrorist traffic across its border into Afghanistan. Recent sharp criticism of Pakistan's porous border has triggered angry denials from Musharraf.

Asked whether he had talked with Pakistan President Gen. Pervez Musharraf about the hunt for al-Qaida fugitive Osama bin Lden, Gates said he would not "get into specifics" about their talks.

But, said Gates, "If I were Osama bin Laden, I'd keep looking over my shoulder."

No 'Brakes' On Iran Nuclear Effort (WP/AP)

By Nasser Karimi, Associated Press

The Washington Post, February 26, 2007

TEHRAN, Feb. 25 -- Iranian President Mahmoud Ahmadinejad said Sunday that his country's disputed nuclear program was like a train "without brakes" or a reverse gear, prompting Secretary of State Condoleezza Rice to respond that Iran needs "a stop button."

The comments came as senior officials representing Germany and the five permanent members of the U.N. Security Council -- the United States, Britain, France, China and Russia -- prepared to meet in London on Monday to discuss increasing international pressure on Iran to suspend its uranium enrichment program.

The International Atomic Energy Agency last week reported that Iran had ignored a U.N. Security Council ultimatum to freeze the enrichment program and instead had expanded it by setting up hundreds of centrifuges. Iran has repeatedly refused to halt enrichment as a precondition to negotiations about the program.

"The train of the Iranian nation is without brakes and a rear gear," state radio quoted Ahmadinejad as telling a gathering of Muslim clerics. "We dismantled the rear gear and brakes of the train and threw them away some time ago."

He also repeated his call for further negotiations, saying the time for "bullying" had expired.

Rice responded by saying, "They don't need a reverse gear. They need a stop button." She also told "Fox News Sunday" that Iran needs "to stop enriching and reprocessing, and then we can sit down and talk about whatever is on Iran's mind."

"I've said that I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities. That should be a clear signal," she added.

Enriched to a low level, uranium is used to produce nuclear fuel, but further enrichment makes it suitable for use in building a bomb. The United States and its allies fear that Iran is using its nuclear program in an effort to produce atomic weapons, an allegation Iran denies, saying its aim is solely to generate electricity.

In December, the Security Council imposed limited sanctions on Iran over its refusal to suspend enrichment and gave it 60 days to halt enrichment. The deadline expired Wednesday.

Meanwhile, in Pakistan, seven Muslim nations warned of a "dangerous escalation of tension" over Iran's nuclear program and urged that the standoff be resolved diplomatically rather than by force.

The statement came after ministers from Egypt, Indonesia, Jordan, Malaysia, Saudi Arabia, Turkey and Pakistan met to seek ways to resolve Middle East conflicts, including the Iran issue.

Rice Offers Iran Conditional Talks (USAT)

USA Today, February 26, 2007

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Secretary of State Condoleezza Rice said Sunday that the United States would hold direct talks with Iran if the Islamic republic suspended its nuclear program. "I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities. That should be a clear signal," Rice said on Fox News Sunday.

Iranian President Mahmoud Ahmadinejad pledged to continue enriching uranium. He likened the country's nuclear program to a train without a reverse gear or brakes.

Diplomats from the five permanent United Nations Security Council members and Germany were to meet today in London. They planned to discuss what steps to take to increase international pressure on Iran to cooperate with U.N. demands to halt its nuclear program.

Cheney visits Oman; plane experiences electrical glitch

Vice President Cheney arrived Sunday in Oman, an oil-rich U.S. ally in the Middle East that allows the United States to use four air bases.

An Omani government official told the Associated Press that Cheney was to discuss regional security issues, including the U.S. standoff with Iran over its nuclear program. The official, in the capital, Muscat, spoke on condition of anonymity because he was not authorized to speak to the news media. A U.S. Embassy spokesman in Oman declined to detail Cheney's plans or the focus of his visit.

Earlier Sunday, Cheney's plane experienced "an electrical problem involving a generator, but no safety issue," White House spokeswoman Emily Lawrimore said. "The plane is fine." She said the problem was fixed during a planned stop in Singapore. Cheney left Australia after a three-day visit to thank the government for contributing troops to Iraq and Afghanistan. He had earlier visited Japan and Guam.

Rice Says She'd Meet With Iran (LAT/AP)

From the Associated Press

The Los Angeles Times, February 26, 2007

WASHINGTON — Secretary of State Condoleezza Rice said Sunday that the U.S. would hold direct talks with Iran if it suspended its nuclear program. Iran's president, however, pledged to move ahead with enrichment activity that Washington contends masks weapons development.

"I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities. That should be a clear signal," Rice said in Washington.

Earlier, Iranian President Mahmoud Ahmadinejad compared his nation's nuclear program to a train without a reverse gear or brakes. "We dismantled the rear gear and brakes of the train and threw them away some time ago," he was quoted on the radio as telling Muslim clerics.

Rice, in response, said that the Iranians "don't need a reverse gear. They need to stop and then we can come to the table and we can talk about how to move forward."

The International Atomic Energy Agency said Thursday that Iran had ignored a United Nations Security Council mandate to freeze its uranium enrichment program and had expanded the program by setting up hundreds of centrifuges.

A council resolution adopted Dec. 23 penalized Tehran and warned of further punishment if it did not comply.

Diplomats from the five permanent Security Council members and Germany planned to meet in London today to begin discussing what steps to take to increase international pressure on Tehran to cooperate.

US Renews Offer Of Talks With Iran (AFP)

By David Milliken

AFP, February 26, 2007

US Secretary of State Condoleezza Rice brushed aside Iran's latest defiant statements on its nuclear program Sunday to reaffirm her offer of talks with Tehran if it suspends uranium enrichment.

Rice also expressed confidence that US, Russian, Chinese and European diplomats due to meet in London on Monday would find common ground on measures to increase pressure on Iran over its suspected nuclear arms drive.

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"We all agreed we needed to pursue the Security Council track," Rice said in an interview on Fox News Sunday, referring to the possibility of additional UN sanctions against Iran.

"We're leaving open the track of negotiations, because the best way to resolve this would be to have Iran come to the table," she said.

Earlier Sunday, Iran's President Mahmoud Ahmadinejad insisted his government would press ahead with its uranium enrichment regardless of UN threats, comparing the program -- which Tehran insists is aimed only at producing nuclear power -- to a runaway train.

"Iran has reached the technology to produce nuclear fuel and Iran's movement on this path is like a train on a one-way track with no room for stopping, reverse gear or braking," he said.

"They don't need a reverse gear, they need a stop button," retorted Rice.

"Then we can come to the table and we can talk about how to move forward," she said.

"We're all prepared to have full-scale negotiations anytime, at any place," she said.

Rice said UN and US sanctions imposed on Tehran since December after Iran refused to comply with an earlier demand it suspend its enrichment program were beginning to fuel dissatisfaction among Iranians over Ahmadinejad's actions.

"People are looking hard at investment in Iran, at the reputational risk, the investment risk of dealing with a country that is under Chapter 7 status," she said, referring to the mandatory UN sanctions resolution passed in December.

"If you just read the press you see the criticism of President Ahmadinejad by people inside Iran, knowledgeable and authoritative people in Iran, that (his) policies are isolating Iran," she said in a separate interview on ABC television.

Rice sidestepped questions on whether President George W. Bush's policy toward the largely Shiite Muslim nation, which he has branded part of an "axis of evil," aimed to topple its radical Islamic regime.

New Yorker magazine reported Sunday that US covert actions against Iran had increased under a major recent shift in US Middle East strategy, with the unintended result of exacerbating regional Sunni-Shiite sectarian tensions and bolstering Sunni radicals hostile to the United States.

Reporter Seymour Hersh wrote in the magazine that US military and special-operations teams have increased activities inside Iran, entering from Iraq to gather intelligence and to pursue Iranian operatives leaving Iraq.

US clandestine operations in Iran, Lebanon and Syria under the redirected US regional approach "has brought the United States closer to an open confrontation with Iran and, in parts of the region, propelled it into a widening sectarian conflict between Shiite and Sunni Muslims," Hersh wrote.

"A by-product of these activities has been the bolstering of Sunni extremist groups that espouse a militant vision of Islam and are hostile to America and sympathetic to Al-Qaeda," Hersh concludes.

He said the strategy, guided by US Vice President Dick Cheney and reliant on Saudi Arabia's national security advisor Prince Bandar bin Sultan, had complicated the war in Iraq, where the rise to power of Shiites over the previously dominant Sunnis has empowered Iran.

Earlier this week Cheney reignited concerns the Bush administration could use military action against Iran.

"It would be a serious mistake if a nation like Iran were to become a nuclear power," Cheney warned during a visit to Australia. "All options are still on the table."

While Rice made no reference to the New Yorker article, she said pressing for democratic change in Iran remained a US policy goal, and reaffirmed that Washington's problems with Tehran extended beyond the nuclear dispute.

"Iran also has other activities that it needs to stop. It needs to stop its support for terrorism in places like Lebanon and in the Middle East more broadly," she said.

THE REDIRECTION (NY)

By Seymour M. Hersh

The New Yorker, March 5, 2007

A STRATEGIC SHIFT

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In the past few months, as the situation in Iraq has deteriorated, the Bush Administration, in both its public diplomacy and its covert operations, has significantly shifted its Middle East strategy. The "redirection," as some inside the White House have called the new strategy, has brought the United States closer to an open confrontation with Iran and, in parts of the region, propelled it into a widening sectarian conflict between Shiite and Sunni Muslims.

To undermine Iran, which is predominantly Shiite, the Bush Administration has decided, in effect, to reconfigure its priorities in the Middle East. In Lebanon, the Administration has coöperated with Saudi Arabia's government, which is Sunni, in clandestine operations that are intended to weaken Hezbollah, the Shiite organization that is backed by Iran. The U.S. has also taken part in clandestine operations aimed at Iran and its ally Syria. A by-product of these activities has been the bolstering of Sunni extremist groups that espouse a militant vision of Islam and are hostile to America and sympathetic to Al Qaeda.

One contradictory aspect of the new strategy is that, in Iraq, most of the insurgent violence directed at the American military has come from Sunni forces, and not from Shiites. But, from the Administration's perspective, the most profound—and unintended—strategic consequence of the Iraq war is the empowerment of Iran. Its President, Mahmoud Ahmadinejad, has made defiant pronouncements about the destruction of Israel and his country's right to pursue its nuclear program, and last week its supreme religious leader, Ayatollah Ali Khamenei, said on state television that "realities in the region show that the arrogant front, headed by the U.S. and its allies, will be the principal loser in the region."

After the revolution of 1979 brought a religious government to power, the United States broke with Iran and cultivated closer relations with the leaders of Sunni Arab states such as Jordan, Egypt, and Saudi Arabia. That calculation became more complex after the September 11th attacks, especially with regard to the Saudis. Al Qaeda is Sunni, and many of its operatives came from extremist religious circles inside Saudi Arabia. Before the invasion of Iraq, in 2003, Administration officials, influenced by neoconservative ideologues, assumed that a Shiite government there could provide a pro-American balance to Sunni extremists, since Iraq's Shiite majority had been oppressed under Saddam Hussein. They ignored warnings from the intelligence community about the ties between Iraqi Shiite leaders and Iran, where some had lived in exile for years. Now, to the distress of the White House, Iran has forged a close relationship with the Shiite-dominated government of Prime Minister Nuri al-Maliki.

The new American policy, in its broad outlines, has been discussed publicly. In testimony before the Senate Foreign Relations Committee in January, Secretary of State Condoleezza Rice said that there is "a new strategic alignment in the Middle East," separating "reformers" and "extremists"; she pointed to the Sunni states as centers of moderation, and said that Iran, Syria, and Hezbollah were "on the other side of that divide." (Syria's Sunni majority is dominated by the Alawi sect.) Iran and Syria, she said, "have made their choice and their choice is to destabilize."

Some of the core tactics of the redirection are not public, however. The clandestine operations have been kept secret, in some cases, by leaving the execution or the funding to the Saudis, or by finding other ways to work around the normal congressional appropriations process, current and former officials close to the Administration said.

A senior member of the House Appropriations Committee told me that he had heard about the new strategy, but felt that he and his colleagues had not been adequately briefed. "We haven't got any of this," he said. "We ask for anything going on, and they say there's nothing. And when we ask specific questions they say, 'We're going to get back to you.' It's so frustrating."

The key players behind the redirection are Vice-President Dick Cheney, the deputy national-security adviser Elliott Abrams, the departing Ambassador to Iraq (and nominee for United Nations Ambassador), Zalmay Khalilzad, and Prince Bandar bin Sultan, the Saudi national-security adviser. While Rice has been deeply involved in shaping the public policy, former and current officials said that the clandestine side has been guided by Cheney. (Cheney's office and the White House declined to comment for this story; the Pentagon did not respond to specific queries but said, "The United States is not planning to go to war with Iran.")

The policy shift has brought Saudi Arabia and Israel into a new strategic embrace, largely because both countries see Iran as an existential threat. They have been involved in direct talks, and the Saudis, who believe that greater stability in Israel and Palestine will give Iran less leverage in the region, have become more involved in Arab-Israeli negotiations.

The new strategy "is a major shift in American policy—it's a sea change," a U.S. government consultant with close ties to Israel said. The Sunni states "were petrified of a Shiite resurgence, and there was growing resentment with our gambling on the moderate Shiites in Iraq," he said. "We cannot reverse the Shiite gain in Iraq, but we can contain it."

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"It seems there has been a debate inside the government over what's the biggest danger—Iran or Sunni radicals," Vali Nasr, a senior fellow at the Council on Foreign Relations, who has written widely on Shiites, Iran, and Iraq, told me. "The Saudis and some in the Administration have been arguing that the biggest threat is Iran and the Sunni radicals are the lesser enemies. This is a victory for the Saudi line."

Martin Indyk, a senior State Department official in the Clinton Administration who also served as Ambassador to Israel, said that "the Middle East is heading into a serious Sunni-Shiite Cold War." Indyk, who is the director of the Saban Center for Middle East Policy at the Brookings Institution, added that, in his opinion, it was not clear whether the White House was fully aware of the strategic implications of its new policy. "The White House is not just doubling the bet in Iraq," he said. "It's doubling the bet across the region. This could get very complicated. Everything is upside down."

The Administration's new policy for containing Iran seems to complicate its strategy for winning the war in Iraq. Patrick Clawson, an expert on Iran and the deputy director for research at the Washington Institute for Near East Policy, argued, however, that closer ties between the United States and moderate or even radical Sunnis could put "fear" into the government of Prime Minister Maliki and "make him worry that the Sunnis could actually win" the civil war there. Clawson said that this might give Maliki an incentive to coöperate with the United States in suppressing radical Shiite militias, such as Moqtada al-Sadr's Mahdi Army.

Even so, for the moment, the U.S. remains dependent on the coöperation of Iraqi Shiite leaders. The Mahdi Army may be openly hostile to American interests, but other Shiite militias are counted as U.S. allies. Both Moqtada al-Sadr and the White House back Maliki. A memorandum written late last year by Stephen Hadley, the national-security adviser, suggested that the Administration try to separate Maliki from his more radical Shiite allies by building his base among moderate Sunnis and Kurds, but so far the trends have been in the opposite direction. As the Iraqi Army continues to founder in its confrontations with insurgents, the power of the Shiite militias has steadily increased.

Flynt Leverett, a former Bush Administration National Security Council official, told me that "there is nothing coincidental or ironic" about the new strategy with regard to Iraq. "The Administration is trying to make a case that Iran is more dangerous and more provocative than the Sunni insurgents to American interests in Iraq, when—if you look at the actual casualty numbers—the punishment inflicted on America by the Sunnis is greater by an order of magnitude," Leverett said. "This is all part of the campaign of provocative steps to increase the pressure on Iran. The idea is that at some point the Iranians will respond and then the Administration will have an open door to strike at them."

President George W. Bush, in a speech on January 10th, partially spelled out this approach. "These two regimes"—Iran and Syria—"are allowing terrorists and insurgents to use their territory to move in and out of Iraq," Bush said. "Iran is providing material support for attacks on American troops. We will disrupt the attacks on our forces. We'll interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq."

In the following weeks, there was a wave of allegations from the Administration about Iranian involvement in the Iraq war. On February 11th, reporters were shown sophisticated explosive devices, captured in Iraq, that the Administration claimed had come from Iran. The Administration's message was, in essence, that the bleak situation in Iraq was the result not of its own failures of planning and execution but of Iran's interference.

The U.S. military also has arrested and interrogated hundreds of Iranians in Iraq. "The word went out last August for the military to snatch as many Iranians in Iraq as they can," a former senior intelligence official said. "They had five hundred locked up at one time. We're working these guys and getting information from them. The White House goal is to build a case that the Iranians have been fomenting the insurgency and they've been doing it all along—that Iran is, in fact, supporting the killing of Americans." The Pentagon consultant confirmed that hundreds of Iranians have been captured by American forces in recent months. But he told me that that total includes many Iranian humanitarian and aid workers who "get scooped up and released in a short time," after they have been interrogated.

"We are not planning for a war with Iran," Robert Gates, the new Defense Secretary, announced on February 2nd, and yet the atmosphere of confrontation has deepened. According to current and former American intelligence and military officials, secret operations in Lebanon have been accompanied by clandestine operations targeting Iran. American military and special-

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operations teams have escalated their activities in Iran to gather intelligence and, according to a Pentagon consultant on terrorism and the former senior intelligence official, have also crossed the border in pursuit of Iranian operatives from Iraq.

At Rice's Senate appearance in January, Democratic Senator Joseph Biden, of Delaware, pointedly asked her whether the U.S. planned to cross the Iranian or the Syrian border in the course of a pursuit. "Obviously, the President isn't going to rule anything out to protect our troops, but the plan is to take down these networks in Iraq," Rice said, adding, "I do think that everyone will understand that—the American people and I assume the Congress expect the President to do what is necessary to protect our forces."

The ambiguity of Rice's reply prompted a response from Nebraska Senator Chuck Hagel, a Republican, who has been critical of the Administration:

Some of us remember 1970, Madam Secretary. And that was Cambodia. And when our government lied to the American people and said, "We didn't cross the border going into Cambodia," in fact we did.

I happen to know something about that, as do some on this committee. So, Madam Secretary, when you set in motion the kind of policy that the President is talking about here, it's very, very dangerous.

The Administration's concern about Iran's role in Iraq is coupled with its long-standing alarm over Iran's nuclear program. On Fox News on January 14th, Cheney warned of the possibility, in a few years, "of a nuclear-armed Iran, astride the world's supply of oil, able to affect adversely the global economy, prepared to use terrorist organizations and/or their nuclear weapons to threaten their neighbors and others around the world." He also said, "If you go and talk with the Gulf states or if you talk with the Saudis or if you talk with the Israelis or the Jordanians, the entire region is worried. . . . The threat Iran represents is growing."

The Administration is now examining a wave of new intelligence on Iran's weapons programs. Current and former American officials told me that the intelligence, which came from Israeli agents operating in Iran, includes a claim that Iran has developed a three-stage solid-fuelled intercontinental missile capable of delivering several small warheads—each with limited accuracy—inside Europe. The validity of this human intelligence is still being debated.

A similar argument about an imminent threat posed by weapons of mass destruction—and questions about the intelligence used to make that case—formed the prelude to the invasion of Iraq. Many in Congress have greeted the claims about Iran with wariness; in the Senate on February 14th, Hillary Clinton said, "We have all learned lessons from the conflict in Iraq, and we have to apply those lessons to any allegations that are being raised about Iran. Because, Mr. President, what we are hearing has too familiar a ring and we must be on guard that we never again make decisions on the basis of intelligence that turns out to be faulty."

Still, the Pentagon is continuing intensive planning for a possible bombing attack on Iran, a process that began last year, at the direction of the President. In recent months, the former intelligence official told me, a special planning group has been established in the offices of the Joint Chiefs of Staff, charged with creating a contingency bombing plan for Iran that can be implemented, upon orders from the President, within twenty-four hours.

In the past month, I was told by an Air Force adviser on targeting and the Pentagon consultant on terrorism, the Iran planning group has been handed a new assignment: to identify targets in Iran that may be involved in supplying or aiding militants in Iraq. Previously, the focus had been on the destruction of Iran's nuclear facilities and possible regime change.

Two carrier strike groups—the Eisenhower and the Stennis—are now in the Arabian Sea. One plan is for them to be relieved early in the spring, but there is worry within the military that they may be ordered to stay in the area after the new carriers arrive, according to several sources. (Among other concerns, war games have shown that the carriers could be vulnerable to swarming tactics involving large numbers of small boats, a technique that the Iranians have practiced in the past; carriers have limited maneuverability in the narrow Strait of Hormuz, off Iran's southern coast.) The former senior intelligence official said that the current contingency plans allow for an attack order this spring. He added, however, that senior officers on the Joint Chiefs were counting on the White House's not being "foolish enough to do this in the face of Iraq, and the problems it would give the Republicans in 2008."

PRINCE BANDAR'S GAME

The Administration's effort to diminish Iranian authority in the Middle East has relied heavily on Saudi Arabia and on Prince Bandar, the Saudi national-security adviser. Bandar served as the Ambassador to the United States for twenty-two years, until

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2005, and has maintained a friendship with President Bush and Vice-President Cheney. In his new post, he continues to meet privately with them. Senior White House officials have made several visits to Saudi Arabia recently, some of them not disclosed.

Last November, Cheney flew to Saudi Arabia for a surprise meeting with King Abdullah and Bandar. The Times reported that the King warned Cheney that Saudi Arabia would back its fellow-Sunnis in Iraq if the United States were to withdraw. A European intelligence official told me that the meeting also focussed on more general Saudi fears about "the rise of the Shiites." In response, "The Saudis are starting to use their leverage—money."

In a royal family rife with competition, Bandar has, over the years, built a power base that relies largely on his close relationship with the U.S., which is crucial to the Saudis. Bandar was succeeded as Ambassador by Prince Turki al-Faisal; Turki resigned after eighteen months and was replaced by Adel A. al-Jubeir, a bureaucrat who has worked with Bandar. A former Saudi diplomat told me that during Turki's tenure he became aware of private meetings involving Bandar and senior White House officials, including Cheney and Abrams. "I assume Turki was not happy with that," the Saudi said. But, he added, "I don't think that Bandar is going off on his own." Although Turki dislikes Bandar, the Saudi said, he shared his goal of challenging the spread of Shiite power in the Middle East.

The split between Shiites and Sunnis goes back to a bitter divide, in the seventh century, over who should succeed the Prophet Muhammad. Sunnis dominated the medieval caliphate and the Ottoman Empire, and Shiites, traditionally, have been regarded more as outsiders. Worldwide, ninety per cent of Muslims are Sunni, but Shiites are a majority in Iran, Iraq, and Bahrain, and are the largest Muslim group in Lebanon. Their concentration in a volatile, oil-rich region has led to concern in the West and among Sunnis about the emergence of a "Shiite crescent"—especially given Iran's increased geopolitical weight.

"The Saudis still see the world through the days of the Ottoman Empire, when Sunni Muslims ruled the roost and the Shiites were the lowest class," Frederic Hof, a retired military officer who is an expert on the Middle East, told me. If Bandar was seen as bringing about a shift in U.S. policy in favor of the Sunnis, he added, it would greatly enhance his standing within the royal family.

The Saudis are driven by their fear that Iran could tilt the balance of power not only in the region but within their own country. Saudi Arabia has a significant Shiite minority in its Eastern Province, a region of major oil fields; sectarian tensions are high in the province. The royal family believes that Iranian operatives, working with local Shiites, have been behind many terrorist attacks inside the kingdom, according to Vali Nasr. "Today, the only army capable of containing Iran"—the Iraqi Army—"has been destroyed by the United States. You're now dealing with an Iran that could be nuclear-capable and has a standing army of four hundred and fifty thousand soldiers." (Saudi Arabia has seventy-five thousand troops in its standing army.)

Nasr went on, "The Saudis have considerable financial means, and have deep relations with the Muslim Brotherhood and the Salafis"—Sunni extremists who view Shiites as apostates. "The last time Iran was a threat, the Saudis were able to mobilize the worst kinds of Islamic radicals. Once you get them out of the box, you can't put them back."

The Saudi royal family has been, by turns, both a sponsor and a target of Sunni extremists, who object to the corruption and decadence among the family's myriad princes. The princes are gambling that they will not be overthrown as long as they continue to support religious schools and charities linked to the extremists. The Administration's new strategy is heavily dependent on this bargain.

Nasr compared the current situation to the period in which Al Qaeda first emerged. In the nineteen-eighties and the early nineties, the Saudi government offered to subsidize the covert American C.I.A. proxy war against the Soviet Union in Afghanistan. Hundreds of young Saudis were sent into the border areas of Pakistan, where they set up religious schools, training bases, and recruiting facilities. Then, as now, many of the operatives who were paid with Saudi money were Salafis. Among them, of course, were Osama bin Laden and his associates, who founded Al Qaeda, in 1988.

This time, the U.S. government consultant told me, Bandar and other Saudis have assured the White House that "they will keep a very close eye on the religious fundamentalists. Their message to us was 'We've created this movement, and we can control it.' It's not that we don't want the Salafis to throw bombs; it's who they throw them at—Hezbollah, Moqtada al-Sadr, Iran, and at the Syrians, if they continue to work with Hezbollah and Iran."

The Saudi said that, in his country's view, it was taking a political risk by joining the U.S. in challenging Iran: Bandar is already seen in the Arab world as being too close to the Bush Administration. "We have two nightmares," the former diplomat told

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me. “For Iran to acquire the bomb and for the United States to attack Iran. I’d rather the Israelis bomb the Iranians, so we can blame them. If America does it, we will be blamed.”

In the past year, the Saudis, the Israelis, and the Bush Administration have developed a series of informal understandings about their new strategic direction. At least four main elements were involved, the U.S. government consultant told me. First, Israel would be assured that its security was paramount and that Washington and Saudi Arabia and other Sunni states shared its concern about Iran.

Second, the Saudis would urge Hamas, the Islamist Palestinian party that has received support from Iran, to curtail its anti-Israeli aggression and to begin serious talks about sharing leadership with Fatah, the more secular Palestinian group. (In February, the Saudis brokered a deal at Mecca between the two factions. However, Israel and the U.S. have expressed dissatisfaction with the terms.)

The third component was that the Bush Administration would work directly with Sunni nations to counteract Shiite ascendance in the region.

Fourth, the Saudi government, with Washington’s approval, would provide funds and logistical aid to weaken the government of President Bashir Assad, of Syria. The Israelis believe that putting such pressure on the Assad government will make it more conciliatory and open to negotiations. Syria is a major conduit of arms to Hezbollah. The Saudi government is also at odds with the Syrians over the assassination of Rafik Hariri, the former Lebanese Prime Minister, in Beirut in 2005, for which it believes the Assad government was responsible. Hariri, a billionaire Sunni, was closely associated with the Saudi regime and with Prince Bandar. (A U.N. inquiry strongly suggested that the Syrians were involved, but offered no direct evidence; there are plans for another investigation, by an international tribunal.)

Patrick Clawson, of the Washington Institute for Near East Policy, depicted the Saudis’ coöperation with the White House as a significant breakthrough. “The Saudis understand that if they want the Administration to make a more generous political offer to the Palestinians they have to persuade the Arab states to make a more generous offer to the Israelis,” Clawson told me. The new diplomatic approach, he added, “shows a real degree of effort and sophistication as well as a deftness of touch not always associated with this Administration. Who’s running the greater risk—we or the Saudis? At a time when America’s standing in the Middle East is extremely low, the Saudis are actually embracing us. We should count our blessings.”

The Pentagon consultant had a different view. He said that the Administration had turned to Bandar as a “fallback,” because it had realized that the failing war in Iraq could leave the Middle East “up for grabs.”

JIHADIS IN LEBANON

The focus of the U.S.-Saudi relationship, after Iran, is Lebanon, where the Saudis have been deeply involved in efforts by the Administration to support the Lebanese government. Prime Minister Fouad Siniora is struggling to stay in power against a persistent opposition led by Hezbollah, the Shiite organization, and its leader, Sheikh Hassan Nasrallah. Hezbollah has an extensive infrastructure, an estimated two to three thousand active fighters, and thousands of additional members.

Hezbollah has been on the State Department’s terrorist list since 1997. The organization has been implicated in the 1983 bombing of a Marine barracks in Beirut that killed two hundred and forty-one military men. It has also been accused of complicity in the kidnapping of Americans, including the C.I.A. station chief in Lebanon, who died in captivity, and a Marine colonel serving on a U.N. peacekeeping mission, who was killed. (Nasrallah has denied that the group was involved in these incidents.) Nasrallah is seen by many as a staunch terrorist, who has said that he regards Israel as a state that has no right to exist. Many in the Arab world, however, especially Shiites, view him as a resistance leader who withstood Israel in last summer’s thirty-three-day war, and Siniora as a weak politician who relies on America’s support but was unable to persuade President Bush to call for an end to the Israeli bombing of Lebanon. (Photographs of Siniora kissing Condoleezza Rice on the cheek when she visited during the war were prominently displayed during street protests in Beirut.)

The Bush Administration has publicly pledged the Siniora government a billion dollars in aid since last summer. A donors’ conference in Paris, in January, which the U.S. helped organize, yielded pledges of almost eight billion more, including a promise of more than a billion from the Saudis. The American pledge includes more than two hundred million dollars in military aid, and forty million dollars for internal security.

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The United States has also given clandestine support to the Siniora government, according to the former senior intelligence official and the U.S. government consultant. "We are in a program to enhance the Sunni capability to resist Shiite influence, and we're spreading the money around as much as we can," the former senior intelligence official said. The problem was that such money "always gets in more pockets than you think it will," he said. "In this process, we're financing a lot of bad guys with some serious potential unintended consequences. We don't have the ability to determine and get pay vouchers signed by the people we like and avoid the people we don't like. It's a very high-risk venture."

American, European, and Arab officials I spoke to told me that the Siniora government and its allies had allowed some aid to end up in the hands of emerging Sunni radical groups in northern Lebanon, the Bekaa Valley, and around Palestinian refugee camps in the south. These groups, though small, are seen as a buffer to Hezbollah; at the same time, their ideological ties are with Al Qaeda.

During a conversation with me, the former Saudi diplomat accused Nasrallah of attempting "to hijack the state," but he also objected to the Lebanese and Saudi sponsorship of Sunni jihadists in Lebanon. "Salafis are sick and hateful, and I'm very much against the idea of flirting with them," he said. "They hate the Shiites, but they hate Americans more. If you try to outsmart them, they will outsmart us. It will be ugly."

Alastair Crooke, who spent nearly thirty years in MI6, the British intelligence service, and now works for Conflicts Forum, a think tank in Beirut, told me, "The Lebanese government is opening space for these people to come in. It could be very dangerous." Crooke said that one Sunni extremist group, Fatah al-Islam, had splintered from its pro-Syrian parent group, Fatah al-Intifada, in the Nahr al-Bared refugee camp, in northern Lebanon. Its membership at the time was less than two hundred. "I was told that within twenty-four hours they were being offered weapons and money by people presenting themselves as representatives of the Lebanese government's interests—presumably to take on Hezbollah," Crooke said.

The largest of the groups, Asbat al-Ansar, is situated in the Ain al-Hilweh Palestinian refugee camp. Asbat al-Ansar has received arms and supplies from Lebanese internal-security forces and militias associated with the Siniora government.

In 2005, according to a report by the U.S.-based International Crisis Group, Saad Hariri, the Sunni majority leader of the Lebanese parliament and the son of the slain former Prime Minister—Saad inherited more than four billion dollars after his father's assassination—paid forty-eight thousand dollars in bail for four members of an Islamic militant group from Dinniyeh. The men had been arrested while trying to establish an Islamic mini-state in northern Lebanon. The Crisis Group noted that many of the militants "had trained in al-Qaeda camps in Afghanistan."

According to the Crisis Group report, Saad Hariri later used his parliamentary majority to obtain amnesty for twenty-two of the Dinniyeh Islamists, as well as for seven militants suspected of plotting to bomb the Italian and Ukrainian embassies in Beirut, the previous year. (He also arranged a pardon for Samir Geagea, a Maronite Christian militia leader, who had been convicted of four political murders, including the assassination, in 1987, of Prime Minister Rashid Karami.) Hariri described his actions to reporters as humanitarian.

In an interview in Beirut, a senior official in the Siniora government acknowledged that there were Sunni jihadists operating inside Lebanon. "We have a liberal attitude that allows Al Qaeda types to have a presence here," he said. He related this to concerns that Iran or Syria might decide to turn Lebanon into a "theatre of conflict."

The official said that his government was in a no-win situation. Without a political settlement with Hezbollah, he said, Lebanon could "slide into a conflict," in which Hezbollah fought openly with Sunni forces, with potentially horrific consequences. But if Hezbollah agreed to a settlement yet still maintained a separate army, allied with Iran and Syria, "Lebanon could become a target. In both cases, we become a target."

The Bush Administration has portrayed its support of the Siniora government as an example of the President's belief in democracy, and his desire to prevent other powers from interfering in Lebanon. When Hezbollah led street demonstrations in Beirut in December, John Bolton, who was then the U.S. Ambassador to the U.N., called them "part of the Iran-Syria-inspired coup."

Leslie H. Gelb, a past president of the Council on Foreign Relations, said that the Administration's policy was less pro democracy than "pro American national security. The fact is that it would be terribly dangerous if Hezbollah ran Lebanon." The fall of the Siniora government would be seen, Gelb said, "as a signal in the Middle East of the decline of the United States and the

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ascendancy of the terrorism threat. And so any change in the distribution of political power in Lebanon has to be opposed by the United States—and we're justified in helping any non-Shiite parties resist that change. We should say this publicly, instead of talking about democracy."

Martin Indyk, of the Saban Center, said, however, that the United States "does not have enough pull to stop the moderates in Lebanon from dealing with the extremists." He added, "The President sees the region as divided between moderates and extremists, but our regional friends see it as divided between Sunnis and Shia. The Sunnis that we view as extremists are regarded by our Sunni allies simply as Sunnis."

In January, after an outburst of street violence in Beirut involving supporters of both the Siniora government and Hezbollah, Prince Bandar flew to Tehran to discuss the political impasse in Lebanon and to meet with Ali Larijani, the Iranians' negotiator on nuclear issues. According to a Middle Eastern ambassador, Bandar's mission—which the ambassador said was endorsed by the White House—also aimed "to create problems between the Iranians and Syria." There had been tensions between the two countries about Syrian talks with Israel, and the Saudis' goal was to encourage a breach. However, the ambassador said, "It did not work. Syria and Iran are not going to betray each other. Bandar's approach is very unlikely to succeed."

Walid Jumblatt, who is the leader of the Druze minority in Lebanon and a strong Siniora supporter, has attacked Nasrallah as an agent of Syria, and has repeatedly told foreign journalists that Hezbollah is under the direct control of the religious leadership in Iran. In a conversation with me last December, he depicted Bashir Assad, the Syrian President, as a "serial killer." Nasrallah, he said, was "morally guilty" of the assassination of Rafik Hariri and the murder, last November, of Pierre Gemayel, a member of the Siniora Cabinet, because of his support for the Syrians.

Jumblatt then told me that he had met with Vice-President Cheney in Washington last fall to discuss, among other issues, the possibility of undermining Assad. He and his colleagues advised Cheney that, if the United States does try to move against Syria, members of the Syrian Muslim Brotherhood would be "the ones to talk to," Jumblatt said.

The Syrian Muslim Brotherhood, a branch of a radical Sunni movement founded in Egypt in 1928, engaged in more than a decade of violent opposition to the regime of Hafez Assad, Bashir's father. In 1982, the Brotherhood took control of the city of Hama; Assad bombarded the city for a week, killing between six thousand and twenty thousand people. Membership in the Brotherhood is punishable by death in Syria. The Brotherhood is also an avowed enemy of the U.S. and of Israel. Nevertheless, Jumblatt said, "We told Cheney that the basic link between Iran and Lebanon is Syria—and to weaken Iran you need to open the door to effective Syrian opposition."

There is evidence that the Administration's redirection strategy has already benefitted the Brotherhood. The Syrian National Salvation Front is a coalition of opposition groups whose principal members are a faction led by Abdul Halim Khaddam, a former Syrian Vice-President who defected in 2005, and the Brotherhood. A former high-ranking C.I.A. officer told me, "The Americans have provided both political and financial support. The Saudis are taking the lead with financial support, but there is American involvement." He said that Khaddam, who now lives in Paris, was getting money from Saudi Arabia, with the knowledge of the White House. (In 2005, a delegation of the Front's members met with officials from the National Security Council, according to press reports.) A former White House official told me that the Saudis had provided members of the Front with travel documents.

Jumblatt said he understood that the issue was a sensitive one for the White House. "I told Cheney that some people in the Arab world, mainly the Egyptians"—whose moderate Sunni leadership has been fighting the Egyptian Muslim Brotherhood for decades—"won't like it if the United States helps the Brotherhood. But if you don't take on Syria we will be face to face in Lebanon with Hezbollah in a long fight, and one we might not win."

THE SHEIKH

On a warm, clear night early last December, in a bombed-out suburb a few miles south of downtown Beirut, I got a preview of how the Administration's new strategy might play out in Lebanon. Sheikh Hassan Nasrallah, the Hezbollah leader, who has been in hiding, had agreed to an interview. Security arrangements for the meeting were secretive and elaborate. I was driven, in the back seat of a darkened car, to a damaged underground garage somewhere in Beirut, searched with a handheld scanner, placed in a second car to be driven to yet another bomb-scarred underground garage, and transferred again. Last summer, it was reported that Israel was trying to kill Nasrallah, but the extraordinary precautions were not due only to that threat. Nasrallah's aides told me that they believe he is a prime target of fellow-Arabs, primarily Jordanian intelligence operatives, as well as Sunni

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jihadists who they believe are affiliated with Al Qaeda. (The government consultant and a retired four-star general said that Jordanian intelligence, with support from the U.S. and Israel, had been trying to infiltrate Shiite groups, to work against Hezbollah. Jordan's King Abdullah II has warned that a Shiite government in Iraq that was close to Iran would lead to the emergence of a Shiite crescent.) This is something of an ironic turn: Nasrallah's battle with Israel last summer turned him—a Shiite—into the most popular and influential figure among Sunnis and Shiites throughout the region. In recent months, however, he has increasingly been seen by many Sunnis not as a symbol of Arab unity but as a participant in a sectarian war.

Nasrallah, dressed, as usual, in religious garb, was waiting for me in an unremarkable apartment. One of his advisers said that he was not likely to remain there overnight; he has been on the move since his decision, last July, to order the kidnapping of two Israeli soldiers in a cross-border raid set off the thirty-three-day war. Nasrallah has since said publicly—and repeated to me—that he misjudged the Israeli response. "We just wanted to capture prisoners for exchange purposes," he told me. "We never wanted to drag the region into war."

Nasrallah accused the Bush Administration of working with Israel to deliberately instigate fitna, an Arabic word that is used to mean "insurrection and fragmentation within Islam." "In my opinion, there is a huge campaign through the media throughout the world to put each side up against the other," he said. "I believe that all this is being run by American and Israeli intelligence." (He did not provide any specific evidence for this.) He said that the U.S. war in Iraq had increased sectarian tensions, but argued that Hezbollah had tried to prevent them from spreading into Lebanon. (Sunni-Shiite confrontations increased, along with violence, in the weeks after we talked.)

Nasrallah said he believed that President Bush's goal was "the drawing of a new map for the region. They want the partition of Iraq. Iraq is not on the edge of a civil war—there is a civil war. There is ethnic and sectarian cleansing. The daily killing and displacement which is taking place in Iraq aims at achieving three Iraqi parts, which will be sectarian and ethnically pure as a prelude to the partition of Iraq. Within one or two years at the most, there will be total Sunni areas, total Shiite areas, and total Kurdish areas. Even in Baghdad, there is a fear that it might be divided into two areas, one Sunni and one Shiite."

He went on, "I can say that President Bush is lying when he says he does not want Iraq to be partitioned. All the facts occurring now on the ground make you swear he is dragging Iraq to partition. And a day will come when he will say, 'I cannot do anything, since the Iraqis want the partition of their country and I honor the wishes of the people of Iraq.' "

Nasrallah said he believed that America also wanted to bring about the partition of Lebanon and of Syria. In Syria, he said, the result would be to push the country "into chaos and internal battles like in Iraq." In Lebanon, "There will be a Sunni state, an Alawi state, a Christian state, and a Druze state." But, he said, "I do not know if there will be a Shiite state." Nasrallah told me that he suspected that one aim of the Israeli bombing of Lebanon last summer was "the destruction of Shiite areas and the displacement of Shiites from Lebanon. The idea was to have the Shiites of Lebanon and Syria flee to southern Iraq," which is dominated by Shiites. "I am not sure, but I smell this," he told me.

Partition would leave Israel surrounded by "small tranquil states," he said. "I can assure you that the Saudi kingdom will also be divided, and the issue will reach to North African states. There will be small ethnic and confessional states," he said. "In other words, Israel will be the most important and the strongest state in a region that has been partitioned into ethnic and confessional states that are in agreement with each other. This is the new Middle East."

In fact, the Bush Administration has adamantly resisted talk of partitioning Iraq, and its public stances suggest that the White House sees a future Lebanon that is intact, with a weak, disarmed Hezbollah playing, at most, a minor political role. There is also no evidence to support Nasrallah's belief that the Israelis were seeking to drive the Shiites into southern Iraq. Nevertheless, Nasrallah's vision of a larger sectarian conflict in which the United States is implicated suggests a possible consequence of the White House's new strategy.

In the interview, Nasrallah made mollifying gestures and promises that would likely be met with skepticism by his opponents. "If the United States says that discussions with the likes of us can be useful and influential in determining American policy in the region, we have no objection to talks or meetings," he said. "But, if their aim through this meeting is to impose their policy on us, it will be a waste of time." He said that the Hezbollah militia, unless attacked, would operate only within the borders of Lebanon, and pledged to disarm it when the Lebanese Army was able to stand up. Nasrallah said that he had no interest in

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initiating another war with Israel. However, he added that he was anticipating, and preparing for, another Israeli attack, later this year.

Nasrallah further insisted that the street demonstrations in Beirut would continue until the Siniora government fell or met his coalition's political demands. "Practically speaking, this government cannot rule," he told me. "It might issue orders, but the majority of the Lebanese people will not abide and will not recognize the legitimacy of this government. Siniora remains in office because of international support, but this does not mean that Siniora can rule Lebanon."

President Bush's repeated praise of the Siniora government, Nasrallah said, "is the best service to the Lebanese opposition he can give, because it weakens their position vis-à-vis the Lebanese people and the Arab and Islamic populations. They are betting on us getting tired. We did not get tired during the war, so how could we get tired in a demonstration?"

There is sharp division inside and outside the Bush Administration about how best to deal with Nasrallah, and whether he could, in fact, be a partner in a political settlement. The outgoing director of National Intelligence, John Negroponte, in a farewell briefing to the Senate Intelligence Committee, in January, said that Hezbollah "lies at the center of Iran's terrorist strategy. . . . It could decide to conduct attacks against U.S. interests in the event it feels its survival or that of Iran is threatened. . . . Lebanese Hezbollah sees itself as Tehran's partner."

In 2002, Richard Armitage, then the Deputy Secretary of State, called Hezbollah "the A-team" of terrorists. In a recent interview, however, Armitage acknowledged that the issue has become somewhat more complicated. Nasrallah, Armitage told me, has emerged as "a political force of some note, with a political role to play inside Lebanon if he chooses to do so." In terms of public relations and political gamesmanship, Armitage said, Nasrallah "is the smartest man in the Middle East." But, he added, Nasrallah "has got to make it clear that he wants to play an appropriate role as the loyal opposition. For me, there's still a blood debt to pay"—a reference to the murdered colonel and the Marine barracks bombing.

Robert Baer, a former longtime C.I.A. agent in Lebanon, has been a severe critic of Hezbollah and has warned of its links to Iranian-sponsored terrorism. But now, he told me, "we've got Sunni Arabs preparing for cataclysmic conflict, and we will need somebody to protect the Christians in Lebanon. It used to be the French and the United States who would do it, and now it's going to be Nasrallah and the Shiites.

"The most important story in the Middle East is the growth of Nasrallah from a street guy to a leader—from a terrorist to a statesman," Baer added. "The dog that didn't bark this summer"—during the war with Israel—"is Shiite terrorism." Baer was referring to fears that Nasrallah, in addition to firing rockets into Israel and kidnapping its soldiers, might set in motion a wave of terror attacks on Israeli and American targets around the world. "He could have pulled the trigger, but he did not," Baer said.

Most members of the intelligence and diplomatic communities acknowledge Hezbollah's ongoing ties to Iran. But there is disagreement about the extent to which Nasrallah would put aside Hezbollah's interests in favor of Iran's. A former C.I.A. officer who also served in Lebanon called Nasrallah "a Lebanese phenomenon," adding, "Yes, he's aided by Iran and Syria, but Hezbollah's gone beyond that." He told me that there was a period in the late eighties and early nineties when the C.I.A. station in Beirut was able to clandestinely monitor Nasrallah's conversations. He described Nasrallah as "a gang leader who was able to make deals with the other gangs. He had contacts with everybody."

TELLING CONGRESS

The Bush Administration's reliance on clandestine operations that have not been reported to Congress and its dealings with intermediaries with questionable agendas have recalled, for some in Washington, an earlier chapter in history. Two decades ago, the Reagan Administration attempted to fund the Nicaraguan contras illegally, with the help of secret arms sales to Iran. Saudi money was involved in what became known as the Iran-Contra scandal, and a few of the players back then—notably Prince Bandar and Elliott Abrams—are involved in today's dealings.

Iran-Contra was the subject of an informal "lessons learned" discussion two years ago among veterans of the scandal. Abrams led the discussion. One conclusion was that even though the program was eventually exposed, it had been possible to execute it without telling Congress. As to what the experience taught them, in terms of future covert operations, the participants found: "One, you can't trust our friends. Two, the C.I.A. has got to be totally out of it. Three, you can't trust the uniformed military, and four, it's got to be run out of the Vice-President's office"—a reference to Cheney's role, the former senior intelligence official said.

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I was subsequently told by the two government consultants and the former senior intelligence official that the echoes of Iran-Contra were a factor in Negroponte's decision to resign from the National Intelligence directorship and accept a sub-Cabinet position of Deputy Secretary of State. (Negroponte declined to comment.)

The former senior intelligence official also told me that Negroponte did not want a repeat of his experience in the Reagan Administration, when he served as Ambassador to Honduras. "Negroponte said, 'No way. I'm not going down that road again, with the N.S.C. running operations off the books, with no finding.' " (In the case of covert C.I.A. operations, the President must issue a written finding and inform Congress.) Negroponte stayed on as Deputy Secretary of State, he added, because "he believes he can influence the government in a positive way."

The government consultant said that Negroponte shared the White House's policy goals but "wanted to do it by the book." The Pentagon consultant also told me that "there was a sense at the senior-ranks level that he wasn't fully on board with the more adventurous clandestine initiatives." It was also true, he said, that Negroponte "had problems with this Rube Goldberg policy contraption for fixing the Middle East."

The Pentagon consultant added that one difficulty, in terms of oversight, was accounting for covert funds. "There are many, many pots of black money, scattered in many places and used all over the world on a variety of missions," he said. The budgetary chaos in Iraq, where billions of dollars are unaccounted for, has made it a vehicle for such transactions, according to the former senior intelligence official and the retired four-star general.

"This goes back to Iran-Contra," a former National Security Council aide told me. "And much of what they're doing is to keep the agency out of it." He said that Congress was not being briefed on the full extent of the U.S.-Saudi operations. And, he said, "The C.I.A. is asking, 'What's going on?' They're concerned, because they think it's amateur hour."

The issue of oversight is beginning to get more attention from Congress. Last November, the Congressional Research Service issued a report for Congress on what it depicted as the Administration's blurring of the line between C.I.A. activities and strictly military ones, which do not have the same reporting requirements. And the Senate Intelligence Committee, headed by Senator Jay Rockefeller, has scheduled a hearing for March 8th on Defense Department intelligence activities.

Senator Ron Wyden, of Oregon, a Democrat who is a member of the Intelligence Committee, told me, "The Bush Administration has frequently failed to meet its legal obligation to keep the Intelligence Committee fully and currently informed. Time and again, the answer has been 'Trust us.' " Wyden said, "It is hard for me to trust the Administration."

Iran Defiant On Nuclear Pursuit (FT)

By Daniel Dombey

Financial Times, February 26, 2007

President Mahmoud Ahmadi-Nejad warned on Sunday that Iran would not retreat from its nuclear programme, while Tehran sought to underline its technological prowess by announcing that it had fired a rocket into the atmosphere.

"Iran has obtained the technology to produce nuclear fuel and Iran's move is like a train that has no brakes . . . and no reverse gear," Mr Ahmadi-Nejad said, according to Iran's ISNA student news agency.

Mr Ahmadi-Nejad's comments were quickly picked up by Condoleezza Rice, US secretary of state. "They don't need a reverse gear," she responded on Fox News. "They need a stop button."

Iran failed last week to meet a United Nations deadline to curb activities related to uranium enrichment, a process that can produce both nuclear fuel and weapons grade material.

The extent to which Iran has mastered such technology remains one of the most important questions in the controversy over the nuclear programme, together with other factors such as Tehran's true intentions and the difficulty of forging a common front on the issue among big powers.

In a sign of the heightened tension, Manouchehr Mohammadi, a deputy foreign minister, said on Sunday: "We have prepared ourselves for any situation, even for war."

However, the Iranian foreign ministry is not generally considered to be one of the main actors in the dispute over Iran's nuclear programme, and western diplomats say they believe Mr Ahmadi-Nejad's influence in the country is declining in favour of a corps of more established pragmatists.

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At the weekend, Vice-President Dick Cheney reiterated the US position that “all options” were on the table for dealing with Iran’s nuclear ambitions, adding that it was “still our preference” to resolve the issue peacefully through working with the European Union and the UN.

Diplomats from the permanent five members of the UN Security Council and Germany meet in London today to make a first attempt to reach consensus on a new set of UN sanctions on Iran.

“It’s reassuring that the Americans are working this way,” a French diplomat said. “We certainly don’t have the impression that they want a military conflict.”

In a further source of tension, Iran was yesterday initially reported by agencies to have fired a rocket into space using technology similar to intercontinental ballistic missiles.

But Ali Akbar Golrou, the executive deputy of Iran’s aerospace research centre, later told Fars News Agency the rocket was not a missile capable of reaching space but would eventually fall back to earth after reaching a suborbital position.

As U.S. Puts Pressure On Iran, Gulf's Religious Rift Spreads (WSJ)

By Andrew Higgins

The Wall Street Journal, February 26, 2007

MUHARRAQ, Bahrain -- One night last fall, incendiary leaflets denouncing Iran suddenly appeared on the walls of houses and mosques in this tiny Persian Gulf kingdom.

"Iranians are trying to occupy your homes, the homes of your fathers and grandfathers," warned the anonymous tracts. "Do you want to be ruled by these people? No, a thousand times no!"

Bahrain, a crucial American ally and home to the U.S. Navy's Fifth Fleet, was quickly caught up in a wave of anti-Iranian paranoia. Politicians, clerics and the media jumped on the theme, turning Iran into a big issue in bitter local elections at the end of the year.

The trigger for all the noisy alarm? A ruckus over the purchase of a ramshackle house by a handful of local Bahrainis who share the Shiite Muslim faith of Iran.

At a time of rising tension between Washington and Tehran, the scare-mongering in Bahrain shows how America's geopolitical standoff with Iran is paralleled by much older animosities between the Muslim world's two great traditions, Sunni and Shiite. The Arab world is majority Sunni while Persian Iran is mostly Shiite. In a dangerous dynamic, legitimate concerns about Tehran's intentions are being overlain with phobias and political calculation as Arab governments, rabble-rousing politicians and clerics fan sectarian fears.

Washington views Iran as a rogue nation that arms militias in Iraq, wants to build a nuclear bomb and seeks Israel's destruction. From Arab kingdoms on the Persian Gulf to Lebanon on the Mediterranean, however, Iran is also viewed through another prism, as a non-Arab, and, for some, heretical power intent on expanding the clout of itself and fellow Shiites at the expense of the region's Sunni establishment.

Containing Tehran has become a major American foreign-policy goal. But for these countries, Iran is a hot-button domestic issue as well. Bahrain is ruled by a Sunni royal family but roughly 70% of the populace is Shiite. The nation was shaken by a series of clashes this month between Shiite protesters and security forces dominated by Sunnis.

Saudi Arabia frets about the Shiite minority who inhabit its oil-producing eastern region next to Bahrain. Kuwait, too, has a sizable Shiite minority. Lebanon's Sunni-dominated government is under threat from Hezbollah, a Shiite militia.

Even countries with hardly any Shiites, such as Egypt and Jordan, have domestic concerns. By denouncing Iran (and by association Shiites), leaders hope to outflank their most virulent critics -- militant Sunni Islamists, who often fume against Shiites as heretics. They also seek to blemish the reputation of Hassan Nasrallah, the Shiite Hezbollah leader whose radical views spook Sunni leaders but delight some of their citizenry.

When the U.S. invaded Iraq in 2003, it believed that the overthrow of Saddam Hussein, a Sunni, would seed tolerant democracy there and elsewhere. The war instead uncorked pent-up sectarian tensions in Iraq, pitting the country's once-dominant Sunni minority against its long-oppressed Shiite majority. The Iraqi chaos also has emboldened neighboring Iran to flex its muscles in Iraq and beyond, further stirring passions rooted in centuries of theological, political and ethnic rivalry.

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Until recently, Washington focused on Sunni threats, from Sunni insurgents in Iraq to the remnants of al Qaeda, a Sunni outfit. In his January state of the union address, however, President Bush also warned of the menace posed by Shiite extremists who "take direction from the regime in Iran." It has become clear, he said, that "we face an escalating danger" from militant Shiites "determined to dominate the Middle East." This reassessment of America's enemies underpins what Secretary of State Condoleezza Rice has hailed as a "realignment in the Middle East" -- a drawing together of Sunni-led Arab countries against Iran.

Some experts on the region warn that America's standoff with Iran is exacerbating Sunni-Shiite rivalry and pushing the U.S. into some unruly company. Indeed, America now unintentionally finds itself on the same page as Sunni firebrands who loathe America but sometimes hate Shiites even more. Much of the most venomous anti-Iranian rhetoric comes from militants whose views echo Osama bin Laden's.

Anti-Shiite fervor, says Vali Nasr, a professor at the Naval Postgraduate School in Monterey, Calif., is "part of the DNA" of America's biggest foes, Sunni extremists. In recent testimony to the Senate Committee on Foreign Affairs, he urged a cooling of tempers with Iran. "It will boomerang back against us," he says.

Shiites make up 15% or less of the world's Muslim community, but in many Sunni eyes they hold outsize influence because of Shiite-ruled Iran, which now rivals and sometimes even eclipses Israel as an object of loathing. On the gallows in Baghdad at the end of December, Saddam Hussein used his last words to denounce Americans and "Persians," or Iranians. He didn't name Israel.

A lexicon of Arab polemic previously dominated by "Zionists" and "Crusaders" -- i.e., Israel and America -- now has a new villain: the Safawis, or Iranians. The term refers to the Safavid dynasty that established Shiism as Iran's state religion in the 16th century.

The most splenetic diatribes against Iran and Shiites often come from militant Sunnis who previously focused their fire on the U.S. In a January document entitled "Covenant of the Supreme Council of Jihad Groups," for example, a Kuwaiti extremist cleric ranked Iran ahead of the U.S. and Israel in a hierarchy of foes. He railed against the "Safawi enemy that seeks the destruction of Islamic civilization."

Saudi Arabia, a prime source of toxic jihad theology in the past, now also churns out bile against Iran and Shiites. At the end of December, Abdel-Rahman al-Barrak, a senior cleric, labeled Shiites "more dangerous than Jews and Christians." King Abdullah, in a recent interview with a Kuwaiti newspaper, predicted defeat for what he suggested was an Iranian-backed campaign to convert the Sunni world to Shiism and "to diminish [the Sunnis'] historical power."

Fear of Iran, of course, is anchored in real-world issues. Tehran's nuclear-research push has caused widespread jitters and prompted Jordan, Egypt and Saudi Arabia to suggest they might start nuclear programs, too. Iran's involvement in Iraq since the toppling of Mr. Hussein's Sunni tyranny has stirred real fear that Iraq will be led by a Shiite regime loyal to Tehran.

The hostility between Sunnis and Shiites began with the death of the Prophet Muhammad in 632 and a dispute that followed over whether his father-in-law (the Sunni choice) or his son-in-law (the Shiite candidate) was the worthy successor. The schism later fed into another rift now at the heart of the region's rivalries -- between ethnically Persian Iran, which became Shiite, and the ethnically Arab heartland, which became mostly Sunni.

Bahrain, home to some 2,500 U.S. military personnel, plays a key role in U.S. efforts to contain Iran. The Fifth Fleet's command center here controls an armada of U.S. warships -- beefed up this month by a second aircraft-carrier battle group -- that is America's main military lever against Tehran. A banking center and weekend playground for revelers from neighboring Saudi Arabia, Bahrain boasts a vibrant economy and is much more open than most Arab countries.

But as a predominantly Shiite land of roughly 700,000 ruled by Sunnis, Bahrain also sits astride the Muslim fault line shaking the region.

At the beginning of the decade, Bahrain began opening up its political system. As Shiites began to demand real power, however, the opening stalled. Washington, preoccupied by Iraq and then Iran, muted calls for greater democracy here and elsewhere in the region.

"We notice a change in America's view," says Mohammed Bin Mubarak Al Khalifa, the deputy prime minister and a member of the Sunni ruling family. "Iraq was supposed to be a good example. It failed." Democracy's weakness, he adds, is that it gives "too much influence to outsiders" -- which in this part of the world means Iran.

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This month, violence flared after police arrested three Shiite activists who had long denounced Sunni political dominance. The trio were released after being charged with illegal agitation and other crimes. In one Shiite area last week, youths hurled fire bombs and riot police fired tear gas. More arrests followed. Newspapers close to the government alleged a conspiracy to sow chaos and reported that Shiites had set up a military training camp. Shiites denounced the reports as fabrication.

Mohammed Khaled Ebrahim, a hard-line Sunni member of Bahrain's parliament, urges visitors to read a document called "The Secret Plan of the Ayatollahs in Light of New Circumstances." It purports to detail an Iranian plot to dominate the Middle East and force Sunnis to convert. In tone and taste for conspiracy it mimics The Protocols of the Elders of Zion, a century-old Russian forgery and classic of anti-Semitic propaganda.

"It explains everything," says Mr. Ebrahim, waving an Arabic translation of the supposedly covert, Farsi-language plan. He found it on the Internet.

Though he is a shrill critic of America, he says he supports any effort to restrain Iran. He doesn't want the U.S. Navy to leave Bahrain because this "would clear the area for Iran." This, he says, is "what Shiites want." America is "like a cancer" but Iran is still more dangerous and "much more devious."

The spark for a recent flare-up of Sunni-Shia tension was a modest property investment in Muharraq, a predominantly Sunni area. Five local Shiites, all members of Bahrain's small and centuries-old community of ethnic Persians, pooled their money to buy a decrepit house for around $400,000 from its Sunni owner. They registered the purchase and then got planning permission to tear down most of the structure and rebuild separate new homes. Contractors moved in last spring to start demolition work.

One of the first to ring the alarm was Isa Adwan, a Sunni zealot and part-time preacher who lives next door. Mr. Adwan complained about "Iranians" ruining the neighborhood. A likeminded preacher joined his campaign.

Sitting on the floor of his dingy living room, Mr. Adwan explains that he despises America, too, but thinks Shiites are worse and wishes President Bush well against Tehran. He thinks Shiites have too many children -- he has six himself -- and don't pray at the right time. But most disturbing, says Mr. Adwan, is Shiite reverence for Iranian religious figures, which he believes makes them loyal to Iran, not Bahrain. The house next door, says Mr. Adwan, was just "their first target." Iranians "want to take over the whole neighborhood, the whole country."

The neighborhood tiff reached a wider audience with the posting of the anti-Iranian leaflets. The tracts infuriated Shiites and also moderate Sunnis. Police quickly tore them down. "These things are very dangerous," says the Sunni governor of Muharraq, Salman Bin Hindi.

Instead of fading, the fear of an Iranian plot was then fanned by local media. A flurry of articles reported that officials had uncovered a secret plan by Iran to buy up land using local Shiite proxies. Authorities, prodded by Sunni politicians, formed a committee to investigate the Iranian connection.

As campaigning heated up for elections in November and December for Bahrain's largely powerless parliament, several Sunni hopefuls grabbed onto the issue. They claimed that an Iranian state-owned bank and the Iranian Embassy were financing home purchases by Shiites.

"We sniffed something very strange," recalls Isa Ahmed Abul Fateh, a Sunni former banker who was in a tight race for a seat in Muharraq, a small island. Denunciations of Iran became a big part of his campaign. Iran, he says, has been buying up land in Basra, Iraq, and "maybe they have the same objective in Bahrain."

Rivals slammed the fear-mongering -- and lost. Islamists -- both Sunni and Shiite -- won all but a handful of seats. The big losers were secular candidates who bridge the sectarian divide.

In the middle of the real-estate flap, a bombshell hit: A British national of Sudanese origin who had worked as a government consultant released a report that, backed by official documents, detailed a campaign by some hard-line Sunni officials to manipulate sectarian tensions, exploit fears of Iran and entrench Sunni dominance. One of the leaked documents was a policy paper that warned, among other things, that Shiites were buying property in Muharraq.

The former consultant, Salah Al Bander, says he sent his findings to the royal family last August and, when he received no response, later sent copies to the American, British and German embassies and to the local press. He was promptly expelled to

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Britain. After a burst of press coverage, the government charged the former consultant with stealing documents and other offenses. He denies doing anything wrong and says he hasn't received any notification of the charges.

Another policy paper recommends that Bahraini authorities play on U.S. hostility toward Iran and "explain to the American embassy and the international community in general" that Bahrain's main Shiite party is a Bahraini version of Hezbollah, the Iranian-backed Lebanese militia.

It is unclear whether the proposals were ever acted on or when they were made. But, say Shiite activists, they reflect the mindset of at least some in the government.

"The government strategy is to invest in anti-Iranian feeling in the West, particularly in America," says Mr. Bander, the former consultant, who is himself a Sunni.

Sheik Mohammed, the deputy prime minister, derides Mr. Bander's claims as a "mockery" but declined to comment in detail, saying the case is now in the hands of the judiciary.

At the end of September, the five Shiites who bought the house next to Mr. Adwan received a letter from the Ministry of Municipalities and Agriculture. It ordered them to sell their property, which by this point had been mostly demolished to make way for rebuilding. The letter gave no explanation other than citing a 1975 decree allowing forced purchases in "the public interest." The Shiites ignored the order. Police arrived to force their contractors to stop work.

In December, Muharraq's governor, Mr. Bin Hindi, announced that he would start vetting all property deals as a part of what he said was a drive to preserve old buildings. Shiite activists howled in protest, accusing the government of sectarian zoning.

The property next to Mr. Adwan is still empty. Its Shiite owners recently received a second letter ordering them to sell. They're haggling over compensation. The committee looking into Iran's role hasn't found any Iranian connection. But says Mr. Adwan, Iranian influence has been rolled back a few yards. Had the Shiites moved in, "I'd be surrounded on all sides."

Iran Says It Launched A Suborbital Rocket (NYT)

By Nazila Fathi

The New York Times, February 26, 2007

TEHRAN, Feb. 25 — Iran announced Sunday that it had launched a research rocket that attained a suborbital altitude, a test that appeared to move it closer toward its aim of putting its own satellites into space.

Initially, the director of the Aerospace Research Center, Mohsen Bahrami, was quoted by the Iranian Student News Agency on Saturday as saying that the rocket, carrying a research cargo, “was launched successfully into space.” But he did not disclose any information about the altitude the rocket reached or when it was launched. The state television also reported the news on Sunday.

Ali Akbar Golrou, another official at the center, told the Fars News Agency on Sunday that the rocket was a so-called sounding rocket carrying atmosphere-testing equipment that rose 94 miles before falling back to earth by parachute, he said.

“The rocket was launched only for scientific and research purposes,” Mr. Golrou was quoted as saying. “Some of the news agencies have reported that a missile has been launched into space, which is false,” he said, referring to earlier reports that the launching might have been a weapons test.

A test rocket capable of reaching greater altitudes would have had significant meaning not only for Iran’s effort to put satellites into orbit, but also for developing a transcontinental ballistic missile, making it a topic of keen interest to other countries. The United Nations Security Council passed a resolution on Dec. 23 that imposed a ban on trade of goods or technology related to Iran’s nuclear and missile programs. Iran refused to comply with a two-month deadline in the resolution to suspend its uranium enrichment program, and now, the five permanent members of the United Nations Security Council are meeting in London on Monday to discuss possible further sanctions.

Mr. Bahrami told the Iranian Students News Agency that the cargo intended for research was produced jointly by the Aerospace Research Center and the Ministry of Defense.

Iran launched its first satellite, known as Sina-1, from a Russian rocket in 2005. But it said that it wanted to improve its Shahab-3 missile, which has a range of 1,250 miles, to launch satellites. Iran says it needs to launch four more satellites by 2010

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to increase the number of people with access to telephones or cellphones to 80 million from 22 million, and to increase the number of Internet users to 35 million from 5.5 million.

Defense Minister Mohammad Najar said that "building satellites, launchers, launching the first satellite of Sina with Russia and entering the space club, creating missile test centers and expanding its infrastructure and training personnel are among the ministry's plans," the daily Etemad Meli quoted him as saying Sunday.

Science and Technology Minister Mohammad Soleimani said Iran planned to accelerate its space program, the students news agency reported. "Investment in space is very serious and requires time," he said, "but we are trying to speed it up."

Cheney Arrives In Persian Gulf For Talks (AP)

By Jim Krane

AP, February 26, 2007

Vice President Dick Cheney landed in the U.S.-allied Arab monarchy of Oman on Sunday and went directly to talks with its foreign minister, Omani government officials said.

A U.S. embassy spokesman in Oman declined to detail Cheney's plans or the focus of his visit to the sparsely populated oil-producing state, which allows the United States use of four air bases. But an Omani government official said Cheney was to discuss regional security issues, including the U.S. standoff with Iran over its nuclear program. The official, in the capital Muscat, spoke on condition of anonymity because he was unauthorized to speak to the press.

Oman sits across the strategically important Strait of Hormuz from Iran, through which two-fifths of the world's oil passes.

The sultanate allows the United States to use the air bases — including one just 50 miles from Iran — for refueling, logistics and storage of pre-positioned military supplies. Little has been revealed publicly about U.S. military ties with the reclusive country, a deeply sensitive topic inside Oman, an isolated country on the southeastern corner of the Arabian peninsula that has been a quiet U.S. military ally for decades.

The country's cooperation with the U.S. military appears to have dwindled over the past few years, but renewed U.S. access to its bases would give a huge boost to any American action on Iran.

"The Omanis are very careful not to associate themselves with American forces. There are major objections to U.S. activities in Oman and they don't want a large visible presence," said Mustafa Alani, a Gulf Research Center military analyst.

An Omani Foreign Ministry official said Foreign Minister Yousuf bin Alawi bin Abdullah was to urge U.S. support for an immediate revival of the Palestinian-Israeli peace process.

Cheney's stopover could be seen as an attempt to ratchet up military pressure on Iran ahead of a meeting by the U.N. Security Council that will discuss tightening of sanctions imposed over its disputed nuclear program.

The visit to Oman was Cheney's second during his time as vice president. In March 2002, Cheney toured U.S. installations at the Masirah Island Air Base, which hosted U.S. B-1B bombers, C-130 transports and U.S. Special Forces AC-130 gunships during the war in Afghanistan, according to press and research reports.

Cheney left Australia on Sunday after a three-day visit to thank the government for contributing troops to Iraq and Afghanistan. He had earlier visited Japan and Guam.

A White House spokeswoman said the vice presidential plane had an electrical problem after leaving Australia earlier Sunday. Reporters on the plane said a power surge during the flight disabled the cabin's electrical outlets. The problem was fixed during a planned stop in Singapore.

A Congressional Research Service report said the Pentagon extended U.S. basing rights in 2000 by providing $120 million to Oman to upgrade its al-Musnanah air base, which sits next to the Strait of Hormuz.

CRS reported 550 U.S. troops were based in Oman as recently as 2004. But that number appears to have slipped to around 270 last year, mainly U.S. Air Force and Navy personnel, some of whom are training the Omani air force, according to the Dubai-based Gulf Research Center.

The CRS report said the Air Force maintains access rights to four Oman air bases, al-Musnanah; al-Seeb, just outside the capital Muscat; Thumrait, near the southern coast; and the Masirah Island Air Base, in the Arabian Sea.

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Oman's Masirah air base was the staging base for the failed U.S. attempt to rescue 66 American hostages from the former U.S. embassy in Tehran in 1979.

Oman is led by the reclusive Sultan Qaboos, who overthrew his father in 1970. Qaboos has focused on modernizing Oman, but at a slower pace than the frenetic growth transforming neighboring United Arab Emirates and Qatar.

Hizbullah Builds New Line Of Defense (CSM)

By Nicholas Blanford

The Christian Science Monitor, February 26, 2007

The metal sign dangling from a shiny new chain reads: "Warning. Access to this area is forbidden. Hizbullah."

The notice strung between two concrete blocks on a hillside overlooking the Litani River, is just one indication that the Shiite militants have relocated here to build a new line of defense.

Hizbullah's strengthening presence just across the Litani – the northern border of the zone UN peacekeeping forces and Lebanese troops have been policing since last summer's war between Hizbullah and Israel – coincides with a series of land purchases here by a Shiite businessman with ties to the militant group and, critics say, with funds from Tehran.

While analysts say the military buildup does not necessarily signal any intention by the Iranian-supported militants to launch a fresh round of fighting, they say it is a troubling sign that Hizbullah is rearming just out of sight of the United Nations.

Regionally, say critics, that means Iran could be rebuilding its ally's military capability inside Lebanon and could strike again at Israel. "If you have a major Iranian- American clash, one thing we fear is that the Iranian reaction could be from Lebanon," says Marwan Hamade, Lebanon's telecommunications minister and political opponent of Hizbullah.

Hizbullah has chosen to abandon its former stronghold in Lebanon's UN-patrolled southern border district where its fighters withstood Israel's month-long onslaught last summer.

In that area, the United Nations Interim Force in Lebanon (UNIFIL) has swelled to six times its former size with reinforcements from NATO countries such as France, Italy, and Spain. They have been joined by some 20,000 Lebanese troops and together they man around 100 checkpoints and conduct 500 patrols day and night, UNIFIL officials say.

To be sure, Hizbullah's fighters continue to live in the southern border villages and keep a close eye on movements along the Israeli border and on the newly arrived European UN troops. But UNIFIL officials say that they have seen no armed fighters since September and that Hizbullah's former "security pockets" and bunkers have been abandoned.

"Some arms caches have been found, but they are from before the war. There have been no instances of attempts to smuggle weapons into the area," says Milos Strugar, UNIFIL's senior adviser.

But now, locals say, Hizbullah is seen more frequently in these remote hills just north of the Litani. "They have always been in the area but there's a lot more movement now," says one man who lives in the vicinity but requested anonymity due to the sensitivity of the subject.

On a brush-covered hillside overlooking the Litani River, two Hizbullah fighters wearing camouflage uniforms and carrying rifles and walkie-talkies emerged from the bushes beside a stone track. They take the name of a visiting reporter and politely – but firmly – say that no entry is permitted into the area.

Less than a mile to the west, another Hizbullah position is guarded by an armed and uniformed fighter sitting in a small hut with a landline telephone.

According to one veteran Hizbullah fighter, during the war, long-range rockets were launched at Israel, around 10 miles to the south, from underground firing positions in this same area.

Lebanese troops man checkpoints along the main roads here, but are not interfering with Hizbullah's activities. With Hizbullah refusing to disarm and the Lebanese government and Army incapable of dismantling it by force, the fate of the group's arms remains an intractable political dilemma.

Hizbullah does not deny that it is replenishing its war-depleted stocks. Three weeks ago, a truck filled with rockets and mortars destined for Hizbullah was discovered by Lebanese customs police. Hizbullah asked that the weapons be returned, but the Lebanese minister of defense refused, saying they would be handed over to the Lebanese Army.

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In a speech on Feb. 16, Hizbullah chief Sheikh Hassan Nasrallah admitted that the group was "transporting weapons to the front [in the south]."

"We have weapons of all kinds and quantities, as many as you want. We don't fight our enemy with swords made of wood," he said.

Still, the extent of the military buildup in these "security pockets" north of the Litani is unclear given the ingenuity of Hizbullah's engineers and the strict secrecy under which the group operates. Before the war last summer, Hizbullah spent six years secretly building bunkers, tunnels, and firing positions along the border with Israel.

In one case, a bunker complex 100 feet underground covering an area of almost a square mile was built within 300 yards of a UNIFIL observation post and an Israeli army position on the border, but its existence remained hidden until after the war.

"They let us see certain things like their observation posts along the border fence, but all the time they were building an underground city in the south that we never knew existed," says Timur Goksel, who retired as UNIFIL's senior adviser in 2003.

Hizbullah's area of deployment north of the Litani is populated by Shiites, Christians, and Druze who live in small villages and farmsteads tucked into the folds of these remote mountains.

For the past year, Ali Tajiddine, a Shiite businessman who traded diamonds in West Africa before branching into property development and construction, has been snapping up vast tracts of land in the district from impoverished Christian and Druze property holders.

On one barren windswept hillside, a new community called Ahmadiyeh is being built from scratch with houses and shops surrounding a stone quarry owned by Mr. Tajiddine. Some two-thirds of a nearby Druze village called Sraireh has been bought up and more than 440 acresof land has been purchased from the nearby Christian hamlet of Qotrani where 30 buildings are under construction and have been sold to Shiites, according to local residents.

"There's no living to make here, so people are selling their land and moving," says one of the 350 remaining residents of Sraireh, which has seen 80 percent of its population leave, mainly to the Druze-dominated Chouf mountains farther north. He says that Tajiddine was paying in cash whatever amount was requested by property owners.

Walid Jumblatt, leader of Lebanon's Druze and arch foe of Hizbullah, says that the land is being purchased with Iranian funds delivered to Hizbullah and disbursed by Tajiddine. Tajiddine's connections to Hizbullah are widely known locally in south Lebanon. One of his relatives was arrested in Antwerp, Belgium, in May 2003 in a case involving diamonds from West Africa and suspected money laundering on behalf of Hizbullah.

Mr. Jumblatt says the intention is to create a Shiite belt spanning the northern bank of the Litani, allowing Hizbullah freedom to operate while severing Christian and Druze districts from each other.

"I have bought some land in Sraireh to encourage people to stay," he says. "But I can't compete financially with Iran."

But Hizbullah officials dismiss the allegations as unfounded. "Walid Jumblatt likes to stir calm waters," says Sheikh Naim Qassem, Hizbullah's deputy leader. "Since when was Lebanon a series of cantons where Shiites can only buy land in Shiite areas?"

Tajiddine also plays down the sectarian nature of his business dealings, arguing that the area in question is only a "tiny fraction" of his nationwide property developments. "The buildings are for my employees who work in the quarries. I have employees who are Shiites, Druze, Sunnis, and Christians."

But the remaining residents of Qotrani and Sraireh question Tajiddine's interest in this remote district of south Lebanon. "There's nothing here. This is not an area for investment," says one, gesturing at the surrounding brush-covered mountains.

Israeli Troops Place Curfew On West Bank City (NYT)

By Steven Erlanger

The New York Times, February 26, 2007

JERUSALEM, Feb. 25 — The Israeli Army put the large West Bank city of Nablus under curfew on Sunday in one of the biggest military operations there in two years.

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The Israeli forces discovered an explosives laboratory in Nablus, the second one found in two days, containing pipe bombs, explosive materials and a hand-held Lau guided missile and launcher that apparently had belonged to the Israeli Army, said Maj. Avital Leibovich of the Israeli Army.

It was not immediately clear whether the missile had been stolen or purchased.

The operation began Saturday and intensified before dawn on Sunday, with nearly 100 Israeli jeeps and armored vehicles moving into Nablus, blocking main roads. Troops began sweeps of the closely packed old city.

Some Palestinians responded by throwing stones or chunks of concrete, or by firing weapons. Two Israeli soldiers were slightly wounded, the army said, and six Palestinians were wounded, most by rubber-coated bullets, Palestinian medics said.

Two Palestinians were arrested and more than 30 detained for questioning, most of whom were released by nightfall on Sunday, Major Leibovich said.

Nablus, one of the largest cities in the West Bank, is a center for Palestinian militants, and the Israeli Army regularly patrols there. But this operation, the army said, was devised to "trim back" militant groups who had been stockpiling matériel, and to arrest some militants.

Hamas, which is more secretive in the Israeli-occupied West Bank than it is in Gaza, has been organizing in Nablus. It has quietly recruited members for a West Bank version of its police force in Gaza, known as the Executive Force, which it formed because the existing Palestinian police force is dominated by the rival Fatah faction.

Some 10,000 people in the center of Nablus were said to be under curfew. School classes were canceled. The Israeli Army also took over local television and radio stations, warning that the clampdown would remain in effect for several days, Palestinian residents said.

Saeb Erekat, a Palestinian negotiator and an aide to the Palestinian Authority's president, Mahmoud Abbas of Fatah, said, "This will undermine the efforts that are being made to sustain the cease-fire with Israel."

In a statement, Mr. Abbas said, "This aggression by the Israeli occupation government is like cutting the road forward after all our efforts to find peace."

In Gaza, Hamas officials said the raid had been intended to undermine efforts at completing a unity government that included Hamas and Fatah ministers. "We question why these military campaigns are increasing now," said Ghazi Hamad, a spokesman for the Hamas-led government.

Referring to the recent talks between Palestinian leaders in Saudi Arabia, he said, "This indicates the Israeli government is trying to turn what was agreed upon in Mecca into a failure."

A Hamas legislator also criticized King Abdullah II of Jordan for asking that a unity government meet international requirements and recognize Israel.

"I asked myself, What did the king offer to lift the siege on the Palestinian people and was he a part of the Arabic system or a part of another one?" said the lawmaker, Yehia Moussa.

In an interview broadcast Saturday night on Israeli Channel 2, King Abdullah said, "There is Arabic and international harmony, and the upcoming Palestinian government must abide by this harmony."

Elsewhere, a Jewish settler was stabbed to death Sunday near the West Bank city of Hebron, The Associated Press reported. The police said that it was unclear who killed the man, and that they were not ruling out a Palestinian attack, The AP said.

Israeli Troops Raid West Bank City (USAT)

USA Today, February 26, 2007

Israeli security forces placed large areas of Nablus under curfew Sunday and conducted house-to-house raids in the largest military operation in the West Bank since July. Brig. Gen. Yair Golan said the operation was crucial to stop militant attacks against Israel. The army seized TV and radio stations, ordered people to stay indoors and said the clampdown would remain in effect for several days. The army said the curfew was to limit civilian casualties.

"We condemn this military incursion," said Saeb Erekat, a confidant to Palestinian President Mahmoud Abbas. "This will undermine the efforts that are being made to sustain the cease-fire with Israel."

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Prodi likely to stay in power

Italian Prime Minister Romano Prodi's center-left coalition has secured enough support to win a confidence vote this week that will assure his continuation in power, a top ally said. "We have the majority," said Piero Fassino, who leads the coalition's largest party. Coalition partners committed to support Prodi's 12-point program. Prodi resigned Wednesday after losing a parliamentary vote on foreign policy, including keeping Italian troops in Afghanistan.

Guinea ruler agrees to demands

Guinea President Lansana Conte agreed to pick a new prime minister from a list proposed by opponents, a move that will end a general strike that has crippled the West African nation since Feb. 12.

"The strike will be lifted," union negotiator Ousmane Souare said. On Friday, the parliament rejected Conte's request to continue martial law, which has curbed street protests. Conte, 72, seized power in a 1984 coup. Political unrest has killed scores of people this year.

Pirates hijack U.N. aid ship

Pirates off the Horn of Africa hijacked a ship hired by the United Nations' World Food Program to carry aid to Somalia. "They have not made any demands," said Andrew Mwangura, director of the East African Seafarers Assistance Program.

Leo van der Velden, the food program's deputy country director for Somalia, said the Kenyan-owned freighter MV Rozen was empty after its 12-man crew had unloaded goods.

Out Of Gaza, Settlers In The Cold (LAT)

By Vita Bekker

The Los Angeles Times, February 26, 2007

NITZAN, ISRAEL — The wood-framed photo stands atop the television set, an obstinate reminder of what Avi Burstein's family lost.

In it, Burstein, his wife and four children are hugging one another on the green lawn of a sprawling red-roofed house. The tanned faces of the two grown sons stare bitterly into the camera. Their younger sisters, in long denim skirts with their brown hair pulled back, wear sad expressions.

The shot was taken hours before Israel removed more than 8,000 Jewish settlers, including the Bursteins, from the Gaza Strip in the summer of 2005.

"Imagine," Burstein said, a green knit skullcap covering his graying hair, as he peered at the photo through dark-rimmed glasses. "A person builds a house with his own 10 fingers. And then one day it's all erased."

But more than his home is gone. Burstein, 49, a farmer who grew lettuce, tomatoes and roses in greenhouses for export, has been jobless since the evacuation.

The Bursteins live in this southern Israeli community about 15 miles north of the Gaza Strip along with the biggest group of Gaza evacuees, numbering in the hundreds. Their temporary prefabricated house is less than half the size of the one they lost.

Straining to meet daily expenses, Burstein already has spent one-third of the compensation his family received to build a permanent home.

Other Gaza evacuees are in a similar fix. Many are older than 50 and unskilled for available jobs, an evacuees committee said. Others who restarted their businesses are losing money because costs in Israel are higher than in the Gaza Strip.

At this point, a quarter of the Gaza evacuees remain unemployed. And in more than 21 sites designated to become their permanent communities, construction has been delayed by the red tape of a resettlement program that has cost the Israeli government more than $2 billion.

The evacuees' predicament is a measure of the decline in political power of Israel's settler movement. It also is an indication of the difficulties Israel may encounter in any evacuation of the much larger number of settlements in the West Bank, considered an inevitable part of any final peace accord with the Palestinians. Only four small settlements in the northern West Bank were evacuated at the time of the Gaza withdrawal.

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Israel's unilateral pullout from Gaza, led by then-Prime Minister Ariel Sharon, was widely welcomed by the international community as a step toward reviving long-moribund peace talks with the Palestinians. It was the first withdrawal from territories captured during the 1967 Middle East War and claimed by the Palestinians as part of a future state.

Most Israelis supported Sharon's "disengagement" from Gaza, which included the closing of Israel's military bases in the coastal strip. But the settlers, viewed by most Israelis as obstacles to peace, protested their "expulsion" from land they consider part of Jews' biblical birthright.

After Sharon suffered a debilitating stroke in January 2006, Ehud Olmert inherited the leadership of his newly formed centrist Kadima party, founded on a platform aiming to redraw Israel's borders.

Olmert was elected to succeed Sharon as prime minister in March 2006 on a pledge to withdraw many of the 250,000 settlers in the West Bank, a plan supported by the United States. The idea was shelved after Israel's war with Hezbollah last summer ended without clear resolution, weakening Olmert's government.

But the settler movement has not recovered.

The National Religious Party and the National Union, far-right parties closely identified with the movement, won a total of nine seats out of 120 in last year's parliamentary elections, and are part of the opposition. They had 11 seats between them in the previous parliamentary term, when they were initially part of the governing coalition.

Their decline is attributed in part to voter disappointment over their failure to influence the government to stop the withdrawal, political analysts say.

Another sign of the movement's waning power is the fact that few Gaza evacuees have chosen to restart their lives in the West Bank.

"People who in the past would have been considered perfect nominees for settling there are more hesitant because they're afraid they'll face the same future," said Yair Sheleg, a researcher at the Jerusalem-based Israel Democracy Institute and a columnist for the Haaretz newspaper.

Since the Gaza pullout, the settler movement has succeeded in pressing the government to support settlement expansion in the West Bank, in violation of Israel's commitment to freeze such activity under a 4-year-old U.S.-backed peace proposal known as the road map, with which neither side has complied.

Dror Etkes of Peace Now, an Israeli advocacy group that opposes settlements, said the settler population in the West Bank has continued to grow at a rate of about 5% a year in the last decade, mostly from births, and new construction has averaged about 1,500 housing units annually.

But the settlers have failed in efforts to persuade the government to establish new settlements in the West Bank. Defense Minister Amir Peretz approved plans in December to build a new housing outpost for Gaza evacuees on the site of an abandoned army base in the northern Jordan Valley, but an international outcry forced him to freeze construction a month later.

For many Gaza evacuees, their frustration has less to do with where they are allowed to relocate than how to make ends meet.

From his tiny office on the premises of what used to be a barber shop, about nine miles east of the city of Ashkelon, Lior Kalfa accuses the government of mishandling the evacuees' troubles.

"The system is doing all it can to wear us out," Kalfa, chairman of the evacuees committee, said.

Kalfa says the compensation settlers received for their Gaza homes is too little to allow them to build similar houses in southern Israel, where most have relocated.

Each family received between $70 and $93 per square foot of their former homes, he said, but in southern Israel building costs range from $90 to $110 per square foot.

Evacuees also say that compensation for their businesses, such as retail shops, factories and greenhouses, has been insufficient for them to start anew.

And they say Israeli law doesn't pay farmers for the loss of several growing seasons or compensate other business owners for the time it takes them to reestablish their companies.

"The Finance Ministry didn't want to create a costly precedent," Kalfa said. "They're worried about the financial significance of, God forbid, another withdrawal."

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Avigdor Itzchaky, a member of Knesset, or parliament, with Olmert's Kadima party, acknowledged that the law had several "distortions" on payouts and he was mediating between the evacuees and the government to resolve them.

Criticism of the government's resettlement program has crossed political lines. Leading public figures who supported the Gaza pullout, including writers Amos Oz and A.B. Yehoshua, issued a petition this month warning the government that continued neglect of the evacuees "may erode the state's legitimacy" should it try to withdraw settlers from the West Bank.

Some of the problems stem from the fact that most Gaza evacuees rejected direct contact with the government until after the withdrawal. Nor did it help that the government agency created to administer the evacuation became fully operational only six months before the pullout.

Some evacuees won't let their disappointment get in the way of establishing new, remote settlements along Israel's desolate frontier lands.

Clad in a long beige skirt and black sweater, Dikla Cohen stood on a barren hill just east of the southern Israeli city of Kiryat Gat, surrounded by mostly hilly, rocky terrain speckled with patches of woods.

Two days earlier, Prime Minister Olmert had toured the area and promised to step up plans for seven new communities in Israel, mostly for Gaza evacuees. They would be situated less than a mile from the barrier separating Israel from the West Bank.

Cohen, 42, said her group's initial request to move to the West Bank was rejected by the government.

"We searched for a piece of land that Israel hasn't yet developed," said the mother of nine, with a gleam of eagerness in her blue eyes. "The government betrayed us with the evacuation, but they won't succeed in breaking my ideology."

Court Asked: Israel Still 'Occupying' Gaza? (CSM)

By Joshua Mitnick

The Christian Science Monitor, February 26, 2007

US Secretary of State Condoleezza Rice last week held up improvements in Gaza's only commercial link to the outside world as evidence of progress in Israeli-Palestinian relations.

But Sunday the Karni crossing at the Israel-Gaza border became the focus of a dispute in Israel's Supreme Court between human rights groups and the government. At issue: Does Israel have a responsibility to alleviate delays – lasting up to three months – in imported goods?

The debate highlights Gaza's murky legal status and whether Israel's control over the impoverished strip's key access points still determines it as an occupying power, even though it withdrew troops a year and a half ago.

The Supreme Court has yet to rule on the petition, submitted when Israel had shut down most crossings amid a military offensive there.

Human rights groups say Israel exercises an "invisible hand" in Gazans' daily lives because it can regulate commercial goods coming or leaving the territory. "The only way Gaza residents can receive a crate of milk ... and a shipment of medicines is through Israeli-controlled crossings,' " says Sari Bashi, the director of Gisha, an Israeli human rights group that cosponsored the petition. "Only Israel can fulfill this obligation to the residents of Gaza."

According to a Palestinian commercial group, the Karni crossing was open an average of five hours a day in December, despite Israel's commitment under a US-brokered accord on borders and access to ensure "continuous" operationover the terminal. Some 182 trucks carrying goods have been allowed in each day in the last half of 2006, compared with nearly twice that number in February 2006.

Still, both sides agree that commercial traffic has recovered in recent weeks – prompting Ms. Rice to cite the flow of goods at Karni to counter an impression that the Israeli-Palestinian peace process was stuck.

In November 2005, Israelis and Palestinians agreed to expand operation at Karni and Gaza's civilian crossing with Egypt at Rafah. Although Israel recently pledged to expand the hours at Karni, inspectors lacked funds to work at the crossing for more than one shift.

The dispute over Gaza's crossings underscores the tradeoff between Israeli security needs and the Palestinian need for the passage of people and commercial goods. In an affidavit submitted to the court, the Palestinian water utility said Gaza's main

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north-south highway has been flooded by sewage because Israeli authorities haven't let through the needed pipes. An Israeli army official, said that the pipe infrastructure has been dug up by militants and used in Kassam rockets to fire into Israel.

Gisha argued in January that Israel's occupation in Gaza remains in force. It claims that Israel controls everything from land crossings to tax policy to the Gaza population registry.

According to the 1907 Hague Convention on war, the litmus test to determine foreign occupation is whether an outside power exercises "effective control" over another territory.

Israel argues that it no longer occupies the Gaza Strip, having pulled out its last soldiers in September 2005. It points out that it has even turned its civilian passage with Gaza, the Erez crossing, into an international border terminal.

Israel blames the Palestinians for their economic hardship, citing continued cross- border rocket fire and the Hamas-led Palestinian government, which refuses to meet international conditions for budgetary aid.

"The claim that Israel retains effective control today is to ignore reality," says Mark Regev, a spokesman for the Israeli Foreign Ministry.

The Israeli-Palestinian peace accords in the 1990s defined the Gaza Strip and the West Bank as a single political unit, challenging Israel's claim to have ended the occupation in one area.

"It was a partial evacuation,' " says Yoram Dinstein, an expert on international law at Tel Aviv University. "There are remnants of the occupation, and access is one of those remnants."

U.S., Russia Envoys Seek To Cool Tension (AP)

By Desmond Butler

AP, February 26, 2007

The top U.S. and Russian diplomats on Sunday tried to play down concerns about a Cold War revival set off by Russian President Vladimir Putin's claim that Washington is fostering a global arms race.

But Secretary of State Condoleezza Rice and Foreign Minister Sergei Lavrov could not put aside disagreements about a proposed U.S. missile defense system in Europe.

Lavrov wrote in Sunday's Washington Post that Putin's recent remarks have been widely misinterpreted.

"From the reaction of some Western journalists and politicians, one would think that the Russian president wished to ignite a blast of anti-American rhetoric to spark another Cold War," Lavrov wrote.

Rice also denied the rhetoric could push the countries back to Cold War-era relations.

"Russia is not the Soviet Union and we have to recognize that," she said. "We are cooperating with the Russians on a number of fronts, on North Korea, on Iran, in nuclear — trying to prevent nuclear terrorism."

Putin said at a conference in Germany this month that the United States "has overstepped its national borders in every way" and is promoting a global arms race. His speech and subsequent Russian statements raised concerns about a proposed U.S. missile defense system in Europe that would include facilities in two former Soviet satellites, Poland and the Czech Republic .

Lavrov said Putin's speech reflected objections about the U.S. exerting its power without consulting other countries.

"He called for a world with many centers of influence where different interests work together, multilaterally, to shape a common denominator on global issues," Lavrov wrote. "What should Russia believe when the United States seeks to place anti-missile systems in Eastern Europe?"

Rice said Russia's objections to the missile defense system were unjustified.

"No one would suggest, anyone who knows anything about this, would suggest that somehow 10 interceptors deployed in Poland are going to threaten the thousands of warheads in the Russian deterrent," Rice said. "It's a ludicrous claim."

U.S. officials have said the interceptors being proposed for Europe could be overwhelmed easily by the size and speed of Russia's vast arsenal of intercontinental nuclear missiles and that the system is aimed at counteracting a potential threat from Iran.

Other parts of the system outside of Europe would be aimed at defending against a possible attack from North Korea.

But in an interview published Sunday, Lavrov repeated Russian concerns that the system would in fact be directed elsewhere.

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"To retaliate against threats, even imagined ones, radars and anti-missile launch pads wouldn't seem necessary, because the trajectories of the imagined missiles flying from Iran or North Korea go in an absolutely different direction," Lavrov was quoted as saying by the Interfax news agency.

In his op-ed, Lavrov also addressed NATO's expansion into what was the Soviet sphere of influence.

"With the Warsaw Pact dissolved for more than 15 years, why does NATO still spread toward Russian borders?" he wrote.

Rice said NATO no longer threatened Russia.

"I think the expansion of NATO and the expansion of the European Union is, in fact, one of the great stories of the post-Cold War time," she said. "Russia has nothing to fear by having democracies on its borders."

Rice was interviewed on "Fox News Sunday."

Europe Warms To US Missile Shield (CSM)

By Jeffrey White, Contributor To The Christian Science Monitor

The Christian Science Monitor, February 25, 2007

Concerns about Iran have reduced opposition to US plans to extend its 'star wars' defense system.

PRAGUE, CZECH REPUBLIC

US plans to extend its "star wars" missile-defense program to Europe, which once dismissed the technology as an unproven cold-war anachronism, are gaining acceptance among governments here.

Despite Russia's mounting opposition, the Czech Republic, Poland, and – as of Friday – Britain have all expressed serious interest in hosting parts of the shield. Other countries traditionally cool to the idea have been notably quiet. The trigger: concern about a nuclear Iran.

"This is all a result of Iran," says Tim Williams, a European security analyst at the Royal United Services Institute for Defence and Security Studies in London. "Governments see that Iranian missiles can hit Europe, and suddenly they are very worried about the threat from ballistic missiles. They have to look at missile defenses."

Sunday, Iranian media reported that the country had launched a rocket into space, raising speculation that Iran was nearing the technological capacity to launch intercontinental missiles. That report, which quoted the head of Iran's aerospace research center, was quickly denied by his deputy, however.

There was no such equivocation from Iranian president Mahmoud Ahmadinejad, who, ahead of Tuesday's UN Security Council meeting on Iran's disputed nuclear program, compared its nuclear drive to a train that has no brakes.

The US, which says that a European shield would intercept ballistic missiles fired from "rogue states" such as Iran, wants to build a radar station here in the Czech Republic and a corresponding base with 10 interceptor missiles in neighboring Poland. After years of talks, the US last month approached the Czech and Polish governments about hosting the shield.

Since then, developments have come quickly. A week ago, Czech Prime Minister Mirek Topolánek met with Polish Prime Minister Jaroslaw Kaczynski in Warsaw and said they expected to go along with the plan. Then on Friday, Britain confirmed that Prime Minister Tony Blair has been in talks with the US about stationing antiballistic missiles there as part of the shield.

Czech President Václav Klaus travels to Washington next month to discuss the matter with Vice President Dick Cheney. President Bush is weighing a trip to Poland and possibly here this summer.

Currently two bases – one in Alaska, one in California, believed to host 13 and three missiles respectively – make up the US missile defense shield. Detractors say missile defense technology – in which radars and missile silos work in tandem to pinpoint and then intercept enemy missiles – still remains unproven.

But Mr. Bush has made missile defense a priority: He has earmarked $18.5 billion to be spent by 2009. Czech media reported that the US plans to set aside $118 million for a base in Central Europe this year.

"The US is eager to move quickly on this because they have spent a lot of money and they want something to show for it," says Mr. Williams.

The plan is to start constructing the base and radar station next year, with the shield coming online by 2012.

Russia fears 'arms race'

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Russia, whose Kaliningrad enclave borders Poland, has been the plan's most vocal opponent so far. A Russian general recently threatened Czechs and Poles with a future retaliatory missile strike.

And in Munich earlier this month, Russian President Vladimir Putin said the missile shield would plunge the world into a new arms race, and that the US, Europe, and Russia were on the brink of a new cold war.

"[The proposed shield] is very serious, and it breaks the strategic balance that now exists in Europe," says Alexey Fedotov, Moscow's ambassador to Prague.

Germany chided the US for not informing Russia of its designs on an antiballistic missile base in Poland, but it also appeared to throw some support to the US, calling for a full discussion of the proposal without protests and "anti-American insinuations." France, traditionally Europe's staunchest opponent of missile defense, has been silent on the issue, as have Denmark and Sweden – two countries that have been cool toward past US missile defense plans.

"You don't see the French and Germans kicking up much of a fuss about this," says Williams.

The shift away from opposition to US plans for a missile shield has been subtle and easy to miss, experts say. In a largely unnoticed speech about his country's nuclear strategy, for example, French President Jacques Chirac said last year for the first time that there was room in it for missile defense.

The US plan is moving ahead outside NATO, whose own shield proposal – the Active Load Theater Missile Defense – has dragged on for years in feasibility studies.

But it is NATO, experts say, which sheds some light on Russia's truculent opposition to a US missile base in Europe.

Since the fall of communism, Moscow watched as NATO continued to expand almost to its borders, incorporating most of the countries in the former Eastern Bloc.

"There is a moment when you suddenly remember all the bad things that have been happening for some time. You look at them and you see an array of negative signals, and you cannot ignore them," says Ivan Safranchuk, director of the Moscow branch of the World Security Institute.

But Russia watchers see little likelihood that Moscow will act.

"Russia's response is totally political," says Alexander Golts, who covers security issues for Yezhednyevny Zhurnal, an online newspaper in Russia. "To all serious experts it's obvious that this missile defense cannot threaten Russia's nuclear forces."

Don't look for referendums

The Czech and Polish governments seem poised to move on the US plan without putting it to a pubic vote, despite a growing call in both countries for a referendums. A Czech poll last week put 60 percent of the country against hosting any part of the shield, and in Britain, antinuclear groups are already criticizing the Blair government for wanting to be involved in the US shield.

"What we're seeing now is the product of near on seven years of diplomatic effort led by the Bush administration to get European governments to leave behind the cold-war version of missile defense," says Tom Karako, director of the Claremont Institute, a conservative think tank in Claremont, Calif.

"Now that the cold war is over, these governments have come to the realization that that version ... won't suffice in the future."

Italy's Prodi Set To Revive Government (WSJ)

By Gabriel Kahn

The Wall Street Journal, February 26, 2007

ROME -- After resigning as Italy's prime minister last week, Romano Prodi is preparing to resurrect his government with his old cabinet intact and push ahead with his political program.

Keeping his slate of ministers in place could be a positive sign for completing some of the ambitious fiscal and economic goals Mr. Prodi has set.

After Mr. Prodi's administration came undone last week when it lost a Senate vote, President Giorgio Napolitano directed him to rebuild his parliamentary coalition -- which had commanded only a one-vote Senate majority.

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Over the past few days, Mr. Prodi has lured a few new allies to his side in order to bolster his narrow majority in Parliament. He also forced the members of his coalition to sign off on a 12-point document aimed at guaranteeing greater cohesion within the group, which now numbers 10 parties ranging from Catholics to hard-core communists. Among Mr. Prodi's new supporters are the members of a small centrist party founded by a former ally of center-right opposition leader Silvio Berlusconi.

With a new coalition tentatively in place, Mr. Prodi must address Parliament this week before facing confidence votes in the upper and lower houses.

In an unusual development, Mr. Prodi's cabinet is expected to remain unchanged. Past Italian government shake-ups have usually resulted in a shuffling of ministerial posts, as power is redistributed among different parties to maintain a delicate balance.

Mr. Prodi has achieved modest success in reversing years of runaway deficit spending that had risked unraveling the country's public accounts. He has also moved to open up various sectors of the economy -- from auto insurance to legal services -- that had remained buffered from competition.

Still, Mr. Prodi's coalition remains rife with internal divisions, particularly over foreign policy, and it remains to be seen whether he will be able to keep the different parties in line. Among the reasons the government lost the Senate vote last week were disagreements over whether Italian soldiers should remain part of the North Atlantic Treaty Organization-led mission in Afghanistan.

Yesterday, one of Mr. Prodi's most ideologically charged allies, Oliviero Diliberto, head of the Party of Italian Communists, said the brief political crisis had "warned all of us to be more responsible." The government faces a thorny legislative agenda in the coming months, however, including a possible overhaul of Italy's costly pension regime -- an issue that is bound to divide members of Mr. Prodi's coalition.

Italian governments have usually emerged weaker, not stronger, from near-death experiences. Mr. Prodi was jettisoned as prime minister in 1998 after losing a budget measure by a single vote.

Prodi Prepares For Confidence Vote This Week (AFP)

AFP, February 26, 2007

Italian Prime Minister Romano Prodi, who resigned over a foreign policy defeat last week only to be reappointed a few days later, will fight for his government's survival as he faces a confidence vote this week.

Parliamentary group chiefs from both houses of parliament are scheduled on Monday to set a date for the vote, with media predictions falling on Thursday in the Senate and Friday in the House of Representatives.

"Il Professore" as the 67-year-old Prodi is known, spent the weekend preparing a presentation of his new, 12 point "non-negotiable" programme which he imposed on his unwieldy centre-left coalition allies last Thursday.

Since securing renewed backing of his coalition partners after intense negotiations, Prodi and his allies believe the embattled former European Commission chief will muster enough votes to survive.

Prodi also got an unexpected boost when he won the support of opposition Senator Marco Follini, once a key ally of former prime minister Silvio Berlusconi.

Piero Fassino, leader of the largest party in Prodi's coalition, welcomed the move on Sunday as "the opening of a new phase" for the government, while the opposition accused Follini of a sell-out.

According to Italy's leading newspaper Corriere della Sera, Prodi's immediate survival is due more to preventing Berlusconi's rapid return to power than any new-found unity breaking out across his multi-hued coalition, which ranges from communist to Catholic parties.

"This agreement has not been made in order to govern but to avoid others regaining power," the newspaper said in an editorial Sunday.

Commentator Ilvo Diamanti, writing in the left-leaning La Repubblica, said "fear of the 'tyrant' Berlusconi is a little weak to keep the coalition together long-term."

Serbia Faces Judgment Day On Bosnia (WT/AP)

By Arthur Max, Associated Press

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The Washington Times, February 26, 2007

THE HAGUE -- In one of the most momentous cases in its 60 years, the United Nations' highest court will deliver its judgment today on Bosnia's demand to make Serbia accountable for the slaughter, terrorizing, rape and displacement of Bosnian Muslims in the early 1990s.

If it rules for Bosnia, the International Court of Justice could open the way for compensation amounting to billions of dollars from Serbia, the successor state of Slobodan Milosevic's Yugoslavia. Specific claims would be addressed later.

Such a ruling also would be a permanent stain on Serbia in the eyes of history, regardless of any effort by Belgrade to distance itself from the brutality of those years.

Reflecting the complexities, the 16 judges have deliberated for 10 months since hearing final arguments. Officials at the World Court, as it is informally known, say that reading out the summary of the judgment is likely to take three hours.

The court was created after World War II to adjudicate disputes among U.N. members, most often over borders or treaty violations. Its decisions are binding, without appeal and enforceable by the Security Council.

The Bosnia case touches deep nationalist chords and arouses strong emotions. Among survivors expected to stand vigil outside the baroque Peace Palace while the decision is read are women from Srebrenica, where about 8,000 men were killed in July 1995.

Bosnia first approached the court 14 years ago, during the chaos of Yugoslavia's bloody disintegration. The political landscape has since changed dramatically, with both Bosnia and Serbia separately seeking membership in the European Union.

"This will be a very significant judgment, both from the perspective of the aftermath of the conflict and for international law generally," said Andre Nollkaemper, director of the Amsterdam Center for International Law at the University of Amsterdam.

Other courts already have ruled that acts of genocide occurred during the Bosnian war, when more than 100,000 people were killed in a Bosnian Serbian campaign that gave the world the phrase "ethnic cleansing."

Two Bosnian Serbian officers have been convicted by the International Criminal Tribunal for the former Yugoslavia. Gen. Radislav Krstic is serving a 35-year prison term for aiding and abetting genocide, and Col. Vidoje Blagojevic is appealing his 18-year sentence for complicity in genocide. Mr. Milosevic died last year in his prison cell in the final weeks of his four-year-long genocide trial.

The World Court case, entirely separate from the tribunal's deliberations, is not about people. Bosnia says the Serbian state must accept blame.

It argues that Serbia's nationalist ideology incited genocidal hatred, its financial and military aid to the Bosnian Serbs gave them the tools for genocide, and Yugoslav army officers actively participated in driving out Muslims.

Serbia says it's not that simple. Genocide, by definition, requires the clear intent to wipe out an ethnic or racial group, in whole or in part, in specific territories. Serbia says it never waged such a systematic campaign.

Moving Kosovo On (NYT)

The New York Times, February 26, 2007

Earlier this month, a United Nations envoy, Martti Ahtisaari, presented a sensible plan for the future of Kosovo. The small Serbian province has been administered by the United Nations since 1999, when NATO went to war to defend its ethnic Albanian majority. Mr. Ahtisaari's proposal would effectively grant Kosovo independence, but with strict limits, extensive international supervision, and protection for the ethnic Serbs and other minorities who live there.

The plan has been attacked by all sides. Kosovo's Serbs, and their allies in Belgrade, say they will never recognize an independent Kosovo. Kosovo's Albanians will accept nothing less.

There are few heroes in this story. Kosovo's Albanians have failed to live up to standards of human rights and democratic governance laid down by the U.N. That is why their independence must be conditional. Kosovo's European stewards have repeatedly delayed decisions on independence, hoping the Serbs' anger would cool. It has not. Further delay, we fear, will not bring the two sides to a consensus.

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The United States and Europe should press the Security Council to quickly endorse the Ahtisaari plan. The international community and NATO — having invested so much in Kosovo — must continue to stay deeply involved. It would not be surprising if, after seven years, interest has flagged. But without more outside help, there is little hope for building a peaceful democracy in Kosovo.

US In Macau To Discuss N. Korea Funds (AP)

By Min Lee

AP, February 26, 2007

A U.S. Treasury Department delegation was in Macau on Monday briefing local officials about the investigation of North Korean bank accounts in the Chinese territory, an American official said.

The visit came about two weeks after a breakthrough agreement in which North Korea agreed to initial steps to abandon its nuclear weapons program. American negotiators have agreed to resolve financial restrictions by mid-March.

North Korea has been especially angry about U.S. restrictions imposed in 2005 on Banco Delta Asia in Macau. Washington alleged the small bank was complicit in North Korea's counterfeiting and money laundering.

The U.S. allegations prompted Macau to freeze about $24 million at Banco Delta Asia. That led banks worldwide to shun North Korean business for fears of losing access to American markets.

On Monday, Dale Kreisher, spokesman at the U.S. Consulate General in Hong Kong, told The Associated Press that the U.S. Treasury delegation was in Macau briefing local officials about the Banco Delta Asia case.

"Discussions (with North Korea) along with the U.S. investigation have brought Treasury to the point where they think they can begin taking steps to resolve the BDA matter," said Kreisher, whose office is also responsible for Macau.

Kreisher declined to say if Washington was ready to lift the sanctions on the bank. He also wouldn't say who was in the delegation and how long it would spend in Macau.

Long Division (WSJ)

By Robert B. Zoellick

The Wall Street Journal, February 26, 2007

During President Hu Jintao's visit to the White House last spring, George Bush initiated a conversation over lunch about North Korea, and asked whether Kim Jong Il might consider Deng Xiaoping's pattern of reform. The Chinese president replied that he did not know, but thought Kim wanted to change. He added that when Deng took the risk of opening China in the late 1970s, he was reassured by a non-threatening external environment. Kim, said Mr. Hu, might find it easier to move if he received a positive signal. Mr. Bush replied, "What if we offered him a peace treaty?"

Not long thereafter, Japanese Prime Minister Junichiro Koizumi had his farewell stop at the White House. When Mr. Bush probed about China's influence with North Korea, Mr. Koizumi suggested that U.S. signals loomed large in Pyongyang's calculations. History had led the Koreans to be suspicious of their neighbors, including China, and Koreans sense the U.S. might be the most important guarantor for Korea's future.

These exchanges illuminate strategic perspectives that underpin the U.S. approach to the recent six-party accord. First, the administration views this initial step as the beginning of a course that extends far beyond North Korea's nuclear program or even peace on the peninsula: The U.S. wants to set a direction for security relations in Northeast Asia for decades to come. Left unchecked, North Korea's nuclear weapons and missiles might build a movement in South Korea and Japan for their own programs. Washington wants the six-party process both to stymie North Korea's programs and develop closer security relations among the participants.

China is already acting as a "responsible stakeholder" by urging North Korea to step back from confrontation. By proposing a peace treaty to replace the 1953 armistice, the U.S. not only seeks to close out this vestige of the Cold War but also to open the way to overcome the painful legacies on the peninsula and in the region dating back to World War II, the Russo-Japanese War of 1904-05, and even the Sino-Japanese War of 1894-95.

The hard work ahead involves not only maintaining pressure to close down all nuclear weapons programs, but steps to build confidence on the peninsula, security assurances and transparency -- between the Koreas, as well as with the neighbors

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the Koreans may fear more than one another. This process will open the way for returning Japanese abductees, connecting energy and economic support to North Korean reforms, and enhancing cooperation between China and Japan. These conditions would improve the international environment in which the two Koreas could someday end the cruel division of one people.

Second, the administration believes the best way to change North Korean behavior and improve the lives of its people is to combine pressure with an opportunity for North Korea to open to the world step by step. The regime bases its terrible repression on a bizarre self-image that combines superiority and a state of siege. To end this and open eyes to a different world, the other five parties are offering peace and the prospect of normal ties. In line with Mr. Hu's suggestion, Mr. Bush is shaping an external environment that removes the rationalization for keeping the lid on North Korea's stunted development.

Third, the U.S. government recognizes that the forces of history -- and economics -- are on its side, not North Korea's. Having lost a war in Vietnam 30 years ago, the U.S. is winning the peace because of the magnet of its economic dynamism, its central role in the institutions of the world economy, the power of the private sector, and its role as a counterweight in Asia. The trends in world economics, information flows, and technology give America a new type of "strategic depth" that enables it to confidently offer North Korea a path away from isolation. Ironically, as Messrs. Hu and Koizumi observed, a reforming North Korea is likely to perceive the U.S. as a resource and reassurance (as should South Korea).

Of course, this six-party accord is only a portal. North Korea needs to fulfill its September 2005 commitment to abandon all nuclear weapons and programs. North Korea's steps are likely to be halting as it weighs the risks of opening with those of isolation. Yet even if Pyongyang chooses belligerence, U.S. cooperation with the other four parties will position it better to quarantine the dangers. The five can best deter North Korea. They will be best able to prevent the selling of nuclear materials.

President Bush does not view this move as another accord limited to nonproliferation objectives. It opens the way for peace and reconciliation on the peninsula and a means to shape the future security arrangements in East Asia. It is a recognition that America's diplomatic toolkit for dangerous states involves more than threats of force and isolation. The challenge for this administration, and those to come, will be to avoid letting the process slip into minimalist, tactical tradeoffs and instead to maintain strategic vision guiding the diplomacy of opening North Korea.

Mr. Zoellick, a former U.S. trade representative and deputy secretary of state, is vice chairman, international, of Goldman Sachs.

Thais Struggle With Violent Insurgency (NYT)

By Seth Mydans

The New York Times, February 26, 2007

PATTANI, Thailand, Feb. 22 — Some are already calling it war, a brutal Muslim separatist insurgency in southern Thailand that has taken as many as 2,000 lives in three years with almost daily bombings, drive-by shootings, arson and beheadings.

It is a conflict the government admits it is losing. A harsh crackdown and martial law in recent years seem only to have fueled the insurgency by generating fear and anger and undermining moderate Muslim voices.

A new policy of conciliation in the past four months has been met by increased violence, including a barrage of 28 coordinated bombings in the south that killed or wounded about 60 people on Feb. 18.

“The momentum of violence is now beyond the control of government policy,” said Srisompob Jitpiromsri, a political scientist at Prince of Songkhla University here.

“The separatists can pick and choose the time and place of the violence without any effective resistance from the government,” he said. “They have the upper hand.”

Now the insurgents seem to be taking their war to a new stage, pitting local Buddhists against Muslims by attacking symbols of Buddhism with flamboyant brutality.

The two religions had coexisted through the years here, often in separate villages. That mutual tolerance is breaking down now, and there are fears of a sectarian conflict that could flare out of control.

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"Buddhist monks, temples, novices," said Sunai Phasuk, a political analyst with the monitoring group Human Rights Watch. "Buddhist monks have been hacked to death, clubbed to death, bombed and burned to death. This has never happened before. This is a new aspect of violence in the south."

In another new development, said Francesca Lawe-Davies, an analyst with the International Crisis Group, some remote areas had become, in effect, off limits for the police or military, at least temporarily and perhaps permanently.

"It appears in the last year or so that insurgent groups are actually starting to control territory in a more conventional sense," she said.

Some Buddhist and Muslim villages have begun sealing themselves off from one another, and people in both the region's towns and villages say old friendships and patterns of cooperation are being undermined by mistrust.

Entire Buddhist communities have also fled in a "de facto ethnic cleansing," said Zachary Abuza, the author of "Militant Islam in Southeast Asia," in a report published last month. "The social fabric of the south has been irreparably damaged."

About 1.3 million ethnic Malay Muslims form a majority in Thailand's three southernmost provinces — Yala, Narathiwat and Pattani — a tiny percentage of the population of 65 million, which is overwhelmingly Buddhist.

The Muslims have complained of discrimination and attempts at forced assimilation since Thailand annexed the former Sultanate of Pattani a century ago. Armed insurgencies have risen and subsided over the past four decades, but the government may now be facing its most dangerous challenge.

"What is new about the current conflict is the level and degree of violence, the Islamist agenda of the insurgents and their unprecedented degree of cooperation and coordination," Mr. Abuza said.

"The level of violence in Thailand's south has never been higher," he said. "Nor has it been more brutal."

He said in his report that there had been more than 24 beheadings in the past three years and as many as 60 similar attacks.

Human Rights Watch counted more than 6,000 violent episodes over the past three years. It said more than 60 teachers and 10 students had been killed and 110 schools — the most visible signs of central government authority in many places — had been set ablaze.

About half the insurgents' attacks have been against other Muslims, especially those who cooperate with the government, in what appears to be an effort to weaken central control. The victims include not only village chiefs and suspected collaborators but also those who work in government jobs, teach at government-financed schools or work in major sectors like rubber tapping.

All of this adds up to war, Mr. Srisompob said. The military has flooded the region with up to 20,000 new troops; checkpoints have been set up along the roads; soldiers travel in convoys of armored vehicles.

"In the local communities in the red zones, it already is a war situation," he said. "It is different now from last year, from the last two years."

The insurgency is all the more difficult to combat because it does not show its face. Unlike most similar movements, this one has not set out its demands or published a manifesto. It is a collection of violent groups without clear central leadership.

When a Thai commander proposed a new policy of negotiation last year, he said it would be difficult because he did not know whom to negotiate with.

"We are fighting a ghost," said Chidchanok Rahimmula, a lecturer in security at Prince of Songkhla.

The policy of conciliation was put in place by Prime Minister Surayud Chulanont, who took power after Thaksin Shinawatra was ousted as prime minister in a coup in September.

Mr. Surayud apologized for the harsh policies of his predecessor during his six years in office, promised to investigate abuses and restructured the military command for the south.

People in rural areas say soldiers and police officers have become less aggressive and are trying to reach out by attending local fairs and holding dialogues.

Mr. Surayud conceded recently that none of that was working. "We can't see the results in three to four months because the painful feelings of southern people in the past four to five years run deep," he told reporters. "This is not easy to cure."

Indeed, the insurgency has responded by stepping up its violence, apparently in an effort to block any peace agreement. There has been no serious reply to Mr. Surayud's offer of negotiations.

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People who live here, both in the villages and urban areas, say they have never been so frightened.

"Muslims feel fear, Buddhists feel fear," said Abdullayi Che-are-sae, 39, a local official in Tapong, a settlement of 200 Muslim families in a red zone near the city of Pattani. "But we don't know who we are afraid of."

At night, he said, the village falls silent as people close their doors and windows and turn off their lights, listening for the sounds of intruders.

Less than a mile down the road, the people of Khlong Tam, a Buddhist village, fall silent, too, he said, sharing the fears of their neighbors.

But the Muslims of Tapong and the Buddhists of Khlong Tam, who were once on cordial terms, have armed themselves and hardly speak to one another now, he said.

Here in the provincial capital, Chidchanok, who is Muslim, said she and her children check under the car every morning for bombs.

"And not only me," she said. "We don't go out at night. We shop at stalls in the street and don't go into the marketplace."

She said that people were afraid now to stand close to a government official or a soldier or police officer, potential targets of bullets or bombs.

"When we are in a restaurant, if we see a soldier or policeman nearby we hurry to leave," she said.

Shopkeepers are wary too. "In the shops near the university, if a soldier or policeman comes to buy something, the owner says, 'Quickly — just buy something and leave.' "

Southern Thailand, she said, had become "a kingdom of terror, a kingdom of fear."

"We really wonder about their identity and how they can be doing this," she said of the insurgents. "They are destroying their own society. They kill the teachers. They kill the teachers who teach their own children."

U.N. Weighs Deploying Force To Chad (USAT/AP)

USA Today, February 26, 2007

BAHAI, Chad (AP) — Tribal leaders are desperate for the deployment of a U.N. peacekeeping force along Chad's border with Sudan to protect refugees and stop increasing spillover from the violence in Darfur.

The U.N. Security Council is considering a mission, with up to 10,000 troops, largely because Sudan's government has resisted efforts to send U.N. peacekeepers to Darfur itself.

But Chad's president is worried about inflaming tensions with Sudan, while U.N. Secretary-General Ban Ki-moon has warned the Security Council that peacekeepers would face "serious risks" of rebel attacks.

The two countries have strained relations because Chad supports the Darfur rebellion against the Sudanese government, and Sudan strongly backs Chadian rebels settled in Darfur, Western observers say.

Tens of thousands of Darfur refugees live in scorching, wind-beaten camps on Chad's side of the border, competing with Chadian villagers over scarce water and firewood. Various rebel groups and militias roam the vast region.

"We are waiting impatiently for the international force to arrive and protect both the border and the refugees," said Timan Deby, the sultan or traditional ruler of Bahai, a desert outpost in Chad near the Sudanese border.

More than 200,000 people have died since ethnic African tribesmen in Darfur took up arms four years ago, complaining of discrimination by the Arab-dominated Sudanese government. The U.N. blames the Sudanese government's counterinsurgency for the bulk of the atrocities. Of the 2.5 million people who have fled their homes, 230,000 have ended up in refugee camps inside Chad.

Along the frontier, clashes between ethnic groups and cross-border raids are "carried out with impunity," the British aid group Oxfam said recently. Dozens of civilians have been killed in recent weeks, Oxfam said.

So far, none of the 12 refugee camps have been attacked, but several villages have been plundered.

The region's governor, Atom Dillo, said the U.N. force was necessary to stop Sudanese infiltration into Chad, which he said was part of Sudan's strategy to destabilize its neighbor and prevent aid workers from helping Darfur refugees.

Chad's President Idriss Deby has accepted the idea of a U.N. mission on his border in principle. But Western officials in Chad say he is worried the force might be used as a starting point for deployment into Darfur, which would anger Sudan.

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"He doesn't want to be seen as facilitating a possible invasion of a neighboring state, even Sudan," said one Western official, speaking on condition of anonymity because of the situation's sensitivity.

Ban said Deby has proposed that the U.N. mission be a civilian one. He told the Security Council last week that any peacekeeping mission should help keep peace in refugee camps and deploy at key points to prevent cross-border attacks. But he warned it would carry "serious risks."

Last year, Chadian rebels based in Sudan launched several raids, briefly seizing the major eastern Chad town of Abeche and attacking the capital, N'djamena. Reports of smaller clashes come almost daily.

Col. Vincent Tesnieres, who commands a 1,000-strong French force already deployed in Chad, accused Sudan of providing the rebels with the ground-air missiles that recently helped them down Chadian aircraft.

"What is striking is that we now witness a level of violence completely unknown to Chad before," said Serge Male, the head of the United Nations High Commissioner for Refugees in Chad.

The UNHCR says it has a contingency plan for up to 50,000 more people to arrive from Darfur. The agency is trying to relocate the Darfur refugee camps further east from the border to ease the strain on Chad's meager natural resources.

The Chadian army is trying to protect the Darfur refugee camps but can't do much because it needs to focus on protecting the border, said Gen. Kalimi Sangui Abdalla, who commands Chadian military operations on the eastern frontier.

"This is why we will welcome United Nations forces," he said.

Gambian Defends The International Criminal Court's Initial Focus On Africans (NYT)

By Marlise Simons

The New York Times, February 26, 2007

THE HAGUE, Feb. 25 — The windows of Fatou Bensouda's office high up in the International Criminal Court's headquarters here offer her a sweeping view of orderly Dutch flatlands. But her attention is turned to her native Africa, on the chaos and killing at the heart of the court's first atrocities cases.

Mrs. Bensouda, a 45-year-old Gambian with an open and easy manner, is one of the court's top officials. She is the deputy to the chief prosecutor, and is in charge of trials concerning war crimes, crimes against humanity and genocide.

All of the cases set to be taken up by the five-year-old court so far involve Africa, and the people she hopes to try include a list of warlords from four nations, leaders who were most prominent in Africa's recent conflagrations, some of which continue today.

The Darfur region of Sudan looms large on that agenda, because on Tuesday the prosecution plans to file its first criminal charges linked to the conflict between the Sudanese government and the rebel fighters. The prosecution will disclose the names of several senior figures it believes to be among those most responsible for Darfur's devastating bloodshed and human disaster. Other names are expected to follow.

The arrest of the Sudanese suspects is not certain. Court officials said Sudan, while insisting it was cooperating, had done its best to obstruct the court's investigations, ordered by the United Nations Security Council two years ago.

In one of the newly outfitted courtrooms, though, Mrs. Bensouda has already met one of the warlords on her list. Thomas Lubanga, a Congolese citizen and once a powerful militia leader, has been charged with conscripting and abusing children, some as young as 10, during the fighting in the country's Ituri region. He is the only suspect in the court's custody, and his trial, expected later this year, will be the first since the tribunal opened for business in 2002.

Besides Darfur, other cases under investigation involve the civil war in Congo and conflicts in Uganda and the Central African Republic, which have caused tens of thousands of deaths and created millions of refugees. Requests for the investigations, except in the case of Darfur, came from the countries themselves, but that has not prevented concern among Africans that their continent is the new court's principal target.

Mrs. Bensouda calmly dismisses that notion. "This court does not intend to focus only on Africans; it will prove that in the future," she said. "But at the moment, Africa clearly presents the gravest situations."

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"This is also our court. It is not imposed on us — we want to believe in it," she continued, pointing out that of the 104 nations who are now full members of the court, among the first to sign on were numerous African states. Some larger nations, including China, Russia and the United States, which distrust the court's powers, are not members.

Mrs. Bensouda's country, Gambia, has mostly escaped the kind of serious violence on which her career now focuses. But it was her revolt against widespread injustice that drew her to the law from an early age.

"I was not suffering, but around me there were many victims of violence and crime, often women, who had no means to defend themselves," she said. One of her uncles, a judge, "had a deep influence on me."

Today, Mrs. Bensouda is a prosecutor who, over the course of a career that now spans two decades, has gained wide experience, rising to become her country's minister of justice and a senior prosecutor at the United Nations tribunal dealing with the Rwandan genocide in the 1990s.

She has long worked for gaining more legal protection for women, by having laws changed at home, and by emphasizing large-scale sexual abuse of women during conflicts.

It was her past as an advocate for women's legal rights that led many women's groups to applaud her election to the International Court — and now, more recently, to criticize her, along with the broader prosecution strategy in Mr. Lubanga's case.

Human rights advocates have said the Congolese trial has been far too narrow in its scope, focusing only on charges of conscription of children by Mr. Lubanga, rather than addressing the worst crimes of the militia under his command.

Last year, eight human rights groups, known for their support for the court, wrote an open letter to the chief prosecutor, Luis Moreno Ocampo, deploring that two years of investigations had not produced a broader range of charges. It was well known, the letter said, that Mr. Lubanga, leader of the Union of Congolese Patriots, a violent militia, "has committed numerous other serious crimes, including murder, torture and sexual violence."

In a meeting with the prosecutor, some human rights activists said that prosecuting only child conscription, which war victims do not regard as serious as the many killings, rapes and mutilations, sent the wrong signal to victims.

"Yes, we have been criticized," Mrs. Bensouda said, "but we believe that the problem of child soldiers is very, very serious. Some are turned into killers, others are used as sex slaves. It is affecting a whole generation of children who are very difficult to reintegrate into society. Fighting is often all they know. It's a problem in many places, and we want to highlight this here."

According to a United Nations report, after the Congolese conflict more than 18,000 children were released from armed groups and thousands more escaped on their own in the past two years. Worldwide, as many as a quarter-million young children are forced to serve in wars, by some estimates.

Torture, rape and other sexual offenses, she said, were very much part of the other investigations before the court. As for Mr. Lubanga, she added, "for now he will be tried for child conscription because that is where we had the best evidence at the time we issued charges."

Sudan, In Mud Brick And Marble (WP)

By Stephanie McCrummen

The Washington Post, February 26, 2007

KHARTOUM, Sudan, Feb. 25 -- On the desert edges of Sudan's capital, Suzanne Yobu, who has a business degree and a decidedly proper manner, lives in a mud-brick house in a sprawling squatter's camp called Soba Aradi.

Sometimes, though, she attends church in the city, a place booming with oil money that comes mostly from her home region of southern Sudan, which she fled during a civil war that ended in 2005.

In a clankety bus, she passes the airport, where travelers can buy Gucci perfume these days. She rolls along smoothly paved boulevards, some lined with potted geraniums, and past scores of new buildings such as the swirling, white El Fateh Tower, a wildly futuristic hotel that symbolizes the government's vision of Khartoum as a kind of Dubai-on-the-Nile.

Seeing it all, though, Yobu thinks only about how soon she can leave.

"I don't like Khartoum particularly. All this money, the government brought it from the south. They are using our money to build their city and for this war," she said, referring to the crisis in Sudan's western Darfur region. "That is what is happening."

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In Sudan, successive rebel movements -- first in the south and now in Darfur -- have voiced similar grievances against the government. The ruling party in Khartoum, they say, hoards power and wealth at the expense of the rest of the country, physically the largest in Africa.

And in the past several years, the new oil wealth and investment pouring into the city of 6 million have sharpened the contrast between center and periphery.

These days, Khartoum has palm trees wrapped in lights, new Toyota dealerships and an outdoor cafe where patrons can sip lattes under a delicately refreshing mist spray. This week marks the opening of Khartoum's first five-star hotel, Al Salam Rotana -- a swank, $300-a-night palace of marble and haute cuisine for the jet set.

At the city's edges, however, is the detritus of power struggles dating back decades -- a dozen or so squalid, off-the-map camps, most without running water or electricity, and filled with more than 2 million people. Most of the residents are non-Arab Africans who fled the conflict in the south. More recently, people have come here to escape the conflict in Darfur, now in its fourth year.

For people in the camps, the economic boom has had the perverse effect of further undermining their already precarious existence. With land at a premium, the local government of Khartoum state periodically sends police and bulldozers into the camps to plow under swaths of mud houses, pushing people even farther out into the desert, and then sells the cleared land to developers.

The technique, called kasha, was first used by the government in the mid-1980s to force out southerners who had fled the civil war. The current ruling party has "perfected" the technique, said Alfred Taban, editor in chief of the Khartoum Monitor newspaper and a frequent critic of the government.

"They are trying to say, 'You are not welcome here,' " he said. "This boom, it benefits probably 1 percent or less."

In Soba Aradi, people see little difference between the conflict in southern Sudan, the current conflict in Darfur and their own treatment in Khartoum.

Though the war in southern Sudan had a religious dimension in that it involved an attempt by the government to impose Islamic law on a population that is about 30 percent Christian, the primary grievances of the rebel movement there had more to do with access to resources and power. The conflict in Darfur also largely comes down to a struggle for resources.

"It's all the same because it's the same government," said Emmanuel Agrey Lado, a physician's assistant from southern Sudan whose home has been bulldozed twice in two years.

U.S. diplomats, however, have mostly treated southern Sudan and the conflict in Darfur separately.

After intense engagement by the Bush administration, the Sudanese government in 2005 signed a U.S.-backed peace agreement creating a semiautonomous region in southern Sudan, just as government troops were intensifying their onslaught in Darfur.

Last year, the government signed a separate peace agreement with one Darfur rebel group, but fighting between government-sponsored militias and an increasingly fragmented rebel movement has continued.

Since the conflict in Darfur began, as many as 450,000 people have died there from disease and violence and 2.5 million have fled to camps in the area or across the border in Chad.

In recent months, the humanitarian situation in Darfur has worsened, as aid workers have been targeted in the violence and many relief groups have pulled out, leaving hundreds of thousands of people without food, medicine or clean water. President Omar Hassan al-Bashir has consistently rejected a proposal to send in a force of several thousand United Nations peacekeepers to supplement a beleaguered African Union force of 7,000 troops currently deployed in Darfur.

Meanwhile, the peace agreement in the south is faltering, with southern Sudanese officials accusing the government of shortchanging them on oil revenue and failing to implement power-sharing arrangements.

Increasingly, leaders in the south say the fate of their region is very much intertwined with that of Darfur, a notion that hearkens back to the vision of John Garang, the widely popular and iconic leader of the Sudan People's Liberation Movement (SPLM) who died in a helicopter crash in 2005.

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Under his leadership, the SPLM had strong ties to rebel groups not only in Darfur, but also in the north and the east, as Garang came to realize that the suffering extended beyond his own region and that the only way to achieve a more just order in Sudan was through a unified movement. After his death, those relationships languished.

In recent weeks, however, the current president of southern Sudan, Salva Kiir Mayardit, has been reaching out to Darfur rebel leaders.

"We have similar grievances," said Deng Alor Kuol, a southerner who became a minister in the national government after the 2005 peace agreement. "Marginalization and neglect."

As Charles Kalisto, a resident of Soba Aradi, put it, "When I see all these tall buildings" in Khartoum, "I ask, 'Why am I staying under a plastic sheet?' "

Kalisto, who has lived in Khartoum for 22 years, has watched the city become clad in scaffolding and layers of new asphalt. He has tried to get a construction job there, to no avail. Kalisto, like many southerners, said it is difficult to get a job if you are not well connected, and even harder if you are not Arab.

So he is leaving, along with hundreds of thousands of others who have returned to the south in the past two years, by truck or a treacherous barge journey down the Nile.

In Soba Aradi last week, he was among a handful of residents who showed up at a big white tent to register for a U.N. program that is helping 150,000 southerners return home in organized bus convoys before the rainy season starts in May.

Kalisto said he and his family have no hesitation about leaving Khartoum, even for all the unknowns of southern Sudan, where villages, farms and nearly every scrap of infrastructure were destroyed in the war and most people are living in tents.

When he arrives, the government will give him seeds, some sticks and a tarpaulin. Still, Kalisto said, "If tomorrow there is a train, we want to go."

Suzanne Yobu will not be far behind. In 2011, there will be a referendum in the south on independence from Sudan, an option she seems to find attractive.

"This government has a different feeling towards the southerners," Yobu said. "They look at the south as inferior and themselves as superior. If we separate, we'll have more revenue, and more freedom also. The south has oil, and gold. But right now, the money is in their hands."

Early Results: Senegal's President Leads (AP)

By Rukmini Callimachi

AP, February 26, 2007

The president of one of Africa's most stable democracies sought another five-year term Sunday, jostling with 14 contenders in a race that may hinge on the votes of young people hungry for jobs.

Early results reported by state-run Senegalese Press Agency indicated President Abdoulaye Wade was in the lead but did not say by how much. It was not known how many votes had been counted, but they included polling stations in key cities including the capital Dakar and Thies, the agency said. The first official results are not expected until later Monday.

Wade has presided over an era of peace rare in a tumultuous part of the continent, and the economy — though struggling by Western standards — is stronger than in many African nations. Still, thousands of desperate youths have already voted with their feet, risking their lives to slip illegally into Europe by sea.

The median age in this country of 12 million is about 19 years, according to U.S. government statistics, compared with 36 in the United States. About half of Senegal's work force is unemployed.

The 80-year-old Wade sounded confident as he cast his ballot in a dusty polling booth in this seaside capital.

"I will win, there is no question about it," he said. "It's evident that the youth have voted for me."

Among the top challengers are two of Wade's former prime ministers: Moustapha Niasse, a former U.N. envoy, and Idrissa Seck, jailed by the government for seven months on embezzlement charges that were never proved.

To avoid a run-off, the top candidate needs to win more than 50 percent of the ballot. Though Wade is considered the favorite, the crowded field of challengers could splinter the vote and force a runoff.

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When Wade's black-tinted Hummer pulled up at the polling station, it was mobbed by supporters chanting "gorgui" — a respectful Wolof word meaning "old man."

Each of the candidates appeared as a grainy photograph on 15 separate pieces of paper to ensure Senegal's largely illiterate population can easily make their choice.

But some voters complained the supposedly indelible pink-colored ink, used to mark voters' thumbs to ensure they did not cast multiple ballots, appeared to wash off with soap. To allay those concerns, Wade showed reporters that his thumb remained pink even after he rubbed it vigorously with a Kleenex.

For the Socialist Party's Tanor Dieng, one of the candidates challenging Wade, the president's reassurances were not good enough.

"All he can do is bluff, because he knows he's losing," Dieng said.

International election monitors said early evidence suggested the election was orderly and fair.

Wade, who spent three decades in the country's opposition, won in a landslide in 2000, defeating the long-ruling Socialist party. He pledged to abolish the system of privilege which characterized the final years of the Socialist regime, and promised investments in education and job training.

Wade claims he has made good on his promises, and has presided over 5 percent annual growth.

But with 48 percent unemployment and the capital suffering cuts in electricity service — a situation unheard of several years ago — many say it's not enough.

"It was the youth that brought him to power and for us it's been a great disappointment," said Moustapha Diagne, 48, a computer parts importer.

At least 31,000 Senegalese last year undertook the dangerous voyage in small boats by sea to try to reach Europe. Others journeyed north through the burning desert — and perished along the way.

Wade is also criticized by some for focusing on the problems of the capital and neglecting rural areas. He has not been able to end an insurgency in Senegal's south.

Still, the president is widely credited with keeping Senegal relatively peaceful on a continent where many nations have suffered coups and wars.

Senegalese Vote Hinges On Views Of Economic Growth (NYT)

By Lydia Polgreen

The New York Times, February 26, 2007

DAKAR, Senegal, Feb. 25 — Moudou Gueye was confident that Senegal's presidential election on Sunday would turn around his fortunes, at least in the short term.

Seven years ago he voted for Abdoulaye Wade, a rabble-rousing professor who, after decades in opposition to Socialist Party rule, sailed into office buoyed by the votes of frustrated young people like Mr. Gueye, who is now 32. They hoped that Mr. Wade, a free-market liberal, would transform this impoverished nation's economy, which had been stunted by generations of ineffective central planning.

But Mr. Gueye said he did not feel much better off now. He still has no regular job and gets by selling coffee on the streets. He said Sunday that he hoped to make about $15 selling his sugary brew at 10 cents a cup to early-morning voters. When the morning coffee rush died down, he would cast his own vote, but not for Mr. Wade.

"I had high hopes," said Mr. Gueye, his eyes hidden behind a pair of knockoff Ray-Ban sunglasses. "But now we are all disappointed."

Voters in Senegal, an oasis of stability in a turbulent corner of the globe, were deciding whether to re-elect the octogenarian Mr. Wade or choose a new president from 14 other candidates, including some from the Socialist Party that voters roundly rejected in 2000

Senegal's state-run news service reported initial results Sunday night that showed Mr. Wade with a strong lead, but the results came from only a relative handful of 11,000 polling stations nationwide. Official results are expected Monday.

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If no candidate wins more than 50 percent of the vote in the first round, there will be a runoff between the top two candidates, expected to be in mid-March. The presidential term has been shortened, so the winner will serve for five years.

In the more than four decades since it won its independence from France, Senegal has never had a coup and suffers from almost none of the ethnic strife that has dragged many West African countries into civil war. It is one of Africa's oldest and most open democracies, with genteel politics that have been the envy of many of its neighbors.

But this election has been different. The campaign was marred by accusations that the government was trying to stifle opposition. One opposition rally was barred from taking place, though others were allowed.

A brawl last week between supporters of a religious leader loyal to Mr. Wade and the supporters of Idrissa Seck, a former Wade ally who is running for president, left six people seriously injured and several cars torched. Such violence is mild by regional standards but almost unheard of in Senegal.

The unrest reflects a wide unease with the country's fortunes. Senegal has had relatively robust economic growth that has hovered at around 5 percent over several years (it was lower last year, owing in part to high fuel prices, according to government officials), compared with the 1 percent achieved during much of the Socialist era, and dozens of huge public works projects.

While in some ways the country is better off, economic growth and a building binge have not produced large numbers of jobs in a country struggling to make the transition from an agrarian society based largely on peanut farming to one that harnesses the wealth of a global economy.

And so Mr. Wade has struggled to convince voters, particularly the young people who make up more than half of the population, that he deserves another term.

"In many ways it is a choice between people they can't stand and the person who disappointed them," said a senior Western diplomat here. "It's a sad choice."

There is no better indication of Senegal's economic desperation than the vast exodus of young people to Europe. At least 36,000 Africans, mostly young men from Senegal, headed for the Canary Islands as illegal migrants by sea last year, according to the Spanish government. At least 6,000 of those who attempted the desperate 850-mile crossing did not survive, yet thousands more wait for the next crossing season to begin, paying $1,000 or more for a seat in an open-decked fishing boat.

Mr. Wade staked his legacy on a series of building projects, part of a New Deal-like plan to jump-start the country's economy. Some of the projects are under way, like a new seaside highway that hugs Dakar's rugged coastline, along with a series of oceanfront luxury hotels. Others, like a plan to build a new capital and a second airport, are still on the drawing board.

J. Habib Sy, a political analyst and director of a nonprofit organization, Aid Transparency, that investigates public spending, said his examinations of government expenditures over the last seven years had shown widespread waste and mismanagement.

"People were hopeful, myself included, that as an old man he would be wise," Mr. Sy said. "But it didn't happen that way."

Mr. Wade's supporters say he has already delivered and deserves more time to complete his vision for the country's future.

"This government has done more in seven years than the Socialists did in 40 years," said Boubacar Kante, a 33-year-old electrician, standing in line at a school in the Grand Dakar slum, waiting to cast his vote. "I found a job after Wade was elected, and life is better."

Countering criticism that Mr. Wade is too old to serve another term — his official age is given as 80, but many people suspect he is older — his daughter, Sindiély, who has worked as a special assistant to the president, said he was as sharp and agile as ever.

"It is not a question of age," Ms. Wade said as she waited to cast her vote in downtown Dakar. "It is a question of dynamism and ideas and what you have planned for your country."

Along Dakar's seaside roadway, young men marveled at the cars whizzing below a brand-new overpass, one of Mr. Wade's long-anticipated public works projects.

Pap Ndiaye, an 18-year-old street vendor who sells baby clothes to people stalled in traffic, said the newly completed road was a sign that the country was moving in the right direction.

"Wade has done a lot for this country," Mr. Ndiaye said. "Our hope is that he will stay and finish his work."

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Less than a mile away, the road abruptly ends with a bright yellow sign that says “déviation,” or detour. With a hard turn to the right, drivers pour off the broad new highway, and back into the tangled, chaotic streets of one of Dakar’s oldest and poorest neighborhoods.

High Cost Of Free Education In Kenya (LAT)

By Edmund Sanders

The Los Angeles Times, February 26, 2007

Nairobi, Kenya — THE story of Olympic Primary School reads like a movie script.

A spirited campus in Africa's largest slum overcomes dire surroundings to triumph as the top-ranked public elementary school in Kenya's capital, beating better-funded private academies and sending dozens of graduates to the nation's top high schools.

Unfortunately, the saga doesn't come with a Hollywood ending.

Perched on a hill overlooking Kenya's notorious Kibera shantytown, the school is at the center of a growing public education crisis spurred by a national decision in 2003 to make primary education free to all. The move swelled Olympic's classrooms to record size, stretched its budget and eroded the school's hard-won standards.

Four years later, some of the brightest students are transferring to private competitors, causing the school's ranking to slip. Rather than being visited by international dignitaries praising its accomplishments, the school and its bulging classrooms are a tourist stop for guides offering sightseers a glimpse of Kenya's poverty and education woes.

Last month, Olympic's enrollment was 2,510 students, making it one of the largest schools in the country. With just 30 teachers, the average class size is 84, more than double what it was when the school was ranked No. 1.

"That's deadly," said Anne Nganga, Olympic's founder and former principal.

In 2004, having reached retirement age at 55 and fed up with the public school system, Nganga launched a private academy a few miles away. She worries that Olympic's facilities and teaching staff are stretched too thin. "I'm afraid it is going to break," she said.

Until 2003, Kenyan parents had to pay $150 a year to send their children to public primary school. That was less than what most private institutions charged, but even so the schools were out of reach for millions of children. Many families here live on just a few dollars a day.

Since the fees were eliminated, more than 1 million additional youngsters have entered public schools. The action has won international praise for President Mwai Kibaki, who is seeking reelection this year. His government said recently that it would attempt to extend free education into high school.

SO far, however, officials have failed to back their ambitious policy with adequate resources. Enrollment is up 24% since the fees were dropped, but the number of school facilities has barely expanded and the number of teachers has fallen 6%, according to the Education Ministry.

There are 10,000 fewer teachers than before the schools became free. With teacher salaries starting at slightly more than that of a maid — about $210 a month — some have quit in frustration and others have gone to private schools.

The government gives public schools $14.50 a year for each enrolled child, money that is supposed to cover everything from books and pencils to janitors and desks. At some schools, students must share textbooks. At a few, they sit on the floor or rocks because there isn't enough furniture.

At Olympic, because of its reputation, 3,000 newcomers showed up to enroll in 2003 when free education debuted. At the time, 1,700 children were being taught there. Frustrated parents threatened to burn down the new principal's office if she didn't enroll their children.

Even now, a line of hopeful parents snaked outside her office door one recent morning. With enrollment already at record levels, Principal Ruth Namulundu must seek a balance between the school's obligation as a government facility to admit students and her desire to maintain Olympic's academic standards.

This day, she accepted one youngster and asked the other parents to try again next month.

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"I don't have the teachers," Namulundu said. "Admissions is a big problem. We have to provide access. But my teachers don't understand why I have to keep admitting students."

School infrastructure and upkeep are constant struggles. There are no functioning computers. A urine stench from nearby toilets wafts into the first-grade classrooms.

Recess commences in a dirt field with a couple of grazing cows but no playground equipment. During the weekly schoolwide assembly and prayer, students squeeze shoulder to shoulder in a courtyard the size of a volleyball court.

Desperate for funding, school officials recently asked each student to contribute 1 cent so brooms and buckets could be purchased to keep the classrooms tidy.

For Emmanuel Onyango, 14, Olympic's struggle to maintain excellence is anything but academic. His future is riding in large part on his school's performance.

The fresh-faced eighth-grader has consistently ranked No. 1 or 2 in his class since the first grade. In a schoolwide competition last year, he won a $5 book voucher, which he used to buy a Danielle Steel romance novel.

Looking awkward in a parent-provided uniform that includes knee socks and short pants, the teenager sits attentively in the front row. He dreams of attending one of Kenya's prestigious national high schools, the best in the country in quality and teaching. He wants to become a pilot.

"I think I can make it," he said.

But with class sizes doubled, teachers are more distracted. Slower students get most of the attention. "Bigger classes have meant that teachers can't concentrate on one person for very long," Emmanuel said.

Instead of receiving advanced instruction, he usually finds himself tutoring the weaker students. His teacher, who uses Emmanuel to help teach math, said the tutoring reinforced the material.

"When advanced students know they will have to explain things to other students, they study harder and learn more," said Ochieng Otiento, 44, who has taught at Olympic for 10 years.

Emmanuel said he enjoyed the tutoring but sometimes yearned for a more competitive environment. "I'd like someone who could challenge me," he said.

School crowding is a problem across Africa, where education reform remains one of the toughest challenges. Factors including poverty and a surge in the number of AIDS-related orphans have left sub-Saharan Africa with the world's lowest gross enrollment rates.

Despite recent improvement, an estimated 40 million school-age children in Africa are out of the classroom, condemned to lives as unskilled laborers and perpetuating the cycle of poverty for another generation.

In Kenya, the plight and performance of public schools have reached the point where some middle-income and even poor families are pulling out their children. Last year, public school enrollment in half of Kenya's eight provinces dropped as parents who could afford private schools, where fees begin at about $260 a year, abandoned the public system.

Short-order cook Wambui Ndungu, 28, pulled her daughter from the local public school after the girl's grades and test scores plummeted. The daughter is thriving in private school, but Ndungu and her husband, who earn about $140 a month, are paying nearly a quarter of the family income in school fees. That means longer hours at the cafe for Ndungu and less meat on the family dinner table.

"I know public school is free, but it just wasn't worth it anymore," Ndungu said.

Government officials say they are working as fast as they can to provide relief.

"I try to tell them: 'Please continue your work. We are coming,' " said Margaret Thiongo, director of Nairobi's public primary schools.

At Olympic, Thiongo noted that the government added several new classrooms over the last three years but was running out of land for expansion. She blamed understaffing on a shortage of qualified teachers.

WITH national graduation exams looming at the end of the year, Emmanuel is feeling pressure. Five years ago, Olympic sent nearly three dozen graduates to public national high schools. Last year, it sent five.

"I must score well," he said. "This is the year that will determine my future."

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That's not just teenage drama speaking. Eighth grade is a key year in Kenya's educational system, marking the end of the line for many. Due to a severe shortage of public and private high schools, only about half of graduating primary school students find places.

Last year, 50 of 204 Olympic graduates were unable to go to high school because there weren't enough seats.

With the decline in quality and test scores at public schools, graduates of the private academies, which account for only 10% of all schools, now make up 90% of the students at the best high schools.

With the odds stacked against him, Emmanuel is wasting no time, enrolling in after-school and weekend classes. That means staying at school from 7 a.m. to 5 p.m. during the week, eight hours on Saturday and another five hours on Sunday, not including the one to two hours of homework each night.

Sunday afternoon offers his only free time. "I sleep," he said.

Even if he performs well, there's no guarantee his mother will be able to afford the $450 in annual fees. With four children in school, his mother, a nurse, is saving for Emmanuel, but an older sister who was accepted to a top national campus had to settle for one that ranks lower and is less expensive.

"I'm praying God will help us," Perazia Pilli Ogingo said.

Olympic officials also are doing what they can to keep standards high. Although its No. 3 ranking last year is impressive for a school of Olympic's size, administrators who recall past performance remain fiercely competitive.

"Next year we will be No. 1 again," said Monica Omwoyo, Olympic's deputy principal.

To lower class size in the all-important eighth grade, the school shifted a teacher from another grade. The average eighth-grade class size dropped to 65. It also added after-school and weekend classes and recently issued a plea to eighth-grade parents for a one-time $5 donation to administer monthly practice exams, a luxury not afforded in the government budget.

But one parent complained to government regulators that Olympic was improperly charging for items that are supposed to be free, such as $4 a month for weekend classes and even the penny for a broom.

Government officials said Olympic might be crossing the line. "There should never be a policy by which students who don't pay don't learn," said Thiongo, the city education director. She said weekend classes could be shut down.

But Emmanuel said he needs the extra study to stay sharp. He and his fellow students recently took a practice graduation exam for the first time. He was aiming for a score of 415. He got 412.

Not So Fast On Fast Track (RC)

By Kate Ackley

Roll Call, February 26, 2007

President Bush's fast-track trade negotiating authority expires June 30, but a new business coalition pushing for its renewal has crafted a long-term plan, indicating that pro-trade lobbyists expect a much longer slog than they would like to admit.

The Trade for America Coalition, according to sources familiar with the effort, has planned for a new set of co-chairmen to take over six months into the campaign, which would take it beyond the deadline for fast-track renewal. A lobbyist whose clients are involved in the coalition said that even though Members and Bush administration officials continue to negotiate to renew it before the authority lapses, this likely will be no quick lobbying battle. And no matter what happens this year, pro-trade lobbyists are energizing a next generation of advocates as they anticipate many fights to come.

Fast track, also known as trade promotion authority, allows the administration to negotiate trade agreements with other countries. Congress can then approve or reject the agreements, without adding any amendments.

"I think everybody thinks TPA is a long-term prospect," said the lobbyist. "I don't think it's likely to happen in the short-term. It is likely to be a multi-year process."

Opponents of trade promotion authority — emboldened by the Democratic-controlled Congress — have geared up their own effort, working closely with the office of Rep. Mike Michaud (D-Maine). Michaud's staff is meeting regularly with representatives from the AFL-CIO and other labor unions, Sierra Club, Friends of the Earth, Public Citizen and the U.S. Business and Industry Council.

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Peter Chandler, Michaud's chief of staff, said his boss, along with Rep. Linda Sánchez (D-Calif.), is working with the groups to come up with a wholesale alternative to fast track and plans to unveil a package in the coming weeks. "A simple labor fix isn't enough," Chandler said. "It would look drastically different. We're going to come up with some sort of model that will be far better." That model will include international labor organization standards, and is expected to draw widespread opposition from business groups.

Yvette Pena Lopes, a legislative representative for the Teamsters, attends the Michaud meetings every other week in the Cannon House Office Building, as do Brett Gibson, who handles trade policy for the AFL-CIO, and Alan Tonelson, a research fellow with the U.S. Business and Industry Council.

On the other side of the aisle, the office of House Minority Whip Roy Blunt (Mo.) has run coalition efforts in recent years to pass trade pacts such as the Central American Free Trade Agreement. But for now, Blunt spokesman Amos Snead said, "there is no formal coalition, because there is no package yet. The whip's office is actively involved in encouraging people to support TPA, and if the right package materializes, then we'd actively reach out internally and externally. That's when you might see a coalition form."

Trade lobbyists on both sides of the debate acknowledged the heightened possibility of Republican defections on a TPA vote in the House — either because the Bush administration accepts too many labor and environmental provisions, or because of pressure from constituents who fear that more trade deals mean fewer jobs in the United States.

While still pushing for renewal by this June, the Trade for America Coalition, whose members include usual suspects such as the National Association of Manufacturers and the Business Roundtable, has three co-chairmen, including up-and-comers in the trade policy fights.

Bill Lane, a longtime free-trade advocate with Caterpillar, said, "We're very aware that as part of promoting trade liberalization, we have to be serious about succession planning, and as part of that we are exceedingly focused on making sure there are leadership opportunities for the next wave of leaders. Business has been rightfully criticized for mounting 'just-in-time' lobby efforts. We now need a sustained effort to promote trade, and to do that we need to help the next wave of trade leaders to succeed."

Lane said that Leslie Griffin, one of the co-chairmen who is vice president for international government affairs at the New York Life Insurance Company, is part of the next generation of free-trade leaders.

"Ideally there should be no lapse," Griffin said of TPA. "But we'll be part of the dialogue as long as we need to be. There is an understanding that we have a positive story to tell on trade. We also recognize that we need to have an honest appraisal of the trade agenda. We've got to expand the circle of winners."

Over last week's recess, coalition members, including Nicole Venable, a Democratic trade lobbyist at the U.S. Chamber of Commerce, met with the staffers for Members including Democratic Reps. Artur Davis (Ala.), Ellen Tauscher (Calif.), Baron Hill (Ind.) and Michael Arcuri (N.Y.).

"It would be easy if the business community just took the TPA papers from 2001" and recycled that effort, Venable said. "But we recognize we need to speak fresh and find things that are more responsive to Members' concerns."

Yet, three Democratic lobbyists who are pushing for fast-track renewal said the coalition got off to a bad start with Congressional Democrats when it kicked off earlier this month.

"I'd say that fell pretty flat," said a former House aide who is now a lobbyist. "It was viewed as business as usual, at a time when we don't need business as usual. It was probably not the best way to kick off trade in the new Congress."

Added another lobbyist who came from the Senate: "It was noticed that there were no Democrats."

While a full renewal of trade promotion authority remains difficult, several lobbyists said they support the idea of extending it temporarily, say for six months, or extending it just long enough to finish a deal with South Korea, which has not yet been signed.

Not everyone is gloomy about the prospects. A House Democratic Ways and Means aide said, "I think everybody is hopeful that we can find a common ground."

And Trade for America's Griffin agreed that she sees "genuine commitment" from Members.

One industry sector that could help the effort is high tech, which is viewed as having strong ties with many Democrats.

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Ralph Hellmann, chief lobbyist for the Information Technology Industry Council, said his sector is willing to see some compromises when it comes to labor and environmental standards in trade deals.

"We are trying to build bridges between sides that may not agree — Republicans who want TPA extended as is to Democrats who want expansion of labor and environmental standards," he said. His colleague, Democrat Josh Ackil, added that it's important for the tech industry to "continue to tell Democratic leaders in the House and Senate that trade is important to us, while at the same time telling the White House they need to make sure that they work with Congress and are accommodating to their needs in order to get things across the finish line."

The techies' message of moderation has put members of the Michaud group on defense. "No doubt a certain luster attaches to the high tech firms," said Tonelson of the USBIC. "But they too are actively outsourcing and of course when they look at their U.S. workers, they're thinking 'Gee, why do we pay these folks so much?'"

One Year After Cafta (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, February 26, 2007

As the Central American Free Trade Agreement marks its one-year anniversary Friday, it's a good time to remind Capitol Hill protectionists how wrong they were when they tried to kill the deal in 2005. Every country that entered into Cafta is enjoying new benefits, including the U.S.

The U.S. and El Salvador were the first two countries to begin trading under Cafta last March. In the months that followed, Guatemala, Nicaragua and Honduras made it official. The Dominican Republic and Costa Rica have yet to join. Both have signed onto the negotiated agreement, but without implementing legislation before Feb. 29, 2008, they could end up shut out of the free-trade area. Costa Rica hasn't even ratified the deal yet.

The early results from Cafta's first year are promising. Central Americans are importing more than ever from the U.S. and the region is also attracting new capital. Both developments are helping participants grow more competitive and improving the quality of life for consumers.

To appreciate Cafta's potential for the region, some historical perspective is in order. Much of Central America's misery can be traced to extreme protectionism in the 20th century. The U.S. imposition of the Smoot-Hawley tariffs in 1930 was one important catalyst in closing Latin American markets to imports since most countries slapped on retaliatory tariffs. World War II provided another excuse for protectionism in an economic zone heavily dependent on northern markets for its commodities. Then along came Raúl Prebisch, an economist at the United Nations Economic Commission on Latin America and the Caribbean, who famously argued in 1950 that for the region to develop it had to close its markets and let infant industries develop free of foreign competition. "Import-substitution industrialization" became a religion. By 1985 Central America had the world's highest level of import protection. Quality, choice and competitiveness had plummeted.

After the Soviet- and Cuban-inspired civil wars of the 1980s, a slow transformation began. Today, dollarized El Salvador is the most economically liberal Cafta country and may be in a position to benefit the most from the trade accord. Its total exports to the U.S. actually went down in the past year but that seems to be explained largely by the end of the WTO multifiber agreement. Without Cafta, the contraction could have been worse.

Offsetting the pain is an increase in imports, which are helping diversify the economy. According to the Economy Ministry, 60% of non-maquiladora imports from the U.S. last year were in six sectors and accounted for 88% of the growth in imports over 2005. Most were intermediate and capital goods for manufacturing and services. This includes yellow corn and wheat for the agroindustry, polyethylene for plastics, electronic equipment such as telephones and computers, fuels, and paper and cardboard for packaging.

El Salvador is also shifting away from traditional low-wage, garment-assembly operations toward the delivery of value-added, high-end apparel that includes all services bundled in the production process. According to Ricardo Sagrera, president of the textile group Hilasal, enhanced two-way trade is helping El Salvador capitalize on its comparative advantages -- notably its legendary work force and its proximity to the U.S. -- and compete with China.

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Imports of electronics are critical components in El Salvador's growing service sector. Call centers now support an estimated 5,000 jobs. Another profitable new service industry handles foreign shipping to the region from Asia and Europe, cutting out a stop in the U.S.

Investment levels would probably be higher if El Salvador had a better record on personal security. It is one of the most dangerous countries in Latin America, which surely discourages investors. Nevertheless, investments such as Citibank's $1.5 billion purchase of Central America's second-largest financial group, Grupo Cuscatlán, suggest confidence.

In Guatemala, which joined Cafta in July, the government says total trade grew by 17% in the second half of last year, compared with 5% in the first half. It also says that foreign direct investment tripled last year. A Guatemalan official I talked to said that the agreement has been good for his country because it has made doing business easier. For example, customs and photosanitary regulations have to be standardized and streamlined in order to comply with Cafta. This is leading to more efficient trading within the region.

That's important for companies like Wal-Mart, which has a substantial presence in Central America and is driving competitiveness in the retail sector. The retail giant taps suppliers in Central America for the perishables it sells. Greens come from Guatemala, El Salvador and Honduras, meat and pork from El Salvador. With Cafta, the distribution process has become more efficient.

Wal-Mart's need for perishables has also helped small and medium-sized farms in the region because the company has a program to develop suppliers. "They get a reliable marketplace and we get reliable suppliers," says a company representative. Wal-Mart's requirement that suppliers must be part of the formal economy could partly explain why business startups jumped by 20% last year. The company says that Cafta has been important also because the region is its largest supplier of apparel for its Western Hemisphere operations.

Nicaragua also is enjoying Cafta benefits. Total trade with the U.S. between last April, when it joined Cafta, and December was up by more than 20% over the same period in 2005.

We agree with free traders who criticized Cafta as inferior to unilateral market opening. Guatemala already had some of the lowest tariffs in the region, but in order to reach consensus with protectionist strongholds such as Costa Rica, it had to agree to tariff increases on some products. Cafta also unfortunately carves out protections for a small but important number of sectors -- sugar is one -- in the U.S. and in Central America for a decade or more. Nicaragua, one of the poorest countries in the region, gets a quota for apparel made from fabric originating in non-Cafta countries. This has diverted investment in the assembly business away from its neighbors. Yet in the absence of unilateral trade liberalization, Cafta may be the best alternative.

On its first anniversary, El Salvador, Guatemala, Nicaragua, Honduras and the U.S. are already reaping the benefits of Cafta. If Costa Rica and the DR -- which have already lost thousands of textile jobs -- reject the deal, they will be approving a model of economic isolation that could cost their people dearly.

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A Japanese Lesson For China (LAT)

By Lawrence H. Summers

The Los Angeles Times, February 26, 2007

A RISING Asian power is an export juggernaut and enjoys prodigious growth fueled by high savings and investment rates. Its rapidly modernizing industries threaten an ever greater swath of industry in Europe and the United States. Its formidable central bank reserves and burgeoning account surplus lead to claims that its exchange rate is being unfairly manipulated. Its financial system is bank-centric, heavily regulated in favor of domestic institutions and closely tied to government and industry. Rapid productivity growth holds down prices, but its asset values rise sharply.

Key congressional leaders in Washington demand radical action to contain the economic threat. Diplomats warn that public bashing is unproductive but make clear that economic issues are a crucial part of the bilateral relationship. Delegations of senior U.S. officials engage in "dialogue" with their counterparts about the many aspects of their economic policies that promote imbalances, warning of the congressional demons who stand ready to act if "results" are not achieved quickly.

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All of this describes what is happening in China, and with our relationship with Beijing, today. It also describes the Japanese economy in the late 1980s and early 1990s, before its lost decade of deflation and considerable deterioration in global prestige. Although there are obvious differences, notably China's much lower level of development, the similarities are striking enough to invite an effort to draw some lessons from the Japanese experience.

The definitive history of Japan's dismal decade has yet to be written. But most observers would agree that key elements included the bursting of stock market and land bubbles, the resulting problems in the financial system, the collapse of aggregate demand as banks stopped extending credit and the difficulty of moving from export-led growth to domestic-led growth once consumer and business confidence was lost.

In retrospect, Japanese officials made several important policy errors. In order to avoid further yen appreciation in the late 1980s, they followed easy monetary and financial policies that gave rise to huge asset price bubbles and expansions in credit, which set the stage for the downturn. At the same time, they failed to encourage a shift to domestic demand-led growth at a moment when consumers were enjoying record increases in wealth. And they allowed problems in the banking system to fester. The result was that Japan was not well positioned to prevent or address the serious problems of the 1990s.

This suggests that if China is to sustain rapid growth and not repeat Japan's mistakes, it must fix the policy roof now, when the sun is shining. Allowing inevitable currency appreciation and spurring domestic demand by encouraging consumption is much easier now when the economy is at the edge of overheating than it is likely to be in the future when it cools off. It has been estimated that seeking to maintain the current exchange rate could require as much as $400 billion in reserve accumulation in 2007, which would almost certainly lead to rapid asset price inflation as renminbi are printed to buy dollars. And there will not be a better moment to fix problems in the banking system.

These lessons for Chinese economic policy contrast sharply with those drawn by observers in and out of China who attribute Japan's deflation and consequent poor performance to its willingness to accede to American pressure for currency appreciation. This alternative view offers no explanation for Japan's asset bubble and collapse, and no theory about what measures would have spurred domestic-led growth.

Another lesson of the Japanese experience is the need for modesty regarding economic diplomacy. Events and national and political decisions, not international communiques, shape economic outcomes. The effect of events beyond the control of governments — the collapse of Japan's asset markets, information technology's spur to U.S. productivity, the Asian financial crisis — dwarfed the diplomatic debate.

Even in areas in which government policies might have had significant effects, such as housing, finance, social security or retail regulation, there is no evidence that Japan in the 1980s and 1990s made any changes in response to U.S. pressure. If heavy-handed pressure makes it easier for special interests to invoke nationalism as they resist change, high-profile negotiations can be counterproductive. And in a world in which goodwill capital is scarce, heavy-handed pressure engenders resentments that spill into other spheres.

It was a cliche in the late 1980s and early '90s that the U.S.-Japan relationship was the world's most important bilateral relationship. Given China's scale, rapid growth and the greater level of imbalances in today's global economy, Chinese economic policy and its international economic relations are even more important. By learning from a rather unfortunate history, policymakers on both sides of the Pacific can avoid repeating its mistakes.

LAWRENCE H. SUMMERS is a contributing editor to Opinion.

Why Our Enemies -- And Friends -- Hate Us (LAT)

By Niall Ferguson

The Los Angeles Times, February 26, 2007

BEING HATED IS NO FUN. And few people hate being hated more than Americans. I wish I had a dollar for every time I've been asked, "Why do they hate us?" — and another for each of the different answers I've heard. It's because of our foreign policy. It's because of their extremism. It's because of our arrogance. It's because of their inferiority complex. Americans really hate not knowing why they're hated.

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The best explanation is the simplest. Being hated is what happens to dominant empires. George Orwell knew the feeling. As a young man he served as an assistant police superintendent in British-run Burma, an experience he memorably described in his essay, "Shooting an Elephant." Called upon to kill a pachyderm that had run amok, Orwell was suddenly aware "of the watchful yellow faces behind" him: "The sole thought in my mind was that if anything went wrong those two thousand Burmans would see me pursued, caught, trampled on and reduced to a grinning corpse like that Indian up the hill. And if that happened it was quite probable that some of them would laugh."

Eric Blair — as Orwell was known then — could scarcely have been better prepared for his role as a colonial official. Born in Bengal, the son of a colonial civil servant, he had been educated at Eton, where boys learn not to worry about being hated. Yet even he found the resentment of the natives hard to bear: "In the end the sneering … faces of young men that met me everywhere, the insults hooted after me when I was at a safe distance, got badly on my nerves….[It] was perplexing and upsetting."

That's a feeling American soldiers in Baghdad must know pretty well.

But who hates Americans the most? You might assume that it's people in countries that the United States has recently attacked or threatened to attack. Americans themselves are clear about who their principal enemies are. Asked by Gallup to name the "greatest enemy" of the U.S. today, 26% of those recently polled named Iran, 21% named Iraq and 18% named North Korea.

Are those feelings reciprocated? Up to a point. The Gallup Center for Muslim Studies' latest poll found 52% of Iranians view the U.S. unfavorably. But that is down from 63% in 2001. And it's significantly lower than the antipathy felt in Jordan, Pakistan and Saudi Arabia. Two-thirds of Jordanians and Pakistanis have a negative view of the U.S., as do a staggering 79% of Saudis.

These figures suggest a paradox in the Muslim world. It's not the United States' enemies that hate it most. It's people in countries that are supposed to be friendly, if not allies.

The paradox of unfriendly allies is not confined to the Middle East. Last week was not a good week for Americanophiles in Europe. Tony Blair announced British troop withdrawals from Iraq, an unfortunate signal on the eve of the U.S. "surge." In Rome, his counterpart Romano Prodi had to resign because his coalition partners would not agree to keep Italian troops in Afghanistan or to enlarge a U.S. military base in Italy. Anti-Americanism is nothing new in European politics, but there is something new going on here, which extends to traditionally pro-American constituencies.

Back in 1999, 83% of British people surveyed by the U.S. State Department's Office of Research said they had a favorable opinion of the U.S. But by 2006, according to the Pew Global Attitudes Project, only 56% did. British respondents to the Pew surveys now give higher ratings to Germany (75%) and Japan (69%) than to the U.S. — a remarkable transformation in attitudes, given the notorious British tendency to look back nostalgically and unforgivingly to World War II. Britons recently polled by Pew regard the U.S. presence in Iraq as a bigger threat to world peace than Iran or North Korea.

Nor is Britain the only disillusioned ally. Only 38% of Germans and 19% of Canadians believe that U.S. foreign policy considers the interests of others. The poignant fact is that when Americans are asked to rate foreign countries, their most favorable views are of none other than Britain, Germany and Canada.

In the 1990s, Madeleine Albright pompously called the United States "the indispensable nation." Today it seems to have become the indefensible nation, even in the eyes of its supposed friends.

Orwell would have understood. Just as it was the educated beneficiaries of British rule in Asia who were the most strident anti-imperialists in Orwell's day, so the British empire's most natural allies — France and the United States — were anything but Anglophile. For it turns out that power not only corrupts. It also tends to isolate.

There is, after all, a reason why they say it's lonely at the top.

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TERRORISM NEWS:

Support For Hunger Strike Growing (WP)

By Jerry Markon, Washington Post Staff Writer
The Washington Post, February 26, 2007

A former Florida professor has not eaten for more than a month to protest prosecutors' efforts to make him cooperate with their investigation into whether a network of Herndon-based Muslim charities financed terrorist organizations.

Sami al-Arian, 49, who has twice refused to testify before a federal grand jury in Alexandria, has lost more than 30 pounds and collapsed in jail from the effects of his water-only diet. His hunger strike has drawn the support of Muslim organizations, which held a news conference last week at Justice Department headquarters in Washington and called for a worldwide fast in support of al-Arian.

Tracy Billingsley, a spokeswoman for the federal Bureau of Prisons, said prison officials will force-feed al-Arian through a tube if he appears close to death. "We would not let an inmate die," she said.

A federal jury in Tampa deadlocked in 2005 on nine charges that al-Arian aided terrorists and acquitted him of eight other counts. He then pleaded guilty to one count of supporting a Palestinian terrorist organization. Sentenced to 57 months, including time already served, he was expected to be released from prison and deported this year.

But prosecutors want al-Arian to testify in their probe into whether the network of Muslim charities, businesses and think tanks was financing terrorist organizations, according to court documents. He has twice refused and been held in contempt by a federal judge. As much as 18 months could be added to his prison term unless he agrees to testify.

On Jan. 21, al-Arian stopped eating, supporters said. He has had only water since then, and several days not that. Federal marshals recently moved him from Northern Neck Regional Jail in Warsaw, Va., to a federal medical prison in Butner, N.C., federal officials and supporters said.

Al-Arian is trying to rally public support so prosecutors will stop trying to make him testify, said Agha Saeed, chairman of the American Muslim Taskforce for Civil Rights and Elections, a coalition of Muslim groups. The former University of South Florida professor has accused prosecutors of violating his plea agreement with the Justice Department, which he contends does not require his cooperation.

"Why do they continue to humiliate and punish this man?" asked Nihad Awad, national executive director of the Council on American-Islamic Relations. "They exhausted all their resources and found out there is no case against him. Enough is enough."

The U.S. attorney's office in Alexandria, which is leading the Herndon probe, would not comment.

David N. Kelley, a former U.S. attorney who prosecuted terrorism cases in New York, said it is a common tactic for prosecutors to seek additional testimony from someone already convicted. "In many instances, you are remiss if you don't pursue that," he said.

Kelley, who would not comment on the specifics of al-Arian's case, said people are routinely held in contempt if they refuse to testify. "The law is quite clear," he said. "The grand jury is entitled to every man's evidence, regardless of his status."

A judge has rejected al-Arian's argument that he does not have to cooperate with Alexandria prosecutors under his plea agreement. "The Court has never heard of the Government agreeing that someone would forever be protected from grand jury subpoena," U.S. District Judge James S. Moody Jr. wrote in November from Tampa.

On Wednesday, al-Arian's attorneys filed a notice indicating that they will appeal the contempt findings to the U.S. Court of Appeals for the 4th Circuit in Richmond, said Ashraf Nubani, one of the attorneys.

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Prosecutors want al-Arian to reveal what they believe are his ties to the International Institute of Islamic Thought, a Herndon group that is one of the key organizations being investigated. The probe burst into public view in March 2002, when federal agents raided homes and businesses in Herndon and elsewhere in Northern Virginia.

The searches led to the convictions of two people, including prominent Muslim activist Abdurahman Alamoudi, who admitted that he plotted with Libya to assassinate Saudi Arabia's ruler. But no charges have been filed against the principals of the cluster of companies and charities at the center of the investigation, and the charities strongly deny terrorist ties.

Al-Arian contends that he has no information that could help the investigation and that any ties between him and the Institute of Islamic Thought are more than a decade old, according to court documents.

Intelligence Report Reassesses Threat Of Al Qaeda (WT)

By Sean Rayment, London Sunday Telegraph

The Washington Times, February 26, 2007

LONDON -- Al Qaeda has established a foothold in most countries across North Africa and the Middle East and poses a far graver threat to Britain than previously thought, according to a report being circulated among British security departments.

Titled "Extremist Threat Assessment," the document, which was drawn up this month, also predicts that Afghanistan will supersede Iraq as the main location for terrorists planning violent acts against the West.

The secret intelligence document says that the number of locally based Islamist terrorists involved in plotting suicide attacks against "soft" targets in Britain could number more than 2,000.

The document, which has been circulated to the MI5 counterintelligence service, Scotland Yard, the interior ministry, Cabinet officials and the Ministry of Defense, says al Qaeda has grown into a worldwide organization with a foothold in virtually every Muslim country in North Africa, the Middle East and central Asia.

It says the terrorist group's influence extends from North Africa, including Egypt, through to Lebanon, Turkey and Jordan, and into Somalia and Sudan. Al Qaeda is "resilient and effective" in Iraq, its "operating environment and financial position" in Pakistan has improved and a new group had emerged in Yemen.

"With violence in Afghanistan intensifying, and therefore receiving greater media attention, the country may well become more attractive as a venue for foreigners wishing to fulfill their jihad ambitions," the document says.

Using the term "UK" or "United Kingdom" to refer to Britain, the document states: "The scale of al Qaeda's ambitions toward attacking the UK and the number of UK extremists prepared to participate in attacks are even greater than we had previously judged."

It warns that terrorist "attack planning" against Britain will increase this year, and adds: "We still believe that [al Qaeda] will continue to seek opportunities for mass casualty attacks against soft targets and key infrastructure. These attacks are likely to involve the use of suicide operatives."

Eliza Manningham-Buller, the director general of MI5, warned recently that more than 1,600 "identified individuals" were actively engaged in plotting terrorist attacks in Britain. There were 200 known networks involved in at least 30 terrorist plots. It is thought the number of British citizens involved in plots could be well in excess of 2,000.

MI5 thinks that soft targets, such as the transportation system and economic targets such as the city of London and Canary Wharf, are most at risk.

A senior political source said the picture painted by the document was "particularly bleak and unlikely to improve for several years."

"The Security Services have constantly warned that the task of countering Islamist terrorism is a daunting one. There will be more attacks in Britain," he said.

Two years ago, Western intelligence said that al Qaeda was virtually a spent force, disrupted by counterterrorist operations around the world.

In July 2005, the Pentagon obtained a letter written by Ayman al-Zawahri, al Qaeda's deputy leader, saying the organization had lost many of its leaders and that it had virtually resigned itself to defeat in Afghanistan. Al Qaeda's lines of communication, funding and structure had been severely damaged.

Jonathan Eyal, the director of international security at the Royal United Services Institute, attributed the al Qaeda revival to the West's inability to kill or capture Osama bin Laden, and said the wars in Afghanistan and Iraq made matters worse.

"This document clearly demonstrates a marked shift from the mood of Western governments only a year or two ago," he said. "It is a clear admission that the organization is re-emerging and the reasons are that none of al Qaeda's top leaders have been killed or captured."

The Italian Job (WSJ)

DOJ_NMG_0136251

The Wall Street Journal, February 26, 2007

The capture of an alleged Islamist terrorist recruiter in Milan four years ago in an operation carried out by U.S. and Italian intelligence could have been a model for transatlantic cooperation in counterterrorism. Instead, it is becoming Exhibit A in how European politicians are working against the U.S., undermining the fight against Islamic terrorism and endangering the NATO alliance.

An Italian court 10 days ago indicted 25 CIA agents and a U.S. Air Force lieutenant-colonel on charges that they kidnapped Osama Mustafa Hassan Nasr and illegally took him back to his native Egypt, where he was imprisoned and, he claims, tortured. Five Italians were also charged -- including the top two officials at the military intelligence agency at the time.

Nasr, a radical imam also known as Abu Omar, is a terrorist suspect who had been under Italian police surveillance since 9/11. In the covert operation that took place in February 2003, Italians and Americans worked together to apprehend Nasr, before whisking him back to Egypt against his will and without the permission of an Italian court. The Milan prosecutor, Armando Spataro, contends that Nasr was "kidnapped." Such "extraordinary rendition," he tells us by phone, is illegal under Italian law, and he's ensuring that the "rules are really followed . . . without any political considerations."

As in many such operations, the particulars are in dispute. But no one, including the Italian prosecutors, doubts that Nasr posed a security risk. In 2005, a Milan court, at Mr. Spataro's behest, issued an arrest warrant for Nasr, charging him with building a terrorist network in Europe that actively recruited terrorists, including for Iraq. Eight of his accomplices have been sentenced to up to 10 years in prison on similar charges, and Italian authorities believe more are at large.

Why Nasr was captured rather than arrested in 2003 isn't clear. According to a July 2005 story in the New York Times, which cited unnamed current and former American officials, the CIA was concerned that Nasr was plotting to attack the U.S. Embassy in Rome. For whatever reason, the U.S. wanted him off the streets while the Italians weren't ready to arrest him. The CIA won't comment. The government of Silvio Berlusconi -- who was Prime Minister at the time -- denied any foreknowledge of the rendition.

No one seriously claims, however, that the CIA agents were in Italy without the explicit knowledge and participation of Italy's security services. This is the crucial point -- and explains why the indictments are a hostile act against the U.S. By long-established international legal practice, the official agents of one country operating in another with that state's permission are immune from prosecution. The status of forces agreement that governs U.S. troops stationed in Italy enshrines this principle at least for official conduct.

If the CIA agents did anything wrong, that's up to American authorities to decide. Mr. Spataro, an independent prosecutor, can indict as many Italians as he wants. His pursuit of U.S. government personnel, however, makes him a rogue. Aggravating the harm, Mr. Spataro cited the 25 agents by name, possibly putting their lives in danger. The trial in June, presumably in absentia, would likely do further damage by exposing intelligence-gathering techniques. Call it a tutorial for al Qaeda on how to avoid detection.

The appropriate response by Prime Minister Romano Prodi would have been a swift announcement that he would reject any extradition request from the court. Instead, Mr. Prodi merely hinted that he might do so before his government collapsed on Wednesday night. If he wins the confidence vote he's likely to face this week to resume power, he'll get a second chance to finally fulfill his obligation to his U.S. treaty allies and reject extradition.

European politicians are more at fault here than any prosecutor. Since the 9/11 attacks in the U.S., many European leaders have been playing a double game, working with the U.S. to root out terrorist plots on the sly -- and saving countless lives -- while publicly condemning "American methods" in rhetoric that has fed rising anti-Americanism. It doesn't help that many Europeans embrace the preposterous legal notion of "universal jurisdiction," the idea that an ambitious prosecutor can indict and try anyone for an alleged crime committed anywhere in the world.

This is the climate in which, for example, a German court this month issued arrest warrants for 13 CIA agents allegedly involved in transferring a German-Lebanese terrorist suspect, Khaled al-Masri, to Afghanistan for questioning. It made no difference that Mr. al-Masri had been arrested in Macedonia. Also in Germany, prosecutors are considering whether to bring war-crimes charges against former Defense Secretary Donald Rumsfeld, Attorney General Alberto Gonzales, former CIA Director George Tenet and other senior civilian and military officials. Mr. Rumsfeld, Colin Powell and Dick Cheney were targeted by Belgian courts until the law there was changed. And so on.

European officials need to understand the risks they're running if they keep this up. Italy and the U.S. are NATO partners, but such an alliance is meaningless if "allies" make a habit of prosecuting each other for cooperating against a common threat. Italy's political grandstanding is endangering NATO, as well as the lives of millions on both sides of the Atlantic.

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HOMELAND RESPONSE:

Terror: Is Tehran Targeting New York? (NSWK)

By Mark Hosenball

Newsweek, February 26, 2007

Increasing tensions between Washington and Tehran have revived New York Police Department concerns that Iranian agents may already have targeted the city for terror attacks. Such attacks could be aimed at bridges and tunnels, Jewish organizations and Wall Street, NYPD briefers told security execs last fall, according to a person with access to the briefing materials who asked for anonymity because of the sensitive subject matter.

NYPD officials have worried about possible Iranian-sponsored attacks since a series of incidents involving officials of the Iranian Mission to the United Nations. In November 2003, Ahmad Safari and Alireaza Safi, described as Iranian Mission "security" personnel, were detained by transit cops when they were seen videotaping subway tracks from Queens to Manhattan at 1:10 in the morning. The men later left New York. "We're concerned that Iranian agents were engaged in reconnaissance that might be used in an attack against New York City at some future date," Police Commissioner Raymond W. Kelly told NEWSWEEK. A spokesman for the Iranian Mission in New York said he was aware of the allegations but had no immediate comment.

With Full-body X-ray, A Closer Look At Air Travelers (CSM)

By Faye Bowers

The Christian Science Monitor, February 26, 2007

Most passengers asked to submit to a full-body X-ray at Security Checkpoint B didn't bat an eyelash. Nine in 10 gamely stepped up to a scanner about the size of a vending machine, placed their feet on the red footprints painted on the carpet, and raised their arms – all in the name of airport security.

The aim of the new technology unveiled Friday at Phoenix Sky Harbor International Airport: to allow officials to detect weapons – such as plastic explosives strapped to the body – that metal detectors and other security measures might miss.

A potential sticking point is that this machine, known as a backscatter, can see through clothes. Its deployment at the Phoenix airport is a test to see how well it works – and to assess how air travelers respond to its use. If passengers at Terminal 4 who were asked to undergo body scans are an indication, security trumps privacy.

"Sure, I'd be happy to do it," said Ella Adams from Atlanta, who had stopped in Phoenix on Friday to catch a connecting flight to San Diego. "Privacy to me isn't nearly as important as our security, especially if they assure me the X-rays aren't harmful."

In all, the Phoenix airport has seven security checkpoints, and the body- scanning machine has been installed for this pilot program at just one. About 8,000 travelers a day move through this checkpoint, says Paul Armes, security director at Sky Harbor for the federal Transportation Security Administration (TSA).

The backscatter will not be used for everyone who passes this way, at least not at first. A traveler would have to have set off alarms on the routine metal detector, or be randomly selected for further screening. Even then, travelers have two options: the new X-ray machine, or a pat-down, which has caused passenger complaints about invasiveness.

What the backscatter 'sees'

Privacy advocates remain wary of backscatter technology. Barry Steinhardt, director of the technology and liberty program for the American Civil Liberties Union, likens it to a "virtual strip search." He hasn't seen a demonstration of the latest version of the technology, but he saw an earlier one at a Los Angeles city jail.

"The one I saw was very graphic, almost like a nude picture," he says. The technology has not been installed at airports until now because of questions about privacy and how well it can detect possible weapons, adds Mr. Steinhardt. "Utility is ... important here. People are being asked to trade their privacy for security. But first show us there is some security [benefit]."

Backscatter technology has been around for years, says Joe Reiss, vice president of marketing for American Science and Engineering Inc. (AS&E), which makes the backscatter being tested in Phoenix. The technology has been used, for example, to check large cargo containers and passenger vehicles.

"About 15 years ago, this technology was incorporated in personal [body] scanning systems," Mr. Reiss adds. For airport use, AS&E has adjusted the technology so that what's depicted is only an outline of a passenger – with private parts blurred – and any objects on him or her, such as "a handgun, or a blade of a ceramic knife that wouldn't be discovered by a metal detector."

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"This technology gives us an additional layer of capabilities to detect objects," says Michael Golden, a technology expert for Southwest Airlines, who is on loan to the TSA. "This actually will show us where prohibited items are on the body," he says, though he declines to name all objects this machine can detect. "We think it is a good balance between security and privacy."

Other officials say the backscatter will be able to detect several items that other security technology – including metal detectors – cannot. Those items include plastic or ceramic knives, plastic explosives, and some liquid explosives. They say it can at best prevent a bomb plot like the one uncovered in London last summer, in which alleged terrorists planned to attack using liquid explosives.

What the screened passenger does

Here's how the screening is working so far. A traveler, after agreeing to the X-ray, is walked through the process by a TSA employee. He or she stands on the red-painted footprints facing the scanner, with arms raised as if a police officer had yelled, "Hands up." Then the traveler turns around for a back pose.

Another TSA employee in a tiny, walled room about 50 feet away assesses the image. A man views images of male passengers, and a woman views images of women. The images are not stored, government officials say, and they aren't transmitted anywhere else. The process should take about 30 seconds.

Kenneth Johnson, a Vietnam veteran with artificial shoulder joints and an artificial knee, was among the first to be pulled out of line Friday for closer screening. He chose the backscatter X-ray over the pat-down, saying he didn't mind it a bit.

As the TSA decides whether to buy the $100,000 machine, its pilot project is expected to last up to 90 days. It may be expanded later this year, using another manufacturer, at Los Angeles International Airport and John F. Kennedy International Airport in New York.

"We want to look at the operational capabilities of this machine and have a dialogue with the public about their perceptions of its use," says Ellen Howe, assistant administrator for the Department of Homeland Security.

Adding To Security But Multiplying The Fears (NYT)

By Adam Liptak

The New York Times, February 26, 2007

Foreigners arriving at the American border must present both index fingers for fingerprinting, but that will soon change. The Department of Homeland Security now wants 10 fingers.

The two-print system was largely a biometric backup, an added level of security to supplement and verify a passport or a visa. The 10-print system adds a powerful investigative tool.

“When we have a fingerprint of a terrorist who has left behind a bomb or an I.E.D. in Iraq or has left his fingerprint in a safe house somewhere, we don’t always have the two index fingers,” Paul Rosenzweig, a Department of Homeland Security official, said at a briefing in December. “It could be the pinkie or the thumb. And thus by moving to a 10-print system, we will enhance our ability to use biometrics to enable us to identify threats before they occur in the United States.”

Call it biometric mission creep.

People concerned about privacy and civil liberties say they fear the creation of gigantic biometric databases ripe for data-mining abuse. They note that Mr. Rosenzweig was a supporter of the Total Information Awareness program at the Defense Department, which had planned, as the Pentagon put it, to create “ultralarge all-source information repositories.” The program was shut down in 2003 because it scared people.

The administration’s last-ditch defense of that effort was telling, too. It changed the name to the Terrorism Information Awareness program.

There is a pattern here, said Marc Rotenberg, the executive director of the Electronic Privacy Information Center. “These techniques that are sold to us as necessary to identify terrorists inevitably become systems of mass surveillance directed at the American people,” Mr. Rotenberg said.

In an interview, Robert A. Mocny, the acting director of U.S.-Visit, the unit in the Department of Homeland Security that is in charge of the fingerprint program, said all the right things. “We cannot,” Mr. Mocny said, “have a reaction to 9/11 such that we’re sacrificing privacy and civil liberties on the altar of security.”

But the privacy folks have a point. Once information is captured, it must be tempting to use it. With little discussion, for instance, driver’s license photographs have been dumped into enormous digital databases, ripe for searches with facial recognition technology. Police departments have started to use the databases to find people and identify suspects. That may be a fine idea, but it is one that has been pursued without real debate or disclosure.

Mr. Mocny made a persuasive case that the move to 10 prints enhanced the legitimate goals of identification and investigation.

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“We’ve identified 1,800 people who’ve tried to lie their way into the United States, and their fingerprints tripped them up,” he said.

The 10-print program will, he said, make identifications even more reliable. “We’re now at 80 million-plus individuals in the system,” he said. “With that many fingerprints, they start to look alike.” More fingers, he said, means more differentiation.

On the investigative side, more fingerprints give the authorities more opportunities to check them against a watch list of 2.5 million prints that includes, he said, “known and suspected terrorists,” sexual predators and people wanted on criminal and immigration charges.

But there are real questions about the reliability of the technologies employed. Though fingerprint evidence is widely assumed to be close to infallible, recall the $2 million the federal government paid in November in the settlement of a lawsuit filed by Brandon Mayfield.

Mr. Mayfield, a lawyer in Oregon, was arrested in 2004 after the F.B.I. definitively and mistakenly concluded that his fingerprints matched one taken from a plastic bag containing detonator caps found at the scene of the bombings in Madrid that year.

“Fingerprints work fine when you have a bank robbery in Chicago,” said Michael Cherry, vice chairman of the digital technology committee of the National Association of Criminal Defense Lawyers. But matching a partial fingerprint of poor quality and uncertain vintage collected in Afghanistan or Iraq to a database of global scope is a different matter.

The 10-print strategy, Mr. Cherry said, is a “technical nightmare that will produce many Brandon Mayfields.”

At an American Bar Association conference in November, Michael Chertoff, the secretary of Homeland Security, said the 10-print program “creates a powerful deterrent for anybody who has ever spent time sitting in a training camp and training or building a bomb in a safe house or carrying out a terrorist mission on a battlefield.”

Those terrorists, presumably, will be deterred by not wanting to test the nation’s border security. Or the deterrent may be a different one: encouraging a generation of young jihadists to wear gloves.

“Unless you believe there’s a constitutional right or a civil liberties right to have phony documents or to pretend to be someone you’re not, I don’t really see the cost in civil liberties,” Mr. Chertoff told the assembled lawyers.

“By the way,” he added, “we’ll be collecting all of your glasses after dinner.”

A Symbolic Setback To Linking Pay With Performance (WP)

By Stephen Barr

The Washington Post, February 26, 2007

MaxHR is out.

Human Capital Operational Plan is in.

The name change at the Homeland Security Department reflects a new set of priorities aimed at improving how thousands of Border Patrol, customs and immigration officers are hired and how career leaders are chosen and trained.

But the name change -- from trendy branding to prosaic government jargon -- also can be taken as a symbol of how one of the Bush administration's signature efforts to shake up the federal workforce lost momentum because of overly ambitious goals, adverse court rulings and budget cuts.

The shift to the new plan means that a key goal of the Bush White House -- to use about 110,000 Homeland Security employees as a model for a rigorous pay system with raises linked to job performance ratings -- will not be completed before the presidential election in 2008, leaving it to a new White House team to forge on or abandon that effort.

Marta Brito PÃ©rez, who became the department's chief human capital officer five months ago, called the decision to adopt a new workforce management plan "the right thing to do."

"It should be reassuring to the employees, employee representatives, the Hill and the public," she added.

Instead of pushing forward on a department-wide performance-based pay system, Homeland Security will set up a pilot project in 2008 focused on the department's employees who work in intelligence. The pilot will be coordinated with a pay initiative being developed by the director of national intelligence for the government's primary intelligence agencies.

Because intelligence analysts are in high demand across government, the pilot project should help the department stay competitive in hiring and pay while also providing a test of Homeland Security's new performance management system. That system calls for developing job goals for employees, tracking their accomplishments and using job ratings to steer larger pay raises to the best workers.

"There was a conscious decision that this organization needs to have a good performance management program in place before pay can be linked to it," Perez said. "We have to get this right."

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If the pilot goes well, the department in 2009 could move to the next step: shifting employees off the 15-grade General Schedule, a decades-old pay system that the Bush administration faults as giving too many automatic pay raises to federal workers, and into "pay bands" where salaries are more closely tied to occupation and geographic location.

But changing pay rules at Homeland Security may prove difficult. Federal unions have won court rulings that block the department's efforts to limit their bargaining rights, and the department will probably have to negotiate with unions over the design and implementation of a new pay system.

The unions and some employees are skeptical about revamping pay practices, in part because they believe giving managers greater discretion over raises will let them play favorites or use pay decisions to single out employees for punitive actions.

Under the new plan, known as HCOP, the department will focus on hiring and retaining a talented and diverse workforce, creating a "culture of performance," creating high-quality training programs and improving leadership development programs.

PÃ©rez said the department is not jettisoning MaxHR, which kicked off in February 2004. "We are moving beyond Max in areas that are keys to our success," she said.

Still, she acknowledged in an interview, "every time someone mentions Max, their eyes roll," apparently because it has become tainted by union lawsuits or because it is no longer seen as living up to its catchy name.

"We're not going to be using the term MaxHR anymore," PÃ©rez said. "Folks around here don't seem to like it. It is not reflective of the things we are doing."

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WAR NEWS:

Rice Decries Democrats' War Tactics (WT)

By Eric Pfeiffer

The Washington Times, February 26, 2007

Secretary of State Condoleezza Rice yesterday denounced the Iraq war resolutions being planned by congressional Democrats as "the worst of micromanagement" that would intrude on the president's power as commander in chief to manage the war.

But Senate Democrats may not be able to force the issue. Sen. Carl Levin of Michigan said his party does "not yet" have 60 votes needed to defeat an expected Republican filibuster of a vote reversing the 2002 Iraq war resolution. "We hope to pick up some Republicans. We don't know if we will," he said.

Miss Rice strongly criticized the Democrats' plans, some of which would also restrict what actions U.S. troops may take or put impossible conditions on their funding.

"I think policies that diminish the flexibility of the commanders, the commander in chief, but especially the commanders in the field, that disrupt the normal process of allowing the executive branch to determine things like training times and so forth, this would be a problem," she said on ABC's "This Week."

She said that while "it's very important for to have the oversight role when it comes to the execution of policy in the field, there has to be a clear relationship between the commander in chief and the commanders in the field."

"If you ever disrupt that chain, then you're going to have the worst of micromanagement of military affairs, and it's always served us badly in the past," Miss Rice said.

Mr. Levin said Democrats still plan to bring forward a resolution that reverses the congressional authorization for President Bush to invade Iraq. Democrats have said they would approve a new resolution limiting the scope of Mr. Bush's ability to wage war in Iraq, with an aim to bring home most U.S. forces from the country by March 2008.

"Hopefully, we're going to come with a resolution which is going to modify, in effect, the previous resolution that was very broad," Mr. Levin, chairman of the Senate Armed Services Committee, said on NBC's "Meet the Press." "We don't believe it is going to be possible to remove all of the troops."

The draft version, supported by Senate Majority Leader Harry Reid, Nevada Democrat, would restrict U.S. troops to fighting al Qaeda terrorists, training the Iraqi security forces and maintaining Iraq's borders. The approach backed by many House Democrats, led by Rep. John P. Murtha of Pennsylvania, would only fund U.S. forces in Iraq under onerous conditions that Mr. Murtha has said the Pentagon could not meet.

ABC's "This Week" host George Stephanopoulos asked Miss Rice whether she would recommend that Mr. Bush veto any bills to require forces to leave Iraq. She said that decision was up to the president.

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When Miss Rice was asked on "Fox News Sunday" by host Chris Wallace whether Mr. Bush would "feel bound" by legislation calling for the end of the U.S. combat role, the secretary of state responded: "The president is going to, as commander in chief, need to do what the country needs done."

Mr. Levin declined to say how many American troops should remain if the Democrats' plan to withdraw forces from Iraq passes. However, he was more direct when asked what would happen if Mr. Bush simply ignores any new congressional resolution.

"Well, then we have a constitutional battle on our hands because this is a binding resolution," he said. "It would be very difficult, I think, for him to sustain that position given the fact that he has relied so heavily on our resolution authorizing him to go to war in the first place."

Several Republicans, including some who have turned against the war, have challenged Democrats to vote on a bill that would cut off funding for the war.

"The truth of the matter is there's really only, you know, one way to end the war, if that's what our Democratic friends want to do. That is to cut off the funding for the war," said Senate Minority Leader Mitch McConnell, Kentucky Republican, during a meeting with reporters on Friday.

California Gov. Arnold Schwarzenegger, who now supports a timetable for a withdrawal of U.S. forces from Iraq, echoed Mr. McConnell's statement during an appearance yesterday on CBS' "Face the Nation."

"They should cut the funding or let the president do what he needs to do, because to micromanage a war is the worst thing," said Mr. Schwarzenegger, a Republican. "It's the ingredient for a loss."

Rice Says Congress Shouldn't Micromanage War (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, February 26, 2007

WASHINGTON — Secretary of State Condoleezza Rice spoke out Sunday against efforts in Congress to limit the role of U.S. forces in Iraq, saying President Bush would not allow himself to be constrained by such a "micromanagement of military affairs."

Asked whether Bush would abide by a binding resolution, now being drafted by Democratic leaders, that would include the start of troop withdrawal from Iraq, Rice told "Fox News Sunday" such a measure would hinder his efforts to support the "flexibility of our commanders to do what they think they need to do on the ground."

"I can't imagine a circumstance in which it's a good thing that their flexibility is constrained by people sitting here in Washington, sitting in the Congress, trying to micromanage this war," Rice said. "I just don't think it's a good thing."

She said Army Gen. David H. Petraeus, the new U.S. commander in Iraq, backs the president's plan to send in 21,500 more troops, primarily to deal with sectarian violence in Baghdad.

The legislation being drafted by Senate Armed Services Committee Chairman Carl Levin (D-Mich.) and other Democrats would limit the mission by modifying the 2002 resolution authorizing the use of U.S. military force in Iraq.

It would restrict the role of U.S. forces to pursuing Al Qaeda operatives and supporting and training Iraqi army soldiers. It could also set a March 2008 goal for withdrawing troops not involved in those activities.

It is unclear how much bipartisan support Levin and others have managed to gather in the Senate since failing in this month's effort to pass a symbolic resolution opposing the troop buildup. A similar measure passed the House.

Rice, who also appeared on ABC's "This Week," said the restrictions were impractical given the nature of war and counterterrorism in Iraq.

"How do you possibly distinguish what is going on in Baghdad, for instance, from the fight with Al Qaeda?" she said. "Some of these car bombs may indeed be the work of an organization like Al Qaeda or Al Qaedaaffiliated allies."

Levin, on NBC's "Meet the Press," argued that Congress had "the responsibility — not just the power, the responsibility — to speak out and to change the course when you have a failing course, which is what we're on."

"This is not a surge so much as it is a plunge into Baghdad and into the middle of a civil war," Levin said.

Asked if he was "tying the hands of the commander in chief," he answered in part: "Of course we're trying to tie the hands of the president and his policy. We're trying to change the policy. And if someone wants to call that 'tying the hands' instead of 'changing the policy' — yeah, the president needs a check and a balance."

If Congress passes this binding resolution and Bush ignores it, Levin said, "we have a constitutional battle on our hands."

Deauthorizing Iraq (WP)

By Robert D. Novak

The Washington Post, February 26, 2007

DOJ_NMG_0136257

Democratic senators face trouble this week trying to cleanse themselves of the stain of voting for President Bush's Iraq war resolution. Republican senators who have turned against the U.S. military intervention in Iraq are not interested in bailing out Democrats by approving their proposal to repeal the authorization overwhelmingly passed by Congress in 2002.

As Congress returns this week from the year's first recess, an amendment to repeal authorization is supposed to be attached to the bill containing homeland security recommendations by the Sept. 11 commission. But Sen. Norm Coleman, who has become prominent among Republican critics of Bush's war policy, told me from his home state of Minnesota that he would oppose deauthorization and predicted that no more than two Republican senators would vote for it.

One of those two Republican senators would have to be Nebraska's Chuck Hagel, who has fearlessly critiqued Bush's war policy. But Hagel told me that he is not inclined to support a repeal. If Hagel is lost, Democrats might fall short of the 50 votes necessary for final passage, much less the 60 necessary to close off debate. George W. Bush may be an unpopular president fighting an unpopular war, but Democrats are finding it hard to make war policy from Capitol Hill.

Democrats do not cloak the political nature of their efforts. Senate Foreign Relations Committee Chairman Joseph Biden, participating in a Nevada forum for Democratic presidential candidates last week, exultantly announced to applause his intent to "revoke the president's authority that he was given . . . to go to war." The mantra is not limited to the presidential hopefuls from the Senate. On the campaign trail in New Hampshire, Gov. Bill Richardson of New Mexico also called for de-authorization.

The de-authorization effort follows a series of frustrations for Democrats. Biden, having regained the Foreign Relations chairmanship after the 2006 elections, pushed a harshly worded, though nonbinding, antiwar resolution that went nowhere. A milder bipartisan measure fell short of the votes needed for cloture. Democratic backing for a plan to place conditions on the funding for Bush's surge of troops dropped off when its sponsor, Rep. John Murtha, bragged that troops in the field "won't have the equipment" under his plan.

As Congress began its break, Biden and Carl Levin, chairman of the Senate Armed Services Committee, looked to events 37 years ago. A 1964 resolution (passed with only two dissenting votes in the Senate) gave President Lyndon B. Johnson his requested free hand in Vietnam because of a trumped-up attack on a U.S. naval vessel in the Gulf of Tonkin. It was repealed in 1970 as an amendment to a noncontroversial bill.

But as is true with most Iraq-Vietnam analogies, de-authorization of the Tonkin Gulf resolution bears little resemblance to what is being contemplated today. President Richard M. Nixon began pulling combat troops out of Vietnam soon after he took office in 1969, and he offered no objection to repeal of the LBJ resolution. It passed the Senate 81 to 10, with unanimous support from Republicans.

In contrast, the proposed 2007 de-authorization looks like a Democratic effort to escape the wrath of the antiwar party faithful. Of the 29 Democrats who voted for the 2002 war resolution over four years ago, 21 are still in the Senate, seven are up for reelection next year and three -- Biden, Christopher Dodd and Hillary Clinton -- are running for president.

After checking with antiwar Republicans on recess last week, I found that several who had favored a nonbinding resolution rejecting Bush's policy are loath to give Democrats a get-out-of-jail-free card on Iraq. An exception was Sen. Gordon Smith of Oregon, who indicated he might favor de-authorization but would never vote to cut off funds. However, Coleman told me: "I don't see us going back and rewriting history." Similarly, Hagel said: "We are not going back and rewind every decision we made."

Hagel's position is critical. Before the recess, Biden and Levin sought support from the conservative who had been one of only two Republicans to back their tough nonbinding resolution. Hagel has long been appalled by Bush's war policy, but he is rightly suspicious of Democratic ploys that would have no impact on dire conditions in Iraq.

Specter Explores Congress' Role On War Policies (RC)

By Emily Pierce

Roll Call, February 26, 2007

Even as Senate Democrats ready a bill to rewrite President Bush's authorization for the Iraq War, Senate Judiciary ranking member Arlen Specter (R-Pa.) is raising constitutional questions about just what Congress can do to restrict the commander in chief's ability to wage war.

"I'm worried that the Congress is going to go off half-cocked," said Specter, according to a transcript of a Feb. 22 interview with the Philadelphia Inquirer. "I don't want to see something come to the Senate and have a historic debate ... and be called upon to vote on something which I haven't fully explored, and the Senate doesn't understand."

In a Feb. 20 letter to Judiciary Chairman Patrick Leahy (D-Vt.), Specter called for more hearings on Congress' options regarding Iraq and specifically questioned the Democrats' nascent plan to rewrite the 2002 Authorization for Use of Military Force Against Iraq.

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"I question whether, absent the use of the appropriations power, the only choice for the Congress is a total repeal of the authorization to use military force in Iraq," Specter wrote. "If Congress acts to repeal the authorization to use force in Iraq, the question may arise whether the President may veto that action requiring a two-thirds override."

Indeed, Bush is unlikely to sign such a repeal or any modification to the 2002 Iraq War authorization, and Senate Republicans are expected to vigorously object to — and possibly filibuster — any new authorization measure.

But Specter indicated in his letter that if a new war authorization measure were to become law, it would be binding on the president even though Bush and other presidents have treated war authorizations as mere expressions of support that do not have the force of law.

Specter pointed out that the current war authorization governing the Iraq conflict "placed restrictions on the President's use of force in Iraq, requiring him to certify that diplomatic means are insufficient and that the use of force will not impede the war on terrorism," among other things.

Of course, Congress twice repealed the use of force authorization for the Vietnam War, but then-President Lyndon Johnson essentially told Members that he never needed their permission in the first place, noted Louis Fisher, a Constitutional scholar at the Law Library of Congress.

Specter also outlined a number of ways in which Congress previously has restricted or cut off funds for war efforts, most notably during then-President Richard Nixon's administration in the early 1970s.

However, Senate Majority Leader Harry Reid (D-Nev.) has repeatedly said that Democrats will not move to cut off funding for troops currently in Iraq and he has reacted coolly to proposals to restrict funds for Bush's plan to send 21,500 more troops to the region.

In the Philadelphia Inquirer interview, Specter said Rep. John Murtha's (D-Pa.) proposal to use the appropriations power to put strict limits on troop movements in an attempt to force a draw-down of troops in Iraq might go too far.

He said the key question Senators must answer will be "where Congressional power ends under the precedents that I cited in the letter and where micromanagement begins."

In the letter, which Leahy's office said he had not yet seen, Specter outlined several other ways that Congress could effect a change in the president's Iraq policy, while Democrats also said the authorization for the war is just one weapon in their arsenal.

"We're examining all our options to force President Bush to make the necessary changes in Iraq," said Reid spokesman Jim Manley.

Though Specter declined to specify what he would be willing to vote for, he noted in his letter that Congress in the past has dictated military personnel choices to the president as well as troop levels under its constitutional authority to "raise and regulate armies and navies."

Following the Civil War, for example, Congress barred then-President Andrew Johnson from firing Gen. Ulysses S. Grant without prior approval from the Senate, the letter stated. Under then-President Theodore Roosevelt, Congress required that the crews on naval vessels should be made up of at least 8 percent Marines.

"This represents a specific action by the Congress to control a quite specific aspect of warfare," Specter noted of the naval vessel provision.

Fisher, however, said Congress has even more options — from targeting the president's domestic priorities to removing him from office.

"One big recourse, when you're dealing with the president, is that you can always [use Congressional powers] to hurt him elsewhere," said Fisher, who testified at a Jan. 30 Senate Judiciary Committee hearing on the subject of Congress' war powers. "The big one at the very end, of course, is impeachment."

The Choice On Iraq (WSJ)

By Joseph Lieberman

The Wall Street Journal, February 26, 2007

Two months into the 110th Congress, Washington has never been more bitterly divided over our mission in Iraq. The Senate and House of Representatives are bracing for parliamentary trench warfare -- trapped in an escalating dynamic of division and confrontation that will neither resolve the tough challenges we face in Iraq nor strengthen our nation against its terrorist enemies around the world.

What is remarkable about this state of affairs in Washington is just how removed it is from what is actually happening in Iraq. There, the battle of Baghdad is now under way. A new commander, Gen. David Petraeus, has taken command, having been confirmed by the Senate, 81-0, just a few weeks ago. And a new strategy is being put into action, with thousands of additional American soldiers streaming into the Iraqi capital.

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Congress thus faces a choice in the weeks and months ahead. Will we allow our actions to be driven by the changing conditions on the ground in Iraq -- or by the unchanging political and ideological positions long ago staked out in Washington? What ultimately matters more to us: the real fight over there, or the political fight over here?

If we stopped the legislative maneuvering and looked to Baghdad, we would see what the new security strategy actually entails and how dramatically it differs from previous efforts. For the first time in the Iraqi capital, the focus of the U.S. military is not just training indigenous forces or chasing down insurgents, but ensuring basic security -- meaning an end, at last, to the large-scale sectarian slaughter and ethnic cleansing that has paralyzed Iraq for the past year.

Tamping down this violence is more than a moral imperative. Al Qaeda's stated strategy in Iraq has been to provoke a Sunni-Shiite civil war, precisely because they recognize that it is their best chance to radicalize the country's politics, derail any hope of democracy in the Middle East, and drive the U.S. to despair and retreat. It also takes advantage of what has been the single greatest American weakness in Iraq: the absence of sufficient troops to protect ordinary Iraqis from violence and terrorism.

The new strategy at last begins to tackle these problems. Where previously there weren't enough soldiers to hold key neighborhoods after they had been cleared of extremists and militias, now more U.S. and Iraqi forces are either in place or on the way. Where previously American forces were based on the outskirts of Baghdad, unable to help secure the city, now they are living and working side-by-side with their Iraqi counterparts on small bases being set up throughout the capital.

At least four of these new joint bases have already been established in the Sunni neighborhoods in west Baghdad -- the same neighborhoods where, just a few weeks ago, jihadists and death squads held sway. In the Shiite neighborhoods of east Baghdad, American troops are also moving in -- and Moqtada al-Sadr and his Mahdi army are moving out.

We of course will not know whether this new strategy in Iraq will succeed for some time. Even under the most optimistic of scenarios, there will be more attacks and casualties in the months ahead, especially as our fanatical enemies react and attempt to thwart any perception of progress.

But the fact is that we are in a different place in Iraq today from even just a month ago -- with a new strategy, a new commander, and more troops on the ground. We are now in a stronger position to ensure basic security -- and with that, we are in a stronger position to marginalize the extremists and strengthen the moderates; a stronger position to foster the economic activity that will drain the insurgency and militias of public support; and a stronger position to press the Iraqi government to make the tough decisions that everyone acknowledges are necessary for progress.

Unfortunately, for many congressional opponents of the war, none of this seems to matter. As the battle of Baghdad just gets underway, they have already made up their minds about America's cause in Iraq, declaring their intention to put an end to the mission before we have had the time to see whether our new plan will work.

There is of course a direct and straightforward way that Congress could end the war, consistent with its authority under the Constitution: by cutting off funds. Yet this option is not being proposed. Critics of the war instead are planning to constrain and squeeze the current strategy and troops by a thousand cuts and conditions.

Among the specific ideas under consideration are to tangle up the deployment of requested reinforcements by imposing certain "readiness" standards, and to redraft the congressional authorization for the war, apparently in such a way that Congress will assume the role of commander in chief and dictate when, where and against whom U.S. troops can fight.

I understand the frustration, anger and exhaustion so many Americans feel about Iraq, the desire to throw up our hands and simply say, "Enough." And I am painfully aware of the enormous toll of this war in human life, and of the infuriating mistakes that have been made in the war's conduct.

But we must not make another terrible mistake now. Many of the worst errors in Iraq arose precisely because the Bush administration best-cased what would happen after Saddam was overthrown. Now many opponents of the war are making the very same best-case mistake -- assuming we can pull back in the midst of a critical battle with impunity, even arguing that our retreat will reduce the terrorism and sectarian violence in Iraq.

In fact, halting the current security operation at midpoint, as virtually all of the congressional proposals seek to do, would have devastating consequences. It would put thousands of American troops already deployed in the heart of Baghdad in even greater danger -- forced to choose between trying to hold their position without the required reinforcements or, more likely, abandoning them outright. A precipitous pullout would leave a gaping security vacuum in its wake, which terrorists, insurgents, militias and Iran would rush to fill -- probably resulting in a spiral of ethnic cleansing and slaughter on a scale as yet unseen in Iraq.

I appeal to my colleagues in Congress to step back and think carefully about what to do next. Instead of undermining Gen. Petraeus before he has been in Iraq for even a month, let us give him and his troops the time and support they need to succeed.

Gen. Petraeus says he will be able to see whether progress is occurring by the end of the summer, so let us declare a truce in the Washington political war over Iraq until then. Let us come together around a constructive legislative agenda for our security: authorizing an increase in the size of the Army and Marines, funding the equipment and protection our troops need,

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monitoring progress on the ground in Iraq with oversight hearings, investigating contract procedures, and guaranteeing Iraq war veterans the first-class treatment and care they deserve when they come home.

We are at a critical moment in Iraq -- at the beginning of a key battle, in the midst of a war that is irretrievably bound up in an even bigger, global struggle against the totalitarian ideology of radical Islamism. However tired, however frustrated, however angry we may feel, we must remember that our forces in Iraq carry America's cause -- the cause of freedom -- which we abandon at our peril.

Mr. Lieberman is an Independent senator from Connecticut.

The Politics Of The Brit Drawdown (NSWK)

Newsweek, February 26, 2007

In public, British and American officials say the U.K.'s withdrawal of troops from southern Iraq is a sign of success. But that wasn't the private reaction when the Brits first explained their plans last year. Several officials on both sides of the Atlantic (who all declined to be named when discussing the internal debate on security issues) say there was real consternation among Bush's aides about the prospect of a British withdrawal at a time when the president was planning to make the case for a surge of troops. Two senior officials in Washington said the concern was about how the British drawdown would look in PR and political terms inside the Beltway.

The two sides have been running on different tracks for several months. As the Brits outlined their plans for withdrawal, in November and December of last year, the details of Bush's surge were far from settled. At the same time, the Baker-Hamilton group was releasing an alternative strategy for Iraq. British officials were far more supportive of the study group's proposals than their counterparts inside the White House were. But the Brits also admitted that their challenges in southern Iraq are much simpler than the sectarian war facing American troops in and around Baghdad. After several rounds of talks, the Americans were eventually satisfied that Britain's phased withdrawal would truly be "conditions-based"; that the reduction in force was geared to the security situation on the ground and not a politically inspired cut-and-run.

In fact, the British officials concede that Prime Minister Tony Blair has a strong political interest in starting the endgame for his engagement in Iraq before he hands over power to his political ally Gordon Brown. Democrats in Washington, meanwhile, treated the news as a flak jacket against GOP accusations that they support a policy of retreat. "No matter how the White House tries to spin it, the British government has decided to split with President Bush," said Sen. Ted Kennedy.

On the ground in Iraq, rival Shiite parties are already jockeying for power. "The withdrawal of the British forces is a political decision to save Blair more than it is a decision to help the people of Iraq," says Ali Yassin of the Fadhila Party in Basra. "We are afraid of the vacuum that will come after the withdrawal of the British forces."

Britain, which had more than 40,000 troops in the region at the time of the 2003 invasion, now has 7,100 troops in Iraq. Blair said the number could "possibly" drop to below 5,000 by the end of the year. One Downing Street source told NEWSWEEK that it's "potentially the case" that all British troops could be out of Iraq by the end of 2008. That would happen only if conditions allowed, but he said, "We believe things are heading in that direction." In that case, the Brits are on the same timeline as most of the Democratic candidates who want to succeed President Bush in 2009.

Stryker McGuire, Richard Wolffe and Babak Dehghanpisheh

Samuelson: A $2 Trillion Footnote? (NSWK)

By Robert J. Samuelson

Newsweek, February 26, 2007

Anyone who practices deadline journalism is bound to find much to regret—things you wish you'd said (or hadn't said) and words, arguments and attitudes that, with hindsight, seem poorly chosen. Which brings me to my September 2002 column, "A War We Can Afford." As the situation in Iraq has deteriorated, some readers have suggested that I revisit that column and confess to error. Let me now take up their invitation, because today's ferocious war debate raises many of the same issues.

Yes, that column made big mistakes. The war has cost far more than I (or almost anyone) anticipated. Still, I defend the column's central thesis, which remains relevant today: budget costs should not shape our Iraq policy. Frankly, I don't know what we should do now. But in considering the various proposals—Bush's "surge," fewer troops or redeployment of those already there—the costs should be a footnote. We ought to focus mostly on what's best for America's security, the situation in Iraq and our global influence.

To be sure, the war's costs have been huge. Since September 2001, Congress has provided $503 billion for Iraq, Afghanistan and related activities, says the Congressional Budget Office. The administration's request for fiscal 2007 (ending in September) and fiscal 2008 would bring the total to $746 billion. Iraq represents about 70 percent of that. By contrast, my original column put the cost of an Iraq war at up to $80 billion. That was based on the cost then of the war in Afghanistan ($10 billion),

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the cost of the first gulf war ($61 billion) and the expectation that another invasion would involve fewer troops (it did). It also assumed that U.S. troops wouldn't stay indefinitely.

As to the future, CBO has done two "illustrative scenarios"—one involving a troop reduction to 30,000 by 2010, the other a reduction to 75,000 by 2013. In both instances, troop levels would remain until 2017. By CBO's estimates, the two scenarios would involve extra spending from 2009 to 2017 of $269 billion and $696 billion, respectively.

Finally, the war has created costs that, though they don't show up in accounts labeled "Iraq," are properly attributed to Iraq. Trucks, helicopters and tanks are wearing out at faster rates; they'll have to be replaced or refurbished. Recruiting costs have risen. Veterans' disability benefits and health costs are increasing. Already, 1.4 million U.S. troops have served in the Iraq and Afghanistan wars, says Linda Bilmes, a budget expert at Harvard. Since the first gulf war, almost 40 percent of veterans have received disability benefits, she says. The rate for today's wars could be higher. She estimates the present value of future disability and health benefits at between $300 billion and $600 billion.

The war has clearly worsened the long-term budget outlook. How then can I treat that so lightly? What's missing is context. Dominated by Social Security and health care, the federal budget now totals nearly $3 trillion annually. No one knows what the wars' ultimate costs might be. But suppose that they reach $2 trillion by 2017 (the figure is cumulative, not in any one year). That's a big number, perhaps too big. It's also a wild guess. Still, CBO estimates all federal spending over the same period (2002-2017) will total $48 trillion; war spending would be about 4 percent. In the same period, the income of the U.S. economy (gross domestic product) would total an estimated $248 trillion; war spending would be less than 1 percent of that. The point, as I said in 2002, is that we're so wealthy we "can wage war almost with pocket change."

With hindsight, it now seems almost incontestable that the Iraq war should never have been fought. It has eroded our global power, weakened our military and resulted in thousands of American and Iraqi deaths. What I most regret about my earlier column is that it seemed to bless a war, when I was mainly trying to focus attention on questions more important than money. Given the headline (I wrote it) and the fact that those questions came at the end of the column ("Is this war justifiable? Should the United States go it alone? What would happen if we don't fight? What will happen if we do?"), the reaction was understandable. In truth, I was uncertain about the war then, just as I'm unsure of what to do now.

But I am certain—now as then—that budget consequences should occupy a minor spot in our war debates. It's not that the costs are unimportant; it's simply that they're overshadowed by other considerations that are so much more important. We should argue about what's best for our national security. We can pay for whatever's necessary. If we decide to do less because that's the most sensible policy, we shouldn't delude ourselves that any "savings" will rescue us from our long-term budget predicament, which involves the huge costs of federal retirement programs. Just because the war is unpopular doesn't mean it's the source of all our problems.

Zakaria: Iraq Needs An 'Economic Surge' (NSWK)

By Fareed Zakaria

Newsweek, February 26, 2007

We are now fighting a war intelligently in Iraq. The only problem is, it's the last war, not the present one. The United States has gambled all its efforts on a troop surge that tackles the conflict that defined Iraq from 2003 to 2005—the insurgency—rather than the civil war now raging across the country. Worse, in trying to solve yesterday's problem we are exacerbating today's. In Baghdad, Shiite militias have melted away. Almost all U.S. military operations are now directed against Sunni insurgents. If those are successful, the picture could look less violent in six months, but it will be a dangerous stasis. A senior U.S. military officer, who is not allowed to speak on the record on these matters, said to me, "If we continue down the path we're on, the Sunnis in Iraq will throw their lot behind Al Qaeda, and the Sunni majority in the Arab world will believe that we helped in the killing and cleansing of their brethren in Iraq. That's not a good outcome for the security of the American people."

We don't intend to side with anyone. We're trying to be evenhanded and build a single, democratic nation. But this attempt at neutrality is collapsing in Iraq's bloody sectarian reality. Last week's uproar over allegations that Shiite policemen in Baghdad had raped a 20-year-old Sunni woman vividly illustrates how trust between the two communities has been shattered. Shiite Prime Minister Nuri al-Maliki first ordered an investigation, then 12 hours later declared the woman a liar, freed and rewarded the alleged rapists and later fired a Sunni official who had called for an unbiased investigation. Meanwhile we're stuck in the middle, promising to uncover the truth while both sides are convinced that we've betrayed them. This is the definition of a no-win strategy.

The United States needs to find fresh approaches that won't feed the sectarian dynamic and will address the needs of ordinary Iraqis, not the political elites who are jockeying for power. Most important, we need to find a strategy whose costs are sustainable. Militarily this means drawing down our forces to around 60,000 troops and concentrating on Al Qaeda in Anbar province. The surge we should be pushing instead is a political one, and even more critically, an economic one.

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An economic surge is long overdue. One of the less-remarked-upon blunders of the Coalition Provisional Authority was that—consumed by free-market ideology—it shut down all of Iraq's state-owned enterprises. This crippled the bulk of Iraq's non-oil economy, threw hundreds of thousands of workers into the streets and further alienated the Sunnis, who were the managerial class of the country. The economic effects of this decision have been seismic. For example, Iraq's agricultural productivity has plummeted because fertilizer plants were summarily closed. Unemployment in non-Kurdish Iraq remains close to 50 percent, which helps explain why so many young men are joining gangs, militias and insurgent groups. For the moment at least, democracy in Iraq has sharpened the country's divisions. Capitalism and commerce can make them less relevant. That is the lesson of many conflict-ridden countries from Northern Ireland to Mozambique to Vietnam.

Paul Brinkley, a talented deputy under secretary of Defense, is trying to get the bulk of these state-owned factories up and running. He's already restarted a bus factory in Iskandariyah, south of Baghdad, and the experience has been telling. Hundreds of workers still in the area showed up for work and the machines are now humming busily. There have been no attacks on the factory. "The insurgents attack people working for the police, Army or the Americans. They do not want to alienate locals trying to make ends meet," said one official working on the project.

Of the original 193 state enterprises, 143 could be restarted soon, says Brinkley. Management and workers are desperate to get jobs. The problem is money. Brinkley points out that his next target, a ceramics factory in Ramadi, is only waiting for two generators before it can reopen. They cost $1 million each. But funds for this purpose are hard to find. Washington has pledged more than $18 billion to fund "reconstruction" in Iraq but will not appropriate a cent to start up state-owned Iraqi companies. The Iraqi government has billions in oil revenue of its own but is so dysfunctional that it cannot move a new project through the system. So the factory is idle. A major global consulting firm has reviewed Iraq's state-owned enterprises and estimated that it would cost $100 million to restart all of them and employ more than 150,000 Iraqis—$100 million. That's as much money as the American military will spend in Iraq in the next 12 hours.

Reddit Maintaining Perspective (USNEWS)

By Fouad Ajami

U.S. News and World Report, February 26, 2007

'It's too soon to tell," The late Chinese leader Zhou Enlai is reported to have answered when asked for an evaluation of the significance of the French Revolution of 1789. This was nearly two centuries after the great upheaval of France. Revolutions are full of cunning, and the Iranian Revolution, now almost three decades old, has been no exception-cunning and ferocity side by side, the talk of a revolutionary millennium often concealing the skills of a leadership steeped in the ways of the bazaar. Shrewd players, these clerical leaders have found the cracks in the order of states around them. Brutal men, they rule a society of great historical sophistication. Given room to maneuver by a substantial windfall of oil income, they have made their nation a player of consequence in its neighborhood. Sly and opportunistic, Iran's rulers have been able to pick and choose at a time, and in a place, of great volatility.

American power swept away two regimes that the Iranians dreaded-the Taliban in Afghanistan and Saddam Hussein in Iraq. True, America was now a land power on Iran's flanks; the Iranians ducked at first, then gathered themselves as the American burden grew. Mixing bravado and bluff, and granting proxies in Palestine and Lebanon, the leaders of the Iranian theocracy appear to have succeeded in spreading the image of a mighty power able to have its way in the world. For some, that great arc stretching from the Persian Gulf to the Mediterranean is now a battleground between Pax Americana and the Persians. This belief is in part due to the abdication of the Arab states, their virtual absence from the contest of nations. There is bigotry in Arab lands, an animus on the part of the Sunni majority toward the political emancipation of the Arab Shiites. Arab diplomats and leaders shy away from Iraq-the pitiless jihadists are the only Arabs who come to Iraq-but the Iranians are present in force as pilgrims and traders and troublemakers and intelligence operatives.

"A cemetery of dreams." Iran is a radical player in the world of states, to be sure, but we should not overstate its power. We should not fall for the Persian bluff. It is important that we do all we can to thwart Iran's nuclear ambitions and to checkmate it in arenas that count, but we should always remember that this is a society swimming against the tide of history and confronting the limits of its capabilities. There is an Iranian role in Iraq, but it should not be exaggerated. It is not true that the Iraqi political class marches to the Iranian drummer. It is well known that Iraqi Prime Minister Nouri al-Maliki spent his years of exile in Syria and kept his distance from the Iranians. "Iraq is a cemetery of dreams," a thoughtful Iraqi observed to me of his country. "Iranian dreams, no less than American dreams perhaps." Iraqis are a tough breed, and the notion that they are eager to take their country into a Persian dominion is unconvincing. The Iranians dwell virtually alone in the House of Islam, separated by language and culture, marked by their Shiism.

Then there are the troubles that count-the disabilities at home. Iran's deranged president, Mahmoud Ahmadinejad, came into power promising to put Iran's oil wealth "on the dinner table." But the Iranian economy is on the ropes. Hyperinflation, the

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drying up of international credit lines, and the astounding growth in energy consumption in Iran are bringing the country to the edge of crisis. The price of bread and meat and basic commodities has risen by as much as 25 percent. To tranquilize the realm, gasoline is subsidized well below its cost, and domestic consumption now accounts for a stunning 40 percent of Iran's oil production. Dire predictions now hold that the country will be unable to export much oil a decade from now.

The true believers will proclaim that revolutionary purity trumps all, but worldly needs and affairs ultimately prevail. A society that spends $20 billion a year to subsidize the price of energy, electricity, and gasoline will in the end have to contend with the wrath and disappointment of its people. There is swagger in Iran, and there is menace, for its rulers are without scruples. Terrorism, for them, is always an option. But theirs is a vulnerable and brittle society. There is no need to "engage" them and bail them out as they stumble. The regime should be harassed, contained, and held to account. We may not have to wait two centuries to pronounce on the fate of this revolution. The swagger abroad and the rot at home: It is a trajectory we are all too familiar with by now.

Just The Facts, Ma'am (USNEWS)

By Brian Duffy

U.S. News and World Report, February 26, 2007

The dark art of intelligence, never far from the surface in our post-9/11 world, is once again front and center, only not exactly in the way President Bush might have wished. After several weeks of on-again, off-again promises of a top-secret briefing on the alleged role of Iranian agents in the nightmarish violence of Iraq, U.S. military officials finally decided to deliver the goods in a secret briefing to reporters in Baghdad-and promptly stubbed their toe. The charge of Iranian meddling in Iraq is a grave one and needs to be dealt with seriously. But given the Bush administration's dismal record in the intelligence arena, the Baghdad briefing was handled in the worst way possible. No cameras or tape recorders were allowed. The identity of the intelligence analyst who led the briefing was not disclosed. And despite weeks of careful vetting by intelligence and military officials back in Washington, the briefing ran disastrously off message. This is all the more sad for the fact that there was, at the heart of the briefing, what appeared to be some very credible evidence to support the allegations against Iran.

One of the few salutary things about military conflict is that in bringing soldiers face to face with the enemy, it affords the opportunity of collecting courtroom-quality evidence that is the intelligence equivalent of the Holy Grail. That seems to have been the case here. The reporters in Baghdad were shown physical evidence-materiel, serial numbers, and the like-indicating that Iranian agents were shipping a highly lethal new roadside bomb into Iraq. More damningly, intelligence officials concluded that the agents were members of an elite cadre called the Quds force, a unit of Iran's Islamic Revolutionary Guards Force, which reports directly to Iranian leader Ayatollah Ali Khamenei. That's about as good as intelligence work gets. But then the briefer blew his case sky-high with this statement: "So the activities that the ... Quds force are conducting in Iraq, we assess, are coming from the highest levels of the Iranian government."

Iraq syndrome. It took the Pentagon's highest-ranking soldier, Marine Corps Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, to flatly refute the unsupported "highest levels" statement. Then President Bush finally got around to doing the same thing. "We don't know ... whether the head leaders of Iran ordered" it, he conceded.

For all the predictable-and, evidently, unfounded-criticism about the Bush administration's trying to make a case for attacking Iran, much as it made its flawed case for attacking Iraq, there is more at stake here than politics as usual, and perhaps President Bush's forthright rejection of the "highest leaders" charge was a tentative first step toward acknowledging it. Yes, the alleged parallels between Iraq and Vietnam have been badly overdrawn. But there is one fitting comparison whose implications the Bush administration-and perhaps succeeding administrations-will have to learn to live with. The lies and self-delusional scenarios our military and political leaders indulged themselves in during the Vietnam War created a long hangover effect called the Vietnam syndrome. As a result of the many misapprehensions and misstatements made before the invasion of Iraq and in its mismanaged aftermath, we are now beset by something that can only be called the Iraq syndrome. Its symptoms may be seen not just in the cynicism of so many Americans, as reflected in the opinion polls, but also in the reflexive rejection of American pronouncements by friends and allies even, as was the case with the unfortunate Baghdad briefing, when they are tenanted upon hard, credible evidence.

In the global war on terrorism, no tool will be more critical to American success than good intelligence. This administration, however, has done much to render that tool almost unfit for use. The tawdry disclosures from the perjury trial of Vice President Cheney's former aide, Lewis "Scooter" Libby, and the scathing Pentagon report against former Rumsfeld aide Douglas Feith show an administration dangerously cavalier about the credibility of its most critical intelligence and seemingly unconcerned about employing it in an overtly political context..

Vice President Cheney may feel as if the prewar intelligence failures on Iraq have been dealt with by simply hanging the issue around the neck of George "Slam Dunk" Tenet, the former director of central intelligence. And President Bush may sleep

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easier at night, having finally acceded to the demands that he create a new Director of National Intelligence office to fix the problems exposed by both Iraq and the 9/11 attacks. The jury on the latter is still out, but the implications of the Iraq syndrome are so pernicious that, for a long time to come, much greater care will have to be taken in the collection, analysis, and portrayal of American intelligence information. Credibility takes a long time to build, but it can be lost in just an instant.

How U.S. Is Failing Its War Veterans (NSWK)

By Dan Ephron And Sarah Childress

Newsweek, February 25, 2007

After returning from Iraq in late 2005, Jonathan Schulze spent every day struggling not to fall apart. When a Department of Veterans Affairs clinic turned him away last month, he lost the battle. The 25-year-old Marine from Stewart, Minn., had told his parents that 16 men in his unit had died in two days of battle in Ramadi. At home, he was drinking hard to stave off the nightmares. Though he managed to get a job as a roofer, he was suffering flashbacks and panic attacks so intense that he couldn't concentrate on his work. Sometimes, he heard in his mind the haunting chants of the muezzin—the Muslim call to prayer that he'd heard many times in Iraq. Again and again, he'd relive the moments he was in a Humvee, manning the machine gun, but helpless to save his fellow Marines. "He'd be seeing them in his own mind, standing in front of him," says his stepmother, Marianne.

Schulze, who earned two Purple Hearts for wounds sustained in Iraq, was initially reluctant to turn to the VA. Raised among fighters—Schulze's father served in Vietnam and over the years his older brother and six stepbrothers all enlisted in the military—Jonathan might have felt asking for help didn't befit a Marine.

But when the panic attacks got to be too much, he started showing up at the VA emergency room, where doctors recommended he try group therapy. He resisted; he didn't think hearing other veterans' depressing problems would help solve his own. Then, early last month, after more than a year of anxiety, he finally decided to admit himself to an inpatient program. Schulze packed a bag on Jan. 11 and drove with his family to the VA center in St. Cloud, about 70 miles away. The Schulzes were ushered into the mental-health-care unit and an intake worker sat down at a computer across from them. "She started typing," Marianne says. "She asked, 'Do you feel suicidal?' and Jonathan said, 'Yes, I feel suicidal'." The woman kept typing, seemingly unconcerned. Marianne was livid. "He's an Iraqi veteran!" she snapped. "Listen to him!" The woman made a phone call, then told him no one was available that day to screen him for hospitalization. Jonathan could come back tomorrow or call the counselor for a screening on the phone.

When he did call the following day, the response from the clinic was even more disheartening: the center was full. Schulze would be No. 26 on the waiting list. He was encouraged to call back periodically over the next two weeks in case there was a cancellation. Marianne was listening in on the conversation from the dining room. She watched Jonathan, slumped on the couch, as he talked to the doctor. "I heard him say the same thing: I'm suicidal, I feel lost, I feel hopelessness," she says. Four days later Schulze got drunk, wrapped an electrical cord around a basement beam in his home and hanged himself. A friend he telephoned while tying the noose called the police, but by the time officers broke down the door, Schulze was dead.

How well do we care for our wounded and impaired when they come home? For a country amid what President Bush calls a "long war," the question has profound moral implications. We send young Americans to the world's most unruly places to execute our national policies. About 50,000 service members so far have been banged up or burned, suffered disease, lost limbs or sacrificed something less tangible inside them. Schulze is an extreme example but not an isolated one, and such stories are raising concerns that the country is failing to meet its most basic obligations to those who fight our wars.

The question of after-action care also has strategic consequences. Iraq marks the first drawn-out campaign we've fought with an all-volunteer military. In practice, that means far fewer Americans are taking part in this war (12 percent of the total population participated in World War II, 2 percent in Vietnam and less than half of 1 percent in Iraq and Afghanistan). Already, the war has made it harder for the military to recruit new soldiers and more expensive to retain the ones it has. If we fall down in the attention we provide them, who's to say volunteers will continue coming forward?

The issue of veterans' care jumped into the headlines last week when The Washington Post published a series about Walter Reed Army Medical Center in Washington, D.C. The stories revealed decay and mismanagement at the hospital, and provoked shock and concern among politicians in both parties. "The doctors were fantastic," a Walter Reed patient, 21-year-old Marissa Strock, tells NEWSWEEK. "But some of the nurses and other staffers here have been a nightmare." Strock suffered multiple injuries, including broken bones, a lacerated liver and severely bruised lungs, when her Humvee rolled over an improvised explosive device on Nov. 24, 2005. She later had both her legs amputated. "I think a big part of [Walter Reed's problems] is they just don't have enough people to adequately handle all the wounded troops coming in here every day," she says. (Walter Reed did not respond to requests for comment about Strock's case.) The Pentagon responded swiftly to the Post

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series. It vowed to investigate what went wrong and immediately sent a repair crew to repaint and fix the damage to the aging buildings.

The revelations were especially shocking because Walter Reed is one of the country's most prestigious military hospitals, often visited by prominent politicians, including the president. But it is just one part of a vast network of hospitals and clinics that serve wounded soldiers and veterans throughout the country. A NEWSWEEK investigation focused not on one facility but on the services of the Department of Veterans Affairs, a 235,000-person bureaucracy that provides medical care to a much larger number of servicemen and women from the time they're released from the military, and doles out their disability payments. Our reporting paints a grim portrait of an overloaded bureaucracy cluttered with red tape; veterans having to wait weeks or months for mental-health care and other appointments; families sliding into debt as VA case managers study disability claims over many months, and the seriously wounded requiring help from outside experts just to understand the VA's arcane system of rights and benefits. "In no way do I diminish the fact that there are veterans out there who are coming in who require treatment and maybe are not getting the treatment they need," White House Deputy Press Secretary Tony Fratto tells NEWSWEEK. "It's real and it exists."

The system's shortcomings are certainly not deliberate; no organization is perfect. Some of the VA's hospitals have been cited as among the best in the country, and even in extreme cases, the picture is seldom black-and-white. Before he killed himself, Schulze was seen by the VA 46 times, VA Secretary James Nicholson told Congress this month. (He did not elaborate on what care Schulze received.)

Yet, as the number of veterans continues to grow, critics worry the VA is in a state of denial. In a broad sense, the situation at the VA seems to mirror the overall lack of planning for the war. "We know the VA doesn't have the capacity to process a large number of disability claims at the same time," says Linda Bilmes, a Harvard public-finance professor and former Clinton administration Commerce Department official. Last month Bilmes released a 34-page study on the long-term cost of caring for veterans from Iraq and Afghanistan. She projects that at least 700,000 veterans from the global war on terror (GWOT) will flood the system in the coming years.

As it is, for some veterans the wait can be agonizing. Patrick Feges was on hold for 17 months until his first disability check from the VA came through. An Eagle Scout from Sugar Land, Texas, Feges enlisted in 2003 and found himself in Ramadi a year later. In October 2004, a mortar exploded on his base about 50 yards from him, spraying him with shrapnel, slicing his intestines and severing a major artery. Feges lost consciousness and was flown to Walter Reed, where he underwent surgery. Long scars trail down his legs and midsection. At the hospital a fellow Texan came to visit: President Bush stood by his bed and chatted with him.

Feges is a polite 22-year-old with a military manner. He addresses strangers by last name and an honorific, even when prodded to drop the formality. "I was brought up right, sir," he explains. But his voice rises slightly when he describes his ordeal with the VA. A case officer in Houston processed Feges's request for disability in September 2005, then lost his application. Feges was summoned to repeated medical evaluations at the Houston center, but a year later he was still waiting for a check. By then, Feges had been accepted to culinary school in Austin and did not want to put off his studies. His mother, an elementary-school teacher, took a second job at a local McDonald's to help support him.

For discharged service members, the VA serves two functions: it provides medical care for service-related conditions at its clinics and hospitals across the country, and it reviews claims for disability benefits—chiefly, the monthly payments wounded veterans get for the rest of their lives. The review process can be complicated. It requires veterans to prove, through documents and sometimes through the testimony of fellow soldiers, that their afflictions are a result of their time in the military. Feges listed on his application all the ways he'd been affected by the wounds: he'd lost mobility in his ankles and knees, he suffered regular stomach cramps from the intestinal wound, he lost sensation in his hands and legs, he had trouble standing for long periods. NEWSWEEK presented the VA with the names and details of the veterans whose stories are told here, but a spokesman for the agency declined to comment on individual cases, citing doctor-patient confidentiality. Speaking generally, Dr. Michael Kussman, the VA's acting under secretary for health, tells NEWSWEEK that the department is trying to reach veterans earlier, as they approach their date of discharge, and that he does not believe Iraq and Afghanistan are straining resources severely. "The impact on the VA so far has been relatively small," Kussman says. "It has not kicked the system over in our budget and in our ability to absorb it."

Still, a jump in disability claims in recent years has created a bottleneck. Daniel Cooper, the VA's under secretary for benefits, confirmed his department was coping with a backlog of 400,000 applications and appeals; 75 percent of them were still within a "reasonable" reviewing time frame, he says. Yet, most of those claims were filed by veterans of previous wars (a veteran can file or appeal a claim even decades after discharge). As more servicemen and women return from Iraq, the backlog is likely to increase. Cooper says the average waiting time for a benefits claim is about six months. NEWSWEEK turned up a number of veterans who'd waited longer. Keri Christensen, a National Guard veteran and a mother of two, says the VA in Chicago took 10

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months to process her application. Rory Dunn, who nearly died in an IED attack outside Fallujah, says his application was delayed because, among other things, the VA mixed up his file with that of a Korean War veteran.

Feges's claim was finally approved last month: after NEWSWEEK and the advocacy group Veterans for America began looking into his case, he got a call from a VA official in Waco, Texas, with the news that his money would come through. Last week he received back pay to the date of his application.

The compensation is not huge. A veteran with a disability rating of 100 percent gets about $2,400 a month—more if he or she has children. A 50 percent rating brings in around $700 a month. But for many returning servicemen burdened with wounds, it is, initially at least, their sole income. "When I started school, that's when it became really hard not to have that money," says Feges.

One reason to worry about a crush of new vets at the VA has to do with the proportion of wounded to dead Americans in Iraq. Though we tend to mark the grim timeline of the war by counting fatalities, what really distinguishes this conflict is how many soldiers don't die, but suffer appalling injuries. In Vietnam and Korea, about three Americans were wounded for every one who died. The ratio in WWII was nearly 2-1. In Iraq, 16 soldiers are wounded or get sick for every one who dies. The yawning ratio marks progress: better body armor and helmets are shielding more soldiers from fatal wounds. And advanced emergency care is keeping more of the wounded alive. The VA's Kussman says that soldiers who survive the first few minutes after an explosion have a 98 percent chance of surviving altogether. But that means an increased burden on the VA's health-care system.

Two such survivors are Albert and Connie Ross. Albert lost a leg when a rocket-propelled grenade landed close to him in August 2004 while he was on patrol in Baghdad. Connie lived through a 2004 suicide bombing in Mosul but suffered multiple fractures and burns. When the two met in a hallway at Brooke Army Medical Center in San Antonio, Texas, Connie thought she noticed a certain swagger in Albert's walk. "He had this weird dip in his walk, so I asked him, 'Why are you pimp-walking in a hospital?' And he said: 'I'm not pimp-walking, I'm an amputee.' I was so embarrassed." The two married earlier this year and are expecting a child.

Though he's been in the VA system for more than two years now, Albert still doesn't have a primary-care doctor. Without one, getting appointments with specialists can be difficult. "You're supposed to be assigned one right away," says Albert, who now lives in San Antonio. "I'm not frustrated so much as worried—worried if and when something does go wrong, something will happen with one of my legs ... They [primary-care doctors] are the ones who have to fill out a work-order form; it's impossible to do anything without them."

One thing Albert desperately wants to do: get a new prosthetic. He's one of the early African-American amputees of the war. But the fake limb he's been given matches the skin tone of a Caucasian. It so embarrasses Albert that he always wears a sock over it—even if he's in sandals. "He's very self-conscious about it," says Connie. "It really bothers him."

Albert's situation is probably atypical. The VA says a huge majority of veterans get primary-care doctors within 30 days. But people inside the system do concede there's a shortage of mental-health workers at many of the VA's hospitals and clinics across the country. And Schulze is not the only veteran to commit suicide after being turned away. In a similar case in 2004, the VA twice neglected to treat Iraq veteran Jeffrey Lucey for posttraumatic stress disorder (the second time because he was told alcoholics must dry out before being accepted to an inpatient program). By the time a VA counselor tracked down a bed in a New York facility with a built-in detox program, Lucey had already hanged himself. "The system doesn't treat mental health with the same urgency it treats general health care," says a senior VA manager who did not want to be named talking about shortcomings in the agency.

Even when veterans get to the right doctors, understanding how to leverage what they need from the system can be mind-bending. Tonia Sargent, whose husband, Kenneth, nearly died in a sniper attack in Najaf in 2004, says no one ever sat her down and explained the benefits and how to access them. Her husband's brain injury made him often incapable of understanding his own care. Key decisions fell to her alone. It's a "don't ask, don't tell system," she says.

Kenneth is a Marine master sergeant who'd been in the Corps for nearly 18 years. He was on his second tour in Iraq when a sniper bullet ricocheted off the metal hatch on his vehicle and hit him directly below the right eye, grazing the front of his brain and exiting near his left ear. Among other things, he was diagnosed with traumatic brain injury, which has become the signature wound of the Iraq war. Tonia had to fight the Marine Corps to keep him from being discharged, figuring he'd get better medical care if he remained in active service. But some of his treatment has been outsourced to the VA.

One of the tricks she learned early on was to demand photocopies of her husband's records—every exam, every X-ray, every diagnosis—and personally carry the file from appointment to appointment. "I don't know if there is a more formal protocol for transferring documents, but I know that what I brought ... was definitely put to use." When Sargent was transferred to the VA's lauded Polytrauma Center in Palo Alto, Calif., doctors there encouraged her to go home to Camp Pendleton near San Diego and treat his stay at the hospital as if it was a deployment. "After two weeks, they asked me how long I was planning to stay with my

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husband," she says. "They said it was his rehab, not mine. But I needed to learn how to care for him, and he suffered from extreme anxiety without me." She pushed back, staying in Palo Alto until he completed his care.

How can the system improve? Bilmes, who authored the Harvard study, proposes at least one drastic change—automatically accepting all disability claims and auditing them after payments have begun. (The VA says that would be an irresponsible use of taxpayer money.) Other critics have focused on raising the VA's budget, which has been proposed at $87 billion for 2008. More money could go toward hiring more claims officers and more doctors, easing the burden now and preparing the VA for the end of the Iraq war, when soldiers return home en masse.

But veterans' support groups and even some former and current VA insiders believe there's a reluctance in the Bush administration to deal openly with the long-term costs of the war. (All told, Bilmes projects it could cost as much as $600 billion to care for GWOT veterans over the course of their lifetimes.) That reluctance, they say, trickles down to the VA, where top managers are politically appointed. Secretary Jim Nicholson, a decorated Vietnam War veteran who was chosen by Bush in 2005, tends to be the focus of this criticism.

The senior VA manager who did not want to be named criticizing superiors told NEWSWEEK: "He's a political appointee and he needs to respond to the White House's direction." Steve Robinson of Veterans for America levels the accusation more directly. "Why doesn't the VA have a projection of casualties for the wars? Because it would be a political bombshell for Nicholson to estimate so many casualties." The VA denies political considerations are involved in its budgeting or planning. Nicholson declined to be interviewed but Matt Burns, a spokesman for the VA, called Robinson's comments "nonsensical and inflammatory," adding: "The VA, in its budgeting process, carefully prepares for future costs so that we can continue to deliver the quality health care and myriad benefits veterans have earned."

Fratto, the White House deputy press secretary, says money is not the problem. He points out the VA has had a hard time filling positions in some remote parts of the country. "You need to find people who are trained in PTSD and other disorders that are affecting veterans and find those who are willing to go to places where they are needed."

As is often the case in America when government institutions falter, however, community groups are already stepping into the void. Veterans of Foreign Wars has advocates helping vets negotiate the VA bureaucracy, much the way health facilitators in the private sector help consumers get the most from their health insurance. Robinson, of Veterans for America, has pulled together teams of volunteers—physicians, psychologists, lawyers—who give vets free services when the local VA branch falls down. At his office recently, he was coordinating a traumatic-brain-injury screening with a private doctor for a veteran who'd been denied access to VA care. The fact that Americans are coming forward doesn't absolve the VA of its obligation to provide first-rate care for veterans. Most of the wounded's problems just can't be solved by private citizens and groups, no matter how well meaning. But it does serve to remind us that we should take better care of veterans wounded in the line of duty as they make their way home, and try to remake their lives.

With Jamie Reno, Eve Conant, John Barry, Richard Wolffe, Karen Springen, Jonathan Mummolo and Ty Brickhouse

Untreated Wounds (NSWK)

By Babak Dehghanpisheh

Newsweek, February 26, 2007

Private Atiya was driving a heavy truck on the outskirts of Baghdad when he saw the flash. Then, a deafening boom and darkness. When Atiya came to, he was lying on the side of the road and the truck, still carrying 11 of his colleagues from the Iraqi National Guard, was rolling on without a driver. He looked down. "I saw my leg was gone," he says, squeezing his eyes shut at the memory. "It was the worst pain." One of his arms was broken, the other severely burned.

Atiya (who asked that only his first name be used for safety reasons) is one of thousands of members of the Iraqi security forces who have been wounded on the job. That attack, near the town of Abu Ghraib last Wednesday, was the third time Atiya, 32, has been hit by an IED since he joined the Guard last year. He was quickly taken to the American-run Combat Support Hospital, known as the Cash, in the Green Zone, often the first stop for critically wounded soldiers. "These guys are in harm's way more than any other slice of the Iraqi population," says an American doctor at the Cash who asked not to be quoted by name.

During a speech last year, the then secretary of Defense Donald Rumsfeld noted that Iraqi security forces take casualties at "roughly twice the rate of all Coalition forces." That's approximately 40,000 wounded and more than 6,000 dead, grim numbers by any measure. (Both the Iraqi Ministry of Defense and the U.S. military refuse to divulge data on Iraqi wounded for "security reasons.") "I've lost many friends," says Atiya, a soft-spoken man with a thick black mustache and receding hairline. At the Cash, Iraqi and American soldiers receive the same state-of-the-art care until they're stabilized. But for the Iraqis, it's downhill from there. "The problem is what happens afterward," says the U.S. doctor. "The safety net is very low."

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Most of the Iraqi soldiers are first transferred to a hospital in central Baghdad that, by local standards, has decent equipment and well-trained doctors. Some Sunni troops are terrified of being absorbed into the public-healthcare system, which is run by officials with ties to the Shiite cleric Moqtada al-Sadr. All the Baghdad hospitals that receive Iraqi wounded have heavy security to guard against insurgents.

Under Saddam Hussein, an extensive infrastructure was put in place to deal with the casualties of the dictator's wars. Military hospitals were set up for long-term care and an Association of Veterans' Affairs helped the disabled and paid out pensions. Now one of the largest former military hospitals is used by squatters and the veterans' office doesn't deal with soldiers who signed up after 2003. A spokesman for the Ministry of Defense says that wounded soldiers are looked after well and continue to receive their salaries even if they can't return to the job. But anecdotal evidence suggests otherwise. Shakir Mohammed, a fair-haired 27-year-old soldier from Baghdad, received severe burns on the right side of his body from an IED attack in 2004. After treatment at the Cash, he says the Iraqi Army forgot about him. "When we left the hospital, no one asked about us anymore," he says. "All aid stopped at that time."

Mohammed still has nasty purplish scars on the right side of his body and says he's often in pain. He's also back on the job: with unemployment as high as 50 percent, the roughly $550 he receives each month is tough to beat. "There are no other jobs," says Mohammed. Swathed in bandages, Private Atiya looks down at his missing left leg and says he hopes the Guard can find him a posting in Najaf, his hometown. "I have no regrets," he says. "I want to serve."

With Baghdad bureau reports

Militant Iraqi Shiite Cleric Denounces Security Push (NYT)

By Damien Cave And Wisam A. Habeeb

The New York Times, February 26, 2007

BAGHDAD, Feb. 25 — Iraq's most powerful Shiite militant cleric publicly repudiated the new Baghdad security plan for the first time on Sunday, according to a statement distributed by his aides that said the push to quell violence was doomed to fail as long as it was directed by the American military.

The cleric, Moktada al-Sadr, controls the Mahdi Army, the largest Shiite militia in Iraq, and without his support for the stepped-up security effort, the prospects for continued sectarian violence and a direct conflict with American troops could increase.

His precise whereabouts have remained unknown since Prime Minister Nuri Kamal al-Maliki announced the start of the plan two weeks ago. Until now Mr. Sadr seemed to cooperate, allowing his most unruly commanders to be arrested and ordering his organization to focus on political rather than military resistance.

It was unclear why he would turn against the joint American-Iraqi plan, but many of his followers have been losing patience with the failure of the security push to eliminate violence against Shiites. On Sunday, that violence included a suicide bombing by a woman that killed 40 people at an elite Baghdad university attended mainly by Shiite students.

"There is no good that comes from a security plan controlled by our enemies, the occupiers," the statement said. "If you stay away from them, God will protect you from horror and harm. Make sure your plans are purely Iraqi and not sectarian."

The statement attributed to Mr. Sadr was read to a crowd of several hundred supporters in Baghdad's largest Shiite neighborhood by a top aide to his organization. The statement, which did not call on supporters to resist the plan but reiterated his longstanding demands for an immediate American withdrawal, is likely to put more pressure on Prime Minister Maliki, who recently called the security plan a "dazzling success."

In fact, since the plan started, violence in the capital has seemed to abate only marginally, with some days of relative calm and others pocked with violence that begins at dawn and continues until dark.

The Americans have repeatedly asked for patience and have emphasized that the plan's results will only become evident after several months.

On Sunday, Lt. Col. Scott R. Bleichwehl, an American military spokesman, said the denunciation by Mr. Sadr — who controls 30 seats in Parliament that the prime minister relies on for power — would not deter the security push. He said Iraqis supported the effort.

"The coalition is committed to working together with our Iraqi partners to reduce the violence and help protect the population," he said. "All of our operations are being done with the full cooperation with the Baghdad operational command and the duly elected Iraqi government."

The bombing on Sunday at Mustansiriya University's college of economy and administration wounded at least 55 people, most of them students, many of them women. Most suicide attacks in Iraq have been conducted by men, but since the first woman exploded herself at an army recruiting station near the Syrian border in September 2005, a handful of other women have carried out attacks.

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The suicide bomber at Mustansiriya arrived at the busiest time of day, at about 12:40 p.m., minutes before the start of afternoon exams. Officials said she approached the campus through a middle pathway, between separate canopied entrances for men and women. When guards saw her trying to enter, they questioned her, and she moved quickly toward the building, the officials said.

The blast shattered glass all the way through the surrounding academic buildings, from front to back. An hour and a half later, the walkway where the explosion occurred was covered with blood, body parts, skirts, veils, blood-stained textbooks and steel ball bearings.

Inside the main room of the security building closest to the blast, where women are checked before being allowed in, a pool of water red with blood rippled at the doorway.

After the attack, about 10 American Humvees, along with Iraqi Army vehicles, were deployed at the site. Iraqi police officers patrolled the scene after hearing reports that a second suicide bomber might be on the way.

In a campus courtyard about 25 yards from where the explosion hit, students and neighbors dug small holes around a flower bed so they could bury some of what was left at the scene.

Hussain Ali al-Mousawi, a middle-aged blacksmith who said he lived across the street from the university, collected body parts on a notebook, placing severed fingers, pieces of skull and flesh on pages covered with student notes.

He said he had been carrying bodies, and the sleeves of his striped cotton shirt were soaked bright red.

He walked over to the holes and placed clothing, flesh and debris into the ground. Stunned Iraqi policemen stared. All around him, students crouched or sat on the ground crying.

At one point, a group of young men pulled away a wailing first-year accounting student who could not bear to leave. His arms resting on the shoulders of two friends, he shouted through tears; “I don’t want to go home, I don’t want to go home. I want to die here! I want to die here where my friends have died! How can I come back tomorrow without them?”

Mr. Mousawi continued his work. He showed a reporter the remains he sought to bury. “I don’t know what they’ve done to deserve this,” he said. “What have they done wrong?”

Many of the surviving students expressed defiance. Falah Hasan, 35, a third-year management student standing nearby blamed Syria, Saudi Arabia and other countries for sowing destruction in his country. He said that Iraqis would not give up.

“We are burying here the minds of our society,” he said, pointing to the ad hoc graves being filled by Mr. Mousawi, the blacksmith. “We are planting them anew. How many of our great minds have they killed? They are targeting the students who are carrying pencils — our dirty neighbors.”

“We shall reconstruct the great Iraqi mind from the beginning. This land will produce more minds than ever.”

The attack Sunday was the second recent assault at a branch of the university. Two car bombs and a suicide bomber killed at least 70 people at a nearby campus on Jan. 16.

Other colleges throughout Iraq have been made targets in the past year, reflecting what is widely viewed as an attempt by Sunni extremist groups like Al Qaeda to drive out Iraq’s middle class, the secular and the educated.

Also on Sunday, a car bomb struck near the Iranian Embassy in central Baghdad, killing one person and wounding four. Several mortars landed in Abu Dshir in southern Baghdad, and another car bomb in central Baghdad wounded four.

Bomber Targets Baghdad College; At Least 39 Students, 9 Guards Die (WP)

By Ernesto Londono

The Washington Post, February 26, 2007

BAGHDAD, Feb. 25 -- A suicide bomber detonated a belt of explosives Sunday afternoon at a university in Baghdad, killing dozens of students, in the second large-scale attack on a college campus in the capital this year.

At least 39 students and nine guards were killed in the blast at the college of administration and economics of Mustansiriya University in northwestern Baghdad, according to Fadil al-Amiri, the school's administrative dean.

Last month, at least 70 people were killed in a bombing at the university's main campus.

"The students were coming very happy, very enthusiastic, anxious to take their exam," the dean said in a telephone interview. "It is catastrophic. They're like ripe flowers, just starting their lives."

The attack was one of the deadliest in the capital since stepped-up security measures in the capital officially took effect on Feb. 14. U.S. and Iraqi officials have taken measures to limit vehicle access to markets, government buildings and other sites frequently targeted by insurgents using car bombs. But the officials have expressed concern about the difficulty of intercepting suicide bombers with explosives strapped to their bodies.

Universities in Baghdad have remained open despite a string of threats, attacks and kidnappings targeting students and professors. Amiri said he spent the afternoon visiting injured students at hospitals.

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"I knew these people," he said. "They considered me their guide. They are preventing people from coming to study in order to disable the education system."

Hours after the bombing, a statement attributed to radical Shiite cleric Moqtada al-Sadr criticized the security plan. The statement, issued in the holy city of Najaf, said that "bombs continue to explode" under a plan "controlled by the occupiers," a reference to the United States.

The statement expressed support for Iraq's security forces and called for reconciliation between Sunnis and Shiites. Sadr, the leader of the Mahdi Army, a powerful Shiite militia, is widely seen as a wild card in the success of the security plan.

"You are capable of protecting Iraq and its people with your faith, your sacrifice, your patience, your unity and your love, and not by the occupier and his tanks and planes," the statement said. "The security plan will not be good if it is controlled and ruled by our enemies, the occupiers."

Also Sunday, a spokesman for Iraq's Oil Ministry said a draft of the country's much-anticipated oil law still faces a potentially lengthy legislative review process. Kurdish officials announced Saturday that they had endorsed the draft bill, which still must be considered by a committee headed by the prime minister's office, said Assem Jihad, the Oil Ministry spokesman.

Fouad Hussein, a spokesman for the Kurdish regional government, said Sunday that Kurdish officials -- key participants in negotiations on the law -- conveyed their endorsement of the draft in a letter sent to Prime Minister Nouri al-Maliki. He said Kurdish officials asked that national oil policy rely on two separate bills: one that focuses on the industry and another that sets rules for distributing oil revenue.

"The two laws must go together to the parliament," he said.

Maliki had promised that the law would be passed by the end of 2006.

U.S. officials, who have pressured Iraqi officials to enact the law, expressed support for the agreement. "Any movement toward agreement is welcome," said John C. Roberts, a spokesman for the U.S. Embassy in Baghdad. "Given the complexities of the full range of oil and gas issues, as well as the financial ramifications and the technical issues that need to be addressed as Iraq modernizes its energy sector, good progress has been made already."

Also Sunday, Iraqi President Jalal Talabani was flown to the Jordanian capital to undergo medical treatment, according to a statement issued by his office. His aides said he had traveled to Amman for a round of checkups after becoming sick "due to the exhausting continuous work during the past few days."

Special correspondents Naseer Mehdawi, Naseer Nouri and Yasmin Mousa contributed to this report.

Suicide Blast Kills Dozens At University In Baghdad (LAT)

By Tina Susman

The Los Angeles Times, February 26, 2007

A suicide bomber pushed past guards at a crowded college campus Sunday and set off a thunderous blast that killed at least 40 Iraqis, most of them female students waiting in line to enter classrooms for midterm exams.

The attack was the second in recent weeks to target the mainly Shiite Muslim Mustansiriya University.

Even as rescue workers mopped up blood from the college grounds, the Iraqi government insisted that the U.S.-Iraqi security plan launched nearly two weeks ago was succeeding.

But radical Shiite cleric Muqtada Sadr, whose followers virtually control the campus, denounced the plan as a failure and said Iraqi government troops and police should take charge of security and that "invaders," a reference to U.S. troops, should leave.

Sadr's comments suggested that he is fed up with the plan, which aims to put thousands more U.S. and Iraqi troops on Baghdad's streets. The anti-American firebrand had agreed to cooperate with Prime Minister Nouri Maliki by drawing down his militia forces, and the result may have been evident in the decreased number of Sunni victims of Shiite death squads found along Baghdad's streets in recent weeks.

No group immediately claimed responsibility for the attack, but it was similar to others on mainly Shiite targets, such as crowded markets, which have appeared designed by Sunni insurgents to inflict maximum suffering.

Mustansiriya University's main campus and its satellite colleges are sandwiched between Shiite-dominated Sadr City and a mainly Sunni area. Students say Sadr's Al Mahdi militia virtually controls the university, enforcing conservative dress codes for women and canceling classes to honor Shiite martyrs.

The militia's presence has made Mustansiriya a sectarian battleground. On Jan. 16, at least 70 students were killed when two car bombs exploded almost simultaneously on the university's main campus, about a mile and a half from the College of Business Administration and Economics, where Sunday's attack took place.

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The bomber, identified as a woman, struck at an especially busy time Sunday at the college gate. Two lines, one for female students and one for male students, had formed as students waited to be checked by guards, who patted them down, looked inside their bags and confiscated cellphones and other items that could hide explosives.

As they were being allowed in for 1 p.m. midterms, other students who had sat for morning exams were filtering out or milling in the campus courtyard comparing notes.

One person resisted being searched. The guards became agitated.

Luay Sadek, a business management student who is a Shiite, heard yelling near the gate and moved closer to see what was happening. As he did, the bomb detonated, sending shrapnel and flames across the campus. Sadek saw a wall of fire and the bodies of guards and classmates flying into the air. "Those are the same people I talk to every day," said Sadek, who woke up in Imam Ali Hospital after having lost consciousness.

The words of the wounded underscored the despair and bewilderment of both Sunni and Shiite students as their attempts to do something as routine as take midterms were upended by sectarian and ideological extremism.

"The last thing I expected was that students would be attacked, especially because we are in the middle of a residential area," said Saad Abdalla, a Sunni economics student, who suffered burns and shrapnel wounds to his head. "We felt safe, especially after the application of the new security plan."

Evidence of the blast's ferocity could even be found in tree branches, where a woman's scarf fluttered in the afternoon breeze. Some victims' body parts landed in nearby shops. Sobbing survivors clung to one another and used their clothing to mop up blood in the courtyard, which was littered with shredded notebooks and shoes. At least 55 people were wounded.

"What was really painful to me is seeing the female students' bodies torn apart and thrown here and there," said Ismaeel Ubaidi, who owns a small market about 300 feet from the campus gate. Ubaidi said students had been clustered in small groups when the "indescribable detonation" shattered the calm.

Most of the victims were young women because the female students' line was far longer than the men's, said student Muaataz Jawad, explaining that it had taken longer to check the women because of their purses.

"There were bodies scattered in pools of blood near the gate," said Jawad, a Shiite accounting major who just 10 minutes before the blast had been joking with guards at the gate. After the bombing, Jawad rushed to check on them, but they had died, their bodies so mutilated he could barely recognize them.

"I saw female students weeping and wailing for the friends they lost and male students who cried harder. This is the first time I see men cry like this," he said. "I prayed to God that either he lift this ordeal or take my soul. It was really painful seeing all this chaos."

Iraqi police confirmed witness accounts that the bomber was a woman.

Despite two consecutive days of bloodshed — a bomb in a village west of Baghdad on Saturday killed at least 37 Iraqis — the Iraqi government insisted that the security plan was working, albeit gradually.

"We have got a reduction in violence. And we have got a huge, considerable reduction in the execution-style killings," Iraq's national security advisor, Mowaffak Rubaie, said on CNN. Rubaie was referring to the daily count of bullet-riddled corpses picked up in and around Baghdad, most of them victims of Shiite death squads.

Since the security plan officially began Feb. 13 with the introduction of new checkpoints and thousands more Iraqi and U.S. troops, the number of sectarian executions has averaged less than 20 a day, according to an analysis of morgue and police statistics compiled by The Times. In the weeks before the plan took effect, the average was often more than 30. Police in Baghdad said they found 15 bodies Sunday.

In the northern city of Mosul, however, police said 24 bodies had been found Sunday, a sign of the difficulties security forces are likely to face elsewhere as they concentrate on pacifying Baghdad. Two more bodies, both beheaded, were found in the northern city of Kirkuk.

Rubaie, repeating what U.S. and Iraqi officials have said since the plan was launched, said, "We should look into this plan in terms of months.

"Probably we will see a tangible success or measurable success by Easter time."

But Sadr, in a statement read by an associate, rejected any idea of the plan succeeding and said foreign forces had turned Iraq into "a core for terror."

Sadr's whereabouts remain a mystery. U.S. officials say he fled to Iran before the security plan was launched, but Sadr's associates say he is in Iraq. The cleric has not appeared in public in weeks.

The university bombing came amid a string of smaller attacks across Iraq. Mortar fire and car bombings killed at least three civilians in Baghdad, and a roadside bomb in Kirkuk killed one person.

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Also Sunday, the Iraqi government announced that President Jalal Talabani had been flown to Jordan after falling ill with "malaise" as a result of overwork. A brief statement from Talabani's office said that doctors had recommended additional tests but that there was no cause for concern.

U.S. officials said the military had killed two suspected terrorists and captured a senior Al Qaeda leader on Sunday during a raid in Mosul. Five other suspected insurgents were also detained in the raid, the military said in a statement.

Fifteen other suspected insurgents were killed during a recent three-day operation in Salman Pak, a volatile area southeast of Baghdad.

Suicide Bomber Strikes Baghdad College; Cleric Condemns U.S-Iraqi Security Sweep (USAT/AP)

USA Today, February 26, 2007

BAGHDAD (AP) — A suicide bomber triggered a ball bearing-packed charge Sunday, killing at least 41 people at a mostly Shiite college whose main gate was left littered with blood-soaked student notebooks and papers amid the bodies.

Witnesses said a woman carried out the attack at the business school annex to Mustansiriyah University, but Interior Ministry officials said it was investigating the reports. The school's main campus was hit by a string of bombings last month that killed 70 people.

VIDEO: String of attacks rock Baghdad

The attack came as a powerful Shiite militia leader bitterly complained that "car bombs continue to explode" despite an ongoing security crackdown in Baghdad and suggested he was rethinking his cooperation.

The statement issued in the name of the radical cleric Muqtada al-Sadr put increased strains on the U.S.-Iraqi security sweeps — aimed at restoring order in the capital. The cleric said any crackdown that includes American soldiers was doomed to failure.

Al-Sadr's Mahdi Army militia pulled its fighters off the streets under intense government pressure to let the 12-day-old security plan proceed. But a relentless wave of Sunni attacks — six alone in the Baghdad area Sunday — has apparently tested al-Sadr's patience as well as many ordinary Shiites.

A return to the streets by the Mahdi Army forces could effectively block the security effort and raise the chances of Baghdad falling into sectarian street battles — the apparent aim of Sunni extremists seeking any way to destroy the U.S.-backed government.

"Here we are, watching car bombs continue to explode to harvest thousands of innocent lives from our beloved people in the middle of a security plan controlled by an occupier," said a statement read by an al-Sadr aide in Baghdad.

Al-Sadr — who has not appeared in public in more than a month — is no friend of Washington and his forces fought fierce battles with U.S. troops in 2004. But he has largely cooperated in the Iraqi political process to avoid strains with Prime Minister Nouri al-Maliki and the Shiite leadership.

The statement, however, was highly critical of the U.S. role in the security plan and urged leaders to "make your own Iraqi (security) plans." He said "no security plan will work" with direct U.S. involvement.

The statement — read to hundreds of cheering supporters — was the first public word from the al-Sadr since U.S. assertions earlier this month that he fled to neighboring Iran to avoid arrest. Al-Sadr's aides and other loyalists insist he never left Iraq.

The political situation in Iraq was further thrown into question after President Jalal Talabani, a 73-year-old Kurd, was taken to Jordan for medical tests after feeling ill, his office said. It added there was "no cause for worry," but gave no other details.

Shiite anger at the United States is running high since American soldiers on Friday detained the son of the most powerful Shiite political leader for nearly 12 hours after he crossed from Iran. U.S. officials claim Shiite groups, including the Mahdi Army, receive weapons and aid from Iran. Iran denies the charges.

"To my Shiite and Sunni brothers, I say, 'Let us scorn sectarianism and hoist the banner of unity,'" said the statement from al-Sadr, whose militia is blamed for frequent execution-style slayings of Sunni rivals.

Since the security crackdown began, the number of bodies thought to be victims of Shiite death squads has gone down dramatically in Baghdad, but there has been no respite from violence blamed on Sunni insurgents.

Besides the college blast, at least 18 people were killed — mostly in Shiite districts — in bombings and rocket attacks in the Baghdad area.

Security guards at the Mustansiriyah University annex scuffled with the bomber before the blast, witnesses said. Most of the victims were students, including at least 46 injured, said police

If the bomber is found to be woman it would unusual — but not unprecedented — in Iraq's chaos. The main campus at Mustansiriyah, about 1½ miles away, was the target of twin car bombs and a suicide blast last month that killed 70 people.

The students at the business college were returning to midterm exams after the Iraqi weekend.

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A 22-year-old student, Muhanad Nasir, said he saw a commotion at the gate. "Then there was an explosion. I did not feel anything for 15 minutes and when I returned to consciousness, I found myself in the hospital," said Nasir, wounded in the head and chest.

The blast flung blood-soaked notebooks and backpacks among the lifeless bodies and wounded. Cement walls were pockmarked by the hail of ball bearings. Parents rushed to the site and some collapsed in tears after learning their children were killed or injured. Students used rags and towels to try to mop up the blood.

The school is located in a mostly Shiite district of northeast Baghdad, but does not limit enrollment to that group.

In the northern city of Mosul, U.S. troops killed two gunmen in a raid and captured a suspected local leader of the insurgent group al-Qaeda in Iraq, the military said. Additional details were no immediately available.

Iraq's Interior Ministry, meanwhile, raised the toll from a suicide truck bombing in the violence-wracked Anbar province on Saturday to 52 dead and 74 injured.

The attack on worshippers leaving a mosque in Habbaniyah, about 50 miles west of Baghdad, was believed linked to escalating internal Sunni battles between insurgents and those who oppose them.

"This cowardly act of violence underscores that the terrorists are the enemies of all Iraqis, regardless of sect," the U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement. "They want Iraq to fail. Now is the time for the Iraqis to come together against these terrorists."

Al-Sadr Calls Crackdown A Failure After College Bombing (AP)

By Sinan Salaheddin, ASSOCIATED PRESS

AP, February 26, 2007

BAGHDAD -- A suicide attacker struck outside a college campus, killing at least 41 persons and prompting the leader of Iraq's biggest Shi'ite militia to complain that a U.S.-led security crackdown has failed to protect Iraqis.

Many Shi'ites think bombings have continued because the Shi'ite-led government bowed to American pressure and persuaded the radical cleric Sheik Muqtada al-Sadr to take his Mahdi's Army fighters off the streets.

Sheik al-Sadr's statement, read to his followers in Sadr City, is likely to add pressure on U.S. and Iraqi forces to show results in the nearly two-week-old crackdown.

"I'm certain, just like all oppressed Iraqis are certain, that no security plan will work, and no good will come of any occupier," Sheik al-Sadr said in the statement.

"Here we are, watching booby-trapped cars exploding to harvest thousands of innocent lives from our beloved people in the middle of a security plan that is controlled by an occupier who does as he pleases."

U.S. and Iraqi leaders have urged the public to be patient, warning that it will take months before the security operation shows results. President Bush has ordered 21,500 more U.S. troops to Baghdad and surrounding areas, although the last units are not due until May.

Sheik al-Sadr urged Iraq's mostly Shi'ite security forces to "make your own Iraqi plans independent of the Americans."

Most of the victims of yesterday's bombing were students at the college, a business-studies annex of Mustansiriyah University that was hit by a series of deadly explosions last month. At least 46 persons were injured in yesterday's blast.

The attacker detonated a bomb-rigged suicide belt near the main entrance to the college, where students were resuming midterm exams after the two-day weekend in Iraq. Police said that guards confronted the bomber as he tried to enter the college grounds.

A 22-year-old student, Muhanad Nasir, said he saw a commotion at the gate. "Then there was an explosion. I did not feel anything for 15 minutes and when I returned to consciousness, I found myself in the hospital," said Mr. Nasir, who was wounded in his head and chest.

The blast left cement walls pockmarked by shrapnel and twisted parts of the metal gate and turnstile. Parents rushed to the site and some collapsed in tears after learning their children were killed or injured. Students used rags and towels to try to mop up the blood.

The school is in a mostly Shi'ite district of northeast Baghdad, but it does not limit its enrollment to that group. The main campus of Mustansiriyah University, about 1? miles away, was the target of twin car bombs and a suicide blast last month that killed 70 persons.

Earlier, two Katyusha rockets hit a Shi'ite enclave in southern Baghdad, killing at least 10, and a bomb near the fortified Green Zone claimed two lives, police said.

The Green Zone houses the U.S. and British embassies and key Iraqi government offices. The blast was about 100 yards from the Iranian Embassy, but authorities did not think it was targeting the compound.

A separate car bombing in a Shi'ite district in central Baghdad killed at least one person and injured four, police said.

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In the northern city of Mosul, U.S. troops killed two gunmen in a raid and captured a suspected local leader of the insurgent group al Qaeda in Iraq, the military said. Additional details were not immediately available.

Iraq's Interior Ministry, meanwhile, raised the toll from a suicide truck bombing in the violence-wracked Anbar province on Saturday to 52 dead and 74 injured.

The attack on worshippers leaving a mosque in Habbaniyah, about 50 miles west of Baghdad, was thought to be linked to escalating internal Sunni battles between insurgents and those who oppose them.

U.S. military envoys and pro-government leaders have worked hard to sway clan chiefs and other influential Anbar figures to turn against the militants, who include foreigners fighting under the banner of al Qaeda in Iraq. The extremists have fought back with targeted killings and bombings against fellow Sunnis.

Al-Sadr Won't Back Security Operation, Statement Says (USAT)

USA Today, February 26, 2007

BAGHDAD — According to a statement attributed to Muqtada al-Sadr, the radical Iraqi Shiite cleric has withdrawn support for a security crackdown in Baghdad.

The statement came Sunday, hours after a suicide bomber wearing a vest packed with explosives killed 41 at a college.

The security operation will not work because U.S. forces are involved, according to the statement, which was read by Shiite cleric Abdulzahra al-Suweidi.

"There is no benefit in this security plan because it is controlled by the occupiers," al-Suweidi read in front of throngs of chanting supporters in al-Sadr's stronghold of Sadr City. The United States "is watching car bombs explode, taking the souls of thousands of innocent Iraqi people."

Al-Sadr has not been seen in public for more than a month. The cleric led his Mahdi Army militia in two uprisings against U.S. forces in 2004. His militia has avoided confrontation with U.S. forces this time. There was no indication in the statement that this position would change.

Shiite Prime Minister Nouri al-Maliki expressed optimism Saturday about the U.S.-backed offensive, which is an attempt to stave off a full-out civil war in Iraq.

At least 41 people were killed when a suicide bomber triggered a ball-bearing-packed charge at the Baghdad Economy and Administration College. At least 46 were wounded. Most of the victims were students.

A string of car bombings and rockets also hit Baghdad on Sunday as U.S. and Iraqi security forces stepped up efforts to stamp out Sunni-Shiite sectarian bloodshed.

In other news:

·Iraqi national security adviser Mouwafak al-Rubaie told CNN that Iranians had stopped training and providing weapons to Iraqi Shiite militants to give the security plan a chance to work.

"They have changed their position and stopped a lot of their tactics and interference in Iraq's internal affairs," al-Rubaie said Sunday. It was unclear whether he was referring to Iran's government or other Iranians.

·Iraqi President Jalal Talabani arrived in Jordan late Sunday for a medical checkup after he became ill and was rushed unconscious to a hospital, Iraqi Ambassador Saad al-Hayyani said.

Talabani's son Qubad said his father suffered from exhaustion.

"He did not have a heart attack" or a stroke, he told CNN. Qubad Talabani said his father "made his own way off the plane" when he landed in Jordan.

·Thousands of Shiites protested Saturday in Baghdad after U.S. soldiers on Friday detained Amar al-Hakim, the son of Abdul Aziz al-Hakim, a Shiite political leader. The son was taken into custody after he crossed from Iran.

·A suicide truck bombing in Anbar province killed 52 and injured 74 Saturday. The attack targeted worshipers leaving a Sunni mosque in Habaniyah, about 50 miles west of Baghdad.

"Now is the time for the Iraqis to come together against these terrorists," the U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement.

Woman Bomber Kills 41 At Baghdad College (AP)

By Brian Murphy,

AP, February 26, 2007

A female suicide bomber triggered a ball bearing-packed charge Sunday, killing at least 41 people at a mostly Shiite college whose main gate was left littered with blood-soaked student notebooks and papers amid the bodies.

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Witnesses said a woman carried out the attack at the business school annex to Mustansiriyah University. Interior Ministry officials said they were still investigating those reports. The school's main campus was hit by a string of bombings last month that killed 70 people.

The attack came as the powerful Shiite militia leader Muqtada al-Sadr said an ongoing security crackdown in Baghdad was doomed to fail because of U.S. involvement and suggested he was rethinking his cooperation. He bitterly complained that "car bombs continue to explode" in the capital despite the new security push.

The political situation in Iraq was further thrown into question after President Jalal Talabani, a 73-year-old Kurd, was taken to Jordan for medical tests after feeling ill. Talabani's son, Qubad Talabani, said his father was suffering from fatigue and exhaustion. "He did not have a heart attack" or a stroke, he told CNN.

The statement issued in the name of the radical cleric al-Sadr put increased strains on the U.S.-Iraqi security sweeps aimed at restoring order in the capital.

Al-Sadr's Mahdi Army militia pulled its fighters off the streets under intense government pressure to let the 12-day-old security plan proceed. But a relentless wave of Sunni attacks — six alone in the Baghdad area Sunday — has apparently tested the patience of al-Sadr as well as many ordinary Shiites.

A return to the streets by the Mahdi Army forces could effectively block the security effort and raise the chances of Baghdad falling into sectarian street battles — the apparent aim of Sunni extremists seeking any way to destroy the U.S.-backed government.

"Here we are, watching car bombs continue to explode to harvest thousands of innocent lives from our beloved people in the middle of a security plan controlled by an occupier," said a statement read to hundreds of cheering supporters by an al-Sadr aide in Baghdad.

The cleric was highly critical of the U.S. role and urged leaders to "make your own Iraqi (security) plans." He said "no security plan will work" with direct U.S. involvement.

Al-Sadr — who has not appeared in public in more than a month — is no friend of Washington and his forces fought fierce battles with U.S. troops in 2004. But he has largely cooperated in the Iraqi political process to avoid strains with Prime Minister Nouri al-Maliki and the Shiite leadership.

The statement was the first public word from al-Sadr since U.S. assertions earlier this month that he fled to neighboring Iran to avoid arrest. Al-Sadr's aides and other loyalists insist he never left Iraq.

Shiite anger at the United States is running high since American soldiers on Friday detained the son of the most powerful Shiite political leader for nearly 12 hours after he crossed from Iran. U.S. officials claim Shiite groups, including the Mahdi Army, receive weapons and aid from Iran. Iran denies the charges.

"To my Shiite and Sunni brothers, I say, `Let us scorn sectarianism and hoist the banner of unity,'" said the statement from al-Sadr, whose militia is blamed for frequent execution-style slayings of Sunni rivals.

Since the security crackdown began, the number of bodies thought to be victims of Shiite death squads has gone down dramatically in Baghdad, but there has been no respite from violence blamed on Sunni insurgents.

In other developments, Talabani's office said he had fallen ill due to "continuing hard work over the past few days."

A doctor said Talabani was being treated at the heart center at King Hussein Medical City in Amman because the facility has modern equipment, not necessarily because the president suffers from a heart ailment.

The president's son said he was "up and about" and able to communicate.

Under Iraq's constitution, the president serves as the country's titular head of state. The prime minister runs the government.

Besides the college blast, at least 18 people were killed — mostly in Shiite districts — in bombings and rocket attacks in the Baghdad area.

Security guards at the Mustansiriyah University annex scuffled with the bomber before the blast, witnesses said. Most of the victims were students, including at least 46 injured, said police

Suicide bombings by women are unusual but not unprecedented in Iraq's chaos. The main campus at Mustansiriyah, about 1 1/2 miles away, was the target of twin car bombs and a suicide blast last month that killed 70 people.

The students at the business college were returning to midterm exams after the Iraqi weekend.

A 22-year-old student, Muhanad Nasir, said he saw a commotion at the gate.

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The school is located in a mostly Shiite district of northeast Baghdad, but does not limit enrollment to that group.

In the northern city of Mosul, U.S. troops killed two gunmen in a raid and captured a suspected local leader of the insurgent group al-Qaida in Iraq, the military said. Additional details were not immediately available.

Iraq's Interior Ministry, meanwhile, raised the toll from a suicide truck bombing in the violence-wracked Anbar province on Saturday to 52 dead and 74 injured.

The attack on worshippers leaving a mosque in Habbaniyah, about 50 miles west of Baghdad, was believed linked to escalating internal Sunni battles between insurgents and those who oppose them.

"This cowardly act of violence underscores that the terrorists are the enemies of all Iraqis, regardless of sect," the U.S. ambassador to Iraq, Zalmay Khalilzad, said in a statement. "They want Iraq to fail. Now is the time for the Iraqis to come together against these terrorists."

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Associated Press writers Shafika Mattar in Amman, Jordan, and Yahya Barzanji in Sulaimaniyah, Iraq, contributed to this report.

Iraqi PM Blames Al-Qaeda For Sunni Mosque Attack (AFP)

AFP, February 26, 2007

Iraq's Prime Minister Nuri al-Maliki on Sunday blamed Al-Qaeda for a deadly bomb attack on a Sunni mosque, saying the blast proved that "terrorists" will attack anyone, regardless of their sect.

A suicide tanker bomb exploded outside a mosque in the western town of Habbaniyah on Saturday as worshippers were leaving, killing at least 40 people and wounding more than 60, a local medical official said.

"Al-Qaeda committed a new terrible massacre resulting in the deaths of dozens of civilians as they finished prayers at a mosque in Habbaniyah," Maliki said in a statement released by his office.

"They don't value holy prayer nor worshippers nor even a mosque," he added.

Habbaniyah is a small town in the so-called "Sunni triangle", lying 80 kilometres (50 miles) due west of Baghdad, where tribal chiefs have vowed to fight Al-Qaeda, a Sunni-led militant group.

Suicide bomb attacks on civilian targets have become a hallmark of Sunni extremist assaults on Iraq's Shiite majority, and it is relatively unusual for such a strike to target Sunni worshippers.

Maliki was at pains to stress that the attack should not be seen as sectarian in nature.

"(Al-Qaeda) is targetting all Iraqis without exception," he said. "They are using a cover of sectarianism to assassinate the people... and to increase sectarian strife in society."

"We strongly condemn this terrible crime which shows how low (Al-Qaeda) can sink," he said, urging people of Anbar province to back "the national effort by our security forces who are chasing the terrorists criminals."

New Iraqi Troops Fly Into Baghdad (AP)

By Kim Gamel,

AP, February 26, 2007

About 130 fresh Iraqi troops from the country's Kurdish north flew into Baghdad on Sunday to join the fight for the nation's capital — with the promise of a $200 bonus, nearly a month's pay.

The mostly Kurdish soldiers — the first to arrive from the northern city of Irbil — were greeted by Iraqi commanders as they filed off the gray C-130 troop transport. They wore camouflage, with machine guns or rocket-propelled grenade launchers slung over their shoulders. Many carried belongings in plastic bags.

The troops represented a fraction of the expected influx of some 8,000 Iraqi reinforcements from the north, the Shiite south and the insurgent stronghold of Anbar province west of Baghdad.

The drafting of troops from the north — most former Kurdish guerrillas who fought for decades against Saddam Hussein's regime — to participate in the security crackdown in the capital has raised concerns as many speak no Arabic and are unfamiliar with the territory and urban warfare.

Many Kurds also refused to leave their autonomous region to fight in far-off Baghdad.

But Lt. Gen. Ali Ghadan, Iraq's ground forces commander, said the Kurds and other troops coming from outside Baghdad had a powerful incentive. Each would receive a $200 bonus in addition to their regular salaries and would only be deployed for three months, then allowed to go home.

The minimum salary for Iraqi soldiers is nearly $300 per month, although some get food allowances, according to the Defense Ministry.

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Ghadan said the troops would get another bonus of the same amount if they signed on for another tour after their first deployment.

The bonuses underscore the eagerness of the Iraqi government to show it can rally sufficient forces to allow it to take the lead in the security sweep aimed at clearing the capital of Sunni insurgents and local Shiite militias who have killed thousands in rising violence between the two Islamic sects.

The inability of the Shiite-led government to deliver the promised number of Iraqi forces has been partly blamed for the failure of two previous security operations in Baghdad. President Bush has promised to send 21,500 more American troops to Iraq for the current effort.

Gen. Babaker Shawkat Zebari, the army chief of staff, stressed unity in the armed forces, addressing concerns the Kurdish troops might resent being called to Baghdad because they feel more loyalty to their homeland.

"Baghdad is a beautiful city that desperately needs your help," Zebari, himself a Kurd, said in Arabic after welcoming the troops in Kurdish. "If the terrorists are defeated here, all of Iraq will get back on its feet."

A brigade from Sulaimaniyah, also in the Kurdish north, has reached Baghdad, but it is only 1,000-men strong, not the expected 3,000.

Capt. Amir Wali, a 29-year-old former Kurdish guerrilla who has been integrated into the army, agreed. "I was glad to come here," he told reporters after the ceremony. "We came to defend Baghdad against terrorists."

The Iraqi troops were the first to be brought to the capital in an aircraft piloted by Iraqis, the military said, touting it as a sign the Iraqis are making strides toward taking over their own security.

"Instead of depending on the friendly forces to move such units, now the transportation is done by Iraqi planes. This is a historic event," Ghadan said.

Afghanistan: Taliban Preps For Bloody Assault (NSWK)

By Sami Yousafzai And Ron Moreau

Newsweek, February 26, 2007

There's no mistaking the thrill in Ghul Agha Akhund's voice. The Taliban field commander, speaking by mobile phone from his redoubt in Afghanistan's Helmand province, says the militants' covert network of couriers has brought him a vital message. It's a dark photocopy of a handwritten note, just seven lines to congratulate the group's fighting forces on "getting even with the infidel invaders" last year and to urge them to launch "a more intensive jihad" this year. But Ghul Agha views the scrap of paper as an almost sacred artifact: it bears the signature of the Taliban's Supreme Leader, Mullah Mohammed Omar. "This message from our leader is like tonic medicine," the chieftain says. "It makes us stronger."

In fact, he's doubly excited. This is the second communication he's gotten from Mullah Omar this year—after not one word since the U.S.-led 2001 invasion. (Although not all the information in this report can be independently verified, it came from sources who have proved reliable in the past, and the details are consistent with the established facts.) This January, Ghul Agha received an audiocassette of Mullah Omar praising the virtue of self-sacrifice. "Carry out your Islamic responsibilities as I carry out mine," the officer quotes the tape as saying. "Don't look for promotions or benefits. Just serve the jihad." The message electrified Ghul Agha. "For the last few years, we heard only rumors about Mullah Omar," he says. "Now we hear from him directly!" The commander and his men are energetically preparing to launch an offensive as soon as the snow melts; he hopes this year they will cut off the provincial capital.

Mullah Omar has emerged from the shadows, his field officers say, and with his inspiration they're planning a military push against U.S.-led forces like never before. NEWSWEEK has viewed a new recruiting video in which the Taliban's most notoriously cruel commander, the one-legged Mullah Dadullah Akhund, addresses an audience of some 400 men who are described as trained suicide bombers, ready to die on his order. "Our suicide bombers are countless," he says in a videotaped response to questions from NEWSWEEK. "Hundreds have already registered their names, and hundreds more are on the waiting list." Those claims, while impossible to verify, can't be discounted, either. In an interview that aired on Al-Jazeera last week, Dadullah claimed to have more than 6,000 armed guerrillas in underground hideouts and other staging areas, awaiting the moment to strike. "The attack is imminent," he told the Arabic TV channel.

Western forces are certainly bracing for one. Thousands of reinforcements have deployed to Afghanistan, bringing the Coalition's total armed strength to nearly 50,000, including 15,500 Americans in NATO's ranks and 11,000 others under direct U.S. command. NATO's chief spokes-man in Kabul, Col. Tom Collins, says his force intends to head off the militants' assault with pre-emptive attacks against Taliban strongholds and sanctuaries in Helmand and Uruzgan provinces. The Coalition, with its enormous superiority in firepower, sees no way the Taliban can capture and hold any significant target. "They may hold a small place for days," Collins allows, "but they'll get run out at a high cost." An estimated 3,000 Taliban fighters died in last year's engagements alone. But replacing those losses has been easy—thanks largely to the 47-year-old Mullah Omar.

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To Westerners his appeal all but defies explanation. He was always an unprepossessing figure, even during the late 1990s, when he and his followers ruled most of Afghanistan. He seldom gave speeches on the radio, let alone in public, and he traveled out of his home province, Kandahar, to visit Kabul only once. Those who have met him describe him as a seemingly humble—though intelligent—village preacher, shy, inarticulate and utterly lacking in charisma. His manner is awkward, even childlike at times. In the 1980s he enlisted in the fight against the Soviet occupation, which cost him his right eye in a 1989 rocket attack and kept him from completing his religious education. As a result he has always called himself a talib, a "seeker of knowledge"—and his followers became known as the Taliban.

The group's recruiters owe much of their continued success to his saintly reputation. To his followers, Omar stands in bold contrast to the corrupt thugs who have returned to control many parts of Afghanistan and to the foreign-influenced Kabul government. In 1994 Mullah Omar rose to prominence by organizing the Taliban as a vigilante force to fight warlords who had been kidnapping, raping and strong-arming the civilians of Kandahar ever since the Soviets left. While local leaders are nowhere near as rapacious as they once were, villagers complain of some of the same sleazy behavior—crime, corruption, immorality. Omar, by contrast, "looks at things in black and white. There is no middle ground for him," says Rahimullah Yusufzai, a Peshawar-based journalist and expert on the Taliban. "No one has ever found fault with his Islamic character," says Nek Mohammed, one of Omar's former aides.

The Supreme Leader probably never knew what his guest Osama bin Laden was planning in 2001. All the same, Omar rejected America's demand after September 11 that he hand over the Qaeda leader—even though that refusal led directly to the U.S. invasion. "That principled decision enhanced his position among his followers," says Yusufzai. "But to others it shows he's simply stupid and too rigid."

After the Taliban's fall, Omar effectively vanished. His whereabouts were a mystery to everyone including his three wives and nine children, who heard nothing from him even indirectly for a solid year, according to Zabibullah, a senior Taliban official. (Last year one of the wives finally rejoined Omar at his present hideout, Zabibullah says.) Still, Omar did not quit the jihad. As his men regrouped, he gradually emerged from hiding and in 2004 began traveling from camp to camp in remote Taliban-held areas, riding on the back of a motorbike to rally his old troops and recruit new ones. One of the reasons he was able to avoid capture was that few people aside from his close followers know his face. He has always refused to let anyone take his picture, citing Islamic strictures against creating idols. Photos identified as Mullah Omar have circulated in recent years, but the clearest shots proved to be hoaxes or cases of mistaken identity.

Only a few trusted assistants know where the fugitive leader is now. U.S. officials refuse to discuss what they know of his whereabouts and actions, beyond admitting that he's still in charge. "The hard-core Taliban leadership is Mullah Omar and his 27 to 30 subcommanders," says Collins. Afghan President Hamid Karzai has repeatedly charged that Omar is holed up in the Pakistan city of Quetta, protected by Pakistan's military spy agency, Inter-Services Intelligence. That claim was backed up (probably under duress) by Mohammad Hanafi, a reputed Taliban spokesman, after his capture by Afghan forces last month.

Pakistani President Pervez Musharraf denies the allegation, calling Karzai "ignorant" of what's happening inside Afghanistan. Taliban commanders and political operatives, who admit to frequently visiting Pakistan themselves, agree with Musharraf. "Baseless lies," Dadullah told NEWSWEEK. "He is not there [in Pakistan] in any city." Dadullah and others say they believe he's safely ensconced deep in the remote and rugged mountains of Uruzgan province, where he once lived.

Wherever he's hidden, Omar is closer than ever to many of his followers—not only to long-neglected fighters like Ghul Agha, but even to members of the Taliban's ruling council, the Shura. In the past, according to Mullah Rahman, the group's deputy commander in Zabul province, it could take six weeks for senior Taliban officials to send a message to the leader and get a reply. Now, thanks to the Taliban's military gains and growing network of messengers and mobile phones, the Shura can send Omar a question and get his answer within 24 hours. The leader communicates only via two top aides: former Defense minister Mullah Obaidullah and Mullah Barader, an old friend and one of the first mullahs to join the fledgling Taliban in 1994. Even those two do not see him face to face, instead passing messages by word of mouth, audiotape or handwritten notes. They relay Omar's directives and pep talks to the appropriate Shura members, who in turn disseminate them through the chain of command.

The Supreme Leader tends to focus on moral questions, leaving most military and financial matters to his deputies. His recent communiqués assert that Afghans have a duty under Islam to fight the foreign "invaders" and their "puppets" in Kabul because they will not leave Afghanistan "peacefully." At the same time, he urges his fighters to spare the lives of Afghans who have no part in the conflict. Last year's epidemic of suicide bombings killed more than two dozen foreign troops, but also killed and maimed hundreds of Afghan civilians. "Avoid operations that cause death and injury to innocent people," Omar said in a message marking the end of Ramadan this past December. "We are obliged to target only our enemy."

His word is law—or so his followers say. "No one can or dares to challenge Mullah Omar," says Zabibullah. Last year, for example, he dismissed his Ghazni province commander for "selfishness." And yet not every order is followed. Suicide bombings

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have continued to rock Kandahar. Dadullah says such attacks are no more than a prelude to bigger things soon to come. "With new war tactics, we possibly will get control of a provincial capital," he told NEWSWEEK. Commander Momin Ahmed, a heavy-set Taliban subcommander in Ghazni province, says provincial commanders have been promised detachments of 30 suicide bombers apiece from the batches of new recruits.

Most Coalition officers shrug at such threats. The militants suffered horrendous casualties last year while failing to stop the spread of NATO control into southern Afghanistan. In a single battle last September for the village of Panjwayi in Kandahar, the Taliban lost more than 500 men. At the same time, Afghan civilians are heartily fed up with all parties. They despise the Karzai government's weakness and corruption; they blame the Coalition for the collateral damage caused by its massive firepower; they don't want Mullah Omar's lightning-rod fighting forces anywhere near their homes. The guerrillas have little to no chance of ever regaining power though force of arms. What they do have in abundance is stubbornness—just like their leader, Mullah Omar. "We respect him even more than we did five years ago," says Ghul Agha. "He refuses to give up, no matter what the odds." That's not the message most Afghan civilians want to hear.

Iraq President Falls Ill, Flies To Amman (AP)

By Shafika Mattar

AP, February 26, 2007

AMMAN, Jordan (AP) - Iraqi President Jalal Talabani fell ill Sunday and was rushed unconscious to a hospital before being flown to neighboring Jordan for an immediate medical checkup, medical and government officials said.

A brief statement issued by Talabani's office said the 73-year-old president had fallen ill because of "continuing hard work over the past few days," but added there was "no cause for worry."

Iraq's ambassador to Jordan, Saad al-Hayyani, said Talabani had not suffered a stroke or a heart attack. He said he suffered from "general fatigue and exhaustion and he needs medical examination to determine what is causing that."

A doctor at Amman's King Hussein Medical City said Talabani would be admitted to the heart center at the facility. Several Arab leaders have been treated at the military hospital in the past, including the late Palestinian leader Yasser Arafat.

He said Talabani would be checked into the heart center because the facility has sophisticated and modern equipment to check the president's condition, not because he necessarily suffers from a heart ailment.

"It appears that his medical condition is not worrisome" because he is not being flown in by a helicopter or transported in an ambulance, the doctor said on condition of anonymity because he is not authorized to speak to the media. "He is being driven by a car from Amman airport to the hospital, escorted by his private physician."

A doctor in Sulaimaniyah, Talabani's hometown, told The Associated Press that the president was unconscious when an ambulance rushed him to a hospital there earlier Sunday.

"After his condition stabilized, the doctors advised him to go to Jordan for a complete check up," the doctor said on condition of anonymity because he was not authorized to release the information.

Talabani, a Kurd, appeared in public Saturday in Sulaimaniyah where he met with U.S. Ambassador Zalmay Khalilzad and Massoud Barzani, leader of the self-ruled Kurdish region in northern Iraq.

Senior Kurdish politician Barham Saleh said Talabani was on his feet when he headed for a meeting Sunday with top aides shortly before he left for Jordan. Saleh, a deputy prime minister, said members of Talabani's immediate family accompanied him to Amman.

An official at Talabani's Patriotic Union of Kurdistan party said the president has a long history of fainting when he is exhausted - a condition dating back to his years as a Kurdish guerrilla leader fighting Saddam Hussein's regime decades ago.

The official also spoke on condition of anonymity because of the sensitivity of the subject.

Baghdad Plan Has Elusive Targets (WP)

By Joshua Partlow

The Washington Post, February 26, 2007

BAGHDAD -- The engineer stood aside as Iraqi and American soldiers rifled through his daughter's wardrobe and peered under her bed. He did not mind when they confiscated the second clip for his AK-47, because he knew it could be easily replaced. He demurred when asked about insurgent activity in the neighborhood, afraid to be stamped an informant and driven from his home of 14 years. Face to face with the Baghdad security plan, it seemed to him a bit absurd.

"Obviously, the soldiers lack the necessary information about where to look and who to look for," said the government engineer, who declined to give his name in an interview during a sweep through his western Baghdad neighborhood last Monday. "There are too many houses and too many hide-outs."

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American military commanders in Iraq describe the security plan they began implementing in mid-February as a rising tide: a gradual influx of thousands of U.S. and Iraqi troops whose extended presence in the city's violent neighborhoods will drown the militants' ability to stage bombings and sectarian killings. The first brigade of 2,700 American reinforcements is patrolling the capital, bringing the total U.S. troop presence in Baghdad to 40,000, and members of three additional Iraqi military brigades have entered the city, though not at full strength. Soldiers have opened 14 of the estimated 30 joint policing stations they will operate in the capital.

But U.S. troops, Iraqi soldiers and officials, and Baghdad residents say the plan is hampered because security forces cannot identify, let alone apprehend, the elusive perpetrators of the violence. Shiite militiamen in the capital say they are keeping a low profile to wait out the security plan. U.S. commanders have noted increased insurgent violence in the Sunni-dominated belt around Baghdad and are concerned that fighters are shifting their focus outside the city.

Military patrols frequently push into neighborhoods where they have been shot at or struck with improvised explosive devices, or IEDs, only to find no one to arrest.

"I don't know who I'm fighting most of the time," said Staff Sgt. Joseph Lopez, 39, a soldier based in the northern outskirts of the capital. "I don't know who is setting what IED."

Many people in Baghdad express deep reservations about the Iraqi security forces' ability and desire to battle their fellow citizens. U.S. soldiers say their Iraqi counterparts are swayed more by the anti-American speeches of Shiite cleric Moqtada al-Sadr than by the public appeals of Prime Minister Nouri al-Maliki for even-handed enforcement.

On the streets of the capital, it is impossible to miss the increased military presence. Iraqi police pickups speed down the avenues, sirens wailing, as masked officers fire machine guns to clear their path. Iraqi army soldiers and policemen stand sentry at checkpoint after checkpoint, but more often than not allow cars to pass through without inspection.

"They're just standing and waving at the cars," said Sgt. Haider Hasim, 20, a member of the Iraqi National Guard's 1st Brigade, 2nd Regiment of the 6th Division, who patrols the western Baghdad neighborhood of Amiriyah. "They won't take weapons from their friends."

Commandos and policemen from the predominantly Shiite Interior Ministry have little desire to raid or arrest members of their own sect or residents from their home neighborhoods, said Hasim, whose father is Sunni and mother is Shiite. From what he has seen, the Iraqi soldiers brought in for the security plan are accomplishing little.

"They're doing nothing, they're just sleeping at the camps," he said. "We do not go out if the Americans are not with us."

For the Americans, the security plan depends heavily on pushing along the Iraqi security forces. The so-called joint security stations envisioned under the plan are intended not only to generate intelligence about insurgents and militias but also to bring together Iraqi military and police personnel, who often fail to communicate, as well as U.S. troops. The stations will be scattered throughout the city's 10 newly designated security districts. The plan originally divided the city into nine sectors, but one was split in two.

Lt. Col. Christopher C. Garver, a U.S. military spokesman, said that although part of the stations' function is to encourage Iraqis to visit, their locations would not be disclosed because of concern within the Iraqi government that such information would facilitate attacks.

Under the security plan, the Iraqi government has granted itself broad powers to impose martial law. Lt. Gen. Abboud Gambar, the Iraqi commander of the effort, said in a speech last week that the government could hold and search individuals "whenever deemed fit." The government can disperse any public gatherings, inspect any public or private property, and "search, control, and seize all parcel post, mail, telegraphs, communication devices as needed," Gambar said.

To prevent car bomb attacks in Baghdad, the U.S. military has adopted a "city manager" approach, looking at "where all the different marketplaces were, the ingress-egress routes, the side roads, the traffic pattern flows," Maj. Gen. William B. Caldwell told reporters in a briefing last week. But he also acknowledged that as security forces focus on threats from vehicles, insurgents have been shifting tactics, increasingly deploying suicide bombers wearing explosive vests.

Some of the 21,500 additional troops President Bush is sending to Iraq have arrived. Top U.S. commanders are considering sending at least one of the five new brigades to the outskirts of the city and another to Diyala province, which this month has become increasingly deadly for U.S. soldiers.

"This is the very start, and it's too early to make any determinations at all on whether it's working, not working, what effect it's had," said a senior U.S. defense official in Baghdad who spoke on condition of anonymity. "We just don't have all the forces on the ground yet. People are looking for this big D-Day event and it's not going to happen."

Two days after the plan's official start on Feb. 14, Maliki, the prime minister, hailed its "fabulous success." Two days later, a double car bomb attack along a commercial strip in New Baghdad killed more than 60 people. A week after the plan's launch, a truck bomb rigged with tanks of chlorine gas blew up in southern Baghdad, killing seven people. It was among at least three

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attacks that involved chlorine gas in the past month. U.S. officials warned that it was a new insurgent tactic designed to sow panic and incite further sectarian violence.

At the end of the first week of the security crackdown, Caldwell announced, without providing statistics, a "very significant" decrease in such sectarian violence, while cautioning that it was premature to judge the plan's success.

Death tolls in February provided by an official at the Baghdad morgue, who is not authorized to speak publicly, appear to support Caldwell's statement. The official said that from Feb. 1 to Feb. 13, the bodies of 806 people who died as a result of violence were brought to the morgue, including 211 unidentified bodies, many of them bound, shot and showing signs of torture. Over the next nine days, 244 bodies were brought in, among them 58 unidentified corpses.

But there is still a bunker mentality among residents of the capital, who are afraid to venture out for any but the most necessary errands. The owner of a deserted fabric shop in Baghdad's Zayuna neighborhood, Manaf Ali, said his children continue to attend school only once a week because he is afraid for their lives. A goldsmith working next door at al-Faiq shopping center, Haider Mohammed, 31, sleeps on the floor of an unfurnished apartment close to his shop rather than travel to work from his embattled Sunni neighborhood of Adhamiyah. Both men carry guns.

"How can we notice any change in the streets? We are just like chickens, staying in our cages," Mohammed said. "I am a goldsmith. What am I doing carrying a gun?"

To Ali, 41, there are only small signs of increased order. He welcomes the presence of more soldiers on the streets, and sees fewer Shiite militiamen. "Thank God now the mass abductions and the militias seem to be slowing down, and we are only left with the suicide bombs and car bombs," he said.

Along Palestine Street, a once vibrant commercial district, shop owners were relieved not by the greater military presence, but by the absence of Mahdi Army militiamen from neighboring Sadr City, the impoverished Shiite district and militia stronghold. The owner of a photography studio, a Sunni, pulled from his wallet a receipt for the "tax" that militiamen extract from merchants for their protection. Another merchant said he, too, faced extortion, which costs the equivalent of $30 a month. This month, the "savages" have not been around to collect, said the studio owner, who would not allow his name to be published.

"There needs to be raids against the militias, and not only in Sadr City," said Ahmed Abdul Rahman, 29, who works in an art gallery on Palestine Street. "Until then, this is not real."

Backstory: US Marines 'Invade' The Pop Tucci Diner (CSM)

By Bill Sasser

The Christian Science Monitor, February 26, 2007

After a frigid night camped under pine trees at an airfield, the convoy of 20 US Marines rolled into this sleepy town just as businesses were opening. The rumble of their Humvees unnerved some local residents. Even more jarring was the sight of the soldiers leaping from their vehicles with weapons.

In the parking lot of the Zion Lodge, a marine scanned the quiet street from behind a .50-caliber machine gun. One elderly man seemed shaken at the sight of marines striding into the Realo drugstore.

Yet this was no hostile invasion. As final preparation for a one-year deployment in Iraq, a US Marine unit recently brought the war home to tiny Trenton, N.C. (pop. 240), and the nearby coastal towns of Pollocksville and Maysville with a three-day training exercise. It was camouflage meets denim, Kevlar helmets meet Tar Heel caps, war-gaming meets the Pop Tucci diner.

It was also significant. The 5th Battalion, 10th Marine Regiment is unusual – the first active-duty unit in the Marine Corps to retrain for civil affairs work in Iraq. That means the 250 soldiers in the group will be departing from their frontline combat role to help Iraqis rebuild their cities and neighborhoods.

The 5/10's six-month retraining has included study of Arabic and the Iraqi culture. The unit will be important in determining whether the US's latest – and perhaps final – initiative in Iraq works. Under the new command of Gen. David Petraeus, US forces in Iraq will be trying to secure, hold, and then help stabilize and reconstruct embattled neighborhoods. Units like the 5/10 will be instrumental in gaining the confidence of local residents and acting as intermediaries between combat troops and civilians, particularly as the US tries to shift more security and reconstruction functions to the Iraqis.

"Our mission is to bridge the gap between a local population and the local military command, to say, 'Hey, sir, if you want to blow up that water tower, you can do it, but you're going to leave X amount of people without water," said Capt. Jim Burgess, who is leading a team of 10 marines and a Navy corpsman in the exercise here. "There are some civil issues you need to take into consideration."

The transition isn't easy for marines, who are trained to kill the enemy rather than engage in the softer skills of negotiation – say, quizzing local residents about their sewer system. "Some of these marines would rather be out on an artillery range pulling a lanyard, so it's important to get them out of their comfort zones preparing for this mission," said Maj. Andrew Dietz, who commanded one of the three training detachments.

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While the soldiers were learning new skills, local residents were discovering a few things about Marine training and the rigors of war. The troops were generally greeted as heroes after the initial shock of seeing marines standing guard by doorways and patrolling downtown sidewalks with their M-16s, which weren't loaded.

"We're talking to town leaders to find out what they do and engaging in foot patrols to get to know the locals," said Captain Burgess. "Some are looking at us like, 'Hey, what are you guys doing here?' "

Later that morning, Glen Spivey sat down with a second civil affairs team at Pop Tucci's restaurant. "You get such a mix of emotions when you see them," said waitress Marti Rouse. "The first time they walked in it sort of took us all back, then we got used to having them all here. You're proud of them, and then you worry about where they're going, and now I'm sorry to see them go."

A woman having an early lunch exchanged a knowing glance with her friends as she changed seats for a better view of the men in uniform. "Don't you feel safe?" she asked.

Mr. Spivey explained the mechanics of the town sewer system, which he directs, and the volunteer fire department, which he has belonged to for 46 years. "I was glad to do anything I could to help them prepare for the job they have ahead," said Spivey, who is also commander of the local American Legion post. "I was impressed with the way they rolled in and did these interviews and tried to learn how the systems work."

Maj. Leland Suttee, commander of one of the detachments, said the transition to civil affairs has come with growing pains. "Every marine is trained as a rifleman first, and it's easy for us in an artillery unit to be good at that," he said. "It's easy to go kick down a door, and marines love that, so this is actually much harder for them."

While there's a huge difference between Al Anbar Province and Jones County, N.C., the goal of the exercise was to show marines what a well-run, fully functioning local government looks like. "They will know what the goal is when they go into Fallujah or Ramadi," Major Suttee said. "In Ramadi, we have a burgeoning city government. We need to be able to go in and show them how to take funding from the provincial government, prioritize projects, get contractors to start rebuilding their cities, and get businesses running again."

One morning, 1st Lt. Steven Aguilera and his civil affairs team rolled into Maysville, where they secured the Maysville Milling Co. and interviewed manager James Harper about the business. Mr. Harper, whose father served in the Marine Corps in Korea and for two tours in Vietnam, was born in 1950 at Camp Lejeune, where the 5/10, part of the 2nd Marine Expeditionary Force, is stationed.

Harper's son is also a marine and served during the 2003 invasion of Iraq. "I don't advise any parent watching CNN when their kid is over there, because it will drive you mad," said Harper, an Army veteran himself. "I don't know about this war. This one is hard to figure out, and it would be really hard to have to bury one of your own for it."

Harper explained the basics of operating a mill and some of the social ills of seemingly idyllic Jones County. "We've got a crack epidemic here," he said, pointing to a neighborhood across US Highway 17. "On the weekends during the summer, you can see them set up outside selling it. They have guys riding on bicycles selling it."

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Along the tree-lined streets of Trenton, another Marine patrol stopped to introduce themselves to residents and ask who they were, what they do, and what problems they have in town. They passed the Jones County courthouse without a glance at the two war memorials out front, one for a Navy seaman who was killed during World War II, another for Michael Harris Jr., an Army sergeant who died in Saudi Arabia in 1991 during Operation Desert Storm.

Turning down a side street, the patrol parted for a passing pickup truck, apparently driven by another veteran who had emblazoned "68 Viet Nam Vet 69" on the back of his cab. "Check that," one Marine commented.

A moment later, they chatted with a resident walking to her mailbox. "Civil affairs is like customer service – you're out shaking hands, you're trying to be nice to people, and the customer is always right," said Cpl. Jason Talbot.

By lunchtime on the final day of the exercise, most of the marines had exited Trenton. Paula Tucci, who runs Pop Tucci's with her husband, had collected signatures from the arines on a "Pop Tucci's" T-shirt. She pinned the memento on the wall by the front counter.

"It's been a trip having them here this week," she said. "Even though I don't know them, I'm sorry to see them leave."

At Jones Middle School, a civil affairs team engaged dozens of students with an outdoor display of Marine equipment. LCpl. Joel Vannatta reached down to shake the hand of an awed sixth-grader. "When I first joined the Marines, I knew that going to Iraq was a good possibility," said Corporal Vannatta of Jacksonville, Fla. "I would have been disappointed if I had spent four years in the Marines without going. I want to do something with all this training I have."

Fratricide In Iraq's Anbar May Escalate (AP)

DOJ_NMG_0136283

By Brian Murphy,
AP, February 26, 2007

The killers started early. Just after sunrise, they tracked the imam to his modest brick mosque, where he was praying on a green carpet. Three masked gunmen muscled past a handful of worshippers and pumped four bullets into the chest of Sheik Adbul Rahman Jawhar al-Karbouli.

His murder Feb. 16 in a village near the Syrian border was barely noticed in Iraq's daily body count. But — like a vivid footnote in a dry collection of statistics — it helps bring the violence among Iraqi into sharper focus.

To much of the world, the meltdown in Iraq is a two-act spectacle: insurgents versus U.S.-led forces and Iraqi allies, and the sectarian bloodletting between Sunni Muslims and the majority Shiites. Yet out in the desert of the western Anbar province there is another story — told one attack at a time — of an internal struggle among Sunnis, between militant factions and those who have stood up against them.

It's a fratricide that may be escalating.

A suicide truck bomb killed more than 50 people Saturday leaving a mosque in the Anbar village of Habbaniyah, 50 miles west of Baghdad. The mosque's imam — like the slain al-Karbouli — had spoken out against the insurgents, which include extremists inspired by al-Qaida.

The showdowns in Anbar demonstrate how the battle for Iraq can reach into every home and mosque. Political and religious leaders are being pushed to choose between the insurgency or the U.S.-backed government.

Heads of the province's powerful desert clans also must decide if they will assist or resist the militants — setting off mafia-style turf wars along tribal lines.

"The first step, before we talk about reconciliation, is to bring the outlaw places under control," said Brig. Gen. Qassim Moussawi, a spokesman for the Iraqi military.

No place, it seems, shelters more outlaws than wild Anbar, a huge wedge of badlands and dunes with the Euphrates River as its lifeline.

Supply lines from Syria are thought to lace this vast empty landscape, bringing weapons and goods to Sunni insurgents. Among the militant groups operating here are those loyal to the former regime of Saddam Hussein, as well as al-Qaida in Iraq — which has committed suicide strikes, kidnappings and beheadings, in addition to attacks on U.S.-led forces.

Anbar's capital — Ramadi — is often referred to as Iraq's "wild west." It's the scene of near daily battles that produce a steady flow of U.S. body bags.

As insurgents clash with government forces, Anbar's clan leaders are caught between them.

Clan chiefs often act as judges, policy makers and intelligence chiefs for entire neighborhoods and villages. They also have the firepower at their disposal to enforce their decisions. Both the government and the insurgents need their support.

Some clans have thrown in with the insurgents — providing them with safe houses and protection along the suspected smuggling lines. Others have spurned the al-Qaida inspired "mujahadeen" — such as Jordanian-born leader Abu Musab al-Zarqawi, killed by a U.S. airstrike last June — as foreign interlopers.

The result for Anbar's Sunnis has been division and bloodshed.

"Anbar represents the breakdown of Iraq at its most basic levels. It has forced tribes and families to pick sides," said Mustafa Alani, an expert in Iraqi affairs at the Gulf Research Center in Dubai.

The imam al-Karbouli was a victim of this splintering of Anbar along clan lines, one of perhaps hundreds of similar killings since 2003.

Members of his tribe had publicly denounced the insurgents. Al-Karbouli often used his Friday sermons at the Ameen mosque in Karabilah to warn worshippers against joining the "terrorists," said residents of the town, located about 240 miles west of Baghdad.

The 45-year-old al-Karbouli spoke out in other prominent forums. As a member of the municipal council, he tried to rally young men to join the police or military. As a lawyer, he mocked the declarations by al-Qaida in Iraq to establish an Islamic state.

Resident of Karabilah say his opposition to the insurgents cost him his life. "The only reason for this brutal act was his stance against al-Qaida," said one resident, who spoke on condition of anonymity because of fear of reprisals.

Family members refused to release a photograph of the imam. They are worried that insurgents may attack the four children he left behind.

The impact of Anbar's clan-against-clan violence on the people living in this desert landscape is difficult to measure. Reports, however, give a sense of how ruthless and thorough the killers can be.

On Feb. 19, gunmen ambushed a minivan on the main highway from Baghdad to Anbar. The attackers accused the 13 aboard of opposing al-Qaida in Iraq. All 13 were executed, including an elderly woman and two boys, police said. The bodies lay on the roadside for hours.

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The same day, a suicide bomber tried to kill Abdul Sattar Abu Risha, leader of the Anbar Salvation Council, an alliance of clans backing the government.

"We give al-Qaida and their supporters these choices: either surrender, kill themselves or we kill them," said Col. Tarik Youssif Mohammed al-Assal, the deputy interior minister in Anbar and the Salvation Council's top security adviser.

The council, he said, uses a network of informants to hunt for insurgent backers and weapons stashes. He declined to give a clear breakdown on how many clans back the militants, but he suggested that the tide was turning.

"Al-Qaida is dying in Anbar," he claimed.

What progres has been made has come — in part — because the Pentagon has learned some painful lessons about dealing with the insurgency here.

During the 2003 invasion, the province was largely bypassed as U.S.-led columns pushed toward Baghdad. Small detachments were sent into the Anbar desert to try to block Scud missile batteries from moving within range of Israel.

But Anbar's expanses were too vast and its population too small to draw much attention after Saddam Hussein's fall.

That all changed in March 2004 when mobs in Fallujah ambushed U.S. security contractors and displayed the mutilated remains of two victims on a bridge over the Euphrates. The intense street-by-street battles that followed foreshadowed the bloody struggles ahead for U.S.-led forces across Anbar.

The Pentagon struck back with offensives to try to block the cross-border networks of suspected foreign fighters. These were the first major campaigns joined by the new Iraqi Army and another allied force: Several hundred Anbar tribesmen pledged to fight against the insurgents, who called themselves the Desert Protectors.

Since then, Washington has tried to expand the ranks of pro-government clans in Anbar by wooing clan leaders. The Pentagon's No. 2 commander in Iraq, Lt. Gen. Ray Odierno, traveled Thursday to Anbar towns near the Syrian border, where he met political leaders and tribal elders.

But it can be difficult to recruit nervous Sunnis to the government's side.

The Shiites can count on the protection of the police, who are led by Shiites, and on their miliitas, including the powerful Mahdi Army of radical cleric Muqtada al-Sadr. The Kurds of northern Iraq are protected by their traditional mountain guerrillas, called the peshmerga.

Many Sunnis — who were favored under Saddam — now feel vulnerable without a homegrown armed faction on their side.

"Groups like al-Qaida in Iraq exploit these fears among Sunnis and tell them things like, `We are here to protect you,'" said Alani, the security analyst.

Andrew Exum, a specialist in Iraqi issues at The Washington Institute for Near East Policy, believes the White House is still struggling to grasp the "tribal geography and social geography" of Anbar.

"For the most part, the complications of tribal politics remain a mystery for the Americans," he said.

"No doubt they may be getting better at getting some clan leaders over to the government side," he added, "but they still have to make sure that empowering one faction does not appear be at the expense of another group. It's a very difficult place."

U.S. Says Raid In Iraq Supports Claim On Iran (NYT)

By James Glanz And Richard A. Oppel Jr.

The New York Times, February 26, 2007

BAGHDAD, Feb. 25 — A raid on a Shiite weapons cache in the southern city of Hilla one week ago is providing what American officials call the best evidence yet that the deadliest roadside bombs in Iraq are manufactured in Iran, but critics contend that the forensic case remains circumstantial and inferential.

The new evidence includes infrared sensors, electronic triggering devices and information about plastic explosives used in bombs that the Americans say lead back to Iran. The explosive material, triggering devices, other components and the method of assembly all produce weapons with an Iranian signature that has never been found outside Iraq or southern Lebanon, where Hezbollah is believed to have used weapons supplied by Iran, the Americans say.

But critics assert that nearly all the bomb components could have been produced in Iraq or somewhere else in the region. Even if the evidence were to establish that Iran is the source, they add, that does not necessarily mean that the Iranian leadership is responsible.

The raid by American and Iraqi forces discovered a fake boulder made of polyurethane and containing three of the deadliest kind of roadside bombs in Iraq. Smeared with dirt and pebbles to give it the color and texture of a rock, the polyurethane blob was resting in the back seat of a Toyota, apparently in preparation for a roadside attack, American officials said in lengthy briefings with two New York Times reporters last week.

The Toyota, along with a second vehicle and a nearby house described as an assembly point, contained components and other weaponry that the officials believe demonstrate that the bomb parts must have originated in Iran. Called explosively formed

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penetrators, or E.F.P.'s, bombs like the ones hidden inside the fake boulder are designed to eject molten slugs that slice through American armor with deadly precision.

The assertion that the latest find greatly bolsters the theory of the Iranian origin of the E.F.P.'s is significant because it could provide the United States with a new justification to take action against Iran. But the evidence is unlikely to satisfy skeptics who have been suspicious that the Bush administration is trying to lay the groundwork for attacking Iran. They point to the flawed intelligence used by the administration to accuse Saddam Hussein of harboring weapons of mass destruction before invading Iraq nearly four years ago.

All of the items found in the Hilla raid have been used by Hezbollah in southern Lebanon, said Maj. Marty Weber, a master explosives ordnance technician who has studied many kinds of improvised bombs in the Middle East and elsewhere and is closely involved in the effort in Iraq.

In addition, the shallow concave caps, which are made of copper and change into armor-piercing balls when the E.F.P.'s explode, were smooth and flawless, indicating to the explosives expert that they were manufactured in Iran because of the high precision required to make them so. Also found during the raid were 10 107-millimeter Strella rockets that had Iranian markings.

A Question of Technology

The most specialized part of the E.F.P.'s that were found is the concave copper disc, called a liner, that rolls into a deadly armor-piercing ball when the device explodes. Although American explosives experts say that the liner is deceptively difficult to make properly, the discs in Hilla look like a thick little alms plate or even a souvenir ashtray minus the indentations for holding cigarettes.

The electronics package is built around everyday items like the motion sensors used in garage-door openers and outdoor security systems; in fact, at the heart of some of the bombs found in Iraq is a type of infrared sensor commonly sold at electronic stores like RadioShack.

Still, American military officials appear to be making an attempt to respond to critics who say the evidence is inconclusive. In the course of the detailed briefing on the Hilla discovery, Major Weber said that most of the E.F.P.'s in Iraq use C-4 plastic explosive manufactured in Iran. At the request of the Bush administration, The Times is withholding some specific details about the weapons to protect intelligence sources and methods.

In addition to the Hilla discovery, military officials are expected to disclose at a briefing on Monday details about materials found in a raid in Diyala Province, the mixed Sunni-Shiite battleground north of Baghdad, that, according to one defense official, included enough components to make more than 100 E.F.P.'s. The official asked not to be identified by name because the matter is so sensitive.

Major Weber said the use of precision copper discs combined with passive infrared sensors amounted to "a no-brainer" that the explosive components were of Iranian origin, because no one has used that sort of configuration except Iranian-backed Shiite militias.

Could copper discs be manufactured with the required precision in Iraq? "You can never be certain," Major Weber said. But he said that "having studied all these groups, I've only seen E.F.P.'s used in two areas of the world: The Levant and here," meaning in Hezbollah areas of Lebanon and in Iraq. Hezbollah is thought to be directly armed and trained by Iran.

Skeptics say the new details do not support a conclusion that only Iran could be providing the components. "Iran may well be involved in the supply of these weapons, but so far they haven't proved it," said Joseph Cirincione, senior vice president for National Security at the Center for American Progress, a liberal research and advocacy organization.

"Before we act on the assumption that these are Iranian we've got to rule out all these other possibilities," he said. "The military hasn't done that."

He noted that a related weapon, the shape charge, "has been around for decades. This is not new stuff. There is a vast international arms market selling shape charges from many countries."

New Details

The new information is more substantial than the limited details disclosed earlier this month in Baghdad, said John Pike, director of GlobalSecurity.org, a research group based in Alexandria, Va.

"That initial briefing was not much to write home about," Mr. Pike said. "The points that they are making here are rather more convincing. Whether they're true is a completely different question."

Mr. Pike said he was not swayed by arguments that the copper discs could only be made by equipment in Iran. All that is required are machine tools, he said. "You can buy them. I mean, look at all those cylinders people use for L.P.G. cooking gas. Do you think they are all imported from Iran? Probably not. I bet there are guys all over Iraq who make those things for a living."

But he found other details more persuasive. "The two points they are making about the tradecraft of the fuse and the wrappings of the explosives those are pretty good pieces of evidence," he said. "I will say that, totally apart from any of this

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evidence, I would be astonished if Iran was not providing military support to the Shia militias. It should be self-evident that they are doing that."

Afternoon Attack

The Hilla raid took place at 1:30 p.m. on Feb. 17 after a tipster reported seeing a tow truck carrying rockets.

The fake rock with three E.F.P. canisters inside was sitting on the back seat of a different vehicle, a Toyota Crown. The trunk of the same car contained various equipment including an infrared sensor, a G.P.S. unit, two compasses and a jug filled with an unknown explosive.

Tools and materials for making fake rocks were found inside the house along with a partially completed rock and two E.F.P.'s. Among the items found there were seven battery packs needed to set off the blasting caps that initiate the E.F.P. explosion, four cans of epoxy foam and three of the infrared sensors.

The E.F.P.'s were designed to inflict maximum damage. The positioning of the sensor and the exact angles of the E.F.P.'s inside the rock were fixed to find weak points in American armored vehicles like Humvees and Strykers.

"The E.F.P. canisters are typically arrayed at angles to minimize the effects of countermeasures," Major Weber said. "They want to hit the truck when it is already well into the kill zone."

The infrared sensors could be armed and disarmed at a distance with cellphones, long-distance cordless phones or radios. That allows the attackers to arm the devices only when American or Iraqi convoys are approaching. Then, when the convoys trip the sensors, the E.F.P.'s explode.

Major Weber said that many of those techniques were clearly Iranian in origin. Critics said that all of them could be replicated by skilled Iraqis or others in the Middle East with a solid knowledge of electronics and basic manufacturing techniques.

Still, Major Weber said, there were other indications of Iranian involvement in Hilla. In the raid, the Iraqi and American troops also found a red 1988 Chevy tow truck carrying 10 Strella rockets under a false bottom in the bed. The rockets had MJ-1 contact fuses and were probably made in China and repainted with Iranian markings — the usual practice for weapons that Iran imports and resells. Following international convention, the markings were in English, not Persian. They indicated that the rockets had been made in 2005 and each carried 18 kilograms of explosive.

As to why the Iranians would leave such obvious markings on the shells, Major Weber speculated that they had simply been taken out of stock and shipped across the border.

Comparisons to Others

Major Weber said he doubted that Hezbollah — the group Mahdi militia leader Moktada al-Sadr has used as a model for his political movement — would have provided the material and technology to the Mahdi militia or to other Shiite fighters in Iraq.

"It is possible, but based upon my experience we have not seen Hezbollah share information or technology on anything until they have been told to," Major Weber said.

"The E.F.P. is their silver bullet," he said, referring to Iran and its allied militias.

Major Weber also said that the use of passive infrared sensors, or P.I.R.'s, was one of the strongest markers of Iranian involvement, based on years of experience indicating that only Iranian-backed groups employ the sensors in that manner. But he also acknowledged that the electronic components needed to make the sensors are easily available off the shelf at places like RadioShack.

Those components are usedin commercial products, such as motion sensors for a lighting system or garage door openers. Those products are opened up, rewired and repackaged. Sometimes on products where multiple beams must be triggered to close the circuit, masking tape is used to cover up some beams so that only one is triggered.

"Every P.I.R. in Iraq has been RadioShack, Digigard or Everspring," Major Weber said. "But in southern Lebanon I never saw them use Radio Shack."

While he maintained that the copper liner also required specialized equipment and skills to make properly, that assertion also rests on some rather subtle distinctions. A senior defense official displayed pictures of a stack of some 30 copper E.F.P. liners seized in a raid in Mahmudiya, a town south of Baghdad. The liners, Major Weber said, were "copycats" stamped in Iraq, not Iran. To the untrained eye, the liners initially looked identical to the genuine ones.

But Major Weber then pointed out that there were slightly visible cracks often running in circles around the tops of the liners when they sat on a table with their concave sides pointing down. Those imperfections were signs that the liners had been made in Iraq, Major Weber said. And because of the imperfections, he said, an E.F.P. made with them would be much less deadly. Such an E.F.P. would fragment rather than curl into a ball, he said, and the fragments would be much less likely to pierce armor.

Iraqi Ministry Casts Doubt On Oil Law (AP)

By Bushra Juhi,

AP, February 26, 2007

DOJ_NMG_0136287

The Oil Ministry cast doubt Sunday on statements indicating the Kurds had agreed to support a draft oil law that would divide revenues among all Iraqi factions and meet a key U.S. benchmark in Iraq.

Prime Minister Nouri al-Maliki's government had promised to enact a new oil law by the end of 2006 but missed the deadline due to objections from the Kurds. Many of Iraq's vast oil reserves can be found in the Kurdish north and the Shiite south, and the Kurds wanted a greater role in awarding contracts and administering the revenues.

Massoud Barzani, president of the self-governing Kurdish administration in the north, said Saturday that he and President Jalal Talabani, a Kurd, had discussed the latest draft law by telephone with al-Maliki and "the results were good."

Barzani made the comments in a joint press conference with Talabani after a meeting with U.S. Ambassador Zalmay Khalilzad in the northern Kurdish city of Sulaimaniyah.

"We reached a final agreement," Barzani said, without elaborating. "We accept the draft."

An Oil Ministry spokesman, however, stressed that the draft law still needed to be discussed at the Cabinet level.

"Today, we got confirmation that Barzani said that they support the draft law but he mentioned nothing about agreeing to it," ministry spokesman Assem Jihad said. "The discussions and the negotiations are still ongoing."

It was unclear if Barzani was saying he supported the idea of a law or the draft as currently worded. Kurdish officials could not be reached for clarification.

Secretary of State Condoleezza Rice said she had stressed the importance of making rapid progress on the oil law with Iraqi leaders when she was in Baghdad last week. But she said she recognized the difficulty of the task.

"The oil law is not just an oil law. It's a law about dividing the resources of the country and therefore maintaining the unity of Iraq. So it's not easy," she said on "Fox News Sunday."

Once the Cabinet signs off, the measure goes to parliament for final approval once the legislators return from a recess early next month.

The Bush administration, facing growing pressure to end the Iraq conflict, has been urging the Iraqis to finish the new oil law.

A new law is needed, most outside experts believe, to encourage international companies to pour billions of dollars into Iraq to repair pipelines, upgrade wells, develop new fields and begin to exploit the country's petroleum reserves, estimated at about 115 billion barrels.

Panel: Military Health System Needs Help (WP/AP)

By Seth Borenstein, The Associated Press

The Washington Post, February 26, 2007

WASHINGTON -- Many Iraq war soldiers, veterans and their families are not getting needed psychological help because a stressed military's mental health system is overwhelmed and understaffed, a task force of psychologists found.

The panel's 67-page report calls for the immediate strengthening of the military mental health system. It cites a 40 percent vacancy rate in active duty psychologists in the Army and Navy, resources diverted from family counselors and a weak transition for veterans leaving the military.

The findings were released Sunday by the American Psychological Association.

More than three out of 10 soldiers met the criteria for a "mental disorder," but far less than half of those in need sought help, the report found. Sometimes that's because of the stigma of having mental health problems, other times the help simply wasn't available, according to the task force. And there are special difficulties in getting help to National Guard and Reserve troops, who have been used heavily in Iraq, the report said.

The special task force found no evidence of a "well-coordinated or well-disseminated approach to providing behavioral health care to service members and their families."

The psychology task force, chaired by an active military psychologist and comprised of psychologists working for the military or Veterans Administration, said "relatively few high-quality" mental health programs exist in the military now.

"There are tremendous needs; the system is stressed by these needs," said pediatric psychologist Jeanne Hoffman, a task force member and a civilian pediatric psychologist at Tripler Army Medical Center in Honolulu.

The Defense Department's mental health experts hadn't read the report. Pentagon spokeswoman Cynthia Smith said the military is proud of its mental health services record, including a new program this year that checks up on service members after they return home to their families.

"For the past four years, DOD has been aggressively reaching out to support our military personnel before and after deployments. This is unprecedented," Smith said in an e-mail to The Associated Press. "We have assessed the health, including the mental health of more than 1 million service members before and after deployments. We have worked with their families and others to address mental health concerns associated with deployments and with war."

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One of the major problems is that four out of 10 "active duty licensed clinical psychologist" slots in the Army and Navy are not filled, a problem worsened by the dire need to send mental health experts into war zones, the report said.

That high vacancy rate has several side effects. One is that the psychologists left are overwhelmed, the report said. It found that one-third of Army mental health personnel reported "high burn out" and 27 percent reported "low motivation for their work."

Because of the shortage, there are even fewer stateside therapists to help families of those deployed and to help returning soldiers readjust, the report found.

Hoffman, the pediatric psychologist, said she's seen children regress on toilet training, have severe headaches, stomach pains, and suffer in school because of the stress of having a parent deployed.

And for soldiers and veterans returning home, only 10 to 20 percent of the military's mental health experts are trained to help those with post-traumatic stress disorder, the report found.

"I know guys that are waiting for appointments," said Russell Terry, chief executive officer of the Iraq War Veterans Organization. "I know guys who are dealing with doctors who have no concept of PTSD."

Terry was on the phone with an Iraq war veteran last year when the vet killed himself.

Report co-chair Michelle Sherman, a psychologist at the Veterans Administration Medical Center in Oklahoma City, said the military and VA are "working very hard to meet the needs" of those returning from Iraq.

At VA headquarters, Antonette Zeiss, deputy chief consultant in the agency's office of mental health services, said the report "misses the mark by quite a way." She said her agency didn't have "an opportunity to present data (to the panel) about what the VA is really doing."

Sherman said the panel did seek data from the VA, but when asked if the agency provided information to the psychologists' panel, she said: "I'm not supposed to answer that question."

Zeiss said the VA has been increasing spending on mental health services yearly, opening new centers and hiring more psychological professionals.

"We have the strongest mental health system in the country and we are making it stronger," she said.

But veterans groups disagree.

"The system as it exists today ignores the readjustment needs specific to Iraq and Afghanistan service members," Veterans for America President Bobby Muller said in a statement. "We have to stop throwing money at a problem that requires a complete overhaul. The system is broken."

Troops' Needs Not Met, Psychological Group Says (USAT)

By Gregg Zoroya, Usa Today

USA Today, February 26, 2007

Task force: Families vulnerable to war trauma

A task force of the nation's largest group of mental health professionals warns that the U.S. military is not fully addressing the needs of troops and family members traumatized by war.

In a report issued Sunday, the American Psychological Association task force said families are particularly at risk. It noted that 700,000 children have had a parent sent overseas since Sept. 11, 2001, and estimated that 2,733 children have lost a parent killed in Iraq or Afghanistan.

"Many service personnel and their family members are going without mental health care because of the limited availability of such care and the barriers to accessing care," a news release accompanying the study said.

The Pentagon declined to comment on the study but defended its record of treating troops and their families. Spokeswoman Cynthia Smith said physical and mental health screenings before and after deployments have been provided to 1 million troops during the past six years, and mental health teams are sent into combat zones to monitor and assist servicemembers there. She said the military also has created several family support systems.

"No military in the history of the world has done more to identify, evaluate, prevent and treat the mental health needs and concerns of its personnel than the military services of the United States," Smith said.

Among the problems, according to the psychological task force:

·The Pentagon failed to implement the best mental health treatment programs across the military. Rather, plans varied by installation and included only a few that were deemed high quality.

·The military hasn't hired enough psychologists. The study notes a 22% decline in the number of uniformed clinical psychologists in the military and a 40% vacancy among licensed clinical psychologist positions in the Army and Navy.

·Not enough research has been done on the war's impact on military spouses and children. "Given that our country has been at war for nearly six years, the absence of systematic research … is striking," the study said.

Psychologist Ron Palomares, who headed the task force, said the problems the report identified "kind of crept up on us."

Smearing Like It's 2003 (WP)

By E. J. Dionne Jr.

The Washington Post, February 26, 2007

Even as jurors pondered whether Vice President Cheney's former chief of staff should be convicted for lying about what the Bush administration did to smear one of its critics, there was Cheney accusing another adversary of doing the work of the terrorists.

The fabricate-and-smear cycle illustrated so dramatically during the case of I. Lewis "Scooter" Libby explains why President Bush is failing to rally support for the latest iteration of his Iraq policy. The administration's willingness at the outset to say anything, no matter how questionable, to justify the war has destroyed its credibility. Its habit of attacking those who expressed misgivings has destroyed any goodwill it might have enjoyed. Bush and Cheney have lost the benefit of the doubt.

Yet Cheney has learned nothing and forgotten nothing. His latest demon is House Speaker Nancy Pelosi, whom he accuses of validating al-Qaeda's objectives.

"Al-Qaeda functions on the basis that they think they can break our will," Cheney told ABC News on Friday by way of explaining his earlier attack on the speaker. "That's their fundamental underlying strategy, that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home."

Cheney added: "And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of al-Qaeda. I said it, and I meant it."

No doubt he did, and those words illustrate the administration's political methodology from the very beginning of its public campaign against Iraq. Back in 2002 and early 2003, it browbeat a reluctant country into this war by making assertions about an Iraqi nuclear program that proved to be groundless and by inventing ties between Saddam Hussein and al-Qaeda that didn't exist.

Then, once our troops were committed, anyone who had second thoughts could be trashed and driven back as a pro-terrorist weakling. The quagmire would be self-perpetuating: Once you checked in, you could never leave.

The evidence presented at the Libby trial has demonstrated how worried Cheney was that this scheme could unravel. Thanks to Patrick Fitzgerald, the painstaking prosecutor, we know that Cheney was beside himself over former ambassador Joseph Wilson's July 6, 2003, New York Times op-ed article undercutting the administration's claim that Saddam Hussein had sought nuclear materials in Niger.

Whatever the jury decides, Fitzgerald has amply demonstrated that Cheney directed Libby to destroy Wilson's credibility, partly by leaking that his wife, Valerie Plame Wilson, was a CIA operative who had suggested Wilson was well qualified to investigate the claims in Niger. For Libby, Fitzgerald said in closing his case, Valerie Wilson "wasn't a person. She was an argument, a fact to use against Joe Wilson."

Libby-Cheney apologists have argued over and over that Cheney had a right to be angry because Wilson said that Cheney had sent him to Niger. But Wilson said no such thing. In his New York Times piece, Wilson wrote only that he had been "informed by officials at the Central Intelligence Agency that Vice President Dick Cheney's office had questions about a particular intelligence report." That was true.

The attack apparatus has now turned on Fitzgerald, whose record is that of a thoroughly nonpartisan prosecutor. Fitzgerald's perjury rap against Libby, Cheney allies say, is a cheap attempt to criminalize politics.

Really? Here's what Rep. Ileana Ros-Lehtinen (R-Fla.) had to say about perjury: "Lying under oath is an ancient crime of great weight because it shields other offenses, because it blocks the light of truth in human affairs. It is a dagger in the heart of our legal system, and indeed in our democracy. It cannot, it should not, it must not be tolerated."

Ros-Lehtinen made that statement not about Libby, but to justify the impeachment of Bill Clinton back in 1998. I have no idea where she stands on the Plame-Wilson case. But it's certainly amusing that so many who were eager to throw Clinton out of office for perjury and obstruction of justice when he lied about sex are now livid at Fitzgerald for bringing comparable charges in a controversy over the rationale for war. Do they think sex is more important than war?

Whatever price Scooter Libby pays, the country is already paying for the divisive practices of a crowd that wanted to go to war in Iraq in the very worst way -- and did exactly that. As a result, we confront the mess in Baghdad and the continued threat of terrorism as an angry, polarized nation.

Town's Elders Plead For Help With Taliban (NYT)

By Abdul Waheed Wafa And Carlotta Gall

The New York Times, February 26, 2007

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KABUL, Afghanistan, Feb. 24 — Taliban fighters who seized control of a remote town in southern Afghanistan three weeks ago have started a campaign of arrests and reprisals against tribal elders and townspeople, according to tribal elders. The elders called on NATO forces and the government to move against the insurgents, even if it means bombing the town.

Five elders from the town, Musa Qala, including a member of its tribal council, traveled to Kabul this week to plead for help, expressing bitterness that neither Afghan forces nor NATO troops responded when Taliban forces overran the town on Feb. 2.

In October, in a controversial deal brokered by the town's 50-member tribal council, both British NATO troops and the Taliban withdrew, and the town enjoyed three months of calm. But the Taliban remained at large in the district, and when NATO forces killed eight of their members in an airstrike last month, their leader seized control of the town, putting elders who did not flee under house arrest and issuing death threats.

Hundreds of families fled, anticipating NATO bombing. NATO airstrikes have continued in the region and have killed several local insurgent leaders, but the elders said that had made the situation harder for the townspeople. "Mullah Ghafoor was killed in an airstrike, and the Taliban started to blame the elders and people for spying for NATO troops," said the main spokesman for the group that came to Kabul, identifying one insurgent leader. Another leader, Mullah Manan, was killed, and the house where his body was taken was bombed, he said.

"Since Tuesday the Taliban started to arrest people and elders and charge them with helping the government," he said. Ten people had been arrested, including an elder who had served as police chief, and one man was hurt and may have died, the elders said. The spokesman and an elder interviewed by telephone said that a Taliban leadership council in Quetta, Pakistan, was ordering the arrests and issuing the death threats.

The elders who spoke asked not to be identified for fear of reprisals from the Taliban. Two said they had received death threats from the Taliban and had fled their homes. Other members of the tribal council were in hiding, they said.

One elder said the Taliban had told him by telephone that they were under strong pressure from Pakistan to seize control of the town and now to go further. "One of the Taliban told me on the telephone, 'Hajji Sahib, I am respecting you like my father, but we are ordered to kill you,' " he said.

One landowner from Kajaki, a neighboring district, said the Taliban had executed 13 people from their own ranks and arrested three more.

About 1,000 Taliban are in Musa Qala's broader district, also called Musa Qala, the elders said. The Taliban have boasted that they control 10,000 fighters in the region.

"We want the government to take back Musa Qala," said one elder who helped broker the October deal. "People are ready to help NATO and the government, but we don't know what we are waiting for."

Asadullah Wafa, the governor of Musa Qala's province, Helmand, was at the NATO airbase at Kandahar discussing the situation with NATO commanders. He said that he was not aware that the Taliban had begun making arrests but that the government and NATO were poised to act. "We have a comprehensive plan to resolve the issue of Musa Qala, and it will be solved very soon," he said by telephone.

Former Afghan Warlords Rally For Amnesty (CSM)

By Mark Sappenfield

The Christian Science Monitor, February 26, 2007

In one corner of a soccer stadium that has seen both athletic contests and executions stands a poster some 20 feet tall of Afghanistan's president, Hamid Karzai. Perhaps appropriately, Feda Mohammad Mujahid has turned away from it.

The 25,000 Afghans crowded into this bare concrete oval hoist up different posters of stern-faced mujahideen commanders who first fought the Soviets, and then each other, before joining with America to oust the Taliban in 2001.

To Mr. Mujahid, wrapped in a white scarf against the winter chill, these are the heroes of Afghanistan's "holy wars," not war criminals. So he has come here to rail against Mr. Karzai and the tyranny of Western nations, which have opposed an Afghan bill that would grant the mujahideen amnesty for war crimes committed during the past 25 years.

"This is a mujahideen nation," he says, as nearby loudspeakers crackle with speeches of defiance. "We want the law of Islam, and the government of mujahideen."

Away from the teeming streets around the stadium, the attitudes of average Afghans take on a different air. Many express frustration that former military leaders who killed thousands and destroyed Kabul in a four-year civil war might never be brought to justice. Yet in a country still divided by tribes, tongues, and traditions, Friday's rally sent a clear message – that even now, Afghanistan's onetime warlords alone have the power to muster the masses.

In this rally, "you saw their continuing ability to mobilize people and to potentially influence politics," says Paul Fishstein, director of the Afghanistan Research and Evaluation Unit, an independent analysis organization here.

Some see amnesty as political ploy

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The bill itself, which was recently approved by both houses of Afghanistan's parliament, has attracted international attention largely because it has been portrayed as a self-serving political ploy. Those likely to benefit most from the legislation are legislators and government officials themselves, many of whom are former mujahideen who stepped into the political vacuum following the fall of the Taliban.

Among the speakers at Friday's event were members of parliament, the vice president, the president's top security adviser, an army chief of staff, and an energy minister.

To them, amnesty does offer a measure of self-preservation. The momentum for warlord amnesty here began after the execution of former Iraqi leader Saddam Hussein, a onetime US ally.

Former mujahideen members of parliament "thought that there might be a day that maybe they will face the same thing that Saddam Hussein faced," says Najibullah Kabuli, a member of the lower house of the Afghan parliament, the Wolesi Jirga, who abstained from voting on the amnesty bill because he thinks it is too broad.

"Didn't the US support the mujahideen?" asks protester Abdul Malik, noting how the mujahideen, too, were allies of the United States during the Soviet invasion of Afghanistan in 1979.

Even after the fall of the Taliban, the international community could have taken a stronger stand against allowing former warlords into politics, says Mr. Kabuli, the member of parliament. For a country that has been at war for 25 years, "it was not possible to have a government that was free of war criminals," he says. "But it was possible for the government to have fewer of these."

As the political winds have shifted from a focus purely on stability to issues of human rights and good governance, former mujahideen have emerged as an easy target.

A report by Human Rights Watch, for instance, called for several members of the government to be tried for war crimes.

"Human Rights Watch should consider the stability of Afghanistan, otherwise Afghanistan will go toward crisis again," cried security adviser Mohammed Qasim Fahim. "This country we have today was created by the holy war, by the mujahideen, and by their sacrifices."

In this conviction lies the warlords' greatest power. In a nation with a tribal heritage and a history of endless foreign interventions and abandonments, Afghans have come to trust only on those closest to them. As a result, warlords are able to mobilize unshakable support though regional or ethnic alliances.

Protesters say amnesty brings unity

For those who slogged through the mud of Kabul's soccer stadium, thrusting frenzied fists into the air and bearing massive posters of commanders around the field in a triumphal march, the amnesty is partially an act of healing these historic rifts. Mujahideen commanders who once turned Kabul to rubble in their attempts to kill each other were now standing side by side.

"This is a war-torn country," says Mujahid, his hands folded behind his back, counting crimson prayer beads. "We have suffered a lot and we don't want to fight each other again."

"Let's forget about the past and think about a prosperous future," he says. "We want to be united."

A peaceful protest is a part of that message, some say. "We want to show the people of the world that one day we were evil to each other, but we can be peaceful, too," says Mr. Malik.

However, many Afghans and experts alike are skeptical. "These things tend to be cyclical – there tend to be alliances of convenience," says Mr. Fishstein.

Far from the echoes of the soccer stadium, Kabul resident Mohammad Ewaz sits on a stone wall in the hills high above the Kabul plains. In the amber light of late afternoon, he sips his tea, taking a break from the new wall he and his friends are building a few feet away.

Farther down the slope, the remnants of shattered houses, destroyed in the civil war, emerge from the hillside. "This is the work of the people who are asking for amnesty," he says.

"If they are really intending to bring unity, then it is a good idea," he adds. "But if it is just words and nothing else, then I don't think that it is a useful thing."

DOJ:

Why Have So Many U.S. Attorneys Been Fired? It Looks A Lot Like Politics (NYT)

By Adam Cohen

The New York Times, February 26, 2007

Carol Lam, the former United States attorney for San Diego, is smart and tireless and was very good at her job. Her investigation of Representative Randy Cunningham resulted in a guilty plea for taking more than $2 million in bribes from

defense contractors and a sentence of more than eight years. Two weeks ago, she indicted Kyle Dustin Foggo, the former No. 3 official in the C.I.A. The defense-contracting scandal she pursued so vigorously could yet drag in other politicians.

In many Justice Departments, her record would have won her awards, and perhaps a promotion to a top post in Washington. In the Bush Justice Department, it got her fired.

Ms. Lam is one of at least seven United States attorneys fired recently under questionable circumstances. The Justice Department is claiming that Ms. Lam and other well-regarded prosecutors like John McKay of Seattle, David Iglesias of New Mexico, Daniel Bogden of Nevada and Paul Charlton of Arizona — who all received strong job evaluations — performed inadequately.

It is hard to call what's happening anything other than a political purge. And it's another shameful example of how in the Bush administration, everything — from rebuilding a hurricane-ravaged city to allocating homeland security dollars to invading Iraq — is sacrificed to partisan politics and winning elections.

U.S. attorneys have enormous power. Their decision to investigate or indict can bankrupt a business or destroy a life. They must be, and long have been, insulated from political pressures. Although appointed by the president, once in office they are almost never asked to leave until a new president is elected. The Congressional Research Service has confirmed how unprecedented these firings are. It found that of 486 U.S. attorneys confirmed since 1981, perhaps no more than three were forced out in similar ways — three in 25 years, compared with seven in recent months.

It is not just the large numbers. The firing of H. E. Cummins III is raising as many questions as Ms. Lam's. Mr. Cummins, one of the most distinguished lawyers in Arkansas, is respected by Republicans and Democrats alike. But he was forced out to make room for J. Timothy Griffin, a former Karl Rove deputy with thin legal experience who did opposition research for the Republican National Committee. (Mr. Griffin recently bowed to the inevitable and said he will not try for a permanent appointment. But he remains in office indefinitely.)

The Bush administration cleared the way for these personnel changes by slipping a little-noticed provision into the Patriot Act last year that allows the president to appoint interim U.S. attorneys for an indefinite period without Senate confirmation.

Three theories are emerging for why these well-qualified U.S. attorney were fired — all political, and all disturbing.

1. Helping friends. Ms. Lam had already put one powerful Republican congressman in jail and was investigating other powerful politicians. The Justice Department, unpersuasively, claims that it was unhappy about Ms. Lam's failure to bring more immigration cases. Meanwhile, Ms. Lam has been replaced with an interim prosecutor whose résumé shows almost no criminal law experience, but includes her membership in the Federalist Society, a conservative legal group.

2. Candidate recruitment. U.S. attorney is a position that can make headlines and launch political careers. Congressional Democrats suspect that the Bush administration has been pushing out long-serving U.S. attorneys to replace them with promising Republican lawyers who can then be run for Congress and top state offices.

3. Presidential politics. The Justice Department concedes that Mr. Cummins was doing a good job in Little Rock. An obvious question is whether the administration was more interested in his successor's skills in opposition political research — let's not forget that Arkansas has been lucrative fodder for Republicans in the past — in time for the 2008 elections.

The charge of politics certainly feels right. This administration has made partisanship its lodestar. The Washington Post reporter Rajiv Chandrasekaran revealed in his book, "Imperial Life in the Emerald City," that even applicants to help administer post-invasion Iraq were asked whom they voted for in 2000 and what they thought of Roe v. Wade.

Congress has been admirably aggressive about investigating. Senator Charles Schumer, Democrat of New York, held a tough hearing. And he is now talking about calling on the fired U.S. attorneys to testify and subpoenaing their performance evaluations — both good ideas.

The politicization of government over the last six years has had tragic consequences — in New Orleans, Iraq and elsewhere. But allowing politics to infect U.S. attorney offices takes it to a whole new level. Congress should continue to pursue the case of the fired U.S. attorneys vigorously, both to find out what really happened and to make sure that it does not happen again.

CORPORATE SCANDALS:

In Brief (WSJ)

The Wall Street Journal, February 26, 2007

The Securities and Exchange Commission moved to withdraw charges against a former Halliburton Co. chief financial officer after accusing him more than two years ago of failing to ensure that the company disclosed an accounting change that

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was material to investors. In a filing in federal court in Houston, the SEC said it wanted to dismiss its pending claims against Gary Morris "in the interest of justice."

Shareholders Push For Vote On Executive Pay (WSJ)

By Erin White And Aaron O. Patrick

The Wall Street Journal, February 26, 2007

Some shareholders are angry about soaring executive pay. Soon, they may get a voice.

Ahead of this year's annual meetings, activist investors have submitted shareholder proposals at roughly 60 companies seeking an advisory vote on executive pay, according to Institutional Shareholder Services. Targets include Citigroup Inc., Wells Fargo & Co., WellPoint Inc. and Northrop Grumman Corp.

The vote would be nonbinding, but activists hope that public censure, or the threat of it, would prompt directors to curb outsized awards and better link pay with performance. The proposals come as new Securities and Exchange Commission rules requiring greater disclosure promise to cast a brighter spotlight on compensation.

One company facing a shareholder proposal, insurer Aflac Inc., agreed earlier this month to give investors a nonbinding vote on executive compensation, beginning in 2009. Others, including Pfizer Inc. and Schering-Plough Corp., are discussing the possibility of similar moves.

This week, U.S. Rep. Barney Frank (D., Mass.), the new chairman of the House Financial Services Committee, plans to introduce a revised version of his 2005 bill that aimed to give shareholders power to veto executive-pay deals. He will hold a hearing next week on his latest measure, which instead would require advisory votes.

The activists are taking a page from the British. Since 2003, United Kingdom shareholders have cast advisory votes on corporate compensation policies and how much they pay executives. Investors and companies say the practice, which began after the British government passed a law requiring it for all public companies, has generated more discussion between shareholders and boards.

But it hasn't necessarily curbed compensation.

"We have better disclosure and better accountability," says Ian Jones, head of responsible investment at Co-operative Insurance Society Ltd., an insurance company with about $40 billion under management. But "I don't think it's had much effect on the amount of remuneration."

British CEOs have long made less on average than their U.S. counterparts, but pay in both markets has risen at roughly comparable rates in recent years, with some indications pay may have risen faster in the U.K. than in the U.S. The median salary and bonus for CEOs at 250 large and mid-size U.K. companies totaled £610,000 ($1.2 million) in 2005, the latest year for which data are available, according to the U.K. arm of ISS. That's up 9.9% from 2004 and 35.6% from £450,000 in 2003.

In the U.S., median CEO salary and bonus hit $2.4 million in 2005, up 7.1% from 2004, and up 13.7% from $2.1 million in 2003, at 350 large companies studied by Mercer Human Resource Consulting. The companies in the 2003 and 2005 samples varied somewhat.

Stephen Davis, a fellow at Yale University's Millstein Center for Corporate Governance and Performance who has studied the U.K. experience, says the advisory vote has strengthened the link between pay and performance. For example, pay consultants say the practice has pushed British companies to shift executive compensation toward bonuses and away from big salary increases. But Mr. Davis says "Investors still feel...that pay is not yet fully aligned with performance in the way that they would like."

Mr. Davis says companies and investors are on a learning curve, but he says the vote appears to have helped curb severance packages. At the start of the decade, a three-year payout was standard; today, a one-year payout is "virtually universal," Mr. Davis says. But he says directors worry that investors reviewing dozens of pay plans are issuing "cookie-cutter" judgments rather than evaluating packages individually.

Big U.K. shareholders applaud the increased discussion. Talks, often held in advance of annual meetings, are "more meaningful" than the occasional formal presentations managers used to offer shareholders, says Colin Melvin, head of corporate governance at London-based Hermes Pension Management Ltd., which manages $120 billion in assets.

For instance, in 2003, 50.7% of votes cast by shareholders opposed a pay package for GlaxoSmithKline PLC Chief Executive Jean-Pierre Garnier. The pharmaceutical maker later agreed to overhaul its pay policies and end "what might be deemed 'payment for failure,'" according to its 2004 letter to shareholders. Dr. Garnier's total pay package fell slightly in 2004, to $4.56 million from $4.57 million the year before.

Ahead of the 2004 shareholder meeting, Glaxo sent draft copies of its compensation report to large shareholders, according to Richard Singleton, the director of corporate governance at F&C Asset Management. Mr. Singleton emailed Glaxo's

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then-chairman, Sir Christopher Hogg, suggesting tougher performance targets for executives to earn bonuses. The company added a clause stating performance targets would consider analysts' forecasts.

"I was delighted," Mr. Singleton says. The clause remains part of Glaxo's compensation policy.

A Glaxo spokesman confirmed the clause was inserted in the 2004 report, but he declined to comment on the process. Sir Christopher couldn't be reached.

Tlk doesn't always translate into action. Early last year, London-based investment manager Amvescap PLC decided to pay its departing chairman, Charles W. Brady, a $9 million bonus. ISS's British arm believed the payment was unjustified, according to director of research David Paterson, and considered opposing the compensation report.

Amvescap's company secretary, Michael Perman, told an ISS analyst that executives considered the bonus reasonable because Mr. Brady had shepherded Amvescap through a tough period and had hired a new chief executive. The analyst wasn't convinced, and ISS recommended that investors oppose the compensation report; at the annual meeting, 48% of votes cast did. Mr. Brady did get the bonus.

An Amvescap spokesman declined to comment beyond a written statement from Amvescap Chairman Rex Adams on the day of the vote: "Over the last weeks, Amvescap has initiated direct discussions with many of our company's major shareholders, and we believe we have a good understanding of their views."

Despite the shortcomings, U.K. investors are among those pushing U.S. companies to adopt the advisory vote. In January, a group of 13 institutional investors, nine British, wrote SEC Chairman Christopher Cox to endorse the practice. The group, which collectively has $1.5 trillion under management, said the votes would bolster communication between shareholders and directors, better link pay with performance and "provide a counter-weight" to rising executive pay. Companies in Australia, Sweden and the Netherlands also grant shareholders a vote on pay.

In the U.S., the American Federation of State, County and Municipal Employees union sponsored "say on pay" resolutions at seven companies last year and 10 so far this year, says Richard Ferlauto, director of pension and benefit policy for AFSCME. ISS says the resolutions last year won an average of 40% support, which is high for new issues.

This year, AFSCME is co-leading a group of companies and shareholders to discuss the idea. The group includes Pfizer, Intel Corp., Schering-Plough and American International Group Inc., as well as the California Public Employees' Retirement System and other funds.

Some corporate participants in the group think the concept has merit, but they worry about the mechanics. One sticking point: How to give shareholders a voice on elements of a pay package that companies are legally bound to pay, such as an executive's deferred compensation? "You create an expectation that you can do something about it" if investors reject the package, says one person close to the situation.

Alex Kelly, head of investor relations at Schering-Plough, says the company is willing to consider letting shareholders vote on pay. "We're willing to listen," he says.

Other companies oppose the notion. In a statement to be included in its proxy, Wells Fargo argues that an advisory pay vote "would provide no clear or meaningful guidance" because directors wouldn't know which portion of compensation investors objected to. Shareholders already have plenty of ways to tell directors what they think, the company states. Wells Fargo also contends that the U.S. and U.K. corporate systems have "significant differences in regulatory and corporate governance policies and practices."

Other companies aim to keep the proposal off the proxy. WellPoint contended to the SEC staff that the proposal could be kept off the ballot; SEC rules allow companies to exclude proposals in some circumstances, including if it's "misleading." On Friday, WellPoint was notified that the SEC staff agreed "there appears to be some basis for your view." So WellPoint will now keep it off the proxy, a spokesman says. A spokeswoman for proposal submitter Connecticut Retirement Plans and Trust Funds said it won't try to appeal to the SEC. Instead, it will support the say-on-pay idea in other ways, such as by supporting legislation Mr. Frank plans to introduce.

Another company, Northrop Grumman, has also argued to the SEC that the proposal should be kept off the proxy. As of Friday, the company had not heard back, a spokesman said.

-- Joann S. Lublin contributed to this article.

Corporate America Fights Back (WP)

By Michael Seigel

The Washington Post, February 26, 2007

Last time the public was tuned in, the Justice Department was vigorously prosecuting corporate giants such as Enron for massive frauds committed during the waning days of the stock bubble. Assisted by the Sarbanes-Oxley Act, government lawyers

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were racking up victories in the battle against white-collar crime. One recent highlight was the October sentencing of former Enron chief executive Jeffrey Skilling to 24 years in prison.

Now that the public's attention has shifted to matters such as Iraq, however, corporate America has launched a counterattack. Its goal is to derail the Justice Department's efforts to maintain a heightened level of white-collar criminal enforcement. Its success thus far starkly illustrates how power and money influence our criminal justice system.

Big business, represented primarily by the U.S. Chamber of Commerce, could not attack white-collar criminal enforcement head-on. Instead, it enlisted the aid of its lawyers, including the American Bar Association and the Association of Corporate Counsel, in a more oblique assault. Their strategy was to mount an all-out offensive against a seemingly obscure trend: the Justice Department's increasing insistence that corporations waive their attorney-client privilege as part of their cooperation with government investigators.

Through experience, government lawyers have learned that the efficiency of white-collar criminal prosecution can be significantly improved when companies facing indictment cooperate and provide relevant information. This way, prosecutors can get to the bottom of complex criminality and promptly indict those responsible. However, unlike an ordinary criminal who cooperates by telling what he knows, a corporation only "knows" what its employees tell it. Often, information relevant to a prosecution has been gathered by the corporation's counsel. Therefore, to cooperate, the corporation must waive its attorney-client privilege.

In a January 2003 document known as the "Thompson Memorandum," Justice told its prosecutors to consider a corporation's willingness to waive its attorney-client privilege in determining whether it ought to be indicted. This is where big business and its lawyers aimed their attack. Treating attorney-client privilege as if it were a sacrosanct American institution, akin to freedom of speech, they claimed that Justice was unfairly using its tremendous power to coerce corporations into privilege waivers. The resultant erosion of the privilege would be catastrophic, they contended. This tactic even garnered the support of the American Civil Liberties Union, and together the various lobbying groups formed the Coalition to Preserve the Attorney-Client Privilege.

The coalition's claims are hugely overstated. The government does not "coerce" corporations to waive their attorney-client privilege any more than it "coerces" drug dealers to waive their Fifth Amendment privilege against self-incrimination when they agree to testify. Moreover, the attorney-client privilege is not an end unto itself but a means to an end. Its main purpose is to encourage individuals to be candid with their lawyers.

The coalition says that the prospect of a privilege waiver will cause corporate employees and officers to clam up, eviscerating internal investigations and compliance programs and resulting in more corporate crime. But employees of corporations have known since the Supreme Court's 1981 decision in Upjohn Co. v. U.S. that when they speak to corporate counsel, the decision of whether to keep the conversation confidential resides with the corporation, not with them. The necessity and complexity of legal compliance leads most employees to talk to counsel nonetheless. Little indicates that the recent increase in privilege waivers has upset this balance.

So the Justice Department simply carried on. But it underestimated the power of the forces allied against it. Through intense lobbying efforts, the coalition persuaded Congress to conduct hearings. The same politicians who expressed outrage at corporate fraud a few years back now expressed outrage at the government's vigorous pursuit of it. Eventually, Sen. Arlen Specter (R-Pa.) introduced a bill that would prohibit federal prosecutors from seeking privilege waivers or considering a corporation's willingness to waive privilege voluntarily when evaluating its cooperation. Realizing that it was in danger of losing, Justice issued the "McNulty Memorandum" on Dec. 12. It reins in prosecutors' ability to request privilege waivers by requiring high-level supervisory approval.

But big business smells blood. Its reaction to the McNulty memo has been negative, and its goal continues to be the outright prohibition of waiver requests. Through reintroduction of the Specter bill, it is pressing its legislative "fix" in the new Congress, and the newly empowered Democrats -- eager for lobbyists' money -- are likely to be as responsive as their Republican predecessors. The result of a waiver prohibition, of course, would be a significant slowdown of white-collar criminal prosecutions -- exactly what the business lobby wants. And the losers, once again, would be the victims of white-collar crime: the American people.

The writer is a professor at the University of Florida's Levin College of Law. He serves on the Attorney-Client Privilege Task Force, which is examining whether the Florida Bar should take a position on this matter. The views expressed here are his own.

CRIMINAL LAW:

In Alaska, An Oil Player Loses Favor (WSJ)

By Jim Carlton

Wall Street Journal, February 26, 2007

VECO Gets Chilly Treatment From Once-Friendly Politicians As FBI Probe Jolts Statehouse

ANCHORAGE, Alaska -- The oil industry has long enjoyed a cozy relationship with the state government here -- not to mention the residents, who receive an annual dividend from the industry.

A Federal Bureau of Investigation probe of influence peddling -- which has focused on one of the oil industry's most powerful players -- is shaking up those ties.

At the center of the turmoil is closely held VECO Corp., the state's largest oil-services company, which has provided construction, engineering, management and other services for pipelines, refineries and other facilities.

VECO has long been one of Alaska's most prodigious campaign contributors; Chairman Bill Allen and top VECO executives have donated a total of more than $1 million to state campaigns since 1998. A year ago, a witness saw Mr. Allen in the gallery of the state legislature passing notes to a Republican politician backed by the company -- at the same time that legislators were debating a measure to cut taxes on the industry.

In August, FBI agents swarmed into legislative offices throughout the state seeking evidence of payments to state lawmakers by Mr. Allen and his executives, according to a warrant. Since then, a cloud from the investigation has hung over the state's capital, Juneau.

In recent months, a number of Alaska politicians have publicly distanced themselves from VECO and refused to take any donations from it. The new governor, Republican Sarah Palin, made a refusal to accept any VECO donations part of her platform when she challenged former Gov. Tony Knowles -- a Democrat who had made a similar pledge.

No VECO executives have been charged in the probe. FBI officials and Mr. Allen declined requests for comment. Amy Menard, an Anchorage attorney representing VECO, said, "There is no question that VECO and some VECO executives have always, from day one, had an interest in politics. But to suggest that there has been improper or inappropriate political contributions is an unfair charge."

In December, one state official was charged in connection with the influence-peddling investigation. The legislator, Tom Anderson, was indicted by a federal grand jury in Anchorage on charges of extortion, conspiracy, bribery and money laundering stemming from an FBI undercover operation in the case. Mr. Anderson, who had accepted campaign contributions from Mr. Allen and other VECO executives, faces up to 115 years and fines of up to $2.5 million. He has pleaded not guilty.

It isn't clear whether his case was related to VECO, nor whether the investigation extends beyond the company. It isn't clear what spurred the initial investigation. According to the search warrants executed in August on offices of VECO and six state legislators, FBI agents were authorized to seize documents relating to VECO, Mr. Allen and several other VECO officials.

For years, regulators paid relatively little attention to the industry here. As the nation's energy supplies have become more uncertain amid political tensions around the world, the Bush administration and its allies have made tapping Alaska's oil reserves a top energy strategy. That has brought attention to the once oil-friendly political scene in Alaska.

The Environmental Protection Agency last year launched a criminal probe into BP PLC's maintenance of its aging oil facilities at Alaska's Prudhoe Bay. BP was forced to shut down the giant oil field for several days during the summer. EPA officials launched a criminal inquiry into corrosion problems on the 800-mile Trans-Alaska Pipeline, which ferries crude across the state to the ice-free port of Valdez, Alaska. The investigations are continuing.

Mr. Allen, who arrived in Alaska in 1968 as a high-school dropout from New Mexico, has built VECO into an oil-services giant, with more than 5,000 employees and $5 billion in world-wide contracts. It has helped companies like BP and ConocoPhillips construct pipelines, transport equipment and design oil-field power plants.

Along the way, the 69-year-old has fashioned himself into one of the state's formidable, behind-the-scenes political forces. From early in his career, he has talked about making sure the oil industry's views are represented in the state capital -- and sometimes gotten in hot water.

In 1983, Mr. Allen co-founded a political-action committee to support five Republican legislative candidates who promised to hold down taxes on the oil industry. VECO and some of its subsidiaries then set up a payroll-deduction plan through which employees donated about $40,000 to the candidates, according to state documents.

Two years later, the Alaska Public Offices Commission fined VECO $72,660, saying the employee contributions weren't properly disclosed. The fine later was reduced to $28,000 on appeal by VECO. The candidates Mr. Allen recommended all went on to win, and later helped vote down a proposal by Democrats to increase taxes on the industry.

In 2002, Mr. Allen spent so much time personally lobbying for legislation in Juneau that state regulators ordered him to register as a professional lobbyist. Mr. Allen complained, saying he considered contacts with legislators his right as a businessman. Soon afterward, the legislature passed a law that critics dubbed "the Bill Allen bill." The law increased the time

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someone could spend pushing for legislation before being considered a lobbyist to 40 hours each month from four hours -- effectively exempting Mr. Allen from registering as a lobbyist.

In early 2006, then-Gov. Frank Murkowski presented a proposal to give oil producers a tax break as an incentive to build a natural-gas pipeline that would ship an estimated $20 billion of natural gas from the state's North Slope field. Democrats argued that Alaska would be giving away millions in potential revenue. Mr. Allen took up residence in Juneau to help push for the measure. Though it failed to pass in the regular session, it was approved in a special session last summer.

In his December indictment, Mr. Anderson was accused of accepting $26,000 in payments from a consultant for a private corrections company. In return, the indictment claims he agreed to perform unspecified "official acts" to help that person's business, according to a Justice Department news release. The consultant was working as a confidential informant for the FBI.

Federal officials won't discuss the case nor say whether it ties into VECO. But Mr. Allen and VECO did lobby for a private prison in Alaska in 2002. Though much of VECO's business is with the oil industry, the company does other work, including building prisons.

Mike Chenault, a Republican state legislator who co-chairs the House finance committee, said he has voted for oil-industry bills backed by Mr. Allen, but not because he received money from him or anyone else. He professed an admiration for the VECO chairman, who got his start in Alaska in the legislator's district on the Kenai Peninsula. "He's actually fulfilled the Alaskan dream to come up here and do well," Mr. Chenault said.

Papers Show Mixed Result From Legislator's Years In Business (NYT)

By Mike Mcintire

The New York Times, February 26, 2007

It is an oft-told tale that has become part of Albany lore. Long before he became the State Senate majority leader, Joseph L. Bruno borrowed $5,000 to start a telephone equipment company, built it into a profitable business and sold it for $23 million in 1990. Born into poverty, Mr. Bruno became a millionaire.

Or did he?

A review of records and interviews with his former partners showed that while Mr. Bruno indeed built his publicly traded firm, Coradian Corporation, from scratch, its sale did not make him a millionaire. In fact, the company had been steadily losing money, and Mr. Bruno made less than $400,000 from the transaction.

As a result, Mr. Bruno began to pursue other sources of money, and those pursuits are now the subject of a federal investigation.

Some of Mr. Bruno's other business ventures, before and after he sold Coradian, did poorly. In one case, he lost about $150,000 on a real estate project that dragged on for 17 years, a former partner said. And in the past six years, he has lost at least $50,000 on investments in high-tech companies, according to financial disclosure records and interviews with his aides.

Mr. Bruno's mixed success as a businessman might have important implications for a federal grand jury investigation into his financial dealings. Soon after selling Coradian, Mr. Bruno — who has for years complained that being in office has hurt his ability to make money — opened a consulting business out of his home. That business is now the focus of the federal investigation into whether Mr. Bruno provided government favors to his consulting clients, people who have been briefed about the inquiry have said.

Records show that the consulting business has been a consistently reliable stream of income for Mr. Bruno. Yet the firm does not advertise or have a published telephone number and Mr. Bruno has refused to publicly identify its clients, describing them only as "substantial and important business people."

Mr. Bruno, who declined to be interviewed for this article, has consistently defended his right to remain a businessman while serving in the Legislature, asserting that he has never used his power to enrich himself or his business associates.

It is impossible to know the full extent of Mr. Bruno's wealth because he is not required to provide details about his income or assets on disclosure forms made available to the public. There are no indications that he is in financial trouble; he lives on a sprawling farm in Rensselaer County, owns thoroughbred horses and earns $121,000 as majority leader.

But interviews and documents suggested that Mr. Bruno, 77, has remained an active consultant and aggressive investor in part because he felt he needed the money. He suggested as much in an interview with The New York Times in December.

"Nobody wants to hear it, but my being in office has cost me a fortune — millions, literally millions," he said. "I'm worth a hell of a lot less today than I was 30 years ago. That's kind of sad. I'm worth a hell of a lot less now than I was 10 years ago."

By his own account, Mr. Bruno overcame humble origins in upstate poverty by selling ice and frozen food, obtaining an undergraduate degree in business administration and, in the 1950s, teaming with an older businessman, Stanley B. Ringel, to sell insurance and mutual funds. In the late 1960s, Mr. Ringel and Mr. Bruno began selling office telephone equipment, forming what would become Coradian.

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Mr. Bruno, who associates said was a gifted salesman, handled the marketing side and pursued a second career in politics, while Mr. Ringel, the chief executive, managed the day-to-day operations. By 1981, Coradian had revenues of $35 million and employed about 500 people.

But a major supplier dropped its contract, profits dried up, workers were let go, and an ailing Mr. Ringel stepped aside as chief executive, allowing Mr. Bruno to take over.

In the years after Mr. Bruno was elected to the State Senate in 1976, questions were raised about possible ethical conflicts, since Coradian received $1.5 million in state contracts from 1983 to 1988, according to The Times Union of Albany. The State Commission on Government Integrity investigated Coradian's contracts with state and local government agencies in 1988, but reported no evidence of wrongdoing.

By 1989, with Coradian hemorrhaging cash and unable to pay its debts, the company was put up for sale. It hired a consultant to interview 24 prospective buyers, but 19 expressed no interest, securities filings showed.

Mitel, a Canadian firm that was a major equipment supplier to Coradian, eventually agreed to buy it, paying $10 million in cash and assuming $13 million in debt. Numerous newspaper accounts since then, including in The Times, have stated or implied that the $23 million sale price resulted in a windfall for Mr. Bruno worth millions of dollars.

In reality, Mr. Bruno owned only enough shares to earn at most $383,000 from the sale, according to the securities filings, and he agreed to remain with the newly merged company for a couple of years at his old salary of $110,000.

George L. Benson, Coradian's president at the time of the sale, recalled recently that "nobody made a lot of money out of it, I can tell you that. It was a graceful exit. That was all it was."

Even before leaving Coradian, Mr. Bruno began pursuing other ways to make money, an effort that intensified after the sale of the company. One of the earliest was a partnership called First Grafton that he created in 1987, along with his brother and some friends, to purchase and develop a large tract of forest into home sites, a project that seemed vexed from the start and would not be completed until just a few years ago.

After two of his original partners bowed out, Mr. Bruno's solution — to replace them with two lawyer-lobbyists he knew from his work at Coradian and the state capital — inflamed old charges of ethical carelessness that had begun to dog his Senate career. The ensuing uproar forced Mr. Bruno to place his interest in First Grafton into a blind trust.

One of the lobbyists, James D. Featherstonhaugh, has represented dozens of special interest groups, including banks, insurance companies, the horse racing industry and labor unions. In December, the federal grand jury investigating Mr. Bruno sent a subpoena to Mr. Featherstonhaugh for First Grafton's records.

Mr. Featherstonhaugh said everyone involved in First Grafton had lost money, and he estimated Mr. Bruno's losses totaled about $150,000 over the 17 years that the project dragged on. Despite that, he said Mr. Bruno "never seemed to be in financial stress." The senator, he said, tended to be frugal.

"He has never struck me as either outrageously wealthy or poor," Mr. Featherstonhaugh said. "He just seemed to me to be kind of O.K."

Mr. Bruno's willingness to mix public and private interests was apparent in another real estate deal he entered into in 1999, when he and his son Joseph bought a small apartment house in Troy from Russell C. Ball, a state contractor whose wife, Dori Evans, served as finance director for the Senate Republican campaign committee, which Mr. Bruno controls.

Mr. Ball's Brooklyn-based company, which does underground utility work, has had contracts on several major state projects, and a couple of years ago he created a nonprofit group that purchased full-page newspaper ads saluting Mr. Bruno. An official familiar with the investigation said the F.B.I. has questioned people about Mr. Ball's relationship with Mr. Bruno. Mr. Ball had no comment.

Not long after buying the building, Mr. Bruno's son decided he wanted out, and Mr. Bruno tapped a friend and neighbor, Joseph L. Magno, to step in and replace his son in the investment and on a $235,000 loan used to buy the property.

"He literally said, 'Will you please help me out,' " said Mr. Magno, who is now a lobbyist. He said that he lost as much as $30,000 on the investment, and that Mr. Bruno lost money as well.

Mr. Magno was not just a friend, but also an investor in high-tech companies. In 2000, Mr. Magno agreed to help Mr. Bruno, the senator secured $150,000 in state money to start a statewide trade association of technology firms headed by Mr. Magno.

The same year, an Internet company called Go2pay, whose directors included Mr. Magno, received $250,000 in state economic development funds, at a ceremony presided over by Mr. Bruno and Gov. George E. Pataki.

Mr. Bruno did not lose money on all his ventures. His financial disclosure statements showed that he seemed to have earned money, on a regular basis, from the consulting business he started, Capital Business Consultants L.L.C.

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In a news conference in December when he revealed the F.B.I. inquiry, Mr. Bruno said he provided advice on marketing and business development to lawyers and businesspeople. He declined to release information about his fees or the names of his clients, though some have been identified as a result of the investigation.

One of his first clients was McGinn Smith, an Albany investment firm. Mr. Bruno has invested both personal and campaign funds in companies controlled by McGinn Smith's chairman, Timothy M. McGinn. In 1999, Mr. Bruno reported making an undisclosed amount of money on the sale of stock in Pointe Financial, a bank holding company of which Mr. McGinn was chairman. It was one of Mr. Bruno's few profitable stock investments in recent years.

Another consulting client was Jared Abbruzzese, a businessman and friend who has flown Mr. Bruno around on private jets and who, until recently, was part of a group competing for a statewide horse racing franchise. From 2002 to 2004, Mr. Bruno decided to award $500,000 in discretionary state grants to a company in which Mr. Abbruzzese was a major investor, Evident Technologies.

The F.B.I. is now investigating Mr. Bruno's dealings with both McGinn Smith and Mr. Abbruzzese, people who have been briefed about the inquiry said.

Mr. Bruno has defended his use of state money to support Evident and other businesses, saying his only goal was to create jobs. His aides have also shrugged off questions about his overlapping personal and public interests, saying that Mr. Bruno has been in business and politics so long that interaction with people in both spheres was unavoidable.

To old friends and supporters, some of whom have benefited from the millions in public money that Mr. Bruno has directed to projects over the years, the senator's current predicament is heartbreaking. Mr. Benson, who was once Mr. Bruno's partner at Coradian, said he recently heard about the F.B.I. investigation while listening to the radio and immediately called Mr. Bruno.

"Joe called me back and left a message, saying he was O.K., that he had been re-elected majority leader and that everything was under control," Mr. Benson said from his home in Wisconsin. "But I have to say, he didn't sound all that good."

Brothel Leaders Sentenced (SEAPI)

By COLIN McDONALD, P-I REPORTER

Seattle Post-Intelligencer, February 24, 2007

3 Chinese face prison, deportation

The three leaders of a ring of Seattle-area brothels and escort services were sentenced in U.S. District Court on Friday to two and three years in prison.

Kesheng Zhu, 38, Rujing Jiang, 36, and Yong Jun Kang, 36, who are all Chinese citizens and in the U.S. illegally, pleaded guilty to conspiracy to transport individuals for prostitution and conspiracy to launder money.

According to court documents, Zhu and his wife, Rujing, started in the prostitution business in 2003 with the opening of the Apple Spa massage parlor in Bellevue as the front for a brothel. The business was sold to Kang in early 2004 for $10,000, then raided that April by the Eastside Narcotics Task Force. Officers found hundreds of used condoms in the massage parlor's garbage.

One of the prostitutes who worked at the spa told investigators that a man, believed to be Kang or Zhu, would arrive at the business at the end of the day, pick up the money and receptionist, then lock the prostitutes inside the building.

Zhu, Jiang and Kang weren't charged with a crime then, but Zhu was deported to China. Jiang remained in the U.S. because she was pregnant with their child. Kang did not show up for his deportation hearing, court documents show.

Zhu then paid to be smuggled back into the U.S., where, with the help of Kang, he set up an escort service by placing ads in The Stranger and Seattle Weekly. Investigators later discovered that Kang had fled to Portland, where he set up a brothel. By May of 2005 Kang was back in Seattle operating another brothel in a private home in Seattle, according to prosecutors.

Both Zhu and Kang used a national network of prostitutes and brothels. That meant women would rotate every eight to 14 days among the brothels. Most of the women were in the United States on expired visas and came from across Asia.

In taped phone conversations used by prosecutors, Kang and Zhu talked with customers as if the brothels were restaurants and the women were food dishes using "kimchee" to refer to a Korean prostitute and "pho dish" for a Vietnamese woman.

During their 21-month investigation, investigators followed Zhu and Kang as they picked up and dropped off women at Sea-Tac Airport and at local hotels, documented Jiang's work as a secretary and manager of a brothel, put tracking devices on vehicles and paid a former customer of Kang's more than $30,000 for information.

In August the investigators arrested Zhu, Kang and Jiang along with six others tied to prostitution in the Seattle area.

Judge John Coughenour sentenced Zhu to 36 months in prison and Kang and Jiang to 24 months each. Because they are all in the county illegally, deportation proceedings to China will begin after they have served their sentences.

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Zhu and Jiang will most likely not be reunited with their 2 1/2-year-old son until they are back in China, said defense lawyer Paula Deutsch.

"To become an orphan overnight," Jiang said about her son through an interpreter at her sentencing. "To lose a parent's love, I cannot express how this feels."

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3 Chinese Nationals Sentenced To Prison Terms (AP)

AP, February 26, 2007

SEATTLE (AP) - Three Chinese nationals were sentenced to prison terms today in U.S. District Court in Seattle for conspiracy to transport individuals in furtherance of prostitution.

All three individuals will be deported following their prison terms.

The government says one was a brothel operator and two ran an escort service.

36-year-old Yong Jun Kang of Seattle was sentenced to two years in prison for conspiracy to transport individuals in furtherance of prostitution, conspiracy to transport and harbor illegal aliens and conspiracy to launder money. The government says Kang operated brothels in Seattle and Portland, Oregon.

38-year-old Kesheng Zhu and his wife, 36-year-old Rujing Jiang, both of Seattle, were sentenced for conspiracy to transport individuals in furterance of transportation. Zhu was sentenced to two years and nine months, while Jiang was sentenced to two years in prison.

The government says the couple ran an escort service in Seattle that was a front for prostitution, providing prostitutes to customers who called from homes, apartments and hotels in the Seattle area.

4 Alleged Gang Members Ordered Held (HC)

By Cindy George, Houston Chronicle

Houston Chronicle, February 24, 2007

The suspects all have lengthy criminal records

A federal judge ordered detention Friday for four alleged Texas Syndicate gang members who sought release pending trial.

Seventeen Houston-area men are charged in an indictment that alleges murders, armed robberies and drug trafficking.

The four who will remain detained after a two-day hearing this week are: Francisco Nuncio Jr., 34; Johnny Perez Jr., 35 of Houston; Robbie Lee Danas, 35, of Rosenberg; George Duran, 39, of Baytown.

While saying each was dangerous, U.S. Magistrate Judge Calvin Botley declined to call any of them flight risks, noting their families, employment histories and community ties.

Nuncio and Perez face charges that could bring them death sentences. All four have lengthy criminal records and two are convicted murderers.

Perez served time for a killing in the 1980s and had posted a bond for a pending murder charge in Harris County. His lawyer offered a letter from a Houston parish priest calling Perez "a kind, gentle and respectful person.

Duran also was convicted of murder 20 years ago. Nuncio was on federal supervision when he was arrested in a roundup last week and Danas, a six-time felon, is a "habitual criminal," Botley said.

The 11-count indictment is led by a 14-charge racketeering conspiracy, followed by accusations of three murders, five armed robberies along with marijuana and cocaine trafficking charges.

Grounds for detention were based on testimony this week from an FBI agent who has worked for five years building the case. Special Agent Randy Durney said the agency began investigating murders credited to the Texas Syndicate in 2002. The gang was founded in the Texas prison system in the 1970s and employs killing and stealing to enrich its members and preserve its power. Membership is lifelong, Durney said.

"This is a dangerous group of people who have no respect for each other or for the laws of the United States," said Assistant U.S. Attorney Tim Braley.

Four defendants — Jesus Galvan Jr., Roberto Garza, Michael Thaman and Jerry Villarreal — waived their detention hearings.

Nine others are serving time in various prisons and jails.

Judge: Texas Prison Gang Members To Remain In Jail (AP)

AP, February 24, 2007

(AP) HOUSTON A Texas prison gang's violent exploits over the last eight years, including murders and brutal robberies, were detailed over a two-day court hearing that ended Friday with a federal judge ordering four of the members to be held without bond.

Francisco Nuncio, Jr., 34, of Houston; Robbie Lee Danas, 35, of Rosenberg; George Duran, 39, of Baytown; and Johnny Perez Jr., 35, of Houston were part of a group of 17 members of the Texas Syndicate who were the targets of a five-year FBI investigation.

The federal probe resulted in an 11-count indictment charging the men with a variety of crimes in the Houston area, including murder, racketeering, aggravated robbery and drug trafficking.

Six of the gang members, including Nuncio and Perez, face a possible death sentence for their part in several murders.

While the four men who appeared before U.S. Magistrate Judge Calvin Botley for their probable cause and detention hearing had such innocuous nicknames as "Porkchop" and "Sleepy," an FBI agent testified they were violent and ruthless individuals who wouldn't hesitate killing members of their own gang.

FBI agent Randy Durney said federal authorities began investigating the gang after learning from confidential sources the group was responsible for a series of murders in the Houston area.

Using wire taps and confidential informants, some who were gang members, Durney said the FBI learned the Texas Syndicate would routinely rob drug dealers at their homes.

One man was shot and killed for 50 pounds of marijuana. At another drug robbery, gang members stole $69,000 and two kilos of cocaine, Durney said.

Texas Syndicate members also killed two men for falsely claiming to be members of the group, Durney said.

During his lengthy testimony, Durney described how gang members would meet, sometimes at bars or at family barbecues, to vote on whether to kill other members.

One member was targeted for murder because he wasn't participating in gang business or regularly attending meetings.

Another was targeted for having an affair with another member's wife. He survived a shooting and was given a reprieve as long as he ended the affair. When he failed to do so, another vote was taken to kill him. But the order was not carried out, Durney said.

Defense attorneys for the four gang members tried to imply the confidential informants helping investigators were lying to protect crimes they had committed.

"Do you have a single eyewitness against Mr. Nuncio that is not participating in the crimes?" Richard Kuniansky, Nuncio's attorney, asked. Durney replied no.

Other defense attorneys said their clients joined the gang in prison simply to survive.

Baton Rouge Woman Pleads Guilty To Fraud (BRADV)

Baton Rouge Advocate, February 24, 2007

A Baton Rouge woman pleaded guilty in federal court to one count of making a false claim for disaster assistance benefits.

According to court documents, Latoya Dunn submitted a fraudulent application for FEMA benefits, falsely claiming that her primary residence had been damaged during Hurricane Katrina.

The Federal Emergency Management Agency mailed Dunn a $2,000 check.

Dunn could be sentenced to five years in prison, a fine of $250,000, or both, as well as additional court costs.

Ex-broker In Area Firm Is Charged With Scam; Investment Fraud May Reach $40M (TOLB)

By Mark Reiter, BLADE STAFF WRITER

Toledo Blade (OH), February 17, 2007

The former manager and vice president of a Toledo brokerage firm was charged yesterday in federal court in a $17 million-to-$40 million investment scam.

William A. Sirls of Grosse Ile, Mich., was charged in U.S. District Court in Toledo with money laundering and mail fraud.

A bill of information filed in the court alleges Mr. Sirls, who was manager and vice president of a Toledo Wachovia Securities office, engaged in fraudulent investment transactions to bilk investors, co-workers, and others in a Ponzi scheme.

The scheme, which began in January, 2000, and continued until September, 2006 - nearly 18 months after he left Wachovia, was used to defraud an estimated 45 people, federal prosecutors said.

But Toledo attorney Stephen Hartman said the case against his client emerged only after Mr. Sirls went to authorities late last year and confessed.

"There was no catching him in the act. He turned himself in and voluntarily came in and told authorities about his activities. He never did get caught," Mr. Hartman said.

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The two charges carry a possible sentence of 30 years in prison and more than $34 million in fines.

Mr. Sirls, if convicted, would face a substantial reduction in punishment under federal sentencing guidelines because of his cooperation.

Mr. Hartman said his client, the divorced father of two children, confessed to the activities partly out of guilt and to get it off his chest.

"He didn't feel right about it," he said. "A lot of people were shocked after he confessed. Some of the people who were [affected as investors] have been very supportive of him. He has done a lot of work in his life for charities and civic causes.

The government's case alleges that an assortment of fraudulent transactions involving bogus stocks and nonexistent property were used to lure money from investors.

In one method, investors were sold interests in what they were told were the last remaining unsold homes in a newly constructed housing development and that the discounted real estate could be flipped for a profit.

Other investors believed they were earning profits on purported stocks from nonexistent brokerage firms that were made available after the stock was ordered but never paid for by clients.

And investors were falsely promised returns on short-term promissory notes with high rates of interests.

Mr. Sirls also is accused of operating a Ponzi scheme, in which investors are paid returns resulting not from actual investment profits but from funds generated from new investors.

When he left in March, 2005, Mr. Sirls was manager of the Wachovia's former office on West Sylvania Avenue near Talmadge Road in West Toledo.

"At this point, because it is the subject of an ongoing investigation, we decline comment," said Tony Mattera, a spokesman for Wachovia, one of the nation's largest brokerage chains.

Randy Hunt, vice president of Wachovia's downtown Toledo offices in One SeaGate, said he was unaware of any investigation into Mr. Sirls' activities while he was employed at Wachovia.

Mr. Hartman disputed the amount of money that federal investigators believe was taken in the investment scams.

"While we agreed to have him charged in an information, we don't necessarily agree with the amount. We are still looking at the history to determine the actual loss that people suffered," he said.

"A vast majority of people got their money back and, in fact, the vast majority got their money back with interest. But that doesn't excuse what he did."

The reaction of former co-workers and colleagues was disbelief and shock.

"You've got to be kidding. I can't believe it," said John Carroll, the owner of River Road Investors and a former Wachovia employee.

Mr. Carroll knew Mr. Sirls from the days when the Toledo Wachovia offices were under the name First Union Securities.

After learning about Mr. Sirls' resignation two years ago, Mr. Carroll said he called him and wished him well in his future endeavors.

"I am perplexed. I am shocked. You hate to hear about that when it is about someone you like," he said.

An investment broker for nearly 40 years, Mr. Carroll feared that the scandal would harm the reputation of the firm and employees in the industry.

"It gives brokerages a bad name and drags down everybody who is in the business," he said.

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Montana Man Sentenced To 15 Years In Online Luring Case (SEAPI)

By Casey McNerthney, P-I REPORTER

Seattle Post-Intelligencer, February 24, 2007

Federal investigation part of nationwide effort

A Montana man was sentenced in federal court Friday to five years in prison and 15 years of supervised release for traveling to Washington state and attempting to have sex with a minor.

Andy Maxfield, 55, was arrested September 12 at a Holiday Inn in Kent, where police say he intended to meet a 13-year-old girl. He had been investigated since June 2006 when he entered an online chat room under the screen name "Gentlooking4fun" and contacted a federal investigator posing as the girl's mother, Department of Justice officials said.

Maxfield engaged in sexually explicit chat with the undercover officer, who posed as the girl, according to court documents. The former bus driver also made arrangements to engage in sexual activity with the minor, the documents said.

In online conversations, Maxfield told the 13-year-old he would teach her about sexual activity and that she was not to tell anyone about it because he would go to jail, Justice Department spokeswoman Emily Langlie said.

Maxfield brought condoms to the Holiday Inn hoping to meet the mother and daughter, but met federal agents instead, according to court documents.

"The United States Attorney's Office is committed to the aggressive prosecution of sexual predators like Maxfield," said Jeffrey C. Sullivan, U.S. Attorney for the western district of Washington.

U.S. District Court Judge Thomas S. Zilly said the 15-year period of federal supervision following his imprisonment was appropriate for the case.

Maxfield's case was brought as part of Project Safe Childhood -- a nationwide initiative designed to protect children from online exploitation and abuse. The program was launched in 2006, following a year when federal prosecutors charged 1,447 child exploitation cases involving child pornography, coercion and enticement offenses, according to the Department of Justice.

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Sex-offender Residency Laws Get Second Look (USAT)

By Wendy Koch

USA Today, February 26, 2007

Oklahoma state Rep. Lucky Lamons was a police officer for 22 years. He calls himself a "lock-'em-up kind of guy."

Yet Lamons wants to loosen his state's law that bans registered sex offenders from living within 2,000 feet of a school or day care center. He says it forces many offenders to live in rural areas where they are difficult for authorities to monitor. Also, he says, it does not differentiate between real predators and the type of men he recalls arresting for urinating in public, a sex offense in Oklahoma.

"We need to focus on people we're afraid of, not mad at," says Lamons, a Tulsa Democrat who wants the rules to focus more on high-risk offenders.

Lamons is among a growing number of officials who want to ease the "not-in-my-backyard" policies that communities are using to try to control sex offenders. In the past decade, 27 states and hundreds of cities have reacted to public fear of sex crimes against children by passing residency restrictions that, in some cases, have the effect of barring sex offenders from large parts of cities. They can't live in most of downtown Tulsa, Atlanta or Des Moines, for example, because of overlapping exclusion zones around schools and day care centers.

Now a backlash is brewing. Several states, including Iowa, Oklahoma and Georgia, are considering changes in residency laws that have led some sex offenders to go underground. Such offenders either have not registered with local police as the laws require or they have given fake addresses. Many complain they cannot find a place to live legally.

The push to ease residency restrictions has support from victims' advocates, prosecutors and police who say they spend too much time investigating potential violations.

They're battling a mountain of momentum, however, because residency restrictions remain popular.

New or expanded ones have been proposed in 20 states this year. Some legislators are reluctant to pare back restrictions they passed only recently.

"We ought to give it time to work," says state Rep. Jerry Keen, author of Georgia's law, passed last year, which bans sex offenders from living, working or loitering within 1,000 feet of where kids gather. Keen, Republican majority leader of the House, says Georgia's rules put children's safety before the convenience of sex offenders.

Illinois Attorney General Lisa Madigan has a similar view. "We're trying to protect children," she says. "We're dealing with people raping children. These are horrible crimes." She says Illinois' restrictions target those who have seriously hurt children.

Others see growing problems with the residency laws.

Broad restrictions provide a "false sense of security," says Nancy Sabin of the Jacob Wetterling Foundation, which fights child exploitation. She says such laws do not protect the more than 90% of abused children who suffer at the hands of people they know. And many of the laws bar offenders from living near schools but do not stop them from loitering there, she says.

Most of the restrictions also lump all sex offenders together, even though some are child rapists and others may be 18-year-old men who had sex with underage girlfriends. There is no national breakdown of sex offenders by severity of their crimes.

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"You can't paint sex offenders with a broad brush," says John Walsh, host of Fox network's America's Most Wanted. He says residency laws are worthwhile only if they can be enforced, and tens of thousands of the nation's 600,000 sex offenders are giving police fake addresses.

Walsh prodded Congress to pass a law last year — named for his son Adam, who was abducted and killed 25 years ago — that makes failure to register a felony for serious sex offenders such as rapists and child molesters. Those are the people Walsh says residency rules should target.

Some state lawmakers are trying to move in that direction:

·Iowa — Legislators began holding hearings in January on the effectiveness of a 2002 law that bars sex offenders from living within 2,000 feet of a school or day care facility. Sen. Keith Kreiman, Democratic co-chairman of the Judiciary Committee, says he expects the law to be revised but not repealed. "It is very politically risky to even hold hearings," he says, because lawmakers who change the rules could be called "soft on crime."

State figures show sexual-abuse convictions have remained steady since the law took effect, but the number of sex offenders failing to register has more than doubled. Sen. Jerry Behn, a Republican who wrote Iowa's law, says it may be overly broad. He says he's talking to colleagues about how to focus on "true predators."

·Oklahoma — Like Lamons, other legislators say they'll try to narrow their state's restrictions. "Let's apply them to those who are the highest risk to society," says state Rep. Gus Blackwell, the Republican majority whip.

Sgt. Gary Stansill, head of the Tulsa Police Department's sex-crimes unit, says the current law applies to too many offenders and that he spends "way, way too much of my time" trying to enforce it. He says he investigates as many cases of sex offenders not registering as he investigates rape reports. He considers less than 10% of the state's 8,000 convicted sex offenders to be high-risk and is lobbying lawmakers to focus on them.

·Georgia — Republican state Rep. Robert Mumford, vice chairman of a judiciary panel, says he plans to propose a bill to scale back the state's law. With the backing of the Georgia Sheriffs' Association, he suggests removing many bus stops and churches from the list of areas where offenders are banned.

·Kansas — On Feb. 12, the state Senate passed a bill that extends for another year Kansas' moratorium on local governments restricting where sex offenders can live.

Some cities have rejected such restrictions. Among them: Topeka; Maplewood, Minn.; and Covington, Ky.

Several offenders have challenged residency rules in court, claiming they unfairly punish offenders who have served their time. In December, New Jersey Superior Court Judge Valerie Armstrong rejected a local ordinance as too broad. She said it had several flaws. For example, she said, it violated U.S. law that says being on a sex offender registry cannot disqualify someone from housing.

Many of the state laws are known as "Jessica's Laws" because they were passed or expanded after the slaying in Florida of 9-year-old Jessica Lunsford in 2005. Her neighbor, convicted sex offender John Couey, is on trial for the crime.

The surge in residency restrictions happened in the absence of research proving that they work.

"Residency restrictions have a lot of unintended consequences," says Jill Levenson, professor of human services at Lynn University in Boca Raton, Fla. She says many offenders are "more likely to resume a life of crime" if pushed into rural areas, because they have less access to jobs and mental health services that bring them needed stability.

Levenson surveyed 135 sex offenders in Florida, which passed a law in 2003 barring those who hurt children from living within 1,000 feet of where kids gather. Most said they had been careful not to commit crimes near their homes, so residency rules made little difference. Others said that even outside restricted areas, they live near kids.

Sex offenders seeking victims are likely to go to another neighborhood so they won't be recognized, the Minnesota Department of Corrections found in a 2003 study.

In Colorado, convicted molesters who committed more offenses lived no closer to schools or child care centers than those who had not re-offended, according to a report in 2004 by the state's Department of Public Safety.

In Arkansas, however, Jeffrey Walker of the University of Arkansas found in 2001 that child molesters are nearly twice as likely to live near schools than those convicted of sexually assaulting adults. Walker says he doesn't know why that's the case, or whether proximity to kids makes them more likely to offend again.

The need for housing for paroled sex offenders in Illinois is "close to crisis levels" because of residency restrictions, says Jorge Montes, chairman of the Illinois Prisoner Review Board. He says it's in a Catch-22 situation, because without a place to live, a parolee cannot be released.

"We go into cyclical incarceration," he says, adding that more than 400 sex offenders are doing parole in prison because they have no place to go. He says many are not child predators.

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Janet Allison, 45, a mother of five in Georgia, says she was forced to move from a four-bedroom home in downtown Dahlonega to a two-bedroom mobile home "way off on a dirt road" because she is a convicted sex offender and her former home was within a quarter-mile of a church.

Allison's situation also reflects how residency laws can affect those who aren't sexual predators. Allison says she was arrested five years ago for allowing the 17-year-old boyfriend of her pregnant daughter, then 15, to move in with them. She was convicted of being a party to child molestation.

Allison didn't go to prison, but three of her children were put in foster care, and she's not allowed to have contact with her daughter or grandson. "I didn't touch anyone," Allison says. "I just thought I was protecting my daughter."

Keen, author of Georgia's residency law, says it applies to all released sex offenders, regardless of their offense, because the state has not classified them by risk. He says those released in the future will be assessed, and the restrictions will target more serious offenders.

Dyersville, Iowa, is among the cities with the strictest residency laws for sex offenders: It bars them from living anywhere in the city.

Mayor Jim Heavens says the city did so to protect public safety and property values. "We consider this a crude tool, but at least we can do something. We're not trying to banish people," he says, adding that the city might make an exception for sex offenders who pose little risk to public safety.

Researchers who study sex offenders say that other approaches could be more effective in dealing with released sex offenders than broad residency laws:

·More checks by probation officers — David Finkelhor of the Crimes Against Children Research Center at the University of New Hampshire says the best way to monitor offenders is to require frequent meetings with well-trained officers.

·Mandatory therapy — Kim English of Colorado's Division of Criminal Justice recommends having freed offenders attend therapy in group residential centers.

·Polygraphing — Levenson says lie-detector tests also can be helpful, along with electronic monitoring and required driving logs.

Illinois is inviting officials from other states to a conference in April to discuss the effects of residency restrictions.

"Somebody is going to end up with a huge problem," says Frances Breyne of the Kansas Department of Corrections, "unless we all get on the same page."

CIVIL LAW:

Ga. Whistleblower Shakes Up U.S. Dept. Of Education (AJC)

By Bridget Gutierrez

The Atlanta Journal-Constitution, February 26, 2007

Reading Teacher From Savannah Shows Flaws In Federal Progam

Savannah — Cindy Cupp strode into the kindergarten classroom at Heard Elementary Academy and launched into an introduction.

"Good morning, boys and girls! My name is Dr. Cupp, and I'm the reading doctor," she enthused as a girl giggled. "I'm not going to give shots or anything. I'm just going to listen to you read."

Cupp has been teaching children to read for 35 years. She's so good at it, she rose to the top — becoming Georgia's director of reading instruction — before she retired and created her own brand of "Dick and Jane" textbooks. But four years ago, Cupp found herself in a fight over her storybooks that led from her port city all the way to Washington.

Cupp had no idea what she was getting into in 2003 when she tried to have her "Dr. Cupp Readers" approved for use in Reading First, a major federal initiative promising to make all children successful readers by fourth grade. Cupp just figured her company could benefit from the $6 billion flowing to schools for new reading programs.

Now, after years of pursuing perceived wrongs that blocked Cupp Publishers from winning lucrative contracts, she stands as a key whistle-blower whose complaints helped touch off a federal audit of the Georgia Department of Education, a shake-up at the U.S. Department of Education and possible congressional hearings on conflicts of interest that may have compromised Reading First.

"This is what one person on a mission can do," said Dick Allington, a University of Tennessee education professor who has been critical of the handling of Reading First, a linchpin of President Bush's signature No Child Left Behind Act. "It was just sheer persistence on her part."

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Nearly 150 elementary schools, including some in Atlanta and in Clayton and DeKalb counties, are serving 53,000 Georgia students through Reading First. So far, nearly $100 million has been spent statewide on textbooks, training and reading specialists.

Cupp's curriculum — which teaches children to read with phonics instruction, where students decipher the sounds letters make, and by tutoring in common words — is used in about 80 elementary schools. Only three are part of Reading First.

State and federal officials have said mistakes made in implementing the program have been corrected, but deny taking any intentional actions that may have favored big national publishers with connections over smaller companies such as Cupp's.

"It is a very effective program," said Katherine McLane, a spokeswoman at the U.S. Department of Education. "It's very regrettable to see it viewed in this light, rather than in the light of its merits."

Turned down by state

When Sheree Bryant, an associate superintendent for instruction in Butts County, wanted to apply for Reading First funds, her school system about 45 miles south of Atlanta already had used Cupp's program in one class with success. But the state education department, which was doling out the grants, initially turned down Butts' request, which included funding for Cupp's material.

Reading First rules required use of materials proved effective through research, a hallmark of the program. Some experts the state hired to review systems' applications for Reading First funds had never seen Cupp's curriculum, which uses stories about "Jack" and "Jilly" — a pair of cape-wearing turtles — to teach new words. Yet, according to Bryant and Cupp, her books received poor marks, dooming Butts' proposal.

After Cupp complained to state officials, they relented, but only allowed Butts County to use Cupp's readers on a limited basis. By then, Cupp said, most systems had selected other materials.

Clifford Johnson, a reading expert at Georgia State University, which is aligned with another literacy program called Reading Recovery, also complained to the State Board of Education about department officials.

"They let it be known if you didn't adopt a certain type of material you wouldn't get Reading First funds," Johnson said. "Now, Cindy and I disagree on her program. But ... there ought to be freedom of choice and fair access to the public money."

After months of feeling thwarted in her attempts to get her series approved for Reading First schools, a friend suggested Cupp contact the Office of the Inspector General, a state agency created to root out corruption, waste and abuse in government. In March 2005, Cupp filed a complaint alleging that, as a small-time publisher, she was largely prevented from selling to Reading First schools.

An Oregon connection

The day she met with the agency, Cupp started to wonder why department officials acted the way they had. Why, for instance, did Georgia use a University of Oregon guide to screen textbooks such as Cupp's before they could be used in Reading First classrooms?

Unable to sleep, Cupp logged on to the Internet, began running searches on the university, and stumbled onto a newspaper article — "Oregon education professors wield influence with Bush" — that reported that the university had developed methods and a program for teaching students to read that had influenced the president's policies. One of those professors, the article said, was a longtime adviser to Bush.

For the first time in two years, Cupp said, she realized her problems went beyond Georgia. "I cried," Cupp recalled. "I thought: If there's that much strength ... that's coming from that high up in government, then what did one little person like me think I was gonna do?"

What Cupp did was begin researching the players behind Reading First, using e-mail and the Internet. She began finding professional connections between experts hired to assist with Reading First's national rollout, including some of those Oregon professors, and large textbook publishers for whom they also worked.

Emboldened, Cupp sent a complaint to the inspector general at the U.S. Education Department that May, alleging that Reading First had been rigged to force schools to use a handful of select products. Two weeks later, Robert Slavin, an education researcher at Johns Hopkins University, filed a similar complaint, saying his program, Success For All, also had been shut out. In August 2005, the Reading Recovery Council of North America followed with a third plea for an investigation.

"She was the first to submit a complaint. We would have done so anyway, but she gave us, perhaps, a model and a little courage to go forward with it," said Slavin, who began probing Reading First when he saw schools drop his program to get funding. "Filing a complaint like this is an extraordinarily dangerous thing to do. You don't do it unless you have exhausted all other alternatives."

Conflicts of interest

Much, but not all, of what Cupp found through her Internet sleuthing turned out to be true. In two recent reports, the federal inspector general gave a scathing review of the program that detailed rampant favoritism for certain teaching methods; conflicts

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of interest with consultants, including some of those Oregon professors, who were hired to advise states on products they themselves had authored; and willful disregard for the law, which prohibits the federal government from dictating specific curriculums.

Last month, the agency issued an audit of Georgia's program, which also backed Cupp's claims of bias, although she was not named. State officials have played down the audit, which charged that they ran the program with no written policies, hired consultants who had blatant conflicts of interest or didn't meet standards, and created mandates for publishers such as Cupp that were not part of approved guidelines.

Wanda Barrs, chairwoman of the State Board of Education, said through a spokesman that she was pleased the audit didn't find any malfeasance. "I know other states have been audited and the resulting reports were much harsher than what Georgia received."

Today, Cupp says her phone frequently rings with calls from staffers at the U.S. House Committee on Education and Labor, which is considering holding hearings on Reading First, and from journalists, including from ABC News and the New York Times, which has published a profile of her. This month, she received an award from the Wisconsin State Reading Association for her role in exposing the problems that led to a shake-up of federal employees overseeing Reading First and stronger policies to avoid conflicts of interest.

Now Cupp is waiting to hear whether the U.S. Department of Justice will open another investigation as she continues her life's work: visiting schools to assist teachers, checking students' progress and prescribing remedies for those who struggle.

As she walked down the hallway to leave Heard Elementary recently, Cupp stopped abruptly. "This is my song, can you hear it?" she asked as she stepped toward a classroom where kindergartners were singing.

"These are the letters of the alphabet! No we are not finished yet! Come join in and clap with me! As we learn the letters from A to Z!"

Within seconds, Cupp was in front of the class — smiling, clapping and leading her song.

Overly Punitive? (WP)

The Washington Post, February 26, 2007

REGARDLESS OF what you think about tobacco companies, you should welcome last week's Supreme Court decision that repudiated an $80 million ruling against Philip Morris. Beyond question in this case was that the tobacco giant had misled Jesse Williams, a longtime cigarette smoker who died of lung cancer, into believing that smoking was not dangerous and that it therefore was culpable for his illness. The issue instead revolved around how the jury calculated the size of the punitive damages it awarded Mr. Williams's estate -- almost all of the $80 million package.

The majority held that the Oregon court considering the case should have made clear to the jury that it was not to punish Philip Morris directly for the harm it might have caused smokers other than Mr. Williams. During the trial, the plaintiff's lawyer asked the jury to consider the ill health the deceptively advertised product might have produced in other Oregonians. The result was a fat punitive award, though it is unclear how much the jury heeded the plaintiff's counsel when it settled on the amount. Regardless, the high court has set an important precedent: Defendants should not be punished for injuries they might have caused "strangers to the litigation," as Justice Stephen G. Breyer wrote in the majority opinion. Otherwise, they would not have a fair chance to defend themselves against the hypothetical harm they might have done to an unspecified number of people under varying conditions.

The question the court did not answer is whether the punitive award the jury handed down was "grossly excessive," a standard that the court established in the past but has not concretely defined. The court has indicated that punitive damages generally should be a single-digit multiple of the base compensation a jury awards a plaintiff. That vague standard and the current majority's sidestepping of the issue reflect the difficulty judges have had in establishing clear limits on the often outrageous size of punitive awards.

Capping punitive damages is a task suited for state legislatures, and it's one states should complete. States should also ensure that punitive damages -- meant to serve the public interest by punishing companies for wrongdoing, not to enrich plaintiffs -- go into public coffers.

CIVIL RIGHTS:

Arlington Officials Scramble To Make Ice Center Fully Accessible (AP)

By Sarah Karush, Associated Press Writer

AP, February 26, 2007

DOJ_NMG_0136308

ARLINGTON, Va. (AP) - When Arlington County officials unveiled a new ice complex to serve as the Washington Capitals' practice facility, they emphasized it would also be a community resource serving diverse groups, particularly the disabled.

So Rosemary Ciotti, who lives nearby and uses a wheelchair, was particularly dismayed when she visited the new facility shortly after it opened in November and discovered there was no room in the bleachers for her to watch the action on the ice. Despite its $42.8 million price tag, the Kettler Capitals Iceplex is not compliant with the Americans with Disabilities Act.

"It makes you want to bang your head against the wall," said Ciotti, a member of the county planning commission.

Another disabled Arlington resident, Sheri Denkensohn, said she visited the iceplex after hearing about the problems from Ciotti. Outraged by what she saw, she filed a complaint with the Justice Department.

Arlington officials say such glitches are common in construction projects. They say they already have addressed most of the ADA problems that were noted by building inspectors before the facility opened and are working to correct the problem with the bleachers.

In April, the Special Hockey International Tournament is expected to draw 1,500 people to the iceplex. In March, USA Disabled Hockey and other groups are hosting a sled hockey clinic there. Officials said the bleachers should be fixed in time for both events.

Construction of the iceplex was paid for by the county, and the Capitals signed a long-term lease. The 137,000-square-foot facility, built atop a seven-story public parking garage in Arlington's Ballston neighborhood, has two NHL-sized rinks, office space and locker rooms, as well as a Capitals training center with a weight room and medical facilities. It also houses the front offices of the Capitals and the WNBA's Washington Mystics.

The complex has regular ice time for skating programs and youth, high school and college hockey. In addition, the Capitals are donating 500 hours of ice time a year for "economically disadvantaged and physically and mentally challenged members of the community," according to a county news release issued in November.

But when the project was finished, officials learned they had committed several ADA no-no's: A men's room urinal was several inches too high, and a locker-room shower was half an inch too narrow. A door in front of a wheelchair ramp was too heavy.

But the biggest problem was the bleachers. Wheelchairs are supposed to be able to access the front row, but the only place for them at the ice rink is at the back, where they would block the exit, Ciotti said.

"There's really no lawful place to sit in your wheelchair," she said.

Tom Newman, real estate development director for Arlington Economic Development, said the mistake happened during last-minute changes to the project.

"It sort of got forgotten in the rush to get the building finished," he said.

Newman estimated it would cost $30,000 to $40,000 to fix the bleachers. He said the county would get it fixed first and then figure out who should pay for it.

A message seeking comment was left for William Drury, president of Reston-based Architecture Inc., the iceplex architect.

Ciotti, who joined the planning commission after the iceplex was nearly complete, worries the changes won't address all the concerns of disabled residents _ even if they do satisfy the legal requirements.

"What we keep saying is we want to be at the table and we want to see the fix," she said.

Ciotti said Arlington is by and large a hospitable place for the disabled. But she is frustrated that people still need to be reminded about ADA requirements.

"Architects know the ADA. They know what they're legally bound to do," she said. "The law is 17 years old."

Sharpton's Ancestor Was Owned By Thurmond's (WP)

By Robin Shulman

The Washington Post, February 26, 2007

NEW YORK, Feb. 25 -- The Rev. Al Sharpton, the prominent civil rights activist, is descended from a slave owned by relatives of the late senator and one-time segregationist Strom Thurmond, a genealogical study released Sunday reported.

"It was probably the most shocking thing of my life," Sharpton said of learning the findings, which were requested and published Sunday by the New York Daily News. He called a news conference to respond publicly to the report. "I couldn't describe to you the emotions I have had . . . everything from anger to outrage to reflection to some pride and glory."

Sharpton, 52, said he had suspected that his forebears may have been slaves but had never attempted to confirm that or find out any details.

"I had never really traced my family history, particularly on my father's side, since my parents separated when I was going on 10 years old," he said.

The newfound knowledge that his great-grandfather was a slave, Sharpton added, gave him a new perspective on his life.

"You think about the distance that you've come, you think about how brutal it was, you think about how life must have been like for him. And then you start wondering whether or not he would be proud or disappointed in what we have done," Sharpton said, with his eldest daughter, Dominique, 20, at his side.

The revelation was particularly stunning for the juxtaposition of the two men's public lives.

Sharpton, known for his fiery rhetoric and a tendency to intervene as an advocate in racially charged incidents, ran for president in 2004 on a ticket promoting racial justice. Thurmond made his own bid for the presidency in 1948, promising to preserve racial segregation, and in 1957 he filibustered for more than 24 hours against a civil rights bill.

After his death in 2003, though, it became clear that Thurmond had a complicated history with issues of race. A 78-year-old retired schoolteacher, Essie Mae Washington-Williams, revealed that she was the offspring of his extramarital relationship with his family's black housekeeper.

"In the story of the Thurmonds and the Sharptons is the story of the shame and the glory of America," Sharpton said Sunday.

The genealogy study was produced by researchers for the Web site Ancestry.com. Daily News reporter Austin Fenner initially asked them to research his own roots. He then approached Sharpton and asked if he would permit an investigation of his family history as well, for use in a story. Sharpton agreed. Neither the Daily News nor Sharpton paid for the research.

The research was led by chief Ancestry.com genealogist Megan Smolenyak, who was also the lead researcher for the 1997 PBS series "Ancestors" and has written several books on the subject. She was assisted by researchers including Tony Burroughs, who has been honored by the National Genealogical Society. They used documents including census, marriage, death and military records over a three-week period to examine Sharpton's family roots.

They found that Sharpton's great-grandfather, Coleman Sharpton, was a slave owned by Strom Thurmond's distant cousin.

Coleman Sharpton was given as a gift to Julia Thurmond, whose grandfather was the late senator's great-great-grandfather, said Mike Ward, a spokesman for Ancestry.com. Coleman Sharpton was later freed.

Al Sharpton met Strom Thurmond once with his friend James Brown, the late singer, who knew Thurmond and wanted to pay him a visit while in Washington.

"I was not happy to visit him because of what he had been all his life," Sharpton said.

Sharpton said his family origins in Edgefield County, S.C., brought him nearer to his closest mentors, Brown and the Rev. Jesse Jackson, who had lived nearby. Sharpton said he mused with Brown's family about whether their families might have a shared past.

"I told his daughters last night about this, and we all wondered whether some of James Brown's family might have been slaves with my great-grandfather," Sharpton said.

While some of Thurmond's relatives contacted by the Daily News expressed skepticism about the report, Doris Strom Costner, a cousin of the late senator, said Sharpton should be proud to know his family's connection to hers. "He's in a mighty good family," she said by telephone from Edgefield, S.C.

Asked how she feels to learn of evidence that her family owned slaves, she said: "I can't help it. I'm 74 years old, and I certainly can't help it. I don't feel one way or the other." Most white South Carolinians at the time owned slaves, she said.

Sharpton said he hoped the news of his roots would help heal the lingering wounds of slavery.

"If we open the scars just to leave them open, we've done a misdeed to both sides," Sharpton said. "We should open them and deal with them toward healing them so we can come together on some genuine level."

Staff writer Rob Stein and staff researcher Rena Kirsch in Washington contributed to this report.

Sharpton Learns His Forebears Were Thurmonds' Slaves (NYT)

By Fernanda Santos

The New York Times, February 26, 2007

On the eve of the Civil War, in segregated Florida, a white man died in debt at age 40, leaving his wife, Julia Thurmond Sharpton, alone to raise their four children and to honor his financial obligations.

Determined to offer a helping hand, Mrs. Sharpton's father-in-law, a plantation owner in South Carolina, gave her a gift: four slaves, two adults and two children, who would work to pay off the money owed.

In that transaction, the bloodlines of two emblematic figures of the next century, each representing an opposite side of America's racial divide, intersected. Mrs. Sharpton was a first cousin, twice removed, of Senator Strom Thurmond of South Carolina, a longtime segregationist. And one of the slaves given to her, Coleman Sharpton, was the paternal great-grandfather of the Rev. Al Sharpton, one of the most vocal and recognizable civil rights leaders of our time.

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The connection, sealed in a slave contract signed in 1861, might have remained unknown had it not been for a Web site's efforts to publicize its extensive collection of African-American genealogy records, a reporter's curiosity and Mr. Sharpton's willingness to let researchers dig into his family's past, a topic he often avoids discussing in public.

The results of the investigation, pieced together from census documents, slave narratives and birth and marriage registries, were unveiled yesterday in The Daily News, with the front-page headline, "Shock of My Life!"

"In the story of the Thurmonds and the Sharptons is the story of the shame and the glory of America," Mr. Sharpton said at a news conference at the office of The Daily News yesterday, with the older of his two daughters, Dominique, standing behind him.

"The shame is that people were owned as property, and the shame is that I'm the heir of those who were property to the Thurmond family," he said. "The glory is that Strom Thurmond ran for president in 1948 on a segregationist ticket; I ran in '04 on a ticket for racial justice, and that shows what America can become, if you're determined to beat" discrimination.

Mr. Sharpton said he had not heard from the Thurmonds and had no immediate plans of contacting them. "This is not family," he said firmly. "This is property."

While news of Mr. Sharpton's link to Mr. Thurmond might have tickled the public's curiosity, its impact was tame when compared with the shock of four years ago, when Essie Mae Washington-Williams, the daughter of the Thurmond family's black maid, stepped forward to acknowledge that she was the senator's daughter.

Ms. Washington-Williams, as well as Mr. Thurmond's other daughter and two sons, did not return phone calls last night.

Mr. Sharpton was born in Brooklyn on Oct. 3, 1954, the son of Alfred Charles Sharpton and Ada Richards. His parents divorced before he turned 10; he and his father have since had a distant relationship, he said yesterday.

Ancestry.com approached The Daily News last month seeking to publicize its African-American ancestry database, which it says contains 55 million historical documents. A reporter asked Mr. Sharpton if he would agree to have the Web site's researchers look into his family history. Mr. Sharpton said he had never considered investigating his lineage and did not know that his father's side of the family had roots in South Carolina.

The researchers tracked three generations of Mr. Sharpton's ancestors to the pre-Civil War era, eventually uncovering the slave contract, also known as indenture, in the Liberty County Courthouse in Bristol, Fla., about an hour west of Tallahassee.

The contract registered the ownership transfer of Coleman Sharpton, along with a woman and two boys, presumably his wife and sons, to Julia Thurmond Sharpton.

The familiar middle name spurred Megan Smolenyak, the Web site's chief family historian, to "play six degrees of separation," she said, reviewing Mrs. Sharpton's own past and establishing a blood connection between her and Senator Thurmond.

Coleman Sharpton took his surname from his owners, as was common practice among slaves, Ms. Smolenyak said. After emancipation, he worked as a wood hauler, at least until age 65, as recorded in the 1900 census.

"I cannot redo what happened to my great-grandfather, but I can make him say that I'm glad my great-grandson redeemed what happened," Mr. Sharpton said.

"I would hope that this story will make America deal with the pains of its past and present, the continued fight for social equity," he added. "But I also would hope that it would encourage obligation of many of us in the African-American community that have ourselves not lived up to the dreams and hopes of those who suffered before us."

Report: Sharpton Descended From Slaves Owned By Strom Thurmond's Relatives (USAT/AP)

USA Today, February 26, 2007

NEW YORK (AP) — Genealogists have revealed that the Rev. Al Sharpton is a descendent of a slave owned by relatives of the late Sen. Strom Thurmond — a discovery the civil rights activist on Sunday called "shocking."

Sharpton learned of his connection to Thurmond, once a prominent defender of segregation, last week through the Daily News, which asked genealogists to trace his roots.

"It was probably the most shocking thing in my life," Sharpton said at a news conference Sunday, the same day the tabloid revealed the story.

Some of Thurmond's relatives said the nexus also came as a surprise to them. Doris Strom Costner, a distant cousin who said she knew the late senator all her life, said Sunday she "never heard of such a thing."

"My momma never would talk to me about nothing like that," Costner said of ancestors who owned slaves. "She only talked to me about good things."

The revelations surfaced after Ancestry.com contacted a Daily News reporter who agreed to have his own family tree done. The intrigued reporter then turned around and asked Sharpton if he wanted to participate. Sharpton said he told the paper, "Go for it."

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The genealogists, who were not paid by the newspaper, uncovered the ancestral ties using a variety of documents that included census, marriage and death records.

Thurmond, of South Carolina, was once considered an icon of racial segregation. During his 1948 bid for president, he promised to preserve segregation and, in 1957, he filibustered for more than 24 hours against a civil rights bill.

Sharpton, who ran for president in 2004 on a ticket of racial justice, said he met Thurmond only once in 1991 when he visited Washington, D.C., with the late soul singer James Brown, who knew Thurmond. Sharpton said the meeting was "awkward."

"I was not happy to meet him because what he had done all his life," Sharpton said.

Thurmond was seen as softening his segregation stance later in his life. He died in 2003, at 100. The long-serving senator was originally a Democrat but became a Republican in 1964.

Thurmond's children have acknowledged that Thurmond fathered a biracial daughter. Essie Mae Washington-Williams' mother was a housekeeper in the home of Thurmond's parents.

Telephone message left by The Associated Press on Sunday for Strom Thurmond Jr. and an attorney who once represented Thurmond's biracial daughter, Essie Mae Washington-Williams, were not returned.

UCLA To Establish Unique Law Chair (LAT)

By Larry Gordon

The Los Angeles Times, February 26, 2007

Thanks to a more than $1-million donation from a gay male couple who hope one day to marry in California, UCLA's law school is planning to establish what is described as the nation's first endowed academic chair in sexual orientation law.

The cash gift from John McDonald and Rob Wright will help fund the research of a still-to-be-named professor at UCLA Law School's Williams Institute on Sexual Orientation Law and Public Policy. That 5-year-old think tank investigates such topics as anti-homosexual discrimination, the impact of the military's don't ask-don't tell policies and the demographics of same-sex couples who have adopted children.

"This is going to support legal scholarship, legal research and education that covers a whole area so fundamental to creating change," said McDonald, a retired businessman and attorney who earned his bachelor's degree at UCLA. "We just think this is one of the best things we've ever done."

The UC system recently approved an agreement to accept the money, but formal establishment of the chair awaits a review to ensure that it matches UC's research and teaching missions and is not too narrowly drawn, system officials said. Although the research topics may upset social conservatives, approval is expected.

The donation for the chair was announced publicly in connection with a Williams Institute conference Friday at the Westwood campus.

Though some universities have chairs in gay and gender studies, those have been in the humanities and social sciences and not in a law school, said Brad Sears, executive director of the Williams Institute. A professor from the current UCLA law faculty will be appointed to the chair in three to six months, and the funds will help pay for such things as teaching assistants and research costs, Sears said.

"This is a big step," he said, expressing his gratitude to the donors.

The gift for the chair was described by experts across the country as giving a prestigious boost to a budding field of scholarship. "It is a terrifically exciting and important development. And it is another marker that sexual orientation law has come into its own as an important field of study," said Suzanne B. Goldberg, a Columbia University law school professor, who runs a clinic on those topics for students at that New York school.

Jennifer Pizer, a senior counsel for Lambda Legal, the national gay civil rights organization, agreed. She said that an endowed chair would be especially noteworthy because UCLA is such a well-respected school and a state university.

Pizer was among the conference speakers Friday who discussed laws that allow gay marriage in some European countries and the panoply of lawsuits involving the issue in the United States. In the keynote address, before an audience of about 150, Boris O. Dittrich, a former member of the Dutch Parliament, spoke about how his legislation led the Netherlands to be the first nation in the world to recognize homosexual marriage, starting in 2001.

McDonald and Wright, who split their time between homes in Colorado and West Hollywood, have lived together for nearly 25 years and have registered as domestic partners. But they said they faced financial and legal burdens that a heterosexual couple would not.

For example, they made costly inheritance and insurance arrangements that "would have been totally unnecessary" for a straight married couple, Wright said. And when they travel, they always take legal documents that name each other as caretakers in case of a medical emergency, he said.

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McDonald, 74, was the chief executive of Mullikin Medical Enterprises, a medical and hospital management firm that was sold in 1995. Wright, 58, worked in advertising and real estate.

If gay marriage were approved in California, the pair "would do it instantly," McDonald said.

The state Supreme Court this year is expected to review an appeals court ruling that upheld a prohibition on same-sex marriage in California. Gov. Arnold Schwarzenegger in 2005 vetoed a bill that would have permitted gay marriage and said the issue was a matter for the courts to decide.

McDonald and Wright previously donated $100,000 so the Williams institute could offer training for judges and lawyers in sexual orientation law. They are well known in the gay community for a $1.5-million donation in 1996 to the Los Angeles Gay & Lesbian Center, which then named its headquarters building after them.

The couple stress that they want the professor who takes the McDonald/Wright chair to avoid partisan advocacy and stick to objective research on a wide range of legal topics involving same-sex relationships, including adoption and property settlements after gay couples break up. But they clearly hope that such studies will aid the campaign for gay marriage and other gay rights issues.

The institute, which has a staff of 12, is named after its prime donor, Charles Williams, a UCLA alumnus who was a senior executive for Sperry Corp. Williams has given a total of $10 million to the institute, Sears said.

Williams, who was at Friday's meeting, said he wanted to help establish an academic research unit rather than an advocacy group. "You don't get change in the law or in public policy by saying it's a nice thing to do or it's right or it benefits people. You only do it by proving, through research, the facts," said Williams, who lives in Malibu.

The institute's recent studies have found, among other things, that more homosexuals live openly in rural areas of the United States than in the past and that nearly half of skilled nursing homes in the Los Angeles area will not treat HIV patients. Though the overwhelming majority of Friday's participants appeared to support gay marriage, Sears stressed that the institute seeks to present both sides of the issue. For example, last year it and Brigham Young University in Utah co-sponsored debates on the topic.

Conspiracy Weary (WSJ)

The Wall Street Journal, February 26, 2007

In today's paranoid political climate, any bow toward reality is welcome. So we thought you'd like to know that an independent team of computer scientists has absolved touch-screen voting machines of stealing an election in Florida's 13th Congressional District last November.

Republican Vern Buchanan won his seat by a mere 369 votes over Democratic challenger Christine Jennings, who has nonetheless refused to concede and has sued to demand a new election. Ms. Jennings claims that faulty software was the cause of 18,000 "undervotes," or incidences where voters cast ballots in other races but not in the Congressional contest, in what is a mainly GOP district on the Florida Gulf Coast south of Tampa.

However, eight computer experts from several universities looked at the iVotronic software and last week concluded unanimously that it "did not cause or contribute to the CD13 undervote." Ms. Jennings and her allies at People for the American Way aren't giving up and are demanding to see the source code themselves. Naturally, they're also claiming that one of the scientists who conducted the audit is known to have voted for President Bush. Some people will believe anything, but Ms. Jennings looks worse with each day she continues to rage against the machines.

ANTITRUST:

Energy Firm Accepts $45 Billion Takeover (WP)

By Steven Mufson And David Cho

Washington Post, February 26, 2007

Buyers Made Environmental Pledge

TXU, the largest energy provider in Texas, agreed last night to a $45 billion buyout that would not only be the largest private-equity deal in history but would also feature an unusual twist: The buyers have promised environmental groups they would cancel a slew of coal-fired power plants on the firm's drawing boards.

The buyout firms' deal with environmental groups, which could become a landmark in the battle over climate-change policy, would force an abrupt turnaround in the strategy of TXU, which has defied environmentalists' and congressional criticism of its plans to expand coal use and carbon dioxide emissions.

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The environmental agreement was the idea of the private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts, which made it a condition of the acquisition, according to several sources involved in the negotiations, who gave details of the deal on condition of anonymity because it had not been announced yet.

Texas Pacific's head, David Bonderman, is no stranger to creative deals in the energy sector or in the cause of environmentalism. Bonderman sits on the boards of the World Wildlife Fund and the Grand Canyon Trust. He was a key figure in negotiating with power plants in Arizona to reduce air pollution over the Grand Canyon. In the TXU case, he tasked William K. Reilly, who had led the Environmental Protection Agency under President George H.W. Bush, to reach out and negotiate with environmental groups.

If shareholders approve the acquisition, TXU would back federal legislation that would require reductions in carbon dioxide emissions through a cap-and-trade system. It would shelve plans for eight of 11 coal-fired plants that current TXU executives had proposed for Texas and would drop plans to build new coal plants in Pennsylvania and Virginia. The company would also double its spending to promote energy efficiency, to $80 million a year, for five years.

"We think this is really a big deal, a watershed moment in America's fight against global warming," said Jim Marston, regional director of Environmental Defense in Austin and who helped forge the environmental accord in a 17-hour negotiating session with the buyout firms on Wednesday. He said it would reshape the electricity sector in Texas and alter the attitudes of Texas congressmen toward climate-change legislation.

The buyout firms also promised to cut TXU's emissions of carbon dioxide, the most prevalent of greenhouse gases scientists blame for global warming, to 1990 levels by 2020. This matches the targets contained in legislation passed last year in California but exceeds anything TXU is obligated to achieve. When the three new coal plants are on line, the company's emissions are projected to be nearly 20 percent higher than they were in 1990.

In return, Environmental Defense, which has been leading the fight against TXU's coal expansion plans, would drop its objections to the three large new units, including two 800-megawatt units at Oak Grove, Tex., and a 600-megawatt plant at Sandow, Tex. The private-equity firms held an initial round of talks on Friday with another environmental group that opposes the Oak Grove units.

The unusual talks between the buyout firms and environmental groups began Feb. 14. Reilly, who now heads a Texas Pacific subsidiary that invests in water projects in the developing world, called Fred Krupp, president of Environmental Defense.

"Reilly told us that they were negotiating to buy TXU but that they would not go through with the deal unless they could re-create the company as a green electricity generator," Marston said.

Last Tuesday, Marston got a phone call asking him to get on a plane in two hours and fly to the Texas Pacific headquarters in downtown San Francisco. Talks began 8 a.m. in a Texas Pacific conference room, and by 1 a.m. Thursday, they had a three-page list of commitments. Then the buyout executives flew in a private jet to Austin to discuss them with Texas Gov. Rick Perry (R) and other state leaders.

Although the deal is not a contract and wasn't signed, the buyout firms say they intend to fulfill the commitments.

The board of TXU met last night to vote on the leveraged buyout, which would eclipse the previous record of $31.3 billion, paid for RJR Nabisco in 1989. That deal was the subject of the popular journalistic account "Barbarians at the Gate." Texas Pacific and KKR would pay about $70 per share for TXU, or about $32 billion, and assume more than $12 billion in debt. The deal could be officially announced as early as today.

Bonderman is trying to ensure that this buyout has a happier ending than a utility deal he attempted in 2004. Then, Bonderman tried to acquire Portland General Electric from the bankrupt Enron, but it ended up as a public relations disaster. Despite efforts to assuage customers and grass-roots groups, the buyout sparked picketing and vociferous opposition from Oregon legislators. The state's utility commission rejected the proposal in 2005.

This time, Bonderman was personally involved in the initial meetings with environmental groups. He assigned Reilly to lead the negotiations. He and his partners at Kohlberg Kravis Roberts also told TXU that they would walk away from the deal if the energy giant didn't scale down its coal plant expansion plans as a concession to environmental groups.

"I think anyone doing an energy investment in today's situation has got to be sensitive of the change in the attitudes of the culture and the change in the attitudes of the country, and particularly the attitudes of Congress," said a person involved in the negotiations who spoke on condition of anonymity because the deal had not yet been announced.

But there are financial advantages to the environmental agreement, as well. When they acquire companies, private-equity firms typically try to cut costs rather than expand operations. TXU had estimated that the ambitious coal plant expansion would cost at least $10 billion; others suggested that with soaring construction costs, the ultimate price tag could be much higher.

Many power industry executives said they doubted TXU ever meant to build all 11 plants. "I think it is a bit of a gimmick," said the chief executive of another utility, who spoke on condition of anonymity for business reasons. He said that deregulation of

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the utility business in Texas has opened the state to competition on power generation. But with TXU claiming to build so much new generation, "who's going to jump in and say they don't believe them?"

Sources involved in the negotiation said TXU's assets -- which encompass a retail business with 2.4 million customers; more than 50 generating plants, including a nuclear facility; and a power wholesale business -- would not be split up if the deal gains approval from shareholders.

A turnaround at TXU would represent a reproach to C. John Wilder, TXU's chief executive, who in the past has criticized new technology that burns coal with fewer greenhouse gases as too expensive or technologically unsound. Although he is expected to retain his position at TXU, Wilder would be expected to consult with a new environmental advisory board that would include representatives from Environmental Defense and the Natural Resources Defense Council in San Francisco.

TXU Sale Going Forward (DMN/AP)

Associated Press

The Dallas Morning News, February 26, 2007

Plans for coal-fired plants may be abandoned

DALLAS – Directors of TXU Corp., the largest electric producer in Texas, gave tentative approval Sunday to sell the electric company to two private-equity firms that would abandon plans to build eight new coal-fired power plants, according to people close to the situation.

Kohlberg Kravis Roberts & Co. and Texas Pacific Group were offering about $32 billion plus the assumption of more than $12 billion in TXU debt, which would make it the largest private buyout in U.S. corporate history.

Final details were still being worked out late Sunday, and TXU was expected to announce a deal early Monday, said the people, who spoke on condition of anonymity because the companies had not officially announced the deal.

Since a turnaround that began in 2004, TXU has become highly profitable, but the dramatic rise in its stock price had stalled, making it an attractive takeover target.

KKR and Texas Pacific Group agreed over the weekend to drop most of TXU's ambitious plans for building eight new coal-fired power plants, a move designed to win support for the deal from environmentalists and other critics of the company.

The new buyers also agreed to support a mandatory national program to cap emissions of greenhouse gases and pledged not to build coal-fired plants outside Texas.

TXU is the largest electric provider in Texas, with 2.3 million customers. Wall Street expects TXU to report this week that it earned more than $2.5 billion last year.

If TXU shareholders approve the sale, the deal would eclipse the previous record private buyout, KKR's $25.1 billion purchase of RJR Nabisco Inc. in 1988.

An obstacle to a TXU sale had been the company's controversial proposal to build 11 new coal-fired power plants in Texas. Environmentalists and civic leaders in some cities, including the mayors of Dallas and Houston, are fighting the company's plans.

TXU has acknowledged that the new plants would produce 78 million tons of carbon dioxide each year, more than doubling the 55 million tons the company releases now.

The Natural Resources Defense Council said the new buyers have agreed to withdraw permit applications for eight of the 11 proposed plants and decline to propose new coal plants outside Texas and support caps on emissions linked to global warming. The buyers also agreed to support a system of trading credits for cutting emissions, called cap and trade.

KKR and Texas Pacific declined to comment publicly. TXU officials did not return phone calls.

TXU's coal play was already in trouble. Last week, a state court judge blocked Texas Gov. Rick Perry's order to speed up the process of gaining permits for six plants. Hearings on the proposal were delayed four months, until June 27.

According to people close to the situation, the buyout firms approached environmental groups and a few Texas legislators in the past week with a plan for making the deal palatable.

"Certainly the sponsors were conscious of a large audience beyond just the (TXU) shareholders," said one of those with knowledge of the process.

David Hawkins, director of the Natural Resources Defense Council's climate center, said he was approached by an old friend, William Reilly, who led the Environmental Protection Agency under President George H.W. Bush and negotiated terms of the TXU agreement for Texas Pacific Group.

The environmental terms "don't have everything that we would have liked, and it's not a legally binding document, but it's a new direction for this company," Hawkins said. He added that having the support of a large Texas-based power company could help pass global-warming legislation and "make the difference in whether hundreds of coal plants get built" in coming decades.

Even if the buyout fails, Hawkins said it would now be much harder for TXU to build new coal-fired plants in Texas because potential buyers agreed to drop most of them.

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The agreement between the environmental groups and the private-equity firms would let TXU build three new coal plants in Central Texas at sites called Oak Grove and Sandow.

Shares of TXU soared in after-hours trading Friday, when news of the offer leaked out. The shares closed regular trading at $60.02, up $2.38, or 4.1 percent on the New York Stock Exchange.

At that price, TXU has a market value of about $27.5 billion, far higher than late 2002, when the shares sunk to about $5 apiece.

The company responded by selling off troubled units in Europe and Australia and getting out of the natural gas business to focus on producing and selling electricity to 2.3 million customers in Texas.

Besides the coal controversy, TXU has also been under attack from consumer groups and legislators over high rates and compensation paid to its chief executive, C. John Wilder, who was hired in early 2004.

In 2004, TXU lost $386 million but paid Wilder $55 million, mostly in stock-related bonuses that kicked in as the company's shares soared. TXU returned to profitability in 2005, earning $1.72 billion.

The company is scheduled to report its final 2006 results Tuesday, and analysts surveyed by Thomson Financial expect it to post a profit of $5.54 per share, or more than $2.5 billion. Forecasts call for only slightly smaller gains in each of the next two years.

TXU's electric rates have risen sharply since deregulation. Some state legislators propose to cap electric rates and force TXU to sell generating plants.

Within hours of the news Friday that the company could be sold, state Rep. Sylvester Turner said he was worried that private buyers "will further bleed residential and small business ratepayers." The Houston Democrat said the deal should force the Legislature to reconsider electric deregulation.

POWER PLAY Bidders Try To Pre-Empt Gridlock In TXU Deal (WSJ)

By Rebecca Smith, Dennis K. Berman And Henny Sender

Wall Street Journal, February 26, 2007

Long a Tempting Target, Utilities Have Proved Elusive for Buyout Firms

For years, cash-rich buyout firms have tried to break into the lucrative electricity business only to be rebuffed by wary regulators, consumer groups and environmentalists. Now, in what would be the biggest leveraged-buyout ever, an investor group is hoping it has cracked the code.

A total of seven firms -- led by Kohlberg, Kravis, Roberts & Co., Texas Pacific Group and Goldman Sachs Group -- are close to signing a deal to buy utility powerhouse TXU Corp. for $32 billion plus more than $12 billion in TXU debt, according to people familiar with the matter. In a creative twist, the firms have moved quickly to pre-empt opposition from powerful environmental groups while seeking support from various regulators and politicians. Already, the potential buyers have promised to cancel plans to build all but three of the company's 11 coal-fired plants under development. And they are planning to placate consumers with rate reductions.

The deal marks a quantum leap in the political sophistication of the buyout world, and may signal a broader remaking of private equity's image in the utility industry. Buyout firms have generally received a chilly reception from utility regulators because they're seen as temporary, profit-driven caretakers not answerable to public shareholders or sensitive to consumers. If the prospective TXU buyers can overcome that perception, they could potentially open the door for more private-equity investors.

A successful deal will also create a chance to profit from a central predicament facing today's utility industry: a public that hungers for more and more electricity to burn, but has limited will to build new plants for providing it.

But it's far from a sure thing. Regulators at all levels of government could trip up the deal. It may also be subject to complaints from consumers who regard reasonably priced electrical service as a basic right.

Twice before, two of the private-equity investors involved in the deal -- KKR and Texas Pacific -- have tried to buy utilities and come up short after running into a buzz saw of criticism from state officials and consumers.

The firms are attempting to get out in front of TXU's many detractors and make concessions early, so that dislike of TXU's operating practices does not taint the deal.

On Saturday, two big environmental organizations that had fought TXU's plans to build the new coal-fired operations in Texas agreed to support the deal on the assurance that the buyers would cancel most of the plants.

There is an element of stagecraft at work, too. TXU already had plans to cut six of those plants, said people familiar with the effort. The plants that remain on the drawing board are responsible for the lion's share of the profits of the entire 11-plant project, said another person close to the company.

Private-equity firms once shunned utilities as capital-intensive, regulated and low-return businesses. But now, in a world of cheap debt, their steady and predictable cash flows have made them desirable targets.

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One reason the buyers have zeroed in on TXU: It possesses unrivaled power in a state that has removed nearly all price controls for the sale of electricity. It owns the largest fleet of power plants, 19 in total, and serves the most customers.

Under the tenure of Chief Executive C. John Wilder, TXU became one of the nation's most controversial utility companies, known for turning off the service of late-paying customers, boosting rates rapidly and building plants that produce huge amounts of harmful gases. It also became one of the most profitable utilities in U.S. history.

In 2003, Texas Pacific announced its intention to buy Enron Corp.'s Oregon utility, Portland General Electric. The deal attracted widespread opposition because Texas Pacific was seen as a short-term investor that wouldn't have customers' interests in mind. Among the firms Texas Pacific had acquired were Burger King, Continental Airlines and retailer J. Crew. Texas Pacific told investors in 2005 that its returns, before taxes, have averaged 55% a year. The Oregon utilities commission eventually rejected the Portland General deal on the recommendation of its staff.

Also in 2003, KKR announced an agreement to buy UniSource Energy Corp., an Arizona utility, for $2.85 billion in cash and debt. That effort ended in late 2004 when the Arizona commission, on a 4-to-1 vote, rejected KKR's bid. In both cases, rate concessions didn't look substantial enough to overcome fear of the risks to customers if service deteriorated amid cost-cutting.

This time around, it was clear that the buyers needed a more strategic approach. At the heart of the potential new owners' campaign for support lies Texas Pacific representative William Reilly, a former administrator of the Environmental Protection Agency under President George H.W. Bush. Mr. Reilly became the public face for the buyout group largely because of his reputation among environmentalists. David Bonderman, co-founder of Texas Pacific, has a similar reputation. He is touting his board membership of World Wildlife Fund as evidence that the group will behave responsibly.

The two men have a solid history together. Back in the late 1970s, Mr. Reilly tapped Mr. Bonderman -- then a Washington, D.C., lawyer -- to write a supporting brief for environmentalists before the Supreme Court. Later, when Mr. Reilly served as chairman of the board of World Wildlife Fund, he asked Mr. Bonderman to join the group's board. Mr. Bonderman, in turn brought Mr. Reilly to Texas Pacific.

Still, Mr. Reilly was stunned five or six weeks ago when Mr. Bonderman walked into his office at Texas Pacific and asked for his help in connection with the planned buyout of TXU, according to people familiar with the matter. Initial conversations with environmentalists quickly made the two realize that the campaign would not be easy.

The efforts to woo conservation groups quickly focused on the Environmental Defense Fund, along with Public Citizen, one of the two key plaintiffs in environmental litigation against the Texas utility and the Natural Resources Defense Council.

On Wednesday, Jim Marston, an attorney with the Environmental Defense Fund, went to San Francisco to listen to Texas Pacific's case in a meeting that went from 8 a.m. to 1 a.m. the following day.

Many of the proposals that Texas Pacific and KKR came up with were developed in connection with Green Strategies, a consulting firm based in Washington state headed by Roger Ballentine, a former Clinton White House staffer.

Under Mr. Reilly, the potential owners are also planning a sustainable energy advisory committee that would include Mr. Marston and a representative from the Natural Resources Defense Council as well as a host of prominent Texans. About six days ago, Michael MacDougall of Texas Pacific, along with Fred Goltz and Marc Lipschultz from KKR reached out to James Baker, the veteran Texas politician and former cabinet member, to serve in an advisory capacity at TXU. One of the first things he asked was about environmentalists' position on the deal, according to people familiar with the matter.

On Thursday, the investors took their campaign to Texas Gov. Rick Perry. Mr. Bonderman and Henry Kravis of KKR led the delegation, which included Mr. MacDougall and Mr. Goltz, in a 90-minute meeting at the governor's mansion. "The governor gave them the message that Texas is in dire need of new capacity," said Robert Black, Mr. Perry's press secretary.

Support of the governor and the legislature is critical both to approval and to the financial viability of the deal. There are several bills before the Texas legislature now which if enacted could have a negative impact on the potential profitability of the buyout.

The buyers will need all the goodwill they can get -- and must address more than just the environmental issue. Consumer resentment of TXU runs high in Texas, where under deregulation the company has aggressively moved to raise power prices that are now among the highest in the nation. In a bid to win over consumers, the private-equity buyers have put out the word to Texas lawmakers that they plan a 10% rate reduction. Already, some lawmakers who have been briefed are unimpressed. Texas state Rep. Sylvester Turner of Houston says he believes rates should drop at least 30%.

Mr. Turner said Sunday the sale "is causing me to re-evaluate the market we created in 1999. I have serious questions about the direction we're headed and the impact on consumers who never wanted deregulation to begin with."

Per terms of the deal being contemplated, Mr. Wilder and other top executives would remain at the company, while rolling over their 5% ownership stakes into the new ownership plan. They would then have access to options that could give them another 5% stake over time. Private-equity firms generally need the support of management when making a bid for a public

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company. By giving management equity, that support is usually forthcoming. Mr. Wilder appears to be entitled to change of control payments that could be worth $65 million or more.

On Tuesday, TXU is expected to show record earnings for 2006. In the first nine months of 2006, it earned $2 billion on operating revenues of $7.5 billion, nearly double its profits a year earlier on a slight increase in revenues.

Insiders have described Mr. Wilder as brilliant but "tone deaf" to the niceties of the utility business. Regulated utilities, traditionally, are generous community givers and are solicitous of politicians and regulators. Erle Nye, the longtime chief executive whom Mr. Wilder replaced, typified the courtly utility chief; Mr. Wilder seemed brusque by comparison.

TXU did not return calls seeking comment.

Dallas Mayor Laura Miller said TXU has communicated poorly with elected officials. She's never met Mr. Wilder and said he has refused to meet with critics to discuss a long list of grievances that range from the coal plants, which she opposes, to nagging problems like perpetually burned-out street lights in downtown Dallas, undermining a $190 million redevelopment effort.

"Large swaths of downtown have been dark and scary," she said. "How's customer service going to get better with a bunch of outsiders running the company from New York or San Francisco?"

The buyers have tried to show that the company's tone will change. Tom "Smitty" Smith, director of Public Citizen, an advocacy organization, said he met with a KKR representative on Friday who said, "You've been a frequent critic of TXU, let's open a dialogue."

Mr. Smith -- a loud critic of both TXU's consumer relations and its coal-plant program -- said he found the overture "refreshing," particularly since he'd been trying to get a meeting, he says, with Mr. Wilder for more than a year to express concerns.

Whether the new owners could come to terms with the management of TXU was also a big question. But at a long meeting 10 days ago, Messrs. MacDougall and Goltz met with Mr. Wilder to review the specific commitments the two planned to make to reduce hostility to their bid.

Among the several u-turns: TXU was planning to introduce coal-fired plants into Virginia, Maryland and Pennsylvania. Indeed, David Hawkins of the NRDC already had 16 lawyers trying to derail the proposed move. The new owners promised environmentalists that there would be no such expansion if their bid went through, these people say.

Once environmentalists get over the euphoria of getting eight coal-fired plants off the table, however, some may wonder whether they got enough out of the bargain. After all, they've garnered an agreement that the buyers won't build plants they never had permission to build. But prior to the deal, it appeared that the opposition was at least making it difficult for TXU to navigate the approval process.

One administrative judge recommended that permits on an early project be denied because he didn't believe TXU could deliver the pollution reductions it had promised.

In a separate victory last week, challengers -- including a coalition of Texas cities led by the Dallas and Houston mayors and the Chickasaw Indian nation in Oklahoma -- were given four months to prepare cases and line up expert witnesses to challenge the TXU plan.

TXU was advised by Credit Suisse and Lazard, with attorneys Cravath Swaine & Moore and Sullivan & Cromwell. The buyers were advised by Citigroup, Goldman Sachs, J.P. Morgan Chase, Lehman Brothers, Morgan Stanley and attorneys Simpson Thacher & Bartlett and Vinson & Elkins.

Citigroup, J.P. Morgan Chase, Lehman and Morgan Stanley are also smaller investors in the deal.

A Buyout Deal That Has Many Shades Of Green (NYT)

By Andrew Ross Sorkin

New York Times, February 26, 2007

About two weeks ago, Fred Krupp, the president of a nonprofit advocacy group called Environmental Defense, received an unusual phone call.

William K. Reilly, the former administrator for the Environmental Protection Agency under President George H. W. Bush, was on the other end. But before Mr. Reilly would explain the reason for his call, he said he needed an assurance from Mr. Krupp that he would keep the conversation confidential.

After receiving such a pledge, Mr. Reilly dropped a bombshell: the TXU Corporation, the Texas energy giant that had become the whipping boy of the nation's largest environmental groups, was in talks to be sold to a group led by Kohlberg Kravis Roberts & Company and Texas Pacific Group, two large private equity firms.

Mr. Reilly, who works for Texas Pacific, said he wanted to negotiate a cease-fire. If the investors succeeded in taking over TXU, Mr. Reilly said, they would commit themselves to scale back significantly on TXU's plan to build 11 new coal plants and

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adhere to a strict set of environmental rules. In return, he wanted the support of Mr. Krupp and his peers, who had spent the past several months waging a bitter and public war against TXU.

Last night, after several weeks of marathon negotiations that brought together both environmentalists and Wall Street bankers, the board of TXU was moving toward a vote to accept the bid from Kohlberg Kravis and Texas Pacific for about $45 billion, which would be the largest buyout in history.

The deal would be noteworthy not just for its size, but for the confluence of business decisions and environmental concerns that drove the ultimate transaction. Because private equity firms are unregulated and historically have valued their privacy, neither Kohlberg Kravis nor Texas Pacific were eager to become an "enemy combatant" of the environmental groups, people involved in the talks said. Reducing the coal plant initiative will also free up billions of dollars in planned spending that the firms will be able to use for other projects or to help finance the transaction.

Within TXU, the controversial plan to build a raft of coal plants had become so damaging to its stock price that its board had been privately weighing a plan to scrap part of the project, said people involved in the talks, bringing the number of new plants to 5 or 6 from 11. Shareholders had sent the stock on a roller coaster ride from more than $67 a share to as low as about $53 over concerns about the risk and vast expenditure; the stock closed at $60.02 on Friday.

Indeed, it was the quick drop in TXU's stock price that got the attention of Kohlberg Kravis and Texas Pacific, which look for undervalued companies and try to turn them around. Together, both firms approached C. John Wilder, TXU's chief executive, in January with an offer for the company, these people said.

At the time, neither Kohlberg Kravis nor Texas Pacific told TXU about their ambition to scale back its controversial coal plants. But behind the scenes, both firms had been developing a new strategy for the company with the help of Goldman Sachs, their lead adviser.

Goldman Sachs has been a longtime proponent of reducing carbon emissions. Its former chief executive, Henry M. Paulson, now the secretary of the treasury, was also the chairman of the Nature Conservancy, an environmental activist group.

Texas Pacific's co-founder, David Bonderman, is member of the board of the World Wildlife Fund, and Mr. Reilly is chairman emeritus. Mr. Bonderman called Mr. Reilly to help work on the deal and create what they ultimately called The Green Group, a committee of advisers that included Mr. Reilly, Roger Ballentine of Green Strategies and Stuart E. Eizenstat, the former chief domestic policy adviser for President Jimmy Carter.

"We didn't want to be on the wrong side of history," said a person involved in the bidding group who was not authorized to talk about the transaction before its formal announcement, which is expected today.

Under the terms of the deal, Kohlberg Kravis and Texas Pacific will pay $69.25 a share for TXU, people involved said. Goldman Sachs, Morgan Stanley, Lehman Brothers and Citigroup are expected to take small stakes in TXU as well as help finance the debt with J. P. Morgan Chase. In addition, the investor group will assume more than $12 billion of TXU's debt.

The deal represents about a 17 percent premium over TXU's closing price on Thursday before word of the deal began to leak and was reported Friday on CNBC after the market closed.

It is unclear whether shareholders will agitate for a higher price from the investor group or push for other suitors to emerge. Several recent "go private" deals have drawn opposition from shareholders who expressed concern that they were being shortchanged.

The investor group has not laid out any specific plans to grow revenues through alternatives to the coal plants, but TXU is not likely to lose money, at least initially, as a result of scaling back. Three of the plants are already in the works and other eight that will be canceled would not have been built for years.

And the group will be getting more than just a utility. TXU is in the midst of an experiment to run broadband Internet over its power lines as part of a venture with Current Communications.

Both TXU, which was advised by Credit Suisse and Lazard, and the investor group spent weeks holed up in three conference rooms at the Gaylord Texan, a hotel just outside of Dallas. With armies of bankers and lawyers that frequently numbered more than 40, the group negotiated the buyout deal, including an unusual provision that will allow TXU to seek higher rival bids over the next 50 days. This clause could potentially create a bidding war, perhaps bringing other private equity firms and utilities into an auction.

Mr. Bonderman and Henry R. Kravis, the founder of Kohlberg Kravis, pleaded their case to the Texas governor, Rick Perry, on Thursday in person at his mansion, mindful that Oregon had rejected Texas Pacific's deal to buy Portland General and that Arizona had rejected Kohlberg Kravis' deal to buy UniSource Energy. The pair has also reached out to James A. Baker, a Texan and former Reagan cabinet member.

But perhaps the most difficult talks were with the environmentalists, who often seemed more like Wall Street negotiators than green activists.

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Mr. Krupp of Environmental Defense used his conversation with Mr. Reilly as an opportunity to negotiate even harder for further concessions. The men agreed that Mr. Krupp's lieutenant, James D. Marston, who was leading the charge against TXU in Texas, would meet with Mr. Reilly and other representatives of the buying group. And representatives from Natural Resource Defense Council, another climate-control advocacy group, was brought into the discussion to help formulate a plan that all sides could agree on.

So last Wednesday, Mr. Marston flew to San Francisco, where he found himself face to face with Mr. Reilly over breakfast at the Mandarin Oriental hotel. There, over scrambled eggs and croissants, Mr. Reilly laid out a plan that included reducing the coal plants from 11 to 3.

Then the men went to Texas Pacific's conference room overlooking Alcatraz and the San Francisco Bay for a day-long negotiation that stretched until early the next morning. The group, which included Mr. Reilly, Mr. Bonderman and Frederick Goltz of Kohlberg Kravis, worked out a "10-point plan" that included a commitment by the investors to return the carbon-dioxide emissions by TXU to 1990 levels by 2020 and support a $400 million energy efficiency program.

When an agreement was finally struck, at 1 a.m. the next morning, Mr. Reilly grabbed a bottle of pinot noir from his colleague's office to toast the group. But he couldn't find a corkscrew. So he ran back to the Mandarin Oriental to borrow one.

Not all of TXU's historical opponents are popping corks. Some noted that a decision by one company did not sway the others that are building plants. In Dallas, Laura Miller, the mayor and leader of a coalition of municipal officials that has spent $600,000 fighting the TXU plants, said the agreement with the environmental groups might not get TXU as much help as it wanted.

Ms. Miller pointed out that one of the three surviving projects, a plant near Waco, is still opposed by local officials and had drawn a negative recommendation from a panel of Texas judges. She said she hoped that TXU's plans would leave an opening for cleaner projects, like a proposal to build a power line to West Texas, where power producers propose to build large wind farms.

For TXU, One Of The Street's Fabled Barbarians Is Back In The Hunt (NYT)

By Landon Thomas Jr.

New York Times, February 26, 2007

He has been there, done that, and now, close to 20 years after clinching the grandest buyout deal ever, Henry R. Kravis seems to be doing it again.

As always, the raw numbers loom large: $45 billion for the proposed buyout of the TXU Corporation, compared to $39 billion for the Blackstone Group's recent deal with Equity Office Properties and $25 billion for his RJR Nabisco takeover in 1988.

As this era's generation of hedge fund executives and private equity moguls use their billions to buy art, assume leadership roles in New York's cultural institutions and publicly celebrate their successes, they are working from a two-decade-old playbook of one of Wall Street's oldest masters, Mr. Kravis himself.

In contrast to the giddy exuberance of this era's newly minted billionaires, however, Mr. Kravis, who is 63, is making his resurgence not only as a cornerstone of New York's social and financial landscape, but also as a seasoned executive whose survival of a series of tough business setbacks and personal tragedies during the 1990s has given him a more measured perspective.

"Look, don't congratulate us when we buy a company, congratulate us when we sell it," Mr. Kravis said in an interview he gave to the Academy of Achievement. "Because any fool can overpay and buy a company, as long as money will last to buy it."

It's a telling comment, and according to people who know him it has become a favored maxim for Mr. Kravis, one that he trots out whenever anyone tries to praise him for a large deal. In this heady period, a deal maker's time on the mountaintop can be short indeed.

Just last year, Kohlberg Kravis Roberts & Company was involved in a $33 billion takeover for the health care provider HCA Inc., that was the largest ever until the Equity Office deal. Last year, K.K.R. distributed $837 million in fees to investment banks, an amount that surpassed all other buyout firms.

Mr. Kravis's wider renown largely came from the RJR deal, memorialized in the best seller "Barbarians at the Gate." But the deal itself, the culmination of a frenzied bidding war that was in some ways reminiscent of the battle for Equity Office Properties, did not come close to producing a satisfactory return.

K.K.R. reaped extraordinary riches from its early deals — minting $7.4 billion from an investment in Safeway that prompted a rush of private equity imitators, for example — but the firm's failures were also monumental and industry-rattling. K.K.R.'s billion-dollar loss in Regal Entertainment — one that it shared with Hicks, Muse, Tate & Furst, now called HM Capital Partners — was one of the biggest ever.

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Born in Tulsa, Okla., the son of a successful oil and gas executive, Mr. Kravis worked as an investment banker at Bear Stearns in the late 1960s. By the early 1970s, leveraged buyouts were the work of a small sideline industry that largely focused on family-owned businesses. Even in 1976, when Mr. Kravis, his first cousin George R. Roberts and Jerome Kohlberg Jr. all left Bear Stearns to found today's firm, the deals were just a couple of hundred million dollars in size. (Mr. Kravis's initial investment in the firm was $10,000; his two colleagues invested $10,000 and $100,000 respectively)

During the 1980s buyout boom, fueled by the easy availability of high-yield debt, K.K.R.'s returns led the industry. According to Fortune magazine, its first five funds averaged close to 37 percent. Mr. Kravis became a trustee of the Metropolitan Museum of Art and Mount Sinai Hospital, and the lush dinner parties he put on with his second wife, Carolyne Roehm, came to define the mores of that decade, as captured in Tom Wolfe's "Bonfire of the Vanities."

But in the 1990s, Mr. Kravis's luck changed. Tragically, his 19-year-old son Harrison was killed in a car crash in 1991 in Colorado. A run of less-than-stellar investments led to fund returns that fell considerably short of earlier successes. A clutch of private equity competitors began to assert their presence in the field, and while K.K.R. remained influential, it was by no means dominant.

Mr. Kravis's public profile also underwent a shift.

In 1994, he married Marie-Josée Drouin, a Canadian economist, who now sits on the boards of Ford Motor, the Memorial Sloan-Kettering Cancer Center and the Robin Hood Foundation, and is president of the Museum of Modern Art.

Short and sleek, with slicked-back graying hair, Mr. Kravis looks more than ever like a central establishment figure as opposed to the bomb thrower he once was (he is a prominent supporter of Senator John McCain; a trustee at the Council on Foreign Relations; and a member of the exclusive club for chief executives, the Business Council).

But in the industry he had such a hand in creating — and that is now sending shock waves through the global economy — Mr. Kravis is again making his presence felt. K.K.R. is near completion of a $16 billion fund, and last year became the first of the giant buyout firms to list shares of a fund to raise money, $5 billion to be specific, from smaller investors.

"He is the Roger Clemens of the industry. He was a winner when he was 20 years old, and he is winner in his 60s," said James B. Lee Jr., vice chairman of JPMorgan Chase and a banker to Mr. Kravis for close to 30 years. Mr. Lee also disputes the notion that landing the biggest deal is what drives Mr. Kravis. "Henry does not keep score that way," he said. "What matters to Henry is being an agent of change in the alignment of capital and management."

While Mr. Kravis's relentless, hands-on management style has changed little over the last 30 years, the growth of larger and more complex deals has forced K.K.R. to alter its approach in managing the many companies in its portfolio.

In the 1980s, as a result of the small amounts of equity invested in deals, turning companies around depended largely on feats of fast financial engineering. With the recent flood of private equity capital, buyout firms are investing higher proportions of equity when they take firms private, which places a larger onus on them to work with management to effect longer-term results.

When K.K.R. adds a new company to its portfolio now, executives at the firm, in the spirit of President Franklin D. Roosevelt's first 100 days in office, outline a 100-day game plan that sets specific targets to be met for each of the 100 days.

Mr. Kravis, a billionaire several times over, still has the drive to succeed that pushes all business titans. But, in Mr. Kravis's own words, he also is driven by a deeper anxiety. "It's the fear of failure," he said in the Academy of Achievement interview. "Of not wanting to fail. That makes people as great as they are. I know that's what pushes me, a lot."

Tribune Mulls Revamp As Auction Founders (WSJ)

By Sarah Ellison

The Wall Street Journal, February 26, 2007

Despite considering a late-breaking bid from Chicago real-estate magnate Sam Zell, Tribune Co.'s board is inching closer to a "self-help" restructuring deal it will implement on its own, say people familiar with the situation.

The board met with its advisers Saturday for an update on the five-month-old auction. Unlike the past couple of board meetings, it issued no statement afterward. Tribune -- which owns the Los Angeles Times, the Chicago Tribune and 23 television stations -- has promised shareholders a resolution of the auction by March 31.

Mr. Zell's offer to take the company private emerged after the deadline for offers last month. People familiar with the situation noted that his proposal is structured in a way that would take time to implement, a strike against it for executives.

Mr. Zell didn't return a phone call seeking comment.

The board's preferred plan continues to be a recapitalization involving a spinoff of Tribune's TV stations and the payment of a big dividend to shareholders. Such a plan could involve buying out part of the 20% stake in Tribune held by the Chandler family, the company's biggest shareholder and the instigator for the sale process last year.

One option under consideration is for the Robert R. McCormick Tribune Foundation, the company's second biggest shareholder, to use part of the money it would get in the dividend payout to buy out part of the Chandler stake, according to

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people familiar with the matter. Such a deal is possible because the foundation has strong ties to Tribune management. Its board includes three current Tribune executives -- who have recused themselves from voting on the charity's shares in the sale process -- and two former executives. The foundation and a related charity own about 14% of Tribune.

Sale of part of the Chandlers' stake could cost the family its three board seats.

Tribune fielded offers for months before opting to explore a self-help deal. The company on Friday said its January revenue fell 5% from a year earlier to $442 million, mainly due to weakness in newspaper advertising. The January numbers, which the company presented to potential bidders weeks ago, pushed Tribune's management to lower its internal projections for the full year, according to people familiar with the matter.

Write to Sarah Ellison at sarah.ellison@wsj.com1

Tribune Considering Late Offer From Real Estate Magnate (NYT)

By Katharine Q. Seelye And Andrew Ross Sorkin

The New York Times, February 26, 2007

The Tribune Company, in discussions about its future, is weighing a proposal from Sam Zell, the Chicago real estate maverick and billionaire who sold his huge office development company this month for $39 billion in the biggest leveraged buyout ever.

A special committee of Tribune board members was close to settling on an internal overhaul when Mr. Zell made a last-minute entry into the discussions, people close to the situation said.

His bid for Tribune all but eliminates other offers — including one from the Los Angeles billionaires Ronald Burkle and Eli Broad — from consideration.

Mr. Zell, 66, has never owned a major media property, but gained the nickname the “Grave Dancer” for his ability to spot and exploit undervalued properties in the real estate business.

His proposal would involve buying the entire company with the participation of an employee stock ownership plan, these people said. Although the deal would be highly leveraged, the employee stock plans have many tax advantages, including the ability to write off interest on debt.

Tribune has received two other bids, but considered both inadequate and has been putting together what it called a self-help plan in which it would spin off its two dozen broadcast outlets, keep most if not all of its 11 newspapers, and borrow money to pay shareholders a large dividend.

It has also been considering ways to buy out the Chandler family, the company’s biggest shareholder, possibly with the help of the McCormick Tribune Foundation, the second largest.

The Tribune Company declined to comment yesterday.

The board committee is taking Mr. Zell seriously enough that it has slowed its deliberations, which continued over the weekend, to explore his proposals further. It intends to reach a decision no later than the end of March.

Tribune’s newspapers include The Los Angeles Times, which is the nation’s fourth-largest paper, as well as The Chicago Tribune, The Baltimore Sun and Newsday.

It is not clear how the newspapers might change if Mr. Zell had a controlling stake in them. He told The Chicago Tribune last month that “there is no difference” between running a newspaper and managing any other for-profit business.

The Chicago Tribune first reported Mr. Zell’s interest this month. It also reported that the Tribune Company was exploring selling its newspapers in Stamford and Greenwich, Conn., to Gannett, the nation’s biggest newspaper company, and might consider selling the Chicago Cubs baseball team.

Mr. Zell sold his Equity Office Properties Trust, the biggest office landlord in the United States, to the Blackstone Group in an auction on Feb. 9. He proved a cagey negotiator. When Blackstone first approached him, he said he was not interested and dismissed its approach as a flirtation. Months later, he accepted it, saying he did so because it was all cash and higher than he expected. He made almost $1 billion from the sale.

Of the two other bids, one came from the Chandlers, who proposed taking the company private in a deal that valued Tribune at $7.6 billion, or $31.70 a share. The second was from Mr. Broad and Mr. Burkle, valuing it at $34 a share. A third bid from the Carlyle Group, just for the broadcast stations, has been dismissed.

Zell Joins Auction To Buy Tribune (FT)

By Joshua Chaffin And James Politi

Financial Times, February 26, 2007

Sam Zell, the Chicago billionaire, has entered the frame for the Tribune auction, making a proposal for the media group ahead of a weekend board meeting, according to people familiar with the matter.

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The value of Mr Zell's offer was not known, although these people suggested that the company's advisers were initially sceptical that it would outweigh the merits of a company-led restructuring. Tribune and Mr Zell could not be reached for comment.

Tribune, which owns 23 television stations as well as the Los Angeles Times, Chicago Tribune and other papers, put itself up for sale last year under pressure from one of its largest shareholders. So far, the sale has drawn scant interest, forcing Tribune's board to push back their self-imposed deadline to the end of the first quarter, and highlighting investors' concerns about the future of the newspaper business.

Until Mr Zell, a real estate mogul, stepped in, Tribune had been weighing a combined offer from two billionaires, Eli Broad and Ron Burkle, and one from the Chandler family, which had originally pressed for the company's break-up. Neither, however, represented a premium to Tribune investors.

As a result, Tribune officials were leaning toward a "self-help plan," according to people familiar with the matter, in which the company would be split into newspaper and broadcasting divisions and offer investors a dividend. The downside of the plan is that it would add to the company's debt load, and could limit its financial flexibility.

The Zell offer would include the participation of Tribune's employee share ownership plan, according to reports in the Chicago Tribune and Los Angeles Times, allowing the bidders to take advantage of special tax breaks associated with the plan.

XM's Mark On Northeast D.C. (WP)

By Thomas Heath, Washington Post Staff Writer

The Washington Post, February 26, 2007

Fate of Headquarters Uncertain if Sirius Merger Goes Through

XM Satellite Radio chief executive Hugh Panero and his top engineer were exploring an abandoned printing plant in Northeast Washington back in 1999, looking for a home for their growing space-age radio company.

"This is the greatest place I can imagine," Panero recalled saying to himself, noting its spacious rooms and 20-foot ceilings. Not even the spent bullets strewn across the roof dissuaded him, he said last week -- though the engineer, a retired Air Force brigadier general, "thought I was nuts."

XM bought the building. The company invested $70 million in high-tech and aerospace hardware. And as it grew into a $4.3 billion enterprise that today employs more than 700 people, it helped turn the area around New York and Florida avenues NE from a strip of boarded-up buildings into a growing commercial center with a Metro stop, office and condo space and the future headquarters of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

But XM itself has been on a wild ride, losing more than $3 billion over the past seven years. Its stock, which had rocketed from $2 to nearly $40 a share , closed at $15.10 Friday, four days after the company announced its plan to merge with its New York-based rival, Sirius Satellite Radio.

The $13 billion deal is far from a lock, because the companies will have to overcome antitrust regulatory hurdles. But inside XM and elsewhere in Washington there was concern that the District might lose a company that had added some cutting-edge glamour to a business community better known for its government contractors.

"That's been a feather in our cap that XM Satellite has made their headquarters in the District," said James J. Abdo, chief executive of Abdo Development, which has a big project about a mile up New York Avenue.

It was certainly a change for the neighborhood when the Allman Brothers crew unloaded a couple of semis full of equipment into the XM Performance Theater, where the band spent three days re-recording its classic "Eat a Peach" album for a show called "Then . . . Again . . . Live." Jethro Tull did the same thing with "Aqualung." Janet Jackson stopped by on a publicity tour and talked for four hours on various shows. Tori Amos and Ludacris came by.

Sirius chief executive Mel Karmazin, who would run the merged company, said in an interview that XM's headquarters building is a valuable asset and that he might even expand its workforce. But there was an anxious mood last week in the XM hallways -- where dimly lit studios have names like XM Kids and Liquid Metal, and the conference rooms are labeled Sinatra, Springsteen and Hendrix.

"There are definitely people who are nervous," said programming director Billy Zero. "Without a doubt, there's going to be some overlap. I'm a creative guy. I'm an innovator. Hopefully, I will be part of that team. That's what it's going to be about -- pulling the most creative and innovative people onto the next leg of this tour."

Scott Walterman, director of news programming, said he worried that most of the operation would be shifted to New York.

"I've done Manhattan when I was younger," said Walterman, 48, who has been with XM since 2001. But, he added, "you do what you've got to do and go where you've got to go at the end of the day. Nobody knows how everything is going to play out."

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Like many of his colleagues, he's uneasy about the idea of merging with a longtime rival. "It's kind of like the collapse of the Berlin Wall," Walterman said. "You fight an enemy for six years and now you are allied with them."

"It might take us a few more days to get on the bandwagon and huzzah," said Bob Edwards, the former National Public Radio mainstay who hosts an XM show weekday mornings. People are in "a period of adjustment because we've been in this toe-to-toe battle with these guys, and now we're brothers and sisters. If it helps the company and saves satellite radio and makes it viable, then we're all for it. It's already helped my stock."

XM has been a Washington company since 1998, when founder Gary Parsons purchased one of two available satellite-radio spectrum licenses from the Federal Communications Commission and subleased space at 23rd and M Streets NW to be near the FCC and Capitol Hill. He recruited Panero, 51, who was working for a start-up pay-per-view network in Colorado, soon after.

They started shopping their idea for a subscription radio service to investors such as General Motors, which put up $75 million. The company initially raised $250 million.

"I turned down the investment several times because the whole proposition seemed like a long shot," said Mark D. Ein, a Washington venture capitalist who later signed on as an investor. "But Hugh sold his vision, and his vision became true. It's one of the great business success stories in Washington ever."

By the time XM went public in 1999, it needed a headquarters. "We wanted to be easily accessible to the bands touring the East Coast," said XM spokesman Chance Patterson, who was a consultant to XM for the accounting firm KPMG at the time. "It seemed like a stretch that Paul McCartney or P. Diddy would want to hang out near Dulles," where AOL and other tech firms are located.

They found the abandoned building that had been home to Judd & Detweiler, the master printers who for decades produced National Geographic magazine. The corner of Florida and New York avenues was minutes from Interstate 95, and not far from downtown D.C. nightclubs and the Verizon Center, so entertainers could swing by after performances.

Panero liked the idea that a Metro stop was planned nearby. He loved the building's red-brick, retro look, which reminded him of the homes of other start-ups. And he took into account the fact that if the neighborhood improved, so would the value of XM's headquarters. (The building is fully paid for.)

Mayor Anthony A. Williams heard about XM and saw a chance to bring an entirely new industry to a blighted area. He offered a package of tax breaks to save XM millions of dollars and help seal the deal.

"I viewed it as . . . a kind of iconic, symbolic statement that convinces people that an area is turning around," Williams said. "It was a signature investment."

"They have really helped to transform that neighborhood," said Barbara B. Lang, president of the D.C. Chamber of Commerce.

Panero, who will not be part of the company if the merger goes through, said no decisions have been made regarding management and responsibilities after the companies combine, but he said he expected there would still be a strong presence in Washington.

"What has been said is we have to continue to run the company as separate companies until the merger is closed," Panero said. "When it closes, the plan is to take advantage of great talent that exists in both companies. Clearly, there will be redundancies. But these are growth companies."

ENVIRONMENT:

In Brief (WSJ)

The Wall Street Journal, February 26, 2007

As leaders at the state level decided much more needs to be done to address climate change, five Western states -- California, Arizona, New Mexico, Oregon and Washington -- will announce at the National Governors Association annual winter meeting today a regional strategy to reduce global-warming emissions. State leaders will sign a memorandum of understanding that commits them to pursue clean-energy technology and market-based solutions toward greenhouse-gas emissions. The governors there are following New York and New England states, which established a regional compact to restricting power-plant emissions in their region.

British Growth Augurs Rate Rise

Britain's economy grew at its fastest pace in more than two years in the final quarter of 2006, reinforcing expectations that the Bank of England will need to raise interest rates again. Strong consumer spending helped the economy to grow by 0.8% quarter on quarter in October-December, data from the Office of National Statistics showed, marking the highest quarterly growth

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rate since April-June 2004. In year-on-year terms, GDP growth stood at 3%, its highest rate since the third quarter of 2004. Business investment expanded 11.1% in annual terms -- its highest growth since 1998.

China Polices Securities Market

China has set up a top-level task force to clamp down on illegal activities in the securities market, a government report said. The committee will formulate and interpret rules to crack down on illicit activities in the industry and help related agencies pursue suspected crimes, according to the report on the central government's Web site.

FBI/DEA/ATF/USMS:

Investigator Sends Bonds Letter Urging Cooperation (SFC)

By Mark Fainaru-Wada And Lance Williams, Chronicle Staff Writers

San Francisco Chronicle, February 26, 2007

But player can't comply with Mitchell's request, lawyer says

Major League Baseball's top steroids investigator has urged Giants star Barry Bonds and other players tied to the BALCO drug scandal to submit to interviews and turn over their medical records, The Chronicle has learned.

But Bonds' lawyer said Sunday that the Giants star cannot cooperate with baseball's steroids investigation as long as he remains the focus of a possible perjury indictment.

In a Feb. 1 letter, George Mitchell, the former U.S. Senate majority leader who is threatening that Congress may intervene if his investigation of performance-enhancing drug use in baseball is thwarted by lack of cooperation, urged Bonds and the other players to cooperate for the sake of the game.

"Nothing is more important than the integrity of the game of baseball," he wrote.

Copies of Mitchell's letter, which was read to The Chronicle by a person with knowledge of the investigation, were sent to Bonds, Detroit Tigers outfielder Gary Sheffield and other players.

Bonds, Sheffield and six other present and former players testified in 2003 before the federal grand jury that investigated the Bay Area Laboratory Co-Operative steroid ring. The players were implicated in the use of BALCO's banned drugs, according to evidence in possession of federal investigators, but none was accused of a crime.

Mitchell's letters were accompanied by medical waiver forms that, if signed, would allow baseball investigators access to a player's past, current and future medical records.

Contacted for comment, Michael Rains, Bonds' lawyer, said he had told Mitchell that Bonds wanted to help but was unavailable as long as he faces possible indictment.

"I said, 'I'm sorry, but I have to give him that advice,' " Rains said.

For almost two years, federal authorities have been investigating whether Bonds testified falsely when he told the BALCO grand jury that he had never knowingly used banned drugs. As recently as November, then-U.S. Attorney Kevin Ryan refused to comment on the status of the probe, Rains said.

Sheffield, who denied knowingly using steroids when he testified, also appears to be off-limits to Mitchell. His lawyer, Paula Canny, said she advised Sheffield that Mitchell's requests for information violate terms of baseball's labor contract.

"There are things more important than baseball -- like the integrity of collective bargaining agreements," she said.

Canny said "dozens" of players -- including many not connected with BALCO -- received letters, and she said that the players union also has written to Mitchell about his request. She declined to characterize the union's letter, and the union declined immediate comment.

Mitchell sent letters to the players two weeks after he warned baseball owners that the game "has a cloud over its head" because of the steroid scandal and faces a likely congressional investigation if its own probe of drugs in sports falls short.

Commissioner Bud Selig ordered the Mitchell investigation in March 2006, amid steroid concerns fueled by the BALCO scandal. But the probe stalled, in part because the players union advised players not to submit to questioning without a lawyer present, and in part because prosecutors in the BALCO case asked prospective witnesses not to talk to Mitchell and his legal team.

In his warning to owners, delivered Jan. 18 at a meeting in Phoenix, Mitchell cited another concern: He said some clubs were balking at providing his investigators with relevant documents.

Mitchell's letter to the players comes at a time when Bonds is set to resume his pursuit of Henry Aaron's career record for home runs -- and when a new federal prosecutor, acting U.S. Attorney Scott Schools, has taken charge of the Bonds perjury investigation.

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In his grand jury testimony in 2003, Bonds denied knowingly using banned drugs. But federal investigators have significant evidence that Bonds had used steroids and other banned drugs for years, according to sources familiar with the BALCO case.

In 2005, a federal grand jury began investigating whether Bonds had lied under oath. Witnesses have included former Bonds girlfriend Kim Bell; former Giants trainer Stan Conte; Bonds orthopedist Dr. Arthur Ting; Harvey Shields, Bonds' stretching coach; Giants equipment manager Mike Murphy; and BALCO vice president James Valente, who pleaded guilty in the BALCO case.

Last summer, when the grand jury's term was about to expire, some prosecutors wanted to indict Bonds for perjury, according to two people with knowledge of the investigation who asked not to be quoted by name.

But Ryan, who had run the BALCO investigation since its beginning in 2002, wavered. At that point, according to the sources, officials from the Internal Revenue Service and the Federal Bureau of Investigation, agencies that had investigated BALCO, began lobbying the Justice Department in Washington in an unsuccessful attempt to push for an indictment.

Instead, the call was left to Ryan. He chose to transfer the perjury investigation to a new grand jury, while pressuring Bonds' former trainer, Greg Anderson, to testify. Anderson has been imprisoned for contempt of court since before Thanksgiving for refusing to cooperate.

If Schools, the new U.S. attorney, seeks an indictment of Bonds, the government's evidence of steroid use in baseball might become public in court proceedings -- and thus available to Mitchell. If the perjury investigation is dropped, Mitchell might get access to the prosecutor's witnesses and documents from the government itself.

Mitchell's letter was the second he has sent attempting to get information from players associated with BALCO. In April 2006, Mitchell asked players to provide him with an array of documents, including their drug test results and their phone and medical records dating back to 1998.

What Mitchell hasn't done, though, is request the kind of help the U.S. Anti-Doping Agency received from Congress in 2004. Then, fearful of drug cheats competing at the Summer Games in Athens, Congress subpoenaed BALCO documents from the Justice Department and gave them to USADA. The anti-doping agency used the documents to bring charges against four sprinters, including then-100-meter world record holder Tim Montgomery.

Rains, Bonds' lawyer, said he hopes the new U.S. attorney in San Francisco will bring a fresh eye to the BALCO case, now in its fourth year, and drop the investigation of Bonds. In the meantime, he said, he has filed Freedom of Information Act requests in an effort to learn how much money the federal government has spent investigating BALCO.

Five men pleaded guilty to drug charges in the case. BALCO founder Victor Conte received the stiffest sentence: four months in federal prison.

Charles Scheeler, a lawyer involved in the Mitchell investigation, didn't respond to a call requesting comment. Luke Macaulay, spokesman for the U.S. attorney's office in San Francisco, declined comment.

Chronicle staff writer John Shea contributed to this report.

Ashtabula Druggy Goes To W. Va. Prison (ASB)

Ashtabula Star-Beacon, February 23, 2007

JEFFERSON - - Ashtabula County convicted drug dealer fugitive Thomas J. MacWilliams is headed to 12 years and seven months in federal prison after being sentenced Feb. 14 by U.S. District Court Judge Irene M. Keeley in Clarksburg, W.Va.

The 42-year-old MacWilliams fled Ashtabula County in 2005 after being convicted by Common Pleas Court Judge Gary Yost of drug-related conspiracy charges. Yost sentenced MacWilliams to four years in an Ohio prison, then released him for 30 days to get family affairs in order.

At the end of 30 days, MacWilliams failed to report to the Ashtabula County Sheriff's Department to begin his incarceration. He was reported to have fled to a remote section of West Virginia, according to investigators with Trumbull, Ashtabula, Geauga Law Enforcement Task Force (TAG).

A year-long search ended on May 7, 2006 when MacWilliams was apprehended by Harrison County drug task force officers in a remote area known as Hoot Owl Hollow in Burnsville, W.Va. TAG and U.S. Drug Enforcement Administration officials had received numerous tips on MacWillaims whereabouts, according to TAG task force commander Sgt. Jeff Orr.

West Virginia authorities arrested the former New Lyme Township resident, who was using several trailers to grow marijuana and distribute it. He was arrested along with a female companion.

Additional drug charges were filed against MacWilliams by Gilmer County and Harrison County law enforcement officials. He pleaded guilty to the West Virginia charges of aiding and abetting by using the trailers for marijuana cultivation, possession and distribution between Dec. 2005 to May 7, 2006.

Prior to his sentencing, MacWilliams was held in custody at the Harrison County jail in Clarksburg. The defendant was labeled a career offender by Keeley, who made it binding after learning about his past criminal history.

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The Ashtabula County drug-related convictions ended up with a court forfeiture order seizing MacWilliams' assets. Seized were 900 pounds of marijuana, $76,400, five vehicles, two Harley-Davidson motorcycles, a Honda four-wheel all-terrain vehicle and a car wash.

MacWilliams is expected to be brought back to Ashtabula County as soon as legally possible, Orr said Wednesday.

"If he would have just stayed here and done his four years in an Ohio prison instead of fleeing; now he faces 19 to 20 years in prison. The grand jury also indicted him on escape charges," Orr said.

MacWilliams' original prison sentence from Yost may be tacked on consecutively or back-to-back, according to Orr. Keeley, in her sentence, requires MacWillaims to face three years of federal supervised release plus recommended him for the prison bureau's 500-hour substance abuse treatment program.

Cali Drug Cartel's Betrayer Tells His Story (LAT)

The Los Angeles Times, February 24, 2007

Miami — THE official end of the notorious Cali cocaine cartel came late last year here with little more commotion than the rap of a judge's gavel.

The Colombian drug lords Miguel Rodriguez Orejuela, 63, and Gilberto Rodriguez Orejuela, 67, entered guilty pleas and were ushered off to federal prison for the next 30 years — no Miami Vice-like dramatics, no bodies riddled with gunfire in the manner of Medellin rival Pablo Escobar.

But behind the bloodless fall of the ruthless Orejuela brothers and collapse of their $7-billion-a-year empire lies a little-known story of daring and betrayal.

Aiding U.S. drug agents unexpectedly and at great risk was a senior cartel official, the head of security and intelligence for the syndicate. For years he had protected the bosses, their wives and children. Then, he crossed them.

"It was very risky, but I was trapped in a nightmare, in a totally corrupt environment. I had to escape," he explained.

Federal prosecutor Edward R. Ryan called the defection a shock and "a very personal betrayal" to the Cali bosses, leaving the man marked for death. He is still "No. 1 to be killed," Ryan said.

The man has lost much of what he once took for granted: his home, his country, his name, even his past.

From somewhere deep inside the federal witness protection program that harbors him and his family, he has shared pieces of his story in sporadic telephone conversations with a reporter.

"Obviously, I'm not looking for celebrity — it would jeopardize our safety," he told The Times. "But people should know what I know now. My story should start by saying, if you are invited into such an organization, stop — stop and run away.

"Don't think you can ever fully escape."

He used to be Jorge Salcedo.

THE wonkish, soft-spoken family man was an unlikely drug gang recruit. He held university degrees in mechanical engineering and industrial economics. He started his career designing forklifts and other machinery. Later he ran an oil recovery business.

His father was a retired Colombian army general and respected diplomatic figure. The son was an officer in the army reserves, but he regarded himself more as an engineer than a soldier. He became proficient in electronic surveillance, which increasingly drew him into counter-terrorism assignments.

His military service in the late 1980s coincided with one of Colombia's bloodiest periods.

Anti-government guerrilla groups unleashed waves of kidnappings that terrorized the nation. Some targeted the rich drug lords. At the same time, rival cocaine cartels were warring with one another, killing scores of police, judges, politicians and innocent bystanders.

Military leaders grew restless because of the security failings of an impotent and corrupt government and tried to fill the vacuum, sometimes taking military actions without approval from officials in Bogota, the capital.

Enter Salcedo. He was secretly dispatched to Europe by military leaders to assemble a team of mercenaries. In an unusual move largely financed by Medellin cartel bosses, he was to organize an off-the-books, paramilitary operation — an armed assault on a guerrilla mountain fortress called Casa Verde.

It was aborted at the last minute. However, word of Salcedo's role reached Cali, 185 miles southwest of Bogota. The drug bosses there, engaged at the time in a vicious feud with Escobar and the Medellin, summoned the 41-year-old engineer to visit.

"Some people in Cali want a word with you," Salcedo was told in a phone call in January 1989.

"I had to go. It was not an invitation I could refuse," he said. "In Colombia, even honest people have to deal with the cartels." The next morning, he caught the first Avianca flight to Cali.

THE compound of Miguel Rodriguez Orejuela filled a city block. In addition to living quarters, it contained a large swimming pool, a tennis court and half of a soccer field.

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Salcedo was escorted to a wing of the residence that contained Miguel's offices — with marble floors, wood paneling, leather furniture, fine porcelain and four cartel dons who were waiting to see him.

Jose Santacruz Londono got right to the point. Pablo Escobar of Medellin was "a bandit … a criminal … a crazy guy" who was threatening to kill their wives and children. Miguel, the younger of the two Orejuela brothers, was even more direct: He wanted Escobar dead.

Escobar was the most powerful criminal in the world. The Cali brothers earlier had dispatched an unsuccessful hit squad to Medellin, 155 miles northwest of the capital. But it was the would-be assassins who ended up dead. All six of them. Another attempt with a massive car bomb succeeded only in injuring one of Escobar's

children.

The Cali dons knew Salcedo had ties to mercenaries. They knew he helped plan the aborted raid on the guerrillas. They told him his skills were required to end Escobar's reign of terror and to help protect them and their families.

Thus was Salcedo drafted into the Cali cartel.

"I did not feel I was a criminal," Salcedo recalled. "I had been fighting against the guerrillas. Now I was against Pablo Escobar."

ALMOST immediately, Salcedo helped devise an assault on

Escobar's Medellin compound.

Two heavily armed Hughes 500 helicopters, painted in the olive green of Colombia's national police, flew a 12-man team of Salcedo's mercenaries to a mountain staging area.

But descending through a cloud bank, one of the choppers hit a mountaintop. The pilot was killed. The attack had to be abandoned.

A second assault was planned, this time from a base in Panama. The mostly British mercenaries were in hotels for nearly two months awaiting orders to attack. Salcedo said they got bored and rowdy.

"It was difficult to keep these wild people quiet," he said. "They fought, they drank, they wanted women every day — they were like mad dogs."

Finally the raucous strangers attracted so much attention, including television news coverage, that Salcedo was forced to scrap yet another mission.

Meanwhile, Salcedo beefed up security for the Orejuela brothers and their extended families — a mother, four sisters, in-laws, wives and children.

"The families were huge. We had about 150 persons dedicated to caring for the safety of these people," Salcedo recalled.

Local police helped. Some were on the cartel payroll. Some regularly shared information with Salcedo.

"Miguel and Gilberto were able to corrupt anyone," he said. Finally, Escobar went to prison, where he continued to run his cartel and menace rivals from his cell. Salcedo was ordered to arrange an aerial bomb attack on Escobar's wing of the prison.

"It was an absurd idea. I told them it was unlikely to succeed. But Miguel said, 'Do your job,' " Salcedo recalled.

He traveled to El Salvador and, through a military contact, purchased four 500-pound bombs for about half a million dollars.

Waiting at a rural airstrip for the dawn arrival of a cargo plane from Cali to retrieve the illicit munitions, Salcedo was distressed to see an executive jet swoop out of the clouds. Its limited cargo space wasn't designed for bombs. Only three fit, stacked in the passenger cabin.

Local authorities closed in. The leftover bomb was abandoned. Salcedo barely escaped El Salvador and arrest before the botched pickup was exposed.

The episode drew international attention, and another assault plan was junked.

There was no turning back for Salcedo. The Colombian government now knew he had worked for the Cali cartel. And the Medellin gangs knew he was plotting to kill Escobar.

But in Cali, Salcedo found personal safety as he settled in to managing security for the Orejuela family.

"I had nothing to do with drugs. I told myself I was not one of them," he said.

SALCEDO had arrived in Cali just in time for a business boom. The early 1990s were, he said, the golden years for the cartel.

Business improved even more after December 1993, when Escobar died in a blaze of gunfire. The Medellin boss had escaped from prison, and from continuing Cali assassination plots, in 1992 only to be tracked down by national police 15 months later. Police were guided to his hide-out by radiophone signals. He and his bodyguard were gunned down as they tried to flee across the rooftops.

The Orejuela brothers promptly absorbed much of the Medellin cartel and ultimately controlled 80% of the international cocaine market. At its peak, the family ran what one U.S. Justice Department official told Congress was "the most prolific and successful criminal enterprise in history."

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Then came the crackdown.

In Miami, U.S. Drug Enforcement Administration agents targeted the Cali cartel's distribution organizations. Smuggling routes from Florida to Texas were compromised and had to be replaced. Key operatives were arrested and had to be bribed, or killed, to keep silent. Shipments of dope and money were lost.

In Bogota, the Clinton administration pressed Colombian political leaders to arrest major traffickers.

"Miguel was getting paranoid," Salcedo said. "He saw traitors everywhere."

Desperate for protection from what they feared most — extradition to the United States — the cartel bosses poured millions of dollars into the bank accounts of Colombian politicians. The new constitution included a no-extradition provision for native Colombians.

As U.S. prosecutor Ryan later would note, then "the bodies began to show up."

THE far-flung cartel was directed by Cali-based Colombians, but its operatives included many non-

Colombians susceptible to extradition. The "extraditables" came to be seen as security risks.

WITHIN a week of his first conversation with a U.S. agent, Salcedo faced his first life-threatening decision. He knew where Miguel would be in the morning. He had been summoned to the hide-out to give an impatient Miguel a detailed report.

"He wanted to know what I was doing" to complete the assassination of Pallomari. Instead of preparing his report, Salcedo called in federal police.

The raiding party that hit Miguel's door about dawn the next morning included two DEA agents and an elite search team under Gen. Jose Serrano, chief of the Colombian national police.

Inside the apartment they found … no one.

Many safe houses were known to conceal vaults built into the walls for magician-like escapes. The Bogota team listened, tapped on cement walls and floors, then pulled out power drills and bored into suspicious areas.

Across town, Salcedo's pager went off. Still no sign of Miguel, the agents told him. He sensed doubts about his information.

Salcedo insisted that the drug lord was there. He also directed the raiding party to a desk in one of the rooms. It had a thick top, he said, that concealed a secret compartment.

Searchers dismantled the desk. Its secret chamber gave up a trove of records that delighted Serrano — "30,000 checks, cartel payments to police, 150 politicians, reporters, everyone," Salcedo said.

The sensational evidence was rushed back to Bogota.

About that time, however, cartel-friendly police arrived at the search site. They noted the physical damage — broken desk and holes in the walls — and found that the search team lacked a proper warrant. Furthermore, the American drug agents were armed, a violation of Colombian law.

Under threat of arrest, the U.S. agents and Serrano's team abandoned their search for Miguel Orejuela.

Salcedo soon learned of "the horrible situation."

On a cartel radiophone he overheard a call between Miguel and his son, William. The drug boss had just been rescued from an escape vault with the help of a local police captain.

He had emerged bleeding, an angry, wounded bear, apparently injured by one of the power drills.

Listening in on the phone conversation as Miguel reported to his son the details of his ordeal, Salcedo's only thought:

"What a nightmare. I am dead."

SALCEDO was a prime suspect, one of only five to 10 people who knew where Miguel had been hiding.

The American DEA agents insisted on taking him into protective custody immediately. But Salcedo refused, knowing that more time was needed to evacuate his extended family from Colombia.

"I decided to play on the fact that I might not be discovered," Salcedo said. "I immediately started investigating the leak."

The ploy seemed to deflect suspicion. It bought time. Salcedo used it to help steer accountant Pallomari toward the DEA. He also helped agents raid a cartel bomb-making site and a weapons storage warehouse with hundreds of machine guns.

"The risk was so incredible," Agent Kacerosky said in testimony. "I had to advise him to be [more] careful."

Salcedo and his U.S. handlers arranged to meet in a rural area outside Cali.

"If I was seen talking to an American, I would be killed," he said. "So we always arranged our meetings in the woods. This time it was near a sugar cane plantation."

It was nearly dark. Salcedo in his silver Mazda sedan was joined on an isolated dirt road by two U.S. agents crammed into a small, rented car.

"It should have been the perfect lonely place," Salcedo said. But suddenly police surrounded them. By unnerving coincidence, they were looking for the killer of a taxi driver.

The police demanded identity papers and prepared to search their cars. Salcedo knew that if the DEA agents were identified, their case would be blown and his life would be in even more jeopardy.

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He took the police aside and pulled out 500 pesos.

"What are you doing in the middle of a cane field?" one officer inquired. Salcedo said he responded:

"Don't ask — just take this and go."

When they pressed for information, Salcedo told them: "We are homosexuals. They are foreigners and will be very embarrassed by any questions."

The policemen took the 500 pesos and drove off.

FROM mid-July into August 1995, Salcedo continued to play a dual role — the man in charge of security for Miguel Rodriguez Orejuela, and his secret betrayer.

He stayed close to Miguel and his family, at every opportunity sharing car rides and meeting with them alone to let his vulnerability erode suspicions.

The family became most concerned about accountant Pallomari. In the wrong hands, his extensive records of bribes and business dealings posed a greater threat to operations than the inconvenience of the brothers spending a few years of lavish confinement in a Colombian jail. Salcedo feigned progress toward setting up an assassination.

A police raid was scheduled one night to arrest Pallomari at a hiding place. An incident also was arranged so he would inexplicably die in custody.

That night, Salcedo arrived just ahead of the police. He told Pallomari he was about to be arrested and would die in jail. Though Pallomari did not trust Cali's chief of security, the fearful accountant went along to another hide-out.

"How did you know where to find me?" Pallomari asked the next day.

"I said, 'Guillermo, I've been taking care of you a lot.' "

But Salcedo's ability to protect Pallomari and himself was nearly exhausted. Then he got another opportunity and called his DEA contacts in Bogota.

AT dawn on a Sunday in August, four weeks after the failed raid that left Miguel Rodriguez Orejuela wounded, another police strike team arrived outside an apartment building in Cali.

Accompanied by two U.S. agents, the 15-man team of Colombian national police poured silently into the building.

Miguel heard them too late. He was arrested without incident in his underwear, scurrying for a vault in the wall.

Almost immediately, people began to disappear — Salcedo and his family, Pallomari — but this time it was into the custody and protection of U.S. authorities.

In the days that followed, the entire Cali cartel infrastructure was exposed. Within a few months, about 130 people were indicted. It was, Agent Kacerosky later would observe tersely, "historical."

Salcedo pleaded guilty in Miami to a single count of racketeering and, at an unusual sentencing hearing, was universally praised by agents and prosecutors who recommended unprecedented leniency. U.S. District Judge William Hoeveler agreed, noting Salcedo's "service rendered to this country" and actions that "saved the lives of a number of people."

But it was not the end of the Cali cartel.

As Colombian citizens, the Orejuela brothers could not be extradited to the United States. Though that law was repealed after the politicians behind it were exposed for taking bribes from the cartels, the brothers remained in Bogota's La Picota prison, beyond the reach of U.S. authorities.

Federal drug agents would have to prove that the cartel leaders continued to operate their smuggling empire from prison, after the extradition ban was lifted.

They did just that. Since then, the entire Cali cartel hierarchy has been extradited, thanks to Salcedo. For his service, the relocated Colombian received rewards of about $1.7 million.

But more than a decade after betraying his bosses, Salcedo's life remains in jeopardy.

"He has done an inestimable service to the U.S. and Colombia," said his lawyer, Robert F. Dunlap of Miami.

Ryan, the federal prosecutor, in a recent interview called Salcedo one of the country's "least-known heroes," one of the people most responsible "for bringing down the most powerful criminals in the world."

Ryan still marvels at Salcedo's contribution, saying he and federal agents thought at the time that the effort had no more than "a 1% chance to succeed."

He recalled: "You can't imagine just how alone this guy was — talking on phones that he knew were bugged … knowing so well how easily he could be compromised. He must have brass balls this big."

Miguel Orejuela was extradited to Florida in 2005, a year after Gilberto. Today, the brothers are serving what probably will be life terms in U.S. federal prison.

The former Jorge Salcedo remains in hiding — his location unknown even to his lawyer — somewhere in the United States.

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(INFOBOX BELOW)

About this story

Jorge Salcedo's contacts with The Times began with a handshake in Miami during a brief court appearance in October 1998. In the years since, he has made sporadic telephone calls to a Times reporter from undisclosed locations.

In telephone interviews ranging from a few minutes to more than an hour, he shared details of his role in the cartel and occasional frustrations with life in U.S. exile. Years passed between some of his calls.

The Times has no information about his whereabouts and no way to reach him. All contacts were by phone and were initiated by Salcedo.

This account is based on those interviews, corroborated by court records, sworn testimony and additional interviews with federal agents involved in the case.

Tommy Chong To Raise Money To Help 'Guru Of Ganja' Defend Himself At Federal Trial (AP)

AP, February 26, 2007

PIEDMONT, Calif. — Comedian Tommy Chong will help raise money to defend the self-proclaimed "Guru of Ganja," who is charged with growing hundreds of marijuana plants for a dispensary.

Chong, who starred with Cheech Marin in stoner movie classics "Up in Smoke" and "Nice Dreams," will appear at a $125-per-person event for Ed Rosenthal.

Rosenthal, 62, famed for his marijuana cultivation books and the "Ask Ed" column he wrote for High Times magazine, will host the event at his Piedmont home on March 4.

"The party will celebrate how far we've come in legalizing medical marijuana as well as provide me with the money I need to fund my current trial that is defending all of our rights," Rosenthal said.

Rosenthal, who's scheduled to appear in federal court March 19, estimates his trial and related expenses could cost more than $300,000.

Federal prosecutors accused Rosenthal of growing marijuana, laundering money and falsifying tax returns from October 2001 through February 2002.

In a post to his Web log, The Blog of Chong, on Saturday, Chong urged his readers to attend the benefit for Rosenthal and donate to his defense. "Ed is being dogged by the feds for his marijuana work with sick people," Chong wrote. "It is the feds who are sick."

Hells Angels Case Going To Trial (SEATIMES)

By David Bowermaster, Seattle Times staff reporter

The Seattle Times, February 26, 2007

Jury selection begins today in a massive federal racketeering case being brought against current and former members of the Washington Nomads chapter of the Hells Angels.

Prosecutors allege that the Nomads' president and three others engaged in a long list of crimes, from murder, kidnapping and witness tampering to extortion, robbery and interstate trafficking of stolen Harley Davidson motorcycles, according to a 19-count indictment filed in the case.

The government intends to call 125 to 150 witnesses and take 10 weeks to present its case in U.S. District Court in Seattle, according to a pre-trial brief filed last week.

It is the latest in a string of racketeering cases that the Justice Department has brought against motorcycle gangs around the country in recent years, including a sweeping case filed against 26 members of the Bandidos Motorcycle Club in U.S. District Court in Seattle in June 2005.

George Wegers, the national president of the Bandidos Motorcycle Club, last May pleaded guilty to one count of conspiracy to commit racketeering. Wegers received a 20-month prison sentence in October, which included credit for time served.

Last week, two Hells Angels motorcycle-club members were sentenced to 12 to 30 months in Nevada state prison for their roles in a bloody brawl in 2002 with rival biker-gang members at Harrah's Laughlin hotel-casino in southern Nevada that left two Hells Angels and a rival Mongol gang member dead.

The core charge in the upcoming Seattle trial, which is scheduled to begin next Monday, is that the Washington Nomads is a highly organized, criminal enterprise whose members are punishable under the Racketeer Influenced and Corrupt Organizations (RICO) Act, which was created to prosecute organized-crime syndicates such as the Mafia.

The lead defendant in the case is Richard "Smilin' Rick" Fabel, who served as the president of the Washington Nomads and, for a time, as West Coast president of the Hells Angels.

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Other defendants in the case are Joshua Binder and Rodney Rollness, who were both full-time members of the Washington Nomads until 2003, and Ricky Jenks, who is still a member.

Prosecutors allege a laundry list of crimes perpetrated by the four defendants between 1996 and 2006. "As an enterprise, the Washington Nomads Chapter engaged in acts of violence, including extortion, robbery, kidnapping, murder, threats of violence and witness tampering; interstate trafficking in stolen motor vehicles; and [vehicle identification number] switching," according to charging papers.

Murder allegation

The most serious allegation is that Rollness and Binder murdered Michael "Santa" Walsh during a party at the home of Paul Foster in Arlington on July 21, 2001.

Foster has been charged as an accessory to murder. U.S. District Court Judge Robert Lasnik has ordered that Foster be tried separately, beginning in June.

The government said it intends to call confidential informants who have claimed Rollness told them he and Binder killed Walsh because Walsh was falsely presenting himself as a member of the Hells Angels.

They also killed Walsh, the government alleges, so Binder could get his "Filthy Few" patch, which is allegedly given only to Hells Angels members who have committed a murder on behalf of the club.

Prosecutors had contemplated seeking the death penalty against Rollness and Binder for Walsh's murder but decided against it in September, after consultation with Justice Department headquarters.

The charges include three allegations of witness tampering by Rollness. The most recent allegedly occurred between Feb. 14, 2006, and May 1, 2006 — while Rollness was in federal custody awaiting trial. While in prison, according to prosecutors, Rollness used "intimidation, threats and corrupt persuasion" to influence or prevent the testimony of an unnamed witness relating to Walsh's murder.

Undercover infiltrator

Several of the other charges relate to the theft and trafficking of motorcycles, particularly Harley Davidsons, which Hells Angels are required to ride, according to prosecutors.

Prosecutors plan to bring five motorcycles into the courtroom to show as evidence to the jury.

An unusual sidelight to the case could come Tuesday, when a hearing is scheduled to determine whether testimony by expert witness Jay Dobyns, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives, will be allowed. Dobyns, who went undercover to infiltrate a Hells Angels chapter in Arizona, is expected to testify about the internal workings of the Hells Angels and the club's processes, such as how it accepts new members and awards patches.

However, Dobyns in May filed a formal grievance with ATF alleging that the agency failed to protect him and ignored death threats against himself and his family, according to the Arizona Republic newspaper. Dobyns also said ATF spread false allegations that he was psychologically unfit for duty and a danger to himself and others.

Attorneys for Fabel requested, and received from the court, a copy of Dobyns' personnel file to evaluate his fitness as a witness.

IMMIGRATION:

Immigrants Who Wire Money Get Help From The Fed (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, February 26, 2007

Even as the federal government is starting to crack down on companies that hire illegal immigrants, it's been helping those same workers send money home, cheap.

Dubbed Directo a Mexico, the Federal Reserve-sponsored service allows customers without Social Security numbers to wire money through the Fed system to Mexico's central bank at little cost. In September, the Fed expanded the remittance program by allowing immigrants, legal or not, to open accounts at participating banks and credit unions in the U.S. or Mexico. About 27,000 transfers are made through the program each month.

The program has attracted the attention of conservative immigration activists and members of Congress, who say financial institutions shouldn't cater to illegal immigrants.

Rep. Brian P. Bilbray (R-Solana Beach), who chairs the congressional Immigration Reform Caucus, said Directo a Mexico and programs like it should be stopped and that banks that participate are "profiteering from illegal immigration."

Bilbray is also targeting Bank of America Corp., which this month announced plans to offer credit cards to immigrants without Social Security numbers, drawing complaints that the nation's largest retail bank was underwriting illegal immigration.

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"It's illegal for a landlord to do it, it's illegal for an employer to do it and it should be illegal for financial institutions to do it," Bilbray said.

Bank of America has said that it complied fully with all banking and anti-terrorism laws governing customer identification, which permit the use of forms of ID other than Social Security numbers.

Bilbray said legislators are working on proposals that would prevent financial institutions such as the Fed and Bank of America from catering to illegal immigrants, and are calling on the Bush administration to address the issue.

Elizabeth McQuerry, an Atlanta-based assistant vice president for the Fed's retail payments office, said Directo a Mexico isn't breaking any laws. She said the program complies with the Patriot Act, the Bank Secrecy Act and other money laundering laws. Customers have to provide identification — a consular identification card or other picture ID — and banks regularly check the documents' authenticity, she said.

Fed staff developed the program with counterparts at Mexico's central bank after President Bush announced it with then-Mexican President Vicente Fox in 2003. About 150 banks and credit unions participate, including 20 in California, McQuerry said.

Directo a Mexico was intended for all Mexicans living in the U.S., but did not specifically exclude those here illegally. Only immigrants who are in the U.S. legally can get a Social Security number, but any Mexican national can get a consular ID, regardless of legal status.

Rep. Tom Tancredo (R-Colo.), an advocate of increased border security who has talked in the past of taxing illegal immigrants' remittances, said that while the Fed program may not be breaking any financial laws, "There is a law against aiding and abetting illegal aliens in this country."

Conservative groups are also pressing the government to stop or modify Directo a Mexico. The Washington-based legal group Judicial Watch, which claims 400,000 members, obtained a copy of a Fed presentation about Directo a Mexico in December and posted it on its website to show that the government was not only offering a subsidized service to illegals, but actively marketing and promoting it.

"This program undermines our nation's immigration laws and is a potential national security nightmare," Judicial Watch President Tom Fitton said in a statement at the time. "In the least, the Federal Reserve must limit this program to legal aliens and U.S. citizens only."

Ira Mehlman, the Los Angeles-based spokesman for the Federation for American Immigration Reform, said Directo a Mexico not only flouts immigration law, it hurts U.S. workers by draining money from the national economy.

"This is money earned by people who have come here illegally, often earned at the expense of other Americans and then taken out of the country and not spent here," Mehlman said.

His group, which claims 100,000 members, about 35,000 in California, believes the federal government should better regulate wire transfer companies rather than offer an alternative that "makes it easier and more attractive for people to come here and break the law."

Directo a Mexico supporters and economists dispute claims that it harms the U.S. economy, and say the program will actually help fight crime by encouraging people to use a legal, regulated money transfer service. They also say it may stem illegal immigration by making it easier and cheaper to wire money home, lessening the need for the sender's relatives to cross the border to earn a living.

Philip Martin, chair of the Comparative Immigration and Integration Program at UC Davis, said remittances sent to Mexico last year were just a fraction of the U.S. economy, $23 billion out of a gross domestic product of more than $13 trillion. And as businesses increasingly serve illegal immigrant customers, he said, it's in the country's best interest to monitor their activity through programs like the Fed's.

"If you don't allow people to use the banking system, the money will still go but it will build up a transfer infrastructure that terrorists can then use," Martin said.

Rep. Eliot L. Engel (D-N.Y.), who chairs the Western Hemisphere subcommittee of the House Committee on International Relations, plans to hold hearings about remittances, which he said need to be formally integrated into the U.S. banking system. "We should stop pretending that they're not there," he said.

Engel thinks the U.S. needs to standardize the remittance wire system, linking the Fed to foreign central banks so that people can transfer money, "without having to sneak around or do it on the sly."

"You cut down transaction costs, make it easier to do and it helps everybody," Engel said.

The Fed offers a competitive exchange rate and charges banks 67 cents for each wire transfer to Mexico. After banks add their own fees, it usually costs customers $2 to $5 per transfer, regardless of the amount sent.

Private wire services usually charge more, including surcharges for larger transfers and claiming the money in Mexico. The average cost of wiring $300 to Mexico from the U.S. was $10.40 last year, when 65.8 million of the transfers were made, according to a Bank of Mexico report.

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McQuerry estimates Directo a Mexico saves its customers about $3.7 million annually.

Directo a Mexico proved popular at Mitchell Bank in Milwaukee, which remade itself as "Wisconsin's immigrant bank" during the past seven years to cater to an increasingly Mexican customer base. The bank offers the first two wire transfers free, then charges $2.50 for each additional wire, $4 for customers without accounts at the bank.

On average, customers make about 200 wire transfers totaling $200,000 each month, according to James Maloney, the bank's chairman. Maloney credits Directo a Mexico with attracting 10% to 15% more customers a month.

"We've really removed a lot of the banking barriers for the migrant community," he said.

New customers include Jose Chavez, 52, an accountant and real estate investor who immigrated to Milwaukee from Mexico illegally in 1983 and later became a citizen. Chavez opened an account at Mitchell Bank last year after he heard about Directo a Mexico, and used it to open one for his brother in his hometown in the state of Michoacan.

Every two weeks, Chavez wires $100 to his mother, saving about $8 a transfer, and he recommends the program to illegal immigrants. "They have a hard time establishing credit here, for obvious reasons," he said. "But the reality is they're here and they are not going anywhere"

Maloney has fielded criticism recently for serving illegal immigrants. But he defends Directo a Mexico, which he supplemented with mortgage loans that target immigrants.

"We find ourselves in a neighborhood that is heavily migrants. Our job is not to determine what other people's status is," Maloney said, any more than it's the responsibility of a grocery or department store. "These people live and work in our neighborhood. It's our job as a community bank to provide them services."

Mexican Wives Seek Ouster Of Husbands From U.S. (WT)

By Stephen Dinan

The Washington Times, February 26, 2007

The women of Tecalpulco, Mexico, want the U.S. government to enforce its immigration laws because they want to force their husbands to come back home from working illegally in the United States.

They have created an English-language Web page where they identify themselves as the "wetback wives" and broadcast their pleas, both to their men and to the U.S. government.

"To the United States government -- close the border, send our men home to us, even if you must deport them (only treat them in a humane manner -- please do not hurt them)," it reads.

In poignant public messages to their husbands, the women talk about their children who feel abandoned, and worry that the men have forsaken their families for other women and for the American lifestyle.

"You said you were only going to Arizona to get money for our house, but now you have been away and did not come back when your sister got married," one woman writes to a man named Pedro. "Oh how I worry that you have another woman! Don't you love me? You told me you love me."

It's a stark reminder of an often forgotten voice in the U.S. immigration debate -- the wives, children, parents and villages left behind as millions of workers come to the U.S., many of them illegally. The plea also underscores the dual effects of migration on Mexico: Its economy needs American jobs as an outlet for workers, but determined, able-bodied workers get siphoned out of Mexico.

More than 10 million Mexican-born people, or nearly one out of every 10, was living in the United States in 2005. And as a percentage of the work force it's even higher: One in seven, or 14 percent, were here, according to the Migration Policy Institute. The institute said 77 percent of Mexican workers in the U.S. were younger than 45, and 70 percent were men.

Villages devoid of men between 20 and 50 are common in many parts of the country. The stories of single mothers struggling to raise their children are just as frequent.

The women of Tecalpulco have come up with one way to cope. They run an artists' cooperative to sell traditional-style jewelry, including through the Internet. The page where they make their personal pleas, www.artcamp.com.mx/venga/, is a part of their Web site.

One of the women writes to "Ruben" telling him their children haven't seen him in three years and ask where he is.

"I know we agreed you should try your fortune in the United States, but I didn't know that it would be so lonely and that you would be gone for such a long time, please return to us," she writes.

Mexican officials are aware of the social and economic consequences to their towns and villages. But businesses and government officials on both sides of the border also acknowledge a sort of grand bargain -- the U.S. gets cheap labor, while Mexico has an outlet for its unemployed, who in turn send cash back home.

Mexican President Felipe Calderon in December, while visiting Nogales on the U.S.-Mexico border, said his country needs more foreign investment to try to keep jobs at home.

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"The generation of well-paid jobs is the only long lasting solution to the migration problem," he said, according to the Associated Press.

But for now, Mexico is also addicted to the influx of cash. In 2006, Mexican workers in the United States sent $23 billion back to their families in Mexico, an amount that rivals Mexico's foreign income from oil sales.

Steven Camarota, research director for the Center for Immigration Studies, which backs less immigration and a crackdown on illegal aliens, said the women's stories show that the huge migration flow is "very disruptive to the lives of those other countries."

He said it also proves that the men aren't fleeing poverty.

"These women would not be asking their husbands to come back if they themselves were starving," he said. "It's really more of people wanting more, a better life. It's perfectly understandable. But that's different than these people fleeing such desperation there's no way you could enforce the law."

TAX:

Danville Dentist Sentenced To Prison In Tax Fraud Scheme (AP)

AP, February 26, 2007

San Francisco (AP) -- A Danville dentist convicted of hiding $300,000 from the IRS in a secret offshore bank account has been sentenced to two years in prison, the Justice Department said.

Roy Albert Lewis was sentenced Friday in U.S. District Court for income tax evasion and conspiracy to defraud the government after being found guilty in August. Judge Susan Illston also ordered Lewis to participate in a mental health treatment program and perform 100 hours of community service.

Lewis' medical practice paid bogus expenses over a 10-year period to Denver-based Tower Executive Resources for items such as franchise, consulting, or management fees to generate huge tax deductions, according to the Justice Department.

Tower then allegedly funneled the money into the secret account, which Lewis controlled, authorities said.

In April 2005, two Tower promoters were convicted of conspiracy and assisting in the preparation of fraudulent tax returns after a trial in Denver.

Lewis' father, Leroy Albert Lewis, 72, an oral surgeon from Danville, is still awaiting trial on fraud and tax-evasion charges, according to prosecutors.

U.S. Softens Tax Increase For Some Expats (WSJ)

By Rob Wells And Tom Herman

The Wall Street Journal, February 26, 2007

A new Treasury Department notice affecting some Americans working abroad further chips away at a controversial tax increase enacted last May.

Accountants say it is too soon to gauge the precise impact on expatriates and employers, but business leaders say the move could provide significant relief in numerous cases.

The new Treasury notice "will ameliorate what had become a disincentive to put U.S. workers in jobs in some key locations around the world," says Kenneth Kies, managing director of Clark Consulting's Federal Policy Group in Washington.

The latest Treasury announcement, issued Friday, came after strong protests from business leaders about a Treasury Department notice in October. That notice offered some relief but didn't go nearly as far as business leaders had hoped. At issue are details of the May law, which raised taxes on many Americans working abroad, retroactive to the start of 2006.

Among those hit hard by the tax increase were upper-income Americans working in places with high housing costs and low taxes, such as Hong Kong and Singapore, and whose employers don't give them tax-protection packages. Along with the expats, many employers protested, noting the expense of providing such tax protection and arguing that the May law discouraged the hiring of Americans abroad.

Congressional staffers have estimated the tax increase will raise about $2.1 billion for the U.S. government over a decade.

Part of the complex May law limited the amount of housing costs some Americans working abroad may exclude or deduct on their U.S. income-tax returns. Critics of the Treasury's October notice said it didn't offer enough relief for Americans in some places, such as Moscow, and unjustifiably omitted important high-cost locations, such as Beijing and Shanghai.

Friday's revised notice, issued by Treasury and the Internal Revenue Service, increased the housing-expense limit in several places, including Moscow, Oslo and Hamilton, Bermuda. It included adjusted limits for 15 locations that weren't on the

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original list, including Beijing; Shanghai; Mumbai and New Delhi, India; Zurich; Taipei, Taiwan; and Jakarta, Indonesia. The new list also included Riyadh and Jidda in Saudi Arabia.

The tax impact of Friday's rules can vary widely from country to country.

The law signed by President Bush last May made major changes to the old law, under which Americans working abroad could exclude as much as $80,000 of their foreign-earned pay for 2006. Under the new law, that figure rose to $82,400 for 2006, but income above that now typically is subject to higher effective tax rates than before. The new law also greatly reduced the maximum amount of housing costs overseas workers could exclude or deduct.

Treasury and IRS officials say they are continuing to work on guidance for housing expenses for 2007.

CONGRESS-ADMINISTRATION:

House's Travel Rules Limited (USAT)

By Fredreka Schouten

USA Today, February 26, 2007

WASHINGTON — Lawmakers have continued to take trips paid for by outside groups since the House voted last month to restrict who can pay for such travel.

House travel records show that 19 members since Jan. 5 have accepted airfare, meals and lodging from special interests, including groups that employ lobbyists. The records were compiled by the non-partisan PoliticalMoneyLine.

The trips demonstrate that lawmakers "are trying to see what they are going to get away with," said Melanie Sloan, executive director of the liberal-leaning watchdog group Citizens for Responsibility and Ethics in Washington.

In its first official act as it took control Jan. 4, the Democratic majority in the House pushed through rules on the way lawmakers do business with lobbyists. The changes, which take effect Thursday, were a response to corruption scandals such as those that sent former lobbyist Jack Abramoff and ex-California congressman Randy "Duke" Cunningham to prison.

The House also created exemptions to the rules, including allowing lawmakers to take overnight trips paid for by lobbyists and the companies that hire them and to accept travel expenses from organizations that don't hire lobbyists. Two-night trips also are allowed if members need extra time to get to and from an event. The Senate has approved similar exemptions that are not yet law.

Most of the travel reported by House members would be exempt from the rules because it was paid for by groups that don't hire lobbyists.

Five trips were sponsored by organizations that lobby Congress and would face greater scrutiny by the House ethics committee.

Rep. Cliff Stearns, R-Fla., and his wife, Joan, flew to Las Vegas at the expense of the Consumer Electronics Association, according to a disclosure report Stearns filed with the House. The technology industry group, which lobbies on issues such as trade, spent $1,970 on the Stearnses' trip. Stearns is the top Republican on a panel overseeing trade and consumer protection.

Stearns' trip on Jan. 6-9 would not be allowed under the new rules. Spokesman Paul Flusche said Stearns had been invited well before the House adopted the changes. Flusche said the trip was "an educational experience" that provides information so Stearns "can do his job better."

Michael Petricone, the association's lobbyist, defended the trip. "This is (lawmakers') best opportunity to have hands-on experience with these products that they are regulating," he said.

Petricone said a "handful" of other lawmakers attended the event. He declined to name them. Lawmakers have 30 days after a trip to file a report disclosing the sponsor, location and other details.

Brendan Daly, spokesman for House Speaker Nancy Pelosi, D-Calif., said the effective date of the travel rule was postponed to give the House ethics committee time to devise new guidelines.

Exemptions Still Allow Lawmakers Plenty Of Free Trips (USAT)

By Fredreka Schouten

USA Today, February 26, 2007

WASHINGTON — One weekend in January, a dozen House members gathered at a luxury Miami hotel to learn more about health care issues.

The lawmakers assembled at the Mandarin Oriental, which boasts Biscayne Bay views and rooms starting at $469 a night. The trip, sponsored by the non-profit Alliance for Health Reform, is among the travel allowed under ethics rules that go into effect Thursday.

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In passing the rules, intended to cut ties between lawmakers and lobbyists, top Democrats led by House Speaker Nancy Pelosi also agreed to exemptions that allow House members to continue taking trips to destinations such as Miami and San Juan, Puerto Rico.

The Miami trip — along with a gathering in San Juan last week sponsored by the Aspen Institute, a non-profit think tank — is allowed under an exemption that permits organizations that don't employ lobbyists to pick up the tab. Another exemption allows trips paid for by lobbyists and their employers as along as the trips last no more than two nights.

Since the House rules leave campaign-finance laws untouched, lobbyists and members of Congress also can spend days together on golfing and ski trips paid for by a third party, generally a political fundraising committee established by a lawmaker. Lobbyists can then write checks in support of lawmakers' fundraising committees.

A lobbying and ethics bill recently passed by the Senate has similar exemptions but is not yet law.

"The question this raises is whether very much has changed," said Ellen Miller, executive director of the Sunlight Foundation, a government watchdog group. "There are still ways for people who carry water for special interests to pay for travel."

Lawmakers long have traveled on the tab of special interests, including organizations that seek to influence legislation. PoliticalMoneyLine, a group that tracks congressional travel, has counted more than 7,500 such trips worth more than $21.5 million since 2000.

The new rules, however, still allow groups with ties to lobbyists to pay for trips by members of Congress that last for up to two nights. The travel must be approved by the House ethics committee and is restricted to activities such as a giving a speech or attending a forum.

Sponsors of such trips also will have to declare in writing that lobbyists won't accompany House members on the trip or play a big role in planning the event.

Rep. Collin Peterson, D-Minn., chairman of the House Agriculture Committee, took an overnight trip last month paid for by the American Farm Bureau, according to a report Peterson filed with the House. The bureau paid the $1,800 tab for him to speak at its annual meeting.

"There's nothing unethical about the trip," said Mary Kay Thatcher, the bureau's public policy director. "It's not like we took him to Hawaii and kept him there for five days."

Peterson did not respond to interview requests.

John Graham, who heads the American Society of Association Executives, takes credit for pushing the exemption for short trips. His 22,000-member group represents the CEOs of professional associations, from doctors to roofers.

Graham said his group began lobbying Pelosi's staff about this provision before the November election that gave Democrats control of the House. Graham said his group also pressed its case with House Majority Leader Steny Hoyer of Maryland and Majority Whip James Clyburn of South Carolina.

Graham said he argued that a ban on travel would keep lawmakers from attending legitimate gatherings of professional groups such as those he represents, while still allowing lobbyists to participate in campaign-fundraising trips.

"As long as you were going to give a check to a member in the form of a fundraiser you could take them anywhere," he said. "That image is horrible."

Pelosi spokesman Brendan Daly said several groups lobbied for the short trip exemption. Daly said the rules represent real change. "Not all travel is, by definition, wrong," he said. "The idea was to curb the abuses. We have done that."

Craig Holman, of the liberal-leaning watchdog group Public Citizen, said the rules are a "vast improvement" and called Pelosi's compromises "reasonable."

Under the rules, the trip to Miami passes muster because the health alliance doesn't hire lobbyists or use lobbyist money to pay for the conference. The Commonwealth Fund, a New York-based foundation, helped pay the bills.

Ed Howard, executive vice president of the Alliance for Health Reform, said the event was no vacation for House members. "We kept them working," he said.

George Burke, a spokesman for Rep. Carolyn McCarthy, D-N.Y., one of the House members on the trip, agreed: "It's not one of these trips where they go and lounge on the beach for three days."

More trips acceptable under the House exemptions occurred during the week-long Presidents Day recess, which ends today.

The Aspen Institute scheduled its four-day trip to San Juan last week for members of Congress to learn more about the No Child Left Behind education law. Former Iowa senator Dick Clark, who runs Aspen's congressional program, said 16 or 17 lawmakers were scheduled for the trip. He declined to name them.

Congress To Consider How Unions Organize (LAT)

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By Joe Mathews

The Los Angeles Times, February 26, 2007

Choose your weapon: cards or ballots?

It has become the central question in union organizing fights across the country: Will the employer recognize a union after a majority of its workers sign union cards? Or will the employer insist that its workers cast secret ballots in federally supervised elections?

These questions — of paper and power — move from the workplace to Congress this week, when the House is scheduled to cast the first vote in what could be a years-long legislative battle between the country's largest labor unions and most powerful business lobbies.

The stakes: deciding the manner in which Americans join unions.

The proposed Employee Free Choice Act would take from employers the right to decide whether to accept the signing of cards — generally called "card check" — or demand an election. Instead, a workplace could unionize if labor persuaded a majority of employees to sign cards — without an election of all employees.

"We're not free to organize the way we want to organize," said Glendale Hilton bartender Angela Reid, who has been active in union organizing at the hotel.

"We don't want to do an election. We want to vote the way we want to — give our cards back to our organizers and vote that way."

Reversed roles

For both sides, the battle represents something of a role reversal and offers a window on the important but odd details of labor law.

Unions and their political allies, which for 70 years championed the secret ballot for unionizing workers, are all but abandoning the election process, arguing that aggressive anti-union tactics by businesses make such elections too difficult and costly.

And business leaders, generally hostile to any government intervention in their companies, are preparing to spend millions to defend federal supervision of elections in which workers choose whether to unionize.

Without a vote, said Joe Herman, a lawyer who has long represented employers, "employees would lose their free choice on whether or not to become unionized."

"It's incredible verbal jujitsu to call this Employee Free Choice," Herman said. "It's Orwellian."

The House is expected to approve the legislation as soon as Thursday, but Senate prospects are less certain.

Even if the bill passes Congress, President Bush has pledged to veto it.

Labor leaders expect defeat this year but say theirs is a years-long strategy, designed to educate the public on the problems of secret ballots.

'That's the crunch'

Unions say that without a change in how workers join unions, the percentage of union-represented workers — fewer than 10% in the private sector — will continue its decline.

Through natural attrition and changes in the economy, labor loses about 500,000 members a year, said labor historian David Brody, a professor emeritus at UC Davis. Under secret ballots, the union movement produces fewer than 100,000 new members a year.

"They need a new process," Brody said. "That's the crunch right there."

Secret ballots were part of the National Labor Relations Act, passed in 1935. Advocates saw elections as a way to give workers a choice between "company unions," created by management, and more independent and adversarial unions.

The signing of union cards also has long been an integral part of how people join unions. Under the current law, unions organize by having workers sign cards. Some employers agree that if the cards are independently checked by a third party — a card check — they will automatically recognize the union without a secret ballot.

But under the law, employers can and often do insist on a secret ballot, which must be supervised by the federal National Labor Relations Board. If a majority votes to join the union, collective bargaining is supposed to begin.

Unions win three out of every five such elections, according to the board. But dozens of studies by labor, academic researchers and human rights groups have found that the rules for such elections favor employers.

Most companies faced with organizing campaigns hire consultants or lawyers who specialize in "union avoidance." By one estimate, the business of battling union organizing is a $4-billion industry.

Unions allege systematic attempts by companies to fire, discipline or intimidate workers who support a union. The balance of labor complaints about the election process focus on delays. Even when unions win, some companies delay contract talks or refuse to bargain collectively.

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In response, many unions have tried to avoid elections. Before submitting signed union cards, they build campaigns to push employers to sign "card-check neutrality" deals to recognize the union without an election.

Such campaigns have been successful in Los Angeles. Security officers in office buildings around Los Angeles County are being organized under a neutrality agreement between Service Employees International Union, building owners and security contractors.

The most prominent ongoing labor dispute in Southern California — over a unionization drive at hotels near Los Angeles International Airport — is about a card check. The union seeking to organize, Unite Here, is demanding that hotels agree to a card check. The hotels want their workers to have a secret ballot.

Asked about the effect on hotel workers, Maria Elena Durazo, head of the Los Angeles County Federation of Labor, said, "I'm confident that if the Employee Free Choice were law, workers on Century Boulevard would now have better wages, family health insurance and a pension through a union contract."

Making their case

The nation's leading business lobbies and trade associations counter that problems with the system are relatively rare. More than 90% of secret ballots take place within 57 days.

Businesses have hired top political consultants for a campaign that portrays unions as hostile to democracy.

Congressional Republicans say that under a card check, some workers could see their workplace unionized without having a say.

They also suggest that their Democratic colleagues, some of whom previously supported secret ballots, have been intimidated by labor political power into supporting the Employee Free Choice measure.

Opponents of the legislation have circulated letters in which bill supporters — writing in the past in other contexts — have demanded secret ballot elections.

"I wish members of Congress could vote secret ballot when it comes to union issues," said Sen. Jim DeMint (R-S.C.), "because a whole lot of intimidation goes on."

Panels Seek Bigger Budgets For 110th (RC)

By Elizabeth Brotherton And John Mcardle

Roll Call, February 26, 2007

House committees are proving to be a little more ambitious, at least financially, than their Senate counterparts, according to budget requests submitted to the chambers' respective administrative panels. With most committees having turned in their requests, House panels are seeking an overall budget boost of 10.7 percent, nearly double the average Senate request of about 5 percent over funding provided during the 109th Congress.

So far, the leaders of 16 House committees had introduced funding resolutions, which cover the panels from January 2007 to January 2009 and include funding requirements for 2007 and 2008. (In most panel requests, funds are split evenly for each year.)

The ethics committee is seeking the biggest increase, a 42.6 percent boost in funds to $6.1 million from $4.3 million two years ago.

But that's still the lowest request any committee has submitted so far.

The panel that has requested the most money? That honor goes to Oversight and Government Reform, which is seeking an 11.6 percent increase, to $22.9 million from $20.5 million. Chairman Henry Waxman (D-Calif.) has made it clear in recent weeks he intends to increase the level of oversight done by the committee.

Per tradition, the Appropriations Committee writes and approves its own budget. Energy and Commerce, Intelligence, Rules, and House Administration had yet to introduce their budget resolutions as of last week.

A new panel that is expected to study climate change is still being formed and also has not introduced a funding resolution.

Spokesmen for the Energy, House Administration and Rules committees said their funding resolutions should be forthcoming.

House Administration is in charge of approving committee funds and normally holds hearings on requests. The committee has not yet scheduled a hearing on the matter, spokeswoman Janice Crump confirmed Friday.

In the past, the funding resolutions are viewed as "wish lists" for the committees, and the final budgets often are pared down. In 2005, the House panels asked for a 17 percent increase in funding but ended up with 10.1 percent.

The only panel not seeking an increase this session is the House Budget Committee, which is requesting about $12 million. But others asked for fairly significant funding boosts.

Armed Services is seeking $15.5 million, a 20.6 percent increase from the previous session's $12.8 million. The Homeland Security Committee, meanwhile, requested $16.5 million, a 17.9 percent boost from $14 million two years ago.

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But a Homeland Security aide said those numbers are a bit misleading, as the committee is asking for about a 3 percent increase in 2007 from 2006, to $8.1 million from $7.9 million.

That is because in 2005, when the 109th session committee budgets were approved, Homeland Security had just become a permanent panel and required a bit more funding.

On the Senate side, the Rules and Administration Committee will meet Wednesday to hold a markup for the 110th Congress omnibus committee funding resolution, which provides funds for 18 of the chamber's 20 committees. (The Appropriations and Ethics committee budgets are not included in the bill.)

Most Senate committee budget requests this year kept to guidelines established in January that allowed additional money only for administrative expenses.

Over the course of the 110th Congress, the additional money works out to about a 5 percent increase over the funding provided during the 109th. That increase is primarily to fund cost-of-living adjustments for staffers, provided that such COLAs are approved each fiscal year.

But three Senate committee requests came in above guideline levels. The Foreign Relations Committee is requesting an increase that works out to about 11.8 percent over what it was provided during the 109th Congress; Intelligence, 9.2 percent; Finance, 11.3 percent.

Leaders for each of those committees went before the Rules panel prior to the Presidents Day recess to make their cases.

Foreign Relations Chairman Joseph Biden (D-Del.) and ranking member Dick Lugar (R-Ind.) noted in a joint letter to Rules that they were seeking additional money this year because the size and workload of their committee has expanded and because during the 109th Congress the Rules panel had granted the committee additional money from a special reserve held for such uses. This Congress, Foreign Relations is hoping to have that additional funding be permanently added to its budget so as not to have to dip into the special reserve again.

The Intelligence Committee sought to justify its funding request by pointing out that the COLA provided for high-level staff salaries is not adequate to compete in the marketplace when it comes to attracting, retaining and compensating qualified individuals. The Intelligence panel also is seeking additional funding to replace all of the laptop and workstation devices on the committee's unclassified network.

Finance is seeking its additional money to fund its subcommittees, which is something the committee did not do until it was mandated by Conference rules during the 109th Congress.

House Ethics Seeks 43% Boost (RC)

By Susan Davis

Roll Call, February 26, 2007

The House ethics committee has requested a $6.1 million operating budget for the 110th Congress, nearly a 43 percent increase from the previous Congress. If approved by the House Administration Committee, which has jurisdiction over all House committee budgets, the investigative panel will have doubled its funding since the 108th Congress, when it had a $3 million budget.

The request marks a dramatic increase in committee spending in recent years. Throughout most of the 1990s, the Committee on Standards of Official Conduct funding consistently hovered in the mid-$2 million range. In the 109th Congress, then-Chairman Doc Hastings (R-Wash.) and then-ranking member Alan Mollohan (D-W.Va.) asked for and received an operational budget of $4.2 million, a 40 percent increase.

At the time, Hastings outlined his intentions to use the funds to hire additional investigative staff, increase ethics education efforts, revamp the panel's Web site to make it more user-friendly and to reissue committee guidelines available to Members, staff and the public.

Those additional funds, however, largely went unused after Hastings and Mollohan deadlocked on a number of issues that left the panel inactive for several months during the 109th Congress, and Hastings was unsuccessful in achieving a number of those objectives.

Chairwoman Stephanie Tubbs Jones (D-Ohio) has indicated she would like to hire additional investigative staff. The panel also is taking on increased responsibility to vet and approve privately funded travel requests by Members and staff in the wake of new travel guidelines unveiled Feb. 20.

According to LegiStorm.com, a tracking service for Congressional staff salaries, the ethics panel had 12 staffers on the payroll in late 2006, including eight staff counsels. In early February, Jones hired one additional counsel, Dawn Kelly Mobley.

The panel on Feb. 16 requested a $3 million budget to be allocated in 2007, and $3.1 million for 2008. While the funding request, if approved, will double the budget in a little over three years, the ethics committee still has the smallest operational budget of all House committees.

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Few Congressional Web Sites Make The Grade (RC)

By Elizabeth Brotherton

Roll Call, February 26, 2007

The Senate is more Web savvy than the House, and Republicans are superior to Democrats when it comes to maintaining their Congressional sites — but, overall, the legislative branch is performing poorly, according to a report scheduled to be released today by the Congressional Management Foundation.

Working with experts from Harvard University's John F. Kennedy School of Government, the University of California at Riverside and Ohio State University, the CMF studied 615 Congressional Web sites from April to August 2006. Only 85 sites — 14 percent — received an "A" compared with nearly 40 percent that received a "D" or "F" ranking.

The results show little improvement from 2003, the last time the foundation handed out similar awards, said Tim Hysom, the group's assistant director for communication and technology services.

"We're a little disappointed in what we found," Hysom said. "We would have hoped that in the meantime we would have seen Congressional Web sites escalate in the way that private industry, and even other government Web sites, have."

The CMF, a nonprofit, nonpartisan group that analyzes ways Congressional offices can be more efficient, has handed out the awards three times — 2002, 2003 and the current study, which looks at Member, committee and leadership Web sites in the 109th Congress. (Thus, many of the recipients have since left office, and freshman Members of the 110th were not included in the study.)

Past Gold Mouse winners fared particularly well this time around, as more than half of this year's best have won an award before.

The study ranks Web sites in five key areas: audience, content, usability, interactivity and innovation, which the CMF labels as the building blocks in Web site creation. Above all, offices that knew who their constituents are fared the best, Hysom said.

"They've clearly identified their audiences and who is visiting their Web sites," he said.

Researchers had thought geographic statistics would play into the results (some districts are more tech-savvy than others, for example) but that didn't turn out to be the case, Hysom said.

"It didn't matter whether your district was rural or urban, or the education level," Hysom added.

The awards are broken done into three categories: gold, silver and bronze. Gold winners received an "A+" mark, while silver received an "A" and bronze an "A-." Only 18 gold awards were handed out, compared with 27 silver and 40 bronze marks.

There are some interesting statistical findings in the report.

Researchers found a correlation between Web site grades and performance in the 2006 elections. Members who received less than 50 percent of the vote in the election had the highest percent of Web sites with an "F" rating. Oddly, those who received more than 55 percent of the vote had the highest percentage of "D" ratings.

Senate sites earned 8 percent more "A's" and "B's" than House sites. But the Senate also had more "F's" than the House — 18 percent compared with 12 percent. And while Member Web sites in the Senate fared better, House committees had higher marks.

As for the breakdown by party, Republicans fared far better than their Democratic colleagues. GOPers had 136 "A" or "B" rankings, compared with just 95 for Democrats. Republicans also had 6 percent more "C's" and 10 percent fewer "D's" and "F's" than the Democrats. The gap between the parties particularly is pronounced in the Senate, as Republicans earned 10 percent more "A's" and 15 percent more "B's." Republican committee sites also scored better.

But in the House, the proportions were fairly even, and while Republicans earned more awards overall, Democrats earned more gold awards — 11 compared with seven for the GOP.

Sen. Patrick Leahy (D-Vt.) is one of three Members to win a Gold Mouse Award all three times it has been given out, along with Rep. Mike Honda (D-Calif.) and Sen. Jeff Bingaman (D-N.M.).

Honda — who represents a district in California's tech-savvy Silicon Valley — offers a variety of extensive services for his constituents on his site, according to the report. In addition to regularly updating the site, he provides a number of extras, from podcasts to e-mail updates to a Google search.

"My entire staff contributes to provide constituents timely information on my legislative efforts, constituent services, as well as a list of district nonprofit and government resources," Honda said. "Because my district is so diverse, we provide information in several languages, including a Spanish newsletter. As the constituents of California's 15th Congressional district continue to lead America with their high-tech innovations, I will continue working to reflect that innovative spirit in my work in Congress."

Leahy excels on the Web because he clearly knows his audience, according to the report. He posts a range of targeted information and tries to reach constituents in various ways, from fancy methods such as online chats, podcasts, video and audio clips to maintaining a simple layout, the report reads.

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"Al Gore may have been aiming for an Oscar this weekend, but I'll settle for a Gold Mouse," said Leahy, the second Senator to start a Web site and the first to blog.

It is interesting to note that Leahy is the only Senator who received a gold award (out of three) who is still serving in the chamber.

Republican Sens. Bill Frist (Tenn.) retired at the end of the 109th Congress, and Rick Santorum (Pa.) was not re-elected.

"Because of the timing of the release, a number of our winners are no longer serving in their respective chambers," Hysom said.

On the House side, 10 of the 11 gold winners remain in office. Rep. Charlie Norwood (R-Ga.), honored with a gold award for the first time, died two weeks ago following a battle with lung cancer.

Rep. Xavier Becerra (D-Calif.) said the awards are important because "constituents deserve both a personal and virtual connection with their elected representatives."

"I consider my Web site an extension of my office, where constituents have access not only to the information they need, but a direct line to my staff and to me," Becerra said.

Fellow recipient Rep. Brian Baird (D-Wash.) also said he was honored.

"With more and more people connected to the Internet, I recognized early on that my site needed to provide my constituents with information that would be easy to find, relevant and pertinent," he said.

In coming months, CMF researchers plan to begin a study of Web sites in the 110th Congress. The organization is hopeful that this year's study — along with an influx of possibly more tech-savvy freshmen — will push Congressional offices to up-the-ante on the Web, Hysom said.

Local Success, Federal Failure (USNEWS)

By Elizabeth Weiss Green

U.S. News and World Report, February 26, 2007

Since moving from Massachusetts to California, David Gerhard and his wife have made an effort to stay in touch with friends back East. They talk about their homes, their jobs, and another subject: fifth grade. Does your kid have to memorize times tables? Does he have to memorize all the states? What about long division? "We keep a monitor on it," Gerhard says. "Not hard data but to get a feel." Their constant concern: Will their children leave California schools as well educated as their kids' friends in Massachusetts?

The 2002 No Child Left Behind Act was supposed to help families like Gerhard's answer that question with a definitive "Yes." The federal law requires all states to draft standards-minimum expectations for each grade level-and to annually assess how well those standards are being met. But critics of the law argue that all the tests that have followed have not clarified matters at all. Every state administers a different test tied to different standards, and few of the state standards seem to match national ideas about what kids should know.

One size. So why not teach all kids the same things? Or try to make standards uniform? That's what Gerhard and, more important, a growing number of policymakers want to know. With hearings on No Child Left Behind starting in March, two top Senate Democrats have introduced legislation that would require the federal government to define the standards against which all states would be measured. Groups from the conservative Thomas B. Fordham Institute to the National Education Association, a teachers union, support the idea.

"Isn't it crazy that your child is learning different material and being held to a different standard than, say, your sister's children in another state?" asks Mike Petrilli, Fordham's vice president.

An existing test that should set this all straight-the National Assessment of Educational Progress or the so-called nation's report card-only muddles matters more. NAEP, created in 1964 to provide a snapshot of national academic performance, tests just a sample of students on a sample of questions; as a result, it cannot grade individual students or individual schools.

It can, however, cast doubt on other grades, often contradicting states' rosy reports. In 2003, states like Tennessee, Texas, and Mississippi reported that over 80 percent of their fourth graders were "proficient" or better in reading, yet fewer than 30 percent of their students scored proficient on the NAEP reading test. Thirty-two other states posted gaps of more than 30 percentage points. The latest data-presented last week-are just as dismal. One study, based on 2005 high school transcripts, showed impressive gains in state-reported grade-point averages and course loads. Another, based on 12th-grade NAEP scores in the same year, showed depressing stagnancy in actual test performance; less than one quarter of high school seniors scored proficient in math, and only 35 percent scored proficient in reading-down from 40 percent in 1992.

Critics say No Child Left Behind is the source of the problem. To avoid labeling hundreds of schools "failing," they say states have simply lowered the definition of proficient, or the "cut score," to ensure more schools make the grade. Indeed, a 2004 Missouri law mandated lower cut scores, and Arizona has lowered some of its scores, too.

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Of course, grades are less important than the content they measure. But critics say the content is also too weak. A 2006 Fordham report grading the quality of the state standards awarded only three states A's; 26 got D's or F's. A major problem highlighted by Fordham: The "experts" drafted to write the standards were not highly educated in their disciplines.

Qualified standards writers can be hard to find-especially for a state on a tight deadline and trim budget. North Dakota had just 10 permanent staffers on standards and testing; on assessments, Montana's education agency had one. "She's the whole department," says Linda McCulloch, the state superintendent.

By contrast, the National Assessment Governing Board, which oversees NAEP, regularly revises standards with the help of dozens of experts. "As a [state] commissioner, you're really pretty much restricted to off-the-shelf tests," says Charles Smith, the former Tennessee education commissioner and now NAGB's executive director. There are not many states ... [that] could attract the kind of experts that we're able to attract." If the federal government were in charge, reformers say, states could design better tests and create more rigorous standards, with no additional funding.

This is not the first time national standards have been proposed. President Bill Clinton tried twice-first to draft standards and later to introduce a voluntary national test-but the ideas failed as opponents warned the test would force schools to teach a liberal national agenda condoning homosexuality and encouraging feminism and as states and municipalities resisted the loss of local control.

The double failure made a deep impression on Michael Cohen, a Clinton adviser. "What is conventionally thought of as national standards-that is, the federal government leads, it picks somebody to write them, and it puts it out there for states to use-I'm increasingly unconvinced that that's the way to get there," he says.

Bottom up. Cohen now believes the states must take the initiative. He is president of Achieve, a nonprofit that helps states improve their standards through a process far more intensive than simply accepting a list from the government. Instead, the states hold summits and solicit outside assistance; the proposed standards are then reviewed by an independent panel. Although each state conducts its own review, they tend to reach similar goals. "The real world is the same wherever you are," Cohen says. "So the states, by virtue of trying to create real-world anchors, are discovering their standards ought to be quite similar to each other."

Letting states write their own plans could produce even better results. Cheri Pierson Yecke, Florida's chancellor of K-12 schools, points to a new reading program that some California schools tested in the 1990s. The resulting lower test scores alarmed policymakers, and the program was scrapped. Because the program wasn't a national one, only some students had to suffer its poor results. "That's the beauty of local control," Yecke explains. "[It] gives us 50 different laboratories, so we'll know what we need to discard and what we need to embrace."

National standards would not necessarily disrupt those laboratories. Neither plan before Congress-one from Sen. Christopher Dodd and the other from Sen. Edward Kennedy-would force the states to adopt the standards the federal government would be required to write. But, if history is any guide, backlashes could result from whatever those standards turn out to be.

Magna Charters (WSJ)

By Nelson Smith

The Wall Street Journal, February 26, 2007

As he prepared to announce the Aspen Commission's recent recommendations for revamping the No Child Left Behind Act (NCLB), co-chair Tommy Thompson made a telling remark: "We have been much more successful at identifying struggling schools than we have been in actually turning them around." Regrettably, as with other mainstream groups that have weighed in on the NCLB, the commission's report focuses almost exclusively on fixing ailing schools rather than starting healthy new ones. Both tracks are needed.

The NCLB has laid bare the troubling gaps in student achievement among racial and socioeconomic groups, and it has spurred some improvement, particularly in the early grades. Yet its prescriptions for reform have provoked meager change in schools and systems that produce chronically weak results.

The law lets parents move kids to a higher performing public school -- but in many cities there simply aren't any better choices available. Using federal dollars for "supplemental services" can help -- but tutoring often takes place after students have spent the school day in learning-deprived classrooms.

The act's coup de grâce, after years of failure, is to require "restructuring" a dysfunctional school from scratch, through state takeover, contracting-out, or re-opening as a public charter school. But its impact has been stifled by legislative language allowing "any other" step as well. Districts and states have opted to switch principals, give pep talks and hire "turnaround specialists" instead of coming to terms with intractable failure.

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Indeed, according to a recent analysis by SRI International for the U.S. Department of Education, only one of 12 states with Title I schools identified for restructuring as of 2004 had reopened a school as a public charter; one turned over operations to the state; two states replaced school staff and eight took no action.

Ironically, the best illustration of the NCLB's mission may be outside this whole "turnaround" apparatus, in the open sector of public education called charter schooling, where parents, teachers and entrepreneurs are creating new schools that are publicly accountable but independent of bureaucratic rules. Reporter Paul Tough recently wrote about three charter-school networks (Achievement First, the Knowledge Is Power Program (KIPP), and Uncommon Schools) for the New York Times magazine. Students attending these institutions made large learning gains despite years of educational neglect elsewhere.

Rather than cobbling together remediation strategies, these schools create an unyielding culture of high expectations, offer significantly longer learning time than traditional public schools, and organize everything (including personnel decisions) around evidence of student achievement. While these are superstars, dozens of independent studies show that public charter schools around the country are closing achievement gaps at a faster pace than their district counterparts.

Despite low participation rates for "official" NCLB-driven choice (less than 1% of those eligible to transfer, according to federal figures), more than a million families, disproportionately poor and minority, have sought out public charter schools on their own. Charters now educate 26% of all public school kids in Washington, D.C.; 28% in Dayton; and 18% in Detroit (and climbing since that city's recent teacher strike). According to our research, charters now account for more than 13% of public school enrollment in 19 jurisdictions.

By all means, the next No Child Left Behind Act should continue pushing to improve existing schools. But the reauthorized NCLB should also be an engine for creating new, high-quality schools in communities where they're most needed. Here's how:

Quality first. The federal Charter Schools Program, authorized in Title V of the NCLB, provides critically important seed funding for startups. It has been an important source of support, especially for small, community-based charters. Created with bipartisan support when only seven states had charter laws (there are 40 today), the program is due for an overhaul, placing more emphasis on funding the strongest startups and replicating top-quality charters.

Grants should be targeted toward places with high numbers of schools "in need of improvement." And states should be expected to promote and monitor quality like the best venture capitalists -- or lose the right to administer the grant program altogether.

The charter program has been flat-lined for four appropriations cycles; it's time to align funding levels with need. Related programs that support charter facilities should be reauthorized and put on a sound financial footing as well, since charter schools do not qualify for state capital programs and only 11 states offer any kind of compensation for facilities needs.

Bust caps. More money will be pointless unless artificial limits on charter growth are lifted in the 26 states that now have them. In some cases these "caps" directly pre-empt the intent of the NCLB. It's actually illegal to create a new charter school in New York State right now -- meaning that a mother desperate to pull her child out of a failing school in the South Bronx may simply have to wait until Assembly Speaker Sheldon Silver has a change of heart about the state's limit of 100 public charter schools.

U.S. Education Secretary Margaret Spellings recently proposed reauthorization language permitting local officials to reopen a failing school as a charter even if it would exceed a state charter cap. The secretary's idea is on-target, but Congress should go her one better, permitting cap-free chartering wherever students lack suitable public schools. And the local school board should not be the only game in town. In states where universities and state boards can approve charter schools, they too should be able to override restrictive caps.

Add teeth. Persistently failing schools need fundamental change, not cosmetic touch-ups. Re-opening as a charter, with a proven academic model, new team and clear accountability for performance, can provide a fresh start. But to work, such "re-opened" charters must have independent governance with full autonomy over budgets, personnel and working conditions. That independence must be spelled out in the federal law, or else we risk creating a raft of so-called "charters" still tethered to the same central offices that let students down in the first place.

In its first five years, the NCLB has affirmed a national commitment to educational opportunity for all. In the next five years, it should do more to galvanize real change by ratcheting up its support of public charter schools. A vibrant new-schools sector is the best way to challenge the status quo and offer real promise of achievement for every American public-school student.

Nelson Smith is president of the National Alliance for Public Charter Schools.

Welfare State Growing Despite Overhauls (AP)

By Stephen Ohlemacher, Associated Press Writer

AP, February 26, 2007

The welfare state is bigger than ever despite a decade of policies designed to wean poor people from public aid.

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The number of families receiving cash benefits from welfare has plummeted since the government imposed time limits on the payments a decade ago. But other programs for the poor, including Medicaid, food stamps and disability benefits, are bursting with new enrollees.

The result, according to an Associated Press analysis: Nearly one in six people rely on some form of public assistance, a larger share than at any time since the government started measuring two decades ago.

Critics of the welfare overhaul say the numbers offer fresh evidence that few former recipients have become self-sufficient, even though millions have moved from welfare to work. They say the vast majority have been forced into low-paying jobs without benefits and few opportunities to advance.

"If the goal of welfare reform was to get people off the welfare rolls, bravo," said Vivyan Adair, a former welfare recipient who is now an assistant professor of women's studies at Hamilton College in upstate New York. "If the goal was to reduce poverty and give people economic and job stability, it was not a success."

Proponents of the changes in welfare say programs that once discouraged work now offer support to people in low-paying jobs. They point to expanded eligibility rules for food stamps and Medicaid, the health insurance program for the poor, that enable people to keep getting benefits even after they start working.

"I don't have any problems with those programs growing, and indeed, they were intended to grow," said Ron Haskins, a former adviser to President Bush on welfare policy.

"We've taken the step of getting way more people into the labor force and they have taken a huge step toward self-sufficiency. What is the other choice?" he asked.

In the early 1990s, critics contended the welfare system encouraged unemployment and promoted single-parent families. Welfare recipients, mostly single mothers, could lose benefits if they earned too much money or if they lived with the father of their children.

Major changes in welfare were enacted in 1996, requiring most recipients to work but allowing them to continue some benefits after they started jobs. The law imposed a five-year limit on cash payments for most people in the Temporary Assistance for Needy Families program, or TANF. Some states have shorter time limits.

Nia Foster fits the pattern of dependence on government programs. She stopped getting cash welfare payments in the late 1990s and has moved from one clerical job to another. None provided medical benefits.

The 32-year-old mother of two from Cincinnati said she supports her family with help from food stamps and Medicaid.

Foster said she did not get any job training when she left welfare. She earned her high-school equivalency last year at a community college.

"If you want to get educated or want to succeed, the welfare office don't care," Foster said. "I don't think they really care what you do once the benefits are gone."

Foster now works in a tax office, a seasonal job that will end after April 15. She hopes to enroll at the University of Cincinnati this spring and would like to study accounting. She is waiting to find out if she qualifies for enough financial aid to cover tuition.

"I like data processing, something where it's a bunch of invoices and you have to key them in," Foster said. "I want to be an accountant so bad."

Shannon Stanfield took a different, less-traveled path from welfare, thanks to a generous program that offered her a chance to get a college education.

Stanfield, 36, was cleaning houses to support her two young children four years ago when she learned about a program for welfare recipients at nearby Hamilton College, a private liberal arts school in Clinton, N.Y.

"At the time I was living in a pretty run-down apartment," said Stanfield, who was getting welfare payments, Medicaid and food stamps. "It wasn't healthy."

The program, called the Access Project, accepts about 25 welfare-eligible parents a year. Hamilton waives tuition for first-year students and the program supplements financial aid in later years. Students get a host of social and career services, including help finding internships and jobs and financial assistance in times of crisis.

About 140 former welfare recipients have completed the program and none still relies on government programs for the poor, said Adair, the Hamilton professor who started the Access Project in 2001.

Stanfield, who still gets Medicaid and food stamps, plans to graduate in May with a bachelor's degree in theater. She wants to be a teacher.

"I slowly built up my confidence through education," Stanfield said. "I can't honestly tell you how much it has changed my life."

Programs such as the Access Project are not cheap, which is one reason they are rare. Tuition and fees run about $35,000 a year at Hamilton, and the program's annual budget is between $250,000 and $500,000, Adair said.

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In 2005, about 5.1 million people received monthly welfare payments from TANF and similar state programs, a 60 percent drop from a decade before.

But other government programs grew, offsetting the declines.

About 44 million people — nearly one in six in the country — relied on government services for the poor in 2003, according to the most recent statistics compiled by the Census Bureau. That compares with about 39 million in 1996.

Also, the number of people getting government aid continues to increase, according to more recent enrollment figures from individual programs.

Medicaid rolls alone topped 45 million people in 2005, pushed up in part by rising health care costs and fewer employers offering benefits. Nearly 26 million people a month received food stamps that year.

Cash welfare recipients, by comparison, peaked at 14.2 million people in 1994.

There is much debate over whether those leaving welfare for work should be offered more opportunities for training and education, so they do not have to settle for low-paying jobs that keep them dependent on government programs.

"We said get a job, any job," said Rep. Jim McDermott, chairman of the House subcommittee that oversees welfare issues. "And now we expect them to be making it on these minimum-wage jobs."

McDermott, D-Wash., said stricter work requirements enacted last year, when Congress renewed the welfare overhaul law, will make it even more difficult for welfare recipients to get sufficient training to land good-paying jobs.

But people who support the welfare changes say former recipients often fare better economically if they start working, even in low-paying jobs, before entering education programs.

"What many people on TANF need first is the confidence that they can succeed in the workplace and to develop the habits of work," said Wade Horn, the Bush administration's point man on welfare overhaul.

"Also, many TANF recipients didn't have a lot of success in the classroom," Horn said. "If you want to improve the confidence of a TANF recipient, putting them in the classroom, where they failed in the past, that is not likely to increase their confidence."

Horn noted that employment among poor single mothers is up and child poverty rates are down since the welfare changes in 1996, though the numbers have worsened since the start of the decade.

Horn, however, said he would like to see local welfare agencies provide more education and training to people who have already moved from welfare to work.

"I think more attention has to be paid to helping those families move up the income scale, increasing their independence of other government welfare programs," Horn said.

"The true goal of welfare to work programs should be self-sufficiency."

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On the Net:

Temporary Assistance for Needy Families: http://www.acf.hhs.gov/acf_services.html walia

Medicaid: http://www.cms.hhs.gov/home/medicaid.asp

Food stamp program: http://www.fns.usda.gov/fsp/

Supplemental Security Income:

http://www.ssa.gov/notices/supplemental-secur

ity-income/

The Access Project: http://www.hamilton.edu/college/access/index.

html

GOP Is Abandoning Bush? Not Quite (USAT)

By Richard Benedetto

USA Today, February 26, 2007

The Washington punditocracy has proclaimed far and wide that Republicans, disenchanted with the war in Iraq, are abandoning President Bush in droves, leaving him the lamest of lame ducks. However, the latest USA TODAY/Gallup Poll suggests Bush might not be as wounded as he appears — at least not among his party faithful.

The Feb. 9-11 poll puts Bush's job approval at 37%, but among people who identify themselves as Republican or leaning Republican, his approval rating is 76%.

Thus, despite bad news from Baghdad and carefully crafted hand-wringing by high-profile GOP war critics in Congress such as Sen. Chuck Hagel of Nebraska, three of four Republicans in the country are hanging in there with the president.

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The poll also shows that rank-and-file Republicans have higher regard for the president than they do Republicans in Congress. They gave GOP lawmakers a 63% job-approval rating, 13 points below Bush's. And 72% of Republicans do not think Bush made a mistake sending U.S. troops to Iraq.

So if congressional Republicans figure the key to re-election in 2008 is taking a hard line against Bush on Iraq, they could be dead wrong. They might lure some independents, but they risk alienating their GOP base. To win, you need solid support from your base plus independents, not independents alone.

Conventional wisdom also says the presidential ambitions of Sen. John McCain, R-Ariz., could be derailed by his strong support for the war. This poll, however, shows that his stance could be a plus among the base.

What does this high approval among Republicans mean for Bush? It means that as long as his party support remains that strong, he won't fall below 30% approval, a depth that would virtually extinguish his political power. The lowest Bush has fallen is 31%, still enough to make him a significant, although wounded, force in legislative battles with the Democratic-controlled Congress.

The latest congressional skirmish over Iraq underscores the point. In the House's non-binding vote to oppose the president's deployment of more troops to Baghdad, 17 Republicans voted with 229 Democrats to pass the measure. Four GOP representatives didn't vote. Lost was the fact that 180 Republicans stuck with Bush. By that count, Bush gets a 92% loyalty standing among House Republicans who voted. Hardly a GOP exodus.

In the Senate, Democrats fell four votes short of the 60 needed to force a vote on an identical Iraq resolution. Why? Not enough Republicans would go along. Indeed, seven GOP senators broke with the president, and nine didn't vote, yet 33 held firm. Among GOP senators who voted, that's an 83% Republican loyalty rating for Bush.

Though the president may have lost the country on the issues of the day, rumors of his demise among Republicans voters and lawmakers are greatly exaggerated.

Richard Benedetto retired last year as White House correspondent for USA TODAY. He teaches journalism and politics at American University in Washington and is author of Politicians Are People, Too.

Chaplain Shortage Severe For Army (WT)

By Natasha Altamirano

The Washington Times, February 26, 2007

The hardest part of Army Chaplain Lt. Col. Ran Dolinger's job is the long hours, which is partly why the Army Chaplain Corps now has about 520 vacancies, its most severe shortage in history.

"I go everywhere my troops go," said Col. Dolinger, who during his 21 years of service has been sent to Bosnia and Korea and whose most recent deployment to Iraq was from November to December last year.

The 48-year-old who also serves as pastor at the Fort Belvoir chapel and as spokesman for the U.S. Army's Office of the Chief of Chaplains in Arlington, calls his line of work "a blessed misery."

"When I see the atrocities of man toward man, it shows me the need for God," he said.

The Army Reserve and the Army National Guard have about 440 openings, while the Army has 80 vacancies. Col. Dolinger said it is more difficult to recruit chaplains into the reserves than into active duty.

"A lot of churches don't want their senior [chief executive officer] to be gone," he said. "They say one weekend a month, well, ministers are usually pretty busy then -- that's prime time. You can guarantee if a person comes into the reserves, in time they're going to be deployed."

The Army Chaplain Corps, which includes the Army, the Army Reserve and the Army National Guard, has about 2,600 chaplains and the most vacancies among the branches of the U.S. military, Col. Dolinger said.

The Navy Chaplain Corps, which has about 1,000 active-duty and reserve chaplains and serves the Navy, Marine Corps, Coast Guard and Merchant Marines, has 29 vacancies, a Navy spokesman said.

Information about the Air Force Chaplain Service was not available.

The Army Chaplain Corps always has assigned fewer positions than what the Department of Defense has authorized, but the current shortage is the most severe, said Chaplain Lt. Col. Ken Lawson of the U.S. Army Chaplain School at Fort Jackson, S.C.

Since the Revolutionary War, the number of chaplains has increased during times of conflict and decreased during times of peace until the numbers stabilized after the Vietnam War, Col. Lawson said.

The Army went from having hundreds of chaplains during the Revolutionary War to one between the war's end and the War of 1812, he said.

The Chief of Chaplains has the authority to transfer a chaplain from a unit stationed at home to one that is being deployed, said Chaplain Lt. Col. Ken Beale, who's in charge of chaplain recruitment for the Army and Army Reserve.

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"We're grateful that our Chief of Chaplains is not going to allow our men and women of uniform to be in harm's way without the presence of a chaplain, but that means that our active-duty chaplains and existing reserve chaplains are being rotated 'into theater' more than might be desired," Col. Beale said, using a common term for deployment.

Chaplain candidates must meet the same physical requirements as other troops and must be endorsed by a recognized denomination or faith-based group.

They must be 21 to 42 years old and have a master's or seminary degree. Many seminarians, whether preparing for civilian ministry or the chaplaincy, are second-career students, which limits the pool of potential chaplains.

Despite the three-year shortage, the Army and the Army Reserve has celebrated two consecutive years of record-breaking chaplain recruitment, closing the gap between authorized and assigned positions, Col. Beale said.

The Army and the Army Reserve recruited an all-time high of 231 chaplains in fiscal 2005, and 291 recruits in fiscal 2006, he said.

"To have done that in the midst of the [Iraq] war -- a protracted war with no end in sight -- is rather remarkable," Col. Beale said. "I praise God that the Lord is calling these men and women to this form of ministry."

He credits the recent recruiting successes to post-September 11 patriotism.

To attract chaplains, the Army Reserve is offering $10,000 signing bonuses for first-time officers. The Army National Guard has similar incentives, such as student loan repayment and college scholarships.

The Army doesn't offer sign-up incentives since there isn't much of a shortage of active-duty chaplains.

Chaplain candidate Chris Dolinger, Col. Dolinger's nephew, felt called to the military as he watched news reports when the U.S. first went to war with Iraq in 2003. The 24-year-old was an undergraduate at Bethel College, an evangelical Christian school in Indiana.

"That's when I first felt like I could really go and make a difference," said Chris Dolinger, who is pursuing a master's degree from Liberty University in Lynchburg, Va. "I see a need in the Army especially for help and guidance and counseling. I'm hoping to offer that as an Army chaplain."

FCC May Try To Scrub Kids' TV (WSJ)

By Amy Schatz

The Wall Street Journal, February 26, 2007

WASHINGTON -- Federal regulators appear to be turning more attention to a perennial concern: making sure television is safer for kids.

Last week, Spanish-language broadcaster Univision Communications Inc. agreed in principle to pay an unusually steep $24 million fine for violating the Children's Television Act, which requires broadcasters to show three hours of educational programming a week, Federal Communications Commission officials said. In exchange, the FCC will approve Univision's sale to a consortium of private-equity groups for $12.3 billion. Univision declined to comment on the proposed consent decree.

It's the largest fine assessed by the FCC against a company, far exceeding the $9 million fine slapped on Qwest Communications in 2004 for violating FCC rules and the $3.6 million indecency fine proposed against CBS and its affiliates last year for an episode of the crime drama "Without a Trace."

Broadcasters have long considered Republican FCC Chairman Kevin Martin an ally. Since becoming an FCC commissioner in 2001 he's been an advocate for some of their biggest priorities, including a requirement that cable companies carry more local channels once the U.S. shifts to digital-only broadcasts in 2009. The National Association of Broadcasters hope he'll torpedo a proposed merger of terrestrial radio's rivals XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc.

But broadcasters are also increasingly finding themselves on the wrong side of Mr. Martin's FCC. Last year, the networks and affiliates took the unusual step of challenging several proposed indecency fines in federal court. More recently, the FCC has drafted a report suggesting Congress can expand the agency's reach to regulate violence on TV. Now, the FCC's unusually large fine against Univision appears to be part of a larger effort by the agency to make sure broadcasters are offering kid-friendly programming.

The $24-million fine was negotiated by Mr. Martin's staff, not the five-member FCC board. Several senior FCC officials, including at least one FCC commissioner, said they learned of the fine by reading the New York Times on Saturday.

Despite some discomfort about the unusually high amount of the fine, the full FCC board is likely to vote for it. It would be politically difficult for FCC members to vote against enforcing children's programming standards and the company has apparently agreed to pay the fine to clear the way for its sale.

Mr. Martin said the severity of the violation and the long time period in which children watching Univision, the largest Spanish-language broadcaster in the U.S., had no appropriate shows led him to propose the historic fine.

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Providence Equity Partners Inc., one of the firms buying Univision, employs Michael Powell, a Republican and Mr. Martin's predecessor as FCC chairman, as a senior adviser. The two had a rocky relationship, prompting speculation it played a role in the stringent fine. "It wasn't a factor at all," Mr. Martin said. He said he didn't know Mr. Powell was involved in the deal.

"Across the board we're trying to protect consumers," said Mr. Martin, who pointed out the Univision fine follows previous efforts to ensure 911 service is available from all phones and newly proposed rules to protect the privacy of cellphone users. "I don't think I'm trying to send any particular message. The commission takes all of its rules seriously," he said.

But the fine also may go a long way toward placating Latino groups who've complained the FCC has ignored violations on Spanish-language stations, and some conservative Christians who've grumbled that Mr. Martin hasn't done enough to clean up the airwaves. "It boggles the mind that Univision would even attempt to present a soap opera as educational programming for children," said Janice Shaw Crouse, a former speechwriter for President George H.W. Bush, referring to company claims that figured in the fine. She currently is a senior fellow for the Concerned Women for America, a think tank devoted to bringing "Biblical principles into all levels of public policy," according to its Web site.

The new politics of Capitol Hill may also play a role. With Democrats controlling Congress, Mr. Martin is expected to begin making regular trips to Capitol Hill to explain his agency's actions. A greater emphasis by the FCC on trying to regulate violent television shows could help Mr. Martin with some leading Democrats, such as West Virginia Sen. Jay Rockefeller, an outspoken critic about the issue. The FCC's crackdown on Univision has already been applauded by Massachusetts Rep. Edward Markey, a Democrat who's often been critical of Mr. Martin. Mr. Markey helped write the federal requirements on children's television broadcasts years ago.

Univision was accused by watchdog groups of violating children's broadcast standards on 24 stations between 2004 and 2006 by claiming that "Complices al Rescate," a soap opera about 11-year-old identical twin girls, was educational. Several groups complained it wasn't.

Children's television advocates expressed shock at the size of the $24 million fine, since several complaints about inappropriate children's shows -- including the Univision soap opera -- had sat without action for upward of two years. The United Church of Christ, representing 1.3 million members and very active on educational broadcasting issues, became so frustrated it sent a letter to the FCC last September to complain. "We hope very much this is a sign that children's television will now be taken seriously by the agency," said Cheryl Leanza, a Church spokeswoman.

According to people familiar with the FCC consent decree, the company will offer a voluntary one-time payment of $24 million, but won't admit wrong-doing. Additionally, Univision will establish an advisory committee and appoint a compliance officer to ensure the network is meeting the FCC's children's programming requirements.

OTHER NEWS:

Policy Makers At Fed Rethink Inflation's Roots (WSJ)

By Greg Ip

The Wall Street Journal, February 26, 2007

For decades, a simple rule has governed how the Federal Reserve views the nation's economy: When unemployment falls too low, inflation goes up, and vice versa.

But Fed officials have rethought that notion. They believe it takes a far bigger change in unemployment to affect inflation today than it did 25 years ago. Now, when inflation fluctuates, they are far more likely to blame temporary factors, such as changes in oil prices or rents, than a change in the jobless rate.

One explanation for why inflation is influenced less by changes in unemployment is that the American public has come to expect inflation to remain stable. When inflation moves up or down, it is less likely to get stuck at the new level because companies and workers don't factor the change into their expectations -- or their behavior. Another explanation is that the Fed is better at adjusting interest rates in anticipation of swings in unemployment before those swings can affect inflation.

This new view of the economy, formed in recent years, helps explain why the Fed stopped raising interest rates last summer while core inflation, which excludes food and energy prices, was rising. And it helps explain why the Fed is reluctant to cut rates now even though it sees inflation edging lower over the next two years.

The new view "has profound implications," says former Fed economist Brian Sack, now at Macroeconomic Advisers, a St. Louis-based forecasting firm. That doesn't mean unemployment can be ignored. But it does mean that in the short run, a period of high or low joblessness would be less likely to alter the Fed's view of inflation and trigger an immediate change in interest rates. A shift in public expectations of inflation, however, would carry more weight in the Fed's calculations.

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In the late 1950s, economists discovered a tendency for inflation to rise when unemployment was low and to fall when unemployment was high. At lower unemployment rates, they concluded, companies paid more to attract scarce workers and recouped the higher wage costs by raising prices. This relationship was shown on a chart called the Phillips Curve, after Alban William Phillips, one of the first economists to identify it.

In the 1960s, American presidents and Fed officials sought to exploit the Phillips Curve by letting inflation edge higher in exchange for lower unemployment. But in the late 1960s economists Milton Friedman, who died last year, and Edmund Phelps, both of whom would later become Nobel laureates, independently deduced that the reduction in unemployment would be temporary.

Once workers began to expect higher inflation, they would want higher wages. In the long run, the economists argued, unemployment would gravitate to some "natural" level no matter what inflation did.

Although economists concluded there wasn't a long-run tradeoff between inflation and unemployment, they still believed there could be a short-run tradeoff. From 1979 to 2003, Fed Chairman Paul Volcker and his successor, Alan Greenspan, exploited this idea, periodically using interest rates to push unemployment higher to achieve lasting reductions in inflation.

But even as they were doing so, the short-run impact of unemployment on inflation began to diminish. Though the trend has been under way for 25 years, only recently has intensive research by Fed economists and others incorporated it into mainstream thinking. The new thinking on inflation will be the subject of a March 9 conference in Washington that brings together Wall Street Fed watchers, academics and Fed officials.

"Among the feet-on-the-ground Fed inflation forecasters, who do this for a living, there's been a lot of concern for the last 10 years about whether there's...less of a relationship between output and future inflation," says Harvard University economist James Stock. "The accumulation of evidence occurs at a snail's pace. The evidence now is a lot stronger."

Mr. Stock and fellow economist Mark Watson at Princeton University presented evidence to a Fed conference in late 2005 that inflation's long-term trend has varied little since 1984, and that most fluctuations were the result of temporary disturbances, such as a change in energy prices.

Indeed, when core inflation rose last year, the Fed blamed higher rents and oil prices, rather than an overheating economy. It appears to have been right: As energy prices have come down and rent increases moderated, so has core inflation.

Core inflation, now running at a 2.2% rate by the Fed's preferred measure, remains higher than the 2% ceiling most Fed officials are comfortable with. But Janet Yellen, president of the Federal Reserve Bank of San Francisco, noted earlier this year that over the past decade, when inflation has drifted away from the 1.75% to 2% range, it has later reverted to it. For this reason it "may move down from its elevated level faster than many forecasters expect."

Fed Chairman Ben Bernanke echoed that sentiment earlier this month, saying the public's expectations will determine whether temporary factors like changes in rents and oil prices "leave a lasting imprint" on inflation: "It is encouraging that inflation expectations appear to have remained contained," he said.

Mr. Phelps says the new thinking on the Phillips Curve doesn't change the implications of his Nobel-winning work. If the Fed never responded to higher inflation, consumers and businesses eventually would begin to expect higher inflation, and "then the game is up."

Fed officials agree. While a given drop in unemployment is less likely to spark inflation, the potential is still there. The Fed's staff estimates it takes up to twice as much additional unemployment to achieve a percentage drop in inflation as it did before 1984. "Imbalances between demand and potential supply [may] be slow to show through convincingly to inflation, but when they do, they may be costly to correct," Fed Vice Chairman Donald Kohn said in late 2005.

That's one reason the Fed, though it expects core inflation to ease this year, isn't relaxing. With unemployment currently 4.6%, at or below the Fed's view of its natural rate, inflation may edge up after the temporary impacts of energy and rent subside. That could require the Fed to raise interest rates enough to push unemployment up sharply and bring inflation down.

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U.S. Gasoline Prices Jump Nearly 13 Cents (HC/AP)

Houston Chronicle, February 26, 2007

CAMARILLO, Calif. — Gasoline prices soared nearly 13 cents a gallon on average nationwide in the past two weeks as the price of crude oil rose.

The national average for self-serve regular was $2.35 per gallon, up 12.8 cents since Feb. 9, industry analyst Trilby Lundberg said Sunday.

The average for midgrade was $2.46 per gallon, and premium was $2.56, according to Lundberg's latest survey of 7,000 gas stations across the country.

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Oil prices reached a new high for the year Friday. Light, sweet crude for April delivery added 19 cents to settle on the New York Mercantile Exchange at $61.14, its highest closing price since Dec. 22.

The cheapest gas in the country was found in Salt Lake City, where a gallon of self-serve regular was $2.12. The highest average price in the nation for self-serve regular was in San Francisco at $2.84.

Sporkin's New Post: Working For Himself (WP)

By Carrie Johnson

The Washington Post, February 26, 2007

For the first time in a legal career that spans nearly half a century, Stanley Sporkin is striking out on his own.

In the 1960s and '70s, Sporkin was one of the first enforcement watchdogs at the Securities and Exchange Commission. Next he became the top lawyer at the CIA. President Ronald Reagan several years later named him to a high-profile federal judgeship in the District.

Until his retirement in 2000, Sporkin cultivated a reputation for being an outspoken, results-oriented judge. From the bench he famously threw out an early antitrust settlement that the Justice Department struck with Microsoft and rejected on procedural grounds the Senate's bid to impeach U.S. District Judge Alcee L. Hastings (currently a member of the House of Representatives).

Now, at 75, Sporkin is trying something new.

He's hung out his own shingle as a lawyer and consultant, signing on as a part-time ombudsman for troubled petroleum giant BP and filling out his time by working as an arbitrator and mediator at Gavel Consulting Group. He says his favorite part of the job involves advising companies on how to keep in line with securities laws.

"What I enjoy is being able to consult with people," he said. "We've become such cookie cutters that we've lost common sense."

Sporkin continues to work out of the I Street NW office of Weil, Gotshal & Manges, the law firm where he was a partner before resigning last year because of client conflicts with his BP assignment.

Unlike some fledgling solo practitioners, he's got more than enough work. "The last thing I need to do is advertise," he said.

Governors Seek More Money For Children's Insurance (WP/AP)

By Robert Tanner

The Washington Post, February 26, 2007

Governors from both parties appealed yesterday for the Bush administration and Congress to provide more money for a health-care program that insures millions of children.

At stake is coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the challenge of uninsured working families.

"We can come to a consensus that children should be the first priority," Georgia Gov. Sonny Perdue (R) said.

State leaders met privately to discuss the State Children's Health Insurance Program at the annual winter meeting of the National Governors Association.

"This is one area where I think people stand entirely together," said New Jersey Gov. Jon S. Corzine (D).

Georgia and New Jersey are among 14 states expected to run out of money for the program before the next budget year begins in October, In Georgia, a shortfall could happen as soon as March.

The governors want two things: enough money -- estimated at $745 million -- to keep the program float through October, and changes to President Bush's budget. Analysts say the president's spending plan would shortchange the program even if the number of people served does not grow.

Health and Human Services Secretary Mike Leavitt said he met privately with the governors but offered little hope that the administration will accept their demands.

Last night, Bush welcomed the governors to a formal dinner at the White House. "I believe governors add a lot to the work of our nation," he said. "I believe if we work together we can do a lot of good things."

The insurance program, approved in 1997, covers uninsured children whose families earn too much to qualify for Medicaid. More than a dozen states have expanded the program, which also insures about 639,000 adults.

Many governors said administration attempts to curb the program would undermine state efforts to offer universal health-care plans.

Leavitt said yesterday that there is enough money among states to cover short-term shortfalls in the program, if states with surpluses share with those with deficits -- an idea that has little support among governors. And Bush wants the program to remain focused on poor children, not all children and not adults, Leavitt said.

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Maryland Gov. Martin O'Malley (D) said that during their private lunch, many governors were "visibly frustrated" by the administration's approach.

Arizona Gov. Janet Napolitano (D), who heads the association, said the issue will come up today when governors meet with members of Bush's Cabinet.

Amid the talk about dollars and percentages, the real cost is being ignored, some governors said.

"I think more about what it means to be a parent, a parent who can't go to sleep at night without worrying that 'if my kid gets ill tomorrow or gets in an accident, he won't have adequate coverage,' " Virginia Gov. Timothy M. Kaine (D) said. "I can't imagine more anxiety."

After Sorry 14-year Hiatus, Health-care Debate Revives (USAT)

USA Today, February 26, 2007

Hopes were high 14 years ago when Bill and Hillary Clinton proposed an ambitious plan to provide health insurance for all Americans. Democrats and Republicans alike cheered when the president threatened to veto anything less than universal coverage.

That promising moment didn't last long. After initially winning support from medical, business and labor groups, the Clintons' top-down plan collapsed under the weight of its own complexity. Attacks on "Hillary Care" helped Republicans win control ofCongress in 1994.

Ever since, health-care reform has been considered too costly, in dollars and political capital, for most politicians to touch. But the beleaguered system's problems — one in seven people without insurance, rising premiums and lower reimbursements for those who have insurance, endless payment hassles — haven't gone away. Attempts at fixing them have been incremental and timid at best.

That could be about to change. Several groups that usually are at odds on health care now agree on the need for broad reform. These strange bedfellows are still a long way from agreeing on a plan, but the fact that they now see a common need signals a shift in the political dynamic.

So, too, does the power of the economic forces driving them. It seems everyone, from presidential candidates to hospitals, insurers, think tanks and governors, has a comprehensive health plan.

Among the new alliances:

·America's Health Insurance Plans, a lobbying group for insurers joined last month with Families USA, a liberal advocacy group, on a plan to extend health coverage to all children and the uninsured. Insurance companies, fearful of losing profits, were harsh critics of the Clinton plan.

·The CEO of Wal-Mart and the president of the 1.8 million-member Service Employees International Union have forged an alliance to push for universal coverage. Union president Andy Stern, a supporter of the Clinton plan, now says insurance has grown so costly that unions can no longer demand Cadillac plans.

·Stern and Wal-Mart are also part of a broader alliance called Better Health Care together. It includes leaders of AT&T, Intel, Kelly Services and the Communications Workers of America. They're urging reform and exploring whether tying insurance to employment, which started in the 1940s, still makes sense.

·In Washington, a bipartisan group of legislators has pledged to work with President Bush on achieving universal coverage. "The status quo is unacceptable," Bush said last week, citing 47 million Americans who have no insurance, and escalating health costs that will account for 20% of all spending in the United States by 2015.

The president might have added that the status quo is also unsustainable. It is melting away under pressure from rising global competition and spiraling costs.

General Motors estimates that health care adds $1,500 to the price of a car — a cost foreign rivals don't have to pay because their employees' health care is funded though government. At home, meanwhile, health-care inflation is not just crimping profits; it's eating money that otherwise could go for raises or other employee benefits. Health-care premiums have risen by 87% in just six years.

That's a potent incentive for employers to shed the burden. How will all this ferment play out? It brings to mind the Buffalo Springfield song from four decades ago: "There's something happening here. What it is ain't exactly clear."

What's clearer is the choice that's coming: Change the USA's unique employer-based health-care system or junk it?

A shift from the private sector to government is already well underway. By 2015, according to Medicare projections, more than half the money spent on health care will come from government plans: Medicare, Medicaid, the military or other programs.

But most reform ideas would keep and augment employer-based health care.

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Massachusetts, for instance, has embarked on a bold experiment to provide universal coverage by requiring all residents to buy policies, and to provide subsidies to the poor. Employers who don't offer plans are taxed to cover their employees. California is weighing a similar plan, and a dozen other states are trying on innovative projects to expand coverage.

The newly allied private-sector reformers, meanwhile, are being purposely vague. They note that the Clinton plan was so detailed that it gave special interests a fat target to shoot at. They want to build support for change before trotting out specifics that might divide the parties.

That's smart. But a choice eventually will have to be made, and the truth is that for all the suspicion and demonization that's sure to greet any serious plan, both the right and the left have ideas that would be better than the present mess.

The important point is that for the first time since the early 1990s, the stars appear to be aligning for a major effort to reshape health care in America. It's about time.

In Crowded Presidential Race, It All Comes Down To Money (USAT)

By Jill Lawrence

USA Today, February 26, 2007

WASHINGTON — A daunting mix of celebrity candidates, rich candidates and early nomination contests is prompting long-shot presidential hopefuls to give up months and even years before the 2008 election.

The latest is former Iowa governor Tom Vilsack. "At the end of the day, it's not about hard work or good ideas, it's about money," Vilsack said Friday. Indiana Sen. Evan Bayh and former Virginia governor Mark Warner, Democrats well into fundraising and other preparations, earlier had decided against running.

"The way the system is erected now, where money begets organization and TV is everything, long shots have no shot barring a cataclysm befalling the front-runners," says Jon Ralston, a Nevada politics expert.

And this year, measured by polls, name recognition and money, each party has three front-runners. "It's tough to be fourth or fifth," says political scientist Dante Scala of Saint Anselm College in Manchester, N.H. "If Hillary falters, Obama's there. If Obama falters, Edwards is there. That's a lot to overcome."

Scala was running through the Democrats' top tier: New York Sen. Hillary Rodham Clinton, a former first lady; Illinois Sen. Barack Obama, a charismatic newcomer; and former North Carolina senator John Edwards, the 2004 vice presidential nominee.

The GOP has a similar trio: former New York City mayor Rudy Giuliani, known for his post-9/11 performance; Arizona Sen. John McCain, who won a national following in his 2000 presidential run; and former Massachusetts governor Mitt Romney, well situated due to personal wealth and corporate connections.

This is an unusual year. In 1988, the crowded Democratic field was known as the Seven Dwarfs. In 1992, Mario Cuomo left the field to several relatively obscure senators and governors — one named Bill Clinton. The GOP race in 2000 was dominated by one front-runner, George W. Bush, and one alternative, McCain.

The top-heavy fields this year have made it harder for lesser-known candidates to capture money and attention just when they need both more than ever. Democrats have squeezed four caucuses and primaries into January 2008 (Iowa, Nevada, New Hampshire and South Carolina), one more than usual. And several large, expensive states — California, Florida and New Jersey among them — may move to Feb. 5.

Former New York governor George Pataki and former Senate majority leader Bill Frist are among Republicans who opted out. George Allen, who had contemplated a run, was not re-elected as Virginia senator. The three Democratic dropouts had no personal setbacks and helped many Democrats win last year. Vilsack impressed some Nevadans at a forum just two days before he withdrew.

Gordon Fischer, a former Iowa Democratic Party chairman and Vilsack backer, says Vilsack could have stayed in the race longer if he were wealthy. "It doesn't speak particularly well about our country's political system," he says. Former president Jimmy Carter says, "You can't dream of getting the nomination" now unless you raise $100 million in advance.

"That's a gross distortion … of propriety in an election process," Carter said Sunday on ABC's This Week.

Before Any Votes, A 'Money Primary' (CSM)

By Linda Feldmann

The Christian Science Monitor, February 26, 2007

It was "money, and only money," that led former Iowa Gov. Tom Vilsack to drop out of the 2008 presidential race last Friday. What the Democrat meant, of course, was a lack of money. Not hard work or desire.

Politicians often speak of fundraising with disdain, but in fact, the money that donors are willing to shell out to candidates represents an important signal of a candidate's viability. Even if much of the public is not fully engaged in the intense nomination races under way in both parties, wealthy donors are. And they're voting with their checkbooks.

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It's all part of what's come to be known as the "invisible primary" – the early jockeying for money, top campaign staff, and high-profile endorsements that winnow the presidential field long before any caucuses or primaries are held. A fourth piece, media buzz, magnifies the effect of the other three.

"Organization, fundraising, and endorsements are all various forms of currency, or various bets on the probability that a candidate will finish first or in the [top three]" in the early nominating contests, says Cal Jillson, a political scientist at Southern Methodist University in Dallas. "No one wants to endorse a candidate they know will have to drop out early or won't be able to raise money or convince a top-drawer management team to take on their campaign."

Mr. Vilsack knew going in that he faced an uphill climb. Democratic Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois were likely to run, and a third likely candidate, former vice presidential nominee John Edwards, had already built up a strong organization in Iowa, which will hold the first nominating contest next January. All three ended up declaring, and currently occupy the top three spots in most polls of Democratic primary voters.

For Vilsack, one big trouble sign came in polls of his home state, where he typically polled fourth among Democratic presidential wannabes. Though he was a popular two-term governor, with a centrist approach, he never was able to carve out a national image among his own people, and, lacking the charisma of an Obama or an Edwards, could not attract much attention (or money or media or endorsements) outside Iowa. In the Iowa caucuses, he had to finish well if not first to keep going. But as the hometown candidate, the moment he did well, the import of the Iowa caucuses would have been discounted. So in effect, he was in a no-win situation.

One beneficiary of Vilsack's decision could be Gov. Bill Richardson (D) of New Mexico, the only other candidate with executive experience in the race. Governor Richardson also brings Washington experience – as a former congressman and Energy secretary – as well as foreign policy credentials, as a former UN ambassador and still part-time globetrotter and hostage negotiator, to the table.

But Richardson is another candidate who could face viability problems soon if he does not show some chops in the fundraising department. As the sitting governor of a state far from the key money centers, Los Angeles and New York, it will be hard for him to raise the kind of serious money he needs. Still, he's already well ahead of where Vilsack was when he pulled out. Last week, Richardson raised $2 million in a single fundraiser. Vilsack had raised just $1.1 million in the last seven weeks of 2006, and had spent most of it by the end of the year.

In this presidential cycle, money is more important than ever – especially since some top candidates have signaled they will forgo the public financing system and raise as much as they can on their own. Campaign-finance experts say that, to remain viable, a candidate needs to raise upwards of $20 million by June. Some top-tier candidates, like Clinton, can expect to do far better than that.

The Richardson and Obama candidacies have opened up mini invisible primaries within the larger one, one in the Hispanic community and the other among African-Americans. The challenge for both men is to compete against the Clinton machine, which has strong connections to both communities owing to the presidency of Clinton's husband, Bill Clinton, and his continuing popularity among both groups. (Richardson is Hispanic and Obama is black.)

The campaign of Hillary Clinton, which has worked all along to create an air of inevitability around her candidacy, has reached out to key players in both worlds and locked in talent and donors. For both Richardson and Obama, the ethnic/racial dimension has presented a challenge: Neither says he is running as the "Hispanic candidate" or the "African-American candidate," but those are natural ties that can produce important endorsements and donations.

And even as the overall Democratic field has shrunk, it may not be done growing either. Speculation persists that former Vice President Al Gore may yet jump into the race – one of the few people who could still do that and mount a viable candidacy, given his national fame and fundraising ability.

In a Pew Research Center poll released last Friday, most Democratic voters (77 percent) reported that they have not given the presidential campaign much thought and were not prepared to state which candidate they would support. Among those who were willing to name a candidate, Clinton came in first with 11 percent, Obama got 7 percent, Edwards got 1 percent, Gore got 1 percent, and 4 percent went to others.

Given that the invisible primary is taking place largely unnoticed by most Americans may strike some as undemocratic. In effect, the choices that voters will face early next year in the nominating contests are being shaped right now, before most people are paying attention. But the system has run this way for a long time. It was the influential GOP donors and governors who hand-picked then-Texas Gov. George W. Bush to run for president back in 1999. Ronald Reagan was tapped to run for president in similar fashion.

Still, the early importance of big money in the 2008 presidential cycle is unprecedented. "This may well be a very important year in that process, in the sense of more and more money being required to run," says Mr. Jillson.

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GOP Early Front-runner More Often Gets Job (AP)

By Will Lester

AP, February 26, 2007

WASHINGTON – Hillary Rodham Clinton is the clear favorite in early polls for the 2008 Democratic presidential nomination. So, what does that mean? Not a lot, if history is any guide.

Republican hopeful Rudy Giuliani, however, is sitting pretty.

For at least three decades, Republicans have been far better than Democrats in early polls at getting behind the candidates who end up winning the party's presidential nomination.

Note that Edmund Muskie in 1972, George Wallace in 1976, Ted Kennedy in 1980, Gary Hart in 1988, Mario Cuomo in 1992 and Joe Lieberman in 2004 were early front-runners among Democrats. None won the nomination.

Looking back

Gallup polling over the past three decades shows Republican front-runners usually win their party's nomination, but Democrats do not. Some elections:

1972-Democrats

February 1971: Edmund Muskie, 26 percent; Edward Kennedy, 25; Hubert Humphrey, 21; John Lindsay and George McGovern, each at 5.

McGovern won the nomination and lost the general election to President Nixon.

1976-Democrats

February 1975: George Wallace, 22 percent; Humphrey, 16; Henry Jackson, 13; McGovern, 10; Muskie, 9. Jimmy Carter was at 1 percent with 10 candidates in front of him. Carter won the general election, defeating President Ford.

1976-Republicans

March 1975: Gerald Ford 34, Ronald Reagan 22, Barry Goldwater 17.

1980-Democrats

February 1979: Kennedy, 60 percent; Carter, 28.

Carter lost the general election to Reagan.

1980-Republicans

February 1979: Reagan, 31 percent; Ford, 26; John Connally, 12.

1984-Democrats

April 1983: Walter Mondale, 29 percent; John Glenn, 23; Gary Hart, 4.

Mondale won the nomination and lost the general election to Reagan.

1988-Democrats

January 1987: Hart, 30 percent; Lee Iacocca, 14; Jesse Jackson, 13. Michael Dukakis was at 1 percent with seven people in front of him.

Dukakis won the nomination and lost the general election to Vice President George H.W. Bush.

1988-Republicans

January 1987: Bush, 33 percent; Bob Dole 16, Howard Baker and Pat Robertson, each at 6.

1992-Democrats

February 1991: Mario Cuomo, 18 percent; Jackson, 12; McGovern, 9; Richard Gephardt, 8. Bill Clinton was at 2 percent with 10 people in front of him.

Clinton won the nomination and beat Bush in the general election.

1996-Republicans

February 1995: Dole, 38 percent; Dan Quayle, 17; Newt Gingrich and Phil Gramm, each at 7.

Dole won the nomination and lost to Clinton in the general election.

2000-Democrats

January 1999: Al Gore, 47 percent; Gephardt, 13; Bill Bradley, 12; Jackson, 11.

2000-Republicans

January 1999: George W. Bush, 42; Elizabeth Dole, 22; John McCain; 8; Quayle, 6.

Bush beat Gore in the general election.

2004-Democrats

January 2003: Joe Lieberman, 17 percent; John Kerry, 16; John Edwards and Gephardt, each at 13.

Kerry won the nomination and lost to Bush in the general election.

2008-Democrats

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Mid-February 2007: Hillary Rodham Clinton, 41 percent; Barack Obama, 21; Gore, 14; Edwards, 13. Other candidates' support was less than 5 percent.

2008-Republicans

Mid-February 2007: Rudy Giuliani, 40 percent; McCain, 24; Gingrich, 9; Mitt Romney, 5. Other candidates' support was less than 5 percent.

Republicans have picked the early front-runner in seven of the past 10 elections, according to Gallup polling. In the other three elections, Republican incumbents cruised to re-election.

Democrats nominated a former vice president, Walter Mondale, in 1984, and a sitting vice president, Al Gore, in 2000. For those elections, the early polls were more predictable at picking the front-runner.

Why has the GOP been better at predicting winners?

"There is this sense among Republicans - a belief that it's a certain person's time to run for president," said Thomas Mann, a political analyst at the Brookings Institution. The GOP track record is probably due more to chance and the Republicans' success at winning the White House since 1968, he said.

In 2008, neither party has a former vice president or president competing for the nomination for the first time in almost 80 years.

Giuliani, a former New York City mayor, is a favorite in early polls. Many people feel his personal history and moderate positions on social issues may cost him support among some conservatives.

Arizona Sen. John McCain is running even or second to Giuliani, with former Massachusetts Gov. Mitt Romney running a distant third.

Among Democrats, New York Sen. Clinton looks strong at this point, with Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards giving her the stiffest competition.

Despite their occasional difficulties in picking eventual winners, early polls can provide important clues about the campaign.

Among the more interesting findings from recent national polls:

Democrats are more likely than Republicans to be paying close attention to the presidential race, by 31 percent to 20 percent, according to a poll taken in February by the Pew Research Center for the People & the Press.

Romney may find his Mormon faith an obstacle with many voters. One-quarter of people questioned say they would not vote for a Mormon candidate, compared with 8 percent who say they would not vote for a woman and 3 percent for a black candidate, according to a Newsweek poll in December.

Clinton is viewed unfavorably by at least 40 percent of people, many of them Republicans who will be difficult for her to win over, various polls have found.

Four in 10 Democratic voters say they have not heard enough about Obama to have an opinion yet. Only 3 percent say that about Clinton, according to a CBS News poll in mid-January.

Most Republicans and those who lean Republican are unaware of Giuliani's support for civil unions for same-sex couples and abortion rights, according to a Gallup poll in mid-January.

Public support for Clinton and McCain is probably based on a fairly firm base of knowledge about them, said public opinion analyst Charles Franklin. Knowledge of Giuliani is probably based mostly on his response as New York's mayor to the Sept. 11 attacks.

The old complaint about early polls as measures of name recognition is probably less true today because of the intensity of coverage by 24-hour cable news, GOP pollster David Winston said.

Most poll analysts agree the polls six months from now will be far more meaningful.

"For the most part, the political polls don't mean much now," said Scott Keeter, of the Pew Research Center for the People & the Press. "But political junkies have an endless appetite for them. People are looking for some kind of evidence of how things are going to turn out."

Substance Over Image (NYT)

By Paul Krugman

The New York Times, February 26, 2007

Six years ago a man unsuited both by intellect and by temperament for high office somehow ended up running the country.

How did that happen? First, he got the Republican nomination by locking up the big money early.

Then, he got within chad-and-butterfly range of the White House because the public, enthusiastically encouraged by many in the news media, treated the presidential election like a high school popularity contest. The successful candidate received kid-gloves treatment — and a free pass on the fuzzy math of his policy proposals — because he seemed like a fun guy to hang out with, while the unsuccessful candidate was subjected to sniggering mockery over his clothing and his mannerisms.

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Today, with thousands of Americans and tens of thousands of Iraqis dead thanks to presidential folly, with Al Qaeda resurgent and Afghanistan on the brink, you'd think we would have learned a lesson. But the early signs aren't encouraging.

"Presidential elections are high school writ large, of course," declared Newsweek's Howard Fineman last month. Oh, my goodness. But in fairness to Mr. Fineman, he was talking about the almost content-free rivalry between Hillary Clinton and Barack Obama — a rivalry that, at this point, is mainly a struggle over who's the bigger celebrity and gets to lock up the big donors.

Enough already. Let's make this election about the issues. Let's demand that presidential candidates explain what they propose doing about the real problems facing the nation, and judge them by how they respond.

I know the counterargument: you can't tell in advance what challenges a president may face, so you should vote for the person, not the policy details. But how do you judge the person? Public images can be deeply misleading: remember when Dick Cheney had gravitas? The best way to judge politicians is by how they respond to hard policy questions.

So here are some questions for the Democratic hopefuls. (I'll talk about the Republicans another time.)

First, what do they propose doing about the health care crisis? All the leading Democratic candidates say they're for universal care, but only John Edwards has come out with a specific proposal. The others have offered only vague generalities — wonderfully uplifting generalities, in Mr. Obama's case — with no real substance.

Second, what do they propose doing about the budget deficit? There's a serious debate within the Democratic Party between deficit hawks, who point out how well the economy did in the Clinton years, and those who, having watched Republicans squander Bill Clinton's hard-won surplus on tax cuts for the wealthy and a feckless war, would give other things — such as universal health care — higher priority than deficit reduction.

Mr. Edwards has come down on the anti-hawk side. But which side are Mrs. Clinton and Mr. Obama on? I have no idea.

Third, what will candidates do about taxes? Many of the Bush tax cuts are scheduled to expire at the end of 2010. Should they be extended, in whole or in part? And what do candidates propose doing about the alternative minimum tax, which will hit tens of millions of middle-class Americans unless something is done?

Fourth, how do the candidates propose getting America's position in the world out of the hole the Bush administration has dug? All the Democrats seem to be more or less in favor of withdrawing from Iraq. But what do they think we should do about Al Qaeda's sanctuary in Pakistan? And what will they do if the lame-duck administration starts bombing Iran?

The point of these questions isn't to pose an ideological litmus test. The point is, instead, to gauge candidates' judgment, seriousness and courage. How they answer is as important as what they answer.

I should also say that although today's column focuses on the Democrats, Republican candidates shouldn't be let off the hook. In particular, someone needs to make Rudy Giuliani, who seems to have become the Republican front-runner, stop running exclusively on what he did on 9/11.

Over the last six years we've witnessed the damage done by a president nominated because he had the big bucks behind him, and elected (sort of) because he came across well on camera. We need to pick the next president on the basis of substance, not image.

Surveying '08 Field, Governors Urge Moderation (NYT)

By Robert Pear

The New York Times, February 26, 2007

WASHINGTON, Feb. 25 — Senator Hillary Rodham Clinton is the front-runner and will probably win the Democratic presidential nomination. Rudolph W. Giuliani could do well in Mississippi. And the length of the presidential campaign is insane.

Those were the views expressed Sunday by some of the foremost experts on American politics: governors gathered here for the winter meeting of the National Governors Association.

A few governors have endorsed presidential candidates, but many said they were reserving judgment.

Democratic governors pleaded with their presidential candidates to ignore the fringes of the party and focus instead on the "middle 20 percent" of the electorate with a pragmatic, problem-solving agenda.

"Democrats certainly could not win in Tennessee with just a hard-nosed Nancy Pelosi-style Democratic agenda," said Gov. Phil Bredesen of Tennessee. Mr. Bredesen, a Democrat re-elected in a landslide last year, was referring to the House speaker.

Gov. Haley Barbour of Mississippi, a former chairman of the Republican National Committee, toasted the political prowess of Mrs. Clinton.

"Republicans would make a bad mistake to underestimate Hillary Clinton," Mr. Barbour said. "She will be a formidable opponent if she is the Democratic nominee. And I think she probably will be. The Democrats have a true front-runner this time, and she is quite likely to win the nomination."

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Mrs. Clinton would probably not carry Mississippi in a general election, Mr. Barbour said, but "John Kerry got 40 percent of the vote there in 2004, and Senator Clinton would be a stronger candidate than he was."

By contrast, Mr. Barbour said, on the Republican side, "we don't have a front-runner." Indeed, he said, the campaign for the Republican presidential nomination is "the most open race since I got involved in politics in 1968." As a result, he said, "an unusually large number of governors are keeping their powder dry."

Could a New Yorker like Mr. Giuliani excite voters in Mississippi?

"It depends on who his opponent is," Governor Barbour said. "Life is a series of choices. If he is running against Hillary Clinton, I believe he will carry Mississippi."

Gov. M. Jodi Rell of Connecticut, a Republican, said that she, like many voters, had not yet focused on the presidential race. Even as candidates woo the conservative base of the Republican Party, Mrs. Rell said she hoped the nominee would be "a moderate — not particularly far right or far left."

Gov. Edward G. Rendell of Pennsylvania, a Democrat, said "it's way too soon to tell" who will win his party's presidential nomination.

Mr. Rendell has a big appetite for politics. He was general chairman of the Democratic National Committee in the 2000 election. But he is disgusted with the early start to the 2008 race.

"I think it's insane," Mr. Rendell said in an interview. "The media has created a two-year presidential election cycle that's very destructive to American politics. And the political system is complicit. We front-load our primaries so much that four or five states decide who the nominees are going to be. It's over by February. And then we have a God-awful yearlong presidential campaign, general election campaign, which is too long and lends itself to all these negative attacks."

"If we were to design a system for electing a president, I don't think we could do worse," Mr. Rendell said. "It's terrible."

Mr. Rendell is hoping the Republicans choose Senator Sam Brownback, the conservative of Kansas, as their presidential nominee. "Give us Senator Brownback, and we'll be all right," Mr. Rendell said. "It doesn't matter who we nominate."

Gov. John Baldacci of Maine, a Democrat, said Mrs. Clinton, Senator Barack Obama and John Edwards were all potentially strong candidates. But Mr. Baldacci said: "I have not spoken to any of them. None of them have called me. None of them have reached out to me."

At the winter meeting of the National Governors Association eight years ago, Republican governors rallied around George W. Bush and virtually crowned him as their party's presidential nominee. But no such groundswell has occurred this year.

One governor who has embraced a candidate is Tim Pawlenty of Minnesota, a co-chairman of Senator John McCain's presidential exploratory committee. "Senator McCain is a once-in-a-generation leader, one of the strongest, most courageous and fearless public servants I have ever met," Mr. Pawlenty said.

Gov. Bill Ritter Jr. of Colorado, a Democrat, said the party's presidential candidates should study his election and the success of other moderate Democrats like Gov. Kathleen Sebelius of Kansas.

"We have learned a way of speaking to the middle with a pragmatic, problem-solving agenda," Mr. Ritter said. "We have something to teach the rest of the country."

Ms. Sebelius said, "We have figured out a way to convince voters in our states to cross party lines."

Govs. Perry, Rendell: No VP Interest (WP/AP)

By Nancy Zuckerbrod, The Associated Press

The Washington Post, February 26, 2007

WASHINGTON -- Governor or vice president?

That's an easy choice, say two state leaders who have been talked about for a possible spot on the 2008 ticket.

"I got the best job in the world. Ask President Bush," GOP Gov. Rick Perry of Texas said Sunday, dismissing speculation he might be interested in serving as a running mate to the eventual nominee.

Pennsylvania Gov. Ed Rendell, a Democrat, also denied any interest in the No. 2 spot. "I like to be my own boss," Rendell said.

The two were in the capital for a National Governors Association meeting.

Texas is among several states considering moving its primary election up to have more of an influential role in the nominating process. Perry said that idea is gaining momentum back home.

"It's an interesting concept, and I certainly want to see the legislation, but it's something that I think the Legislature is full well behind," Perry said.

In 2004, Texas primary voters found themselves casting only symbolic votes in early March. Legislation would move the primary to February 2008. Several other big states, including California and Florida, also are considering a similar shift.

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Rendell said the current presidential nominating system makes little sense because it does not give large, populous states enough influence.

"Pennsylvania, which is one of the two or three most important states in the general election, we have no input at all into who the nominee is. Our primary is in late April. It's a mess," he said.

The governors appeared on "Fox News Sunday."

Is Hillary Afraid Of Being Embarrassed By Bill? (NSWK)

By Evan Thomas

Newsweek, February 26, 2007

Last December, a NEWSWEEK reporter tentatively broached a delicate subject with a longstanding adviser to Hillary Clinton: was there a concern in the Hillary camp that her husband might somehow embarrass her in the campaign ahead? The reaction was swift and fierce. "If that's what you want to talk about, I'm hanging up right now," said the adviser, who did not wish to be identified even entertaining such a question.

But it is the elephant in the room. Senator Clinton's presidential campaign can ill afford another scandal swirling around her husband, whose second term in the White House was badly disrupted by the Monica Lewinsky affair. Perhaps the Clintonites are understandably worried that the Republican right will try to create a scandal where there is none or dredge up old history. They doubtless anticipate an assault from Clinton's old foes, but they may have been caught unawares by the attack from one of Bill's old friends. In an interview with New York Times columnist Maureen Dowd, Hollywood mogul David Geffen tore into the Clintons' integrity and Hillary's electability. "Everybody in politics lies," said Geffen, "but [the Clintons] do it with such ease, it's troubling." Geffen raised the most eyebrows when he referred to the former president as "a reckless guy" who "gave his enemies a lot of ammunition to hurt him and distract the country." Geffen was not just speaking in the past tense. "I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Geffen told Dowd.

The reaction to Geffen's remarks from the Clinton campaign was immediate and outraged. The night before Dowd's column appeared, Geffen had co-hosted a fund-raiser for Sen. Barack Obama, a Clinton rival for the Democratic nomination. At 9:46 a.m., the Clinton campaign issued a statement calling on Obama to cut his ties to Geffen and give back the $1.3 million raised by Geffen's star-studded party. (Jennifer Aniston, Morgan Freeman and Ben Stiller were all there. George Clooney, off shooting a movie, contributed the maximum when Obama first announced and tells NEWSWEEK that Obama is "as good as Bobby [Kennedy] late in his career and Jack from early on.") The press release described Geffen as Obama's "finance chair" and accused him of "viciously and personally attacking Senator Clinton and her husband."

Geffen is not Obama's finance chair; the two are not even close friends. The shot at Obama may have been meant as a kind of welcome-to-the-NFL forearm shiver, intended to rattle the upstart candidate the Chicago press mockingly calls "Obambi." (Obama's aides hit back hard, saying that the Clintons had no problem with Geffen when they were raising $18 million from him. But Obama himself played it cool: "It's not clear to me why I'd be apologizing for someone else's remark," he said while campaigning in Iowa. In any case, he was not giving back the money.)

The Clinton camp has always believed in rapid response—in returning fire before a news cycle can pass. Last week, the Clintonites were serving notice—not for the first time—that anyone who brings up Bill and Hillary's past marital problems will be branded a character assassin. "It's the 'Godfather' theory of politics," says a Democratic strategist who asked not to be identified discussing the Clinton campaign's tactics. "If people stray, you send them a message. That's how you keep them in line."

Democratic activist Arianna Huffington, who attended the Obama event but says she is uncommitted, tells NEWSWEEK, "I think [Geffen's remarks] definitely benefited Obama because it brings into the open conversations many people have been having about the Clintons." Clinton's allies suggested that Geffen was motivated by bile. Once a close F.O.B. (Friend of Bill), he had stayed in the Lincoln Bedroom (twice). But when he asked for a presidential pardon for imprisoned American Indian activist Leonard Peltier, Clinton turned him down.

Dowd tells NEWSWEEK that Geffen did not seem out to get the Clintons. She says she asked for the interview because she had recalled hearing Geffen doubt Senator Clinton's presidential prospects during an audience Q&A at the 92nd Street Y in New York City in February 2005. "She can't win, and she's an incredibly polarizing figure," he had said of Hillary at the time. Dowd says Geffen was initially reluctant to be interviewed for her column. During their hourlong interview at his Beverly Hills mansion, his tone was "reflective," she says. (When Dowd asked him about the Peltier pardon, he said he never really expected one, though he was angry when fugitive financier Marc Rich was pardoned by Clinton.)

Dowd says she was the one who brought up questions about Bill Clinton's past as a campaign issue. Geffen acknowledged that some big donors and celebrity Clinton supporters were fretting, as Dowd put it, "that Bill will 'pull the focus' and shelve his wife's campaign." In the column, Dowd paraphrased Geffen as saying that "if Republicans are digging up dirt, they'll wait until Hillary's the nominee to use it."

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Geffen may be right about the GOP dirt diggers. Republican conservative activist Grover Norquist, who loathes the Clintons, coyly tells NEWSWEEK, "Hillary is my first choice to be the Democrat nominee." A New York Times story last week suggested that the so-called vast right-wing conspiracy has gone soft. The article quoted Chris Ruddy, a mouthpiece for the conservative conspiracy theorist Richard Mellon Scaife, as saying that the Clinton administration "wasn't so bad." But the right-wingers may just be lying low. David Bossie, the former congressional investigator familiar to journalists for helping them track down Clinton sex scandals, is working with Clinton strategist turned apostate Dick Morris on an anti-Hillary documentary. R. Emmett Tyrrell Jr., the editor of The American Spectator, which first printed salacious details from Arkansas state troopers about Clinton's sex life, is publishing a book titled "The Clinton Crack-up: The Boy President's Life After the White House."

The mainstream press has largely steered clear of stories about the Clintons' marriage. A widely noted article last May in The New York Times reported that the Clintons are often apart. "Nights out find him zipping around Los Angeles with his bachelor buddy, Ronald W. Burkle, or hitting parties and fund-raisers in Manhattan; she is yoked to work in Washington or New York ... " No longer Geffen's pal (or recipient of his largesse), Bill Clinton has been spending more time with Burkle, a supermarket tycoon who is giving a big fund-raiser for Hillary Clinton in March. The buzz in Hollywood is that Geffen is jealous of Burkle. But Geffen denies it, and denies any animus against the Clintons. "I think Bill Clinton is a great guy," he tells NEWSWEEK. "I support them both. I just don't think she can be elected president."

With Eleanor Clift and Mark Hosenball in Washington, Johnnie L. Roberts and Jonathan Alter in New York and Andrew Murr and Sean Smith in Los Angeles

The Democrats' Gamble (USNEWS)

By Jim Lo Scalzo

U.S. News and World Report, February 26, 2007

The state of Nevada displayed its newfound political muscle last week, with the appearance of eight Democratic presidential hopefuls (Sen. Barack Obama was the sole exception) at a forum in Carson City. With Nevada's caucus scheduled-for now, anyway-just after the Iowa caucus and just ahead of the New Hampshire primary, this quirky state seems poised to be a crucial Democratic battlefield for the '08 elections.

Seeking a much-needed foothold in the West, the Democratic National Committee, with a little lobbying from Senate Majority Leader Harry Reid, reshuffled the calendar in Nevada's favor. Citing the state's ethnic diversity (nearly a quarter of Nevada's residents are Hispanic), concentration of organized labor (about 14 percent of the workforce), and economic growth (consistently one of the nation's strongest performers), Democratic leaders believe the state offers an alternative to Iowa and New Hampshire's mostly white, rural populations.

Yet the move has infuriated New Hampshire's secretary of state, William Gardner, who considers his state's voting position sacrosanct and who is now threatening to reschedule his state's primary before the first of the year, if necessary. Not to be left behind, almost a dozen other states are angling to move up as well.

Aside from Nevada's potential political value, it's an unusual locale to say the least, featuring legal gambling and prostitution, a booming big city and desolate hinterlands. Nevada is a state of surrogate realities. In Las Vegas, for example, where the gaming industry can take credit for employing much of the growing Hispanic population, these new Nevadans work largely unseen, obscured by facades of New York and Paris and Venice. Beyond Las Vegas's all-night glow, in the dusty nether reaches that are the rest of the state, the populace is little more apparent.

If it's possible for a landscape to say something about its people, then Nevada says hardscrabble. And hardly visible. Some towns exist barely above desertion, a mere collection of parked cars and corrugated metal. Others really are ghost towns-abandoned relics of long-ago gold mines. Dominating the Nevada landscape are not humans but highways, the loneliest in the lower 48, draped like filaments across great swaths of sand and rock. Just when that nothingness seems absolute, there appears a trace of habitation: a makeshift grave, a bullet-riddled car, or, near the ghost town of Rhyolite, a life-size plaster sculpture of the Last Supper.

In this peculiar place, the Democratic candidates are already converging, as are the press, the political consultants, the policy wonks. And they'll be around awhile. More presidential debates are scheduled: Reno in August, Las Vegas in November. Should the DNC's gamble prove sagacious, the people of Nevada will help deliver the party a sustainable nominee and perhaps even turn their state from red to blue. Should it prove ill-conceived, the DNC won't be the first bettor to watch his hopes evaporate in Nevada's dry desert wind.

Hidden Power On The Hill (USNEWS)

By Silla Brush

U.S. News and World Report, February 26, 2007

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By about 1:30 p.m. one recent day, Rep. Jim Clyburn was hunched in the back seat of an SUV parked outside the Capitol and talking on a BlackBerry about the impact of the president's budget on rural districts. He had already done a radio interview about Iraq and the 2008 presidential race, led a meeting with 100 or so Democratic members or their staff, spoken against the president's Iraq plan, given a press conference on Hurricane Katrina, and delivered a speech to the National Association of Manufacturers. He took a quick break in his office for salted cashews and diet soda. It's been busy "every day since being in the majority," he said. And then it was off to a PBS interview.

A headline grabber? Not exactly. Busy? Absolutely. Clyburn is at the center of the Democrats' most pressing concerns on Capitol Hill. As the majority whip, the No. 3 Democratic position in the House of Representatives, he's in charge of keeping the party together on votes and reaching out to the Democrats' famously broad set of interest groups. And for presidential candidates, his endorsement could swing the South Carolina primary. For the next year or two, Jim Clyburn is going to be a very popular-and powerful-man.

Lessons. A 15-year veteran of the House and the highest-ranking African-American in Congress (the first black congressman from his state since 1897), Clyburn, 66, talks in the deep baritone of a minister's son. He traces his political success to lessons learned in a fundamentalist home in Sumter, S.C. His father went to divinity school but made only $10 a week from the Church of God and instead supported his family as a contractor; his mother graduated from college when he was 13 and then just hung the diploma in her beauty shop.

He was always interested in politics. In a speech prior to his election as whip, Clyburn recalled how at age 12 he mentioned his plans-to go to college and work in Washington, D.C.-in his mother's store. One client told him not to bother, since he was black. His mother thought otherwise. "You just hold fast," she said. And he did. As a student at South Carolina State College in 1960, he organized the state's first sit-in at an Orangeburg drugstore with six friends; later, he would join a civil rights group led by future Rep. John Lewis, now Clyburn's right-hand man. Clyburn was a community organizer, a teacher, an employment counselor, and a failed candidate for state representative before beginning a 20-year career in state government, most prominently as human affairs commissioner. Much of the work boiled down to managing competing interests and racial groups. "That's my long suit," he says. "I've been managing people since I was 24 years old."

Clyburn believes his current job is best handled without constantly putting his face before the cameras, though he'll sit for interviews when asked. Yes, he admits, he's been on MSNBC's Hardball With Chris Matthews, but he prefers "playing hardball with baseballs." And when he latches onto an issue, he'll make his voice heard. Right now, his passions are turning the rural areas around South Carolina's Interstate 95 corridor into a center for biofuels and improving the state's health and education programs. He's also focused on smoothing assistance for Katrina victims, and he strongly supports sending earmark dollars-federal money for specific projects-back to the district.

Since winning election in 1992 in a district designed to have a black majority-it was the only district in the state President Bush did not carry in 2000 or 2004-Clyburn has shot up the Democratic ranks. He was unanimously elected chairman of the Congressional Black Caucus and took charge of the party's faith working group in the House. He was also elected chairman of the Democratic caucus. Just before Election Day in November, Clyburn began campaigning for the whip post. "I don't know if I saw myself as successful or not," he demurs, "but I darn sure was pursuing it." North Carolina Rep. G.K. Butterfield, a frequent dinner companion, decamped to South Carolina for days to telephone members and try to win their support for Clyburn, starting a month before the Democrats had even won the House. Clyburn was somewhat reluctant at first, Butterfield says. "He thought it'd be in poor taste before the election." In the end, though, it all worked out.

House Speaker Nancy Pelosi and Majority Leader Steny Hoyer are the public faces of the House Democrats, but it's Clyburn who handles the nuts and bolts of holding the party together on votes. So far that hasn't been too difficult, considering that the Democrats' 100-hours legislative push was an assortment of popular, poll-tested issues.

Challenges. But now, as Congress takes up legislation on climate change, immigration, healthcare, and the budget, things could get tougher. "We can't afford to lose 15 members"-Democrats have that many more than the obligatory 218 votes for a majority-"on any one vote," he says. But some believe if anyone can hold Democrats together, it's Clyburn. Butterfield, for one, praises Clyburn's style of chatting one on one with colleagues rather than holding large events. Clyburn, who has a moderate-to-liberal voting record, also regularly tries to reach out to business interests and more conservative Democrats. (He's writing a book tentatively titled I Too Am a Southerner in part about working as a black with white politicians.) He's planning on running his whip operation differently from those in the past: He wants to have members on the same page before a bill actually comes up for a vote instead of trying to then get them onboard when a vote is imminent. Clyburn has seven major coalitions to manage, from the liberal black caucus to the moderate Blue Dogs. "I think a lot of my job will be to get our members to understand that we can't bite off more than we can chew," he says.

Clyburn will also be at the heart of the Democratic presidential fight. His endorsement carries a lot of weight in South Carolina. "Clyburn does not have a machine," says Jack Bass, professor at the College of Charleston, but he does have the "Jim

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Clyburn Network"-a group of civic and religious organizations with regional influence. Yet his endorsement hasn't been a silver bullet. In 2004, he initially backed former Rep. Dick Gephardt, who dropped out before the South Carolina primary, and then backed Sen. John Kerry, who was soundly beaten there by Sen. John Edwards.

Still, Clyburn's receiving a constant flow of presidential suitors. He says he is staying out of the endorsement sweepstakes-"at least at this point, anyway"-but admits that "I'm crazy about Bill Richardson," the New Mexico governor. "I have a closer personal relationship with [him] than any other of the candidates." Still, he won't commit. "I'm not going to tell you. I'm not going to tell my wife." Jim Clyburn is still, after all, managing people.

Born: July 21, 1940

Family: Married, wife, Emily. Three children

Education: South Carolina State College, B.A. 1962; attended University of South Carolina Law School, 1972-74

Public service: South Carolina Commission of Farmworkers executive director, 1968-71; South Carolina Human Affairs commissioner, 1974-82; U.S. representative, 1993-present

The Dems Get Religion (USNEWS)

By Dan Gilgoff

U.S. News and World Report, February 26, 2007

John Kerry struggled to overcome his secular image in 2004, but the current crop of Democratic presidential front-runners is determined not to repeat his mistakes.

One of New York Sen. Hillary Rodham Clinton's first campaign hires was a top evangelical staffer on Capitol Hill. U.S. News has learned that an aide in Illinois Sen. Barack Obama's office tasked with religious outreach is joining his presidential campaign this week. And former North Carolina Sen. John Edwards is framing poverty relief as a moral issue that's helping to drive his campaign. "Two thousand eight could be the first time since Jimmy Carter that the presidential candidate who's really good on faith issues is the Democrat," says Eric Sapp, a Democratic consultant. So the Democratic primaries could see serious competition among candidates for the faith vote.

Clinton, a scourge of the religious right, was raised in a conservative Methodist home. "Over the years, Senator Clinton has expressed her faith often in speeches and books, and I've always been impressed with its authenticity," says Burns Strider, the Capitol Hill staffer who became Clinton's new faith outreach director. But Clinton is sure to encounter skeptics. When she donned a crucifix while campaigning for re-election last year, some pundits called it a ploy to moderate her image. "I got deluged with calls from New York reporters who had this view of her as a nonreligious person," says John Green at the Pew Forum on Religion and Public Life. "But ... she's a very serious social-justice Methodist."

Faith. Strider says the campaign will focus on liberal "social justice" Democrats but on socially conservative Democrats, too. Clinton raised eyebrows in 2005 by calling for fewer abortions before an audience of family planning providers. "For a long time, Democrats forfeited part of the electorate by choosing not to have a conversation about faith," says Strider.

Obama attracted attention last year when he addressed evangelicals on fighting AIDS at Purpose Driven Life author Rick Warren's Saddleback Church in Southern California. This week, Obama's Senate religious outreach coordinator, Josh DuBois-active in the conservative Assemblies of God church-will join the campaign. Obama often discusses his relationship with his Chicago pastor and his work with black churches as a community organizer. "I ... worked closely with my fellow members of the religious community long before this campaign began," Obama says. Obama aides say religious leaders will play a role in policy, as they did when Obama cosponsored legislation last year to protect charitable donations from bankruptcy proceedings.

Edwards has not hired religious outreach staff but has built bridges to the progressive faith community through projects like promoting state amendments to raise the minimum wage. His campaign launched One Corps, a volunteer program that combines political organizing with service projects like building houses for the poor; aides describe it as translating faith to action. "He practices his religion personally in a more profound way than any political leader I've associated with," says Edwards's campaign manager, David Bonior.

But Edwards upset religious Democrats in February by declining to fire two Internet bloggers who were attacked by a Roman Catholic group for making offensive comments toward Catholics before joining the campaign. The bloggers left the campaign anyway. "We should have had a better vetting process," says Bonior. It's the kind of mistake that Democrats are trying to avoid this time around.

This story appears in the March 5, 2007 print edition of U.S. News & World Report.

Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, February 26, 2007

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The PowerPoint as Running Mate

Mitt Romney, the former Bay State guv now running third in the GOP presidential sweepstakes, doesn't use a BlackBerry or even carry a cellphone. But that's not to say he's not a techie geek. In fact, he's proving to be just the kind of wonk that would make Microsoft's Bill Gates giddy at an issues lunch. Here's the deal: Romney is the first-ever presidential candidate to haul out a PowerPoint presentation at campaign events. He did it recently while addressing the Detroit Economic Club, and the audience went nuts for it. "It was amazing," an auto exec tells us. "I mean he didn't just make claims. He had the graphs to back him up!"

The idea was the candidate's and was a textbook presentation outlined in classic fashion: It opened with the "Intro," wrapped up under the title "Close," and finished with an "End" on Page 21. In between were graphs that Romney tried to soften with descriptions of lines like "squiggle." PowerPoints, says spokesman Kevin Madden, "speak to the competency that [Romney] exudes and the authoritative nature of his understanding of the issues." Plus, he says, the boss just digs them-and is a great presenter. "He's the PowerPoint president. Very few people could pull this off and not look wonkish." And the Mitt-tech doesn't end there: He's started Mitt TV and raises cash on ComMitt, a computer fundraising program.

Could Al Gore Bankroll His Bid?

If you're wondering why, despite his denials, Al Gore remains the most talked about nonpresidential candidate, it's this: His friends think he's done so well in the private world that he could bankroll the start of his own 2008 bid. "If Al Gore wants to run, he will come with all the means necessary," says longtime ally Donna Brazile. "Al Gore is someone who can pull it off at half time,"she said. But he's got competing interests for his wallet: Friends say he also wants to expand his global climate change campaign.

This Candidate Is Used to Running

It doesn't look as if we'll be seeing Sen. Barack Obama, among the leanest Democrats running for the presidency, hanging out at McDonald's. That's because he's big on exercise and healthy eating. "He exercises every day," says an insider. Obama's a runner and a regular on the treadmill. The youthful lawmaker even ran for an hour before announcing his candidacy back in Illinois. Among his snacks: trail mix.

Once Again in the Line of Fire

Can a prosecutor go on to become president? Well, that's what fans of TV prosecutor Arthur Branch, aka former Sen. Fred Thompson,hope. We hear that his buddies are strongly urging him to jump into the already packed GOP race. "The draft- Fred movement grows," says one ally, citing several blogs pushing Thompson, who has been feeding his fans with occasional commentary-laced fill-in work for radio's Paul Harvey.

A New Rambo, but the Same Ending

Suicide attacks dominate the headlines, but here's one that didn't happen. A U.S. Army officer in Afghanistan reports that last month a suicide bomber drove an explosive-laden Toyota Corolla up to an Army base in Kabul, where an Afghan nicknamed "Rambo" was guarding the gate. Rambo wears an Army-style uniform but isn't allowed to pack heat, so he uses a big red pipe, which he sometimes slams on car hoods to slow them down. Anyway, as the suicide bomber approached, he got hung up in the gate. Rambo reached into the window and yanked the bomber out before he could detonate the explosives. Rambo's reward: Troops passed a hat and handed him a wad of cash.

United by Lipstick to Fight Violence

Avon is joining Mary Kay February 27 to demand Congress fund the Violence Against Women Act. And note to lawmakers not into this program: Running when you see one of Mary Kay's pink brigade won't work. Avon's got some 5 million worldwide agents who dress just like you.

A Scandal for the Silver Screen

From our Buzz Etc. files: There's talk that outted CIA operative Valerie Plame's story may hit the silver screen. It all started when she was spotted lunching with actress Morgan Fairchild and hubby Joe Wilson. CIA types say her book has been iced in the clearance process, so the quickest way to seize on the scandal is to make a movie. Separately, there's speculation that Bush Commerce chief Carlos Gutierrez is being wooed by Latin America's TV giant Univison.

A Nasty Habit, All Snuffed Out

He was among Congress's heaviest smokers, but now former Majority Leader Dick Armey has given up his Carlton menthol 100s. "I was just thinking about my wife one day," he tells us, "and I realized that of all the things I could do on this Earth that would make her happy is to quit smoking." Just like that, he did. "If a guy knows that, then it seems to me a guy has got to quit." Certainly, his wife, Susan, had told him many times before to snuff out the nasty habit. "I heard it a lot, of course," he says, but it didn't sink in until about two months ago. "We don't want to shock and startle your women readers, but even though I heard it over the years, I guess I'm living proof that on some occasions, some husbands sometimes actually hear what their wives say." Still, he did question his move. "I spent the next four weeks of my life trying to figure out if her happiness really meant that much to me." It went so well that he's not sympathetic to others like Sen. Barack Obama, who chews Nicorette to get over the habit. "If

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he's chewing this stuff, he's not stopped smoking," says Armey, who revealed a broader skepticism of crutches used by those with bad habits. "I'm laughing now, but if we ever indict a Mormon in Congress, what is the guy going to do, because he can't check into an alcohol rehab facility. ... I don't know what a politician that's indicted does if he can't check into rehab and say, 'The whiskey did it.'"

Alter: The Apology Primary Is On (NSWK)

By Jonathan Alter

Newsweek, February 26, 2007

Hillary Clinton is right to resist efforts to make her cry uncle and apologize for her 2002 vote in favor of the Iraq-war resolution; that would look weak. Her mistake was in not anticipating this problem with the liberal base of her party last summer and cauterizing the wound in advance, before it festered. Instead, she offered lame rationalizations. She should have taken a leaf from John McCain and her husband, each skilled in the subtle politics of contrition. This skill will be essential to the success of the next president.

In recent years, the word apology has reverted in politics to its original meaning in Greek, which is "defense." (Plato's "Apologia" is an account of Socrates' unsuccessful defense of himself in his trial.) Exhibit A is McCain, whose career-enhancing apologies are legion. A partial list includes apologizing for making a "confession" tape during his captivity by the North Vietnamese; for committing adultery during his first marriage; for his role in the Keating Five savings-and-loan scandal; for a nasty joke about Chelsea Clinton; for comparing Newt Gingrich's popularity to Jeffrey Dahmer's, and, during the 2000 campaign, for calling Pat Robertson and Jerry Falwell "agents of intolerance." Whew!

But McCain's reputation for using contrition to charm his way out of trouble might be catching up with him. When ABC News asked Vice President Cheney last week about McCain's comments that Donald Rumsfeld was "perhaps the worst secretary of Defense ever," Cheney replied archly: "John said some nasty things about me the other day, and then next time he saw me, ran over to me and apologized. Maybe he'll apologize to Rumsfeld." He didn't.

But if he were truly a straight talker McCain would express regret for his consistently insincere praise of President Bush. For six years, Rumsfeld and Bush were joined at the hip. One can't be bad and the other good. It may be that McCain is on the verge of losing the Apology Primary to John Edwards, whose showy contrition for his vote in favor of the war resolution is what has put Hillary on the hot seat.

Bill Clinton approved of his wife's approach, perhaps because he, too, largely refrained from personal apologies until forced to by the Lewinsky scandal ("I have sinned"). But he built good will worldwide in part by repeatedly admitting historical error on the part of the United States, from U.S. support for the "dirty war" in Guatemala to the Tuskegee syphilis studies on blacks to the overthrow of the Hawaiian Queen Liliuokalani. Most significantly, he went to Africa in 1998 and said the United States had been wrong to engage in the slave trade and that his administration had erred by failing to intervene more forcefully to prevent Rwandan genocide.

This marked a big change from George H.W. Bush, who said in 1988, "I will never apologize for the United States. I don't care what the facts are," after a U.S. ship mistakenly shot down an Iranian airliner, killing 290 civilians. Bush's son has stuck to his father's view. He famously couldn't recall any mistakes he'd made as president and left apologies for the torture at Abu Ghraib to Rumsfeld and other underlings until King Abdullah of Jordan insisted he make amends personally. As the list of appallingly bad decisions by his administration lengthens, Bush often opts for the passive voice President Reagan favored during the Iran-contra scandal: "Mistakes were made."

Does Hillary Clinton have the same instinct to maintain a façade of presidential infallibility? She's known to apologize quickly in private after ruffling feathers. But with her polls showing that she receives high marks for strength and toughness, she is loathe to do anything in public that might be seen as wimpy or fulfilling unflattering stereotypes of women. Hillary finally admitted in December that if she'd known then what she knows now, she would have voted differently on the war resolution. To a normal person, that would mean she was wrong in 2002 to have entrusted Bush with a blank check. Instead, she chose to play the kind of semantic games that always spell trouble for the Clintons.

By doubling down—insisting that it's wrong to admit she was wrong—Hillary may have set a bad precedent in the humility department. Should she win, she'll need every tool at her disposal to convince the world that a new day has dawned, with the "humble foreign policy" promised by none other than George W. Bush in 2000. That's the only way we can recover our global leadership and mobilize allies to confront emerging threats. It's too late to apologize for this one, but the next time things go wrong, she could do worse than meld the McCain and Clinton styles of saying sorry into a persuasive defense of her own.

Hillary-Obama Feud Imperils Party For '08 (WT)

By Donald Lambro, THE WASHINGTON TIMES

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The Washington Times, February 26, 2007

Democratic strategists say the bitter fight between Sens. Hillary Rodham Clinton and Barack Obama could undermine their party's bid to win back the White House if it continues.

"I think the Democrats in general, particularly party activists and leaders, do not want to see a knife fight between these two which results in blood all over the Democrats. We want a strong nominee coming out of this primary process, not one that is beaten and bloodied," said Bud Jackson, a Democratic media adviser.

That view summed up what many Democrats were thinking last week when the front-runners were trading political blows through their spokesmen after movie mogul David Geffen, a former Clinton ally who is now backing Mr. Obama, called Mrs. Clinton a disingenuous, "incredibly polarizing figure" who isn't electable and appeared to allude to her husband's past infidelity.

It was the first skirmish of the presidential election cycle, which triggered a storm of media attention on the nightly news and on the front pages of the nation's newspapers and which campaign pollsters say has already had a negative effect on both of the candidates.

"This story has legs. The opening kickoff has been made. Clinton's the kicker and Obama's the receiver, who kicked back. What's clear is that it's going to be nasty from here on, which doesn't help the Democrats," said independent pollster John Zogby.

"At this stage, anything that threatens party unity or alienates Democrats or annoys swing voters can hurt. So in the case of Hillary, anything that reminds swing voters of the darker side of the Clintons hurts. And anything that suggests that Obama is not 'Clean Gene,' meaning 'I'm not going to run on the "audacity of hope," but I'm going to kick you if you kick me,' can hurt," Mr. Zogby said.

By late last week, the Clinton-Obama fight was still reverberating in the press, which up until now has had thin gruel to write about in the Democrats' campaign. The New York Times said in a front-page article Friday that the New York senator's effort to identify Mr. Obama with Mr. Geffen's attack "was widely viewed among Democrats as carrying some cost to Mrs. Clinton."

Her campaign's broadside against her chief rival for the nomination was "a sharp reminder of Clinton family history that has led some Democrats to believe Mrs. Clinton cannot win a general election," the Times said.

Whoever won the first round in their nominating fight, many Democrats were clearly uncomfortable with the intensity of their exchange.

"The Democrats have momentum going their way, an unpopular president waging a misguided war, and now they're pointing fingers at each other," said Chris Redfern, the Ohio Democratic chairman. "At the end of the day, no one's paying any attention to this, but they need to clean it up, make nice with each other and get to work."

Other Democrats, though, saw this as nothing more than the usual political rough-and-tumble of a presidential campaign and thought the story was being overplayed.

"I think we are going to have a spirited debate [over who the party should nominate], and that is going to be uplifting and at times rough. This is the nature of politics," said Simon Rosenberg, president of the New Democrat Network.

Despite his concern about how voters perceived the latest fight between the two party leaders, even Mr. Jackson, the media adviser, called it "a minor speed bump" on the road to next January's primaries and caucuses. "I think Obama overreacted a little bit, but this is inside baseball. It only becomes an issue if we see a pattern develop," he said.

One rival for the Democratic nomination suggested yesterday that reporters were making too much of the Obama-Clinton dust-up.

"Oh, I think it's a bunch of silliness," former North Carolina Sen. John Edwards said on CBS' "Face the Nation."

"I was in New Hampshire yesterday. I met probably over a thousand New Hampshire primary voters in the course of having a bunch of house parties. And you'd be shocked to hear the only people who asked me about this were reporters," Mr. Edwards said. "I didn't have a single New Hampshire voter ask me about this."

John Edwards Says Democratic Donor Spat Is Silly (MBSN)

By Nancy Zuckerbrod

Myrtle Beach (SC) Sun News, February 26, 2007

WASHINGTON - "Silliness."

That's what Democratic presidential candidate John Edwards had to say about the publicity surrounding the donor spat between two of his chief rivals, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

The Obama and Clinton campaigns issued dueling press releases about a top Hollywood donor who once supported Bill Clinton but is now backing Obama.

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Hillary Clinton's campaign demanded Obama return producer David Geffen's money after Geffen criticized both Clintons. Obama declined, and his spokesman criticized Clinton for accepting support from a South Carolina lawmaker who said Obama could not win because he is black.

"Oh, I think it's a bunch of silliness," Edwards said Sunday on CBS "Face the Nation."

He said the topic was not on the minds of voters during a stop Saturday in New Hampshire.

"I met probably over a thousand New Hampshire primary voters in the course of having a bunch of house parties. And you'd be shocked to hear the only people who asked me about this were reporters.

"I didn't have a single New Hampshire voter ask me about this. What they're asking about is what are we going to do about Iraq? What are we going to do about Iran? What are we going to do about health care? The things you'd expect them to be concerned about," Edwards said.

Reactions To Obama, Clinton Excite S.C. Democrats (POL)

By Lee Bandy

Politico.com, February 26, 2007

Democratic presidential hopefuls Hillary Rodham Clinton and Barack Obama drew huge crowds on recent campaign swings through South Carolina.

Together, they made a statement: The Democratic Party is back.

"I've never seen anything like it," remarked Democratic consultant Bob Wislinski on leaving the Columbia Metropolitan Convention Center where Obama, a U.S. senator from Illinois, just had addressed a raucous rally of 2,800.

"I'm hopeful," Wislinski said of his party's future.

Clinton, a U.S. senator from New York, spoke to more than 3,500 at a town meeting at Allen University.

South Carolina is a key battleground state in the primary process, coming just a week after New Hampshire's first-in-the-nation primary.

The S.C. Democratic primary is set for Jan. 29, 2008. The Republican contest tentatively is scheduled for Feb. 2, 2008.

With both parties holding early primaries, South Carolina will get a lot of attention from Republican and Democratic candidates. There's been a steady stream since the first of the year.

A sizable number of South Carolinians have been showing up at the rallies of Democratic candidates, catching party establishment types off guard.

But it is foolhardy for candidates and their followers to suggest victory is in the air.

The size of the turnout is no indication of what's going to happen on Election Day, says Clemson University political scientist Bruce Ransom.

Many in attendance at the candidate rallies are curiosity seekers, like John Clark, a State House employee.

He came to see Obama, a "celebrity, a rock star," he said. But he was a long ways off from picking a horse to ride.

After all, what's the rush?

Columbia attorney and former state Rep. I.S. Leevy Johnson cautions black voters to proceed slowly in picking a 2008 candidate for president.

Gather background information on the candidates. Listen to their stands on key issues. Check out their personal lives.

Right now, the momentum is with Obama and Clinton.

"I'm excited," said state Rep. Gilda Cobb-Hunter. "Obama is stirring excitement among voters in a manner I have not seen before. That's good for the Democratic Party.

"I want to win in '08 and will support the candidate who demonstrates electability and whose message I can resonate with."

Unlike some past years, Cobb-Hunter, D-Orangeburg, has no intention of staying on the political sidelines this primary cycle.

"I believe this election is for the Democrats to lose," Cobb-Hunter said. "I can't afford to sit this one out."

Candidate No. 4, Please

Meanwhile, some Republicans are concerned that U.S. Sen. John McCain of Arizona appears to have lost interest in the race.

"The excitement in 2008 is on the side of the Democrats. No doubt about it," says Francis Marion University political scientist Neal Thigpen , a GOP activist.

On the Republican side of the primary ledger, McCain is locked in a tight race and appears to be losing ground. Those who've seen him recently say he looks a bit shopworn.

"My impression is that the Republicans are demoralized," Thigpen said. "They are not wild about any of their top three candidates."

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Someone Give Geffen A Day Job (NYT)

By David Carr

The New York Times, February 26, 2007

Last Friday, two days before the conclusion of the most closely contested Oscar race in recent memory, a dozen people from various parts of the entertainment industry sat down to lunch at the home of Arianna Huffington in Brentwood.

Would the Oscar go to "The Departed" or "Babel," Martin Scorsese or Clint Eastwood?

The topic barely came up.

Instead, the conversation was all about the media mogul David Geffen's drive-by maiming of the Clintons earlier in the week in remarks he made to Maureen Dowd of The New York Times. For over an hour, the people at the table debated his decision to take on Hillary Clinton, who is pursuing the Democratic nomination for president.

Mr. Geffen, 64, would no doubt have been pleased. A billionaire with manifest interests, he has a lot of time on his hands now that DreamWorks, the mini-major studio he formed with Steven Spielberg and Jeffrey Katzenberg, has been bought and folded into Paramount. With a net worth that has been estimated at $4.5 billion and no more worlds to conquer, Mr. Geffen finds himself — well, inserts himself — in the middle of conversations over the future of Paramount, The Los Angeles Times and now the republic itself.

On Tuesday night, Senator Barack Obama, Mrs. Clinton's closest rival for the nomination, topped off a day of old-time politicking here by speaking at a $2,300-a-plate fund-raiser at the Beverly Hilton, dappled with celebrities like Eddie Murphy, Jennifer Aniston and Morgan Freeman. That was followed by a more intimate affair at Mr. Geffen's Beverly Hills home. Within hours of the event, BlackBerrys started lighting up all over town with Ms. Dowd's column, in which she chatted with Mr. Geffen about the Clintons.

"Everybody in politics lies, but they do it with such ease, it's troubling," he told Ms. Dowd. (Of course, many of Mr. Geffen's former business partners say that he has had his own idiosyncratic relationship with the truth.) Calling the former president a "reckless guy" deftly put the issue of Bill Clinton's behavior in the present tense. And at a moment when some of the smart money was poised to line up behind Mrs. Clinton's candidacy, Mr. Geffen was signaling that backing her may not be so smart after all.

You have to hand it to him: here it was, Oscar weekend, and at least nobody was talking about the failure of "Dreamgirls," Mr. Geffen's pet project, to get a best picture nomination.

"David Geffen gave voice to the collective unconscious of many people here," said Ms. Huffington, whose opposition to the Iraq war and Mrs. Clinton's candidacy has been on display on the Huffington Post Web site for some time. "The story would have been dead in a day if he was just speaking for himself, but these things are on everybody's mind."

Still, while Mr. Geffen hardly needs the money, you can understand why a lot of people here wish he still had a day job. (Mr. Geffen declined to elaborate on his remarks to Ms. Dowd.)

"I don't think that all of this is productive," said Warren Beatty, reached on his cellphone. "I think the media is looking for a big political story, and I think it is much more important to talk about the issues."

The mixture of revulsion and fascination with this episode mirrors Mr. Geffen's career. He combines a gift for market timing — this is the guy who brought you the Eagles in the '70s, Guns N' Roses in the '80s and Nirvana in the '90s — with a guerrilla's touch for instigation.

Even though DreamWorks was acquired by Paramount for $1.6 billion a year ago, many people have seen his hand in the subsequent moves at the studio. The decision to bring in Stacey Snider, a Geffen familiar, to run the DreamWorks division could be perceived as a threat to Brad Grey, the head of Paramount. And according to The Los Angeles Times, after Tom Freston was ousted as the head of Viacom, Mr. Geffen called Viacom's chairman, Sumner M. Redstone, and suggested that he hire Mr. Katzenberg, the head of DreamWorks Animation, and buy that as well.

"He is a star in a way that none of the other people in Hollywood with money are stars," said James Toback, a film director who once tried to cast Mr. Geffen in a movie.

And then there is Mr. Geffen's offer to buy The Los Angeles Times for $2 billion. While everyone can give Mr. Geffen credit for his deep understanding of how the news media can be manipulated, few would think of that skill set as congruent with owning a newspaper. (And indeed, his effort hasn't panned out.) But given what he accomplished with a few sharply conceived quotes to a well-read columnist, it is not hard, and not pretty, to imagine what he could do if he were in charge of one of the country's most important daily newspapers.

And perhaps that's the lesson the Democrats (and everyone else) should take from the past week. Business types love to get involved in politics, of course, but their tactics tend more toward the kind of knee-capping they remember so fondly from their boardroom days.

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No one is expecting Mr. Geffen to spend his days golfing, but there is a danger that if the coming election becomes his full-time hobby, his precision ruthlessness will distort the public process. After all, this is not a movie sale, a busted deal or a Don Henley album; this is about the duly elected leader of the United States.

Mr. Geffen and Ron Burkle, another Los Angeles billionaire who is a staunch ally of the Clintons, have already fought for custody of The Los Angeles Times. No one wants to see the presidency treated as a cat toy between rich men who don't like to lose.

"I think that America was better served when the candidates were chosen in smoke-filled rooms," Mr. Geffen told Ms. Dowd.

There will be no smoke — we're talking about California, after all — but if kings are to be made or undone, you can bet that Mr. Geffen is standing at the ready.

Mud, Dust, Whatever (NYT)

By Bob Herbert

The New York Times, February 26, 2007

If Bill and Hillary Clinton were the stars of a reality TV show, it would be a weekly series called "The Connivers." The Clintons, the most powerful of power couples, are always scheming at something, and they're good at it.

Their latest project is to contrive ways to knock Barack Obama off his white horse and muddy him up a little. A lot, actually.

Most of the analyses after last week's dust-up over David Geffen's comments to Maureen Dowd have focused on whether the Clintons succeeded in tarnishing the junior senator from Illinois. What I found interesting was that no one questioned whether the Clintons would be willing to get down in the muck and start flinging it around. That was a given.

When Senator Obama talks about bringing a new kind of politics to the national scene, he's talking about something that would differ radically from the relentlessly vicious, sleazy, mendacious politics that have plagued the country throughout the Bush-Clinton years. Whether he can pull that off is an open question. But there's no doubt the Clintons want to stop him from succeeding.

Senator Obama has come riding out of the wilderness (all right, Chicago) to stand between the Clintons and their dream of returning to the White House and resuming what they will always see as the glory years of the 1990s.

He hurts Senator Clinton in myriad ways. In all the uproar over Mr. Geffen's comments, hardly anyone has said they were wildly off the mark. There would be no Obama phenomenon if an awful lot of people weren't fed up with just the sort of mean-spirited, take-no-prisoners politics that the Clintons and the Bush crowd represent. Senator Obama — at least for the time being — is an extremely attractive alternative.

Right behind that as a factor is the distinct possibility that Mr. Obama will ride off with the black vote, without which the Clintons are doomed. Those who joked that Bill Clinton was the first black president are now confronted with someone who might be the real deal.

Senator Obama is also much freer to take fresh stands on the issues. His camp has been delighted, for example, to watch Senator Clinton twist herself into a pretzel on Iraq. From day care to health care to trade and beyond, Mr. Obama is free to offer something new. He's not tied to the Clinton experience, the Clintonian way of viewing the world.

And, finally, this campaign is not the be-all and end-all for Senator Obama. More easily than the Clintons, he can afford to make mistakes. He does not have to win this election. He can fight another day. In the absence of any catastrophic misstep, he could be selected as a vice-presidential candidate this time around. (It's not too hard to imagine a John Edwards-Barack Obama pairing.) He can run again for president four years from now, or eight years from now.

His future, as Yogi might have said, is all in front of him.

The Clintons were fresh once. I remember the exhilarating bus tour they took with Al and Tipper Gore right after Bill Clinton won the Democratic presidential nomination in the summer of 1992. There was a spontaneous quality to that tour and a sense that these four young leaders represented a new dawn of American politics.

Almost 15 years later, Hillary Clinton has to fight the perception that she is chasing yesterday's dawn. She has the benefit of universal name recognition, uniformly high poll numbers and trainloads of campaign cash. But she still gives the impression that she's riding the political high wire with the mixed blessing of Bill Clinton planted firmly on her shoulders.

It's ironic that the first woman with a real shot at the presidency comes off not as a compelling underdog but as the powerful front-runner at the controls of a ruthless political machine.

We'll have to wait and see whether Senator Obama is really offering a new, more hopeful brand of national politics. But here's a bit of unsolicited advice for a candidate making his first foray into the crucible of presidential politics:

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Don't listen to those who tell you not to fight back against the Clintons. You will not become president if you allow yourself to become their punching bag. Keep in mind the Swift-boating of John Kerry. Raising politics to a higher level does not mean leaving oneself defenseless.

Hillary Clinton Courts Black Voters (NSDY)

By Reid J. Epstein, Reid.epstein@newsday.com

Long Island Newsday, February 26, 2007

At African-American cultural celebration in NY, senator talks about local issues and helps honor community activists

It wasn't officially a campaign event, and she didn't mention the presidency, but Sen. Hillary Rodham Clinton spent yesterday working to position herself as the candidate for African-Americans.

Coming after a week in which her campaign traded barbs with Illinois Sen. Barack Obama, Clinton's Democratic primary opponent, she presided over an African-American heritage celebration hosted by District Council 37, New York City's largest public employee union.

At the union's lower Manhattan headquarters, Clinton spoke mostly about local issues not likely to earn her attention in early presidential battleground states like Iowa and New Hampshire.

The former first lady, who wore a black suit with a pink shirt, praised the York College basketball team for winning the CUNY conference basketball championship, touted the preservation of the downtown African burial ground and promised to work to keep residents of Brooklyn's massive Starrett City housing development, which is in the process of being sold, from being priced out of their homes.

"Starrett," she said, "we've got to save the housing there."

Even though Clinton focused on local issues -- she also pushed universal health care coverage -- the event's honorees didn't hesitate to expound on her presidential prospects.

"Our president often considers, it appears, Africa a country and not a continent," said Elsie Crum McCabe, the president of the Museum for African Art in Long Island City. "Our next president won't do that."

The remark was clearly made with Clinton in mind though it could apply also to Obama, whose father was born in Kenya. The presidential contender is well-respected by many blacks for his work as a community organizer in Chicago.

Ernest Davis, the mayor of Mount Vernon in Westchester County, said New York state's black community will work hard to help candidate Clinton.

"If she is to succeed, we can't just stand on the sidelines," Davis said while accepting an award during the event. "We're going to do everything in our power to make sure that she is successful."

Other honorees spoke of Clinton as a trail blazer for women. Sheena Wright, the president and chief executive of the Harlem-based Abyssinian Development Corp., a nonprofit investment organization, said the free world would be fortunate to have Clinton as its leader.

"As she makes her way to the White House again," Wright said to raucous applause while accepting an award at the event, "not only does the United States of America need her leadership ... but the world needs her to sit in that seat."

Other honorees yesterday were Divine Bradley, 24, a hip-hop artist who started an after-school program near his home in Canarsie, Brooklyn; Marcia Keizs, the president of York College in Jamaica; and Lillian Roberts, DC37's executive director.

Yesterday marked the seventh year of the event, which Clinton began upon her election to the Senate.

Clinton finished her day at a discussion of Sen. Charles Schumer's book, "Positively American: Winning Back the Middle-Class Majority One Family at a Time," at the 92nd Street Y on the Upper East Side. She is scheduled to spend today traveling upstate to discuss economic issues.

Rice: Obama's Run Shows Black Progress (KCS)

The Kansas City Star, February 26, 2007

WASHINGTON - Secretary of State Condoleezza Rice finds Democratic presidential candidate Barack Obama appealing and says it won't be much longer before race isn't a barrier to becoming president.

Obama is a top-tier contender among Democrats and his wide support early in the 2008 race "just shows that we've come a very long way," Rice said Sunday. She and the Illinois senator are black.

"I do think we've come a long way in overcoming stereotypes, role stereotypes about African-Americans. I will say race is still a factor. When a person walks into a room, I still think people still see race," Rice said.

"But it's less and less of a barrier to believing that that person can be your doctor or your lawyer or a professor in your university or the CEO of a company. And it will not be long, I think, before it's no longer a barrier to being president of the United States," Rice said.

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Rice, a Republican, has said repeatedly she will not run for president despite high popularity ratings and measurable support in opinion polls.

She noted that if she were to continue as secretary of state through the end of President Bush's term in January 2009, "we will not have had a white male secretary of state for 12 years - a white woman, black man and a black woman. That says something about how far our country has come, even though we can't deceive ourselves. Race is still a factor in this country."

Her most recent predecessors at the State Department were Colin Powell and Madeleine Albright. Powell was secretary of state from 2001 to 2005; Albright from 1997 to 2001.

Rice discussed race in the United States when asked about Obama's candidacy. Obama, a first-term senator, is considered among the early front-runners for the Democratic nomination with Sen. Hillary Rodham Clinton of New York and 2004 vice presidential nominee John Edwards.

Rice noted that Obama is a member of the Senate Foreign Relations Committee, where the secretary often testifies.

"I think he's very appealing and a great person. He's on my committee. And we've always had good exchanges. I think he's an extraordinary person," she said.

Rice declined to say whether she thought he had enough experience, especially in foreign policy, to be president.

"Oh, I'm not going to make that choice. The American people are going to make that choice," she said.

Rice was interviewed on "Fox News Sunday."

How Much Will The '08 Race Turn On Race? (RC)

By Stuart Rothenberg

Roll Call, February 26, 2007

During the past three weeks, three different African-American political insiders have commented to me that I have mistakenly failed to discuss "race" when talking about Sen. Barack Obama's prospects for 2008.

They all thought that the Illinois Democrat's race is an impossible burden for him and makes him unelectable in the general election even if he were to win the Democratic nomination.

It's true, I think, that many of us who write about politics — and as a group we are overwhelmingly white — have concluded that former Massachusetts Gov. Mitt Romney's (R) religion is a greater impediment to his presidential hopes than is Sen. Hillary Rodham Clinton's (D-N.Y.) gender or Obama's race.

That's been my assumption for months, in part because national public opinion surveys have shown that more Americans say they wouldn't vote for a Mormon than for a woman or an African-American, and in part because the nature of the presidential nominating process elevates the importance of certain states and of certain demographic groups in those key states.

After all, if evangelical Christians prove to be unwilling to support a Mormon, it's hard to see how Romney can do well in Iowa or South Carolina, two key early tests for the GOP nomination. And if he flops there, he probably can't be nominated, let alone elected president.

But some in the black community remain deeply skeptical about Obama's electability. Their view is simple: Whether those being surveyed about their willingness to vote for an African-American are deceiving themselves or intentionally misleading pollsters, a lot of white voters won't vote for a black nominee.

There is, of course, something to this view. Political observers long ago concluded that African-American candidates often underperform among undecided voters, and polling in past races has exaggerated the strength of some black candidates.

But after re-examining my assumptions, talking to some thoughtful political veterans and considering the data, I remain convinced that Obama's race is not an insurmountable problem for him.

First, let's stipulate that there are still some people in this country who won't vote for an African-American for any office. Second, let's agree that there are plenty of states that a Democrat, white or black, is not going to carry in the 2008 presidential race. And third, let's also note that race tends to be more of an issue in states with large black populations, and that happens to be in Southern states that no Democrat will win.

The question then is whether Obama can carry enough white voters in enough Democratic or politically competitive states to win 270 electoral votes. I think it's possible. He wouldn't need to carry South Carolina or Oklahoma or even Louisiana. He might need some combination of Iowa, Nevada, New Mexico, Colorado and/or Ohio — all states that Sen. John Kerry (D-Mass.) lost in 2004 — but he wouldn't need to carry a Deep South state or a bastion of Republicanism.

Ten African-Americans in the House, all Democrats, currently represent majority white districts, including two each in Florida, Georgia and Missouri. In addition, Julia Carson of Indiana, Keith Ellison of Minnesota, Mel Watt of North Carolina and Gwen Moore of Wisconsin all represent majority white districts. Ellison's district is only 10 percent black, while Carson's is 26 percent and Moore's is 28 percent.

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Colorado has had two African-American lieutenant governors over the past 40 years, and in the late 1990s it had two black statewide officials at the same time (both Republicans).

African-American Thurbert Baker (D) has been elected and re-elected as Georgia's attorney general, and Michael Thurmond has been elected twice as the state's commissioner of labor. Baker ran far ahead of then-Sen. Max Cleland (D) and then-Gov. Roy Barnes (D) when each was going down to defeat in 2002. Republicans nominated African-Americans for governor last year in Ohio and Pennsylvania, and Massachusetts elected an African-American to the state's top job.

For the moment, I have more concerns about Obama's ability to win black support for the Democratic nomination than I do about his ability to get elected if nominated, especially since Clinton and former Sen. John Edwards (D-N.C.) have appeal in that community.

"Older African-Americans are more pessimistic about what the prospects are for black candidates," said David Bositis, a senior political analyst with the Joint Center for Political and Economic Studies, and one of the most thoughtful and well-informed students of black political behavior and public opinion. That means they are likely to doubt Obama's electability in 2008.

But what happens if Obama starts winning primaries? "If Obama comes out of Iowa and New Hampshire looking like a winner, there will be a substantial move of support to him in the African-American community," Bositis predicted.

We all know that the Illinois Senator has considerable personal appeal, and white voters are likely to react far more favorably to him than to African-American political figures such as the Revs. Jesse Jackson or Al Sharpton. I believe he is electable under the right circumstances, which makes him no different than any other politician. That means he will win or lose because of his record, his campaign and his performance as a candidate.

Stuart Rothenberg is editor of the Rothenberg Political Report.

As Candidate, Obama Carves Antiwar Stance (NYT)

By Jeff Zeleny

The New York Times, February 26, 2007

WASHINGTON, Feb. 25 — Senator Barack Obama is running for president as one of the few candidates who opposed the Iraq war from the beginning, a simple position unburdened by expressions of regret or decisions over whether to apologize for initially supporting the invasion.

Iraq remains a defining topic in the opening stages of the 2008 presidential race, but it may prove easier for Mr. Obama, Democrat of Illinois, to revisit the past than to distinguish his views in the future. The current Iraq proposals of Mr. Obama; Senator Hillary Rodham Clinton, Democrat of New York; and former Senator John Edwards of North Carolina share more similarities than differences, including a gradual withdrawal of troops.

Though Mr. Obama is framing his candidacy to appeal to Democrats who have long opposed the war, until recently he was not among his party's most outspoken voices against it. He campaigned strongly against the war in his bid for the Senate in 2004, but when he arrived in Washington he waited 11 months to deliver a major speech on Iraq.

And only after Mr. Obama opened a presidential exploratory committee did he introduce legislation to withdraw American combat brigades from Iraq by March 31, 2008.

In an interview last week, Mr. Obama said he intended to continue using the authorization of the war to distinguish himself from fellow Democratic presidential candidates. In addition to Mrs. Clinton and Mr. Edwards, Senators Christopher J. Dodd of Connecticut and Joseph R. Biden Jr. of Delaware voted to authorize the invasion.

"The authorization vote is relevant only because it gives an insight into how people think about these problems and suggests the sort of judgment they apply in evaluating a policy decision," Mr. Obama said. "There are people who sincerely believe that this was the best course of action, but in some cases politics entered into the calculation. In retrospect, a lot of people feel like they didn't ask hard enough questions."

Mr. Obama was not always so critical of the Congressional vote, taken on Oct. 11, 2002. In several interviews before the Democratic National Convention in 2004, where his national political ascent began, he said he did not place blame on Democrats who had voted to authorize the war, conceding he had not been privy to the same intelligence information.

Now, he appears intent on drawing the contrast between his early opposition to the war and the Senate votes to authorize it by Mr. Edwards, who has since repudiated his vote and apologized for it, and Mrs. Clinton, who has not apologized but has said she would not have supported the resolution had she known then what she knows now.

These days Mr. Obama dismisses the suggestion that it was easier for him to speak against the war because he was not serving in the Senate and therefore not obligated to vote on the matter. He recalled worrying, at the time, that he might lose his Senate primary election because of his decision to oppose the Iraq invasion.

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"It certainly didn't look like a cost-free decision when Saddam Hussein's statue was being pulled down in Baghdad," Mr. Obama said in an interview. "I was in a hotel room in the middle of my Senate campaign, watching that happen, and President Bush's job approval rating was at 60 percent. Those who voted for the authorization felt pretty good."

In a Senate debate on Iraq last June, Mr. Obama voted to oppose an amendment seeking to set a specific timetable for withdrawing American troops. His current position on a withdrawal mirrors the conclusions of the bipartisan Iraq Study Group, which recommended a specific time frame for troops to leave.

Now the politics of the war seem to be working in his favor among Democratic primary voters.

As Mr. Obama has introduced himself in the opening weeks of his candidacy, few subjects have garnered more applause than his criticism of the war. He does not refer to the conflict as Mr. Bush's war, which antiwar candidates in the Democratic Party did in the 2004 election, but rather is seeking to expand the circle of responsibility to those who supported the invasion.

"We continue to be in a war that should never have been authorized," Mr. Obama told an audience in Iowa last week, making a not-so-subtle reference to Mrs. Clinton and other Democratic rivals. Two days later, at a Texas rally, he said, "I am proud of the fact that way back in 2002, I said that this war was a mistake."

As if on cue, the crowds of Democrats cheered with gusto.

Nolden Gentry, a lawyer in Des Moines who has been in audiences to see Mrs. Clinton and Mr. Obama in the past month, said Mr. Obama's position on Iraq was one of many factors setting his candidacy apart in the eyes of Democrats. "He's more pure on the war," Mr. Gentry said, walking from a town meeting where he and 2,200 others had seen Mr. Obama.

Sterletha Grover, an account representative for a computer company who saw Mr. Obama speak to about 20,000 people on Friday in Austin, Tex., said she liked his view on Iraq. "We shouldn't have gone there in the beginning," she said.

Mr. Obama highlights his points of distinction on the war in meetings with party officials and influential donors as well. During his trip to Des Moines last week, he met behind closed doors with members of the Iowa House of Representatives and the State Senate. In both sessions, participants said, he raised the issue of Iraq himself.

Still, his proposals for Iraq do not go as far as those of others in the Democratic field, particularly that of Representative Dennis J. Kucinich of Ohio, who voted against the Iraq authorization and has recommended cutting military spending to end the war. Mr. Edwards, too, has called on Congress to pass substantive legislation that would, among other measures, block financing for a buildup of troops. Mr. Obama has not suggested such proposals.

Among the differences in the plans offered by Mr. Obama and Mrs. Clinton is that she does not propose setting a deadline for American troops to be withdrawn. The titles of their plans, though, are similar. Hers is called the Iraq Troop Reduction and Protection Act of 2007, and his is the Iraq War De-escalation Act of 2007.

In the interview last week, Mr. Obama said that he had not wavered on Iraq since the onset of the war and that he disagreed with critics who said he had become more vocal since becoming a candidate. He said he did not deliver speeches on the topic when he first arrived in the Senate because he was taking a low-key approach in his first year in office.

"As a freshman, our objective was not to try to get in the front all the time," Mr. Obama said. "But the truth is that in that first year, we had just seen an Iraqi election, and my feeling was that while I was not optimistic, it was appropriate to try to give the nascent government a chance."

At the time, Mr. Obama was also not planning to run for president. He opened his presidential exploratory committee on Jan. 16. The next day, Mrs. Clinton presented her Iraq plan on Capitol Hill.

As he stepped into an elevator that day, reporters asked whether he would be presenting a specific Iraq proposal. "That will be coming soon," he replied. Aides went to work, formulating legislation consistent with his views from more than four years earlier. And 13 days later, on Jan. 30, his plan was introduced.

Obama Makes First Campaign Stop In Kentucky (LEXHL)

Lexington Herald-Leader (KY), February 26, 2007

LOUISVILLE, Ky. - Democratic presidential hopeful U.S. Sen. Barack Obama spoke Sunday night to a crowd of at least 3,000 supporters who waited nearly two hours for him to arrive for his first campaign stop in Kentucky.

Obama apologized for the delay, saying snow in Chicago kept him from arriving sooner.

"We had a blizzard up in Chicago," Obama said. "It was snowing and sleeting and blizzarding."

"There was no way I was not going to make 3,000 people coming out," he said to audience members who paid $25 a ticket for the event. A higher dollar fund-raising event was scheduled later at the nearby Henry Clay Hotel.

Obama talked about concerns that he is too inexperienced to be president.

"Some people might ask, 'How can this guy been president? He's only been in Washington for two years.' Let me tell you, I've been in Washington long enough to see that things need to be changed," he said.

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Obama touched upon the issues that he has focused on in stump speeches during his two-week old campaign education, health care, energy policy, economic policy and the war in Iraq.

Loud applause rose from the crowd each time he said, "At the end of my first term as president."

On Iraq, he called the war "ill-conceived" and said it is "distracting attention away from the war on terrorism."

He called for a phased redeployment beginning May 1 of this year and a complete pullout of combat troops by March 31, 2008.

"We cannot bring about change in Iraq militarily," he said. "What we can't do is put our young men and women in the middle of a sectarian war. It won't work."

Obama is considered among the early front-runners for the Democratic nomination with U.S. Sen. Hillary Rodham Clinton of New York and 2004 vice presidential nominee John Edwards.

U.S. Rep. John Yarmuth, D-Ky., appeared on stage with Obama, but said his appearance wasn't an endorsement.

"I would be here for any of the Democratic candidates," he said. "But if he's the nominee, I will be extremely enthusiastic."

A Hard Habit To Kick -- Right, Obama? (LAT)

By Allan M. Brandt

The Los Angeles Times, February 26, 2007

PRESIDENTIAL hopeful Barack Obama is trying to quit smoking. There are, of course, many good reasons to. He will significantly reduce his own risk of serious disease and that of those around him by not smoking. But clearly, one of the reasons Obama wants to quit now — beyond pressure from his wife — is that it would be widely perceived as unseemly and inappropriate to have a smoker in the White House.

Smoking has become a marginalized and often stigmatized behavior, a sign of personal weakness — which just won't do in a presidential candidate these days. A once-social behavior has become largely solitary; the fragrant has turned foul. Indeed, we've had a revolution in the meanings associated with cigarettes that has coincided with a remarkable decline in smoking.

At the time of the first U.S. surgeon general's report issued in 1964, nearly half of all adult Americans were smokers. Today, the number stands at about one in five. Nonetheless, smoking continues to exact an enormous health toll. Nearly 450,000 deaths each year in the U.S. are attributed to cigarette use.

As Obama must know, quitting is no easy matter. Most individuals attempting it have tried and failed. Even those who get the best counseling and pharmacologic treatments are likely (at a rate of about 80%) to be smoking still, or again, at the end of a year.

And it may well be getting even more difficult to quit. A recent study shows that the average dose of nicotine in a pack of cigarettes has increased by more than 10% just since 1995, a result of explicitly engineered modifications.

Yet tobacco giant Philip Morris claims that it is eager to help smokers quit. It says so on its website and in much-touted "Quit Assist" ads and booklets that offer cessation strategies to smokers. This is the brilliant contemporary formulation of an old tobacco industry yarn: any smoker can quit if they are motivated and persevere.

So, even as tobacco companies admit that smoking is harmful — a fact they denied for 40 years — they continue to assert that consenting adults assume the risks (though they don't like to get specific about what those risks are, like lung cancer and stroke). As we now know from the millions of pages of internal tobacco documents available on the Web, the industry blows smoke out of both sides of its mouth. Philip Morris has been especially eager to complete its makeover into a "responsible corporate citizen." The company gave $25 million to the University of Virginia this month to support research on, yes, smoking cessation. Meanwhile, the five major U.S. tobacco companies, including Philip Morris, spent more than $15 billion last year promoting cigarettes here.

For every American like Obama who may successfully quit, there are "replacement smokers" in foreign lands. When Americans and others in Western developed nations began quitting in greater numbers in the 1970s and 1980s, the industry ramped up its efforts abroad, often with the assistance of the U.S. trade representative. Philip Morris International now sells more than four times as many cigarettes as its American sister company.

This dramatic rise in global consumption will prove disastrous in the future, especially in poorer countries. While 100 million people worldwide died of tobacco-induced diseases in the 20th century, the World Health Organization now predicts that nearly 1 billion such deaths will occur in this century.

Yet the ability to regulate tobacco is severely limited both here and abroad. Despite a Supreme Court ruling Tuesday tossing out a $79.5-million punitive damages judgment against Philip Morris, litigation remains a critical approach to holding the companies accountable. (In this case, the award may still be reinstated or reduced.)

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One new strategy is the Framework Convention for Tobacco Control, an international treaty developed by the World Health Organization to restrict tobacco use. Participating countries agree to formulate pricing, taxation, labeling and controls on advertising to promote public health.

Philip Morris worked concertedly behind the scenes during the drafting of the pact to undermine the treaty's key provisions. The chief U.S. treaty negotiator, a career public health officer, even quit in protest when the Bush administration assisted in trying to water down the final version.

The treaty has been ratified by 144 nations, with the notable exception of the U.S. The Bush administration has yet to forward it to Obama and his colleagues in the Senate.

If Obama quits, no doubt Philip Morris will be the first to congratulate him. After all, won't that prove that anyone can stop anytime he wants to? If only that were true. Then the global epidemic of tobacco deaths would be coming to a precipitous end instead of spiraling upward. As the tobacco executives know all too well, a new smoker is born every minute — and they are ready with a pack of Marlboros.

Keeping The Faith (USNEWS)

By Dan Gilgoff

U.S. News and World Report, February 26, 2007

Veteran Christian activist Marlene Elwell is not inclined to make political compromises. She helped engineer Pat Robertson's victory over George H. W. Bush in 1988's Iowa caucuses and led Michigan to constitutionally ban gay marriage in 2004. But after meeting with Kansas Sen. Sam Brownback, interviewing California Rep. Duncan Hunter, and studying former Arkansas Gov. Mike Huckabee-all 2008 presidential hopefuls who, like Elwell, are dyed-in-the-wool religious conservatives-she concluded that none could raise the tens of millions of dollars necessary for a competitive campaign. So she looked to the top-tier Republican candidates who were less ideologically pure on abortion and gay marriage.

Of course, that decision had its own challenges. Elwell knew she could rule out supporting ex-New York Mayor Rudolph Giuliani, a social liberal. She sat down with former Massachusetts Gov. Mitt Romney, a onetime supporter of gay rights and abortion rights who now calls himself a staunch social conservative, but couldn't get past his "sketchy and inconsistent" record. So Elwell cast her lot with Arizona Sen. John McCain, who infuriated religious conservatives by supporting embryonic stem cell research and opposing a constitutional amendment to ban gay marriage. She reasoned that McCain's many antiabortion votes in the Senate made him enough of a social conservative and that he has a strong shot at actually winning. Elwell signed on, not just as a supporter but as McCain's faith outreach director. Now her task is to convince fellow Christian right activists that the senator is not the social moderate they think he is. "At first, audiences say, 'Oh, my-McCain isn't pro-life,'" Elwell says. "But after I discuss his record, they're pleasantly surprised. There are converts."

Whether McCain and the other leaders of the GOP presidential pack-Giuliani and Romney-can make enough converts among the Republican Party's base of religious conservatives may determine whether any of them can win the presidential nomination. Because of their political records and personal lives, all three have raised abundant doubts within the Christian right. And what happens next could be crucial. "One possibility is that Christian right activists coalesce around Brownback or Huckabee-if united, they would be formidable," says John Green, a scholar at the Pew Forum on Religion and Public Life. "And if they unite against any one candidate's nomination, they could prevent him from winning the nomination." Trying to stave off either possibility, McCain and Romney-and, to a lesser extent, Giuliani-have launched Christian conservative outreach plans. But some powerful Christian right activists are skeptical. And others are determined to stop the front-runners in their tracks.

The Christian right's consternation over Giuliani, McCain, and Romney is a remarkable turnabout from 2004, when the movement was united behind the re-election of George W. Bush. White evangelicals, who made up roughly a quarter of the electorate in 2004 and 2006, accounted for nearly 4 in every 10 Bush votes. "I don't think any of the three are remotely acceptable, and I don't think I'm an outlier," says Michael Farris, a top Christian activist who organized meetings between Bush and evangelical leaders for his first presidential run. "Giuliani holds the opposite view of the Republican platform on social issues, Romney has held both sides of those issues, and McCain picked fights with us the last time he ran for president." An early February meeting of the Council for National Policy, a club of powerful social conservatives whose members include Focus on the Family founder James Dobson and Left Behind author Tim LaHaye, was thick with fretting over '08. "I've never seen more disillusionment at this point in the election in 30 years," says a source close to the Council for National Policy, which prohibits members from discussing meetings with the media. "There's a revolt out there, a feeling these top three are being pushed on us by Republican leadership in D.C."

Splits. Some heavyweights within the Council for National Policy and other conservative coalitions are weighing an effort to galvanize behind a socially conservative second-tier candidate, such as Huckabee or Brownback, in an attempt to catapult him into the top tier. "There is a very strong feeling that we have to assert ourselves or we're going to end up with somebody we can't

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support," says Paul Weyrich, a longtime conservative activist and cofounder of Moral Majority. Weyrich says Christian right leadership is currently split "around fifty-fifty" over whether to pursue such a plan or to adopt an every-man-for-himself approach, in which activists would gravitate toward the candidate of their choice.

A concerted attempt to steer evangelical and conservative Roman Catholic voters toward a second-tier candidate could hit Romney hardest. In reversing his support for abortion rights and gay rights, Romney's strategy is to convince right-wing Republicans leaning toward Huckabee or Brownback that he's the more viable candidate. (The plan presumes that McCain and Giuliani will fight for the votes of the Republican establishment.) "There's a big group of pragmatic social conservatives who don't want to waste their votes," says a Romney aide. "We're going to be the second choice of a lot of people who want to follow their hearts but want a strong candidate."

Of the three front-runners, Romney has been courting evangelical leaders most zealously. After a meeting at his Massachusetts home last fall with roughly 15 high-powered religious conservatives, Romney sent each attendee a wooden captain's chair mounted with a brass plaque that reads, "You are welcome at our table anytime." Because many evangelicals consider Romney's Mormonism to be a cult, he has the most to gain by winning over visible evangelical leaders. "If the person in the pulpit says [Mormonism] is a line you cannot cross, then you can't reach the person in the pew," says evangelical publicity executive Mark DeMoss, who organized the Massachusetts meeting. The courtship continued in February at the National Religious Broadcasters convention in Orlando, where DeMoss introduced Romney to closed-door sessions of Christian right activists by saying: "I've found the answer to the question of whether you can support a Mormon: It depends on who the Mormon is."

Romney has picked up support among key evangelicals, including DeMoss and Jay Sekulow, who runs the Christian legal group American Center for Law and Justice, founded by Pat Robertson. Romney's campaign has also been assiduously courting Dobson, the nation's most politically powerful evangelical leader, who announced earlier that he couldn't support McCain or Giuliani. U.S. News has learned that Romney sat down with Dobson last week at Focus's Colorado Springs, Colo., headquarters for their first getting-to-know-you session. Christian right activists say that unless Romney can win his support, Dobson-who has not met with other presidential candidates at Focus HQ-is inclined to back a second-tier candidate.

Critics. Romney has suffered among social conservatives in recent months, as activists around the country have E-mailed to one another more than a dozen memos and news clips criticizing his gubernatorial record. Among other things, the memos allege that Romney appointed liberals to fill state court vacancies and that he failed to use his executive power to stop the distribution of marriage licenses to gay couples. The Romney campaign notes that his court appointees needed approval of Democratic officials and argues that an amendment to the state Constitution to ban gay marriage, which Romney backed, was preferable to a one-time executive injunction. But many conservatives remain skeptical. " If there's anything else [social conservatives] should know, he should let them know now," says Family Research Council President Tony Perkins, who stood with Romney last fall in Massachusetts to oppose the state Supreme Court's legalization of gay marriage.

Even before recent disclosures about what an ardent gay-rights and abortion-rights supporter Romney had been, some activists were dubious of his conversion to social conservativism. "Bush had a pretty consistent record of being pro-life and pro-family-it wasn't perfect, but it was consistent," says Farris. "Romney is not even in the ballpark."

That's where the McCain campaign sees its opening. In the past month or two, McCain has hired a handful of staffers to make the case to religious conservatives that McCain's antiabortion record in the Senate makes him a trustworthy alternative to Romney. McCain recently told a South Carolina audience that Roe v. Wade should be overturned, and he has been lobbying the National Right to Life Political Action Committee for an endorsement. That effort has so far failed to bear fruit, but McCain's pitch is resonating. "One's record is a good indicator of future performance," said Perkins after emerging from a meeting with McCain at the National Religious Broadcasters conference. "The senator does have a pretty solid record on the life issues."

McCain has begun tying his support for states' rights on the issue of abortion to his view that states should decide how to deal with gay marriage. But his opposition to the so-called Marriage Protection Amendment isn't McCain's only sticking point with religious conservatives. Grass-roots groups like Focus on the Family loathe the McCain-Feingold campaign finance law because they say it restricts their ability to communicate with constituents before elections. And, despite McCain's recent buddying up with Jerry Falwell, many activists are still sore over his "agents of intolerance" excoriation of Christian conservatives in 2000. "People say, 'McCain hated us then,'" says Weyrich. "'How do we know that he doesn't still hate us?'"

Faith. Unlike Romney, an active member and former official in the Mormon Church, the Episcopal McCain rarely speaks about his religious life. That's another possible stumbling block among religious conservatives, whose favorite politicians, like George W. Bush and Ronald Reagan, discussed their faith openly. Though McCain's aides say he will avoid talking about his religion, he does, in sessions with religious conservatives, tell of his role as an unofficial chaplain among his fellow POWs during the Vietnam War.

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Of course, with his well-known defense credentials, McCain stands to benefit if, in the first competitive post-9/11 Republican presidential primary, issues like abortion and gay marriage take a back seat to terrorism and national security. That certainly appears to be Giuliani's calculus. The former New York mayor has been on a hiring spree, but he hasn't brought aboard staff to court religious conservatives. (His campaign notes that Giuliani will speak at Robertson's Regent University in Virginia Beach this spring.) Giuliani has stressed that he would appoint "strict constructionists" to the judiciary, an important cause for social conservatives, and his staff says he holds some positions-like opposing gay marriage and the procedure critics call "partial-birth" abortion-that will appeal to religious conservatives. But his campaign believes the '08 Republican primary will see candidates' leadership qualities overshadow their stances on hot-button issues. "Rudy is moderate on social issues, and despite that, he's leading in the polls," says Bill Simon, a top Giuliani adviser. "This is a time when people feel uncertain about the international situation and want to know the person in the Oval Office is up to the task, even if they don't agree with him on everything."

If Giuliani winds up harnessing enough moderate Republican support to win the nomination, the GOP will have another problem on its hands: how to get evangelicals to the polls in the general election. "Evangelicals just won't vote" if Giuliani is the nominee, says the Southern Baptist Convention's Richard Land. "He'll lose Ohio, perhaps Tennessee-maybe even Texas." To Christian conservatives, it's a losing formula. But they still have to find a winning formula that includes them.

Winning With Evangelicals (USNEWS)

By Dan Gilgoff

U.S. News and World Report, February 26, 2007

To appreciate how much is at stake in the Republican contenders' struggles to win over evangelical voters-and in the vows of the Democratic candidates to change their party's secular image-just consider the 2004 election. In his new book The Jesus Machine: How James Dobson, Focus on the Family, and Evangelical America Are Winning the Culture War, U.S. News Senior Editor Dan Gilgoff details how George W. Bush's evangelical outreach machine, and John Kerry's failure to connect with evangelicals and other religious voters, may have determined the outcome.

Despite the unprecedented get-out-the-vote efforts being organized by evangelical groups like Focus on the Family, the Bush-Cheney 2004 campaign wasn't taking any chances. After the 2000 election debacle, which saw Bush lose the popular vote, White House political don Karl Rove estimated publicly that 4 million white evangelical voters had stayed home on Election Day 2000. He vowed to reinvigorate them for 2004. No other demographic that size would consistently pull the Republican lever.

But rather than blame the Bush-Cheney 2000 campaign for the depressed evangelical turnout that year, the Bush-Cheney 2004 re-election team pointed the finger at evangelical groups like Focus on the Family. In the eyes of the Bushies, such groups claimed huge followings but had failed to get them to the polls four years earlier. Said one Bush-Cheney '04 official: "Because the ball was dropped so precipitously in 2000, [evangelical mobilization] had to be brought inside."

Officials inside Focus on the Family's public policy shop argued that they had been much less gung-ho about mobilizing evangelical voters in 2000 than in 2004 because candidate Bush was something of an unknown quantity; he promoted "compassionate conservatism" and a "big tent" GOP rather than play up antiabortion and antigay rights themes. "We didn't really know George Bush till he was inaugurated," said Focus on the Family public policy director Tom Minnery. "At that inauguration, he had Franklin Graham ... there were church hymns being sung. It was a Christian service was what it was."

Creating motivation. Focus on the Family officials also noted that at the time of the 2000 election, Massachusetts hadn't yet legalized gay marriage, and the proposed amendment to the Constitution banning gay marriage hadn't yet emerged as a key issue. Evangelicals, in other words, had fewer reasons to be motivated for Bush in 2000.

But Bush's re-election team had a different theory. When Ralph Reed left Christian Coalition after the 1996 election, the organization-which had boasted an $8.5 million budget and a thousand nationwide chapters-more or less collapsed. Membership dwindled and the group fell into debt. But, the Bushies theorized, neither GOP strategists nor Christian right groups had appreciated the vacuum in voter mobilization efforts left by Christian Coalition's implosion until the exit polls came back from 2000. "People trusted that there was still a Christian Coalition getting out the vote," said one Bush-Cheney '04 official. "But Christian Coalition had fallen apart, and no one else had picked up the slack yet."

So in 2004, the Bush team vowed to take evangelical mobilization into its own hands. In 2000, the Bush campaign had outsourced evangelical outreach to the consulting firm that Ralph Reed launched after leaving Christian Coalition. In 2004, Bush's campaign instead hired Reed to work from the inside. Officially, he was the Bush-Cheney chairman for the southeast region of the United States. But his more important assignment was to construct a vast volunteer infrastructure, extending into tens of thousands of voter precincts, to get evangelicals to the polls. "It was very new in terms of ... full-scale investment in this particular demographic," said Gary Marx, who worked under Reed as the Bush-Cheney 2004 national conservative coalition director. "It was the first time in Republican political history that the presidential campaign was run in such a way that this was a

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formalized element in everything we did, from radio buys to direct mail. ... It was a demographic group that was courted ... just as soccer moms were in 2000 and NASCAR dads in 2002."

Bush-Cheney headquarters sent the names of unregistered churchgoers back to volunteers across the country, who would call their evangelical neighbors and urge them to register. Some volunteers even offered to deliver registration forms and absentee ballots. Asked how many new voters the Bush campaign registered this way, Marx estimated the figure to be "in the range of millions."

Between the efforts of the Bush-Cheney campaign, the RNC, and outside groups like Focus on the Family, Rove nearly met his goal of turning out 4 million more evangelicals in 2004. Exit polls showed that 3.5 million white evangelicals who stayed home in 2000 cast ballots in 2004. Bush also captured a larger share of the evangelical vote in 2004-78 percent-than in 2000, when 68 percent backed him. Between new evangelical voters and those who had voted for Gore in 2000, Bush picked up nearly 6 million new evangelical votes, about twice his margin of victory.

Of course, to the true believers who built Bush's 2004 evangelical voter machine, there was more than demographics at work in his re-election. "Prayer was a hugely important part of the strategy," said Olsen, the Florida chairwoman for social conservative outreach. "I prayed that people not be persuaded by their pocketbooks [at the voting booth] but that ... they voted as if God was to come down and vote."

By April 2004, The John Kerry campaign had hired a born-again Christian and ex-Howard Dean aide named Mara Vanderslice to be its religious outreach director. At that point in the election cycle, Reed had been at work for six months assembling his evangelical outreach machine for President Bush. He had appointed chairpersons for social conservative outreach in battleground states. He had signed up tens of thousands of evangelical volunteers. Reed had begun collecting church directories to sign up new evangelical voters.

Vanderslice's operation inside the Kerry campaign was more modest. It comprised herself, then 29, and an unpaid intern. She had no volunteer lists. Except for Kerry's appearances before African-American congregations, the campaign had resolved to stay out of churches. "They didn't have any vision at all," Vanderslice said of the campaign's religious outreach strategy. "I just kind of had to make it up."

There were six months till Election Day.

Even before Kerry emerged as the Democratic front-runner, he had drawn fire from a handful of Catholic bishops. St. Louis Archbishop Raymond Burke said he would refuse to give Holy Communion to Kerry, a former altar boy and lifelong Catholic, because he was pro-choice. A Colorado Springs bishop went so far as to instruct Catholic voters who backed candidates supportive of abortion rights to forgo Communion.

Kerry was surprised and hurt by the attacks, according to aides. "I've met with many bishops ... on this very subject before and after the campaign," he said after the election. "And key prelates in the church have indicated to me that nowhere in canon law is there any refusal of the Eucharist to a parishioner." Still, Kerry responded swiftly at the time in the news media, expressing his respect for the bishops while affirming his own Catholic commitment and his opposition to "legislating articles of faith."

But beyond Kerry's own reactions in the press, his campaign declined to dispatch credible Catholic figures in his defense or to reach out to Catholics with Kerry's response. The way the story was playing out in the media, it was easy to infer that a rift had opened between Kerry and the Roman Catholic Church he claimed to belong to. "There were many conversations about it, but there was a lot of fear and indecision about how to respond," Vanderslice said. "[N]ot having some backup within the broader Catholic community made [the campaign] even more timid." The Kerry campaign decided to ignore the bishops.

Kerry's privacy. But one of Vanderslice's goals remained getting Kerry to open up about his faith. She noticed that Kerry's appearance at Ronald Reagan's funeral in June 2004, where he crossed himself over Reagan's coffin, went a long way in making religious people comfortable with him. "People were longing to understand ... what was guiding him," Vanderslice said. But Kerry was reluctant to discuss his faith, in contrast to President Bush, whose tale of conversion from drunk to born-again was well known.

It wasn't until 10 days before Election Day that Kerry delivered his so-called faith and values speech. At a stop in Florida, Kerry quoted from all four Gospels and the Ten Commandments. He spoke of how his Catholicism played into his upbringing and his service in the Vietnam War. He explained the Catholic notion of the "common good." The Washington Post called it "perhaps the most overtly religious speech of the campaign by either candidate."

Vanderslice welcomed the speech, but thought it came much too late. She had tried for months to insert religious themes into message development, but was stymied by senior campaign officials. She also felt that Kerry's "faith and values" speech was delivered in the wrong venue: to a largely Jewish audience in Fort Lauderdale, Fla. Vanderslice had long pressed for Kerry to appear in an overtly Christian setting, like an evangelical or Catholic college, but she met with resistance from the campaign.

The Kerry campaign's fears about its religious outreach effort backfiring seemed to be vindicated in June 2004, when the conservative Catholic League for Religious and Civil Rights issued a press release attacking Kerry for hiring Vanderslice. It

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assailed Vanderslice for her involvement with her college's Socialist Alliance and noted her role as an organizer for World Trade Organization and World Bank protests.

After the Catholic League attack, Vanderslice was barred by the Kerry campaign from speaking to the press. She had been hired barely a month earlier. When the Catholic League later criticized the religious outreach director for the Democratic National Committee, that person was silenced as well. The result was that the Democrats' ties to the religious press were completely severed. "Reporters from the religious press ... didn't get their phone calls returned for two or three months," Vanderslice said.

That helps explain why Christianity Today's October 2004 John Kerry profile read like a hatchet job. The magazine noted that the Democratic nominee invoked God's name just once in the three days that its reporter rode aboard the campaign's press plane, and then in a secular context. Denied an interview with Kerry, Christianity Today resorted to citing his 1998 interview with American Windsurfer magazine as a source for "some of his most detailed public comments about his theological ideals." The story skewered Kerry's support for abortion rights and gay rights.

Barred from speaking to the press, Vanderslice focused on organizing grass-roots religious volunteers. The Bush campaign signed up more than 300,000 conservative religious volunteers; Vanderslice worked with a national volunteer list of 700. Rather than actively court volunteers, she simply tried to keep up with the calls and E-mails from religious Kerry supporters. They were requesting everything from bumper stickers and buttons to talking points on why Catholics could support Kerry despite the criticisms he'd received from Catholic bishops.

In addition to losing the evangelical vote by the most lopsided margin on record for a presidential candidate, election returns showed that Kerry became the first Democratic presidential candidate in memory to lose the Catholic vote, despite his own Catholicism.

In the crucial battleground of Ohio, Kerry won only about 1 in 3 weekly churchgoers. Two years later, in the 2006 midterms, successful Ohio Democratic Senate candidate Sherrod Brown would increase his share of weekly churchgoers to 48 percent. Had Kerry done that well among those Ohioans, he'd be in the White House today.

Edwards' Campaign Rides On Iowa (DMR)

By Thomas Beaumont

Des Moines Register, February 26, 2007

If any candidate inherits something from Tom Vilsack's departure from the Democratic presidential campaign, it's John Edwards.

What he gets: Pressure.

The former Iowa governor's campaign hinged on winning his home state's caucuses, the start of a fiercely competitive nominating gauntlet. Vilsack's decision Friday to quit the race shifts much of the burden of expectations in the caucuses to Edwards, the front-runner in early Iowa polls.

"Edwards has as much or more riding on the Iowa's outcome as any of the others," University of Iowa political science professor Peverill Squire said.

The former North Carolina senator's popularity among Iowa party activists has endured since his strong second-place finish in the 2004 caucuses, and survived losing the vice presidency and the entry of new, nationally popular rivals into the 2008 race.

He's not entirely the same Edwards that Iowans remember from his 2004 campaign. He has moved noticeably to the left since then, disavowing his support for the 2002 Senate resolution authorizing military force in Iraq.

He also now embraces a broad policy to provide health care to all Americans after supporting a more incremental approach in 2004.

Edwards' success at recapturing the Iowa momentum that vaulted him to contention in 2004 depends on Iowans' willingness to accept these changes and embrace Edwards, once the fresh face in the field, as a familiar face.

Edwards rejected the idea that Vilsack's withdrawal puts particular pressure on him to win in Iowa.

"It raises expectations for everyone," he said in a Des Moines Register interview Saturday.

"Other candidates might have used it as an excuse for not doing well," he added, referring to Vilsack's presence in the race. "That excuse is now gone."

But almost every poll of likely Democratic caucusgoers in Iowa taken in the past year has shown Edwards on top.

Whether his early lead in Iowa has been a factor of residual loyalty to his 2004 campaign or Edwards' vigilant attention to Iowa since then, his status as the Iowa front-runner is enhanced by Vilsack's withdrawal, Squire said.

New York Sen. Hillary Clinton and Illinois Sen. Barack Obama "could carry on with only a reasonable finish in Iowa," Squire said. "But for Edwards, he really does need to land a knockout blow in Iowa to have the momentum he needs to carry him to the next couple of states."

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Edwards has visited Iowa more often than any prospective presidential candidate in either party since the 2004 election.

Edwards' continued commitment to the theme that sparked his rise during the 2004 Iowa campaign is more important to Davenport Democrat Bev Strayhall, an Edwards supporter, than his repeated visits to Iowa over the past two years.

He has continued to hone the message that Americans ought to do more to improve the lives of the poor.

"He didn't just use that as a platform to run. Thank God he kept talking about it because when Katrina hit, people said, 'Oh, yeah. There it is,' " said Strayhall said, referring to the attention the 2005 hurricane shone on poverty in the Gulf Coast.

Edwards left elected office two years ago, after deciding in 2003 not to seek re-election to the U.S. Senate, where he served just one term.

Since then, he has traveled widely to key political states, helping candidates raise money for the 2006 midterm elections and campaigning for ballot initiatives to increase the minimum wage.

Edwards also moved back to North Carolina from Washington, D.C., in 2005 and helped establish a public policy institute at the University of North Carolina at Chapel Hill that researches poverty's causes and possible remedies.

In November 2005, Edwards wrote an op-ed column for the Washington Post in which he called his support for the resolution a mistake.

As a candidate for president this year, he has broadened his critique of the war to include the Democrat-controlled Congress, calling any action short of ending the war "betrayal."

Edwards' reversal on the war does not discourage Iowa City Democrat Lisa Fender from considering him as her choice in the caucuses.

His stance on the war, which has drawn attention to Clinton's refusal to call her vote a mistake, is a mark of Edwards' "humanity," Fender said.

"Whether it's a political move or not, he's saying he was wrong in plain terms. We want someone to admit when they were wrong, because we don't have that now," she said. "It doesn't suggest weakness. It suggests humility and part of being human."

Fender is undecided about whom she will support in the caucuses, now less than 11 months away. She is weighing Clinton, Edwards and Obama.

Despite Edwards' shifts on the war and health care, he has remained at or near the top of Iowa polls.

One survey in January showed Clinton ahead, while another showed Edwards and Obama tied for the early Iowa lead.

Most polls, however, have resembled one published last week, in which Edwards received support from 24 percent likely Democratic caucusgoers, compared to 18 percent for Clinton and Obama.

It's too early to say whether Edwards will inherit supporters, donors and staff from the defunct Vilsack campaign. He has hired Jennifer O'Malley to run his Iowa campaign. O'Malley was a top Iowa staffer for Edwards in 2004. The campaign expects to add roughly two dozen staff to the Iowa organization in the coming weeks, Edwards advisers said.

A lot can happen in the months before the caucuses, Edwards said. "I think we would expect to be competitive if the caucus were held today, but the caucus is not held today," he said. "We have a long campaign in front of us and I've been through this before."

Gore's Global Warming Doc Wins Oscar (AP)

By Gary Gentile, Associated Press Writer

AP, February 26, 2007

"An Inconvenient Truth," the documentary that turned former vice president Al Gore's power-point presentation on global warming into an engaging and entertaining film, won the Oscar Sunday night.

The best-documentary win was a triumph for Gore, who has kept a sense of humor about his loss in the 2000 election that was decided in George W. Bush's favor by a U.S. Supreme Court decision.

"I am Al Gore. I used to be the next president of the United States of America," Gore says in the film, repeating a line he has used often.

Sunday, Gore used the Oscar win not to further his political career but to boost his campaign to find solutions for global warming and other environmental problems.

"My fellow Americans," Gore said to laughter from the crowd. "People all over the world, we need to solve the climate crisis. It's not a political issue, it's a moral issue. We have everything we need to get started with the possible will to act. That's a renewable resource. Let's renew it."

Earlier in the evening, Gore and Leonardo DiCaprio took the stage to unveil a series of efforts the Academy of Motion Picture Arts and Sciences took to make this year's awards more environmentally friendly.

Pressed by DiCaprio about any other major announcement he might like to make, the former vice president pulled out a statement.

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"My fellow Americans, I'm going to take this opportunity right here and now, to formally announce my intentions to ..." Gore said before the orchestra broke in and he walked off, arm-in-arm and laughing, with DiCaprio.

Backstage, Gore put speculation to rest, saying "I do not have plans to become a candidate for office again."

Instead, Gore said he was dedicating all his efforts to pressuring governments to act on climate-crisis issues.

"It is the overriding world challenge of our time," Gore said. "I really hope the decision by the academy to honor the work by director Davis Guggenheim and these producers will convince people who did not go see it before to see the movie and learn about the climate crisis and become a part of the solution."

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Associated Press Writer Greg Risling contributed to this report.

Party Talk (NY)

New Yorker, February 26, 2007

"Saturday Night Live" is erratic in middle age but rarely cruel. An exception came late last spring, when, at the stroke of eleven-thirty, an NBC announcer gravely told the American people to stand by for a "message from the President of the United States," and Al Gore, surrounded by Oval Office knickknacks, came into focus to deliver what could best be described as an interim report from a parallel, and happier, galaxy. President Gore reviewed some of his actions and their unintended consequences:

In the last six years we have been able to stop global warming. No one could have predicted the negative results of this. Glaciers that once were melting are now on the attack. As you know, these renegade glaciers have already captured parts of upper Michigan and northern Maine. But I assure you: we will not let the glaciers win.

Nor was this the only problem. Although Social Security had been repaired, the cost had been high: the budget surplus was "down to a perilously low eleven trillion dollars." The price of gas had dropped to nineteen cents a gallon, and the oil companies were hurting. ("I know that I am partly to blame by insisting that cars run on trash.") After winning the plaudits of a grateful world—and turning Afghanistan into a premier "spring-break destination"—Americans could no longer risk travelling abroad, for fear of "getting hugged." Even the national pastime was in danger. "But," Gore added hopefully, "I have faith in baseball commissioner George W. Bush when he says, 'We will find the steroid users if we have to tap every phone in America!' "

The cruelty here was not to Gore, who probably requires no prompting to brood now and then about what might have been, but to the audience. It is worse than painful to reflect on how much better off the United States and the world would be today if the outcome of the 2000 election had been permitted to correspond with the wishes of the electorate. The attacks of September 11, 2001, would likely not have been avoided, though there is ample evidence, in the 9/11 Commission report and elsewhere, that Gore and his circle were far more alert to the threat of Islamist terrorism than Bush and his. But can anyone seriously doubt that a Gore Administration would have meant, well, an alternate universe, in which, say, American troops were sent on a necessary mission in Afghanistan but not on a mistaken and misbegotten one in Iraq; the fate of the earth, not the fate of oil-company executives, was the priority of the Environmental Protection Agency; civil liberties and diplomacy were subjects of attention rather than of derision; torture found no place or rationale?

In increasing numbers, poll results imply, Americans are disheartened by the real and existing Presidency, and no small number also feel regret that Gore—the winner in 2000 of the popular vote by more than half a million ballots, the almost certain winner of any reasonable or consistent count in the state of Florida—ended up the target of what it is not an exaggeration to call a judicial coup d'état. Justice Antonin Scalia routinely instructs those who question his vote in Bush v. Gore to stop their ceaseless whinging. "It's water over the deck," he told an audience at Iona College last month. "Get over it." But it is neither possible nor wise to "get over it." The historical damage is too profound.

And yet, despite the burden of injury and injustice, Gore, more than any other major Democratic Party figure, including the many candidates assembled for next year's Presidential nomination, has demonstrated in opposition precisely the quality of judgment that Bush has lacked in office. Gore's critiques of the Administration's rush to war in Iraq and of the deceptions used to justify it were early, brave, and correct. On the issue of climate change, of course, he has exercised visionary leadership. With humor and intelligence, and negligible self-pity, he dispensed with the temptations of political martyrdom and became a global Jeremiah. Beginning in the nineteen-eighties, he waged what was at first a fairly lonely campaign to draw attention to the problem; now, as a popularizing propagandist, he has succeeded in registering it as a crisis with nearly everyone, from field-tripping schoolchildren to reality-dubious members of the Administration. With his documentary film, "An Inconvenient Truth," Gore made the undeniability of the crisis a matter of consensus; thanks largely to him, an environmental issue will be an electoral issue. His secular evangelism has earned him an honored night at the Academy Awards and—almost as glittering—a nomination for the Nobel Peace Prize.

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For the moment, Gore has absented himself from the 2008 Presidential race with a deliberately provisional explanation: He has no plans to be a candidate. He doesn't expect to be a candidate. (Or, as he satirized his language for Jay Leno when talking about his future in the movies, "I just want to clarify: I have no plans to do a nude scene. I have no intention to do a nude scene. I don't expect to do a nude scene. But I haven't made a Shermanesque statement about it.")

Gore's reluctance is understandable. The balloting in Iowa and New Hampshire is nearly a year away. He is in no rush. He may have shared Bill Clinton's love of policymaking but not his relish for full-immersion politicking. In the view of former aides still close to him, Gore can't lose by staying on the electoral sidelines. While Hillary Clinton and Barack Obama start competing—warily at first, and then, inevitably, taking direct aim at one another's weaknesses—Gore can stand unbruised, nursing the lingering glamour of his popular margin in 2000 and, perhaps, demanding by quiet inference that we take stock of a distinguished public career that began three decades ago, when Gore was a twenty-eight-year-old Vietnam veteran freshly elected to Congress.

If only to take an honest man's word for it, Gore's entry into the race is unlikely. Clinton, Obama, Bill Richardson, John Edwards, Joseph Biden, Christopher Dodd—the field already provides a pool of talent and a range of possibilities infinitely more encouraging than the status quo. Moreover, the nomination and election of any one of the first three would take America a long way toward keeping the unfulfilled promise of "We the people"—not least because the appeal of all three is based only incidentally upon gender, race, or ethnic heritage.

If the next few months produce an obvious and relatively intact nominee, fine. Gore can stay active in his new role, and perhaps carry that role further, as a kind of climate czar in a Democratic Administration. But, as someone once said, stuff happens. The campaign may get nasty quickly. Clinton's Iraq position may prove untenable in any of its iterations. Obama's youthful charisma may look like inexperience after prolonged exposure to electoral gamesmanship. David Geffen might grow claws. A year is a very long time in politics, especially in the circular shooting contests that the Democrats so often convene.

There will still be Gore, patient and untrammelled. In any case, he will not have embarrassed himself. Post-lock-box, he has developed a keener sense of that. When the writers at "Saturday Night Live" suggested that he take part in a sketch featuring some scatological themes, Gore demurred with a combination of ironic self-preservation and his customary good judgment. "I'm sure this is funny," he said, "but at the end of this I want to have some bread crumbs left leading back to my dignity."

Warner Backs McCain (RC)

By Lauren W. Whittington

Roll Call, February 26, 2007

Sen. John McCain (R-Ariz.), who has been among the staunchest supporters of President Bush's effort to increase troop levels in Iraq, is set to receive the endorsement of one of the most prominent critics of the "surge" plan.

Sen. John Warner (R-Va.) will announce his support of McCain's 2008 presidential bid today, lending the name of one of the chamber's most respected old bulls to the Republican frontrunner's developing Capitol Hill support.

In a brief interview, Warner, a former Armed Services chairman and one-time secretary of the Navy, cited his long personal history with McCain — as well as the importance of national security issues in the 2008 campaign — as the chief factors that led to his endorsement.

"To me, voters are going to seek out that candidate, be it Republican or Democrat, that's got the proven credentials on issues that concern security abroad and here at home," Warner said.

McCain, a Naval aviator who spent five and a half years as a prisoner of war in Vietnam, was released from captivity in 1973 while Warner was serving as Navy Secretary.

Warner recalled that on his trips to Vietnam as secretary, he would stop in Hawaii to be briefed by Adm. John McCain Sr., Sen. McCain's father who was commander in chief of the U.S. Pacific Command at the time.

"Of the people who worked with me in that period ... he was one of the most valued advisers that I had in that intense period of the war," Warner said of the senior McCain. "He was absolutely superb."

In recent weeks, however, Warner has been the chief GOP spokesman in the Senate against Bush's latest Iraq War strategy, going so far as to draft a bipartisan resolution that expressed that opposition.

McCain and his two main rivals for the 2008 GOP nod, former New York City Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney, support the president's plan to increase troop levels in Iraq by 21,500.

But while Warner and McCain have been on opposite ends of the surge debate, the two men have a long history of shared causes.

Warner noted that his "fierce battles" against McCain on the Senate floor only served to boost their mutual respect.

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"We've gone toe-to-toe together and we've gone arm-and-arm together," Warner said. "I think that strengthens the relationship."

In the previous Congress, McCain and Warner were instrumental members of the "Gang of 14," which sought to avert a Senate showdown over judicial nominations.

Also, Warner and McCain backed now-Senate Minority Whip Trent Lott's (R-Miss.) leadership bid last fall. Lott is now one of McCain's most active presidential backers.

Last week, McCain's campaign rolled out the endorsements of Sen. John Thune (R-S.D.) and Rep. Chip Pickering (R-Miss.), both of whom are close to Lott and are far more conservative than Warner.

While political insiders debate the ultimate worth and impact of Congressional endorsements, McCain's campaign has been steadily adding to its ranks after getting off to what was perceived as a slow start.

Romney was most aggressive out of the gate in January in garnering Hill supporters and some Republican observers have privately speculated that McCain's team was caught off-guard initially.

With the addition of Warner, McCain now has eight backers in the Senate and 17 in the House, with more to come soon. Both Romney's and Giuliani's support is rooted almost entirely in the House.

In a recent interview, McCain acknowledged he has been slow to add Congressional endorsements, saying he's been preoccupied by the Senate debate over Bush's troop proposal. McCain took a leading role in the discussions as one of the top supporters of the plan.

"I am working on it," McCain said of lining up backers. "I've been working so much on Iraq, I haven't had as much time meeting with people. I'll take some time when the Iraq debate dies down a little."

He also said that Congressional endorsements were less about numbers and more about the weight those supporters carry back home.

While Giuliani has been out front in most public polls that tested the GOP field, McCain's national security credentials, political apparatus and leftover support from his unsuccessful 2000 bid put him first among most political handicappers in the race for the 2008 nod. Still, McCain's thorny relationship with social conservatives remains the biggest wild card in his path to the nomination.

Romney, who is the least-known of all three top contenders, began a TV ad campaign last week to boost his profile.

Meanwhile, McCain also has recently announced the support of several people with ties to Capitol Hill.

Former Sen. Mike DeWine (R-Ohio), who was defeated for re-election last year, will chair McCain's campaign in Ohio and former Sen. Warren Rudman (R-N.H.) will be a co-chairman of his national exploratory committee. DeWine was a member of the Gang of 14 along with McCain.

Last week, McCain also got the backing of Indiana Gov. Mitch Daniels (R), a former Office of Management and Budget director, and moderate Rep. Mike Castle (R-Del.).

Erin P. Billings contributed to this report.

Intensive Care For RomneyCare (WSJ)

By Sally C. Pipes

The Wall Street Journal, February 26, 2007

Presidential hopeful John Edwards recently unveiled a plan for universal health care, proving that the bad idea of raising taxes on employers and forcing individuals to purchase insurance holds bipartisan appeal. Before others get carried away with this model, they should take a look at its most recent manifestation in Massachusetts.

When then-Gov. Mitt Romney, a Republican, introduced a universal health-insurance plan in the Bay State early last year, it was widely acclaimed. But less than a year after passage, RomneyCare is in the intensive care unit, soon to be wheeled into hospice.

The first signs of trouble appeared last August. In a filing to support general obligation bonds, officials projected that the new plan would increase state government health-care spending by $276.4 million in 2007. That's $151 million more than what the public had been told the plan would cost. Meanwhile, the state's new bureaucracy, busily signing up people for free care, has run into trouble finding affordable plans for those who have to pay. The premiums for subsidized plans would consume up to 6% of a person's income -- prompting calls from activists and echoes from politicians that they should be exempted from the individual mandate. So much for universal coverage.

Reality fully hit in late January of this year, when private insurers submitted bids to the bureaucracy that would administer the new program. The average premium for the unsubsidized plans was not $200 per month -- as Mr. Romney promised from the stump -- but rather $380. That's more than 15% of the target audiences' income -- and for a plan with a $2,000 deductible

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and a total cost sharing of $5,000. People were stunned, outraged. Naturally, "greedy" private insurers were blamed. Politicians called for price controls.

Interestingly, monthly premiums of $325 were forecast by insurers cited in an April 6, 2006 article in the Boston Globe entitled "Health Bill Premiums May Exceed Prediction." At the time, Romney administration consultant and MIT economist Jonathan Gruber, who helped design the plan and now advises the bureaucracy, dismissed the predictions.

There's a slim chance that the new Democratic governor Deval Patrick and the Democratic legislature will implement this plan and enforce the mandate. But if they do, an individual with a $30,000 income would be on the hook for 32% of his or her income before being fully covered by insurance. Yet there is an equally small chance that the politicians will deregulate the state's insurance market.

Regulators are however settling in comfortably to their jobs, dictating health-insurance design by creating the standards for Minimum Creditable Coverage (MCC) that individuals must meet to avoid paying the fine. If these standards are implemented, they would render illegal roughly 200,000 high-deductible policies currently in force -- exactly the sort of insurance that makes sense for the self-employed and young individuals.

Meanwhile, California Gov. Arnold Schwarzenegger has introduced an even more comprehensive plan to guarantee universal coverage. The $12 billion plan includes individual and employer mandates, expansion of Medi-Cal and Healthy Families, and a tax on doctors and hospitals. If enacted, Californians will face higher taxes, a much larger bureaucracy and increased spending. And I predict the problem of the uninsured will not be solved.

Ms. Pipes is president and CEO of the Pacific Research Institute.

Libertarian Candidate In '88, Paul Eyes GOP Nomination (NH)

By Benjamin Kepple

New Hampshire Union Leader, February 26, 2007

CONCORD – U.S. Rep. Ron Paul, R-Texas, brought his anti-war and limited government message to a gathering of largely like-minded activists here yesterday, and condemned the Republican establishment for forsaking principles it claims to uphold.

Paul, who ran as the Libertarian Party's presidential candidate in 1988, is now exploring a run for the Republican Party's presidential nomination. Should he decide to enter the race, he would prove a long shot at best, and run at a considerable disadvantage in terms of fundraising. The Texas congressman said yesterday he believed his message would garner support from those upset about how the nation is now run.

"The message is always the same - government intrusion into our lives is way too much," said Paul prior to his talk. "I think the Republicans have failed to live up to their commitments to smaller government."

On the national scene, Paul, a physician, largely toils in obscurity, although The Washington Post last year wrote a profile which mentioned his nickname, "Dr. No." This sobriquet referred to Paul's general opposition to spending proposals and other measures he considers outside the government's Constitutional scope.

Paul - who had been in New Hampshire since Thursday - found himself treated like a rock star at yesterday's event, and a couple of hundred people were on hand to hear him speak at the Free State Project's New Hampshire Liberty Forum. About half the 350 people who attended the days-long conference, at the Holiday Inn on North Main Street, were from New Hampshire, organizers said.

Paul, who received a standing ovation before and after his remarks, touched on many points during his address. For instance, he noted his long-standing opposition to the war in Iraq, which he said stemmed from his belief there was no security threat to America and the vote authorizing the war represented an illegal transfer of power to the president. He also called for the United States to withdraw from Iraq.

"The worst thing that could happen to al-Qaeda is for that war to end," Paul said.

Among other issues, Paul also voiced support for abandoning the war on drugs, allowing gold and silver to serve as legal tender, repealing the Seventeenth Amendment €" which lets voters directly elect U.S. Senators €" and ending the practice of withholding taxes from one's pay. Instead, taxpayers would have to actually write checks to pay their taxes, a move Paul figured would soon end what he called the present tax-and-spend philosophy of government.

Yesterday, Paul said he planned to take part in a debate among Republican presidential candidates scheduled for Apr. 4. However, he said he was still unsure about whether he would actually throw his hat into the ring.

"If this exploratory committee doesn't go well, maybe I ought to consider moving here and running (in) a statewide race," Paul said, to cheers.

War Critic Speaks From Heart Of Bush Country (USAT)

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By Kathy Kiely

USA Today, February 26, 2007

KEARNEY, Neb. — Jeff Strong, a recently retired National Guardsman and "rock-ribbed Republican," churned with conflicting emotions as he sat in an auditorium at the University of Nebraska at Kearney, waiting for Sen. Chuck Hagel.

Strong personifies the dilemma for many residents in this state, where President Bush captured two-thirds of the vote in 2004. Strong is uncomfortable with the role Hagel, the state's Republican senior senator, has taken in criticizing Bush's war plans. "I just don't understand how his anti-war rhetoric is helping to stabilize Iraq," said Strong, a postal worker.

Yet Strong is less enthusiastic about Bush, who got his vote two years ago. Hagel, who served in the infantry in Vietnam, gets "the benefit of the doubt because he's been on the ground," Strong said. "The people running the country now, they haven't been on the ground. They haven't suffered. They just played with people's lives."

Such sentiments in this Great Plains community are an indication of the challenge facing Bush as Congress returns this week with more confrontations in store on Iraq.

In the Senate, Democrats will try to revoke the 2002 resolution authorizing the use of force in Iraq. Senate Armed Services Committee Chairman Carl Levin, D-Mich., said Sunday on Meet the Press that legislation he is drafting would remove most combat troops from Iraq by next year. In the House, Democrats are working on requirements for equipping and resting troops that would make it harder for Bush to send as many to Iraq as he'd like.

So far, Senate Minority Leader Mitch McConnell, R-Ky., has been able to hold the line in the Senate, where it takes 60 votes to move legislation. How long he can continue to do so remains an open question, given doubts that are arising in Bush country.

The president has been enormously popular in Nebraska. Only Utah, Wyoming and Idaho gave him larger margins of victory in the last presidential election. But Hagel has not only emerged as a leading critic of the administration's foreign policy, he's also flirting with running for president next year — possibly on a hybrid ticket that would include a Democrat.

"If I decide to get into this, I would run not just to make a statement," Hagel, 60, said in an interview last week.

He said that if he ran he would seek the Republican nomination. Yet he's also talking up Unity08. That's a plan by a bipartisan group of political operatives to draft a bipartisan presidential ticket on the Internet and offer voters an alternative to the Democratic and Republican candidates next year.

"I think it's a very intriguing enterprise," Hagel said. He said most Americans are disenchanted with the major political parties.

Despite his own stated misgivings, Hagel voted with 76 other senators in October 2002 to give Bush the authority to go to war in Iraq. He said he did so after being assured by the president and his advisers that "he was going to use that leverage to get the diplomatic effort on track."

Since then, Hagel has become a prominent critic of Bush's policies in Iraq and the Middle East generally. This culminated in an impassioned speech last month in a Senate Foreign Relations Committee hearing when he challenged his colleagues to take a stand on a resolution he co-sponsored disapproving of the president's planned troop increase in Iraq. "If you wanted a safe job, go sell shoes," he said.

When his resolution hit the floor of the Senate, Hagel voted first against and then for allowing the debate to proceed. The first vote was an act of party loyalty, he said. He wanted to give Senate GOP leader McConnell negotiating leverage to win a vote on a separate resolution expressing opposition to cutting funds for troops in Iraq.

Hagel acknowledged that the vote McConnell was seeking was intended to "embarrass the other party," but argued, "Why not have the debate that we all say we want, let the resolutions come, let them be debated and let the American people sort it out?"

When it appeared that wasn't going to happen, he and other Republican war critics switched their votes, but the effort to force debate on a resolution of disapproval still fell four votes short of 60.

In Nebraska last week, Hagel warned that Bush's troop increase will plunge U.S. soldiers into "a vat of chaos." In his speech at Kearney, Hagel turned his attention to Iran and accused the administration of blowing a chance to win a "pro-American generation" of young Iranians. Instead of saber rattling over Iran's nuclear ambitions, Hagel said, the administration should open a consulate in Tehran.

Hagel has irked the White House. "I believe firmly in Ronald Reagan's '11th Commandment': Thou shalt not speak ill of a fellow Republican," Vice President Cheney told Newsweek magazine in an interview this month. "But it's very hard sometimes to adhere to that where Chuck Hagel is involved."

At home, however, Hagel seems to be paying no great political price for his apostasy. While there have been some angry letters to the editor of the Omaha World-Herald, no Republican has emerged to challenge Hagel next year, when he will be up for election to a third term.

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In fact, Republican leaders ranging from McConnell to Nebraska Gov. Dave Heineman to the state GOP chairman, Mark Quandahl, say they want Hagel to run again.

Hagel's continued popularity in Republican circles is in part a reflection of his work at shoring up his base. Quandahl said the senator has been "very helpful" in recruiting candidates and raising money for the party. It may also be a sign that more Nebraskans are beginning to share Hagel's Iraq concerns.

Bob Lucas, a private investigator who attended Hagel's speech in Kearney, supported Bush in the 2004 election but said "I'm not sure I do now." Bush is "too rigid" in his foreign policy, Lucas said. "I agree with Hagel that talking with people doesn't cost anything."

The state's Republican governor, a longtime Hagel friend, said his constituents tend to be more tolerant of criticism when it comes from a Vietnam War vet. Hagel brings "an unusual insight that needs to be respected," Heineman said.

Heineman acknowledged that more Nebraskans are questioning the president. Nevertheless, Hagel "has lost a lot of support out here, no question about it," he said. "There's a lot of nervousness. A lot of people don't want to lose this war and yet, the concern is, is there a way to win it?"

Which 2008 Candidates Are Most Web Savvy? (NSWK)

By Daren Briscoe

Newsweek, February 26, 2007

In the early race for 2008, most national polls have Hillary Clinton thumping Democratic rival Barack Obama by double digits. But the junior senator from Illinois can take comfort in at least one tally: MySpace, apparently, is Obama country. About 48,000 members of the wildly popular social-networking site have added Obama to their online profiles as a "friend," while only 25,000 have "friended" Clinton. It may seem a trivial statistic. But to the political junkies who run techPresident.com, a new "group blog" that obsessively follows how the presidential campaign is playing on the Internet, no Web trend is too small to track.

Micah Sifry, the site's cofounder and editor, says he's trying to make sense of "how candidates are using the Web and how the Web is using them." A lot has changed since the 2004 campaign, when Howard Dean helped pioneer a new kind of Net politicking, creating an online community of supporters that ultimately brought in $27 million and redefined campaign fund-raising. Now all candidates—drawn by the Web's potential to help get their message out, yet leery of its ability to magnify the smallest mistake—are Web savvy. (Or at least they hire people who are.) Sifry is trying to make sense of it: "We want to be an interpreter, to help people understand how the Internet is changing politics on a daily basis."

The trick is doing that without being accused of being a stooge for one side or the other. TechPresident's stable of bloggers includes Zephyr Teachout, the Internet director of Dean's 2004 campaign, and Mike Turk, the e-campaign director for Bush-Cheney 2004. Sifry, a former political reporter for the left-wing Nation magazine, forbids techPresident bloggers from making "partisan" arguments. "If we have a bias, it's toward making campaigns to make smarter use of the Web," he says. (TechPresident is financed by cofounder Andrew Rasiej and doesn't pay bloggers.) In recent posts, the site critiqued a photo of Bill and Hillary Clinton in a fund-raising e-mail (too much Bill, not enough Hill); praised John Edwards for linking to 24 different social-networking sites on his homepage ("I like the spaghetti tactic—let's throw it all at the wall and see what sticks."); and chided the major Republican candidates for not having a single, candidate-created MySpace profile among them ("The No. 1 most popular watering hole," wrote David All, a "modern media" consultant for Republican candidates. "I guess I just see things a little bit differently."). In addition to the blogs, the site also features a tracker tallying how often candidates are mentioned in the blogosphere and a daily digest of what other sites on the Web are saying about online campaigning.

And prominently displayed on the homepage is that up-to-the-minute scorecard of nearly all of the presidential candidates' MySpace friends. The Republican hopeful with the most pals—2,757, as of last Friday—is Ron Paul, a GOP Texas congressman who's running for president. Sifry says the MySpace numbers mean ... something, though it's unclear if a candidate's online friends will cast real-world votes. "It is a measure of enthusiasm," he says. "It's the world live Web now, and it reflects the conversations people are having around the digital water cooler." Such as: who, exactly, is this Ron Paul guy?

Where's The Beef.com? (USNEWS)

By Michael Barone

U.S. News and World Report, February 26, 2007

Presidential candidates have the opportunity to set the national agenda by bringing forward new proposals and innovative policies. Some do this: Bill Clinton in 1992, George W. Bush in 2000. Others don't. Like most or all of the 2008 candidates. Click through their websites, and what you find is pretty thin gruel.

Especially so from the two leading in the polls. Hillary Rodham Clinton's home page links to her recent Senate speech on Iran, but not her 2002 speech backing the Iraq war resolution. She calls for putting "some of the oil industry's windfall profits into

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a fund that would help develop practical new sources of renewable energy," but with no details. You might find out more by clicking on her "Let the Conversation Begin" webcasts. Rudy Giuliani tells you even less. His exploratory committee website has an account of his work as mayor of New York. But I could find nothing on what he would do as president.

John McCain's website makes some interesting points. As president he would "use the veto pen" on pork and earmarks. The section on "human dignity and the sanctity of life" mentions his opposition to abortion for many years and to funding embryonic stem cell research: a reminder to cultural conservatives that he's been on their side, though he has seldom talked about it. For Iraq he wants a "more robust counterinsurgency strategy"-which seems to be under way now. Barack Obama's issue positions seem to be taken more or less intact from his senatorial website. He cites his work with various Republican senators on important issues. He wants government to assume domestic autoworkers' healthcare costs if they invest half in fuel-efficient technology, and he promises more "resources" to teachers: something for the United Auto Workers and the teachers unions.

John Edwards provides more detail. He wants withdrawal from Iraq "within 12-18 months," plus direct talks with Iran and Syria and a regional peace conference. Would Israel be invited? Variety reported (and Edwards denied) that he told a Hollywood crowd an attack by Israel on Iran was the greatest threat to world peace. He calls for universal health insurance through requiring employer coverage, expanding Medicaid, "reform[ing] insurance," and restricting drug ads. Eliminating poverty, his trademark theme in 2004, gets one paragraph. Mitt Romney has an Issue Watch tab, with single-paragraph discussions of eight issues and multiple recent Romney quotes. He calls for "address[ing] entitlement programs" and universal health insurance "through market reforms."

Rest of the pack. Single-digit candidates' websites vary. Mike Huckabee has a four-word slogan and a YouTube link. Duncan Hunter discusses border security, trade, and the war on terrorism. Joe Biden has a few paragraphs on 10 issues (with Afghanistan and Darfur treated as one issue). Chris Dodd identifies six issues but has single paragraphs on only four so far. Jim Gilmore reports on his record as governor of Virginia. John Cox, a Chicago-area accountant who ran for the Senate in 2004, wants lower spending, calls global warming "overblown," and stresses his opposition to abortion.

Some offer more. Bill Richardson invites you to sign a petition for diplomacy with Iran and has one-paragraph takes on seven issues. Dennis Kucinich's front page is mostly about Iraq but has links to long comments on 10 issues from healthcare to the Patriot Act. Mike Gravel highlights his opposition to the Iraq war and his proposals for national initiative elections. Sam Brownback mentions issues he's taken the lead on (human rights, Darfur) and calls for a $5,000 tax credit for rural first-time home buyers. Tom Tancredo starts with immigration, his signature issue, but provides some detail on 10 others (he's for a flat tax or national sales tax).

Yes, it's early yet. The candidates haven't had time to get issue shops up and running. Clinton and Bush got started much later in the 1992 and 2000 cycles. But so far, candidates have told us very little about where they think the world is headed and what we should do about it. And they've shown us little to indicate that they've thought seriously about governance and long-term problems like Social Security and Medicare. Let's hope they do better as they make their way through Iowa's 99 counties and New Hampshire's 234 cities and towns.

Cole Ponders Change Of Course (RC)

By Nicole Duran And David M. Drucker

Roll Call, February 26, 2007

National Republican Congressional Committee Chairman Tom Cole (Okla.) believes a strategy combining the “all races are local” mantra of his predecessor with the nationalized campaign Democrats employed is the way to undo the drubbing the GOP took at the polls this past year.

This cycle the NRCC will spread the wealth among consultants and pollsters, giving political professionals inside and outside the Beltway a crack at consulting contracts, Cole said Friday. Cole did not disavow the localized approach to House races preferred by former NRCC Chairman Tom Reynolds (N.Y.), but said his 2008 plan will include key elements of a nationalized campaign.

“The ‘you have a national campaign or a local campaign’ is a false dichotomy,” Cole said by telephone from Oklahoma. “There’s no question that good campaigns address both things. I tell our members: ‘Know your locality, but also you are going to have to address the big national issues.’”

Cole already has eschewed Reynolds’ tactic of playing in the occasional Republican primary. He built his own team and generally snubbed top Reynolds’ aides, which made clear he is abandoning the mind-set that recently prevailed at the NRCC. Saying 2008 “unquestionably will be a national election,” Cole is adjusting the committee’s governing political strategy.

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Where Reynolds only strayed from "all races are local" in those House districts where the big national issues were of most concern to voters, Cole espouses splitting the difference, running all campaigns with one eye on the national and one eye on the local.

"It's really about crafting the right message and finding the right balance," said Cole, a political consultant by trade before being elected to Congress in 2002.

According to one Republican strategist with knowledge of how the NRCC was run during the 2004 and 2006 cycles, Reynolds did rely on national issues when necessary.

Meanwhile, Cole is reviewing the NRCC's past dealings with political consultants, media firms and pollsters and studying their work product. Some of it was quite good, he said, while some of it needs to be revisited.

Whom Cole chooses to conduct polling, produce direct-mail pieces, television ads and provide general consulting for the committee, could say the most about which strategic direction he will go. In particular, pollsters wield a lot of influence and affect committee tactics the most.

But the Oklahoma Republican — who retains a financial interest in his old consulting firm, Cole Hargrave Snodgrass & Associates — has yet to sign up any firms, and he is in no hurry to do so.

"We're going to try and spread the work around more broadly," he said. "That's no reflection on the people who have done it, but we just think with the number of competitive races we expect to see this cycle, we need to have a big enough range of people so they aren't overloaded."

As Cole makes changes, Republican consultants are debating the merits of the "all-races-are-local" path the GOP tread since the 1998 cycle, in light of House Democrats' 30-seat pickup last year.

Some, citing a shifting media environment and the television viewing habits of voters, contend that the day of the localized House race — even in a non-wave election — is over.

But others, echoing Reynolds, former Republican National Republican Committee Chairman Ken Mehlman and White House strategist Karl Rove, say each district must be handled separately, with Republican candidates campaigning on national or local issues according to what is likely to be the most effective.

Glen Bolger, a Republican consultant who specializes in House races, cautioned against reading too much into the results of the 2006 elections, which most political professionals say was unique.

"I think it's a little bit of a stretch to say this is the end of local politics. All politics has never been local, but it's not all going to be national, either," Bolger said. "It depends on how contentious or polarized the national environment is. When it's less controversial, there will be more of a default to local politics."

The Republican strategist with knowledge of the NRCC under Reynolds said the committee this past year relied on national issues to win races in campaigns where the Democratic candidate did not have a voting record that could be exploited.

In those cases, Republicans relied on poll-tested attack lines that the Democratic candidate would raise taxes or be weak on border security.

"Localizing is code for giving the people in that district a reason to disqualify your opponent," this strategist said. "If [the NRCC] had better issues to talk about in that district, it did."

David Dixon of the Democratic Dixon/Davis Media Group said Democrats will continue to beat the GOP in Congressional elections if the Republican candidates seem detached from the bigger picture, as he believes many appeared to be last year.

"Candidates needed to acknowledge there was a scandal, they didn't have to do 'mea culpa' ads but there was no communication from their side even recognizing there was a problem," Dixon said.

As to the NRCC's reliance on tried and true messages, Dixon said voters eventually want to hear something new.

"They went to the well on abortion and gay marriage too many times — they used those issues like doctors use antibiotics to treat children's ear infections, but sometimes the arithromycin stops working."

Special Set (RC)

By Lauren W. Whittington

Roll Call, February 26, 2007

Georgia Gov. Sonny Perdue (R) has asked that June 19 be the date for a special election to fill the 10th district seat of Rep. Charlie Norwood (R), who died Feb. 13.

State Sens. Ralph Hudgens (R) and Jim Whitehead (R) have emerged as the early frontrunners in the race for the Augusta-based seat, which leans heavily toward Republicans.

Both men will have to relinquish their state legislative seats once they qualify to run in the special election under Georgia law. Georgia Secretary of State Karen Handel (R) has agreed to set the qualifying date for the Congressional election after the

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current session of the General Assembly concludes, allowing Hudgens and Whitehead to continue to serve through the end of the session.

Several Democrats have said they are contemplating running in the special election. If no candidate gets more than 50 percent in the all-party June special election, a runoff between the top two vote-getters, regardless of party, will be held on July 17.

Another Conservative May Challenge Gilchrest (RC)

By Josh Kurtz

Roll Call, February 26, 2007

A conservative Maryland state Senator is taking steps to challenge Rep. Wayne Gilchrest in the 2008 Republican primary, though he said Friday that he has not completely decided whether to make the race.

State Sen. Andrew Harris said he has thought about challenging the Congressman for several months and was leaning against it until two weeks ago, when Gilchrest joined 16 other House Republicans in voting for a resolution that criticized President Bush's proposal to send 21,500 additional troops to Iraq.

"That has changed the calculus a little bit," Harris said.

Gilchrest easily turned back conservative challengers in 2002 and 2004, but Harris, the sole physician in the state Senate, could be more formidable because he is no stranger to tough races.

He was elected to the state Senate in 1998 by ousting the sitting Minority Leader, a moderate, in the GOP primary. Last fall, he beat back an expensive general election challenge in his Baltimore County district from the president of the Maryland State Teachers Association, whose campaign was fueled by labor support.

Harris also has collected chits throughout the 1st district, which spans both sides of the Chesapeake Bay, by campaigning for Republican candidates for legislative and local offices in 2006.

But Harris conceded that Gilchrest remains a difficult target. Even though conservative groups routinely criticize him, the unassuming former teacher and house painter remains a popular figure in his district.

Although he is not a prodigious fundraiser, Gilchrest began 2007 with $308,000 in his campaign account, after spending just $178,000 on his 2006 re-election, which he won with 69 percent of the vote. Harris, who would not have to sacrifice his Senate seat to run for Congress, said he spent about $250,000 on his own re-election last year and estimated that he would need $750,000 to beat Gilchrest.

Both Gilchrest's chief of staff and communications director could not be reached for comment by press time Friday. But Chris Baron, a spokesman for the Republican Main Street Partnership, a national group that aids GOP centrists, said Gilchrest's reputation as "an independent fighter" with a strong record on taxes, the environment and agriculture should serve him well in a primary with Harris.

"He's somebody who we think is a good fit for his district," Baron said.

Still, Harris said he detected a restlessness among Republican voters in Maryland that could accrue to his benefit, especially since the Iraq vote. He called Gilchrest wrong on economic policies, social issues and the Iraq War, and said Republicans want a more faithful conservative in a district that gave Bush 62 percent of the vote in 2004.

"I just don't understand how Congressman Gilchrest didn't get the message from the last election that Republicans are supposed to return to their base," Harris said. "A district as Republican as the 1st Congressional district should elect as conservative a Republican as we can."

Harris said he would spend the next several weeks meeting with interest groups and attending local Republican meetings before deciding whether to run. He could be aided by several national organizations, including the Victory Caucus, a new group put together by conservative talk show hosts dedicated to defeating the 17 House Republicans who opposed the troop surge, and the Club for Growth, the anti-tax group.

Last year, Gilchrest was listed as 212th of 232 Republican House Members when it came to supporting club priorities, and the group's political action committee has worked against Gilchrest in the past.

In 2002, the club endorsed David Fischer, a lawyer and political neophyte who took just 36 percent of the vote in his primary challenge against Gilchrest. Later that year, the club sent Gilchrest a check for the general election — which he refused to deposit and has kept as a souvenir.

Two years later, the club stayed out when another conservative state Senator, Richard Colburn (R), took just 38 percent of the primary vote against Gilchrest.

Club President Pat Toomey, a former Pennsylvania Congressman, said the group is aware of Harris but has not yet had a conversation with him.

"We'll just have to see how it develops," Toomey said.

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Farrakhan In Speech: 'My Time Is Up' (AP)

By Jeff Karoub, Associated Press Writer

AP, February 26, 2007

Nation of Islam leader Louis Farrakhan was greeted by cheers, tears and chants from tens of thousands as he returned to the public eye just long enough to say he would be leaving it soon.

Farrakhan, who ceded leadership duties last year because of illness, spoke for nearly two hours Sunday. Looking healthy and fit, he credited the prayers of millions from all walks of life for allowing him to take the stage at Detroit's Ford Field.

His vitality seemed at odds with his message, that his time left in the spotlight was short.

"My time is up," the 73-year-old Farrakhan said, describing his exit from leadership. "I believe ... that my time to be with my spiritual father and his sender has come. And your time to go through serious trial has come."

The topic of the speech was "One Nation Under God." But Farrakhan said the world is at war because Christians, Muslims and people of other faiths are divided.

Farrakhan said Jesus Christ and the Prophet Muhammad would embrace each other with love if they were on the stage behind him.

"Our lips are full of praise, but our hearts are far removed from the prophets we all claim," he said. "That's why the world is in the shape that it's in."

The leader of 1995's Million Man March said he is leaving at a time of great conflict, citing the war in Iraq specifically, and he believes God is angry with leaders who are putting politics and greed above service to others. He predicted "the fall of the great Babylon, the United States of America."

He said President Bush should be impeached or at least censured for his "wicked policies," and urged young people to avoid joining a military that will have them "leave one way and come back another."

The speech at the home of the National Football League's Detroit Lions capped the Nation's three-day convention in the city where it was founded in 1930.

The downtown venue was not filled to capacity, but seats on the field and in the lower levels of the 65,000-seat stadium were packed.

Anita Baker performed two songs before Farrakhan took the stage and speakers from various religious and ethnic groups welcomed him. Among those on the stage behind him were U.S. Rep. John Conyers, D-Mich.; Russell Simmons, hip-hop pioneer and entrepreneur; and Joe Shirley Jr., Navajo Nation president.

The annual convention, usually held in Chicago, honors Nation founder Wallace D. Fard, who attracted black Detroiters on the margins of society with a message of self-improvement and separation from whites. Fard said whites were inherently evil because of their enslavement of blacks.

The Nation of Islam, which promotes black empowerment and nationalism, was rebuilt by Farrakhan in the late 1970s after W.D. Mohammed, the son of longtime leader Elijah Mohammed, moved his followers toward mainstream Islam.

Farrakhan became notorious for calling Judaism a "gutter religion" and suggesting crack cocaine might have been a CIA plot to enslave blacks. He met with foreign leaders at odds with the United States — Moammar Gadhafi, Fidel Castro and Saddam Hussein — prompting the State Department in 1996 to accuse him of "cavorting with dictators."

Farrakhan, who embraced W.D. Mohammed on stage in 2000 after years of discord, has credited his steps toward reconciliation to what he called a "near death" experience related to prostate cancer, which he began battling in 1991.

Detroiter Che-Lin Aldridge, who described herself as spiritual but not a member of the Nation, welcomed Farrakhan and what he had to say.

"This message is something everybody needs to hear — a message that's universal," Aldridge said. "What he said was critical for our lives today."

Farrakhan recalled the story of the final message delivered by the Prophet Muhammad, who was dying at the time. "Within 80 days ... he expired," Farrakhan said.

"I don't see expiration for me," he said, "but I do see exaltation."

A Necessary Vaccine (NYT)

The New York Times, February 26, 2007

Debate over a new vaccine to prevent cervical cancer and genital warts has reached a high pitch. State legislatures are debating whether to mandate the vaccine or insist that its use be kept voluntary. The manufacturer stopped a vigorous lobbying campaign lest it provoke more opposition than support. And some health professionals who had been championing the vaccine flinched at making it mandatory, at least for now.

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Even so, state legislatures should require that all young girls be given this vaccine, which protects against a virus that causes some 10,000 new cases of cervical cancer in the United States each year — and 3,700 cancer deaths.

Three weeks ago we applauded Gov. Rick Perry for making Texas the first state to require vaccinating young schoolgirls — ages 11 and 12 — against the human papillomavirus. In the ensuing uproar, the Texas House has moved to overturn his order, but the Virginia Legislature has approved a similar mandate. Some 20 states have bills pending to require the vaccinations for school attendance.

We have endorsed a mandate because the vaccine — Merck's Gardasil — looks highly effective against strains that cause 70 percent of all cervical cancer. With more than two million doses already distributed, the reported side effects have been mostly minor, such as dizziness or fainting. Many parents who oppose a mandate are aghast at the thought of vaccinating such young girls against a sexually transmitted disease. But the vaccine works only if taken before a girl becomes infected. Social conservatives object that the vaccine will encourage promiscuity, but it seems farfetched to believe that protection from cervical cancer will change any girl's behavior. Others complain that a mandate will pre-empt parental rights to make health decisions, but all vaccine mandates do that, to protect the children and those they might infect.

The strongest arguments against moving ahead quickly tend to be practical and financial. States have typically used school mandates for vaccines that are already in wide use, and it is possible that unexpected side effects could emerge (though any mandate could be suspended if that happened). Health professionals also need to be certain that there are stable supplies, adequate insurance coverage, ample public money to vaccinate low-income children and physician support.

Merck deserves praise for developing Gardasil at a time when many companies shun the vaccine business as risky and unprofitable. But it is charging $360 for a three-dose regimen, a price that might come down if a competing vaccine enters the market soon, as expected.

The vaccine could prevent thousands of new cases of cervical cancer annually and hundreds of thousands of cases of genital warts and precancerous growths. A mandate would force the health care system to get cracking. And it is the best way to ensure that all children get the vaccine, not just those who are aware of it and can afford it.

Bush To Warn Pakistan To Act On Terror (NYT)

By David E. Sanger And Mark Mazzetti

The New York Times, February 26, 2007

WASHINGTON, Feb. 25 — President Bush has decided to send an unusually tough message to one of his most important allies, Gen. Pervez Musharraf, the president of Pakistan, warning him that the newly Democratic Congress could cut aid to his country unless his forces become far more aggressive in hunting down operatives with Al Qaeda, senior administration officials say.

The decision came after the White House concluded that General Musharraf is failing to live up to commitments he made to Mr. Bush during a visit here in September. General Musharraf insisted then, both in private and public, that a peace deal he struck with tribal leaders in one of the country's most lawless border areas would not diminish the hunt for the leaders of Al Qaeda and the Taliban or their training camps.

Now, American intelligence officials have concluded that the terrorist infrastructure is being rebuilt, and that while Pakistan has attacked some camps, its overall effort has flagged.

"He's made a number of assurances over the past few months, but the bottom line is that what they are doing now is not working," one senior administration official who deals often with South Asian issues said late last week. "The message we're sending to him now is that the only thing that matters is results."

Democrats, who took control of Congress last month, have urged the White House to put greater pressure on Pakistan because of statements from American commanders that units based in Pakistan that are linked to the Taliban, Afghanistan's ousted rulers, are increasing their attacks into Afghanistan.

For the time being, officials say, the White House has ruled out unilateral strikes against the training camps that American spy satellites are monitoring in North Waziristan, in Pakistan's tribal areas on the border. The fear is that such strikes would result in what one administration official referred to as a "shock to the stability" of General Musharraf's government.

General Musharraf, a savvy survivor in the brutal world of Pakistani politics, knows that the administration is hesitant to push him too far. If his government collapses, it is not clear who would succeed him or who would gain control over Pakistan's arsenal of nuclear weapons.

But the spread of Al Qaeda in the tribal areas threatens to undermine a central element of Mr. Bush's argument that he is succeeding in the administration's effort to curb terrorism. The bomb plot disrupted in Britain last summer, involving plans to hijack airplanes, has been linked by British and American intelligence agencies to camps in the Pakistan-Afghan border areas.

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General Musharraf has told American officials that Pakistani military operations in the tribal areas in recent years so alienated local residents that they no longer provide the central government with quality intelligence about the movements of senior Islamic militants.

Congressional Democrats have threatened to review military assistance and other aid to Pakistan unless they see evidence of aggressive attacks on Al Qaeda. The House last month passed a measure linking future military aid to White House certification that Pakistan "is making all possible efforts to prevent the Taliban from operating in areas under its sovereign control."

Pakistan is now the fifth-largest recipient of American aid. Mr. Bush has proposed $785 million in aid to Pakistan in his new budget, including $300 million in military aid to help Pakistan combat Islamic radicalism in the country.

The rumblings from Congress give Mr. Bush and his top advisers a way of conveying the seriousness of the problem, officials said, without appearing to issue a direct threat to the proud Pakistani leader themselves.

"We think the Pakistani aid is at risk in Congress," said the senior official, who declined to speak on the record because the subject involved intelligence matters.

The administration has sent a series of emissaries to see the Pakistani leader in recent weeks, including the new secretary of defense, Robert M. Gates. Mr. Gates was charged with prompting more action in a region in which American forces operate with great constraints, if they are allowed in at all.

"This is not the type of relationship where we can order action," said an administration official involved in discussions over Pakistan policy. "We can strongly encourage."

Relations between General Musharraf and Mr. Bush have always been tense, as the Pakistani leader veers between his need for American support and protection and his awareness that many Pakistani people — and the intelligence service — have strong sympathies for Al Qaeda and the resurgent Taliban. Officials involved with the issue describe the current moment between the leaders as especially fraught.

Mr. Bush was deeply skeptical of the deal General Musharraf struck with the tribal leaders last year, fearing that it would limit the government's powers to intercede in what Mr. Bush has called the "wild west" of Waziristan, administration officials said at the time.

During his visit to Washington last fall, General Musharraf said the agreement he signed with tribal leaders, giving them greater sovereignty in the region, had "three bottom lines." He said one was "no Al Qaeda activities in our tribal agencies or across the border in Afghanistan." The second was "no Taliban activity" in the same areas. And the third was "no Talibanization," which he described as "obscurantist thoughts or way of life."

American intelligence officials have made an assessment that senior Qaeda leaders in Pakistan have re-established significant control over their global network and are training operatives in some of the camps for strikes on Western targets.

One American official familiar with intelligence reports about Pakistan said intelligence agencies had established "clear linkages" between the Qaeda camps and the plot to blow up trans-Atlantic flights that was thwarted last August. American analysts said the recent trials of terrorism suspects in Britain showed that some defendants had been trained in Pakistan.

American officials say one reason General Musharraf agreed to pull government troops back to their barracks in North Waziristan and allow tribal leaders greater control over security was to give him time to rebuild his intelligence network in the border region gradually.

Rice: Pakistan Must Control Border Area (AP)

By Terence Hunt

AP, February 26, 2007

The White House is pressuring Pakistan to crack down on al-Qaida and Taliban operatives in the lawless border area with Afghanistan that President Bush recently said was "wilder than the Wild West."

The move comes amid growing concern in Congress and the administration that terrorist forces are regrouping in the border area and preparing for a spring offensive in Afghanistan.

Secretary of State Condoleezza Rice said Sunday the administration was concerned that al-Qaida was attempting to stage a comeback.

"I don't doubt that al-Qaida has tried to regenerate some of its leadership," Rice said on ABC's "This Week." "I don't doubt that. I don't think that anybody would claim that this is the same organization or the same kind of organization that operated out of Afghanistan.

"But we have to be vigilant, and that's why we are working with the Pakistanis, we are working with the Afghans, we're working worldwide in our intelligence network to continue to degrade this institution, this organization worldwide and on the Afghan border," the secretary said.

Pakistan's border regions have long been suspected to be the hiding places for al-Qaida leader Osama bin Laden and his deputy, Ayman al-Zawahri. Pakistan, an Islamic country, is one of the biggest beneficiaries of U.S. foreign aid.

Rice, asked whether Musharraf was constrained in how tough he could be, said, "I'm certainly aware that there are political issues in Pakistan. To not say that would be not to face reality."

But she said Musharraf has been "a stalwart fighter" and himself a target of al-Qaida assassination attempts.

"And the Pakistani leadership knows that al-Qaida would like nothing better than to destabilize Pakistan and to use Pakistan as the base rather than Afghanistan for its operations," Rice said. "And so we have excellent cooperation with the Pakistanis on hunting down al-Qaida, on working to disrupt its network. More al-Qaida have been caught in Pakistan and in Saudi Arabia than any other place in the world.

"And so they are working very hard with us," the secretary said. "We have excellent cooperation on that.

Defense Secretary Robert Gates, earlier this month, traveled to Pakistan for talks with Musharraf, about the terrorist traffic across its border into Afghanistan. Recent sharp criticism of Pakistan's porous border has triggered angry denials from Musharraf.

Asked whether he had talked with Pakistan President Gen. Pervez Musharraf about the hunt for al-Qaida fugitive Osama bin Lden, Gates said he would not "get into specifics" about their talks.

But, said Gates, "If I were Osama bin Laden, I'd keep looking over my shoulder."

No 'Brakes' On Iran Nuclear Effort (WP/AP)

By Nasser Karimi, Associated Press

The Washington Post, February 26, 2007

TEHRAN, Feb. 25 -- Iranian President Mahmoud Ahmadinejad said Sunday that his country's disputed nuclear program was like a train "without brakes" or a reverse gear, prompting Secretary of State Condoleezza Rice to respond that Iran needs "a stop button."

The comments came as senior officials representing Germany and the five permanent members of the U.N. Security Council -- the United States, Britain, France, China and Russia -- prepared to meet in London on Monday to discuss increasing international pressure on Iran to suspend its uranium enrichment program.

The International Atomic Energy Agency last week reported that Iran had ignored a U.N. Security Council ultimatum to freeze the enrichment program and instead had expanded it by setting up hundreds of centrifuges. Iran has repeatedly refused to halt enrichment as a precondition to negotiations about the program.

"The train of the Iranian nation is without brakes and a rear gear," state radio quoted Ahmadinejad as telling a gathering of Muslim clerics. "We dismantled the rear gear and brakes of the train and threw them away some time ago."

He also repeated his call for further negotiations, saying the time for "bullying" had expired.

Rice responded by saying, "They don't need a reverse gear. They need a stop button." She also told "Fox News Sunday" that Iran needs "to stop enriching and reprocessing, and then we can sit down and talk about whatever is on Iran's mind."

"I've said that I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities. That should be a clear signal," she added.

Enriched to a low level, uranium is used to produce nuclear fuel, but further enrichment makes it suitable for use in building a bomb. The United States and its allies fear that Iran is using its nuclear program in an effort to produce atomic weapons, an allegation Iran denies, saying its aim is solely to generate electricity.

In December, the Security Council imposed limited sanctions on Iran over its refusal to suspend enrichment and gave it 60 days to halt enrichment. The deadline expired Wednesday.

Meanwhile, in Pakistan, seven Muslim nations warned of a "dangerous escalation of tension" over Iran's nuclear program and urged that the standoff be resolved diplomatically rather than by force.

The statement came after ministers from Egypt, Indonesia, Jordan, Malaysia, Saudi Arabia, Turkey and Pakistan met to seek ways to resolve Middle East conflicts, including the Iran issue.

Rice Offers Iran Conditional Talks (USAT)

USA Today, February 26, 2007

Secretary of State Condoleezza Rice said Sunday that the United States would hold direct talks with Iran if the Islamic republic suspended its nuclear program. "I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities. That should be a clear signal," Rice said on Fox News Sunday.

Iranian President Mahmoud Ahmadinejad pledged to continue enriching uranium. He likened the country's nuclear program to a train without a reverse gear or brakes.

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Diplomats from the five permanent United Nations Security Council members and Germany were to meet today in London. They planned to discuss what steps to take to increase international pressure on Iran to cooperate with U.N. demands to halt its nuclear program.

Cheney visits Oman; plane experiences electrical glitch

Vice President Cheney arrived Sunday in Oman, an oil-rich U.S. ally in the Middle East that allows the United States to use four air bases.

An Omani government official told the Associated Press that Cheney was to discuss regional security issues, including the U.S. standoff with Iran over its nuclear program. The official, in the capital, Muscat, spoke on condition of anonymity because he was not authorized to speak to the news media. A U.S. Embassy spokesman in Oman declined to detail Cheney's plans or the focus of his visit.

Earlier Sunday, Cheney's plane experienced "an electrical problem involving a generator, but no safety issue," White House spokeswoman Emily Lawrimore said. "The plane is fine." She said the problem was fixed during a planned stop in Singapore. Cheney left Australia after a three-day visit to thank the government for contributing troops to Iraq and Afghanistan. He had earlier visited Japan and Guam.

Rice Says She'd Meet With Iran (LAT/AP)

From the Associated Press

The Los Angeles Times, February 26, 2007

WASHINGTON — Secretary of State Condoleezza Rice said Sunday that the U.S. would hold direct talks with Iran if it suspended its nuclear program. Iran's president, however, pledged to move ahead with enrichment activity that Washington contends masks weapons development.

"I am prepared to meet my counterpart or an Iranian representative at any time if Iran will suspend its enrichment and reprocessing activities. That should be a clear signal," Rice said in Washington.

Earlier, Iranian President Mahmoud Ahmadinejad compared his nation's nuclear program to a train without a reverse gear or brakes. "We dismantled the rear gear and brakes of the train and threw them away some time ago," he was quoted on the radio as telling Muslim clerics.

Rice, in response, said that the Iranians "don't need a reverse gear. They need to stop and then we can come to the table and we can talk about how to move forward."

The International Atomic Energy Agency said Thursday that Iran had ignored a United Nations Security Council mandate to freeze its uranium enrichment program and had expanded the program by setting up hundreds of centrifuges.

A council resolution adopted Dec. 23 penalized Tehran and warned of further punishment if it did not comply.

Diplomats from the five permanent Security Council members and Germany planned to meet in London today to begin discussing what steps to take to increase international pressure on Tehran to cooperate.

US Renews Offer Of Talks With Iran (AFP)

By David Milliken

AFP, February 26, 2007

US Secretary of State Condoleezza Rice brushed aside Iran's latest defiant statements on its nuclear program Sunday to reaffirm her offer of talks with Tehran if it suspends uranium enrichment.

Rice also expressed confidence that US, Russian, Chinese and European diplomats due to meet in London on Monday would find common ground on measures to increase pressure on Iran over its suspected nuclear arms drive.

"We all agreed we needed to pursue the Security Council track," Rice said in an interview on Fox News Sunday, referring to the possibility of additional UN sanctions against Iran.

"We're leaving open the track of negotiations, because the best way to resolve this would be to have Iran come to the table," she said.

Earlier Sunday, Iran's President Mahmoud Ahmadinejad insisted his government would press ahead with its uranium enrichment regardless of UN threats, comparing the program -- which Tehran insists is aimed only at producing nuclear power -- to a runaway train.

"Iran has reached the technology to produce nuclear fuel and Iran's movement on this path is like a train on a one-way track with no room for stopping, reverse gear or braking," he said.

"They don't need a reverse gear, they need a stop button," retorted Rice.

"Then we can come to the table and we can talk about how to move forward," she said.

"We're all prepared to have full-scale negotiations anytime, at any place," she said.

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Rice said UN and US sanctions imposed on Tehran since December after Iran refused to comply with an earlier demand it suspend its enrichment program were beginning to fuel dissatisfaction among Iranians over Ahmadinejad's actions.

"People are looking hard at investment in Iran, at the reputational risk, the investment risk of dealing with a country that is under Chapter 7 status," she said, referring to the mandatory UN sanctions resolution passed in December.

"If you just read the press you see the criticism of President Ahmadinejad by people inside Iran, knowledgeable and authoritative people in Iran, that (his) policies are isolating Iran," she said in a separate interview on ABC television.

Rice sidestepped questions on whether President George W. Bush's policy toward the largely Shiite Muslim nation, which he has branded part of an "axis of evil," aimed to topple its radical Islamic regime.

New Yorker magazine reported Sunday that US covert actions against Iran had increased under a major recent shift in US Middle East strategy, with the unintended result of exacerbating regional Sunni-Shiite sectarian tensions and bolstering Sunni radicals hostile to the United States.

Reporter Seymour Hersh wrote in the magazine that US military and special-operations teams have increased activities inside Iran, entering from Iraq to gather intelligence and to pursue Iranian operatives leaving Iraq.

US clandestine operations in Iran, Lebanon and Syria under the redirected US regional approach "has brought the United States closer to an open confrontation with Iran and, in parts of the region, propelled it into a widening sectarian conflict between Shiite and Sunni Muslims," Hersh wrote.

"A by-product of these activities has been the bolstering of Sunni extremist groups that espouse a militant vision of Islam and are hostile to America and sympathetic to Al-Qaeda," Hersh concludes.

He said the strategy, guided by US Vice President Dick Cheney and reliant on Saudi Arabia's national security advisor Prince Bandar bin Sultan, had complicated the war in Iraq, where the rise to power of Shiites over the previously dominant Sunnis has empowered Iran.

Earlier this week Cheney reignited concerns the Bush administration could use military action against Iran.

"It would be a serious mistake if a nation like Iran were to become a nuclear power," Cheney warned during a visit to Australia. "All options are still on the table."

While Rice made no reference to the New Yorker article, she said pressing for democratic change in Iran remained a US policy goal, and reaffirmed that Washington's problems with Tehran extended beyond the nuclear dispute.

"Iran also has other activities that it needs to stop. It needs to stop its support for terrorism in places like Lebanon and in the Middle East more broadly," she said.

THE REDIRECTION (NY)

By Seymour M. Hersh

The New Yorker, March 5, 2007

A STRATEGIC SHIFT

In the past few months, as the situation in Iraq has deteriorated, the Bush Administration, in both its public diplomacy and its covert operations, has significantly shifted its Middle East strategy. The “redirection,” as some inside the White House have called the new strategy, has brought the United States closer to an open confrontation with Iran and, in parts of the region, propelled it into a widening sectarian conflict between Shiite and Sunni Muslims.

To undermine Iran, which is predominantly Shiite, the Bush Administration has decided, in effect, to reconfigure its priorities in the Middle East. In Lebanon, the Administration has coöperated with Saudi Arabia’s government, which is Sunni, in clandestine operations that are intended to weaken Hezbollah, the Shiite organization that is backed by Iran. The U.S. has also taken part in clandestine operations aimed at Iran and its ally Syria. A by-product of these activities has been the bolstering of Sunni extremist groups that espouse a militant vision of Islam and are hostile to America and sympathetic to Al Qaeda.

One contradictory aspect of the new strategy is that, in Iraq, most of the insurgent violence directed at the American military has come from Sunni forces, and not from Shiites. But, from the Administration’s perspective, the most profound—and unintended—strategic consequence of the Iraq war is the empowerment of Iran. Its President, Mahmoud Ahmadinejad, has made defiant pronouncements about the destruction of Israel and his country’s right to pursue its nuclear program, and last week its supreme religious leader, Ayatollah Ali Khamenei, said on state television that “realities in the region show that the arrogant front, headed by the U.S. and its allies, will be the principal loser in the region.”

After the revolution of 1979 brought a religious government to power, the United States broke with Iran and cultivated closer relations with the leaders of Sunni Arab states such as Jordan, Egypt, and Saudi Arabia. That calculation became more complex after the September 11th attacks, especially with regard to the Saudis. Al Qaeda is Sunni, and many of its operatives came from extremist religious circles inside Saudi Arabia. Before the invasion of Iraq, in 2003, Administration officials, influenced by neoconservative ideologues, assumed that a Shiite government there could provide a pro-American balance to Sunni

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extremists, since Iraq's Shiite majority had been oppressed under Saddam Hussein. They ignored warnings from the intelligence community about the ties between Iraqi Shiite leaders and Iran, where some had lived in exile for years. Now, to the distress of the White House, Iran has forged a close relationship with the Shiite-dominated government of Prime Minister Nuri al-Maliki.

The new American policy, in its broad outlines, has been discussed publicly. In testimony before the Senate Foreign Relations Committee in January, Secretary of State Condoleezza Rice said that there is "a new strategic alignment in the Middle East," separating "reformers" and "extremists"; she pointed to the Sunni states as centers of moderation, and said that Iran, Syria, and Hezbollah were "on the other side of that divide." (Syria's Sunni majority is dominated by the Alawi sect.) Iran and Syria, she said, "have made their choice and their choice is to destabilize."

Some of the core tactics of the redirection are not public, however. The clandestine operations have been kept secret, in some cases, by leaving the execution or the funding to the Saudis, or by finding other ways to work around the normal congressional appropriations process, current and former officials close to the Administration said.

A senior member of the House Appropriations Committee told me that he had heard about the new strategy, but felt that he and his colleagues had not been adequately briefed. "We haven't got any of this," he said. "We ask for anything going on, and they say there's nothing. And when we ask specific questions they say, 'We're going to get back to you.' It's so frustrating."

The key players behind the redirection are Vice-President Dick Cheney, the deputy national-security adviser Elliott Abrams, the departing Ambassador to Iraq (and nominee for United Nations Ambassador), Zalmay Khalilzad, and Prince Bandar bin Sultan, the Saudi national-security adviser. While Rice has been deeply involved in shaping the public policy, former and current officials said that the clandestine side has been guided by Cheney. (Cheney's office and the White House declined to comment for this story; the Pentagon did not respond to specific queries but said, "The United States is not planning to go to war with Iran.")

The policy shift has brought Saudi Arabia and Israel into a new strategic embrace, largely because both countries see Iran as an existential threat. They have been involved in direct talks, and the Saudis, who believe that greater stability in Israel and Palestine will give Iran less leverage in the region, have become more involved in Arab-Israeli negotiations.

The new strategy "is a major shift in American policy—it's a sea change," a U.S. government consultant with close ties to Israel said. The Sunni states "were petrified of a Shiite resurgence, and there was growing resentment with our gambling on the moderate Shiites in Iraq," he said. "We cannot reverse the Shiite gain in Iraq, but we can contain it."

"It seems there has been a debate inside the government over what's the biggest danger—Iran or Sunni radicals," Vali Nasr, a senior fellow at the Council on Foreign Relations, who has written widely on Shiites, Iran, and Iraq, told me. "The Saudis and some in the Administration have been arguing that the biggest threat is Iran and the Sunni radicals are the lesser enemies. This is a victory for the Saudi line."

Martin Indyk, a senior State Department official in the Clinton Administration who also served as Ambassador to Israel, said that "the Middle East is heading into a serious Sunni-Shiite Cold War." Indyk, who is the director of the Saban Center for Middle East Policy at the Brookings Institution, added that, in his opinion, it was not clear whether the White House was fully aware of the strategic implications of its new policy. "The White House is not just doubling the bet in Iraq," he said. "It's doubling the bet across the region. This could get very complicated. Everything is upside down."

The Administration's new policy for containing Iran seems to complicate its strategy for winning the war in Iraq. Patrick Clawson, an expert on Iran and the deputy director for research at the Washington Institute for Near East Policy, argued, however, that closer ties between the United States and moderate or even radical Sunnis could put "fear" into the government of Prime Minister Maliki and "make him worry that the Sunnis could actually win" the civil war there. Clawson said that this might give Maliki an incentive to coöperate with the United States in suppressing radical Shiite militias, such as Moqtada al-Sadr's Mahdi Army.

Even so, for the moment, the U.S. remains dependent on the coöperation of Iraqi Shiite leaders. The Mahdi Army may be openly hostile to American interests, but other Shiite militias are counted as U.S. allies. Both Moqtada al-Sadr and the White House back Maliki. A memorandum written late last year by Stephen Hadley, the national-security adviser, suggested that the Administration try to separate Maliki from his more radical Shiite allies by building his base among moderate Sunnis and Kurds, but so far the trends have been in the opposite direction. As the Iraqi Army continues to founder in its confrontations with insurgents, the power of the Shiite militias has steadily increased.

Flynt Leverett, a former Bush Administration National Security Council official, told me that "there is nothing coincidental or ironic" about the new strategy with regard to Iraq. "The Administration is trying to make a case that Iran is more dangerous and more provocative than the Sunni insurgents to American interests in Iraq, when—if you look at the actual casualty numbers—the punishment inflicted on America by the Sunnis is greater by an order of magnitude," Leverett said. "This is all part of the campaign of provocative steps to increase the pressure on Iran. The idea is that at some point the Iranians will respond and then the Administration will have an open door to strike at them."

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President George W. Bush, in a speech on January 10th, partially spelled out this approach. “These two regimes”—Iran and Syria—“are allowing terrorists and insurgents to use their territory to move in and out of Iraq,” Bush said. “Iran is providing material support for attacks on American troops. We will disrupt the attacks on our forces. We’ll interrupt the flow of support from Iran and Syria. And we will seek out and destroy the networks providing advanced weaponry and training to our enemies in Iraq.”

In the following weeks, there was a wave of allegations from the Administration about Iranian involvement in the Iraq war. On February 11th, reporters were shown sophisticated explosive devices, captured in Iraq, that the Administration claimed had come from Iran. The Administration’s message was, in essence, that the bleak situation in Iraq was the result not of its own failures of planning and execution but of Iran’s interference.

The U.S. military also has arrested and interrogated hundreds of Iranians in Iraq. “The word went out last August for the military to snatch as many Iranians in Iraq as they can,” a former senior intelligence official said. “They had five hundred locked up at one time. We’re working these guys and getting information from them. The White House goal is to build a case that the Iranians have been fomenting the insurgency and they’ve been doing it all along—that Iran is, in fact, supporting the killing of Americans.” The Pentagon consultant confirmed that hundreds of Iranians have been captured by American forces in recent months. But he told me that that total includes many Iranian humanitarian and aid workers who “get scooped up and released in a short time,” after they have been interrogated.

“We are not planning for a war with Iran,” Robert Gates, the new Defense Secretary, announced on February 2nd, and yet the atmosphere of confrontation has deepened. According to current and former American intelligence and military officials, secret operations in Lebanon have been accompanied by clandestine operations targeting Iran. American military and special-operations teams have escalated their activities in Iran to gather intelligence and, according to a Pentagon consultant on terrorism and the former senior intelligence official, have also crossed the border in pursuit of Iranian operatives from Iraq.

At Rice’s Senate appearance in January, Democratic Senator Joseph Biden, of Delaware, pointedly asked her whether the U.S. planned to cross the Iranian or the Syrian border in the course of a pursuit. “Obviously, the President isn’t going to rule anything out to protect our troops, but the plan is to take down these networks in Iraq,” Rice said, adding, “I do think that everyone will understand that—the American people and I assume the Congress expect the President to do what is necessary to protect our forces.”

The ambiguity of Rice’s reply prompted a response from Nebraska Senator Chuck Hagel, a Republican, who has been critical of the Administration:

Some of us remember 1970, Madam Secretary. And that was Cambodia. And when our government lied to the American people and said, “We didn’t cross the border going into Cambodia,” in fact we did.

I happen to know something about that, as do some on this committee. So, Madam Secretary, when you set in motion the kind of policy that the President is talking about here, it’s very, very dangerous.

The Administration’s concern about Iran’s role in Iraq is coupled with its long-standing alarm over Iran’s nuclear program. On Fox News on January 14th, Cheney warned of the possibility, in a few years, “of a nuclear-armed Iran, astride the world’s supply of oil, able to affect adversely the global economy, prepared to use terrorist organizations and/or their nuclear weapons to threaten their neighbors and others around the world.” He also said, “If you go and talk with the Gulf states or if you talk with the Saudis or if you talk with the Israelis or the Jordanians, the entire region is worried. . . . The threat Iran represents is growing.”

The Administration is now examining a wave of new intelligence on Iran’s weapons programs. Current and former American officials told me that the intelligence, which came from Israeli agents operating in Iran, includes a claim that Iran has developed a three-stage solid-fuelled intercontinental missile capable of delivering several small warheads—each with limited accuracy—inside Europe. The validity of this human intelligence is still being debated.

A similar argument about an imminent threat posed by weapons of mass destruction—and questions about the intelligence used to make that case—formed the prelude to the invasion of Iraq. Many in Congress have greeted the claims about Iran with wariness; in the Senate on February 14th, Hillary Clinton said, “We have all learned lessons from the conflict in Iraq, and we have to apply those lessons to any allegations that are being raised about Iran. Because, Mr. President, what we are hearing has too familiar a ring and we must be on guard that we never again make decisions on the basis of intelligence that turns out to be faulty.”

Still, the Pentagon is continuing intensive planning for a possible bombing attack on Iran, a process that began last year, at the direction of the President. In recent months, the former intelligence official told me, a special planning group has been established in the offices of the Joint Chiefs of Staff, charged with creating a contingency bombing plan for Iran that can be implemented, upon orders from the President, within twenty-four hours.

In the past month, I was told by an Air Force adviser on targeting and the Pentagon consultant on terrorism, the Iran planning group has been handed a new assignment: to identify targets in Iran that may be involved in supplying or aiding militants in Iraq. Previously, the focus had been on the destruction of Iran’s nuclear facilities and possible regime change.

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Two carrier strike groups—the Eisenhower and the Stennis—are now in the Arabian Sea. One plan is for them to be relieved early in the spring, but there is worry within the military that they may be ordered to stay in the area after the new carriers arrive, according to several sources. (Among other concerns, war games have shown that the carriers could be vulnerable to swarming tactics involving large numbers of small boats, a technique that the Iranians have practiced in the past; carriers have limited maneuverability in the narrow Strait of Hormuz, off Iran's southern coast.) The former senior intelligence official said that the current contingency plans allow for an attack order this spring. He added, however, that senior officers on the Joint Chiefs were counting on the White House's not being "foolish enough to do this in the face of Iraq, and the problems it would give the Republicans in 2008."

PRINCE BANDAR'S GAME

The Administration's effort to diminish Iranian authority in the Middle East has relied heavily on Saudi Arabia and on Prince Bandar, the Saudi national-security adviser. Bandar served as the Ambassador to the United States for twenty-two years, until 2005, and has maintained a friendship with President Bush and Vice-President Cheney. In his new post, he continues to meet privately with them. Senior White House officials have made several visits to Saudi Arabia recently, some of them not disclosed.

Last November, Cheney flew to Saudi Arabia for a surprise meeting with King Abdullah and Bandar. The Times reported that the King warned Cheney that Saudi Arabia would back its fellow-Sunnis in Iraq if the United States were to withdraw. A European intelligence official told me that the meeting also focussed on more general Saudi fears about "the rise of the Shiites." In response, "The Saudis are starting to use their leverage—money."

In a royal family rife with competition, Bandar has, over the years, built a power base that relies largely on his close relationship with the U.S., which is crucial to the Saudis. Bandar was succeeded as Ambassador by Prince Turki al-Faisal; Turki resigned after eighteen months and was replaced by Adel A. al-Jubeir, a bureaucrat who has worked with Bandar. A former Saudi diplomat told me that during Turki's tenure he became aware of private meetings involving Bandar and senior White House officials, including Cheney and Abrams. "I assume Turki was not happy with that," the Saudi said. But, he added, "I don't think that Bandar is going off on his own." Although Turki dislikes Bandar, the Saudi said, he shared his goal of challenging the spread of Shiite power in the Middle East.

The split between Shiites and Sunnis goes back to a bitter divide, in the seventh century, over who should succeed the Prophet Muhammad. Sunnis dominated the medieval caliphate and the Ottoman Empire, and Shiites, traditionally, have been regarded more as outsiders. Worldwide, ninety per cent of Muslims are Sunni, but Shiites are a majority in Iran, Iraq, and Bahrain, and are the largest Muslim group in Lebanon. Their concentration in a volatile, oil-rich region has led to concern in the West and among Sunnis about the emergence of a "Shiite crescent"—especially given Iran's increased geopolitical weight.

"The Saudis still see the world through the days of the Ottoman Empire, when Sunni Muslims ruled the roost and the Shiites were the lowest class," Frederic Hof, a retired military officer who is an expert on the Middle East, told me. If Bandar was seen as bringing about a shift in U.S. policy in favor of the Sunnis, he added, it would greatly enhance his standing within the royal family.

The Saudis are driven by their fear that Iran could tilt the balance of power not only in the region but within their own country. Saudi Arabia has a significant Shiite minority in its Eastern Province, a region of major oil fields; sectarian tensions are high in the province. The royal family believes that Iranian operatives, working with local Shiites, have been behind many terrorist attacks inside the kingdom, according to Vali Nasr. "Today, the only army capable of containing Iran"—the Iraqi Army—"has been destroyed by the United States. You're now dealing with an Iran that could be nuclear-capable and has a standing army of four hundred and fifty thousand soldiers." (Saudi Arabia has seventy-five thousand troops in its standing army.)

Nasr went on, "The Saudis have considerable financial means, and have deep relations with the Muslim Brotherhood and the Salafis"—Sunni extremists who view Shiites as apostates. "The last time Iran was a threat, the Saudis were able to mobilize the worst kinds of Islamic radicals. Once you get them out of the box, you can't put them back."

The Saudi royal family has been, by turns, both a sponsor and a target of Sunni extremists, who object to the corruption and decadence among the family's myriad princes. The princes are gambling that they will not be overthrown as long as they continue to support religious schools and charities linked to the extremists. The Administration's new strategy is heavily dependent on this bargain.

Nasr compared the current situation to the period in which Al Qaeda first emerged. In the nineteen-eighties and the early nineties, the Saudi government offered to subsidize the covert American C.I.A. proxy war against the Soviet Union in Afghanistan. Hundreds of young Saudis were sent into the border areas of Pakistan, where they set up religious schools, training bases, and recruiting facilities. Then, as now, many of the operatives who were paid with Saudi money were Salafis. Among them, of course, were Osama bin Laden and his associates, who founded Al Qaeda, in 1988.

This time, the U.S. government consultant told me, Bandar and other Saudis have assured the White House that "they will keep a very close eye on the religious fundamentalists. Their message to us was 'We've created this movement, and we can

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control it.' It's not that we don't want the Salafis to throw bombs; it's who they throw them at—Hezbollah, Moqtada al-Sadr, Iran, and at the Syrians, if they continue to work with Hezbollah and Iran."

The Saudi said that, in his country's view, it was taking a political risk by joining the U.S. in challenging Iran: Bandar is already seen in the Arab world as being too close to the Bush Administration. "We have two nightmares," the former diplomat told me. "For Iran to acquire the bomb and for the United States to attack Iran. I'd rather the Israelis bomb the Iranians, so we can blame them. If America does it, we will be blamed."

In the past year, the Saudis, the Israelis, and the Bush Administration have developed a series of informal understandings about their new strategic direction. At least four main elements were involved, the U.S. government consultant told me. First, Israel would be assured that its security was paramount and that Washington and Saudi Arabia and other Sunni states shared its concern about Iran.

Second, the Saudis would urge Hamas, the Islamist Palestinian party that has received support from Iran, to curtail its anti-Israeli aggression and to begin serious talks about sharing leadership with Fatah, the more secular Palestinian group. (In February, the Saudis brokered a deal at Mecca between the two factions. However, Israel and the U.S. have expressed dissatisfaction with the terms.)

The third component was that the Bush Administration would work directly with Sunni nations to counteract Shiite ascendance in the region.

Fourth, the Saudi government, with Washington's approval, would provide funds and logistical aid to weaken the government of President Bashir Assad, of Syria. The Israelis believe that putting such pressure on the Assad government will make it more conciliatory and open to negotiations. Syria is a major conduit of arms to Hezbollah. The Saudi government is also at odds with the Syrians over the assassination of Rafik Hariri, the former Lebanese Prime Minister, in Beirut in 2005, for which it believes the Assad government was responsible. Hariri, a billionaire Sunni, was closely associated with the Saudi regime and with Prince Bandar. (A U.N. inquiry strongly suggested that the Syrians were involved, but offered no direct evidence; there are plans for another investigation, by an international tribunal.)

Patrick Clawson, of the Washington Institute for Near East Policy, depicted the Saudis' coöperation with the White House as a significant breakthrough. "The Saudis understand that if they want the Administration to make a more generous political offer to the Palestinians they have to persuade the Arab states to make a more generous offer to the Israelis," Clawson told me. The new diplomatic approach, he added, "shows a real degree of effort and sophistication as well as a deftness of touch not always associated with this Administration. Who's running the greater risk—we or the Saudis? At a time when America's standing in the Middle East is extremely low, the Saudis are actually embracing us. We should count our blessings."

The Pentagon consultant had a different view. He said that the Administration had turned to Bandar as a "fallback," because it had realized that the failing war in Iraq could leave the Middle East "up for grabs."

JIHADIS IN LEBANON

The focus of the U.S.-Saudi relationship, after Iran, is Lebanon, where the Saudis have been deeply involved in efforts by the Administration to support the Lebanese government. Prime Minister Fouad Siniora is struggling to stay in power against a persistent opposition led by Hezbollah, the Shiite organization, and its leader, Sheikh Hassan Nasrallah. Hezbollah has an extensive infrastructure, an estimated two to three thousand active fighters, and thousands of additional members.

Hezbollah has been on the State Department's terrorist list since 1997. The organization has been implicated in the 1983 bombing of a Marine barracks in Beirut that killed two hundred and forty-one military men. It has also been accused of complicity in the kidnapping of Americans, including the C.I.A. station chief in Lebanon, who died in captivity, and a Marine colonel serving on a U.N. peacekeeping mission, who was killed. (Nasrallah has denied that the group was involved in these incidents.) Nasrallah is seen by many as a staunch terrorist, who has said that he regards Israel as a state that has no right to exist. Many in the Arab world, however, especially Shiites, view him as a resistance leader who withstood Israel in last summer's thirty-three-day war, and Siniora as a weak politician who relies on America's support but was unable to persuade President Bush to call for an end to the Israeli bombing of Lebanon. (Photographs of Siniora kissing Condoleezza Rice on the cheek when she visited during the war were prominently displayed during street protests in Beirut.)

The Bush Administration has publicly pledged the Siniora government a billion dollars in aid since last summer. A donors' conference in Paris, in January, which the U.S. helped organize, yielded pledges of almost eight billion more, including a promise of more than a billion from the Saudis. The American pledge includes more than two hundred million dollars in military aid, and forty million dollars for internal security.

The United States has also given clandestine support to the Siniora government, according to the former senior intelligence official and the U.S. government consultant. "We are in a program to enhance the Sunni capability to resist Shiite influence, and we're spreading the money around as much as we can," the former senior intelligence official said. The problem was that such money "always gets in more pockets than you think it will," he said. "In this process, we're financing a lot of bad guys with some

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serious potential unintended consequences. We don't have the ability to determine and get pay vouchers signed by the people we like and avoid the people we don't like. It's a very high-risk venture."

American, European, and Arab officials I spoke to told me that the Siniora government and its allies had allowed some aid to end up in the hands of emerging Sunni radical groups in northern Lebanon, the Bekaa Valley, and around Palestinian refugee camps in the south. These groups, though small, are seen as a buffer to Hezbollah; at the same time, their ideological ties are with Al Qaeda.

During a conversation with me, the former Saudi diplomat accused Nasrallah of attempting "to hijack the state," but he also objected to the Lebanese and Saudi sponsorship of Sunni jihadists in Lebanon. "Salafis are sick and hateful, and I'm very much against the idea of flirting with them," he said. "They hate the Shiites, but they hate Americans more. If you try to outsmart them, they will outsmart us. It will be ugly."

Alastair Crooke, who spent nearly thirty years in MI6, the British intelligence service, and now works for Conflicts Forum, a think tank in Beirut, told me, "The Lebanese government is opening space for these people to come in. It could be very dangerous." Crooke said that one Sunni extremist group, Fatah al-Islam, had splintered from its pro-Syrian parent group, Fatah al-Intifada, in the Nahr al-Bared refugee camp, in northern Lebanon. Its membership at the time was less than two hundred. "I was told that within twenty-four hours they were being offered weapons and money by people presenting themselves as representatives of the Lebanese government's interests—presumably to take on Hezbollah," Crooke said.

The largest of the groups, Asbat al-Ansar, is situated in the Ain al-Hilweh Palestinian refugee camp. Asbat al-Ansar has received arms and supplies from Lebanese internal-security forces and militias associated with the Siniora government.

In 2005, according to a report by the U.S.-based International Crisis Group, Saad Hariri, the Sunni majority leader of the Lebanese parliament and the son of the slain former Prime Minister—Saad inherited more than four billion dollars after his father's assassination—paid forty-eight thousand dollars in bail for four members of an Islamic militant group from Dinniyeh. The men had been arrested while trying to establish an Islamic mini-state in northern Lebanon. The Crisis Group noted that many of the militants "had trained in al-Qaeda camps in Afghanistan."

According to the Crisis Group report, Saad Hariri later used his parliamentary majority to obtain amnesty for twenty-two of the Dinniyeh Islamists, as well as for seven militants suspected of plotting to bomb the Italian and Ukrainian embassies in Beirut, the previous year. (He also arranged a pardon for Samir Geagea, a Maronite Christian militia leader, who had been convicted of four political murders, including the assassination, in 1987, of Prime Minister Rashid Karami.) Hariri described his actions to reporters as humanitarian.

In an interview in Beirut, a senior official in the Siniora government acknowledged that there were Sunni jihadists operating inside Lebanon. "We have a liberal attitude that allows Al Qaeda types to have a presence here," he said. He related this to concerns that Iran or Syria might decide to turn Lebanon into a "theatre of conflict."

The official said that his government was in a no-win situation. Without a political settlement with Hezbollah, he said, Lebanon could "slide into a conflict," in which Hezbollah fought openly with Sunni forces, with potentially horrific consequences. But if Hezbollah agreed to a settlement yet still maintained a separate army, allied with Iran and Syria, "Lebanon could become a target. In both cases, we become a target."

The Bush Administration has portrayed its support of the Siniora government as an example of the President's belief in democracy, and his desire to prevent other powers from interfering in Lebanon. When Hezbollah led street demonstrations in Beirut in December, John Bolton, who was then the U.S. Ambassador to the U.N., called them "part of the Iran-Syria-inspired coup."

Leslie H. Gelb, a past president of the Council on Foreign Relations, said that the Administration's policy was less pro democracy than "pro American national security. The fact is that it would be terribly dangerous if Hezbollah ran Lebanon." The fall of the Siniora government would be seen, Gelb said, "as a signal in the Middle East of the decline of the United States and the ascendancy of the terrorism threat. And so any change in the distribution of political power in Lebanon has to be opposed by the United States—and we're justified in helping any non-Shiite parties resist that change. We should say this publicly, instead of talking about democracy."

Martin Indyk, of the Saban Center, said, however, that the United States "does not have enough pull to stop the moderates in Lebanon from dealing with the extremists." He added, "The President sees the region as divided between moderates and extremists, but our regional friends see it as divided between Sunnis and Shia. The Sunnis that we view as extremists are regarded by our Sunni allies simply as Sunnis."

In January, after an outburst of street violence in Beirut involving supporters of both the Siniora government and Hezbollah, Prince Bandar flew to Tehran to discuss the political impasse in Lebanon and to meet with Ali Larijani, the Iranians' negotiator on nuclear issues. According to a Middle Eastern ambassador, Bandar's mission—which the ambassador said was endorsed by the White House—also aimed "to create problems between the Iranians and Syria." There had been tensions between the two

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countries about Syrian talks with Israel, and the Saudis' goal was to encourage a breach. However, the ambassador said, "It did not work. Syria and Iran are not going to betray each other. Bandar's approach is very unlikely to succeed."

Walid Jumblatt, who is the leader of the Druze minority in Lebanon and a strong Siniora supporter, has attacked Nasrallah as an agent of Syria, and has repeatedly told foreign journalists that Hezbollah is under the direct control of the religious leadership in Iran. In a conversation with me last December, he depicted Bashir Assad, the Syrian President, as a "serial killer." Nasrallah, he said, was "morally guilty" of the assassination of Rafik Hariri and the murder, last November, of Pierre Gemayel, a member of the Siniora Cabinet, because of his support for the Syrians.

Jumblatt then told me that he had met with Vice-President Cheney in Washington last fall to discuss, among other issues, the possibility of undermining Assad. He and his colleagues advised Cheney that, if the United States does try to move against Syria, members of the Syrian Muslim Brotherhood would be "the ones to talk to," Jumblatt said.

The Syrian Muslim Brotherhood, a branch of a radical Sunni movement founded in Egypt in 1928, engaged in more than a decade of violent opposition to the regime of Hafez Assad, Bashir's father. In 1982, the Brotherhood took control of the city of Hama; Assad bombarded the city for a week, killing between six thousand and twenty thousand people. Membership in the Brotherhood is punishable by death in Syria. The Brotherhood is also an avowed enemy of the U.S. and of Israel. Nevertheless, Jumblatt said, "We told Cheney that the basic link between Iran and Lebanon is Syria—and to weaken Iran you need to open the door to effective Syrian opposition."

There is evidence that the Administration's redirection strategy has already benefitted the Brotherhood. The Syrian National Salvation Front is a coalition of opposition groups whose principal members are a faction led by Abdul Halim Khaddam, a former Syrian Vice-President who defected in 2005, and the Brotherhood. A former high-ranking C.I.A. officer told me, "The Americans have provided both political and financial support. The Saudis are taking the lead with financial support, but there is American involvement." He said that Khaddam, who now lives in Paris, was getting money from Saudi Arabia, with the knowledge of the White House. (In 2005, a delegation of the Front's members met with officials from the National Security Council, according to press reports.) A former White House official told me that the Saudis had provided members of the Front with travel documents.

Jumblatt said he understood that the issue was a sensitive one for the White House. "I told Cheney that some people in the Arab world, mainly the Egyptians"—whose moderate Sunni leadership has been fighting the Egyptian Muslim Brotherhood for decades—"won't like it if the United States helps the Brotherhood. But if you don't take on Syria we will be face to face in Lebanon with Hezbollah in a long fight, and one we might not win."

THE SHEIKH

On a warm, clear night early last December, in a bombed-out suburb a few miles south of downtown Beirut, I got a preview of how the Administration's new strategy might play out in Lebanon. Sheikh Hassan Nasrallah, the Hezbollah leader, who has been in hiding, had agreed to an interview. Security arrangements for the meeting were secretive and elaborate. I was driven, in the back seat of a darkened car, to a damaged underground garage somewhere in Beirut, searched with a handheld scanner, placed in a second car to be driven to yet another bomb-scarred underground garage, and transferred again. Last summer, it was reported that Israel was trying to kill Nasrallah, but the extraordinary precautions were not due only to that threat. Nasrallah's aides told me that they believe he is a prime target of fellow-Arabs, primarily Jordanian intelligence operatives, as well as Sunni jihadists who they believe are affiliated with Al Qaeda. (The government consultant and a retired four-star general said that Jordanian intelligence, with support from the U.S. and Israel, had been trying to infiltrate Shiite groups, to work against Hezbollah. Jordan's King Abdullah II has warned that a Shiite government in Iraq that was close to Iran would lead to the emergence of a Shiite crescent.) This is something of an ironic turn: Nasrallah's battle with Israel last summer turned him—a Shiite—into the most popular and influential figure among Sunnis and Shiites throughout the region. In recent months, however, he has increasingly been seen by many Sunnis not as a symbol of Arab unity but as a participant in a sectarian war.

Nasrallah, dressed, as usual, in religious garb, was waiting for me in an unremarkable apartment. One of his advisers said that he was not likely to remain there overnight; he has been on the move since his decision, last July, to order the kidnapping of two Israeli soldiers in a cross-border raid set off the thirty-three-day war. Nasrallah has since said publicly—and repeated to me—that he misjudged the Israeli response. "We just wanted to capture prisoners for exchange purposes," he told me. "We never wanted to drag the region into war."

Nasrallah accused the Bush Administration of working with Israel to deliberately instigate fitna, an Arabic word that is used to mean "insurrection and fragmentation within Islam." "In my opinion, there is a huge campaign through the media throughout the world to put each side up against the other," he said. "I believe that all this is being run by American and Israeli intelligence." (He did not provide any specific evidence for this.) He said that the U.S. war in Iraq had increased sectarian tensions, but argued that Hezbollah had tried to prevent them from spreading into Lebanon. (Sunni-Shiite confrontations increased, along with violence, in the weeks after we talked.)

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Nasrallah said he believed that President Bush's goal was "the drawing of a new map for the region. They want the partition of Iraq. Iraq is not on the edge of a civil war—there is a civil war. There is ethnic and sectarian cleansing. The daily killing and displacement which is taking place in Iraq aims at achieving three Iraqi parts, which will be sectarian and ethnically pure as a prelude to the partition of Iraq. Within one or two years at the most, there will be total Sunni areas, total Shiite areas, and total Kurdish areas. Even in Baghdad, there is a fear that it might be divided into two areas, one Sunni and one Shiite."

He went on, "I can say that President Bush is lying when he says he does not want Iraq to be partitioned. All the facts occurring now on the ground make you swear he is dragging Iraq to partition. And a day will come when he will say, 'I cannot do anything, since the Iraqis want the partition of their country and I honor the wishes of the people of Iraq.' "

Nasrallah said he believed that America also wanted to bring about the partition of Lebanon and of Syria. In Syria, he said, the result would be to push the country "into chaos and internal battles like in Iraq." In Lebanon, "There will be a Sunni state, an Alawi state, a Christian state, and a Druze state." But, he said, "I do not know if there will be a Shiite state." Nasrallah told me that he suspected that one aim of the Israeli bombing of Lebanon last summer was "the destruction of Shiite areas and the displacement of Shiites from Lebanon. The idea was to have the Shiites of Lebanon and Syria flee to southern Iraq," which is dominated by Shiites. "I am not sure, but I smell this," he told me.

Partition would leave Israel surrounded by "small tranquil states," he said. "I can assure you that the Saudi kingdom will also be divided, and the issue will reach to North African states. There will be small ethnic and confessional states," he said. "In other words, Israel will be the most important and the strongest state in a region that has been partitioned into ethnic and confessional states that are in agreement with each other. This is the new Middle East."

In fact, the Bush Administration has adamantly resisted talk of partitioning Iraq, and its public stances suggest that the White House sees a future Lebanon that is intact, with a weak, disarmed Hezbollah playing, at most, a minor political role. There is also no evidence to support Nasrallah's belief that the Israelis were seeking to drive the Shiites into southern Iraq. Nevertheless, Nasrallah's vision of a larger sectarian conflict in which the United States is implicated suggests a possible consequence of the White House's new strategy.

In the interview, Nasrallah made mollifying gestures and promises that would likely be met with skepticism by his opponents. "If the United States says that discussions with the likes of us can be useful and influential in determining American policy in the region, we have no objection to talks or meetings," he said. "But, if their aim through this meeting is to impose their policy on us, it will be a waste of time." He said that the Hezbollah militia, unless attacked, would operate only within the borders of Lebanon, and pledged to disarm it when the Lebanese Army was able to stand up. Nasrallah said that he had no interest in initiating another war with Israel. However, he added that he was anticipating, and preparing for, another Israeli attack, later this year.

Nasrallah further insisted that the street demonstrations in Beirut would continue until the Siniora government fell or met his coalition's political demands. "Practically speaking, this government cannot rule," he told me. "It might issue orders, but the majority of the Lebanese people will not abide and will not recognize the legitimacy of this government. Siniora remains in office because of international support, but this does not mean that Siniora can rule Lebanon."

President Bush's repeated praise of the Siniora government, Nasrallah said, "is the best service to the Lebanese opposition he can give, because it weakens their position vis-à-vis the Lebanese people and the Arab and Islamic populations. They are betting on us getting tired. We did not get tired during the war, so how could we get tired in a demonstration?"

There is sharp division inside and outside the Bush Administration about how best to deal with Nasrallah, and whether he could, in fact, be a partner in a political settlement. The outgoing director of National Intelligence, John Negroponte, in a farewell briefing to the Senate Intelligence Committee, in January, said that Hezbollah "lies at the center of Iran's terrorist strategy. . . . It could decide to conduct attacks against U.S. interests in the event it feels its survival or that of Iran is threatened. . . . Lebanese Hezbollah sees itself as Tehran's partner."

In 2002, Richard Armitage, then the Deputy Secretary of State, called Hezbollah "the A-team" of terrorists. In a recent interview, however, Armitage acknowledged that the issue has become somewhat more complicated. Nasrallah, Armitage told me, has emerged as "a political force of some note, with a political role to play inside Lebanon if he chooses to do so." In terms of public relations and political gamesmanship, Armitage said, Nasrallah "is the smartest man in the Middle East." But, he added, Nasrallah "has got to make it clear that he wants to play an appropriate role as the loyal opposition. For me, there's still a blood debt to pay"—a reference to the murdered colonel and the Marine barracks bombing.

Robert Baer, a former longtime C.I.A. agent in Lebanon, has been a severe critic of Hezbollah and has warned of its links to Iranian-sponsored terrorism. But now, he told me, "we've got Sunni Arabs preparing for cataclysmic conflict, and we will need somebody to protect the Christians in Lebanon. It used to be the French and the United States who would do it, and now it's going to be Nasrallah and the Shiites.

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"The most important story in the Middle East is the growth of Nasrallah from a street guy to a leader—from a terrorist to a statesman," Baer added. "The dog that didn't bark this summer"—during the war with Israel—"is Shiite terrorism." Baer was referring to fears that Nasrallah, in addition to firing rockets into Israel and kidnapping its soldiers, might set in motion a wave of terror attacks on Israeli and American targets around the world. "He could have pulled the trigger, but he did not," Baer said.

Most members of the intelligence and diplomatic communities acknowledge Hezbollah's ongoing ties to Iran. But there is disagreement about the extent to which Nasrallah would put aside Hezbollah's interests in favor of Iran's. A former C.I.A. officer who also served in Lebanon called Nasrallah "a Lebanese phenomenon," adding, "Yes, he's aided by Iran and Syria, but Hezbollah's gone beyond that." He told me that there was a period in the late eighties and early nineties when the C.I.A. station in Beirut was able to clandestinely monitor Nasrallah's conversations. He described Nasrallah as "a gang leader who was able to make deals with the other gangs. He had contacts with everybody."

TELLING CONGRESS

The Bush Administration's reliance on clandestine operations that have not been reported to Congress and its dealings with intermediaries with questionable agendas have recalled, for some in Washington, an earlier chapter in history. Two decades ago, the Reagan Administration attempted to fund the Nicaraguan contras illegally, with the help of secret arms sales to Iran. Saudi money was involved in what became known as the Iran-Contra scandal, and a few of the players back then—notably Prince Bandar and Elliott Abrams—are involved in today's dealings.

Iran-Contra was the subject of an informal "lessons learned" discussion two years ago among veterans of the scandal. Abrams led the discussion. One conclusion was that even though the program was eventually exposed, it had been possible to execute it without telling Congress. As to what the experience taught them, in terms of future covert operations, the participants found: "One, you can't trust our friends. Two, the C.I.A. has got to be totally out of it. Three, you can't trust the uniformed military, and four, it's got to be run out of the Vice-President's office"—a reference to Cheney's role, the former senior intelligence official said.

I was subsequently told by the two government consultants and the former senior intelligence official that the echoes of Iran-Contra were a factor in Negroponte's decision to resign from the National Intelligence directorship and accept a sub-Cabinet position of Deputy Secretary of State. (Negroponte declined to comment.)

The former senior intelligence official also told me that Negroponte did not want a repeat of his experience in the Reagan Administration, when he served as Ambassador to Honduras. "Negroponte said, 'No way. I'm not going down that road again, with the N.S.C. running operations off the books, with no finding.' " (In the case of covert C.I.A. operations, the President must issue a written finding and inform Congress.) Negroponte stayed on as Deputy Secretary of State, he added, because "he believes he can influence the government in a positive way."

The government consultant said that Negroponte shared the White House's policy goals but "wanted to do it by the book." The Pentagon consultant also told me that "there was a sense at the senior-ranks level that he wasn't fully on board with the more adventurous clandestine initiatives." It was also true, he said, that Negroponte "had problems with this Rube Goldberg policy contraption for fixing the Middle East."

The Pentagon consultant added that one difficulty, in terms of oversight, was accounting for covert funds. "There are many, many pots of black money, scattered in many places and used all over the world on a variety of missions," he said. The budgetary chaos in Iraq, where billions of dollars are unaccounted for, has made it a vehicle for such transactions, according to the former senior intelligence official and the retired four-star general.

"This goes back to Iran-Contra," a former National Security Council aide told me. "And much of what they're doing is to keep the agency out of it." He said that Congress was not being briefed on the full extent of the U.S.-Saudi operations. And, he said, "The C.I.A. is asking, 'What's going on?' They're concerned, because they think it's amateur hour."

The issue of oversight is beginning to get more attention from Congress. Last November, the Congressional Research Service issued a report for Congress on what it depicted as the Administration's blurring of the line between C.I.A. activities and strictly military ones, which do not have the same reporting requirements. And the Senate Intelligence Committee, headed by Senator Jay Rockefeller, has scheduled a hearing for March 8th on Defense Department intelligence activities.

Senator Ron Wyden, of Oregon, a Democrat who is a member of the Intelligence Committee, told me, "The Bush Administration has frequently failed to meet its legal obligation to keep the Intelligence Committee fully and currently informed. Time and again, the answer has been 'Trust us.' " Wyden said, "It is hard for me to trust the Administration."

Iran Defiant On Nuclear Pursuit (FT)

By Daniel Dombey

Financial Times, February 26, 2007

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President Mahmoud Ahmadi-Nejad warned on Sunday that Iran would not retreat from its nuclear programme, while Tehran sought to underline its technological prowess by announcing that it had fired a rocket into the atmosphere.

"Iran has obtained the technology to produce nuclear fuel and Iran's move is like a train that has no brakes . . . and no reverse gear," Mr Ahmadi-Nejad said, according to Iran's ISNA student news agency.

Mr Ahmadi-Nejad's comments were quickly picked up by Condoleezza Rice, US secretary of state. "They don't need a reverse gear," she responded on Fox News. "They need a stop button."

Iran failed last week to meet a United Nations deadline to curb activities related to uranium enrichment, a process that can produce both nuclear fuel and weapons grade material.

The extent to which Iran has mastered such technology remains one of the most important questions in the controversy over the nuclear programme, together with other factors such as Tehran's true intentions and the difficulty of forging a common front on the issue among big powers.

In a sign of the heightened tension, Manouchehr Mohammadi, a deputy foreign minister, said on Sunday: "We have prepared ourselves for any situation, even for war."

However, the Iranian foreign ministry is not generally considered to be one of the main actors in the dispute over Iran's nuclear programme, and western diplomats say they believe Mr Ahmadi-Nejad's influence in the country is declining in favour of a corps of more established pragmatists.

At the weekend, Vice-President Dick Cheney reiterated the US position that "all options" were on the table for dealing with Iran's nuclear ambitions, adding that it was "still our preference" to resolve the issue peacefully through working with the European Union and the UN.

Diplomats from the permanent five members of the UN Security Council and Germany meet in London today to make a first attempt to reach consensus on a new set of UN sanctions on Iran.

"It's reassuring that the Americans are working this way," a French diplomat said. "We certainly don't have the impression that they want a military conflict."

In a further source of tension, Iran was yesterday initially reported by agencies to have fired a rocket into space using technology similar to intercontinental ballistic missiles.

But Ali Akbar Golrou, the executive deputy of Iran's aerospace research centre, later told Fars News Agency the rocket was not a missile capable of reaching space but would eventually fall back to earth after reaching a suborbital position.

As U.S. Puts Pressure On Iran, Gulf's Religious Rift Spreads (WSJ)

By Andrew Higgins

The Wall Street Journal, February 26, 2007

MUHARRAQ, Bahrain -- One night last fall, incendiary leaflets denouncing Iran suddenly appeared on the walls of houses and mosques in this tiny Persian Gulf kingdom.

"Iranians are trying to occupy your homes, the homes of your fathers and grandfathers," warned the anonymous tracts. "Do you want to be ruled by these people? No, a thousand times no!"

Bahrain, a crucial American ally and home to the U.S. Navy's Fifth Fleet, was quickly caught up in a wave of anti-Iranian paranoia. Politicians, clerics and the media jumped on the theme, turning Iran into a big issue in bitter local elections at the end of the year.

The trigger for all the noisy alarm? A ruckus over the purchase of a ramshackle house by a handful of local Bahrainis who share the Shiite Muslim faith of Iran.

At a time of rising tension between Washington and Tehran, the scare-mongering in Bahrain shows how America's geopolitical standoff with Iran is paralleled by much older animosities between the Muslim world's two great traditions, Sunni and Shiite. The Arab world is majority Sunni while Persian Iran is mostly Shiite. In a dangerous dynamic, legitimate concerns about Tehran's intentions are being overlain with phobias and political calculation as Arab governments, rabble-rousing politicians and clerics fan sectarian fears.

Washington views Iran as a rogue nation that arms militias in Iraq, wants to build a nuclear bomb and seeks Israel's destruction. From Arab kingdoms on the Persian Gulf to Lebanon on the Mediterranean, however, Iran is also viewed through another prism, as a non-Arab, and, for some, heretical power intent on expanding the clout of itself and fellow Shiites at the expense of the region's Sunni establishment.

Containing Tehran has become a major American foreign-policy goal. But for these countries, Iran is a hot-button domestic issue as well. Bahrain is ruled by a Sunni royal family but roughly 70% of the populace is Shiite. The nation was shaken by a series of clashes this month between Shiite protesters and security forces dominated by Sunnis.

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Saudi Arabia frets about the Shiite minority who inhabit its oil-producing eastern region next to Bahrain. Kuwait, too, has a sizable Shiite minority. Lebanon's Sunni-dominated government is under threat from Hezbollah, a Shiite militia.

Even countries with hardly any Shiites, such as Egypt and Jordan, have domestic concerns. By denouncing Iran (and by association Shiites), leaders hope to outflank their most virulent critics -- militant Sunni Islamists, who often fume against Shiites as heretics. They also seek to blemish the reputation of Hassan Nasrallah, the Shiite Hezbollah leader whose radical views spook Sunni leaders but delight some of their citizenry.

When the U.S. invaded Iraq in 2003, it believed that the overthrow of Saddam Hussein, a Sunni, would seed tolerant democracy there and elsewhere. The war instead uncorked pent-up sectarian tensions in Iraq, pitting the country's once-dominant Sunni minority against its long-oppressed Shiite majority. The Iraqi chaos also has emboldened neighboring Iran to flex its muscles in Iraq and beyond, further stirring passions rooted in centuries of theological, political and ethnic rivalry.

Until recently, Washington focused on Sunni threats, from Sunni insurgents in Iraq to the remnants of al Qaeda, a Sunni outfit. In his January state of the union address, however, President Bush also warned of the menace posed by Shiite extremists who "take direction from the regime in Iran." It has become clear, he said, that "we face an escalating danger" from militant Shiites "determined to dominate the Middle East." This reassessment of America's enemies underpins what Secretary of State Condoleezza Rice has hailed as a "realignment in the Middle East" -- a drawing together of Sunni-led Arab countries against Iran.

Some experts on the region warn that America's standoff with Iran is exacerbating Sunni-Shiite rivalry and pushing the U.S. into some unruly company. Indeed, America now unintentionally finds itself on the same page as Sunni firebrands who loathe America but sometimes hate Shiites even more. Much of the most venomous anti-Iranian rhetoric comes from militants whose views echo Osama bin Laden's.

Anti-Shiite fervor, says Vali Nasr, a professor at the Naval Postgraduate School in Monterey, Calif., is "part of the DNA" of America's biggest foes, Sunni extremists. In recent testimony to the Senate Committee on Foreign Affairs, he urged a cooling of tempers with Iran. "It will boomerang back against us," he says.

Shiites make up 15% or less of the world's Muslim community, but in many Sunni eyes they hold outsize influence because of Shiite-ruled Iran, which now rivals and sometimes even eclipses Israel as an object of loathing. On the gallows in Baghdad at the end of December, Saddam Hussein used his last words to denounce Americans and "Persians," or Iranians. He didn't name Israel.

A lexicon of Arab polemic previously dominated by "Zionists" and "Crusaders" -- i.e., Israel and America -- now has a new villain: the Safawis, or Iranians. The term refers to the Safavid dynasty that established Shiism as Iran's state religion in the 16th century.

The most splenetic diatribes against Iran and Shiites often come from militant Sunnis who previously focused their fire on the U.S. In a January document entitled "Covenant of the Supreme Council of Jihad Groups," for example, a Kuwaiti extremist cleric ranked Iran ahead of the U.S. and Israel in a hierarchy of foes. He railed against the "Safawi enemy that seeks the destruction of Islamic civilization."

Saudi Arabia, a prime source of toxic jihad theology in the past, now also churns out bile against Iran and Shiites. At the end of December, Abdel-Rahman al-Barrak, a senior cleric, labeled Shiites "more dangerous than Jews and Christians." King Abdullah, in a recent interview with a Kuwaiti newspaper, predicted defeat for what he suggested was an Iranian-backed campaign to convert the Sunni world to Shiism and "to diminish [the Sunnis'] historical power."

Fear of Iran, of course, is anchored in real-world issues. Tehran's nuclear-research push has caused widespread jitters and prompted Jordan, Egypt and Saudi Arabia to suggest they might start nuclear programs, too. Iran's involvement in Iraq since the toppling of Mr. Hussein's Sunni tyranny has stirred real fear that Iraq will be led by a Shiite regime loyal to Tehran.

The hostility between Sunnis and Shiites began with the death of the Prophet Muhammad in 632 and a dispute that followed over whether his father-in-law (the Sunni choice) or his son-in-law (the Shiite candidate) was the worthy successor. The schism later fed into another rift now at the heart of the region's rivalries -- between ethnically Persian Iran, which became Shiite, and the ethnically Arab heartland, which became mostly Sunni.

Bahrain, home to some 2,500 U.S. military personnel, plays a key role in U.S. efforts to contain Iran. The Fifth Fleet's command center here controls an armada of U.S. warships -- beefed up this month by a second aircraft-carrier battle group -- that is America's main military lever against Tehran. A banking center and weekend playground for revelers from neighboring Saudi Arabia, Bahrain boasts a vibrant economy and is much more open than most Arab countries.

But as a predominantly Shiite land of roughly 700,000 ruled by Sunnis, Bahrain also sits astride the Muslim fault line shaking the region.

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At the beginning of the decade, Bahrain began opening up its political system. As Shiites began to demand real power, however, the opening stalled. Washington, preoccupied by Iraq and then Iran, muted calls for greater democracy here and elsewhere in the region.

"We notice a change in America's view," says Mohammed Bin Mubarak Al Khalifa, the deputy prime minister and a member of the Sunni ruling family. "Iraq was supposed to be a good example. It failed." Democracy's weakness, he adds, is that it gives "too much influence to outsiders" -- which in this part of the world means Iran.

This month, violence flared after police arrested three Shiite activists who had long denounced Sunni political dominance. The trio were released after being charged with illegal agitation and other crimes. In one Shiite area last week, youths hurled fire bombs and riot police fired tear gas. More arrests followed. Newspapers close to the government alleged a conspiracy to sow chaos and reported that Shiites had set up a military training camp. Shiites denounced the reports as fabrication.

Mohammed Khaled Ebrahim, a hard-line Sunni member of Bahrain's parliament, urges visitors to read a document called "The Secret Plan of the Ayatollahs in Light of New Circumstances." It purports to detail an Iranian plot to dominate the Middle East and force Sunnis to convert. In tone and taste for conspiracy it mimics The Protocols of the Elders of Zion, a century-old Russian forgery and classic of anti-Semitic propaganda.

"It explains everything," says Mr. Ebrahim, waving an Arabic translation of the supposedly covert, Farsi-language plan. He found it on the Internet.

Though he is a shrill critic of America, he says he supports any effort to restrain Iran. He doesn't want the U.S. Navy to leave Bahrain because this "would clear the area for Iran." This, he says, is "what Shiites want." America is "like a cancer" but Iran is still more dangerous and "much more devious."

The spark for a recent flare-up of Sunni-Shia tension was a modest property investment in Muharraq, a predominantly Sunni area. Five local Shiites, all members of Bahrain's small and centuries-old community of ethnic Persians, pooled their money to buy a decrepit house for around $400,000 from its Sunni owner. They registered the purchase and then got planning permission to tear down most of the structure and rebuild separate new homes. Contractors moved in last spring to start demolition work.

One of the first to ring the alarm was Isa Adwan, a Sunni zealot and part-time preacher who lives next door. Mr. Adwan complained about "Iranians" ruining the neighborhood. A likeminded preacher joined his campaign.

Sitting on the floor of his dingy living room, Mr. Adwan explains that he despises America, too, but thinks Shiites are worse and wishes President Bush well against Tehran. He thinks Shiites have too many children -- he has six himself -- and don't pray at the right time. But most disturbing, says Mr. Adwan, is Shiite reverence for Iranian religious figures, which he believes makes them loyal to Iran, not Bahrain. The house next door, says Mr. Adwan, was just "their first target." Iranians "want to take over the whole neighborhood, the whole country."

The neighborhood tiff reached a wider audience with the posting of the anti-Iranian leaflets. The tracts infuriated Shiites and also moderate Sunnis. Police quickly tore them down. "These things are very dangerous," says the Sunni governor of Muharraq, Salman Bin Hindi.

Instead of fading, the fear of an Iranian plot was then fanned by local media. A flurry of articles reported that officials had uncovered a secret plan by Iran to buy up land using local Shiite proxies. Authorities, prodded by Sunni politicians, formed a committee to investigate the Iranian connection.

As campaigning heated up for elections in November and December for Bahrain's largely powerless parliament, several Sunni hopefuls grabbed onto the issue. They claimed that an Iranian state-owned bank and the Iranian Embassy were financing home purchases by Shiites.

"We sniffed something very strange," recalls Isa Ahmed Abul Fateh, a Sunni former banker who was in a tight race for a seat in Muharraq, a small island. Denunciations of Iran became a big part of his campaign. Iran, he says, has been buying up land in Basra, Iraq, and "maybe they have the same objective in Bahrain."

Rivals slammed the fear-mongering -- and lost. Islamists -- both Sunni and Shiite -- won all but a handful of seats. The big losers were secular candidates who bridge the sectarian divide.

In the middle of the real-estate flap, a bombshell hit: A British national of Sudanese origin who had worked as a government consultant released a report that, backed by official documents, detailed a campaign by some hard-line Sunni officials to manipulate sectarian tensions, exploit fears of Iran and entrench Sunni dominance. One of the leaked documents was a policy paper that warned, among other things, that Shiites were buying property in Muharraq.

The former consultant, Salah Al Bander, says he sent his findings to the royal family last August and, when he received no response, later sent copies to the American, British and German embassies and to the local press. He was promptly expelled to Britain. After a burst of press coverage, the government charged the former consultant with stealing documents and other offenses. He denies doing anything wrong and says he hasn't received any notification of the charges.

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Another policy paper recommends that Bahraini authorities play on U.S. hostility toward Iran and "explain to the American embassy and the international community in general" that Bahrain's main Shiite party is a Bahraini version of Hezbollah, the Iranian-backed Lebanese militia.

It is unclear whether the proposals were ever acted on or when they were made. But, say Shiite activists, they reflect the mindset of at least some in the government.

"The government strategy is to invest in anti-Iranian feeling in the West, particularly in America," says Mr. Bander, the former consultant, who is himself a Sunni.

Sheik Mohammed, the deputy prime minister, derides Mr. Bander's claims as a "mockery" but declined to comment in detail, saying the case is now in the hands of the judiciary.

At the end of September, the five Shiites who bought the house next to Mr. Adwan received a letter from the Ministry of Municipalities and Agriculture. It ordered them to sell their property, which by this point had been mostly demolished to make way for rebuilding. The letter gave no explanation other than citing a 1975 decree allowing forced purchases in "the public interest." The Shiites ignored the order. Police arrived to force their contractors to stop work.

In December, Muharraq's governor, Mr. Bin Hindi, announced that he would start vetting all property deals as a part of what he said was a drive to preserve old buildings. Shiite activists howled in protest, accusing the government of sectarian zoning.

The property next to Mr. Adwan is still empty. Its Shiite owners recently received a second letter ordering them to sell. They're haggling over compensation. The committee looking into Iran's role hasn't found any Iranian connection. But says Mr. Adwan, Iranian influence has been rolled back a few yards. Had the Shiites moved in, "I'd be surrounded on all sides."

Iran Says It Launched A Suborbital Rocket (NYT)

By Nazila Fathi

The New York Times, February 26, 2007

TEHRAN, Feb. 25 — Iran announced Sunday that it had launched a research rocket that attained a suborbital altitude, a test that appeared to move it closer toward its aim of putting its own satellites into space.

Initially, the director of the Aerospace Research Center, Mohsen Bahrami, was quoted by the Iranian Student News Agency on Saturday as saying that the rocket, carrying a research cargo, “was launched successfully into space.” But he did not disclose any information about the altitude the rocket reached or when it was launched. The state television also reported the news on Sunday.

Ali Akbar Golrou, another official at the center, told the Fars News Agency on Sunday that the rocket was a so-called sounding rocket carrying atmosphere-testing equipment that rose 94 miles before falling back to earth by parachute, he said.

“The rocket was launched only for scientific and research purposes,” Mr. Golrou was quoted as saying. “Some of the news agencies have reported that a missile has been launched into space, which is false,” he said, referring to earlier reports that the launching might have been a weapons test.

A test rocket capable of reaching greater altitudes would have had significant meaning not only for Iran’s effort to put satellites into orbit, but also for developing a transcontinental ballistic missile, making it a topic of keen interest to other countries. The United Nations Security Council passed a resolution on Dec. 23 that imposed a ban on trade of goods or technology related to Iran’s nuclear and missile programs. Iran refused to comply with a two-month deadline in the resolution to suspend its uranium enrichment program, and now, the five permanent members of the United Nations Security Council are meeting in London on Monday to discuss possible further sanctions.

Mr. Bahrami told the Iranian Students News Agency that the cargo intended for research was produced jointly by the Aerospace Research Center and the Ministry of Defense.

Iran launched its first satellite, known as Sina-1, from a Russian rocket in 2005. But it said that it wanted to improve its Shahab-3 missile, which has a range of 1,250 miles, to launch satellites. Iran says it needs to launch four more satellites by 2010 to increase the number of people with access to telephones or cellphones to 80 million from 22 million, and to increase the number of Internet users to 35 million from 5.5 million.

Defense Minister Mohammad Najar said that “building satellites, launchers, launching the first satellite of Sina with Russia and entering the space club, creating missile test centers and expanding its infrastructure and training personnel are among the ministry’s plans,” the daily Etemad Meli quoted him as saying Sunday.

Science and Technology Minister Mohammad Soleimani said Iran planned to accelerate its space program, the students news agency reported. “Investment in space is very serious and requires time,” he said, “but we are trying to speed it up.”

Cheney Arrives In Persian Gulf For Talks (AP)

DOJ_NMG_0136406

By Jim Krane

AP, February 26, 2007

Vice President Dick Cheney landed in the U.S.-allied Arab monarchy of Oman on Sunday and went directly to talks with its foreign minister, Omani government officials said.

A U.S. embassy spokesman in Oman declined to detail Cheney's plans or the focus of his visit to the sparsely populated oil-producing state, which allows the United States use of four air bases. But an Omani government official said Cheney was to discuss regional security issues, including the U.S. standoff with Iran over its nuclear program. The official, in the capital Muscat, spoke on condition of anonymity because he was unauthorized to speak to the press.

Oman sits across the strategically important Strait of Hormuz from Iran, through which two-fifths of the world's oil passes.

The sultanate allows the United States to use the air bases — including one just 50 miles from Iran — for refueling, logistics and storage of pre-positioned military supplies. Little has been revealed publicly about U.S. military ties with the reclusive country, a deeply sensitive topic inside Oman, an isolated country on the southeastern corner of the Arabian peninsula that has been a quiet U.S. military ally for decades.

The country's cooperation with the U.S. military appears to have dwindled over the past few years, but renewed U.S. access to its bases would give a huge boost to any American action on Iran.

"The Omanis are very careful not to associate themselves with American forces. There are major objections to U.S. activities in Oman and they don't want a large visible presence," said Mustafa Alani, a Gulf Research Center military analyst.

An Omani Foreign Ministry official said Foreign Minister Yousuf bin Alawi bin Abdullah was to urge U.S. support for an immediate revival of the Palestinian-Israeli peace process.

Cheney's stopover could be seen as an attempt to ratchet up military pressure on Iran ahead of a meeting by the U.N. Security Council that will discuss tightening of sanctions imposed over its disputed nuclear program.

The visit to Oman was Cheney's second during his time as vice president. In March 2002, Cheney toured U.S. installations at the Masirah Island Air Base, which hosted U.S. B-1B bombers, C-130 transports and U.S. Special Forces AC-130 gunships during the war in Afghanistan, according to press and research reports.

Cheney left Australia on Sunday after a three-day visit to thank the government for contributing troops to Iraq and Afghanistan. He had earlier visited Japan and Guam.

A White House spokeswoman said the vice presidential plane had an electrical problem after leaving Australia earlier Sunday. Reporters on the plane said a power surge during the flight disabled the cabin's electrical outlets. The problem was fixed during a planned stop in Singapore.

A Congressional Research Service report said the Pentagon extended U.S. basing rights in 2000 by providing $120 million to Oman to upgrade its al-Musnanah air base, which sits next to the Strait of Hormuz.

CRS reported 550 U.S. troops were based in Oman as recently as 2004. But that number appears to have slipped to around 270 last year, mainly U.S. Air Force and Navy personnel, some of whom are training the Omani air force, according to the Dubai-based Gulf Research Center.

The CRS report said the Air Force maintains access rights to four Oman air bases, al-Musnanah; al-Seeb, just outside the capital Muscat; Thumrait, near the southern coast; and the Masirah Island Air Base, in the Arabian Sea.

Oman's Masirah air base was the staging base for the failed U.S. attempt to rescue 66 American hostages from the former U.S. embassy in Tehran in 1979.

Oman is led by the reclusive Sultan Qaboos, who overthrew his father in 1970. Qaboos has focused on modernizing Oman, but at a slower pace than the frenetic growth transforming neighboring United Arab Emirates and Qatar.

Hizbullah Builds New Line Of Defense (CSM)

By Nicholas Blanford

The Christian Science Monitor, February 26, 2007

The metal sign dangling from a shiny new chain reads: "Warning. Access to this area is forbidden. Hizbullah."

The notice strung between two concrete blocks on a hillside overlooking the Litani River, is just one indication that the Shiite militants have relocated here to build a new line of defense.

Hizbullah's strengthening presence just across the Litani – the northern border of the zone UN peacekeeping forces and Lebanese troops have been policing since last summer's war between Hizbullah and Israel – coincides with a series of land purchases here by a Shiite businessman with ties to the militant group and, critics say, with funds from Tehran.

While analysts say the military buildup does not necessarily signal any intention by the Iranian-supported militants to launch a fresh round of fighting, they say it is a troubling sign that Hizbullah is rearming just out of sight of the United Nations.

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Regionally, say critics, that means Iran could be rebuilding its ally's military capability inside Lebanon and could strike again at Israel. "If you have a major Iranian- American clash, one thing we fear is that the Iranian reaction could be from Lebanon," says Marwan Hamade, Lebanon's telecommunications minister and political opponent of Hizbullah.

Hizbullah has chosen to abandon its former stronghold in Lebanon's UN-patrolled southern border district where its fighters withstood Israel's month-long onslaught last summer.

In that area, the United Nations Interim Force in Lebanon (UNIFIL) has swelled to six times its former size with reinforcements from NATO countries such as France, Italy, and Spain. They have been joined by some 20,000 Lebanese troops and together they man around 100 checkpoints and conduct 500 patrols day and night, UNIFIL officials say.

To be sure, Hizbullah's fighters continue to live in the southern border villages and keep a close eye on movements along the Israeli border and on the newly arrived European UN troops. But UNIFIL officials say that they have seen no armed fighters since September and that Hizbullah's former "security pockets" and bunkers have been abandoned.

"Some arms caches have been found, but they are from before the war. There have been no instances of attempts to smuggle weapons into the area," says Milos Strugar, UNIFIL's senior adviser.

But now, locals say, Hizbullah is seen more frequently in these remote hills just north of the Litani. "They have always been in the area but there's a lot more movement now," says one man who lives in the vicinity but requested anonymity due to the sensitivity of the subject.

On a brush-covered hillside overlooking the Litani River, two Hizbullah fighters wearing camouflage uniforms and carrying rifles and walkie-talkies emerged from the bushes beside a stone track. They take the name of a visiting reporter and politely – but firmly – say that no entry is permitted into the area.

Less than a mile to the west, another Hizbullah position is guarded by an armed and uniformed fighter sitting in a small hut with a landline telephone.

According to one veteran Hizbullah fighter, during the war, long-range rockets were launched at Israel, around 10 miles to the south, from underground firing positions in this same area.

Lebanese troops man checkpoints along the main roads here, but are not interfering with Hizbullah's activities. With Hizbullah refusing to disarm and the Lebanese government and Army incapable of dismantling it by force, the fate of the group's arms remains an intractable political dilemma.

Hizbullah does not deny that it is replenishing its war-depleted stocks. Three weeks ago, a truck filled with rockets and mortars destined for Hizbullah was discovered by Lebanese customs police. Hizbullah asked that the weapons be returned, but the Lebanese minister of defense refused, saying they would be handed over to the Lebanese Army.

In a speech on Feb. 16, Hizbullah chief Sheikh Hassan Nasrallah admitted that the group was "transporting weapons to the front [in the south]."

"We have weapons of all kinds and quantities, as many as you want. We don't fight our enemy with swords made of wood," he said.

Still, the extent of the military buildup in these "security pockets" north of the Litani is unclear given the ingenuity of Hizbullah's engineers and the strict secrecy under which the group operates. Before the war last summer, Hizbullah spent six years secretly building bunkers, tunnels, and firing positions along the border with Israel.

In one case, a bunker complex 100 feet underground covering an area of almost a square mile was built within 300 yards of a UNIFIL observation post and an Israeli army position on the border, but its existence remained hidden until after the war.

"They let us see certain things like their observation posts along the border fence, but all the time they were building an underground city in the south that we never knew existed," says Timur Goksel, who retired as UNIFIL's senior adviser in 2003.

Hizbullah's area of deployment north of the Litani is populated by Shiites, Christians, and Druze who live in small villages and farmsteads tucked into the folds of these remote mountains.

For the past year, Ali Tajiddine, a Shiite businessman who traded diamonds in West Africa before branching into property development and construction, has been snapping up vast tracts of land in the district from impoverished Christian and Druze property holders.

On one barren windswept hillside, a new community called Ahmadiyeh is being built from scratch with houses and shops surrounding a stone quarry owned by Mr. Tajiddine. Some two-thirds of a nearby Druze village called Sraireh has been bought up and more than 440 acresof land has been purchased from the nearby Christian hamlet of Qotrani where 30 buildings are under construction and have been sold to Shiites, according to local residents.

"There's no living to make here, so people are selling their land and moving," says one of the 350 remaining residents of Sraireh, which has seen 80 percent of its population leave, mainly to the Druze-dominated Chouf mountains farther north. He says that Tajiddine was paying in cash whatever amount was requested by property owners.

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Walid Jumblatt, leader of Lebanon's Druze and arch foe of Hizbullah, says that the land is being purchased with Iranian funds delivered to Hizbullah and disbursed by Tajiddine. Tajiddine's connections to Hizbullah are widely known locally in south Lebanon. One of his relatives was arrested in Antwerp, Belgium, in May 2003 in a case involving diamonds from West Africa and suspected money laundering on behalf of Hizbullah.

Mr. Jumblatt says the intention is to create a Shiite belt spanning the northern bank of the Litani, allowing Hizbullah freedom to operate while severing Christian and Druze districts from each other.

"I have bought some land in Sraireh to encourage people to stay," he says. "But I can't compete financially with Iran."

But Hizbullah officials dismiss the allegations as unfounded. "Walid Jumblatt likes to stir calm waters," says Sheikh Naim Qassem, Hizbullah's deputy leader. "Since when was Lebanon a series of cantons where Shiites can only buy land in Shiite areas?"

Tajiddine also plays down the sectarian nature of his business dealings, arguing that the area in question is only a "tiny fraction" of his nationwide property developments. "The buildings are for my employees who work in the quarries. I have employees who are Shiites, Druze, Sunnis, and Christians."

But the remaining residents of Qotrani and Sraireh question Tajiddine's interest in this remote district of south Lebanon. "There's nothing here. This is not an area for investment," says one, gesturing at the surrounding brush-covered mountains.

Israeli Troops Place Curfew On West Bank City (NYT)

By Steven Erlanger

The New York Times, February 26, 2007

JERUSALEM, Feb. 25 — The Israeli Army put the large West Bank city of Nablus under curfew on Sunday in one of the biggest military operations there in two years.

The Israeli forces discovered an explosives laboratory in Nablus, the second one found in two days, containing pipe bombs, explosive materials and a hand-held Lau guided missile and launcher that apparently had belonged to the Israeli Army, said Maj. Avital Leibovich of the Israeli Army.

It was not immediately clear whether the missile had been stolen or purchased.

The operation began Saturday and intensified before dawn on Sunday, with nearly 100 Israeli jeeps and armored vehicles moving into Nablus, blocking main roads. Troops began sweeps of the closely packed old city.

Some Palestinians responded by throwing stones or chunks of concrete, or by firing weapons. Two Israeli soldiers were slightly wounded, the army said, and six Palestinians were wounded, most by rubber-coated bullets, Palestinian medics said.

Two Palestinians were arrested and more than 30 detained for questioning, most of whom were released by nightfall on Sunday, Major Leibovich said.

Nablus, one of the largest cities in the West Bank, is a center for Palestinian militants, and the Israeli Army regularly patrols there. But this operation, the army said, was devised to “trim back” militant groups who had been stockpiling matériel, and to arrest some militants.

Hamas, which is more secretive in the Israeli-occupied West Bank than it is in Gaza, has been organizing in Nablus. It has quietly recruited members for a West Bank version of its police force in Gaza, known as the Executive Force, which it formed because the existing Palestinian police force is dominated by the rival Fatah faction.

Some 10,000 people in the center of Nablus were said to be under curfew. School classes were canceled. The Israeli Army also took over local television and radio stations, warning that the clampdown would remain in effect for several days, Palestinian residents said.

Saeb Erekat, a Palestinian negotiator and an aide to the Palestinian Authority’s president, Mahmoud Abbas of Fatah, said, “This will undermine the efforts that are being made to sustain the cease-fire with Israel.”

In a statement, Mr. Abbas said, “This aggression by the Israeli occupation government is like cutting the road forward after all our efforts to find peace.”

In Gaza, Hamas officials said the raid had been intended to undermine efforts at completing a unity government that included Hamas and Fatah ministers. “We question why these military campaigns are increasing now,” said Ghazi Hamad, a spokesman for the Hamas-led government.

Referring to the recent talks between Palestinian leaders in Saudi Arabia, he said, “This indicates the Israeli government is trying to turn what was agreed upon in Mecca into a failure.”

A Hamas legislator also criticized King Abdullah II of Jordan for asking that a unity government meet international requirements and recognize Israel.

“I asked myself, What did the king offer to lift the siege on the Palestinian people and was he a part of the Arabic system or a part of another one?” said the lawmaker, Yehia Moussa.

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In an interview broadcast Saturday night on Israeli Channel 2, King Abdullah said, “There is Arabic and international harmony, and the upcoming Palestinian government must abide by this harmony.”

Elsewhere, a Jewish settler was stabbed to death Sunday near the West Bank city of Hebron, The Associated Press reported. The police said that it was unclear who killed the man, and that they were not ruling out a Palestinian attack, The AP said.

Israeli Troops Raid West Bank City (USAT)

USA Today, February 26, 2007

Israeli security forces placed large areas of Nablus under curfew Sunday and conducted house-to-house raids in the largest military operation in the West Bank since July. Brig. Gen. Yair Golan said the operation was crucial to stop militant attacks against Israel. The army seized TV and radio stations, ordered people to stay indoors and said the clampdown would remain in effect for several days. The army said the curfew was to limit civilian casualties.

"We condemn this military incursion," said Saeb Erekat, a confidant to Palestinian President Mahmoud Abbas. "This will undermine the efforts that are being made to sustain the cease-fire with Israel."

Prodi likely to stay in power

Italian Prime Minister Romano Prodi's center-left coalition has secured enough support to win a confidence vote this week that will assure his continuation in power, a top ally said. "We have the majority," said Piero Fassino, who leads the coalition's largest party. Coalition partners committed to support Prodi's 12-point program. Prodi resigned Wednesday after losing a parliamentary vote on foreign policy, including keeping Italian troops in Afghanistan.

Guinea ruler agrees to demands

Guinea President Lansana Conte agreed to pick a new prime minister from a list proposed by opponents, a move that will end a general strike that has crippled the West African nation since Feb. 12.

"The strike will be lifted," union negotiator Ousmane Souare said. On Friday, the parliament rejected Conte's request to continue martial law, which has curbed street protests. Conte, 72, seized power in a 1984 coup. Political unrest has killed scores of people this year.

Pirates hijack U.N. aid ship

Pirates off the Horn of Africa hijacked a ship hired by the United Nations' World Food Program to carry aid to Somalia. "They have not made any demands," said Andrew Mwangura, director of the East African Seafarers Assistance Program.

Leo van der Velden, the food program's deputy country director for Somalia, said the Kenyan-owned freighter MV Rozen was empty after its 12-man crew had unloaded goods.

Out Of Gaza, Settlers In The Cold (LAT)

By Vita Bekker

The Los Angeles Times, February 26, 2007

NITZAN, ISRAEL — The wood-framed photo stands atop the television set, an obstinate reminder of what Avi Burstein's family lost.

In it, Burstein, his wife and four children are hugging one another on the green lawn of a sprawling red-roofed house. The tanned faces of the two grown sons stare bitterly into the camera. Their younger sisters, in long denim skirts with their brown hair pulled back, wear sad expressions.

The shot was taken hours before Israel removed more than 8,000 Jewish settlers, including the Bursteins, from the Gaza Strip in the summer of 2005.

"Imagine," Burstein said, a green knit skullcap covering his graying hair, as he peered at the photo through dark-rimmed glasses. "A person builds a house with his own 10 fingers. And then one day it's all erased."

But more than his home is gone. Burstein, 49, a farmer who grew lettuce, tomatoes and roses in greenhouses for export, has been jobless since the evacuation.

The Bursteins live in this southern Israeli community about 15 miles north of the Gaza Strip along with the biggest group of Gaza evacuees, numbering in the hundreds. Their temporary prefabricated house is less than half the size of the one they lost.

Straining to meet daily expenses, Burstein already has spent one-third of the compensation his family received to build a permanent home.

Other Gaza evacuees are in a similar fix. Many are older than 50 and unskilled for available jobs, an evacuees committee said. Others who restarted their businesses are losing money because costs in Israel are higher than in the Gaza Strip.

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At this point, a quarter of the Gaza evacuees remain unemployed. And in more than 21 sites designated to become their permanent communities, construction has been delayed by the red tape of a resettlement program that has cost the Israeli government more than $2 billion.

The evacuees' predicament is a measure of the decline in political power of Israel's settler movement. It also is an indication of the difficulties Israel may encounter in any evacuation of the much larger number of settlements in the West Bank, considered an inevitable part of any final peace accord with the Palestinians. Only four small settlements in the northern West Bank were evacuated at the time of the Gaza withdrawal.

Israel's unilateral pullout from Gaza, led by then-Prime Minister Ariel Sharon, was widely welcomed by the international community as a step toward reviving long-moribund peace talks with the Palestinians. It was the first withdrawal from territories captured during the 1967 Middle East War and claimed by the Palestinians as part of a future state.

Most Israelis supported Sharon's "disengagement" from Gaza, which included the closing of Israel's military bases in the coastal strip. But the settlers, viewed by most Israelis as obstacles to peace, protested their "expulsion" from land they consider part of Jews' biblical birthright.

After Sharon suffered a debilitating stroke in January 2006, Ehud Olmert inherited the leadership of his newly formed centrist Kadima party, founded on a platform aiming to redraw Israel's borders.

Olmert was elected to succeed Sharon as prime minister in March 2006 on a pledge to withdraw many of the 250,000 settlers in the West Bank, a plan supported by the United States. The idea was shelved after Israel's war with Hezbollah last summer ended without clear resolution, weakening Olmert's government.

But the settler movement has not recovered.

The National Religious Party and the National Union, far-right parties closely identified with the movement, won a total of nine seats out of 120 in last year's parliamentary elections, and are part of the opposition. They had 11 seats between them in the previous parliamentary term, when they were initially part of the governing coalition.

Their decline is attributed in part to voter disappointment over their failure to influence the government to stop the withdrawal, political analysts say.

Another sign of the movement's waning power is the fact that few Gaza evacuees have chosen to restart their lives in the West Bank.

"People who in the past would have been considered perfect nominees for settling there are more hesitant because they're afraid they'll face the same future," said Yair Sheleg, a researcher at the Jerusalem-based Israel Democracy Institute and a columnist for the Haaretz newspaper.

Since the Gaza pullout, the settler movement has succeeded in pressing the government to support settlement expansion in the West Bank, in violation of Israel's commitment to freeze such activity under a 4-year-old U.S.-backed peace proposal known as the road map, with which neither side has complied.

Dror Etkes of Peace Now, an Israeli advocacy group that opposes settlements, said the settler population in the West Bank has continued to grow at a rate of about 5% a year in the last decade, mostly from births, and new construction has averaged about 1,500 housing units annually.

But the settlers have failed in efforts to persuade the government to establish new settlements in the West Bank. Defense Minister Amir Peretz approved plans in December to build a new housing outpost for Gaza evacuees on the site of an abandoned army base in the northern Jordan Valley, but an international outcry forced him to freeze construction a month later.

For many Gaza evacuees, their frustration has less to do with where they are allowed to relocate than how to make ends meet.

From his tiny office on the premises of what used to be a barber shop, about nine miles east of the city of Ashkelon, Lior Kalfa accuses the government of mishandling the evacuees' troubles.

"The system is doing all it can to wear us out," Kalfa, chairman of the evacuees committee, said.

Kalfa says the compensation settlers received for their Gaza homes is too little to allow them to build similar houses in southern Israel, where most have relocated.

Each family received between $70 and $93 per square foot of their former homes, he said, but in southern Israel building costs range from $90 to $110 per square foot.

Evacuees also say that compensation for their businesses, such as retail shops, factories and greenhouses, has been insufficient for them to start anew.

And they say Israeli law doesn't pay farmers for the loss of several growing seasons or compensate other business owners for the time it takes them to reestablish their companies.

"The Finance Ministry didn't want to create a costly precedent," Kalfa said. "They're worried about the financial significance of, God forbid, another withdrawal."

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Avigdor Itzchaky, a member of Knesset, or parliament, with Olmert's Kadima party, acknowledged that the law had several "distortions" on payouts and he was mediating between the evacuees and the government to resolve them.

Criticism of the government's resettlement program has crossed political lines. Leading public figures who supported the Gaza pullout, including writers Amos Oz and A.B. Yehoshua, issued a petition this month warning the government that continued neglect of the evacuees "may erode the state's legitimacy" should it try to withdraw settlers from the West Bank.

Some of the problems stem from the fact that most Gaza evacuees rejected direct contact with the government until after the withdrawal. Nor did it help that the government agency created to administer the evacuation became fully operational only six months before the pullout.

Some evacuees won't let their disappointment get in the way of establishing new, remote settlements along Israel's desolate frontier lands.

Clad in a long beige skirt and black sweater, Dikla Cohen stood on a barren hill just east of the southern Israeli city of Kiryat Gat, surrounded by mostly hilly, rocky terrain speckled with patches of woods.

Two days earlier, Prime Minister Olmert had toured the area and promised to step up plans for seven new communities in Israel, mostly for Gaza evacuees. They would be situated less than a mile from the barrier separating Israel from the West Bank.

Cohen, 42, said her group's initial request to move to the West Bank was rejected by the government.

"We searched for a piece of land that Israel hasn't yet developed," said the mother of nine, with a gleam of eagerness in her blue eyes. "The government betrayed us with the evacuation, but they won't succeed in breaking my ideology."

Court Asked: Israel Still 'Occupying' Gaza? (CSM)

By Joshua Mitnick

The Christian Science Monitor, February 26, 2007

US Secretary of State Condoleezza Rice last week held up improvements in Gaza's only commercial link to the outside world as evidence of progress in Israeli-Palestinian relations.

But Sunday the Karni crossing at the Israel-Gaza border became the focus of a dispute in Israel's Supreme Court between human rights groups and the government. At issue: Does Israel have a responsibility to alleviate delays – lasting up to three months – in imported goods?

The debate highlights Gaza's murky legal status and whether Israel's control over the impoverished strip's key access points still determines it as an occupying power, even though it withdrew troops a year and a half ago.

The Supreme Court has yet to rule on the petition, submitted when Israel had shut down most crossings amid a military offensive there.

Human rights groups say Israel exercises an "invisible hand" in Gazans' daily lives because it can regulate commercial goods coming or leaving the territory. "The only way Gaza residents can receive a crate of milk ... and a shipment of medicines is through Israeli-controlled crossings,' " says Sari Bashi, the director of Gisha, an Israeli human rights group that cosponsored the petition. "Only Israel can fulfill this obligation to the residents of Gaza."

According to a Palestinian commercial group, the Karni crossing was open an average of five hours a day in December, despite Israel's commitment under a US-brokered accord on borders and access to ensure "continuous" operationover the terminal. Some 182 trucks carrying goods have been allowed in each day in the last half of 2006, compared with nearly twice that number in February 2006.

Still, both sides agree that commercial traffic has recovered in recent weeks – prompting Ms. Rice to cite the flow of goods at Karni to counter an impression that the Israeli-Palestinian peace process was stuck.

In November 2005, Israelis and Palestinians agreed to expand operation at Karni and Gaza's civilian crossing with Egypt at Rafah. Although Israel recently pledged to expand the hours at Karni, inspectors lacked funds to work at the crossing for more than one shift.

The dispute over Gaza's crossings underscores the tradeoff between Israeli security needs and the Palestinian need for the passage of people and commercial goods. In an affidavit submitted to the court, the Palestinian water utility said Gaza's main north-south highway has been flooded by sewage because Israeli authorities haven't let through the needed pipes. An Israeli army official, said that the pipe infrastructure has been dug up by militants and used in Kassam rockets to fire into Israel.

Gisha argued in January that Israel's occupation in Gaza remains in force. It claims that Israel controls everything from land crossings to tax policy to the Gaza population registry.

According to the 1907 Hague Convention on war, the litmus test to determine foreign occupation is whether an outside power exercises "effective control" over another territory.

Israel argues that it no longer occupies the Gaza Strip, having pulled out its last soldiers in September 2005. It points out that it has even turned its civilian passage with Gaza, the Erez crossing, into an international border terminal.

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Israel blames the Palestinians for their economic hardship, citing continued cross- border rocket fire and the Hamas-led Palestinian government, which refuses to meet international conditions for budgetary aid.

"The claim that Israel retains effective control today is to ignore reality," says Mark Regev, a spokesman for the Israeli Foreign Ministry.

The Israeli-Palestinian peace accords in the 1990s defined the Gaza Strip and the West Bank as a single political unit, challenging Israel's claim to have ended the occupation in one area.

"It was a partial evacuation,' " says Yoram Dinstein, an expert on international law at Tel Aviv University. "There are remnants of the occupation, and access is one of those remnants."

U.S., Russia Envoys Seek To Cool Tension (AP)

By Desmond Butler

AP, February 26, 2007

The top U.S. and Russian diplomats on Sunday tried to play down concerns about a Cold War revival set off by Russian President Vladimir Putin's claim that Washington is fostering a global arms race.

But Secretary of State Condoleezza Rice and Foreign Minister Sergei Lavrov could not put aside disagreements about a proposed U.S. missile defense system in Europe.

Lavrov wrote in Sunday's Washington Post that Putin's recent remarks have been widely misinterpreted.

"From the reaction of some Western journalists and politicians, one would think that the Russian president wished to ignite a blast of anti-American rhetoric to spark another Cold War," Lavrov wrote.

Rice also denied the rhetoric could push the countries back to Cold War-era relations.

"Russia is not the Soviet Union and we have to recognize that," she said. "We are cooperating with the Russians on a number of fronts, on North Korea, on Iran, in nuclear — trying to prevent nuclear terrorism."

Putin said at a conference in Germany this month that the United States "has overstepped its national borders in every way" and is promoting a global arms race. His speech and subsequent Russian statements raised concerns about a proposed U.S. missile defense system in Europe that would include facilities in two former Soviet satellites, Poland and the Czech Republic.

Lavrov said Putin's speech reflected objections about the U.S. exerting its power without consulting other countries.

"He called for a world with many centers of influence where different interests work together, multilaterally, to shape a common denominator on global issues," Lavrov wrote. "What should Russia believe when the United States seeks to place anti-missile systems in Eastern Europe?"

Rice said Russia's objections to the missile defense system were unjustified.

"No one would suggest, anyone who knows anything about this, would suggest that somehow 10 interceptors deployed in Poland are going to threaten the thousands of warheads in the Russian deterrent," Rice said. "It's a ludicrous claim."

U.S. officials have said the interceptors being proposed for Europe could be overwhelmed easily by the size and speed of Russia's vast arsenal of intercontinental nuclear missiles and that the system is aimed at counteracting a potential threat from Iran.

Other parts of the system outside of Europe would be aimed at defending against a possible attack from North Korea.

But in an interview published Sunday, Lavrov repeated Russian concerns that the system would in fact be directed elsewhere.

"To retaliate against threats, even imagined ones, radars and anti-missile launch pads wouldn't seem necessary, because the trajectories of the imagined missiles flying from Iran or North Korea go in an absolutely different direction," Lavrov was quoted as saying by the Interfax news agency.

In his op-ed, Lavrov also addressed NATO's expansion into what was the Soviet sphere of influence.

"With the Warsaw Pact dissolved for more than 15 years, why does NATO still spread toward Russian borders?" he wrote.

Rice said NATO no longer threatened Russia.

"I think the expansion of NATO and the expansion of the European Union is, in fact, one of the great stories of the post-Cold War time," she said. "Russia has nothing to fear by having democracies on its borders."

Rice was interviewed on "Fox News Sunday."

Europe Warms To US Missile Shield (CSM)

By Jeffrey White, Contributor To The Christian Science Monitor

The Christian Science Monitor, February 25, 2007

Concerns about Iran have reduced opposition to US plans to extend its 'star wars' defense system.

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PRAGUE, CZECH REPUBLIC

US plans to extend its "star wars" missile-defense program to Europe, which once dismissed the technology as an unproven cold-war anachronism, are gaining acceptance among governments here.

Despite Russia's mounting opposition, the Czech Republic, Poland, and – as of Friday – Britain have all expressed serious interest in hosting parts of the shield. Other countries traditionally cool to the idea have been notably quiet. The trigger: concern about a nuclear Iran.

"This is all a result of Iran," says Tim Williams, a European security analyst at the Royal United Services Institute for Defence and Security Studies in London. "Governments see that Iranian missiles can hit Europe, and suddenly they are very worried about the threat from ballistic missiles. They have to look at missile defenses."

Sunday, Iranian media reported that the country had launched a rocket into space, raising speculation that Iran was nearing the technological capacity to launch intercontinental missiles. That report, which quoted the head of Iran's aerospace research center, was quickly denied by his deputy, however.

There was no such equivocation from Iranian president Mahmoud Ahmadinejad, who, ahead of Tuesday's UN Security Council meeting on Iran's disputed nuclear program, compared its nuclear drive to a train that has no brakes.

The US, which says that a European shield would intercept ballistic missiles fired from "rogue states" such as Iran, wants to build a radar station here in the Czech Republic and a corresponding base with 10 interceptor missiles in neighboring Poland. After years of talks, the US last month approached the Czech and Polish governments about hosting the shield.

Since then, developments have come quickly. A week ago, Czech Prime Minister Mirek Topolánek met with Polish Prime Minister Jaroslaw Kaczynski in Warsaw and said they expected to go along with the plan. Then on Friday, Britain confirmed that Prime Minister Tony Blair has been in talks with the US about stationing antiballistic missiles there as part of the shield.

Czech President Václav Klaus travels to Washington next month to discuss the matter with Vice President Dick Cheney. President Bush is weighing a trip to Poland and possibly here this summer.

Currently two bases – one in Alaska, one in California, believed to host 13 and three missiles respectively – make up the US missile defense shield. Detractors say missile defense technology – in which radars and missile silos work in tandem to pinpoint and then intercept enemy missiles – still remains unproven.

But Mr. Bush has made missile defense a priority: He has earmarked $18.5 billion to be spent by 2009. Czech media reported that the US plans to set aside $118 million for a base in Central Europe this year.

"The US is eager to move quickly on this because they have spent a lot of money and they want something to show for it," says Mr. Williams.

The plan is to start constructing the base and radar station next year, with the shield coming online by 2012.

Russia fears 'arms race'

Russia, whose Kaliningrad enclave borders Poland, has been the plan's most vocal opponent so far. A Russian general recently threatened Czechs and Poles with a future retaliatory missile strike.

And in Munich earlier this month, Russian President Vladimir Putin said the missile shield would plunge the world into a new arms race, and that the US, Europe, and Russia were on the brink of a new cold war.

"[The proposed shield] is very serious, and it breaks the strategic balance that now exists in Europe," says Alexey Fedotov, Moscow's ambassador to Prague.

Germany chided the US for not informing Russia of its designs on an antiballistic missile base in Poland, but it also appeared to throw some support to the US, calling for a full discussion of the proposal without protests and "anti-American insinuations." France, traditionally Europe's staunchest opponent of missile defense, has been silent on the issue, as have Denmark and Sweden – two countries that have been cool toward past US missile defense plans.

"You don't see the French and Germans kicking up much of a fuss about this," says Williams.

The shift away from opposition to US plans for a missile shield has been subtle and easy to miss, experts say. In a largely unnoticed speech about his country's nuclear strategy, for example, French President Jacques Chirac said last year for the first time that there was room in it for missile defense.

The US plan is moving ahead outside NATO, whose own shield proposal – the Active Load Theater Missile Defense – has dragged on for years in feasibility studies.

But it is NATO, experts say, which sheds some light on Russia's truculent opposition to a US missile base in Europe.

Since the fall of communism, Moscow watched as NATO continued to expand almost to its borders, incorporating most of the countries in the former Eastern Bloc.

"There is a moment when you suddenly remember all the bad things that have been happening for some time. You look at them and you see an array of negative signals, and you cannot ignore them," says Ivan Safranchuk, director of the Moscow branch of the World Security Institute.

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But Russia watchers see little likelihood that Moscow will act.

"Russia's response is totally political," says Alexander Golts, who covers security issues for Yezhednyevny Zhurnal, an online newspaper in Russia. "To all serious experts it's obvious that this missile defense cannot threaten Russia's nuclear forces."

Don't look for referendums

The Czech and Polish governments seem poised to move on the US plan without putting it to a pubic vote, despite a growing call in both countries for a referendums. A Czech poll last week put 60 percent of the country against hosting any part of the shield, and in Britain, antinuclear groups are already criticizing the Blair government for wanting to be involved in the US shield.

"What we're seeing now is the product of near on seven years of diplomatic effort led by the Bush administration to get European governments to leave behind the cold-war version of missile defense," says Tom Karako, director of the Claremont Institute, a conservative think tank in Claremont, Calif.

"Now that the cold war is over, these governments have come to the realization that that version ... won't suffice in the future."

Italy's Prodi Set To Revive Government (WSJ)

By Gabriel Kahn

The Wall Street Journal, February 26, 2007

ROME -- After resigning as Italy's prime minister last week, Romano Prodi is preparing to resurrect his government with his old cabinet intact and push ahead with his political program.

Keeping his slate of ministers in place could be a positive sign for completing some of the ambitious fiscal and economic goals Mr. Prodi has set.

After Mr. Prodi's administration came undone last week when it lost a Senate vote, President Giorgio Napolitano directed him to rebuild his parliamentary coalition -- which had commanded only a one-vote Senate majority.

Over the past few days, Mr. Prodi has lured a few new allies to his side in order to bolster his narrow majority in Parliament. He also forced the members of his coalition to sign off on a 12-point document aimed at guaranteeing greater cohesion within the group, which now numbers 10 parties ranging from Catholics to hard-core communists. Among Mr. Prodi's new supporters are the members of a small centrist party founded by a former ally of center-right opposition leader Silvio Berlusconi.

With a new coalition tentatively in place, Mr. Prodi must address Parliament this week before facing confidence votes in the upper and lower houses.

In an unusual development, Mr. Prodi's cabinet is expected to remain unchanged. Past Italian government shake-ups have usually resulted in a shuffling of ministerial posts, as power is redistributed among different parties to maintain a delicate balance.

Mr. Prodi has achieved modest success in reversing years of runaway deficit spending that had risked unraveling the country's public accounts. He has also moved to open up various sectors of the economy -- from auto insurance to legal services -- that had remained buffered from competition.

Still, Mr. Prodi's coalition remains rife with internal divisions, particularly over foreign policy, and it remains to be seen whether he will be able to keep the different parties in line. Among the reasons the government lost the Senate vote last week were disagreements over whether Italian soldiers should remain part of the North Atlantic Treaty Organization-led mission in Afghanistan.

Yesterday, one of Mr. Prodi's most ideologically charged allies, Oliviero Diliberto, head of the Party of Italian Communists, said the brief political crisis had "warned all of us to be more responsible." The government faces a thorny legislative agenda in the coming months, however, including a possible overhaul of Italy's costly pension regime -- an issue that is bound to divide members of Mr. Prodi's coalition.

Italian governments have usually emerged weaker, not stronger, from near-death experiences. Mr. Prodi was jettisoned as prime minister in 1998 after losing a budget measure by a single vote.

Prodi Prepares For Confidence Vote This Week (AFP)

AFP, February 26, 2007

Italian Prime Minister Romano Prodi, who resigned over a foreign policy defeat last week only to be reappointed a few days later, will fight for his government's survival as he faces a confidence vote this week.

Parliamentary group chiefs from both houses of parliament are scheduled on Monday to set a date for the vote, with media predictions falling on Thursday in the Senate and Friday in the House of Representatives.

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"Il Professore" as the 67-year-old Prodi is known, spent the weekend preparing a presentation of his new, 12 point "non-negotiable" programme which he imposed on his unwieldy centre-left coalition allies last Thursday.

Since securing renewed backing of his coalition partners after intense negotiations, Prodi and his allies believe the embattled former European Commission chief will muster enough votes to survive.

Prodi also got an unexpected boost when he won the support of opposition Senator Marco Follini, once a key ally of former prime minister Silvio Berlusconi.

Piero Fassino, leader of the largest party in Prodi's coalition, welcomed the move on Sunday as "the opening of a new phase" for the government, while the opposition accused Follini of a sell-out.

According to Italy's leading newspaper Corriere della Sera, Prodi's immediate survival is due more to preventing Berlusconi's rapid return to power than any new-found unity breaking out across his multi-hued coalition, which ranges from communist to Catholic parties.

"This agreement has not been made in order to govern but to avoid others regaining power," the newspaper said in an editorial Sunday.

Commentator Ilvo Diamanti, writing in the left-leaning La Repubblica, said "fear of the 'tyrant' Berlusconi is a little weak to keep the coalition together long-term."

Serbia Faces Judgment Day On Bosnia (WT/AP)

By Arthur Max, Associated Press

The Washington Times, February 26, 2007

THE HAGUE -- In one of the most momentous cases in its 60 years, the United Nations' highest court will deliver its judgment today on Bosnia's demand to make Serbia accountable for the slaughter, terrorizing, rape and displacement of Bosnian Muslims in the early 1990s.

If it rules for Bosnia, the International Court of Justice could open the way for compensation amounting to billions of dollars from Serbia, the successor state of Slobodan Milosevic's Yugoslavia. Specific claims would be addressed later.

Such a ruling also would be a permanent stain on Serbia in the eyes of history, regardless of any effort by Belgrade to distance itself from the brutality of those years.

Reflecting the complexities, the 16 judges have deliberated for 10 months since hearing final arguments. Officials at the World Court, as it is informally known, say that reading out the summary of the judgment is likely to take three hours.

The court was created after World War II to adjudicate disputes among U.N. members, most often over borders or treaty violations. Its decisions are binding, without appeal and enforceable by the Security Council.

The Bosnia case touches deep nationalist chords and arouses strong emotions. Among survivors expected to stand vigil outside the baroque Peace Palace while the decision is read are women from Srebrenica, where about 8,000 men were killed in July 1995.

Bosnia first approached the court 14 years ago, during the chaos of Yugoslavia's bloody disintegration. The political landscape has since changed dramatically, with both Bosnia and Serbia separately seeking membership in the European Union.

"This will be a very significant judgment, both from the perspective of the aftermath of the conflict and for international law generally," said Andre Nollkaemper, director of the Amsterdam Center for International Law at the University of Amsterdam.

Other courts already have ruled that acts of genocide occurred during the Bosnian war, when more than 100,000 people were killed in a Bosnian Serbian campaign that gave the world the phrase "ethnic cleansing."

Two Bosnian Serbian officers have been convicted by the International Criminal Tribunal for the former Yugoslavia. Gen. Radislav Krstic is serving a 35-year prison term for aiding and abetting genocide, and Col. Vidoje Blagojevic is appealing his 18-year sentence for complicity in genocide. Mr. Milosevic died last year in his prison cell in the final weeks of his four-year-long genocide trial.

The World Court case, entirely separate from the tribunal's deliberations, is not about people. Bosnia says the Serbian state must accept blame.

It argues that Serbia's nationalist ideology incited genocidal hatred, its financial and military aid to the Bosnian Serbs gave them the tools for genocide, and Yugoslav army officers actively participated in driving out Muslims.

Serbia says it's not that simple. Genocide, by definition, requires the clear intent to wipe out an ethnic or racial group, in whole or in part, in specific territories. Serbia says it never waged such a systematic campaign.

Moving Kosovo On (NYT)

The New York Times, February 26, 2007

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Earlier this month, a United Nations envoy, Martti Ahtisaari, presented a sensible plan for the future of Kosovo. The small Serbian province has been administered by the United Nations since 1999, when NATO went to war to defend its ethnic Albanian majority. Mr. Ahtisaari's proposal would effectively grant Kosovo independence, but with strict limits, extensive international supervision, and protection for the ethnic Serbs and other minorities who live there.

The plan has been attacked by all sides. Kosovo's Serbs, and their allies in Belgrade, say they will never recognize an independent Kosovo. Kosovo's Albanians will accept nothing less.

There are few heroes in this story. Kosovo's Albanians have failed to live up to standards of human rights and democratic governance laid down by the U.N. That is why their independence must be conditional. Kosovo's European stewards have repeatedly delayed decisions on independence, hoping the Serbs' anger would cool. It has not. Further delay, we fear, will not bring the two sides to a consensus.

The United States and Europe should press the Security Council to quickly endorse the Ahtisaari plan. The international community and NATO — having invested so much in Kosovo — must continue to stay deeply involved. It would not be surprising if, after seven years, interest has flagged. But without more outside help, there is little hope for building a peaceful democracy in Kosovo.

US In Macau To Discuss N. Korea Funds (AP)

By Min Lee

AP, February 26, 2007

A U.S. Treasury Department delegation was in Macau on Monday briefing local officials about the investigation of North Korean bank accounts in the Chinese territory, an American official said.

The visit came about two weeks after a breakthrough agreement in which North Korea agreed to initial steps to abandon its nuclear weapons program. American negotiators have agreed to resolve financial restrictions by mid-March.

North Korea has been especially angry about U.S. restrictions imposed in 2005 on Banco Delta Asia in Macau. Washington alleged the small bank was complicit in North Korea's counterfeiting and money laundering.

The U.S. allegations prompted Macau to freeze about $24 million at Banco Delta Asia. That led banks worldwide to shun North Korean business for fears of losing access to American markets.

On Monday, Dale Kreisher, spokesman at the U.S. Consulate General in Hong Kong, told The Associated Press that the U.S. Treasury delegation was in Macau briefing local officials about the Banco Delta Asia case.

"Discussions (with North Korea) along with the U.S. investigation have brought Treasury to the point where they think they can begin taking steps to resolve the BDA matter," said Kreisher, whose office is also responsible for Macau.

Kreisher declined to say if Washington was ready to lift the sanctions on the bank. He also wouldn't say who was in the delegation and how long it would spend in Macau.

Long Division (WSJ)

By Robert B. Zoellick

The Wall Street Journal, February 26, 2007

During President Hu Jintao's visit to the White House last spring, George Bush initiated a conversation over lunch about North Korea, and asked whether Kim Jong Il might consider Deng Xiaoping's pattern of reform. The Chinese president replied that he did not know, but thought Kim wanted to change. He added that when Deng took the risk of opening China in the late 1970s, he was reassured by a non-threatening external environment. Kim, said Mr. Hu, might find it easier to move if he received a positive signal. Mr. Bush replied, "What if we offered him a peace treaty?"

Not long thereafter, Japanese Prime Minister Junichiro Koizumi had his farewell stop at the White House. When Mr. Bush probed about China's influence with North Korea, Mr. Koizumi suggested that U.S. signals loomed large in Pyongyang's calculations. History had led the Koreans to be suspicious of their neighbors, including China, and Koreans sense the U.S. might be the most important guarantor for Korea's future.

These exchanges illuminate strategic perspectives that underpin the U.S. approach to the recent six-party accord. First, the administration views this initial step as the beginning of a course that extends far beyond North Korea's nuclear program or even peace on the peninsula: The U.S. wants to set a direction for security relations in Northeast Asia for decades to come. Left unchecked, North Korea's nuclear weapons and missiles might build a movement in South Korea and Japan for their own programs. Washington wants the six-party process both to stymie North Korea's programs and develop closer security relations among the participants.

China is already acting as a "responsible stakeholder" by urging North Korea to step back from confrontation. By proposing a peace treaty to replace the 1953 armistice, the U.S. not only seeks to close out this vestige of the Cold War but also to open

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the way to overcome the painful legacies on the peninsula and in the region dating back to World War II, the Russo-Japanese War of 1904-05, and even the Sino-Japanese War of 1894-95.

The hard work ahead involves not only maintaining pressure to close down all nuclear weapons programs, but steps to build confidence on the peninsula, security assurances and transparency -- between the Koreas, as well as with the neighbors the Koreans may fear more than one another. This process will open the way for returning Japanese abductees, connecting energy and economic support to North Korean reforms, and enhancing cooperation between China and Japan. These conditions would improve the international environment in which the two Koreas could someday end the cruel division of one people.

Second, the administration believes the best way to change North Korean behavior and improve the lives of its people is to combine pressure with an opportunity for North Korea to open to the world step by step. The regime bases its terrible repression on a bizarre self-image that combines superiority and a state of siege. To end this and open eyes to a different world, the other five parties are offering peace and the prospect of normal ties. In line with Mr. Hu's suggestion, Mr. Bush is shaping an external environment that removes the rationalization for keeping the lid on North Korea's stunted development.

Third, the U.S. government recognizes that the forces of history -- and economics -- are on its side, not North Korea's. Having lost a war in Vietnam 30 years ago, the U.S. is winning the peace because of the magnet of its economic dynamism, its central role in the institutions of the world economy, the power of the private sector, and its role as a counterweight in Asia. The trends in world economics, information flows, and technology give America a new type of "strategic depth" that enables it to confidently offer North Korea a path away from isolation. Ironically, as Messrs. Hu and Koizumi observed, a reforming North Korea is likely to perceive the U.S. as a resource and reassurance (as should South Korea).

Of course, this six-party accord is only a portal. North Korea needs to fulfill its September 2005 commitment to abandon all nuclear weapons and programs. North Korea's steps are likely to be halting as it weighs the risks of opening with those of isolation. Yet even if Pyongyang chooses belligerence, U.S. cooperation with the other four parties will position it better to quarantine the dangers. The five can best deter North Korea. They will be best able to prevent the selling of nuclear materials.

President Bush does not view this move as another accord limited to nonproliferation objectives. It opens the way for peace and reconciliation on the peninsula and a means to shape the future security arrangements in East Asia. It is a recognition that America's diplomatic toolkit for dangerous states involves more than threats of force and isolation. The challenge for this administration, and those to come, will be to avoid letting the process slip into minimalist, tactical tradeoffs and instead to maintain strategic vision guiding the diplomacy of opening North Korea.

Mr. Zoellick, a former U.S. trade representative and deputy secretary of state, is vice chairman, international, of Goldman Sachs.

Thais Struggle With Violent Insurgency (NYT)

By Seth Mydans

The New York Times, February 26, 2007

PATTANI, Thailand, Feb. 22 — Some are already calling it war, a brutal Muslim separatist insurgency in southern Thailand that has taken as many as 2,000 lives in three years with almost daily bombings, drive-by shootings, arson and beheadings.

It is a conflict the government admits it is losing. A harsh crackdown and martial law in recent years seem only to have fueled the insurgency by generating fear and anger and undermining moderate Muslim voices.

A new policy of conciliation in the past four months has been met by increased violence, including a barrage of 28 coordinated bombings in the south that killed or wounded about 60 people on Feb. 18.

“The momentum of violence is now beyond the control of government policy,” said Srisompob Jitpiromsri, a political scientist at Prince of Songkhla University here.

“The separatists can pick and choose the time and place of the violence without any effective resistance from the government,” he said. “They have the upper hand.”

Now the insurgents seem to be taking their war to a new stage, pitting local Buddhists against Muslims by attacking symbols of Buddhism with flamboyant brutality.

The two religions had coexisted through the years here, often in separate villages. That mutual tolerance is breaking down now, and there are fears of a sectarian conflict that could flare out of control.

“Buddhist monks, temples, novices,” said Sunai Phasuk, a political analyst with the monitoring group Human Rights Watch. “Buddhist monks have been hacked to death, clubbed to death, bombed and burned to death. This has never happened before. This is a new aspect of violence in the south.”

In another new development, said Francesca Lawe-Davies, an analyst with the International Crisis Group, some remote areas had become, in effect, off limits for the police or military, at least temporarily and perhaps permanently.

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"It appears in the last year or so that insurgent groups are actually starting to control territory in a more conventional sense," she said.

Some Buddhist and Muslim villages have begun sealing themselves off from one another, and people in both the region's towns and villages say old friendships and patterns of cooperation are being undermined by mistrust.

Entire Buddhist communities have also fled in a "de facto ethnic cleansing," said Zachary Abuza, the author of "Militant Islam in Southeast Asia," in a report published last month. "The social fabric of the south has been irreparably damaged."

About 1.3 million ethnic Malay Muslims form a majority in Thailand's three southernmost provinces — Yala, Narathiwat and Pattani — a tiny percentage of the population of 65 million, which is overwhelmingly Buddhist.

The Muslims have complained of discrimination and attempts at forced assimilation since Thailand annexed the former Sultanate of Pattani a century ago. Armed insurgencies have risen and subsided over the past four decades, but the government may now be facing its most dangerous challenge.

"What is new about the current conflict is the level and degree of violence, the Islamist agenda of the insurgents and their unprecedented degree of cooperation and coordination," Mr. Abuza said.

"The level of violence in Thailand's south has never been higher," he said. "Nor has it been more brutal."

He said in his report that there had been more than 24 beheadings in the past three years and as many as 60 similar attacks.

Human Rights Watch counted more than 6,000 violent episodes over the past three years. It said more than 60 teachers and 10 students had been killed and 110 schools — the most visible signs of central government authority in many places — had been set ablaze.

About half the insurgents' attacks have been against other Muslims, especially those who cooperate with the government, in what appears to be an effort to weaken central control. The victims include not only village chiefs and suspected collaborators but also those who work in government jobs, teach at government-financed schools or work in major sectors like rubber tapping.

All of this adds up to war, Mr. Srisompob said. The military has flooded the region with up to 20,000 new troops; checkpoints have been set up along the roads; soldiers travel in convoys of armored vehicles.

"In the local communities in the red zones, it already is a war situation," he said. "It is different now from last year, from the last two years."

The insurgency is all the more difficult to combat because it does not show its face. Unlike most similar movements, this one has not set out its demands or published a manifesto. It is a collection of violent groups without clear central leadership.

When a Thai commander proposed a new policy of negotiation last year, he said it would be difficult because he did not know whom to negotiate with.

"We are fighting a ghost," said Chidchanok Rahimmula, a lecturer in security at Prince of Songkhla.

The policy of conciliation was put in place by Prime Minister Surayud Chulanont, who took power after Thaksin Shinawatra was ousted as prime minister in a coup in September.

Mr. Surayud apologized for the harsh policies of his predecessor during his six years in office, promised to investigate abuses and restructured the military command for the south.

People in rural areas say soldiers and police officers have become less aggressive and are trying to reach out by attending local fairs and holding dialogues.

Mr. Surayud conceded recently that none of that was working. "We can't see the results in three to four months because the painful feelings of southern people in the past four to five years run deep," he told reporters. "This is not easy to cure."

Indeed, the insurgency has responded by stepping up its violence, apparently in an effort to block any peace agreement. There has been no serious reply to Mr. Surayud's offer of negotiations.

People who live here, both in the villages and urban areas, say they have never been so frightened.

"Muslims feel fear, Buddhists feel fear," said Abdullayi Che-are-sae, 39, a local official in Tapong, a settlement of 200 Muslim families in a red zone near the city of Pattani. "But we don't know who we are afraid of."

At night, he said, the village falls silent as people close their doors and windows and turn off their lights, listening for the sounds of intruders.

Less than a mile down the road, the people of Khlong Tam, a Buddhist village, fall silent, too, he said, sharing the fears of their neighbors.

But the Muslims of Tapong and the Buddhists of Khlong Tam, who were once on cordial terms, have armed themselves and hardly speak to one another now, he said.

Here in the provincial capital, Chidchanok, who is Muslim, said she and her children check under the car every morning for bombs.

"And not only me," she said. "We don't go out at night. We shop at stalls in the street and don't go into the marketplace."

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She said that people were afraid now to stand close to a government official or a soldier or police officer, potential targets of bullets or bombs.

"When we are in a restaurant, if we see a soldier or policeman nearby we hurry to leave," she said.

Shopkeepers are wary too. "In the shops near the university, if a soldier or policeman comes to buy something, the owner says, 'Quickly — just buy something and leave.' "

Southern Thailand, she said, had become "a kingdom of terror, a kingdom of fear."

"We really wonder about their identity and how they can be doing this," she said of the insurgents. "They are destroying their own society. They kill the teachers. They kill the teachers who teach their own children."

U.N. Weighs Deploying Force To Chad (USAT/AP)

USA Today, February 26, 2007

BAHAI, Chad (AP) — Tribal leaders are desperate for the deployment of a U.N. peacekeeping force along Chad's border with Sudan to protect refugees and stop increasing spillover from the violence in Darfur.

The U.N. Security Council is considering a mission, with up to 10,000 troops, largely because Sudan's government has resisted efforts to send U.N. peacekeepers to Darfur itself.

But Chad's president is worried about inflaming tensions with Sudan, while U.N. Secretary-General Ban Ki-moon has warned the Security Council that peacekeepers would face "serious risks" of rebel attacks.

The two countries have strained relations because Chad supports the Darfur rebellion against the Sudanese government, and Sudan strongly backs Chadian rebels settled in Darfur, Western observers say.

Tens of thousands of Darfur refugees live in scorching, wind-beaten camps on Chad's side of the border, competing with Chadian villagers over scarce water and firewood. Various rebel groups and militias roam the vast region.

"We are waiting impatiently for the international force to arrive and protect both the border and the refugees," said Timan Deby, the sultan or traditional ruler of Bahai, a desert outpost in Chad near the Sudanese border.

More than 200,000 people have died since ethnic African tribesmen in Darfur took up arms four years ago, complaining of discrimination by the Arab-dominated Sudanese government. The U.N. blames the Sudanese government's counterinsurgency for the bulk of the atrocities. Of the 2.5 million people who have fled their homes, 230,000 have ended up in refugee camps inside Chad.

Along the frontier, clashes between ethnic groups and cross-border raids are "carried out with impunity," the British aid group Oxfam said recently. Dozens of civilians have been killed in recent weeks, Oxfam said.

So far, none of the 12 refugee camps have been attacked, but several villages have been plundered.

The region's governor, Atom Dillo, said the U.N. force was necessary to stop Sudanese infiltration into Chad, which he said was part of Sudan's strategy to destabilize its neighbor and prevent aid workers from helping Darfur refugees.

Chad's President Idriss Deby has accepted the idea of a U.N. mission on his border in principle. But Western officials in Chad say he is worried the force might be used as a starting point for deployment into Darfur, which would anger Sudan.

"He doesn't want to be seen as facilitating a possible invasion of a neighboring state, even Sudan," said one Western official, speaking on condition of anonymity because of the situation's sensitivity.

Ban said Deby has proposed that the U.N. mission be a civilian one. He told the Security Council last week that any peacekeeping mission should help keep peace in refugee camps and deploy at key points to prevent cross-border attacks. But he warned it would carry "serious risks."

Last year, Chadian rebels based in Sudan launched several raids, briefly seizing the major eastern Chad town of Abeche and attacking the capital, N'djamena. Reports of smaller clashes come almost daily.

Col. Vincent Tesnieres, who commands a 1,000-strong French force already deployed in Chad, accused Sudan of providing the rebels with the ground-air missiles that recently helped them down Chadian aircraft.

"What is striking is that we now witness a level of violence completely unknown to Chad before," said Serge Male, the head of the United Nations High Commissioner for Refugees in Chad.

The UNHCR says it has a contingency plan for up to 50,000 more people to arrive from Darfur. The agency is trying to relocate the Darfur refugee camps further east from the border to ease the strain on Chad's meager natural resources.

The Chadian army is trying to protect the Darfur refugee camps but can't do much because it needs to focus on protecting the border, said Gen. Kalimi Sangui Abdalla, who commands Chadian military operations on the eastern frontier.

"This is why we will welcome United Nations forces," he said.

Gambian Defends The International Criminal Court's Initial Focus On Africans (NYT)

By Marlise Simons

DOJ_NMG_0136420

The New York Times, February 26, 2007

THE HAGUE, Feb. 25 — The windows of Fatou Bensouda's office high up in the International Criminal Court's headquarters here offer her a sweeping view of orderly Dutch flatlands. But her attention is turned to her native Africa, on the chaos and killing at the heart of the court's first atrocities cases.

Mrs. Bensouda, a 45-year-old Gambian with an open and easy manner, is one of the court's top officials. She is the deputy to the chief prosecutor, and is in charge of trials concerning war crimes, crimes against humanity and genocide.

All of the cases set to be taken up by the five-year-old court so far involve Africa, and the people she hopes to try include a list of warlords from four nations, leaders who were most prominent in Africa's recent conflagrations, some of which continue today.

The Darfur region of Sudan looms large on that agenda, because on Tuesday the prosecution plans to file its first criminal charges linked to the conflict between the Sudanese government and the rebel fighters. The prosecution will disclose the names of several senior figures it believes to be among those most responsible for Darfur's devastating bloodshed and human disaster. Other names are expected to follow.

The arrest of the Sudanese suspects is not certain. Court officials said Sudan, while insisting it was cooperating, had done its best to obstruct the court's investigations, ordered by the United Nations Security Council two years ago.

In one of the newly outfitted courtrooms, though, Mrs. Bensouda has already met one of the warlords on her list. Thomas Lubanga, a Congolese citizen and once a powerful militia leader, has been charged with conscripting and abusing children, some as young as 10, during the fighting in the country's Ituri region. He is the only suspect in the court's custody, and his trial, expected later this year, will be the first since the tribunal opened for business in 2002.

Besides Darfur, other cases under investigation involve the civil war in Congo and conflicts in Uganda and the Central African Republic, which have caused tens of thousands of deaths and created millions of refugees. Requests for the investigations, except in the case of Darfur, came from the countries themselves, but that has not prevented concern among Africans that their continent is the new court's principal target.

Mrs. Bensouda calmly dismisses that notion. "This court does not intend to focus only on Africans; it will prove that in the future," she said. "But at the moment, Africa clearly presents the gravest situations."

"This is also our court. It is not imposed on us — we want to believe in it," she continued, pointing out that of the 104 nations who are now full members of the court, among the first to sign on were numerous African states. Some larger nations, including China, Russia and the United States, which distrust the court's powers, are not members.

Mrs. Bensouda's country, Gambia, has mostly escaped the kind of serious violence on which her career now focuses. But it was her revolt against widespread injustice that drew her to the law from an early age.

"I was not suffering, but around me there were many victims of violence and crime, often women, who had no means to defend themselves," she said. One of her uncles, a judge, "had a deep influence on me."

Today, Mrs. Bensouda is a prosecutor who, over the course of a career that now spans two decades, has gained wide experience, rising to become her country's minister of justice and a senior prosecutor at the United Nations tribunal dealing with the Rwandan genocide in the 1990s.

She has long worked for gaining more legal protection for women, by having laws changed at home, and by emphasizing large-scale sexual abuse of women during conflicts.

It was her past as an advocate for women's legal rights that led many women's groups to applaud her election to the International Court — and now, more recently, to criticize her, along with the broader prosecution strategy in Mr. Lubanga's case.

Human rights advocates have said the Congolese trial has been far too narrow in its scope, focusing only on charges of conscription of children by Mr. Lubanga, rather than addressing the worst crimes of the militia under his command.

Last year, eight human rights groups, known for their support for the court, wrote an open letter to the chief prosecutor, Luis Moreno Ocampo, deploring that two years of investigations had not produced a broader range of charges. It was well known, the letter said, that Mr. Lubanga, leader of the Union of Congolese Patriots, a violent militia, "has committed numerous other serious crimes, including murder, torture and sexual violence."

In a meeting with the prosecutor, some human rights activists said that prosecuting only child conscription, which war victims do not regard as serious as the many killings, rapes and mutilations, sent the wrong signal to victims.

"Yes, we have been criticized," Mrs. Bensouda said, "but we believe that the problem of child soldiers is very, very serious. Some are turned into killers, others are used as sex slaves. It is affecting a whole generation of children who are very difficult to reintegrate into society. Fighting is often all they know. It's a problem in many places, and we want to highlight this here."

According to a United Nations report, after the Congolese conflict more than 18,000 children were released from armed groups and thousands more escaped on their own in the past two years. Worldwide, as many as a quarter-million young children are forced to serve in wars, by some estimates.

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Torture, rape and other sexual offenses, she said, were very much part of the other investigations before the court. As for Mr. Lubanga, she added, “for now he will be tried for child conscription because that is where we had the best evidence at the time we issued charges.”

Sudan, In Mud Brick And Marble (WP)

By Stephanie McCrummen

The Washington Post, February 26, 2007

KHARTOUM, Sudan, Feb. 25 -- On the desert edges of Sudan's capital, Suzanne Yobu, who has a business degree and a decidedly proper manner, lives in a mud-brick house in a sprawling squatter's camp called Soba Aradi.

Sometimes, though, she attends church in the city, a place booming with oil money that comes mostly from her home region of southern Sudan, which she fled during a civil war that ended in 2005.

In a clankety bus, she passes the airport, where travelers can buy Gucci perfume these days. She rolls along smoothly paved boulevards, some lined with potted geraniums, and past scores of new buildings such as the swirling, white El Fateh Tower, a wildly futuristic hotel that symbolizes the government's vision of Khartoum as a kind of Dubai-on-the-Nile.

Seeing it all, though, Yobu thinks only about how soon she can leave.

"I don't like Khartoum particularly. All this money, the government brought it from the south. They are using our money to build their city and for this war," she said, referring to the crisis in Sudan's western Darfur region. "That is what is happening."

In Sudan, successive rebel movements -- first in the south and now in Darfur -- have voiced similar grievances against the government. The ruling party in Khartoum, they say, hoards power and wealth at the expense of the rest of the country, physically the largest in Africa.

And in the past several years, the new oil wealth and investment pouring into the city of 6 million have sharpened the contrast between center and periphery.

These days, Khartoum has palm trees wrapped in lights, new Toyota dealerships and an outdoor cafe where patrons can sip lattes under a delicately refreshing mist spray. This week marks the opening of Khartoum's first five-star hotel, Al Salam Rotana -- a swank, $300-a-night palace of marble and haute cuisine for the jet set.

At the city's edges, however, is the detritus of power struggles dating back decades -- a dozen or so squalid, off-the-map camps, most without running water or electricity, and filled with more than 2 million people. Most of the residents are non-Arab Africans who fled the conflict in the south. More recently, people have come here to escape the conflict in Darfur, now in its fourth year.

For people in the camps, the economic boom has had the perverse effect of further undermining their already precarious existence. With land at a premium, the local government of Khartoum state periodically sends police and bulldozers into the camps to plow under swaths of mud houses, pushing people even farther out into the desert, and then sells the cleared land to developers.

The technique, called kasha, was first used by the government in the mid-1980s to force out southerners who had fled the civil war. The current ruling party has "perfected" the technique, said Alfred Taban, editor in chief of the Khartoum Monitor newspaper and a frequent critic of the government.

"They are trying to say, 'You are not welcome here,' " he said. "This boom, it benefits probably 1 percent or less."

In Soba Aradi, people see little difference between the conflict in southern Sudan, the current conflict in Darfur and their own treatment in Khartoum.

Though the war in southern Sudan had a religious dimension in that it involved an attempt by the government to impose Islamic law on a population that is about 30 percent Christian, the primary grievances of the rebel movement there had more to do with access to resources and power. The conflict in Darfur also largely comes down to a struggle for resources.

"It's all the same because it's the same government," said Emmanuel Agrey Lado, a physician's assistant from southern Sudan whose home has been bulldozed twice in two years.

U.S. diplomats, however, have mostly treated southern Sudan and the conflict in Darfur separately.

After intense engagement by the Bush administration, the Sudanese government in 2005 signed a U.S.-backed peace agreement creating a semiautonomous region in southern Sudan, just as government troops were intensifying their onslaught in Darfur.

Last year, the government signed a separate peace agreement with one Darfur rebel group, but fighting between government-sponsored militias and an increasingly fragmented rebel movement has continued.

Since the conflict in Darfur began, as many as 450,000 people have died there from disease and violence and 2.5 million have fled to camps in the area or across the border in Chad.

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In recent months, the humanitarian situation in Darfur has worsened, as aid workers have been targeted in the violence and many relief groups have pulled out, leaving hundreds of thousands of people without food, medicine or clean water. President Omar Hassan al-Bashir has consistently rejected a proposal to send in a force of several thousand United Nations peacekeepers to supplement a beleaguered African Union force of 7,000 troops currently deployed in Darfur.

Meanwhile, the peace agreement in the south is faltering, with southern Sudanese officials accusing the government of shortchanging them on oil revenue and failing to implement power-sharing arrangements.

Increasingly, leaders in the south say the fate of their region is very much intertwined with that of Darfur, a notion that hearkens back to the vision of John Garang, the widely popular and iconic leader of the Sudan People's Liberation Movement (SPLM) who died in a helicopter crash in 2005.

Under his leadership, the SPLM had strong ties to rebel groups not only in Darfur, but also in the north and the east, as Garang came to realize that the suffering extended beyond his own region and that the only way to achieve a more just order in Sudan was through a unified movement. After his death, those relationships languished.

In recent weeks, however, the current president of southern Sudan, Salva Kiir Mayardit, has been reaching out to Darfur rebel leaders.

"We have similar grievances," said Deng Alor Kuol, a southerner who became a minister in the national government after the 2005 peace agreement. "Marginalization and neglect."

As Charles Kalisto, a resident of Soba Aradi, put it, "When I see all these tall buildings" in Khartoum, "I ask, 'Why am I staying under a plastic sheet?' "

Kalisto, who has lived in Khartoum for 22 years, has watched the city become clad in scaffolding and layers of new asphalt. He has tried to get a construction job there, to no avail. Kalisto, like many southerners, said it is difficult to get a job if you are not well connected, and even harder if you are not Arab.

So he is leaving, along with hundreds of thousands of others who have returned to the south in the past two years, by truck or a treacherous barge journey down the Nile.

In Soba Aradi last week, he was among a handful of residents who showed up at a big white tent to register for a U.N. program that is helping 150,000 southerners return home in organized bus convoys before the rainy season starts in May.

Kalisto said he and his family have no hesitation about leaving Khartoum, even for all the unknowns of southern Sudan, where villages, farms and nearly every scrap of infrastructure were destroyed in the war and most people are living in tents.

When he arrives, the government will give him seeds, some sticks and a tarpaulin. Still, Kalisto said, "If tomorrow there is a train, we want to go."

Suzanne Yobu will not be far behind. In 2011, there will be a referendum in the south on independence from Sudan, an option she seems to find attractive.

"This government has a different feeling towards the southerners," Yobu said. "They look at the south as inferior and themselves as superior. If we separate, we'll have more revenue, and more freedom also. The south has oil, and gold. But right now, the money is in their hands."

Early Results: Senegal's President Leads (AP)

By Rukmini Callimachi

AP, February 26, 2007

The president of one of Africa's most stable democracies sought another five-year term Sunday, jostling with 14 contenders in a race that may hinge on the votes of young people hungry for jobs.

Early results reported by state-run Senegalese Press Agency indicated President Abdoulaye Wade was in the lead but did not say by how much. It was not known how many votes had been counted, but they included polling stations in key cities including the capital Dakar and Thies, the agency said. The first official results are not expected until later Monday.

Wade has presided over an era of peace rare in a tumultuous part of the continent, and the economy — though struggling by Western standards — is stronger than in many African nations. Still, thousands of desperate youths have already voted with their feet, risking their lives to slip illegally into Europe by sea.

The median age in this country of 12 million is about 19 years, according to U.S. government statistics, compared with 36 in the United States. About half of Senegal's work force is unemployed.

The 80-year-old Wade sounded confident as he cast his ballot in a dusty polling booth in this seaside capital.

"I will win, there is no question about it," he said. "It's evident that the youth have voted for me."

Among the top challengers are two of Wade's former prime ministers: Moustapha Niasse, a former U.N. envoy, and Idrissa Seck, jailed by the government for seven months on embezzlement charges that were never proved.

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To avoid a run-off, the top candidate needs to win more than 50 percent of the ballot. Though Wade is considered the favorite, the crowded field of challengers could splinter the vote and force a runoff.

When Wade's black-tinted Hummer pulled up at the polling station, it was mobbed by supporters chanting "gorgui" — a respectful Wolof word meaning "old man."

Each of the candidates appeared as a grainy photograph on 15 separate pieces of paper to ensure Senegal's largely illiterate population can easily make their choice.

But some voters complained the supposedly indelible pink-colored ink, used to mark voters' thumbs to ensure they did not cast multiple ballots, appeared to wash off with soap. To allay those concerns, Wade showed reporters that his thumb remained pink even after he rubbed it vigorously with a Kleenex.

For the Socialist Party's Tanor Dieng, one of the candidates challenging Wade, the president's reassurances were not good enough.

"All he can do is bluff, because he knows he's losing," Dieng said.

International election monitors said early evidence suggested the election was orderly and fair.

Wade, who spent three decades in the country's opposition, won in a landslide in 2000, defeating the long-ruling Socialist party. He pledged to abolish the system of privilege which characterized the final years of the Socialist regime, and promised investments in education and job training.

Wade claims he has made good on his promises, and has presided over 5 percent annual growth.

But with 48 percent unemployment and the capital suffering cuts in electricity service — a situation unheard of several years ago — many say it's not enough.

"It was the youth that brought him to power and for us it's been a great disappointment," said Moustapha Diagne, 48, a computer parts importer.

At least 31,000 Senegalese last year undertook the dangerous voyage in small boats by sea to try to reach Europe. Others journeyed north through the burning desert — and perished along the way.

Wade is also criticized by some for focusing on the problems of the capital and neglecting rural areas. He has not been able to end an insurgency in Senegal's south.

Still, the president is widely credited with keeping Senegal relatively peaceful on a continent where many nations have suffered coups and wars.

Senegalese Vote Hinges On Views Of Economic Growth (NYT)

By Lydia Polgreen

The New York Times, February 26, 2007

DAKAR, Senegal, Feb. 25 — Moudou Gueye was confident that Senegal's presidential election on Sunday would turn around his fortunes, at least in the short term.

Seven years ago he voted for Abdoulaye Wade, a rabble-rousing professor who, after decades in opposition to Socialist Party rule, sailed into office buoyed by the votes of frustrated young people like Mr. Gueye, who is now 32. They hoped that Mr. Wade, a free-market liberal, would transform this impoverished nation's economy, which had been stunted by generations of ineffective central planning.

But Mr. Gueye said he did not feel much better off now. He still has no regular job and gets by selling coffee on the streets. He said Sunday that he hoped to make about $15 selling his sugary brew at 10 cents a cup to early-morning voters. When the morning coffee rush died down, he would cast his own vote, but not for Mr. Wade.

"I had high hopes," said Mr. Gueye, his eyes hidden behind a pair of knockoff Ray-Ban sunglasses. "But now we are all disappointed."

Voters in Senegal, an oasis of stability in a turbulent corner of the globe, were deciding whether to re-elect the octogenarian Mr. Wade or choose a new president from 14 other candidates, including some from the Socialist Party that voters roundly rejected in 2000

Senegal's state-run news service reported initial results Sunday night that showed Mr. Wade with a strong lead, but the results came from only a relative handful of 11,000 polling stations nationwide. Official results are expected Monday.

If no candidate wins more than 50 percent of the vote in the first round, there will be a runoff between the top two candidates, expected to be in mid-March. The presidential term has been shortened, so the winner will serve for five years.

In the more than four decades since it won its independence from France, Senegal has never had a coup and suffers from almost none of the ethnic strife that has dragged many West African countries into civil war. It is one of Africa's oldest and most open democracies, with genteel politics that have been the envy of many of its neighbors.

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But this election has been different. The campaign was marred by accusations that the government was trying to stifle opposition. One opposition rally was barred from taking place, though others were allowed.

A brawl last week between supporters of a religious leader loyal to Mr. Wade and the supporters of Idrissa Seck, a former Wade ally who is running for president, left six people seriously injured and several cars torched. Such violence is mild by regional standards but almost unheard of in Senegal.

The unrest reflects a wide unease with the country's fortunes. Senegal has had relatively robust economic growth that has hovered at around 5 percent over several years (it was lower last year, owing in part to high fuel prices, according to government officials), compared with the 1 percent achieved during much of the Socialist era, and dozens of huge public works projects.

While in some ways the country is better off, economic growth and a building binge have not produced large numbers of jobs in a country struggling to make the transition from an agrarian society based largely on peanut farming to one that harnesses the wealth of a global economy.

And so Mr. Wade has struggled to convince voters, particularly the young people who make up more than half of the population, that he deserves another term.

"In many ways it is a choice between people they can't stand and the person who disappointed them," said a senior Western diplomat here. "It's a sad choice."

There is no better indication of Senegal's economic desperation than the vast exodus of young people to Europe. At least 36,000 Africans, mostly young men from Senegal, headed for the Canary Islands as illegal migrants by sea last year, according to the Spanish government. At least 6,000 of those who attempted the desperate 850-mile crossing did not survive, yet thousands more wait for the next crossing season to begin, paying $1,000 or more for a seat in an open-decked fishing boat.

Mr. Wade staked his legacy on a series of building projects, part of a New Deal-like plan to jump-start the country's economy. Some of the projects are under way, like a new seaside highway that hugs Dakar's rugged coastline, along with a series of oceanfront luxury hotels. Others, like a plan to build a new capital and a second airport, are still on the drawing board.

J. Habib Sy, a political analyst and director of a nonprofit organization, Aid Transparency, that investigates public spending, said his examinations of government expenditures over the last seven years had shown widespread waste and mismanagement.

"People were hopeful, myself included, that as an old man he would be wise," Mr. Sy said. "But it didn't happen that way."

Mr. Wade's supporters say he has already delivered and deserves more time to complete his vision for the country's future.

"This government has done more in seven years than the Socialists did in 40 years," said Boubacar Kante, a 33-year-old electrician, standing in line at a school in the Grand Dakar slum, waiting to cast his vote. "I found a job after Wade was elected, and life is better."

Countering criticism that Mr. Wade is too old to serve another term — his official age is given as 80, but many people suspect he is older — his daughter, Sindiély, who has worked as a special assistant to the president, said he was as sharp and agile as ever.

"It is not a question of age," Ms. Wade said as she waited to cast her vote in downtown Dakar. "It is a question of dynamism and ideas and what you have planned for your country."

Along Dakar's seaside roadway, young men marveled at the cars whizzing below a brand-new overpass, one of Mr. Wade's long-anticipated public works projects.

Pap Ndiaye, an 18-year-old street vendor who sells baby clothes to people stalled in traffic, said the newly completed road was a sign that the country was moving in the right direction.

"Wade has done a lot for this country," Mr. Ndiaye said. "Our hope is that he will stay and finish his work."

Less than a mile away, the road abruptly ends with a bright yellow sign that says "déviation," or detour. With a hard turn to the right, drivers pour off the broad new highway, and back into the tangled, chaotic streets of one of Dakar's oldest and poorest neighborhoods.

High Cost Of Free Education In Kenya (LAT)

By Edmund Sanders

The Los Angeles Times, February 26, 2007

Nairobi, Kenya — THE story of Olympic Primary School reads like a movie script.

A spirited campus in Africa's largest slum overcomes dire surroundings to triumph as the top-ranked public elementary school in Kenya's capital, beating better-funded private academies and sending dozens of graduates to the nation's top high schools.

Unfortunately, the saga doesn't come with a Hollywood ending.

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Perched on a hill overlooking Kenya's notorious Kibera shantytown, the school is at the center of a growing public education crisis spurred by a national decision in 2003 to make primary education free to all. The move swelled Olympic's classrooms to record size, stretched its budget and eroded the school's hard-won standards.

Four years later, some of the brightest students are transferring to private competitors, causing the school's ranking to slip. Rather than being visited by international dignitaries praising its accomplishments, the school and its bulging classrooms are a tourist stop for guides offering sightseers a glimpse of Kenya's poverty and education woes.

Last month, Olympic's enrollment was 2,510 students, making it one of the largest schools in the country. With just 30 teachers, the average class size is 84, more than double what it was when the school was ranked No. 1.

"That's deadly," said Anne Nganga, Olympic's founder and former principal.

In 2004, having reached retirement age at 55 and fed up with the public school system, Nganga launched a private academy a few miles away. She worries that Olympic's facilities and teaching staff are stretched too thin. "I'm afraid it is going to break," she said.

Until 2003, Kenyan parents had to pay $150 a year to send their children to public primary school. That was less than what most private institutions charged, but even so the schools were out of reach for millions of children. Many families here live on just a few dollars a day.

Since the fees were eliminated, more than 1 million additional youngsters have entered public schools. The action has won international praise for President Mwai Kibaki, who is seeking reelection this year. His government said recently that it would attempt to extend free education into high school.

SO far, however, officials have failed to back their ambitious policy with adequate resources. Enrollment is up 24% since the fees were dropped, but the number of school facilities has barely expanded and the number of teachers has fallen 6%, according to the Education Ministry.

There are 10,000 fewer teachers than before the schools became free. With teacher salaries starting at slightly more than that of a maid — about $210 a month — some have quit in frustration and others have gone to private schools.

The government gives public schools $14.50 a year for each enrolled child, money that is supposed to cover everything from books and pencils to janitors and desks. At some schools, students must share textbooks. At a few, they sit on the floor or rocks because there isn't enough furniture.

At Olympic, because of its reputation, 3,000 newcomers showed up to enroll in 2003 when free education debuted. At the time, 1,700 children were being taught there. Frustrated parents threatened to burn down the new principal's office if she didn't enroll their children.

Even now, a line of hopeful parents snaked outside her office door one recent morning. With enrollment already at record levels, Principal Ruth Namulundu must seek a balance between the school's obligation as a government facility to admit students and her desire to maintain Olympic's academic standards.

This day, she accepted one youngster and asked the other parents to try again next month.

"I don't have the teachers," Namulundu said. "Admissions is a big problem. We have to provide access. But my teachers don't understand why I have to keep admitting students."

School infrastructure and upkeep are constant struggles. There are no functioning computers. A urine stench from nearby toilets wafts into the first-grade classrooms.

Recess commences in a dirt field with a couple of grazing cows but no playground equipment. During the weekly schoolwide assembly and prayer, students squeeze shoulder to shoulder in a courtyard the size of a volleyball court.

Desperate for funding, school officials recently asked each student to contribute 1 cent so brooms and buckets could be purchased to keep the classrooms tidy.

For Emmanuel Onyango, 14, Olympic's struggle to maintain excellence is anything but academic. His future is riding in large part on his school's performance.

The fresh-faced eighth-grader has consistently ranked No. 1 or 2 in his class since the first grade. In a schoolwide competition last year, he won a $5 book voucher, which he used to buy a Danielle Steel romance novel.

Looking awkward in a parent-provided uniform that includes knee socks and short pants, the teenager sits attentively in the front row. He dreams of attending one of Kenya's prestigious national high schools, the best in the country in quality and teaching. He wants to become a pilot.

"I think I can make it," he said.

But with class sizes doubled, teachers are more distracted. Slower students get most of the attention. "Bigger classes have meant that teachers can't concentrate on one person for very long," Emmanuel said.

Instead of receiving advanced instruction, he usually finds himself tutoring the weaker students. His teacher, who uses Emmanuel to help teach math, said the tutoring reinforced the material.

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"When advanced students know they will have to explain things to other students, they study harder and learn more," said Ochieng Otiento, 44, who has taught at Olympic for 10 years.

Emmanuel said he enjoyed the tutoring but sometimes yearned for a more competitive environment. "I'd like someone who could challenge me," he said.

School crowding is a problem across Africa, where education reform remains one of the toughest challenges. Factors including poverty and a surge in the number of AIDS-related orphans have left sub-Saharan Africa with the world's lowest gross enrollment rates.

Despite recent improvement, an estimated 40 million school-age children in Africa are out of the classroom, condemned to lives as unskilled laborers and perpetuating the cycle of poverty for another generation.

In Kenya, the plight and performance of public schools have reached the point where some middle-income and even poor families are pulling out their children. Last year, public school enrollment in half of Kenya's eight provinces dropped as parents who could afford private schools, where fees begin at about $260 a year, abandoned the public system.

Short-order cook Wambui Ndungu, 28, pulled her daughter from the local public school after the girl's grades and test scores plummeted. The daughter is thriving in private school, but Ndungu and her husband, who earn about $140 a month, are paying nearly a quarter of the family income in school fees. That means longer hours at the cafe for Ndungu and less meat on the family dinner table.

"I know public school is free, but it just wasn't worth it anymore," Ndungu said.

Government officials say they are working as fast as they can to provide relief.

"I try to tell them: 'Please continue your work. We are coming,' " said Margaret Thiongo, director of Nairobi's public primary schools.

At Olympic, Thiongo noted that the government added several new classrooms over the last three years but was running out of land for expansion. She blamed understaffing on a shortage of qualified teachers.

WITH national graduation exams looming at the end of the year, Emmanuel is feeling pressure. Five years ago, Olympic sent nearly three dozen graduates to public national high schools. Last year, it sent five.

"I must score well," he said. "This is the year that will determine my future."

That's not just teenage drama speaking. Eighth grade is a key year in Kenya's educational system, marking the end of the line for many. Due to a severe shortage of public and private high schools, only about half of graduating primary school students find places.

Last year, 50 of 204 Olympic graduates were unable to go to high school because there weren't enough seats.

With the decline in quality and test scores at public schools, graduates of the private academies, which account for only 10% of all schools, now make up 90% of the students at the best high schools.

With the odds stacked against him, Emmanuel is wasting no time, enrolling in after-school and weekend classes. That means staying at school from 7 a.m. to 5 p.m. during the week, eight hours on Saturday and another five hours on Sunday, not including the one to two hours of homework each night.

Sunday afternoon offers his only free time. "I sleep," he said.

Even if he performs well, there's no guarantee his mother will be able to afford the $450 in annual fees. With four children in school, his mother, a nurse, is saving for Emmanuel, but an older sister who was accepted to a top national campus had to settle for one that ranks lower and is less expensive.

"I'm praying God will help us," Perazia Pilli Ogingo said.

Olympic officials also are doing what they can to keep standards high. Although its No. 3 ranking last year is impressive for a school of Olympic's size, administrators who recall past performance remain fiercely competitive.

"Next year we will be No. 1 again," said Monica Omwoyo, Olympic's deputy principal.

To lower class size in the all-important eighth grade, the school shifted a teacher from another grade. The average eighth-grade class size dropped to 65. It also added after-school and weekend classes and recently issued a plea to eighth-grade parents for a one-time $5 donation to administer monthly practice exams, a luxury not afforded in the government budget.

But one parent complained to government regulators that Olympic was improperly charging for items that are supposed to be free, such as $4 a month for weekend classes and even the penny for a broom.

Government officials said Olympic might be crossing the line. "There should never be a policy by which students who don't pay don't learn," said Thiongo, the city education director. She said weekend classes could be shut down.

But Emmanuel said he needs the extra study to stay sharp. He and his fellow students recently took a practice graduation exam for the first time. He was aiming for a score of 415. He got 412.

Not So Fast On Fast Track (RC)

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By Kate Ackley
Roll Call, February 26, 2007

President Bush's fast-track trade negotiating authority expires June 30, but a new business coalition pushing for its renewal has crafted a long-term plan, indicating that pro-trade lobbyists expect a much longer slog than they would like to admit.

The Trade for America Coalition, according to sources familiar with the effort, has planned for a new set of co-chairmen to take over six months into the campaign, which would take it beyond the deadline for fast-track renewal. A lobbyist whose clients are involved in the coalition said that even though Members and Bush administration officials continue to negotiate to renew it before the authority lapses, this likely will be no quick lobbying battle. And no matter what happens this year, pro-trade lobbyists are energizing a next generation of advocates as they anticipate many fights to come.

Fast track, also known as trade promotion authority, allows the administration to negotiate trade agreements with other countries. Congress can then approve or reject the agreements, without adding any amendments.

"I think everybody thinks TPA is a long-term prospect," said the lobbyist. "I don't think it's likely to happen in the short-term. It is likely to be a multi-year process."

Opponents of trade promotion authority — emboldened by the Democratic-controlled Congress — have geared up their own effort, working closely with the office of Rep. Mike Michaud (D-Maine). Michaud's staff is meeting regularly with representatives from the AFL-CIO and other labor unions, Sierra Club, Friends of the Earth, Public Citizen and the U.S. Business and Industry Council.

Peter Chandler, Michaud's chief of staff, said his boss, along with Rep. Linda Sánchez (D-Calif.), is working with the groups to come up with a wholesale alternative to fast track and plans to unveil a package in the coming weeks. "A simple labor fix isn't enough," Chandler said. "It would look drastically different. We're going to come up with some sort of model that will be far better." That model will include international labor organization standards, and is expected to draw widespread opposition from business groups.

Yvette Pena Lopes, a legislative representative for the Teamsters, attends the Michaud meetings every other week in the Cannon House Office Building, as do Brett Gibson, who handles trade policy for the AFL-CIO, and Alan Tonelson, a research fellow with the U.S. Business and Industry Council.

On the other side of the aisle, the office of House Minority Whip Roy Blunt (Mo.) has run coalition efforts in recent years to pass trade pacts such as the Central American Free Trade Agreement. But for now, Blunt spokesman Amos Snead said, "there is no formal coalition, because there is no package yet. The whip's office is actively involved in encouraging people to support TPA, and if the right package materializes, then we'd actively reach out internally and externally. That's when you might see a coalition form."

Trade lobbyists on both sides of the debate acknowledged the heightened possibility of Republican defections on a TPA vote in the House — either because the Bush administration accepts too many labor and environmental provisions, or because of pressure from constituents who fear that more trade deals mean fewer jobs in the United States.

While still pushing for renewal by this June, the Trade for America Coalition, whose members include usual suspects such as the National Association of Manufacturers and the Business Roundtable, has three co-chairmen, including up-and-comers in the trade policy fights.

Bill Lane, a longtime free-trade advocate with Caterpillar, said, "We're very aware that as part of promoting trade liberalization, we have to be serious about succession planning, and as part of that we are exceedingly focused on making sure there are leadership opportunities for the next wave of leaders. Business has been rightfully criticized for mounting 'just-in-time' lobby efforts. We now need a sustained effort to promote trade, and to do that we need to help the next wave of trade leaders to succeed."

Lane said that Leslie Griffin, one of the co-chairmen who is vice president for international government affairs at the New York Life Insurance Company, is part of the next generation of free-trade leaders.

"Ideally there should be no lapse," Griffin said of TPA. "But we'll be part of the dialogue as long as we need to be. There is an understanding that we have a positive story to tell on trade. We also recognize that we need to have an honest appraisal of the trade agenda. We've got to expand the circle of winners."

Over last week's recess, coalition members, including Nicole Venable, a Democratic trade lobbyist at the U.S. Chamber of Commerce, met with the staffers for Members including Democratic Reps. Artur Davis (Ala.), Ellen Tauscher (Calif.), Baron Hill (Ind.) and Michael Arcuri (N.Y.).

"It would be easy if the business community just took the TPA papers from 2001" and recycled that effort, Venable said. "But we recognize we need to speak fresh and find things that are more responsive to Members' concerns."

Yet, three Democratic lobbyists who are pushing for fast-track renewal said the coalition got off to a bad start with Congressional Democrats when it kicked off earlier this month.

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"I'd say that fell pretty flat," said a former House aide who is now a lobbyist. "It was viewed as business as usual, at a time when we don't need business as usual. It was probably not the best way to kick off trade in the new Congress."

Added another lobbyist who came from the Senate: "It was noticed that there were no Democrats."

While a full renewal of trade promotion authority remains difficult, several lobbyists said they support the idea of extending it temporarily, say for six months, or extending it just long enough to finish a deal with South Korea, which has not yet been signed.

Not everyone is gloomy about the prospects. A House Democratic Ways and Means aide said, "I think everybody is hopeful that we can find a common ground."

And Trade for America's Griffin agreed that she sees "genuine commitment" from Members.

One industry sector that could help the effort is high tech, which is viewed as having strong ties with many Democrats.

Ralph Hellmann, chief lobbyist for the Information Technology Industry Council, said his sector is willing to see some compromises when it comes to labor and environmental standards in trade deals.

"We are trying to build bridges between sides that may not agree — Republicans who want TPA extended as is to Democrats who want expansion of labor and environmental standards," he said. His colleague, Democrat Josh Ackil, added that it's important for the tech industry to "continue to tell Democratic leaders in the House and Senate that trade is important to us, while at the same time telling the White House they need to make sure that they work with Congress and are accommodating to their needs in order to get things across the finish line."

The techies' message of moderation has put members of the Michaud group on defense. "No doubt a certain luster attaches to the high tech firms," said Tonelson of the USBIC. "But they too are actively outsourcing and of course when they look at their U.S. workers, they're thinking 'Gee, why do we pay these folks so much?'"

One Year After Cafta (WSJ)

By Mary Anastasia O'Grady

The Wall Street Journal, February 26, 2007

As the Central American Free Trade Agreement marks its one-year anniversary Friday, it's a good time to remind Capitol Hill protectionists how wrong they were when they tried to kill the deal in 2005. Every country that entered into Cafta is enjoying new benefits, including the U.S.

The U.S. and El Salvador were the first two countries to begin trading under Cafta last March. In the months that followed, Guatemala, Nicaragua and Honduras made it official. The Dominican Republic and Costa Rica have yet to join. Both have signed onto the negotiated agreement, but without implementing legislation before Feb. 29, 2008, they could end up shut out of the free-trade area. Costa Rica hasn't even ratified the deal yet.

The early results from Cafta's first year are promising. Central Americans are importing more than ever from the U.S. and the region is also attracting new capital. Both developments are helping participants grow more competitive and improving the quality of life for consumers.

To appreciate Cafta's potential for the region, some historical perspective is in order. Much of Central America's misery can be traced to extreme protectionism in the 20th century. The U.S. imposition of the Smoot-Hawley tariffs in 1930 was one important catalyst in closing Latin American markets to imports since most countries slapped on retaliatory tariffs. World War II provided another excuse for protectionism in an economic zone heavily dependent on northern markets for its commodities. Then along came Raúl Prebisch, an economist at the United Nations Economic Commission on Latin America and the Caribbean, who famously argued in 1950 that for the region to develop it had to close its markets and let infant industries develop free of foreign competition. "Import-substitution industrialization" became a religion. By 1985 Central America had the world's highest level of import protection. Quality, choice and competitiveness had plummeted.

After the Soviet- and Cuban-inspired civil wars of the 1980s, a slow transformation began. Today, dollarized El Salvador is the most economically liberal Cafta country and may be in a position to benefit the most from the trade accord. Its total exports to the U.S. actually went down in the past year but that seems to be explained largely by the end of the WTO multifiber agreement. Without Cafta, the contraction could have been worse.

Offsetting the pain is an increase in imports, which are helping diversify the economy. According to the Economy Ministry, 60% of non-maquiladora imports from the U.S. last year were in six sectors and accounted for 88% of the growth in imports over 2005. Most were intermediate and capital goods for manufacturing and services. This includes yellow corn and wheat for the agroindustry, polyethylene for plastics, electronic equipment such as telephones and computers, fuels, and paper and cardboard for packaging.

El Salvador is also shifting away from traditional low-wage, garment-assembly operations toward the delivery of value-added, high-end apparel that includes all services bundled in the production process. According to Ricardo Sagrera, president of

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the textile group Hilasal, enhanced two-way trade is helping El Salvador capitalize on its comparative advantages -- notably its legendary work force and its proximity to the U.S. -- and compete with China.

Imports of electronics are critical components in El Salvador's growing service sector. Call centers now support an estimated 5,000 jobs. Another profitable new service industry handles foreign shipping to the region from Asia and Europe, cutting out a stop in the U.S.

Investment levels would probably be higher if El Salvador had a better record on personal security. It is one of the most dangerous countries in Latin America, which surely discourages investors. Nevertheless, investments such as Citibank's $1.5 billion purchase of Central America's second-largest financial group, Grupo Cuscatlán, suggest confidence.

In Guatemala, which joined Cafta in July, the government says total trade grew by 17% in the second half of last year, compared with 5% in the first half. It also says that foreign direct investment tripled last year. A Guatemalan official I talked to said that the agreement has been good for his country because it has made doing business easier. For example, customs and photosanitary regulations have to be standardized and streamlined in order to comply with Cafta. This is leading to more efficient trading within the region.

That's important for companies like Wal-Mart, which has a substantial presence in Central America and is driving competitiveness in the retail sector. The retail giant taps suppliers in Central America for the perishables it sells. Greens come from Guatemala, El Salvador and Honduras, meat and pork from El Salvador. With Cafta, the distribution process has become more efficient.

Wal-Mart's need for perishables has also helped small and medium-sized farms in the region because the company has a program to develop suppliers. "They get a reliable marketplace and we get reliable suppliers," says a company representative. Wal-Mart's requirement that suppliers must be part of the formal economy could partly explain why business startups jumped by 20% last year. The company says that Cafta has been important also because the region is its largest supplier of apparel for its Western Hemisphere operations.

Nicaragua also is enjoying Cafta benefits. Total trade with the U.S. between last April, when it joined Cafta, and December was up by more than 20% over the same period in 2005.

We agree with free traders who criticized Cafta as inferior to unilateral market opening. Guatemala already had some of the lowest tariffs in the region, but in order to reach consensus with protectionist strongholds such as Costa Rica, it had to agree to tariff increases on some products. Cafta also unfortunately carves out protections for a small but important number of sectors -- sugar is one -- in the U.S. and in Central America for a decade or more. Nicaragua, one of the poorest countries in the region, gets a quota for apparel made from fabric originating in non-Cafta countries. This has diverted investment in the assembly business away from its neighbors. Yet in the absence of unilateral trade liberalization, Cafta may be the best alternative.

On its first anniversary, El Salvador, Guatemala, Nicaragua, Honduras and the U.S. are already reaping the benefits of Cafta. If Costa Rica and the DR -- which have already lost thousands of textile jobs -- reject the deal, they will be approving a model of economic isolation that could cost their people dearly.

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A Japanese Lesson For China (LAT)

By Lawrence H. Summers

The Los Angeles Times, February 26, 2007

A RISING Asian power is an export juggernaut and enjoys prodigious growth fueled by high savings and investment rates. Its rapidly modernizing industries threaten an ever greater swath of industry in Europe and the United States. Its formidable central bank reserves and burgeoning account surplus lead to claims that its exchange rate is being unfairly manipulated. Its financial system is bank-centric, heavily regulated in favor of domestic institutions and closely tied to government and industry. Rapid productivity growth holds down prices, but its asset values rise sharply.

Key congressional leaders in Washington demand radical action to contain the economic threat. Diplomats warn that public bashing is unproductive but make clear that economic issues are a crucial part of the bilateral relationship. Delegations of senior U.S. officials engage in "dialogue" with their counterparts about the many aspects of their economic policies that promote imbalances, warning of the congressional demons who stand ready to act if "results" are not achieved quickly.

All of this describes what is happening in China, and with our relationship with Beijing, today. It also describes the Japanese economy in the late 1980s and early 1990s, before its lost decade of deflation and considerable deterioration in global prestige. Although there are obvious differences, notably China's much lower level of development, the similarities are striking enough to invite an effort to draw some lessons from the Japanese experience.

The definitive history of Japan's dismal decade has yet to be written. But most observers would agree that key elements included the bursting of stock market and land bubbles, the resulting problems in the financial system, the collapse of aggregate

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demand as banks stopped extending credit and the difficulty of moving from export-led growth to domestic-led growth once consumer and business confidence was lost.

In retrospect, Japanese officials made several important policy errors. In order to avoid further yen appreciation in the late 1980s, they followed easy monetary and financial policies that gave rise to huge asset price bubbles and expansions in credit, which set the stage for the downturn. At the same time, they failed to encourage a shift to domestic demand-led growth at a moment when consumers were enjoying record increases in wealth. And they allowed problems in the banking system to fester. The result was that Japan was not well positioned to prevent or address the serious problems of the 1990s.

This suggests that if China is to sustain rapid growth and not repeat Japan's mistakes, it must fix the policy roof now, when the sun is shining. Allowing inevitable currency appreciation and spurring domestic demand by encouraging consumption is much easier now when the economy is at the edge of overheating than it is likely to be in the future when it cools off. It has been estimated that seeking to maintain the current exchange rate could require as much as $400 billion in reserve accumulation in 2007, which would almost certainly lead to rapid asset price inflation as renminbi are printed to buy dollars. And there will not be a better moment to fix problems in the banking system.

These lessons for Chinese economic policy contrast sharply with those drawn by observers in and out of China who attribute Japan's deflation and consequent poor performance to its willingness to accede to American pressure for currency appreciation. This alternative view offers no explanation for Japan's asset bubble and collapse, and no theory about what measures would have spurred domestic-led growth.

Another lesson of the Japanese experience is the need for modesty regarding economic diplomacy. Events and national and political decisions, not international communiques, shape economic outcomes. The effect of events beyond the control of governments — the collapse of Japan's asset markets, information technology's spur to U.S. productivity, the Asian financial crisis — dwarfed the diplomatic debate.

Even in areas in which government policies might have had significant effects, such as housing, finance, social security or retail regulation, there is no evidence that Japan in the 1980s and 1990s made any changes in response to U.S. pressure. If heavy-handed pressure makes it easier for special interests to invoke nationalism as they resist change, high-profile negotiations can be counterproductive. And in a world in which goodwill capital is scarce, heavy-handed pressure engenders resentments that spill into other spheres.

It was a cliche in the late 1980s and early '90s that the U.S.-Japan relationship was the world's most important bilateral relationship. Given China's scale, rapid growth and the greater level of imbalances in today's global economy, Chinese economic policy and its international economic relations are even more important. By learning from a rather unfortunate history, policymakers on both sides of the Pacific can avoid repeating its mistakes.

LAWRENCE H. SUMMERS is a contributing editor to Opinion.

Why Our Enemies -- And Friends -- Hate Us (LAT)

By Niall Ferguson

The Los Angeles Times, February 26, 2007

BEING HATED IS NO FUN. And few people hate being hated more than Americans. I wish I had a dollar for every time I've been asked, "Why do they hate us?" — and another for each of the different answers I've heard. It's because of our foreign policy. It's because of their extremism. It's because of our arrogance. It's because of their inferiority complex. Americans really hate not knowing why they're hated.

The best explanation is the simplest. Being hated is what happens to dominant empires. George Orwell knew the feeling. As a young man he served as an assistant police superintendent in British-run Burma, an experience he memorably described in his essay, "Shooting an Elephant." Called upon to kill a pachyderm that had run amok, Orwell was suddenly aware "of the watchful yellow faces behind" him: "The sole thought in my mind was that if anything went wrong those two thousand Burmans would see me pursued, caught, trampled on and reduced to a grinning corpse like that Indian up the hill. And if that happened it was quite probable that some of them would laugh."

Eric Blair — as Orwell was known then — could scarcely have been better prepared for his role as a colonial official. Born in Bengal, the son of a colonial civil servant, he had been educated at Eton, where boys learn not to worry about being hated. Yet even he found the resentment of the natives hard to bear: "In the end the sneering … faces of young men that met me everywhere, the insults hooted after me when I was at a safe distance, got badly on my nerves….[It] was perplexing and upsetting."

That's a feeling American soldiers in Baghdad must know pretty well.

But who hates Americans the most? You might assume that it's people in countries that the United States has recently attacked or threatened to attack. Americans themselves are clear about who their principal enemies are. Asked by Gallup to

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name the "greatest enemy" of the U.S. today, 26% of those recently polled named Iran, 21% named Iraq and 18% named North Korea.

Are those feelings reciprocated? Up to a point. The Gallup Center for Muslim Studies' latest poll found 52% of Iranians view the U.S. unfavorably. But that is down from 63% in 2001. And it's significantly lower than the antipathy felt in Jordan, Pakistan and Saudi Arabia. Two-thirds of Jordanians and Pakistanis have a negative view of the U.S., as do a staggering 79% of Saudis.

These figures suggest a paradox in the Muslim world. It's not the United States' enemies that hate it most. It's people in countries that are supposed to be friendly, if not allies.

The paradox of unfriendly allies is not confined to the Middle East. Last week was not a good week for Americanophiles in Europe. Tony Blair announced British troop withdrawals from Iraq, an unfortunate signal on the eve of the U.S. "surge." In Rome, his counterpart Romano Prodi had to resign because his coalition partners would not agree to keep Italian troops in Afghanistan or to enlarge a U.S. military base in Italy. Anti-Americanism is nothing new in European politics, but there is something new going on here, which extends to traditionally pro-American constituencies.

Back in 1999, 83% of British people surveyed by the U.S. State Department's Office of Research said they had a favorable opinion of the U.S. But by 2006, according to the Pew Global Attitudes Project, only 56% did. British respondents to the Pew surveys now give higher ratings to Germany (75%) and Japan (69%) than to the U.S. — a remarkable transformation in attitudes, given the notorious British tendency to look back nostalgically and unforgivingly to World War II. Britons recently polled by Pew regard the U.S. presence in Iraq as a bigger threat to world peace than Iran or North Korea.

Nor is Britain the only disillusioned ally. Only 38% of Germans and 19% of Canadians believe that U.S. foreign policy considers the interests of others. The poignant fact is that when Americans are asked to rate foreign countries, their most favorable views are of none other than Britain, Germany and Canada.

In the 1990s, Madeleine Albright pompously called the United States "the indispensable nation." Today it seems to have become the indefensible nation, even in the eyes of its supposed friends.

Orwell would have understood. Just as it was the educated beneficiaries of British rule in Asia who were the most strident anti-imperialists in Orwell's day, so the British empire's most natural allies — France and the United States — were anything but Anglophile. For it turns out that power not only corrupts. It also tends to isolate.

There is, after all, a reason why they say it's lonely at the top.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TERRORISM NEWS:

DOJ Holding Muslim Terror Suspects At New Indiana Facility. The Washington Post (2/25, A7, Eggen, 690K) reports the Justice Department "has quietly opened a new prison unit in Indiana that houses a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted. At the Communications Management Unit, or CMU, in Terre Haute, Ind., all telephone calls and mail are monitored, the number of phone calls limited and visits are restricted to a total of four hours per month, according to special rules enforced by the Justice Department's U.S. Bureau of Prisons. All inmate conversations must be conducted in English unless otherwise negotiated. … The Indiana unit…is part of a medium-security facility and includes inmates set to be released in as little as two years. Prisons spokeswoman Traci Billingsley said the unit's population will not be limited to inmates convicted of terrorism-related cases, though all of the prisoners fit that definition."

Holy Land Foundation Lawyers Say Anti-Semitic Comments Fabricated. Under the headline "Evidence Against Muslim Charity Appears Fabricated," the Los Angeles Times (2/25, Krikorian) reported, "When the Bush administration shut down the nation's largest Muslim charity five years ago, officials of the Dallas-based foundation denied allegations it was linked to terrorists and insisted that a number of accusations were fabricated by the government. Now, attorneys for the Holy Land Foundation for Relief and Development say the government's own documents provide evidence of that claim.

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In recent court filings, defense lawyers disclosed striking discrepancies between an official summary and the verbatim transcripts of an FBI-wiretapped conversation in 1996 involving Holy Land officials." The summaries contained anti-Semitic comments by Holy Land officials, but "none of those quotes was contained in a 13-page transcript of the conversation, defense lawyers said in their motion to expand access to classified evidence." The Times noted, "How the summary and transcript could be so different was unclear, though experts…theorized that its top-secret nature may have led some analysts to believe that the work product would never be publicly disclosed, much less entered into evidence in a trial."

Al Jazeera Cameraman Has Been Held At Guantanamo Since 2002. The Washington Times/AP (2/25, Fox) reports Sami al-Hajj, a cameraman for the Al Jazeera TV network, "was stopped at the Afghanistan border by Pakistani authorities in December 2001, turned over to U.S. forces and hauled in chains six months later to Guantanamo, where about 390 men are held on suspicion of links to al Qaeda or the Taliban. Mr. al-Hajj, a 38-year-old native of Sudan, has been held in this U.S. military prison ever since. He is believed to be the only journalist from a major international news organization held at Guantanamo."

Canadian Muslim Who Exposed Terror Cell Faces Ostracism. The Los Angeles Times (2/25, Farley, 850K) profiles Mubin Shaikh, a 31-year-old Canadian-born Muslim "who disavowed the mosque to fit in with his neighborhood friends, then rejected that life to practice traditional Islam. Later, he used his stature in the Muslim community to infiltrate a suspected terrorist cell, and then helped expose it — an act that alienated him from many in his own circles. … The suspected cell's plan, prosecutors said in June, was to explode three truck bombs in front of Toronto police and intelligence headquarters and Parliament Hill, then take politicians hostage and behead them one by one. The group of 18 had acquired 3 tons of what it thought was explosive material when police moved in, authorities say." The Times adds, "Now he faces death threats, which he doesn't take seriously, and glares and cold shoulders in the mosque, which he does."

HOMELAND RESPONSE:

White House Drill Imagines Simultaneous IED Attacks On US Cities. ABC World News (2/24, story 4, 2:25, Muir, 8.78M) reported, "At the White House today, a high level terror drill laid out a chilling scenario: Iraq-style IEDs exploding in cities around this country. About 90 officials studied how the federal government would respond if attackers used improvised explosive devices in several cities at once."

The Washington Post/AP (2/25, A9, Loven) reports, "Dozens of high-level officials joined in a White House drill yesterday to see how the government would respond if several cities were attacked simultaneously with bombs similar to those used against U.S. troops in Iraq. White House homeland security adviser Frances Fragos Townsend and the Homeland Security Council that she heads mapped out in advance a massive disaster involving improvised explosive devices, or IEDs. The attack targeted 10 U.S. cities, both large and small, at the same time, said a senior administration official who spoke on the condition of anonymity. … All Cabinet agencies were represented by their secretaries or other high-ranking officials, with about 90 participants in all, White House spokesman Scott Stanzel said. Stanzel said the drill revealed gaps in the government's ability to respond, but also showed that there have been many improvements since Hurricane Katrina." The Post adds that President Bush "went on a bike ride yesterday morning and did not take part in the test."

Real ID Proposal Expected To Encounter Bipartisan Opposition. The Washington Post (2/25, A8, Hsu, Fears, 690K) reports that "a sweeping federal law to tighten security requirements for driver's licenses is in jeopardy of unraveling after missteps by Congress and the Homeland Security Department, analysts and lawmakers said. While Washington has delayed implementing it, a rebellion against the program has grown. Privacy advocates say the effort could create a de facto national ID card. Meanwhile, state officials charge that complying with federal requirements will cost $11 billion and potentially double fees and waiting times for 245 million Americans whose licenses would have to be reissued starting next year." The White House "expects to release its driver's license plan, Real ID, this week and has warned congressional critics not to thwart

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or further delay a program that was recommended by the Sept. 11 commission." Sen. Joseph Lieberman, chairman of the homeland security panel, said Real ID "may not provide real security and that it is opposed by states 'because it is overly burdensome, possibly unworkable, and may actually increase a terrorist's ability to commit identity theft.'" Sen. Susan Collins, ranking Republican on the homeland security panel, and Rep. Tom Allen "are seeking to delay or repeal Real ID and let security experts, privacy advocates and the states renegotiate the rules."

Backscanner X-Ray Device Profiled. NBC Nightly News (2/24, story 5, 2:50, Costello, 9.87M) ran a feature on the Backscanner X-ray device being implemented at Phoenix's airport, concluding a profile of the new technology by saying, "Still on the drawing board: people portals that scan every passenger before they board a plane. Still no effective way to detect chemical weapons." The report is very similar to Friday's ABC World News report.

WAR NEWS:

Murtha Stumbles In Effort To Limit War Spending. Coverage of Rep. John Murtha's efforts to challenge funding for the Iraq war emphasized the bipartisan perception that he had blundered and undercut the Democrats' cause. The Washington Post (2/25, A5, Weisman, Layton, 690K) reports, "The plan was bold: By tying President Bush's $100 billion war request to strict standards of troop safety and readiness, Democrats believed they could grab hold of Iraq war policy ... But a botched launch" by Murtha "has united Republicans and divided Democrats, sending the latter back to the drawing board just a week before scheduled legislative action, a score of House Democratic lawmakers said last week. … The story of Murtha's star-crossed plan illustrates the Democratic Party's deep divisions over the Iraq war and how the new House majority has yet to establish firm control over Congress." When he "chose to roll out the details on a liberal, antiwar Web site on Feb. 15, he caught even Pelosi by surprise while infuriating Democrats from conservative districts. ... Republicans relentlessly attacked a plan they called a strategy to slowly bleed the war of troops and funds. By the end of the recess, Murtha's once promising strategy was in tatters."

The New York Times (2/25, A25, Toner, 1.16M) says Murtha "faces an extraordinary political challenge over the next month, and some Democrats are already worried about his handling of it."

Democrats Vow To Keep Pressure On Bush. The Los Angeles Times (2/25, Simon, 850K) reports, "Senate Democrats are moving to modify the 2002 resolution that authorized the war to place new limits on the role of U.S. forces in Iraq. But it is uncertain whether they will fare any better in this effort than in their last try — an unsuccessful attempt to pass a symbolic resolution opposing the deployment of 21,500 additional U.S. troops to Iraq. ... Although the new Democratic efforts are aimed at turning up the political heat on Republicans, they could also make some Democrats uncomfortable. Those from conservative districts or states are fearful of taking a step that Republicans could portray as cutting funding to troops in harm's way or tying the commander in chief's hands in wartime."

Governors Warn Of Surge's Impact On National Guard. ABC World News (2/24, story 4, 2:25, Muir, 8.78M) reported, "The governors are meeting in Washington this weekend and have growing concerns about their own ability to respond to emergencies as their National Guard troops keep getting called back to Iraq." ABC (Crawford): "National Guard and reserve troops like these in Indiana are heading back to Iraq this weekend ... Their families will miss them. But so will their governors." Gov. Mike Easley: "National guard is hurting. And as a result of that, people are not as safe in the United States today as they were before this poorly planned operation started in Iraq." The Los Angeles Times (2/25, Hennessy-Fiske, 850K) reports, "Republican and Democratic governors meeting here Saturday warned that President Bush's 'surge' of additional troops to Iraq would put added pressure on National Guard units already stretched to their limits."

Army's 2-16 Battalion Prepares To Head Off To War. The Washington Post (2/25, A1, Finkel, 690K) reports from Fort Riley, Kansas, "Inside, as the bleachers filled and the doors swung closed against the cold, a 41-year-old soldier near the middle of the floor began clapping his hands in anticipation. ... This was Lt. Col. Ralph Kauzlarich, the commander of an Army battalion called the 2-16 -- the 2nd Battalion, 16th Infantry Regiment of the 4th Infantry Brigade Combat Team, 1st Infantry Division. The unit has 800 soldiers, most in their late teens and deploying to Iraq for the first time under the command of a man who, in this

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gymnasium filled with believers, was among the biggest believers of all. ... So fiercely does Kauzlarich believe this -- that the war can be won and that it will be won -- it can seem as if he is the one grabbing onto something, in this case the idea that victory is a matter not only of strategy and tactics, but of sheer willpower as well."

More Commentary On Iraq. In an op-ed for the Washington Post (2/25, B3, 690K), former Deputy Assistant Secretary of Defense Sarah Sewall writes that many of Gen. David Petraeus' "strongest supporters fear that his new assignment is a no-win mission, one that could not only stain his professional reputation but also, ironically, discredit the new counterinsurgency doctrine he spent the past year creating. … Placed in charge this late in the game, Petraeus should not have to carry the burden of Iraq's probable failure. Yet there is a silver lining in his appointment. Petraeus has the expertise to identify shortfalls and the likelihood of failure, and he has the credibility to force a political response."

In a pessimistic op-ed for the Washington Post (2/25, B1, 690K), British political scientist Toby Dodge writes that after crushing a 1920 Iraqi revolt, "it took Britain 10 more years to jettison its financial and military commitments to Iraq. … Here is what Britain's history of failure at building a democratic state in Iraq in the 1920s and '30s tells George W. Bush and his successors: If…they fail to deliver on the promises of a better future for the Iraqi people, then Iraq will continue as a font of violent instability long after those who made the promises have been buried."

In his Los Angeles Times (2/25, 850K) column, Gregory Rodriguez writes in favor of admitting Iraqi refugees, "Two weeks ago, the White House announced that the U.S. would accept up to 7,000 Iraqi refugees by the end of this year. It's an initial trickle; we should be receiving more. Not just because it's the humane thing to do but because it serves our interests. ... We know now that as U.S. influence expands throughout the world, the world's influence expands here at home. And accepting refugees can improve the nation's image overseas."

Suicide Bombing At Habbaniya Mosque Kills At Least 39. ABC World News (2/24, story 2, 2:50, Muir, 8.78M) reported, "At least 39 people were killed when a truck blew up outside a mosque in the heart of Sunni territory" in Iraq, and "suspicions are falling on other Sunnis. This attack may be a disturbing sign of a growing internal battle." ABC (Marquez): "What makes this bombing unique, it happened in Sunni territory, al Anbar province, where Sunnis are supposed to be safe and Al Qaeda is powerful. Residents say the mosque imam had recently been critical of Al Qaeda."

The CBS Evening News (2/24, story 4, 2:30, Assuras, 7.66M) reported, "A fuel tanker rigged with bombs exploded near a Sunni mosque in western Anbar Providence today, killing at least 39 people." NBC Nightly News (2/24, story 2, 2:05, Arraf, 9.87M) reported, "Tonight west of the capital in the town of Habbaniyah, a huge truck exploded killing 37 people and wounding at least 60. Although Baghdad has been relatively calm, at least nine Iraqis were killed in bombings today."

The New York Times (2/25, A6, Oppel, 1.16M) reports, "The blast, which struck during a prayer service in Habbaniya, a town between Falluja and Ramadi in one of the most dangerous areas of Sunni-dominated Anbar Province, was unusual in that such bombings are a staple of Sunni insurgents." The Washington Post (2/25, A18, Londono, 690K) reports, "Witnesses said that unlike other large attacks, this one did not appear to have been driven by sectarian rivalries -- Shiite militias are not known to be active in the area -- but rather was probably carried out as a warning from Sunni extremists to Sunnis who support the U.S.-backed Iraqi government.

The Washington Times/AP (2/25, A1, Murphy) reports, "U.S. military envoys and pro-government leaders have worked hard to sway clan chiefs and other influential Anbar figures to turn against the militants, who include foreign jihadists fighting under the banner of al Qaeda in Iraq. The extremists have fought back with targeted killings and bombings against fellow Sunnis." The Los Angeles Times (2/25, Berthelsen, Daragahi, 850K) calls the bombing "highly unusual," since "police and residents in the Sunni Muslim-dominated area said the people had largely aligned against Al Qaeda militants operating in the region."

War Continues To Simmer Beyond Baghdad. The New York Times (2/25, WK4, Santora, 1.16M) reports from Samarra, "Events in Baghdad have dominated the news as American troops move aggressively to quell the sectarian violence that has set Sunni and Shiite neighborhoods at war with each other. But a visit to this restive city is a reminder not only of the many fronts of the war, but also of its many complexities. While sectarian warfare dominates Baghdad…a different dynamic is at work" in Sunni cities, where militants "continue to wage war on Americans and terrorize the civilian population into submission."

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Hakim Says Arrest Calls US Authority Into Question. ABC World News (2/24, story 2, 2:50, Marquez, 8.78M) reported, "Demonstrations erupted in Shiite towns throughout Iraq after US troops" arrested Ammar Hakim, who "tells ABC News his arrest calls into question US authority here." The CBS Evening News (2/24, story 3, 2:40, Assuras, 7.66M) reported, "About 8,000 Shiites demonstrated in their holy city of Najaf after yesterday's detention by US troops, of the son of Iraq's most influential Shiite leader." NBC Nightly News (2/24, story 2, 2:05, Arraf, 9.87M) said the detention "was particularly unfortunate because his father is a key US ally. He visited the White House last year."

The Los Angeles Times (2/25, Berthelsen, 850K) reports Ammar Hakim "lashed out at the United States in an incendiary televised appearance Saturday. … The incident has the potential to undermine relations between Iraq's majority Shiites and the U.S. forces that toppled their Sunni oppressors." The New York Times (2/25, A6, Oppel, 1.16M) reports, "President Jalal Talabani, whose Kurdish political coalition is the primary governing partner of the dominant Shiite coalition headed by the elder Mr. Hakim, released a statement sharply criticizing the detention and demanding that American commanders hold accountable soldiers who he said had mistreated Mr. Hakim."

The Washington Post (2/25, A18, Londono, 690K) reports, "Talabani said Hakim had 'received uncivil and inappropriate treatment' during his hours-long detention," while the Washington Times/AP (2/25, A1, Murphy) reports that Shiite-US "cooperation suddenly has been strained after U.S. military border guards stopped and searched the heir-apparent of the largest Shi'ite political group." CNN.com (2/24) reports, "The U.S. military on Saturday defended Ammar al-Hakim's arrest and detention, a day after the U.S. ambassador to Iraq apologized for it. The military's statement on Saturday did not include an apology."

Sadr's Motives For Reigning In Militia Questioned. The New York Times (2/25, Cave, 1.16M) analyzes Moqtada al-Sadr's decision to "reign in" his Mahdi Militia. "But did he do so as part of his cooperation with the new security plan for Baghdad, which aims to quell the sectarian violence tormenting the city? Because his men had been disloyal, taking orders from Iran, whose support he values but whose control he fights? Or was it just for show — the act of an image-conscious leader who grasped the risk of graphic videos and wanted to stave off direct American action against him?" The Times calls Sadr "the great destabilizer in Iraq since 2003," saying he is "wielding power on the streets and in the ruling Shiite bloc, thwarting the Americans and playing out at least a temporary alliance with Iran." Sadr "now finds himself under pressure from several sources," including "his popular Shiite base," Iran, "renegade factions of his own militia that resent his move into the political mainstream," and US forces.

Iraqi Kurdish Leaders Approve Oil Law. The Washington Post (2/25, A18, Londono, 690K) reports, "Leaders of Iraq's oil-rich Kurdish region have apparently approved a draft oil law that will be presented to Iraqi lawmakers in coming weeks, an eagerly awaited breakthrough that is expected to professionalize and expand drilling in the country." The Post cites AP reporting that President Jalal Talabani and US Ambassador Zalmay Khalilzad attended the announcement ceremony in Sulaymaniyah. The Post says "Iraqi officials in recent weeks have been struggling to reach an agreement on legislation that would govern the exploitation of the country's vast oil reserves and who should control the revenue."

Iraqi Firefighters Show Heroism. The CBS Evening News (2/24, story 4, 2:30, Assuras, 7.66M) reported, "When bombs explode in Baghdad -- and they do almost every day -- the city's bravest risk their own lives to be first on the scene." CBS (Palmer): "A new set of heroes has been forged inside Baghdad's desperation -- 24/7 calls flood into the emergency center which coordinates the city's firefighters, striving to be 100 percent reliable in a city where little else is. … There's no room here for ethnic tension. In fact, it's tolerance, and even a morning workout, that make Baghdad's bravest a close-knit team."

Hometown Rallies Around Soldier Accused Of Murdering Iraqis. The Los Angeles Times (2/25, Zucchino, 850K) reports that the "conservative community" of Sweetwater, Tennessee, "where American flags fly on porches and many residents are veterans, now finds itself at odds with the military." Staff Sgt. Raymond Girouard, a native, has been charged by the Army "with ordering the slayings of three Iraqi detainees in May, then orchestrating a coverup. ... Many here say the Army has betrayed a young patriot who volunteered to fight for his country."

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Administrative Problems Seen At Walter Reed. NBC Nightly News (2/24, story 3, 2:30, Seigenthaler, 9.87M) reported, "One week after we reported on the appalling conditions for Army outpatients at the Walter Reed Medical Center, tonight another story of bureaucratic delays that are preventing some wounded veterans home from Iraq and Afghanistan from getting the disability benefits they deserve." NBC (Yang): "Army Sgt. David Yancy was a gunner on a Humvee that hit a bomb south of Baghdad in March of 2005." He has been at Walter Reed for two years, and "now he is fighting a new battle for disability benefits." Yancy: "This is something I wasn't expecting, fighting through the system. I'm not giving up."

NBC Nightly News (2/24, story 4, 2:45, Seigenthaler, 9.87M) followed up by reporting that "it has been a week of hurried repair work, painting and damage control. Even the Defense Secretary showed up for a firsthand look. … Have they fixed all the problems in Building 18?" Washington Post reporter Dana Priest: "Not all of them. They've done the easy fixes." Seigenthaler: "What do you make of government's quick response here?" Priest: "The Army and the Administration really faced an uproar from the public. ... There was a revolt ongoing within their own ranks of retired generals and veterans groups; traditional supporters were clamoring for action. So on Thursday, you saw the vice chief of the Army send out a worldwide message to all generals." The Washington Post (2/25, A9, Vogel, 690K) says the "preliminary findings of a nine-month Army investigation confirm problems in the administrative procedures" at Walter Reed "and other hospitals, and Army Secretary Francis J. Harvey has ordered the service to begin fixing them, a spokesman said yesterday."

Injured Veteran Fights For Favorable Disability Rating. The Washington Post Magazine (2/25, Span) reports in a highly critical cover article nearing 8,000 words, "Since he was thrown from a moving armored vehicle in Baghdad in May 2003, and landed on his head," ex-Army Cpl. Richard Twohig "says he has suffered from near-constant headaches." While few subjects animate him now, "One subject prompts a more animated response, though, rousing him to noticeable anger: the U.S. Army. ... Twohig has been grappling with a complicated disability system that determines whether he merits military retirement. Thousands of other soldiers, sailors, airmen and Marines are dealing with the same process. With U.S. troops still in Afghanistan and the war in Iraq entering its fourth year, the annual caseload of troops injured severely enough to be considered for retirement has climbed nearly 53 percent since 2001, to about 23,000 a year. The great majority don't get it, which has made the disability system the object of confusion, apprehension and suspicion among injured veterans and their advocates."

Servicemen "Entwined By War" Strive To Recover From Injuries. The New York Times (2/25, A16, Chivers, 1.16M) reports that "Petty Officer Third Class Dustin E. Kirby, a Navy corpsman whose efforts to save a wounded marine in Iraq and his own wounding by a sniper on Christmas were covered by The New York Times, has returned home to Georgia and expects a nearly full recovery, he and his family said. ... In early November he was the subject of an article that described his work and prayers to save the life of his friend, Lance Cpl. Colin Smith, a machine gunner in the vehicle's turret who was shot through the skull by a sniper in Karma in late October." Kirby "said he intended to return to active duty when his doctors allow," while Smith was more severely injured: "It was not clear how fully Lance Corporal Smith would recover his ability to converse. Similarly, he has extremely limited movement on the right side of his body."

Military Could Lack Needed Resources As Global Challenges Increase. The New York Times (2/25, WK1, Shanker, 1.16M) writes about US deployments of F-22s and an aircraft carrier against North Korea and Iran, "These moves seemed like perfectly logical geopolitical responses to heightened dangers. But they also helped mask another reality. Because the military today does not have enough available ground troops to use for intimidation, the moves were pretty much the only options rather than choices among several. ... Senior military planners do not deny that last week's deployments reflect a deep concern in the Pentagon that the United States simply may not have enough ready and available resources to go around."

NYTimes Blames Iraq War For Resurgence Of Al Qaeda. The New York Times (2/25, WK13, 1.16M), inan editorial, writes, "At a crucial moment, the Bush administration diverted America's military strength, political attention and foreign aid dollars from a necessary, winnable war in Afghanistan to an unnecessary, and by now unwinnable, war in Iraq. Al Qaeda took full advantage of these blunders to survive and rebuild. Now it seems to be back in business. … Al Qaeda's comeback didn't have to

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happen. And it must not be allowed to continue. The new Qaeda sanctuaries in Pakistan do not operate with the blessing of the Pakistani government. But Pakistan's military dictator, Gen. Pervez Musharraf, has not tried very hard to drive them out. In recent months he has virtually conceded the tribal areas to local leaders sympathetic to Al Qaeda. President Bush needs to warn him that continued American backing depends on his doing more to rid his country of people being trained to kill Americans."

Rich Looks Back At Warnings From 2001. The New York Times' Frank Rich (2/25, WK14) writes that in the summer of 2001, "intelligence and counterterrorism officials…were privately sounding urgent warnings like those in last week's Times, culminating in the President's Daily Brief titled 'Bin Laden Determined to Strike in U.S.' The system 'was blinking red,' as the C.I.A. chief George Tenet would later tell the 9/11 commission. But no one, from the White House on down, wanted to hear it. The White House doesn't want to hear it now, either. That's why terrorism experts are trying to get its attention by going public, and not just through The Times. Michael Scheuer, the former head of the C.I.A. bin Laden unit, told MSNBC's Keith Olbermann last week that the Taliban and Al Qaeda, having regrouped in Afghanistan and Pakistan, 'are going to detonate a nuclear device inside the United States.'"

Cockburn Denounces Rumsfeld's Job Performance. In the Washington Post (2/25, B2, 690K), Alexander Cockburn, author of the forthcoming "Rumsfeld: His Rise, Fall and Catastrophic Legacy," writes that even many of Donald Rumsfeld's detractors "tend to assume that he was an effective manager" at the Pentagon, but an "examination of his record reveals that, in fact, Rumsfeld was a very poor manager. Despite his gruff theatrics, he shirked the task of leadership at the Defense Department, failing to restrain the services in their pursuit of parochial agendas. Though he spewed ideas and injunctions daily, he routinely neglected to follow them up. Pledged to the 'transformation' of the cold war military establishment in 2001, he left it six years later almost entirely untransformed, save for the wreckage wrought by the Iraqi adventure. Even in concept, his program for 'transformation' amounted to little more than notions articulated as bumper stickers, and poorly thought out ones at that."

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Evaluations Show Dismissed US Attorneys Were Highly Praised. The New York Times (2/25, Johnston) reports, "Internal Justice Department performance reports for six of the eight United States attorneys who have been dismissed in recent months rated them 'well regarded,' 'capable' or 'very competent,' a review of the evaluations shows." The Times continues, "The performance reviews, known as Evaluations and Review Staff Reports, show that the ousted prosecutors were routinely praised for playing a leadership role with other law enforcement agencies in their jurisdictions. … The reviews, each of them 6 to 12 pages long, were carried out by Justice Department officials from 2003 to 2006. Each report was based on extensive interviews, conducted over several days with judges, other federal law enforcement agencies and staff members in each office. … It had been known that the reports were mostly favorable, but the reports themselves had not been made public." The Times adds, "Over all, the evaluations, which were obtained from officials authorized to have them, appear to raise new questions about the rationale for the dismissals provided by senior Justice Department officials. The officials have repeatedly cited poor job performance to explain their decisions to oust the eight prosecutors, all of them Republicans appointed by President Bush in his first term. … On Saturday, Senator Charles E. Schumer, Democrat of New York, who has led a Congressional investigation into the dismissals and has been briefed on the evaluations, said the reports showed that new legislation was needed to keep the Justice Department from politically motivated firings. … 'As we feared, the comprehensive evaluations show these U.S. attorneys did not deserve to be fired,' Mr. Schumer said. 'To the contrary, they reveal they were effective, respected and set appropriate priorities.'" The Times notes, "In response, a senior Justice Department official said the reviews, which focused on management practices within each United States attorney's office, did not provide a broad or complete picture of the prosecutors' performance. … The official, speaking on condition of anonymity because of the confidential nature of personnel information, said, 'The reviews don't take into account whether the U.S. attorneys carried out departmental priorities.' … Referring to the 94 United States attorney's districts, the official said, 'You can't have 94 different sets of priorities,' suggesting that the dismissed prosecutors had

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failed to follow priorities set by the Justice Department in Washington. … However, each case report included a statement that each of the ousted prosecutors had established strategic goals set by the Justice Department in high priority areas like counterterrorism, narcotics and gun violence."

CORPORATE SCANDALS:

Human Resources Officials Increasingly Ensnared In Options Probes. The AP (2/25, Gordon) reports, "As lawsuits and federal prosecutions mount over suspect timing of stock option awards at American public companies, corporate human resources executives are increasingly being caught in the gears of cases." The AP continues, "With stock options widely used as perks to attract talent, personnel staff regularly were brought into executives' machinations on options awards - often signing the relevant paperwork, such as memos to employees or letters making job offers. That means their fingerprints are on documents that can enter into the paper trails that prosecutors are using to build options-dating cases. … 'HR people have to be careful,' said John Gamble, a lawyer at Fisher & Phillips, an Atlanta firm specializing in labor and employment law. 'Sometimes they get assignments that they need to think twice about.'" The AP adds, "Among the handful of executives who have been charged with fraud by federal prosecutors in the wave of options investigations is Stephanie Jensen, the former vice president for human resources at Brocade Communications Systems Inc. Jensen and Gregory L. Reyes, who was Brocade's chief executive, pleaded not guilty in August. … The Justice Department prosecutors and the Securities and Exchange Commission allege that Reyes and Jensen regularly backdated minutes of board of directors' meetings so it appeared that the stock-options committee granted options on dates when Brocade's share price was relatively low. The two executives also are accused of having letters of job offers backdated so employees would receive options that were dated at low points in the company's share price that predated their first day of work." The AP notes, "E-mails uncovered in court records in the case of Mercury Interactive Corp., one of the first Silicon Valley companies to acknowledge stock options manipulation, show exchanges between a payroll manager named Susie Fregoso and company executives concerning dating of options. At one point in August 2000, according to an account of the e-mails in Tuesday's Wall Street Journal, Mercury's assistant controller told Fregoso the company will use the 'magic backdating ink' of Sharlene Abrams, a former chief financial officer."

Nacchio Attorney Laid Out Defense Strategy In Series Of Books. The Denver Post (2/25, Vuong, Griffin) reports, "Herbert Stern, Joe Nacchio's lead attorney, will come out firing in the criminal insider-trading trial of the former Qwest chief executive." The Post continues, "Stern will lay out his case early in his opening statement. He will move through his points quickly but will make sure the jury hears his most important material more than once. He'll 'hitchhike' - or extract helpful information from the prosecution's witnesses during cross-examination. … And during closing arguments, he'll try to teach his 'friends' - jurors who believe Nacchio is not guilty - how to argue against others in the jury room. … Stern offers those tips, and many others, in an eight-volume set of books titled 'Trying Cases to Win.' The first was published in 1991, the last in 2004." The Post adds, "Stephen A. Saltzburg, co-author of three of the books, said Stern will follow the framework outlined in his books. … 'He's going to do exactly what he writes that you should do,' said Saltzburg, a professor at George Washington University School of Law in Washington, D.C., who has known Stern for more than 25 years." The Post adds, "Nacchio's trial is set to begin March 19 in U.S. District Court in Denver. If convicted, he faces a maximum penalty of 10 years in prison and a $1 million fine on each of the 42 counts of illegal insider trading. … Saltzburg said prosecutors would gain an advantage by reading Stern's books before the trial. … 'It's always a good idea to read what your adversary has written,' he said. 'It's kind of like having tried a case against somebody who you've known before. You have an idea how they approach litigation.'" The Post notes, "Department of Justice spokesman Jeff Dorschner declined comment when asked whether any of the attorneys on the Nacchio case has read Stern's books."

CRIMINAL LAW:

Iowa Prison Ruling May Decide Future Of Faith-Based Initiatives. The Washington Post (2/25, A13, Slevin, 690K) reports on a faith-based prison program in Iowa "rooted in evangelical Christianity and supported by more than $1.5 million in public funds. … A key question is its

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constitutionality. A trio of appellate judges, including former Supreme Court Justice Sandra Day O'Connor, is reviewing a lower court's decision that the program violates the separation of church and state. People on both sides of the dispute say the outcome could influence the future of President Bush's faith-based initiative, which links government and religious institutions in efforts to solve social problems. 'This puts into jeopardy not just faith-based nonprofits in a prison setting,' said Mark Earley, president of Virginia-based Prison Fellowship Ministries, whose affiliate, the InnerChange Freedom Initiative, runs the Iowa program. 'I think you'd see a precipitous drop in the number of faith-based organizations willing to provide services to governments.'"

Faith-Based Initiative Faces First SCOTUS Challenge Next Week. The CBS Evening News (2/24, story 8, 2:50, Assuras, 7.66M) reported, "One of President Bush's earliest initiatives faces a challenge next week in the US Supreme Court. At issue is federal support for faith-based social programs. … In 2006, a lower court said the Freedom From Religion Foundation… had legal standing as taxpayers to challenge the White House practice of spending money" on faith-based conferences, arguing that "the funding of the conferences is unconstitutional, violating the separation between church and state. The President has insisted the programs are on the correct side of that wall and that that they work. … This is the first Supreme Court case directly related to the President's faith-based initiative. It's scheduled to be heard this Wednesday."

New York Inmate Willing To Lose Fingers To Secure Evidence. The New York Times (2/25, Barry) reports, "On a September afternoon in 2005, with a prison guard standing beside the operating table and another outside the door, a surgeon cut into the left hand of inmate No. 99A2254." The Times continues, "The doctor was trying to find fragments of a bullet among the tiny veins and ligaments of Napoleon Cardenas's middle finger. Mr. Cardenas had been warned that removing them could cause nerve damage. Another surgeon had balked at performing the operation, saying it could violate the Hippocratic oath. … But Mr. Cardenas did not care. He was convinced that under the pale scars lay evidence that would topple two convictions in a 1994 jewel heist: his and his younger brother's. Between them, they had already served 14 years in prison for the crime. Cut off my fingers if you need to, he said." The Times adds, "Mr. Cardenas's lawyers waited anxiously outside as the surgeon, using forceps, removed two pieces of metal. The results would not, in themselves, convince the Queens district attorney, Richard A. Brown, that the brothers were innocent. But Mr. Brown's investigator was impressed by Mr. Cardenas's eagerness to have the operation. That and a growing pile of new evidence were enough to prompt the district attorney's office to start its own yearlong investigation. … On Jan. 18, Mr. Brown asked a judge to vacate the convictions of Napoleon Cardenas and his brother Carlos in the jewel heist. In a statement, Mr. Brown said his prosecutors were 'always prepared to take a hard look at a case — even post-conviction — to make certain that justice has been done.' … Steven Silberblatt, one of half a dozen Legal Aid Society lawyers who worked to overturn the Cardenas brothers' convictions, put it this way: 'Sometimes circumstances provide their own lie-detector test. When someone is willing to lose the use of his hand, you get the feeling they're probably telling the truth.'"

CIVIL LAW:

Judge To Hear Closing Arguments In Wrongful Imprisonment Suit Tuesday. The Boston Globe (2/25, Murphy) reported "life changed dramatically" for the families of Edward Greco, Joseph Salvati, Peter J. Limone and Henry Tameleo, who were convicted of murder "in state court while FBI documents that might have helped prove their innocence remained buried in the bureau's files. … On Tuesday, a federal judge will hear final arguments in a civil suit seeking more than $100 million in damages from the government." US District Judge Nancy Gertner "is expected to rule next month on whether the FBI is liable for failing to disclose documents during the 1968 trial that indicate the men were framed, and if so, how much the government should pay the men and their families." The Globe notes, "The civil case is being closely watched in Boston. … The case caps a decade of investigation into the FBI's mishandling of informants in Boston while zealously pursuing the Mafia."

CIVIL RIGHTS:

DOJ Religious Freedom Initiative Sparks Debate. The Cleveland Plain Dealer (2/25, Banks) reports,

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"The Department of Justice has launched a "First Freedom Project" to draw more attention to protecting the religious liberties of Americans. … 'Why should it be permissible for an employee standing around the water cooler to declare that "Tiger Woods is God," but a firing offense for him to say, "Jesus is Lord,"?" Attorney General Alberto Gonzales said Tuesday at a meeting of the executive committee of the Southern Baptist Convention in Nashville, Tenn. … 'These are the kinds of contradictions we are trying to address.'" The Plain Dealer continues, "The initiative includes a new Web site (www.firstfreedom.gov), an education program and a task force that will review religious freedom policies and cases. … Leaders of the Union of Orthodox Jewish Congregations of America, Family Research Council and Southern Baptist Ethics & Religious Liberty Commission applauded the initiative. … The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, said it was a hypocritical action by an administration that he said has tried to merge church and state." The Plain Dealer notes, "The Rev. Bob Edgar, general secretary of the National Council of Churches, welcomed the renewed focus on religious freedom but questioned why it was announced at a gathering of a single denomination. He invited Gonzales to present the project to the March meeting of the council's Committee on Religious Liberty, and suggested it also should be presented to Muslim groups. … A Justice Department spokeswoman declined to respond specifically to Edgar's criticism, but said, 'I believe he [Gonzales] intends to talk about this to other groups.'"

Bias Claims Emerge From DePauw University Sorority Evictions. The New York Times (2/25, Dillon) reports from Greencastle, IN, "When a psychology professor at DePauw University here surveyed students, they described one sorority as a group of 'daddy's little princesses' and another as 'offbeat hippies.' The sisters of Delta Zeta were seen as 'socially awkward.' … Worried that a negative stereotype of the sorority was contributing to a decline in membership that had left its Greek-columned house here half empty, Delta Zeta's national officers interviewed 35 DePauw members in November, quizzing them about their dedication to recruitment. They judged 23 of the women insufficiently committed and later told them to vacate the sorority house." The Times continues, "The 23 members included every woman who was overweight. They also included the only black, Korean and Vietnamese members. The dozen students allowed to stay were slender and popular with fraternity men — conventionally pretty women the sorority hoped could attract new recruits. Six of the 12 were so infuriated they quit. … 'Virtually everyone who didn't fit a certain sorority member archetype was told to leave,' said Kate Holloway, a senior who withdrew from the chapter during its reorganization. … 'I sensed the disrespect with which this was to be carried out and got fed up,' Ms. Holloway added. 'I didn't have room in my life for these women to come in and tell my sisters of three years that they weren't needed.'" The Times notes, "Ms. Holloway is not the only angry one. The reorganization has left a messy aftermath of recrimination and tears on this rural campus of 2,400 students, 50 miles southwest of Indianapolis. … The mass eviction battered the self-esteem of many of the former sorority members, and some withdrew from classes in depression. There have been student protests, outraged letters from alumni and parents, and a faculty petition calling the sorority's action unethical. … DePauw's president, Robert G. Bottoms, issued a two-page letter of reprimand to the sorority. In an interview in his office, Dr. Bottoms said he had been stunned by the sorority's insensitivity."

New York Fire Department Sees Increase In Minority Applications. The New York Daily News (2/25, Lemire) reports, "More than 4,500 more minority applicants took the FDNY written entrance exam this year than in 2002, giving fire officials hope that a multimillion-dollar campaign to start diversifying the department will end in success." The News continues, "Fire Commissioner Nicholas Scoppetta believes the jump from 3,730 to 8,297 minority candidates proves the department is making progress. … 'All the hard work we put into this campaign has paid off,' said Scoppetta. 'We hope once we begin hiring from this list next year, we'll have the most diverse group of candidates joining the world's greatest fire department.' …. But critics warned the promising numbers would be rendered meaningless if the minority applicants weren't hired." The News adds, "The FDNY recruits new members only once every four years and the department's hiring process has been closely scrutinized by Justice Department investigators. Currently, the department is 91% white. … The written test was offered at several sites across the five boroughs on Jan. 20 and 21,549 applicants sat down to take the several-hour exam, officials told the Daily News. … Of those candidates, 38.5% identified themselves as being black, Hispanic, Asian

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or Native American, officials said. This marks a significant increase from 2002, when 21.5% of the 17,348 applicants deemed themselves persons of color. … Though the number of white candidates dropped slightly from 13,618 in 2002 to 13,252 in January, applications from minority groups rose across the board, officials said. … Most strikingly, the number of Hispanics jumped from 2,088 to 4,026 while the number of blacks rose from 1,357 to 3,776, the statistics show. The number of women who took the test also increased, rising to 814 from 549."

Pelosi Reportedly Vowed To Oppose California State Redistricting Reform. The Los Angeles Times (2/25, Vogel, 850K) reports, "The new dynamic in Washington, with Californian Nancy Pelosi as House speaker, threatens to thwart an effort by state political leaders to overhaul the way voting districts are drawn. Fresh from their victories in the November election, Democrats in Congress don't want to risk their fragile majority. Many Republicans don't want their relatively safe seats threatened either. Their opposition promises to crimp an effort" by Gov. Arnold Schwarzenegger, Assembly Speaker Fabian Nuñez, and others to "change how California draws political boundaries every 10 years to accommodate population shifts. Nuñez said he thinks he will have to exempt Congress from legislation he is crafting to have California's political boundaries drawn by a nonpartisan panel, rather than by politically driven state lawmakers." Nuñez "said Pelosi didn't tell him directly that she would fight a redistricting initiative if it included Congress. He said he 'heard it from many other people' that she and other members of Congress would campaign to kill it."

ANTITRUST:

TXU To Abandon Plans For New Coal Plants. The New York Times (2/25, Barringer, Sorkin) reports, "Under a proposed $45 billion buyout by a team of private equity firms, the TXU Corporation, a Texas utility that has long been the bane of environmental groups, will abandon plans to build 8 of 11 coal plants and commit to a broad menu of environmental measures, according to people involved in the negotiations." The Times continues, "The roster of commitments came through an unusual process in which the equity firms asked two prominent environmental groups what measures could be taken to win their support. The result is an about-face from the company's earlier approach to climate-change issues, and includes a goal of returning the carbon-dioxide emissions by TXU to 1990 levels by 2020. … Environmental groups said yesterday that they had never known of a financial deal with such an ambitious built-in environmental component." The Times adds, "Two private equity firms, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, have proposed to buy TXU in what would become the largest leveraged buyout ever. … The transaction will be put to the TXU board for a vote on Sunday." The Times notes, "People involved in the negotiations said that Goldman Sachs, an adviser and lender to the buyers, helped broker peace with environmental groups and sought their support for the transaction. Goldman Sachs has been one of the most aggressive firms on Wall Street about taking action on climate change; the company sends its bankers home at night in hybrid limousines. … For the investor groups, the effort was as much about making a sound business decision to ensure the deal's completion as it was about any environmental concerns. … By bringing the environmental groups into the process, the buyers may have helped avert years of costly litigation over emissions from their plants. But they may also have raised new questions about how they will meet the energy needs that TXU intended to address by building all 11 plants; the company is said to be examining ways to expand in cleaner forms of energy. None of the parties interviewed was able to provide details."

BAR/BRI Class Action Settlement Rankles Some. The New York Times (2/25, Glater) reports, "Competitors say that a leading company ripped down their posters and used deceptive marketing tactics; former customers say that the same company paid business rivals to close their doors. And one competitor says he fears that he was the victim of outright theft." The Times continues, "This is how the business of training aspiring lawyers to pass the bar exam is conducted, according to documents and testimony that have surfaced as a result of a federal lawsuit in Los Angeles. It is a business dominated by a single company that expanded, depending on whom you believe, either by squashing its competitors or by simply offering a superior product. … That company is BAR/BRI. And students who took its courses filed a class-action lawsuit two years ago contending that the company operated an illegal monopoly and overcharged them by about $1,000 each. The students, seeking hundreds of millions of dollars in damages, also said

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that BAR/BRI cut illegal deals with potential competitors to protect its market. But earlier this month, lawyers in the case reached a tentative settlement agreement for $49 million, which could net each student in the class about $125." The Times adds, "The deal, which still requires court approval, has infuriated some of the original plaintiffs in the case, who harbored such anger against BAR/BRI that they wanted to see the company broken up. BAR/BRI is a unit of the Thomson Corporation, the large information services concern, and Thomson says the accusations in the lawsuit against BAR/BRI involve activities that occurred before it bought the company in 2001. BAR/BRI's lawyers say the company has done nothing wrong and that the students' claims are meritless." The Times notes, "It is hard to gauge the strength of the case against BAR/BRI, because many of the filings are sealed — at the request of the defendants, the plaintiffs' lawyers say. But depositions and other court documents that have become publicly available during the course of the litigation have been laced with accusations that BAR/BRI engaged in unsavory conduct. Other claims that have emerged in the case also suggest just how petty and cutthroat the entire bar review market can be. … In a deposition for the Los Angeles case, one former competitor, Hugh Reed, contended that BAR/BRI representatives tore his company's posters off of law school walls; both he and James J. Rigos, a current competitor, contended that the company exaggerated its students' success rate on the bar exam. And Mr. Rigos said in court filings that he believed that his offices might have been repeatedly burglarized because he was a potential witness in the Los Angeles antitrust litigation. … Lawyers for BAR/BRI have denied Mr. Rigos's accusations."

Merging Ohio Hospitals Downplay Antitrust Concerns. The Cincinnati Enquirer (2/25, O'farrell) reports, "The president and CEO of St. Elizabeth Medical Center doesn't see much potential for anti-trust concerns to block a proposed merger with St. Luke Hospital." The Enquirer continues, "While the proposed merger, announced Thursday, would consolidate Northern Kentucky's hospitals - one each in Covington, Edgewood and Grant County under the St. Elizabeth flag, plus two in Florence and Fort Thomas under St. Luke - consumers and insurers would still have plenty of providers to choose from, said Joseph Gross. … 'There's an awful lot of competition here,' Gross said. 'It's a very large market.'" The Enquirer adds, "Administrators for the hospital groups have already taken a look at potential anti-trust issues, he said, and so far, the signs are positive. … 'We, and St. Luke's, are part of a larger Cincinnati health-care market, and many of the Cincinnati hospitals, the bigger ones, compete aggressively for Northern Kentucky patients,' Gross said. 'In the past three weeks, mailings from two Cincinnati hospitals competing for patients over here have been received throughout Northern Kentucky.' … Rick Laib, chairman of St. Luke's board of trustees, pointed out that 20 percent of consumers in Northern Kentucky already go outside the region - either to Greater Cincinnati or other Kentucky providers - for health." The Enquirer notes, "In announcing their intention to merge, officials from the two hospitals pledged to keep all five facilities open and continue all current services. … The announcement is just the latest in an ongoing shake-up in health care in the region."

House Antitrust Task Force To Look At Satellite Radio Merger This Week. The New York Times (2/25, Austen) reports, "If the plan to merge XM Satellite Radio and Sirius Satellite Radio is approved, one result may be less music and less talk radio beamed into cars around the country. … The reasons for that, however, will have nothing to do with regulators." The Times continues, "Washington will take its first look at the proposed merger on Wednesday when the House Judiciary Committee's newly formed antitrust task force meets. Besides the scrutiny of the proposed combination, the satellite radio business is facing huge changes. … The first phase of the business — beaming dedicated music, sports and talk-radio stars like Howard Stern and Opie and Anthony directly to consumers — has not proved to have a clear advantage over old technology like free radio and newer ones like the iPod. So now satellite companies are looking into what other services they can offer to make them appealing to motorists. … 'The question they have to ask now is: what problems haven't been solved in the car?' said Michael Urlocker, a former wireless analyst with UBS Securities who is now the chief executive of The Disruption Group, a Toronto-based consulting company. 'The lack of customer sign-ups on a profitable basis should be a sign that trying to create a better iPod than Apple is a losing proposition.'" The Times adds, "Although XM and Sirius offer radio, in theory, the systems could be adapted to distribute any kind of data. And, indeed, both companies have made limited steps in that direction. Subscribers can already choose to have selected stock quotes, as well as news and sports headlines, beamed to the tiny screens on their

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receivers. … Both companies beam weather data to aviators and boaters through services that cost upwards of $50 a month. Later this year, XM will extend that by beaming weather information to a hand-held unit for hikers and hunters. … But Sirius has also made tentative steps toward offering video. At trade shows, Sirius has displayed prototype systems for sending video to back-seat displays like those now used by in-car DVD players. And the company recently, if vaguely, outlined plans to deliver some form of video programming aimed at children later this year."

Mexican Authorities Give Conditional Approval To Cable TV Deal. The AP (2/25) reports, "Mexico's antitrust agency said Sunday it has placed a series of conditions on media conglomerate Grupo Televisa in order for it to acquire a stake in Monterrey cable TV operator Television Internacional, or TVI." The AP continues, "The Federal Competition Commission, or CFC, said in a news release that among the conditions, Televisa would have to offer its broadcast channels on all pay TV systems in the country, and carry the broadcast signals of others on its pay TV systems." The AP adds, "Televisa sought antitrust clearance last year to acquire a 50 percent stake in TVI as the country's telecommunications companies repare for the implementation of 'triple play,' or the bundling of phone, Internet and television service on the same network."

Bloomberg (2/25, Arai) reports, "Televisa will be allowed to buy 50 percent of Television Internacional de Monterrey on the condition that it offers its free channels to all pay-TV providers nationwide, Mexico's Federal Competition Commission said in an e-mail today. Televisa, based in Mexico City, also must carry free channels from other companies, the commission said. … 'With this decision, Televisa cannot use its content as a mechanism to displace competitors,' said Eduardo Perez Motta, president of the Federal Competition Commission, on a conference call. 'This will create competition in this industry.'" Bloomberg adds, "The conditions are 'too tough' and Televisa will study what measures it can take, the company said in an e-mail today. A spokesman for Televisa in Mexico City declined to comment beyond the statement."

EU Antitrust Watchdog Gets Tough On Cartels, Microsoft. AFP (2/25) reports, "Shortly after taking office as Europe's top competition watchdog in November 2004, Neelie Kroes vowed in the face of detractors that she would not be the 'pussy cat' of big business. … Nearly half way through her five-year term, Kroes has silenced early criticism that she was too cuddly with the corporate world by not hesitating to bite business titans that squash their rivals." AFP continues, "Last Wednesday, the Dutch competition commissioner once again bared her teeth when she imposed the biggest fine ever in a EU cartel case by bringing an illegal club of lift makers crashing down with a penalty of 992 million euros (1.3 billion dollars). … In a typically hard-worded statement, she said the consumers would suffer from the effects of the 'outrageous' cartel for years and vowed that the 'the memory of this fine should last just as long' in the members' boardrooms." AFP adds, "The crushing fine was the latest move in a 'no-tolerance' crackdown on cartels that Kroes has made a top priority of her tenure during which she has built up a team of 60 regulators devoted to trustbusting. … It also came less than a month after she hit 10 companies with a fine of 750 million euros --- the third biggest ever imposed in a cartel case -- for fixing prices and carving up the market in power generating equipment. … After busting the power equipment club, Kroes stormed that she 'will not tolerate cartels in Europe and the damage that they do in any area of business.' … But Kroes has not only been busy fighting cartels as she has also repeatedly taken a hardline in the European Commission's long-standing battle against Microsoft."

ENVIRONMENT/INDIAN AFFAIRS:

Carter's Support For Energy Conservation Considered Far-Sighted. The Atlanta Journal-Constitution (2/25, Chapman, 379K) reports thats president, Jimmy Carter "installed solar panels atop the White House. He championed coal and nuclear power. He taxed oil company profits. He created the U.S. Department of Energy. He introduced America to ethanol. Oil imports plummeted during the Carter administration. Renewable energy research skyrocketed. Cars got more miles per gallon of gas. Thermostats were lowered to 55 degrees at night. … The Bush administration has given 'no consideration that I've ever detected for taking any sort of substantive action that would correct our growing crisis of energy,' Carter said in an interview last week at his home in Plains. 'Even in Iraq, there's no indication of this administration's willingness to call for sacrifice, except among the families who have servicemen and women in Iraq.' Carter spoke an hour before

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groundbreaking in Plains for an alternative fuel factory that will turn soybean oil into biodiesel to help lessen America's dependence on imports and, in the process, clean the environment. He feels vindicated that energy policies he pushed 30 years before are now accepted as mainstream."

NYTimes Urges Congress To Restrict Coal-Fired Plants. The New York Times (2/25, WK13, 1.16M) editorializes, "Much of corporate America now appears to be out in front of the Bush administration in facing up to global warming. Some big players like Pacific Gas and Electric and DuPont seem seriously committed to mandatory controls on carbon dioxide emissions — in sharp contrast to the administration's voluntary approach. Others, notably big investment banks, are still doing what comes naturally: seizing opportunities, whether or not those opportunities fit their green posturing. … Barbara Boxer and Jeff Bingaman, the two senators who will have the most to say about climate change legislation, warned in a recent op-ed piece in The Dallas Morning News that companies like TXU that are racing to complete conventional coal-fired plants (nearly 150 are on the drawing board) will not be grandfathered under any new emissions law. Like any other company, they will be forced to meet their assigned carbon targets — which could be an expensive proposition."

Sea Creatures To Patrol Puget Sound For Navy. The Washington Post (2/25, A3, Harden, 690K) reports about Navy plans to deploy dolphins and sea lions around "Naval Base Kitsap-Bangor" in Puget Sound: "To bring its technology north, however, the Navy must finesse its way around climatological, legal and political obstacles. ... One judge ordered the Navy not to move the dolphins until it studied the health consequences. And public attitudes in the area toward the use of marine mammals for military purposes are downright icy."

Indian Reservations Worried About "Culture Of Violence." The Lompoc (CA) Record (2/25, Curtis) reports from Manchester-Point Arena Rancheria, CA, "Marcos Escareno's neighbors say he was raised amid a culture of violence on this tiny American Indian reservation. And residents say the disportionate number of shootings, stabbings and other incidents often go unreported because of a mistrust of law enforcement and a fear of retribution. … At 14, Escareno is the youngest person ever charged as an adult with murder in Mendocino County after he allegedly pointed a hunting rifle into a van window on Feb. 6 and shot Enoc Cruz Salgado, his sister's 21-year-old boyfriend. He has not entered a plea and is being held on $550,000 bail." The Record continues, "Some of the roughly 250 people who make up the Manchester-Point Arena band of Pomo Indians say it was merely an extreme example of the violence that has plagued their tribe. Tribal Chairman Nelson Pinola blames drug and alcohol abuse, combined with a lack of social services on the rugged North Coast where the rancheria is located. … 'How do you fix that?' said Pinola, a sheriff's lieutenant in neighboring Sonoma County. 'If we could fix it on a reservation, I'd sure like to copyright it.'" The Record adds, "Although the shooting death of Cruz Salgado was the first homicide at Manchester-Point Arena since 1992, the earliest year for which records were available, violent crimes such as assault, battery, child abuse and shootings occurred here at a higher rate than in the surrounding county. … On the rancheria, the rate of violent crime was about 26 per 100 residents between 2001 and 2006 _ 2 1/2 times that of the surrounding county, where the violent crime rate was 10.3 per 100 people, according to records from the Mendocino sheriff's office, whose jurisdiction excludes the county seat of Ukiah." The Record notes, "Nationally, American Indians experienced a per capita rate of violent crime twice that of the U.S. population as a whole, according to a 2004 report from the U.S. Department of Justice. … Despite the high crime rate, residents insist violence on the reservation is underreported because of suspicion of outsiders, fear of reprisal attacks and concerns about alienating themselves in the community."

CONGRESS-ADMINISTRATION:

All On Air Force Two "Fine" After Problem. The Los Angeles Times (2/25, 850K) reports Vice President Dick Cheney's "plane from Sydney headed for Singapore today, with the White House saying it was a scheduled refueling stop and that Air Force Two had not been diverted." Australian Prime Minister John Howard earlier said "the plane was being diverted to Singapore because of unspecified problems. White House spokeswoman Emily Lawrimore said there was a problem with a generator but it posed no safety threats and the aircraft and everyone on board were fine."

Cheney Says His Job Is To Help Bush "Be The Best President He Can Be." AFP (2/25) notes the conclusion of Cheney's trip to Japan and Australia. ABC

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World News (2/24, story 3, 2:20, Muir, 8.78M) also reported on the conclusion of Cheney's Australia trip, running more of Jonathan Karl's interview with the Vice President. Cheney said, "I'm not running for office. I'm not worried about what the folks in Iowa are going to say in January of next year. I'm there to do a job, that's to call them as I see them, to help the President the best of my ability, be the best president he can be to address the issues of the day."

Governors Urge Bush, Congress To Address CHIP Shortfalls. The New York Times (2/25, A19, Pear, 1.16M) reports that at the National Governors Association began its winter meeting, 13 governors "expressed alarm…that they were about to run out of federal money for" the "popular" State Children's Health Insurance Program. The governors, including seven Republicans, "appealed to Congress and the Bush administration for swift action to protect hundreds of thousands of children who could lose benefits. The full association is poised to endorse that appeal. In a letter to the Democratic and Republican leaders of Congress, the 13 governors said that 'health insurance for some of our states' most vulnerable citizens is in jeopardy.' 'Without quick Congressional action,' the letter said, 'our states, all facing federal shortfalls, will be forced to make harsh decisions affecting the lives of thousands of families.' Such decisions could include freezing enrollment, restricting eligibility, increasing premiums charged to low-income families or reducing benefits like dental and vision care."

OTHER NEWS:

Citizenship Application Spike Attributed To Congressional Debate. The Los Angeles Times (2/25, A1, Gorman, Delson, 850K) reports, "Citizenship applications are skyrocketing in Southern California and across the nation, as green card holders rush to avoid a proposed fee increase, a revised civics test and possible changes in immigration law. Applications filed in Los Angeles and six surrounding counties shot up to 18,024 in January from 7,334 in the same month last year, a 146% increase, according to U.S. Citizenship and Immigration Services. Nationwide, the number hit 95,622, up from 53,390, a 79% increase. … The filings are expected to continue as Congress prepares to restart the debate on immigration reform. 'Every time we have this much talk of immigration in the news and on the Hill, we get a lot more interest,' said CIS spokeswoman Marie Sebrechts. 'We tend to see a surge in applications.' After last year's marches, immigrant rights advocates launched a campaign to produce 1 million new citizens and registered voters. They fell far short of their goal by the November election, but advocates said they were pleased with the number of immigrants who are applying for naturalization."

Bill Gates Says Congress Ought To Increase H-1B Visa Availability. In an op-ed for the Washington Post (2/25, B7, 690K), Microsoft's Bill Gates writes that if the US is "to remain competitive, we need a workforce that consists of the world's brightest minds. … We must also make it easier for foreign-born scientists and engineers to work for U.S. companies. … This issue has reached a crisis point. Computer science employment is growing by nearly 100,000 jobs annually. But at the same time studies show that there is a dramatic decline in the number of students graduating with computer science degrees. The United States provides 65,000 temporary H-1B visas each year to make up this shortfall -- not nearly enough to fill open technical positions. Permanent residency regulations compound this problem. … Last year, reform on this issue stalled as Congress struggled to address border security and undocumented immigration. As lawmakers grapple with those important issues once again, I urge them to support changes to the H-1B visa program that allow American businesses to hire foreign-born scientists and engineers when they can't find the homegrown talent they need."

"Great Anxiety" Among Christian Conservatives Over 2008 GOP Field. On its front page, the New York Times (2/25, Kirkpatrick, 1.16M) reports that a "group of influential Christian conservatives and their allies emerged from a private meeting at a Florida resort this month dissatisfied with the Republican presidential field and uncertain where to turn." The Council for National Policy, "a secretive club whose few hundred members" include James Dobson, Jerry Falwell, and Grover Norquist, "risks relegation to the margins" with the end of the George W. Bush presidency, and "many of the conservatives who attended the event…said they were dismayed at the absence of a champion to carry their banner in the next election." While Sen. Sam Brownback, Mike Huckabee, and Rep. Duncan Hunter each had supporters at the meeting, "many conservatives expressed concerns about whether any of the

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candidates could unify their movement or raise enough money to overtake the front-runners, several participants in the meetings said." Paul Weyrich of the Free Congress Foundation said, "There is great anxiety. There is no outstanding conservative, and they are all looking for that."

Romney Acknowledges Misstating Bush's Past Stance On Abortion. The Politico (2/24, Allen) reports Mitt Romney "said this week that President Bush 'was pro-choice before he became pro-life,' an assertion the Romney campaign now acknowledges was inaccurate. The remark was based on a magazine article Romney had read, his campaign said." The White House said Bush "has always been 'pro-life.' During the presidential race of 2000, Dan Bartlett -- then a spokesman for the Bush campaign, now the White House counselor -- was asked about a quotation from a Texas newspaper in 1978 suggesting Bush's position had been unclear. Bartlett told The Washington Post: 'The governor was pro-life before he ran for Congress, during his run for Congress and after he ran for Congress.' A White House official said Friday that Bartlett's quote is still accurate today."

Polygamy A Part Of Romney Family's Past. The AP (2/24, Dobner, Johnson) writes that while Romney "condemns polygamy and its prior practice by his Mormon church, the Republican presidential candidate's great-grandfather had five wives and at least one of his great-great grandfathers had 12. Polygamy was not just a historical footnote, but a prominent element" in the Romney family tree.

McCain Campaigns In San Diego. ABC World News (2/24, story 5, :15, Muir, 8.78M) reported, "On the campaign trail today, Arizona Sen. John McCain was in San Diego, courting California Republicans."

Clinton Camp Warns Democrats Against Raising Ex-President's Impeachment. The Washington Post (2/25, A4, Kornblut, 690K) reports Sen. Hillary Clinton "has a new commandment for the 2008 presidential field: Thou shalt not mention anything related to the impeachment of her husband. With a swift response to attacks from a former supporter last week," the Clinton team "offered a glimpse of their strategy for handling one of the most awkward chapters of her biography. They declared her husband's impeachment in 1998 -- or, more accurately, the embarrassing personal behavior that led to it -- taboo, putting her rivals on notice and all but daring other Democrats to mention the ordeal again. 'In the end, voters will decide what's off-limits, but I can't imagine that the public will reward the politics of personal destruction,' senior Clinton adviser Howard Wolfson said Friday, when asked whether the impeachment is fair game for Clinton's opponents. Earlier in the week, Wolfson dismissed references to President Bill Clinton's conduct as 'under the belt.' But the reality, of course, is that the impeachment was conducted very much in public." While Sen. Clinton "has spent the past seven years establishing her own identity as a public servant, Clinton has been embracing the more popular aspects of her husband's presidency more widely as she mounts her own campaign, with frequent references to their time together in the White House and their joint legacy. And as she has invoked the good Bill Clinton, she has risked invoking the bad, several Democratic strategists said."

Chait Says Conservatives "Spooked By The Clintons." In his Los Angeles Times (2/25, 850K) column, Jonathan Chait writes, "It is an odd article of faith among conservatives that Hillary Clinton is a sure-fire lock to win" the Democratic nomination. This belief "says more about them than it does about her. The belief in her invincibility is a product of their deepest fears. After all, it's not as though conservatives think that Clinton is a brilliant, natural politician. Nobody does. … When they try to talk about why Clinton inevitably will roll over her primary competition, they usually invoke the dreaded 'Clinton machine.' … Is the idea that Clinton's team is so battle-tested from her husband's presidency that it knows how to play the game far better than the competition? It's a plausible theory, but so far it doesn't seem to be working out that way. … Clinton looks extremely vulnerable. Why do so many conservatives insist that she's a lock to get the nomination? A few of them have a strong vested interest in the Hillary Clinton boogeyman." But the "bigger factor, I think, is that conservatives are spooked by the Clintons."

WPost Says Clinton Should Release Names Of Bundlers. The Washington Post (2/25, B6, 690K) editorializes that with John Edwards and Rudy Giuliani joining the list of presidential candidates vowing to "release voluntarily the identities of their big bundlers and, within some range, the amounts they raised," one "prominent figure" remains "absent from this picture: Hillary Rodham Clinton. … To ask for this information is not to suggest malfeasance or corruption on the part of Ms. Clinton's campaign or any other. It is simply to reassert the fundamental premise of campaign

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finance disclosure: that it is essential to a healthy, transparent system to know the identities of those underwriting political candidates."

Edwards Talks Health Care In New Hampshire. ABC World News (2/24, story 5, :15, Muir, 8.78M) reported, "In New Hampshire, former vice presidential nominee John Edwards talked to fellow Democrats about health care." The New Hampshire Union Leader (2/25, Devine) reports "more than a hundred supporters packed the home and living room" of a house in Salem to hear Edwards discuss his plan for universal health care. Edwards said, "Universal health care is not cheap. I'm not saying it isn't. But I think it's critical for America to remain strong in the long run." The Nashua Telegraph (2/25, Landrigan) says Edwards "is the only major candidate to present a comprehensive plan that requires employers to offer coverage or pay into an insurance fund."

"Rock Star" Gore Could Take Home Oscar Tonight. The Washington Post (2/25, Booth, 690K) runs a front-page feature headlined "Al Gore, Rock Star," with the sub-headline "Oscar Hopeful May Be America's Coolest Ex-Vice President Ever." The Post writes, "In the annals of vice presidential history, tonight will be something different. In his black tux, the man known to his most fervent fans as 'The Goracle' will arrive by hybrid eco-limo and, surrounded by fellow Hollywood greenies Cameron Diaz and Leonardo DiCaprio, will stroll down the red carpet at the Academy Awards to answer the immortal question: 'Al, who are you wearing?'" Gore's "An Inconvenient Truth," the "100-minute movie that is essentially Gore giving a slide show about global warming, is the third-highest-grossing documentary ever," and is "also the hot pick tonight for Best Documentary, and if its director, Davis Guggenheim, wins an Oscar, he plans to bring Gore along with him to the stage to accept the golden statuette and perhaps say a few words. … Incredible as it may seem," Gore is "geek-chic cool. No velvet rope can stop him."

Helena Andrews writes in The Politico (2/24) that if Gore wins, "that means an acceptance speech – and let's face it, Gore's no Billy Crystal. So before Al uncrumples and reads from a dinner napkin outlining a dissertation on climate change, a few of Washington's funniest phrase-turners offer this prudent advice: Keep it short, keep it light and keep 'em laughing. Given the enormous spotlight, Gore could have more at stake than just bombing before the crowd of Prius-driving, energy-saving-bulb-using, Versace-swathed starlets in Hollywood. After all, he hasn't completely ruled out a 2008 presidential run." The New York Times (2/25, WK1, Zernike, 1.16M) takes a look at Hollywood's past and present role in raising money for candidates.

Most Experienced Candidates Lag Near Bottom Of Democratic Field. The Los Angeles Times (2/25, Neuman, 850K) writes that "experience -- and how to measure it --- has become one of the first big debating points of the 2008 presidential race. In one of the curiosities of the Democratic primary, some of the candidates with the most experience in national politics are at the bottom of the early popularity surveys," while Sen. Barack Obama, "with a mere three years on the national stage, is this year's campaign-trail sensation." Sen. Christopher Dodd, "with 33 years in the House and Senate," has been "trying to heighten the importance of Washington knowledge," while Gov. Bill Richardson, "15 years in the House, two years as U.N. ambassador, three years as energy secretary," highlights "his 'unparalleled experience,'" and Sen. Joseph Biden, "35 years in the Senate," has said, "It's not so much whether I can compete with their money, but whether they can compete with my ideas and my experience."

Governors Nearly Absent From Crowded Field. The Washington Post (2/25, A4, Balz, 690K) looks at the near-absence of governors from the race, with only Richardson currently serving as a state's chief executive. And at the opening of the winter meeting of the National Governors Association, "few attendees expressed any desire to get involved on behalf of a presidential candidate." Pennsylvania Gov. Ed Rendell "said that because of the heavily front-loaded nomination calendar, he and others may have more to lose than gain by picking a candidate now. 'Why risk ticking off the eventual nominee when there's no value to it?' Rendell asked."

Dodd, Richardson Could Benefit From Vilsack Exit. The Washington Post (2/25, A2, Cillizza, Murray, 690K) looks at the "winners and losers" resulting from Tom Vilsack's departure from the presidential race. With Vilsack out, the Iowa caucuses are a winner, while Nevada is a loser, since "second-tier candidates looking to make the big leap will probably devote most of their limited resources to making a move in Iowa. The Nevada caucuses, set for five days later, will be an afterthought." Richardson, "the only candidate left

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on the Democratic side with executive experience," and Dodd, "is slowly but surely positioning himself to take advantage of a stumble by the front-runners," are winners. Vilsack himself is a loser, as his "decision to get out so quickly does little to enhance his chances at being picked for the national ticket."

Vilsack's Exit Linked To High Cost Of Campaigning. ABC and CBS both ran reports on campaign financing and the presidential campaign, tied to Vilsack's exit. ABC World News (2/24, story 6, 2:05, Hendren, 8.78M) reported that Tom Vilsack "had a key home state and a popular antiwar message. … What he lacked was cash. … He had raised more than $1 million last year -- an amount Barack Obama raised in a single day in Hollywood last week. Republican Mitt Romney brought in $6.5 million in a single day last month. … In 1952, the last time there was no incumbent in the race, Dwight Eisenhower won after spending $6.6 million in the general election. Political analysts estimate that by the time it's over, the republican and democratic nominees this time will have spent $500 million apiece." The CBS Evening News (2/24, story 2, 2:35, Assuras, 7.66M) said, "A political deep freeze is in store for any White House hopeful who is not able to raise tension of millions of dollars in campaign money. Total spending on presidential campaigns increased tenfold between 1976 and 2004; and could hit $1 billion during campaign '08. The high price of admission has already inflicted one casualty" in Vilsack.

Luntz Says GOP Must Reach Out To "Fed-Ups." In a Washington Post (2/25, B1, 690K) op-ed, corporate communications adviser and former Republican pollster Frank Luntz writes that Republicans in Congress "cannot regain their majority merely by relying on a coalition of traditional conservatives and evangelicals. They must reach out to what I call 'the fed-ups' -- a large and growing constituency of independent voters who have held the balance of power in every election since 1992, and will hold it again in 2008. … There are some hopeful signs. Both the early front-runners for the GOP presidential nomination," Rudy Giuliani and Sen. John McCain, "have appeal beyond the party's base of conservative supporters."

Broder Sees Much Work Ahead For Unity08 Effort. In a June 2006 column, David Broder took a look at the "Unity08" effort to recruit and nominate a bipartisan third-party presidential ticket via the Internet, and in his Washington Post (2/25, B7, 690K) column today, he returns to the subject, writing that 35,000 people have signed up so far to participate in the effort, according to Doug Bailey, one of the project's founders. Broder says, "They obviously have a long way to go before they can claim to be a viable political force, but they are making slow, steady progress." But after the "extremely cumbersome" process of setting up nomination rules and voting procedures, and getting their nascent party on state ballots, "then comes the challenge of recruiting a candidate or candidates for Unity08 to back. If its organizers had a compelling person already lined up, their task would be much easier, but they do not."

Perry's Attempt To Strengthen Texas Governorship Falters. The Houston Chronicle (2/25, Ratcliffe, 530K) reports Gov. Rick Perry's "five-year drive to add some muscle to Texas' weak governor system hit a brick wall last week. First, a state district judge ruled that Perry lacked the power to tell state administrative law judges by executive order to speed up hearings in TXU Corp.'s request for coal-fired electric plant permits. The next day, a House committee approved a bill to overturn Perry's executive mandate that all sixth-grade girls be vaccinated against a sexually transmitted virus that causes most cervical cancers. 'On the vaccine, the Legislature was relatively insulted about that,' said House Appropriations Chairman Warren Chisum, a Republican who has been allied with Perry in the past. 'They just felt it was important to exercise their authority as a Legislature.'"

NYTimes Blames States For Undermining NCLB. The New York Times (2/25, WK13, 1.16M), in an editorial, writes that in the case of the No Child Left Behind Act, "things have not worked as Congress planned. … Many states opted for dumbed-down tests and deliberate sleight of hand to create the fraudulent appearance of progress. As a result, states that perform well with their own watered-down exams do shockingly poorly when their students take the far more rigorous federal test known as the National Assessment of Educational Progress. A report this month by the bipartisan Commission on No Child Left Behind highlights this problem and calls for the development of more rigorous tests and national standards in reading, language arts, math and science."

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WPost Urges Maryland To Adopt Public Campaign Financing. The Washington Post (2/25, B6, 690K), in an editorial, writes, "Last year, Maryland candidates for public office at the state level raised $93.6 million for their campaigns, up 69 percent from 2002. … So why isn't public financing of elections a hotter issue in Annapolis? … A bill before the General Assembly is modeled on rules already working well in Maine and Arizona. And public funding's advocates make the not implausible argument that the scheme would pay for itself soon enough as lawmakers, less beholden to special interests and corporate contributors, trimmed pork-barrel spending and tax breaks for the favored few."

Iran Says US "In No Position" For Military Confrontation. Under the headline, "Iran Urges Talks On Nukes, Not War," the Washington Times/AP (2/25, A1, Dareini) notes Iranian Foreign Minister Manouchehr Mottaki "said yesterday the United States was in no position for another war and maintained that negotiations -- not threats -- were the only way to resolve the standoff over its nuclear activities." He "was responding to Vice President Dick Cheney, who renewed Washington's warning to Iran earlier yesterday that 'all options' were on the table if Tehran continues to defy U.N. demands to halt uranium enrichment." Mottaki "said the U.S. could not afford to settle its differences with Iran by starting a third war after Afghanistan and Iraq," and "urged the U.S. and its allies to return to dialogue when they are scheduled to meet in London next week."

Doubts Raised About US Intelligence On Iran. On its front page today, the Los Angeles Times (2/25, A1, Drogin, Murphy, 850K) reports, "Despite growing international concern about Iran's nuclear program and its regional ambitions, most U.S. intelligence shared with the [IAEA] has proved inaccurate and none has led to significant discoveries inside Iran." IAEA sources "said the CIA and other Western spy services have provided sensitive information to [them] at least since 2002, when Iran's long-secret nuclear program was exposed. But none of the tips about supposed secret weapons sites provided clear evidence that the Islamic Republic is developing illicit weapons." The Times adds that "the reliability of U.S. information and assessments on Iran is increasingly at issue as the Bush administration confronts the emerging regional power on multiple fronts: its expanding nuclear effort, its alleged support for insurgents inside Iraq and its backing of Middle East militant groups." Administration "officials privately acknowledge that much of their evidence on Iran's nuclear plans and programs remains ambiguous, fragmented and difficult to prove."

Hoagland Counsels "Strategic Patience" To Disarm Iran. In his Washington Post (2/25, B7, 690K) column, Jim Hoagland says the "bravado of the first Bush term has been replaced by a sadder and quieter way of doing business abroad as Iraq has sapped U.S. capabilities and political cohesion." Noting recent steps with North Korea and Iran, he says the "sense of a U-turn is reinforced by Bush's reliance this time on the negotiating skills of his diplomatic corps and on European and Asian partners to reach, enforce and pay for the projected deals, which would serve as twin tombstones for a brief era of U.S. unilateralism." Citing "divisions in Iran's leadership," Hoagland says "U.S. and European policy should play on those divisions." He concludes, "Bush seems to have decided to employ strategic patience in seeking a verifiable nuclear deal with North Korea and to have taken a long-range view of regional stability. He should do no less with Iran, however much manufactured outrage or contrived mockery it provokes, in Tehran or in Washington."

El-Baradei To Lead IAEA Talks In North Korea Next Month. In continuing reporting on North Korea's willingness to allow IAEA inspections of its nuclear facilities, Bloomberg (2/25, Kim) reports IAEA Director-General Mohammed El-Baradei "accepted an invitation from North Korea to visit the country in March for talks on its nuclear program." El-Baradei said in a statement that he views "this as a step toward the denuclearization of the North Korean Peninsula," and said "we will discuss issues of mutual concern and how we can implement the agreement," including the "shut-down and eventual abandonment of the Yongbyon nuclear facility, including the reprocessing facility."

LATimes Welcomes IAEA's Return To North Korea. In an editorial today, the Los Angeles Times (2/25, 850K) says the "invitation" conveyed to El-Baradei was one "he couldn't refuse." The IAEA is "imperfect yet indispensable," the Times adds, and, "as a keeper of the international nuclear order, it is better than the alternatives — a conclusion even the Bush administration appears to have accepted." The invitation is "encouraging," but "the key test will be whether it discloses anything meaningful about its nuclear operations." Elsewhere, El-Baradei and President Bush "disagree on Tehran," but "these are policy disputes.

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The IAEA's strength is more practical. It is powerless to force nations to allow its inspectors to go where they are not wanted, nor can it catch determined cheats. But it has earned credibility for honestly reporting what its inspectors find and where they are not permitted to look. For this alone, its return to North Korea will be useful."

Nunn's Reassessment Of Nuclear Weapons Strategy Analyzed. The New York Times Magazine (2/25, Crowley) in a profile of former Sen. Sam Nunn running more than 5,000 words, writes that a decade after leaving the Senate, "where he spent years as chairman of the Armed Services Committee, Nunn posed one, overriding question about his list of things we'll wish we had done if a doomsday should ever come: 'Why aren't we doing them now?' In a sense, his own answer has been to help found and run the Nuclear Threat Initiative, a Washington-based foundation largely bankrolled by Nunn's friends Ted Turner and Warren Buffett. In what may be the most ambitious example of private dollars subsidizing national security, the N.T.I. is trying to fill in the gaps where government is failing to reduce nuclear threats. In other words, to do the things now that we would otherwise wish we had done. … As he sees it, the trouble is, in a defense establishment that once war-gamed the end of the world a thousand different ways, there has been a shortage of thinking about what the right direction looks like or how to take it."

Putin, Having "Transformed" Russian Politics, Could Hand-Pick Successor. A nearly 5,000-word piece in today's New York Times Magazine (2/25, Myers) details the politics and challenges of succession in Moscow as Vladimir Putin begins his presumed last year in office." Sergei Ivanov "has never expressed the desire to be president — neither in public nor, as far as anyone who knows will tell, in private. Neither has Dmitri A. Medvedev, the other first deputy prime minister and the other presumed-to-be-leading candidate. Nor have Valentina I. Matviyenko, the energetic governor of St. Petersburg; Vladimir I. Yakunin, another former K.G.B. agent who heads the state-owned Russian Railways; Sergei S. Sobyanin, a former governor and the president's chief of staff; Dmitri N. Kozak, the presidential envoy to the turbulent Caucasus; Boris V. Gryzlov, the speaker of the lower house of Parliament; Sergei M. Mironov, the chairman of the upper house; or Sergei V. Chemizov, director of the state arms-marketing monopoly who served as an intelligence officer with Putin in East Germany." The Times clarifies, "No one knows for sure who might emerge as a candidate, because Putin himself will decide, and he has given no indication yet of his final choice. What is certain is that whomever he selects will become the next president of Russia." Noting that "it has become impossible to imagine anyone else in charge," the Times adds that Putin's "genuine popularity, nourished by the czarlike aura cultivated around him, has smothered any chance for an alternative national leader to emerge, even one of his own choosing."

Lavrov Says Russian Assertiveness Need Not Augur New Cold War. In an op-ed in today's Washington Post (2/25, B7, 690K), Russian Foreign Minister Sergei Lavrov says, "At a time when Russia is ready and eager to play a positive role in world affairs and integrate into the global economy, it does far more harm than good to treat Russia as a hostile nation whenever Moscow and Washington disagree." Of Putin's recent Munich speech, Lavrov says Putin "was neither attacking the United States nor proposing Russia as a counterbalance to U.S. unilateralism. Instead, he called for a world with many centers of influence where different interests work together, multilaterally, to shape a common denominator on global issues." Lavrov continues, "It only makes sense that we would hold our own views and expect them to be taken seriously," and "we will not compromise the right of the Russian people to decide things for themselves and be heard on international issues." He calls it "a grave error" to view "the honest and open airing of concerns as some sort of casus belli."

WPost Chides Bush Administration, Russia For Missile Defense Posturing. In an editorial entitled "Missile Fantasies," the Washington Post (2/25, B6, 690K) says the "emerging debate over the deployment of U.S missile defenses in Central Europe is based on a series of false pretenses" by both the Bush Administration and the Czech and Polish governments. But "the prize for cynical posturing, nevertheless, goes to Russia, which in the past few days has suddenly advanced a claim that it knows to be false: that the deployment of the antimissile system would weaken the Russian nuclear deterrent." For its part, the Post says, the US is merely "determined to create a program so literally set in concrete that it can't be stopped or reversed by future presidents… Whether the technology actually works or a threat exists that justifies the rush never seems to matter much." Calling Moscow's "gamesmanship" "worrisome," the Post concludes the Kremlin "may use the U.S. defense

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program as an excuse to revive a major piece of the Soviet nuclear arsenal with which to threaten NATO members in Europe. It's hard to think of a quicker way to revive the Cold War."

Chinese Human Rights Lawyers Spar Over Tactics For Change. A 3,000-word piece on the front page of the New York Times (2/25, Kahn, 1.16M) front page details two Chinese human rights lawyers' tactics for expanding freedom and democracy. But like "many who devote themselves to expanding freedoms and the rule of law in China, the two spend as much time clashing over tactics and principles as they do challenging the ruling Communist Party." They "are part of a momentous struggle over the rule of law in China. Young, well educated and idealistic, they and other members of the so-called weiquan, or rights defense, movement, aim to use the laws and courts that the Communist Party has put in place as part of its modernization drive to constrain the party's power."

Scholar Sees Chinese One-Party Rule Enduring. In the Los Angeles Times (2/25, 850K), professor James Mann says of China's future, "It is possible to envision three scenarios for China. One can be called the Soothing Scenario: that China's authoritarian political system is bound to open up, or even that it is already evolving toward political liberalization." There is also an "Upheaval Scenario," and "then there is what I call the Third Scenario: that China's one-party political system will not change in any fundamental way. This view holds that China will remain an authoritarian regime over the long term." Mann says the latter "is perhaps the most likely. … The best time to see whether China will really open up or remain authoritarian will be in the year or two after the [2008 Olympics] visitors go home. I believe that China's current one-party system will endure far into the future."

Taiwanese Premier Will Seek Presidency. AFP (2/25) carries the announcement that Taiwanese Prime Minister Su Tseng-chang "will seek the ruling Democratic Progressive Party's nomination for the 2008 presidential race." The "60-year-old, a former human rights lawyer and popular co-founder of the pro-independence [DPP], emphasized Taiwan's sovereignty." AFP says "Su became the third DPP heavyweight to make public his presidential bid, following former premier Frank Hsieh, who stood down as premier a year ago, and DPP chairman Yu Shyi-kun." Vice President Annette Lu may also seek the DPP nomination.

Europeans Decline To Promise Aid Resumption To Palestinians. The AP (2/24, Charlton) reports Palestinian President Mahmoud Abbas "ended his European tour Saturday without persuading any country to end crippling economic sanctions based on his power-sharing deal with" Hamas. French Foreign Minister Philippe Douste-Blazy's offer to work with that unity government is called "the bright spot" of Abbas' mission. However, even Douste-Blazy "made no commitments on resuming aid… Europe's governments remained firm: Any new Palestinian government must recognize Israel's right to exist before direct international aid can resume."

IDF Enters Nablus, Imposes Curfew. The AP (2/25) reports, "Dozens of Israeli jeeps and armored vehicles raided the West Bank city of Nablus [today] and placed tens of thousands of Palestinians under curfew." IDF sources said that troops "uncovered an explosives laboratory in the city and that soldiers had been shot at in several places and returned fire. No injuries were reported on either side." Israeli "bulldozers pushed rubble into piles on main roads to make them impassable," while "troops placed about 50,000 people under curfew in the center of Nablus and closed the main entrance to the city."

Violence Could End Hamas-Fatah Calm. The New York Times (2/25, A8, Kershner, 1.16M) reports, "Five Palestinians were killed and more than 40 wounded in fighting between clans on Friday and early Saturday in Khan Yunis, a town in the southern Gaza Strip." The fighting "took on a factional hue, since one of the families is identified with Hamas and the other with" Fatah. The violence "raised fears of a possible round of revenge killings and renewed factional fighting between Hamas and Fatah after two weeks of relative calm."

Italian President Asks Prodi To Lead Government, Seek Confidence Vote. Under the headline, "Prodi Gets A Second Chance To Lead Italy," the New York Times (2/25, Fisher, 1.16M) reports Prime Minister Romano Prodi "was given a second chance to lead Italy's government on Saturday, though allies and enemies worried that his still-fragile coalition would remain divided and vulnerable to another collapse." Since his resignation into a caretaker role on Wednesday, Prodi "has forced party leaders

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into line, even though the underlying ideological splits remain in place, as does his razor-thin majority in the Senate." Yesterday, President Giorgio Napolitano "concluded that there was 'no concrete alternative' and asked Mr. Prodi to try again." While Prodi "is expected to have little trouble in the lower chamber, the House of Deputies, where he enjoys a wide majority," the Times says he "would make no firm predictions about the Senate."

Chavez Arms Purchases Raise Alarm, Criticism. The New York Times (2/25, Romero, 1.16M) reports, "Venezuela's arms spending has climbed to more than $4 billion in the past two years, transforming the nation into Latin America's largest weapons buyer and placing it ahead of other major purchasers in international arms markets like Pakistan and Iran." Officials in Caracas "say the arms acquisitions, which include dozens of fighter jets and attack helicopters and 100,000 Kalashnikov assault rifles, are needed to circumvent a ban by the United States on sales of American weapons to the country. They also argue that Venezuela must strengthen its defenses to counter potential military aggression from the United States." The Times says the "retooling of Venezuela's military strategy, which includes creation of a large civilian reserve force and military assistance to regional allies like Bolivia, has been part of a steadily deteriorating political relationship with" Washington, which has had "harsh criticism" for Caracas' "escalation of arms spending."

Chavez Says Bush's Latin America Trip Will Be "Failure." The AP (2/24) carries comments by Venezuelan President Hugo Chavez "that he saw U.S. President George W. Bush's upcoming tour to Latin America as a diplomatic offensive aimed at isolating his leftist government." He "said that Bush's planned trip was 'without a doubt' aimed at dividing the region and containing Venezuela's influence." He is quoted predicting the trip is "destined to the abyss of failure." The White House "has said Bush's trip is aimed at underlining the U.S. government's commitment to the region and advancing democracy and its benefits, including health, education and economic opportunities."

Somali Violence Kills 10, Sparks Exodus From Mogadishu. The Washington Times/AFP (2/25, Abdinur) reports, "Thousands of terrified civilians poured out of the Somali capital yesterday after heavy fighting between Ethiopian troops and gunmen overnight left at least 10 persons dead." Many Somalis "left on foot for the relative calm of the surrounding countryside." The past "week saw some of the heaviest fighting in the capital since late December," and Somali and Ethiopian officials "blame remnants of the Islamist movement for stoking the violence."

High Unemployment Could Be Key To Senegal Election. The Washington Post/AP (2/25, A19, Callimachi) examines the "top election issue" in Senegal – employment. The public works projects of President Abdoulaye Wade, who is seeking reelection, "include the new sea-hugging highway, a second major airport and a pan-African university. Yet in a country where half the population of 12 million is unemployed, some Senegalese say they would settle for a decent job and three meals a day." Wade "said his critics are missing the larger picture," and he "points to an annual growth rate of almost 5 percent … and to job-creating initiatives such as raising crops whose oil can be used for biofuels."

Mbeki Said To Foster Gradual, Structural Improvements In South Africa. The Washington Post (2/25, A18, Timberg, 690K) examines the "change" seen in South Africa during Thabo Mbeki's presidency. "Inequality remains extreme in South Africa, with sharp divisions along lines of race and class. But Mbeki … has already crafted a legacy of fiscal stability and modest racial progress that, advisers say, he is working furiously to protect as rivals vie to replace him." He is "competing for a third term as party leader, a move that would help him handpick the next president. But analysts say the outcome is far from certain in a year they call the most politically tumultuous since apartheid." The Post says the "slow pace of change" could become "Mbeki's most glaring weakness." However, the Post adds, while "the racial order has proved dauntingly resilient, a strong economy has provided benefits to all levels of society." While Mbeki's "cerebral approach to the presidency will never generate the enthusiasm many South Africans felt for Nelson Mandela," Mbeki "was the intellectual force behind policies that have allowed the country to become fiscally sound while gradually providing homes, water, electrical connections and grants to millions of the poorest South Africans."

Kristof Highlights Need For Supporting Maternal And Child Health Programs. In his New York Times (2/25, WK15, 1.16M) column, Nicholas

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Kristof says the Bush Administration should consider the impact of proposed budget cuts in global maternal and child health programs. "For every woman who dies in childbirth worldwide, another 20 are injured. But because the victims are born with three strikes against them — they are poor, rural and female — they are invisible and voiceless, receiving almost no help either from poor countries or from the developed world." While domestically "neither Democrats nor Republicans have ever shown great interest in maternal health," Sri Lanka and Honduras "have both shown how poor countries can drastically cut rates of death and injury." Kristof says the US and other nations should support those who are "showing the world how to turn the tide of maternal mortality and morbidity" and "offering comfort to some of the most forlorn people in the world."

Researcher Says Kennan's "Containment" Remains Powerful Concept Today. Headlining his Los Angeles Times (2/25, 850K) op-ed, "Containment Makes A Comeback," professor Ian Shapiro writes, "Containment is a Cold War idea, articulated by historian and diplomat George Kennan." Kennan "argued that as long as the Soviet Union did not attack us, we should not attack it," and "history proved him right." While the Administration believes "containment in fact obsolete," Shapiro says "numerous parallels suggest that it is not." Saying "Libya should be" the "model for Iran," Shapiro believes the Administration views "it differently and are pushing the modern equivalent of rollback, suggesting that we should attack Iran to stop its nuclear weapons program." Citing Kennan's opposition to NATO and the UN, Shapiro notes, "It is ironic that the two areas in which Kennan's views are most outdated and wrongheaded — working with regional allies and international institutions — are the two areas in which the Bush administration follows his lead." He concludes, "Containment is not obsolete. The Bush doctrine is."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Diplomats Call U.S. Intel On Iran Nukes 'Wrong.'"
"Citizenship Bids Soar, Pre-Changes."
"Glendale Church Helps Iraq Faithful."
"Negro Spirituals Hit High Note At L.A. Event."
"Severe Storms Injure 27 In Arkansas."
"Washington Dems Might Nix Calif. Redrawing."

New York Times:

"Christian Right Labors To Find '08 Candidate."
"Iraq Rebel Cleric Reins In Militia; Motives At Issue."
"Rivals On A Legal Tightrope Seek To Widen Freedoms In China."
"In Big Buyout, Utility To Limit New Coal Plants."
"In The Stent Era, Heart Bypasses Get A New Look."

Washington Post:

"11 Days Till Baghdad."
"Metro Chief Vows Better Bus Safety."
"Va. House, Senate Approve Roads Bill."
"Al Gore, Rock Star."
"Smithsonian Head's Expenses 'Lavish,' Audit Says."

Washington Times:

"Truck Bomb In Iraq Hints Of Sunni Feud."
"Iran Urges Talks On Nukes, Not War."
"Rockville Aims At Speeders With First Cameras."
"Stars To Catch 'Green' Rides To The Red Carpet."
"Hospitals' Hidden Danger."

Detroit Free Press:

"Whereabouts Of Missing Woman Still A Mystery."
"Snow, Sleet And Windy Conditions Expected In Detroit Area Through Sunday."
"Spartans Continue Roll, Top Indiana."
"Forsberg, Predators Drop Red Wings."

Atlanta Journal-Constitution:

"It's Open Season On Ga. Tax System"
"'Today Daddy Went Back To Iraq.'"
"Jimmy Carter Gets His Due."
"Job Injuries Cripple Latinos."
"Group On POW Mission."
"Virginia Passes Slavery Apology."
"Toxic Cleanup In Social Circle."
"Perdue Goes Fishing For Tourists."

Dallas Morning News:

"Perry's Executive Muscle Flexing Falls Flat."
"Fire Highlights Need In Unincorporated Fresno."
"Environmental Groups' Input Sought In TXU Buyout."
"Houston WiFi To Benefit Lower-Income Residents."
"HISD Worker Gets To Keep Pan With Virgin Image."
"Today's Astros Stars Rank Among Team Greats."
"Sorority Evicts Overweight, Unpretty In Indiana."
"Butlers, Caviar, Pampering On Crystal Cruises."

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"Lawyer: No Anna Nicole Funeral Before Tuesday."
"White House Conducts Three-Hour Bomb Drill."
"European Probe Flies By Mars On Way To Comet."

Houston Chronicle:

"Cotton Bowl On Shaky Ground."
"Grapevine Baseball Player Dies Of Injuries."
"TYC Worker Cites Backlash After Reporting Possible Abuse."
"Colors Set Tone In Ads For Mayor's Race."
"Rising N. Texas Land Costs Pose Challenge For Habitat."
"High Winds Knock Out Power, Ground Planes."
"Students Get Sensitivity Training Over 'We Love Jesus' Chant."
"Length Of School Day Under Review Across Nation."

Story Lineup From Last Night's Network News:

ABC: Winter Weather; Iraq Bombing; Cheney-Australia; Terror Drill-National Guard; McCain-California; Campaign Financing; Duke Lacrosse Team; Australia-Global Warming; Couple's Movie Up For Oscar.

CBS: Winter Weather; Campaign Financing; Diplomatic Incident-Iraq; Violence In Iraq; Chicago Mayors; Virginia Apologizes For Slavery; Duke Lacrosse Team; Kennedy Letter Auctioned; Faith-Based Initiative Challenge; Costume Designer.

NBC: Winter Weather; Diplomatic Incident-Iraq; Walter Reed Conditions; Walter Reed Progress; Airport Screening; Internet Addiction; Zookeeper Attacked By Jaguar; Cigarette Campaign Targets Women; Child Star Nominated For Oscar.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — 8 p.m. President and Mrs. Bush participate in State Dinner for the Nations Governors. State Dining Room, The White House. 9:20 p.m. President and Mrs. Bush attend Entertainment. East Room, The White House. There will be no gaggle and no briefing.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: GOVERNORS _ The National Governors Association holds its Winter Meeting. Highlights: 8 a.m. Southern Governors Association meeting. 3 p.m. Plenary session on science, technology, engineering and math education, with keynote by James Simons of Renaissance Technologies Corp. 4:30 p.m. New England Governors meeting. 4:30 p.m. Midwestern Governors Association reception. 7 p.m. Dinner at the White House with President Bush. Location: JW Marriott, 1331 Pennsylvania Ave, NW, unless otherwise noted. Contacts: Jodi Omear, 202-624-5346. Notes: Media RSVP required. Event credentials required. Press room is the Russell Room, 202-626-1714.

AFGE _ The American Federation of Government Employees, the nations largest union of federal and DC government workers, holds its annual legislative conference. Highlights: 10 a.m. Briefing on DC Voter Rights for DC Government Workers, with DC Council member Kwame Brown and Eugene Kinlow, director of outreach for DC Vote. 1 p.m. Former Sen. John Edwards, Gov. Bill Richardson of New Mexico and Rep. Dennis Kucinich. 2:30 p.m. National President John Gage. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Enid Doggett, 202-639-6422.

JEWISH COMMUNITY POLICY _ Jewish leaders from the United States and Canada meet to debate, analyze and vote the Jewish community's domestic and international policy at the 2007 Jewish Council for Public Affairs plenum. Highlights: 11 a.m. Opening and welcome. 9:30 p.m. Special program on Darfur. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: 202-265-3000.

SUSTAINABILITY _ More than 350 Jewish college activists meet for a conference on sustainability, sponsored by Hillel: The Foundation for Jewish Campus Life. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: Jeff Rubin, 202-449-6534.

ANTI-HUNGER CONFERENCE _ The Food Research and Action Center and America's Second harvest hold the 2007 National Anti-Hunger Policy Conference. Highlights: 12 p.m. Luncheon session with Jim Weill, President, Food Research and Action Center; Vicki Escarra, President, Americas Second Harvest; and Carolyn Morrison, President, National CACFP Forum. Washington Court Hotel, 525 New Jersey Ave. NW. Location: As noted. Contacts: Jennifer Adach, 202-631-3206.

CLEAN ENERGY-JOBS _ The Apollo Alliance holds a summit to discuss the movement for clean energy and good jobs. Highlights: 7 p.m. Opening remarks - Sierra Club president Carl Pope, United Steelworkers Union President Leo Gerard and CERES President Mindy Lubber. Location: Hotel Washington, 515 15th St. NW, unless otherwise noted. Contacts: Noreen Nielsen, 202-955-5665.

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GULF WAR CEREMONY _ 12 p.m. The White House Commission on Remembrance holds the 16th annual Remembrance Ceremony honoring Gulf War Casualties. The ambassador of Kuwait, government officials, and representatives of the coalition countries will participate. Location: Section 60, Arlington National Cemetery. Contacts: Steven Schwark, 202-783-4665. Notes: Press call at 11:30 a.m.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, FEBRUARY 25, 2007 7:45 AM EST

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TERRORISM NEWS:

DOJ Holding Muslim Terror Suspects At New Indiana Facility. The Washington Post (2/25, A7, Eggen, 690K) reports the Justice Department "has quietly opened a new prison unit in Indiana that houses a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted. At the Communications Management Unit, or CMU, in Terre Haute, Ind., all telephone calls and mail are monitored, the number of phone calls limited and visits are restricted to a total of four hours per month, according to special rules enforced by the Justice Department's U.S. Bureau of Prisons. All inmate conversations must be conducted in English unless otherwise negotiated. … The Indiana unit…is part of a medium-security facility and includes inmates set to be released in as little as two years. Prisons spokeswoman Traci Billingsley said the unit's population will not be limited to inmates convicted of terrorism-related cases, though all of the prisoners fit that definition."

Holy Land Foundation Lawyers Say Anti-Semitic Comments Fabricated. Under the headline "Evidence Against Muslim Charity Appears Fabricated," the Los Angeles Times (2/25, Krikorian) reported, "When the Bush administration shut down the nation's largest Muslim charity five years ago, officials of the Dallas-based foundation denied allegations it was linked to terrorists and insisted that a number of accusations were fabricated by the government. Now, attorneys for the Holy Land Foundation for Relief and Development say the government's own documents provide evidence of that claim. In recent court filings, defense lawyers disclosed striking discrepancies between an official summary and the verbatim transcripts of an FBI-wiretapped conversation in 1996 involving Holy Land officials." The summaries contained anti-Semitic comments by Holy Land officials, but "none of those quotes was contained in a 13-page transcript of the conversation, defense lawyers said in their motion to expand access to classified evidence." The Times noted, "How the summary and transcript could be so different was unclear, though experts…theorized that its top-secret nature may have led some analysts to believe that the work product would never be publicly disclosed, much less entered into evidence in a trial."

Al Jazeera Cameraman Has Been Held At Guantanamo Since 2002. The Washington Times/AP (2/25, Fox) reports Sami al-Hajj, a cameraman for the Al Jazeera TV network, "was stopped at the Afghanistan border by Pakistani authorities in December 2001, turned over to U.S. forces and hauled in chains six months later to Guantanamo, where about 390 men are held on suspicion of links to al Qaeda or the Taliban. Mr. al-Hajj, a 38-year-old native of Sudan, has been held in this U.S. military prison ever since. He is believed to be the only journalist from a major international news organization held at Guantanamo."

Canadian Muslim Who Exposed Terror Cell Faces Ostracism. The Los Angeles Times (2/25, Farley, 850K) profiles Mubin Shaikh, a 31-year-old Canadian-born Muslim "who disavowed the mosque to fit in with his neighborhood friends, then rejected that life to practice traditional Islam. Later, he used his stature in the Muslim community to infiltrate a suspected terrorist cell, and then helped expose it — an act that alienated him from many in his own circles. … The suspected cell's plan, prosecutors said in June, was to explode three truck bombs in front of Toronto police and intelligence headquarters and Parliament Hill, then

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take politicians hostage and behead them one by one. The group of 18 had acquired 3 tons of what it thought was explosive material when police moved in, authorities say." The Times adds, "Now he faces death threats, which he doesn't take seriously, and glares and cold shoulders in the mosque, which he does."

HOMELAND RESPONSE:

White House Drill Imagines Simultaneous IED Attacks On US Cities. ABC World News (2/24, story 4, 2:25, Muir, 8.78M) reported, "At the White House today, a high level terror drill laid out a chilling scenario: Iraq-style IEDs exploding in cities around this country. About 90 officials studied how the federal government would respond if attackers used improvised explosive devices in several cities at once."

The Washington Post/AP (2/25, A9, Loven) reports, "Dozens of high-level officials joined in a White House drill yesterday to see how the government would respond if several cities were attacked simultaneously with bombs similar to those used against U.S. troops in Iraq. White House homeland security adviser Frances Fragos Townsend and the Homeland Security Council that she heads mapped out in advance a massive disaster involving improvised explosive devices, or IEDs. The attack targeted 10 U.S. cities, both large and small, at the same time, said a senior administration official who spoke on the condition of anonymity. … All Cabinet agencies were represented by their secretaries or other high-ranking officials, with about 90 participants in all, White House spokesman Scott Stanzel said. Stanzel said the drill revealed gaps in the government's ability to respond, but also showed that there have been many improvements since Hurricane Katrina." The Post adds that President Bush "went on a bike ride yesterday morning and did not take part in the test."

Real ID Proposal Expected To Encounter Bipartisan Opposition. The Washington Post (2/25, A8, Hsu, Fears, 690K) reports that "a sweeping federal law to tighten security requirements for driver's licenses is in jeopardy of unraveling after missteps by Congress and the Homeland Security Department, analysts and lawmakers said. While Washington has delayed implementing it, a rebellion against the program has grown. Privacy advocates say the effort could create a de facto national ID card. Meanwhile, state officials charge that complying with federal requirements will cost $11 billion and potentially double fees and waiting times for 245 million Americans whose licenses would have to be reissued starting next year." The White House "expects to release its driver's license plan, Real ID, this week and has warned congressional critics not to thwart or further delay a program that was recommended by the Sept. 11 commission." Sen. Joseph Lieberman, chairman of the homeland security panel, said Real ID "may not provide real security and that it is opposed by states 'because it is overly burdensome, possibly unworkable, and may actually increase a terrorist's ability to commit identity theft.'" Sen. Susan Collins, ranking Republican on the homeland security panel, and Rep. Tom Allen "are seeking to delay or repeal Real ID and let security experts, privacy advocates and the states renegotiate the rules."

Backscanner X-Ray Device Profiled. NBC Nightly News (2/24, story 5, 2:50, Costello, 9.87M) ran a feature on the Backscanner X-ray device being implemented at Phoenix's airport, concluding a profile of the new technology by saying, "Still on the drawing board: people portals that scan every passenger before they board a plane. Still no effective way to detect chemical weapons." The report is very similar to Friday's ABC World News report.

WAR NEWS:

Murtha Stumbles In Effort To Limit War Spending. Coverage of Rep. John Murtha's efforts to challenge funding for the Iraq war emphasized the bipartisan perception that he had blundered and undercut the Democrats' cause. The Washington Post (2/25, A5, Weisman, Layton, 690K) reports, "The plan was bold: By tying President Bush's $100 billion war request to strict standards of troop safety and readiness, Democrats believed they could grab hold of Iraq war policy ... But a botched launch" by Murtha "has united Republicans and divided Democrats, sending the latter back to the drawing board just a week before scheduled legislative action, a score of House Democratic lawmakers said last week. … The story of Murtha's star-crossed plan illustrates the Democratic Party's deep divisions over the Iraq war and how the new House majority has yet to establish firm control over Congress." When he "chose to roll out the details on a liberal, antiwar Web site on Feb. 15, he caught even Pelosi by surprise while infuriating Democrats from conservative districts. ... Republicans relentlessly attacked a plan they called a strategy to slowly bleed the war of troops and funds. By the end of the recess, Murtha's once promising strategy was in tatters."

The New York Times (2/25, A25, Toner, 1.16M) says Murtha "faces an extraordinary political challenge over the next month, and some Democrats are already worried about his handling of it."

Democrats Vow To Keep Pressure On Bush. The Los Angeles Times (2/25, Simon, 850K) reports, "Senate Democrats are moving to modify the 2002 resolution that

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authorized the war to place new limits on the role of U.S. forces in Iraq. But it is uncertain whether they will fare any better in this effort than in their last try — an unsuccessful attempt to pass a symbolic resolution opposing the deployment of 21,500 additional U.S. troops to Iraq. ... Although the new Democratic efforts are aimed at turning up the political heat on Republicans, they could also make some Democrats uncomfortable. Those from conservative districts or states are fearful of taking a step that Republicans could portray as cutting funding to troops in harm's way or tying the commander in chief's hands in wartime."

Governors Warn Of Surge's Impact On National Guard. ABC World News (2/24, story 4, 2:25, Muir, 8.78M) reported, "The governors are meeting in Washington this weekend and have growing concerns about their own ability to respond to emergencies as their National Guard troops keep getting called back to Iraq." ABC (Crawford): "National Guard and reserve troops like these in Indiana are heading back to Iraq this weekend ... Their families will miss them. But so will their governors." Gov. Mike Easley: "National guard is hurting. And as a result of that, people are not as safe in the United States today as they were before this poorly planned operation started in Iraq." The Los Angeles Times (2/25, Hennessy-Fiske, 850K) reports, "Republican and Democratic governors meeting here Saturday warned that President Bush's 'surge' of additional troops to Iraq would put added pressure on National Guard units already stretched to their limits."

Army's 2-16 Battalion Prepares To Head Off To War. The Washington Post (2/25, A1, Finkel, 690K) reports from Fort Riley, Kansas, "Inside, as the bleachers filled and the doors swung closed against the cold, a 41-year-old soldier near the middle of the floor began clapping his hands in anticipation. ... This was Lt. Col. Ralph Kauzlarich, the commander of an Army battalion called the 2-16 -- the 2nd Battalion, 16th Infantry Regiment of the 4th Infantry Brigade Combat Team, 1st Infantry Division. The unit has 800 soldiers, most in their late teens and deploying to Iraq for the first time under the command of a man who, in this gymnasium filled with believers, was among the biggest believers of all. ... So fiercely does Kauzlarich believe this -- that the war can be won and that it will be won -- it can seem as if he is the one grabbing onto something, in this case the idea that victory is a matter not only of strategy and tactics, but of sheer willpower as well."

More Commentary On Iraq. In an op-ed for the Washington Post (2/25, B3, 690K), former Deputy Assistant Secretary of Defense Sarah Sewall writes that many of Gen. David Petraeus' "strongest supporters fear that his new assignment is a no-win mission, one that could not only stain his professional reputation but also, ironically, discredit the new counterinsurgency doctrine he spent the past year creating. … Placed in charge this late in the game, Petraeus should not have to carry the burden of Iraq's probable failure. Yet there is a silver lining in his appointment. Petraeus has the expertise to identify shortfalls and the likelihood of failure, and he has the credibility to force a political response."

In a pessimistic op-ed for the Washington Post (2/25, B1, 690K), British political scientist Toby Dodge writes that after crushing a 1920 Iraqi revolt, "it took Britain 10 more years to jettison its financial and military commitments to Iraq. … Here is what Britain's history of failure at building a democratic state in Iraq in the 1920s and '30s tells George W. Bush and his successors: If…they fail to deliver on the promises of a better future for the Iraqi people, then Iraq will continue as a font of violent instability long after those who made the promises have been buried."

In his Los Angeles Times (2/25, 850K) column, Gregory Rodriguez writes in favor of admitting Iraqi refugees, "Two weeks ago, the White House announced that the U.S. would accept up to 7,000 Iraqi refugees by the end of this year. It's an initial trickle; we should be receiving more. Not just because it's the humane thing to do but because it serves our interests. ... We know now that as U.S. influence expands throughout the world, the world's influence expands here at home. And accepting refugees can improve the nation's image overseas."

Suicide Bombing At Habbaniya Mosque Kills At Least 39. ABC World News (2/24, story 2, 2:50, Muir, 8.78M) reported, "At least 39 people were killed when a truck blew up outside a mosque in the heart of Sunni territory" in Iraq, and "suspicions are falling on other Sunnis. This attack may be a disturbing sign of a growing internal battle." ABC (Marquez): "What makes this bombing unique, it happened in Sunni territory, al Anbar province, where Sunnis are supposed to be safe and Al Qaeda is powerful. Residents say the mosque imam had recently been critical of Al Qaeda."

The CBS Evening News (2/24, story 4, 2:30, Assuras, 7.66M) reported, "A fuel tanker rigged with bombs exploded near a Sunni mosque in western Anbar Providence today, killing at least 39 people." NBC Nightly News (2/24, story 2, 2:05, Arraf, 9.87M) reported, "Tonight west of the capital in the town of Habbaniyah, a huge truck exploded killing 37 people and wounding at least 60. Although Baghdad has been relatively calm, at least nine Iraqis were killed in bombings today."

The New York Times (2/25, A6, Oppel, 1.16M) reports, "The blast, which struck during a prayer service in Habbaniya, a town between Falluja and Ramadi in one of the most dangerous areas of Sunni-dominated Anbar Province, was unusual in that such bombings are a staple of Sunni insurgents." The Washington Post (2/25, A18, Londono, 690K) reports, "Witnesses said that unlike other large attacks, this one did not appear to have been driven by sectarian

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rivalries -- Shiite militias are not known to be active in the area -- but rather was probably carried out as a warning from Sunni extremists to Sunnis who support the U.S.-backed Iraqi government.

The Washington Times/AP (2/25, A1, Murphy) reports, "U.S. military envoys and pro-government leaders have worked hard to sway clan chiefs and other influential Anbar figures to turn against the militants, who include foreign jihadists fighting under the banner of al Qaeda in Iraq. The extremists have fought back with targeted killings and bombings against fellow Sunnis." The Los Angeles Times (2/25, Berthelsen, Daragahi, 850K) calls the bombing "highly unusual," since "police and residents in the Sunni Muslim-dominated area said the people had largely aligned against Al Qaeda militants operating in the region."

War Continues To Simmer Beyond Baghdad. The New York Times (2/25, WK4, Santora, 1.16M) reports from Samarra, "Events in Baghdad have dominated the news as American troops move aggressively to quell the sectarian violence that has set Sunni and Shiite neighborhoods at war with each other. But a visit to this restive city is a reminder not only of the many fronts of the war, but also of its many complexities. While sectarian warfare dominates Baghdad…a different dynamic is at work" in Sunni cities, where militants "continue to wage war on Americans and terrorize the civilian population into submission."

Hakim Says Arrest Calls US Authority Into Question. ABC World News (2/24, story 2, 2:50, Marquez, 8.78M) reported, "Demonstrations erupted in Shiite towns throughout Iraq after US troops" arrested Ammar Hakim, who "tells ABC News his arrest calls into question US authority here." The CBS Evening News (2/24, story 3, 2:40, Assuras, 7.66M) reported, "About 8,000 Shiites demonstrated in their holy city of Najaf after yesterday's detention by US troops, of the son of Iraq's most influential Shiite leader." NBC Nightly News (2/24, story 2, 2:05, Arraf, 9.87M) said the detention "was particularly unfortunate because his father is a key US ally. He visited the White House last year."

The Los Angeles Times (2/25, Berthelsen, 850K) reports Ammar Hakim "lashed out at the United States in an incendiary televised appearance Saturday. … The incident has the potential to undermine relations between Iraq's majority Shiites and the U.S. forces that toppled their Sunni oppressors." The New York Times (2/25, A6, Oppel, 1.16M) reports, "President Jalal Talabani, whose Kurdish political coalition is the primary governing partner of the dominant Shiite coalition headed by the elder Mr. Hakim, released a statement sharply criticizing the detention and demanding that American commanders hold accountable soldiers who he said had mistreated Mr. Hakim."

The Washington Post (2/25, A18, Londono, 690K) reports, "Talabani said Hakim had 'received uncivil and inappropriate treatment' during his hours-long detention," while the Washington Times/AP (2/25, A1, Murphy) reports that Shiite-US "cooperation suddenly has been strained after U.S. military border guards stopped and searched the heir-apparent of the largest Shi'ite political group." CNN.com (2/24) reports, "The U.S. military on Saturday defended Ammar al-Hakim's arrest and detention, a day after the U.S. ambassador to Iraq apologized for it. The military's statement on Saturday did not include an apology."

Sadr's Motives For Reigning In Militia Questioned. The New York Times (2/25, Cave, 1.16M) analyzes Moqtada al-Sadr's decision to "reign in" his Mahdi Militia. "But did he do so as part of his cooperation with the new security plan for Baghdad, which aims to quell the sectarian violence tormenting the city? Because his men had been disloyal, taking orders from Iran, whose support he values but whose control he fights? Or was it just for show — the act of an image-conscious leader who grasped the risk of graphic videos and wanted to stave off direct American action against him?" The Times calls Sadr "the great destabilizer in Iraq since 2003," saying he is "wielding power on the streets and in the ruling Shiite bloc, thwarting the Americans and playing out at least a temporary alliance with Iran." Sadr "now finds himself under pressure from several sources," including "his popular Shiite base," Iran, "renegade factions of his own militia that resent his move into the political mainstream," and US forces.

Iraqi Kurdish Leaders Approve Oil Law. The Washington Post (2/25, A18, Londono, 690K) reports, "Leaders of Iraq's oil-rich Kurdish region have apparently approved a draft oil law that will be presented to Iraqi lawmakers in coming weeks, an eagerly awaited breakthrough that is expected to professionalize and expand drilling in the country." The Post cites AP reporting that President Jalal Talabani and US Ambassador Zalmay Khalilzad attended the announcement ceremony in Sulaymaniyah. The Post says "Iraqi officials in recent weeks have been struggling to reach an agreement on legislation that would govern the exploitation of the country's vast oil reserves and who should control the revenue."

Iraqi Firefighters Show Heroism. The CBS Evening News (2/24, story 4, 2:30, Assuras, 7.66M) reported, "When bombs explode in Baghdad -- and they do almost every day -- the city's bravest risk their own lives to be first on the scene." CBS (Palmer): "A new set of heroes has been forged inside Baghdad's desperation -- 24/7 calls flood into the emergency center which coordinates the city's firefighters, striving to be 100 percent reliable in a city where little else is.

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… There's no room here for ethnic tension. In fact, it's tolerance, and even a morning workout, that make Baghdad's bravest a close-knit team."

Hometown Rallies Around Soldier Accused Of Murdering Iraqis. The Los Angeles Times (2/25, Zucchino, 850K) reports that the "conservative community" of Sweetwater, Tennessee, "where American flags fly on porches and many residents are veterans, now finds itself at odds with the military." Staff Sgt. Raymond Girouard, a native, has been charged by the Army "with ordering the slayings of three Iraqi detainees in May, then orchestrating a coverup. ... Many here say the Army has betrayed a young patriot who volunteered to fight for his country."

Administrative Problems Seen At Walter Reed. NBC Nightly News (2/24, story 3, 2:30, Seigenthaler, 9.87M) reported, "One week after we reported on the appalling conditions for Army outpatients at the Walter Reed Medical Center, tonight another story of bureaucratic delays that are preventing some wounded veterans home from Iraq and Afghanistan from getting the disability benefits they deserve." NBC (Yang): "Army Sgt. David Yancy was a gunner on a Humvee that hit a bomb south of Baghdad in March of 2005." He has been at Walter Reed for two years, and "now he is fighting a new battle for disability benefits." Yancy: "This is something I wasn't expecting, fighting through the system. I'm not giving up."

NBC Nightly News (2/24, story 4, 2:45, Seigenthaler, 9.87M) followed up by reporting that "it has been a week of hurried repair work, painting and damage control. Even the Defense Secretary showed up for a firsthand look. … Have they fixed all the problems in Building 18?" Washington Post reporter Dana Priest: "Not all of them. They've done the easy fixes." Seigenthaler: "What do you make of government's quick response here?" Priest: "The Army and the Administration really faced an uproar from the public. ... There was a revolt ongoing within their own ranks of retired generals and veterans groups; traditional supporters were clamoring for action. So on Thursday, you saw the vice chief of the Army send out a worldwide message to all generals." The Washington Post (2/25, A9, Vogel, 690K) says the "preliminary findings of a nine-month Army investigation confirm problems in the administrative procedures" at Walter Reed "and other hospitals, and Army Secretary Francis J. Harvey has ordered the service to begin fixing them, a spokesman said yesterday."

Injured Veteran Fights For Favorable Disability Rating. The Washington Post Magazine (2/25, Span) reports in a highly critical cover article nearing 8,000 words, "Since he was thrown from a moving armored vehicle in Baghdad in May 2003, and landed on his head," ex-Army Cpl. Richard Twohig "says he has suffered from near-constant headaches." While few subjects animate him now, "One subject prompts a more animated response, though, rousing him to noticeable anger: the U.S. Army. ... Twohig has been grappling with a complicated disability system that determines whether he merits military retirement. Thousands of other soldiers, sailors, airmen and Marines are dealing with the same process. With U.S. troops still in Afghanistan and the war in Iraq entering its fourth year, the annual caseload of troops injured severely enough to be considered for retirement has climbed nearly 53 percent since 2001, to about 23,000 a year. The great majority don't get it, which has made the disability system the object of confusion, apprehension and suspicion among injured veterans and their advocates."

Servicemen "Entwined By War" Strive To Recover From Injuries. The New York Times (2/25, A16, Chivers, 1.16M) reports that "Petty Officer Third Class Dustin E. Kirby, a Navy corpsman whose efforts to save a wounded marine in Iraq and his own wounding by a sniper on Christmas were covered by The New York Times, has returned home to Georgia and expects a nearly full recovery, he and his family said. ... In early November he was the subject of an article that described his work and prayers to save the life of his friend, Lance Cpl. Colin Smith, a machine gunner in the vehicle's turret who was shot through the skull by a sniper in Karma in late October." Kirby "said he intended to return to active duty when his doctors allow," while Smith was more severely injured: "It was not clear how fully Lance Corporal Smith would recover his ability to converse. Similarly, he has extremely limited movement on the right side of his body."

Military Could Lack Needed Resources As Global Challenges Increase. The New York Times (2/25, WK1, Shanker, 1.16M) writes about US deployments of F-22s and an aircraft carrier against North Korea and Iran, "These moves seemed like perfectly logical geopolitical responses to heightened dangers. But they also helped mask another reality. Because the military today does not have enough available ground troops to use for intimidation, the moves were pretty much the only options rather than choices among several. ... Senior military planners do not deny that last week's deployments reflect a deep concern in the Pentagon that the United States simply may not have enough ready and available resources to go around."

NYTimes Blames Iraq War For Resurgence Of Al Qaeda. The New York Times (2/25, WK13, 1.16M), inan editorial, writes, "At a crucial moment, the Bush administration diverted America's military strength, political attention and foreign aid dollars from a necessary, winnable war in Afghanistan to an unnecessary, and by now unwinnable, war in Iraq. Al Qaeda took full advantage of

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these blunders to survive and rebuild. Now it seems to be back in business. … Al Qaeda's comeback didn't have to happen. And it must not be allowed to continue. The new Qaeda sanctuaries in Pakistan do not operate with the blessing of the Pakistani government. But Pakistan's military dictator, Gen. Pervez Musharraf, has not tried very hard to drive them out. In recent months he has virtually conceded the tribal areas to local leaders sympathetic to Al Qaeda. President Bush needs to warn him that continued American backing depends on his doing more to rid his country of people being trained to kill Americans."

Rich Looks Back At Warnings From 2001. The New York Times' Frank Rich (2/25, WK14) writes that in the summer of 2001, "intelligence and counterterrorism officials…were privately sounding urgent warnings like those in last week's Times, culminating in the President's Daily Brief titled 'Bin Laden Determined to Strike in U.S.' The system 'was blinking red,' as the C.I.A. chief George Tenet would later tell the 9/11 commission. But no one, from the White House on down, wanted to hear it. The White House doesn't want to hear it now, either. That's why terrorism experts are trying to get its attention by going public, and not just through The Times. Michael Scheuer, the former head of the C.I.A. bin Laden unit, told MSNBC's Keith Olbermann last week that the Taliban and Al Qaeda, having regrouped in Afghanistan and Pakistan, 'are going to detonate a nuclear device inside the United States.'"

Cockburn Denounces Rumsfeld's Job Performance. In the Washington Post (2/25, B2, 690K), Alexander Cockburn, author of the forthcoming "Rumsfeld: His Rise, Fall and Catastrophic Legacy," writes that even many of Donald Rumsfeld's detractors "tend to assume that he was an effective manager" at the Pentagon, but an "examination of his record reveals that, in fact, Rumsfeld was a very poor manager. Despite his gruff theatrics, he shirked the task of leadership at the Defense Department, failing to restrain the services in their pursuit of parochial agendas. Though he spewed ideas and injunctions daily, he routinely neglected to follow them up. Pledged to the 'transformation' of the cold war military establishment in 2001, he left it six years later almost entirely untransformed, save for the wreckage wrought by the Iraqi adventure. Even in concept, his program for 'transformation' amounted to little more than notions articulated as bumper stickers, and poorly thought out ones at that."

DOJ:

Evaluations Show Dismissed US Attorneys Were Highly Praised. The New York Times (2/25, Johnston) reports, "Internal Justice Department performance reports for six of the eight United States attorneys who have been dismissed in recent months rated them 'well regarded,' 'capable' or 'very competent,' a review of the evaluations shows." The Times continues, "The performance reviews, known as Evaluations and Review Staff Reports, show that the ousted prosecutors were routinely praised for playing a leadership role with other law enforcement agencies in their jurisdictions. … The reviews, each of them 6 to 12 pages long, were carried out by Justice Department officials from 2003 to 2006. Each report was based on extensive interviews, conducted over several days with judges, other federal law enforcement agencies and staff members in each office. … It had been known that the reports were mostly favorable, but the reports themselves had not been made public." The Times adds, "Over all, the evaluations, which were obtained from officials authorized to have them, appear to raise new questions about the rationale for the dismissals provided by senior Justice Department officials. The officials have repeatedly cited poor job performance to explain their decisions to oust the eight prosecutors, all of them Republicans appointed by President Bush in his first term. … On Saturday, Senator Charles E. Schumer, Democrat of New York, who has led a Congressional investigation into the dismissals and has been briefed on the evaluations, said the reports showed that new legislation was needed to keep the Justice Department from politically motivated firings. … 'As we feared, the comprehensive evaluations show these U.S. attorneys did not deserve to be fired,' Mr. Schumer said. 'To the contrary, they reveal they were effective, respected and set appropriate priorities.'" The Times notes, "In response, a senior Justice Department official said the reviews, which focused on management practices within each United States attorney's office, did not provide a broad or complete picture of the prosecutors' performance. … The official, speaking on condition of anonymity because of the confidential nature of personnel information, said, 'The reviews don't take into account whether the U.S. attorneys carried out departmental priorities.' … Referring to the 94 United States attorney's districts, the official said, 'You can't have 94 different sets of priorities,' suggesting that the dismissed prosecutors had failed to follow priorities set by the Justice Department in Washington. … However, each case report included a statement that each of the ousted prosecutors had established strategic goals set by the Justice Department in high priority areas like counterterrorism, narcotics and gun violence."

CORPORATE SCANDALS:

Human Resources Officials Increasingly Ensnared In Options Probes. The AP (2/25, Gordon) reports, "As lawsuits and federal prosecutions mount over

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suspect timing of stock option awards at American public companies, corporate human resources executives are increasingly being caught in the gears of cases." The AP continues, "With stock options widely used as perks to attract talent, personnel staff regularly were brought into executives' machinations on options awards - often signing the relevant paperwork, such as memos to employees or letters making job offers. That means their fingerprints are on documents that can enter into the paper trails that prosecutors are using to build options-dating cases. … 'HR people have to be careful,' said John Gamble, a lawyer at Fisher & Phillips, an Atlanta firm specializing in labor and employment law. 'Sometimes they get assignments that they need to think twice about.'" The AP adds, "Among the handful of executives who have been charged with fraud by federal prosecutors in the wave of options investigations is Stephanie Jensen, the former vice president for human resources at Brocade Communications Systems Inc. Jensen and Gregory L. Reyes, who was Brocade's chief executive, pleaded not guilty in August. … The Justice Department prosecutors and the Securities and Exchange Commission allege that Reyes and Jensen regularly backdated minutes of board of directors' meetings so it appeared that the stock-options committee granted options on dates when Brocade's share price was relatively low. The two executives also are accused of having letters of job offers backdated so employees would receive options that were dated at low points in the company's share price that predated their first day of work." The AP notes, "E-mails uncovered in court records in the case of Mercury Interactive Corp., one of the first Silicon Valley companies to acknowledge stock options manipulation, show exchanges between a payroll manager named Susie Fregoso and company executives concerning dating of options. At one point in August 2000, according to an account of the e-mails in Tuesday's Wall Street Journal, Mercury's assistant controller told Fregoso the company will use the 'magic backdating ink' of Sharlene Abrams, a former chief financial officer."

Nacchio Attorney Laid Out Defense Strategy In Series Of Books. The Denver Post (2/25, Vuong, Griffin) reports, "Herbert Stern, Joe Nacchio's lead attorney, will come out firing in the criminal insider-trading trial of the former Qwest chief executive." The Post continues, "Stern will lay out his case early in his opening statement. He will move through his points quickly but will make sure the jury hears his most important material more than once. He'll 'hitchhike' - or extract helpful information from the prosecution's witnesses during cross-examination. … And during closing arguments, he'll try to teach his 'friends' - jurors who believe Nacchio is not guilty - how to argue against others in the jury room. … Stern offers those tips, and many others, in an eight-volume set of books titled 'Trying Cases to Win.' The first was published in 1991, the last in 2004." The Post adds, "Stephen A. Saltzburg, co-author of three of the books, said Stern will follow the framework outlined in his books. … 'He's going to do exactly what he writes that you should do,' said Saltzburg, a professor at George Washington University School of Law in Washington, D.C., who has known Stern for more than 25 years." The Post adds, "Nacchio's trial is set to begin March 19 in U.S. District Court in Denver. If convicted, he faces a maximum penalty of 10 years in prison and a $1 million fine on each of the 42 counts of illegal insider trading. … Saltzburg said prosecutors would gain an advantage by reading Stern's books before the trial. … 'It's always a good idea to read what your adversary has written,' he said. 'It's kind of like having tried a case against somebody who you've known before. You have an idea how they approach litigation.'" The Post notes, "Department of Justice spokesman Jeff Dorschner declined comment when asked whether any of the attorneys on the Nacchio case has read Stern's books."

CRIMINAL LAW:

Iowa Prison Ruling May Decide Future Of Faith-Based Initiatives. The Washington Post (2/25, A13, Slevin, 690K) reports on a faith-based prison program in Iowa "rooted in evangelical Christianity and supported by more than $1.5 million in public funds. … A key question is its constitutionality. A trio of appellate judges, including former Supreme Court Justice Sandra Day O'Connor, is reviewing a lower court's decision that the program violates the separation of church and state. People on both sides of the dispute say the outcome could influence the future of President Bush's faith-based initiative, which links government and religious institutions in efforts to solve social problems. 'This puts into jeopardy not just faith-based nonprofits in a prison setting,' said Mark Earley, president of Virginia-based Prison Fellowship Ministries, whose affiliate, the InnerChange Freedom Initiative, runs the Iowa program. 'I think you'd see a precipitous drop in the number of faith-based organizations willing to provide services to governments.'"

Faith-Based Initiative Faces First SCOTUS Challenge Next Week. The CBS Evening News (2/24, story 8, 2:50, Assuras, 7.66M) reported, "One of President Bush's earliest initiatives faces a challenge next week in the US Supreme Court. At issue is federal support for faith-based social programs. … In 2006, a lower court said the Freedom From Religion Foundation… had legal standing as taxpayers to challenge the White House practice of spending money" on faith-based conferences, arguing that "the funding of the conferences is unconstitutional, violating the separation

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between church and state. The President has insisted the programs are on the correct side of that wall and that that they work. … This is the first Supreme Court case directly related to the President's faith-based initiative. It's scheduled to be heard this Wednesday."

New York Inmate Willing To Lose Fingers To Secure Evidence. The New York Times (2/25, Barry) reports, "On a September afternoon in 2005, with a prison guard standing beside the operating table and another outside the door, a surgeon cut into the left hand of inmate No. 99A2254." The Times continues, "The doctor was trying to find fragments of a bullet among the tiny veins and ligaments of Napoleon Cardenas's middle finger. Mr. Cardenas had been warned that removing them could cause nerve damage. Another surgeon had balked at performing the operation, saying it could violate the Hippocratic oath. … But Mr. Cardenas did not care. He was convinced that under the pale scars lay evidence that would topple two convictions in a 1994 jewel heist: his and his younger brother's. Between them, they had already served 14 years in prison for the crime. Cut off my fingers if you need to, he said." The Times adds, "Mr. Cardenas's lawyers waited anxiously outside as the surgeon, using forceps, removed two pieces of metal. The results would not, in themselves, convince the Queens district attorney, Richard A. Brown, that the brothers were innocent. But Mr. Brown's investigator was impressed by Mr. Cardenas's eagerness to have the operation. That and a growing pile of new evidence were enough to prompt the district attorney's office to start its own yearlong investigation. … On Jan. 18, Mr. Brown asked a judge to vacate the convictions of Napoleon Cardenas and his brother Carlos in the jewel heist. In a statement, Mr. Brown said his prosecutors were 'always prepared to take a hard look at a case — even post-conviction — to make certain that justice has been done.' … Steven Silberblatt, one of half a dozen Legal Aid Society lawyers who worked to overturn the Cardenas brothers' convictions, put it this way: 'Sometimes circumstances provide their own lie-detector test. When someone is willing to lose the use of his hand, you get the feeling they're probably telling the truth.'"

CIVIL LAW:

Judge To Hear Closing Arguments In Wrongful Imprisonment Suit Tuesday. The Boston Globe (2/25, Murphy) reported "life changed dramatically" for the families of Edward Greco, Joseph Salvati, Peter J. Limone and Henry Tameleo, who were convicted of murder "in state court while FBI documents that might have helped prove their innocence remained buried in the bureau's files. … On Tuesday, a federal judge will hear final arguments in a civil suit seeking more than $100 million in damages from the government." US District Judge Nancy Gertner "is expected to rule next month on whether the FBI is liable for failing to disclose documents during the 1968 trial that indicate the men were framed, and if so, how much the government should pay the men and their families." The Globe notes, "The civil case is being closely watched in Boston. … The case caps a decade of investigation into the FBI's mishandling of informants in Boston while zealously pursuing the Mafia."

CIVIL RIGHTS:

DOJ Religious Freedom Initiative Sparks Debate. The Cleveland Plain Dealer (2/25, Banks) reports, "The Department of Justice has launched a "First Freedom Project" to draw more attention to protecting the religious liberties of Americans. … 'Why should it be permissible for an employee standing around the water cooler to declare that "Tiger Woods is God," but a firing offense for him to say, "Jesus is Lord,"?" Attorney General Alberto Gonzales said Tuesday at a meeting of the executive committee of the Southern Baptist Convention in Nashville, Tenn. … 'These are the kinds of contradictions we are trying to address.'" The Plain Dealer continues, "The initiative includes a new Web site (www.firstfreedom.gov), an education program and a task force that will review religious freedom policies and cases. … Leaders of the Union of Orthodox Jewish Congregations of America, Family Research Council and Southern Baptist Ethics & Religious Liberty Commission applauded the initiative. … The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, said it was a hypocritical action by an administration that he said has tried to merge church and state." The Plain Dealer notes, "The Rev. Bob Edgar, general secretary of the National Council of Churches, welcomed the renewed focus on religious freedom but questioned why it was announced at a gathering of a single denomination. He invited Gonzales to present the project to the March meeting of the council's Committee on Religious Liberty, and suggested it also should be presented to Muslim groups. … A Justice Department spokeswoman declined to respond specifically to Edgar's criticism, but said, 'I believe he [Gonzales] intends to talk about this to other groups.'"

Bias Claims Emerge From DePauw University Sorority Evictions. The New York Times (2/25, Dillon) reports from Greencastle, IN, "When a psychology professor at DePauw University here surveyed students, they described one sorority as a group of 'daddy's little princesses' and another as 'offbeat hippies.' The sisters of Delta Zeta were seen as 'socially awkward.' … Worried that a negative

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stereotype of the sorority was contributing to a decline in membership that had left its Greek-columned house here half empty, Delta Zeta's national officers interviewed 35 DePauw members in November, quizzing them about their dedication to recruitment. They judged 23 of the women insufficiently committed and later told them to vacate the sorority house." The Times continues, "The 23 members included every woman who was overweight. They also included the only black, Korean and Vietnamese members. The dozen students allowed to stay were slender and popular with fraternity men — conventionally pretty women the sorority hoped could attract new recruits. Six of the 12 were so infuriated they quit. … 'Virtually everyone who didn't fit a certain sorority member archetype was told to leave,' said Kate Holloway, a senior who withdrew from the chapter during its reorganization. … 'I sensed the disrespect with which this was to be carried out and got fed up,' Ms. Holloway added. 'I didn't have room in my life for these women to come in and tell my sisters of three years that they weren't needed.'" The Times notes, "Ms. Holloway is not the only angry one. The reorganization has left a messy aftermath of recrimination and tears on this rural campus of 2,400 students, 50 miles southwest of Indianapolis. … The mass eviction battered the self-esteem of many of the former sorority members, and some withdrew from classes in depression. There have been student protests, outraged letters from alumni and parents, and a faculty petition calling the sorority's action unethical. … DePauw's president, Robert G. Bottoms, issued a two-page letter of reprimand to the sorority. In an interview in his office, Dr. Bottoms said he had been stunned by the sorority's insensitivity."

New York Fire Department Sees Increase In Minority Applications. The New York Daily News (2/25, Lemire) reports, "More than 4,500 more minority applicants took the FDNY written entrance exam this year than in 2002, giving fire officials hope that a multimillion-dollar campaign to start diversifying the department will end in success." The News continues, "Fire Commissioner Nicholas Scoppetta believes the jump from 3,730 to 8,297 minority candidates proves the department is making progress. … 'All the hard work we put into this campaign has paid off,' said Scoppetta. 'We hope once we begin hiring from this list next year, we'll have the most diverse group of candidates joining the world's greatest fire department.' …. But critics warned the promising numbers would be rendered meaningless if the minority applicants weren't hired." The News adds, "The FDNY recruits new members only once every four years and the department's hiring process has been closely scrutinized by Justice Department investigators. Currently, the department is 91% white. … The written test was offered at several sites across the five boroughs on Jan. 20 and 21,549 applicants sat down to take the several-hour exam, officials told the Daily News. … Of those candidates, 38.5% identified themselves as being black, Hispanic, Asian or Native American, officials said. This marks a significant increase from 2002, when 21.5% of the 17,348 applicants deemed themselves persons of color. … Though the number of white candidates dropped slightly from 13,618 in 2002 to 13,252 in January, applications from minority groups rose across the board, officials said. … Most strikingly, the number of Hispanics jumped from 2,088 to 4,026 while the number of blacks rose from 1,357 to 3,776, the statistics show. The number of women who took the test also increased, rising to 814 from 549."

Pelosi Reportedly Vowed To Oppose California State Redistricting Reform. The Los Angeles Times (2/25, Vogel, 850K) reports, "The new dynamic in Washington, with Californian Nancy Pelosi as House speaker, threatens to thwart an effort by state political leaders to overhaul the way voting districts are drawn. Fresh from their victories in the November election, Democrats in Congress don't want to risk their fragile majority. Many Republicans don't want their relatively safe seats threatened either. Their opposition promises to crimp an effort" by Gov. Arnold Schwarzenegger, Assembly Speaker Fabian Nuñez, and others to "change how California draws political boundaries every 10 years to accommodate population shifts. Nuñez said he thinks he will have to exempt Congress from legislation he is crafting to have California's political boundaries drawn by a nonpartisan panel, rather than by politically driven state lawmakers." Nuñez "said Pelosi didn't tell him directly that she would fight a redistricting initiative if it included Congress. He said he 'heard it from many other people' that she and other members of Congress would campaign to kill it."

ANTITRUST:

TXU To Abandon Plans For New Coal Plants. The New York Times (2/25, Barringer, Sorkin) reports, "Under a proposed $45 billion buyout by a team of private equity firms, the TXU Corporation, a Texas utility that has long been the bane of environmental groups, will abandon plans to build 8 of 11 coal plants and commit to a broad menu of environmental measures, according to people involved in the negotiations." The Times continues, "The roster of commitments came through an unusual process in which the equity firms asked two prominent environmental groups what measures could be taken to win their support. The result is an about-face from the company's earlier approach to climate-change issues, and includes a goal of returning the carbon-dioxide emissions by TXU to 1990 levels by 2020. …

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Environmental groups said yesterday that they had never known of a financial deal with such an ambitious built-in environmental component." The Times adds, "Two private equity firms, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, have proposed to buy TXU in what would become the largest leveraged buyout ever. … The transaction will be put to the TXU board for a vote on Sunday." The Times notes, "People involved in the negotiations said that Goldman Sachs, an adviser and lender to the buyers, helped broker peace with environmental groups and sought their support for the transaction. Goldman Sachs has been one of the most aggressive firms on Wall Street about taking action on climate change; the company sends its bankers home at night in hybrid limousines. … For the investor groups, the effort was as much about making a sound business decision to ensure the deal's completion as it was about any environmental concerns. … By bringing the environmental groups into the process, the buyers may have helped avert years of costly litigation over emissions from their plants. But they may also have raised new questions about how they will meet the energy needs that TXU intended to address by building all 11 plants; the company is said to be examining ways to expand in cleaner forms of energy. None of the parties interviewed was able to provide details."

BAR/BRI Class Action Settlement Rankles Some. The New York Times (2/25, Glater) reports, "Competitors say that a leading company ripped down their posters and used deceptive marketing tactics; former customers say that the same company paid business rivals to close their doors. And one competitor says he fears that he was the victim of outright theft." The Times continues, "This is how the business of training aspiring lawyers to pass the bar exam is conducted, according to documents and testimony that have surfaced as a result of a federal lawsuit in Los Angeles. It is a business dominated by a single company that expanded, depending on whom you believe, either by squashing its competitors or by simply offering a superior product. … That company is BAR/BRI. And students who took its courses filed a class-action lawsuit two years ago contending that the company operated an illegal monopoly and overcharged them by about $1,000 each. The students, seeking hundreds of millions of dollars in damages, also said that BAR/BRI cut illegal deals with potential competitors to protect its market. But earlier this month, lawyers in the case reached a tentative settlement agreement for $49 million, which could net each student in the class about $125." The Times adds, "The deal, which still requires court approval, has infuriated some of the original plaintiffs in the case, who harbored such anger against BAR/BRI that they wanted to see the company broken up. BAR/BRI is a unit of the Thomson Corporation, the large information services concern, and Thomson says the accusations in the lawsuit against BAR/BRI involve activities that occurred before it bought the company in 2001. BAR/BRI's lawyers say the company has done nothing wrong and that the students' claims are meritless." The Times notes, "It is hard to gauge the strength of the case against BAR/BRI, because many of the filings are sealed — at the request of the defendants, the plaintiffs' lawyers say. But depositions and other court documents that have become publicly available during the course of the litigation have been laced with accusations that BAR/BRI engaged in unsavory conduct. Other claims that have emerged in the case also suggest just how petty and cutthroat the entire bar review market can be. … In a deposition for the Los Angeles case, one former competitor, Hugh Reed, contended that BAR/BRI representatives tore his company's posters off of law school walls; both he and James J. Rigos, a current competitor, contended that the company exaggerated its students' success rate on the bar exam. And Mr. Rigos said in court filings that he believed that his offices might have been repeatedly burglarized because he was a potential witness in the Los Angeles antitrust litigation. … Lawyers for BAR/BRI have denied Mr. Rigos's accusations."

Merging Ohio Hospitals Downplay Antitrust Concerns. The Cincinnati Enquirer (2/25, O'farrell) reports, "The president and CEO of St. Elizabeth Medical Center doesn't see much potential for anti-trust concerns to block a proposed merger with St. Luke Hospital." The Enquirer continues, "While the proposed merger, announced Thursday, would consolidate Northern Kentucky's hospitals - one each in Covington, Edgewood and Grant County under the St. Elizabeth flag, plus two in Florence and Fort Thomas under St. Luke - consumers and insurers would still have plenty of providers to choose from, said Joseph Gross. … 'There's an awful lot of competition here,' Gross said. 'It's a very large market.'" The Enquirer adds, "Administrators for the hospital groups have already taken a look at potential anti-trust issues, he said, and so far, the signs are positive. … 'We, and St. Luke's, are part of a larger Cincinnati health-care market, and many of the Cincinnati hospitals, the bigger ones, compete aggressively for Northern Kentucky patients,' Gross said. 'In the past three weeks, mailings from two Cincinnati hospitals competing for patients over here have been received throughout Northern Kentucky.' … Rick Laib, chairman of St. Luke's board of trustees, pointed out that 20 percent of consumers in Northern Kentucky already go outside the region - either to Greater Cincinnati or other Kentucky providers - for health." The Enquirer notes, "In announcing their intention to merge, officials from the two hospitals pledged to keep all five facilities open and continue

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all current services. … The announcement is just the latest in an ongoing shake-up in health care in the region."

House Antitrust Task Force To Look At Satellite Radio Merger This Week. The New York Times (2/25, Austen) reports, "If the plan to merge XM Satellite Radio and Sirius Satellite Radio is approved, one result may be less music and less talk radio beamed into cars around the country. … The reasons for that, however, will have nothing to do with regulators." The Times continues, "Washington will take its first look at the proposed merger on Wednesday when the House Judiciary Committee's newly formed antitrust task force meets. Besides the scrutiny of the proposed combination, the satellite radio business is facing huge changes. … The first phase of the business — beaming dedicated music, sports and talk-radio stars like Howard Stern and Opie and Anthony directly to consumers — has not proved to have a clear advantage over old technology like free radio and newer ones like the iPod. So now satellite companies are looking into what other services they can offer to make them appealing to motorists. … 'The question they have to ask now is: what problems haven't been solved in the car?' said Michael Urlocker, a former wireless analyst with UBS Securities who is now the chief executive of The Disruption Group, a Toronto-based consulting company. 'The lack of customer sign-ups on a profitable basis should be a sign that trying to create a better iPod than Apple is a losing proposition.'" The Times adds, "Although XM and Sirius offer radio, in theory, the systems could be adapted to distribute any kind of data. And, indeed, both companies have made limited steps in that direction. Subscribers can already choose to have selected stock quotes, as well as news and sports headlines, beamed to the tiny screens on their receivers. … Both companies beam weather data to aviators and boaters through services that cost upwards of $50 a month. Later this year, XM will extend that by beaming weather information to a hand-held unit for hikers and hunters. … But Sirius has also made tentative steps toward offering video. At trade shows, Sirius has displayed prototype systems for sending video to back-seat displays like those now used by in-car DVD players. And the company recently, if vaguely, outlined plans to deliver some form of video programming aimed at children later this year."

Mexican Authorities Give Conditional Approval To Cable TV Deal. The AP (2/25) reports, "Mexico's antitrust agency said Sunday it has placed a series of conditions on media conglomerate Grupo Televisa in order for it to acquire a stake in Monterrey cable TV operator Television Internacional, or TVI." The AP continues, "The Federal Competition Commission, or CFC, said in a news release that among the conditions, Televisa would have to offer its broadcast channels on all pay TV systems in the country, and carry the broadcast signals of others on its pay TV systems." The AP adds, "Televisa sought antitrust clearance last year to acquire a 50 percent stake in TVI as the country's telecommunications companies repare for the implementation of 'triple play,' or the bundling of phone, Internet and television service on the same network."

Bloomberg (2/25, Arai) reports, "Televisa will be allowed to buy 50 percent of Television Internacional de Monterrey on the condition that it offers its free channels to all pay-TV providers nationwide, Mexico's Federal Competition Commission said in an e-mail today. Televisa, based in Mexico City, also must carry free channels from other companies, the commission said. … 'With this decision, Televisa cannot use its content as a mechanism to displace competitors,' said Eduardo Perez Motta, president of the Federal Competition Commission, on a conference call. 'This will create competition in this industry.'" Bloomberg adds, "The conditions are 'too tough' and Televisa will study what measures it can take, the company said in an e-mail today. A spokesman for Televisa in Mexico City declined to comment beyond the statement."

EU Antitrust Watchdog Gets Tough On Cartels, Microsoft. AFP (2/25) reports, "Shortly after taking office as Europe's top competition watchdog in November 2004, Neelie Kroes vowed in the face of detractors that she would not be the 'pussy cat' of big business. … Nearly half way through her five-year term, Kroes has silenced early criticism that she was too cuddly with the corporate world by not hesitating to bite business titans that squash their rivals." AFP continues, "Last Wednesday, the Dutch competition commissioner once again bared her teeth when she imposed the biggest fine ever in a EU cartel case by bringing an illegal club of lift makers crashing down with a penalty of 992 million euros (1.3 billion dollars). … In a typically hard-worded statement, she said the consumers would suffer from the effects of the 'outrageous' cartel for years and vowed that the 'the memory of this fine should last just as long' in the members' boardrooms." AFP adds, "The crushing fine was the latest move in a 'no-tolerance' crackdown on cartels that Kroes has made a top priority of her tenure during which she has built up a team of 60 regulators devoted to trustbusting. … It also came less than a month after she hit 10 companies with a fine of 750 million euros --- the third biggest ever imposed in a cartel case -- for fixing prices and carving up the market in power generating equipment. … After busting the power equipment club, Kroes stormed that she 'will not tolerate cartels in Europe and the damage that they do in any area of business.' … But Kroes has not only been busy fighting cartels as she has also repeatedly taken a hardline in

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the European Commission's long-standing battle against Microsoft."

ENVIRONMENT/INDIAN AFFAIRS:

Carter's Support For Energy Conservation Considered Far-Sighted. The Atlanta Journal-Constitution (2/25, Chapman, 379K) reports thats president, Jimmy Carter "installed solar panels atop the White House. He championed coal and nuclear power. He taxed oil company profits. He created the U.S. Department of Energy. He introduced America to ethanol. Oil imports plummeted during the Carter administration. Renewable energy research skyrocketed. Cars got more miles per gallon of gas. Thermostats were lowered to 55 degrees at night. … The Bush administration has given 'no consideration that I've ever detected for taking any sort of substantive action that would correct our growing crisis of energy,' Carter said in an interview last week at his home in Plains. 'Even in Iraq, there's no indication of this administration's willingness to call for sacrifice, except among the families who have servicemen and women in Iraq.' Carter spoke an hour before groundbreaking in Plains for an alternative fuel factory that will turn soybean oil into biodiesel to help lessen America's dependence on imports and, in the process, clean the environment. He feels vindicated that energy policies he pushed 30 years before are now accepted as mainstream."

NYTimes Urges Congress To Restrict Coal-Fired Plants. The New York Times (2/25, WK13, 1.16M) editorializes, "Much of corporate America now appears to be out in front of the Bush administration in facing up to global warming. Some big players like Pacific Gas and Electric and DuPont seem seriously committed to mandatory controls on carbon dioxide emissions — in sharp contrast to the administration's voluntary approach. Others, notably big investment banks, are still doing what comes naturally: seizing opportunities, whether or not those opportunities fit their green posturing. … Barbara Boxer and Jeff Bingaman, the two senators who will have the most to say about climate change legislation, warned in a recent op-ed piece in The Dallas Morning News that companies like TXU that are racing to complete conventional coal-fired plants (nearly 150 are on the drawing board) will not be grandfathered under any new emissions law. Like any other company, they will be forced to meet their assigned carbon targets — which could be an expensive proposition."

Sea Creatures To Patrol Puget Sound For Navy. The Washington Post (2/25, A3, Harden, 690K) reports about Navy plans to deploy dolphins and sea lions around "Naval Base Kitsap-Bangor" in Puget Sound: "To bring its technology north, however, the Navy must finesse its way around climatological, legal and political obstacles. ... One judge ordered the Navy not to move the dolphins until it studied the health consequences. And public attitudes in the area toward the use of marine mammals for military purposes are downright icy."

Indian Reservations Worried About "Culture Of Violence." The Lompoc (CA) Record (2/25, Curtis) reports from Manchester-Point Arena Rancheria, CA, "Marcos Escareno's neighbors say he was raised amid a culture of violence on this tiny American Indian reservation. And residents say the disportionate number of shootings, stabbings and other incidents often go unreported because of a mistrust of law enforcement and a fear of retribution. … At 14, Escareno is the youngest person ever charged as an adult with murder in Mendocino County after he allegedly pointed a hunting rifle into a van window on Feb. 6 and shot Enoc Cruz Salgado, his sister's 21-year-old boyfriend. He has not entered a plea and is being held on $550,000 bail." The Record continues, "Some of the roughly 250 people who make up the Manchester-Point Arena band of Pomo Indians say it was merely an extreme example of the violence that has plagued their tribe. Tribal Chairman Nelson Pinola blames drug and alcohol abuse, combined with a lack of social services on the rugged North Coast where the rancheria is located. … 'How do you fix that?' said Pinola, a sheriff's lieutenant in neighboring Sonoma County. 'If we could fix it on a reservation, I'd sure like to copyright it.'" The Record adds, "Although the shooting death of Cruz Salgado was the first homicide at Manchester-Point Arena since 1992, the earliest year for which records were available, violent crimes such as assault, battery, child abuse and shootings occurred here at a higher rate than in the surrounding county. … On the rancheria, the rate of violent crime was about 26 per 100 residents between 2001 and 2006 _ 2 1/2 times that of the surrounding county, where the violent crime rate was 10.3 per 100 people, according to records from the Mendocino sheriff's office, whose jurisdiction excludes the county seat of Ukiah." The Record notes, "Nationally, American Indians experienced a per capita rate of violent crime twice that of the U.S. population as a whole, according to a 2004 report from the U.S. Department of Justice. … Despite the high crime rate, residents insist violence on the reservation is underreported because of suspicion of outsiders, fear of reprisal attacks and concerns about alienating themselves in the community."

CONGRESS-ADMINISTRATION:

All On Air Force Two "Fine" After Problem. The Los Angeles Times (2/25, 850K) reports Vice President Dick Cheney's "plane from Sydney headed for Singapore today,

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with the White House saying it was a scheduled refueling stop and that Air Force Two had not been diverted." Australian Prime Minister John Howard earlier said "the plane was being diverted to Singapore because of unspecified problems. White House spokeswoman Emily Lawrimore said there was a problem with a generator but it posed no safety threats and the aircraft and everyone on board were fine."

Cheney Says His Job Is To Help Bush "Be The Best President He Can Be." AFP (2/25) notes the conclusion of Cheney's trip to Japan and Australia. ABC World News (2/24, story 3, 2:20, Muir, 8.78M) also reported on the conclusion of Cheney's Australia trip, running more of Jonathan Karl's interview with the Vice President. Cheney said, "I'm not running for office. I'm not worried about what the folks in Iowa are going to say in January of next year. I'm there to do a job, that's to call them as I see them, to help the President the best of my ability, be the best president he can be to address the issues of the day."

Governors Urge Bush, Congress To Address CHIP Shortfalls. The New York Times (2/25, A19, Pear, 1.16M) reports that at the National Governors Association began its winter meeting, 13 governors "expressed alarm…that they were about to run out of federal money for" the "popular" State Children's Health Insurance Program. The governors, including seven Republicans, "appealed to Congress and the Bush administration for swift action to protect hundreds of thousands of children who could lose benefits. The full association is poised to endorse that appeal. In a letter to the Democratic and Republican leaders of Congress, the 13 governors said that 'health insurance for some of our states' most vulnerable citizens is in jeopardy.' 'Without quick Congressional action,' the letter said, 'our states, all facing federal shortfalls, will be forced to make harsh decisions affecting the lives of thousands of families.' Such decisions could include freezing enrollment, restricting eligibility, increasing premiums charged to low-income families or reducing benefits like dental and vision care."

OTHER NEWS:

Citizenship Application Spike Attributed To Congressional Debate. The Los Angeles Times (2/25, A1, Gorman, Delson, 850K) reports, "Citizenship applications are skyrocketing in Southern California and across the nation, as green card holders rush to avoid a proposed fee increase, a revised civics test and possible changes in immigration law. Applications filed in Los Angeles and six surrounding counties shot up to 18,024 in January from 7,334 in the same month last year, a 146% increase, according to U.S. Citizenship and Immigration Services. Nationwide, the number hit 95,622, up from 53,390, a 79% increase. … The filings are expected to continue as Congress prepares to restart the debate on immigration reform. 'Every time we have this much talk of immigration in the news and on the Hill, we get a lot more interest,' said CIS spokeswoman Marie Sebrechts. 'We tend to see a surge in applications.' After last year's marches, immigrant rights advocates launched a campaign to produce 1 million new citizens and registered voters. They fell far short of their goal by the November election, but advocates said they were pleased with the number of immigrants who are applying for naturalization."

Bill Gates Says Congress Ought To Increase H-1B Visa Availability. In an op-ed for the Washington Post (2/25, B7, 690K), Microsoft's Bill Gates writes that if the US is "to remain competitive, we need a workforce that consists of the world's brightest minds. … We must also make it easier for foreign-born scientists and engineers to work for U.S. companies. … This issue has reached a crisis point. Computer science employment is growing by nearly 100,000 jobs annually. But at the same time studies show that there is a dramatic decline in the number of students graduating with computer science degrees. The United States provides 65,000 temporary H-1B visas each year to make up this shortfall -- not nearly enough to fill open technical positions. Permanent residency regulations compound this problem. … Last year, reform on this issue stalled as Congress struggled to address border security and undocumented immigration. As lawmakers grapple with those important issues once again, I urge them to support changes to the H-1B visa program that allow American businesses to hire foreign-born scientists and engineers when they can't find the homegrown talent they need."

"Great Anxiety" Among Christian Conservatives Over 2008 GOP Field. On its front page, the New York Times (2/25, Kirkpatrick, 1.16M) reports that a "group of influential Christian conservatives and their allies emerged from a private meeting at a Florida resort this month dissatisfied with the Republican presidential field and uncertain where to turn." The Council for National Policy, "a secretive club whose few hundred members" include James Dobson, Jerry Falwell, and Grover Norquist, "risks relegation to the margins" with the end of the George W. Bush presidency, and "many of the conservatives who attended the event…said they were dismayed at the absence of a champion to carry their banner in the next election." While Sen. Sam Brownback, Mike Huckabee, and Rep. Duncan Hunter each had supporters at the meeting, "many conservatives expressed concerns about whether any of the candidates could unify their movement or raise enough money to overtake the front-runners, several participants in the meetings said." Paul Weyrich of the Free Congress

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Foundation said, "There is great anxiety. There is no outstanding conservative, and they are all looking for that."

Romney Acknowledges Misstating Bush's Past Stance On Abortion. The Politico (2/24, Allen) reports Mitt Romney "said this week that President Bush 'was pro-choice before he became pro-life,' an assertion the Romney campaign now acknowledges was inaccurate. The remark was based on a magazine article Romney had read, his campaign said." The White House said Bush "has always been 'pro-life.' During the presidential race of 2000, Dan Bartlett -- then a spokesman for the Bush campaign, now the White House counselor -- was asked about a quotation from a Texas newspaper in 1978 suggesting Bush's position had been unclear. Bartlett told The Washington Post: 'The governor was pro-life before he ran for Congress, during his run for Congress and after he ran for Congress.' A White House official said Friday that Bartlett's quote is still accurate today."

Polygamy A Part Of Romney Family's Past. The AP (2/24, Dobner, Johnson) writes that while Romney "condemns polygamy and its prior practice by his Mormon church, the Republican presidential candidate's great-grandfather had five wives and at least one of his great-great grandfathers had 12. Polygamy was not just a historical footnote, but a prominent element" in the Romney family tree.

McCain Campaigns In San Diego. ABC World News (2/24, story 5, :15, Muir, 8.78M) reported, "On the campaign trail today, Arizona Sen. John McCain was in San Diego, courting California Republicans."

Clinton Camp Warns Democrats Against Raising Ex-President's Impeachment. The Washington Post (2/25, A4, Kornblut, 690K) reports Sen. Hillary Clinton "has a new commandment for the 2008 presidential field: Thou shalt not mention anything related to the impeachment of her husband. With a swift response to attacks from a former supporter last week," the Clinton team "offered a glimpse of their strategy for handling one of the most awkward chapters of her biography. They declared her husband's impeachment in 1998 -- or, more accurately, the embarrassing personal behavior that led to it -- taboo, putting her rivals on notice and all but daring other Democrats to mention the ordeal again. 'In the end, voters will decide what's off-limits, but I can't imagine that the public will reward the politics of personal destruction,' senior Clinton adviser Howard Wolfson said Friday, when asked whether the impeachment is fair game for Clinton's opponents. Earlier in the week, Wolfson dismissed references to President Bill Clinton's conduct as 'under the belt.' But the reality, of course, is that the impeachment was conducted very much in public." While Sen. Clinton "has spent the past seven years establishing her own identity as a public servant, Clinton has been embracing the more popular aspects of her husband's presidency more widely as she mounts her own campaign, with frequent references to their time together in the White House and their joint legacy. And as she has invoked the good Bill Clinton, she has risked invoking the bad, several Democratic strategists said."

Chait Says Conservatives "Spooked By The Clintons." In his Los Angeles Times (2/25, 850K) column, Jonathan Chait writes, "It is an odd article of faith among conservatives that Hillary Clinton is a sure-fire lock to win" the Democratic nomination. This belief "says more about them than it does about her. The belief in her invincibility is a product of their deepest fears. After all, it's not as though conservatives think that Clinton is a brilliant, natural politician. Nobody does. … When they try to talk about why Clinton inevitably will roll over her primary competition, they usually invoke the dreaded 'Clinton machine.' … Is the idea that Clinton's team is so battle-tested from her husband's presidency that it knows how to play the game far better than the competition? It's a plausible theory, but so far it doesn't seem to be working out that way. … Clinton looks extremely vulnerable. Why do so many conservatives insist that she's a lock to get the nomination? A few of them have a strong vested interest in the Hillary Clinton boogeyman." But the "bigger factor, I think, is that conservatives are spooked by the Clintons."

WPost Says Clinton Should Release Names Of Bundlers. The Washington Post (2/25, B6, 690K) editorializes that with John Edwards and Rudy Giuliani joining the list of presidential candidates vowing to "release voluntarily the identities of their big bundlers and, within some range, the amounts they raised," one "prominent figure" remains "absent from this picture: Hillary Rodham Clinton. … To ask for this information is not to suggest malfeasance or corruption on the part of Ms. Clinton's campaign or any other. It is simply to reassert the fundamental premise of campaign finance disclosure: that it is essential to a healthy, transparent system to know the identities of those underwriting political candidates."

Edwards Talks Health Care In New Hampshire. ABC World News (2/24, story 5, :15, Muir, 8.78M) reported, "In New Hampshire, former vice presidential nominee John Edwards talked to fellow Democrats about health care." The New Hampshire Union Leader (2/25, Devine) reports "more than a hundred supporters packed the home and living room" of a house in Salem to hear Edwards discuss his plan for universal health care. Edwards said, "Universal health care is not cheap. I'm not saying it isn't. But I think it's critical for America to remain strong in the long run." The Nashua Telegraph (2/25, Landrigan) says Edwards "is the only major

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candidate to present a comprehensive plan that requires employers to offer coverage or pay into an insurance fund."

"Rock Star" Gore Could Take Home Oscar Tonight. The Washington Post (2/25, Booth, 690K) runs a front-page feature headlined "Al Gore, Rock Star," with the sub-headline "Oscar Hopeful May Be America's Coolest Ex-Vice President Ever." The Post writes, "In the annals of vice presidential history, tonight will be something different. In his black tux, the man known to his most fervent fans as 'The Goracle' will arrive by hybrid eco-limo and, surrounded by fellow Hollywood greenies Cameron Diaz and Leonardo DiCaprio, will stroll down the red carpet at the Academy Awards to answer the immortal question: 'Al, who are you wearing?'" Gore's "An Inconvenient Truth," the "100-minute movie that is essentially Gore giving a slide show about global warming, is the third-highest-grossing documentary ever," and is "also the hot pick tonight for Best Documentary, and if its director, Davis Guggenheim, wins an Oscar, he plans to bring Gore along with him to the stage to accept the golden statuette and perhaps say a few words. … Incredible as it may seem," Gore is "geek-chic cool. No velvet rope can stop him."

Helena Andrews writes in The Politico (2/24) that if Gore wins, "that means an acceptance speech – and let's face it, Gore's no Billy Crystal. So before Al uncrumples and reads from a dinner napkin outlining a dissertation on climate change, a few of Washington's funniest phrase-turners offer this prudent advice: Keep it short, keep it light and keep 'em laughing. Given the enormous spotlight, Gore could have more at stake than just bombing before the crowd of Prius-driving, energy-saving-bulb-using, Versace-swathed starlets in Hollywood. After all, he hasn't completely ruled out a 2008 presidential run." The New York Times (2/25, WK1, Zernike, 1.16M) takes a look at Hollywood's past and present role in raising money for candidates.

Most Experienced Candidates Lag Near Bottom Of Democratic Field. The Los Angeles Times (2/25, Neuman, 850K) writes that "experience -- and how to measure it --- has become one of the first big debating points of the 2008 presidential race. In one of the curiosities of the Democratic primary, some of the candidates with the most experience in national politics are at the bottom of the early popularity surveys," while Sen. Barack Obama, "with a mere three years on the national stage, is this year's campaign-trail sensation." Sen. Christopher Dodd, "with 33 years in the House and Senate," has been "trying to heighten the importance of Washington knowledge," while Gov. Bill Richardson, "15 years in the House, two years as U.N. ambassador, three years as energy secretary," highlights "his 'unparalleled experience,'" and Sen. Joseph Biden, "35 years in the Senate," has said, "It's not so much whether I can compete with their money, but whether they can compete with my ideas and my experience."

Governors Nearly Absent From Crowded Field. The Washington Post (2/25, A4, Balz, 690K) looks at the near-absence of governors from the race, with only Richardson currently serving as a state's chief executive. And at the opening of the winter meeting of the National Governors Association, "few attendees expressed any desire to get involved on behalf of a presidential candidate." Pennsylvania Gov. Ed Rendell "said that because of the heavily front-loaded nomination calendar, he and others may have more to lose than gain by picking a candidate now. 'Why risk ticking off the eventual nominee when there's no value to it?' Rendell asked."

Dodd, Richardson Could Benefit From Vilsack Exit. The Washington Post (2/25, A2, Cillizza, Murray, 690K) looks at the "winners and losers" resulting from Tom Vilsack's departure from the presidential race. With Vilsack out, the Iowa caucuses are a winner, while Nevada is a loser, since "second-tier candidates looking to make the big leap will probably devote most of their limited resources to making a move in Iowa. The Nevada caucuses, set for five days later, will be an afterthought." Richardson, "the only candidate left on the Democratic side with executive experience," and Dodd, "is slowly but surely positioning himself to take advantage of a stumble by the front-runners," are winners. Vilsack himself is a loser, as his "decision to get out so quickly does little to enhance his chances at being picked for the national ticket."

Vilsack's Exit Linked To High Cost Of Campaigning. ABC and CBS both ran reports on campaign financing and the presidential campaign, tied to Vilsack's exit. ABC World News (2/24, story 6, 2:05, Hendren, 8.78M) reported that Tom Vilsack "had a key home state and a popular antiwar message. … What he lacked was cash. … He had raised more than $1 million last year -- an amount Barack Obama raised in a single day in Hollywood last week. Republican Mitt Romney brought in $6.5 million in a single day last month. … In 1952, the last time there was no incumbent in the race, Dwight Eisenhower won after spending $6.6 million in the general election. Political analysts estimate that by the time it's over, the republican and democratic nominees this time will have spent $500 million apiece." The CBS Evening News (2/24, story 2, 2:35, Assuras, 7.66M) said, "A political deep freeze is in store for any White House hopeful who is not able to raise tension of millions of dollars in campaign money. Total spending on presidential campaigns increased tenfold between 1976 and 2004; and could hit $1 billion during campaign '08. The high price of admission has already inflicted one casualty" in Vilsack.

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Luntz Says GOP Must Reach Out To "Fed-Ups." In a Washington Post (2/25, B1, 690K) op-ed, corporate communications adviser and former Republican pollster Frank Luntz writes that Republicans in Congress "cannot regain their majority merely by relying on a coalition of traditional conservatives and evangelicals. They must reach out to what I call 'the fed-ups' -- a large and growing constituency of independent voters who have held the balance of power in every election since 1992, and will hold it again in 2008. … There are some hopeful signs. Both the early front-runners for the GOP presidential nomination," Rudy Giuliani and Sen. John McCain, "have appeal beyond the party's base of conservative supporters."

Broder Sees Much Work Ahead For Unity08 Effort. In a June 2006 column, David Broder took a look at the "Unity08" effort to recruit and nominate a bipartisan third-party presidential ticket via the Internet, and in his Washington Post (2/25, B7, 690K) column today, he returns to the subject, writing that 35,000 people have signed up so far to participate in the effort, according to Doug Bailey, one of the project's founders. Broder says, "They obviously have a long way to go before they can claim to be a viable political force, but they are making slow, steady progress." But after the "extremely cumbersome" process of setting up nomination rules and voting procedures, and getting their nascent party on state ballots, "then comes the challenge of recruiting a candidate or candidates for Unity08 to back. If its organizers had a compelling person already lined up, their task would be much easier, but they do not."

Perry's Attempt To Strengthen Texas Governorship Falters. The Houston Chronicle (2/25, Ratcliffe, 530K) reports Gov. Rick Perry's "five-year drive to add some muscle to Texas' weak governor system hit a brick wall last week. First, a state district judge ruled that Perry lacked the power to tell state administrative law judges by executive order to speed up hearings in TXU Corp.'s request for coal-fired electric plant permits. The next day, a House committee approved a bill to overturn Perry's executive mandate that all sixth-grade girls be vaccinated against a sexually transmitted virus that causes most cervical cancers. 'On the vaccine, the Legislature was relatively insulted about that,' said House Appropriations Chairman Warren Chisum, a Republican who has been allied with Perry in the past. 'They just felt it was important to exercise their authority as a Legislature.'"

NYTimes Blames States For Undermining NCLB. The New York Times (2/25, WK13, 1.16M), in an editorial, writes that in the case of the No Child Left Behind Act, "things have not worked as Congress planned. … Many states opted for dumbed-down tests and deliberate sleight of hand to create the fraudulent appearance of progress. As a result, states that perform well with their own watered-down exams do shockingly poorly when their students take the far more rigorous federal test known as the National Assessment of Educational Progress. A report this month by the bipartisan Commission on No Child Left Behind highlights this problem and calls for the development of more rigorous tests and national standards in reading, language arts, math and science."

WPost Urges Maryland To Adopt Public Campaign Financing. The Washington Post (2/25, B6, 690K), in an editorial, writes, "Last year, Maryland candidates for public office at the state level raised $93.6 million for their campaigns, up 69 percent from 2002. … So why isn't public financing of elections a hotter issue in Annapolis? … A bill before the General Assembly is modeled on rules already working well in Maine and Arizona. And public funding's advocates make the not implausible argument that the scheme would pay for itself soon enough as lawmakers, less beholden to special interests and corporate contributors, trimmed pork-barrel spending and tax breaks for the favored few."

Iran Says US "In No Position" For Military Confrontation. Under the headline, "Iran Urges Talks On Nukes, Not War," the Washington Times/AP (2/25, A1, Dareini) notes Iranian Foreign Minister Manouchehr Mottaki "said yesterday the United States was in no position for another war and maintained that negotiations -- not threats -- were the only way to resolve the standoff over its nuclear activities." He "was responding to Vice President Dick Cheney, who renewed Washington's warning to Iran earlier yesterday that 'all options' were on the table if Tehran continues to defy U.N. demands to halt uranium enrichment." Mottaki "said the U.S. could not afford to settle its differences with Iran by starting a third war after Afghanistan and Iraq," and "urged the U.S. and its allies to return to dialogue when they are scheduled to meet in London next week."

Doubts Raised About US Intelligence On Iran. On its front page today, the Los Angeles Times (2/25, A1, Drogin, Murphy, 850K) reports, "Despite growing international concern about Iran's nuclear program and its regional ambitions, most U.S. intelligence shared with the [IAEA] has proved inaccurate and none has led to significant discoveries inside Iran." IAEA sources "said the CIA and other Western spy services have provided sensitive information to [them] at least since 2002, when Iran's long-secret nuclear program was exposed. But none of the tips about supposed secret weapons sites provided clear evidence that the Islamic Republic is developing illicit weapons." The Times adds that

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"the reliability of U.S. information and assessments on Iran is increasingly at issue as the Bush administration confronts the emerging regional power on multiple fronts: its expanding nuclear effort, its alleged support for insurgents inside Iraq and its backing of Middle East militant groups." Administration "officials privately acknowledge that much of their evidence on Iran's nuclear plans and programs remains ambiguous, fragmented and difficult to prove."

Hoagland Counsels "Strategic Patience" To Disarm Iran. In his Washington Post (2/25, B7, 690K) column, Jim Hoagland says the "bravado of the first Bush term has been replaced by a sadder and quieter way of doing business abroad as Iraq has sapped U.S. capabilities and political cohesion." Noting recent steps with North Korea and Iran, he says the "sense of a U-turn is reinforced by Bush's reliance this time on the negotiating skills of his diplomatic corps and on European and Asian partners to reach, enforce and pay for the projected deals, which would serve as twin tombstones for a brief era of U.S. unilateralism." Citing "divisions in Iran's leadership," Hoagland says "U.S. and European policy should play on those divisions." He concludes, "Bush seems to have decided to employ strategic patience in seeking a verifiable nuclear deal with North Korea and to have taken a long-range view of regional stability. He should do no less with Iran, however much manufactured outrage or contrived mockery it provokes, in Tehran or in Washington."

El-Baradei To Lead IAEA Talks In North Korea Next Month. In continuing reporting on North Korea's willingness to allow IAEA inspections of its nuclear facilities, Bloomberg (2/25, Kim) reports IAEA Director-General Mohammed El-Baradei "accepted an invitation from North Korea to visit the country in March for talks on its nuclear program." El-Baradei said in a statement that he views "this as a step toward the denuclearization of the North Korean Peninsula," and said "we will discuss issues of mutual concern and how we can implement the agreement," including the "shut-down and eventual abandonment of the Yongbyon nuclear facility, including the reprocessing facility."

LATimes Welcomes IAEA's Return To North Korea. In an editorial today, the Los Angeles Times (2/25, 850K) says the "invitation" conveyed to El-Baradei was one "he couldn't refuse." The IAEA is "imperfect yet indispensable," the Times adds, and, "as a keeper of the international nuclear order, it is better than the alternatives — a conclusion even the Bush administration appears to have accepted." The invitation is "encouraging," but "the key test will be whether it discloses anything meaningful about its nuclear operations." Elsewhere, El-Baradei and President Bush "disagree on Tehran," but "these are policy disputes. The IAEA's strength is more practical. It is powerless to force nations to allow its inspectors to go where they are not wanted, nor can it catch determined cheats. But it has earned credibility for honestly reporting what its inspectors find and where they are not permitted to look. For this alone, its return to North Korea will be useful."

Nunn's Reassessment Of Nuclear Weapons Strategy Analyzed. The New York Times Magazine (2/25, Crowley) in a profile of former Sen. Sam Nunn running more than 5,000 words, writes that a decade after leaving the Senate, "where he spent years as chairman of the Armed Services Committee, Nunn posed one, overriding question about his list of things we'll wish we had done if a doomsday should ever come: 'Why aren't we doing them now?' In a sense, his own answer has been to help found and run the Nuclear Threat Initiative, a Washington-based foundation largely bankrolled by Nunn's friends Ted Turner and Warren Buffett. In what may be the most ambitious example of private dollars subsidizing national security, the N.T.I. is trying to fill in the gaps where government is failing to reduce nuclear threats. In other words, to do the things now that we would otherwise wish we had done. … As he sees it, the trouble is, in a defense establishment that once war-gamed the end of the world a thousand different ways, there has been a shortage of thinking about what the right direction looks like or how to take it."

Putin, Having "Transformed" Russian Politics, Could Hand-Pick Successor. A nearly 5,000-word piece in today's New York Times Magazine (2/25, Myers) details the politics and challenges of succession in Moscow as Vladimir Putin begins his presumed last year in office." Sergei Ivanov "has never expressed the desire to be president — neither in public nor, as far as anyone who knows will tell, in private. Neither has Dmitri A. Medvedev, the other first deputy prime minister and the other presumed-to-be-leading candidate. Nor have Valentina I. Matviyenko, the energetic governor of St. Petersburg; Vladimir I. Yakunin, another former K.G.B. agent who heads the state-owned Russian Railways; Sergei S. Sobyanin, a former governor and the president's chief of staff; Dmitri N. Kozak, the presidential envoy to the turbulent Caucasus; Boris V. Gryzlov, the speaker of the lower house of Parliament; Sergei M. Mironov, the chairman of the upper house; or Sergei V. Chemizov, director of the state arms-marketing monopoly who served as an intelligence officer with Putin in East Germany." The Times clarifies, "No one knows for sure who might emerge as a candidate, because Putin himself will decide, and he has given no indication yet of his final choice. What is certain is that whomever he selects will become the next president of Russia." Noting that "it has become impossible to imagine anyone else in charge," the Times adds that Putin's "genuine popularity, nourished by the

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czarlike aura cultivated around him, has smothered any chance for an alternative national leader to emerge, even one of his own choosing."

Lavrov Says Russian Assertiveness Need Not Augur New Cold War. In an op-ed in today's Washington Post (2/25, B7, 690K), Russian Foreign Minister Sergei Lavrov says, "At a time when Russia is ready and eager to play a positive role in world affairs and integrate into the global economy, it does far more harm than good to treat Russia as a hostile nation whenever Moscow and Washington disagree." Of Putin's recent Munich speech, Lavrov says Putin "was neither attacking the United States nor proposing Russia as a counterbalance to U.S. unilateralism. Instead, he called for a world with many centers of influence where different interests work together, multilaterally, to shape a common denominator on global issues." Lavrov continues, "It only makes sense that we would hold our own views and expect them to be taken seriously," and "we will not compromise the right of the Russian people to decide things for themselves and be heard on international issues." He calls it "a grave error" to view "the honest and open airing of concerns as some sort of casus belli."

WPost Chides Bush Administration, Russia For Missile Defense Posturing. In an editorial entitled "Missile Fantasies," the Washington Post (2/25, B6, 690K) says the "emerging debate over the deployment of U.S missile defenses in Central Europe is based on a series of false pretenses" by both the Bush Administration and the Czech and Polish governments. But "the prize for cynical posturing, nevertheless, goes to Russia, which in the past few days has suddenly advanced a claim that it knows to be false: that the deployment of the antimissile system would weaken the Russian nuclear deterrent." For its part, the Post says, the US is merely "determined to create a program so literally set in concrete that it can't be stopped or reversed by future presidents… Whether the technology actually works or a threat exists that justifies the rush never seems to matter much." Calling Moscow's "gamesmanship" "worrisome," the Post concludes the Kremlin "may use the U.S. defense program as an excuse to revive a major piece of the Soviet nuclear arsenal with which to threaten NATO members in Europe. It's hard to think of a quicker way to revive the Cold War."

Chinese Human Rights Lawyers Spar Over Tactics For Change. A 3,000-word piece on the front page of the New York Times (2/25, Kahn, 1.16M) front page details two Chinese human rights lawyers' tactics for expanding freedom and democracy. But like "many who devote themselves to expanding freedoms and the rule of law in China, the two spend as much time clashing over tactics and principles as they do challenging the ruling Communist Party." They "are part of a momentous struggle over the rule of law in China. Young, well educated and idealistic, they and other members of the so-called weiquan, or rights defense, movement, aim to use the laws and courts that the Communist Party has put in place as part of its modernization drive to constrain the party's power."

Scholar Sees Chinese One-Party Rule Enduring. In the Los Angeles Times (2/25, 850K), professor James Mann says of China's future, "It is possible to envision three scenarios for China. One can be called the Soothing Scenario: that China's authoritarian political system is bound to open up, or even that it is already evolving toward political liberalization." There is also an "Upheaval Scenario," and "then there is what I call the Third Scenario: that China's one-party political system will not change in any fundamental way. This view holds that China will remain an authoritarian regime over the long term." Mann says the latter "is perhaps the most likely. … The best time to see whether China will really open up or remain authoritarian will be in the year or two after the [2008 Olympics] visitors go home. I believe that China's current one-party system will endure far into the future."

Taiwanese Premier Will Seek Presidency. AFP (2/25) carries the announcement that Taiwanese Prime Minister Su Tseng-chang "will seek the ruling Democratic Progressive Party's nomination for the 2008 presidential race." The "60-year-old, a former human rights lawyer and popular co-founder of the pro-independence [DPP], emphasized Taiwan's sovereignty." AFP says "Su became the third DPP heavyweight to make public his presidential bid, following former premier Frank Hsieh, who stood down as premier a year ago, and DPP chairman Yu Shyi-kun." Vice President Annette Lu may also seek the DPP nomination.

Europeans Decline To Promise Aid Resumption To Palestinians. The AP (2/24, Charlton) reports Palestinian President Mahmoud Abbas "ended his European tour Saturday without persuading any country to end crippling economic sanctions based on his power-sharing deal with" Hamas. French Foreign Minister Philippe Douste-Blazy's offer to work with that unity government is called "the bright spot" of Abbas' mission. However, even Douste-Blazy "made no commitments on resuming aid… Europe's governments remained firm: Any new Palestinian government must recognize Israel's right to exist before direct international aid can resume."

IDF Enters Nablus, Imposes Curfew. The AP (2/25) reports, "Dozens of Israeli jeeps and armored vehicles raided the West Bank city of Nablus [today] and placed tens of thousands of Palestinians under curfew." IDF sources said that troops "uncovered an explosives laboratory in the city and that soldiers had been shot at in several places and returned fire. No injuries were reported on either side."

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Israeli "bulldozers pushed rubble into piles on main roads to make them impassable," while "troops placed about 50,000 people under curfew in the center of Nablus and closed the main entrance to the city."

Violence Could End Hamas-Fatah Calm. The New York Times (2/25, A8, Kershner, 1.16M) reports, "Five Palestinians were killed and more than 40 wounded in fighting between clans on Friday and early Saturday in Khan Yunis, a town in the southern Gaza Strip." The fighting "took on a factional hue, since one of the families is identified with Hamas and the other with" Fatah. The violence "raised fears of a possible round of revenge killings and renewed factional fighting between Hamas and Fatah after two weeks of relative calm."

Italian President Asks Prodi To Lead Government, Seek Confidence Vote. Under the headline, "Prodi Gets A Second Chance To Lead Italy," the New York Times (2/25, Fisher, 1.16M) reports Prime Minister Romano Prodi "was given a second chance to lead Italy's government on Saturday, though allies and enemies worried that his still-fragile coalition would remain divided and vulnerable to another collapse." Since his resignation into a caretaker role on Wednesday, Prodi "has forced party leaders into line, even though the underlying ideological splits remain in place, as does his razor-thin majority in the Senate." Yesterday, President Giorgio Napolitano "concluded that there was 'no concrete alternative' and asked Mr. Prodi to try again." While Prodi "is expected to have little trouble in the lower chamber, the House of Deputies, where he enjoys a wide majority," the Times says he "would make no firm predictions about the Senate."

Chavez Arms Purchases Raise Alarm, Criticism. The New York Times (2/25, Romero, 1.16M) reports, "Venezuela's arms spending has climbed to more than $4 billion in the past two years, transforming the nation into Latin America's largest weapons buyer and placing it ahead of other major purchasers in international arms markets like Pakistan and Iran." Officials in Caracas "say the arms acquisitions, which include dozens of fighter jets and attack helicopters and 100,000 Kalashnikov assault rifles, are needed to circumvent a ban by the United States on sales of American weapons to the country. They also argue that Venezuela must strengthen its defenses to counter potential military aggression from the United States." The Times says the "retooling of Venezuela's military strategy, which includes creation of a large civilian reserve force and military assistance to regional allies like Bolivia, has been part of a steadily deteriorating political relationship with" Washington, which has had "harsh criticism" for Caracas' "escalation of arms spending."

Chavez Says Bush's Latin America Trip Will Be "Failure." The AP (2/24) carries comments by Venezuelan President Hugo Chavez "that he saw U.S. President George W. Bush's upcoming tour to Latin America as a diplomatic offensive aimed at isolating his leftist government." He "said that Bush's planned trip was 'without a doubt' aimed at dividing the region and containing Venezuela's influence." He is quoted predicting the trip is "destined to the abyss of failure." The White House "has said Bush's trip is aimed at underlining the U.S. government's commitment to the region and advancing democracy and its benefits, including health, education and economic opportunities."

Somali Violence Kills 10, Sparks Exodus From Mogadishu. The Washington Times/AFP (2/25, Abdinur) reports, "Thousands of terrified civilians poured out of the Somali capital yesterday after heavy fighting between Ethiopian troops and gunmen overnight left at least 10 persons dead." Many Somalis "left on foot for the relative calm of the surrounding countryside." The past "week saw some of the heaviest fighting in the capital since late December," and Somali and Ethiopian officials "blame remnants of the Islamist movement for stoking the violence."

High Unemployment Could Be Key To Senegal Election. The Washington Post/AP (2/25, A19, Callimachi) examines the "top election issue" in Senegal – employment. The public works projects of President Abdoulaye Wade, who is seeking reelection, "include the new sea-hugging highway, a second major airport and a pan-African university. Yet in a country where half the population of 12 million is unemployed, some Senegalese say they would settle for a decent job and three meals a day." Wade "said his critics are missing the larger picture," and he "points to an annual growth rate of almost 5 percent … and to job-creating initiatives such as raising crops whose oil can be used for biofuels."

Mbeki Said To Foster Gradual, Structural Improvements In South Africa. The Washington Post (2/25, A18, Timberg, 690K) examines the "change" seen in South Africa during Thabo Mbeki's presidency. "Inequality remains extreme in South Africa, with sharp divisions along lines of race and class. But Mbeki … has already crafted a legacy of fiscal stability and modest racial progress that, advisers say, he is working furiously to protect as rivals vie to replace him." He is "competing for a third term as party leader, a move that would help him handpick the next president. But analysts say the outcome is far from certain in a year they call the most politically tumultuous since apartheid." The Post says the "slow pace of change" could become "Mbeki's most glaring weakness." However, the Post adds, while "the racial order has proved dauntingly

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resilient, a strong economy has provided benefits to all levels of society." While Mbeki's "cerebral approach to the presidency will never generate the enthusiasm many South Africans felt for Nelson Mandela," Mbeki "was the intellectual force behind policies that have allowed the country to become fiscally sound while gradually providing homes, water, electrical connections and grants to millions of the poorest South Africans."

Kristof Highlights Need For Supporting Maternal And Child Health Programs. In his New York Times (2/25, WK15, 1.16M) column, Nicholas Kristof says the Bush Administration should consider the impact of proposed budget cuts in global maternal and child health programs. "For every woman who dies in childbirth worldwide, another 20 are injured. But because the victims are born with three strikes against them — they are poor, rural and female — they are invisible and voiceless, receiving almost no help either from poor countries or from the developed world." While domestically "neither Democrats nor Republicans have ever shown great interest in maternal health," Sri Lanka and Honduras "have both shown how poor countries can drastically cut rates of death and injury." Kristof says the US and other nations should support those who are "showing the world how to turn the tide of maternal mortality and morbidity" and "offering comfort to some of the most forlorn people in the world."

Researcher Says Kennan's "Containment" Remains Powerful Concept Today. Headlining his Los Angeles Times (2/25, 850K) op-ed, "Containment Makes A Comeback," professor Ian Shapiro writes, "Containment is a Cold War idea, articulated by historian and diplomat George Kennan." Kennan "argued that as long as the Soviet Union did not attack us, we should not attack it," and "history proved him right." While the Administration believes "containment in fact obsolete," Shapiro says "numerous parallels suggest that it is not." Saying "Libya should be" the "model for Iran," Shapiro believes the Administration views "it differently and are pushing the modern equivalent of rollback, suggesting that we should attack Iran to stop its nuclear weapons program." Citing Kennan's opposition to NATO and the UN, Shapiro notes, "It is ironic that the two areas in which Kennan's views are most outdated and wrongheaded — working with regional allies and international institutions — are the two areas in which the Bush administration follows his lead." He concludes, "Containment is not obsolete. The Bush doctrine is."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Diplomats Call U.S. Intel On Iran Nukes 'Wrong.'"
"Citizenship Bids Soar, Pre-Changes."
"Glendale Church Helps Iraq Faithful."
"Negro Spirituals Hit High Note At L.A. Event."
"Severe Storms Injure 27 In Arkansas."
"Washington Dems Might Nix Calif. Redrawing."

New York Times:
"Christian Right Labors To Find '08 Candidate."
"Iraq Rebel Cleric Reins In Militia; Motives At Issue."
"Rivals On A Legal Tightrope Seek To Widen Freedoms In China."
"In Big Buyout, Utility To Limit New Coal Plants."
"In The Stent Era, Heart Bypasses Get A New Look."

Washington Post:
"11 Days Till Baghdad."
"Metro Chief Vows Better Bus Safety."
"Va. House, Senate Approve Roads Bill."
"Al Gore, Rock Star."
"Smithsonian Head's Expenses 'Lavish,' Audit Says."

Washington Times:
"Truck Bomb In Iraq Hints Of Sunni Feud."
"Iran Urges Talks On Nukes, Not War."
"Rockville Aims At Speeders With First Cameras."
"Stars To Catch 'Green' Rides To The Red Carpet."
"Hospitals' Hidden Danger."

Detroit Free Press:
"Whereabouts Of Missing Woman Still A Mystery."
"Snow, Sleet And Windy Conditions Expected In Detroit Area Through Sunday."
"Spartans Continue Roll, Top Indiana."
"Forsberg, Predators Drop Red Wings."

Atlanta Journal-Constitution:
"It's Open Season On Ga. Tax System"
"'Today Daddy Went Back To Iraq.'"
"Jimmy Carter Gets His Due."
"Job Injuries Cripple Latinos."
"Group On POW Mission."
"Virginia Passes Slavery Apology."
"Toxic Cleanup In Social Circle."
"Perdue Goes Fishing For Tourists."

Dallas Morning News:
"Perry's Executive Muscle Flexing Falls Flat."
"Fire Highlights Need In Unincorporated Fresno."
"Environmental Groups' Input Sought In TXU Buyout."
"Houston WiFi To Benefit Lower-Income Residents."

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"HISD Worker Gets To Keep Pan With Virgin Image."
"Today's Astros Stars Rank Among Team Greats."
"Sorority Evicts Overweight, Unpretty In Indiana."
"Butlers, Caviar, Pampering On Crystal Cruises."
"Lawyer: No Anna Nicole Funeral Before Tuesday."
"White House Conducts Three-Hour Bomb Drill."
"European Probe Flies By Mars On Way To Comet."

Houston Chronicle:
"Cotton Bowl On Shaky Ground."
"Grapevine Baseball Player Dies Of Injuries."
"TYC Worker Cites Backlash After Reporting Possible Abuse."
"Colors Set Tone In Ads For Mayor's Race."
"Rising N. Texas Land Costs Pose Challenge For Habitat."
"High Winds Knock Out Power, Ground Planes."
"Students Get Sensitivity Training Over 'We Love Jesus' Chant."
"Length Of School Day Under Review Across Nation."

Story Lineup From Last Night's Network News:
ABC: Winter Weather; Iraq Bombing; Cheney-Australia; Terror Drill-National Guard; McCain-California; Campaign Financing; Duke Lacrosse Team; Australia-Global Warming; Couple's Movie Up For Oscar.
CBS: Winter Weather; Campaign Financing; Diplomatic Incident-Iraq; Violence In Iraq; Chicago Mayors; Virginia Apologizes For Slavery; Duke Lacrosse Team; Kennedy Letter Auctioned; Faith-Based Initiative Challenge; Costume Designer.
NBC: Winter Weather; Diplomatic Incident-Iraq; Walter Reed Conditions; Walter Reed Progress; Airport Screening; Internet Addiction; Zookeeper Attacked By Jaguar; Cigarette Campaign Targets Women; Child Star Nominated For Oscar.

WASHINGTON'S SCHEDULE

Today's Events In Washington.
White House:

PRESIDENT BUSH — 8 p.m. President and Mrs. Bush participate in State Dinner for the Nations Governors. State Dining Room, The White House. 9:20 p.m. President and Mrs. Bush attend Entertainment. East Room, The White House. There will be no gaggle and no briefing.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: GOVERNORS _ The National Governors Association holds its Winter Meeting. Highlights: 8 a.m. Southern Governors Association meeting. 3 p.m. Plenary session on science, technology, engineering and math education, with keynote by James Simons of Renaissance Technologies Corp. 4:30 p.m. New England Governors meeting. 4:30 p.m. Midwestern Governors Association reception. 7 p.m. Dinner at the White House with President Bush. Location: JW Marriott, 1331 Pennsylvania Ave, NW, unless otherwise noted. Contacts: Jodi Omear, 202-624-5346. Notes: Media RSVP required. Event credentials required. Press room is the Russell Room, 202-626-1714.

AFGE _ The American Federation of Government Employees, the nations largest union of federal and DC government workers, holds its annual legislative conference. Highlights: 10 a.m. Briefing on DC Voter Rights for DC Government Workers, with DC Council member Kwame Brown and Eugene Kinlow, director of outreach for DC Vote. 1 p.m. Former Sen. John Edwards, Gov. Bill Richardson of New Mexico and Rep. Dennis Kucinich. 2:30 p.m. National President John Gage. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Enid Doggett, 202-639-6422.

JEWISH COMMUNITY POLICY _ Jewish leaders from the United States and Canada meet to debate, analyze and vote the Jewish community's domestic and international policy at the 2007 Jewish Council for Public Affairs plenum. Highlights: 11 a.m. Opening and welcome. 9:30 p.m. Special program on Darfur. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: 202-265-3000.

SUSTAINABILITY _ More than 350 Jewish college activists meet for a conference on sustainability, sponsored by Hillel: The Foundation for Jewish Campus Life. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: Jeff Rubin, 202-449-6534.

ANTI-HUNGER CONFERENCE _ The Food Research and Action Center and America's Second harvest hold the 2007 National Anti-Hunger Policy Conference. Highlights: 12 p.m. Luncheon session with Jim Weill, President, Food Research and Action Center; Vicki Escarra, President, Americas Second Harvest; and Carolyn Morrison, President, National CACFP Forum. Washington Court Hotel, 525 New Jersey Ave. NW. Location: As noted. Contacts: Jennifer Adach, 202-631-3206.

CLEAN ENERGY-JOBS _ The Apollo Alliance holds a summit to discuss the movement for clean energy and good jobs. Highlights: 7 p.m. Opening remarks - Sierra Club president Carl Pope, United Steelworkers Union President Leo Gerard and CERES President Mindy Lubber. Location: Hotel Washington, 515 15th St. NW, unless otherwise noted. Contacts: Noreen Nielsen, 202-955-5665.

GULF WAR CEREMONY _ 12 p.m. The White House Commission on Remembrance holds the 16th annual Remembrance Ceremony honoring Gulf War Casualties. The ambassador of Kuwait, government officials, and representatives of the coalition countries will participate. Location: Section 60, Arlington National Cemetery. Contacts:

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Steven Schwark, 202-783-4665. Notes: Press call at 11:30 a.m.

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, FEBRUARY 25, 2007 7:45 AM EST

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TERRORISM NEWS:

Facility Holding Terrorism Inmates Limits Communication (WP)

By Dan Eggen, Washington Post Staff Writer
The Washington Post, February 25, 2007

The Justice Department has quietly opened a new prison unit in Indiana that houses a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted.

At the Communications Management Unit, or CMU, in Terre Haute, Ind., all telephone calls and mail are monitored, the number of phone calls limited and visits are restricted to a total of four hours per month, according to special rules enforced by the Justice Department's U.S. Bureau of Prisons. All inmate conversations must be conducted in English unless otherwise negotiated.

The unit appears to be a less restrictive version of the "supermax" facility in Florence, Colo., which holds some of the United States' most notorious terrorists, including al-Qaeda operative Zacarias Moussaoui and Unabomber Theodore J. Kaczynski.

The Indiana unit, by contrast, is part of a medium-security facility and includes inmates set to be released in as little as two years. Prisons spokeswoman Traci Billingsley said the unit's population will not be limited to inmates convicted of terrorism-related cases, though all of the prisoners fit that definition.

Prison officials said they already seek to fully monitor the mail and other communications of all 213 "terrorist inmates" in the system. "By concentrating resources in this fashion, it will greatly enhance the agency's capabilities for language translation, content analysis and intelligence sharing," the bureau said in a summary of the CMU.

The unit, in Terre Haute's former death row, has received 17 inmates since it was launched in December and eventually will hold five times that number, officials said.

Defense lawyers and prisoner advocates complain that the unit's communication restrictions are unduly harsh for inmates not considered high security risks. They also say that the ethnic makeup of the CMU's population may indicate racial profiling. "If they really believed these people are serious terrorists, they wouldn't be in this unit," said David Fathi, staff counsel for the

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National Prison Project at the American Civil Liberties Union. "They'd be in Colorado with [Atlanta Olympics bomber] Eric Rudolph and the Unabomber and the rest of the people that the Bureau of Prisons thinks are serious threats."

The prison bureau has come under sharp criticism in recent months for failing to adequately monitor terrorist inmates' communications. The Justice Department's inspector general reported in October that three terrorists imprisoned for the 1993 World Trade Center bombing had sent nearly 100 letters to alleged terrorists overseas from the maximum-security facility in Colorado.

"The inclusion of this unit is one of the many things we're doing to improve our monitoring capabilities," Billingsley said.

According to prison records, current residents at Terre Haute include five members of the so-called Lackawanna Six, a group of Yemeni natives from Upstate New York who attended an al-Qaeda training camp. The unit also houses Randall Royer, a defendant prosecuted as part of the "Virginia jihad" case in Alexandria, and Enaam M. Arnaout, an Islamic charity director who pleaded guilty to diverting money to Islamic military groups in Bosnia and Chechnya.

The only non-Muslim inmates are an unidentified Colombian militant and Zvonko Busic, 61, former leader of a Croatian extremist group that hijacked a jetliner and set off a bomb that killed a police officer in 1976, according to prison records and defense lawyers.

Another CMU resident is Rafil Dhafir, 58, an Iraqi-born physician from Syracuse, N.Y., who was sentenced to 22 years for defrauding charity donors and conspiring to violate U.S. economic sanctions against Saddam Hussein's government.

In a recent letter to supporters, Dhafir recounted his abrupt, heavily guarded transfer to Terre Haute in December and described it as part of "a nationwide operation to put Muslims/Arabs in one place so that we can be closely monitored regarding our communications."

"We are all concerned about the close intrusion on our communications," Dhafir wrote. "We knew all along that our calls, mail and visits were monitored, but with the new system we will have absolutely no privacy including our visits. This is causing a great deal of anxiety and resentment especially among those whose families speak no English."

Dhafir wrote that prison officials "are allowing us total freedom for our religious activities" and appear to be working with inmates to improve conditions.

Prisoner advocates and prisons officials generally agree that the bureau is within its rights to monitor prisoners' mail, phone calls and visits. They differ on whether the intensive use of these tactics is justified for these inmates.

Some lawyers and prison advocates said there are important problems with the CMU, including a lack of public notice about its formation and a lack of clarity about how inmates are chosen to be sent there.

Washington lawyer Carmen Hernandez, who represents Busic and is president-elect of the National Association of Criminal Defense Lawyers, noted that being sent to the unit is not considered a punitive measure by prisons officials. As a result, authorities do not have to provide hearings and other procedures that are required when punishments are to be administered.

"They claim it's not a punitive measure, but when you start restricting access, it certainly would appear to be punitive," Hernandez said. "If you're going to restrict people's liberties beyond what they already are, it ought to be for a good, particularized reason, and there does not appear to be one here."

Howard Kieffer, a Santa Ana, Calif., defense lawyer who runs a Web site focused on federal prisons, also argues that the unit "screams racial profiling."

"It's highly suspect that basically all of the people in this program are of Middle Eastern descent," Kieffer said.

Billingsley said inmates are not placed in the unit based on ethnicity or religion. She said the facility will eventually house a variety of prisoners, including sex offenders who attempt to communicate with victims and others who have abused mail or phone privileges.

"What they all have in common is a demonstrated need to more closely monitor their communications," Billingsley said.

During a tour of the Colorado prison last week, Attorney General Alberto R. Gonzales said the monitoring problems there had been solved, although prison guards say the facility remains understaffed.

Staff researcher Julie Tate contributed to this report.

Evidence Against Muslim Charity Appears Fabricated (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 25, 2007

An official summary of an FBI-wiretapped conversation contains anti-Semitic slurs that do not appear in the actual transcript.

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When the Bush administration shut down the nation's largest Muslim charity five years ago, officials of the Dallas-based foundation denied allegations it was linked to terrorists and insisted that a number of accusations were fabricated by the government.

Now, attorneys for the Holy Land Foundation for Relief and Development say the government's own documents provide evidence of that claim.

In recent court filings, defense lawyers disclosed striking discrepancies between an official summary and the verbatim transcripts of an FBI-wiretapped conversation in 1996 involving Holy Land officials.

The summary attributes inflammatory, anti-Semitic comments to Holy Land officials that are not found in a 13-page transcript of the recorded conversation. It recently was turned over to the defense by the government in an exchange of evidence.

Citing the unexplained discrepancies, defense lawyers have asked U.S. District Judge A. Joe Fish in Dallas to declassify thousands of hours of FBI surveillance recordings, so that full transcripts would replace government summaries as evidence.

The demand could force government prosecutors to either declassify evidence it has fought to keep secret or risk losing a critical portion of evidence in its case.

In December, the judge denied a defense request to declassify the documents so they could be examined by defendants in the case. Seven former foundation officials, six of them U.S. citizens, have been charged with funneling money to overseas charities controlled by Hamas, which the U.S. has designated as a foreign terrorist organization. The defendants have denied the charges.

Though defense attorneys already have government clearances that allow them to review the material, under the federal Classified Information Procedures Act they have been prohibited from sharing it with their clients. And unless the act's rules are declared unconstitutional in the case, defense attorneys argue, the defendants will have no way of proving that the statements attributed to them were misconstrued or never made.

The recently declassified summary of surveillance on April 15, 1996, asserts that during a conversation wiretapped by the FBI, Holy Land's former executive director Shukri Abu Baker told two associates there was no need to worry about the foundation being unfairly targeted because U.S. courts were not under the control of the American Israel Public Affairs Committee or its sponsor, "the government of the demons of Israel."

The summary portrays Baker as raging against "the Jews of the world" and as claiming that Jews have no allegiance to anything but "their pockets and to preserving the illegal Zionist state of Israel."

Additional anti-Semitic comments the FBI summary attributed to Baker or Ghassan Elashi, Holy Land's former board chairman, included:

• "Their [Jews'] only purpose here in the U.S. is to purchase as many politicians as possible and to warp the way the American Christians feel and think not just about the Christian religion but mainly about the Palestinian people … and to rob as much money as possible from American taxpayers for the illegitimate excuse of protecting and preserving the chosen people of God."

• "Even Jesus Christ had called the Jews and their high priests … the sons of snakes and scorpions."

• "I am confident that in the end justice, and not the Jews, will prevail. I believe that there is still justice in America."

None of those quotes was contained in a 13-page transcript of the conversation, defense lawyers said in their motion to expand access to classified evidence.

"Throughout the run-up to trial, the government has insisted that the defendants can learn what is contained in the [surveillance] intercepts by reading the so-called 'summaries' of those intercepts," defense attorneys said in their papers.

But the recently disclosed transcript, attorneys said, shows that "not only are the summaries so inaccurate and misleading as to be useless," but that the "author of the attached summary has cynically and maliciously attributed to the defendants racist invective and inculpatory remarks the defendants never uttered."

"It is appalling that such summaries even exist, much less that the government represented that this is all our clients need to know in order to defend themselves."

Defense lawyers declined to comment about their motion. A federal prosecutor said the government would respond with its own filings to the court.

How the summary and transcript could be so different was unclear, though experts in the Foreign Intelligence Surveillance Act arena theorized that its top-secret nature may have led some analysts to believe that the work product would never be publicly disclosed, much less entered into evidence in a trial.

Because the court records are heavily redacted, it could not be determined who provided the summaries of the FBI wiretaps.

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Other alleged discrepancies also have dogged the case. Holy Land lawyers challenged the accuracy of an FBI memo, for example, that quoted a foundation office manager as telling Israeli authorities that charitable funds were "channeled to Hamas."

But defense lawyers told the court the translation from Arabic to Hebrew to English distorted the official's original statement, and that he should have been quoted as saying, "We have no connection to Hamas."

The Holy Land Foundation was closed weeks after the Sept. 11 terrorist attacks on New York and the Pentagon. The action followed years of efforts by Israel and many pro-Israeli groups in the U.S. to close the foundation on the grounds that it was a fundraising front for Hamas.

The former Holy Land officials facing trial are charged with conspiracy to provide material support to terrorists by sending money, goods and services to Palestinian charities controlled by Hamas, a U.S.-designated terrorist group since 1995.

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TV Cameraman Among Detainees At Guantanamo (WT/AP)

By Ben Fox, Associated Press

The Washington Times, February 25, 2007

NAVAL BASE GUANTANAMO BAY, Cuba -- A TV cameraman is getting an inside view of life at Guantanamo Bay prison, only he is unable to get out and tell the story.

Sami al-Hajj, of the Al Jazeera TV network, was stopped at the Afghanistan border by Pakistani authorities in December 2001, turned over to U.S. forces and hauled in chains six months later to Guantanamo, where about 390 men are held on suspicion of links to al Qaeda or the Taliban.

Mr. al-Hajj, a 38-year-old native of Sudan, has been held in this U.S. military prison ever since.

He is believed to be the only journalist from a major international news organization held at Guantanamo.

Colleagues from Mr. al-Hajj's Qatar-based network and the Sudanese government want to know why he is being held, but the U.S. government is saying little. The military did not even publicly acknowledge holding Mr. al-Hajj until last April, when it released a list of Guantanamo detainees in response to a Freedom of Information Act request filed by the Associated Press.

But military documents sketch at least a partial outline of Mr. al-Hajj's experiences at Guantanamo and the U.S. grounds for holding him -- that he transported money between 1996 and 2000 for a defunct charity that purportedly provided money to militant groups, and that he met a "senior al Qaeda lieutenant."

When he appeared before a military review panel at this remote U.S. military base in August 2005, Mr. al-Hajj, citing the advice of his attorney, declined to respond to questions. But he denied any connection to terrorism.

"With all due respect, a mistake has been made because I have never been a member of any terrorist group," he said, according to a transcript released the following year. "I can say without hesitation that I am not a threat to the United States."

During the hearing, aimed at determining whether Mr. al-Hajj posed a threat to the United States or possessed intelligence value, Mr. al-Hajj wore a white jumpsuit reserved for the "most compliant" detainees. An officer told the tribunal that Mr. al-Hajj was leading Islamic prayer sessions and teaching other prisoners English.

His colleagues at Al Jazeera claim his detention is American harassment of an Arabic TV network whose coverage has long angered U.S. officials. Near the entrance to the network's Khartoum, Sudan, bureau a banner saying "Free Sami al-Hajj" hangs alongside his photo.

"He's our colleague, so we're very worried," said Nassef Salah Eldin, an Al Jazeera producer in the Sudanese capital. "We feel it could happen to any of us."

Lamis Andoni, a Middle East analyst for the network who helped organize a campaign for Mr. al-Hajj's release, noted the network's sour relationship with the American government. In April 2003, an Al Jazeera journalist was killed when the network's Baghdad bureau was struck during a U.S. bombing campaign. In November 2001, a U.S. missile destroyed Al Jazeera's office in Kabul, Afghanistan. The U.S. claims both attacks were mistakes.

"When you are targeted once, it could be a mistake," Mr. Andoni said in an interview from Amman, Jordan. "But when you are bombed twice, it's something else."

In an interview in Khartoum, Sudanese Justice Minister Mohammed Ali al-Mardi said the holding of the cameraman without charge "is repugnant to all the conventions and principles of international law."

Washington has given Sudan no information about Mr. al-Hajj, Mr. al-Mardi said. U.S. relations with Sudan are strained over the Darfur conflict in western Sudan.

"I consider the information that we obtained from him to be useful," Paul Rester, director of the Joint Intelligence Group at the prison, said in an interview at Guantanamo Bay. Mr. Rester refused to elaborate or even to comment on the charges aired at the 2005 hearing.

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The U.S. military says that in the 1990s, Mr. al-Hajj was an executive assistant at a Qatar-based beverage company that provided support to Muslim fighters in Bosnia and Chechnya.

Infiltrating The Extreme (LAT)

By Maggie Farley

The Los Angeles Times, February 25, 2007

TORONTO — Mubin Shaikh, the informer, balances his 3-month-old son in the palm of his hand and hoists him aloft like the torch of the Statue of Liberty. The baby coos and smiles, unaware of the danger of falling, then lurches into space. Shaikh catches him gently and laughs.

Shaikh's own balancing act has been more difficult.

He is a 31-year-old Canadian-born Muslim who disavowed the mosque to fit in with his neighborhood friends, then rejected that life to practice traditional Islam. Later, he used his stature in the Muslim community to infiltrate a suspected terrorist cell, and then helped expose it — an act that alienated him from many in his own circles.

Shaikh's struggle with identity and loyalty is part of a larger conundrum confronting Western nations with edgy and diverse Islamic populations. He thought his ability to straddle worlds was the answer to quelling the homegrown terrorism that has stunned London, Madrid and now Toronto. But it has only raised more questions.

The suspected cell's plan, prosecutors said in June, was to explode three truck bombs in front of Toronto police and intelligence headquarters and Parliament Hill, then take politicians hostage and behead them one by one. The group of 18 had acquired 3 tons of what it thought was explosive material when police moved in, authorities say.

Cushioned by faith

To some, Shaikh is a hero, acting to protect not only Canada but Islam. Others charge that he enabled the plotters instead of acting to stop them, betrayed his brethren and reinforced the image of Muslims as terrorists in this country where more than half a million practice Islam.

Now he faces death threats, which he doesn't take seriously, and glares and cold shoulders in the mosque, which he does. As preliminary hearings for the suspects begin, the anguished questions revive: Did he do all he could? Was it necessary? Will he survive it?

Shaikh dismisses the threats and condemnations as he tickles his son's head with his long black beard. He believes that if he falls, he will be cushioned by his faith.

Shaikh was born in Toronto in 1975, two years after his parents arrived from India via England. His family practiced Islam, but he felt indistinguishable from his Italian and Portuguese neighbors.

In high school, he said, he was one of the "cool guys," sporting five tattoos, smoking pot behind a back wall and dating the cheerleaders.

"I am Canadian and I am Indian, born and raised here, with the expectations of conformity and the pain of acculturation," Shaikh said. "I had to deal with the clash of cultures. I liked girls, I liked music, I wanted nothing to do with the mosque."

Shaikh was in the Royal Canadian Army Cadets for six years and trained with a reserve unit. He became skilled with firearms and learned military maneuvers that he said he eventually taught to the aspiring terrorist cell. He was attracted by the discipline, he said.

After high school, still searching for discipline or a higher law, he came back to Islam. And like many young people, he said, he "overcompensated" and became ultra-religious, traveling to India and Pakistan with a conservative Islamic missionary group. He returned to Toronto in a knee-length robe, a skullcap and a long beard that he still wears today.

"It blew everybody away," he said of his transformation. He found it difficult at first to reconcile Canadian secular values with his newfound Islamic beliefs. "From the age of 19, I was made to feel like a stranger in my own country. I was subject to comments and looks."

The alienation increased after the Sept. 11 attacks, when people began to tell him to act like a Canadian or go home.

"This is my home," he said. "I was angry, and cynical. I wanted to go to Afghanistan or Chechnya. I could have been a jihadi."

Instead, he went to Syria in 2002 to study for two years, and came back more appreciative of Canada's laws and freedoms, armed with Koranic verses that argued against terrorism.

Shaikh became a well-known figure in Toronto's Muslim community as an official at the conservative Masjid el Noor mosque and a prominent proponent of using Sharia, or Islamic law, to settle family disputes among Muslims in Ontario province.

The government and liberal Muslims argued that the Islamic religious code clashed with Canadian laws, and the movement failed.

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Down the informant's path

When Shaikh heard in 2004 that a childhood friend, Mohammed Momin Khawaja, had been arrested under Canada's new anti-terrorism laws, he called the Canadian Security Intelligence Service and said, "I've known this guy for a long time and there's got to be a mistake." He asked how he could help straighten things out.

CSIS agents quizzed him on his background and his beliefs. After more meetings and a polygraph test, they asked him to infiltrate a group they had been monitoring. Shaikh said he had had brushes with the law but no convictions, and he insisted no deals were made with the CSIS that led him to take on the assignment.

The agency agreed to pay him in installments for his efforts, and he said that as of January he had received more than $250,000. Another informant who ended up going into a witness protection program was paid about $12 million as compensation for giving up his business and home and relocating his family.

Neither the CSIS nor the police would comment for this article, citing confidentiality and preparations for the trial of the plot suspects.

Troubled by doubts, Shaikh consulted his spiritual advisor, who told him to be sure he was doing it for God, not for himself, and cautioned that he must not incite the others or betray his faith.

Shaikh's first test came in October 2005. He went to a fundraiser for imprisoned Muslims, assigned to connect with the alleged terrorist cell ringleader, Fahim Ahmad.

In the course of the evening, Shaikh said, he gave the right answers to Ahmad's questions, a between-the-lines test of whether Shaikh was prepared to wage "holy war." When the other alleged leader, Zacaria Amara, embraced him later that night, it apparently was in part to let Shaikh feel the gun under his clothes.

In turn, Shaikh said, he showed them his hard-to-get firearms license he had obtained as a cadet rifle instructor and told them of his military training. They needed someone to help them get arms and lead a training camp. Soon, he was in.

Shaikh said he and Ahmad seemed to recognize something in each other. Shaikh described Ahmad as a Muslim who struggled with the culture clash, whose religious values pushed him to the margins of society, where he grew angry and alienated and increasingly radical.

Laughing when he realized that he could be giving his own biography, Shaikh asked, "How is it that a guy like that goes one way and I go another?

"I don't know if it is fate or what, but I ended up with the right religious connection," he said. "If I had met a facilitator, chances are I would be somewhere in Afghanistan or Chechnya right now."

'Impressionable' recruits

The group included leaders and their young recruits — high school students from wealthy suburban families who lived in large Tudor houses. One drove a BMW, another a Lexus. A few of the younger ones left the circle at his quiet prompting, Shaikh said, and at the other minors' pretrial hearing, he pleaded for charges against some of the "impressionable kids" to be dropped. On Friday, charges against the youngest suspect were suspended.

He said he saw members of the group nearly every day for 10 months, watched beheading videos to desensitize himself, and wrote careful reports for the CSIS. The agency wired his van, tapped all their phones and monitored the group's movements.

In the winter, he said, the group spent 10 days in the woods a few hours north of Toronto in a makeshift terrorist training camp, led by Shaikh. Under the watchful eyes of concealed CSIS agents, the young holy warriors learned how to fire guns and hit a VIP convoy, and discussed the techniques of beheading.

The plot was progressing, Shaikh said: Amara showed him a homemade detonator sparked by a cellphone and told him he was testing bombs. Shaikh said he didn't know that the group had ordered 3 tons of ammonium nitrate, the material used by Timothy McVeigh in the Oklahoma City bombing.

The supplier turned out to be another mole, unknown to Shaikh, and the bags did not contain ammonium nitrate. After the material was delivered, more than 400 police officers conducted raids in early June, bursting through the doors of suburban homes with SWAT teams to arrest 12 men and five minors. The 18th suspect was arrested two months later.

When whispers ran like a current through the Muslim community that Shaikh was the informer, he decided that the best protection was to explain himself.

"I didn't do it for the money. I didn't do it to be a hero. I did it for Islam, because we don't support terror, and if those guys had succeeded, it would have made all Muslims look bad," he said, anger sparking in his dark brown eyes. "And I did it for Canada. I was born here, and I want this to be a place where people can live together without suspicion."

To many, he was a hero. After he revealed his identity in July, an editorial in the Globe and Mail headlined "In Praise of Mr. Shaikh" said: "He is an observant Muslim who acted against an alleged terrorist ring. For that, Canadians of all stripes should be grateful."

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But within Toronto's multifaceted Muslim community, gratitude was in short supply.

"Individuals cannot credibly spy on their own community while remaining a member of it," said Safiyyah Ally, the host of the TV program "Let the Quran Speak." "Our community is fragile enough as is, and our leaders are our moral anchors."

Ally said the community should report suspicious activity but leave the spying to the authorities.

Shaikh heard that and laughed. "How many Muslims do you think there are in CSIS? How many can penetrate those circles? Why do you think they came to me?"

After his exposure, though, Shaikh has found it more difficult than he expected to break through in even his old circles.

"There has been a lot of hostility." he said. "But that is trivial compared to not doing it, because it could have led to something so devastating, so tragic."

"Instead of being peeved at the fact that I was involved, they should be peeved at the guys who were doing it," he said. "They were angry that I brought attention to it. But think of the attention if those guys had blown up a truck bomb. It would come back to us 100%."

HOMELAND RESPONSE:

White House Disaster Drill Supposes 10-City IED Strike (WP/AP)

By Jennifer Loven, Associated Press

The Washington Post, February 25, 2007

Dozens of high-level officials joined in a White House drill yesterday to see how the government would respond if several cities were attacked simultaneously with bombs similar to those used against U.S. troops in Iraq.

White House homeland security adviser Frances Fragos Townsend and the Homeland Security Council that she heads mapped out in advance a massive disaster involving improvised explosive devices, or IEDs. The attack targeted 10 U.S. cities, both large and small, at the same time, said a senior administration official who spoke on the condition of anonymity.

Townsend presided over the three-hour exercise, which brought the government's top homeland security officials to the Eisenhower Executive Office Building next to the White House. All Cabinet agencies were represented by their secretaries or other high-ranking officials, with about 90 participants in all, White House spokesman Scott Stanzel said.

Stanzel said the drill revealed gaps in the government's ability to respond, but also showed that there have been many improvements since Hurricane Katrina. The storm exposed federal inadequacies when it devastated the Gulf Coast in 2005. For instance, coordination with state and local authorities and the ability to get federal resources in place quickly -- key missteps after Katrina -- appeared much better now, Stanzel said.

President Bush went on a bike ride yesterday morning and did not take part in the test.

The IED attacks are common in Iraq, but Stanzel said the test was not inspired by new intelligence or any increased chatter about terrorists' desire to use IEDs inside the United States.

This was the administration's fourth such "tabletop" exercise since the first in December 2005. That exercise focused on an avian flu pandemic.

As Bush's ID Plan Was Delayed, Coalition Formed Against It (WP)

By Spencer S. Hsu, Darryl Fears, Washington Post Staff Writers

The Washington Post, February 25, 2007

Inspired by the Sept. 11, 2001, attacks, a sweeping federal law to tighten security requirements for driver's licenses is in jeopardy of unraveling after missteps by Congress and the Homeland Security Department, analysts and lawmakers said.

While Washington has delayed implementing it, a rebellion against the program has grown. Privacy advocates say the effort could create a de facto national ID card. Meanwhile, state officials charge that complying with federal requirements will cost $11 billion and potentially double fees and waiting times for 245 million Americans whose licenses would have to be reissued starting next year.

The issue threatens to turn into a partisan fight. The White House expects to release its driver's license plan, Real ID, this week and has warned congressional critics not to thwart or further delay a program that was recommended by the Sept. 11 commission.

"If we don't get it done now, someone's going to be sitting around in three or four years explaining to the next 9/11 commission why we didn't do it," Homeland Security Secretary Michael Chertoff told the Senate's Homeland Security Committee on Feb. 13.

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Critics in both parties will try to delay the launch of the program by offering an amendment to legislation that Senate Democrats are pushing to implement remaining changes suggested by the Sept. 11 commission.

Sen. Joseph I. Lieberman (I-Conn.), chairman of the homeland security panel, said in a statement that Real ID may not provide real security and that it is opposed by states "because it is overly burdensome, possibly unworkable, and may actually increase a terrorist's ability to commit identity theft."

The White House plan, which has been in the works for two years and will take effect in May 2008, standardizes information that must be included on licenses, including a digital photograph, a signature and machine-readable features such as a bar code.

The new rules also will spell out how states must verify applicants' citizenship status, check identity documents such as birth certificates and cross-check information with other states and with Social Security, immigration and State Department databases. Only complying IDs can be used for federal purposes such as boarding airplanes or entering government buildings.

The law is "vital for the protection of the country," said former New Jersey governor Thomas H. Kean Jr., co-chairman of the Sept. 11 commission. "You can't have 30 different methods of identification to get in and out of the country . . . many of them easily forged, and expect to keep the bad guys out."

All but one of the Sept. 11 hijackers acquired, legitimately or by fraud, IDs that allowed them to board planes, rent cars and move through the country.

Tightening U.S. identification requirements was a focus of both the Sept. 11 commission and the Markle Foundation's earlier bipartisan task force on terrorism. Markle, a New York think tank, focuses on technology policy.

But concern has mounted over Real ID's cost, practicality and impact on privacy and travel.

The National Governors Association calls Real ID an $11 billion unfunded mandate. States say the federal government, not license holders, should pay the tab. It wants up to 10 years for states to enact laws, pass budgets, develop technology, hire staff members and educate the public to phase in changes.

Last month, Maine's lawmakers voted to stop the initiative, saying it would cost $185 million -- six times the Maine Bureau of Motor Vehicles' annual budget. Measures are pending in at least 21 states to oppose or question the law.

Matthew Dunlap, Maine's secretary of state and head of the bureau, said the message from the lawmakers was: "We don't care if you give us bags of money. We don't want it."

An unusual and powerful alliance of civil liberties groups and libertarian groups important to the political bases of both parties has also mobilized. They describe Orwellian scenarios in which Real ID integrates nationwide databases storing personal information without adequate security safeguards, and they ask who will own and control access to the system.

"Real ID is a real nightmare," said Barry Steinhardt, director of the ACLU's Program on Technology and Liberty. "No one should be fooled that just because the data resides in 50 different states it's not all functionally one big database, because all the data is linked together."

Steinhardt said he fears that private companies that demand to check driver's licenses for commercial purposes could sell unencrypted data they get from the licenses to big data brokers. Means to prevent that could be even more costly and raise other security risks.

There are other worries. If Maine wants to include gun-permit information on its driver's licenses, Dunlap asked, will a Maine gun owner whose ID is swiped in a traffic stop in another state face extra scrutiny?

Practical problems also loom. Computer systems that would let state workers electronically verify birth certificates, Social Security numbers or citizenship status do not yet exist, Dunlap said, calling them "science fiction."

Sen. Susan Collins (R-Maine), ranking Republican on Lieberman's panel, and Rep. Tom Allen (D-Maine) are seeking to delay or repeal Real ID and let security experts, privacy advocates and the states renegotiate the rules.

That is what Congress started to do in 2004. But in 2005, Rep. F. James Sensenbrenner Jr. (R-Wis.), then chairman of the Judiciary Committee, rewrote the law to keep illegal immigrants from getting licenses and to let the Homeland Security Department define the rules for the program.

"If that process had been allowed to finish, we would have been done by now," said David Quam of the National Governors Association.

Instead, work bogged down in the overstretched department, whose top officials failed at first to give it enough attention, current and former officials said.

Stewart A. Baker, assistant homeland security secretary for policy, defended the department's effort: "We've moved this as fast as possible given the importance of the issue to so many different constituencies."

Michael E. O'Hanlon, a senior fellow at the Brookings Institution, blamed the administration and the previous Congress for squandering the consensus on security that formed after Sept. 11.

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"It's a very badly mishandled case overall of a homeland security reform that was logical, important and yet not sufficiently promoted at the right time," O'Hanlon said. "We've lost the sense of urgency."

Staff writer Ellen Nakashima contributed to this report.

WAR NEWS:

Murtha Stumbles On Iraq Funding Curbs (WP)

By Jonathan Weisman, Lyndsey Layton, Washington Post Staff Writers

The Washington Post, February 25, 2007

Democrats Were Ill-Prepared for Unplanned Disclosure, Republican Attacks

The plan was bold: By tying President Bush's $100 billion war request to strict standards of troop safety and readiness, Democrats believed they could grab hold of Iraq war policy while forcing Republicans to defend sending troops into battle without the necessary training or equipment.

But a botched launch by the plan's author, Rep. John P. Murtha (Pa.), has united Republicans and divided Democrats, sending the latter back to the drawing board just a week before scheduled legislative action, a score of House Democratic lawmakers said last week.

"If this is going to be legislation that's crafted in such a way that holds back resources from our troops, that is a non-starter, an absolute non-starter," declared Rep. Jim Matheson (Utah), a leader of the conservative Blue Dog Democrats.

Murtha's credentials as a Marine combat veteran, a critic of the war and close ally of House Speaker Nancy Pelosi (Calif.) were supposed to make him an unassailable spokesman for Democratic war policy. Instead, he has become a lightning rod for criticism from Republicans and members of his own party.

Freshman Rep. Joe Sestak (D-Pa.), a retired Navy admiral who was propelled into politics by the Iraq war, said Murtha could still salvage elements of his strategy, but Sestak, an outspoken war opponent, is "a bit wary" of a proposal that would influence military operations.

"I was recently in the military, and I have to speak from that experience," Sestak said.

The story of Murtha's star-crossed plan illustrates the Democratic Party's deep divisions over the Iraq war and how the new House majority has yet to establish firm control over Congress. From the beginning, Murtha acted on his own to craft a complicated legislative strategy on the war, without consulting fellow Democrats. When he chose to roll out the details on a liberal, antiwar Web site on Feb. 15, he caught even Pelosi by surprise while infuriating Democrats from conservative districts.

Then for an entire week, as members of Congress returned home for a recess, Murtha refused to speak further. Democratic leaders failed to step into the vacuum, and Republicans relentlessly attacked a plan they called a strategy to slowly bleed the war of troops and funds. By the end of the recess, Murtha's once promising strategy was in tatters.

Tom Andrews, a former House member and antiwar activist who helped Murtha with his Internet rollout, fumed: "The issue to me is, what is the state of the backbone of the Democratic Party? How will they respond to this counterattack? Republicans are throwing touchdown passes on this because the Democrats aren't even on the field."

Rep. Debbie Wasserman-Schultz, a Florida Democrat and deputy whip, said party leaders are working on several Iraq proposals and that Murtha's may survive. Finding consensus will be difficult but not impossible, she said. "This is a multi-step process," she cautioned. "At least we're debating the topic, not blindly following the president."

Megan Grote, Murtha's spokeswoman, said the congressman will not discuss Iraq policy until a news conference scheduled for the end of the week.

Murtha, 74, the powerful chairman of the House Appropriations subcommittee on defense, still holds a unique position on war policy, stemming from his roots as a veteran, his close ties to the uniformed military and his long-standing alliance with Pelosi. When he first publicly called for ending the war in 2005, he commanded the attention the party's left and right wings.

The strategy he would craft was designed to calm the nerves of the party's conservatives by fully funding the war, while placating the antiwar left by attaching so many strings to those funds that the president would not be able to deploy all the 21,500 additional combat troops he wanted.

To be sent to battle, troops would have to have had a year's rest between combat tours. Soldiers in Iraq could not have their tours extended beyond a year there. And the Pentagon's "stop-loss" policy, which prevents some officers from leaving the military when their service obligations are up, would end. Troops would have to be trained in counterinsurgency and urban warfare and be sent overseas with the equipment they used in training.

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Pelosi endorsed the plan in concept but never the details. The plan surfaced Feb. 15 in an unorthodox Murtha appearance on MoveCongress.org, an antiwar Web site affiliated with the liberal activists of MoveOn.org.

It came the day before the House voted on a nonbinding resolution opposing Bush's additional troop deployments that Democratic leaders had been touting as a major rebuke. Murtha dismissed that vote as he promoted his coming plans regarding the war spending bill. "This vote will be the most important vote in changing the direction on this war," he said of his proposal. "This vote will limit the options of the president and should stop the surge."

To many Democrats, that was not only impolitic, it was disloyal.

"He stepped all over Speaker Pelosi's message of support for the troops," said Rep. Jim Cooper (Tenn.). "That was not team play, to put it mildly."

Even after that Web appearance, some senior Democratic aides say Murtha might well have been able to save his plan if he had quickly laid it out before the Democratic caucus and marshaled Democratic leaders behind a defense. Instead, the House recessed for a week, Murtha disappeared from the media, and Democratic leaders were silent, saying they could not discuss Iraq legislation because no real plan existed.

In the face of an unanswered Republican assault, the Democratic rank-and-file cracked -- on the left and the right.

"While we're all for troop readiness, we're all for them having all the equipment they want," Matheson, the Utah Democrat, said, "I'd be very concerned about doing anything that would hamstring resources and commanders on the ground."

Indeed, Matheson and other Blue Dogs said the Democrats should concentrate on oversight hearings on Iraq policy, while refraining from binding legislation on the war.

The party's newly elected Iraq veterans favor a more straightforward approach than Murtha, establishing a legal timetable for pulling U.S. troops out of Iraq, Sestak said. And the party's antiwar left is no less unhappy with what they see as half measures from Murtha.

"Congress has the authority, and I know it has the responsibility, to get us out of there. And we should use every means possible," said Rep. Lynn Woolsey (Calif.), a co-chairman of the Out of Iraq Caucus.

Rep. Barbara Lee (Calif.), another co-chairman who sits on the Appropriations Committee, is likely to try to tie the war spending bill to legislation demanding a withdrawal of U.S. troops from Iraq by a date certain, with the bill's money available only for the safe withdrawal of the troops.

Such legislation was precisely what Murtha hoped to head off with his recent Internet appearance, said Rep. James P. Moran Jr. (D-Va.), who helped connect him with MoveCongress.org. And Moran still believes the appearance ultimately will work to the Democrats' favor. "The cognoscenti is upset because he's not under their control," Moran said. "They would prefer he release his plan to a think tank, but he decided he wanted to communicate directly. He doesn't trust the way the media filters what he says and does. He understands the power of being able to communicate."

War Critic Faces Test On Iraq Spending Bill (NYT)

By Robin Toner

The New York Times, February 25, 2007

JOHNSTOWN, Pa., Feb. 23 — As Democratic Congressional leaders escalate their challenge to the Bush administration's policy in Iraq, one of the most influential players will be that unlikely darling of the antiwar left, Representative John P. Murtha of Pennsylvania.

Mr. Murtha's power comes not just from his role as chairman of the Defense Appropriations Subcommittee, in charge of the huge spending bill for the war that will advance in the House in March. It also derives from his close alliance with Speaker Nancy Pelosi, and from his popularity, ever since he called for an end to the war in 2005, among the party's antiwar base — at the grass-roots level, among liberal Internet communities, and in the House.

"He has the aura of a folk hero among the legions who want to get out of Iraq," said Tom Matzzie, Washington director of MoveOn.org.

Still, Mr. Murtha faces an extraordinary political challenge over the next month, and some Democrats are already worried about his handling of it. As they consider the president's nearly $100 billion spending request for military operations in Iraq and Afghanistan, Democrats must find a way to satisfy an antiwar wing that wants clear progress toward winding down the war — the Out of Iraq Caucus claims a third of the House Democrats — while producing legislation palatable to the party's conservatives and centrists.

Mr. Murtha says he will meet with the Democratic leadership on Wednesday to talk about his plans; a spokesman for Ms. Pelosi said she had yet to sign off on any proposal. But the ideas Mr. Murtha has floated over the past month — attaching restrictions to the financing, and requiring the Pentagon to meet clear standards on readiness, training and equipment for troops

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about to be deployed to Iraq — have already drawn substantial criticism. Mr. Murtha has argued that his approach both protects American forces and makes Mr. Bush's troop buildup plan impossible to sustain.

But some Democrats said they feared that the Murtha approach could amount to Congressional overreaching, an attempt to micromanage the war. "Congress is a blunt instrument," said Representative Joe Sestak of Pennsylvania, a retired admiral and a critic of the war, who added that he had the "greatest respect" for Mr. Murtha but was "wary."

"There may be unknown ramifications, unintended unknown ramifications, when you get on the operational level," Mr. Sestak said.

Republicans say Mr. Murtha is leading a stealthy effort to cut financing for the troops. "When you hamstring the Pentagon with burdensome standards and hold the funding over the Pentagon's head, that's somewhere between irresponsible and dangerous," said Brian Kennedy, spokesman for Representative John A. Boehner of Ohio, the Republican leader. And Vice President Dick Cheney took repeated shots at Mr. Murtha and Ms. Pelosi this week while traveling in Japan.

Back home in his district, Mr. Murtha, a 33-year veteran of the House, stole a few days away from the political maelstrom. Every inch the traditional congressman from Western Pennsylvania, he paid tribute to the Boy Scouts at a dinner Thursday and vowed to keep fighting for organized labor at a breakfast on Friday. He rarely mentioned his opposition to the war in his public remarks, although he told local reporters he believed that sometime over the next few months, Congressional Democrats would reach some compromise with the White House on Iraq.

For all of President Bush's vows to pursue his policies in Iraq, Mr. Murtha argued, "They can't continue this direction.

"They can say that, just like they said they weren't going to fire Rumsfeld two weeks before the election," he added, referring to the dismissal of Donald H. Rumsfeld as defense secretary immediately after the election. "But in the end, you can't sustain a war if you don't have public support."

Of Mr. Cheney's remarks, Mr. Murtha said, "They're striking out because they have no answers."

Mr. Murtha has his critics, but he has an enormously powerful friend in Ms. Pelosi, a political relationship of which House Democrats are keenly aware. Mr. Murtha said Ms. Pelosi had "the best political mind of any speaker I've dealt with" and was a better speaker for the quick-response era of modern politics than even "my mentor, Tip O'Neill."

Ms. Pelosi has returned the favor, often telling colleagues that Mr. Murtha's decision to oppose the war in the fall of 2005 transformed the debate and helped the Democrats recapture the House. "She's said it on more than one occasion," said Representative John B. Larson of Connecticut, a vice chairman of the Democratic caucus. Mr. Murtha's shift on the war carried special weight; he is a Vietnam veteran and retired Marine colonel, and one of the House's most respected members on military matters.

The proof of Ms. Pelosi's loyalty came when she backed Mr. Murtha in his failed campaign to become majority leader. And she defended him again last week, when he was widely criticized for granting a lengthy online interview to MoveCongress.org, an antiwar group, just when House Democrats were trying to build a bipartisan majority on the nonbinding resolution against Mr. Bush's troop buildup.

Organizers said they conducted that interview to reassure antiwar activists that Democrats would not stop with a nonbinding resolution, which many on the left believed was too little, too late. But Representative Walter B. Jones, a North Carolina Republican who backed the resolution, said Mr. Murtha's interview had scared some Republicans who were against the troop increase.

Republican leaders seized on the interview, Mr. Jones said, and used it to hold the line. "If he had made his comments after the vote, we could have picked up five to eight more Republicans," Mr. Jones said.

That episode underscores the broader challenge facing House Democratic leaders. Representative James P. Moran, a Virginia Democrat, said Mr. Murtha needed to pay attention not only to anxious centrists and moderates, who are worried that he will go too far, but also to antiwar Democrats who have promised "that they will not vote for one more dollar for support for Iraq."

Mr. Moran added, "If we get hit from both the left and the right, it may be problematic."

In the end, Democratic leaders were counting on Murtha the legislator as much as Murtha the folk hero. "He's a realist, and he's trying to find a majority on the House floor," said one House Democratic strategist.

Mr. Murtha said, "We're working our way through this," but he argued that time — and public opinion — were inexorably on his side.

Iraq: Democrats Vow To Keep Pressure On Bush (LAT)

By Richard Simon

The Los Angeles Times, February 25, 2007

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WASHINGTON — When Congress returns to work this week after its holiday recess, Democratic leaders promise to confront President Bush even more forcefully over his Iraq war strategy.

Senate Democrats are moving to modify the 2002 resolution that authorized the war to place new limits on the role of U.S. forces in Iraq.

But it is uncertain whether they will fare any better in this effort than in their last try — an unsuccessful attempt to pass a symbolic resolution opposing the deployment of 21,500 additional U.S. troops to Iraq.

That resolution passed the House but stalled in the Senate.

Now, Senate Democrats are looking at bringing to a vote a stronger measure, one that would limit the mission of U.S. forces. The measure, which has not been drafted, might restrict military operations to going after Al Qaeda operatives and to supporting and training the Iraqi army. And it might set March 2008 as a goal for withdrawing troops that are not involved in that narrower mission.

Democrats contend that conditions have changed since Congress authorized the invasion to topple Iraqi dictator Saddam Hussein, and some of the reasons for the war have since been shown to be unfounded.

"Saddam is gone," said Sen. Dianne Feinstein (D-Calif.), who has introduced legislation that would require the president to return to Congress at the end of this year to extend the war authorization. "Iraq in fact had no weapons of mass destruction."

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and Armed Services Committee Chairman Carl Levin (D-Mich.) are working on the proposal to set new limits for the U.S. mission in Iraq.

Democratic leaders plan to gauge support for the measure within their caucus. But this latest Democratic effort was already drawing strong Republican criticism.

Senate Minority Leader Mitch McConnell (R-Ky.) panned the proposal as "a Goldilocks resolution: one that is hot enough for the radical left wing, but cool enough for party leaders to claim that they are 'for the troops.' "

Jim Manley, a spokesman for Senate Majority Leader Harry Reid (D-Nev.), said Democrats wanted to keep the heat on Republicans. "There is no single piece of legislation that will bring this war to an end, but Democrats will continue to look at ways to force the president to change course," he said.

To overcome a filibuster — or override a presidential veto — Senate Democrats need GOP support to challenge the president's war strategy.

Seven Senate Republicans joined Democrats to vote for a debate on the anti-buildup resolution, but that still gave Democrats four fewer than the 60 votes needed to overcome a filibuster.

Democrats say they want to ratchet up political pressure on Republicans, especially those up for reelection next year in states where antiwar sentiment is running high.

Antiwar groups have targeted Sen. John E. Sununu (R-N.H.), who is up for reelection in a state that ousted two House Republicans in November. Sununu voted against a debate on the troop resolution.

"What I don't know is what kind of reaction members are hearing from their constituents back home," Manley said. "But it's evident that the president and his Republican supporters on Capitol Hill are increasingly isolated and out of step with the American people."

Although the new Democratic efforts are aimed at turning up the political heat on Republicans, they could also make some Democrats uncomfortable. Those from conservative districts or states are fearful of taking a step that Republicans could portray as cutting funding to troops in harm's way or tying the commander in chief's hands in wartime.

One Democrat who supported the anti-buildup resolution expressed misgivings about a House effort to attach strings to the White House's latest war-funding request, such as setting troop-readiness standards for deployments.

"It raises constitutional and practical questions to have 535 members of Congress micromanaging troop deployments," said Rep. Chet Edwards (D-Texas). "A more appropriate approach would be for Congress to reconsider the authorization of war or to set deadlines for bringing U.S. troops home."

One prominent Republican war critic, Rep. Walter B. Jones of North Carolina, has come out against any cut in funding for troops.

"We must take great care to ensure that any effort to provide for our armed forces not be used as a proxy for resolving larger issues concerning the war in Iraq," Jones said in a letter to Rep. John P. Murtha (D-Penn.). "Any attempt to 'starve' the war as a way of bringing it to a conclusion, rather than through a serious policy debate about the best way forward in Iraq, would be wrong."

Murtha, chairman of the House defense appropriations subcommittee, has announced plans to sponsor legislation to ban the deployment of units that do not meet strict readiness standards.

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Republicans in turn are continuing to dare Democrats to bring to a vote a resolution opposing any cut in funding for the troops.

Democrats, who hold a 51-49 majority in the Senate, also must tread carefully. There has been speculation that Sen. Joe Lieberman, the Connecticut independent who caucuses with the Democrats, would join the GOP if Democrats cut funding for the troops. Such a move would hand control of the Senate to the Republicans.

Last week, Lieberman, one of the strongest Senate supporters of a troop buildup, said that he had "no desire or intention" to leave the Democratic caucus.

Governors Warn Of Troop Buildup's Impact On Guard (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, February 25, 2007

WASHINGTON — Republican and Democratic governors meeting here Saturday warned that President Bush's "surge" of additional troops to Iraq would put added pressure on National Guard units already stretched to their limits.

"We the governors rely on the Guard to respond to natural disasters, a pandemic or terrorist attack," said North Carolina Gov. Michael F. Easley, a Democrat. "Currently, we don't have the manpower or the equipment to perform that dual role" of responding to both state and federal needs.

The Pentagon last week announced plans to send 14,000 National Guard members to Iraq next year as support for the 21,500 troops to be deployed under Bush's plan. The announcement came on the heels of a change in Pentagon policy to deploy Guard troops more frequently but to limit tours to a year; the average now is 18 months.

Minnesota Gov. Tim Pawlenty, a Republican, said the federal government must follow through on its pledge to replace equipment taken by Guard troops to Iraq.

"Those promises need to be kept," Pawlenty said. "We'll be able to test that, because we have a significant number coming back this summer. We'll be able to see if the equipment comes back."

The governors' willingness to challenge the buildup reflects overall impatience with Washington, which has inspired a slew of state initiatives to tackle such issues as global warming, energy efficiency and healthcare.

Eighty-eight percent of stateside Army National Guard units are "very poorly equipped," with less than half of what they need to respond to a domestic crisis, Lt. Gen. H. Steven Blum testified a few weeks ago to the independent Commission on the National Guard and Reserves.

Blum, chief of the National Guard Bureau, coordinates between the states and the Pentagon.

He said 45% of Air National Guard units lacked the necessary equipment to deploy.

Last month, National Guard officials notified commanders in Arkansas, Indiana, Oklahoma and Ohio that their combat brigades — each about 3,500 strong — might be the first to return to Iraq under the new guidelines, redeploying between January and July of next year. All four states sent troops to Afghanistan and Iraq in 2004. Under the old rules, Oklahoma was not scheduled to be called on again until 2010; the other three states, 2009.

In interviews, National Guard officials in Arkansas, Indiana and Oklahoma said their units were short on rifles and other basic equipment.

"We are hurting in equipment nationally, Guard-wide," said Lt. Col. Deedra Thombleson of the Indiana National Guard.

Governors, in town for a National Governors Assn. meeting, plan to raise the issue Monday at a White House session with Bush. Guard officials plan to talk to Defense Secretary Robert M. Gates about it Tuesday.

"We will do all that we can to support the effort, but getting the equipment to do that will be a challenge," said Maj. Gen. Roger Lempke, head of the Nebraska National Guard and president of the Adjutants General Assn. of the United States.

Equipping the Guard is of particular concern in states such as California and Florida, where troops are routinely called to respond to natural disasters like hurricanes and forest fires.

"We want to protect our troops and make sure they have what they need to deal with natural disasters," said Florida Gov. Charlie Crist, a Republican.

Gov. Easley of North Carolina called National Guard equipment levels across the country "putridly inadequate."

And without adequate equipment, he said, the National Guard's role in the buildup would amount to "a squandered mobilization."

With plans to increase the frequency of Guard deployments — now once every six years — North Dakota Gov. John Hoeven, a Republican, said that getting enough troops for a second rotation in Iraq was "a concern."

The governors association president, Arizona Gov. Janet Napolitano, a Democrat who has advocated sending National Guard troops to secure the U.S.-Mexico border, said the Guard was "being stretched" to respond to the buildup.

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California Gov. Arnold Schwarzenegger, a Republican, is reviewing the plans with his National Guard leadership to assess the impact on the state. He has advocated doing what's necessary to ensure success in Iraq but said he would not support a policy jeopardizing California's safety.

11 Days Till Baghdad (WP)

By David Finkel, Washington Post Staff Writer

The Washington Post, February 25, 2007

Crucial to the President's New Strategy for Iraq, A Commander and His Soldiers Head Into War

FORT RILEY, Kan. -- Their camouflage on, their wives carrying infants, their older children carrying flags, the soldiers of George W. Bush's surge crowded into a gymnasium for their brigade deployment ceremony, a last public viewing before they disappeared into Iraq.

Baghdad, long an abstraction, was now imminent. Of the 21,500 additional troops President Bush decided to send to Iraq in the coming months, about 3,500 were coming from here. "Are you frightened?" a TV reporter called out. "I'm confident," one of those soldiers replied. An enormous American flag hung on the back wall. A military band lined up in formation. "Ready to go," another soldier said.

Outside, snow was coming toward this isolated place. Inside, as the bleachers filled and the doors swung closed against the cold, a 41-year-old soldier near the middle of the floor began clapping his hands in anticipation.

And now waved at his wife and children.

And now took his position in front of the soldiers he would soon be leading into combat.

This was Lt. Col. Ralph Kauzlarich, the commander of an Army battalion called the 2-16 -- the 2nd Battalion, 16th Infantry Regiment of the 4th Infantry Brigade Combat Team, 1st Infantry Division. The unit has 800 soldiers, most in their late teens and deploying to Iraq for the first time under the command of a man who, in this gymnasium filled with believers, was among the biggest believers of all.

"We are America," is how Kauzlarich would describe his belief a few days later, just before boarding a plane that would take him and his soldiers for a year's deployment into the center of an increasingly unpopular war. "This nation can do anything that it wants to do."

Down the hill, in another part of Fort Riley, a different ceremony was underway. That one, a private memorial service, was for a 21-year-old sergeant from a different battalion who five days before was traveling through northern Iraq when a makeshift bomb detonated near his vehicle, making him one of 25 American troops to die that day in the war.

The ceremony in the gym was a celebration, however, and now, from the band, came a stirring series of notes from a trumpet, followed by a moment of quiet, interrupted by a single boom of a bass drum so sudden and explosive it caused people to flinch, including some of the soldiers.

Ralph Kauzlarich, who perhaps would be an American hero a year from now, or perhaps would be an American tragedy, didn't flinch, though. Instead, just for a moment, he smiled.

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What is it like to be a soldier in an unpopular war? To be part of a troop increase that the American public is overwhelmingly against, and to lead 800 soldiers into a war being described as "barbaric" and a "meat grinder" and the result of a "failed policy" and down to "the last chance" and "lost"?

"What we're about to do is going to change every one of our lives," Kauzlarich told his command staff at a meeting the day after the ceremony, which had concluded with handshakes from people who would grab onto him and lock onto his eyes, as if they were already trying to remember the last time they saw Ralph Kauzlarich. "And it'll all be okay," he continued, "as long as we win."

So fiercely does Kauzlarich believe this -- that the war can be won and that it will be won -- it can seem as if he is the one grabbing onto something, in this case the idea that victory is a matter not only of strategy and tactics, but of sheer willpower as well. A true believer's certainty: This is Kauzlarich's, who at 8 years old announced to his family that when he grew up he wanted to be "a leader of men," became the youngest Eagle Scout ever in his home state of Montana, attended West Point, became an Army Ranger, served in Desert Storm, served in Afghanistan, played a controversial role in the Army review of the friendly-fire death of Cpl. Pat Tillman, served a special-operations tour in Iraq, has climbed steadily through the officer ranks, and has yet to experience military failure.

As one of his soldiers said: "He's the kind of guy you follow to hell and back. He's that kind of leader."

He has never lost a soldier under his command. "No, I have not had to contend with that yet," he said. He has never had a soldier of his even get hurt, has never loaded a wounded soldier of his onto a stretcher, or treated a bleeding soldier of his on a

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battlefield, or notified a family that their beloved child, or husband, or father, had died. "I've talked to families that have lost sons in combat," he said, but those conversations were well after the fact and didn't involve soldiers who were directly his.

That, he imagines, will change. "Statistically, there's probably a pretty good chance I'm going to lose men," he said, and like so many things that would happen in the 11 days between the deployment ceremony on Jan. 25 and his actual departure on Feb. 5, the statement seemed both factual and heartbreaking. Ironies and bittersweet juxtapositions are inescapable in wartime, and these days weren't any exception.

One day came news that two soldiers and 250 insurgents had died during all-day gun battles that were unusually fierce, even by the standards of Iraq; that was the day Kauzlarich, his wife and three children all put on matching outfits of blue jeans and white shirts and went to Sears for a family portrait.

Another day: "I looked at Ralph's body armor today, and picked it up, and felt it," Kauzlarich's father -- who had flown in with his wife to say goodbye, and had gone to his son's office, and had hoisted the armor, and had heard medics boast that they could get a wounded soldier to a hospital from anywhere in Baghdad in 15 minutes max, and had been spared the detail that snipers had begun aiming at soldiers' thighs in order to pierce the femoral artery -- said at dinner. There was ham. There were twice-baked potatoes. There was a Betty Crocker cookbook open on the counter. There was an apple crisp in the oven.

Earlier, out of his son's earshot, the father, whose name is also Ralph Kauzlarich, said: "I have feelings. I have fears. I know he could get injured. I know he could not get back. But I know what he feels, too. He believes this."

His eyes had gotten a little wet as he said this, but now, eyes back to dry, merely nodding, he ate ham and potatoes and listened as his son described the first time he had come under fire in Desert Storm, how he had thought he might die, how he hadn't.

"Okay, there's a reason I'm here," Kauzlarich said he decided that day, as his parents listened, and his wife, Stephanie, went to get the apple crisp out of the oven, and his 7-year-old daughter, Allie, climbed onto his lap for a hug, and his son Jacob, who was born just after Sept. 11, 2001, slid laughing across the floor on his belly. "I wasn't afraid of anything from that point on."

Later:

"That's all you want to be buried with?" Stephanie asked.

Kauzlarich was filling out something called the Family Contingency Workbook.

I want to be buried, cremated: Buried.

Location of Cemetery: West Point.

Personal effects I want buried with me: Wedding Band.

Yes, he told Stephanie, whom he had met when they were students at West Point and who hadn't exactly been seduced by his first words to her, which were: "You can call me The Kauz." That was all he wanted to be buried with.

Type of head stone: Military.

Scripture you want read: Psalm 23.

Music you want played: Something upbeat.

"Ralph, upbeat music?" Stephanie asked.

"I don't want people to be sad at my funeral," Kauzlarich said.

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His soldiers -- average age 19, the oldest 46, the youngest 17 -- were filling out forms, too. Getting their wills in order. Designating powers of attorney. Working down final medical checklists: teeth, hearing, heart, blood pressure, blood type.

As part of a battalion that has been in almost every American conflict since the Civil War, these newest soldiers of the 2-16 had been training for a year for some type of mission, though they didn't know any details. When their deployment to Iraq became official in late 2006, they were told they would be protecting fuel convoys coming into the country from Jordan. But then Bush's troop increase was announced, along with a strategy shift toward counterinsurgency warfare, and now the soldiers were hearing that their mission would involve patrols somewhere in Baghdad.

Where exactly, and what exactly, were still a mystery to them. Kauzlarich knew. So did his top commanders. Every day, they would disappear for a while into a secure room at battalion headquarters to learn more about the area they would be trying to bring under control. "A mean and nasty little place," Kauzlarich said when he emerged one day, and meanwhile his soldiers continued to prepare for whatever.

"What in the hell?" asked Command Sgt. Maj. Michael McCoy, the battalion's top enlisted man, as he inspected lines of soldiers who stood at attention in the parking lot in their body armor, acting as if the wind wasn't making the temperature feel barely above zero. Straps weren't tight enough, ceramic plates intended to stop bullets were an inch off, medical kits containing compression bandages and tourniquets were attached to the left side instead of the right. "Consistency," McCoy reminded them.

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What if it was dark? What if in that dark another soldier was trying to find your medical kit, and you couldn't help him because you were too busy bleeding, and you couldn't direct him because you were too busy screaming?

They had briefings on health risks. Wash your hands. Don't smoke. Drink bottled water. Wear ear protection. Wear cotton underwear. Watch out for rats. "From what I hear, the forward operating base we're going to is right next to a sewage plant," said one of the briefers. And then came a chaplain who began: "All right. Stress management. Suicide prevention. Let's go." And on he went. "This is important. If you are not ready to die, you need to get there. If you are not ready to die, you need to be. If you are not ready to see your friends die, you need to be."

They had battle training, too, one day mounting up in mockups of Humvees that were surrounded by video screens showing all kinds of hellish scenarios. They were trying to maneuver to a downed helicopter. That was the exercise. There was an explosion, a suicide bomber, an ambush. One of the Humvees was hit. Two soldiers were dead. Three were alive. "You're talking about somebody who's on fire," came the directions to soldiers in one of the other Humvees, who were on their way to attempt a rescue. "You're talking about someone whose fingers are burning off. They can't reach over and unbuckle their seatbelt. You've got to get them out . . ." and meanwhile one of the "wounded" soldiers began crying theatrically, "I want to live! I want to live!"

This was Spec. Ryan Nyhus, 19, of whom Kauzlarich said: "The kid's heart is as big as a basketball. He's a superstar." A superstar now, but a year and a half ago he was a high school wrestler in Wisconsin who didn't get the college scholarship he'd hoped for, and so was open to a suggestion from a friend that they join the Army together. Nyhus was sworn in first. Then came the friend's turn, and as he raised his hand, someone noticed that he had signed his name on the enrollment form in the wrong place, and as Nyhus tells it the friend took it as a sign from God "and walked out. Went home. Now he's really big into photography."

Eight hundred soldiers, 800 stories.

McCoy's: Age 44, wife, two children, career Army. "My job is not to die for my country," he said. "It's to see how many of those bastards I can kill for their country."

Staff Sgt. Frank Gietz, 41: two Iraq tours already, the last one doing convoy escorts in which 18 of 132 soldiers in his company were killed, now in charge of a platoon of 32, one of whom asked him just before Christmas how to deal with having to kill somebody. "Yeah, it worried me," Gietz said. "That's why I talked to him for two hours." And said? "Put it in a dark place while you're there."

Pvt. Mario Luna, 17: He asked Gietz the question. He asked it because a girl he had been talking to asked it of him. "And that got me all wound up," Luna said, so Gietz told him to look at the thing he was about to shoot at "as a target, not as a person, and that got me back in the game."

Eight hundred -- and every one was now the responsibility of Kauzlarich, who kept disappearing into the secure room and reappearing with adjustments and refinements.

"I am right now vetting an initiative in which all of us grow mustaches," he told his command staff at one of their daily meetings. Maybe it would foster trust when they moved along the streets of Baghdad, he explained, because Iraqis regard a man with facial hair as a man and a man without facial hair as a boy. "Any advantage we can get," he said, and then he looked at the men he was talking to and wondered aloud: "Can you grow mustaches? I look at you. You've all got such baby faces."

The meeting continued, and meanwhile, outside Kauzlarich's office, Staff Sgt. Jeremy Hodges, 27, one of those baby faces, his with a round scar in a cheek that led to another scar on the back of his neck, told the story of what it was like to get shot in Iraq on July 21, 2006.

"Everything went dark," he said.

And: "I remember the moaning. I remember the gurgling sound in my throat."

And: "I thought it was my last breath of air that day, until I realized the pain was going to last forever."

And: "Hey sir," he wrote during his recuperation, in an e-mail to an officer he had met a few years before who had told him "what a great soldier I was" and "how much confidence he had in me," and who had been "kind of like a father figure to me," and had said Hodges would always be welcome in his command and had single-handedly persuaded him to reenlist.

"I asked him if he still wanted me," Hodges said. "I told him I was broken."

"I don't care," Kauzlarich wrote back. "I'll take care of you. When can I expect you?"

And here Hodges was, one of the 800, ready to tell any of the other 799 what it is like to get shot. Not that they'd asked. "They just kind of stare at me and wonder," Hodges said. But if they did ask, "I'd tell them it hurts."

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They packed ammunition and photographs and first-aid kits and candy. They went into town and in a few cases drank too much, and in a few other cases went AWOL. Five days before departure, Kauzlarich studied a list of soldiers who wouldn't be

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able to go. Seven needed some sort of surgery. Two were about to have babies. One had an infant in intensive care. Two were in jail. Two (including Luna) would have to stay back until they turned 18. Nine were, for various reasons, "mentally incapable of doing what we're about to do."

But most could do what they were about to do, were eager to, impatient even, and said so in no uncertain terms.

"You ready?" McCoy asked soldier after soldier during another body armor inspection.

"Roger, Sergeant Major!"

"You sure?"

"Roger, Sergeant Major!"

"It's the decisive point of the fight," one soldier explained later, foot tapping, head nodding, practically vibrating. "This is the chance to win it."

Belief, then. Kauzlarich remembers the day he realized how strong a force it could be. He was in Fort Benning, Ga., for advanced coursework, and at the end of an exercise, as he and other soldiers waited outside for a ride, a visiting soldier from Sierra Leone explained how he had survived that country's various wars.

"In my country, we put on a blouse. It is a magic blouse. When I wear it, I know bullets cannot harm me," Kauzlarich recalls him saying. The soldier then rolled up a sleeve of his magic blouse. "Let me show you," he said. "Give me a knife." Someone gave him a knife. "Watch," he said, and Kauzlarich watched incredulously as the soldier swung the knife, which had a four-inch, razor-sharp blade, down on his soft inner forearm. It went easily through the skin. It went through veins. It went through muscle. It went all the way down to the bone, and for one belief-filled moment everyone waited for the healing to begin -- and then the soldier collapsed.

"That's a form of belief," Kauzlarich said of what he learned that day. "That's also a form of jackassery."

What about Iraq's believers, though? The ones for whom a briefing about suicide would focus on how to do it in order to kill as many American soldiers as possible, rather than on how to prevent it? The ones who believe as surely as Kauzlarich believes, and who are presumably waiting for him?

"Who will win?" he said, rephrasing the questions. "I will win."

He thought about his answer.

"Is that belief or confidence?" he asked. "Is it confidence, or is it overconfidence? Those are questions I have to ask myself. Because if it's overconfidence, it's arrogance."

He thought some more.

"I will win," he said again.

Three days until departure now. Kauzlarich wanted his soldiers to have these last days off to be with their families, who had come here from a dozen states and filled every hotel room in town, but first he gathered them on a field behind battalion headquarters to tell them the details of what they were about to do. It had snowed, and it was cold, and the sun was going down as he said that they soon would be on the edge of Sadr City, Baghdad's infamous and violent slum. The soldiers ringed him and pressed closer to hear, and as he raised his voice, his words about "initiative" and "paranoia" and "emotion" echoed off the ice and the surrounding buildings, making this place feel even chillier than it was.

"Now it's not a game, guys," he said. "You are going to see some horrific things in the next year. You are going to see some things you are not going to understand. . . .

"It's down to nut-cutting time, and we're going to get some, but we're going to do it in a disciplined manner, like we do everything. . . .

"I am absolutely confident in your abilities, absolutely confident. . . .

"The bottom line is this weekend's your last, okay? So call your parents, love your families, stay focused on them for this weekend. Not later than Tuesday night, as soon as you get on that airplane and that airplane takes off, your sole focus is going to be winning our nation's war."

There was a pause, just long enough for the word "war" to echo and evaporate, and then the soldiers began to cheer, loudly and for a while, and then they left the field and headed inside the battalion building, filling room after room not with a soldier's bloodlust, which would come soon enough, but with the wintry smell of boys who have been out in the snow.

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And then it was departure day, and in the Kauzlarich house a phone call came at 8:30 a.m. saying there had been a death.

The family, by then, was wide awake. The children were running around with stuffed animals purchased over the weekend, each with a memory chip containing a quick recorded message from their father for them to play over the coming year. "Hi Jacob. I love you." "Hi Garrett. I sure do love you." "I love you, Allie-gator."

And so came one more juxtaposition: "Sir, there's been a casualty forward," the caller said.

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The dead soldier, who in coming days would be identified as the 3,100th U.S. fatality of the war, wasn't in Kauzlarich's battalion, but his brother was, and that's why Kauzlarich was being called. The parents didn't know yet. They were somewhere in the area visiting their son who was about to deploy, and a search for them was underway. Did Kauzlarich happen to know where they were saying goodbye to one son, so they could be informed that their other son had died?

He hung up. He pictured the soldier -- not the dead one, whom he didn't know, but the one in his battalion, who of course would now not be going to Iraq, at least not right away. He made some calls. No luck. More calls.

The morning continued. Seven-year-old Allie wanted his attention; the night before, after saying she had a headache, and then saying she might have a fever, she had said, "I don't want you to leave," and when he told her, "I'll be okay, and if I'm not okay, you'll be okay because I'll be checking on you," she had said, "Then I'll kill myself so I can be with you." The boys, too young for such sensitivities, ran around the house clobbering each other as usual, while Stephanie had her own images to contend with.

"Gray. Dismal. A very sad place to live," is how she would picture the place her husband was going when she would close her eyes. She had done her time in the Army after graduating from West Point, and she had a soldier's guarded sense of sentimentality, but now came a new image, that of a freshly dead soldier. She had been keeping any doubts about the mission to herself. "He believes in this," she had explained one day. But this day was different. "You better come back," she now said.

Belief vs. uncertainty: Such was the subtext in 800 places that morning as the Army continued its search for two parents and a son. The soldiers would be leaving in two groups over the next 24 hours. The first group was due at battalion headquarters at 1 p.m., and at 12:42 the first hug was underway in the parking lot, a tangle of moving arms that was still going strong at 12:43. By 12:45, tears had begun in several places, including inside a car where a woman sat motionless against the door, head in her hands, and so it continued as the afternoon progressed.

The soldiers smoked. They got their guns. They lined up their body armor. They waited, checking their watches, with wives, girlfriends, children, parents, grandparents. "I seen 'em off in World War II," said the grandfather of a private named Ricky Andrus. "I had a brother who was killed. A pilot on a B-24. He went down in the Mediterranean. He was 20 years old." Which was one year younger than Andrus, who was loading the family car with things he wouldn't be taking, including a pair of cowboy boots whose top halves had been dyed a beautiful blue.

A sergeant named Johnathan Pritchett, meanwhile, was kissing a young woman who was up on her tiptoes, while Gietz told his platoon to start wrapping up the goodbyes already, while Nyhus stood alone on a loading dock and recounted the advice he'd gotten the night before during a call with his friend the photographer. "Keep your head down," the friend had said.

Three p.m. now, and Kauzlarich arrived with Stephanie and the children. "This day sucks," he said. The soldier and his parents still hadn't been found, but it was only a matter of time now, and Kauzlarich understood there would be ripples as word began seeping out, first through the soldier's squad, then his platoon, then the battalion. Blood through a magic blouse; that's what the effect of this death would be. "There's nothing good about it," Kauzlarich said, and when he began saying goodbye to his family and Allie started to cry, something she hadn't done all the other times he had left, that only made things worse.

He said goodbye to his family in his office. He said goodbye again when he put them in the car. He said goodbye again when they didn't leave right away, just stayed in the car, and then he went back into his office and into the final hours.

Computer: packed. BlackBerry: packed. Extra tourniquet: packed. Extra compression bandage: packed. Family photo: packed. Lights: off. He shut the door to his office. He ducked into another office when Jeremy Hodges, who would be staying behind to recuperate, called to him. "Thank you. I will," Kauzlarich said, and walked on. "Jeremy Hodges. Great American," he said, and then he made his way to a nearby gymnasium for one last ceremony, this one with no TV cameras, no trumpets, no drum. Just soldiers sitting on bleachers, eating cookies and waiting to be bused to a plane and listening to one last speech.

"This is going to be hard. Probably the hardest thing you've ever done," the speech began. "But it's going to be okay."

It was the same thing Kauzlarich had said a few days before to his command staff, but this time it was a general talking while Kauzlarich stood to the side, bouncing up and down on the balls of his feet and looking at row after row of soldiers, every one of them his.

What if they die?

And what if he dies?

Would such a death, in such a war as this war has become, be worthwhile?

"It's worthwhile if we win," Kauzlarich said. "But to sacrifice, there's got to be a purpose. And if we don't win, then our sacrifices are going to be in vain."

"Good luck and Godspeed," the general said, ending his speech, and then it was time to go.

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Out went the soldiers, funneling into single file to get through the exit doors. They had learned in training to avoid such a formation. Too easy for the enemy to get them. "The fatal funnel," it was called. But here, there was no enemy, only Kauzlarich, the man who had yet to fail, clapping them on their backs as they moved past.

"Ready?" he asked.

"Yessir."

"Good?"

"Yessir."

"Ready to be a hero?"

"Yessir."

Out they went, one by one, hundreds of them, until there was only one soldier left for Kauzlarich to speak to.

"Are we ready for war?" he asked himself, and then out he went, too, onto a bus, onto a plane, into Kuwait to regroup with his soldiers, and as of this week, into the heart of Baghdad, where any moment now their surge will begin for real.

He Wrote The Book. Can He Follow It? (WP)

By Sarah Sewall

The Washington Post, February 25, 2007

If anyone can save Iraq, it's David H. Petraeus, the ultimate can-do general. Installed in Baghdad earlier this month, he's bringing in his A-team and rolling up his sleeves. The question for the history books is before us: Will he be an alchemist, fusing existing elements of a moribund strategy with his knowledge and willpower to erase the United States' biggest mistake since the Vietnam War? Or does success in Iraq require more than is humanly possible?

Many of Petraeus's strongest supporters fear that his new assignment is a no-win mission, one that could not only stain his professional reputation but also, ironically, discredit the new counterinsurgency doctrine he spent the past year creating.

Petraeus is almost unique among senior Army leaders in fully embracing both the theory and practice of counterinsurgency. During two previous tours in Iraq, he provided relative security and fostered economic and political reform in Mosul and Nineveh province and later overhauled the coalition's training of Iraqi forces. He incorporated lessons from these experiences directly into FM 3-24, the revised counterinsurgency field manual whose preparation he oversaw. The new manual challenges the Army to think differently about how it conducts war.

That's why, as director of a human rights center, I supported his efforts by cosponsoring the doctrine revision seminar and helping shape the field manual. It features such counterintuitive paradoxes as "Sometimes, the more you protect your force, the less secure you may be," and "Some of the best weapons do not shoot."

The paradoxes challenge much U.S. military experience in Iraq over the past four years. Winning, the manual says, requires first ensuring the security and well-being of the civilian population -- the center of gravity in these wars. Counterinsurgent forces must integrate into the population, assuming more physical risk to soldiers, and other tools such as money, humanitarian assistance and construction projects are critical to the fight.

On the surface, President Bush's new "surge" strategy appears to coincide with Petraeus's approach to counterinsurgency: providing security for the population and allowing the host government to take charge. But if you hold the president's strategy up to the light of Petraeus's doctrine, there's only one conclusion you can draw: You can't get there from here. The Bush plan is burdened with three main deficiencies: too few capable U.S., allied and Iraqi counterinsurgent forces; weak U.S. efforts at promoting political and economic reform; and corrupt or feckless Iraqi institutions and leadership. The administration's strategy may have changed, but the supporting components have not. And even if the general asks his chain of command to address these shortfalls, it's unlikely that fixes can be found.

According to the new counterinsurgency field manual, the proper "troop-to-task" ratio for Baghdad requires 120,000 U.S. and allied security forces. During his confirmation hearings, Petraeus carefully predicted that the present numbers will rise to 85,000, but only with some important caveats: if there is a full surge of 21,500 additional U.S. troops (recent administration hints of stopping deployments midway through the increase raise questions about this, however), and if you count all Iraqi security forces (which presumes that the troops both report for duty and prove capable -- both large assumptions). If you also count private American and foreign security contractors and the Iraqi guards that protect government ministries, the counterinsurgent numbers increase by tens of thousands.

Petraeus has never denied that the numbers didn't add up to the ideal. Instead, he has said that he could accomplish the security mission by using these forces differently than they have been used in the past, aggressively pushing them out among the population that they are supposed to secure. Petraeus may conclude -- consistent with the field manual -- that he needs more

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U.S. forces for a longer period of time. But given current political calculations in Washington, neither the administration nor Congress is likely to provide them.

Petraeus's counterinsurgency doctrine also holds that 80 percent of any counterinsurgency effort should be political. Yet the military has always been the 800-pound gorilla in Iraq. Petraeus is politely urging other government departments to play larger roles, and in particular to increase economic assistance to support the security effort. But the State Department can't even fill the civilian slots on the planned additional provincial reconstruction teams it is sending to Iraq; it has asked the Defense Department to provide military officers instead of foreign service officers. And no one has much confidence that State, Treasury or Justice Department support in Iraq will suddenly become effective -- particularly if security continues to disintegrate.

Finally, there is the field manual's mantra: It's the host government, stupid. Petraeus rightly points out that the government of Prime Minister Nouri al-Maliki is still young -- the fourth in 3 1/2 years. Bush's strategy is to provide the government with enough confidence and breathing room to make tough decisions and take decisive action. All good, except that virtually none of the institutions comprising Iraq's government function as advertised. Both the security apparatus and civilian agencies lack effective oversight or a meaningful national identity. The army, police and intelligence agencies are riddled with sectarian divisions and militia influence, while corruption and a lack of expertise erodes public trust in civilian bureaucracies that still cannot provide prewar levels of services.

Breathing space for this Iraqi government may provide life support, but not a cure. Only a soup-to-nuts overhaul focused on carefully vetting and training personnel and holding them accountable -- for years -- could realistically stem the rot. Given limitations in U.S. capacity and will, this is not feasible.

In addition to facing these jarring realities, an administration happy to return Petraeus to Baghdad should consider whether insurgency is even the right label for the sectarian bloodletting in Iraq. If it's really a civil war or worse, as the recent National Intelligence Estimate concluded, how much can an under-resourced counterinsurgency effort accomplish? In civil conflict, security requirements become paramount, in part because the political space for compromise has all but vanished. Stopping a civil war requires still more of the very resources and time that Petraeus currently lacks.

Placed in charge this late in the game, Petraeus should not have to carry the burden of Iraq's probable failure. Yet there is a silver lining in his appointment. Petraeus has the expertise to identify shortfalls and the likelihood of failure, and he has the credibility to force a political response. Even the president would have to take his assessments seriously. Petraeus vowed to provide forthright, professional military advice regarding the mission in Iraq. He testified that, by late summer, he should know whether the strategy is working. He promised to alert not just his immediate military superior, but Congress as well, if the strategy cannot succeed.

Petraeus may provide the ultimate service to the troops and the nation -- and seal his legacy -- not by winning, but by speaking the truth about Iraq.

Sarah Sewall is a former deputy assistant secretary of defense and director of the Carr Center for Human Rights Policy at Harvard University.

Failing In Baghdad -- The British Did It First (WP)

By Toby Dodge

The Washington Post, February 25, 2007

At the center of Baghdad's neglected North Gate War Cemetery, near the edge of the old city walls, stands an imposing grave. Sheltered from the weather by a grandiose red sandstone cupola, it is the final resting place of a man from whom George W. Bush could have learned a great deal about the perils of intervening in Iraq.

Lt. Gen. Sir Frederick Stanley Maude was head of the British army in Mesopotamia when he marched into Baghdad on a hot, dusty day in March 1917. Soon thereafter, he issued the British government's "Proclamation to the People of Baghdad," which eerily foreshadowed sentiments that Bush and his administration would express 86 years later: British forces, Maude declared, had entered the city not as conquerors, but as liberators.

Maude had arrived in Baghdad after a long and arduous military campaign. British forces had been fighting the Ottoman army for 2 1/2 years and had suffered one of the worst defeats of World War I in the six-month siege of the eastern city of Kut, which had ended in an ignominious surrender to the Turks in April 1916.

Having rallied from that loss and finally reached Baghdad, Maude tried to create common cause between the British army and the city's residents, whom he saw as having been oppressed by 400 years of Ottoman rule. "Your lands have been subject to tyranny," he declared in his proclamation, and "your wealth has been stripped from you by unjust men and squandered." He promised that it was not "the wish of the British Government to impose upon you alien institutions." Instead, he called on residents to manage their own civil affairs "in collaboration with the political representatives of Great Britain."

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Maude did not live to see the failure of his efforts to rally the people of Iraq to the British occupation. He died eight months later, having contracted cholera from a glass of milk.

After his death, British policy toward Iraq changed repeatedly as the army attempted to dominate the country and suppress the population, while the government strove to adjust to Britain's diminished role in the international system after WWI. Initially, the aim was simply to annex the territory and make it part of the Empire, run in a fashion similar to India. But Woodrow Wilson's Fourteen Points speech in January 1918 did in that idea. In setting out America's vision for the postwar world, Wilson expressly attacked the duplicitous diplomacy of European imperialism, which he blamed for dragging the world into prolonged military conflict.

This meant that a modern, self-determining state was now to be built in Iraq. Britain was to take the lead, but its effort was to be continually scrutinized by the League of Nations, which had been set up under Wilson's watchful eye at the Paris Peace Conference at the end of the war.

In an echo of what is happening under the U.S. occupation, hopes for a joint Anglo-Iraqi pact to rebuild the country were dashed by a violent uprising. On July 2, 1920, a revolt, or thawra, broke out along the lower Euphrates, fueled by popular resentment of Britain's heavy-handed behavior in Iraq. The British army had set about taxing the population to pay for the building of the Iraqi state, while British civil servants running the administration refused to consult Iraqi politicians, judging them too inexperienced to play a role in the new government.

The rebellion quickly spread across the south and center of the country. Faced with as many as 131,000 insurgents armed with 17,000 modern rifles left over from the war, the British army needed eight months to regain full control of Iraq; 2,000 British troops were killed, wounded or taken prisoner and 8,450 Iraqis were killed. To make matters worse, the British government was forced to pour troops back into Iraq, long after the end of the war, to stabilize the situation.

The revolt forced Britain to devolve real power to Iraqi politicians. At the head of this new administration the British placed a newly created king, Faisal ibn Hussein, famous for his association with Lawrence of Arabia during the war. But the revolt had as much influence in Britain as it did in Iraq itself. The "blood and treasure" expended in putting down the violence made the continued occupation extremely unpopular. The public's discontent reached its peak in the general election campaign of November 1922. The leader of the opposition, conservative Andrew Bonar Law, captured the national mood when he declared: "We cannot alone act as the policeman of the world."

Newspapers and candidates organized their electioneering around the "bag and baggage" campaign demanding that Britain withdraw from Iraq as soon as it could. After defeating wartime coalition leaders David Lloyd George and Winston Churchill, the victorious Bonar Law pledged that "at the earliest possible moment, consistent with statesmanship and honour, the next government will reduce our commitments in Mesopotamia."

U.S. presidential candidates now campaigning to seize the White House in 2008 should be forewarned, however: It took Britain 10 more years to jettison its financial and military commitments to Iraq. During that period, a number of governments struggled to reduce the size of the forces deployed in Iraq and the amount of money being spent there. They strove for a decade to stabilize the country and meet Britain's pledges to the international community while trying to placate domestic opinion. The tensions involved in this exercise -- building a state from scratch with a hostile population, under severe budgetary constraints and in the face of rising domestic anger -- ultimately led to the failure of the whole exercise.

Like Maude's before him, Bush's policy in Iraq has resulted in a series of unintended outcomes. In the face of ever-increasing violence, the stirring rhetoric about Iraq becoming a beacon of democracy in the Middle East has been quietly dropped. Instead, the operation in Iraq has been placed on the frontline of the global fight against terrorism: It is better to battle terrorists on the streets of Baghdad than in Brooklyn or Houston, the mantra goes.

Where does this leave U.S. policy toward Iraq? Historical studies often divide military interventions into three general phases. The first phase, the initial decision to invade, is shaped by common misperceptions that the conflict will be short and that military force can be used to achieve political objectives. World War I began with an assumption that British troops would be home by Christmas; Bush declared "mission accomplished" after three weeks.

The second phase is marked by a slow realization that both these assumptions are wrong. The policy failure leads to increasingly desperate attempts to stay the course, to pour in ever greater numbers of troops, gambling on a resurrection of the initial policy. This middle stage comes to an end with the decision to disengage. Interestingly, this choice -- admitting defeat and going home -- is usually taken by a new government.

The 1920 revolt, followed by the change of government in London in 1922, led to a prolonged but largely unsuccessful attempt to do nation-building on the cheap. The final transformation of policy was marked by another change of government. The election of May 1929 resulted in a Labor administration. The new foreign policy team found it easier to identify the contradictions

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at the heart of Britain's relations with Iraq and find ways to overcome them. It recommended Iraq for unconditional membership to the League of Nations in 1932, unceremoniously dumping Britain's commitment to building a democratic and stable state.

Iraq became a fully independent state that same year. But it was unable to defend itself against its neighbors, or to impose order without assistance. The government was ultimately dependent on the British air force to guarantee its survival.

Eighty years later, after failing to stabilize Iraq, the U.S. government has come face to face with the high costs of the new "forward-leaning" foreign policy of the Bush doctrine. Comparisons with other military interventions suggest that Bush will continue to pursue a largely unvarying policy in Iraq, deploying all the troops and resources at his disposal in an attempt to correct the mistakes that have been made. The result, as the president himself has recognized, will be to push the difficult decisions about the future of U.S. involvement in Iraq onto his successor.

History, however, has two final disturbing lessons for the next president. The governing elite nurtured by the British to take their place -- the Iraqi royal family and their associates brought to the country in 1921 -- proved unfit for the purpose and were swept aside by a military coup in 1941. The British army was forced to reinvade and restore them to power. Yet even this second invasion was not enough. The violent instability that engulfed Iraq and resulted in the rise of Saddam Hussein was triggered by the murder of the royal family by Iraqi army officers in July 1958. The crime was committed in the name of Arab nationalism, as a strike against British interference in a sovereign Arab nation.

Here is what Britain's history of failure at building a democratic state in Iraq in the 1920s and '30s tells George W. Bush and his successors: If, like Gen. Maude, they fail to deliver on the promises of a better future for the Iraqi people, then Iraq will continue as a font of violent instability long after those who made the promises have been buried.

Toby Dodge, author of "Inventing Iraq: The Failure of Nation Building and a History Denied" (Columbia Univ. Press), is associate professor of international politics at the University of London and a senior fellow at the International Institute for Strategic Studies.

The Iraqis Down The Street (LAT)

By Gregory Rodriguez

The Los Angeles Times, February 25, 2007

'HAVE you tried any of the new Iraqi restaurants over on Coldwater Canyon?"

That might sound odd today, but within a few years, Angelenos may very well come to learn more about Iraqi cuisine and culture than they ever could have imagined. There may develop a Little Mesopotamia — possibly with its own marker on the freeway — in the Valley, or maybe in the OC. You never know.

What's likely, though, is that this appreciation we'll gain of Iraqi culture will come about only after our troops have left that country and Baghdad is no longer a front-page dateline. Better late than never, I suppose.

Such a cycle — the time it takes for a major U.S. overseas commitment to ripple back into our nation's demographic fabric — isn't new. After all, how many Americans were going to Korean restaurants in 1952, or Vietnamese ones two decades later?

Two weeks ago, the White House announced that the U.S. would accept up to 7,000 Iraqi refugees by the end of this year. It's an initial trickle; we should be receiving more. Not just because it's the humane thing to do but because it serves our interests.

Throughout the 1990s, when Saddam Hussein was in power, the U.S. accepted tens of thousands of Iraqi refugees. But since the 2003 invasion, we've received fewer than 500 people from a nation in which sectarian violence has sent 2 million people into exile. It's hard to take refugees from a country that you are trying to pretend is a happily liberated place, relishing the peace and prosperity you've delivered to it. But that pretense is wearing thin, and in being more candid about the realities on the ground in Iraq, the Bush administration is going to have to allow more refugees from that country.

Ever since the federal government first recognized refugees as a distinct group in the aftermath of World War II, the U.S. has favored people fleeing from enemy states and places where we've intervened militarily. From 1982 to 2002, 80% of all refugees fell into those two categories, the largest group coming from Southeast Asia. It should come as little surprise that the U.S. welcomes few refugees from nations that it perceives as having no strategic value.

U.S. military intervention overseas has historically created lasting ties to those lands. In fact, the size of contemporary immigrant communities in this country is often directly related to the intensity of U.S. military interest in the refugees' home countries.

Thinking back to my own suburban Los Angeles upbringing, I'm struck by how many of my childhood friends and teenage dates were first linked to the U.S. by war. The Korean American classmates I studied with were, in a very real sense, the legacy of the Korean War. Filipinos were first linked to the U.S. by the Spanish-American War in 1898 and then came in large numbers after their role as allies in World War II. The Armenians who transformed my hometown in the 1980s were products of the Cold War. My college girlfriend, who transformed me, was Vietnamese.

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We know now that as U.S. influence expands throughout the world, the world's influence expands here at home. And accepting refugees can improve the nation's image overseas.

"The more you have refugees entrenched here and becoming Americans, the more they export American values back home," said Georgetown University political scientist Yossi Shain. "Members of mobilized diasporas become ambassadors for the United States around the world." Of course, 7,000 refugees do not a diaspora make. But those numbers are likely to grow as the war lingers on. A quick military withdrawal could also lead to louder demands to assist the many Iraqis who have risked their lives for U.S. interests. In the months after the fall of Saigon in April 1975, the U.S. resettled 130,000 Vietnamese refugees. Many more followed.

"Seven thousand is not just a family," said University of Chicago sociologist Saskia Sassen. "They will come from many families and many communities, and they will build bridges back to these places. This is a form of soft diplomacy that benefits us in the long run." Although it won't likely alter our image among hard-liners, opening our doors to Arab Muslim refugees could help mold public opinion in the Middle East.

But whatever the final number of refugees may be, one day soon these new Iraqi arrivals and their children will be part of us. And as unlikely as it may seem at this dark hour, a war that has already killed tens of thousands of people may bring our two nations closer.

Bomb At Iraqi Mosque Kills 36 After Sunni Imam Condemns Militants (NYT)

By Richard A. Oppel

The New York Times, February 25, 2007

BAGHDAD, Feb. 24 — A truck bomb detonated beside a Sunni mosque and public market near Falluja on Saturday, killing 36 people and wounding at least 62 more worshipers a day after the imam there condemned Sunni militants, according to Iraqi security authorities.

The blast, which struck during a prayer service in Habbaniya, a town between Falluja and Ramadi in one of the most dangerous areas of Sunni-dominated Anbar Province, was unusual in that such bombings are a staple of Sunni insurgents. Attacks of that sort are usually directed at Iraqi police and soldiers, or at Shiite sites or mixed neighborhoods.

Residents of Habbaniya said the mosque's imam had condemned Qaeda militants during Friday Prayer the day before, and there was immediate speculation that the attack was linked to his sermon.

A statement issued by the American military said the blast struck about 4:30 p.m. near a school and Iraqi police station, in addition to the mosque. "The target of the attack is not known," the statement said. The military said American forces arrived quickly to help secure the area and transport victims to hospitals.

The bombing was the worst of several attacks in Iraq on Saturday, including one that left at least eight Iraqi national policemen dead at a checkpoint about two miles south of Baghdad International Airport.

According to the American military, witnesses said as many as 10 insurgents rushed to the checkpoint and leaped out of a vehicle, firing assault rifles and lobbing grenades at the police.

Two attackers were killed, but a military statement did not say what had happened to the other attackers. The statement also said American forces arrived and were fired on by the attackers, and then called in unspecified "aviation support."

In another car bombing, at least three people were killed and nine wounded in Baghdad near the compound of Abdul Aziz al-Hakim, leader of the powerful Shiite party Supreme Council for Islamic Revolution in Iraq, the Interior Ministry said.

On Friday, American forces detained and then released Mr. Hakim's eldest son, Amar, after he crossed the border from Iran back into Iraq. The detention spurred demonstrations in Basra and the Shiite holy city of Najaf, and prompted the American military to issue a statement on Saturday calling the episode "unfortunate" but suggesting members of Amar al-Hakim's convoy had provoked the scuffle.

Reiterating both his earlier comments as well as assertions made on Friday by a senior aide to his father, Amar al-Hakim complained at a news conference in Najaf that American forces had physically abused his guards and treated him roughly and disrespectfully.

President Jalal Talabani, whose Kurdish political coalition is the primary governing partner of the dominant Shiite coalition headed by the elder Mr. Hakim, released a statement sharply criticizing the detention and demanding that American commanders hold accountable soldiers who he said had mistreated Mr. Hakim.

Mr. Hakim is considered an heir to his father's political dynasty, and in recent years he has spent much of his time in Shiite southern Iraq building support for his father's ambitions, including a controversial proposal to carve out an autonomous state made up of nine Shiite provinces.

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Initially, an American military official said Amar al-Hakim was seized because his passport had expired and because he was traveling with men possessing a large number of weapons.

On Saturday, the military released a longer but less specific statement that said Mr. Hakim was never mistreated. And while Iraqi border officials and associates of Mr. Hakim have said he was detained by American troops, the military on Saturday asserted that Iraqi border forces led the detainment and were merely "supported" by American forces.

Mr. Hakim's convoy "was initially stopped because the vehicles met specific criteria for further investigation in an area where smuggling activity has taken place in the past," the military said. "At the time, members of the convoy did not cooperate with Coalition Forces and displayed suspicious activities which subsequently led to Mr. Hakim's detention."

Mr. Hakim "was treated with dignity and respect throughout the incident," the military said, adding that "unfortunate incidents such as this occasionally occur as Iraq endeavors to secure its borders."

At Least 40 Die In Bombing At Sunni Mosque In W. Iraq (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 25, 2007

Attack Follows Sermon Denouncing Insurgents

BAGHDAD, Feb. 24 -- During what turned out to be the last Friday prayer he led, Imam Mohammad al-Marawi urged worshipers at a Sunni mosque in the western city of Habbaniyah to stand firmly against al-Qaeda in Iraq, a Sunni insurgent group that has a strong following in the area.

"A bunch of corrupted individuals," the imam called the group's members, according to a man who was at the service.

Less than 24 hours later, someone in a Mercedes truck drove up next to the mosque and detonated explosives hidden under a load of stone and marble. At least 40 people were killed, including 15 who were praying inside.

The blast Saturday afternoon in front of Hay al-Ummal mosque killed several passersby, including women and children. The mosque is within a few feet of a children's clinic and a police station.

"If the target was the police station, the truck would have been placed near it, not next to the mosque's outer wall," said Hussein Ali, a prominent community leader.

The bombing was the first in recent months to kill dozens of civilians in a predominantly Sunni area. But witnesses said that unlike other large attacks, this one did not appear to have been driven by sectarian rivalries -- Shiite militias are not known to be active in the area -- but rather was probably carried out as a warning from Sunni extremists to Sunnis who support the U.S.-backed Iraqi government.

Tribal leaders in Habbaniyah and other Sunni insurgent strongholds in volatile Anbar province have tried to mobilize civilians against al-Qaeda in Iraq, which has sought to impose strict Islamic code in several regions and has frequently attacked U.S. and Iraqi forces.

Falah al-Dulaimi, leader of Anbar Civil Defense, one of several groups trying to quell the insurgency, said in a telephone interview that insurgents had nicknamed the city "Tel Aviv," a disparaging reference to U.S. influence.

Despite warnings from Sunni insurgents, women in Habbaniyah are not forced to cover their hair with the traditional hijab, and residents are free to use the Internet and cellphones.

U.S. soldiers stationed at a nearby facility responded to the blast in Habbaniyah, which is about 50 miles west of Baghdad. They cordoned off the area and transported many of the wounded to medical centers.

Alaa Jaber al-Marawi, 30, who owns a grocery store across the street from the mosque, said the bombers probably picked the site because it is on the edge of the city's well-guarded center. He said in a phone interview that his brother was among the injured and that one of his legs was amputated Saturday night.

The attack came as thousands of troops from across the country are being deployed to the capital for the implementation of the Baghdad security plan. Some provincial leaders are concerned that the new measures in Baghdad might push insurgents and militias to other parts of the country.

Also Saturday, Iraqi President Jalal Talabani issued a statement calling for the punishment of U.S. soldiers involved in the temporary detention of the son of an influential Shiite political leader.

Amar al-Hakim -- whose father, Abdul Aziz al-Hakim, heads the Supreme Council for the Islamic Revolution in Iraq -- was detained Friday near the southern city of Kut after returning from Iran.

Talabani said Hakim had "received uncivil and inappropriate treatment" during his hours-long detention. U.S. officials said soldiers had not singled him out, and they described his detention as a routine procedure along the heavily patrolled border.

Special correspondent K.I. Ibrahim contributed to this report.

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Truck Bomb In Iraq Hints Of Sunni Feud (WT/AP)

By Brian Murphy, Associated Press

The Washington Times, February 25, 2007

BAGHDAD -- A suicide truck bomber sent a deadly storm of metal, stone and jagged plaster through worshippers leaving a Sunni mosque yesterday, killing at least 39 in a likely sign of escalating internal Sunni battles between insurgents and those who oppose them.

The motive for the attack was not immediately clear, but it carried the hallmarks of an increasingly bloody struggle for control of Anbar province -- a hotbed of anti-U.S. guerrillas since the uprising in Fallujah in 2004 that galvanized the insurgency.

U.S. military envoys and pro-government leaders have worked hard to sway clan chiefs and other influential Anbar figures to turn against the militants, who include foreign jihadists fighting under the banner of al Qaeda in Iraq. The extremists have fought back with targeted killings and bombings against fellow Sunnis.

The blast in Habbaniyah -- in the heart of insurgent territory about 50 miles west of Baghdad -- was among the deadliest against civilians in Anbar.

The imam of the mosque had spoken out against extremists -- most recently in a sermon Friday, residents said. Many people in the neighborhood work for the Iraqi military and police forces, who frequently come under attack by militants.

The truck, filled with building materials such as stone and plaster board, was blown apart as worshippers left after midafternoon prayers.

Rescuers, including U.S. soldiers, pulled survivors from the debris. The U.S. military sealed off the area and said it opened its medical facilities to "the most life-threatening injuries" among the more than 60 hurt.

Police Lt. Abdul-Aziz Mohammed placed the death toll at 39, but authorities warned it could rise. The U.S. military said it was a suicide attack.

The attack occurred a day after U.S. troops raided a factory complex in Fallujah full of propane tanks and industrial chemicals that the military said could be used to make bombs. Back-to-back bombings in the past week released chlorine gas and raised worries that insurgents were experimenting with chemicals to boost the terror level of their attacks.

At least 14 persons were killed in bombings around Baghdad yesterday, most of the explosions targeting Shi'ite areas, even as U.S.-Iraqi forces press ahead with neighborhood-by-neighborhood sweeps seeking to reclaim control of the city.

After nightfall, nearly 20 strong blasts reverberated through Baghdad in a reported exchange of fire between U.S. troops and insurgents south of the capital.

"There is no safe shelter for all outlaws," said Prime Minister Nouri al-Maliki, who reported that 426 militants have been captured since the campaign began Feb. 14, but the crackdown also has sent Sunni insurgents fleeing the city to the nearby province of Diyala, which has emerged as a new and busy front for U.S. troops.

It's become so volatile that the Pentagon may delay plans to turn over control of Diyala to the Iraqi military by the end of the year, Maj. Gen. Benjamin Mixon told the Associated Press.

"The potential is there" to hand over Iraq's other 17 provinces, "except in Diyala, where the future remains in question," said Gen. Mixon, commander of U.S. forces in northern Iraq, which includes Diyala.

Diyala, northwest of Baghdad, is known as "Little Iraq" because of its nearly equal mix of Sunni and Shi'ite Arabs as well as Kurds -- the country's three major groups. Al Qaeda in Iraq leader Abu Musab Zarqawi, a Jordanian, was killed in a U.S. air strike in Diyala last year. Sunni extremists claim Diyala's capital, Baqouba, as the seat of an Islamic state in Iraq.

Direct-fire attacks on U.S. soldiers are up 70 percent in Diyala since last summer, and fierce battles have raged since the Baghdad security plan began.

"We're working our way into the Baghdad security plan, and we won't be into the thick of it until late spring or summer," Gen. Mixon said. "I expect more violence in Diyala through then."

Shi'ite compliance is essential for the Baghdad plan to work. Shi'ite leaders apparently have ordered their militia, including the powerful Mahdi's Army, not to confront the security operation.

But the cooperation suddenly has been strained after U.S. military border guards stopped and searched the heir-apparent of the largest Shi'ite political group.

"Is this the way to deal with a national figure? This does not conform with Iraq's sovereignty," said Amar al-Hakim, 35, who was taken into custody for nearly 12 hours Friday after crossing from Iran with bodyguards.

Al-Hakim's father, Abdul-Aziz al-Hakim, heads the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, which has close ties with Iran and is the strongest voice in Iraq's 275-seat parliament. In December, he met President Bush at the White House.

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The younger Mr. al-Hakim -- whom many believe is being groomed to take over the group -- said U.S. soldiers handcuffed and blindfolded him before his release and "strongly abused" his bodyguards. He said cellular phones, licensed weapons and two-way radios were among items confiscated.

A U.S. military statement called the detention "unfortunate," but insisted Mr. al-Hakim was not mistreated.

President Jalal Talabani, a Kurd, called the detention "uncivilized and inappropriate."

Iraq Insurgents Turn On Sunnis (LAT)

By Christian Berthelsen, Borzou Daragahi

The Los Angeles Times, February 25, 2007

BAGHDAD — At least 37 Iraqis were killed Saturday in a highly unusual insurgent bomb attack against Sunni Arabs as they were leaving a mosque.

A preacher at the Sahaba mosque in Habbaniya, 40 miles west of Baghdad, had delivered a blistering sermon a day earlier condemning Al Qaeda activities in Iraq, an official in the town said.

U.S. military officials helped secure the site and evacuate dozens of injured Iraqis. The most seriously wounded were taken to a nearby base, a news release said.

Shiite Muslims are the main Iraqi targets of the Sunni-led insurgency. But police and residents in the Sunni Muslim-dominated area said the people had largely aligned against Al Qaeda militants operating in the region. They said most of the young men in the village, between Fallouja and Ramadi, were employed in the police and the army — unusual for Al Anbar province, long a hotbed of insurgent activities.

The mosque, as well as a nearby market and shops, was severely damaged in the explosion.

Across Iraq on Saturday, car bombs and mortar attacks killed and wounded dozens of people, including a car bomb outside the Baghdad headquarters of Iraqi President Jalal Talabani and the largest Shiite voting bloc in the Iraqi parliament, the Supreme Council for Islamic Revolution in Iraq.

Three people were killed and seven others were injured, primarily merchants and their customers.

Another car bomb in an area busy with vendors near the capital's fortified Green Zone, where U.S. and Iraqi government offices are located, killed two people and injured eight others. Rocket and mortar fire killed one and injured nearly two dozen others, including some women and children, in incidents in south and west Baghdad.

Iraqi special forces shot and killed a would-be suicide bomber as he was trying to detonate an explosive device in a crowd in a mixed area of southern Baghdad.

Some of the attacks Saturday targeted Iraqi military and police installations that had been established in the renewed effort to secure the country, injuring officers.

A former Iraqi general was assassinated by gunmen near his house in southwest Baghdad, and a tribal sheik was killed in a drive-by shooting in the northern city of Kirkuk.

Police patrols found the bullet-riddled bodies of 20 men dumped around the capital on Saturday, a higher tally than in recent days but still lower than during the spasm of violence that had consumed Baghdad in past weeks.

Beyond Baghdad, Beyond 'the Surge,' War Still Simmers (NYT)

By Marc Santora

The New York Times, February 25, 2007

THE letter from Al Qaeda in Iraq to the members of the local police was clear.

Come to the mosque and swear allegiance on the Koran to Al Qaeda, the letter warned, or you will die and your family will be slaughtered. Also, bring $1,200.

It had the desired effect on American efforts to build an Iraqi security force here.

Nearly a third of the local police force went to the mosque, paid the money and pledged their allegiance. Another third was killed. By late October, only 34 local police officers were left to try to maintain order in this city of 100,000.

Events in Baghdad have dominated the news as American troops move aggressively to quell the sectarian violence that has set Sunni and Shiite neighborhoods at war with each other. But a visit to this restive city is a reminder not only of the many fronts of the war, but also of its many complexities.

While sectarian warfare dominates Baghdad, and southern Shiite cities like Basra contend with criminal gangs and tribal violence as splinter groups compete for power, a different dynamic is at work in this predominately Sunni city on the Tigris River between Baghdad and Tikrit, the birthplace of Saddam Hussein.

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Samarra, 65 miles north of Baghdad, is home to the Mosque of the Golden Dome, one Iraq's most sacred Shiite shrines. A year ago, Sunni insurgents bombed the mosque, ripping a hole in the dome and unleashing sectarian violence in the country.

Even so, there has been little of the sectarian violence here that has engulfed Baghdad, where scores of tortured bodies turn up every day and suicide bombers claim dozens in attacks directed at civilians.

Here, and in other cities to the north and west of Baghdad, where Shiites are a distinct minority, Sunni militants continue to wage war on Americans and terrorize the civilian population into submission.

The coordinated attack on an American combat outpost north of Baghdad on Monday by Sunni militants, which left two soldiers dead and some 30 wounded, is an example of the kind of stepped-up attacks the American military fears could become more common.

Lt. Col. Viet X. Luong, the commander of the 2nd Battalion of the 505th Parachute Regiment in the 82nd Airborne Division, said he was seeing an increase in militant activity to the south of Samarra. That, he said, is partially a result of the Americans' successes in the city, but also likely the result of Sunni militants moving out of Baghdad to escape the American offensive there.

"We are getting attacked between the seams," he said.

Over the past five months, his soldiers in the city have conducted more than 1,000 raids, been attacked by improvised explosive devices 69 times and come under direct fire attack at least 85 times, the colonel said.

There are at least two different forces here battling the Americans: the Islamic Army of Iraq, a homegrown militant group made up largely of former Baathists, and Al Qaeda in Iraq, which is aided and sometimes directed by foreign fighters.

Some members of the Islamic Army of Iraq, the main Sunni militant group here, said in interviews that they were pressing Al Qaeda to focus on Shiite militias and not the Americans, whom they see as a temporary buffer in their fight against the Shiites.

Local residents say that Al Qaeda is so bold as to even run a training camp within the city, managing to avoid the American patrols and intimidating the local population through murder and kidnapping.

American soldiers were supposed to pull out of Samarra by March, but the Iraqi security forces are still nowhere near ready to take charge. Colonel Luong says it will likely be another 6 to 12 months before the Iraqis could hope to stand on their own.

The risks of pulling out too soon have already been demonstrated. Twice in the past four years, the city has fallen to militants. And twice, it took major American offensives to reclaim the city.

Even now, many consider it unsafe. "No judge can come to Samarra because he will be killed," said Lt. Col. Abdul Jalil Hanni, the commander of the local police force, which now numbers 114. Many new recruits come from Sunni cities farther north.

There are another 201 National Police officers in the city, but nearly 70 percent of them are Shiite, presenting a host of additional complications in this Sunni city. While their commander is Sunni, residents interviewed over the past two weeks said they did not have the slightest faith in them. The Iraqi Army does not patrol in the city.

Capt. Buddy Ferris, who leads Company C at a small outpost on the edge of the city, said that if Americans left tomorrow, the effect on Iraqi security forces would be like "sudden infant death syndrome."

Captain Ferris and his soldiers see the problems clearly, but the company is proud of its achievements, like bringing the police force back from near collapse.

In six months, the company has established a network of local informants and recently captured a Qaeda member who was sent to Guantánamo because of his connections to suspected terrorists outside Iraq. Captain Ferris acknowledges they have not yet won the loyalty of the population but says he thinks they have a strong leader in Colonel Jalil, whose son, Hassan 18, was assassinated by militants.

Colonel Jalil, whose camouflage uniform covered the scar of a bullet wound in his right arm, says the Americans are too soft. "They do not let me slap them," he said of the militants, in an interview. A former officer in Saddam Hussein's feared Mukhabarat, the colonel talked about how he would like to have a free rein to beat prisoners and kill them without trials if they are guilty.

As he spoke, a television in the corner of his office was showing the movie "Annie." The little orphan was singing, "The Sun Will Come Out Tomorrow."

Iraqi Allies, U.S. Split On Baathist Policy (LAT)

By Christian Berthelsen

The Los Angeles Times, February 25, 2007

BAGHDAD — The son of one of Iraq's most prominent Shiite politicians lashed out at the United States in an incendiary televised appearance Saturday, a day after he was detained by American troops.

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Thousands of Iraqis took to the streets across the country to protest the detention of Ammar Hakim, whose father's political party has been a major U.S. ally. The demonstrators chanted "Down with America" and called Western forces "occupiers" who must leave the country.

Not only has the arrest angered followers of the moderate Shiite party led by his father, Abdelaziz Hakim, it has provided common ground with more radical followers of the anti-American cleric Muqtada Sadr.

U.S. policymakers have advocated isolating Shiite radicals from more moderate figures in the community. But at rallies across the country Saturday, members of Sadr's Al Mahdi army, longtime rivals of the Hakim family, protested alongside members of the elder Hakim's Badr Brigade militia.

Ammar Hakim was arrested and held for several hours because of what were said to be questions about his passport as he crossed into Iraq from Iran. He said soldiers stopped him without good reason, treated him rudely and roughly and appeared to have kept seven AK-47s, 14 pistols and more than $6,000 in U.S. and Iraqi currency taken from him and his bodyguards.

"The U.S. troops said that they treated me politely, which is not true," Hakim said in a televised news conference. One soldier "kicked me violently against the wall. He handcuffed me. He bound my eyes."

The arrest and subsequent protests come at a sensitive time, as the U.S. tries to build relationships with the Iraqi people amid a security crackdown. The incident has the potential to undermine relations between Iraq's majority Shiites and the U.S. forces that toppled their Sunni oppressors.

"We condemn this trespassing act of the U.S. forces that is illegal and against the human rights," said Sheik Suhail Uqabi, a spokesman for Sadr in the city of Najaf. "This reveals the reality of double standards in the U.S. policy toward the Iraqi people, even against the forces that are working under the constitutional political process."

U.S. diplomats have apologized for the incident and said they would investigate Hakim's complaints. They have noted that he was quickly released, and have defended the soldiers involved by saying they followed standard procedures.

Abdelaziz Hakim is the leader of the largest Shiite voting bloc in the Iraqi parliament, the Supreme Council for Islamic Revolution in Iraq, or SCIRI. The elder Hakim met with President Bush in Washington in December and pledged to help stem the violence in Iraq.

The elder Hakim was an opponent of Saddam Hussein and spent much of the 1980s in exile in Iran as a commander of the Badr Brigade.

The militia has close ties to Iran and has been accused of operating death squads targeting Sunnis, but it is also viewed as among the more moderate Shiite forces in Iraq.

Ammar Hakim leads the Shahid al-Mihrab Foundation, a charity affiliated with SCIRI that provides food and money to the foundation's supporters.

Iraqi sensitivity about the arrest stems from a feeling that it impinged on the country's sovereignty.

Protesters said they were offended that foreign soldiers could detain a prominent figure so easily, on mere suspicion.

"What the U.S. troops have done is a direct digression of the laws, and a dangerous initiative," said Ahmed Fatlawi, a lawyer and member of Najaf's provincial council. "Abdelaziz is a moderate man who has been trying to bring people together, especially on the political level."

In Hillah, south of Baghdad, a crowd of about 300 people, including followers of Sadr and SCIRI supporters, protested the detention, calling for the "liberation" of Iraq and condemning U.S. policy in the country.

More than a thousand people gathered in front of the SCIRI offices in Baghdad's Sadr City to denounce the way Hakim was treated during his arrest.

"It harmed our feelings," demonstrator Abu Muthanna Waili said. "Such behaviors create a tension inside the country."

In Najaf, Sadr militia representative Oon Abid Ali participated in a demonstration with several hundred people in which protesters chanted anti-U.S. slogans and carried banners saying they held U.S. troops responsible for Hakim's alleged mistreatment.

The detention "is a message … that the U.S. troops could arrest any figures going against its plans," Ali said. "We shall be seeing such acts a lot soon."

Mohammed Mousawi, the head of the Badr organization in Najaf, said, "We did not expect that it would reach this level of naivete and meanness. We are asking the U.S. troops to go out of Iraq immediately. We used to think highly of them."

Car Bomb Kills Dozens; Mystery Blasts Rock Baghdad (CNN)

CNN.com, February 24, 2007

BAGHDAD, Iraq (CNN) -- At least 39 people were killed Saturday when a car bomb exploded as they left a Sunni mosque in Habbaniya, Iraq, an Interior Ministry official said.

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Also Saturday, only hours after Iraqi Prime Minister Nuri al-Maliki announced "positive results" in Baghdad security, several strong blasts were heard in the capital.

The car bomb, which occurred about 40 miles west of Baghdad, wounded 61 people outside a mosque, a school and an Iraqi police station, according to Multi-National Forces-Iraq.

Medical personnel arrived to help and coalition forces were providing security and helping take the injured to medical facilities.

Local residents told The Associated Press the imam of the mosque had spoken out against extremists.

Also, according to AP, many who live in the neighborhood are employed by Iraqi military and police forces, who are frequently the targets of militant strikes.

The vehicle exploded as worshippers left the mosque's afternoon prayers, AP reported. It was filled with stone and plaster and other building materials. After the blast, U.S. soldiers joined other rescuers who pulled survivors from the rubble, AP reported.U.S.-Iraqi operations

In Baghdad, the U.S. military attributed the mysterious explosions to "indirect fire," a reference to mortar or artillery fire. "We do not know where it is coming from," the military told CNN.

Gen. Qassim Moussawi, spokesman for Baghdad's ongoing U.S.-Iraqi military security plan, said he didn't know the cause behind the explosions, but confirmed that joint operations were being conducted in the southern part of the capital city.

Earlier Saturday, Prime Minister al-Maliki said the U.S.-Iraqi crackdown has dismantled terrorist cells and yielded the arrests and killing of hundreds of insurgents.

Al-Maliki spoke to reporters after a tour of the security plan command center. The prime minister said 426 suspected insurgents have been detained and roughly the same number killed.

The crackdown has reduced sectarian killings and kidnappings; foiled terrorist plots; and allowed hundreds of displaced families to return home, al-Maliki said.Politician's son slams troops

A day after he was detained at a checkpoint, the son of a leading Iraqi politician lambasted U.S. troops who held him, accusing them of blindfolding and pushing him and keeping possessions they confiscated.

"There is no excuse for what happened," said Ammar al-Hakim in Najaf Saturday. "It shouldn't happen to anyone in the future."

He is the son of leading Shiite politician Abdul Aziz al-Hakim, who has close ties to both Iran and the United States and is considered by some people the most powerful Shiite politician in Iraq.

Ammar al-Hakim and his armed entourage were stopped Friday while attempting to enter Iraq's Wasit province from Iran. He was searched, then blindfolded and handcuffed as troops pushed him against a wall and yelled, al-Hakim said.

The troops also searched his car and suitcase -- where they found clothing and about $1,000 -- and they confiscated from his bodyguards seven Kalashnikov rifles, 14 handguns, seven cell phones and $4,250, said the politician's son.

None of the bodyguards' items was returned, he added.

The U.S. military disputes the account, saying all possessions were returned.

The U.S. military on Saturday defended Ammar al-Hakim's arrest and detention, a day after the U.S. ambassador to Iraq apologized for it.

The military's statement on Saturday did not include an apology.

It stated that "unfortunate incidents" may happen occasionally as Iraq "endeavors to secure its borders," but al-Hakim was "treated with dignity and respect throughout the entire incident."

Smugglers have used the checkpoint in the past, the military said, and Ammar al-Hakim's convoy "met specific criteria for further investigation."

Troops arrested al-Hakim and his entourage only after they failed to "cooperate with coalition forces and displayed suspicious activities," the U.S. military said.

Abdul Aziz al-Hakim is the leader of the United Iraqi Alliance and the Supreme Council for the Islamic Revolution in Iraq. The alliance is the dominant political coalition in Iraq, and SCIRI is one of the leading parties in the alliance.Other developments

Just north of Baghdad, five suspected members of Shiite cleric Muqtada al-Sadr's Mehdi Army were detained in a village east of Taji on Saturday, the U.S. military said. The military said the suspects were part of a cell believed to be responsible for kidnappings, murders and roadside bombings.

Farther to the north, in Nineveh, an insurgent suspected of participating in a "foreign fighter smuggling network" was detained Saturday near Tal Afar. The network has smuggled fighters, arms and money into Iraq to support the insurgency, the U.S. military said.

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A suicide attack outside a SCIRI compound in Baghdad killed three people and wounded seven, an Interior Ministry official said, adding that the compound was not the bomber's target. A suicide car bomber was about 500 yards away from an exterior checkpoint when guards opened fire because they considered the vehicle suspicious. The bomber then detonated the explosives, the official said.

Two civilians were killed and four were wounded when a car bomb targeting a U.S.-Iraqi patrol in western Baghdad exploded, Iraqi emergency police said. Thirty minutes later, two more civilians were killed and eight others wounded in a car bomb attack on an Iraqi police patrol in central Baghdad.

In Baghdad's southern Dora district, at least two civilians were killed and 23 others were wounded -- including women and children -- when four mortar rounds slammed into a residential area, an Iraqi Interior Ministry official said.

The U.S. military said coalition forces broke a terrorist funding operation and arrested 12 suspected terrorists during Saturday morning raids around Iraq, targeting al Qaeda in Iraq members and affiliates.

CNN's Arwa Damon, Jomana Karadsheh, Nic Robertson, Mohammed Tawfeeq and Michael Ware contributed to this report.

Iraq Rebel Cleric Reins In Militia; Motives At Issue (NYT)

By Damien Cave

The New York Times, February 25, 2007

BAGHDAD, Feb. 24 — Moktada al-Sadr, the radical Shiite cleric and founder of the Mahdi Army militia, discovered recently that two of his commanders had created DVDs of their men killing Sunnis in Baghdad. Documents suggested that they had received money from Iran.

So he suspended them and stripped them of power, said two Mahdi leaders in Sadr City, the heart of Mr. Sadr's support here in the capital.

But did he do so as part of his cooperation with the new security plan for Baghdad, which aims to quell the sectarian violence tormenting the city? Because his men had been disloyal, taking orders from Iran, whose support he values but whose control he fights? Or was it just for show — the act of an image-conscious leader who grasped the risk of graphic videos and wanted to stave off direct American action against him?

Mr. Sadr has been the great destabilizer in Iraq since 2003, wielding power on the streets and in the ruling Shiite bloc, thwarting the Americans and playing out at least a temporary alliance with Iran.

With the new security plan for Iraq under way, every question about Mr. Sadr's motives touches on a different facet of Iraq's complicated struggle.

He now finds himself under pressure from several sources. One is his popular Shiite base, which demands protection from devastating Sunni attacks. Another is Iran, with which he has had long but difficult ties. Then there are renegade factions of his own militia that resent his move into the political mainstream.

Finally, the Americans, who have accused Iran of supplying Shiite militias, including Mr. Sadr's, with an especially deadly roadside bomb known as an explosively formed projectile, or E.F.P, which has killed an increasing number of American soldiers.

It is not clear whether the Americans will move directly against him. The United States has demanded that the government of Prime Minister Nuri Kamal al-Maliki act forcefully against the Mahdi Army; Mr. Maliki, however, owes much of his political strength in the ruling Shiite coalition to Mr. Sadr's backing.

For now, American and Iraqi officials say Mr. Sadr seems to be cooperating with the effort to pacify Baghdad, ordering his men not to fight even as American armored vehicles roll into Mahdi strongholds in eastern Baghdad. He seems to be cleaning house of fighters who could taint him by association with Iran or with death squad killings. His aides say he has called for a sectarian truce. "Moktada al-Sadr said to protect your clerics, protect your shrines and cooperate with the government," said Hazim al-Araji, head of the Sadr office in western Baghdad. "So no actions have been taken."

In perhaps his boldest move yet, Mr. Sadr has assisted the joint Iraqi-American campaign against parts of his militia, signaling whom to arrest and telling others to flee, said two Mahdi commanders and a Shiite politician in Baghdad. On his own, they said, Mr. Sadr has "frozen" more than 40 commanders, including about 20 with links to Iran.

The moves are part of an organizational overhaul, the Sadr aides said. Though Mr. Sadr's whereabouts are unknown — the Americans say he is in Iran, which his aides and Iran dispute — a new Mahdi general for all of Baghdad has been appointed for the first time, they said. Mr. Sadr has also selected new commanders for east and west Baghdad.

Some of the Sadr aides and commanders who described Mr. Sadr's recent moves during separate interviews in Najaf and Baghdad refused to give their names, saying they had not been authorized to speak and feared reprisals from current or former members of the militia.

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They said the cleric allowed the arrests of members of his own militia, or suspended them himself, because evidence showed that they had not obeyed his orders and because he wanted to show Iran, American officials and his militia that he was a strong leader who must be respected and feared.

"He wants to prove to the people that he has full control of his militia," said a 47-year-old Mahdi commander from Sadr City who referred to himself as Jabar Abdul al-Hahdi. "He wants to show he's in charge."

Mr. Sadr's conflicted relationship with Iran mirrors Iraq's. Each country's majority Shiites revere the other's clerics and visit the other's religious shrines. But they speak different languages, are dominated by different ethnic groups, and fought each other in a long war in the 1980s.

Mr. Sadr's father, Grand Ayatollah Muhammad Sadiq al-Sadr, became one of Iraq's most popular Shiite clerics largely because he set himself up as the rebel alternative to Iran's religious leadership, focusing on poor, oppressed Iraqis, not just theological debate. His mix of social and religious resistance led Saddam Hussein to order his assassination in 1999.

Moktada al-Sadr rose to prominence after the American invasion in 2003 with anti-American speeches and echoes of his father's populism. But he was young, not yet 30, and less educated than his clerical rivals. So even as he railed against Iranian meddling, he sought money and support from Iran's top clerics, meeting with Ayatollah Ali Khamenei, Iran's supreme religious leader, in June 2003. It was a dramatic reversal from family tradition.

Less than a year later, he led a revolt against American troops in Najaf, and again Iran played the role of patron. On the 11th day of the revolt, with Mr. Sadr under siege, an Iranian delegation arrived in Iraq to mediate. The Iranians were joined by Grand Ayatollah Ali al-Sistani, Iraq's most revered Shiite cleric, who called for Shiite unity and calm.

Mr. Sadr eventually agreed to stop fighting and join the political process. The Americans let him.

His popularity rose with the speed of a pop star's, and the Mahdi Army grew like a fan club, from a few hundred young men to thousands — including some who proved hard to control.

Since then, according to some Shiite officials, Iran has funneled support to his organization. What it receives, how much and how consistently, remain a mystery, but some Shiite leaders say Mr. Sadr collects less from Iran than does a rival Shiite party: the Supreme Council for the Islamic Revolution in Iraq, which was founded in Iran by Iraqi exiles in 1984.

Iran generally supports many groups simultaneously, including some Sunni ones, so that it can benefit from any eventuality, said Sami al-Askari, a Shiite member of Parliament who works closely with Prime Minister Nuri Kamal al-Maliki.

"Iran intervenes in many ways, with many methods," Mr. Askari said.

In the case of the Mahdi Army, he said, Iran has recognized its diffuse nature, sprinkling support at high and low levels. Some support comes through ties to Hezbollah, the Shiite militia in Lebanon that also receives Iranian support. Beirut now has a Sadr office, and Mahdi commanders say they have been sending fighters to Hezbollah at least since last summer, when Hezbollah battled Israel.

Iran also provides institutional assistance to Iraq, mainly to the Health Ministry, which is run by Mr. Sadr's political bloc. Three days after bombs killed more than 140 people in Sadr City last fall, for example, 50 Iraqi ambulances carried some of the wounded to the Iranian border. They were transferred to Iranian ambulances and taken to Iranian hospitals, with much of the cost covered by organizations in Iran.

Qasim Allawi, a spokesman for the Health Ministry who described the process, said another 25 wounded men and women from the recent Sadriya market bombing in Baghdad were to head to Iran any day.

Iran's more potent forms of aid are direct — and some goes not to Mr. Sadr, but to underlings.

"Sometimes the aid comes for the leadership, and they get to decide where it goes," Mr. Askari said. "Sometimes it goes to the local leadership, and this encourages them to rebel."

"Iran puts Moktada al-Sadr between two pressing sides," he said. "On one hand, they are helping him and they have the ability to take that away. At the same time, they're undermining him by helping people below him."

According to Sadr aides and Mahdi commanders, Mr. Sadr's recent purges aim to put Iran on notice that he is in charge and independent. They said he also wanted to remind members of his militia that he would use every available tool, including Iraqi and American troops, to maintain control of the militia, the source of any political power he wields.

The goal is a top-down, tightly managed operation.

"We're going to end the decentralized system that we had before," said one of the aides in Najaf.

If Mr. Sadr consolidates power over his unruly militia, he could be held more responsible for the actions of its members. Until now, American and Iraqi efforts against the Mahdi Army have focused on so-called rogue elements.

The 30 members of Parliament associated with the Sadr bloc have not been arrested, keeping Mr. Sadr's legitimate influence intact. At the same time, American, Iraqi and British officials are engaged in classified negotiations with his envoys over how to address the Mahdi Army and its Sadr City stronghold, the neighborhood named for Mr. Sadr's father.

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When asked about the talks, Maj. Gen. William B. Caldwell IV, the top military spokesman in Iraq, said the meetings represented a reasonable and appropriate attempt to avoid unnecessary bloodshed.

"Anytime you can find a political solution instead of a military solution," he said, "it's always better."

But can Mr. Sadr deliver what the Americans want? Are his efforts adequate? Some American military officers remain skeptical.

"You know what their intent is," said Maj. Kevin Hosier, an intelligence officer with the Third Stryker Brigade Combat Team, as his unit prepared for sweeps through predominantly Shiite areas near Sadr City this month. "They want Baghdad. They want to make Baghdad a Shia city."

Peter Harling, a senior analyst with the International Crisis Group, a research organization, who wrote a thorough profile of Mr. Sadr last summer, said the impact of the Mahdi purges and command restructuring would likely be short-lived.

"He has been excommunicating some of his key commanders, that's a fact, but he has just put them in the corner," Mr. Harling said, relying on interviews with several Mahdi commanders cited in his July profile. "Many of them, after Sadr really accused them in the harshest terms, actually came back in the movement and carried on with their careers. All this is kind of temporary."

According to Mr. Harling, Mr. Sadr has little choice but to trim at the edges of his organization. His hold on power remains tenuous, dependent on a loose association of clients all over the country who he knows could turn on him at any moment.

"He remains in a strong position as a leader only as long as he is useful to all these smaller leaders," Mr. Harling said. "He rules by consensus."

Vali Nasr, a professor of national security affairs at the Naval Postgraduate School and author of "The Shia Revival," says Mr. Sadr should be viewed as a politician who was trying to preserve his power. Poor Shiites have made him an Iraqi celebrity, a national symbol whose bearded visage graces everything from wristwatches to alarm clocks and large posters. Above all else, he will be loyal to them, Mr. Nasr said.

"Since the Samarra bombing last year, Moktada has received a lot of pressure to be tougher on the Sunnis," he said, referring to the explosion in the northern city of Samarra last February that destroyed one of Shiite Islam's holiest shrines. "He's found that the tougher he's been, the more his popularity has gone up."

In the long run, Mr. Nasr said, "he's not very concerned with what the Americans think of him. What matters to him is what the Shiites think."

Kurds Endorse Draft Oil Law (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 25, 2007

Measure Would Go To Iraqi Assembly

BAGHDAD, Feb. 24 -- Leaders of Iraq's oil-rich Kurdish region have apparently approved a draft oil law that will be presented to Iraqi lawmakers in coming weeks, an eagerly awaited breakthrough that is expected to professionalize and expand drilling in the country.

The agreement was announced Saturday by Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, during a news conference in the northern city of Sulaymaniyah attended by Iraq's president and the U.S. ambassador, the Associated Press reported.

"We reached a final agreement," Barzani said, according to AP. "We accept the draft."

Barzani did not disclose further details of the agreement, and no other officials discussed them publicly.

John C. Roberts, a spokesman for U.S. Ambassador Zalmay Khalilzad, said Saturday night he was unaware of the development or the ambassador's presence at the news conference. Spokesmen for the Kurdish regional government and Iraqi Deputy Prime Minister Barham Salih also said they had no information on the reported agreement.

The Kurdish minister of natural resources declined to discuss the issue.

Iraqi officials in recent weeks have been struggling to reach an agreement on legislation that would govern the exploitation of the country's vast oil reserves and who should control the revenue.

Among the contentious issues are to what extent oil exploration will be controlled by the Shiite-led government in Baghdad; how proceeds will be distributed among oil-rich and oil-poor areas; and to what extent foreign companies will be allowed to drill for oil.

Iraq's largest reserves are concentrated in the Kurdish north and in the predominantly Shiite south, which has led to squabbling among Iraqi leaders concerned that their constituencies might not benefit sufficiently from oil proceeds. Sunnis live mainly in central and western areas without oil reserves. More than 90 percent of the country's budget comes from oil.

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U.S. officials have been pressing Iraqi leaders to send a bill to parliament, a step they see as crucial to strengthening the country's economy and reducing violence. Secretary of State Condoleezza Rice urged Iraqi leaders last week during a brief visit to Baghdad to reach a resolution on the draft.

Prime Minister Nouri al-Maliki had promised to get the measure passed by the end of 2006, but negotiations, primarily between Kurds and Shiite leaders, have stalled several times. The Kurds want to make sure they have enough oversight over the oil industry in their region and have expressed concern about the impact the legislation might have on contracts they have signed with foreign companies that recently began working in the relatively safe region.

It is unclear how quickly lawmakers, in a parliament beset with sectarian strife and general bickering, will turn the bill into law.

Staff writer Steven Mufson in Washington and special correspondents Naseer Mehdawi and Waleed Saffar in Baghdad contributed to this report.

Hometown Fights For Soldier Charged In Iraq Slayings (LAT)

By David Zucchino

The Los Angeles Times, February 25, 2007

SWEETWATER, TENN. — The first fundraiser was down at the First Assembly of God church, where Bonnie Cleveland stood in the doorway with a collection basket in hand. She told everyone that the church music group's former teen drummer, Ray Girouard — now Staff Sgt. Raymond L. Girouard — was in deep trouble.

The Army has charged Girouard, 24, with ordering the slayings of three Iraqi detainees in May, then orchestrating a coverup. He's in a Navy brig in Charleston, S.C., awaiting court-martial.

"He's been fighting for our freedom, and now he needs our help," Cleveland, a schoolteacher and the wife of a dairy farmer, told fellow parishioners.

By the end of the service late last month, parishioners had contributed $6,600 to help hire a civilian lawyer for a church member who became an Army Ranger and served two tours in Iraq.

It was the beginning of an extraordinary outpouring of cash and tributes from this idyllic east Tennessee community of 6,000. The fund now stands at $19,000, fattened by residents who cannot reconcile the Army's portrait of a calculating killer with their memories of a polite and caring boy.

Sense of betrayal

Sweetwater, a conservative community where American flags fly on porches and many residents are veterans, now finds itself at odds with the military. Many here say the Army has betrayed a young patriot who volunteered to fight for his country.

"The military kind of made it personal," said Tammy "Tot" Chapman, who's helping organize an antique car rally as a fundraiser. "When you mess with our boys, you have to deal with us."

Post 106 of the American Legion in Sweetwater is coordinating the contributions. Lloyd Langley, the post vice commander, says Girouard is being "railroaded" by the military.

"A soldier ain't worth a dime if he don't carry out his orders, and that's exactly what Ray was doing over there," Langley said.

Girouard, who enlisted right out of high school, is charged with premeditated murder and conspiracy. Three other soldiers also were charged in the deaths, which occurred during a combat mission May 9 on a marshy island on Tharthar Lake, 60 miles northwest of Baghdad.

Girouard's photo now graces bumper stickers, storefronts and restaurants in Sweetwater. A gazebo on the narrow main street bears a banner that reads, "Staff Sgt. Ray Girouard Fought For Us. Let's Fight For Him."

Just after the church fundraiser, Girouard's sister Joy Oakes delivered a passionate defense of her little brother at a rally Jan. 27 at City Hall, where residents contributed $1,700.

"The Army is doing everything they can to smear his name, his reputation and his legacy," she said that day. But the "truth will come out, and it will set Ray free," she added.

Oakes, 26, a mother of three, has set up what she calls the Ray Room in a bedroom of her grandfather's home. Inside is a computer where she maintains a website supporting her brother, stacks of court documents and a "media book" with news clippings about the case.

"This case is my whole life — I live it, I breathe it, 24 hours a day," she said.

Girouard and his two sisters were raised by their maternal grandfather, Ron Bentley, an Air Force veteran, after their mother died when Girouard was 6. Bentley calls his Ranger grandson "a true American hero." A sign on his front door reads: "Terrorism Is A Disease. Rangers Are The Cure."

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Bentley says he is furious at the military for prosecuting Girouard for "doing what he was sent over there to do."

"What really got me going was seeing a picture of Raymond in shackles — after all he's done for his country," Bentley, 64, said as he sat hunched over his living room table, feeling faint from chemotherapy for lymphoma.

As Bentley spoke, Oakes answered a cellphone call. It was Girouard, calling from the brig on a $1-a-minute phone card. Oakes said he told her, as he had before, that he never ordered anyone to kill detainees and did not take part in a coverup.

She said Girouard also told her that his brigade commander, Col. Michael Steele, held "a big hoo-ah rally" the night before the mission and gave orders to kill every military-age male on the island. Steele's lawyer, Maj. Kris Poppe, said Steele "categorically rejects" the allegation.

A codefendant, Pfc. Corey R. Clagett, gave a similar account in a phone interview in October. But Jan. 25, Clagett entered a plea agreement with the government and testified that Girouard, the squad leader, told his men to kill the three Iraqis they had just detained.

Clagett said he and Spc. William B. Hunsaker cut plastic handcuffs off the men, told them to run, then shot them. He testified that Girouard punched him in the face and cut Hunsaker with a knife to make it appear that the detainees had attacked the soldiers while attempting to escape.

Hunsaker, the first to accept a plea deal, also testified against Girouard. Hunsaker and Clagett got 18 years. Girouard could get life without parole if convicted.

Clagett's plea was a stunning blow to Girouard's family, and to Sweetwater. The Clagett and Girouard families had teamed up to fight the charges. Clagett's mother, Melanie Dianiska, stayed at Bentley's home last year on her way to a court hearing at Ft. Campbell, Ky.

"I understand the pressure they were under from the government, but it's still hurtful the way they turned on Ray," Oakes said.

Dianiska and lawyer Paul Bergrin said they felt boxed in after Hunsaker's plea and reluctantly agreed to their own deal.

"I'll tell you one thing," Oakes said. "This family will not buckle. We will not take a plea deal. Ray will not plead guilty to something he didn't do."

Girouard's lawyer, Anita Gorecki of Fayetteville, N.C., said she intended to proceed to court-martial, scheduled for March 13, and would call Steele as a witness.

"He is eager to have his day in court," Gorecki said. "Our defense is simple: Sgt. Girouard did not give that order."

John Canada, who taught Girouard in a Royal Rangers church program similar to the Boy Scouts, said many people in Sweetwater felt uncomfortable challenging the military. Even so, he said, "it bothers me that an American soldier could kill our enemy and have that construed as first-degree murder."

Still confident

Girouard's grandmother Pat Bentley said her grandson remained confident that he would be exonerated. "He's got it in him to fight," she said. "If he goes down, he's going to go down fighting."

Charlie Boyd, who heads the antique car club that is organizing a fundraiser, said U.S. soldiers faced the same problem he had faced when he fought in Vietnam: It is difficult to distinguish the enemy from civilians in a guerrilla war.

"Ray shouldn't get a court-martial," Boyd said. "He should get a medal."

By prosecuting soldiers for their actions during combat operations, the military is sending the wrong message, said Daniel Chapman, the car club's vice president.

"If our soldiers see someone like Ray going to prison, they'll be scared to death that they'll be prosecuted every time they open fire," he said. "They'll hesitate — and that'll get you killed."

Administrative Issues Cited At Walter Reed (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, February 25, 2007

Report From Long-Running Army Probe Notes Problems; Official Orders Fixes

The preliminary findings of a nine-month Army investigation confirm problems in the administrative procedures at Walter Reed Army Medical Center and other hospitals, and Army Secretary Francis J. Harvey has ordered the service to begin fixing them, a spokesman said yesterday.

The Army inspector general's probe said that the service needs to standardize its training of workers who assist patients, that its information-management databases are inadequate and that there are "policy disconnects" between Army regulations and Defense Department instructions.

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After hearing recommendations from the inspector general's office on improvements, Harvey directed Gen. Richard A. Cody, the Army's vice chief of staff, to start implementing those steps that can be taken immediately, Army spokesman John P. Boyce Jr. said yesterday. The office's final report is not expected for several weeks.

"Look, this is very complex," Harvey said in a statement. "But this is too important and cannot wait for a report to be finished or a review to be completed. We'll fix as we go; we'll fix as we find things wrong."

The investigation, which began in April, was prompted by a Government Accountability Office study of the Army's system for evaluating the fitness of wounded soldiers to stay in the service.

Harvey's action followed the publication last week of a two-part series in The Washington Post on the challenges facing soldiers being treated as outpatients at Walter Reed. The articles depicted a system in which outpatients at the Army's premier medical facility often languish in a numbing bureaucracy, some forgotten, many overwhelmed.

The series touched a nerve with the public, politicians and the military. The resulting cascade of outrage underscored that, while the war in Iraq is an enormously divisive issue, it remains a tenet of faith among the public that wounded troops deserve the best of care.

President Bush demanded swift action to fix the problems, and Secretary of Defense Robert M. Gates declared the situation at Walter Reed "unacceptable" and promised that officials responsible would "indeed be held accountable."

The Army, meanwhile, has begun repairing facilities that house Walter Reed's outpatients.

Gates named an eight-member independent review group on Friday to review all rehabilitative care and administrative procedures at Walter Reed and at the National Naval Medical Center in Bethesda. Co-chaired by former Army secretaries Togo West and John O. Marsh Jr., the group will submit a report to the Pentagon within 45 days.

One member of the panel, John J.H. "Joe" Schwarz, a physician and former Republican congressman from Michigan, said yesterday that it had not yet met and that he was "awaiting marching orders" on how the review will proceed.

Battle Worn (WP)

By Paula Span

The Washington Post Magazine, February 25, 2007

After he was injured in Iraq, Richard Twohig found himself fighting an unexpected foe: the U.S. Army.

THE SHADES IN RICHARD TWOHIG'S GARDEN APARTMENT ARE DRAWN TIGHT AGAINST THE SUMMER SUN. This is partly because it's 94 degrees in Knoxville, Tenn., this afternoon, but also because light can trigger one of his bad headaches, the kind that make his knees buckle. His kids have grown accustomed to dimmed surroundings.

They've been cavorting on the living room carpet, Lizzie with her fuzzy pink dog named Princess, her little brother, Damon, with his prized jeep. Their chirpy ebullience isn't unusual for a 6-year-old and a 3-year-old who haven't had much chance to romp outside today but noise can bring on Twohig's migraines, as well. "Why don't you go up and play a while?" he suggests mildly, and they troop upstairs to their shared bedroom.

The apartment, which the family moved into three weeks ago after a nomadic year, still feels a bit empty. There's a couch and a coffee table and a big TV in the living room, but the walls are bare. Twohig wishes he had a yard for the children and their real dog, a boisterous Great Pyrenees named Athena. Still, the place is clean and comfortable, and he can manage the $570 rent on the disability checks that the Department of Veterans Affairs sends each month.

"If I have a good day, I try to take them up to the park at the school," he says, knowing that the kids should probably be outdoors more. It's only a two-minute drive. But he doesn't have so many good days.

Since he was thrown from a moving armored vehicle in Baghdad in May 2003, and landed on his head, the former Army corporal says he has suffered from near-constant headaches. This afternoon's is the easier kind to take: He figures the throbbing registers a 6 or 7 on the 10-point scale that injured vets learn to use to quantify their pain. The more severe headaches come perhaps once a week now, he says, and even the heavy-duty drugs he takes can't really blunt them: "Before, I would pass out in the shower, things like that. You kind of learn when they're coming on. So when I feel lightheaded and my legs get weak, I crouch down" so he doesn't fall. Those are the sort he rates a 10.

The headaches are one of the disabling conditions Twohig incurred in the line of duty, the Army acknowledges, along with a "mood disorder with depressive features." He appears fit, in his patched jeans and T-shirt: 6-foot-2 and, now that the bloat from earlier drug regimens has dissipated, 180 pounds. Tattooed snakes and samurai, souvenirs of Fort Bragg, twine up his arms. With his blue eyes, cleft chin and crew cut, Twohig looks like the same paratrooper -- Bravo Company, 1st Battalion, 325th Airborne Infantry Regiment, 82nd Airborne Division -- who easily handled 25-mile marches wearing a 35-pound pack and carrying an M4 rifle.

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But he isn't. He often forgets what his mother, retired Marine Corps Maj. Belinda Twohig, tells him on the phone moments after she has said it. He's lethargic; he can't concentrate. If he has to enter a mall, he calculates which entrance will let him come and go with the least amount of human contact. A guy who used to happily devour an entire sausage pizza and some cheese sticks for dinner, he now has scant appetite and, troubled by nightmares, sleeps perhaps three hours a night.

He can't imagine holding a job in this condition. "What can I actually do?" he asks. "Physical work gives me migraines. I vomit all the time . . . I'm on morphine; I'm addicted. I'm just a mess."

Ask him his age, and he takes a long, thoughtful pause before replying. "Twenty-five."

Despite the migraines, the tinnitus (ringing in his ears), the chronic shoulder dislocation and other documented physical problems, he works hard at caring for the children, doing their laundry, cooking them simple meals, supervising them with great patience. (Their mother, from whom he is separated, serves with the Navy in Virginia.)

"Damon, either sit up in your chair or go upstairs and play," he cautions calmly, when the kids grow restive watching the Cartoon Network. "Do not sit on your sister." He rarely raises his voice.

In fact, Twohig's response to most things is muted. He doesn't laugh much, doesn't seem to take much pleasure in Lizzie and Damon's exuberant antics. It might be the meds or the pain or the prospect of a life in which he may never work, but there's a flatness to his personality that his family finds new and troubling.

One subject prompts a more animated response, though, rousing him to noticeable anger: the U.S. Army.

Like any member of the armed forces injured in the line of duty and no longer able to serve, Twohig has been grappling with a complicated disability system that determines whether he merits military retirement. Thousands of other soldiers, sailors, airmen and Marines are dealing with the same process. With U.S. troops still in Afghanistan and the war in Iraq entering its fourth year, the annual caseload of troops injured severely enough to be considered for retirement has climbed nearly 53 percent since 2001, to about 23,000 a year. The great majority don't get it, which has made the disability system the object of confusion, apprehension and suspicion among injured veterans and their advocates.

In Twohig's case, an Army Physical Evaluation Board ruled in 2005 that he wasn't disabled enough to qualify, a decision that deprived his wife and children of health insurance through him. He and his family have been battling the finding since.

To Twohig, the fight is based not only on finances but also on principles. He enlisted; he trained; he followed every order "to a T," he says. He paid the price, and now it feels as though the Army is abandoning him.

"I have a son, and I wouldn't let him join the Army," Twohig announces, agitated. "They don't really care about soldiers. They got their mission, and if you're hurt, oh, well."

His voice tightens: "After we're no good to them, they just get rid of us."

RICHARD TWOHIG REMEMBERS LITTLE ABOUT HIS TIME IN IRAQ. His commanding officer, Capt. (now Maj.) Jeffrey Burgoyne, says that Bravo Company saw "a lot of firefights" in Fallujah and other towns as it made its way to Baghdad in late April 2003. But what Twohig can summon up from Iraq aren't battles but the heat and the odd quality of the sand ("it had been cooked so long that when you stepped on it, it broke into pieces") and the occasional K rations, "in big old metal things they heated up," that tasted better than meals-ready-to-eat.

Nor is much recorded about the accident that damaged Twohig -- not even the exact date it occurred. The Commander's Performance Statement, signed by Burgoyne, says Twohig was "on combat patrol" aboard a Bradley armored fighting vehicle, "going approximately 45 mph when it turned a corner in downtown Baghdad, causing Cpl. Twohig to be thrown from the vehicle. He fell on his head and lost consciousness."

Burgoyne now says that the vehicle wasn't a Bradley but a smaller, older M113 about to leave the unit's walled compound and thus going far more slowly. But Burgoyne was at a forward operating base five miles away and only heard of the accident by radio. In any event, "the guy fell off a moving truck; that's significant." And when the battalion learned that Twohig was being helicoptered to Germany, Burgoyne says, "that's when we realized it was more serious than we thought."

A neurology consultation at the Army hospital in Landstuhl, dated May 20, 2003, is the first record of Twohig's injuries, noting his head trauma, throbbing headaches and other symptoms, including memory loss. "I didn't remember my Social Security number or my unit or people I worked with," he says. He even, temporarily, forgot that his son had been born a few months earlier.

He was flown back to Fort Bragg a couple of weeks later. As he made the rounds of doctors at Womack Army Medical Center, Twohig says, his memory improved somewhat, but the headaches and psychiatric symptoms persisted. Belinda Twohig felt her hopes for a speedy recovery sink. She accompanied her son to a neurology appointment in which the doctor told them that when Richard's migraines struck, he should just take his meds and lie down in a quiet, dark room; there was no purpose in going to the emergency room, because nothing else could be done, no stronger medication prescribed. The prognosis was

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uncertain. After a concussion, the brain needs time to heal, the neurologist cautioned; it could take a year or two to see any improvement.

Meanwhile, Twohig's marriage was fraying under the strain. He says he was vomiting frequently, sleeping a lot and feeling depressed. He could no longer mow the lawn or help with errands; the house, despite his two young children, had to remain quiet. "It just changed the relationship," Twohig says. "She didn't understand and want to deal with my problems." His wife, Sang, did not respond to phone calls seeking comment. At times, he felt so lousy that he wouldn't even come to the phone when his mother called. "We had a close relationship; he always talked to me," Belinda says. "So the withdrawal was the first thing I noticed." When they did talk, she was aware of "confusion. I'd ask him something -- 'How was your day? Have you taken your meds?' 'Yeah, I think so' . . . Just a slow, lethargic answer. And this is not Richard."

Frightened as she was, she told herself that at least the Army would, in her words, "take care of him" and his family. After more than two decades in the service, she knew the outlines of the disability system, and she assumed he would be able to retire. For her son, though, this was uncharted territory.

The magic number, he quickly learned, is 30 percent -- the point at which a disability is considered to be severe enough to prevent someone from functioning normally in the workplace. Those with 30 percent or higher disability ratings can retire with benefits that include monthly checks for the rest of their lives, access to commissaries and post exchanges on military bases, travel on military aircraft and, most coveted, coverage by TriCare, the military's health insurance plan, for themselves and their dependents, present and future. Those rated below 30 percent usually receive a severance check from the military: two months' pay for each year's service, up to 12 years. They can then apply for benefits from Veterans Affairs, which also rates disabilities and provides monthly checks but doesn't offer the other advantages of retirement.

The practice of compensating injured soldiers dates to Colonial times, but the current system has its roots in World Wars I and II. Congress mandated the development of ratings for disabilities in 1917; the Career Compensation Act of 1949 then linked the amount of payments to the degree of disability, establishing the 30 percent threshold. "The thinking was, those rated less wouldn't be so handicapped as to warrant long-term disability pay," explains Rick Surratt, deputy legislative director of Disabled American Veterans. "A lump sum would hold them until they could get reestablished in the workplace."

Getting any rating at all can take many months, however. Once an injured service member is medically stable, he must wait for a military doctor to write a narrative summary of his condition. Then a board of physicians reviews the medical records -- often thick with test results, multiple diagnoses, lists of medications and addenda -- to decide whether he meets retention standards. If not, an informal Physical Evaluation Board assesses the severity of each disability that makes a service member unfit for duty and assigns it a numerical rating, based on detailed guidelines in the Veterans Affairs Schedule for Rating Disabilities.

"What we're attempting to do is approximate the average loss of earnings capacity," says Tom Pamperin, who oversees revisions to VA's guidelines, a nearly unceasing project. Amputation at the upper third of the thigh, for instance, merits an 80 percent disability rating. Amputation at the middle or lower third of the thigh: 60 percent. Mental disorder characterized by "occupational and social impairment, with deficiencies in most areas, such as work, school, family relations, judgment, thinking or mood . . .": 70 percent. Migraines "with characteristic prostrating attacks occurring on an average once a month over the last several months": 30 percent.

Twohig picked up the gist of the process at the Fort Bragg gym, where he worked with other soldiers too disabled for regular duty. He checked ID cards and handed out towels four hours a day -- and says he found even that difficult, because the clanging of free weights and the thunking of basketballs brought on migraines. Meanwhile, he and his buddies pondered the mysteries of disability retirement. There was ample time to compare notes; the pace at which cases proceed can be exasperatingly slow, in violation of the Pentagon's own guidelines.

Twohig waited 17 months to receive the medical evaluation board report that found him no longer fit to serve. Meanwhile, he watched as others received ratings too low to qualify for retirement. One guy with what Twohig describes as "titanium vertebrae" got a 10 percent rating. Another received no severance.

In fact, the majority of injured soldiers fall short of the magic number; the informal evaluation board rates them below 30 percent. The Defense Department reports that the Army, which handles more than half of the military's disability cases, put less than 4 percent of the 10,460 active duty soldiers and reservists it evaluated last year on the permanent disability retirement list and less than 15 percent on the temporary list. (Temporary retirees undergo periodic reassessments of their condition for as much as five years before a final decision.) By comparison, the Navy (including the Marine Corps) retired about 35 percent of its injured, temporarily or permanently, and the Air Force about 24 percent, the Defense Department says.

The difference, the Army's disability agency says, may reflect a higher proportion of musculoskeletal injuries that can interfere with soldiers' duties but have "mild" impact on civilian employability, resulting in severance pay rather than retirement. The Army also has "a unique policy" of not granting retirement for pain that has "no clear cause or objective findings." But, the

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agency concedes, "it is not possible to state with certainty what might account for the difference" between the Army's and the other branches' retirement rates.

At Fort Bragg, soldiers sometimes find it hard to understand why some people qualified for disability retirement and others didn't. "You don't really know too much about it until you start doing it," says Twohig's friend Jacob Biehn, a former specialist who suffered multiple gunshot wounds in Iraq and eventually received a 30 percent disability rating -- which allowed him to retire but struck his comrades as minimal, given his injuries. "When you go to find out what they decided," he says, "it could be a good day or a bad day."

For Twohig, it was a bad day. He called his mother from Fort Bragg on Nov. 2, 2004, sounding "shaken up," she recalls. "He said: 'Mom, it came back 20 percent . . . How am I going to survive? How can I take care of my family?' I said, 'Son, calm down. We're going to fight this.'"

TWOHIG HAD THE RIGHT TO CONTEST HIS DISABILITY RATING BEFORE A FORMAL PHYSICAL EVALUATION BOARD, and his mother stood ready to help him. A lifelong Marine and a congenital optimist, Belinda felt more determined than discouraged, convinced that the system had erred and would correct itself.

Each branch of the military provides opportunities for injured service members to challenge their ratings, but most of the injured simply pocket their severance checks and go home. Only 20 percent of soldiers ask for a formal hearing, at which an attorney can present evidence and call witnesses, the Army says. Then only half of those soldiers proceed with the hearing.

Perhaps that indicates most injured soldiers are satisfied with their ratings. But veterans groups say that more wounded service members would challenge their ratings if it weren't so complicated and time-consuming.

"It's probably one of the most convoluted workman's compensation systems in the world," says Steve Robinson, government affairs director at Veterans for America.

Most of those hurt in the line of duty are young, weary of fighting and anxious to return to their civilian lives, Robinson and others point out. A severance check for $10,000 or $12,000 (the latter was Twohig's severance after 49 months of service) can seem to be a lot of money. If a case has already dragged on for months, seeking a formal hearing -- even if that's in a service member's best interest -- can require still more time and frustration.

All of which tends to discourage the injured from taking on the system -- and some veterans advocates suspect that the Pentagon, openly worried about ballooning health-care costs, prefers it that way. Medical benefits are not discretionary; the Defense Department must pay the tab. "Increasingly, it's having a direct impact on the department's ability to meet its needs for equipment, replacement equipment, personnel," says William Winkenwerder, assistant secretary of defense for health affairs. "The costs of retirees, the health-care costs, are a great concern to us."

Nevertheless, the Defense Department says that each disability case "is evaluated on the basis of relevant clinical information," and the Army vehemently denies that its evaluation boards award lower ratings because of pressure, direct or indirect, to hold down costs.

"No one has discussed that financial burden with me at all," says Col. Carlton Buchanan, the new deputy commander of the Army's Physical Disability Agency, which oversees its evaluation system. "Nobody has said I have a particular requirement or a goal or a quota or a threshold that I can't surpass . . . I feel no pressure whatsoever to set limits on disability. We will do what's right."

Still, civilian attorneys who argue military disability cases see a pattern in the ratings.

"The informal board will tend to lowball," says Vaughan Taylor, who practices in Jacksonville, N.C., and has argued dozens of disability cases. Like many of the small fraternity of civilian lawyers who specialize in military cases, he is a former military lawyer, or judge advocate, himself. "It's almost as if the informal board exists to give out the standard 10 percent, and then see who squawks."

"The unwritten guidance seems to be: Push these people over to the VA, and let them pay for this," agrees Joseph W. Kastl, a former Air Force lawyer who now calls his Bethesda firm the Military Defender.

Sometimes, service members find the system works well for them. One of Taylor's clients, former Marine Sgt. Eric LeClair of Swansboro, N.C., was unhurt during the first wave of the Iraq invasion, only to take a bad landing during a martial arts test aboard the USS Iwo Jima in September 2003. His list of injuries was pages long: a traumatic brain injury, nerve palsy, bone spurs and degenerated discs. "I can't lift a half-gallon of milk above my waist, and it's been like that for two years," LeClair said this past summer.

The night before he was scheduled to learn his disability rating, he and his wife were too jittery to sleep. They had seen other seriously injured Marines "going through it and getting the shaft," in LeClair's opinion. Despite the pages of additional material and independent physicians' findings that his lawyer had amassed, LeClair expected the same result. But the next

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morning, to his surprise and his wife's enormous relief, he was placed on the temporary retirement list with a 60 percent rating -- no formal hearing needed.

Former Master Sgt. John Alden Millan of Newland, N.C., had to go a step further. An MP with the Army National Guard, he injured his neck jumping from a truck the day his unit arrived in Iraq. Despite surgery, he says, he still suffers from back pain and severe headaches. When he received a disability rating of 20 percent, he and his attorney, Jack Gately, asked for a formal evaluation board hearing. After Gately presented testimony and Millan answered questions, the board told Millan that his injuries warranted a 40 percent rating. "I said, 'I concur, sir,' signed my paperwork and left," Millan says.

But formal boards reject cases, too. Former Maj. Lionel Walton, who lives in Prince George's County, already had a 20 percent disability from past injuries but had chosen to remain in the Army Reserves ("I bleed green," he says), eventually serving 24 years. In Iraq, he says, he hurt his knee jumping from a truck and running from rockets and car bombs, and injured his back loading heavy cases. Now, at 46, "I can't walk 30 yards without having to sit down; I'm at level 8 pain every day," Walton says. He also struggles with post-traumatic stress disorder.

When his informal evaluation board found him 20 percent disabled -- the same rating he'd had before Iraq -- Walton hired Kastl. In September, the formal evaluation board at Walter Reed Army Medical Center declined to raise his rating. He was stunned: "My government, my country, should do better by me."

Refusing to back down, Walton appealed the formal board's decision to the Physical Disability Agency, and enlisted the help of Maryland Senator Barbara Mikulski's office. He's convinced that her involvement eventually helped raise his rating to 60 percent, and that infuriates him. "It's a shame," he says. "I fought to the end, but a lot of soldiers have given up because of this nonsense."

NORMALLY, THE TWOHIGS AREN'T THE SORT OF PEOPLE INCLINED TO TAKE ON THE MILITARY. Both Richard Twohig's parents were career Marines; his younger brother, Chris, has enlisted in the Marines and shipped off to Parris Island. This is a family that believes every young person should serve this country.

Belinda Twohig trusted so fully in the military's commitment to caring for its own that the idea of looking beyond an Army attorney to represent Richard didn't initially cross her mind. But when she called a friend who was a judge advocate, he warned, "Belinda, you don't fight the Army with the Army." What she needed, he said, was a civilian lawyer specializing in military cases. After a little research, he sent her a name: Mark Waple, a West Point graduate and former judge advocate who practices in Fayetteville, N.C.

Waple has argued perhaps 200 physical evaluation board cases, going back to the Vietnam War era. For most of that time, he says, the evaluation boards "tried very hard to be as fair as possible." Now he describes the system as "broken."

Wounded service members are supposed to be guided through the confusing thicket of disability regulations by physical evaluation board liaison officers, universally known as PEBLOs, whose job is to explain the process, advise service members of their rights and assemble their files. But service members complain that documents get lost, that files are incomplete; some report that the liaisons discourage appeals and the use of outside attorneys.

"Sometimes I feel half of what I do is explain what a PEBLO should have already explained," says Danny Soto, a national service officer for Disabled American Veterans, the only vets organization permitted an office at Walter Reed.

Liaison officers handle many cases; in the Army, for example, they counsel an average of 15 to 30 people a day, not including phone calls. Twohig only remembers meeting his liaison officer once: the day she told him he wouldn't be retired.

The Army has tried to keep up with the sharp rise in disability cases, expanding the Physical Disability Agency staff by 50 percent since 2003, and adding 40 percent more liaison officers and assistants. The Army's caseload, however, has soared by more than 80 percent since 2001.

At Walter Reed, where two part-time Army lawyers handled disability cases in 2003, three lawyers and a paralegal now work full time presenting cases to the formal evaluation board. These lawyers get high marks from their civilian counterparts and from vets groups for knowledge and competence, but low grades on having enough time to put together strong cases, which can involve preparing witnesses and gathering further medical documentation. Each lawyer at Walter Reed handles an average of 256 cases each year, and often doesn't meet a client until the day before the evaluation board hearing, when the attorney spends an hour or so preparing the soldier to testify.

"I don't know how you can prepare adequately for a hearing, a full and fair hearing, if you pick up the case file the day before, two days before," says civilian lawyer David Sheldon, who has a military practice in the District.

The Army disagrees. "Lengthy e-mail messages and in-depth phone calls from the paralegal and the attorney ensure that adequate contact is made in sufficient time before the hearing," says Lt. Col. Samuel Smith, Walter Reed's supervising staff judge advocate, via e-mail because the Army barred in-person interviews with any legal staff or with evaluation board members.

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Few of the injured hire their own attorneys to contest findings, even though they have that right. A key barrier is money: A civilian lawyer specializing in military cases will likely charge $5,000 or more to prepare for a formal hearing, with no guarantee of success.

Waple was blunt about that when the Twohigs went to see him in early 2005. He thought Richard was clearly entitled to retirement. But migraines are hard to get rated for, because sufferers can rarely document how frequently they occur, something the physical evaluation board wants to know. Richard would have been better served, Waple said, if his neurologist had told him to go to the emergency room whenever he had an incapacitating headache, or even advised that he keep a diary. Waple, however, could call a witness -- Belinda -- who could explain why there was no record of how often Richard's headaches struck.

Richard's psychological symptoms presented a different problem. Waple knew the board might not give much credence to his mood disorder.

The way the military rates psychiatric injuries -- or doesn't -- is a sore subject among veterans groups and civilian lawyers who handle disability cases. The incidence of mental health problems among those returning from Iraq appears high. An Army research team, reviewing the records of more than 300,000 soldiers and Marines, reported last year that more than one-third of Iraq veterans had visited mental health clinics at least once in their first year at home; they were considerably more likely to show signs of psychological distress than those who had served in other overseas locations such as Afghanistan or Bosnia. Yet critics charge that evaluators are particularly skeptical about diagnoses of post-traumatic stress disorder and other psychological injuries.

"If they've been shot five times and need multiple surgeries, and it's very obvious to the doctors what's wrong, then it's a lot easier," says Charlotte Cluverius, a Washington attorney who represents service members at disability hearings. "The burden on the service member is much, much higher with psychological issues, even though those can be just as devastating and incapacitating."

Danny Soto agrees. At Walter Reed, where he counsels dozens of soldiers each week, he thinks that just 40 to 50 percent are being rated correctly for their injuries. When it comes to clear-cut physical problems, something as visible and inarguable as amputation, "they get that right," Soto says. "If you're talking traumatic brain injuries, psychiatric injuries, it drags on."

The Army rejects the notion that large numbers of injured soldiers aren't being rated correctly. Its Physical Disability Agency reviews 25 to 30 percent of informal and formal evaluation board decisions, and is satisfied with its work.

David Armitage, the agency's senior medical adviser, acknowledges that correctly evaluating post-traumatic stress syndrome and other mental disorders -- or any self-reported disability -- can be difficult. "It's a fact-finding matter," he says. "We look for supportive evidence." Otherwise, a condition such as migraine headaches "is too easily conjured up or exaggerated." But he adds, "that's true throughout the entire disability world, not just in the military . . . I think we're doing better every day."

Waple wasn't so sanguine. He told the Twohigs that he wasn't having much success with the Army and that the odds weren't high that the formal evaluation board would raise Richard's rating to 30 percent. Besides, Waple's services, including the fee for the independent forensic psychologist's evaluation he recommended, would cost about $6,000. Belinda, who had just paid lawyers' fees to divorce Richard's father, blanched. But they agreed to proceed, with each parent paying half the cost.

Richard's case would be heard at Walter Reed, where the evaluation board scheduled the hearing for a day when Waple had a court appearance elsewhere and then refused to grant a five-day delay. That meant Waple would prepare Twohig's case but that an Army lawyer would have to present it.

Still, the Twohigs felt hopeful. Once the board heard the full story, Belinda was sure, "they are going to realize that there was wrong done. They're going to see and say, 'Okay, Richard should be 30 percent.'"

BELINDA ACCOMPANIED RICHARD TO WASHINGTON FOR HIS HEARING IN MARCH 2005. For one thing, he was in no condition to drive, she says, "from the stress and all the meds he was on." In addition to the pain drug Dilaudid, he was taking medications for his migraines, for nausea and sleeplessness, and for depression. Belinda would also be a witness, able to testify about the changes in her son and about what his neurologist had advised.

It was a stressful time. Belinda, who had been teaching ROTC at Florida A&M University, was newly divorced and about to retire from the Marines after 28 years, forgoing an expected promotion to lieutenant colonel. She planned to sell her house in Tallahassee and look for a job in Tennessee, where she would be near Richard and her grandchildren.

"My children have sacrificed a lot for my career," Belinda says. "There were deployments; there were a lot of long hours." She can still tick off her absences: the 10 weeks her two boys stayed with her sister while she was at Officer Candidates School, the six months' further training at Quantico when she got home every other weekend, a stint at Guantanamo . . . "I wasn't always there for them, I feel."

Now, she intended to be. So while Richard lay in the back seat of her '94 Mustang, she drove north, stopping at a highway rest area when a headache nauseated him and he needed to vomit.

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This wasn't the son she had raised. Growing up mostly in Jacksonville, N.C., he was the kind of kid who was happiest outdoors, a deer and duck hunter, a year-round surfer at nearby beaches, a halfback on a traveling soccer team. "Richard always had friends; Richard used to joke a lot," she remembers. She wasn't pleased, when she and her husband went off one weekend, to learn that Richard had invited his soccer buddies over for a beer bash that drew the police. But the incident does remind her that back then, "he liked to be around people. He was always dragging someone home."

He went off to North Carolina A&T to study business management, and, toward the end of freshman year, met a young woman in a club. He and Sang, the daughter of Cambodian immigrants, went out for a while, had Lizzie when they were both 19, then married. Twohig left school and took jobs flushing radiators at Jiffy Lube and loading United Parcel Service trucks, but he had trouble earning enough for a family, and none of his employers supplied benefits. The military would. It might be "the best option to get my degree and help the family," he thought. "My mom did it that way, went in the Marine Corps, got her education. So did my dad." And the Army was offering $20,000 signing bonuses. He walked into the recruiting station in Jacksonville and enlisted in early 2001. When he graduated from boot camp, his mother swore him in, an officer's prerogative and an act she now sometimes regrets.

Twohig was sure after September 11 that he'd be sent to Afghanistan. But his unit remained at Fort Bragg until Iraq, a war whose political dimensions he gave little thought to. "I looked on it more as a job," he explains. "You're supposed to do it. Your feelings don't really matter."

He had been a good soldier, his mother thought, and he was a good man. She had faith, and not solely in the military.

In the months since his accident, Belinda, a churchgoing Catholic, prayed the rosary as she walked around the track at Florida A&M each morning. She was praying again as they rounded the Beltway and headed for a hotel in Silver Spring.

THAT AFTERNOON, THE TWOHIGS MET WITH ASSIGNED MILITARY COUNSEL DAVID WHITE, who, using Mark Waple's brief and materials, would represent Richard at the hearing next day. White explained the procedure and, as Belinda remembers it, said Richard stood a decent chance of having his 20 percent rating raised.

Richard hardly slept that night. When they reported to Building 7 at Walter Reed the next morning, both in uniform, he felt ill and vomited a little in a hallway water fountain; Belinda fished some tissues from her briefcase and cleaned up the mess. To ward off an approaching migraine, he took his anti-nausea pills and Dilaudid, which tended to undermine his already-diminished ability to concentrate. "He looked like a zombie," his mother says.

The Physical Evaluation Board at Walter Reed is one of three meeting around the country for the Army; the others are at Fort Lewis in Washington state and Fort Sam Houston in Texas, sometimes supplemented by a mobile board. (The Navy and Air Force have their own physical evaluation boards.) A typical board has three members, one of whom is a physician. But that doesn't mean anyone on the board has had previous experience in evaluating disabilities; the physician hearing about brain injuries could be a dermatologist or an obstetrician. Members of the Army board take a five-day classroom course before they start adjudicating cases; the rest of their training comes on the job.

Inadequate training is among the problems that investigators have repeatedly cited in calling for improvements to the disability system. For nearly two decades, studies by both military and civilian teams -- the Army Audit Agency, the Defense Department's Inspector General, the Rand Corp. -- have criticized the system's inconsistencies, its delays, its lack of oversight and quality control. The latest report, issued by the Government Accountability Office last year, sounded many of the same themes, and the Defense Department didn't disagree. The Pentagon says a number of improvement efforts are now underway, including the long-planned computerization of all health records.

The Army, however, insists that it is already doing a good job. Armitage, who helped develop the Army's five-day training course, defends the members of the evaluation boards and their preparation. "These are people who know what soldiering is all about; they know the stresses that soldiers undergo; they know what the requirements are for soldiers to perform," he says. "They've been there."

The evaluation board that met to consider Twohig's case included a longtime infantry officer as president (he has since retired), a retired Navy psychiatrist as the medical member and a personnel management officer who had served in Iraq. They met in Room 235, a small space hung with Army insignia and posters of the human spine. Each of the three members and the soldier had a microphone on the table before him so that the hearing could be recorded on a CD.

It's supposed to be a non-adversarial proceeding. Some soldiers find it intimidating, nonetheless. For Twohig, it mostly seemed perplexing. The transcript shows that several times, as the attorney had him describe his injuries or board members chimed in with questions, he sounded muddled, not quite able to grasp what was being asked.

Physical Evaluation Board president Col. James Babbitt (after Twohig testified that he had trouble concentrating): If the 1st Sergeant tells you, "Go to 1st Platoon and find the Platoon Sergeant and tell him I want to see him at 2 o'clock," can you do that?

Twohig: Yes.

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Babbitt: If he says, "Go find the 1st Platoon Sergeant, tell him I want to see him at 2 o'clock, find the 1st Squad Leader and tell him I need to see him right now, and tell the 2nd Squad Leader I'll see him tomorrow," would you have any problem delivering those messages?

Twohig: What?

Belinda Twohig also testified, speaking at length about the changes she had seen in her son since his accident, his isolation and memory problems, his physical incapacity. "There is depression, because he feels he is incapable or cannot achieve any dreams that he had before," she said. "I think that the depression is coming because he doesn't know how to get better, and, you know, I don't either . . ."

But Babbitt prevented her from testifying about what the neurologist had said about not needing to seek further medical attention when the migraines hit. "We've brought that out already," he said. "That's not necessary. That's just duplicious."

After nearly two hours, the board recessed briefly. Then Babbitt read its decision: that Richard was physically unfit to perform his duties, that he had "post-concussive syndrome associated with headaches, dizziness, bilateral tinnitus, nausea, decreased concentration and forgetfulness" that "limit his activities of daily living." That he took "a narcotic substance, mood stabilizing and antidepressant medications." That he further had "mood disorder with depressive features manifest by chronic irritable mood, insomnia, decreased appetite, social withdrawal and low self-worth."

It sounded to the Twohigs as though the board saw things their way. Then Babbitt read Richard's rating: 10 percent.

After thanking Richard for his service, the board adjourned; the recording equipment was turned off.

Belinda Twohig remembers erupting in shock. "I don't believe this!"

"Mom, what happened? What are they saying?" Richard didn't understand.

"I gave the Army a perfectly capable young man, and what you give me is somebody incapable of working, and you tell me that's only worth 10 percent?" Belinda exclaimed.

The board president said he understood her distress.

"I don't believe we are not taking care of him," she said.

"That's what the VA is for," she remembers Babbitt saying.

One board member, Lt. Col. Nick Gnemi, disagreed with the finding and announced he would submit a minority report, a rare occurrence. As the Twohigs waited in the anteroom while Gnemi wrote it, Richard was anxiously wondering how he could take care of Sang and the kids. They would have to sell the house they had bought just two years earlier. "He was just ripping inside," Belinda says.

Sounding stronger than she felt, she told him not to worry, that they would get through this. She didn't want Richard to see her in tears, and she didn't want to show emotion before the other officers, "especially that president." So she found a corner downstairs, wept briefly, dried her face.

Gnemi handed them a copy of his two-page minority report, explaining his disagreements with the rating and concluding, "This combat veteran needs to be given the benefit of the doubt and be placed on TDRL [temporary disability retirement list] to continue additional rehabilitation and medical care." He told the Twohigs he hoped it would help.

Enervated, they left Walter Reed and started the long trip home. Richard was feeling sick.

"Do you want to stop?" Belinda asked.

"No, I just want to get the hell out of here."

So she paused just long enough for him to open the car door at a stop sign, lean out and vomit. Then she drove on.

RICHARD TWOHIG IS VERY QUIET on the 40-mile drive out to his mother's farm in Sweetwater, Tenn. It's the first time he has left the apartment in a couple of days.

Smoking Newports, he steers his SUV off the interstate, along a two-lane blacktop that climbs past fields of Queen Anne's lace and dairy cows in fenced pastures. Belinda first visited this area during a vacation in the Smokies, and bought her tract of fields, creeks and woodland six years ago. She hadn't expected to move here this soon, but now that seems the best solution for everyone.

Her plan is to raise, breed and sell alpacas. She already owns eight, currently boarded in Georgia while she prepares paddocks and barns. Richard, always an animal lover, has spent time learning to care for them. Alpacas are one of the few subjects for which he can, sometimes, summon real enthusiasm -- talking about how "they're real skittish" until you've worked with them for a while, how "they love kids," how their fleece comes in lots of colors, "gray, silver, black, white."

So Belinda's great hope is that he and the kids will move into a log cabin she's building on the property, where she can help raise her grandchildren while her son helps raise her flock.

"Daddy! Daddy!" Lizzie and Damon, who have spent the night with Belinda ("Grammy") and her fiance, Robert Rhyne, come dashing over as Twohig pulls into the drive. "Did you bring our water guns?"

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"I didn't think of it," he says. He has a headache, one of the milder ones, but he sits on the front porch of the cabin -- Belinda and Robert are hanging kitchen cabinets inside -- and plays several rounds of tic-tac-toe with Lizzie. "No more," he says, after a few minutes. He watches Damon run his battery-powered truck up the pile of dirt next door to the cabin.

He and the children bounced around a good deal after his hearing and separation from the Army. The Veterans Affairs office in Winston-Salem, N.C., processed his benefits application at near-record speed -- probably helped along by an article in the Fayetteville Observer about his plight. The VA often assigns higher ratings; it uses the same guidelines as the military but applies them according to its own regulations and practices. It found Twohig 100 percent disabled, including a 50 percent rating for his headaches and 70 percent for his cognitive and mood disorder, with lower ratings for several other physical problems. "It is clear," its report says, "that you are unable to acquire and/or maintain substantially gainful employment in either a physical or sedentary setting . . ."

But while the VA began paying him $2,700 a month, it also -- by regulation -- deducted the Army's severance payment from his checks until the entire $12,000 was repaid. Unable to maintain a household on so little income, Richard sold the family's brick ranch in Fayetteville, and he and the kids lived for a while with his mother in Florida, then with his father in Tennessee and with Sang in Virginia. When he and Sang separated this past summer, they agreed that Richard should take the children because he wasn't working and could be at home.

He wouldn't get higher monthly income as a retiree than he currently gets from the VA. But TriCare insurance would let him see local civilian doctors; he would not have to drive nearly two hours to the VA hospital in Johnson City, Tenn. And it would cover Lizzie and Damon. Providing them with health insurance is the reason his estranged wife enlisted, so they're okay for now, but Sang has said she isn't loving the Navy. What happens if she leaves?

An appeal filed with the Physical Disability Agency was denied in April 2005, but Waple said he was willing to take Twohig's case to the ultimate level, the Army Board for the Correction of Military Records.

Even after Waple reduced his normal fee ("These people have been through hell," he explains), the appeal would cost another $2,500. "Mom, don't waste your money," Twohig urged. But Belinda considered that a reasonable investment if it brought her grandchildren health insurance until adulthood. "If I don't do this for the kids' sake, for their medical benefits, I'll regret it for the rest of my life," she decided.

So in July, Waple filed a petition arguing that the physical evaluation board failed to award the appropriate disability percentage, based on the regulations and the evidence presented. A decision could still be months away.

Belinda remains optimistic. "If I was sitting on that board and this was not my son, and I looked at everything," she says, "I would give him that 30 percent."

Meanwhile, the farm is taking shape. Belinda teaches ROTC in a Knoxville high school, and on weekends she and Robert, a jovial former contractor, do as much of the construction work themselves as they can. The main house, a dormered colonial of clapboard and fieldstone, is going up just across the meadow from the cabin. It will have three bedrooms upstairs and one on the main floor for Belinda's mother.

The cabin, where soon everyone is eating sandwiches and sitting on lawn chairs and upended spackle buckets on the porch, is just 400 square feet. Belinda can use it for meetings with prospective buyers and seminars on alpaca-raising. But it has a kitchen and a bathroom and could easily be expanded, which is her not-very-secret plan.

She's treading carefully, trying not to pressure Richard; she knows he needs to make his own decisions. She's mindful of the time she offered to ferry Lizzie to and from school each day -- the elementary school is near the high school where she's teaching -- and her son objected, "Mom, I have to have a purpose in life." Sometimes, beset by pain and depression, he says caring for his children is all that keeps him going. So Belinda hasn't pushed for a decision.

"I'm just in transition," Twohig says. "I don't know what I'm doing." In the coming months, as he turns 26, he'll move out to a rented house near the farm -- but not onto it.

Nevertheless, when Belinda stands on the porch and looks out at her property, a quiet haven without another house in sight, she envisions building a couple of bedrooms onto the cabin for Richard and the kids and the dog. He could help with the alpacas, with feeding and watering, shearing, trimming toenails. And when he had a bad day, Belinda and her mother would be just a few hundred feet away, ready to care for the kids until he recovered.

He'd never have to contend with crowds or noise or pressure or bosses. He could raise children and alpacas, and she'd have his back. He could, perhaps, be happy.

Lives Entwined By War Enter A Long, Arduous Chapter Called Recovery (NYT)

By C. J. Chivers

The New York Times, February 25, 2007

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Petty Officer Third Class Dustin E. Kirby, a Navy corpsman whose efforts to save a wounded marine in Iraq and his own wounding by a sniper on Christmas were covered by The New York Times, has returned home to Georgia and expects a nearly full recovery, he and his family said.

He returned escorted by a police honor guard early this month, after his discharge from the National Naval Medical Center in Bethesda, Md., and four operations during five weeks of care.

Petty Officer Kirby, 23, was struck by a bullet in the left side of the face while near a bunker on the roof of Outpost Omar, a Marine position in Karma, a city in Anbar Province.

His injury mixed the worst of luck with an uncanny stroke of good fortune.

The bullet, which he said was an armor-piercing 7.62 millimeter round fired from a Dragunov-style sniper rifle at a range of 400 to 600 yards, passed through his head and exited at the side of his mouth. In traveling this path, it did not strike his brain, spinal column or major veins or arteries, he said.

Immediately after the bullet's impact, Petty Officer Kirby remained conscious and could walk. He communicated by writing notes. But his condition deteriorated, he and officers in his battalion said, from blood loss and trauma to the roof of his mouth and the base of his skull.

Although officers in the unit to which he was assigned, Second Battalion, Eighth Marines, initially thought he had lost his ability to speak, since undergoing the operations he has recovered a voice that is only slightly slurred.

"I'm doing a lot better than most people would expect," he said by telephone from Hiram, Ga.

Petty Officer Kirby had been assigned as a trauma medic to the battalion's weapons company. In early November he was the subject of an article that described his work and prayers to save the life of his friend, Lance Cpl. Colin Smith, a machine gunner in the vehicle's turret who was shot through the skull by a sniper in Karma in late October.

Lance Corporal Smith, 19, survived, and is undergoing treatment and full days of intensive therapy at the Veterans Affairs Medical Center in Minneapolis. His father, Bob Smith, said by telephone that while his prognosis is unclear he has made significant progress.

The bullet, the same type that struck Petty Officer Kirby, destroyed the top regions of both frontal lobes of Lance Corporal Smith's brain. But since being medically stabilized and beginning a range of therapies, he has begun to walk with assistance and a four-pronged cane, to smile and to mimic sounds and repeat words he hears, his father said.

Mr. Smith also said his son recognized relatives and was in very good spirits, often laughing, acting playfully and twinkling his eyes.

"The essence of him is there," Mr. Smith said. "It is not always easy for him to communicate, but it is there."

Because of damage to areas of the brain that control speech, Mr. Smith said, it was not clear how fully Lance Corporal Smith would recover his ability to converse. Similarly, he has extremely limited movement on the right side of his body. It is too soon to predict how much range of motion and strength would return.

"You never know when the healing process will plateau," Mr. Smith said, but added, "Every day you can see him improve."

Petty Officer Kirby's therapy and treatment are less extensive. The bullet tore away seven teeth, the right side of his lower jaw, several patches of nerve and a section of his tongue. It also shattered part of his lower skull, near the roof of his mouth.

Surgeons have rebuilt his face with bone and skin from one of his legs, he said, and secured the damaged tissues with 14 metal plates.

"The plates are just kind of holding everything together and allowing it to grow back to what it was," he said.

He said he expects to have three or four more operations in the next six months, and will require therapy to recover his speech in full.

His mother, Gail Kirby, said that his prognosis is good, and that his attitude is, too.

"At his first meeting with the local speech therapist, he walked in and said, 'Supercalifragilisticexpialidocious,' " she said, using the word made famous by Julie Andrews in "Mary Poppins." "Then he said, 'There. Can I go now?' "

Petty Officer Kirby said he intended to return to active duty when his doctors allow, and hoped to become an instructor at a military school, training other corpsmen in combat medical duties.

As the two men have continued to convalesce, their battalion completed its tour in Iraq and moved out of the country through Kuwait. Its last members returned to its home base, Camp Lejeune, N.C., on Feb. 21. Petty Officer Kirby said he hoped to rejoin them.

Mr. Smith, Lance Corporal Smith's father, said his son's platoon sergeant was planning to visit him in March.

In Hiram, Petty Officer Kirby's mother said that for now she was simply grateful he was home.

For months, she said, she barely slept, and constantly checked e-mail messages, news reports from Iraq and Web sites that track American casualties in Iraq.

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"Now I can just walk into the room," she said, "and see him."

More Sabers To Rattle, Perhaps Fewer To Thrust (NYT)

By Thom Shanker

The New York Times, February 25, 2007

WITH just enough flourish to give North Korea something to think about, a squadron of radar-evading F-22 Raptors landed in Japan a week ago, the first overseas deployment of the United States Air Force's new ground-attack jet.

In a decision intended to give Iran similar pause, a second aircraft carrier arrived last week in waters within easy sail of the Persian Gulf.

These moves seemed like perfectly logical geopolitical responses to heightened dangers. But they also helped mask another reality. Because the military today does not have enough available ground troops to use for intimidation, the moves were pretty much the only options rather than choices among several.

In the past, certain Army brigades were designated to be on standby, ready to rush to global hot spots in 18 to 72 hours. But the Army and Marines are carrying out the mission in Iraq and Afghanistan with large and sustained deployments, so warplanes and warships are replacing boots on the ground elsewhere.

Senior military planners do not deny that last week's deployments reflect a deep concern in the Pentagon that the United States simply may not have enough ready and available resources to go around. Moves like these have become necessary to offset enemy notions that being tied down in Iraq and Afghanistan have made America weak and in no position to exert any kind of force outside of those conflicts.

There is ample cause for concern. In addition to a shortage of available ground troops, military planners worry, armor and other combat gear being rushed to Iraq might not be around for use in another crisis.

Just last week, the nation's highest-ranking officer, Gen. Peter Pace, secretly upgraded to "significant" the risk the military faces this year in carrying out its full national security mission. He unwaveringly stated that the armed forces would succeed at any mission ordered by the president; the response would just be slower, less elegant, more dangerous.

Taken together, the active-duty military and the reserves number more than two million, but the military is struggling to fill a roster of about 160,000 troops to carry out President Bush's strategy in Iraq. Part of the strain is simple inefficiency. As Gen. Peter J. Schoomaker, the departing Army chief of staff, has said, the military deployment system is like a keg of beer, with the tap put too near the top to drain the whole barrel.

In a reflection of these strains, the Army is preparing this week to go public with its detailed plans for training and equipping the five Brigade Combat Teams being rushed to Iraq under Mr. Bush's stabilization strategy — the so-called surge.

"Those B.C.T.'s are needed in Iraq sooner than the Army had planned to have them ready, and that increases the risk, of course," said one senior Army officer.

To meet the orders to deploy, and to reassure the troops and their families that every soldier landing in the desert will be certified ready for the mission, those brigades will focus on training relevant only to the counterinsurgency effort in Iraq, leaving for another day the full spectrum of training desired by the Army to have its units prepared for any emergency, a senior officer said.

"At the end of the day, strategy is the management of risk, whether personal or military strategy," said Jeffrey D. McCausland, a retired Army colonel now a senior fellow at the Carnegie Council in New York. "The question is, how much risk are we willing to live with? We are taking a significant amount of strategic risk today because, if you look at our ground forces, we have pulled almost everything out of the box already. So if a major problem arises somewhere else, what do we turn to?"

As a consequence, he said, the United States has lost much of its historic military flexibility. "We know that," he said. "So do our adversaries. To some degree, Iran and North Korea can play this round of poker more boldly."

American military planners are adapting to this new world of threat by deciding that its forces are fungible, and that the role traditionally assigned to the ground brigades designated for emergency deployment can be filled by other parts of the military. Aircraft and ships are the moving pieces to thrust and parry on the global chess board.

That, and billions in new spending. Money has been requested to increase the military by 92,000 people over the number in uniform on Sept. 11, 2001, with new money to recruit soldiers and entice experienced ones to stay longer. The 2007 budget has new allocations of $17.1 billion to reset Army equipment and $5.8 billion for Marine gear, with a separate fund of $13.9 billion in emergency spending power to replace or repair gear destroyed, damaged or worn in combat.

The debate over readiness and how to mitigate the current risk played out in secret this past week. Dated Feb. 20, a six-page document with red trim on the cover was quietly delivered to both houses of Congress, fulfilling a legal obligation for the chairman of the Joint Chiefs of Staff, in odd-numbered years, to give his unvarnished assessment of the nature and magnitude of

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the current risks to carrying out the nation's military strategy. That is the report in which General Pace told Congress that the risk had increased to "significant," from "moderate" in the previous assessment.

The chairman's risk assessment is based on hard facts: numbers of troops deployed in combat zones, recruiting successes and shortfalls, armored vehicles to be replaced or repaired or drawn out of emergency depots to fulfill the Iraq mission, availability of transport planes, aerial refueling tankers, remotely piloted surveillance vehicles.

But there are important intangibles, mostly of perception. While General Pace's assessment is classified, he has said in public that potential adversaries like Iran or North Korea should not miscalculate because the United States retains the military capability to carry out any mission ordered by the president.

A range of officials who read the assessment noted with concern that it did not factor in the 20,000-plus troops ordered to Iraq in January.

While the armed forces labor to keep the lid on Iraq and Afghanistan (and there is clear if cautious optimism on the part of senior officers), there are plenty of other bad neighborhoods: the Straits of Hormuz, where Iran could try to shut off global oil supplies in retaliation for efforts to curtail its nuclear ambitions; the straits dividing China and what it views as a renegade Taiwan; the tense demilitarized zone between South Korea and a newly nuclear-capable North, which can strike Japan, one of America's most important allies, with missiles.

And here are some of the less-talked-about what-ifs that keep military planners awake at night: How does the American military respond if Fidel Castro dies and hundreds of thousands of Cubans set sail for the Gulf Coast of the United States? What if violent Islamic extremists seek to topple oil-rich American allies in the Persian Gulf, especially Saudi Arabia? What if the next assassination attempt on President Pervez Musharraf of Pakistan, whose country has the bomb, is successful?

In fact, the Pentagon detailed its efforts to mitigate the risks described by General Pace in a parallel document from Defense Secretary Robert M. Gates that, by law, is required to accompany the chairman's assessment whenever the classified report judges that the risk to carrying out the mission has become "significant."

The document from Mr. Gates described the Pentagon's continuing efforts to increase the size of the military, replace lost or worn equipment, prepare the reserves for more efficient mobilization and modernize the force.

"There is no doubt that we can still conduct all of the missions assigned to us under the national military strategy," said Bryan Whitman, a Pentagon spokesman. He noted that when the active-duty military, the reserves and Pentagon civilians are tallied, the rolls top three million, and that is without any call to national mobilization.

Al Qaeda Resurgent (NYT)

The New York Times, February 25, 2007

Almost five and a half years ago, America — united by the shock of 9/11 — understood exactly what it needed to do. It had to find, thwart and take down the command structure of Al Qaeda, which was responsible for the deaths of 3,000 innocent people on American soil. Despite years of costly warfare in Afghanistan and Iraq, America today is not significantly closer to that essential goal.

At a crucial moment, the Bush administration diverted America's military strength, political attention and foreign aid dollars from a necessary, winnable war in Afghanistan to an unnecessary, and by now unwinnable, war in Iraq. Al Qaeda took full advantage of these blunders to survive and rebuild. Now it seems to be back in business.

As our colleagues Mark Mazzetti and David Rohde reported last week, American intelligence and counterterrorism officials believe that Al Qaeda has rebuilt its notorious training camps, this time in Pakistan's loosely governed tribal regions near the Afghan border. Camp graduates are fighting in Afghanistan and Iraq — and may well be plotting new terrorist strikes in the West.

The same officials point to more frequent and more current videos as evidence that Al Qaeda's top leaders, Osama bin Laden and Ayman al-Zawahri — once on the run for their lives and unable to maintain timely communications with their followers — now feel more secure. Al Qaeda is not as strong as it was when its Taliban allies ruled Afghanistan. But, the officials warn, it is getting there.

Al Qaeda's comeback didn't have to happen. And it must not be allowed to continue. The new Qaeda sanctuaries in Pakistan do not operate with the blessing of the Pakistani government. But Pakistan's military dictator, Gen. Pervez Musharraf, has not tried very hard to drive them out. In recent months he has virtually conceded the tribal areas to local leaders sympathetic to Al Qaeda. President Bush needs to warn him that continued American backing depends on his doing more to rid his country of people being trained to kill Americans.

Washington also has to enlist more support on the Afghan side of the border. NATO allies need to drop restrictions that hobble their troops' ability to fight a resurgent Taliban. Afghan leaders need to wage a more aggressive campaign against corruption and drug trafficking. And Washington needs to pour significantly more money into rural development, to give Afghan

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farmers alternatives to drug cultivation. One reason General Musharraf has been hedging his bets with the Taliban and Al Qaeda is his growing doubt that Washington is determined to succeed in Afghanistan.

Having failed to finish off Al Qaeda in Afghanistan, Washington now finds itself fighting Qaeda-affiliated groups on multiple fronts, most recently in Somalia. Al Qaeda's comeback in Pakistan is a devastating indictment of Mr. Bush's grievously flawed strategies and misplaced Iraq obsession. Unless the president changes course, the dangers to America and its friends will continue to multiply.

Where Were You That Summer Of 2001? (NYT)

By Frank Rich

The New York Times, February 25, 2007

"UNITED 93," Hollywood's highly praised but indifferently attended 9/11 docudrama, will be only a blip on tonight's Oscar telecast. The ratings rise of "24" has stalled as audiences defect from the downer of terrorists to the supernatural uplift of "Heroes." Cable surfers have tuned out Iraq for a war with laughs: the battle over Anna Nicole's decomposing corpse. Set this cultural backdrop against last week's terrifying but little-heeded front-page Times account of American "intelligence and counterterrorism officials" leaking urgent warnings about Al Qaeda's comeback, and ask yourself: Haven't we been here before?

If so, that would be the summer of 2001, when America pigged out on a 24/7 buffet of Gary Condit and shark attacks. The intelligence and counterterrorism officials back then were privately sounding urgent warnings like those in last week's Times, culminating in the President's Daily Brief titled "Bin Laden Determined to Strike in U.S." The system "was blinking red," as the C.I.A. chief George Tenet would later tell the 9/11 commission. But no one, from the White House on down, wanted to hear it.

The White House doesn't want to hear it now, either. That's why terrorism experts are trying to get its attention by going public, and not just through The Times. Michael Scheuer, the former head of the C.I.A. bin Laden unit, told MSNBC's Keith Olbermann last week that the Taliban and Al Qaeda, having regrouped in Afghanistan and Pakistan, "are going to detonate a nuclear device inside the United States" (the real United States, that is, not the fictional stand-in where this same scenario can be found on "24"). Al Qaeda is "on the march" rather than on the run, the Georgetown University and West Point terrorism expert Bruce Hoffman told Congress. Tony Blair is pulling troops out of Iraq not because Basra is calm enough to be entrusted to Iraqi forces — it's "not ready for transition," according to the Pentagon's last report — but to shift some British resources to the losing battle against the resurgent Taliban in Afghanistan.

This is why the entire debate about the Iraq "surge" is as much a sideshow as Britney's scalp. More troops in Baghdad are irrelevant to what's going down in Afghanistan and Pakistan. The surge supporters who accuse the Iraq war's critics of emboldening the enemy are trying to deflect attention from their own complicity in losing a bigger battle: the one against the enemy that actually did attack us on 9/11. Who lost Iraq? is but a distraction from the more damning question, Who is losing the war on terrorism?

The record so far suggests that this White House has done so twice. The first defeat, of course, began in early December 2001, when we lost Osama bin Laden in Tora Bora. The public would not learn about that failure until April 2002 (when it was uncovered by The Washington Post), but it's revealing that the administration started its bait-and-switch trick to relocate the enemy in Iraq just as bin Laden slipped away. It was on Dec. 9, 2001, that Dick Cheney first floated the idea on "Meet the Press" that Saddam had something to do with 9/11. It was "pretty well confirmed," he said (though it was not), that bin Laden's operative Mohamed Atta had met with an Iraqi intelligence officer in Prague months before Atta flew a hijacked plane into the World Trade Center.

In the Scooter Libby trial, Mr. Cheney's former communications aide, Catherine Martin, said that delivering a message on "Meet the Press" was "a tactic we often used." No kidding. That mention of the nonexistent Prague meeting was the first of five times that the vice president would imply an Iraq-Qaeda collaboration on that NBC show before the war began in March 2003. This bogus innuendo was an essential tool for selling the war precisely because we had lost bin Laden in Afghanistan. If we could fight Al Qaeda by going to war in Iraq instead, the administration could claim it didn't matter where bin Laden was. (Mr. Bush pointedly stopped mentioning him altogether in public.)

The president now says his government never hyped any 9/11-Iraq links. "Nobody has ever suggested that the attacks of September the 11th were ordered by Iraq," he said last August after finally conceding that Iraq had nothing to do with 9/11. In fact everyone in the administration insinuated it constantly, including him. Mr. Bush told of "high-level" Iraq-Qaeda contacts "that go back a decade" in the same notorious October 2002 speech that gave us Saddam's imminent mushroom clouds. So effective was this propaganda that by 2003 some 44 percent of Americans believed (incorrectly) that the 9/11 hijackers had been Iraqis; only 3 percent had seen an Iraq link right after 9/11.

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Though the nonexistent connection was even more specious than the nonexistent nuclear W.M.D., Mr. Bush still leans on it today even while denying that he does so. He has to. His litanies that we are "on the offense" by pursuing the war in Iraq and "fighting terrorists over there, so that we don't have to fight them here" depend on the premise that we went into that country in the first place to vanquish Al Qaeda and that it is still the "central front" in the war on terror. In January's State of the Union address hawking the so-called surge, Mr. Bush did it again, warning that to leave Iraq "would be to ignore the lessons of September the 11th and invite tragedy."

But now more than ever, the opposite is true. It is precisely by pouring still more of our finite military and intelligence resources down the drain in Iraq that we are tragically ignoring the lessons of 9/11. Instead of showing resolve, as Mr. Bush supposes, his botch of the Iraq war has revealed American weakness. Our catastrophic occupation spawned terrorists in a country where they didn't used to be, and to pretend that Iraq is now their central front only adds to the disaster. As Mr. Scheuer, the former C.I.A. official, reiterated last week: "Al Qaeda is in Afghanistan and Pakistan. If you want to address the threat to America, that's where it is." It's typical of Mr. Bush's self-righteousness, however, that he would rather punt on that threat than own up to a mistake.

That mistake — dropping the ball on Al Qaeda — was compounded last fall when Mr. Bush committed his second major blunder in the war on terror. The occasion was the September revelation that our supposed ally, Gen. Pervez Musharraf, president of Pakistan, had negotiated a "truce" with the Taliban in North Waziristan, a tribal region in his country at the Afghanistan border. This truce was actually a retreat by Pakistan, which even released Qaeda prisoners in its custody. Yet the Bush White House denied any of this was happening. "This deal is not at all with the Taliban," the president said, claiming that "this is against the Taliban, actually." When Dana Priest and Ann Scott Tyson of The Washington Post reported that same month that the bin Laden trail was "stone cold" and had been since Mr. Bush diverted special operations troops from that hunt to Iraq in 2003, the White House branded the story flat wrong. "We're on the hunt," Mr. Bush said. "We'll get him."

Far from getting him or any of his top operatives dead or alive, the president has sat idly by, showering praise on General Musharraf while Taliban attacks from Pakistan into Afghanistan have increased threefold. As The Times reported last week, now both bin Laden and his deputy, Ayman al-Zawahri, are believed to be "steadily building an operations hub" in North Waziristan. We know that last year's London plot to bomb airliners, like the bus-and-subway bombings of 2005, was not just the work of home-grown jihadists in Britain, but also of Qaeda operatives. Some of the would-be bombers were trained in Qaeda's Pakistan camps much as their 9/11 predecessors had been trained in Afghanistan.

All of this was already going on when Mr. Bush said just before the election that "absolutely, we're winning" and that "Al Qaeda is on the run." What's changed in the few months since his lie is that even more American troops are tied down in Iraq, that even more lethal weapons are being used against them, that even more of the coalition of the unwilling are fleeing, and that even more Americans are tuning out both the administration and the war they voted down in November to savor a referendum that at least offers tangible results, "American Idol."

Yet Mr. Bush still denies reality. Ten days ago he told the American Enterprise Institute that "the Taliban have been driven from power" and proposed that America help stabilize the Pakistan border by setting up "Reconstruction Opportunity Zones" (remember that "Gulf Opportunity Zone" he promised after Katrina?) to "give residents the chance to export locally made products to the United States, duty-free." In other words, let's fight terrorism not by shifting America's focus from Iraq to the central front, but by shopping for Taliban souvenirs!

Five years after 9/11, the terrorists would seem to have us just where they want us — asleep — even as the system is blinking red once again.

No, He Wasn't A Good Manager (WP)

By Andrew Cockburn

The Washington Post, February 25, 2007

Defending Donald H. Rumsfeld in the face of a furious critique by Sen. John McCain (R-Ariz.), Vice President Cheney paid tribute last week to the former defense secretary's "superb job in managing the Pentagon under extraordinarily difficult circumstances."

Cheney's is not a unique view. Even many of Rumsfeld's detractors tend to assume that he was an effective manager, however disastrous his decisions on Iraq may have been. Throughout his Pentagon tenure, he carried the useful reputation, bolstered by his well-advertised spell as a college wrestler and his experience as a corporate CEO, of being a tough executive who brooked no nonsense from trembling subordinates to get the job done.

"Let them hate me so long as they fear me," boasted the emperor Caligula. Rumsfeld appeared to profit by the same leadership principle.

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Anyone doubting this had only to listen to generals lamenting their master's disregard for professional military opinion, his rudeness and the terrible things that happened to anyone who stood in his way. But an examination of his record reveals that, in fact, Rumsfeld was a very poor manager. Despite his gruff theatrics, he shirked the task of leadership at the Defense Department, failing to restrain the services in their pursuit of parochial agendas. Though he spewed ideas and injunctions daily, he routinely neglected to follow them up. Pledged to the "transformation" of the cold war military establishment in 2001, he left it six years later almost entirely untransformed, save for the wreckage wrought by the Iraqi adventure. Even in concept, his program for "transformation" amounted to little more than notions articulated as bumper stickers, and poorly thought out ones at that.

Although he inherited dead wood in the senior ranks of the military, Rumsfeld dismissed not a single general, either for poor performance or for defying his edicts. No Iraq commander was summoned home as punishment for the unfolding disasters there.

Civilians were slightly more vulnerable. Army Secretary Thomas White was ultimately fired for his egregiously mutinous behavior over the cancellation of the Army's Crusader gun program.

The case of former Army chief of staff Eric K. Shinseki is instructive. It is widely believed that he sacrificed his career by speaking the truth in public about the inadequate number of troops being sent to invade and occupy Iraq. The true story gives little credit to Rumsfeld, but it also doesn't exactly accord with the legend.

Shinseki made his remarks about "several hundred thousand soldiers" being required to occupy postwar Iraq as an offhand response to a question at a Senate hearing in late February 2003, less than a month before the invasion. Eight months earlier, Rumsfeld and then-Deputy Defense Secretary Paul D. Wolfowitz had agreed to a suggestion by adviser Steve Herbits that they leak the name of the next Army chief of staff, though Shinseki still had more than a year to serve.

The two officials, irked by Shinseki's opposition to their plan to cut Army force sizes -- and, it seems, by his personality -- saw the leak as undercutting the Army chief's authority. They expected that he would resign promptly rather than submit to the humiliation of lame-duck status. But Shinseki failed to oblige. He stolidly served out his term although, apart from that moment in front of the Senate, he took no apparent advantage of his eminent official position to contest the ongoing invasion plan.

The notion that Rumsfeld at least exercised tight control of the sprawling Pentagon bureaucracy is encapsulated in his well-known use of "snowflakes," short memos of injunction, query or complaint that he dictated and distributed in manic quantities. True, junior officials may have quaked at the sight of a Rumsfeld emissary approaching with the dreaded missive in hand. As often as not the note reflected some querulous Rumsfeld whim, such as the July 2001 complaint, notorious among his personal staff, regarding the width of the lemon slices served with the secretary's iced tea. Over time, subordinates came to realize that their fearsome chief seldom followed up on these memos. Once written (and there were often more than 100 a day) they were often forgotten.

The missives usually set a date, sometimes within a day, for confirmation that the assigned task had been completed. "In the beginning," said one formerly high-ranking individual who routinely received scores of snowflakes, "I'd work late to get the job done and respond by the set time. Then I started letting it slide for a week, and no one seemed to notice." Eventually he stopped responding altogether, and still heard nothing.

This striking contrast between the superficial aspects of Rumsfeld's management style, all sound and fury, and the lack of follow-through to ensure constructive results, was summed up for me by another veteran of the secretary's management team: " 'Stir the pot,' Don would tell us, 'Stir the pot.' But no one was making soup."

Why did the senior military apparently quiver in their boots in fear of Rumsfeld's wrath for so long? When Rumsfeld derided as "absurd" the military's initial recommendations on troop levels for Iraq in November 2001, Gen. Richard B. Myers, then chairman of the Joint Chiefs of Staff; Marine Gen. Peter Pace, then vice chairman; and Marine Lt. Gen. Gregory Newbold, then of the Pentagon's Joint Staff, made no effort to rebut his assertions, though they were all aghast at Rumsfeld's pronouncement. "Shame on us," Newbold commented to me ruefully in describing the session. (In November 2002, unable to stomach the misguided rush to war in Iraq, Newbold quietly resigned, the sole senior officer to do so on principle.) This sort of behavior may well emanate from a careerist culture increasingly discernable in the officer corps, in which the gratification of superiors is the surest path to promotion, while obdurate adherence to principle can end chances of higher rank.

Rumsfeld was crafty enough to advertise his close supervision of the promotions process, interviewing all candidates for three- and four-star rank. That, combined with an aggressive personal manner, may have been enough to earn him the appearance of dominance. Every bully needs quiescent victims, and Rumsfeld found plenty at the Pentagon.

Andrew Cockburn is a Washington journalist. His book, "Rumsfeld: His Rise, Fall and Catastrophic Legacy," will be published this week by Scribner.

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Dismissed U.S. Attorneys Praised In Evaluations (NYT)

By David Johnston

The New York Times, February 25, 2007

WASHINGTON, Feb. 24 — Internal Justice Department performance reports for six of the eight United States attorneys who have been dismissed in recent months rated them "well regarded," "capable" or "very competent," a review of the evaluations shows.

The performance reviews, known as Evaluations and Review Staff Reports, show that the ousted prosecutors were routinely praised for playing a leadership role with other law enforcement agencies in their jurisdictions.

The reviews, each of them 6 to 12 pages long, were carried out by Justice Department officials from 2003 to 2006. Each report was based on extensive interviews, conducted over several days with judges, other federal law enforcement agencies and staff members in each office.

It had been known that the reports were mostly favorable, but the reports themselves had not been made public.

Over all, the evaluations, which were obtained from officials authorized to have them, appear to raise new questions about the rationale for the dismissals provided by senior Justice Department officials. The officials have repeatedly cited poor job performance to explain their decisions to oust the eight prosecutors, all of them Republicans appointed by President Bush in his first term.

On Saturday, Senator Charles E. Schumer, Democrat of New York, who has led a Congressional investigation into the dismissals and has been briefed on the evaluations, said the reports showed that new legislation was needed to keep the Justice Department from politically motivated firings.

"As we feared, the comprehensive evaluations show these U.S. attorneys did not deserve to be fired," Mr. Schumer said. "To the contrary, they reveal they were effective, respected and set appropriate priorities."

In response, a senior Justice Department official said the reviews, which focused on management practices within each United States attorney's office, did not provide a broad or complete picture of the prosecutors' performance.

The official, speaking on condition of anonymity because of the confidential nature of personnel information, said, "The reviews don't take into account whether the U.S. attorneys carried out departmental priorities."

Referring to the 94 United States attorney's districts, the official said, "You can't have 94 different sets of priorities," suggesting that the dismissed prosecutors had failed to follow priorities set by the Justice Department in Washington.

However, each case report included a statement that each of the ousted prosecutors had established strategic goals set by the Justice Department in high priority areas like counterterrorism, narcotics and gun violence.

Of the dismissed prosecutors who have spoken publicly, all have said they were given no reason for their dismissal. At first, most appeared willing to leave quietly with the understanding that they were presidential appointees who could be replaced at any time.

But their willingness to step down without complaint changed abruptly when Paul J. McNulty, the deputy attorney general, said at a Senate hearing earlier this month that most of the dismissals were carried out to correct performance problems, according to associates of several prosecutors.

In recent days, several of the prosecutors have described conflicts with the Justice Department over death penalty cases and pending political corruption investigations as a possible factor in their firings. Justice Department officials have denied such issues were a factor.

One of the most glowing evaluations was given to H. E. Cummins III of Arkansas, who was asked to leave last summer. Mr. Cummins was replaced temporarily by J. Timothy Griffin, a military and civilian prosecutor who also had close ties to Karl Rove, the senior White House political adviser. Mr. Griffin has since withdrawn his name from consideration as Mr. Cummins's permanent successor.

A report dated Jan. 23-27, 2006, said, "United States Attorney Cummins was very competent and highly regarded by the federal, judiciary, law enforcement and civil client agencies." It said Mr. Cummins's office had a "well-managed" antiterrorism program and "very successful" counternarcotics efforts.

Another report, dated Feb. 7-11, 2005 evaluating the performance of Carol C. Lam, who was dismissed as the United States attorney in San Diego, concluded that she was "an effective manager and respected leader in the district."

CORPORATE SCANDALS:

Options Scandal Ensnaring HR Executives (AP)

By Marcy Gordon, Associated Press

AP, February 25, 2007

WASHINGTON -- As lawsuits and federal prosecutions mount over suspect timing of stock option awards at American public companies, corporate human resources executives are increasingly being caught in the gears of cases.

With stock options widely used as perks to attract talent, personnel staff regularly were brought into executives' machinations on options awards - often signing the relevant paperwork, such as memos to employees or letters making job offers. That means their fingerprints are on documents that can enter into the paper trails that prosecutors are using to build options-dating cases.

"HR people have to be careful," said John Gamble, a lawyer at Fisher & Phillips, an Atlanta firm specializing in labor and employment law. "Sometimes they get assignments that they need to think twice about."

Among the handful of executives who have been charged with fraud by federal prosecutors in the wave of options investigations is Stephanie Jensen, the former vice president for human resources at Brocade Communications Systems Inc. Jensen and Gregory L. Reyes, who was Brocade's chief executive, pleaded not guilty in August.

The Justice Department prosecutors and the Securities and Exchange Commission allege that Reyes and Jensen regularly backdated minutes of board of directors' meetings so it appeared that the stock-options committee granted options on dates when Brocade's share price was relatively low. The two executives also are accused of having letters of job offers backdated so employees would receive options that were dated at low points in the company's share price that predated their first day of work.

Stock options allow the recipients to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price - and pocket the difference.

Options can be made more lucrative by backdating their exercise price to a historically low point in the stock's value.

Backdating options can be legal if disclosed properly to investors and approved by the company's board or shareholders. But unauthorized compensation from options is deemed illegal and can bring fraud charges if documents are falsified in a backdating scheme or information is concealed from the board. If companies backdate options without properly accounting for the move, it can cause profits to be overstated and taxes to be underpaid.

E-mails uncovered in court records in the case of Mercury Interactive Corp., one of the first Silicon Valley companies to acknowledge stock options manipulation, show exchanges between a payroll manager named Susie Fregoso and company executives concerning dating of options. At one point in August 2000, according to an account of the e-mails in Tuesday's Wall Street Journal, Mercury's assistant controller told Fregoso the company will use the "magic backdating ink" of Sharlene Abrams, a former chief financial officer.

A telephone message left for a Susie Fregoso in California by The Associated Press was not returned. An attorney representing Abrams has declined to comment, citing a confidentiality order the judge issued in the California court case.

About 130 public companies are under investigation by the Justice Department and the SEC in the affair, which has been roiling corporate America. More than $5 billion in company earnings has been erased by restatements necessitated by options-dating problems, and more than 60 senior officers and directors - including 18 chief executives - have lost their jobs.

In other situations touching on human resources executives:

Stephen Landry, who was the human resources director at Sycamore Networks Inc., alleges in a lawsuit that he was forced out of his job in 2000 because he complained about the company's options award practices to superiors. An internal company memo filed in his lawsuit showed employees discussing manipulating option grant dates to enrich themselves and ranking individuals' chances of being caught by auditors.

An internal audit at Broadcom Corp. found that executives bearing substantial responsibility for improper options-granting practices included Nancy M. Tullos, a former vice president of human resources. Tullos' attorney has said his client relied on others at the company for guidance and did not select any of the favorable grant dates.

BEA Systems Inc. announced earlier this month that after a review of its options practices, it will record a charge against earnings of $340 million to $390 million, restructure its general counsel office and human resources department, and find a new senior vice president of human resources.

Eight Volumes Speak Strategy (DENP)

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By Andy Vuong And Greg Griffin

Denver Post, February 25, 2007

Herbert Stern, author and lead attorney for the ex-Qwest CEO, will stress key points and try to get jurors to argue his case too.

Herbert Stern, Joe Nacchio's lead attorney, will come out firing in the criminal insider-trading trial of the former Qwest chief executive.

Stern will lay out his case early in his opening statement. He will move through his points quickly but will make sure the jury hears his most important material more than once. He'll "hitchhike" - or extract helpful information from the prosecution's witnesses during cross-examination.

And during closing arguments, he'll try to teach his "friends" - jurors who believe Nacchio is not guilty - how to argue against others in the jury room.

Stern offers those tips, and many others, in an eight-volume set of books titled "Trying Cases to Win." The first was published in 1991, the last in 2004.

Stephen A. Saltzburg, co-author of three of the books, said Stern will follow the framework outlined in his books.

"He's going to do exactly what he writes that you should do," said Saltzburg, a professor at George Washington University School of Law in Washington, D.C., who has known Stern for more than 25 years.

Stern declined to comment.

Nacchio's trial is set to begin March 19 in U.S. District Court in Denver. If convicted, he faces a maximum penalty of 10 years in prison and a $1 million fine on each of the 42 counts of illegal insider trading.

Saltzburg said prosecutors would gain an advantage by reading Stern's books before the trial.

"It's always a good idea to read what your adversary has written," he said. "It's kind of like having tried a case against somebody who you've known before. You have an idea how they approach litigation."

Department of Justice spokesman Jeff Dorschner declined comment when asked whether any of the attorneys on the Nacchio case has read Stern's books.

Ten- and four-hour-long videotaped lectures covering key points in Stern's books are available at the Justice Department's education facility in Columbia, S.C., which trains federal, state and local prosecutors.

Stern served as a federal prosecutor and judge in New Jersey for many years before going into private practice.

Attorneys who have read Stern's books give them high praise.

"The author's comments on direct and cross-examination are cogent, well-organized and practical," University of Florida law professor and former attorney Bob Dekle writes in a review on Amazon.com. "The rookie advocate would do well to heed his teachings, and the old warhorse could also pick up a thing or two to help hone his techniques."

"It's obvious he knew what he was talking about," Dekle added in an interview.

San Francisco attorney Robert Spanner said the books were helpful to him but are "not wildly popular."

"I don't think I recall a single person who has referred to those books in any context," said Spanner, who has practiced law for 30 years.

Swaths of testimony

Many of the books feature large swaths of testimony from old cases.

Stern begins one of the volumes with a 12-page prologue examining the 1820 adultery trial of Queen Caroline of England. The point? Lawyers should be careful about what they say in court. A verbal misstep by one of her lawyers nearly cost her the crown.

Many of the other trials Stern quotes at length were his own during his time as a federal prosecutor in New Jersey, where he put away corrupt politicians and mobsters.

In the fifth volume, the entire transcript of a case is printed and dissected.

Spanner said the most important tip he got from reading the books is to not "make your case a response to the other side's case because that puts you on the defensive."

Among other points, Stern writes that the opening argument is more important than the closing.

"If you have a defense, open on it," he writes. "Open on it fully, powerfully, proclaiming it as the truth."

Thus, Stern's opening argument in the Nacchio trial may serve as a billboard for the rest of his defense, Dekle suggests. "Listen to the first paragraph or two of his opening statement and you can probably glean his case theory from that," he said.

If he follows his own advice, Stern won't call any of the prosecution's witnesses liars during the opening argument because he fears he won't be considered a gentleman if he does so. He'll save that for the end of the trial.

"Most of us grow up in court with the advice to never call anyone a liar during your opening because you will not be considered a lady or a gentleman; wait until summation," Stern writes.

Stress key evidence

When dealing with jurors, Stern writes that attorneys should often repeat the significance of key evidence.

"It is essential that your jury, or for that matter your judge, hear your important material more than once," he writes. "Every seasoned trial lawyer knows not only that once is not enough but that even twice may be insufficient."

He stresses the importance of moving quickly and not calling a case complicated.

"Legend has it there are two kinds of trial lawyers: the quick and the dead," he writes.

Stern said closing arguments are not the end of the trial - but rather an important preface to deliberation of the client's fate in the jury room.

"The purpose of the summation, particularly after a trial of length, is to teach your friends on the jury how to successfully argue with your enemies on that same jury - because the 'final argument' will not take place in the courtroom but rather in the adjoining jury room," he writes.

The Nacchio trial could last up to eight weeks.

Stern gives quirky names to a number of his tips, such as the Wimbledon and Charlie Chaplin effects. Wimbledon encourages a smooth dialogue between attorney and witness during direct examination. Charlie Chaplin discourages questioning a witness from a prepared script.

"But remember that we all think, talk and write about the trial of cases much better than we could ever try them," Stern writes.

Staff writer Andy Vuong can be reached at 303-954-1209 or avuong@denverpost.com.

"Cases" excerpt

"When lawyers question from a prepared script of questions, they produce what I call the Charlie Chaplin Effect. ... In the earliest Charlie Chaplin silent films, you see a herky-jerky Chaplin who bounds across the screen in choppy steps. ... The viewer of the courtroom scene is similarly disconcerted by questioning from a script."

- from "Trying Cases to Win"

A lawyer's words to that effect

Some additional excerpts from Herbert Stern's eight-volume set of books titled "Trying Cases to Win."

The Wimbledon Effect

During direct examination, the goal is " ... to achieve the Wimbledon Effect as you argue your case right through your witness. By Wimbledon Effect I mean that the jurors' heads should be swinging back and forth between the attorney and his witness, as though the two figures were at each end of the well of the court - and the jurors were positioned between them much like spectators and, hopefully, fans in the viewer benches. ... If a lawyer on direct is standing at the end of a jury box ... with the jurors' heads swinging between him and his witness ... then this lawyer is making hay with that jury."

The Buster Keaton Effect

"Training witnesses to give long narrative answers, rather than short responsive ones to specific questions, leads to what I like to think of as The Buster Keaton Effect. In Keaton's films we see him take every step. But he takes them so quickly that we cannot comprehend them."

On lawyer and jury

"An advocate does best when he is perceived to be correct. Do not strive to be witty, or to be charming, or to be loving or even to be loved. Just be thought to be right! If you achieve that, the rest will invariably take care of itself."

On use of literary and Biblical quotations

"Analogies and quotations are always dangerous to those who invoke them, ... for nearly every such business can be turned around to bite one in the back."

On unpredictability of trial

"Once the trial is underway all our pretrial plans, predictions and stratagems are reshaped by an unfolding reality which is never even approximately predictable. ... Nothing ever happens exactly as planned. The courtroom contest is as much a place of constant readjustments as any other of life's playing fields."

Matador metaphor

"In every bullfight the matador enjoys one great advantage over the bull. It lies not in the matador's speed or agility, for the bull is faster. ... It lies in a piece of wood that stands close to the side wall of the bull ring. ... Whenever the matador finds himself in trouble, he runs as fast as he can behind this wooden barrier until the bull passes by. ... So, too, it is in argument. ... Whenever the advocate falls under attack ... he runs behind his strongest arguments ... and lets the bull go by."

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CRIMINAL LAW:

Ban On Prison Religious Program Challenged (WP)

By Peter Slevin, Washington Post Staff Writer

The Washington Post, February 25, 2007

U.S. Judge Ruled Evangelical Rehabilitation Effort in Iowa Is Unconstitutional

CHICAGO -- Interested inmates at Newton Correctional Facility in Iowa receive teaching material that declares: "Criminal behavior is a manifestation of an alienation between the self and God. Acceptance of God and Biblical principles results in cure through the power of the Holy Spirit. Transformation happens through an instantaneous miracle; it then builds the prisoner up with familiarity of the Bible."

Rooted in evangelical Christianity and supported by more than $1.5 million in public funds, the method of the rehabilitation program is clear enough. A key question is its constitutionality. A trio of appellate judges, including former Supreme Court Justice Sandra Day O'Connor, is reviewing a lower court's decision that the program violates the separation of church and state.

People on both sides of the dispute say the outcome could influence the future of President Bush's faith-based initiative, which links government and religious institutions in efforts to solve social problems.

"This puts into jeopardy not just faith-based nonprofits in a prison setting," said Mark Earley, president of Virginia-based Prison Fellowship Ministries, whose affiliate, the InnerChange Freedom Initiative, runs the Iowa program. "I think you'd see a precipitous drop in the number of faith-based organizations willing to provide services to governments."

Barry W. Lynn, executive director of Americans United for the Separation of Church and State, which sued to stop the program, said a courthouse defeat for InnerChange "could well be the death knell for these kinds of programs, whether they're funded by state or federal money."

"Americans," Lynn said, "can't be required to submit to any religious indoctrination to get benefits, whether those people are behind bars or on the outside."

U.S. District Judge Robert W. Pratt sided with Americans United, ruling last year that the Iowa program is "pervasively sectarian." He heard testimony from prisoners of other faiths who felt unwelcome in a program that gives advantages to inmates who accept the intensive religious teachings.

Inmates deemed to be making sufficient spiritual progress live in better conditions than the general population, inhabiting cells with wooden doors and using toilets that afford privacy, a jailhouse rarity. They have more access to relatives and outside visitors and can fulfill prison requirements more quickly.

While in the program, prisoners are expected to pray daily, attend worship services and religious gatherings, and participate in weekly revival meetings. Inmates of other religions are asked "to compromise, if not completely abandon, their faiths in order to participate," Pratt ruled, citing "a constant tension" with Roman Catholic inmates.

Pratt ordered InnerChange to close its operations and repay $1.5 million to the Iowa government and prisoners whose telephone surcharges helped fund the program. He said he was careful not to pass judgment on the beliefs of the staff or the effectiveness of the religious approach, although he said he had received no credible data on recidivism rates.

His central concern, Pratt wrote, was whether the program violates the Constitutional prohibition on government showing a preference for any religious denomination.

Iowa "hopes to cure recidivism through state-sponsored prayer and devotion," wrote Pratt, 59, a Clinton appointee. "While such spiritual and emotional 'rewiring' may be possible in the life of an individual and lower the risk of committing other crimes, it cannot be permissible to force taxpayers to fund such an enterprise under the Establishment Clause."

Prison Fellowship's attorneys and witnesses told the judge that the Iowa program, located at the prison about 35 miles from Des Moines, was strictly voluntary and open to inmates of all faiths. They noted that much of the money came from private sources and reported that state money paid only for secular aspects of the program.

Pratt ruled, however, that the overtly religious atmosphere is not "a secondary effect of the program -- it is the program." He noted that the cost of all telephone charges were billed to the state under "nonsectarian items," along with 82 percent of the local director's salary. So, too, were "Jesus is Lord" key chains.

Prison Fellowship, founded in 1976 by Watergate figure Charles Colson, runs six similar programs in Texas, Kansas, Minnesota and Arkansas, and expects to open one soon in Missouri. All are funded privately.

When Americans United filed suit, the programs in Kansas and Minnesota also took government money, but the prison group shifted them to private backing, Earley said, "just to reduce the litigation profile until things could be resolved."

Pratt's ruling is on hold pending appeal.

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Among those supporting InnerChange is former attorney general John D. Ashcroft, who wrote shortly before this month's arguments before the 8th Circuit Court of Appeals in St. Louis that high recidivism rates prove that programs such as InnerChange, sometimes called IFI, are needed.

"Neither Judge Pratt nor Americans United offers a better way to stop the revolving door of prisons. They simply want to shut IFI down," Ashcroft wrote in the St. Louis Post Dispatch.

"Judge Pratt's opinion ties the hands of corrections officials who are trying to make our communities safer," Ashcroft wrote.

Anthony R. Picarello Jr., general counsel of the Becket Fund for Religious Liberty, argued the case on behalf of Prison Fellowship. He said that an affirmative ruling by the appellate panel or the Supreme Court -- particularly if the money must be repaid -- would deter faith-based organizations.

"We think Prison Fellowship did it right," Picarello said. "If at the end of the day the court agrees with them and not us, the way to resolve it is to make some clear rules about how to do it right, rather than banish and punish us."

Evidence In Inmate's Hand, Justice In His Sights (NYT)

By Ellen Barry

The New York Times, February 25, 2007

On a September afternoon in 2005, with a prison guard standing beside the operating table and another outside the door, a surgeon cut into the left hand of inmate No. 99A2254.

The doctor was trying to find fragments of a bullet among the tiny veins and ligaments of Napoleon Cardenas's middle finger. Mr. Cardenas had been warned that removing them could cause nerve damage. Another surgeon had balked at performing the operation, saying it could violate the Hippocratic oath.

But Mr. Cardenas did not care. He was convinced that under the pale scars lay evidence that would topple two convictions in a 1994 jewel heist: his and his younger brother's. Between them, they had already served 14 years in prison for the crime. Cut off my fingers if you need to, he said.

Mr. Cardenas's lawyers waited anxiously outside as the surgeon, using forceps, removed two pieces of metal. The results would not, in themselves, convince the Queens district attorney, Richard A. Brown, that the brothers were innocent. But Mr. Brown's investigator was impressed by Mr. Cardenas's eagerness to have the operation. That and a growing pile of new evidence were enough to prompt the district attorney's office to start its own yearlong investigation.

On Jan. 18, Mr. Brown asked a judge to vacate the convictions of Napoleon Cardenas and his brother Carlos in the jewel heist. In a statement, Mr. Brown said his prosecutors were "always prepared to take a hard look at a case — even post-conviction — to make certain that justice has been done."

Steven Silberblatt, one of half a dozen Legal Aid Society lawyers who worked to overturn the Cardenas brothers' convictions, put it this way: "Sometimes circumstances provide their own lie-detector test. When someone is willing to lose the use of his hand, you get the feeling they're probably telling the truth."

The case began on the evening of July 21, 1994. Police officers all over Queens were looking for four Latino men suspected of snatching three cases of Tahitian black pearls from vendors returning to their hotel in Elmhurst from a gem show in Manhattan. The vendors estimated the jewels' value at $1.5 million.

As they escaped, the thieves rushed at a man in his driveway, demanding his car. The man was an off-duty police officer, and he managed to shoot his service weapon, a 9-millimeter Glock, before he was knocked unconscious. He told detectives later that he thought he had hit a robber who was grabbing at the barrel of the gun.

Within hours, police detectives converged on the emergency room at St. John's Queens Hospital, where one of the jewelry vendors and the off-duty police officer were being treated. Napoleon Cardenas, then 24, was there, too, with his brother Carlos, 23. It was hard to miss Napoleon; he was screaming. He was being treated for a gunshot wound.

When he was questioned about his injury that night, Mr. Cardenas answered haltingly, arousing a detective's suspicion. He had shot himself, he said, in his girlfriend's living room, while handling a .380-caliber semiautomatic pistol that he had been showing to two visitors. He had no license for the gun.

The detective put Mr. Cardenas in a lineup, but when none of the robbery victims made a positive identification, she released him. A friend cleaned up the blood in his girlfriend's apartment. The police never searched the site.

It took a few days for Mr. Cardenas to realize he might still be a suspect. He was due to serve a four-month sentence for credit-card fraud. Days before it was to begin, Mr. Cardenas fled to the Dominican Republic — a move that would damage his and his brother's defense.

"I got scared," he said recently. He had a seriously injured hand, he said, adding: "I was so skinny. I was watching these movies about what happens to people" in prison.

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In his absence, the case against him took on a new life. One of the vendors called a detective days after the crime, saying he could now identify Mr. Cardenas as one of the robbers. The police visited Carlos Cardenas to ask about his brother, and began to suspect that Carlos had been involved. When the jewelry vendors returned to New York from California a year later, the police put Carlos in a lineup. One of the vendors chose someone else. Another chose Carlos.

At Carlos's trial, one of the jewelry salesmen identified him as one of the robbers. There was no physical evidence linking Carlos to the crime. But the prosecutor noted dryly that Napoleon's injury had occurred "coincidentally, I guess — just a major coincidence — with the same people, about the same time, about approximately the same area."

In May 1996, Carlos Cardenas was found guilty of first-degree robbery, second-degree robbery and grand larceny. He was sentenced to 8 1/3 to 25 years in prison.

A year later, Napoleon Cardenas surrendered in Colombia to federal marshals and returned to the United States to serve his sentence for credit-card fraud. When he was released, he faced trial in the jewel theft. In court, the off-duty police officer and one of the jewelry salesmen identified Mr. Cardenas. As in his brother's case, no physical evidence linked him to the crime, but the prosecutor noted the gunshot wound.

"You don't have a fingerprint to say 'I was there,' but everything else tells you he was there, including the bullet that went through his hand," the prosecutor told jurors. He compared the wound to dye packets rigged to explode on bank robbers.

Although Mr. Cardenas insisted that he could prove his innocence with ballistics evidence and alibi witnesses, his lawyer, Michael C. Harrison, disagreed, and focused on discrediting the government's witnesses. In 1999, Napoleon Cardenas was convicted of first-degree robbery and second-degree assault, and sentenced to 15 to 30 years.

In 2002, with his legal remedies nearly exhausted, Mr. Cardenas wrote a stinging letter of introduction to Svetlana Kornfeind, a lawyer newly assigned to his case by the Legal Aid Society: he intended, he wrote, "to prove my claim in the courts as soon as I am given the opportunity. So, I want to ask you to be honest to yourself not to me but to yourself by telling me if you have the time or not to help me."

Ms. Kornfeind was taken aback. But she scheduled a meeting with him. "We had to investigate the possibility that he was right," she said.

Mr. Cardenas seemed to specialize in driving lawyers crazy. He wrote to his trial lawyer three times a week offering strategic advice. He placed calls from prison to the police in the 110th Precinct asking for documents; if they asked, he said he was a detective. He deliberately injured himself in prison to have X-rays taken of his hand, so he could be sure that the fragments of metal were still there, he said.

"I knew I had evidence in my hand," he said. "People would laugh at me. I'd sit there and proclaim I was a political prisoner."

Once in a while, he got a break. An old friend, Eddie Padilla, visited him as he was awaiting trial on the robbery charges. They were talking about friends from the neighborhood, Mr. Cardenas recalled, when Mr. Padilla brightened. Did Napoleon know he still had part of that bullet?

Mr. Padilla had helped clean up blood in the apartment where Mr. Cardenas, still in shock, had pulled the bullet jacket out of his wound. Mr. Padilla still had the jacket. At parties, he would take it out to show friends.

Ms. Kornfeind began to construct an argument to overturn the conviction, citing the newly discovered evidence and contending that Mr. Harrison, the trial attorney, had failed to investigate Mr. Cardenas's alibi. Mr. Harrison did not respond to a request for comment for this article.

Ms. Kornfeind had the bullet jacket analyzed, and contended that the results bolstered Mr. Cardenas's story: while the Police Department then issued full-metal, copper-jacketed ammunition, this jacket was aluminum, which peeled back on contact. Full-metal ammunition would have passed through the hand intact. The tissue that dotted the jacket was his, a DNA test showed.

The next challenge was to see whether the fragments in Mr. Cardenas's hand matched the bullet jacket.

Using a tourniquet, doctors at Bellevue Hospital Center cut off the flow of blood to the hand; a "bloodless field" allows surgeons to more easily locate foreign bodies, nerves and tiny veins, said Dr. David W. Friedman, who supervised the operation. It turned out to be an easy task, since the shards were lodged above the bone, like splinters. They were removed through a tiny incision, wrapped in cotton and put in an evidence tube. The wound required only two stitches.

Ms. Kornfeind remembers "just sailing" across town to a crime laboratory, where the fragments would be analyzed. Traces of aluminum would suggest strongly that Mr. Cardenas had been shot with the hollow-point bullet; copper would back up prosecutors' claim that he had been shot by a police service weapon.

In the end, the fragments were neither. They were shards of lead. Mr. Cardenas's lawyers contended that they still supported his innocence, since hollow-point bullets, unlike full-metal bullets, break apart on contact, said Thomas A. Kubic, an instructor at the John Jay College of Criminal Justice, who consulted on the case for the Legal Aid Society.

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From the point of view of the district attorney, the ballistics evidence was inconclusive. At a hearing in 2005, a prosecutor said that the gunshot wound had not been at the center of the case against Mr. Cardenas, who was implicated by four witness identifications, "a series of lies he told hospital personnel on the night of the crime as to how he obtained the wound, and his flight from the country immediately after the crime." But Mr. Cardenas's eagerness to undergo surgery had made an impression.

The case wore on for months, while the district attorney's investigator tracked down informants. One of them convinced the investigator that others were responsible for the jewel theft. In January of this year, both brothers passed polygraph tests. That was the final hurdle.

At the hearing where the brothers were exonerated, their father, Napoleon Cardenas Sr., a 74-year-old carpenter originally from Colombia, thanked Ms. Kornfeind and Denise Fabiano, who represented Carlos.

"These are two beautiful persons," he said in an interview.

Steven Banks, attorney in chief for the Legal Aid Society, said the case showed how errors made early in an investigation get "compounded time and time again."

"It never ceases to amaze me how random it is that people get caught up in the judicial system and the related bureaucracy and can be swallowed up," Mr. Banks said.

On the day of the hearing, Ms. Kornfeind had been expecting "an explosion of something at the end," or at least the sight of her client with his handcuffs off, running into his mother's arms. But Napoleon Cardenas, now 36, would not be released for two days, while immigration officials cleared a deportation order. His brother Carlos, 35, like Napoleon a legal permanent resident, remains threatened with deportation, even though his conviction has been overturned.

Ms. Kornfeind woke up early the day after the hearing, planning to work on Napoleon Cardenas's immigration case. She pulled up the Web site for the Eastern Correctional Facility in Ulster County, and typed the familiar identification number, 99A2254. A message flashed: No such person exists.

She typed in his name, and got the same message: No such person exists.

That's when she realized what had happened. Her client was free.

CIVIL RIGHTS:

Justice Dept. Starts Religious-freedom Plan (CLPD)

By Adelle Banks, Religion News Service

The Cleveland Plain Dealer, February 25, 2007

Washington- The Department of Justice has launched a "First Freedom Project" to draw more attention to protecting the religious liberties of Americans.

"Why should it be permissible for an employee standing around the water cooler to declare that 'Tiger Woods is God,' but a firing offense for him to say, 'Jesus is Lord,'?" Attorney General Alberto Gonzales said Tuesday at a meeting of the executive committee of the Southern Baptist Convention in Nashville, Tenn.

"These are the kinds of contradictions we are trying to address."

The initiative includes a new Web site (www.firstfreedom.gov), an education program and a task force that will review religious freedom policies and cases.

Leaders of the Union of Orthodox Jewish Congregations of America, Family Research Council and Southern Baptist Ethics & Religious Liberty Commission applauded the initiative.

The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, said it was a hypocritical action by an administration that he said has tried to merge church and state.

The Rev. Bob Edgar, general secretary of the National Council of Churches, welcomed the renewed focus on religious freedom but questioned why it was announced at a gathering of a single denomination. He invited Gonzales to present the project to the March meeting of the council's Committee on Religious Liberty, and suggested it also should be presented to Muslim groups.

A Justice Department spokeswoman declined to respond specifically to Edgar's criticism, but said, "I believe he [Gonzales] intends to talk about this to other groups."

Sorority Evictions Raise Issue Of Looks And Bias (NYT)

By Sam Dillon

The New York Times, February 25, 2007

GREENCASTLE, Ind. — When a psychology professor at DePauw University here surveyed students, they described one sorority as a group of "daddy's little princesses" and another as "offbeat hippies." The sisters of Delta Zeta were seen as "socially awkward."

Worried that a negative stereotype of the sorority was contributing to a decline in membership that had left its Greek-columned house here half empty, Delta Zeta's national officers interviewed 35 DePauw members in November, quizzing them about their dedication to recruitment. They judged 23 of the women insufficiently committed and later told them to vacate the sorority house.

The 23 members included every woman who was overweight. They also included the only black, Korean and Vietnamese members. The dozen students allowed to stay were slender and popular with fraternity men — conventionally pretty women the sorority hoped could attract new recruits. Six of the 12 were so infuriated they quit.

"Virtually everyone who didn't fit a certain sorority member archetype was told to leave," said Kate Holloway, a senior who withdrew from the chapter during its reorganization.

"I sensed the disrespect with which this was to be carried out and got fed up," Ms. Holloway added. "I didn't have room in my life for these women to come in and tell my sisters of three years that they weren't needed."

Ms. Holloway is not the only angry one. The reorganization has left a messy aftermath of recrimination and tears on this rural campus of 2,400 students, 50 miles southwest of Indianapolis.

The mass eviction battered the self-esteem of many of the former sorority members, and some withdrew from classes in depression. There have been student protests, outraged letters from alumni and parents, and a faculty petition calling the sorority's action unethical.

DePauw's president, Robert G. Bottoms, issued a two-page letter of reprimand to the sorority. In an interview in his office, Dr. Bottoms said he had been stunned by the sorority's insensitivity.

"I had no hint they were going to disrupt the chapter with a membership reduction of this proportion in the middle of the year," he said. "It's been very upsetting."

The president of Delta Zeta, which has its headquarters in Oxford, Ohio, and its other national officers declined to be interviewed. Responding by e-mail to questions, Cynthia Winslow Menges, the executive director, said the sorority had not evicted the 23 women, even though the national officers sent those women form letters that said: "The membership review team has recommended you for alumna status. Chapter members receiving alumnae status should plan to relocate from the chapter house no later than Jan. 29, 2007."

Ms. Menges asserted that the women themselves had, in effect, made their own decisions to leave by demonstrating a lack of commitment to meet recruitment goals. The sorority paid each woman who left $300 to cover the difference between sorority and campus housing.

The sorority "is saddened that the isolated incident at DePauw has been mischaracterized," Ms. Menges wrote. Asked for clarification, the sorority's public relations representative e-mailed a statement saying its actions were aimed at the "enrichment of student life at DePauw."

This is not the first time that the DePauw chapter of Delta Zeta has stirred controversy. In 1982, it attracted national attention when a black student was not allowed to join, provoking accusations of racial discrimination.

Earlier this month, an Alabama lawyer and several other DePauw alumni who graduated in 1970 described in a letter to The DePauw, the student newspaper, how Delta Zeta's national leadership had tried unsuccessfully to block a young woman with a black father and a white mother from joining its DePauw chapter in 1967.

Despite those incidents, the chapter appears to have been home to a diverse community over the years, partly because it has attracted brainy women, including many science and math majors, as well as talented disabled women, without focusing as exclusively as some sororities on potential recruits' sex appeal, former sorority members said.

"I had a sister I could go to a bar with if I had boy problems," said Erin Swisshelm, a junior biochemistry major who withdrew from the sorority in October. "I had a sister I could talk about religion with. I had a sister I could be nerdy about science with. That's why I liked Delta Zeta, because I had all these amazing women around me."

But over the years DePauw students had attached a negative stereotype to the chapter, as evidenced by the survey that Pam Propsom, a psychology professor, conducts each year in her class. That image had hurt recruitment, and the national officers had repeatedly warned the chapter that unless its membership increased, the chapter could close.

At the start of the fall term the national office was especially determined to raise recruitment because 2009 is the 100th anniversary of the DePauw chapter's founding. In September, Ms. Menges and Kathi Heatherly, a national vice president of the sorority, visited the chapter to announce a reorganization plan they said would include an interview with each woman about her commitment. The women were urged to look their best for the interviews.

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The tone left four women so unsettled that they withdrew from the chapter almost immediately.

Robin Lamkin, a junior who is an editor at The DePauw and was one of the 23 women evicted, said many of her sisters bought new outfits and modeled them for each other before the interviews. Many women declared their willingness to recruit diligently, Ms. Lamkin said.

A few days after the interviews, national representatives took over the house to hold a recruiting event. They asked most members to stay upstairs in their rooms. To welcome freshmen downstairs, they assembled a team that included several of the women eventually asked to stay in the sorority, along with some slender women invited from the sorority's chapter at Indiana University, Ms. Holloway said.

"They had these unassuming freshman girls downstairs with these plastic women from Indiana University, and 25 of my sisters hiding upstairs," she said. "It was so fake, so completely dehumanized. I said, 'This calls for a little joke.' "

Ms. Holloway put on a wig and some John Lennon rose-colored glasses, burst through the front door and skipped around singing, "Ooooh! Delta Zeta!" and other chants.

The face of one of the national representatives, she recalled, "was like I'd run over her puppy with my car."

The national representatives announced their decisions in the form letters, delivered on Dec. 2, which said that Delta Zeta intended to increase membership to 95 by the 2009 anniversary, and that it would recruit using a "core group of women."

Elizabeth Haneline, a senior computer science major who was among those evicted, returned to the house that afternoon and found some women in tears. Even the chapter's president had been kicked out, Ms. Haneline said, while "other women who had done almost nothing for the chapter were asked to stay."

Six of the 12 women who were asked to stay left the sorority, including Joanna Kieschnick, a sophomore majoring in English literature. "They said, 'You're not good enough' to so many people who have put their heart and soul into this chapter that I can't stay," she said.

In the months since, Cynthia Babington, DePauw's dean of students, has fielded angry calls from parents, she said. Robert Hershberger, chairman of the modern languages department, circulated the faculty petition; 55 professors signed it.

"We were especially troubled that the women they expelled were less about image and more about academic achievement and social service," Dr. Hershberger said.

During rush activities this month, 11 first-year students accepted invitations to join Delta Zeta, but only three have sought membership.

On Feb. 2, Rachel Pappas, a junior who is the chapter's former secretary, printed 200 posters calling on students to gather that afternoon at the student union. About 50 students showed up and heard Ms. Pappas say the sorority's national leaders had misrepresented the truth when they asserted they had evicted women for lack of commitment.

"The injustice of the lies," she said, "is contemptible."

Jump In Minority Bids To Join FDNY (NYDN)

By Jonathan Lemire, Daily News Staff Writer

New York Daily News, February 25, 2007

More than 4,500 more minority applicants took the FDNY written entrance exam this year than in 2002, giving fire officials hope that a multimillion-dollar campaign to start diversifying the department will end in success.

Fire Commissioner Nicholas Scoppetta believes the jump from 3,730 to 8,297 minority candidates proves the department is making progress.

"All the hard work we put into this campaign has paid off," said Scoppetta. "We hope once we begin hiring from this list next year, we'll have the most diverse group of candidates joining the world's greatest fire department."

But critics warned the promising numbers would be rendered meaningless if the minority applicants weren't hired.

The FDNY recruits new members only once every four years and the department's hiring process has been closely scrutinized by Justice Department investigators. Currently, the department is 91% white.

The written test was offered at several sites across the five boroughs on Jan. 20 and 21,549 applicants sat down to take the several-hour exam, officials told the Daily News.

Of those candidates, 38.5% identified themselves as being black, Hispanic, Asian or Native American, officials said. This marks a significant increase from 2002, when 21.5% of the 17,348 applicants deemed themselves persons of color.

Though the number of white candidates dropped slightly from 13,618 in 2002 to 13,252 in January, applications from minority groups rose across the board, officials said.

Most strikingly, the number of Hispanics jumped from 2,088 to 4,026 while the number of blacks rose from 1,357 to 3,776, the statistics show. The number of women who took the test also increased, rising to 814 from 549.

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FDNY officials gave credit to their outreach programs in communities of color to explain the jump in minority test-takers: Five years ago, firefighters held fewer than 300 events, a far cry from the more than 2,300 that recruiters staffed in 2006.

But the head of the Vulcan Society, the fraternal organization of black firefighters, attributed the rise in minority applicants to the FDNY altering its "exclusionary" hiring practices.

"Finally, they realize they need to reach out to all communities," John Coombs said. "We don't want to roll out the red carpet yet, for this is only one step toward the goal. What matters is who actually gets on the job."

The results of the written test have not yet been released, according to a spokesman for the Department of Citywide Administrative Services, which administers the exam. The physical test - which will be scored pass/fail for the first time - will start being offered in the coming months.jlemire@nydailynews.com

Democrats In Congress May Threaten California Redistricting (LAT)

By Nancy Vogel

The Los Angeles Times, February 25, 2007

SACRAMENTO — The new dynamic in Washington, with Californian Nancy Pelosi as House speaker, threatens to thwart an effort by state political leaders to overhaul the way voting districts are drawn.

Fresh from their victories in the November election, Democrats in Congress don't want to risk their fragile majority. Many Republicans don't want their relatively safe seats threatened either.

Their opposition promises to crimp an effort by Gov. Arnold Schwarzenegger, state Assembly Speaker Fabian Nuñez (D-Los Angeles) and others to change how California draws political boundaries every 10 years to accommodate population shifts.

Nuñez said he thinks he will have to exempt Congress from legislation he is crafting to have California's political boundaries drawn by a nonpartisan panel, rather than by politically driven state lawmakers.

Then only state legislative districts would be drawn independently.

Otherwise, Nuñez said, opposition from the powerful Pelosi (D-San Francisco) and others would be enough to derail his efforts.

"The best way to secure its passage is to not have a $10-million campaign against it," Nuñez said. "And Congress will wage a $10-million campaign against it."

California could threaten the slim Democratic majority by giving up the ability to draw districts advantageous to Democrats, said Rep. Zoe Lofgren (D-San Jose), chairwoman of California's Democratic delegation.

"We're finally about to deal with the Iraq war issue, we're finally taking on global climate change, energy independence — things we've been stonewalled on for a dozen years — and there's great interest that these efforts not be short-circuited," Lofgren said.

Redistricting is crucial to politicians. It determines the ratio of Democrats and Republicans in each district and thus how hard politicians will have to work for reelection.

Sometimes the process shapes their futures: The district in which someone hopes to run can be drawn to exclude his or her home. And the mapmaking can have far-reaching effects on the balance of power in state legislatures and Congress.

Nuñez said Pelosi didn't tell him directly that she would fight a redistricting initiative if it included Congress. He said he "heard it from many other people" that she and other members of Congress would campaign to kill it.

Pelosi spokesman Drew Hammill said the speaker prefers a national overhaul of the redistricting process and would need more details than Nuñez has offered before she could consider his plan.

Lofgren is writing legislation that would require every state legislature to yield redistricting authority to an independent group of citizens, as several states including Arizona and Idaho already do. Lofgren carried similar, unsuccessful legislation last year that was backed by Pelosi.

Nuñez said he understood Pelosi and Lofgren's position: "They've got to have a national view on this."

But in appeasing those powerful potential opponents, Nuñez may create another much closer to home.

Schwarzenegger spokesman Aaron McLear said the governor believes that districts for Congress, not just the Legislature, should be drafted by people who are not lawmakers.

"That's what his goal is right now," McLear said. "Comprehensive redistricting reform."

McLear said it was unclear whether the governor would support a redistricting measure that did not include Congress.

Schwarzenegger's backing is critical. He has said he would endorse a relaxation of term limits — a pet project of the speaker's that could stretch his stay in office — only if the Legislature comes up with a redistricting overhaul.

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The governor ran into resistance from Washington in 2005, when his special election agenda included a ballot initiative that would have used retired judges to draw districts. Many of Schwarzenegger's fellow Republicans in Congress urged him to abandon the measure because it could have jeopardized their party's control of Congress.

Some Democrats, including Pelosi and Rep. Howard Berman Valley Village, also opposed the measure.

They joined with a Republican, Rep. John Doolittle of Roseville, to urge the Federal Elections Commission to allow them to raise unlimited amounts of money to fight the proposal.

Voters rejected the initiative, as they have rejected four other redistricting proposals since 1982. Any overhaul the Legislature passed this year would also be subject to voter approval.

But the governor has not given up. In December, he announced support for a proposed constitutional amendment that would use an 11-member panel of politically diverse citizens to draw boundaries.

At the time, Schwarzenegger noted that in the last three general elections, only four of 459 congressional and legislative seats up for grabs in California changed party hands.

That is partly because the last time the Legislature redrew boundaries, in 2001, Republicans and Democrats agreed to maintain the existing ratio of power.

"To me that is evidence of a system that has become unresponsive and is stuck in the status quo," Schwarzenegger said last year. "We must bring competition back into the political process."

Meanwhile in Washington, not all members of the California delegation seek a congressional exemption from a redistricting change.

Rep. Kevin McCarthy, a Bakersfield Republican who pushed unsuccessfully for nonpartisan redistricting while he was in the Legislature, said voters would reject any redistricting measure that excluded Congress.

"It would be so obvious that it's self-serving," he said.

Rep. Henry Waxman (D-Los Angeles) said it's time to take the politics out of what has traditionally been a partisan exercise.

"It's gotten so political," he said. "It's become an effort to deprive the voters of the chance to express their view."

Will voters care one way or the other?

"Redistricting is something that matters a great deal to the people who hold office," said Democratic political consultant Darry Sragow, "but it's arcane. It's very much an insider issue."

"If Congress is exempt," he said, "I'm not sure it matters much to voters."

ANTITRUST:

In Big Buyout, Utility To Limit New Coal Plants (NYT)

By Felicity Barringer And Andrew Ross Sorkin

The New York Times, February 25, 2007

Under a proposed $45 billion buyout by a team of private equity firms, the TXU Corporation, a Texas utility that has long been the bane of environmental groups, will abandon plans to build 8 of 11 coal plants and commit to a broad menu of environmental measures, according to people involved in the negotiations.

The roster of commitments came through an unusual process in which the equity firms asked two prominent environmental groups what measures could be taken to win their support. The result is an about-face from the company's earlier approach to climate-change issues, and includes a goal of returning the carbon-dioxide emissions by TXU to 1990 levels by 2020.

Environmental groups said yesterday that they had never known of a financial deal with such an ambitious built-in environmental component.

Two private equity firms, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, have proposed to buy TXU in what would become the largest leveraged buyout ever.

The transaction will be put to the TXU board for a vote on Sunday.

People involved in the negotiations said that Goldman Sachs, an adviser and lender to the buyers, helped broker peace with environmental groups and sought their support for the transaction. Goldman Sachs has been one of the most aggressive firms on Wall Street about taking action on climate change; the company sends its bankers home at night in hybrid limousines.

For the investor groups, the effort was as much about making a sound business decision to ensure the deal's completion as it was about any environmental concerns.

By bringing the environmental groups into the process, the buyers may have helped avert years of costly litigation over emissions from their plants. But they may also have raised new questions about how they will meet the energy needs that TXU

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intended to address by building all 11 plants; the company is said to be examining ways to expand in cleaner forms of energy. None of the parties interviewed was able to provide details.

Environmentalists said they hoped that the TXU deal would represent a turning point in the attitude of energy businesses as they adjust to what many anticipate will be a new regulatory and public-relations landscape in an era of climate change.

"We have history's largest purchase of a power company, with the new owners wanting to move the company in a direction that is consistent with a world that takes global warming seriously," said David Hawkins of the Natural Resources Defense Council, one of the two environmental groups invited to the negotiations. That group, and the other participant, Environmental Defense, which often use the courts to confront businesses, are persistent critics of TXU.

The commitments come at a time of uncertainty for utilities that are considering building coal-fired plants. They do not know if such plants will be grandfathered by Congress and excluded from future restrictions on carbon-dioxide emissions, or whether anything they build now will have to operate in a starkly different regulatory environment.

TXU will discard plans to build eight of 11 proposed new coal plants, which would have been major new sources of emissions. Those plants — which would have added more than 9,000 megawatts of new capacity, the equivalent of 3.5 percent of the nation's current coal-fired power — had been part of a planned $10 billion expansion of coal-fired electricity.

TXU, which is based in Dallas, also intends to expand the renewable energy portion of its portfolio and reduce or offset its emissions significantly, said people who were familiar with the plans.

Less than a week ago, according to Fred Krupp, the president of Environmental Defense, the two environmental groups were approached by representatives of the private-equity buyers. He said he received a call from William K. Reilly, the former Environmental Protection Agency administrator, who is advising the Texas Pacific Group.

Mr. Hawkins, who runs the climate-change program for the Natural Resources Defense Council, said that the investment team was essentially asking "what would it take" to gain environmentalists' support.

James D. Marston, who runs the Texas energy program for Environmental Defense, yesterday called TXU's plans "a turning point in the fight against global warming."

Mr. Marston had led an intense advertising campaign painting TXU as an environmental outlaw pursuing a strategy that would hurt the climate and perhaps its own bottom line, if federal policy changed and companies were charged for the carbon dioxide they emitted.

But people familiar with the investors' thinking took pains to say that the investors brought the measures to the environmental groups, and were not acting out of any fear of the groups' potential to wage a legal and public-relations campaign against them.

Young Lawyers Sue, And Little Changes (NYT)

By Jonathan D. Glater

The New York Times, February 25, 2007

COMPETITORS say that a leading company ripped down their posters and used deceptive marketing tactics; former customers say that the same company paid business rivals to close their doors. And one competitor says he fears that he was the victim of outright theft.

This is how the business of training aspiring lawyers to pass the bar exam is conducted, according to documents and testimony that have surfaced as a result of a federal lawsuit in Los Angeles. It is a business dominated by a single company that expanded, depending on whom you believe, either by squashing its competitors or by simply offering a superior product.

That company is BAR/BRI. And students who took its courses filed a class-action lawsuit two years ago contending that the company operated an illegal monopoly and overcharged them by about $1,000 each. The students, seeking hundreds of millions of dollars in damages, also said that BAR/BRI cut illegal deals with potential competitors to protect its market. But earlier this month, lawyers in the case reached a tentative settlement agreement for $49 million, which could net each student in the class about $125.

The deal, which still requires court approval, has infuriated some of the original plaintiffs in the case, who harbored such anger against BAR/BRI that they wanted to see the company broken up. BAR/BRI is a unit of the Thomson Corporation, the large information services concern, and Thomson says the accusations in the lawsuit against BAR/BRI involve activities that occurred before it bought the company in 2001. BAR/BRI's lawyers say the company has done nothing wrong and that the students' claims are meritless.

It is hard to gauge the strength of the case against BAR/BRI, because many of the filings are sealed — at the request of the defendants, the plaintiffs' lawyers say. But depositions and other court documents that have become publicly available during

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the course of the litigation have been laced with accusations that BAR/BRI engaged in unsavory conduct. Other claims that have emerged in the case also suggest just how petty and cutthroat the entire bar review market can be.

In a deposition for the Los Angeles case, one former competitor, Hugh Reed, contended that BAR/BRI representatives tore his company's posters off of law school walls; both he and James J. Rigos, a current competitor, contended that the company exaggerated its students' success rate on the bar exam. And Mr. Rigos said in court filings that he believed that his offices might have been repeatedly burglarized because he was a potential witness in the Los Angeles antitrust litigation.

Lawyers for BAR/BRI have denied Mr. Rigos's accusations.

Bar review programs like BAR/BRI thrive because of the tremendous anxiety provoked by the bar exam. The exam, a prerequisite to practicing law in most states, is the last major hurdle to a legal career and comes after years of legal education that can leave students with bills of more than $100,000. The exam can stretch over two or three days and requires mastery of law throughout the country and in a particular state.

More than 80,500 people took a state's bar exam in 2005, according to the National Conference of Bar Examiners; just under two-thirds — 64 percent — passed. And BAR/BRI sells at least 40,000 bar review courses annually, according to a judge hearing one of the antitrust lawsuits against the company.

BAR/BRI's review program consists of about two months of intensive pre-exam classes, given five days a week for three to five hours a day. Some students take the courses in a classroom, while others watch a video recording or listen to a podcast.

The courses are not cheap. For its review course this summer for the New York bar exam, BAR/BRI charges $2,700 a student. The company offers courses for exams in 43 states and the District of Columbia, according to court filings, and it generates about $125 million a year in revenue. Nearly half of that is profit.

The precursor of BAR/BRI, a program called the Bar Review Institute, was founded in 1967 in Illinois by Richard Conviser, who is now the chairman of the company. (Thomson declined to make Mr. Conviser available for an interview.) The Bar Review Institute was acquired in 1974 by Harcourt Brace Jovanovich, which combined it with Bay Area Review, a California bar review program, to create BAR/BRI. At first the company faced competitors in several states, but over time it has cemented its position as the dominant provider.

BAR/BRI has been caught up in antitrust litigation at least five times over the years. A suit was filed in federal court in Manhattan in 2005 by a student contending that BAR/BRI illegally tied together two course offerings — one for the state law portion of the bar exam, the other for the uniform nationwide or "multistate" portion — so that rivals offering courses covering just one area could not compete effectively. In its court filings, BAR/BRI has defended its program, which it characterized as a "full-service, integrated course."

It is the Los Angeles case, which has progressed further, that has angered some of the young lawyers who sued BAR/BRI. They complain that the proposed settlement lets the company off the hook too lightly.

"This suit said, we're going to fight for monetary damages, but we're also going to fight to keep this from happening to the people who are coming up after you, for those people who are next year's class," said Lisa Gintz, a lawyer in Baton Rouge, La., who is one of the lead plaintiffs opposed to the settlement. "With this settlement agreement, really, BAR/BRI hasn't made one change. Not one."

John Shaughnessy, a spokesman for Thomson, declined to comment in detail for this article but provided a brief statement about the settlement: "We are pleased to bring a close to this matter as the alleged actions that formed the basis of the suit occurred years prior to Thomson acquiring the business."

A SETTLEMENT must be approved by Judge Manuel L. Real of United States District Court in Los Angeles, who is hearing the case. A settlement would mean that Thomson and its co-defendant, the test preparation giant Kaplan Inc., would not have to address in open court the most serious accusation against them: that the two companies agreed in 1997 to stay out of each other's market.

The students' complaint asserted that Kaplan agreed not to compete in the bar review market and that BAR/BRI agreed not to compete in the LSAT preparation market. Both Kaplan and BAR/BRI have strongly denied this contention.

"As Kaplan has consistently stated in the litigation, our only agreement with BAR/BRI was to market BAR/BRI services to Kaplan students," Melissa Mack, a Kaplan spokeswoman, said in a statement.

Over the course of the litigation, other contentions have been made specifically about BAR/BRI.

Mr. Reed, who was interviewed by lawyers for the Los Angeles case, said he worked for BAR/BRI for about 16 years and now owns a Chicago firm that offers individualized bar exam preparation.

Shortly after he left BAR/BRI in 1989, he tried to start a company that would compete against it. In a deposition for the case last summer, he said that BAR/BRI representatives pulled down his posters on several campuses between 1991 and 1993.

"We had information and caught people red-handed tearing down our fliers," Mr. Reed said in the deposition.

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Mr. Reed, who has been involved in litigation against BAR/BRI at least three times over the years (he said that each case settled), also accused BAR/BRI of having exaggerated its "pass rate," that is, the percentage of students who took its class and passed the bar. Mr. Shaughnessy, the Thomson spokesman, declined to comment on that contention.

One of the most unusual accusations was made by Mr. Rigos, who runs a bar review course in Washington state. It is one of BAR/BRI's few remaining competitors. Mr. Rigos submitted a statement in federal court in Seattle last summer in an effort to avoid having to produce evidence and possibly having to serve as a witness for either side in the Los Angeles case. If he did so, he said, his business would incur significant costs and would reap little benefit.

Here is what he told the court: Late one evening in the fall of 2005, someone broke into his offices on Fifth Avenue in downtown Seattle. The burglar (or burglars) bypassed a laptop and made for Mr. Rigos's desktop computer, which was taken. Someone on the staff discovered the break-in the next morning and called the police. It was, Mr. Rigos said in a court filing, the office's first robbery in more than 25 years.

The second robbery came just two weeks later. Two people were caught on camera: a woman and a man in a baseball cap, Mr. Rigos said. Again, they took his computer, which this time was secured to his desk. Again, the police were called. The investigating officer, Linda K. Dolane, wrote that she found it odd that the computer had been removed despite the locks holding it in place, which were undamaged. She observed in a report, "This is suspicious because unless a person knows how to install and uninstall them there would be damage to the equipment that was being removed."

No one has been charged in the burglaries. Mr. Rigos said that it was after the robberies that he learned that he could be called as a witness by the plaintiffs in the Los Angeles antitrust case. After all, he was a competitor to BAR/BRI who possibly had evidence showing how the company did business, which could conceivably benefit one side or the other.

BAR/BRI's lawyers asked to see documents that Mr. Rigos might have and to interview him, to learn what his testimony might be. Mr. Rigos immediately suspected that BAR/BRI might somehow be behind the burglaries, and said so in a document he filed in federal court in Seattle.

"Since we haven't been broken into in 25 years, or that server stolen, you can read your own inferences there, but I know what my own inference was," Mr. Rigos said in an interview.

BAR/BRI's lawyers responded rapidly and strongly to Mr. Rigos's contention. Alan S. Gruber, a lawyer at the New York law firm of Shearman & Sterling, said in a court filing that Mr. Rigos's contention "has no basis in fact and is outrageous."

"Neither BAR/BRI nor its counsel burglarized Mr. Rigos's office to obtain the documents it seeks," Mr. Gruber added in the filing.

Mr. Gruber went on to say that Mr. Rigos's suggestion that the burglaries were somehow intended to intimidate him was "preposterous."

In his court filing, Mr. Rigos leveled other accusations against BAR/BRI.

Like Mr. Reed, he contended that BAR/BRI overstated its pass rates. He said that BAR/BRI used the threat of lawsuits to try to intimidate Mr. Rigos's company.

But, Mr. Rigos said in his statement, he wanted nothing to do with the current litigation against BAR/BRI. Costly litigation would hurt his business, he said. Besides, he said in the statement: "The students' lawsuit will probably settle, producing some refund. However, it will not likely change the industry domination and predatory practices" of BAR/BRI, he said.

THE prospect that Mr. Rigos's prediction could come true, in that the settlement with BAR/BRI could leave its market position unchanged, has led some of those students to take on the same law firm that was representing them. Ms. Gintz and two more named plaintiffs representing former BAR/BRI students in the antitrust case fired off a strongly worded 10-page memorandum to their lawyers earlier this month, accusing them of an "apparent breach" of their fiduciary duties to the class.

The law firm handling the case for the plaintiffs is McGuireWoods, whose largest offices are in Richmond, Va., and in Chicago. William Allcott, a partner speaking on behalf of the firm, said the decision to settle was made with the best interests of the class in mind, and added that if the case were to go to trial, the firm would aggressively pursue that direction, too.

"We believe that when the court hears the evidence, it is going to conclude that this is a fair, reasonable and adequate settlement for the members of the affected class," Mr. Allcott said. "If for some reason the court didn't agree with that, we're prepared to go to trial."

McGuireWoods is in a sensitive spot. The firm inherited the BAR/BRI case last year when it acquired Van Etten Suzumoto & Becket of Los Angeles.

The proposed settlement puts Eliot G. Disner, who filed the BAR/BRI case, in an even more awkward spot. Mr. Disner, a former Van Etten Suzumoto lawyer, is now a McGuireWoods partner. According to the former BAR/BRI students objecting to the settlement, Mr. Disner told them that he would seek to break up the company. Yet as a partner at McGuireWoods, Ms. Gintz said, he cannot criticize the deal his colleagues have negotiated.

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But a settlement would not be a surprising outcome. BAR/BRI has fended off other antitrust attacks. A former California competitor, American Professional Testing Service Inc., contended that BAR/BRI offered courses below cost, bribed law school administrators and tore down posters advertising its course, called Barpassers. The case, which was handled on appeal by a gifted lawyer — John G. Roberts Jr., now chief justice of the United States — was not successful.

Ms. Gintz and her fellow dissenting plaintiffs say that the case against BAR/BRI is strong, and that it is significant that the judge hearing the case denied a summary judgment motion by Kaplan, which sought to end the litigation after the evidence-gathering phase, or discovery.

"What that says is, on the surface of these pleadings, there were triable issues there," Ms. Gintz said.

Mr. Disner declined to answer questions about the current case or the settlement, deferring to Mr. Allcott, the law firm's spokesman.

Mr. Rigos, whose company was the victim of the Seattle burglary, sounded sad as he considered the state of the bar review business.

"When I got into this, when I was going to law school in Boston, back then it was really a fun business," he said, adding, "I don't know that I'm just getting older and this thing has worn me down, but it doesn't seem as much fun as it was in those days."

Hospitals Find Merger Positive (CINE)

By Peggy O'farrell, Pofarrell@enquirer.com

The Cincinnati Enquirer, February 25, 2007

Anti-trust fears downplayed

The president and CEO of St. Elizabeth Medical Center doesn't see much potential for anti-trust concerns to block a proposed merger with St. Luke Hospital.

While the proposed merger, announced Thursday, would consolidate Northern Kentucky's hospitals - one each in Covington, Edgewood and Grant County under the St. Elizabeth flag, plus two in Florence and Fort Thomas under St. Luke - consumers and insurers would still have plenty of providers to choose from, said Joseph Gross.

"There's an awful lot of competition here," Gross said. "It's a very large market."

Administrators for the hospital groups have already taken a look at potential anti-trust issues, he said, and so far, the signs are positive.

"We, and St. Luke's, are part of a larger Cincinnati health-care market, and many of the Cincinnati hospitals, the bigger ones, compete aggressively for Northern Kentucky patients," Gross said. "In the past three weeks, mailings from two Cincinnati hospitals competing for patients over here have been received throughout Northern Kentucky."

Rick Laib, chairman of St. Luke's board of trustees, pointed out that 20 percent of consumers in Northern Kentucky already go outside the region - either to Greater Cincinnati or other Kentucky providers - for health.

"We're really pretty confident there won't be an issue," Laib said.

In announcing their intention to merge, officials from the two hospitals pledged to keep all five facilities open and continue all current services.

The announcement is just the latest in an ongoing shake-up in health care in the region.

St. Luke now operates under the umbrella of the Health Alliance, the region's largest health-care group. Its board, along with trustees from Christ Hospital in Mount Auburn, are in court, seeking a judge's permission to leave the group.

The alliance, in turn, wants the judge to force the two hospitals to remain in the group.

Trustees from the two hospitals argue the alliance defaulted on the joint operating agreement that governs the network.

They further argue that operating under the alliance's control jeopardizes their charitable missions in their respective communities and takes away local control of their hospitals and health-care services.

Gail Myers, an alliance spokeswoman, said the proposed Northern Kentucky merger "doesn't change the legal case. There is no event of default that would allow these hospitals to withdraw, and we are proceeding with the case."

Gross is confident the merger will go through.

"I'm optimistic that St. Luke's will be able to convince the judge that they've met the test to get out," he said. "If that doesn't happen, I think it's just a matter of time before they get out of the alliance, even if they lose the court action, because there are a lot of factors that come in to play to make it more likely that they won't stay in the Health Alliance. They're very unhappy, for good reasons, in the alliance. Their charitable mission is being challenged. They've lost local control by being in the alliance. They've lost their support services by being in the alliance. They've lost the ability to control their destiny as a Northern Kentucky hospital."

Doctors at St. Luke and St. Elizabeth favor the merger, Gross said.

The trial is under way in Hamilton County Judge Fred Nelson's court.

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Nelson will decide the case without a jury.

The merger has been under consideration for quite some time, Laib and Gross said.

Can Video Help Save The Satellite Radio Business? (NYT)

By Ian Austen

The New York Times, February 25, 2007

If the plan to merge XM Satellite Radio and Sirius Satellite Radio is approved, one result may be less music and less talk radio beamed into cars around the country.

The reasons for that, however, will have nothing to do with regulators.

Washington will take its first look at the proposed merger on Wednesday when the House Judiciary Committee's newly formed antitrust task force meets. Besides the scrutiny of the proposed combination, the satellite radio business is facing huge changes.

The first phase of the business — beaming dedicated music, sports and talk-radio stars like Howard Stern and Opie and Anthony directly to consumers — has not proved to have a clear advantage over old technology like free radio and newer ones like the iPod. So now satellite companies are looking into what other services they can offer to make them appealing to motorists.

"The question they have to ask now is: what problems haven't been solved in the car?" said Michael Urlocker, a former wireless analyst with UBS Securities who is now the chief executive of The Disruption Group, a Toronto-based consulting company. "The lack of customer sign-ups on a profitable basis should be a sign that trying to create a better iPod than Apple is a losing proposition."

Although XM and Sirius offer radio, in theory, the systems could be adapted to distribute any kind of data. And, indeed, both companies have made limited steps in that direction. Subscribers can already choose to have selected stock quotes, as well as news and sports headlines, beamed to the tiny screens on their receivers.

Both companies beam weather data to aviators and boaters through services that cost upwards of $50 a month. Later this year, XM will extend that by beaming weather information to a hand-held unit for hikers and hunters.

But Sirius has also made tentative steps toward offering video. At trade shows, Sirius has displayed prototype systems for sending video to back-seat displays like those now used by in-car DVD players. And the company recently, if vaguely, outlined plans to deliver some form of video programming aimed at children later this year.

Late last week, a specification sheet on the Web site for DaimlerChrysler indicated that such a system would be an option on the 2008 Dodge Magnum, a station wagon. A spokesman for the automaker, however, said that the information was incorrect and would be removed. A spokesman for Sirius, Patrick Reilly, declined requests for comment.

The big question, however, is: what will be the quality of a television signal dropped from a satellite into a car moving at 60 miles an hour?

Here, a merger of XM and Sirius could actually help. Assuming that duplicate channels would be eliminated — for example, there would be no reason to continue separate channels of, say, music hits from the 1940s — a combined company would be able to open up capacity on the systems' satellites and the ground-based antennas that increase signals in urban areas. While that space could be filled with additional radio channels, several empty radio channels could be combined to transmit video.

XM's chairman, Gary M. Parsons, said that he was not willing to promise much in the way of satellite video. As he sees it, satellite radio systems would most likely be able to provide only "a minimal amount of streaming video." It may be preferable, he said, to simply download video from satellites to in-car hard drives for later viewing.

"People relate to video, so maybe they make too big a deal of it," he said. "We are not in the video business."

He does concede, however, that the combined company's future would mean more than just talk and music.

"Our view has been that we are in the business of audio entertainment," Mr. Parsons said. "But we look at how we can improve the listeners' experience in ways that flow very naturally from the high-quality data platform we have."

The future services Mr. Parsons foresees are more modest. One, invisible to users, involves using the satellites to keep the data on in-car navigation systems constantly and automatically up to date. Another is a trick the iPod learned long ago: displaying album cover art when songs are playing.

But there are limits to what even a combined satellite radio company can do. Satellite systems effectively do not allow two-way transmissions, ruling out services such as e-mail.

And without enormous reinvestment, the systems are not likely to approach the transmission speeds of WiMax, a new wireless technology being developed by Nortel Networks and others that will probably start operating within the year.

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Those systems, like cellphone networks, will pass moving users from tower to tower and offer transmission speeds comparable to high-speed, wired connections in homes. Susan Kevorkian, an analyst with IDC, said that the satellite radio connections with automakers would give them a significant advantage over WiMax, at least in the short term.

But she added that the new company might find more immediate benefits from changing the structure of radio pricing. Currently, subscribers are tied to receivers, not users. Ms. Kevorkian said that limits the willingness of people to own more than a single receiver as well as the time they spend listening to the systems.

"Satellite radio is in and of itself a compelling service," she said. "The way it's been sold to date has demonstrated that value to consumers."

Mexico Puts Conditions On Cable TV Buy (AP)

The Associated Press

AP, February 25, 2007

MEXICO CITY — Mexico's antitrust agency said Sunday it has placed a series of conditions on media conglomerate Grupo Televisa in order for it to acquire a stake in Monterrey cable TV operator Television Internacional, or TVI.

The Federal Competition Commission, or CFC, said in a news release that among the conditions, Televisa would have to offer its broadcast channels on all pay TV systems in the country, and carry the broadcast signals of others on its pay TV systems.

Televisa sought antitrust clearance last year to acquire a 50 percent stake in TVI as the country's telecommunications companies prepare for the implementation of "triple play," or the bundling of phone, Internet and television service on the same network.

Televisa is Mexico's largest broadcaster, operating four of the country's six national networks, with a roughly 70 percent share of the broadcast market.

It also runs the only satellite TV service under the Sky brand, and owns one of the largest cable systems, Cablevision, which operates in Mexico City.

Televisa Gets Conditional Approval To Buy Cable Stake (Update2) (BLOOM)

By Adriana Arai

Bloomberg, February 25, 2007

Feb. 25 (Bloomberg) -- Grupo Televisa SA, Mexico's largest broadcaster, obtained conditional approval from antitrust regulators to buy a stake in a cable company in northern Mexico it plans to use to offer telephone services.

Televisa will be allowed to buy 50 percent of Television Internacional de Monterrey on the condition that it offers its free channels to all pay-TV providers nationwide, Mexico's Federal Competition Commission said in an e-mail today. Televisa, based in Mexico City, also must carry free channels from other companies, the commission said.

``With this decision, Televisa cannot use its content as a mechanism to displace competitors," said Eduardo Perez Motta, president of the Federal Competition Commission, on a conference call. ``This will create competition in this industry."

The conditions are ``too tough" and Televisa will study what measures it can take, the company said in an e-mail today. A spokesman for Televisa in Mexico City declined to comment beyond the statement.

Televisa wants to buy cable companies to offer packaged television, phone and Internet services and compete with telephone carriers. The company owns a Mexico City-based cable operation with 497,000 subscribers and planned to buy more operators in other parts of Mexico, Executive Vice-President Alfonso de Angoitia said on a conference call last week.

Cablemas Purchase

The commission said the rules announced today will apply to any future cable acquisition and will guide its analysis of Televisa's plan to buy Mexico's second-largest cable company, Cablemas SA.

In a Feb. 21 statement, Televisa said it agreed in November to buy 49 percent of Cablemas for $258 million. The commission said today it will issue a separate ruling on the transaction.

Televisa hadn't previously disclosed the purchase of a stake in Television Internacional de Monterrey. Perez Motta said Televisa agreed to buy 50 percent of the company.

Televisa, the bigger of two broadcasters that operate in Mexico, reported 20.97 billion pesos ($1.9 billion) of broadcasting revenue for 2006. Rival TV Azteca SA had 9.58 billion pesos in revenue.

Mexican regulators published regulations in 2006 allowing cable companies to offer phone services later this year. Telephone carriers also will be allowed to provide television services.

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Shares of Televisa have risen 12 percent this year, compared with a 7.8 percent increased in the benchmark Mexican stock index. The stock rose 0.5 percent to 65.68 pesos in Mexico City trading on Feb. 23.

EU Antitrust Watchdog Silences 'pussy Cat' Criticism By Baring Teeth (AFP)

AFP, February 25, 2007

BRUSSELS (AFP) - Shortly after taking office as Europe's top competition watchdog in November 2004, Neelie Kroes vowed in the face of detractors that she would not be the "pussy cat" of big business.

Nearly half way through her five-year term, Kroes has silenced early criticism that she was too cuddly with the corporate world by not hesitating to bite business titans that squash their rivals.

Last Wednesday, the Dutch competition commissioner once again bared her teeth when she imposed the biggest fine ever in a EU cartel case by bringing an illegal club of lift makers crashing down with a penalty of 992 million euros (1.3 billion dollars).

In a typically hard-worded statement, she said the consumers would suffer from the effects of the "outrageous" cartel for years and vowed that the "the memory of this fine should last just as long" in the members' boardrooms.

The crushing fine was the latest move in a "no-tolerance" crackdown on cartels that Kroes has made a top priority of her tenure during which she has built up a team of 60 regulators devoted to trustbusting.

It also came less than a month after she hit 10 companies with a fine of 750 million euros --- the third biggest ever imposed in a cartel case -- for fixing prices and carving up the market in power generating equipment.

After busting the power equipment club, Kroes stormed that she "will not tolerate cartels in Europe and the damage that they do in any area of business."

But Kroes has not only been busy fighting cartels as she has also repeatedly taken a hardline in the European Commission's long-standing battle against Microsoft.

Kroes, a Rotterdam native and former Dutch transport minister, is no stranger to high profile showdowns.

Indeed her nomination as EU competition commissioner did not come without controversy, with EU lawmakers alleging conflict of interest due to her extensive business contacts.

Kroes, who holds a doctorate in economics and is a boardroom veteran, quickly cut her ties with the likes of big firms like Thales, Volvo and mm02 in Europe and Lockheed Martin, McDonald's and Lucent in the United States.

And as promised the 65-year-old did not hesitate "to blow the whistle," as she called it, when barely a month into the job she blocked the merger of Portuguese energy groups EDP and GDP in December 2004.

Although the commissioner has made crusading against cartels a priority, the Microsoft dossier has never strayed far from her desk.

Under her predecessor, Mario Monti, the commission fined Microsoft nearly 500 million euros for abusing its dominant market position in what became the biggest competition case ever to come before EU regulators.

But in a test of the commission's authority, Kroes' services have struggled ever since then to get Microsoft to respect the ruling.

Microsoft challenged the 2004 decision in the EU's second-highest court in April 2006 and the judges are expected to hand down a decision in the first half of the year.

Frustrated with Microsoft's defiance of some of its demands, the commission in July slapped daily fines adding up to 280.5 million euros over the six-month period of the penalty. Microsoft is appealing against the charges.

Meanwhile, the threat of further fines remains as the commission has not yet decided whether Microsoft is meeting its demands.

In a further sign the antitrust battle is far from over, Kroes' regulators are looking at a complaint from Microsoft's rivals that its new Vista operating system also threatens competition.

On the legislative front, Kroes has targeted energy sector which she says suffers from a lack of competition because gas and electricity markets are concentrated in the hands of a few companies that control supply, generation and infrastructure.

She has championed the controversial solution of "unbundling," or forcing big integrated energy companies to separate their networks from their supply and generation businesses.

ENVIRONMENT/INDIAN AFFAIRS:

'Ahead Of His Time' (AJC)

By Dan Chapman

DOJ_NMG_0136552

The Atlanta Journal-Constitution, February 25, 2007

An Alternative Fuel Advocate, Jimmy Carter Feels Vindicated

Plains — As president, Jimmy Carter installed solar panels atop the White House. He championed coal and nuclear power. He taxed oil company profits. He created the U.S. Department of Energy. He introduced America to ethanol.

Oil imports plummeted during the Carter administration. Renewable energy research skyrocketed. Cars got more miles per gallon of gas. Thermostats were lowered to 55 degrees at night.

On Feb. 2, 1977, Carter donned a wool cardigan and asked a national TV audience to conserve energy. Two months later, he likened America's struggle to reduce Middle Eastern oil imports to the "moral equivalent of war."

Was it all for naught?

Today, the United States imports almost twice as much oil as it did during Carter's final year in office. Ethanol, biodiesel, solar and other alternative fuels supply no more energy than they did in 1980. Americans drive Hummers that get 10 miles per gallon.

Pollution from cars, trucks, factories and power plants is widely blamed for endangering the climate. Conservation, according to a dismissive vice president, "may be a sign of personal virtue." U.S. troops are involved in a war in oil-rich Iraq.

The Bush administration has given "no consideration that I've ever detected for taking any sort of substantive action that would correct our growing crisis of energy," Carter said in an interview last week at his home in Plains. "Even in Iraq, there's no indication of this administration's willingness to call for sacrifice, except among the families who have servicemen and women in Iraq."

Carter spoke an hour before groundbreaking in Plains for an alternative fuel factory that will turn soybean oil into biodiesel to help lessen America's dependence on imports and, in the process, clean the environment.

He feels vindicated that energy policies he pushed 30 years before are now accepted as mainstream.

"I went into the White House with two determinations: to cut down our dependence on foreign oil; [and] to remove the unwarranted influence of oil-producing countries on our foreign policy," Carter explained. "I spent more time on the energy issue while I was president than any other thing I addressed."

The peanut farmer and globe-trotting statesman is resigned, yet chagrined that Reagan, Clinton and the two Bushes didn't do more to wean America of its oil addiction. But a generation later, Carter, 82, is finally getting his due.

"He was ahead of his time," said Joseph Romm, an energy expert at the Center for American Progress, a think tank in Washington. "Even President Bush now talks about the need to save energy. Bush is no Jimmy Carter, but at least he has been forced to pay rhetorical homage to him. Carter has been vindicated."

'Sacrifice' theme

Carter was Georgia's governor in 1973 (and "secretly planning to run for president," he said) when Arab states restricted the amount of oil sent to the United States and drivers waited hours to get gas at the pumps. It only took him two weeks upon reaching Washington in 1977 to put on the five-button, camel-colored sweater (on display at the Carter museum on Freedom Parkway), sit by the White House library fireplace and deliver the first of a half-dozen speeches on energy policy.

It wasn't his most famous speech, but it laid out the populist politician's four-year strategy to revitalize an America demoralized by war, inflation and joblessness. It also mentioned "sacrifice," a theme Carter would return to again and again.

"We must face the fact that the energy shortage is permanent," he said. "There is no way we can solve it quickly."

On April 18, 1977, Carter again gathered the electronic nation for an "unpleasant talk" vowing "painful sacrifices" in the "moral equivalent of war." The president predicted that without action world demand for oil would outstrip supply by 1980.

He laid out a series of goals to be reached by 1985: reduce the annual growth rate of energy consumption to less than 2 percent; cut gasoline consumption by 10 percent; slash oil imports from 9 million to 6 million barrels a day; increase coal production by two-thirds; insulate 90 percent of America's homes; and bring solar energy into 2.5 million households.

"The most important thing about these proposals is that the alternative may be a national catastrophe," Carter intoned. "Further delay can affect our strength and our power as a nation."

Two days later, the president submitted a 104-page energy plan to Congress with 113 specific proposals. Carter sought steep taxes — as high as $2,500 per vehicle — on the sale of cars that didn't get 27.5 mpg by 1985. He requested greater enforcement of the 55-mile-per-hour speed limit and incentives for carpooling.

Builders were required to use more insulation. Appliances, refrigerators in particular, became more energy-efficient. Homeowners received tax credits to heat water with solar power.

The president faced powerful, deep-pocketed adversaries. He eventually sought partial decontrol of all natural gas prices.

Carter also called for a tax increase on crude oil prices. He wanted U.S. prices to match OPEC's to reduce oil consumption (and imports) and increase domestic production.

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The tax increase angered consumers and the oil industry and delayed passage of his ambitious energy package for 18 months. Finally, in November 1978, Carter signed the National Energy Act. It was a major victory despite Congress' rejection of the crude-oil tax.

"Congress responded mostly favorably because there was still the specter of another oil interruption," said Jay Hakes, an expert on energy policy who directs the Carter Presidential Library. "The lessons of Carter's energy package were that there were no silver bullets. But Carter had 113 bullets."

First to mention ethanol

Carter relished last Tuesday's groundbreaking ceremony in Plains. He labeled construction of a 30-million-gallon-a-year biodiesel factory "a major step forward." An admirer called Carter "one of the founding fathers of alternative fuel."

In the early years of his presidency, though, Carter didn't seek big dollars for the development of alternative fuels. Hakes, who's writing a book on the energy policies of Richard Nixon, Gerald Ford and Carter, notes that Carter's 104-page energy plan devoted just three pages to alternatives, mostly solar energy.

Nonetheless, Carter became the first president to mention ethanol — "gasohol," actually — at a town meeting in Pennsylvania in September 1978, according to Hakes. And the president's 1979 budget requested, and received, a huge increase in alternative fuel spending from Congress. (Congress was also keen on photovoltaic cell research.) A 4-cent-per-gallon tax break also encouraged ethanol production.

Carter, an environmentalist, signed the Alaska land conservation act in 1980, protecting 100 million acres of land. It seems contradictory, then, that Carter also touted climate-harming coal as a remedy for America's addition to imported oil.

Equally confounding to environmentalists was Carter's embrace of nuclear power, even after the partial meltdown of a reactor at Three Mile Island in March 1979. The president, with wife Rosalynn and "a lot of reluctant TV cameras" in tow, visited Middletown, Pa., the day after the accident "to prove to the world that nuclear power was safe."

"I thought then, as I do now, that it's absolutely a good alternative supply of electricity," said Carter, who trained as a nuclear engineer in the Navy, while seated underneath an Ansel Adams photograph. "I feel that nuclear power is completely safe if proper safety precautions are enforced."

Carter had bigger problems that spring. High gas prices and long gas lines returned in the aftermath of the Iranian revolution. American, again, faced an unsettled energy future.

On April 5, Carter rolled out another energy plan. By executive order, the president phased out oil price controls to dampen demand for imported crude. Congress eventually passed Carter's "windfall profits tax" to recover the additional money Mobil, Exxon and other companies would've earned with higher prices.

"So the oil companies didn't profit as the price of oil went up," Carter said, with relish. "That's quite different from what it has been lately where oil companies are shaping our national policy."

Carter's tax cost oil companies $227 billion — the largest tax increase on any single U.S. industry. The revenue financed mass transit projects, coal research, loans for ethanol production and renewable-energy incentives for homeowners.

"There's no question Carter had an impact. Unfortunately, most of it was bad," said John Felmy, the American Petroleum Institute's chief economist. "It was an abuse of power to demand that companies owned by shareholders somehow should not be entitled to their hard-earned savings."

Low approval rating

On July 15, 1979, Carter delivered the most important speech of his career — the "crisis of confidence" speech — to another televised audience. Critics dubbed it "the malaise speech."

Another series of oil price boosts and gas shortages combined with a lousy economy had unsettled the nation. Carter's approval rating hovered around 25 percent. Americans were looking to Washington for guidance and hope. Apparently, they didn't get it.

"In a nation that was proud of hard work, strong families, close-knit communities and our faith in God, too many of us now tend to worship self-indulgence and consumption," Carter told the nation. "Human identity is no longer defined by what one does but by what one owns."

The president's brief uptick in the polls belied the impression that he was blaming Americans for the nation's troubles and that Washington was without answers.

"It was one of the best speeches I ever made," Carter said last week. "I was reluctant to make a speech that controversial, but I was discouraged that we couldn't get Congress to move on my major energy legislation."

In early 1980, with the caucus in corn-rich Iowa upcoming, Carter called for $1 billion to stimulate ethanol production.

But Ronald Reagan, with his "morning in America" mantra, won the election. His administration soon began killing off many of Carter's energy initiatives.

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Reagan halved the Energy Department's conservation and alternative fuels budget, according to Hakes. Spending on photovoltaic research dropped by two-thirds. Yet tax breaks for ethanol actually increased, prompting a surge in ethanol plant production.

Reagan's anti-tax, anti-government credo kicked into high gear during his second term. Energy tax credits for homeowners disappeared. With oil prices dropping, more than half of the nation's ethanol producers foundered.

Reagan rolled back fuel-efficiency standards for cars. And, in the summer of 1986, the solar panels atop the White House were taken down.

Reagan "ignored, even derogated, everything I had done," Carter said. "He spent eight years convincing people every problem in the country was my fault and that I was foolish and naive."

Despite the dismantling of many Carter's initiatives, Hakes, Romm and others credit the former president with major energy successes. Oil imports — Carter's energy crucible — dropped significantly during his administration, from 6.6 million to 5.3 million barrels a day, although higher prices and the recession played a role.

Carter boosted renewable fuel usage from 6 percent to 7 percent of the nation's energy demands. He decontrolled oil prices. Oil used to generate electricity disappeared.

Buildings, particularly in the cold Northeast, were insulated. Conservation entered the everyday lexicon. Tax incentives for renewable energy remain.

"We would be in much worse shape today without Carter, especially [regarding] the level of oil imports, greenhouse gas emissions and research on alternative fuels," Hakes said. "But we live in an age now where people want something for nothing. It remains to be seen whether we have the stomach to make the hard [energy] choices."

The United States today imports 12 million barrels of oil daily, or 60 percent of the amount consumed. Gas prices are again on the rise. Renewables still account for only 6 percent of energy use, although Bush has recently promised to boost spending on alternative fuels.

Carter said the White House won't ever ask Americans to sacrifice.

"I haven't seen this administration do anything that would dramatically reduce demand for oil in this country," the ex-president said.

What should Bush do?

"Abandon Exxon and Halliburton and do what's good for this country and good for the American people," Carter responded.

And the likelihood of that happening?

"Zero."

The Truth About Coal (NYT)

The New York Times, February 25, 2007

Last Wednesday, members of the Rainforest Action Network, a scrappy little advocacy group, assembled in New York outside the Citigroup Center, where Merrill Lynch has a branch office. Dressed in top hats, carrying bags of coal and calling themselves “Billionaires for Coal,” the group was protesting what it felt was the hypocrisy of a giant investment bank that proclaims a devout commitment to “environmental excellence” even as it provides financing for dirty power plants.

Merrill is a lead underwriter for TXU, a Dallas-based utility that plans to build a dozen coal-fired power plants in Texas that will add significantly to atmospheric concentrations of carbon dioxide, the main global warming gas. Though Merrill was the protesters’ target, Citigroup must have been feeling queasy. It has also trumpeted its environmental virtues and is among TXU’s lead underwriters.

There are at least two points to be made here. One, obviously, is there is a difference between talk and reality. Much of corporate America now appears to be out in front of the Bush administration in facing up to global warming. Some big players like Pacific Gas and Electric and DuPont seem seriously committed to mandatory controls on carbon dioxide emissions — in sharp contrast to the administration’s voluntary approach.

Others, notably big investment banks, are still doing what comes naturally: seizing opportunities, whether or not those opportunities fit their green posturing. TXU can fairly claim that its plants, outfitted with the latest technology, will emit fewer pollutants that cause smog and acid rain than the clunkers that have been around for 50 years. But these plants will still be using the same basic technology — burning coal, with no ability to capture and dispose of immense amounts of carbon dioxide. That’s distressing from a global warming perspective. It is also distressing because cleaner, if costlier, technologies are available that could capture greenhouse gases before they enter the atmosphere (that is, if TXU or the private equity group that is negotiating to buy the utility were willing to make the investment).

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Which leads to the second point: There is a need to put a price on carbon to force companies to abandon older, dirtier technologies for newer, cleaner ones. Right now, everyone is using the atmosphere like a municipal dump, depositing carbon dioxide free. Start charging for the privilege and people will find smarter ways to do business. A carbon tax is one approach. Another is to impose a steadily decreasing cap on emissions and let individual companies figure out ways to stay below the cap.

Barbara Boxer and Jeff Bingaman, the two senators who will have the most to say about climate change legislation, warned in a recent op-ed piece in The Dallas Morning News that companies like TXU that are racing to complete conventional coal-fired plants (nearly 150 are on the drawing board) will not be grandfathered under any new emissions law. Like any other company, they will be forced to meet their assigned carbon targets — which could be an expensive proposition. A surer way to prevent the construction of these plants is not to warn about such a law, but to pass it.

Marked For Duty (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, February 25, 2007

Navy Pursues Dolphin, Sea Lion Patrols in Puget Sound

BAINBRIDGE ISLAND, Wash. -- If they are allowed to police parts of Puget Sound, this is how Navy-trained dolphins and sea lions are expected to nab terrorists in wetsuits:

Using its sonar, a dolphin locates a swimmer approaching Naval Base Kitsap-Bangor, where Trident submarines with long-range nuclear missiles are based. Swimming through the water in spurts of up to 30 mph, the dolphin seeks out and bumps the swimmer with a "nose cup." The device releases a strobe that rises to the surface. An armed Navy security team speeds toward the flashing light.

Alternatively, a sea lion collars swimmers around the piers of the naval base. Sea lions have excellent underwater hearing and, with their large eyes, can see underwater five times as well as people. Carrying a C-shaped leg cuff in its mouth, a sea lion dives, approaches the swimmer from behind and snaps the cuff around one ankle.

Swimmers participating in the training exercises often do not know where the cuff came from and almost never see the sea lion, the Navy says. After the cuffing, the sea lion darts away and a security officer uses a rope to haul in the swimmer.

"This is a mature technology and has been used on a bunch of occasions," said Tom LaPuzza, a spokesman in San Diego for the Navy's Marine Mammal Program, which announced last week that it wants to deploy dolphins and sea lions in Puget Sound.

To bring its technology north, however, the Navy must finesse its way around climatological, legal and political obstacles.

The water in Puget Sound is at least 10 degrees cooler than Atlantic bottlenose dolphins are used to in San Diego or in their native Gulf waters. So when the Navy tried to bring the dolphins north in 1989 and 1993, judges in Seattle agreed with animal rights groups that the dolphins might be harmed. One judge ordered the Navy not to move the dolphins until it studied the health consequences.

And public attitudes in the area toward the use of marine mammals for military purposes are downright icy.

"It is a cruel absurdity," said Jan Bailey, a licensed wildlife rehabilitator who met with a dozen concerned friends and neighbors recently at a community center on Bainbridge Island.

Hoping to embarrass the Navy, Bailey and her group are deploying their own "silly absurdity." They are knitting sweaters and mittens for the dolphins and preparing to deploy the dolphin-loving masses in the Pacific Northwest to attend public hearings next month on the Navy's plan.

Concern generated by the Sept. 11, 2001, terrorist attacks has compelled the Navy to give the Puget Sound plan another try, LaPuzza said. He said Defense Department studies make it clear that the Navy must improve its water-based defenses for the Bangor base, home port for 12 submarines.

The Navy considered using combat swimmers and computer-controlled remote vehicles, LaPuzza said, but human swimmers can't match dolphins and sea lions. Comparable machines have not yet been configured, although the Navy is working on it.

The Navy has been training dolphins since the Vietnam War. Dolphins patrolled San Diego harbor in 1996 during the Republican National Convention. Sea lions and dolphins were sent in 2003 to stop swimmers off Bahrain. The Navy has about 100 dolphins and sea lions, most of them in San Diego. About 20 protect Naval Submarine Base Kings Bay in Georgia.

To comply with the federal judge's order to study the effect of cold water on bottlenose dolphins, the Navy has in recent years transported them to waters off Maine, Alaska and Scandinavia.

"The animals did fine," LaPuzza said, but he noted that they spent most of their time in heated enclosures. In Puget Sound, the animals would have heated pens and would be exposed to cold water in short shifts.

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But skeptics such as Naomi A. Rose, a marine mammal scientist for the Humane Society of the United States, said that dolphins, a highly social and intelligent species, should not be held captive for any reason. She particularly objects, on ethical grounds, to their being used for military purposes.

"They are not reliable soldiers," she said. "They think they are just having fun."

Rose said the Navy's marine mammal center in San Diego provides the best veterinarian care in the United States. But keeping dolphins in captivity in a noisy harbor and transporting them around the world causes too much stress, she said. Citing a U.S. government database, she said captive dolphins live about as long as their wild cousins, but no longer. Given that Navy dolphins have medical care, abundant food and protection from predators, Rose said it is worrisome that they do not live longer. She blames stress. The lifespan of a dolphin in the wild is about 30 years.

The Navy says that Rose is wrong and that its dolphins do live considerably longer than creatures in the wild. Everyone agrees that sea lions live longer in the Navy program, mostly because they are protected from sharks and killer whales.

In the four decades that the Navy has been training dolphins -- and taking them on periodic "open ocean walks" where they are free to escape -- nine dolphins have done just that. Rose suggests that the dolphins went AWOL because they preferred life in the wild. The Navy disagrees.

"The way we look at it is they got lost and they are trying to find us as hard as we are trying to find them," LaPuzza said. The disappearances stopped 10 years ago when the Navy outfitted its dolphins with electronic tracking devices called pectoral fin pingers.

A decision on whether Navy dolphins and sea lions will come to Puget Sound is expected to take at least a year. While they wait, dolphin admirers on Bainbridge Island will knit.

"We are looking for neoprene yarn," Bailey said.

Murder On Indian Reservation Offers Glimpse At Broader Violence (LOMPREC)

By Kim Curtis

Lompoc (CA) Record, February 25, 2007

MANCHESTER-POINT ARENA RANCHERIA, Calif. - Marcos Escareno's neighbors say he was raised amid a culture of violence on this tiny American Indian reservation. And residents say the disportionate number of shootings, stabbings and other incidents often go unreported because of a mistrust of law enforcement and a fear of retribution.

At 14, Escareno is the youngest person ever charged as an adult with murder in Mendocino County after he allegedly pointed a hunting rifle into a van window on Feb. 6 and shot Enoc Cruz Salgado, his sister's 21-year-old boyfriend. He has not entered a plea and is being held on $550,000 bail.

Some of the roughly 250 people who make up the Manchester-Point Arena band of Pomo Indians say it was merely an extreme example of the violence that has plagued their tribe. Tribal Chairman Nelson Pinola blames drug and alcohol abuse, combined with a lack of social services on the rugged North Coast where the rancheria is located.

"How do you fix that?" said Pinola, a sheriff's lieutenant in neighboring Sonoma County. "If we could fix it on a reservation, I'd sure like to copyright it."

Although the shooting death of Cruz Salgado was the first homicide at Manchester-Point Arena since 1992, the earliest year for which records were available, violent crimes such as assault, battery, child abuse and shootings occurred here at a higher rate than in the surrounding county.

On the rancheria, the rate of violent crime was about 26 per 100 residents between 2001 and 2006 _ 2 1/2 times that of the surrounding county, where the violent crime rate was 10.3 per 100 people, according to records from the Mendocino sheriff's office, whose jurisdiction excludes the county seat of Ukiah.

Nationally, American Indians experienced a per capita rate of violent crime twice that of the U.S. population as a whole, according to a 2004 report from the U.S. Department of Justice.

Despite the high crime rate, residents insist violence on the reservation is underreported because of suspicion of outsiders, fear of reprisal attacks and concerns about alienating themselves in the community.

One of Escareno's neighbors told The Associated Press he heard gunshots and witnessed other elements of Cruz Salgado's slaying, but he did not tell police because of the tight-knit culture of silence that prevails here.

The man was one of several tribal members who spoke only on condition of anonymity because they fear retribution in the form of attacks on their families or being ostracized by tribal leaders. Each described it as a place where drug abuse, alcoholism and child neglect are rampant, while stabbings and fights occur regularly without ever being reported to authorities.

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Lisa Poupart, an associate professor of American Indian studies at the University of Wisconsin, Green Bay, said the reluctance to report crimes is not unusual among native tribes and may stem from a fear of reinforcing stereotypes of "the drunken Indian ... the savage Indian."

"I think there's reluctance among American Indian people to talk about our social problems," said Poupart, a member of the Ojibwa tribe who has studied violence among American Indian families and the unwillingness to report it. "A large part of that silence is about American Indian people not wanting to reinforce an already damaging opinion of Indians."

The Manchester-Point Arena Rancheria (rancheria is California's designation for a small Indian reservation), is just a few miles off Highway 1, where thousands of sightseers cruise the rugged coastline and admire towering redwoods. But the settlement, a mix of modest single-family homes and decrepit trailers, is hidden from tourists' view.

The median household income is just $23,000 and nearly 30 percent of families live below the poverty level, according to U.S. Census figures. Trash and abandoned cars litter vacant lots near a long-neglected tangle of rusted playground equipment.

Escareno has lived most of his life here, about 140 miles north of San Francisco. His street, Garcia Court, is a cul-de-sac of simple, wooden houses with small yards.

Authorities were already familiar with the family. In 2004, Escareno's mother, Mary Logan, pleaded guilty to beating one of her daughters with a strap, according to court records. The girl, who was wearing a heavy coat, was unharmed, but the incident was reported to Mendocino County Sheriff's deputies.

Escareno, who was 12 at the time, and his two older sisters were removed from their mother's house by Child Protective Services. It's unclear how long the children were in foster care. A CPS spokeswoman refused to comment, citing confidentiality requirements.

Logan received probation and was ordered to attend parenting classes, but she got into another scrape with the law just four months later. She was accused of knocking a man to the floor at a community center dance and hitting him with a beer bottle, according to court records. No charges were filed in that case.

While police won't discuss his criminal history, Marcos was already scheduled for a court appearance on an undisclosed juvenile matter at the time of Cruz Salgado's murder. Several acquaintances also recall violent run-ins with the boy, including one neighbor who said Escareno kicked out her taillights for no apparent reason.

Its part of a pattern on the reservation say neighbors, including the man who says he witnessed the crime: Small, unreported acts of violence multiply and magnify.

"If you let the little things go, it builds up to this," he said, "shootings and stickings."

Poupart said stemming the violence requires that members of the community speak up without fear of being attacked or ostracized themselves.

"This signifies an imbalance and that community has to find balance again," Poupart said. "If not, it perpetuates the cycle that brought about this violence in the first place."

During a court appearance earlier this month in Ukiah, Escareno, who turns 15 in March, shook his head, cried and wiped his face with his shirt sleeve as a judge read the charges. His mother refused to comment outside court, except to say that her son had never been in trouble and she had no idea what happened.

As of Thursday, the family still had not hired a lawyer. Escareno qualified for prosecution as an adult under a 1995 law that lowered the age limit for such prosecutions from 16 to 14.

Pinola, the tribal chairman who lives off the rancheria, in Santa Rosa, said he's optimistic Cruz Salgado's killer will be brought to justice.

"I have the utmost confidence they'll do an adequate investigation," he said. "My job as chairman is to ensure they follow through, solve the crime and make the reservation safe."

A service of the Associated Press(AP)

One of Escareno's neighbors told The Associated Press he heard gunshots and witnessed other elements of Cruz Salgado's slaying, but he did not tell police because of the tight-knit culture of silence that prevails here.

CONGRESS-ADMINISTRATION:

All Aboard Air Force 2 Reported OK (LAT)

The Los Angeles Times, February 25, 2007

Vice President Dick Cheney's plane from Sydney headed for Singapore today, with the White House saying it was a scheduled refueling stop and that Air Force Two had not been diverted.

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Australian Prime Minister John Howard had said earlier that the plane was being diverted to Singapore because of unspecified problems.

White House spokeswoman Emily Lawrimore said there was a problem with a generator but it posed no safety threats and the aircraft and everyone on board were fine. Cheney had been visiting Australia as part of a trip to thank war allies Japan and Australia. She would not say whether Cheney was U.S. bound.

Cheney Wraps Up Japan, Australia Visit (AFP)

AFP, February 25, 2007

US Vice President Dick Cheney wrapped up a week-long visit to Japan and Australia, a mission to reassure two strong allies buffeted by Washington's strategies for Iraq and North Korea.

Amid a growing chorus calling for the withdrawal of US-led troops from Iraq, Cheney assailed unnamed critics he described as wanting the allies to "turn our backs" on Iraq and Afghanistan and allowing them to become terrorist havens.

In Tokyo, Cheney met with Japanese Prime Minister Shinzo Abe and in Sydney with staunch Iraq war ally Australian Prime Minister John Howard and opposition leader Kevin Rudd, who has called for Australian troops in Iraq to come home.

In Sydney on Saturday, Cheney also issued a warning to Iran, saying that Washington favours a diplomatic approach to resolving concerns over Tehran's atomic programme but refusing to rule out the use of force to prevent the Islamic republic from obtaining nuclear weapons.

"It would be a serious mistake if a nation like Iran were to become a nuclear power," Cheney warned during a joint press conference with Howard. "All options are still on the table."

During the six-day trip, the vice president also defended a landmark nuclear pact with North Korea but insisted the United States was not blindly trusting Pyongyang to abide by its terms.

He pulled out all the stops to allay Japanese concerns about the deal and used his only speech in Australia to soothe worries that Washington was blindly trusting the Stalinist member of US President George W. Bush's "axis of evil" to implement the agreement.

"We go into this deal with our eyes open. In light of North Korea's missile tests last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove," he said.

"Yet this agreement represents the first hopeful step towards a better future for the North Korean people," Cheney said.

Cheney also coupled praise for China's role in securing the accord with a stark warning that Beijing's swift military build-up and its satellite-killer test last month clashed with its hoped-for image as a peaceful world power.

"Last month's anti-satellite test, and China's continued fast-paced military build-up are less constructive, and are not consistent with China's stated goal of a 'peaceful rise'," Cheney said.

China shot down one of its own orbiting weather satellites in space with a ballistic missile, provoking an international outcry amid fears that the rising power could potentially target satellites used for defence.

In Tokyo, Cheney promised US help to Japanese families whose loved ones were abducted by North Korea -- a volatile issue many cite to explain Japan's refusal to fund the new nuclear accord with Pyongyang.

"I know it means a great deal to the Japanese people," Cheney told the parents of Megumi Yokota, who was whisked away on a North Korean ship in 1977 when she was 13.

"I can identify, in fact the whole world can identify, with the emotion of this tragedy. We will do what we can to help," he added, according to a senior aide travelling with the vice president.

Cheney used the trip to make a full-throated defense of the war in Iraq and the new US plan to pacify Baghdad, which has drawn opposition in the United States, as key ally Britain announced a troop draw-down.

With Democrats in Washington and a majority of the US public pushing for a US withdrawal, Cheney warned that hastily quitting Iraq would unleash terrorists and sectarian violence on the Middle East and the world.

"The notion that free countries can turn our backs on what happens in places like Afghanistan, Iraq, or any other possible safe haven for terrorists is an option we simply cannot indulge," said Cheney.

Governors Worry Over Money For Child Health Program (NYT)

By Robert Pear

The New York Times, February 25, 2007

WASHINGTON, Feb. 24 — As the National Governors Association began its winter meeting, 13 governors expressed alarm on Saturday that they were about to run out of federal money for a popular program that provides health insurance to children.

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They appealed to Congress and the Bush administration for swift action to protect hundreds of thousands of children who could lose benefits. The full association is poised to endorse that appeal.

In a letter to the Democratic and Republican leaders of Congress, the 13 governors said that "health insurance for some of our states' most vulnerable citizens is in jeopardy."

"Without quick Congressional action," the letter said, "our states, all facing federal shortfalls, will be forced to make harsh decisions affecting the lives of thousands of families."

Such decisions could include freezing enrollment, restricting eligibility, increasing premiums charged to low-income families or reducing benefits like dental and vision care.

Seven of the 13 governors who signed the letter were Republicans. They included Gov. Sonny Perdue of Georgia, chairman of the Republican Governors Association; Gov. Tim Pawlenty of Minnesota, vice chairman of the National Governors Association; and Gov. Haley Barbour of Mississippi, a former chairman of the Republican National Committee.

The Democrats warning of shortfalls in their states were Govs. John Baldacci of Maine, Rod R. Blagojevich of Illinois, Chet Culver of Iowa, James E. Doyle of Wisconsin, Martin O'Malley of Maryland and Deval Patrick of Massachusetts.

The program in question, the State Children's Health Insurance Program, covers more than six million children in families that have too much income to qualify for Medicaid but not enough to buy private insurance.

Gov. Janet Napolitano of Arizona, a Democrat, noted that "many states have expanded, or have proposals to expand, eligibility" for the child health program. "The president's budget is problematic in that regard," Ms. Napolitano said.

In his budget this month, President Bush proposed reducing federal payments to the states for coverage of children with family incomes exceeding twice the poverty level. By contrast, Ms. Napolitano is trying to expand eligibility by raising the income limit in Arizona to 300 percent of the poverty level, from 200 percent.

In New York, Gov. Eliot Spitzer, a Democrat, wants to increase the limit to 400 percent, from 250 percent. (A family of four is considered poor if its annual income is less than $20,650.)

Congress is conducting a comprehensive review of the program, which was created in 1997 with bipartisan support and is up for renewal. By most accounts, the program has been effective, reducing the number of uninsured children by about 25 percent, to 8.3 million in 2005.

The 13 governors said their states needed immediate short-term assistance and could not wait for Congress to revamp the program.

Georgia has announced it will "discontinue enrollment" in its program, known as PeachCare for Kids, on March 11.

In an interview, Dr. Rhonda M. Medows, commissioner of the Georgia Department of Community Health, said the state had a federal allotment of $165 million this year and would need $131 million more to continue serving the 273,000 children on the rolls.

Senator Saxby Chambliss, Republican of Georgia, said these children could "have the insurance safety net jerked out from under them" unless Congress acts.

The federal government spends $5 billion a year on the Children's Health Insurance Program. Mr. Bush wants to continue that level of spending, and he is seeking an "additional allotment" of $4.8 billion over the next five years.

That is considerably less than what states would need to continue their programs with current eligibility rules and benefits. New estimates from the Congressional Budget Office show that the states face shortfalls of $700 million this year and a total shortage of $13.4 billion from 2008 to 2012.

To eliminate these shortfalls, the federal government would need to increase payments to the states by $14.1 billion. But the budget office said 40 percent of the new spending would be offset by savings elsewhere — specifically, in Medicaid.

Karen A. Smigielski, a spokeswoman for the Minnesota Department of Human Services, said her state had a federal allocation of $48.6 million this year, would run out of money in July and would need $15 million to continue the program as it is.

Francis X. Rullan, a spokesman for the Mississippi Division of Medicaid, said his state would exhaust its federal allocation this summer.

In a separate letter to Congress, the National Governors Association criticized a Bush administration proposal to cut federal Medicaid payments to public hospitals and nursing homes. The White House says the changes are needed to ensure the "fiscal integrity" of Medicaid and to curb "excessive payments."

The association denounced the proposal, saying it "will result in cuts of approximately $5 billion in federal Medicaid spending over five years." Moreover, governors said the proposal usurped the states' authority to decide how to finance their share of Medicaid.

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OTHER NEWS:

Citizenship Requests Soar Before Changes (LAT)

By Anna Gorman, Jennifer Delson

The Los Angeles Times, February 25, 2007

Citizenship applications are skyrocketing in Southern California and across the nation, as green card holders rush to avoid a proposed fee increase, a revised civics test and possible changes in immigration law.

Applications filed in Los Angeles and six surrounding counties shot up to 18,024 in January from 7,334 in the same month last year, a 146% increase, according to U.S. Citizenship and Immigration Services. Nationwide, the number hit 95,622, up from 53,390, a 79% increase.

The jump — both locally and nationwide — is the largest in a decade, officials said. The numbers of applications first spiked last March with mass immigrant rights rallies and saw the most dramatic increase after the new year.

The filings are expected to continue as Congress prepares to restart the debate on immigration reform.

"Every time we have this much talk of immigration in the news and on the Hill, we get a lot more interest," said CIS spokeswoman Marie Sebrechts. "We tend to see a surge in applications."

After last year's marches, immigrant rights advocates launched a campaign to produce 1 million new citizens and registered voters. They fell far short of their goal by the November election, but advocates said they were pleased with the number of immigrants who are applying for naturalization.

"People are really invested in the entire debate," said Angelica Salas, executive director of the Coalition for Humane Immigrant Rights of Los Angeles. She said many immigrants have asked themselves, "How am I going to protect myself in this country if I am not a U.S. citizen?"

There are an estimated 8 million permanent legal residents who are eligible to apply for citizenship. An additional 12 million illegal immigrants are believed to reside in the United States.

This month, community groups and faith-based organizations are gearing up for another citizenship drive before the proposed new fees and exam would take effect.

The new effort is called, "Ya Es Hora. ¡Ciudadania!" (It's time. Citizenship!) and features media blitzes and workshops to help educate immigrants about the process.

Citizenship application and fingerprint fees would increase from $400 to $675 in June under the CIS proposal, Sebrechts said. And a new test, which would require a better understanding of the nation's history and democratic principles, is set to take effect next year.

"There is a new urgency in the community," said Arturo Vargas, executive director of the National Assn. of Latino Elected and Appointed Officials. "Folks are saying, 'I'd better apply now.'"

William Ramirez, a legal resident from El Salvador, has been eligible to apply for citizenship since last February. When he heard about the new fees, he immediately sought help from the immigrant rights organization, Hermandad Mexicana, in Los Angeles to complete his application.

"If I can do it now, why wait?" said Ramirez, 44, of La Puente. "It's going to save me a lot of money."

Ramirez said he planned to seek legal residency for his wife and young child, now in the country on tourist visas, and is eager to cast his first ballot. "I can do better for my people," he said. "I can help with my vote."

Rancho Cucamonga resident Irene Gonzalez, 32, emigrated with her parents from Mexico when she was 6. After two decades as a green card holder she filed her application for citizenship last week.

When she was younger, Gonzalez said, she felt as though becoming a U.S. citizen would be a betrayal of her native Mexico. Now, she says, "I want to have that peace of mind that I am a citizen and I have every right to be in this country."

Who may apply

Green card holders — legal permanent residents — can apply for citizenship after living five years in the United States, or three years if they are married to a U.S. citizen. They must pass civics and English tests, be of "good moral character" and take an oath of allegiance.

CIS must raise application costs because it does not have a regular budget allocation. Rather, it relies almost entirely on fees to support itself and is facing a budget shortfall, Sebrechts said. The agency plans to switch from paper to electronic filing, which she said would make the application process more efficient and secure.

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On Saturday,potential citizens throughout Southern California went to schools, community colleges and other locations, including a Mexican restaurant in Lynwood, for help in completing their applications. Kidworks, a Santa Ana faith-based community center, sponsored one of the workshops.

"In light of the climate right now," said Ava Steaffens, chief executive officer, "it's necessary to give people the tools to become full-fledged citizens."

Some local colleges have seen citizenship class attendance more than double in the last six months. For example, at Los Angeles Southwest College, class attendance has jumped from 180 to 400 since the fall, said Marian Ruane, a program coordinator at the school.

Garden Grove resident Mariana Garcia, 34, who marched for immigrant rights in Santa Ana last year, has been eligible to apply for citizenship for more than two decades after emigrating from Mexico. She said the desire to vote was the main reason she wanted to become a citizen.

"We've seen so many people say that immigrants contribute nothing and take too much," she said. "We need to be voters to make a statement to the contrary."

Media campaign

Spanish-language media is also playing a part in encouraging citizenship and registering voters. La Opinion, a Los Angeles newspaper, recently ran a full-page advertisement explaining how to apply. Univision's KMEX television station has dedicated significant airtime to promoting citizenship workshops.

Popular radio deejay Eddie "El Piolin" Sotelo began an on-air contest called "Who Wants to be a Citizen?" Listeners from around the country can win trips and cash prizes by answering questions from the citizenship exam: What are the three branches of the U.S. government? Who signs bills into law? What is the Fourth of July?

With disco music playing in the background, Sotelo stood in Univision's Glendale studios last week and talked with Pedro, a Mexican immigrant in Phoenix. He directed Pedro to choose from four envelopes, each containing a question and a prize, and told him he could call a friend for help.

Pedro chose #2, and Sotelo recited the question in Spanish: What is the head executive of a state government called? A. President. B. Governor. C. Mayor.

When Pedro responded, Sotelo teased him. "D? I only gave you three: A, B and C," Sotelo said.

"B — de Burro," Pedro repeated loudly.

"Correct!" Sotelo cheered, his arms waving. "Congratulations!"

Then Pedro opened the envelope to see what he had won.

"Three-hundred dollars!" Sotelo cheered. "You won a day's work!"

Pedro laughed and corrected him: "Two days."

Influencing the future

Increased citizenship could influence politics nationally and locally if the new citizens register to vote and get to the polls, said Leo Chavez, a political anthropology professor at UC Irvine.

"As more immigrants vote, it will be harder to attack immigrants," Chavez said. "They will be the constituency."

Anti-illegal immigration groups, however, say they are not especially concerned about the surge in citizenship applications and what influence it might have on the national debate.

"It's not clear that the impact is what some immigrant rights advocates think it might be," said Steven Camarota, director of research for the conservative Center for Immigration Studies in Washington, D.C. "On a policy issue like immigration, there is a lot of diversity of views.... The group does not speak with one voice on this issue."

How To Keep America Competitive (WP)

By Bill Gates

The Washington Post, February 25, 2007

For centuries people assumed that economic growth resulted from the interplay between capital and labor. Today we know that these elements are outweighed by a single critical factor: innovation.

Innovation is the source of U.S. economic leadership and the foundation for our competitiveness in the global economy. Government investment in research, strong intellectual property laws and efficient capital markets are among the reasons that America has for decades been best at transforming new ideas into successful businesses.

The most important factor is our workforce. Scientists and engineers trained in U.S. universities -- the world's best -- have pioneered key technologies such as the microprocessor, creating industries and generating millions of high-paying jobs.

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But our status as the world's center for new ideas cannot be taken for granted. Other governments are waking up to the vital role innovation plays in competitiveness.

This is not to say that the growing economic importance of countries such as China and India is bad. On the contrary, the world benefits as more people acquire the skills needed to foster innovation. But if we are to remain competitive, we need a workforce that consists of the world's brightest minds.

Two steps are critical. First, we must demand strong schools so that young Americans enter the workforce with the math, science and problem-solving skills they need to succeed in the knowledge economy. We must also make it easier for foreign-born scientists and engineers to work for U.S. companies.

Education has always been the gateway to a better life in this country, and our primary and secondary schools were long considered the world's best. But on an international math test in 2003, U.S. high school students ranked 24th out of 29 industrialized nations surveyed.

Our schools can do better. Last year, I visited High Tech High in San Diego; it's an amazing school where educators have augmented traditional teaching methods with a rigorous, project-centered curriculum. Students there know they're expected to go on to college. This combination is working: 100 percent of High Tech High graduates are accepted into college, and 29 percent major in math or science. Contrast that with the national average of 17 percent.

To remain competitive in the global economy, we must build on the success of such schools and commit to an ambitious national agenda for education. Government and businesses can both play a role. Companies must advocate for strong education policies and work with schools to foster interest in science and mathematics and to provide an education that is relevant to the needs of business. Government must work with educators to reform schools and improve educational excellence.

American competitiveness also requires immigration reforms that reflect the importance of highly skilled foreign-born employees. Demand for specialized technical skills has long exceeded the supply of native-born workers with advanced degrees, and scientists and engineers from other countries fill this gap.

This issue has reached a crisis point. Computer science employment is growing by nearly 100,000 jobs annually. But at the same time studies show that there is a dramatic decline in the number of students graduating with computer science degrees.

The United States provides 65,000 temporary H-1B visas each year to make up this shortfall -- not nearly enough to fill open technical positions.

Permanent residency regulations compound this problem. Temporary employees wait five years or longer for a green card. During that time they can't change jobs, which limits their opportunities to contribute to their employer's success and overall economic growth.

Last year, reform on this issue stalled as Congress struggled to address border security and undocumented immigration. As lawmakers grapple with those important issues once again, I urge them to support changes to the H-1B visa program that allow American businesses to hire foreign-born scientists and engineers when they can't find the homegrown talent they need. This program has strong wage protections for U.S. workers: Like other companies, Microsoft pays H-1B and U.S. employees the same high levels -- levels that exceed the government's prevailing wage.

Reforming the green card program to make it easier to retain highly skilled professionals is also necessary. These employees are vital to U.S. competitiveness, and we should welcome their contribution to U.S. economic growth.

We should also encourage foreign students to stay here after they graduate. Half of this country's doctoral candidates in computer science come from abroad. It's not in our national interest to educate them here but send them home when they've completed their studies.

During the past 30 years, U.S. innovation has been the catalyst for the digital information revolution. If the United States is to remain a global economic leader, we must foster an environment that enables a new generation to dream up innovations, regardless of where they were born. Talent in this country is not the problem -- the issue is political will.

The writer is chairman of Microsoft Corp. and co-chairman of the Bill and Melinda Gates Foundation. His wife is a director of The Washington Post Co.

Christian Right Labors To Find '08 Candidate (NYT)

By David D. Kirkpatrick

The New York Times, February 25, 2007

WASHINGTON, Feb. 24 — A group of influential Christian conservatives and their allies emerged from a private meeting at a Florida resort this month dissatisfied with the Republican presidential field and uncertain where to turn.

The event was a meeting of the Council for National Policy, a secretive club whose few hundred members include Dr. James C. Dobson of Focus on the Family, the Rev. Jerry Falwell of Liberty University and Grover Norquist of Americans for Tax

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Reform. Although little known outside the conservative movement, the council has become a pivotal stop for Republican presidential primary hopefuls, including George W. Bush on the eve of his 1999 primary campaign.

But in a stark shift from the group's influence under President Bush, the group risks relegation to the margins. Many of the conservatives who attended the event, held at the beginning of the month at the Ritz-Carlton on Amelia Island, Fla., said they were dismayed at the absence of a champion to carry their banner in the next election.

Many conservatives have already declared their hostility to Senator John McCain of Arizona, despite his efforts to make amends for having once denounced Christian conservative leaders as "agents of intolerance," and to former Mayor Rudolph W. Giuliani of New York, because of his liberal views on abortion and gay rights and his three marriages.

Many were also suspicious of former Gov. Mitt Romney of Massachusetts; members have used the council as a conduit to distribute a dossier prepared by a Massachusetts conservative group about liberal elements of his record on abortion, stem cell research and gay rights. (Mr. Romney has worked to convince conservatives that his views have changed.)

And some members of the council have raised doubts about lesser known candidates — Gov. Mike Huckabee of Arkansas and Representative Duncan Hunter of California, who were invited to Amelia Island to address an elite audience of about 60 of its members, and Senator Sam Brownback of Kansas, who spoke to the full council at its previous meeting, in October in Grand Rapids, Mich.

Although each of the three had supporters, many conservatives expressed concerns about whether any of the candidates could unify their movement or raise enough money to overtake the front-runners, several participants in the meetings said.

Finally, in a measure of their dissatisfaction, a delegation of prominent conservatives at Amelia Island tried to enlist as a candidate Gov. Mark Sanford of South Carolina, a guest speaker at the event. A charismatic politician with a clear conservative record, Mr. Sanford is almost unknown outside his home state and has done nothing to prepare for a presidential run. He firmly declined the group's entreaties, people involved in the recruiting effort said. A spokesman for Mr. Sanford said he would not comment.

"There is great anxiety," said Paul Weyrich, chairman of the Free Congress Foundation. "There is no outstanding conservative, and they are all looking for that."

Mr. Weyrich, a longtime member of the council, declined to discuss the group or its meetings. The council's bylaws forbid members from publicly disclosing its membership or activities, and participants agreed to discuss the Amelia Island meeting only on the condition of anonymity.

For eight years and four elections, President Bush forged a singular alliance with Christian conservatives — including dispatching administration officials and even cabinet members to address council meetings — that put them at the center of the Republican Party.

But in the aftermath of the stinging defeats in the midterm elections, and with discontent over the Iraq war weighing heavily on the public, some Christian conservatives worry that they may find themselves on the sidelines of the presidential race.

Both Mr. McCain and Mr. Romney have worked hard to pitch themselves to Christian conservatives — Mr. McCain by delivering speeches at venues like Mr. Falwell's Liberty University or a recent abstinence-promotion event, Mr. Romney by leading the charge for a constitutional amendment banning same-sex marriage. But neither has won over many of the movement's leaders.

The conservative concern may also be an ominous sign for the Republican Party about the morale of a core element of its political base. Conservatives warn that the 2008 election could shape up like 1996, when conservatives faced a lesser-of-two evils choice between a Republican they distrusted, former Senator Bob Dole, and a Democrat they disdained, President Bill Clinton. Dr. Dobson of Focus on the Family later said in a speech to the council that he voted for a conservative third-party candidate that year rather than pull a lever for Mr. Dole.

The Council for National Policy was founded 25 years ago by the Rev. Tim LaHaye as a forum for conservative Christians to strategize about turning the country to the right. Its secrecy was intended to insulate the group from what its members considered the liberal bias of the news media. In recent years the group has brought together a cross-section of the right from Edwin J. Feulner to Wayne LaPierre of the National Rifle Association.

In addition to doubts about their ability to generate enough money and momentum, each candidate who addressed the group also faces initial skepticism from one faction or another on issues like immigration, trade, taxes and foreign affairs.

"Right now there is still a vacuum among conservative Republicans," said Gary Bauer, a Christian conservative who was a Republican primary candidate in 2000. Conservatives, he said, "want a more provable conservative who also is demonstrating that they can put together the resources necessary to prevail." He declined to comment on the Amelia Island meeting.

A spokesman for Mr. Brownback said he would not comment on the senator's presentation to the council, citing its rules about strict confidentiality. Several others who attended his speech said he received heavy applause for his emphasis on

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restricting abortion and amending the Constitution to ban same-sex marriage. But foes of illegal immigration objected to his support for a temporary guest worker program, and some faulted him for touching only briefly on the threat of Islamic terrorists, an increasingly central focus of the council and many social conservative groups since the Sept. 11 attacks.

(People who attended the Amelia Island event said Rick Santorum, the former senator from Pennsylvania, delivered a well-received address to the council about what he called the gathering threat of radical Islam.)

In an interview, Mr. Hunter, the ranking Republican on the House Armed Services Committee and a supporter of Mr. Bush's plan to send more troops to Iraq, said the need for a strong national defense was the centerpiece of his speech. That defense, he argued, should include cracking down on illegal immigration, building a wall along the Mexican border and renegotiating foreign trade deals to protect American manufacturing. "We are losing the arsenal of the democracy," he said.

But several people at the council meeting said his stance on trade alienated the business wing of the Republican Party, compounding his substantial fund-raising challenges.

Mr. Huckabee, a Southern Baptist minister who was the head of the Arkansas Baptist convention before becoming governor, has the advantage of strong personal ties to many council members. Many prominent evangelical Christians consider him a friend, and he has appeared several times as a guest on Dr. Dobson's popular Christian radio program.

In an interview, Mr. Huckabee said he believed his roots in the evangelical world helped set him apart from his rivals. "I am not going to them," he said. "I am coming from them." He said he did not remember speaking about his opposition to abortion or same-sex marriage, "although I am sure that I must have." He said he emphasized education, among other issues, and talked about a continuing war "with a radical form of Islamic fascism," which he called "a bastardization of religion."

But many conservatives, including several participants in the Amelia Island meeting, said Mr. Huckabee faced resistance from the limited-government, antitax wing of their movement. Some antitax activists fault Mr. Huckabee for presiding over tax and spending increases. (He says the only tax increase resulted from a public referendum.)

In the interview, though, Mr. Huckabee said he was now leaning toward signing a pledge not to raise income taxes that is presented to all the candidates by Mr. Norquist of Americans for Tax Reform.

Mr. Norquist said he remained open to any of the three candidates who spoke to the council or to Mr. Romney. He argued that with the right promises, any of the four could redeem themselves in the eyes of the conservative movement despite their past records, just as some high school students take abstinence pledges even after having had sex.

"It's called secondary virginity," Mr. Norquist said. "It is a big movement in high school and also available for politicians."

Romney Misstates Past Bush View On Abortion (POL)

By Mike Allen

The Politico, February 24, 2007

Former Massachusetts Gov. Mitt Romney said this week that President Bush "was pro-choice before he became pro-life," an assertion the Romney campaign now acknowledges was inaccurate. The remark was based on a magazine article Romney had read, his campaign said.

The comment came as Romney struggled to explain to Republican presidential primary voters the evolution of his views on abortion since he described himself as "pro-choice" when he ran for U.S. Senate in Massachusetts in 1994. Now, Romney says on his campaign Web site: "I am pro-life. I believe that abortion is the wrong choice except in cases of incest, rape, and to save the life of the mother."

In interviews and speeches, Romney has said that his view changed after the question of stem-cell research came to the fore in the Massachusetts legislature in 2004. His advisers point out that he has not tried to have it both ways or weasel on his stance.

Romney made the comment about the president during a 15-minute interview on Thursday with the Spartanburg (S.C.) Herald-Journal. Here is the exchange, which was recorded and is posted on the Campaign 2008 blog on the newspaper's Web site:

Question: "Bloggers like to call it 'flip flopping,' the way you've changed your views on issues like abortion over the years. I've heard the story about stem cell research that caused you to change your mind on abortion and come to your current position. But will conservatives here buy that? Doesn't that give off the impression that you'll do whatever it takes to win?"

Romney: "Ronald Reagan was pro-choice, and became pro-life. I understand that George W. Bush was pro-choice before he came pro-life. Zell Miller was pro-choice before pro-life. And I was effectively pro-choice before I became pro-life. I don't think anyone questions the commitment on the part of those other gentlemen for pro-life principles. And, in my case, you don't have to take my word for it. You can look at my record as governor, because I made the move to pro-life some time ago. I've been

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governor. I've had several bills that came to my desk that raised the question of abortion or life, and I came down on the side of respecting the sanctity of human life every time."

The White House said Bush has always been "pro-life." During the presidential race of 2000, Dan Bartlett – then a spokesman for the Bush campaign, now the White House counselor – was asked about a quotation from a Texas newspaper in 1978 suggesting Bush's position had been unclear. Bartlett told The Washington Post: "The governor was pro-life before he ran for Congress, during his run for Congress and after he ran for Congress." A White House official said Friday that Bartlett's quote is still accurate today.

Romney's campaign said the comment was off the cuff and was based on a National Review article, which remained on Romney's Web site Saturday morning, asserting that "George W. Bush ran as a pro-choice politician in his 1978 congressional campaign."

Organizers for Romney have criticized Sen. John McCain, R-Ariz., one of his opponents in the primary, for being insufficiently zealous in opposing abortion.

Romney has been working to retool his image on the issue since at least 2001, when he came to Salt Lake City as president of the organizing committee for the 2002 Winter Olympics. The Salt Lake Tribune reported in July 2001 that he wrote in a letter to the editor of the paper: "I do not wish to be labeled pro-choice. … I have never felt comfortable with the labels associated with the abortion issue. Because the Olympics is not about politics, I plan to keep my views on political issues to myself." Romney was objecting to an earlier article in the paper reporting that he might seek office in Utah after the games. It included the sentence: "Romney is pro-choice."

Romney Family Tree Has Polygamy Branch (AP)

By Jennifer Dobner, Glen Johnson

AP, February 24, 2007

While Mitt Romney condemns polygamy and its prior practice by his Mormon church, the Republican presidential candidate's great-grandfather had five wives and at least one of his great-great grandfathers had 12.

Polygamy was not just a historical footnote, but a prominent element in the family tree of the former Massachusetts governor now seeking to become the first Mormon president.

Romney's great-grandfather, Miles Park Romney, married his fifth wife in 1897. That was more than six years after Mormon leaders banned polygamy and more than three decades after a federal law barred the practice.

Romney's great-grandmother, Hannah Hood Hill, was the daughter of polygamists. She wrote vividly in her autobiography about how she "used to walk the floor and shed tears of sorrow" over her own husband's multiple marriages.

Romney's great-great grandfather, Parley Pratt, an apostle in the church, had 12 wives. In an 1852 sermon, Parley Pratt's brother and fellow apostle, Orson Pratt, became the first church official to publicly proclaim and defend polygamy as a direct revelation from God.

Romney's father, former Michigan Gov. George Romney, was born in Chihuahua, Mexico, where Mormons fled in the 1800s to escape religious persecution and U.S. laws forbidding polygamy. He and his family did not return to the United States until 1912, more than two decades after the church issued "The Manifesto" banning polygamy.

"When you read the family's history, you realize how important polygamy was to them," said Todd Compton, a Mormon and independent historian who wrote a book about the polygamous life of the church's founder, Joseph Smith. "They left America and started again as pioneers, after they had done it over and over again previously."

B. Carmon Hardy, a polygamy expert and retired history professor at California State University-Fullerton, said polygamy was "a very important part of Miles Park Romney's family."

Hardy added: "Now, very gradually, as you moved farther away from it, it became less a part of it. But during the time of Miles Park Romney, it was an essential principle of the Romney family life."

Other Mormons have run for the White House, including Romney's father in 1968 and Sen. Orrin Hatch, R-Utah, in 2000. But Mitt Romney's stature as a leading 2008 contender has renewed questions about his faith and its doctrines.

At the same time, polygamy remains a part of current events.

HBO is airing a television series, "Big Love," that features a man in Utah — where the Mormon church is based — with three wives. Self-proclaimed "Mormon fundamentalist" Warren Jeffs, formerly on the FBI's 10 most wanted list, is facing multiple felony charges for sex crimes related to underage marriages among members of his breakaway church's 10,000 members in Utah and Arizona, who openly practice polygamy.

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Romney has joked about polygamy, saying in various settings that to him, "marriage is between a man and a woman ... and a woman and a woman." But in serious moments he has called the practice "bizarre" and noted his church excommunicates those who engage in it.

An introductory film played at his fundraisers and campaign appearances features his wife, Ann, talking about their 37-year marriage. Romney himself notes they started as high school sweethearts.

This month, Ann Romney tried a different tack, taking a lighthearted jab at her husband's main Republican competitors, Sen. John McCain, R-Ariz., and former New York City Mayor Rudy Giuliani, as she introduced Romney at a Missouri GOP dinner.

The biggest difference between her husband and the other candidates, Ann Romney said, is that "he's had only one wife."

McCain has been married twice; Giuliani three times.

The Romney campaign had no comment for this story.

Joseph Smith, who founded the Mormon church in 1830, quietly introduced polygamy. He believed it had roots in the Old Testament and was necessary to reach the highest salvation in heaven. Smith is believed to have had 33 wives.

Brigham Young expanded the practice after the church's migration from the Midwest to Utah, which began in 1846. He is said to have had 55 wives. Historical texts show Young also asked Orson Pratt to publicly proclaim the church's belief in polygamy in 1852.

In 1862, while Utah was a territory, President Abraham Lincoln signed the Morrill Anti-Bigamy Act, banning plural marriage. In 1882, Congress also passed the Edmunds Act, an anti-polygamy law. That was followed in 1887 by the Edmunds-Tucker Act, which disincorporated the church and threatened to seize its nonreligious real estate as part of the crackdown on polygamy.

In 1890, Mormon President Wilford Woodruff issued "The Manifesto," in which he declared the church no longer taught or permitted plural marriages.

Nonetheless, the law of polygamy — Smith's revelation that God authorized polygamy — remains in Article 132 of the church's Doctrine and Covenants. In addition, Mormon widowers who remarry today believe they will live in eternity with their multiple wives.

Mormon genealogical records, among the most detailed and complete of any religion, show that two of Mitt Romney's great-great grandfathers, Miles Romney and Parley Pratt, had 12 wives each.

Compton, the polygamy scholar, disputes that. He believes Miles Romney only had one wife because the records do not show the dates for his other 11 marriages or any offspring from them.

Miles Romney and his one clearly documented wife, Elizabeth Gaskell, had 10 children. Among them was Miles Park Romney, one of Mitt Romney's great-grandfathers.

Miles Park Romney had five wives. With his first wife, Hannah Hood Hill, he had 11 children. Among them was Gaskell Romney, Mitt Romney's paternal grandfather.

Hannah Hood Hill's autobiography offers an eyewitness account of the Romney family's polygamous past. Hardy, the Cal-State historian, found it amid research for his upcoming book, "Doing the Works of Abraham: Mormon Polygamy."

Hood Hill wrote of Miles Park Romney: "I felt that was more than I could endure, to have him divide his time and affections from me. I used to walk the floor and shed tears of sorrow. If anything will make a woman's heart ache, it is for her husband to take another wife. ... But I put my trust in my heavenly father, and prayed and pleaded with him to give me strength to bear this great trial."

Miles Park Romney's final marriage, to Emily Eyring Smith, came in 1897, more than six years after "The Manifesto."

Gaskell Romney, Mitt Romney's grandfather, was not a polygamist. He married Anna Amelia Pratt, the daughter of polygamists and the granddaughter of Parley Pratt, the apostle with 12 wives. Their marriage took place Feb. 20, 1895, in Dublan, Mexico.

Gaskell Romney had moved to Mexico with his parents in 1884 amid the proliferation of U.S. laws prohibiting "unlawful cohabitation." Anna Pratt was born in Utah, but had emigrated to Mexico and lived in one of nine Mormon colonies established over the border.

Gaskell Romney and Anna Pratt had seven children, including George Wilcken Romney, the former Michigan governor. He lived with his parents in Mexico until 1912, when the family returned to the United States.

George Romney married Lenore LaFount, who does not appear to have polygamy in her family tree. The couple, now deceased, had four children, including Mitt Romney.

Clinton Fights To Keep Impeachment Taboo (WP)

By Anne E. Kornblut, Washington Post Staff Writer

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The Washington Post, February 25, 2007

After Spat, Campaigns Know to Expect Swift Reprisal for Any Hint of the Scandal

Sen. Hillary Rodham Clinton has a new commandment for the 2008 presidential field: Thou shalt not mention anything related to the impeachment of her husband.

With a swift response to attacks from a former supporter last week, advisers to the New York Democrat offered a glimpse of their strategy for handling one of the most awkward chapters of her biography. They declared her husband's impeachment in 1998 -- or, more accurately, the embarrassing personal behavior that led to it -- taboo, putting her rivals on notice and all but daring other Democrats to mention the ordeal again.

"In the end, voters will decide what's off-limits, but I can't imagine that the public will reward the politics of personal destruction," senior Clinton adviser Howard Wolfson said Friday, when asked whether the impeachment is fair game for Clinton's opponents. Earlier in the week, Wolfson dismissed references to President Bill Clinton's conduct as "under the belt."

But the reality, of course, is that the impeachment was conducted very much in public.

As Clinton aides spent several days batting down insults made by David Geffen, the Hollywood mogul who raised questions about the former president's personal behavior and praised Sen. Barack Obama (D-Ill.) in a provocative interview, the intra-party brawl suggested that the scandal remains something of a tripwire for Clinton.

Although she has spent the past seven years establishing her own identity as a public servant, Clinton has been embracing the more popular aspects of her husband's presidency more widely as she mounts her own campaign, with frequent references to their time together in the White House and their joint legacy.

And as she has invoked the good Bill Clinton, she has risked invoking the bad, several Democratic strategists said.

"She's using him in this campaign, so why can't somebody else use him?" asked a veteran of Democratic presidential politics who is not currently aligned with a candidate but who, like numerous other Democrats, spoke on the condition of anonymity for fear of angering the Clintons. "She's just made him fair game. He's part of her strategy, so why can't he be part of one of her opponents'?"

The turmoil of the later Clinton years has been a theme of national politics since it occurred: George W. Bush ran in 2000 on a promise to "restore honor and dignity to the Oval Office," while Vice President Al Gore campaigned as a solid family man, distancing himself from the impeachment ordeal.

For the 2008 campaign, it is an automatic subtext of the Obama candidacy. Presenting himself as a relative political newcomer untainted by the warfare that culminated in Clinton's impeachment, Obama in his most recent book, "The Audacity of Hope," described the battles of the 1990s as "the psychodrama of the Baby Boom generation." Without specifically mentioning the Monica Lewinsky scandal in an interview last October, Obama praised Bill Clinton for bridging party divides on certain issues but said the former president was in other ways "trapped by his own biography."

Still, the entire episode had been largely airbrushed from the public Democratic dialogue about the 1990s -- particularly Hillary Clinton's -- until last week.

And Clinton advisers express confidence that any explicit attempt to revive the scandal would instantly backfire, particularly among Democratic primary voters who were outraged by the Republican investigation into her husband when it first occurred. (One Clinton official said donations to her campaign spiked when the Geffen interview was published.) The former first lady's popularity ratings have never been higher than when her husband's affair with a young intern burst into the open and cast her in the role of victim. After a successful Senate bid, she became a colleague, and even an ally, with some of the Republicans who had sought to unseat her husband -- seemingly putting the whole thing to rest.

But the issue has lingered at the edges of the nomination battle, starting with Clinton's quip about her experience with "evil and bad men" at a forum last month in Iowa on her debut trip to the early-caucus state. While many in the audience assumed she was referring to her husband, several Clinton advisers said it was more likely a dig at Kenneth W. Starr, the independent counsel in the inquiry into Bill Clinton, or Newt Gingrich (R-Ga.), who as House speaker vigorously pursued impeachment -- in either case still a reference to that rancorous time.

In his interview with Maureen Dowd of the New York Times, Geffen, a onetime Clinton fundraiser, gave voice to fears privately held by some Democrats that Republicans intend to revisit past Clinton issues and try to dig up new ones.

"I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Geffen said. Speaking of Republicans' view of the former first lady, he said: "I think they believe she's the easiest to defeat."

Geffen also attacked Hillary Clinton on other fronts, including her vote to authorize the war in Iraq and subsequent refusal to apologize for it, and he described the Clintons as deceitful.

The Clinton campaign's response was fast and unyielding: Advisers issued a statement demanding that Obama renounce his ties to Geffen, who had just thrown the Illinois senator a $1.3 million fundraiser. When Obama refused, and an Obama

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spokesman issued a statement pointing out that Geffen had once been the Clintons' guest in the Lincoln Bedroom of the White House, Clinton officials pushed back once more. They accused Obama of failing to live by the principles of positive campaigning he proclaimed. Obama later said he had not authorized his campaign's statement.

Advisers to both Clinton and Obama spent the latter part of last week deconstructing the tussle; each camp publicly argued that its candidate had won the round and that the other side had suffered.

But privately, both sides admitted to "learning lessons" from the brawl. One Clinton adviser said that some outside supporters had expressed misgivings about helping to keep the story alive, even though the senator and her inner circle of aides signed off on a forceful response from the start. On the Obama side, advisers expressed regret for running with a response from which the candidate later distanced himself.

Supporters of both Obama and Clinton indicated that they had little appetite for keeping the debate alive.

Greg Craig, a prominent Washington lawyer who represented Clinton during the Senate's inquiry and is now supporting Obama, declined to echo Geffen's concerns about the Clintons as a reason for his defection.

"You're not going to get me to talk about Hillary in any kind of negative way -- I know that's the topic of the day," Craig said in an interview last week. "I think Obama is uniquely qualified by temperament and experience, as well as by judgment, to lead the country and to bring us together."

Former senator Thomas A. Daschle (D-S.D.), who was minority leader in 1999 when Clinton was acquitted in that chamber, also endorsed Obama, in an announcement last week. But Daschle, too, limited himself to a citation of Obama's credentials in explaining his decision, comparing Obama to the Kennedys of the 1960s and saying in an interview that he hoped to have found a "new leader that will have that kind of effect on young people."

And on the Clinton side, one adviser expressed confidence that "attacking Bill Clinton is a losing strategy," borrowing a phrase from the 1990s. The adviser noted that Clinton remains highly popular among Democratic activists. Close supporter James Carville said that mentioning the impeachment would be tantamount to political suicide. "Nothing is off-limits, but it would be awfully stupid," Carville said. "What do you think attitudes among Democrats are about impeachment and Ken Starr? This is not a Washington dinner party here. This is an election, a nominating process, among Democrats."

Beware The Dreaded 'Clinton Machine' (LAT)

By Jonathan Chait

The Los Angeles Times, February 25, 2007

IT IS AN odd article of faith among conservatives that Hillary Clinton is a sure-fire lock to win the Democratic presidential nomination. You can hardly turn on Fox News without hearing some pundit assure viewers that Clinton is the runaway favorite. But this belief says more about them than it does about her. The belief in her invincibility is a product of their deepest fears.

After all, it's not as though conservatives think that Clinton is a brilliant, natural politician. Nobody does — as a backslapper and as a public speaker, she's decidedly average. When they try to talk about why Clinton inevitably will roll over her primary competition, they usually invoke the dreaded "Clinton machine." A recent Wall Street Journal editorial, for instance, asserted that Clinton is the clear favorite but offered little evidence to support this other than the existence of "those Clinton legions — of fundraisers, union chiefs, party bosses, think tank operatives, media consultants."

Conservatives rarely make clear exactly how this dreaded machine is supposed to mow down the competition. Other candidates have fundraisers, union supporters, media consultants and the like.

Is the idea that Clinton's team is so battle-tested from her husband's presidency that it knows how to play the game far better than the competition? It's a plausible theory, but so far it doesn't seem to be working out that way.

A week ago, South Carolina state Sen. Robert Ford, a Clinton supporter, declared that having a black man at the top of the Democratic Party would doom the entire ticket. That, of course, was just the thing Barack Obama wanted — a chance to stand up for the right of African Americans to run for president. "When folks were saying, 'We're going to march for our freedom,' they said, 'You can't do that,' " he said in his next speech. "When somebody said, 'You can't sit at the lunch counter…. You can't do that.' " It was the highlight of Obama's speech, all thanks to a blundering attack by a Clinton surrogate.

Then there is the continuing controversy surrounding Clinton's 2002 vote to authorize the Iraq war. Clinton's advisors have apparently decided that she will never apologize for the vote, as doing so would make her look weak in the general election. Which may be true, except that her war vote is hounding her everywhere she goes, the first primaries are nearly a year away and the war keeps getting worse.

So Clinton looks extremely vulnerable. Why do so many conservatives insist that she's a lock to get the nomination?

A few of them have a strong vested interest in the Hillary Clinton boogeyman. There's an enormous amount of money to be made in scaring the pants off of conservatives about Clinton. Last year, conservative pundit John Podhoretz published the fear-

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mongering screed "Can She Be Stopped?" "Hillary Rodham Clinton will become the next president of the United States unless you Republicans can find a way to stop her," he warned. I'm guessing the way of stopping her involved, among other things, buying Podhoretz's book.

The bigger factor, I think, is that conservatives are spooked by the Clintons. They had Bill Clinton on the ropes when they took control of Congress after the 1994 elections. He beat back their revolution. They had him again a few years later when they caught him with his pants down and made his misbehavior a theme of the 1998 midterm elections. Instead, Democrats won seats.

In the Republican mind, there must have been some sort of Clinton voodoo at work. The public was on their side, they believe, yet through some sort of nefarious dark political art, he turned the tables on them.

The conservative hatred of the Clintons has always had around the edges a certain fear of the supernatural. A famous 1993 American Spectator cover story depicted Hillary Clinton as a witch. A witch is an object of hatred, of course, but also a creature with dark and frightening powers.

In reality, the public never really was on the Republicans' side. Yes, they gave them control of Congress in 1994, but a majority of Americans opposed the deep cuts in popular social programs that the GOP agenda required. And yes, the public was disgusted by Bill Clinton's adultery, but a majority likewise opposed impeachment all along. Stopping these wildly unpopular things didn't require magic or even a fearsome political machine.

And Then There Was One (WP)

The Washington Post, February 25, 2007

More presidential candidates agree to reveal their big fundraisers. Still missing: Sen. Clinton.

THIS COULD be the first presidential campaign since Watergate to be financed entirely with private funds. The two major--party nominees alone may raise and spend $1 billion combined. Under these circumstances, the inadequacy of campaign finance disclosure rules becomes even more glaring.

While campaigns are required to report the names of individuals who contribute the maximum $2,300, they don't have to provide the really important information: Who are the well-connected fundraisers helping them bring in big bundles of cash? That's why we've been suggesting that the presidential candidates should release voluntarily the identities of their big bundlers and, within some range, the amounts they raised. In the past few days, two leading contenders, Democrat John Edwards and Republican Rudolph W. Giuliani, agreed to provide such disclosure. They join Democrat Barack Obama and Republicans John McCain and Mitt Romney, who had already made that promise.

You may have noticed one prominent figure absent from this picture: Hillary Rodham Clinton. Ms. Clinton, who raised almost $40 million for her Senate reelection campaign, has assembled a formidable fundraising machine. Her campaign is tasking its biggest bundlers with bringing in $1 million or more. Her campaign solicits "Hillraisers" to enlist online and set their own fundraising goals. In other words, the campaign is fully aware of how much individual fundraisers collect on its behalf. But voters remain in the dark about the identities of those to whom candidate Clinton -- or President Clinton -- might be beholden.

To ask for this information is not to suggest malfeasance or corruption on the part of Ms. Clinton's campaign or any other. It is simply to reassert the fundamental premise of campaign finance disclosure: that it is essential to a healthy, transparent system to know the identities of those underwriting political candidates. No one would accept a system in which donors could secretly write $1 million checks to candidates. No one should accept a system in which fundraisers can secretly send candidates $1 million they've collected in other people's checks.

During the 2000 campaign, when George W. Bush developed what seemed at the time like an audacious system of fundraisers known as Pioneers, who collected at least $100,000, his campaign balked for a time at releasing the names, then agreed to disclose them. This is one area in which Ms. Clinton would be wise to follow the model of the president she hopes to succeed.

Edwards Draws Packed House In Salem (NHUL)

By Jim Devine

New Hampshire Union Leader, February 25, 2007

SALEM – More than a hundred supporters packed the home and living room of a Corinthian Drive home yesterday to pose questions and hear more about John Edwards' Presidential primary run.

Edwards described his plan for universal health care as a solution to make health care spending more effective in the country while making it available for all Americans by repealing Bush tax cuts made for Americans earning more than $200,000 a year.

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"Universal health care is not cheap," Edwards said. "I'm not saying it isn't. But I think it's critical for America to remain strong in the long run."

Edwards said his plan would cover preventative care, chronic care and long-term care while driving down administrative costs that account for 40 cents on every dollar spent on health care in America.

Joan Crimlisk of Derry said she was familiar with Edwards from his 2004 run but his plan for health care reform has attracted her attention as she's begun looking at different candidates trying to make themselves known in the Granite State.

"I'm interested in how he defines universal health care," she said. "I'm more interested in him this time around."

Fielding questions in a living room packed with curious citizens as well as ardent supporters, Edwards told voters the one thing they can expect from him would be firm positions in areas of health care reform, renewable energy sources and the country's Iraq policy.

"There will not be a voter in America that doesn't know where I stand on anything," Edwards said while answering a question on how his campaign will differ from the Kerry-Edwards campaign of 2004.

"They will know exactly what I think we should do in Iraq ... They will know exactly what I think America needs to do to re-establish itself as a force of good in the world," Edwards said.

Mark Brockmeyer of Windham said the defined message speaks volumes over other candidates in the race.

"He's got definitive positions. That's refreshing," Brockmeyer said.

Although he still had open questions of Edwards' future tax policies and how he'll manage to push major issues like universal health care and energy reform through a Senate with at least 40 Republicans, Brockmeyer said Edwards' driven and defined platform is an attractive feature as a candidate.

Edwards Pushes Universal Health-care Plan (NTEL)

By Kevin Landrigan

Nashua Telegraph, February 25, 2007

NASHUA – Democratic presidential candidate John Edwards fired back at primary rival Hillary Clinton, who questions the need for raising federal income taxes to pay for universal health care.

Edwards is the only major candidate to present a comprehensive plan that requires employers to offer coverage or pay into an insurance fund. Government-run health-care markets would guarantee coverage to individuals who can't afford private insurance.

He didn't mention the New York senator by name, but his remarks followed those of Clinton, who recently said Americans already spend 16 cents of every dollar on health care and that more revenue may not be necessary.

"If somebody comes in here and says they are going to give universal health care and it's not going to cost anything, they may have a bridge in Brooklyn they want to sell you,'' Edwards said during a house party at the home of Nashua Democratic Sen. David Gottesman and his wife, Jean.

Edwards would repeal the Bush tax cuts for those making more than $200,000 a year to finance his proposal, which economists say would cost up to $120 billion a year.

"I have worked on this for a long time," Edwards said. "You cannot do universal health care and not have it cost money. It can't be done. It will cost money. It has to come from somewhere.''

Edwards later told reporters the only other option is putting the nation deeper into deficit, and he said he isn't willing to do that.

Clinton said while campaigning two weeks ago she's listening to ideas on how best to extend health coverage to the 47 million Americans who lack it.

"I find it hard to believe we can't use the money we already spend to insure everybody,'' Clinton said at a town hall-style forum in Berlin. "Yet everybody comes out with these plans and say we need more money to pay for it.

"I am not ready to concede that.''

During an interview Saturday, Edwards said Americans want to begin leaving war-torn Iraq and Congress must aggressively use its power of the purse to bring that about.

"They want us to start leaving Iraq,'' Edwards said. "There are probably differences in views in America about how we do it, what period of time, but I think it's clear Americans want us to start leaving Iraq.

"It actually is the best policy.''

Edwards, a former North Carolina senator, urges Congress to cap funding of U.S. troops in Iraq at 100,000, which would force the removal of up to 50,000 soldiers.

Complete withdrawal of all troops in Iraq could occur in a year, he said.

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"I would use all the constitutional power that Congress has; no more non-binding resolutions, no more speeches, no more debate," Edwards said.

"Let's stop this president from making an number of horrible mistakes."

Edwards finished fourth in the 2004 presidential primary in New Hampshire and later became nominee John Kerry's running mate.

The candidate's wife, Elizabeth, made a surprise appearance Saturday. Days after the 2004 race ended, she was diagnosed with breast cancer.

"These conversations over the next 11 months are going to be really important," Elizabeth Edwards told the group.

Gottesman and fellow Nashua Democratic Sen. Joseph Foster were with Edwards in 2004 and are sticking with him.

"You see, I'm not shopping," Gottesman said. "I am committed to a mission to make this man the next president of the United States."

Edwards became the third major Democratic candidate to begin house-party campaigning in the first-in-the-nation-primary state.

Clinton hosted two in Nashua and Manchester, and Illinois Sen. Barack Obama followed the next day with one in Nashua.

Battling a stubborn cold, Edwards, 53, weathered parties at the homes of lawyers in Nashua, Concord and Salem.

An hour before Edwards arrived, the Gottesman home on Indian Rock Road was crammed with more than 100 people.

Edwards dodged television cameras and endured a few ill-timed, cell-phone calls in between answering six questions on the war in Iraq, health care, energy, the federal budget, aid for the homeless and U.S. policy toward Iran.

"What I like best about that phone call is it was timed perfectly with what my health care was going to cost," Edwards joked.

Under the Edwards plan, individuals would have the choice of taking the employer's coverage or the government-managed care.

Taxpayer subsidies would support health coverage for families making up to $100,000 a year.

He would mandate lower administrative costs and greater use of technology, including medical billing.

Edwards said all plans would include preventive, catastrophic and long-term health-care coverage to include parity for mental and physical conditions, dental and eye-care benefits.

Edwards kept up a whirlwind pace of campaigning, and at the Nashua home, he struggled to remember where he had been while speaking to a cleaning woman who lived in a homeless shelter.

"This is embarrassing," Edwards said. "I've been to too many places. I'm sorry."

A few moments later, Edwards came up with the locale himself.

"Nashville, Tennessee," he said, laughing.

Al Gore, Rock Star (WP)

By William Booth, Washington Post Staff Writer

The Washington Post, February 25, 2007

Oscar Hopeful May Be America's Coolest Ex-Vice President Ever

LOS ANGELES -- In the annals of vice presidential history, tonight will be something different. In his black tux, the man known to his most fervent fans as "The Goracle" will arrive by hybrid eco-limo and, surrounded by fellow Hollywood greenies Cameron Diaz and Leonardo DiCaprio, will stroll down the red carpet at the Academy Awards to answer the immortal question: "Al, who are you wearing?"

What a year it has been for Al Gore and his little indie film.

"An Inconvenient Truth," the 100-minute movie that is essentially Gore giving a slide show about global warming, is the third-highest-grossing documentary ever, with a worldwide box office of $45 million, right behind blockbusters "Fahrenheit 9/11" and "March of the Penguins."

"AIT," as Team Gore calls it, is also the hot pick tonight for Best Documentary, and if its director, Davis Guggenheim, wins an Oscar, he plans to bring Gore along with him to the stage to accept the golden statuette and perhaps say a few words about . . . interstitial glacial melting? (More likely, Gore will deliver a favorite line about "political will being a renewable resource.")

In the year since his film premiered at the Sundance Film Festival, to a standing ovation, Gore has gone from failed presidential contender -- and a politician who at times gave new meaning to the word cardboard -- to the most unlikely of global celebrities.

Incredible as it may seem, Al Gore is not only totally carbon neutral, but geek-chic cool. No velvet rope can stop him. He rolls with Diddy. He is on first-name basis, for real, with Ludacris. But what does this mean? And how did it happen? Did Gore change? Or did the climate -- political, cultural, natural -- change around him?

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In an e-mail exchange with The Goracle himself, "AG" typed to The Washington Post that the Oscar craziness and pageantry of the film premieres has been fun (his word) "but I'm old enough to know that a red carpet is just a rug, so I've been able to enjoy that part of it without losing perspective."

Just a rug, people. Because, Gore continued (this was on Friday during a break from his tux fitting): "Actually, for me, the most moving moments have been in conversations with people who have told me that the movie had a big impact on the way they think and feel about our moral responsibility to protect the Earth."

"He is more popular now than he ever was in office, and he knows it," says Laurie David, one of the producers of "Inconvenient Truth" and a Hollywood environmental activist (and wife of "Seinfeld" co-creator Larry David) who has traveled around the world promoting the film with Gore. "He's a superhero now."

Before the film? He was more Willy Loman than Green Avenger. After his loss in 2000, a battered Gore began to schlep around the country, often solo, flying coach, giving his ever-evolving slide show about climate change, a threat that Gore, now 58, says he has felt strongly about since his Harvard days.

After the film? Says director Guggenheim, "Everywhere I go with him, they treat him like a rock star."

Guggenheim is not being hyperbolic. Take the Cannes Film Festival: Al Gore was mobbed. By French people. He was a presenter at the Grammy Awards, alongside Queen Latifah, where he got one of the biggest welcomes of the night. "Wow. . . . I think they love you, man. You hear that?" the current Queen asked the former veep. Earlier this month, the ticket Web site at the University of Toronto crashed when 23,000 people signed on in three minutes to get a seat to hear Gore do his thing on the oceanic carbon cycle. At Boise State, Gore and his slide show sold out 10,000 seats at the Taco Bell Arena, reportedly "faster than Elton John."

Remember that this is the same Al Gore who even today interrupts himself to explain that while he supports the use of ethanol to reduce greenhouse gas emissions, please, he is not talking about regular ethanol; he is talking about "cellulosic ethanol" (made from wood chips rather than cornstarch).

Also remember that "An Inconvenient Truth" was not on anybody's short list for theatrical release, let alone an Oscar. "I think I was the only person crazy enough to want it," says John Lesher, president of Paramount Vantage, which purchased the film at Sundance. "Everybody else had already passed on it, to be honest, but I thought if we do our job right, this could be a zeitgeist moment."

The film distributor's greatest challenge? "To convince people that it wasn't going to be boring," he says. "We didn't want to sell spinach." His greatest asset? "Al Gore. There was no hiding him."

Lesher explains that, from a marketing and branding perspective, Gore was lugging some very heavy baggage. "Democrats felt disappointed in him, and Republicans didn't like him," he says. "But it worked." How come? What comes through in the film, Lesher says, "is here is this person who has gone through this incredible adversity" -- Florida recount, Supreme Court decision, bye-bye White House -- "and this is what he decides to do," the one-man slide show, "and so you see this massive integrity."

And nobody worked for the film harder than Al Gore, Lesher says: "He was an amazing collaborator, and unlike everyone else in Hollywood, he did everything he said he would do, which is unique in my experience."

Gore worked the premieres in Edinburgh, Helsinki, Oslo, Stockholm, Sydney, Hong Kong, Amsterdam, Zurich, Brussels, Berlin and Tokyo. In France, he not only attended the film opening, but presented his 90-minute Apple Keynote lecture to the National Assembly. He did the slide show at the United Nations, the American Geophysical Union, and before conservative activist Grover Norquist's regular Wednesday meeting.

"I am trying to reach out to people in every effective way that I can find," Gore wrote in his e-mail. "In the process, I have had the chance to work with really interesting people from all walks of life." Meaning: eggheads and rappers, movie moguls and prime ministers, and, recently, Bon Jovi. "So, pop culture is an important part of the message delivery system, but far from the only part."

Gore's book, based on the film, has sold 850,000 copies worldwide and translation rights for 24 languages. In Spain, Prime Minister Jose Luis Rodriguez Zapatero told Gore that the DVDs of the film would be shown in the public schools, following similar proclamations in Scotland and Norway. And speaking of Norway, earlier this month Gore was nominated for a Nobel Peace Prize for his work to alert the world to the dangers of climate change.

"People ask him all the time what does he attribute his recent success to and Gore tells them 'reality,' " says Larry Schweiger, a friend and president of the National Wildlife Federation, who is a leader of Gore's Alliance for Climate Protection, a foundation that seeks to bring evangelicals, hunters, farmers and entrepreneurs to the cause. "They used to ridicule him. They called him a tree-hugger. They don't do that anymore."

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Guggenheim explains: "People say to me that Al Gore is so different now. Why wasn't he like this when he ran for president?" Meaning that Gore now appears relaxed, confident, happy, and not stiff, robotic, pinched. "They say Al has changed. But I don't think so. We've changed. The setting has changed. He's the same. When you're running for office, you're a target every moment you are in front of the camera. Now, he's in a different place and we see him in a different way."

There might be something to this. Earlier this month in Los Angeles, accompanied by booming house techno bass beat, Gore announced his plan for a global "Live Earth" day of mega-concerts this summer, to be held simultaneously on all seven continents, with 100 of the world's most popular musical acts -- Snoop Dogg, Kelly Clarkson, Bon Jovi, Korn -- to promote awareness about climate change. Gore was surrounded by a grinning Cameron Diaz (she hugged him) and a nodding Pharrell Williams, the rap-producing impresario, and though Gore perhaps went on for a few paragraphs too long about how many tons of carbon a day are entering the oceans, the riser of international press and paparazzi were clearly gorging on the glamorama. Gore was his usual earnest self. A nerd? Maybe, but he was the nerd with Cameron and Pharrell, talking about the carbon cycle and the Red Hot Chili Peppers. It was the mixology -- high-wattage celebrity and energy-efficient light bulbs -- that helps the medicine go down.

"Is being president better than this?" muses Simon Rosenberg, head of the New Democratic Network. "I think what Gore's figured out how to do is something that a lot of people want to do. He's living a life of great freedom and pursuing his interests, and he's having an impact on public policy. He's been able to start a bunch of companies and do the movie and he's got this great life right now."

"I agree" Gore typed, "that the Zeitgeist has begun to change. I think it reflects the increased popular will to confront and solve this crisis. It's an extraordinary experience to see this issue -- which the conventional wisdom used to say was politically marginal -- become central for so many people. As it should. I also think that people see candidates through a different lens, and that is a factor. But I also think there is at least a grain of truth to the old cliche that 'what doesn't kill you makes you stronger.' So maybe I've gotten a little stronger in the last six or seven years."

Gore is escaping the fate of most former politicians, says Matt Bennett, a consultant for Democrats who worked closely with Gore during his vice presidency. "Usually defeated -- or allegedly defeated -- party nominees become pariahs. Look at Mike Dukakis or John Kerry. Or they just go out to pasture like Bob Dole. Gore has pulled off a feat unknown in modern times, which is to completely rehabilitate his image in the public mind very quickly."

Bennett credits savvy handling by people around Gore, including the documentary-makers. And he says the world is catching up with Gore. "Look, this guy was a visionary. He was right about everything, even the stuff he was ridiculed for," Bennett says. "He was right about the Internet, he was right about the first Gulf War, he was sure as hell right about the Iraq war. And he was right about global warming."

At the "Live Earth" press conference, Gore once again affirmed that he is not planning to enter the 2008 presidential fray, though this has not stopped the lefty blogosphere from imagining the jaw-dropping holy cow if The Goracle announces his run on Oscar night. That, say Gore's most intimate insiders, is most definitely not going to happen.

As for whom Gore will be wearing, his people reveal: It'll be Ralph Lauren.

For Gore, Acceptance Speech 101: Keep 'Em Laughing (POL)

By Helena Andrews

The Politico, February 24, 2007

Former Vice President Al Gore just might win an Oscar Sunday for his documentary, "An Inconvenient Truth." If he does, that means an acceptance speech – and let's face it, Gore's no Billy Crystal.

So before Al uncrumples and reads from a dinner napkin outlining a dissertation on climate change, a few of Washington's funniest phrase-turners offer this prudent advice:

Keep it short, keep it light and keep 'em laughing.

Given the enormous spotlight, Gore could have more at stake than just bombing before the crowd of Prius-driving, energy-saving-bulb-using, Versace-swathed starlets in Hollywood.

After all, he hasn't completely ruled out a 2008 presidential run.

So The Politico polled several of Washington's best-known wordsmiths to ask what Gore should say in an acceptance speech.

For openers, how about: "It's nice to be handed a statue that's as animated as I am," suggested Amy Kramer, a freelance Democratic writer.

Or: "I'm just grateful they didn't recount the votes," emailed Ben Clarke, a writer for Republican political strategist Frank Luntz who was also on former majority leader Sen. Bill Frist's speech squad.

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The jokes about missing ballots didn't stop there.

"I'd like to thank everybody who voted for me. But I have one question: Where the hell were you people seven years ago?!" joked Michael Long, a director at the White House Writers Group, a Washington-based political strategy firm.

"Thank yous" are a prerequisite for any acceptance speech, especially at the granddaddy of them all, when everyone wants to claim 2.3 milliseconds of fame. But journalist Matt Labash of the conservative Weekly Standard put a new twist on the traditional acknowledgements.

"He should thank us, the polluters," wrote Labash in an email. "If I wasn't leaving my car on while running into Safeway, doing my small part to melt the polar icecaps, where is Al Gore?"

Mark Katz, the former commander of Bill Clinton's "comedy war room," wasn't too busy to offer instruction to his "old friend" Al.

He said that whatever happens on Sunday, Gore should build up to the following scene:

While holding his hard-won golden man overhead, Gore bellows, "So if James Baker wants to take this victory away from me, he will have to pry it from my COLD, DEAD HANDS!!"

Katz was referring, of course, to Baker's role in the 2000 presidential election recount in Florida, and actor and former NRA president Charlton Heston's defiant words to Gore about gun rights.)

Meanwhile, no one can resist the global warming jokes.

Radio producer Buckley Carlson sent The Politico this gem:

"Apologies for being late, Tipper and I were held hostage on a JetBlue flight out of Washington. A blizzard kept us on the tarmac for 18 hours. I'm telling you, this global warming stuff is really wreaking havoc on our transportation system."

Whether or not Gore will "get too political" on Sunday remains to be seen. But either way, he should avoid the embarrassing your-time-is-up violins and go the way of Jane Fonda.

As she told the Academy in 1972, "There's a great deal to say, but I'm not going to say it tonight."

Beware Of Celebrities Bearing Gifts (NYT)

By Kate Zernike

The New York Times, February 25, 2007

FOR presidential hopefuls, the Hollywood fund-raiser used to be as smooth as an A.T.M. withdrawal: duck in at night, after the East Coast news cycles have closed. Leave in the morning with a hefty check and the soft reflected glow of a few Oscar winners.

The events did not, typically, result in headlines about the "brawl," "throwdown," or "rumble in the Hollywood jungle" that greeted Barack Obama's first foray onto the scene last week.

You can't begrudge the movie-loving public a great story line. David Geffen, an entertainment industry billionaire power broker and onetime cheerleader for Bill Clinton, not only herds big Hollywood names to a hot-ticket fund-raiser for Mr. Obama, but insults Hillary Rodham Clinton and the former president on the eve of the party. And, as though they were obliging the celebrity tabloids, the Clinton and Obama campaigns jump in the mud right after him.

It was not a happy ending for anyone. Mr. Obama's reputation for being above politics was soiled. And Mrs. Clinton came off as quick to fight.

But, really, can anyone be surprised? Given the well-known potential downside, presidential candidates might be expected to treat Hollywood stars the way studios now treat Tom Cruise — with a bit more distance.

But for candidates, especially those competing for the Democratic nomination, Hollywood is too important to put at arm's length.

There is the deep pockets factor. But there is another key consideration: There is no better place than Hollywood to attain that magical aura of Superstardom. Hollywood money helps encourage other sources of money, which leads to bigger campaign chests, which leads to an aura that the candidate is invincible.

The only problem: keeping big, independent-minded personalities like Mr. Geffen from putting a rip in that superstar image.

Ten years ago, the Hollywood Women's Political Committee disbanded. The members said they were tired of being treated like cash machines and were enraged at how much money had corrupted the political process.

That group may be no more, but the Hollywood cash dance lives on. In fact, celebrities now pay political consultants to advise them on candidates.

In 2004, John Kerry took in $3.5 million from people identifying themselves as in television, movies or music, up from the $1 million that Al Gore took in when he was the Democratic nominee in 2000, according to the Center for Responsive Politics. While

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Republicans have traditionally done worse in Hollywood, President Bush also earned more from those donors in 2004 than he did in 2000 — $1.4 million up from about $830,000.

That money becomes a kind of early election return. “There are all sorts of invisible primaries going on here,” said Stuart Stevens, a Republican consultant working for John McCain who has also been a producer and writer for television. “One of them is for money, and one of them is for inevitability. Hillary Clinton wants to be inevitable.”

A high-profile fund-raising event for Mr. Obama seriously dents that aura of invincibility.

“This hurts her in the money primary and in the inevitability primary,” said Mr. Stevens of Mr. Obama’s reception. “The fact that they’re in love with her husband and not doing it for her is not a good sign. It gives other people permission to do the same — Wall Streeters, hedge-fund types. They figure, if the hip, cool people aren’t doing it, I don’t have to do it.”

Indeed, some believe the support for Senator Obama is probably not deep, wide or even informed.

“A lot of these Hollywood donors are measuring prospects for box office success, if you will,” said Eli Attie, a former chief speechwriter for Mr. Gore who was also a writer and producer on “The West Wing.” “It’s not that they know Obama’s record or know what he’d do as president or think he’d be better or smarter than Hillary Clinton. It’s more that he seems like he could be a tough contender. ”

Outside the Hollywood bubble, however, this conceit — that money and celebrity may be enough to crown The Nominee — can seem like, well, a conceit.

“The voters almost feel like they have a duty to reject that kind of endorsement,” said Art Torres, the chairman of the California Democratic Party and a former state senator. “They’re thinking, ‘What do I care what that movie star thinks?’ I’m going to make up my own mind.”

A CBS News poll taken this month before the Geffen remarks found the public evenly split on the question of whether celebrities should get involved in politics: 48 percent said they should stay out; 47 percent said they should get involved.

“One of the problems Democrats have had,” said Mr. Stevens, the Republican consultant, “is not being able to manage this.”

In 2004, the Democratic Party sent celebrities to swing states like Ohio to canvass voters. “People in Ohio, just like people in New Jersey, don’t want somebody from California to come tell them how to vote — ‘I’m here to save you,’ ” said Mr. Attie. “It has a negative missionary arrogance.”

Of course, some stars do add some measure of credibility. Celebrities like Tom Hanks and Denzel Washington are considered all-American enough to help any candidate.

Other stars realize that they have limitations.

“George Clooney, you don’t ever see him hit a wrong note,” Mr. Stevens says. “He understands he can help raise money, but he also understands there’s a line to cross where he’s not going to be telling people how to vote.”

Then again, some stars get involved unwillingly. Stephen Rivers, who has worked for politically active stars including Jane Fonda, recalled the 1988 Senate campaign in New Jersey, where the Republican, Pete Dawkins, was under fire for exaggerating his war record, and successfully changed the topic by invoking Ms. Fonda as the ultimate liberal antiwar bogeywoman. Mr. Dawkins’ campaign demanded that the Democrat, Frank Lautenberg, return $5,000 from a women’s group in Hollywood that the Republicans insisted was “controlled” by Ms. Fonda. Soon, Republicans warned, Mr. Lautenberg would be taking foreign policy advice from the woman whom some on the right deride as Hanoi Jane.

Not that it worked. Mr. Dawkins lost.

In any case, celebrities may not care much about their affect on a politician’s future. They may just want to act altruistically. Or, like so many donors everywhere, it might be all about them.

“People want to say, ‘Oh, just because they have all this money, who are they to act like they know what they’re talking about,’ ” said Ken Sunshine, a public relations consultant who has represented Ms. Streisand and Leonardo DiCaprio.

“But they have rights, like any citizen, to speak their minds.”

Hope Outrunning Experience In Primary Race (LAT)

By Johanna Neuman

The Los Angeles Times, February 25, 2007

WASHINGTON — Michelle Obama bristled at charges that her husband was not experienced enough for the presidency.

"We've heard this spewed from the lips of rivals every phase of our journey: He is not experienced enough, he should wait his turn," she recently told supporters of Sen. Barack Obama (D-Ill.), who at 45 is serving his first Senate term. Only political insiders, she said, would look at his life accomplishments "and dare to have the audacity to say he is not ready."

Experience — and how to measure it — has become one of the first big debating points of the 2008 presidential race.

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In one of the curiosities of the Democratic primary, some of the candidates with the most experience in national politics are at the bottom of the early popularity surveys. By contrast, Obama, with a mere three years on the national stage, is this year's campaign-trail sensation.

And so Sen. Christopher J. Dodd of Connecticut (with 33 years in the House and Senate) has been trying to heighten the importance of Washington knowledge, making a constant refrain of his claim that President Bush proves the dangers of on-the-job training in the White House. "I think people do care about experience," Dodd said.

Gov. Bill Richardson of New Mexico (15 years in the House, two years as U.N. ambassador, three years as energy secretary) touts his "unparalleled experience." And Sen. Joseph R. Biden Jr. (35 years in the Senate) has said of his campaign rivals: "It's not so much whether I can compete with their money, but whether they can compete with my ideas and my experience."

Even former Sen. John Edwards of North Carolina, who served a single term before opening a White House bid in 2004, has brought his twist to the issue. Asked at an event last month how he differed from Obama, Edwards said: "Experience. I've been through a presidential campaign."

Advocates for Obama, as for other candidates who are positioning themselves as outsiders to Washington's political culture, like to say that the range of their life experiences makes them more fit for office than those who have spent their careers in government. In Obama's case, that resume includes stints as a community organizer, law professor, civil rights attorney and eight-year member of the Illinois state Senate.

Obama's allies also assert that a wealth of government experience did not make Vice President Dick Cheney or former Defense Secretary Donald H. Rumsfeld any wiser in confronting the nation's problems. And Obama launched his campaign from Springfield, Ill. — a city identified with Abraham Lincoln — perhaps to remind voters that one of the country's greatest presidents had little Washington experience before he reached the White House. (Lincoln had served one House term and 12 years in the Illinois Legislature.)

Among conservative voters, experience is prized. "Republicans generally believe, particularly conservatives, that we are electing a wartime president, so experience will be critical," said GOP political consultant Christopher Barron. "It's one of the reasons you continue to see someone like Rudy Giuliani over-performing among conservatives who disagree with him on a litany of social issues."

Giuliani, a former New York City mayor and federal prosecutor, built a national reputation as a steady leader after the Sept. 11 attacks. He leads in several early polls of Republican voters.

Democratic voters have been more willing to sacrifice experience for other qualities, such as a candidate's ability to inspire the public, some analysts say. "The essential tension in the race is between hope and experience," Jennifer Duffy of the nonpartisan Cook Political Report said of the Democratic primary campaign. "Every 25 years or so, we elect a president who gives us hope."

With the latest CBS News poll showing that only 26% of Americans think the country is moving in the right direction, Duffy said, this may be an election in which inspirational candidates triumph.

To some degree, history bears out the idea that too much Washington experience can harm a candidate's image. "The irony is that the longer you serve in the U.S. Congress, the lower odds are you can get elected president," said UCLA political scientist Mark A. Peterson. "Nobody since John F. Kennedy has gone from the legislative branch to the White House."

Members of Congress sometimes talk in an arcane language of amendments, earmarks and resolutions that makes them less than approachable to voters. Ross K. Baker, a political scientist at Rutgers, says Sen. John F. Kerry, who had represented Massachusetts for 20 years, lost his audience at a 2004 Democratic primary debate in the first moments when he trumpeted the fact that he had introduced an amendment to a Biden bill.

Still, some historians argue that prior Washington experience is helpful to a president, even though several who had limited contact with the federal bureaucracy did well.

"With Lincoln as the exception, what you find is that the experienced do perform better," said Bruce Schulman, a political historian at Boston University.

The willingness even to entertain selecting an outsider for the nation's highest office may be a trait that the United States shares with few other countries. "If you go to England or France or Germany, rarely is it conceivable to see heads of government and ministerial positions without extensive government experience," Peterson said. "This is deeply rooted in the nature of modern American politics."

"There's a schizophrenia of the American political mind," said Jamie McKown, political scientist at the College of the Atlantic in Bar Harbor, Maine. "We want to have a beer or a cup of coffee with the candidates, but if they can't point out Tajikistan on a map, we're suspicious. We want them to be everyday people and superhuman."

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Bill Clinton, a former governor and attorney general of Arkansas, won the White House in 1992 running against more-seasoned political resumes with his formidable communications skills — an ability to act both as just "one of the guys" and a policy-loving Rhodes scholar.

"Either you prove to be an effective or ineffective campaigner," Baker said. "That's the difference: the extent to which you can connect with voters."

Some think that Obama's fresh face will help him on that front.

"Most voters want something new," said Democratic consultant Donna Brazile, who managed then-Vice President Al Gore's presidential campaign in 2000. "They want less D.C. experience and more good values."

Governors See Influence Wane In Race For Presidency (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 25, 2007

Despite Trend of Success, Not One Is a Front-Runner

In one of the fastest-starting presidential campaigns in history, one group of politicians has not kept pace: the nation's governors.

The most successful route to the White House in recent elections has run through the governors' mansions, but in the 2008 campaign, state chief executives are struggling to fight their way into the top tier of candidates in both the Republican and Democratic races.

This weekend, two events highlighted the lack of gubernatorial influence in the opening stages of the 2008 campaign. The first was Friday's announcement by former Iowa governor Tom Vilsack that he was dropping out of the Democratic race less than three months after formally launching his campaign.

The other was yesterday's opening of the winter meeting of the National Governors Association, where few attendees expressed any desire to get involved on behalf of a presidential candidate.

Pennsylvania Gov. Edward G. Rendell (D) said that because of the heavily front-loaded nomination calendar, he and others may have more to lose than gain by picking a candidate now.

"Why risk ticking off the eventual nominee when there's no value to it?" Rendell asked.

One Republican governor, who spoke on the condition of anonymity to talk more freely about the GOP race, said that in the absence of a strong front-runner in the traditional sense, any of the leading candidates could end up faltering, making an early endorsement far riskier than it was when Republican governors got behind the candidacy of George W. Bush in the 2000 campaign.

"They realize those guys running for president need you just as much in October as they need you now," he said. "So if you think this is a very fragile playing field, then it would be smart to wait."

Governors from states with early contests where endorsements might count heavily are, for now, staying neutral. Both Iowa Gov. Chet Culver (D) and New Hampshire Gov. John Lynch (D) plan to stay neutral at this point and are more focused on preserving their states' roles at the front of the process. They met yesterday to discuss the 2008 calendar, rather than the candidates.

The Democratic contest is now dominated by senators, with New York's Hillary Rodham Clinton and Illinois' Barack Obama the candidates drawing the most attention. Challenging them, particularly in several early states, is former North Carolina senator John Edwards. Two veteran senators, Delaware's Joseph R. Biden Jr. and Connecticut's Christopher J. Dodd, hope to capitalize if the front-runners stumble.

Just one governor is in the Democratic race: New Mexico Gov. Bill Richardson, who is seen as a long-shot candidate despite one of the deepest resumes of anyone in the field.

Vilsack wasn't even the first former governor to fall out of the Democratic race. Last fall, after receiving a rush of attention as a potential contender but before he could even announce his candidacy, former Virginia governor Mark R. Warner said he was not interested in seeking the presidency in 2008.

Indiana Sen. Evan Bayh had planned to use his record as governor as a central selling point in his campaign. But the Democrat got out of the race last December, just a few weeks after establishing a presidential exploratory committee.

The Republican race has followed a similar path. The two leaders in the polls are Arizona Sen. John McCain and former New York mayor Rudolph W. Giuliani. Former Massachusetts governor Mitt Romney, who passed up running for a second term to seek the presidency, is seen by some party insiders as the third candidate in the GOP top tier, but he is not well know nationally at this point.

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The GOP field includes two other former governors. One is Wisconsin's Tommy G. Thompson, who was one of the most innovative state executives of the 1990s. The other is Mike Huckabee of Arkansas. Both face uphill bids.

Rendell said the absence of more strong governors in the two fields may be nothing more than an anomaly in this campaign cycle. If California Gov. Arnold Schwarzenegger were not constitutionally prohibited from running or if former Florida governor Jeb Bush had a name other than Bush, either would be considered a top-tier candidate in the GOP field, he said.

On the Democratic side, the governors of vote-rich New York and Ohio were only just sworn into office, and several potential candidates from other battleground states faced challenging reelection campaigns in 2006 and opted out of the presidential race. "You can't run for president and run for reelection," Rendell said. "You have to make the choice that Governor Romney made."

So far only a handful of governors have endorsed presidential candidates. McCain has the support of Minnesota Gov. Tim Pawlenty and Utah Gov. Jon Huntsman Jr., while Romney has the support of Missouri Gov. Matt Blunt. No governor has announced support for Giuliani. Among Democrats, Obama has the support of Virginia Gov. Timothy M. Kaine, while Clinton has not yet rolled out the endorsement of any Democratic governor.

Montana Gov. Brian Schweitzer (D) is among those who are in no hurry to pick a candidate. "I like a lot of them," he said. "I like Bill Richardson a lot. Hillary's taking up the oxygen and a lot of the money in all the rooms. Barack could be the transformational leader that everybody's looking for. Maybe it's him. Edwards, he might be the one to come up through the middle. So give it a few months."

In Democratic Campaigns, Six Degrees Of Tom Daschle (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, February 25, 2007

The easygoing former Senate majority leader never seemed like a party boss. But lo and behold, Daschleites are everywhere. Former Daschle staffers or Daschle-era Senate leadership aides populate all the major Democratic presidential campaigns. A particular beneficiary: Sen. Barack Obama of Illinois, who won Daschle's endorsement last week. The South Dakota Democrat, defeated in 2004 by GOP Sen. John Thune, said Obama "personifies the future of Democratic leadership in our country."

Vilsack's Departure Makes Iowa Interesting

Former Iowa governor Tom Vilsack's decision to drop out of the presidential race late last week surprised many observers who expected him to stick it out at least through his home-state caucuses. Vilsack was always seen as a long shot for the Democratic nomination, but his departure still makes an impact on the field he leaves behind.

Here's a look at a few of the biggest winners and losers as a result of Vilsack's departure:

WINNERS

Iowa: With Vilsack out, there's no chance that the caucuses will be a repeat of 1992, when the presence of native son Tom Harkin turned the race into a non-entity. No candidate left in the field can excuse failing to make a splash in the Hawkeye State -- meaning what happens there now really matters.

Bill Richardson: Richardson is the only candidate left on the Democratic side with executive experience. There's a reason no senator has been directly elected to the White House since 1960. In that time, four governors have won the nation's highest office.

Chris Dodd: Dodd needed a break to make a real run at the nomination, and Vilsack's departure might just be it. The Connecticut senator should surprise some people with his cash haul at the end of the first quarter and is slowly but surely positioning himself to take advantage of a stumble by the front-runners.

Process: Vilsack dropped from the race 10 months before a single vote will be cast. His stated reason? Money. The public is largely unaware of the process of raising the cash and building a staff, but fundraising continues to matter more and more in weeding out the field.

LOSERS

Tom Vilsack: Insiders always wondered why Vilsack got into the race at all, and his decision to get out so quickly does little to enhance his chances at being picked for the national ticket. Remember, Vilsack was on the veep shortlist for Sen. John Kerry (D-Mass.) for 2004. Hard to see how he helped his chances at that slot for 2008.

Nevada: With Vilsack out of the race, second-tier candidates looking to make the big leap will probably devote most of their limited resources to making a move in Iowa. The Nevada caucuses, set for five days later, will be an afterthought.

Policy: Vilsack was a leading voice in the so-called "ideas primary," putting forward a series of detailed issue proposals including an overhaul of energy policy. It didn't save him.

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Stuck In The Mud (WP)

By Frank Luntz

The Washington Post, February 25, 2007

How Can the GOP Get Moving Again? Drop the Dirty Politics and Get Real.

"Don't be afraid to see what you see," Ronald Reagan once said.

Today, many of his disciples are choosing not to see the obvious. Republicans in Congress cannot regain their majority merely by relying on a coalition of traditional conservatives and evangelicals. They must reach out to what I call "the fed-ups" -- a large and growing constituency of independent voters who have held the balance of power in every election since 1992, and will hold it again in 2008.

It was only 14 years ago that nearly 20 million voters rejected both Bill Clinton and George H.W. Bush in favor of H. Ross Perot, a little man with big ears and a big idea. Perot's principal claim on their allegiance in the presidential election of 1992 was his insistence that government should be competent, sensible and honest about its finances. His supporters were mad as hell and weren't going to take it anymore. Those voters -- 19 percent of the electorate -- demonstrated that there was a potent political movement of fed-up Americans.

Two years later, millions of Perot voters switched to the Republicans and helped them grab control of Congress. They stayed with the GOP for a decade because the party represented "good government." But red ink budgets, earmarked appropriations for bridges to nowhere, endless ethics scandals and a debacle of a war made them mad once again. In 2006 they deserted the GOP in droves and turned control of Congress back to the Democrats.

How incredible that the antidote to what ails the Republicans can be found in the words of a famous Democrat. In his tragic run for the presidency in 1968, Sen. Robert F. Kennedy said, "Some men see things as they are and say, 'Why?' I dream of things that never were and say, 'Why not?' " The magnificent poetry of that challenge -- to do more and to do better -- is at the core of who we are as a society, what we want for America and for ourselves. Here is the reason why the Republican Party has faded from relevance in the past two years.

Despite its many problems, the United States remains a nation of dreamers. The American psyche is genetically wired to see possibilities. Faith in the future is in our DNA. It's why we historically vote for the more positive, hopeful, upbeat candidates.

Yet my recent public opinion research has recorded unprecedented anxiety about the country's direction. Just 34 percent of the voting public believe that the America of tomorrow will be better than the America of today, while 57 percent think it will be worse.

This explains why so many people have lost patience with the current U.S. leadership. It is no wonder that 52 percent of voters in my election night survey said they were "mad as hell" about politics and politicians. Can you blame them? It doesn't matter whether you are a Republican or a Democrat, the outlook is grim: a war with no end in sight, rising costs of health care, borders that are poorly patrolled, schools that are failing, manufacturing that is disappearing, and a culture that is coarsening.

Congressional Republicans didn't seem to notice in 2006, and certainly didn't seem to care. For the all-important swing voter in the center -- the current version of those 19-plus millionPerot voters -- Republicans came to represent the politics of hypocrisy and failure. They didn't have a message. They didn't have an agenda. They didn't have a purpose. And so on Election Day, these voters -- now about 16 percent of the electorate -- went elsewhere.

It is unfortunate that the Republican Party is currently dominated by hyperpartisan, gut-punching professional politicians and expert technicians whom I wouldn't want to face at the dark end of the electoral alley. They specialize in the flawless execution of "wedge" politics. That may have worked well in past elections, but no longer. The latest gimmick is "branding" -- a Madison Avenue technique -- to reverse the Republican slide. But political parties are not brands, slogans are not a replacement for ideas and you don't sell leaders the way you sell widgets.

Many rank-and-file Republicans agree. But the party apparatus still doesn't get it. Over the years, I have become unpopular with the GOP hierarchy by telling the apparatchiks what they needed to know, not what they wanted to hear. Nowadays my work is far from the day-to-day grind of political partisanship. But if I were still in the thick of it, my guidance would be just 20 words long: Be bold, return to basics, stop telling, start asking, focus on results, abolish "earmarks" and embrace a permanent balanced budget.

Shortly after the Republican landslide of 1994, Rep. Jim Nussle of Iowa said: "I hope none of us lose the backbencher point of view. We should always look to make changes." Nussle was one of a cadre of passionate Republican reformers who railed against Democratic improprieties. (He gave up his House seat to run unsuccessfully for governor of Iowa last year.) The Republican Party still has its share of outsiders, crusaders, people unwilling to accept politics or governing-as-usual. I think of lawmakers such as Rep. Paul D. Ryan (Wis.) and Sen. Jon Kyl (Ariz.), who want to get back to balanced budgets, fiscal accountability and causes that appeal to centrist voters.

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They understand that Republicans lost the majority because Americans wanted change. But they need to step up now, speak out and demand a public role in reforming the party and Washington in the same way that former House speaker Newt Gingrich (Ga.) demanded that well-meaning but failed Republican leaders step aside in 1994.

There are some hopeful signs.

Both the early front-runners for the GOP presidential nomination in 2008 have appeal beyond the party's base of conservative supporters. Arizona Sen. John McCain tapped into the old Perot constituency in his bid for the nomination in 2000, and former New York mayor Rudolph W. Giuliani is doing that now.

In Florida, a group of Republican legislators stepped back from partisan bickering to try something novel: They asked the people for ideas.

Florida House Speaker Marco Rubio challenged his colleagues to create an agenda for the future with "100 Innovative Ideas" from ordinary people around the state. Instead of fundraisers, they held "idea raisers." Republicans, Democrats and independents were all welcome -- any idea that advanced the principles of good government and political accountability was considered.

It wasn't a political ploy. They released their "100 Innovative Ideas for Florida's Future" after the election. And Republican legislators got back in touch with constituents.

But what did national Republicans do as the new Congress convened and Democrats began pushing through their "Six for '06" proposals in the first 100 hours? They called a news conference not to present counter-proposals to guide the minority over the next two years, but to complain that the Democrats were treating them unfairly. They objected that the committee process was being skirted and members were denied opportunities to offer amendments.

Were Republicans standing up for retirement security, control over health-care decisions or economic freedom? No. They were upset over who was or was not allowed to offer amendments on the floor. (Note to Republicans: Americans don't care.)

The path to a GOP majority must be paved with solutions to the real problems of real people. Republicans should talk about expanding health savings accounts and educating Americans about the benefits they offer. They should commit to sunsetting government programs every four years unless continuing them can be justified. They should pledge the investment necessary to develop renewable fuels and alternative energy. They should challenge Democrats to tackle the burgeoning tax code and fight for tax simplification on behalf of hardworking taxpayers.

Republicans need a spirited, intellectually based rebuttal to every piece of Democratic legislation and an alternative to every policy -- not a new parliamentary maneuver.

My polls show that Democrats now hold a perceived advantage with voters not just on reducing deficits and balancing the budget but on an issue long seen as a GOP strength: ending wasteful spending. That alone should jar Republicans into taking a fresh approach.

Step one should be the abolition of earmarks for hometown and home-state projects. Nothing will undermine the lobbyist culture more than a clear and definitive statement that there will never again be a highway project like the Alaskan "bridge to nowhere."

Step two is to once again stand for accountability, a principle abandoned in the last Congress. If Republicans are serious about demonstrating that they understand what America wants, they will support a balanced-budget amendment -- but with an important twist: The declining Social Security surplus couldn't be used as a numbers game to "reduce" shortfalls, and there would be a clause making it difficult to raise taxes.

Republicans lost their congressional majority because they lost touch with what Americans really want. As a pollster, I rarely hear voters call for smaller government. They tell me that they want more efficient and more effective government. (Note to Republicans: There is no starker symbol of Washington's inefficiency and ineffectiveness than the federal government's inability to control our borders and prevent illegal immigration.) Last year, Republicans campaigned locally and lost nationally. Relying on local issues to define elections at a time when national matters dominate public concerns is a losing strategy. With 20 months until the next election, Republicans have a responsibility as the minority party, as the opposition party, to prove themselves as once again worthy of public trust. They must adopt a bold agenda to mirror the public's desire for bold change. Anything less and they will fail not only themselves but also the country.

Frank Luntz, a corporate communications adviser, was pollster for the GOP's 1994 "Contract With America" and advised House and Senate Republicans from 1994 through 1999. He is the author of the new book "Words That Work: It's Not What You Say, It's What People Hear" (Hyperion).

Politics For The Disengaged (WP)

By David S. Broder

DOJ_NMG_0136581

The Washington Post, February 25, 2007

In a wonderful example of life imitating art, a group of serious political pros has taken the plot line of "The West Wing" and turned it into the most intriguing gambit yet seen for the 2008 election.

As fans of the now-canceled NBC drama know, the closing episodes showed newly elected Democratic President Matt Santos offering the position of secretary of state to his defeated Republican rival, Sen. Arnold Vinick. The Great Reconciliation not only brought Jimmy Smits and Alan Alda together for the closing shows but also satisfied the audience's hunger for national harmony in a time of bitter partisanship.

That's also the motivation for the creators of Unity08, a scheme announced last week to put forward an alternative ticket for the next presidential race, joining a Democrat and a Republican or headed by an independent pledged to forming a bipartisan administration.

The founders of Unity08 include Hamilton Jordan and Jerry Rafshoon, key players in Jimmy Carter's campaign and presidency, and Doug Bailey, a longtime adviser to Republican moderates and now publisher of the Hotline, a political newsletter.

The one leading sponsor who has held public office is Angus King, elected twice as an independent as governor of Maine. He came to see me last week, along with two impressive college students, Lindsay Ullman of Yale and Zach Clayton of the University of North Carolina, who represent Unity08's target audience of young people.

The sincerity of their motivation is as striking as the odds against their success.

Their hope is to harness the power of the Internet -- already demonstrated as a fundraising and recruiting tool in the 2004 campaigns of Howard Dean and others -- to mobilize the vast numbers of Americans who say they dislike their current political choices. A poll they commissioned found that 70 percent of Americans are dissatisfied with politics today and a similar percentage think politicians do not care about the views of people like themselves.

To provide an outlet for those alienated people, the Unity08 sponsors plan an Internet nominating convention in 2008. People who sign on can vote for the bipartisan ticket of their choice -- or an independent who would present a slate for a bipartisan administration.

Then those electronic "delegates" would be charged with qualifying the nominee for a place on their state ballots -- an often-arduous task for a third-party candidate.

The practical difficulties facing the venture are enormous. Persuading prominent figures to submit their names for consideration will not be easy. King suggested to me that if such a mechanism had been in place in 2000, Colin Powell might have run for president as an independent and been elected.

That is possible, but it would be a huge risk for Republicans or Democrats who have been elected to a position of responsibility to abandon their party and run under the Unity08 banner.

The electronic nominating convention would take place early in 2008 -- at a time when voters would know the concept but not the makeup of the Unity08 ticket. How many would participate is an open question. And the task of qualifying the nominee for the ballot in 50 states and the District of Columbia is one that has been a tough struggle for other third-party efforts.

Both polling and practicality suggest that the notion of an Internet-generated third ticket would have its greatest appeal to younger Americans. Ullman and Clayton, former presidents of the National Association of Student Councils, certainly are right when they say that many of their contemporaries are frustrated by the spectacle of both parties catering to entrenched interest groups and ideological extremes. Even though a senator from his home state, John Edwards, was on the Democratic ticket, Clayton said many of his friends "didn't like the choices and didn't vote" in 2004.

There may be more than a whiff of elitism in the Unity08 manifesto, which explicitly puts down social issues, such as abortion and gay marriage, that are important to many voters, while emphasizing education, the environment, health care and energy. But there undoubtedly is a hunger in the land for consensus and an end to partisanship.

A more straightforward answer would come from a credible independent presidential candidacy or an agreement by credentialed figures from the two parties to form a ticket. The rigmarole of an Internet convention could give way, then, to an actual campaign.

But meantime, those of you who share the wish for some alternative can find out more at http://www.unity08.com .

davidbroder@washpost.com

Growing A Third Party (WP)

By David S. Broder

The Washington Post, February 25, 2007

Somewhere in America, there are 35,000 people looking at the preliminaries to the 2008 presidential race from a different perspective than that of millions of their fellow citizens.

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They are the people who have signed up so far to participate in Unity08, the effort to launch a bipartisan third-party campaign with the first Internet nominating convention in history. I wrote about this unusual venture when it was launched last year by Hamilton Jordan and Jerry Rafshoon, both formerly of Jimmy Carter's White House; Angus King, the former independent governor of Maine; and Douglas Bailey, a veteran Republican consultant and political adviser.

I contacted Bailey recently to ask what had happened to this bold gamble, and he was the source of that 35,000 figure for the number of people who have lent support to the scheme. They obviously have a long way to go before they can claim to be a viable political force, but they are making slow, steady progress.

When I called Bailey, it had been just a week since the group announced that anyone who was interested could sign up at http://www.unity08.com as a voting delegate to a national convention planned for June 2008. Most of the sign-ups came before that formal start, Bailey said, in response to last year's publicity about the formation of Unity08.

"The need [for a third party] is as great as it's ever been," Bailey said. "The partisan bickering in Washington continues nonstop, and the contest for the nominations in both parties is likely to make it worse."

He pointed to two problems that many of us have decried. "The leading candidates in both parties have suggested they will decline federal matching funds and plan to spend unlimited sums," he said. "They expect the bundlers -- the people collecting for them -- to raise a million dollars each, and what do they [the bundlers] expect in return?"

Second, Bailey said, "the likelihood is that the nominees of both parties will be determined by the first three or four primaries, which means that 99 percent of the people who will vote in November will have absolutely no say in the names that are on the ballot. It's not surprising that they may be looking for an alternative."

None of that is implausible. But where does the alternative come from? Bailey and his partners have an answer, but the process they have in mind still strikes me -- as it did when it was first outlined -- as extremely cumbersome.

In a few weeks, they will outline provisional rules for their own nomination process, determining how candidates will qualify and how the voting will be conducted. The goal is to pick either a political independent for president or to form a ticket with both a Democrat and a Republican. Feedback will be welcomed before the rules are made final, he said.

Then comes the hard part. Thirty-nine states allow a new party to petition its way onto the presidential ballot, without having a named candidate, but the deadlines and numbers of signers required vary widely. The first test will be whether Unity08 attracts enough volunteers and money to carry out that effort.

And then comes the challenge of recruiting a candidate or candidates for Unity08 to back. If its organizers had a compelling person already lined up, their task would be much easier, but they do not.

I suggested to Bailey that the underlying premise of this campaign -- the need to cure the partisanship of Washington -- might be undercut if the Republicans and Democrats nominated people who are not closely associated with those partisan battles -- mentioning Rudy Giuliani, Mitt Romney and Mike Huckabee on the GOP side and Barack Obama and Bill Richardson among the Democrats.

"To the degree that the nominees of the two parties recognize that bipartisan leadership is essential, then it shows the political process has made a self-adjustment, and that is good," he said. "But the usual game is to target the base of your party, rile it up with wedge issues and ignore the middle.

"If they do that again, we will be ready. It is possible the parties can right the ship themselves, but I don't have a lot of confidence in that happening."

Perry Muscle Flexing Falls Flat (HC)

By R.g. Ratcliffe

Houston Chronicle, February 25, 2007

Controversial executive orders spur lawmakers to exercise their own authority

AUSTIN — Gov. Rick Perry has time and again tried to increase his powers either through legislation or executive fiat.

But Perry's five-year drive to add some muscle to Texas' weak governor system hit a brick wall last week.

First, a state district judge ruled that Perry lacked the power to tell state administrative law judges by executive order to speed up hearings in TXU Corp.'s request for coal-fired electric plant permits.

The next day, a House committee approved a bill to overturn Perry's executive mandate that all sixth-grade girls be vaccinated against a sexually transmitted virus that causes most cervical cancers.

"On the vaccine, the Legislature was relatively insulted about that," said House Appropriations Chairman Warren Chisum, a Republican who has been allied with Perry in the past. "They just felt it was important to exercise their authority as a Legislature."

Perry spokesman Robert Black said the governor has done nothing more than try to be the chief executive of Texas.

"The executive branch agencies in this state have a lot of power, but they look to the governor for leadership," Black said.

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Since he became governor in 2000, Perry has issued 65 executive orders. Most are the usual gubernatorial mix of disaster declarations, study task forces and flags flying at half-staff to honor the dead.

However, more than either of the previous two governors, Perry also has used executive orders to expand the power of his office, and his executive order mandating vaccinations against the human papillomavirus is not the first that over-stepped the Legislature.

At least four times, Perry has issued executive orders for state agencies to adopt policies that failed to pass in the Legislature — including a bill by Chisum to speed up the hearings process on air pollution permits such as the one involved in the TXU case.

In three other orders, Perry took provisions of education legislation that had failed in 2005 special sessions and ordered the Texas Education Agency to implement them.

One was a requirement that school districts spend no less than 65 percent of their budgets on classroom instruction. School districts had been instrumental in killing the so-called 65 percent rule in the Legislature.

In another order, Perry one-upped a joint select legislative committee investigating efficiency and spending by higher education in the wake of dissatisfaction over tuition increases. Perry ordered state colleges and universities to perform efficiency studies and report to him.

And he also used an executive order in January to essentially re-create a criminal justice policy agency that he had vetoed out of existence in 2003. The agency had advised the Legislature on crime trends and whether new prisons would be needed. The new incarnation is a division of his office rather than an independent agency.

There also were some that it would have been hard to find detractors for, such as the executive order telling the Department of Public Safety to establish an Amber Alert system for notifying the news media about the kidnapping of children.

Chisum said legislators did not get upset over some of the earlier executive orders because they "weren't as important" to lawmakers in general.

"When you did the vaccine, that was statewide. It affected everybody. You can take on little groups, but you can't take on the whole group," he said.

The post-Reconstruction Constitution of 1876 was designed to make the Texas governor weak to decentralize power.

The constitution divides executive powers in Texas between the governor, the lieutenant governor, the secretary of state, the comptroller, the land commissioner and the attorney general. Five of the offices are elected statewide.

"That makes the governor different from the president of the United States," said Houston attorney David Kahne, one of the lawyers who won the judicial ruling blocking Perry's executive order in the TXU case.

Kahne said the president appoints a Cabinet and is in charge of the federal government. The Texas governor has only partial control, he said.

University of North Carolina political science professor Thad Beyle ranks Texas as having among the 11 weakest governorships, largely because many of the state's powerful executive offices are elected and not appointed. Perry's power rating improves when his party's current dominance is factored in.

Perry's spokesman described that as splitting hairs. He said the governor appoints the education and human services commissioners and the governing boards of most agencies.

"Whether it's on a piece of parchment that says executive order or whether it's a phone call with a directive to one of his appointees ... , the result is the same: Under Gov. Perry, the directive has been followed," Black said.

Others have triedPerry is not the first modern governor to try to expand the powers of his office.

During his tenure as governor, George W. Bush issued 41 executive orders.

None specifically expanded the governor's power, though two expanded the powers of his secretary of state to deal with foreign nations. His first secretary of state, Tony Garza, is now ambassador to Mexico.

The late Gov. Ann Richards issued 65 executive orders during her four years in office. None could be interpreted as expanding her authority.

But Richards was a major proponent of expanding the governor's powers. She tried to get the Legislature to do it in 1991 by making state agency heads serve at her pleasure.

The executive directors of most state agencies are hired by citizen governing boards that are appointed by the governor. But members of the boards can be removed only by a two-thirds vote of the Legislature, so they are not required to follow a governor's directives.

"Calling the bureaucracy into account requires a governor with the power to hire and fire executive directors," Richards said.

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The Legislature consolidated 58 state agencies and gave Richards some additional authority, but it refused to give her direct control of the state bureaucracy.

Perry sought that exact same power in 2003. Again, the Legislature refused to give a governor that additional power.

State Rep. David Swinford, R-Dumas, had carried an omnibus bill that would have consolidated agencies and given the governor more direct control of the bureaucracy.

He said the 130-year-old provisions of the state constitution do not match a modern Texas.

"The constitution, the way it was drawn, there's a lot of things you have to react to a lot quicker now. We have 23 million people," Swinford said.

Swinford said many legislators opposed the bill because there "may have been distrust of all governors."

'Delusions of grandeur'?Perry did convince the Legislature to eliminate the state's economic development agency and make it a division of his office. He also signed into law a bill requiring the state's health and human services commissioner and his 45,000 state employees to answer to the governor.

"That example of when the Legislature gave him more power hasn't worked that well," said state Sen. Rodney Ellis, D-Houston, referring to problems implementing the privatization of state welfare programs.

Ellis was a leader of the opposition to expand Perry's powers in the 2003 Legislature. Ellis said Perry has been able to take a certain amount of additional power without asking because Republicans control the Legislature, hold every statewide office and Perry is the "titular" head of the Texas Republican Party.

"He hasn't had to work with the Legislature in the way that Ann Richards had to or even George W. Bush had to," Ellis said. "He probably figured he could just keep playing on that field and nobody would ask any questions."

Ellis said Perry's six years in office and his past successes created an aura of power, despite having won re-election with just 39 percent of the vote.

"In the case of Gov. Perry, perhaps he has some delusions of grandeur," Ellis said. "Regardless of the percentage you won by, you've been there so long you begin to get comfortable and think that you can just steamroll your way through the process."

Real Tests For Real Children (NYT)

The New York Times, February 25, 2007

The No Child Left Behind Act required the states to raise educational standards and test student performance, in exchange for federal aid. But things have not worked as Congress planned. Instead of moving toward the educational excellence that the country needs to compete in the global economy, many states opted for dumbed-down tests and deliberate sleight of hand to create the fraudulent appearance of progress.

As a result, states that perform well with their own watered-down exams do shockingly poorly when their students take the far more rigorous federal test known as the National Assessment of Educational Progress. A report this month by the bipartisan Commission on No Child Left Behind highlights this problem and calls for the development of more rigorous tests and national standards in reading, language arts, math and science.

States would then be offered the options of embracing the national standards and tests, building new ones based on the national model or keeping their existing standards and tests. States that chose not to embrace the national standards would have to submit their tests and standards to federal evaluation — to see how they compare to the national model — and the results would be reported to parents and the general public.

This proposal, which would have been shot down in previous years, is finding a great deal of sympathy in Congress. That is good news, given the work that has to be done to ensure that all of America's children can compete in the world.

Taking Elections Public (WP)

The Washington Post, February 25, 2007

Good government -- at $28 million, it's a bargain.

LAST YEAR, Maryland candidates for public office at the state level raised $93.6 million for their campaigns, up 69 percent from 2002, the previous gubernatorial election year. The scramble for cash required to mount a plausible race for the state Senate or House of Delegates doubtless discourages potential candidates, monopolizes the time of those who do run and builds cynicism in voters' views of their elected officials. So why isn't public financing of elections a hotter issue in Annapolis?

The common excuse is cost. The Senate president, Thomas V. Mike Miller Jr. (D-Calvert), has declared himself opposed to spending taxpayers' dollars on politicians. That's a fine populist sentiment, but in fact the cost of a sensible public financing proposal for legislative races (not statewide offices) is modest -- an estimated $28 million in the course of a four-year election cycle. A bill before the General Assembly is modeled on rules already working well in Maine and Arizona. And public funding's

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advocates make the not implausible argument that the scheme would pay for itself soon enough as lawmakers, less beholden to special interests and corporate contributors, trimmed pork-barrel spending and tax breaks for the favored few.

Similar legislation passed the House last year. Under its terms, to become eligible for public funding candidates would first prove their viability by collecting several hundred small contributions -- $5 or more -- in a legislative district. If they accepted public funding, House candidates in contested races would then be eligible for $80,000 in public funds and pledge to spend no more; Senate candidates in contested races would qualify for $100,000. The system would be completely voluntary. Candidates could opt out, forgo the state allotment, and proceed to raise and spend money without limit; if they did so, however, their opponents who opted in would be compensated with additional state funding.

Incumbents are unlikely to vote for the measure if they believe it will cost them their jobs. But there is so far little evidence of that outcome. In Arizona and Maine, where public financing has been in place since 2002, it has resulted in more contested races -- but no loosening of incumbents' grasp. In both states, where growing numbers of candidates have chosen to take public financing, upward of 90 percent of incumbents seeking reelection won their races last year. But even without altering the incumbent-favoring dynamics of state elections, there is every reason to think that the result -- a legislature whose members owe less to entrenched, deep-pocketed interests -- will be a fairer, more impartial and better government.

Iran Urges Talks On Nukes, Not War (WT/AP)

By Ali Akbar Dareini, Associated Press

The Washington Times, February 25, 2007

TEHRAN -- The Iranian foreign minister said yesterday the United States was in no position for another war and maintained that negotiations -- not threats -- were the only way to resolve the standoff over its nuclear activities.

Foreign Minister Manouchehr Mottaki was responding to Vice President Dick Cheney, who renewed Washington's warning to Iran earlier yesterday that "all options" were on the table if Tehran continues to defy U.N. demands to halt uranium enrichment.

Mr. Mottaki said the U.S. could not afford to settle its differences with Iran by starting a third war after Afghanistan and Iraq.

"We do not see America in a position to impose another crisis on its taxpayers inside America by starting another war in the region," Mr. Mottaki told reporters.

The United States and several of its Western allies fear that Iran is using its nuclear program to produce an atomic weapon -- charges Iran denies, saying its aim is to generate electricity.

The International Atomic Energy Agency (IAEA) reported on Thursday that Iran had ignored a U.N. Security Council ultimatum to freeze its uranium-enrichment program and had expanded the program by setting up hundreds of centrifuges.

Enriched to a low level, uranium is used to produce nuclear fuel, but further enrichment makes it suitable for use in building an atomic bomb.

The IAEA report was released after the deadline Wednesday of a 60-day grace period for Iran to halt uranium enrichment. Iran has repeatedly refused to halt enrichment as a precondition to negotiations about its program.

Mr. Mottaki urged the U.S. and its allies to return to dialogue when they are scheduled to meet in London next week.

"The only way to reach a solution for disputes is negotiations and talks. Therefore, we want the London meeting to make a brave decision and resume talks with Iran," Mr. Mottaki said.

Gov. Bill Richardson, of New Mexico and a Democratic presidential candidate, yesterday also urged the Bush administration to negotiate directly with Iran.

"Saber-rattling is not a good way to get the Iranians to cooperate," Mr. Richardson wrote in an op-ed piece in The Washington Post. "But it is a good way to start a new war."

Iran, Mr. Richardson wrote, "will not end their nuclear program because we threaten them and call them names."

Separately, Iran's elite Revolutionary Guards said it killed 17 mercenary fighters on its border with Turkey and accused the United States and its allies of seeking to provoke tensions along the country's frontiers.

In a statement, the Guards said 17 "counterrevolutionary mercenaries" were killed, the official Islamic Republic News Agency (IRNA) reported yesterday.

The Guards chief, Gen. Yahya Rahim Safavi, said the United States, Britain and Israel were seeking to incite tension on Iran's borders to undermine its government, IRNA reported.

"Iran's enemies, through hiring some mercenaries and with their wishful thinking, want to create instability but ... the armed forces will strongly suppress anti-revolutionaries and rebels who are dependent to foreigners," Gen. Safavi was quoted as saying.

Diplomats Say U.S. Intelligence On Iranian Nukes Is Thin (LAT)

By Bob Drogin, Kim Murphy

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The Los Angeles Times, February 25, 2007

VIENNA, Austria -- Despite growing international concern about Iran's nuclear program and its regional ambitions, most U.S. intelligence shared with the U.N. nuclear watchdog agency has proved inaccurate and none has led to significant discoveries inside Iran, diplomats here said.

The officials said the CIA and other Western spy services have provided sensitive information to the Vienna-based International Atomic Energy Agency at least since 2002, when Iran's long-secret nuclear program was exposed. But none of the tips about supposed secret weapons sites provided clear evidence that the Islamic Republic is developing illicit weapons.

"Since 2002, pretty much all the intelligence that's come to us has proved to be wrong," said a senior diplomat at the IAEA. Another official here described the agency's intelligence stream as "very cold now (because) so little panned out."

The reliability of U.S. information and assessments on Iran is increasingly at issue as the Bush administration confronts the emerging regional power on multiple fronts: its expanding nuclear effort, its alleged support for insurgents inside Iraq and its backing of Middle East militant groups.

The CIA still faces harsh criticism for its pre-war intelligence errors on Iraq. No one here argues that U.S. intelligence officials have fallen this time for crudely forged documents or pushed shoddy analysis. IAEA officials, who openly challenged U.S. assessments that Saddam Hussein was developing a nuclear bomb, say the Americans are much more cautious in assessing Iran.

American officials privately acknowledge that much of their evidence on Iran's nuclear plans and programs remains ambiguous, fragmented and difficult to prove.

The IAEA has its own concerns about Iran's nuclear program, although agency officials concede they have found no proof that nuclear material has been diverted.

Iran's radical regime began enriching uranium in small amounts last August in a program it insists will provide fuel only for civilian power stations, not nuclear weapons.

On Thursday, the IAEA released a report declaring that Iran had expanded uranium enrichment and defied a Security Council deadline to suspend nuclear activities. In the meantime, the agency is locked in a dispute with Tehran, the Iranian capital, over additional information and access to determine if the program is peaceful.

In November 2005, U.N. inspectors leafing through a box of papers in Tehran discovered a 15-page document that showed how to form highly enriched uranium into the configuration needed for the core of a nuclear bomb. Iran said the paper came from Pakistan, but has rebuffed IAEA requests to let inspectors take or copy it for further analysis.

Diplomats here were less convinced by documents recovered by U.S. intelligence from a laptop computer apparently stolen from Iran. American analysts first briefed senior IAEA officials on the contents of the hard drive at the U.S. mission here in mid-2005.

The documents included detailed designs to upgrade ballistic missiles to carry nuclear warheads, drawings for subterranean testing of high explosives, and two pages describing research into uranium tetrafluoride, known as "green salt," which is used during uranium enrichment. IAEA officials remain suspicious of the information in part because most of the papers are in English rather than Farsi, the Iranian language.

Iran's representative to the IAEA, Ali Asghar Soltanieh, dismissed the laptop documents as "fabricated information." Iran, he said, has produced 170 tons of "green salt" at a uranium conversion facility in Esfahan that is monitored by the IAEA.

"We are not hiding it," he said in an interview. "We make tons of it. These documents are all nonsense."

The U.S. government is not required to share intelligence with the IAEA, and relations between Washington, D.C., and the U.N. agency are at times testy. In March 2003, ElBaradei embarrassed the White House when he told the Security Council that documents indicating that Saddam's regime in Iraq had sought to purchase uranium in Niger were forged. The Bush administration subsequently opposed ElBaradei's re-appointment as IAEA chief.

While it confronts Iran's nuclear ambitions, the Bush administration also has tried to finger Iran as a supplier of munitions and training for insurgent groups in neighboring Iraq.

But the quality of its information has limited this effort, as well.

U.S. officials recently compiled evidence purporting to show that the Iranian Quds Force, an elite unit of the Iranian Revolutionary Guards, has supplied Iranian-made weapons to Shiite militia that have attacked U.S. forces in Iraq.

After U.S. officials unveiled the evidence to reporters in Baghdad two weeks ago, however, Secretary of Defense Robert M. Gates and other Pentagon officials scrambled to retreat from the incendiary claim that the "highest levels" of the Tehran government were directly involved.

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"I don't know if it goes to the highest levels of the government," Army Lt. Gen. Ray Odierno, the officer in charge of daily operations in Iraq, told Pentagon reporters Thursday. "What we do know is that the Quds Force has had involvement with some extremist groups in Iraq."

Washington, D.C., has sought to pressure Tehran into halting the supply of so-called "explosively formed projectiles" that are able to penetrate heavily armored vehicles. The projectiles represent only a small percentage of roadside bombing attacks in Iraq but they are far more lethal than ordinary explosives.

Administration officials also cite a growing effort by Hezbollah, an Iranian protege and ally based in Lebanon, to aid anti-American Shiite forces in Iraq.

U.S. military officials contend that Hezbollah has provided training in Lebanon to hundreds of members of the Mahdi Army, which is controlled by radical anti-American cleric Muqtada al-Sadr. A smaller number of Hezbollah forces reportedly have entered Iraq through Syria to provide such training.

Given the lack of clear evidence, Iran's strategic goals in Iraq are a matter of debate and concern has spread about its growing influence there. Although Iran is Persian and Iraq is Arab, both have majority Shiite populations, who have kept close religious, economic and cultural ties for centuries. Iran's rulers view the United States as meddling in their backyard, or at least in a natural part of their sphere of influence.

Some outside experts believe Iran seeks to keep America tied down indefinitely in Iraq and actively will resist a settlement there for fear Washington will next turn its guns on Tehran.

Ali Ansari, an expert on Iran at St. Andrew University in Scotland and author of "Confronting Iran," counters that Iran and America share some interests.

Iran is "looking for a stable Iraq," he said. "They want an Iraq that is not fragmented. But the difference would be that they don't want an Iraq that is militarily strong. They want an Iraqi government that is elected democratically, which means a Shiia Iraq."

But Sunni-dominated governments in Egypt, Jordan and especially Saudi Arabia have pushed the U.S. to expand Sunni representation in Iraq's leadership as a way of countering Tehran. Some experts fear that a nuclear-armed Iran will spark a regional arms race.

John Negroponte, former director of national intelligence, told a House committee last month that Iran has extended its "shadow in the region" since the U.S. ousted hostile regimes on its borders: Afghanistan's Taliban and Saddam's government in Baghdad.

Iran also has increased regional political leverage, he said, due to increased oil revenues, electoral victories by Hamas in Palestinian territories, and Hezbollah's "perceived recent success in fighting Israel" in Lebanon.

Iran and Syria since have resupplied arms to Hezbollah, including stocks of long-range missiles that could reach deep into Israel, U.S. officials contend.

Washington lists Hamas and Hezbollah as terrorist organizations.

The administration has also become alarmed at Iran's increasing efforts to support Hamas following the group's victory in Palestinian elections in January 2006. That worry lies behind an $86 million U.S. plan to build up the security forces of Palestinian Authority President Mahmoud Abbas' presidential guard and National Security Force.

Iran's president, Mahmoud Ahmadinejad, has exploited the growing confrontation with Washington, D.C., to gain much needed political support at home. Nationalist sentiments run deep in Iran and the claim that Tehran has the same right to nuclear power as other nations has become a rallying cry that undermines the government's domestic critics.

"None of us can accept the suspension of these activities because people consider this our legal right," said Akbar Alami, an independent lawmaker. "All the political parties agree with this. We cannot stop."

Ahmadinejad's fiery rhetoric and defiance of the West also has burnished his credentials as a populist leader in other Islamic nations. That has raised alarms in Sunni governments around the region that Iran's brand of militant political Islam, possibly backed by the prestige of being a nuclear power, is on the march.

"The Americans are worried about enriched uranium and the Arabs are worried about enriched Shiism," said Mamoun Fandy, senior fellow for gulf security at the London-based International Institute for Strategic Studies. Iran's growing power, he said, "threatens every existing political order in the region."

Staff writers Paul Richter and Peter Spiegel in Washington, D.C., contributed to this report.

Fighting Iran -- With Patience (WP)

By Jim Hoagland

The Washington Post, February 25, 2007

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Nuclear weapons have a way of forcing presidents to reverse policies thought to be carved in stone. So it was with Ronald Reagan and the Soviet Union, and so it may be now with George W. Bush and the two surviving members of the "axis of evil."

To the outrage of some supporters and the mockery of his critics, President Bush has blessed a tentative, quarter-loaf diplomatic deal aimed at curbing North Korea's nuclear arsenal. And he has a shot at reaching a modus vivendi with Iran on nuclear proliferation as well -- if he disregards both the outrage and the mockery, as he should.

"There is movement behind the scenes," a European diplomat who closely follows Iran told me last week. "The Iranians are nervous and want to get engaged." Details of a confidential Iranian proposal that has been circulating in Brussels and Tehran for four months support the view that there could be an opening on the Iranian front despite the angry rhetoric from Iran triggered by last week's new indictment of its nuclear ambitions by the International Atomic Energy Agency.

Bush vigorously ruled out rewarding bad behavior by foreign adversaries in his first term. Saddam Hussein's manipulation of the international community was a driving force in Bush's labeling Iraq, along with North Korea and Iran, as irredeemably evil in 2002 and invading Iraq a year later.

But now Bush countenances providing economic and diplomatic rewards to North Korea, and ultimately to Iran, to reduce the threat of nuclear weapons in the hands of two regimes that behave as badly as anyone could want. The bravado of the first Bush term has been replaced by a sadder and quieter way of doing business abroad as Iraq has sapped U.S. capabilities and political cohesion.

The sense of a U-turn is reinforced by Bush's reliance this time on the negotiating skills of his diplomatic corps and on European and Asian partners to reach, enforce and pay for the projected deals, which would serve as twin tombstones for a brief era of U.S. unilateralism.

The change on North Korea is described by former administration officials as a strategic decision by the president to start "to pry the lid off" of that starving, tyrannized remnant of the Cold War by offering Pyongyang a path for peaceful change. Cooperation in the six-party negotiations would also help stabilize China's relations with Japan and the United States, in this view.

The president reportedly surprised Chinese President Hu Jintao during their lunch at the White House last April by suggesting that, if the nuclear impasse could be resolved, the time was right for a formal peace treaty to end the Korean conflict. And when North Korea defied Chinese "advice" by conducting a nuclear test in October, China became more engaged in pulling Pyongyang back to the negotiating table.

Unfortunately, Bush cannot rely on Russia to play a similarly helpful role with Iran. President Vladimir Putin seems willing to take enormous risks with global stability for short-term, largely commercial reasons. And divisions in Iran's leadership make the reaching of a "mutual suspension" accord -- under which Tehran will suspend enriching uranium in return for the suspension of U.N. sanctions -- more difficult.

But U.S. and European policy should play on those divisions, which have visibly surfaced as President Mahmoud Ahmadinejad rants on in full-throated belligerence while officials closer to Ayatollah Ali Khamenei, Iran's supreme leader, offer proposals that have the virtue at least of identifying the chief remaining obstacles to a deal.

Last autumn, Iran's Ali Larijani told European Union negotiator Javier Solana that Iran could accept the Russian-E.U. proposal for an international consortium to enrich and reprocess nuclear fuel for Iran -- if the enrichment and reprocessing were done on Iranian soil.

A diplomatic device known as a nonpaper (so its existence can be denied) and dated Oct. 1, 2006, describes a "gentlemen's agreement" by the two diplomats to use the proposal "to help open the way to negotiations." When I telephoned him in Berlin last week, Solana affably but deftly warded off questions about the nonpaper, then added: "Nothing has been agreed. Nothing has been put forward in formal terms."

Precisely. The Iranian condition is unacceptable to Washington. But the fact that it was put forward at all suggests that the pressures generated by the U.S. Treasury's campaign to limit finance and export credits to Iran and condemnation by the United Nations are taking a toll on the Iranians -- as these tools did on North Korea.

Bush seems to have decided to employ strategic patience in seeking a verifiable nuclear deal with North Korea and to have taken a long-range view of regional stability. He should do no less with Iran, however much manufactured outrage or contrived mockery it provokes, in Tehran or in Washington.

UN's ElBaradei To Visit North Korea For Talks On Nuclear Accord (BLOOM)

By Seyoon Kim

Bloomberg, February 25, 2007

Feb. 24 - International Atomic Energy Agency Director-General Mohamed ElBaradei accepted an invitation from North Korea to visit the country in March for talks on its nuclear program, the United Nations atomic agency said.

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``I see this as a step toward the denuclearization of the North Korean Peninsula," Elbaradei was quoted as saying in a statement from the IAEA. ``We will discuss issues of mutual concern and how we can implement the agreement reached at the six-party talks about the shut-down and eventual abandonment of the Yongbyon nuclear facility, including the reprocessing facility."

North Korea invited officials from the United Nations atomic agency to visit in the coming weeks for talks on its nuclear program and on plans for inspections after pledging to end the pursuit of weapons in exchange for aid. ElBaradei may visit with a team of nuclear inspectors during the week of March 12, agency spokesman Peter Rickwood said yesterday.

North Korea's agreement to halt its development of nuclear bombs was also met with U.S. and Japanese promises of steps to normalize their relations with the country.

The accord was announced Feb. 13 after talks involving South Korea, the U.S., Japan, China and Russia. Under the agreement, the North will receive economic aid equivalent to 50,000 metric tons of heavy fuel oil and a further 950,000 tons if it disables its Yongbyon nuclear reactor.

The six-nation talks gained new importance after the North's nuclear test in October. The UN Security Council then banned sales of military equipment and luxury goods to the country. The Stalinist nation also test-fired seven missiles in July, one of them the long-range Taepodong 2.

North Korea's Welcome Opening (LAT)

The Los Angeles Times, February 25, 2007

IT WAS AN INVITATION he couldn't refuse. Last week, North Korea asked Mohamed ElBaradei, director of the International Atomic Energy Agency, to Pyongyang to discuss dismantling its nuclear facilities. The invitation arrived a day after the IAEA announced that Iran is moving faster than expected to enrich uranium, in defiance of the United Nations.

The IAEA, the imperfect yet indispensable nuclear watchdog agency, is imperfect in the way that all bureaucracies are imperfect; it can be slow, legalistic and equivocal. But as a keeper of the international nuclear order, it is better than the alternatives — a conclusion even the Bush administration appears to have accepted.

The IAEA has not always enjoyed such access, or such a reputation. North Korea kicked out IAEA inspectors in December 2002, then fired up its plutonium plant and, less than five years later, claimed a successful test of a nuclear bomb. Two weeks ago, North Korea signed the precursor to what could, if all goes much better than expected, eventually turn into a nuclear disarmament deal.

Under the pact, Pyongyang must shut down its Yongbyon nuclear reactor, allow IAEA inspectors back into the country and, within 60 days, disclose all its nuclear materiel and operations. In return, Pyongyang will get a dribble of heavy fuel oil, to be followed by more oil and aid if and when it begins to dismantle its nuclear facilities.

Although it's encouraging that Pyongyang has invited ElBaradei, the key test will be whether it discloses anything meaningful about its nuclear operations — which U.S. officials believe include stockpiles of bomb-ready plutonium and a program to enrich uranium. More critical still will be whether the famously secretive North Koreans will allow IAEA inspectors the access that will be required to verify their claims.

ElBaradei infuriated the Bush administration before its 2003 invasion of Iraq by refusing to endorse the U.S. view that Saddam Hussein had a functioning nuclear weapons program. He was eventually proved correct, of course, and in 2005 was awarded the Nobel Peace Prize (an award that was also an obvious rebuke to President Bush).

In Iran, however, IAEA reports have tended to support U.S. claims about Tehran's suspicious nuclear activities. Whether these reports have prompted a change in the U.S. attitude, or whether the change is the result of a larger shift in the administration's perspective on the IAEA, is hard to tell. Whatever the reason, the agency's renewed relevance in Washington is welcome.

All this said, ElBaradei and Bush disagree on Tehran. The U.S. generally favors a more hard-line approach, while the IAEA is more willing to negotiate. But these are policy disputes. The IAEA's strength is more practical. It is powerless to force nations to allow its inspectors to go where they are not wanted, nor can it catch determined cheats. But it has earned credibility for honestly reporting what its inspectors find and where they are not permitted to look. For this alone, its return to North Korea will be useful.

The Stuff Sam Nunn's Nightmares Are Made Of (NYT)

By Michael Crowley

The New York Times Magazine, February 25, 2007

By now we can too readily imagine the horror of terrorists exploding a nuclear weapon in a major American city: the gutted skyscrapers, the melted cars, the charred bodies. For Sam Nunn, however, a new terror begins the day after. That's when the

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world asks whether another bomb is out there. “If a nuclear bomb went off in Moscow or New York City or Jerusalem, any number of groups would claim they have another,” Nunn told me recently. These groups would make steep demands as intelligence officials scrambled to determine which claims were real. Panic would prevail. Even after the detonation of a small, crude weapon that inflicted less damage than the bomb at Hiroshima, Nunn suggested, “the psychological damage would be incalculable. It would be a slow, step-by-step process to regain confidence. And the question will be, Why didn’t we take steps to prevent this? We will have a whole list of things we wish we’d done.”

Nunn thinks of those things every time he picks up a newspaper. When, for instance, he reads about the arrest of a Russian man who, in a sting operation, tried to sell weapons-grade uranium — a reminder of a possible black market in nuclear materials and of the poor security at facilities in the former Soviet Union. Or when he sees news about Iran’s efforts to build a nuclear bomb, which could set off a wave of nuclear proliferation in the Middle East and thus significantly raise the possibility that terrorists will someday acquire a bomb. And despite the apparent diplomatic breakthrough with North Korea earlier this month, in which the North Koreans agreed to begin dismantling their nuclear facilities in return for fuel and other aid, Nunn, who finds the deal encouraging, remains concerned since North Korea’s unpredictable, cash-starved dictatorship still retains perhaps half a dozen nuclear bombs, and the ingredients to make more.

A decade after leaving the United States Senate, where he spent years as chairman of the Armed Services Committee, Nunn posed one, overriding question about his list of things we’ll wish we had done if a doomsday should ever come: “Why aren’t we doing them now?” In a sense, his own answer has been to help found and run the Nuclear Threat Initiative, a Washington-based foundation largely bankrolled by Nunn’s friends Ted Turner and Warren Buffett. In what may be the most ambitious example of private dollars subsidizing national security, the N.T.I. is trying to fill in the gaps where government is failing to reduce nuclear threats. In other words, to do the things now that we would otherwise wish we had done.

The war in Iraq has understandably consumed America’s foreign-policy energies. But it occludes what Nunn and many others, on both the right and left, regard as a deepening worldwide nuclear crisis. Despite its willingness to confront North Korea, the U.S., Nunn insists, still does not fully grasp the nuclear dangers it faces. “We are at a tipping point,” he says. “And we are headed in the wrong direction.” As he sees it, the trouble is, in a defense establishment that once war-gamed the end of the world a thousand different ways, there has been a shortage of thinking about what the right direction looks like or how to take it. It is a situation that has led Nunn, who once extolled nuclear weapons as a guarantor of American safety, to reassess decades of hawkish cold-war thinking, to reconsider his most fundamental beliefs about whether the country would be safer in a world with any nuclear weapons at all.

Sam Nunn’s nuclear nightmare begins with a character like Oleg Khinsagov. Last month, the International Atomic Energy Agency revealed that officials in the former Soviet republic of Georgia had arrested Khinsagov, a 50-year-old Russian fish and sausage trader, for attempting to sell 100 grams of highly enriched uranium to a Muslim buyer who, Khinsagov had been told, represented “a serious organization.” The price: $1 million. Khinsagov, who was caught in a sting operation, had nowhere near enough material for a bomb, but he claimed to have far more at his apartment. (Whether he actually did is unclear.) An American laboratory analysis indicates that the material most likely originated at a Russian nuclear facility.

To some, Khinsagov’s arrest was a success story, a sign that recent efforts to crack down on nuclear smuggling are producing results. Nunn is not so sanguine. He says that nuclear smugglers who get caught — the international agency counts 18 confirmed cases involving highly enriched uranium and plutonium since 1993 — are usually unsophisticated amateurs. “It’s the ones we don’t see that worry me,” he says.

It is a worry that he shares with Ted Turner, the billionaire philanthropist and founder of CNN whose donation of $250 million in Time Warner stock enabled the Nuclear Threat Initiative to open for business in 2001. Turner long dreaded a nuclear holocaust, but he assumed the threat had fizzled out with the end of the cold war. “I was getting ready to celebrate the millennium in 2000 because it looked like humanity was going to make it,” he told me, when we spoke last month. “And if we could do that, maybe we could make it to 3000. I figured that we had nuclear disarmament.” And then he saw a report on “60 Minutes” about lax security in the former Soviet Union. There were 20,000 warheads and stockpiles of uranium and plutonium capable of making another 40,000 or more warheads scattered across 11 time zones, whose safety too often depended on lackadaisical guards, shabby locks and defective security cameras. There was another related problem: large quantities of uranium that could be used to make bombs were being stored at some 130 civilian nuclear reactors around the world, often under even more slipshod security. A small group of terrorists might break into such a facility and if they had basic engineering and chemistry skills could probably forge a crude nuclear bomb out of a grapefruit-size 30-pound lump of highly enriched uranium (to say nothing of a much simpler radioactive “dirty” bomb).

Turner considered establishing an organization to revive the dormant nuclear-disarmament movement. But foreign-policy specialists he met with persuaded him to focus on more realistic, incremental change. A mutual friend connected Turner with

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Nunn, who was then practicing law at an Atlanta firm. According to one person familiar with N.T.I.'s founding, who does not want to be named because he works with N.T.I. and does not have permission to speak on its behalf, "There was this very prolonged dance where people were trying to come up with ideas that were exciting enough for Turner but sensible enough for Nunn," who was uncomfortable with Turner's passion for disarmament, a movement Nunn had long considered irresponsible.

Nunn and Turner found common ground, however, in a narrower mission: responding to the threat of "loose nukes," or the possibility that nuclear weapons and materials might be smuggled out of the former Soviet Union and find their way into malevolent hands. They settled on having the Nuclear Threat Initiative spend millions of dollars on everything from annual reports written by Harvard academics on the loose-nukes problem to filming a docudrama about a nuclear-terrorism crisis. Above all, the foundation would finance direct-action programs to secure nuclear materials around the world, in coordination with the U.S. and foreign governments.

It was one such program that led Nunn and Turner to a warehouse in Ust-Kamenogorsk, an industrial city in eastern Kazakhstan, in October 2005. They were there to size up an effort, paid for in part by N.T.I., to "blend down" 6,400 pounds of highly enriched uranium — enough to make dozens of bombs — into a form that couldn't be used in weapons. The uranium was spent fuel from a decommissioned nuclear power plant situated near the Iranian border. A few years earlier, he had made the following offer to Kazakhstan's president: N.T.I. would provide its expertise to relocate and then blend down the uranium, and it would pay half of the $2 million cost to do so. By the time Nunn and Turner toured the Ulba Metallurgical Plant, the project was close to completion. A portion of the uranium had not yet been blended down, however, and it lay stored in 20 or so tubes in a corner of the warehouse. Nunn and Turner stood and gazed solemnly at it. "Here was the potential, right there in that little corner, in the hands of the wrong people, to wipe out cities around the world." Nunn says. "That's a pretty stark realization."

N.T.I. intervened in Kazakhstan, Nunn explains, because the U.S. government did not act first. It's not the only such example: in mid-2002, more than 100 pounds of highly enriched uranium — stored in portable canisters that emit little radiation — was lying at the Vinca Institute of Nuclear Sciences, a civilian research reactor in Belgrade. The security there would have been no match for even a small terrorist squad. And Islamic militants operated in the region. Clearly Vinca was a high-priority problem. Yet even though the first American plans to rescue the material were drawn up during the Clinton administration, no action had been taken a year after Sept. 11. The obstacle was bureaucratic: in return for giving up the uranium, the Serbian government demanded help cleaning up Vinca's spent reactor fuel. That qualified as an environmental cleanup, however, which the U.S. lacked the authority to pay for. So N.T.I. stepped in and covered the $5 million cleanup fee. It wasn't until August 2002 that a motorcade of technicians and machine-gun-toting commandos finally transferred the uranium from the Vinca Institute to a cargo plane that flew it to Russia to be blended down.

"If there's anything that most Americans would think the government would happily chip in for, it's getting highly enriched uranium out of a place where it could fall into terrorist hands," says Matthew Bunn, a former nuclear-arms official in the Clinton administration who is now at Harvard and whose work is partly financed by N.T.I. "Yet" — in Vinca — "the government could not get this done without N.T.I.'s money."

A small-town lawyer and politician who won an underdog campaign in Georgia in 1972, Nunn quickly made his name in Washington as a defense-policy wonk. Thanks to an intimidating expertise on defense affairs and a bespectacled air of judicious authority, Nunn was "looked upon with awe" by colleagues in both parties, says Pete V. Domenici, the Republican senator from New Mexico. Such was his authority, in fact, that he comfortably rebuffed offers from George H. W. Bush and Bill Clinton to serve as secretary of defense, knowing that he wielded even more power from his longtime perch as chairman of Senate Armed Services. Nunn used that influence to consistently pro-military ends. During the 1970s, he fought with liberal Democrats seeking to cut defense budgets and ultimately forced Jimmy Carter to accept substantial increases in defense spending. Nunn also strongly defended the value and morality of nuclear weapons. The nuclear-freeze movement, in his mind, was naïvely utopian. "We had to have a nuclear deterrent," he says today. "Not only that, but a first-use policy," which refers to the U.S.'s stated willingness in certain circumstances to strike first with nuclear weapons.

Nunn considered a run for president in 1988, and his name surfaced again after Michael Dukakis's crushing defeat in November of that year, which further persuaded centrist Democrats that they needed a Southern moderate as a candidate. But that talk ground to a halt after Nunn opposed the first gulf war. He urged at the time that sanctions and diplomacy be given more time and, in January 1991, voted against the Senate's war resolution. A sign went up on a Georgia highway calling him "Saddam's Best Friend," and some suggested that he was cynically appealing to liberal Democratic primary voters. As it happened, however, opposing such a short and easy war probably ruined Nunn's shot at the White House. In Washington, his vote was considered a colossal political blunder. "He got a lot of political flak," says his friend Al From, the chairman of the moderate Democratic Leadership Council. "It probably hastened his decision to retire from politics." (Nunn's vote "profoundly influenced the next generation of senators that confronted plans for the second invasion" 11 years later, says a former Clinton

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defense official who advises Congressional Democrats. White House officials even invoked Nunn's "mistake" as they lobbied Congress to vote for war.)

By the mid-1990s, the cold war was over and the stature of defense gurus diminished. Moreover, politics on Capitol Hill were changing. The rise of fierce, Gingrich-style cultural politics made life uneasy for all Southern Democrats. In 1993, Nunn resisted Bill Clinton's attempt to allow gays to serve openly in the military, prompting a gay-rights spokesman to brand him a "Jesse Helms Democrat." Washington was growing far less hospitable to a moderate with little taste for the blood sport of partisan politics. "The premium is on stirring up your base," he says now. When Nunn announced his retirement in 1995, even the Republican Strom Thurmond urged him to stick around. Nunn was just 58 when he left the Senate. For more than 20 years, his life had been defined by the cold war and the fight against Communism. That cause was over.

Nunn first became alarmed by the threat of loose nukes during his last Senate term. A year after the Soviet Union began to collapse in 1990, he passed legislation with his friend Richard Lugar, the Republican from Indiana, that dedicated hundreds of millions of dollars annually in the Pentagon budget to the dismantling of surplus Soviet nuclear weapons, upgrading security at nuclear sites in the former Soviet Union and finding jobs for its nuclear scientists lest they be tempted to work for terrorists or would-be nuclear powers. Since 1991, the Cooperative Threat Reduction program — or simply Nunn-Lugar, as it is generally known — has spent more than $10 billion on its mission, and it is considered a triumph of forward-looking lawmaking.

Even so, huge quantities of weapons and material remain in what Nunn considers perilously unsafe conditions. Only about half of the buildings containing nuclear material in the former Soviet Union have undergone post-1990 security upgrades to install things like perimeter fences, cameras and radiation-monitors to prevent theft. And 134 tons of excess plutonium, which the Russians are willing to destroy, are just sitting in storage. Progress in addressing these problems has been stymied in part by conservatives in the last Republican Congress who bristled at the notion of sending American tax dollars to a Russian military that, they said, should pay for its own fences and cameras. Cooler relations between Russia and the United States have stalled matters further. Russian military officials are less willing to let Americans poke around their nuclear sites and assess security conditions. And the uncompromising diplomacy of the Bush administration has played a role too. American and Russian officials recently fought over arcane rules that would govern a program to dispose of that 134 tons of excess plutonium. The lead United States negotiator demanded extremely broad guarantees for U.S. contractors involved in the work, including freedom from liability even in the event of intentional spillage of nuclear material. The standoff delayed the program for more than a year, until Bush and Vladimir Putin finally hammered out a solution at a summit last fall.

One of the few points of agreement between George Bush and John Kerry during the presidential campaign in 2004 was that preventing a terrorist nuclear attack is among America's very highest priorities. But many critics on both the left and right argue that the Bush administration has lacked a sense of urgency toward the threat of loose nukes. Kenneth Adelman, a former Reagan-era arms-control official and a Pentagon adviser under George W. Bush, recently recalled a private meeting with Donald Rumsfeld days after his swearing in as defense secretary. "He was very skeptical of the Nunn-Lugar program," Adelman told me. "That wasn't the kind of thing he thought the Department of Defense should be doing. He had it in his head that it was a wimpy thing to have the Pentagon involved in."

Some Bush allies maintain that the real blame lies with Russia's increasingly belligerent leader. "I believe there are still many installations where the security of materials is still not to the high level that we would hope," John Wolf, who served as assistant secretary of state for nonproliferation in Bush's first term, told me. "Somebody ought to look into Mr. Putin's eyes and down to his soul and say, 'You're putting the fate of the world at risk by your unwillingness to take action.' "

Last September, Nunn and N.T.I.'s president, a former Energy Department official in the Clinton administration named Charles Curtis, flew to Vienna to meet with Mohamed ElBaradei, the director general of the International Atomic Energy Agency. ElBaradei admires Nunn, whom he calls "a shining example" in the fight against a potential nuclear catastrophe — presumably not least because N.T.I. has given ElBaradei's agency more than $1 million to upgrade its monitoring of nuclear material worldwide. Part of the reason for Nunn's visit was to discuss a major new N.T.I. proposal: the creation of an international nuclear fuel bank.

This was the foundation's response to an unsettling wave of countries showing interest in new or expanded nuclear capabilities. Several nations, including Saudi Arabia, Egypt, Morocco and Algeria, say they might want to develop civilian nuclear power. Meanwhile, South Africa, Brazil, Canada, Argentina and Australia all talk of creating home-grown uranium-enrichment programs — ostensibly for power but potentially also for military ends. "What I see is a new wave of countries not necessarily trying to develop nuclear weapons but nuclear-weapons capability — the ability to process or enrich plutonium or uranium," ElBaradei told me recently. "And I know, and you know, that if a country is capable of doing that, they are virtually a nuclear-weapon state."

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The idea behind an international fuel bank is to make it possible for nations to generate nuclear power without developing a nuclear-weapons capability. Iran, for instance, has rejected offers from Russia to manage its uranium supply on the alleged grounds that it doesn't want to be dependent on Russia's political whims for its energy needs. The fuel bank would render such complaints obsolete and make transparent who is using energy programs as a cover for military ambitions. If a country has access to a reliable fuel supply, why would it need its own enrichment program?

For Nunn, this is the logical next phase in the fight against loose nukes: preventing the creation of new nukes that could become loose someday. ElBaradei has predicted that as many as 30 or 40 countries could begin trying to develop nuclear capability in coming years. And while traditional policies of deterrence may keep future nuclear states in check, every new bomb factory necessarily means there is more dangerous nuclear material in the world. "I see the two going together," Nunn says. "The more countries that have this fissile material, the more likely the risk of a diversion or theft of fissile material becomes."

America was lucky to survive the cold war, Nunn told an audience in Washington last month. "I don't believe if you get another 7, 8, 10 countries with a nuclear weapon that you're going to be so lucky."

It is very likely that North Korea's success in building weapons and Iran's steady progress toward that goal have only encouraged other nations to get into the nuclear game. But, Nunn believes, the United States, mired in Iraq and strained in its relations with former allies, has never had less leverage to counter them. Nunn says that the current Iraq war (which he also opposed) has distracted U.S. officials, undermined the credibility of any U.S. military threat it might bring to bear on North Korean or Iran and "dealt a severe blow to the leadership credibility we need in the world."

In this view, American credibility is an essential part of persuading other nations to stop or reverse their nuclear programs. One way to enhance American credibility, according to this line of thinking, is for the United States to decrease its own nuclear stockpile. Yet the Bush administration has not only not moved to significantly reduce that stockpile, it is also exploring new nuclear technologies (like bunker-buster mini-nukes). "I think we have very badly failed to meet our responsibilities," Brent Scowcroft, George H. W. Bush's national security adviser and Nunn's friend, told me. "I think it is the sort of neoconish notion that it is our job to dominate the world and that the way you dominate it is by pushing ahead on new nuclear stuff."

Nunn complains that the Bush White House also subordinates nonproliferation to other goals. As an example, he cites the deal the administration cut with India last year. It created a legal exemption allowing American companies to conduct trade with India's nuclear-power industry even though India is not a party to the 1968 Non-Proliferation Treaty. Nunn publicly called for Congress to impose conditions on the deal — specifically, a provision requiring that India halt production of new fissile material for weapons. A worldwide treaty barring the creation of all new fissile material is near the top of Nunn's wish list, and he saw the deal with India as a fine opportunity. But in the end, the Bush administration, which is eager to cultivate India as a regional ally, got its way. "We missed that opportunity," Nunn says. "We should not have entered into that agreement."

The Bush administration is not without its achievements or its defenders. Persuading Libya to abandon a nascent nuclear program in 2003 is one of its least-heralded triumphs. The recent deal with North Korea, if it holds up, could be another success story. The Global Threat Reduction Initiative, a program set up by the Energy Department to remove nuclear material from civilian nuclear reactors around the world, has been widely commended. (Nunn, who is not prone to boasting, says people "at very high levels" have told him that the example set by the Vinca operation in Serbia was a crucial impetus behind the creation of the new program.) Meanwhile, conservatives note that the sorts of international treaties embraced by Nunn but spurned by Bush have historically failed to blunt the nuclear ambitions of states like India and Pakistan and, now, possibly Iran. Hence American power and the deterrent threat of brute force remain the best way to confront the dangers of proliferation. "If you want to discourage countries from acquiring nuclear weapons," Richard Perle, the former Reagan arms-control official, says, "make it clear that once they get a nuclear weapon, it is something they can't use directly because we will annihilate them."

Nunn, for one, remains unconvinced. The North Korea deal, he says, came about after the Bush administration shifted tactics from its confrontational, axis-of-evil posture to intensive multilateral diplomacy. While Nunn says he applauds the administration for changing direction on North Korea — "You have to talk to countries unless you're going to leave yourself with one resort, which is military force," he says — Perle's vision of deterrence is ineffective if a nuclear weapon is stolen or transferred from a state to a terrorist group with no fixed address to incinerate. It is potential threats like these that have led Nunn to shift his focus from locking up loose nukes to grander ideas, like the international fuel bank.

At the same time, he has had to enlist new allies. Ted Turner's initial donation of $250 million to the Nuclear Threat Initiative came in the form of Time Warner stock, which lost 70 percent of its value before N.T.I. sold it off. N.T.I. might have gone under by now had Nunn not enlisted another wealthy angel, Warren Buffett. Nunn has known Buffett for years through his service on the Coca-Cola corporate board — Nunn estimates he spends 30 to 50 percent of his time serving on several corporate boards, including those of Coca-Cola, Dell and Chevron — and Buffett has long been concerned about the risk of nuclear terrorism.

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"One thing you learn in the insurance business is that anything that can happen will happen," Buffett told me. "Whether it's the levees in New Orleans or the San Francisco earthquake, things that are very improbable do happen." Buffett once gave Nunn a formula that the latter likes to repeat: assuming a 10 percent chance of a nuclear attack in any given year, the odds of surviving 50 years without an attack are less than 1 percent. If the odds of an attack can be reduced to 1 percent per year, however, the chances of making it 50 years without a nuclear detonation improve to better than even. Buffett also told Nunn that if he ever had "a big idea" for reducing the chances of nuclear terrorism, he should call. After Nunn proposed the fuel-bank project, Buffett backed the effort with a pledge of $50 million — on the condition that at least one government contributes $100 million in cash or nuclear fuel within two years. Buffett is now N.T.I.'s chief underwriter, promising to donate $7 million annually to the foundation through 2009. (Fund-raising generates the rest of N.T.I.'s money.) "I told Sam we're not going to have something as important as his effort disappear because of the actions of a stock," Buffett says. "As long as Sam's involved, I'll be involved. I promise you that."

For his part, ElBaradei is ecstatic that Buffett stepped forward. But he also regards it as a damning reflection on the seriousness with which the world is taking nuclear proliferation. "It's discouraging, to say the least, for my organization to go and pass the hat to seek funding for these problems when everyone agrees that this is the No. 1 security threat," ElBaradei says. "Governments are not putting money where their mouths are."

Last month, Nunn wrote an op-ed article in The Wall Street Journal with former Secretaries of State Henry Kissinger and George Schultz and former Secretary of Defense William Perry that sent waves through the foreign-policy establishment. Its title was "A World Free of Nuclear Weapons." The article declared that, after the cold war, "reliance on nuclear weapons for [deterrence] is becoming increasingly hazardous and decreasingly effective." Deterring terrorist groups has become nearly impossible, and the peacekeeping value of nuclear weapons is more and more outweighed by the risk of their possible use. Therefore, the authors wrote, it is time to pursue the goal of "a world free of nuclear weapons." To seek abolition, in other words.

The language used in the op-ed — for example, the claim that abolition is "consistent with America's moral heritage" — struck some as an echo of 1980s liberal critiques that treated nuclear deterrence as a moral abomination. "Many people said this was a leftist view, a pacifist view of the world, to come and say we need to move to a new abolition of nuclear weapons," ElBaradei told me shortly after the piece was published. On the other hand, Nunn's byline on the article seems to have buoyed those who have long called for weapons reductions. "Here is a man who was known as the leading Democratic hawk in the Senate saying we have got to recapture this vision of eliminating nuclear weapons," Joseph Cirincione, a nuclear-proliferation expert at the liberal Center for American Progress, says. "Not just reducing nuclear dangers but eliminating these weapons. It was a shot in the arm to everyone who's been trying to correct the disastrous policies of the last six years."

Nunn says that some people were stunned by his new stance. "How could you endorse this?" he has been asked. Ronald Reagan believed passionately in the principle of disarmament, but few in Washington's foreign-policy establishment have ever shared that view. Brent Scowcroft, for one, calls abolition "a fantasy. But even if you could do it, that's dangerous. I just think that we have invented nuclear weapons, and we cannot disinvent them. And a world where everybody gets rid of their nuclear weapons means that anybody that cheats can become a superpower in a short period of time. And I just think that's a very dangerous world."

Nunn acknowledges this danger and admits that any realistic disarmament plan would have to allow the U.S. to quickly reconstitute weapons if a threat emerged. But he has come to believe the greater danger is continuing on our current path. "I think we have to turn it around," he told me a few weeks ago. "You literally can't get there" — to a safer world, that is — "from here."

Nunn concedes that any path to complete disarmament would be long and slow. He says that the U.S. could begin by finally starting to make substantial cuts in its nuclear forces, and by ratifying a 1996 international nuclear-test-ban treaty that Congress has refused to ratify, and by working to halt the production of new fissile material everywhere. But only a sweeping vision of a world free from the bomb can start such a process, Nunn says. "I don't believe the steps are possible without the vision."

It has been a long journey to this point. Twenty years ago, he says, the Wall Street Journal article "would not have been possible. I would not have been in that mood at that stage, and I said so." Today, in fact, Nunn finds himself unexpectedly aligned with the original abolitionist vision that he only recently urged Ted Turner to de-emphasize. It is a vision many Democrats say Nunn could bring into a future Democratic administration, possibly as secretary of state or defense. (In a recent speech to the Council on Foreign Relations, Hillary Clinton cited Nunn and the N.T.I. as her inspiration for a bill to create a White House nuclear-terrorism adviser.)

But Nunn knows it could be another 20 years — probably more — before such a vision can be realized, if at all. "You can probably only get to the achievement with the next generation," he says. "Probably none of the people who signed that will be

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able to see it through. But the world has to see that direction. Perhaps then a younger generation will see that the goal is achievable."

Michael Crowley is a senior editor at The New Republic.

Correction: February 24, 2007

An article on Page 50 of The Times Magazine this weekend, about Sam Nunn, head of the Nuclear Threat Initiative and former chairman of the Senate Armed Services Committee, misstates the name of a company on whose board he serves. It is Chevron, not ChevronTexaco. The article also misspells the surname of a former secretary of state with whom Nunn and others wrote a recent op-ed article for The Wall Street Journal. He is George P. Shultz, not Schulz. And the article misspells the surname of the director general of the International Atomic Energy Agency in several references. He is Mohamed ElBaradei, not ElBaredei.

Post-Putin (NYT)

By Steven Lee Myers

The New York Times Magazine, February 25, 2007

Sergei B. Ivanov walked in late to the holiday performance of the army's Academy of Song and Dance. He sat in a seat saved for him between a mop-haired boy and a girl with a fluffy white ribbon in her hair. He watched, stiffly tapping his foot, as Soldier Ivan danced with fairies on his way to saving the children's New Year's presents from the old witch Baba Yaga. Grandfather Frost Russia's Santa Claus arrived in the end, of course, with gifts for the children in the audience, sons and daughters of Russia's military men. The soldier/actor's voice boomed as he introduced "a very big present," "our wonderful guest": Ivanov, then the country's minister of defense (and soon to be named first deputy prime minister), the man who might well be the next president of Russia.

"Dear friends," Ivanov began, his voice tinny by comparison. His face appeared pinched, his lips as thin as the hair parted sharply on the left. Pale, trim, dressed in a dark suit with an open collar, he looked like a secret agent. Which, in fact, is what he was in Finland and Kenya (and maybe in Sweden and England), working for the K.G.B. as the Soviet Union was collapsing. As history shows, a former intelligence officer might be just what Russia wants in a leader.

"It is very pleasant for me today to share your holiday because all adults — and even the minister of defense — were kids sometime," he went on, awkwardly. "And I remember it well: the smell of fir-tree needles, the fir tree, the smell of mandarins" — famous for ripening in the depth of Russia's winter — "the fir-tree decorations, which I could not wait to get out of the box and help the adults decorate the New Year tree. I will never forget it." He is not a natural politician, at least not a politician skilled in the glad-handing, smooth-talking art of campaigning for elected office. He grew up in a country — the Soviet Union — where that was irrelevant.

It might still be. Ivanov, who is 54, is a leading contender to become only the third elected president in Russia's history, replacing Vladimir V. Putin, the steely, steady president who, according to the country's adolescent Constitution, must step down early in 2008 after two full terms in office. At least he is presumed to be a contender, just as there is presumed to be an election, scheduled for March 2, 2008.

Ivanov has never expressed the desire to be president — neither in public nor, as far as anyone who knows will tell, in private. Neither has Dmitri A. Medvedev, the other first deputy prime minister and the other presumed-to-be-leading candidate. Nor have Valentina I. Matviyenko, the energetic governor of St. Petersburg; Vladimir I. Yakunin, another former K.G.B. agent who heads the state-owned Russian Railways; Sergei S. Sobyanin, a former governor and the president's chief of staff; Dmitri N. Kozak, the presidential envoy to the turbulent Caucasus; Boris V. Gryzlov, the speaker of the lower house of Parliament; Sergei M. Mironov, the chairman of the upper house; or Sergei V. Chemizov, director of the state arms-marketing monopoly who served as an intelligence officer with Putin in East Germany.

All have been mentioned as possible successors to Putin, not because they have said anything or even distinguished themselves in any particular way but because they are close to Putin. All, with the exception of Sobyanin, are old friends and allies from his hometown, then Leningrad, now St. Petersburg. No one knows for sure who might emerge as a candidate, because Putin himself will decide, and he has given no indication yet of his final choice. What is certain is that whomever he selects will become the next president of Russia.

Putin's problem — and it is of his own making — is that it has become impossible to imagine anyone else in charge. His genuine popularity, nourished by the czarlike aura cultivated around him, has smothered any chance for an alternative national leader to emerge, even one of his own choosing. There is a reason that the coming vote is not called the "2008 election" as often as it is the "2008 problem."

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Post-Soviet Russia is still a young country, one attached to a very old history of hereditary and, more recently, nonhereditary transfers of power. The new Russia has had, arguably, only one truly competitive presidential election, meaning that the outcome was not clear beforehand. That was in 1996, when the country's first president, Boris N. Yeltsin, held off a challenge from the Communist leader, Gennadi A. Zyuganov, after a tainted campaign and vote that nonetheless had the blessing of the democratizing West. An ailing Yeltsin simply anointed Putin his successor, plucking an unknown and untested figure from the secret services to be his prime minister in August 1999 and then four months later to be acting president.

Putin had never been elected anything in his life. And yet he went into his first election in March 2000 as the incumbent (albeit as acting president) and cruised through the process with all the trappings of power, including decisive control of most of television. He beat Zyuganov comfortably in the first round with 52 percent of the vote (bolstered perhaps, as The Moscow Times reported, by ballot stuffing in some regions).

By 2004 he faced a diminished crop of candidates, second-tier party leaders who either expressed support for Putin's re-election or foundered in oblivion, barred from television appearances and harassed by such government tactics as untimely fire inspections at campaign rallies. It was a rout, one so skewed in favor of Putin — who, officially, won 71 percent — that it became farcical.

Putin has unquestionably transformed the country, righting it, to a degree, after its perilous stagger through the 1990s, when chaos, crime and corruption raged, but he has done so by creating an authoritarian system that is only nominally democratic (in that Russia still holds elections, as the Soviet Union did). He reined in elected governors from the provinces and their representatives in Moscow. He chased into exile or into prison prominent businessmen seen as political challengers. He pulled all of the national television networks back under state control. He so imposed the Kremlin's will on the legislative bodies that they are now controlled by political parties lacking any real identity except as vassals of Putin. He has been accused of creating a Soviet Union Lite or, alternatively, a new imperial Russia, with himself as a 21st-century czar, a unifying figure above politics, beyond criticism, in absolute control. His supporters dispute this, but there is no question that he has consolidated virtually all political and, increasingly, economic power into his hands, or at least into the hands of the small cadre of aides whom he has entrusted as stewards of the country's natural resources and strategic enterprises.

Kremlin Inc. has become the name for the hybrid system Putin created: capitalism with an authoritarian face. The search for his replacement has started to look less like a political campaign and more like a boardroom struggle to select a new C.E.O. As at most corporations, the process is out of the public eye, the result presented to shareholders as a fait accompli. And like most executives, Putin is susceptible to choosing someone most like himself. "I don't think it's going to be a radical change," Ivanov said in December.

Announcing one's own candidacy is, in fact, tantamount to declaring one's open opposition to the Kremlin, to the smooth transition of power, to Putin himself. Even the parliamentary opposition is wary of doing that. So far in this quasi-election season only two people have done it: a former prime minister, Mikhail M. Kasyanov, and, improbably, Aleksandr V. Donskoi, the youthful mayor of Arkhangelsk, a small port city on the White Sea.

Both promptly came under the scrutiny of prosecutors, even as the mass media piled on in the way they never do with today's authorities, certainly not the likes of Putin, Ivanov or Medvedev. Kasyanov was accused of arranging the shady privatization of a luxury summer house on the Moscow River, Donskoi of falsifying a university diploma when he first ran for mayor two years ago.

On the day in November when I first met Donskoi in Moscow, intrigued by the audacity of his decision to run for president of all Russia, investigators raided his office up in Arkhangelsk. As we spoke, his wife, Marina, and an aide answered insistent phone calls from home and relayed progress reports. "I realize all the responsibilities," Donskoi, a supermarket tycoon, told me. "I understand there could be difficulties, including physical threats. It's already taking place."

A month later he was back visiting Moscow and called a sparsely attended news conference to denounce an intensifying campaign against him. He denied having falsified his diploma and went on to explain, among other things, his interest in "gypsy hypnosis." Marina Donskaya interrupted him, having lost patience with the pressure. "He's not gay!" she shouted, referring to slurs that had been appearing in the Arkhangelsk press. "He impregnated me."

By February, prosecutors had opened three cases against him. Donskoi, only 36 years old, unknown outside of Arkhangelsk and perhaps better off for it, would stand little chance in a real campaign to be the leader of a country as sprawling, complex and deeply troubled as Russia. That's not the point. The point is that Putin's Russia does not dare to hold an open competition for the highest office in the land — one where even a long shot like Donskoi could at least make a case for himself. That, more than anything else Putin has done, is the biggest threat to democracy.

"All of us believed in the new, democratic Russia," Kasyanov, the other upstart candidate, told me. He served as Putin's prime minister from 2000 to 2004, representing the continuity from the presidency of Boris N. Yeltsin. On the eve of his re-

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election, though, Putin sacked him, setting him adrift in political obscurity to ward off prosecutors, so far successfully. From an office tower in southern Moscow, Kasyanov now runs a consultancy devoted mostly to his campaign. A large telescope stands beside an enormous plate-glass window. It points at the Kremlin.

"There is no possibility for a free and fair election," he said, his tone evoking those democrats and liberals who once occupied positions of influence inside the Kremlin during the 1990s but now sound simply discouraged. "Right now there is an issue of the survival of the democratic state."

Last year, Putin said that he had been thinking about his replacement from the moment he became president in 2000, but Operation Successor, as it has been called, began in earnest in November 2005, when the Kremlin announced that Putin had given promotions to two of his closest aides, loyal men he brought to Moscow with him when he began his rise to power in the 1990s: Dmitri Medvedev and Sergei Ivanov.

Medvedev had previously served as his chief of staff and chairman of a huge state-owned utility, Gazprom, which he still is. He became first deputy prime minister, a newly created position under Prime Minister Mikhail Y. Fradkov, a jowly bureaucrat whose three years in office have been notable for a lack of influence. Ivanov, Putin's comrade and eventual superior in the Soviet K.G.B., became deputy prime minister — a rung below Medvedev — having served as head of the state security council and, significantly, the first civilian minister of defense in Russia's (and the Soviet Union's) history. Like Putin, neither has ever been elected to office.

While it was never stated, the significance was clear: both were being groomed for higher office. When I asked Aleksandr Y. Lebedev, a former K.G.B. officer, member of Russia's lower house of Parliament and one of the world's richest men, about Operation Successor, he suggested I watch television. His advice recalls the old cold warriors analyzing the array of Soviet leaders on Red Square's grandstand: Kremlinology on the nightly news. Lebedev could tell that Putin's mind was not yet made up. "You can take a chronometer," he said when we met in November. "If one is given seven minutes, the other will be given seven minutes."

The news is not as propagandistic as it was in Soviet times, but it has also ceased to be a forum for a national discussion or debate on matters involving politics and Putin personally. He is never criticized. His two anointed aides receive the same deference. Ivanov and Medvedev now appear almost as often as Putin and certainly more than their nominal boss, Prime Minister Fradkov. They preside over meetings of ministers, make statements, explain to ordinary Russians the duties the president has assigned to them. Anything critical — say, questions about the exoneration of Ivanov's son, Aleksandr, after his car struck and killed a pedestrian — never appears.

Few Ivanov or Medvedev events pass unheralded. Ivanov's appearance at the army's holiday concert was utterly inconsequential, yet it appeared on the evening news programs on all three state networks anyway. Rossiya, one of the state channels, even repeated an expanded version on its prime time news. Two children asked him to let the troupe perform for the military in Vladikavkaz, the southern city that has served as the staging base for troops waging war in Chechnya. Of course, Ivanov promised — as long as the performers on the stage beside him agreed. (The performance had already been scheduled.) Not long after the New Year, the troupe performed in Vladikavkaz and again was featured on the news, along with a reminder of the man who had made sure it happened.

Ivanov seems, in person, far more pragmatic and less prone to nationalistic declarations than his public statements would lead you to expect. At a dinner in late December with foreign reporters, he outlined a reasoned view of geopolitics and his own goals for modernizing Russia's military. Ivanov rose through the ranks of the K.G.B. and its successor agencies, including the foreign intelligence service and the Federal Security Service. Still, ever since he met Putin in 1977 while both were studying to be K.G.B. officers — "I don't want to go into the details," he said — his public prominence has owed itself to Putin's rise to power.

When it came to his own future, he demurred. "I do not think about it," he said. "You may not believe it, but I don't. The presidential campaign hasn't started," he added, crossing himself as the Russian Orthodox do, "and I hope it won't start for a long time."

It was hard to believe this diffidence when, a few weeks later, I joined him on a visit to an artillery training base and a MiG testing facility in Kolomna, two hours southeast of Moscow. He touted his plan to create family advisory councils to combat abuse and corruption and his negotiations to sell the newest MiG 35 to India. Both are ostensibly chores of Ivanov's current job, but his trip to a youth hockey championship in a small city, Sudogda, sponsored by a youth sports organization that he created, called New Generation, was nothing more than image building. It was all on the news again, with Ivanov appearing in one instance before a military recruiting poster. "Make Your Choice," it said.

Ivanov is portrayed as a hard-liner, part of the clan of Putin aides known as the siloviki, or people of power. Medvedev is the (comparatively) liberal, democratic reformer, from the clan representing the modernizing businessmen. Both are oversimplifications, since their singular positions are entirely dependent on their close, personal relations with and loyalty to Putin,

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who is unquestionably in charge. Having (apparently) launched Operation Successor, he later suggested that there could be still more candidates. "Yes, that's possible, especially since the list is not very long," he said in Shanghai last June. Pressed if it could be a dark horse, someone unknown, someone like he was under Yeltsin, he threw out more bait. "Completely unknown?" he said. "Not really. Such people are known to everyone, but their names are simply not mentioned."

Valentina I. Matviyenko has, in fact, been mentioned — as someone who could be the first woman to rule Russia since Catherine the Great. She has been governor of St. Petersburg, Russia's second city, since Putin removed her predecessor and cleared the way for her election in 2003. A former apparatchik in the Communist Party, she became a diplomat, serving as ambassador to Malta when the Soviet Union was falling apart and then to Greece during Yeltsin's presidency, before becoming a deputy prime minister in 1998. As governor, she has demonstrated unwavering loyalty to Putin, even when he ended direct elections of governors like her following the Beslan siege in 2004. In a magazine interview at the time, she declared that Russians were not ready for experiments with electoral democracy. "The mentality of the Russian demands a lord, a czar, a president," she said.

When I met her in December, Matviyenko expressed disdain for electoral politics. Her own election campaign in 2003 she called "the most difficult point in my life," and she deplored the "dirty side" of elections: money and lies, understandably, but also what she derided as the "million promises" made by her opponent, as though campaign promises were somehow inappropriate. She said that legislative bodies should be elected, but executive power could not risk elections. "This is because, unfortunately, if a mistake is made during the elections, it would be practically impossible to correct it during the official's term," she told me in her office inside Smolny Institute, built in the 19th century as a school for the daughters of Russian nobility.

She is no longer accountable to the voters, to the people. Putin's post-Beslan decree means that she, like governors or presidents of Russia's 88 regions, serves at his will, ratified by the local legislative assembly. (Not one has balked at any of Putin's choices.) When I asked her about 2008 and her own prospects as a candidate, she said she would take herself out of the running: she had work yet to do in St. Petersburg. To end speculation, she explained, she would resign, which she in fact did two days later. She then petitioned Putin for a vote of confidence. He obliged a day later, reappointing her to a new term. On Dec. 20, the city's Parliament, following a speech by another of Putin's potential successors, Sergei Sobyanin, voted 40 to 3 to confirm the president's choice. Matviyenko began a new term as governor that will last until the end of 2011, when, unless something revolutionary happens in the meantime, Putin's chosen successor will reconsider her appointment.

Her reappointment showed how seamlessly Putin has imposed order on the unpredictable whims of electoral politics, removing chance, surprise and competition. "People do not want any more revolutions," Matviyenko told me in the Smolny Institute, which Lenin chose as his headquarters during the Bolshevik revolution and where he lived and worked in two modest rooms, preserved to this day as they were in 1917. "People want the quiet development of the country, stable development, without shake-ups. They would like to see a president who can guarantee the succession of power."

By late January, according to the buzz, a front-runner had emerged. Dmitri Medvedev led a large delegation of Russians to the World Economic Forum, the annual gathering of the world's business and political elite in Davos, Switzerland. Compared with Ivanov, Medvedev remains largely unknown outside Russia. He is only 41 years old, a boyish lawyer, co-author of a textbook on civil law and lecturer at St. Petersburg State University's School of Law, Putin's alma mater. He has served as an aide to Putin for 15 years now, ever since both worked for St. Petersburg's governor, Anatoly A. Sobchak, who was among the most vocal advocates of democracy and economic reforms even before the Soviet collapse. His rise to the second-highest post in government is inseparable from Putin's rise to the presidency. Davos was his foreign coming-out party, one so successful that analysts in Moscow declared Operation Successor complete.

"Russia is a country that, in the 20th century, was subjected to hard trials, revolutions, civil war, world wars and economic collapse," Medvedev said in Davos, concluding a detailed exposition in Russian of Putin's economic and political policies with a passage in stilted but fluent English. "Today we are building new institutions based on the fundamental principles of full-fledged democracy."

On an icy day earlier this month, I followed him on one of the routine working visits so prominently featured on the nightly news — in this case to Veliki Novgorod, the ancient Russian city 300 miles northwest of Moscow. The trip included visits to a children's clinic, a new subdivision and a mortgage center, all beneficiaries of the "national projects." He basked in the praise of the officials he met, but he also faced polite queries on the need for more financing and on certain unintended consequences of the national-project policy. It seemed very much like Dmitri Medvedev's Listening Tour. At a meeting with regional leaders and businessmen, he heard that prices for construction materials in the region skyrocketed following the government's plan to build affordable housing. At Children's Clinic No. 3, renovated for the first time in 30 years, a nurse noted that only three babies had been born who were actually eligible for the new grants intended to stimulate the birth rate and halt the country's alarming population decline.

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Medvedev jotted notes, fidgeted, shuffled papers; he often speaks to the floor or table in front of him. Physically, he is not an imposing figure: short and compact, and having lost weight over the last year, he is very much like Putin. He commands detail like his mentor, and with increasing confidence.

At the clinic, Medvedev acknowledged that much work remained to be done, but he boasted that the "national projects" were working. "This kind of quick rehabilitation of medical institutions has never occurred in history," he said in remarks broadcast that night.

The one thing not mentioned until the end of the day was Medvedev's future. His aide, Zhanna Odintsova, even took polite exception when I suggested the trips had the feel of a political campaign. She also told me that while I could attend the day's last event — a roundtable interview with journalists from the neighboring regions — I did not "have the right to ask a question." So I planted my question with a willing colleague, Alyona Khozova, a correspondent with Ren TV in Vologda.

After an hour of questions about the national projects, about his hobbies (he swims every evening and tries to teach his son to distinguish right from wrong) and about his plans to visit various regions, Khozova asked the final question. "Lately the topic of a successor to Vladimir Putin has been circulating," she began.

That was as far as she got. Medvedev cut her off with a laugh. "I am not now working on anything directly," he said. "I am engaged completely with those affairs that we just discussed. And I like this work. It surprises me in a good way. I experience a kind of 'drive,' if you will, from these activities and will take that which I have received to its logical conclusion."

Putin's greatest legacy would be a smooth succession of power, still a rare occurrence in a country with the violent, authoritarian past that Russia has. History might ultimately judge him as Russia's George Washington, the man who did not let the possibility of retaining personal power overrule a young country's laws and democratic principles. Still, there are those who wish that he would stay, that the Constitution would be amended to allow him to run for a third term he would undoubtedly win. He could do so easily, given the unwavering obsequiousness of Parliament. Regional Parliaments across Russia have drafted referendums on the issue from Primoriye on the Pacific Coast to Chechnya, the battered ruin of a republic whose war for secession Putin has effectively crushed, at the cost of tens of thousands of lives.

"We think that Putin should complete both the political and economic reforms that he began and should have at minimum two more terms — three or four more terms," the speaker of Chechnya's Parliament, Dukuvakha B. Abdurakhmanov, told me by telephone in mid-January. Chechnya's petition by that point had already garnered the support of two dozen of Russia's regions, raising the possibility the issue could yet come to a vote in the Parliament. "The number of terms should not decide the end of his presidency, but rather his age and health."

Putin continues to demur, even as he opens the door for speculation. "As for myself, as I have said, the Constitution — even though I like my work — the Constitution does not give me a right to stand for a third consecutive term," he said in an annual televised call-in program in October. His use of "consecutive" prompted many to believe he might yet come back for re-election in 2012.

Part of what fuels the uncertainty surrounding the succession is what Putin will do once a second term ends. He will be only 55. It is hard to imagine him slipping into quiet retirement. Speculation abounds that he intends to remain an unelected power, overseeing the country from behind the scenes. He could take over a party (though he has yet to join one), become the speaker of Parliament or emerge as the leader of the as-yet unrealized union of Belarus and Russia. Rumor has long had it that he could take over Gazprom, the huge state gas and oil company, now one of the world's largest corporations and still growing. He could reap the rewards that his authoritarian capitalism has brought Russia, though he once said he was not a businessman by temperament.

On Feb. 1, Putin held his annual full-dress press conference and swatted aside repeated questions about his successor and his future. "There will be no successor," he said. "There will be candidates for the post of president of Russia." He did not mention Medvedev, Ivanov or the others, not once, which prompted a new round of speculation that the speculation about Medvedev and Ivanov had, perhaps, been misplaced. Pressed, he would say only that he reserved the right to express a choice. "But I will do it only when the election campaign starts," he said.

By strict letter of the law, campaigns in Russia last only 30 days. Putin could put off his endorsement, as it were, until the last minute. In the meantime, he is keeping people guessing. On Feb. 15, he unexpectedly promoted Ivanov to the same rank as Medvedev, giving Russia two first deputy prime ministers and shifting the buzz yet again.

Opposition to Putin exists. In December, Andrei N. Illarionov, a former economic adviser of Putin's until he resigned more than a year ago to protest the government's authoritarianism, described the succession process as something out of the Middle Ages. "It does not matter what kind of successor one is, smart or not too smart, a pleasant one or not too pleasant," he said at a news conference. "It does not matter. The choice between this and that makes no sense. One thing matters. It is that the transfer of power to one's heir should not happen in a modern, civilized and normal country." There are candidates who will run against

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Putin's chosen heir, representing the greatly diminished Communist Party or the Liberal Democratic Party, whose nationalist leader, Vladimir V. Zhirinovsky, has long ago ceased opposing the Kremlin. But they will enjoy none of the advantages of Putin's heir, and they will lose.

Still, Valentina Matviyenko might be right. Russians are not in a revolutionary mood now that the country is more stable, now that salaries and pensions are paid, now that consumers can indulge in everything Europeans can — except political choice.

In December, the authorities refused to grant a permit for a march organized by Other Russia, an amalgam of disaffected political organizations, including one created by Garry Kasparov, the former chess champion who retired in 2005 to wage a lonely campaign to make Russia politically free. The authorities authorized only a rally, to be held on Triumphal Square. Four days before it, the interior ministry's counterterrorism police raided Kasparov's office and seized posters advertising the march. As I approached on the morning of the rally, truckloads of soldiers lined every street in the area; a helicopter hovered overhead. Street sweepers, snowplows and buses blocked the main street while soldiers stood in formation, two layers deep.

Inside a fenced area were perhaps 2,000 protesters; organizers' estimates of 4,000 or more were exaggerated. The organizers later said that hundreds of participants had been stopped at checkpoints on the roads or at train stations. Those who made it included aging liberals of Mikhail S. Gorbachev's Glasnost, now 20 years past, and radical youth, including the committed members of two organizations, the National Bolsheviks, known for stunts like being arrested while occupying government offices, and the Red Youth Vanguard, whose red-and-black flag incorporates an AK-47. The police and soldiers on hand outnumbered them by four to one or more.

"They are afraid that one day we will say, 'Enough,' " Kasparov yelled from the back of a flatbed truck with a Dolce & Gabbana billboard as a backdrop. His voice was drowned out by the chopping thud of the helicopter overhead. He led a chant — "We need the Other Russia," after the movement's name — but the chants faded after a couple of rounds.

One Cold War Was Enough (WP)

By Sergei Lavrov

The Washington Post, February 25, 2007

There has been much misinterpretation in the West since President Vladimir Putin's recent speech at the Munich Conference on Security Policy. From the reaction of some Western journalists and politicians, one would think that the Russian president wished to ignite a blast of anti-American rhetoric to spark another Cold War. Defense Secretary Robert Gates got it right when he responded by asserting that "one Cold War was quite enough." Indeed it was, so let's not declare -- or look for a pretext to declare -- a new one. At a time when Russia is ready and eager to play a positive role in world affairs and integrate into the global economy, it does far more harm than good to treat Russia as a hostile nation whenever Moscow and Washington disagree.

What Putin actually said in Munich was not new. He said nothing that we have not discussed directly with the Bush administration and that is not whispered in political circles in Europe and elsewhere. He made these statements at a conference because he wanted to get the world's attention to begin a dialogue about what kind of world we want for our children and ourselves. Putin believes, as do many others, that the world cannot be dictated to by a single country. History shows that this has been attempted repeatedly but has never worked. Recent unilateral actions have not resolved problems but actually exacerbated them and created new hotbeds of tension.

If you read the president's entire speech, you will see that Putin was neither attacking the United States nor proposing Russia as a counterbalance to U.S. unilateralism. Instead, he called for a world with many centers of influence where different interests work together, multilaterally, to shape a common denominator on global issues. The recent six-nation agreement on North Korea's nuclear program proves that this pragmatic approach can work.

In fact, Putin offered more instances of mutual agreement between the United States and Russia than examples of discord. As he noted, we are strong partners on counterterrorism and nuclear nonproliferation. We have a common stake in ensuring global energy security as agreed to at the Group of Eight summit last July in St. Petersburg.

Our American colleagues tell us that the United States needs Russia and other key countries to help resolve numerous regional conflicts. Against this background, America's unilateral actions look puzzling. It's also ironic that Putin's speech was deemed threatening. Russian citizens ask themselves: Who threatens whom? With the Warsaw Pact dissolved for more than 15 years, why does NATO still spread toward Russian borders? What should Russia believe when the United States seeks to place anti-missile systems in Eastern Europe? And instead of joining efforts to counter global threats, should our two countries really be engaged in searching for deficiencies in each other's domestic life?

As Russians struggled with the chaos and weakness that dogged us in the first post-Soviet years, some might have gained the impression that our voice would never be heard on the world stage. A stronger, more vibrant Russia has emerged from the

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rubble of the 1990s. Our economy continues to expand and diversify; our people look forward to the progress and prosperity that our new society can deliver through technological innovation and social programs. And a growing middle class benefits from the robust business climate that attracts more and more foreign investments: In 2006, for example, net inflow of capital to Russia surpassed $40 billion.

It only makes sense that we would hold our own views and expect them to be taken seriously, whether they concern vital security matters or terms of economic interaction. We are strongly committed to democracy, and we will not compromise the right of the Russian people to decide things for themselves and be heard on international issues.

In any relationship, disagreements arise. But observers make a grave error when they mistake the honest and open airing of concerns as some sort of casus belli. President Bush rightly emphasized the other day that, while differences exist between our two countries, "there's also a relationship in which we can find common ground to solve problems." Russia is ready to work with the United States on an equal and mutually respectful basis.

Another Cold War? Certainly not. A democratic world in which a strong Russia coexists with a strong United States, as well as a strong Europe, China, India, Brazil and others? That is Vladimir Putin's vision -- and it is well worth considering.

The writer is foreign minister of the Russian Federation.

Missile Fantasies (WP)

The Washington Post, February 25, 2007

The administration's rush to deploy missile defenses in Europe brings a sinister response from Russia.

THE EMERGING debate over the deployment of U.S missile defenses in Central Europe is based on a series of false pretenses. The Bush administration pretends that it is sensible to invest $225 million next year in preparing to install ground-based interceptors and radar systems in Poland and the Czech Republic to defend against an attack from Iran, even though the glitch-plagued defense system hasn't yet proved workable and Iran doesn't have a missile that could reach the United States or Europe. The Polish and Czech governments, eager to deepen strategic cooperation with the United States, pretend that they will benefit from hosting the systems, even though they have little reason to worry about threats from the Middle East and the Bush administration has been slow to reward their past collaboration in Afghanistan and Iraq.

The prize for cynical posturing, nevertheless, goes to Russia, which in the past few days has suddenly advanced a claim that it knows to be false: that the deployment of the antimissile system would weaken the Russian nuclear deterrent. As Russian President Vladimir Putin and his generals know, even if U.S. interceptors in Poland could function according to the Bush administration's scheme -- which they can't, and won't anytime soon -- they would not be capable of stopping a single Russian intercontinental ballistic missile, much less the massive force that remains at Moscow's disposal. U.S. officials have met with Russian counterparts on at least 10 occasions to explain this.

Mr. Putin and his generals nevertheless are threatening that Russia might respond to the U.S. missile defenses by redeploying intermediate-range missiles that were banned from Europe by a 1987 treaty. An even more sinister comment came Monday from the commander of Russian missile forces, who said that if Poland and the Czech Republic hosted the U.S. rockets and radars, they would be targeted by Russia's strategic missiles. This crude attempt at intimidating Moscow's former Soviet satellites predictably produced a defiant response from the two governments and probably eliminated any domestic opposition to an otherwise questionable venture. As Czech Foreign Minister Karel Schwarzenberg put it, "The Czechs will now think the shield is even more necessary."

The Bush administration's pushing of this initiative, which would not result in the deployment of any interceptors in Europe before 2010, is probably motivated by the same political impulses that have driven missile defense since 2001. Administration officials are determined to create a program so literally set in concrete that it can't be stopped or reversed by future presidents -- as was the missile defense program of President George H.W. Bush. Whether the technology actually works or a threat exists that justifies the rush never seems to matter much.

Such sandbagging justifies close scrutiny by Congress of the Pentagon's $10 billion funding request for missile defense in next year's budget, including the funds for Poland and the Czech Republic. But the Russian gamesmanship is more worrisome. On the opposite page today, Mr. Putin's foreign minister denies any interest in confrontation. But at the same time Mr. Putin may use the U.S. defense program as an excuse to revive a major piece of the Soviet nuclear arsenal with which to threaten NATO members in Europe. It's hard to think of a quicker way to revive the Cold War.

Rivals On Legal Tightrope Seek To Widen Freedoms In China (NYT)

By Joseph Kahn

The New York Times, February 25, 2007

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BEIJING — Li Jinsong and Li Jianqiang are Chinese trial lawyers who take on difficult political cases, tangle with the police and seek solace in the same religion, Christianity.

But like many who devote themselves to expanding freedoms and the rule of law in China, the two spend as much time clashing over tactics and principles as they do challenging the ruling Communist Party.

The two Mr. Lis are part of a momentous struggle over the rule of law in China. Young, well educated and idealistic, they and other members of the so-called weiquan, or rights defense, movement, aim to use the laws and courts that the Communist Party has put in place as part of its modernization drive to constrain the party's power.

The informal network of rights defenders may be the only visible force for political openness and change in China at a time when the surging economy and the country's rapidly expanding global influence have otherwise strengthened party leaders. The authorities have refrained from suppressing it entirely, at least partly because it operates carefully within the law and uses China's judicial system, as well as the news media, to advance its aims.

Yet nearly 18 years after the June 4, 1989, crackdown on pro-democracy protesters in Beijing, China quickly crushes any organized opposition. Rights defenders face the delicate task of coordinating their actions and expanding their collective influence when they remain autonomous, rudderless and, very often, rivalrous.

The two Mr. Lis have feuded about how to handle big court cases. When they met the Bush administration's China specialists in the White House last November, they argued about whether top leaders like President Hu Jintao were basically benevolent. A joint interview on Radio Free Asia devolved into a shouting match over whether rights defenders could work with party leaders or should actively oppose them.

As their confrontation grew, Li Jianqiang, the more combative of the two, wrote a manifesto that called China a "super jail" and described its leaders as "ruthless dictators." He listed Li Jinsong's name as the lead author and posted it on the Internet.

Li Jinsong, who takes a much softer line, said the essay, which circulated widely, so enraged China's top leaders that it derailed a major appeals court victory in his highest-profile case, involving China's "barefoot lawyer," Chen Guangcheng. The essay may also have given the police in Shandong Province an excuse to send some thugs who assaulted him, he said. Li Jianqiang acknowledged a few weeks later that he wrote the essay himself. But he said it amounted to a minor mistake and dismissed claims that it had a direct impact on the court case.

They and the dozens of other advocates who consider themselves rights defenders have had notable victories, mostly by calling attention to problems at the local level that more senior officials move to fix. They have exposed corruption, illegal land seizures and labor and environmental abuses that have prompted policy changes or at least made many Chinese more aware of the concept of human rights.

As China's only consistent homegrown critics of government abuses, they have received attention from the international news media and human rights groups. President Bush invited several rights defenders to the White House last spring.

Yet they are, as the nationalist leader Sun Yat-sen lamented about Chinese opposition groups in an earlier era, "grains of sand." They divide into camps on the fundamental question of whether to try to improve the current Communist Party-run system by supporting well-intentioned party leaders, or to seek an end to Communist rule. "Some of us are waiting for a good emperor, some kind of Gorbachev, to come and fix the system," Li Jianqiang said. "Many of the rest of us think that is a waste of time. We need to be building a civilization outside the Communist Party."

Change From Within

That debate is a delicate one for a group whose basic goals — helping people exercise the rights granted to them, at least on paper, by an authoritarian government — at least nominally overlap with those of the party's leadership.

China's top leaders, committed to attracting foreign investment and making the country a respected world power, have promised to conform to human rights norms and to run the country "according to law."

The Communist Party often does not subject itself to the laws it enacts, prompting cynicism about its real intentions. But many rights defenders say they can help bring about meaningful change because the party and government bureaucracy is not monolithic.

Top party leaders, according to this way of thinking, hope to use the legal system and the news media to check abuses of power at the local level, which they view as threats to their own popularity and longevity.

The defining moment came in 2003. Prime Minister Wen Jiabao seized on a case of a migrant worker beaten to death by the police that had been championed by rights defenders. He abolished vagrancy laws that gave the police the authority to round up migrants at will.

Rights defenders concluded that grass-roots organizing and the tactical use of local courts could allow them to circumvent local fiefs in China's authoritarian bureaucracy and appeal directly to more enlightened leaders at the top.

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"China is slowly transforming itself from rule of man to rule of law," Li Jinsong said. "I believe that this process has the support of the top leaders. They face resistance within the system, and they need outside help."

But this view, once widespread, has fallen out of favor among other rights defenders. Li Jianqiang calls it a "peasant mentality" because farmers since feudal times have looked to the emperor, presumed to be benevolent, to solve problems they say are caused by venal local officials.

He contends that President Hu, who once talked as though he wanted to expand constitutional rights and strengthen the legal system, has more recently done the reverse.

In internal party speeches, Mr. Hu has called on officials to guard against "color revolutions" of the kind that swept Central Asia and Central Europe, which officials here attributed to a potent combination of civic and social organizations and foreign forces. Mr. Hu has clamped down on lawyers and journalists and tightened the party's control over the courts.

Gao Zhisheng, one of the most outspoken rights defenders, was arrested and convicted of subversion last year, though he was given a suspended sentence because the authorities said he provided information about other dissidents. Another rights defender, Guo Feixiong, was arrested and faces charges of illegal business activity. A third, Guo Guoting, fearing police intimidation or possible prosecution, fled to Canada.

"The strategy of submitting petitions and using legal actions to draw the emperor's attention is a proven failure," Li Jianqiang said. "It ends up encouraging rule by man, not rule of law."

Same Name, Two Paths

Li Jinsong and Li Jianqiang became lawyers in 1994. Both are Christians. The similarities do not run much deeper.

Li Jianqiang, 42, lives in the east coast city of Qingdao. He eagerly discusses politics and the law. He relates his run-ins with China's police or State Security officials like war stories. He has an impish smile.

As an employee of the Qingdao city government, he joined public protests in favor of democracy in 1989. When the military shot student protesters in Beijing on June 4, 1989, local governments moved to weed out people who had supported the students. Mr. Li lost his job.

He returned to school to study law, but never shed his reputation as a troublemaker. He took on cases involving accusations of police or government malfeasance, but he said he was often harassed by local authorities. Increasingly, he found it difficult to represent clients in his home province, Shandong.

So he became itinerant. He defended a journalist accused of leaking state secrets in Hunan Province and a writer accused of posting subversive materials on the Internet in Hubei Province. Recently, he sued local authorities in Zhejiang Province after they demolished a Christian church that the government had not sanctioned.

He met other young lawyers who called themselves rights defenders. He became a Christian in 2005, he said, when some of them introduced him to the religion. He worships in an unofficial "family" church in Qingdao.

"I decided we have a spiritual vacuum in our society that only God can replace," he said.

Li Jinsong, 41, practices law in Beijing. He often wears dark business suits over dark shirts. That, along with a courteous and deferential manner, gives him the air of a priest. But he frowns and speaks in clipped phrases when asked to discuss his personal background, including his religion. He said he began attending a government-authorized Protestant church in 1988.

"It's not something I deny, but not something I like to talk about publicly," he said softly.

Though he practices commercial law, he has also defended "vulnerable people," as he calls them. He helped migrant workers force a transportation company to stop raising ticket prices before a major holiday, when migrants scramble to return to their hometowns in the countryside. A Beijing court compelled the Finance Ministry to revise an administrative ruling against one of his clients in 2001, a milestone case that some saw as confirming a right to sue government entities.

But it was a case in Li Jianqiang's home province, Shandong, that made Li Jinsong well known in legal circles. He became the lead lawyer for Chen Guangcheng, a self-trained legal expert who, despite being blind since a childhood illness, championed peasants in legal actions against local authorities.

In 2005, Mr. Chen sought to organize a class-action lawsuit on behalf of hundreds of peasants forced to have abortions or undergo sterilization procedures after local officials in Linyi City, Shandong, failed to meet their official population-control quotas. The police put him under house arrest, and prosecutors later indicted him on charges of destroying property and disrupting traffic. Relatives and supporters say the charges were concocted to punish him.

Li Jinsong and other rights defenders used a publicity campaign to increase the pressure on local officials to treat Mr. Chen fairly, while alerting top leaders in Beijing to what they and many others said was an embarrassing abuse of authority at the local level.

Li Jianqiang, though not personally involved, criticized the strategy at the time. He wrote in an open letter that Li Jinsong had made "stupid mistakes" that backed the local authorities into a corner and did little to help Mr. Chen.

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Both men, it appeared, had reasons to think they were right. Mr. Chen's prosecution and trial, in a county court, made a mockery of China's official judicial procedures. Local thugs prevented Li Jinsong from entering Mr. Chen's village to interview witnesses. They flipped over his car when he visited. The day before the trial, the local police detained a fellow lawyer on a pretense. The verdict: guilty, and a harsh prison sentence of four years and three months for Mr. Chen.

Li Jinsong's luck changed sharply on appeal. Last October, a higher court in the city of Linyi overturned the verdict and ordered a new trial. Mr. Li and other rights defenders hailed it as a major victory. They saw the hand of more senior officials at work.

"There are some leaders who I believe are conscious of what was happening and wanted to see a fair result," he said. "We saw their intervention in this case."

A Visit to America

China's rights defenders have developed a reputation for being a force for legal, evolutionary change. In the United States, foundations and religious groups that support grass-roots activities here have backed them.

One pioneer in that effort is the China Aid Association, a religious group based in Midland, Tex., that has ties to the Bush administration. The association monitors conditions for Christians and supports rights defenders, many of whom are Christian.

Last November, the China Aid Association invited the two Mr. Lis and two other rights defenders to visit Midland and Washington. The two did not know each other well. Li Jianqiang's criticism of the handling of the Chen case did not endear them to each other. But Li Jinsong said he looked forward to the trip.

"I thought we might come to understand each other better if we met outside China," he said.

Instead, their debate intensified. After prayer sessions in Midland, in the offices of members of Congress and at foundations where they meet potential donors, the two Mr. Lis offered conflicting versions of what should be done to advance the rule of law in China. They disagreed on whether the United States should encourage political change or support top leaders who wanted to carry out such changes.

Li Jinsong, still elated about the appeals court victory in Mr. Chen's case the month before, often cited the case to support his view that the top leaders had good intentions.

Though the two lawyers smiled and stood side by side for photographs in front of the White House and State Department, they said they argued with each other when they met the Bush administration's China experts inside. When they appeared together for a broadcast on Radio Free Asia, their differences burst into the open.

Li Jinsong said during the broadcast that he had urged donors and Bush administration officials to steer aid to Communist Party officials "who do good," as well as to rights defenders hoping to improve things from the outside.

He said he wanted "to express my appreciation" for President Hu, Prime Minister Wen and Vice President Zeng Qinghong.

"These three leaders do not want to see abuses and would not tolerate them if they knew about them," he said.

Li Jianqiang said he and Li Jinsong had a "basic disagreement." Top leaders, he said, have more responsibility, not less, for human rights abuses.

He said that during the 1990s, when President Jiang Zemin was in power, there were relatively few arrests of dissident writers. Today, with Mr. Hu in charge, there are many more, he said.

"There are a larger than usual number of unjust arrests," Li Jinsong acknowledged. "But I am sure that if the top leaders knew about them, the people would be set free."

"That is nonsense," Li Jianqiang responded. "The leaders play deaf and dumb and pretend they have a real legal system."

A Prayer for China

After their meetings in Washington, Li Jinsong got the news that Chen Guangcheng's second trial, as ordered by the appeals court, would convene in a few days. He had to cut his trip short and catch the first flight home.

Just after he departed, Li Jianqiang, who stayed on in the United States, wrote an essay he titled "A Prayer for China." It said, in part, "In this free, God-blessed land, where we received a friendly reception by the American government, we must not forget our pitiable homeland."

He said China would not have a better future without "systemic change" in politics and culture. "Our government clasps chains on the people and enslaves them. In our one-party dictatorship, the law is little more than an ornament, and the rights in the Constitution are laughable lies."

On Nov. 27, the same day Mr. Chen's second trial took place in Shandong, Li Jianqiang posted the letter on a popular overseas Web site. The names of the four rights defenders on the trip were listed at the bottom. Li Jinsong's came first.

Under pressure a month later, Li Jianqiang wrote a second letter, which he also posted online, saying he made a mistake listing Li Jinsong's name. Li Jinsong said the damage was done.

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Mr. Chen's second trial was only slightly less of a mockery than the first, in the eyes of Mr. Chen's supporters. A crucial witness, who Mr. Li said was prepared to testify to providing false evidence against Mr. Chen after the police tortured him, was arrested on the eve of the trial. Three days later, the court issued the same verdict it had in the first trial, sentencing Mr. Chen to four years and three months in prison.

Li Jinsong and several other supporters of Mr. Chen say Li Jianqiang's essay may have hurt Mr. Chen's chances of a favorable verdict. Officials in Shandong used the essay to claim that Mr. Chen's supporters had been infiltrated by foreign forces seeking to undermine the Communist Party, they said.

A senior law professor and government adviser in Beijing, who is not connected to the Chen case, said he attended a meeting shortly after Mr. Chen's second trial in which top judicial officials, including Luo Gan, a member of the Politburo Standing Committee who oversees the judicial system, discussed the case. It was cited as an example of how "hostile forces" had used the courts to provoke social unrest, said the law professor, who asked not to be identified because the meeting was secret.

"We had hoped the second trial would be a fair trial," Li Jinsong said. "But the essay undercut those who wanted such a result."

Li Jianqiang acknowledges that the essay was his attempt to signal a common stance among rights defenders where none existed. But he said it could not have had the impact Li Jinsong claimed. Having been posted online the same day the trial took place, it could hardly have influenced the trial itself, he said. And he said he considered it unlikely that it prompted central government leaders to dictate a different verdict.

"In our system, the decision to convict is made before the trial, not after," he said.

Instrumental or not, the letter shows how the rights defense movement is struggling to maintain a sense of purpose amid an intensifying police crackdown and a string of public defeats.

In late December, Li Jinsong traveled to Shandong to prepare another appeal. He never reached his destination.

After entering the province, his overnight bus from Beijing was stopped on a public highway and boarded by thugs. They singled out Mr. Li and a colleague, dragged them from the bus and rained blows on their heads and bodies. They left them bloodied on the sidewalk and sped off.

Li Jinsong was treated for minor injuries. He said the local police ignored his attempt to file a complaint.

Mr. Li debated with friends whether he should try to return to Shandong to attend the appeal hearing. In the end, he did not have to decide. The judges met privately, with no lawyers present. This time, they backed the local court, sending Mr. Chen to prison.

The Three Futures Of China (LAT)

By James Mann

The Los Angeles Times, February 25, 2007

CHINA'S ANTI-SATELLITE missile test last month is merely the latest in a series of recent events that force us to question where the world's most populous country is heading. What will its political system look like in, say, 25 years?

This question will grow in importance as members of the new Democratic congressional majority — and some presidential candidates — take up the themes of economic populism. One Democratic candidate, John Edwards, has already said he doubts that he would support permanent normal trade relations with China if the matter came to a vote today. And China's future will be debated again during the Summer Olympics in Beijing next year.

It is possible to envision three scenarios for China. One can be called the Soothing Scenario: that China's authoritarian political system is bound to open up, or even that it is already evolving toward political liberalization.

Another scenario holds that China is so fundamentally unstable that it is headed for some sort of political cataclysm or economic nosedive, or both. Call this the Upheaval Scenario.

And then there is what I call the Third Scenario: that China's one-party political system will not change in any fundamental way. This view holds that China will remain an authoritarian regime over the long term.

The problem with the current U.S. debate about China is that, in public at least, political, business and financial leaders tend to talk almost exclusively about the Soothing Scenario. Some critics of our China policy warn about the Upheaval Scenario. But the Third Scenario gets far less attention — even though it is perhaps the most likely. After all, China's authoritarian political system is the status quo, and there are powerful forces at work to prevent any far-reaching change in it.

The Soothing Scenario is rooted in economic determinism. Under this view, China's increasing prosperity, its expanding trade with the rest of the world and the massive foreign investment in the country will undermine its authoritarian system and lead inevitably to political liberalization.

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That is what leaders of both political parties have regularly told the American people. Over the last decade, it has become virtually obligatory for presidential candidates to voice some version of the Soothing Scenario, usually concentrating on the reassuring premise that our trade with China will transform its politics. "Trade freely with China, and time is on our side," candidate George W. Bush declared in 1999. President Clinton told Chinese President Jiang Zemin in 1997: "You're on the wrong side of history." Clinton maintained that economic changes in China would "increase the spirit of liberty over time…. I just think it's inevitable, just as inevitably the Berlin Wall fell."

The idea that China is inevitably headed for far-reaching change has become a staple of U.S. thinking in large part because it has served the interests of important constituencies. In the late 1970s and the 1980s, the belief benefited the U.S. national security establishment, which had aligned itself with China against the Soviet Union. The notion that Chinese leader Deng Xiaoping was reforming his country's political system helped defuse congressional opposition to U.S. military cooperation with China's communist regime.

In the 1990s, as trade and investment in China became increasingly important, U.S. companies were asked why they were so eager to do business with a regime that had, in 1989, ordered troops to fire on unarmed civilians. The Soothing Scenario offered an answer: Trade and the workings of "history" would inexorably liberalize China's political system, whether Chinese leaders wanted it or not.

But to believe that the spread of McDonald's and Starbucks will change China's political system is to indulge in the old mistake of thinking that the Chinese are becoming like us. Bringing in McDonald's has nothing to do with whether a government is willing to tolerate organized political opposition.

And to assume that China's emerging urban middle class will be the vanguard for far-reaching political liberalization is to ignore the fact that this is the one group — beyond the Chinese Communist Party itself — that has the strongest interest in preserving the status quo.

Proponents of the Soothing Scenario often argue that China will evolve from a repressive regime into a democratic one in roughly the same way that South Korea and Taiwan did two decades ago. But the comparison doesn't work. China has vast expanses far removed from the relatively open traditions of the country's coastal areas. Visitors who declare that China will develop like Taiwan and South Korea, based on their visits to Beijing and Shanghai, are like foreigners who travel only to New York City and Boston and conclude that the United States will behave like Western Europe.

But the biggest problem with the Soothing Scenario is that it fails to explain how the smooth transformation will take place. China's political system is still organized along Leninist lines. When, how and why will its leaders be persuaded to give up power? What if China's growing economy gives the country's leaders an ever-stronger stake in preserving the current system?

The Upheaval Scenario, including predictions of a possible breakup or collapse, is regularly advanced whenever there are short-term signs of instability in China — labor strikes, rural unrest, riots, environmental disasters. There are, however, plenty of reasons to be skeptical of such forecasts. It is too easy to overemphasize the appearance of chaos in China and to miss the reality of the country's enduring, underlying cohesion.

That leaves the Third Scenario: that China's leaders will continue to prevent any organized political opposition and keep controls over the media and the judiciary. (A few days ago, Luo Gan, a member of the Chinese Communist Party's Politburo Standing Committee, reaffirmed that judges have no right to independence, saying, "The correct political stand is where the party stands.") Only small-scale reforms, such as carefully limited village elections, would be permitted — and only as long as they do not disturb the one-party monopoly on power.

Why should Americans care about China's future? For several reasons. For one thing, it would be nice if the country's 1.3 billion people could freely choose their leaders, limit their government's power and hold it accountable. This would ensure greater political stability for China.

A China that evolved along the lines of the Third Scenario would not necessarily be a military threat to the U.S. However, it would continue to pose problems for democratic values throughout the world. In recent years, China has supported deeply repressive regimes in Myanmar, Zimbabwe, North Korea, Uzbekistan and Sudan. If democracy hangs in the balance in Russia, there is little question that China would favor an authoritarian state over one with genuine political opposition.

To see how these three scenarios play out, consider how they might apply to the 2008 Olympics. The Soothing Scenario is the one that China will try to televise to the world before and during the Olympics. Chances are that in the run-up to the Games, the Chinese leadership will take steps to show how the country is opening up.

The Upheaval Scenario is the one the Chinese leadership fears: the possibility of social unrest that would disturb the Games. There will be plenty of groups with grievances against the government eager to attract worldwide attention during the Olympics, and Chinese authorities will not want to use force against them. The result would almost certainly be a massive effort by China's internal security apparatus to head off demonstrations and to keep would-be protesters out of Beijing.

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Will we see signs of the Third Scenario at the Olympics? Not many. The best time to see whether China will really open up or remain authoritarian will be in the year or two after the visitors go home. I believe that China's current one-party system will endure far into the future.

JAMES MANN is author in residence at the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University and the author of "The China Fantasy," published this month.

Taiwan Premier Su Announces Presidential Bid (AFP)

AFP, February 25, 2007

Taiwan Premier Su Tseng-chang announced he will seek the ruling Democratic Progressive Party's nomination for the 2008 presidential race.

"Taiwan's history is turning to a new page. The 2008 presidential election is about to come," said Su, nicknamed the "electric fireball" because of his small stature and lack of hair.

"I have prepared myself. Now I want to sincerely tell my countrymen that I'll run for the next presidency. I implore full support of party members and countrymen," he added.

The 60-year-old, a former human rights lawyer and popular co-founder of the pro-independence Democratic Progressive Party (DPP), emphasised Taiwan's sovereignty.

China regards Taiwan as part of its territory, to be reunified by force if necessary. Taiwan and China split in 1949 at the end of a civil war.

"For the future of Taiwan, we have to unite together and stride forward," Su said.

The DPP has been pressing for independence, whereas the leading opposition Kuomintang (KMT) calls for improved ties with Beijing.

Su became the third DPP heavyweight to make public his presidential bid, following former premier Frank Hsieh, who stood down as premier a year ago, and DPP chairman Yu Shyi-kun.

These three, and Vice President Annette Lu, dubbed "three kings and one queen," are seen as the most prominent presidential contenders from the DPP.

The DPP earlier this month jumpstarted its nomination process for the 2008 presidential polls following opposition leader Ma Ying-jeou's unexpected announcement that he will run for president.

DPP members who seek official nomination must register with the party from March 5-9 to enter a party primary vote. The candidates will then compete against each other in public opinion polls.

The final outcome -- with the primary accounting for 30 percent and public surveys 70 percent of the results -- will be announced on May 30.

KMT leader Ma last week declared his presidential bid after being indicted for corruption.

Ma resigned as KMT chairman after he was accused of misusing some 11 million Taiwan dollars (about 333,000 US) in expenses when he was Taipei mayor.

No Change On Sanctions After Abbas Trip (AP)

By Angela Charlton, Associated Press Writer

AP, February 25, 2007

Palestinian President Mahmoud Abbas ended his European tour Saturday without persuading any country to end crippling economic sanctions based on his power-sharing deal with the rival Islamic militant Hamas.

The bright spot in his trip was a promise Saturday from French Foreign Minister Philippe Douste-Blazy to work with a government that includes Hamas and Abbas' more moderate Fatah party. His comments were more positive than those of other European leaders during Abbas' four-country tour. But Douste-Blazy made no commitments on resuming aid frozen since Hamas won parliamentary elections a year ago.

Europe's governments remained firm: Any new Palestinian government must recognize Israel's right to exist before direct international aid can resume.

"I encouraged Mr. Abbas to persevere in his efforts to quickly form a national unity government," Douste-Blazy told reporters.

If the government is formed according to the power-sharing deal worked out in the Islamic holy city of Mecca last month, "France will be ready to cooperate with it," Douste-Blazy said. "And our country will plead on its behalf within the European Union and with other partners in the international community."

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Abbas, who also traveled to Britain, Germany and Belgium, welcomed the pledge from France. But it was unclear how far France could go in supporting the Palestinians without the backing of the rest of the EU or other members of the Quartet of Middle East peace negotiators: the United States, Russia and the U.N.

Half of the Palestinian Authority's budget came from foreign assistance until much of it was frozen last year over Hamas' refusal to recognize Israel, renounce violence and accept existing peace agreements with Israel. The power-sharing deal skirts those demands.

"We hope that the embargo will be lifted," Abbas said after meeting French President Jacques Chirac on Saturday. "If not ... the Palestinian people would continue to suffer and the sanctions would continue to cause damage."

European leaders cautiously welcomed the power-sharing deal, an effort to end clashes between Hamas and Fatah that have left more than 130 dead since May.

But EU foreign policy chief Javier Solana told Abbas in Brussels that the EU would not make a decision on aid until a new Palestinian government has taken office.

In Gaza, four Palestinians were killed and 37 were injured in a family feud late Friday and early Saturday, threatening the calm that has accompanied the Mecca deal. Gaza remains volatile because families of some of those killed in months of clashes still seek revenge.

Palestinian parliament speaker Ahmed Baher, of Hamas, said in Gaza on Saturday that the government would be formed by the first week of March.

Israel has ruled out talks on a final peace deal with Abbas if he goes ahead with the coalition government.

But Abbas insisted he still had hope in the peace process despite an inconclusive meeting with Israeli Prime Minister Ehud Olmert and Secretary of State Condoleezza Rice earlier this week.

"We cannot say that there is something hopeless. It is indispensable that we reach agreement with the Israelis," he told reporters in Paris.

Abbas said he would push for the release of captured Israeli soldier Gilad Shalit before the new government is formed. Shalit's capture by Palestinian militants last June sparked weeks of fighting between Palestinians and Israelis. Chirac and Douste-Blazy urged his release Saturday.

Israeli Troops Raid Nablus, Start Curfew (AP)

AP, February 25, 2007

Dozens of Israeli jeeps and armored vehicles raided the West Bank city of Nablus Sunday and placed tens of thousands of Palestinians under curfew.

The army said troops had on Saturday, at the start of the operation to arrest suspected militants, uncovered an explosives laboratory in the city and that soldiers had been shot at in several places and returned fire. No injuries were reported on either side.

About 80 jeeps backing several bulldozers entered the city, witnesses said. The bulldozers pushed rubble into piles on main roads to make them impassable, they said. Troops placed about 50,000 people under curfew in the center of Nablus and closed the main entrance to the city, witnesses said.

Jeeps blocked entries to two main hospitals in the city, said a doctor, Ghassan Hamdan.

Schools and a university in the city announced that they had canceled studies due to the curfew.

5 Palestinians Die In Gaza Feud (NYT)

By Isabel Kershner

The New York Times, February 25, 2007

JERUSALEM, Feb. 24 — Five Palestinians were killed and more than 40 wounded in fighting between clans on Friday and early Saturday in Khan Yunis, a town in the southern Gaza Strip. Though the clashes were being portrayed in the Palestinian news media as a feud between families, they also took on a factional hue, since one of the families is identified with Hamas and the other with its political rival, Fatah.

The deaths raised fears of a possible round of revenge killings and renewed factional fighting between Hamas and Fatah after two weeks of relative calm. The fighting between Hamas and Fatah, which had killed almost 100 people in the Gaza Strip since December, eased after leaders of the groups signed an agreement in Mecca, Saudi Arabia, on Feb. 8 to share power in a proposed national unity government.

The latest round of violence in Khan Yunis started late Friday with the fatal shooting of Muhammad Ali Ghalban, 27, a member of the Iz al-Din al-Qassam underground that is linked to Hamas, according to Palestinian news reports. Hamas said Mr.

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Ghalban was killed by armed men from the Kawareh family. The reports said the killing was apparently an act of revenge for the death of a Kawareh relative in factional fighting a month ago. A few hours later, Hazem Kawareh, 30, a Fatah supporter, and a passerby, Ismail Sabah, 73, were killed, according to Israeli and Palestinian news reports. Palestinian news reports listed the two other fatalities as Ghada Kawareh, 28, and Salama Abu Shabab, 55, although details of the killings were not provided.

Israeli forces also discovered a bomb-making factory in the West Bank city of Nablus during an overnight operation that ended Saturday, an army spokesman said. Five pipe bombs, two gas balloons, materials for bomb making and large quantities of shrapnel were found in the factory, situated in the Old City market area. Palestinians threw a grenade and opened fire on the soldiers, and one member of Islamic Jihad was arrested, the spokesman said.

The army spokesman also confirmed that the Egyptian police on Friday found a ton of explosives in the Sinai desert, near the border with the Gaza Strip. The discovery came as Egyptian forces scoured the area for Palestinian militants thought to have come to Sinai from Gaza with the intention of attacking Israeli tourists at resorts in the desert peninsula. Several Palestinians were arrested earlier in the week in the northern Sinai carrying explosives belts. Israeli authorities have warned Israeli tourists to leave Sinai resorts immediately.

On Friday, two Qassam rockets were launched from the Gaza Strip in the direction of Israeli communities across the border. They fell in open areas and caused no injuries. That brings the number of Qassam rockets launched from Gaza in the past week to 12, according to the Israeli Army, despite a cease-fire that was declared in November.

At a news conference in Jerusalem on Wednesday, Prime Minister Ehud Olmert said Israel "would not restrain itself forever" in the face of the Qassam fire. "Israel's patience is being tested too often. In the end, we will respond and reach out to those responsible," he said, without specifying any timetable for action.

The Israeli Channel 2 television broadcast excerpts from an interview with King Abdullah II of Jordan on Friday, in which he suggested that the Israeli-Palestinian conflict was at a critical crossroad and that he believed this "really is the last opportunity for peace for all of us."

Prodi Gets A Second Chance To Lead Italy (NYT)

By Ian Fisher

The New York Times, February 25, 2007

ROME, Feb. 24 — Romano Prodi was given a second chance to lead Italy's government on Saturday, though allies and enemies worried that his still-fragile coalition would remain divided and vulnerable to another collapse.

"It's a weak solution," Daniele Capezzone, a leader of the Radical Party, which is allied with Mr. Prodi, told the ANSA news agency. "Within a month we risk finding ourselves in the same situation."

On Wednesday, Mr. Prodi resigned after far-left members of his diverse coalition killed a Senate vote on the government's foreign policy.

Since then, he has forced party leaders into line, even though the underlying ideological splits remain in place, as does his razor-thin majority in the Senate.

President Giorgio Napolitano, after two days of consultations with political leaders, concluded that there was "no concrete alternative" and on Saturday asked Mr. Prodi to try again. Now Mr. Prodi must win votes of confidence in Parliament, scheduled for late next week.

He is expected to have little trouble in the lower chamber, the House of Deputies, where he enjoys a wide majority. But Mr. Prodi would make no firm predictions about the Senate, despite gaining the support of a center-right leader once allied with Mr. Berlusconi, Marco Follini.

"Today I'm more relieved," Mr. Prodi told reporters after meeting with Mr. Napolitano here in Rome. Asked if he thought he could win the confidence vote in the Senate, he said, "The debate will be next week, and we will see."

Many political analysts predicted that he would scrape by, with the help of honorary senators appointed for life who lean to the political left. A different question, however, was surviving his five-year term, with the Senate deeply divided on the budget, political overhaul and issues including whether Italy should keep troops in Afghanistan or support the expansion of an American military base in Vicenza, in northern Italy.

Those last two issues are particularly contentious among the far-left members of his coalition, and they were the reason two senators abstained from the foreign policy vote on Wednesday, bringing down the government.

On Thursday, Mr. Prodi secured from his allies an agreement on a program of 12 "nonnegotiable" points, aimed at both giving him more autonomy and moving the coalition closer to the political center.

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Still, opposition leaders called it a bandage that would only "prolong the agony," as one said Saturday, before another collapse and the need for new elections. They had been urging Mr. Napolitano to sideline Mr. Prodi completely and appoint a caretaker government of technocrats.

"I don't believe this left can ever find the agreement to operate well in the direction of the reforms that this country needs," Silvio Berlusconi, the former prime minister and leader of the center-right opposition, told members of his party on Saturday.

Venezuela Spending On Arms Soars To World's Top Ranks (NYT)

By Simon Romero

The New York Times, February 25, 2007

CARACAS, Venezuela, Feb. 24 — Venezuela's arms spending has climbed to more than $4 billion in the past two years, transforming the nation into Latin America's largest weapons buyer and placing it ahead of other major purchasers in international arms markets like Pakistan and Iran.

Venezuelan military and government officials here say the arms acquisitions, which include dozens of fighter jets and attack helicopters and 100,000 Kalashnikov assault rifles, are needed to circumvent a ban by the United States on sales of American weapons to the country.

They also argue that Venezuela must strengthen its defenses to counter potential military aggression from the United States.

"The United States has tried to paralyze our air power," Gen. Alberto Muller Rojas, a member of President Hugo Chávez's general staff, said in an interview, citing a recent effort by the Bush administration to prevent Venezuela from acquiring replacement parts for American F-16s bought in the 1980s. "We are feeling threatened and like any sovereign nation we are taking steps to strengthen our territorial defense," he said.

This retooling of Venezuela's military strategy, which includes creation of a large civilian reserve force and military assistance to regional allies like Bolivia, has been part of a steadily deteriorating political relationship with the United States.

The Bush administration has repeatedly denied that it has any plans to attack Venezuela, one of the largest sources of oil for the United States. But distrust of such statements persists here after the administration tacitly supported a coup that briefly removed Mr. Chávez from office in 2002.

Venezuela's escalation of arms spending, up 12.5 percent in 2006, has brought harsh criticism from the Bush administration, which says the buildup is a potentially destabilizing problem in South America and is far more than what would be needed for domestic defense alone.

The spending has also touched off a fierce debate domestically about whether the country needs to be spending billions of dollars on imported weapons when poverty and a surging homicide rate remain glaring problems. Meanwhile, concern has increased among Venezuela's neighbors that its arms purchases could upend regional power balances or lead to a new illicit trade in arms across Venezuela's porous borders.

José Sarney, the former Brazilian president and a leading senator, caused a stir this week when he was quoted in the newspaper O Globo as describing Venezuela's form of government as "military populism" and "a return to the 1950s," when Venezuela was governed by the army strongman Marcos Pérez Jiménez.

"Venezuela is buying arms that are not a threat to the United States but which unbalance forces within the continent," Mr. Sarney said. "We cannot let Venezuela become a military power."

Still, officials in the administration of President Luiz Inácio Lula da Silva of Brazil have been hesitant to publicly criticize Venezuela's arms purchases.

The issue remains delicate after the Brazilian company Embraer lost a deal to sell military aircraft to Venezuela because the planes included American technology.

After turning unsuccessfully to Brazil and Spain for military aircraft, Venezuela has become one of the largest customers of Russia's arms industry.

Since 2005, Venezuela has signed contracts with Russia for 24 Sukhoi fighter jets, 50 transport and attack helicopters, and 100,000 assault rifles. Venezuela also has plans to open Latin America's first Kalashnikov factory, to produce the Russian-designed rifles in the city of Maracay.

A report in January by the Pentagon's Defense Intelligence Agency pegged Venezuela's arms purchases in the past two years at $4.3 billion, ahead of Pakistan's $3 billion and Iran's $1.7 billion in that period.

In a statement before the House Intelligence Committee, Lt. Gen. Michael D. Maples, the director of the Defense Intelligence Agency, called attention to Mr. Chávez's "agenda to neutralize U.S. influence throughout the hemisphere," contrasting Mr. Chávez with the "reformist left" exemplified by President Michelle Bachelet of Chile.

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Beyond Russia, Venezuela is also considering a venture with Iran, its closest ally outside Latin America, to build a remotely piloted patrol aircraft. Gen. Raúl Isaías Baduel, the Venezuelan defense minister, recently told reporters that the project to build 20 of the aircraft could be used to bolster border surveillance and combat environmental destruction in Venezuela. Venezuela is also strengthening military ties with Cuba, sending officers and soldiers there for training.

Supporters of the arms buildup contend that under Mr. Chávez, who has been in power for eight years, Venezuela has spent proportionately less on its military in relation to the size of its economy than the United States or than other South American countries like Chile and Colombia.

In 2004, the last year for which comparative data were immediately available and before Venezuela's arms buildup intensified, overall defense spending by Venezuela, including arms contracts, was about $1.3 billion and accounted for about 1.4 percent of gross domestic product, compared with 4 percent in the United States and 3.8 percent in Colombia, according to the Stockholm International Peace Research Institute, which tracks military spending.

Doubts persist as to how powerful Venezuela's armed forces have become in a regional context, even as they acquire new weapons. Military experts here say pilots in the air force still need training to start flying their new Russian fighters. And in terms of troop strength, Venezuela's 34,000-soldier active-duty army still lags behind the armies of Argentina and Brazil, with about 41,400 and 200,000 members respectively, according to GlobalSecurity.org, a Web site that compiles data on military topics.

Pro-Chávez analysts also say the president is less adventurous in relation to military policy outside Venezuela than predecessors like Luis Herrera Campíns, who supported Argentina in the Falklands War in 1982 to detract attention from a decline in oil revenue and climbing inflation.

But critics of the arms purchases say they are being made with little participation from or discussion with the National Assembly, which recently allowed Mr. Chávez to govern by decree for 18 months.

Ricardo Sucre, a political scientist at the Central University of Venezuela, said that the lack of transparency of the weapons contracts had heightened concern that Mr. Chávez could be arming parts of the army, the new civilian reserve and partisans like the Frente Francisco de Miranda, a pro-Chávez political group, that would be loyal to him in the event of fractures within the armed forces.

General Muller Rojas, the president's military adviser, said concern about the arms purchases was overblown, pointing to reports that Venezuela was considering an acquisition of nine diesel-powered submarines from Russia for about $3 billion.

He said the navy had "aspirations" for more submarines, but that no "concrete plan" for such a large contract had been developed.

"We simply have an interest in maintaining peace and stability," General Muller Rojas said, describing the Caribbean as a crucial to its military influence. "We have no intent of using the Venezuelan armed forces to repress human rights."

Chavez Says Bush's Latin America Tour Doomed To Failure (AP)

AP, February 24, 2007

CARACAS, Venezuela (AP) — Venezuelan President Hugo Chavez said Saturday that he saw U.S. President George W. Bush's upcoming tour to Latin America as a diplomatic offensive aimed at isolating his leftist government.

Chavez said that Bush's planned trip was "without a doubt" aimed at dividing the region and containing Venezuela's influence.

"But it's too late. I think the U.S. president now has nothing to find in Latin America. It is an offensive destined to the abyss of failure," Chavez told a news conference.

Chavez said he respected the decision by other Latin American nations to "receive this little gentleman," but in Venezuela, "we will never receive him. Never. Because we know what he is. This is nothing personal."

Chavez has become one of Washington's fiercest critics and regularly blames U.S.-style capitalism for poverty and inequality in the region.

"The strategy of the U.S. government has always been ... to divide Latin America," he said, including Bush's last visit to Argentina for the 2005 Summit of the Americas when the U.S. leader tried unsuccessfully to promote a hemisphere-wide free trade area.

"I saw him leave with his tail between his legs — the imperialist superpower," he said.

The March 8-14 tour, which will take Bush to Brazil, Uruguay, Colombia, Guatemala and Mexico, is the most extensive to the region since the U.S. leader to office six years ago and is being seen in the region as an attempt to reverse years of neglect, as well as counter Chavez's influence

Chavez is a close ally of Cuba's Fidel Castro who has spread his country's oil wealth to ideological allies like Bolivia, Nicaragua and Ecuador in the form of preferential oil deals and loans.

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The White House has said Bush's trip is aimed at underlining the U.S. government's commitment to the region and advancing democracy and its benefits, including health, education and economic opportunities.

Civilians Flee New Fighting In Capital (WT)

By Mustafa Haji Abdinur, Agence France-Presse

The Washington Times, February 25, 2007

MOGADISHU, Somalia -- Thousands of terrified civilians poured out of the Somali capital yesterday after heavy fighting between Ethiopian troops and gunmen overnight left at least 10 persons dead.

Some residents scrambled into passenger vans while most just grabbed household items and left on foot for the relative calm of the surrounding countryside, where food is scarce.

"I was very scared yesterday after I heard the heaviest explosion ever in the capital," said Adan Dirir Bare, a resident of southern Mogadishu.

"I had insisted a lot on staying in Mogadishu, but not now."

A mother of five, Sahro Ali Mohamed, said houses in her Mogadishu neighborhood were deserted.

"People cannot endure the heavy artillery and mortar exchange that kills people every time," she said as she left with her family in tow.

Five children were among the dead from clashes late Friday, apparently killed when caught in crossfire, witnesses said.

The International Committee of the Red Cross yesterday issued a plea to all warring parties to comply with the rules of international humanitarian law to protect civilians.

It urged them "to take constant care in the conduct of military operations to safeguard the lives and dignity of the civilian population."

Last week saw some of the heaviest fighting in the capital since late December when a hard-line Islamist movement was driven out by the interim Somali government and its Ethiopian allies.

The government and the Ethiopians blame remnants of the Islamist movement for stoking the violence.

A top Somali army commander yesterday accused unnamed foreign countries of funding the insurgency.

"The assailants are loyal to those who want to create violence in the capital and they are being funded by foreign countries," Said Dhere told reporters.

"We know who is behind the attacks, and we will crack down on them soon."

In the past, Somalia has blamed Ethiopia's arch foe Eritrea for funding the rebel fighters.

Analysts say Somali President Abdullahi Yusuf Ahmed has failed to create a government that includes elders and warlords from powerful sub-clans suspected of organizing the raids.

Rival militias of clan warlords carved up Somalia after dictator Mohamed Siad Barre was ousted in 1991.

Somalia is awaiting the deployment of an 8,000-strong African Union force to try to help the transitional government restore order in Mogadishu. The deployment was approved Tuesday by the U.N. Security Council.

But the AU has so far managed to raise only half of the required peacekeepers, with troop pledges from Nigeria, Burundi, Malawi and Ghana as well as Uganda.

In a statement posted on a suspected Islamist Web site, a group calling itself the Popular Resistance Movement in the Land of the Two Migrations, which is accused of threatening peacekeepers, vowed to carry out more attacks.

"We vow to welcome ammunition from heavy guns, exploding cars and young fighters determined to carry out martyrdom operations against these troops," the statement said.

Uganda's Deputy Defense Minister Ruth Nankabirwa said Friday that Uganda was now waiting for air transport from Algeria to begin its deployment.

Senegal's High Unemployment Is Top Election Issue (WP/AP)

By Rukmini Callimachi, Associated Press

The Washington Post, February 25, 2007

DAKAR, Senegal, Feb. 24 -- The seaside highway, one of the Senegalese president's bold building initiatives, winds past the scruffy shop where Barry Mamadou, a 62-year-old tailor, and his two sons eke out a living sewing scraps of cloth into curtains.

It is a beautiful highway, Mamadou said, no doubt about it.

"But I can't eat the road," he said, explaining why, having twice voted for President Abdoulaye Wade, he is now siding with one of 14 opposition candidates in Sunday's presidential election.

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Wade's projects include the new sea-hugging highway, a second major airport and a pan-African university. Yet in a country where half the population of 12 million is unemployed, some Senegalese say they would settle for a decent job and three meals a day.

"There seems to be a disconnect between ideas that on paper look good and what is actually happening on the ground," said Alex Segura-Ubiergo, the International Monetary Fund's representative in Senegal.

Wade, 80, who spent three decades in the opposition and ran four times for president before winning by a landslide in 2000, said his critics are missing the larger picture.

"I am a man in a hurry because Africans are not in a hurry, and the chasm that divides us from the West is big and is getting bigger. So we need to run faster to catch up. We can't fix the divide by going slowly," he said Thursday in an interview at the presidential palace.

The West sees this mostly Muslim country as an oasis of progress on a continent beset by authoritarian rule, corruption and grinding poverty. The government has never been overthrown in a coup, and many corporations have moved here. Wade has the advantage of incumbency and a fragmented opposition, but opinion polls are banned in election seasons, so predictions are difficult. If no one tops 50 percent of the vote, a runoff will be held.

But whatever the outcome, jobs are the leading issue.

Ibrahima Seck, 31, an engineering graduate, was a machinist at a chemical plant that recently shut down. Now he hawks knockoff perfume on the streets of the seaside capital.

Each perfume bottle nets him $2, and days can go by without a sale. His goal: to save about $1,000 for a ticket on a perilous 900-mile voyage by wooden boat to Spain's Canary Islands and a better life in Europe.

The surge of West Africans trying to reach Western Europe on sometimes perilous journeys is among the biggest stains on Wade's last seven years in office. Hundreds have died, yet at least 31,000 people undertook the voyage last year from West Africa.

"What the old man promised us, he didn't do," Seck said of Wade. "I need a real job, not a nice road. Not an airport. As soon as I save enough money, I will take the boat, even if it means losing my life."

Wade points to an annual growth rate of almost 5 percent, compared with 1 percent during the 40 years of socialist rule before he won office, and to job-creating initiatives such as raising crops whose oil can be used for biofuels.

But infrastructure has deteriorated. Electricity cuts are far more frequent because power plants are aging and oil prices are rising.

While inflation overall has remained low, the price of some basic commodities has spiked. The cost of a 13-pound canister of cooking gas, for example, rose 57 percent last year.

Wade's government has also been criticized by human rights groups for jailing opponents, including, for a time, his former prime minister, Idrissa Seck, now one of the candidates running against him. Another contender in Sunday's race is 68-year-old Moustapha Niasse, a veteran opposition leader who was Wade's first prime minister.

In Mbeki's South Africa, Change Has Come, Slowly (WP)

By Craig Timberg, Washington Post Foreign Service

The Washington Post, February 25, 2007

KHAYELITSHA, South Africa -- The road in front of Princess Rini's leaky, wooden shack has been paved. There is a primary school and a library down the street. And though three of the outdoor taps the government built nearby are broken, a twist on the fourth brings forth copious clean water.

"It's changing, a little bit, a little bit," said Rini, 38, a widow with short, braided hair who moved to Khayelitsha, among Cape Town's poorest and most dangerous townships, a decade before apartheid ended in 1994. "It's better than before."

The reason: "It's Thabo Mbeki," she said.

Inequality remains extreme in South Africa, with sharp divisions along lines of race and class. But Mbeki, who could become a lame-duck president as soon as December, when the ruling African National Congress has elections for party leader, has already crafted a legacy of fiscal stability and modest racial progress that, advisers say, he is working furiously to protect as rivals vie to replace him.

Mbeki is seeking to maintain control by competing for a third term as party leader, a move that would help him handpick the next president. But analysts say the outcome is far from certain in a year they call the most politically tumultuous since apartheid.

In these battles, the slow pace of change is perhaps Mbeki's most glaring weakness. Rush hour in Cape Town, southern Africa's original European colony and still a bastion of white privilege, is swollen with luxury cars speeding past dilapidated townships. Executive suites in downtown skyscrapers remain dominated by the small white minority.

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"We have not succeeded at de-racializing the economy," said Willie Esterhuyse, a retired Afrikaner philosophy professor who became a friend and adviser to Mbeki. "After liberation, nothing changed. . . . The racism is embedded in the physical nature of the country."

Although the racial order has proved dauntingly resilient, a strong economy has provided benefits to all levels of society.

Rini said she could not imagine ever living in the lush white neighborhood where she works one day a week, earning $57 for the month, and she craves steadier employment and a concrete home with plumbing. But she said she is grateful for the improvements to her neighborhood and for the $27 monthly government grant she receives to help support her youngest child.

Of Mbeki's government, she said its programs were "better than nothing."

Mbeki's advisers acknowledge that his cerebral approach to the presidency will never generate the enthusiasm many South Africans felt for Nelson Mandela, the charismatic first president of the post-apartheid era. But Mbeki, who was deputy president during those years, was the intellectual force behind policies that have allowed the country to become fiscally sound while gradually providing homes, water, electrical connections and grants to millions of the poorest South Africans.

Esterhuyse, who was an emissary for the apartheid government when he first met Mbeki in the late 1980s, said that even then Mbeki was "the guy in the engine room" capable of bringing ANC ideals to reality.

He became president in 1999, for the first of two five-year terms allowed by the constitution, but soon was embroiled in controversy when he questioned the scientific consensus on the cause of AIDS and, in the opinion of activists and many global leaders, moved too slowly on providing antiretroviral drugs. His international standing, analysts say, never entirely recovered.

In South Africa, he has developed a reputation as ruthless in backroom dealings, brittle in the face of criticism and emotionally remote in public appearances. His anti-populist instincts have become so hardened that even when he agrees to the demands of critics, as he eventually has on such sensitive matters as AIDS and South Africa's rampant violent crime, he has refrained from crowd-pleasing gestures of empathy for victims.

In a speech to Parliament this month, Mbeki said tartly, "There will be no empty theatrical gestures, no prancing on the stage and no flagellation, but we will continue to act against crime, as decisively as we have sought to do throughout the years of our liberation."

By contrast, he has consistently displayed passion for redressing the enduring racial divide, a subject he often calls the "national question." But on that goal, advancement is least clear.

Government programs requiring businesses to diversify their ownership have turned a small number of politically connected men and women into millionaires. And the number of blacks in top management jobs has increased from 13 percent in Mbeki's first full year in office to 27 percent, according to government statistics.

But unemployment among blacks tops 30 percent, and in many townships more than half of adults lack work.

Equally daunting is the legacy of Bantu education, which during apartheid sought to keep blacks as second-class citizens trained mainly for menial jobs. The 2001 census found that nearly half of black South Africans have no formal education or left school at the primary level.

"There's been a lack of creativity in how do you deal with poverty, how do you deal with unemployment," said William Gumede, author of "Thabo Mbeki and the Battle for the Soul of the ANC," speaking from London, where he is studying. "The remaining underclass is really going nowhere."

Property values have risen sharply for white South Africans, and the Johannesburg Stock Exchange regularly reaches new highs. South African companies have moved aggressively to other African countries, Asia and beyond.

Yet even as government receipts soar, South Africa's schools remain understaffed, and many of its public hospitals and clinics are overwhelmed.

Mbeki's approach to such woes is inherently cautious, based on his belief that major changes are possible only if the economy is made strong, his advisers said.

That response has not satisfied many ANC activists, and several of the candidates seeking to replace Mbeki -- including his fired former deputy Jacob Zuma -- draw support from those demanding more generous jobs programs, protection from overseas competition or other initiatives that might quickly improve the lives of the poor.

The most dramatic changes under Mbeki, however, are found not among the poor or the rich, but among the burgeoning black middle class, which increasingly has access to shopping, housing and jobs that long were the exclusive preserve of whites.

The impact of these new consumers has surprised even businesses, which have struggled to keep up with demand for electricity, gasoline and consumer goods, said Joel Netshitenzhe, Mbeki's top policy adviser, speaking in Pretoria.

"If there's a real tsunami in South Africa, that's it," he said. "Demand is growing so fast that businesses can't cope."

Solomzi Yapi, 41, who one recent day was hiking up a steep, sandy hill here in hopes of shrinking the belly that grew with his own prosperity, said he sees the economic changes as he drives his Volvo sedan through black townships, selling life

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insurance. Each passing year, he said, brings more customers with the means to buy his policies -- a change he attributes to Mbeki.

"He does not care how people perceive him," Yapi said. "He's a good administrator."

Yet breaking down racial barriers has come more slowly than Yapi expected when apartheid ended.

"I thought everything was going to be a very sharp turn . . . that we were going to have mixed much more than we've mixed now," he said. "Back then, I was naive. I didn't know anything about politics. We knew a lot about apartheid, not governance."

But a visit to a McDonald's restaurant three years ago convinced him change was coming, he said. All of the managers and the other customers were white. Everyone cooking or working the cash registers was black. But as he ordered his food and ate it, the service was courteous and his visit there caused no stir -- something unimaginable under apartheid.

It amounted to progress, he said, in South Africa.

'They Think They've Been Cursed By God' (NYT)

By Nicholas D. Kristof

The New York Times, February 25, 2007

ADDIS ABABA, Ethiopia

President Bush's budget request this month proposes that the U.S. cut spending on global maternal and child health programs to $346 million, or just $1.15 per person in the U.S.

To understand what the cuts mean, meet Simeesh Segaye.

Ms. Simeesh, a warm 21-year-old Ethiopian peasant with a radiant smile, married at 19 and quickly became pregnant. After she had endured two days of obstructed labor, her neighbors carried her to a road and packed her into a bus, but it took another two days to get to the nearest hospital.

By then the baby was dead. And Ms. Simeesh awakened to another horror: She began leaking urine and feces from her vagina, a result of a childbirth injury called obstetric fistula.

Ms. Simeesh's family paid $10 for a public bus to take her to a hospital that could repair her fistula. But the other passengers took one whiff of her and complained vociferously that they shouldn't have to share the vehicle with someone who stinks. The bus driver ordered her off.

Mortified, Ms. Simeesh was crushed again when her husband left her. Her parents built a separate hut for her because of her smell, but they nursed her and brought her food and water.

In that hut, she stayed — alone, ashamed, helpless, bewildered. She barely ate, because the more she ate or drank, the more wastes trickled down her legs.

"I just curled up," she said. "For two years."

Ms. Simeesh was, in a sense, lucky. She wasn't one of the 530,000 women who die each year in pregnancy and childbirth — a number that hasn't declined in 30 years. Here in Ethiopia, a woman has one chance in 14 of dying in childbirth at some point in her life.

For every woman who dies in childbirth worldwide, another 20 are injured. But because the victims are born with three strikes against them — they are poor, rural and female — they are invisible and voiceless, receiving almost no help either from poor countries or from the developed world.

So Ms. Simeesh huddled in a fetal position on the floor of her hut for two years, thinking about killing herself. Finally, last month, Ms. Simeesh's parents sold all their farm animals and paid a driver to take her to the hospital in a vehicle with no other passengers present to complain.

So now Ms. Simeesh is lying in a bed here in the Addis Ababa Fistula Hospital (www.fistulafoundation.org). The hospital is run by an Australian gynecologist, Dr. Catherine Hamlin, whom I've written about before. Dr. Hamlin is the Mother Teresa of our age.

The doctors here will try to repair the fistula, but first they must strengthen Ms. Simeesh, who is skeletal. Her legs have withered and are permanently bent into a fetal position, so that she can't straighten them or move them.

In the U.S., neither Democrats nor Republicans have ever shown great interest in maternal health. But it's an issue that deserves far more support, partly because we know exactly what to do to bring down maternal mortality and morbidity: Sri Lanka and Honduras have both shown how poor countries can drastically cut rates of death and injury.

And in the breakaway Somaliland region of Somalia, an extraordinary woman named Edna Adan Ismail runs her own obstetric hospital and trains midwives, underscoring how women's lives can be saved even in the most difficult environments. Ms. Edna struggles one moment to deliver a breech baby, and the next to round up surgical masks. She is helped by a group of Americans, Friends of Edna Hospital (www.ednahospital.netfirms.com), who raise funds and scavenge supplies. (To see Ms.

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Edna, Ms. Simeesh and others in this column, please visit the video I have posted on my blog at www.nytimes.com/ontheground.)

Dr. Hamlin and Ms. Edna deserve the Nobel Peace Prize for showing the world how to turn the tide of maternal mortality and morbidity, and for offering comfort to some of the most forlorn people in the world. At a time when we're proposing further cuts in our negligible budget for maternal and child health, I was deeply moved by the sight of Ruth Kennedy, a British midwife at the fistula hospital, comforting Ms. Simeesh and bringing a lovely smile to her lips.

"They think they've been cursed by God," Ms. Kennedy explained. "And we tell them that they haven't been cursed by God and that they're beautiful and that the only reason that they got a fistula is because we failed them as health professionals."

Containment Makes A Comeback (LAT)

By Ian Shapiro

The Los Angeles Times, February 25, 2007

Containment is back.

Over the last 12 months, commentators as varied as George Will, MIT political science professor Barry Posen and Thomas Friedman have all suggested that containing a nuclear-armed Iran might be preferable to attacking it.

Last month, Kenneth Pollack of the Brookings Institution joined in with a study advocating a return to a policy of containment in Iraq — even though he had been one of the most vocal supporters of the 2003 invasion on the grounds that containment was failing.

Even James Baker's Iraq Study Group proposed in its December report that the U.S. should work with Iran and Syria to contain the Iraqi conflict.

Containment is a Cold War idea, articulated by historian and diplomat George Kennan in the late 1940s in his famous Foreign Affairs magazine article "The Sources of Soviet Conduct," (which he published under the pseudonym "X"). Kennan, who had been stationed at the U.S. Embassy in Moscow, argued that as long as the Soviet Union did not attack us, we should not attack it — but should rely instead on economic sticks and carrots, on intelligence and diplomacy and on promoting the health and vitality of the capitalist democracies to win the Cold War.

Yes, Kennan wrote, the Soviets were eager to increase their sphere of influence, but U.S. policy should nevertheless be built on "long-term, patient but firm and vigilant containment of Russian expansive tendencies." With time, he believed, the dysfunctional Soviet system, overextended beyond its own borders, would collapse of its own accord.

History proved him right.

But that was then and this is now. Containment (which was also our policy toward President Saddam Hussein of Iraq during the Clinton years) fell into disfavor in the run-up to the Iraq war, when the Bush administration denounced it as inadequate to meet the threats of the post-9/11 world. If Al Qaeda is attacking and nuclear terrorists are roaming the globe and rogue governments are providing them with weapons, the administration argued, only radical measures — preemptive war and forcible regime change — can protect us.

This was the modern equivalent of the "rollback" policy (to push the Soviets out of Eastern Europe) proposed by John Foster Dulles and Dwight Eisenhower in the 1952 election campaign (but abandoned as impracticable when they came into office the following year).

So what's the truth? Is containment in fact obsolete, as the Bush administration would have it? Numerous parallels suggest that it is not.

After World War II, for instance, Kennan knew that national security would have to be managed with scarce resources as troops were demobilized and military budgets cut. Trying to dominate the world would be impossibly expensive. It made more sense, Kennan thought, to work for a world that no one could dominate. That's why he welcomed the rise of Titoism as a challenge to Soviet hegemony, recognizing that competition within the world communist movement worked to our advantage.

This lesson is lost on the Bush administration, which had giant budget surpluses to play with just a few years ago but is now facing an Iraq war debt well in excess of a trillion dollars and massive budget deficits as far as the eye can see.

Instead of following the Kennan model and pitting our adversaries against one another, the administration encourages them to make common cause at every turn. The "axis of evil" speech in the 2002 State of the Union address is a stunning example. The senseless alienation of Iran when the moderates had the upper hand there and were cooperating in Afghanistan made no sense for the United States.

Kennan believed that the way to win hearts and minds was by demonstrating the superiority of democratic capitalism on the ground. Hence his support for the Marshall Plan to consolidate democratic success in Europe as fast as possible.

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This too is medicine for our time because Islamic fundamentalism shares with communism the lack of a viable political economy. Where fundamentalist movements have come to power in Afghanistan and Iran, the results have been disastrous. Islamic fundamentalism poses no competitive threat to democratic capitalism. That's why so much of the population of Iran (as distinct from the country's leadership) is strongly pro-Western in values and orientation.

Kennan was convinced that arguing with the Soviets was a waste of time. The United States should focus, he believed, on what our enemies did rather than what they said, assuming they would act in response to their interests, not to our arguments. And it works.

*

THINK OF LIBYA, where Moammar Kadafi responded to the incentives (and disincentives) of containment despite his anti-Western invective. In the late 1990s, containment (including economic sanctions) led him to stop sponsoring terrorism, turn over the Lockerbie bombers for trial and pay compensation to British and French victims of Libyan-sponsored terrorism.

Instead of Iraq being the model for Iran, Libya should be. But allies of the administration see it differently and are pushing the modern equivalent of rollback, suggesting that we should attack Iran to stop its nuclear weapons program.

True, in some respects, Kennan's doctrine needs to be modified for a world that is no longer bipolar, in which there may be multiple adversaries operating in different places. This requires the creation of regional security alliances. Kennan opposed the creation of NATO on the grounds that it would militarize the conflict with the Soviets unnecessarily. But, as Col. Joseph Nunez of the U.S. Army War College has argued, we now need NATO-like organizations on every continent to contain terrorist groups and sectarian conflicts in failed states.

Kennan also had little time for international organizations such as the U.N., believing that they would be swept aside in any real conflict between the U.S. and the Soviet Union. But in the globalized world of the 21st century, such international organizations are essential for peacekeeping, international law enforcement and legitimization of intervention when containment requires it.

It is ironic that the two areas in which Kennan's views are most outdated and wrongheaded — working with regional allies and international institutions — are the two areas in which the Bush administration follows his lead.

Kennan died two years ago at 101. But his doctrine of containment should not be buried along with him.

Containment is not obsolete. The Bush doctrine is.

IAN SHAPIRO is a professor of political science and director of the MacMillan Center for International and Area Studies at Yale University.

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TERRORISM NEWS:

Facility Holding Terrorism Inmates Limits Communication (WP)

By Dan Eggen, Washington Post Staff Writer
The Washington Post, February 25, 2007

The Justice Department has quietly opened a new prison unit in Indiana that houses a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted.

At the Communications Management Unit, or CMU, in Terre Haute, Ind., all telephone calls and mail are monitored, the number of phone calls limited and visits are restricted to a total of four hours per month, according to special rules enforced by the Justice Department's U.S. Bureau of Prisons. All inmate conversations must be conducted in English unless otherwise negotiated.

The unit appears to be a less restrictive version of the "supermax" facility in Florence, Colo., which holds some of the United States' most notorious terrorists, including al-Qaeda operative Zacarias Moussaoui and Unabomber Theodore J. Kaczynski.

The Indiana unit, by contrast, is part of a medium-security facility and includes inmates set to be released in as little as two years. Prisons spokeswoman Traci Billingsley said the unit's population will not be limited to inmates convicted of terrorism-related cases, though all of the prisoners fit that definition.

Prison officials said they already seek to fully monitor the mail and other communications of all 213 "terrorist inmates" in the system. "By concentrating resources in this fashion, it will greatly enhance the agency's capabilities for language translation, content analysis and intelligence sharing," the bureau said in a summary of the CMU.

The unit, in Terre Haute's former death row, has received 17 inmates since it was launched in December and eventually will hold five times that number, officials said.

Defense lawyers and prisoner advocates complain that the unit's communication restrictions are unduly harsh for inmates not considered high security risks. They also say that the ethnic makeup of the CMU's population may indicate racial profiling. "If they really believed these people are serious terrorists, they wouldn't be in this unit," said David Fathi, staff counsel for the National Prison Project at the American Civil Liberties Union. "They'd be in Colorado with [Atlanta Olympics bomber] Eric Rudolph and the Unabomber and the rest of the people that the Bureau of Prisons thinks are serious threats."

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The prison bureau has come under sharp criticism in recent months for failing to adequately monitor terrorist inmates' communications. The Justice Department's inspector general reported in October that three terrorists imprisoned for the 1993 World Trade Center bombing had sent nearly 100 letters to alleged terrorists overseas from the maximum-security facility in Colorado.

"The inclusion of this unit is one of the many things we're doing to improve our monitoring capabilities," Billingsley said.

According to prison records, current residents at Terre Haute include five members of the so-called Lackawanna Six, a group of Yemeni natives from Upstate New York who attended an al-Qaeda training camp. The unit also houses Randall Royer, a defendant prosecuted as part of the "Virginia jihad" case in Alexandria, and Enaam M. Arnaout, an Islamic charity director who pleaded guilty to diverting money to Islamic military groups in Bosnia and Chechnya.

The only non-Muslim inmates are an unidentified Colombian militant and Zvonko Busic, 61, former leader of a Croatian extremist group that hijacked a jetliner and set off a bomb that killed a police officer in 1976, according to prison records and defense lawyers.

Another CMU resident is Rafil Dhafir, 58, an Iraqi-born physician from Syracuse, N.Y., who was sentenced to 22 years for defrauding charity donors and conspiring to violate U.S. economic sanctions against Saddam Hussein's government.

In a recent letter to supporters, Dhafir recounted his abrupt, heavily guarded transfer to Terre Haute in December and described it as part of "a nationwide operation to put Muslims/Arabs in one place so that we can be closely monitored regarding our communications."

"We are all concerned about the close intrusion on our communications," Dhafir wrote. "We knew all along that our calls, mail and visits were monitored, but with the new system we will have absolutely no privacy including our visits. This is causing a great deal of anxiety and resentment especially among those whose families speak no English."

Dhafir wrote that prison officials "are allowing us total freedom for our religious activities" and appear to be working with inmates to improve conditions.

Prisoner advocates and prisons officials generally agree that the bureau is within its rights to monitor prisoners' mail, phone calls and visits. They differ on whether the intensive use of these tactics is justified for these inmates.

Some lawyers and prison advocates said there are important problems with the CMU, including a lack of public notice about its formation and a lack of clarity about how inmates are chosen to be sent there.

Washington lawyer Carmen Hernandez, who represents Busic and is president-elect of the National Association of Criminal Defense Lawyers, noted that being sent to the unit is not considered a punitive measure by prisons officials. As a result, authorities do not have to provide hearings and other procedures that are required when punishments are to be administered.

"They claim it's not a punitive measure, but when you start restricting access, it certainly would appear to be punitive," Hernandez said. "If you're going to restrict people's liberties beyond what they already are, it ought to be for a good, particularized reason, and there does not appear to be one here."

Howard Kieffer, a Santa Ana, Calif., defense lawyer who runs a Web site focused on federal prisons, also argues that the unit "screams racial profiling."

"It's highly suspect that basically all of the people in this program are of Middle Eastern descent," Kieffer said.

Billingsley said inmates are not placed in the unit based on ethnicity or religion. She said the facility will eventually house a variety of prisoners, including sex offenders who attempt to communicate with victims and others who have abused mail or phone privileges.

"What they all have in common is a demonstrated need to more closely monitor their communications," Billingsley said.

During a tour of the Colorado prison last week, Attorney General Alberto R. Gonzales said the monitoring problems there had been solved, although prison guards say the facility remains understaffed.

Staff researcher Julie Tate contributed to this report.

Evidence Against Muslim Charity Appears Fabricated (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 25, 2007

An official summary of an FBI-wiretapped conversation contains anti-Semitic slurs that do not appear in the actual transcript.

When the Bush administration shut down the nation's largest Muslim charity five years ago, officials of the Dallas-based foundation denied allegations it was linked to terrorists and insisted that a number of accusations were fabricated by the government.

Now, attorneys for the Holy Land Foundation for Relief and Development say the government's own documents provide evidence of that claim.

In recent court filings, defense lawyers disclosed striking discrepancies between an official summary and the verbatim transcripts of an FBI-wiretapped conversation in 1996 involving Holy Land officials.

The summary attributes inflammatory, anti-Semitic comments to Holy Land officials that are not found in a 13-page transcript of the recorded conversation. It recently was turned over to the defense by the government in an exchange of evidence.

Citing the unexplained discrepancies, defense lawyers have asked U.S. District Judge A. Joe Fish in Dallas to declassify thousands of hours of FBI surveillance recordings, so that full transcripts would replace government summaries as evidence.

The demand could force government prosecutors to either declassify evidence it has fought to keep secret or risk losing a critical portion of evidence in its case.

In December, the judge denied a defense request to declassify the documents so they could be examined by defendants in the case. Seven former foundation officials, six of them U.S. citizens, have been charged with funneling money to overseas charities controlled by Hamas, which the U.S. has designated as a foreign terrorist organization. The defendants have denied the charges.

Though defense attorneys already have government clearances that allow them to review the material, under the federal Classified Information Procedures Act they have been prohibited from sharing it with their clients. And unless the act's rules are declared unconstitutional in the case, defense attorneys argue, the defendants will have no way of proving that the statements attributed to them were misconstrued or never made.

The recently declassified summary of surveillance on April 15, 1996, asserts that during a conversation wiretapped by the FBI, Holy Land's former executive director Shukri Abu Baker told two associates there was no need to worry about the foundation being unfairly targeted because U.S. courts were not under the control of the American Israel Public Affairs Committee or its sponsor, "the government of the demons of Israel."

The summary portrays Baker as raging against "the Jews of the world" and as claiming that Jews have no allegiance to anything but "their pockets and to preserving the illegal Zionist state of Israel."

Additional anti-Semitic comments the FBI summary attributed to Baker or Ghassan Elashi, Holy Land's former board chairman, included:

· "Their [Jews'] only purpose here in the U.S. is to purchase as many politicians as possible and to warp the way the American Christians feel and think not just about the Christian religion but mainly about the Palestinian people … and to rob as much money as possible from American taxpayers for the illegitimate excuse of protecting and preserving the chosen people of God."

· "Even Jesus Christ had called the Jews and their high priests … the sons of snakes and scorpions."

· "I am confident that in the end justice, and not the Jews, will prevail. I believe that there is still justice in America."

None of those quotes was contained in a 13-page transcript of the conversation, defense lawyers said in their motion to expand access to classified evidence.

"Throughout the run-up to trial, the government has insisted that the defendants can learn what is contained in the [surveillance] intercepts by reading the so-called 'summaries' of those intercepts," defense attorneys said in their papers.

But the recently disclosed transcript, attorneys said, shows that "not only are the summaries so inaccurate and misleading as to be useless," but that the "author of the attached summary has cynically and maliciously attributed to the defendants racist invective and inculpatory remarks the defendants never uttered."

"It is appalling that such summaries even exist, much less that the government represented that this is all our clients need to know in order to defend themselves."

Defense lawyers declined to comment about their motion. A federal prosecutor said the government would respond with its own filings to the court.

How the summary and transcript could be so different was unclear, though experts in the Foreign Intelligence Surveillance Act arena theorized that its top-secret nature may have led some analysts to believe that the work product would never be publicly disclosed, much less entered into evidence in a trial.

Because the court records are heavily redacted, it could not be determined who provided the summaries of the FBI wiretaps.

Other alleged discrepancies also have dogged the case. Holy Land lawyers challenged the accuracy of an FBI memo, for example, that quoted a foundation office manager as telling Israeli authorities that charitable funds were "channeled to Hamas."

But defense lawyers told the court the translation from Arabic to Hebrew to English distorted the official's original statement, and that he should have been quoted as saying, "We have no connection to Hamas."

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The Holy Land Foundation was closed weeks after the Sept. 11 terrorist attacks on New York and the Pentagon. The action followed years of efforts by Israel and many pro-Israeli groups in the U.S. to close the foundation on the grounds that it was a fundraising front for Hamas.

The former Holy Land officials facing trial are charged with conspiracy to provide material support to terrorists by sending money, goods and services to Palestinian charities controlled by Hamas, a U.S.-designated terrorist group since 1995.

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TV Cameraman Among Detainees At Guantanamo (WT/AP)

By Ben Fox, Associated Press

The Washington Times, February 25, 2007

NAVAL BASE GUANTANAMO BAY, Cuba -- A TV cameraman is getting an inside view of life at Guantanamo Bay prison, only he is unable to get out and tell the story.

Sami al-Hajj, of the Al Jazeera TV network, was stopped at the Afghanistan border by Pakistani authorities in December 2001, turned over to U.S. forces and hauled in chains six months later to Guantanamo, where about 390 men are held on suspicion of links to al Qaeda or the Taliban.

Mr. al-Hajj, a 38-year-old native of Sudan, has been held in this U.S. military prison ever since.

He is believed to be the only journalist from a major international news organization held at Guantanamo.

Colleagues from Mr. al-Hajj's Qatar-based network and the Sudanese government want to know why he is being held, but the U.S. government is saying little. The military did not even publicly acknowledge holding Mr. al-Hajj until last April, when it released a list of Guantanamo detainees in response to a Freedom of Information Act request filed by the Associated Press.

But military documents sketch at least a partial outline of Mr. al-Hajj's experiences at Guantanamo and the U.S. grounds for holding him -- that he transported money between 1996 and 2000 for a defunct charity that purportedly provided money to militant groups, and that he met a "senior al Qaeda lieutenant."

When he appeared before a military review panel at this remote U.S. military base in August 2005, Mr. al-Hajj, citing the advice of his attorney, declined to respond to questions. But he denied any connection to terrorism.

"With all due respect, a mistake has been made because I have never been a member of any terrorist group," he said, according to a transcript released the following year. "I can say without hesitation that I am not a threat to the United States."

During the hearing, aimed at determining whether Mr. al-Hajj posed a threat to the United States or possessed intelligence value, Mr. al-Hajj wore a white jumpsuit reserved for the "most compliant" detainees. An officer told the tribunal that Mr. al-Hajj was leading Islamic prayer sessions and teaching other prisoners English.

His colleagues at Al Jazeera claim his detention is American harassment of an Arabic TV network whose coverage has long angered U.S. officials. Near the entrance to the network's Khartoum, Sudan, bureau a banner saying "Free Sami al-Hajj" hangs alongside his photo.

"He's our colleague, so we're very worried," said Nassef Salah Eldin, an Al Jazeera producer in the Sudanese capital. "We feel it could happen to any of us."

Lamis Andoni, a Middle East analyst for the network who helped organize a campaign for Mr. al-Hajj's release, noted the network's sour relationship with the American government. In April 2003, an Al Jazeera journalist was killed when the network's Baghdad bureau was struck during a U.S. bombing campaign. In November 2001, a U.S. missile destroyed Al Jazeera's office in Kabul, Afghanistan. The U.S. claims both attacks were mistakes.

"When you are targeted once, it could be a mistake," Mr. Andoni said in an interview from Amman, Jordan. "But when you are bombed twice, it's something else."

In an interview in Khartoum, Sudanese Justice Minister Mohammed Ali al-Mardi said the holding of the cameraman without charge "is repugnant to all the conventions and principles of international law."

Washington has given Sudan no information about Mr. al-Hajj, Mr. al-Mardi said. U.S. relations with Sudan are strained over the Darfur conflict in western Sudan.

"I consider the information that we obtained from him to be useful," Paul Rester, director of the Joint Intelligence Group at the prison, said in an interview at Guantanamo Bay. Mr. Rester refused to elaborate or even to comment on the charges aired at the 2005 hearing.

The U.S. military says that in the 1990s, Mr. al-Hajj was an executive assistant at a Qatar-based beverage company that provided support to Muslim fighters in Bosnia and Chechnya.

Infiltrating The Extreme (LAT)

By Maggie Farley

DOJ_NMG_0136623

The Los Angeles Times, February 25, 2007

TORONTO — Mubin Shaikh, the informer, balances his 3-month-old son in the palm of his hand and hoists him aloft like the torch of the Statue of Liberty. The baby coos and smiles, unaware of the danger of falling, then lurches into space. Shaikh catches him gently and laughs.

Shaikh's own balancing act has been more difficult.

He is a 31-year-old Canadian-born Muslim who disavowed the mosque to fit in with his neighborhood friends, then rejected that life to practice traditional Islam. Later, he used his stature in the Muslim community to infiltrate a suspected terrorist cell, and then helped expose it — an act that alienated him from many in his own circles.

Shaikh's struggle with identity and loyalty is part of a larger conundrum confronting Western nations with edgy and diverse Islamic populations. He thought his ability to straddle worlds was the answer to quelling the homegrown terrorism that has stunned London, Madrid and now Toronto. But it has only raised more questions.

The suspected cell's plan, prosecutors said in June, was to explode three truck bombs in front of Toronto police and intelligence headquarters and Parliament Hill, then take politicians hostage and behead them one by one. The group of 18 had acquired 3 tons of what it thought was explosive material when police moved in, authorities say.

Cushioned by faith

To some, Shaikh is a hero, acting to protect not only Canada but Islam. Others charge that he enabled the plotters instead of acting to stop them, betrayed his brethren and reinforced the image of Muslims as terrorists in this country where more than half a million practice Islam.

Now he faces death threats, which he doesn't take seriously, and glares and cold shoulders in the mosque, which he does. As preliminary hearings for the suspects begin, the anguished questions revive: Did he do all he could? Was it necessary? Will he survive it?

Shaikh dismisses the threats and condemnations as he tickles his son's head with his long black beard. He believes that if he falls, he will be cushioned by his faith.

Shaikh was born in Toronto in 1975, two years after his parents arrived from India via England. His family practiced Islam, but he felt indistinguishable from his Italian and Portuguese neighbors.

In high school, he said, he was one of the "cool guys," sporting five tattoos, smoking pot behind a back wall and dating the cheerleaders.

"I am Canadian and I am Indian, born and raised here, with the expectations of conformity and the pain of acculturation," Shaikh said. "I had to deal with the clash of cultures. I liked girls, I liked music, I wanted nothing to do with the mosque."

Shaikh was in the Royal Canadian Army Cadets for six years and trained with a reserve unit. He became skilled with firearms and learned military maneuvers that he said he eventually taught to the aspiring terrorist cell. He was attracted by the discipline, he said.

After high school, still searching for discipline or a higher law, he came back to Islam. And like many young people, he said, he "overcompensated" and became ultra-religious, traveling to India and Pakistan with a conservative Islamic missionary group. He returned to Toronto in a knee-length robe, a skullcap and a long beard that he still wears today.

"It blew everybody away," he said of his transformation. He found it difficult at first to reconcile Canadian secular values with his newfound Islamic beliefs. "From the age of 19, I was made to feel like a stranger in my own country. I was subject to comments and looks."

The alienation increased after the Sept. 11 attacks, when people began to tell him to act like a Canadian or go home.

"This is my home," he said. "I was angry, and cynical. I wanted to go to Afghanistan or Chechnya. I could have been a jihadi."

Instead, he went to Syria in 2002 to study for two years, and came back more appreciative of Canada's laws and freedoms, armed with Koranic verses that argued against terrorism.

Shaikh became a well-known figure in Toronto's Muslim community as an official at the conservative Masjid el Noor mosque and a prominent proponent of using Sharia, or Islamic law, to settle family disputes among Muslims in Ontario province.

The government and liberal Muslims argued that the Islamic religious code clashed with Canadian laws, and the movement failed.

Down the informant's path

When Shaikh heard in 2004 that a childhood friend, Mohammed Momin Khawaja, had been arrested under Canada's new anti-terrorism laws, he called the Canadian Security Intelligence Service and said, "I've known this guy for a long time and there's got to be a mistake." He asked how he could help straighten things out.

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CSIS agents quizzed him on his background and his beliefs. After more meetings and a polygraph test, they asked him to infiltrate a group they had been monitoring. Shaikh said he had had brushes with the law but no convictions, and he insisted no deals were made with the CSIS that led him to take on the assignment.

The agency agreed to pay him in installments for his efforts, and he said that as of January he had received more than $250,000. Another informant who ended up going into a witness protection program was paid about $12 million as compensation for giving up his business and home and relocating his family.

Neither the CSIS nor the police would comment for this article, citing confidentiality and preparations for the trial of the plot suspects.

Troubled by doubts, Shaikh consulted his spiritual advisor, who told him to be sure he was doing it for God, not for himself, and cautioned that he must not incite the others or betray his faith.

Shaikh's first test came in October 2005. He went to a fundraiser for imprisoned Muslims, assigned to connect with the alleged terrorist cell ringleader, Fahim Ahmad.

In the course of the evening, Shaikh said, he gave the right answers to Ahmad's questions, a between-the-lines test of whether Shaikh was prepared to wage "holy war." When the other alleged leader, Zacaria Amara, embraced him later that night, it apparently was in part to let Shaikh feel the gun under his clothes.

In turn, Shaikh said, he showed them his hard-to-get firearms license he had obtained as a cadet rifle instructor and told them of his military training. They needed someone to help them get arms and lead a training camp. Soon, he was in.

Shaikh said he and Ahmad seemed to recognize something in each other. Shaikh described Ahmad as a Muslim who struggled with the culture clash, whose religious values pushed him to the margins of society, where he grew angry and alienated and increasingly radical.

Laughing when he realized that he could be giving his own biography, Shaikh asked, "How is it that a guy like that goes one way and I go another?

"I don't know if it is fate or what, but I ended up with the right religious connection," he said. "If I had met a facilitator, chances are I would be somewhere in Afghanistan or Chechnya right now."

'Impressionable' recruits

The group included leaders and their young recruits — high school students from wealthy suburban families who lived in large Tudor houses. One drove a BMW, another a Lexus. A few of the younger ones left the circle at his quiet prompting, Shaikh said, and at the other minors' pretrial hearing, he pleaded for charges against some of the "impressionable kids" to be dropped. On Friday, charges against the youngest suspect were suspended.

He said he saw members of the group nearly every day for 10 months, watched beheading videos to desensitize himself, and wrote careful reports for the CSIS. The agency wired his van, tapped all their phones and monitored the group's movements.

In the winter, he said, the group spent 10 days in the woods a few hours north of Toronto in a makeshift terrorist training camp, led by Shaikh. Under the watchful eyes of concealed CSIS agents, the young holy warriors learned how to fire guns and hit a VIP convoy, and discussed the techniques of beheading.

The plot was progressing, Shaikh said: Amara showed him a homemade detonator sparked by a cellphone and told him he was testing bombs. Shaikh said he didn't know that the group had ordered 3 tons of ammonium nitrate, the material used by Timothy McVeigh in the Oklahoma City bombing.

The supplier turned out to be another mole, unknown to Shaikh, and the bags did not contain ammonium nitrate. After the material was delivered, more than 400 police officers conducted raids in early June, bursting through the doors of suburban homes with SWAT teams to arrest 12 men and five minors. The 18th suspect was arrested two months later.

When whispers ran like a current through the Muslim community that Shaikh was the informer, he decided that the best protection was to explain himself.

"I didn't do it for the money. I didn't do it to be a hero. I did it for Islam, because we don't support terror, and if those guys had succeeded, it would have made all Muslims look bad," he said, anger sparking in his dark brown eyes. "And I did it for Canada. I was born here, and I want this to be a place where people can live together without suspicion."

To many, he was a hero. After he revealed his identity in July, an editorial in the Globe and Mail headlined "In Praise of Mr. Shaikh" said: "He is an observant Muslim who acted against an alleged terrorist ring. For that, Canadians of all stripes should be grateful."

But within Toronto's multifaceted Muslim community, gratitude was in short supply.

"Individuals cannot credibly spy on their own community while remaining a member of it," said Safiyyah Ally, the host of the TV program "Let the Quran Speak." "Our community is fragile enough as is, and our leaders are our moral anchors."

Ally said the community should report suspicious activity but leave the spying to the authorities.

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Shaikh heard that and laughed. "How many Muslims do you think there are in CSIS? How many can penetrate those circles? Why do you think they came to me?"

After his exposure, though, Shaikh has found it more difficult than he expected to break through in even his old circles.

"There has been a lot of hostility." he said. "But that is trivial compared to not doing it, because it could have led to something so devastating, so tragic."

"Instead of being peeved at the fact that I was involved, they should be peeved at the guys who were doing it," he said. "They were angry that I brought attention to it. But think of the attention if those guys had blown up a truck bomb. It would come back to us 100%."

HOMELAND RESPONSE:

White House Disaster Drill Supposes 10-City IED Strike (WP/AP)

By Jennifer Loven, Associated Press

The Washington Post, February 25, 2007

Dozens of high-level officials joined in a White House drill yesterday to see how the government would respond if several cities were attacked simultaneously with bombs similar to those used against U.S. troops in Iraq.

White House homeland security adviser Frances Fragos Townsend and the Homeland Security Council that she heads mapped out in advance a massive disaster involving improvised explosive devices, or IEDs. The attack targeted 10 U.S. cities, both large and small, at the same time, said a senior administration official who spoke on the condition of anonymity.

Townsend presided over the three-hour exercise, which brought the government's top homeland security officials to the Eisenhower Executive Office Building next to the White House. All Cabinet agencies were represented by their secretaries or other high-ranking officials, with about 90 participants in all, White House spokesman Scott Stanzel said.

Stanzel said the drill revealed gaps in the government's ability to respond, but also showed that there have been many improvements since Hurricane Katrina. The storm exposed federal inadequacies when it devastated the Gulf Coast in 2005. For instance, coordination with state and local authorities and the ability to get federal resources in place quickly -- key missteps after Katrina -- appeared much better now, Stanzel said.

President Bush went on a bike ride yesterday morning and did not take part in the test.

The IED attacks are common in Iraq, but Stanzel said the test was not inspired by new intelligence or any increased chatter about terrorists' desire to use IEDs inside the United States.

This was the administration's fourth such "tabletop" exercise since the first in December 2005. That exercise focused on an avian flu pandemic.

As Bush's ID Plan Was Delayed, Coalition Formed Against It (WP)

By Spencer S. Hsu, Darryl Fears, Washington Post Staff Writers

The Washington Post, February 25, 2007

Inspired by the Sept. 11, 2001, attacks, a sweeping federal law to tighten security requirements for driver's licenses is in jeopardy of unraveling after missteps by Congress and the Homeland Security Department, analysts and lawmakers said.

While Washington has delayed implementing it, a rebellion against the program has grown. Privacy advocates say the effort could create a de facto national ID card. Meanwhile, state officials charge that complying with federal requirements will cost $11 billion and potentially double fees and waiting times for 245 million Americans whose licenses would have to be reissued starting next year.

The issue threatens to turn into a partisan fight. The White House expects to release its driver's license plan, Real ID, this week and has warned congressional critics not to thwart or further delay a program that was recommended by the Sept. 11 commission.

"If we don't get it done now, someone's going to be sitting around in three or four years explaining to the next 9/11 commission why we didn't do it," Homeland Security Secretary Michael Chertoff told the Senate's Homeland Security Committee on Feb. 13.

Critics in both parties will try to delay the launch of the program by offering an amendment to legislation that Senate Democrats are pushing to implement remaining changes suggested by the Sept. 11 commission.

Sen. Joseph I. Lieberman (I-Conn.), chairman of the homeland security panel, said in a statement that Real ID may not provide real security and that it is opposed by states "because it is overly burdensome, possibly unworkable, and may actually increase a terrorist's ability to commit identity theft."

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The White House plan, which has been in the works for two years and will take effect in May 2008, standardizes information that must be included on licenses, including a digital photograph, a signature and machine-readable features such as a bar code.

The new rules also will spell out how states must verify applicants' citizenship status, check identity documents such as birth certificates and cross-check information with other states and with Social Security, immigration and State Department databases. Only complying IDs can be used for federal purposes such as boarding airplanes or entering government buildings.

The law is "vital for the protection of the country," said former New Jersey governor Thomas H. Kean Jr., co-chairman of the Sept. 11 commission. "You can't have 30 different methods of identification to get in and out of the country . . . many of them easily forged, and expect to keep the bad guys out."

All but one of the Sept. 11 hijackers acquired, legitimately or by fraud, IDs that allowed them to board planes, rent cars and move through the country.

Tightening U.S. identification requirements was a focus of both the Sept. 11 commission and the Markle Foundation's earlier bipartisan task force on terrorism. Markle, a New York think tank, focuses on technology policy.

But concern has mounted over Real ID's cost, practicality and impact on privacy and travel.

The National Governors Association calls Real ID an $11 billion unfunded mandate. States say the federal government, not license holders, should pay the tab. It wants up to 10 years for states to enact laws, pass budgets, develop technology, hire staff members and educate the public to phase in changes.

Last month, Maine's lawmakers voted to stop the initiative, saying it would cost $185 million -- six times the Maine Bureau of Motor Vehicles' annual budget. Measures are pending in at least 21 states to oppose or question the law.

Matthew Dunlap, Maine's secretary of state and head of the bureau, said the message from the lawmakers was: "We don't care if you give us bags of money. We don't want it."

An unusual and powerful alliance of civil liberties groups and libertarian groups important to the political bases of both parties has also mobilized. They describe Orwellian scenarios in which Real ID integrates nationwide databases storing personal information without adequate security safeguards, and they ask who will own and control access to the system.

"Real ID is a real nightmare," said Barry Steinhardt, director of the ACLU's Program on Technology and Liberty. "No one should be fooled that just because the data resides in 50 different states it's not all functionally one big database, because all the data is linked together."

Steinhardt said he fears that private companies that demand to check driver's licenses for commercial purposes could sell unencrypted data they get from the licenses to big data brokers. Means to prevent that could be even more costly and raise other security risks.

There are other worries. If Maine wants to include gun-permit information on its driver's licenses, Dunlap asked, will a Maine gun owner whose ID is swiped in a traffic stop in another state face extra scrutiny?

Practical problems also loom. Computer systems that would let state workers electronically verify birth certificates, Social Security numbers or citizenship status do not yet exist, Dunlap said, calling them "science fiction."

Sen. Susan Collins (R-Maine), ranking Republican on Lieberman's panel, and Rep. Tom Allen (D-Maine) are seeking to delay or repeal Real ID and let security experts, privacy advocates and the states renegotiate the rules.

That is what Congress started to do in 2004. But in 2005, Rep. F. James Sensenbrenner Jr. (R-Wis.), then chairman of the Judiciary Committee, rewrote the law to keep illegal immigrants from getting licenses and to let the Homeland Security Department define the rules for the program.

"If that process had been allowed to finish, we would have been done by now," said David Quam of the National Governors Association.

Instead, work bogged down in the overstretched department, whose top officials failed at first to give it enough attention, current and former officials said.

Stewart A. Baker, assistant homeland security secretary for policy, defended the department's effort: "We've moved this as fast as possible given the importance of the issue to so many different constituencies."

Michael E. O'Hanlon, a senior fellow at the Brookings Institution, blamed the administration and the previous Congress for squandering the consensus on security that formed after Sept. 11.

"It's a very badly mishandled case overall of a homeland security reform that was logical, important and yet not sufficiently promoted at the right time," O'Hanlon said. "We've lost the sense of urgency."

Staff writer Ellen Nakashima contributed to this report.

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WAR NEWS:

Murtha Stumbles On Iraq Funding Curbs (WP)

By Jonathan Weisman, Lyndsey Layton, Washington Post Staff Writers

The Washington Post, February 25, 2007

Democrats Were Ill-Prepared for Unplanned Disclosure, Republican Attacks

The plan was bold: By tying President Bush's $100 billion war request to strict standards of troop safety and readiness, Democrats believed they could grab hold of Iraq war policy while forcing Republicans to defend sending troops into battle without the necessary training or equipment.

But a botched launch by the plan's author, Rep. John P. Murtha (Pa.), has united Republicans and divided Democrats, sending the latter back to the drawing board just a week before scheduled legislative action, a score of House Democratic lawmakers said last week.

"If this is going to be legislation that's crafted in such a way that holds back resources from our troops, that is a non-starter, an absolute non-starter," declared Rep. Jim Matheson (Utah), a leader of the conservative Blue Dog Democrats.

Murtha's credentials as a Marine combat veteran, a critic of the war and close ally of House Speaker Nancy Pelosi (Calif.) were supposed to make him an unassailable spokesman for Democratic war policy. Instead, he has become a lightning rod for criticism from Republicans and members of his own party.

Freshman Rep. Joe Sestak (D-Pa.), a retired Navy admiral who was propelled into politics by the Iraq war, said Murtha could still salvage elements of his strategy, but Sestak, an outspoken war opponent, is "a bit wary" of a proposal that would influence military operations.

"I was recently in the military, and I have to speak from that experience," Sestak said.

The story of Murtha's star-crossed plan illustrates the Democratic Party's deep divisions over the Iraq war and how the new House majority has yet to establish firm control over Congress. From the beginning, Murtha acted on his own to craft a complicated legislative strategy on the war, without consulting fellow Democrats. When he chose to roll out the details on a liberal, antiwar Web site on Feb. 15, he caught even Pelosi by surprise while infuriating Democrats from conservative districts.

Then for an entire week, as members of Congress returned home for a recess, Murtha refused to speak further. Democratic leaders failed to step into the vacuum, and Republicans relentlessly attacked a plan they called a strategy to slowly bleed the war of troops and funds. By the end of the recess, Murtha's once promising strategy was in tatters.

Tom Andrews, a former House member and antiwar activist who helped Murtha with his Internet rollout, fumed: "The issue to me is, what is the state of the backbone of the Democratic Party? How will they respond to this counterattack? Republicans are throwing touchdown passes on this because the Democrats aren't even on the field."

Rep. Debbie Wasserman-Schultz, a Florida Democrat and deputy whip, said party leaders are working on several Iraq proposals and that Murtha's may survive. Finding consensus will be difficult but not impossible, she said. "This is a multi-step process," she cautioned. "At least we're debating the topic, not blindly following the president."

Megan Grote, Murtha's spokeswoman, said the congressman will not discuss Iraq policy until a news conference scheduled for the end of the week.

Murtha, 74, the powerful chairman of the House Appropriations subcommittee on defense, still holds a unique position on war policy, stemming from his roots as a veteran, his close ties to the uniformed military and his long-standing alliance with Pelosi. When he first publicly called for ending the war in 2005, he commanded the attention the party's left and right wings.

The strategy he would craft was designed to calm the nerves of the party's conservatives by fully funding the war, while placating the antiwar left by attaching so many strings to those funds that the president would not be able to deploy all the 21,500 additional combat troops he wanted.

To be sent to battle, troops would have to have had a year's rest between combat tours. Soldiers in Iraq could not have their tours extended beyond a year there. And the Pentagon's "stop-loss" policy, which prevents some officers from leaving the military when their service obligations are up, would end. Troops would have to be trained in counterinsurgency and urban warfare and be sent overseas with the equipment they used in training.

Pelosi endorsed the plan in concept but never the details. The plan surfaced Feb. 15 in an unorthodox Murtha appearance on MoveCongress.org, an antiwar Web site affiliated with the liberal activists of MoveOn.org.

It came the day before the House voted on a nonbinding resolution opposing Bush's additional troop deployments that Democratic leaders had been touting as a major rebuke. Murtha dismissed that vote as he promoted his coming plans regarding

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the war spending bill. "This vote will be the most important vote in changing the direction on this war," he said of his proposal. "This vote will limit the options of the president and should stop the surge."

To many Democrats, that was not only impolitic, it was disloyal.

"He stepped all over Speaker Pelosi's message of support for the troops," said Rep. Jim Cooper (Tenn.). "That was not team play, to put it mildly."

Even after that Web appearance, some senior Democratic aides say Murtha might well have been able to save his plan if he had quickly laid it out before the Democratic caucus and marshaled Democratic leaders behind a defense. Instead, the House recessed for a week, Murtha disappeared from the media, and Democratic leaders were silent, saying they could not discuss Iraq legislation because no real plan existed.

In the face of an unanswered Republican assault, the Democratic rank-and-file cracked -- on the left and the right.

"While we're all for troop readiness, we're all for them having all the equipment they want," Matheson, the Utah Democrat, said, "I'd be very concerned about doing anything that would hamstring resources and commanders on the ground."

Indeed, Matheson and other Blue Dogs said the Democrats should concentrate on oversight hearings on Iraq policy, while refraining from binding legislation on the war.

The party's newly elected Iraq veterans favor a more straightforward approach than Murtha, establishing a legal timetable for pulling U.S. troops out of Iraq, Sestak said. And the party's antiwar left is no less unhappy with what they see as half measures from Murtha.

"Congress has the authority, and I know it has the responsibility, to get us out of there. And we should use every means possible," said Rep. Lynn Woolsey (Calif.), a co-chairman of the Out of Iraq Caucus.

Rep. Barbara Lee (Calif.), another co-chairman who sits on the Appropriations Committee, is likely to try to tie the war spending bill to legislation demanding a withdrawal of U.S. troops from Iraq by a date certain, with the bill's money available only for the safe withdrawal of the troops.

Such legislation was precisely what Murtha hoped to head off with his recent Internet appearance, said Rep. James P. Moran Jr. (D-Va.), who helped connect him with MoveCongress.org. And Moran still believes the appearance ultimately will work to the Democrats' favor. "The cognoscenti is upset because he's not under their control," Moran said. "They would prefer he release his plan to a think tank, but he decided he wanted to communicate directly. He doesn't trust the way the media filters what he says and does. He understands the power of being able to communicate."

War Critic Faces Test On Iraq Spending Bill (NYT)

By Robin Toner

The New York Times, February 25, 2007

JOHNSTOWN, Pa., Feb. 23 — As Democratic Congressional leaders escalate their challenge to the Bush administration's policy in Iraq, one of the most influential players will be that unlikely darling of the antiwar left, Representative John P. Murtha of Pennsylvania.

Mr. Murtha's power comes not just from his role as chairman of the Defense Appropriations Subcommittee, in charge of the huge spending bill for the war that will advance in the House in March. It also derives from his close alliance with Speaker Nancy Pelosi, and from his popularity, ever since he called for an end to the war in 2005, among the party's antiwar base — at the grass-roots level, among liberal Internet communities, and in the House.

"He has the aura of a folk hero among the legions who want to get out of Iraq," said Tom Matzzie, Washington director of MoveOn.org.

Still, Mr. Murtha faces an extraordinary political challenge over the next month, and some Democrats are already worried about his handling of it. As they consider the president's nearly $100 billion spending request for military operations in Iraq and Afghanistan, Democrats must find a way to satisfy an antiwar wing that wants clear progress toward winding down the war — the Out of Iraq Caucus claims a third of the House Democrats — while producing legislation palatable to the party's conservatives and centrists.

Mr. Murtha says he will meet with the Democratic leadership on Wednesday to talk about his plans; a spokesman for Ms. Pelosi said she had yet to sign off on any proposal. But the ideas Mr. Murtha has floated over the past month — attaching restrictions to the financing, and requiring the Pentagon to meet clear standards on readiness, training and equipment for troops about to be deployed to Iraq — have already drawn substantial criticism. Mr. Murtha has argued that his approach both protects American forces and makes Mr. Bush's troop buildup plan impossible to sustain.

But some Democrats said they feared that the Murtha approach could amount to Congressional overreaching, an attempt to micromanage the war. "Congress is a blunt instrument," said Representative Joe Sestak of Pennsylvania, a retired admiral and a critic of the war, who added that he had the "greatest respect" for Mr. Murtha but was "wary."

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"There may be unknown ramifications, unintended unknown ramifications, when you get on the operational level," Mr. Sestak said.

Republicans say Mr. Murtha is leading a stealthy effort to cut financing for the troops. "When you hamstring the Pentagon with burdensome standards and hold the funding over the Pentagon's head, that's somewhere between irresponsible and dangerous," said Brian Kennedy, spokesman for Representative John A. Boehner of Ohio, the Republican leader. And Vice President Dick Cheney took repeated shots at Mr. Murtha and Ms. Pelosi this week while traveling in Japan.

Back home in his district, Mr. Murtha, a 33-year veteran of the House, stole a few days away from the political maelstrom. Every inch the traditional congressman from Western Pennsylvania, he paid tribute to the Boy Scouts at a dinner Thursday and vowed to keep fighting for organized labor at a breakfast on Friday. He rarely mentioned his opposition to the war in his public remarks, although he told local reporters he believed that sometime over the next few months, Congressional Democrats would reach some compromise with the White House on Iraq.

For all of President Bush's vows to pursue his policies in Iraq, Mr. Murtha argued, "They can't continue this direction.

"They can say that, just like they said they weren't going to fire Rumsfeld two weeks before the election," he added, referring to the dismissal of Donald H. Rumsfeld as defense secretary immediately after the election. "But in the end, you can't sustain a war if you don't have public support."

Of Mr. Cheney's remarks, Mr. Murtha said, "They're striking out because they have no answers."

Mr. Murtha has his critics, but he has an enormously powerful friend in Ms. Pelosi, a political relationship of which House Democrats are keenly aware. Mr. Murtha said Ms. Pelosi had "the best political mind of any speaker I've dealt with" and was a better speaker for the quick-response era of modern politics than even "my mentor, Tip O'Neill."

Ms. Pelosi has returned the favor, often telling colleagues that Mr. Murtha's decision to oppose the war in the fall of 2005 transformed the debate and helped the Democrats recapture the House. "She's said it on more than one occasion," said Representative John B. Larson of Connecticut, a vice chairman of the Democratic caucus. Mr. Murtha's shift on the war carried special weight; he is a Vietnam veteran and retired Marine colonel, and one of the House's most respected members on military matters.

The proof of Ms. Pelosi's loyalty came when she backed Mr. Murtha in his failed campaign to become majority leader. And she defended him again last week, when he was widely criticized for granting a lengthy online interview to MoveCongress.org, an antiwar group, just when House Democrats were trying to build a bipartisan majority on the nonbinding resolution against Mr. Bush's troop buildup.

Organizers said they conducted that interview to reassure antiwar activists that Democrats would not stop with a nonbinding resolution, which many on the left believed was too little, too late. But Representative Walter B. Jones, a North Carolina Republican who backed the resolution, said Mr. Murtha's interview had scared some Republicans who were against the troop increase.

Republican leaders seized on the interview, Mr. Jones said, and used it to hold the line. "If he had made his comments after the vote, we could have picked up five to eight more Republicans," Mr. Jones said.

That episode underscores the broader challenge facing House Democratic leaders. Representative James P. Moran, a Virginia Democrat, said Mr. Murtha needed to pay attention not only to anxious centrists and moderates, who are worried that he will go too far, but also to antiwar Democrats who have promised "that they will not vote for one more dollar for support for Iraq."

Mr. Moran added, "If we get hit from both the left and the right, it may be problematic."

In the end, Democratic leaders were counting on Murtha the legislator as much as Murtha the folk hero. "He's a realist, and he's trying to find a majority on the House floor," said one House Democratic strategist.

Mr. Murtha said, "We're working our way through this," but he argued that time — and public opinion — were inexorably on his side.

Iraq: Democrats Vow To Keep Pressure On Bush (LAT)

By Richard Simon

The Los Angeles Times, February 25, 2007

WASHINGTON — When Congress returns to work this week after its holiday recess, Democratic leaders promise to confront President Bush even more forcefully over his Iraq war strategy.

Senate Democrats are moving to modify the 2002 resolution that authorized the war to place new limits on the role of U.S. forces in Iraq.

But it is uncertain whether they will fare any better in this effort than in their last try — an unsuccessful attempt to pass a symbolic resolution opposing the deployment of 21,500 additional U.S. troops to Iraq.

That resolution passed the House but stalled in the Senate.

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Now, Senate Democrats are looking at bringing to a vote a stronger measure, one that would limit the mission of U.S. forces. The measure, which has not been drafted, might restrict military operations to going after Al Qaeda operatives and to supporting and training the Iraqi army. And it might set March 2008 as a goal for withdrawing troops that are not involved in that narrower mission.

Democrats contend that conditions have changed since Congress authorized the invasion to topple Iraqi dictator Saddam Hussein, and some of the reasons for the war have since been shown to be unfounded.

"Saddam is gone," said Sen. Dianne Feinstein (D-Calif.), who has introduced legislation that would require the president to return to Congress at the end of this year to extend the war authorization. "Iraq in fact had no weapons of mass destruction."

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr. (D-Del.) and Armed Services Committee Chairman Carl Levin (D-Mich.) are working on the proposal to set new limits for the U.S. mission in Iraq.

Democratic leaders plan to gauge support for the measure within their caucus. But this latest Democratic effort was already drawing strong Republican criticism.

Senate Minority Leader Mitch McConnell (R-Ky.) panned the proposal as "a Goldilocks resolution: one that is hot enough for the radical left wing, but cool enough for party leaders to claim that they are 'for the troops.' "

Jim Manley, a spokesman for Senate Majority Leader Harry Reid (D-Nev.), said Democrats wanted to keep the heat on Republicans. "There is no single piece of legislation that will bring this war to an end, but Democrats will continue to look at ways to force the president to change course," he said.

To overcome a filibuster — or override a presidential veto — Senate Democrats need GOP support to challenge the president's war strategy.

Seven Senate Republicans joined Democrats to vote for a debate on the anti-buildup resolution, but that still gave Democrats four fewer than the 60 votes needed to overcome a filibuster.

Democrats say they want to ratchet up political pressure on Republicans, especially those up for reelection next year in states where antiwar sentiment is running high.

Antiwar groups have targeted Sen. John E. Sununu (R-N.H.), who is up for reelection in a state that ousted two House Republicans in November. Sununu voted against a debate on the troop resolution.

"What I don't know is what kind of reaction members are hearing from their constituents back home," Manley said. "But it's evident that the president and his Republican supporters on Capitol Hill are increasingly isolated and out of step with the American people."

Although the new Democratic efforts are aimed at turning up the political heat on Republicans, they could also make some Democrats uncomfortable. Those from conservative districts or states are fearful of taking a step that Republicans could portray as cutting funding to troops in harm's way or tying the commander in chief's hands in wartime.

One Democrat who supported the anti-buildup resolution expressed misgivings about a House effort to attach strings to the White House's latest war-funding request, such as setting troop-readiness standards for deployments.

"It raises constitutional and practical questions to have 535 members of Congress micromanaging troop deployments," said Rep. Chet Edwards (D-Texas). "A more appropriate approach would be for Congress to reconsider the authorization of war or to set deadlines for bringing U.S. troops home."

One prominent Republican war critic, Rep. Walter B. Jones of North Carolina, has come out against any cut in funding for troops.

"We must take great care to ensure that any effort to provide for our armed forces not be used as a proxy for resolving larger issues concerning the war in Iraq," Jones said in a letter to Rep. John P. Murtha (D-Penn.). "Any attempt to 'starve' the war as a way of bringing it to a conclusion, rather than through a serious policy debate about the best way forward in Iraq, would be wrong."

Murtha, chairman of the House defense appropriations subcommittee, has announced plans to sponsor legislation to ban the deployment of units that do not meet strict readiness standards.

Republicans in turn are continuing to dare Democrats to bring to a vote a resolution opposing any cut in funding for the troops.

Democrats, who hold a 51-49 majority in the Senate, also must tread carefully. There has been speculation that Sen. Joe Lieberman, the Connecticut independent who caucuses with the Democrats, would join the GOP if Democrats cut funding for the troops. Such a move would hand control of the Senate to the Republicans.

Last week, Lieberman, one of the strongest Senate supporters of a troop buildup, said that he had "no desire or intention" to leave the Democratic caucus.

Governors Warn Of Troop Buildup's Impact On Guard (LAT)

DOJ_NMG_0136631

By Molly Hennessy-Fiske

The Los Angeles Times, February 25, 2007

WASHINGTON — Republican and Democratic governors meeting here Saturday warned that President Bush's "surge" of additional troops to Iraq would put added pressure on National Guard units already stretched to their limits.

"We the governors rely on the Guard to respond to natural disasters, a pandemic or terrorist attack," said North Carolina Gov. Michael F. Easley, a Democrat. "Currently, we don't have the manpower or the equipment to perform that dual role" of responding to both state and federal needs.

The Pentagon last week announced plans to send 14,000 National Guard members to Iraq next year as support for the 21,500 troops to be deployed under Bush's plan. The announcement came on the heels of a change in Pentagon policy to deploy Guard troops more frequently but to limit tours to a year; the average now is 18 months.

Minnesota Gov. Tim Pawlenty, a Republican, said the federal government must follow through on its pledge to replace equipment taken by Guard troops to Iraq.

"Those promises need to be kept," Pawlenty said. "We'll be able to test that, because we have a significant number coming back this summer. We'll be able to see if the equipment comes back."

The governors' willingness to challenge the buildup reflects overall impatience with Washington, which has inspired a slew of state initiatives to tackle such issues as global warming, energy efficiency and healthcare.

Eighty-eight percent of stateside Army National Guard units are "very poorly equipped," with less than half of what they need to respond to a domestic crisis, Lt. Gen. H. Steven Blum testified a few weeks ago to the independent Commission on the National Guard and Reserves.

Blum, chief of the National Guard Bureau, coordinates between the states and the Pentagon.

He said 45% of Air National Guard units lacked the necessary equipment to deploy.

Last month, National Guard officials notified commanders in Arkansas, Indiana, Oklahoma and Ohio that their combat brigades — each about 3,500 strong — might be the first to return to Iraq under the new guidelines, redeploying between January and July of next year. All four states sent troops to Afghanistan and Iraq in 2004. Under the old rules, Oklahoma was not scheduled to be called on again until 2010; the other three states, 2009.

In interviews, National Guard officials in Arkansas, Indiana and Oklahoma said their units were short on rifles and other basic equipment.

"We are hurting in equipment nationally, Guard-wide," said Lt. Col. Deedra Thombleson of the Indiana National Guard.

Governors, in town for a National Governors Assn. meeting, plan to raise the issue Monday at a White House session with Bush. Guard officials plan to talk to Defense Secretary Robert M. Gates about it Tuesday.

"We will do all that we can to support the effort, but getting the equipment to do that will be a challenge," said Maj. Gen. Roger Lempke, head of the Nebraska National Guard and president of the Adjutants General Assn. of the United States.

Equipping the Guard is of particular concern in states such as California and Florida, where troops are routinely called to respond to natural disasters like hurricanes and forest fires.

"We want to protect our troops and make sure they have what they need to deal with natural disasters," said Florida Gov. Charlie Crist, a Republican.

Gov. Easley of North Carolina called National Guard equipment levels across the country "putridly inadequate."

And without adequate equipment, he said, the National Guard's role in the buildup would amount to "a squandered mobilization."

With plans to increase the frequency of Guard deployments — now once every six years — North Dakota Gov. John Hoeven, a Republican, said that getting enough troops for a second rotation in Iraq was "a concern."

The governors association president, Arizona Gov. Janet Napolitano, a Democrat who has advocated sending National Guard troops to secure the U.S.-Mexico border, said the Guard was "being stretched" to respond to the buildup.

California Gov. Arnold Schwarzenegger, a Republican, is reviewing the plans with his National Guard leadership to assess the impact on the state. He has advocated doing what's necessary to ensure success in Iraq but said he would not support a policy jeopardizing California's safety.

11 Days Till Baghdad (WP)

By David Finkel, Washington Post Staff Writer

The Washington Post, February 25, 2007

Crucial to the President's New Strategy for Iraq, A Commander and His Soldiers Head Into War

DOJ_NMG_0136632

FORT RILEY, Kan. -- Their camouflage on, their wives carrying infants, their older children carrying flags, the soldiers of George W. Bush's surge crowded into a gymnasium for their brigade deployment ceremony, a last public viewing before they disappeared into Iraq.

Baghdad, long an abstraction, was now imminent. Of the 21,500 additional troops President Bush decided to send to Iraq in the coming months, about 3,500 were coming from here. "Are you frightened?" a TV reporter called out. "I'm confident," one of those soldiers replied. An enormous American flag hung on the back wall. A military band lined up in formation. "Ready to go," another soldier said.

Outside, snow was coming toward this isolated place. Inside, as the bleachers filled and the doors swung closed against the cold, a 41-year-old soldier near the middle of the floor began clapping his hands in anticipation.

And now waved at his wife and children.

And now took his position in front of the soldiers he would soon be leading into combat.

This was Lt. Col. Ralph Kauzlarich, the commander of an Army battalion called the 2-16 -- the 2nd Battalion, 16th Infantry Regiment of the 4th Infantry Brigade Combat Team, 1st Infantry Division. The unit has 800 soldiers, most in their late teens and deploying to Iraq for the first time under the command of a man who, in this gymnasium filled with believers, was among the biggest believers of all.

"We are America," is how Kauzlarich would describe his belief a few days later, just before boarding a plane that would take him and his soldiers for a year's deployment into the center of an increasingly unpopular war. "This nation can do anything that it wants to do."

Down the hill, in another part of Fort Riley, a different ceremony was underway. That one, a private memorial service, was for a 21-year-old sergeant from a different battalion who five days before was traveling through northern Iraq when a makeshift bomb detonated near his vehicle, making him one of 25 American troops to die that day in the war.

The ceremony in the gym was a celebration, however, and now, from the band, came a stirring series of notes from a trumpet, followed by a moment of quiet, interrupted by a single boom of a bass drum so sudden and explosive it caused people to flinch, including some of the soldiers.

Ralph Kauzlarich, who perhaps would be an American hero a year from now, or perhaps would be an American tragedy, didn't flinch, though. Instead, just for a moment, he smiled.

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What is it like to be a soldier in an unpopular war? To be part of a troop increase that the American public is overwhelmingly against, and to lead 800 soldiers into a war being described as "barbaric" and a "meat grinder" and the result of a "failed policy" and down to "the last chance" and "lost"?

"What we're about to do is going to change every one of our lives," Kauzlarich told his command staff at a meeting the day after the ceremony, which had concluded with handshakes from people who would grab onto him and lock onto his eyes, as if they were already trying to remember the last time they saw Ralph Kauzlarich. "And it'll all be okay," he continued, "as long as we win."

So fiercely does Kauzlarich believe this -- that the war can be won and that it will be won -- it can seem as if he is the one grabbing onto something, in this case the idea that victory is a matter not only of strategy and tactics, but of sheer willpower as well. A true believer's certainty: This is Kauzlarich's, who at 8 years old announced to his family that when he grew up he wanted to be "a leader of men," became the youngest Eagle Scout ever in his home state of Montana, attended West Point, became an Army Ranger, served in Desert Storm, served in Afghanistan, played a controversial role in the Army review of the friendly-fire death of Cpl. Pat Tillman, served a special-operations tour in Iraq, has climbed steadily through the officer ranks, and has yet to experience military failure.

As one of his soldiers said: "He's the kind of guy you follow to hell and back. He's that kind of leader."

He has never lost a soldier under his command. "No, I have not had to contend with that yet," he said. He has never had a soldier of his even get hurt, has never loaded a wounded soldier of his onto a stretcher, or treated a bleeding soldier of his on a battlefield, or notified a family that their beloved child, or husband, or father, had died. "I've talked to families that have lost sons in combat," he said, but those conversations were well after the fact and didn't involve soldiers who were directly his.

That, he imagines, will change. "Statistically, there's probably a pretty good chance I'm going to lose men," he said, and like so many things that would happen in the 11 days between the deployment ceremony on Jan. 25 and his actual departure on Feb. 5, the statement seemed both factual and heartbreaking. Ironies and bittersweet juxtapositions are inescapable in wartime, and these days weren't any exception.

One day came news that two soldiers and 250 insurgents had died during all-day gun battles that were unusually fierce, even by the standards of Iraq; that was the day Kauzlarich, his wife and three children all put on matching outfits of blue jeans and white shirts and went to Sears for a family portrait.

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Another day: "I looked at Ralph's body armor today, and picked it up, and felt it," Kauzlarich's father -- who had flown in with his wife to say goodbye, and had gone to his son's office, and had hoisted the armor, and had heard medics boast that they could get a wounded soldier to a hospital from anywhere in Baghdad in 15 minutes max, and had been spared the detail that snipers had begun aiming at soldiers' thighs in order to pierce the femoral artery -- said at dinner. There was ham. There were twice-baked potatoes. There was a Betty Crocker cookbook open on the counter. There was an apple crisp in the oven.

Earlier, out of his son's earshot, the father, whose name is also Ralph Kauzlarich, said: "I have feelings. I have fears. I know he could get injured. I know he could not get back. But I know what he feels, too. He believes this."

His eyes had gotten a little wet as he said this, but now, eyes back to dry, merely nodding, he ate ham and potatoes and listened as his son described the first time he had come under fire in Desert Storm, how he had thought he might die, how he hadn't.

"Okay, there's a reason I'm here," Kauzlarich said he decided that day, as his parents listened, and his wife, Stephanie, went to get the apple crisp out of the oven, and his 7-year-old daughter, Allie, climbed onto his lap for a hug, and his son Jacob, who was born just after Sept. 11, 2001, slid laughing across the floor on his belly. "I wasn't afraid of anything from that point on."

Later:

"That's all you want to be buried with?" Stephanie asked.

Kauzlarich was filling out something called the Family Contingency Workbook.

I want to be buried, cremated: Buried.

Location of Cemetery: West Point.

Personal effects I want buried with me: Wedding Band.

Yes, he told Stephanie, whom he had met when they were students at West Point and who hadn't exactly been seduced by his first words to her, which were: "You can call me The Kauz." That was all he wanted to be buried with.

Type of head stone: Military.

Scripture you want read: Psalm 23.

Music you want played: Something upbeat.

"Ralph, upbeat music?" Stephanie asked.

"I don't want people to be sad at my funeral," Kauzlarich said.

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His soldiers -- average age 19, the oldest 46, the youngest 17 -- were filling out forms, too. Getting their wills in order. Designating powers of attorney. Working down final medical checklists: teeth, hearing, heart, blood pressure, blood type.

As part of a battalion that has been in almost every American conflict since the Civil War, these newest soldiers of the 2-16 had been training for a year for some type of mission, though they didn't know any details. When their deployment to Iraq became official in late 2006, they were told they would be protecting fuel convoys coming into the country from Jordan. But then Bush's troop increase was announced, along with a strategy shift toward counterinsurgency warfare, and now the soldiers were hearing that their mission would involve patrols somewhere in Baghdad.

Where exactly, and what exactly, were still a mystery to them. Kauzlarich knew. So did his top commanders. Every day, they would disappear for a while into a secure room at battalion headquarters to learn more about the area they would be trying to bring under control. "A mean and nasty little place," Kauzlarich said when he emerged one day, and meanwhile his soldiers continued to prepare for whatever.

"What in the hell?" asked Command Sgt. Maj. Michael McCoy, the battalion's top enlisted man, as he inspected lines of soldiers who stood at attention in the parking lot in their body armor, acting as if the wind wasn't making the temperature feel barely above zero. Straps weren't tight enough, ceramic plates intended to stop bullets were an inch off, medical kits containing compression bandages and tourniquets were attached to the left side instead of the right. "Consistency," McCoy reminded them. What if it was dark? What if in that dark another soldier was trying to find your medical kit, and you couldn't help him because you were too busy bleeding, and you couldn't direct him because you were too busy screaming?

They had briefings on health risks. Wash your hands. Don't smoke. Drink bottled water. Wear ear protection. Wear cotton underwear. Watch out for rats. "From what I hear, the forward operating base we're going to is right next to a sewage plant," said one of the briefers. And then came a chaplain who began: "All right. Stress management. Suicide prevention. Let's go." And on he went. "This is important. If you are not ready to die, you need to get there. If you are not ready to die, you need to be. If you are not ready to see your friends die, you need to be."

They had battle training, too, one day mounting up in mockups of Humvees that were surrounded by video screens showing all kinds of hellish scenarios. They were trying to maneuver to a downed helicopter. That was the exercise. There was an explosion, a suicide bomber, an ambush. One of the Humvees was hit. Two soldiers were dead. Three were alive. "You're talking about somebody who's on fire," came the directions to soldiers in one of the other Humvees, who were on their way to

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attempt a rescue. "You're talking about someone whose fingers are burning off. They can't reach over and unbuckle their seatbelt. You've got to get them out . . ." and meanwhile one of the "wounded" soldiers began crying theatrically, "I want to live! I want to live!"

This was Spec. Ryan Nyhus, 19, of whom Kauzlarich said: "The kid's heart is as big as a basketball. He's a superstar." A superstar now, but a year and a half ago he was a high school wrestler in Wisconsin who didn't get the college scholarship he'd hoped for, and so was open to a suggestion from a friend that they join the Army together. Nyhus was sworn in first. Then came the friend's turn, and as he raised his hand, someone noticed that he had signed his name on the enrollment form in the wrong place, and as Nyhus tells it the friend took it as a sign from God "and walked out. Went home. Now he's really big into photography."

Eight hundred soldiers, 800 stories.

McCoy's: Age 44, wife, two children, career Army. "My job is not to die for my country," he said. "It's to see how many of those bastards I can kill for their country."

Staff Sgt. Frank Gietz, 41: two Iraq tours already, the last one doing convoy escorts in which 18 of 132 soldiers in his company were killed, now in charge of a platoon of 32, one of whom asked him just before Christmas how to deal with having to kill somebody. "Yeah, it worried me," Gietz said. "That's why I talked to him for two hours." And said? "Put it in a dark place while you're there."

Pvt. Mario Luna, 17: He asked Gietz the question. He asked it because a girl he had been talking to asked it of him. "And that got me all wound up," Luna said, so Gietz told him to look at the thing he was about to shoot at "as a target, not as a person, and that got me back in the game."

Eight hundred -- and every one was now the responsibility of Kauzlarich, who kept disappearing into the secure room and reappearing with adjustments and refinements.

"I am right now vetting an initiative in which all of us grow mustaches," he told his command staff at one of their daily meetings. Maybe it would foster trust when they moved along the streets of Baghdad, he explained, because Iraqis regard a man with facial hair as a man and a man without facial hair as a boy. "Any advantage we can get," he said, and then he looked at the men he was talking to and wondered aloud: "Can you grow mustaches? I look at you. You've all got such baby faces."

The meeting continued, and meanwhile, outside Kauzlarich's office, Staff Sgt. Jeremy Hodges, 27, one of those baby faces, his with a round scar in a cheek that led to another scar on the back of his neck, told the story of what it was like to get shot in Iraq on July 21, 2006.

"Everything went dark," he said.

And: "I remember the moaning. I remember the gurgling sound in my throat."

And: "I thought it was my last breath of air that day, until I realized the pain was going to last forever."

And: "Hey sir," he wrote during his recuperation, in an e-mail to an officer he had met a few years before who had told him "what a great soldier I was" and "how much confidence he had in me," and who had been "kind of like a father figure to me," and had said Hodges would always be welcome in his command and had single-handedly persuaded him to reenlist.

"I asked him if he still wanted me," Hodges said. "I told him I was broken."

"I don't care," Kauzlarich wrote back. "I'll take care of you. When can I expect you?"

And here Hodges was, one of the 800, ready to tell any of the other 799 what it is like to get shot. Not that they'd asked. "They just kind of stare at me and wonder," Hodges said. But if they did ask, "I'd tell them it hurts."

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They packed ammunition and photographs and first-aid kits and candy. They went into town and in a few cases drank too much, and in a few other cases went AWOL. Five days before departure, Kauzlarich studied a list of soldiers who wouldn't be able to go. Seven needed some sort of surgery. Two were about to have babies. One had an infant in intensive care. Two were in jail. Two (including Luna) would have to stay back until they turned 18. Nine were, for various reasons, "mentally incapable of doing what we're about to do."

But most could do what they were about to do, were eager to, impatient even, and said so in no uncertain terms.

"You ready?" McCoy asked soldier after soldier during another body armor inspection.

"Roger, Sergeant Major!"

"You sure?"

"Roger, Sergeant Major!"

"It's the decisive point of the fight," one soldier explained later, foot tapping, head nodding, practically vibrating. "This is the chance to win it."

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Belief, then. Kauzlarich remembers the day he realized how strong a force it could be. He was in Fort Benning, Ga., for advanced coursework, and at the end of an exercise, as he and other soldiers waited outside for a ride, a visiting soldier from Sierra Leone explained how he had survived that country's various wars.

"In my country, we put on a blouse. It is a magic blouse. When I wear it, I know bullets cannot harm me," Kauzlarich recalls him saying. The soldier then rolled up a sleeve of his magic blouse. "Let me show you," he said. "Give me a knife." Someone gave him a knife. "Watch," he said, and Kauzlarich watched incredulously as the soldier swung the knife, which had a four-inch, razor-sharp blade, down on his soft inner forearm. It went easily through the skin. It went through veins. It went through muscle. It went all the way down to the bone, and for one belief-filled moment everyone waited for the healing to begin -- and then the soldier collapsed.

"That's a form of belief," Kauzlarich said of what he learned that day. "That's also a form of jackassery."

What about Iraq's believers, though? The ones for whom a briefing about suicide would focus on how to do it in order to kill as many American soldiers as possible, rather than on how to prevent it? The ones who believe as surely as Kauzlarich believes, and who are presumably waiting for him?

"Who will win?" he said, rephrasing the questions. "I will win."

He thought about his answer.

"Is that belief or confidence?" he asked. "Is it confidence, or is it overconfidence? Those are questions I have to ask myself. Because if it's overconfidence, it's arrogance."

He thought some more.

"I will win," he said again.

Three days until departure now. Kauzlarich wanted his soldiers to have these last days off to be with their families, who had come here from a dozen states and filled every hotel room in town, but first he gathered them on a field behind battalion headquarters to tell them the details of what they were about to do. It had snowed, and it was cold, and the sun was going down as he said that they soon would be on the edge of Sadr City, Baghdad's infamous and violent slum. The soldiers ringed him and pressed closer to hear, and as he raised his voice, his words about "initiative" and "paranoia" and "emotion" echoed off the ice and the surrounding buildings, making this place feel even chillier than it was.

"Now it's not a game, guys," he said. "You are going to see some horrific things in the next year. You are going to see some things you are not going to understand. . . .

"It's down to nut-cutting time, and we're going to get some, but we're going to do it in a disciplined manner, like we do everything. . . .

"I am absolutely confident in your abilities, absolutely confident. . . .

"The bottom line is this weekend's your last, okay? So call your parents, love your families, stay focused on them for this weekend. Not later than Tuesday night, as soon as you get on that airplane and that airplane takes off, your sole focus is going to be winning our nation's war."

There was a pause, just long enough for the word "war" to echo and evaporate, and then the soldiers began to cheer, loudly and for a while, and then they left the field and headed inside the battalion building, filling room after room not with a soldier's bloodlust, which would come soon enough, but with the wintry smell of boys who have been out in the snow.

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And then it was departure day, and in the Kauzlarich house a phone call came at 8:30 a.m. saying there had been a death.

The family, by then, was wide awake. The children were running around with stuffed animals purchased over the weekend, each with a memory chip containing a quick recorded message from their father for them to play over the coming year. "Hi Jacob. I love you." "Hi Garrett. I sure do love you." "I love you, Allie-gator."

And so came one more juxtaposition: "Sir, there's been a casualty forward," the caller said.

The dead soldier, who in coming days would be identified as the 3,100th U.S. fatality of the war, wasn't in Kauzlarich's battalion, but his brother was, and that's why Kauzlarich was being called. The parents didn't know yet. They were somewhere in the area visiting their son who was about to deploy, and a search for them was underway. Did Kauzlarich happen to know where they were saying goodbye to one son, so they could be informed that their other son had died?

He hung up. He pictured the soldier -- not the dead one, whom he didn't know, but the one in his battalion, who of course would now not be going to Iraq, at least not right away. He made some calls. No luck. More calls.

The morning continued. Seven-year-old Allie wanted his attention; the night before, after saying she had a headache, and then saying she might have a fever, she had said, "I don't want you to leave," and when he told her, "I'll be okay, and if I'm not okay, you'll be okay because I'll be checking on you," she had said, "Then I'll kill myself so I can be with you." The boys, too young for such sensitivities, ran around the house clobbering each other as usual, while Stephanie had her own images to contend with.

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"Gray. Dismal. A very sad place to live," is how she would picture the place her husband was going when she would close her eyes. She had done her time in the Army after graduating from West Point, and she had a soldier's guarded sense of sentimentality, but now came a new image, that of a freshly dead soldier. She had been keeping any doubts about the mission to herself. "He believes in this," she had explained one day. But this day was different. "You better come back," she now said.

Belief vs. uncertainty: Such was the subtext in 800 places that morning as the Army continued its search for two parents and a son. The soldiers would be leaving in two groups over the next 24 hours. The first group was due at battalion headquarters at 1 p.m., and at 12:42 the first hug was underway in the parking lot, a tangle of moving arms that was still going strong at 12:43. By 12:45, tears had begun in several places, including inside a car where a woman sat motionless against the door, head in her hands, and so it continued as the afternoon progressed.

The soldiers smoked. They got their guns. They lined up their body armor. They waited, checking their watches, with wives, girlfriends, children, parents, grandparents. "I seen 'em off in World War II," said the grandfather of a private named Ricky Andrus. "I had a brother who was killed. A pilot on a B-24. He went down in the Mediterranean. He was 20 years old." Which was one year younger than Andrus, who was loading the family car with things he wouldn't be taking, including a pair of cowboy boots whose top halves had been dyed a beautiful blue.

A sergeant named Johnathan Pritchett, meanwhile, was kissing a young woman who was up on her tiptoes, while Gietz told his platoon to start wrapping up the goodbyes already, while Nyhus stood alone on a loading dock and recounted the advice he'd gotten the night before during a call with his friend the photographer. "Keep your head down," the friend had said.

Three p.m. now, and Kauzlarich arrived with Stephanie and the children. "This day sucks," he said. The soldier and his parents still hadn't been found, but it was only a matter of time now, and Kauzlarich understood there would be ripples as word began seeping out, first through the soldier's squad, then his platoon, then the battalion. Blood through a magic blouse; that's what the effect of this death would be. "There's nothing good about it," Kauzlarich said, and when he began saying goodbye to his family and Allie started to cry, something she hadn't done all the other times he had left, that only made things worse.

He said goodbye to his family in his office. He said goodbye again when he put them in the car. He said goodbye again when they didn't leave right away, just stayed in the car, and then he went back into his office and into the final hours.

Computer: packed. BlackBerry: packed. Extra tourniquet: packed. Extra compression bandage: packed. Family photo: packed. Lights: off. He shut the door to his office. He ducked into another office when Jeremy Hodges, who would be staying behind to recuperate, called to him. "Thank you. I will," Kauzlarich said, and walked on. "Jeremy Hodges. Great American," he said, and then he made his way to a nearby gymnasium for one last ceremony, this one with no TV cameras, no trumpets, no drum. Just soldiers sitting on bleachers, eating cookies and waiting to be bused to a plane and listening to one last speech.

"This is going to be hard. Probably the hardest thing you've ever done," the speech began. "But it's going to be okay."

It was the same thing Kauzlarich had said a few days before to his command staff, but this time it was a general talking while Kauzlarich stood to the side, bouncing up and down on the balls of his feet and looking at row after row of soldiers, every one of them his.

What if they die?

And what if he dies?

Would such a death, in such a war as this war has become, be worthwhile?

"It's worthwhile if we win," Kauzlarich said. "But to sacrifice, there's got to be a purpose. And if we don't win, then our sacrifices are going to be in vain."

"Good luck and Godspeed," the general said, ending his speech, and then it was time to go.

Out went the soldiers, funneling into single file to get through the exit doors. They had learned in training to avoid such a formation. Too easy for the enemy to get them. "The fatal funnel," it was called. But here, there was no enemy, only Kauzlarich, the man who had yet to fail, clapping them on their backs as they moved past.

"Ready?" he asked.

"Yessir."

"Good?"

"Yessir."

"Ready to be a hero?"

"Yessir."

Out they went, one by one, hundreds of them, until there was only one soldier left for Kauzlarich to speak to.

"Are we ready for war?" he asked himself, and then out he went, too, onto a bus, onto a plane, into Kuwait to regroup with his soldiers, and as of this week, into the heart of Baghdad, where any moment now their surge will begin for real.

He Wrote The Book. Can He Follow It? (WP)

DOJ_NMG_0136637

By Sarah Sewall

The Washington Post, February 25, 2007

If anyone can save Iraq, it's David H. Petraeus, the ultimate can-do general. Installed in Baghdad earlier this month, he's bringing in his A-team and rolling up his sleeves. The question for the history books is before us: Will he be an alchemist, fusing existing elements of a moribund strategy with his knowledge and willpower to erase the United States' biggest mistake since the Vietnam War? Or does success in Iraq require more than is humanly possible?

Many of Petraeus's strongest supporters fear that his new assignment is a no-win mission, one that could not only stain his professional reputation but also, ironically, discredit the new counterinsurgency doctrine he spent the past year creating.

Petraeus is almost unique among senior Army leaders in fully embracing both the theory and practice of counterinsurgency. During two previous tours in Iraq, he provided relative security and fostered economic and political reform in Mosul and Nineveh province and later overhauled the coalition's training of Iraqi forces. He incorporated lessons from these experiences directly into FM 3-24, the revised counterinsurgency field manual whose preparation he oversaw. The new manual challenges the Army to think differently about how it conducts war.

That's why, as director of a human rights center, I supported his efforts by cosponsoring the doctrine revision seminar and helping shape the field manual. It features such counterintuitive paradoxes as "Sometimes, the more you protect your force, the less secure you may be," and "Some of the best weapons do not shoot."

The paradoxes challenge much U.S. military experience in Iraq over the past four years. Winning, the manual says, requires first ensuring the security and well-being of the civilian population -- the center of gravity in these wars. Counterinsurgent forces must integrate into the population, assuming more physical risk to soldiers, and other tools such as money, humanitarian assistance and construction projects are critical to the fight.

On the surface, President Bush's new "surge" strategy appears to coincide with Petraeus's approach to counterinsurgency: providing security for the population and allowing the host government to take charge. But if you hold the president's strategy up to the light of Petraeus's doctrine, there's only one conclusion you can draw: You can't get there from here. The Bush plan is burdened with three main deficiencies: too few capable U.S., allied and Iraqi counterinsurgent forces; weak U.S. efforts at promoting political and economic reform; and corrupt or feckless Iraqi institutions and leadership. The administration's strategy may have changed, but the supporting components have not. And even if the general asks his chain of command to address these shortfalls, it's unlikely that fixes can be found.

According to the new counterinsurgency field manual, the proper "troop-to-task" ratio for Baghdad requires 120,000 U.S. and allied security forces. During his confirmation hearings, Petraeus carefully predicted that the present numbers will rise to 85,000, but only with some important caveats: if there is a full surge of 21,500 additional U.S. troops (recent administration hints of stopping deployments midway through the increase raise questions about this, however), and if you count all Iraqi security forces (which presumes that the troops both report for duty and prove capable -- both large assumptions). If you also count private American and foreign security contractors and the Iraqi guards that protect government ministries, the counterinsurgent numbers increase by tens of thousands.

Petraeus has never denied that the numbers didn't add up to the ideal. Instead, he has said that he could accomplish the security mission by using these forces differently than they have been used in the past, aggressively pushing them out among the population that they are supposed to secure. Petraeus may conclude -- consistent with the field manual -- that he needs more U.S. forces for a longer period of time. But given current political calculations in Washington, neither the administration nor Congress is likely to provide them.

Petraeus's counterinsurgency doctrine also holds that 80 percent of any counterinsurgency effort should be political. Yet the military has always been the 800-pound gorilla in Iraq. Petraeus is politely urging other government departments to play larger roles, and in particular to increase economic assistance to support the security effort. But the State Department can't even fill the civilian slots on the planned additional provincial reconstruction teams it is sending to Iraq; it has asked the Defense Department to provide military officers instead of foreign service officers. And no one has much confidence that State, Treasury or Justice Department support in Iraq will suddenly become effective -- particularly if security continues to disintegrate.

Finally, there is the field manual's mantra: It's the host government, stupid. Petraeus rightly points out that the government of Prime Minister Nouri al-Maliki is still young -- the fourth in 3 1/2 years. Bush's strategy is to provide the government with enough confidence and breathing room to make tough decisions and take decisive action. All good, except that virtually none of the institutions comprising Iraq's government function as advertised. Both the security apparatus and civilian agencies lack effective oversight or a meaningful national identity. The army, police and intelligence agencies are riddled with sectarian divisions and militia influence, while corruption and a lack of expertise erodes public trust in civilian bureaucracies that still cannot provide prewar levels of services.

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Breathing space for this Iraqi government may provide life support, but not a cure. Only a soup-to-nuts overhaul focused on carefully vetting and training personnel and holding them accountable -- for years -- could realistically stem the rot. Given limitations in U.S. capacity and will, this is not feasible.

In addition to facing these jarring realities, an administration happy to return Petraeus to Baghdad should consider whether insurgency is even the right label for the sectarian bloodletting in Iraq. If it's really a civil war or worse, as the recent National Intelligence Estimate concluded, how much can an under-resourced counterinsurgency effort accomplish? In civil conflict, security requirements become paramount, in part because the political space for compromise has all but vanished. Stopping a civil war requires still more of the very resources and time that Petraeus currently lacks.

Placed in charge this late in the game, Petraeus should not have to carry the burden of Iraq's probable failure. Yet there is a silver lining in his appointment. Petraeus has the expertise to identify shortfalls and the likelihood of failure, and he has the credibility to force a political response. Even the president would have to take his assessments seriously. Petraeus vowed to provide forthright, professional military advice regarding the mission in Iraq. He testified that, by late summer, he should know whether the strategy is working. He promised to alert not just his immediate military superior, but Congress as well, if the strategy cannot succeed.

Petraeus may provide the ultimate service to the troops and the nation -- and seal his legacy -- not by winning, but by speaking the truth about Iraq.

Sarah Sewall is a former deputy assistant secretary of defense and director of the Carr Center for Human Rights Policy at Harvard University.

Failing In Baghdad -- The British Did It First (WP)

By Toby Dodge

The Washington Post, February 25, 2007

At the center of Baghdad's neglected North Gate War Cemetery, near the edge of the old city walls, stands an imposing grave. Sheltered from the weather by a grandiose red sandstone cupola, it is the final resting place of a man from whom George W. Bush could have learned a great deal about the perils of intervening in Iraq.

Lt. Gen. Sir Frederick Stanley Maude was head of the British army in Mesopotamia when he marched into Baghdad on a hot, dusty day in March 1917. Soon thereafter, he issued the British government's "Proclamation to the People of Baghdad," which eerily foreshadowed sentiments that Bush and his administration would express 86 years later: British forces, Maude declared, had entered the city not as conquerors, but as liberators.

Maude had arrived in Baghdad after a long and arduous military campaign. British forces had been fighting the Ottoman army for 2 1/2 years and had suffered one of the worst defeats of World War I in the six-month siege of the eastern city of Kut, which had ended in an ignominious surrender to the Turks in April 1916.

Having rallied from that loss and finally reached Baghdad, Maude tried to create common cause between the British army and the city's residents, whom he saw as having been oppressed by 400 years of Ottoman rule. "Your lands have been subject to tyranny," he declared in his proclamation, and "your wealth has been stripped from you by unjust men and squandered." He promised that it was not "the wish of the British Government to impose upon you alien institutions." Instead, he called on residents to manage their own civil affairs "in collaboration with the political representatives of Great Britain."

Maude did not live to see the failure of his efforts to rally the people of Iraq to the British occupation. He died eight months later, having contracted cholera from a glass of milk.

After his death, British policy toward Iraq changed repeatedly as the army attempted to dominate the country and suppress the population, while the government strove to adjust to Britain's diminished role in the international system after WWI. Initially, the aim was simply to annex the territory and make it part of the Empire, run in a fashion similar to India. But Woodrow Wilson's Fourteen Points speech in January 1918 did in that idea. In setting out America's vision for the postwar world, Wilson expressly attacked the duplicitous diplomacy of European imperialism, which he blamed for dragging the world into prolonged military conflict.

This meant that a modern, self-determining state was now to be built in Iraq. Britain was to take the lead, but its effort was to be continually scrutinized by the League of Nations, which had been set up under Wilson's watchful eye at the Paris Peace Conference at the end of the war.

In an echo of what is happening under the U.S. occupation, hopes for a joint Anglo-Iraqi pact to rebuild the country were dashed by a violent uprising. On July 2, 1920, a revolt, or thawra, broke out along the lower Euphrates, fueled by popular resentment of Britain's heavy-handed behavior in Iraq. The British army had set about taxing the population to pay for the building of the Iraqi state, while British civil servants running the administration refused to consult Iraqi politicians, judging them too inexperienced to play a role in the new government.

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The rebellion quickly spread across the south and center of the country. Faced with as many as 131,000 insurgents armed with 17,000 modern rifles left over from the war, the British army needed eight months to regain full control of Iraq; 2,000 British troops were killed, wounded or taken prisoner and 8,450 Iraqis were killed. To make matters worse, the British government was forced to pour troops back into Iraq, long after the end of the war, to stabilize the situation.

The revolt forced Britain to devolve real power to Iraqi politicians. At the head of this new administration the British placed a newly created king, Faisal ibn Hussein, famous for his association with Lawrence of Arabia during the war. But the revolt had as much influence in Britain as it did in Iraq itself. The "blood and treasure" expended in putting down the violence made the continued occupation extremely unpopular. The public's discontent reached its peak in the general election campaign of November 1922. The leader of the opposition, conservative Andrew Bonar Law, captured the national mood when he declared: "We cannot alone act as the policeman of the world."

Newspapers and candidates organized their electioneering around the "bag and baggage" campaign demanding that Britain withdraw from Iraq as soon as it could. After defeating wartime coalition leaders David Lloyd George and Winston Churchill, the victorious Bonar Law pledged that "at the earliest possible moment, consistent with statesmanship and honour, the next government will reduce our commitments in Mesopotamia."

U.S. presidential candidates now campaigning to seize the White House in 2008 should be forewarned, however: It took Britain 10 more years to jettison its financial and military commitments to Iraq. During that period, a number of governments struggled to reduce the size of the forces deployed in Iraq and the amount of money being spent there. They strove for a decade to stabilize the country and meet Britain's pledges to the international community while trying to placate domestic opinion. The tensions involved in this exercise -- building a state from scratch with a hostile population, under severe budgetary constraints and in the face of rising domestic anger -- ultimately led to the failure of the whole exercise.

Like Maude's before him, Bush's policy in Iraq has resulted in a series of unintended outcomes. In the face of ever-increasing violence, the stirring rhetoric about Iraq becoming a beacon of democracy in the Middle East has been quietly dropped. Instead, the operation in Iraq has been placed on the frontline of the global fight against terrorism: It is better to battle terrorists on the streets of Baghdad than in Brooklyn or Houston, the mantra goes.

Where does this leave U.S. policy toward Iraq? Historical studies often divide military interventions into three general phases. The first phase, the initial decision to invade, is shaped by common misperceptions that the conflict will be short and that military force can be used to achieve political objectives. World War I began with an assumption that British troops would be home by Christmas; Bush declared "mission accomplished" after three weeks.

The second phase is marked by a slow realization that both these assumptions are wrong. The policy failure leads to increasingly desperate attempts to stay the course, to pour in ever greater numbers of troops, gambling on a resurrection of the initial policy. This middle stage comes to an end with the decision to disengage. Interestingly, this choice -- admitting defeat and going home -- is usually taken by a new government.

The 1920 revolt, followed by the change of government in London in 1922, led to a prolonged but largely unsuccessful attempt to do nation-building on the cheap. The final transformation of policy was marked by another change of government. The election of May 1929 resulted in a Labor administration. The new foreign policy team found it easier to identify the contradictions at the heart of Britain's relations with Iraq and find ways to overcome them. It recommended Iraq for unconditional membership to the League of Nations in 1932, unceremoniously dumping Britain's commitment to building a democratic and stable state.

Iraq became a fully independent state that same year. But it was unable to defend itself against its neighbors, or to impose order without assistance. The government was ultimately dependent on the British air force to guarantee its survival.

Eighty years later, after failing to stabilize Iraq, the U.S. government has come face to face with the high costs of the new "forward-leaning" foreign policy of the Bush doctrine. Comparisons with other military interventions suggest that Bush will continue to pursue a largely unvarying policy in Iraq, deploying all the troops and resources at his disposal in an attempt to correct the mistakes that have been made. The result, as the president himself has recognized, will be to push the difficult decisions about the future of U.S. involvement in Iraq onto his successor.

History, however, has two final disturbing lessons for the next president. The governing elite nurtured by the British to take their place -- the Iraqi royal family and their associates brought to the country in 1921 -- proved unfit for the purpose and were swept aside by a military coup in 1941. The British army was forced to reinvade and restore them to power. Yet even this second invasion was not enough. The violent instability that engulfed Iraq and resulted in the rise of Saddam Hussein was triggered by the murder of the royal family by Iraqi army officers in July 1958. The crime was committed in the name of Arab nationalism, as a strike against British interference in a sovereign Arab nation.

Here is what Britain's history of failure at building a democratic state in Iraq in the 1920s and '30s tells George W. Bush and his successors: If, like Gen. Maude, they fail to deliver on the promises of a better future for the Iraqi people, then Iraq will continue as a font of violent instability long after those who made the promises have been buried.

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Toby Dodge, author of "Inventing Iraq: The Failure of Nation Building and a History Denied" (Columbia Univ. Press), is associate professor of international politics at the University of London and a senior fellow at the International Institute for Strategic Studies.

The Iraqis Down The Street (LAT)

By Gregory Rodriguez

The Los Angeles Times, February 25, 2007

'HAVE you tried any of the new Iraqi restaurants over on Coldwater Canyon?"

That might sound odd today, but within a few years, Angelenos may very well come to learn more about Iraqi cuisine and culture than they ever could have imagined. There may develop a Little Mesopotamia — possibly with its own marker on the freeway — in the Valley, or maybe in the OC. You never know.

What's likely, though, is that this appreciation we'll gain of Iraqi culture will come about only after our troops have left that country and Baghdad is no longer a front-page dateline. Better late than never, I suppose.

Such a cycle — the time it takes for a major U.S. overseas commitment to ripple back into our nation's demographic fabric — isn't new. After all, how many Americans were going to Korean restaurants in 1952, or Vietnamese ones two decades later?

Two weeks ago, the White House announced that the U.S. would accept up to 7,000 Iraqi refugees by the end of this year. It's an initial trickle; we should be receiving more. Not just because it's the humane thing to do but because it serves our interests.

Throughout the 1990s, when Saddam Hussein was in power, the U.S. accepted tens of thousands of Iraqi refugees. But since the 2003 invasion, we've received fewer than 500 people from a nation in which sectarian violence has sent 2 million people into exile. It's hard to take refugees from a country that you are trying to pretend is a happily liberated place, relishing the peace and prosperity you've delivered to it. But that pretense is wearing thin, and in being more candid about the realities on the ground in Iraq, the Bush administration is going to have to allow more refugees from that country.

Ever since the federal government first recognized refugees as a distinct group in the aftermath of World War II, the U.S. has favored people fleeing from enemy states and places where we've intervened militarily. From 1982 to 2002, 80% of all refugees fell into those two categories, the largest group coming from Southeast Asia. It should come as little surprise that the U.S. welcomes few refugees from nations that it perceives as having no strategic value.

U.S. military intervention overseas has historically created lasting ties to those lands. In fact, the size of contemporary immigrant communities in this country is often directly related to the intensity of U.S. military interest in the refugees' home countries.

Thinking back to my own suburban Los Angeles upbringing, I'm struck by how many of my childhood friends and teenage dates were first linked to the U.S. by war. The Korean American classmates I studied with were, in a very real sense, the legacy of the Korean War. Filipinos were first linked to the U.S. by the Spanish-American War in 1898 and then came in large numbers after their role as allies in World War II. The Armenians who transformed my hometown in the 1980s were products of the Cold War. My college girlfriend, who transformed me, was Vietnamese.

We know now that as U.S. influence expands throughout the world, the world's influence expands here at home. And accepting refugees can improve the nation's image overseas.

"The more you have refugees entrenched here and becoming Americans, the more they export American values back home," said Georgetown University political scientist Yossi Shain. "Members of mobilized diasporas become ambassadors for the United States around the world." Of course, 7,000 refugees do not a diaspora make. But those numbers are likely to grow as the war lingers on. A quick military withdrawal could also lead to louder demands to assist the many Iraqis who have risked their lives for U.S. interests. In the months after the fall of Saigon in April 1975, the U.S. resettled 130,000 Vietnamese refugees. Many more followed.

"Seven thousand is not just a family," said University of Chicago sociologist Saskia Sassen. "They will come from many families and many communities, and they will build bridges back to these places. This is a form of soft diplomacy that benefits us in the long run." Although it won't likely alter our image among hard-liners, opening our doors to Arab Muslim refugees could help mold public opinion in the Middle East.

But whatever the final number of refugees may be, one day soon these new Iraqi arrivals and their children will be part of us. And as unlikely as it may seem at this dark hour, a war that has already killed tens of thousands of people may bring our two nations closer.

Bomb At Iraqi Mosque Kills 36 After Sunni Imam Condemns Militants (NYT)

By Richard A. Oppel

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The New York Times, February 25, 2007

BAGHDAD, Feb. 24 — A truck bomb detonated beside a Sunni mosque and public market near Falluja on Saturday, killing 36 people and wounding at least 62 more worshipers a day after the imam there condemned Sunni militants, according to Iraqi security authorities.

The blast, which struck during a prayer service in Habbaniya, a town between Falluja and Ramadi in one of the most dangerous areas of Sunni-dominated Anbar Province, was unusual in that such bombings are a staple of Sunni insurgents. Attacks of that sort are usually directed at Iraqi police and soldiers, or at Shiite sites or mixed neighborhoods.

Residents of Habbaniya said the mosque's imam had condemned Qaeda militants during Friday Prayer the day before, and there was immediate speculation that the attack was linked to his sermon.

A statement issued by the American military said the blast struck about 4:30 p.m. near a school and Iraqi police station, in addition to the mosque. "The target of the attack is not known," the statement said. The military said American forces arrived quickly to help secure the area and transport victims to hospitals.

The bombing was the worst of several attacks in Iraq on Saturday, including one that left at least eight Iraqi national policemen dead at a checkpoint about two miles south of Baghdad International Airport.

According to the American military, witnesses said as many as 10 insurgents rushed to the checkpoint and leaped out of a vehicle, firing assault rifles and lobbing grenades at the police.

Two attackers were killed, but a military statement did not say what had happened to the other attackers. The statement also said American forces arrived and were fired on by the attackers, and then called in unspecified "aviation support."

In another car bombing, at least three people were killed and nine wounded in Baghdad near the compound of Abdul Aziz al-Hakim, leader of the powerful Shiite party Supreme Council for Islamic Revolution in Iraq, the Interior Ministry said.

On Friday, American forces detained and then released Mr. Hakim's eldest son, Amar, after he crossed the border from Iran back into Iraq. The detention spurred demonstrations in Basra and the Shiite holy city of Najaf, and prompted the American military to issue a statement on Saturday calling the episode "unfortunate" but suggesting members of Amar al-Hakim's convoy had provoked the scuffle.

Reiterating both his earlier comments as well as assertions made on Friday by a senior aide to his father, Amar al-Hakim complained at a news conference in Najaf that American forces had physically abused his guards and treated him roughly and disrespectfully.

President Jalal Talabani, whose Kurdish political coalition is the primary governing partner of the dominant Shiite coalition headed by the elder Mr. Hakim, released a statement sharply criticizing the detention and demanding that American commanders hold accountable soldiers who he said had mistreated Mr. Hakim.

Mr. Hakim is considered an heir to his father's political dynasty, and in recent years he has spent much of his time in Shiite southern Iraq building support for his father's ambitions, including a controversial proposal to carve out an autonomous state made up of nine Shiite provinces.

Initially, an American military official said Amar al-Hakim was seized because his passport had expired and because he was traveling with men possessing a large number of weapons.

On Saturday, the military released a longer but less specific statement that said Mr. Hakim was never mistreated. And while Iraqi border officials and associates of Mr. Hakim have said he was detained by American troops, the military on Saturday asserted that Iraqi border forces led the detainment and were merely "supported" by American forces.

Mr. Hakim's convoy "was initially stopped because the vehicles met specific criteria for further investigation in an area where smuggling activity has taken place in the past," the military said. "At the time, members of the convoy did not cooperate with Coalition Forces and displayed suspicious activities which subsequently led to Mr. Hakim's detention."

Mr. Hakim "was treated with dignity and respect throughout the incident," the military said, adding that "unfortunate incidents such as this occasionally occur as Iraq endeavors to secure its borders."

At Least 40 Die In Bombing At Sunni Mosque In W. Iraq (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 25, 2007

Attack Follows Sermon Denouncing Insurgents

BAGHDAD, Feb. 24 -- During what turned out to be the last Friday prayer he led, Imam Mohammad al-Marawi urged worshipers at a Sunni mosque in the western city of Habbaniyah to stand firmly against al-Qaeda in Iraq, a Sunni insurgent group that has a strong following in the area.

"A bunch of corrupted individuals," the imam called the group's members, according to a man who was at the service.

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Less than 24 hours later, someone in a Mercedes truck drove up next to the mosque and detonated explosives hidden under a load of stone and marble. At least 40 people were killed, including 15 who were praying inside.

The blast Saturday afternoon in front of Hay al-Ummal mosque killed several passersby, including women and children. The mosque is within a few feet of a children's clinic and a police station.

"If the target was the police station, the truck would have been placed near it, not next to the mosque's outer wall," said Hussein Ali, a prominent community leader.

The bombing was the first in recent months to kill dozens of civilians in a predominantly Sunni area. But witnesses said that unlike other large attacks, this one did not appear to have been driven by sectarian rivalries -- Shiite militias are not known to be active in the area -- but rather was probably carried out as a warning from Sunni extremists to Sunnis who support the U.S.-backed Iraqi government.

Tribal leaders in Habbaniyah and other Sunni insurgent strongholds in volatile Anbar province have tried to mobilize civilians against al-Qaeda in Iraq, which has sought to impose strict Islamic code in several regions and has frequently attacked U.S. and Iraqi forces.

Falah al-Dulaimi, leader of Anbar Civil Defense, one of several groups trying to quell the insurgency, said in a telephone interview that insurgents had nicknamed the city "Tel Aviv," a disparaging reference to U.S. influence.

Despite warnings from Sunni insurgents, women in Habbaniyah are not forced to cover their hair with the traditional hijab, and residents are free to use the Internet and cellphones.

U.S. soldiers stationed at a nearby facility responded to the blast in Habbaniyah, which is about 50 miles west of Baghdad. They cordoned off the area and transported many of the wounded to medical centers.

Alaa Jaber al-Marawi, 30, who owns a grocery store across the street from the mosque, said the bombers probably picked the site because it is on the edge of the city's well-guarded center. He said in a phone interview that his brother was among the injured and that one of his legs was amputated Saturday night.

The attack came as thousands of troops from across the country are being deployed to the capital for the implementation of the Baghdad security plan. Some provincial leaders are concerned that the new measures in Baghdad might push insurgents and militias to other parts of the country.

Also Saturday, Iraqi President Jalal Talabani issued a statement calling for the punishment of U.S. soldiers involved in the temporary detention of the son of an influential Shiite political leader.

Amar al-Hakim -- whose father, Abdul Aziz al-Hakim, heads the Supreme Council for the Islamic Revolution in Iraq -- was detained Friday near the southern city of Kut after returning from Iran.

Talabani said Hakim had "received uncivil and inappropriate treatment" during his hours-long detention. U.S. officials said soldiers had not singled him out, and they described his detention as a routine procedure along the heavily patrolled border.

Special correspondent K.I. Ibrahim contributed to this report.

Truck Bomb In Iraq Hints Of Sunni Feud (WT/AP)

By Brian Murphy, Associated Press

The Washington Times, February 25, 2007

BAGHDAD -- A suicide truck bomber sent a deadly storm of metal, stone and jagged plaster through worshippers leaving a Sunni mosque yesterday, killing at least 39 in a likely sign of escalating internal Sunni battles between insurgents and those who oppose them.

The motive for the attack was not immediately clear, but it carried the hallmarks of an increasingly bloody struggle for control of Anbar province -- a hotbed of anti-U.S. guerrillas since the uprising in Fallujah in 2004 that galvanized the insurgency.

U.S. military envoys and pro-government leaders have worked hard to sway clan chiefs and other influential Anbar figures to turn against the militants, who include foreign jihadists fighting under the banner of al Qaeda in Iraq. The extremists have fought back with targeted killings and bombings against fellow Sunnis.

The blast in Habbaniyah -- in the heart of insurgent territory about 50 miles west of Baghdad -- was among the deadliest against civilians in Anbar.

The imam of the mosque had spoken out against extremists -- most recently in a sermon Friday, residents said. Many people in the neighborhood work for the Iraqi military and police forces, who frequently come under attack by militants.

The truck, filled with building materials such as stone and plaster board, was blown apart as worshippers left after midafternoon prayers.

Rescuers, including U.S. soldiers, pulled survivors from the debris. The U.S. military sealed off the area and said it opened its medical facilities to "the most life-threatening injuries" among the more than 60 hurt.

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Police Lt. Abdul-Aziz Mohammed placed the death toll at 39, but authorities warned it could rise. The U.S. military said it was a suicide attack.

The attack occurred a day after U.S. troops raided a factory complex in Fallujah full of propane tanks and industrial chemicals that the military said could be used to make bombs. Back-to-back bombings in the past week released chlorine gas and raised worries that insurgents were experimenting with chemicals to boost the terror level of their attacks.

At least 14 persons were killed in bombings around Baghdad yesterday, most of the explosions targeting Shi'ite areas, even as U.S.-Iraqi forces press ahead with neighborhood-by-neighborhood sweeps seeking to reclaim control of the city.

After nightfall, nearly 20 strong blasts reverberated through Baghdad in a reported exchange of fire between U.S. troops and insurgents south of the capital.

"There is no safe shelter for all outlaws," said Prime Minister Nouri al-Maliki, who reported that 426 militants have been captured since the campaign began Feb. 14, but the crackdown also has sent Sunni insurgents fleeing the city to the nearby province of Diyala, which has emerged as a new and busy front for U.S. troops.

It's become so volatile that the Pentagon may delay plans to turn over control of Diyala to the Iraqi military by the end of the year, Maj. Gen. Benjamin Mixon told the Associated Press.

"The potential is there" to hand over Iraq's other 17 provinces, "except in Diyala, where the future remains in question," said Gen. Mixon, commander of U.S. forces in northern Iraq, which includes Diyala.

Diyala, northwest of Baghdad, is known as "Little Iraq" because of its nearly equal mix of Sunni and Shi'ite Arabs as well as Kurds -- the country's three major groups. Al Qaeda in Iraq leader Abu Musab Zarqawi, a Jordanian, was killed in a U.S. air strike in Diyala last year. Sunni extremists claim Diyala's capital, Baqouba, as the seat of an Islamic state in Iraq.

Direct-fire attacks on U.S. soldiers are up 70 percent in Diyala since last summer, and fierce battles have raged since the Baghdad security plan began.

"We're working our way into the Baghdad security plan, and we won't be into the thick of it until late spring or summer," Gen. Mixon said. "I expect more violence in Diyala through then."

Shi'ite compliance is essential for the Baghdad plan to work. Shi'ite leaders apparently have ordered their militia, including the powerful Mahdi's Army, not to confront the security operation.

But the cooperation suddenly has been strained after U.S. military border guards stopped and searched the heir-apparent of the largest Shi'ite political group.

"Is this the way to deal with a national figure? This does not conform with Iraq's sovereignty," said Amar al-Hakim, 35, who was taken into custody for nearly 12 hours Friday after crossing from Iran with bodyguards.

Al-Hakim's father, Abdul-Aziz al-Hakim, heads the Supreme Council for the Islamic Revolution in Iraq, or SCIRI, which has close ties with Iran and is the strongest voice in Iraq's 275-seat parliament. In December, he met President Bush at the White House.

The younger Mr. al-Hakim -- whom many believe is being groomed to take over the group -- said U.S. soldiers handcuffed and blindfolded him before his release and "strongly abused" his bodyguards. He said cellular phones, licensed weapons and two-way radios were among items confiscated.

A U.S. military statement called the detention "unfortunate," but insisted Mr. al-Hakim was not mistreated.

President Jalal Talabani, a Kurd, called the detention "uncivilized and inappropriate."

Iraq Insurgents Turn On Sunnis (LAT)

By Christian Berthelsen, Borzou Daragahi

The Los Angeles Times, February 25, 2007

BAGHDAD — At least 37 Iraqis were killed Saturday in a highly unusual insurgent bomb attack against Sunni Arabs as they were leaving a mosque.

A preacher at the Sahaba mosque in Habbaniya, 40 miles west of Baghdad, had delivered a blistering sermon a day earlier condemning Al Qaeda activities in Iraq, an official in the town said.

U.S. military officials helped secure the site and evacuate dozens of injured Iraqis. The most seriously wounded were taken to a nearby base, a news release said.

Shiite Muslims are the main Iraqi targets of the Sunni-led insurgency. But police and residents in the Sunni Muslim-dominated area said the people had largely aligned against Al Qaeda militants operating in the region. They said most of the young men in the village, between Fallouja and Ramadi, were employed in the police and the army — unusual for Al Anbar province, long a hotbed of insurgent activities.

The mosque, as well as a nearby market and shops, was severely damaged in the explosion.

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Across Iraq on Saturday, car bombs and mortar attacks killed and wounded dozens of people, including a car bomb outside the Baghdad headquarters of Iraqi President Jalal Talabani and the largest Shiite voting bloc in the Iraqi parliament, the Supreme Council for Islamic Revolution in Iraq.

Three people were killed and seven others were injured, primarily merchants and their customers.

Another car bomb in an area busy with vendors near the capital's fortified Green Zone, where U.S. and Iraqi government offices are located, killed two people and injured eight others. Rocket and mortar fire killed one and injured nearly two dozen others, including some women and children, in incidents in south and west Baghdad.

Iraqi special forces shot and killed a would-be suicide bomber as he was trying to detonate an explosive device in a crowd in a mixed area of southern Baghdad.

Some of the attacks Saturday targeted Iraqi military and police installations that had been established in the renewed effort to secure the country, injuring officers.

A former Iraqi general was assassinated by gunmen near his house in southwest Baghdad, and a tribal sheik was killed in a drive-by shooting in the northern city of Kirkuk.

Police patrols found the bullet-riddled bodies of 20 men dumped around the capital on Saturday, a higher tally than in recent days but still lower than during the spasm of violence that had consumed Baghdad in past weeks.

Beyond Baghdad, Beyond 'the Surge,' War Still Simmers (NYT)

By Marc Santora

The New York Times, February 25, 2007

THE letter from Al Qaeda in Iraq to the members of the local police was clear.

Come to the mosque and swear allegiance on the Koran to Al Qaeda, the letter warned, or you will die and your family will be slaughtered. Also, bring $1,200.

It had the desired effect on American efforts to build an Iraqi security force here.

Nearly a third of the local police force went to the mosque, paid the money and pledged their allegiance. Another third was killed. By late October, only 34 local police officers were left to try to maintain order in this city of 100,000.

Events in Baghdad have dominated the news as American troops move aggressively to quell the sectarian violence that has set Sunni and Shiite neighborhoods at war with each other. But a visit to this restive city is a reminder not only of the many fronts of the war, but also of its many complexities.

While sectarian warfare dominates Baghdad, and southern Shiite cities like Basra contend with criminal gangs and tribal violence as splinter groups compete for power, a different dynamic is at work in this predominately Sunni city on the Tigris River between Baghdad and Tikrit, the birthplace of Saddam Hussein.

Samarra, 65 miles north of Baghdad, is home to the Mosque of the Golden Dome, one Iraq's most sacred Shiite shrines. A year ago, Sunni insurgents bombed the mosque, ripping a hole in the dome and unleashing sectarian violence in the country.

Even so, there has been little of the sectarian violence here that has engulfed Baghdad, where scores of tortured bodies turn up every day and suicide bombers claim dozens in attacks directed at civilians.

Here, and in other cities to the north and west of Baghdad, where Shiites are a distinct minority, Sunni militants continue to wage war on Americans and terrorize the civilian population into submission.

The coordinated attack on an American combat outpost north of Baghdad on Monday by Sunni militants, which left two soldiers dead and some 30 wounded, is an example of the kind of stepped-up attacks the American military fears could become more common.

Lt. Col. Viet X. Luong, the commander of the 2nd Battalion of the 505th Parachute Regiment in the 82nd Airborne Division, said he was seeing an increase in militant activity to the south of Samarra. That, he said, is partially a result of the Americans' successes in the city, but also likely the result of Sunni militants moving out of Baghdad to escape the American offensive there.

"We are getting attacked between the seams," he said.

Over the past five months, his soldiers in the city have conducted more than 1,000 raids, been attacked by improvised explosive devices 69 times and come under direct fire attack at least 85 times, the colonel said.

There are at least two different forces here battling the Americans: the Islamic Army of Iraq, a homegrown militant group made up largely of former Baathists, and Al Qaeda in Iraq, which is aided and sometimes directed by foreign fighters.

Some members of the Islamic Army of Iraq, the main Sunni militant group here, said in interviews that they were pressing Al Qaeda to focus on Shiite militias and not the Americans, whom they see as a temporary buffer in their fight against the Shiites.

Local residents say that Al Qaeda is so bold as to even run a training camp within the city, managing to avoid the American patrols and intimidating the local population through murder and kidnapping.

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American soldiers were supposed to pull out of Samarra by March, but the Iraqi security forces are still nowhere near ready to take charge. Colonel Luong says it will likely be another 6 to 12 months before the Iraqis could hope to stand on their own.

The risks of pulling out too soon have already been demonstrated. Twice in the past four years, the city has fallen to militants. And twice, it took major American offensives to reclaim the city.

Even now, many consider it unsafe. “No judge can come to Samarra because he will be killed,” said Lt. Col. Abdul Jalil Hanni, the commander of the local police force, which now numbers 114. Many new recruits come from Sunni cities farther north.

There are another 201 National Police officers in the city, but nearly 70 percent of them are Shiite, presenting a host of additional complications in this Sunni city. While their commander is Sunni, residents interviewed over the past two weeks said they did not have the slightest faith in them. The Iraqi Army does not patrol in the city.

Capt. Buddy Ferris, who leads Company C at a small outpost on the edge of the city, said that if Americans left tomorrow, the effect on Iraqi security forces would be like “sudden infant death syndrome.”

Captain Ferris and his soldiers see the problems clearly, but the company is proud of its achievements, like bringing the police force back from near collapse.

In six months, the company has established a network of local informants and recently captured a Qaeda member who was sent to Guantánamo because of his connections to suspected terrorists outside Iraq. Captain Ferris acknowledges they have not yet won the loyalty of the population but says he thinks they have a strong leader in Colonel Jalil, whose son, Hassan 18, was assassinated by militants.

Colonel Jalil, whose camouflage uniform covered the scar of a bullet wound in his right arm, says the Americans are too soft. “They do not let me slap them,” he said of the militants, in an interview. A former officer in Saddam Hussein’s feared Mukhabarat, the colonel talked about how he would like to have a free rein to beat prisoners and kill them without trials if they are guilty.

As he spoke, a television in the corner of his office was showing the movie “Annie.” The little orphan was singing, “The Sun Will Come Out Tomorrow.”

Iraqi Allies, U.S. Split On Baathist Policy (LAT)

By Christian Berthelsen

The Los Angeles Times, February 25, 2007

BAGHDAD — The son of one of Iraq's most prominent Shiite politicians lashed out at the United States in an incendiary televised appearance Saturday, a day after he was detained by American troops.

Thousands of Iraqis took to the streets across the country to protest the detention of Ammar Hakim, whose father's political party has been a major U.S. ally. The demonstrators chanted "Down with America" and called Western forces "occupiers" who must leave the country.

Not only has the arrest angered followers of the moderate Shiite party led by his father, Abdelaziz Hakim, it has provided common ground with more radical followers of the anti-American cleric Muqtada Sadr.

U.S. policymakers have advocated isolating Shiite radicals from more moderate figures in the community. But at rallies across the country Saturday, members of Sadr's Al Mahdi army, longtime rivals of the Hakim family, protested alongside members of the elder Hakim's Badr Brigade militia.

Ammar Hakim was arrested and held for several hours because of what were said to be questions about his passport as he crossed into Iraq from Iran. He said soldiers stopped him without good reason, treated him rudely and roughly and appeared to have kept seven AK-47s, 14 pistols and more than $6,000 in U.S. and Iraqi currency taken from him and his bodyguards.

"The U.S. troops said that they treated me politely, which is not true," Hakim said in a televised news conference. One soldier "kicked me violently against the wall. He handcuffed me. He bound my eyes."

The arrest and subsequent protests come at a sensitive time, as the U.S. tries to build relationships with the Iraqi people amid a security crackdown. The incident has the potential to undermine relations between Iraq's majority Shiites and the U.S. forces that toppled their Sunni oppressors.

"We condemn this trespassing act of the U.S. forces that is illegal and against the human rights," said Sheik Suhail Uqabi, a spokesman for Sadr in the city of Najaf. "This reveals the reality of double standards in the U.S. policy toward the Iraqi people, even against the forces that are working under the constitutional political process."

U.S. diplomats have apologized for the incident and said they would investigate Hakim's complaints. They have noted that he was quickly released, and have defended the soldiers involved by saying they followed standard procedures.

Abdelaziz Hakim is the leader of the largest Shiite voting bloc in the Iraqi parliament, the Supreme Council for Islamic Revolution in Iraq, or SCIRI. The elder Hakim met with President Bush in Washington in December and pledged to help stem the violence in Iraq.

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The elder Hakim was an opponent of Saddam Hussein and spent much of the 1980s in exile in Iran as a commander of the Badr Brigade.

The militia has close ties to Iran and has been accused of operating death squads targeting Sunnis, but it is also viewed as among the more moderate Shiite forces in Iraq.

Ammar Hakim leads the Shahid al-Mihrab Foundation, a charity affiliated with SCIRI that provides food and money to the foundation's supporters.

Iraqi sensitivity about the arrest stems from a feeling that it impinged on the country's sovereignty.

Protesters said they were offended that foreign soldiers could detain a prominent figure so easily, on mere suspicion.

"What the U.S. troops have done is a direct digression of the laws, and a dangerous initiative," said Ahmed Fatlawi, a lawyer and member of Najaf's provincial council. "Abdelaziz is a moderate man who has been trying to bring people together, especially on the political level."

In Hillah, south of Baghdad, a crowd of about 300 people, including followers of Sadr and SCIRI supporters, protested the detention, calling for the "liberation" of Iraq and condemning U.S. policy in the country.

More than a thousand people gathered in front of the SCIRI offices in Baghdad's Sadr City to denounce the way Hakim was treated during his arrest.

"It harmed our feelings," demonstrator Abu Muthanna Waili said. "Such behaviors create a tension inside the country."

In Najaf, Sadr militia representative Oon Abid Ali participated in a demonstration with several hundred people in which protesters chanted anti-U.S. slogans and carried banners saying they held U.S. troops responsible for Hakim's alleged mistreatment.

The detention "is a message … that the U.S. troops could arrest any figures going against its plans," Ali said. "We shall be seeing such acts a lot soon."

Mohammed Mousawi, the head of the Badr organization in Najaf, said, "We did not expect that it would reach this level of naivete and meanness. We are asking the U.S. troops to go out of Iraq immediately. We used to think highly of them."

Car Bomb Kills Dozens; Mystery Blasts Rock Baghdad (CNN)

CNN.com, February 24, 2007

BAGHDAD, Iraq (CNN) -- At least 39 people were killed Saturday when a car bomb exploded as they left a Sunni mosque in Habbaniya, Iraq, an Interior Ministry official said.

Also Saturday, only hours after Iraqi Prime Minister Nuri al-Maliki announced "positive results" in Baghdad security, several strong blasts were heard in the capital.

The car bomb, which occurred about 40 miles west of Baghdad, wounded 61 people outside a mosque, a school and an Iraqi police station, according to Multi-National Forces-Iraq.

Medical personnel arrived to help and coalition forces were providing security and helping take the injured to medical facilities.

Local residents told The Associated Press the imam of the mosque had spoken out against extremists.

Also, according to AP, many who live in the neighborhood are employed by Iraqi military and police forces, who are frequently the targets of militant strikes.

The vehicle exploded as worshippers left the mosque's afternoon prayers, AP reported. It was filled with stone and plaster and other building materials. After the blast, U.S. soldiers joined other rescuers who pulled survivors from the rubble, AP reported.U.S.-Iraqi operations

In Baghdad, the U.S. military attributed the mysterious explosions to "indirect fire," a reference to mortar or artillery fire. "We do not know where it is coming from," the military told CNN.

Gen. Qassim Moussawi, spokesman for Baghdad's ongoing U.S.-Iraqi military security plan, said he didn't know the cause behind the explosions, but confirmed that joint operations were being conducted in the southern part of the capital city.

Earlier Saturday, Prime Minister al-Maliki said the U.S.-Iraqi crackdown has dismantled terrorist cells and yielded the arrests and killing of hundreds of insurgents.

Al-Maliki spoke to reporters after a tour of the security plan command center. The prime minister said 426 suspected insurgents have been detained and roughly the same number killed.

The crackdown has reduced sectarian killings and kidnappings; foiled terrorist plots; and allowed hundreds of displaced families to return home, al-Maliki said.Politician's son slams troops

A day after he was detained at a checkpoint, the son of a leading Iraqi politician lambasted U.S. troops who held him, accusing them of blindfolding and pushing him and keeping possessions they confiscated.

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"There is no excuse for what happened," said Ammar al-Hakim in Najaf Saturday. "It shouldn't happen to anyone in the future."

He is the son of leading Shiite politician Abdul Aziz al-Hakim, who has close ties to both Iran and the United States and is considered by some people the most powerful Shiite politician in Iraq.

Ammar al-Hakim and his armed entourage were stopped Friday while attempting to enter Iraq's Wasit province from Iran. He was searched, then blindfolded and handcuffed as troops pushed him against a wall and yelled, al-Hakim said.

The troops also searched his car and suitcase -- where they found clothing and about $1,000 -- and they confiscated from his bodyguards seven Kalashnikov rifles, 14 handguns, seven cell phones and $4,250, said the politician's son.

None of the bodyguards' items was returned, he added.

The U.S. military disputes the account, saying all possessions were returned.

The U.S. military on Saturday defended Ammar al-Hakim's arrest and detention, a day after the U.S. ambassador to Iraq apologized for it.

The military's statement on Saturday did not include an apology.

It stated that "unfortunate incidents" may happen occasionally as Iraq "endeavors to secure its borders," but al-Hakim was "treated with dignity and respect throughout the entire incident."

Smugglers have used the checkpoint in the past, the military said, and Ammar al-Hakim's convoy "met specific criteria for further investigation."

Troops arrested al-Hakim and his entourage only after they failed to "cooperate with coalition forces and displayed suspicious activities," the U.S. military said.

Abdul Aziz al-Hakim is the leader of the United Iraqi Alliance and the Supreme Council for the Islamic Revolution in Iraq. The alliance is the dominant political coalition in Iraq, and SCIRI is one of the leading parties in the alliance.Other developments

Just north of Baghdad, five suspected members of Shiite cleric Muqtada al-Sadr's Mehdi Army were detained in a village east of Taji on Saturday, the U.S. military said. The military said the suspects were part of a cell believed to be responsible for kidnappings, murders and roadside bombings.

Farther to the north, in Nineveh, an insurgent suspected of participating in a "foreign fighter smuggling network" was detained Saturday near Tal Afar. The network has smuggled fighters, arms and money into Iraq to support the insurgency, the U.S. military said.

A suicide attack outside a SCIRI compound in Baghdad killed three people and wounded seven, an Interior Ministry official said, adding that the compound was not the bomber's target. A suicide car bomber was about 500 yards away from an exterior checkpoint when guards opened fire because they considered the vehicle suspicious. The bomber then detonated the explosives, the official said.

Two civilians were killed and four were wounded when a car bomb targeting a U.S.-Iraqi patrol in western Baghdad exploded, Iraqi emergency police said. Thirty minutes later, two more civilians were killed and eight others wounded in a car bomb attack on an Iraqi police patrol in central Baghdad.

In Baghdad's southern Dora district, at least two civilians were killed and 23 others were wounded -- including women and children -- when four mortar rounds slammed into a residential area, an Iraqi Interior Ministry official said.

The U.S. military said coalition forces broke a terrorist funding operation and arrested 12 suspected terrorists during Saturday morning raids around Iraq, targeting al Qaeda in Iraq members and affiliates.

CNN's Arwa Damon, Jomana Karadsheh, Nic Robertson, Mohammed Tawfeeq and Michael Ware contributed to this report.

Iraq Rebel Cleric Reins In Militia; Motives At Issue (NYT)

By Damien Cave

The New York Times, February 25, 2007

BAGHDAD, Feb. 24 — Moktada al-Sadr, the radical Shiite cleric and founder of the Mahdi Army militia, discovered recently that two of his commanders had created DVDs of their men killing Sunnis in Baghdad. Documents suggested that they had received money from Iran.

So he suspended them and stripped them of power, said two Mahdi leaders in Sadr City, the heart of Mr. Sadr's support here in the capital.

But did he do so as part of his cooperation with the new security plan for Baghdad, which aims to quell the sectarian violence tormenting the city? Because his men had been disloyal, taking orders from Iran, whose support he values but whose control he fights? Or was it just for show — the act of an image-conscious leader who grasped the risk of graphic videos and wanted to stave off direct American action against him?

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Mr. Sadr has been the great destabilizer in Iraq since 2003, wielding power on the streets and in the ruling Shiite bloc, thwarting the Americans and playing out at least a temporary alliance with Iran.

With the new security plan for Iraq under way, every question about Mr. Sadr's motives touches on a different facet of Iraq's complicated struggle.

He now finds himself under pressure from several sources. One is his popular Shiite base, which demands protection from devastating Sunni attacks. Another is Iran, with which he has had long but difficult ties. Then there are renegade factions of his own militia that resent his move into the political mainstream.

Finally, the Americans, who have accused Iran of supplying Shiite militias, including Mr. Sadr's, with an especially deadly roadside bomb known as an explosively formed projectile, or E.F.P, which has killed an increasing number of American soldiers.

It is not clear whether the Americans will move directly against him. The United States has demanded that the government of Prime Minister Nuri Kamal al-Maliki act forcefully against the Mahdi Army; Mr. Maliki, however, owes much of his political strength in the ruling Shiite coalition to Mr. Sadr's backing.

For now, American and Iraqi officials say Mr. Sadr seems to be cooperating with the effort to pacify Baghdad, ordering his men not to fight even as American armored vehicles roll into Mahdi strongholds in eastern Baghdad. He seems to be cleaning house of fighters who could taint him by association with Iran or with death squad killings. His aides say he has called for a sectarian truce. "Moktada al-Sadr said to protect your clerics, protect your shrines and cooperate with the government," said Hazim al-Araji, head of the Sadr office in western Baghdad. "So no actions have been taken."

In perhaps his boldest move yet, Mr. Sadr has assisted the joint Iraqi-American campaign against parts of his militia, signaling whom to arrest and telling others to flee, said two Mahdi commanders and a Shiite politician in Baghdad. On his own, they said, Mr. Sadr has "frozen" more than 40 commanders, including about 20 with links to Iran.

The moves are part of an organizational overhaul, the Sadr aides said. Though Mr. Sadr's whereabouts are unknown — the Americans say he is in Iran, which his aides and Iran dispute — a new Mahdi general for all of Baghdad has been appointed for the first time, they said. Mr. Sadr has also selected new commanders for east and west Baghdad.

Some of the Sadr aides and commanders who described Mr. Sadr's recent moves during separate interviews in Najaf and Baghdad refused to give their names, saying they had not been authorized to speak and feared reprisals from current or former members of the militia.

They said the cleric allowed the arrests of members of his own militia, or suspended them himself, because evidence showed that they had not obeyed his orders and because he wanted to show Iran, American officials and his militia that he was a strong leader who must be respected and feared.

"He wants to prove to the people that he has full control of his militia," said a 47-year-old Mahdi commander from Sadr City who referred to himself as Jabar Abdul al-Hahdi. "He wants to show he's in charge."

Mr. Sadr's conflicted relationship with Iran mirrors Iraq's. Each country's majority Shiites revere the other's clerics and visit the other's religious shrines. But they speak different languages, are dominated by different ethnic groups, and fought each other in a long war in the 1980s.

Mr. Sadr's father, Grand Ayatollah Muhammad Sadiq al-Sadr, became one of Iraq's most popular Shiite clerics largely because he set himself up as the rebel alternative to Iran's religious leadership, focusing on poor, oppressed Iraqis, not just theological debate. His mix of social and religious resistance led Saddam Hussein to order his assassination in 1999.

Moktada al-Sadr rose to prominence after the American invasion in 2003 with anti-American speeches and echoes of his father's populism. But he was young, not yet 30, and less educated than his clerical rivals. So even as he railed against Iranian meddling, he sought money and support from Iran's top clerics, meeting with Ayatollah Ali Khamenei, Iran's supreme religious leader, in June 2003. It was a dramatic reversal from family tradition.

Less than a year later, he led a revolt against American troops in Najaf, and again Iran played the role of patron. On the 11th day of the revolt, with Mr. Sadr under siege, an Iranian delegation arrived in Iraq to mediate. The Iranians were joined by Grand Ayatollah Ali al-Sistani, Iraq's most revered Shiite cleric, who called for Shiite unity and calm.

Mr. Sadr eventually agreed to stop fighting and join the political process. The Americans let him.

His popularity rose with the speed of a pop star's, and the Mahdi Army grew like a fan club, from a few hundred young men to thousands — including some who proved hard to control.

Since then, according to some Shiite officials, Iran has funneled support to his organization. What it receives, how much and how consistently, remain a mystery, but some Shiite leaders say Mr. Sadr collects less from Iran than does a rival Shiite party: the Supreme Council for the Islamic Revolution in Iraq, which was founded in Iran by Iraqi exiles in 1984.

Iran generally supports many groups simultaneously, including some Sunni ones, so that it can benefit from any eventuality, said Sami al-Askari, a Shiite member of Parliament who works closely with Prime Minister Nuri Kamal al-Maliki.

"Iran intervenes in many ways, with many methods," Mr. Askari said.

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In the case of the Mahdi Army, he said, Iran has recognized its diffuse nature, sprinkling support at high and low levels. Some support comes through ties to Hezbollah, the Shiite militia in Lebanon that also receives Iranian support. Beirut now has a Sadr office, and Mahdi commanders say they have been sending fighters to Hezbollah at least since last summer, when Hezbollah battled Israel.

Iran also provides institutional assistance to Iraq, mainly to the Health Ministry, which is run by Mr. Sadr's political bloc. Three days after bombs killed more than 140 people in Sadr City last fall, for example, 50 Iraqi ambulances carried some of the wounded to the Iranian border. They were transferred to Iranian ambulances and taken to Iranian hospitals, with much of the cost covered by organizations in Iran.

Qasim Allawi, a spokesman for the Health Ministry who described the process, said another 25 wounded men and women from the recent Sadriya market bombing in Baghdad were to head to Iran any day.

Iran's more potent forms of aid are direct — and some goes not to Mr. Sadr, but to underlings.

"Sometimes the aid comes for the leadership, and they get to decide where it goes," Mr. Askari said. "Sometimes it goes to the local leadership, and this encourages them to rebel."

"Iran puts Moktada al-Sadr between two pressing sides," he said. "On one hand, they are helping him and they have the ability to take that away. At the same time, they're undermining him by helping people below him."

According to Sadr aides and Mahdi commanders, Mr. Sadr's recent purges aim to put Iran on notice that he is in charge and independent. They said he also wanted to remind members of his militia that he would use every available tool, including Iraqi and American troops, to maintain control of the militia, the source of any political power he wields.

The goal is a top-down, tightly managed operation.

"We're going to end the decentralized system that we had before," said one of the aides in Najaf.

If Mr. Sadr consolidates power over his unruly militia, he could be held more responsible for the actions of its members. Until now, American and Iraqi efforts against the Mahdi Army have focused on so-called rogue elements.

The 30 members of Parliament associated with the Sadr bloc have not been arrested, keeping Mr. Sadr's legitimate influence intact. At the same time, American, Iraqi and British officials are engaged in classified negotiations with his envoys over how to address the Mahdi Army and its Sadr City stronghold, the neighborhood named for Mr. Sadr's father.

When asked about the talks, Maj. Gen. William B. Caldwell IV, the top military spokesman in Iraq, said the meetings represented a reasonable and appropriate attempt to avoid unnecessary bloodshed.

"Anytime you can find a political solution instead of a military solution," he said, "it's always better."

But can Mr. Sadr deliver what the Americans want? Are his efforts adequate? Some American military officers remain skeptical.

"You know what their intent is," said Maj. Kevin Hosier, an intelligence officer with the Third Stryker Brigade Combat Team, as his unit prepared for sweeps through predominantly Shiite areas near Sadr City this month. "They want Baghdad. They want to make Baghdad a Shia city."

Peter Harling, a senior analyst with the International Crisis Group, a research organization, who wrote a thorough profile of Mr. Sadr last summer, said the impact of the Mahdi purges and command restructuring would likely be short-lived.

"He has been excommunicating some of his key commanders, that's a fact, but he has just put them in the corner," Mr. Harling said, relying on interviews with several Mahdi commanders cited in his July profile. "Many of them, after Sadr really accused them in the harshest terms, actually came back in the movement and carried on with their careers. All this is kind of temporary."

According to Mr. Harling, Mr. Sadr has little choice but to trim at the edges of his organization. His hold on power remains tenuous, dependent on a loose association of clients all over the country who he knows could turn on him at any moment.

"He remains in a strong position as a leader only as long as he is useful to all these smaller leaders," Mr. Harling said. "He rules by consensus."

Vali Nasr, a professor of national security affairs at the Naval Postgraduate School and author of "The Shia Revival," says Mr. Sadr should be viewed as a politician who was trying to preserve his power. Poor Shiites have made him an Iraqi celebrity, a national symbol whose bearded visage graces everything from wristwatches to alarm clocks and large posters. Above all else, he will be loyal to them, Mr. Nasr said.

"Since the Samarra bombing last year, Moktada has received a lot of pressure to be tougher on the Sunnis," he said, referring to the explosion in the northern city of Samarra last February that destroyed one of Shiite Islam's holiest shrines. "He's found that the tougher he's been, the more his popularity has gone up."

In the long run, Mr. Nasr said, "he's not very concerned with what the Americans think of him. What matters to him is what the Shiites think."

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Kurds Endorse Draft Oil Law (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 25, 2007

Measure Would Go To Iraqi Assembly

BAGHDAD, Feb. 24 -- Leaders of Iraq's oil-rich Kurdish region have apparently approved a draft oil law that will be presented to Iraqi lawmakers in coming weeks, an eagerly awaited breakthrough that is expected to professionalize and expand drilling in the country.

The agreement was announced Saturday by Massoud Barzani, president of the regional government in Kurdish-populated northern Iraq, during a news conference in the northern city of Sulaymaniyah attended by Iraq's president and the U.S. ambassador, the Associated Press reported.

"We reached a final agreement," Barzani said, according to AP. "We accept the draft."

Barzani did not disclose further details of the agreement, and no other officials discussed them publicly.

John C. Roberts, a spokesman for U.S. Ambassador Zalmay Khalilzad, said Saturday night he was unaware of the development or the ambassador's presence at the news conference. Spokesmen for the Kurdish regional government and Iraqi Deputy Prime Minister Barham Salih also said they had no information on the reported agreement.

The Kurdish minister of natural resources declined to discuss the issue.

Iraqi officials in recent weeks have been struggling to reach an agreement on legislation that would govern the exploitation of the country's vast oil reserves and who should control the revenue.

Among the contentious issues are to what extent oil exploration will be controlled by the Shiite-led government in Baghdad; how proceeds will be distributed among oil-rich and oil-poor areas; and to what extent foreign companies will be allowed to drill for oil.

Iraq's largest reserves are concentrated in the Kurdish north and in the predominantly Shiite south, which has led to squabbling among Iraqi leaders concerned that their constituencies might not benefit sufficiently from oil proceeds. Sunnis live mainly in central and western areas without oil reserves. More than 90 percent of the country's budget comes from oil.

U.S. officials have been pressing Iraqi leaders to send a bill to parliament, a step they see as crucial to strengthening the country's economy and reducing violence. Secretary of State Condoleezza Rice urged Iraqi leaders last week during a brief visit to Baghdad to reach a resolution on the draft.

Prime Minister Nouri al-Maliki had promised to get the measure passed by the end of 2006, but negotiations, primarily between Kurds and Shiite leaders, have stalled several times. The Kurds want to make sure they have enough oversight over the oil industry in their region and have expressed concern about the impact the legislation might have on contracts they have signed with foreign companies that recently began working in the relatively safe region.

It is unclear how quickly lawmakers, in a parliament beset with sectarian strife and general bickering, will turn the bill into law.

Staff writer Steven Mufson in Washington and special correspondents Naseer Mehdawi and Waleed Saffar in Baghdad contributed to this report.

Hometown Fights For Soldier Charged In Iraq Slayings (LAT)

By David Zucchino

The Los Angeles Times, February 25, 2007

SWEETWATER, TENN. — The first fundraiser was down at the First Assembly of God church, where Bonnie Cleveland stood in the doorway with a collection basket in hand. She told everyone that the church music group's former teen drummer, Ray Girouard — now Staff Sgt. Raymond L. Girouard — was in deep trouble.

The Army has charged Girouard, 24, with ordering the slayings of three Iraqi detainees in May, then orchestrating a coverup. He's in a Navy brig in Charleston, S.C., awaiting court-martial.

"He's been fighting for our freedom, and now he needs our help," Cleveland, a schoolteacher and the wife of a dairy farmer, told fellow parishioners.

By the end of the service late last month, parishioners had contributed $6,600 to help hire a civilian lawyer for a church member who became an Army Ranger and served two tours in Iraq.

It was the beginning of an extraordinary outpouring of cash and tributes from this idyllic east Tennessee community of 6,000. The fund now stands at $19,000, fattened by residents who cannot reconcile the Army's portrait of a calculating killer with their memories of a polite and caring boy.

Sense of betrayal

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Sweetwater, a conservative community where American flags fly on porches and many residents are veterans, now finds itself at odds with the military. Many here say the Army has betrayed a young patriot who volunteered to fight for his country.

"The military kind of made it personal," said Tammy "Tot" Chapman, who's helping organize an antique car rally as a fundraiser. "When you mess with our boys, you have to deal with us."

Post 106 of the American Legion in Sweetwater is coordinating the contributions. Lloyd Langley, the post vice commander, says Girouard is being "railroaded" by the military.

"A soldier ain't worth a dime if he don't carry out his orders, and that's exactly what Ray was doing over there," Langley said.

Girouard, who enlisted right out of high school, is charged with premeditated murder and conspiracy. Three other soldiers also were charged in the deaths, which occurred during a combat mission May 9 on a marshy island on Tharthar Lake, 60 miles northwest of Baghdad.

Girouard's photo now graces bumper stickers, storefronts and restaurants in Sweetwater. A gazebo on the narrow main street bears a banner that reads, "Staff Sgt. Ray Girouard Fought For Us. Let's Fight For Him."

Just after the church fundraiser, Girouard's sister Joy Oakes delivered a passionate defense of her little brother at a rally Jan. 27 at City Hall, where residents contributed $1,700.

"The Army is doing everything they can to smear his name, his reputation and his legacy," she said that day. But the "truth will come out, and it will set Ray free," she added.

Oakes, 26, a mother of three, has set up what she calls the Ray Room in a bedroom of her grandfather's home. Inside is a computer where she maintains a website supporting her brother, stacks of court documents and a "media book" with news clippings about the case.

"This case is my whole life — I live it, I breathe it, 24 hours a day," she said.

Girouard and his two sisters were raised by their maternal grandfather, Ron Bentley, an Air Force veteran, after their mother died when Girouard was 6. Bentley calls his Ranger grandson "a true American hero." A sign on his front door reads: "Terrorism Is A Disease. Rangers Are The Cure."

Bentley says he is furious at the military for prosecuting Girouard for "doing what he was sent over there to do."

"What really got me going was seeing a picture of Raymond in shackles — after all he's done for his country," Bentley, 64, said as he sat hunched over his living room table, feeling faint from chemotherapy for lymphoma.

As Bentley spoke, Oakes answered a cellphone call. It was Girouard, calling from the brig on a $1-a-minute phone card. Oakes said he told her, as he had before, that he never ordered anyone to kill detainees and did not take part in a coverup.

She said Girouard also told her that his brigade commander, Col. Michael Steele, held "a big hoo-ah rally" the night before the mission and gave orders to kill every military-age male on the island. Steele's lawyer, Maj. Kris Poppe, said Steele "categorically rejects" the allegation.

A codefendant, Pfc. Corey R. Clagett, gave a similar account in a phone interview in October. But Jan. 25, Clagett entered a plea agreement with the government and testified that Girouard, the squad leader, told his men to kill the three Iraqis they had just detained.

Clagett said he and Spc. William B. Hunsaker cut plastic handcuffs off the men, told them to run, then shot them. He testified that Girouard punched him in the face and cut Hunsaker with a knife to make it appear that the detainees had attacked the soldiers while attempting to escape.

Hunsaker, the first to accept a plea deal, also testified against Girouard. Hunsaker and Clagett got 18 years. Girouard could get life without parole if convicted.

Clagett's plea was a stunning blow to Girouard's family, and to Sweetwater. The Clagett and Girouard families had teamed up to fight the charges. Clagett's mother, Melanie Dianiska, stayed at Bentley's home last year on her way to a court hearing at Ft. Campbell, Ky.

"I understand the pressure they were under from the government, but it's still hurtful the way they turned on Ray," Oakes said.

Dianiska and lawyer Paul Bergrin said they felt boxed in after Hunsaker's plea and reluctantly agreed to their own deal.

"I'll tell you one thing," Oakes said. "This family will not buckle. We will not take a plea deal. Ray will not plead guilty to something he didn't do."

Girouard's lawyer, Anita Gorecki of Fayetteville, N.C., said she intended to proceed to court-martial, scheduled for March 13, and would call Steele as a witness.

"He is eager to have his day in court," Gorecki said. "Our defense is simple: Sgt. Girouard did not give that order."

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John Canada, who taught Girouard in a Royal Rangers church program similar to the Boy Scouts, said many people in Sweetwater felt uncomfortable challenging the military. Even so, he said, "it bothers me that an American soldier could kill our enemy and have that construed as first-degree murder."

Still confident

Girouard's grandmother Pat Bentley said her grandson remained confident that he would be exonerated. "He's got it in him to fight," she said. "If he goes down, he's going to go down fighting."

Charlie Boyd, who heads the antique car club that is organizing a fundraiser, said U.S. soldiers faced the same problem he had faced when he fought in Vietnam: It is difficult to distinguish the enemy from civilians in a guerrilla war.

"Ray shouldn't get a court-martial," Boyd said. "He should get a medal."

By prosecuting soldiers for their actions during combat operations, the military is sending the wrong message, said Daniel Chapman, the car club's vice president.

"If our soldiers see someone like Ray going to prison, they'll be scared to death that they'll be prosecuted every time they open fire," he said. "They'll hesitate — and that'll get you killed."

Administrative Issues Cited At Walter Reed (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, February 25, 2007

Report From Long-Running Army Probe Notes Problems; Official Orders Fixes

The preliminary findings of a nine-month Army investigation confirm problems in the administrative procedures at Walter Reed Army Medical Center and other hospitals, and Army Secretary Francis J. Harvey has ordered the service to begin fixing them, a spokesman said yesterday.

The Army inspector general's probe said that the service needs to standardize its training of workers who assist patients, that its information-management databases are inadequate and that there are "policy disconnects" between Army regulations and Defense Department instructions.

After hearing recommendations from the inspector general's office on improvements, Harvey directed Gen. Richard A. Cody, the Army's vice chief of staff, to start implementing those steps that can be taken immediately, Army spokesman John P. Boyce Jr. said yesterday. The office's final report is not expected for several weeks.

"Look, this is very complex," Harvey said in a statement. "But this is too important and cannot wait for a report to be finished or a review to be completed. We'll fix as we go; we'll fix as we find things wrong."

The investigation, which began in April, was prompted by a Government Accountability Office study of the Army's system for evaluating the fitness of wounded soldiers to stay in the service.

Harvey's action followed the publication last week of a two-part series in The Washington Post on the challenges facing soldiers being treated as outpatients at Walter Reed. The articles depicted a system in which outpatients at the Army's premier medical facility often languish in a numbing bureaucracy, some forgotten, many overwhelmed.

The series touched a nerve with the public, politicians and the military. The resulting cascade of outrage underscored that, while the war in Iraq is an enormously divisive issue, it remains a tenet of faith among the public that wounded troops deserve the best of care.

President Bush demanded swift action to fix the problems, and Secretary of Defense Robert M. Gates declared the situation at Walter Reed "unacceptable" and promised that officials responsible would "indeed be held accountable."

The Army, meanwhile, has begun repairing facilities that house Walter Reed's outpatients.

Gates named an eight-member independent review group on Friday to review all rehabilitative care and administrative procedures at Walter Reed and at the National Naval Medical Center in Bethesda. Co-chaired by former Army secretaries Togo West and John O. Marsh Jr., the group will submit a report to the Pentagon within 45 days.

One member of the panel, John J.H. "Joe" Schwarz, a physician and former Republican congressman from Michigan, said yesterday that it had not yet met and that he was "awaiting marching orders" on how the review will proceed.

Battle Worn (WP)

By Paula Span

The Washington Post Magazine, February 25, 2007

After he was injured in Iraq, Richard Twohig found himself fighting an unexpected foe: the U.S. Army.

THE SHADES IN RICHARD TWOHIG'S GARDEN APARTMENT ARE DRAWN TIGHT AGAINST THE SUMMER SUN. This is partly because it's 94 degrees in Knoxville, Tenn., this afternoon, but also because light can trigger one of his bad headaches, the kind that make his knees buckle. His kids have grown accustomed to dimmed surroundings.

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They've been cavorting on the living room carpet, Lizzie with her fuzzy pink dog named Princess, her little brother, Damon, with his prized jeep. Their chirpy ebullience isn't unusual for a 6-year-old and a 3-year-old who haven't had much chance to romp outside today but noise can bring on Twohig's migraines, as well. "Why don't you go up and play a while?" he suggests mildly, and they troop upstairs to their shared bedroom.

The apartment, which the family moved into three weeks ago after a nomadic year, still feels a bit empty. There's a couch and a coffee table and a big TV in the living room, but the walls are bare. Twohig wishes he had a yard for the children and their real dog, a boisterous Great Pyrenees named Athena. Still, the place is clean and comfortable, and he can manage the $570 rent on the disability checks that the Department of Veterans Affairs sends each month.

"If I have a good day, I try to take them up to the park at the school," he says, knowing that the kids should probably be outdoors more. It's only a two-minute drive. But he doesn't have so many good days.

Since he was thrown from a moving armored vehicle in Baghdad in May 2003, and landed on his head, the former Army corporal says he has suffered from near-constant headaches. This afternoon's is the easier kind to take: He figures the throbbing registers a 6 or 7 on the 10-point scale that injured vets learn to use to quantify their pain. The more severe headaches come perhaps once a week now, he says, and even the heavy-duty drugs he takes can't really blunt them: "Before, I would pass out in the shower, things like that. You kind of learn when they're coming on. So when I feel lightheaded and my legs get weak, I crouch down" so he doesn't fall. Those are the sort he rates a 10.

The headaches are one of the disabling conditions Twohig incurred in the line of duty, the Army acknowledges, along with a "mood disorder with depressive features." He appears fit, in his patched jeans and T-shirt: 6-foot-2 and, now that the bloat from earlier drug regimens has dissipated, 180 pounds. Tattooed snakes and samurai, souvenirs of Fort Bragg, twine up his arms. With his blue eyes, cleft chin and crew cut, Twohig looks like the same paratrooper -- Bravo Company, 1st Battalion, 325th Airborne Infantry Regiment, 82nd Airborne Division -- who easily handled 25-mile marches wearing a 35-pound pack and carrying an M4 rifle.

But he isn't. He often forgets what his mother, retired Marine Corps Maj. Belinda Twohig, tells him on the phone moments after she has said it. He's lethargic; he can't concentrate. If he has to enter a mall, he calculates which entrance will let him come and go with the least amount of human contact. A guy who used to happily devour an entire sausage pizza and some cheese sticks for dinner, he now has scant appetite and, troubled by nightmares, sleeps perhaps three hours a night.

He can't imagine holding a job in this condition. "What can I actually do?" he asks. "Physical work gives me migraines. I vomit all the time . . . I'm on morphine; I'm addicted. I'm just a mess."

Ask him his age, and he takes a long, thoughtful pause before replying. "Twenty-five."

Despite the migraines, the tinnitus (ringing in his ears), the chronic shoulder dislocation and other documented physical problems, he works hard at caring for the children, doing their laundry, cooking them simple meals, supervising them with great patience. (Their mother, from whom he is separated, serves with the Navy in Virginia.)

"Damon, either sit up in your chair or go upstairs and play," he cautions calmly, when the kids grow restive watching the Cartoon Network. "Do not sit on your sister." He rarely raises his voice.

In fact, Twohig's response to most things is muted. He doesn't laugh much, doesn't seem to take much pleasure in Lizzie and Damon's exuberant antics. It might be the meds or the pain or the prospect of a life in which he may never work, but there's a flatness to his personality that his family finds new and troubling.

One subject prompts a more animated response, though, rousing him to noticeable anger: the U.S. Army.

Like any member of the armed forces injured in the line of duty and no longer able to serve, Twohig has been grappling with a complicated disability system that determines whether he merits military retirement. Thousands of other soldiers, sailors, airmen and Marines are dealing with the same process. With U.S. troops still in Afghanistan and the war in Iraq entering its fourth year, the annual caseload of troops injured severely enough to be considered for retirement has climbed nearly 53 percent since 2001, to about 23,000 a year. The great majority don't get it, which has made the disability system the object of confusion, apprehension and suspicion among injured veterans and their advocates.

In Twohig's case, an Army Physical Evaluation Board ruled in 2005 that he wasn't disabled enough to qualify, a decision that deprived his wife and children of health insurance through him. He and his family have been battling the finding since.

To Twohig, the fight is based not only on finances but also on principles. He enlisted; he trained; he followed every order "to a T," he says. He paid the price, and now it feels as though the Army is abandoning him.

"I have a son, and I wouldn't let him join the Army," Twohig announces, agitated. "They don't really care about soldiers. They got their mission, and if you're hurt, oh, well."

His voice tightens: "After we're no good to them, they just get rid of us."

RICHARD TWOHIG REMEMBERS LITTLE ABOUT HIS TIME IN IRAQ. His commanding officer, Capt. (now Maj.) Jeffrey Burgoyne, says that Bravo Company saw "a lot of firefights" in Fallujah and other towns as it made its way to Baghdad in late

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April 2003. But what Twohig can summon up from Iraq aren't battles but the heat and the odd quality of the sand ("it had been cooked so long that when you stepped on it, it broke into pieces") and the occasional K rations, "in big old metal things they heated up," that tasted better than meals-ready-to-eat.

Nor is much recorded about the accident that damaged Twohig -- not even the exact date it occurred. The Commander's Performance Statement, signed by Burgoyne, says Twohig was "on combat patrol" aboard a Bradley armored fighting vehicle, "going approximately 45 mph when it turned a corner in downtown Baghdad, causing Cpl. Twohig to be thrown from the vehicle. He fell on his head and lost consciousness."

Burgoyne now says that the vehicle wasn't a Bradley but a smaller, older M113 about to leave the unit's walled compound and thus going far more slowly. But Burgoyne was at a forward operating base five miles away and only heard of the accident by radio. In any event, "the guy fell off a moving truck; that's significant." And when the battalion learned that Twohig was being helicoptered to Germany, Burgoyne says, "that's when we realized it was more serious than we thought."

A neurology consultation at the Army hospital in Landstuhl, dated May 20, 2003, is the first record of Twohig's injuries, noting his head trauma, throbbing headaches and other symptoms, including memory loss. "I didn't remember my Social Security number or my unit or people I worked with," he says. He even, temporarily, forgot that his son had been born a few months earlier.

He was flown back to Fort Bragg a couple of weeks later. As he made the rounds of doctors at Womack Army Medical Center, Twohig says, his memory improved somewhat, but the headaches and psychiatric symptoms persisted. Belinda Twohig felt her hopes for a speedy recovery sink. She accompanied her son to a neurology appointment in which the doctor told them that when Richard's migraines struck, he should just take his meds and lie down in a quiet, dark room; there was no purpose in going to the emergency room, because nothing else could be done, no stronger medication prescribed. The prognosis was uncertain. After a concussion, the brain needs time to heal, the neurologist cautioned; it could take a year or two to see any improvement.

Meanwhile, Twohig's marriage was fraying under the strain. He says he was vomiting frequently, sleeping a lot and feeling depressed. He could no longer mow the lawn or help with errands; the house, despite his two young children, had to remain quiet. "It just changed the relationship," Twohig says. "She didn't understand and want to deal with my problems." His wife, Sang, did not respond to phone calls seeking comment. At times, he felt so lousy that he wouldn't even come to the phone when his mother called. "We had a close relationship; he always talked to me," Belinda says. "So the withdrawal was the first thing I noticed." When they did talk, she was aware of "confusion. I'd ask him something -- 'How was your day? Have you taken your meds?' 'Yeah, I think so' . . . Just a slow, lethargic answer. And this is not Richard."

Frightened as she was, she told herself that at least the Army would, in her words, "take care of him" and his family. After more than two decades in the service, she knew the outlines of the disability system, and she assumed he would be able to retire. For her son, though, this was uncharted territory.

The magic number, he quickly learned, is 30 percent -- the point at which a disability is considered to be severe enough to prevent someone from functioning normally in the workplace. Those with 30 percent or higher disability ratings can retire with benefits that include monthly checks for the rest of their lives, access to commissaries and post exchanges on military bases, travel on military aircraft and, most coveted, coverage by TriCare, the military's health insurance plan, for themselves and their dependents, present and future. Those rated below 30 percent usually receive a severance check from the military: two months' pay for each year's service, up to 12 years. They can then apply for benefits from Veterans Affairs, which also rates disabilities and provides monthly checks but doesn't offer the other advantages of retirement.

The practice of compensating injured soldiers dates to Colonial times, but the current system has its roots in World Wars I and II. Congress mandated the development of ratings for disabilities in 1917; the Career Compensation Act of 1949 then linked the amount of payments to the degree of disability, establishing the 30 percent threshold. "The thinking was, those rated less wouldn't be so handicapped as to warrant long-term disability pay," explains Rick Surratt, deputy legislative director of Disabled American Veterans. "A lump sum would hold them until they could get reestablished in the workplace."

Getting any rating at all can take many months, however. Once an injured service member is medically stable, he must wait for a military doctor to write a narrative summary of his condition. Then a board of physicians reviews the medical records -- often thick with test results, multiple diagnoses, lists of medications and addenda -- to decide whether he meets retention standards. If not, an informal Physical Evaluation Board assesses the severity of each disability that makes a service member unfit for duty and assigns it a numerical rating, based on detailed guidelines in the Veterans Affairs Schedule for Rating Disabilities.

"What we're attempting to do is approximate the average loss of earnings capacity," says Tom Pamperin, who oversees revisions to VA's guidelines, a nearly unceasing project. Amputation at the upper third of the thigh, for instance, merits an 80 percent disability rating. Amputation at the middle or lower third of the thigh: 60 percent. Mental disorder characterized by

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"occupational and social impairment, with deficiencies in most areas, such as work, school, family relations, judgment, thinking or mood . . .": 70 percent. Migraines "with characteristic prostrating attacks occurring on an average once a month over the last several months": 30 percent.

Twohig picked up the gist of the process at the Fort Bragg gym, where he worked with other soldiers too disabled for regular duty. He checked ID cards and handed out towels four hours a day -- and says he found even that difficult, because the clanging of free weights and the thunking of basketballs brought on migraines. Meanwhile, he and his buddies pondered the mysteries of disability retirement. There was ample time to compare notes; the pace at which cases proceed can be exasperatingly slow, in violation of the Pentagon's own guidelines.

Twohig waited 17 months to receive the medical evaluation board report that found him no longer fit to serve. Meanwhile, he watched as others received ratings too low to qualify for retirement. One guy with what Twohig describes as "titanium vertebrae" got a 10 percent rating. Another received no severance.

In fact, the majority of injured soldiers fall short of the magic number; the informal evaluation board rates them below 30 percent. The Defense Department reports that the Army, which handles more than half of the military's disability cases, put less than 4 percent of the 10,460 active duty soldiers and reservists it evaluated last year on the permanent disability retirement list and less than 15 percent on the temporary list. (Temporary retirees undergo periodic reassessments of their condition for as much as five years before a final decision.) By comparison, the Navy (including the Marine Corps) retired about 35 percent of its injured, temporarily or permanently, and the Air Force about 24 percent, the Defense Department says.

The difference, the Army's disability agency says, may reflect a higher proportion of musculoskeletal injuries that can interfere with soldiers' duties but have "mild" impact on civilian employability, resulting in severance pay rather than retirement. The Army also has "a unique policy" of not granting retirement for pain that has "no clear cause or objective findings." But, the agency concedes, "it is not possible to state with certainty what might account for the difference" between the Army's and the other branches' retirement rates.

At Fort Bragg, soldiers sometimes find it hard to understand why some people qualified for disability retirement and others didn't. "You don't really know too much about it until you start doing it," says Twohig's friend Jacob Biehn, a former specialist who suffered multiple gunshot wounds in Iraq and eventually received a 30 percent disability rating -- which allowed him to retire but struck his comrades as minimal, given his injuries. "When you go to find out what they decided," he says, "it could be a good day or a bad day."

For Twohig, it was a bad day. He called his mother from Fort Bragg on Nov. 2, 2004, sounding "shaken up," she recalls. "He said: 'Mom, it came back 20 percent . . . How am I going to survive? How can I take care of my family?' I said, 'Son, calm down. We're going to fight this.'"

TWOHIG HAD THE RIGHT TO CONTEST HIS DISABILITY RATING BEFORE A FORMAL PHYSICAL EVALUATION BOARD, and his mother stood ready to help him. A lifelong Marine and a congenital optimist, Belinda felt more determined than discouraged, convinced that the system had erred and would correct itself.

Each branch of the military provides opportunities for injured service members to challenge their ratings, but most of the injured simply pocket their severance checks and go home. Only 20 percent of soldiers ask for a formal hearing, at which an attorney can present evidence and call witnesses, the Army says. Then only half of those soldiers proceed with the hearing.

Perhaps that indicates most injured soldiers are satisfied with their ratings. But veterans groups say that more wounded service members would challenge their ratings if it weren't so complicated and time-consuming.

"It's probably one of the most convoluted workman's compensation systems in the world," says Steve Robinson, government affairs director at Veterans for America.

Most of those hurt in the line of duty are young, weary of fighting and anxious to return to their civilian lives, Robinson and others point out. A severance check for $10,000 or $12,000 (the latter was Twohig's severance after 49 months of service) can seem to be a lot of money. If a case has already dragged on for months, seeking a formal hearing -- even if that's in a service member's best interest -- can require still more time and frustration.

All of which tends to discourage the injured from taking on the system -- and some veterans advocates suspect that the Pentagon, openly worried about ballooning health-care costs, prefers it that way. Medical benefits are not discretionary; the Defense Department must pay the tab. "Increasingly, it's having a direct impact on the department's ability to meet its needs for equipment, replacement equipment, personnel," says William Winkenwerder, assistant secretary of defense for health affairs. "The costs of retirees, the health-care costs, are a great concern to us."

Nevertheless, the Defense Department says that each disability case "is evaluated on the basis of relevant clinical information," and the Army vehemently denies that its evaluation boards award lower ratings because of pressure, direct or indirect, to hold down costs.

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"No one has discussed that financial burden with me at all," says Col. Carlton Buchanan, the new deputy commander of the Army's Physical Disability Agency, which oversees its evaluation system. "Nobody has said I have a particular requirement or a goal or a quota or a threshold that I can't surpass . . . I feel no pressure whatsoever to set limits on disability. We will do what's right."

Still, civilian attorneys who argue military disability cases see a pattern in the ratings.

"The informal board will tend to lowball," says Vaughan Taylor, who practices in Jacksonville, N.C., and has argued dozens of disability cases. Like many of the small fraternity of civilian lawyers who specialize in military cases, he is a former military lawyer, or judge advocate, himself. "It's almost as if the informal board exists to give out the standard 10 percent, and then see who squawks."

"The unwritten guidance seems to be: Push these people over to the VA, and let them pay for this," agrees Joseph W. Kastl, a former Air Force lawyer who now calls his Bethesda firm the Military Defender.

Sometimes, service members find the system works well for them. One of Taylor's clients, former Marine Sgt. Eric LeClair of Swansboro, N.C., was unhurt during the first wave of the Iraq invasion, only to take a bad landing during a martial arts test aboard the USS Iwo Jima in September 2003. His list of injuries was pages long: a traumatic brain injury, nerve palsy, bone spurs and degenerated discs. "I can't lift a half-gallon of milk above my waist, and it's been like that for two years," LeClair said this past summer.

The night before he was scheduled to learn his disability rating, he and his wife were too jittery to sleep. They had seen other seriously injured Marines "going through it and getting the shaft," in LeClair's opinion. Despite the pages of additional material and independent physicians' findings that his lawyer had amassed, LeClair expected the same result. But the next morning, to his surprise and his wife's enormous relief, he was placed on the temporary retirement list with a 60 percent rating -- no formal hearing needed.

Former Master Sgt. John Alden Millan of Newland, N.C., had to go a step further. An MP with the Army National Guard, he injured his neck jumping from a truck the day his unit arrived in Iraq. Despite surgery, he says, he still suffers from back pain and severe headaches. When he received a disability rating of 20 percent, he and his attorney, Jack Gately, asked for a formal evaluation board hearing. After Gately presented testimony and Millan answered questions, the board told Millan that his injuries warranted a 40 percent rating. "I said, 'I concur, sir,' signed my paperwork and left," Millan says.

But formal boards reject cases, too. Former Maj. Lionel Walton, who lives in Prince George's County, already had a 20 percent disability from past injuries but had chosen to remain in the Army Reserves ("I bleed green," he says), eventually serving 24 years. In Iraq, he says, he hurt his knee jumping from a truck and running from rockets and car bombs, and injured his back loading heavy cases. Now, at 46, "I can't walk 30 yards without having to sit down; I'm at level 8 pain every day," Walton says. He also struggles with post-traumatic stress disorder.

When his informal evaluation board found him 20 percent disabled -- the same rating he'd had before Iraq -- Walton hired Kastl. In September, the formal evaluation board at Walter Reed Army Medical Center declined to raise his rating. He was stunned: "My government, my country, should do better by me."

Refusing to back down, Walton appealed the formal board's decision to the Physical Disability Agency, and enlisted the help of Maryland Senator Barbara Mikulski's office. He's convinced that her involvement eventually helped raise his rating to 60 percent, and that infuriates him. "It's a shame," he says. "I fought to the end, but a lot of soldiers have given up because of this nonsense."

NORMALLY, THE TWOHIGS AREN'T THE SORT OF PEOPLE INCLINED TO TAKE ON THE MILITARY. Both Richard Twohig's parents were career Marines; his younger brother, Chris, has enlisted in the Marines and shipped off to Parris Island. This is a family that believes every young person should serve this country.

Belinda Twohig trusted so fully in the military's commitment to caring for its own that the idea of looking beyond an Army attorney to represent Richard didn't initially cross her mind. But when she called a friend who was a judge advocate, he warned, "Belinda, you don't fight the Army with the Army." What she needed, he said, was a civilian lawyer specializing in military cases. After a little research, he sent her a name: Mark Waple, a West Point graduate and former judge advocate who practices in Fayetteville, N.C.

Waple has argued perhaps 200 physical evaluation board cases, going back to the Vietnam War era. For most of that time, he says, the evaluation boards "tried very hard to be as fair as possible." Now he describes the system as "broken."

Wounded service members are supposed to be guided through the confusing thicket of disability regulations by physical evaluation board liaison officers, universally known as PEBLOs, whose job is to explain the process, advise service members of their rights and assemble their files. But service members complain that documents get lost, that files are incomplete; some report that the liaisons discourage appeals and the use of outside attorneys.

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"Sometimes I feel half of what I do is explain what a PEBLO should have already explained," says Danny Soto, a national service officer for Disabled American Veterans, the only vets organization permitted an office at Walter Reed.

Liaison officers handle many cases; in the Army, for example, they counsel an average of 15 to 30 people a day, not including phone calls. Twohig only remembers meeting his liaison officer once: the day she told him he wouldn't be retired.

The Army has tried to keep up with the sharp rise in disability cases, expanding the Physical Disability Agency staff by 50 percent since 2003, and adding 40 percent more liaison officers and assistants. The Army's caseload, however, has soared by more than 80 percent since 2001.

At Walter Reed, where two part-time Army lawyers handled disability cases in 2003, three lawyers and a paralegal now work full time presenting cases to the formal evaluation board. These lawyers get high marks from their civilian counterparts and from vets groups for knowledge and competence, but low grades on having enough time to put together strong cases, which can involve preparing witnesses and gathering further medical documentation. Each lawyer at Walter Reed handles an average of 256 cases each year, and often doesn't meet a client until the day before the evaluation board hearing, when the attorney spends an hour or so preparing the soldier to testify.

"I don't know how you can prepare adequately for a hearing, a full and fair hearing, if you pick up the case file the day before, two days before," says civilian lawyer David Sheldon, who has a military practice in the District.

The Army disagrees. "Lengthy e-mail messages and in-depth phone calls from the paralegal and the attorney ensure that adequate contact is made in sufficient time before the hearing," says Lt. Col. Samuel Smith, Walter Reed's supervising staff judge advocate, via e-mail because the Army barred in-person interviews with any legal staff or with evaluation board members.

Few of the injured hire their own attorneys to contest findings, even though they have that right. A key barrier is money: A civilian lawyer specializing in military cases will likely charge $5,000 or more to prepare for a formal hearing, with no guarantee of success.

Waple was blunt about that when the Twohigs went to see him in early 2005. He thought Richard was clearly entitled to retirement. But migraines are hard to get rated for, because sufferers can rarely document how frequently they occur, something the physical evaluation board wants to know. Richard would have been better served, Waple said, if his neurologist had told him to go to the emergency room whenever he had an incapacitating headache, or even advised that he keep a diary. Waple, however, could call a witness -- Belinda -- who could explain why there was no record of how often Richard's headaches struck.

Richard's psychological symptoms presented a different problem. Waple knew the board might not give much credence to his mood disorder.

The way the military rates psychiatric injuries -- or doesn't -- is a sore subject among veterans groups and civilian lawyers who handle disability cases. The incidence of mental health problems among those returning from Iraq appears high. An Army research team, reviewing the records of more than 300,000 soldiers and Marines, reported last year that more than one-third of Iraq veterans had visited mental health clinics at least once in their first year at home; they were considerably more likely to show signs of psychological distress than those who had served in other overseas locations such as Afghanistan or Bosnia. Yet critics charge that evaluators are particularly skeptical about diagnoses of post-traumatic stress disorder and other psychological injuries.

"If they've been shot five times and need multiple surgeries, and it's very obvious to the doctors what's wrong, then it's a lot easier," says Charlotte Cluverius, a Washington attorney who represents service members at disability hearings. "The burden on the service member is much, much higher with psychological issues, even though those can be just as devastating and incapacitating."

Danny Soto agrees. At Walter Reed, where he counsels dozens of soldiers each week, he thinks that just 40 to 50 percent are being rated correctly for their injuries. When it comes to clear-cut physical problems, something as visible and inarguable as amputation, "they get that right," Soto says. "If you're talking traumatic brain injuries, psychiatric injuries, it drags on."

The Army rejects the notion that large numbers of injured soldiers aren't being rated correctly. Its Physical Disability Agency reviews 25 to 30 percent of informal and formal evaluation board decisions, and is satisfied with its work.

David Armitage, the agency's senior medical adviser, acknowledges that correctly evaluating post-traumatic stress syndrome and other mental disorders -- or any self-reported disability -- can be difficult. "It's a fact-finding matter," he says. "We look for supportive evidence." Otherwise, a condition such as migraine headaches "is too easily conjured up or exaggerated." But he adds, "that's true throughout the entire disability world, not just in the military . . . I think we're doing better every day."

Waple wasn't so sanguine. He told the Twohigs that he wasn't having much success with the Army and that the odds weren't high that the formal evaluation board would raise Richard's rating to 30 percent. Besides, Waple's services, including the fee for the independent forensic psychologist's evaluation he recommended, would cost about $6,000. Belinda, who had just paid lawyers' fees to divorce Richard's father, blanched. But they agreed to proceed, with each parent paying half the cost.

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Richard's case would be heard at Walter Reed, where the evaluation board scheduled the hearing for a day when Waple had a court appearance elsewhere and then refused to grant a five-day delay. That meant Waple would prepare Twohig's case but that an Army lawyer would have to present it.

Still, the Twohigs felt hopeful. Once the board heard the full story, Belinda was sure, "they are going to realize that there was wrong done. They're going to see and say, 'Okay, Richard should be 30 percent.'"

BELINDA ACCOMPANIED RICHARD TO WASHINGTON FOR HIS HEARING IN MARCH 2005. For one thing, he was in no condition to drive, she says, "from the stress and all the meds he was on." In addition to the pain drug Dilaudid, he was taking medications for his migraines, for nausea and sleeplessness, and for depression. Belinda would also be a witness, able to testify about the changes in her son and about what his neurologist had advised.

It was a stressful time. Belinda, who had been teaching ROTC at Florida A&M University, was newly divorced and about to retire from the Marines after 28 years, forgoing an expected promotion to lieutenant colonel. She planned to sell her house in Tallahassee and look for a job in Tennessee, where she would be near Richard and her grandchildren.

"My children have sacrificed a lot for my career," Belinda says. "There were deployments; there were a lot of long hours." She can still tick off her absences: the 10 weeks her two boys stayed with her sister while she was at Officer Candidates School, the six months' further training at Quantico when she got home every other weekend, a stint at Guantanamo . . . "I wasn't always there for them, I feel."

Now, she intended to be. So while Richard lay in the back seat of her '94 Mustang, she drove north, stopping at a highway rest area when a headache nauseated him and he needed to vomit.

This wasn't the son she had raised. Growing up mostly in Jacksonville, N.C., he was the kind of kid who was happiest outdoors, a deer and duck hunter, a year-round surfer at nearby beaches, a halfback on a traveling soccer team. "Richard always had friends; Richard used to joke a lot," she remembers. She wasn't pleased, when she and her husband went off one weekend, to learn that Richard had invited his soccer buddies over for a beer bash that drew the police. But the incident does remind her that back then, "he liked to be around people. He was always dragging someone home."

He went off to North Carolina A&T to study business management, and, toward the end of freshman year, met a young woman in a club. He and Sang, the daughter of Cambodian immigrants, went out for a while, had Lizzie when they were both 19, then married. Twohig left school and took jobs flushing radiators at Jiffy Lube and loading United Parcel Service trucks, but he had trouble earning enough for a family, and none of his employers supplied benefits. The military would. It might be "the best option to get my degree and help the family," he thought. "My mom did it that way, went in the Marine Corps, got her education. So did my dad." And the Army was offering $20,000 signing bonuses. He walked into the recruiting station in Jacksonville and enlisted in early 2001. When he graduated from boot camp, his mother swore him in, an officer's prerogative and an act she now sometimes regrets.

Twohig was sure after September 11 that he'd be sent to Afghanistan. But his unit remained at Fort Bragg until Iraq, a war whose political dimensions he gave little thought to. "I looked on it more as a job," he explains. "You're supposed to do it. Your feelings don't really matter."

He had been a good soldier, his mother thought, and he was a good man. She had faith, and not solely in the military.

In the months since his accident, Belinda, a churchgoing Catholic, prayed the rosary as she walked around the track at Florida A&M each morning. She was praying again as they rounded the Beltway and headed for a hotel in Silver Spring.

THAT AFTERNOON, THE TWOHIGS MET WITH ASSIGNED MILITARY COUNSEL DAVID WHITE, who, using Mark Waple's brief and materials, would represent Richard at the hearing next day. White explained the procedure and, as Belinda remembers it, said Richard stood a decent chance of having his 20 percent rating raised.

Richard hardly slept that night. When they reported to Building 7 at Walter Reed the next morning, both in uniform, he felt ill and vomited a little in a hallway water fountain; Belinda fished some tissues from her briefcase and cleaned up the mess. To ward off an approaching migraine, he took his anti-nausea pills and Dilaudid, which tended to undermine his already-diminished ability to concentrate. "He looked like a zombie," his mother says.

The Physical Evaluation Board at Walter Reed is one of three meeting around the country for the Army; the others are at Fort Lewis in Washington state and Fort Sam Houston in Texas, sometimes supplemented by a mobile board. (The Navy and Air Force have their own physical evaluation boards.) A typical board has three members, one of whom is a physician. But that doesn't mean anyone on the board has had previous experience in evaluating disabilities; the physician hearing about brain injuries could be a dermatologist or an obstetrician. Members of the Army board take a five-day classroom course before they start adjudicating cases; the rest of their training comes on the job.

Inadequate training is among the problems that investigators have repeatedly cited in calling for improvements to the disability system. For nearly two decades, studies by both military and civilian teams -- the Army Audit Agency, the Defense Department's Inspector General, the Rand Corp. -- have criticized the system's inconsistencies, its delays, its lack of oversight

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and quality control. The latest report, issued by the Government Accountability Office last year, sounded many of the same themes, and the Defense Department didn't disagree. The Pentagon says a number of improvement efforts are now underway, including the long-planned computerization of all health records.

The Army, however, insists that it is already doing a good job. Armitage, who helped develop the Army's five-day training course, defends the members of the evaluation boards and their preparation. "These are people who know what soldiering is all about; they know the stresses that soldiers undergo; they know what the requirements are for soldiers to perform," he says. "They've been there."

The evaluation board that met to consider Twohig's case included a longtime infantry officer as president (he has since retired), a retired Navy psychiatrist as the medical member and a personnel management officer who had served in Iraq. They met in Room 235, a small space hung with Army insignia and posters of the human spine. Each of the three members and the soldier had a microphone on the table before him so that the hearing could be recorded on a CD.

It's supposed to be a non-adversarial proceeding. Some soldiers find it intimidating, nonetheless. For Twohig, it mostly seemed perplexing. The transcript shows that several times, as the attorney had him describe his injuries or board members chimed in with questions, he sounded muddled, not quite able to grasp what was being asked.

Physical Evaluation Board president Col. James Babbitt (after Twohig testified that he had trouble concentrating): If the 1st Sergeant tells you, "Go to 1st Platoon and find the Platoon Sergeant and tell him I want to see him at 2 o'clock," can you do that?

Twohig: Yes.

Babbitt: If he says, "Go find the 1st Platoon Sergeant, tell him I want to see him at 2 o'clock, find the 1st Squad Leader and tell him I need to see him right now, and tell the 2nd Squad Leader I'll see him tomorrow," would you have any problem delivering those messages?

Twohig: What?

Belinda Twohig also testified, speaking at length about the changes she had seen in her son since his accident, his isolation and memory problems, his physical incapacity. "There is depression, because he feels he is incapable or cannot achieve any dreams that he had before," she said. "I think that the depression is coming because he doesn't know how to get better, and, you know, I don't either . . ."

But Babbitt prevented her from testifying about what the neurologist had said about not needing to seek further medical attention when the migraines hit. "We've brought that out already," he said. "That's not necessary. That's just duplicious."

After nearly two hours, the board recessed briefly. Then Babbitt read its decision: that Richard was physically unfit to perform his duties, that he had "post-concussive syndrome associated with headaches, dizziness, bilateral tinnitus, nausea, decreased concentration and forgetfulness" that "limit his activities of daily living." That he took "a narcotic substance, mood stabilizing and antidepressant medications." That he further had "mood disorder with depressive features manifest by chronic irritable mood, insomnia, decreased appetite, social withdrawal and low self-worth."

It sounded to the Twohigs as though the board saw things their way. Then Babbitt read Richard's rating: 10 percent.

After thanking Richard for his service, the board adjourned; the recording equipment was turned off.

Belinda Twohig remembers erupting in shock. "I don't believe this!"

"Mom, what happened? What are they saying?" Richard didn't understand.

"I gave the Army a perfectly capable young man, and what you give me is somebody incapable of working, and you tell me that's only worth 10 percent?" Belinda exclaimed.

The board president said he understood her distress.

"I don't believe we are not taking care of him," she said.

"That's what the VA is for," she remembers Babbitt saying.

One board member, Lt. Col. Nick Gnemi, disagreed with the finding and announced he would submit a minority report, a rare occurrence. As the Twohigs waited in the anteroom while Gnemi wrote it, Richard was anxiously wondering how he could take care of Sang and the kids. They would have to sell the house they had bought just two years earlier. "He was just ripping inside," Belinda says.

Sounding stronger than she felt, she told him not to worry, that they would get through this. She didn't want Richard to see her in tears, and she didn't want to show emotion before the other officers, "especially that president." So she found a corner downstairs, wept briefly, dried her face.

Gnemi handed them a copy of his two-page minority report, explaining his disagreements with the rating and concluding, "This combat veteran needs to be given the benefit of the doubt and be placed on TDRL [temporary disability retirement list] to continue additional rehabilitation and medical care." He told the Twohigs he hoped it would help.

Enervated, they left Walter Reed and started the long trip home. Richard was feeling sick.

"Do you want to stop?" Belinda asked.

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"No, I just want to get the hell out of here."

So she paused just long enough for him to open the car door at a stop sign, lean out and vomit. Then she drove on.

RICHARD TWOHIG IS VERY QUIET on the 40-mile drive out to his mother's farm in Sweetwater, Tenn. It's the first time he has left the apartment in a couple of days.

Smoking Newports, he steers his SUV off the interstate, along a two-lane blacktop that climbs past fields of Queen Anne's lace and dairy cows in fenced pastures. Belinda first visited this area during a vacation in the Smokies, and bought her tract of fields, creeks and woodland six years ago. She hadn't expected to move here this soon, but now that seems the best solution for everyone.

Her plan is to raise, breed and sell alpacas. She already owns eight, currently boarded in Georgia while she prepares paddocks and barns. Richard, always an animal lover, has spent time learning to care for them. Alpacas are one of the few subjects for which he can, sometimes, summon real enthusiasm -- talking about how "they're real skittish" until you've worked with them for a while, how "they love kids," how their fleece comes in lots of colors, "gray, silver, black, white."

So Belinda's great hope is that he and the kids will move into a log cabin she's building on the property, where she can help raise her grandchildren while her son helps raise her flock.

"Daddy! Daddy!" Lizzie and Damon, who have spent the night with Belinda ("Grammy") and her fiance, Robert Rhyne, come dashing over as Twohig pulls into the drive. "Did you bring our water guns?"

"I didn't think of it," he says. He has a headache, one of the milder ones, but he sits on the front porch of the cabin -- Belinda and Robert are hanging kitchen cabinets inside -- and plays several rounds of tic-tac-toe with Lizzie. "No more," he says, after a few minutes. He watches Damon run his battery-powered truck up the pile of dirt next door to the cabin.

He and the children bounced around a good deal after his hearing and separation from the Army. The Veterans Affairs office in Winston-Salem, N.C., processed his benefits application at near-record speed -- probably helped along by an article in the Fayetteville Observer about his plight. The VA often assigns higher ratings; it uses the same guidelines as the military but applies them according to its own regulations and practices. It found Twohig 100 percent disabled, including a 50 percent rating for his headaches and 70 percent for his cognitive and mood disorder, with lower ratings for several other physical problems. "It is clear," its report says, "that you are unable to acquire and/or maintain substantially gainful employment in either a physical or sedentary setting . . ."

But while the VA began paying him $2,700 a month, it also -- by regulation -- deducted the Army's severance payment from his checks until the entire $12,000 was repaid. Unable to maintain a household on so little income, Richard sold the family's brick ranch in Fayetteville, and he and the kids lived for a while with his mother in Florida, then with his father in Tennessee and with Sang in Virginia. When he and Sang separated this past summer, they agreed that Richard should take the children because he wasn't working and could be at home.

He wouldn't get higher monthly income as a retiree than he currently gets from the VA. But TriCare insurance would let him see local civilian doctors; he would not have to drive nearly two hours to the VA hospital in Johnson City, Tenn. And it would cover Lizzie and Damon. Providing them with health insurance is the reason his estranged wife enlisted, so they're okay for now, but Sang has said she isn't loving the Navy. What happens if she leaves?

An appeal filed with the Physical Disability Agency was denied in April 2005, but Waple said he was willing to take Twohig's case to the ultimate level, the Army Board for the Correction of Military Records.

Even after Waple reduced his normal fee ("These people have been through hell," he explains), the appeal would cost another $2,500. "Mom, don't waste your money," Twohig urged. But Belinda considered that a reasonable investment if it brought her grandchildren health insurance until adulthood. "If I don't do this for the kids' sake, for their medical benefits, I'll regret it for the rest of my life," she decided.

So in July, Waple filed a petition arguing that the physical evaluation board failed to award the appropriate disability percentage, based on the regulations and the evidence presented. A decision could still be months away.

Belinda remains optimistic. "If I was sitting on that board and this was not my son, and I looked at everything," she says, "I would give him that 30 percent."

Meanwhile, the farm is taking shape. Belinda teaches ROTC in a Knoxville high school, and on weekends she and Robert, a jovial former contractor, do as much of the construction work themselves as they can. The main house, a dormered colonial of clapboard and fieldstone, is going up just across the meadow from the cabin. It will have three bedrooms upstairs and one on the main floor for Belinda's mother.

The cabin, where soon everyone is eating sandwiches and sitting on lawn chairs and upended spackle buckets on the porch, is just 400 square feet. Belinda can use it for meetings with prospective buyers and seminars on alpaca-raising. But it has a kitchen and a bathroom and could easily be expanded, which is her not-very-secret plan.

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She's treading carefully, trying not to pressure Richard; she knows he needs to make his own decisions. She's mindful of the time she offered to ferry Lizzie to and from school each day -- the elementary school is near the high school where she's teaching -- and her son objected, "Mom, I have to have a purpose in life." Sometimes, beset by pain and depression, he says caring for his children is all that keeps him going. So Belinda hasn't pushed for a decision.

"I'm just in transition," Twohig says. "I don't know what I'm doing." In the coming months, as he turns 26, he'll move out to a rented house near the farm -- but not onto it.

Nevertheless, when Belinda stands on the porch and looks out at her property, a quiet haven without another house in sight, she envisions building a couple of bedrooms onto the cabin for Richard and the kids and the dog. He could help with the alpacas, with feeding and watering, shearing, trimming toenails. And when he had a bad day, Belinda and her mother would be just a few hundred feet away, ready to care for the kids until he recovered.

He'd never have to contend with crowds or noise or pressure or bosses. He could raise children and alpacas, and she'd have his back. He could, perhaps, be happy.

Lives Entwined By War Enter A Long, Arduous Chapter Called Recovery (NYT)

By C. J. Chivers

The New York Times, February 25, 2007

Petty Officer Third Class Dustin E. Kirby, a Navy corpsman whose efforts to save a wounded marine in Iraq and his own wounding by a sniper on Christmas were covered by The New York Times, has returned home to Georgia and expects a nearly full recovery, he and his family said.

He returned escorted by a police honor guard early this month, after his discharge from the National Naval Medical Center in Bethesda, Md., and four operations during five weeks of care.

Petty Officer Kirby, 23, was struck by a bullet in the left side of the face while near a bunker on the roof of Outpost Omar, a Marine position in Karma, a city in Anbar Province.

His injury mixed the worst of luck with an uncanny stroke of good fortune.

The bullet, which he said was an armor-piercing 7.62 millimeter round fired from a Dragunov-style sniper rifle at a range of 400 to 600 yards, passed through his head and exited at the side of his mouth. In traveling this path, it did not strike his brain, spinal column or major veins or arteries, he said.

Immediately after the bullet's impact, Petty Officer Kirby remained conscious and could walk. He communicated by writing notes. But his condition deteriorated, he and officers in his battalion said, from blood loss and trauma to the roof of his mouth and the base of his skull.

Although officers in the unit to which he was assigned, Second Battalion, Eighth Marines, initially thought he had lost his ability to speak, since undergoing the operations he has recovered a voice that is only slightly slurred.

"I'm doing a lot better than most people would expect," he said by telephone from Hiram, Ga.

Petty Officer Kirby had been assigned as a trauma medic to the battalion's weapons company. In early November he was the subject of an article that described his work and prayers to save the life of his friend, Lance Cpl. Colin Smith, a machine gunner in the vehicle's turret who was shot through the skull by a sniper in Karma in late October.

Lance Corporal Smith, 19, survived, and is undergoing treatment and full days of intensive therapy at the Veterans Affairs Medical Center in Minneapolis. His father, Bob Smith, said by telephone that while his prognosis is unclear he has made significant progress.

The bullet, the same type that struck Petty Officer Kirby, destroyed the top regions of both frontal lobes of Lance Corporal Smith's brain. But since being medically stabilized and beginning a range of therapies, he has begun to walk with assistance and a four-pronged cane, to smile and to mimic sounds and repeat words he hears, his father said.

Mr. Smith also said his son recognized relatives and was in very good spirits, often laughing, acting playfully and twinkling his eyes.

"The essence of him is there," Mr. Smith said. "It is not always easy for him to communicate, but it is there."

Because of damage to areas of the brain that control speech, Mr. Smith said, it was not clear how fully Lance Corporal Smith would recover his ability to converse. Similarly, he has extremely limited movement on the right side of his body. It is too soon to predict how much range of motion and strength would return.

"You never know when the healing process will plateau," Mr. Smith said, but added, "Every day you can see him improve."

Petty Officer Kirby's therapy and treatment are less extensive. The bullet tore away seven teeth, the right side of his lower jaw, several patches of nerve and a section of his tongue. It also shattered part of his lower skull, near the roof of his mouth.

Surgeons have rebuilt his face with bone and skin from one of his legs, he said, and secured the damaged tissues with 14 metal plates.

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"The plates are just kind of holding everything together and allowing it to grow back to what it was," he said.

He said he expects to have three or four more operations in the next six months, and will require therapy to recover his speech in full.

His mother, Gail Kirby, said that his prognosis is good, and that his attitude is, too.

"At his first meeting with the local speech therapist, he walked in and said, 'Supercalifragilisticexpialidocious,' " she said, using the word made famous by Julie Andrews in "Mary Poppins." "Then he said, 'There. Can I go now?' "

Petty Officer Kirby said he intended to return to active duty when his doctors allow, and hoped to become an instructor at a military school, training other corpsmen in combat medical duties.

As the two men have continued to convalesce, their battalion completed its tour in Iraq and moved out of the country through Kuwait. Its last members returned to its home base, Camp Lejeune, N.C., on Feb. 21. Petty Officer Kirby said he hoped to rejoin them.

Mr. Smith, Lance Corporal Smith's father, said his son's platoon sergeant was planning to visit him in March.

In Hiram, Petty Officer Kirby's mother said that for now she was simply grateful he was home.

For months, she said, she barely slept, and constantly checked e-mail messages, news reports from Iraq and Web sites that track American casualties in Iraq.

"Now I can just walk into the room," she said, "and see him."

More Sabers To Rattle, Perhaps Fewer To Thrust (NYT)

By Thom Shanker

The New York Times, February 25, 2007

WITH just enough flourish to give North Korea something to think about, a squadron of radar-evading F-22 Raptors landed in Japan a week ago, the first overseas deployment of the United States Air Force's new ground-attack jet.

In a decision intended to give Iran similar pause, a second aircraft carrier arrived last week in waters within easy sail of the Persian Gulf.

These moves seemed like perfectly logical geopolitical responses to heightened dangers. But they also helped mask another reality. Because the military today does not have enough available ground troops to use for intimidation, the moves were pretty much the only options rather than choices among several.

In the past, certain Army brigades were designated to be on standby, ready to rush to global hot spots in 18 to 72 hours. But the Army and Marines are carrying out the mission in Iraq and Afghanistan with large and sustained deployments, so warplanes and warships are replacing boots on the ground elsewhere.

Senior military planners do not deny that last week's deployments reflect a deep concern in the Pentagon that the United States simply may not have enough ready and available resources to go around. Moves like these have become necessary to offset enemy notions that being tied down in Iraq and Afghanistan have made America weak and in no position to exert any kind of force outside of those conflicts.

There is ample cause for concern. In addition to a shortage of available ground troops, military planners worry, armor and other combat gear being rushed to Iraq might not be around for use in another crisis.

Just last week, the nation's highest-ranking officer, Gen. Peter Pace, secretly upgraded to "significant" the risk the military faces this year in carrying out its full national security mission. He unwaveringly stated that the armed forces would succeed at any mission ordered by the president; the response would just be slower, less elegant, more dangerous.

Taken together, the active-duty military and the reserves number more than two million, but the military is struggling to fill a roster of about 160,000 troops to carry out President Bush's strategy in Iraq. Part of the strain is simple inefficiency. As Gen. Peter J. Schoomaker, the departing Army chief of staff, has said, the military deployment system is like a keg of beer, with the tap put too near the top to drain the whole barrel.

In a reflection of these strains, the Army is preparing this week to go public with its detailed plans for training and equipping the five Brigade Combat Teams being rushed to Iraq under Mr. Bush's stabilization strategy — the so-called surge.

"Those B.C.T.'s are needed in Iraq sooner than the Army had planned to have them ready, and that increases the risk, of course," said one senior Army officer.

To meet the orders to deploy, and to reassure the troops and their families that every soldier landing in the desert will be certified ready for the mission, those brigades will focus on training relevant only to the counterinsurgency effort in Iraq, leaving for another day the full spectrum of training desired by the Army to have its units prepared for any emergency, a senior officer said.

"At the end of the day, strategy is the management of risk, whether personal or military strategy," said Jeffrey D. McCausland, a retired Army colonel now a senior fellow at the Carnegie Council in New York. "The question is, how much risk

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are we willing to live with? We are taking a significant amount of strategic risk today because, if you look at our ground forces, we have pulled almost everything out of the box already. So if a major problem arises somewhere else, what do we turn to?"

As a consequence, he said, the United States has lost much of its historic military flexibility. "We know that," he said. "So do our adversaries. To some degree, Iran and North Korea can play this round of poker more boldly."

American military planners are adapting to this new world of threat by deciding that its forces are fungible, and that the role traditionally assigned to the ground brigades designated for emergency deployment can be filled by other parts of the military. Aircraft and ships are the moving pieces to thrust and parry on the global chess board.

That, and billions in new spending. Money has been requested to increase the military by 92,000 people over the number in uniform on Sept. 11, 2001, with new money to recruit soldiers and entice experienced ones to stay longer. The 2007 budget has new allocations of $17.1 billion to reset Army equipment and $5.8 billion for Marine gear, with a separate fund of $13.9 billion in emergency spending power to replace or repair gear destroyed, damaged or worn in combat.

The debate over readiness and how to mitigate the current risk played out in secret this past week. Dated Feb. 20, a six-page document with red trim on the cover was quietly delivered to both houses of Congress, fulfilling a legal obligation for the chairman of the Joint Chiefs of Staff, in odd-numbered years, to give his unvarnished assessment of the nature and magnitude of the current risks to carrying out the nation's military strategy. That is the report in which General Pace told Congress that the risk had increased to "significant," from "moderate" in the previous assessment.

The chairman's risk assessment is based on hard facts: numbers of troops deployed in combat zones, recruiting successes and shortfalls, armored vehicles to be replaced or repaired or drawn out of emergency depots to fulfill the Iraq mission, availability of transport planes, aerial refueling tankers, remotely piloted surveillance vehicles.

But there are important intangibles, mostly of perception. While General Pace's assessment is classified, he has said in public that potential adversaries like Iran or North Korea should not miscalculate because the United States retains the military capability to carry out any mission ordered by the president.

A range of officials who read the assessment noted with concern that it did not factor in the 20,000-plus troops ordered to Iraq in January.

While the armed forces labor to keep the lid on Iraq and Afghanistan (and there is clear if cautious optimism on the part of senior officers), there are plenty of other bad neighborhoods: the Straits of Hormuz, where Iran could try to shut off global oil supplies in retaliation for efforts to curtail its nuclear ambitions; the straits dividing China and what it views as a renegade Taiwan; the tense demilitarized zone between South Korea and a newly nuclear-capable North, which can strike Japan, one of America's most important allies, with missiles.

And here are some of the less-talked-about what-ifs that keep military planners awake at night: How does the American military respond if Fidel Castro dies and hundreds of thousands of Cubans set sail for the Gulf Coast of the United States? What if violent Islamic extremists seek to topple oil-rich American allies in the Persian Gulf, especially Saudi Arabia? What if the next assassination attempt on President Pervez Musharraf of Pakistan, whose country has the bomb, is successful?

In fact, the Pentagon detailed its efforts to mitigate the risks described by General Pace in a parallel document from Defense Secretary Robert M. Gates that, by law, is required to accompany the chairman's assessment whenever the classified report judges that the risk to carrying out the mission has become "significant."

The document from Mr. Gates described the Pentagon's continuing efforts to increase the size of the military, replace lost or worn equipment, prepare the reserves for more efficient mobilization and modernize the force.

"There is no doubt that we can still conduct all of the missions assigned to us under the national military strategy," said Bryan Whitman, a Pentagon spokesman. He noted that when the active-duty military, the reserves and Pentagon civilians are tallied, the rolls top three million, and that is without any call to national mobilization.

Al Qaeda Resurgent (NYT)

The New York Times, February 25, 2007

Almost five and a half years ago, America — united by the shock of 9/11 — understood exactly what it needed to do. It had to find, thwart and take down the command structure of Al Qaeda, which was responsible for the deaths of 3,000 innocent people on American soil. Despite years of costly warfare in Afghanistan and Iraq, America today is not significantly closer to that essential goal.

At a crucial moment, the Bush administration diverted America's military strength, political attention and foreign aid dollars from a necessary, winnable war in Afghanistan to an unnecessary, and by now unwinnable, war in Iraq. Al Qaeda took full advantage of these blunders to survive and rebuild. Now it seems to be back in business.

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As our colleagues Mark Mazzetti and David Rohde reported last week, American intelligence and counterterrorism officials believe that Al Qaeda has rebuilt its notorious training camps, this time in Pakistan's loosely governed tribal regions near the Afghan border. Camp graduates are fighting in Afghanistan and Iraq — and may well be plotting new terrorist strikes in the West.

The same officials point to more frequent and more current videos as evidence that Al Qaeda's top leaders, Osama bin Laden and Ayman al-Zawahri — once on the run for their lives and unable to maintain timely communications with their followers — now feel more secure. Al Qaeda is not as strong as it was when its Taliban allies ruled Afghanistan. But, the officials warn, it is getting there.

Al Qaeda's comeback didn't have to happen. And it must not be allowed to continue. The new Qaeda sanctuaries in Pakistan do not operate with the blessing of the Pakistani government. But Pakistan's military dictator, Gen. Pervez Musharraf, has not tried very hard to drive them out. In recent months he has virtually conceded the tribal areas to local leaders sympathetic to Al Qaeda. President Bush needs to warn him that continued American backing depends on his doing more to rid his country of people being trained to kill Americans.

Washington also has to enlist more support on the Afghan side of the border. NATO allies need to drop restrictions that hobble their troops' ability to fight a resurgent Taliban. Afghan leaders need to wage a more aggressive campaign against corruption and drug trafficking. And Washington needs to pour significantly more money into rural development, to give Afghan farmers alternatives to drug cultivation. One reason General Musharraf has been hedging his bets with the Taliban and Al Qaeda is his growing doubt that Washington is determined to succeed in Afghanistan.

Having failed to finish off Al Qaeda in Afghanistan, Washington now finds itself fighting Qaeda-affiliated groups on multiple fronts, most recently in Somalia. Al Qaeda's comeback in Pakistan is a devastating indictment of Mr. Bush's grievously flawed strategies and misplaced Iraq obsession. Unless the president changes course, the dangers to America and its friends will continue to multiply.

Where Were You That Summer Of 2001? (NYT)

By Frank Rich

The New York Times, February 25, 2007

"UNITED 93," Hollywood's highly praised but indifferently attended 9/11 docudrama, will be only a blip on tonight's Oscar telecast. The ratings rise of "24" has stalled as audiences defect from the downer of terrorists to the supernatural uplift of "Heroes." Cable surfers have tuned out Iraq for a war with laughs: the battle over Anna Nicole's decomposing corpse. Set this cultural backdrop against last week's terrifying but little-heeded front-page Times account of American "intelligence and counterterrorism officials" leaking urgent warnings about Al Qaeda's comeback, and ask yourself: Haven't we been here before?

If so, that would be the summer of 2001, when America pigged out on a 24/7 buffet of Gary Condit and shark attacks. The intelligence and counterterrorism officials back then were privately sounding urgent warnings like those in last week's Times, culminating in the President's Daily Brief titled "Bin Laden Determined to Strike in U.S." The system "was blinking red," as the C.I.A. chief George Tenet would later tell the 9/11 commission. But no one, from the White House on down, wanted to hear it.

The White House doesn't want to hear it now, either. That's why terrorism experts are trying to get its attention by going public, and not just through The Times. Michael Scheuer, the former head of the C.I.A. bin Laden unit, told MSNBC's Keith Olbermann last week that the Taliban and Al Qaeda, having regrouped in Afghanistan and Pakistan, "are going to detonate a nuclear device inside the United States" (the real United States, that is, not the fictional stand-in where this same scenario can be found on "24"). Al Qaeda is "on the march" rather than on the run, the Georgetown University and West Point terrorism expert Bruce Hoffman told Congress. Tony Blair is pulling troops out of Iraq not because Basra is calm enough to be entrusted to Iraqi forces — it's "not ready for transition," according to the Pentagon's last report — but to shift some British resources to the losing battle against the resurgent Taliban in Afghanistan.

This is why the entire debate about the Iraq "surge" is as much a sideshow as Britney's scalp. More troops in Baghdad are irrelevant to what's going down in Afghanistan and Pakistan. The surge supporters who accuse the Iraq war's critics of emboldening the enemy are trying to deflect attention from their own complicity in losing a bigger battle: the one against the enemy that actually did attack us on 9/11. Who lost Iraq? is but a distraction from the more damning question, Who is losing the war on terrorism?

The record so far suggests that this White House has done so twice. The first defeat, of course, began in early December 2001, when we lost Osama bin Laden in Tora Bora. The public would not learn about that failure until April 2002 (when it was uncovered by The Washington Post), but it's revealing that the administration started its bait-and-switch trick to relocate the enemy in Iraq just as bin Laden slipped away. It was on Dec. 9, 2001, that Dick Cheney first floated the idea on "Meet the Press" that Saddam had something to do with 9/11. It was "pretty well confirmed," he said (though it was not), that bin Laden's operative

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Mohamed Atta had met with an Iraqi intelligence officer in Prague months before Atta flew a hijacked plane into the World Trade Center.

In the Scooter Libby trial, Mr. Cheney's former communications aide, Catherine Martin, said that delivering a message on "Meet the Press" was "a tactic we often used." No kidding. That mention of the nonexistent Prague meeting was the first of five times that the vice president would imply an Iraq-Qaeda collaboration on that NBC show before the war began in March 2003. This bogus innuendo was an essential tool for selling the war precisely because we had lost bin Laden in Afghanistan. If we could fight Al Qaeda by going to war in Iraq instead, the administration could claim it didn't matter where bin Laden was. (Mr. Bush pointedly stopped mentioning him altogether in public.)

The president now says his government never hyped any 9/11-Iraq links. "Nobody has ever suggested that the attacks of September the 11th were ordered by Iraq," he said last August after finally conceding that Iraq had nothing to do with 9/11. In fact everyone in the administration insinuated it constantly, including him. Mr. Bush told of "high-level" Iraq-Qaeda contacts "that go back a decade" in the same notorious October 2002 speech that gave us Saddam's imminent mushroom clouds. So effective was this propaganda that by 2003 some 44 percent of Americans believed (incorrectly) that the 9/11 hijackers had been Iraqis; only 3 percent had seen an Iraq link right after 9/11.

Though the nonexistent connection was even more specious than the nonexistent nuclear W.M.D., Mr. Bush still leans on it today even while denying that he does so. He has to. His litanies that we are "on the offense" by pursuing the war in Iraq and "fighting terrorists over there, so that we don't have to fight them here" depend on the premise that we went into that country in the first place to vanquish Al Qaeda and that it is still the "central front" in the war on terror. In January's State of the Union address hawking the so-called surge, Mr. Bush did it again, warning that to leave Iraq "would be to ignore the lessons of September the 11th and invite tragedy."

But now more than ever, the opposite is true. It is precisely by pouring still more of our finite military and intelligence resources down the drain in Iraq that we are tragically ignoring the lessons of 9/11. Instead of showing resolve, as Mr. Bush supposes, his botch of the Iraq war has revealed American weakness. Our catastrophic occupation spawned terrorists in a country where they didn't used to be, and to pretend that Iraq is now their central front only adds to the disaster. As Mr. Scheuer, the former C.I.A. official, reiterated last week: "Al Qaeda is in Afghanistan and Pakistan. If you want to address the threat to America, that's where it is." It's typical of Mr. Bush's self-righteousness, however, that he would rather punt on that threat than own up to a mistake.

That mistake — dropping the ball on Al Qaeda — was compounded last fall when Mr. Bush committed his second major blunder in the war on terror. The occasion was the September revelation that our supposed ally, Gen. Pervez Musharraf, president of Pakistan, had negotiated a "truce" with the Taliban in North Waziristan, a tribal region in his country at the Afghanistan border. This truce was actually a retreat by Pakistan, which even released Qaeda prisoners in its custody. Yet the Bush White House denied any of this was happening. "This deal is not at all with the Taliban," the president said, claiming that "this is against the Taliban, actually." When Dana Priest and Ann Scott Tyson of The Washington Post reported that same month that the bin Laden trail was "stone cold" and had been since Mr. Bush diverted special operations troops from that hunt to Iraq in 2003, the White House branded the story flat wrong. "We're on the hunt," Mr. Bush said. "We'll get him."

Far from getting him or any of his top operatives dead or alive, the president has sat idly by, showering praise on General Musharraf while Taliban attacks from Pakistan into Afghanistan have increased threefold. As The Times reported last week, now both bin Laden and his deputy, Ayman al-Zawahri, are believed to be "steadily building an operations hub" in North Waziristan. We know that last year's London plot to bomb airliners, like the bus-and-subway bombings of 2005, was not just the work of home-grown jihadists in Britain, but also of Qaeda operatives. Some of the would-be bombers were trained in Qaeda's Pakistan camps much as their 9/11 predecessors had been trained in Afghanistan.

All of this was already going on when Mr. Bush said just before the election that "absolutely, we're winning" and that "Al Qaeda is on the run." What's changed in the few months since his lie is that even more American troops are tied down in Iraq, that even more lethal weapons are being used against them, that even more of the coalition of the unwilling are fleeing, and that even more Americans are tuning out both the administration and the war they voted down in November to savor a referendum that at least offers tangible results, "American Idol."

Yet Mr. Bush still denies reality. Ten days ago he told the American Enterprise Institute that "the Taliban have been driven from power" and proposed that America help stabilize the Pakistan border by setting up "Reconstruction Opportunity Zones" (remember that "Gulf Opportunity Zone" he promised after Katrina?) to "give residents the chance to export locally made products to the United States, duty-free." In other words, let's fight terrorism not by shifting America's focus from Iraq to the central front, but by shopping for Taliban souvenirs!

Five years after 9/11, the terrorists would seem to have us just where they want us — asleep — even as the system is blinking red once again.

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No, He Wasn't A Good Manager (WP)

By Andrew Cockburn

The Washington Post, February 25, 2007

Defending Donald H. Rumsfeld in the face of a furious critique by Sen. John McCain (R-Ariz.), Vice President Cheney paid tribute last week to the former defense secretary's "superb job in managing the Pentagon under extraordinarily difficult circumstances."

Cheney's is not a unique view. Even many of Rumsfeld's detractors tend to assume that he was an effective manager, however disastrous his decisions on Iraq may have been. Throughout his Pentagon tenure, he carried the useful reputation, bolstered by his well-advertised spell as a college wrestler and his experience as a corporate CEO, of being a tough executive who brooked no nonsense from trembling subordinates to get the job done.

"Let them hate me so long as they fear me," boasted the emperor Caligula. Rumsfeld appeared to profit by the same leadership principle.

Anyone doubting this had only to listen to generals lamenting their master's disregard for professional military opinion, his rudeness and the terrible things that happened to anyone who stood in his way. But an examination of his record reveals that, in fact, Rumsfeld was a very poor manager. Despite his gruff theatrics, he shirked the task of leadership at the Defense Department, failing to restrain the services in their pursuit of parochial agendas. Though he spewed ideas and injunctions daily, he routinely neglected to follow them up. Pledged to the "transformation" of the cold war military establishment in 2001, he left it six years later almost entirely untransformed, save for the wreckage wrought by the Iraqi adventure. Even in concept, his program for "transformation" amounted to little more than notions articulated as bumper stickers, and poorly thought out ones at that.

Although he inherited dead wood in the senior ranks of the military, Rumsfeld dismissed not a single general, either for poor performance or for defying his edicts. No Iraq commander was summoned home as punishment for the unfolding disasters there.

Civilians were slightly more vulnerable. Army Secretary Thomas White was ultimately fired for his egregiously mutinous behavior over the cancellation of the Army's Crusader gun program.

The case of former Army chief of staff Eric K. Shinseki is instructive. It is widely believed that he sacrificed his career by speaking the truth in public about the inadequate number of troops being sent to invade and occupy Iraq. The true story gives little credit to Rumsfeld, but it also doesn't exactly accord with the legend.

Shinseki made his remarks about "several hundred thousand soldiers" being required to occupy postwar Iraq as an offhand response to a question at a Senate hearing in late February 2003, less than a month before the invasion. Eight months earlier, Rumsfeld and then-Deputy Defense Secretary Paul D. Wolfowitz had agreed to a suggestion by adviser Steve Herbits that they leak the name of the next Army chief of staff, though Shinseki still had more than a year to serve.

The two officials, irked by Shinseki's opposition to their plan to cut Army force sizes -- and, it seems, by his personality -- saw the leak as undercutting the Army chief's authority. They expected that he would resign promptly rather than submit to the humiliation of lame-duck status. But Shinseki failed to oblige. He stolidly served out his term although, apart from that moment in front of the Senate, he took no apparent advantage of his eminent official position to contest the ongoing invasion plan.

The notion that Rumsfeld at least exercised tight control of the sprawling Pentagon bureaucracy is encapsulated in his well-known use of "snowflakes," short memos of injunction, query or complaint that he dictated and distributed in manic quantities. True, junior officials may have quaked at the sight of a Rumsfeld emissary approaching with the dreaded missive in hand. As often as not the note reflected some querulous Rumsfeld whim, such as the July 2001 complaint, notorious among his personal staff, regarding the width of the lemon slices served with the secretary's iced tea. Over time, subordinates came to realize that their fearsome chief seldom followed up on these memos. Once written (and there were often more than 100 a day) they were often forgotten.

The missives usually set a date, sometimes within a day, for confirmation that the assigned task had been completed. "In the beginning," said one formerly high-ranking individual who routinely received scores of snowflakes, "I'd work late to get the job done and respond by the set time. Then I started letting it slide for a week, and no one seemed to notice." Eventually he stopped responding altogether, and still heard nothing.

This striking contrast between the superficial aspects of Rumsfeld's management style, all sound and fury, and the lack of follow-through to ensure constructive results, was summed up for me by another veteran of the secretary's management team: " 'Stir the pot,' Don would tell us, 'Stir the pot.' But no one was making soup."

Why did the senior military apparently quiver in their boots in fear of Rumsfeld's wrath for so long? When Rumsfeld derided as "absurd" the military's initial recommendations on troop levels for Iraq in November 2001, Gen. Richard B. Myers, then

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chairman of the Joint Chiefs of Staff; Marine Gen. Peter Pace, then vice chairman; and Marine Lt. Gen. Gregory Newbold, then of the Pentagon's Joint Staff, made no effort to rebut his assertions, though they were all aghast at Rumsfeld's pronouncement. "Shame on us," Newbold commented to me ruefully in describing the session. (In November 2002, unable to stomach the misguided rush to war in Iraq, Newbold quietly resigned, the sole senior officer to do so on principle.) This sort of behavior may well emanate from a careerist culture increasingly discernable in the officer corps, in which the gratification of superiors is the surest path to promotion, while obdurate adherence to principle can end chances of higher rank.

Rumsfeld was crafty enough to advertise his close supervision of the promotions process, interviewing all candidates for three- and four-star rank. That, combined with an aggressive personal manner, may have been enough to earn him the appearance of dominance. Every bully needs quiescent victims, and Rumsfeld found plenty at the Pentagon.

Andrew Cockburn is a Washington journalist. His book, "Rumsfeld: His Rise, Fall and Catastrophic Legacy," will be published this week by Scribner.

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Dismissed U.S. Attorneys Praised In Evaluations (NYT)

By David Johnston

The New York Times, February 25, 2007

WASHINGTON, Feb. 24 — Internal Justice Department performance reports for six of the eight United States attorneys who have been dismissed in recent months rated them “well regarded,” “capable” or “very competent,” a review of the evaluations shows.

The performance reviews, known as Evaluations and Review Staff Reports, show that the ousted prosecutors were routinely praised for playing a leadership role with other law enforcement agencies in their jurisdictions.

The reviews, each of them 6 to 12 pages long, were carried out by Justice Department officials from 2003 to 2006. Each report was based on extensive interviews, conducted over several days with judges, other federal law enforcement agencies and staff members in each office.

It had been known that the reports were mostly favorable, but the reports themselves had not been made public.

Over all, the evaluations, which were obtained from officials authorized to have them, appear to raise new questions about the rationale for the dismissals provided by senior Justice Department officials. The officials have repeatedly cited poor job performance to explain their decisions to oust the eight prosecutors, all of them Republicans appointed by President Bush in his first term.

On Saturday, Senator Charles E. Schumer, Democrat of New York, who has led a Congressional investigation into the dismissals and has been briefed on the evaluations, said the reports showed that new legislation was needed to keep the Justice Department from politically motivated firings.

“As we feared, the comprehensive evaluations show these U.S. attorneys did not deserve to be fired,” Mr. Schumer said. “To the contrary, they reveal they were effective, respected and set appropriate priorities.”

In response, a senior Justice Department official said the reviews, which focused on management practices within each United States attorney’s office, did not provide a broad or complete picture of the prosecutors’ performance.

The official, speaking on condition of anonymity because of the confidential nature of personnel information, said, “The reviews don’t take into account whether the U.S. attorneys carried out departmental priorities.”

Referring to the 94 United States attorney’s districts, the official said, “You can’t have 94 different sets of priorities,” suggesting that the dismissed prosecutors had failed to follow priorities set by the Justice Department in Washington.

However, each case report included a statement that each of the ousted prosecutors had established strategic goals set by the Justice Department in high priority areas like counterterrorism, narcotics and gun violence.

Of the dismissed prosecutors who have spoken publicly, all have said they were given no reason for their dismissal. At first, most appeared willing to leave quietly with the understanding that they were presidential appointees who could be replaced at any time.

But their willingness to step down without complaint changed abruptly when Paul J. McNulty, the deputy attorney general, said at a Senate hearing earlier this month that most of the dismissals were carried out to correct performance problems, according to associates of several prosecutors.

In recent days, several of the prosecutors have described conflicts with the Justice Department over death penalty cases and pending political corruption investigations as a possible factor in their firings. Justice Department officials have denied such issues were a factor.

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One of the most glowing evaluations was given to H. E. Cummins III of Arkansas, who was asked to leave last summer. Mr. Cummins was replaced temporarily by J. Timothy Griffin, a military and civilian prosecutor who also had close ties to Karl Rove, the senior White House political adviser. Mr. Griffin has since withdrawn his name from consideration as Mr. Cummins's permanent successor.

A report dated Jan. 23-27, 2006, said, "United States Attorney Cummins was very competent and highly regarded by the federal, judiciary, law enforcement and civil client agencies." It said Mr. Cummins's office had a "well-managed" antiterrorism program and "very successful" counternarcotics efforts.

Another report, dated Feb. 7-11, 2005 evaluating the performance of Carol C. Lam, who was dismissed as the United States attorney in San Diego, concluded that she was "an effective manager and respected leader in the district."

CORPORATE SCANDALS:

Options Scandal Ensnaring HR Executives (AP)

By Marcy Gordon, Associated Press

AP, February 25, 2007

WASHINGTON -- As lawsuits and federal prosecutions mount over suspect timing of stock option awards at American public companies, corporate human resources executives are increasingly being caught in the gears of cases.

With stock options widely used as perks to attract talent, personnel staff regularly were brought into executives' machinations on options awards - often signing the relevant paperwork, such as memos to employees or letters making job offers. That means their fingerprints are on documents that can enter into the paper trails that prosecutors are using to build options-dating cases.

"HR people have to be careful," said John Gamble, a lawyer at Fisher & Phillips, an Atlanta firm specializing in labor and employment law. "Sometimes they get assignments that they need to think twice about."

Among the handful of executives who have been charged with fraud by federal prosecutors in the wave of options investigations is Stephanie Jensen, the former vice president for human resources at Brocade Communications Systems Inc. Jensen and Gregory L. Reyes, who was Brocade's chief executive, pleaded not guilty in August.

The Justice Department prosecutors and the Securities and Exchange Commission allege that Reyes and Jensen regularly backdated minutes of board of directors' meetings so it appeared that the stock-options committee granted options on dates when Brocade's share price was relatively low. The two executives also are accused of having letters of job offers backdated so employees would receive options that were dated at low points in the company's share price that predated their first day of work.

Stock options allow the recipients to buy shares of their company's stock in the future at a set price. If the stock rises before the options are exercised, the employee can buy the stock at the predetermined, lower price, then sell it at the higher, current price - and pocket the difference.

Options can be made more lucrative by backdating their exercise price to a historically low point in the stock's value.

Backdating options can be legal if disclosed properly to investors and approved by the company's board or shareholders. But unauthorized compensation from options is deemed illegal and can bring fraud charges if documents are falsified in a backdating scheme or information is concealed from the board. If companies backdate options without properly accounting for the move, it can cause profits to be overstated and taxes to be underpaid.

E-mails uncovered in court records in the case of Mercury Interactive Corp., one of the first Silicon Valley companies to acknowledge stock options manipulation, show exchanges between a payroll manager named Susie Fregoso and company executives concerning dating of options. At one point in August 2000, according to an account of the e-mails in Tuesday's Wall Street Journal, Mercury's assistant controller told Fregoso the company will use the "magic backdating ink" of Sharlene Abrams, a former chief financial officer.

A telephone message left for a Susie Fregoso in California by The Associated Press was not returned. An attorney representing Abrams has declined to comment, citing a confidentiality order the judge issued in the California court case.

About 130 public companies are under investigation by the Justice Department and the SEC in the affair, which has been roiling corporate America. More than $5 billion in company earnings has been erased by restatements necessitated by options-dating problems, and more than 60 senior officers and directors - including 18 chief executives - have lost their jobs.

In other situations touching on human resources executives:

Stephen Landry, who was the human resources director at Sycamore Networks Inc., alleges in a lawsuit that he was forced out of his job in 2000 because he complained about the company's options award practices to superiors. An internal company

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memo filed in his lawsuit showed employees discussing manipulating option grant dates to enrich themselves and ranking individuals' chances of being caught by auditors.

An internal audit at Broadcom Corp. found that executives bearing substantial responsibility for improper options-granting practices included Nancy M. Tullos, a former vice president of human resources. Tullos' attorney has said his client relied on others at the company for guidance and did not select any of the favorable grant dates.

BEA Systems Inc. announced earlier this month that after a review of its options practices, it will record a charge against earnings of $340 million to $390 million, restructure its general counsel office and human resources department, and find a new senior vice president of human resources.

Eight Volumes Speak Strategy (DENP)

By Andy Vuong And Greg Griffin

Denver Post, February 25, 2007

Herbert Stern, author and lead attorney for the ex-Qwest CEO, will stress key points and try to get jurors to argue his case too.

Herbert Stern, Joe Nacchio's lead attorney, will come out firing in the criminal insider-trading trial of the former Qwest chief executive.

Stern will lay out his case early in his opening statement. He will move through his points quickly but will make sure the jury hears his most important material more than once. He'll "hitchhike" - or extract helpful information from the prosecution's witnesses during cross-examination.

And during closing arguments, he'll try to teach his "friends" - jurors who believe Nacchio is not guilty - how to argue against others in the jury room.

Stern offers those tips, and many others, in an eight-volume set of books titled "Trying Cases to Win." The first was published in 1991, the last in 2004.

Stephen A. Saltzburg, co-author of three of the books, said Stern will follow the framework outlined in his books.

"He's going to do exactly what he writes that you should do," said Saltzburg, a professor at George Washington University School of Law in Washington, D.C., who has known Stern for more than 25 years.

Stern declined to comment.

Nacchio's trial is set to begin March 19 in U.S. District Court in Denver. If convicted, he faces a maximum penalty of 10 years in prison and a $1 million fine on each of the 42 counts of illegal insider trading.

Saltzburg said prosecutors would gain an advantage by reading Stern's books before the trial.

"It's always a good idea to read what your adversary has written," he said. "It's kind of like having tried a case against somebody who you've known before. You have an idea how they approach litigation."

Department of Justice spokesman Jeff Dorschner declined comment when asked whether any of the attorneys on the Nacchio case has read Stern's books.

Ten- and four-hour-long videotaped lectures covering key points in Stern's books are available at the Justice Department's education facility in Columbia, S.C., which trains federal, state and local prosecutors.

Stern served as a federal prosecutor and judge in New Jersey for many years before going into private practice.

Attorneys who have read Stern's books give them high praise.

"The author's comments on direct and cross-examination are cogent, well-organized and practical," University of Florida law professor and former attorney Bob Dekle writes in a review on Amazon.com. "The rookie advocate would do well to heed his teachings, and the old warhorse could also pick up a thing or two to help hone his techniques."

"It's obvious he knew what he was talking about," Dekle added in an interview.

San Francisco attorney Robert Spanner said the books were helpful to him but are "not wildly popular."

"I don't think I recall a single person who has referred to those books in any context," said Spanner, who has practiced law for 30 years.

Swaths of testimony

Many of the books feature large swaths of testimony from old cases.

Stern begins one of the volumes with a 12-page prologue examining the 1820 adultery trial of Queen Caroline of England. The point? Lawyers should be careful about what they say in court. A verbal misstep by one of her lawyers nearly cost her the crown.

Many of the other trials Stern quotes at length were his own during his time as a federal prosecutor in New Jersey, where he put away corrupt politicians and mobsters.

In the fifth volume, the entire transcript of a case is printed and dissected.

Spanner said the most important tip he got from reading the books is to not "make your case a response to the other side's case because that puts you on the defensive."

Among other points, Stern writes that the opening argument is more important than the closing.

"If you have a defense, open on it," he writes. "Open on it fully, powerfully, proclaiming it as the truth."

Thus, Stern's opening argument in the Nacchio trial may serve as a billboard for the rest of his defense, Dekle suggests. "Listen to the first paragraph or two of his opening statement and you can probably glean his case theory from that," he said.

If he follows his own advice, Stern won't call any of the prosecution's witnesses liars during the opening argument because he fears he won't be considered a gentleman if he does so. He'll save that for the end of the trial.

"Most of us grow up in court with the advice to never call anyone a liar during your opening because you will not be considered a lady or a gentleman; wait until summation," Stern writes.

Stress key evidence

When dealing with jurors, Stern writes that attorneys should often repeat the significance of key evidence.

"It is essential that your jury, or for that matter your judge, hear your important material more than once," he writes. "Every seasoned trial lawyer knows not only that once is not enough but that even twice may be insufficient."

He stresses the importance of moving quickly and not calling a case complicated.

"Legend has it there are two kinds of trial lawyers: the quick and the dead," he writes.

Stern said closing arguments are not the end of the trial - but rather an important preface to deliberation of the client's fate in the jury room.

"The purpose of the summation, particularly after a trial of length, is to teach your friends on the jury how to successfully argue with your enemies on that same jury - because the 'final argument' will not take place in the courtroom but rather in the adjoining jury room," he writes.

The Nacchio trial could last up to eight weeks.

Stern gives quirky names to a number of his tips, such as the Wimbledon and Charlie Chaplin effects. Wimbledon encourages a smooth dialogue between attorney and witness during direct examination. Charlie Chaplin discourages questioning a witness from a prepared script.

"But remember that we all think, talk and write about the trial of cases much better than we could ever try them," Stern writes.

Staff writer Andy Vuong can be reached at 303-954-1209 or avuong@denverpost.com.

"Cases" excerpt

"When lawyers question from a prepared script of questions, they produce what I call the Charlie Chaplin Effect. ... In the earliest Charlie Chaplin silent films, you see a herky-jerky Chaplin who bounds across the screen in choppy steps. ... The viewer of the courtroom scene is similarly disconcerted by questioning from a script."

- from "Trying Cases to Win"

A lawyer's words to that effect

Some additional excerpts from Herbert Stern's eight-volume set of books titled "Trying Cases to Win."

The Wimbledon Effect

During direct examination, the goal is " ... to achieve the Wimbledon Effect as you argue your case right through your witness. By Wimbledon Effect I mean that the jurors' heads should be swinging back and forth between the attorney and his witness, as though the two figures were at each end of the well of the court - and the jurors were positioned between them much like spectators and, hopefully, fans in the viewer benches. ... If a lawyer on direct is standing at the end of a jury box ... with the jurors' heads swinging between him and his witness ... then this lawyer is making hay with that jury."

The Buster Keaton Effect

"Training witnesses to give long narrative answers, rather than short responsive ones to specific questions, leads to what I like to think of as The Buster Keaton Effect. In Keaton's films we see him take every step. But he takes them so quickly that we cannot comprehend them."

On lawyer and jury

"An advocate does best when he is perceived to be correct. Do not strive to be witty, or to be charming, or to be loving or even to be loved. Just be thought to be right! If you achieve that, the rest will invariably take care of itself."

On use of literary and Biblical quotations

"Analogies and quotations are always dangerous to those who invoke them, ... for nearly every such business can be turned around to bite one in the back."

On unpredictability of trial

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"Once the trial is underway all our pretrial plans, predictions and stratagems are reshaped by an unfolding reality which is never even approximately predictable. ... Nothing ever happens exactly as planned. The courtroom contest is as much a place of constant readjustments as any other of life's playing fields."

Matador metaphor

"In every bullfight the matador enjoys one great advantage over the bull. It lies not in the matador's speed or agility, for the bull is faster. ... It lies in a piece of wood that stands close to the side wall of the bull ring. ... Whenever the matador finds himself in trouble, he runs as fast as he can behind this wooden barrier until the bull passes by. ... So, too, it is in argument. ... Whenever the advocate falls under attack ... he runs behind his strongest arguments ... and lets the bull go by."

CRIMINAL LAW:

Ban On Prison Religious Program Challenged (WP)

By Peter Slevin, Washington Post Staff Writer

The Washington Post, February 25, 2007

U.S. Judge Ruled Evangelical Rehabilitation Effort in Iowa Is Unconstitutional

CHICAGO -- Interested inmates at Newton Correctional Facility in Iowa receive teaching material that declares: "Criminal behavior is a manifestation of an alienation between the self and God. Acceptance of God and Biblical principles results in cure through the power of the Holy Spirit. Transformation happens through an instantaneous miracle; it then builds the prisoner up with familiarity of the Bible."

Rooted in evangelical Christianity and supported by more than $1.5 million in public funds, the method of the rehabilitation program is clear enough. A key question is its constitutionality. A trio of appellate judges, including former Supreme Court Justice Sandra Day O'Connor, is reviewing a lower court's decision that the program violates the separation of church and state.

People on both sides of the dispute say the outcome could influence the future of President Bush's faith-based initiative, which links government and religious institutions in efforts to solve social problems.

"This puts into jeopardy not just faith-based nonprofits in a prison setting," said Mark Earley, president of Virginia-based Prison Fellowship Ministries, whose affiliate, the InnerChange Freedom Initiative, runs the Iowa program. "I think you'd see a precipitous drop in the number of faith-based organizations willing to provide services to governments."

Barry W. Lynn, executive director of Americans United for the Separation of Church and State, which sued to stop the program, said a courthouse defeat for InnerChange "could well be the death knell for these kinds of programs, whether they're funded by state or federal money."

"Americans," Lynn said, "can't be required to submit to any religious indoctrination to get benefits, whether those people are behind bars or on the outside."

U.S. District Judge Robert W. Pratt sided with Americans United, ruling last year that the Iowa program is "pervasively sectarian." He heard testimony from prisoners of other faiths who felt unwelcome in a program that gives advantages to inmates who accept the intensive religious teachings.

Inmates deemed to be making sufficient spiritual progress live in better conditions than the general population, inhabiting cells with wooden doors and using toilets that afford privacy, a jailhouse rarity. They have more access to relatives and outside visitors and can fulfill prison requirements more quickly.

While in the program, prisoners are expected to pray daily, attend worship services and religious gatherings, and participate in weekly revival meetings. Inmates of other religions are asked "to compromise, if not completely abandon, their faiths in order to participate," Pratt ruled, citing "a constant tension" with Roman Catholic inmates.

Pratt ordered InnerChange to close its operations and repay $1.5 million to the Iowa government and prisoners whose telephone surcharges helped fund the program. He said he was careful not to pass judgment on the beliefs of the staff or the effectiveness of the religious approach, although he said he had received no credible data on recidivism rates.

His central concern, Pratt wrote, was whether the program violates the Constitutional prohibition on government showing a preference for any religious denomination.

Iowa "hopes to cure recidivism through state-sponsored prayer and devotion," wrote Pratt, 59, a Clinton appointee. "While such spiritual and emotional 'rewiring' may be possible in the life of an individual and lower the risk of committing other crimes, it cannot be permissible to force taxpayers to fund such an enterprise under the Establishment Clause."

Prison Fellowship's attorneys and witnesses told the judge that the Iowa program, located at the prison about 35 miles from Des Moines, was strictly voluntary and open to inmates of all faiths. They noted that much of the money came from private sources and reported that state money paid only for secular aspects of the program.

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Pratt ruled, however, that the overtly religious atmosphere is not "a secondary effect of the program -- it is the program." He noted that the cost of all telephone charges were billed to the state under "nonsectarian items," along with 82 percent of the local director's salary. So, too, were "Jesus is Lord" key chains.

Prison Fellowship, founded in 1976 by Watergate figure Charles Colson, runs six similar programs in Texas, Kansas, Minnesota and Arkansas, and expects to open one soon in Missouri. All are funded privately.

When Americans United filed suit, the programs in Kansas and Minnesota also took government money, but the prison group shifted them to private backing, Earley said, "just to reduce the litigation profile until things could be resolved."

Pratt's ruling is on hold pending appeal.

Among those supporting InnerChange is former attorney general John D. Ashcroft, who wrote shortly before this month's arguments before the 8th Circuit Court of Appeals in St. Louis that high recidivism rates prove that programs such as InnerChange, sometimes called IFI, are needed.

"Neither Judge Pratt nor Americans United offers a better way to stop the revolving door of prisons. They simply want to shut IFI down," Ashcroft wrote in the St. Louis Post Dispatch.

"Judge Pratt's opinion ties the hands of corrections officials who are trying to make our communities safer," Ashcroft wrote.

Anthony R. Picarello Jr., general counsel of the Becket Fund for Religious Liberty, argued the case on behalf of Prison Fellowship. He said that an affirmative ruling by the appellate panel or the Supreme Court -- particularly if the money must be repaid -- would deter faith-based organizations.

"We think Prison Fellowship did it right," Picarello said. "If at the end of the day the court agrees with them and not us, the way to resolve it is to make some clear rules about how to do it right, rather than banish and punish us."

Evidence In Inmate's Hand, Justice In His Sights (NYT)

By Ellen Barry

The New York Times, February 25, 2007

On a September afternoon in 2005, with a prison guard standing beside the operating table and another outside the door, a surgeon cut into the left hand of inmate No. 99A2254.

The doctor was trying to find fragments of a bullet among the tiny veins and ligaments of Napoleon Cardenas's middle finger. Mr. Cardenas had been warned that removing them could cause nerve damage. Another surgeon had balked at performing the operation, saying it could violate the Hippocratic oath.

But Mr. Cardenas did not care. He was convinced that under the pale scars lay evidence that would topple two convictions in a 1994 jewel heist: his and his younger brother's. Between them, they had already served 14 years in prison for the crime. Cut off my fingers if you need to, he said.

Mr. Cardenas's lawyers waited anxiously outside as the surgeon, using forceps, removed two pieces of metal. The results would not, in themselves, convince the Queens district attorney, Richard A. Brown, that the brothers were innocent. But Mr. Brown's investigator was impressed by Mr. Cardenas's eagerness to have the operation. That and a growing pile of new evidence were enough to prompt the district attorney's office to start its own yearlong investigation.

On Jan. 18, Mr. Brown asked a judge to vacate the convictions of Napoleon Cardenas and his brother Carlos in the jewel heist. In a statement, Mr. Brown said his prosecutors were "always prepared to take a hard look at a case — even post-conviction — to make certain that justice has been done."

Steven Silberblatt, one of half a dozen Legal Aid Society lawyers who worked to overturn the Cardenas brothers' convictions, put it this way: "Sometimes circumstances provide their own lie-detector test. When someone is willing to lose the use of his hand, you get the feeling they're probably telling the truth."

The case began on the evening of July 21, 1994. Police officers all over Queens were looking for four Latino men suspected of snatching three cases of Tahitian black pearls from vendors returning to their hotel in Elmhurst from a gem show in Manhattan. The vendors estimated the jewels' value at $1.5 million.

As they escaped, the thieves rushed at a man in his driveway, demanding his car. The man was an off-duty police officer, and he managed to shoot his service weapon, a 9-millimeter Glock, before he was knocked unconscious. He told detectives later that he thought he had hit a robber who was grabbing at the barrel of the gun.

Within hours, police detectives converged on the emergency room at St. John's Queens Hospital, where one of the jewelry vendors and the off-duty police officer were being treated. Napoleon Cardenas, then 24, was there, too, with his brother Carlos, 23. It was hard to miss Napoleon; he was screaming. He was being treated for a gunshot wound.

When he was questioned about his injury that night, Mr. Cardenas answered haltingly, arousing a detective's suspicion. He had shot himself, he said, in his girlfriend's living room, while handling a .380-caliber semiautomatic pistol that he had been showing to two visitors. He had no license for the gun.

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The detective put Mr. Cardenas in a lineup, but when none of the robbery victims made a positive identification, she released him. A friend cleaned up the blood in his girlfriend's apartment. The police never searched the site.

It took a few days for Mr. Cardenas to realize he might still be a suspect. He was due to serve a four-month sentence for credit-card fraud. Days before it was to begin, Mr. Cardenas fled to the Dominican Republic — a move that would damage his and his brother's defense.

"I got scared," he said recently. He had a seriously injured hand, he said, adding: "I was so skinny. I was watching these movies about what happens to people" in prison.

In his absence, the case against him took on a new life. One of the vendors called a detective days after the crime, saying he could now identify Mr. Cardenas as one of the robbers. The police visited Carlos Cardenas to ask about his brother, and began to suspect that Carlos had been involved. When the jewelry vendors returned to New York from California a year later, the police put Carlos in a lineup. One of the vendors chose someone else. Another chose Carlos.

At Carlos's trial, one of the jewelry salesmen identified him as one of the robbers. There was no physical evidence linking Carlos to the crime. But the prosecutor noted dryly that Napoleon's injury had occurred "coincidentally, I guess — just a major coincidence — with the same people, about the same time, about approximately the same area."

In May 1996, Carlos Cardenas was found guilty of first-degree robbery, second-degree robbery and grand larceny. He was sentenced to 8 1/3 to 25 years in prison.

A year later, Napoleon Cardenas surrendered in Colombia to federal marshals and returned to the United States to serve his sentence for credit-card fraud. When he was released, he faced trial in the jewel theft. In court, the off-duty police officer and one of the jewelry salesmen identified Mr. Cardenas. As in his brother's case, no physical evidence linked him to the crime, but the prosecutor noted the gunshot wound.

"You don't have a fingerprint to say 'I was there,' but everything else tells you he was there, including the bullet that went through his hand," the prosecutor told jurors. He compared the wound to dye packets rigged to explode on bank robbers.

Although Mr. Cardenas insisted that he could prove his innocence with ballistics evidence and alibi witnesses, his lawyer, Michael C. Harrison, disagreed, and focused on discrediting the government's witnesses. In 1999, Napoleon Cardenas was convicted of first-degree robbery and second-degree assault, and sentenced to 15 to 30 years.

In 2002, with his legal remedies nearly exhausted, Mr. Cardenas wrote a stinging letter of introduction to Svetlana Kornfeind, a lawyer newly assigned to his case by the Legal Aid Society: he intended, he wrote, "to prove my claim in the courts as soon as I am given the opportunity. So, I want to ask you to be honest to yourself not to me but to yourself by telling me if you have the time or not to help me."

Ms. Kornfeind was taken aback. But she scheduled a meeting with him. "We had to investigate the possibility that he was right," she said.

Mr. Cardenas seemed to specialize in driving lawyers crazy. He wrote to his trial lawyer three times a week offering strategic advice. He placed calls from prison to the police in the 110th Precinct asking for documents; if they asked, he said he was a detective. He deliberately injured himself in prison to have X-rays taken of his hand, so he could be sure that the fragments of metal were still there, he said.

"I knew I had evidence in my hand," he said. "People would laugh at me. I'd sit there and proclaim I was a political prisoner."

Once in a while, he got a break. An old friend, Eddie Padilla, visited him as he was awaiting trial on the robbery charges. They were talking about friends from the neighborhood, Mr. Cardenas recalled, when Mr. Padilla brightened. Did Napoleon know he still had part of that bullet?

Mr. Padilla had helped clean up blood in the apartment where Mr. Cardenas, still in shock, had pulled the bullet jacket out of his wound. Mr. Padilla still had the jacket. At parties, he would take it out to show friends.

Ms. Kornfeind began to construct an argument to overturn the conviction, citing the newly discovered evidence and contending that Mr. Harrison, the trial attorney, had failed to investigate Mr. Cardenas's alibi. Mr. Harrison did not respond to a request for comment for this article.

Ms. Kornfeind had the bullet jacket analyzed, and contended that the results bolstered Mr. Cardenas's story: while the Police Department then issued full-metal, copper-jacketed ammunition, this jacket was aluminum, which peeled back on contact. Full-metal ammunition would have passed through the hand intact. The tissue that dotted the jacket was his, a DNA test showed.

The next challenge was to see whether the fragments in Mr. Cardenas's hand matched the bullet jacket.

Using a tourniquet, doctors at Bellevue Hospital Center cut off the flow of blood to the hand; a "bloodless field" allows surgeons to more easily locate foreign bodies, nerves and tiny veins, said Dr. David W. Friedman, who supervised the operation. It turned out to be an easy task, since the shards were lodged above the bone, like splinters. They were removed through a tiny incision, wrapped in cotton and put in an evidence tube. The wound required only two stitches.

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Ms. Kornfeind remembers "just sailing" across town to a crime laboratory, where the fragments would be analyzed. Traces of aluminum would suggest strongly that Mr. Cardenas had been shot with the hollow-point bullet; copper would back up prosecutors' claim that he had been shot by a police service weapon.

In the end, the fragments were neither. They were shards of lead. Mr. Cardenas's lawyers contended that they still supported his innocence, since hollow-point bullets, unlike full-metal bullets, break apart on contact, said Thomas A. Kubic, an instructor at the John Jay College of Criminal Justice, who consulted on the case for the Legal Aid Society.

From the point of view of the district attorney, the ballistics evidence was inconclusive. At a hearing in 2005, a prosecutor said that the gunshot wound had not been at the center of the case against Mr. Cardenas, who was implicated by four witness identifications, "a series of lies he told hospital personnel on the night of the crime as to how he obtained the wound, and his flight from the country immediately after the crime." But Mr. Cardenas's eagerness to undergo surgery had made an impression.

The case wore on for months, while the district attorney's investigator tracked down informants. One of them convinced the investigator that others were responsible for the jewel theft. In January of this year, both brothers passed polygraph tests. That was the final hurdle.

At the hearing where the brothers were exonerated, their father, Napoleon Cardenas Sr., a 74-year-old carpenter originally from Colombia, thanked Ms. Kornfeind and Denise Fabiano, who represented Carlos.

"These are two beautiful persons," he said in an interview.

Steven Banks, attorney in chief for the Legal Aid Society, said the case showed how errors made early in an investigation get "compounded time and time again."

"It never ceases to amaze me how random it is that people get caught up in the judicial system and the related bureaucracy and can be swallowed up," Mr. Banks said.

On the day of the hearing, Ms. Kornfeind had been expecting "an explosion of something at the end," or at least the sight of her client with his handcuffs off, running into his mother's arms. But Napoleon Cardenas, now 36, would not be released for two days, while immigration officials cleared a deportation order. His brother Carlos, 35, like Napoleon a legal permanent resident, remains threatened with deportation, even though his conviction has been overturned.

Ms. Kornfeind woke up early the day after the hearing, planning to work on Napoleon Cardenas's immigration case. She pulled up the Web site for the Eastern Correctional Facility in Ulster County, and typed the familiar identification number, 99A2254. A message flashed: No such person exists.

She typed in his name, and got the same message: No such person exists.

That's when she realized what had happened. Her client was free.

CIVIL RIGHTS:

Justice Dept. Starts Religious-freedom Plan (CLPD)

By Adelle Banks, Religion News Service

The Cleveland Plain Dealer, February 25, 2007

Washington- The Department of Justice has launched a "First Freedom Project" to draw more attention to protecting the religious liberties of Americans.

"Why should it be permissible for an employee standing around the water cooler to declare that 'Tiger Woods is God,' but a firing offense for him to say, 'Jesus is Lord,'?" Attorney General Alberto Gonzales said Tuesday at a meeting of the executive committee of the Southern Baptist Convention in Nashville, Tenn.

"These are the kinds of contradictions we are trying to address."

The initiative includes a new Web site (www.firstfreedom.gov), an education program and a task force that will review religious freedom policies and cases.

Leaders of the Union of Orthodox Jewish Congregations of America, Family Research Council and Southern Baptist Ethics & Religious Liberty Commission applauded the initiative.

The Rev. Barry Lynn, executive director of Americans United for Separation of Church and State, said it was a hypocritical action by an administration that he said has tried to merge church and state.

The Rev. Bob Edgar, general secretary of the National Council of Churches, welcomed the renewed focus on religious freedom but questioned why it was announced at a gathering of a single denomination. He invited Gonzales to present the project to the March meeting of the council's Committee on Religious Liberty, and suggested it also should be presented to Muslim groups.

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A Justice Department spokeswoman declined to respond specifically to Edgar's criticism, but said, "I believe he [Gonzales] intends to talk about this to other groups."

Sorority Evictions Raise Issue Of Looks And Bias (NYT)

By Sam Dillon

The New York Times, February 25, 2007

GREENCASTLE, Ind. — When a psychology professor at DePauw University here surveyed students, they described one sorority as a group of "daddy's little princesses" and another as "offbeat hippies." The sisters of Delta Zeta were seen as "socially awkward."

Worried that a negative stereotype of the sorority was contributing to a decline in membership that had left its Greek-columned house here half empty, Delta Zeta's national officers interviewed 35 DePauw members in November, quizzing them about their dedication to recruitment. They judged 23 of the women insufficiently committed and later told them to vacate the sorority house.

The 23 members included every woman who was overweight. They also included the only black, Korean and Vietnamese members. The dozen students allowed to stay were slender and popular with fraternity men — conventionally pretty women the sorority hoped could attract new recruits. Six of the 12 were so infuriated they quit.

"Virtually everyone who didn't fit a certain sorority member archetype was told to leave," said Kate Holloway, a senior who withdrew from the chapter during its reorganization.

"I sensed the disrespect with which this was to be carried out and got fed up," Ms. Holloway added. "I didn't have room in my life for these women to come in and tell my sisters of three years that they weren't needed."

Ms. Holloway is not the only angry one. The reorganization has left a messy aftermath of recrimination and tears on this rural campus of 2,400 students, 50 miles southwest of Indianapolis.

The mass eviction battered the self-esteem of many of the former sorority members, and some withdrew from classes in depression. There have been student protests, outraged letters from alumni and parents, and a faculty petition calling the sorority's action unethical.

DePauw's president, Robert G. Bottoms, issued a two-page letter of reprimand to the sorority. In an interview in his office, Dr. Bottoms said he had been stunned by the sorority's insensitivity.

"I had no hint they were going to disrupt the chapter with a membership reduction of this proportion in the middle of the year," he said. "It's been very upsetting."

The president of Delta Zeta, which has its headquarters in Oxford, Ohio, and its other national officers declined to be interviewed. Responding by e-mail to questions, Cynthia Winslow Menges, the executive director, said the sorority had not evicted the 23 women, even though the national officers sent those women form letters that said: "The membership review team has recommended you for alumna status. Chapter members receiving alumnae status should plan to relocate from the chapter house no later than Jan. 29, 2007."

Ms. Menges asserted that the women themselves had, in effect, made their own decisions to leave by demonstrating a lack of commitment to meet recruitment goals. The sorority paid each woman who left $300 to cover the difference between sorority and campus housing.

The sorority "is saddened that the isolated incident at DePauw has been mischaracterized," Ms. Menges wrote. Asked for clarification, the sorority's public relations representative e-mailed a statement saying its actions were aimed at the "enrichment of student life at DePauw."

This is not the first time that the DePauw chapter of Delta Zeta has stirred controversy. In 1982, it attracted national attention when a black student was not allowed to join, provoking accusations of racial discrimination.

Earlier this month, an Alabama lawyer and several other DePauw alumni who graduated in 1970 described in a letter to The DePauw, the student newspaper, how Delta Zeta's national leadership had tried unsuccessfully to block a young woman with a black father and a white mother from joining its DePauw chapter in 1967.

Despite those incidents, the chapter appears to have been home to a diverse community over the years, partly because it has attracted brainy women, including many science and math majors, as well as talented disabled women, without focusing as exclusively as some sororities on potential recruits' sex appeal, former sorority members said.

"I had a sister I could go to a bar with if I had boy problems," said Erin Swisshelm, a junior biochemistry major who withdrew from the sorority in October. "I had a sister I could talk about religion with. I had a sister I could be nerdy about science with. That's why I liked Delta Zeta, because I had all these amazing women around me."

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But over the years DePauw students had attached a negative stereotype to the chapter, as evidenced by the survey that Pam Propsom, a psychology professor, conducts each year in her class. That image had hurt recruitment, and the national officers had repeatedly warned the chapter that unless its membership increased, the chapter could close.

At the start of the fall term the national office was especially determined to raise recruitment because 2009 is the 100th anniversary of the DePauw chapter's founding. In September, Ms. Menges and Kathi Heatherly, a national vice president of the sorority, visited the chapter to announce a reorganization plan they said would include an interview with each woman about her commitment. The women were urged to look their best for the interviews.

The tone left four women so unsettled that they withdrew from the chapter almost immediately.

Robin Lamkin, a junior who is an editor at The DePauw and was one of the 23 women evicted, said many of her sisters bought new outfits and modeled them for each other before the interviews. Many women declared their willingness to recruit diligently, Ms. Lamkin said.

A few days after the interviews, national representatives took over the house to hold a recruiting event. They asked most members to stay upstairs in their rooms. To welcome freshmen downstairs, they assembled a team that included several of the women eventually asked to stay in the sorority, along with some slender women invited from the sorority's chapter at Indiana University, Ms. Holloway said.

"They had these unassuming freshman girls downstairs with these plastic women from Indiana University, and 25 of my sisters hiding upstairs," she said. "It was so fake, so completely dehumanized. I said, 'This calls for a little joke.' "

Ms. Holloway put on a wig and some John Lennon rose-colored glasses, burst through the front door and skipped around singing, "Ooooh! Delta Zeta!" and other chants.

The face of one of the national representatives, she recalled, "was like I'd run over her puppy with my car."

The national representatives announced their decisions in the form letters, delivered on Dec. 2, which said that Delta Zeta intended to increase membership to 95 by the 2009 anniversary, and that it would recruit using a "core group of women."

Elizabeth Haneline, a senior computer science major who was among those evicted, returned to the house that afternoon and found some women in tears. Even the chapter's president had been kicked out, Ms. Haneline said, while "other women who had done almost nothing for the chapter were asked to stay."

Six of the 12 women who were asked to stay left the sorority, including Joanna Kieschnick, a sophomore majoring in English literature. "They said, 'You're not good enough' to so many people who have put their heart and soul into this chapter that I can't stay," she said.

In the months since, Cynthia Babington, DePauw's dean of students, has fielded angry calls from parents, she said. Robert Hershberger, chairman of the modern languages department, circulated the faculty petition; 55 professors signed it.

"We were especially troubled that the women they expelled were less about image and more about academic achievement and social service," Dr. Hershberger said.

During rush activities this month, 11 first-year students accepted invitations to join Delta Zeta, but only three have sought membership.

On Feb. 2, Rachel Pappas, a junior who is the chapter's former secretary, printed 200 posters calling on students to gather that afternoon at the student union. About 50 students showed up and heard Ms. Pappas say the sorority's national leaders had misrepresented the truth when they asserted they had evicted women for lack of commitment.

"The injustice of the lies," she said, "is contemptible."

Jump In Minority Bids To Join FDNY (NYDN)

By Jonathan Lemire, Daily News Staff Writer

New York Daily News, February 25, 2007

More than 4,500 more minority applicants took the FDNY written entrance exam this year than in 2002, giving fire officials hope that a multimillion-dollar campaign to start diversifying the department will end in success.

Fire Commissioner Nicholas Scoppetta believes the jump from 3,730 to 8,297 minority candidates proves the department is making progress.

"All the hard work we put into this campaign has paid off," said Scoppetta. "We hope once we begin hiring from this list next year, we'll have the most diverse group of candidates joining the world's greatest fire department."

But critics warned the promising numbers would be rendered meaningless if the minority applicants weren't hired.

The FDNY recruits new members only once every four years and the department's hiring process has been closely scrutinized by Justice Department investigators. Currently, the department is 91% white.

The written test was offered at several sites across the five boroughs on Jan. 20 and 21,549 applicants sat down to take the several-hour exam, officials told the Daily News.

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Of those candidates, 38.5% identified themselves as being black, Hispanic, Asian or Native American, officials said. This marks a significant increase from 2002, when 21.5% of the 17,348 applicants deemed themselves persons of color.

Though the number of white candidates dropped slightly from 13,618 in 2002 to 13,252 in January, applications from minority groups rose across the board, officials said.

Most strikingly, the number of Hispanics jumped from 2,088 to 4,026 while the number of blacks rose from 1,357 to 3,776, the statistics show. The number of women who took the test also increased, rising to 814 from 549.

FDNY officials gave credit to their outreach programs in communities of color to explain the jump in minority test-takers: Five years ago, firefighters held fewer than 300 events, a far cry from the more than 2,300 that recruiters staffed in 2006.

But the head of the Vulcan Society, the fraternal organization of black firefighters, attributed the rise in minority applicants to the FDNY altering its "exclusionary" hiring practices.

"Finally, they realize they need to reach out to all communities," John Coombs said. "We don't want to roll out the red carpet yet, for this is only one step toward the goal. What matters is who actually gets on the job."

The results of the written test have not yet been released, according to a spokesman for the Department of Citywide Administrative Services, which administers the exam. The physical test - which will be scored pass/fail for the first time - will start being offered in the coming months.jlemire@nydailynews.com

Democrats In Congress May Threaten California Redistricting (LAT)

By Nancy Vogel

The Los Angeles Times, February 25, 2007

SACRAMENTO — The new dynamic in Washington, with Californian Nancy Pelosi as House speaker, threatens to thwart an effort by state political leaders to overhaul the way voting districts are drawn.

Fresh from their victories in the November election, Democrats in Congress don't want to risk their fragile majority. Many Republicans don't want their relatively safe seats threatened either.

Their opposition promises to crimp an effort by Gov. Arnold Schwarzenegger, state Assembly Speaker Fabian Nuñez (D-Los Angeles) and others to change how California draws political boundaries every 10 years to accommodate population shifts.

Nuñez said he thinks he will have to exempt Congress from legislation he is crafting to have California's political boundaries drawn by a nonpartisan panel, rather than by politically driven state lawmakers.

Then only state legislative districts would be drawn independently.

Otherwise, Nuñez said, opposition from the powerful Pelosi (D-San Francisco) and others would be enough to derail his efforts.

"The best way to secure its passage is to not have a $10-million campaign against it," Nuñez said. "And Congress will wage a $10-million campaign against it."

California could threaten the slim Democratic majority by giving up the ability to draw districts advantageous to Democrats, said Rep. Zoe Lofgren (D-San Jose), chairwoman of California's Democratic delegation.

"We're finally about to deal with the Iraq war issue, we're finally taking on global climate change, energy independence — things we've been stonewalled on for a dozen years — and there's great interest that these efforts not be short-circuited," Lofgren said.

Redistricting is crucial to politicians. It determines the ratio of Democrats and Republicans in each district and thus how hard politicians will have to work for reelection.

Sometimes the process shapes their futures: The district in which someone hopes to run can be drawn to exclude his or her home. And the mapmaking can have far-reaching effects on the balance of power in state legislatures and Congress.

Nuñez said Pelosi didn't tell him directly that she would fight a redistricting initiative if it included Congress. He said he "heard it from many other people" that she and other members of Congress would campaign to kill it.

Pelosi spokesman Drew Hammill said the speaker prefers a national overhaul of the redistricting process and would need more details than Nuñez has offered before she could consider his plan.

Lofgren is writing legislation that would require every state legislature to yield redistricting authority to an independent group of citizens, as several states including Arizona and Idaho already do. Lofgren carried similar, unsuccessful legislation last year that was backed by Pelosi.

Nuñez said he understood Pelosi and Lofgren's position: "They've got to have a national view on this."

But in appeasing those powerful potential opponents, Nuñez may create another much closer to home.

Schwarzenegger spokesman Aaron McLear said the governor believes that districts for Congress, not just the Legislature, should be drafted by people who are not lawmakers.

"That's what his goal is right now," McLear said. "Comprehensive redistricting reform."

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McLear said it was unclear whether the governor would support a redistricting measure that did not include Congress.

Schwarzenegger's backing is critical. He has said he would endorse a relaxation of term limits — a pet project of the speaker's that could stretch his stay in office — only if the Legislature comes up with a redistricting overhaul.

The governor ran into resistance from Washington in 2005, when his special election agenda included a ballot initiative that would have used retired judges to draw districts. Many of Schwarzenegger's fellow Republicans in Congress urged him to abandon the measure because it could have jeopardized their party's control of Congress.

Some Democrats, including Pelosi and Rep. Howard Berman Valley Village, also opposed the measure.

They joined with a Republican, Rep. John Doolittle of Roseville, to urge the Federal Elections Commission to allow them to raise unlimited amounts of money to fight the proposal.

Voters rejected the initiative, as they have rejected four other redistricting proposals since 1982. Any overhaul the Legislature passed this year would also be subject to voter approval.

But the governor has not given up. In December, he announced support for a proposed constitutional amendment that would use an 11-member panel of politically diverse citizens to draw boundaries.

At the time, Schwarzenegger noted that in the last three general elections, only four of 459 congressional and legislative seats up for grabs in California changed party hands.

That is partly because the last time the Legislature redrew boundaries, in 2001, Republicans and Democrats agreed to maintain the existing ratio of power.

"To me that is evidence of a system that has become unresponsive and is stuck in the status quo," Schwarzenegger said last year. "We must bring competition back into the political process."

Meanwhile in Washington, not all members of the California delegation seek a congressional exemption from a redistricting change.

Rep. Kevin McCarthy, a Bakersfield Republican who pushed unsuccessfully for nonpartisan redistricting while he was in the Legislature, said voters would reject any redistricting measure that excluded Congress.

"It would be so obvious that it's self-serving," he said.

Rep. Henry Waxman (D-Los Angeles) said it's time to take the politics out of what has traditionally been a partisan exercise.

"It's gotten so political," he said. "It's become an effort to deprive the voters of the chance to express their view."

Will voters care one way or the other?

"Redistricting is something that matters a great deal to the people who hold office," said Democratic political consultant Darry Sragow, "but it's arcane. It's very much an insider issue."

"If Congress is exempt," he said, "I'm not sure it matters much to voters."

ANTITRUST:

In Big Buyout, Utility To Limit New Coal Plants (NYT)

By Felicity Barringer And Andrew Ross Sorkin

The New York Times, February 25, 2007

Under a proposed $45 billion buyout by a team of private equity firms, the TXU Corporation, a Texas utility that has long been the bane of environmental groups, will abandon plans to build 8 of 11 coal plants and commit to a broad menu of environmental measures, according to people involved in the negotiations.

The roster of commitments came through an unusual process in which the equity firms asked two prominent environmental groups what measures could be taken to win their support. The result is an about-face from the company's earlier approach to climate-change issues, and includes a goal of returning the carbon-dioxide emissions by TXU to 1990 levels by 2020.

Environmental groups said yesterday that they had never known of a financial deal with such an ambitious built-in environmental component.

Two private equity firms, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, have proposed to buy TXU in what would become the largest leveraged buyout ever.

The transaction will be put to the TXU board for a vote on Sunday.

People involved in the negotiations said that Goldman Sachs, an adviser and lender to the buyers, helped broker peace with environmental groups and sought their support for the transaction. Goldman Sachs has been one of the most aggressive firms on Wall Street about taking action on climate change; the company sends its bankers home at night in hybrid limousines.

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For the investor groups, the effort was as much about making a sound business decision to ensure the deal's completion as it was about any environmental concerns.

By bringing the environmental groups into the process, the buyers may have helped avert years of costly litigation over emissions from their plants. But they may also have raised new questions about how they will meet the energy needs that TXU intended to address by building all 11 plants; the company is said to be examining ways to expand in cleaner forms of energy. None of the parties interviewed was able to provide details.

Environmentalists said they hoped that the TXU deal would represent a turning point in the attitude of energy businesses as they adjust to what many anticipate will be a new regulatory and public-relations landscape in an era of climate change.

"We have history's largest purchase of a power company, with the new owners wanting to move the company in a direction that is consistent with a world that takes global warming seriously," said David Hawkins of the Natural Resources Defense Council, one of the two environmental groups invited to the negotiations. That group, and the other participant, Environmental Defense, which often use the courts to confront businesses, are persistent critics of TXU.

The commitments come at a time of uncertainty for utilities that are considering building coal-fired plants. They do not know if such plants will be grandfathered by Congress and excluded from future restrictions on carbon-dioxide emissions, or whether anything they build now will have to operate in a starkly different regulatory environment.

TXU will discard plans to build eight of 11 proposed new coal plants, which would have been major new sources of emissions. Those plants — which would have added more than 9,000 megawatts of new capacity, the equivalent of 3.5 percent of the nation's current coal-fired power — had been part of a planned $10 billion expansion of coal-fired electricity.

TXU, which is based in Dallas, also intends to expand the renewable energy portion of its portfolio and reduce or offset its emissions significantly, said people who were familiar with the plans.

Less than a week ago, according to Fred Krupp, the president of Environmental Defense, the two environmental groups were approached by representatives of the private-equity buyers. He said he received a call from William K. Reilly, the former Environmental Protection Agency administrator, who is advising the Texas Pacific Group.

Mr. Hawkins, who runs the climate-change program for the Natural Resources Defense Council, said that the investment team was essentially asking "what would it take" to gain environmentalists' support.

James D. Marston, who runs the Texas energy program for Environmental Defense, yesterday called TXU's plans "a turning point in the fight against global warming."

Mr. Marston had led an intense advertising campaign painting TXU as an environmental outlaw pursuing a strategy that would hurt the climate and perhaps its own bottom line, if federal policy changed and companies were charged for the carbon dioxide they emitted.

But people familiar with the investors' thinking took pains to say that the investors brought the measures to the environmental groups, and were not acting out of any fear of the groups' potential to wage a legal and public-relations campaign against them.

Young Lawyers Sue, And Little Changes (NYT)

By Jonathan D. Glater

The New York Times, February 25, 2007

COMPETITORS say that a leading company ripped down their posters and used deceptive marketing tactics; former customers say that the same company paid business rivals to close their doors. And one competitor says he fears that he was the victim of outright theft.

This is how the business of training aspiring lawyers to pass the bar exam is conducted, according to documents and testimony that have surfaced as a result of a federal lawsuit in Los Angeles. It is a business dominated by a single company that expanded, depending on whom you believe, either by squashing its competitors or by simply offering a superior product.

That company is BAR/BRI. And students who took its courses filed a class-action lawsuit two years ago contending that the company operated an illegal monopoly and overcharged them by about $1,000 each. The students, seeking hundreds of millions of dollars in damages, also said that BAR/BRI cut illegal deals with potential competitors to protect its market. But earlier this month, lawyers in the case reached a tentative settlement agreement for $49 million, which could net each student in the class about $125.

The deal, which still requires court approval, has infuriated some of the original plaintiffs in the case, who harbored such anger against BAR/BRI that they wanted to see the company broken up. BAR/BRI is a unit of the Thomson Corporation, the large information services concern, and Thomson says the accusations in the lawsuit against BAR/BRI involve activities that occurred before it bought the company in 2001. BAR/BRI's lawyers say the company has done nothing wrong and that the students' claims are meritless.

It is hard to gauge the strength of the case against BAR/BRI, because many of the filings are sealed — at the request of the defendants, the plaintiffs' lawyers say. But depositions and other court documents that have become publicly available during the course of the litigation have been laced with accusations that BAR/BRI engaged in unsavory conduct. Other claims that have emerged in the case also suggest just how petty and cutthroat the entire bar review market can be.

In a deposition for the Los Angeles case, one former competitor, Hugh Reed, contended that BAR/BRI representatives tore his company's posters off of law school walls; both he and James J. Rigos, a current competitor, contended that the company exaggerated its students' success rate on the bar exam. And Mr. Rigos said in court filings that he believed that his offices might have been repeatedly burglarized because he was a potential witness in the Los Angeles antitrust litigation.

Lawyers for BAR/BRI have denied Mr. Rigos's accusations.

Bar review programs like BAR/BRI thrive because of the tremendous anxiety provoked by the bar exam. The exam, a prerequisite to practicing law in most states, is the last major hurdle to a legal career and comes after years of legal education that can leave students with bills of more than $100,000. The exam can stretch over two or three days and requires mastery of law throughout the country and in a particular state.

More than 80,500 people took a state's bar exam in 2005, according to the National Conference of Bar Examiners; just under two-thirds — 64 percent — passed. And BAR/BRI sells at least 40,000 bar review courses annually, according to a judge hearing one of the antitrust lawsuits against the company.

BAR/BRI's review program consists of about two months of intensive pre-exam classes, given five days a week for three to five hours a day. Some students take the courses in a classroom, while others watch a video recording or listen to a podcast.

The courses are not cheap. For its review course this summer for the New York bar exam, BAR/BRI charges $2,700 a student. The company offers courses for exams in 43 states and the District of Columbia, according to court filings, and it generates about $125 million a year in revenue. Nearly half of that is profit.

The precursor of BAR/BRI, a program called the Bar Review Institute, was founded in 1967 in Illinois by Richard Conviser, who is now the chairman of the company. (Thomson declined to make Mr. Conviser available for an interview.) The Bar Review Institute was acquired in 1974 by Harcourt Brace Jovanovich, which combined it with Bay Area Review, a California bar review program, to create BAR/BRI. At first the company faced competitors in several states, but over time it has cemented its position as the dominant provider.

BAR/BRI has been caught up in antitrust litigation at least five times over the years. A suit was filed in federal court in Manhattan in 2005 by a student contending that BAR/BRI illegally tied together two course offerings — one for the state law portion of the bar exam, the other for the uniform nationwide or "multistate" portion — so that rivals offering courses covering just one area could not compete effectively. In its court filings, BAR/BRI has defended its program, which it characterized as a "full-service, integrated course."

It is the Los Angeles case, which has progressed further, that has angered some of the young lawyers who sued BAR/BRI. They complain that the proposed settlement lets the company off the hook too lightly.

"This suit said, we're going to fight for monetary damages, but we're also going to fight to keep this from happening to the people who are coming up after you, for those people who are next year's class," said Lisa Gintz, a lawyer in Baton Rouge, La., who is one of the lead plaintiffs opposed to the settlement. "With this settlement agreement, really, BAR/BRI hasn't made one change. Not one."

John Shaughnessy, a spokesman for Thomson, declined to comment in detail for this article but provided a brief statement about the settlement: "We are pleased to bring a close to this matter as the alleged actions that formed the basis of the suit occurred years prior to Thomson acquiring the business."

A SETTLEMENT must be approved by Judge Manuel L. Real of United States District Court in Los Angeles, who is hearing the case. A settlement would mean that Thomson and its co-defendant, the test preparation giant Kaplan Inc., would not have to address in open court the most serious accusation against them: that the two companies agreed in 1997 to stay out of each other's market.

The students' complaint asserted that Kaplan agreed not to compete in the bar review market and that BAR/BRI agreed not to compete in the LSAT preparation market. Both Kaplan and BAR/BRI have strongly denied this contention.

"As Kaplan has consistently stated in the litigation, our only agreement with BAR/BRI was to market BAR/BRI services to Kaplan students," Melissa Mack, a Kaplan spokeswoman, said in a statement.

Over the course of the litigation, other contentions have been made specifically about BAR/BRI.

Mr. Reed, who was interviewed by lawyers for the Los Angeles case, said he worked for BAR/BRI for about 16 years and now owns a Chicago firm that offers individualized bar exam preparation.

Shortly after he left BAR/BRI in 1989, he tried to start a company that would compete against it. In a deposition for the case last summer, he said that BAR/BRI representatives pulled down his posters on several campuses between 1991 and 1993.

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"We had information and caught people red-handed tearing down our fliers," Mr. Reed said in the deposition.

Mr. Reed, who has been involved in litigation against BAR/BRI at least three times over the years (he said that each case settled), also accused BAR/BRI of having exaggerated its "pass rate," that is, the percentage of students who took its class and passed the bar. Mr. Shaughnessy, the Thomson spokesman, declined to comment on that contention.

One of the most unusual accusations was made by Mr. Rigos, who runs a bar review course in Washington state. It is one of BAR/BRI's few remaining competitors. Mr. Rigos submitted a statement in federal court in Seattle last summer in an effort to avoid having to produce evidence and possibly having to serve as a witness for either side in the Los Angeles case. If he did so, he said, his business would incur significant costs and would reap little benefit.

Here is what he told the court: Late one evening in the fall of 2005, someone broke into his offices on Fifth Avenue in downtown Seattle. The burglar (or burglars) bypassed a laptop and made for Mr. Rigos's desktop computer, which was taken. Someone on the staff discovered the break-in the next morning and called the police. It was, Mr. Rigos said in a court filing, the office's first robbery in more than 25 years.

The second robbery came just two weeks later. Two people were caught on camera: a woman and a man in a baseball cap, Mr. Rigos said. Again, they took his computer, which this time was secured to his desk. Again, the police were called. The investigating officer, Linda K. Dolane, wrote that she found it odd that the computer had been removed despite the locks holding it in place, which were undamaged. She observed in a report, "This is suspicious because unless a person knows how to install and uninstall them there would be damage to the equipment that was being removed."

No one has been charged in the burglaries. Mr. Rigos said that it was after the robberies that he learned that he could be called as a witness by the plaintiffs in the Los Angeles antitrust case. After all, he was a competitor to BAR/BRI who possibly had evidence showing how the company did business, which could conceivably benefit one side or the other.

BAR/BRI's lawyers asked to see documents that Mr. Rigos might have and to interview him, to learn what his testimony might be. Mr. Rigos immediately suspected that BAR/BRI might somehow be behind the burglaries, and said so in a document he filed in federal court in Seattle.

"Since we haven't been broken into in 25 years, or that server stolen, you can read your own inferences there, but I know what my own inference was," Mr. Rigos said in an interview.

BAR/BRI's lawyers responded rapidly and strongly to Mr. Rigos's contention. Alan S. Gruber, a lawyer at the New York law firm of Shearman & Sterling, said in a court filing that Mr. Rigos's contention "has no basis in fact and is outrageous."

"Neither BAR/BRI nor its counsel burglarized Mr. Rigos's office to obtain the documents it seeks," Mr. Gruber added in the filing.

Mr. Gruber went on to say that Mr. Rigos's suggestion that the burglaries were somehow intended to intimidate him was "preposterous."

In his court filing, Mr. Rigos leveled other accusations against BAR/BRI.

Like Mr. Reed, he contended that BAR/BRI overstated its pass rates. He said that BAR/BRI used the threat of lawsuits to try to intimidate Mr. Rigos's company.

But, Mr. Rigos said in his statement, he wanted nothing to do with the current litigation against BAR/BRI. Costly litigation would hurt his business, he said. Besides, he said in the statement: "The students' lawsuit will probably settle, producing some refund. However, it will not likely change the industry domination and predatory practices" of BAR/BRI, he said.

THE prospect that Mr. Rigos's prediction could come true, in that the settlement with BAR/BRI could leave its market position unchanged, has led some of those students to take on the same law firm that was representing them. Ms. Gintz and two more named plaintiffs representing former BAR/BRI students in the antitrust case fired off a strongly worded 10-page memorandum to their lawyers earlier this month, accusing them of an "apparent breach" of their fiduciary duties to the class.

The law firm handling the case for the plaintiffs is McGuireWoods, whose largest offices are in Richmond, Va., and in Chicago. William Allcott, a partner speaking on behalf of the firm, said the decision to settle was made with the best interests of the class in mind, and added that if the case were to go to trial, the firm would aggressively pursue that direction, too.

"We believe that when the court hears the evidence, it is going to conclude that this is a fair, reasonable and adequate settlement for the members of the affected class," Mr. Allcott said. "If for some reason the court didn't agree with that, we're prepared to go to trial."

McGuireWoods is in a sensitive spot. The firm inherited the BAR/BRI case last year when it acquired Van Etten Suzumoto & Becket of Los Angeles.

The proposed settlement puts Eliot G. Disner, who filed the BAR/BRI case, in an even more awkward spot. Mr. Disner, a former Van Etten Suzumoto lawyer, is now a McGuireWoods partner. According to the former BAR/BRI students objecting to the settlement, Mr. Disner told them that he would seek to break up the company. Yet as a partner at McGuireWoods, Ms. Gintz said, he cannot criticize the deal his colleagues have negotiated.

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But a settlement would not be a surprising outcome. BAR/BRI has fended off other antitrust attacks. A former California competitor, American Professional Testing Service Inc., contended that BAR/BRI offered courses below cost, bribed law school administrators and tore down posters advertising its course, called Barpassers. The case, which was handled on appeal by a gifted lawyer — John G. Roberts Jr., now chief justice of the United States — was not successful.

Ms. Gintz and her fellow dissenting plaintiffs say that the case against BAR/BRI is strong, and that it is significant that the judge hearing the case denied a summary judgment motion by Kaplan, which sought to end the litigation after the evidence-gathering phase, or discovery.

"What that says is, on the surface of these pleadings, there were triable issues there," Ms. Gintz said.

Mr. Disner declined to answer questions about the current case or the settlement, deferring to Mr. Allcott, the law firm's spokesman.

Mr. Rigos, whose company was the victim of the Seattle burglary, sounded sad as he considered the state of the bar review business.

"When I got into this, when I was going to law school in Boston, back then it was really a fun business," he said, adding, "I don't know that I'm just getting older and this thing has worn me down, but it doesn't seem as much fun as it was in those days."

Hospitals Find Merger Positive (CINE)

By Peggy O'farrell, Pofarrell@enquirer.com

The Cincinnati Enquirer, February 25, 2007

Anti-trust fears downplayed

The president and CEO of St. Elizabeth Medical Center doesn't see much potential for anti-trust concerns to block a proposed merger with St. Luke Hospital.

While the proposed merger, announced Thursday, would consolidate Northern Kentucky's hospitals - one each in Covington, Edgewood and Grant County under the St. Elizabeth flag, plus two in Florence and Fort Thomas under St. Luke - consumers and insurers would still have plenty of providers to choose from, said Joseph Gross.

"There's an awful lot of competition here," Gross said. "It's a very large market."

Administrators for the hospital groups have already taken a look at potential anti-trust issues, he said, and so far, the signs are positive.

"We, and St. Luke's, are part of a larger Cincinnati health-care market, and many of the Cincinnati hospitals, the bigger ones, compete aggressively for Northern Kentucky patients," Gross said. "In the past three weeks, mailings from two Cincinnati hospitals competing for patients over here have been received throughout Northern Kentucky."

Rick Laib, chairman of St. Luke's board of trustees, pointed out that 20 percent of consumers in Northern Kentucky already go outside the region - either to Greater Cincinnati or other Kentucky providers - for health.

"We're really pretty confident there won't be an issue," Laib said.

In announcing their intention to merge, officials from the two hospitals pledged to keep all five facilities open and continue all current services.

The announcement is just the latest in an ongoing shake-up in health care in the region.

St. Luke now operates under the umbrella of the Health Alliance, the region's largest health-care group. Its board, along with trustees from Christ Hospital in Mount Auburn, are in court, seeking a judge's permission to leave the group.

The alliance, in turn, wants the judge to force the two hospitals to remain in the group.

Trustees from the two hospitals argue the alliance defaulted on the joint operating agreement that governs the network.

They further argue that operating under the alliance's control jeopardizes their charitable missions in their respective communities and takes away local control of their hospitals and health-care services.

Gail Myers, an alliance spokeswoman, said the proposed Northern Kentucky merger "doesn't change the legal case. There is no event of default that would allow these hospitals to withdraw, and we are proceeding with the case."

Gross is confident the merger will go through.

"I'm optimistic that St. Luke's will be able to convince the judge that they've met the test to get out," he said. "If that doesn't happen, I think it's just a matter of time before they get out of the alliance, even if they lose the court action, because there are a lot of factors that come in to play to make it more likely that they won't stay in the Health Alliance. They're very unhappy, for good reasons, in the alliance. Their charitable mission is being challenged. They've lost local control by being in the alliance. They've lost their support services by being in the alliance. They've lost the ability to control their destiny as a Northern Kentucky hospital."

Doctors at St. Luke and St. Elizabeth favor the merger, Gross said.

The trial is under way in Hamilton County Judge Fred Nelson's court.

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Nelson will decide the case without a jury.

The merger has been under consideration for quite some time, Laib and Gross said.

Can Video Help Save The Satellite Radio Business? (NYT)

By Ian Austen

The New York Times, February 25, 2007

If the plan to merge XM Satellite Radio and Sirius Satellite Radio is approved, one result may be less music and less talk radio beamed into cars around the country.

The reasons for that, however, will have nothing to do with regulators.

Washington will take its first look at the proposed merger on Wednesday when the House Judiciary Committee's newly formed antitrust task force meets. Besides the scrutiny of the proposed combination, the satellite radio business is facing huge changes.

The first phase of the business — beaming dedicated music, sports and talk-radio stars like Howard Stern and Opie and Anthony directly to consumers — has not proved to have a clear advantage over old technology like free radio and newer ones like the iPod. So now satellite companies are looking into what other services they can offer to make them appealing to motorists.

"The question they have to ask now is: what problems haven't been solved in the car?" said Michael Urlocker, a former wireless analyst with UBS Securities who is now the chief executive of The Disruption Group, a Toronto-based consulting company. "The lack of customer sign-ups on a profitable basis should be a sign that trying to create a better iPod than Apple is a losing proposition."

Although XM and Sirius offer radio, in theory, the systems could be adapted to distribute any kind of data. And, indeed, both companies have made limited steps in that direction. Subscribers can already choose to have selected stock quotes, as well as news and sports headlines, beamed to the tiny screens on their receivers.

Both companies beam weather data to aviators and boaters through services that cost upwards of $50 a month. Later this year, XM will extend that by beaming weather information to a hand-held unit for hikers and hunters.

But Sirius has also made tentative steps toward offering video. At trade shows, Sirius has displayed prototype systems for sending video to back-seat displays like those now used by in-car DVD players. And the company recently, if vaguely, outlined plans to deliver some form of video programming aimed at children later this year.

Late last week, a specification sheet on the Web site for DaimlerChrysler indicated that such a system would be an option on the 2008 Dodge Magnum, a station wagon. A spokesman for the automaker, however, said that the information was incorrect and would be removed. A spokesman for Sirius, Patrick Reilly, declined requests for comment.

The big question, however, is: what will be the quality of a television signal dropped from a satellite into a car moving at 60 miles an hour?

Here, a merger of XM and Sirius could actually help. Assuming that duplicate channels would be eliminated — for example, there would be no reason to continue separate channels of, say, music hits from the 1940s — a combined company would be able to open up capacity on the systems' satellites and the ground-based antennas that increase signals in urban areas. While that space could be filled with additional radio channels, several empty radio channels could be combined to transmit video.

XM's chairman, Gary M. Parsons, said that he was not willing to promise much in the way of satellite video. As he sees it, satellite radio systems would most likely be able to provide only "a minimal amount of streaming video." It may be preferable, he said, to simply download video from satellites to in-car hard drives for later viewing.

"People relate to video, so maybe they make too big a deal of it," he said. "We are not in the video business."

He does concede, however, that the combined company's future would mean more than just talk and music.

"Our view has been that we are in the business of audio entertainment," Mr. Parsons said. "But we look at how we can improve the listeners' experience in ways that flow very naturally from the high-quality data platform we have."

The future services Mr. Parsons foresees are more modest. One, invisible to users, involves using the satellites to keep the data on in-car navigation systems constantly and automatically up to date. Another is a trick the iPod learned long ago: displaying album cover art when songs are playing.

But there are limits to what even a combined satellite radio company can do. Satellite systems effectively do not allow two-way transmissions, ruling out services such as e-mail.

And without enormous reinvestment, the systems are not likely to approach the transmission speeds of WiMax, a new wireless technology being developed by Nortel Networks and others that will probably start operating within the year.

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Those systems, like cellphone networks, will pass moving users from tower to tower and offer transmission speeds comparable to high-speed, wired connections in homes. Susan Kevorkian, an analyst with IDC, said that the satellite radio connections with automakers would give them a significant advantage over WiMax, at least in the short term.

But she added that the new company might find more immediate benefits from changing the structure of radio pricing. Currently, subscribers are tied to receivers, not users. Ms. Kevorkian said that limits the willingness of people to own more than a single receiver as well as the time they spend listening to the systems.

"Satellite radio is in and of itself a compelling service," she said. "The way it's been sold to date has demonstrated that value to consumers."

Mexico Puts Conditions On Cable TV Buy (AP)

The Associated Press

AP, February 25, 2007

MEXICO CITY — Mexico's antitrust agency said Sunday it has placed a series of conditions on media conglomerate Grupo Televisa in order for it to acquire a stake in Monterrey cable TV operator Television Internacional, or TVI.

The Federal Competition Commission, or CFC, said in a news release that among the conditions, Televisa would have to offer its broadcast channels on all pay TV systems in the country, and carry the broadcast signals of others on its pay TV systems.

Televisa sought antitrust clearance last year to acquire a 50 percent stake in TVI as the country's telecommunications companies prepare for the implementation of "triple play," or the bundling of phone, Internet and television service on the same network.

Televisa is Mexico's largest broadcaster, operating four of the country's six national networks, with a roughly 70 percent share of the broadcast market.

It also runs the only satellite TV service under the Sky brand, and owns one of the largest cable systems, Cablevision, which operates in Mexico City.

Televisa Gets Conditional Approval To Buy Cable Stake (Update2) (BLOOM)

By Adriana Arai

Bloomberg, February 25, 2007

Feb. 25 (Bloomberg) -- Grupo Televisa SA, Mexico's largest broadcaster, obtained conditional approval from antitrust regulators to buy a stake in a cable company in northern Mexico it plans to use to offer telephone services.

Televisa will be allowed to buy 50 percent of Television Internacional de Monterrey on the condition that it offers its free channels to all pay-TV providers nationwide, Mexico's Federal Competition Commission said in an e-mail today. Televisa, based in Mexico City, also must carry free channels from other companies, the commission said.

``With this decision, Televisa cannot use its content as a mechanism to displace competitors," said Eduardo Perez Motta, president of the Federal Competition Commission, on a conference call. ``This will create competition in this industry."

The conditions are ``too tough" and Televisa will study what measures it can take, the company said in an e-mail today. A spokesman for Televisa in Mexico City declined to comment beyond the statement.

Televisa wants to buy cable companies to offer packaged television, phone and Internet services and compete with telephone carriers. The company owns a Mexico City-based cable operation with 497,000 subscribers and planned to buy more operators in other parts of Mexico, Executive Vice-President Alfonso de Angoitia said on a conference call last week.

Cablemas Purchase

The commission said the rules announced today will apply to any future cable acquisition and will guide its analysis of Televisa's plan to buy Mexico's second-largest cable company, Cablemas SA.

In a Feb. 21 statement, Televisa said it agreed in November to buy 49 percent of Cablemas for $258 million. The commission said today it will issue a separate ruling on the transaction.

Televisa hadn't previously disclosed the purchase of a stake in Television Internacional de Monterrey. Perez Motta said Televisa agreed to buy 50 percent of the company.

Televisa, the bigger of two broadcasters that operate in Mexico, reported 20.97 billion pesos ($1.9 billion) of broadcasting revenue for 2006. Rival TV Azteca SA had 9.58 billion pesos in revenue.

Mexican regulators published regulations in 2006 allowing cable companies to offer phone services later this year. Telephone carriers also will be allowed to provide television services.

Shares of Televisa have risen 12 percent this year, compared with a 7.8 percent increased in the benchmark Mexican stock index. The stock rose 0.5 percent to 65.68 pesos in Mexico City trading on Feb. 23.

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EU Antitrust Watchdog Silences 'pussy Cat' Criticism By Baring Teeth (AFP)

AFP, February 25, 2007

BRUSSELS (AFP) - Shortly after taking office as Europe's top competition watchdog in November 2004, Neelie Kroes vowed in the face of detractors that she would not be the "pussy cat" of big business.

Nearly half way through her five-year term, Kroes has silenced early criticism that she was too cuddly with the corporate world by not hesitating to bite business titans that squash their rivals.

Last Wednesday, the Dutch competition commissioner once again bared her teeth when she imposed the biggest fine ever in a EU cartel case by bringing an illegal club of lift makers crashing down with a penalty of 992 million euros (1.3 billion dollars).

In a typically hard-worded statement, she said the consumers would suffer from the effects of the "outrageous" cartel for years and vowed that the "the memory of this fine should last just as long" in the members' boardrooms.

The crushing fine was the latest move in a "no-tolerance" crackdown on cartels that Kroes has made a top priority of her tenure during which she has built up a team of 60 regulators devoted to trustbusting.

It also came less than a month after she hit 10 companies with a fine of 750 million euros --- the third biggest ever imposed in a cartel case -- for fixing prices and carving up the market in power generating equipment.

After busting the power equipment club, Kroes stormed that she "will not tolerate cartels in Europe and the damage that they do in any area of business."

But Kroes has not only been busy fighting cartels as she has also repeatedly taken a hardline in the European Commission's long-standing battle against Microsoft.

Kroes, a Rotterdam native and former Dutch transport minister, is no stranger to high profile showdowns.

Indeed her nomination as EU competition commissioner did not come without controversy, with EU lawmakers alleging conflict of interest due to her extensive business contacts.

Kroes, who holds a doctorate in economics and is a boardroom veteran, quickly cut her ties with the likes of big firms like Thales, Volvo and mm02 in Europe and Lockheed Martin, McDonald's and Lucent in the United States.

And as promised the 65-year-old did not hesitate "to blow the whistle," as she called it, when barely a month into the job she blocked the merger of Portuguese energy groups EDP and GDP in December 2004.

Although the commissioner has made crusading against cartels a priority, the Microsoft dossier has never strayed far from her desk.

Under her predecessor, Mario Monti, the commission fined Microsoft nearly 500 million euros for abusing its dominant market position in what became the biggest competition case ever to come before EU regulators.

But in a test of the commission's authority, Kroes' services have struggled ever since then to get Microsoft to respect the ruling.

Microsoft challenged the 2004 decision in the EU's second-highest court in April 2006 and the judges are expected to hand down a decision in the first half of the year.

Frustrated with Microsoft's defiance of some of its demands, the commission in July slapped daily fines adding up to 280.5 million euros over the six-month period of the penalty. Microsoft is appealing against the charges.

Meanwhile, the threat of further fines remains as the commission has not yet decided whether Microsoft is meeting its demands.

In a further sign the antitrust battle is far from over, Kroes' regulators are looking at a complaint from Microsoft's rivals that its new Vista operating system also threatens competition.

On the legislative front, Kroes has targeted energy sector which she says suffers from a lack of competition because gas and electricity markets are concentrated in the hands of a few companies that control supply, generation and infrastructure.

She has championed the controversial solution of "unbundling," or forcing big integrated energy companies to separate their networks from their supply and generation businesses.

ENVIRONMENT/INDIAN AFFAIRS:

'Ahead Of His Time' (AJC)

By Dan Chapman

The Atlanta Journal-Constitution, February 25, 2007

An Alternative Fuel Advocate, Jimmy Carter Feels Vindicated

Plains — As president, Jimmy Carter installed solar panels atop the White House. He championed coal and nuclear power. He taxed oil company profits. He created the U.S. Department of Energy. He introduced America to ethanol.

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Oil imports plummeted during the Carter administration. Renewable energy research skyrocketed. Cars got more miles per gallon of gas. Thermostats were lowered to 55 degrees at night.

On Feb. 2, 1977, Carter donned a wool cardigan and asked a national TV audience to conserve energy. Two months later, he likened America's struggle to reduce Middle Eastern oil imports to the "moral equivalent of war."

Was it all for naught?

Today, the United States imports almost twice as much oil as it did during Carter's final year in office. Ethanol, biodiesel, solar and other alternative fuels supply no more energy than they did in 1980. Americans drive Hummers that get 10 miles per gallon.

Pollution from cars, trucks, factories and power plants is widely blamed for endangering the climate. Conservation, according to a dismissive vice president, "may be a sign of personal virtue." U.S. troops are involved in a war in oil-rich Iraq.

The Bush administration has given "no consideration that I've ever detected for taking any sort of substantive action that would correct our growing crisis of energy," Carter said in an interview last week at his home in Plains. "Even in Iraq, there's no indication of this administration's willingness to call for sacrifice, except among the families who have servicemen and women in Iraq."

Carter spoke an hour before groundbreaking in Plains for an alternative fuel factory that will turn soybean oil into biodiesel to help lessen America's dependence on imports and, in the process, clean the environment.

He feels vindicated that energy policies he pushed 30 years before are now accepted as mainstream.

"I went into the White House with two determinations: to cut down our dependence on foreign oil; [and] to remove the unwarranted influence of oil-producing countries on our foreign policy," Carter explained. "I spent more time on the energy issue while I was president than any other thing I addressed."

The peanut farmer and globe-trotting statesman is resigned, yet chagrined that Reagan, Clinton and the two Bushes didn't do more to wean America of its oil addiction. But a generation later, Carter, 82, is finally getting his due.

"He was ahead of his time," said Joseph Romm, an energy expert at the Center for American Progress, a think tank in Washington. "Even President Bush now talks about the need to save energy. Bush is no Jimmy Carter, but at least he has been forced to pay rhetorical homage to him. Carter has been vindicated."

'Sacrifice' theme

Carter was Georgia's governor in 1973 (and "secretly planning to run for president," he said) when Arab states restricted the amount of oil sent to the United States and drivers waited hours to get gas at the pumps. It only took him two weeks upon reaching Washington in 1977 to put on the five-button, camel-colored sweater (on display at the Carter museum on Freedom Parkway), sit by the White House library fireplace and deliver the first of a half-dozen speeches on energy policy.

It wasn't his most famous speech, but it laid out the populist politician's four-year strategy to revitalize an America demoralized by war, inflation and joblessness. It also mentioned "sacrifice," a theme Carter would return to again and again.

"We must face the fact that the energy shortage is permanent," he said. "There is no way we can solve it quickly."

On April 18, 1977, Carter again gathered the electronic nation for an "unpleasant talk" vowing "painful sacrifices" in the "moral equivalent of war." The president predicted that without action world demand for oil would outstrip supply by 1980.

He laid out a series of goals to be reached by 1985: reduce the annual growth rate of energy consumption to less than 2 percent; cut gasoline consumption by 10 percent; slash oil imports from 9 million to 6 million barrels a day; increase coal production by two-thirds; insulate 90 percent of America's homes; and bring solar energy into 2.5 million households.

"The most important thing about these proposals is that the alternative may be a national catastrophe," Carter intoned. "Further delay can affect our strength and our power as a nation."

Two days later, the president submitted a 104-page energy plan to Congress with 113 specific proposals. Carter sought steep taxes — as high as $2,500 per vehicle — on the sale of cars that didn't get 27.5 mpg by 1985. He requested greater enforcement of the 55-mile-per-hour speed limit and incentives for carpooling.

Builders were required to use more insulation. Appliances, refrigerators in particular, became more energy-efficient. Homeowners received tax credits to heat water with solar power.

The president faced powerful, deep-pocketed adversaries. He eventually sought partial decontrol of all natural gas prices.

Carter also called for a tax increase on crude oil prices. He wanted U.S. prices to match OPEC's to reduce oil consumption (and imports) and increase domestic production.

The tax increase angered consumers and the oil industry and delayed passage of his ambitious energy package for 18 months. Finally, in November 1978, Carter signed the National Energy Act. It was a major victory despite Congress' rejection of the crude-oil tax.

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"Congress responded mostly favorably because there was still the specter of another oil interruption," said Jay Hakes, an expert on energy policy who directs the Carter Presidential Library. "The lessons of Carter's energy package were that there were no silver bullets. But Carter had 113 bullets."

First to mention ethanol

Carter relished last Tuesday's groundbreaking ceremony in Plains. He labeled construction of a 30-million-gallon-a-year biodiesel factory "a major step forward." An admirer called Carter "one of the founding fathers of alternative fuel."

In the early years of his presidency, though, Carter didn't seek big dollars for the development of alternative fuels. Hakes, who's writing a book on the energy policies of Richard Nixon, Gerald Ford and Carter, notes that Carter's 104-page energy plan devoted just three pages to alternatives, mostly solar energy.

Nonetheless, Carter became the first president to mention ethanol — "gasohol," actually — at a town meeting in Pennsylvania in September 1978, according to Hakes. And the president's 1979 budget requested, and received, a huge increase in alternative fuel spending from Congress. (Congress was also keen on photovoltaic cell research.) A 4-cent-per-gallon tax break also encouraged ethanol production.

Carter, an environmentalist, signed the Alaska land conservation act in 1980, protecting 100 million acres of land. It seems contradictory, then, that Carter also touted climate-harming coal as a remedy for America's addition to imported oil.

Equally confounding to environmentalists was Carter's embrace of nuclear power, even after the partial meltdown of a reactor at Three Mile Island in March 1979. The president, with wife Rosalynn and "a lot of reluctant TV cameras" in tow, visited Middletown, Pa., the day after the accident "to prove to the world that nuclear power was safe."

"I thought then, as I do now, that it's absolutely a good alternative supply of electricity," said Carter, who trained as a nuclear engineer in the Navy, while seated underneath an Ansel Adams photograph. "I feel that nuclear power is completely safe if proper safety precautions are enforced."

Carter had bigger problems that spring. High gas prices and long gas lines returned in the aftermath of the Iranian revolution. American, again, faced an unsettled energy future.

On April 5, Carter rolled out another energy plan. By executive order, the president phased out oil price controls to dampen demand for imported crude. Congress eventually passed Carter's "windfall profits tax" to recover the additional money Mobil, Exxon and other companies would've earned with higher prices.

"So the oil companies didn't profit as the price of oil went up," Carter said, with relish. "That's quite different from what it has been lately where oil companies are shaping our national policy."

Carter's tax cost oil companies $227 billion — the largest tax increase on any single U.S. industry. The revenue financed mass transit projects, coal research, loans for ethanol production and renewable-energy incentives for homeowners.

"There's no question Carter had an impact. Unfortunately, most of it was bad," said John Felmy, the American Petroleum Institute's chief economist. "It was an abuse of power to demand that companies owned by shareholders somehow should not be entitled to their hard-earned savings."

Low approval rating

On July 15, 1979, Carter delivered the most important speech of his career — the "crisis of confidence" speech — to another televised audience. Critics dubbed it "the malaise speech."

Another series of oil price boosts and gas shortages combined with a lousy economy had unsettled the nation. Carter's approval rating hovered around 25 percent. Americans were looking to Washington for guidance and hope. Apparently, they didn't get it.

"In a nation that was proud of hard work, strong families, close-knit communities and our faith in God, too many of us now tend to worship self-indulgence and consumption," Carter told the nation. "Human identity is no longer defined by what one does but by what one owns."

The president's brief uptick in the polls belied the impression that he was blaming Americans for the nation's troubles and that Washington was without answers.

"It was one of the best speeches I ever made," Carter said last week. "I was reluctant to make a speech that controversial, but I was discouraged that we couldn't get Congress to move on my major energy legislation."

In early 1980, with the caucus in corn-rich Iowa upcoming, Carter called for $1 billion to stimulate ethanol production.

But Ronald Reagan, with his "morning in America" mantra, won the election. His administration soon began killing off many of Carter's energy initiatives.

Reagan halved the Energy Department's conservation and alternative fuels budget, according to Hakes. Spending on photovoltaic research dropped by two-thirds. Yet tax breaks for ethanol actually increased, prompting a surge in ethanol plant production.

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Reagan's anti-tax, anti-government credo kicked into high gear during his second term. Energy tax credits for homeowners disappeared. With oil prices dropping, more than half of the nation's ethanol producers foundered.

Reagan rolled back fuel-efficiency standards for cars. And, in the summer of 1986, the solar panels atop the White House were taken down.

Reagan "ignored, even derogated, everything I had done," Carter said. "He spent eight years convincing people every problem in the country was my fault and that I was foolish and naive."

Despite the dismantling of many Carter's initiatives, Hakes, Romm and others credit the former president with major energy successes. Oil imports — Carter's energy crucible — dropped significantly during his administration, from 6.6 million to 5.3 million barrels a day, although higher prices and the recession played a role.

Carter boosted renewable fuel usage from 6 percent to 7 percent of the nation's energy demands. He decontrolled oil prices. Oil used to generate electricity disappeared.

Buildings, particularly in the cold Northeast, were insulated. Conservation entered the everyday lexicon. Tax incentives for renewable energy remain.

"We would be in much worse shape today without Carter, especially [regarding] the level of oil imports, greenhouse gas emissions and research on alternative fuels," Hakes said. "But we live in an age now where people want something for nothing. It remains to be seen whether we have the stomach to make the hard [energy] choices."

The United States today imports 12 million barrels of oil daily, or 60 percent of the amount consumed. Gas prices are again on the rise. Renewables still account for only 6 percent of energy use, although Bush has recently promised to boost spending on alternative fuels.

Carter said the White House won't ever ask Americans to sacrifice.

"I haven't seen this administration do anything that would dramatically reduce demand for oil in this country," the ex-president said.

What should Bush do?

"Abandon Exxon and Halliburton and do what's good for this country and good for the American people," Carter responded.

And the likelihood of that happening?

"Zero."

The Truth About Coal (NYT)

The New York Times, February 25, 2007

Last Wednesday, members of the Rainforest Action Network, a scrappy little advocacy group, assembled in New York outside the Citigroup Center, where Merrill Lynch has a branch office. Dressed in top hats, carrying bags of coal and calling themselves “Billionaires for Coal,” the group was protesting what it felt was the hypocrisy of a giant investment bank that proclaims a devout commitment to “environmental excellence” even as it provides financing for dirty power plants.

Merrill is a lead underwriter for TXU, a Dallas-based utility that plans to build a dozen coal-fired power plants in Texas that will add significantly to atmospheric concentrations of carbon dioxide, the main global warming gas. Though Merrill was the protesters’ target, Citigroup must have been feeling queasy. It has also trumpeted its environmental virtues and is among TXU’s lead underwriters.

There are at least two points to be made here. One, obviously, is there is a difference between talk and reality. Much of corporate America now appears to be out in front of the Bush administration in facing up to global warming. Some big players like Pacific Gas and Electric and DuPont seem seriously committed to mandatory controls on carbon dioxide emissions — in sharp contrast to the administration’s voluntary approach.

Others, notably big investment banks, are still doing what comes naturally: seizing opportunities, whether or not those opportunities fit their green posturing. TXU can fairly claim that its plants, outfitted with the latest technology, will emit fewer pollutants that cause smog and acid rain than the clunkers that have been around for 50 years. But these plants will still be using the same basic technology — burning coal, with no ability to capture and dispose of immense amounts of carbon dioxide. That’s distressing from a global warming perspective. It is also distressing because cleaner, if costlier, technologies are available that could capture greenhouse gases before they enter the atmosphere (that is, if TXU or the private equity group that is negotiating to buy the utility were willing to make the investment).

Which leads to the second point: There is a need to put a price on carbon to force companies to abandon older, dirtier technologies for newer, cleaner ones. Right now, everyone is using the atmosphere like a municipal dump, depositing carbon dioxide free. Start charging for the privilege and people will find smarter ways to do business. A carbon tax is one approach. Another is to impose a steadily decreasing cap on emissions and let individual companies figure out ways to stay below the cap.

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Barbara Boxer and Jeff Bingaman, the two senators who will have the most to say about climate change legislation, warned in a recent op-ed piece in The Dallas Morning News that companies like TXU that are racing to complete conventional coal-fired plants (nearly 150 are on the drawing board) will not be grandfathered under any new emissions law. Like any other company, they will be forced to meet their assigned carbon targets — which could be an expensive proposition. A surer way to prevent the construction of these plants is not to warn about such a law, but to pass it.

Marked For Duty (WP)

By Blaine Harden, Washington Post Staff Writer

The Washington Post, February 25, 2007

Navy Pursues Dolphin, Sea Lion Patrols in Puget Sound

BAINBRIDGE ISLAND, Wash. -- If they are allowed to police parts of Puget Sound, this is how Navy-trained dolphins and sea lions are expected to nab terrorists in wetsuits:

Using its sonar, a dolphin locates a swimmer approaching Naval Base Kitsap-Bangor, where Trident submarines with long-range nuclear missiles are based. Swimming through the water in spurts of up to 30 mph, the dolphin seeks out and bumps the swimmer with a "nose cup." The device releases a strobe that rises to the surface. An armed Navy security team speeds toward the flashing light.

Alternatively, a sea lion collars swimmers around the piers of the naval base. Sea lions have excellent underwater hearing and, with their large eyes, can see underwater five times as well as people. Carrying a C-shaped leg cuff in its mouth, a sea lion dives, approaches the swimmer from behind and snaps the cuff around one ankle.

Swimmers participating in the training exercises often do not know where the cuff came from and almost never see the sea lion, the Navy says. After the cuffing, the sea lion darts away and a security officer uses a rope to haul in the swimmer.

"This is a mature technology and has been used on a bunch of occasions," said Tom LaPuzza, a spokesman in San Diego for the Navy's Marine Mammal Program, which announced last week that it wants to deploy dolphins and sea lions in Puget Sound.

To bring its technology north, however, the Navy must finesse its way around climatological, legal and political obstacles.

The water in Puget Sound is at least 10 degrees cooler than Atlantic bottlenose dolphins are used to in San Diego or in their native Gulf waters. So when the Navy tried to bring the dolphins north in 1989 and 1993, judges in Seattle agreed with animal rights groups that the dolphins might be harmed. One judge ordered the Navy not to move the dolphins until it studied the health consequences.

And public attitudes in the area toward the use of marine mammals for military purposes are downright icy.

"It is a cruel absurdity," said Jan Bailey, a licensed wildlife rehabilitator who met with a dozen concerned friends and neighbors recently at a community center on Bainbridge Island.

Hoping to embarrass the Navy, Bailey and her group are deploying their own "silly absurdity." They are knitting sweaters and mittens for the dolphins and preparing to deploy the dolphin-loving masses in the Pacific Northwest to attend public hearings next month on the Navy's plan.

Concern generated by the Sept. 11, 2001, terrorist attacks has compelled the Navy to give the Puget Sound plan another try, LaPuzza said. He said Defense Department studies make it clear that the Navy must improve its water-based defenses for the Bangor base, home port for 12 submarines.

The Navy considered using combat swimmers and computer-controlled remote vehicles, LaPuzza said, but human swimmers can't match dolphins and sea lions. Comparable machines have not yet been configured, although the Navy is working on it.

The Navy has been training dolphins since the Vietnam War. Dolphins patrolled San Diego harbor in 1996 during the Republican National Convention. Sea lions and dolphins were sent in 2003 to stop swimmers off Bahrain. The Navy has about 100 dolphins and sea lions, most of them in San Diego. About 20 protect Naval Submarine Base Kings Bay in Georgia.

To comply with the federal judge's order to study the effect of cold water on bottlenose dolphins, the Navy has in recent years transported them to waters off Maine, Alaska and Scandinavia.

"The animals did fine," LaPuzza said, but he noted that they spent most of their time in heated enclosures. In Puget Sound, the animals would have heated pens and would be exposed to cold water in short shifts.

But skeptics such as Naomi A. Rose, a marine mammal scientist for the Humane Society of the United States, said that dolphins, a highly social and intelligent species, should not be held captive for any reason. She particularly objects, on ethical grounds, to their being used for military purposes.

"They are not reliable soldiers," she said. "They think they are just having fun."

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Rose said the Navy's marine mammal center in San Diego provides the best veterinarian care in the United States. But keeping dolphins in captivity in a noisy harbor and transporting them around the world causes too much stress, she said. Citing a U.S. government database, she said captive dolphins live about as long as their wild cousins, but no longer. Given that Navy dolphins have medical care, abundant food and protection from predators, Rose said it is worrisome that they do not live longer. She blames stress. The lifespan of a dolphin in the wild is about 30 years.

The Navy says that Rose is wrong and that its dolphins do live considerably longer than creatures in the wild. Everyone agrees that sea lions live longer in the Navy program, mostly because they are protected from sharks and killer whales.

In the four decades that the Navy has been training dolphins -- and taking them on periodic "open ocean walks" where they are free to escape -- nine dolphins have done just that. Rose suggests that the dolphins went AWOL because they preferred life in the wild. The Navy disagrees.

"The way we look at it is they got lost and they are trying to find us as hard as we are trying to find them," LaPuzza said. The disappearances stopped 10 years ago when the Navy outfitted its dolphins with electronic tracking devices called pectoral fin pingers.

A decision on whether Navy dolphins and sea lions will come to Puget Sound is expected to take at least a year. While they wait, dolphin admirers on Bainbridge Island will knit.

"We are looking for neoprene yarn," Bailey said.

Murder On Indian Reservation Offers Glimpse At Broader Violence (LOMPREC)

By Kim Curtis

Lompoc (CA) Record, February 25, 2007

MANCHESTER-POINT ARENA RANCHERIA, Calif. - Marcos Escareno's neighbors say he was raised amid a culture of violence on this tiny American Indian reservation. And residents say the disportionate number of shootings, stabbings and other incidents often go unreported because of a mistrust of law enforcement and a fear of retribution.

At 14, Escareno is the youngest person ever charged as an adult with murder in Mendocino County after he allegedly pointed a hunting rifle into a van window on Feb. 6 and shot Enoc Cruz Salgado, his sister's 21-year-old boyfriend. He has not entered a plea and is being held on $550,000 bail.

Some of the roughly 250 people who make up the Manchester-Point Arena band of Pomo Indians say it was merely an extreme example of the violence that has plagued their tribe. Tribal Chairman Nelson Pinola blames drug and alcohol abuse, combined with a lack of social services on the rugged North Coast where the rancheria is located.

"How do you fix that?" said Pinola, a sheriff's lieutenant in neighboring Sonoma County. "If we could fix it on a reservation, I'd sure like to copyright it."

Although the shooting death of Cruz Salgado was the first homicide at Manchester-Point Arena since 1992, the earliest year for which records were available, violent crimes such as assault, battery, child abuse and shootings occurred here at a higher rate than in the surrounding county.

On the rancheria, the rate of violent crime was about 26 per 100 residents between 2001 and 2006 _ 2 1/2 times that of the surrounding county, where the violent crime rate was 10.3 per 100 people, according to records from the Mendocino sheriff's office, whose jurisdiction excludes the county seat of Ukiah.

Nationally, American Indians experienced a per capita rate of violent crime twice that of the U.S. population as a whole, according to a 2004 report from the U.S. Department of Justice.

Despite the high crime rate, residents insist violence on the reservation is underreported because of suspicion of outsiders, fear of reprisal attacks and concerns about alienating themselves in the community.

One of Escareno's neighbors told The Associated Press he heard gunshots and witnessed other elements of Cruz Salgado's slaying, but he did not tell police because of the tight-knit culture of silence that prevails here.

The man was one of several tribal members who spoke only on condition of anonymity because they fear retribution in the form of attacks on their families or being ostracized by tribal leaders. Each described it as a place where drug abuse, alcoholism and child neglect are rampant, while stabbings and fights occur regularly without ever being reported to authorities.

Lisa Poupart, an associate professor of American Indian studies at the University of Wisconsin, Green Bay, said the reluctance to report crimes is not unusual among native tribes and may stem from a fear of reinforcing stereotypes of "the drunken Indian ... the savage Indian."

"I think there's reluctance among American Indian people to talk about our social problems," said Poupart, a member of the Ojibwa tribe who has studied violence among American Indian families and the unwillingness to report it. "A large part of that silence is about American Indian people not wanting to reinforce an already damaging opinion of Indians."

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The Manchester-Point Arena Rancheria (rancheria is California's designation for a small Indian reservation), is just a few miles off Highway 1, where thousands of sightseers cruise the rugged coastline and admire towering redwoods. But the settlement, a mix of modest single-family homes and decrepit trailers, is hidden from tourists' view.

The median household income is just $23,000 and nearly 30 percent of families live below the poverty level, according to U.S. Census figures. Trash and abandoned cars litter vacant lots near a long-neglected tangle of rusted playground equipment.

Escareno has lived most of his life here, about 140 miles north of San Francisco. His street, Garcia Court, is a cul-de-sac of simple, wooden houses with small yards.

Authorities were already familiar with the family. In 2004, Escareno's mother, Mary Logan, pleaded guilty to beating one of her daughters with a strap, according to court records. The girl, who was wearing a heavy coat, was unharmed, but the incident was reported to Mendocino County Sheriff's deputies.

Escareno, who was 12 at the time, and his two older sisters were removed from their mother's house by Child Protective Services. It's unclear how long the children were in foster care. A CPS spokeswoman refused to comment, citing confidentiality requirements.

Logan received probation and was ordered to attend parenting classes, but she got into another scrape with the law just four months later. She was accused of knocking a man to the floor at a community center dance and hitting him with a beer bottle, according to court records. No charges were filed in that case.

While police won't discuss his criminal history, Marcos was already scheduled for a court appearance on an undisclosed juvenile matter at the time of Cruz Salgado's murder. Several acquaintances also recall violent run-ins with the boy, including one neighbor who said Escareno kicked out her taillights for no apparent reason.

Its part of a pattern on the reservation say neighbors, including the man who says he witnessed the crime: Small, unreported acts of violence multiply and magnify.

"If you let the little things go, it builds up to this," he said, "shootings and stickings."

Poupart said stemming the violence requires that members of the community speak up without fear of being attacked or ostracized themselves.

"This signifies an imbalance and that community has to find balance again," Poupart said. "If not, it perpetuates the cycle that brought about this violence in the first place."

During a court appearance earlier this month in Ukiah, Escareno, who turns 15 in March, shook his head, cried and wiped his face with his shirt sleeve as a judge read the charges. His mother refused to comment outside court, except to say that her son had never been in trouble and she had no idea what happened.

As of Thursday, the family still had not hired a lawyer. Escareno qualified for prosecution as an adult under a 1995 law that lowered the age limit for such prosecutions from 16 to 14.

Pinola, the tribal chairman who lives off the rancheria, in Santa Rosa, said he's optimistic Cruz Salgado's killer will be brought to justice.

"I have the utmost confidence they'll do an adequate investigation," he said. "My job as chairman is to ensure they follow through, solve the crime and make the reservation safe."

A service of the Associated Press(AP)

One of Escareno's neighbors told The Associated Press he heard gunshots and witnessed other elements of Cruz Salgado's slaying, but he did not tell police because of the tight-knit culture of silence that prevails here.

CONGRESS-ADMINISTRATION:

All Aboard Air Force 2 Reported OK (LAT)

The Los Angeles Times, February 25, 2007

Vice President Dick Cheney's plane from Sydney headed for Singapore today, with the White House saying it was a scheduled refueling stop and that Air Force Two had not been diverted.

Australian Prime Minister John Howard had said earlier that the plane was being diverted to Singapore because of unspecified problems.

White House spokeswoman Emily Lawrimore said there was a problem with a generator but it posed no safety threats and the aircraft and everyone on board were fine. Cheney had been visiting Australia as part of a trip to thank war allies Japan and Australia. She would not say whether Cheney was U.S. bound.

Cheney Wraps Up Japan, Australia Visit (AFP)

DOJ_NMG_0136692

AFP, February 25, 2007

US Vice President Dick Cheney wrapped up a week-long visit to Japan and Australia, a mission to reassure two strong allies buffeted by Washington's strategies for Iraq and North Korea.

Amid a growing chorus calling for the withdrawal of US-led troops from Iraq, Cheney assailed unnamed critics he described as wanting the allies to "turn our backs" on Iraq and Afghanistan and allowing them to become terrorist havens.

In Tokyo, Cheney met with Japanese Prime Minister Shinzo Abe and in Sydney with staunch Iraq war ally Australian Prime Minister John Howard and opposition leader Kevin Rudd, who has called for Australian troops in Iraq to come home.

In Sydney on Saturday, Cheney also issued a warning to Iran, saying that Washington favours a diplomatic approach to resolving concerns over Tehran's atomic programme but refusing to rule out the use of force to prevent the Islamic republic from obtaining nuclear weapons.

"It would be a serious mistake if a nation like Iran were to become a nuclear power," Cheney warned during a joint press conference with Howard. "All options are still on the table."

During the six-day trip, the vice president also defended a landmark nuclear pact with North Korea but insisted the United States was not blindly trusting Pyongyang to abide by its terms.

He pulled out all the stops to allay Japanese concerns about the deal and used his only speech in Australia to soothe worries that Washington was blindly trusting the Stalinist member of US President George W. Bush's "axis of evil" to implement the agreement.

"We go into this deal with our eyes open. In light of North Korea's missile tests last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove," he said.

"Yet this agreement represents the first hopeful step towards a better future for the North Korean people," Cheney said.

Cheney also coupled praise for China's role in securing the accord with a stark warning that Beijing's swift military build-up and its satellite-killer test last month clashed with its hoped-for image as a peaceful world power.

"Last month's anti-satellite test, and China's continued fast-paced military build-up are less constructive, and are not consistent with China's stated goal of a 'peaceful rise'," Cheney said.

China shot down one of its own orbiting weather satellites in space with a ballistic missile, provoking an international outcry amid fears that the rising power could potentially target satellites used for defence.

In Tokyo, Cheney promised US help to Japanese families whose loved ones were abducted by North Korea -- a volatile issue many cite to explain Japan's refusal to fund the new nuclear accord with Pyongyang.

"I know it means a great deal to the Japanese people," Cheney told the parents of Megumi Yokota, who was whisked away on a North Korean ship in 1977 when she was 13.

"I can identify, in fact the whole world can identify, with the emotion of this tragedy. We will do what we can to help," he added, according to a senior aide travelling with the vice president.

Cheney used the trip to make a full-throated defense of the war in Iraq and the new US plan to pacify Baghdad, which has drawn opposition in the United States, as key ally Britain announced a troop draw-down.

With Democrats in Washington and a majority of the US public pushing for a US withdrawal, Cheney warned that hastily quitting Iraq would unleash terrorists and sectarian violence on the Middle East and the world.

"The notion that free countries can turn our backs on what happens in places like Afghanistan, Iraq, or any other possible safe haven for terrorists is an option we simply cannot indulge," said Cheney.

Governors Worry Over Money For Child Health Program (NYT)

By Robert Pear

The New York Times, February 25, 2007

WASHINGTON, Feb. 24 — As the National Governors Association began its winter meeting, 13 governors expressed alarm on Saturday that they were about to run out of federal money for a popular program that provides health insurance to children.

They appealed to Congress and the Bush administration for swift action to protect hundreds of thousands of children who could lose benefits. The full association is poised to endorse that appeal.

In a letter to the Democratic and Republican leaders of Congress, the 13 governors said that “health insurance for some of our states’ most vulnerable citizens is in jeopardy.”

“Without quick Congressional action,” the letter said, “our states, all facing federal shortfalls, will be forced to make harsh decisions affecting the lives of thousands of families.”

Such decisions could include freezing enrollment, restricting eligibility, increasing premiums charged to low-income families or reducing benefits like dental and vision care.

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Seven of the 13 governors who signed the letter were Republicans. They included Gov. Sonny Perdue of Georgia, chairman of the Republican Governors Association; Gov. Tim Pawlenty of Minnesota, vice chairman of the National Governors Association; and Gov. Haley Barbour of Mississippi, a former chairman of the Republican National Committee.

The Democrats warning of shortfalls in their states were Govs. John Baldacci of Maine, Rod R. Blagojevich of Illinois, Chet Culver of Iowa, James E. Doyle of Wisconsin, Martin O'Malley of Maryland and Deval Patrick of Massachusetts.

The program in question, the State Children's Health Insurance Program, covers more than six million children in families that have too much income to qualify for Medicaid but not enough to buy private insurance.

Gov. Janet Napolitano of Arizona, a Democrat, noted that "many states have expanded, or have proposals to expand, eligibility" for the child health program. "The president's budget is problematic in that regard," Ms. Napolitano said.

In his budget this month, President Bush proposed reducing federal payments to the states for coverage of children with family incomes exceeding twice the poverty level. By contrast, Ms. Napolitano is trying to expand eligibility by raising the income limit in Arizona to 300 percent of the poverty level, from 200 percent.

In New York, Gov. Eliot Spitzer, a Democrat, wants to increase the limit to 400 percent, from 250 percent. (A family of four is considered poor if its annual income is less than $20,650.)

Congress is conducting a comprehensive review of the program, which was created in 1997 with bipartisan support and is up for renewal. By most accounts, the program has been effective, reducing the number of uninsured children by about 25 percent, to 8.3 million in 2005.

The 13 governors said their states needed immediate short-term assistance and could not wait for Congress to revamp the program.

Georgia has announced it will "discontinue enrollment" in its program, known as PeachCare for Kids, on March 11.

In an interview, Dr. Rhonda M. Medows, commissioner of the Georgia Department of Community Health, said the state had a federal allotment of $165 million this year and would need $131 million more to continue serving the 273,000 children on the rolls.

Senator Saxby Chambliss, Republican of Georgia, said these children could "have the insurance safety net jerked out from under them" unless Congress acts.

The federal government spends $5 billion a year on the Children's Health Insurance Program. Mr. Bush wants to continue that level of spending, and he is seeking an "additional allotment" of $4.8 billion over the next five years.

That is considerably less than what states would need to continue their programs with current eligibility rules and benefits. New estimates from the Congressional Budget Office show that the states face shortfalls of $700 million this year and a total shortage of $13.4 billion from 2008 to 2012.

To eliminate these shortfalls, the federal government would need to increase payments to the states by $14.1 billion. But the budget office said 40 percent of the new spending would be offset by savings elsewhere — specifically, in Medicaid.

Karen A. Smigielski, a spokeswoman for the Minnesota Department of Human Services, said her state had a federal allocation of $48.6 million this year, would run out of money in July and would need $15 million to continue the program as it is.

Francis X. Rullan, a spokesman for the Mississippi Division of Medicaid, said his state would exhaust its federal allocation this summer.

In a separate letter to Congress, the National Governors Association criticized a Bush administration proposal to cut federal Medicaid payments to public hospitals and nursing homes. The White House says the changes are needed to ensure the "fiscal integrity" of Medicaid and to curb "excessive payments."

The association denounced the proposal, saying it "will result in cuts of approximately $5 billion in federal Medicaid spending over five years." Moreover, governors said the proposal usurped the states' authority to decide how to finance their share of Medicaid.

OTHER NEWS:

Citizenship Requests Soar Before Changes (LAT)

By Anna Gorman, Jennifer Delson

The Los Angeles Times, February 25, 2007

Citizenship applications are skyrocketing in Southern California and across the nation, as green card holders rush to avoid a proposed fee increase, a revised civics test and possible changes in immigration law.

DOJ_NMG_0136694

Applications filed in Los Angeles and six surrounding counties shot up to 18,024 in January from 7,334 in the same month last year, a 146% increase, according to U.S. Citizenship and Immigration Services. Nationwide, the number hit 95,622, up from 53,390, a 79% increase.

The jump — both locally and nationwide — is the largest in a decade, officials said. The numbers of applications first spiked last March with mass immigrant rights rallies and saw the most dramatic increase after the new year.

The filings are expected to continue as Congress prepares to restart the debate on immigration reform.

"Every time we have this much talk of immigration in the news and on the Hill, we get a lot more interest," said CIS spokeswoman Marie Sebrechts. "We tend to see a surge in applications."

After last year's marches, immigrant rights advocates launched a campaign to produce 1 million new citizens and registered voters. They fell far short of their goal by the November election, but advocates said they were pleased with the number of immigrants who are applying for naturalization.

"People are really invested in the entire debate," said Angelica Salas, executive director of the Coalition for Humane Immigrant Rights of Los Angeles. She said many immigrants have asked themselves, "How am I going to protect myself in this country if I am not a U.S. citizen?"

There are an estimated 8 million permanent legal residents who are eligible to apply for citizenship. An additional 12 million illegal immigrants are believed to reside in the United States.

This month, community groups and faith-based organizations are gearing up for another citizenship drive before the proposed new fees and exam would take effect.

The new effort is called, "Ya Es Hora. ¡Ciudadania!" (It's time. Citizenship!) and features media blitzes and workshops to help educate immigrants about the process.

Citizenship application and fingerprint fees would increase from $400 to $675 in June under the CIS proposal, Sebrechts said. And a new test, which would require a better understanding of the nation's history and democratic principles, is set to take effect next year.

"There is a new urgency in the community," said Arturo Vargas, executive director of the National Assn. of Latino Elected and Appointed Officials. "Folks are saying, 'I'd better apply now.'"

William Ramirez, a legal resident from El Salvador, has been eligible to apply for citizenship since last February. When he heard about the new fees, he immediately sought help from the immigrant rights organization, Hermandad Mexicana, in Los Angeles to complete his application.

"If I can do it now, why wait?" said Ramirez, 44, of La Puente. "It's going to save me a lot of money."

Ramirez said he planned to seek legal residency for his wife and young child, now in the country on tourist visas, and is eager to cast his first ballot. "I can do better for my people," he said. "I can help with my vote."

Rancho Cucamonga resident Irene Gonzalez, 32, emigrated with her parents from Mexico when she was 6. After two decades as a green card holder she filed her application for citizenship last week.

When she was younger, Gonzalez said, she felt as though becoming a U.S. citizen would be a betrayal of her native Mexico. Now, she says, "I want to have that peace of mind that I am a citizen and I have every right to be in this country."

Who may apply

Green card holders — legal permanent residents — can apply for citizenship after living five years in the United States, or three years if they are married to a U.S. citizen. They must pass civics and English tests, be of "good moral character" and take an oath of allegiance.

CIS must raise application costs because it does not have a regular budget allocation. Rather, it relies almost entirely on fees to support itself and is facing a budget shortfall, Sebrechts said. The agency plans to switch from paper to electronic filing, which she said would make the application process more efficient and secure.

On Saturday,potential citizens throughout Southern California went to schools, community colleges and other locations, including a Mexican restaurant in Lynwood, for help in completing their applications. Kidworks, a Santa Ana faith-based community center, sponsored one of the workshops.

"In light of the climate right now," said Ava Steaffens, chief executive officer, "it's necessary to give people the tools to become full-fledged citizens."

Some local colleges have seen citizenship class attendance more than double in the last six months. For example, at Los Angeles Southwest College, class attendance has jumped from 180 to 400 since the fall, said Marian Ruane, a program coordinator at the school.

Garden Grove resident Mariana Garcia, 34, who marched for immigrant rights in Santa Ana last year, has been eligible to apply for citizenship for more than two decades after emigrating from Mexico. She said the desire to vote was the main reason she wanted to become a citizen.

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"We've seen so many people say that immigrants contribute nothing and take too much," she said. "We need to be voters to make a statement to the contrary."

Media campaign

Spanish-language media is also playing a part in encouraging citizenship and registering voters. La Opinion, a Los Angeles newspaper, recently ran a full-page advertisement explaining how to apply. Univision's KMEX television station has dedicated significant airtime to promoting citizenship workshops.

Popular radio deejay Eddie "El Piolin" Sotelo began an on-air contest called "Who Wants to be a Citizen?" Listeners from around the country can win trips and cash prizes by answering questions from the citizenship exam: What are the three branches of the U.S. government? Who signs bills into law? What is the Fourth of July?

With disco music playing in the background, Sotelo stood in Univision's Glendale studios last week and talked with Pedro, a Mexican immigrant in Phoenix. He directed Pedro to choose from four envelopes, each containing a question and a prize, and told him he could call a friend for help.

Pedro chose #2, and Sotelo recited the question in Spanish: What is the head executive of a state government called? A. President. B. Governor. C. Mayor.

When Pedro responded, Sotelo teased him. "D? I only gave you three: A, B and C," Sotelo said.

"B — de Burro," Pedro repeated loudly.

"Correct!" Sotelo cheered, his arms waving. "Congratulations!"

Then Pedro opened the envelope to see what he had won.

"Three-hundred dollars!" Sotelo cheered. "You won a day's work!"

Pedro laughed and corrected him: "Two days."

Influencing the future

Increased citizenship could influence politics nationally and locally if the new citizens register to vote and get to the polls, said Leo Chavez, a political anthropology professor at UC Irvine.

"As more immigrants vote, it will be harder to attack immigrants," Chavez said. "They will be the constituency."

Anti-illegal immigration groups, however, say they are not especially concerned about the surge in citizenship applications and what influence it might have on the national debate.

"It's not clear that the impact is what some immigrant rights advocates think it might be," said Steven Camarota, director of research for the conservative Center for Immigration Studies in Washington, D.C. "On a policy issue like immigration, there is a lot of diversity of views.... The group does not speak with one voice on this issue."

How To Keep America Competitive (WP)

By Bill Gates

The Washington Post, February 25, 2007

For centuries people assumed that economic growth resulted from the interplay between capital and labor. Today we know that these elements are outweighed by a single critical factor: innovation.

Innovation is the source of U.S. economic leadership and the foundation for our competitiveness in the global economy. Government investment in research, strong intellectual property laws and efficient capital markets are among the reasons that America has for decades been best at transforming new ideas into successful businesses.

The most important factor is our workforce. Scientists and engineers trained in U.S. universities -- the world's best -- have pioneered key technologies such as the microprocessor, creating industries and generating millions of high-paying jobs.

But our status as the world's center for new ideas cannot be taken for granted. Other governments are waking up to the vital role innovation plays in competitiveness.

This is not to say that the growing economic importance of countries such as China and India is bad. On the contrary, the world benefits as more people acquire the skills needed to foster innovation. But if we are to remain competitive, we need a workforce that consists of the world's brightest minds.

Two steps are critical. First, we must demand strong schools so that young Americans enter the workforce with the math, science and problem-solving skills they need to succeed in the knowledge economy. We must also make it easier for foreign-born scientists and engineers to work for U.S. companies.

Education has always been the gateway to a better life in this country, and our primary and secondary schools were long considered the world's best. But on an international math test in 2003, U.S. high school students ranked 24th out of 29 industrialized nations surveyed.

Our schools can do better. Last year, I visited High Tech High in San Diego; it's an amazing school where educators have augmented traditional teaching methods with a rigorous, project-centered curriculum. Students there know they're expected to go

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on to college. This combination is working: 100 percent of High Tech High graduates are accepted into college, and 29 percent major in math or science. Contrast that with the national average of 17 percent.

To remain competitive in the global economy, we must build on the success of such schools and commit to an ambitious national agenda for education. Government and businesses can both play a role. Companies must advocate for strong education policies and work with schools to foster interest in science and mathematics and to provide an education that is relevant to the needs of business. Government must work with educators to reform schools and improve educational excellence.

American competitiveness also requires immigration reforms that reflect the importance of highly skilled foreign-born employees. Demand for specialized technical skills has long exceeded the supply of native-born workers with advanced degrees, and scientists and engineers from other countries fill this gap.

This issue has reached a crisis point. Computer science employment is growing by nearly 100,000 jobs annually. But at the same time studies show that there is a dramatic decline in the number of students graduating with computer science degrees.

The United States provides 65,000 temporary H-1B visas each year to make up this shortfall -- not nearly enough to fill open technical positions.

Permanent residency regulations compound this problem. Temporary employees wait five years or longer for a green card. During that time they can't change jobs, which limits their opportunities to contribute to their employer's success and overall economic growth.

Last year, reform on this issue stalled as Congress struggled to address border security and undocumented immigration. As lawmakers grapple with those important issues once again, I urge them to support changes to the H-1B visa program that allow American businesses to hire foreign-born scientists and engineers when they can't find the homegrown talent they need. This program has strong wage protections for U.S. workers: Like other companies, Microsoft pays H-1B and U.S. employees the same high levels -- levels that exceed the government's prevailing wage.

Reforming the green card program to make it easier to retain highly skilled professionals is also necessary. These employees are vital to U.S. competitiveness, and we should welcome their contribution to U.S. economic growth.

We should also encourage foreign students to stay here after they graduate. Half of this country's doctoral candidates in computer science come from abroad. It's not in our national interest to educate them here but send them home when they've completed their studies.

During the past 30 years, U.S. innovation has been the catalyst for the digital information revolution. If the United States is to remain a global economic leader, we must foster an environment that enables a new generation to dream up innovations, regardless of where they were born. Talent in this country is not the problem -- the issue is political will.

The writer is chairman of Microsoft Corp. and co-chairman of the Bill and Melinda Gates Foundation. His wife is a director of The Washington Post Co.

Christian Right Labors To Find '08 Candidate (NYT)

By David D. Kirkpatrick

The New York Times, February 25, 2007

WASHINGTON, Feb. 24 — A group of influential Christian conservatives and their allies emerged from a private meeting at a Florida resort this month dissatisfied with the Republican presidential field and uncertain where to turn.

The event was a meeting of the Council for National Policy, a secretive club whose few hundred members include Dr. James C. Dobson of Focus on the Family, the Rev. Jerry Falwell of Liberty University and Grover Norquist of Americans for Tax Reform. Although little known outside the conservative movement, the council has become a pivotal stop for Republican presidential primary hopefuls, including George W. Bush on the eve of his 1999 primary campaign.

But in a stark shift from the group's influence under President Bush, the group risks relegation to the margins. Many of the conservatives who attended the event, held at the beginning of the month at the Ritz-Carlton on Amelia Island, Fla., said they were dismayed at the absence of a champion to carry their banner in the next election.

Many conservatives have already declared their hostility to Senator John McCain of Arizona, despite his efforts to make amends for having once denounced Christian conservative leaders as "agents of intolerance," and to former Mayor Rudolph W. Giuliani of New York, because of his liberal views on abortion and gay rights and his three marriages.

Many were also suspicious of former Gov. Mitt Romney of Massachusetts; members have used the council as a conduit to distribute a dossier prepared by a Massachusetts conservative group about liberal elements of his record on abortion, stem cell research and gay rights. (Mr. Romney has worked to convince conservatives that his views have changed.)

And some members of the council have raised doubts about lesser known candidates — Gov. Mike Huckabee of Arkansas and Representative Duncan Hunter of California, who were invited to Amelia Island to address an elite audience of about 60 of

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its members, and Senator Sam Brownback of Kansas, who spoke to the full council at its previous meeting, in October in Grand Rapids, Mich.

Although each of the three had supporters, many conservatives expressed concerns about whether any of the candidates could unify their movement or raise enough money to overtake the front-runners, several participants in the meetings said.

Finally, in a measure of their dissatisfaction, a delegation of prominent conservatives at Amelia Island tried to enlist as a candidate Gov. Mark Sanford of South Carolina, a guest speaker at the event. A charismatic politician with a clear conservative record, Mr. Sanford is almost unknown outside his home state and has done nothing to prepare for a presidential run. He firmly declined the group's entreaties, people involved in the recruiting effort said. A spokesman for Mr. Sanford said he would not comment.

"There is great anxiety," said Paul Weyrich, chairman of the Free Congress Foundation. "There is no outstanding conservative, and they are all looking for that."

Mr. Weyrich, a longtime member of the council, declined to discuss the group or its meetings. The council's bylaws forbid members from publicly disclosing its membership or activities, and participants agreed to discuss the Amelia Island meeting only on the condition of anonymity.

For eight years and four elections, President Bush forged a singular alliance with Christian conservatives — including dispatching administration officials and even cabinet members to address council meetings — that put them at the center of the Republican Party.

But in the aftermath of the stinging defeats in the midterm elections, and with discontent over the Iraq war weighing heavily on the public, some Christian conservatives worry that they may find themselves on the sidelines of the presidential race.

Both Mr. McCain and Mr. Romney have worked hard to pitch themselves to Christian conservatives — Mr. McCain by delivering speeches at venues like Mr. Falwell's Liberty University or a recent abstinence-promotion event, Mr. Romney by leading the charge for a constitutional amendment banning same-sex marriage. But neither has won over many of the movement's leaders.

The conservative concern may also be an ominous sign for the Republican Party about the morale of a core element of its political base. Conservatives warn that the 2008 election could shape up like 1996, when conservatives faced a lesser-of-two evils choice between a Republican they distrusted, former Senator Bob Dole, and a Democrat they disdained, President Bill Clinton. Dr. Dobson of Focus on the Family later said in a speech to the council that he voted for a conservative third-party candidate that year rather than pull a lever for Mr. Dole.

The Council for National Policy was founded 25 years ago by the Rev. Tim LaHaye as a forum for conservative Christians to strategize about turning the country to the right. Its secrecy was intended to insulate the group from what its members considered the liberal bias of the news media. In recent years the group has brought together a cross-section of the right from Edwin J. Feulner to Wayne LaPierre of the National Rifle Association.

In addition to doubts about their ability to generate enough money and momentum, each candidate who addressed the group also faces initial skepticism from one faction or another on issues like immigration, trade, taxes and foreign affairs.

"Right now there is still a vacuum among conservative Republicans," said Gary Bauer, a Christian conservative who was a Republican primary candidate in 2000. Conservatives, he said, "want a more provable conservative who also is demonstrating that they can put together the resources necessary to prevail." He declined to comment on the Amelia Island meeting.

A spokesman for Mr. Brownback said he would not comment on the senator's presentation to the council, citing its rules about strict confidentiality. Several others who attended his speech said he received heavy applause for his emphasis on restricting abortion and amending the Constitution to ban same-sex marriage. But foes of illegal immigration objected to his support for a temporary guest worker program, and some faulted him for touching only briefly on the threat of Islamic terrorists, an increasingly central focus of the council and many social conservative groups since the Sept. 11 attacks.

(People who attended the Amelia Island event said Rick Santorum, the former senator from Pennsylvania, delivered a well-received address to the council about what he called the gathering threat of radical Islam.)

In an interview, Mr. Hunter, the ranking Republican on the House Armed Services Committee and a supporter of Mr. Bush's plan to send more troops to Iraq, said the need for a strong national defense was the centerpiece of his speech. That defense, he argued, should include cracking down on illegal immigration, building a wall along the Mexican border and renegotiating foreign trade deals to protect American manufacturing. "We are losing the arsenal of the democracy," he said.

But several people at the council meeting said his stance on trade alienated the business wing of the Republican Party, compounding his substantial fund-raising challenges.

Mr. Huckabee, a Southern Baptist minister who was the head of the Arkansas Baptist convention before becoming governor, has the advantage of strong personal ties to many council members. Many prominent evangelical Christians consider him a friend, and he has appeared several times as a guest on Dr. Dobson's popular Christian radio program.

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In an interview, Mr. Huckabee said he believed his roots in the evangelical world helped set him apart from his rivals. “I am not going to them,” he said. “I am coming from them.” He said he did not remember speaking about his opposition to abortion or same-sex marriage, “although I am sure that I must have.” He said he emphasized education, among other issues, and talked about a continuing war “with a radical form of Islamic fascism,” which he called “a bastardization of religion.”

But many conservatives, including several participants in the Amelia Island meeting, said Mr. Huckabee faced resistance from the limited-government, antitax wing of their movement. Some antitax activists fault Mr. Huckabee for presiding over tax and spending increases. (He says the only tax increase resulted from a public referendum.)

In the interview, though, Mr. Huckabee said he was now leaning toward signing a pledge not to raise income taxes that is presented to all the candidates by Mr. Norquist of Americans for Tax Reform.

Mr. Norquist said he remained open to any of the three candidates who spoke to the council or to Mr. Romney. He argued that with the right promises, any of the four could redeem themselves in the eyes of the conservative movement despite their past records, just as some high school students take abstinence pledges even after having had sex.

“It’s called secondary virginity,” Mr. Norquist said. “It is a big movement in high school and also available for politicians.”

Romney Misstates Past Bush View On Abortion (POL)

By Mike Allen

The Politico, February 24, 2007

Former Massachusetts Gov. Mitt Romney said this week that President Bush “was pro-choice before he became pro-life,” an assertion the Romney campaign now acknowledges was inaccurate. The remark was based on a magazine article Romney had read, his campaign said.

The comment came as Romney struggled to explain to Republican presidential primary voters the evolution of his views on abortion since he described himself as “pro-choice” when he ran for U.S. Senate in Massachusetts in 1994. Now, Romney says on his campaign Web site: “I am pro-life. I believe that abortion is the wrong choice except in cases of incest, rape, and to save the life of the mother.”

In interviews and speeches, Romney has said that his view changed after the question of stem-cell research came to the fore in the Massachusetts legislature in 2004. His advisers point out that he has not tried to have it both ways or weasel on his stance.

Romney made the comment about the president during a 15-minute interview on Thursday with the Spartanburg (S.C.) Herald-Journal. Here is the exchange, which was recorded and is posted on the Campaign 2008 blog on the newspaper’s Web site:

Question: “Bloggers like to call it ‘flip flopping,’ the way you've changed your views on issues like abortion over the years. I've heard the story about stem cell research that caused you to change your mind on abortion and come to your current position. But will conservatives here buy that? Doesn't that give off the impression that you'll do whatever it takes to win?”

Romney: "Ronald Reagan was pro-choice, and became pro-life. I understand that George W. Bush was pro-choice before he came pro-life. Zell Miller was pro-choice before pro-life. And I was effectively pro-choice before I became pro-life. I don't think anyone questions the commitment on the part of those other gentlemen for pro-life principles. And, in my case, you don't have to take my word for it. You can look at my record as governor, because I made the move to pro-life some time ago. I've been governor. I've had several bills that came to my desk that raised the question of abortion or life, and I came down on the side of respecting the sanctity of human life every time.”

The White House said Bush has always been "pro-life." During the presidential race of 2000, Dan Bartlett – then a spokesman for the Bush campaign, now the White House counselor – was asked about a quotation from a Texas newspaper in 1978 suggesting Bush’s position had been unclear. Bartlett told The Washington Post: “The governor was pro-life before he ran for Congress, during his run for Congress and after he ran for Congress.” A White House official said Friday that Bartlett's quote is still accurate today.

Romney's campaign said the comment was off the cuff and was based on a National Review article, which remained on Romney's Web site Saturday morning, asserting that "George W. Bush ran as a pro-choice politician in his 1978 congressional campaign."

Organizers for Romney have criticized Sen. John McCain, R-Ariz., one of his opponents in the primary, for being insufficiently zealous in opposing abortion.

Romney has been working to retool his image on the issue since at least 2001, when he came to Salt Lake City as president of the organizing committee for the 2002 Winter Olympics. The Salt Lake Tribune reported in July 2001 that he wrote in a letter to the editor of the paper: “I do not wish to be labeled pro-choice. … I have never felt comfortable with the labels associated with the abortion issue. Because the Olympics is not about politics, I plan to keep my views on political issues to

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myself." Romney was objecting to an earlier article in the paper reporting that he might seek office in Utah after the games. It included the sentence: “Romney is pro-choice.”

Romney Family Tree Has Polygamy Branch (AP)

By Jennifer Dobner, Glen Johnson

AP, February 24, 2007

While Mitt Romney condemns polygamy and its prior practice by his Mormon church, the Republican presidential candidate's great-grandfather had five wives and at least one of his great-great grandfathers had 12.

Polygamy was not just a historical footnote, but a prominent element in the family tree of the former Massachusetts governor now seeking to become the first Mormon president.

Romney's great-grandfather, Miles Park Romney, married his fifth wife in 1897. That was more than six years after Mormon leaders banned polygamy and more than three decades after a federal law barred the practice.

Romney's great-grandmother, Hannah Hood Hill, was the daughter of polygamists. She wrote vividly in her autobiography about how she "used to walk the floor and shed tears of sorrow" over her own husband's multiple marriages.

Romney's great-great grandfather, Parley Pratt, an apostle in the church, had 12 wives. In an 1852 sermon, Parley Pratt's brother and fellow apostle, Orson Pratt, became the first church official to publicly proclaim and defend polygamy as a direct revelation from God.

Romney's father, former Michigan Gov. George Romney, was born in Chihuahua, Mexico, where Mormons fled in the 1800s to escape religious persecution and U.S. laws forbidding polygamy. He and his family did not return to the United States until 1912, more than two decades after the church issued "The Manifesto" banning polygamy.

"When you read the family's history, you realize how important polygamy was to them," said Todd Compton, a Mormon and independent historian who wrote a book about the polygamous life of the church's founder, Joseph Smith. "They left America and started again as pioneers, after they had done it over and over again previously."

B. Carmon Hardy, a polygamy expert and retired history professor at California State University-Fullerton, said polygamy was "a very important part of Miles Park Romney's family."

Hardy added: "Now, very gradually, as you moved farther away from it, it became less a part of it. But during the time of Miles Park Romney, it was an essential principle of the Romney family life."

Other Mormons have run for the White House, including Romney's father in 1968 and Sen. Orrin Hatch, R-Utah, in 2000. But Mitt Romney's stature as a leading 2008 contender has renewed questions about his faith and its doctrines.

At the same time, polygamy remains a part of current events.

HBO is airing a television series, "Big Love," that features a man in Utah — where the Mormon church is based — with three wives. Self-proclaimed "Mormon fundamentalist" Warren Jeffs, formerly on the FBI's 10 most wanted list, is facing multiple felony charges for sex crimes related to underage marriages among members of his breakaway church's 10,000 members in Utah and Arizona, who openly practice polygamy.

Romney has joked about polygamy, saying in various settings that to him, "marriage is between a man and a woman ... and a woman and a woman." But in serious moments he has called the practice "bizarre" and noted his church excommunicates those who engage in it.

An introductory film played at his fundraisers and campaign appearances features his wife, Ann, talking about their 37-year marriage. Romney himself notes they started as high school sweethearts.

This month, Ann Romney tried a different tack, taking a lighthearted jab at her husband's main Republican competitors, Sen. John McCain, R-Ariz., and former New York City Mayor Rudy Giuliani, as she introduced Romney at a Missouri GOP dinner.

The biggest difference between her husband and the other candidates, Ann Romney said, is that "he's had only one wife."

McCain has been married twice; Giuliani three times.

The Romney campaign had no comment for this story.

Joseph Smith, who founded the Mormon church in 1830, quietly introduced polygamy. He believed it had roots in the Old Testament and was necessary to reach the highest salvation in heaven. Smith is believed to have had 33 wives.

Brigham Young expanded the practice after the church's migration from the Midwest to Utah, which began in 1846. He is said to have had 55 wives. Historical texts show Young also asked Orson Pratt to publicly proclaim the church's belief in polygamy in 1852.

In 1862, while Utah was a territory, President Abraham Lincoln signed the Morrill Anti-Bigamy Act, banning plural marriage. In 1882, Congress also passed the Edmunds Act, an anti-polygamy law. That was followed in 1887 by the Edmunds-Tucker Act, which disincorporated the church and threatened to seize its nonreligious real estate as part of the crackdown on polygamy.

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In 1890, Mormon President Wilford Woodruff issued "The Manifesto," in which he declared the church no longer taught or permitted plural marriages.

Nonetheless, the law of polygamy — Smith's revelation that God authorized polygamy — remains in Article 132 of the church's Doctrine and Covenants. In addition, Mormon widowers who remarry today believe they will live in eternity with their multiple wives.

Mormon genealogical records, among the most detailed and complete of any religion, show that two of Mitt Romney's great-great grandfathers, Miles Romney and Parley Pratt, had 12 wives each.

Compton, the polygamy scholar, disputes that. He believes Miles Romney only had one wife because the records do not show the dates for his other 11 marriages or any offspring from them.

Miles Romney and his one clearly documented wife, Elizabeth Gaskell, had 10 children. Among them was Miles Park Romney, one of Mitt Romney's great-grandfathers.

Miles Park Romney had five wives. With his first wife, Hannah Hood Hill, he had 11 children. Among them was Gaskell Romney, Mitt Romney's paternal grandfather.

Hannah Hood Hill's autobiography offers an eyewitness account of the Romney family's polygamous past. Hardy, the Cal-State historian, found it amid research for his upcoming book, "Doing the Works of Abraham: Mormon Polygamy."

Hood Hill wrote of Miles Park Romney: "I felt that was more than I could endure, to have him divide his time and affections from me. I used to walk the floor and shed tears of sorrow. If anything will make a woman's heart ache, it is for her husband to take another wife. ... But I put my trust in my heavenly father, and prayed and pleaded with him to give me strength to bear this great trial."

Miles Park Romney's final marriage, to Emily Eyring Smith, came in 1897, more than six years after "The Manifesto."

Gaskell Romney, Mitt Romney's grandfather, was not a polygamist. He married Anna Amelia Pratt, the daughter of polygamists and the granddaughter of Parley Pratt, the apostle with 12 wives. Their marriage took place Feb. 20, 1895, in Dublan, Mexico.

Gaskell Romney had moved to Mexico with his parents in 1884 amid the proliferation of U.S. laws prohibiting "unlawful cohabitation." Anna Pratt was born in Utah, but had emigrated to Mexico and lived in one of nine Mormon colonies established over the border.

Gaskell Romney and Anna Pratt had seven children, including George Wilcken Romney, the former Michigan governor. He lived with his parents in Mexico until 1912, when the family returned to the United States.

George Romney married Lenore LaFount, who does not appear to have polygamy in her family tree. The couple, now deceased, had four children, including Mitt Romney.

Clinton Fights To Keep Impeachment Taboo (WP)

By Anne E. Kornblut, Washington Post Staff Writer

The Washington Post, February 25, 2007

After Spat, Campaigns Know to Expect Swift Reprisal for Any Hint of the Scandal

Sen. Hillary Rodham Clinton has a new commandment for the 2008 presidential field: Thou shalt not mention anything related to the impeachment of her husband.

With a swift response to attacks from a former supporter last week, advisers to the New York Democrat offered a glimpse of their strategy for handling one of the most awkward chapters of her biography. They declared her husband's impeachment in 1998 -- or, more accurately, the embarrassing personal behavior that led to it -- taboo, putting her rivals on notice and all but daring other Democrats to mention the ordeal again.

"In the end, voters will decide what's off-limits, but I can't imagine that the public will reward the politics of personal destruction," senior Clinton adviser Howard Wolfson said Friday, when asked whether the impeachment is fair game for Clinton's opponents. Earlier in the week, Wolfson dismissed references to President Bill Clinton's conduct as "under the belt."

But the reality, of course, is that the impeachment was conducted very much in public.

As Clinton aides spent several days batting down insults made by David Geffen, the Hollywood mogul who raised questions about the former president's personal behavior and praised Sen. Barack Obama (D-Ill.) in a provocative interview, the intra-party brawl suggested that the scandal remains something of a tripwire for Clinton.

Although she has spent the past seven years establishing her own identity as a public servant, Clinton has been embracing the more popular aspects of her husband's presidency more widely as she mounts her own campaign, with frequent references to their time together in the White House and their joint legacy.

And as she has invoked the good Bill Clinton, she has risked invoking the bad, several Democratic strategists said.

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"She's using him in this campaign, so why can't somebody else use him?" asked a veteran of Democratic presidential politics who is not currently aligned with a candidate but who, like numerous other Democrats, spoke on the condition of anonymity for fear of angering the Clintons. "She's just made him fair game. He's part of her strategy, so why can't he be part of one of her opponents'?"

The turmoil of the later Clinton years has been a theme of national politics since it occurred: George W. Bush ran in 2000 on a promise to "restore honor and dignity to the Oval Office," while Vice President Al Gore campaigned as a solid family man, distancing himself from the impeachment ordeal.

For the 2008 campaign, it is an automatic subtext of the Obama candidacy. Presenting himself as a relative political newcomer untainted by the warfare that culminated in Clinton's impeachment, Obama in his most recent book, "The Audacity of Hope," described the battles of the 1990s as "the psychodrama of the Baby Boom generation." Without specifically mentioning the Monica Lewinsky scandal in an interview last October, Obama praised Bill Clinton for bridging party divides on certain issues but said the former president was in other ways "trapped by his own biography."

Still, the entire episode had been largely airbrushed from the public Democratic dialogue about the 1990s -- particularly Hillary Clinton's -- until last week.

And Clinton advisers express confidence that any explicit attempt to revive the scandal would instantly backfire, particularly among Democratic primary voters who were outraged by the Republican investigation into her husband when it first occurred. (One Clinton official said donations to her campaign spiked when the Geffen interview was published.) The former first lady's popularity ratings have never been higher than when her husband's affair with a young intern burst into the open and cast her in the role of victim. After a successful Senate bid, she became a colleague, and even an ally, with some of the Republicans who had sought to unseat her husband -- seemingly putting the whole thing to rest.

But the issue has lingered at the edges of the nomination battle, starting with Clinton's quip about her experience with "evil and bad men" at a forum last month in Iowa on her debut trip to the early-caucus state. While many in the audience assumed she was referring to her husband, several Clinton advisers said it was more likely a dig at Kenneth W. Starr, the independent counsel in the inquiry into Bill Clinton, or Newt Gingrich (R-Ga.), who as House speaker vigorously pursued impeachment -- in either case still a reference to that rancorous time.

In his interview with Maureen Dowd of the New York Times, Geffen, a onetime Clinton fundraiser, gave voice to fears privately held by some Democrats that Republicans intend to revisit past Clinton issues and try to dig up new ones.

"I don't think anybody believes that in the last six years, all of a sudden Bill Clinton has become a different person," Geffen said. Speaking of Republicans' view of the former first lady, he said: "I think they believe she's the easiest to defeat."

Geffen also attacked Hillary Clinton on other fronts, including her vote to authorize the war in Iraq and subsequent refusal to apologize for it, and he described the Clintons as deceitful.

The Clinton campaign's response was fast and unyielding: Advisers issued a statement demanding that Obama renounce his ties to Geffen, who had just thrown the Illinois senator a $1.3 million fundraiser. When Obama refused, and an Obama spokesman issued a statement pointing out that Geffen had once been the Clintons' guest in the Lincoln Bedroom of the White House, Clinton officials pushed back once more. They accused Obama of failing to live by the principles of positive campaigning he proclaimed. Obama later said he had not authorized his campaign's statement.

Advisers to both Clinton and Obama spent the latter part of last week deconstructing the tussle; each camp publicly argued that its candidate had won the round and that the other side had suffered.

But privately, both sides admitted to "learning lessons" from the brawl. One Clinton adviser said that some outside supporters had expressed misgivings about helping to keep the story alive, even though the senator and her inner circle of aides signed off on a forceful response from the start. On the Obama side, advisers expressed regret for running with a response from which the candidate later distanced himself.

Supporters of both Obama and Clinton indicated that they had little appetite for keeping the debate alive.

Greg Craig, a prominent Washington lawyer who represented Clinton during the Senate's inquiry and is now supporting Obama, declined to echo Geffen's concerns about the Clintons as a reason for his defection.

"You're not going to get me to talk about Hillary in any kind of negative way -- I know that's the topic of the day," Craig said in an interview last week. "I think Obama is uniquely qualified by temperament and experience, as well as by judgment, to lead the country and to bring us together."

Former senator Thomas A. Daschle (D-S.D.), who was minority leader in 1999 when Clinton was acquitted in that chamber, also endorsed Obama, in an announcement last week. But Daschle, too, limited himself to a citation of Obama's credentials in explaining his decision, comparing Obama to the Kennedys of the 1960s and saying in an interview that he hoped to have found a "new leader that will have that kind of effect on young people."

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And on the Clinton side, one adviser expressed confidence that "attacking Bill Clinton is a losing strategy," borrowing a phrase from the 1990s. The adviser noted that Clinton remains highly popular among Democratic activists. Close supporter James Carville said that mentioning the impeachment would be tantamount to political suicide. "Nothing is off-limits, but it would be awfully stupid," Carville said. "What do you think attitudes among Democrats are about impeachment and Ken Starr? This is not a Washington dinner party here. This is an election, a nominating process, among Democrats."

Beware The Dreaded 'Clinton Machine' (LAT)

By Jonathan Chait

The Los Angeles Times, February 25, 2007

IT IS AN odd article of faith among conservatives that Hillary Clinton is a sure-fire lock to win the Democratic presidential nomination. You can hardly turn on Fox News without hearing some pundit assure viewers that Clinton is the runaway favorite. But this belief says more about them than it does about her. The belief in her invincibility is a product of their deepest fears.

After all, it's not as though conservatives think that Clinton is a brilliant, natural politician. Nobody does — as a backslapper and as a public speaker, she's decidedly average. When they try to talk about why Clinton inevitably will roll over her primary competition, they usually invoke the dreaded "Clinton machine." A recent Wall Street Journal editorial, for instance, asserted that Clinton is the clear favorite but offered little evidence to support this other than the existence of "those Clinton legions — of fundraisers, union chiefs, party bosses, think tank operatives, media consultants."

Conservatives rarely make clear exactly how this dreaded machine is supposed to mow down the competition. Other candidates have fundraisers, union supporters, media consultants and the like.

Is the idea that Clinton's team is so battle-tested from her husband's presidency that it knows how to play the game far better than the competition? It's a plausible theory, but so far it doesn't seem to be working out that way.

A week ago, South Carolina state Sen. Robert Ford, a Clinton supporter, declared that having a black man at the top of the Democratic Party would doom the entire ticket. That, of course, was just the thing Barack Obama wanted — a chance to stand up for the right of African Americans to run for president. "When folks were saying, 'We're going to march for our freedom,' they said, 'You can't do that,' " he said in his next speech. "When somebody said, 'You can't sit at the lunch counter…. You can't do that.' " It was the highlight of Obama's speech, all thanks to a blundering attack by a Clinton surrogate.

Then there is the continuing controversy surrounding Clinton's 2002 vote to authorize the Iraq war. Clinton's advisors have apparently decided that she will never apologize for the vote, as doing so would make her look weak in the general election. Which may be true, except that her war vote is hounding her everywhere she goes, the first primaries are nearly a year away and the war keeps getting worse.

So Clinton looks extremely vulnerable. Why do so many conservatives insist that she's a lock to get the nomination?

A few of them have a strong vested interest in the Hillary Clinton boogeyman. There's an enormous amount of money to be made in scaring the pants off of conservatives about Clinton. Last year, conservative pundit John Podhoretz published the fear-mongering screed "Can She Be Stopped?" "Hillary Rodham Clinton will become the next president of the United States unless you Republicans can find a way to stop her," he warned. I'm guessing the way of stopping her involved, among other things, buying Podhoretz's book.

The bigger factor, I think, is that conservatives are spooked by the Clintons. They had Bill Clinton on the ropes when they took control of Congress after the 1994 elections. He beat back their revolution. They had him again a few years later when they caught him with his pants down and made his misbehavior a theme of the 1998 midterm elections. Instead, Democrats won seats.

In the Republican mind, there must have been some sort of Clinton voodoo at work. The public was on their side, they believe, yet through some sort of nefarious dark political art, he turned the tables on them.

The conservative hatred of the Clintons has always had around the edges a certain fear of the supernatural. A famous 1993 American Spectator cover story depicted Hillary Clinton as a witch. A witch is an object of hatred, of course, but also a creature with dark and frightening powers.

In reality, the public never really was on the Republicans' side. Yes, they gave them control of Congress in 1994, but a majority of Americans opposed the deep cuts in popular social programs that the GOP agenda required. And yes, the public was disgusted by Bill Clinton's adultery, but a majority likewise opposed impeachment all along. Stopping these wildly unpopular things didn't require magic or even a fearsome political machine.

And Then There Was One (WP)

The Washington Post, February 25, 2007

More presidential candidates agree to reveal their big fundraisers. Still missing: Sen. Clinton.

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THIS COULD be the first presidential campaign since Watergate to be financed entirely with private funds. The two major--party nominees alone may raise and spend $1 billion combined. Under these circumstances, the inadequacy of campaign finance disclosure rules becomes even more glaring.

While campaigns are required to report the names of individuals who contribute the maximum $2,300, they don't have to provide the really important information: Who are the well-connected fundraisers helping them bring in big bundles of cash? That's why we've been suggesting that the presidential candidates should release voluntarily the identities of their big bundlers and, within some range, the amounts they raised. In the past few days, two leading contenders, Democrat John Edwards and Republican Rudolph W. Giuliani, agreed to provide such disclosure. They join Democrat Barack Obama and Republicans John McCain and Mitt Romney, who had already made that promise.

You may have noticed one prominent figure absent from this picture: Hillary Rodham Clinton. Ms. Clinton, who raised almost $40 million for her Senate reelection campaign, has assembled a formidable fundraising machine. Her campaign is tasking its biggest bundlers with bringing in $1 million or more. Her campaign solicits "Hillraisers" to enlist online and set their own fundraising goals. In other words, the campaign is fully aware of how much individual fundraisers collect on its behalf. But voters remain in the dark about the identities of those to whom candidate Clinton -- or President Clinton -- might be beholden.

To ask for this information is not to suggest malfeasance or corruption on the part of Ms. Clinton's campaign or any other. It is simply to reassert the fundamental premise of campaign finance disclosure: that it is essential to a healthy, transparent system to know the identities of those underwriting political candidates. No one would accept a system in which donors could secretly write $1 million checks to candidates. No one should accept a system in which fundraisers can secretly send candidates $1 million they've collected in other people's checks.

During the 2000 campaign, when George W. Bush developed what seemed at the time like an audacious system of fundraisers known as Pioneers, who collected at least $100,000, his campaign balked for a time at releasing the names, then agreed to disclose them. This is one area in which Ms. Clinton would be wise to follow the model of the president she hopes to succeed.

Edwards Draws Packed House In Salem (NHUL)

By Jim Devine

New Hampshire Union Leader, February 25, 2007

SALEM – More than a hundred supporters packed the home and living room of a Corinthian Drive home yesterday to pose questions and hear more about John Edwards' Presidential primary run.

Edwards described his plan for universal health care as a solution to make health care spending more effective in the country while making it available for all Americans by repealing Bush tax cuts made for Americans earning more than $200,000 a year.

"Universal health care is not cheap," Edwards said. "I'm not saying it isn't. But I think it's critical for America to remain strong in the long run."

Edwards said his plan would cover preventative care, chronic care and long-term care while driving down administrative costs that account for 40 cents on every dollar spent on health care in America.

Joan Crimlisk of Derry said she was familiar with Edwards from his 2004 run but his plan for health care reform has attracted her attention as she's begun looking at different candidates trying to make themselves known in the Granite State.

"I'm interested in how he defines universal health care," she said. "I'm more interested in him this time around."

Fielding questions in a living room packed with curious citizens as well as ardent supporters, Edwards told voters the one thing they can expect from him would be firm positions in areas of health care reform, renewable energy sources and the country's Iraq policy.

"There will not be a voter in America that doesn't know where I stand on anything," Edwards said while answering a question on how his campaign will differ from the Kerry-Edwards campaign of 2004.

"They will know exactly what I think we should do in Iraq ... They will know exactly what I think America needs to do to re-establish itself as a force of good in the world," Edwards said.

Mark Brockmeyer of Windham said the defined message speaks volumes over other candidates in the race.

"He's got definitive positions. That's refreshing," Brockmeyer said.

Although he still had open questions of Edwards' future tax policies and how he'll manage to push major issues like universal health care and energy reform through a Senate with at least 40 Republicans, Brockmeyer said Edwards' driven and defined platform is an attractive feature as a candidate.

Edwards Pushes Universal Health-care Plan (NTEL)

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By Kevin Landrigan

Nashua Telegraph, February 25, 2007

NASHUA – Democratic presidential candidate John Edwards fired back at primary rival Hillary Clinton, who questions the need for raising federal income taxes to pay for universal health care.

Edwards is the only major candidate to present a comprehensive plan that requires employers to offer coverage or pay into an insurance fund. Government-run health-care markets would guarantee coverage to individuals who can't afford private insurance.

He didn't mention the New York senator by name, but his remarks followed those of Clinton, who recently said Americans already spend 16 cents of every dollar on health care and that more revenue may not be necessary.

"If somebody comes in here and says they are going to give universal health care and it's not going to cost anything, they may have a bridge in Brooklyn they want to sell you,'' Edwards said during a house party at the home of Nashua Democratic Sen. David Gottesman and his wife, Jean.

Edwards would repeal the Bush tax cuts for those making more than $200,000 a year to finance his proposal, which economists say would cost up to $120 billion a year.

"I have worked on this for a long time," Edwards said. "You cannot do universal health care and not have it cost money. It can't be done. It will cost money. It has to come from somewhere.''

Edwards later told reporters the only other option is putting the nation deeper into deficit, and he said he isn't willing to do that.

Clinton said while campaigning two weeks ago she's listening to ideas on how best to extend health coverage to the 47 million Americans who lack it.

"I find it hard to believe we can't use the money we already spend to insure everybody,'' Clinton said at a town hall-style forum in Berlin. "Yet everybody comes out with these plans and say we need more money to pay for it.

"I am not ready to concede that.''

During an interview Saturday, Edwards said Americans want to begin leaving war-torn Iraq and Congress must aggressively use its power of the purse to bring that about.

"They want us to start leaving Iraq,'' Edwards said. "There are probably differences in views in America about how we do it, what period of time, but I think it's clear Americans want us to start leaving Iraq.

"It actually is the best policy.''

Edwards, a former North Carolina senator, urges Congress to cap funding of U.S. troops in Iraq at 100,000, which would force the removal of up to 50,000 soldiers.

Complete withdrawal of all troops in Iraq could occur in a year, he said.

"I would use all the constitutional power that Congress has; no more non-binding resolutions, no more speeches, no more debate,'' Edwards said.

"Let's stop this president from making an number of horrible mistakes.''

Edwards finished fourth in the 2004 presidential primary in New Hampshire and later became nominee John Kerry's running mate.

The candidate's wife, Elizabeth, made a surprise appearance Saturday. Days after the 2004 race ended, she was diagnosed with breast cancer.

"These conversations over the next 11 months are going to be really important,'' Elizabeth Edwards told the group.

Gottesman and fellow Nashua Democratic Sen. Joseph Foster were with Edwards in 2004 and are sticking with him.

"You see, I'm not shopping,'' Gottesman said. "I am committed to a mission to make this man the next president of the United States.''

Edwards became the third major Democratic candidate to begin house-party campaigning in the first-in-the-nation-primary state.

Clinton hosted two in Nashua and Manchester, and Illinois Sen. Barack Obama followed the next day with one in Nashua.

Battling a stubborn cold, Edwards, 53, weathered parties at the homes of lawyers in Nashua, Concord and Salem.

An hour before Edwards arrived, the Gottesman home on Indian Rock Road was crammed with more than 100 people.

Edwards dodged television cameras and endured a few ill-timed, cell-phone calls in between answering six questions on the war in Iraq, health care, energy, the federal budget, aid for the homeless and U.S. policy toward Iran.

"What I like best about that phone call is it was timed perfectly with what my health care was going to cost,'' Edwards joked.

Under the Edwards plan, individuals would have the choice of taking the employer's coverage or the government-managed care.

Taxpayer subsidies would support health coverage for families making up to $100,000 a year.

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He would mandate lower administrative costs and greater use of technology, including medical billing.

Edwards said all plans would include preventive, catastrophic and long-term health-care coverage to include parity for mental and physical conditions, dental and eye-care benefits.

Edwards kept up a whirlwind pace of campaigning, and at the Nashua home, he struggled to remember where he had been while speaking to a cleaning woman who lived in a homeless shelter.

“This is embarrassing,’’ Edwards said. “I’ve been to too many places. I’m sorry.’’

A few moments later, Edwards came up with the locale himself.

“Nashville, Tennessee,’’ he said, laughing.

Al Gore, Rock Star (WP)

By William Booth, Washington Post Staff Writer

The Washington Post, February 25, 2007

Oscar Hopeful May Be America's Coolest Ex-Vice President Ever

LOS ANGELES -- In the annals of vice presidential history, tonight will be something different. In his black tux, the man known to his most fervent fans as "The Goracle" will arrive by hybrid eco-limo and, surrounded by fellow Hollywood greenies Cameron Diaz and Leonardo DiCaprio, will stroll down the red carpet at the Academy Awards to answer the immortal question: "Al, who are you wearing?"

What a year it has been for Al Gore and his little indie film.

"An Inconvenient Truth," the 100-minute movie that is essentially Gore giving a slide show about global warming, is the third-highest-grossing documentary ever, with a worldwide box office of $45 million, right behind blockbusters "Fahrenheit 9/11" and "March of the Penguins."

"AIT," as Team Gore calls it, is also the hot pick tonight for Best Documentary, and if its director, Davis Guggenheim, wins an Oscar, he plans to bring Gore along with him to the stage to accept the golden statuette and perhaps say a few words about . . . interstitial glacial melting? (More likely, Gore will deliver a favorite line about "political will being a renewable resource.")

In the year since his film premiered at the Sundance Film Festival, to a standing ovation, Gore has gone from failed presidential contender -- and a politician who at times gave new meaning to the word cardboard -- to the most unlikely of global celebrities.

Incredible as it may seem, Al Gore is not only totally carbon neutral, but geek-chic cool. No velvet rope can stop him. He rolls with Diddy. He is on first-name basis, for real, with Ludacris. But what does this mean? And how did it happen? Did Gore change? Or did the climate -- political, cultural, natural -- change around him?

In an e-mail exchange with The Goracle himself, "AG" typed to The Washington Post that the Oscar craziness and pageantry of the film premieres has been fun (his word) "but I'm old enough to know that a red carpet is just a rug, so I've been able to enjoy that part of it without losing perspective."

Just a rug, people. Because, Gore continued (this was on Friday during a break from his tux fitting): "Actually, for me, the most moving moments have been in conversations with people who have told me that the movie had a big impact on the way they think and feel about our moral responsibility to protect the Earth."

"He is more popular now than he ever was in office, and he knows it," says Laurie David, one of the producers of "Inconvenient Truth" and a Hollywood environmental activist (and wife of "Seinfeld" co-creator Larry David) who has traveled around the world promoting the film with Gore. "He's a superhero now."

Before the film? He was more Willy Loman than Green Avenger. After his loss in 2000, a battered Gore began to schlep around the country, often solo, flying coach, giving his ever-evolving slide show about climate change, a threat that Gore, now 58, says he has felt strongly about since his Harvard days.

After the film? Says director Guggenheim, "Everywhere I go with him, they treat him like a rock star."

Guggenheim is not being hyperbolic. Take the Cannes Film Festival: Al Gore was mobbed. By French people. He was a presenter at the Grammy Awards, alongside Queen Latifah, where he got one of the biggest welcomes of the night. "Wow. . . . I think they love you, man. You hear that?" the current Queen asked the former veep. Earlier this month, the ticket Web site at the University of Toronto crashed when 23,000 people signed on in three minutes to get a seat to hear Gore do his thing on the oceanic carbon cycle. At Boise State, Gore and his slide show sold out 10,000 seats at the Taco Bell Arena, reportedly "faster than Elton John."

Remember that this is the same Al Gore who even today interrupts himself to explain that while he supports the use of ethanol to reduce greenhouse gas emissions, please, he is not talking about regular ethanol; he is talking about "cellulosic ethanol" (made from wood chips rather than cornstarch).

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Also remember that "An Inconvenient Truth" was not on anybody's short list for theatrical release, let alone an Oscar. "I think I was the only person crazy enough to want it," says John Lesher, president of Paramount Vantage, which purchased the film at Sundance. "Everybody else had already passed on it, to be honest, but I thought if we do our job right, this could be a zeitgeist moment."

The film distributor's greatest challenge? "To convince people that it wasn't going to be boring," he says. "We didn't want to sell spinach." His greatest asset? "Al Gore. There was no hiding him."

Lesher explains that, from a marketing and branding perspective, Gore was lugging some very heavy baggage. "Democrats felt disappointed in him, and Republicans didn't like him," he says. "But it worked." How come? What comes through in the film, Lesher says, "is here is this person who has gone through this incredible adversity" -- Florida recount, Supreme Court decision, bye-bye White House -- "and this is what he decides to do," the one-man slide show, "and so you see this massive integrity."

And nobody worked for the film harder than Al Gore, Lesher says: "He was an amazing collaborator, and unlike everyone else in Hollywood, he did everything he said he would do, which is unique in my experience."

Gore worked the premieres in Edinburgh, Helsinki, Oslo, Stockholm, Sydney, Hong Kong, Amsterdam, Zurich, Brussels, Berlin and Tokyo. In France, he not only attended the film opening, but presented his 90-minute Apple Keynote lecture to the National Assembly. He did the slide show at the United Nations, the American Geophysical Union, and before conservative activist Grover Norquist's regular Wednesday meeting.

"I am trying to reach out to people in every effective way that I can find," Gore wrote in his e-mail. "In the process, I have had the chance to work with really interesting people from all walks of life." Meaning: eggheads and rappers, movie moguls and prime ministers, and, recently, Bon Jovi. "So, pop culture is an important part of the message delivery system, but far from the only part."

Gore's book, based on the film, has sold 850,000 copies worldwide and translation rights for 24 languages. In Spain, Prime Minister Jose Luis Rodriguez Zapatero told Gore that the DVDs of the film would be shown in the public schools, following similar proclamations in Scotland and Norway. And speaking of Norway, earlier this month Gore was nominated for a Nobel Peace Prize for his work to alert the world to the dangers of climate change.

"People ask him all the time what does he attribute his recent success to and Gore tells them 'reality,' " says Larry Schweiger, a friend and president of the National Wildlife Federation, who is a leader of Gore's Alliance for Climate Protection, a foundation that seeks to bring evangelicals, hunters, farmers and entrepreneurs to the cause. "They used to ridicule him. They called him a tree-hugger. They don't do that anymore."

Guggenheim explains: "People say to me that Al Gore is so different now. Why wasn't he like this when he ran for president?" Meaning that Gore now appears relaxed, confident, happy, and not stiff, robotic, pinched. "They say Al has changed. But I don't think so. We've changed. The setting has changed. He's the same. When you're running for office, you're a target every moment you are in front of the camera. Now, he's in a different place and we see him in a different way."

There might be something to this. Earlier this month in Los Angeles, accompanied by booming house techno bass beat, Gore announced his plan for a global "Live Earth" day of mega-concerts this summer, to be held simultaneously on all seven continents, with 100 of the world's most popular musical acts -- Snoop Dogg, Kelly Clarkson, Bon Jovi, Korn -- to promote awareness about climate change. Gore was surrounded by a grinning Cameron Diaz (she hugged him) and a nodding Pharrell Williams, the rap-producing impresario, and though Gore perhaps went on for a few paragraphs too long about how many tons of carbon a day are entering the oceans, the riser of international press and paparazzi were clearly gorging on the glamorama. Gore was his usual earnest self. A nerd? Maybe, but he was the nerd with Cameron and Pharrell, talking about the carbon cycle and the Red Hot Chili Peppers. It was the mixology -- high-wattage celebrity and energy-efficient light bulbs -- that helps the medicine go down.

"Is being president better than this?" muses Simon Rosenberg, head of the New Democratic Network. "I think what Gore's figured out how to do is something that a lot of people want to do. He's living a life of great freedom and pursuing his interests, and he's having an impact on public policy. He's been able to start a bunch of companies and do the movie and he's got this great life right now."

"I agree" Gore typed, "that the Zeitgeist has begun to change. I think it reflects the increased popular will to confront and solve this crisis. It's an extraordinary experience to see this issue -- which the conventional wisdom used to say was politically marginal -- become central for so many people. As it should. I also think that people see candidates through a different lens, and that is a factor. But I also think there is at least a grain of truth to the old cliche that 'what doesn't kill you makes you stronger.' So maybe I've gotten a little stronger in the last six or seven years."

Gore is escaping the fate of most former politicians, says Matt Bennett, a consultant for Democrats who worked closely with Gore during his vice presidency. "Usually defeated -- or allegedly defeated -- party nominees become pariahs. Look at Mike

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Dukakis or John Kerry. Or they just go out to pasture like Bob Dole. Gore has pulled off a feat unknown in modern times, which is to completely rehabilitate his image in the public mind very quickly."

Bennett credits savvy handling by people around Gore, including the documentary-makers. And he says the world is catching up with Gore. "Look, this guy was a visionary. He was right about everything, even the stuff he was ridiculed for," Bennett says. "He was right about the Internet, he was right about the first Gulf War, he was sure as hell right about the Iraq war. And he was right about global warming."

At the "Live Earth" press conference, Gore once again affirmed that he is not planning to enter the 2008 presidential fray, though this has not stopped the lefty blogosphere from imagining the jaw-dropping holy cow if The Goracle announces his run on Oscar night. That, say Gore's most intimate insiders, is most definitely not going to happen.

As for whom Gore will be wearing, his people reveal: It'll be Ralph Lauren.

For Gore, Acceptance Speech 101: Keep 'Em Laughing (POL)

By Helena Andrews

The Politico, February 24, 2007

Former Vice President Al Gore just might win an Oscar Sunday for his documentary, "An Inconvenient Truth." If he does, that means an acceptance speech – and let's face it, Gore's no Billy Crystal.

So before Al uncrumples and reads from a dinner napkin outlining a dissertation on climate change, a few of Washington's funniest phrase-turners offer this prudent advice:

Keep it short, keep it light and keep 'em laughing.

Given the enormous spotlight, Gore could have more at stake than just bombing before the crowd of Prius-driving, energy-saving-bulb-using, Versace-swathed starlets in Hollywood.

After all, he hasn't completely ruled out a 2008 presidential run.

So The Politico polled several of Washington's best-known wordsmiths to ask what Gore should say in an acceptance speech.

For openers, how about: "It's nice to be handed a statue that's as animated as I am," suggested Amy Kramer, a freelance Democratic writer.

Or: "I'm just grateful they didn't recount the votes," emailed Ben Clarke, a writer for Republican political strategist Frank Luntz who was also on former majority leader Sen. Bill Frist's speech squad.

The jokes about missing ballots didn't stop there.

"I'd like to thank everybody who voted for me. But I have one question: Where the hell were you people seven years ago?!" joked Michael Long, a director at the White House Writers Group, a Washington-based political strategy firm.

"Thank yous" are a prerequisite for any acceptance speech, especially at the granddaddy of them all, when everyone wants to claim 2.3 milliseconds of fame. But journalist Matt Labash of the conservative Weekly Standard put a new twist on the traditional acknowledgements.

"He should thank us, the polluters," wrote Labash in an email. "If I wasn't leaving my car on while running into Safeway, doing my small part to melt the polar icecaps, where is Al Gore?"

Mark Katz, the former commander of Bill Clinton's "comedy war room," wasn't too busy to offer instruction to his "old friend" Al.

He said that whatever happens on Sunday, Gore should build up to the following scene:

While holding his hard-won golden man overhead, Gore bellows, "So if James Baker wants to take this victory away from me, he will have to pry it from my COLD, DEAD HANDS!!"

Katz was referring, of course, to Baker's role in the 2000 presidential election recount in Florida, and actor and former NRA president Charlton Heston's defiant words to Gore about gun rights.)

Meanwhile, no one can resist the global warming jokes.

Radio producer Buckley Carlson sent The Politico this gem:

"Apologies for being late, Tipper and I were held hostage on a JetBlue flight out of Washington. A blizzard kept us on the tarmac for 18 hours. I'm telling you, this global warming stuff is really wreaking havoc on our transportation system."

Whether or not Gore will "get too political" on Sunday remains to be seen. But either way, he should avoid the embarrassing your-time-is-up violins and go the way of Jane Fonda.

As she told the Academy in 1972, "There's a great deal to say, but I'm not going to say it tonight."

Beware Of Celebrities Bearing Gifts (NYT)

By Kate Zernike

DOJ_NMG_0136708

The New York Times, February 25, 2007

FOR presidential hopefuls, the Hollywood fund-raiser used to be as smooth as an A.T.M. withdrawal: duck in at night, after the East Coast news cycles have closed. Leave in the morning with a hefty check and the soft reflected glow of a few Oscar winners.

The events did not, typically, result in headlines about the "brawl," "throwdown," or "rumble in the Hollywood jungle" that greeted Barack Obama's first foray onto the scene last week.

You can't begrudge the movie-loving public a great story line. David Geffen, an entertainment industry billionaire power broker and onetime cheerleader for Bill Clinton, not only herds big Hollywood names to a hot-ticket fund-raiser for Mr. Obama, but insults Hillary Rodham Clinton and the former president on the eve of the party. And, as though they were obliging the celebrity tabloids, the Clinton and Obama campaigns jump in the mud right after him.

It was not a happy ending for anyone. Mr. Obama's reputation for being above politics was soiled. And Mrs. Clinton came off as quick to fight.

But, really, can anyone be surprised? Given the well-known potential downside, presidential candidates might be expected to treat Hollywood stars the way studios now treat Tom Cruise — with a bit more distance.

But for candidates, especially those competing for the Democratic nomination, Hollywood is too important to put at arm's length.

There is the deep pockets factor. But there is another key consideration: There is no better place than Hollywood to attain that magical aura of Superstardom. Hollywood money helps encourage other sources of money, which leads to bigger campaign chests, which leads to an aura that the candidate is invincible.

The only problem: keeping big, independent-minded personalities like Mr. Geffen from putting a rip in that superstar image.

Ten years ago, the Hollywood Women's Political Committee disbanded. The members said they were tired of being treated like cash machines and were enraged at how much money had corrupted the political process.

That group may be no more, but the Hollywood cash dance lives on. In fact, celebrities now pay political consultants to advise them on candidates.

In 2004, John Kerry took in $3.5 million from people identifying themselves as in television, movies or music, up from the $1 million that Al Gore took in when he was the Democratic nominee in 2000, according to the Center for Responsive Politics. While Republicans have traditionally done worse in Hollywood, President Bush also earned more from those donors in 2004 than he did in 2000 — $1.4 million up from about $830,000.

That money becomes a kind of early election return. "There are all sorts of invisible primaries going on here," said Stuart Stevens, a Republican consultant working for John McCain who has also been a producer and writer for television. "One of them is for money, and one of them is for inevitability. Hillary Clinton wants to be inevitable."

A high-profile fund-raising event for Mr. Obama seriously dents that aura of invincibility.

"This hurts her in the money primary and in the inevitability primary," said Mr. Stevens of Mr. Obama's reception. "The fact that they're in love with her husband and not doing it for her is not a good sign. It gives other people permission to do the same — Wall Streeters, hedge-fund types. They figure, if the hip, cool people aren't doing it, I don't have to do it."

Indeed, some believe the support for Senator Obama is probably not deep, wide or even informed.

"A lot of these Hollywood donors are measuring prospects for box office success, if you will," said Eli Attie, a former chief speechwriter for Mr. Gore who was also a writer and producer on "The West Wing." "It's not that they know Obama's record or know what he'd do as president or think he'd be better or smarter than Hillary Clinton. It's more that he seems like he could be a tough contender. "

Outside the Hollywood bubble, however, this conceit — that money and celebrity may be enough to crown The Nominee — can seem like, well, a conceit.

"The voters almost feel like they have a duty to reject that kind of endorsement," said Art Torres, the chairman of the California Democratic Party and a former state senator. "They're thinking, 'What do I care what that movie star thinks?' I'm going to make up my own mind."

A CBS News poll taken this month before the Geffen remarks found the public evenly split on the question of whether celebrities should get involved in politics: 48 percent said they should stay out; 47 percent said they should get involved.

"One of the problems Democrats have had," said Mr. Stevens, the Republican consultant, "is not being able to manage this."

In 2004, the Democratic Party sent celebrities to swing states like Ohio to canvass voters. "People in Ohio, just like people in New Jersey, don't want somebody from California to come tell them how to vote — 'I'm here to save you,' " said Mr. Attie. "It has a negative missionary arrogance."

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Of course, some stars do add some measure of credibility. Celebrities like Tom Hanks and Denzel Washington are considered all-American enough to help any candidate.

Other stars realize that they have limitations.

“George Clooney, you don’t ever see him hit a wrong note,” Mr. Stevens says. “He understands he can help raise money, but he also understands there’s a line to cross where he’s not going to be telling people how to vote.”

Then again, some stars get involved unwillingly. Stephen Rivers, who has worked for politically active stars including Jane Fonda, recalled the 1988 Senate campaign in New Jersey, where the Republican, Pete Dawkins, was under fire for exaggerating his war record, and successfully changed the topic by invoking Ms. Fonda as the ultimate liberal antiwar bogeywoman. Mr. Dawkins’ campaign demanded that the Democrat, Frank Lautenberg, return $5,000 from a women’s group in Hollywood that the Republicans insisted was “controlled” by Ms. Fonda. Soon, Republicans warned, Mr. Lautenberg would be taking foreign policy advice from the woman whom some on the right deride as Hanoi Jane.

Not that it worked. Mr. Dawkins lost.

In any case, celebrities may not care much about their affect on a politician’s future. They may just want to act altruistically. Or, like so many donors everywhere, it might be all about them.

“People want to say, ‘Oh, just because they have all this money, who are they to act like they know what they’re talking about,’ ” said Ken Sunshine, a public relations consultant who has represented Ms. Streisand and Leonardo DiCaprio.

“But they have rights, like any citizen, to speak their minds.”

Hope Outrunning Experience In Primary Race (LAT)

By Johanna Neuman

The Los Angeles Times, February 25, 2007

WASHINGTON — Michelle Obama bristled at charges that her husband was not experienced enough for the presidency.

"We've heard this spewed from the lips of rivals every phase of our journey: He is not experienced enough, he should wait his turn," she recently told supporters of Sen. Barack Obama (D-Ill.), who at 45 is serving his first Senate term. Only political insiders, she said, would look at his life accomplishments "and dare to have the audacity to say he is not ready."

Experience — and how to measure it — has become one of the first big debating points of the 2008 presidential race.

In one of the curiosities of the Democratic primary, some of the candidates with the most experience in national politics are at the bottom of the early popularity surveys. By contrast, Obama, with a mere three years on the national stage, is this year's campaign-trail sensation.

And so Sen. Christopher J. Dodd of Connecticut (with 33 years in the House and Senate) has been trying to heighten the importance of Washington knowledge, making a constant refrain of his claim that President Bush proves the dangers of on-the-job training in the White House. "I think people do care about experience," Dodd said.

Gov. Bill Richardson of New Mexico (15 years in the House, two years as U.N. ambassador, three years as energy secretary) touts his "unparalleled experience." And Sen. Joseph R. Biden Jr. (35 years in the Senate) has said of his campaign rivals: "It's not so much whether I can compete with their money, but whether they can compete with my ideas and my experience."

Even former Sen. John Edwards of North Carolina, who served a single term before opening a White House bid in 2004, has brought his twist to the issue. Asked at an event last month how he differed from Obama, Edwards said: "Experience. I've been through a presidential campaign."

Advocates for Obama, as for other candidates who are positioning themselves as outsiders to Washington's political culture, like to say that the range of their life experiences makes them more fit for office than those who have spent their careers in government. In Obama's case, that resume includes stints as a community organizer, law professor, civil rights attorney and eight-year member of the Illinois state Senate.

Obama's allies also assert that a wealth of government experience did not make Vice President Dick Cheney or former Defense Secretary Donald H. Rumsfeld any wiser in confronting the nation's problems. And Obama launched his campaign from Springfield, Ill. — a city identified with Abraham Lincoln — perhaps to remind voters that one of the country's greatest presidents had little Washington experience before he reached the White House. (Lincoln had served one House term and 12 years in the Illinois Legislature.)

Among conservative voters, experience is prized. "Republicans generally believe, particularly conservatives, that we are electing a wartime president, so experience will be critical," said GOP political consultant Christopher Barron. "It's one of the reasons you continue to see someone like Rudy Giuliani over-performing among conservatives who disagree with him on a litany of social issues."

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Giuliani, a former New York City mayor and federal prosecutor, built a national reputation as a steady leader after the Sept. 11 attacks. He leads in several early polls of Republican voters.

Democratic voters have been more willing to sacrifice experience for other qualities, such as a candidate's ability to inspire the public, some analysts say. "The essential tension in the race is between hope and experience," Jennifer Duffy of the nonpartisan Cook Political Report said of the Democratic primary campaign. "Every 25 years or so, we elect a president who gives us hope."

With the latest CBS News poll showing that only 26% of Americans think the country is moving in the right direction, Duffy said, this may be an election in which inspirational candidates triumph.

To some degree, history bears out the idea that too much Washington experience can harm a candidate's image. "The irony is that the longer you serve in the U.S. Congress, the lower odds are you can get elected president," said UCLA political scientist Mark A. Peterson. "Nobody since John F. Kennedy has gone from the legislative branch to the White House."

Members of Congress sometimes talk in an arcane language of amendments, earmarks and resolutions that makes them less than approachable to voters. Ross K. Baker, a political scientist at Rutgers, says Sen. John F. Kerry, who had represented Massachusetts for 20 years, lost his audience at a 2004 Democratic primary debate in the first moments when he trumpeted the fact that he had introduced an amendment to a Biden bill.

Still, some historians argue that prior Washington experience is helpful to a president, even though several who had limited contact with the federal bureaucracy did well.

"With Lincoln as the exception, what you find is that the experienced do perform better," said Bruce Schulman, a political historian at Boston University.

The willingness even to entertain selecting an outsider for the nation's highest office may be a trait that the United States shares with few other countries. "If you go to England or France or Germany, rarely is it conceivable to see heads of government and ministerial positions without extensive government experience," Peterson said. "This is deeply rooted in the nature of modern American politics."

"There's a schizophrenia of the American political mind," said Jamie McKown, political scientist at the College of the Atlantic in Bar Harbor, Maine. "We want to have a beer or a cup of coffee with the candidates, but if they can't point out Tajikistan on a map, we're suspicious. We want them to be everyday people and superhuman."

Bill Clinton, a former governor and attorney general of Arkansas, won the White House in 1992 running against more-seasoned political resumes with his formidable communications skills — an ability to act both as just "one of the guys" and a policy-loving Rhodes scholar.

"Either you prove to be an effective or ineffective campaigner," Baker said. "That's the difference: the extent to which you can connect with voters."

Some think that Obama's fresh face will help him on that front.

"Most voters want something new," said Democratic consultant Donna Brazile, who managed then-Vice President Al Gore's presidential campaign in 2000. "They want less D.C. experience and more good values."

Governors See Influence Wane In Race For Presidency (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 25, 2007

Despite Trend of Success, Not One Is a Front-Runner

In one of the fastest-starting presidential campaigns in history, one group of politicians has not kept pace: the nation's governors.

The most successful route to the White House in recent elections has run through the governors' mansions, but in the 2008 campaign, state chief executives are struggling to fight their way into the top tier of candidates in both the Republican and Democratic races.

This weekend, two events highlighted the lack of gubernatorial influence in the opening stages of the 2008 campaign. The first was Friday's announcement by former Iowa governor Tom Vilsack that he was dropping out of the Democratic race less than three months after formally launching his campaign.

The other was yesterday's opening of the winter meeting of the National Governors Association, where few attendees expressed any desire to get involved on behalf of a presidential candidate.

Pennsylvania Gov. Edward G. Rendell (D) said that because of the heavily front-loaded nomination calendar, he and others may have more to lose than gain by picking a candidate now.

"Why risk ticking off the eventual nominee when there's no value to it?" Rendell asked.

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One Republican governor, who spoke on the condition of anonymity to talk more freely about the GOP race, said that in the absence of a strong front-runner in the traditional sense, any of the leading candidates could end up faltering, making an early endorsement far riskier than it was when Republican governors got behind the candidacy of George W. Bush in the 2000 campaign.

"They realize those guys running for president need you just as much in October as they need you now," he said. "So if you think this is a very fragile playing field, then it would be smart to wait."

Governors from states with early contests where endorsements might count heavily are, for now, staying neutral. Both Iowa Gov. Chet Culver (D) and New Hampshire Gov. John Lynch (D) plan to stay neutral at this point and are more focused on preserving their states' roles at the front of the process. They met yesterday to discuss the 2008 calendar, rather than the candidates.

The Democratic contest is now dominated by senators, with New York's Hillary Rodham Clinton and Illinois' Barack Obama the candidates drawing the most attention. Challenging them, particularly in several early states, is former North Carolina senator John Edwards. Two veteran senators, Delaware's Joseph R. Biden Jr. and Connecticut's Christopher J. Dodd, hope to capitalize if the front-runners stumble.

Just one governor is in the Democratic race: New Mexico Gov. Bill Richardson, who is seen as a long-shot candidate despite one of the deepest resumes of anyone in the field.

Vilsack wasn't even the first former governor to fall out of the Democratic race. Last fall, after receiving a rush of attention as a potential contender but before he could even announce his candidacy, former Virginia governor Mark R. Warner said he was not interested in seeking the presidency in 2008.

Indiana Sen. Evan Bayh had planned to use his record as governor as a central selling point in his campaign. But the Democrat got out of the race last December, just a few weeks after establishing a presidential exploratory committee.

The Republican race has followed a similar path. The two leaders in the polls are Arizona Sen. John McCain and former New York mayor Rudolph W. Giuliani. Former Massachusetts governor Mitt Romney, who passed up running for a second term to seek the presidency, is seen by some party insiders as the third candidate in the GOP top tier, but he is not well know nationally at this point.

The GOP field includes two other former governors. One is Wisconsin's Tommy G. Thompson, who was one of the most innovative state executives of the 1990s. The other is Mike Huckabee of Arkansas. Both face uphill bids.

Rendell said the absence of more strong governors in the two fields may be nothing more than an anomaly in this campaign cycle. If California Gov. Arnold Schwarzenegger were not constitutionally prohibited from running or if former Florida governor Jeb Bush had a name other than Bush, either would be considered a top-tier candidate in the GOP field, he said.

On the Democratic side, the governors of vote-rich New York and Ohio were only just sworn into office, and several potential candidates from other battleground states faced challenging reelection campaigns in 2006 and opted out of the presidential race. "You can't run for president and run for reelection," Rendell said. "You have to make the choice that Governor Romney made."

So far only a handful of governors have endorsed presidential candidates. McCain has the support of Minnesota Gov. Tim Pawlenty and Utah Gov. Jon Huntsman Jr., while Romney has the support of Missouri Gov. Matt Blunt. No governor has announced support for Giuliani. Among Democrats, Obama has the support of Virginia Gov. Timothy M. Kaine, while Clinton has not yet rolled out the endorsement of any Democratic governor.

Montana Gov. Brian Schweitzer (D) is among those who are in no hurry to pick a candidate. "I like a lot of them," he said. "I like Bill Richardson a lot. Hillary's taking up the oxygen and a lot of the money in all the rooms. Barack could be the transformational leader that everybody's looking for. Maybe it's him. Edwards, he might be the one to come up through the middle. So give it a few months."

In Democratic Campaigns, Six Degrees Of Tom Daschle (WP)

By Chris Cillizza, Shailagh Murray

The Washington Post, February 25, 2007

The easygoing former Senate majority leader never seemed like a party boss. But lo and behold, Daschleites are everywhere. Former Daschle staffers or Daschle-era Senate leadership aides populate all the major Democratic presidential campaigns. A particular beneficiary: Sen. Barack Obama of Illinois, who won Daschle's endorsement last week. The South Dakota Democrat, defeated in 2004 by GOP Sen. John Thune, said Obama "personifies the future of Democratic leadership in our country."

Vilsack's Departure Makes Iowa Interesting

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Former Iowa governor Tom Vilsack's decision to drop out of the presidential race late last week surprised many observers who expected him to stick it out at least through his home-state caucuses. Vilsack was always seen as a long shot for the Democratic nomination, but his departure still makes an impact on the field he leaves behind.

Here's a look at a few of the biggest winners and losers as a result of Vilsack's departure:

WINNERS

Iowa: With Vilsack out, there's no chance that the caucuses will be a repeat of 1992, when the presence of native son Tom Harkin turned the race into a non-entity. No candidate left in the field can excuse failing to make a splash in the Hawkeye State -- meaning what happens there now really matters.

Bill Richardson: Richardson is the only candidate left on the Democratic side with executive experience. There's a reason no senator has been directly elected to the White House since 1960. In that time, four governors have won the nation's highest office.

Chris Dodd: Dodd needed a break to make a real run at the nomination, and Vilsack's departure might just be it. The Connecticut senator should surprise some people with his cash haul at the end of the first quarter and is slowly but surely positioning himself to take advantage of a stumble by the front-runners.

Process: Vilsack dropped from the race 10 months before a single vote will be cast. His stated reason? Money. The public is largely unaware of the process of raising the cash and building a staff, but fundraising continues to matter more and more in weeding out the field.

LOSERS

Tom Vilsack: Insiders always wondered why Vilsack got into the race at all, and his decision to get out so quickly does little to enhance his chances at being picked for the national ticket. Remember, Vilsack was on the veep shortlist for Sen. John Kerry (D-Mass.) for 2004. Hard to see how he helped his chances at that slot for 2008.

Nevada: With Vilsack out of the race, second-tier candidates looking to make the big leap will probably devote most of their limited resources to making a move in Iowa. The Nevada caucuses, set for five days later, will be an afterthought.

Policy: Vilsack was a leading voice in the so-called "ideas primary," putting forward a series of detailed issue proposals including an overhaul of energy policy. It didn't save him.

Stuck In The Mud (WP)

By Frank Luntz

The Washington Post, February 25, 2007

How Can the GOP Get Moving Again? Drop the Dirty Politics and Get Real.

"Don't be afraid to see what you see," Ronald Reagan once said.

Today, many of his disciples are choosing not to see the obvious. Republicans in Congress cannot regain their majority merely by relying on a coalition of traditional conservatives and evangelicals. They must reach out to what I call "the fed-ups" -- a large and growing constituency of independent voters who have held the balance of power in every election since 1992, and will hold it again in 2008.

It was only 14 years ago that nearly 20 million voters rejected both Bill Clinton and George H.W. Bush in favor of H. Ross Perot, a little man with big ears and a big idea. Perot's principal claim on their allegiance in the presidential election of 1992 was his insistence that government should be competent, sensible and honest about its finances. His supporters were mad as hell and weren't going to take it anymore. Those voters -- 19 percent of the electorate -- demonstrated that there was a potent political movement of fed-up Americans.

Two years later, millions of Perot voters switched to the Republicans and helped them grab control of Congress. They stayed with the GOP for a decade because the party represented "good government." But red ink budgets, earmarked appropriations for bridges to nowhere, endless ethics scandals and a debacle of a war made them mad once again. In 2006 they deserted the GOP in droves and turned control of Congress back to the Democrats.

How incredible that the antidote to what ails the Republicans can be found in the words of a famous Democrat. In his tragic run for the presidency in 1968, Sen. Robert F. Kennedy said, "Some men see things as they are and say, 'Why?' I dream of things that never were and say, 'Why not?' " The magnificent poetry of that challenge -- to do more and to do better -- is at the core of who we are as a society, what we want for America and for ourselves. Here is the reason why the Republican Party has faded from relevance in the past two years.

Despite its many problems, the United States remains a nation of dreamers. The American psyche is genetically wired to see possibilities. Faith in the future is in our DNA. It's why we historically vote for the more positive, hopeful, upbeat candidates.

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Yet my recent public opinion research has recorded unprecedented anxiety about the country's direction. Just 34 percent of the voting public believe that the America of tomorrow will be better than the America of today, while 57 percent think it will be worse.

This explains why so many people have lost patience with the current U.S. leadership. It is no wonder that 52 percent of voters in my election night survey said they were "mad as hell" about politics and politicians. Can you blame them? It doesn't matter whether you are a Republican or a Democrat, the outlook is grim: a war with no end in sight, rising costs of health care, borders that are poorly patrolled, schools that are failing, manufacturing that is disappearing, and a culture that is coarsening.

Congressional Republicans didn't seem to notice in 2006, and certainly didn't seem to care. For the all-important swing voter in the center -- the current version of those 19-plus millionPerot voters -- Republicans came to represent the politics of hypocrisy and failure. They didn't have a message. They didn't have an agenda. They didn't have a purpose. And so on Election Day, these voters -- now about 16 percent of the electorate -- went elsewhere.

It is unfortunate that the Republican Party is currently dominated by hyperpartisan, gut-punching professional politicians and expert technicians whom I wouldn't want to face at the dark end of the electoral alley. They specialize in the flawless execution of "wedge" politics. That may have worked well in past elections, but no longer. The latest gimmick is "branding" -- a Madison Avenue technique -- to reverse the Republican slide. But political parties are not brands, slogans are not a replacement for ideas and you don't sell leaders the way you sell widgets.

Many rank-and-file Republicans agree. But the party apparatus still doesn't get it. Over the years, I have become unpopular with the GOP hierarchy by telling the apparatchiks what they needed to know, not what they wanted to hear. Nowadays my work is far from the day-to-day grind of political partisanship. But if I were still in the thick of it, my guidance would be just 20 words long: Be bold, return to basics, stop telling, start asking, focus on results, abolish "earmarks" and embrace a permanent balanced budget.

Shortly after the Republican landslide of 1994, Rep. Jim Nussle of Iowa said: "I hope none of us lose the backbencher point of view. We should always look to make changes." Nussle was one of a cadre of passionate Republican reformers who railed against Democratic improprieties. (He gave up his House seat to run unsuccessfully for governor of Iowa last year.) The Republican Party still has its share of outsiders, crusaders, people unwilling to accept politics or governing-as-usual. I think of lawmakers such as Rep. Paul D. Ryan (Wis.) and Sen. Jon Kyl (Ariz.), who want to get back to balanced budgets, fiscal accountability and causes that appeal to centrist voters.

They understand that Republicans lost the majority because Americans wanted change. But they need to step up now, speak out and demand a public role in reforming the party and Washington in the same way that former House speaker Newt Gingrich (Ga.) demanded that well-meaning but failed Republican leaders step aside in 1994.

There are some hopeful signs.

Both the early front-runners for the GOP presidential nomination in 2008 have appeal beyond the party's base of conservative supporters. Arizona Sen. John McCain tapped into the old Perot constituency in his bid for the nomination in 2000, and former New York mayor Rudolph W. Giuliani is doing that now.

In Florida, a group of Republican legislators stepped back from partisan bickering to try something novel: They asked the people for ideas.

Florida House Speaker Marco Rubio challenged his colleagues to create an agenda for the future with "100 Innovative Ideas" from ordinary people around the state. Instead of fundraisers, they held "idea raisers." Republicans, Democrats and independents were all welcome -- any idea that advanced the principles of good government and political accountability was considered.

It wasn't a political ploy. They released their "100 Innovative Ideas for Florida's Future" after the election. And Republican legislators got back in touch with constituents.

But what did national Republicans do as the new Congress convened and Democrats began pushing through their "Six for '06" proposals in the first 100 hours? They called a news conference not to present counter-proposals to guide the minority over the next two years, but to complain that the Democrats were treating them unfairly. They objected that the committee process was being skirted and members were denied opportunities to offer amendments.

Were Republicans standing up for retirement security, control over health-care decisions or economic freedom? No. They were upset over who was or was not allowed to offer amendments on the floor. (Note to Republicans: Americans don't care.)

The path to a GOP majority must be paved with solutions to the real problems of real people. Republicans should talk about expanding health savings accounts and educating Americans about the benefits they offer. They should commit to sunsetting government programs every four years unless continuing them can be justified. They should pledge the investment necessary to develop renewable fuels and alternative energy. They should challenge Democrats to tackle the burgeoning tax code and fight for tax simplification on behalf of hardworking taxpayers.

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Republicans need a spirited, intellectually based rebuttal to every piece of Democratic legislation and an alternative to every policy -- not a new parliamentary maneuver.

My polls show that Democrats now hold a perceived advantage with voters not just on reducing deficits and balancing the budget but on an issue long seen as a GOP strength: ending wasteful spending. That alone should jar Republicans into taking a fresh approach.

Step one should be the abolition of earmarks for hometown and home-state projects. Nothing will undermine the lobbyist culture more than a clear and definitive statement that there will never again be a highway project like the Alaskan "bridge to nowhere."

Step two is to once again stand for accountability, a principle abandoned in the last Congress. If Republicans are serious about demonstrating that they understand what America wants, they will support a balanced-budget amendment -- but with an important twist: The declining Social Security surplus couldn't be used as a numbers game to "reduce" shortfalls, and there would be a clause making it difficult to raise taxes.

Republicans lost their congressional majority because they lost touch with what Americans really want. As a pollster, I rarely hear voters call for smaller government. They tell me that they want more efficient and more effective government. (Note to Republicans: There is no starker symbol of Washington's inefficiency and ineffectiveness than the federal government's inability to control our borders and prevent illegal immigration.) Last year, Republicans campaigned locally and lost nationally. Relying on local issues to define elections at a time when national matters dominate public concerns is a losing strategy. With 20 months until the next election, Republicans have a responsibility as the minority party, as the opposition party, to prove themselves as once again worthy of public trust. They must adopt a bold agenda to mirror the public's desire for bold change. Anything less and they will fail not only themselves but also the country.

Frank Luntz, a corporate communications adviser, was pollster for the GOP's 1994 "Contract With America" and advised House and Senate Republicans from 1994 through 1999. He is the author of the new book "Words That Work: It's Not What You Say, It's What People Hear" (Hyperion).

Politics For The Disengaged (WP)

By David S. Broder

The Washington Post, February 25, 2007

In a wonderful example of life imitating art, a group of serious political pros has taken the plot line of "The West Wing" and turned it into the most intriguing gambit yet seen for the 2008 election.

As fans of the now-canceled NBC drama know, the closing episodes showed newly elected Democratic President Matt Santos offering the position of secretary of state to his defeated Republican rival, Sen. Arnold Vinick. The Great Reconciliation not only brought Jimmy Smits and Alan Alda together for the closing shows but also satisfied the audience's hunger for national harmony in a time of bitter partisanship.

That's also the motivation for the creators of Unity08, a scheme announced last week to put forward an alternative ticket for the next presidential race, joining a Democrat and a Republican or headed by an independent pledged to forming a bipartisan administration.

The founders of Unity08 include Hamilton Jordan and Jerry Rafshoon, key players in Jimmy Carter's campaign and presidency, and Doug Bailey, a longtime adviser to Republican moderates and now publisher of the Hotline, a political newsletter.

The one leading sponsor who has held public office is Angus King, elected twice as an independent as governor of Maine. He came to see me last week, along with two impressive college students, Lindsay Ullman of Yale and Zach Clayton of the University of North Carolina, who represent Unity08's target audience of young people.

The sincerity of their motivation is as striking as the odds against their success.

Their hope is to harness the power of the Internet -- already demonstrated as a fundraising and recruiting tool in the 2004 campaigns of Howard Dean and others -- to mobilize the vast numbers of Americans who say they dislike their current political choices. A poll they commissioned found that 70 percent of Americans are dissatisfied with politics today and a similar percentage think politicians do not care about the views of people like themselves.

To provide an outlet for those alienated people, the Unity08 sponsors plan an Internet nominating convention in 2008. People who sign on can vote for the bipartisan ticket of their choice -- or an independent who would present a slate for a bipartisan administration.

Then those electronic "delegates" would be charged with qualifying the nominee for a place on their state ballots -- an often-arduous task for a third-party candidate.

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The practical difficulties facing the venture are enormous. Persuading prominent figures to submit their names for consideration will not be easy. King suggested to me that if such a mechanism had been in place in 2000, Colin Powell might have run for president as an independent and been elected.

That is possible, but it would be a huge risk for Republicans or Democrats who have been elected to a position of responsibility to abandon their party and run under the Unity08 banner.

The electronic nominating convention would take place early in 2008 -- at a time when voters would know the concept but not the makeup of the Unity08 ticket. How many would participate is an open question. And the task of qualifying the nominee for the ballot in 50 states and the District of Columbia is one that has been a tough struggle for other third-party efforts.

Both polling and practicality suggest that the notion of an Internet-generated third ticket would have its greatest appeal to younger Americans. Ullman and Clayton, former presidents of the National Association of Student Councils, certainly are right when they say that many of their contemporaries are frustrated by the spectacle of both parties catering to entrenched interest groups and ideological extremes. Even though a senator from his home state, John Edwards, was on the Democratic ticket, Clayton said many of his friends "didn't like the choices and didn't vote" in 2004.

There may be more than a whiff of elitism in the Unity08 manifesto, which explicitly puts down social issues, such as abortion and gay marriage, that are important to many voters, while emphasizing education, the environment, health care and energy. But there undoubtedly is a hunger in the land for consensus and an end to partisanship.

A more straightforward answer would come from a credible independent presidential candidacy or an agreement by credentialed figures from the two parties to form a ticket. The rigmarole of an Internet convention could give way, then, to an actual campaign.

But meantime, those of you who share the wish for some alternative can find out more at http://www.unity08.com .

davidbroder@washpost.com

Growing A Third Party (WP)

By David S. Broder

The Washington Post, February 25, 2007

Somewhere in America, there are 35,000 people looking at the preliminaries to the 2008 presidential race from a different perspective than that of millions of their fellow citizens.

They are the people who have signed up so far to participate in Unity08, the effort to launch a bipartisan third-party campaign with the first Internet nominating convention in history. I wrote about this unusual venture when it was launched last year by Hamilton Jordan and Jerry Rafshoon, both formerly of Jimmy Carter's White House; Angus King, the former independent governor of Maine; and Douglas Bailey, a veteran Republican consultant and political adviser.

I contacted Bailey recently to ask what had happened to this bold gamble, and he was the source of that 35,000 figure for the number of people who have lent support to the scheme. They obviously have a long way to go before they can claim to be a viable political force, but they are making slow, steady progress.

When I called Bailey, it had been just a week since the group announced that anyone who was interested could sign up at http://www.unity08.com as a voting delegate to a national convention planned for June 2008. Most of the sign-ups came before that formal start, Bailey said, in response to last year's publicity about the formation of Unity08.

"The need [for a third party] is as great as it's ever been," Bailey said. "The partisan bickering in Washington continues nonstop, and the contest for the nominations in both parties is likely to make it worse."

He pointed to two problems that many of us have decried. "The leading candidates in both parties have suggested they will decline federal matching funds and plan to spend unlimited sums," he said. "They expect the bundlers -- the people collecting for them -- to raise a million dollars each, and what do they [the bundlers] expect in return?"

Second, Bailey said, "the likelihood is that the nominees of both parties will be determined by the first three or four primaries, which means that 99 percent of the people who will vote in November will have absolutely no say in the names that are on the ballot. It's not surprising that they may be looking for an alternative."

None of that is implausible. But where does the alternative come from? Bailey and his partners have an answer, but the process they have in mind still strikes me -- as it did when it was first outlined -- as extremely cumbersome.

In a few weeks, they will outline provisional rules for their own nomination process, determining how candidates will qualify and how the voting will be conducted. The goal is to pick either a political independent for president or to form a ticket with both a Democrat and a Republican. Feedback will be welcomed before the rules are made final, he said.

Then comes the hard part. Thirty-nine states allow a new party to petition its way onto the presidential ballot, without having a named candidate, but the deadlines and numbers of signers required vary widely. The first test will be whether Unity08 attracts enough volunteers and money to carry out that effort.

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And then comes the challenge of recruiting a candidate or candidates for Unity08 to back. If its organizers had a compelling person already lined up, their task would be much easier, but they do not.

I suggested to Bailey that the underlying premise of this campaign -- the need to cure the partisanship of Washington -- might be undercut if the Republicans and Democrats nominated people who are not closely associated with those partisan battles -- mentioning Rudy Giuliani, Mitt Romney and Mike Huckabee on the GOP side and Barack Obama and Bill Richardson among the Democrats.

"To the degree that the nominees of the two parties recognize that bipartisan leadership is essential, then it shows the political process has made a self-adjustment, and that is good," he said. "But the usual game is to target the base of your party, rile it up with wedge issues and ignore the middle.

"If they do that again, we will be ready. It is possible the parties can right the ship themselves, but I don't have a lot of confidence in that happening."

Perry Muscle Flexing Falls Flat (HC)

By R.g. Ratcliffe

Houston Chronicle, February 25, 2007

Controversial executive orders spur lawmakers to exercise their own authority

AUSTIN — Gov. Rick Perry has time and again tried to increase his powers either through legislation or executive fiat.

But Perry's five-year drive to add some muscle to Texas' weak governor system hit a brick wall last week.

First, a state district judge ruled that Perry lacked the power to tell state administrative law judges by executive order to speed up hearings in TXU Corp.'s request for coal-fired electric plant permits.

The next day, a House committee approved a bill to overturn Perry's executive mandate that all sixth-grade girls be vaccinated against a sexually transmitted virus that causes most cervical cancers.

"On the vaccine, the Legislature was relatively insulted about that," said House Appropriations Chairman Warren Chisum, a Republican who has been allied with Perry in the past. "They just felt it was important to exercise their authority as a Legislature."

Perry spokesman Robert Black said the governor has done nothing more than try to be the chief executive of Texas.

"The executive branch agencies in this state have a lot of power, but they look to the governor for leadership," Black said.

Since he became governor in 2000, Perry has issued 65 executive orders. Most are the usual gubernatorial mix of disaster declarations, study task forces and flags flying at half-staff to honor the dead.

However, more than either of the previous two governors, Perry also has used executive orders to expand the power of his office, and his executive order mandating vaccinations against the human papillomavirus is not the first that over-stepped the Legislature.

At least four times, Perry has issued executive orders for state agencies to adopt policies that failed to pass in the Legislature — including a bill by Chisum to speed up the hearings process on air pollution permits such as the one involved in the TXU case.

In three other orders, Perry took provisions of education legislation that had failed in 2005 special sessions and ordered the Texas Education Agency to implement them.

One was a requirement that school districts spend no less than 65 percent of their budgets on classroom instruction. School districts had been instrumental in killing the so-called 65 percent rule in the Legislature.

In another order, Perry one-upped a joint select legislative committee investigating efficiency and spending by higher education in the wake of dissatisfaction over tuition increases. Perry ordered state colleges and universities to perform efficiency studies and report to him.

And he also used an executive order in January to essentially re-create a criminal justice policy agency that he had vetoed out of existence in 2003. The agency had advised the Legislature on crime trends and whether new prisons would be needed. The new incarnation is a division of his office rather than an independent agency.

There also were some that it would have been hard to find detractors for, such as the executive order telling the Department of Public Safety to establish an Amber Alert system for notifying the news media about the kidnapping of children.

Chisum said legislators did not get upset over some of the earlier executive orders because they "weren't as important" to lawmakers in general.

"When you did the vaccine, that was statewide. It affected everybody. You can take on little groups, but you can't take on the whole group," he said.

The post-Reconstruction Constitution of 1876 was designed to make the Texas governor weak to decentralize power.

The constitution divides executive powers in Texas between the governor, the lieutenant governor, the secretary of state, the comptroller, the land commissioner and the attorney general. Five of the offices are elected statewide.

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"That makes the governor different from the president of the United States," said Houston attorney David Kahne, one of the lawyers who won the judicial ruling blocking Perry's executive order in the TXU case.

Kahne said the president appoints a Cabinet and is in charge of the federal government. The Texas governor has only partial control, he said.

University of North Carolina political science professor Thad Beyle ranks Texas as having among the 11 weakest governorships, largely because many of the state's powerful executive offices are elected and not appointed. Perry's power rating improves when his party's current dominance is factored in.

Perry's spokesman described that as splitting hairs. He said the governor appoints the education and human services commissioners and the governing boards of most agencies.

"Whether it's on a piece of parchment that says executive order or whether it's a phone call with a directive to one of his appointees ... , the result is the same: Under Gov. Perry, the directive has been followed," Black said.

Others have triedPerry is not the first modern governor to try to expand the powers of his office.

During his tenure as governor, George W. Bush issued 41 executive orders.

None specifically expanded the governor's power, though two expanded the powers of his secretary of state to deal with foreign nations. His first secretary of state, Tony Garza, is now ambassador to Mexico.

The late Gov. Ann Richards issued 65 executive orders during her four years in office. None could be interpreted as expanding her authority.

But Richards was a major proponent of expanding the governor's powers. She tried to get the Legislature to do it in 1991 by making state agency heads serve at her pleasure.

The executive directors of most state agencies are hired by citizen governing boards that are appointed by the governor. But members of the boards can be removed only by a two-thirds vote of the Legislature, so they are not required to follow a governor's directives.

"Calling the bureaucracy into account requires a governor with the power to hire and fire executive directors," Richards said.

The Legislature consolidated 58 state agencies and gave Richards some additional authority, but it refused to give her direct control of the state bureaucracy.

Perry sought that exact same power in 2003. Again, the Legislature refused to give a governor that additional power.

State Rep. David Swinford, R-Dumas, had carried an omnibus bill that would have consolidated agencies and given the governor more direct control of the bureaucracy.

He said the 130-year-old provisions of the state constitution do not match a modern Texas.

"The constitution, the way it was drawn, there's a lot of things you have to react to a lot quicker now. We have 23 million people," Swinford said.

Swinford said many legislators opposed the bill because there "may have been distrust of all governors."

'Delusions of grandeur'?Perry did convince the Legislature to eliminate the state's economic development agency and make it a division of his office. He also signed into law a bill requiring the state's health and human services commissioner and his 45,000 state employees to answer to the governor.

"That example of when the Legislature gave him more power hasn't worked that well," said state Sen. Rodney Ellis, D-Houston, referring to problems implementing the privatization of state welfare programs.

Ellis was a leader of the opposition to expand Perry's powers in the 2003 Legislature. Ellis said Perry has been able to take a certain amount of additional power without asking because Republicans control the Legislature, hold every statewide office and Perry is the "titular" head of the Texas Republican Party.

"He hasn't had to work with the Legislature in the way that Ann Richards had to or even George W. Bush had to," Ellis said. "He probably figured he could just keep playing on that field and nobody would ask any questions."

Ellis said Perry's six years in office and his past successes created an aura of power, despite having won re-election with just 39 percent of the vote.

"In the case of Gov. Perry, perhaps he has some delusions of grandeur," Ellis said. "Regardless of the percentage you won by, you've been there so long you begin to get comfortable and think that you can just steamroll your way through the process."

Real Tests For Real Children (NYT)

The New York Times, February 25, 2007

The No Child Left Behind Act required the states to raise educational standards and test student performance, in exchange for federal aid. But things have not worked as Congress planned. Instead of moving toward the educational excellence that the

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country needs to compete in the global economy, many states opted for dumbed-down tests and deliberate sleight of hand to create the fraudulent appearance of progress.

As a result, states that perform well with their own watered-down exams do shockingly poorly when their students take the far more rigorous federal test known as the National Assessment of Educational Progress. A report this month by the bipartisan Commission on No Child Left Behind highlights this problem and calls for the development of more rigorous tests and national standards in reading, language arts, math and science.

States would then be offered the options of embracing the national standards and tests, building new ones based on the national model or keeping their existing standards and tests. States that chose not to embrace the national standards would have to submit their tests and standards to federal evaluation — to see how they compare to the national model — and the results would be reported to parents and the general public.

This proposal, which would have been shot down in previous years, is finding a great deal of sympathy in Congress. That is good news, given the work that has to be done to ensure that all of America's children can compete in the world.

Taking Elections Public (WP)

The Washington Post, February 25, 2007

Good government -- at $28 million, it's a bargain.

LAST YEAR, Maryland candidates for public office at the state level raised $93.6 million for their campaigns, up 69 percent from 2002, the previous gubernatorial election year. The scramble for cash required to mount a plausible race for the state Senate or House of Delegates doubtless discourages potential candidates, monopolizes the time of those who do run and builds cynicism in voters' views of their elected officials. So why isn't public financing of elections a hotter issue in Annapolis?

The common excuse is cost. The Senate president, Thomas V. Mike Miller Jr. (D-Calvert), has declared himself opposed to spending taxpayers' dollars on politicians. That's a fine populist sentiment, but in fact the cost of a sensible public financing proposal for legislative races (not statewide offices) is modest -- an estimated $28 million in the course of a four-year election cycle. A bill before the General Assembly is modeled on rules already working well in Maine and Arizona. And public funding's advocates make the not implausible argument that the scheme would pay for itself soon enough as lawmakers, less beholden to special interests and corporate contributors, trimmed pork-barrel spending and tax breaks for the favored few.

Similar legislation passed the House last year. Under its terms, to become eligible for public funding candidates would first prove their viability by collecting several hundred small contributions -- $5 or more -- in a legislative district. If they accepted public funding, House candidates in contested races would then be eligible for $80,000 in public funds and pledge to spend no more; Senate candidates in contested races would qualify for $100,000. The system would be completely voluntary. Candidates could opt out, forgo the state allotment, and proceed to raise and spend money without limit; if they did so, however, their opponents who opted in would be compensated with additional state funding.

Incumbents are unlikely to vote for the measure if they believe it will cost them their jobs. But there is so far little evidence of that outcome. In Arizona and Maine, where public financing has been in place since 2002, it has resulted in more contested races -- but no loosening of incumbents' grasp. In both states, where growing numbers of candidates have chosen to take public financing, upward of 90 percent of incumbents seeking reelection won their races last year. But even without altering the incumbent-favoring dynamics of state elections, there is every reason to think that the result -- a legislature whose members owe less to entrenched, deep-pocketed interests -- will be a fairer, more impartial and better government.

Iran Urges Talks On Nukes, Not War (WT/AP)

By Ali Akbar Dareini, Associated Press

The Washington Times, February 25, 2007

TEHRAN -- The Iranian foreign minister said yesterday the United States was in no position for another war and maintained that negotiations -- not threats -- were the only way to resolve the standoff over its nuclear activities.

Foreign Minister Manouchehr Mottaki was responding to Vice President Dick Cheney, who renewed Washington's warning to Iran earlier yesterday that "all options" were on the table if Tehran continues to defy U.N. demands to halt uranium enrichment.

Mr. Mottaki said the U.S. could not afford to settle its differences with Iran by starting a third war after Afghanistan and Iraq.

"We do not see America in a position to impose another crisis on its taxpayers inside America by starting another war in the region," Mr. Mottaki told reporters.

The United States and several of its Western allies fear that Iran is using its nuclear program to produce an atomic weapon -- charges Iran denies, saying its aim is to generate electricity.

The International Atomic Energy Agency (IAEA) reported on Thursday that Iran had ignored a U.N. Security Council ultimatum to freeze its uranium-enrichment program and had expanded the program by setting up hundreds of centrifuges.

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Enriched to a low level, uranium is used to produce nuclear fuel, but further enrichment makes it suitable for use in building an atomic bomb.

The IAEA report was released after the deadline Wednesday of a 60-day grace period for Iran to halt uranium enrichment. Iran has repeatedly refused to halt enrichment as a precondition to negotiations about its program.

Mr. Mottaki urged the U.S. and its allies to return to dialogue when they are scheduled to meet in London next week.

"The only way to reach a solution for disputes is negotiations and talks. Therefore, we want the London meeting to make a brave decision and resume talks with Iran," Mr. Mottaki said.

Gov. Bill Richardson, of New Mexico and a Democratic presidential candidate, yesterday also urged the Bush administration to negotiate directly with Iran.

"Saber-rattling is not a good way to get the Iranians to cooperate," Mr. Richardson wrote in an op-ed piece in The Washington Post. "But it is a good way to start a new war."

Iran, Mr. Richardson wrote, "will not end their nuclear program because we threaten them and call them names."

Separately, Iran's elite Revolutionary Guards said it killed 17 mercenary fighters on its border with Turkey and accused the United States and its allies of seeking to provoke tensions along the country's frontiers.

In a statement, the Guards said 17 "counterrevolutionary mercenaries" were killed, the official Islamic Republic News Agency (IRNA) reported yesterday.

The Guards chief, Gen. Yahya Rahim Safavi, said the United States, Britain and Israel were seeking to incite tension on Iran's borders to undermine its government, IRNA reported.

"Iran's enemies, through hiring some mercenaries and with their wishful thinking, want to create instability but ... the armed forces will strongly suppress anti-revolutionaries and rebels who are dependent to foreigners," Gen. Safavi was quoted as saying.

Diplomats Say U.S. Intelligence On Iranian Nukes Is Thin (LAT)

By Bob Drogin, Kim Murphy

The Los Angeles Times, February 25, 2007

VIENNA, Austria -- Despite growing international concern about Iran's nuclear program and its regional ambitions, most U.S. intelligence shared with the U.N. nuclear watchdog agency has proved inaccurate and none has led to significant discoveries inside Iran, diplomats here said.

The officials said the CIA and other Western spy services have provided sensitive information to the Vienna-based International Atomic Energy Agency at least since 2002, when Iran's long-secret nuclear program was exposed. But none of the tips about supposed secret weapons sites provided clear evidence that the Islamic Republic is developing illicit weapons.

"Since 2002, pretty much all the intelligence that's come to us has proved to be wrong," said a senior diplomat at the IAEA. Another official here described the agency's intelligence stream as "very cold now (because) so little panned out."

The reliability of U.S. information and assessments on Iran is increasingly at issue as the Bush administration confronts the emerging regional power on multiple fronts: its expanding nuclear effort, its alleged support for insurgents inside Iraq and its backing of Middle East militant groups.

The CIA still faces harsh criticism for its pre-war intelligence errors on Iraq. No one here argues that U.S. intelligence officials have fallen this time for crudely forged documents or pushed shoddy analysis. IAEA officials, who openly challenged U.S. assessments that Saddam Hussein was developing a nuclear bomb, say the Americans are much more cautious in assessing Iran.

American officials privately acknowledge that much of their evidence on Iran's nuclear plans and programs remains ambiguous, fragmented and difficult to prove.

The IAEA has its own concerns about Iran's nuclear program, although agency officials concede they have found no proof that nuclear material has been diverted.

Iran's radical regime began enriching uranium in small amounts last August in a program it insists will provide fuel only for civilian power stations, not nuclear weapons.

On Thursday, the IAEA released a report declaring that Iran had expanded uranium enrichment and defied a Security Council deadline to suspend nuclear activities. In the meantime, the agency is locked in a dispute with Tehran, the Iranian capital, over additional information and access to determine if the program is peaceful.

In November 2005, U.N. inspectors leafing through a box of papers in Tehran discovered a 15-page document that showed how to form highly enriched uranium into the configuration needed for the core of a nuclear bomb. Iran said the paper came from Pakistan, but has rebuffed IAEA requests to let inspectors take or copy it for further analysis.

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Diplomats here were less convinced by documents recovered by U.S. intelligence from a laptop computer apparently stolen from Iran. American analysts first briefed senior IAEA officials on the contents of the hard drive at the U.S. mission here in mid-2005.

The documents included detailed designs to upgrade ballistic missiles to carry nuclear warheads, drawings for subterranean testing of high explosives, and two pages describing research into uranium tetrafluoride, known as "green salt," which is used during uranium enrichment. IAEA officials remain suspicious of the information in part because most of the papers are in English rather than Farsi, the Iranian language.

Iran's representative to the IAEA, Ali Asghar Soltanieh, dismissed the laptop documents as "fabricated information." Iran, he said, has produced 170 tons of "green salt" at a uranium conversion facility in Esfahan that is monitored by the IAEA.

"We are not hiding it," he said in an interview. "We make tons of it. These documents are all nonsense."

The U.S. government is not required to share intelligence with the IAEA, and relations between Washington, D.C., and the U.N. agency are at times testy. In March 2003, ElBaradei embarrassed the White House when he told the Security Council that documents indicating that Saddam's regime in Iraq had sought to purchase uranium in Niger were forged. The Bush administration subsequently opposed ElBaradei's re-appointment as IAEA chief.

While it confronts Iran's nuclear ambitions, the Bush administration also has tried to finger Iran as a supplier of munitions and training for insurgent groups in neighboring Iraq.

But the quality of its information has limited this effort, as well.

U.S. officials recently compiled evidence purporting to show that the Iranian Quds Force, an elite unit of the Iranian Revolutionary Guards, has supplied Iranian-made weapons to Shiite militia that have attacked U.S. forces in Iraq.

After U.S. officials unveiled the evidence to reporters in Baghdad two weeks ago, however, Secretary of Defense Robert M. Gates and other Pentagon officials scrambled to retreat from the incendiary claim that the "highest levels" of the Tehran government were directly involved.

"I don't know if it goes to the highest levels of the government," Army Lt. Gen. Ray Odierno, the officer in charge of daily operations in Iraq, told Pentagon reporters Thursday. "What we do know is that the Quds Force has had involvement with some extremist groups in Iraq."

Washington, D.C., has sought to pressure Tehran into halting the supply of so-called "explosively formed projectiles" that are able to penetrate heavily armored vehicles. The projectiles represent only a small percentage of roadside bombing attacks in Iraq but they are far more lethal than ordinary explosives.

Administration officials also cite a growing effort by Hezbollah, an Iranian protege and ally based in Lebanon, to aid anti-American Shiite forces in Iraq.

U.S. military officials contend that Hezbollah has provided training in Lebanon to hundreds of members of the Mahdi Army, which is controlled by radical anti-American cleric Muqtada al-Sadr. A smaller number of Hezbollah forces reportedly have entered Iraq through Syria to provide such training.

Given the lack of clear evidence, Iran's strategic goals in Iraq are a matter of debate and concern has spread about its growing influence there. Although Iran is Persian and Iraq is Arab, both have majority Shiite populations, who have kept close religious, economic and cultural ties for centuries. Iran's rulers view the United States as meddling in their backyard, or at least in a natural part of their sphere of influence.

Some outside experts believe Iran seeks to keep America tied down indefinitely in Iraq and actively will resist a settlement there for fear Washington will next turn its guns on Tehran.

Ali Ansari, an expert on Iran at St. Andrew University in Scotland and author of "Confronting Iran," counters that Iran and America share some interests.

Iran is "looking for a stable Iraq," he said. "They want an Iraq that is not fragmented. But the difference would be that they don't want an Iraq that is militarily strong. They want an Iraqi government that is elected democratically, which means a Shiia Iraq."

But Sunni-dominated governments in Egypt, Jordan and especially Saudi Arabia have pushed the U.S. to expand Sunni representation in Iraq's leadership as a way of countering Tehran. Some experts fear that a nuclear-armed Iran will spark a regional arms race.

John Negroponte, former director of national intelligence, told a House committee last month that Iran has extended its "shadow in the region" since the U.S. ousted hostile regimes on its borders: Afghanistan's Taliban and Saddam's government in Baghdad.

Iran also has increased regional political leverage, he said, due to increased oil revenues, electoral victories by Hamas in Palestinian territories, and Hezbollah's "perceived recent success in fighting Israel" in Lebanon.

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Iran and Syria since have resupplied arms to Hezbollah, including stocks of long-range missiles that could reach deep into Israel, U.S. officials contend.

Washington lists Hamas and Hezbollah as terrorist organizations.

The administration has also become alarmed at Iran's increasing efforts to support Hamas following the group's victory in Palestinian elections in January 2006. That worry lies behind an $86 million U.S. plan to build up the security forces of Palestinian Authority President Mahmoud Abbas' presidential guard and National Security Force.

Iran's president, Mahmoud Ahmadinejad, has exploited the growing confrontation with Washington, D.C., to gain much needed political support at home. Nationalist sentiments run deep in Iran and the claim that Tehran has the same right to nuclear power as other nations has become a rallying cry that undermines the government's domestic critics.

"None of us can accept the suspension of these activities because people consider this our legal right," said Akbar Alami, an independent lawmaker. "All the political parties agree with this. We cannot stop."

Ahmadinejad's fiery rhetoric and defiance of the West also has burnished his credentials as a populist leader in other Islamic nations. That has raised alarms in Sunni governments around the region that Iran's brand of militant political Islam, possibly backed by the prestige of being a nuclear power, is on the march.

"The Americans are worried about enriched uranium and the Arabs are worried about enriched Shiism," said Mamoun Fandy, senior fellow for gulf security at the London-based International Institute for Strategic Studies. Iran's growing power, he said, "threatens every existing political order in the region."

Staff writers Paul Richter and Peter Spiegel in Washington, D.C., contributed to this report.

Fighting Iran -- With Patience (WP)

By Jim Hoagland

The Washington Post, February 25, 2007

Nuclear weapons have a way of forcing presidents to reverse policies thought to be carved in stone. So it was with Ronald Reagan and the Soviet Union, and so it may be now with George W. Bush and the two surviving members of the "axis of evil."

To the outrage of some supporters and the mockery of his critics, President Bush has blessed a tentative, quarter-loaf diplomatic deal aimed at curbing North Korea's nuclear arsenal. And he has a shot at reaching a modus vivendi with Iran on nuclear proliferation as well -- if he disregards both the outrage and the mockery, as he should.

"There is movement behind the scenes," a European diplomat who closely follows Iran told me last week. "The Iranians are nervous and want to get engaged." Details of a confidential Iranian proposal that has been circulating in Brussels and Tehran for four months support the view that there could be an opening on the Iranian front despite the angry rhetoric from Iran triggered by last week's new indictment of its nuclear ambitions by the International Atomic Energy Agency.

Bush vigorously ruled out rewarding bad behavior by foreign adversaries in his first term. Saddam Hussein's manipulation of the international community was a driving force in Bush's labeling Iraq, along with North Korea and Iran, as irredeemably evil in 2002 and invading Iraq a year later.

But now Bush countenances providing economic and diplomatic rewards to North Korea, and ultimately to Iran, to reduce the threat of nuclear weapons in the hands of two regimes that behave as badly as anyone could want. The bravado of the first Bush term has been replaced by a sadder and quieter way of doing business abroad as Iraq has sapped U.S. capabilities and political cohesion.

The sense of a U-turn is reinforced by Bush's reliance this time on the negotiating skills of his diplomatic corps and on European and Asian partners to reach, enforce and pay for the projected deals, which would serve as twin tombstones for a brief era of U.S. unilateralism.

The change on North Korea is described by former administration officials as a strategic decision by the president to start "to pry the lid off" of that starving, tyrannized remnant of the Cold War by offering Pyongyang a path for peaceful change. Cooperation in the six-party negotiations would also help stabilize China's relations with Japan and the United States, in this view.

The president reportedly surprised Chinese President Hu Jintao during their lunch at the White House last April by suggesting that, if the nuclear impasse could be resolved, the time was right for a formal peace treaty to end the Korean conflict. And when North Korea defied Chinese "advice" by conducting a nuclear test in October, China became more engaged in pulling Pyongyang back to the negotiating table.

Unfortunately, Bush cannot rely on Russia to play a similarly helpful role with Iran. President Vladimir Putin seems willing to take enormous risks with global stability for short-term, largely commercial reasons. And divisions in Iran's leadership make the reaching of a "mutual suspension" accord -- under which Tehran will suspend enriching uranium in return for the suspension of U.N. sanctions -- more difficult.

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But U.S. and European policy should play on those divisions, which have visibly surfaced as President Mahmoud Ahmadinejad rants on in full-throated belligerence while officials closer to Ayatollah Ali Khamenei, Iran's supreme leader, offer proposals that have the virtue at least of identifying the chief remaining obstacles to a deal.

Last autumn, Iran's Ali Larijani told European Union negotiator Javier Solana that Iran could accept the Russian-E.U. proposal for an international consortium to enrich and reprocess nuclear fuel for Iran -- if the enrichment and reprocessing were done on Iranian soil.

A diplomatic device known as a nonpaper (so its existence can be denied) and dated Oct. 1, 2006, describes a "gentlemen's agreement" by the two diplomats to use the proposal "to help open the way to negotiations." When I telephoned him in Berlin last week, Solana affably but deftly warded off questions about the nonpaper, then added: "Nothing has been agreed. Nothing has been put forward in formal terms."

Precisely. The Iranian condition is unacceptable to Washington. But the fact that it was put forward at all suggests that the pressures generated by the U.S. Treasury's campaign to limit finance and export credits to Iran and condemnation by the United Nations are taking a toll on the Iranians -- as these tools did on North Korea.

Bush seems to have decided to employ strategic patience in seeking a verifiable nuclear deal with North Korea and to have taken a long-range view of regional stability. He should do no less with Iran, however much manufactured outrage or contrived mockery it provokes, in Tehran or in Washington.

UN's ElBaradei To Visit North Korea For Talks On Nuclear Accord (BLOOM)

By Seyoon Kim

Bloomberg, February 25, 2007

Feb. 24 - International Atomic Energy Agency Director-General Mohamed ElBaradei accepted an invitation from North Korea to visit the country in March for talks on its nuclear program, the United Nations atomic agency said.

``I see this as a step toward the denuclearization of the North Korean Peninsula," Elbaradei was quoted as saying in a statement from the IAEA. ``We will discuss issues of mutual concern and how we can implement the agreement reached at the six-party talks about the shut-down and eventual abandonment of the Yongbyon nuclear facility, including the reprocessing facility."

North Korea invited officials from the United Nations atomic agency to visit in the coming weeks for talks on its nuclear program and on plans for inspections after pledging to end the pursuit of weapons in exchange for aid. ElBaradei may visit with a team of nuclear inspectors during the week of March 12, agency spokesman Peter Rickwood said yesterday.

North Korea's agreement to halt its development of nuclear bombs was also met with U.S. and Japanese promises of steps to normalize their relations with the country.

The accord was announced Feb. 13 after talks involving South Korea, the U.S., Japan, China and Russia. Under the agreement, the North will receive economic aid equivalent to 50,000 metric tons of heavy fuel oil and a further 950,000 tons if it disables its Yongbyon nuclear reactor.

The six-nation talks gained new importance after the North's nuclear test in October. The UN Security Council then banned sales of military equipment and luxury goods to the country. The Stalinist nation also test-fired seven missiles in July, one of them the long-range Taepodong 2.

North Korea's Welcome Opening (LAT)

The Los Angeles Times, February 25, 2007

IT WAS AN INVITATION he couldn't refuse. Last week, North Korea asked Mohamed ElBaradei, director of the International Atomic Energy Agency, to Pyongyang to discuss dismantling its nuclear facilities. The invitation arrived a day after the IAEA announced that Iran is moving faster than expected to enrich uranium, in defiance of the United Nations.

The IAEA, the imperfect yet indispensable nuclear watchdog agency, is imperfect in the way that all bureaucracies are imperfect; it can be slow, legalistic and equivocal. But as a keeper of the international nuclear order, it is better than the alternatives — a conclusion even the Bush administration appears to have accepted.

The IAEA has not always enjoyed such access, or such a reputation. North Korea kicked out IAEA inspectors in December 2002, then fired up its plutonium plant and, less than five years later, claimed a successful test of a nuclear bomb. Two weeks ago, North Korea signed the precursor to what could, if all goes much better than expected, eventually turn into a nuclear disarmament deal.

Under the pact, Pyongyang must shut down its Yongbyon nuclear reactor, allow IAEA inspectors back into the country and, within 60 days, disclose all its nuclear materiel and operations. In return, Pyongyang will get a dribble of heavy fuel oil, to be followed by more oil and aid if and when it begins to dismantle its nuclear facilities.

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Although it's encouraging that Pyongyang has invited ElBaradei, the key test will be whether it discloses anything meaningful about its nuclear operations — which U.S. officials believe include stockpiles of bomb-ready plutonium and a program to enrich uranium. More critical still will be whether the famously secretive North Koreans will allow IAEA inspectors the access that will be required to verify their claims.

ElBaradei infuriated the Bush administration before its 2003 invasion of Iraq by refusing to endorse the U.S. view that Saddam Hussein had a functioning nuclear weapons program. He was eventually proved correct, of course, and in 2005 was awarded the Nobel Peace Prize (an award that was also an obvious rebuke to President Bush).

In Iran, however, IAEA reports have tended to support U.S. claims about Tehran's suspicious nuclear activities. Whether these reports have prompted a change in the U.S. attitude, or whether the change is the result of a larger shift in the administration's perspective on the IAEA, is hard to tell. Whatever the reason, the agency's renewed relevance in Washington is welcome.

All this said, ElBaradei and Bush disagree on Tehran. The U.S. generally favors a more hard-line approach, while the IAEA is more willing to negotiate. But these are policy disputes. The IAEA's strength is more practical. It is powerless to force nations to allow its inspectors to go where they are not wanted, nor can it catch determined cheats. But it has earned credibility for honestly reporting what its inspectors find and where they are not permitted to look. For this alone, its return to North Korea will be useful.

The Stuff Sam Nunn's Nightmares Are Made Of (NYT)

By Michael Crowley

The New York Times Magazine, February 25, 2007

By now we can too readily imagine the horror of terrorists exploding a nuclear weapon in a major American city: the gutted skyscrapers, the melted cars, the charred bodies. For Sam Nunn, however, a new terror begins the day after. That's when the world asks whether another bomb is out there. "If a nuclear bomb went off in Moscow or New York City or Jerusalem, any number of groups would claim they have another," Nunn told me recently. These groups would make steep demands as intelligence officials scrambled to determine which claims were real. Panic would prevail. Even after the detonation of a small, crude weapon that inflicted less damage than the bomb at Hiroshima, Nunn suggested, "the psychological damage would be incalculable. It would be a slow, step-by-step process to regain confidence. And the question will be, Why didn't we take steps to prevent this? We will have a whole list of things we wish we'd done."

Nunn thinks of those things every time he picks up a newspaper. When, for instance, he reads about the arrest of a Russian man who, in a sting operation, tried to sell weapons-grade uranium — a reminder of a possible black market in nuclear materials and of the poor security at facilities in the former Soviet Union. Or when he sees news about Iran's efforts to build a nuclear bomb, which could set off a wave of nuclear proliferation in the Middle East and thus significantly raise the possibility that terrorists will someday acquire a bomb. And despite the apparent diplomatic breakthrough with North Korea earlier this month, in which the North Koreans agreed to begin dismantling their nuclear facilities in return for fuel and other aid, Nunn, who finds the deal encouraging, remains concerned since North Korea's unpredictable, cash-starved dictatorship still retains perhaps half a dozen nuclear bombs, and the ingredients to make more.

A decade after leaving the United States Senate, where he spent years as chairman of the Armed Services Committee, Nunn posed one, overriding question about his list of things we'll wish we had done if a doomsday should ever come: "Why aren't we doing them now?" In a sense, his own answer has been to help found and run the Nuclear Threat Initiative, a Washington-based foundation largely bankrolled by Nunn's friends Ted Turner and Warren Buffett. In what may be the most ambitious example of private dollars subsidizing national security, the N.T.I. is trying to fill in the gaps where government is failing to reduce nuclear threats. In other words, to do the things now that we would otherwise wish we had done.

The war in Iraq has understandably consumed America's foreign-policy energies. But it occludes what Nunn and many others, on both the right and left, regard as a deepening worldwide nuclear crisis. Despite its willingness to confront North Korea, the U.S., Nunn insists, still does not fully grasp the nuclear dangers it faces. "We are at a tipping point," he says. "And we are headed in the wrong direction." As he sees it, the trouble is, in a defense establishment that once war-gamed the end of the world a thousand different ways, there has been a shortage of thinking about what the right direction looks like or how to take it. It is a situation that has led Nunn, who once extolled nuclear weapons as a guarantor of American safety, to reassess decades of hawkish cold-war thinking, to reconsider his most fundamental beliefs about whether the country would be safer in a world with any nuclear weapons at all.

Sam Nunn's nuclear nightmare begins with a character like Oleg Khinsagov. Last month, the International Atomic Energy Agency revealed that officials in the former Soviet republic of Georgia had arrested Khinsagov, a 50-year-old Russian fish and sausage trader, for attempting to sell 100 grams of highly enriched uranium to a Muslim buyer who, Khinsagov had been told,

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represented "a serious organization." The price: $1 million. Khinsagov, who was caught in a sting operation, had nowhere near enough material for a bomb, but he claimed to have far more at his apartment. (Whether he actually did is unclear.) An American laboratory analysis indicates that the material most likely originated at a Russian nuclear facility.

To some, Khinsagov's arrest was a success story, a sign that recent efforts to crack down on nuclear smuggling are producing results. Nunn is not so sanguine. He says that nuclear smugglers who get caught — the international agency counts 18 confirmed cases involving highly enriched uranium and plutonium since 1993 — are usually unsophisticated amateurs. "It's the ones we don't see that worry me," he says.

It is a worry that he shares with Ted Turner, the billionaire philanthropist and founder of CNN whose donation of $250 million in Time Warner stock enabled the Nuclear Threat Initiative to open for business in 2001. Turner long dreaded a nuclear holocaust, but he assumed the threat had fizzled out with the end of the cold war. "I was getting ready to celebrate the millennium in 2000 because it looked like humanity was going to make it," he told me, when we spoke last month. "And if we could do that, maybe we could make it to 3000. I figured that we had nuclear disarmament." And then he saw a report on "60 Minutes" about lax security in the former Soviet Union. There were 20,000 warheads and stockpiles of uranium and plutonium capable of making another 40,000 or more warheads scattered across 11 time zones, whose safety too often depended on lackadaisical guards, shabby locks and defective security cameras. There was another related problem: large quantities of uranium that could be used to make bombs were being stored at some 130 civilian nuclear reactors around the world, often under even more slipshod security. A small group of terrorists might break into such a facility and if they had basic engineering and chemistry skills could probably forge a crude nuclear bomb out of a grapefruit-size 30-pound lump of highly enriched uranium (to say nothing of a much simpler radioactive "dirty" bomb).

Turner considered establishing an organization to revive the dormant nuclear-disarmament movement. But foreign-policy specialists he met with persuaded him to focus on more realistic, incremental change. A mutual friend connected Turner with Nunn, who was then practicing law at an Atlanta firm. According to one person familiar with N.T.I.'s founding, who does not want to be named because he works with N.T.I. and does not have permission to speak on its behalf, "There was this very prolonged dance where people were trying to come up with ideas that were exciting enough for Turner but sensible enough for Nunn," who was uncomfortable with Turner's passion for disarmament, a movement Nunn had long considered irresponsible.

Nunn and Turner found common ground, however, in a narrower mission: responding to the threat of "loose nukes," or the possibility that nuclear weapons and materials might be smuggled out of the former Soviet Union and find their way into malevolent hands. They settled on having the Nuclear Threat Initiative spend millions of dollars on everything from annual reports written by Harvard academics on the loose-nukes problem to filming a docudrama about a nuclear-terrorism crisis. Above all, the foundation would finance direct-action programs to secure nuclear materials around the world, in coordination with the U.S. and foreign governments.

It was one such program that led Nunn and Turner to a warehouse in Ust-Kamenogorsk, an industrial city in eastern Kazakhstan, in October 2005. They were there to size up an effort, paid for in part by N.T.I., to "blend down" 6,400 pounds of highly enriched uranium — enough to make dozens of bombs — into a form that couldn't be used in weapons. The uranium was spent fuel from a decommissioned nuclear power plant situated near the Iranian border. A few years earlier, he had made the following offer to Kazakhstan's president: N.T.I. would provide its expertise to relocate and then blend down the uranium, and it would pay half of the $2 million cost to do so. By the time Nunn and Turner toured the Ulba Metallurgical Plant, the project was close to completion. A portion of the uranium had not yet been blended down, however, and it lay stored in 20 or so tubes in a corner of the warehouse. Nunn and Turner stood and gazed solemnly at it. "Here was the potential, right there in that little corner, in the hands of the wrong people, to wipe out cities around the world." Nunn says. "That's a pretty stark realization."

N.T.I. intervened in Kazakhstan, Nunn explains, because the U.S. government did not act first. It's not the only such example: in mid-2002, more than 100 pounds of highly enriched uranium — stored in portable canisters that emit little radiation — was lying at the Vinca Institute of Nuclear Sciences, a civilian research reactor in Belgrade. The security there would have been no match for even a small terrorist squad. And Islamic militants operated in the region. Clearly Vinca was a high-priority problem. Yet even though the first American plans to rescue the material were drawn up during the Clinton administration, no action had been taken a year after Sept. 11. The obstacle was bureaucratic: in return for giving up the uranium, the Serbian government demanded help cleaning up Vinca's spent reactor fuel. That qualified as an environmental cleanup, however, which the U.S. lacked the authority to pay for. So N.T.I. stepped in and covered the $5 million cleanup fee. It wasn't until August 2002 that a motorcade of technicians and machine-gun-toting commandos finally transferred the uranium from the Vinca Institute to a cargo plane that flew it to Russia to be blended down.

"If there's anything that most Americans would think the government would happily chip in for, it's getting highly enriched uranium out of a place where it could fall into terrorist hands," says Matthew Bunn, a former nuclear-arms official in the Clinton

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administration who is now at Harvard and whose work is partly financed by N.T.I. "Yet" — in Vinca — "the government could not get this done without N.T.I.'s money."

A small-town lawyer and politician who won an underdog campaign in Georgia in 1972, Nunn quickly made his name in Washington as a defense-policy wonk. Thanks to an intimidating expertise on defense affairs and a bespectacled air of judicious authority, Nunn was "looked upon with awe" by colleagues in both parties, says Pete V. Domenici, the Republican senator from New Mexico. Such was his authority, in fact, that he comfortably rebuffed offers from George H. W. Bush and Bill Clinton to serve as secretary of defense, knowing that he wielded even more power from his longtime perch as chairman of Senate Armed Services. Nunn used that influence to consistently pro-military ends. During the 1970s, he fought with liberal Democrats seeking to cut defense budgets and ultimately forced Jimmy Carter to accept substantial increases in defense spending. Nunn also strongly defended the value and morality of nuclear weapons. The nuclear-freeze movement, in his mind, was naïvely utopian. "We had to have a nuclear deterrent," he says today. "Not only that, but a first-use policy," which refers to the U.S.'s stated willingness in certain circumstances to strike first with nuclear weapons.

Nunn considered a run for president in 1988, and his name surfaced again after Michael Dukakis's crushing defeat in November of that year, which further persuaded centrist Democrats that they needed a Southern moderate as a candidate. But that talk ground to a halt after Nunn opposed the first gulf war. He urged at the time that sanctions and diplomacy be given more time and, in January 1991, voted against the Senate's war resolution. A sign went up on a Georgia highway calling him "Saddam's Best Friend," and some suggested that he was cynically appealing to liberal Democratic primary voters. As it happened, however, opposing such a short and easy war probably ruined Nunn's shot at the White House. In Washington, his vote was considered a colossal political blunder. "He got a lot of political flak," says his friend Al From, the chairman of the moderate Democratic Leadership Council. "It probably hastened his decision to retire from politics." (Nunn's vote "profoundly influenced the next generation of senators that confronted plans for the second invasion" 11 years later, says a former Clinton defense official who advises Congressional Democrats. White House officials even invoked Nunn's "mistake" as they lobbied Congress to vote for war.)

By the mid-1990s, the cold war was over and the stature of defense gurus diminished. Moreover, politics on Capitol Hill were changing. The rise of fierce, Gingrich-style cultural politics made life uneasy for all Southern Democrats. In 1993, Nunn resisted Bill Clinton's attempt to allow gays to serve openly in the military, prompting a gay-rights spokesman to brand him a "Jesse Helms Democrat." Washington was growing far less hospitable to a moderate with little taste for the blood sport of partisan politics. "The premium is on stirring up your base," he says now. When Nunn announced his retirement in 1995, even the Republican Strom Thurmond urged him to stick around. Nunn was just 58 when he left the Senate. For more than 20 years, his life had been defined by the cold war and the fight against Communism. That cause was over.

Nunn first became alarmed by the threat of loose nukes during his last Senate term. A year after the Soviet Union began to collapse in 1990, he passed legislation with his friend Richard Lugar, the Republican from Indiana, that dedicated hundreds of millions of dollars annually in the Pentagon budget to the dismantling of surplus Soviet nuclear weapons, upgrading security at nuclear sites in the former Soviet Union and finding jobs for its nuclear scientists lest they be tempted to work for terrorists or would-be nuclear powers. Since 1991, the Cooperative Threat Reduction program — or simply Nunn-Lugar, as it is generally known — has spent more than $10 billion on its mission, and it is considered a triumph of forward-looking lawmaking.

Even so, huge quantities of weapons and material remain in what Nunn considers perilously unsafe conditions. Only about half of the buildings containing nuclear material in the former Soviet Union have undergone post-1990 security upgrades to install things like perimeter fences, cameras and radiation-monitors to prevent theft. And 134 tons of excess plutonium, which the Russians are willing to destroy, are just sitting in storage. Progress in addressing these problems has been stymied in part by conservatives in the last Republican Congress who bristled at the notion of sending American tax dollars to a Russian military that, they said, should pay for its own fences and cameras. Cooler relations between Russia and the United States have stalled matters further. Russian military officials are less willing to let Americans poke around their nuclear sites and assess security conditions. And the uncompromising diplomacy of the Bush administration has played a role too. American and Russian officials recently fought over arcane rules that would govern a program to dispose of that 134 tons of excess plutonium. The lead United States negotiator demanded extremely broad guarantees for U.S. contractors involved in the work, including freedom from liability even in the event of intentional spillage of nuclear material. The standoff delayed the program for more than a year, until Bush and Vladimir Putin finally hammered out a solution at a summit last fall.

One of the few points of agreement between George Bush and John Kerry during the presidential campaign in 2004 was that preventing a terrorist nuclear attack is among America's very highest priorities. But many critics on both the left and right argue that the Bush administration has lacked a sense of urgency toward the threat of loose nukes. Kenneth Adelman, a former Reagan-era arms-control official and a Pentagon adviser under George W. Bush, recently recalled a private meeting with Donald Rumsfeld days after his swearing in as defense secretary. "He was very skeptical of the Nunn-Lugar program," Adelman told me.

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"That wasn't the kind of thing he thought the Department of Defense should be doing. He had it in his head that it was a wimpy thing to have the Pentagon involved in."

Some Bush allies maintain that the real blame lies with Russia's increasingly belligerent leader. "I believe there are still many installations where the security of materials is still not to the high level that we would hope," John Wolf, who served as assistant secretary of state for nonproliferation in Bush's first term, told me. "Somebody ought to look into Mr. Putin's eyes and down to his soul and say, 'You're putting the fate of the world at risk by your unwillingness to take action.' "

Last September, Nunn and N.T.I.'s president, a former Energy Department official in the Clinton administration named Charles Curtis, flew to Vienna to meet with Mohamed ElBaradei, the director general of the International Atomic Energy Agency. ElBaradei admires Nunn, whom he calls "a shining example" in the fight against a potential nuclear catastrophe — presumably not least because N.T.I. has given ElBaradei's agency more than $1 million to upgrade its monitoring of nuclear material worldwide. Part of the reason for Nunn's visit was to discuss a major new N.T.I. proposal: the creation of an international nuclear fuel bank.

This was the foundation's response to an unsettling wave of countries showing interest in new or expanded nuclear capabilities. Several nations, including Saudi Arabia, Egypt, Morocco and Algeria, say they might want to develop civilian nuclear power. Meanwhile, South Africa, Brazil, Canada, Argentina and Australia all talk of creating home-grown uranium-enrichment programs — ostensibly for power but potentially also for military ends. "What I see is a new wave of countries not necessarily trying to develop nuclear weapons but nuclear-weapons capability — the ability to process or enrich plutonium or uranium," ElBaradei told me recently. "And I know, and you know, that if a country is capable of doing that, they are virtually a nuclear-weapon state."

The idea behind an international fuel bank is to make it possible for nations to generate nuclear power without developing a nuclear-weapons capability. Iran, for instance, has rejected offers from Russia to manage its uranium supply on the alleged grounds that it doesn't want to be dependent on Russia's political whims for its energy needs. The fuel bank would render such complaints obsolete and make transparent who is using energy programs as a cover for military ambitions. If a country has access to a reliable fuel supply, why would it need its own enrichment program?

For Nunn, this is the logical next phase in the fight against loose nukes: preventing the creation of new nukes that could become loose someday. ElBaradei has predicted that as many as 30 or 40 countries could begin trying to develop nuclear capability in coming years. And while traditional policies of deterrence may keep future nuclear states in check, every new bomb factory necessarily means there is more dangerous nuclear material in the world. "I see the two going together," Nunn says. "The more countries that have this fissile material, the more likely the risk of a diversion or theft of fissile material becomes."

America was lucky to survive the cold war, Nunn told an audience in Washington last month. "I don't believe if you get another 7, 8, 10 countries with a nuclear weapon that you're going to be so lucky."

It is very likely that North Korea's success in building weapons and Iran's steady progress toward that goal have only encouraged other nations to get into the nuclear game. But, Nunn believes, the United States, mired in Iraq and strained in its relations with former allies, has never had less leverage to counter them. Nunn says that the current Iraq war (which he also opposed) has distracted U.S. officials, undermined the credibility of any U.S. military threat it might bring to bear on North Korean or Iran and "dealt a severe blow to the leadership credibility we need in the world."

In this view, American credibility is an essential part of persuading other nations to stop or reverse their nuclear programs. One way to enhance American credibility, according to this line of thinking, is for the United States to decrease its own nuclear stockpile. Yet the Bush administration has not only not moved to significantly reduce that stockpile, it is also exploring new nuclear technologies (like bunker-buster mini-nukes). "I think we have very badly failed to meet our responsibilities," Brent Scowcroft, George H. W. Bush's national security adviser and Nunn's friend, told me. "I think it is the sort of neoconish notion that it is our job to dominate the world and that the way you dominate it is by pushing ahead on new nuclear stuff."

Nunn complains that the Bush White House also subordinates nonproliferation to other goals. As an example, he cites the deal the administration cut with India last year. It created a legal exemption allowing American companies to conduct trade with India's nuclear-power industry even though India is not a party to the 1968 Non-Proliferation Treaty. Nunn publicly called for Congress to impose conditions on the deal — specifically, a provision requiring that India halt production of new fissile material for weapons. A worldwide treaty barring the creation of all new fissile material is near the top of Nunn's wish list, and he saw the deal with India as a fine opportunity. But in the end, the Bush administration, which is eager to cultivate India as a regional ally, got its way. "We missed that opportunity," Nunn says. "We should not have entered into that agreement."

The Bush administration is not without its achievements or its defenders. Persuading Libya to abandon a nascent nuclear program in 2003 is one of its least-heralded triumphs. The recent deal with North Korea, if it holds up, could be another success story. The Global Threat Reduction Initiative, a program set up by the Energy Department to remove nuclear material from civilian nuclear reactors around the world, has been widely commended. (Nunn, who is not prone to boasting, says people "at

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very high levels" have told him that the example set by the Vinca operation in Serbia was a crucial impetus behind the creation of the new program.) Meanwhile, conservatives note that the sorts of international treaties embraced by Nunn but spurned by Bush have historically failed to blunt the nuclear ambitions of states like India and Pakistan and, now, possibly Iran. Hence American power and the deterrent threat of brute force remain the best way to confront the dangers of proliferation. "If you want to discourage countries from acquiring nuclear weapons," Richard Perle, the former Reagan arms-control official, says, "make it clear that once they get a nuclear weapon, it is something they can't use directly because we will annihilate them."

Nunn, for one, remains unconvinced. The North Korea deal, he says, came about after the Bush administration shifted tactics from its confrontational, axis-of-evil posture to intensive multilateral diplomacy. While Nunn says he applauds the administration for changing direction on North Korea — "You have to talk to countries unless you're going to leave yourself with one resort, which is military force," he says — Perle's vision of deterrence is ineffective if a nuclear weapon is stolen or transferred from a state to a terrorist group with no fixed address to incinerate. It is potential threats like these that have led Nunn to shift his focus from locking up loose nukes to grander ideas, like the international fuel bank.

At the same time, he has had to enlist new allies. Ted Turner's initial donation of $250 million to the Nuclear Threat Initiative came in the form of Time Warner stock, which lost 70 percent of its value before N.T.I. sold it off. N.T.I. might have gone under by now had Nunn not enlisted another wealthy angel, Warren Buffett. Nunn has known Buffett for years through his service on the Coca-Cola corporate board — Nunn estimates he spends 30 to 50 percent of his time serving on several corporate boards, including those of Coca-Cola, Dell and Chevron — and Buffett has long been concerned about the risk of nuclear terrorism.

"One thing you learn in the insurance business is that anything that can happen will happen," Buffett told me. "Whether it's the levees in New Orleans or the San Francisco earthquake, things that are very improbable do happen." Buffett once gave Nunn a formula that the latter likes to repeat: assuming a 10 percent chance of a nuclear attack in any given year, the odds of surviving 50 years without an attack are less than 1 percent. If the odds of an attack can be reduced to 1 percent per year, however, the chances of making it 50 years without a nuclear detonation improve to better than even. Buffett also told Nunn that if he ever had "a big idea" for reducing the chances of nuclear terrorism, he should call. After Nunn proposed the fuel-bank project, Buffett backed the effort with a pledge of $50 million — on the condition that at least one government contributes $100 million in cash or nuclear fuel within two years. Buffett is now N.T.I.'s chief underwriter, promising to donate $7 million annually to the foundation through 2009. (Fund-raising generates the rest of N.T.I.'s money.) "I told Sam we're not going to have something as important as his effort disappear because of the actions of a stock," Buffett says. "As long as Sam's involved, I'll be involved. I promise you that."

For his part, ElBaradei is ecstatic that Buffett stepped forward. But he also regards it as a damning reflection on the seriousness with which the world is taking nuclear proliferation. "It's discouraging, to say the least, for my organization to go and pass the hat to seek funding for these problems when everyone agrees that this is the No. 1 security threat," ElBaradei says. "Governments are not putting money where their mouths are."

Last month, Nunn wrote an op-ed article in The Wall Street Journal with former Secretaries of State Henry Kissinger and George Schultz and former Secretary of Defense William Perry that sent waves through the foreign-policy establishment. Its title was "A World Free of Nuclear Weapons." The article declared that, after the cold war, "reliance on nuclear weapons for [deterrence] is becoming increasingly hazardous and decreasingly effective." Deterring terrorist groups has become nearly impossible, and the peacekeeping value of nuclear weapons is more and more outweighed by the risk of their possible use. Therefore, the authors wrote, it is time to pursue the goal of "a world free of nuclear weapons." To seek abolition, in other words.

The language used in the op-ed — for example, the claim that abolition is "consistent with America's moral heritage" — struck some as an echo of 1980s liberal critiques that treated nuclear deterrence as a moral abomination. "Many people said this was a leftist view, a pacifist view of the world, to come and say we need to move to a new abolition of nuclear weapons," ElBaradei told me shortly after the piece was published. On the other hand, Nunn's byline on the article seems to have buoyed those who have long called for weapons reductions. "Here is a man who was known as the leading Democratic hawk in the Senate saying we have got to recapture this vision of eliminating nuclear weapons," Joseph Cirincione, a nuclear-proliferation expert at the liberal Center for American Progress, says. "Not just reducing nuclear dangers but eliminating these weapons. It was a shot in the arm to everyone who's been trying to correct the disastrous policies of the last six years."

Nunn says that some people were stunned by his new stance. "How could you endorse this?" he has been asked. Ronald Reagan believed passionately in the principle of disarmament, but few in Washington's foreign-policy establishment have ever shared that view. Brent Scowcroft, for one, calls abolition "a fantasy. But even if you could do it, that's dangerous. I just think that we have invented nuclear weapons, and we cannot disinvent them. And a world where everybody gets rid of their nuclear weapons means that anybody that cheats can become a superpower in a short period of time. And I just think that's a very dangerous world."

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Nunn acknowledges this danger and admits that any realistic disarmament plan would have to allow the U.S. to quickly reconstitute weapons if a threat emerged. But he has come to believe the greater danger is continuing on our current path. "I think we have to turn it around," he told me a few weeks ago. "You literally can't get there" — to a safer world, that is — "from here."

Nunn concedes that any path to complete disarmament would be long and slow. He says that the U.S. could begin by finally starting to make substantial cuts in its nuclear forces, and by ratifying a 1996 international nuclear-test-ban treaty that Congress has refused to ratify, and by working to halt the production of new fissile material everywhere. But only a sweeping vision of a world free from the bomb can start such a process, Nunn says. "I don't believe the steps are possible without the vision."

It has been a long journey to this point. Twenty years ago, he says, the Wall Street Journal article "would not have been possible. I would not have been in that mood at that stage, and I said so." Today, in fact, Nunn finds himself unexpectedly aligned with the original abolitionist vision that he only recently urged Ted Turner to de-emphasize. It is a vision many Democrats say Nunn could bring into a future Democratic administration, possibly as secretary of state or defense. (In a recent speech to the Council on Foreign Relations, Hillary Clinton cited Nunn and the N.T.I. as her inspiration for a bill to create a White House nuclear-terrorism adviser.)

But Nunn knows it could be another 20 years — probably more — before such a vision can be realized, if at all. "You can probably only get to the achievement with the next generation," he says. "Probably none of the people who signed that will be able to see it through. But the world has to see that direction. Perhaps then a younger generation will see that the goal is achievable."

Michael Crowley is a senior editor at The New Republic.

Correction: February 24, 2007

An article on Page 50 of The Times Magazine this weekend, about Sam Nunn, head of the Nuclear Threat Initiative and former chairman of the Senate Armed Services Committee, misstates the name of a company on whose board he serves. It is Chevron, not ChevronTexaco. The article also misspells the surname of a former secretary of state with whom Nunn and others wrote a recent op-ed article for The Wall Street Journal. He is George P. Shultz, not Schulz. And the article misspells the surname of the director general of the International Atomic Energy Agency in several references. He is Mohamed ElBaradei, not ElBaredei.

Post-Putin (NYT)

By Steven Lee Myers

The New York Times Magazine, February 25, 2007

Sergei B. Ivanov walked in late to the holiday performance of the army's Academy of Song and Dance. He sat in a seat saved for him between a mop-haired boy and a girl with a fluffy white ribbon in her hair. He watched, stiffly tapping his foot, as Soldier Ivan danced with fairies on his way to saving the children's New Year's presents from the old witch Baba Yaga. Grandfather Frost Russia's Santa Claus arrived in the end, of course, with gifts for the children in the audience, sons and daughters of Russia's military men. The soldier/actor's voice boomed as he introduced "a very big present," "our wonderful guest": Ivanov, then the country's minister of defense (and soon to be named first deputy prime minister), the man who might well be the next president of Russia.

"Dear friends," Ivanov began, his voice tinny by comparison. His face appeared pinched, his lips as thin as the hair parted sharply on the left. Pale, trim, dressed in a dark suit with an open collar, he looked like a secret agent. Which, in fact, is what he was in Finland and Kenya (and maybe in Sweden and England), working for the K.G.B. as the Soviet Union was collapsing. As history shows, a former intelligence officer might be just what Russia wants in a leader.

"It is very pleasant for me today to share your holiday because all adults — and even the minister of defense — were kids sometime," he went on, awkwardly. "And I remember it well: the smell of fir-tree needles, the fir tree, the smell of mandarins" — famous for ripening in the depth of Russia's winter — "the fir-tree decorations, which I could not wait to get out of the box and help the adults decorate the New Year tree. I will never forget it." He is not a natural politician, at least not a politician skilled in the glad-handing, smooth-talking art of campaigning for elected office. He grew up in a country — the Soviet Union — where that was irrelevant.

It might still be. Ivanov, who is 54, is a leading contender to become only the third elected president in Russia's history, replacing Vladimir V. Putin, the steely, steady president who, according to the country's adolescent Constitution, must step down early in 2008 after two full terms in office. At least he is presumed to be a contender, just as there is presumed to be an election, scheduled for March 2, 2008.

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Ivanov has never expressed the desire to be president — neither in public nor, as far as anyone who knows will tell, in private. Neither has Dmitri A. Medvedev, the other first deputy prime minister and the other presumed-to-be-leading candidate. Nor have Valentina I. Matviyenko, the energetic governor of St. Petersburg; Vladimir I. Yakunin, another former K.G.B. agent who heads the state-owned Russian Railways; Sergei S. Sobyanin, a former governor and the president's chief of staff; Dmitri N. Kozak, the presidential envoy to the turbulent Caucasus; Boris V. Gryzlov, the speaker of the lower house of Parliament; Sergei M. Mironov, the chairman of the upper house; or Sergei V. Chemizov, director of the state arms-marketing monopoly who served as an intelligence officer with Putin in East Germany.

All have been mentioned as possible successors to Putin, not because they have said anything or even distinguished themselves in any particular way but because they are close to Putin. All, with the exception of Sobyanin, are old friends and allies from his hometown, then Leningrad, now St. Petersburg. No one knows for sure who might emerge as a candidate, because Putin himself will decide, and he has given no indication yet of his final choice. What is certain is that whomever he selects will become the next president of Russia.

Putin's problem — and it is of his own making — is that it has become impossible to imagine anyone else in charge. His genuine popularity, nourished by the czarlike aura cultivated around him, has smothered any chance for an alternative national leader to emerge, even one of his own choosing. There is a reason that the coming vote is not called the "2008 election" as often as it is the "2008 problem."

Post-Soviet Russia is still a young country, one attached to a very old history of hereditary and, more recently, nonhereditary transfers of power. The new Russia has had, arguably, only one truly competitive presidential election, meaning that the outcome was not clear beforehand. That was in 1996, when the country's first president, Boris N. Yeltsin, held off a challenge from the Communist leader, Gennadi A. Zyuganov, after a tainted campaign and vote that nonetheless had the blessing of the democratizing West. An ailing Yeltsin simply anointed Putin his successor, plucking an unknown and untested figure from the secret services to be his prime minister in August 1999 and then four months later to be acting president.

Putin had never been elected anything in his life. And yet he went into his first election in March 2000 as the incumbent (albeit as acting president) and cruised through the process with all the trappings of power, including decisive control of most of television. He beat Zyuganov comfortably in the first round with 52 percent of the vote (bolstered perhaps, as The Moscow Times reported, by ballot stuffing in some regions).

By 2004 he faced a diminished crop of candidates, second-tier party leaders who either expressed support for Putin's re-election or foundered in oblivion, barred from television appearances and harassed by such government tactics as untimely fire inspections at campaign rallies. It was a rout, one so skewed in favor of Putin — who, officially, won 71 percent — that it became farcical.

Putin has unquestionably transformed the country, righting it, to a degree, after its perilous stagger through the 1990s, when chaos, crime and corruption raged, but he has done so by creating an authoritarian system that is only nominally democratic (in that Russia still holds elections, as the Soviet Union did). He reined in elected governors from the provinces and their representatives in Moscow. He chased into exile or into prison prominent businessmen seen as political challengers. He pulled all of the national television networks back under state control. He so imposed the Kremlin's will on the legislative bodies that they are now controlled by political parties lacking any real identity except as vassals of Putin. He has been accused of creating a Soviet Union Lite or, alternatively, a new imperial Russia, with himself as a 21st-century czar, a unifying figure above politics, beyond criticism, in absolute control. His supporters dispute this, but there is no question that he has consolidated virtually all political and, increasingly, economic power into his hands, or at least into the hands of the small cadre of aides whom he has entrusted as stewards of the country's natural resources and strategic enterprises.

Kremlin Inc. has become the name for the hybrid system Putin created: capitalism with an authoritarian face. The search for his replacement has started to look less like a political campaign and more like a boardroom struggle to select a new C.E.O. As at most corporations, the process is out of the public eye, the result presented to shareholders as a fait accompli. And like most executives, Putin is susceptible to choosing someone most like himself. "I don't think it's going to be a radical change," Ivanov said in December.

Announcing one's own candidacy is, in fact, tantamount to declaring one's open opposition to the Kremlin, to the smooth transition of power, to Putin himself. Even the parliamentary opposition is wary of doing that. So far in this quasi-election season only two people have done it: a former prime minister, Mikhail M. Kasyanov, and, improbably, Aleksandr V. Donskoi, the youthful mayor of Arkhangelsk, a small port city on the White Sea.

Both promptly came under the scrutiny of prosecutors, even as the mass media piled on in the way they never do with today's authorities, certainly not the likes of Putin, Ivanov or Medvedev. Kasyanov was accused of arranging the shady privatization of a luxury summer house on the Moscow River, Donskoi of falsifying a university diploma when he first ran for mayor two years ago.

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On the day in November when I first met Donskoi in Moscow, intrigued by the audacity of his decision to run for president of all Russia, investigators raided his office up in Arkhangelsk. As we spoke, his wife, Marina, and an aide answered insistent phone calls from home and relayed progress reports. "I realize all the responsibilities," Donskoi, a supermarket tycoon, told me. "I understand there could be difficulties, including physical threats. It's already taking place."

A month later he was back visiting Moscow and called a sparsely attended news conference to denounce an intensifying campaign against him. He denied having falsified his diploma and went on to explain, among other things, his interest in "gypsy hypnosis." Marina Donskaya interrupted him, having lost patience with the pressure. "He's not gay!" she shouted, referring to slurs that had been appearing in the Arkhangelsk press. "He impregnated me."

By February, prosecutors had opened three cases against him. Donskoi, only 36 years old, unknown outside of Arkhangelsk and perhaps better off for it, would stand little chance in a real campaign to be the leader of a country as sprawling, complex and deeply troubled as Russia. That's not the point. The point is that Putin's Russia does not dare to hold an open competition for the highest office in the land — one where even a long shot like Donskoi could at least make a case for himself. That, more than anything else Putin has done, is the biggest threat to democracy.

"All of us believed in the new, democratic Russia," Kasyanov, the other upstart candidate, told me. He served as Putin's prime minister from 2000 to 2004, representing the continuity from the presidency of Boris N. Yeltsin. On the eve of his re-election, though, Putin sacked him, setting him adrift in political obscurity to ward off prosecutors, so far successfully. From an office tower in southern Moscow, Kasyanov now runs a consultancy devoted mostly to his campaign. A large telescope stands beside an enormous plate-glass window. It points at the Kremlin.

"There is no possibility for a free and fair election," he said, his tone evoking those democrats and liberals who once occupied positions of influence inside the Kremlin during the 1990s but now sound simply discouraged. "Right now there is an issue of the survival of the democratic state."

Last year, Putin said that he had been thinking about his replacement from the moment he became president in 2000, but Operation Successor, as it has been called, began in earnest in November 2005, when the Kremlin announced that Putin had given promotions to two of his closest aides, loyal men he brought to Moscow with him when he began his rise to power in the 1990s: Dmitri Medvedev and Sergei Ivanov.

Medvedev had previously served as his chief of staff and chairman of a huge state-owned utility, Gazprom, which he still is. He became first deputy prime minister, a newly created position under Prime Minister Mikhail Y. Fradkov, a jowly bureaucrat whose three years in office have been notable for a lack of influence. Ivanov, Putin's comrade and eventual superior in the Soviet K.G.B., became deputy prime minister — a rung below Medvedev — having served as head of the state security council and, significantly, the first civilian minister of defense in Russia's (and the Soviet Union's) history. Like Putin, neither has ever been elected to office.

While it was never stated, the significance was clear: both were being groomed for higher office. When I asked Aleksandr Y. Lebedev, a former K.G.B. officer, member of Russia's lower house of Parliament and one of the world's richest men, about Operation Successor, he suggested I watch television. His advice recalls the old cold warriors analyzing the array of Soviet leaders on Red Square's grandstand: Kremlinology on the nightly news. Lebedev could tell that Putin's mind was not yet made up. "You can take a chronometer," he said when we met in November. "If one is given seven minutes, the other will be given seven minutes."

The news is not as propagandistic as it was in Soviet times, but it has also ceased to be a forum for a national discussion or debate on matters involving politics and Putin personally. He is never criticized. His two anointed aides receive the same deference. Ivanov and Medvedev now appear almost as often as Putin and certainly more than their nominal boss, Prime Minister Fradkov. They preside over meetings of ministers, make statements, explain to ordinary Russians the duties the president has assigned to them. Anything critical — say, questions about the exoneration of Ivanov's son, Aleksandr, after his car struck and killed a pedestrian — never appears.

Few Ivanov or Medvedev events pass unheralded. Ivanov's appearance at the army's holiday concert was utterly inconsequential, yet it appeared on the evening news programs on all three state networks anyway. Rossiya, one of the state channels, even repeated an expanded version on its prime time news. Two children asked him to let the troupe perform for the military in Vladikavkaz, the southern city that has served as the staging base for troops waging war in Chechnya. Of course, Ivanov promised — as long as the performers on the stage beside him agreed. (The performance had already been scheduled.) Not long after the New Year, the troupe performed in Vladikavkaz and again was featured on the news, along with a reminder of the man who had made sure it happened.

Ivanov seems, in person, far more pragmatic and less prone to nationalistic declarations than his public statements would lead you to expect. At a dinner in late December with foreign reporters, he outlined a reasoned view of geopolitics and his own goals for modernizing Russia's military. Ivanov rose through the ranks of the K.G.B. and its successor agencies, including the

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foreign intelligence service and the Federal Security Service. Still, ever since he met Putin in 1977 while both were studying to be K.G.B. officers — "I don't want to go into the details," he said — his public prominence has owed itself to Putin's rise to power.

When it came to his own future, he demurred. "I do not think about it," he said. "You may not believe it, but I don't. The presidential campaign hasn't started," he added, crossing himself as the Russian Orthodox do, "and I hope it won't start for a long time."

It was hard to believe this diffidence when, a few weeks later, I joined him on a visit to an artillery training base and a MiG testing facility in Kolomna, two hours southeast of Moscow. He touted his plan to create family advisory councils to combat abuse and corruption and his negotiations to sell the newest MiG 35 to India. Both are ostensibly chores of Ivanov's current job, but his trip to a youth hockey championship in a small city, Sudogda, sponsored by a youth sports organization that he created, called New Generation, was nothing more than image building. It was all on the news again, with Ivanov appearing in one instance before a military recruiting poster. "Make Your Choice," it said.

Ivanov is portrayed as a hard-liner, part of the clan of Putin aides known as the siloviki, or people of power. Medvedev is the (comparatively) liberal, democratic reformer, from the clan representing the modernizing businessmen. Both are oversimplifications, since their singular positions are entirely dependent on their close, personal relations with and loyalty to Putin, who is unquestionably in charge. Having (apparently) launched Operation Successor, he later suggested that there could be still more candidates. "Yes, that's possible, especially since the list is not very long," he said in Shanghai last June. Pressed if it could be a dark horse, someone unknown, someone like he was under Yeltsin, he threw out more bait. "Completely unknown?" he said. "Not really. Such people are known to everyone, but their names are simply not mentioned."

Valentina I. Matviyenko has, in fact, been mentioned — as someone who could be the first woman to rule Russia since Catherine the Great. She has been governor of St. Petersburg, Russia's second city, since Putin removed her predecessor and cleared the way for her election in 2003. A former apparatchik in the Communist Party, she became a diplomat, serving as ambassador to Malta when the Soviet Union was falling apart and then to Greece during Yeltsin's presidency, before becoming a deputy prime minister in 1998. As governor, she has demonstrated unwavering loyalty to Putin, even when he ended direct elections of governors like her following the Beslan siege in 2004. In a magazine interview at the time, she declared that Russians were not ready for experiments with electoral democracy. "The mentality of the Russian demands a lord, a czar, a president," she said.

When I met her in December, Matviyenko expressed disdain for electoral politics. Her own election campaign in 2003 she called "the most difficult point in my life," and she deplored the "dirty side" of elections: money and lies, understandably, but also what she derided as the "million promises" made by her opponent, as though campaign promises were somehow inappropriate. She said that legislative bodies should be elected, but executive power could not risk elections. "This is because, unfortunately, if a mistake is made during the elections, it would be practically impossible to correct it during the official's term," she told me in her office inside Smolny Institute, built in the 19th century as a school for the daughters of Russian nobility.

She is no longer accountable to the voters, to the people. Putin's post-Beslan decree means that she, like governors or presidents of Russia's 88 regions, serves at his will, ratified by the local legislative assembly. (Not one has balked at any of Putin's choices.) When I asked her about 2008 and her own prospects as a candidate, she said she would take herself out of the running: she had work yet to do in St. Petersburg. To end speculation, she explained, she would resign, which she in fact did two days later. She then petitioned Putin for a vote of confidence. He obliged a day later, reappointing her to a new term. On Dec. 20, the city's Parliament, following a speech by another of Putin's potential successors, Sergei Sobyanin, voted 40 to 3 to confirm the president's choice. Matviyenko began a new term as governor that will last until the end of 2011, when, unless something revolutionary happens in the meantime, Putin's chosen successor will reconsider her appointment.

Her reappointment showed how seamlessly Putin has imposed order on the unpredictable whims of electoral politics, removing chance, surprise and competition. "People do not want any more revolutions," Matviyenko told me in the Smolny Institute, which Lenin chose as his headquarters during the Bolshevik revolution and where he lived and worked in two modest rooms, preserved to this day as they were in 1917. "People want the quiet development of the country, stable development, without shake-ups. They would like to see a president who can guarantee the succession of power."

By late January, according to the buzz, a front-runner had emerged. Dmitri Medvedev led a large delegation of Russians to the World Economic Forum, the annual gathering of the world's business and political elite in Davos, Switzerland. Compared with Ivanov, Medvedev remains largely unknown outside Russia. He is only 41 years old, a boyish lawyer, co-author of a textbook on civil law and lecturer at St. Petersburg State University's School of Law, Putin's alma mater. He has served as an aide to Putin for 15 years now, ever since both worked for St. Petersburg's governor, Anatoly A. Sobchak, who was among the most vocal advocates of democracy and economic reforms even before the Soviet collapse. His rise to the second-highest post in government is inseparable from Putin's rise to the presidency. Davos was his foreign coming-out party, one so successful that analysts in Moscow declared Operation Successor complete.

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"Russia is a country that, in the 20th century, was subjected to hard trials, revolutions, civil war, world wars and economic collapse," Medvedev said in Davos, concluding a detailed exposition in Russian of Putin's economic and political policies with a passage in stilted but fluent English. "Today we are building new institutions based on the fundamental principles of full-fledged democracy."

On an icy day earlier this month, I followed him on one of the routine working visits so prominently featured on the nightly news — in this case to Veliki Novgorod, the ancient Russian city 300 miles northwest of Moscow. The trip included visits to a children's clinic, a new subdivision and a mortgage center, all beneficiaries of the "national projects." He basked in the praise of the officials he met, but he also faced polite queries on the need for more financing and on certain unintended consequences of the national-project policy. It seemed very much like Dmitri Medvedev's Listening Tour. At a meeting with regional leaders and businessmen, he heard that prices for construction materials in the region skyrocketed following the government's plan to build affordable housing. At Children's Clinic No. 3, renovated for the first time in 30 years, a nurse noted that only three babies had been born who were actually eligible for the new grants intended to stimulate the birth rate and halt the country's alarming population decline.

Medvedev jotted notes, fidgeted, shuffled papers; he often speaks to the floor or table in front of him. Physically, he is not an imposing figure: short and compact, and having lost weight over the last year, he is very much like Putin. He commands detail like his mentor, and with increasing confidence.

At the clinic, Medvedev acknowledged that much work remained to be done, but he boasted that the "national projects" were working. "This kind of quick rehabilitation of medical institutions has never occurred in history," he said in remarks broadcast that night.

The one thing not mentioned until the end of the day was Medvedev's future. His aide, Zhanna Odintsova, even took polite exception when I suggested the trips had the feel of a political campaign. She also told me that while I could attend the day's last event — a roundtable interview with journalists from the neighboring regions — I did not "have the right to ask a question." So I planted my question with a willing colleague, Alyona Khozova, a correspondent with Ren TV in Vologda.

After an hour of questions about the national projects, about his hobbies (he swims every evening and tries to teach his son to distinguish right from wrong) and about his plans to visit various regions, Khozova asked the final question. "Lately the topic of a successor to Vladimir Putin has been circulating," she began.

That was as far as she got. Medvedev cut her off with a laugh. "I am not now working on anything directly," he said. "I am engaged completely with those affairs that we just discussed. And I like this work. It surprises me in a good way. I experience a kind of 'drive,' if you will, from these activities and will take that which I have received to its logical conclusion."

Putin's greatest legacy would be a smooth succession of power, still a rare occurrence in a country with the violent, authoritarian past that Russia has. History might ultimately judge him as Russia's George Washington, the man who did not let the possibility of retaining personal power overrule a young country's laws and democratic principles. Still, there are those who wish that he would stay, that the Constitution would be amended to allow him to run for a third term he would undoubtedly win. He could do so easily, given the unwavering obsequiousness of Parliament. Regional Parliaments across Russia have drafted referendums on the issue from Primoriye on the Pacific Coast to Chechnya, the battered ruin of a republic whose war for secession Putin has effectively crushed, at the cost of tens of thousands of lives.

"We think that Putin should complete both the political and economic reforms that he began and should have at minimum two more terms — three or four more terms," the speaker of Chechnya's Parliament, Dukuvakha B. Abdurakhmanov, told me by telephone in mid-January. Chechnya's petition by that point had already garnered the support of two dozen of Russia's regions, raising the possibility the issue could yet come to a vote in the Parliament. "The number of terms should not decide the end of his presidency, but rather his age and health."

Putin continues to demur, even as he opens the door for speculation. "As for myself, as I have said, the Constitution — even though I like my work — the Constitution does not give me a right to stand for a third consecutive term," he said in an annual televised call-in program in October. His use of "consecutive" prompted many to believe he might yet come back for re-election in 2012.

Part of what fuels the uncertainty surrounding the succession is what Putin will do once a second term ends. He will be only 55. It is hard to imagine him slipping into quiet retirement. Speculation abounds that he intends to remain an unelected power, overseeing the country from behind the scenes. He could take over a party (though he has yet to join one), become the speaker of Parliament or emerge as the leader of the as-yet unrealized union of Belarus and Russia. Rumor has long had it that he could take over Gazprom, the huge state gas and oil company, now one of the world's largest corporations and still growing. He could reap the rewards that his authoritarian capitalism has brought Russia, though he once said he was not a businessman by temperament.

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On Feb. 1, Putin held his annual full-dress press conference and swatted aside repeated questions about his successor and his future. “There will be no successor,” he said. “There will be candidates for the post of president of Russia.” He did not mention Medvedev, Ivanov or the others, not once, which prompted a new round of speculation that the speculation about Medvedev and Ivanov had, perhaps, been misplaced. Pressed, he would say only that he reserved the right to express a choice. “But I will do it only when the election campaign starts,” he said.

By strict letter of the law, campaigns in Russia last only 30 days. Putin could put off his endorsement, as it were, until the last minute. In the meantime, he is keeping people guessing. On Feb. 15, he unexpectedly promoted Ivanov to the same rank as Medvedev, giving Russia two first deputy prime ministers and shifting the buzz yet again.

Opposition to Putin exists. In December, Andrei N. Illarionov, a former economic adviser of Putin’s until he resigned more than a year ago to protest the government’s authoritarianism, described the succession process as something out of the Middle Ages. “It does not matter what kind of successor one is, smart or not too smart, a pleasant one or not too pleasant,” he said at a news conference. “It does not matter. The choice between this and that makes no sense. One thing matters. It is that the transfer of power to one’s heir should not happen in a modern, civilized and normal country.” There are candidates who will run against Putin’s chosen heir, representing the greatly diminished Communist Party or the Liberal Democratic Party, whose nationalist leader, Vladimir V. Zhirinovsky, has long ago ceased opposing the Kremlin. But they will enjoy none of the advantages of Putin’s heir, and they will lose.

Still, Valentina Matviyenko might be right. Russians are not in a revolutionary mood now that the country is more stable, now that salaries and pensions are paid, now that consumers can indulge in everything Europeans can — except political choice.

In December, the authorities refused to grant a permit for a march organized by Other Russia, an amalgam of disaffected political organizations, including one created by Garry Kasparov, the former chess champion who retired in 2005 to wage a lonely campaign to make Russia politically free. The authorities authorized only a rally, to be held on Triumphal Square. Four days before it, the interior ministry’s counterterrorism police raided Kasparov’s office and seized posters advertising the march. As I approached on the morning of the rally, truckloads of soldiers lined every street in the area; a helicopter hovered overhead. Street sweepers, snowplows and buses blocked the main street while soldiers stood in formation, two layers deep.

Inside a fenced area were perhaps 2,000 protesters; organizers’ estimates of 4,000 or more were exaggerated. The organizers later said that hundreds of participants had been stopped at checkpoints on the roads or at train stations. Those who made it included aging liberals of Mikhail S. Gorbachev’s Glasnost, now 20 years past, and radical youth, including the committed members of two organizations, the National Bolsheviks, known for stunts like being arrested while occupying government offices, and the Red Youth Vanguard, whose red-and-black flag incorporates an AK-47. The police and soldiers on hand outnumbered them by four to one or more.

“They are afraid that one day we will say, ‘Enough,’ ” Kasparov yelled from the back of a flatbed truck with a Dolce & Gabbana billboard as a backdrop. His voice was drowned out by the chopping thud of the helicopter overhead. He led a chant — “We need the Other Russia,” after the movement’s name — but the chants faded after a couple of rounds.

One Cold War Was Enough (WP)

By Sergei Lavrov

The Washington Post, February 25, 2007

There has been much misinterpretation in the West since President Vladimir Putin's recent speech at the Munich Conference on Security Policy. From the reaction of some Western journalists and politicians, one would think that the Russian president wished to ignite a blast of anti-American rhetoric to spark another Cold War. Defense Secretary Robert Gates got it right when he responded by asserting that "one Cold War was quite enough." Indeed it was, so let's not declare -- or look for a pretext to declare -- a new one. At a time when Russia is ready and eager to play a positive role in world affairs and integrate into the global economy, it does far more harm than good to treat Russia as a hostile nation whenever Moscow and Washington disagree.

What Putin actually said in Munich was not new. He said nothing that we have not discussed directly with the Bush administration and that is not whispered in political circles in Europe and elsewhere. He made these statements at a conference because he wanted to get the world's attention to begin a dialogue about what kind of world we want for our children and ourselves. Putin believes, as do many others, that the world cannot be dictated to by a single country. History shows that this has been attempted repeatedly but has never worked. Recent unilateral actions have not resolved problems but actually exacerbated them and created new hotbeds of tension.

If you read the president's entire speech, you will see that Putin was neither attacking the United States nor proposing Russia as a counterbalance to U.S. unilateralism. Instead, he called for a world with many centers of influence where different

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interests work together, multilaterally, to shape a common denominator on global issues. The recent six-nation agreement on North Korea's nuclear program proves that this pragmatic approach can work.

In fact, Putin offered more instances of mutual agreement between the United States and Russia than examples of discord. As he noted, we are strong partners on counterterrorism and nuclear nonproliferation. We have a common stake in ensuring global energy security as agreed to at the Group of Eight summit last July in St. Petersburg.

Our American colleagues tell us that the United States needs Russia and other key countries to help resolve numerous regional conflicts. Against this background, America's unilateral actions look puzzling. It's also ironic that Putin's speech was deemed threatening. Russian citizens ask themselves: Who threatens whom? With the Warsaw Pact dissolved for more than 15 years, why does NATO still spread toward Russian borders? What should Russia believe when the United States seeks to place anti-missile systems in Eastern Europe? And instead of joining efforts to counter global threats, should our two countries really be engaged in searching for deficiencies in each other's domestic life?

As Russians struggled with the chaos and weakness that dogged us in the first post-Soviet years, some might have gained the impression that our voice would never be heard on the world stage. A stronger, more vibrant Russia has emerged from the rubble of the 1990s. Our economy continues to expand and diversify; our people look forward to the progress and prosperity that our new society can deliver through technological innovation and social programs. And a growing middle class benefits from the robust business climate that attracts more and more foreign investments: In 2006, for example, net inflow of capital to Russia surpassed $40 billion.

It only makes sense that we would hold our own views and expect them to be taken seriously, whether they concern vital security matters or terms of economic interaction. We are strongly committed to democracy, and we will not compromise the right of the Russian people to decide things for themselves and be heard on international issues.

In any relationship, disagreements arise. But observers make a grave error when they mistake the honest and open airing of concerns as some sort of casus belli. President Bush rightly emphasized the other day that, while differences exist between our two countries, "there's also a relationship in which we can find common ground to solve problems." Russia is ready to work with the United States on an equal and mutually respectful basis.

Another Cold War? Certainly not. A democratic world in which a strong Russia coexists with a strong United States, as well as a strong Europe, China, India, Brazil and others? That is Vladimir Putin's vision -- and it is well worth considering.

The writer is foreign minister of the Russian Federation.

Missile Fantasies (WP)

The Washington Post, February 25, 2007

The administration's rush to deploy missile defenses in Europe brings a sinister response from Russia.

THE EMERGING debate over the deployment of U.S missile defenses in Central Europe is based on a series of false pretenses. The Bush administration pretends that it is sensible to invest $225 million next year in preparing to install ground-based interceptors and radar systems in Poland and the Czech Republic to defend against an attack from Iran, even though the glitch-plagued defense system hasn't yet proved workable and Iran doesn't have a missile that could reach the United States or Europe. The Polish and Czech governments, eager to deepen strategic cooperation with the United States, pretend that they will benefit from hosting the systems, even though they have little reason to worry about threats from the Middle East and the Bush administration has been slow to reward their past collaboration in Afghanistan and Iraq.

The prize for cynical posturing, nevertheless, goes to Russia, which in the past few days has suddenly advanced a claim that it knows to be false: that the deployment of the antimissile system would weaken the Russian nuclear deterrent. As Russian President Vladimir Putin and his generals know, even if U.S. interceptors in Poland could function according to the Bush administration's scheme -- which they can't, and won't anytime soon -- they would not be capable of stopping a single Russian intercontinental ballistic missile, much less the massive force that remains at Moscow's disposal. U.S. officials have met with Russian counterparts on at least 10 occasions to explain this.

Mr. Putin and his generals nevertheless are threatening that Russia might respond to the U.S. missile defenses by redeploying intermediate-range missiles that were banned from Europe by a 1987 treaty. An even more sinister comment came Monday from the commander of Russian missile forces, who said that if Poland and the Czech Republic hosted the U.S. rockets and radars, they would be targeted by Russia's strategic missiles. This crude attempt at intimidating Moscow's former Soviet satellites predictably produced a defiant response from the two governments and probably eliminated any domestic opposition to an otherwise questionable venture. As Czech Foreign Minister Karel Schwarzenberg put it, "The Czechs will now think the shield is even more necessary."

The Bush administration's pushing of this initiative, which would not result in the deployment of any interceptors in Europe before 2010, is probably motivated by the same political impulses that have driven missile defense since 2001. Administration

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officials are determined to create a program so literally set in concrete that it can't be stopped or reversed by future presidents -- as was the missile defense program of President George H.W. Bush. Whether the technology actually works or a threat exists that justifies the rush never seems to matter much.

Such sandbagging justifies close scrutiny by Congress of the Pentagon's $10 billion funding request for missile defense in next year's budget, including the funds for Poland and the Czech Republic. But the Russian gamesmanship is more worrisome. On the opposite page today, Mr. Putin's foreign minister denies any interest in confrontation. But at the same time Mr. Putin may use the U.S. defense program as an excuse to revive a major piece of the Soviet nuclear arsenal with which to threaten NATO members in Europe. It's hard to think of a quicker way to revive the Cold War.

Rivals On Legal Tightrope Seek To Widen Freedoms In China (NYT)

By Joseph Kahn

The New York Times, February 25, 2007

BEIJING — Li Jinsong and Li Jianqiang are Chinese trial lawyers who take on difficult political cases, tangle with the police and seek solace in the same religion, Christianity.

But like many who devote themselves to expanding freedoms and the rule of law in China, the two spend as much time clashing over tactics and principles as they do challenging the ruling Communist Party.

The two Mr. Lis are part of a momentous struggle over the rule of law in China. Young, well educated and idealistic, they and other members of the so-called weiquan, or rights defense, movement, aim to use the laws and courts that the Communist Party has put in place as part of its modernization drive to constrain the party's power.

The informal network of rights defenders may be the only visible force for political openness and change in China at a time when the surging economy and the country's rapidly expanding global influence have otherwise strengthened party leaders. The authorities have refrained from suppressing it entirely, at least partly because it operates carefully within the law and uses China's judicial system, as well as the news media, to advance its aims.

Yet nearly 18 years after the June 4, 1989, crackdown on pro-democracy protesters in Beijing, China quickly crushes any organized opposition. Rights defenders face the delicate task of coordinating their actions and expanding their collective influence when they remain autonomous, rudderless and, very often, rivalrous.

The two Mr. Lis have feuded about how to handle big court cases. When they met the Bush administration's China specialists in the White House last November, they argued about whether top leaders like President Hu Jintao were basically benevolent. A joint interview on Radio Free Asia devolved into a shouting match over whether rights defenders could work with party leaders or should actively oppose them.

As their confrontation grew, Li Jianqiang, the more combative of the two, wrote a manifesto that called China a "super jail" and described its leaders as "ruthless dictators." He listed Li Jinsong's name as the lead author and posted it on the Internet.

Li Jinsong, who takes a much softer line, said the essay, which circulated widely, so enraged China's top leaders that it derailed a major appeals court victory in his highest-profile case, involving China's "barefoot lawyer," Chen Guangcheng. The essay may also have given the police in Shandong Province an excuse to send some thugs who assaulted him, he said. Li Jianqiang acknowledged a few weeks later that he wrote the essay himself. But he said it amounted to a minor mistake and dismissed claims that it had a direct impact on the court case.

They and the dozens of other advocates who consider themselves rights defenders have had notable victories, mostly by calling attention to problems at the local level that more senior officials move to fix. They have exposed corruption, illegal land seizures and labor and environmental abuses that have prompted policy changes or at least made many Chinese more aware of the concept of human rights.

As China's only consistent homegrown critics of government abuses, they have received attention from the international news media and human rights groups. President Bush invited several rights defenders to the White House last spring.

Yet they are, as the nationalist leader Sun Yat-sen lamented about Chinese opposition groups in an earlier era, "grains of sand." They divide into camps on the fundamental question of whether to try to improve the current Communist Party-run system by supporting well-intentioned party leaders, or to seek an end to Communist rule. "Some of us are waiting for a good emperor, some kind of Gorbachev, to come and fix the system," Li Jianqiang said. "Many of the rest of us think that is a waste of time. We need to be building a civilization outside the Communist Party."

Change From Within

That debate is a delicate one for a group whose basic goals — helping people exercise the rights granted to them, at least on paper, by an authoritarian government — at least nominally overlap with those of the party's leadership.

China's top leaders, committed to attracting foreign investment and making the country a respected world power, have promised to conform to human rights norms and to run the country "according to law."

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The Communist Party often does not subject itself to the laws it enacts, prompting cynicism about its real intentions. But many rights defenders say they can help bring about meaningful change because the party and government bureaucracy is not monolithic.

Top party leaders, according to this way of thinking, hope to use the legal system and the news media to check abuses of power at the local level, which they view as threats to their own popularity and longevity.

The defining moment came in 2003. Prime Minister Wen Jiabao seized on a case of a migrant worker beaten to death by the police that had been championed by rights defenders. He abolished vagrancy laws that gave the police the authority to round up migrants at will.

Rights defenders concluded that grass-roots organizing and the tactical use of local courts could allow them to circumvent local fiefs in China's authoritarian bureaucracy and appeal directly to more enlightened leaders at the top.

"China is slowly transforming itself from rule of man to rule of law," Li Jinsong said. "I believe that this process has the support of the top leaders. They face resistance within the system, and they need outside help."

But this view, once widespread, has fallen out of favor among other rights defenders. Li Jianqiang calls it a "peasant mentality" because farmers since feudal times have looked to the emperor, presumed to be benevolent, to solve problems they say are caused by venal local officials.

He contends that President Hu, who once talked as though he wanted to expand constitutional rights and strengthen the legal system, has more recently done the reverse.

In internal party speeches, Mr. Hu has called on officials to guard against "color revolutions" of the kind that swept Central Asia and Central Europe, which officials here attributed to a potent combination of civic and social organizations and foreign forces. Mr. Hu has clamped down on lawyers and journalists and tightened the party's control over the courts.

Gao Zhisheng, one of the most outspoken rights defenders, was arrested and convicted of subversion last year, though he was given a suspended sentence because the authorities said he provided information about other dissidents. Another rights defender, Guo Feixiong, was arrested and faces charges of illegal business activity. A third, Guo Guoting, fearing police intimidation or possible prosecution, fled to Canada.

"The strategy of submitting petitions and using legal actions to draw the emperor's attention is a proven failure," Li Jianqiang said. "It ends up encouraging rule by man, not rule of law."

Same Name, Two Paths

Li Jinsong and Li Jianqiang became lawyers in 1994. Both are Christians. The similarities do not run much deeper.

Li Jianqiang, 42, lives in the east coast city of Qingdao. He eagerly discusses politics and the law. He relates his run-ins with China's police or State Security officials like war stories. He has an impish smile.

As an employee of the Qingdao city government, he joined public protests in favor of democracy in 1989. When the military shot student protesters in Beijing on June 4, 1989, local governments moved to weed out people who had supported the students. Mr. Li lost his job.

He returned to school to study law, but never shed his reputation as a troublemaker. He took on cases involving accusations of police or government malfeasance, but he said he was often harassed by local authorities. Increasingly, he found it difficult to represent clients in his home province, Shandong.

So he became itinerant. He defended a journalist accused of leaking state secrets in Hunan Province and a writer accused of posting subversive materials on the Internet in Hubei Province. Recently, he sued local authorities in Zhejiang Province after they demolished a Christian church that the government had not sanctioned.

He met other young lawyers who called themselves rights defenders. He became a Christian in 2005, he said, when some of them introduced him to the religion. He worships in an unofficial "family" church in Qingdao.

"I decided we have a spiritual vacuum in our society that only God can replace," he said.

Li Jinsong, 41, practices law in Beijing. He often wears dark business suits over dark shirts. That, along with a courteous and deferential manner, gives him the air of a priest. But he frowns and speaks in clipped phrases when asked to discuss his personal background, including his religion. He said he began attending a government-authorized Protestant church in 1988.

"It's not something I deny, but not something I like to talk about publicly," he said softly.

Though he practices commercial law, he has also defended "vulnerable people," as he calls them. He helped migrant workers force a transportation company to stop raising ticket prices before a major holiday, when migrants scramble to return to their hometowns in the countryside. A Beijing court compelled the Finance Ministry to revise an administrative ruling against one of his clients in 2001, a milestone case that some saw as confirming a right to sue government entities.

But it was a case in Li Jianqiang's home province, Shandong, that made Li Jinsong well known in legal circles. He became the lead lawyer for Chen Guangcheng, a self-trained legal expert who, despite being blind since a childhood illness, championed peasants in legal actions against local authorities.

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In 2005, Mr. Chen sought to organize a class-action lawsuit on behalf of hundreds of peasants forced to have abortions or undergo sterilization procedures after local officials in Linyi City, Shandong, failed to meet their official population-control quotas. The police put him under house arrest, and prosecutors later indicted him on charges of destroying property and disrupting traffic. Relatives and supporters say the charges were concocted to punish him.

Li Jinsong and other rights defenders used a publicity campaign to increase the pressure on local officials to treat Mr. Chen fairly, while alerting top leaders in Beijing to what they and many others said was an embarrassing abuse of authority at the local level.

Li Jianqiang, though not personally involved, criticized the strategy at the time. He wrote in an open letter that Li Jinsong had made "stupid mistakes" that backed the local authorities into a corner and did little to help Mr. Chen.

Both men, it appeared, had reasons to think they were right. Mr. Chen's prosecution and trial, in a county court, made a mockery of China's official judicial procedures. Local thugs prevented Li Jinsong from entering Mr. Chen's village to interview witnesses. They flipped over his car when he visited. The day before the trial, the local police detained a fellow lawyer on a pretense. The verdict: guilty, and a harsh prison sentence of four years and three months for Mr. Chen.

Li Jinsong's luck changed sharply on appeal. Last October, a higher court in the city of Linyi overturned the verdict and ordered a new trial. Mr. Li and other rights defenders hailed it as a major victory. They saw the hand of more senior officials at work.

"There are some leaders who I believe are conscious of what was happening and wanted to see a fair result," he said. "We saw their intervention in this case."

A Visit to America

China's rights defenders have developed a reputation for being a force for legal, evolutionary change. In the United States, foundations and religious groups that support grass-roots activities here have backed them.

One pioneer in that effort is the China Aid Association, a religious group based in Midland, Tex., that has ties to the Bush administration. The association monitors conditions for Christians and supports rights defenders, many of whom are Christian.

Last November, the China Aid Association invited the two Mr. Lis and two other rights defenders to visit Midland and Washington. The two did not know each other well. Li Jianqiang's criticism of the handling of the Chen case did not endear them to each other. But Li Jinsong said he looked forward to the trip.

"I thought we might come to understand each other better if we met outside China," he said.

Instead, their debate intensified. After prayer sessions in Midland, in the offices of members of Congress and at foundations where they meet potential donors, the two Mr. Lis offered conflicting versions of what should be done to advance the rule of law in China. They disagreed on whether the United States should encourage political change or support top leaders who wanted to carry out such changes.

Li Jinsong, still elated about the appeals court victory in Mr. Chen's case the month before, often cited the case to support his view that the top leaders had good intentions.

Though the two lawyers smiled and stood side by side for photographs in front of the White House and State Department, they said they argued with each other when they met the Bush administration's China experts inside. When they appeared together for a broadcast on Radio Free Asia, their differences burst into the open.

Li Jinsong said during the broadcast that he had urged donors and Bush administration officials to steer aid to Communist Party officials "who do good," as well as to rights defenders hoping to improve things from the outside.

He said he wanted "to express my appreciation" for President Hu, Prime Minister Wen and Vice President Zeng Qinghong.

"These three leaders do not want to see abuses and would not tolerate them if they knew about them," he said.

Li Jianqiang said he and Li Jinsong had a "basic disagreement." Top leaders, he said, have more responsibility, not less, for human rights abuses.

He said that during the 1990s, when President Jiang Zemin was in power, there were relatively few arrests of dissident writers. Today, with Mr. Hu in charge, there are many more, he said.

"There are a larger than usual number of unjust arrests," Li Jinsong acknowledged. "But I am sure that if the top leaders knew about them, the people would be set free."

"That is nonsense," Li Jianqiang responded. "The leaders play deaf and dumb and pretend they have a real legal system."

A Prayer for China

After their meetings in Washington, Li Jinsong got the news that Chen Guangcheng's second trial, as ordered by the appeals court, would convene in a few days. He had to cut his trip short and catch the first flight home.

Just after he departed, Li Jianqiang, who stayed on in the United States, wrote an essay he titled "A Prayer for China." It said, in part, "In this free, God-blessed land, where we received a friendly reception by the American government, we must not forget our pitiable homeland."

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He said China would not have a better future without "systemic change" in politics and culture. "Our government clasps chains on the people and enslaves them. In our one-party dictatorship, the law is little more than an ornament, and the rights in the Constitution are laughable lies."

On Nov. 27, the same day Mr. Chen's second trial took place in Shandong, Li Jianqiang posted the letter on a popular overseas Web site. The names of the four rights defenders on the trip were listed at the bottom. Li Jinsong's came first.

Under pressure a month later, Li Jianqiang wrote a second letter, which he also posted online, saying he made a mistake listing Li Jinsong's name. Li Jinsong said the damage was done.

Mr. Chen's second trial was only slightly less of a mockery than the first, in the eyes of Mr. Chen's supporters. A crucial witness, who Mr. Li said was prepared to testify to providing false evidence against Mr. Chen after the police tortured him, was arrested on the eve of the trial. Three days later, the court issued the same verdict it had in the first trial, sentencing Mr. Chen to four years and three months in prison.

Li Jinsong and several other supporters of Mr. Chen say Li Jianqiang's essay may have hurt Mr. Chen's chances of a favorable verdict. Officials in Shandong used the essay to claim that Mr. Chen's supporters had been infiltrated by foreign forces seeking to undermine the Communist Party, they said.

A senior law professor and government adviser in Beijing, who is not connected to the Chen case, said he attended a meeting shortly after Mr. Chen's second trial in which top judicial officials, including Luo Gan, a member of the Politburo Standing Committee who oversees the judicial system, discussed the case. It was cited as an example of how "hostile forces" had used the courts to provoke social unrest, said the law professor, who asked not to be identified because the meeting was secret.

"We had hoped the second trial would be a fair trial," Li Jinsong said. "But the essay undercut those who wanted such a result."

Li Jianqiang acknowledges that the essay was his attempt to signal a common stance among rights defenders where none existed. But he said it could not have had the impact Li Jinsong claimed. Having been posted online the same day the trial took place, it could hardly have influenced the trial itself, he said. And he said he considered it unlikely that it prompted central government leaders to dictate a different verdict.

"In our system, the decision to convict is made before the trial, not after," he said.

Instrumental or not, the letter shows how the rights defense movement is struggling to maintain a sense of purpose amid an intensifying police crackdown and a string of public defeats.

In late December, Li Jinsong traveled to Shandong to prepare another appeal. He never reached his destination.

After entering the province, his overnight bus from Beijing was stopped on a public highway and boarded by thugs. They singled out Mr. Li and a colleague, dragged them from the bus and rained blows on their heads and bodies. They left them bloodied on the sidewalk and sped off.

Li Jinsong was treated for minor injuries. He said the local police ignored his attempt to file a complaint.

Mr. Li debated with friends whether he should try to return to Shandong to attend the appeal hearing. In the end, he did not have to decide. The judges met privately, with no lawyers present. This time, they backed the local court, sending Mr. Chen to prison.

The Three Futures Of China (LAT)

By James Mann

The Los Angeles Times, February 25, 2007

CHINA'S ANTI-SATELLITE missile test last month is merely the latest in a series of recent events that force us to question where the world's most populous country is heading. What will its political system look like in, say, 25 years?

This question will grow in importance as members of the new Democratic congressional majority — and some presidential candidates — take up the themes of economic populism. One Democratic candidate, John Edwards, has already said he doubts that he would support permanent normal trade relations with China if the matter came to a vote today. And China's future will be debated again during the Summer Olympics in Beijing next year.

It is possible to envision three scenarios for China. One can be called the Soothing Scenario: that China's authoritarian political system is bound to open up, or even that it is already evolving toward political liberalization.

Another scenario holds that China is so fundamentally unstable that it is headed for some sort of political cataclysm or economic nosedive, or both. Call this the Upheaval Scenario.

And then there is what I call the Third Scenario: that China's one-party political system will not change in any fundamental way. This view holds that China will remain an authoritarian regime over the long term.

The problem with the current U.S. debate about China is that, in public at least, political, business and financial leaders tend to talk almost exclusively about the Soothing Scenario. Some critics of our China policy warn about the Upheaval Scenario.

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But the Third Scenario gets far less attention — even though it is perhaps the most likely. After all, China's authoritarian political system is the status quo, and there are powerful forces at work to prevent any far-reaching change in it.

The Soothing Scenario is rooted in economic determinism. Under this view, China's increasing prosperity, its expanding trade with the rest of the world and the massive foreign investment in the country will undermine its authoritarian system and lead inevitably to political liberalization.

That is what leaders of both political parties have regularly told the American people. Over the last decade, it has become virtually obligatory for presidential candidates to voice some version of the Soothing Scenario, usually concentrating on the reassuring premise that our trade with China will transform its politics. "Trade freely with China, and time is on our side," candidate George W. Bush declared in 1999. President Clinton told Chinese President Jiang Zemin in 1997: "You're on the wrong side of history." Clinton maintained that economic changes in China would "increase the spirit of liberty over time…. I just think it's inevitable, just as inevitably the Berlin Wall fell."

The idea that China is inevitably headed for far-reaching change has become a staple of U.S. thinking in large part because it has served the interests of important constituencies. In the late 1970s and the 1980s, the belief benefited the U.S. national security establishment, which had aligned itself with China against the Soviet Union. The notion that Chinese leader Deng Xiaoping was reforming his country's political system helped defuse congressional opposition to U.S. military cooperation with China's communist regime.

In the 1990s, as trade and investment in China became increasingly important, U.S. companies were asked why they were so eager to do business with a regime that had, in 1989, ordered troops to fire on unarmed civilians. The Soothing Scenario offered an answer: Trade and the workings of "history" would inexorably liberalize China's political system, whether Chinese leaders wanted it or not.

But to believe that the spread of McDonald's and Starbucks will change China's political system is to indulge in the old mistake of thinking that the Chinese are becoming like us. Bringing in McDonald's has nothing to do with whether a government is willing to tolerate organized political opposition.

And to assume that China's emerging urban middle class will be the vanguard for far-reaching political liberalization is to ignore the fact that this is the one group — beyond the Chinese Communist Party itself — that has the strongest interest in preserving the status quo.

Proponents of the Soothing Scenario often argue that China will evolve from a repressive regime into a democratic one in roughly the same way that South Korea and Taiwan did two decades ago. But the comparison doesn't work. China has vast expanses far removed from the relatively open traditions of the country's coastal areas. Visitors who declare that China will develop like Taiwan and South Korea, based on their visits to Beijing and Shanghai, are like foreigners who travel only to New York City and Boston and conclude that the United States will behave like Western Europe.

But the biggest problem with the Soothing Scenario is that it fails to explain how the smooth transformation will take place. China's political system is still organized along Leninist lines. When, how and why will its leaders be persuaded to give up power? What if China's growing economy gives the country's leaders an ever-stronger stake in preserving the current system?

The Upheaval Scenario, including predictions of a possible breakup or collapse, is regularly advanced whenever there are short-term signs of instability in China — labor strikes, rural unrest, riots, environmental disasters. There are, however, plenty of reasons to be skeptical of such forecasts. It is too easy to overemphasize the appearance of chaos in China and to miss the reality of the country's enduring, underlying cohesion.

That leaves the Third Scenario: that China's leaders will continue to prevent any organized political opposition and keep controls over the media and the judiciary. (A few days ago, Luo Gan, a member of the Chinese Communist Party's Politburo Standing Committee, reaffirmed that judges have no right to independence, saying, "The correct political stand is where the party stands.") Only small-scale reforms, such as carefully limited village elections, would be permitted — and only as long as they do not disturb the one-party monopoly on power.

Why should Americans care about China's future? For several reasons. For one thing, it would be nice if the country's 1.3 billion people could freely choose their leaders, limit their government's power and hold it accountable. This would ensure greater political stability for China.

A China that evolved along the lines of the Third Scenario would not necessarily be a military threat to the U.S. However, it would continue to pose problems for democratic values throughout the world. In recent years, China has supported deeply repressive regimes in Myanmar, Zimbabwe, North Korea, Uzbekistan and Sudan. If democracy hangs in the balance in Russia, there is little question that China would favor an authoritarian state over one with genuine political opposition.

To see how these three scenarios play out, consider how they might apply to the 2008 Olympics. The Soothing Scenario is the one that China will try to televise to the world before and during the Olympics. Chances are that in the run-up to the Games, the Chinese leadership will take steps to show how the country is opening up.

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The Upheaval Scenario is the one the Chinese leadership fears: the possibility of social unrest that would disturb the Games. There will be plenty of groups with grievances against the government eager to attract worldwide attention during the Olympics, and Chinese authorities will not want to use force against them. The result would almost certainly be a massive effort by China's internal security apparatus to head off demonstrations and to keep would-be protesters out of Beijing.

Will we see signs of the Third Scenario at the Olympics? Not many. The best time to see whether China will really open up or remain authoritarian will be in the year or two after the visitors go home. I believe that China's current one-party system will endure far into the future.

JAMES MANN is author in residence at the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University and the author of "The China Fantasy," published this month.

Taiwan Premier Su Announces Presidential Bid (AFP)

AFP, February 25, 2007

Taiwan Premier Su Tseng-chang announced he will seek the ruling Democratic Progressive Party's nomination for the 2008 presidential race.

"Taiwan's history is turning to a new page. The 2008 presidential election is about to come," said Su, nicknamed the "electric fireball" because of his small stature and lack of hair.

"I have prepared myself. Now I want to sincerely tell my countrymen that I'll run for the next presidency. I implore full support of party members and countrymen," he added.

The 60-year-old, a former human rights lawyer and popular co-founder of the pro-independence Democratic Progressive Party (DPP), emphasised Taiwan's sovereignty.

China regards Taiwan as part of its territory, to be reunified by force if necessary. Taiwan and China split in 1949 at the end of a civil war.

"For the future of Taiwan, we have to unite together and stride forward," Su said.

The DPP has been pressing for independence, whereas the leading opposition Kuomintang (KMT) calls for improved ties with Beijing.

Su became the third DPP heavyweight to make public his presidential bid, following former premier Frank Hsieh, who stood down as premier a year ago, and DPP chairman Yu Shyi-kun.

These three, and Vice President Annette Lu, dubbed "three kings and one queen," are seen as the most prominent presidential contenders from the DPP.

The DPP earlier this month jumpstarted its nomination process for the 2008 presidential polls following opposition leader Ma Ying-jeou's unexpected announcement that he will run for president.

DPP members who seek official nomination must register with the party from March 5-9 to enter a party primary vote. The candidates will then compete against each other in public opinion polls.

The final outcome -- with the primary accounting for 30 percent and public surveys 70 percent of the results -- will be announced on May 30.

KMT leader Ma last week declared his presidential bid after being indicted for corruption.

Ma resigned as KMT chairman after he was accused of misusing some 11 million Taiwan dollars (about 333,000 US) in expenses when he was Taipei mayor.

No Change On Sanctions After Abbas Trip (AP)

By Angela Charlton, Associated Press Writer

AP, February 25, 2007

Palestinian President Mahmoud Abbas ended his European tour Saturday without persuading any country to end crippling economic sanctions based on his power-sharing deal with the rival Islamic militant Hamas.

The bright spot in his trip was a promise Saturday from French Foreign Minister Philippe Douste-Blazy to work with a government that includes Hamas and Abbas' more moderate Fatah party. His comments were more positive than those of other European leaders during Abbas' four-country tour. But Douste-Blazy made no commitments on resuming aid frozen since Hamas won parliamentary elections a year ago.

Europe's governments remained firm: Any new Palestinian government must recognize Israel's right to exist before direct international aid can resume.

"I encouraged Mr. Abbas to persevere in his efforts to quickly form a national unity government," Douste-Blazy told reporters.

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If the government is formed according to the power-sharing deal worked out in the Islamic holy city of Mecca last month, "France will be ready to cooperate with it," Douste-Blazy said. "And our country will plead on its behalf within the European Union and with other partners in the international community."

Abbas, who also traveled to Britain, Germany and Belgium, welcomed the pledge from France. But it was unclear how far France could go in supporting the Palestinians without the backing of the rest of the EU or other members of the Quartet of Middle East peace negotiators: the United States, Russia and the U.N.

Half of the Palestinian Authority's budget came from foreign assistance until much of it was frozen last year over Hamas' refusal to recognize Israel, renounce violence and accept existing peace agreements with Israel. The power-sharing deal skirts those demands.

"We hope that the embargo will be lifted," Abbas said after meeting French President Jacques Chirac on Saturday. "If not ... the Palestinian people would continue to suffer and the sanctions would continue to cause damage."

European leaders cautiously welcomed the power-sharing deal, an effort to end clashes between Hamas and Fatah that have left more than 130 dead since May.

But EU foreign policy chief Javier Solana told Abbas in Brussels that the EU would not make a decision on aid until a new Palestinian government has taken office.

In Gaza, four Palestinians were killed and 37 were injured in a family feud late Friday and early Saturday, threatening the calm that has accompanied the Mecca deal. Gaza remains volatile because families of some of those killed in months of clashes still seek revenge.

Palestinian parliament speaker Ahmed Baher, of Hamas, said in Gaza on Saturday that the government would be formed by the first week of March.

Israel has ruled out talks on a final peace deal with Abbas if he goes ahead with the coalition government.

But Abbas insisted he still had hope in the peace process despite an inconclusive meeting with Israeli Prime Minister Ehud Olmert and Secretary of State Condoleezza Rice earlier this week.

"We cannot say that there is something hopeless. It is indispensable that we reach agreement with the Israelis," he told reporters in Paris.

Abbas said he would push for the release of captured Israeli soldier Gilad Shalit before the new government is formed. Shalit's capture by Palestinian militants last June sparked weeks of fighting between Palestinians and Israelis. Chirac and Douste-Blazy urged his release Saturday.

Israeli Troops Raid Nablus, Start Curfew (AP)

AP, February 25, 2007

Dozens of Israeli jeeps and armored vehicles raided the West Bank city of Nablus Sunday and placed tens of thousands of Palestinians under curfew.

The army said troops had on Saturday, at the start of the operation to arrest suspected militants, uncovered an explosives laboratory in the city and that soldiers had been shot at in several places and returned fire. No injuries were reported on either side.

About 80 jeeps backing several bulldozers entered the city, witnesses said. The bulldozers pushed rubble into piles on main roads to make them impassable, they said. Troops placed about 50,000 people under curfew in the center of Nablus and closed the main entrance to the city, witnesses said.

Jeeps blocked entries to two main hospitals in the city, said a doctor, Ghassan Hamdan.

Schools and a university in the city announced that they had canceled studies due to the curfew.

5 Palestinians Die In Gaza Feud (NYT)

By Isabel Kershner

The New York Times, February 25, 2007

JERUSALEM, Feb. 24 — Five Palestinians were killed and more than 40 wounded in fighting between clans on Friday and early Saturday in Khan Yunis, a town in the southern Gaza Strip. Though the clashes were being portrayed in the Palestinian news media as a feud between families, they also took on a factional hue, since one of the families is identified with Hamas and the other with its political rival, Fatah.

The deaths raised fears of a possible round of revenge killings and renewed factional fighting between Hamas and Fatah after two weeks of relative calm. The fighting between Hamas and Fatah, which had killed almost 100 people in the Gaza Strip since December, eased after leaders of the groups signed an agreement in Mecca, Saudi Arabia, on Feb. 8 to share power in a proposed national unity government.

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The latest round of violence in Khan Yunis started late Friday with the fatal shooting of Muhammad Ali Ghalban, 27, a member of the Iz al-Din al-Qassam underground that is linked to Hamas, according to Palestinian news reports. Hamas said Mr. Ghalban was killed by armed men from the Kawareh family. The reports said the killing was apparently an act of revenge for the death of a Kawareh relative in factional fighting a month ago. A few hours later, Hazem Kawareh, 30, a Fatah supporter, and a passerby, Ismail Sabah, 73, were killed, according to Israeli and Palestinian news reports. Palestinian news reports listed the two other fatalities as Ghada Kawareh, 28, and Salama Abu Shabab, 55, although details of the killings were not provided.

Israeli forces also discovered a bomb-making factory in the West Bank city of Nablus during an overnight operation that ended Saturday, an army spokesman said. Five pipe bombs, two gas balloons, materials for bomb making and large quantities of shrapnel were found in the factory, situated in the Old City market area. Palestinians threw a grenade and opened fire on the soldiers, and one member of Islamic Jihad was arrested, the spokesman said.

The army spokesman also confirmed that the Egyptian police on Friday found a ton of explosives in the Sinai desert, near the border with the Gaza Strip. The discovery came as Egyptian forces scoured the area for Palestinian militants thought to have come to Sinai from Gaza with the intention of attacking Israeli tourists at resorts in the desert peninsula. Several Palestinians were arrested earlier in the week in the northern Sinai carrying explosives belts. Israeli authorities have warned Israeli tourists to leave Sinai resorts immediately.

On Friday, two Qassam rockets were launched from the Gaza Strip in the direction of Israeli communities across the border. They fell in open areas and caused no injuries. That brings the number of Qassam rockets launched from Gaza in the past week to 12, according to the Israeli Army, despite a cease-fire that was declared in November.

At a news conference in Jerusalem on Wednesday, Prime Minister Ehud Olmert said Israel "would not restrain itself forever" in the face of the Qassam fire. "Israel's patience is being tested too often. In the end, we will respond and reach out to those responsible," he said, without specifying any timetable for action.

The Israeli Channel 2 television broadcast excerpts from an interview with King Abdullah II of Jordan on Friday, in which he suggested that the Israeli-Palestinian conflict was at a critical crossroad and that he believed this "really is the last opportunity for peace for all of us."

Prodi Gets A Second Chance To Lead Italy (NYT)

By Ian Fisher

The New York Times, February 25, 2007

ROME, Feb. 24 — Romano Prodi was given a second chance to lead Italy's government on Saturday, though allies and enemies worried that his still-fragile coalition would remain divided and vulnerable to another collapse.

"It's a weak solution," Daniele Capezzone, a leader of the Radical Party, which is allied with Mr. Prodi, told the ANSA news agency. "Within a month we risk finding ourselves in the same situation."

On Wednesday, Mr. Prodi resigned after far-left members of his diverse coalition killed a Senate vote on the government's foreign policy.

Since then, he has forced party leaders into line, even though the underlying ideological splits remain in place, as does his razor-thin majority in the Senate.

President Giorgio Napolitano, after two days of consultations with political leaders, concluded that there was "no concrete alternative" and on Saturday asked Mr. Prodi to try again. Now Mr. Prodi must win votes of confidence in Parliament, scheduled for late next week.

He is expected to have little trouble in the lower chamber, the House of Deputies, where he enjoys a wide majority. But Mr. Prodi would make no firm predictions about the Senate, despite gaining the support of a center-right leader once allied with Mr. Berlusconi, Marco Follini.

"Today I'm more relieved," Mr. Prodi told reporters after meeting with Mr. Napolitano here in Rome. Asked if he thought he could win the confidence vote in the Senate, he said, "The debate will be next week, and we will see."

Many political analysts predicted that he would scrape by, with the help of honorary senators appointed for life who lean to the political left. A different question, however, was surviving his five-year term, with the Senate deeply divided on the budget, political overhaul and issues including whether Italy should keep troops in Afghanistan or support the expansion of an American military base in Vicenza, in northern Italy.

Those last two issues are particularly contentious among the far-left members of his coalition, and they were the reason two senators abstained from the foreign policy vote on Wednesday, bringing down the government.

On Thursday, Mr. Prodi secured from his allies an agreement on a program of 12 "nonnegotiable" points, aimed at both giving him more autonomy and moving the coalition closer to the political center.

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Still, opposition leaders called it a bandage that would only "prolong the agony," as one said Saturday, before another collapse and the need for new elections. They had been urging Mr. Napolitano to sideline Mr. Prodi completely and appoint a caretaker government of technocrats.

"I don't believe this left can ever find the agreement to operate well in the direction of the reforms that this country needs," Silvio Berlusconi, the former prime minister and leader of the center-right opposition, told members of his party on Saturday.

Venezuela Spending On Arms Soars To World's Top Ranks (NYT)

By Simon Romero

The New York Times, February 25, 2007

CARACAS, Venezuela, Feb. 24 — Venezuela's arms spending has climbed to more than $4 billion in the past two years, transforming the nation into Latin America's largest weapons buyer and placing it ahead of other major purchasers in international arms markets like Pakistan and Iran.

Venezuelan military and government officials here say the arms acquisitions, which include dozens of fighter jets and attack helicopters and 100,000 Kalashnikov assault rifles, are needed to circumvent a ban by the United States on sales of American weapons to the country.

They also argue that Venezuela must strengthen its defenses to counter potential military aggression from the United States.

"The United States has tried to paralyze our air power," Gen. Alberto Muller Rojas, a member of President Hugo Chávez's general staff, said in an interview, citing a recent effort by the Bush administration to prevent Venezuela from acquiring replacement parts for American F-16s bought in the 1980s. "We are feeling threatened and like any sovereign nation we are taking steps to strengthen our territorial defense," he said.

This retooling of Venezuela's military strategy, which includes creation of a large civilian reserve force and military assistance to regional allies like Bolivia, has been part of a steadily deteriorating political relationship with the United States.

The Bush administration has repeatedly denied that it has any plans to attack Venezuela, one of the largest sources of oil for the United States. But distrust of such statements persists here after the administration tacitly supported a coup that briefly removed Mr. Chávez from office in 2002.

Venezuela's escalation of arms spending, up 12.5 percent in 2006, has brought harsh criticism from the Bush administration, which says the buildup is a potentially destabilizing problem in South America and is far more than what would be needed for domestic defense alone.

The spending has also touched off a fierce debate domestically about whether the country needs to be spending billions of dollars on imported weapons when poverty and a surging homicide rate remain glaring problems. Meanwhile, concern has increased among Venezuela's neighbors that its arms purchases could upend regional power balances or lead to a new illicit trade in arms across Venezuela's porous borders.

José Sarney, the former Brazilian president and a leading senator, caused a stir this week when he was quoted in the newspaper O Globo as describing Venezuela's form of government as "military populism" and "a return to the 1950s," when Venezuela was governed by the army strongman Marcos Pérez Jiménez.

"Venezuela is buying arms that are not a threat to the United States but which unbalance forces within the continent," Mr. Sarney said. "We cannot let Venezuela become a military power."

Still, officials in the administration of President Luiz Inácio Lula da Silva of Brazil have been hesitant to publicly criticize Venezuela's arms purchases.

The issue remains delicate after the Brazilian company Embraer lost a deal to sell military aircraft to Venezuela because the planes included American technology.

After turning unsuccessfully to Brazil and Spain for military aircraft, Venezuela has become one of the largest customers of Russia's arms industry.

Since 2005, Venezuela has signed contracts with Russia for 24 Sukhoi fighter jets, 50 transport and attack helicopters, and 100,000 assault rifles. Venezuela also has plans to open Latin America's first Kalashnikov factory, to produce the Russian-designed rifles in the city of Maracay.

A report in January by the Pentagon's Defense Intelligence Agency pegged Venezuela's arms purchases in the past two years at $4.3 billion, ahead of Pakistan's $3 billion and Iran's $1.7 billion in that period.

In a statement before the House Intelligence Committee, Lt. Gen. Michael D. Maples, the director of the Defense Intelligence Agency, called attention to Mr. Chávez's "agenda to neutralize U.S. influence throughout the hemisphere," contrasting Mr. Chávez with the "reformist left" exemplified by President Michelle Bachelet of Chile.

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Beyond Russia, Venezuela is also considering a venture with Iran, its closest ally outside Latin America, to build a remotely piloted patrol aircraft. Gen. Raúl Isaías Baduel, the Venezuelan defense minister, recently told reporters that the project to build 20 of the aircraft could be used to bolster border surveillance and combat environmental destruction in Venezuela. Venezuela is also strengthening military ties with Cuba, sending officers and soldiers there for training.

Supporters of the arms buildup contend that under Mr. Chávez, who has been in power for eight years, Venezuela has spent proportionately less on its military in relation to the size of its economy than the United States or than other South American countries like Chile and Colombia.

In 2004, the last year for which comparative data were immediately available and before Venezuela's arms buildup intensified, overall defense spending by Venezuela, including arms contracts, was about $1.3 billion and accounted for about 1.4 percent of gross domestic product, compared with 4 percent in the United States and 3.8 percent in Colombia, according to the Stockholm International Peace Research Institute, which tracks military spending.

Doubts persist as to how powerful Venezuela's armed forces have become in a regional context, even as they acquire new weapons. Military experts here say pilots in the air force still need training to start flying their new Russian fighters. And in terms of troop strength, Venezuela's 34,000-soldier active-duty army still lags behind the armies of Argentina and Brazil, with about 41,400 and 200,000 members respectively, according to GlobalSecurity.org, a Web site that compiles data on military topics.

Pro-Chávez analysts also say the president is less adventurous in relation to military policy outside Venezuela than predecessors like Luis Herrera Campíns, who supported Argentina in the Falklands War in 1982 to detract attention from a decline in oil revenue and climbing inflation.

But critics of the arms purchases say they are being made with little participation from or discussion with the National Assembly, which recently allowed Mr. Chávez to govern by decree for 18 months.

Ricardo Sucre, a political scientist at the Central University of Venezuela, said that the lack of transparency of the weapons contracts had heightened concern that Mr. Chávez could be arming parts of the army, the new civilian reserve and partisans like the Frente Francisco de Miranda, a pro-Chávez political group, that would be loyal to him in the event of fractures within the armed forces.

General Muller Rojas, the president's military adviser, said concern about the arms purchases was overblown, pointing to reports that Venezuela was considering an acquisition of nine diesel-powered submarines from Russia for about $3 billion.

He said the navy had "aspirations" for more submarines, but that no "concrete plan" for such a large contract had been developed.

"We simply have an interest in maintaining peace and stability," General Muller Rojas said, describing the Caribbean as a crucial to its military influence. "We have no intent of using the Venezuelan armed forces to repress human rights."

Chavez Says Bush's Latin America Tour Doomed To Failure (AP)

AP, February 24, 2007

CARACAS, Venezuela (AP) — Venezuelan President Hugo Chavez said Saturday that he saw U.S. President George W. Bush's upcoming tour to Latin America as a diplomatic offensive aimed at isolating his leftist government.

Chavez said that Bush's planned trip was "without a doubt" aimed at dividing the region and containing Venezuela's influence.

"But it's too late. I think the U.S. president now has nothing to find in Latin America. It is an offensive destined to the abyss of failure," Chavez told a news conference.

Chavez said he respected the decision by other Latin American nations to "receive this little gentleman," but in Venezuela, "we will never receive him. Never. Because we know what he is. This is nothing personal."

Chavez has become one of Washington's fiercest critics and regularly blames U.S.-style capitalism for poverty and inequality in the region.

"The strategy of the U.S. government has always been ... to divide Latin America," he said, including Bush's last visit to Argentina for the 2005 Summit of the Americas when the U.S. leader tried unsuccessfully to promote a hemisphere-wide free trade area.

"I saw him leave with his tail between his legs — the imperialist superpower," he said.

The March 8-14 tour, which will take Bush to Brazil, Uruguay, Colombia, Guatemala and Mexico, is the most extensive to the region since the U.S. leader to office six years ago and is being seen in the region as an attempt to reverse years of neglect, as well as counter Chavez's influence

Chavez is a close ally of Cuba's Fidel Castro who has spread his country's oil wealth to ideological allies like Bolivia, Nicaragua and Ecuador in the form of preferential oil deals and loans.

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The White House has said Bush's trip is aimed at underlining the U.S. government's commitment to the region and advancing democracy and its benefits, including health, education and economic opportunities.

Civilians Flee New Fighting In Capital (WT)

By Mustafa Haji Abdinur, Agence France-Presse

The Washington Times, February 25, 2007

MOGADISHU, Somalia -- Thousands of terrified civilians poured out of the Somali capital yesterday after heavy fighting between Ethiopian troops and gunmen overnight left at least 10 persons dead.

Some residents scrambled into passenger vans while most just grabbed household items and left on foot for the relative calm of the surrounding countryside, where food is scarce.

"I was very scared yesterday after I heard the heaviest explosion ever in the capital," said Adan Dirir Bare, a resident of southern Mogadishu.

"I had insisted a lot on staying in Mogadishu, but not now."

A mother of five, Sahro Ali Mohamed, said houses in her Mogadishu neighborhood were deserted.

"People cannot endure the heavy artillery and mortar exchange that kills people every time," she said as she left with her family in tow.

Five children were among the dead from clashes late Friday, apparently killed when caught in crossfire, witnesses said.

The International Committee of the Red Cross yesterday issued a plea to all warring parties to comply with the rules of international humanitarian law to protect civilians.

It urged them "to take constant care in the conduct of military operations to safeguard the lives and dignity of the civilian population."

Last week saw some of the heaviest fighting in the capital since late December when a hard-line Islamist movement was driven out by the interim Somali government and its Ethiopian allies.

The government and the Ethiopians blame remnants of the Islamist movement for stoking the violence.

A top Somali army commander yesterday accused unnamed foreign countries of funding the insurgency.

"The assailants are loyal to those who want to create violence in the capital and they are being funded by foreign countries," Said Dhere told reporters.

"We know who is behind the attacks, and we will crack down on them soon."

In the past, Somalia has blamed Ethiopia's arch foe Eritrea for funding the rebel fighters.

Analysts say Somali President Abdullahi Yusuf Ahmed has failed to create a government that includes elders and warlords from powerful sub-clans suspected of organizing the raids.

Rival militias of clan warlords carved up Somalia after dictator Mohamed Siad Barre was ousted in 1991.

Somalia is awaiting the deployment of an 8,000-strong African Union force to try to help the transitional government restore order in Mogadishu. The deployment was approved Tuesday by the U.N. Security Council.

But the AU has so far managed to raise only half of the required peacekeepers, with troop pledges from Nigeria, Burundi, Malawi and Ghana as well as Uganda.

In a statement posted on a suspected Islamist Web site, a group calling itself the Popular Resistance Movement in the Land of the Two Migrations, which is accused of threatening peacekeepers, vowed to carry out more attacks.

"We vow to welcome ammunition from heavy guns, exploding cars and young fighters determined to carry out martyrdom operations against these troops," the statement said.

Uganda's Deputy Defense Minister Ruth Nankabirwa said Friday that Uganda was now waiting for air transport from Algeria to begin its deployment.

Senegal's High Unemployment Is Top Election Issue (WP/AP)

By Rukmini Callimachi, Associated Press

The Washington Post, February 25, 2007

DAKAR, Senegal, Feb. 24 -- The seaside highway, one of the Senegalese president's bold building initiatives, winds past the scruffy shop where Barry Mamadou, a 62-year-old tailor, and his two sons eke out a living sewing scraps of cloth into curtains.

It is a beautiful highway, Mamadou said, no doubt about it.

"But I can't eat the road," he said, explaining why, having twice voted for President Abdoulaye Wade, he is now siding with one of 14 opposition candidates in Sunday's presidential election.

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Wade's projects include the new sea-hugging highway, a second major airport and a pan-African university. Yet in a country where half the population of 12 million is unemployed, some Senegalese say they would settle for a decent job and three meals a day.

"There seems to be a disconnect between ideas that on paper look good and what is actually happening on the ground," said Alex Segura-Ubiergo, the International Monetary Fund's representative in Senegal.

Wade, 80, who spent three decades in the opposition and ran four times for president before winning by a landslide in 2000, said his critics are missing the larger picture.

"I am a man in a hurry because Africans are not in a hurry, and the chasm that divides us from the West is big and is getting bigger. So we need to run faster to catch up. We can't fix the divide by going slowly," he said Thursday in an interview at the presidential palace.

The West sees this mostly Muslim country as an oasis of progress on a continent beset by authoritarian rule, corruption and grinding poverty. The government has never been overthrown in a coup, and many corporations have moved here. Wade has the advantage of incumbency and a fragmented opposition, but opinion polls are banned in election seasons, so predictions are difficult. If no one tops 50 percent of the vote, a runoff will be held.

But whatever the outcome, jobs are the leading issue.

Ibrahima Seck, 31, an engineering graduate, was a machinist at a chemical plant that recently shut down. Now he hawks knockoff perfume on the streets of the seaside capital.

Each perfume bottle nets him $2, and days can go by without a sale. His goal: to save about $1,000 for a ticket on a perilous 900-mile voyage by wooden boat to Spain's Canary Islands and a better life in Europe.

The surge of West Africans trying to reach Western Europe on sometimes perilous journeys is among the biggest stains on Wade's last seven years in office. Hundreds have died, yet at least 31,000 people undertook the voyage last year from West Africa.

"What the old man promised us, he didn't do," Seck said of Wade. "I need a real job, not a nice road. Not an airport. As soon as I save enough money, I will take the boat, even if it means losing my life."

Wade points to an annual growth rate of almost 5 percent, compared with 1 percent during the 40 years of socialist rule before he won office, and to job-creating initiatives such as raising crops whose oil can be used for biofuels.

But infrastructure has deteriorated. Electricity cuts are far more frequent because power plants are aging and oil prices are rising.

While inflation overall has remained low, the price of some basic commodities has spiked. The cost of a 13-pound canister of cooking gas, for example, rose 57 percent last year.

Wade's government has also been criticized by human rights groups for jailing opponents, including, for a time, his former prime minister, Idrissa Seck, now one of the candidates running against him. Another contender in Sunday's race is 68-year-old Moustapha Niasse, a veteran opposition leader who was Wade's first prime minister.

In Mbeki's South Africa, Change Has Come, Slowly (WP)

By Craig Timberg, Washington Post Foreign Service

The Washington Post, February 25, 2007

KHAYELITSHA, South Africa -- The road in front of Princess Rini's leaky, wooden shack has been paved. There is a primary school and a library down the street. And though three of the outdoor taps the government built nearby are broken, a twist on the fourth brings forth copious clean water.

"It's changing, a little bit, a little bit," said Rini, 38, a widow with short, braided hair who moved to Khayelitsha, among Cape Town's poorest and most dangerous townships, a decade before apartheid ended in 1994. "It's better than before."

The reason: "It's Thabo Mbeki," she said.

Inequality remains extreme in South Africa, with sharp divisions along lines of race and class. But Mbeki, who could become a lame-duck president as soon as December, when the ruling African National Congress has elections for party leader, has already crafted a legacy of fiscal stability and modest racial progress that, advisers say, he is working furiously to protect as rivals vie to replace him.

Mbeki is seeking to maintain control by competing for a third term as party leader, a move that would help him handpick the next president. But analysts say the outcome is far from certain in a year they call the most politically tumultuous since apartheid.

In these battles, the slow pace of change is perhaps Mbeki's most glaring weakness. Rush hour in Cape Town, southern Africa's original European colony and still a bastion of white privilege, is swollen with luxury cars speeding past dilapidated townships. Executive suites in downtown skyscrapers remain dominated by the small white minority.

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"We have not succeeded at de-racializing the economy," said Willie Esterhuyse, a retired Afrikaner philosophy professor who became a friend and adviser to Mbeki. "After liberation, nothing changed. . . . The racism is embedded in the physical nature of the country."

Although the racial order has proved dauntingly resilient, a strong economy has provided benefits to all levels of society.

Rini said she could not imagine ever living in the lush white neighborhood where she works one day a week, earning $57 for the month, and she craves steadier employment and a concrete home with plumbing. But she said she is grateful for the improvements to her neighborhood and for the $27 monthly government grant she receives to help support her youngest child.

Of Mbeki's government, she said its programs were "better than nothing."

Mbeki's advisers acknowledge that his cerebral approach to the presidency will never generate the enthusiasm many South Africans felt for Nelson Mandela, the charismatic first president of the post-apartheid era. But Mbeki, who was deputy president during those years, was the intellectual force behind policies that have allowed the country to become fiscally sound while gradually providing homes, water, electrical connections and grants to millions of the poorest South Africans.

Esterhuyse, who was an emissary for the apartheid government when he first met Mbeki in the late 1980s, said that even then Mbeki was "the guy in the engine room" capable of bringing ANC ideals to reality.

He became president in 1999, for the first of two five-year terms allowed by the constitution, but soon was embroiled in controversy when he questioned the scientific consensus on the cause of AIDS and, in the opinion of activists and many global leaders, moved too slowly on providing antiretroviral drugs. His international standing, analysts say, never entirely recovered.

In South Africa, he has developed a reputation as ruthless in backroom dealings, brittle in the face of criticism and emotionally remote in public appearances. His anti-populist instincts have become so hardened that even when he agrees to the demands of critics, as he eventually has on such sensitive matters as AIDS and South Africa's rampant violent crime, he has refrained from crowd-pleasing gestures of empathy for victims.

In a speech to Parliament this month, Mbeki said tartly, "There will be no empty theatrical gestures, no prancing on the stage and no flagellation, but we will continue to act against crime, as decisively as we have sought to do throughout the years of our liberation."

By contrast, he has consistently displayed passion for redressing the enduring racial divide, a subject he often calls the "national question." But on that goal, advancement is least clear.

Government programs requiring businesses to diversify their ownership have turned a small number of politically connected men and women into millionaires. And the number of blacks in top management jobs has increased from 13 percent in Mbeki's first full year in office to 27 percent, according to government statistics.

But unemployment among blacks tops 30 percent, and in many townships more than half of adults lack work.

Equally daunting is the legacy of Bantu education, which during apartheid sought to keep blacks as second-class citizens trained mainly for menial jobs. The 2001 census found that nearly half of black South Africans have no formal education or left school at the primary level.

"There's been a lack of creativity in how do you deal with poverty, how do you deal with unemployment," said William Gumede, author of "Thabo Mbeki and the Battle for the Soul of the ANC," speaking from London, where he is studying. "The remaining underclass is really going nowhere."

Property values have risen sharply for white South Africans, and the Johannesburg Stock Exchange regularly reaches new highs. South African companies have moved aggressively to other African countries, Asia and beyond.

Yet even as government receipts soar, South Africa's schools remain understaffed, and many of its public hospitals and clinics are overwhelmed.

Mbeki's approach to such woes is inherently cautious, based on his belief that major changes are possible only if the economy is made strong, his advisers said.

That response has not satisfied many ANC activists, and several of the candidates seeking to replace Mbeki -- including his fired former deputy Jacob Zuma -- draw support from those demanding more generous jobs programs, protection from overseas competition or other initiatives that might quickly improve the lives of the poor.

The most dramatic changes under Mbeki, however, are found not among the poor or the rich, but among the burgeoning black middle class, which increasingly has access to shopping, housing and jobs that long were the exclusive preserve of whites.

The impact of these new consumers has surprised even businesses, which have struggled to keep up with demand for electricity, gasoline and consumer goods, said Joel Netshitenzhe, Mbeki's top policy adviser, speaking in Pretoria.

"If there's a real tsunami in South Africa, that's it," he said. "Demand is growing so fast that businesses can't cope."

Solomzi Yapi, 41, who one recent day was hiking up a steep, sandy hill here in hopes of shrinking the belly that grew with his own prosperity, said he sees the economic changes as he drives his Volvo sedan through black townships, selling life

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insurance. Each passing year, he said, brings more customers with the means to buy his policies -- a change he attributes to Mbeki.

"He does not care how people perceive him," Yapi said. "He's a good administrator."

Yet breaking down racial barriers has come more slowly than Yapi expected when apartheid ended.

"I thought everything was going to be a very sharp turn . . . that we were going to have mixed much more than we've mixed now," he said. "Back then, I was naive. I didn't know anything about politics. We knew a lot about apartheid, not governance."

But a visit to a McDonald's restaurant three years ago convinced him change was coming, he said. All of the managers and the other customers were white. Everyone cooking or working the cash registers was black. But as he ordered his food and ate it, the service was courteous and his visit there caused no stir -- something unimaginable under apartheid.

It amounted to progress, he said, in South Africa.

'They Think They've Been Cursed By God' (NYT)

By Nicholas D. Kristof

The New York Times, February 25, 2007

ADDIS ABABA, Ethiopia

President Bush's budget request this month proposes that the U.S. cut spending on global maternal and child health programs to $346 million, or just $1.15 per person in the U.S.

To understand what the cuts mean, meet Simeesh Segaye.

Ms. Simeesh, a warm 21-year-old Ethiopian peasant with a radiant smile, married at 19 and quickly became pregnant. After she had endured two days of obstructed labor, her neighbors carried her to a road and packed her into a bus, but it took another two days to get to the nearest hospital.

By then the baby was dead. And Ms. Simeesh awakened to another horror: She began leaking urine and feces from her vagina, a result of a childbirth injury called obstetric fistula.

Ms. Simeesh's family paid $10 for a public bus to take her to a hospital that could repair her fistula. But the other passengers took one whiff of her and complained vociferously that they shouldn't have to share the vehicle with someone who stinks. The bus driver ordered her off.

Mortified, Ms. Simeesh was crushed again when her husband left her. Her parents built a separate hut for her because of her smell, but they nursed her and brought her food and water.

In that hut, she stayed — alone, ashamed, helpless, bewildered. She barely ate, because the more she ate or drank, the more wastes trickled down her legs.

"I just curled up," she said. "For two years."

Ms. Simeesh was, in a sense, lucky. She wasn't one of the 530,000 women who die each year in pregnancy and childbirth — a number that hasn't declined in 30 years. Here in Ethiopia, a woman has one chance in 14 of dying in childbirth at some point in her life.

For every woman who dies in childbirth worldwide, another 20 are injured. But because the victims are born with three strikes against them — they are poor, rural and female — they are invisible and voiceless, receiving almost no help either from poor countries or from the developed world.

So Ms. Simeesh huddled in a fetal position on the floor of her hut for two years, thinking about killing herself. Finally, last month, Ms. Simeesh's parents sold all their farm animals and paid a driver to take her to the hospital in a vehicle with no other passengers present to complain.

So now Ms. Simeesh is lying in a bed here in the Addis Ababa Fistula Hospital (www.fistulafoundation.org). The hospital is run by an Australian gynecologist, Dr. Catherine Hamlin, whom I've written about before. Dr. Hamlin is the Mother Teresa of our age.

The doctors here will try to repair the fistula, but first they must strengthen Ms. Simeesh, who is skeletal. Her legs have withered and are permanently bent into a fetal position, so that she can't straighten them or move them.

In the U.S., neither Democrats nor Republicans have ever shown great interest in maternal health. But it's an issue that deserves far more support, partly because we know exactly what to do to bring down maternal mortality and morbidity: Sri Lanka and Honduras have both shown how poor countries can drastically cut rates of death and injury.

And in the breakaway Somaliland region of Somalia, an extraordinary woman named Edna Adan Ismail runs her own obstetric hospital and trains midwives, underscoring how women's lives can be saved even in the most difficult environments. Ms. Edna struggles one moment to deliver a breech baby, and the next to round up surgical masks. She is helped by a group of Americans, Friends of Edna Hospital (www.ednahospital.netfirms.com), who raise funds and scavenge supplies. (To see Ms.

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Edna, Ms. Simeesh and others in this column, please visit the video I have posted on my blog at www.nytimes.com/ontheground.)

Dr. Hamlin and Ms. Edna deserve the Nobel Peace Prize for showing the world how to turn the tide of maternal mortality and morbidity, and for offering comfort to some of the most forlorn people in the world. At a time when we're proposing further cuts in our negligible budget for maternal and child health, I was deeply moved by the sight of Ruth Kennedy, a British midwife at the fistula hospital, comforting Ms. Simeesh and bringing a lovely smile to her lips.

"They think they've been cursed by God," Ms. Kennedy explained. "And we tell them that they haven't been cursed by God and that they're beautiful and that the only reason that they got a fistula is because we failed them as health professionals."

Containment Makes A Comeback (LAT)

By Ian Shapiro

The Los Angeles Times, February 25, 2007

Containment is back.

Over the last 12 months, commentators as varied as George Will, MIT political science professor Barry Posen and Thomas Friedman have all suggested that containing a nuclear-armed Iran might be preferable to attacking it.

Last month, Kenneth Pollack of the Brookings Institution joined in with a study advocating a return to a policy of containment in Iraq — even though he had been one of the most vocal supporters of the 2003 invasion on the grounds that containment was failing.

Even James Baker's Iraq Study Group proposed in its December report that the U.S. should work with Iran and Syria to contain the Iraqi conflict.

Containment is a Cold War idea, articulated by historian and diplomat George Kennan in the late 1940s in his famous Foreign Affairs magazine article "The Sources of Soviet Conduct," (which he published under the pseudonym "X"). Kennan, who had been stationed at the U.S. Embassy in Moscow, argued that as long as the Soviet Union did not attack us, we should not attack it — but should rely instead on economic sticks and carrots, on intelligence and diplomacy and on promoting the health and vitality of the capitalist democracies to win the Cold War.

Yes, Kennan wrote, the Soviets were eager to increase their sphere of influence, but U.S. policy should nevertheless be built on "long-term, patient but firm and vigilant containment of Russian expansive tendencies." With time, he believed, the dysfunctional Soviet system, overextended beyond its own borders, would collapse of its own accord.

History proved him right.

But that was then and this is now. Containment (which was also our policy toward President Saddam Hussein of Iraq during the Clinton years) fell into disfavor in the run-up to the Iraq war, when the Bush administration denounced it as inadequate to meet the threats of the post-9/11 world. If Al Qaeda is attacking and nuclear terrorists are roaming the globe and rogue governments are providing them with weapons, the administration argued, only radical measures — preemptive war and forcible regime change — can protect us.

This was the modern equivalent of the "rollback" policy (to push the Soviets out of Eastern Europe) proposed by John Foster Dulles and Dwight Eisenhower in the 1952 election campaign (but abandoned as impracticable when they came into office the following year).

So what's the truth? Is containment in fact obsolete, as the Bush administration would have it? Numerous parallels suggest that it is not.

After World War II, for instance, Kennan knew that national security would have to be managed with scarce resources as troops were demobilized and military budgets cut. Trying to dominate the world would be impossibly expensive. It made more sense, Kennan thought, to work for a world that no one could dominate. That's why he welcomed the rise of Titoism as a challenge to Soviet hegemony, recognizing that competition within the world communist movement worked to our advantage.

This lesson is lost on the Bush administration, which had giant budget surpluses to play with just a few years ago but is now facing an Iraq war debt well in excess of a trillion dollars and massive budget deficits as far as the eye can see.

Instead of following the Kennan model and pitting our adversaries against one another, the administration encourages them to make common cause at every turn. The "axis of evil" speech in the 2002 State of the Union address is a stunning example. The senseless alienation of Iran when the moderates had the upper hand there and were cooperating in Afghanistan made no sense for the United States.

Kennan believed that the way to win hearts and minds was by demonstrating the superiority of democratic capitalism on the ground. Hence his support for the Marshall Plan to consolidate democratic success in Europe as fast as possible.

This too is medicine for our time because Islamic fundamentalism shares with communism the lack of a viable political economy. Where fundamentalist movements have come to power in Afghanistan and Iran, the results have been disastrous.

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Islamic fundamentalism poses no competitive threat to democratic capitalism. That's why so much of the population of Iran (as distinct from the country's leadership) is strongly pro-Western in values and orientation.

Kennan was convinced that arguing with the Soviets was a waste of time. The United States should focus, he believed, on what our enemies did rather than what they said, assuming they would act in response to their interests, not to our arguments. And it works.

*

THINK OF LIBYA, where Moammar Kadafi responded to the incentives (and disincentives) of containment despite his anti-Western invective. In the late 1990s, containment (including economic sanctions) led him to stop sponsoring terrorism, turn over the Lockerbie bombers for trial and pay compensation to British and French victims of Libyan-sponsored terrorism.

Instead of Iraq being the model for Iran, Libya should be. But allies of the administration see it differently and are pushing the modern equivalent of rollback, suggesting that we should attack Iran to stop its nuclear weapons program.

True, in some respects, Kennan's doctrine needs to be modified for a world that is no longer bipolar, in which there may be multiple adversaries operating in different places. This requires the creation of regional security alliances. Kennan opposed the creation of NATO on the grounds that it would militarize the conflict with the Soviets unnecessarily. But, as Col. Joseph Nunez of the U.S. Army War College has argued, we now need NATO-like organizations on every continent to contain terrorist groups and sectarian conflicts in failed states.

Kennan also had little time for international organizations such as the U.N., believing that they would be swept aside in any real conflict between the U.S. and the Soviet Union. But in the globalized world of the 21st century, such international organizations are essential for peacekeeping, international law enforcement and legitimization of intervention when containment requires it.

It is ironic that the two areas in which Kennan's views are most outdated and wrongheaded — working with regional allies and international institutions — are the two areas in which the Bush administration follows his lead.

Kennan died two years ago at 101. But his doctrine of containment should not be buried along with him.

Containment is not obsolete. The Bush doctrine is.

IAN SHAPIRO is a professor of political science and director of the MacMillan Center for International and Area Studies at Yale University.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Monday, February 26, 2007 7:58 AM
To:	USDOJ- Office of Public Affairs
Subject:	FW: Attorney General's News Briefing for Saturday, February 24, 2007
Attachments:	agnb070224.pdf; agnb070224.doc

From: Bulletin News Network [mailto:Justice-Editors@BulletinNews.com]
Sent: Monday, February 26, 2007 7:45 AM
To: Ames, Andrew; Schwartz, Arthur; Miller, Asa G; Meadows, Bessie L; Gordon, Beth; Roehrkasse, Brian; Sellmyer, Charlotte; Magnuson, Cynthia; Talamona, Gina; Schreiber, Jayne; Block, Jonathan; Smith, Kimberly A; Sampson, Kyle; Williams, Linda Fitzgerald; Friedrich, Matthew (OAG); Beck, Michael (OAG); Sours, Raquel; Walker, Shelia M; Scolinos, Tasia; Washington, Tracy T
Cc: cgilmore@bulletinnews.com; jhertsch@bulletinnews.com; jmcintyre@bulletinnews.com; mgabor@bulletinnews.com; swalker@bulletinnews.com
Subject: Attorney General's News Briefing for Saturday, February 24, 2007

Saturday's Attorney General's News Briefing is attached.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Canadian Court Rules Against Indefinite Detention Of Terrorism Suspects. The New York Times (2/24, A1, Austen, 1.16M) reports, "Canada's highest court on Friday unanimously struck down a law that allows the Canadian government to detain foreign-born terrorism suspects indefinitely using secret evidence and without charges while their deportations are being reviewed. … The three men who brought the case are likely to remain jailed or under strict parole because the court suspended its decision for a year to allow Parliament to introduce a law consistent with the ruling. The AP (2/23, Duff-Brown) reports, "The court said the men and their lawyers should have a right to respond to the evidence used against them by intelligence agents and

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noted that a law in Britain allows special advocates to review sensitive intelligence material."

The Washington Post (2/24, A10, Struck, 690K) reports, "Supporters of the men hailed the ruling as a victory for civil rights but acknowledged that it did not entirely sweep away the procedures for holding suspects without trial that critics here have called 'Canada's Guantanamo North.' … Stockwell Day, the government's minister of public safety, said in Ottawa that 'in general, the Supreme Court upheld the security certificates. We will look at the changes the court said are necessary.'"

Schoomaker Plays Down Value Of Catching Bin Laden. The Washington Post (2/24, A8, 690K) reports, "The Army's highest-ranking officer said Friday that he was unsure whether the U.S. military would capture or kill Osama bin Laden, adding, 'I don't know that it's all that important, frankly.'" Outgoing Army Chief of Staff Peter Schoomaker "pointed to the capture of Saddam Hussein, the killings of his sons, Uday and Qusay, and the killing of Abu Musab al-Zarqawi as evidence that the capture or death of al-Qaeda's leader would have little effect on threats to the United States." While President Bush had "reaffirmed the goal [of catching bin Laden] last September in a prime-time speech ... Schoomaker's remarks echoed comments last year by Vice President Cheney, who seemed to play down the value of capturing or killing bin Laden."

Padilla Co-Defendants Seek Separate Trial. The New York Times (2/24, A13, Sontag, 1.16M) reports, "As a competency hearing for Jose Padilla gets under way in federal court…his co-defendants in a terrorism conspiracy case are seeking separate trials because of what they fear is the taint of his notoriety as the accused 'dirty bomber.'" Padilla "was never charged with the plot to use a radiological dirty bomb that senior administration officials initially accused him of hatching. But Adham Amin Hassoun and Kifah Wael Jayyousi, Mr. Padilla's co-defendants, say 'spill-over prejudice' would be inevitable. They have filed separate motions to sever their cases from Mr. Padilla's, the latest in a series of challenges that are complicating the government's efforts to prosecute the case."

Judge Orders Psychological Evaluation Of Illinois Terror Suspect. The Rockford Register Star (2/24, Wiser) reported, "A 22-year-old Genoa man whom authorities accuse of plotting to kill holiday shoppers with hand grenades will have to undergo psychological evaluation before the case against him proceeds. U.S. District Judge David H. Coar ordered the evaluation of Derrick Shareef during a court hearing Friday in the Dirksen federal courthouse. Shareef's attorney, Michael Mann of Maywood, requested the evaluation." The Register Star noted, "Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force." The AP (2/24, Robinson) added, "Assistant U.S. Attorney Jake Ryan did not object to the examination. Coar said the competency examination should be performed within 30 days and set April 6 for a hearing on the results."

HOMELAND RESPONSE:

Minnesota Man Sentenced To 10 Years For Courthouse Bomb Plot. The St. Paul Pioneer Press (2/24, Gurnon) reported, "A Kenyon, Minn., man who threatened to blow up the Rice County Courthouse was sentenced in federal court in Minneapolis on Thursday to 10 years in prison." Allan Talmage Weatherford "pleaded guilty in September to possession of a destructive device. When officials searched Weatherford's 160-acre farm in 2005 and 2006, they found nearly 50 firearms, including a .50-caliber military sniping rifle, as well as an explosive device and two propane tanks filled with a mixture of fertilizer and petroleum — the same combination used in the Oklahoma City bombing." The Pioneer Press added, "He planned to target the courthouse and the county law enforcement center, officials said."

FBI Investigating Mayo Clinic Scientist Over Potassium Cyanide Purchase. The Minneapolis Star Tribune (2/24, Browning) reported, "A research scientist and associate professor of medicine at the Mayo Clinic in Rochester is under investigation by the FBI for purchasing potassium cyanide for use as 'a chemical weapon' in connection with a domestic dispute, according to a federal search warrant unsealed this week in St. Paul." Sreekumar Raghavakaimal is charged "with felony terroristic threats, felony false imprisonment, gross misdemeanor interference with a 911 emergency call, and misdemeanor domestic assault, according to Julie Germann, the prosecutor in the case." The Star Tribune notes that "Raghavakaimal's

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estranged wife said they had argued over a ring he wanted returned."

TSA Unveils New Body Scanning Machine. The New York Times (2/24, A1, Giblin, Lipton, 1.16M) reports, "X-ray vision has come to the airport checkpoint" in Phoenix "courtesy of federal aviation security officials who have installed a new device that peeks underneath passengers' clothing to search for guns, bombs or liquid explosives. The new body scanning machine…will screen only volunteers, at least initially. Transportation Security Administration officials want to make sure the machine is reliable and fast enough to replace the traditional pat-down — and that it does not provoke too many protests. Security officials examining the head-to-toe images work in a closed booth, hidden from public view, agency officials said. Special 'privacy' software intentionally blurs the image, creating an outline of a body that is clear enough to see a collarbone, bellybutton or weapon, but flattens details of revealing contours."

ABC World News (2/23, story 7, 2:00, Nauert, 8.78M) ran a report on the "controversial x-ray scanner that peers right through a person's clothing," demonstrating its use and the images produced. Nauert said TSA "plans to roll out the new x-ray at Los Angeles and New York's JFK airports. It that goes well, the Backscatter may be headed to airports across America."

WAR NEWS:

Democratic Efforts To Rewrite War Authorization Cast As Certain To Fail. As Senate Democrats led by Sen. Joseph Biden push a plan to rewrite the 2002 congressional authorization for the use of force in Iraq, Republicans warn that the proposed changes would put heavy demands on US forces in the field. Reports cast the measure as dead on arrival, unlikely to get the 60 votes needed to break a certain filibuster, and sure to be vetoed by President Bush even if it could. While CBS led with the story and ABC and NBC also ran reports near the top of their newscasts, only the Washington Times among major newspapers puts it on the front page.

The CBS Evening News (2/23, lead story, 2:15, Mitchell, 7.66M) reported Democrats "are trying a new strategy in their battle with President Bush over the war in Iraq. After failing to push through a non-binding resolution opposing the war, Senate Democrats are now out to force the President to change the way the war is being fought." CBS (Axelrod): "Democrats looking for a politically effective way to oppose the war think they've found a winner: rewriting the four-year-old resolution that gave President Bush the power to put troops in Iraq in the first place. The idea started with Sen. Joe Biden." Biden: "That mission is finished, done. There were no weapons, Saddam's gone, they are in compliance." Axelrod: "Democrats want a narrower mission: denying terrorists a safe haven in Iraq, and training Iraqi troops to secure their own country. Fewer U.S. troops would be needed, and the drawdown could start early next year. Lee Hamilton, who co-chaired the Iraq Study Group, says this is the Democrats' best chance to oppose the war but avoid divisive arguments on supporting the troops."

NBC Nightly News (2/23, story 2, 1:30, Gregory, 9.87M) called it "kind of do-over, a rewrite of the resolution they approved in 2002." But most Democrats "appear unwilling to cut off war funding as the President requests another $100 billion for Iraq and Afghanistan." Today the White House asserted that though the war has changed, the President has the sole authority to set the strategy." NBC's Tim Russert said, "The Democratic base is strongly against this war. They want something other than a non-binding resolution. They want action. ... The problem: Republicans will filibuster and the Democrats do not have the 60 votes to break that filibuster." And on ABC World News (2/23, story 3, Gibson, 8.78M), George Stephanopoulos said, "Even if they had the votes for this, there is no wait the President would sign it."

The AP (2/23, Loven) reports Senate Democrats said their "next challenge to President Bush's Iraq war policy would require the gradual withdrawal of U.S. combat troops beginning within 120 days. The draft legislation also declares the war 'requires principally a political solution' rather than a military one." But the "odds against it ever becoming law are high, and the White House and Senate Republicans were quick to denounce it."

The New York Times (2/24, A6, Stolberg, Broder, 1.16M) reports, "Some Democrats acknowledge that they are in a sticky situation as they try to map out a strategy that will appease the antiwar left, which is pushing for conditions on war financing, without alienating moderate Democrats and Republicans who fear being painted as unsupportive of the troops. ... As they search for consensus, Democrats must also worry about a wild card in the debate" in the form of Independent Democrat Joseph Lieberman, "a strong supporter of the war who has hinted that he might become a

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Republican if Democrats go too far in trying to rein in Mr. Bush."

The Washington Times (2/24, Ward, Dinan, 88K) says on its front page that Republicans "rejected the Democrats' plan to withdraw Congress' 2002 vote to invade Iraq." The Washington Post (2/24, A4, Murray, 690K) reports Senate Minority Leader Mitch McConnell "warned yesterday that a new Democratic effort to repeal the 2002 Iraq war resolution would meet the same fate as two previous efforts to limit President Bush's authority: blocked by procedural obstacles, unless Democrats relent to GOP terms. ... He warned that Lt. Gen. David H. Petraeus, the U.S. military commander in Iraq, would 'have to surround himself with lawyers' to comply with the new resolution that senior Democrats are drafting."

Biden Says Bush "Misusing" Authority Under 2002 Authorization. Biden said on CNN's The Situation Room (2/23, Blitzer), "The President's authority, the way he is using it, he's misusing it. The rationale for him being in Iraq no longer exists. We went there, gave him authority to take out weapons of mass destruction, which never existed; take down Saddam, who is dead' and force compliance with the UN resolutions that are already enforced. … We've got to redefine the mission. It's a process. We got to bang it away. Carl Levin and I are working hard with our leadership to try to make this case. We may not get it initially, but we will eventually." Blitzer: "Have you done any check to see if there is an historic precedent whereby the Congress has authorized the president to use force in one specific engagement and then withdrawn that authorization?" Biden: "To the best of my knowledge, there hasn't been one, but there has never been a president as irresponsible in the use of that force as this president has been. So this is a new precedent."

On MSNBC's Hardball (2/23, Matthews), Biden said, "What I propose and Carl Levin is joining me, or I am joining him, is a resolution that repeals the authority he was given, what authority he was he given to deal with weapons of mass destruction, take down Saddam Hussein if need be, and force compliance with UN resolutions that Saddam Hussein was violating. All three of those goals are met and now the President is plunging us further into a civil war where there is self-sustaining sectarian violence. And he is taking us down a very, very dangerous path."

Gates Calls Walter Reed Conditions "Unacceptable." NBC Nightly News (2/23, lead story, 3:00, Yang, 9.87M) reported, "Today the very top of the military's chain of command got involved in dealing with the disturbing treatment of outpatients here at Walter Reed Army Medical Center." Defense Secretary Robert Gates "called it unacceptable treatment for those who've given so much for their country." Gates: "They should not have to recuperate in substandard housing, nor should they be expected to tackle mountains of paperwork." Yang: "At Walter Reed, it's been…a frantic mission of damage control. … But not everyone's on the same page. Yesterday, the Army's surgeon general, a former Walter Reed commander, said the news coverage has been unfair." The New York Times (2/24, A10, Cloud, 1.16M) says "the Post reports prompted several days of damage control by Army and Pentagon officials that have veered between acknowledging the situation and playing it down."

ABC World News (2/23, story 5, :20, Gibson, 8.78M) reported Gates "visited Walter Reed Medical center to see for himself the conditions there. He announced the formation of a review board that would report back in 45 days. ... He called the situation unacceptable." The CBS Evening News (2/23, story 3, :20, Mitchell, 7.66M) reported Gates "went there today following reports of substandard living conditions, including mold and roaches. Gates said hospital officials will be held accountable for the, quote, unacceptable conditions."

On its front page, the Washington Post (2/24, A1, Vogel, 690K) reports Gates "also warned that senior military leaders could be disciplined based on the findings of the review group. ... The Senate Armed Services Committee has tentatively scheduled hearings on the facility for March 6." The Los Angeles Times (2/24, Barnes, 850K) reports, "The review ordered by Gates will focus on rehabilitative care and administrative procedures at Walter Reed and the National Naval Medical Center." Defense officials "have said that there are no allegations of systemic problems at Bethesda or other military hospitals, but Gates said the commission would be able to examine all military hospitals." The AP (2/23) reports that despite Gates's promise to hold officials "accountable," "no one in the Army chain of command has so far offered to resign."

Army Attempted "Preemptive" Briefing Before WPost Expose. In a critical piece, Washington Post (2/24, 690K) columnist Howard Kurtz reports differences of opinion between the Army and the press: "The Post last week gave the Army six days to respond to the paper's investigation ... The Army's public affairs office used the time to summon journalists from other news organizations to a briefing at which Walter Reed's commander responded to the findings --

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in an article that had not yet been published." Los Angeles Times reporter Peter Spiegel said, "It made us feel very uncomfortable that we were being set up to be the Army's public affairs arm." Post reporter Dana Priest complained about the Army's behavior, "Do you think I'm going to be willing next time to give you that much time to respond, if you're going to turn around and tell my competitors?"

WPost Says DOD "Responding Quickly" To Many Problems. The Washington Post (2/24, 690K) editorializes, "After a week of terrible publicity, the Defense Department seems to be responding quickly to many of the problems The Post found in a four-month investigation at Walter Reed Army Medical Center. But so far, the most disturbing problem uncovered in The Post's series is getting the least public acknowledgment from generals and journalists alike. ... Post reporters found that the stresses on outpatients at Walter Reed included not only their physical recovery, dank rooms or long waits but also the difficulty they have in getting fair disability compensation. … Veterans too seriously wounded to return to active duty should get the benefits they deserve without having to beg for them."

Arrest Of Shiite Politician's Son By US Troops Stirs Uproar. ABC World News (2/23, story 4, :20, Gibson, 8.78M) reported, "An incident in Iraq is threatening to complicate U.S./-Iraqi relations. The Bush Administration has gone to great lengths courting one of Iraq's most powerful Shiite leaders, but today US troops arrested his son and held him for 11 hours after he entered Iraq from Iran. The US ambassador was very apologetic."

The New York Times (2/24, A1, Oppel, 1.16M) reports, "American troops seized and then released the eldest son of Abdul Aziz al-Hakim, perhaps the most powerful Shiite political leader in Iraq, after he crossed the border from Iran into Iraq on Friday morning. ... Allies of the Hakim family denounced the detention as a serious insult, and a senior adviser to the family asserted that American forces also had assaulted several guards. The Hakims control the Supreme Council for Islamic Revolution in Iraq, the backbone of the Shiite political alliance that has dominated politics during the occupation."

The Los Angeles Times (2/24, Berthelsen, 850K) reports Ambassador Zalmay Khalilzad "quickly apologized for the incident." Hakim "complained of being treated roughly at the hands of the soldiers, including being blindfolded as he was transported to a military base and having his underwear searched once he arrived there." The Times adds, "News of Hakim's arrest drew widespread attention Friday, a day of relative calm in Iraq. Police patrols discovered the bodies of five men shot to death around the capital, a daily toll far lower than usual."

The Washington Post (2/24, A12, Londono, 690K) reports the senior Hakim, "who met with President Bush during a visit to Washington in December, spent many years in exile in Iran and has close ties to that country." The Washington Times/AP (2/24, Murphy) reports, "Even though the U.S. ambassador issued a rapid apology, the decision to hold Amar al-Hakim risks touching off a backlash from Shi'ite leaders at a time when their cooperation is needed most."

Crackdown Said To Be "Curbing Violence." The Financial Times (2/24, Negus) reports, "US officials claim their forces are slowly expanding their presence in the capital and curbing the sectarian violence that left tens of thousands dead last year. Many Iraqis, however, say that fighting has continued unabated, while a high-profile rape case linked to the crackdown has heightened tensions between the Sunni and Shia communities. ... Iraqi officials claim the sectarian death toll has already fallen as a result of the increased troop presence ... Maj Gen Caldwell and other commanders, however, have cautioned that it is too early to call the operation a success, and that the true impact will not be seen for months."

Car Bombing Kills Four In Baghdad. The AP (2/24) reports, "Car bomb blasts hit parts of Baghdad on Saturday in attacks apparently targeting security forces involved in an ongoing campaign to restore order in the capital. At least four civilians were killed and nearly 10 injured, police said."

Stryker Team Called Crucial To Security Plan. The Los Angeles Times (2/24, Susman, 850K) reports about Army Spc. Aurelio Cazares and his Stryker unit, "There aren't many things that worry him as he steers the 22-ton troop carrier ... through Baghdad's streets. ... Nothing, though, can guarantee protection from some of the armor-piercing explosives plaguing U.S. forces in Iraq. Since August, three men from Cazares' 3rd Stryker Brigade Combat Team, from the Army's 2nd Infantry Division, have died in such attacks. ... Since U.S. and Iraqi forces put a new Baghdad security plan into high gear last week, the Stryker team has been at the forefront of sweeps and patrols, some lasting 20 hours at a stretch. For the soldiers of the brigade, it has meant little sleep and the majority of their waking hours inside the dark, cramped interiors of the Strykers, whose bulk, speed and

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armor have made them the vehicle of choice in Baghdad's riskiest operations." The Times admiringly describes the vehicle's assets: "The Strykers reach a speed of 65 mph and are relatively quiet as they trundle through the streets, giving them a stealth quality other troop carriers lack. In addition to their armor, they are surrounded by a cage-like shield designed to repel rocket-propelled grenades."

US Disappointed In Lack Of Iraqi Progress In Integrating Baathists. The Los Angeles Times (2/24, Richter, 850K) reports on its front page, "Serious new divisions have emerged between the Bush administration and its Iraqi allies over the Baghdad government's refusal to enact a reform that the White House considers crucial to its new strategy for bringing the country's violence under control. ... legislation that would ease rules barring former members of Saddam Hussein's Baath Party from government service has been blocked by the country's Shiite-dominated parliament." US officials had "repeatedly expressed confidence that Nouri al-Maliki, the prime minister, would work for passage of 'de-Baathification' reform. However, they now have begun to express disappointment at the Iraqi stalemate. ... The dimming prospects for reform hold troubling implications for the administration's new strategy on Iraq, which relies heavily on political reconciliation between Sunnis Arabs and Shiites as a way to stem the sectarian violence."

Bachmann Backs Down From Comments About Iranian Partition Plan For Iraq. The Minneapolis Star Tribune (2/24, Black, 395K) reports Rep. Michele Bachmann "claimed two weeks ago to know of an Iranian plan for the partition of Iraq in which Iran would control half the country and set it up as 'a terrorist safe haven zone' and a staging area for attacks around the Middle East and on the United States. The existence of such a plan has not been suggested publicly by the Bush administration or other officials." Bachmann "retracted the first [statement by her] in several important respects."

Americans Underestimate Iraqi Death Toll. The AP (2/23, Benac) reports that polled Americans "woefully underestimate the number of Iraqi civilians who have been killed." While "Seventeen percent in the poll know someone [from the US] who has been killed or wounded in Iraq," "The number of Iraqis killed, however, is much harder to pin down, and that uncertainty is perhaps reflected in Americans' tendency to lowball the Iraqi death toll by tens of thousands. ... The U.N. Assistance Mission for Iraq reports more than 34,000 deaths in 2006 alone. Among those polled for the AP survey, however, the median estimate of Iraqi deaths was 9,890."

Civilian Staffing Shortages Said To Hinder Iraqi Reconstruction. In a story on its front page today, the Washington Post (2/24, Chandrasekaran, 690K) details efforts to fully staff Provincial Reconstruction Teams (PRTs) and other civilian slots in Iraq. "Almost four years after the United States set about trying to rebuild Iraq, the job remains overwhelmingly unfinished." PRTs like those in Diyala "are often understaffed and underqualified -- and almost unable to work outside the military outposts where they are hunkered down for security reasons. Today, there are just 10 of the 30-person teams operating in all of Iraq." President Bush's "new plan" to double the number of PRTs "is running into what [some] officials familiar with their work described as the problems that have plagued the U.S. government effort from the start: Turf wars between federal agencies. Outright refusal to fill certain vital posts by some departments. A State Department in charge of the teams that just doesn't have any agronomists, engineers, police officers or technicians of its own to send to Iraq."

Active Troops Who Oppose War Profiled. The CBS Evening News (2/23, story 2, 2:20, Mitchell, 7.66M) reported, "There is new opposition to the war tonight, and it comes from the very Americans fighting it, men and women in uniform. Hundreds of them are very publicly asking Congress to stop it." CBS (Logan): "The fight in hostile Anbar province has been more deadly for U.S. forces than anywhere else in Iraq. ... That's part of the reason over 1,000 servicemen and women have done something normally unthinkable for the military -- protest a war they're in the middle of fighting. Their interviews will be on '60 Minutes' this Sunday. ... They've all sent a petition called Appeal for Redress to their individual members of Congress, letting them know that staying in Iraq will not work, and it's time for U.S. troops to come home."

Watada Is Charged Again. The AP (2/24, Johnson) reports the Army refiled charges Friday against First Lt. Ehren Watada, "who refused to serve in Iraq, about two weeks after his first court-martial was declared a mistrial." Watada's attorney "said he would seek to have the charges dismissed as a violation of the Constitution's protection against double

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jeopardy." The Los Angeles Times (2/24, 850K) carries an abbreviated version of this article.

WSJournal Lauds Prince Harry's Deployment. The Wall Street Journal (2/24, 2.04M) editorializes that while "Cornet Harry Wales is probably not a latter-day King Henry V," it is "hard not to be struck by the sight of a European royal who wants something more from life than to appear regularly in the pages of Hello! ... The Prince's decision is all the more courageous given that he will surely become a prime target for jihadists seeking a trophy kill. No less admirable is the Prince bucking the antiwar tide of British public opinion."

More UK Troops Headed To Afghanistan. The Washington Times/AP (2/24, French) reports, "Britain said yesterday it would send additional troops to southern Afghanistan in response to NATO's call to bolster forces in the region, days after the country said it plans to withdraw 1,600 troops from Iraq in coming months. ... The Defense Ministry refused to confirm reports in the British press that an additional 1,000 troops were to be sent. ... In particular, the reluctance of France, Spain, Italy, Germany and Turkey to provide more combat troops has caused frustration among nations on the front lines." Meanwhile, Taliban commander "Mullah Dadullah said the extra weapons the Taliban were being supplied -- he did not say from where -- included the ability to bring down the NATO and U.S. helicopters crucial to their operations in this rugged, mountainous country."

New Al Qaeda Video Purports To Show Attack. The AP (2/23) reports, "Al Qaeda posted a 56-second video Friday of rockets being fired at what it claimed was a U.S. military base in Afghanistan. The tape appeared to be the latest in a series of videos that the terror network has released to convey that its insurgents are faring well in the Afghan war. ... Its authenticity could not be independently confirmed."

Afghans Perceive Decline Since 2005. The Washington Post (2/24, A11, Witte, 690K) reports in a pessimistic article, "Conditions in Afghanistan have deteriorated markedly since 2005, with rising violence, government corruption and misguided U.S. efforts contributing to growing unease among the population, according to a report released yesterday based in part on 1,000 interviews with ordinary Afghans. Although there were bright spots -- a better overall economy and more rights for women -- the report's authors found diminishing security as the Taliban steps up its attacks, a discredited justice system and a severe lack of basic services such as electricity." The report by CSIS and USAID "found that Afghans tend to be more negative in their outlook than official statistics or media accounts would suggest."

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Eighth US Attorney Announces Resignation. The Washington Post (2/24, A2, Eggen, 690K) reports Margaret Chiara, the U.S. attorney in Grand Rapids, Michigan, "announced her resignation yesterday, the latest in a wave of forced departures of federal prosecutors who have clashed with the Justice Department over the death penalty and other issues. ... Sources familiar with the case confirmed that she was among a larger group of prosecutors who were first asked to resign Dec. 7." The Post notes that the "firings" have been "criticized by lawmakers in both parties and have prompted proposals in Congress to restrict the ability of Attorney General Alberto R. Gonzales to appoint interim prosecutors indefinitely. The New York Times (2/24, A10, Johnston, 1.16M) reports Chiara is a Republican who "took office in 2001 after twice being elected a county prosecutor. She had also served as policy director of the Michigan Supreme Court."

CORPORATE SCANDALS:

DOJ Launches Probe Of KB Homes Stock Option Grants. The Wall Street Journal (2/24, A3, Forelle, Corkery) reports, "Federal prosecutors in Los Angeles are scrutinizing stock-options backdating at home builder KB Home, according to people familiar with the matter. These people say prosecutors appear interested in the conduct of former Chief Executive Officer Bruce Karatz and former human-resources chief Gary Ray." The Journal continues, "A lawyer for Mr. Ray, Mark Beck, says he is 'attempting to persuade [the prosecutor] that Gary Ray did not engage in any wrongdoing and certainly no conscious wrongdoing.'" The Journal adds, "It isn't clear precisely what the prosecutors are examining. Last year the Los Angeles-based company said an internal investigation found that Mr. Karatz had backdated his own option grants to increase his pay. He agreed to leave the company and forfeit about $13 million in gains from the backdating, becoming one of the highest-profile and best-

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paid CEOs to be forced out in the options scandal. Mr. Ray, whom KB Home has said participated in the backdating with Mr. Karatz, also left. … Company spokeswoman Caroline Shaw said the Department of Justice is looking into past stock-option grant practices at KB Home, but has told the company itself that it is 'not a target of this investigation.' She added, 'KB Home has and intends to fully cooperate with any government agency looking into this matter.'"

The AP (2/24) reports, "The company last month acknowledged that the Securities and Exchange Commission had launched a formal investigation into its options practices." The AP adds, "KB Home is one of at least 200 companies to disclose SEC, DOJ or internal investigations, according to an Associated Press review. … KB Home's former chief executive Bruce Karatz, along with its executive vice president and chief legal officer, were forced to step down late last year after it was disclosed that Karatz benefited from favorably dated option awards. He agreed to repay $13 million stemming from incorrect measurement dates for financial reporting of annual option grants between 1998 and 2005. … The company also has said it expects to record additional expenses of no more than $50 million and was investigating whether it needed to restate earnings for prior periods."

The New York Times (2/24, Bajaj) reports, "The inquiry appears to be in the early stages, and it may take months before prosecutors decide what, if any, charges they will bring in the case. … Still, news of interest by federal prosecutors raises the stakes for a man who was once one of the highest-profile and best-paid executives in corporate America, Bruce E. Karatz." The Times adds, "In November, KB's board forced out Mr. Karatz, who was the chairman and chief executive of the company, and Gary A. Ray, the top human resources officer, after an internal investigation concluded that eight stock-option grants since 1998 had been incorrectly dated. … A lawyer representing Mr. Ray, Mark E. Beck, confirmed that he and his client have met with prosecutors but declined to discuss the facts of the case, aside from saying that 'several million documents' would lead officials to 'conclude that he did not engage in any wrongdoing.' … KB Home said in a filing this month that the evidence it had collected suggested that after the company's board approved stock option grants, Mr. Karatz and Mr. Ray used 'hindsight' to pick dates when KB's stock closed at or near a monthly low for seven of the eight grants."

SEC Probing Citigroup Associates Deal. The Financial Times (2/24, Wighton) reports, "Citigroup is under investigation by the Securities and Exchange Commission over its accounting for Associates First Capital, the finance business it bought for $31.1bn in 2000." The Times continues, "The chief US regulator is looking into the treatment of tax reserves and releases during the four years to 2004, Citigroup disclosed in a filing on Friday night. … The SEC has subpoenaed witness testimony and accounting and internal controls-related information, the company said. … The SEC is also continuing its long-running probe into Citigroup's treatment of potential Argentina-related losses in the fourth quarter of 2001." The Times adds, "The disclosure of the accouting investigation in Associates underlines the task faced by Chuck Prince, chief executive, in escaping the legacy of Citigroup's acitivities during the bull market. … Mr Prince, who succeeded Sandy Weill as chief executive in October 2003, has spent much of his time dealing with legal and regulatory problems dating back to the late 1990s. … Friday's disclosure comes as Mr Prince's leadership is under renewed fire following his sacking of Todd Thomson as head of Citigroup's wealth managment arm."

CRIMINAL LAW:

Pennsylvania Murder Suspect Seeks To Avoid Death Penalty. The Pittsburgh Post-Gazette (2/24, Simonich) reports, "Lawyers for murder suspect Donna Moonda today asked a judge to prohibit the federal government from pursuing the death penalty against her." The Post-Gazette continues, "Her attorneys said capital punishment is 'cruel and unusual in all cases' and should not be an option for jurors when Mrs. Moonda goes on trial in June." The Post-Gazette adds, "Today was the deadline for pretrial motions to be filed, and Mrs. Moonda's three court-appointed lawyers peppered U.S. District Judge David Dowd with three separate filings aimed at eliminating the death penalty from the case. … Federal prosecutors have until March 15 to respond. Judge Dowd would then issue his ruling." The Post-Gazette notes, "Prosecutors recommended that Mrs. Moonda, 47, of Mercer County, Pa., stand trial for her life because they say she coldly plotted the murder of her husband, Dr. Gulam Moonda. … U.S. Attorney General Alberto Gonzales made the final decision in authorizing a capital case against Mrs. Moonda. … The U.S. government

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has not executed a female convict since 1953. State governments, mostly in the South, have executed 11 women since 1984."

FBI Releases Sketch Of West Virginia Child Rape Suspect. The Wheeling (WV) Post-Intelligencer (2/24, Wells) reported, "A rendering of the man accused in the recent rape and abduction of a city girl has been released as the Federal Bureau of Investigation intensifies its efforts in the case. FBI Supervisory Senior Resident Agent Mark Wheeler on Friday said a command post has been established in the basement of the City-County Building to accommodate the 50 city, county and federal law enforcement officers investigating the Tuesday rape and abduction of a North Wheeling girl. In addition to the release of the suspect's sketch, an updated description of the suspect's vehicle also has been released. Wheeling police Lt. Gary Gaus said a number of registered sex offenders in the area already have been ruled out as suspects, but he would not comment on whether DNA evidence has been collected in the case."

Former Alabama Mayor Sentenced To 10 Years In Prison. The Mobile Press-Register (2/24, Kirby) reported, "Decrying the corrosive effect of public corruption, a federal judge in Mobile on Friday sentenced former Orange Beach Mayor Steve Russo to 10 years in prison for a wide-ranging conspiracy to enrich himself by influencing development projects. U.S. District Judge Kristi DuBose also gave former Orange Beach City Attorney Larry Sutley, 58, two years and three months for his role in the conspiracy but allowed him to remain free while he appeals the case. … 'Public corruption of this type has to be addressed or it would mean the demise of our democracy,' she said." The Press-Register noted that "Russo's 10-year sentence is among the longest in decades for a public corruption case in southern Alabama." The AP (2/24, Mitchell) added, "Russo showed no remorse during the three-hour hearing. 'I can walk out of here knowing I did the very best job for the people of Orange Beach I could do,' he told the judge." Assistant US Attorney Steven Butler said Russo did do some good things while in office. … But he said he also used his 'official power to get rich.'"

Florida Lawyer Convicted Of Obstruction In Keys Bribery Probe. The Miami Herald (2/24, Clark) reported, "James Hendrick, one of the brightest and most influential attorneys in Monroe County, was convicted Friday in federal court of obstructing justice and witness tampering in a wide-ranging, years-long Keys corruption case that might not be over. … His conviction came without the testimony of his one-time friend, former county Mayor Jack London, who died before trial. He had admitted that Hendrick helped steer a bribe to him with the help of lobbyist Randall Hilliard, known as 'the Prince of Darkness.'" The Herald noted, "The case stems from a lengthy FBI investigation that uncovered a $29,000 bribe paid in 1997 to London, Monroe County's mayor at the time. In return for the bribe, London used his influence to win zoning approval for a stalled 79-room hotel project called Hall's Resort. Hendrick received no money in the deal. By the time the FBI had evidence of the bribe, the five-year federal statute of limitations for bribery had expired."

Gunman Who Abducted Florida Boy Still At Large. The New York Times (2/24, Waddell) reports from Parrish, FL, "A 13-year-old boy was abducted at gunpoint at a school bus stop on Friday morning and was found hours later in a wooded area where he had been left bound by his captor." The Times continues, "Sheriff Charles B. Wells of Manatee County said the gunman drove the boy, Clay Moore, to a large cattle ranch about 20 miles away from his neighborhood in the quiet Kingsfield Lakes subdivision on the outskirts of Parrish, near Tampa. His abductor eventually left. About two hours later, Clay, who had been tied up, was able to escape and walk until he came across a farm worker who let him use a cellphone to call his mother. … The gunman, who was driving an old red pickup, remained at large." The Times adds, "Clay was riding a skateboard about 9 a.m. while waiting for his school bus with four other youths when the truck pulled up, and the dark-haired young man driving it ordered him inside, said one of the four, Rabah Jaffal, 14. … Three of the students ran home and called the police, who immediately began a manhunt involving the Federal Bureau of Investigation, the state police and surrounding counties' law enforcement."

Four Florida Cops Caught In FBI Mob Sting. The AP (2/24) reports from Fort Lauderdale, FL, "Four veteran police officers were accused in federal court of taking thousands of dollars to protect what they thought were mob shipments of drugs, stolen art and jewelry." The AP continues, "Three of the officers made initial court appearances Friday and were ordered released on bond. The fourth was in the

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process of turning himself in and would likely appear next week, federal prosecutors said. … All serve in Hollywood, just south of Fort Lauderdale." The AP adds, 'An FBI affidavit filed in federal court accused the four of taking thousands of dollars to protect a group they thought was a criminal organization based out of New York. The "mobsters" were undercover FBI agents during a two-year corruption sting. … Federal prosecutors said the operations included escorting a load of heroin from Miami Beach, providing security for an illegal poker game aboard a yacht and delivering $1 million worth of supposedly stolen diamonds to New Jersey. … Other deals involved purportedly stolen bearer bonds, watches, paintings and a tractor-trailer load of cigarettes, prosecutors said. … The four officers were charged with conspiracy. They have not entered pleas, and the case will go before a grand jury. All have been placed on leave without pay."

Florida Police Chief Says More Officers Suspected In FBI Probe. The Miami Herald (2/24, Christensen, Wright) reported, "A two-year federal undercover probe that led to corruption charges against four Hollywood police officers was shut down prematurely after two of those officers learned they were under investigation, according to Hollywood Police Chief James Scarberry. More officers are under suspicion, Scarberry said Friday. The chief said he found out the investigation was blown Thursday -- hours before the FBI swooped in and arrested Officers Kevin Companion, Jeffry Courtney and Stephen Harrison. … 'We called the FBI immediately yesterday after we found out that Companion and Courtney were at the pension office. They both called in sick all week and were putting in their letters of resignation,' Scarberry said." The Herald noted, "During the two-year probe by the U.S. attorney and the FBI -- dubbed 'Tarnished Badge' -- undercover agents convinced the officers that they were members of a New York crime family."

The South Florida Sun-Sentinel (2/24, Haas, Blum) reported, "Federal authorities on Friday released detailed charges against four Hollywood officers in an investigation dubbed 'Operation Tarnished Badge,' accusing the four of protecting and transporting stolen diamonds, artwork, bonds and heroin for undercover FBI agents pretending to be involved in organized crime. … Companion, Courtney and Harrison appeared before U.S. Magistrate Lurana Snow in federal count in Fort Lauderdale on Friday morning. All three looked dejected. … Snow set bond at $350,000 for Companion; $375,000 for Courtney; and $300,000 for Harrison. None of them had posted bail early Friday night, detention officials said. Simcox has not yet been arrested," but the Palm Beach Post (2/24, LaForgia) noted Simcox "is making arrangements to turn himself in to federal authorities next week, his attorney said Friday. 'I believe that he should be surrendering Monday,' said Bruce Udolf, the Fort Lauderdale attorney representing Simcox.

Veteran FBI Analyst Sentenced To Seven Years For Sex With Child. The Fredericksburg Free Lance-Star (2/23, Freehling) reported, "A 17-year veteran of the FBI will serve seven years in prison for having sexual relations with a young girl in Spotsylvania County." On Thursday, former FBI intelligence anayst Anthony John Lesko "entered an Alford plea…to nine counts of felony indecent liberties upon a child. … An Alford plea means Lesko doesn't admit guilt but believes there is enough evidence for a conviction." The Free Lance-Star noted, "Lesko engaged in a sex act with a girl, 9 and 10 at the time, at least nine times in 2003-2004, according to evidence put forth by Spotsylvania Commonwealth's Attorney William Neely." Lesko told a US Navy counselor "that he was the victim of the sexual assault; he said the girl initiated the contact, according to the plea."

CIVIL RIGHTS:

Some Christian Groups Critical Of DOJ Religious Freedom Initiative. UPI (2/23) reports, "Attorney General Alberto Gonzales' Feb. 20 announcement to Southern Baptist Convention leaders about a new Justice Department focus on religious freedom garnered some praise — and significant criticism — from other Christian leaders. Gonzales announced the launch of the department's 'First Freedom Project' in a speech during a regularly scheduled SBC Executive Committee meeting. … 'Religious freedom is a fundamental part of our nation's history and one of its core principles,' Gonzales said. The effort will include educational efforts to inform government officials, employers and everyday Americans about their religious-liberty rights under law, Associated Baptist Press reported Thursday." UPI continues, "The department simultaneously released a 43-page report touting its record, under President Bush, in defending religious freedom. Gonzales and the report implied that the Bush Justice Department's record on prosecuting religious-discrimination cases was significantly stronger than that under former President Bill Clinton. … But several in the religious-liberty community said Bush's record on the issue

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has been mixed, at best. Brent Walker, executive director of the Washington-based Baptist Joint Committee for Religious Liberty, said he appreciates the administration focusing on the First Amendment — but that the amendment covers two aspects of religious freedom that are inextricably linked to each other. … 'The First Amendment has two protections for religious freedom — prohibition on religious establishments and protection for free exercise of religion,' Walker said in a statement provided to Associated Baptist Press. 'The administration has often ignored the importance of the no-establishment principle by supporting attempts of governments to endorse a religious message, using tax dollars to fund pervasively religious organizations, allowing religious discrimination in hiring for federally funded projects, and going to the Supreme Court to cut back on the rights of citizens to challenge such practices.'" UPI notes, "Walker also noted that Bush's record on free-exercise protections is 'not perfect.' He pointed to a Supreme Court case last year in which the administration attempted to limit a small religious sect's ability to use hallucinogenic tea for sacramental purposes. A unanimous Supreme Court rejected the administration's position. … Americans United for Separation of Church and State went further, releasing a statement Feb. 22 saying Gonzales' announcement 'reeks of hypocrisy.' It called attention to actions detailed in the report that the Justice Department touts as religious-freedom successes — but that are actually quite controversial in the religious-liberty community."

FBI Could Reopen Dozens Of Civil Rights Cold Cases. The AP (2/24) reports from Jackson, MS, "The FBI is considering reopening dozens of cold cases involving slayings suspected of being racially motivated in the South during the 1950s and '60s. … An announcement could come as early as Tuesday, according to a law enforcement official who spoke with the Associated Press on condition of anonymity because the plans have not yet been finalized." The AP continues, "In addition to the FBI's own investigations, the Southern Poverty Law Center submitted its own list last week of 74 potential unsolved slayings that involved white-on-black violence. … Thirty-two of the deaths happened in Mississippi. The others were in Alabama, Arkansas, Georgia, Tennessee, Louisiana, North Carolina, South Carolina, Florida, Kentucky and New York." The AP adds, "Mark Potok, director of the Intelligence Project for the Alabama-based Southern Poverty Law Center, said each case was researched in the late 1980s when the group was putting together a civil rights memorial. But it is unclear if each could be considered a civil rights case, he said. … 'The truth is we don't know,' said Potok, whose group investigates hate crimes. 'In each case there was some evidence to suggest that these were racial murders, but it absolutely was not proven. Had we been able to nail them down, their names would've been literally chiseled into the civil rights memorial that sits outside our building here.' … U.S. Attorney Dunn Lampton in Jackson reviewed the list of Mississippi killings for the Associated Press on Friday and said based on the limited amount of information available that none would qualify for federal prosecution under civil rights statutes. But he said many could still be prosecuted on a local or state level as murders."

Under the headline "FBI Building Database On Victims Slain Amid Civil Rights-Era Violence," the Jackson Clairon-Ledger (2/24, Mitchell) reported, "The FBI's field offices already have compiled a list of 51 victims," and the Southern Poverty Law Center "has since turned over information on 74 victims to the FBI. … 'We ask that the FBI use its considerable investigatory resources to uncover more information about these cases,' Richard Cohen, president for the center, wrote the Civil Rights Unit of the Criminal Investigative Division of the FBI. "Those responsible for these forgotten deaths - those who may still be alive today, like James Ford Seale, who was recently arrested for the murders of Henry Hezekiah Dee and Charles Eddie Moore - have gone unpunished too long.'" Lampton "said last week: 'As we've shown in the past, we'll investigate any case that comes to light.'"

WGNO-TV New Orleans (2/23, 10:13 p.m. EST) reported on its broadcast that the Southern Poverty Law Center "says evidence in at least 74 unsolved murders suggests they were racial murders. The FBI has been conducting its own investigations, and Director Robert Mueller says he vows 'to pursue justice to the end.'" KHQ-TV Spokane (2/24, 9:03 a.m. EST) reported on its broadcast, "FBI Director Robert Mueller has said the bureau is aggressively seeking to solve cold civil rights cases." Mueller "vowed last month to 'pursue justice to the end.'"

Judge Lifts Federal Supervision Of Little Rock Schools. The New York Times (2/24, Barnes) reports from Little Rock, AR, "The Little Rock School District was released on Friday from federal court supervision of its

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desegregation efforts, almost 50 years after President Dwight D. Eisenhower dispatched federal troops to enforce an integration order that the Arkansas governor defied." The Times continues, "In a written order, Judge William R. Wilson Jr. of Federal District Court declared the district 'unitary.' That meant it had met its obligations under court-ordered remedies to address lingering questions about its commitment to equal opportunity in education." The Times adds, "Judge Wilson said the school board could 'now operate the district as it sees fit, answerable to no one' save its students, patrons and voters." The Times notes, "In 1957, Gov. Orval E. Faubus, a conservative Democrat, resisted the federal court order to desegregate Central High School by surrounding it with National Guardsmen who blocked the entry of nine black students. Eisenhower responded by federalizing the Guard troops and sending paratroopers from the 101st Airborne Division. … The black pupils were admitted to classes, with the military providing security on campus for the duration of the school year. … The confrontation was a seminal part of the civil rights movement. It was followed by decades of litigation that devoured millions of dollars in legal fees and went through several judges, dozens of school board members and more than one superintendent."

The AP (2/24, Demillo) reports, "The 1998 desegregation plan was negotiated among the district, federal monitors and a group called the Joshua Intervenors, which represented black students. Judge Wilson noted that another nine years had passed before its conditions were satisfied. … 'LRSD's board can now operate the district as it sees fit; answerable to no one except LRSD's students and patrons and the voters who elected [the board] to office,' he wrote. 'I want to express my heartfelt best wishes as LRSD continues to operate, as our Founders intended, under control of the citizens of the City of Little Rock.' … A final sticking point among the parties had been whether the district adequately assessed black achievement in its academic programs. … Under previous orders from Judge Wilson, the Little Rock district was to evaluate its academic programs annually to determine whether test scores among black students were rising. The judge said yesterday he was now satisfied with the response, which included the board's December resolution that it would continue evaluations even if Judge Wilson released it from monitoring. … The Little Rock district is now 70 percent black; Central High School is 53 percent black."

Rhode Island AG Says Sister's Union Did Not Influence Gay Marriage Ruling. The Washington Times (2/24, Wetzstein, 88K) reports Rhode Island Attorney General Patrick Lynch "says research persuaded him to decide that Rhode Island can recognize same-sex 'marriages' from Massachusetts -- not his sister's recent same-sex union in Massachusetts." The Times notes that on Feb. 15, Lynch "attended the 'marriage' ceremony in Attleboro, Mass., of his older sister. … On Wednesday, Mr. Lynch issued a six-page opinion to the Rhode Island Board of Governors for Higher Education that said their homosexual employees who have 'married' in Massachusetts should be treated as spouses."

NYTimes Applauds New Jersey Court's Decision On Gay Students. The New York Times (2/24, A14, 1.16M) editorializes, "Like all too many school districts, Toms River, N.J., has done a poor job of protecting gay students from bullying. According to the New Jersey Supreme Court, the district punished students for being one minute late for class, but made harassing another child for being gay punishable only after a third offense. In a landmark ruling this week, the court unanimously held that public school districts like Toms River's are liable for damages if they fail to take reasonable steps to stop prolonged anti-gay harassment of a student by another student. … The decision changes the legal landscape in New Jersey, and we hope it will be the start of a new national approach to the problem."

ANTITRUST:

KKR, TPG Close In On Mammoth Deal For Texas Power Company. The Wall Street Journal (2/24, A1, Sender, Berman, Smith) reports, "Private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts & Co. were close to a deal Friday night to acquire Texas utilities powerhouse TXU Corp. for about $32 billion, said people familiar with the matter, a massive buyout that would give them control of one of the nation's most successful and controversial power companies." The Journal continues, "One person close to the matter said the firms would pay about $70 a share for the big utility, about $10 a share over Friday's 4 p.m. price of $60.02 on the New York Stock Exchange. The company also had $12.38 billion in debt as of September 30." The Journal adds, "A deal could be finalized

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over the next few days, this person said, though it was possible it could fall apart at a late moment. … The transaction, first reported by CNBC, would be the latest massive deal engineered by private-equity firms. Enjoying record profits and a flood of cash from investors seeking ever-greater returns, the large investment firms have accounted for the majority of the biggest mergers and acquisitions in the last year. Among recent deals, Blackstone Group paid $23 billion for Equity Office Properties and assumed $16 billion of debt, while Bain Capital, KKR and Merrill Lynch & Co. paid $21 billion and assumed $11.7 billion in debt to acquire hospital operator HCA Inc. in 2006."

The New York Times (2/24, Sorkin, Krauss) reports, "The amount of private money that is being offered is a huge financial endorsement of the company's energy strategy. TXU has irritated environmental advocates by proposing to build 11 coal-fired power plants in Texas. Despite calls for regulating greenhouse gases, TXU has been the most aggressive in the power industry in pushing coal as the answer to growing electricity demands. Nationwide, power companies are planning to build about 150 coal plants over the next several years." The Times adds, "The deal itself, if approved at a TXU board meeting tomorrow, would be a landmark. It would exceed the Blackstone Group's recent $39 billion acquisition of the office landlord Equity Office Properties, the largest buyout ever. And that would mean that Henry R. Kravis, a co-founder of Kohlberg Kravis Roberts, has managed to upstage, at least for the time being, his longtime rival in deals, Stephen A. Schwarzman, a co-founder of Blackstone. … Energy has been fairly recent territory for private equity. While energy deals accounted for 16 percent of all mergers last year, only 9 percent of those deals involved buyout firms, according to Thomson Financial. The first big foray came last year, when Kinder Morgan, the Texas pipeline giant that was created from some assets of the former Enron, was sold to a group that included Goldman Sachs, the American International Group, the Carlyle Group and Riverstone Holdings for $27.5 billion."

The Financial Times (2/24, Politi, Smith) reports, "A private equity takeover of TXU would extend a flurry of dealmaking by the world's largest buy-out groups, which have emerged as leading forces in high finance and business in recent years as they snapped up some of the biggest companies in a wide range of industries." The Times adds, "Based in Dallas, TXU is the top provider of electricity to the state of Texas, and has recently locked horns with environmentalists over plans to build 11 coal-fired power plants. … In advance of clinching a deal, KKR and TPG gained the backing of several environmental groups by agreeing to scrap plans to construct 8 of the 11 controversial plants. … The private equity buyers also pledged to support a reduction in carbon dioxide emissions to 1990 levels by 2020. … However, a private equity takeover of TXU could still face resistance if it is viewed as jeopardising the reliability of the electricity grid in Texas – or if it results in higher rates for consumer."

The Washington Post (2/24, D1, Cho, Mufson) reports, "TXU has 2.4 million electricity customers in Texas and a network of generating stations, including two nuclear-powered and nine coal-fired plants. Deregulation recently took effect in the state, and the company has divided itself into three parts -- a regulated utility, a power wholesaler and a power generation unit with 18,300 megawatts of capacity. … But the company's claim to fame recently has been a controversy over its plan to build 11 conventional coal plants. That would more than double the company's emissions of carbon dioxide, the most prevalent of greenhouse gases, at a time when Congress is looking at ways to cap greenhouse gas-emissions." The Post notes, "It is not clear how a buyout would affect those plans. Part of the attraction of TXU is its location in a fast-growing state. The new plants could take advantage of its rapidly growing energy demand. But leveraged buyout firms usually trim costs and rarely expand a company's operations. And many executives in the industry have said they never expected the company to build all those plants anyway. … The private-equity firms are expected to propose around $70 per share for TXU and assume about $12 billion of its debt, putting the total value of the transaction at $44 billion to $45 billion. … If a buyout goes through, TXU would become a private company and no longer have to reveal its financial statements publicly or comply with federal regulations such as the Sarbanes-Oxley Act. But it probably would still have to disclose some information to state and federal power regulators." The Post adds, "That change is likely to draw scrutiny from members of Congress, especially those now devising ways to cap and reduce greenhouse gases. Some lawmakers have alleged that TXU might be expanding now so that the new plants would be included in its baseline emission levels. That would be important if Congress adopted a cap-and-trade system similar to Europe's, with allocations distributed to companies based on their past emissions."

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The Los Angeles Times (2/24, Wilson) reports, "Environmental Defense and numerous other environmental groups and civic leaders have sued or otherwise protested the plants, saying they would add 78 million tons of greenhouse gases to the atmosphere annually. Texas already leads the nation in greenhouse gas emissions, widely believed to cause global warming. Smog, mercury emissions and other harmful pollutants also would be emitted. … Many private equity firms are jumping into solar, wind and other 'alternative energy' investments, as dozens of states have adopted 'renewable portfolio standards' requiring diversified energy, including so-called clean sources. Several members of Congress, including Sen. Dianne Feinstein (D-Calif.), have introduced or are preparing legislation that could cap greenhouse gases from coal plants and other electricity providers."

The Dallas Morning News (2/24, Souder, Yung) reports, "As for why TXU would sell, some experts said going private could allow the company to innovate without worrying about putting the share price on a roller coaster and facing the ire of Wall Street. … TXU shares rose 4 percent Friday afternoon, to close at $60.02, after news of the offer began to leak out. In after-hours trading, shares rose as high as $70. … The share price has dropped from all-time highs during the past few months as concern mounts about possible state and federal legislation that could limit the size of the company or the amount of pollution it would be allowed to emit." The News notes, "If approved, the deal would be the largest acquisition ever, reflecting the current buyout binge sweeping the country. The previous record – the $39 billion purchase of Equity Office Properties Trust by the Blackstone Group – closed earlier this month. … The buyers, KKR and Fort Worth-based Texas Pacific, have teamed up before to make millions in the Texas energy sector. They were among a group of buyout firms that earned a more than sixfold return in little more than a year by buying and then quickly selling Texas Genco, a Houston wholesale power generation company, to NRG Energy Inc."

FCC Expected To Hit Univision With Record Fine. The New York Times (2/24, Labaton) reports, "When Univision began broadcasting a show three years ago about the misadventures of 11-year-old identical twin girls who swapped identities after discovering they had been separated at birth, it characterized the episodes as educational programming for children. … That decision is expected to cost Univision, the nation's largest Hispanic network, $24 million in what would be the largest fine the Federal Communications Commission has ever imposed against any company. The penalty is also expected to send a strong signal to broadcasters that they will be expected to meet their required quota of shows that educate and inform children, after years of permissive oversight in this area." The Times continues, "The commission has decided to impose the heavy fine — disclosed by Kevin J. Martin, the chairman of the commission, in an interview — as a tough rebuke to Univision for claiming to meet its obligations to broadcast educational children's programs by showing the Latino soap opera 'Complices al Rescate' ('Friends to the Rescue') and other so-called telenovelas." The Times adds, "The penalty, part of a settlement that will allow the company to proceed with a buyout deal, is nearly three times the previous record fine of $9 million, imposed against Qwest Communications for violating telephone interconnection rules in 2004, and significantly more than the largest indecency penalty, $3.5 million, levied against Viacom that same year for remarks by Howard Stern and other so-called shock jocks on the radio. … It also represents an unusually aggressive enforcement of the 1996 regulations that interpreted the Children's Television Act. Those regulations, adopted after some broadcasters characterized cartoons like 'The Flintstones' and 'The Jetsons' to be educational programs, imposed more substantive requirements on the networks as they comply with the mandate to broadcast at least three hours a week of programs of intellectual value to young people. … Although some television critics say it is common for stations not to comply, only a handful of complaints have been filed. An even smaller number have resulted in modest penalties of several thousand dollars for stations found to have violated the rules."

VMware Goes Up Against Microsoft. The New York Times (2/24, Lohr) reports, "VMware, a young Silicon Valley company, is the early leader in a fast-growing market for what is called virtual-machine software. And that puts it on a collision course with Microsoft, the industry's Goliath. … A virtual machine essentially mimics a computer so that several copies of an operating system — say, Windows or Linux or both — can run on one physical machine. It allows computing chores to be done on fewer computers, using less electricity and taking up less space, promising a way to control costs at corporate data centers straining to keep up with the ever-increasing demands of the Internet age. … It is

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also a product that occupies strategic ground in computing, as a layer of code that resides between a computer's hardware and the operating system, usurping some tasks, and potentially undermining the importance of the operating system." The Times adds, "In a meeting with corporate customers in New York last month, Steven A. Ballmer, Microsoft's chief executive, said, 'Everybody in the operating system business wants to be the guy on the bottom,' the software that controls the hardware. And he vowed that Microsoft, whose Windows operating systems are the main source of its corporate wealth and market power, would 'compete very aggressively with VMware.' … When quizzed on Microsoft's plans, Mr. Ballmer replied, 'Our view is that virtualization is something that should be built into the operating system.'" The Times notes, "Bundling new technology into Windows has long been the Microsoft game plan. The most storied case came a decade ago when Microsoft overcame the challenge posed by another Silicon Valley highflier, Netscape, offering another crucial layer of software, the Internet browser. Microsoft feared a competitor's Web browser, running on top of the operating system, could reduce the power of Windows. … The tactics Microsoft used in the browser battle, of course, led to a host of antitrust troubles for the big software maker in the United States and Europe. … This time, in the market for virtual-machine software, Microsoft is more restrained. Bowing to customer requests, Microsoft began more than a year ago to change its software licenses so its products could run in virtual machines like VMware offerings. … But in recent months, according to VMware, Microsoft has introduced new restrictions on how Microsoft products can be used in virtual machines in new ways, beyond simply dividing a single physical computer into several virtual ones."

NYTimes Urges Caution In Review Of Satellite Radio Merger. The New York Times (2/24) editorializes, "Vigorous competition in the private sector has served the United States economy and consumers extremely well, providing a greater array of choices, more innovation and lower prices. The two — and only — satellite radio companies are now eager to merge and are arguing that together, they will prove to be the exception to the rule. … The industry is important and still young. We urge regulators to take a hard look at the companies' proposal before leaving the field in the hands of a single player." The Times adds, "The companies' managers argue that the $13 billion merger could finally make them profitable by letting them cut costs and redundant programs, while giving consumers more programming options for their bucks. As for the fear of creating a monopoly, they argue that competition will still come from terrestrial radio (commonly known as AM and FM), iPods and other next-generation technologies. … It is important to remember that these are not widget makers. Radios carry important discourse and debate — they are vital to the free exchange of ideas protected by the First Amendment. Recent experience shows that media consolidation usually leads to more homogeneous content, politically as well as artistically, and it rarely benefits the consumer or the country. … There is also the question of what precedent would be set if regulators accepted the broadest possible definition of audio competition, and whether that could lead to even more mergers in radio. No less troubling are reports that the companies believe that they have an incentive to merge before the Bush administration and its overly friendly-to-business regulators leave office." The Times concludes, "When XM's and Sirius's licenses were granted, the Federal Communications Commission stipulated that 'one licensee will not be permitted to acquire control of the other.' The chairman of the F.C.C., Kevin Martin, reiterated that point this week but left the door open to a possible merger, saying, 'The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.' We are skeptical about the chances of that happening."

Experts Say Music Consumers Will Not Be Immediately Affected By MP3 Patent Ruling. The Washington Post (2/24, D1, Sipress, Musgrove) reports, "Don't worry. The authorities aren't coming to confiscate your MP3 player because of a patent infringement ruling this week that involves the technology behind digital music." The Post continues, "The verdict, if upheld, could cost Microsoft $1.52 billion or more in damages. And that could end up costing you, as manufacturers pass on the expense of paying royalties to Alcatel-Lucent, which a federal jury in San Diego found to be the rightful owner of the technology. … But those costs aren't likely to come for some time, if at all, industry analysts and patent lawyers said yesterday." The Post adds, "The technology industry was abuzz over Thursday's unexpected verdict, which included what lawyers said was the largest patent award in history, and its significance for the MP3 format that is at the heart of the booming market for

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digital music. … Though the verdict could affect hundreds of companies that use the technology in various devices, experts said consumers would not suddenly be unable to obtain or play MP3 files. Even in the long run, there may be no effect on consumers if the verdict is overturned on appeal. Microsoft's lawyers have said they will appeal both the jury's finding that the company infringed on the patents and the amount of its award to Alcatel-Lucent." The Post notes, "The legal dispute turns on two patents for technology developed at Bell Laboratories, which later became part of Lucent Technologies. Alcatel bought Lucent last year and inherited the patents. … Both patents relate to how music is converted into small digital files. One of the patents is for a method of analyzing sound to gauge whether it is more like music or noise, then representing it in digital form based on that determination. The other patent pertains to the process for determining whether the sound is audible to the human ear and then converting only that audible part into digital form. … Hundreds of companies that thought they had properly licensed the MP3 format from Germany's Fraunhofer Institute, which was also involved in developing the MP3 technology, could be financially liable for infringing on Alcatel-Lucent's patents."

ENVIRONMENT:

Bush Touts Alternative Fuel Vehicles. The New York Times (2/24, A10, Wald, 1.16M) reports that at a White House event President Bush "turned to alternative fuels, and alternative companies, to argue Friday that his goal for reining in gasoline consumption in the coming decade was realistic." Bush "inspected a version of the Toyota Prius, the popular Japanese gas-electric hybrid, that had been rigged with a Canadian-built battery pack to allow it to operate more of each day on electricity, along with a South Korean sport utility truck modified by a small California company to run entirely on batteries. Neither is now a mass-market product, but each, the president said, is evidence that entrepreneurs will rush in to solve the nation's oil addiction. He called on Congress to approve financing that he has requested for research." The Times notes that to "a repeated question as to whether he would consider one of the vehicles for his ranch in Texas, Mr. Bush simply wished the assembled reporters a good weekend and returned to the Oval Office."

However, in its lead story Friday night, ABC World News (2/23, 3:00, Gibson, 8.78M) said, "If you suspected that the mileage stickers on new cars in the showroom were all wrong, you are right. They are about to change. Numbers on new cars will be lower, going down about 10 to 15%. Why? Well, the government's tests have been based on the way we drove almost a quarter century ago, not the way we drive today. Ironically, President Bush had sort of an auto show on the White House lawn today, part of his push to lower gasoline consumption 20%. But the new numbers show we're actually using more gas than we thought." ABC (Reynolds): "The big question is what kind of impact these new numbers will have on the new car market. Gayla Ruffer owns a Toyota Prius hybrid and knows it's not everything it's cranked up to be." Ruffer: "It's not near the mileage that I thought it was gonna get." Reynolds: "Instead of the advertised 50 miles to 60 miles per gallon, her Prius manages less than 35." Ruffer: "I don't know that I could say that I had sticker shock, but more a bit of a taste of reality." Reynolds: "Even Toyota dealers admit the old figures were a stretch."

BP Settles Two Suits Over 2005 Refinery Blast. The New York Times/AP (2/24) reports, "The energy giant BP has settled two more lawsuits stemming from a 2005 explosion at its Texas City oil refinery that killed 15 people and injured more than 170, the company and a lawyer for two injured contract workers said." The AP continues, "Terms of the deal were not released. Jury selection had been set for next week over lawsuits filed by the workers, E. J. Godeaux and Clarence Kinard. Theirs would have been the first cases connected to the blast to go to court." The AP adds, "Mr. Godeaux, 61, a painter and sandblaster from Texas City, had neck and back injuries, and his right eardrum was blown out. Mr. Kinard, 67, a boilermaker from Cleveland, Tex., injured his back and experienced hearing loss."

FBI/DEA/ATF/USMS:

Location Of Suspected Mexican Drug Kingpin's Arrest At Center Of Legal Dispute. The San Diego Union-Tribune (2/24, Thornton) reports, "The captain of the yacht on which suspected drug kingpin Francisco Javier Arellano Félix was arrested last summer has become the center of a fascinating legal debate with international political implications." The Union-Tribune continues, "Capt. Edgar Omar Osorio took the witness stand yesterday during an unusual pretrial hearing, and questions by Arellano's lawyers seemed to lead in one direction: Did the

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arrest take place in international waters, as prosecutors maintain, or did U.S. officials apprehend him outside their jurisdiction, in Mexican waters? … Perhaps the more important question is, does it matter where the Aug. 14 arrest occurred?" The Union-Tribune adds, "Prosecutors say the questioning is an irrelevant sideshow with no impact on the facts of the case. But if the incident happened in Mexico, defense attorneys could seek dismissal of the case because Arellano was illegally arrested. Failing that, they could ask that evidence seized on the boat be thrown out because it was the result of an unlawful seizure. … It could also affect the U.S. government's ability to seek the death penalty." The Union-Tribune notes, "Traditionally, Mexico has refused to send anyone to the United States who would face the death penalty, which is barred in Mexico. There could be political ramifications if the U.S. government violated international law and breached the sovereignty of Mexico to apprehend Arellano. … But cooperation on extradition matters between the two countries has improved significantly in recent months. Some legal observers wonder how motivated Mexican officials would be to intervene on behalf of an Arellano, and perhaps disrupt the dismantling of its most feared drug cartel. … Since Mexican President Felipe Calderón was sworn into office in December, he has cleared the way for the extradition of 15 reputed drug lords, including four who were indicted in San Diego years ago. The action was called 'unprecedented in scope and importance' by U.S. Attorney General Alberto Gonzales. … Even if Arellano was taken in Mexican waters, the U.S. Supreme Court has already ruled in a case with similar allegations that the U.S. government violated Mexico's sovereignty and the extradition treaty between the two nations."

ATF Says Homemade Pipe Bombs Often Lethal. The El Paso Times (2/24, Fonce-Olivas) reports, "Each of the homemade explosives two Lower Valley men allegedly attempted to sell to undercover federal agents earlier this week had the destructive power to seriously injure or kill a person, a federal official said Friday. … 'It could have caused a lot of damage,' said Tom Crowley, spokesman with the Bureau of Alcohol, Tobacco, Firearms and Explosives." The Times continues, "The bombs Alfredo Rubio, 23, of San Elizario, and Juan Ortiz, 22, of Socorro, allegedly tried to sell to an undercover ATF agent on Wednesday were explosive devices, each made of about 12 inches of PVC pipe that contained smokeless powder, steel BBs and a carbon dioxide cartridge. … Crowley said pipe bombs are so dangerous because they contain shrapnel -- usually nails, glass or other dangerous objects -- that become projectiles when the bomb explodes." The Times adds, "The size of the pipe bomb, which can range from 2 inches long to much larger, determines whether the detonation created by the explosive causes serious injury or even death, said El Paso police Sgt. Peter Pacillas, a supervisor on the department's bomb squad. … 'It's an improvised explosive device, so it depends on who's making them and how they're making them,' Pacillas said. 'If they don't kill you, you're going to be seriously maimed.' … The El Paso Police Department, one of several agencies involved in the case, was in charge of transporting and detonating the suspected pipe bombs as the only regional bomb squad in the area."

IMMIGRATION:

Decision To Allow Mexican Trucks On US Roads Meets Opposition. The New York Times/AP (2/24, A13) reports that a Bush administration plan "to allow 100 Mexican trucking companies to haul freight deeper into the United States than previously allowed drew an angry reaction Friday from labor leaders, safety advocates and members of Congress. … opponents said Mexico had substandard trucks and low-paid drivers that would threaten national security, cost thousands of jobs and endanger motorists. James P. Hoffa, president of the International Brotherhood of Teamsters, said, 'They are playing a game of Russian roulette on America's highways.'" Sen. Patty Murray, chair of the Appropriations Subcommittee on Transportation, "announced a March 8 hearing to determine whether the plan met safety requirements." The Wall Street Journal (2/24, A3, Matthews, 2.04M) notes that "if the trial succeeds, the U.S. trucking industry could change drastically. Mexican drivers are paid one-third to 40% less than their U.S. counterparts, who make an average of about $40,000 a year. An influx of Mexican truckers would be a boon for U.S. businesses with production lines in Mexico, by decreasing costs and delays from the current need to shift U.S.-bound goods at the border to American trucks from Mexican ones." The Journal adds that "some past opponents of opening up vowed to continue to fight the move."

US Cabinet Secretaries Discuss Border Issues With Canadian, Mexican Counterparts. The New York Times (2/24, A8, Mason, 1.16M) reports that in Ottawa Secretary of

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State Condoleezza Rice, Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez "met their Canadian and Mexican counterparts amid concerns that new United States border restrictions — particularly the requirement of passports, beginning in January 2008, for land and sea crossings — would hamper the $880 billion in annual trade among the countries. No firm agenda emerged for a planned meeting later this year of President Bush, President Felipe Calderón of Mexico and Prime Minister Stephen Harper of Canada. But officials here were optimistic that the countries could continue to increase trade despite concerns by Canada over the passport requirement and by Mexico about United States plans to erect a security wall along their border."

Border Fence Considered A Potential Environmental Disaster. In an op-ed for the New York Times (2/24, A15, 1.16M) author Ted Kerasote writes, "Authorized by the Secure Fence Act of 2006, this barrier (83 miles of which have already been built) will bisect a border region that has some of the most ecologically diverse landscapes in the hemisphere. … Since the secretary of homeland security will have authority to waive laws that stand in the way of building the fence — like the Endangered Species Act — wildlife and habitats could be destroyed on a scale not seen since the 1960s." Kerasote adds, "many argue that the fence is an issue of national security and the safety of the American people trumps that of American wildlife. But that reasoning is flawed. The economic health of many people is increasingly reliant on the health of their natural surroundings."

TAX:

IRS Urged To Pursue eBay Sellers. The San Francisco Chronicle (2/24, Kopytoff) reports, "When it comes to paying income taxes, eBay's legions of small-time entrepreneurs are on an honor system in which they are supposed to declare their profits to the Internal Revenue Service. Many users, however, ignore the law or are unaware of their obligation." The Chronicle continues, "Now a growing chorus of tax experts is hoping to crack down on the cheating by requiring eBay -- and other online auctions, such as those on Yahoo, Ubid.com and Amazon -- to track users and report their gross sales to the federal government. Armed with such information, the IRS could better seek any taxes owed, potentially reaping millions of dollars in extra revenue for the U.S. Treasury. … But requiring eBay to out its sellers to tax collectors could send a shockwave across its vast online bazaar, where users trade everything from Ferraris to Ugg boots to pepper spray. Paying Uncle Sam could significantly reduce their profits or even make their businesses money-losers." The Chronicle adds, "The latest call for more aggressive tax collection was heard last week at a congressional committee hearing focused on closing the tax gap, the hundreds of billions of dollars in taxes that go unpaid each year. Nina Olson, the national taxpayer advocate for the IRS, spoke of the heavy burden put on the nation by the shortfall and then cited undeclared online sales -- particularly on eBay, given its size -- as part of the problem. … 'The IRS must have the tools needed to address under-reporting of this income,' said Olson, whose job is to voice taxpayer concerns to the federal government. … EBay, based in San Jose, has 97 million U.S. users, who, in 2006 sold $25.2 billion in merchandise, exceeding the gross national product of many countries. More than 720,000 Americans make their primary or secondary income from the Web site, according to a 2005 study. … How many eBay users pay the taxes they owe on their online earnings is unknown. But experts suspect the percentage is low."

CONGRESS-ADMINISTRATION:

Administration's Proposed Medicaid Cuts Draw Governors' Criticism. The Los Angeles Times (2/24, Alonso-Zaldivar, 850K) reports the Bush Administration "is pressing ahead with plans to cut nearly $4 billion in aid for public hospitals and other providers of last resort for the uninsured. The cuts would affect hospital funding provided by Washington as part of Medicaid. … The cuts are prompting sharp protests from governors and dozens of lawmakers, partly because they represent an end run around congressional defenders of the aid program. After failing to get Congress to approve the reductions last year, the administration is now trying to impose them through a regulation that does not require action on Capitol Hill. 'The administration is moving forward with these proposed changes without any input from Congress or governors,' the National Governors Assn. complained Friday in a letter to congressional leaders. In an unusually direct challenge to the administration, the governors asked Congress to pass legislation that would block the rule from going into effect. Separately, some independent experts have questioned

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whether the administration has the legal authority to make unilateral cuts."

Cheney Refuses To Retract Criticism Of Pelosi's Stance On Iraq. The Washington Post (2/24, A4, Abramowitz, 690K) reports Vice President Cheney "refused to back down yesterday from his assertion that the Democratic approach to Iraq would 'validate the al-Qaeda strategy,' as he continued a transpacific war of words with House Speaker Nancy Pelosi. … 'She accused me of questioning her patriotism,' Cheney said. 'I didn't question her patriotism. I questioned her judgment. Al-Qaeda functions on the basis that they think they can break our will. That's their fundamental underlying strategy: that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home,' Cheney added. 'And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of al-Qaeda. I said it, and I meant it.'" According to the Post, "The Cheney comments were another example of how the vice president's posture regarding Iraq has been more aggressive than President Bush's in recent weeks."

Committee Chairmen Featured In Democrats' Fundraising Blitz. The Washington Post (2/24, A1, Birnbaum, Solomon, 690K) reports Congressional Democrats "have enlisted their committee chairmen in an early blitz to bring millions of dollars into the party's coffers." Senate Democrats "also plan a fundraising reception during a major gathering of Native Americans in the capital Tuesday evening…including those Jack Abramoff was paid to represent." Financial Services Committee Chairman Barney Frank is quoted as saying, "I'm fundraising to give to others so I can help stay in the majority and do the public policy things I want." The Post adds, "Asked whether banking interests feel obligated to give to Democrats when he asks them for contributions, Frank answered: 'Obligated? No. Incentivized? Yes.' Frank said." The Post goes on to report that Frank has "traveled to Charlotte, home to two of America's largest bank companies, for a similar fundraising breakfast. … The leaders of the two tax-writing committees -- House Ways and Means Chairman Charles B. Rangel (D-N.Y.) and Senate Finance Chairman Max Baucus (D-Mont.) -- are planning a rare and expensive joint fundraising reception in New York on March 4. The event…costs between $1,500 and $9,200 a person."

Travelers' Advocates Skeptical Of Proposed Federal "Bill Of Rights" Legislation. The Los Angeles Times (2/24, A1, Zimmerman, 850K) reports, "Recent incidents in which travelers were left stranded for hours on parked airplanes have led to proposals in Congress for time limits on ground delays. But skeptics say the proposals could result in even longer waits and more canceled flights. 'Be careful what you wish for,' said David Stempler, president of the Air Travelers Association, a Washington-area lobbying group. 'After three hours, they'll bring the plane back to the terminal, but then the flight might be canceled and you can't get to your destination.'" Sen. Barbara Boxer "introduced a bill, dubbed the airline passenger bill of rights, that would give passengers the option to return to the airport terminal after three hours." Rep. Mike Thompson "plans to introduce a similar bill next week."

WSJournal Criticizes Proposed Legislation. The Wall Street Journal (2/24, A8, 2.04M), in an editorial, writes, "Right on cue, politicians are making a fuss about a 'passenger bill of rights' and demanding Congressional intervention after last week's JetBlue airline debacle. The irony is that the marketplace is already moving to address the problem, and the government could really help by relaxing some of the rules that incentivize airlines to discomfit passengers in the first place. … In hindsight, it's easy to say JetBlue waited too long, but we wonder how many passengers, offered a choice between the possibility of imminent clearance to take off and the certainty of many more hours in the terminal, would have opted for the departure lounge. A bill of rights mandating deplanings would take these decisions away from those trying, if sometimes futilely, to get their passengers where they're going as quickly as possible."

NYTimes Seconds Justice Kennedy On Higher Judiciary Salaries. The New York Times (2/24, A14, 1.16M), in an editorial, notes that Justice Anthony Kennedy "told the Senate this month that the salaries paid to federal judges are so low that they threaten both the quality and independence of the judiciary. The problem is real, and Congress should quickly pass a bill to fix it."

OTHER NEWS:

Stocks Close Week On "Down Note." NBC Nightly News (2/23, story 5, :20, Williams, 9.87M) reported that

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"stocks finished out the week on a down note. The Dow was off 38 1/2 points. The Nasdaq lost just under 10 points on the day. For the week, a mixed finish: the Dow down 120 points, the Nasdaq up almost 19 points on the week." The Wall Street Journal (2/24, B3, Talley, 2.04M) says the Dow fell "to 12647.48" in its "third straight decline," while the Nasdaq ended the week at 2515.10 and the S&P 500 "lost 5.19, or 0.4%, to 1451.19." The Washington Post/AP (2/24, D4) says it was the "worst week for the Dow Jones industrials since mid-August."

Crude Oil Tops $61; Dollar Declines. The Wall Street Journal (2/24, B4, Sykora, 2.04M) reports crude oil futures "settled at a nine-week high as gasoline futures continued advancing and traders focused on plunging U.S. petroleum-product stockpiles and recent refinery and pipeline glitches around the country. April crude oil on the Nymex gained 19 cents to $61.14 a barrel, its highest close since Dec. 22." Meanwhile, the Wall Street Journal (2/24, B14, Molinski, 2.04M) reports, the dollar "exited lower across the board Friday amid concerns that interest rates will rise in Europe but could remain frozen or even decline in the U.S."

Several Governors Proposing Large Spending Hikes. The Wall Street Journal (2/24, A1, Cooper, 2.04M) reports, "From New York to Montana to California, states are proposing budget increases that outpace inflation and far exceed the 1% rise in domestic outlays -- outside of defense and homeland security -- that President Bush recently proposed in his fiscal 2008 federal budget. In Montana, Gov. Brian Schweitzer is cutting taxes and boosting spending by 26% over two years, including $100 million for new 'meth prisons' that blend incarceration with intensive drug rehab for those convicted of methamphetamine crimes. In Vermont, Gov. Jim Douglas wants to borrow $40 million to create 'the nation's first e-state,' where free wireless broadband is available to all. And in Arizona, the only dispute between a Democratic governor and a Republican legislature over a half-billion-dollar road-repair program is whether to borrow the money or pay cash." The Journal notes, "Last year, the Massachusetts legislature approved a $1.56 billion universal health-care plan under Republican Gov. Mitt Romney, who is now running for president. This year, at least ten states -- most notably Republican Arnold Schwarzenegger's California -- are weighing similar programs."

No Voting Machine Errors Found In FL13 Audit. The Washington Post/AP (2/24, A8) reports, "An audit of touch-screen voting machines at the center of a dispute in a congressional election found no evidence of malfunction, Florida's secretary of state said Friday. The audit was conducted after more than 18,000 ballots were cast in Sarasota County without a selection in the District 13 congressional race in November between Republican Vern Buchanan and Democrat Christine Jennings. Buchanan was the certified winner by 369 votes, but Jennings sued, alleging that the machines malfunctioned." Florida Secretary of State Kurt Browning said he and Gov. Charlie Crist "are committed to ensuring that every Floridian's vote is counted, and I am confident that the race in Sarasota County was fair and accurate." The New York Times (2/24, A9, Drew, 1.16M) reports, "The finding, reached unanimously by a team of computer experts from several universities, could finally settle last fall's closest federal election. … Legal precedents make it difficult to win a lawsuit over ballot design, but a substantial error in the software might have been grounds for a new election."

Citing Money, Vilsack Quits Presidential Race. Former Iowa Gov. Tom Vilsack ended his bid for the Democratic presidential nomination Friday, frankly stating that his inability to raise enough money to compete was the sole reason for his exit. Vilsack, who declined to comment on any possible vice presidential aspirations, was barely registering in national polls but was in the double digits in his home state, which will lead off the primary voting season. Several reports say Vilsack was the first candidate in, and now the first candidate out, of the field, though of the candidates invited to last week's forum in Nevada, ex-Sen. Mike Gravel was actually the earliest entrant into the race.

ABC World News (2/23, story 6, :20, Gibson, 8.78M) said Vilsack "said he's getting out for one reason: He can't raise money. Candidates are declaring they'll run earlier than ever before and now one drops out." The CBS Evening News (2/23, story 4, :15, Mitchell, 7.66M) said the "first Democrat to declare he was in today said he is out. … The reason, he said, in a word, money -- he doesn't have enough." The Des Moines Register (2/24, 160K) quotes Vilsack saying, "This process has become to a great extent about money, a lot of money. And it is clear to me that we would not be able to continue to raise money in the amounts necessary to sustain, not just a campaign in Iowa and New Hampshire, but a

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campaign across this country. So it is money and only money that is the reason we are leaving today."

Under the headline "Vilsack, First Democrat In, Is Quickly Out," the Washington Post (2/24, A2, Balz, 690K) says Vilsack, "who called for a swift end to the Iraq war and proposed an ambitious plan for reducing dependence on foreign oil, was considered a long shot for the nomination, so his early departure does not fundamentally change the shape of the Democratic contest. But it does change the dynamic in Iowa. … Rival campaigns immediately began scrambling for endorsements of Iowa elected officials and prominent party activists and to hire Vilsack staff members."

The New York Times (2/24, A10, Zeleny, 1.16M) says Vilsack "spent the afternoon taking calls from former rivals. They sent their best wishes, even as they began seeking his endorsement in Iowa." And the New Hampshire Union Leader (2/24, DiStaso) reports Stonyfield Farms CEO Gary Hirshberg, "one of only two well-known New Hampshire backers" of Vilsack's campaign, said Sen. Barack Obama "telephoned him asking for support 'literally 120 seconds' after word" of Vilsack's exit became public. The AP (2/23) says Vilsack, "who likely will be considered as a vice presidential nominee, repeatedly declined to endorse another candidate at his news conference."

The Washington Times (2/24, Miller, 88K) reports on its front page that the "first Democrat to officially enter the 2008 presidential race…will be viewed as a casualty of the new campaign world, in which big states such as California, Florida and New Jersey are considering moving up their primaries and in which $100 million is considered the ante." The Los Angeles Times (2/24, Barabak, 850K) seconds this in its lead, saying Vilsack's "abrupt departure from the presidential race Friday underscores the indispensable role of money in the contest, as well as an attention gap between voters and political insiders." On its Web site, The Hill (2/23, Marre) says Vilsack was the victim of "better-known candidates with deeper pockets."

David Yepsen writes on the Des Moines Register (2/23, 160K) Web site, "One immediate effect on the race is to make the Iowa caucuses even more important. With no favorite son candidate in the field, Iowa again becomes a level playing field for the others. As long as Vilsack was in the race, many in the political community thought contests in Nevada and New Hampshire might prove to be fairer tests of strength for the other candidates."

Aide Says Harkin Will Not Retire To Clear Senate Seat For Vilsack. RollCall.com (2/23, Duran) says an aide to Sen. Tom Harkin quickly "shot down speculation that Harkin would not seek re-election and pave the way for Vilsack to run for Senate." Harkin communications director Maureen Knightly said Harkin is "doing everything he can right now to prepare for a run and he's actively raising money."

Vilsack Says "Money Primary Was The One That Mattered." On MSNBC's Hardball (2/23, Matthews), Vilsack said, "I think we were winning the idea primary, but the money primary was the one that mattered. We obviously had a position on the war that I think was the right position. And we had an energy policy I was very proud of. But the reality is, if you don't have the resources, you can't basically push the message, and at the end of the day, that's what it was. … Obviously I understood the rules of the game when I got into this. But clearly, I think there needs to be a debate and conversation in the country about precisely what the rules of the game ought to be in the future. It ought to be about ideas. It ought to be about substance. It ought not to be just about money. Unfortunately, that's the game that's being played today. I understood that. I thought I could compete. Obviously, at the end of the day, I couldn't."

Biden Says Vilsack "Would Have Been A Good President." On CNN's The Situation Room (2/23, Blitzer), Sen. Joseph Biden said of Vilsack, "He would have been a good president. This is a competent guy. This is the guy who turned his state around; this is the guy who made it blue, this is the guy who has absolute capability to do whatever he would be appointed to do or asked to do." On MSNBC's Hardball (2/23, Matthews), Biden said, "Gov. Vilsack is a really capable guy and I don't think you've seen the last of Gov. Vilsack on the national scene." Asked if he thinks Vilsack "just checked in so he can run for vice president," Biden said, "No. I think he checked in because he knew he could be a good president."

Giuliani, McCain Both Lead Clinton In Rasmussen Matchups. A Rasmussen Reports poll of 800 likely voters across the US conducted February 21-22 (+/- 4%) finds that in a general election matchup, Rudy Giuliani leads Sen. Hillary Clinton by nine points, 52%-43%. Giuliani leads John Edwards by two points, 46%-44%. In a head-to-head race between Sen. John McCain and Clinton, McCain leads by five points, 47%-42%.

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With Spat With Clinton Still Fresh, Obama Campaigns In Texas. The CBS Evening News (2/23, story 4, 2:00, Borger, 7.66M) reported Sen. Barack Obama "told a crowd in Texas today that he's the man to change politics." Obama: "I know Washington needs to change, and I think I can be an agent for change in Washington." Borger: "And Hillary Clinton, a veteran of two presidential elections and a nasty battle against her husband's impeachment, today made no bones that she's ready to rumble." Clinton: "Now, as you may have heard, I'm in, and I'm in to win. And I'm in to change our country." Borger: "But with Obama a growing threat to those aspirations, the aggressive Clinton campaign was looking for a chance to take him down a peg." The "spat" over David Geffen's comments this week "is an early look at what we're in for. The Clinton camp has a take-no-prisoners attitude. The Obama campaign is struggling with this: How can you call for an end to partisan bickering knowing you need to hit back if your opponent kicks you around?" The AP (2/23, Johnson) reports Republican Mitt Romney said he "relishes the infighting that has distracted two of his potential Democratic opponents." At a stop in New Hampshire, Romney said, "It's great, isn't it? I love to see it when it happens on the other side.

The Dallas Morning News (2/24, Slater, 500K) says "thousands of people jammed a lakeside venue used for rock concerts" in Austin to hear Obama "promise Friday to 'galvanize a movement for change' in American politics. The crowd -- extraordinarily large for so early in a presidential campaign -- cheered Mr. Obama's call to withdraw U.S. troops from Iraq and his denunciation of the Bush administration." The rally was Obama's "first visit to Texas since formally announcing his candidacy."

Biden Says Democrats Should Refrain From Personal Attacks On One Another. Asked about the Clinton-Obama tiff on MSNBC's Hardball (2/23, Matthews), Sen. Joseph Biden said, "I learned from the outset of my announcing my campaign my lesson not to comment on anybody else's campaign, or on anything that any of the other candidates are doing. So I am going to refrain from commenting. … I am going to abide by Reagan's 11th commandment: never speak ill of another Democrat running. I commit to that. Now there's a difference between speaking ill of them this terms of their character or family and taking sharp disagreement with a policy. We are going to disagree on policy. That's healthy. The Democratic Party needs to hear the debate about which direction each of us want to take the party and take the nation. But I believe we should refrain from either ourselves or through surrogates, if that happens, from going after, attacking the character, the personality, the family of any other candidate."

Indicted Ex-Fundraiser's Wife Sells Land Next To Obama's Home. The Chicago Tribune (2/24, Jackson, Gibson, 617K) reports, "A land sale recorded this month ended the neighborly relationship" between Obama and "indicted political insider Antoin 'Tony' Rezko, Obama's friend and former fundraiser. On Dec. 28, 2006, land records show, Rezko's wife, Rita, sold the garden lot she owned next to Obama's home, transferring it to a company that plans to develop housing there. That sale deed became public this month when it was registered with the Cook County recorder of deeds." In October 2006, Rezko "was indicted in a state government kickback scandal and in an alleged business fraud. He has pleaded not guilty to both indictments. As he campaigns for president, Obama has distanced himself from his longtime friend."

Obama New York City Fundraiser Profiled. Under the headline "In Clinton's Backyard, It's Open Season As An Obama Fund-Raiser Lines Up Donors," the New York Times (2/24, A11, Konigsberg, 1.16M) profiles Jeh Johnson, one of Obama's "leading fund-raisers" in New York City, who is "trying to poach in the heart" of Clinton's "financial territory."

Clinton Says Husband Would Have Diplomatic Role Under Her Administration. The San Francisco Chronicle (2/24, Marinucci, 384K) reports on its front page that Sen. Hillary Clinton – "coming off a week of caustic comments from Hollywood mogul David Geffen and a campaign squabble with rival Sen. Barack Obama -- was exactly where she wanted to be Friday: in front of an adoring crowd in the Democratic stronghold of San Francisco, raising boatloads of campaign cash. And the New York senator used the occasion to defend a man who is potentially a source of controversy: her husband." Responding to an audience member's question, Clinton "called her husband 'the most popular person in the world right now' and said that when she reaches the White House, 'I will continue the tradition of using former presidents' as diplomats around the world." In addition, Clinton "also gave her husband's former vice president -- who still is viewed as a potential rival for the Democratic nomination -- a thumbs-up for his Oscar-nominated film about global warming, 'An

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Inconvenient Truth.'" Clinton said, "We're all pulling for Al Gore to get that Oscar."

South Carolina Democratic Official To Run Richardson State Campaign. South Carolina's the State (2/24) reports South Carolina Democratic Party Executive Director Lachlan McIntosh "is leaving the post to run New Mexico Gov. Bill Richardson's presidential campaign in South Carolina." McIntosh "said he will start working for Richardson on March 15."

The Wall Street Journal (2/24, A2, Cooper, 2.04M) looks at the lack of governors in the presidential race, with Richardson the only sitting governor in either party's field.

Biden Says Iraq Issue, First Four States Key To His Chances. Sen. Joseph Biden said on MSNBC's Hardball (2/23, Matthews), "If I am able to make my case about how to get us out of Iraq, how I can lead this country -- and everybody knows there will be no margin for error, this next president will have no margin based on what Bush is going to leave him -- then I think I could overcome whatever deficit I might have after the first four primaries. But I do need enough [money] to compete in the first four primaries and caucuses, and I think I can do that."

Gore Oscar Win Could Revive Presidential Campaign Talk. At CNN.com (2/23), analyst William Schneider writes, "We've seen plenty of political moments at the Oscars before. But on Sunday, we could see the most unusual political moment ever" if Al Gore's "An Inconvenient Truth" wins the Best Documentary Feature award. Schneider asks, "Could an Oscar start the momentum for a draft-Gore movement?" Martin Kaplan of the University of Southern California's Norman Lear Center "thinks it could." Kaplan said, "People think that he's paid his dues, he's had more of an impact on issues that people care about than many people who have been in office and there's a feeling that he's finally lost that student council condescension that was fingernails on a blackboard to a lot of supporters." The AP (2/23, Fouhy) says Gore's film is the "odds-on favorite" to win the Oscar.

Carter Says He Would Support Gore For President. ABCNews.com (2/23) reports that in an interview to air on "This Week" on Sunday, ex-President Carter calls Gore his "favorite Democrat" and says, "If Al should decide to run -- which I'm afraid he won't -- I would support Al Gore."

Leading GOP Presidential Contenders Grapple With Abortion Issue. The Politico (2/23, Martin) reports that an "increasingly tense war over abortion has emerged as the early test of conservative bona fides among the leading GOP presidential contenders. To many on the right, the top three candidates are failing it because they're faking it. … Many conservatives consider Arizona Sen. John McCain a less-than-passionate abortion foe, former Massachusetts Gov. Mitt Romney a flip-flopper and former New York Mayor Rudy Giuliani as downright hostile to the pro-life movement." The "fight to reverse that perception is getting personal. McCain and Romney, through aides and supporters, are hitting each other almost daily over the issue." While McCain has been a "consistent opponent of abortion in his more than two decades in Congress," he is still "viewed with suspicion by many in the anti-abortion community," while Romney "has even more challenges on pro-life issues. He was, in his words, 'effectively pro-choice' until recent years. … Giuliani has smartly avoided the spat. Unlike Romney, he remains pro-choice. But even Giuliani has sought to lessen the gulf between his views and the GOP conservative base on the issue."

In her New York Times (2/24, A15, 1.16M) column, Ann Althouse writes, "We're seeing some awfully complicated positions on abortion from some of the presidential candidates. It's easy to hoot with derision." But "if we listen with a decent sympathy, the things Giuliani and Romney say about abortion make sense. When Romney ran for governor, he made a commitment to Massachusetts voters not to attack the law he knew they supported. That was politically expedient, of course, but it also took an admirably limited view of executive power and acknowledged the independence of the legal system. Similarly, Giuliani respects the distinctive work of judges and the separate role of the state legislatures. … So I'd like to see a little more patience with what Romney and Giuliani are saying. But that doesn't mean we should be naïve. The next president will select real individuals to be judges, and no matter how diligent they are, they will bring something of their humanity to their interpretation of the law, a version of humanity that will express something of the president's cast of mind."

McCain Suggests His Iraq Stance Could End His Political Career. The Seattle Times (2/24, Brunner, 118K) reports Sen. John McCain, in Seattle, said Congress "should give President Bush's planned 'surge' of

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more U.S. troops in Iraq a chance to work." McCain called the recent nonbinding resolution debate "'a charade' and said if members of Congress oppose the war, they should use their budget authority to cut off funding instead." The AP (2/23, Woodward) says McCain said British Prime Minister Tony Blair "has sacrificed his career to support the Iraq war," and acknowledged he "could face the same fate." McCain said of Blair, "He has literally sacrificed his political career because of Iraq. That is a great testament to his political courage." Asked later "if he was in danger of making the same sacrifice, McCain responded, 'Sure.'"

Slain Teen's Father Urges McCain To Address Arizona Incident. Newsday (2/24, Massey) reports New York resident Ronald Schiffman, whose "daughter was shot to death in an Arizona parking lot last Sunday," has called on McCain "to speak out against gun violence." Schiffman said, "This is his state. John McCain should make a statement about this incident. He cries, rightly so, about all the boys who die in Iraq. I'd like to see him talk about gun control. It's a topic I think has disappeared because of all the problems the country is facing." Nicole Schiffman, 19, and Carol Kestenbaum, 20, "were shot last Sunday night in Tempe by 22-year-old Joshua Mendel, who had called 911 two weeks earlier asking for help with an alcohol problem."

Dowd Says She Misses Old McCain. In her New York Times (2/24, A15, 1.16M) column, Maureen Dowd writes that McCain "has tried to worm his way into the affections of W. and the religious right," but "there's one huge group that he's not pandering to: Americans. Most Americans are sick and tired of watching things go hideously backward in Iraq and Afghanistan, and want someone to show them the way out. Mr. McCain is stuck on the bridge of a sinking policy with W. and Dick Cheney, who showed again this week that there is no bottom to his lunacy. The senator supported a war that didn't need to be fought and is a cheerleader for a surge that won't work. … Sometimes I miss John McCain, even when I'm with him."

Nevada GOP Decides Against Early Caucus. The New Hampshire Union Leader (2/24, DiStaso) reports Nevada Republicans "have decided not to follow their Democratic counterparts by moving up their Presidential caucus to near the front of the pack of nominating contests. After considering it, the Nevada Republican Party's executive board decided against a calendar move that would have violated a rule of the Republican National Committee, the party's executive director said yesterday."

Napolitano Says Democratic Nominee Will Be Competitive In Arizona. On MSNBC's Hardball (2/23, Matthews), Arizona Gov. Janet Napolitano said she thinks "any of the Democrats could run a very strong race" in her state in 2008. If Sen. John McCain is the Republican nominee, "That makes it tougher. … But I still think it would be very competitive."

Candidates Begin "Quadrennial Groveling" To Early State Opinion Leaders. The New York Times (2/24, A11, Leibovich, 1.16M) runs a piece on "the beginning of the quadrennial groveling season. While the presidential campaigns have turned against one another in the news media in recent days, the candidates are making serious nice to would-be supporters." Candidates are seeking out and chatting up anyone who is "a local person-of-influence in a state with early voting," whose possible support offers "a disproportionate say in picking the next president and, more to the point, entitles" them to "disproportionate attention, flattery and testimonials from the procession of Very Ambitious People blowing through town."

Schwarzenegger Will Not Rule Out Senate Run, Will Back GOP Presidential Nominee. In a flattering piece, Roger Simon writes in The Politico (2/23) that if Gov. Arnold Schwarzenegger "had been born in Austin instead Austria, he might be president today. But because that office is denied him by the U.S. Constitution, he is concentrating on other things." In a "45-minute interview in his office in the state capitol Thursday," Schwarzenegger said he "will not rule out running for future public office including U.S. senator or mayor of Los Angeles when his term as governor expires," and that he "will not endorse a presidential candidate until after the Republican Convention in September 2008, even though he thinks Rudy Giuliani and John McCain are strong candidates and either could win the California primary." He also said Democrats "should stop criticizing Hillary Clinton for refusing to say she made a mistake by voting for the Iraq war," and that California First Lady Maria Shriver "will 'absolutely not' run for governor of California or any other public office, quashing speculation that a Schwarzenegger dynasty was in the making." Schwarzenegger also said he "would definitely endorse the

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Republican nominee for president," which means New York Mayor Michael Bloomberg, "a friend and political ally of Schwarzenegger, would not get his endorsement should Bloomberg run for president as an independent."

Research On Adult Stem Cells Comes Into Question. The Washington Times/AP (2/24) reports, "A scientific panel says a 2002 study that suggested adult stem cells might be as useful as embryonic ones was flawed and its conclusions may be wrong, a finding that raises questions about the promise of a less-controversial source for stem cells. The research by Catherine Verfaillie at the University of Minnesota concluded that adult stem cells taken from the bone marrow of mice could grow into an array of biological tissues, including brain, heart, lung and liver."

In Australia, Cheney Reiterates Stance On China, North Korea, Iran. Major media report Vice President Cheney's comments yesterday and today in Sydney, including a joint press appearance this morning with Prime Minister John Howard. The Financial Times (2/24, Minder, Sevastopulo, Dinmore) says Cheney "on Friday accused China of pursuing military policies that were at odds with its stated ambitions of a 'peaceful rise.'" He "welcomed Beijing's role in securing the six-party agreement with North Korea towards denuclearising the Korean peninsula. But he said China's recent anti-satellite missile test and the rapid expansion in its military budget was sending mixed signals." The Times says the visit "comes at a difficult time for [Howard], who is under pressure to justify his decision to maintain Australia's military involvement in the US-led coalition in Iraq" and has "faced criticism over his inability to speed up legal proceedings against David Hicks, an Australian detained in Guantánamo Bay." Howard "rejected as 'absurd' suggestions the US visit and the strong endorsement received yesterday from Mr Cheney was a political liability in the run-up to federal elections this year."

The AP (2/24, Sullivan) keys on today's joint appearance, reporting Cheney "renewed Washington's criticism of Iran on Saturday, saying 'all options' remained on the table to deal with that country's regime after it ignored a U.N. deadline to halt uranium enrichment and said it would defy foreign pressure." He "said the United States remained 'deeply concerned' about Iran's activities, including the 'aggressive' sponsoring of Hezbollah and inflammatory statements by President Mahmoud Ahmadinejad. He said top U.S. officials would meet soon with European allies to decide the next step toward planned tough sanctions against Iran for its pursuit of nuclear weapons." Cheney "also said that Washington was 'comfortable' with Britain's decision to withdraw troops from Iraq and that it was up to Australia to decide if it would do the same."

Cheney Rejects Charge Of "Failed Strategy" In Iraq. Asked during an ABC World News (2/23, story 2, 4:15, Karl, 8.78M) interview if "our strategy been failing" in Iraq, "isn't that why the President has to come out with a new strategy," Cheney said, "A failed strategy, let's see, we didn't fail when we got rid of Saddam. We didn't fail when we held elections, we didn't fail when we got a constitution written, those are success stories." Karl: "Didn't we fail when 3,000 American soldiers killed? Cheney: "You wish there was never a casualty, Jonathan. You wish there as never a casualty, always regret casualties but we're at war. And we have to succeed where we begun this venture."

US, Allies To Push For New UN Sanctions Against Iran. The Financial Times (2/24, Dombey, Turner) notes, "Western countries said on Friday they would seek to agree new sanctions against Iran involving a travel ban, possibly an arms embargo, and a crackdown on export credits because of Tehran's failure this week to meet a United Nations deadline to curb its nuclear programme. But they acknowledged some measures, such as the export credits, could be difficult to agree among the [UNSC's] five permanent members, which meet on Monday with Germany to discuss next steps." Washington and Brussels "hope that by setting more modest goals, they will avoid the four-month long wrangle at the Security Council that preceded the imposition of previous sanctions against Iran last December."

An analysis piece in today's New York Times (2/24, Sanger, 1.16M) is entitled, "Leaving The Options Open With Iran." While "the Bush administration tries to rally allies to tighten sanctions on Iran yet again, it is sending mixed messages to Tehran about its commitment to a diplomatic solution, trying to create new openings for negotiations even while holding open, ever so vaguely, the possibility that the United States might some day resort to force." Citing statements yesterday by Cheney and Rice, the Times says "White House officials insist that there is no contradiction." The White House has declined to say at what point the Iranians will have pushed the United States too far," and sources says President Bush "is happy to leave the Iranians

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guessing." Anonymous Administration officials "said the carrier movements, the accusations about weapons in Iraq and the use of sanctions against the government were all intended to provide Mr. Bush with some leverage in dealing with Iran." Cheney "appears increasingly isolated now that many of his protégés have departed the Defense Department, the State Department and other corners of the administration."

Rafsanjani Backtracks From "Conciliatory Stance." The Washington Times/AP (2/24, Karimi) carries comments by Ahmadinejad and "influential" former President Akbar Hashemi Rafsanjani that international "critics of its nuclear program are 'bullying' Iran." Those remarks "appeared to show that the Iranian ruling establishment is closing ranks ahead of the possible new measures." While Rafsanjani "in recent weeks has emerged as a high-level advocate of a more conciliatory stance toward the West in the nuclear dispute," the AP says he "told worshippers gathered for Friday prayers in Tehran that Western countries would fail to achieve anything by pressuring Iran about its nuclear activities."

Richardson Says Only Diplomacy Can Achieve Success With Iran. In an op-ed in today's Washington Post (2/24, A19, 690K), New Mexico Gov. Bill Richardson says, "The recent tentative agreement with North Korea over its nuclear program illustrates how diplomacy can work even with the most unsavory of regimes. Unfortunately, it took the Bush administration more than six years to commit to diplomacy." With regard to Iran, "President Bush refuses to talk, except to make threats. … This is not a strategy for peace. It is a strategy for war," and "saber-rattling is not a good way to get the Iranians to cooperate." Richardson asks the Administration "to engage directly with the Iranians and to lead a global diplomatic offensive to prevent them from building nuclear weapons. We need tough, direct negotiations, not just with Iran but also with our allies, especially Russia, to get them to support us in presenting Iran with credible carrots and sticks. … It is time for alliance-building, direct engagement and tough face-to-face negotiations. For the United States to attack Iran without exhausting all diplomatic options would be a terrible mistake."

El-Baradei Says North Korea Wants Renewed Nuclear Inspections. On its front page, the Washington Times/AP (2/24, Jahn) carries comments by IAEA head Mohamed El-Baradei that "North Korea on Friday asked [him] to visit four years after expelling his experts and dropping out of the Nuclear Nonproliferation Treaty — an encouraging sign the reclusive regime is serious about dismantling its weapons program." El-Baradei "offered few details about his upcoming trip, which other agency officials said would likely occur in the second week of March. Still, his announcement was significant because it signaled the North's willingness to subject its nuclear program to outside scrutiny for the first time since" 2003. White House spokesman Tony Fratto "said the invitation shows North Korea is willing to begin executing the terms of the six-nation deal reached Feb. 13." AFP (2/24) titles its coverage, "US 'Very Pleased' About North Korean Invitation To UN Watchdog: Rice."

The Los Angeles Times (2/24, Drogin, 850K) calls the announcement a "breakthrough," and reports, "In a fresh sign of easing tensions, North Korean officials on Friday invited the chief of the United Nations' nuclear watchdog agency to come to [Pyongyang] next month to develop plans aimed at dismantling the nation's nuclear weapons program." El-Baradei "said that he hopes to discuss the 'shut-down and eventual abandonment' of the plutonium-producing reactor facility at Yongbyon, ending its ability to produce fuel for additional nuclear weapons."

An AP (2/23) story notes Kim Kye-Gwan, "North Korea's chief nuclear negotiator, plans to visit the United States within days for follow-up talks on a recent disarmament deal, a South Korean news report said Saturday." Kim plans to meet Assistant Secretary of State Chris Hill in New York late next week. "If Kim's trip takes place, it would be the first U.S. visit by North Korea's main nuclear envoy since the international standoff over the North's nuclear ambitions flared in late 2002."

Pakistan Says Waziristan Al Qaeda Team Killed US Diplomat. The New York Times (2/24, Gall, 1.16M) reports claims by Pakistani prosecutors that "the suicide bombing that killed" US diplomat David Foy in Karachi "last March, just before a visit by President Bush, was organized by a small cell of Pakistani militants and masterminded by an operative of Al Qaeda based in the Pakistan's tribal areas." Those charges were presented as "evidence — the result of months of investigations by the police, assisted by F.B.I. investigators — at the trial of two men accused in the plot," Anwar ul-Haq and Usman Ghani. "The case is one of the first in Pakistan to underline in court the

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links between splinter cells of Pakistani jihad groups and Qaeda operatives in Waziristan."

Pakistan Tests Nuclear-Capable Missile. AFP (2/23) notes Pakistani military leaders' claims that they "test-fired [their] longest range nuclear-capable ballistic missile, two days after signing a deal with rival India to cut the risk of atomic weapons accidents." The Shaheen II, or Hatf VI, "missile with a range of 2,000 kilometres (1,240 miles) was launched from an undisclosed location" following notifications to "'neighboring countries.'" AFP says the "test comes at a key time in relations between New Delhi and Islamabad following the firebombing of a cross-border train at midnight Sunday, which killed 68 Pakistanis and Indians."

Turkey Charges Kurdish Politician With "Inciting Hatred." The Washington Post/AP (2/24, A12) reports, "A politician was charged Friday with inciting hatred and threatening public safety after suggesting that fellow Kurds would rise against the state and fight if Turkey ever attacked their Kurdish brethren in neighboring Iraq. Police detained Hilmi Aydogdu, leader of the Democratic Society Party's branch in the mainly Kurdish city of Diyarbakir, as he left a conference and questioned him over the remarks, said Nazmi Gur, a party spokesman. ... Turkish leaders are concerned that Iraq's Kurds want Kirkuk's oil revenue to fund a bid for independence that could encourage separatist Kurdish guerrillas in Turkey who have been fighting for autonomy since 1984."

US, Russia Not Among Cluster Bomb Ban Signatories. The Washington Times/AP (2/24, Mellgren) reports, "Forty-six nations adopted a declaration yesterday calling for a 2008 treaty banning cluster bombs, saying the weapons kill and maim long after conflicts end and inflict 'unacceptable harm' on civilians, particularly children." The AP notes that "some key arms makers -- including the United States, Russia, Israel and China -- snubbed the conference," while Poland, Romania and Japan "did not approve the final text."

UK Interested In Hosting US Missile Defense System. The New York Times (2/24, A4, Cowell, 1.16M) reports London and Washington "said Friday that they were discussing the stationing of an American antiballistic missile defense system on British soil." Prime Minister Tony Blair's "spokeswoman said Friday that Britain had been secretly lobbying for inclusion in the system for some time." The Times says the move "seems sure to prove contentious in Britain, and to cloud Mr. Blair's final months in office." The "negotiations are most likely to raise political hackles at a time when many in Mr. Blair's Labor Party and in the opposition Conservatives are pressing for Britain to distance itself from the United States after their close and sometimes unpopular alliance in Iraq." The Financial Times (2/24, Fidler, Adams, Dombey) cites British government sources claiming London "has pressed Washington to site important elements of the US missile defence system in the UK."

Russia Angered By US Radar, Missile Plans. The CBS Evening News (2/23, story 5, 2:20, Mitchell, 7.66M) reported, "Russia today praised its armed forces as its relations with the U.S. seem to be sliding back to the Cold War era." CBS (Palmer): "The rhetoric coming out of Russia these days is real and aggressive. ... Russia's generals were furious with U.S. plans to put radar bases into the Czech Republic and a new missile defense system into Poland."

NYTimes Assails Bush Plan For Eastern Europe Sites. In an editorial entitled, "Misguided Missiles," the New York Times (2/24, A14, 1.16M) says "it would seem that everyone involved should know better. But the Bush administration's tone-deaf plan to station parts of a missile defense system in Eastern Europe and Moscow's snarling response show that all sides could use a refresher course in diplomatic sense and civility." The "mixture of crocodile tears and threats from Russian officials seems overly dramatic — and very much in character for President Vladimir Putin." Secretary Rice "should have expected Moscow's reaction," and she "should have known that provoking Moscow this way could be especially counterproductive." The Times concludes, "A few interceptors in Europe may or may not work against 'rogue states,' but they are counterproductive if all they do is to provoke Russia and irk NATO allies."

Prodi Lines Up Support Ahead Of Likely Return To Premiership. The New York Times (2/24, A8, Fisher, 1.16M) reports, "It wasn't love or even any real faith that they could stick together long. Rather, it seems, a singular frightening thought pushed nine bickering parties to agree late on Thursday to come together again: that Silvio Berlusconi might soon lead Italy again." Because recent polling "showed that Mr. Berlusconi's center-right coalition would probably win if elections were called now," the Times says "new elections seem unlikely at the moment." The "real

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worry that the center-left could again lose power, only nine months after wresting it from Mr. Berlusconi, seemed to concentrate minds overnight Thursday as the fractured parties in Mr. Prodi's coalition came together behind his demands."

Under the headline, "Prodi aims to secure centre-left vote," the Financial Times (2/24, Barber) says "Italian political leaders continued their search for a new government on Friday as" Prodi "tried to strengthen his centre-left coalition and secure it a second term of office." His "aim is to ensure that if [Napolitano] asks him to form a new government, he will be able to count on the support of every single centre-left legislator in a subsequent vote of confidence." The AP (2/24, Rizzo) adds, "Center-left leaders rallied behind [Prodi] on Friday, boosting his chances of returning to office."

Chavez Conducts "Frenetic" Regional Diplomacy To Buttress Standing. The New York Times (2/24, A4, Romero, 1.16M) summarizes the "busy week" of diplomacy by Venezuelan President Hugo Chavez. He met in Caracas on Friday "with President Daniel Ortega of Nicaragua to discuss an array of Venezuelan assistance programs, capping an unusually frenetic week for this country's efforts to enhance its political and economic influence in parts of Latin America." The deals with Nicaragua, Ecuador and Argentina stem are part of "Venezuela's use of its windfall from historically high oil prices, and sometimes its own reserves and exports of oil, to lift its regional profile." Chavez "is using Venezuela's oil revenues, valued at more than $50 billion a year, to counter the influence of the United States and multilateral lending organizations like the International Monetary Fund."

Motives Behind Citgo Campaign Questioned. Under the headline, "Is Citgo Program For Poor, Or For Chávez?" the Washington Post (2/24, D1, Birnbaum, Mufson, 690K) notes, "Citgo, the Venezuela-owned oil company, is running television commercials across the United States promoting the discounted heating oil it provides to low-income people -- but some are wondering whether the ads are really promoting the South American country's leader." Citgo "said the ads … are designed to persuade families to sign up for the charitable program. Critics of Venezuela, however, see both political and economic motives -- primarily to enhance the image of the country's leftist leader, Hugo Chávez, and thereby improve the company's standing with U.S. consumers." The Post adds, "Some observers, while praising the program's generosity, believe that more is involved than good deeds."

Hong Kong's Tsang Said To "Juggle" Roles. The Wall Street Journal (2/24, A9, Kissel, 2.04M) conducts an extensive interview of Hong Kong chief executive Donald Tsang entitled, "Tsangfroid." He is "part of a grand juggling act, protecting Hong Kong's cherished freedoms while integrating the place – carefully, it's hard work, doing the best that we can, he'll tell you -- into the mainland's booming economy." The Journal says he "is 'running' for 're-election' in a rigged campaign where Beijing still picks the winner." For his part, Tsang "has focused his energies on the economy," and he has "a vision for Hong Kong as a nexus for capital not unlike that of London for Europe, or New York for the Americas." His "eagerness to bet Hong Kong's future on the mainland is genuine: He is undoubtedly a Chinese patriot. But why should this capitalist city scramble to join the Communist Party's five-year industrial plan? Other actions, too, hint that the Hong Kong government is starting to stray from the free-market policies that made it so rich."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Iraq Allies, Washington Clash Over Key Policy."
"Drug Cartel's Betrayer Tells His Story."
"Passenger Bill Of Rights' Shaky Start."

New York Times:

"Canadian Court Limits Detention In Terror Cases."
"U.S. Seizes Son Of A Top Shiite, Stirring Uproar."
"At $45 Billion, New Contender For Top Buyout."
"Record Fine Expected For Univision."
"Retired Politicians Spend Unused Campaign Funds."
"New Airport X-Rays Scan Bodies, Not Just Bags."
"Family Hands Off Its Business, And Its Philosophy."

Washington Post:

"Colleges Go Online To Calm The Admissions Jitters."
"Democrats Offer Up Chairmen For Donors."
"Review Of Walter Reed Is Ordered."
"Iraq Rebuilding Short On Qualified Civilians."
"Abuse Victims Demand More From Church."
"Fannie Mae Shuts Down Foundation."

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Washington Times:
"N. Korea Invites U.N. Inspector."
"GOP Rejects Iraq Measure."
"Arkansas' Historic School Case Ends."
"And The Nominees Are... From All Over."
"American Hot Wax Is Still Cool."
"Cameras Nab Cops Going To Emergencies."
"Vilsack Calls It Quits For '08."

Detroit Free Press:
"Investors Circle Chrysler."
"Who Is Tara Grant?"
"Woman: Cops Lost My $56k Diamond."
"Home Magic Disappears."
"Chrysler Eyes Site In Van Buren."
"DPS Investigates $1m Art Purchase."

Atlanta Journal-Constitution:
"On A Mission For Vietnam POWs."
"Judge Wants Jail Reports Audited."
"The Fight For Kids' Health Care."
"Watch Out For Some Gridlock."
"Morris Brown Marks 126 Years."
"Ex-Inmate Wins Round Vs. Fulton."
"Hospital Law Catches Feds' Eye."
"Marta Rail In Alpharetta?"

Dallas Morning News:
"Animal House Gets Raided."
"TXU May Get Record Buyout."
"Teammates Of Grapevine Player Wait And Pray."
"Drug Dogs To Be Used To Fight 'Cheese.'"
"Director Of Juvenile Justice Agency Stepping Down."
"Obama Reels In Austin Crowd."
"Moroney Remembered For Service To Parish, Family, Belo."

Houston Chronicle:
"Some Lottery Games Offer No Chance."
"Privacy Fears Greet Body Scanner's Airport Debut."
"Your Fashionable Faux Fur Could Be Lassie's Coat."
"Fort Bend Toxic Suicide Bid May Lead To Charges."
"Latin Filmmakers Make Strong Oscar Showing."
"T-Mac Gets 37, But Rockets Fall To Hawks."
"Chevron Bets On Galveston Biodiesel Plant."
"NASA Lacked Plan For Earthly Astronaut Breakdown."
"Death Row Appeal: Two Couldn't Fire Same Bullet."
"Ebony Opera Guild Offers Spirituals."

Story Lineup From Last Night's Network News:
ABC: Hybrid Car Mileage; Cheney-Iraq; Carter-Iraq; Iraq Incident; Gates-Walter Reed; Vilsack Quits Presidential Race; TSA Screening; Dr. Pepper Guerilla Marketing; Sexualized Media Images; Cervical Cancer Vaccine.
CBS: Congress-Iraq; Military Opposition To War; Gates-Walter Reed; Vilsack Quits Presidential Race; Clinton/Obama; Gates-Russia; Airline Industry; Hybrid Car Mileage; Gym Teacher-Unicycling.
NBC: Gates-Walter Reed; Congress-Iraq; Congress-Iraq Analysis; Gulf Coast Company-Katrina; Economic Report; Elder Care-VA Benefits; Little Rock Schools; Oscar Nominees; Taco Bell Rodents; Juvenile Cardiac Arrest.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session

US House: Not in session.

Other: GOVERNORS _ The National Governors Association holds its Winter Meeting. Highlights: 10 a.m. News conference with Chair Gov. Janet Napolitano of Arizona, others. 1 p.m. Session on "Innovation America," with Cisco Systems CEO John Chambers and Robert Rubin of Citigroup. 6:30 p.m. Reception honoring the governors. Italian Embassy, 3000 Whitehaven St. NW. Note: receiving line photo op at 6:30 p.m. Remarks at 7 p.m. Location: JW Marriott, 1331 Pennsylvania Ave, NW, unless otherwise noted. Contacts: Jodi Omear, 202-624-5346

BREAST CANCER SURVIVORS _ More than 800 young breast cancer survivors, their caregivers and medical professionals gather for the 7th Annual Conference for Young Women Affected by Breast Cancer, the only international meeting dedicated to the unique needs of young breast cancer survivors. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: Karen Borack, 212-242-4629

JEWISH COMMUNITY POLICY _ Jewish leaders from the United States and Canada meet to debate, analyze and vote the Jewish community's domestic and international policy at the 2007 Jewish Council for Public Affairs plenum.

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Location: Omni Shoreham Hotel, 2500 Calvert St. NW Contacts: 202-265-3000

RELIGIOUS LEADERS-IRAN _ 9 a.m. A delegation of U.S. religious leaders returning from a week-long trip to Iran will hold a press conference to brief reporters on their meetings with the Iranian president and Iranian religious leaders. This is the first religious delegation to meet with an Iranian president in Iran since the revolution in 1979. Location: National Press Club, Zenger Room. Contacts: Jack Pannell, 202-745-4614

ARCHIVES DECLASSIFICATION _ 9 a.m. - 12 p.m. The National Archives hosts the 11th meeting of the Public Intertest Declassification Board. Location: Room 700, National Archives and Records Administration. Contacts: Lee Morrison, 202-357-5039

DEAN _ 9:30 a.m. DNC Chairman Howard Dean participates in the National Black Leadership Roundtable Summit. Location: Howard University law school, 2900 Van Ness St. NW. Contacts: Stacie Paxton, 202-863-8148

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 24, 2007 7:45 AM EST

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TERRORISM NEWS:

Canadian Court Rules Against Indefinite Detention Of Terrorism Suspects. The New York Times (2/24, A1, Austen, 1.16M) reports, "Canada's highest court on Friday unanimously struck down a law that allows the Canadian government to detain foreign-born terrorism suspects indefinitely using secret evidence and without charges while their deportations are being reviewed. … The three men who brought the case are likely to remain jailed or under strict parole because the court suspended its decision for a year to allow Parliament to introduce a law consistent with the ruling. The AP (2/23, Duff-Brown) reports, "The court said the men and their lawyers should have a right to respond to the evidence used against them by intelligence agents and noted that a law in Britain allows special advocates to review sensitive intelligence material."

The Washington Post (2/24, A10, Struck, 690K) reports, "Supporters of the men hailed the ruling as a victory for civil rights but acknowledged that it did not entirely sweep away the procedures for holding suspects without trial that critics here have called 'Canada's Guantanamo North.' … Stockwell Day, the government's minister of public safety, said in Ottawa that 'in general, the Supreme Court upheld the security certificates. We will look at the changes the court said are necessary.'"

Schoomaker Plays Down Value Of Catching Bin Laden. The Washington Post (2/24, A8, 690K) reports, "The Army's highest-ranking officer said Friday that he was unsure whether the U.S. military would capture or kill Osama bin Laden, adding, 'I don't know that it's all that important, frankly.'" Outgoing Army Chief of Staff Peter Schoomaker "pointed to the capture of Saddam Hussein, the killings of his sons, Uday and Qusay, and the killing of Abu Musab al-Zarqawi as evidence that the capture or death of al-Qaeda's leader would have little effect on threats to the United States." While President Bush had "reaffirmed the goal [of catching bin Laden] last September in a prime-time speech ... Schoomaker's remarks echoed comments last year by Vice President Cheney, who seemed to play down the value of capturing or killing bin Laden."

Padilla Co-Defendants Seek Separate Trial. The New York Times (2/24, A13, Sontag, 1.16M) reports, "As a competency hearing for Jose Padilla gets under way in federal court…his co-defendants in a terrorism conspiracy case are seeking separate trials because of what they fear is the taint of his notoriety as the accused 'dirty bomber.'" Padilla "was never charged with the plot to use a radiological

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dirty bomb that senior administration officials initially accused him of hatching. But Adham Amin Hassoun and Kifah Wael Jayyousi, Mr. Padilla's co-defendants, say 'spill-over prejudice' would be inevitable. They have filed separate motions to sever their cases from Mr. Padilla's, the latest in a series of challenges that are complicating the government's efforts to prosecute the case."

Judge Orders Psychological Evaluation Of Illinois Terror Suspect. The Rockford Register Star (2/24, Wiser) reported, "A 22-year-old Genoa man whom authorities accuse of plotting to kill holiday shoppers with hand grenades will have to undergo psychological evaluation before the case against him proceeds. U.S. District Judge David H. Coar ordered the evaluation of Derrick Shareef during a court hearing Friday in the Dirksen federal courthouse. Shareef's attorney, Michael Mann of Maywood, requested the evaluation." The Register Star noted, "Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force." The AP (2/24, Robinson) added, "Assistant U.S. Attorney Jake Ryan did not object to the examination. Coar said the competency examination should be performed within 30 days and set April 6 for a hearing on the results."

HOMELAND RESPONSE:

Minnesota Man Sentenced To 10 Years For Courthouse Bomb Plot. The St. Paul Pioneer Press (2/24, Gurnon) reported, "A Kenyon, Minn., man who threatened to blow up the Rice County Courthouse was sentenced in federal court in Minneapolis on Thursday to 10 years in prison." Allan Talmage Weatherford "pleaded guilty in September to possession of a destructive device. When officials searched Weatherford's 160-acre farm in 2005 and 2006, they found nearly 50 firearms, including a .50-caliber military sniping rifle, as well as an explosive device and two propane tanks filled with a mixture of fertilizer and petroleum — the same combination used in the Oklahoma City bombing." The Pioneer Press added, "He planned to target the courthouse and the county law enforcement center, officials said."

FBI Investigating Mayo Clinic Scientist Over Potassium Cyanide Purchase. The Minneapolis Star Tribune (2/24, Browning) reported, "A research scientist and associate professor of medicine at the Mayo Clinic in Rochester is under investigation by the FBI for purchasing potassium cyanide for use as 'a chemical weapon' in connection with a domestic dispute, according to a federal search warrant unsealed this week in St. Paul." Sreekumar Raghavakaimal is charged "with felony terroristic threats, felony false imprisonment, gross misdemeanor interference with a 911 emergency call, and misdemeanor domestic assault, according to Julie Germann, the prosecutor in the case." The Star Tribune notes that "Raghavakaimal's estranged wife said they had argued over a ring he wanted returned."

TSA Unveils New Body Scanning Machine. The New York Times (2/24, A1, Giblin, Lipton, 1.16M) reports, "X-ray vision has come to the airport checkpoint" in Phoenix "courtesy of federal aviation security officials who have installed a new device that peeks underneath passengers' clothing to search for guns, bombs or liquid explosives. The new body scanning machine…will screen only volunteers, at least initially. Transportation Security Administration officials want to make sure the machine is reliable and fast enough to replace the traditional pat-down — and that it does not provoke too many protests. Security officials examining the head-to-toe images work in a closed booth, hidden from public view, agency officials said. Special 'privacy' software intentionally blurs the image, creating an outline of a body that is clear enough to see a collarbone, bellybutton or weapon, but flattens details of revealing contours."

ABC World News (2/23, story 7, 2:00, Nauert, 8.78M) ran a report on the "controversial x-ray scanner that peers right through a person's clothing," demonstrating its use and the images produced. Nauert said TSA "plans to roll out the new x-ray at Los Angeles and New York's JFK airports. It that goes well, the Backscatter may be headed to airports across America."

WAR NEWS:

Democratic Efforts To Rewrite War Authorization Cast As Certain To Fail. As Senate Democrats led by Sen. Joseph Biden push a plan to rewrite the 2002 congressional authorization for the use of force in Iraq, Republicans warn that the proposed changes would put heavy demands on US forces in the field. Reports cast the measure as dead on arrival, unlikely to get the 60 votes needed to break a certain filibuster, and sure to be vetoed by President Bush even if it could. While CBS led with the story and ABC and NBC also ran reports near the top of their newscasts, only the Washington Times among major newspapers puts it on the front page.

The CBS Evening News (2/23, lead story, 2:15, Mitchell, 7.66M) reported Democrats "are trying a new strategy in their battle with President Bush over the war in Iraq. After failing to push through a non-binding resolution opposing the war, Senate Democrats are now out to force the

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President to change the way the war is being fought." CBS (Axelrod): "Democrats looking for a politically effective way to oppose the war think they've found a winner: rewriting the four-year-old resolution that gave President Bush the power to put troops in Iraq in the first place. The idea started with Sen. Joe Biden." Biden: "That mission is finished, done. There were no weapons, Saddam's gone, they are in compliance." Axelrod: "Democrats want a narrower mission: denying terrorists a safe haven in Iraq, and training Iraqi troops to secure their own country. Fewer U.S. troops would be needed, and the drawdown could start early next year. Lee Hamilton, who co-chaired the Iraq Study Group, says this is the Democrats' best chance to oppose the war but avoid divisive arguments on supporting the troops."

NBC Nightly News (2/23, story 2, 1:30, Gregory, 9.87M) called it "kind of do-over, a rewrite of the resolution they approved in 2002." But most Democrats "appear unwilling to cut off war funding as the President requests another $100 billion for Iraq and Afghanistan." Today the White House asserted that though the war has changed, the President has the sole authority to set the strategy." NBC's Tim Russert said, "The Democratic base is strongly against this war. They want something other than a non-binding resolution. They want action. ... The problem: Republicans will filibuster and the Democrats do not have the 60 votes to break that filibuster." And on ABC World News (2/23, story 3, Gibson, 8.78M), George Stephanopoulos said, "Even if they had the votes for this, there is no wait the President would sign it."

The AP (2/23, Loven) reports Senate Democrats said their "next challenge to President Bush's Iraq war policy would require the gradual withdrawal of U.S. combat troops beginning within 120 days. The draft legislation also declares the war 'requires principally a political solution' rather than a military one." But the "odds against it ever becoming law are high, and the White House and Senate Republicans were quick to denounce it."

The New York Times (2/24, A6, Stolberg, Broder, 1.16M) reports, "Some Democrats acknowledge that they are in a sticky situation as they try to map out a strategy that will appease the antiwar left, which is pushing for conditions on war financing, without alienating moderate Democrats and Republicans who fear being painted as unsupportive of the troops. ... As they search for consensus, Democrats must also worry about a wild card in the debate" in the form of Independent Democrat Joseph Lieberman, "a strong supporter of the war who has hinted that he might become a Republican if Democrats go too far in trying to rein in Mr. Bush."

The Washington Times (2/24, Ward, Dinan, 88K) says on its front page that Republicans "rejected the Democrats' plan to withdraw Congress' 2002 vote to invade Iraq." The Washington Post (2/24, A4, Murray, 690K) reports Senate Minority Leader Mitch McConnell "warned yesterday that a new Democratic effort to repeal the 2002 Iraq war resolution would meet the same fate as two previous efforts to limit President Bush's authority: blocked by procedural obstacles, unless Democrats relent to GOP terms. ... He warned that Lt. Gen. David H. Petraeus, the U.S. military commander in Iraq, would 'have to surround himself with lawyers' to comply with the new resolution that senior Democrats are drafting."

Biden Says Bush "Misusing" Authority Under 2002 Authorization. Biden said on CNN's The Situation Room (2/23, Blitzer), "The President's authority, the way he is using it, he's misusing it. The rationale for him being in Iraq no longer exists. We went there, gave him authority to take out weapons of mass destruction, which never existed; take down Saddam, who is dead' and force compliance with the UN resolutions that are already enforced. … We've got to redefine the mission. It's a process. We got to bang it away. Carl Levin and I are working hard with our leadership to try to make this case. We may not get it initially, but we will eventually." Blitzer: "Have you done any check to see if there is an historic precedent whereby the Congress has authorized the president to use force in one specific engagement and then withdrawn that authorization?" Biden: "To the best of my knowledge, there hasn't been one, but there has never been a president as irresponsible in the use of that force as this president has been. So this is a new precedent."

On MSNBC's Hardball (2/23, Matthews), Biden said, "What I propose and Carl Levin is joining me, or I am joining him, is a resolution that repeals the authority he was given, what authority he was he given to deal with weapons of mass destruction, take down Saddam Hussein if need be, and force compliance with UN resolutions that Saddam Hussein was violating. All three of those goals are met and now the President is plunging us further into a civil war where there is self-sustaining sectarian violence. And he is taking us down a very, very dangerous path."

Gates Calls Walter Reed Conditions "Unacceptable." NBC Nightly News (2/23, lead story, 3:00, Yang, 9.87M) reported, "Today the very top of the military's chain of command got involved in dealing with the disturbing treatment of outpatients here at Walter Reed Army Medical Center." Defense Secretary Robert Gates "called it unacceptable treatment for those who've given so much for their country." Gates: "They should not have to recuperate in substandard housing, nor should they be expected to tackle mountains of paperwork." Yang: "At Walter Reed, it's been…a frantic mission of damage control. … But not everyone's on the same page. Yesterday, the Army's surgeon general, a former Walter Reed commander, said the news coverage has been unfair." The New York Times (2/24, A10, Cloud, 1.16M) says "the Post reports prompted several

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days of damage control by Army and Pentagon officials that have veered between acknowledging the situation and playing it down."

ABC World News (2/23, story 5, :20, Gibson, 8.78M) reported Gates "visited Walter Reed Medical center to see for himself the conditions there. He announced the formation of a review board that would report back in 45 days. ... He called the situation unacceptable." The CBS Evening News (2/23, story 3, :20, Mitchell, 7.66M) reported Gates "went there today following reports of substandard living conditions, including mold and roaches. Gates said hospital officials will be held accountable for the, quote, unacceptable conditions."

On its front page, the Washington Post (2/24, A1, Vogel, 690K) reports Gates "also warned that senior military leaders could be disciplined based on the findings of the review group. ... The Senate Armed Services Committee has tentatively scheduled hearings on the facility for March 6." The Los Angeles Times (2/24, Barnes, 850K) reports, "The review ordered by Gates will focus on rehabilitative care and administrative procedures at Walter Reed and the National Naval Medical Center." Defense officials "have said that there are no allegations of systemic problems at Bethesda or other military hospitals, but Gates said the commission would be able to examine all military hospitals." The AP (2/23) reports that despite Gates's promise to hold officials "accountable," "no one in the Army chain of command has so far offered to resign."

Army Attempted "Preemptive" Briefing Before WPost Expose. In a critical piece, Washington Post (2/24, 690K) columnist Howard Kurtz reports differences of opinion between the Army and the press: "The Post last week gave the Army six days to respond to the paper's investigation ... The Army's public affairs office used the time to summon journalists from other news organizations to a briefing at which Walter Reed's commander responded to the findings -- in an article that had not yet been published." Los Angeles Times reporter Peter Spiegel said, "It made us feel very uncomfortable that we were being set up to be the Army's public affairs arm." Post reporter Dana Priest complained about the Army's behavior, "Do you think I'm going to be willing next time to give you that much time to respond, if you're going to turn around and tell my competitors?"

WPost Says DOD "Responding Quickly" To Many Problems. The Washington Post (2/24, 690K) editorializes, "After a week of terrible publicity, the Defense Department seems to be responding quickly to many of the problems The Post found in a four-month investigation at Walter Reed Army Medical Center. But so far, the most disturbing problem uncovered in The Post's series is getting the least public acknowledgment from generals and journalists alike. ... Post reporters found that the stresses on outpatients at Walter Reed included not only their physical recovery, dank rooms or long waits but also the difficulty they have in getting fair disability compensation. … Veterans too seriously wounded to return to active duty should get the benefits they deserve without having to beg for them."

Arrest Of Shiite Politician's Son By US Troops Stirs Uproar. ABC World News (2/23, story 4, :20, Gibson, 8.78M) reported, "An incident in Iraq is threatening to complicate U.S./-Iraqi relations. The Bush Administration has gone to great lengths courting one of Iraq's most powerful Shiite leaders, but today US troops arrested his son and held him for 11 hours after he entered Iraq from Iran. The US ambassador was very apologetic."

The New York Times (2/24, A1, Oppel, 1.16M) reports, "American troops seized and then released the eldest son of Abdul Aziz al-Hakim, perhaps the most powerful Shiite political leader in Iraq, after he crossed the border from Iran into Iraq on Friday morning. ... Allies of the Hakim family denounced the detention as a serious insult, and a senior adviser to the family asserted that American forces also had assaulted several guards. The Hakims control the Supreme Council for Islamic Revolution in Iraq, the backbone of the Shiite political alliance that has dominated politics during the occupation."

The Los Angeles Times (2/24, Berthelsen, 850K) reports Ambassador Zalmay Khalilzad "quickly apologized for the incident." Hakim "complained of being treated roughly at the hands of the soldiers, including being blindfolded as he was transported to a military base and having his underwear searched once he arrived there." The Times adds, "News of Hakim's arrest drew widespread attention Friday, a day of relative calm in Iraq. Police patrols discovered the bodies of five men shot to death around the capital, a daily toll far lower than usual."

The Washington Post (2/24, A12, Londono, 690K) reports the senior Hakim, "who met with President Bush during a visit to Washington in December, spent many years in exile in Iran and has close ties to that country." The Washington Times/AP (2/24, Murphy) reports, "Even though the U.S. ambassador issued a rapid apology, the decision to hold Amar al-Hakim risks touching off a backlash from Shi'ite leaders at a time when their cooperation is needed most."

Crackdown Said To Be "Curbing Violence." The Financial Times (2/24, Negus) reports, "US officials claim their forces are slowly expanding their presence in the capital and curbing the sectarian violence that left tens of thousands dead last year. Many Iraqis, however, say that fighting has continued unabated, while a high-profile rape case linked to the crackdown has heightened tensions between the Sunni and Shia communities. ... Iraqi officials claim the sectarian death toll has already fallen as a result of the increased troop presence ... Maj Gen Caldwell and other commanders, however, have cautioned that it is too early to call the

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operation a success, and that the true impact will not be seen for months."

Car Bombing Kills Four In Baghdad. The AP (2/24) reports, "Car bomb blasts hit parts of Baghdad on Saturday in attacks apparently targeting security forces involved in an ongoing campaign to restore order in the capital. At least four civilians were killed and nearly 10 injured, police said."

Stryker Team Called Crucial To Security Plan. The Los Angeles Times (2/24, Susman, 850K) reports about Army Spc. Aurelio Cazares and his Stryker unit, "There aren't many things that worry him as he steers the 22-ton troop carrier ... through Baghdad's streets. ... Nothing, though, can guarantee protection from some of the armor-piercing explosives plaguing U.S. forces in Iraq. Since August, three men from Cazares' 3rd Stryker Brigade Combat Team, from the Army's 2nd Infantry Division, have died in such attacks. ... Since U.S. and Iraqi forces put a new Baghdad security plan into high gear last week, the Stryker team has been at the forefront of sweeps and patrols, some lasting 20 hours at a stretch. For the soldiers of the brigade, it has meant little sleep and the majority of their waking hours inside the dark, cramped interiors of the Strykers, whose bulk, speed and armor have made them the vehicle of choice in Baghdad's riskiest operations." The Times admiringly describes the vehicle's assets: "The Strykers reach a speed of 65 mph and are relatively quiet as they trundle through the streets, giving them a stealth quality other troop carriers lack. In addition to their armor, they are surrounded by a cage-like shield designed to repel rocket-propelled grenades."

US Disappointed In Lack Of Iraqi Progress In Integrating Baathists. The Los Angeles Times (2/24, Richter, 850K) reports on its front page, "Serious new divisions have emerged between the Bush administration and its Iraqi allies over the Baghdad government's refusal to enact a reform that the White House considers crucial to its new strategy for bringing the country's violence under control. ... legislation that would ease rules barring former members of Saddam Hussein's Baath Party from government service has been blocked by the country's Shiite-dominated parliament." US officials had "repeatedly expressed confidence that Nouri al-Maliki, the prime minister, would work for passage of 'de-Baathification' reform. However, they now have begun to express disappointment at the Iraqi stalemate. ... The dimming prospects for reform hold troubling implications for the administration's new strategy on Iraq, which relies heavily on political reconciliation between Sunnis Arabs and Shiites as a way to stem the sectarian violence."

Bachmann Backs Down From Comments About Iranian Partition Plan For Iraq. The Minneapolis Star Tribune (2/24, Black, 395K) reports Rep. Michele Bachmann "claimed two weeks ago to know of an Iranian plan for the partition of Iraq in which Iran would control half the country and set it up as 'a terrorist safe haven zone' and a staging area for attacks around the Middle East and on the United States. The existence of such a plan has not been suggested publicly by the Bush administration or other officials." Bachmann "retracted the first [statement by her] in several important respects."

Americans Underestimate Iraqi Death Toll. The AP (2/23, Benac) reports that polled Americans "woefully underestimate the number of Iraqi civilians who have been killed." While "Seventeen percent in the poll know someone [from the US] who has been killed or wounded in Iraq," "The number of Iraqis killed, however, is much harder to pin down, and that uncertainty is perhaps reflected in Americans' tendency to lowball the Iraqi death toll by tens of thousands. ... The U.N. Assistance Mission for Iraq reports more than 34,000 deaths in 2006 alone. Among those polled for the AP survey, however, the median estimate of Iraqi deaths was 9,890."

Civilian Staffing Shortages Said To Hinder Iraqi Reconstruction. In a story on its front page today, the Washington Post (2/24, Chandrasekaran, 690K) details efforts to fully staff Provincial Reconstruction Teams (PRTs) and other civilian slots in Iraq. "Almost four years after the United States set about trying to rebuild Iraq, the job remains overwhelmingly unfinished." PRTs like those in Diyala "are often understaffed and underqualified -- and almost unable to work outside the military outposts where they are hunkered down for security reasons. Today, there are just 10 of the 30-person teams operating in all of Iraq." President Bush's "new plan" to double the number of PRTs "is running into what [some] officials familiar with their work described as the problems that have plagued the U.S. government effort from the start: Turf wars between federal agencies. Outright refusal to fill certain vital posts by some departments. A State Department in charge of the teams that just doesn't have any agronomists, engineers, police officers or technicians of its own to send to Iraq."

Active Troops Who Oppose War Profiled. The CBS Evening News (2/23, story 2, 2:20, Mitchell, 7.66M) reported, "There is new opposition to the war tonight, and it comes from the very Americans fighting it, men and women in uniform. Hundreds of them are very publicly asking Congress to stop it." CBS (Logan): "The fight in hostile Anbar province has been more deadly for U.S. forces than anywhere else in Iraq. ... That's part of the reason over 1,000 servicemen and women have done something normally unthinkable for the military -- protest a war they're in the middle of fighting. Their interviews will be on '60 Minutes' this

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Sunday. ... They've all sent a petition called Appeal for Redress to their individual members of Congress, letting them know that staying in Iraq will not work, and it's time for U.S. troops to come home."

Watada Is Charged Again. The AP (2/24, Johnson) reports the Army refiled charges Friday against First Lt. Ehren Watada, "who refused to serve in Iraq, about two weeks after his first court-martial was declared a mistrial." Watada's attorney "said he would seek to have the charges dismissed as a violation of the Constitution's protection against double jeopardy." The Los Angeles Times (2/24, 850K) carries an abbreviated version of this article.

WSJournal Lauds Prince Harry's Deployment. The Wall Street Journal (2/24, 2.04M) editorializes that while "Cornet Harry Wales is probably not a latter-day King Henry V," it is "hard not to be struck by the sight of a European royal who wants something more from life than to appear regularly in the pages of Hello! ... The Prince's decision is all the more courageous given that he will surely become a prime target for jihadists seeking a trophy kill. No less admirable is the Prince bucking the antiwar tide of British public opinion."

More UK Troops Headed To Afghanistan. The Washington Times/AP (2/24, French) reports, "Britain said yesterday it would send additional troops to southern Afghanistan in response to NATO's call to bolster forces in the region, days after the country said it plans to withdraw 1,600 troops from Iraq in coming months. ... The Defense Ministry refused to confirm reports in the British press that an additional 1,000 troops were to be sent. ... In particular, the reluctance of France, Spain, Italy, Germany and Turkey to provide more combat troops has caused frustration among nations on the front lines." Meanwhile, Taliban commander "Mullah Dadullah said the extra weapons the Taliban were being supplied -- he did not say from where -- included the ability to bring down the NATO and U.S. helicopters crucial to their operations in this rugged, mountainous country."

New Al Qaeda Video Purports To Show Attack. The AP (2/23) reports, "Al Qaeda posted a 56-second video Friday of rockets being fired at what it claimed was a U.S. military base in Afghanistan. The tape appeared to be the latest in a series of videos that the terror network has released to convey that its insurgents are faring well in the Afghan war. ... Its authenticity could not be independently confirmed."

Afghans Perceive Decline Since 2005. The Washington Post (2/24, A11, Witte, 690K) reports in a pessimistic article, "Conditions in Afghanistan have deteriorated markedly since 2005, with rising violence, government corruption and misguided U.S. efforts contributing to growing unease among the population, according to a report released yesterday based in part on 1,000 interviews with ordinary Afghans. Although there were bright spots -- a better overall economy and more rights for women -- the report's authors found diminishing security as the Taliban steps up its attacks, a discredited justice system and a severe lack of basic services such as electricity." The report by CSIS and USAID "found that Afghans tend to be more negative in their outlook than official statistics or media accounts would suggest."

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Eighth US Attorney Announces Resignation. The Washington Post (2/24, A2, Eggen, 690K) reports Margaret Chiara, the U.S. attorney in Grand Rapids, Michigan, "announced her resignation yesterday, the latest in a wave of forced departures of federal prosecutors who have clashed with the Justice Department over the death penalty and other issues. … Sources familiar with the case confirmed that she was among a larger group of prosecutors who were first asked to resign Dec. 7." The Post notes that the "firings" have been "criticized by lawmakers in both parties and have prompted proposals in Congress to restrict the ability of Attorney General Alberto R. Gonzales to appoint interim prosecutors indefinitely. The New York Times (2/24, A10, Johnston, 1.16M) reports Chiara is a Republican who "took office in 2001 after twice being elected a county prosecutor. She had also served as policy director of the Michigan Supreme Court."

CORPORATE SCANDALS:

DOJ Launches Probe Of KB Homes Stock Option Grants. The Wall Street Journal (2/24, A3, Forelle, Corkery) reports, "Federal prosecutors in Los Angeles are scrutinizing stock-options backdating at home builder KB Home, according to people familiar with the matter. These people say prosecutors appear interested in the conduct of former Chief Executive Officer Bruce Karatz and former human-resources chief Gary Ray." The Journal continues, "A lawyer for Mr. Ray, Mark Beck, says he is 'attempting to persuade [the prosecutor] that Gary Ray did not engage in any wrongdoing and certainly no conscious wrongdoing.'" The Journal adds, "It isn't clear precisely what the prosecutors are examining. Last year the Los Angeles-based company said an internal investigation found that Mr. Karatz had backdated his own option grants to increase his pay. He agreed to leave the company and forfeit about $13 million in gains from the backdating, becoming one of the highest-profile and best-paid CEOs to be forced out in the options scandal. Mr. Ray, whom KB Home has said

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participated in the backdating with Mr. Karatz, also left. … Company spokeswoman Caroline Shaw said the Department of Justice is looking into past stock-option grant practices at KB Home, but has told the company itself that it is 'not a target of this investigation.' She added, 'KB Home has and intends to fully cooperate with any government agency looking into this matter.'"

The AP (2/24) reports, "The company last month acknowledged that the Securities and Exchange Commission had launched a formal investigation into its options practices." The AP adds, "KB Home is one of at least 200 companies to disclose SEC, DOJ or internal investigations, according to an Associated Press review. … KB Home's former chief executive Bruce Karatz, along with its executive vice president and chief legal officer, were forced to step down late last year after it was disclosed that Karatz benefited from favorably dated option awards. He agreed to repay $13 million stemming from incorrect measurement dates for financial reporting of annual option grants between 1998 and 2005. … The company also has said it expects to record additional expenses of no more than $50 million and was investigating whether it needed to restate earnings for prior periods."

The New York Times (2/24, Bajaj) reports, "The inquiry appears to be in the early stages, and it may take months before prosecutors decide what, if any, charges they will bring in the case. … Still, news of interest by federal prosecutors raises the stakes for a man who was once one of the highest-profile and best-paid executives in corporate America, Bruce E. Karatz." The Times adds, "In November, KB's board forced out Mr. Karatz, who was the chairman and chief executive of the company, and Gary A. Ray, the top human resources officer, after an internal investigation concluded that eight stock-option grants since 1998 had been incorrectly dated. … A lawyer representing Mr. Ray, Mark E. Beck, confirmed that he and his client have met with prosecutors but declined to discuss the facts of the case, aside from saying that 'several million documents' would lead officials to 'conclude that he did not engage in any wrongdoing.' … KB Home said in a filing this month that the evidence it had collected suggested that after the company's board approved stock option grants, Mr. Karatz and Mr. Ray used 'hindsight' to pick dates when KB's stock closed at or near a monthly low for seven of the eight grants."

SEC Probing Citigroup Associates Deal. The Financial Times (2/24, Wighton) reports, "Citigroup is under investigation by the Securities and Exchange Commission over its accounting for Associates First Capital, the finance business it bought for $31.1bn in 2000." The Times continues, "The chief US regulator is looking into the treatment of tax reserves and releases during the four years to 2004, Citigroup disclosed in a filing on Friday night. … The SEC has subpoenaed witness testimony and accounting and internal controls-related information, the company said. … The SEC is also continuing its long-running probe into Citigroup's treatment of potential Argentina-related losses in the fourth quarter of 2001." The Times adds, "The disclosure of the accouting investigation in Associates underlines the task faced by Chuck Prince, chief executive, in escaping the legacy of Citigroup's acitivities during the bull market. … Mr Prince, who succeeded Sandy Weill as chief executive in October 2003, has spent much of his time dealing with legal and regulatory problems dating back to the late 1990s. … Friday's disclosure comes as Mr Prince's leadership is under renewed fire following his sacking of Todd Thomson as head of Citigroup's wealth managment arm."

CRIMINAL LAW:

Pennsylvania Murder Suspect Seeks To Avoid Death Penalty. The Pittsburgh Post-Gazette (2/24, Simonich) reports, "Lawyers for murder suspect Donna Moonda today asked a judge to prohibit the federal government from pursuing the death penalty against her." The Post-Gazette continues, "Her attorneys said capital punishment is 'cruel and unusual in all cases' and should not be an option for jurors when Mrs. Moonda goes on trial in June." The Post-Gazette adds, "Today was the deadline for pretrial motions to be filed, and Mrs. Moonda's three court-appointed lawyers peppered U.S. District Judge David Dowd with three separate filings aimed at eliminating the death penalty from the case. … Federal prosecutors have until March 15 to respond. Judge Dowd would then issue his ruling." The Post-Gazette notes, "Prosecutors recommended that Mrs. Moonda, 47, of Mercer County, Pa., stand trial for her life because they say she coldly plotted the murder of her husband, Dr. Gulam Moonda. … U.S. Attorney General Alberto Gonzales made the final decision in authorizing a capital case against Mrs. Moonda. … The U.S. government has not executed a female convict since 1953. State governments, mostly in the South, have executed 11 women since 1984."

FBI Releases Sketch Of West Virginia Child Rape Suspect. The Wheeling (WV) Post-Intelligencer (2/24, Wells) reported, "A rendering of the man accused in the recent rape and abduction of a city girl has been released as the Federal Bureau of Investigation intensifies its efforts in the case. FBI Supervisory Senior Resident Agent Mark Wheeler on Friday said a command post has been established in the basement of the City-County Building to accommodate the 50 city, county and federal law enforcement officers investigating the Tuesday rape and abduction of a North Wheeling girl. In addition to the release

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of the suspect's sketch, an updated description of the suspect's vehicle also has been released. Wheeling police Lt. Gary Gaus said a number of registered sex offenders in the area already have been ruled out as suspects, but he would not comment on whether DNA evidence has been collected in the case."

Former Alabama Mayor Sentenced To 10 Years In Prison. The Mobile Press-Register (2/24, Kirby) reported, "Decrying the corrosive effect of public corruption, a federal judge in Mobile on Friday sentenced former Orange Beach Mayor Steve Russo to 10 years in prison for a wide-ranging conspiracy to enrich himself by influencing development projects. U.S. District Judge Kristi DuBose also gave former Orange Beach City Attorney Larry Sutley, 58, two years and three months for his role in the conspiracy but allowed him to remain free while he appeals the case. … 'Public corruption of this type has to be addressed or it would mean the demise of our democracy,' she said." The Press-Register noted that "Russo's 10-year sentence is among the longest in decades for a public corruption case in southern Alabama." The AP (2/24, Mitchell) added, "Russo showed no remorse during the three-hour hearing. 'I can walk out of here knowing I did the very best job for the people of Orange Beach I could do,' he told the judge." Assistant US Attorney Steven Butler said Russo did do some good things while in office. … But he said he also used his 'official power to get rich.'"

Florida Lawyer Convicted Of Obstruction In Keys Bribery Probe. The Miami Herald (2/24, Clark) reported, "James Hendrick, one of the brightest and most influential attorneys in Monroe County, was convicted Friday in federal court of obstructing justice and witness tampering in a wide-ranging, years-long Keys corruption case that might not be over. … His conviction came without the testimony of his one-time friend, former county Mayor Jack London, who died before trial. He had admitted that Hendrick helped steer a bribe to him with the help of lobbyist Randall Hilliard, known as 'the Prince of Darkness.'" The Herald noted, "The case stems from a lengthy FBI investigation that uncovered a $29,000 bribe paid in 1997 to London, Monroe County's mayor at the time. In return for the bribe, London used his influence to win zoning approval for a stalled 79-room hotel project called Hall's Resort. Hendrick received no money in the deal. By the time the FBI had evidence of the bribe, the five-year federal statute of limitations for bribery had expired."

Gunman Who Abducted Florida Boy Still At Large. The New York Times (2/24, Waddell) reports from Parrish, FL, "A 13-year-old boy was abducted at gunpoint at a school bus stop on Friday morning and was found hours later in a wooded area where he had been left bound by his captor." The Times continues, "Sheriff Charles B. Wells of Manatee County said the gunman drove the boy, Clay Moore, to a large cattle ranch about 20 miles away from his neighborhood in the quiet Kingsfield Lakes subdivision on the outskirts of Parrish, near Tampa. His abductor eventually left. About two hours later, Clay, who had been tied up, was able to escape and walk until he came across a farm worker who let him use a cellphone to call his mother. … The gunman, who was driving an old red pickup, remained at large." The Times adds, "Clay was riding a skateboard about 9 a.m. while waiting for his school bus with four other youths when the truck pulled up, and the dark-haired young man driving it ordered him inside, said one of the four, Rabah Jaffal, 14. … Three of the students ran home and called the police, who immediately began a manhunt involving the Federal Bureau of Investigation, the state police and surrounding counties' law enforcement."

Four Florida Cops Caught In FBI Mob Sting. The AP (2/24) reports from Fort Lauderdale, FL, "Four veteran police officers were accused in federal court of taking thousands of dollars to protect what they thought were mob shipments of drugs, stolen art and jewelry." The AP continues, "Three of the officers made initial court appearances Friday and were ordered released on bond. The fourth was in the process of turning himself in and would likely appear next week, federal prosecutors said. … All serve in Hollywood, just south of Fort Lauderdale." The AP adds, 'An FBI affidavit filed in federal court accused the four of taking thousands of dollars to protect a group they thought was a criminal organization based out of New York. The "mobsters" were undercover FBI agents during a two-year corruption sting. … Federal prosecutors said the operations included escorting a load of heroin from Miami Beach, providing security for an illegal poker game aboard a yacht and delivering $1 million worth of supposedly stolen diamonds to New Jersey. … Other deals involved purportedly stolen bearer bonds, watches, paintings and a tractor-trailer load of cigarettes, prosecutors said. … The four officers were charged with conspiracy. They have not entered pleas, and the case will go before a grand jury. All have been placed on leave without pay."

Florida Police Chief Says More Officers Suspected In FBI Probe. The Miami Herald (2/24, Christensen, Wright) reported, "A two-year federal undercover probe that led to corruption charges against four Hollywood police officers was shut down prematurely after two of those officers learned they were under investigation, according to Hollywood Police Chief James Scarberry. More officers are under suspicion, Scarberry said Friday. The chief said he found out the investigation was blown Thursday -- hours before the FBI swooped in and arrested Officers Kevin Companion, Jeffry

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Courtney and Stephen Harrison. … 'We called the FBI immediately yesterday after we found out that Companion and Courtney were at the pension office. They both called in sick all week and were putting in their letters of resignation,' Scarberry said." The Herald noted, "During the two-year probe by the U.S. attorney and the FBI -- dubbed 'Tarnished Badge' -- undercover agents convinced the officers that they were members of a New York crime family."

The South Florida Sun-Sentinel (2/24, Haas, Blum) reported, "Federal authorities on Friday released detailed charges against four Hollywood officers in an investigation dubbed 'Operation Tarnished Badge,' accusing the four of protecting and transporting stolen diamonds, artwork, bonds and heroin for undercover FBI agents pretending to be involved in organized crime. … Companion, Courtney and Harrison appeared before U.S. Magistrate Lurana Snow in federal count in Fort Lauderdale on Friday morning. All three looked dejected. … Snow set bond at $350,000 for Companion; $375,000 for Courtney; and $300,000 for Harrison. None of them had posted bail early Friday night, detention officials said. Simcox has not yet been arrested," but the Palm Beach Post (2/24, LaForgia) noted Simcox "is making arrangements to turn himself in to federal authorities next week, his attorney said Friday. 'I believe that he should be surrendering Monday,' said Bruce Udolf, the Fort Lauderdale attorney representing Simcox.

Veteran FBI Analyst Sentenced To Seven Years For Sex With Child. The Fredericksburg Free Lance-Star (2/23, Freehling) reported, "A 17-year veteran of the FBI will serve seven years in prison for having sexual relations with a young girl in Spotsylvania County." On Thursday, former FBI intelligence anayst Anthony John Lesko "entered an Alford plea…to nine counts of felony indecent liberties upon a child. … An Alford plea means Lesko doesn't admit guilt but believes there is enough evidence for a conviction." The Free Lance-Star noted, "Lesko engaged in a sex act with a girl, 9 and 10 at the time, at least nine times in 2003-2004, according to evidence put forth by Spotsylvania Commonwealth's Attorney William Neely." Lesko told a US Navy counselor "that he was the victim of the sexual assault; he said the girl initiated the contact, according to the plea."

CIVIL RIGHTS:

Some Christian Groups Critical Of DOJ Religious Freedom Initiative. UPI (2/23) reports, "Attorney General Alberto Gonzales' Feb. 20 announcement to Southern Baptist Convention leaders about a new Justice Department focus on religious freedom garnered some praise — and significant criticism — from other Christian leaders. Gonzales announced the launch of the department's 'First Freedom Project' in a speech during a regularly scheduled SBC Executive Committee meeting. … 'Religious freedom is a fundamental part of our nation's history and one of its core principles,' Gonzales said. The effort will include educational efforts to inform government officials, employers and everyday Americans about their religious-liberty rights under law, Associated Baptist Press reported Thursday." UPI continues, "The department simultaneously released a 43-page report touting its record, under President Bush, in defending religious freedom. Gonzales and the report implied that the Bush Justice Department's record on prosecuting religious-discrimination cases was significantly stronger than that under former President Bill Clinton. … But several in the religious-liberty community said Bush's record on the issue has been mixed, at best. Brent Walker, executive director of the Washington-based Baptist Joint Committee for Religious Liberty, said he appreciates the administration focusing on the First Amendment — but that the amendment covers two aspects of religious freedom that are inextricably linked to each other. … 'The First Amendment has two protections for religious freedom — prohibition on religious establishments and protection for free exercise of religion,' Walker said in a statement provided to Associated Baptist Press. 'The administration has often ignored the importance of the no-establishment principle by supporting attempts of governments to endorse a religious message, using tax dollars to fund pervasively religious organizations, allowing religious discrimination in hiring for federally funded projects, and going to the Supreme Court to cut back on the rights of citizens to challenge such practices.'" UPI notes, "Walker also noted that Bush's record on free-exercise protections is 'not perfect.' He pointed to a Supreme Court case last year in which the administration attempted to limit a small religious sect's ability to use hallucinogenic tea for sacramental purposes. A unanimous Supreme Court rejected the administration's position. … Americans United for Separation of Church and State went further, releasing a statement Feb. 22 saying Gonzales' announcement 'reeks of hypocrisy.' It called attention to actions detailed in the report that the Justice Department touts as religious-freedom successes — but that are actually quite controversial in the religious-liberty community."

FBI Could Reopen Dozens Of Civil Rights Cold Cases. The AP (2/24) reports from Jackson, MS, "The FBI is considering reopening dozens of cold cases involving slayings suspected of being racially motivated in the South during the 1950s and '60s. … An announcement could come as early as Tuesday, according to a law enforcement official who spoke with the Associated Press on condition of anonymity because the plans have not yet been finalized." The AP continues, "In addition to the FBI's own

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investigations, the Southern Poverty Law Center submitted its own list last week of 74 potential unsolved slayings that involved white-on-black violence. … Thirty-two of the deaths happened in Mississippi. The others were in Alabama, Arkansas, Georgia, Tennessee, Louisiana, North Carolina, South Carolina, Florida, Kentucky and New York." The AP adds, "Mark Potok, director of the Intelligence Project for the Alabama-based Southern Poverty Law Center, said each case was researched in the late 1980s when the group was putting together a civil rights memorial. But it is unclear if each could be considered a civil rights case, he said. … 'The truth is we don't know,' said Potok, whose group investigates hate crimes. 'In each case there was some evidence to suggest that these were racial murders, but it absolutely was not proven. Had we been able to nail them down, their names would've been literally chiseled into the civil rights memorial that sits outside our building here.' … U.S. Attorney Dunn Lampton in Jackson reviewed the list of Mississippi killings for the Associated Press on Friday and said based on the limited amount of information available that none would qualify for federal prosecution under civil rights statutes. But he said many could still be prosecuted on a local or state level as murders."

Under the headline "FBI Building Database On Victims Slain Amid Civil Rights-Era Violence," the Jackson Clairon-Ledger (2/24, Mitchell) reported, "The FBI's field offices already have compiled a list of 51 victims," and the Southern Poverty Law Center "has since turned over information on 74 victims to the FBI. … 'We ask that the FBI use its considerable investigatory resources to uncover more information about these cases,' Richard Cohen, president for the center, wrote the Civil Rights Unit of the Criminal Investigative Division of the FBI. "Those responsible for these forgotten deaths - those who may still be alive today, like James Ford Seale, who was recently arrested for the murders of Henry Hezekiah Dee and Charles Eddie Moore - have gone unpunished too long.'" Lampton "said last week: 'As we've shown in the past, we'll investigate any case that comes to light.'"

WGNO-TV New Orleans (2/23, 10:13 p.m. EST) reported on its broadcast that the Southern Poverty Law Center "says evidence in at least 74 unsolved murders suggests they were racial murders. The FBI has been conducting its own investigations, and Director Robert Mueller says he vows 'to pursue justice to the end.'" KHQ-TV Spokane (2/24, 9:03 a.m. EST) reported on its broadcast, "FBI Director Robert Mueller has said the bureau is aggressively seeking to solve cold civil rights cases." Mueller "vowed last month to 'pursue justice to the end.'"

Judge Lifts Federal Supervision Of Little Rock Schools. The New York Times (2/24, Barnes) reports from Little Rock, AR, "The Little Rock School District was released on Friday from federal court supervision of its desegregation efforts, almost 50 years after President Dwight D. Eisenhower dispatched federal troops to enforce an integration order that the Arkansas governor defied." The Times continues, "In a written order, Judge William R. Wilson Jr. of Federal District Court declared the district 'unitary.' That meant it had met its obligations under court-ordered remedies to address lingering questions about its commitment to equal opportunity in education." The Times adds, "Judge Wilson said the school board could 'now operate the district as it sees fit, answerable to no one' save its students, patrons and voters." The Times notes, "In 1957, Gov. Orval E. Faubus, a conservative Democrat, resisted the federal court order to desegregate Central High School by surrounding it with National Guardsmen who blocked the entry of nine black students. Eisenhower responded by federalizing the Guard troops and sending paratroopers from the 101st Airborne Division. … The black pupils were admitted to classes, with the military providing security on campus for the duration of the school year. … The confrontation was a seminal part of the civil rights movement. It was followed by decades of litigation that devoured millions of dollars in legal fees and went through several judges, dozens of school board members and more than one superintendent."

The AP (2/24, Demillo) reports, "The 1998 desegregation plan was negotiated among the district, federal monitors and a group called the Joshua Intervenors, which represented black students. Judge Wilson noted that another nine years had passed before its conditions were satisfied. … 'LRSD's board can now operate the district as it sees fit; answerable to no one except LRSD's students and patrons and the voters who elected [the board] to office,' he wrote. 'I want to express my heartfelt best wishes as LRSD continues to operate, as our Founders intended, under control of the citizens of the City of Little Rock.' … A final sticking point among the parties had been whether the district adequately assessed black achievement in its academic programs. … Under previous orders from Judge Wilson, the Little Rock district was to evaluate its academic programs annually to determine whether test scores among black students were rising. The judge said yesterday he was now satisfied with the response, which included the board's December resolution that it would continue evaluations even if Judge Wilson released it from monitoring. … The Little Rock district is now 70 percent black; Central High School is 53 percent black."

Rhode Island AG Says Sister's Union Did Not Influence Gay Marriage Ruling. The Washington Times (2/24, Wetzstein, 88K) reports Rhode Island Attorney General Patrick Lynch "says research persuaded him to decide that Rhode Island can recognize same-sex

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'marriages' from Massachusetts -- not his sister's recent same-sex union in Massachusetts." The Times notes that on Feb. 15, Lynch "attended the 'marriage' ceremony in Attleboro, Mass., of his older sister. … On Wednesday, Mr. Lynch issued a six-page opinion to the Rhode Island Board of Governors for Higher Education that said their homosexual employees who have 'married' in Massachusetts should be treated as spouses."

NYTimes Applauds New Jersey Court's Decision On Gay Students. The New York Times (2/24, A14, 1.16M) editorializes, "Like all too many school districts, Toms River, N.J., has done a poor job of protecting gay students from bullying. According to the New Jersey Supreme Court, the district punished students for being one minute late for class, but made harassing another child for being gay punishable only after a third offense. In a landmark ruling this week, the court unanimously held that public school districts like Toms River's are liable for damages if they fail to take reasonable steps to stop prolonged anti-gay harassment of a student by another student. … The decision changes the legal landscape in New Jersey, and we hope it will be the start of a new national approach to the problem."

ANTITRUST:

KKR, TPG Close In On Mammoth Deal For Texas Power Company. The Wall Street Journal (2/24, A1, Sender, Berman, Smith) reports, "Private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts & Co. were close to a deal Friday night to acquire Texas utilities powerhouse TXU Corp. for about $32 billion, said people familiar with the matter, a massive buyout that would give them control of one of the nation's most successful and controversial power companies." The Journal continues, "One person close to the matter said the firms would pay about $70 a share for the big utility, about $10 a share over Friday's 4 p.m. price of $60.02 on the New York Stock Exchange. The company also had $12.38 billion in debt as of September 30." The Journal adds, "A deal could be finalized over the next few days, this person said, though it was possible it could fall apart at a late moment. … The transaction, first reported by CNBC, would be the latest massive deal engineered by private-equity firms. Enjoying record profits and a flood of cash from investors seeking ever-greater returns, the large investment firms have accounted for the majority of the biggest mergers and acquisitions in the last year. Among recent deals, Blackstone Group paid $23 billion for Equity Office Properties and assumed $16 billion of debt, while Bain Capital, KKR and Merrill Lynch & Co. paid $21 billion and assumed $11.7 billion in debt to acquire hospital operator HCA Inc. in 2006."

The New York Times (2/24, Sorkin, Krauss) reports, "The amount of private money that is being offered is a huge financial endorsement of the company's energy strategy. TXU has irritated environmental advocates by proposing to build 11 coal-fired power plants in Texas. Despite calls for regulating greenhouse gases, TXU has been the most aggressive in the power industry in pushing coal as the answer to growing electricity demands. Nationwide, power companies are planning to build about 150 coal plants over the next several years." The Times adds, "The deal itself, if approved at a TXU board meeting tomorrow, would be a landmark. It would exceed the Blackstone Group's recent $39 billion acquisition of the office landlord Equity Office Properties, the largest buyout ever. And that would mean that Henry R. Kravis, a co-founder of Kohlberg Kravis Roberts, has managed to upstage, at least for the time being, his longtime rival in deals, Stephen A. Schwarzman, a co-founder of Blackstone. … Energy has been fairly recent territory for private equity. While energy deals accounted for 16 percent of all mergers last year, only 9 percent of those deals involved buyout firms, according to Thomson Financial. The first big foray came last year, when Kinder Morgan, the Texas pipeline giant that was created from some assets of the former Enron, was sold to a group that included Goldman Sachs, the American International Group, the Carlyle Group and Riverstone Holdings for $27.5 billion."

The Financial Times (2/24, Politi, Smith) reports, "A private equity takeover of TXU would extend a flurry of dealmaking by the world's largest buy-out groups, which have emerged as leading forces in high finance and business in recent years as they snapped up some of the biggest companies in a wide range of industries." The Times adds, "Based in Dallas, TXU is the top provider of electricity to the state of Texas, and has recently locked horns with environmentalists over plans to build 11 coal-fired power plants. … In advance of clinching a deal, KKR and TPG gained the backing of several environmental groups by agreeing to scrap plans to construct 8 of the 11 controversial plants. … The private equity buyers also pledged to support a reduction in carbon dioxide emissions to 1990 levels by 2020. … However, a private equity takeover of TXU could still face resistance if it is viewed as jeopardising the reliability of the electricity grid in Texas – or if it results in higher rates for consumer."

The Washington Post (2/24, D1, Cho, Mufson) reports, "TXU has 2.4 million electricity customers in Texas and a network of generating stations, including two nuclear-powered and nine coal-fired plants. Deregulation recently took effect in the state, and the company has divided itself into three parts -- a regulated utility, a power wholesaler and a power generation unit with 18,300 megawatts of capacity. … But the company's claim to fame recently has been a controversy over its plan to build 11 conventional coal plants.

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That would more than double the company's emissions of carbon dioxide, the most prevalent of greenhouse gases, at a time when Congress is looking at ways to cap greenhouse gas-emissions." The Post notes, "It is not clear how a buyout would affect those plans. Part of the attraction of TXU is its location in a fast-growing state. The new plants could take advantage of its rapidly growing energy demand. But leveraged buyout firms usually trim costs and rarely expand a company's operations. And many executives in the industry have said they never expected the company to build all those plants anyway. … The private-equity firms are expected to propose around $70 per share for TXU and assume about $12 billion of its debt, putting the total value of the transaction at $44 billion to $45 billion. … If a buyout goes through, TXU would become a private company and no longer have to reveal its financial statements publicly or comply with federal regulations such as the Sarbanes-Oxley Act. But it probably would still have to disclose some information to state and federal power regulators." The Post adds, "That change is likely to draw scrutiny from members of Congress, especially those now devising ways to cap and reduce greenhouse gases. Some lawmakers have alleged that TXU might be expanding now so that the new plants would be included in its baseline emission levels. That would be important if Congress adopted a cap-and-trade system similar to Europe's, with allocations distributed to companies based on their past emissions."

The Los Angeles Times (2/24, Wilson) reports, "Environmental Defense and numerous other environmental groups and civic leaders have sued or otherwise protested the plants, saying they would add 78 million tons of greenhouse gases to the atmosphere annually. Texas already leads the nation in greenhouse gas emissions, widely believed to cause global warming. Smog, mercury emissions and other harmful pollutants also would be emitted. … Many private equity firms are jumping into solar, wind and other 'alternative energy' investments, as dozens of states have adopted 'renewable portfolio standards' requiring diversified energy, including so-called clean sources. Several members of Congress, including Sen. Dianne Feinstein (D-Calif.), have introduced or are preparing legislation that could cap greenhouse gases from coal plants and other electricity providers."

The Dallas Morning News (2/24, Souder, Yung) reports, "As for why TXU would sell, some experts said going private could allow the company to innovate without worrying about putting the share price on a roller coaster and facing the ire of Wall Street. … TXU shares rose 4 percent Friday afternoon, to close at $60.02, after news of the offer began to leak out. In after-hours trading, shares rose as high as $70. … The share price has dropped from all-time highs during the past few months as concern mounts about possible state and federal legislation that could limit the size of the company or the amount of pollution it would be allowed to emit." The News notes, "If approved, the deal would be the largest acquisition ever, reflecting the current buyout binge sweeping the country. The previous record – the $39 billion purchase of Equity Office Properties Trust by the Blackstone Group – closed earlier this month. … The buyers, KKR and Fort Worth-based Texas Pacific, have teamed up before to make millions in the Texas energy sector. They were among a group of buyout firms that earned a more than sixfold return in little more than a year by buying and then quickly selling Texas Genco, a Houston wholesale power generation company, to NRG Energy Inc."

FCC Expected To Hit Univision With Record Fine. The New York Times (2/24, Labaton) reports, "When Univision began broadcasting a show three years ago about the misadventures of 11-year-old identical twin girls who swapped identities after discovering they had been separated at birth, it characterized the episodes as educational programming for children. … That decision is expected to cost Univision, the nation's largest Hispanic network, $24 million in what would be the largest fine the Federal Communications Commission has ever imposed against any company. The penalty is also expected to send a strong signal to broadcasters that they will be expected to meet their required quota of shows that educate and inform children, after years of permissive oversight in this area." The Times continues, "The commission has decided to impose the heavy fine — disclosed by Kevin J. Martin, the chairman of the commission, in an interview — as a tough rebuke to Univision for claiming to meet its obligations to broadcast educational children's programs by showing the Latino soap opera 'Complices al Rescate' ('Friends to the Rescue') and other so-called telenovelas." The Times adds, "The penalty, part of a settlement that will allow the company to proceed with a buyout deal, is nearly three times the previous record fine of $9 million, imposed against Qwest Communications for violating telephone interconnection rules in 2004, and significantly more than the largest indecency penalty, $3.5 million, levied against Viacom that same year for remarks by Howard Stern and other so-called shock jocks on the radio. … It also represents an unusually aggressive enforcement of the 1996 regulations that interpreted the Children's Television Act. Those regulations, adopted after some broadcasters characterized cartoons like 'The Flintstones' and 'The Jetsons' to be educational programs, imposed more substantive requirements on the networks as they comply with the mandate to broadcast at least three hours a week of programs of intellectual value to young people. … Although some television critics say it is common for stations not to comply, only a handful of complaints have been filed. An even smaller number have resulted in modest penalties of

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several thousand dollars for stations found to have violated the rules."

VMware Goes Up Against Microsoft. The New York Times (2/24, Lohr) reports, "VMware, a young Silicon Valley company, is the early leader in a fast-growing market for what is called virtual-machine software. And that puts it on a collision course with Microsoft, the industry's Goliath. … A virtual machine essentially mimics a computer so that several copies of an operating system — say, Windows or Linux or both — can run on one physical machine. It allows computing chores to be done on fewer computers, using less electricity and taking up less space, promising a way to control costs at corporate data centers straining to keep up with the ever-increasing demands of the Internet age. … It is also a product that occupies strategic ground in computing, as a layer of code that resides between a computer's hardware and the operating system, usurping some tasks, and potentially undermining the importance of the operating system." The Times adds, "In a meeting with corporate customers in New York last month, Steven A. Ballmer, Microsoft's chief executive, said, 'Everybody in the operating system business wants to be the guy on the bottom,' the software that controls the hardware. And he vowed that Microsoft, whose Windows operating systems are the main source of its corporate wealth and market power, would 'compete very aggressively with VMware.' … When quizzed on Microsoft's plans, Mr. Ballmer replied, 'Our view is that virtualization is something that should be built into the operating system.'" The Times notes, "Bundling new technology into Windows has long been the Microsoft game plan. The most storied case came a decade ago when Microsoft overcame the challenge posed by another Silicon Valley highflier, Netscape, offering another crucial layer of software, the Internet browser. Microsoft feared a competitor's Web browser, running on top of the operating system, could reduce the power of Windows. … The tactics Microsoft used in the browser battle, of course, led to a host of antitrust troubles for the big software maker in the United States and Europe. … This time, in the market for virtual-machine software, Microsoft is more restrained. Bowing to customer requests, Microsoft began more than a year ago to change its software licenses so its products could run in virtual machines like VMware offerings. … But in recent months, according to VMware, Microsoft has introduced new restrictions on how Microsoft products can be used in virtual machines in new ways, beyond simply dividing a single physical computer into several virtual ones."

NYTimes Urges Caution In Review Of Satellite Radio Merger. The New York Times (2/24) editorializes, "Vigorous competition in the private sector has served the United States economy and consumers extremely well, providing a greater array of choices, more innovation and lower prices. The two — and only — satellite radio companies are now eager to merge and are arguing that together, they will prove to be the exception to the rule. … The industry is important and still young. We urge regulators to take a hard look at the companies' proposal before leaving the field in the hands of a single player." The Times adds, "The companies' managers argue that the $13 billion merger could finally make them profitable by letting them cut costs and redundant programs, while giving consumers more programming options for their bucks. As for the fear of creating a monopoly, they argue that competition will still come from terrestrial radio (commonly known as AM and FM), iPods and other next-generation technologies. … It is important to remember that these are not widget makers. Radios carry important discourse and debate — they are vital to the free exchange of ideas protected by the First Amendment. Recent experience shows that media consolidation usually leads to more homogeneous content, politically as well as artistically, and it rarely benefits the consumer or the country. … There is also the question of what precedent would be set if regulators accepted the broadest possible definition of audio competition, and whether that could lead to even more mergers in radio. No less troubling are reports that the companies believe that they have an incentive to merge before the Bush administration and its overly friendly-to-business regulators leave office." The Times concludes, "When XM's and Sirius's licenses were granted, the Federal Communications Commission stipulated that 'one licensee will not be permitted to acquire control of the other.' The chairman of the F.C.C., Kevin Martin, reiterated that point this week but left the door open to a possible merger, saying, 'The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.' We are skeptical about the chances of that happening."

Experts Say Music Consumers Will Not Be Immediately Affected By MP3 Patent Ruling. The Washington Post (2/24, D1, Sipress, Musgrove) reports, "Don't worry. The authorities aren't coming to confiscate your MP3 player because of a patent infringement ruling this week that involves the technology behind digital music." The Post continues, "The verdict, if upheld, could cost Microsoft $1.52 billion or more in damages. And that could end up costing you, as manufacturers pass on the expense of paying royalties to Alcatel-Lucent, which a federal jury in San Diego found to be the rightful owner of the technology. … But those costs aren't likely to come for some time, if at all, industry analysts and patent lawyers said yesterday." The Post adds, "The technology industry was abuzz over Thursday's unexpected verdict, which included what lawyers said was

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the largest patent award in history, and its significance for the MP3 format that is at the heart of the booming market for digital music. … Though the verdict could affect hundreds of companies that use the technology in various devices, experts said consumers would not suddenly be unable to obtain or play MP3 files. Even in the long run, there may be no effect on consumers if the verdict is overturned on appeal. Microsoft's lawyers have said they will appeal both the jury's finding that the company infringed on the patents and the amount of its award to Alcatel-Lucent." The Post notes, "The legal dispute turns on two patents for technology developed at Bell Laboratories, which later became part of Lucent Technologies. Alcatel bought Lucent last year and inherited the patents. … Both patents relate to how music is converted into small digital files. One of the patents is for a method of analyzing sound to gauge whether it is more like music or noise, then representing it in digital form based on that determination. The other patent pertains to the process for determining whether the sound is audible to the human ear and then converting only that audible part into digital form. … Hundreds of companies that thought they had properly licensed the MP3 format from Germany's Fraunhofer Institute, which was also involved in developing the MP3 technology, could be financially liable for infringing on Alcatel-Lucent's patents."

ENVIRONMENT:

Bush Touts Alternative Fuel Vehicles. The New York Times (2/24, A10, Wald, 1.16M) reports that at a White House event President Bush "turned to alternative fuels, and alternative companies, to argue Friday that his goal for reining in gasoline consumption in the coming decade was realistic." Bush "inspected a version of the Toyota Prius, the popular Japanese gas-electric hybrid, that had been rigged with a Canadian-built battery pack to allow it to operate more of each day on electricity, along with a South Korean sport utility truck modified by a small California company to run entirely on batteries. Neither is now a mass-market product, but each, the president said, is evidence that entrepreneurs will rush in to solve the nation's oil addiction. He called on Congress to approve financing that he has requested for research." The Times notes that to "a repeated question as to whether he would consider one of the vehicles for his ranch in Texas, Mr. Bush simply wished the assembled reporters a good weekend and returned to the Oval Office."

However, in its lead story Friday night, ABC World News (2/23, 3:00, Gibson, 8.78M) said, "If you suspected that the mileage stickers on new cars in the showroom were all wrong, you are right. They are about to change. Numbers on new cars will be lower, going down about 10 to 15%. Why? Well, the government's tests have been based on the way we drove almost a quarter century ago, not the way we drive today. Ironically, President Bush had sort of an auto show on the White House lawn today, part of his push to lower gasoline consumption 20%. But the new numbers show we're actually using more gas than we thought." ABC (Reynolds): "The big question is what kind of impact these new numbers will have on the new car market. Gayla Ruffer owns a Toyota Prius hybrid and knows it's not everything it's cranked up to be." Ruffer: "It's not near the mileage that I thought it was gonna get." Reynolds: "Instead of the advertised 50 miles to 60 miles per gallon, her Prius manages less than 35." Ruffer: "I don't know that I could say that I had sticker shock, but more a bit of a taste of reality." Reynolds: "Even Toyota dealers admit the old figures were a stretch."

BP Settles Two Suits Over 2005 Refinery Blast. The New York Times/AP (2/24) reports, "The energy giant BP has settled two more lawsuits stemming from a 2005 explosion at its Texas City oil refinery that killed 15 people and injured more than 170, the company and a lawyer for two injured contract workers said." The AP continues, "Terms of the deal were not released. Jury selection had been set for next week over lawsuits filed by the workers, E. J. Godeaux and Clarence Kinard. Theirs would have been the first cases connected to the blast to go to court." The AP adds, "Mr. Godeaux, 61, a painter and sandblaster from Texas City, had neck and back injuries, and his right eardrum was blown out. Mr. Kinard, 67, a boilermaker from Cleveland, Tex., injured his back and experienced hearing loss."

FBI/DEA/ATF/USMS:

Location Of Suspected Mexican Drug Kingpin's Arrest At Center Of Legal Dispute. The San Diego Union-Tribune (2/24, Thornton) reports, "The captain of the yacht on which suspected drug kingpin Francisco Javier Arellano Félix was arrested last summer has become the center of a fascinating legal debate with international political implications." The Union-Tribune continues, "Capt. Edgar Omar Osorio took the witness stand yesterday during an unusual pretrial hearing, and questions by Arellano's lawyers seemed to lead in one direction: Did the arrest take place in international waters, as prosecutors maintain, or did U.S. officials apprehend him outside their jurisdiction, in Mexican waters? … Perhaps the more important question is, does it matter where the Aug. 14 arrest occurred?" The Union-Tribune adds, "Prosecutors say the questioning is an irrelevant sideshow with no impact on the facts of the case. But if the incident happened in Mexico, defense attorneys could seek dismissal of the case because Arellano was illegally arrested. Failing that, they could ask that evidence seized on the boat be thrown out because it was the result of

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an unlawful seizure. … It could also affect the U.S. government's ability to seek the death penalty." The Union-Tribune notes, "Traditionally, Mexico has refused to send anyone to the United States who would face the death penalty, which is barred in Mexico. There could be political ramifications if the U.S. government violated international law and breached the sovereignty of Mexico to apprehend Arellano. … But cooperation on extradition matters between the two countries has improved significantly in recent months. Some legal observers wonder how motivated Mexican officials would be to intervene on behalf of an Arellano, and perhaps disrupt the dismantling of its most feared drug cartel. … Since Mexican President Felipe Calderón was sworn into office in December, he has cleared the way for the extradition of 15 reputed drug lords, including four who were indicted in San Diego years ago. The action was called 'unprecedented in scope and importance' by U.S. Attorney General Alberto Gonzales. … Even if Arellano was taken in Mexican waters, the U.S. Supreme Court has already ruled in a case with similar allegations that the U.S. government violated Mexico's sovereignty and the extradition treaty between the two nations."

ATF Says Homemade Pipe Bombs Often Lethal. The El Paso Times (2/24, Fonce-Olivas) reports, "Each of the homemade explosives two Lower Valley men allegedly attempted to sell to undercover federal agents earlier this week had the destructive power to seriously injure or kill a person, a federal official said Friday. … 'It could have caused a lot of damage,' said Tom Crowley, spokesman with the Bureau of Alcohol, Tobacco, Firearms and Explosives." The Times continues, "The bombs Alfredo Rubio, 23, of San Elizario, and Juan Ortiz, 22, of Socorro, allegedly tried to sell to an undercover ATF agent on Wednesday were explosive devices, each made of about 12 inches of PVC pipe that contained smokeless powder, steel BBs and a carbon dioxide cartridge. … Crowley said pipe bombs are so dangerous because they contain shrapnel -- usually nails, glass or other dangerous objects -- that become projectiles when the bomb explodes." The Times adds, "The size of the pipe bomb, which can range from 2 inches long to much larger, determines whether the detonation created by the explosive causes serious injury or even death, said El Paso police Sgt. Peter Pacillas, a supervisor on the department's bomb squad. … 'It's an improvised explosive device, so it depends on who's making them and how they're making them,' Pacillas said. 'If they don't kill you, you're going to be seriously maimed.' … The El Paso Police Department, one of several agencies involved in the case, was in charge of transporting and detonating the suspected pipe bombs as the only regional bomb squad in the area."

IMMIGRATION:

Decision To Allow Mexican Trucks On US Roads Meets Opposition. The New York Times/AP (2/24, A13) reports that a Bush administration plan "to allow 100 Mexican trucking companies to haul freight deeper into the United States than previously allowed drew an angry reaction Friday from labor leaders, safety advocates and members of Congress. … opponents said Mexico had substandard trucks and low-paid drivers that would threaten national security, cost thousands of jobs and endanger motorists. James P. Hoffa, president of the International Brotherhood of Teamsters, said, 'They are playing a game of Russian roulette on America's highways.'" Sen. Patty Murray, chair of the Appropriations Subcommittee on Transportation, "announced a March 8 hearing to determine whether the plan met safety requirements." The Wall Street Journal (2/24, A3, Matthews, 2.04M) notes that "if the trial succeeds, the U.S. trucking industry could change drastically. Mexican drivers are paid one-third to 40% less than their U.S. counterparts, who make an average of about $40,000 a year. An influx of Mexican truckers would be a boon for U.S. businesses with production lines in Mexico, by decreasing costs and delays from the current need to shift U.S.-bound goods at the border to American trucks from Mexican ones." The Journal adds that "some past opponents of opening up vowed to continue to fight the move."

US Cabinet Secretaries Discuss Border Issues With Canadian, Mexican Counterparts. The New York Times (2/24, A8, Mason, 1.16M) reports that in Ottawa Secretary of State Condoleezza Rice, Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez "met their Canadian and Mexican counterparts amid concerns that new United States border restrictions — particularly the requirement of passports, beginning in January 2008, for land and sea crossings — would hamper the $880 billion in annual trade among the countries. No firm agenda emerged for a planned meeting later this year of President Bush, President Felipe Calderón of Mexico and Prime Minister Stephen Harper of Canada. But officials here were optimistic that the countries could continue to increase trade despite concerns by Canada over the passport requirement and by Mexico about United States plans to erect a security wall along their border."

Border Fence Considered A Potential Environmental Disaster. In an op-ed for the New York Times (2/24, A15, 1.16M) author Ted Kerasote writes, "Authorized by the Secure Fence Act of 2006, this barrier (83 miles of which have already been built) will bisect a border region that has some of the most ecologically diverse landscapes in the hemisphere. … Since the secretary of

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homeland security will have authority to waive laws that stand in the way of building the fence — like the Endangered Species Act — wildlife and habitats could be destroyed on a scale not seen since the 1960s." Kerasote adds, "many argue that the fence is an issue of national security and the safety of the American people trumps that of American wildlife. But that reasoning is flawed. The economic health of many people is increasingly reliant on the health of their natural surroundings."

TAX:

IRS Urged To Pursue eBay Sellers. The San Francisco Chronicle (2/24, Kopytoff) reports, "When it comes to paying income taxes, eBay's legions of small-time entrepreneurs are on an honor system in which they are supposed to declare their profits to the Internal Revenue Service. Many users, however, ignore the law or are unaware of their obligation." The Chronicle continues, "Now a growing chorus of tax experts is hoping to crack down on the cheating by requiring eBay -- and other online auctions, such as those on Yahoo, Ubid.com and Amazon -- to track users and report their gross sales to the federal government. Armed with such information, the IRS could better seek any taxes owed, potentially reaping millions of dollars in extra revenue for the U.S. Treasury. … But requiring eBay to out its sellers to tax collectors could send a shockwave across its vast online bazaar, where users trade everything from Ferraris to Ugg boots to pepper spray. Paying Uncle Sam could significantly reduce their profits or even make their businesses money-losers." The Chronicle adds, "The latest call for more aggressive tax collection was heard last week at a congressional committee hearing focused on closing the tax gap, the hundreds of billions of dollars in taxes that go unpaid each year. Nina Olson, the national taxpayer advocate for the IRS, spoke of the heavy burden put on the nation by the shortfall and then cited undeclared online sales -- particularly on eBay, given its size -- as part of the problem. … 'The IRS must have the tools needed to address under-reporting of this income,' said Olson, whose job is to voice taxpayer concerns to the federal government. … EBay, based in San Jose, has 97 million U.S. users, who, in 2006 sold $25.2 billion in merchandise, exceeding the gross national product of many countries. More than 720,000 Americans make their primary or secondary income from the Web site, according to a 2005 study. … How many eBay users pay the taxes they owe on their online earnings is unknown. But experts suspect the percentage is low."

CONGRESS-ADMINISTRATION:

Administration's Proposed Medicaid Cuts Draw Governors' Criticism. The Los Angeles Times (2/24, Alonso-Zaldivar, 850K) reports the Bush Administration "is pressing ahead with plans to cut nearly $4 billion in aid for public hospitals and other providers of last resort for the uninsured. The cuts would affect hospital funding provided by Washington as part of Medicaid. … The cuts are prompting sharp protests from governors and dozens of lawmakers, partly because they represent an end run around congressional defenders of the aid program. After failing to get Congress to approve the reductions last year, the administration is now trying to impose them through a regulation that does not require action on Capitol Hill. 'The administration is moving forward with these proposed changes without any input from Congress or governors,' the National Governors Assn. complained Friday in a letter to congressional leaders. In an unusually direct challenge to the administration, the governors asked Congress to pass legislation that would block the rule from going into effect. Separately, some independent experts have questioned whether the administration has the legal authority to make unilateral cuts."

Cheney Refuses To Retract Criticism Of Pelosi's Stance On Iraq. The Washington Post (2/24, A4, Abramowitz, 690K) reports Vice President Cheney "refused to back down yesterday from his assertion that the Democratic approach to Iraq would 'validate the al-Qaeda strategy,' as he continued a transpacific war of words with House Speaker Nancy Pelosi. … 'She accused me of questioning her patriotism,' Cheney said. 'I didn't question her patriotism. I questioned her judgment. Al-Qaeda functions on the basis that they think they can break our will. That's their fundamental underlying strategy: that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home,' Cheney added. 'And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of al-Qaeda. I said it, and I meant it.'" According to the Post, "The Cheney comments were another example of how the vice president's posture regarding Iraq has been more aggressive than President Bush's in recent weeks."

Committee Chairmen Featured In Democrats' Fundraising Blitz. The Washington Post (2/24, A1, Birnbaum, Solomon, 690K) reports Congressional Democrats "have enlisted their committee chairmen in an early blitz to bring millions of dollars into the party's coffers." Senate Democrats "also plan a fundraising reception during a major

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gathering of Native Americans in the capital Tuesday evening…including those Jack Abramoff was paid to represent." Financial Services Committee Chairman Barney Frank is quoted as saying, "I'm fundraising to give to others so I can help stay in the majority and do the public policy things I want." The Post adds, "Asked whether banking interests feel obligated to give to Democrats when he asks them for contributions, Frank answered: 'Obligated? No. Incentivized? Yes.' Frank said." The Post goes on to report that Frank has "traveled to Charlotte, home to two of America's largest bank companies, for a similar fundraising breakfast. … The leaders of the two tax-writing committees -- House Ways and Means Chairman Charles B. Rangel (D-N.Y.) and Senate Finance Chairman Max Baucus (D-Mont.) -- are planning a rare and expensive joint fundraising reception in New York on March 4. The event…costs between $1,500 and $9,200 a person."

Travelers' Advocates Skeptical Of Proposed Federal "Bill Of Rights" Legislation. The Los Angeles Times (2/24, A1, Zimmerman, 850K) reports, "Recent incidents in which travelers were left stranded for hours on parked airplanes have led to proposals in Congress for time limits on ground delays. But skeptics say the proposals could result in even longer waits and more canceled flights. 'Be careful what you wish for,' said David Stempler, president of the Air Travelers Association, a Washington-area lobbying group. 'After three hours, they'll bring the plane back to the terminal, but then the flight might be canceled and you can't get to your destination.'" Sen. Barbara Boxer "introduced a bill, dubbed the airline passenger bill of rights, that would give passengers the option to return to the airport terminal after three hours." Rep. Mike Thompson "plans to introduce a similar bill next week."

WSJournal Criticizes Proposed Legislation. The Wall Street Journal (2/24, A8, 2.04M), in an editorial, writes, "Right on cue, politicians are making a fuss about a 'passenger bill of rights' and demanding Congressional intervention after last week's JetBlue airline debacle. The irony is that the marketplace is already moving to address the problem, and the government could really help by relaxing some of the rules that incentivize airlines to discomfit passengers in the first place. … In hindsight, it's easy to say JetBlue waited too long, but we wonder how many passengers, offered a choice between the possibility of imminent clearance to take off and the certainty of many more hours in the terminal, would have opted for the departure lounge. A bill of rights mandating deplanings would take these decisions away from those trying, if sometimes futilely, to get their passengers where they're going as quickly as possible."

NYTimes Seconds Justice Kennedy On Higher Judiciary Salaries. The New York Times (2/24, A14, 1.16M), in an editorial, notes that Justice Anthony Kennedy "told the Senate this month that the salaries paid to federal judges are so low that they threaten both the quality and independence of the judiciary. The problem is real, and Congress should quickly pass a bill to fix it."

OTHER NEWS:

Stocks Close Week On "Down Note." NBC Nightly News (2/23, story 5, :20, Williams, 9.87M) reported that "stocks finished out the week on a down note. The Dow was off 38 1/2 points. The Nasdaq lost just under 10 points on the day. For the week, a mixed finish: the Dow down 120 points, the Nasdaq up almost 19 points on the week." The Wall Street Journal (2/24, B3, Talley, 2.04M) says the Dow fell "to 12647.48" in its "third straight decline," while the Nasdaq ended the week at 2515.10 and the S&P 500 "lost 5.19, or 0.4%, to 1451.19." The Washington Post/AP (2/24, D4) says it was the "worst week for the Dow Jones industrials since mid-August."

Crude Oil Tops $61; Dollar Declines. The Wall Street Journal (2/24, B4, Sykora, 2.04M) reports crude oil futures "settled at a nine-week high as gasoline futures continued advancing and traders focused on plunging U.S. petroleum-product stockpiles and recent refinery and pipeline glitches around the country. April crude oil on the Nymex gained 19 cents to $61.14 a barrel, its highest close since Dec. 22." Meanwhile, the Wall Street Journal (2/24, B14, Molinski, 2.04M) reports, the dollar "exited lower across the board Friday amid concerns that interest rates will rise in Europe but could remain frozen or even decline in the U.S."

Several Governors Proposing Large Spending Hikes. The Wall Street Journal (2/24, A1, Cooper, 2.04M) reports, "From New York to Montana to California, states are proposing budget increases that outpace inflation and far exceed the 1% rise in domestic outlays -- outside of defense and homeland security -- that President Bush recently proposed in his fiscal 2008 federal budget. In Montana, Gov. Brian Schweitzer is cutting taxes and boosting spending by 26% over two years, including $100 million for new 'meth prisons' that blend incarceration with intensive drug rehab for those convicted of methamphetamine crimes. In Vermont, Gov. Jim Douglas wants to borrow $40 million to create 'the nation's first e-state,' where free wireless broadband is available to all. And in Arizona, the only dispute between a Democratic governor and a Republican legislature over a half-billion-dollar road-repair program is whether to borrow the money or pay cash." The Journal notes, "Last year, the

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Massachusetts legislature approved a $1.56 billion universal health-care plan under Republican Gov. Mitt Romney, who is now running for president. This year, at least ten states -- most notably Republican Arnold Schwarzenegger's California -- are weighing similar programs."

No Voting Machine Errors Found In FL13 Audit.

The Washington Post/AP (2/24, A8) reports, "An audit of touch-screen voting machines at the center of a dispute in a congressional election found no evidence of malfunction, Florida's secretary of state said Friday. The audit was conducted after more than 18,000 ballots were cast in Sarasota County without a selection in the District 13 congressional race in November between Republican Vern Buchanan and Democrat Christine Jennings. Buchanan was the certified winner by 369 votes, but Jennings sued, alleging that the machines malfunctioned." Florida Secretary of State Kurt Browning said he and Gov. Charlie Crist "are committed to ensuring that every Floridian's vote is counted, and I am confident that the race in Sarasota County was fair and accurate." The New York Times (2/24, A9, Drew, 1.16M) reports, "The finding, reached unanimously by a team of computer experts from several universities, could finally settle last fall's closest federal election. … Legal precedents make it difficult to win a lawsuit over ballot design, but a substantial error in the software might have been grounds for a new election."

Citing Money, Vilsack Quits Presidential Race.

Former Iowa Gov. Tom Vilsack ended his bid for the Democratic presidential nomination Friday, frankly stating that his inability to raise enough money to compete was the sole reason for his exit. Vilsack, who declined to comment on any possible vice presidential aspirations, was barely registering in national polls but was in the double digits in his home state, which will lead off the primary voting season. Several reports say Vilsack was the first candidate in, and now the first candidate out, of the field, though of the candidates invited to last week's forum in Nevada, ex-Sen. Mike Gravel was actually the earliest entrant into the race.

ABC World News (2/23, story 6, :20, Gibson, 8.78M) said Vilsack "said he's getting out for one reason: He can't raise money. Candidates are declaring they'll run earlier than ever before and now one drops out." The CBS Evening News (2/23, story 4, :15, Mitchell, 7.66M) said the "first Democrat to declare he was in today said he is out. … The reason, he said, in a word, money -- he doesn't have enough." The Des Moines Register (2/24, 160K) quotes Vilsack saying, "This process has become to a great extent about money, a lot of money. And it is clear to me that we would not be able to continue to raise money in the amounts necessary to sustain, not just a campaign in Iowa and New Hampshire, but a campaign across this country. So it is money and only money that is the reason we are leaving today."

Under the headline "Vilsack, First Democrat In, Is Quickly Out," the Washington Post (2/24, A2, Balz, 690K) says Vilsack, "who called for a swift end to the Iraq war and proposed an ambitious plan for reducing dependence on foreign oil, was considered a long shot for the nomination, so his early departure does not fundamentally change the shape of the Democratic contest. But it does change the dynamic in Iowa. … Rival campaigns immediately began scrambling for endorsements of Iowa elected officials and prominent party activists and to hire Vilsack staff members."

The New York Times (2/24, A10, Zeleny, 1.16M) says Vilsack "spent the afternoon taking calls from former rivals. They sent their best wishes, even as they began seeking his endorsement in Iowa." And the New Hampshire Union Leader (2/24, DiStaso) reports Stonyfield Farms CEO Gary Hirshberg, "one of only two well-known New Hampshire backers" of Vilsack's campaign, said Sen. Barack Obama "telephoned him asking for support 'literally 120 seconds' after word" of Vilsack's exit became public. The AP (2/23) says Vilsack, "who likely will be considered as a vice presidential nominee, repeatedly declined to endorse another candidate at his news conference."

The Washington Times (2/24, Miller, 88K) reports on its front page that the "first Democrat to officially enter the 2008 presidential race…will be viewed as a casualty of the new campaign world, in which big states such as California, Florida and New Jersey are considering moving up their primaries and in which $100 million is considered the ante." The Los Angeles Times (2/24, Barabak, 850K) seconds this in its lead, saying Vilsack's "abrupt departure from the presidential race Friday underscores the indispensable role of money in the contest, as well as an attention gap between voters and political insiders." On its Web site, The Hill (2/23, Marre) says Vilsack was the victim of "better-known candidates with deeper pockets."

David Yepsen writes on the Des Moines Register (2/23, 160K) Web site, "One immediate effect on the race is to make the Iowa caucuses even more important. With no favorite son candidate in the field, Iowa again becomes a level playing field for the others. As long as Vilsack was in the race, many in the political community thought contests in Nevada and New Hampshire might prove to be fairer tests of strength for the other candidates."

Aide Says Harkin Will Not Retire To Clear Senate Seat For Vilsack. RollCall.com (2/23, Duran) says an aide to Sen. Tom Harkin quickly "shot down speculation that Harkin would not seek re-election and pave the way for Vilsack to run for Senate." Harkin communications director Maureen Knightly said Harkin is "doing everything he can right now to prepare for a run and he's actively raising money."

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Vilsack Says "Money Primary Was The One That Mattered." On MSNBC's Hardball (2/23, Matthews), Vilsack said, "I think we were winning the idea primary, but the money primary was the one that mattered. We obviously had a position on the war that I think was the right position. And we had an energy policy I was very proud of. But the reality is, if you don't have the resources, you can't basically push the message, and at the end of the day, that's what it was. … Obviously I understood the rules of the game when I got into this. But clearly, I think there needs to be a debate and conversation in the country about precisely what the rules of the game ought to be in the future. It ought to be about ideas. It ought to be about substance. It ought not to be just about money. Unfortunately, that's the game that's being played today. I understood that. I thought I could compete. Obviously, at the end of the day, I couldn't."

Biden Says Vilsack "Would Have Been A Good President." On CNN's The Situation Room (2/23, Blitzer), Sen. Joseph Biden said of Vilsack, "He would have been a good president. This is a competent guy. This is the guy who turned his state around; this is the guy who made it blue, this is the guy who has absolute capability to do whatever he would be appointed to do or asked to do." On MSNBC's Hardball (2/23, Matthews), Biden said, "Gov. Vilsack is a really capable guy and I don't think you've seen the last of Gov. Vilsack on the national scene." Asked if he thinks Vilsack "just checked in so he can run for vice president," Biden said, "No. I think he checked in because he knew he could be a good president."

Giuliani, McCain Both Lead Clinton In Rasmussen Matchups. A Rasmussen Reports poll of 800 likely voters across the US conducted February 21-22 (+/- 4%) finds that in a general election matchup, Rudy Giuliani leads Sen. Hillary Clinton by nine points, 52%-43%. Giuliani leads John Edwards by two points, 46%-44%. In a head-to-head race between Sen. John McCain and Clinton, McCain leads by five points, 47%-42%.

With Spat With Clinton Still Fresh, Obama Campaigns In Texas. The CBS Evening News (2/23, story 4, 2:00, Borger, 7.66M) reported Sen. Barack Obama "told a crowd in Texas today that he's the man to change politics." Obama: "I know Washington needs to change, and I think I can be an agent for change in Washington." Borger: "And Hillary Clinton, a veteran of two presidential elections and a nasty battle against her husband's impeachment, today made no bones that she's ready to rumble." Clinton: "Now, as you may have heard, I'm in, and I'm in to win. And I'm in to change our country." Borger: "But with Obama a growing threat to those aspirations, the aggressive Clinton campaign was looking for a chance to take him down a peg." The "spat" over David Geffen's comments this week "is an early look at what we're in for. The Clinton camp has a take-no-prisoners attitude. The Obama campaign is struggling with this: How can you call for an end to partisan bickering knowing you need to hit back if your opponent kicks you around?" The AP (2/23, Johnson) reports Republican Mitt Romney said he "relishes the infighting that has distracted two of his potential Democratic opponents." At a stop in New Hampshire, Romney said, "It's great, isn't it? I love to see it when it happens on the other side.

The Dallas Morning News (2/24, Slater, 500K) says "thousands of people jammed a lakeside venue used for rock concerts" in Austin to hear Obama "promise Friday to 'galvanize a movement for change' in American politics. The crowd -- extraordinarily large for so early in a presidential campaign -- cheered Mr. Obama's call to withdraw U.S. troops from Iraq and his denunciation of the Bush administration." The rally was Obama's "first visit to Texas since formally announcing his candidacy."

Biden Says Democrats Should Refrain From Personal Attacks On One Another. Asked about the Clinton-Obama tiff on MSNBC's Hardball (2/23, Matthews), Sen. Joseph Biden said, "I learned from the outset of my announcing my campaign my lesson not to comment on anybody else's campaign, or on anything that any of the other candidates are doing. So I am going to refrain from commenting. … I am going to abide by Reagan's 11th commandment: never speak ill of another Democrat running. I commit to that. Now there's a difference between speaking ill of them this terms of their character or family and taking sharp disagreement with a policy. We are going to disagree on policy. That's healthy. The Democratic Party needs to hear the debate about which direction each of us want to take the party and take the nation. But I believe we should refrain from either ourselves or through surrogates, if that happens, from going after, attacking the character, the personality, the family of any other candidate."

Indicted Ex-Fundraiser's Wife Sells Land Next To Obama's Home. The Chicago Tribune (2/24, Jackson, Gibson, 617K) reports, "A land sale recorded this month ended the neighborly relationship" between Obama and "indicted political insider Antoin 'Tony' Rezko, Obama's friend and former fundraiser. On Dec. 28, 2006, land records show, Rezko's wife, Rita, sold the garden lot she owned next to Obama's home, transferring it to a company that plans to develop housing there. That sale deed became public this month when it was registered with the Cook County recorder of deeds." In October 2006, Rezko "was indicted in a state government kickback scandal and in an alleged business fraud. He has pleaded not guilty to both indictments. As he campaigns for president, Obama has distanced himself from his longtime friend."

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Obama New York City Fundraiser Profiled. Under the headline "In Clinton's Backyard, It's Open Season As An Obama Fund-Raiser Lines Up Donors," the New York Times (2/24, A11, Konigsberg, 1.16M) profiles Jeh Johnson, one of Obama's "leading fund-raisers" in New York City, who is "trying to poach in the heart" of Clinton's "financial territory."

Clinton Says Husband Would Have Diplomatic Role Under Her Administration. The San Francisco Chronicle (2/24, Marinucci, 384K) reports on its front page that Sen. Hillary Clinton – "coming off a week of caustic comments from Hollywood mogul David Geffen and a campaign squabble with rival Sen. Barack Obama -- was exactly where she wanted to be Friday: in front of an adoring crowd in the Democratic stronghold of San Francisco, raising boatloads of campaign cash. And the New York senator used the occasion to defend a man who is potentially a source of controversy: her husband." Responding to an audience member's question, Clinton "called her husband 'the most popular person in the world right now' and said that when she reaches the White House, 'I will continue the tradition of using former presidents' as diplomats around the world." In addition, Clinton "also gave her husband's former vice president -- who still is viewed as a potential rival for the Democratic nomination -- a thumbs-up for his Oscar-nominated film about global warming, 'An Inconvenient Truth.'" Clinton said, "We're all pulling for Al Gore to get that Oscar."

South Carolina Democratic Official To Run Richardson State Campaign. South Carolina's the State (2/24) reports South Carolina Democratic Party Executive Director Lachlan McIntosh "is leaving the post to run New Mexico Gov. Bill Richardson's presidential campaign in South Carolina." McIntosh "said he will start working for Richardson on March 15."

The Wall Street Journal (2/24, A2, Cooper, 2.04M) looks at the lack of governors in the presidential race, with Richardson the only sitting governor in either party's field.

Biden Says Iraq Issue, First Four States Key To His Chances. Sen. Joseph Biden said on MSNBC's Hardball (2/23, Matthews), "If I am able to make my case about how to get us out of Iraq, how I can lead this country -- and everybody knows there will be no margin for error, this next president will have no margin based on what Bush is going to leave him -- then I think I could overcome whatever deficit I might have after the first four primaries. But I do need enough [money] to compete in the first four primaries and caucuses, and I think I can do that."

Gore Oscar Win Could Revive Presidential Campaign Talk. At CNN.com (2/23), analyst William Schneider writes, "We've seen plenty of political moments at the Oscars before. But on Sunday, we could see the most unusual political moment ever" if Al Gore's "An Inconvenient Truth" wins the Best Documentary Feature award. Schneider asks, "Could an Oscar start the momentum for a draft-Gore movement?" Martin Kaplan of the University of Southern California's Norman Lear Center "thinks it could." Kaplan said, "People think that he's paid his dues, he's had more of an impact on issues that people care about than many people who have been in office and there's a feeling that he's finally lost that student council condescension that was fingernails on a blackboard to a lot of supporters." The AP (2/23, Fouhy) says Gore's film is the "odds-on favorite" to win the Oscar.

Carter Says He Would Support Gore For President. ABCNews.com (2/23) reports that in an interview to air on "This Week" on Sunday, ex-President Carter calls Gore his "favorite Democrat" and says, "If Al should decide to run -- which I'm afraid he won't -- I would support Al Gore."

Leading GOP Presidential Contenders Grapple With Abortion Issue. The Politico (2/23, Martin) reports that an "increasingly tense war over abortion has emerged as the early test of conservative bona fides among the leading GOP presidential contenders. To many on the right, the top three candidates are failing it because they're faking it. … Many conservatives consider Arizona Sen. John McCain a less-than-passionate abortion foe, former Massachusetts Gov. Mitt Romney a flip-flopper and former New York Mayor Rudy Giuliani as downright hostile to the pro-life movement." The "fight to reverse that perception is getting personal. McCain and Romney, through aides and supporters, are hitting each other almost daily over the issue." While McCain has been a "consistent opponent of abortion in his more than two decades in Congress," he is still "viewed with suspicion by many in the anti-abortion community," while Romney "has even more challenges on pro-life issues. He was, in his words, 'effectively pro-choice' until recent years. … Giuliani has smartly avoided the spat. Unlike Romney, he remains pro-choice. But even Giuliani has sought to lessen the gulf between his views and the GOP conservative base on the issue."

In her New York Times (2/24, A15, 1.16M) column, Ann Althouse writes, "We're seeing some awfully complicated positions on abortion from some of the presidential candidates. It's easy to hoot with derision." But "if we listen with a decent sympathy, the things Giuliani and Romney say about abortion make sense. When Romney ran for governor, he made a commitment to Massachusetts voters not to attack the law he knew they supported. That was politically expedient, of course, but it also took an admirably limited

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view of executive power and acknowledged the independence of the legal system. Similarly, Giuliani respects the distinctive work of judges and the separate role of the state legislatures. … So I'd like to see a little more patience with what Romney and Giuliani are saying. But that doesn't mean we should be naïve. The next president will select real individuals to be judges, and no matter how diligent they are, they will bring something of their humanity to their interpretation of the law, a version of humanity that will express something of the president's cast of mind."

McCain Suggests His Iraq Stance Could End His Political Career. The Seattle Times (2/24, Brunner, 118K) reports Sen. John McCain, in Seattle, said Congress "should give President Bush's planned 'surge' of more U.S. troops in Iraq a chance to work." McCain called the recent nonbinding resolution debate "'a charade' and said if members of Congress oppose the war, they should use their budget authority to cut off funding instead." The AP (2/23, Woodward) says McCain said British Prime Minister Tony Blair "has sacrificed his career to support the Iraq war," and acknowledged he "could face the same fate." McCain said of Blair, "He has literally sacrificed his political career because of Iraq. That is a great testament to his political courage." Asked later "if he was in danger of making the same sacrifice, McCain responded, 'Sure.'"

Slain Teen's Father Urges McCain To Address Arizona Incident. Newsday (2/24, Massey) reports New York resident Ronald Schiffman, whose "daughter was shot to death in an Arizona parking lot last Sunday," has called on McCain "to speak out against gun violence." Schiffman said, "This is his state. John McCain should make a statement about this incident. He cries, rightly so, about all the boys who die in Iraq. I'd like to see him talk about gun control. It's a topic I think has disappeared because of all the problems the country is facing." Nicole Schiffman, 19, and Carol Kestenbaum, 20, "were shot last Sunday night in Tempe by 22-year-old Joshua Mendel, who had called 911 two weeks earlier asking for help with an alcohol problem."

Dowd Says She Misses Old McCain. In her New York Times (2/24, A15, 1.16M) column, Maureen Dowd writes that McCain "has tried to worm his way into the affections of W. and the religious right," but "there's one huge group that he's not pandering to: Americans. Most Americans are sick and tired of watching things go hideously backward in Iraq and Afghanistan, and want someone to show them the way out. Mr. McCain is stuck on the bridge of a sinking policy with W. and Dick Cheney, who showed again this week that there is no bottom to his lunacy. The senator supported a war that didn't need to be fought and is a cheerleader for a surge that won't work. … Sometimes I miss John McCain, even when I'm with him."

Nevada GOP Decides Against Early Caucus. The New Hampshire Union Leader (2/24, DiStaso) reports Nevada Republicans "have decided not to follow their Democratic counterparts by moving up their Presidential caucus to near the front of the pack of nominating contests. After considering it, the Nevada Republican Party's executive board decided against a calendar move that would have violated a rule of the Republican National Committee, the party's executive director said yesterday."

Napolitano Says Democratic Nominee Will Be Competitive In Arizona. On MSNBC's Hardball (2/23, Matthews), Arizona Gov. Janet Napolitano said she thinks "any of the Democrats could run a very strong race" in her state in 2008. If Sen. John McCain is the Republican nominee, "That makes it tougher. … But I still think it would be very competitive."

Candidates Begin "Quadrennial Groveling" To Early State Opinion Leaders. The New York Times (2/24, A11, Leibovich, 1.16M) runs a piece on "the beginning of the quadrennial groveling season. While the presidential campaigns have turned against one another in the news media in recent days, the candidates are making serious nice to would-be supporters." Candidates are seeking out and chatting up anyone who is "a local person-of-influence in a state with early voting," whose possible support offers "a disproportionate say in picking the next president and, more to the point, entitles" them to "disproportionate attention, flattery and testimonials from the procession of Very Ambitious People blowing through town."

Schwarzenegger Will Not Rule Out Senate Run, Will Back GOP Presidential Nominee. In a flattering piece, Roger Simon writes in The Politico (2/23) that if Gov. Arnold Schwarzenegger "had been born in Austin instead Austria, he might be president today. But because that office is denied him by the U.S. Constitution, he is concentrating on other things." In a "45-minute interview in his office in the state capitol Thursday," Schwarzenegger said he "will not rule out running for future public office including U.S. senator or mayor of Los Angeles when his term as governor expires," and that he "will not endorse a presidential candidate until after the Republican Convention in September 2008, even though he thinks Rudy Giuliani and John McCain are strong candidates and either could win the California primary." He also said Democrats "should stop criticizing Hillary Clinton for refusing to say she made a mistake by voting for the Iraq war," and that California First Lady Maria Shriver "will 'absolutely not' run for governor of California or any other public office, quashing speculation that a Schwarzenegger dynasty was in the making."

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Schwarzenegger also said he "would definitely endorse the Republican nominee for president," which means New York Mayor Michael Bloomberg, "a friend and political ally of Schwarzenegger, would not get his endorsement should Bloomberg run for president as an independent."

Research On Adult Stem Cells Comes Into Question. The Washington Times/AP (2/24) reports, "A scientific panel says a 2002 study that suggested adult stem cells might be as useful as embryonic ones was flawed and its conclusions may be wrong, a finding that raises questions about the promise of a less-controversial source for stem cells. The research by Catherine Verfaillie at the University of Minnesota concluded that adult stem cells taken from the bone marrow of mice could grow into an array of biological tissues, including brain, heart, lung and liver."

In Australia, Cheney Reiterates Stance On China, North Korea, Iran. Major media report Vice President Cheney's comments yesterday and today in Sydney, including a joint press appearance this morning with Prime Minister John Howard. The Financial Times (2/24, Minder, Sevastopulo, Dinmore) says Cheney "on Friday accused China of pursuing military policies that were at odds with its stated ambitions of a 'peaceful rise.'" He "welcomed Beijing's role in securing the six-party agreement with North Korea towards denuclearising the Korean peninsula. But he said China's recent anti-satellite missile test and the rapid expansion in its military budget was sending mixed signals." The Times says the visit "comes at a difficult time for [Howard], who is under pressure to justify his decision to maintain Australia's military involvement in the US-led coalition in Iraq" and has "faced criticism over his inability to speed up legal proceedings against David Hicks, an Australian detained in Guantánamo Bay." Howard "rejected as 'absurd' suggestions the US visit and the strong endorsement received yesterday from Mr Cheney was a political liability in the run-up to federal elections this year."

The AP (2/24, Sullivan) keys on today's joint appearance, reporting Cheney "renewed Washington's criticism of Iran on Saturday, saying 'all options' remained on the table to deal with that country's regime after it ignored a U.N. deadline to halt uranium enrichment and said it would defy foreign pressure." He "said the United States remained 'deeply concerned' about Iran's activities, including the 'aggressive' sponsoring of Hezbollah and inflammatory statements by President Mahmoud Ahmadinejad. He said top U.S. officials would meet soon with European allies to decide the next step toward planned tough sanctions against Iran for its pursuit of nuclear weapons." Cheney "also said that Washington was 'comfortable' with Britain's decision to withdraw troops from Iraq and that it was up to Australia to decide if it would do the same."

Cheney Rejects Charge Of "Failed Strategy" In Iraq. Asked during an ABC World News (2/23, story 2, 4:15, Karl, 8.78M) interview if "our strategy been failing" in Iraq, "isn't that why the President has to come out with a new strategy," Cheney said, "A failed strategy, let's see, we didn't fail when we got rid of Saddam. We didn't fail when we held elections, we didn't fail when we got a constitution written, those are success stories." Karl: "Didn't we fail when 3,000 American soldiers killed? Cheney: "You wish there was never a casualty, Jonathan. You wish there as never a casualty, always regret casualties but we're at war. And we have to succeed where we begun this venture."

US, Allies To Push For New UN Sanctions Against Iran. The Financial Times (2/24, Dombey, Turner) notes, "Western countries said on Friday they would seek to agree new sanctions against Iran involving a travel ban, possibly an arms embargo, and a crackdown on export credits because of Tehran's failure this week to meet a United Nations deadline to curb its nuclear programme. But they acknowledged some measures, such as the export credits, could be difficult to agree among the [UNSC's] five permanent members, which meet on Monday with Germany to discuss next steps." Washington and Brussels "hope that by setting more modest goals, they will avoid the four-month long wrangle at the Security Council that preceded the imposition of previous sanctions against Iran last December."

An analysis piece in today's New York Times (2/24, Sanger, 1.16M) is entitled, "Leaving The Options Open With Iran." While "the Bush administration tries to rally allies to tighten sanctions on Iran yet again, it is sending mixed messages to Tehran about its commitment to a diplomatic solution, trying to create new openings for negotiations even while holding open, ever so vaguely, the possibility that the United States might some day resort to force." Citing statements yesterday by Cheney and Rice, the Times says "White House officials insist that there is no contradiction." The White House has declined to say at what point the Iranians will have pushed the United States too far," and sources says President Bush "is happy to leave the Iranians guessing." Anonymous Administration officials "said the carrier movements, the accusations about weapons in Iraq and the use of sanctions against the government were all intended to provide Mr. Bush with some leverage in dealing with Iran." Cheney "appears increasingly isolated now that many of his protégés have departed the Defense Department, the State Department and other corners of the administration."

Rafsanjani Backtracks From "Conciliatory Stance." The Washington Times/AP (2/24, Karimi) carries comments by Ahmadinejad and "influential" former President Akbar

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Hashemi Rafsanjani that international "critics of its nuclear program are 'bullying' Iran." Those remarks "appeared to show that the Iranian ruling establishment is closing ranks ahead of the possible new measures." While Rafsanjani "in recent weeks has emerged as a high-level advocate of a more conciliatory stance toward the West in the nuclear dispute," the AP says he "told worshippers gathered for Friday prayers in Tehran that Western countries would fail to achieve anything by pressuring Iran about its nuclear activities."

Richardson Says Only Diplomacy Can Achieve Success With Iran. In an op-ed in today's Washington Post (2/24, A19, 690K), New Mexico Gov. Bill Richardson says, "The recent tentative agreement with North Korea over its nuclear program illustrates how diplomacy can work even with the most unsavory of regimes. Unfortunately, it took the Bush administration more than six years to commit to diplomacy." With regard to Iran, "President Bush refuses to talk, except to make threats. … This is not a strategy for peace. It is a strategy for war," and "saber-rattling is not a good way to get the Iranians to cooperate." Richardson asks the Administration "to engage directly with the Iranians and to lead a global diplomatic offensive to prevent them from building nuclear weapons. We need tough, direct negotiations, not just with Iran but also with our allies, especially Russia, to get them to support us in presenting Iran with credible carrots and sticks. … It is time for alliance-building, direct engagement and tough face-to-face negotiations. For the United States to attack Iran without exhausting all diplomatic options would be a terrible mistake."

El-Baradei Says North Korea Wants Renewed Nuclear Inspections. On its front page, the Washington Times/AP (2/24, Jahn) carries comments by IAEA head Mohamed El-Baradei that "North Korea on Friday asked [him] to visit four years after expelling his experts and dropping out of the Nuclear Nonproliferation Treaty — an encouraging sign the reclusive regime is serious about dismantling its weapons program." El-Baradei "offered few details about his upcoming trip, which other agency officials said would likely occur in the second week of March. Still, his announcement was significant because it signaled the North's willingness to subject its nuclear program to outside scrutiny for the first time since" 2003. White House spokesman Tony Fratto "said the invitation shows North Korea is willing to begin executing the terms of the six-nation deal reached Feb. 13." AFP (2/24) titles its coverage, "US 'Very Pleased' About North Korean Invitation To UN Watchdog: Rice."

The Los Angeles Times (2/24, Drogin, 850K) calls the announcement a "breakthrough," and reports, "In a fresh sign of easing tensions, North Korean officials on Friday invited the chief of the United Nations' nuclear watchdog agency to come to [Pyongyang] next month to develop plans aimed at dismantling the nation's nuclear weapons program." El-Baradei "said that he hopes to discuss the 'shut-down and eventual abandonment' of the plutonium-producing reactor facility at Yongbyon, ending its ability to produce fuel for additional nuclear weapons."

An AP (2/23) story notes Kim Kye-Gwan, "North Korea's chief nuclear negotiator, plans to visit the United States within days for follow-up talks on a recent disarmament deal, a South Korean news report said Saturday." Kim plans to meet Assistant Secretary of State Chris Hill in New York late next week. "If Kim's trip takes place, it would be the first U.S. visit by North Korea's main nuclear envoy since the international standoff over the North's nuclear ambitions flared in late 2002."

Pakistan Says Waziristan Al Qaeda Team Killed US Diplomat. The New York Times (2/24, Gall, 1.16M) reports claims by Pakistani prosecutors that "the suicide bombing that killed" US diplomat David Foy in Karachi "last March, just before a visit by President Bush, was organized by a small cell of Pakistani militants and masterminded by an operative of Al Qaeda based in the Pakistan's tribal areas." Those charges were presented as "evidence — the result of months of investigations by the police, assisted by F.B.I. investigators — at the trial of two men accused in the plot," Anwar ul-Haq and Usman Ghani. "The case is one of the first in Pakistan to underline in court the links between splinter cells of Pakistani jihad groups and Qaeda operatives in Waziristan."

Pakistan Tests Nuclear-Capable Missile. AFP (2/23) notes Pakistani military leaders' claims that they "test-fired [their] longest range nuclear-capable ballistic missile, two days after signing a deal with rival India to cut the risk of atomic weapons accidents." The Shaheen II, or Hatf VI, "missile with a range of 2,000 kilometres (1,240 miles) was launched from an undisclosed location" following notifications to "'neighboring countries.'" AFP says the "test comes at a key time in relations between New Delhi and Islamabad following the firebombing of a cross-border train at midnight Sunday, which killed 68 Pakistanis and Indians."

Turkey Charges Kurdish Politician With "Inciting Hatred." The Washington Post/AP (2/24, A12) reports, "A politician was charged Friday with inciting hatred and threatening public safety after suggesting that fellow Kurds would rise against the state and fight if Turkey ever attacked their Kurdish brethren in neighboring Iraq. Police detained Hilmi Aydogdu, leader of the Democratic Society Party's branch in the mainly Kurdish city of Diyarbakir, as he left a conference and questioned him over the remarks, said Nazmi Gur, a party spokesman. ... Turkish leaders are

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concerned that Iraq's Kurds want Kirkuk's oil revenue to fund a bid for independence that could encourage separatist Kurdish guerrillas in Turkey who have been fighting for autonomy since 1984."

US, Russia Not Among Cluster Bomb Ban Signatories. The Washington Times/AP (2/24, Mellgren) reports, "Forty-six nations adopted a declaration yesterday calling for a 2008 treaty banning cluster bombs, saying the weapons kill and maim long after conflicts end and inflict 'unacceptable harm' on civilians, particularly children." The AP notes that "some key arms makers -- including the United States, Russia, Israel and China -- snubbed the conference," while Poland, Romania and Japan "did not approve the final text."

UK Interested In Hosting US Missile Defense System. The New York Times (2/24, A4, Cowell, 1.16M) reports London and Washington "said Friday that they were discussing the stationing of an American antiballistic missile defense system on British soil." Prime Minister Tony Blair's "spokeswoman said Friday that Britain had been secretly lobbying for inclusion in the system for some time." The Times says the move "seems sure to prove contentious in Britain, and to cloud Mr. Blair's final months in office." The "negotiations are most likely to raise political hackles at a time when many in Mr. Blair's Labor Party and in the opposition Conservatives are pressing for Britain to distance itself from the United States after their close and sometimes unpopular alliance in Iraq." The Financial Times (2/24, Fidler, Adams, Dombey) cites British government sources claiming London "has pressed Washington to site important elements of the US missile defence system in the UK."

Russia Angered By US Radar, Missile Plans. The CBS Evening News (2/23, story 5, 2:20, Mitchell, 7.66M) reported, "Russia today praised its armed forces as its relations with the U.S. seem to be sliding back to the Cold War era." CBS (Palmer): "The rhetoric coming out of Russia these days is real and aggressive. ... Russia's generals were furious with U.S. plans to put radar bases into the Czech Republic and a new missile defense system into Poland."

NYTimes Assails Bush Plan For Eastern Europe Sites. In an editorial entitled, "Misguided Missiles," the New York Times (2/24, A14, 1.16M) says "it would seem that everyone involved should know better. But the Bush administration's tone-deaf plan to station parts of a missile defense system in Eastern Europe and Moscow's snarling response show that all sides could use a refresher course in diplomatic sense and civility." The "mixture of crocodile tears and threats from Russian officials seems overly dramatic — and very much in character for President Vladimir Putin." Secretary Rice "should have expected Moscow's reaction," and she "should have known that provoking Moscow this way could be especially counterproductive." The Times concludes, "A few interceptors in Europe may or may not work against 'rogue states,' but they are counterproductive if all they do is to provoke Russia and irk NATO allies."

Prodi Lines Up Support Ahead Of Likely Return To Premiership. The New York Times (2/24, A8, Fisher, 1.16M) reports, "It wasn't love or even any real faith that they could stick together long. Rather, it seems, a singular frightening thought pushed nine bickering parties to agree late on Thursday to come together again: that Silvio Berlusconi might soon lead Italy again." Because recent polling "showed that Mr. Berlusconi's center-right coalition would probably win if elections were called now," the Times says "new elections seem unlikely at the moment." The "real worry that the center-left could again lose power, only nine months after wresting it from Mr. Berlusconi, seemed to concentrate minds overnight Thursday as the fractured parties in Mr. Prodi's coalition came together behind his demands."

Under the headline, "Prodi aims to secure centre-left vote," the Financial Times (2/24, Barber) says "Italian political leaders continued their search for a new government on Friday as" Prodi "tried to strengthen his centre-left coalition and secure it a second term of office." His "aim is to ensure that if [Napolitano] asks him to form a new government, he will be able to count on the support of every single centre-left legislator in a subsequent vote of confidence." The AP (2/24, Rizzo) adds, "Center-left leaders rallied behind [Prodi] on Friday, boosting his chances of returning to office."

Chavez Conducts "Frenetic" Regional Diplomacy To Buttress Standing. The New York Times (2/24, A4, Romero, 1.16M) summarizes the "busy week" of diplomacy by Venezuelan President Hugo Chavez. He met in Caracas on Friday "with President Daniel Ortega of Nicaragua to discuss an array of Venezuelan assistance programs, capping an unusually frenetic week for this country's efforts to enhance its political and economic influence in parts of Latin America." The deals with Nicaragua, Ecuador and Argentina stem are part of "Venezuela's use of its windfall from historically high oil prices, and sometimes its own reserves and exports of oil, to lift its regional profile." Chavez "is using Venezuela's oil revenues, valued at more than $50 billion a year, to counter the influence of the United States and multilateral lending organizations like the International Monetary Fund."

Motives Behind Citgo Campaign Questioned. Under the headline, "Is Citgo Program For Poor, Or For Chávez?" the Washington Post (2/24, D1, Birnbaum, Mufson, 690K) notes, "Citgo, the Venezuela-owned oil company, is running

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television commercials across the United States promoting the discounted heating oil it provides to low-income people -- but some are wondering whether the ads are really promoting the South American country's leader." Citgo "said the ads … are designed to persuade families to sign up for the charitable program. Critics of Venezuela, however, see both political and economic motives -- primarily to enhance the image of the country's leftist leader, Hugo Chávez, and thereby improve the company's standing with U.S. consumers." The Post adds, "Some observers, while praising the program's generosity, believe that more is involved than good deeds."

Hong Kong's Tsang Said To "Juggle" Roles.

The Wall Street Journal (2/24, A9, Kissel, 2.04M) conducts an extensive interview of Hong Kong chief executive Donald Tsang entitled, "Tsangfroid." He is "part of a grand juggling act, protecting Hong Kong's cherished freedoms while integrating the place – carefully, it's hard work, doing the best that we can, he'll tell you -- into the mainland's booming economy." The Journal says he "is 'running' for 're-election' in a rigged campaign where Beijing still picks the winner." For his part, Tsang "has focused his energies on the economy," and he has "a vision for Hong Kong as a nexus for capital not unlike that of London for Europe, or New York for the Americas." His "eagerness to bet Hong Kong's future on the mainland is genuine: He is undoubtedly a Chinese patriot. But why should this capitalist city scramble to join the Communist Party's five-year industrial plan? Other actions, too, hint that the Hong Kong government is starting to stray from the free-market policies that made it so rich."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Iraq Allies, Washington Clash Over Key Policy."
"Drug Cartel's Betrayer Tells His Story."
"Passenger Bill Of Rights' Shaky Start."

New York Times:
"Canadian Court Limits Detention In Terror Cases."
"U.S. Seizes Son Of A Top Shiite, Stirring Uproar."
"At $45 Billion, New Contender For Top Buyout."
"Record Fine Expected For Univision."
"Retired Politicians Spend Unused Campaign Funds."
"New Airport X-Rays Scan Bodies, Not Just Bags."
"Family Hands Off Its Business, And Its Philosophy."

Washington Post:
"Colleges Go Online To Calm The Admissions Jitters."
"Democrats Offer Up Chairmen For Donors."
"Review Of Walter Reed Is Ordered."
"Iraq Rebuilding Short On Qualified Civilians."
"Abuse Victims Demand More From Church."
"Fannie Mae Shuts Down Foundation."

Washington Times:
"N. Korea Invites U.N. Inspector."
"GOP Rejects Iraq Measure."
"Arkansas' Historic School Case Ends."
"And The Nominees Are... From All Over."
"American Hot Wax Is Still Cool."
"Cameras Nab Cops Going To Emergencies."
"Vilsack Calls It Quits For '08."

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"Who Is Tara Grant?"
"Woman: Cops Lost My $56k Diamond."
"Home Magic Disappears."
"Chrysler Eyes Site In Van Buren."
"DPS Investigates $1m Art Purchase."

Atlanta Journal-Constitution:
"On A Mission For Vietnam POWs."
"Judge Wants Jail Reports Audited."
"The Fight For Kids' Health Care."
"Watch Out For Some Gridlock."
"Morris Brown Marks 126 Years."
"Ex-Inmate Wins Round Vs. Fulton."
"Hospital Law Catches Feds' Eye."
"Marta Rail In Alpharetta?"

Dallas Morning News:
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"TXU May Get Record Buyout."
"Teammates Of Grapevine Player Wait And Pray."
"Drug Dogs To Be Used To Fight 'Cheese.'"
"Director Of Juvenile Justice Agency Stepping Down."
"Obama Reels In Austin Crowd."
"Moroney Remembered For Service To Parish, Family, Belo."

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"Your Fashionable Faux Fur Could Be Lassie's Coat."
"Fort Bend Toxic Suicide Bid May Lead To Charges."
"Latin Filmmakers Make Strong Oscar Showing."
"T-Mac Gets 37, But Rockets Fall To Hawks."
"Chevron Bets On Galveston Biodiesel Plant."
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"Death Row Appeal: Two Couldn't Fire Same Bullet."
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CBS: Congress-Iraq; Military Opposition To War; Gates-Walter Reed; Vilsack Quits Presidential Race; Clinton/Obama; Gates-Russia; Airline Industry; Hybrid Car Mileage; Gym Teacher-Unicycling.

NBC: Gates-Walter Reed; Congress-Iraq; Congress-Iraq Analysis; Gulf Coast Company-Katrina; Economic Report; Elder Care-VA Benefits; Little Rock Schools; Oscar Nominees; Taco Bell Rodents; Juvenile Cardiac Arrest.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — No public schedule.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session

US House: Not in session.

Other: GOVERNORS _ The National Governors Association holds its Winter Meeting. Highlights: 10 a.m. News conference with Chair Gov. Janet Napolitano of Arizona, others. 1 p.m. Session on "Innovation America," with Cisco Systems CEO John Chambers and Robert Rubin of Citigroup. 6:30 p.m. Reception honoring the governors. Italian Embassy, 3000 Whitehaven St. NW. Note: receiving line photo op at 6:30 p.m. Remarks at 7 p.m. Location: JW Marriott, 1331 Pennsylvania Ave, NW, unless otherwise noted. Contacts: Jodi Omear, 202-624-5346

BREAST CANCER SURVIVORS _ More than 800 young breast cancer survivors, their caregivers and medical professionals gather for the 7th Annual Conference for Young Women Affected by Breast Cancer, the only international meeting dedicated to the unique needs of young breast cancer survivors. Location: Hyatt Regency-Crystal City, 2799 Jefferson Davis Hwy., Arlington, Va. Contacts: Karen Borack, 212-242-4629

JEWISH COMMUNITY POLICY _ Jewish leaders from the United States and Canada meet to debate, analyze and vote the Jewish community's domestic and international policy at the 2007 Jewish Council for Public Affairs plenum. Location: Omni Shoreham Hotel, 2500 Calvert St. NW Contacts: 202-265-3000

RELIGIOUS LEADERS-IRAN _ 9 a.m. A delegation of U.S. religious leaders returning from a week-long trip to Iran will hold a press conference to brief reporters on their meetings with the Iranian president and Iranian religious leaders. This is the first religious delegation to meet with an Iranian president in Iran since the revolution in 1979. Location: National Press Club, Zenger Room. Contacts: Jack Pannell, 202-745-4614

ARCHIVES DECLASSIFICATION _ 9 a.m. - 12 p.m. The National Archives hosts the 11th meeting of the Public Intertest Declassification Board. Location: Room 700, National Archives and Records Administration. Contacts: Lee Morrison, 202-357-5039

DEAN _ 9:30 a.m. DNC Chairman Howard Dean participates in the National Black Leadership Roundtable Summit. Location: Howard University law school, 2900 Van Ness St. NW. Contacts: Stacie Paxton, 202-863-8148

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, FEBRUARY 24, 2007 7:45 AM EST

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TERRORISM NEWS:

Canadian Court Limits Detention In Terror Cases (NYT)

By Ian Austen

The New York Times, February 24, 2007

OTTAWA, Feb. 23 — Canada's highest court on Friday unanimously struck down a law that allows the Canadian government to detain foreign-born terrorism suspects indefinitely using secret evidence and without charges while their deportations are being reviewed.

The detention measure, the security certificate system, has been described by government lawyers as an important tool for combating international terrorism and maintaining Canada's domestic security. Six men are now under threat of deportation without an open hearing under the certificates.

"The overarching principle of fundamental justice that applies here is this: before the state can detain people for significant periods of time, it must accord them a fair judicial process," Chief Justice Beverley McLachlin wrote in the ruling.

The three men who brought the case are likely to remain jailed or under strict parole because the court suspended its decision for a year to allow Parliament to introduce a law consistent with the ruling.

The decision reflected striking differences from the current legal climate in the United States. In the Military Commissions Act of 2006, Congress stripped the federal courts of authority to hear challenges, through petitions for writs of habeas corpus, to the open-ended confinement of foreign terrorism suspects at Guantánamo Bay, Cuba.

A federal appeals court in Washington upheld the constitutionality of that law this week, dismissing 13 cases brought on behalf of 63 Guantánamo detainees. Their lawyers said they would file an appeal with the Supreme Court. In two earlier decisions, the justices ruled in favor of Guantánamo detainees on statutory grounds but did not address the deeper constitutional issues that this case appears to present.

At a news conference in Montreal, a defendant, Adil Charkaoui, praised the Canadian court's decision.

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"The Supreme Court, by 9 to 0, has said no to Guantánamo North in Canada," said Mr. Charkaoui, who is under tightly controlled, electronically monitored house arrest.

Stockwell Day, the Canadian minister of public safety, said Friday, "It is our intention to follow the Supreme Court ruling."

He added, "We are taking in stride what they did say and we will look at the changes that are necessary."

The decision is also the latest in a series of events that has seen Canada reconsider some national security steps it took after the Sept. 11, 2001, terrorist attacks. Last September, a judicial inquiry rebuked the police for falsely accusing a Syrian-born Canadian, Maher Arar, of terrorist connections. Those accusations, in 2002, led United States officials to fly Mr. Arar to Syria, where he was jailed and tortured. Earlier this year, the Canadian government reached a $9.75 million settlement with Mr. Arar and offered a formal apology. The commissioner of the Royal Canadian Mounted Police also resigned for reasons related to the affair.

Canada's Parliament is divided over whether to continue two antiterrorism measures introduced in 2001 that are set to expire on March 1. The opposition Liberal Party, which had brought in the law, does not want to continue its special preventive arrest powers or the secret court hearings it permits, which resemble grand jury hearings in the United States. Two other portions of that law have been struck down by courts in Ontario.

"We've started to see the rollback," said Alex Neve, the secretary general of Amnesty International Canada. "Today the Supreme Court of Canada has said, 'Make sure you put human rights at the center of how you prevent terrorism.' "

The security certificate system was introduced in a 1978 immigration law and has been used 27 times, mostly before September 2001. It allows the government to detain people indefinitely if the minister of public safety and the minister of immigration conclude that they are a threat to national security. The certificates, once signed, are reviewed by a federal judge who can rule to keep any or all of the evidence secret.

While Amnesty International and other groups have long campaigned against the certificates, the issue attracted relatively little attention for many years. Historically the certificates were issued against people who were accused of spying in Canada and who were swiftly deported.

The current cases, however, have become more prominent because they generally involve people who have been jailed for years without charges, using secret evidence and, in many cases, without bail.

The sparseness of evidence makes it difficult to assess if there is any connection linking the men. The authorities say they have tied five of them in various ways to Al Qaeda. A sixth was arrested in 1995 and has been out on bail since 1998. He is charged with being a fund-raiser for the Tamil Tigers in Sri Lanka.

Hassan Almrei, a Syrian arrested in Mississauga, Ontario, in 2001, is the only one directly involved in this case who remains in jail.

A document from the Canadian Security and Intelligence Service charges that Mr. Almrei, who entered Canada on false papers in 1999, forged documents for the Sept. 11 attacks and is a member of "an international network of extremist groups and individuals who follow and support the Islamic extremist ideals espoused by Osama bin Laden." He was also accused of sending money to Mr. bin Laden's network through a honey and perfume business he ran in Saudi Arabia. The government said that a computer belonging to Mr. Almrei contained images of Mr. bin Laden, guns, a jet cockpit and a security badge.

Like most of the other suspects, Mr. Almrei remains under a certificate because the government's efforts to deport him to Syria conflict with Canadian laws that ban sending people to places where they are likely to be tortured.

Based on the limited information available, other security certificate cases appear to be circumstantial. Mr. Charkaoui, a Moroccan who was arrested in 2002 and released on house arrest in 2005, is accused of having trained in Afghanistan.

"I am innocent," he said Friday. "I was never charged, I was never accused of a crime. If the government has anything to accuse me of, well, there's the criminal code."

Much of the judgment provides a blueprint for Parliament on how to make security certificates fit with Canada's charter of rights and freedoms. As part of that, one of the court's suggestions seems to be adopted from Britain, whose legal system provided the basis of Canada's. After the House of Lords struck down a similar law in 2004, Britain adopted a system that allows security-cleared lawyers to attend the hearings, review the evidence and represent the accused.

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A provision of the ruling that is effective immediately requires people held under certificates to receive a bail hearing within 48 hours.

For terrorism suspects in the United States, whose situation is most directly analogous to that of the men in Canada, the legal situation is cloudy at best. In the two years after Sept. 11, 2001, the government detained more than 5,000 foreign citizens.

Most were charged with offenses no more serious than overstaying a tourist visa, and many were held for months, awaiting clearance by the Federal Bureau of Investigation, after they had agreed to leave the country. Not one was convicted of a crime of terrorism.

Judge John Gleeson of Federal District Court in Brooklyn ruled last June on a class-action lawsuit brought by eight detainees. All have left the country and are seeking damages for what they argued was an illegitimate incarceration. Judge Gleeson dismissed that portion of the lawsuit, ruling that the courts should not "encroach on the executive branch in a realm where it has particular expertise" and "legitimate foreign policy considerations."

Even if the plaintiffs could demonstrate that their right to constitutional due process was violated, Judge Gleeson wrote, the officials they sued would be entitled to immunity because any right to "immediate or prompt removal" had not been "clearly established" at the time. The case, Turkmen v. Gonzales, is now on appeal.

Dalia Hashad, the United States program director for Amnesty International, said the Canadian decision should serve as "a wake-up call that reminds us that civilized people follow a simple and basic rule of law, that indefinite detention is under no circumstances acceptable."

Canada Rules Indefinite Detention Wrong (AP)

By Beth Duff-Brown

AP, February 23, 2007

OTTAWA (AP) - One of Canada's most contentious anti-terrorism provisions was struck down Friday by the Supreme Court, which declared it unconstitutional to detain foreign terror suspects indefinitely while the courts review their deportation orders.

The 9-0 ruling was a blow to the government's anti-terrorism regulations. Five Arab Muslim men have been held for years under the "security certificate" program, which the Justice Department had insisted is a key tool in the fight against global terrorism and essential to Canada's security.

The court found that the system violates the Charter of Rights and Freedom, Canada's bill of rights. It suspended the judgment from taking effect for a year, to give Parliament time to rewrite the part of the Immigration and Refugee Protection Act that covers the certificates.

The security certificates were challenged on constitutional grounds by three men from Morocco, Syria and Algeria - all alleged by the Canadian Security Intelligence Service to have ties to al-Qaida and other terrorist networks.

The law now allows sensitive intelligence to be heard behind closed doors by a federal judge, with only sketchy summaries given to defense attorneys.

The men have spent years in jail while fighting deportation orders. They risk being labeled terrorists and sent back to their native countries, where they face possible torture.

The court called this a fundamental violation of their human rights.

"The overarching principle of fundamental justice that applies here is this: Before the state can detain people for significant periods of time, it must accord them a fair judicial process," Chief Justice Beverley McLachlin wrote in a ruling for all nine justices.

"The secrecy required by the scheme denies the person named in a certificate the opportunity to know the case put against him or her, and hence to challenge the governments case," she said.

The court said the men and their lawyers should have a right to respond to the evidence used against them by intelligence agents and noted that a law in Britain allows special advocates to review sensitive intelligence material.

The Justice Department said it would have no immediate comment.

Two of the men are out on bail and remain under house arrest. Three others are being held in a federal facility in Ontario that has been dubbed the "Guantanamo Bay of the North," a reference to the prison at the U.S. base in Cuba.

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Human rights activists and lawyers for the men hailed the ruling as a victory for those who believe fundamental rights and freedoms have been overshadowed by the demands of national security since the Sept. 11, 2001, attacks on the United States.

"This is a judgment that, quite frankly, I think we should all be very proud of, because our court has not bought into the rhetoric of national security," said John Norris, who represents one of the five. "They have recognized the fundamental importance of preserving the security of all of us, but at the same time has stated, in the clearest possible terms, that that must never be done at the expense of human rights."

Barbara Jackman, who represents another detainee, said the Supreme Court decision in no way compromises national security.

"It only strengthens our democracy," she said. "It's an indication to other countries that to detain people and mistreat them , it's not satisfactory. There are ways to provide fair hearings in the face of national security concerns."

Although the security certificates have been around for decades, their use became more contentious after 9/11, and more suspect since Ottawa used faulty intelligence in a case that led to a $9 million apology to another former terror suspect, Maher Arar.

In that case, the Syrian-born Canadian was seized by U.S. authorities in New York and sent to Syria for questioning about suspected ties to terrorists. He was held in a cell for a year and tortured before being sent back to Canada, where he was cleared by a federal inquiry of any links to Islamic extremists.

Five Arab Muslim men now stand accused of terrorist links under the certificates, and all deny any ties to terrorism. It was not immediately clear if the three men still in detention would be released, or remain jailed until the law is rewritten.

The most notable is Adil Charkaoui, 33, a native of Morocco. The former University of Montreal student and pizzeria operator was arrested in Montreal in 2003 and freed on bail under strict conditions in 2005. He is accused by the Canadian Security Intelligence Service of belonging to the Moroccan Islamic Combatant Group, which has ties to al-Qaida and a history of terrorist attacks in Spain.

CSIS also claims Ahmed Ressam, convicted in 2001 of plotting to blow up Los Angeles International Airport, identified Charkaoui as someone he met at an al-Qaida training camp in Afghanistan - a contention denied by Charkaoui.

The others are Mohamed Harkat, an Algerian native arrested in 2002 and freed on bail last year; Mahmoud Jaballah, an Egyptian who remains in detention; Mohammad Mahjoub, also from Egypt and recently granted bail, although he has yet to be released; and Hassan Almrei, a native of Syria who was arrested in 2001 and is still in custody.

Jailing Without Trial Rejected In Canada (WP)

By Doug Struck, Washington Post Foreign Service

The Washington Post, February 24, 2007

Court Leaves 6 Security Suspects in Limbo

TORONTO, Feb. 23 -- Canada's Supreme Court on Friday unanimously struck down the use of secret testimony to imprison and deport foreigners as possible terrorist suspects, ruling that the procedures violate Canada's Charter of Rights and Freedoms.

But the court suspended its ruling for a year, leaving the six men who are under a "security certificate" in legal limbo. Two are held in a special prison, three are free on bond and a fourth has been ordered released on bond.

Supporters of the men hailed the ruling as a victory for civil rights but acknowledged that it did not entirely sweep away the procedures for holding suspects without trial that critics here have called "Canada's Guantanamo North."

The court said Parliament should draft a new law that is more fair to security suspects.

"The court found the way secret evidence was used violated fundamental justice," said Sharry Aiken, a law professor who represented a coalition of groups that argued against the law before the Supreme Court. But "it doesn't mean security certificates are going by the wayside. It does mean that federal court judges are finally willing to scrutinize the procedures of detention to a greater extent than they were in the immediate aftermath of 9/11."

Stockwell Day, the government's minister of public safety, said in Ottawa that "in general, the Supreme Court upheld the security certificates. We will look at the changes the court said are necessary."

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The security certificate procedures allow police or intelligence agencies to present secret evidence against noncitizen immigrants or visitors in Canada. If two cabinet ministers agree the person is a security risk, the suspect can be imprisoned and deported without a trial and without seeing the evidence.

About 24 people have been deported since the mid-1970s, including an alleged Russian spy and a German Nazi sympathizer. But six men -- five from Arab countries and a Sri Lankan -- remain in Canada, arguing that they are unfairly accused and would be tortured if they were deported.

Most of those on bail are under strict conditions, including curfew, restrictions on use of computers or telephones, and a requirement to wear a security bracelet that identifies their location.

"I've been harassed for eight years," said Adil Charkaoui, a Moroccan who was imprisoned for 21 months on allegations that he trained in an al-Qaeda camp in Afghanistan. He is free on bond. "I am not a terrorist," he said at a news conference in Ottawa on Friday. "All I am asking for is justice, the chance to defend myself. If you have something against me, charge me" in court.

Egyptian Mahmoud Jaballah and Syrian Hassan Almrei, both accused of ties with al-Qaeda, have been on a hunger strike while in detention under the security certificates. Last week, a federal court ordered Mohamed Zeki Mahjoub, who once ran a farming operation for Osama bin Laden, moved to house arrest.

The Supreme Court ruling put the spotlight on security arrests during a visit to Ottawa by U.S. Secretary of State Condoleezza Rice. At a news conference following meetings with Canadian, Mexican and U.S. officials on North American security and prosperity issues, Rice defended the U.S. insistence that Syrian-born Canadian Maher Arar remain on an airport "watch list."

Arar, who was whisked to Syria by American agents in a 2002 "rendition" that left him imprisoned in a dungeon for 10 months, was cleared in an exhaustive Canadian inquiry. The government here has apologized and agreed to pay him $9 million in compensation, but the U.S. refusal to acknowledge that his rendition was a mistake has rankled Canadians.

General Plays Down Value Of Capturing Bin Laden (WP)

The Washington Post, February 24, 2007

FORT WORTH, Feb. 23 -- The Army's highest-ranking officer said Friday that he was unsure whether the U.S. military would capture or kill Osama bin Laden, adding, "I don't know that it's all that important, frankly."

"So we get him, and then what?" asked Gen. Peter J. Schoomaker, the outgoing Army chief of staff, at a Rotary Club of Fort Worth luncheon. "There's a temporary feeling of goodness, but in the long run, we may make him bigger than he is today.

"He's hiding, and he knows we're looking for him. We know he's not particularly effective. I'm not sure there's that great of a return" on capturing or killing bin Laden.

Schoomaker pointed to the capture of Saddam Hussein, the killings of his sons, Uday and Qusay, and the killing of Abu Musab al-Zarqawi as evidence that the capture or death of al-Qaeda's leader would have little effect on threats to the United States.

Days after the Sept. 11, 2001, terrorist attacks, President Bush said he wanted bin Laden "dead or alive," and then-Secretary of State Colin L. Powell said, "It is not enough to get one individual, although we'll start with that one individual."

Bush reaffirmed the goal last September in a prime-time speech, warning bin Laden: "No matter how long it takes, America will find you, and we will bring you to justice."

But Schoomaker's remarks echoed comments last year by Vice President Cheney, who seemed to play down the value of capturing or killing bin Laden days before the Bush speech. "He's not the only source of the problem, obviously. . . . If you killed him tomorrow, you'd still have a problem with al-Qaeda," the vice president said.

Schoomaker, who is due to be replaced as chief of staff in April by Gen. George W. Casey Jr., commanded the U.S. Special Operations Command before becoming chief of staff. Special operations personnel have been leading the hunt for bin Laden along the mountainous border between Afghanistan and Pakistan.

Co-Defendants Of Padilla Are Seeking To Split Cases (NYT)

By Deborah Sontag

DOJ_NMG_0136818

The New York Times, February 24, 2007

MIAMI, Feb. 23 — As a competency hearing for Jose Padilla gets under way in federal court here, his co-defendants in a terrorism conspiracy case are seeking separate trials because of what they fear is the taint of his notoriety as the accused "dirty bomber."

Mr. Padilla, a Brooklyn-born American who was declared an enemy combatant by President Bush in 2002, was never charged with the plot to use a radiological dirty bomb that senior administration officials initially accused him of hatching.

But Adham Amin Hassoun and Kifah Wael Jayyousi, Mr. Padilla's co-defendants, say "spill-over prejudice" would be inevitable. They have filed separate motions to sever their cases from Mr. Padilla's, the latest in a series of challenges that are complicating the government's efforts to prosecute the case.

The government's years-long "campaign of public vilification" and its "branding of Padilla as a brazen terrorist" tied to Al Qaeda will make a fair trial impossible for his co-defendants, Jeanne Baker, one of Mr. Hassoun's lawyers, wrote in court papers filed earlier this week. The government has not responded.

Initial jury questionnaires, which were sent to about 3,000 potential jurors in South Florida, indicate Mr. Padilla is the only defendant whose name is familiar and "virtually all of those who are familiar with him have a negative prejudice against him," one of Dr. Jayyousi's lawyers, William W. Swor, wrote.

After being held without charges for three and a half years in a military brig in South Carolina, Mr. Padilla was indicted in late 2005, appended to a case involving Mr. Hassoun, a computer programmer, and Dr. Jayyousi, an engineer, and transferred to a civilian detention center in Miami.

The three men are accused of participating in a "North American support cell" that assisted "global jihad" from 1993 to 2000, sending money and goods to Muslim struggles overseas, particularly in Bosnia, Kosovo and Chechnya.

All three face possible life sentences and have pleaded not guilty. Their trial, which has been delayed twice, is set for April 16. But there is considerable pretrial litigation to be resolved, including the competency hearing for Mr. Padilla, which began Thursday and is set to resume Monday. The government is opposing efforts by Mr. Padilla's lawyers to have him declared unfit.

Dr. Jayyousi, a Jordanian-born American citizen who holds a doctorate in engineering, did not know Mr. Padilla until they met here in federal court, his lawyers say. They argue that Dr. Jayyousi, a former school system administrator in Detroit and Washington, should be tried separately not only from Mr. Padilla but also from Mr. Hassoun, partly because his supposed offenses predate theirs.

The only defendant free on bond, Dr. Jayyousi published a newsletter in the mid-1990s called The Islam Report. The indictment says the newsletter "promoted violent jihad as a religious obligation." Dr. Jayyousi's lawyer, Mr. Swor, said that the publication, which was based in California and distributed at mosques for about 16 months, issued "news about issues relating to Muslims all over the world" and often criticized the United States government.

Mr. Swor said Dr. Jayyousi, who also raised money to buy medicine and solicited contributions of clothing, boots and tents for Muslims in Chechnya, "grew disaffected with the violence in the Islamic world and movements," closed the newsletter in 1997, stopped fund-raising, moved to Detroit and concentrated on completing his engineering studies.

Mr. Hassoun, a Lebanese-born Palestinian who was living in South Florida, helped distribute Dr. Jayyousi's newsletter on the East Coast. The government began eavesdropping on their phone conversations in the early to mid-1990s. Prosecutors say that what they present as a charitable devotion to Muslim causes was really support for violent jihad, which both men deny.

It was Mr. Hassoun, prosecutors say, who lured Mr. Padilla, a member of his mosque in Fort Lauderdale, into the cell. Prosecutors say that Mr. Hassoun recruited Mr. Padilla, a former juvenile offender who had converted to Islam after a road-rage incident landed him in jail as a young adult, to go abroad in 1998 and wage violent jihad.

In asking for a separate trial, Mr. Hassoun's lawyers say that their defense of Mr. Hassoun could prove antagonistic to Mr. Padilla's interests.

Specifically, they want to introduce the evidence that it was a Qaeda operative in Saudi Arabia, and not Mr. Hassoun, who recruited Mr. Padilla — a chain of events laid out publicly by a former deputy attorney general, James B. Comey, in 2004.

In order for a jury to believe Mr. Hassoun, "they must necessarily disbelieve Padilla's presumed defense that he was never recruited into Al Qaeda at all," Ms. Baker wrote to the court.

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Judge OKs Lawyer's Request For Evaluation In Terror-plot Case (ROCKRS)

By Mike Wiser, ROCKFORD REGISTER STAR

Rockford Register Star, February 24, 2007

CHICAGO — A 22-year-old Genoa man whom authorities accuse of plotting to kill holiday shoppers with hand grenades will have to undergo psychological evaluation before the case against him proceeds.

U.S. District Judge David H. Coar ordered the evaluation of Derrick Shareef during a court hearing Friday in the Dirksen federal courthouse.

Shareef's attorney, Michael Mann of Maywood, requested the evaluation on behalf of his client, and Coar agreed.

The Justice Department says the man, who also goes by the name Talib Salam Ibn Shareef, had plotted to attack the patrons of CherryVale Mall in December by placing hand grenades in garbage cans in order to wage jihad.

Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force.

The informant arrested Shareef after he allegedly exchanged stereo speakers for four nonfunctioning grenades and a pistol.

Coar also said that any legal motions regarding the results of the evaluation must be filed by April 6.

But before then, lawyers for both sides will have to meet in front of Coar again because Shareef has complained about the conditions under which he has been held.

Shareef has been in federal custody since his December arrest. He is currently in the Metropolitan Correctional Center in Chicago and has complained to Mann about sanitation problems, among other things.

Coar set a March 6 date to hear if the problems have been addressed.

Shareef faces five to 40 years on a charge of attempting to damage or destroy a building by fire or explosion and a possible life sentence on a charge of attempting to use a weapon of mass destruction.

Staff writer Mike Wiser can be reached at 815-987-1377 or mwiser@rrstar.com.

Mental Exam Ordered For Alleged Would-be Rockford Mall Bomber (AP)

By Mike Robinson

AP, February 24, 2007

CHICAGO - A federal judge on Friday ordered a psychological examination for an alleged terrorist wannabe who offered to trade his stereo speakers for grenades to set off in a Rockford mall at Christmas time.

Derrick Shareef, 22, of Rockford, is to be examined by a qualified psychiatrist or psychologist designated by the government under the order issued by U.S. District Judge David H. Coar.

Prosecutors say the 22-year-old Muslim convert plotted with an FBI undercover informant to commit acts of "violent jihad," or holy war, including blowing off hand grenades in garbage cans at the Rockford mall.

The idea was to blow the cans apart and spray the 130-store CherryVale Mall with deadly shrapnel at the height of the Christmas shopping rush, authorities said.

Federal officials said that Shareef had been under investigation long before his Dec. 6 arrest after he offered to trade the speakers for a pistol and four hand grenades. They said there had never been any danger.

Coar issued his order after defense attorney Michael B. Mann said there was a question of whether Shareef was competent to stand trial. Assistant U.S. Attorney Jake Ryan did not object to the examination.

Coar said the competency examination should be performed within 30 days and set April 6 for a hearing on the results.

Meanwhile, he set another hearing for March 6 after Shareef complained that he is unreasonably being held in "the hole" and that sanitation problems exist on the 11th floor of the Metropolitan Correctional Center.

Ryan said that technically the area where Shareef is being held is not "the hole," or solitary confinement, but it is reserved for special inmates.

Shareef, clad in an orange prison jumpsuit with his head shaven and a full beard, said he gets only three showers a week, is denied access to the law library and is handcuffed when he moves about the center.

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HOMELAND RESPONSE:

Minneapolis / Man Gets 10 Years For Plan To Bomb Court (STPPP)

By Emily Gurnon

The St. Paul Pioneer-Press, February 24, 2007

A Kenyon, Minn., man who threatened to blow up the Rice County Courthouse was sentenced in federal court in Minneapolis on Thursday to 10 years in prison.

Allan Talmage Weatherford, 45, pleaded guilty in September to possession of a destructive device.

When officials searched Weatherford's 160-acre farm in 2005 and 2006, they found nearly 50 firearms, including a .50-caliber military sniping rifle, as well as an explosive device and two propane tanks filled with a mixture of fertilizer and petroleum — the same combination used in the Oklahoma City bombing.

Subsequent lab analysis determined the mixture was not of sufficient quality to produce an explosive, but Weatherford admitted his intention to manufacture a fertilizer bomb, federal officials said.

Weatherford initially was the target of a drug investigation but got greater attention from police after he threatened to blow up a Rice County judge, a prosecutor and a deputy sheriff.

He planned to target the courthouse and the county law enforcement center, officials said.

Mayo Researcher Under Investigation By FBI (MINNST)

By Dan Browning

Minneapolis Star Tribune, February 24, 2007

He is accused of buying potassium cyanide to use as a weapon in a domestic dispute. He is also charged with making terroristic threats.

A research scientist and associate professor of medicine at the Mayo Clinic in Rochester is under investigation by the FBI for purchasing potassium cyanide for use as "a chemical weapon" in connection with a domestic dispute, according to a federal search warrant unsealed this week in St. Paul.

According to a sworn affidavit filed by the FBI, the matter came to light when Rochester police arrested Sreekumar Raghavakaimal, 46, on domestic assault charges Feb. 4.

He was charged the next day in Olmsted County with felony terroristic threats, felony false imprisonment, gross misdemeanor interference with a 911 emergency call, and misdemeanor domestic assault, according to Julie Germann, the prosecutor in the case.

According to the FBI affidavit, here's what prompted the charges: Raghavakaimal's estranged wife said they had argued over a ring he wanted returned, and he got a knife from the kitchen and bolted the door when she tried to leave.

She said that he broke her cell phone in two when she tried to call 911, and that he threatened to cut the throat of their 11-year-old son if she screamed for help.

Raghavakaimal wanted to get back together, and made comments that led his wife and son to believe he was suicidal, the affidavit says. When she managed to leave, she took a vial with her that she believed contained pain pills. When police investigated her complaint that day, Raghavakaimal told them he was not suicidal, the FBI said.

But he offered that he did buy some potassium cyanide on the Internet after he and his wife had separated in December 2005.

Tests on the vial taken by Raghavakaimal's wife show that it contained nearly pure olive oil. According to an FBI expert cited in the search warrant affidavit, "The combination of olive oil and cyanide is specifically mentioned in The Mujahideen Poisons Handbook (authored by Abdel-Aziz)" as a way to increase the toxicity of cyanide when applied to the skin.

The FBI says it discovered that Raghavakaimal had actually ordered the potassium cyanide through the Mayo Clinic, although it was not used at the labs he supervised there.

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Raghavakaimal could not be reached for comment Thursday or Friday. He has a doctorate in chemistry and was the Director of Human Genomics and Proteomics Core at the Mayo Clinic College of Medicine's General Clinical Research Center before it was reorganized, said Adam Brase, a spokesman for the Clinic.

Brase said Raghavakaimal's main appointment is as a research scientist in endocrinology, and he also carries a title of director of the Microarray Core Facility.

Brase declined to comment further on Raghavakaimal's employment status. He said the Mayo Clinic would cooperate in the investigation.

The FBI obtained a search warrant for Raghavakaimal's house on Feb. 14, saying there was probable cause that other toxic chemicals would be found there. Agents seized a variety of computer equipment, documents, two point-and-shoot cameras and three rolls of film, records show.

New Airport X-Rays Scan Bodies, Not Just Bags (NYT)

By Paul Giblin, Eric Lipton

The New York Times, February 24, 2007

PHOENIX, Feb. 23 — X-ray vision has come to the airport checkpoint here, courtesy of federal aviation security officials who have installed a new device that peeks underneath passengers' clothing to search for guns, bombs or liquid explosives.

The new body scanning machine, which went into use on Friday at Phoenix Sky Harbor International Airport and will be tested later at airports in Los Angeles and New York, will screen only volunteers, at least initially. Transportation Security Administration officials want to make sure the machine is reliable and fast enough to replace the traditional pat-down — and that it does not provoke too many protests.

Security officials examining the head-to-toe images work in a closed booth, hidden from public view, agency officials said. Special "privacy" software intentionally blurs the image, creating an outline of a body that is clear enough to see a collarbone, bellybutton or weapon, but flattens details of revealing contours.

Kenneth Johnson, 64, of Mesa, was the first passenger screened on Friday in Phoenix. He said he had titanium implants in both shoulders and one knee that set off alarms at checkpoint metal detectors.

"I've been all over the world; I've been strip-searched," Mr. Johnson, who was traveling to Florida, told an Associated Press reporter. "This was very easy."

Others found the scans objectionable.

"I think that is a violation of people's personal rights," said Kara Neal, 36, a mental health counselor on her way to Philadelphia. She was not asked to undergo the screening, but said she would have refused. "I would rather take a pat-down than go through this," she said.

Lawyers for the American Civil Liberties Union have raised similar objections, calling the X-ray scan a "virtual strip-search," and have urged Congress to prohibit its use for routine screening.

The vending-machine-size device, which costs about $110,000, will be used only when passengers are pulled aside for a more thorough check, known as secondary screening, after passing through a metal detector. Other scanning machines will be installed this year at Los Angeles International Airport and at John F. Kennedy International Airport in New York.

While security agency officials say the machines, known as SmartCheck, pose no health hazards, some experts disagree. The machine, manufactured by American Science and Engineering Inc. of Billerica, Mass., generates about as much radiation as a passenger would get flying for about two minutes at about 30,000 feet, or in technical terms, fewer than 10 microRem per scan, according to security agency and company officials. The machine is already being used in some prisons, by United States customs and at Heathrow Airport in London.

Dr. Albert J. Fornace Jr., an expert in molecular oncology at Georgetown University Medical Center, said such a low dose was inconsequential, even for pregnant women.

"Obviously, no radiation is even better than even a very low level," Dr. Fornace said. "But this is trivial."

But David J. Brenner, a professor of radiation oncology at Columbia University, said that even though the risk for any individual was extremely low, he would still avoid it.

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"The question is, Do you want to add to your already existing risk?" Professor Brenner said, recommending that pregnant women and young children, in particular, avoid the device. "There are other technologies around that can probably do the job just as well without the extra radiation."

The machine beams a low-energy X-ray at the passenger, which after it bounces off the surface of the skin is processed by computer software that highlights metals or elements like nitrogen that are found in explosives or weapons.

The X-ray is not strong enough to penetrate much beyond the skin, so it cannot find weapons that may be hidden in body cavities.

"A lot of people aren't really comfortable with a pat-down," said Ellen Howe, a security agency spokeswoman, "so they may find this to be an alternative they may appreciate." She added that the X-ray images would be destroyed immediately.

Aviation security officials are rushing to bring new screening devices to airports because of the London-based plot last summer to use liquid explosives to blow up airliners headed to the United States.

The devices now used at the nation's airports, the X-ray machine for carry-on bags and the metal detector for passengers, rely on 1950s-era technology that cannot reliably detect liquid or plastic explosives.

Earlier efforts by the federal security agency to introduce more advanced checkpoint technologies have stumbled, including the so-called puffer machines, which blow air on passengers to search for minute traces of explosives.

After installing 94 of the machines at 37 airports, officials suspended the program last year, saying the devices broke down too often. More puffer machines may be bought if the problems can be resolved.

Officials intend to try other alternatives, like a so-called millimeter wave machine that uses harmless radio waves, instead of X-rays, to do a full body scan.

Ms. Howe said that until the tests on the SmartCheck were complete, it was unclear how widely used the machines would be. "We are committed to testing it," she said. "But we are not committed to deploying it widely until we learn more."

WAR NEWS:

White House Warns Against Iraq Pullout (AP)

By Jennifer Loven

AP, February 23, 2007

WASHINGTON — Brushing aside criticism from the White House, Senate Democrats said Friday their next challenge to President Bush's Iraq war policy would require the gradual withdrawal of U.S. combat troops beginning within 120 days.

The draft legislation also declares the war "requires principally a political solution" rather than a military one.

The provisions are included in a measure that would repeal the authority that lawmakers gave Bush in 2002, months before the invasion of Iraq, and replace it with a far more limited mission.

Democrats have said they are likely to seek a vote on the proposal within two weeks. The odds against it ever becoming law are high, and the White House and Senate Republicans were quick to denounce it.

White House spokesman Tony Fratto said the administration "of course" would oppose an attempt to alter the existing authorization, and he warned that a pullout of U.S. troops could bring chaos to Iraq. "We're operating under a mandate," he said.

Senate Republican leader Mitch McConnell of Kentucky dismissed the proposal as an attempt by Democrats to produce "what could best be described as a Goldilocks resolution: one that is hot enough for the radical left wing, but cool enough for party leaders to claim that they are for the troops.

A spokesman for Senate Majority Leader Harry Reid said the White House is not only confused, but in denial.

"They can spin all they want, but the fact is that President Bush is ignoring a bipartisan majority of Congress, his own military commanders, and the American public in escalating the war," said Jim Manley. "The American people have demanded a change of course in Iraq and Democrats are committed to holding President Bush accountable."

As currently drafted, the Democratic legislation says the military "shall commence phased redeployment of U.S. forces from Iraq not later than 120 days" after the bill's enactment. The goal is to complete the withdrawal by March 31, 2008.

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In the interim, the military would be required to transition to a new mission involving "targeted anti-terrorism operations," as well as providing training and logistical support for the Iraqis and helping them protect their own borders.

The measure also pledges that Congress will "continue to support and protect" the armed forces, renewing a commitment that was included in an earlier non-binding measure that also criticized Bush's plans to deploy an additional 21,500 troops.

Republicans blocked action on the measure last week, demanding that Democrats allow a vote on an alternative that would rule out cutting off funds for the troops.

At the White House, Fratto said that changes in the existing authority for use of military force were unnecessary even though it dates from the days when Saddam Hussein was in power and there was an assumption — later proved false — that Iraq possessed weapons of mass destruction. The White House said that Democrats were in a state of confusion about Iraq but left room for compromise.

"There's a lot of ... shifting sands in the Democrats' position right now," Fratto said. "We'll see what Democrats decide to do."

He said the president would judge anything that comes out of Congress by whether it gives him "the flexibility and resources" necessary to proceed with Bush's decision to send 21,500 additional combat troops to Iraq to secure Baghdad and Anbar Province.

"It's clear that if there are efforts to remove troops out of Baghdad, there are consequences for Baghdad," Fratto said. "The only credible analysis that we've seen — the (National Intelligence Estimate) report and others — are pretty clear on this, that it would bring chaos to Baghdad."

Senate Republicans recently thwarted two Democratic attempts to pass a non-binding measure critical of Bush's troop-increase plan. Asked if Bush would oppose any effort to revoke his war authorization, Fratto said, "Of course we would."

In the House, a non-binding anti-war measure was approved last week. House Speaker Nancy Pelosi has said she expects the next challenge to Bush's war policies to be a requirement that the Pentagon adhere to strict training and readiness standards for troops heading for the war zone.

Rep. John Murtha, D-Pa., the leading advocate of that approach, has said it would effectively deny Bush the ability to proceed with the troop buildup.

But Bush's Republican allies on Capitol Hill have fought that as denying reinforcements to troops already in the war zone, leading to the alternative approach in the Senate.

The measure Bush won from Congress in 2002 authorized the president to use the armed forces "as he determines to be necessary and appropriate ... to defend the national security of the United States against the continuing threat posed by Iraq" and to enforce relevant United Nations Security Council resolutions.

At the time, the world body had passed resolutions regarding Iraq's presumed effort to develop weapons of mass destruction.

Congressional Democrats Wrestle Over How To Force Bush To Alter Iraq Policy (NYT)

By Sheryl Gay Stolberg, John M. Broder

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — Congressional Democrats, divided over how to press President Bush to alter his policy in Iraq, are wrestling over whether to use the power of the purse to wind down the war, and they seem headed for a confrontation among themselves, possibly as early as next week, over a proposal to revoke the 2002 resolution authorizing the war.

Some Democrats acknowledge that they are in a sticky situation as they try to map out a strategy that will appease the antiwar left, which is pushing for conditions on war financing, without alienating moderate Democrats and Republicans who fear being painted as unsupportive of the troops.

“We’re going to come back, regroup, find a consensus position,” a senior House Democratic aide said Friday, speaking on condition of anonymity because of the continuing negotiations. “People are unhappy with the war. We have to conduct oversight. We have to push the president in a new direction. We have to find a way to do that that makes the caucus comfortable, and I think we can.”

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In the House, moderate Democrats are uneasy with a plan put forth by Representative John P. Murtha, Democrat of Pennsylvania, to attach stringent conditions to financing for the war. One skeptical Democrat, Representative Jim Cooper of Tennessee, said Friday that the Murtha plan was "as risky as catching a falling knife."

Representative Joe Sestak, a Pennsylvania Democrat and retired three-star admiral, also expressed criticism of the Murtha plan, saying that Congress should not meddle in tactical matters but should concentrate on setting a date for withdrawal of all forces from Iraq.

In the Senate, where at least four Democrats are running for president, each with an Iraq plan, Democratic leaders are pursuing a plan to repeal the war authorization and replace it with language narrowing the military mission. Democrats concede that the plan to revise the authorization, backed by Senator Joseph R. Biden Jr., Democrat of Delaware and one of the presidential candidates, is unlikely to garner enough votes to pass, but they hope to pick up enough Republican votes to embarrass Mr. Bush.

Democrats say they are united in their desire to keep the pressure on the president, even as the House and Senate pursue different tactics. Senator Jim Webb, the freshman Democrat from Virginia who was elected on a strong antiwar platform, said Friday in an interview that Democrats agreed that Congress must reassert its authority, even if they had not yet figured out precisely how to do so.

"The true issue here is the federal system," Mr. Webb said, "the notion of accountability of the executive branch to Congress for not having conducted itself properly in the diplomatic arena."

As they search for consensus, Democrats must also worry about a wild card in the debate: Senator Joseph I. Lieberman, the Connecticut Democrat elected as an independent, a strong supporter of the war who has hinted that he might become a Republican if Democrats go too far in trying to rein in Mr. Bush.

With Democrats holding a razor-thin majority in the Senate, a Lieberman defection could put the chamber in Republican hands. That is one reason the Senate Democratic leadership is cool to the Murtha plan, and why Democrats must be careful about pursuing language changing the authorization for the war.

Republicans, sensing an opening, spent Friday trying to exploit Democratic divisions. The Republican Senate leader, Mitch McConnell of Kentucky, convened a conference call with reporters to taunt Democrats for failing to agree on a means for winding down the war.

At the same time, Vice President Dick Cheney kept the heat on the speaker of the House, Nancy Pelosi, one day after they engaged in a war of words over Iraq. "She accused me of questioning her patriotism," he told ABC News, reiterating a charge leveled by Ms. Pelosi on Thursday. "I didn't question her patriotism. I questioned her judgment."

Mr. Cheney went on: "The point I made and I'll make it again is that Al Qaeda functions on the basis that they think they can break our will. That's their fundamental underlying strategy, that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home. And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of Al Qaeda. I said it, and I meant it."

After an election that was widely viewed as a repudiation of Mr. Bush's policies in Iraq, coupled with the president's announcement that he was sending more troops there rather than moving to bring them home, Democrats have struggled with how to proceed. Last week, in a public rebuke to Mr. Bush, the House passed a resolution disapproving of the troop buildup plan.

But that vote was only a prelude to the coming debate over Mr. Bush's request for $99.6 billion in emergency financing for military operations in Iraq and Afghanistan.

In the House, where the emergency spending bill is not scheduled to come to the floor for several weeks, lawmakers are awaiting details of Mr. Murtha's plan. Mr. Cooper, the Tennessee representative, said he opposed any attempt to add conditions to the supplemental appropriations measure, for policy and political reasons. "We should do what we've done with past supplementals: pass it," he said.

In the Senate, the Democratic leader, Harry Reid of Nevada, is said to be cool to Mr. Murtha's plan. Instead, Mr. Reid has thrown his weight behind Mr. Biden's idea of rewriting the war authorization. Democrats are expected to review it Tuesday at their policy luncheon, their first formal gathering after returning from recess.

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During his conference call, Senator McConnell suggested that Republicans might counter with their own plan to force Democrats to vote for or against cutting off financing for the troops entirely. “We have only one option, and that is to decide whether or not to fund the mission,” Mr. McConnell said.

But Democrats say they intend to make the debate about the military mission, not the money.

“McConnell presents a false choice,” said Senator Charles E. Schumer, Democrat of New York. “The overwhelming majority disagree with the mission that this fighting has devolved into, which is policing a civil war, and what we’re looking at is far more in consonance with what the American people want.”

GOP Rejects Iraq Measure (WT)

By Jon Ward, Stephen Dinan, The Washington Times

The Washington Times, February 24, 2007

Republicans yesterday rejected the Democrats' plan to withdraw Congress' 2002 vote to invade Iraq, while Vice President Dick Cheney said House Speaker Nancy Pelosi was not unpatriotic but plain wrong to oppose President Bush's troop-reinforcement plan.

"There's only one way to end the war, if that's what our Democratic friends want to do. That is to cut off funds for the war," said Senate Minority Leader Mitch McConnell, Kentucky Republican. "That's our constitutional role, and we shouldn't drag this into the morass of Democratic presidential primary politics."

Key Senate Democrats are writing a bill to rescind the broad authorization to go to war in Iraq that Congress passed in 2002 and replace it with a narrow mission that would take all combat troops out of Iraq by March 2008.

Drafted by two top committee chairmen, Sen. Joseph R. Biden Jr. of Delaware and Sen. Carl Levin of Michigan, the proposal would keep some troops in Iraq to assist with training, border security and counterterrorism but, Democrats hope, would keep U.S. troops out of what they say has become a civil war.

"The 2002 authorization is no longer relevant to the situation in Iraq," Mr. Biden said in a speech last week. The 2008 presidential candidate argued that the measure was predicated on the presence of Saddam Hussein as dictator and weapons of mass destruction in Iraq.

But the White House said the 2002 resolution, which passed the Senate 77-23, is still effective because it gave the president authority to enforce U.N. resolutions, which call for stability in Iraq.

"The resolutions that we have seen since then certainly authorize a threat to the region that's posed by instability in Iraq, and it envisions the United States forces staying there and bringing stability to Iraq and the region," spokesman Tony Fratto said.

Senate Majority Leader Harry Reid, Nevada Democrat, is considering attaching the Biden-Levin plan to legislation next week on recommendations from the September 11 commission, which has already passed the House.

"It's obvious that the authorization is outdated and needs to be reformed. But no final decisions have been made," said Jim Manley, a spokesman for Mr. Reid.

Mr. McConnell, though, said Republicans have enough votes to block Democrats' new plan from passing, leaving the new majority few alternatives other that withholding funding for the troops.

House Democrats are pursuing just that strategy, with Rep. John P. Murtha, Pennsylvania Democrat and chairman of the defense appropriations subcommittee, proposing to limit funding unless the Defense Department can meet strict conditions even Mr. Murtha says are unlikely to be achieved.

Mr. Murtha's plan to hamstring the president's use of war funds through the appropriations process, starting with the $93 billion supplemental bill next month, was considered a political compromise between the Democrats' increasingly liberal base and its more moderate wing.

Some Democrats, such as Sen. Russ Feingold, Wisconsin Democrat and Rep. Dennis J. Kucinich, Ohio Democrat and 2008 presidential candidate, favor cutting off all war funding.

But Mrs. Pelosi and other Democratic leaders have said they would not cut off funds for troops in the field, and were pursuing the Murtha strategy.

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The House has already passed a nonbinding resolution disapproving of the troop reinforcements, which would send 4,000 Marines to Anbar province to target al Qaeda, and about 17,500 soldiers to Baghdad to combat Sunni-Shi'ite violence.

But Republicans used a procedural maneuver to block a similar resolution in the Senate.

Democrats have complained that the Bush administration is attacking them unfairly.

After Mr. Cheney said Democrats favored a defeatist policy that would "validate" al Qaeda's strategy, Mrs. Pelosi called the White House to try to complain to Mr. Bush, who was not there.

"You cannot say as the president of the United States, 'I welcome disagreement in a time of war,' and then have the vice president of the United States go out of the country and mischaracterize a position of the speaker of the House and in a manner that says that person in that position of authority is acting against the national security of our country," Mrs. Pelosi said.

Yesterday Mr. Cheney defended his characterization.

"I'm not sure what part of it is that Nancy disagreed with," he told ABC News. "She accused me of questioning her patriotism. I didn't question her patriotism. I questioned her judgment."

Some military analysts have said the troop surge is the administration's last chance in Iraq, but Mr. Cheney said that's not the case.

"We keep trying until we get it right. I don't think we can afford to lose in Iraq," he said.

McConnell Threatens To Block Bid To Repeal War Resolution (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, February 24, 2007

Republican Wants to Force Vote on Guaranteeing Funding for Troops

Senate Minority Leader Mitch McConnell (R-Ky.) warned yesterday that a new Democratic effort to repeal the 2002 Iraq war resolution would meet the same fate as two previous efforts to limit President Bush's authority: blocked by procedural obstacles, unless Democrats relent to GOP terms.

Speaking to reporters by conference call from his Louisville home, McConnell compared the latest Democratic move to "trying to unring a bell." He warned that Lt. Gen. David H. Petraeus, the U.S. military commander in Iraq, would "have to surround himself with lawyers" to comply with the new resolution that senior Democrats are drafting.

McConnell predicted he could muster Republican support to block the measure, unless Majority Leader Harry M. Reid (D-Nev.) allows a vote on a nonbinding GOP measure to guarantee troop funding.

A showdown over both measures could come as early as next week. Reid has signaled that Iraq-related amendments may be offered to an upcoming homeland security bill. "It's a bit of a cat-and-mouse game," a senior Democratic Senate aide said.

Democratic leaders will present the repeal plan to their colleagues next week. The measure would replace the broad authority that Congress granted Bush in October 2002 with a narrower mandate establishing a March 31, 2008, goal for withdrawing combat troops. It also would restrict longer-term engagement in Iraq to a handful of high-priority realms, including counterterrorism, training for Iraqi troops and border security.

The Bush administration weighed in on the plan yesterday afternoon. "It's simply not necessary," said deputy press secretary Tony Fratto.

The 2002 resolution authorizes Bush to use military force "as he determines to be necessary and appropriate in order to defend the national security of the United States against the continuing threat posed by Iraq" and "enforce all relevant United Nations Security Council resolutions regarding Iraq."

Democratic architects of the new initiative, including Reid, Senate Foreign Relations Chairman Joseph R. Biden Jr. (Del.) and Armed Services Chairman Carl M. Levin (Mich.), have argued that the 2002 authorization is no longer valid, because the intent was to destroy weapons of mass destruction -- which were never found -- and if necessary to depose Saddam Hussein, who has since been captured, tried and executed.

The second part of the authorization, Fratto said, "is still important and envisioned the changing nature there." Even Bush has acknowledged the shift, he said: "The president said this isn't the fight we entered in Iraq but it's the fight we're in."

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Fratto said the United States went in as a multinational force under United Nations authorization to take military action against Iraq and was there as an occupying force. "And now we're there at the invitation of the sovereign elected government of Iraq, he said, adding that "U.N. Security Council resolutions that came subsequent to the war authorization, you know, envisioned those kinds of changes."

Biden responded in a CNN interview that while the Constitution allows Bush to conduct war, it does so "only if the Congress gave him the authority in the first place."

"We are repealing the initial authority," Biden said. "And by the way, the United States Constitution cannot be trumped by the United Nations. It cannot be trumped by it. The implementation act of the United Nations treaty, when we passed it, said, it depends upon the Congress's authority."

McConnell noted that 29 Democrats voted for the 2002 resolution, including three Democratic presidential candidates: Biden, along with Sens. Hillary Rodham Clinton (N.Y.) and Christopher J. Dodd (Conn.).

"If the Senate doesn't support the mission in Iraq, it has only one option, and that's to decide whether or not to fund that mission," McConnell said. "That's our constitutional role, and we shouldn't drag this into the morass of Democratic presidential primary politics."

Defense Secretary Vows Action On Medical Center Conditions (NYT)

By David S. Cloud

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — Defense Secretary Robert M. Gates said Friday that he would move swiftly to improve conditions for wounded soldiers being treated as outpatients at Walter Reed Army Medical Center and warned that senior officials would be held accountable for the poor conditions.

Mr. Gates, speaking to reporters after touring the facilities and speaking to several patients, said he was upset by recent reports in The Washington Post describing wounded soldiers living in dilapidated buildings near the Walter Reed campus and portraying the huge paperwork and other bureaucratic hurdles they had to overcome during treatment.

Mr. Gates announced the creation of an eight-member commission that would examine conditions at Walter Reed, on the outskirts of Washington, and other military hospitals, and then make recommendations for improvements within 45 days.

“After the facts are established, those responsible for having allowed this unacceptable situation to develop will indeed be held responsible,” Mr. Gates said.

As the number of service members wounded in Iraq and Afghanistan has climbed in recent years, Defense Department officials have long held up Walter Reed as a facility offering unmatched care. But the large number of patients there, currently about 650, has forced officials to rely on overflow facilities nearby more than they have in the past and has caused long waits for some treatments, officials acknowledged.

Pentagon officials have emphasized that the quality of care at Walter Reed and other Army facilities is generally high. They have said that the poor conditions, which included moldy walls, cockroaches, mouse droppings and stained carpets, were confined to a 54-room Army-owned facility across the street from the main Walter Reed campus where nearly 70 recovering service members are being housed.

But the Post reports prompted several days of damage control by Army and Pentagon officials that have veered between acknowledging the situation and playing it down. The Army’s top medical officer, Lt. Gen. Kevin C. Kiley, described the newspaper’s account as a “one-sided representation” at a news conference Thursday, emphasizing that he was objecting to the tone of the stories, not the facts.

Only a day before, Gen. Richard Cody, the Army vice chief of staff, said, “We were absolutely disappointed in the status of the rooms and found the delays and lack of attention to detail to the building’s repairs inexcusable.”

The outpatients at Walter Reed have received initial treatment but require further care or rehabilitation before retiring from the armed forces or returning to active duty.

Of the accounts in The Post, Mr. Gates said, “I have not seen anything or heard anything” that led “me to believe that those articles were in any substantial way wrong.”

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Mr. Gates said that no hospital officials had offered to resign but that several lower-level employees overseeing outpatient care had been relieved. He said he met with President Bush earlier Friday to discuss the situation.

Hospital officials in recent days have moved to clean up the most visible problems at the facility. Mr. Gates said the commission, to include retired officials from the Pentagon, Congress and the armed services, would also look at conditions at the National Naval Medical Center nearby in Bethesda, Md., and any other military medical facilities they chose to examine.

The members are Togo West, former secretary of veterans affairs and secretary of the Army under President Bill Clinton; Jack Marsh, former secretary of the Army under President Ronald Reagan; Dr. Joe Schwarz, a former Republican congressman from Michigan; Jim Bacchus, a former Democratic congressman from Florida; and four retired military officers, Gen. John Jumper, former Air Force chief of staff; Lt. Gen. Chip Roadman, former Air Force surgeon general; Rear Adm. Kathy Martin, former Navy deputy surgeon general; and Command Sgt. Maj. Larry Holland.

Review At Walter Reed Is Ordered (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, February 24, 2007

Defense Secretary Vows Accountability

Defense Secretary Robert M. Gates named an independent review panel yesterday to investigate what he called an "unacceptable" situation in outpatient care at Walter Reed Army Medical Center, and he said that some soldiers "most directly involved" in the problems have been removed from their positions.

Speaking to reporters during a visit to the Army hospital in Northwest Washington, Gates also warned that senior military leaders could be disciplined based on the findings of the review group.

"We empower commanders with responsibility, authority and resources necessary to carry out their missions," Gates said. "With responsibility comes accountability. Accordingly, after the facts are established, those responsible for having allowed this unacceptable situation to develop will indeed be held accountable."

The Senate Armed Services Committee has tentatively scheduled hearings on the facility for March 6, said a spokeswoman for the panel's chairman, Sen. Carl M. Levin (D-Mich.). Sen. John W. Warner (R-Va.), the ranking minority member of the committee, toured the facility yesterday.

The actions came after stories in The Washington Post on Sunday and Monday revealed that wounded soldiers recuperating at Walter Reed often become mired in red tape as they seek further treatment or decisions on whether they will stay in the military. The articles also disclosed poor living conditions -- including mold, filth and leaks -- in Building 18, an Army facility that houses recovering troops.

"I'm grateful to reporters for bringing this to our attention but thoroughly disappointed we did not identify it ourselves," Gates said in his first public remarks addressing the situation.

The eight-member review group appointed by Gates has been charged with taking a broad look at all rehabilitative care and administrative procedures both at Walter Reed and the National Naval Medical Center in Bethesda. Panel members "will be given free and unrestricted access" to visit medical facilities and interview personnel, Gates said.

The group will be co-chaired by Togo West, who was secretary of veterans affairs and secretary of the Army during the Clinton administration, and by John O. Marsh Jr., who was secretary of the Army under President Ronald Reagan and a former member of Congress from Virginia. Other members include two former members of Congress, three retired senior military officers and a retired command sergeant major. Their report is due within 45 days and will be made public, Gates said.

Gates said he had no information suggesting that there are problems at Bethesda similar to those at Walter Reed, but he said the naval facility is being included because "we need to know the scope of this problem."

There is rare unanimity in Washington on the need to treat wounded soldiers well, Gates said, "and so we're determined to fix it, and fix it fast." He described the medical care itself at the hospital as "unsurpassable" and said the shortcomings were confined to "the outpatient aspect of this."

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During his visit, Gates met a group of five soldiers being treated at the facility who spoke of a frustrating administrative bureaucracy at the hospital. "They battled our foreign enemies; they should not have to battle an American bureaucracy," Gates said.

Gates said caseworkers are "overwhelmed" by the numbers of patients they are assigned, and he indicated that more workers would be soon assigned to the hospital.

"There's just too much work for the number of people that are available," he said. "So that's one thing that can be addressed pretty quickly." Gates added that troops who had been wounded in service "should not have to recuperate in substandard housing."

The Army declined to identify publicly the personnel who have been moved to different positions at the hospital. Speaking on background, an Army official said they included several soldiers involved in supervising facilities at Walter Reed, including Building 18.

Gates met with President Bush yesterday morning to brief him on the actions underway. "He is, understandably, concerned and emphatic in wanting the best possible care for our wounded soldiers and for their families," Gates said.

Gates Orders Review Of Walter Reed Hospital (LAT)

By Julian E. Barnes

The Los Angeles Times, February 24, 2007

WASHINGTON — Defense Secretary Robert M. Gates announced plans Friday to form an independent review group to examine Walter Reed Army Medical Center and other military hospitals.

The move comes after news reports indicated that seriously injured soldiers had been caught in a bureaucratic morass and given substandard outpatient housing at Walter Reed. The review ordered by Gates will focus on rehabilitative care and administrative procedures at Walter Reed and the National Naval Medical Center in Bethesda, Md.

"The men and women recovering at Walter Reed and at other military hospitals have put their lives on the line and paid a considerable price for defending our country," Gates said. "They battled our foreign enemies. They should not have to battle an American bureaucracy."

Defense officials have said that there are no allegations of systemic problems at Bethesda or other military hospitals, but Gates said the commission would be able to examine all military hospitals. Articles in the Washington Post this week detailed shortcomings of the military health system, especially its outpatient facilities.

Gates said he was grateful to the reporters who brought the problems to light, and said he was disappointed that the Defense Department had not found the problems earlier. He promised that he would hold accountable the people who allowed the problems in outpatient care at Walter Reed to occur.

The Defense secretary's tone was in sharp contrast to comments Thursday by Lt. Gen. Kevin Kiley, the Army surgeon general, who challenged the Post report as a "one-sided representation." Kiley, who used to command Walter Reed and oversees the hospital as head of the Army Medical Command, said there was no "failure of leadership."

Gates did not criticize Kiley, but he said he was upset by the original articles and had not learned anything from Army officials that caused him to believe the articles were wrong.

The review panel is to report its results within 45 days. It will be lead by Togo West Jr. — who served as Army secretary and secretary of Veterans Affairs in the Clinton administration — and John O. Marsh Jr., who was Army secretary under President Reagan.

The Defense Department already has begun making repairs at Walter Reed and taking other steps to address the problems, officials said.

Gates said some of those directly involved with problems identified at Walter Reed had been "relieved" of their assignments. Army officials said later that no officers had been removed from command positions, but that there had been administrative reassignments of some midlevel officials at the hospital.

The review panel will deliver its report to Congress, Gates said.

Lawmakers have already begun drafting their own recommendations for an overhaul.

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A new bill drafted by Sen. Barack Obama (D-Ill.), a presidential candidate, and Sen. Claire McCaskill (D-Mo.), a freshman member of the Armed Services Committee, seeks to simplify the paperwork for injured soldiers, force the Army to add more caseworkers, and increase the oversight of Walter Reed. A Democratic congressional staffer said the senators planned to introduce the bill next week.

Gates Vows Action On Walter Reed Worries (AP)

AP, February 23, 2007

WASHINGTON (AP) — Defense Secretary Robert Gates said Friday that those found to have been responsible for allowing substandard living conditions for soldier outpatients at Walter Reed Army Medical Center will be "held accountable."

However, no one in the Army chain of command has so far offered to resign.

Gates spoke to reporters after visiting the medical compound, whose reputation as a premier caregiver for soldiers wounded in Iraq and Afghanistan has taken a hit following a Washington Post series of reports last weekend that documented problems in soldiers' housing and in the medical bureaucracy at Walter Reed.

"A bedrock principle of our military system is that we empower commanders with the responsibility, authority and resources necessary to carry out their mission," Gates said. "With responsibility comes accountability."

His comment suggested that senior officials in the Army chain of command would not be immune from disciplinary action.

Gates announced that two former Army secretaries, Togo West and Jack Marsh, would head an independent panel to review treatment and administrative processes at Walter Reed and the National Naval Medical Center at Bethesda, Md. Gates said the group has been asked to report its findings publicly within 45 days.

"After the facts are established, those responsible for having allowed this unacceptable situation to develop will indeed be held accountable," Gates said, adding that so far no one involved has offered to resign.

"We are not going to wait 45 days to begin addressing these problems," he said. "And so there have been some people who are most directly involved who have been relieved. But we will be looking and evaluating the rest of the chain of command as we get more information."

Asked about Gates' statement that some have already been relieved of duty, Army officials said they were unsure that any such actions had been taken. One Army official, speaking on condition of anonymity because the Army is conducting its own review of what happened at Walter Reed, said officials are considering personnel changes.

The Army's Preemptive News Briefing (WP)

By Howard Kurtz, Washington Post Staff Writer

The Washington Post, February 24, 2007

To the Army's public affairs chief, it was simply an effort to "get the facts out from our perspective."

To Dana Priest, who covers national security for The Washington Post, it was a case of Army officials "shooting themselves in the foot, because reporters are not going to trust them."

The Post last week gave the Army six days to respond to the paper's investigation into decaying, cockroach-infested facilities and an overwhelmed patient-care bureaucracy at Walter Reed Army Medical Center in Northwest Washington. The Army's public affairs office used the time to summon journalists from other news organizations to a briefing at which Walter Reed's commander responded to the findings -- in an article that had not yet been published.

"It made us feel very uncomfortable that we were being set up to be the Army's public affairs arm," said Los Angeles Times correspondent Peter Spiegel, who attended the Pentagon session. "They were trying to brief us on a story when we didn't know what the story was about." Journalists from the Boston Globe, USA Today, the Associated Press and Fox News also attended the invitation-only briefing.

When journalists seek a response from a government agency on a pending story, there is generally an understanding that the information will not be shared with rival news outlets before publication. Such unspoken agreements, however, are hardly iron-clad. Treasury Department officials last year gave the Wall Street Journal declassified information about a secret program to track the banking records of terror suspects after failing to persuade the New York Times to kill a planned story on the subject.

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Col. Dan Baggio, the Army's chief of media relations, said Walter Reed's commander had already been thinking of briefing reporters on conditions at the medical center. But Baggio acknowledged that the timing was dictated by the upcoming Post stories, which ran Sunday and Monday and detailed inadequate care for wounded veterans.

Priest, who reported the two-part series with Anne Hull, says she told an Army public affairs officer this week: "How do you think this is going to affect our relationship? Do you think I'm going to be willing next time to give you that much time to respond, if you're going to turn around and tell my competitors?"

But Maj. Gen. George Weightman, Walter Reed's commander, viewed the matter differently, Baggio said. "Because we had a long holiday weekend coming up and we knew the story was coming out about Walter Reed, he felt an obligation to make sure to get the facts out from our perspective," Baggio said. "We have a responsibility to communicate with the public about things going on at our command, regardless of who says they had the right of discovery."

Priest first contacted the Army on Monday, Feb. 12, and provided a list of 30 questions about conditions at Walter Reed. She said that Weightman was responsive during a two-hour interview Thursday, Feb. 15, but that she initially thought he was joking when he said that he would be briefing other news organizations on Walter Reed's problems the following day.

At the Friday briefing, reporters were told that Weightman's remarks were embargoed until late Saturday afternoon, around the time that The Post's story was expected to be posted online. That, said Baggio, was done as a "courtesy."

After an internal debate, said Spiegel of the Los Angeles Times, "it seemed to us pointless to try to cobble something together" without The Post's findings.

But the Army succeeded in putting its stamp on some stories. An AP report Saturday evening began: "The commander of the Army's leading medical facility acknowledges problems in outpatient treatment but said the hospital is working to address the concerns of patients and their families." Spiegel's Times piece Sunday said Weightman "has acknowledged that the staff responsible for tracking patients after they receive treatment was overwhelmed by the number of wounded when violence spiked in Iraq two years ago." Both reports said Weightman spoke in advance of The Post's stories.

Army officials are now questioning the paper's handling of the probe. In a letter to Walter Reed's staff this week, Weightman said that "information for this article was covertly obtained over more than two years by reporters who did not wish to bring their findings to the leadership for action."

Priest, saying that the inquiry lasted four months, not two years, declined to explain how she and Hull repeatedly signed into Walter Reed without the knowledge of the Army brass. Every patient or family member quoted by name, she said, had agreed to be on the record.

"We never lied to anyone about who we were," Priest said. "We just tried not to be in a position to identify ourselves to anyone who would report us to public affairs and have us kicked off the base."

As for Weightman's complaint that the paper should have notified the Army of its conclusions earlier in the process, Priest called that "ridiculous," saying: "You find wrongdoing and you don't report it to the public first? You report it to them first? That's not our role."

Benefits Of The Doubt (WP)

The Washington Post, February 24, 2007

Badly wounded veterans should have an easier time getting disability compensation.

AFTER A WEEK of terrible publicity, the Defense Department seems to be responding quickly to many of the problems The Post found in a four-month investigation at Walter Reed Army Medical Center. But so far, the most disturbing problem uncovered in The Post's series is getting the least public acknowledgment from generals and journalists alike.

Over the past week, follow-up reports, news releases and news conferences have focused on Army and Navy efforts to improve the physical conditions at Walter Reed and other military facilities serving outpatients. Generals and their press attaches assure reporters that moldy walls will be replaced, holes patched and snow shoveled. The quick pace of repairs, while late, is encouraging. But it is only a start.

The upsetting state of Walter Reed's Building 18 is only part of a larger administrative problem. Post reporters found that confusing bureaucratic rigmarole and interminable waits caused by misplaced paperwork and poor advising were endemic.

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Defense Secretary Robert M. Gates named an independent review panel yesterday and reassuringly promised that it will examine administrative procedures as well as the physical state of outpatient facilities. "They battled our foreign enemies; they should not have to battle American bureaucracy," Mr. Gates said.

However, Post reporters found that the stresses on outpatients at Walter Reed included not only their physical recovery, dank rooms or long waits but also the difficulty they have in getting fair disability compensation. Army review boards searched for reasons to deny maimed soldiers disability funds, often blaming "preexisting conditions," not wartime service, for physical and mental disorders. In one instance, a review board claimed that a middle-aged soldier's poorly healed broken foot was the result of "late-life atrophy," not a severe car wreck in Iraq. There's no excuse for the Army to try so hard to deny disability compensation to wounded soldiers. After sacrificing their health, they should get the benefit of the doubt in such decisions. After all, improperly denying compensation can bankrupt soldiers and their families for years.

After we asked, a Defense Department spokesman told us in an e-mail that the Disability Evaluation System will be improved "across the board" and that the Pentagon will ensure that it is a "full and fair due process with regard to disability evaluation and compensation." Even if the Defense Department weren't so committed, it might soon have little choice in the matter. Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) plan to introduce legislation next week that would require the secretary of defense to review the Disability Evaluation System as well as address some of the other problems The Post uncovered. Either way, veterans too seriously wounded to return to active duty should get the benefits they deserve without having to beg for them.

U.S. Seizes Son Of A Top Shiite, Stirring Uproar (NYT)

By Richard A. Oppel

The New York Times, February 24, 2007

BAGHDAD, Feb. 23 — American troops seized and then released the eldest son of Abdul Aziz al-Hakim, perhaps the most powerful Shiite political leader in Iraq, after he crossed the border from Iran into Iraq on Friday morning.

The detention heightened tensions with one of Iraq's most formidable political movements just as the planned American troop buildup was beginning in Baghdad to try to rescue the capital from the grip of Shiite militias and Sunni insurgents.

Allies of the Hakim family denounced the detention as a serious insult, and a senior adviser to the family asserted that American forces also had assaulted several guards. The Hakims control the Supreme Council for Islamic Revolution in Iraq, the backbone of the Shiite political alliance that has dominated politics during the occupation.

State-run television said Prime Minister Nuri Kamal al-Maliki, a Shiite who depends on Mr. Hakim's support, intervened to help release the son, Amar Abdul Aziz al-Hakim.

In an interview after he was released from an American military base in Kut, Amar al-Hakim said that American forces had treated him roughly and that their justification for seizing him — that he crossed the border with an invalid passport — was untrue.

An official with the Iraqi force that guards the border said American troops had been lying in wait to apprehend the Hakim convoy as it drove into Iraq. But a spokesman for the American Embassy in Baghdad, Lou Fintor, said that the Americans followed standard procedures and that there had been no effort to "single out" Mr. Hakim.

The American ambassador to Iraq, Zalmay Khalilzad, said he was "sorry" for the detention. The son is himself a senior official in Mr. Hakim's political movement and has often taken a leading role in building support for his father's political efforts throughout Shiite-dominated southern Iraq. A Hakim aide suggested that the son was being groomed to take control of the family's political dynasty.

The detention worsened relations with the Hakims — who spent years in exile in Iran and remain close to Tehran — two months after American forces raided the Hakims' elaborate Baghdad compound near the Green Zone and detained two Iranians whom they accused of running guns and planning sectarian attacks.

That raid came just a few weeks after the elder Mr. Hakim met with President Bush in Washington. Mr. Hakim has generally been an ally of the United States presence, but he has criticized the Americans for what he said was favoring the interests of Sunnis over Shiites.

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The incident comes at a delicate moment in the relationship between the United States and Iran, which American officials have accused of fomenting violence in Iraq and supplying Shiite militias with the deadliest munitions employed against the American military's armored vehicles, armor-piercing explosives known as explosively formed penetrators, or E.F.P.'s.

One of Amar al-Hakim's most prominent public roles of late has been canvassing the Shiite provinces of southern Iraq to build support for his father's controversial plan to cleave nine Shiite provinces into an autonomous region that would have wide authority over its security and natural resources.

Sunni political groups as well as some Shiite parties have objected to the plan, saying it would drive Iraq toward a three-way partition, with a Kurdish state in the northeast, a Sunni state in the west and northwest, and a Shiite state in the south.

One Shiite coalition that objects to the plan is the bloc allied with Moktada al-Sadr, the anti-American Shiite cleric who controls the Mahdi Army militia and whose political movement is the only one within the Shiite alliance whose power rivals that of Supreme Council for Islamic Revolution in Iraq, or Sciri.

A senior adviser to the Hakim family, Haitham al-Husseini, described the son as being in his mid-30s and said he was considered an heir to his father's political movement. Mr. Hakim also has a younger son, Moshin, who serves as a political adviser, and two daughters.

Amar al-Hakim was in Iran no longer than five days, said Mr. Husseini, who added that he was probably visiting relatives or other people the family knew from their years in exile during the rule of Saddam Hussein. He said the Americans had held Amar al-Hakim a good part of the day. The convoy was stopped "without any justification," Mr. Husseini said. "Some of the guards were beaten by the U.S. forces."

He also said that United States military officers whom he would not identify had contacted aides to Mr. Hakim and apologized for the detention. Mr. Khalilzad, the American ambassador, was quoted by news agencies as saying that he regretted the episode and that "we do not mean any disrespect" to the Hakim family.

Mr. Fintor, the spokesman for the American Embassy in Baghdad, declined comment about whether an apology had been issued. But he said that American forces were investigating the episode.

"We're trying to determine the facts," Mr. Fintor said. "What I can tell you is that at this point we understand that Mr. Hakim was arrested by soldiers who were doing their duty. He was not singled out, and we understand the soldiers were following standard procedure."

The detention led to a large demonstration in front of the offices of Mr. Hakim's party in Basra by a crowd protesting the son's treatment. A senior Sciri party official in Najaf, Sadr al-Din al-Qubanchi, called for a demonstration there.

"This will shake the stability, and it's an insult to the Iraqi Shiite alliance and its leadership," he said.

An American military official declined to comment on the allegation that Mr. Hakim's guards had been beaten but said he had been detained because he possessed an expired passport and was traveling with men who had a large number of guns.

But after his release at the provincial governor's office in Kut, Mr. Hakim said his passport was valid and the Americans detained him a few miles from the Iranian border on Friday morning.

"They arrested me and my guards in an unsuitable way, and they bound my hands and blindfolded me," he said. "They took our phones, bags, money, documents and the guards' weapons, and sent us to an American base."

An Iraqi correspondent for The New York Times said Mr. Hakim showed a passport that had an expiration date of Sept. 17, 2007, and quoted him saying, "They claim the reason for the arrest was because my passport had expired, but as you can see my passport expires on the 17th of September."

Two news agencies also quoted Mr. Hakim as saying that the Americans had dealt with him harshly, but neither news agency reported that Mr. Hakim had shown them an unexpired passport. Whether Mr. Hakim had a valid passport could not be confirmed by late Friday.

Mr. Husseini, the Hakim aide, said some of Amar al-Hakim's guards were Iraqi Army soldiers and Iraqi policemen. The arrest was "very insulting to the Iraqi government and the sovereignty of the Iraqi government," he said.

He said American military officers had apologized. "Until now, we have only heard the usual answer, that it was a mistake and that they didn't know who he was," he said.

DOJ_NMG_0136834

Amar al-Hakim was educated mostly in Iran, according to Mr. Husseini, and is now secretary general of a major Shiite Islamic foundation, in addition to his position within Sciri.

Iraqi's Arrest Brings Apology From U.S. (LAT)

By Christian Berthelsen

The Los Angeles Times, February 24, 2007

BAGHDAD — The U.S. military detained the son of one of America's closest political allies in Iraq for several hours Friday, angering Shiite Muslim officials and straining delicate relations with the Iraqi leadership. The American ambassador here quickly apologized for the incident.

Meanwhile, the U.S. military announced that three soldiers attached to American-led forces were killed in combat in the Sunni-dominated Al Anbar province Thursday, but released few details pending notification of relatives. At least 3,154 American troops have died in Iraq since the U.S.-led invasion in March 2003, according to icasualties.org, a website that tracks casualties in Iraq and Afghanistan.

Soldiers arrested Ammar Hakim and at least three of his bodyguards around noon as they crossed into Iraq from Iran about 80 miles southeast of Baghdad. His father, Abdelaziz Hakim, heads the largest Shiite voting bloc in the Iraqi parliament. The elder Hakim met with President Bush in December in Washington and pledged to help end bloodshed in Iraq.

In a telephone interview with The Times, Ammar Hakim said troops arrested him because his passport was nearing expiration and they thought his identification picture did not match his appearance. He complained of being treated roughly at the hands of the soldiers, including being blindfolded as he was transported to a military base and having his underwear searched once he arrived there.

"We supported the new Baghdad [security] plan, and we hoped that it would succeed, but at the same time people's dignity should respected," he said, adding that the Iraqi government would seek answers from the U.S. about how the incident was handled.

Hakim was released after about seven hours, and U.S. officials rapidly began damage control. Ambassador Zalmay Khalilzad appeared on Iraqi government television, saying that the U.S. was "sorry about the arrest" and meant no disrespect.

Hakim's father leads the Supreme Council for Islamic Revolution in Iraq, or SCIRI. The elder Hakim was an opponent of Saddam Hussein and spent much of the 1980s in exile in Iran as a commander of the Badr Brigade, the militia affiliated with SCIRI. The Badr Brigade has been criticized for close ties with Iran and has been accused of operating death squads targeting Sunni Muslims, but it is also viewed as among the more moderate Shiite forces in Iraq.

Ammar Hakim heads the Shahid al-Mihrab Foundation, a charity affiliated with SCIRI. News of Hakim's arrest drew widespread attention Friday, a day of relative calm in Iraq. Police patrols discovered the bodies of five men shot to death around the capital, a daily toll far lower than usual.

Meanwhile, religious leaders focused on allegations this week that Iraqi security forces had raped two Sunni women in the course of enforcing the new security crackdown. Sunni preachers condemned the alleged acts as evidence that the new effort was a failure.

"We thought that the security plan would stop the killing and the bloodshed," Sheik Jamaledin Ighidee said during a sermon at the Shawaf Mosque in west Baghdad. "But this week we heard about two of the most terrible crimes. These crimes deserve that the whole nation would die instead."

At least one Shiite prayer leader said the charges were false.

Sadruddin Qubanchi told worshipers at the Fatimiya Mosque in Najaf that the accusations were designed by "the enemies of Iraq … to use the rape of women to bring down the security plan."

U.S. Detains Shiite Leader's Son (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 24, 2007

Amar al-Hakim Held Several Hours Returning to Iraq From Iran

DOJ_NMG_0136835

BAGHDAD, Feb. 23 -- U.S. forces detained the son of one of Iraq's most prominent Shiite politicians for several hours Friday, a spokesman for the Supreme Council for the Islamic Revolution in Iraq said.

The convoy of Amar al-Hakim, one of the sons of party leader Abdul Aziz al-Hakim, was stopped as Amar was returning from a trip to Iran, Haitham al-Husseini said.

The senior Hakim, whose party controls the largest number of seats in the Iraqi parliament and who met with President Bush during a visit to Washington in December, spent many years in exile in Iran and has close ties to that country. U.S. officials have said Iran has supplied weapons to militias targeting American forces in Iraq.

U.S. Embassy spokesman Lou Fintor said the younger Hakim was detained during a routine security operation.

"We understand Mr. Hakim was arrested by soldiers who were executing their duty at a checkpoint," Fintor said. "He wasn't singled out, but rather we understand the soldiers were following standard procedure," reflecting stepped-up enforcement along Iraq's border with Iran. "Once the facts of the situation were determined, Mr. Hakim was released."

Husseini, the party spokesman, said some of Hakim's bodyguards were asked to lie on the ground while the convoy was searched. "The guards were treated very badly by the U.S. force," he said, adding that some of the guards were members of the Iraqi police and army. "We believe this sends a very wrong message to the whole security process we are trying to assist."

Husseini said the detention appeared to have been a case of mistaken identity, but he said Hakim should not have been kept in custody for several hours.

"He identified himself and had his passport and Iraqi ID," Husseini said. "He's a very well-known figure in Iraq."

U.S. military officials raided the senior Hakim's compound in Baghdad in December and detained two Iranian men, one of whom was described by American officials as a high-ranking officer in an elite Iranian military unit known as the Quds Force. The men were released after appeals by the Iraqi government.

Also on Friday, the U.S. military said in a statement that three American soldiers had been killed Thursday in Anbar province in western Iraq. Their names were not released.

Correspondent Joshua Partlow and special correspondent Naseer Mehdawi contributed to this report.

U.S. Detains Top Shi'ite Leader's Son (WT/AP)

By Brian Murphy, Associated Press

The Washington Times, February 24, 2007

BAGHDAD -- U.S. troops detained the eldest son of Iraq's most influential Shi'ite politician for nearly 12 hours yesterday as he crossed back from Iran, sparking protests from Shi'ite politicians.

Even though the U.S. ambassador issued a rapid apology, the decision to hold Amar al-Hakim risks touching off a backlash from Shi'ite leaders at a time when their cooperation is needed most to keep a major security sweep through Baghdad from unraveling.

Shi'ite reaction to the detention was quick and sharp, with some officials suggesting it was a veiled warning about the limits of ties to Iran.

"What happened is unacceptable," Shi'ite lawmaker Hamid Majid Moussa told Al-Forat television. "The Iraqi government and the American forces must put an end to such transgressions."

The station is just one part of the multilayered clout of the al-Hakim family.

Mr. al-Hakim's father, Abdul-Aziz al-Hakim, is the leader of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), the country's largest political force. Abdul-Aziz al-Hakim met with President Bush at the White House in December.

The bloc carries the strongest voice in the 275-seat parliament and holds critical sway over the fate of Prime Minister Nouri al-Maliki. It also maintains very close ties to Iran, which hosted Abdul-Aziz al-Hakim and other SCIRI officials before the fall of Saddam Hussein in 2003.

In December, American forces seized two Iranian security agents at Abdul-Aziz al-Hakim's compound in Baghdad. Six other Iranians were arrested Jan. 11 at an Iranian liaison office in northern Iraq. The U.S. military said they were members of Iran's elite Revolutionary Guard. Tehran denies the charges.

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Washington has repeatedly accused Iran of funneling weapons to militants, including lethal roadside bombs that have targeted U.S. troops.

But the U.S. ambassador to Iraq, Zalmay Khalilzad, tried to defuse any showdowns with Shi'ites that could upset a 10-day-old offensive seeking to reclaim Baghdad's streets from militants and sectarian death squads.

"I am sorry about the arrest," Mr. Khalilzad said. "We don't know the circumstances of the arrest, and we are investigating and we don't mean any disrespect to al-Sayed Abdul-Aziz al-Hakim or his family."

A U.S. Embassy spokesman in Baghdad, Lou Fintor, said Amar al-Hakim "was not singled out" and "soldiers were following standard procedure" since the border crossing was closed at the time.

Amar al-Hakim, 35, was taken into custody at the Zirbatyah crossing point southeast of Baghdad along with his security guards, said his father's secretary, Jamal al-Sagheer. Amar al-Hakim was freed about 12 hours later, but his bodyguards remained in custody, Mr. al-Sagheer said.

Amar al-Hakim heads a charity dedicated to the memory of his uncle, Grand Ayatollah Mohammed Baqir al-Hakim, who was killed along with scores of others in a car bombing in Najaf in August 2003. His father took over SCIRI after the killings, and Amar al-Hakim is apparently being groomed to take his place someday.

The U.S. military, meanwhile, said three U.S. troops were killed Thursday in combat in volatile Anbar province, but did not give specific locations or circumstances for the deaths.

In Basra, police said they arrested a suspected Sunni insurgent with links to al Qaeda. Issa Abdul-Razzaq Ahmed, 22, was on the Iraqi Interior Ministry's most-wanted list, accused of financing and recruiting fighters, said provincial police commander Gen. Mohammed al-Moussawi.

Baghdad Crackdown 'curbing Violence' (FT)

By Steve Negus

Financial Times, February 24, 2007

A week after the beginning of the security crackdown in Baghdad, US officials claim their forces are slowly expanding their presence in the capital and curbing the sectarian violence that left tens of thousands dead last year.

Many Iraqis, however, say that fighting has continued unabated, while a high-profile rape case linked to the crackdown has heightened tensions between the Sunni and Shia communities.

Nouri al-Maliki, the prime minister, announced the beginning of Operation En-forc-ing the Law on February 14, although US forces had already begun to filter into the city earlier this month to conduct large-scale sweeps of districts.

The plan hinges on the joint security stations – permanent outposts manned by US and Iraqi troops inside the capital. The military says it has learnt from previous operations where insurgents fled a sudden influx of US forces, only to come back when the troops had moved on.

US officers hope that a permanent presence will undermine the ability of armed groups to intimidate civilians, leading to an increase in tip-offs, which would allow them to track fugitives and discover weapons caches. Major General William Caldwell, US military spokesman, says four such stations were opened last week, bringing the total to 14.

Iraqi officials claim the sectarian death toll has already fallen as a result of the increased troop presence, which may indicate that militias are conducting fewer raids on districts aimed at driving out or abducting civilians from rival sects.

Maj Gen Caldwell and other commanders, however, have cautioned that it is too early to call the operation a success, and that the true impact will not be seen for months.

Some Iraqis living in mixed districts say that the level of day-to-day violence has not changed. One resident of Hayy al-Amal, a district of southern Baghdad, says insurgent snipers continue to fire from Sunni mosques at civilians, disappearing whenever the mosque is searched.

US troops admit that they are hard pressed to deal with such hit-and-run attacks unless they receive a steady supply of useful information.

Another resident of the same neighbourhood says some senior insurgent commanders and guerrilla leaders have fled, but that "carjackings" have increased as teenage fighters take over the guerrilla networks.

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A resident of the Shia suburb of Sadr City across the capital complains that the security sweep has created a vacuum and that criminal gang activity surged after the Mahdi Army militiamen – an unofficial police force in the slum – went to ground to avoid US troops.

Some Shia also say the disappearance of the militias has made their districts more vulnerable to attack by Sunni car bombers.

The political climate has been further poisoned by the alleged rape of a Sunni by Iraqi police following a raid on a house in Hayy al-Amal on February 8. The police said the woman had been providing food for insurgents. Sunni leaders, who had already accused the Shia-dominated government of singling out their neighbourhoods, have urged it to punish the rapists.

Mr Maliki, however, has accused the woman of making up the charges.

Car Bombings Kill 4 Civilians In Baghdad (AP)

AP, February 24, 2007

Car bomb blasts hit parts of Baghdad on Saturday in attacks apparently targeting security forces involved in an ongoing campaign to restore order in the capital. At least four civilians were killed and nearly 10 injured, police said.

In a separate blast, a bomb stashed on a minibus killed at least one passenger and injured five in central Baghdad.

A car rigged with explosives blew apart near a joint Iraqi-U.S. patrol in a mostly Sunni area in western Baghdad, damaging at least one Humvee, police said. Two civilians were killed, but there were no immediate reports of casualties among security forces.

In a commercial district in central Baghdad, a car bomb exploded near a police patrol, but missed the vehicles. At least two civilians were killed and five injured, police said.

Stryker Team Key To Iraq Security Plan (LAT)

By Tina Susman

The Los Angeles Times, February 24, 2007

BAGHDAD — In any other city, the sight of an old man standing next to a can on the side of a crowded street would go unnoticed. In Baghdad, it was enough to make U.S. Army Spc. Aurelio Cazares slow down his armored Stryker for a closer look and alert his gunner.

The vehicle's gunner fixed his viewfinder on the man and the object and zoomed in, just as a sedan stopped in front of them, blocking the view and adding further suspense to the moment. Then, the car pulled away, the old man crossed the road, and the Stryker's high-tech remote weapons system, which can detect heat in an object and determine the presence of explosives, confirmed that the can was harmless.

The Stryker moved on, and Cazares relaxed.

There aren't many things that worry him as he steers the 22-ton troop carrier, which resembles an oversized and massively overloaded camper van, through Baghdad's streets. Its steel-and-ceramic armor is far stronger than a Humvee's, making it the safest troop transporter by far on roads littered with explosives and snipers.

Nothing, though, can guarantee protection from some of the armor-piercing explosives plaguing U.S. forces in Iraq. Since August, three men from Cazares' 3rd Stryker Brigade Combat Team, from the Army's 2nd Infantry Division, have died in such attacks.

"We haven't been hit, thank God," Cazares said this week after another day of patrolling.

Since U.S. and Iraqi forces put a new Baghdad security plan into high gear last week, the Stryker team has been at the forefront of sweeps and patrols, some lasting 20 hours at a stretch.

For the soldiers of the brigade, it has meant little sleep and the majority of their waking hours inside the dark, cramped interiors of the Strykers, whose bulk, speed and armor have made them the vehicle of choice in Baghdad's riskiest operations.

"We're kind of like groundhogs," said 1st Lt. Yeng Lacanlale of Seattle after a patrol that began at 4:30 a.m. and lasted 16 hours. "We get back, shower, eat, try to get a little sleep, and go back out."

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Each Stryker can carry 14 people, making it easy to flood an area with troops, who pour out of the vehicle through a hatch in the back. The Strykers reach a speed of 65 mph and are relatively quiet as they trundle through the streets, giving them a stealth quality other troop carriers lack.

In addition to their armor, they are surrounded by a cage-like shield designed to repel rocket-propelled grenades. They lumber about on eight tires but can keep moving on fewer in the event of blowouts.

Cazares isn't sure why he was chosen to drive a Stryker. It wasn't his driving record back home in Weslaco, Texas, which the 28-year-old admits is less than stellar. He just knows that one day, someone higher up told him he was on his way to school to learn to handle a Stryker.

Cazares and the gunner view the outside world through periscopes, popping their heads out of the overhead hatches as little as possible to avoid snipers. As he moves through the streets, he eyes each trash pile, each rock and anything else that could hide a danger.

While he navigates, the rest of the unit shares the cigar-shaped back compartment, sitting kneecap-to-kneecap, shoulder-to-shoulder, on narrow benches in full battle gear, their M-4 rifles balanced between their legs. Two stand sentry, their heads poked out of overhead hatches.

Some talk about their families. Spc. Rany Grizz, on the same mission as Lacanlale last week, reminisced about his honeymoon in San Francisco a little over a year ago, and about his daughter, Evelyn, who shares his birthday: Aug. 29.

Some talk politics. Lacanlale speculated about the future of Iraq if Democrats opposed to the war hold sway in Washington. "It's pretty much a civil war between the two sects, and if we leave, they're just going to duke it out," he said as the Stryker streaked down a dark and deserted road.

Grizz chimed in, expressing doubts that the Iraqi security forces would be able to hold things together without the Americans to back them up. "They're good soldiers, but nobody takes care of them. They need more supplies, more support," he said.

Some just talk, like Pfc. Nathan Bratager, who wouldn't be in a Stryker if it weren't for a snowstorm in South Dakota.

A year ago, he was mopping floors and cleaning toilets on the graveyard shift at a truck stop there. The night of the storm, he spent all of his time shoveling snow. The floors and toilets went untended. The next morning, Bratager was fired.

Aimless, he wandered into a mall one day, walked through the door of the Army recruiting station that happened to be there, and signed up. Now he eagerly shows off the red blotch on his neck, the result of a sniper's bullet that grazed him in September as he stood sentry. "I even have a video of it," Bratager said.

Insurgents had filmed the attack and show it on their 24-hour satellite TV channel, which replays video of car bombs, mortar blasts and other attacks on U.S.-led forces.

Bratager, of Belle Fourche, S.D., said he had been considering enlisting since the Sept. 11 attacks. Now, he says, he has a job he loves, but a pessimistic view of Iraq's future.

"In about 20 years, I doubt we're going to be out of here. There will still be Americans in Iraq," Bratager said, accusing U.S. and Iraqi politicians of not doing enough to end the sectarian divisions.

He spoke as his patrol came to an early end. The mission had been changed, and the men had only to escort another patrol to the site of abandoned rocket launchers on Baghdad's far northeastern reaches. They were back at base by 1 p.m., cherishing a rare afternoon off but knowing there would be new orders the next day.

U.S. Disappointed In Iraq's Progress With Baathists (LAT)

By Paul Richter

The Los Angeles Times, February 24, 2007

WASHINGTON -- Serious new divisions have emerged between the Bush administration and its Iraqi allies over the Baghdad government's refusal to enact a reform that the White House considers crucial to its new strategy for bringing the country's violence under control.

In spite of a commitment by Iraq's prime minister to its passage, legislation that would ease rules barring former members of Saddam Hussein's Baath Party from government service has been blocked by the country's Shiite-dominated parliament.

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U.S. officials have repeatedly expressed confidence that Nouri al-Maliki, the prime minister, would work for passage of "de-Baathification" reform. However, they now have begun to express disappointment at the Iraqi stalemate, saying that the reform remains a top political priority and is essential to convince the country's Sunni minority that it can receive fair treatment in the new system.One U.S. official said the reform, far from advancing, as promised, was now "moving backward" and is "almost dead in the water."

Secretary of State Condoleezza Rice and State Department official David Satterfield, her top Iraq adviser, paid an unannounced visit to Baghdad last weekend for consultations with top Iraqi officials. Aides said they came away discouraged on this issue.

Administration officials also have expressed disappointment in the work of a special Iraqi panel on de-Baathification headed by Ahmad Chalabi, the American-trained financier who became controversial as an advocate for the Iraq war.

The dimming prospects for reform hold troubling implications for the administration's new strategy on Iraq, which relies heavily on political reconciliation between Sunnis Arabs and Shiites as a way to stem the sectarian violence which has gripped the country for the past year.

President Bush ordered 21,500 additional combat troops to Iraq last month as part of a new U.S. strategy to establish order in Baghdad. But the objective of establishing order is to allow the government to achieve political progress and ethnic reconciliation, Bush and his aides have said.

The administration considers de-Baathification reform, along with legislation dividing up the country's oil wealth, to be the two most important political steps the country can take to reconcile its warring factions. But while U.S. military officials have been buoyed by early results of the security push, the reconciliation legislation has yet to advance.

The new conflict between the U.S. officials and their Iraqi counterparts underscores the difficulty of reaching reconciliation and the fragility of the American partnership with the Iraqi government.

After months of frustration last year trying to convince al-Maliki to take steps toward political reconciliation, U.S. officials late last year convinced him to commit to a series of "benchmarks." One of them was the de-Baathification reform, which al-Maliki committed to implementing by early this year.

How to handle former Baath party members has been an issue since 2003, when U.S. officials and their Iraqi allies began an aggressive effort to bar some 30,000 former members from government service. The drive affected some of the country's top talent, ranging from senior civilian and military officials to low-level government functionaries and even schoolteachers.

By 2004, U.S. officials came to the view that they had gone too far. They decided the rules had been too harsh, considering that the government is the country's biggest employer. The administration also began to fear that they were feeding the insurgency and convincing Sunnis that the Shiite majority in the new Iraq was vengeful.

Now, even Army Gen. David H. Petraeus, the new senior U.S. commander in Iraq, favors easing the rules so that mid-level military officers can rejoin the military, giving it the benefit of their experience.

Nevertheless, a large majority of Iraqi Shiites and Kurds oppose efforts to relax the rules. After decades of persecution by Saddam's government, many fear the Baath party still exists in the Iraqi underground, and some contend that many Baath party members, though low-level government workers, acted as enforcers and spies for Saddam's government, and should be excluded now.

Michael Rubin, a former official with the U.S.-led Coalition Provisional Authority, which ran the country from 2003 until 2004, said that "among more than 80 percent of the Iraqi population, the policy is quite popular."

"Putting it bluntly, if de-Baathification were left to Iraqi democracy, it would remain as the policy of Iraq," Rubin said.

The reforms need the approval of the Iraqi Council of Representatives. But the proposal has been opposed by key leaders of the two large Shiite parties, Dawa and the Supreme Council for the Islamic Revolution in Iraq.

U.S. officials believe that a committee that drafted the reforms was not generous enough toward the thousands of Iraqis who are still excluded by the de-Baathification law. They have urged that only the two highest levels of Baath Party members be excluded, and that others who have been denied jobs should be reinstated.

Heading the commission overseeing the de-Baathification program is Chalabi, once a close ally of the Pentagon during Donald H. Rumsfeld's tenure as Defense secretary.

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Satterfield, Rice's top adviser on Iraq, told the Senate Foreign Relations Committee last month that he was then optimistic that the reforms would be approved. But he said that the proposal from Chalabi's de-Baathification panel was insufficient, and did not live up to Maliki's "expansive" vision of the needed reform.

A senior administration official, speaking on condition of anonymity when discussing internal administration assessments, said in an interview that the issue was one that top U.S. officials "have been watching pretty closely."

"We've been talking to the Iraqis consistently," the senior official said. "This is critical to ensuring you have a basis to believe that that this really is a government for all Iraqis."

But at this point, the official said, "There's real concern that it's stalled."

The impasse comes only one month after Chalabi, a secular Shiite who pushed hard in 2003 to remove the Baathists, announced in a news conference in Baghdad that his panel would try to be more lenient with former party members.

Officially, the government has reversed course on the policy of purging Baath party members from the public sector. But little change has been made on the ground. Shiite political parties have only deepened their hold on the civil service and the security forces.

The government has already set about dismantling statues and renaming public spaces that celebrate Baathist causes and anniversaries. Many Sunnis see such moves as a humiliating denigration of their experiences.

In daily life, anti-Sunni remarks by well-connected Shiite prayer leaders and politicians are common. Some, such as lawmaker Sheik Jalaldin Sagheer, regularly equate Baathists with terrorists.

"We think the main problem with security is the Baathists, and we should eliminate them," Sheik Sadraldin Qabanchi, an influential Shiite cleric, told worshippers in a televised sermon from Najaf last month.

Bachmann Backs Down From Iraq Comments (MINNST)

By Eric Black

Minneapolis Star Tribune, February 24, 2007

U.S. Rep. Michele Bachmann claimed two weeks ago to know of an Iranian plan for the partition of Iraq in which Iran would control half the country and set it up as "a terrorist safe haven zone" and a staging area for attacks around the Middle East and on the United States.

The existence of such a plan has not been suggested publicly by the Bush administration or other officials.

But on Friday, after her claim was highlighted on the Star Tribune's Big Question weblog, Bachmann issued a new statement asserting her earlier comments had been "misconstrued." The second statement in effect retracted the first in several important respects.

In her original statement, made at the end of a wide-ranging Feb. 9 interview with Larry Schumacher of the St. Cloud Times, the freshman representative from Minnesota's 6th District said, "Half of Iraq, the western, northern portion of Iraq, is going to be called ... the Iraq State of Islam, something like that. And I'm sorry, I don't have the official name, but it's meant to be the training ground for the terrorists. There's already an agreement made."

The Times did not publish a story about it, but the audio of the full interview was posted on the paper's website.

Bachmann declined interviews Thursday and Friday but her statement Friday afternoon said that Iran's intentions are "difficult to ascertain" and that she was not aware of a done deal to divide Iraq and create a haven for terrorists. Rather, she said, she is concerned about the possibility that partitioning Iraq could lead to such an outcome.

Top secret, or thoughts as fact?

University of Minnesota political scientist Kathryn Pearson, who specializes in Congress, said Bachmann's original statement was "extremely irresponsible."Members of Congress are privy to intelligence that the rest of the public isn't. So when a member of Congress says something of such significance, the first assumption is that she knows something that the public doesn't. So on that basis, people are going to take it seriously.

"Either this is top secret information that she's leaking, which is a problem. Or she's presenting her thoughts on a very serious topic as if they were established fact, and that's a problem for other reasons," Pearson said.

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Washington University Prof. Steve Smith, another Congress watcher who lives in the Sixth District, said Bachmann's first statement "was a pretty strong claim to make. If she can't back it up she should be held accountable."

Smith speculated the original statement was drawn from some ideas circulating in "the neoconservative network in which she circulates."

The idea of partitioning Iraq into separate enclaves for the Shiites in the south, the Kurds in the north, and the Sunni Arabs in the middle is a policy option that has been gaining adherents recently, notably Democratic presidential candidate Sen. Joseph Biden.

The neoconservatives who have been the strongest backers of the Iraq war policy have always opposed the idea of partition, in part because they fear it will create a Shiite Iraqi state heavily influenced by Iran.

Bachmann, who has also been a strong supporter of the war policy, may have picked up a version of these worries that included the idea that Iran had already worked out a plan to capitalize on any partition.

"But it's the kind of claim she couldn't possibly get from official sources," Smith said. "So it has to be unofficial sources, but if this is the basis for her public position on the war, then she's under some obligation to name her sources."

Americans Underestimate Iraqi Death Toll (AP)

By Nancy Benac,

AP, February 24, 2007

Americans are keenly aware of how many U.S. forces have lost their lives in Iraq, according to a new AP-Ipsos poll. But they woefully underestimate the number of Iraqi civilians who have been killed.

When the poll was conducted earlier this month, a little more than 3,100 U.S. troops had been killed. The midpoint estimate among those polled was right on target, at about 3,000.

Far from a vague statistic, the death toll is painfully real for many Americans. Seventeen percent in the poll know someone who has been killed or wounded in Iraq. And among adults under 35, those closest to the ages of those deployed, 27 percent know someone who has been killed or wounded.

For Daniel Herman, a lawyer in New Castle, Pa., a co-worker's nephew is the human face of the dead.

"This is a fairly rural area," he said. "When somebody dies, ... you hear about it. It makes it very concrete to you."

The number of Iraqis killed, however, is much harder to pin down, and that uncertainty is perhaps reflected in Americans' tendency to lowball the Iraqi death toll by tens of thousands.

Iraqi civilian deaths are estimated at more than 54,000 and could be much higher; some unofficial estimates range into the hundreds of thousands. The U.N. Assistance Mission for Iraq reports more than 34,000 deaths in 2006 alone.

Among those polled for the AP survey, however, the median estimate of Iraqi deaths was 9,890. The median is the point at which half the estimates were higher and half lower.

Christopher Gelpi, a Duke University political scientist who tracks public opinion on war casualties, said a better understanding of the Iraqi death toll probably wouldn't change already negative public attitudes toward the war much. People in democracies generally don't shy away from inflicting civilian casualties, he said, and they may be even more tolerant of them in situations such as Iraq, where many of the civilian deaths are caused by other Iraqis.

"You have to look at who's doing the killing," said Neal Crawford, a restaurant manager in Suttons Bay, Mich., who guessed that about 10,000 Iraqis had been killed. "If these people are dying because a roadside bomb goes off or if there's an insurgent attack in a marketplace, it's an unfortunate circumstance of war — people die."

Gelpi said that while Americans may not view Iraqi deaths through the same prism as American losses, they may use the Iraqi death toll to gauge progress, or lack thereof, on the U.S. effort to promote a stable, secure democracy in Iraq.

To many, he said, "the fact that so many are being killed is an indication that we're not succeeding."

Whatever their understanding of the respective death tolls, three-quarters of those polled said the numbers of both Americans and Iraqis who have been killed are "unacceptable." Two-thirds said they tend to feel upset when a soldier dies, while the rest say such deaths are unfortunate but part of what war is about.

Sometimes it's hard for people to sort out their conflicting emotions.

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"I don't know if I'm numb to it or not," said 86-year-old Robert Lipold of Las Vegas. "It's something you see in the paper every day there. And how do you feel when in the back of your mind it's unnecessary?"

Given a range of possible words to describe their feelings about the overall situation in Iraq, people were most likely to identify with "worried," selected by 81 percent of those surveyed.

Other descriptive words selected by respondents:

_Compassionate: 74 percent.

_Angry: 62 percent.

_Tired: 61 percent.

_Hopeful: 51 percent.

_Proud: 38 percent.

_Numb: 27 percent.

Women were more likely than men to feel worried, compassionate, angry and tired; men were more likely than women to feel proud, a finding consistent with traditional differences in attitudes toward war between the sexes.

For women, said Gelpi, "there is an emotional response to casualties that men don't show. ... It could be some sort of socialization that men get about the military or combat as being honorable that women don't get."

Charlotte Pirch, a lawyer from Fountain Valley, Calif., said she's "always appalled and just very upset at hearing about more casualties, whether it's U.S. troops or troops from another country."

Pirch said two of her nieces are married to men who served in Iraq and she doesn't live far from Camp Pendleton, which has sent many U.S. troops to Iraq. But she added, "Whether I knew someone personally or not, I would still feel it as a citizen of our country."

Perhaps surprisingly, the poll found little difference in attitudes toward the war between those who did and did not know someone who had been killed or wounded. There was a difference, however, in their opinions on whether opponents are right to criticize the war.

About half of those who know someone who has been killed or wounded felt it is right to criticize the war, compared with two-thirds of those who don't have a personal connection.

The AP-Ipsos poll of 1,002 adults, conducted Feb. 12-15, had a 3 percentage point margin of error.

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AP writers Natasha Metzler and Ann Sanner and AP News Survey Specialist Dennis Junius contributed to this story.

Iraq Rebuilding Short On Qualified Civilians (WP)

By Rajiv Chandrasekaran, Washington Post Staff Writer

The Washington Post, February 24, 2007

In Diyala, the vast province northeast of Baghdad where Sunnis and Shiites are battling for primacy with mortars and nighttime abductions, the U.S. government has contracted the job of promoting democracy to a Pakistani citizen who has never lived or worked in a democracy.

The management of reconstruction projects in the province has been assigned to a Border Patrol commander with no reconstruction experience. The task of communicating with the embassy in Baghdad has been handed off to a man with no background in drafting diplomatic cables. The post of agriculture adviser has gone unfilled because the U.S. Department of Agriculture has provided just one of the six farming experts the State Department asked for a year ago.

"The people our government has sent to Iraq are all dedicated, well-meaning people, but are they really the right people -- the best people -- for the job?" asked Kiki Skagen Munshi, a retired U.S. Foreign Service officer who, until last month, headed the team in Diyala that included the Pakistani democracy educator and the Border Patrol commander. "If you can't get experts, it's really hard to do an expert job."

Almost four years after the United States set about trying to rebuild Iraq, the job remains overwhelmingly unfinished. The provincial reconstruction teams like those in Diyala are often understaffed and underqualified -- and almost unable to work

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outside the military outposts where they are hunkered down for security reasons. Today, there are just 10 of the 30-person teams operating in all of Iraq.

President Bush proposed last month to double the number of teams, saying such civilians are central to American efforts to "pursue reconciliation, strengthen the moderates and speed the transition to Iraqi self-reliance." But the new plan is running into what Munshi and several officials familiar with their work described as the problems that have plagued the U.S. government effort from the start: Turf wars between federal agencies. Outright refusal to fill certain vital posts by some departments. A State Department in charge of the teams that just doesn't have any agronomists, engineers, police officers or technicians of its own to send to Iraq. "No foreign service in the world has those people," Secretary of State Condoleezza Rice complained.

After Bush's new plan was announced, Rice asked the Pentagon for help filling 140 slots on the teams until State is able to hire private contractors to do the work, which could take up to a year. Defense Secretary Robert M. Gates said he was "troubled" by State's request, then grudgingly agreed. The teams are supposed to be up and running by next month.

It's time to "step up," a frustrated Bush lectured his Cabinet.

As State and the Pentagon were sparring over who would staff the reconstruction teams, Bush used his State of the Union address to call for the formation of a civilian reserve corps -- three years after the State Department first proposed it and several influential senators backed it. "It would give people across America who do not wear the uniform a chance to serve in the defining struggle of our time," the president said.

But the corps won't be built anytime soon: The administration's 2008 budget, which was sent to Congress earlier this month, includes no money for it. A senior administration official said the White House plans to wait another year before asking Congress for funding.Ambitious Plans Meet a Tight Purse

"There has been real inertia and myopia," said Sen. Richard G. Lugar (R-Ind.). "We have not really approached this in the right way."

By the fall of 2003, Lugar had grown worried about the U.S. reconstruction effort in Iraq. L. Paul Bremer, who was running the occupation government in Baghdad, had been pleading for more staffers with skills in post-conflict rebuilding -- people who could repair the electricity infrastructure, rehabilitate hospitals, retrain the police. Bremer urged Cabinet secretaries to send experts in their departments to Iraq. Some did; others blew him off. Pentagon officials, meanwhile, were recruiting young Republican Party loyalists for tours in Iraq. Many of them lacked reconstruction experience, but they were willing to work in Baghdad.

At the time, Lugar was thinking beyond Iraq. "We need to be ready for the next crisis," he told his aides.

They summoned experts in postwar rebuilding, among them James Dobbins, a Rand Corp. expert in post-conflict stabilization, and John J. Hamre, a former deputy secretary of defense. Most participants embraced the civilian reserve corps idea.

Lugar did, too, and in February 2004 he introduced a bill with Sen. Joseph R. Biden Jr. (D-Del.) to create the Response Readiness Corps, its mission to stand prepared "to be called upon at a moment's notice to respond to emerging international crises."

State didn't bother waiting for the legislation to pass. Four months later, then-Secretary of State Colin L. Powell announced the formation of the State Department Office of Reconstruction and Stabilization (SCRS).

The job of running the SCRS was given to Carlos Pascual, a former ambassador to Ukraine. Pascual wanted to create a 200-person active-duty response corps, half of whom would be drawn from State and the rest from other parts of the federal government. They would serve in the corps for two years and then become reservists. In just four years, Pascual noted, the government would have 200 active reconstruction personnel and 400 reservists.

In addition, Pascual sought to create a 3,000-person contingent of people drawn from state and local governments and the private sector. That group was to include police officers, civil engineers and economists. And there would be a fund to hire and deploy private contractors to help with reconstruction within weeks of a crisis instead of waiting months for a special budget request, which is what State is now being forced to do.

The problem was the price tag: $350 million for the first year, Pascual and his staff figured.

The White House budget office balked. Pascual's request was whittled down to $100 million.

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Congressional appropriators were even more skeptical. Republicans questioned whether the initiative was a priority for the White House. Democrats expressed concern that the reserve corps might encourage the administration to invade another country.

The appropriators chopped so much that in the end the SCRS got just $7 million in 2005. The message from Congress was clear: If State wanted to fund the corps, it would have to find the money elsewhere in its budget.

"The bureaucratic antibodies were immediately activated," said MichÃ¨le Flournoy, president of the Center for a New American Security. "The rest of the State Department tried to kill SCRS because it was a competitor for funds. It never had a chance to succeed."Broad Support but Little Traction

In 2006, Pascual tried again. This time, he first hit resistance in his own department.

"There was this perverse cycle that began," he recalled. "The legislative staff at State would say, 'The Hill doesn't like this, therefore we shouldn't ask for much because we're not going to get it.' Then you had the Hill saying, 'The administration hasn't made this a priority so we're not going to fund it.' "

The Pentagon was in favor of the idea. "If you don't fund this, put more money in the defense budget for ammunition -- because I'm going to need it," one Marine general warned at the time.

Eventually, the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, persuaded Congress to allow the Pentagon to transfer up to $100 million to State for post-conflict civilian deployments. But Defense and State couldn't agree where to spend the money. Defense wanted much of it spent on stabilization operations in Haiti. State wanted to use it to help in the aftermath of last summer's war in Lebanon, officials on both sides recalled.

And then there was a round of fighting in State over which office should spend the money. Not everyone thought it belonged to the SCRS.

But the money had come with a condition: Spend it before the Pentagon could find other uses for it. By the time it was all sorted out some nine months later, the $100 million had dwindled to $10 million.

Some current and former SCRS staffers, as well as people familiar with the office, contend that Pascual should have focused his operation on helping with State's two biggest priorities: rebuilding Iraq and Afghanistan. Instead, he and Powell decided in 2004 to use the SCRS to prepare for future crises and to help with smaller-scale stabilization missions.

Pascual said the SCRS would have been "overwhelmed" if it had assumed responsibility for rebuilding Iraq or Afghanistan. "It would not have been able to have done either well," he said. "The intent was to learn from both of those missions."

But some current and former SCRS personnel believe the office should have sought to work on part of the Iraqi reconstruction -- perhaps assuming responsibility for a few provinces -- as a way to make itself more relevant. "If we had been working on Iraq instead of Haiti and Sudan, we would have had a better chance at getting the money we wanted," a State Department official said.

Had that occurred, the official said, "SCRS could have been producing many of the civilians we need in Iraq today."Little Eagerness to Work in Iraq

When Kiki Munshi started the Diyala reconstruction team last April, she expected she would have an agriculture specialist working for her. The Department of Agriculture had promised to send six farming experts to Iraq, including one to her team.

Since fruit and vegetable farming is the principal occupation in Diyala, Munshi figured she could generate support for the American presence in the restive province by helping growers increase their yields. "Knowledge is something the Iraqi farmers really need," she said.

Winning over the local population through small-scale projects was the logic behind the provincial reconstruction teams. While Washington was squabbling over whether to fund Pascual's proposed civilian reserve corps, the teams were established in Iraq last year by U.S. Ambassador Zalmay Khalilzad, who had pioneered the concept in Afghanistan. Before that, the U.S. government had essentially no civilian presence in Iraq beyond the Baghdad Green Zone and a handful of regional embassy outposts in four major cities. In theory, the teams would significantly increase the number of American civilians in places where they could actually help Iraqis on the ground.

But as Munshi found, that was often just a theory. Her agriculture specialist never even arrived.

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The USDA had trouble finding six people who wanted to work in Iraq among its more than 100,000 employees. Although a USDA official said the department encouraged its workers to apply, officials at State believe USDA did not move with alacrity because the two agencies had not agreed on a mechanism to reimburse the USDA for the services it would provide in Iraq. Eventually, USDA and State agreed that USDA would provide just two of the six. The other four would be private contractors hired by State.

The first USDA specialist, Randy Frescoln, a rural credit specialist from Iowa, landed in Iraq in December and was sent to the reconstruction team in Tikrit. Although he was supposed to stay in Iraq for a year, he said he plans to leave next month because he received a promotion while he was away. The second specialist has not yet arrived.

Even if USDA and State were to get an agriculture expert to Diyala now, Munshi believes, it is too late. Security conditions have deteriorated so significantly in the province that reconstruction personnel are lucky to make one or two trips a week off the military base where they live and work.

"At this point, nobody can do much in Diyala because of the violence," said Munshi, who returned to her North Carolina home in January for medical reasons. "The window is closed. I wish it weren't. I hope it opens. But it is."

Maj. Gen. Eric T. Olson, who is in charge of the provincial reconstruction teams in Iraq, called Diyala a "very, very tough place to work." He added that many of the staffing problems Munshi identified are "Diyala specific."

Reconstruction teams in Iraq, he said, "are, in general, doing good things under tough circumstances."Another Effort to Build a Corps

Today, the SCRS corps that Pascual envisioned as a rapid-response force with 200 federal employees ready to deploy has just 11 people on active duty.

Lugar and Biden reintroduced their bill this week. It mandates the formation of a 250-person active-duty response unit drawn from the federal government and the creation of a 2,000-strong civilian reserve corps. It also authorizes $145 million to fund the operation.

"Hopefully," Lugar said, "we've come to a point where we finally realize we need to do this."

Staff writer Thomas E. Ricks contributed to this report.

Army's Iraq War Objector Charged Again (AP)

By Gene Johnson,

AP, February 24, 2007

The Army refiled charges Friday against a lieutenant who refused to serve in Iraq, about two weeks after his first court-martial was declared a mistrial.

First Lt. Ehren Watada, 28, who refused to deploy with his unit last June, faces the same allegations he initially faced — missing movement and conduct unbecoming an officer — and could be sentenced to a dishonorable discharge and six years in prison if convicted. The Army has not set a date for a second court-martial.

"We're back to square one," Fort Lewis spokeswoman Leslie Kaye said.

Watada's first trial began early this month but ended abruptly when the judge, Lt. Col. John Head, said he did not believe the soldier fully understood a pretrial agreement he signed admitting elements of the charges. As part of that agreement, the Army dropped two of the charges against him, lowering his potential sentence to four years.

Watada's attorney, Eric Seitz, said he would seek to have the charges dismissed as a violation of the Constitution's protection against double jeopardy.

"When it's not going well for you, you can't just call a mistrial and start over again," Seitz said. "No matter how much lip service they give to wanting to protect my client's rights, that just doesn't exist in the military courts."

Fort Lewis spokesman Joseph Piek said double jeopardy did not apply in this case because the first trial was never completed.

Watada faces one charge of missing movement and another of conduct unbecoming of an officer. The latter charge accuses him in four instances of making public statements criticizing the war or President Bush.

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Watada freely admitted missing the deployment and making the statements in the pretrial agreement. Before the mistrial was declared, he had planned to take the witness stand to argue that his motives were to avoid committing war crimes by participating in an illegal war.

Iraq Objector Faces Another Court-martial (LAT)

The Los Angeles Times, February 24, 2007

The Army refiled charges at Ft. Lewis against a lieutenant who refused to serve in Iraq. His first court-martial was declared a mistrial.

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'Cry God For Harry!' (WSJ)

The Wall Street Journal, February 24, 2007

An English prince, still in his 20s, whose youth was famously spent in bad company and who sometimes goes by the name of Harry, takes his soldiers to war and finds his place in history and legend after an improbable victory over a foreign foe. No, Cornet Harry Wales is probably not a latter-day King Henry V. But it's hard not to be struck by the sight of a European royal who wants something more from life than to appear regularly in the pages of Hello!

The news is that Prince Charles's younger son, Harry, a junior officer in the Household Cavalry, will later this year deploy to southern Iraq even as the British government begins withdrawing some of its troops. "There's no way I'm going to put myself through Sandhurst [military academy], and then sit on my arse back home while my boys are out fighting for their country," he told one interviewer. The Prince's decision is all the more courageous given that he will surely become a prime target for jihadists seeking a trophy kill.

No less admirable is the Prince bucking the antiwar tide of British public opinion. A cartoon in the Guardian newspaper has him sitting backward in the saddle, his sword raised under the caption "Into the Valley of Death." That may typify the views of London's fashionable Islington set. But we suspect that most Britons, even those who oppose the war, will find reason to admire a young man who grasps that the essence of monarchy -- and its best justification -- lies not in its titles and luxuries but in its sense of duty, loyalty and honor.

More Troops Headed To Afghanistan (WT/AP)

By Courtney French, Associated Press

The Washington Times, February 24, 2007

LONDON -- Britain said yesterday it would send additional troops to southern Afghanistan in response to NATO's call to bolster forces in the region, days after the country said it plans to withdraw 1,600 troops from Iraq in coming months.

Defense Minister Des Browne confirmed the deployment in a statement late yesterday.

"We have decided that it is right for the UK to provide some additional forces for the southern region," Mr. Browne said, adding he would announce full details in Parliament on Monday.

The Defense Ministry refused to confirm reports in the British press that an additional 1,000 troops were to be sent.

Mr. Brown said the government made the decision after a NATO defense ministers meeting last week in Seville, Spain, where the alliance asked countries to send more troops.

"NATO must respond to this request, or we will put at risk everything we have achieved across Afghanistan in the last five years," he said.

"We have been trying hard to get other nations to live up to the joint commitment NATO made to Afghanistan and provide more forces, forces which are authorized to fight. We will continue to press. But we must be realistic," he said.

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On Wednesday, Prime Minister Tony Blair told lawmakers that Britain will be withdrawing 1,600 of its troops from Iraq in the next few months and hopes to make other cuts to its 7,100-strong contingent by late summer.

Britain has more than 5,000 troops in Afghanistan, concentrated in the southern part of the country -- a former Taliban stronghold where the government wields little power. In all, NATO has about 35,000 troops in and around Afghanistan.

NATO issued a statement earlier this week that the Taliban is planning to increase suicide and roadside bomb attacks in the south and west.

A senior Taliban commander told a news agency yesterday that new weapons have strengthened the militia.

"This year will prove to be the bloodiest for the foreign troops. It is not just a threat, we will prove it," Mullah Dadullah said by satellite phone. "The Taliban's war preparations are going on in caves and in mountains. Our 6,000 fighters are ready for attacks on foreign troops after the change in weather and as it becomes warmer."

Mullah Dadullah said the extra weapons the Taliban were being supplied -- he did not say from where -- included the ability to bring down the NATO and U.S. helicopters crucial to their operations in this rugged, mountainous country.

Several European nations have resisted pressure to send more units to Afghanistan, especially to the south and east. In particular, the reluctance of France, Spain, Italy, Germany and Turkey to provide more combat troops has caused frustration among nations on the front lines. The United States, Britain, Canada and the Netherlands have provided most of the troops in the south.

New Al Qaeda Video Claims Attack In Afghanistan (AP)

AP, February 23, 2007

CAIRO, Egypt (AP) -- Al Qaeda posted a 56-second video Friday of rockets being fired at what it claimed was a U.S. military base in Afghanistan.

The tape appeared to be the latest in a series of videos that the terror network has released to convey that its insurgents are faring well in the Afghan war.

The base was not visible in the video, which showed several rockets being launched from a forested hillside in the Balwara area of Afghanistan in November, according to a subtitle.

The video, which opened with old footage of U.S. vehicles exploding as they were hit, surfaced on an Internet site where al Qaeda and other militant groups are known to post messages. Its authenticity could not be independently confirmed.

The pictures were accompanied by a song whose lyrics included the line: "Burn the Christians, fight the devious Christians who worship crosses."

The tape shows four missiles streaking into the sky from a single-tube launcher that is held down by sandbags and rocks. Two bearded young fighters squat next to the launcher, operating it in a perfectly relaxed way. One wears a dark-blue woolen hat, the other is bareheaded.

A third man, with a light brown scarf loosely wrapped around his head, stands and points across a valley, presumably at the target. A long aerial protrudes from his off-camera side as if he is holding a walkie-talkie.

Shouts of "Allahu Akbar," God is great in Arabic, are heard as the rockets are fired.

There is no sign of the four missiles hitting anything. The tape does not show them land.

The tape is titled "Holocaust of the Americans in the land of Khorasan, the Islamic emirate." Khorasan, a name from the Persian empire, is the militant word for Afghanistan. The subtitle says: "Launching, BM missiles on an American base in Balwara."

The tape bears the logo of As-Sahab, al Qaeda's media production wing.

A U.S. company that tracks militant statements, IntelCenter, said the video was the eighth that al Qaeda has released so far this month, making February 2007 the second busiest month for video issued by the terror network. In June 2006 al Qaeda released 11 videos, IntelCenter said.

On February 16 al Qaeda posted a video, also titled "Holocaust of the Americans in the land of Khorasan, the Islamic emirate," which purported to show a successful attack on a military position held by U.S. and Afghan forces.

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However, the video did not show the insurgents capturing the position and a NATO spokeswoman in Kabul called it "pure propaganda."

Afghans See Decline Since '05 (WP)

By Griff Witte, Washington Post Foreign Service

The Washington Post, February 24, 2007

Violence, Corruption, U.S. Role Add to Unease, Report Says

Conditions in Afghanistan have deteriorated markedly since 2005, with rising violence, government corruption and misguided U.S. efforts contributing to growing unease among the population, according to a report released yesterday based in part on 1,000 interviews with ordinary Afghans.

Although there were bright spots -- a better overall economy and more rights for women -- the report's authors found diminishing security as the Taliban steps up its attacks, a discredited justice system and a severe lack of basic services such as electricity. The report, produced by the nonpartisan Center for Strategic and International Studies and funded in part by a grant from the U.S. Agency for International Development, also found that Afghans tend to be more negative in their outlook than official statistics or media accounts would suggest.

"Public fear and frustration are on the rise in Afghanistan. As a result, Afghans are beginning to disengage from national governing processes and lose confidence in their leadership," according to the report. "Dramatic changes are required in the coming weeks, or 2007 will become the breaking point."

That statement echoed remarks made earlier this month by the departing U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, who told a congressional panel that "a point could be reached at which the government of Afghanistan becomes irrelevant to its people, and the goal of establishing a democratic, moderate, self-sustaining state could be lost forever."

A year ago, U.S. officials were speaking much more optimistically about Afghanistan. But an especially violent summer, fed by an increasingly aggressive insurgency, has convinced many policymakers that Afghanistan is at a precarious moment more than five years after a U.S.-led military campaign knocked the Taliban from power. Last week, President Bush pledged $11.8 billion in aid for Afghanistan over the next two years and said U.S. forces would be increased by 3,200 to 27,000, the highest level of the war.

Among the report's recommendations are to shift the focus away from eradicating poppy fields and toward interdiction, to give local communities more control over aid money, and to abandon major military sweeps that inflict damage on civilians in favor of rapid-response forces that can protect Afghans in emergencies. "NATO and the United States' 'big army' military operations and emphasis on foot soldier 'kills' are doing more damage than good," the report said.

Lt. Col. Todd Vician, a Pentagon spokesman, said he could not comment on the report's recommendations because he had not seen them, but he said part of the reason the United States is committing more troops to Afghanistan is to improve response times. Britain said yesterday it would also be sending additional troops.

DOJ:

Justice Department Fires 8th U.S. Attorney (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, February 24, 2007

Dispute Over Death Penalty Cited

An eighth U.S. attorney announced her resignation yesterday, the latest in a wave of forced departures of federal prosecutors who have clashed with the Justice Department over the death penalty and other issues.

Margaret Chiara, the 63-year-old U.S. attorney in Grand Rapids, Mich., told her staff that she was leaving her post after more than five years, officials said. Sources familiar with the case confirmed that she was among a larger group of prosecutors who were first asked to resign Dec. 7.

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Chiara is the second female U.S. attorney to be dismissed. The other is Carol Lam of San Diego. Before the firings, 15 of 93 U.S. attorneys were women, department records show.

The firings have been criticized by lawmakers in both parties and have prompted proposals in Congress to restrict the ability of Attorney General Alberto R. Gonzales to appoint interim prosecutors indefinitely.

Chiara declined to comment on her departure, which is effective March 16. She will be replaced on an interim basis by Russell C. Stoddard, who recently joined the Grand Rapids office, officials said.

U.S. District Judge Robert Holmes Bell, the chief judge in Michigan's Western District, said in an interview yesterday that Chiara has an excellent reputation in Grand Rapids.

"This is a very classy, distinguished, highly regarded public servant," said Bell, who was appointed to the bench during the Reagan administration. "She's one of the best United States attorneys we've had in this district, and all of my colleagues agree. . . . To have her suddenly disappear without warning catches us all flat-footed."

Deputy Attorney General Paul J. McNulty told senators earlier this month that all but one of the prosecutors were fired for "performance-related" reasons. McNulty said that former U.S. attorney Bud Cummins of Little Rock was removed so the job could be given to a former aide to presidential adviser Karl Rove.

Nearly all of the dismissed prosecutors had positive job reviews, but many had run into political trouble with Washington over immigration, capital punishment or other issues, according to prosecutors and others. At least four also were presiding over high-profile public corruption investigations when they were dismissed.

Chiara -- who had once studied to be a nun -- is personally opposed to capital punishment, but in 2002 she presided over the first death penalty case in Michigan in more than 60 years. A year later, then-Attorney General John D. Ashcroft rejected a plea agreement proposed by Chiara's office in a separate murder case, according to news reports.

Another of the fired U.S. attorneys, Paul K. Charlton of Phoenix, also clashed with Washington over the death penalty.

Justice officials have been evasive about the number of fired prosecutors. McNulty told the Senate Judiciary Committee that fewer than 10 had been dismissed, but he declined to elaborate.

Staff researcher Julie Tate contributed to this report.

Eighth U.S. Attorney Dismissed From Post (NYT)

By David Johnston

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — A United States attorney in Grand Rapids, Mich., is leaving her job, the eighth federal prosecutor to be removed in a Justice Department shake-up of prosecutors, government officials said Friday.

The prosecutor, Margaret M. Chiara, told her staff that she would leave office on March 16, making her the latest casualty of Justice Department dismissals that Democrats in Congress have criticized as politically motivated.

Like the other ousted prosecutors, Ms. Chiara is a Republican. She took office in 2001 after twice being elected a county prosecutor. She had also served as policy director of the Michigan Supreme Court. Her office has said that she has emphasized reducing gun violence and improving law enforcement programs for American Indians.

Justice Department officials declined to comment on Ms. Chiara's removal, which was first reported on Friday by The Grand Rapids Press. A telephone call to her office was not returned, but other officials confirmed that she had been asked to leave.

Senator Charles E. Schumer, a New York Democrat who has criticized the removals, said he would seek a fuller explanation of the administration's actions in a public hearing and at private briefings.

Some Justice Department officials have said that most of the dismissals were intended to correct performance problems. But most of the ousted prosecutors have said they received highly favorable performance evaluations and were given no reason for their removal.

CORPORATE SCANDALS:

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Former KB Officials Face U.S. Backdating Probe (WSJ)

By Charles Forelle And Michael Corkery

The Wall Street Journal, February 24, 2007

Federal prosecutors in Los Angeles are scrutinizing stock-options backdating at home builder KB Home, according to people familiar with the matter. These people say prosecutors appear interested in the conduct of former Chief Executive Officer Bruce Karatz and former human-resources chief Gary Ray.

A lawyer for Mr. Ray, Mark Beck, says he is "attempting to persuade [the prosecutor] that Gary Ray did not engage in any wrongdoing and certainly no conscious wrongdoing." A spokesman for Mr. Karatz declined to comment.

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• Perfect Payday: Complete coverage2

It isn't clear precisely what the prosecutors are examining. Last year the Los Angeles-based company said an internal investigation found that Mr. Karatz had backdated his own option grants to increase his pay. He agreed to leave the company and forfeit about $13 million in gains from the backdating, becoming one of the highest-profile and best-paid CEOs to be forced out in the options scandal. Mr. Ray, whom KB Home has said participated in the backdating with Mr. Karatz, also left.

Company spokeswoman Caroline Shaw said the Department of Justice is looking into past stock-option grant practices at KB Home, but has told the company itself that it is "not a target of this investigation." She added, "KB Home has and intends to fully cooperate with any government agency looking into this matter."

KB Home, one of several dozen companies being examined by prosecutors in districts across the country, disclosed earlier this year that it was the subject of a formal investigation by the Securities and Exchange Commission, a type of probe in which the agency's staff has the authority to issue subpoenas.

Federal authorities are examining whether stock options at roughly 140 companies were backdated -- a practice that increases the potential profit a recipient makes from the options. Backdating can lead to accounting errors, tax problems and, in serious cases, criminal fraud charges. Seven former executives of four companies so far have been charged with crimes related to backdating.

Earlier this month, KB Home restated seven years of financials, reducing its profit by $41.1 million over the period to account for the backdated options and related taxes.

A spokesman for the U.S. attorney's office in Los Angeles declined to comment.

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DOJ Launches KB Home Stock Options Probe (AP)

AP, February 24, 2007

Justice Department Launches Probe Into the Handling of Stock Options at KB Home

LOS ANGELES (AP) -- The Department of Justice has launched a probe into the handling of stock options at KB Home, one of the nation's largest homebuilders, although it is not targeting the company directly, KB Home said Friday. As part of its inquiry, the Justice Department is interviewing current and former executives of KB Home, a company spokesman said.

The company last month acknowledged that the Securities and Exchange Commission had launched a formal investigation into its options practices.

Justice also is "looking into these practices but has informed KB Home that it is not a target of this investigation," according to a company release. "KB Home has and intends to fully cooperate with any government agency looking into this matter."

KB Home is one of at least 200 companies to disclose SEC, DOJ or internal investigations, according to an Associated Press review.

KB Home's former chief executive Bruce Karatz, along with its executive vice president and chief legal officer, were forced to step down late last year after it was disclosed that Karatz benefited from favorably dated option awards. He agreed to repay $13 million stemming from incorrect measurement dates for financial reporting of annual option grants between 1998 and 2005.

The company also has said it expects to record additional expenses of no more than $50 million and was investigating whether it needed to restate earnings for prior periods.

Shares of KB Home added 20 cents to $51.80 in aftermarket activity after slipping 96 cents to end at $51.60 on the New York Stock Exchange.

New Inquiry On Options At KB Home (NYT)

By Vikas Bajaj

The New York Times, February 24, 2007

The United States attorney's office in Los Angeles is looking into stock-option backdating at KB Home, the national home builder, but the company said yesterday that it was not the target of the investigation.

The inquiry appears to be in the early stages, and it may take months before prosecutors decide what, if any, charges they will bring in the case.

Still, news of interest by federal prosecutors raises the stakes for a man who was once one of the highest-profile and best-paid executives in corporate America, Bruce E. Karatz.

In November, KB's board forced out Mr. Karatz, who was the chairman and chief executive of the company, and Gary A. Ray, the top human resources officer, after an internal investigation concluded that eight stock-option grants since 1998 had been incorrectly dated.

Mr. Karatz's lawyer, John W. Keker, declined to comment yesterday on the case.

A lawyer representing Mr. Ray, Mark E. Beck, confirmed that he and his client have met with prosecutors but declined to discuss the facts of the case, aside from saying that "several million documents" would lead officials to "conclude that he did not engage in any wrongdoing."

KB Home said in a filing this month that the evidence it had collected suggested that after the company's board approved stock option grants, Mr. Karatz and Mr. Ray used "hindsight" to pick dates when KB's stock closed at or near a monthly low for seven of the eight grants.

KB estimates that the dates chosen understated the company's stock options expense by $36.3 million from 1999 through 2005 and lowered its tax bill by $4.8 million.

The choice of dates for stock options is significant because it sets the base price at which executives and employees are allowed to buy shares of their companies at some point in the future. A low price makes it more likely that option holders will make a profit, potentially a very large one for top executives, when they sell the stock.

Though the practice of backdating stock options is not illegal, it can pose complex tax, accounting and disclosure problems for companies and executives. More than 100 companies, including giants like Apple Inc. and UnitedHealth Group, have been ensnarled in stock-option backdating cases.

So far, most have drawn only civil investigations by the Securities and Exchange Commission and the Internal Revenue Service. Federal prosecutors have become involved in only a handful of cases, because to prove criminal charges in options backdating, they must show that executives intended to enrich themselves illegally at the expense of other shareholders. That often involves showing a pattern of egregious behavior that can include the destruction or forging of documents and lying to directors.

Shares of KB Home fell 96 cents, or 1.8 percent, to $51.60 yesterday.

In 2005, a year when KB's stock rose 39.2 percent, Mr. Karatz reaped gains of $118 million in stock options and $37 million in salary and bonus, much of which was also awarded in stock. As part of an agreement he reached with the company when he resigned in November, Mr. Karatz agreed to return $13 million in profits from backdated options.

KB and Mr. Karatz, however, have not resolved several important terms of his departure from the company, including whether he will receive retirement benefits and a severance package. In addition, the two sides have not decided if Mr. Karatz will be allowed to keep unexercised stock options and past restricted-stock grants.

SEC Probe Into Citigroup Associates Deal (FT)

By David Wighton In New York

Financial Times, February 24, 2007

Citigroup is under investigation by the Securities and Exchange Commission over its accounting for Associates First Capital, the finance business it bought for $31.1bn in 2000.

The chief US regulator is looking into the treatment of tax reserves and releases during the four years to 2004, Citigroup disclosed in a filing on Friday night.

The SEC has subpoenaed witness testimony and accounting and internal controls-related information, the company said.

The SEC is also continuing its long-running probe into Citigroup's treatment of potential Argentina-related losses in the fourth quarter of 2001.

The disclosure of the accouting investigation in Associates underlines the task faced by Chuck Prince, chief executive, in escaping the legacy of Citigroup's acitivities during the bull market.

Mr Prince, who succeeded Sandy Weill as chief executive in October 2003, has spent much of his time dealing with legal and regulatory problems dating back to the late 1990s.

Friday's disclosure comes as Mr Prince's leadership is under renewed fire following his sacking of Todd Thomson as head of Citigroup's wealth managment arm.

People close to Mr Prince said Mr Thomson was sacked partly due to his mishandling of his friendship with Maria Bartiromo, the CNBC business reporter.

Mr Thomson, who became chief financial officer shortly before the Associates deal in 2000, held the post until 2004. He was seen as a potential successor to Mr Prince with whom he had repeatedly clashed. His removal prompted criticism of the lack of a perceived lack of management depth within the group and in particular the lack of potential successors to Mr Prince.

A number of senior executives have left the group since Mr Prince became chief executive amid criticism of his management style. Mr Prince has also been under intense pressure to boost Citigroup's sluggish stock price and stem rising costs.

The accounting investigation into Associates is the latest blow dealt by the acquisition of the controversial business which was one of the US's largest "subprime" lenders.

At the time, Mr Weill said that Associates had "an incredible growth rate" which justified the 50 per cent acquisition premium. But in his recent autobiography, Mr Weill described the deal as "one of the worst acquisitions of my career".

The business came under fire from consumers and regulators and in 2002, Citigroup agreed to pay $215m to settle Federal Trade Commission allegaitons of deceptive and abusive lending practices.

Citigroup also suffered serious headaches in Japan where the business ran into trouble quickly after the acquisition when the government cut the maximum interest rate on consumer loans from 40 per cent to 29.2 per cent. This year the government cut the rate again to 20 per cent prompting Citigroup to announce a drastic scaling back of the business at a cost of $415m.

CRIMINAL LAW:

Mrs. Moonda Asks To Remove Death Penalty From Case (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, February 24, 2007

Lawyers for murder suspect Donna Moonda today asked a judge to prohibit the federal government from pursuing the death penalty against her.

Her attorneys said capital punishment is "cruel and unusual in all cases" and should not be an option for jurors when Mrs. Moonda goes on trial in June.

Today was the deadline for pretrial motions to be filed, and Mrs. Moonda's three court-appointed lawyers peppered U.S. District Judge David Dowd with three separate filings aimed at eliminating the death penalty from the case.

Federal prosecutors have until March 15 to respond. Judge Dowd would then issue his ruling.

Prosecutors recommended that Mrs. Moonda, 47, of Mercer County, Pa., stand trial for her life because they say she coldly plotted the murder of her husband, Dr. Gulam Moonda.

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U.S. Attorney General Alberto Gonzales made the final decision in authorizing a capital case against Mrs. Moonda.

Damian Bradford, who was having an affair with Mrs. Moonda, has admitted that he shot and killed Dr. Gulam Moonda on the Ohio Turnpike in May 2005. He said he killed the doctor at Donna Moonda's behest.

Mr. Bradford, 25, said she promised him half of her inheritance, which she estimated at $3 million to $6 million. Dr. Moonda, 69, was a wealthy urologist.

At trial in Akron, Ohio, Mr. Bradford is to be the prosecution's chief witness against Mrs. Moonda. In return for his cooperation, the government has recommended that he serve 17 years in prison. With good time, he could go free before he turns 40.

Mrs. Moonda, though, faces life in prison or death if she is convicted. With today's motions, her lawyers hoped to emphasize that the man who pulled the trigger could get out of prison someday, but the woman accused of arranging the crime could be put to death.

The U.S. government has not executed a female convict since 1953. State governments, mostly in the South, have executed 11 women since 1984.

Suspect Sketch Issued (WHEELPI)

By Gabe Wells

Wheeling (WV) Post-Intelligencer, February 24, 2007

Artist's rendering of the suspect in the rape/abduction investigation.

WHEELING — A rendering of the man accused in the recent rape and abduction of a city girl has been released as the Federal Bureau of Investigation intensifies its efforts in the case.

FBI Supervisory Senior Resident Agent Mark Wheeler on Friday said a command post has been established in the basement of the City-County Building to accommodate the 50 city, county and federal law enforcement officers investigating the Tuesday rape and abduction of a North Wheeling girl. In addition to the release of the suspect's sketch, an updated description of the suspect's vehicle also has been released.

Wheeling police Lt. Gary Gaus said a number of registered sex offenders in the area already have been ruled out as suspects, but he would not comment on whether DNA evidence has been collected in the case. Gaus said progress is being made.

"We are learning new things every day," he said.

The victim, who turned 12 years old the day after the abduction, was taken at about 8:40 p.m. Tuesday in the 400 block of Kenney Street between Main and Market streets by an abductor who was not wearing clothes.

The girl was grabbed from behind and forced into a pickup truck.

The victim was walking with a friend, and that friend ran home and told her mother what had happened. That friend's mother called police. The abductor released the girl in Bridgeport near the the Kirkwood Presbyterian Church on Bennett Street.

Police now believe the suspect was also involved in an abduction attempt around 9 p.m. Sunday on Hughes Avenue in the south end of Martins Ferry.

Those with information in the case are asked to call 800-CALL-FBI (800-225-5324) or they can visit the Internet Web site at www.FBI.gov.

Russo, Former OB Mayor, Gets 10 Years (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), February 24, 2007

Decrying the corrosive effect of public corruption, a federal judge in Mobile on Friday sentenced former Orange Beach Mayor Steve Russo to 10 years in prison for a wide-ranging conspiracy to enrich himself by influencing development projects.

U.S. District Judge Kristi DuBose also gave former Orange Beach City Attorney Larry Sutley, 58, two years and three months for his role in the conspiracy but allowed him to remain free while he appeals the case.

DuBose allowed Russo to remain free until the U.S. Bureau of Prisons determines in which facility he will serve his sentence.

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Butler said that generally takes about two or three months. At that point, the 45-year-old Birmingham native will have to turn himself in.

Prior to their sentencings both men addressed DuBose.

Russo indicated that he regretted not testifying during his trial and said he spent the time since then searching fruitlessly for "magic words" that would show the judge who Russo

is beyond the allegations he faced in her

courtroom.

"For eight years I did my dead-level best to make decisions for thousands of people in my community of Orange Beach," Russo said. "No matter what happens here today, your honor, I'll walk out of here knowing that I did the very best for the city of Orange Beach."

Sutley said he rehearsed his speech each night when he woke in the wee hours. He maintained that he never "knowingly or willingly participated in any criminal activity."

"I have gotten an education in this. It's been very expensive, but an education it has been," Sutley told DuBose. "Whatever your sentence is, I'll have to live with it."

Less than minimum in guidelines

Both sentences were less than the minimum called for under advisory sentencing guidelines and far less than the recommendation by prosecutors, who sought maximum penalties under those guidelines.

Russo, who was up first in the 3½-hour hearing, stared stoically as DuBose announced his sentence. Her words prompted audible crying from Russo's mother and some other supporters.

Russo also received support from his wife, Crystal Russo, who had received special permission to attend the hearing despite the home confinement sentence she is serving in connection with the case.

In imposing Steve Russo's punishment, which also included three years of supervised release following his prison term and a $75,000 fine, DuBose rejected the ex-mayor's insistence that the allegations against him do not reflect his true character.

"The conduct for which you've been convicted may not define you. But nevertheless it has been sufficiently proven," DuBose said. "It is part of your history. It is now part of who you are."

Assistant U.S. Attorney Steven Butler, who served as lead prosecutor, described the stakes of DuBose's sentencing decision in sweeping terms.

"Can you imagine if every public official in the country did what this defendant did? Our republic would go the way of the Roman Empire," Butler said. "It would implode in the blink of an eye."

Sentencing guideline range

The guideline range determined by DuBose started at 12 years and seven months and ended at 15 years and eight months.

It was so high, in part, because of DuBose's finding that Russo's illegal take from various land deals and kickbacks orchestrated by developer Jim Brown amounted to more than $657,000.

Although DuBose said she felt that a prison term within the guidelines was excessive, she also expressed her desire to deter other political leaders.

"Public corruption of this type has to be addressed or it would mean the demise of our democracy," she said.

Although less than the guideline minimum, Russo's 10-year sentence is among the longest in decades for a public corruption case in southern Alabama. Several officials in the 1970s and 1980s got longer sentences, but that was before the federal government abolished parole, and those defendants served less time.

Like other federal prisoners, Russo will be eligible for a 15 percent reduction in his sentence for good behavior. Barring a successful appeal, though, he will not qualify for early release.

Butler said the longer sentence for Russo is due in part to stiffer sentencing guidelines, which have been made more severe since 2004, when former Mobile County Commissioner Freeman Jockisch was sentenced to two years and nine months for lying on tax returns and ethics forms.

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Lawyers for Russo and Sutley both indicated they would appeal their clients' convictions to the Atlanta-based 11th U.S. Circuit Court of Appeals. Butler objected to the sentences on "reasonableness" grounds since they were shorter than punishment prescribed by the advisory guidelines, but he declined to say whether his office also would appeal.

The U.S. Attorney's Office has appealed the year-and-a-day sentence that another of Russo's co-defendants, Ken Wall, received.

Butler urged DuBose to send a message with a stiff sentence and a $175,000 fine for Sutley, whom he accused of using his position with the city of Orange Beach to hide the illicit relationship between Russo and Brown.

"He did the worst thing any attorney can do," Butler said. "He thumbed his nose at the oath he took when he became a lawyer."

He called Sutley and Russo "tightly wound political cronies and confidants."

But DuBose questioned whether Butler's theory of the case fit the facts and also said she believes Sutley's actions represented "extremely aberrant behavior" given his long years of exemplary service in south Baldwin County.

But she said she was particularly troubled by Sutley's attempts to hide assets that the government targeted for forfeiture after he was named in the original indictment.

Brown cut deal, then testified

Before the trial in the summer, prosecutors cut a deal with Brown, who pleaded guilty to corruption charges and then testified that for years he provided favors for Russo that included free work on Russo's house in exchange for the mayor's help getting controversial development projects approved by the City Council.

A jury in September convicted Russo and Sutley of forming a secret partnership with Brown to buy a Gulf Shores beach house, with Brown putting up all of the money. At another point, Brown testified, he helped Russo buy a property off of Wolf Bay using none of the mayor's own money and then sell it for a $400,000 profit later the same day. At the time, Brown and business partner Wall were trying to get approval for a condo and retail project in the city.

The jury also found that Russo misused campaign contributions for personal expenses, accepted a $10,000 kickback in exchange for a contract related to hurricane debris removal and benefited from Brown's maneuvering to get a potential rival of Russo to move out of the city rather than challenge the mayor for re-election.

Russo, Sutley and Brown face an April 2 trial date in Baldwin County Circuit Court on similar state charges. Assistant Attorney General H. Clay Barnett III said the federal sentences will not impact that case.

"The only thing that will have an impact on a trial is a guilty plea at the state level," he said.

(Staff Reporter Ryan Dezember contributed to this report.)

Former Orange Beach Mayor Gets 10-year Sentence (BSH)

By Garry Mitchell

Biloxi Sun Herald, February 24, 2007

MOBILE, Ala. - A federal judge Friday sentenced former Orange Beach Mayor Steve Russo to 10 years in prison for a corruption scheme involving land deals in the beach resort.

U.S. District Judge Kristi DuBose also sentenced former Orange Beach City Attorney Larry Sutley to two years and three months in prison and a $50,000 fine for his part in the scheme. But DuBose said she expects Sutley's conviction may be reversed on appeal.

Russo was convicted in September of conspiracy, mail and wire fraud charges. He could have been sentenced to more than 15 years. Sutley was facing a maximum 10 years under the government's sentencing guidelines.

DuBose said the sentence she imposed on Russo "has to be an example to other elected officials" about corruption in public office. Russo also was fined $75,000.

Russo showed no remorse during the three-hour hearing.

"I can walk out of here knowing I did the very best job for the people of Orange Beach I could do," he told the judge.

He also said he has "regained my knowledge of what's important in life."

After hearing Russo's comments to the judge, Assistant U.S. Attorney Steven Butler said Russo did do some good things while in office.

"That's what he was elected to do," Butler said.

But he said he also used his "official power to get rich."

Developer Tim James of Greenville, whose firm built the toll bridge into Orange Beach, testified at the sentencing hearing on behalf of Russo and Sutley, saying he had never heard anyone say either of them was "on the take."

"It's a shame what's happened here today," said James, the son of former Gov. Fob James.

He said the two had worked for the benefit of Orange Beach, but he did not know them personally.

Russo was first elected to the City Council in 1996 and then mayor in a special election in 1998. He served eight years as mayor before being forced to resign because of his conviction.

He maintained his innocence and did not testify at his trial.

Federal prosecutors accused Russo of scheming with two beach developers - Jim Brown and Ken Wall.

Butler described it as a "myriad kickback" scheme that included "corrupt land deals."

In determining the sentence, the judge estimated the amount of potential gain at $657,915, but said it was hard to put a value on it because it involved future property sales.

Brown pleaded guilty in June to bribing Russo in order to curry favor at City Hall. Wall was charged for his role in separate schemes to enrich the mayor.

DuBose allowed Sutley to be released on appeal bond and told attorneys that his case involved a "close question' that could lead to a reversal of his conviction.

"There was no evidence he received any bribe or paid any bribe," the judge said. She said Sutley, however, did obstruct justice.

"He failed when he should have given notice of conflict of interest," DuBose said. She said Sutley was not an "equal" to Russo in the scheme.

Sutley told the judge he had never "knowingly violated the trust of a client," including the city of Orange Beach.

Fairhope accountant Doug Montgomery testified for Sutley, telling the judge that his lifelong friend is "all law" and wouldn't be part of criminal activity.

The judge received about 58 letters on Sutley's behalf, noting that he's lived "an exemplary life."

Russo will allowed to report to prison on his own, but that reporting date was not set Friday.

Earlier this week, Russo was given two years probation after pleading guilty in Baldwin County to a state marijuana possession charge. The state drug charges will be dropped if he stays out of trouble for two years.

Ex-official Convicted In Bribery Case (MH)

By Cammy Clark

The Miami Herald, February 24, 2007

KEY WEST - James Hendrick, one of the brightest and most influential attorneys in Monroe County, was convicted Friday in federal court of obstructing justice and witness tampering in a wide-ranging, years-long Keys corruption case that might not be over.

Hendrick stood still after the 12-member jury convicted him on all four federal charges stemming from his role in an attempted coverup of a bribery scheme involving a Marathon hotel project.

His conviction came without the testimony of his one-time friend, former county Mayor Jack London, who died before trial. He had admitted that Hendrick helped steer a bribe to him with the help of lobbyist Randall Hilliard, known as ``the Prince of Darkness."

In the background of the three-week trial was an even more colorful character: Pritam Singh, a one-time hippie who became a Sikh and then a major developer. Never charged with a crime, Singh was mentioned in closing arguments by prosecutor Brenda Morris, who referred to him as Hendrick's ``cash cow."

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Hendrick, 59, faces a maximum of five years' imprisonment for conspiracy to obstruct justice and 10 years for two counts of witness tampering and one count of obstruction of justice. Sentencing is set for May 4 in Miami by U.S. District Judge Shelby Highsmith.

Hendrick will appeal, said his wife, Vera Vasek.

"Jim still believes he's innocent and will continue on with every step along the way to prove his innocence," Vasek said.

The case stems from a lengthy FBI investigation that uncovered a $29,000 bribe paid in 1997 to London, Monroe County's mayor at the time. In return for the bribe, London used his influence to win zoning approval for a stalled 79-room hotel project called Hall's Resort. Hendrick received no money in the deal.

By the time the FBI had evidence of the bribe, the five-year federal statute of limitations for bribery had expired.

CONSULTANT'S ROLE

But the feds pursued what they could and won the cooperation of political consultant Randall Hilliard, who paid the bribe after collecting $82,500 in fees from developer Marvin Rappaport, and testified with immunity that the bribe was orchestrated by London and Hendrick, a partner at the time in a high-powered law firm with U.S. Magistrate Judge Hugh Morgan.

While cooperating with the federal government, Hilliard recorded phone conservations and in-person meetings with Hendrick, including at Singh's 50th birthday party in Vermont.

In one of his most self-incriminating statements, Hendrick told Hilliard: ``I'm sure no one would counsel me to sit here and talk with you because it would be considered witness tampering."

Hilliard also testified that Hendrick helped concoct untrue "legitimate business" explanations for the $29,000 that London used to pay a house lien in Ireland. London pleaded guilty to tax evasion for not reporting the $29,000. But he was given immunity for three counts of lying to prosecutors in exchange for his testimony against Hendrick -- his former best friend for nearly three decades.

London died suddenly in November. That left Hilliard as a key witness.

The defense, led by Miami-based lawyer Ed Shohat, hammered at the credibility of Hilliard, also a former good friend of Hendrick's.

But London's wife of 24 years, Elaine London, gave damaging, voluntary testimony as well. She said Hendrick persuaded her husband to take a trip to Ireland to be ``out of sight, out of mind."

Hendrick, who took the stand in his own defense, explained that he told London to do so for health reasons -- not to avoid a grand jury subpoena.

Elaine London, who worked for 18 months for Singh before being fired, testified that her late husband trusted Hendrick until a conversation after London's arrest in March 2004.

"Jack was very angry at Jimmy," Elaine London testified. ``He said Jimmy had told him to basically plead guilty. That a couple of years at a country club prison wouldn't be bad. . . . Jimmy had been a good friend to me all these years, but I won't take the blame for this."

Shohat portrayed Hendrick, a partner at the Key West law firm Morgan & Hendrick, as simply trying to help his friends, who both had been clients.

Shohat said there was no evidence on the recordings that Hendrick ever told Hilliard or London to lie.

"Jim's life is destroyed with any guilty verdict," Shohat told the jury in closing arguments. 'This is not a case of sending a message to anyone. . . . This is not to solve corruption in Monroe County. The facts in this case scream out for `not guilty.' Put an end to Jim's nightmare of the last four years."

A `REAL TRAGEDY'

For Shirley Freeman, who was county mayor when Hendrick was hired as county attorney in 1995, the case was a "real tragedy," but an all-too-familiar one in a county where there's a major corruption scandal almost every decade.

"Jimmy is absolutely brilliant and highly, highly skilled. Unfortunately, though, sometimes power does corrupt," she said. ``At least he won't be around for awhile, pushing bad development."

Authorities Search For Gunman Who Abducted A Florida Boy (NYT)

DOJ_NMG_0136858

By Lynn Waddell

The New York Times, February 24, 2007

PARRISH, Fla., Feb. 23 — A 13-year-old boy was abducted at gunpoint at a school bus stop on Friday morning and was found hours later in a wooded area where he had been left bound by his captor.

Sheriff Charles B. Wells of Manatee County said the gunman drove the boy, Clay Moore, to a large cattle ranch about 20 miles away from his neighborhood in the quiet Kingsfield Lakes subdivision on the outskirts of Parrish, near Tampa. His abductor eventually left. About two hours later, Clay, who had been tied up, was able to escape and walk until he came across a farm worker who let him use a cellphone to call his mother.

"It's miraculous, to tell the truth," Mr. Wells said. "Many people that have been bound similar to him have not been able to get free."

The gunman, who was driving an old red pickup, remained at large.

Clay was riding a skateboard about 9 a.m. while waiting for his school bus with four other youths when the truck pulled up, and the dark-haired young man driving it ordered him inside, said one of the four, Rabah Jaffal, 14.

"Clay kept saying 'What, sir? I don't know you. Leave me alone,' " Rabah said. The abductor "started getting angry, and that's when he pulled out the gun."

Three of the students ran home and called the police, who immediately began a manhunt involving the Federal Bureau of Investigation, the state police and surrounding counties' law enforcement.

"We all said earlier if there was any way out of the situation, Clay would find it," said Greg Moore, Clay's uncle.

FBI Agents Pose As Mobsters, Sting Florida Cops (AP)

AP, February 24, 2007

FORT LAUDERDALE, Florida (AP) -- Four veteran police officers were accused in federal court of taking thousands of dollars to protect what they thought were mob shipments of drugs, stolen art and jewelry.

Three of the officers made initial court appearances Friday and were ordered released on bond. The fourth was in the process of turning himself in and would likely appear next week, federal prosecutors said.

All serve in Hollywood, just south of Fort Lauderdale.

An FBI affidavit filed in federal court accused the four of taking thousands of dollars to protect a group they thought was a criminal organization based out of New York. The "mobsters" were undercover FBI agents during a two-year corruption sting.

Federal prosecutors said the operations included escorting a load of heroin from Miami Beach, providing security for an illegal poker game aboard a yacht and delivering $1 million worth of supposedly stolen diamonds to New Jersey.

Other deals involved purportedly stolen bearer bonds, watches, paintings and a tractor-trailer load of cigarettes, prosecutors said.

The four officers were charged with conspiracy. They have not entered pleas, and the case will go before a grand jury. All have been placed on leave without pay.

Lawyers for the three who appeared in court -- Detective Kevin Companion, 41; Sgt. Jeffrey Courtney, 51; and Officer Stephen Harrison, 46 -- declined comment on the charges but described their clients as devoted police officers and family men.

The fourth accused officer is Detective Thomas Simcox, 50.

Each would face up to life imprisonment if convicted of drug trafficking conspiracy and up to 20 years in prison if convicted of conspiracy.

Chief: Probe Of Hollywood Cops Halted Early (MH)

By Dan Christensen And Todd Wright

The Miami Herald, February 24, 2007

A two-year federal undercover probe that led to corruption charges against four Hollywood police officers was shut down prematurely after two of those officers learned they were under investigation, according to Hollywood Police Chief James Scarberry.

More officers are under suspicion, Scarberry said Friday.

The chief said he found out the investigation was blown Thursday -- hours before the FBI swooped in and arrested Officers Kevin Companion, Jeffry Courtney and Stephen Harrison. Officer Thomas Simcox, who is cooperating, was picked up a month ago, Scarberry said.

"We called the FBI immediately yesterday after we found out that Companion and Courtney were at the pension office. They both called in sick all week and were putting in their letters of resignation," Scarberry said.

Harrison was unaware of the investigation when he was arrested, Scarberry said.

Federal corruption charges against the officers include a range of criminal activity that includes extortion, bribe-taking, dealing in stolen property, protecting a crooked, high-stakes card game, cargo theft and transporting a multi-kilo load of heroin.

One officer allegedly used his marked police motorcycle to provide a security escort for what he thought was a shipment of $400,000 in proceeds from the sale of stolen diamonds, authorities said.

The officers face maximum sentences of life in prison and fines up to $4 million if convicted on the drug trafficking charges. In addition, they face up to 20 years for each alleged use of their police positions for extortion.

During the two-year probe by the U.S. attorney and the FBI -- dubbed "Tarnished Badge" -- undercover agents convinced the officers that they were members of a New York crime family.

LEADER OF THE GROUP

According to agents, Companion, 41 -- a sworn Hollywood officer for more than two decades -- was the leader of the group of crooked cops and recruited the others for illegal capers.

Many of the meetings between Companion and the agents were audiotaped and videotaped, revealing a veteran officer eager to use his badge for illegal profit.

In March 2005, Companion was videotaped meeting with agents at the Borgata Hotel in Atlantic City.

At that time, agents said they needed more officers and an unmarked police car to protect a large amount of cash collected from the sale of stolen diamonds.

Companion was interested and told them he knew of some "old-school" guys whom he could approach for assistance.

In exchange for cash, Companion and others protected the collection of illegal gambling debts and the fencing of stolen watches; they personally delivered $400,000 in bearer bonds and a tractor-trailer full of cigarettes; and they protected a rigged, high-stakes poker game on a yacht.

But the crimes they are accused of did not appear that lucrative, compared to the hefty pensions and retirement benefits that were at risk if the cops were caught.

At a press conference on Friday, U.S. attorney Alexander Acosta indicated that during the investigation, Companion received $42,000; Courtney, 51, received $22,000; Simcox, 50, received $16,000; and Harrison, 46, received $12,000.

"There is some indication from the FBI that other names were brought up in the investigation," Scarberry said. "They were officers they never met but were supposedly also available [to join the criminal scheme] if needed," he said.

TO REVIEW TAPES

Scarberry plans to review FBI video and audio tapes that might shed light on which other officers might have been involved, he said.

And an FBI press release confirmed the agency would continue to investigate, ``targeting ongoing corruption within the Hollywood Police Department."

But that will be harder now that the investigation has been made public.

Scarberry said he knows how Courtney and Companion learned of the investigation, but he declined to discuss it.

"That's part of the FBI's investigation," he said.

A ranking federal law enforcement source said Scarberry and his assistant were the only outsiders taken into their confidence. They were told "in no uncertain terms" that they must not reveal what they knew, the source said.

But Scarberry immediately told City Manager Cameron Benson about the probe and revealed it to Hollywood Mayor Mara Giulianti a few days later.

"I think it is appropriate when something this big is happening I know about it," Benson said. ``The chief has got to inform me because I am the boss and the mayor is my boss, and I have to let my bosses know."

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UNAWARE OF ORDERS

Benson said he was unaware that Scarberry had been told by the FBI to keep quiet.

Federal agents decided to tell Scarberry about the investigation about a month ago as part of an attempt to get Simcox to flip and cooperate, the federal source said.

Simcox, accompanied by the chief, went to FBI headquarters on a ruse. It wasn't long before Simcox began implicating other officers, the source said.

When the FBI learned Thursday that the targets of their investigation had learned about it, agents moved in quickly.

But Giulianti said the FBI is to blame if there was a leak that limited the agency's chance of snaring more crooked cops.

``To pick up the guy and not follow through . . . is their fault. They put their trust in a criminal."

Courtney, Harrison and Companion appeared in federal court Friday morning and pleaded not guilty. An arraignment is scheduled for March 15.

Officers Face Life In Prison For Running Diamonds, Drugs For Fake Mafia (FLSUNSEN)

By Brian Haas And Vanessa Blum, South Florida Sun-Sentinel

South Florida Sun-Sentinel, February 24, 2007

It started with one Hollywood police officer interested in doing the bidding of a New York crime family for cash, authorities said. As the stakes grew, they say he enlisted what he called some "old school" cops he knew would want in.

Federal authorities on Friday released detailed charges against four Hollywood officers in an investigation dubbed "Operation Tarnished Badge," accusing the four of protecting and transporting stolen diamonds, artwork, bonds and heroin for undercover FBI agents pretending to be involved in organized crime.

LocalLinks

The officers face up to life in prison for accepting sums of money authorities concede instead could have easily and legally been made with overtime. But the officers kept taking on riskier off-duty jobs for larger payouts, according to the federal complaint against them. Authorities said the four joked about being in the Mafia, promised to use their clout as police officers if they ran into trouble, and used police equipment and techniques to help the agents they thought were mobsters.

Identified as the ringleader was Detective Kevin Companion, 41, who met with undercover FBI agents in late 2004. He recruited Sgt. Jeffry Courtney, 51; Officer Stephen Harrison, 46; and Detective Thomas Simcox, 50. All are charged with extortion by using their public positions, and conspiracy and attempted possession of a controlled substance with the intent to distribute.

In total, the complaint says, Companion was paid $42,000; Courtney $22,000; Simcox $16,000; and Harrison $12,000. They each make between $66,000 and $89,000 a year in their police jobs.

Companion, Courtney and Harrison appeared before U.S. Magistrate Lurana Snow in federal count in Fort Lauderdale on Friday morning. All three looked dejected. Companion, hands cuffed, dabbed at tears with his sleeves. Snow set bond at $350,000 for Companion; $375,000 for Courtney; and $300,000 for Harrison. None of them had posted bail early Friday night, detention officials said. Simcox has not yet been arrested.

Companion's attorney René Sotorrío called the charges "a horrible tragedy" for his client's family, which has a tradition in law enforcement, but he declined to comment on the charges. Courtney's and Harrison's attorneys could not be reached for comment later Friday.

Simcox may turn himself in to federal authorities as soon as Monday, said his attorney, Bruce Udolf. Udolf declined to comment on the charges or say whether Simcox is cooperating with authorities.

The FBI received "information based on reliable sources" about illegal activity at the department about 21/2 years ago, U.S. Attorney Alex Acosta said at a news conference in Fort Lauderdale. Authorities declined to describe the information, but said Companion first met with an undercover agent in December 2004. The jobs were small at first: collection of an illegal gambling debt, protecting the sale of stolen watches.

To pull off more lucrative deals, agents told Companion he needed more muscle, according to the federal complaint. Companion replied he knew some "old school guys" willing to do the jobs, the complaint says.

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Companion recruited Courtney, according to authorities, and Courtney helped in April 2005 to escort $400,000 in stolen money through Broward County with his Hollywood Police Department-issued motorcycle. Two months later, authorities said, Companion and Courtney drove $400,000 in stolen bonds to New York City. On the way, the duo passed a car with a license plate that read "mafia guy." The two later joked to agents that the officers "should have been riding in that vehicle," authorities said.

Companion brought in Simcox and Harrison in November 2005 and in the following months the officers protected an illegal, high-stakes gambling operation, delivered $1 million in stolen diamonds and artwork to Atlantic City, N.J., and helped steal a truckload of cigarettes, authorities said.

On Nov. 29, 2006, the officers agreed to escort several kilos of heroin from Miami Beach through Broward , the complaint says. Authorities said that at a meeting with an agent at a Miami Beach hotel, Simcox would only discuss the deal on the balcony. One officer, who was not named, wanted them to use the codeword "jewelry" for drugs.

The deal took place without a hitch the next day, authorities said.

Authorities said they had video and audio recordings of nearly every meeting and job the officers did. Acosta said no one was hurt during the sting.

Hollywood police officers openly wept when they heard of news of the arrests Thursday, said Police Chief Jim Scarberry. Three of the four officers have faced departmental scrutiny before.

"They're as sickened about this as I was when I first heard about it," Scarberry said. Scarberry, who was named chief in 1999, said later, "We know there have been some problems, but we've worked hard to change the culture here, and there is a big difference."

Companion was named in a federal sexual harassment lawsuit filed in 1994, which the city settled with a woman for $205,000. Courtney's hiring came under fire after a 1995 department-wide investigation revealed he had been arrested twice. He also accidentally shot a sergeant in 1991 while working as a Pembroke Pines officer.

Simcox was convicted of battery in 1996 for grabbing and slapping a 9-year-old boy who mocked him at a Boynton Beach daycare center while the officer was off duty. The incident led to a one-month suspension from the department without pay and he was kicked off a countywide organized crime taskforce.

Douglas K. Haas, a former Fort Lauderdale lieutenant and Broward Sheriff's Office lieutenant colonel, ran the now-disbanded Metropolitan Organized Crime Intelligence Unit and said Simcox was on the taskforce for less than a year.

"He wasn't in a position at MIU where he could have hurt us," Haas said. "But it's still disconcerting."

Staff Writers Paula McMahon and John Holland contributed to this report.

Area Man Faces Charges In FBI Sting (PALMBEACHP)

By Michael LaForgia, Palm Beach Post Staff Writer

Palm Beach Post (FL), February 24, 2007

A suburban Boynton Beach man is among four Hollywood police officers accused of taking money to run errands for FBI agents posing as mobsters.

During a two-year sting operation, the undercover agents paid Detective Thomas Joseph Simcox and three others to provide security for an illegal, high-stakes poker game, transport stolen diamonds and art to Atlantic City, N.J., and protect the theft of a tractor-trailer load of cigarettes, according to an FBI affidavit filed in federal court. All four officers also agreed to protect a multi-kilo heroin shipment, court records show.

Simcox, who bought a house in suburban Boynton Beach with his wife in 1989, is making arrangements to turn himself in to federal authorities next week, his attorney said Friday.

"I believe that he should be surrendering Monday," said Bruce Udolf, the Fort Lauderdale attorney representing Simcox.

Simcox, a detective assigned to the family services unit, joined the Hollywood Police Department in 1982, the affidavit said.

The other three detectives facing charges - Detective Kevin Companion, 41; Sgt. Jeffry Courtney, 51; and Officer Stephen Harrison, 46 - made initial court appearances Friday and were ordered released on bond.

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The affidavit filed in federal court accused the four of taking thousands of dollars to protect a group they thought was a criminal organization based out of New York. The "criminal organization" was made up of undercover FBI agents conducting a two-year corruption sting.

The four officers face conspiracy charges. They have not entered pleas, and the case will go before a grand jury.

Lawyers for the three who appeared in court Friday declined comment on the charges but described their clients as devoted police officers and family men.

Ex-FBI Man Gets 7 Years For Child Sex (FREDFLS)

By Bill Freehling

Fredericksburg Free Lance-Star, February 24, 2007

Former FBI analyst sentenced in child sex case

A 17-year veteran of the FBI will serve seven years in prison for having sexual relations with a young girl in Spotsylvania County, a judge ruled yesterday.

Anthony John Lesko, 44, entered an Alford plea yesterday in Spotsylvania Circuit Court to nine counts of felony indecent liberties upon a child.

Lesko, who later moved to Jacksonville, Fla., worked as an intelligence analyst at the FBI for 17 years, according to his attorney, James A. Carter II. He is a major in the U.S. Army Reserves and has received numerous military awards.

An Alford plea means Lesko doesn't admit guilt but believes there is enough evidence for a conviction. Under the terms of the plea, he was sentenced to seven years in prison with another 15 years suspended.

Lesko engaged in a sex act with a girl, 9 and 10 at the time, at least nine times in 2003-2004, according to evidence put forth by Spotsylvania Commonwealth's Attorney William Neely.

The girl told a member of the Spotsylvania Department of Social Services about the activity in February 2004, according to the evidence. Lesko at first denied the allegations, but later spoke with a U.S. Navy counselor about them.

Lesko told the counselor that he was the victim of the sexual assault; he said the girl initiated the contact, according to the plea. Lesko entered the plea partly to spare the girl the pain of a trial, his attorney said.

Lesko is married with two sons. His wife asked Circuit Judge Ann Hunter Simpson to allow Lesko to delay reporting to prison until June 1 so he could sell their Florida house.

Simpson denied the request, and Lesko went to jail after yesterday's hearing.

In addition to serving the prison time, Lesko will have to pay up to $10,000 in restitution to the girl's parents to cover the cost of her mental-health counseling.

Bill Freehling: 540/374-5424

CIVIL RIGHTS:

Gonzales' Spiel Riles Some Christians (UPI)

UPI, February 23, 2007

Attorney General Alberto Gonzales' Feb. 20 announcement to Southern Baptist Convention leaders about a new Justice Department focus on religious freedom garnered some praise — and significant criticism — from other Christian leaders. Gonzales announced the launch of the department's "First Freedom Project" in a speech during a regularly scheduled SBC Executive Committee meeting.

"Religious freedom is a fundamental part of our nation's history and one of its core principles," Gonzales said. The effort will include educational efforts to inform government officials, employers and everyday Americans about their religious-liberty rights under law, Associated Baptist Press reported Thursday.

The department simultaneously released a 43-page report touting its record, under President Bush, in defending religious freedom. Gonzales and the report implied that the Bush Justice Department's record on prosecuting religious-discrimination cases was significantly stronger than that under former President Bill Clinton.

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But several in the religious-liberty community said Bush's record on the issue has been mixed, at best. Brent Walker, executive director of the Washington-based Baptist Joint Committee for Religious Liberty, said he appreciates the administration focusing on the First Amendment — but that the amendment covers two aspects of religious freedom that are inextricably linked to each other.

"The First Amendment has two protections for religious freedom — prohibition on religious establishments and protection for free exercise of religion," Walker said in a statement provided to Associated Baptist Press. "The administration has often ignored the importance of the no-establishment principle by supporting attempts of governments to endorse a religious message, using tax dollars to fund pervasively religious organizations, allowing religious discrimination in hiring for federally funded projects, and going to the Supreme Court to cut back on the rights of citizens to challenge such practices."

Walker also noted that Bush's record on free-exercise protections is "not perfect." He pointed to a Supreme Court case last year in which the administration attempted to limit a small religious sect's ability to use hallucinogenic tea for sacramental purposes. A unanimous Supreme Court rejected the administration's position.

Americans United for Separation of Church and State went further, releasing a statement Feb. 22 saying Gonzales' announcement "reeks of hypocrisy." It called attention to actions detailed in the report that the Justice Department touts as religious-freedom successes — but that are actually quite controversial in the religious-liberty community.

For instance, the report features cases in which the department argued for employees who had been discriminated against on the basis of religion. But, in a different section, the report also touted the Justice Department's advocacy on behalf of the Salvation Army, which was sued for using government social-service funds but continuing to take religion into account in its hiring decisions.

"Thanks to the Justice Department, the Salvation Army could literally place newspaper ads reading, 'Help Wanted for Government-Funded Jobs: No Jews, Buddhists, Muslims, Liberal Christians, Atheists Or Gays Need Apply' and this would be perfectly acceptable to Gonzales," said Barry Lynn, the executive director of Americans United. "This is a perverse way of supposedly defending our religious-freedom rights."

On the other side of the coin, a conservative Christian group praised Gonzales' announcement.

"We applaud Attorney General Gonzales for recognizing the ongoing threat to religious freedom and for taking firm steps to defend our 'first freedom,'" wrote Tony Perkins, president of the Family Research Council, in his Feb. 21 e-mail newsletter. And the head of the SBC's public-affairs agency praised the actions of the Bush Justice Department.

"The attorney general's desire to address a major meeting of SBC leaders to announce this initiative shows both the importance of the issue and the commitment of the Justice Department at the highest levels to defend every individual American's religious freedom rights, particularly their free-exercise rights, which are too often infringed," Baptist Press quoted Richard Land, president of the SBC Ethics and Religious Liberty Commission, as saying. "This initiative is needed and should make a real difference."

But others questioned Gonzales' choice of settings for the announcement. He said he sought out SBC leaders for the opportunity because of their historic support of religious liberty.

The head of the National Council of Churches said he wished the attorney general had chosen a more representative body to hear his announcement. SBC leaders have been among Bush's strongest and most consistent supporters.

NCC General Secretary Bob Edgar, in a statement prepared in response to an ABP reporter's request for comment, said his organization thinks it is "unsettling that only a single denomination, representing a fraction of the rich diversity of religious life of America, was selected to receive the attorney general's personal presentation. It would seem more appropriate had he made such an appearance before an ecumenical or interfaith gathering, symbolically underlining the vision of a nation in which the law plays no favorites but sees all faiths as equal before the Constitution."

After his speech, in response to a question, Gonzales told reporters he chose an audience of Southern Baptists to announce the government's new effort because "this is a group very interested in the protection of religious freedom." He noted the "timing worked out where this was a good venue to speak to a receptive audience."

Baptists in America were early champions of religious liberty and influenced the development of the Constitution's First Amendment, which guarantees religious liberty and other freedoms.

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Gonzales also granted an interview on the topic to The 700 Club, the television program hosted by Christian Coalition founder Pat Robertson.

The NCC's statement said Edgar had invited Gonzales to appear at the NCC Committee on Religious Liberty meeting, slated for March 12 in Washington, to "extend to this very diverse group of interfaith advocates for religious freedom the same courtesy of a face-to-face visit that he has already extended to the Southern Baptist Convention."

The NCC also encouraged Gonzales to make similar appearances before leaders of the U.S. Conference of Catholic Bishops, the National Association of Evangelicals and "Jewish and Muslim faith groups who together make up the complex tapestry of religious life in our nation."

One religious-liberty expert faulted Gonzales' implicit swipes at the Justice Department under Clinton. Wake Forest Divinity School professor James Dunn said that, while the Clinton administration may have pursued fewer legal cases against alleged religious discrimination than Bush, the former president and his appointees defended religious freedom in other significant ways.

Dunn, who was executive director of the Baptist Joint Committee during the Clinton years, noted that the former president pushed strongly to improve religious freedom. Besides pushing legislation like the Religious Freedom Restoration Act and the bill that established the United States Commission on International Religious Freedom, Clinton officials also produced a document that has had a concrete impact on religion in public schools, Dunn said.

"Perhaps ... the most extensive and statistically significant action for religious freedom in recent history was [Clinton's] aggressive promotion for the guidelines for religion in public education and making clear that the public school was not a religion-free zone," Dunn said.

"Not only did the White House give leadership in that regard, but the Justice Department ... and the Education Department developed guidelines that literally transformed the attitudes of public educators about the free expression of religion in public schools and the necessity for maintaining the separation of church and state at the same time," he continued.

Officials from the Justice Department did not immediately return an ABP reporter's request for comment for this story Thursday.

FBI May Reopen Cold Cases On 1950s And '60s Slayings In The South (AP)

AP, February 24, 2007

JACKSON, Miss. (AP) — The FBI is considering reopening dozens of cold cases involving slayings suspected of being racially motivated in the South during the 1950s and '60s.

An announcement could come as early as Tuesday, according to a law enforcement official who spoke with the Associated Press on condition of anonymity because the plans have not yet been finalized.

In addition to the FBI's own investigations, the Southern Poverty Law Center submitted its own list last week of 74 potential unsolved slayings that involved white-on-black violence.

Thirty-two of the deaths happened in Mississippi. The others were in Alabama, Arkansas, Georgia, Tennessee, Louisiana, North Carolina, South Carolina, Florida, Kentucky and New York.

Mark Potok, director of the Intelligence Project for the Alabama-based Southern Poverty Law Center, said each case was researched in the late 1980s when the group was putting together a civil rights memorial. But it is unclear if each could be considered a civil rights case, he said.

"The truth is we don't know," said Potok, whose group investigates hate crimes. "In each case there was some evidence to suggest that these were racial murders, but it absolutely was not proven. Had we been able to nail them down, their names would've been literally chiseled into the civil rights memorial that sits outside our building here."

U.S. Attorney Dunn Lampton in Jackson reviewed the list of Mississippi killings for the Associated Press on Friday and said based on the limited amount of information available that none would qualify for federal prosecution under civil rights statutes. But he said many could still be prosecuted on a local or state level as murders.

The deaths outlined by the center happened in a variety of ways, from police-involved shootings to trysts with white women broken up by gunfire.

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In most cases, the statute of limitations under federal civil rights laws will have run out, Lampton said. In others, charges could not be brought because the accused already have faced charges and been cleared by a jury.

Last month, FBI Director Robert Mueller said the bureau was aggressively seeking to solve cold civil rights cases, vowing to "pursue justice to the end, and we will, no matter how long it takes, until every living suspect is called to answer for their crimes."

Most recently federal prosecutors brought kidnapping and conspiracy charges against James Ford Seale, 71, who allegedly participated in the 1964 kidnappings and murders of Charles Eddie Moore and Henry Hezekiah Dee in southwest Mississippi.

Seale was arrested Jan. 24 after the U.S. Justice Department reopened its investigation and learned that he was still alive. He has pleaded not guilty and is due for trial in April. The case qualified for federal prosecution because the captors allegedly took Moore and Dee across the state line into Louisiana while they were still alive.

In 1994, Mississippi won the conviction of Byron de la Beckwith for the 1963 sniper killing of NAACP leader Medgar Evers.

In Alabama, Bobby Frank Cherry was convicted in 2002 of killing four black girls in the bombing of a Birmingham church in 1963. In 2001, Thomas Blanton was convicted.

Edgar Ray Killen, an 80-year-old former Ku Klux Klansman, was convicted last June of manslaughter in the killings of three civil rights workers in Mississippi in 1964.

Lara Jakes Jordan in Washington, D.C., contributed to this report.

FBI Building Database On Victims Slain Amid Civil Rights-era Violence (JCL)

By Jerry Mitchell

Jackson Clairon-Ledger, February 24, 2007

The list of "forgotten killings" from the nation's civil rights era continues to grow for the Justice Department.

The FBI's field offices already have compiled a list of 51 victims slain during that era. The Montgomery-based Southern Poverty Law Center has since turned over information on 74 victims to the FBI. Altogether, the center has collected the names of 127 victims of racial violence between 1954 and 1968 - 40 of them listed on a monument outside the center.

"We ask that the FBI use its considerable investigatory resources to uncover more information about these cases," Richard Cohen, president for the center, wrote the Civil Rights Unit of the Criminal Investigative Division of the FBI. "Those responsible for these forgotten deaths - those who may still be alive today, like James Ford Seale, who was recently arrested for the murders of Henry Hezekiah Dee and Charles Eddie Moore - have gone unpunished too long."

U.S. Attorney Dunn Lampton said last week: "As we've shown in the past, we'll investigate any case that comes to light."

Since 2005, he has worked closely with the FBI to piece together a case against Seale, who has pleaded not guilty to federal kidnapping and conspiracy charges in connection with the May 2, 1964, killings of Dee and Moore, who were hitchhiking when Klansmen reportedly picked them up, beat them, weighted them down and tossed them into the Mississippi River, where they drowned.

Seale's arrest marked the 28th in the nation since 1989 involving unpunished killings from the civil-rights era. The most recent of the 22 convictions came in 2005 when a Neshoba County jury convicted Edgar Ray Killen of Union of orchestrating the 1964 killings of Andrew Goodman, Michael Schwerner and James Chaney.

Congress now is debating the Emmett Till Unsolved Civil Rights Crime Act, which would create a cold-case unit for the Justice Department to re-examine these murders. The House version of the bill has 67 co-sponsors, led by U.S. Reps. John Lewis, D-Ga., and Kenny Hulshof, R-Mo.

Creating such a unit is important, Cohen said. "For too long, people thought that nothing could be done about those who had literally gotten away with murder during the civil-rights era. But as we've seen in recent years with the successful prosecutions of murderers like Edgar Ray Killen, Dr. King was right when he said that the moral arc of the universe bends toward justice."

One of the forgotten killings Cohen pointed out to the FBI is that of Clinton Melton, an African-American service station attendant shot to death Dec. 3, 1955, in Glendora. Elmer Otis Kimbell, a white man, was tried and acquitted of killing Melton.

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Melton's son, Kenneth, was 5 months old when his father was slain. Two months later, his mother was found drowned - a death his family questioned.

"We live it every day," said Kenneth Melton, now 51 and living in Memphis. "You see people with their mothers and fathers. All that was taken away."

Growing up in the Delta, "I wanted to find the person who killed my dad - not to do anything, but to ask him, 'Why?' " he said. "That was something always on my mind."

He never got the chance, he said, because he heard Kimbell died in 1976 in Tennessee.

Kimbell happened to be the best friend of J.W. Milam, one of the killers of Till, a 14-year-old from Chicago who was murdered after he reportedly wolf-whistled at a white woman. In fact, the car Kimbell reportedly was driving when he shot Clinton Melton belonged to Milam.

At trial, Kimbell insisted he shot Clinton Melton in self-defense after being fired on first, but Melton's white employer, Lee McGarrh, testified at Kimbell's trial that Melton had no weapon.

McGarrh said an argument began after Kimbell, who had been drinking, asked Melton to fill the car with gas, only to change his mind and say he'd only pay $2.

A black employee, John Henry Wilson, testified Kimbell had said he was "going to kill that n-." Wilson said he tried to dissuade the man, only to be told, "Get back, or I'll kill you, too."

McGarrh testified Kimbell returned with a weapon and killed Melton without provocation.

The local Lions' Club denounced the killing, but that didn't stop an all-white jury from doing the same thing for Kimbell that it did for Milam and Roy Bryant - letting them walk free from the Tallahatchie County Courthouse.

David Halberstam covered the trial as a 21-year-old freelancer, one of the few journalists to cover the trial.

In his April 19, 1956, article for The Reporter, Halberstam wrote, "There's open season on the Negroes now. They've got no protection, and any peckerwood who wants can go out and shoot himself one, and we'll free him." (The entire article can be read at clarionledger.com.)

The trial taught "you didn't have to be a civil rights activist" to wind up dead, Halberstam said in an interview last week. "If someone was ill-tempered, it was a free-fire zone."

He talked of the "cowardice" of those who killed Melton. "It wasn't just Kimbell," he said. "It was all the people who were complicit - the jury and the ones who defended him."

Federal Supervision Of Race In Little Rock Schools Ends (NYT)

By Steve Barnes

The New York Times, February 24, 2007

LITTLE ROCK, Ark., Feb. 23 — The Little Rock School District was released on Friday from federal court supervision of its desegregation efforts, almost 50 years after President Dwight D. Eisenhower dispatched federal troops to enforce an integration order that the Arkansas governor defied.

In a written order, Judge William R. Wilson Jr. of Federal District Court declared the district “unitary.” That meant it had met its obligations under court-ordered remedies to address lingering questions about its commitment to equal opportunity in education.

Judge Wilson said the school board could “now operate the district as it sees fit, answerable to no one” save its students, patrons and voters.

Superintendent Roy G. Brooks, who is black, told The Associated Press, “I think that this is a clear indication that 1957 is not 2007.”

But John W. Walker, a civil rights lawyer here who is counsel to the Joshua Intervenors, a group of black children and parents who were a party in the long-running case, disagreed.

“In 2007, we have people in neckties living in big houses celebrating the return to 1957, a return to the concept of white supremacy,” Mr. Walker said in an interview.

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In 1957, Gov. Orval E. Faubus, a conservative Democrat, resisted the federal court order to desegregate Central High School by surrounding it with National Guardsmen who blocked the entry of nine black students. Eisenhower responded by federalizing the Guard troops and sending paratroopers from the 101st Airborne Division.

The black pupils were admitted to classes, with the military providing security on campus for the duration of the school year.

The confrontation was a seminal part of the civil rights movement. It was followed by decades of litigation that devoured millions of dollars in legal fees and went through several judges, dozens of school board members and more than one superintendent.

Judge Wilson granted the district —the largest in Arkansas, with 27,000 pupils — conditional release from supervision several months ago, but retained jurisdiction until it could demonstrate a resolve to monitor progress in reducing racial disparity in student achievement.

The order on Friday said the district "has gone the extra mile" in doing so.

Mr. Walker said he had not decided whether to appeal the order.

Arkansas' Historic School Case Ends (AP)

By Andrew Demillo, Associated Press

AP, February 24, 2007

LITTLE ROCK, Ark. -- A judge in one of the nation's longest-running school desegregation cases released the Little Rock district from federal supervision yesterday, nearly 50 years after President Dwight D. Eisenhower sent in troops to escort nine black students into all-white Central High.

U.S. District Judge William R. Wilson Jr. said the district is substantially complying with a 1998 desegregation plan worked out in the 27,000-student district.

With blacks gaining a majority on the school board last September, the judge said he felt comfortable that the district would keep working to improve academic achievements among its 19,000 black students.

In 1957, despite a U.S. Supreme Court order, Gov. Orval Faubus tried to prevent black students from enrolling at Central High, setting off one of the biggest crises of the civil rights era. The president sent in the 101st Airborne to enforce the order.

"The district has been given back to the people of this community, and my pledge to them is to continue to work hard and recognize that we're all going to have to work hard," said Superintendent Roy Brooks, who is black. "I think that this is a clear indication that 1957 is not 2007."

The 1998 desegregation plan was negotiated among the district, federal monitors and a group called the Joshua Intervenors, which represented black students. Judge Wilson noted that another nine years had passed before its conditions were satisfied.

"LRSD's board can now operate the district as it sees fit; answerable to no one except LRSD's students and patrons and the voters who elected [the board] to office," he wrote. "I want to express my heartfelt best wishes as LRSD continues to operate, as our Founders intended, under control of the citizens of the City of Little Rock."

A final sticking point among the parties had been whether the district adequately assessed black achievement in its academic programs.

"I am optimistic that the board will continue to ensure that the comprehensive program assessment progress remains a permanent part of [the school district's] curriculum for as long as it takes to improve the academic achievement of African-American students," Judge Wilson wrote.

Under previous orders from Judge Wilson, the Little Rock district was to evaluate its academic programs annually to determine whether test scores among black students were rising. The judge said yesterday he was now satisfied with the response, which included the board's December resolution that it would continue evaluations even if Judge Wilson released it from monitoring.

The Little Rock district is now 70 percent black; Central High School is 53 percent black.

John Walker, a lawyer for the Joshua Intervenors, said black students would not be served by the ruling.

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"We're certainly disappointed in view of the lack of progress this district has made in addressing the needs of African-American students," he said. "The standard was not high for the district to meet, but they certainly have not met it. We will have to pursue other means."

In Little Rock, as is the case nationwide, black students on average score below their white classmates on standardized tests. The gap in Little Rock is as large as 40 points on both state and national standardized tests. Little Rock has seen some improvement.

Board member Michael Daugherty said the district must spend its money to close the achievement gap among students.

"I would have liked to have seen us a little bit farther along right now than where we are," said Mr. Daugherty, who is black. "I think the district needs to be further along in the allocation of resources in the district."

School board member Baker Kurrus, who is white, called Judge Wilson's decision "a well-deserved endorsement."

"We have to prove that we're capable of managing our district and make sure that the mistakes of the past are never repeated," Mr. Kurrus said. "We simply must reach all students in our district."

Rhode Island Official OKs Gay 'Marriage' (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, February 24, 2007

Rhode Island Attorney General Patrick Lynch says research persuaded him to decide that Rhode Island can recognize same-sex "marriages" from Massachusetts -- not his sister's recent same-sex union in Massachusetts.

"No disrespect to my sister, who I love very much, but it has zero impact on it," Mr. Lynch told the Providence (R.I.) Journal last week, saying his nonbinding legal opinion made on Wednesday was well researched and based on a 1904 Rhode Island State Supreme Court ruling on interstate marriage.

On Feb. 15, Mr. Lynch attended the "marriage" ceremony in Attleboro, Mass., of his older sister, Pawtucket, R.I., City Solicitor Margaret Lynch, and her longtime partner, Patricia Gadaleta. The women have twin daughters.

On Wednesday, Mr. Lynch issued a six-page opinion to the Rhode Island Board of Governors for Higher Education that said their homosexual employees who have "married" in Massachusetts should be treated as spouses.

"Rhode Island has not enacted any legislation prohibiting same-sex marriages or stating a public policy against same-sex marriage, even though they have been validly performed in neighboring Massachusetts for approximately three years," Mr. Lynch wrote.

Mr. Lynch later said his opinion was "essentially guidance" and nonbinding. However, Steven Maurano, a spokesman for the Board of Governors, which oversees higher education in Rhode Island, said the board intends to follow Mr. Lynch's advice.

Bishop Thomas Tobin of the Catholic Diocese of Providence criticized Mr. Lynch's opinion as being overly influenced by a "relentless gay agenda."

Raymond T. McKay, president of the Rhode Island Republican Assembly, said Mr. Lynch should have deferred to lawmakers or federal law, specifically, the 1996 Defense of Marriage Act, which says states do not have to recognize same-sex unions from other states. "This is a great miscarriage of justice and law by the individual who is charged with the responsibility of enforcing Rhode Island law and protecting our state constitution," Mr. McKay said.

Meanwhile, in other states:

•Wyoming House Speaker Roy Cohee, a Republican, on Thursday cast the committee vote that killed a constitutional amendment defining marriage as the union of one man and one woman. The measure had passed the Senate last month.

•Illinois state Rep. Greg Harris, a Democrat who is openly homosexual, introduced a bill on Thursday to legalize marriage between "two persons," rather than a man and a woman, in that state.

•In Maryland, hearings are scheduled for early March on constitutional marriage amendments offered in the Senate and House. Both bills define marriage as the union of one man and one woman but do not outlaw civil unions. The House bill also bars public schools from teaching about same-sex relationships.

Protecting All Students (NYT)

The New York Times, February 24, 2007

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Like all too many school districts, Toms River, N.J., has done a poor job of protecting gay students from bullying. According to the New Jersey Supreme Court, the district punished students for being one minute late for class, but made harassing another child for being gay punishable only after a third offense.

In a landmark ruling this week, the court unanimously held that public school districts like Toms River's are liable for damages if they fail to take reasonable steps to stop prolonged anti-gay harassment of a student by another student. It correctly found that students had a right to be protected against this sort of abuse.

The decision changes the legal landscape in New Jersey, and we hope it will be the start of a new national approach to the problem.

A study by the National Mental Health Association a few years ago found that more than three-quarters of teenagers reported that students who were gay or thought to be gay were teased and bullied in their schools and communities.

The anonymous student who brought the suit against Toms River schools clearly deserved better. He complained of being taunted almost daily from fourth grade on. In high school, he was physically attacked twice, and he said he eventually had to change schools. School administrators disciplined the worst offenders, but failed to address the overall school climate by taking such basic steps as talking to parents and holding student assemblies to make it clear that harassment would not be tolerated.

The court's ruling provides much-needed support to some of the nation's most vulnerable young people, and it sets a worthy standard for courts and educators nationwide.

ANTITRUST:

Buyout Firms Seek Utility TXU For $32 Billion (WSJ)

By Henny Sender, Dennis K. Berman And Rebecca Smith

The Wall Street Journal, February 24, 2007

KKR, TPG Pursue Texas Power Company, A Target of Criticism

Private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts & Co. were close to a deal Friday night to acquire Texas utilities powerhouse TXU Corp. for about $32 billion, said people familiar with the matter, a massive buyout that would give them control of one of the nation's most successful and controversial power companies.

One person close to the matter said the firms would pay about $70 a share for the big utility, about $10 a share over Friday's 4 p.m. price of $60.02 on the New York Stock Exchange. The company also had $12.38 billion in debt as of September 30.

A deal could be finalized over the next few days, this person said, though it was possible it could fall apart at a late moment.

The transaction, first reported by CNBC, would be the latest massive deal engineered by private-equity firms. Enjoying record profits and a flood of cash from investors seeking ever-greater returns, the large investment firms have accounted for the majority of the biggest mergers and acquisitions in the last year. Among recent deals, Blackstone Group paid $23 billion for Equity Office Properties and assumed $16 billion of debt, while Bain Capital, KKR and Merrill Lynch & Co. paid $21 billion and assumed $11.7 billion in debt to acquire hospital operator HCA Inc. in 2006.

KKR, once known as the original barbarian at the gate for the $25 billion buyout of RJR Nabisco in 1988, is now the industry doyen, flush with cash and on a world-wide hunt for prey. "I have never seen a time like this when money is so available and so global," Henry Kravis, its co-founder, said in a recent interview.

For its part, Texas Pacific Group has a less venerable history and a policy of preferring to not be in the limelight its peers seek. It recently raised a $15 billion fund, which puts it in second place in asset size behind Blackstone's $20 billion fund -- at least for the moment.

Dallas-based TXU has emerged in recent years as one of the nation's dominant utilities by asserting itself aggressively over the deregulated electricity market in Texas. That state has what is considered the most advanced deregulation plan in the nation, having recently lifted most limits on what companies can charge the general public for electricity.

TXU owns both Texas's largest power-generation company and its biggest electricity retailer, giving it a powerful grip on one of the nation's largest markets. Its assets include the largest fleet of power plants in Texas and interests in a single nuclear plant. It also owns a transmission and distribution system and strip-coal mines with substantial reserves.

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That powerhouse combination of assets has produced big profits and strong returns for investors. In the third quarter of 2006, TXU earned net income of just more than $1 billion on revenue of $3.51 billion. The company's stock has made huge gains under Chief Executive C. John Wilder, with its shares increasing sixfold since he arrived three years ago.

But TXU also has stoked controversy in Texas over the rates it charges and an ambitious plan to build new power plants. That may require the buyers to make concessions in order to overcome regulatory hurdles.

Additionally, the company has been planning to expand by building 11 big coal-fired power plants in the state in coming years. That project has drawn harsh criticism from environmental interests, which accuse TXU of adding to its bulk with plants that release substantial amounts of carbon dioxide, a heat-trapping gas many scientists blame for global warming.

The company also has drawn criticism for its dealings with customers. During its ramp-up to a deregulated market, TXU raised rates repeatedly, and now charges some of the highest power rates in the nation. Critics say it also is quick to disconnect late-paying customers, while offering perks to those who pay on time.

Those factors have made TXU a flashpoint for criticism, especially in Texas. This past week, Mr. Wilder faced uncomfortable questioning before a Texas senate committee concerning whether his firm had amassed too much "market power," the ability to influence power prices. Legislators have been considering setting firmer limits on TXU's might, responding to market analyses suggesting that at times it possesses the ability to influence prices on the Texas wholesale electricity market.

Steve Wolens, a former legislator who is one of the authors of the Texas deregulation law, said he was disappointed by the buyout news. One goal of deregulation, he said, was to "discourage the need for in-state utilities to sell to out-of-state" interests.

The suitors may plan to address concerns in part by removing TXU from public ownership, said one person familiar with the matter. They also plan to scale back some of TXU's plans to build new generating plants and consider a rate rollback, the person said.

A person familiar with the proposed deal said the buyers plan to retain current management. TXU has been in exclusive negotiations with KKR and TPG in recent weeks, this person said. Such exclusivity makes a rival bid more difficult.

Private-equity firms have attracted scrutiny from shareholders and government regulators who claim the firms may be extracting too much value from publicly traded firms, leaving stockholders and customers in the lurch. A buyout plan will have to quell criticism while steering clear of legislators eager to politicize the issues.

Approval of a deal could take months and serve as a critical test for the suitability of private investors plunging ever deeper into highly regulated industries. Both state and federal officials would have to sign off, with state utility regulators finding that the sale was in the public interest.

Any deal appears likely to deliver a windfall to Mr. Wilder, who negotiated a lucrative contract when he joined TXU in February 2004 from neighboring utility Entergy Corp. Under the terms of that agreement, he could be eligible for a change in control payment.

The Texas market is especially appealing to investors because it is geographically constrained, with almost no electrical connections to other states. This makes the entire state a sort of captive market, unable to import cheaper electricity from outside. Because prices mostly are set by expensive gas-fired generators, this gives lower-cost generators like TXU the ability to reap extraordinary profits from its power-generation business.

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At $45 Billion, New Contender For Top Buyout (NYT)

By Andrew Ross Sorkin And Clifford Krauss

The New York Times, February 24, 2007

The biggest leveraged buyout ever is about to be surpassed. Again.

A group led by the private equity giants Kohlberg Kravis Roberts & Company and the Texas Pacific Group is near a deal to acquire the TXU Corporation, a Texas utility, for about $45 billion, according to people involved in the talks.

The amount of private money that is being offered is a huge financial endorsement of the company's energy strategy. TXU has irritated environmental advocates by proposing to build 11 coal-fired power plants in Texas. Despite calls for regulating

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greenhouse gases, TXU has been the most aggressive in the power industry in pushing coal as the answer to growing electricity demands. Nationwide, power companies are planning to build about 150 coal plants over the next several years.

The deal itself, if approved at a TXU board meeting tomorrow, would be a landmark. It would exceed the Blackstone Group's recent $39 billion acquisition of the office landlord Equity Office Properties, the largest buyout ever. And that would mean that Henry R. Kravis, a co-founder of Kohlberg Kravis Roberts, has managed to upstage, at least for the time being, his longtime rival in deals, Stephen A. Schwarzman, a co-founder of Blackstone.

Energy has been fairly recent territory for private equity. While energy deals accounted for 16 percent of all mergers last year, only 9 percent of those deals involved buyout firms, according to Thomson Financial. The first big foray came last year, when Kinder Morgan, the Texas pipeline giant that was created from some assets of the former Enron, was sold to a group that included Goldman Sachs, the American International Group, the Carlyle Group and Riverstone Holdings for $27.5 billion.

Awash in hundreds of billions of dollars, private equity firms, which raise money from pension funds and wealthy individuals, have taken on new targets in a buying spree. In 2006, private equity firms raised more than $174 billion for 205 funds, according to Thomson Financial.

Having just finished raising new supersize funds — K.K.R. and Blackstone are about to complete funds each worth more than $20 billion — and with banks and hedge funds willing to lend them money in record amounts with few restrictions or covenants, private equity has now begun to aim at even bigger prey. A deal the size of TXU will probably require that the private equity firms raise more than $30 billion in debt.

People involved in the talks cautioned that the deal still faced approval by TXU's board and several negotiating points remained, so the talks could collapse.

TXU did not respond to telephone requests for comment.

"It's a pretty dramatic development because TXU's position in electricity in Texas is controversial and uncertain," said Amy Myers Jaffe, an energy expert at the James A. Baker III Institute for Public Policy at Rice University in Houston.

TXU, based in Dallas, has 2.4 million customers in the state. It also owns and operates one of the largest lignite coal surface mining operations, producing 23 million tons a year. With its large, low-cost nuclear and coal-fired group of plants, it has been able to raise electricity prices to match the rise in natural gas prices the last three years.

Like other utility companies in recent years, TXU has sought to reinvent itself. A new management came in three years ago and sold natural gas assets after the price of natural gas soared, got out of speculative marketing, cleaned up its books and went back to its core business of electricity generation and transmission. The company's shares have been a favorite of Wall Street, rising from a low of $5.44 in 2002 to $60.02 yesterday.

But after being on the rise, the company has now hit strong headwinds. TXU's plans to build 11 coal-fired plants have faced increasing political opposition from environmental organizations, civic groups and prominent politicians like the mayor of Dallas, Laura Miller.

Rallies, hearings and informational meetings have been attracting crowds of critics around the state who view the plants as a symbol in the struggle to reduce global warming. Environmentalists believe if they can stop at least some of the plants in a conservative state like Texas, it will be a boon to activists around the country who oppose coal and favor renewable energy like solar and wind.

TXU has said that the growing population and economy in Texas need more energy and has claimed that the plants will be cleaner than many older coal-fired plants in the state. They have also argued that coal gasification technologies, which environmentalists say would produce cleaner energy, are not yet ready for the marketplace. The 11 plants would have a capacity of more than 9,000 megawatts, about 3.5 percent of the nation's current coal-fired power and would cost an estimated $10 billion.

Recently, in response to criticism, TXU promised that the new plants would leave vacant space for future deployment of equipment designed to capture carbon dioxide so the climate-warming gas does not enter the atmosphere. Moreover, the company says it is conducting research on oxygen firing, chilled ammonia and other technologies to capture carbon.

TXU's plan was dealt a sharp blow, at least for the short term, by State District Judge Stephen Yelenosky, who on Tuesday ruled against a 2005 executive order by Gov. Rick Perry to put the plants' permit process on a regulatory fast-track. The judge

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issued a temporary injunction stating that the Texas governor, whose powers are limited compared with most state governors, did not have the authority to decide how much time regulatory agencies should take before issuing decisions.

The Texas Commission on Environmental Quality will make the ultimate decision on the permits, but not before administrative law hearings that promise to be rancorous.

Still, despite the uproar over the coal plants, TXU has many attractions for a potential buyer, analysts said. It is a strong company in a profitable business made all the more valuable because it operates in Texas, which has a growing economy and population base.

"Utilities right now have a lot of value because they have guaranteed cash flows and guaranteed rates of return which gives them guaranteed income," said Barbara Shook, an analyst with the Energy Intelligence Group, a publications and research firm. "And they have hard assets. In the post-Enron world, hard assets carry a lot of value."

"TXU is going to grow no matter what, because the state of Texas is growing and that translates into higher demand for electricity," she added.

The Texas energy scene is evolving. Still the center of the nation's oil business, it is also now the state with the most wind power production. Austin and other cities have become centers for renewable energy companies. But unlike California, Texas has been slow to develop conservation policies and has no goals for cutting carbon emissions.

Under the terms of the deal being discussed, the investors would pay about $70 a share for TXU, these people said. TXU's market value is about $27.5 billion. The company has more than $12 billion in debt.

Other private equity firms may join the group, these people said. A spokeswoman for K.K.R. declined to comment as did a spokesman for Texas Pacific.

TXU Set To Approve Record Private Equity Deal (FT)

By James Politi And Peter Smith

Financial Times, February 24, 2007

The board of TXU, one of America's largest utilities, was meeting on Sunday to approve a $44.5bn (€33.8bn, £22.7bn) takeover by Kohlberg Kravis Roberts and Texas Pacific Group, in what would rank as the largest private equity deal on record.

People familiar with the matter said that in the absence of any last-minute glitches in the negotiations, the deal, which would trump Blackstone's recent $38.9bn acquisition of Equity Office Properties in terms of size, could be announced as early as Sunday evening.

The two private equity buyers are expected to pay about $32bn in cash, or just under $70 a share, for TXU. This represents a 17 per cent premium over the company's market value on Friday. KKR and TPG will also agree to take on a $12bn chunk of TXU's outstanding debt.

A private equity takeover of TXU would extend a flurry of dealmaking by the world's largest buy-out groups, which have emerged as leading forces in high finance and business in recent years as they snapped up some of the biggest companies in a wide range of industries.

Based in Dallas, TXU is the top provider of electricity to the state of Texas, and has recently locked horns with environmentalists over plans to build 11 coal-fired power plants.

In advance of clinching a deal, KKR and TPG gained the backing of several environmental groups by agreeing to scrap plans to construct 8 of the 11 controversial plants.

The private equity buyers also pledged to support a reduction in carbon dioxide emissions to 1990 levels by 2020.

However, a private equity takeover of TXU could still face resistance if it is viewed as jeopardising the reliability of the electricity grid in Texas – or if it results in higher rates for consumer.

In Europe, an intense political debate has erupted over whether private equity takeovers harm or benefit the economy, with union leaders and some politicians lining up the world's largest buy-out titans.

That tension is expected to intensify on Tuesday, when union protestors gather outside the Super Return conference in Frankfurt at which both TPG's David Bonderman and Blackstone's Steve Schwarzman are due to speak.

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The structure of the TXU takeover is typical of the ways in which large leveraged buy-outs are being assembled on Wall Street. A number of large investment banks, including Goldman Sachs, are financing the deal through a massive package of bonds. The two buyers will be putting in $2.5bn of equity each into the deal, with Goldman adding a further $1.5bn of its own money and Lehman Brothers contributing $1bn of equity, one person involved in the talks said.

It remained unclear whether John Wilder, the TXU chief executive who will reap a large pay-out in the deal, will remain at the helm after the takeover. One person involved in the talks suggested TPG and KKR planned to bring in a number of high-profile business figures to help manage the process of gaining regulatory approval.

Some recent private equity deals have faced criticism for not securing a high enough price for shareholders. The merger agreement with TPG and KKR will allow TXU to shop itself to alternative bidders for 50 days, thanks to a "go-shop" clause that has become fairly standard in US public-to-private transactions.

$45 Billion Deal Near For Texas Power Firm (WP)

By David Cho And Steven Mufson, Washington Post Staff Writers

The Washington Post, February 24, 2007

TXU Purchase Would Set Leveraged Buyout Mark

A consortium led by private-equity firms Kohlberg Kravis Roberts and Texas Pacific Group is nearing a deal worth close to $45 billion for a Texas energy giant in what would be the largest leveraged buyout ever, according to a source with knowledge of the negotiations.

News of an offer for TXU Corp., the largest power company in Texas, came a mere two weeks after the buyout record was set by the Blackstone Group's $39 billion purchase of Equity Office Properties Trust.

TXU's board could vote on the offer as soon as tomorrow.

Shares of TXU closed at $60.02 Friday, up $2.38. In after-hours trading the stock soared to $71 a share, up more than 18 percent.

A spokesman for Kohlberg Kravis Roberts and Texas Pacific Group declined to comment on the matter.

TXU has 2.4 million electricity customers in Texas and a network of generating stations, including two nuclear-powered and nine coal-fired plants. Deregulation recently took effect in the state, and the company has divided itself into three parts -- a regulated utility, a power wholesaler and a power generation unit with 18,300 megawatts of capacity.

But the company's claim to fame recently has been a controversy over its plan to build 11 conventional coal plants. That would more than double the company's emissions of carbon dioxide, the most prevalent of greenhouse gases, at a time when Congress is looking at ways to cap greenhouse gas-emissions.

It is not clear how a buyout would affect those plans. Part of the attraction of TXU is its location in a fast-growing state. The new plants could take advantage of its rapidly growing energy demand. But leveraged buyout firms usually trim costs and rarely expand a company's operations. And many executives in the industry have said they never expected the company to build all those plants anyway.

The private-equity firms are expected to propose around $70 per share for TXU and assume about $12 billion of its debt, putting the total value of the transaction at $44 billion to $45 billion.

If a buyout goes through, TXU would become a private company and no longer have to reveal its financial statements publicly or comply with federal regulations such as the Sarbanes-Oxley Act. But it probably would still have to disclose some information to state and federal power regulators.

That change is likely to draw scrutiny from members of Congress, especially those now devising ways to cap and reduce greenhouse gases. Some lawmakers have alleged that TXU might be expanding now so that the new plants would be included in its baseline emission levels. That would be important if Congress adopted a cap-and-trade system similar to Europe's, with allocations distributed to companies based on their past emissions.

Jeff Bingaman (D-N.M.), chairman of the Senate Energy and Natural Resources Committee, and Barbara Boxer (D-Calif.), chairwoman of the Senate Environment and Public Works Committee, last month wrote an op-ed article in the Dallas Morning News warning TXU and its investors that such a strategy wouldn't work.

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"In fact, companies that appear to be inflating their emissions right before legislation is passed are likely to find themselves in a position of having to make even larger emissions reductions than companies that do not attempt this strategy," they wrote.

TXU says its expansion plans reflect the needs for more electricity in Texas.

"Because our state is seeing such phenomenal economic growth, we're expected to add the population of Tennessee over the next decade in Texas," said Kimberly Morgan, a TXU spokeswoman. "Combine that with no new baseload generation being built. That presents a prime setup for generation in the state." (Morgan gave the interview before the proposed buyout became known.)

The TXU deal would exceed the infamous $31.3 billion leveraged buyout Kohlberg Kravis Roberts made for RJR Nabisco in 1989, memorialized in the book "Barbarians at the Gate."

In 2004, Kohlberg Kravis Roberts and Texas Pacific Group were part of a consortium that paid $3.7 billion for what was then the second-biggest power generating company in the state, Texas Genco. The investing group sold that utility for about $5.8 billion last year.

TXU Sale Could Cost $32 Billion (LAT)

By Janet Wilson, Times Staff Writer

The Los Angeles Times, February 24, 2007

Sources say a deal for the utilities giant is expected to be the largest leveraged buyout ever.

Private investment companies Texas Pacific Group and Kohlberg Kravis Roberts & Co. are close to a deal to buy Texas utilities giant TXU Corp. in what is expected to be the largest leveraged buyout ever, according to people familiar with the negotiations.

The sale, slated to be announced Sunday, will include "not only the acquisition, but some very major announcements related to global warming," one person told The Times.

The Wall Street Journal, citing unidentified sources, said on its website that the buyout firms were expected to pay about $32 billion, or about $70 a share.

Dallas-based TXU has been moving aggressively to build an additional 11 coal-fired power plants upwind of Dallas and elsewhere in the state.

Environmental Defense and numerous other environmental groups and civic leaders have sued or otherwise protested the plants, saying they would add 78 million tons of greenhouse gases to the atmosphere annually. Texas already leads the nation in greenhouse gas emissions, widely believed to cause global warming. Smog, mercury emissions and other harmful pollutants also would be emitted.

Many private equity firms are jumping into solar, wind and other "alternative energy" investments, as dozens of states have adopted "renewable portfolio standards" requiring diversified energy, including so-called clean sources. Several members of Congress, including Sen. Dianne Feinstein (D-Calif.), have introduced or are preparing legislation that could cap greenhouse gases from coal plants and other electricity providers.

Fort Worth-based TXU lost a key legal round in building its new coal plants Tuesday when an administrative law judge threw out an executive order by Texas Gov. Rick Perry that fast-tracked environmental scrutiny of such plants. The next day, a state office about to begin air permit hearings on six of the proposed power plants instead postponed the hearings for four months.

Spokesmen for Texas Pacific and New York-based KKR declined comment. Calls to TXU were not returned.

Shares of TXU surged as high as $71 in after-hours trading, valuing the company at about $32 billion. The company has about $16 billion in debt, signaling the transaction may be valued at more than $48 billion.

Blackstone Group's purchase this month of Equity Office Properties Trust for $39 billion, including debt, was the largest previous buyout.

The possible TXU sale was first reported by CNBC.

TXU May Cut Rates In Buyout Bid (DMN)

DOJ_NMG_0136875

By Elizabeth Souder And Katherine Yung, The Dallas Morning News Esouder@dallasnews.com And Kyung@dallasnews.com

The Dallas Morning News, February 24, 2007

Equity firms to bid up to $45 billion to take utility private

Two private equity firms are about to offer $40 billion to $45 billion for TXU Corp. in what would be the biggest buyout ever.

Texas Pacific Group and Kohlberg Kravis Roberts & Co. planned to announce their offer for the Dallas power company on Monday, said people with knowledge of the deal. The purchase would take TXU private.

TXU is facing public and political backlash over a plan to build 11 more coal-fired power plants and over high electricity prices.

The offer set off speculation that new owners of Texas' largest power company may trim the plant building program and drop electricity rates to please regulators.

TXU officials didn't return phone calls Friday afternoon.

"It's staggering," said one Wall Street professional who preferred to remain anonymous. He said TXU is probably attractive to the buyout companies because the shares haven't risen in value as much as the shares of rival power companies.

"They'd be buying it because it's outrageously cheap," he added.

As for why TXU would sell, some experts said going private could allow the company to innovate without worrying about putting the share price on a roller coaster and facing the ire of Wall Street.

TXU shares rose 4 percent Friday afternoon, to close at $60.02, after news of the offer began to leak out. In after-hours trading, shares rose as high as $70.

The share price has dropped from all-time highs during the past few months as concern mounts about possible state and federal legislation that could limit the size of the company or the amount of pollution it would be allowed to emit.

If approved, the deal would be the largest acquisition ever, reflecting the current buyout binge sweeping the country. The previous record – the $39 billion purchase of Equity Office Properties Trust by the Blackstone Group – closed earlier this month.

The buyers, KKR and Fort Worth-based Texas Pacific, have teamed up before to make millions in the Texas energy sector. They were among a group of buyout firms that earned a more than sixfold return in little more than a year by buying and then quickly selling Texas Genco, a Houston wholesale power generation company, to NRG Energy Inc.

Utilities hold appeal for private equity firms because of their steady cash flows, which can be used to pay off the high debt levels usually loaded onto companies taken private.

But getting state regulatory approval for such deals has proven an obstacle for both firms. KKR and Texas Pacific failed to win approval for two separate buyouts involving utility companies in Oregon and Arizona.

Timing questioned

"This changes the entire landscape for everybody," said Dallas Mayor Laura Miller, who has spent the past six months trying to block permits for TXU's proposed coal plants.

"The timing is rather unsettling because it appears that this rush for the coal plants may have been to help build up the value of the company, because they would have had a nice corner on the electricity market with low-cost production units," she said.

Still, the mayor, who formed a coalition of cities that is taking part in TXU permit hearings, said she worries that a new owner might move TXU's headquarters out of Dallas.

The company's plan to build 11 plants ran into opposition from environmentalists, politicians, business leaders, rivals, and even Southern Baptists. The plan prompted the biggest environmental debate that Texas have ever seen, encompassing concern about pollution that can cause asthma and heart problems, as well as Texas' contribution to global warming.

This week, the administrative law judges handling TXU's permit hearing case delayed the hearing schedule by four months. The hearing officers bowed to a ruling from a state district court that an order from Gov. Rick Perry to speed up power plant permit hearings is probably unconstitutional. The decision was a setback for TXU's building program. Rather than getting a decision on permits this spring, the company will probably have to wait until the autumn.

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And key Republican legislators have lashed out at the company for increasing retail electricity prices last year. The current session has brought a slew of legislation that could force TXU to break apart, cut its market share or drop prices.

Some lawmakers were briefed on the deal this week.

If TXU were private, executives wouldn't have to worry about the share price being affected by political shifts and public outrage.

Going private may also allow TXU to revolutionize the model of what it thinks a utility can be at a faster rate and with less hassle than if it remained a public company, said Ren Plastina, director of CIT Energy, which is part of the CIT Group, a New York-based commercial finance company.

"Utilities over the years have been relatively conservatively run," he said. "They haven't been particularly innovative. There's a lot that can be done with respect to new technologies."

Innovations

TXU executives have made it clear they wish to innovate. They will add technology to the TXU grid to support Internet service, and their strategy to design one, standard coal plant and replicate it across the country is novel.

Still, TXU has limited its risk in its coal plant program. While it has already ordered equipment for the proposed coal plants, at least one of the contracts could offer some flexibility for the new owners to build fewer plants.

Tim Curran, president of Alstom U.S., said in an interview last week that TXU has ordered eight sets of emission control equipment from Alstom for the new plants. But Alstom is only working on three of the sets; he said work on five sets is suspended until he gets a green light to begin.

Both of the buyers, KKR and Texas Pacific Group, are flush with cash, after attracting more than $15 billion from investors for each of their latest funds.

Buyout firms are enjoying unprecedented boom times, thanks to a flood of cheap debt that has allowed them to team up with each other to make giant acquisitions. With so much money floating around, they are moving into nontraditional areas like casinos and high tech.

Texas Pacific has ownership stakes in two major local companies, the Neiman Marcus Group of Dallas and Southlake's Sabre Holdings Corp.

ABOUT TXU CORP.

Headquarters: Dallas

CEO: John Wilder

Revenue: $10 billion in 2005

Employees: 7,615

Retail customers: 2.4 million

Generating capacity: 18,300 megawatts

HISTORY

1882: Company is founded.

1917: It becomes Dallas Power & Light.

1945: DP&L joins two other utilities under the Texas Utilities holding company.

1984: The three utilities merge to become TU Electric.

1999: The TXU name is adopted.

Record Fine Expected For Univision (NYT)

By Stephen Labaton

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — When Univision began broadcasting a show three years ago about the misadventures of 11-year-old identical twin girls who swapped identities after discovering they had been separated at birth, it characterized the episodes as educational programming for children.

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That decision is expected to cost Univision, the nation's largest Hispanic network, $24 million in what would be the largest fine the Federal Communications Commission has ever imposed against any company. The penalty is also expected to send a strong signal to broadcasters that they will be expected to meet their required quota of shows that educate and inform children, after years of permissive oversight in this area.

The commission has decided to impose the heavy fine — disclosed by Kevin J. Martin, the chairman of the commission, in an interview — as a tough rebuke to Univision for claiming to meet its obligations to broadcast educational children's programs by showing the Latino soap opera "Complices al Rescate" ("Friends to the Rescue") and other so-called telenovelas.

The penalty, part of a settlement that will allow the company to proceed with a buyout deal, is nearly three times the previous record fine of $9 million, imposed against Qwest Communications for violating telephone interconnection rules in 2004, and significantly more than the largest indecency penalty, $3.5 million, levied against Viacom that same year for remarks by Howard Stern and other so-called shock jocks on the radio.

It also represents an unusually aggressive enforcement of the 1996 regulations that interpreted the Children's Television Act. Those regulations, adopted after some broadcasters characterized cartoons like "The Flintstones" and "The Jetsons" to be educational programs, imposed more substantive requirements on the networks as they comply with the mandate to broadcast at least three hours a week of programs of intellectual value to young people.

Although some television critics say it is common for stations not to comply, only a handful of complaints have been filed. An even smaller number have resulted in modest penalties of several thousand dollars for stations found to have violated the rules.

Reflecting the views of many policy leaders in Washington who were appointed by President Bush, Mr. Martin said that he was committed to deregulation "and an environment where companies can be investing and competing and driving innovation." But he also said that he was not driven simply by ideology, and that there remain important areas where thorough regulation plays a valuable social role.

"I generally think consumers are better served by less regulation, not more," he said in an interview. "But I also think the commission has a key role to play in some areas, such as children's television, and I take those obligations seriously."

The agency under Mr. Martin adopted new rules last year to make the children's television programming requirements apply to new digital television stations.

The $24 million fine, along with a plan to show more programming that would comply with the rules, are part of a consent decree that Univision has tentatively agreed to that would resolve complaints by viewers. It covers violations at 24 Univision stations over a 116-week period from 2004 to early last year.

Mr. Martin has already signed onto the decree. Once the full commission approves it, as expected, Univision will be able to complete its $12 billion sale to a consortium of private equity firms. Those investors include Providence Equity Partners, where a senior executive is Michael K. Powell, the former F.C.C. chairman, and Haim Saban, a wealthy investor who built a major business on the Mighty Morphin Power Rangers action figures.

Lawyers representing Univision before the commission declined to comment about the case.

The fine was applauded by some Democrats in Congress who have long been dissatisfied with the agency for failing to press broadcasters to provide higher- quality programming for children.

"As the prime House author of the Children's Television Act, I am pleased the commission is pursuing serious and vigorous enforcement of violations," said Representative Edward J. Markey, the Massachusetts Democrat who heads the House subcommittee on telecommunications and the Internet. "This is a particularly egregious case and the level of the proposed fine reflects it. Rather than giving kids programming that is educationally nourishing, Univision elected to give them the Spanish-language equivalent of a soap opera.."

The case dates to the summer of 2005, when the United Church of Christ raised concerns about Univision's programming lineup, complaining that it was failing to provide adequate children's programs. The network claimed it was meeting its obligation by repeatedly rebroadcasting the same episodes of the telenovela. The commission's staff found that 24 stations had violated the programming guidelines over a two-year period.

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Angela J. Campbell, a telecommunications expert at Georgetown University Law Center who represents the church, appeared stunned by the decision.

"Assuming it's true, I'm pleased to see the commission finally taking action and I hope they will take action soon on other petitions we have filed in this area," Professor Campbell said. "Broadcasters need to know that they have to take these obligations to children seriously."

Univision had maintained that it satisfied its programming obligations for children by broadcasting several telenovelas, including "Complices al Rescate"

"A significant purpose and key educational objective of this program is to illustrate how friendship, love and kindness can help overcome life's adversities," the network's lawyers said in their brief before the commission. " 'Complices al Rescate' follows the lives of two 11-year-old girls, Silvana and Mariana, who have both experienced sadness, loss and injustice in their lives. Throughout the shows, the girls learn to appreciate that happiness is not found in popularity and money, but in true friendship, good will towards others and love."

But Mr. Martin said the commission found little merit to that argument, and critics said the show, with complex subplots and occasional adult themes, had little value for young children.

In an affidavit accompanying the United Church's complaint, Federico Subervi, a media consultant to such shows as "Dora the Explorer" and "The Misadventures of Maya and Miguel" said that "Complices" contained many adult plots and complex themes that were hardly suitable for young children.

As further evidence that the program did not comply with the rules, Mr. Subervi noted that 80 percent of the advertising during the show was geared toward adults.

A Software Maker Goes Up Against Microsoft (NYT)

By Steve Lohr

The New York Times, February 24, 2007

VMware, a young Silicon Valley company, is the early leader in a fast-growing market for what is called virtual-machine software. And that puts it on a collision course with Microsoft, the industry's Goliath.

A virtual machine essentially mimics a computer so that several copies of an operating system — say, Windows or Linux or both — can run on one physical machine. It allows computing chores to be done on fewer computers, using less electricity and taking up less space, promising a way to control costs at corporate data centers straining to keep up with the ever-increasing demands of the Internet age.

It is also a product that occupies strategic ground in computing, as a layer of code that resides between a computer's hardware and the operating system, usurping some tasks, and potentially undermining the importance of the operating system.

In a meeting with corporate customers in New York last month, Steven A. Ballmer, Microsoft's chief executive, said, "Everybody in the operating system business wants to be the guy on the bottom," the software that controls the hardware. And he vowed that Microsoft, whose Windows operating systems are the main source of its corporate wealth and market power, would "compete very aggressively with VMware."

When quizzed on Microsoft's plans, Mr. Ballmer replied, "Our view is that virtualization is something that should be built into the operating system."

Bundling new technology into Windows has long been the Microsoft game plan. The most storied case came a decade ago when Microsoft overcame the challenge posed by another Silicon Valley highflier, Netscape, offering another crucial layer of software, the Internet browser. Microsoft feared a competitor's Web browser, running on top of the operating system, could reduce the power of Windows.

"There are certainly some analogies here to what Microsoft did with Netscape," said Mendel Rosenblum, a founder of VMware and its chief scientist.

The tactics Microsoft used in the browser battle, of course, led to a host of antitrust troubles for the big software maker in the United States and Europe.

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This time, in the market for virtual-machine software, Microsoft is more restrained. Bowing to customer requests, Microsoft began more than a year ago to change its software licenses so its products could run in virtual machines like VMware offerings.

But in recent months, according to VMware, Microsoft has introduced new restrictions on how Microsoft products can be used in virtual machines in new ways, beyond simply dividing a single physical computer into several virtual ones.

This next wave of virtual technology, analysts say, includes software that lets virtual machines move freely across many physical machines, juggling computing chores, so that applications do not crash and Web response times are faster. Another promising new ability is running desktop personal computers as virtual-machine software, hosted and managed securely from a data center.

VMware, however, points to license changes on Microsoft software that it says limit the ability to move virtual-machine software around data centers to automate the management of computing work. A white paper detailing VMware's concerns will be posted Monday on its Web site (www.vmware.com), the company said.

"Microsoft is looking for any way it can to gain the upper hand," said Diane Greene, the president of VMware.

Yet VMware is making no antitrust claims against Microsoft, and legal experts question whether the friction between the companies is anything more than two rivals taking different paths to an emerging market.

"This seems to be a far more subtle, informed and polished form of competitive aggression than we've seen from Microsoft in the past," said Andrew I. Gavil, a law professor at Howard University. "And Microsoft has no obligation to facilitate a competitor."

In the past, said Mike Neil, general manager of virtualization strategy at Microsoft, customers paid a license fee when Windows was installed on a physical machine. But he said virtual-machine software breaks the tight link between the operating system and the hardware, raising the possibility that customers could be using Windows more but not paying for it. So now, he said, the license fee is based on when a copy of Windows is used, whether in a virtual or physical machine.

The license changes, Mr. Neil added, were not designed as a competitive tool. And he sees no evidence of any anticompetitive impact. "Look at VMware's financial success and you have to ask, How disadvantaged are they really?" he observed.

VMware is certainly thriving these days. Its sales reached $709 million in 2006, nearly double the previous year's figure. In the fourth quarter, revenue was $232 million, growing 100 percent from the year-earlier quarter.

VMware was founded in 1998 by Mr. Rosenblum, an operating-systems expert and an associate professor at Stanford University; Ms. Greene, a veteran of Silicon Graphics, Tandem, Sybase and a couple of start-ups, who is also Mr. Rosenblum's wife; and three other computer scientists, Scott Devine, Edouard Bugnion and Edward Wang.

Virtual-machine software dates to the 1960s, when I.B.M. used the technology to coax greater performance from costly mainframes. The achievement of Mr. Rosenblum and his team of Stanford-trained researchers was to develop virtual-machine software that worked, fast and reliably, on today's lower-cost machines powered by microchips made by Intel and Advanced Micro Devices.

By late 2003, VMware was profitable and growing strongly, and its payroll was approaching 400 people. Its future would depend on keeping its talented team of computer scientists in place, and Google and others were dangling offers. So VMware agreed to sell itself for $635 million in cash to EMC, a leader in data storage systems that was expanding into software. VMware had talked to other companies including I.B.M. and Microsoft. But EMC, not being a major software company, offered VMware more independence.

This month, EMC said it would give VMware an added measure of independence with a separate stock listing and its own shares to help retain its current work force of more than 2,500, and lure new talent. EMC will sell 10 percent of VMware in an initial public offering in the summer that analysts say is likely to value the company at 10 times what EMC paid for it just three years ago.

VMware's growth is explained by the experience of customers like the International Truck and Engine Corporation, a producer of diesel engines, trucks and school buses. A few years ago, Barry Naber, a technology manager at International Truck, the operating company of Navistar International, began looking for ways to curb the growth of server computers in its data center.

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Mr. Naber opted for VMware virtual-machine software, and today the company runs 230 applications, including expense, accounting, training and Web programs on 18 computers in its computer center in suburban Chicago. He estimates the savings for each virtual machine at $7,500 in hardware and maintenance costs avoided, or about $1.7 million.

Mr. Naber also looked at Microsoft's virtualization offering, but in tests found it was far slower and less reliable than VMware. "We're entrenched with VMware for now," he said.

One thing that Microsoft has lacked is a hypervisor, the lowest level of software that rests on the hardware and partitions the computer so it can cleanly and efficiently run several virtual machines. Microsoft is developing a Windows hypervisor code-named Viridian. It will be tailored for the next version of the Windows server operating system, called Longhorn, scheduled to ship by the end of 2007. Viridian will be ready shortly after that. "Virtualization, frankly, is a feature," Mr. Neil, the Microsoft manager, said. "It's a great operating system feature."

Microsoft has built up its virtual-machine team in the last few years with internal hiring and a couple of small acquisitions. And having identified virtual software technology as a core ingredient to its operating system, Microsoft promises to become a daunting competitor eventually.

Yet today, VMware holds an estimated 80 percent of the market for virtual-machine software that runs on computers powered by industry-standard Intel and A.M.D. microprocessors. "The market could change depending on what Microsoft does down the road, but VMware is the 800-pound gorilla of virtualization," said John Humphreys, an analyst at IDC, a research firm.

In the long term, VMware will also face competition from start-ups in the virtual-machine software market like Virtual Iron and XenSource. The start-ups note that only 5 to 7 percent of computers in data centers use virtual software. They see a market that is just beginning to take off with plenty of opportunity, if they can match VMware's technology and charge less.

Virtual Iron and XenSource take opposing views on Microsoft's recent moves. "Microsoft sees VMware coming between them and their customers," said John Thibault, president of Virtual Iron. "So Microsoft is manipulating its license terms to see if it can freeze the market and slow down the trend."

For its part, XenSource signed a deal last year with Microsoft to collaborate so that XenSource's software will work well with the virtualization technology Microsoft is developing for the Windows Longhorn server. "We set out to partner with Microsoft," said Peter Levine, president of XenSource, "and VMware chose to compete with Microsoft."

VMware, according to Microsoft, should see the wisdom of the path XenSource chose. In his meeting with corporate customers recently, Mr. Ballmer sketched out a future in which Microsoft would put fundamental virtual-machine software in its operating systems, and "VMware builds on top."

VMware is leery of such an accommodation, fearing it would prove to be a one-sided bargain. "We will not sign agreements that give Microsoft control of this layer," Ms. Greene said.

Tuning In To One Company (NYT)

The New York Times, February 24, 2007

Vigorous competition in the private sector has served the United States economy and consumers extremely well, providing a greater array of choices, more innovation and lower prices. The two — and only — satellite radio companies are now eager to merge and are arguing that together, they will prove to be the exception to the rule.

The industry is important and still young. We urge regulators to take a hard look at the companies' proposal before leaving the field in the hands of a single player.

Sirius and XM provide subscription radio services for some 14 million customers, with each company beaming more than 100 channels of music and talk radio, much of it without commercials. The services — both less than six years old — have generated considerable excitement with things like high-profile and high-price deals, including the $725 million in cash and stock that the shock-jock Howard Stern is reported to have signed for.

Together the two services have also managed to accumulate $6 billion in losses since receiving their licenses a decade ago.

The companies' managers argue that the $13 billion merger could finally make them profitable by letting them cut costs and redundant programs, while giving consumers more programming options for their bucks. As for the fear of creating a

monopoly, they argue that competition will still come from terrestrial radio (commonly known as AM and FM), iPods and other next-generation technologies.

It is important to remember that these are not widget makers. Radios carry important discourse and debate — they are vital to the free exchange of ideas protected by the First Amendment. Recent experience shows that media consolidation usually leads to more homogeneous content, politically as well as artistically, and it rarely benefits the consumer or the country.

There is also the question of what precedent would be set if regulators accepted the broadest possible definition of audio competition, and whether that could lead to even more mergers in radio. No less troubling are reports that the companies believe that they have an incentive to merge before the Bush administration and its overly friendly-to-business regulators leave office.

The companies should, of course, be allowed to argue their case. And consumers should voice their opinions as well. Unless they want to pay for both services, subscribers are currently missing out on exclusive shows: Mr. Stern can be heard only on Sirius, and the nation's empathizer in chief, Oprah Winfrey, only on XM. Sports fans who want football and baseball have to pay for both services.

Consumers should also recognize that XM and Sirius compete vigorously for customers, talent and corporate partners. Both even charge the same rate, $12.95 a month, a price that might well rise if there was no competition.

When XM's and Sirius's licenses were granted, the Federal Communications Commission stipulated that "one licensee will not be permitted to acquire control of the other." The chairman of the F.C.C., Kevin Martin, reiterated that point this week but left the door open to a possible merger, saying, "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices." We are skeptical about the chances of that happening.

MP3 Patent Verdict Harmless To Music Fans -- For Now (WP)

By Alan Sipress And Mike Musgrove, Washington Post Staff Writers

The Washington Post, February 24, 2007

Don't worry. The authorities aren't coming to confiscate your MP3 player because of a patent infringement ruling this week that involves the technology behind digital music.

The verdict, if upheld, could cost Microsoft $1.52 billion or more in damages. And that could end up costing you, as manufacturers pass on the expense of paying royalties to Alcatel-Lucent, which a federal jury in San Diego found to be the rightful owner of the technology.

But those costs aren't likely to come for some time, if at all, industry analysts and patent lawyers said yesterday.

The technology industry was abuzz over Thursday's unexpected verdict, which included what lawyers said was the largest patent award in history, and its significance for the MP3 format that is at the heart of the booming market for digital music.

Though the verdict could affect hundreds of companies that use the technology in various devices, experts said consumers would not suddenly be unable to obtain or play MP3 files. Even in the long run, there may be no effect on consumers if the verdict is overturned on appeal. Microsoft's lawyers have said they will appeal both the jury's finding that the company infringed on the patents and the amount of its award to Alcatel-Lucent.

Paul Saffo, a Silicon Valley technology forecaster who teaches at Stanford University, said he thought there was a good chance that the verdict would be overturned. "I don't think there's a credible worst-case scenario," he said.

But Roger L. Kay, a technology industry analyst, said small companies working on low margins to manufacture MP3 players could be vulnerable if the verdict results in licensing fees beyond what they can afford.

"For some of those guys, something like this could be catastrophic," Kay said. While larger companies such as Apple and AOL may be able to pay Alcatel-Lucent's fees, "there will be others that are marginal to begin with, and something like this could put them out of business."

The legal dispute turns on two patents for technology developed at Bell Laboratories, which later became part of Lucent Technologies. Alcatel bought Lucent last year and inherited the patents.

Both patents relate to how music is converted into small digital files. One of the patents is for a method of analyzing sound to gauge whether it is more like music or noise, then representing it in digital form based on that determination. The other patent

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pertains to the process for determining whether the sound is audible to the human ear and then converting only that audible part into digital form.

Hundreds of companies that thought they had properly licensed the MP3 format from Germany's Fraunhofer Institute, which was also involved in developing the MP3 technology, could be financially liable for infringing on Alcatel-Lucent's patents.

"Because of the uncertainty created by the verdict, you are going to see Alcatel-Lucent out there trying to use the verdict as a lever to get companies playing in the MP3 area to get licenses now," said Martin M. Zoltick, a Washington patent attorney.

He predicted that some companies will wait for the outcome of the appeal before paying Alcatel-Lucent, while others will want to obtain licenses sooner to end the uncertainty. If the verdict is upheld in U.S. circuit court, more companies would give in while a few would hang on to see whether the case is accepted by the Supreme Court for consideration, Zoltick said.

Alcatel-Lucent sued Microsoft over audio-file technology that the software giant first included in its Windows operating system in 1998 and later built into its Windows Media Player.

But the MP3 format is now so widely used that the jury's verdict could affect manufacturers of products well beyond desktop computers. MP3 technology is also used in mobile phones, digital-music players, handheld computers, video games and car audio systems.

About 400 companies, including some of the world's largest technology companies, have licensed MP3 technology from Thomson Technology, a San Diego firm that identifies itself as a representative of the Fraunhofer Institute.

In a prepared statement, Thomson said yesterday that it does not license the two patents at issue in the court case. Thomson said it had the rights to 20 other families of patents that cover some of the standards for compressed audio files and are essential to implementing MP3 technology.

"MP3 is the world's most popular compressed audio technology, and we look forward to its continued popularity," the company said.

But some experts suggested that the fear of litigation and increased royalties could force companies to adopt other formats for audio files, including open-source technology. Apple, maker of the popular iPod music payer, uses a format called AAC for its iTunes music store.

ENVIRONMENT:

President Promotes Alternative Energy With A Car Show Of Sorts (NYT)

By Matthew L. Wald

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — President Bush turned to alternative fuels, and alternative companies, to argue Friday that his goal for reining in gasoline consumption in the coming decade was realistic.

On the South Lawn of the White House, Mr. Bush inspected a version of the Toyota Prius, the popular Japanese gas-electric hybrid, that had been rigged with a Canadian-built battery pack to allow it to operate more of each day on electricity, along with a South Korean sport utility truck modified by a small California company to run entirely on batteries.

Neither is now a mass-market product, but each, the president said, is evidence that entrepreneurs will rush in to solve the nation's oil addiction. He called on Congress to approve financing that he has requested for research.

The administration has set a goal of reducing gasoline consumption within 10 years by 20 percent from current forecasts. The question is, Which technologies will prove viable?

The modified Prius shown Friday carried an extra battery pack in the space intended for the spare tire and had undergone software modification, so that it used more battery power than a standard Prius, reaching higher speeds before starting up the gasoline engine.

Ric Fulop, vice president of A123 Systems of Watertown, Mass., which modified the car, said a battery that would power it for about 40 miles between overnight chargings cost $10,000 and would last through 7,000 cycles of charging and discharging — "more than the life of the vehicle."

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The electric truck can go 130 miles between chargings, said Bryon Bliss, vice president at Phoenix Motorcars of Ontario, Calif. The company has orders for 75, at $45,000 each, and hopes to sell 500 this year and 6,000 next year, Mr. Bliss said.

To a repeated question as to whether he would consider one of the vehicles for his ranch in Texas, Mr. Bush simply wished the assembled reporters a good weekend and returned to the Oval Office.

Texas: B.P. Settles 2 Lawsuits (NYT/AP)

By The Associated Press

The New York Times, February 24, 2007

The energy giant BP has settled two more lawsuits stemming from a 2005 explosion at its Texas City oil refinery that killed 15 people and injured more than 170, the company and a lawyer for two injured contract workers said. Terms of the deal were not released. Jury selection had been set for next week over lawsuits filed by the workers, E. J. Godeaux and Clarence Kinard. Theirs would have been the first cases connected to the blast to go to court. Mr. Godeaux, 61, a painter and sandblaster from Texas City, had neck and back injuries, and his right eardrum was blown out. Mr. Kinard, 67, a boilermaker from Cleveland, Tex., injured his back and experienced hearing loss.

FBI/DEA/ATF/USMS:

Arellano's Arrest Location Challenged (SDUT)

By Kelly Thornton, Staff Writer

The San Diego Union-Tribune, February 24, 2007

Captain questioned on yacht's position

DOWNTOWN SAN DIEGO – The captain of the yacht on which suspected drug kingpin Francisco Javier Arellano Félix was arrested last summer has become the center of a fascinating legal debate with international political implications.

Capt. Edgar Omar Osorio took the witness stand yesterday during an unusual pretrial hearing, and questions by Arellano's lawyers seemed to lead in one direction: Did the arrest take place in international waters, as prosecutors maintain, or did U.S. officials apprehend him outside their jurisdiction, in Mexican waters?

Perhaps the more important question is, does it matter where the Aug. 14 arrest occurred?

Prosecutors say the questioning is an irrelevant sideshow with no impact on the facts of the case. But if the incident happened in Mexico, defense attorneys could seek dismissal of the case because Arellano was illegally arrested. Failing that, they could ask that evidence seized on the boat be thrown out because it was the result of an unlawful seizure.

It could also affect the U.S. government's ability to seek the death penalty.

Traditionally, Mexico has refused to send anyone to the United States who would face the death penalty, which is barred in Mexico. There could be political ramifications if the U.S. government violated international law and breached the sovereignty of Mexico to apprehend Arellano.

But cooperation on extradition matters between the two countries has improved significantly in recent months. Some legal observers wonder how motivated Mexican officials would be to intervene on behalf of an Arellano, and perhaps disrupt the dismantling of its most feared drug cartel.

Since Mexican President Felipe Calderón was sworn into office in December, he has cleared the way for the extradition of 15 reputed drug lords, including four who were indicted in San Diego years ago. The action was called "unprecedented in scope and importance" by U.S. Attorney General Alberto Gonzales.

Even if Arellano was taken in Mexican waters, the U.S. Supreme Court has already ruled in a case with similar allegations that the U.S. government violated Mexico's sovereignty and the extradition treaty between the two nations.

In 1992 the court upheld the kidnapping in Mexico of Humberto Alvarez Machain by operatives paid by the U.S. Drug Enforcement Administration. The operatives brought Machain to the United States to face charges in the torture and murder of drug agent Enrique Camarena.

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Although a U.S. district judge later acquitted the Mexican doctor, his abduction in Mexico was viewed as a violation of sovereignty – but the high court did not dismiss the case.

Security was tight at yesterday's hearing attended by Arellano and a co-defendant, Manuel Arturo Villarreal Heredia. Bomb-sniffing dogs swept the courtroom before anyone was allowed inside.

Arellano and Villarreal are charged, along with Arellano brothers Benjamín and Eduardo and seven others, with overseeing the shipment of tons of cocaine into the United States on fishing boats, private planes, trucks and commercial airliners.

The organization also is accused of the murders of at least 14 people in Mexico and six in Southern California. The family-operated cartel began building a power base in 1989 and has been linked to hundreds of murders in Baja California, including high-ranking police officials and others caught in the crossfire.

Defense attorneys said Javier Arellano was arrested off Cabo San Lucas, Baja California, aboard the 42-foot yacht Dock Holiday. Prosecutors have said signals from a secretly installed global positioning device indicated the arrest took place 1.1 miles into international waters.

Osorio, a longtime boat captain, initially refused to talk to prosecutors or testify before a grand jury. But recently, after almost six months in custody, he approached the government and agreed to talk, saying his wife had died in Mexico while he was jailed, and his children need him. The government said Osorio has no information that is germane to the prosecution's case and no longer opposes his release.

U.S. District Judge Larry Burns rejected a request by Arellano's lawyers yesterday to continue to hold Osorio. They had argued that they may need him to testify on behalf of Arellano at trial.

Burns said Osorio's videotaped deposition would suffice, and the captain will be released and returned to Mexico after his deposition, which is expected to conclude Monday. Osorio was held only as a witness and was never charged with a crime.

At the hearing, defense attorney Mark Adams said he and co-counsel David Bartick urged the judge to grant a request that the government provide more "pings" – the signals transmitted by the global positioning device on the boat to a satellite, which showed the position of the yacht.

The government has already turned over to the defense two such pings, one before the arrest, and one after, which they say indicates the arrests occurred in international waters.

The defense claims the pings they have are inconclusive and they want all signals from the weekend before the arrest to better track the boat.

The defense attorneys said they had previously questioned Osorio outside court and feel "he is not being truthful in regard to . . . the geographic location of the Dock Holiday during that weekend."

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Homemade Pipe Bombs Often Lethal, Expert Says (EPT)

By Tammy Fonce-Olivas

El Paso Times, February 24, 2007

Each of the homemade explosives two Lower Valley men allegedly attempted to sell to undercover federal agents earlier this week had the destructive power to seriously injure or kill a person, a federal official said Friday.

"It could have caused a lot of damage," said Tom Crowley, spokesman with the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The bombs Alfredo Rubio, 23, of San Elizario, and Juan Ortiz, 22, of Socorro, allegedly tried to sell to an undercover ATF agent on Wednesday were explosive devices, each made of about 12 inches of PVC pipe that contained smokeless powder, steel BBs and a carbon dioxide cartridge.

Crowley said pipe bombs are so dangerous because they contain shrapnel -- usually nails, glass or other dangerous objects -- that become projectiles when the bomb explodes.

The size of the pipe bomb, which can range from 2 inches long to much larger, determines whether the detonation created by the explosive causes serious injury or even death, said El Paso police Sgt. Peter Pacillas, a supervisor

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on the department's bomb squad.

"It's an improvised explosive device, so it depends on who's making them and how they're making them," Pacillas said. "If they don't kill you, you're going to be seriously maimed."

The El Paso Police Department, one of several agencies involved in the case, was in charge of transporting and detonating the suspected pipe bombs as the only regional bomb squad in the area.

Rubio and Ortiz were arrested Wednesday. Each is charged with conspiracy to make at least 15 pipe bombs.

An affidavit attached to the criminal complaint against the men alleges that the men were "fully aware of the pipe bombs' capabilities as a destructive device" during their interaction with the undercover agents.

Tammy Fonce-Olivas may be reached at tfonce@elpasotimes.com; 546-6362.

El Paso Times reporter Darren Meritz contributed to this story.

IMMIGRATION:

Bush Plan To Allow Mexican Truckers Throughout U.S. Draws Criticism (NYT/AP)

By The Associated Press

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 (AP) — A Bush administration plan to allow 100 Mexican trucking companies to haul freight deeper into the United States than previously allowed drew an angry reaction Friday from labor leaders, safety advocates and members of Congress.

The administration plan, announced Thursday, would have United States inspectors oversee Mexican trucking companies that carry cargo across the border. The pilot project will let Mexican truck companies travel throughout the United States. No hazardous material shipments will be permitted.

Currently, trucks from each country are allowed only 20 miles into the other to deliver their cargo.

Offering details on Friday, Transportation Secretary Mary E. Peters said, “This program will make trade with Mexico easier and keep our roads safe at the same time.”

But opponents said Mexico had substandard trucks and low-paid drivers that would threaten national security, cost thousands of jobs and endanger motorists.

James P. Hoffa, president of the International Brotherhood of Teamsters, said, “They are playing a game of Russian roulette on America’s highways.”

According to the Transportation Department, inspectors will examine every truck and interview drivers to ensure they can read and speak English. They will examine trucks and check the licenses, insurance and driving records of the Mexican drivers, and they will verify that their employers are insured by companies licensed in the United States.

The first Mexican trucks are expected to drive beyond the border area in about 60 days, the Transportation Department said.

Under the 1993 North American Free Trade Agreement, access to all United States highways was promised by 2000, as was access through Mexico for American carriers. That aspect of Nafta was stalled by lawsuits and disagreements.

Deborah Hersman, a member of the National Transportation Safety Board, questioned how the United States could spare sending inspectors to Mexico when only a tiny percentage of American truck companies were inspected every year.

Mexican carriers insist their equipment meets United States standards. According to the Transportation Department, 240 federal and 300 state government employees deal with Mexican truck issues.

Senator Patty Murray, the Washington Democrat who leads the Appropriations Subcommittee on Transportation, announced a March 8 hearing to determine whether the plan met safety requirements.

U.S. To Allow Mexican Trucks (WSJ)

By Robert Guy Matthews

The Wall Street Journal, February 24, 2007

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Pilot Program Resolves Nafta Issue but Upsets Teamsters, Lawmakers

WASHINGTON -- Following a decade of dispute, the U.S. will open its highways to Mexican cargo trucks, in a move that could alter the economics of the domestic trucking industry and is already uniting some American lawmakers, unions and trucking companies to oppose the change.

The Transportation Department on Friday said it is starting a pilot program that could begin as soon as April that will allow 100 Mexican trucking companies unfettered access to U.S. roads. Under the program, both drivers and trucks must first pass certain safety checks designed and overseen by U.S. officials in Mexico. The program could eventually be expanded to include additional Mexican trucking firms.

If the trial succeeds, the U.S. trucking industry could change drastically. Mexican drivers are paid one-third to 40% less than their U.S. counterparts, who make an average of about $40,000 a year. An influx of Mexican truckers would be a boon for U.S. businesses with production lines in Mexico, by decreasing costs and delays from the current need to shift U.S.-bound goods at the border to American trucks from Mexican ones. According to the Census Bureau, the U.S. imported $198 billion of goods from Mexico in 2006.

Some trucking companies in the U.S. vowed to block the move, which they say will hurt them. The opposition comes against a backdrop of rising protectionist sentiments that helped propel Democrats to take back Congress in November and increasingly is coloring trade-policy debates in Washington.

The issue of whether to allow Mexican freight trucks on U.S. roads has been controversial for more than a decade. Under the North American Free Trade Agreement, ratified by Congress in 1993, the U.S. and Mexico were supposed to open their roads to each other's trucks, at least partially, as part of a broader push to strengthen bilateral economic and trade ties. But the trucking agreement was put on hold in 1995 after U.S. trucker unions and other opponents lobbied lawmakers to block such a move. They argued that Mexican trucks were unsafe, caused pollution and would facilitate illegal immigration.

Implementation of the agreement ran up against other barriers, including Congress's imposition in 2001 of a set of safety requirements that had to be met before the U.S. could open the border to Mexican trucks. In June 2004, the Supreme Court ruled that the president had the power to decide whether Mexican trucks could enter the country, but it took three years for the U.S. and Mexico to reach an agreement, signed Thursday, that will allow U.S. officials to conduct safety inspections in Mexico. It will also allow U.S. trucks in Mexico, though that isn't usually cost-effective.

Andrew J. Gillespie, director of transportation for Ansell Healthcare Products LLC in New Jersey, said the new open-roads policy means his business won't lose time and money when transporting work-glove materials from Mexico to New Jersey for final assembly. "We have been waiting years and years for this change."

Currently, businesses shipping goods to the U.S. from Mexico must use three drivers and three tractors to move freight. Under the pilot program, Mexican trucks will be able to go directly to their destinations in the U.S.

The American Trucking Associations, the country's largest trucking-industry group and a representative of some U.S. trucking companies that operate out of Mexico, voiced support for the pilot program. It said the program would improve efficiency and reduce pollution from idled trucks.

But some past opponents of opening up vowed to continue to fight the move. "We are on this thing, and we are going to be contacting members of Congress, because we are very concerned about highway safety," said Jim Hoffa, president of the Teamsters union, which represents many truckers. "There is such political pressure to do things to save money for big corporations."

Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association, which represents mostly small-business truckers in the U.S., said his group would also fight the policy, which he expects will cause companies with divisions in Mexico to use more Mexican trucks to lower labor costs. "We are going to raise this as a safety issue, because this is a problem for us," he said.

Sen. Patty Murray (D., Wash.), head of the Senate Appropriations Committee's transportation subcommittee, said she will hold a hearing on March 8 to make sure safety regulations will be met.

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Rep. James Oberstar (D., Minn.), chairman of the House Transportation Committee, has opposed allowing Mexican trucks into the U.S. on the grounds that they aren't as safe as U.S. vehicles. He questioned whether the Transportation Department had the necessary systems in place to safeguard Americans on the road.

"The U.S. is obligated to live up to its commitments under the North American Free Trade Agreement, but not at the expense of the safety of our citizens," he said. "We cannot afford to pursue policies that represent a step backward in terms of safety."

U.S., Mexico And Canada Discuss Border Issues (NYT)

By Christopher Mason

The New York Times, February 24, 2007

OTTAWA, Feb. 23 — American, Mexican and Canadian cabinet ministers met here on Friday to set the agenda for a meeting later this year by the leaders of the three countries, with the discussions taking an increased focus on protecting cross-border trade in the face of increasing border security measures.

Secretary of State Condoleezza Rice, Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez met their Canadian and Mexican counterparts amid concerns that new United States border restrictions — particularly the requirement of passports, beginning in January 2008, for land and sea crossings — would hamper the $880 billion in annual trade among the countries.

No firm agenda emerged for a planned meeting later this year of President Bush, President Felipe Calderón of Mexico and Prime Minister Stephen Harper of Canada. But officials here were optimistic that the countries could continue to increase trade despite concerns by Canada over the passport requirement and by Mexico about United States plans to erect a security wall along their border.

“This is a broad agenda that is going to make life better for people, and it is the only way that we can achieve security and prosperity,” Ms. Rice said.

The passport requirement has been controversial in Canada, but its leaders have said they will adjust to, and not protest, the changes.

“We recognize that that will have an effect on life in general,” Public Safety Minister Stockwell Day said. “That is why we pursue the areas of seeing our countries being as competitive as possible.”

Borders Without Fences (NYT)

By Ted Kerasote

The New York Times, February 24, 2007

IN the debate over how to prevent illegal immigration from Mexico into the United States — armed patrols, electronic surveillance, prison time for first offenders and a 700-mile-long 15-foot-high fence — few politicians have voiced concern over the last option’s profound effects on wildlife.

Authorized by the Secure Fence Act of 2006, this barrier (83 miles of which have already been built) will bisect a border region that has some of the most ecologically diverse landscapes in the hemisphere. It is here — in a land of deserts, mountains, conifers and cactus — that bird species from North and Central America share territories and cross paths during migrations. It is here that endangered wildlife, like the jaguar and gray wolf, have an opportunity to reoccupy lands from which they were extirpated during the last century.

The list of other beautiful common or rarely seen animals that live along the border is long. A small sampling would include cougars, desert bighorn sheep, ocelots, pronghorn antelope, road runners, white-tailed deer and hundreds of species of birds and insects. The fence would physically prevent both large and small mammals as well as reptiles from traveling across the border, and the lights atop the fence would attract insects, making them easier prey for birds that feed on them. Some of these insects pollinate the plants of the region, including cactus.

Since the secretary of homeland security will have authority to waive laws that stand in the way of building the fence — like the Endangered Species Act — wildlife and habitats could be destroyed on a scale not seen since the 1960s, when the nation’s first wilderness and environmental laws were passed. Of course, many argue that the fence is an issue of national security and

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the safety of the American people trumps that of American wildlife. But that reasoning is flawed. The economic health of many people is increasingly reliant on the health of their natural surroundings.

In fact, studies done at the Universities of Montana and Colorado show that intact natural landscapes attract not only tourists to a region but also new residents and businesses that pump dollars into local economies. It isn't just plentiful sunshine that has made the Southwest one of the fastest-growing regions in the nation, it's also the region's diverse natural attractions, one of which is wildlife.

The fence, however, will reduce wildlife-viewing opportunities in the many national parks, monuments, refuges, wilderness areas and forests that garland the United States-Mexico border. And its effects will be felt far to the north and south, along the mountainous backbone of the continent, where conservationists have spent decades mapping and preserving migration corridors that allow the free movement of wildlife between the two nations.

Such ecological damage has already been seen around the world, where a variety of high, long fences have been constructed. In Botswana, for instance, the government erected fences, starting in the 1950s, to separate wildlife and livestock. As a result, at least 250,000 wildebeest, unable to reach water, perished from 1970 to 1984 and tens of thousands of antelope have died. In Asia, the migration of gazelles has been curtailed by the fence that the Chinese government built along the border with Mongolia in the 1990s. And in Australia, a 3,300-mile-long fence built in the 1950s to keep dingoes out of the southeastern part of the continent deprived kangaroos of their natural predator. Thus, the kangaroo population flourished, reducing the number of sheep the land could sustain, a result that the backers of the fence — sheep ranchers — neither foresaw nor intended.

Unfortunately, since the fence along the United States-Mexico border is designed to keep people out, it can't be outfitted with features that allow wildlife to migrate over and under livestock fences and highways. Let's hope that when it comes time to appropriate the money to build the entire fence, cooler Congressional heads will prevail. There are better ways to protect our borders than building a wall that people will inevitably find ways around but wildlife won't.

TAX:

IRS Urged To Go After EBay Sellers (SFC)

By Verne Kopytoff, Chronicle Staff Writer

San Francisco Chronicle, February 24, 2007

Tax experts say online auctions should report users' profits

When it comes to paying income taxes, eBay's legions of small-time entrepreneurs are on an honor system in which they are supposed to declare their profits to the Internal Revenue Service. Many users, however, ignore the law or are unaware of their obligation.

Now a growing chorus of tax experts is hoping to crack down on the cheating by requiring eBay -- and other online auctions, such as those on Yahoo, Ubid.com and Amazon -- to track users and report their gross sales to the federal government. Armed with such information, the IRS could better seek any taxes owed, potentially reaping millions of dollars in extra revenue for the U.S. Treasury.

But requiring eBay to out its sellers to tax collectors could send a shockwave across its vast online bazaar, where users trade everything from Ferraris to Ugg boots to pepper spray. Paying Uncle Sam could significantly reduce their profits or even make their businesses money-losers.

The latest call for more aggressive tax collection was heard last week at a congressional committee hearing focused on closing the tax gap, the hundreds of billions of dollars in taxes that go unpaid each year. Nina Olson, the national taxpayer advocate for the IRS, spoke of the heavy burden put on the nation by the shortfall and then cited undeclared online sales -- particularly on eBay, given its size -- as part of the problem.

"The IRS must have the tools needed to address under-reporting of this income," said Olson, whose job is to voice taxpayer concerns to the federal government.

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EBay, based in San Jose, has 97 million U.S. users, who, in 2006 sold $25.2 billion in merchandise, exceeding the gross national product of many countries. More than 720,000 Americans make their primary or secondary income from the Web site, according to a 2005 study.

How many eBay users pay the taxes they owe on their online earnings is unknown. But experts suspect the percentage is low.

Virtually all tax filers -- 96 percent -- pay what's owed on income that is reported to the IRS by a third party, such as when a bank reports interest earned on a savings account, according to the IRS. However, when a third party doesn't tip off the government, compliance drops dramatically, to below 50 percent.

The remedy, according to many federal officials, is to expand reporting requirements. The question is, which businesses and what kind of income should fall under the rules?

As part of his proposed federal budget for 2008, President Bush made what many believe is the first step to more vigorously collect taxes on online sales. Although vaguely worded, the proposal would require "brokers," or middlemen, to collect taxpayer identification numbers from clients and report their sales of personal property to the IRS on a 1099 form if sales surpass 100 transactions or more than $5,000 annually.

Under current law, eBay and other auction sites aren't considered brokers. But definitions can be changed.

In November, a citizen advisory group for the IRS recommended as much. Expanding the definition to include online auctions, the group said, would open the door to reporting and increased tax compliance.

Paul Heller, chairman of the citizen advisory group, made up of accountants and tax preparers, applauded the president's proposal, but called it so nebulous that it's unclear what kind of businesses he's targeting. Heller, a vice president for JP Morgan Chase, suspects that the provisions are at least partly aimed at Internet sales.

"I have no idea who it would be referring to," Heller said of the proposal, "if not online auctions."

Jennifer Zuccarelli, a spokeswoman for the Treasury Department, declined to name any companies the Bush proposal applies to. All she would say is that the provisions would affect both online and offline commerce, without discrimination as to the medium.

Other than Internet sales, tax experts said that art galleries and consignment stores could be potential targets of the Bush proposal.

Hani Durzy, a spokesman for eBay, insisted that his company would be unaffected if Bush's ideas are enacted as written. EBay doesn't meet the definition of a broker, he said, because it never takes possession of the merchandise its users sell.

In any case, Durzy said eBay doesn't even know whether any given transaction is completed and therefore can't report authoritatively about a user's sales to the IRS.

Simply reporting to the government, he added, would be a financial burden for his company.

David Yaskulka, marketing chairman for the Professional eBay Sellers Alliance, an industry group of more than 500 big eBay sellers, said it wouldn't bother him if eBay reported sales information about its users to the IRS. In his experience, big sellers already pay their fair share.

"Every professional seller I've ever talked to pays their taxes and has no problem with anyone finding out about the level of business they're doing," Yaskulka said.

His concern is that legislation will unfairly target eBay. All sales venues, online or off, should be treated the same, he said.

The next step for the proposed legislation, along with a number of other of Bush budget ideas, is to go through Congress, starting with the House Ways and Means Committee. Members are likely to address the issue during an upcoming hearing on closing the tax gap, tentatively scheduled for mid-March.

Matthew Beck, a spokesman for the committee's Democratic majority, declined comment, other than to say of the Bush proposal, "We certainly take that as a starting point, and we certainly look forward to addressing the tax gap."

CONGRESS-ADMINISTRATION:

Medicaid Cuts Would Cost Public Hospitals, Other Facilities (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, February 24, 2007

WASHINGTON — At a time when states are striving to expand healthcare coverage, the Bush administration is pressing ahead with plans to cut nearly $4 billion in aid for public hospitals and other providers of last resort for the uninsured.

The cuts would affect hospital funding provided by Washington as part of Medicaid, the federal-state program known in California as Medi-Cal. It serves more than 55 million low-income people, including the working poor, elderly nursing home residents with few financial resources, and many children of low-income parents. In addition, it has provided funds for hospitals and other healthcare institutions that serve large numbers of uninsured patients.

Public hospital officials said California institutions could lose $500 million a year under the reductions, with the Los Angeles County public health system taking an estimated annual cut of $200 million.

"It's equivalent to shutting down all the outpatient clinics we own and operate, as well as those we contract with in the community," said county health chief Dr. Bruce Chernof.

The cuts are prompting sharp protests from governors and dozens of lawmakers, partly because they represent an end run around congressional defenders of the aid program. After failing to get Congress to approve the reductions last year, the administration is now trying to impose them through a regulation that does not require action on Capitol Hill.

"The administration is moving forward with these proposed changes without any input from Congress or governors," the National Governors Assn. complained Friday in a letter to congressional leaders. In an unusually direct challenge to the administration, the governors asked Congress to pass legislation that would block the rule from going into effect.

Separately, some independent experts have questioned whether the administration has the legal authority to make unilateral cuts. The confrontation recalls other recent cases in which the administration has tried to impress its will on Congress. For example: White House "signing statements" attached to anti-terrorism laws that assert the president's right to carry out the legislation according to his judgment.

Defending their actions, administration officials said the new rule was aimed at preventing some states from gaming the system. States have sometimes used the hospital funding for the uninsured to leverage more federal funding, officials said. The rule would limit the kinds of institutions eligible for such funding, as well as the rates the federal government would pay.

The goal is straightforward, said one federal official. "It's a simple concept: You can't get paid more under Medicaid than it costs to serve patients who are eligible for Medicaid," said the official, who asked not to be identified because of the politically sensitive nature of the issue.

Hospitals use the federal funding to offset the cost of caring for the uninsured, who are often members of working families that make too much to qualify for Medicaid and too little to afford their own coverage. Trauma centers, neonatal intensive care units, emergency departments and burn units could be among those jeopardized by the cuts, hospital officials said.

Other proposed healthcare cuts are included in the regulation, bringing the total nationwide to about $5 billion.

Officials in Sacramento said that Gov. Arnold Schwarzenegger had expressed concerns to Washington about the cuts, but that the state had been assured that California would be exempt. The issue remains unresolved, and Schwarzenegger intends to pursue it when he visits Washington this weekend, said Michael Bowman, a spokesman for the state Department of Health Services.

Medicaid funding is governed by complex agreements between the states and the federal government, and federal officials say a deal negotiated by California last year already complies with the proposed regulation.

"We do not believe this rule would adversely affect" California's arrangement, said Mary Kahn, a spokeswoman for the federal Centers for Medicare and Medicaid Services. "It is in compliance with the rule."

But California hospital officials say the language of the regulation says nothing about an exemption for the state. They say their own lawyers analyzed the new rules and have concluded the state would be affected.

"We don't understand how the [federal government's] statements square with the actual language of the proposed rule," said Melissa Stafford Jones, president and chief executive of the California Assn. of Public Hospitals and Health Systems. "If [Washington] had stated in the rule itself that the proposed provisions would not apply to California, then perhaps we would come to a different conclusion."

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Regardless of how California's case is resolved, opposition to the cuts is unlikely to melt away. The federal regulation — published last month with little fanfare — would become final this summer and take effect Sept. 1. President Bush's budget assumes the cuts will go through. But the timing doesn't leave much opportunity for states to come up with funding alternatives.

"The proposed rule [is] a significant cost shift to states that governors strongly oppose," said the governors association letter.

Ultimately, the controversy could wind up in federal court. Some independent experts said the administration's own actions suggested a recognition that it might be on shaky legal ground.

"Why did they think they needed legislation last year, and this year they can do it by regulation?" asked Diane Rowland, executive vice president of the Kaiser Family Foundation and an expert on the healthcare safety net.

"Usually, an administration tries to use its regulatory authority first before going to Congress, so this is an interesting flip."

In Congress, lawmakers of both parties say they will try to pass legislation that would block the cuts from going into effect. Forty-three senators and 226 House members have signed letters indicating their opposition.

Cheney Remark Rankles Pelosi (WP)

By Michael Abramowitz, Washington Post Staff Writer

The Washington Post, February 24, 2007

Vice President Says He's Not Questioning Her Patriotism

Vice President Cheney refused to back down yesterday from his assertion that the Democratic approach to Iraq would "validate the al-Qaeda strategy," as he continued a transpacific war of words with House Speaker Nancy Pelosi (D-Calif.).

Speaking with ABC News during a visit to Australia, the vice president addressed the criticism of Pelosi, who earlier this week said that Cheney's remarks were "beneath the dignity of the debate we're engaged in." She also spoke with White House Chief of Staff Joshua B. Bolten to register her complaint.

"She accused me of questioning her patriotism," Cheney said. "I didn't question her patriotism. I questioned her judgment."

"Al-Qaeda functions on the basis that they think they can break our will. That's their fundamental underlying strategy: that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home," Cheney added. "And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of al-Qaeda. I said it, and I meant it."

Cheney has previously described Pelosi's strategy as wanting to "get out" of Iraq. Pelosi has spoken in favor of a phased withdrawal of U.S. troops, starting in four to six months, and shifting the primary U.S. role to training.

Brendan Daly, Pelosi's spokesman, said the speaker is "moving on" but said Cheney "would rather launch partisan political attacks than focus on the fact that the administration has failed to support our troops in the field with the equipment and training they need."

The Cheney comments were another example of how the vice president's posture regarding Iraq has been more aggressive than President Bush's in recent weeks. While Bush has acknowledged that his previous policy had been headed toward failure and has offered conciliatory words to Congress, Cheney has emphasized "significant progress" in Iraq and warned that the war cannot be run by committee.

The remarks also reflected Cheney's frequent suggestion that al-Qaeda is the United States' principal adversary in Iraq, a stance disputed by many experts inside and outside the government. A recent National Intelligence Estimate concluded that factors in Iraqi violence include "extensive Shia-on-Shia violence, al-Qa'ida and Sunni insurgent attacks on Coalition forces, and widespread criminally motivated violence."

Asked by ABC reporter Jonathan Karl whether he was "out of touch" with the grim reality in Iraq, Cheney indicated optimism. "I think the key to the issue right now is the security situation in Baghdad," the vice president said. "I think the Maliki government is off to a pretty good start. Only time will tell. I'm fairly optimistic that going forward with this strategy will, in fact, work."

Former president Jimmy Carter, in a separate interview with ABC, came to Pelosi's defense. "If you go back and see what Vice President Cheney has said for the last three or four years concerning Iraq, his batting average is abysmally low," Carter said

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in an interview to be aired tomorrow on "This Week." "He hasn't been right on hardly anything in his prediction of what was going to happen."

Cheney is on a week-long trip, with the main stops coming in Tokyo and Sydney, where he met today with Australian Prime Minister John Howard, a staunch U.S. ally. Howard told reporters that he raised concerns with Cheney about David Hicks, an Australian who has been imprisoned at Guantanamo Bay since 2002.

In the ABC interview, Cheney was also asked about a deal with North Korea in which the state agreed to shutter its main nuclear reactor in return for economic assistance from the United States. He contrasted that with a 1994 accord that has fallen apart, noting that the recent deal includes China, Japan, South Korea and Russia. "If you're going to be able to squeeze North Korea effectively to get them to change policy, China is in the best position to do it. And China is a part of this agreement," Cheney said.

The North Koreans carried out one of the initial steps in the agreement yesterday by inviting the top U.N. nuclear inspector to Pyongyang to begin talks. Mohamed ElBaradei, the director of the International Atomic Energy Agency, announced yesterday at a news conference in Vienna that, six years after his inspectors were thrown out, he would go to North Korea in mid-March to discuss "the shutdown and eventual abandonment" of North Korea's Yongbyon facility.

"I see this as a step toward the denuclearization of the North Korean Peninsula," he said.

Staff writer Dafna Linzer contributed to this report.

Democrats Offer Up Chairmen For Donors (WP)

By Jeffrey H. Birnbaum, John Solomon, Washington Post Staff Writers

The Washington Post, February 24, 2007

Party's Campaigns Had Faulted GOP For 'Selling Access'

Eager to shore up their fragile House and Senate majorities, congressional Democrats have enlisted their committee chairmen in an early blitz to bring millions of dollars into the party's coffers, culminating in a late-March event featuring House Speaker Nancy Pelosi and 10 of the powerful panel chairs.

In the next 10 days alone, Democratic fundraisers will feature the chairmen of the House's financial services panel and the House and Senate tax-writing committees. Senate Democrats also plan a fundraising reception during a major gathering of Native Americans in the capital Tuesday evening, an event hosted by lobbyists and the political action committee for tribal casinos, including those Jack Abramoff was paid to represent.

Critics deride the aggressive fundraising push as the kind of business as usual that voters rejected at the ballot box last November -- particularly the practice of giving interest groups access to committee chairmen in exchange for sizable donations -- but Democrats are unapologetic.

"Financial services companies are inclined to give to me because I'm chairman of the committee important to their interests," said Financial Services Committee Chairman Barney Frank, who will headline a breakfast Wednesday at a D.C. hotel, for which donations range from $1,000 to $15,000 for the Democratic National Committee. "I'm fundraising to give to others so I can help stay in the majority and do the public policy things I want."

Asked whether banking interests feel obligated to give to Democrats when he asks them for contributions, Frank answered: "Obligated? No. Incentivized? Yes." Frank said, however, that those donating "understand, and others do, too, that there are no guarantees of my doing what they want, or even my being pleasant."

"I'm getting a lot of fundraising invitations," said Robert E. Juliano, a Democratic lobbyist. "It's no different than any other year."

The invitation to Frank's DNC event, which notes in bold letters that the Massachusetts Democrat is chairman of the financial services panel, was sent to financial-industry lobbyists and financial companies, among others.

Earlier this month, Frank traveled to Charlotte, home to two of America's largest bank companies, for a similar fundraising breakfast, for a fellow Financial Services Committee member, Rep. Brad Miller (D-N.C.). Donors got to hear firsthand about Frank's plans for upcoming banking legislation. He assured attendees that more federal regulation of banking is on the way and that it will help banks to prosper.

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Financial interests will have several opportunities in the coming weeks to make contributions and attend events that will put them close to lawmakers important to their industries.

The leaders of the two tax-writing committees -- House Ways and Means Chairman Charles B. Rangel (D-N.Y.) and Senate Finance Chairman Max Baucus (D-Mont.) -- are planning a rare and expensive joint fundraising reception in New York on March 4. The event, which costs between $1,500 and $9,200 a person, is to be held at the Upper East Side home of public relations executive Howard J. Rubenstein.

The Democrats' push will culminate late next month when Pelosi and 10 of her chairmen huddle with donors at the Northern Virginia home of shopping-center developer Albert J. Dwoskin for an event to benefit the Democratic Congressional Campaign Committee.

The asking price for the March 21 dinner is $28,500 per couple, making it one of the Democratic Congressional Campaign Committee's highest-dollar fundraisers since new campaign finance limits were enacted in 2002.

In addition to Pelosi and Frank, other senior House Democrats slated to attend include John D. Dingell (Mich.) of the Energy and Commerce Committee, David R. Obey (Wis.) of the Appropriations Committee, Ike Skelton (Mo.) of the Armed Services Committee, John Conyers Jr. (Mich.) of the Judiciary Committee, George Miller (Calif.) of the Education and Labor Committee, and James L. Oberstar (Minn.) of the Transportation and Infrastructure Committee.

House Democrats hope to raise between $650,000 and $1 million for each of the party's most endangered Democrats in hopes of keeping the party in control of Congress.

The tactics are hardly new. Republicans aggressively used their committee chairmen -- and the promise of access to them -- to raise money from interest groups and lobbyists during the party's 12 years of congressional control. They tracked donations closely and pressed lobbying firms to hire GOP lobbyists through the "K Street Project," promising "intimate" issue briefings with the chairmen in return for big donations.

And the GOP is hardly sitting on the sidelines this year. Republicans are also using their top lawmakers on committees to haul in donations. Rep. John L. Mica (Fla.), the ranking Republican on Transportation and Infrastructure, is scheduled to headline a "transportation luncheon" fundraiser in coming days for fellow House Republican Jerry Moran (Kan.).

The event was originally scheduled to be held at a Capitol Hill townhouse owned by the American Trucking Association but has since been moved to a restaurant. Donors are being asked to contribute between $1,000 and $2,500.

Likewise, Rep. Peter T. King (N.Y.), the senior Republican on the Homeland Security Committee, is advertised as the featured guest at a "homeland security dinner" at the French-style Les Halles restaurant on Pennsylvania Avenue NW to help raise money for sophomore Rep. Michael McCaul (R-Tex.).

But it was in part a Republican lobbying scandal -- GOP lobbyist Abramoff's defrauding of Indian tribal clients and the subsequent investigation into his efforts to influence lawmakers with lavish gifts -- that gave Democrats their opening to regain control of Congress. Democrats took over in January after a campaign that accused Republicans of fostering a "culture of corruption" in Washington and "selling access" to lawmakers. Abramoff has been convicted of fraud, tax evasion and conspiracy and is in federal prison.

Now, with the tables turned, Democrats are courting Abramoff's most famous clientele -- Indian tribes.

The Democratic Senatorial Campaign Committee's upcoming fundraiser was planned to coincide with a meeting in Washington of the National Congress of American Indians. It is being hosted by a law firm that lobbies for tribal casinos and the National Indian Gaming Association's political action committee.

The association represents more than 100 tribes with casinos or gambling operations, including those Abramoff was paid to represent. Last year, former Abramoff clients such as the Saginaw Chippewa, Agua Caliente and Mississippi Choctaw gave money to fund the PAC.

Organizers with the gaming association said they had no confirmation as of yesterday whether any of the Abramoff clients would be attending the event, but Democratic fundraisers said they were still trying to organize a second donor event that could involve a few of the tribes that were entangled with Abramoff.

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Democrats reject any parallels to the Abramoff saga. "Abramoff was involved in a pervasive culture of corruption," said Matthew Miller, spokesman for the Democratic Senatorial Campaign Committee. "Native Americans have every right to participate in the political process just like Americans across the country do."

Government-watchdog groups are chagrined but not surprised by the rush of high-level Democratic fundraising. "Coming so close on the heels of winning last year's election based on changing the so-called culture of corruption in Washington, it's unseemly, but it's completely predictable," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. "Democrats, like the Republicans before them, need the cash to maintain their majority status, and when you are in the majority it is much easier to collect the money."

House Democrats' principal fundraiser, Rep. Chris Van Hollen (Md.), wrote a memo last month indicating that he wanted House members in difficult-to-defend seats to have $650,000 to $1 million in the bank by June 30 -- 16 months before Election Day -- in order to deter Republican challengers. Veteran fundraisers say that goal would be ambitious for the end of an election cycle, let alone the beginning.

Democratic spokesmen sought to portray the upcoming fundraisers as commonplace. "The senior Democrats on the committees and the leadership have always been very supportive of DCCC efforts," said Jennifer Crider, spokeswoman for the Democratic Congressional Campaign Committee.

Passenger Bill Of Rights May Cause Some Turbulence (LAT)

By Martin Zimmerman

The Los Angeles Times, February 24, 2007

Do airline passengers really need a bill of rights?

Recent incidents in which travelers were left stranded for hours on parked airplanes have led to proposals in Congress for time limits on ground delays. But skeptics say the proposals could result in even longer waits and more canceled flights.

"Be careful what you wish for," said David Stempler, president of the Air Travelers Association, a Washington-area lobbying group. "After three hours, they'll bring the plane back to the terminal, but then the flight might be canceled and you can't get to your destination."

And that prospect concerns travelers such as Lorna Davie, who sat on a parked JetBlue Airways jet for five hours during that airline's recent operational meltdown.

"It's a tough call," said Davie, who lives in Stamford, Conn. "People should be given the choice to get off the plane, but then you have to taxi back and let them get off, and those who want to continue on with the flight are further inconvenienced."

Calls for a federal law that would prevent airlines from keeping passengers on grounded planes indefinitely grew louder after a Valentine's Day ice storm shut JetBlue's New York hub. That resulted in some planes loaded with passengers sitting on taxiways and tarmacs for as long as 10 hours.

Sen. Barbara Boxer, D-Calif., introduced a bill, dubbed the airline passenger bill of rights, that would give passengers the option to return to the airport terminal after three hours. Rep. Mike Thompson, D-Calif., plans to introduce a similar bill next week.

Backers say legislation is needed to prevent a repeat of the JetBlue debacle, as well as a similar incident Dec. 29 when dozens of American Airlines flights were stranded on the ground for hours in various cities after thunderstorms shut down the Dallas-Fort Worth airport.

But some believe that setting a three-hour deadline could set off a ripple of unforeseen consequences.

Lengthy ground delays typically occur during severe weather, which can ground dozens of airplanes at a single airport. Planes have to wait in line for takeoff once the weather clears, and any plane that returns to the terminal loses its place and must, in effect, start over at the back of the queue.

The hours that commercial pilots can spend in the cockpit are strictly regulated. If time spent taxiing back to the gate or idling at the end of the takeoff line pushes a crew past its allotted duty hours, a new flight crew has to be brought in or the flight will be canceled.

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"Once you get out of line, you've got to go to the end of the line," said Vivian Lee, an airline analyst with Alliance Capital Management in New York. "Should all of the passengers on the plane be at the mercy of the person with the least amount of patience?"

Of the 121 American Airlines flights that were diverted Dec. 29, 47 planes that were on the ground for three hours or more eventually made it to Dallas-Fort Worth that night. Had the three-hour time limit been in effect, many of those flights probably would have spent the night at other airports.

For these reasons, the airline industry is pushing a proposal that would allow airplanes that have to return to the terminal after three hours to resume their original place in the takeoff queue.

Kate Hanni, the Napa, Calif., resident who is spearheading the grass-roots campaign for a passenger protection bill, fears that the industry is trying to derail meaningful consumer regulation in the same way it did in 1999, after the stranding of a Northwest Airlines flight on the ground in Detroit for several hours sparked a similar furor.

"Somehow, we have to keep the consumer at the forefront of the issue," said Hanni, who sat on an American Airlines flight in Austin, Texas, for eight hours Dec. 29.

Hanni's group, the Coalition for an Airline Passengers' Bill of Rights, has collected more than 13,000 signatures on its online petition, and she is hopeful that Congress will adopt a law that goes beyond the three-hour time limit to include such measures as a committee to investigate customer complaints.

To ease concerns about safety and ensure a measure of pilot flexibility, the bill co-sponsored by Boxer and Sen. Olympia J. Snowe, R-Maine, would allow exceptions to the three-hour time limit if safety or security were an issue or if the pilot determined that the flight would be allowed to take off within 30 minutes.

Thompson said he also was conscious of concerns about a ground-delay deadline.

"We certainly don't want to cause flights to be unnecessarily canceled," the congressman said Friday. "However, it's important that passenger are not held on planes for hours on end."

The Politics Of JetBlue (WSJ)

The Wall Street Journal, February 24, 2007

Right on cue, politicians are making a fuss about a "passenger bill of rights" and demanding Congressional intervention after last week's JetBlue airline debacle. The irony is that the marketplace is already moving to address the problem, and the government could really help by relaxing some of the rules that incentivize airlines to discomfit passengers in the first place.

On February 14, an ice storm obstructed travel throughout the Northeast. At New York's JFK International, JetBlue's central hub, nine aircraft were frozen to the tarmac for more than six hours each, some longer. The reverberations caused thousands of cancellations and delays throughout the JetBlue schedule.

Clearly JetBlue would have done better to offload the stranded passengers as the waits grew longer, and by its own admission the company's communications and contingency planning were lousy. But moving to regulate now, through the introduction of a legally binding "passenger bill of rights," would amount to closing the hangar door after the plane has pushed back. The market is already punishing JetBlue with damage to its image and bottom line. In atonement, CEO David Neeleman has introduced a new, retroactive "bill of rights" of his own that will offer refunds and free flights to tardy JetBlue fliers, depending on the severity of their delays.

Nevertheless, Congress senses an opportunity to pander. Barbara Boxer (D., Calif.) recently introduced a bill in the Senate to let passengers deplane if they have been held too long before takeoff. Mike Thompson (D., Calif.) intends to introduce a similar provision next week in the House, as well as mandates for minimum standards of comfort and service. Members are at least holding off on punitive compliance measures, but in Washington a consensus for some sort of action seems to be building.

The benefits of any such rules are speculative, but higher costs are certain. The airlines would face more paperwork, bureaucracy and cost -- and just wait until the trial bar piles on. These costs would be passed on to consumers whether they wanted these new "rights" or not.

Two years ago, the European Union handed down a suite of "transport directives," including one mandating compensation for delays or cancellations, so far without a marked improvement in either problem. European airlines, meanwhile, note that they

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have been saddled with billions in extra outlays. In the case of discount airlines, the minimum compensation for delays is often many times larger than the price of the original ticket.

Such regulation is both expensive and unnecessary. In 2006, according to the Department of Transportation, 75.4% of flights on U.S. carriers arrived within 15 minutes of schedule. Only 36 flights last year -- out of some 10 million flown -- left the gate and then waited more than five hours to take off.

For the record, most delays happen for three reasons, roughly distributed equally: errors on the part of the carrier; a jam-up caused by another plane; or a disruption due to the antiquated air-traffic-control system. When a flight is held up on the runway, FAA rules stipulate, it loses its slot in the takeoff line if it returns to the boarding gate, which is why the JetBlue planes were reluctant to turn back in the face of an indeterminate delay.

In hindsight, it's easy to say JetBlue waited too long, but we wonder how many passengers, offered a choice between the possibility of imminent clearance to take off and the certainty of many more hours in the terminal, would have opted for the departure lounge. A bill of rights mandating deplanings would take these decisions away from those trying, if sometimes futilely, to get their passengers where they're going as quickly as possible.

Ticket buyers who opt for low-fare airlines are generally aware that the choice comes with tradeoffs. JetBlue has supported its low-fare model in part by keeping its planes in the air, which has meant being reluctant to cancel flights. Until last week, that was an asset; it had found that passengers preferred to get to their destinations, even if late. Other airlines offer a different mix of conveniences, priorities and costs. This diversity is all to the good.

The self-styled consumer advocates who think that government action here will prevent a repeat of last week's debacle should be careful what they wish for. Meteorological mishaps can't be outlawed, and rules designed to address one situation will be found inappropriate when the next, no doubt different, crisis arises. Mr. Neeleman's solution of writing his own bill of rights has the virtue that consumers can decide for themselves if it meets their needs. If it doesn't, they'll book with someone else. And that's the most important right of all.

Better Pay For Judges (NYT)

The New York Times, February 24, 2007

Justice Anthony Kennedy of the Supreme Court told the Senate this month that the salaries paid to federal judges are so low that they threaten both the quality and independence of the judiciary. The problem is real, and Congress should quickly pass a bill to fix it.

Justice Kennedy gave some startling examples of judges who had left the bench in search of better-paying employment. In 2005, nine federal judges resigned or retired — the most in any single year. Four went to work for JAMS, a for-profit arbitration and mediation firm where, as Justice Kennedy noted, “they have the potential to earn the equivalent of a district judge’s salary in a matter of months.”

The $165,200 a year earned by a federal district court judge sounds like a lot. But it is not in the upper ranks of the legal world, from which the federal judiciary should be able to recruit new members. A district court judge’s salary is now about half of what a law school dean makes, and roughly what a starting lawyer makes at a top New York law firm. Since 1969, the real pay of federal district court judges fell by about 25 percent, while the real pay of the average American worker rose 18 percent. If judges’ pay had risen at the rate of the average worker, the $165,200 salary would now be $261,000.

One way the Constitution protects the independence of federal judges is by providing that — no matter whom the judges anger or disappoint — their compensation “shall not be diminished during their continuance in office.” But that independence is eroded when inflation erodes salaries and judges must go to Congress with hats in hand.

A bill to raise judges’ salaries would also be an ideal place to impose a much needed ethical reform: a ban on all privately financed “educational” junkets for judges. These trips, which are often paid for by groups that want to persuade judges to take a particular view of the law, inevitably raise worrisome questions about judges’ impartiality.

Capable, independent and impartial judges are essential to the workings of American democracy. Congress should come up with the money necessary to keep the judiciary strong.

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OTHER NEWS:

H&R Block, Roper Industries Rise (WSJ)

By Karen Talley

The Wall Street Journal, February 24, 2007

Lowe's Advances 3.9% On a Bullish Forecast; Microsoft Slides 1.7%

Though stocks pulled back Friday, Lowe's rose on comments on 2007 comparable-store sales, H&R Block advanced on plans to sell an ailing unit and Roper Industries gained on strong product demand.

Microsoft followed the market lower after a $1.5 billion jury decision, BEA Systems sold off on options issues and Circuit City Stores dropped on word of a key executive departure.

The Dow Jones Industrial Average lost 38.54 points, or 0.3%, to 12647.48, its third straight decline. The Nasdaq Composite Index dropped 9.84, or 0.4%, to 2515.10. The Standard & Poor's 500-stock index lost 5.19, or 0.4%, to 1451.19.

"There is Iran poking into our mind-set again, higher energy prices and continued housing issues," said Art Hogan, chief market analyst at Jefferies. "But it's healthy that we're seeing the market take a pause. Investors often wait for a pullback to get back in, so this retracement will offer an opportunity for those who have been on the sidelines."

Lowe's rose $1.30, or 3.9%, to $34.93. The home-improvement retailer said fourth-quarter earnings dropped 12% but conditions may be bottoming and comparable-store-sales performance should gradually improve throughout the year. For the week, Lowe's gained 5%.

Lowe's optimism didn't erase general skepticism about the housing industry, and the session saw broad selling in the sector. Home Depot, Lowe's chief rival, lost 22 cents to 40.96. Mortgage lender Countrywide Financial declined 81 cents, or 2%, to 39.33; home builder NVR fell 35.40, or 4.9%, to 687.50; and mortgage-buying giant Fannie Mae dropped 66 cents, or 1.1%, to 59.49.

H&R Block rose 43 cents, or 1.9%, to 22.85. The largest U.S. tax preparer swung to a third-quarter loss on costs tied to its struggling subprime-mortgage operation but said it expects to sell the unit for at least $1.3 billion.

Roper Industries gained 3.72, or 7.2%, to 55.14, a record close. The industrial manufacturer reported a big increase in fourth-quarter orders for its products and voiced optimism for 2007.

Microsoft (Nasdaq) lost 49 cents, or 1.7%, to 28.90, the industrial average's biggest percentage decliner. Alcatel-Lucent's American depositary shares gained 22 cents, or 1.7%, to 13.36. Microsoft was told to pay $1.52 billion to compensate Alcatel-Lucent for patent infringements related to MP3 technology.

BEA Systems dropped 1.25, or 9.5%, to 11.95, among the top Nasdaq percentage decliners. The business-software maker reported fourth-quarter and fiscal-2007 revenue but said it wouldn't give earnings results because of an ongoing internal review of its stock-option grants.

Circuit City dropped 39 cents, or 1.9%, to 20.39 on news that the electronic-product retailer's chief financial officer is leaving.

Nymex Holdings lost 2.17, or 1.5%, to 138.61. The owner of the New York Mercantile Exchange said it is considering a secondary offering of shares of common stock.

KLA-Tencor (Nasdaq) gained 1.91, or 3.7%, to 54.16. The chip-equipment maker plans an accelerated share repurchase program in which it will buyback $750 million of its common stock.

Whole Foods Market (Nasdaq) slipped 1.64, or 3.1%, to 50.47. Shares rose 14% on Thursday when the health-food chain agreed to acquire small-cap Wild Oats Markets in a $565 million.

Rising Oil Prices, Lenders' Woes Give Dow Worst Week Since Mid-Aug. (WP)

By Associated Press

The Washington Post, February 24, 2007

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NEW YORK, Feb. 23 -- Stocks ended a lackluster week with a moderate decline Friday as higher oil prices worried investors and Treasurys rallied over concerns about a meltdown in the subprime mortgage market, in which companies offer loans to those with spotty credit.

It was the worst week for the Dow Jones industrials since mid-August, as the average fell 38.54, to 12,647.48. Broader stock indicators also fell. The Standard & Poor's 500-stock index fell 5.19, to 1451.19. The Nasdaq slipped 9.84, to 2515.10.

For the week, the Dow fell 0.94 percent, the S&P 500 fell 0.35 percent and the Nasdaq composite rose 0.75 percent.

The pullback followed several mixed sessions in which the tech-dominated Nasdaq composite index showed gains but blue chip stocks declined, in part because of inflation concerns. Bond prices rebounded from a sell-off a day earlier, as investors sought quality because of concerns that subprime lenders would be forced to book big write-downs because consumers would not be able to keep up with mortgage payments. The yield on the benchmark 10-year Treasury note fell to 4.67 percent from 4.73 percent Thursday.

"The defaults that you're seeing in the subprime market are a bit of a wake-up call for investors. I think you're going to see a continued flight to safety," said James Sonneborn, wealth manager at RegentAtlantic Capital.

Oil closed at its highest level of the year, eclipsing a year high set Thursday. Light, sweet crude settled up 19 cents at $61.14 on the New York Mercantile Exchange. For the week, oil prices were up 3 percent.

Gold Nears The $700 Level, Helped By Crude-Oil Gains (WSJ)

By Allen Sykora

The Wall Street Journal, February 24, 2007

Speculative buying sent gold futures inching back toward the psychologically important $700 level on Friday.

The nearby-month February contract added $3.70 to $683.10 an ounce on the Comex division of the New York Mercantile Exchange. Most-active April gold rose $3.70 to settle at $686.70. It peaked at $691.90, its strongest level since July.

At its high, April gold was up $32.90, or 5%, from the low for the week of $659 hit Tuesday.

"There has been some very aggressive fund buying over the last three days," said Bernard Hunter, director of precious metals at Scotia Mocatta. He described the market as "fairly one-way" and "really dominated" by the funds.

The metal was helped by technical chart-based buying and stronger oil, with April crude hitting $61.80 a barrel, its strongest level since Jan. 3. Also, the dollar sagged, which tends to help gold.

Crude backed down from its highs, limiting gold's gains for now. All eyes will be on the psychological $700 level in the coming week, however. Gold shot above here in May for the first time since 1980, before correcting lower over the last several months.

"The speed of gold's recent rally does leave the metal vulnerable to a correction; however, $700 and possibly beyond seem inevitable before this occurs, while our target of $800-plus later in the year remains on course," said a research note from James Moore, precious-metals analyst with TheBullionDesk.com.

In other commodity trading:

CRUDE OIL: Futures settled at a nine-week high as gasoline futures continued advancing and traders focused on plunging U.S. petroleum-product stockpiles and recent refinery and pipeline glitches around the country. April crude oil on the Nymex gained 19 cents to $61.14 a barrel, its highest close since Dec. 22.

NATURAL GAS: Futures ended slightly higher after trading lower most of the day ahead of contract expiration Monday, and as traders awaited more details on the weather. March natural gas on the Nymex settled 2.8 cents higher at $7.755 a million British thermal units, its highest close since Feb. 9.

Dollar Declines On Rate Worries (WSJ)

By Dan Molinski

The Wall Street Journal, February 24, 2007

The dollar exited lower across the board Friday amid concerns that interest rates will rise in Europe but could remain frozen or even decline in the U.S.

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Dollar sentiment turned negative as investors, who a day earlier had pared expectations for Federal Reserve rate cuts, began to waffle. Dollar gains earlier in the week, based on slightly higher-than-expected inflation figures, were deemed overdone and investors began selling dollars to book profits.

"There are still some concerns about the structural outlook for the dollar, in terms of interest rates," said Daniel Katzive, foreign-exchange strategist at UBS.

The dollar could retreat further if the market, which is looking for the Fed to cut rates in the fourth quarter of 2007, moves up its expectations to an earlier date, said Mr. Katzive.

Higher oil prices Friday also weighed on the greenback as higher energy costs could place more strain on a U.S. economy that's already dealing with a softening housing market and a weak manufacturing sector. The price of a barrel of crude settled at a 2007 high above $61 in New York.

The rise in oil prices came amid lower U.S. supplies and a row with oil-producing Iran after the United Nations nuclear watchdog agency Thursday said Tehran had failed to comply with a deadline to stop nuclear enrichment.

Late Friday in New York, the euro stood at $1.3166 from $1.3124 late Thursday, while the dollar was changing hands at 121.09 yen versus 121.58 yen. The euro traded at 159.43 yen versus 159.56 yen late Thursday. The dollar was at 1.2330 Swiss francs versus 1.2384 francs, while sterling was at $1.9635 versus $1.9564 late Thursday.

During London trading Friday, the dollar advanced some against the euro after data showed business confidence in Germany was a bit less than expected. But the greenback quickly reversed itself as analysts digesting the data said it doesn't change consensus view that the European Central Bank in March is likely to lift its key lending rate to 3.75% from the current 3.50%.

Higher local interest rates tend to boost a currency because investors' in those currencies are paid higher returns. The Fed's benchmark rate currently stands at a relatively high 5.25%.

Meanwhile, a report Friday showed the United Kingdom economy expanded above trend in the final quarter of 2006, which gave sterling a boost and provided marginal help to other European currencies as well.

"The [gross domestic product] data out of the U.K. continue to argue for further rate hikes ahead and our house view remains that the Bank of England will hike next at its May meeting" by a quarter point, said analysts at ABN Amro Bank in an email note.

States Set Big Spending Plans As Washington Preaches Austerity (WSJ)

By Christopher Cooper

The Wall Street Journal, February 24, 2007

Washington may currently be focused on fiscal austerity. But a major spending spree is shaping up in the states, as local legislators abandon a half-decade of fiscal conservatism to pursue bigger budgets.

From New York to Montana to California, states are proposing budget increases that outpace inflation and far exceed the 1% rise in domestic outlays -- outside of defense and homeland security -- that President Bush recently proposed in his fiscal 2008 federal budget. In Montana, Gov. Brian Schweitzer is cutting taxes and boosting spending by 26% over two years, including $100 million for new "meth prisons" that blend incarceration with intensive drug rehab for those convicted of methamphetamine crimes. In Vermont, Gov. Jim Douglas wants to borrow $40 million to create "the nation's first e-state," where free wireless broadband is available to all. And in Arizona, the only dispute between a Democratic governor and a Republican legislature over a half-billion-dollar road-repair program is whether to borrow the money or pay cash.

The binge is bipartisan. Last year, the Massachusetts legislature approved a $1.56 billion universal health-care plan under Republican Gov. Mitt Romney, who is now running for president. This year, at least ten states -- most notably Republican Arnold Schwarzenegger's California -- are weighing similar programs.

But that's just one of many areas where state governments are seeking to expand services that were long considered distant dreams by advocates. Universal prekindergarten is being championed by several incoming Democratic governors, such as New York's Eliot Spitzer, Deval Patrick of Massachusetts and Mike Beebe of Arkansas. Democratic leaders in Colorado and

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Pennsylvania and several other states want to create funds for state "energy independence." Many of these proposals will be topics of conversation at the National Governors Association's annual meeting, which begins in Washington today.

The new state activism is driven in part by the Bush administration's budgetary focus on Iraq, defense and homeland security, which leaves states to grapple with domestic concerns on their own. Higher tax receipts and growth in energy royalties, from higher oil and natural-gas prices, have also left many states flush.

But even states faced with declining revenue are mulling ways to ramp up spending -- not with unpopular tax increases, but by privatizing valuable public assets in return for big slugs of cash. Michigan and Illinois, among others, are looking at selling off their lotteries, while Missouri is considering doing the same with its student-loan portfolio.

The growing popularity of health-care programs and higher teacher salaries raises the risk that states, giddy from surging revenue, may be in danger of expanding beyond their means, using short-term windfalls to create new long-term obligations at a time when tax increases remain unpopular with voters.

It was just a few years ago that states last found themselves in financial dire straits. In the early 2000s, many state governments were hit hard by recession and constitutional requirements to balance budgets. Reluctant to unwind fresh tax rollbacks, states were forced not only to cease creating new services but also to cut back on many basics, such as road repairs and prisons. In 2003, the National Governors Association reported that states collectively were undergoing the worst budget crisis since World War II.

Even after their economies and revenue streams recovered in the middle part of the decade, state governments concentrated on building surpluses and kept spending relatively in check. But now, many states are returning to their old ways: along with spending more, several governors are proposing hefty tax cuts as well.

Like many governors, Arizona Democratic Gov. Janet Napolitano faced a looming budget shortfall -- $1 billion in her case -- when she took office in 2003. Now, thanks to strong economic growth, surging sales-tax revenue and low unemployment, the state has $650 million in reserves. For fiscal year 2008, Ms. Napolitano has proposed a $10.4 billion budget that calls for a 6.9% increase in spending on top of the 18% increase last year.

The extra money allows Ms. Napolitano to put tens of millions of dollars toward her priorities: pay raises for teachers, 12% more for state universities, and $60 million for projects to train and attract high-tech workers and businesses. "Somewhere out there is the next Microsoft," Ms. Napolitano said. "I'd just as soon that it be in Phoenix or Tucson."

Montana's Mr. Schweitzer, who also faced an austere outlook when he first took office, is now enjoying a $1 billion surplus, largely due to higher tax revenues on capital gains and energy production. As he sees it, states spend nearly all of their money to "educate, medicate and incarcerate." His two-year, $7.7 billion budget boosts spending on all three. Legislative analysts peg the budget increase at 26%; Mr. Schweitzer excludes the rainy-day fund and payments towards pension obligations and says the jump is closer to 13%.

The state's prison system will see one of the largest increases. Mr. Schweitzer says Montana leads the nation in the per-capita number of citizens incarcerated. Because the vast majority of those are for drug-related crimes, he's proposing a program that would marry the state's prison system with its Department of Health.

The resulting "meth prisons," as he calls them, would combine incarceration with intensive rehab programs, which he says would allow for more early releases and, over the long term, would lower the state's cost of maintaining its prisoners. It's an unusual idea, and one he says that the federal government is unlikely to help finance. "The feds aren't really interested in new and novel things," he says.

Mr. Schweitzer's budget also offers about $150 million in tax cuts and a $170 million capital construction program. "The best part is I don't have one dollar of bonding in my program," Mr. Schweitzer said. "We're paying cash."

Another reason states are loosening their purse strings is to compensate for a sustained decline in federal revenue sharing. In the past, the federal government could often be relied on to help finance big projects such as highways and new state initiatives, such as antipoverty programs. But the days of expanding federal revenue sharing have been on the wane for years. And the Bush administration, with its focus on war and antiterror spending, has shown little interest in supporting these efforts.

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In fact, governors and others say they expect cutbacks in federal support. "I don't think anyone feels the federal government is going to be a source of revenue increases any time in the near future," says Robin Prunty, a credit analyst, who specializes in state finances for bond-rating firm Standard & Poor's Corp.

In New Mexico, Democratic Gov. Bill Richardson, who is running for president, is proposing a $5.7 billion budget, 11% bigger than last year's. The spending plan not only provides more than $100 million in raises for school employees, but includes some projects he had originally intended to supplement with federal grants, such as the state's commuter-rail system. "We had a commitment from the feds for $65 million but we haven't seen it yet, so I'm putting it in my own budget," Mr. Richardson says. His budget also includes a $77 million proposal to expand health care.

In many states, universal-health-care proposals are potentially the most expensive propositions, and none top the gargantuan plan offered by California's Mr. Schwarzenegger. His $12 billion health-care plan would insure an estimated 6.5 million people by imposing new fees on doctors and hospitals and giving $1 billion in tax breaks to individuals who purchase their own health insurance.

Mr. Schwarzenegger is touting his plan over the objections of many legislators in his own party, who argue that the program will cause budgetary havoc if the state's economy sours.

It wouldn't be the first time an ambitious insurance plan created fiscal problems for a state. Tennessee launched such a plan in 1994 but was forced to painfully unwind the program in 2005, when it had grown into a $7.8 billion behemoth that accounted for nearly a third of all spending and threatened to throw the state into deficit. The biggest contributor to costs: insuring middle-aged citizens, especially those with pre-existing medical conditions. They were the first of the estimated 170,000 Tennesseans to be tossed out of the program.

Scott Pattison, executive director of the National Association of State Budget Officers, says the Tennessee experience is unlikely to be an anomaly. While it's relatively cheap to insure healthy children, "a 52-year-old diabetic is a lot more expensive to cover," he says.

To be sure, some states, fearing a quick reversal of fiscal fortunes, are trying to keep a lid on spending. In Alaska, a state that derives much of its revenue from oil royalties, high energy prices are expected to increase general-fund revenue to $5 billion this year, from $2 billion in 2003. Yet freshman Republican Gov. Sarah Palin vowed to limit budget growth to $3.3 billion, up less than 3% from this year. She points to a recent legislative report that predicts falling energy prices will result in declining revenue for the state as early as next year and a potential $1 billion deficit by fiscal 2010.

Already, there are indications that the flush times are ending. One early sign: by late 2006, nearly a third of those states participating in an annual survey by the National Conference of State Legislatures -- 14 of them -- were either experiencing or expecting to see a decline in revenue. Moreover, the group says, for the first time in years, projected spending increases this year seems likely to outstrip revenue growth, with outlays expect to rise 7.5%, and receipts, just 3.1%.

The obvious solution to flagging revenue is new taxes. But while many governors seem disposed to spend more, those same politicians remain largely conservative on taxes. Big increases, particularly on broad levies like income and sales taxes, are still considered political suicide. Instead, states from Arizona and Montana to New York, Florida and New Jersey have enacted or are considering tax rollbacks.

Many states are looking at other ways to raise cash. In Massachusetts and New York, Messrs. Patrick and Spitzer are toying with the idea of legalizing gambling to raise money. In New Jersey, which already has legalized gambling, Democratic Gov. Jon S. Corzine is entertaining a wager of another sort: leasing a portion of the state's turnpike to a private company in order to raise cash. Governors in Pennsylvania and Texas are considering similar proposals.

The schemes can be a windfall for states: In Indiana last fall, Republican Gov. Mitch Daniels essentially sold Interstate 85 under a 75-year lease that garnered a $3.8 billion cash payment. Now he is proposing to lease the state's lottery in return for a similar windfall -- as are several other states, including Illinois, Texas and New Jersey.

But lease deals have proven controversial. Critics fret that states won't properly value the assets or will strike deals that somehow hinder future growth. Chief among the critics is the Owner-Operator Independent Drivers Association, a trucker lobby. The lease deals being considered involve sections of some of the nation's busiest roadways. Because the deals almost always

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include provisions that bar states from building new roadways that might compete with the toll routes being sold, future gridlock is all but assured, the group says.

In some states, there's plenty of cash -- at least for the moment. In Arizona, Ms. Napolitano finds herself allied with the conservative Goldwater Institute as she tries to beat back a proposal by the Republican-dominated legislature to raid the state's rainy-day fund for a $400 million road-improvement program. Like her Republican brethren, Ms. Napolitano wants to fix the roads. But she would rather borrow the money and keep the $650 million rainy-day account for the economic downturn she assumes is all but inevitable.

"When I came in, we had no rainy day fund," says Ms. Napolitano. "I wouldn't wish that on anybody."

Voting Machines Found Not At Fault In Fla. Election (WP/AP)

By Associated Press

The Washington Post, February 24, 2007

TALLAHASSEE, Feb. 23 -- An audit of touch-screen voting machines at the center of a dispute in a congressional election found no evidence of malfunction, Florida's secretary of state said Friday.

The audit was conducted after more than 18,000 ballots were cast in Sarasota County without a selection in the District 13 congressional race in November between Republican Vern Buchanan and Democrat Christine Jennings. Buchanan was the certified winner by 369 votes, but Jennings sued, alleging that the machines malfunctioned.

Third-party voter advocate groups, along with Jennings, have been asking to examine the machines' source code or programming chips to find out whether they malfunctioned. The audit report released Friday said an independent study of the source code of the machines used in the election found no evidence of malfunction.

"Governor [Charlie] Crist and I are committed to ensuring that every Floridian's vote is counted, and I am confident that the race in Sarasota County was fair and accurate," Florida Secretary of State Kurt Browning said in a statement about the official audit report.

Buchanan was seated in Congress in January, but Jennings has yet to concede the race.

Jennings spokesman David Kochman said in a statement that the audit was flawed.

Panel Cites Voter Error, Not Software, In Loss Of Votes (NYT)

By Christopher Drew

The New York Times, February 24, 2007

Florida election officials announced yesterday that an examination of voting software did not find any malfunctions that could have caused up to 18,000 votes to be lost in a disputed Congressional race in Sarasota County, and they suggested that voter confusion over a poor ballot design was mainly to blame.

The finding, reached unanimously by a team of computer experts from several universities, could finally settle last fall's closest federal election. The Republican candidate, Vern Buchanan, was declared the winner by 369 votes, but the Democrat, Christine Jennings, formally contested the results, claiming that the touch-screen voting machines must have malfunctioned.

Legal precedents make it difficult to win a lawsuit over ballot design, but a substantial error in the software might have been grounds for a new election.

The questions about the electronic machines arose because many voters complained that they had had trouble getting their votes to register for Ms. Jennings, and the machines did not have a back-up paper trail that might have provided clues about any problems. The report said some voters might have accidentally touched the screen twice, thus negating their votes, while most of the others probably overlooked the race on the flawed ballot.

Still, the difficulty in resolving these complaints has helped fuel a drive in Congress to ban the paperless machines. Voting experts said the audit of the software code also was the first time any state had gone to such lengths to resolve a close election.

While some voters in Sarasota bristled yesterday at the idea that they had done anything wrong in casting their votes, or that nearly 13 percent of all voters could have failed to spot the race on the ballot, members of the investigative team said that those remained the only plausible theories.

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The report acknowledged that the huge undervote — in which voters cast a ballot in other races but not for the Congressional seat — was both "abnormal and unexpected." But it said that all eight members of the investigative team, including some experts who have long been skeptical about the paperless machines, agreed that the basic programming "did not cause or contribute to" the loss of votes.

The study suggested instead that the confusion over the ballot design, which had also drawn complaints from voters, probably accounted for the bulk of the problem, much as the infamous "butterfly ballot" distorted the vote in Palm Beach County, Fla., during the 2000 presidential election.

In the Sarasota race, the names of Mr. Buchanan and Ms. Jennings were sandwiched between larger lists of candidates for the United States Senate and for governor. The House race was also squeezed in at the top of a ballot screen, and it lacked the kind of colorful headings that highlighted the other races.

Ms. Jennings said in an interview yesterday that further investigation should still be done. Hayden Dempsey, a lawyer for Mr. Buchanan, who was seated in the House last month pending the outcome of the challenges, said the state had now "looked at every aspect of the election and found nothing wrong."

Clare Ward-Jenkins, a Sarasota resident who had trouble registering her vote, said she felt insulted by the report's implication that "we're too stupid to know how to vote."

Ms. Ward-Jenkins and more than 100 other voters contacted The Sarasota Herald-Tribune shortly after the election to complain that even though an "X" appeared on the touchscreen when they pressed the box for Ms. Jennings, their votes had disappeared by the time they got to a final screen for reviewing their choices. Ms. Ward-Jenkins and most of the others said they had to go through the process at least one more time to make their votes stick, raising concerns in the Jennings camp that other voters might have failed to notice similar problems that voided their ballots.

The report also left open the possibility that aging hardware could have caused isolated problems. But the investigative team leader, Alec Yasinsac, a computer science professor at Florida State University, and David Wagner, a professor at the University of California, Berkeley, both said in interviews that if there had been any widespread problems, they would have affected other races as well.

"I'm persuaded that this wasn't caused by machine failure," Professor Wagner said.

But other voting experts said that because the machines used in the election have been sequestered by a court, only a portion of them have been examined closely.

The software experts said they also found several security vulnerabilities in the programming for the voting machines, made by Election Systems and Software in Omaha. But the report said there was no evidence that any of them had affected the Sarasota race.

Edward W. Felten, a Princeton University computer scientist, wrote last night that the security weaknesses need to be fixed before this type of machine is used again. He also wrote: "The study claims to have ruled out reliability problems as a cause of the undervotes, but their evidence on this point is weak, and I think the jury is still out on whether voting machine malfunctions could be a significant cause of the undervotes."

David Dill, a Stanford University professor who has been critical of the machines, added that the study "is an admirable, but limited, piece of work" and could not rule out all possible errors.

Vilsack Drops Out Of Prez Race (DMR)

Des Moines Register, February 24, 2007

Former Iowa Gov. Tom Vilsack withdrew as a candidate for the 2008 Democratic presidential nomination today, saying he could not raise enough money to compete with his nationally known rivals.

"This process has become to a great extent about money, a lot of money," Vilsack said during a late morning news conference at his campaign headquarters in Des Moines.

"And it is clear to me that we would not be able to continue to raise money in the amounts necessary to sustain, not just a campaign in Iowa and New Hampshire, but a campaign across this country," he said. "So it is money and only money that is the reason we are leaving today."

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The news ends Vilsack's bid less than four months after he launched a federal campaign organization on Nov. 9.

Polls showed Vilsack trailing three better-known candidates in Iowa, scheduled to host the leadoff presidential nominating caucuses in less than 11 months.

However, Vilsack said in bowing out today that he had developed an Iowa organization that put him in a position to win the caucuses.

With his wife, Christie, and two adult sons at his side, he thanked his staff and key supporters. The campaign had seven field offices throughout the state and had put out a statement this month claiming the campaign had 1,000 activists who had promised to caucus for the former governor.

Former North Carolina Sen. John Edwards has led in early Iowa polls, followed by Illinois Sen. Barack Obama and New York Sen. Hillary Clinton.

Vilsack raised more than $1 million between his campaign launch in November and the end of the year, most of which came in a fund-raiser held in Des Moines during his ceremonial kickoff week.

But Clinton, Obama and others are expected to have raised much more since launching their campaigns last month.

The Iowa polls were also a factor, he said. Vilsack said it had been difficult to tell potential donors "that you're not the prohibitive favorite in the caucus process."

Vilsack declined to say whether he would endorse one of his former rivals. But he advised the still large field of candidates organizing in Iowa to avoid blockbuster campaign events and meet party activists one-on-one.

"Here's my hope and my prayer, that you understand that it isn't just about large crowds. It isn't just about the cameras," he said, speaking to the Democrats who remain in the race. "It's about ordinary folks in living rooms, and kitchens and church basements, who genuinely care about this country who need to be listened to and need to have an opportunity to interact with candidates."

The former Mount Pleasant mayor and state senator, who won an unlikely

victory to governor in 1998, said the outsider campaign he launched on Nov. 9 was his life's first undertaking where hard work was not enough.

He affirmed the two major policy positions he had outlined in recent weeks: One calling on Congress to cut off money to support the Iraq war and the other, a detailed 50-year plan to convert the nation's energy system to renewable sources.

Vilsack said public financing for campaigns would have put him on a more level playing field with his better-financed rivals.

"I think we have to have a real debate about public financing and the ability for the primary and caucus process to be about ideas," he said.

Vilsack, First Democrat In, Is Quickly Out (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 24, 2007

Former Iowa Governor Cites Financial Demands in Ending Bid for Presidency

Former Iowa governor Tom Vilsack, the first Democrat to announce a 2008 candidacy for the White House, abruptly dropped out of the race yesterday, a victim of the prodigious fundraising demands of an early-starting campaign and the star appeal of rivals Sen. Hillary Rodham Clinton (D-N.Y.) and Sen. Barack Obama (D-Ill.).

"This process has become to a great extent about money -- a lot of money," Vilsack said at a news conference in Des Moines yesterday. "And it is clear to me that we would not be able to continue to raise money in the amounts necessary to sustain not just a campaign in Iowa and New Hampshire but a campaign across this country. So it is money and only money that is the reason that we are leaving today."

Vilsack, who called for a swift end to the Iraq war and proposed an ambitious plan for reducing dependence on foreign oil, was considered a long shot for the nomination, so his early departure does not fundamentally change the shape of the Democratic contest. But it does change the dynamic in Iowa, the state whose caucuses will kick off the nomination battle early next year.

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Rival campaigns immediately began scrambling for endorsements of Iowa elected officials and prominent party activists and to hire Vilsack staff members. Clinton's team was on the phone reconnecting with Iowa activists with whom she and her husband, former president Bill Clinton, have had relationships dating back years. Obama made calls into both Iowa and New Hampshire to speak with Vilsack supporters, encouraging them to join his campaign.

None of the other candidates had conceded Iowa to Vilsack, as Democratic candidates did in 1992 when Sen. Tom Harkin of Iowa was seeking the Democratic nomination. But Vilsack's presence in the race -- he had vowed to win the caucuses when he launched his campaign -- offered at least a thin rationale for a poor finish by those in the top tier of the Democratic field.

For the leading candidates -- Clinton, Obama and former senator John Edwards of North Carolina -- that excuse is now gone, adding to the pressure on each of them to organize the state as early as possible or risk an embarrassing finish, Democratic strategists said yesterday.

Vilsack's decision underscored the enormous financial challenges facing lesser-known candidates as they compete for contributions against Clinton and Obama. It also highlighted how the intense start to the 2008 campaign has dramatically escalated the cost of running, even in the opening months of competition.

In past years, candidates rarely dropped out until they had spent three to six months trying to raise money. This year, however, candidates have been forced to build larger campaign operations and begin serious organizing earlier than ever.

"This is a nomination process on steroids," said Josh Earnest, Vilsack's press secretary. "It started earlier than anybody expected, and it's requiring more money than ever before."

Jerry Crawford, one of the leading Democratic strategists in Iowa, said everyone knew that Clinton would be a formidable fundraiser, but "when Obama got in the race, it just took all the cash out of the room and all of the fundraisers out the room."

Vilsack formally launched his candidacy Nov. 30 and raised about $1.13 million by year's end. Aides said he was on track to add only about $1.3 million more by the end of the first quarter -- an amount Obama raised at a Hollywood fundraiser on Tuesday -- and already was in debt.

Strategists predicted yesterday that the same problem could befall other second-tier candidates -- particularly later this year, a point when fundraising generally becomes more difficult for most campaigns.

Vilsack served two terms as governor of Iowa and developed a reputation as one of the most thoughtful students of public policy among the nation's governors. He served as chairman of the Democratic Governors Association and was a leading voice in the National Governors Association.

Vilsack Ends Bid For Presidency (NYT)

By Jeff Zeleny

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — Former Gov. Tom Vilsack of Iowa ended his candidacy for the Democratic presidential nomination on Friday, saying the crowded field had made it impossible for him to raise enough money to remain competitive in an accelerated coast-to-coast campaign.

After making his announcement, Mr. Vilsack spent the afternoon taking calls from former rivals. They sent their best wishes, even as they began seeking his endorsement in Iowa, where the caucus early next year will kick off the process of selecting a nominee.

“I’m not thinking about that today,” Mr. Vilsack said in a telephone interview, pausing for a moment after juggling a string of calls from a variety of suitors, including Senators Hillary Rodham Clinton and Barack Obama.

Candidates also issued statements praising his candidacy.

Mr. Vilsack was the first Democratic candidate to enter the 2008 race, opening his campaign on Nov. 30 as the not-from-Washington candidate who pledged to renew a forgotten sense of community across America. He also became one of the most outspoken critics of the Iraq war and called for an immediate withdrawal of American troops.

But Mr. Vilsack, 56, said he struggled to compete financially in a field of nine candidates, particularly as California, Texas, Florida and Illinois are among the states working to move up the dates of their primary elections next year and candidates are

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expected to campaign earlier in these states. Already in debt, he said he wanted to abandon his bid before his finances worsened.

"So much of this process now is about perception and money," Mr. Vilsack said, lamenting the end of the days when a long-shot candidate could prosper by courting one voter at a time. "In a setting where you have thousands of people in a convention center, it's hard to develop a relationship or intimacy."

Earlier, at a news conference in Des Moines, he said: "I came up against something for the first time in my life that hard work and effort couldn't overcome. I just couldn't work harder, couldn't give it enough."

The scramble set off by his announcement was not only for Mr. Vilsack's endorsement, but also for his Iowa advisers and supporters, all of whom are seen as immensely valuable to other candidates. Officials from at least four other campaigns called the Vilsack headquarters on Friday, searching for a staff list.

Monica Fischer, a top Iowa activist and Vilsack loyalist, said: "It is a whole new day in Iowa. It's a sad day for the people who supported him, but it opens everything up for the caucuses now."

Ms. Fischer added, "Everybody will be waiting to see who he supports and where his supporters and staff go."

In the three months of his candidacy, Mr. Vilsack faced a burden unlike that of any other person in the race: persuading voters in his own state to view him as presidential material. The steady parade of high-profile, well-financed rivals in his own backyard complicated his efforts.

Still, Mr. Vilsack's decision to end his campaign startled many of his admirers in Iowa and across the country. Only two days ago, he appeared alongside his fellow Democratic candidates at a forum in Nevada, and he was scheduled to attend a campaign rally Friday evening in Iowa.

But early Friday morning, he began making calls to party officials and supporters, saying his campaign was spending more money than it was taking in. A few hours later, at his news conference, he criticized the intense focus placed upon fund-raising and urged candidates to continue on-the-ground campaigning in early voting states.

"It is money and only money that is the reason we are leaving today," Mr. Vilsack said, adding that presidential campaigns should be publicly financed.

While Mr. Vilsack reported raising $1.1 million from Nov. 9 to Dec. 31, according to campaign finance reports, he had spent all but $396,000 by the end of the year. After Mr. Obama, of Illinois, and Mrs. Clinton, of New York, entered the race in late January, Mr. Vilsack's advisers said, he struggled to raise money.

During his brief campaign, Mr. Vilsack sought to use his life story as an American metaphor: from orphaned infant in Pittsburgh to governor of Iowa, the native state of his college sweetheart-turned-wife, Christie. He served as mayor of Mount Pleasant, Iowa, and as state senator, and in 1998 he was elected governor. He served two terms.

"This has been a great experience," Mr. Vilsack said Friday. "When you start out life in an orphanage and you run for president of the United States, that's what this country is supposed to be about."

Hirshberg: Vilsack's Exit "A Bit Of A Tragedy" (NHUL)

By John DiStaso

New Hampshire Union Leader, February 24, 2007

Stonyfield Farms chief executive Gary Hirshberg says Barack Obama telephoned him asking for support "literally 120 seconds" after word of Tom Vilsack's exit from the Presidential race became public.

Hirshberg, one of only two well-known New Hampshire backers of the Democratic former Iowa governor's short-lived Presidential effort, said yesterday Vilsack called him on Thursday night to say he would be dropping out of the campaign.

State Rep. Jim Ryan, a longtime friend who organized Vilsack's announcement tour in New Hampshire in December, said he heard from Vilsack yesterday morning.

"He said, 'I can't financially compete in 10 front-loaded markets, and being a frugal man, I not going to go into personal debt,'" Ryan said.

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Hirshberg called Vilsack's decision "a bit of a tragedy" because it shows that the nominating process has become so front-loaded and money-oriented that lesser-known, less flashy and relatively under-funded candidates quickly realize they no longer have a chance to win their parties' nominations.

State Democratic Party Chairman Kathy Sullivan agreed, blaming Vilsack's exit on the unchecked rush to the front of the nominating calendars by nearly two dozen states, including the populous and expensive California, Florida and New Jersey.

"We still continue to hear nothing from either (national) party's leadership on what will be done to stop the front-loading of the primary calendar so candidates can have a chance to raise the funds they need," Sullivan said. "How many qualified and dynamic leaders do we have to lose in this race before something is done?"

Ryan targeted Democratic National Committee Chairman Howard Dean.

"I'm slightly less and furious at him," Ryan said. "He should know better. He achieved national fame through retail politics, and he initiated this process in the name of diversity. It created a pell-mell rush to the front."

Dean supported opening the primary and caucus calendar through a DNC review that ended with Nevada and South Carolina joining New Hampshire and Iowa's traditional early contests.

"I get the sense it's payback because he lost" the New Hampshire primary in 2004, Ryan said.

Hirshberg said, "We now have an 'American Idol' approach to choosing our President now. It's all about name recognition. That is not consistent with the New Hampshire tradition."

Obama is a chief beneficiary of the current "rock-star" mentality in politics, but Hirshberg said the Illinois senator's call to him "in some respects vindicated the New Hampshire process. He raised $1.3 million in Hollywood the other night, but at the same time, he's picking up the phone and calling a New Hampshire businessman."

Hirshberg said he has not decided on a future endorsement, but, said he and Obama "had a good talk and we agreed absolutely to meet on his next visit. I'm sure we'll host him here at Stonyfield," a nationally known producer of organic yogurt.

Hirshberg called Vilsack "an absolutely superb candidate, qualified by any measure. He has been successful in a bi-partisan environment, which I consider to be a requirement for our next President."

Hirshberg said the he does not blame the media for identifying front-runners early in the process.

He said the public has "a desperate hunger to find an alternative to what's going on in Washington. People are eager to pick a winner right now. They want an election today."

Hirshberg said Vilsack's exit shows a need for the country to seriously consider public financing of campaigns in order to level the playing field.

Sullivan also praised Vilsack's "wisdom, experience and optimism," and said he and his family "spent a lot of time talking to and meeting people all across New Hampshire, not only embarrassing our grassroots process but thriving in it."

Ryan said he "felt real bad" for Vilsack, just as he did for former Virginia Gov. Mark Warner and Indiana Sen. Evan Bayh, Democrats who also decided against running for financial reasons.

"With Florida, California, New Jersey, Alabama and the rest of the states moving up," Ryan said, "we may well end up with a national primary on February 5 and you're going to have to have millions to be competitive."

Ryan said he also heard from a candidate yesterday, but refused to name the person. He also heard from four campaigns, but told them, "We haven't had the wake so I wasn't about to make those decisions yet."

Former Iowa Gov. Vilsack Ending '08 Bid (AP)

AP, February 23, 2007

DES MOINES, Iowa (AP) -- Democrat Tom Vilsack, the former Iowa governor who built a centrist image, abandoned his bid for the presidency on Friday after struggling against better-known, better-financed rivals.

"It is money and only money that is the reason we are leaving today," Vilsack told reporters at a news conference, later adding, "We have a debt we're going to have to work our way through."

Vilsack, 56, left office in January and traveled to early voting states, but he attracted neither the attention nor the campaign cash of his top-tier rivals -- Sen. Hillary Rodham Clinton, Sen. Barack Obama and John Edwards. He even faced obstacles in his home state.

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In the most recent financial documents, Vilsack reported raising more than $1.1 million in the last seven weeks of 2006 but only had around $396,000 in the bank. Some campaign finance experts contend candidates will need $20 million by June 2007 to remain viable.

"I came up against something for the first time in my life that hard work and effort couldn't overcome," he said, his wife, Christie, and two grown sons at his side. "I just couldn't work any harder, couldn't give it enough."

Vilsack's withdrawal still leaves a crowded field of eight Democrats. He will remain an important figure in the presidential race as former rivals undoubtedly will seek his endorsement and help to win Iowa.

Vilsack, who likely will be considered as a vice presidential nominee, repeatedly declined to endorse another candidate at his news conference.

Other campaigns immediately began to seek out Vilsack's well-respected staff, hoping to pick up talented political operatives with experience in the first nominating state, and his political backers.

Gary Hirshberg, CEO and founder of Stonyfield Farm yogurt, was one of Vilsack's earliest and most prominent New Hampshire supporters. He said two minutes after Vilsack's announcement, Obama called seeking his support. Hirshberg told Obama he wasn't ready to commit to another candidate yet.

"Although we're absolutely undecided, I was very impressed," Hirshberg said. "Though we can wring our hands now about the role of money in these campaigns, it's still really vindicating to me to see, particularly here in New Hampshire, that grass-roots, house-to-house, person-to-person politics is still the order of the day. I think Senator Obama just proved that."

Vilsack was the first Democrat to formally enter the 2008 race when he announced his candidacy in November. His February departure underscores the warp speed of the 2008 race. In previous presidential cycles, candidates didn't announce until the fall, just a few months before the first caucuses and primaries, not more than a year before.

Trying to counter perceptions that as one of the least known of the prospective candidates he was too much of an underdog to succeed, Vilsack said in a campaign video: "I've never started a race that I've been expected to win, and I've never lost."

But the struggle for money proved too difficult, leaving a debt that Hirshberg described in the "hundreds of thousands."

"I told Tom last night that a number of us intend to get to Des Moines after the dust settles and help retire that debt, to do something, even if we have to sell yogurt in the street," Hirshberg said.

As governor of Iowa, Vilsack had carved out a reputation as a centrist balancing his state's budget and refusing to raise taxes, while emphasizing increased spending on such priorities as education, health care and higher wages. Until recently he chaired the Democratic Leadership Council, the party's signature centrist group.

Vilsack initially made the focus of his long-shot campaign a plan to end U.S dependence on foreign oil by promoting alternative energy sources.

"Energy security will revitalize rural America, re-establish our moral leadership on global warming and climate security, and eliminate our addiction to foreign oil," Vilsack, a prominent proponent of ethanol, biodiesel and wind power, said at the time.

More recently, Vilsack has been among the more aggressive Democratic candidates in his call to bring U.S. troops home from Iraq, calling for Congress to cut off funding.

Beyond his record as governor, Vilsack tried to sell himself as a candidate with a compelling personal story, which he hoped would spark national interest in his candidacy. He was left as an infant at a Catholic orphanage in Pittsburgh and adopted by what he has described as a "troubled but loving family."

His parents were well-to-do and sent him to a private preparatory school, but his mother was an alcoholic who beat him and his father suffered trying financial reversals.

Vilsack managed to transcend his difficult childhood to build a successful career in law and politics, serving as a mayor, state senator and two terms as Iowa governor.

In a sign that Vilsack might abandon the race, he recently accepted a position lecturing at the Drake University Law School in Des Moines and had become a consultant for MidAmerican Energy Co.

Vilsack Calls It Quits For '08 (WT)

DOJ_NMG_0136909

By S.A. Miller, The Washington Times

The Washington Times, February 24, 2007

Tom Vilsack, the first Democrat to officially enter the 2008 presidential race, dropped his bid for the White House yesterday, saying he could not raise enough money to compete and underscoring the power of top-tier candidates Sens. Hillary Rodham Clinton and Barack Obama to crowd out the rest of the field.

"We have everything to win the nomination and general election -- everything except money," he told supporters at his campaign headquarters in Des Moines, Iowa, as he announced his decision.

He will be viewed as a casualty of the new campaign world, in which big states such as California, Florida and New Jersey are considering moving up their primaries and in which $100 million is considered the ante.

Even as a former governor of Iowa, who should have had an edge in that state's early primary season caucuses, Mr. Vilsack had struggled to attract money and attention from Mrs. Clinton, Mr. Obama and former Democratic vice presidential nominee John Edwards.

Mr. Vilsack, 56, said he had expected to win the Iowa caucus and finish near the top in the New Hampshire primary.

But he said that wouldn't be enough to win the race and that mounting debt forced him to call it quits.

"At the end of the day, it is not about good ideas or hard work; it's about money," he said later in a conference call with reporters.

His exit leaves eight confirmed candidates in the Democratic contest, with Mrs. Clinton and Mr. Obama leading the pack, and Mr. Edwards performing well in Iowa polls.

Mrs. Clinton, 59, and Mr. Obama, 45, also likely lead in fundraising for what is shaping up to be the most expensive presidential campaign in history, possibly costing $1 billion.

The campaign ended for Mr. Vilsack a little more than three months after he declared his candidacy Nov. 8 -- the day after midterm elections swept Democrats into control of the U.S. Senate and House of Representatives for the first time in a dozen years.

Mr. Vilsack wasn't the first to bow out, nor was his the shortest-lived run.

Sen. Evan Bayh, Indiana Democrat, threw in the towel in December less than two weeks after setting up his exploratory committee.

Mr. Vilsack, high on the list of vice presidential prospects in 2004, remains an attractive running mate in 2008. However, he said the No. 2 spot was "the furthest thing from my mind today."

Mrs. Clinton said she had "deep admiration" for Mr. Vilsack and his wife, Christie. She said she looked forward to hearing more ideas from the former governor, who had made the Iraq war and energy policy the focus of his campaign.

"We share a passion for protecting America's young people through expanded health care options, early childhood education initiatives and opening the doors to higher education to every American."

Mr. Obama called him "an outstanding public servant" and said his education, health care and energy policies made Iowa a model state.

"More than that, Tom brings a badly needed sense of honor and decency to our politics," said Mr. Obama, who has tried to stay above the political fray to distinguish himself from the perceived bare-knuckle campaigning by Mrs. Clinton.

Practically every poll shows Mrs. Clinton with a double-digit lead over Mr. Obama, who is double digits ahead of the next closest competitor.

Still, Mrs. Clinton is dogged by her 2002 vote authorizing the Iraq war and speculation on the left that she is unelectable.

Mr. Vilsack has always polled near the bottom, and several Democrats not in the race -- former Vice President Al Gore and retired Gen. Wesley Clark -- have closely trailed Mr. Obama.

Among Democrats in the race, only Mr. Edwards consistently garners about 10 percent in polls.

A Quinnipiac University poll of Democratic voters last week showed Mrs. Clinton with 38 percent, Mr. Obama with 23 percent, Mr. Gore with 11 percent and Mr. Edwards with 6 percent.

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The next closest candidates, Mr. Clark and New Mexico Gov. Bill Richardson, each received 2 percent. Mr. Vilsack, Rep. Dennis J. Kucinich of Ohio and Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut each garnered 1 percent or less.

The remaining Democratic candidate, former Sen. Mike Gravel of Alaska, was not mentioned in the poll.

Vilsack Exits Presidential Race, Citing Lack Of Funding (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 24, 2007

Tom Vilsack's abrupt departure from the presidential race Friday underscores the indispensable role of money in the contest, as well as an attention gap between voters and political insiders.

Less than three months after becoming the first major Democratic candidate to formally announce his bid, Vilsack reluctantly made his exit at a Des Moines news conference.

"It is money and only money that is the reason we are leaving," the former Iowa governor said. He had begun mulling a pullout several days before making his final decision Thursday, in the face of a severe cash crunch.

"I came up against something for the time in my life that hard work and effort couldn't overcome," Vilsack said. "I just couldn't work any harder, couldn't give it enough."

His withdrawal leaves a Democratic field dominated by Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois — and, to a lesser degree, former Sen. John Edwards of North Carolina. Several other candidates are fighting, as Vilsack did, to elbow their way into that top tier.

"In a normal year, a successful governor — no less from Iowa, the first voting state — would be an ideal candidate," said Thomas Schaller, a University of Maryland expert on the presidential nominating process. "But this is a cycle where you have these two titans in Obama and Clinton, and they're sucking all the oxygen and the majority of money out of the race before it's even begun."

Vilsack's announcement came on the same day a new national poll showed that about three in 10 Democrats were paying attention to the presidential race, and fewer than half volunteered a candidate they might support. The survey showed Clinton and Obama running far ahead of the party pack.

"Despite the accelerated campaign, it's not something that's really engaging the public to any great extent," said Andrew Kohut, director of the Pew Research Center for the People & the Press, which conducted the poll.

But at this stage of the contest the candidates are playing to a much narrower audience — courting key activists and donors. It was in the latter category in particular that Vilsack was lagging far behind. He reported raising $1.1 million between his November campaign launch and the end of the year — less than Obama raised in a single night this week in Beverly Hills.

In a conference call with reporters after his Friday announcement, Vilsack said he had been contemplating his exit for some time. He pressed on with his candidacy, however, delivering a speech on energy independence in San Francisco, appearing on "The Tonight Show With Jay Leno" and drawing favorable reviews for his performance Wednesday at a candidate's forum in Carson City, Nev. He emerged as an especially vocal critic of the war in Iraq.

But financial realities — and especially the prospect of going deeply into debt — weighed heavily on Vilsack.

"You can spin whether $20 million can compete with $100 million," Vilsack's campaign manager, Craig Varoga, said of the financial disadvantage the ex-governor probably would have faced. "But you cannot spin solvency.

"So we just made a very responsible fiscal decision."

The departure of Vilsack is not expected to greatly alter the race. He trailed in polls even in his home state, which is scheduled to hold its precinct caucuses Jan. 14. But his absence will free up donors and Iowa activists whose expertise is highly valued; after Vilsack's announcement, his erstwhile rivals wasted no time.

"There's nobody, with the possible exception of John Edwards, who has anything remotely resembling a statewide organization," said Gordon Fischer, a former chairman of the Iowa Democratic Party who received a call Friday from Obama.

"It really opens up the state in a way it wasn't before."

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Unhappy with all the attention showered on Iowa — as well as New Hampshire, which hosts the nation's first primary — several states have moved to push up their nominating contests. That may create what amounts to a national primary Feb. 5, probably including California and several other big states. That, in turn, has put a premium on the kind of early, frenzied fundraising that Vilsack lamented Friday.

"This process has become a great deal about money," he said. "A lot of money."

His exit marks the third departure of a serious contender from the Democratic race in the last few months. Sen. Evan Bayh of Indiana — who for years inched toward an all-out run for the White House — decided in December that he could not compete as an underdog in today's campaign environment. Former Virginia Gov. Mark Warner announced in October that he was abandoning his presidential effort, citing family considerations.

Speaking to reporters Friday in a firm if somber tone, Vilsack said it was too early to consider endorsing another candidate and brushed aside a question about whether he would be interested in being considered for vice president, as he was in 2004.

"To be honest with you," Vilsack said, "that's about the furthest thing from my mind today."

Vilsack Drops Out Of '08 Race, Cites Money As Reason (HILL)

By Klaus Marre

The Hill, February 23, 2007

Facing better-known candidates with deeper pockets, former Iowa Gov. Tom Vilsack (D) declared Friday that he would bow out of the 2008 presidential race. The decision will shift the balance of power in Iowa, which holds the first caucus of the primary season and is an important bellwether for candidates.

Flanked by his family, Vilsack declared he would drop out of the race for the sole reason that he would not be able to financially sustain a national campaign.

"It is money and only money that is the reason that we are leaving today," Vilsack said in Des Moines, Iowa. He lamented that the primary process has become "to a great degree" about raising campaign cash.

As a former two-term governor of Iowa, Vilsack had significant support there and polled in the double digits. But nationally, Vilsack trailed far behind name-brand Democratic candidates like Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.), as well as former vice presidential candidate John Edwards.

These top-tier candidates are now expected to vie for Vilsack's endorsement in the state, or at least to bring his supporters to their camps.

Vilsack, a centrist who ran as a Washington outsider, focused his campaign on ensuring energy security, getting U.S. troops out of Iraq and making healthcare more affordable.

Vilsack Drops Presidential Bid (DMR)

By David Yepsen

Des Moines Register, February 23, 2007

Former Iowa Gov. Tom Vilsack plans to drop out of the 2008 race for president later this morning because he lost the 2007 money primary.

His move will make the 2008 Iowa Democratic caucuses just a bit more important to the other candidates.

Key insiders cited Vilsackâ€™s inability to raise enough cash to compete against the two financial powerhouses in the race, Hillary Rodham Clinton and Barack Obama.

Vilsackâ€™s departure does little to change the nature of the national race - he was getting less than 1 percent in the polls.Â But it does reconfigure the Iowa caucus fight where he was running in third or fourth place and found support in the 10 percent to 15 percent range.

Many of his Iowa supporters - key organizational Democrats in some counties - will now be in the market for another candidate and the scramble will be on.Â A scramble will also be on for his staffers, many of whom are talented political operatives who know Iowa well.

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Historically, when a candidate drops out of the race, caucus supporters of that candidate go â€œundecidedâ€ for a while as they re-examine the field.Â That can be expected in this case as well because there is no clear heir to Vilsackâ€™s support.Â Clinton, Obama and John Edwards are all in a position to claim a portion of Vilsackâ€™s people.

One immediate effect on the race is to make the Iowa caucuses even more important.Â With no favorite son candidate in the field, Iowa again becomes a level playing field for the others.Â As long as Vilsack was in the race, many in the political community thought contests in Nevada and New Hampshire might prove to be fairer tests of strength for the other candidates.

Vilsack was always considered a long-shot for the nomination, in part because of the financial mountain he had to climb.Â Federal law limited him to raising $2,300 per person and he could not use money from a gubernatorial account to finance his bid. Obama and Clinton could transfer money from their Senate accounts, which means they could raise more per donor than Vilsack could.

Vilsack was also burning through about $500,000 a month in overhead expenses.Â While thatâ€™s a frugal operation by presidential campaign standards, itâ€™s a lot of money to raise, especially for a one percenter.

While Friday is a sad, though not unexpected, day for Vilsack and his supporters, they can take some solace in knowing he comes out of the race in a better political position than he entered.

As a result of his effort, he became better known to the nation's political and media communities.Â He presented himself well during the campaign, made no gaffes and can leave the race with his head up and with an enhanced stature.

Harkin Aide: 'No Truth' To Retirement Rumor (RC)

By Nicole Duran

RollCall.com, February 23, 2007

With former Iowa Gov. Tom Vilsack's decision today to end his quest for the Democratic presidential nomination, an aide to Sen. Tom Harkin (D-Iowa) shot down speculation that Harkin would not seek re-election and pave the way for Vilsack to run for Senate.

Some Democrats believed that the 67-year-old Senate Agriculture chairman would ultimately forgo a fifth term, but stall long enough to allow Vilsack to switch gears and take his place in the 2008 Senate race.

The theory was that the longer Harkin waited before formally announcing a decision, the less time potential Republican candidates would have to prepare to run for an open seat. Money Vilsack raised for his presidential bid could be transferred to a Senate campaign fund.

But Harkin, through a spokeswoman, again dismissed such talk this afternoon.

After speaking to Harkin, Maureen Knightly, his communications director, said there is "no truth" to the "conspiracy theory."

"He dislikes this lengthy campaign process," she said in explaining why he will not just say that he is running again.

"He's doing everything he can right now to prepare for a run and he's actively raising money," Knightly added.

Harkin's schedule is packed with fundraisers and he is hiring more campaign staff, Democrats in Washington, D.C., and Iowa point out.

He began the year with more than $1.1 million in his war chest, according to his latest campaign finance report.

He raised $363,000 in the last quarter of 2006 and listed five people on his campaign payroll.

Last month, Harkin told Capitol Hill reporters: "Don't put a lot of stock in that right now," when a comment by Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) about Harkin's reluctance to announce a re-election bid set tongues wagging about Harkin's political future.

Harkin refused to announce his re-election plans because modern campaigns are "too long," he said then.

Rommey Amused As Clinton, Obama Go After Each Other (AP)

By Glen Johnson

AP, February 23, 2007

MERRIMACK – Republican Presidential hopeful Mitt Romney said yesterday he relishes the infighting that has distracted two of his potential Democratic opponents, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

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"It's great, isn't it?" Romney said to peals of laughter from crowd of employees at a solar-related equipment plant on the newly declared candidate's first visit to the leadoff Presidential primary state. "I love to see it when it happens on the other side."

The former Massachusetts governor described his leading Republican rivals, Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani, as "friends" and "national heroes," before adding, "I respect them. I'm sure we'll disagree on issues from time to time, but I doubt you'll see the rancor that apparently may exist elsewhere."

Earlier this week, Clinton aides called on Obama to repudiate criticism of the former first lady leveled by Hollywood producer David Geffen, a former Clinton backer now supporting Obama. Obama refused, saying Geffen spoke for himself.

The former Massachusetts governor's main message to workers during the visit was that it doesn't make sense for the country to send its oil dollars to nations that dislike the United States, so he's developing a plan for energy independence in the not-too-distant future.

?Romney: Divest from Iran

Expanding the use of wind, solar, nuclear and improved coal technologies could help the nation create as much energy as it uses within 20 to 30 years, some experts believe, a timeframe Romney cited but would not embrace until he delivers his formal speech on the subject at some future date.

"It doesn't make sense for us not to become increasingly energy independent, and for that to happen, we're going to have to rely on technology, innovation of the same kind that you're seeing right here," Romney told about 100 employees at GT Solar Inc., which makes equipment in turn used to construct solar energy panels.

"It will be the vision of that program to have America to produce as much energy as we use," Romney said.

Romney had been scheduled to visit New Hampshire amid a campaign announcement tour that also took him to early voting Iowa, South Carolina, Florida and Michigan, but he had to postpone his trip after a heavy snowstorm closed schools and highways.

Obama Reels In Austin Crowd (DMN)

By Wayne Slater

The Dallas Morning News, February 24, 2007

Sea of people brushes off rain to hear Democrat's promise of change

AUSTIN – Thousands of people jammed a lakeside venue used for rock concerts to hear Democratic presidential hopeful Barack Obama promise Friday to "galvanize a movement for change" in American politics.

The crowd – extraordinarily large for so early in a presidential campaign – cheered Mr. Obama's call to withdraw U.S. troops from Iraq and his denunciation of the Bush administration.

"The American people are tired of being afraid," the senator said. "They are tired of being pitted against each other."

Standing on a stage surrounded by a sea of supporters waving blue "Obama '08" placards, the Illinois Democrat presented himself as "an agent for change in Washington" who would unite an electorate polarized by fractious politics and an unpopular war.

"Regardless of what divides us, regardless of our differences in race and religion and political party, there is more than binds us together than drives us apart," he said.

The rally was Mr. Obama's first visit to Texas since formally announcing his candidacy for the Democratic nomination two weeks ago. He attended private fundraisers in Houston and Austin before Friday's midafternoon rally. Mr. Obama's campaign estimated that 20,000 people came to Austin's downtown Town Lake to see the candidate.

Many in the crowd were young and had waited hours in intermittent rain to see the political newcomer. Bands served as a warm-up; one rapper punctuated the chorus "Everything I do will be funky," with shouts of "Obama!"

The rally was an unusual burst of campaign activity long before Election Day, reflecting the full-bore contest already under way in both parties. Mr. Obama did not mention Democratic rival Hillary Rodham Clinton by name, but he alluded to her twice in seeking to contrast himself.

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He noted his recent fundraising swing through Hollywood, which sparked a war of words between the Clinton camp and a top Obama supporter. And he made the point that he has opposed the war in Iraq since 2002 – a key distinction with Mrs. Clinton, who voted to authorize the invasion.

"I said we should not give open-ended authority to a president because it would lead to an open-ended occupation," he said.

A top Clinton political supporter in Texas, former land commissioner Garry Mauro, acknowledged that Mr. Obama is charismatic but suggested the political newcomer is effectively auditioning for a second spot on the ticket.

"Two years ago, we were not sure a woman could be elected president," he said. "The polls clearly show that's not the case anymore. The same polls don't show that's the case for an African-American.

"What we're seeing at this point is the process of the American people deciding whether they are ready to elect an African-American president or vice president," he said. "It's a fascinating thing to watch."

In his 35-minute speech, Mr. Obama took sharp aim at the Bush administration, at one point ridiculing Vice President Dick Cheney for suggesting the decision by British Prime Minister Tony Blair to withdraw 1,600 troops form Iraq was a positive sign. He noted the U.S. is sending another 22,000 troops in.

"Now, keep in mind, this is the same guy that said we'd be greeted as liberators, the same guy that said that we're in the last throes. I'm sure he forecast sun today," he said amid the Austin rain. "When Dick Cheney says it's a good thing, you know that you've probably got some big problems."

A spokeswoman for Mr. Cheney said Friday that he had no comment.

In addition to his call for America to set a timetable for withdrawal of troops from Iraq by March 31 next year, Mr. Obama said he supports universal health care and programs to increase access to education.

And he noted that New Orleans "still looks like a war has been fought" and pledged to spend money to rebuild the city ravaged by Hurricane Katrina.

Obama, Rezko Neighborly Relationship Ends (CHIT)

By David Jackson, Ray Gibson

Chicago Tribune, February 24, 2007

A land sale recorded this month ended the neighborly relationship between U.S. Sen. Barack Obama and indicted political insider Antoin "Tony" Rezko, Obama's friend and former fundraiser.

On Dec. 28, 2006, land records show, Rezko's wife, Rita, sold the garden lot she owned next to Obama's home, transferring it to a company that plans to develop housing there. That sale deed became public this month when it was registered with the Cook County recorder of deeds.

On Friday, a spokesman for the Democratic senator and presidential candidate issued a written statement saying Obama hadn't communicated with Rezko about the deal: "The senator knows only that development is planned, but not any of the details. Sen. Obama was informed by his counsel of the plan for development."

Rezko's wife and Obama bought the adjoining South Side lots in 2005 and then engaged in a series of personal financial transactions to re-divide and improve their parcels. After their dealings were disclosed by the Tribune, Obama said he was "bone-headed" to enter the financial arrangements because Rezko was reported to be under grand jury investigation during that period.

In October, Rezko was indicted in a state government kickback scandal and in an alleged business fraud. He has pleaded not guilty to both indictments.

As he campaigns for president, Obama has distanced himself from his longtime friend.

Rezko's wife appears to have netted roughly $54,500 from her dealings with the parcel, although that figure does not include expenses and property taxes. She bought the parcel for $625,000 in June 2005, the same day Obama bought his home for $1.65 million. Both lots had once been part of the same estate, but the owner listed them for sale separately.

In January 2006, Rita Rezko transferred a 1,500-square-foot strip of her land to Obama for $104,500. Her recent sale of the rest was for $575,000.

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The vacant lot once owned by Rita Rezko will be developed by a company owned by former Rezko business attorney Michael J. Sreenan. Rezko has no involvement with the new development, Sreenan said. "He's not a silent partner or anything like that," Sreenan said.

Sreenan said he has hired an architect and is discussing plans for the land with the alderman and the city Landmarks Commission.

When they owned the adjoining properties, Obama paid his landscaper to mow Rezko's lawn. Obama hired an attorney and architect to design a wrought iron fence on their property line and secure city permits, but Rezko agreed to pay the $14,000 cost of building that fence.

Since Rezko was indicted, six creditors have filed lawsuits against him in Cook County Circuit Court, including one this month that contends Rezko owes $12.2 million over a real estate deal.

A separate lending firm filed a $3.5 million judgment lien on Rezko's Wilmette home, and the IRS filed another lien saying his Rezko Enterprises LLC food firm owes $95,258 in taxes.

In Clinton's Backyard, It's Open Season As An Obama Fund-Raiser Lines Up Donors (NYT)

By Eric Konigsberg

The New York Times, February 24, 2007

Twenty-eight stories above Sixth Avenue in Manhattan, Jeh Johnson was dialing away.

The race was on for New York's prized political donors, and Mr. Johnson, one of Senator Barack Obama's leading fund-raisers in the city, was trying to poach in the heart of Senator Hillary Rodham Clinton's financial territory.

Before the day was up, Mr. Johnson got about a dozen people on the phone with the pitch that Mr. Obama represented "a generational shift" away from the partisan chokehold gripping Washington. A few told him they were not ready to give, but more than half said they were willing to sign checks and come to a March 9 fund-raiser at the Grand Hyatt New York.

He called Joyce Johnson, a family friend (she was once his baby sitter) who lives on the Upper West Side and who has run unsuccessfully for State Assembly and the City Council over the past few years. She said she was on board with Mr. Obama's campaign, with some trepidation.

"A lot of the women who supported me are supporting Hillary," Ms. Johnson said. She named a West Side activist who has, in the past, raised money for Gov. Eliot Spitzer and Representative Charles B. Rangel, Democrat of New York.

"Ricki Lieberman is like my godmother," Ms. Johnson said, "And she's going with Hillary and I'm going the other way. Keep talking to me, Jeh. Give me some sea legs. Tell me what to say."

Mr. Johnson, whose name is pronounced jay, leaned back in his chair and said: "Joyce, we had 30 or 40 people here in my office last night for a preliminary meeting on this, and another 30 on the phone. One thing you learn quickly is that when the name Barack Obama is involved, you always have more people show up than you expected."

Mr. Johnson, a lawyer at Paul, Weiss, Rifkin, Wharton & Garrison, is a linchpin in uphill efforts to build a donor base for Mr. Obama in New York, where many potential supporters have at some time in the last 16 years aided the Clintons.

Mr. Obama's ability to raise significant amounts of money depends on the success that people like Mr. Johnson have among New York's all-important Democratic fund-raising circles, which the Clinton camp has moved aggressively to corral by battling any perception that elements of the party are drifting away. And part of Mr. Johnson's pitch must be that by contributing to the Obama campaign, Democrats are not showing disloyalty to the Clintons, a fear that can be heard in his conversations with donors.

"Look, if it doesn't work out, then hopefully the nominee will get over it," he told one donor in discussing the possibility of a Clinton victory and its ramifications for the Obama camp. "She'll need all the help she can get, particularly from the people associated with his campaign."

The Clintons have dominated the fund-raising race for Democratic-party money in New York since long before Mrs. Clinton held office in the state, Mr. Johnson said. "She and her husband have been working New York for 16 years and they know where they are," he added. "But I think we're going to surprise a lot of people with who signs up."

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The Obama campaign has already attracted a number of fund-raisers with ties to Mrs. Clinton or her husband, like Orin Kramer, a prominent hedge fund manager from New Jersey, and James S. Rubin, a private equity manager and son of Robert E. Rubin, the former Treasury secretary. The younger Mr. Rubin was also a finance director for New York during President Bill Clinton's 1996 re-election campaign, and held positions at the Federal Communications Commission during the second Clinton administration.

Other former Clintonites who are raising money for Mr. Obama include Joshua L. Steiner, a private equity principal; Michael Froman, a Citigroup executive; and Brian Mathis of Provident Group. All of them are young (in their 40s) and served in senior positions in Mr. Clinton's Treasury Department a decade ago (Mr. Froman and Mr. Mathis were friends with Mr. Obama at Harvard Law School). Another high-profile Obama fund-raiser is Earl G. Graves, the publisher of Black Enterprise magazine, who in 2000 was listed by the White House as an overnight guest of the Clintons.

The Obama campaign hopes to draw from pools that barely existed four years ago, particularly hedge fund and private-equity fund principals who only recently acquired their money and their interest in the political process.

But another strategy holds that in order to keep up with Mrs. Clinton, Mr. Johnson and his cohorts will have to succeed at poaching traditional Clinton donors.

Already, the bulk of New York's traditional Democratic money elite — people on the level of Alan Patricof, Steven Rattner, and Hassan Nemazee — has pledged to support Mrs. Clinton.

But the drift of some New York donors, along with the switch by some former Clinton backers on the West Coast, like David Geffen, has elevated hopes among Mr. Obama's supporters. There is no consensus among his financial supporters as to whether the feud this week over Mr. Geffen's critical comments about the Clintons is helping or hindering their efforts. Still, several of them said privately that they had been enjoying the sparring.

"It's important to demonstrate that Barack's willing to hit back, though I'm not sure this is the opportunity I would've picked," one said.

Mr. Kramer, the hedge fund manager, remains an admirer of Mrs. Clinton, and said he agonized over the move but was swayed partially by the grass-roots approach of the Obama campaign. "Making choices involving people you genuinely care about is harrowing," he said. "I made the decision when I did to bring the pain to an end."

Still, of his new endeavor, Mr. Kramer said, "It's like the Red Sox looking for fans at Yankee Stadium."

Mr. Johnson, 49, is aware that his taking up with Mr. Obama marks a defection from the Clintons. He was the general counsel to the Air Force for more than two years during President Clinton's second term. Mr. Clinton's trusted adviser, Vernon E. Jordan Jr. — an old family friend of Mr. Johnson —helped him get that job.

Mr. Johnson urged almost every person he reached by phone to look up the speech that Mr. Obama made before the Illinois Senate in October 2002. In the speech, Mr. Obama outlined his opposition to going to war in Iraq, highlighting the sharp contrast to Mrs. Clinton's vote that year to authorize military action against Iraq.

He is working his connections, which include a 300-person master list heavily weighted with fellow lawyers, members of a black professionals fraternity to which he belongs, and veterans of John Kerry's 2004 presidential campaign, for which he served as special counsel.

"Among the attorneys on the Ivy League side, he definitely is appealing," Mr. Johnson said of Mr. Obama. His pitch to one fellow lawyer with whom he had previously traded calls, was this efficient:

"So, Barack." Pause. "Sounds like all your buddies from Harvard Law are involved too." Pause. "Have you met him before?" Pause. "The base level is $1,000."

Although campaign-finance regulations bar individual donors from giving more than $2,300 per election to a campaign, as a "bundler" Mr. Johnson is expected to raise much more on the breadth of his Rolodex and the depth of his persuasive skills. The invitation to the March 9 event lists Mr. Johnson and his wife, along with about a dozen other couples or individuals, as gala "chairs" who have pledged to raise $100,000 — all in increments of $2,300 or less.

Despite Mr. Johnson's considerable experience in the political sphere, participation in one of the Renaissance Weekend retreats made popular by the Clintons, and his volunteer position on the Kerry campaign, he did not until last June become a legitimate fund-raising player. He has since been sought out by candidates.

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"I got a call from the Menendez Senate campaign, and they asked me to host a party with Bobbi Brown, who has the cosmetics line," Mr. Johnson recalled (his family and Ms. Brown's live in Montclair, N.J., a state where Robert Menendez is a senator). "Menendez got Barack and Cory Booker to do this event with us. That was when I met Barack. We raised between $300,000 and $500,000 in one day, and my name was associated with that event."

In the months that followed, Mr. Johnson said: "John Edwards, Bill Richardson, Jim Webb, Harold Ford, they all came here. Harold Ford, he has his little entourage. He sat right there in the chair next to the TV."

He had expected to wait for the outcome of the 2008 primaries before signing on with a candidate, but after seeing Mr. Obama hold forth at a fall book-signing on the Upper East Side, Mr. Johnson was won over.

Then, the day before Thanksgiving, Mr. Johnson received a call at home from Mr. Obama.

"He said, 'I'm thinking about running for president. Can you not commit to anybody until I decide?' " Mr. Johnson said. "Now, we really hit it off. I said, 'Barack, I'm with you.' "

Clinton Sees Role For Husband (SFC)

By Carla Marinucci

San Francisco Chronicle, February 24, 2007

Democratic presidential front-runner Sen. Hillary Rodham Clinton -- coming off a week of caustic comments from Hollywood mogul David Geffen and a campaign squabble with rival Sen. Barack Obama -- was exactly where she wanted to be Friday: in front of an adoring crowd in the Democratic stronghold of San Francisco, raising boatloads of campaign cash.

And the New York senator used the occasion to defend a man who is potentially a source of controversy: her husband, former Democratic President Bill Clinton.

In response to a question from the audience, she called her husband "the most popular person in the world right now" and said that when she reaches the White House, "I will continue the tradition of using former presidents" as diplomats around the world.

Clinton visited San Francisco at the invitation of major Democratic Party donor Susie Tompkins Buell on the same day the first declared Democratic candidate for president, former Iowa Gov. Tom Vilsack, dropped out of the race. Vilsack said he could not raise enough money to continue the 618-day marathon to the Nov. 4, 2008, election.

But Clinton appeared to have no such problems in San Francisco, where 900 people attended her sold-out, $250-a-head fundraiser at the Palace Hotel, including such political leaders as state Sens. Don Perata of Oakland and Carole Migden of San Francisco, Republican Gov. Arnold Schwarzenegger's chief of staff Susan Kennedy, and such major party donors as developer Walter Shorenstein, whom the senator helped serenade with a chorus of "Happy Birthday."

At the hourlong "town hall"-style appearance, billed as "Hillary Makes History," Clinton supporters munched on boxed lunches of sushi and salad -- organic and locally produced in accordance with the candidate's wishes, they were told -- and listened as the senator spoke in detail about her views regarding the war in Iraq, contraceptives funding, affordable housing, health care, the environment and climate change.

"I'm not running as a woman candidate, I'm running because I think I'm the best candidate to hit the ground running," Clinton said.

The senator said her experience as first lady during her husband's eight years in the White House would help shape her presidency. For example, she acknowledged that "the mistakes that I made during the health care debate" showed that "a president is powerful ... but the president has to lead in a collegial way, bring people along."

With the Academy Awards just two days away, Clinton also gave her husband's former vice president -- who still is viewed as a potential rival for the Democratic nomination -- a thumbs-up for his Oscar-nominated film about global warming, "An Inconvenient Truth."

"We're all pulling for Al Gore to get that Oscar," she said. "Nobody has done more to sound the alarm" on hydrocarbons.

The senator's appearance in San Francisco highlighted her strengths as a powerhouse fundraiser and illustrated her ability as a seasoned public figure with the background to discuss details on a wide range of policy matters.

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Clinton was briefly interrupted by protesters from CodePink, the anti-war group, who raised six large pink banners with slogans such as "We Want a Peace President" and "Hillary Stop the War Fund." Five members of the group were escorted from the room by security officers and arrested by police, according to Medea Benjamin, who heads the grassroots organization.

Clinton did not directly acknowledge the protesters -- some of whom yelled "Stop the war" as they were led outside -- but said to cheers, "Yes, we do have to end the war in Iraq."

Some Democrats have questioned the senator about her October 2002 vote in favor of giving President Bush the authority to use military action against Iraq. While Clinton has said she wouldn't vote that same way knowing now what she didn't know then, she has been criticized for refusing to simply label the vote a mistake.

In her remarks, Clinton noted "a great deal of unrest and anger and deep, deep, frustration" on Iraq and said it's time "to begin to rein this president in" regarding U.S. involvement in the war. She has introduced legislation calling for a limit on the number of U.S. troops in Iraq.

The issue of Clinton's war position was raised earlier this week at a forum in Nevada where almost all the declared Democratic presidential candidates met for the first time. Former Sen. John Edwards of North Carolina, who has publicly apologized for his Iraq vote as a mistake, appeared to jab Clinton for not going that far.

Clinton's stance was more harshly criticized this week by Hollywood movie mogul David Geffen, a supporter of Obama, who said Clinton's refusal to apologize for the war vote is an example of the problems that make her unelectable.

Geffen, who once raised millions for the Clintons, also criticized the former president and said both members of the powerful couple lie for political expediency. Hillary Clinton's campaign spokesman immediately criticized Obama for allowing a supporter such as Geffen to engage in "slash and burn" tactics and called on the Illinois senator to repudiate the remarks.

Clinton didn't directly engage the week's political criticisms during Friday's appearance in San Francisco, but a question from the audience gave her a chance to extol her husband's virtues.

Asked if, as president, she would appoint her husband secretary of state, the senator laughed and joked there may be "a law against that" (although there isn't).

She proudly defended her husband, an enormously popular figure among Democratic voters, saying she would rely on his expertise. She pointedly remarked that his approach to foreign policy and international relations while he was in the Oval Office from 1992 to 2000 was "a lot better than what we've recently seen."

Ellen Malcolm, who heads Emily's List, the powerful Democratic pro-choice women's political action committee -- one of the hosts of the event -- said Democrats "need to focus on the big picture, and that's the general election."

"Hillary Clinton has spent 15 years on the world stage," she said. "Hillary Clinton is the front-runner, and everybody is going to come after her. ... She knows how to defend herself."

Other supporters were livid at Geffen's comments.

"(Geffen) sucked up every benefit he could when Bill Clinton was president. He spent the night in the White House, and he had private briefings with the president," said attorney Martha Whetstone, a longtime friend of the Clintons from Arkansas. "The values of loyalty are important, and the Clintons have that in spades ... and to try to go after them on a national scale to settle a personal vendetta is unconscionable."

S.C. Democratic Party Chief To Lead Campaign (TSSC)

The State, February 24, 2007

The executive director of the state Democratic Party is leaving the post to run New Mexico Gov. Bill Richardson's presidential campaign in South Carolina.

Lachlan McIntosh will head the S.C. arm of Richardson's bid to become the nation's first Hispanic president. McIntosh said he will start working for Richardson on March 15.

Can Governors Regain Spotlight In 2008 Race For The White House? (WSJ)

By Christopher Cooper

The Wall Street Journal, February 24, 2007

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This week's nasty tit-for-tat between Democratic senators Hillary Clinton and Barack Obama may have raised the appetite among partisans to take a fresh look for somebody -- anybody -- outside the Beltway as their 2008 presidential choice.

What about the folks running the states? As the National Governors Association gathers for its annual meeting in Washington this weekend, it hopes that some of its members will grab the spotlight that has largely eluded them in the nascent rounds of the 2008 presidential campaign. Makes sense: Governors have dominated nearly every presidential field of the past 30 years.

So far, this campaign hasn't been kind to the governor candidates. On Friday, ex-Iowa Gov. Tom Vilsack dropped his presidential bid just three months after formally launching it. His tent-folding followed demurrals by former Virginia Gov. Mark Warner and Indiana Sen. Evan Bayh, who had been touting his time as governor more than his time in Washington.

New Mexico Gov. Bill Richardson remains as the only state executive in the Democratic field, though he lags far behind Mrs. Clinton, Mr. Obama and former North Carolina Sen. John Edwards. Among Republicans, former Massachusetts Gov. Mitt Romney is considered top-tier, though the lower part of it, behind a senator and a former mayor. Ex-Arkansas Gov. Mike Huckabee toils far behind.

And, yet, the facts are these: Only four U.S. senators have become president since Warren Harding won in 1920, and one of them was Richard Nixon -- who left the Gang of 100 a full 16 years before ascending to the Oval Office.

Historically, conventional wisdom holds that governors have a better shot at making the presidency. They have the grassroots political organization to turn out state delegates and the sophisticated fund-raising machines that can Hoover up astonishing amounts of money. Running a state also parallels the demands of the presidency far more closely than a seat in the Senate does.

As executive officeholders, governors often have the clean record of accomplishment that senators lack. And they don't spark the long trail of compromise that Senate votes often bring. "The campaign trail is no place to be talking about cloture and amendments and getting caught up in 'Senate-speak,' " says Scott Reed, former campaign manager for vanquished presidential candidate and former Sen. Bob Dole.

Mr. Reed said one of his first tasks as manager was to examine the votes Mr. Dole cast during his long tenure in the Senate -- he says there were 17,000 of them.

But, then, even Mr. Romney -- who has begun airing ads touting himself as "the Republican who turned around a Democratic state" -- is having some "Senate-speak" trouble of his own. During a failed run for U.S. Senate in Massachusetts in 1994, the conservative Republican let slip that he favored gay rights. It has come back to haunt him in the early going.

Mr. Romney is a Mormon and, at the beginning, "everybody thought his weakness would be his religion," says Mr. Reed. "Funny that it turns out to be his political philosophy and his flip-flopping."

Could Gore's Road To The Oval Office Begin In Hollywood? (CNN)

By Bill Schneider

CNN.com, February 23, 2007

LOS ANGELES, California (CNN) -- We've seen plenty of political moments at the Oscars before. But on Sunday, we could see the most unusual political moment ever.

Consider this scenario: It's Academy Awards night. Best documentary feature is up. And the Oscar is favored to go to . . . "An Inconvenient Truth," starring former Vice President Al Gore.

Lawrence Bender, producer of "An Inconvenient Truth," and the film's other producers come up to accept the Oscar -- with Gore. (Watch Bender explain while it might be Gore's time)

The audience roars its approval -- this is liberal Hollywood -- and Gore speaks.

"There's even some speculation that he would use his Oscar as the occasion to announce that he's running," Martin Kaplan, director of the University of Southern California's Norman Lear Center, told CNN. "Imagine that: a billion people worldwide! Take that Jay Leno, as an announcement venue!"

Could it happen? Gore's producer thinks a potential Gore speech would be a historic moment, but not the way Kaplan envisions.

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"It's electrifying, not politically, because is Al Gore going to run or not going to run. There's nothing going to happen like that," Bender told CNN. "It's electrifying because the man who is responsible for solidifying the forces around global warming is going to" be acknowldged.

But could an Oscar start the momentum for a draft-Gore movement? USC's Kaplan thinks it could.

"People think that he's paid his dues, he's had more of an impact on issues that people care about than many people who have been in office and there's a feeling that he's finally lost that student council condescension that was fingernails on a blackboard to a lot of supporters," Kaplan said.

Democrats are desperate to win. Doubts have begun to surface about the electability of the party's current front-runners. How's this for an argument? Now is the time for all good men to come to the aid of their party.

"He was right on Iraq. He was right on global warming. He has an issue that is so formidable and has attacked it, tackled it," Bender said. "So I would love to see him run, sure, but I don't see that in the cards."

But once that envelope is opened, there will be a new card to play.

Maybe Mr. Gore will get up and say, "I have new song to sing." After all, the film has been nominated in the best song category, too.

Gore Film Odds-On Favorite To Win Oscar (AP)

By Beth Fouhy

AP, February 24, 2007

NEW YORK (AP) -- Forget about sharing the stage with fellow Democrats on cable TV. Al Gore goes prime time, red carpet Sunday night at the Academy Awards before tens of millions, reviving talk of a possible presidential run.

"An Inconvenient Truth," the documentary about the former vice president's crusade against global warming, is the odds-on favorite to win an Oscar. Gore plans to attend the ceremony as well as the glitzy before and after parties.

If the movie takes top honors, director Davis Guggenheim would accept the golden statuette and Gore would join him onstage. He doesn't plan an endless "thank you" speech, but the liberal-leaning Hollywood audience may have a different idea.

And all the buzz on the West Coast and in Washington on Friday was about another special Gore appearance during the ceremony.

An Oscar would be the latest accolade in a remarkable year for Gore, who became a best-selling author, announced plans for a seven- continent series of concerts to fight global warming and was nominated for a Nobel Peace Prize.

His narrow loss to Republican George W. Bush in the disputed 2000 presidential election is still a sore subject for many Democrats. An Oscar win is certain to spark new questions about Gore's political future.

He has said repeatedly he has no plans to join the field of presidential aspirants dominated by Sens. Hillary Rodham Clinton and Barack Obama. Yet, Gore's unwillingness to rule out a run completely has given some activists hope that he might change his mind.

A group of key supporters, led by his former policy adviser, Elaine Kamarck, even met in Boston earlier this month to mull a possible Gore candidacy.

"I think there are still an awful lot of Democrats who rightly believe Gore won in 2000," said Roger Salazar, a Democratic strategist and former Gore spokesman. "With this movie and the Oscar nomination, people are taking another look at him and feel more warmly about him than they have in some time."

Interviews with Democratic activists attending this week's presidential forum in Nevada produced some optimism and some reservations about another Gore candidacy.

Gary Poirier, a food service worker from Davis, Calif., said he thinks Gore should run. "Obama is new and interesting, but I haven't heard him address the issues. And Hillary Clinton is just a little too political," Poirier said.

But John Emerson, another activist and retired minister from Sparks, Nev., said he was quite satisfied with the current crop of 2008 contenders even though he described himself as a Gore fan.

It's quite unlike 1988, Emerson said, when many Democrats hoped then- New York Gov. Mario Cuomo would parachute into a field disparaged by some as "the seven dwarfs."

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"We have a tremendously skilled group this time. No one sees any real weakness in the bunch," Emerson said.

Besides Clinton and Obama, the Democrats running are John Edwards, the 2004 vice presidential nominee; Sens. Chris Dodd of Connecticut and Joe Biden of Delaware; New Mexico Gov. Bill Richardson; Ohio Rep. Dennis Kucinich and former Alaska Sen. Mike Gravel.

Other activists expressed frustration with Gore's performance in the tense days following the 2000 election, when Florida's electoral votes _ and the presidency _ hung in the balance. At the time, many observers criticized Gore and his political team for not aggressively challenging the many court rulings that eventually cleared the way for a Bush victory.

"Gore outright won, and he was cheated. Yet he gave in so easily," said Joyce Yates of San Diego. "He should have fought a lot harder, especially for those of us who fought so hard for him."

Yates said Gore should have sought a rematch against Bush in 2004.

"It's too late now. People have lost faith in him," she said.

Friends say Gore has built a nice life out of the wreckage of 2000. He is worth millions, thanks to his membership on the Apple, Inc., board and a significant stock windfall from his advisory relationship with the Internet search giant Google. He also chairs a private investment company and Current.tv, a cable network aimed at young viewers.

He and his wife, Tipper, own several homes and travel extensively, much of it to raise awareness of global warming. Tickets to a Gore appearance in Toronto this week sold out within minutes, with some being scalped for as much as $500 apiece.

And a man once so fastidious about his appearance that he hired an image consultant is older and heavier, raising questions about whether he's fleet enough for another run.

Gerald McEntee, international president of the American Federation of State, County and Municipal Employees union, said Gore still had broad support in the labor movement. But he saw no evidence that Gore planned to join the race.

"I think he's a happy man," McEntee said.

Carter Endorses Gore, Says Former Veep Can Win More Than Oscars (ABC)

ABCNews.com, February 23, 2007

ABC News' George Stephanopoulos Reports: In an exclusive interview with former President Jimmy Carter set to air on Sunday's "This Week with George Stephanopoulos", Carter lavished praise on "(his) favorite Democrat) former Vice President Al Gore.

Carter told ABC News, "If Al should decide to run -- which I'm afraid he won't -- I would support Al Gore."

The former Democratic President asserted Gore could accomplish much more in the White House than he ever could as a private citizen, saying to Stephanopoulos, "His burning issue now is global warming and preventing it. He can do infinitely more to accomplish that goal as in the incumbent in the White House, than he can making even movies that get -- you know, that get Oscars."

"An Inconvenient Truth", a documentary based on a global warming lecture Gore has delivered around the world, is nominated for an Academy Award and the former Vice President will walk the red carpet at the Oscars this Sunday.

Despite public pressure from Carter and others, the former President does not believe Gore will make a second bid for the White House saying, "I don't think he will. I've put so much pressure on Al to run that he's almost gotten aggravated with me."

Carter told Stephanopoulos that he had not called Gore "lately" adding, "He almost told me, the last time I talked, 'Don't call me anymore.'"

Carter joked that Gore had offered to support him in 2008 and referred to Gore as "my favorite" in the interview, concluding, "I really have not expressed any public approval or endorsement or preference for any of the Democratic candidates except (Gore)."

Tune into 'This Week' on Sunday, February 25, to watch George's full interview with former President Carter.

Abortion Doubts Dog GOP Top Three (POL)

By Jonathan Martin

The Politico, February 23, 2007

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An increasingly tense war over abortion has emerged as the early test of conservative bona fides among the leading GOP presidential contenders. To many on the right, the top three candidates are failing it because they're faking it.

"Come off it, guys, this is kind of unseemly," says David Keene, the influential president of the American Conservative Union. "The people you're doing this to aren't stupid. Eventually they'll figure out this is all bull."

Keene's harsh words reflect a harsh reality for the top-tier candidates: Many conservatives consider Arizona Sen. John McCain a less-than-passionate abortion foe, former Massachusetts Gov. Mitt Romney a flip-flopper and former New York Mayor Rudy Giuliani as downright hostile to the pro-life movement.

"I don't see any consensus on any candidate right now," says Steve Scheffler, president of the Iowa Christian Alliance and an influential voice in his state's caucuses. "All three have got challenges."

The fight to reverse that perception is getting personal. McCain and Romney, through aides and supporters, are hitting each other almost daily over the issue.

McCain, a consistent opponent of abortion in his more than two decades in Congress who nonetheless is viewed with suspicion by many in the anti-abortion community, pushed the issue to the front by declaring his support for overturning Roe v. Wade Sunday on the campaign trail in the conservative upstate region of South Carolina.

This prompted Romney to go on the attack. "Ask the pro-life movement where his leadership has been in the six years since 2000 that he's been running for president," said Gary Marx, who is charged with handling conservative outreach for Romney, of McCain. "What has he done?"

Romney, though, has even more challenges on pro-life issues. He was, in his words, "effectively pro-choice" until recent years and argued vehemently in both his unsuccessful run for the Senate in 1994 and in his 2002 gubernatorial bid that he would not lift a finger to take away a woman's right to an abortion.

Giuliani has smartly avoided the spat. Unlike Romney, he remains pro-choice. But even Giuliani has sought to lessen the gulf between his views and the GOP conservative base on the issue, saying on Fox News that he "hate[s]" the practice of abortion and telling South Carolinians that he'd appoint conservative judges in the mold of John Roberts and Samuel Alito.

"Giuliani is just starting to tip-toe into the pandering business, but he'll get there," quips Keene.

Some social conservatives, while appreciative of Roberts and Alito, are distraught at how little President Bush has done to put the topic at the forefront and fear even less will be done should any of the top three 2008 contenders be nominated. This only increases the pressure on presidential hopefuls to embrace the pro-life movement.

Michael Franc of The Heritage Foundation says that with the prospect of a Democratic-controlled, or at least closely divided, Congress and a Republican president who lacks ardor for the issue, not "losing any ground" on abortion may be the best that right-to-life activists can hope for.

"The real battle," Franc notes, "is going to be fought in the states and in scaling back judicial activism."

"What a lot of people are looking for," said former presidential candidate and conservative activist Gary Bauer of the GOP's White House hopefuls, "is do they understand the issue and do they understand that Roe v. Wade is the ultimate example of judicial activism?"

And do they?

"The jury is still out," says Bauer. But, he adds, McCain should win praise for speaking out against Roe. Merely offering rhetorical bows to "strict constructionist judges" isn't sufficient, argues Bauer, who is neutral in the race and backed McCain in the 2000 primary. "Strict constructionists think that precedent should stay," says Bauer, and thus their appointment wouldn't lead to Roe being overturned.

For McCain, Scheffler points out, it's just that he's not identified with the right to life movement. "Part of it is a perception problem because of his maverick streak," Scheffler says. Bauer notes that part of the problem is that McCain's ardent support for campaign finance reform angered some in the right to life movement who felt that the McCain-Feingold bill hurt their advocacy ability.

Asked to discuss the issue, McCain's campaign had Marlys Popma, a veteran Iowa social conservative activist now backing the Arizonan, defend the senator's record.

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"People are almost better identified by those who oppose them," notes Popma, a former head of Iowa Right to Life. And when she researched McCain's record before signing on, she was pleased with what she saw.

"I went and looked at how Planned Parenthood and NARAL had ranked Sen. McCain. For the last several years -- zeros. That spoke volumes to me."

But doesn't McCain at least have, as Scheffler puts it, "a perception problem?"

"Any campaign's job is to teach people about the candidate," Popma replies, and "if they take the time to look at his record, it speaks for itself."

Romney's campaign, despite their candidate's past protestations that he backed abortion rights, makes a similar argument.

"His record is his record," argues Kevin Madden, Romney's spokesman. When it came to actual governing decisions in his sole four-year term, Romney, Madden boasts, has "the luxury of having a strong pro-life record on this issue."

But, Madden adds, they've not sought to spotlight the issue and have tried to highlight other matters.

"The narrative is being driven by the media's focus on it more than the public's focus on it."

Madden laments that instead of talking about issues like health care, the economy or the threat of "Jihadists," Romney holds press conferences where "60% of the questions are about his Mormon religion and 40% are about abortion."

Giuliani's camp would also rather talk about more advantageous issues like homeland security and defense with the Republican base.

"This election is being viewed in terms of leadership in that Republican primary voters are looking at the bigger picture and want the best candidate to move this country forward," argues Giuliani spokeswoman Maria Comella.

On abortion, Giuliani has "been consistent on the issue, that's what voters respect about him," Comella says. Giuliani, Comella reiterates, "personally opposes abortion, but he believes it's a woman's rights to choose."

But how can Giuliani reconcile such a construction with past comments where he embraced the language of abortion rights supporters and praised the very groups that Popma, McCain's supporter, used as her litmus test?

Partially, at least, by pointing to what took place in New York while Giuliani was mayor. "He presided over a decline of abortions, promoted adoption as a real alternative and saw adoptions increase and abortions decrease," says Comella.

Rudy & Mitt Hem & Haw On Abortion (NYT)

By Ann Althouse

The New York Times, February 24, 2007

We're seeing some awfully complicated positions on abortion from some of the presidential candidates. It's easy to hoot with derision.

Rudy Giuliani did an elaborate dance the other day. Speaking in South Carolina, he said that "as a lawyer," he liked having "strict constructionists" on the federal courts. But he didn't specify what he wanted those "strict constructionist" judges to do with Roe v. Wade. Instead, he shifted to talking about how it's "part of our freedom" for the legislatures in the various states to make their own decisions about law.

More recently, on Larry King's show, Giuliani said he was pro-choice, though he hates abortion, and retreated again into ideas about the sort of judges he would appoint. King dogged him for blunter answers, and Giuliani must have sounded evasive to most people.

When King assumed that "strict constructionist" judges would overrule Roe v. Wade, Giuliani said, "We don't know that." When King asked, "Would it hurt you if they overturned it?" Giuliani turned the focus away from himself: we need good judges, and then there are always the states.

Meanwhile, Ruth Marcus of The Washington Post is pointing at a contorted pose that Mitt Romney struck, explaining something he said when he ran for governor of Massachusetts: "What I said to people was that I personally did not favor abortion, that I am personally pro-life. However, as governor I would not change the laws of the commonwealth relating to abortion.

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"Now I don't try and put a bow around that and say what does that mean you are — does that mean you're pro-life or pro-choice, because that whole package — meaning I'm personally pro-life but I won't change the laws, you could describe that as — well, I don't think you can describe it in one hyphenated word."

If you're already opposed to Giuliani or Romney, I'm sure the ridicule practically writes itself. Something so convoluted has got to be manipulation. Right? Compare them with straight-talking John McCain, who said: "I do not support Roe v. Wade. It should be overturned." That's harder to mock.

But it is the candidate who sets out to deceive us who has the most reason to keep it simple. By contrast, complexity may signal that the candidate is actually trying to tell us something about how he thinks. He may have a sophisticated grasp of the role of the executive in relation to the courts and the legislatures. We might do well to tolerate some complexity.

What should a candidate say about abortion? To represent what the country as a whole thinks, the president ought to take account of the deep beliefs Americans have about both reproductive freedom and the value of unborn life. To deserve the trust embodied in appointment power, the president should have a sound understanding of the judges as independent decision makers who follow an interpretive methodology that operates differently from political choice.

So instead of smirking, we should welcome the kind of complicated statements we're hearing from Romney and Giuliani. Any individual who is offering to wield presidential power should resist assuring us about what his judicial appointees will do. To do otherwise is to tip us off that he means to populate the judiciary with politicos.

If we listen with a decent sympathy, the things Giuliani and Romney say about abortion make sense. When Romney ran for governor, he made a commitment to Massachusetts voters not to attack the law he knew they supported. That was politically expedient, of course, but it also took an admirably limited view of executive power and acknowledged the independence of the legal system.

Similarly, Giuliani respects the distinctive work of judges and the separate role of the state legislatures. If Roe were overruled, those legislatures would decide how to regulate abortion. And decentralized legislation really is fairly called "part of our freedom" because the Constitution's framers saw the balance of power between the national government and the states as a safeguard against tyranny.

So I'd like to see a little more patience with what Romney and Giuliani are saying. But that doesn't mean we should be naïve. The next president will select real individuals to be judges, and no matter how diligent they are, they will bring something of their humanity to their interpretation of the law, a version of humanity that will express something of the president's cast of mind.

McCain Woos Seattle Voters (SEATIMES)

By Jim Brunner

The Seattle Times, February 24, 2007

Presidential hopeful Sen. John McCain, during a Seattle appearance today, said Congress should give President Bush's planned "surge" of more U.S. troops in Iraq a chance to work.

McCain called the recent Congressional debate on a nonbinding resolution opposing the surge "a charade" and said if members of Congress oppose the war, they should use their budget authority to cut off funding instead. He joked that he skipped that vote to "spend more time in the sunny climes of Iowa."

The Arizona Republican was at Seattle's Westin Hotel to deliver a speech urging greater U.S. trade with China and other Asian nations, but questions from the audience quickly turned to the war in Iraq.

McCain, a decorated Vietnam veteran who spent more than five years as a prisoner of war, said he hopes Americans will be patient and give the new Iraq strategy, led by Gen. David Petraeus, an opportunity to succeed. He said it should be clear within "some months" whether the plan is working.

"I believe that if we fail and leave you will see chaos and genocide. I also believe that unlike the Vietnam War when we lost and they didn't want to follow us home, these people want to follow us home," McCain said.

During his prepared speech, McCain cited the importance of Asian trade to Washington State and the country and said America should "reject the failed policies of isolationism."

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Instead, McCain said the U.S. should encourage more trade with China and other Asian countries, while also demanding those nations become more democratic and free. "With every export of wheat or software must travel the values that have always been the chief source of our greatness."

McCain, 70, is officially in an exploratory phase of a possible presidential bid. But he has begun laying the groundwork for a well-organized campaign in Washington. He received an early endorsement today from State Attorney General Rob McKenna.

And following his speech McCain was scheduled to meet at Boeing Field with Christian conservative leaders and anti-abortion activists -- a voting bloc considered key to his chances to win the 2008 Republican nomination.

"He is making the right moves," said Joe Fuiten, pastor of Bothell's Cedar Park church and one of the state's top evangelical leaders. Fuiten said he likes what he's heard from McCain so far, but called the meeting "a coffee date, not a marriage."

McCain Says Iraq Could End His Career (AP)

By Curt Woodward,

AP, February 24, 2007

Republican presidential hopeful John McCain said Friday that British Prime Minister Tony Blair has sacrificed his career to support the Iraq war, and the Arizona senator acknowledged that he could face the same fate.

McCain, a staunch defender of President Bush's new Iraq troop deployment strategy, said he worries that a cutback of British troops in southern Iraq announced by Blair this week could lead to stronger control by "Iranian-backed Shiite" forces. But he said Blair and the British deserve gratitude for their efforts.

"He has literally sacrificed his political career because of Iraq," McCain said during an appearance before the World Affairs Council and the City Club of Seattle. "That is a great testament to his political courage."

Asked later by a reporter if he was in danger of making the same sacrifice, McCain responded, "Sure."

McCain, who lost the Republican nomination to Bush in 2000, is expected to formally announce his second campaign for the White House next month.

His appearance in Seattle initially focused on trade, security and diplomatic policy in Asia, which has strong economic and cultural ties to the Pacific Northwest. Iraq quickly came up, and McCain said Americans should give Gen. David Petraeus, the new commander of U.S. forces in Iraq, a chance to succeed.

"I believe that if we fail in Iraq, you will see chaos and genocide," McCain said.

The state Democratic Party criticized McCain for his support for the war, calling him "worse than Bush" in a statement.

After the speech, McCain was asked by an audience member if he was "sucking up to the religious right." He drew laughs by responding: "What's wrong with sucking up to everybody?"

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On the Net:

McCain: http://www.johnmccain.com

Father Of Slain Teen Urges McCain To Speak Against Gun Violence (NSDY)

By Daniel Massey

Newsday, February 24, 2007

Before his daughter was shot to death in an Arizona parking lot last Sunday, Ronald Schiffman never considered himself a political person. Now he says he might be ready for a change.

Less than a week after his daughter, Nicole, 19, and her best friend, Carol Kestenbaum, 20, were killed, Schiffman called on Sen. John McCain (R-Ariz.) to speak out against gun violence.

"This is his state. John McCain should make a statement about this incident," said Schiffman. "He cries, rightly so, about all the boys who die in Iraq. I'd like to see him talk about gun control. It's a topic I think has disappeared because of all the problems the country is facing."

Schiffman, of Merrick, said replaying his daughter's death in his mind "haunts" him and that he wanted to "prevent this from happening again." Nicole Schiffman and Kestenbaum were shot last Sunday night in Tempe by 22-year-old Joshua Mendel, who had called 911 two weeks earlier asking for help with an alcohol problem.

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McCain was, a 2008 GOP presidential candidate, was traveling and unavailable for comment Friday, said Melissa Shuffield, a spokeswoman.

Family and friends of the victims gathered Friday afternoon to sit shiva. Kestenbaum's grandmother said the family did not want to comment, but that people had lined up and down the block Thursday night to pay their respects.

At the Schiffman home in Merrick Friday, unopened fruit baskets sat on a dining room table and a steady stream of mourners came to offer condolences.

Meanwhile, Tempe police were continuing with their investigation into the shooting by Mendel, who also killed himself. Mendel came to Tempe from St. Charles, Ill., and was described by friends as being fascinated by guns. "We have a good idea of what occurred," said Tempe Police Sgt. Mike Horn. "We're just trying to figure out why."

Horn said Alexandra Wake, a student at Arizona State University in Tempe, who had gone to high school with Mendel in St. Charles, Ill., and was his girlfriend until earlier this month, told police she had no inclination that he was violent.

"I don't buy that," said Schiffman. "Obviously he was proud of his guns." Wake did not return calls seeking comment.

Schiffman asked that contributions in his daughter's name be sent to Schneider Children's Hospital of North Shore and said that donations would be directed to help teenagers with psychological problems.

Schiffman said he also wanted to set up a scholarship in his daughter's name at her alma mater -- John. F. Kennedy High School in Bellmore -- for a student interested in journalism. Nicole Schiffman dreamed of becoming a journalist.

A Cat Without Whiskers (NYT)

By Maureen Dowd

The New York Times, February 24, 2007

So some guy stands up after John McCain's luncheon speech here yesterday to a group of business types and asks him a question.

"I've seen in the press where in your run for the presidency, you've been sucking up to the religious right," the man said, adding: "I was just wondering how soon do you predict a Republican candidate for president will start sucking up to the old Rockefeller wing of the Republican Party?"

Mr. McCain listened with his eyes downcast, then looked the man in the eye, smiled and replied: "I'm probably going to get in trouble, but what's wrong with sucking up to everybody?" It was a flash of the old McCain, and the audience laughed.

Certainly, the senator has tried to worm his way into the affections of W. and the religious right: the Discovery Institute, a group that tries to derail Darwinism and promote the teaching of Intelligent Design, helped present the lunch, dismaying liberal bloggers who have tracked Mr. McCain's devolution on evolution.

A reporter asked the senator if his pandering on Roe v. Wade had made him "the darling and candidate of the ultra right wing?" (In South Carolina earlier this week, he tried to get more evangelical street cred by advocating upending Roe v. Wade.) "I dispute that assertion," he replied. "I believe that it was Dr. Dobson recently who said that he prayed that I would not receive the Republican nomination. I was just over at Starbucks this morning. ... I talk everywhere, and I try to reach out to everyone."

But there's one huge group that he's not pandering to: Americans.

Most Americans are sick and tired of watching things go hideously backward in Iraq and Afghanistan, and want someone to show them the way out. Mr. McCain is stuck on the bridge of a sinking policy with W. and Dick Cheney, who showed again this week that there is no bottom to his lunacy. The senator supported a war that didn't need to be fought and is a cheerleader for a surge that won't work.

It has left Mr. McCain, an Arizona Republican, once the most spontaneous of campaigners, off balance. He's like a cat without its whiskers. When the moderator broached the subject of Iraq after lunch, Mr. McCain grimaced, stuck out his tongue a little and said sarcastically, "Thanks."

Defending his stance, he sounds like a Bill Gates robot prototype, repeating in a monotone: "I believe we've got a new strategy. ... It can succeed. I can't guarantee success. But I do believe firmly that if we get out now we risk chaos and genocide in the region."

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He was asked about Britain's decision to withdraw 1,600 troops from Iraq. "Tony Blair, the prime minister, has shown great political courage," Mr. McCain said. "He has literally sacrificed his political career because of Iraq, my friends," because he thought "it was the right thing to do."

He said he worried that Iranian-backed Shiites were taking more and more control of southern Iraq. (That was probably because the Brits kept peace in southern Iraq all along by giving Iranian-backed Shiites more and more control.) And he noted that the British are sending more troops to Afghanistan, "which is very necessary because we're going to have a very hot spring in Afghanistan."

But then he got back to Tony Blair sacrificing his political career, and it was clear that he was also talking about himself. When a reporter later asked him if Iraq might consume his candidacy, he replied evenly: "Sure."

I asked him if he got discouraged when he reads stories like the one in The Wall Street Journal yesterday about Ahmad Chalabi, the man who helped goad and trick the U.S. into war, who got "a position inside the Iraqi government that could help determine whether the Bush administration's new push to secure Baghdad succeeds."

Or the New York Times article yesterday about a couple of Iraqi policemen who joined American forces on searches in Baghdad, but then turned quisling, running ahead to warn residents to hide their weapons and other incriminating evidence.

He nodded. "I think one of the big question marks is how the Maliki government will step up to the plate," he said.

And how, I asked him, can Dick Cheney tell ABC News that British troops getting out is "an affirmation that there are parts of Iraq where things are going pretty well," while he says that Democrats who push to get America out would "validate the Al Qaeda strategy." Isn't that a nutty?

But Senator McCain was back on his robo-loop: "I can only express my gratitude for the enormous help that the British have given us."

Sometimes I miss John McCain, even when I'm with him.

Nevada Republicans Reject Holding Early Caucus (NHUL)

By John DiStaso

New Hampshire Union Leader, February 24, 2007

Nevada Republican leaders have decided not to follow their Democratic counterparts by moving up their Presidential caucus to near the front of the pack of nominating contests.

After considering it, the Nevada Republican Party's executive board decided against a calendar move that would have violated a rule of the Republican National Committee, the party's executive director said yesterday.

"Our executive board has made the decision that we can't move up and we don't want to violate the RNC's bylaws," Zachary Moyle said in a telephone interview.

The Democratic National Committee has handed Nevada a Democratic Presidential caucus set for Jan. 19, 2008. The DNC wants the Nevada caucus to be the second nominating event on the calendar "" four days after the leadoff Iowa caucus and three days before the New Hampshire primary.

The New Hampshire primary date is not guided by the DNC rule, however. It is a state-run election and Secretary of State William Gardner has sole authority under state law to set the primary date. He has indicated he may set it for a date earlier than the one set by the DNC. He is expected to make that decision in the fall.

Still, Democratic Presidential candidates have been flocking to Nevada. Earlier this week, all the candidates except Illinois Sen. Barack Obama participated in a forum that drew nationwide media attention.

Republicans in Nevada had been considering following the state's Democrats to a date near the front of the pack. Former Nevada GOP Chairman Paul Adams told the New Hampshire Union Leader in early January that because a RNC rule forbids a delegate-selecting caucus prior to Feb. 5, 2008, his state party was considering holding a straw poll on the same day as the Democrats hold their caucus.

Yesterday, a Nevada Republican political consultant, Peter Ernaut, was quoted by a Las Vegas newspaper as saying that after seeing the attention the Democrats received from the forum, "I'm absolutely green with jealousy that we Republicans haven't

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followed suit. But we're working hard at remedying that, and I'm very confident Republicans will have caucuses organized for 2008 as well."

Moyle said that while Ernaut is a prominent local party activist, he is apparently unaware of the RNC rule.

Moyle said Republican officials in Nevada are considering moving up their caucus from the current date of April 26 to mid-February, but there are no plans to break the national party rule and hold it before Feb. 5.

"There has been zero talk about moving into January," Moyle said. "That has been 100 percent decided. We can't feel compelled to move our thing just because the Democrats have."

Moyle said he does not begrudge the Democrats for having the early event.

"Anytime Nevada gets attention, it's a good thing," he said. "Anytime you bring in the Democrats, we get attention as well. And we've had all the major Republican candidates in the state over the past two years."

Moyle said that officials of his party "have met and said we don't want to move up the caucus. It is possible we could move it up, but we won't have it before February 12."

Early Stops On The Sweet-Talk Circuit (NYT)

By Mark Leibovich

The New York Times, February 24, 2007

KEENE, N.H. — Hillary Rodham Clinton ordered a chai latte. Molly Kelly went with the regular latte.

Then the just-acquainted pair settled in at a cafe table and gabbed for 20 minutes or so about their children, jobs and Senate careers (United States Senate for Hillary; New Hampshire Senate for Molly). It was all very cozy. Just as it was a few weeks ago when Mrs. Clinton called Ms. Kelly out of the blue to say 'hi' and introduce herself, like a new neighbor ready with a casserole.

This is the beginning of the quadrennial groveling season. While the presidential campaigns have turned against one another in the news media in recent days, the candidates are making serious nice to would-be supporters.

Ms. Kelly is a financial adviser, a mother of four and a lawmaker, but her chief attribute — as far as Mrs. Clinton and every other Democratic presidential candidate is concerned — is that she is a local person-of-influence in a state with early voting. Her potential support gives her a disproportionate say in picking the next president and, more to the point, entitles her to disproportionate attention, flattery and testimonials from the procession of Very Ambitious People blowing through town.

"It all seemed very natural," Ms. Kelly said of her chats with her new friend, the New York senator.

It also seemed very natural that Ms. Kelly would catch a ride on Feb. 11 with Mrs. Clinton from Brewbakers Cafe to Keene High School, where Ms. Kelly introduced the former first lady at a campaign rally, and the former first lady thanked the audience "for electing Molly Kelly."

The next day, Senator Barack Obama, Democrat of Illinois, who was visiting New Hampshire for the first time, called Ms. Kelly, and they agreed to get together the next time he was in the area. Senator Joseph R. Biden Jr. of Delaware and Gov. Bill Richardson of New Mexico attended events during her State Senate campaign last year, as did Senators John Kerry and Evan Bayh before they decided not to run for president.

Ms. Kelly is uncommitted, which ensures that she will be a fixture on the presidential butter-up circuit along with a relatively tiny population of geographically blessed campaigners, party leaders and elected officials. Few outside their communities have ever heard of them, but the presidential candidates most assuredly have.

"We get calls on our birthdays, when someone is born, when someone dies," said Deborah Arnesen, who is known as Arnie, a former Democratic candidate for governor in New Hampshire and a television host in the state. It is all in the spirit of currying favor, or "the care and feeding of the body politic," said Warren B. Rudman, a former Republican senator from New Hampshire.

Some bodies politic require more care and feeding than others. Former Senator Bob Kerrey, Democrat of Nebraska, who ran for president in 1992, once offended a local advocate in New Hampshire by neglecting to offer her a cookie during a visit to a Manchester bakery. Mr. Kerrey managed to apologize and keep her support, but it took some doing.

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"I had to take her to breakfast," Mr. Kerrey recalled, declining to name the advocate. "I think I brought her a cookie and we mended fences."

Most recipients of this boot-licking readily acknowledge the reason for it.

"It's not our personal charisma that's getting us all this attention," said Katon Dawson, chairman of the Republican Party in South Carolina and object of affection from new friends Rudy and Mitt, among others. "It's all our position on the calendar. We understand that."

Some fully exploit that. "I have been entrusted with a very important responsibility," said Lou D'Allesandro, a longtime Democratic state senator in New Hampshire known for his deliberate style of public presidential decision-making. "I'm not going to make a decision until I've gotten to know all the candidates."

This could take months. Before the New Hampshire primary in 2004, Mr. D'Allesandro enjoyed several months of visits, birthday calls, handwritten notes and inquiries about his health, wife and family. He finally settled on John Edwards, the former North Carolina senator.

But Mr. D'Allesandro is a free agent in 2008. He had a half-hour visit with Mrs. Clinton at Pappy's Pizza in Manchester two weekends ago ("impressive woman"); a quick meeting with Mr. Obama in Concord two Mondays ago ("his demeanor was outstanding"); and recently took phone calls from Mr. Biden ("an old friend") and Senator Christopher J. Dodd of Connecticut ("also an old friend"). He met with Mr. Richardson at a union event in Concord, and Mr. Richardson later introduced him as "the famous Lou D'Allesandro." And Mr. Edwards's wife, Elizabeth, called last week; no hard feelings over Lou's seeing other people.

Relationships with campaigners tend to be intense and temporary, said Senator Lamar Alexander, Republican of Tennessee who ran for president in 1996 and briefly in 2000. "And then, just like that, it's over," Mr. Alexander said.

He recalled paying at least six private visits to an Iowa state representative who wound up supporting former Senator Bob Dole for president in 1996. What was the gentleman's name?

"I don't recall," Mr. Alexander said.

(In the goodbye-to-all-that department: Mr. Kerrey finished a disappointing third in the New Hampshire primary and posed for a photo while making an obscene gesture next to a "Leaving New Hampshire" sign.)

Early-state players generally harbor few illusions that the attention would persist if they ever up and moved to, say, Indiana, whose primary comes considerably later than New Hampshire's.

For instance, Senator Michael E. Gronstal would probably not be getting "Hey, this is Barack" calls on his cellphone if he were the Democratic leader in the Indiana Senate rather than the Iowa Senate. Mr. Obama (that would be the Barack on the line) was just checking in. The two got together on Wednesday at the capitol in Des Moines.

Locals in Iowa and New Hampshire can be fiercely protective of their states' special status whenever other states threaten to supplant them at the front of the voting calendar, which happens periodically. Campaigners often trumpet how vital the New Hampshire primary and Iowa caucuses are "to the democratic process." True enough, but let's be honest, "it's a great ego trip for a lot of people," Mr. Rudman said.

Tom Rath, a former attorney general in New Hampshire and a longtime Republican campaigner in the state, said: "It's really nice that all these important people want to know what my summer plans are. Karl Rove used to joke that I never have to shovel my own driveway because the candidates would do it for me."

Candidates are also inclined to shovel it on thick to local media muck-a-mucks like the political columnists David Yepsen of The Des Moines Register and John DiStaso of The Union-Leader in Manchester, N.H., among others. "I'm a person that people want to have a relationship with," said Ms. Arnesen, who hosts "Political Chowder," a television show on New Hampshire politics. "When I'm in a room, the candidates know I'm there."

Last month, Ms. Arnesen was attending a cocktail party at the Capitol in Washington after a seminar for talk-show hosts when Mrs. Clinton happened by. " 'Arnie Arnesen, oh my God, what the heck are you doing here?' " Mrs. Clinton said, according to an account in The Telegraph of Nashua, N.H. They chatted for 15 minutes or so, and Mrs. Clinton complimented Ms. Arnesen on her outfit — "a very chic and yet subtle ensemble" is how Ms. Arnesen describes her multilayered skirt, long scarf ("with ribbons cascading off of it") and calf-length coat. "It was sort of a Vogue look that came from the Salvation Army," Ms. Arnesen said.

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Whatever, Mrs. Clinton dug the outfit, and Ms. Arnesen said she made a good impression.

Arnold Defends Hillary, Mulls Senate Run (POL)

By Roger Simon

The Politico, February 23, 2007

SACRAMENTO, Calif. — If Arnold Schwarzenegger had been born in Austin instead Austria, he might be president today.

But because that office is denied him by the U.S. Constitution, he is concentrating on other things.

He told me in a 45-minute interview in his office in the state capitol Thursday:

He will not rule out running for future public office including U.S. senator or mayor of Los Angeles when his term as governor expires in January 2011.

He will not endorse a presidential candidate until after the Republican Convention in September 2008, even though he thinks Rudy Giuliani and John McCain are strong candidates and either could win the California primary.

He wants a deadline for getting U.S. troops out of Iraq, even though he recognizes that President Bush does not.

He thinks Democrats should stop criticizing Hillary Clinton for refusing to say she made a mistake by voting for the Iraq war.

His wife, Maria Shriver, will "absolutely not" run for governor of California or any other public office, quashing speculation that a Schwarzenegger dynasty was in the making.

Schwarzenegger, a Republican who favors abortion rights, stem-cell research, gay rights and gun control, will give a speech at the National Press Club on Monday stressing the importance of centrism in American politics.

In my interview with him Thursday, he decried excessive partisanship and said the current system of political gerrymandering in which the vast majority of seats in the House of Representatives are heavily weighted in favor of one party or the other "creates extremism."

He said he favors redistricting such seats and also said he favors open primaries in every state so that Republicans can vote for Democrats and vice versa.

John McCain and Rudy Giuliani, he said, symbolize the kind of political positioning that he thinks can win his state 2008. "Both of them are very appealing for Californians, I think, because they are in the center," he said.

He also said: "I don't know as much about [Mitt] Romney yet. I've never had time to really hang with him and to really talk with him and get a feel about how much we have in common."

There is some feeling among those close to Schwarzenegger that Romney may be avoiding "hanging" with Schwarzenegger because Romney is wooing Republican conservatives who think Schwarzenegger is too moderate.

Although Schwarzenegger employs Democrats on his staff and has been working closely with California's Democratic legislature, he said he would definitely endorse the Republican nominee for president. (That would also mean that New York Mayor Michael Bloomberg, a friend and political ally of Schwarzenegger, would not get his endorsement should Bloomberg run for president as an independent.)

"I am very glad we have Republican candidates that are very much in the center and can appeal to both Republicans and Democrats," Schwarzenegger said.

During the interview, Schwarzenegger sat in a leather chair at the end of a long oak table in his cabinet room. He still uses a cane to walk, the result of a skiing accident in which he broke his right femur last December. He said that while he was no longer on painkillers, full recovery was going to be "a long, long process."

Schwarzenegger said that he believes politicians should be honest about admitting their mistakes but that "people are too tied down with analyzing" whether Hillary Clinton's vote to authorize the Iraq war was a mistake.

"Is that what makes the country operate well, if she becomes president?" he asked. "How you twist that or spin that? We should look at what has she done as senator. What has Barack Obama done as a U.S. senator or [a state] senator. What has Rudy Giuliani done? What has McCain done? You've got to judge people not by this one little thing."

Schwarzenegger also said candidates should not be judged on a single issue like abortion. No pro-life presidential candidate has carried California since George H.W. Bush did so in 1988. So I asked Schwarzenegger if he thought McCain, who is also pro-life, could possibly win the state in 2008.

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"I think he can," Schwarzenegger said. "What is important is that you look at overall picture, what does he have to offer California and the country. It will be hard. I am not saying it is not a challenge. But the bottom line is I would not, because of one issue, discount anybody."

Regarding Iraq, Schwarzenegger said: "I think what is important is that we support the war, but we need to have a timeline to let the Iraqis know it is not an open-ended thing. It shouldn't be another Vietnam or Korea where we are there for decades."

Schwarzenegger said he supports President Bush in the "need to do everything that we can to come out of it with a victory" but he disagrees with Bush's refusal to set a deadline for U.S. support.

"We've got to say [to the Iraqis] you guys got to get this [done] next year and got to get your act together and after that we start pulling the troops back," Schwarzenegger said.

Schwarzenegger, 59, is term-limited and is in his second and final term as governor. When I asked him if he might run for the Senate or mayor of Los Angeles, both of which have been the subject of speculation, he said: "If you serve the people well, your options are open and you can decide at the last minute anything. If you want to go back to show business, or just go into business or to run for another office, all those options are available."

Schwarzenegger's wife, Maria Shriver, played a crucial role in Schwarzenegger's re-election campaign and is said to be his chief political adviser.

So does Schwarzenegger think she would make a good governor?

"My wife has no interest in that," he said flatly. "Absolutely not. She grew up in a political family, she has tremendous instincts when it comes to politics. But she has no interest in being in the political arena or run for office or anything like that or to manage the state."

Schwarzenegger said he wanted his own legacy as governor, aside from specific achievements, to be his bipartisan approach to "fighting for the people."

"That is my primary goal," he said. "That's why sometimes Republicans are up in arms and saying this is not our philosophy or sometimes Democrats are up in arms. That's OK."

Schwarzenegger concluded the interview by saying with some emotion, "Remember one thing: You will never hear me complain that I can't run for president. I look at the things I was able to do rather than the things I am not able to do. I am very, very happy about how America has received me and the kind of things I was able to accomplish here."

Panel Calls Adult Stem-cell Study Flawed, Wrong (WT/AP)

The Washington Times, February 24, 2007

MINNEAPOLIS (AP) -- A scientific panel says a 2002 study that suggested adult stem cells might be as useful as embryonic ones was flawed and its conclusions may be wrong, a finding that raises questions about the promise of a less-controversial source for stem cells.

The research by Catherine Verfaillie at the University of Minnesota concluded that adult stem cells taken from the bone marrow of mice could grow into an array of biological tissues, including brain, heart, lung and liver.

So far only embryonic stem cells, which are commonly retrieved by destroying embryos at an early stage of development, are known to hold such regenerative promise. Many scientists think these cells might one day be used to treat certain diseases and other conditions.

Opponents of stem-cell research seized on the 2002 findings as evidence that stem-cell science could move forward without destroying embryos. But Miss Verfaillie has acknowledged flaws in parts of the study after inquiries from the British magazine New Scientist, which first publicized the questions last week.

A panel of specialists commissioned by the university concluded that the process used to identify tissue derived from the adult stem cells was "significantly flawed, and that the interpretations based on these data, expressed in the manuscript, are potentially incorrect," according to a portion of the panel's findings released by the university.

The panel concluded that it wasn't clear whether the flaws mean Miss Verfaillie's conclusions were wrong. It also determined that the flaws were mistakes, not falsifications.

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Tim Mulcahy, vice president of research at the university, said it would be up to the scientific community to decide whether Miss Verfaillie's study still stands up.

Other researchers have been unable to duplicate Miss Verfaillie's results since the 2002 publications, increasing their skepticism about her claims. But that may only be an indication of how difficult the cells are to work with, said Amy Wagers, a Harvard University stem-cell researcher who was not involved in the investigation.

Miss Verfaillie did not respond to a phone message left with her current employer, the Catholic University of Leuven in Belgium. She told the Star Tribune of Minneapolis in a story published yesterday that the problem was "an honest mistake" that did not affect the study's conclusions about the potential of adult stem cells.

Her research was scrutinized after a writer for New Scientist noticed that some data from the original 2002 article in the journal Nature duplicated data in a second paper by Miss Verfaillie around the same time in a different journal, even though they supposedly referred to different cells. Miss Verfaillie told the Star Tribune that the duplication was an oversight and said she notified the University of Minnesota, which convened the panel to take a closer look at the research.

Diane Krause of Yale University, who (like Miss Verfaillie) has studied using bone marrow as an alternative to embryonic stem cells, said she thinks Miss Verfaillie's research will hold up, despite being hard to repeat.

Nigel Cameron, who runs the Institute on Biotechnology and the Human Future and is a bioethics professor at Chicago-Kent College of Law in the Illinois Institute of Technology, said scientists who have been trying to find a middle way on stem cells have seen their work seized by one side or the other for their own advantages.

"This is a fascinating example of the way in which science is becoming politicized, on both sides of this debate," said Mr. Cameron, who supported President Bush's 2001 ban on federal dollars spent on deriving new stem cells from fertilized embryos. "It's no longer scientists in white coats coming up with facts. There are uses being made of the facts on all sides, and I think it's quite problematic."

Cheney Tackles Beijing On Military Expansion (FT)

By Raphael Minder, Demetri Sevastopulo And Guy Dinmore

Financial Times, February 24, 2007

US Vice-president Dick Cheney on Friday accused China of pursuing military policies that were at odds with its stated ambitions of a “peaceful rise”.

Mr Cheney welcomed Beijing’s role in securing the six-party agreement with North Korea towards denuclearising the Korean peninsula.

But he said China’s recent anti-satellite missile test and the rapid expansion in its military budget was sending mixed signals.

“[They] are not consistent with China’s stated goal of a peaceful rise,” said Mr Cheney during a visit to Australia. “We hope China will join us in our efforts to prevent the deployment and the proliferation of deadly technologies, whether in Asia or in the Middle East.”

His comments about Chinese military spending come just weeks after the White House unveiled a military budget of $623bn (€473bn, £317bn) for 2008. While the US criticised the Chinese anti-satellite missile test, critics have pointed out that Beijing has been urging the US to work towards a treaty banning space weapons.

Mr Cheney, one of the leading hawks in the Bush administration, who has previously resisted any deal with North Korea that did not involved complete disarmament, expressed support for the six-party deal but said Pyongyang still had “much to prove”.

Chris Hill, the chief US negotiator in the talks, this week was highly complimentary about China’s role. He said Beijing had no interest in a situation of “strategic ambiguity” over North Korea’s nuclear arsenal, where Pyongyang would be “pretending to disarm” and the rest “pretending to believe”.

The visit of Mr Cheney to Sydney comes at a difficult time for John Howard, the prime minister, who is under pressure to justify his decision to maintain Australia’s military involvement in the US-led coalition in Iraq, while the UK announced this week that it would reduce its contingent.

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Mr Howard has also faced criticism over his inability to speed up legal proceedings against David Hicks, an Australian detained in Guan-tánamo Bay.

But Mr Howard rejected as “absurd” suggestions the US visit and the strong endorsement received yesterday from Mr Cheney was a political liability in the run-up to federal elections this year.

He said: “America and Australia are close allies and people should look beyond their personal prejudices and understand how fundamental the American alliance is to the security of Australia in our own region, and how important it is to have an engaged, committed America in our part of the world.”

North Korea on Friday asked Mohamed ElBaradei, the head of the International Atomic Energy Agency, to visit more than three years after expelling his experts and quitting the nuclear non-proliferation treaty. in an encouraging signal about its willingness to ultimately renounce nuclear weapons.

Mr ElBaradei said the visit was likely to occur in the second week of March.

Cheney: 'All Options' Available For Iran (AP)

By Rohan Sullivan, Associated Press Writer

AP, February 24, 2007

Vice President Dick Cheney renewed Washington's criticism of Iran on Saturday, saying "all options" remained on the table to deal with that country's regime after it ignored a U.N. deadline to halt uranium enrichment and said it would defy foreign pressure.

At a joint news conference with Australian Prime Minister John Howard, Cheney also said that Washington was "comfortable" with Britain's decision to withdraw troops from Iraq and that it was up to Australia to decide if it would do the same.

Cheney said the United States remained "deeply concerned" about Iran's activities, including the "aggressive" sponsoring of terrorist group Hezbollah and inflammatory statements by President Mahmoud Ahmadinejad.

He said top U.S. officials would meet soon with European allies to decide the next step toward planned tough sanctions against Iran for its pursuit of nuclear weapons.

"We worked with the European community and the United Nations to put together a set of policies to persuade the Iranians to give up their aspirations and resolve the matter peacefully, and that is still our preference," Cheney said.

"But I've also made the point, and the president has made the point, that all options are on the table," he said.

The White House has previously made similar comments.

"We believe it would be a serious mistake if a nation such as Iran became a nuclear power," he said.

Iran says its atomic program is aimed solely at generating energy, but the United States and some of its allies suspect it is geared toward making nuclear weapons.

The International Atomic Energy Agency reported on Thursday that Iran had not only ignored a U.N. Security Council ultimatum to freeze the enrichment program, but had expanded that program by setting up hundreds of centrifuges. Enriched uranium fuels nuclear reactors but, enriched further, is used in nuclear bombs.

The IAEA report came after the expiration Wednesday of a 60-day grace period for Iran to halt uranium enrichment.

Ahmadinejad said on Thursday that Iran would resist "all bullies," and appeared to dismiss the IAEA report, saying it was of no importance if countries did not believe Iran's nuclear activities were peaceful.

On Iraq, Cheney sidestepped a question about whether the White House had asked the British government to redeploy troops into another part of Iraq rather than withdraw them.

British Prime Minister Tony Blair has outlined a plan to withdraw about 1,600 troops from southern Iraq in the coming months, and to reduce Britain's 7,100-strong contingent further by late summer.

"They have to make decisions with respect to their forces based upon what they think makes sense," Cheney said.

"They are going to continue to have a major presence there. They are also, I believe, beefing up their operations in Afghanistan," Cheney said. "So we are very comfortable with that decision."

Britain said Friday it will increase its troop strength in Afghanistan to bolster NATO forces battling Taliban militants. British media reported 1,000 additional soldiers would join the more than 5,000 British troops already in Afghanistan.

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Cheney declined to say if he had asked Howard during talks held Saturday to add to the 1,400 troops Australian has in and around Iraq.

"Those decisions are obviously to be made by the Australian government based on their considerations as well as ... the conditions on the ground in that part of the world," Cheney said. "It's not for us to stress to our allies what their appropriate response might be."

West Aims To Agree New Iran Sanctions (FT)

By Daniel Dombey And Mark Turner

Financial Times, February 24, 2007

Western countries said on Friday they would seek to agree new sanctions against Iran involving a travel ban, possibly an arms embargo, and a crackdown on export credits because of Tehran's failure this week to meet a United Nations deadline to curb its nuclear programme.

But they acknowledged some measures, such as the export credits, could be difficult to agree among the UN Security Council's five permanent members, which meet on Monday with Germany to discuss next steps.

The US and the European Union hope that by setting more modest goals, they will avoid the four-month long wrangle at the Security Council that preceded the imposition of previous sanctions against Iran last December.

"The question of export credits . . . is likely to be discussed but it is not an easy issue," said a senior British official. "Arms exports is another question – again, it's not straightforward. Identifying further entities and officials [for an asset freeze and a travel ban] is a third area."

Other EU diplomats said they had a similar agenda for Monday's talks.

The British official said the EU as a whole had outstanding guarantees supporting $20bn (€15bn) of exports to Iran, with Germany and Italy accounting for the biggest shares. But the EU will find it difficult to agree to phase out such support entirely.

Germany, which has more than $5bn in credits outstanding, has taken a political decision to grant fewer new credits but is unwilling to leave its exporters at a disadvantage by completely eliminating them. "EU countries will only end these export credits if there's a decision at the UN," said a western diplomat.

The British official also differed with Mohamed El-Baradei, director-general of the International Atomic Energy Agency, who says Iran has already learnt almost all it can from operating "research" centrifuges to enrich uranium. Mr ElBaradei concludes from this that Iran might have to be allowed to continue operating some centrifuges if it is to save face, and agree to a deal.

The official countered: "They haven't yet mastered the basic technology." There had also been signs of debate among Tehran's ruling elite. "President [Mahmoud] Ahmadi-Nejad's standing seems to have diminished and I think that's helpful for rational discussion and debate," he said.

The British official said the goal of the international community was still a complete suspension of Iran's uranium enrichment-related activities, but several countries wanted to give greater emphasis to the benefits to Iran of negotiations.

Leaving The Options Open With Iran (NYT)

By David E. Sanger

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — As the Bush administration tries to rally allies to tighten sanctions on Iran yet again, it is sending mixed messages to Tehran about its commitment to a diplomatic solution, trying to create new openings for negotiations even while holding open, ever so vaguely, the possibility that the United States might some day resort to force.

In Australia on Friday, Vice President Dick Cheney, one of the strongest advocates of pressing for a "regime change" in Iran, reiterated his belief that a diplomatic solution was possible. But Mr. Cheney noted that "the president has also made it clear that we haven't taken any options off the table," a phrase that President Bush frequently uses but has conspicuously avoided in recent weeks while discussing the issue.

At the same time, Secretary of State Condoleezza Rice restated her willingness to meet the Iranians anyplace to talk about anything as long as they first agree to stop producing nuclear fuel, even temporarily.

White House officials insist that there is no contradiction.

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"The idea that we are ginning up another war — there is no evidence for that," one senior administration official said Friday. The official added that Iran needed to know that it could not let negotiations drag on forever, and that any talk of military options was a signal that Washington would not negotiate endlessly while Tehran used the time to continue its work on uranium enrichment.

But, so far, the White House has declined to say at what point the Iranians will have pushed the United States too far — in other words, how many working centrifuges in Iran would be too many, or at what point it would be impossible to guarantee that Iran could not achieve a "nuclear option," the ability to turn ostensibly civilian nuclear facilities into bomb-making ones.

For now, administration officials say, Mr. Bush is happy to leave the Iranians guessing. He ordered an additional aircraft carrier into waters within striking distance of Iran and its nuclear facilities last month, a step that senior officials say they believe took the Iranian leadership by surprise. He has issued warnings to the Iranians not to meddle in Iraq and has focused on intelligence findings that the most deadly bombs used against Americans in Iraq bear marks of Iranian origins.

But Mr. Bush has denied that he is trying to provoke Iran into a response that would provide a pretext for direct confrontation. "To say it is provoking Iran is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way," Mr. Bush said at a news conference on Feb. 15, shortly after accusing Iranian forces, but not necessarily the country's leadership, of worsening the violence in Iraq.

In interviews in recent days, three administration officials, all of whom insisted on anonymity because they were speaking about a strategy still being developed, said the carrier movements, the accusations about weapons in Iraq and the use of sanctions against the government were all intended to provide Mr. Bush with some leverage in dealing with Iran.

The officials have made little secret of their desire to fuel dissatisfaction inside Iran with the country's fiery president, Mahmoud Ahmadinejad, who on Friday vowed anew to continue enriching uranium, saying, "If we show weakness in front of the enemies, they will increase their expectations."

R. Nicholas Burns, the under secretary of state for policy and the lead negotiator on Iran, said Thursday that the multipronged approach was showing an effect. "We've roiled their government, and I think we've shocked them a bit," he said.

Mr. Burns is headed to London for a meeting on Monday with France, Germany, Britain, Russia and China about devising a new, tighter set of sanctions against the Iranian government — one that might include a further crackdown on export credits or conventional arms sales.

Mr. Burns will undoubtedly run into more resistance from the Russians and the Chinese, who told American officials flatly in December that they would not put additional economic pressure on the Iranians. But Mr. Burns said he was not looking for a major escalation of sanctions, and other administration officials say that modest steps would be fine for now.

"The most important thing about the last resolution was that we achieved a consensus, we kept the Russians and Chinese on board," one senior administration official said. "And in the end, that's what has serious impact in Iran."

Administration officials say that the need to hold that consensus together is overriding the differences on Iran that roiled the administration in its first term. Back in 2002 and 2003, when the prospect of a nuclear-capable Iran was more distant, the administration decided not to explore several offers through intermediaries to open discussions. Mr. Cheney and others argued that the success they anticipated in Iraq would chasten the Iranians, bringing them to the table on more favorable terms.

Mr. Cheney, however, appears increasingly isolated now that many of his protégés have departed the Defense Department, the State Department and other corners of the administration. He was described by several top officials as only a minor player in the president's decision in May to offer incentives to Iran if it agreed to suspend its fuel production.

But the Iranians did not accept last year's offer, and if the administration and the Europeans are unable to find a formula that works for all sides, the talk of military options is bound to persist.

"No one has defined where the red line is that we can't let the Iranians step over," one senior official said. But Mr. Bush, the official said, is determined "not to let them get one lugnut turn away from having a bomb."

Some diplomats who are trying to bridge the differences between Washington and Tehran insist that Mr. Bush is going to have to give some ground. "To focus only on suspension in my view is not the right approach," Mohamed ElBaradei, the director general of the International Atomic Energy Agency, said early this week to The Financial Times.

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In Vienna on Friday, Dr. ElBaradei repeated his idea of a “time out” to allow talks, with Tehran halting uranium enrichment and the United Nations suspending sanctions. And he has consistently preferred to allow a modest amount of face-saving “research and development” in Iran, and focus instead on preventing the country from having an industrial capacity to produce nuclear fuel.

So far, though, Mr. Bush has said that even that much nuclear knowledge cannot be allowed in a country he does not trust.

Iranian Leaders Decry Critics' 'Bullying' Over Nuke Program (WT/AP)

By Nasser Karimi, Associated Press

The Washington Times, February 24, 2007

TEHRAN -- Critics of its nuclear program are "bullying" Iran, its current president and a former president said yesterday in response to a report by the U.N. nuclear watchdog that opens the way for additional sanctions against Iran.

The comments from President Mahmoud Ahmadinejad and influential former President Akbar Hashemi Rafsanjani, in separate speeches, appeared to show that the Iranian ruling establishment is closing ranks ahead of the possible new measures.

The International Atomic Energy Agency report Thursday said Iran has ignored a U.N. Security Council ultimatum to freeze uranium enrichment -- a possible pathway to nuclear arms -- and instead has expanded its program by setting up hundreds of centrifuges.

Hours later, the United States said key countries would meet next week to try to develop a new U.N. resolution on the standoff.

In Washington, Undersecretary of State R. Nicholas Burns said he will travel to London on Monday to meet with the United States' negotiating partners to try to draft a new resolution regarding Iran.

"It is effectively thumbing its nose at the international community," he said of Iran.

Mr. Burns said he hopes the United States and other permanent members of the U.N. Security Council, plus Germany, can quickly draft a resolution to "see Iran repudiated again." He said it was too soon to say what provisions the resolution might contain.

Among the permanent council members, Britain and France are likely to join the United States in a call for harsher sanctions than Russia and China will accept.

Chinese Foreign Minister Li Zhaoxing told his Iranian counterpart that his country hoped "to peacefully resolve" the nuclear issue, the Xinhua news agency reported yesterday. Russian U.N. Ambassador Vitaly Churkin likewise reiterated his country's desire for a negotiated solution.

Divisions had emerged within the Iranian leadership over Mr. Ahmadinejad's handling of the nuclear standoff since the council's adoption of limited economic sanctions against Iran in December.

Some Iranians think Mr. Ahmadinejad has been too antagonistic toward the United States and its allies. Mr. Rafsanjani in recent weeks has emerged as a high-level advocate of a more conciliatory stance toward the West in the nuclear dispute.

But Mr. Rafsanjani told worshippers gathered for Friday prayers in Tehran that Western countries would fail to achieve anything by pressuring Iran about its nuclear activities.

And state television quoted Mr. Ahmadinejad as telling a gathering of thousands in northern Iran: "The Iranian nation has resisted all bullies and corrupt powers, and it will fully defend all its rights.

"If a few states do not believe that Iran's nuclear activities are peaceful, this is of no importance whatsoever," he said at the rally in Fuman.

In a warning to the United States and its Western allies who want Iran to roll back its nuclear program, Mr. Rafsanjani, a high-ranking cleric who holds seats on two of Iran's most important government bodies, said, "If you continue this bullying way, you will definitely make many troubles for yourselves, the world and the region."

But he also reiterated Iran's offer for talks. "We -- all of us, our officials, our leader -- are ready to provide you full assurances." He did not elaborate.

Diplomacy, Not War, With Iran (WP)

DOJ_NMG_0136937

By Bill Richardson

The Washington Post, February 24, 2007

The recent tentative agreement with North Korea over its nuclear program illustrates how diplomacy can work even with the most unsavory of regimes. Unfortunately, it took the Bush administration more than six years to commit to diplomacy. During that needless delay North Korea developed and tested nuclear weapons -- weapons its leaders still have not agreed to dismantle. Had we engaged the North Koreans earlier, instead of calling them "evil" and talking about "regime change," we might have prevented them from going nuclear. We could have, and should have, negotiated a better agreement, and sooner.

As the International Atomic Energy Agency just confirmed, Iran has once again defied the international community and is moving forward with its nuclear program, yet the Bush administration seems committed to repeating the mistakes it made with North Korea. Rather than directly engaging the Iranians about their nuclear program, President Bush refuses to talk, except to make threats. He has moved ships to the Persian Gulf region and claims, with scant evidence, that Iran is helping Iraqi insurgents kill Americans. This is not a strategy for peace. It is a strategy for war -- a war that Congress has not authorized. Most of our allies, and most Americans, don't believe this president, who has repeatedly cried wolf.

Saber-rattling is not a good way to get the Iranians to cooperate. But it is a good way to start a new war -- a war that would be a disaster for the Middle East, for the United States and for the world. A war that, furthermore, would destroy what little remains of U.S. credibility in the community of nations.

A better approach would be for the United States to engage directly with the Iranians and to lead a global diplomatic offensive to prevent them from building nuclear weapons. We need tough, direct negotiations, not just with Iran but also with our allies, especially Russia, to get them to support us in presenting Iran with credible carrots and sticks.

No nation has ever been forced to renounce nuclear weapons, but many have chosen to do so. The Iranians will not end their nuclear program because we threaten them and call them names. They will renounce nukes because we convince them that they will be safer and more prosperous if they do that than if they don't. This feat will take more than threats and insults. It will take skillful American diplomatic leadership.

Diplomacy is more than just talking to people. It requires speaking credibly from a position of strength. As the U.S. ambassador to the United Nations, as energy secretary, as a member of Congress and as a diplomatic envoy, I have always believed in and worked to achieve tough, credible and direct negotiations with adversaries. To be tough, you need strong alliances and a strong military. And to be credible, you need a record of meaning what you say. By alienating our allies, overextending our military, making idle threats and antagonizing just about everyone, the Bush administration has undermined our diplomatic leverage.

We need to change course. Iran's nuclear program is a threat to peace, but it also presents an opportunity to start rebuilding America's credibility and leadership, which have been weakened by six years of incompetence.

This is no time for chest-beating and dangerous brinkmanship. It is time for alliance-building, direct engagement and tough face-to-face negotiations. For the United States to attack Iran without exhausting all diplomatic options would be a terrible mistake.

The writer, a Democrat, is governor of New Mexico and a presidential candidate.

N. Korea Invites U.N. Inspector (WT/AP)

By George Jahn, Associated Press

The Washington Times, February 24, 2007

VIENNA, Austria -- North Korea yesterday asked the chief U.N. atomic inspector to visit -- four years after expelling his monitors and dropping out of the nuclear Non-Proliferation Treaty -- an encouraging sign the reclusive regime is serious about freezing its weapons program.

Mohamed ElBaradei, the head of the International Atomic Energy Agency (IAEA), offered few details about his upcoming trip, which other agency officials said would likely occur in the second week of March.

The announcement signaled the North's willingness to subject its nuclear program to outside scrutiny for the first time since withdrawing from the Non-Proliferation Treaty in January 2003, just weeks after ordering nuclear inspectors to leave.

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U.N. Secretary-General Ban Ki-moon hailed the invitation -- which came five months after the North conducted its first nuclear weapon test -- as a "good beginning," an interpretation shared by the U.S. administration.

"We are really very pleased that the IAEA is now receiving the initial steps to be able to go back into North Korea to be able to verify compliance. It is indeed a good sign that it has happened as quickly as it has," Secretary of State Condoleezza Rice said in the Canadian capital, Ottawa.

White House spokesman Tony Fratto said the invitation shows North Korea is willing to begin executing the terms of the six-nation deal reached Feb. 13, under which the North said it would dismantle its nuclear facilities and normalize relations with South Korea, Japan and the United States in exchange for oil shipments and security guarantees.

"We'll be interested in hearing his report when he gets back," Mr. Fratto said.

Amid the news reports on North Korea's apparent new attitude, South Korean newspapers and wire services announced today that North Korea's chief nuclear negotiator plans to visit the United States next week for follow-up talks on the recent nuclear deal.

Vice Foreign Minister Kim Kye-gwan is expected to arrive in San Francisco Thursday en route to New York for meetings with his U.S. counterpart, Assistant Secretary of State Christopher Hill, South Korea's Yonhap news agency reported.

Mr. Hill said at the end of the negotiations that he had invited Mr. Kim to New York for normalization discussions.

Mr. ElBaradei's trip to North Korea will mark only an initial step in the long and complex process that the international community hopes will result in stripping the North of its nuclear weapons capabilities and ensuring that the communist country remains without such arms.

In a process that one U.N. official said "could take years," IAEA inspectors would be tasked with re-establishing the monitoring of the plutonium-producing Yongbyon nuclear facility, and then being on site while it is closed and eventually dismantled.

Conservatives in Washington have berated the Bush administration for caving in on its tough stance against the North. The United States agreed to resolve financial restrictions it placed on a Macau bank -- accused of complicity in counterfeiting and money laundering by North Korea -- to pave the way for the nuclear disarmament-for-aid deal.

Yesterday during a visit to Australia, Vice President Dick Cheney expressed caution about the agreement, but called it a "first hopeful step."

"We go into this deal with our eyes open," Mr. Cheney said. "In light of North Korea's missile test last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove."

The Feb. 13 agreement signed by the two Koreas, the United States, Japan, China and Russia specifies only that IAEA inspectors should be tasked with supervising the closing of the Yongbyon reactor.

Mr. ElBaradei said he and North Korean authorities would meet on how to "implement the freeze of [nuclear] facilities" and the "eventual dismantlement of these facilities."

Mr. Ban, who was visiting U.N. agencies in Vienna, said he hoped the ElBaradei invitation would translate into concrete steps toward denuclearizing the Korean Peninsula.

The Feb. 13 deal requires North Korea to first shut down and seal its main nuclear reactor within 60 days of the agreement, accept international monitors and begin discussions with the United States on other nuclear facilities. In return, the nations would ship the North an initial load of fuel oil.

If North Korea reveals all its nuclear programs and begins to disable its nuclear facilities, it then would get a much larger shipment of fuel oil and aid. The United States also would begin the process of removing North Korea from its designation as a terror-sponsoring state and ending trade sanctions.

US 'Very Pleased' About North Korean Invitation To UN Watchdog: Rice (AFP)

AFP, February 24, 2007

US Secretary of State Condoleezza Rice said Friday the US administration is "very pleased" about an invitation to the chief UN atomic watchdog to visit North Korea and discuss a landmark deal to curb Pyongyang's nuclear arms program.

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Mohamed ElBaradei, head of the International Atomic Energy Agency (IAEA), announced in Vienna the trip to the North Korean capital, expected to take place in mid-March.

"We are really very pleased that the IAEA (will) ... be able to go back into North Korea to be able to verify compliance with the agreement that is to take place over the next 60 days that would shut down the Pyongyang reactor and would seal it," Rice told reporters during a visit to Ottawa.

This would allow a next phase, "which is the disablement of the nuclear facilities of North Korea on the way to the full denuclearization of the Korean peninsula," she said.

"It is indeed a good sign it has happened as quickly as it has."

In Washington, White House spokesman Tony Fratto earlier described the North Korean invitation as a step forward toward implementing a February 13 deal whereby Pyongyang would shut down a key nuclear facility in exchange for energy aid.

"It's a positive sign," Fratto told reporters. "It shows that we're beginning to execute the terms of the agreement.

"We'll be interested in hearing his (ElBaradei's) report when he gets back," the spokesman said. "But certainly, our view is positive on that."

N. Korea, U.N. To Develop Plan To Dismantle Nukes (LAT)

By Bob Drogin

The Los Angeles Times, February 24, 2007

VIENNA, Austria -- In a fresh sign of easing tensions, North Korean officials on Friday invited the chief of the United Nations' nuclear watchdog agency to come to their capital, Pyongyang, next month to develop plans aimed at dismantling the nation's nuclear weapons program, officials said here.

Mohamed ElBaradei, director of the International Atomic Energy Agency, said that he hopes to discuss the "shut-down and eventual abandonment" of the plutonium-producing reactor facility at Yongbyon, ending its ability to produce fuel for additional nuclear weapons.

North Korea, which tested its first nuclear device in October, pledged earlier this month to stop, seal and ultimately disable operations at Yongbyon. It also agreed to let IAEA inspectors return to examine its bombs, nuclear fuel stores and other nuclear facilities. Inspectors were ordered out in December 2002 when the reclusive regime withdrew from the Nonproliferation Treaty.

Pyongyang did not promise to relinquish its current arsenal, believed to be up to six bombs or the fissionable material to make them, but agreed to further negotiations in the future.

"I see this as a step toward the denuclearization of the North Korean Peninsula," ElBaradei told reporters in a joint briefing with U.N. Secretary-General Ban Ki-moon, who is visiting Vienna. A spokeswoman said ElBaradei probably will visit in the second week of March.

The White House, which is eager to see North Korea disarm, applauded the invitation as a sign of progress. "It's a positive sign," said White House spokesman Tony Fratto. "It shows that we're beginning to execute the terms of the agreement."

The breakthrough came a day after ElBaradei reported that Iran had defied a U.N. Security Council order to suspend its nuclear enrichment program. The report said Iran instead steadily has expanded low-grade enrichment of uranium, has installed further equipment used for enrichment, and continued construction of related facilities. The report cited numerous cases where Tehran has ignored IAEA requests for additional access or information.

In an interview Friday, Ali Asghar Soltanieh, Iran's representative to the IAEA, claimed that the report supported Iran because IAEA experts "found no evidence," he said, of diverted nuclear material that could be used for weapons. "It is a clean bill of health," he said.

The report, however, states that the IAEA "is unable to verify the absence of undeclared nuclear material and activities" unless Tehran provides additional cooperation to solve a series of outstanding concerns. Inspectors are restricted in their travel in Iran, and may visit only sites that Iran has declared formally.

Soltanieh said that the IAEA report disproved concerns in Washington, D.C., that Iran secretly is planning to use a civilian nuclear fuel program to build nuclear arms.

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"All these allegations have been proved by Mr. ElBaradei to be baseless," he said. "The report proves that all activities of Iran are for peaceful purposes."

Soltanieh repeated Iran's offer to start negotiations if Washington and its allies drop U.N. sanctions and their demands for an immediate freeze of nuclear activities as a precondition to talks. "We are a great nation and preconditions are a humiliation," he said.

Bush administration officials will meet other Security Council members in London on Monday to draft further U.N. sanctions proposals. The talks are expected to focus on European export guarantees that help prop up Iran's economy.

Ban, the new U.N. chief, urged Iran to follow North Korea's example and return to talks with the international community.

"I very much hope that the Iranian authorities learn from the case of the North Korean nuclear example," he said. "It should emphasize the better future of the nuclear issue through dialogue."

North Korea agreed Feb. 13 to freeze its production of plutonium at its five-megawatt facility at Yongbyon and to allow inspectors to monitor and verify its compliance. In return, the United States, China, South Korea and Russia agreed to provide about $400 million in food and fuel aid, plus security guarantees.

The United States also agreed to start the process of removing North Korea from its designation as a state that sponsors terrorism, and to discuss terms for normalizing relations and ending economic sanctions.

The pact defers several more difficult issues, including denuclearization of the Korean peninsula, a complete declaration of North Korea's nuclear activities. Some of President Bush's supporters have criticized the arrangement, saying the White House had rewarded Kim Jong-Il's government for testing a bomb.

Report: North Korea's Main Nuclear Envoy To Visit US Within Days (AP)

AP, February 23, 2007

SEOUL (AP) — North Korea's chief nuclear negotiator plans to visit the United States within days for follow-up talks on a recent disarmament deal, a South Korean news report said Saturday.

IAEA: Nation invites U.N. to discuss denuclearization

The North's Vice Foreign Minister Kim Kye Gwan is expected to arrive in San Francisco on Thursday en route to New York for meetings with his U.S. counterpart, Assistant Secretary of State Christopher Hill, South Korea's Yonhap news agency reported.

If Kim's trip takes place, it would be the first U.S. visit by North Korea's main nuclear envoy since the international standoff over the North's nuclear ambitions flared in late 2002.

Kim plans to spend one night in San Francisco to deliver a lecture at Stanford University, the report said, citing multiple unidentified individuals in the U.S.

The North Korean diplomat may also give a lecture at New York's Korea Society, Yonhap said.

Major South Korean newspapers carried similar reports. None of the reports said how long Kim was expected to stay in the U.S.

North Korea agreed at six-nation nuclear talks in Beijing days ago to shutter and disable its nuclear facilities in exchange for energy aid and political incentives, including the opening of two-way talks with the U.S. on establishing diplomatic relations.

Hill said at the end of the negotiations that he had invited Kim to New York for normalization discussions.

The breakthrough deal put a cap on rising tensions in the region since North Korea's nuclear test in October. But it also faced criticism for allegedly rewarding the communist nation for bad behavior.

The countries involved in the six-nation talks are the two Koreas, the United States, Japan, China and Russia.

Blast That Killed U.S. Diplomat Tied To Qaeda (NYT)

By Carlotta Gall

The New York Times, February 24, 2007

KARACHI, Pakistan, Feb. 22 — The suicide bombing that killed an American diplomat here last March, just before a visit by President Bush, was organized by a small cell of Pakistani militants and masterminded by an operative of Al Qaeda based in the Pakistan's tribal areas, Pakistan says.

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The charge is being made by Pakistani officials as they present evidence — the result of months of investigations by the police, assisted by F.B.I. investigators — at the trial of two men accused in the plot.

The men, Anwar ul-Haq, 27, and Usman Ghani, 26, both ethnic Pashtuns from Pakistan's North-West Frontier Province, grew up in the teeming working-class neighborhoods of Karachi and fought with the Taliban in Afghanistan, the investigators say. On Thursday, they sat behind bars, wearing long beards and knitted prayer caps, at the back of a courtroom in Karachi's central jail, listening intently to an investigator outline the evidence against them.

The case is one of the first in Pakistan to underline in court the links between splinter cells of Pakistani jihad groups and Qaeda operatives in Waziristan, part of Pakistan's tribal areas, which have come under increasing scrutiny as a staging area for suicide bombers and Taliban insurgents battling NATO and American forces in Afghanistan.

Publicly, Pakistani leaders have sought to play down the importance of the tribal areas as havens for militants. But the evidence being presented by Pakistani investigators makes clear the threat contained in Waziristan, not only for Afghanistan but for Pakistan itself, which has suffered six suicide bombings in the last five weeks.

Two assassination attempts against President Pervez Musharraf in December 2003 were also traced to Qaeda and militants who enjoyed a haven in the same region, where the government has little control and foreign and Pakistani militants operate almost unimpeded, according to the home secretary of Sindh Province, Ghulam Mohatarem, a retired army brigadier.

"They mostly come from the north," he said of the bombers that have plagued Karachi and other cities. "But they are provided with logistics from small local cells that come up and then disappear." United States officials in Pakistan declined to be interviewed for this article.

The investigators' conclusions, which are largely drawn from a confession by Mr. Haq and from the infiltration of terrorist cells, are the latest indication that Al Qaeda and its local operatives are still able to operate from Waziristan.

Brigadier Mohatarem, the home secretary, said that the police in Karachi, a sprawling and violent city of about 16 million, tracked down and disrupted the activities of numerous terrorist splinter groups in recent months.

Although Karachi has seen some of the worst terrorist attacks in Pakistan since 2001, there have been no Qaeda-linked attacks here for nearly a year since the consulate bombing.

"We are slightly more confident because the logistics have become more difficult for them," Brigadier Mohatarem said. Yet the threat of terrorism remains, he and others agreed. "We cannot say it has been wiped out," a senior police official said of Al Qaeda.

Family members denied in interviews that the two defendants had gone to Afghanistan, knew the bomber, Raja Tahir, 23, also from Karachi, or had any jihad links. Both men are pleading not guilty, their lawyers said.

But the police say there is little doubt that the suicide bombing of March 2, 2006, which killed the diplomat David Foy, his driver and three others, had a Qaeda connection because of the timing, just two days before Mr. Bush's visit to Pakistan.

Investigators say they have traced other leads to Waziristan as well. The stolen car used in the attack was packed with explosives there and driven down to Karachi, according to one police report.

The police say all the suspects had spent time in Taliban ranks fighting the Northern Alliance in Afghanistan, and all three had links with the now banned Pakistani jihadi group, Jaish-e-Mohammed.

The mastermind of the plot, Qari Mohammed Zafar, a man from Karachi with known links to Al Qaeda, remains at large in Waziristan, the home secretary said. "Behind him we don't know who is there, if he is a puppet in a chain," he added.

Mr. Zafar is a local leader of Lashkar-e-Jhangvi, an outlawed militant group that has been found to provide the manpower for Qaeda bomb attacks in Pakistan in the past.

He bears the religious title of Qari, meaning he has memorized the Koran. He fought in Afghanistan with the Taliban in the 1990s, and forged links there with Al Qaeda, officials said, some of them speaking on condition of anonymity because of their work in counterterrorism.

After the Taliban government fell, Mr. Zafar took refuge in South Waziristan and sometimes has ventured into rural parts of Sindh Province, Brigadier Mohatarem, the home secretary, said. Three men arrested in Karachi this week with weapons and a suicide vest were also a splinter cell sent by Mr. Zafar, he said.

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Mr. Zafar is accused of recruiting the three men who carried out the consulate bombing, in which Mr. Tahir reversed his car into a diplomatic convoy, detonating an enormous blast that tore through the armored plating of the diplomat's car, killing him and his driver immediately.

F.B.I. investigators calculated that there were 880 pounds of C4 explosive packed into the car, Brigadier Mohatarem said. The security cars in front and behind the diplomat's vehicle were blown apart.

Three security men in the car behind were thrown up the street, one some 75 yards, but all survived. A police ranger posted on the street was killed, and two other security guards later died of their wounds. Mr. Haq stands accused as the main logistics organizer. On the day of the bombing, the police charge, he arrived with Mr. Tahir in his car, stood as a lookout and signaled Mr. Tahir by cellphone as the convoy approached.

Mr. Tahir was caught on security cameras in the area parking his car and crossing a nearby parking lot, dressed trendily in a long Pakistani shirt over jeans to allay suspicion, a senior police official familiar with the case said. His car, a two-year-old Toyota Corolla, was stolen, but also intended to give the impression of affluence, the official said.

Mr. Haq has confessed to being present near the consulate that day and to his connection with the bombing, the police said. His brother, Imanullah, 26, who like many Pakistanis uses one name, denied that that his brother was involved, or was acquainted with the bomber.

Mr. Haq's lawyer, Mohammed Ilyas Khan, said he was accused of prompting Mr. Tahir to carry out the bomb attack, and of paying money to the bomber's family. "He has made a confession due to threats and torture but he has told me he will retract that in court," he said.

That confession has also implicated Mr. Ghani, along with the testimony of two witnesses, neither of whom are convincing, according to Mr. Ghani's lawyer, Mushtaq Ahmed. Mr. Ghani's role is less clear.

Mr. Ghani's father, Abdul Rauf, a community social worker, said in an interview that the family knew Mr. Haq well and had rented a shop premises to him, but denied that his son was mixed up in militancy, or was anywhere near the bomb blast that day.

Mr. Rauf also denied that his son knew the bomber, or had ever been to Afghanistan.

But the police say the two were friends and imprisoned together in Afghanistan after they were captured along with thousands of other Taliban soldiers in northern Afghanistan in 2001, as the United States bombing helped topple the Taliban government.

Their incarceration in the notorious Shiberghan prison, run by the Uzbek general, Abdul Rashid Dostum, in northern Afghanistan — where scores of Taliban prisoners died from asphyxiation as they were transported in containers, or from disease and malnutrition — further radicalized the young men, Brigadier Mohatarem said.

Mr. Tahir was only 18 and Mr. Ghani 21 at the time of their capture, and Mr. Tahir contracted tuberculosis in the overcrowded prison before the Afghan government released him a year later. Mr. Ghani was held even longer.

The motivation behind the bomb attack was not hard to see. "The motive was hate for Americans," Brigadier Mohatarem said.

Pakistan Successfully Tests Nuclear-capable Missile (AFP)

AFP, February 23, 2007

Pakistan Friday test-fired its longest range nuclear-capable ballistic missile, two days after signing a deal with rival India to cut the risk of atomic weapons accidents, the military said.

The Shaheen II, or Hatf VI, missile with a range of 2,000 kilometres (1,240 miles) was launched from an undisclosed location, military spokesman Major General Shaukat Sultan told AFP.

"The test was very successful. It was carried out to validate technical parameters and it hit the target with 100 percent accuracy," Sultan said.

"It is a two-stage solid-fuel-based missile capable of carrying all types of warhead including nuclear."

Pakistan had informed "neighbouring countries" in advance about the missile test, foreign office spokeswoman Tasnim Aslam said. Pakistan is bordered by India, Afghanistan, China and Iran.

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"We conduct these tests from time to time according to our requirement and defence needs. It was not meant to convey any message to anyone. It was not any country-specific," she said.

Pakistan President Pervez Musharraf and Prime Minister Shaukat Aziz congratulated the missile's technical team "on its outstanding success," a military statement said.

"The missile test was part of (a) continuous process of validation and technical improvement, which Pakistan follows to consolidate and verify its various land-based strategic missile systems," the statement said.

The test comes at a key time in relations between New Delhi and Islamabad following the firebombing of a cross-border train at midnight Sunday, which killed 68 Pakistanis and Indians.

Pakistan Foreign Minister Khurshid Kasuri went ahead with a visit to India starting on Tuesday, during which the two countries signed the nuclear weapon safeguard agreement.

Friday's missile launch was watched by Pakistan's Chairman of Joint Chiefs of Staff General Ehsan Ul Haq, who said the test was "an important milestone in Pakistan's quest for sustaining strategic balance in South Asia."

India and Pakistan carried out tit-for-tat nuclear detonations in May 1998 and have routinely conducted missile tests since, even after the start of a slow-moving peace process in January 2004.

The neighbours have fought three wars since independence from Britain in 1947, two of them over the disputed Himalayan territory of Kashmir, which is divided between the two and claimed by both in its entirety.

Turks Charge Kurd With Inciting Hatred (WP/AP)

Associated Press

The Washington Post, February 24, 2007

Politician Made Remarks About Iraq

ANKARA, Turkey, Feb. 23 -- A politician was charged Friday with inciting hatred and threatening public safety after suggesting that fellow Kurds would rise against the state and fight if Turkey ever attacked their Kurdish brethren in neighboring Iraq.

Police detained Hilmi Aydogdu, leader of the Democratic Society Party's branch in the mainly Kurdish city of Diyarbakir, as he left a conference and questioned him over the remarks, said Nazmi Gur, a party spokesman.

Prosecutors later formally arrested Aydogdu and charged him with threatening public safety by inciting racial enmity and hatred. The charge carries a maximum three-year prison sentence.

In remarks published in several newspapers, Aydogdu had warned Turkey against taking action in the oil-rich Iraqi city of Kirkuk.

Turkey, which has been trying to quell a domestic Kurdish insurgency for more than two decades, fears that Iraqi Kurdish groups could seize control of the northern city and incorporate it into their semiautonomous region.

Some in Turkey have suggested that Ankara could take military action to prevent that from happening.

"The two sides in this war would be Turkey and the Kurds in Iraq. There are some 20 million Kurds in Turkey, and the 20 million Kurds would regard such a war as an attack against them," newspapers quoted Aydogdu as saying.

"Any attack on Kirkuk would be considered an attack on Diyarbakir," the politician was also quoted as saying.

Turkish leaders are concerned that Iraq's Kurds want Kirkuk's oil revenue to fund a bid for independence that could encourage separatist Kurdish guerrillas in Turkey who have been fighting for autonomy since 1984. The conflict has killed 37,000 people.

Turkey has not ruled out military incursions into Iraq to hunt separatist Kurds, despite warnings from the United States, which fears that such moves could lead to tensions with the Iraqi Kurdish groups allied with Washington.

Turkish authorities frequently accuse the Democratic Society Party of having links to an outlawed Kurdish guerrilla group, the Kurdistan Workers' Party, or PKK, which the United States and European Union consider a terrorist group.

Party members frequently are detained and branch offices raided.

46 Nations Push For Cluster Bomb Ban (WT/AP)

By Doug Mellgren

DOJ_NMG_0136944

The Washington Times, February 24, 2007

OSLO -- Forty-six nations adopted a declaration yesterday calling for a 2008 treaty banning cluster bombs, saying the weapons kill and maim long after conflicts end and inflict "unacceptable harm" on civilians, particularly children.

Some key arms makers -- including the United States, Russia, Israel and China -- snubbed the conference. Of the 49 nations attending, Poland, Romania and Japan did not approve the final text.

But organizers said the declaration was needed despite the absence of key nations to avoid a potential humanitarian disaster posed by unexploded cluster munitions.

Cluster bomblets are packed by the hundreds into artillery shells, bombs or missiles, which scatter them over vast areas, with some failing to explode immediately. The unexploded bomblets can then lie dormant for years after conflicts end until they are disturbed, often by civilians.

As many as 60 percent of the victims in Southeast Asia are children, the Cluster Munition Coalition campaign group said. The weapons have recently been used in Iraq, Kosovo, Afghanistan and Lebanon, it said. The United Nations estimated that Israel dropped as many as 4 million bomblets in southern Lebanon during last year's war with Hezbollah, with as many as 40 percent failing to explode on impact.

Children can be attracted to the unexploded bombs by their small size, shape and bright colors, activists say.

Mark Regev, spokesman for Israel's Foreign Ministry said: "During the recent conflict in Lebanon, Israel used no munitions that were outlawed by international treaties or international law."

Mr. Regev said if the declaration ever evolves into a treaty, then Israel would examine it and decide then how to respond.

While the document is not binding, organizers and activists hope it will pressure nations into halting the use of cluster bombs. Norway hopes the treaty would be similar to one outlawing anti-personnel mines, negotiated in Oslo in 1997.

"If you need proof that you can conclude a treaty without the United States, Russia and China, look at the land mine treaty," said Steve Goose of Human Rights Watch. Despite rejecting that treaty, Mr. Goose said, the major powers have stopped deploying land mines and the number of civilian casualties has been cut in half since 1997.

The declaration urged nations to "conclude by 2008 a legally binding international instrument" to ban cluster bombs. The treaty would "prohibit the use, production, transfer and stockpiling of those cluster munitions that cause unacceptable harm to civilians," the declaration said.

It urged countries take steps at a national level before the treaty takes effect. Norway has already done so, while Austria announced a moratorium on cluster bombs at the start of the conference.

The United States, China and Russia have refused to sign the land mine treaty and oppose the Norwegian initiative on cluster bombs. They did not send representatives to the meeting. Australia, Israel, India and Pakistan also did not attend. Those nations say the weapons should be dealt with in other arenas, such as the U.N. Convention on Conventional Weapons.

U.S. In Talks With Britain On Installing Missile Defense System (NYT)

By Alan Cowell

The New York Times, February 24, 2007

LONDON, Feb. 23 — Britain and the United States said Friday that they were discussing the stationing of an American antiballistic missile defense system on British soil.

The United States previously offered to locate the missile system in the Czech Republic and Poland, drawing furious objections from Russia, though Washington argues that the system is not built to defend against Russia but against Iran, principally, and other potential threats.

Prime Minister Tony Blair's spokeswoman said Friday that Britain had been secretly lobbying for inclusion in the system for some time. "It is our intention that whilst the United States are in the decision-making process, the U.K. should be considered as part of that," the spokeswoman said.

"The prime minister thinks it is a good idea that we are part of the consideration by the United States" she said, speaking on the condition of anonymity, which the British civil service requires. "We believe it is an important step toward providing missile defense coverage for Europe, of which we are part."

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The possible step, first mentioned in The Economist magazine, seems sure to prove contentious in Britain, and to cloud Mr. Blair's final months in office, along with two other events that surfaced Friday.

In one, relatives of British soldiers slain in Iraq began a peace vigil in blue nylon tents near Mr. Blair's office, and in the other, Mr. Blair pondered a new military deployment in Afghanistan.

Just two days after Mr. Blair announced a withdrawal of 1,600 of the 7,100 British soldiers in southern Iraq, Defense Secretary Des Browne said "some additional forces" — possibly about 1,000 soldiers — would be sent to join the 5,600 Britons who are part of NATO forces confronting an expected spring offensive by the Taliban in Afghanistan.

Word of the missile defense negotiations followed remarks in Washington on Thursday by Gen. Henry Obering III, who discussed the deployment of missile defenses in Britain, saying, "We are always looking for new ways to partner with the United Kingdom, whether that be co-development or a hosting, or any of the activities of that nature." He also said that radar systems were already in final testing in Britain.

At first the American Embassy in London made remarks that the British news media seized on as a rebuff of Mr. Blair's interest. David Johnson, the deputy chief of mission at the United States Embassy in London, told a BBC radio interviewer: "I would see as we go forward. There may be opportunities for us to talk to other countries about other needs, but right now we're concentrating on the Czech Republic and on Poland as the primary sites where we would be looking for this."

In a subsequent statement, Mr. Johnson said any suggestion that his remarks "were a rebuff to the British government is nonsense. We have been and will be in discussions with the British government as we develop our missile defense system and be open to opportunities for joint work as we go forward."

The negotiations are most likely to raise political hackles at a time when many in Mr. Blair's Labor Party and in the opposition Conservatives are pressing for Britain to distance itself from the United States after their close and sometimes unpopular alliance in Iraq.

The Conservatives said the government had given no information about its discussions with the United States. "If there is a request to base part of the U.S. National Missile Defense system in the U.K., we would need to see the exact nature of that request before taking a decision," said Liam Fox, the Conservative spokesman on defense. The government, he said, needs "to be more honest with the opposition" to secure bipartisan support for the proposed missile deployment.

Mr. Fox also took issue with the plan to deploy more troops to Afghanistan, saying other European countries, including Germany, France, Italy and Spain, should commit troops in the hazardous Helmand Province of southern Afghanistan, where many British soldiers are based.

"It is clear that the government has failed to get our NATO allies to carry their share of the burden in Afghanistan," he said, complaining that, with deployments in Iraq and Afghanistan, "it is clear now that our army is so overstretched we can't carry two conflicts."

Apart from Iraq and Afghanistan, British troops are deployed in the Balkans and in Northern Ireland.

The political hazards of Mr. Blair's military ventures were underlined by the protest on Whitehall, the broad boulevard running by the gated and closely guarded entrance to Downing Street, where Mr. Blair has his office and residence.

Rose Gentle, whose 19-year-old son Gordon was killed in Basra, Iraq, in 2004, led a small group of protesters who pitched camp and submitted a letter addressed to Mr. Blair calling for a meeting with him.

"This is our sixth such visit, and each time you have not seen fit to give us a few minutes of your time," the letter said. "We have a number of questions that we need answered about the deaths of our sons in Iraq, and we insist that you meet us."

"Please believe us, Mr. Blair, that neither we nor these questions will go away," the letter said.

UK Wants US Missile Defence Sites (FT)

By Stephen Fidler, Christopher Adams, Daniel Dombey

Financial Times, February 24, 2007

Britain has pressed Washington to site important elements of the US missile defence system in the UK, British officials said on Friday.

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The US, which says the system is designed to shoot down missiles from problem states such as Iran and North Korea, is building a multi-layered missile defence system aimed at protecting the US.

Part of the programme is aimed at building a system to shoot down missiles during the middle of their trajectory.

An elementary version of this "mid-course system" has already been set up in the Pacific to protect the US west coast, and the US is now holding talks with Poland and the Czech Republic with a view to protecting the east coast.

Washington is discussing siting missile interceptors in Poland, near the Baltic Sea, and a high definition X-band radar in the Czech Republic.

UK officials say Tony Blair has pressed Washington to place at least some of those interceptors on British soil. The UK prime minister is said to share US concerns about the threat posed by missiles from states of concern.

"In the face of rogue states, this is something that can assist in Britain's defence," a UK official said on Friday. The official added: "The fact that the Poles and Czechs were involved prior to us does not diminish our wish for discussions to continue. The prime minister is keen discussions continue to see if we can be part of the outcome. "The UK position was first reported on Friday by The Economist magazine.

The discussions with Warsaw and Prague have brought protests from Russia, which claims to feel threatened by US expansionism. The US insists that the system is not directed against Moscow, and could not handle in any case the number and sophistication of Russia's many intercontinental ballistic missiles.

The possibility that the interceptors could be on UK soil will raise questions about whether it will make Britain safer. Some US scientists argue the early warning radar could not pick up Iranian missiles fired at Poland and the Czech Republic, because their trajectory would be hidden by the curvature of the earth.

Philip Coyle, a senior adviser to the US-based Center for Defense Information, said that the missile interceptors were close to the size of an inter-continental ballistic missile and their deployment at short notice could make the Russians nervous. "When they first take off, you can't be quite sure where they are headed if you're a Russian."

Mr Coyle and others also say that, contrary to US official claims, the system has not been shown to work under realistic conditions.

Ian Davis, director of the British American Security Information Council, described the system as a "Maginot Line in the sky". He said the system "has very low probability of functioning effectively, even lower relevance to contemporary security risks, and a danger of provoking long-term missile escalation with Russia and China".

Britain agreed in 2003 to an upgrading of the early-warning radar facility at Fylingdales in Yorkshire, which US officials say should be complete later this year. Any UK-based interceptors would not be located near the early warning radar.

In a January 23 letter to Washington's US Nato allies outlining US intentions for missile defence, Victoria Nuland, US ambassador to Nato, mentions UK offers of assistance for the programme. It also refers to Denmark, which is responsible for a radar facility on Greenland that may be upgraded, and says other nations may be approached for assistance.

Misguided Missiles (NYT)

The New York Times, February 24, 2007

Fifteen years after the cold war's end, it would seem that everyone involved should know better. But the Bush administration's tone-deaf plan to station parts of a missile defense system in Eastern Europe and Moscow's snarling response show that all sides could use a refresher course in diplomatic sense and civility.

American officials insist that the 10 interceptors it is planning to place in Poland and the early warning radar for the Czech Republic are supposed to defend Europe from Iran's missiles — not Russia's. And there is no doubt they're telling the truth. The untested system could be easily overwhelmed by Russia's huge nuclear arsenal.

It is unlikely, however, that more military posturing against Iran is going to persuade Tehran to give up its nuclear ambitions. Russia's furious reaction to the stationing of even weak missile defenses near its borders (and on the territory of its former satellites), while wildly out of proportion, was also utterly predictable. A top Russian general — who sounded as if he'd slept through the last 15 years — warned the Poles and the Czechs that if they went along with America's plans, Russia's missiles "will be capable of targeting the facilities."

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The mixture of crocodile tears and threats from Russian officials seems overly dramatic — and very much in character for President Vladimir Putin, who is hoping to divert attention from his own thuggery at home, not to mention his desire to reassert power in Russia's old neighborhood.

Secretary of State Condoleezza Rice, who cut her teeth on Kremlinology, should have expected Moscow's reaction. And Ms. Rice, who's been counting on Russia to help keep up the pressure against Iran's nuclear efforts, should have known that provoking Moscow this way could be especially counterproductive. Add to that the fact that the move has annoyed "old European" allies, like Germany, which are central to efforts to contain Iran, and it seems like another example of diplomatic negligence.

In any case, this is a fight that should be quickly reined in. Washington has wisely chosen to respond calmly to Russia's vitriol, and Russia's foreign minister, Sergey Lavrov, has taken some welcome steps to moderate Moscow's stance.

A few interceptors in Europe may or may not work against "rogue states," but they are counterproductive if all they do is to provoke Russia and irk NATO allies.

Fear Of Return Of Berlusconi Reunites Left Behind Prodi (NYT)

By Ian Fisher

The New York Times, February 24, 2007

ROME, Feb. 23 — It wasn't love or even any real faith that they could stick together long. Rather, it seems, a singular frightening thought pushed nine bickering parties to agree late on Thursday to come together again: that Silvio Berlusconi might soon lead Italy again.

"They have seen what can happen, and they are very frightened," said Renato Mannheimer, one of Italy's top pollsters. "They are afraid of Berlusconi."

On Friday, two days after the center-left government of Romano Prodi fell, Mr. Mannheimer released a poll making that threat clear. It showed that Mr. Berlusconi's center-right coalition would probably win if elections were called now.

New elections seem unlikely at the moment. President Giorgio Napolitano ended two days of consultations on how to move ahead on Friday, and said he would announce his decision on Saturday morning.

But the real worry that the center-left could again lose power, only nine months after wresting it from Mr. Berlusconi, seemed to concentrate minds overnight Thursday as the fractured parties in Mr. Prodi's coalition came together behind his demands: 12 nonnegotiable points for leading a new government.

Those points essentially rein in the coalition's far left, which had come into increasing conflict with more centrist forces in the government. On Wednesday, two far-left senators abstained from a crucial vote on the government's foreign policy. When the vote failed, Mr. Prodi submitted his resignation.

On Friday, the far left could not do enough penance. The Refounded Communists expelled one of the senators who voted against the measure for "a breach that could not be healed," and declared themselves strongly behind Mr. Prodi.

"We reaffirm our faith in the prime minister," the party said in a statement, "and confirm a loyal and effective collaboration."

By Friday evening, it was not yet certain that Mr. Prodi would be given the chance to form another government, though the possibility looked more and more likely. By the rules, Mr. Napolitano must ask Mr. Prodi to form a government, following his consultations with the nation's political parties and important institutions.

That government would then face a confidence vote in Parliament. There also remained a possibility that Mr. Prodi could peel off several opposition politicians to enlarge his majority and make governing easier.

The president has other options: asking someone else to try to form a government, for example, or calling for a caretaker government as a transition toward elections. He could also simply call new elections.

That last option dimmed still further after Mr. Berlusconi, who had been quoted in the news media as calling for immediate elections, failed to advocate them in his meeting with Mr. Napolitano on Friday. Political experts note that, despite his standing in the polls, a victory is not certain so soon after his loss last year and, at any rate, his own coalition is also divided.

But he strongly urged that Mr. Prodi not be given a new mandate, advocating instead a temporary government of neutral technocrats and a relatively quick election.

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"We asked the head of state to keep in mind that this government was not, and never will be, capable of governing," Mr. Berlusconi said.

Despite Mr. Berlusconi's hesitancy, the Italian news media reported Friday that Mr. Prodi's supporters successfully leveraged worry about Mr. Berlusconi's return to office to gain support for Mr. Prodi's 12 points. Those points aimed to give Mr. Prodi more autonomy, declaring unanimity on foreign affairs and making his spokesman the public voice for the entire government.

But the points were notable also for what was left out and so, to many experts, underscored that any new Prodi government was likely to remain divided. He did not include one of the most contentious initiatives, a proposal to grant rights to unmarried couples, including homosexuals.

By leaving it out, Mr. Prodi seemed to sidestep another bruising fight in Parliament, given the strong opposition to the measure by the Vatican and an influential conservative minister. But the measure was a central campaign promise, and left-leaning members of Parliament expressed much disappointment that Mr. Prodi had left it unmentioned.

For the moment, though, they preferred to say that was the cost of staying in power, noting that the measure could still be raised in Parliament.

Prodi Aims To Secure Centre-left Vote (FT)

By Tony Barber

Financial Times, February 24, 2007

Italian political leaders continued their search for a new government on Friday as Romano Prodi, the caretaker prime minister, tried to strengthen his centre-left coalition and secure it a second term of office.

Mr Prodi won agreement from the nine parties in the coalition on Thursday to support a 12-point political programme, including public spending cuts, measures to help the south of Italy and liberalisation of professions and the service sector.

Mr Prodi's aim is to ensure that if Giorgio Napolitano, Italy's head of state, asks him to form a new government, he will be able to count on the support of every single centre-left legislator in a subsequent vote of confidence.

It was the centre-left's lack of a majority in the Senate, parliament's upper house, that forced Mr Prodi's resignation on Wednesday when the government unexpectedly lost a vote on foreign policy.

The centre-left is hoping to strengthen its numerical position in parliament by wooing several moderate opposition politicians, including Marco Follini, a former deputy premier, and some of his associates.

However, the Union of Christian Democrats (UDC), the main moderate opposition party, indicated on Friday that it was unlikely to switch sides and join the centre-left, saying it wanted "a government of national responsibility".

"Italy needs a serious and authoritative government. It is necessary to recognise that the [centre-left] majority is not self-sufficient, neither politically nor numerically," said Lorenzo Cesa, the UDC leader.

The 12-point programme agreed by the centre-left has some glaring omissions, compared with the policies pursued by the Prodi government up to last Wednesday.

The new programme contains no commitment to extend the legal rights of unwed couples, including gays. This was a divisive issue for Mr Prodi's coalition, and when the government finally agreed to a modest measure in favour of unwed couples, it came under vociferous attack from Italy's Roman Catholic Church.

The new programme also contains no commitment to electoral reform, a measure that many politicians and commentators regard as essential to giving Italy more stable governments.

The programme promises a "reordering" of Italy's welfare system, but says that any reform of the overburdened state pension system would favour the young and those on low pensions.

Italian President Weighs Prodi's Support (AP)

By Alessandra Rizzo, Associated Press Writer

AP, February 24, 2007

Center-left leaders rallied behind Romano Prodi on Friday, boosting his chances of returning to office just days after he resigned as premier.

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The politicians told the Italian president, who has been holding talks aimed at solving the political crisis, that they were ready to support any bids by Prodi to return to the premiership. Earlier, they all signed up to a new 12-point government program that Prodi said would be "nonnegotiable."

Prodi stepped down Wednesday evening after an embarrassing parliamentary defeat over foreign policy, including the government's plan to keep troops in Afghanistan. He is staying on in a caretaker role.

"We are convinced that this experience served as a lesson to all of us," said Antonio Di Pietro, who serves as infrastructure minister. "This renewed sense of responsibility and political maturity ... can lead us to do our job better."

Among those who also expressed their support were leaders of Communist parties and other radical leftists.

But even with the full backing of his coalition, Prodi's majority at the Senate remains minimal, raising fears that any further rebellion by his often-insubordinate allies might bring him down again.

Seeking to quell these fears, Prodi has been scrambling to widen his support by luring in a handful of moderate senators. He is also trying to ensure the support of at least some of the seven honorary senators appointed for life.

The 12-point plan calls for respecting Italy's international commitments in Afghanistan and elsewhere, and for the construction of a high-speed rail line linking Turin with Lyon, France.

In an apparent nod to Catholic moderate lawmakers, the new government program made no mention of a proposal to grant legal rights to unmarried couples, including gay partners. The proposal has angered the Vatican and drawn the opposition of Catholic politicians.

The plan also gives the premier the final word on any disagreement in the squabbling coalition.

"On this basis, we can start over," Foreign Minister Massimo D'Alema said.

It will now be up to President Giorgio Napolitano to decide what to do next. The president said he will announce his decision on Saturday.

Napolitano might reject Prodi's resignation, asking him to stay on and seek a new vote of confidence in parliament. Or he might ask Prodi or another leader from his coalition to form a new center-left government. Alternatively he might tap an institutional figure above the political fray to form a Cabinet — possibly with broad support from both coalitions — or might call early elections.

Chávez Ends Busy Week Aiding Venezuela's Latin Neighbors (NYT)

By Simon Romero

The New York Times, February 24, 2007

CARACAS, Venezuela, Feb. 23 — President Hugo Chávez met here on Friday with President Daniel Ortega of Nicaragua to discuss an array of Venezuelan assistance programs, capping an unusually frenetic week for this country's efforts to enhance its political and economic influence in parts of Latin America.

At the heart of many of the agreements reached this week — with Nicaragua, Ecuador and Argentina — is Venezuela's use of its windfall from historically high oil prices, and sometimes its own reserves and exports of oil, to lift its regional profile.

Mr. Chávez is using Venezuela's oil revenues, valued at more than $50 billion a year, to counter the influence of the United States and multilateral lending organizations like the International Monetary Fund.

The Venezuelan aid for Nicaragua has been a godsend for Mr. Ortega, the former Sandinista guerrilla leader who was elected president last year. Venezuela has already agreed to forgive more than $30 million in Nicaraguan debt, provide more than two dozen generating plants to alleviate an electricity shortage and open an office of Venezuela's development bank in Managua to offer low-interest loans to small businesses.

Venezuela is also considering building an oil refinery in Nicaragua and a pipeline across that country from the Caribbean to the Pacific to transport Venezuelan crude oil to refineries in China and Japan, part of an effort to move away from exporting oil to the United States.

"Nicaragua can forget about fuel problems," Mr. Chávez said during a recent visit to Managua.

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The talks with Nicaragua were preceded in recent days by an offer from Venezuela of $500 million in financial assistance to Ecuador, where the administration of President Rafael Correa has been considering efforts to restructure part of its foreign debt.

On Friday, Rafael Ramírez, Venezuela's energy minister, was in Ecuador for the arrival of a Venezuelan tanker carrying 220,000 barrels of diesel fuel, part of a fuel swapping deal aimed at saving Ecuador millions of dollars in foreign exchange.

This week, Mr. Chávez's government said it would provide $135 million in financing for an Argentine dairy cooperative. Venezuela and Argentina also said they would create a regional development bank and carry out a joint $1.5 billion bond issue.

The bonds are intended to offer Argentina an alternative to the monetary fund and to give investors in Venezuela a way of acquiring dollar-denominated securities at a time when hard currency is increasingly sought after here.

Elsewhere, Venezuela has revealed how it deals with countries with governments that speak critically of Mr. Chávez. Venezuela shut an aluminum plant in Costa Rica with 400 employees last week after Óscar Arias, Costa Rica's president, criticized Mr. Chávez's recently acquired power to govern by decree.

Is Citgo Program For Poor, Or For Chávez? (WP)

By Jeffrey H. Birnbaum, Steven Mufson

The Washington Post, February 24, 2007

Citgo, the Venezuela-owned oil company, is running television commercials across the United States promoting the discounted heating oil it provides to low-income people -- but some are wondering whether the ads are really promoting the South American country's leader.

The company said the ads, some of which feature former Massachusetts congressman Joseph P. Kennedy II, are designed to persuade families to sign up for the charitable program. Critics of Venezuela, however, see both political and economic motives -- primarily to enhance the image of the country's leftist leader, Hugo Chávez, and thereby improve the company's standing with U.S. consumers.

A new wave of ads shows Americans expressing gratitude for the program.

Citgo said it is giving a 40 percent discount on 100 million gallons of heating oil to up to 1.2 million Americans this winter. Last winter, U.S. households that used heating oil consumed an average of 585 gallons, according to Department of Energy figures.

Citgo spokesman Fernando Garay said the program was part of Citgo's "very strong tradition of giving back to the community." The current effort was particularly motivated, he said, by the recent spate of hurricanes and other weather-related disasters in the United States, which have boosted oil prices.

"It's a good thing to provide concessionary oil to the people in the United States," said Bernard Aronson, former assistant secretary of state for inter-American affairs. "But if the price of that is to rationalize the loss of political liberty for the people in Venezuela, that's not a fair price and it's a betrayal of the people of Venezuela."

An unusual aspect of the program is its widely seen commercials. Garay declined to say how much the company was spending on the ads, but said they are running in 16 markets around the nation where the heating oil is being distributed, including the Washington area. The ads started in mid-November and will continue until mid-March, he said.

Some observers, while praising the program's generosity, believe that more is involved than good deeds. Chávez, who recently won reelection and then said he intends to exert state control over strategic industries, has allied himself with such U.S. enemies as Iran and Cuba. He also has been outspoken in his opposition to the Bush administration's foreign policy.

"It's naive to think that there's not a political motive behind the ads by the Chávez government," said Michael E. Shifter, vice president for policy at the Inter-American Dialogue, a policy forum on Latin America and U.S. relations. "Chávez wants to be seen as the good guy and also to needle and embarrass the Bush administration that the richest country in the world can't take care of its own people."

Otto Reich, a former U.S. special envoy to the Western Hemisphere, said he believes the company hopes to benefit as well: "Citgo is probably concerned that the Chávez image will affect its image."

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In a telephone interview in November, Kennedy, who heads Citizens Energy, a nonprofit group that helps poor people grapple with higher energy costs, said that in 27 years of providing heating oil assistance, he had never received a price break from an OPEC country or major oil company.

"I have tried and written every single member of OPEC and every single major oil company and asked for a little bit of a price break," Kennedy said. "Shouldn't we be encouraging people to be doing this sort of thing? Isn't this the sort of compassionate conservative movement we thought would be taking over the world at this point?"

Kennedy added that there was an element of good business sense about Venezuela's assistance.

"It's not only morally righteous, it's good business," he said, "when you're selling the world's largest market a gigantic percentage of your overall sales in crude oil, to take a little percentage and show that . . . you have concerns about how low-income people are going to keep up with the enormous price of keeping warm."

Tsangfroid (WSJ)

By Mary Kissel

The Wall Street Journal, February 24, 2007

HONG KONG -- Remember June 30, 1997? That afternoon, the city's last colonial governor, Chris Patten, blinked back tears as the British flag was lowered from its flagpole at Government House. At 8:00 that night, red fireworks exploded over Victoria Harbor while Hong Kong's good and great sat down to dine in a grand hall; China's Jiang Zemin arrived later, glowing as Asia's "world city" was returned to its mainland mother. After the stroke of midnight, a 500-strong People's Liberation Army contingent marched over the border, soon followed by 4,000 more -- a brutish touch, a hint of things to come? No one knew.

Nearly 10 years later, Donald Tsang, the current chief executive, knows. He's part of a grand juggling act, protecting Hong Kong's cherished freedoms while integrating the place -- carefully, it's hard work, doing the best that we can, he'll tell you -- into the mainland's booming economy. Nowhere is this more evident than from Mr. Tsang's campaign office, from which the chief executive is steering another bid for high office next month.

Tucked on an upper floor of one of Hong Kong's soaring office towers, the entrance to Mr. Tsang's nerve center boasts no campaign photographs of the bow-tied, impeccably attired Cantonese civil servant; the walls are bare, and not a single policy leaflet graces the shelves. Granted, the office had been opened only two weeks prior to our interview. But the sterility of what should be a raucous debate in a democracy only reinforces the reality: Mr. Tsang is "running" for "re-election" in a rigged campaign where Beijing still picks the winner.

"Here's my card," he says, entering the windowless conference room where I and my colleague from New York, Melanie Kirkpatrick, are seated. A tidy little number, the specially printed campaign business card ("Donald Tsang, Candidate") boasts contact details in English and Chinese, plus a cursive slogan that seems scrawled as an afterthought: "I'll Get the Job Done!" "It will be a collector's item someday," Mr. Tsang jokes, settling into his chair.

The slogan is apt. Mr. Tsang has spent nearly 40 years in the civil service preparing to bridge East and West. Knighted in 1997 (he no longer uses the "Sir"), he was appointed by Beijing in 2005 to serve out the term of the former chief executive, Tung Chee Hwa, whom Beijing's Party elders encouraged to resign when the Hong Kong people marched through the streets for full democracy. Hong Kong can do what it likes, the thinking goes, so long as it doesn't make a fuss. China's leadership has far more pressing problems to worry about -- rioting peasants in the countryside, corruption permeating its ranks, a nuclear North Korea -- than the humming, affluent dot on its southeastern flank.

Mr. Tsang, a former financial secretary, has focused his energies on the economy. And that's a good place, we agree, to start our discussion, given that Hong Kong just rolled up the No. 1 slot -- for the 13th year running -- in the Heritage Foundation/Wall Street Journal's "Index of Economic Freedom." So how has Hong Kong influenced -- maybe even led -- the mainland down the capitalist road since 1997?

Hands clasped, Mr. Tsang thinks for a moment on these "serious and deep" questions. "Opening up is the answer, following the road map charted out by Deng Xiaoping," Mr. Tsang says. "So in the context of Hong Kong, it will be wrong to assume that this little tail is wagging the big dog. It is not." But Hong Kong, he explains, is the most effective "broker, the bridge, the gateway for the nation as a whole."

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Surely last year proved his point. For the first time, the flood of mainland Chinese companies selling stock on Hong Kong's stock exchange pushed volumes above those of New York and London. Hedge funds poured into the city, eager to base themselves in a place with civil law (in more ways than one, when compared to the mainland's corrupted bench) and an English-speaking labor force.

Most important, Hong Kong cemented its place as a testing ground for China's capital account liberalization. The mainland's domestic currency, the renminbi, circulates in a limited way in Hong Kong. Shops accept it; Hong Kongers can open savings accounts in it; and mainland companies can issue renminbi-denominated bonds in the territory.

"All this is taking place! It's the only place outside the mainland of China where these activities are allowed!" the chief executive emphasizes, in a rare moment of emotion. "Right here!" In Hong Kong today, "you see how renminbi, on a limited scale, can move in the free-market environment of Hong Kong."

The chief executive dreams of the day when the floodgates will open up and the cash gushes out of China into Hong Kong's banks, mutual funds and businesses. "This will come, this will come," he affirms.

All this adds to up to a vision for Hong Kong as a nexus for capital not unlike that of London for Europe, or New York for the Americas -- a city in the South China Sea devoted to servicing China's rising middle classes. "We need three [financial centers] . . . because most of us agree that we have to work eight hours a day!" Mr. Tsang quips.

That plan is already being echoed by China's rubber-stamp legislature, the National People's Congress, which included Hong Kong in its five-year plan for the first time last year. Mr. Tsang recites the text verbatim: the leadership, he says, sees Hong Kong as "a center for international finance, trade and shipping/aviation" (the Chinese-language characters for shipping and aviation are, conveniently, the same).

Mr. Tsang's eagerness to bet Hong Kong's future on the mainland is genuine: He is undoubtedly a Chinese patriot. But why should this capitalist city scramble to join the Communist Party's five-year industrial plan? Other actions, too, hint that the Hong Kong government is starting to stray from the free-market policies that made it so rich.

Last year, Mr. Tsang's administration proposed a new consumption tax, started debating a minimum wage, and embarked on rhetoric of leveling societal "inequalities." The chief executive himself publicly disavowed the policy of "positive noninterventionism," the term coined by one of Hong Kong's financial secretaries to describe the territory's famously laissez-faire approach -- an action for which this newspaper, and the late economics Nobel Laureate Milton Friedman -- chastised him.

"You were wrong," Mr. Tsang replied, staring me right in the eye. "It's a slogan." Hong Kong still has the freest economy by a mile -- its public sector takes up 18% of total GDP; total public spending isn't allowed to exceed 20% of GDP. Even if the government tried to impose European-like safety nets on the public, the rise in taxes would never be tolerated; the 5% consumption tax proposal was met with a public outcry.

"We want small government and a big market," Mr. Tsang explains. "We facilitate what the market does." And what does facilitate mean, exactly? "When, for instance, people believe, Mary [emphasis on my name], the mainland should be the next target of action . . . I will lead a delegation into the mainland, making sure that any . . . trade barriers could be removed for them . . . I go in there and try to do things for them."

Why, I wonder, is the same zeal for sealing business deals not applied to the Hong Kong people's wish for universal suffrage? In 2003 and 2004, over a half million of them marched for the full democracy promised to them by the mini-constitution, called the Basic Law, that Mr. Patton and the British left behind. The current setup is far from perfect; it includes a twisted system for electing the legislative branch and the chief executive that effectively gives Beijing veto power over the latter. But regardless of the silent overlord, this year a challenger to Mr. Tsang managed to garner enough official nominations to stand for chief executive -- an event that has given an electric charge to the democracy movement.

How does it feel to have a challenger? "It's allowed for in our electoral arrangements," Mr. Tsang answers dryly. "And it's giving our people a little more fun, a little more fireworks. But it doesn't mean that even if I were the only candidate running that I would not be providing a manifesto." The chief executive is a list man, focused on process; he dismisses opposition candidate Alan Leong as a "single issue man" who "just says universal suffrage, universal suffrage, universal suffrage."

Mr. Tsang seems perplexed by such a stance, noting that his city already enjoys freedoms other democracies have, such as freedom of assembly, freedom of religion, and freedom of the press. "In Hong Kong, we've got all those things." Mr. Tsang

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declares. "We want democracy for the sake of political participation. So, as a purist form, we should consider it carefully . . . but it must not be achieved at the expense of what they already got."

Why would universal suffrage threaten freedoms? Wouldn't a degree of public accountability impel the chief executive to follow the "will of the people" (a favorite phrase) more closely?

Mr. Tsang answers immediately: Beijing "supports [democracy] as a principal enshrined in the constitution, but I think they want to be sure they're not doing it at the expense of stability and prosperity." Read: Authoritarian regimes are afraid of placing control in the hands of the people. They could publicly protest, or elect an independently minded chief executive, or -- as Mr. Tsang notes -- they could declare independence, as in the case of Taiwan.

Mr. Tsang has now spent almost a decade working under the Chinese flag, versus 30 under the Union Jack. How is it different? Surprisingly, interactions with the mother ship are "less than before," he confides. "No faxes, no telegrams." He may consult closely on political reform with the local representative office of the central government, but for now, Mr. Tsang's administration operates the territory's economy independently from that of the mainland -- so there's less reason to call for advice.

"The style of operation is very different," Mr. Tsang says. "We are dealing with people in the same nation, but it requires a perquisite of mutual trust and faith. But once we have built up a sense of trust, between ourselves and the mainland, it seems that you can achieve quite a lot -- a lot more than before."

Within limits, that is. As we wait for the elevator next to those empty shelves where election campaign pamphlets might sit, the limits of Mr. Tsang's ability to "get the job done" seem clear.

Ms. Kissel is editorial page editor of The Wall Street Journal Asia.

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TERRORISM NEWS:

Canadian Court Limits Detention In Terror Cases (NYT)

By Ian Austen

The New York Times, February 24, 2007

OTTAWA, Feb. 23 — Canada's highest court on Friday unanimously struck down a law that allows the Canadian government to detain foreign-born terrorism suspects indefinitely using secret evidence and without charges while their deportations are being reviewed.

The detention measure, the security certificate system, has been described by government lawyers as an important tool for combating international terrorism and maintaining Canada's domestic security. Six men are now under threat of deportation without an open hearing under the certificates.

"The overarching principle of fundamental justice that applies here is this: before the state can detain people for significant periods of time, it must accord them a fair judicial process," Chief Justice Beverley McLachlin wrote in the ruling.

The three men who brought the case are likely to remain jailed or under strict parole because the court suspended its decision for a year to allow Parliament to introduce a law consistent with the ruling.

The decision reflected striking differences from the current legal climate in the United States. In the Military Commissions Act of 2006, Congress stripped the federal courts of authority to hear challenges, through petitions for writs of habeas corpus, to the open-ended confinement of foreign terrorism suspects at Guantánamo Bay, Cuba.

A federal appeals court in Washington upheld the constitutionality of that law this week, dismissing 13 cases brought on behalf of 63 Guantánamo detainees. Their lawyers said they would file an appeal with the Supreme Court. In two earlier decisions, the justices ruled in favor of Guantánamo detainees on statutory grounds but did not address the deeper constitutional issues that this case appears to present.

At a news conference in Montreal, a defendant, Adil Charkaoui, praised the Canadian court's decision.

"The Supreme Court, by 9 to 0, has said no to Guantánamo North in Canada," said Mr. Charkaoui, who is under tightly controlled, electronically monitored house arrest.

Stockwell Day, the Canadian minister of public safety, said Friday, "It is our intention to follow the Supreme Court ruling."

He added, "We are taking in stride what they did say and we will look at the changes that are necessary."

The decision is also the latest in a series of events that has seen Canada reconsider some national security steps it took after the Sept. 11, 2001, terrorist attacks. Last September, a judicial inquiry rebuked the police for falsely accusing a Syrian-born Canadian, Maher Arar, of terrorist connections. Those accusations, in 2002, led United States officials to fly Mr. Arar to Syria, where he was jailed and tortured. Earlier this year, the Canadian government reached a $9.75 million settlement with Mr. Arar and offered a formal apology. The commissioner of the Royal Canadian Mounted Police also resigned for reasons related to the affair.

Canada's Parliament is divided over whether to continue two antiterrorism measures introduced in 2001 that are set to expire on March 1. The opposition Liberal Party, which had brought in the law, does not want to continue its special preventive arrest powers or the secret court hearings it permits, which resemble grand jury hearings in the United States. Two other portions of that law have been struck down by courts in Ontario.

"We've started to see the rollback," said Alex Neve, the secretary general of Amnesty International Canada. "Today the Supreme Court of Canada has said, 'Make sure you put human rights at the center of how you prevent terrorism.' "

The security certificate system was introduced in a 1978 immigration law and has been used 27 times, mostly before September 2001. It allows the government to detain people indefinitely if the minister of public safety and the minister of immigration conclude that they are a threat to national security. The certificates, once signed, are reviewed by a federal judge who can rule to keep any or all of the evidence secret.

While Amnesty International and other groups have long campaigned against the certificates, the issue attracted relatively little attention for many years. Historically the certificates were issued against people who were accused of spying in Canada and who were swiftly deported.

The current cases, however, have become more prominent because they generally involve people who have been jailed for years without charges, using secret evidence and, in many cases, without bail.

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The sparseness of evidence makes it difficult to assess if there is any connection linking the men. The authorities say they have tied five of them in various ways to Al Qaeda. A sixth was arrested in 1995 and has been out on bail since 1998. He is charged with being a fund-raiser for the Tamil Tigers in Sri Lanka.

Hassan Almrei, a Syrian arrested in Mississauga, Ontario, in 2001, is the only one directly involved in this case who remains in jail.

A document from the Canadian Security and Intelligence Service charges that Mr. Almrei, who entered Canada on false papers in 1999, forged documents for the Sept. 11 attacks and is a member of "an international network of extremist groups and individuals who follow and support the Islamic extremist ideals espoused by Osama bin Laden." He was also accused of sending money to Mr. bin Laden's network through a honey and perfume business he ran in Saudi Arabia. The government said that a computer belonging to Mr. Almrei contained images of Mr. bin Laden, guns, a jet cockpit and a security badge.

Like most of the other suspects, Mr. Almrei remains under a certificate because the government's efforts to deport him to Syria conflict with Canadian laws that ban sending people to places where they are likely to be tortured.

Based on the limited information available, other security certificate cases appear to be circumstantial. Mr. Charkaoui, a Moroccan who was arrested in 2002 and released on house arrest in 2005, is accused of having trained in Afghanistan.

"I am innocent," he said Friday. "I was never charged, I was never accused of a crime. If the government has anything to accuse me of, well, there's the criminal code."

Much of the judgment provides a blueprint for Parliament on how to make security certificates fit with Canada's charter of rights and freedoms. As part of that, one of the court's suggestions seems to be adopted from Britain, whose legal system provided the basis of Canada's. After the House of Lords struck down a similar law in 2004, Britain adopted a system that allows security-cleared lawyers to attend the hearings, review the evidence and represent the accused.

A provision of the ruling that is effective immediately requires people held under certificates to receive a bail hearing within 48 hours.

For terrorism suspects in the United States, whose situation is most directly analogous to that of the men in Canada, the legal situation is cloudy at best. In the two years after Sept. 11, 2001, the government detained more than 5,000 foreign citizens.

Most were charged with offenses no more serious than overstaying a tourist visa, and many were held for months, awaiting clearance by the Federal Bureau of Investigation, after they had agreed to leave the country. Not one was convicted of a crime of terrorism.

Judge John Gleeson of Federal District Court in Brooklyn ruled last June on a class-action lawsuit brought by eight detainees. All have left the country and are seeking damages for what they argued was an illegitimate incarceration. Judge Gleeson dismissed that portion of the lawsuit, ruling that the courts should not "encroach on the executive branch in a realm where it has particular expertise" and "legitimate foreign policy considerations."

Even if the plaintiffs could demonstrate that their right to constitutional due process was violated, Judge Gleeson wrote, the officials they sued would be entitled to immunity because any right to "immediate or prompt removal" had not been "clearly established" at the time. The case, Turkmen v. Gonzales, is now on appeal.

Dalia Hashad, the United States program director for Amnesty International, said the Canadian decision should serve as "a wake-up call that reminds us that civilized people follow a simple and basic rule of law, that indefinite detention is under no circumstances acceptable."

Canada Rules Indefinite Detention Wrong (AP)

By Beth Duff-Brown

AP, February 23, 2007

OTTAWA (AP) - One of Canada's most contentious anti-terrorism provisions was struck down Friday by the Supreme Court, which declared it unconstitutional to detain foreign terror suspects indefinitely while the courts review their deportation orders.

The 9-0 ruling was a blow to the government's anti-terrorism regulations. Five Arab Muslim men have been held for years under the "security certificate" program, which the Justice Department had insisted is a key tool in the fight against global terrorism and essential to Canada's security.

The court found that the system violates the Charter of Rights and Freedom, Canada's bill of rights. It suspended the judgment from taking effect for a year, to give Parliament time to rewrite the part of the Immigration and Refugee Protection Act that covers the certificates.

The security certificates were challenged on constitutional grounds by three men from Morocco, Syria and Algeria - all alleged by the Canadian Security Intelligence Service to have ties to al-Qaida and other terrorist networks.

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The law now allows sensitive intelligence to be heard behind closed doors by a federal judge, with only sketchy summaries given to defense attorneys.

The men have spent years in jail while fighting deportation orders. They risk being labeled terrorists and sent back to their native countries, where they face possible torture.

The court called this a fundamental violation of their human rights.

"The overarching principle of fundamental justice that applies here is this: Before the state can detain people for significant periods of time, it must accord them a fair judicial process," Chief Justice Beverley McLachlin wrote in a ruling for all nine justices.

"The secrecy required by the scheme denies the person named in a certificate the opportunity to know the case put against him or her, and hence to challenge the governments case," she said.

The court said the men and their lawyers should have a right to respond to the evidence used against them by intelligence agents and noted that a law in Britain allows special advocates to review sensitive intelligence material.

The Justice Department said it would have no immediate comment.

Two of the men are out on bail and remain under house arrest. Three others are being held in a federal facility in Ontario that has been dubbed the "Guantanamo Bay of the North," a reference to the prison at the U.S. base in Cuba.

Human rights activists and lawyers for the men hailed the ruling as a victory for those who believe fundamental rights and freedoms have been overshadowed by the demands of national security since the Sept. 11, 2001, attacks on the United States.

"This is a judgment that, quite frankly, I think we should all be very proud of, because our court has not bought into the rhetoric of national security," said John Norris, who represents one of the five. "They have recognized the fundamental importance of preserving the security of all of us, but at the same time has stated, in the clearest possible terms, that that must never be done at the expense of human rights."

Barbara Jackman, who represents another detainee, said the Supreme Court decision in no way compromises national security.

"It only strengthens our democracy," she said. "It's an indication to other countries that to detain people and mistreat them, it's not satisfactory. There are ways to provide fair hearings in the face of national security concerns."

Although the security certificates have been around for decades, their use became more contentious after 9/11, and more suspect since Ottawa used faulty intelligence in a case that led to a $9 million apology to another former terror suspect, Maher Arar.

In that case, the Syrian-born Canadian was seized by U.S. authorities in New York and sent to Syria for questioning about suspected ties to terrorists. He was held in a cell for a year and tortured before being sent back to Canada, where he was cleared by a federal inquiry of any links to Islamic extremists.

Five Arab Muslim men now stand accused of terrorist links under the certificates, and all deny any ties to terrorism. It was not immediately clear if the three men still in detention would be released, or remain jailed until the law is rewritten.

The most notable is Adil Charkaoui, 33, a native of Morocco. The former University of Montreal student and pizzeria operator was arrested in Montreal in 2003 and freed on bail under strict conditions in 2005. He is accused by the Canadian Security Intelligence Service of belonging to the Moroccan Islamic Combatant Group, which has ties to al-Qaida and a history of terrorist attacks in Spain.

CSIS also claims Ahmed Ressam, convicted in 2001 of plotting to blow up Los Angeles International Airport, identified Charkaoui as someone he met at an al-Qaida training camp in Afghanistan - a contention denied by Charkaoui.

The others are Mohamed Harkat, an Algerian native arrested in 2002 and freed on bail last year; Mahmoud Jaballah, an Egyptian who remains in detention; Mohammad Mahjoub, also from Egypt and recently granted bail, although he has yet to be released; and Hassan Almrei, a native of Syria who was arrested in 2001 and is still in custody.

Jailing Without Trial Rejected In Canada (WP)

By Doug Struck, Washington Post Foreign Service

The Washington Post, February 24, 2007

Court Leaves 6 Security Suspects in Limbo

TORONTO, Feb. 23 -- Canada's Supreme Court on Friday unanimously struck down the use of secret testimony to imprison and deport foreigners as possible terrorist suspects, ruling that the procedures violate Canada's Charter of Rights and Freedoms.

But the court suspended its ruling for a year, leaving the six men who are under a "security certificate" in legal limbo. Two are held in a special prison, three are free on bond and a fourth has been ordered released on bond.

Supporters of the men hailed the ruling as a victory for civil rights but acknowledged that it did not entirely sweep away the procedures for holding suspects without trial that critics here have called "Canada's Guantanamo North."

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The court said Parliament should draft a new law that is more fair to security suspects.

"The court found the way secret evidence was used violated fundamental justice," said Sharry Aiken, a law professor who represented a coalition of groups that argued against the law before the Supreme Court. But "it doesn't mean security certificates are going by the wayside. It does mean that federal court judges are finally willing to scrutinize the procedures of detention to a greater extent than they were in the immediate aftermath of 9/11."

Stockwell Day, the government's minister of public safety, said in Ottawa that "in general, the Supreme Court upheld the security certificates. We will look at the changes the court said are necessary."

The security certificate procedures allow police or intelligence agencies to present secret evidence against noncitizen immigrants or visitors in Canada. If two cabinet ministers agree the person is a security risk, the suspect can be imprisoned and deported without a trial and without seeing the evidence.

About 24 people have been deported since the mid-1970s, including an alleged Russian spy and a German Nazi sympathizer. But six men -- five from Arab countries and a Sri Lankan -- remain in Canada, arguing that they are unfairly accused and would be tortured if they were deported.

Most of those on bail are under strict conditions, including curfew, restrictions on use of computers or telephones, and a requirement to wear a security bracelet that identifies their location.

"I've been harassed for eight years," said Adil Charkaoui, a Moroccan who was imprisoned for 21 months on allegations that he trained in an al-Qaeda camp in Afghanistan. He is free on bond. "I am not a terrorist," he said at a news conference in Ottawa on Friday. "All I am asking for is justice, the chance to defend myself. If you have something against me, charge me" in court.

Egyptian Mahmoud Jaballah and Syrian Hassan Almrei, both accused of ties with al-Qaeda, have been on a hunger strike while in detention under the security certificates. Last week, a federal court ordered Mohamed Zeki Mahjoub, who once ran a farming operation for Osama bin Laden, moved to house arrest.

The Supreme Court ruling put the spotlight on security arrests during a visit to Ottawa by U.S. Secretary of State Condoleezza Rice. At a news conference following meetings with Canadian, Mexican and U.S. officials on North American security and prosperity issues, Rice defended the U.S. insistence that Syrian-born Canadian Maher Arar remain on an airport "watch list."

Arar, who was whisked to Syria by American agents in a 2002 "rendition" that left him imprisoned in a dungeon for 10 months, was cleared in an exhaustive Canadian inquiry. The government here has apologized and agreed to pay him $9 million in compensation, but the U.S. refusal to acknowledge that his rendition was a mistake has rankled Canadians.

General Plays Down Value Of Capturing Bin Laden (WP)

The Washington Post, February 24, 2007

FORT WORTH, Feb. 23 -- The Army's highest-ranking officer said Friday that he was unsure whether the U.S. military would capture or kill Osama bin Laden, adding, "I don't know that it's all that important, frankly."

"So we get him, and then what?" asked Gen. Peter J. Schoomaker, the outgoing Army chief of staff, at a Rotary Club of Fort Worth luncheon. "There's a temporary feeling of goodness, but in the long run, we may make him bigger than he is today.

"He's hiding, and he knows we're looking for him. We know he's not particularly effective. I'm not sure there's that great of a return" on capturing or killing bin Laden.

Schoomaker pointed to the capture of Saddam Hussein, the killings of his sons, Uday and Qusay, and the killing of Abu Musab al-Zarqawi as evidence that the capture or death of al-Qaeda's leader would have little effect on threats to the United States.

Days after the Sept. 11, 2001, terrorist attacks, President Bush said he wanted bin Laden "dead or alive," and then-Secretary of State Colin L. Powell said, "It is not enough to get one individual, although we'll start with that one individual."

Bush reaffirmed the goal last September in a prime-time speech, warning bin Laden: "No matter how long it takes, America will find you, and we will bring you to justice."

But Schoomaker's remarks echoed comments last year by Vice President Cheney, who seemed to play down the value of capturing or killing bin Laden days before the Bush speech. "He's not the only source of the problem, obviously. . . . If you killed him tomorrow, you'd still have a problem with al-Qaeda," the vice president said.

Schoomaker, who is due to be replaced as chief of staff in April by Gen. George W. Casey Jr., commanded the U.S. Special Operations Command before becoming chief of staff. Special operations personnel have been leading the hunt for bin Laden along the mountainous border between Afghanistan and Pakistan.

Co-Defendants Of Padilla Are Seeking To Split Cases (NYT)

DOJ_NMG_0136960

By Deborah Sontag

The New York Times, February 24, 2007

MIAMI, Feb. 23 — As a competency hearing for Jose Padilla gets under way in federal court here, his co-defendants in a terrorism conspiracy case are seeking separate trials because of what they fear is the taint of his notoriety as the accused "dirty bomber."

Mr. Padilla, a Brooklyn-born American who was declared an enemy combatant by President Bush in 2002, was never charged with the plot to use a radiological dirty bomb that senior administration officials initially accused him of hatching.

But Adham Amin Hassoun and Kifah Wael Jayyousi, Mr. Padilla's co-defendants, say "spill-over prejudice" would be inevitable. They have filed separate motions to sever their cases from Mr. Padilla's, the latest in a series of challenges that are complicating the government's efforts to prosecute the case.

The government's years-long "campaign of public vilification" and its "branding of Padilla as a brazen terrorist" tied to Al Qaeda will make a fair trial impossible for his co-defendants, Jeanne Baker, one of Mr. Hassoun's lawyers, wrote in court papers filed earlier this week. The government has not responded.

Initial jury questionnaires, which were sent to about 3,000 potential jurors in South Florida, indicate Mr. Padilla is the only defendant whose name is familiar and "virtually all of those who are familiar with him have a negative prejudice against him," one of Dr. Jayyousi's lawyers, William W. Swor, wrote.

After being held without charges for three and a half years in a military brig in South Carolina, Mr. Padilla was indicted in late 2005, appended to a case involving Mr. Hassoun, a computer programmer, and Dr. Jayyousi, an engineer, and transferred to a civilian detention center in Miami.

The three men are accused of participating in a "North American support cell" that assisted "global jihad" from 1993 to 2000, sending money and goods to Muslim struggles overseas, particularly in Bosnia, Kosovo and Chechnya.

All three face possible life sentences and have pleaded not guilty. Their trial, which has been delayed twice, is set for April 16. But there is considerable pretrial litigation to be resolved, including the competency hearing for Mr. Padilla, which began Thursday and is set to resume Monday. The government is opposing efforts by Mr. Padilla's lawyers to have him declared unfit.

Dr. Jayyousi, a Jordanian-born American citizen who holds a doctorate in engineering, did not know Mr. Padilla until they met here in federal court, his lawyers say. They argue that Dr. Jayyousi, a former school system administrator in Detroit and Washington, should be tried separately not only from Mr. Padilla but also from Mr. Hassoun, partly because his supposed offenses predate theirs.

The only defendant free on bond, Dr. Jayyousi published a newsletter in the mid-1990s called The Islam Report. The indictment says the newsletter "promoted violent jihad as a religious obligation." Dr. Jayyousi's lawyer, Mr. Swor, said that the publication, which was based in California and distributed at mosques for about 16 months, issued "news about issues relating to Muslims all over the world" and often criticized the United States government.

Mr. Swor said Dr. Jayyousi, who also raised money to buy medicine and solicited contributions of clothing, boots and tents for Muslims in Chechnya, "grew disaffected with the violence in the Islamic world and movements," closed the newsletter in 1997, stopped fund-raising, moved to Detroit and concentrated on completing his engineering studies.

Mr. Hassoun, a Lebanese-born Palestinian who was living in South Florida, helped distribute Dr. Jayyousi's newsletter on the East Coast. The government began eavesdropping on their phone conversations in the early to mid-1990s. Prosecutors say that what they present as a charitable devotion to Muslim causes was really support for violent jihad, which both men deny.

It was Mr. Hassoun, prosecutors say, who lured Mr. Padilla, a member of his mosque in Fort Lauderdale, into the cell. Prosecutors say that Mr. Hassoun recruited Mr. Padilla, a former juvenile offender who had converted to Islam after a road-rage incident landed him in jail as a young adult, to go abroad in 1998 and wage violent jihad.

In asking for a separate trial, Mr. Hassoun's lawyers say that their defense of Mr. Hassoun could prove antagonistic to Mr. Padilla's interests.

Specifically, they want to introduce the evidence that it was a Qaeda operative in Saudi Arabia, and not Mr. Hassoun, who recruited Mr. Padilla — a chain of events laid out publicly by a former deputy attorney general, James B. Comey, in 2004.

In order for a jury to believe Mr. Hassoun, "they must necessarily disbelieve Padilla's presumed defense that he was never recruited into Al Qaeda at all," Ms. Baker wrote to the court.

Judge OKs Lawyer's Request For Evaluation In Terror-plot Case (ROCKRS)

By Mike Wiser, ROCKFORD REGISTER STAR

Rockford Register Star, February 24, 2007

CHICAGO — A 22-year-old Genoa man whom authorities accuse of plotting to kill holiday shoppers with hand grenades will have to undergo psychological evaluation before the case against him proceeds.

DOJ_NMG_0136961

U.S. District Judge David H. Coar ordered the evaluation of Derrick Shareef during a court hearing Friday in the Dirksen federal courthouse.

Shareef's attorney, Michael Mann of Maywood, requested the evaluation on behalf of his client, and Coar agreed.

The Justice Department says the man, who also goes by the name Talib Salam Ibn Shareef, had plotted to attack the patrons of CherryVale Mall in December by placing hand grenades in garbage cans in order to wage jihad.

Authorities said Shareef revealed his plans to an informant who was working with the Federal Bureau of Investigation's Joint-Terrorism Task Force.

The informant arrested Shareef after he allegedly exchanged stereo speakers for four nonfunctioning grenades and a pistol.

Coar also said that any legal motions regarding the results of the evaluation must be filed by April 6.

But before then, lawyers for both sides will have to meet in front of Coar again because Shareef has complained about the conditions under which he has been held.

Shareef has been in federal custody since his December arrest. He is currently in the Metropolitan Correctional Center in Chicago and has complained to Mann about sanitation problems, among other things.

Coar set a March 6 date to hear if the problems have been addressed.

Shareef faces five to 40 years on a charge of attempting to damage or destroy a building by fire or explosion and a possible life sentence on a charge of attempting to use a weapon of mass destruction.

Staff writer Mike Wiser can be reached at 815-987-1377 or mwiser@rrstar.com.

Mental Exam Ordered For Alleged Would-be Rockford Mall Bomber (AP)

By Mike Robinson

AP, February 24, 2007

CHICAGO - A federal judge on Friday ordered a psychological examination for an alleged terrorist wannabe who offered to trade his stereo speakers for grenades to set off in a Rockford mall at Christmas time.

Derrick Shareef, 22, of Rockford, is to be examined by a qualified psychiatrist or psychologist designated by the government under the order issued by U.S. District Judge David H. Coar.

Prosecutors say the 22-year-old Muslim convert plotted with an FBI undercover informant to commit acts of "violent jihad," or holy war, including blowing off hand grenades in garbage cans at the Rockford mall.

The idea was to blow the cans apart and spray the 130-store CherryVale Mall with deadly shrapnel at the height of the Christmas shopping rush, authorities said.

Federal officials said that Shareef had been under investigation long before his Dec. 6 arrest after he offered to trade the speakers for a pistol and four hand grenades. They said there had never been any danger.

Coar issued his order after defense attorney Michael B. Mann said there was a question of whether Shareef was competent to stand trial. Assistant U.S. Attorney Jake Ryan did not object to the examination.

Coar said the competency examination should be performed within 30 days and set April 6 for a hearing on the results.

Meanwhile, he set another hearing for March 6 after Shareef complained that he is unreasonably being held in "the hole" and that sanitation problems exist on the 11th floor of the Metropolitan Correctional Center.

Ryan said that technically the area where Shareef is being held is not "the hole," or solitary confinement, but it is reserved for special inmates.

Shareef, clad in an orange prison jumpsuit with his head shaven and a full beard, said he gets only three showers a week, is denied access to the law library and is handcuffed when he moves about the center.

HOMELAND RESPONSE:

Minneapolis / Man Gets 10 Years For Plan To Bomb Court (STPPP)

By Emily Gurnon

The St. Paul Pioneer-Press, February 24, 2007

A Kenyon, Minn., man who threatened to blow up the Rice County Courthouse was sentenced in federal court in Minneapolis on Thursday to 10 years in prison.

Allan Talmage Weatherford, 45, pleaded guilty in September to possession of a destructive device.

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When officials searched Weatherford's 160-acre farm in 2005 and 2006, they found nearly 50 firearms, including a .50-caliber military sniping rifle, as well as an explosive device and two propane tanks filled with a mixture of fertilizer and petroleum — the same combination used in the Oklahoma City bombing.

Subsequent lab analysis determined the mixture was not of sufficient quality to produce an explosive, but Weatherford admitted his intention to manufacture a fertilizer bomb, federal officials said.

Weatherford initially was the target of a drug investigation but got greater attention from police after he threatened to blow up a Rice County judge, a prosecutor and a deputy sheriff.

He planned to target the courthouse and the county law enforcement center, officials said.

Mayo Researcher Under Investigation By FBI (MINNST)

By Dan Browning

Minneapolis Star Tribune, February 24, 2007

He is accused of buying potassium cyanide to use as a weapon in a domestic dispute. He is also charged with making terroristic threats.

A research scientist and associate professor of medicine at the Mayo Clinic in Rochester is under investigation by the FBI for purchasing potassium cyanide for use as "a chemical weapon" in connection with a domestic dispute, according to a federal search warrant unsealed this week in St. Paul.

According to a sworn affidavit filed by the FBI, the matter came to light when Rochester police arrested Sreekumar Raghavakaimal, 46, on domestic assault charges Feb. 4.

He was charged the next day in Olmsted County with felony terroristic threats, felony false imprisonment, gross misdemeanor interference with a 911 emergency call, and misdemeanor domestic assault, according to Julie Germann, the prosecutor in the case.

According to the FBI affidavit, here's what prompted the charges: Raghavakaimal's estranged wife said they had argued over a ring he wanted returned, and he got a knife from the kitchen and bolted the door when she tried to leave.

She said that he broke her cell phone in two when she tried to call 911, and that he threatened to cut the throat of their 11-year-old son if she screamed for help.

Raghavakaimal wanted to get back together, and made comments that led his wife and son to believe he was suicidal, the affidavit says. When she managed to leave, she took a vial with her that she believed contained pain pills. When police investigated her complaint that day, Raghavakaimal told them he was not suicidal, the FBI said.

But he offered that he did buy some potassium cyanide on the Internet after he and his wife had separated in December 2005.

Tests on the vial taken by Raghavakaimal's wife show that it contained nearly pure olive oil. According to an FBI expert cited in the search warrant affidavit, "The combination of olive oil and cyanide is specifically mentioned in The Mujahideen Poisons Handbook (authored by Abdel-Aziz)" as a way to increase the toxicity of cyanide when applied to the skin.

The FBI says it discovered that Raghavakaimal had actually ordered the potassium cyanide through the Mayo Clinic, although it was not used at the labs he supervised there.

Raghavakaimal could not be reached for comment Thursday or Friday. He has a doctorate in chemistry and was the Director of Human Genomics and Proteomics Core at the Mayo Clinic College of Medicine's General Clinical Research Center before it was reorganized, said Adam Brase, a spokesman for the Clinic.

Brase said Raghavakaimal's main appointment is as a research scientist in endocrinology, and he also carries a title of director of the Microarray Core Facility.

Brase declined to comment further on Raghavakaimal's employment status. He said the Mayo Clinic would cooperate in the investigation.

The FBI obtained a search warrant for Raghavakaimal's house on Feb. 14, saying there was probable cause that other toxic chemicals would be found there. Agents seized a variety of computer equipment, documents, two point-and-shoot cameras and three rolls of film, records show.

New Airport X-Rays Scan Bodies, Not Just Bags (NYT)

By Paul Giblin, Eric Lipton

The New York Times, February 24, 2007

PHOENIX, Feb. 23 — X-ray vision has come to the airport checkpoint here, courtesy of federal aviation security officials who have installed a new device that peeks underneath passengers' clothing to search for guns, bombs or liquid explosives.

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The new body scanning machine, which went into use on Friday at Phoenix Sky Harbor International Airport and will be tested later at airports in Los Angeles and New York, will screen only volunteers, at least initially. Transportation Security Administration officials want to make sure the machine is reliable and fast enough to replace the traditional pat-down — and that it does not provoke too many protests.

Security officials examining the head-to-toe images work in a closed booth, hidden from public view, agency officials said. Special "privacy" software intentionally blurs the image, creating an outline of a body that is clear enough to see a collarbone, bellybutton or weapon, but flattens details of revealing contours.

Kenneth Johnson, 64, of Mesa, was the first passenger screened on Friday in Phoenix. He said he had titanium implants in both shoulders and one knee that set off alarms at checkpoint metal detectors.

"I've been all over the world; I've been strip-searched," Mr. Johnson, who was traveling to Florida, told an Associated Press reporter. "This was very easy."

Others found the scans objectionable.

"I think that is a violation of people's personal rights," said Kara Neal, 36, a mental health counselor on her way to Philadelphia. She was not asked to undergo the screening, but said she would have refused. "I would rather take a pat-down than go through this," she said.

Lawyers for the American Civil Liberties Union have raised similar objections, calling the X-ray scan a "virtual strip-search," and have urged Congress to prohibit its use for routine screening.

The vending-machine-size device, which costs about $110,000, will be used only when passengers are pulled aside for a more thorough check, known as secondary screening, after passing through a metal detector. Other scanning machines will be installed this year at Los Angeles International Airport and at John F. Kennedy International Airport in New York.

While security agency officials say the machines, known as SmartCheck, pose no health hazards, some experts disagree. The machine, manufactured by American Science and Engineering Inc. of Billerica, Mass., generates about as much radiation as a passenger would get flying for about two minutes at about 30,000 feet, or in technical terms, fewer than 10 microRem per scan, according to security agency and company officials. The machine is already being used in some prisons, by United States customs and at Heathrow Airport in London.

Dr. Albert J. Fornace Jr., an expert in molecular oncology at Georgetown University Medical Center, said such a low dose was inconsequential, even for pregnant women.

"Obviously, no radiation is even better than even a very low level," Dr. Fornace said. "But this is trivial."

But David J. Brenner, a professor of radiation oncology at Columbia University, said that even though the risk for any individual was extremely low, he would still avoid it.

"The question is, Do you want to add to your already existing risk?" Professor Brenner said, recommending that pregnant women and young children, in particular, avoid the device. "There are other technologies around that can probably do the job just as well without the extra radiation."

The machine beams a low-energy X-ray at the passenger, which after it bounces off the surface of the skin is processed by computer software that highlights metals or elements like nitrogen that are found in explosives or weapons.

The X-ray is not strong enough to penetrate much beyond the skin, so it cannot find weapons that may be hidden in body cavities.

"A lot of people aren't really comfortable with a pat-down," said Ellen Howe, a security agency spokeswoman, "so they may find this to be an alternative they may appreciate." She added that the X-ray images would be destroyed immediately.

Aviation security officials are rushing to bring new screening devices to airports because of the London-based plot last summer to use liquid explosives to blow up airliners headed to the United States.

The devices now used at the nation's airports, the X-ray machine for carry-on bags and the metal detector for passengers, rely on 1950s-era technology that cannot reliably detect liquid or plastic explosives.

Earlier efforts by the federal security agency to introduce more advanced checkpoint technologies have stumbled, including the so-called puffer machines, which blow air on passengers to search for minute traces of explosives.

After installing 94 of the machines at 37 airports, officials suspended the program last year, saying the devices broke down too often. More puffer machines may be bought if the problems can be resolved.

Officials intend to try other alternatives, like a so-called millimeter wave machine that uses harmless radio waves, instead of X-rays, to do a full body scan.

Ms. Howe said that until the tests on the SmartCheck were complete, it was unclear how widely used the machines would be. "We are committed to testing it," she said. "But we are not committed to deploying it widely until we learn more."

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WAR NEWS:

White House Warns Against Iraq Pullout (AP)

By Jennifer Loven

AP, February 23, 2007

WASHINGTON — Brushing aside criticism from the White House, Senate Democrats said Friday their next challenge to President Bush's Iraq war policy would require the gradual withdrawal of U.S. combat troops beginning within 120 days.

The draft legislation also declares the war "requires principally a political solution" rather than a military one.

The provisions are included in a measure that would repeal the authority that lawmakers gave Bush in 2002, months before the invasion of Iraq, and replace it with a far more limited mission.

Democrats have said they are likely to seek a vote on the proposal within two weeks. The odds against it ever becoming law are high, and the White House and Senate Republicans were quick to denounce it.

White House spokesman Tony Fratto said the administration "of course" would oppose an attempt to alter the existing authorization, and he warned that a pullout of U.S. troops could bring chaos to Iraq. "We're operating under a mandate," he said.

Senate Republican leader Mitch McConnell of Kentucky dismissed the proposal as an attempt by Democrats to produce "what could best be described as a Goldilocks resolution: one that is hot enough for the radical left wing, but cool enough for party leaders to claim that they are for the troops.

A spokesman for Senate Majority Leader Harry Reid said the White House is not only confused, but in denial.

"They can spin all they want, but the fact is that President Bush is ignoring a bipartisan majority of Congress, his own military commanders, and the American public in escalating the war," said Jim Manley. "The American people have demanded a change of course in Iraq and Democrats are committed to holding President Bush accountable."

As currently drafted, the Democratic legislation says the military "shall commence phased redeployment of U.S. forces from Iraq not later than 120 days" after the bill's enactment. The goal is to complete the withdrawal by March 31, 2008.

In the interim, the military would be required to transition to a new mission involving "targeted anti-terrorism operations," as well as providing training and logistical support for the Iraqis and helping them protect their own borders.

The measure also pledges that Congress will "continue to support and protect" the armed forces, renewing a commitment that was included in an earlier non-binding measure that also criticized Bush's plans to deploy an additional 21,500 troops.

Republicans blocked action on the measure last week, demanding that Democrats allow a vote on an alternative that would rule out cutting off funds for the troops.

At the White House, Fratto said that changes in the existing authority for use of military force were unnecessary even though it dates from the days when Saddam Hussein was in power and there was an assumption — later proved false — that Iraq possessed weapons of mass destruction. The White House said that Democrats were in a state of confusion about Iraq but left room for compromise.

"There's a lot of ... shifting sands in the Democrats' position right now," Fratto said. "We'll see what Democrats decide to do."

He said the president would judge anything that comes out of Congress by whether it gives him "the flexibility and resources" necessary to proceed with Bush's decision to send 21,500 additional combat troops to Iraq to secure Baghdad and Anbar Province.

"It's clear that if there are efforts to remove troops out of Baghdad, there are consequences for Baghdad," Fratto said. "The only credible analysis that we've seen — the (National Intelligence Estimate) report and others — are pretty clear on this, that it would bring chaos to Baghdad."

Senate Republicans recently thwarted two Democratic attempts to pass a non-binding measure critical of Bush's troop-increase plan. Asked if Bush would oppose any effort to revoke his war authorization, Fratto said, "Of course we would."

In the House, a non-binding anti-war measure was approved last week. House Speaker Nancy Pelosi has said she expects the next challenge to Bush's war policies to be a requirement that the Pentagon adhere to strict training and readiness standards for troops heading for the war zone.

Rep. John Murtha, D-Pa., the leading advocate of that approach, has said it would effectively deny Bush the ability to proceed with the troop buildup.

But Bush's Republican allies on Capitol Hill have fought that as denying reinforcements to troops already in the war zone, leading to the alternative approach in the Senate.

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The measure Bush won from Congress in 2002 authorized the president to use the armed forces "as he determines to be necessary and appropriate ... to defend the national security of the United States against the continuing threat posed by Iraq" and to enforce relevant United Nations Security Council resolutions.

At the time, the world body had passed resolutions regarding Iraq's presumed effort to develop weapons of mass destruction.

Congressional Democrats Wrestle Over How To Force Bush To Alter Iraq Policy (NYT)

By Sheryl Gay Stolberg, John M. Broder

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — Congressional Democrats, divided over how to press President Bush to alter his policy in Iraq, are wrestling over whether to use the power of the purse to wind down the war, and they seem headed for a confrontation among themselves, possibly as early as next week, over a proposal to revoke the 2002 resolution authorizing the war.

Some Democrats acknowledge that they are in a sticky situation as they try to map out a strategy that will appease the antiwar left, which is pushing for conditions on war financing, without alienating moderate Democrats and Republicans who fear being painted as unsupportive of the troops.

"We're going to come back, regroup, find a consensus position," a senior House Democratic aide said Friday, speaking on condition of anonymity because of the continuing negotiations. "People are unhappy with the war. We have to conduct oversight. We have to push the president in a new direction. We have to find a way to do that that makes the caucus comfortable, and I think we can."

In the House, moderate Democrats are uneasy with a plan put forth by Representative John P. Murtha, Democrat of Pennsylvania, to attach stringent conditions to financing for the war. One skeptical Democrat, Representative Jim Cooper of Tennessee, said Friday that the Murtha plan was "as risky as catching a falling knife."

Representative Joe Sestak, a Pennsylvania Democrat and retired three-star admiral, also expressed criticism of the Murtha plan, saying that Congress should not meddle in tactical matters but should concentrate on setting a date for withdrawal of all forces from Iraq.

In the Senate, where at least four Democrats are running for president, each with an Iraq plan, Democratic leaders are pursuing a plan to repeal the war authorization and replace it with language narrowing the military mission. Democrats concede that the plan to revise the authorization, backed by Senator Joseph R. Biden Jr., Democrat of Delaware and one of the presidential candidates, is unlikely to garner enough votes to pass, but they hope to pick up enough Republican votes to embarrass Mr. Bush.

Democrats say they are united in their desire to keep the pressure on the president, even as the House and Senate pursue different tactics. Senator Jim Webb, the freshman Democrat from Virginia who was elected on a strong antiwar platform, said Friday in an interview that Democrats agreed that Congress must reassert its authority, even if they had not yet figured out precisely how to do so.

"The true issue here is the federal system," Mr. Webb said, "the notion of accountability of the executive branch to Congress for not having conducted itself properly in the diplomatic arena."

As they search for consensus, Democrats must also worry about a wild card in the debate: Senator Joseph I. Lieberman, the Connecticut Democrat elected as an independent, a strong supporter of the war who has hinted that he might become a Republican if Democrats go too far in trying to rein in Mr. Bush.

With Democrats holding a razor-thin majority in the Senate, a Lieberman defection could put the chamber in Republican hands. That is one reason the Senate Democratic leadership is cool to the Murtha plan, and why Democrats must be careful about pursuing language changing the authorization for the war.

Republicans, sensing an opening, spent Friday trying to exploit Democratic divisions. The Republican Senate leader, Mitch McConnell of Kentucky, convened a conference call with reporters to taunt Democrats for failing to agree on a means for winding down the war.

At the same time, Vice President Dick Cheney kept the heat on the speaker of the House, Nancy Pelosi, one day after they engaged in a war of words over Iraq. "She accused me of questioning her patriotism," he told ABC News, reiterating a charge leveled by Ms. Pelosi on Thursday. "I didn't question her patriotism. I questioned her judgment."

Mr. Cheney went on: "The point I made and I'll make it again is that Al Qaeda functions on the basis that they think they can break our will. That's their fundamental underlying strategy, that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home. And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of Al Qaeda. I said it, and I meant it."

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After an election that was widely viewed as a repudiation of Mr. Bush's policies in Iraq, coupled with the president's announcement that he was sending more troops there rather than moving to bring them home, Democrats have struggled with how to proceed. Last week, in a public rebuke to Mr. Bush, the House passed a resolution disapproving of the troop buildup plan.

But that vote was only a prelude to the coming debate over Mr. Bush's request for $99.6 billion in emergency financing for military operations in Iraq and Afghanistan.

In the House, where the emergency spending bill is not scheduled to come to the floor for several weeks, lawmakers are awaiting details of Mr. Murtha's plan. Mr. Cooper, the Tennessee representative, said he opposed any attempt to add conditions to the supplemental appropriations measure, for policy and political reasons. "We should do what we've done with past supplementals: pass it," he said.

In the Senate, the Democratic leader, Harry Reid of Nevada, is said to be cool to Mr. Murtha's plan. Instead, Mr. Reid has thrown his weight behind Mr. Biden's idea of rewriting the war authorization. Democrats are expected to review it Tuesday at their policy luncheon, their first formal gathering after returning from recess.

During his conference call, Senator McConnell suggested that Republicans might counter with their own plan to force Democrats to vote for or against cutting off financing for the troops entirely. "We have only one option, and that is to decide whether or not to fund the mission," Mr. McConnell said.

But Democrats say they intend to make the debate about the military mission, not the money.

"McConnell presents a false choice," said Senator Charles E. Schumer, Democrat of New York. "The overwhelming majority disagree with the mission that this fighting has devolved into, which is policing a civil war, and what we're looking at is far more in consonance with what the American people want."

GOP Rejects Iraq Measure (WT)

By Jon Ward, Stephen Dinan, The Washington Times

The Washington Times, February 24, 2007

Republicans yesterday rejected the Democrats' plan to withdraw Congress' 2002 vote to invade Iraq, while Vice President Dick Cheney said House Speaker Nancy Pelosi was not unpatriotic but plain wrong to oppose President Bush's troop-reinforcement plan.

"There's only one way to end the war, if that's what our Democratic friends want to do. That is to cut off funds for the war," said Senate Minority Leader Mitch McConnell, Kentucky Republican. "That's our constitutional role, and we shouldn't drag this into the morass of Democratic presidential primary politics."

Key Senate Democrats are writing a bill to rescind the broad authorization to go to war in Iraq that Congress passed in 2002 and replace it with a narrow mission that would take all combat troops out of Iraq by March 2008.

Drafted by two top committee chairmen, Sen. Joseph R. Biden Jr. of Delaware and Sen. Carl Levin of Michigan, the proposal would keep some troops in Iraq to assist with training, border security and counterterrorism but, Democrats hope, would keep U.S. troops out of what they say has become a civil war.

"The 2002 authorization is no longer relevant to the situation in Iraq," Mr. Biden said in a speech last week. The 2008 presidential candidate argued that the measure was predicated on the presence of Saddam Hussein as dictator and weapons of mass destruction in Iraq.

But the White House said the 2002 resolution, which passed the Senate 77-23, is still effective because it gave the president authority to enforce U.N. resolutions, which call for stability in Iraq.

"The resolutions that we have seen since then certainly authorize a threat to the region that's posed by instability in Iraq, and it envisions the United States forces staying there and bringing stability to Iraq and the region," spokesman Tony Fratto said.

Senate Majority Leader Harry Reid, Nevada Democrat, is considering attaching the Biden-Levin plan to legislation next week on recommendations from the September 11 commission, which has already passed the House.

"It's obvious that the authorization is outdated and needs to be reformed. But no final decisions have been made," said Jim Manley, a spokesman for Mr. Reid.

Mr. McConnell, though, said Republicans have enough votes to block Democrats' new plan from passing, leaving the new majority few alternatives other that withholding funding for the troops.

House Democrats are pursuing just that strategy, with Rep. John P. Murtha, Pennsylvania Democrat and chairman of the defense appropriations subcommittee, proposing to limit funding unless the Defense Department can meet strict conditions even Mr. Murtha says are unlikely to be achieved.

Mr. Murtha's plan to hamstring the president's use of war funds through the appropriations process, starting with the $93 billion supplemental bill next month, was considered a political compromise between the Democrats' increasingly liberal base and its more moderate wing.

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Some Democrats, such as Sen. Russ Feingold, Wisconsin Democrat and Rep. Dennis J. Kucinich, Ohio Democrat and 2008 presidential candidate, favor cutting off all war funding.

But Mrs. Pelosi and other Democratic leaders have said they would not cut off funds for troops in the field, and were pursuing the Murtha strategy.

The House has already passed a nonbinding resolution disapproving of the troop reinforcements, which would send 4,000 Marines to Anbar province to target al Qaeda, and about 17,500 soldiers to Baghdad to combat Sunni-Shi'ite violence.

But Republicans used a procedural maneuver to block a similar resolution in the Senate.

Democrats have complained that the Bush administration is attacking them unfairly.

After Mr. Cheney said Democrats favored a defeatist policy that would "validate" al Qaeda's strategy, Mrs. Pelosi called the White House to try to complain to Mr. Bush, who was not there.

"You cannot say as the president of the United States, 'I welcome disagreement in a time of war,' and then have the vice president of the United States go out of the country and mischaracterize a position of the speaker of the House and in a manner that says that person in that position of authority is acting against the national security of our country," Mrs. Pelosi said.

Yesterday Mr. Cheney defended his characterization.

"I'm not sure what part of it is that Nancy disagreed with," he told ABC News. "She accused me of questioning her patriotism. I didn't question her patriotism. I questioned her judgment."

Some military analysts have said the troop surge is the administration's last chance in Iraq, but Mr. Cheney said that's not the case.

"We keep trying until we get it right. I don't think we can afford to lose in Iraq," he said.

McConnell Threatens To Block Bid To Repeal War Resolution (WP)

By Shailagh Murray, Washington Post Staff Writer

The Washington Post, February 24, 2007

Republican Wants to Force Vote on Guaranteeing Funding for Troops

Senate Minority Leader Mitch McConnell (R-Ky.) warned yesterday that a new Democratic effort to repeal the 2002 Iraq war resolution would meet the same fate as two previous efforts to limit President Bush's authority: blocked by procedural obstacles, unless Democrats relent to GOP terms.

Speaking to reporters by conference call from his Louisville home, McConnell compared the latest Democratic move to "trying to unring a bell." He warned that Lt. Gen. David H. Petraeus, the U.S. military commander in Iraq, would "have to surround himself with lawyers" to comply with the new resolution that senior Democrats are drafting.

McConnell predicted he could muster Republican support to block the measure, unless Majority Leader Harry M. Reid (D-Nev.) allows a vote on a nonbinding GOP measure to guarantee troop funding.

A showdown over both measures could come as early as next week. Reid has signaled that Iraq-related amendments may be offered to an upcoming homeland security bill. "It's a bit of a cat-and-mouse game," a senior Democratic Senate aide said.

Democratic leaders will present the repeal plan to their colleagues next week. The measure would replace the broad authority that Congress granted Bush in October 2002 with a narrower mandate establishing a March 31, 2008, goal for withdrawing combat troops. It also would restrict longer-term engagement in Iraq to a handful of high-priority realms, including counterterrorism, training for Iraqi troops and border security.

The Bush administration weighed in on the plan yesterday afternoon. "It's simply not necessary," said deputy press secretary Tony Fratto.

The 2002 resolution authorizes Bush to use military force "as he determines to be necessary and appropriate in order to defend the national security of the United States against the continuing threat posed by Iraq" and "enforce all relevant United Nations Security Council resolutions regarding Iraq."

Democratic architects of the new initiative, including Reid, Senate Foreign Relations Chairman Joseph R. Biden Jr. (Del.) and Armed Services Chairman Carl M. Levin (Mich.), have argued that the 2002 authorization is no longer valid, because the intent was to destroy weapons of mass destruction -- which were never found -- and if necessary to depose Saddam Hussein, who has since been captured, tried and executed.

The second part of the authorization, Fratto said, "is still important and envisioned the changing nature there." Even Bush has acknowledged the shift, he said: "The president said this isn't the fight we entered in Iraq but it's the fight we're in."

Fratto said the United States went in as a multinational force under United Nations authorization to take military action against Iraq and was there as an occupying force. "And now we're there at the invitation of the sovereign elected government of Iraq, he said, adding that "U.N. Security Council resolutions that came subsequent to the war authorization, you know, envisioned those kinds of changes."

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Biden responded in a CNN interview that while the Constitution allows Bush to conduct war, it does so "only if the Congress gave him the authority in the first place."

"We are repealing the initial authority," Biden said. "And by the way, the United States Constitution cannot be trumped by the United Nations. It cannot be trumped by it. The implementation act of the United Nations treaty, when we passed it, said, it depends upon the Congress's authority."

McConnell noted that 29 Democrats voted for the 2002 resolution, including three Democratic presidential candidates: Biden, along with Sens. Hillary Rodham Clinton (N.Y.) and Christopher J. Dodd (Conn.).

"If the Senate doesn't support the mission in Iraq, it has only one option, and that's to decide whether or not to fund that mission," McConnell said. "That's our constitutional role, and we shouldn't drag this into the morass of Democratic presidential primary politics."

Defense Secretary Vows Action On Medical Center Conditions (NYT)

By David S. Cloud

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — Defense Secretary Robert M. Gates said Friday that he would move swiftly to improve conditions for wounded soldiers being treated as outpatients at Walter Reed Army Medical Center and warned that senior officials would be held accountable for the poor conditions.

Mr. Gates, speaking to reporters after touring the facilities and speaking to several patients, said he was upset by recent reports in The Washington Post describing wounded soldiers living in dilapidated buildings near the Walter Reed campus and portraying the huge paperwork and other bureaucratic hurdles they had to overcome during treatment.

Mr. Gates announced the creation of an eight-member commission that would examine conditions at Walter Reed, on the outskirts of Washington, and other military hospitals, and then make recommendations for improvements within 45 days.

“After the facts are established, those responsible for having allowed this unacceptable situation to develop will indeed be held responsible,” Mr. Gates said.

As the number of service members wounded in Iraq and Afghanistan has climbed in recent years, Defense Department officials have long held up Walter Reed as a facility offering unmatched care. But the large number of patients there, currently about 650, has forced officials to rely on overflow facilities nearby more than they have in the past and has caused long waits for some treatments, officials acknowledged.

Pentagon officials have emphasized that the quality of care at Walter Reed and other Army facilities is generally high. They have said that the poor conditions, which included moldy walls, cockroaches, mouse droppings and stained carpets, were confined to a 54-room Army-owned facility across the street from the main Walter Reed campus where nearly 70 recovering service members are being housed.

But the Post reports prompted several days of damage control by Army and Pentagon officials that have veered between acknowledging the situation and playing it down. The Army’s top medical officer, Lt. Gen. Kevin C. Kiley, described the newspaper’s account as a “one-sided representation” at a news conference Thursday, emphasizing that he was objecting to the tone of the stories, not the facts.

Only a day before, Gen. Richard Cody, the Army vice chief of staff, said, “We were absolutely disappointed in the status of the rooms and found the delays and lack of attention to detail to the building’s repairs inexcusable.”

The outpatients at Walter Reed have received initial treatment but require further care or rehabilitation before retiring from the armed forces or returning to active duty.

Of the accounts in The Post, Mr. Gates said, “I have not seen anything or heard anything” that led “me to believe that those articles were in any substantial way wrong.”

Mr. Gates said that no hospital officials had offered to resign but that several lower-level employees overseeing outpatient care had been relieved. He said he met with President Bush earlier Friday to discuss the situation.

Hospital officials in recent days have moved to clean up the most visible problems at the facility. Mr. Gates said the commission, to include retired officials from the Pentagon, Congress and the armed services, would also look at conditions at the National Naval Medical Center nearby in Bethesda, Md., and any other military medical facilities they chose to examine.

The members are Togo West, former secretary of veterans affairs and secretary of the Army under President Bill Clinton; Jack Marsh, former secretary of the Army under President Ronald Reagan; Dr. Joe Schwarz, a former Republican congressman from Michigan; Jim Bacchus, a former Democratic congressman from Florida; and four retired military officers, Gen. John Jumper, former Air Force chief of staff; Lt. Gen. Chip Roadman, former Air Force surgeon general; Rear Adm. Kathy Martin, former Navy deputy surgeon general; and Command Sgt. Maj. Larry Holland.

DOJ_NMG_0136969

Review At Walter Reed Is Ordered (WP)

By Steve Vogel, Washington Post Staff Writer

The Washington Post, February 24, 2007

Defense Secretary Vows Accountability

Defense Secretary Robert M. Gates named an independent review panel yesterday to investigate what he called an "unacceptable" situation in outpatient care at Walter Reed Army Medical Center, and he said that some soldiers "most directly involved" in the problems have been removed from their positions.

Speaking to reporters during a visit to the Army hospital in Northwest Washington, Gates also warned that senior military leaders could be disciplined based on the findings of the review group.

"We empower commanders with responsibility, authority and resources necessary to carry out their missions," Gates said. "With responsibility comes accountability. Accordingly, after the facts are established, those responsible for having allowed this unacceptable situation to develop will indeed be held accountable."

The Senate Armed Services Committee has tentatively scheduled hearings on the facility for March 6, said a spokeswoman for the panel's chairman, Sen. Carl M. Levin (D-Mich.). Sen. John W. Warner (R-Va.), the ranking minority member of the committee, toured the facility yesterday.

The actions came after stories in The Washington Post on Sunday and Monday revealed that wounded soldiers recuperating at Walter Reed often become mired in red tape as they seek further treatment or decisions on whether they will stay in the military. The articles also disclosed poor living conditions -- including mold, filth and leaks -- in Building 18, an Army facility that houses recovering troops.

"I'm grateful to reporters for bringing this to our attention but thoroughly disappointed we did not identify it ourselves," Gates said in his first public remarks addressing the situation.

The eight-member review group appointed by Gates has been charged with taking a broad look at all rehabilitative care and administrative procedures both at Walter Reed and the National Naval Medical Center in Bethesda. Panel members "will be given free and unrestricted access" to visit medical facilities and interview personnel, Gates said.

The group will be co-chaired by Togo West, who was secretary of veterans affairs and secretary of the Army during the Clinton administration, and by John O. Marsh Jr., who was secretary of the Army under President Ronald Reagan and a former member of Congress from Virginia. Other members include two former members of Congress, three retired senior military officers and a retired command sergeant major. Their report is due within 45 days and will be made public, Gates said.

Gates said he had no information suggesting that there are problems at Bethesda similar to those at Walter Reed, but he said the naval facility is being included because "we need to know the scope of this problem."

There is rare unanimity in Washington on the need to treat wounded soldiers well, Gates said, "and so we're determined to fix it, and fix it fast." He described the medical care itself at the hospital as "unsurpassable" and said the shortcomings were confined to "the outpatient aspect of this."

During his visit, Gates met a group of five soldiers being treated at the facility who spoke of a frustrating administrative bureaucracy at the hospital. "They battled our foreign enemies; they should not have to battle an American bureaucracy," Gates said.

Gates said caseworkers are "overwhelmed" by the numbers of patients they are assigned, and he indicated that more workers would be soon assigned to the hospital.

"There's just too much work for the number of people that are available," he said. "So that's one thing that can be addressed pretty quickly." Gates added that troops who had been wounded in service "should not have to recuperate in substandard housing."

The Army declined to identify publicly the personnel who have been moved to different positions at the hospital. Speaking on background, an Army official said they included several soldiers involved in supervising facilities at Walter Reed, including Building 18.

Gates met with President Bush yesterday morning to brief him on the actions underway. "He is, understandably, concerned and emphatic in wanting the best possible care for our wounded soldiers and for their families," Gates said.

Gates Orders Review Of Walter Reed Hospital (LAT)

By Julian E. Barnes

The Los Angeles Times, February 24, 2007

WASHINGTON — Defense Secretary Robert M. Gates announced plans Friday to form an independent review group to examine Walter Reed Army Medical Center and other military hospitals.

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The move comes after news reports indicated that seriously injured soldiers had been caught in a bureaucratic morass and given substandard outpatient housing at Walter Reed. The review ordered by Gates will focus on rehabilitative care and administrative procedures at Walter Reed and the National Naval Medical Center in Bethesda, Md.

"The men and women recovering at Walter Reed and at other military hospitals have put their lives on the line and paid a considerable price for defending our country," Gates said. "They battled our foreign enemies. They should not have to battle an American bureaucracy."

Defense officials have said that there are no allegations of systemic problems at Bethesda or other military hospitals, but Gates said the commission would be able to examine all military hospitals. Articles in the Washington Post this week detailed shortcomings of the military health system, especially its outpatient facilities.

Gates said he was grateful to the reporters who brought the problems to light, and said he was disappointed that the Defense Department had not found the problems earlier. He promised that he would hold accountable the people who allowed the problems in outpatient care at Walter Reed to occur.

The Defense secretary's tone was in sharp contrast to comments Thursday by Lt. Gen. Kevin Kiley, the Army surgeon general, who challenged the Post report as a "one-sided representation." Kiley, who used to command Walter Reed and oversees the hospital as head of the Army Medical Command, said there was no "failure of leadership."

Gates did not criticize Kiley, but he said he was upset by the original articles and had not learned anything from Army officials that caused him to believe the articles were wrong.

The review panel is to report its results within 45 days. It will be lead by Togo West Jr. — who served as Army secretary and secretary of Veterans Affairs in the Clinton administration — and John O. Marsh Jr., who was Army secretary under President Reagan.

The Defense Department already has begun making repairs at Walter Reed and taking other steps to address the problems, officials said.

Gates said some of those directly involved with problems identified at Walter Reed had been "relieved" of their assignments. Army officials said later that no officers had been removed from command positions, but that there had been administrative reassignments of some midlevel officials at the hospital.

The review panel will deliver its report to Congress, Gates said.

Lawmakers have already begun drafting their own recommendations for an overhaul.

A new bill drafted by Sen. Barack Obama (D-Ill.), a presidential candidate, and Sen. Claire McCaskill (D-Mo.), a freshman member of the Armed Services Committee, seeks to simplify the paperwork for injured soldiers, force the Army to add more caseworkers, and increase the oversight of Walter Reed. A Democratic congressional staffer said the senators planned to introduce the bill next week.

Gates Vows Action On Walter Reed Worries (AP)

AP, February 23, 2007

WASHINGTON (AP) — Defense Secretary Robert Gates said Friday that those found to have been responsible for allowing substandard living conditions for soldier outpatients at Walter Reed Army Medical Center will be "held accountable."

However, no one in the Army chain of command has so far offered to resign.

Gates spoke to reporters after visiting the medical compound, whose reputation as a premier caregiver for soldiers wounded in Iraq and Afghanistan has taken a hit following a Washington Post series of reports last weekend that documented problems in soldiers' housing and in the medical bureaucracy at Walter Reed.

"A bedrock principle of our military system is that we empower commanders with the responsibility, authority and resources necessary to carry out their mission," Gates said. "With responsibility comes accountability."

His comment suggested that senior officials in the Army chain of command would not be immune from disciplinary action.

Gates announced that two former Army secretaries, Togo West and Jack Marsh, would head an independent panel to review treatment and administrative processes at Walter Reed and the National Naval Medical Center at Bethesda, Md. Gates said the group has been asked to report its findings publicly within 45 days.

"After the facts are established, those responsible for having allowed this unacceptable situation to develop will indeed be held accountable," Gates said, adding that so far no one involved has offered to resign.

"We are not going to wait 45 days to begin addressing these problems," he said. "And so there have been some people who are most directly involved who have been relieved. But we will be looking and evaluating the rest of the chain of command as we get more information."

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Asked about Gates' statement that some have already been relieved of duty, Army officials said they were unsure that any such actions had been taken. One Army official, speaking on condition of anonymity because the Army is conducting its own review of what happened at Walter Reed, said officials are considering personnel changes.

The Army's Preemptive News Briefing (WP)

By Howard Kurtz, Washington Post Staff Writer

The Washington Post, February 24, 2007

To the Army's public affairs chief, it was simply an effort to "get the facts out from our perspective."

To Dana Priest, who covers national security for The Washington Post, it was a case of Army officials "shooting themselves in the foot, because reporters are not going to trust them."

The Post last week gave the Army six days to respond to the paper's investigation into decaying, cockroach-infested facilities and an overwhelmed patient-care bureaucracy at Walter Reed Army Medical Center in Northwest Washington. The Army's public affairs office used the time to summon journalists from other news organizations to a briefing at which Walter Reed's commander responded to the findings -- in an article that had not yet been published.

"It made us feel very uncomfortable that we were being set up to be the Army's public affairs arm," said Los Angeles Times correspondent Peter Spiegel, who attended the Pentagon session. "They were trying to brief us on a story when we didn't know what the story was about." Journalists from the Boston Globe, USA Today, the Associated Press and Fox News also attended the invitation-only briefing.

When journalists seek a response from a government agency on a pending story, there is generally an understanding that the information will not be shared with rival news outlets before publication. Such unspoken agreements, however, are hardly iron-clad. Treasury Department officials last year gave the Wall Street Journal declassified information about a secret program to track the banking records of terror suspects after failing to persuade the New York Times to kill a planned story on the subject.

Col. Dan Baggio, the Army's chief of media relations, said Walter Reed's commander had already been thinking of briefing reporters on conditions at the medical center. But Baggio acknowledged that the timing was dictated by the upcoming Post stories, which ran Sunday and Monday and detailed inadequate care for wounded veterans.

Priest, who reported the two-part series with Anne Hull, says she told an Army public affairs officer this week: "How do you think this is going to affect our relationship? Do you think I'm going to be willing next time to give you that much time to respond, if you're going to turn around and tell my competitors?"

But Maj. Gen. George Weightman, Walter Reed's commander, viewed the matter differently, Baggio said. "Because we had a long holiday weekend coming up and we knew the story was coming out about Walter Reed, he felt an obligation to make sure to get the facts out from our perspective," Baggio said. "We have a responsibility to communicate with the public about things going on at our command, regardless of who says they had the right of discovery."

Priest first contacted the Army on Monday, Feb. 12, and provided a list of 30 questions about conditions at Walter Reed. She said that Weightman was responsive during a two-hour interview Thursday, Feb. 15, but that she initially thought he was joking when he said that he would be briefing other news organizations on Walter Reed's problems the following day.

At the Friday briefing, reporters were told that Weightman's remarks were embargoed until late Saturday afternoon, around the time that The Post's story was expected to be posted online. That, said Baggio, was done as a "courtesy."

After an internal debate, said Spiegel of the Los Angeles Times, "it seemed to us pointless to try to cobble something together" without The Post's findings.

But the Army succeeded in putting its stamp on some stories. An AP report Saturday evening began: "The commander of the Army's leading medical facility acknowledges problems in outpatient treatment but said the hospital is working to address the concerns of patients and their families." Spiegel's Times piece Sunday said Weightman "has acknowledged that the staff responsible for tracking patients after they receive treatment was overwhelmed by the number of wounded when violence spiked in Iraq two years ago." Both reports said Weightman spoke in advance of The Post's stories.

Army officials are now questioning the paper's handling of the probe. In a letter to Walter Reed's staff this week, Weightman said that "information for this article was covertly obtained over more than two years by reporters who did not wish to bring their findings to the leadership for action."

Priest, saying that the inquiry lasted four months, not two years, declined to explain how she and Hull repeatedly signed into Walter Reed without the knowledge of the Army brass. Every patient or family member quoted by name, she said, had agreed to be on the record.

"We never lied to anyone about who we were," Priest said. "We just tried not to be in a position to identify ourselves to anyone who would report us to public affairs and have us kicked off the base."

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As for Weightman's complaint that the paper should have notified the Army of its conclusions earlier in the process, Priest called that "ridiculous," saying: "You find wrongdoing and you don't report it to the public first? You report it to them first? That's not our role."

Benefits Of The Doubt (WP)

The Washington Post, February 24, 2007

Badly wounded veterans should have an easier time getting disability compensation.

AFTER A WEEK of terrible publicity, the Defense Department seems to be responding quickly to many of the problems The Post found in a four-month investigation at Walter Reed Army Medical Center. But so far, the most disturbing problem uncovered in The Post's series is getting the least public acknowledgment from generals and journalists alike.

Over the past week, follow-up reports, news releases and news conferences have focused on Army and Navy efforts to improve the physical conditions at Walter Reed and other military facilities serving outpatients. Generals and their press attaches assure reporters that moldy walls will be replaced, holes patched and snow shoveled. The quick pace of repairs, while late, is encouraging. But it is only a start.

The upsetting state of Walter Reed's Building 18 is only part of a larger administrative problem. Post reporters found that confusing bureaucratic rigmarole and interminable waits caused by misplaced paperwork and poor advising were endemic. Defense Secretary Robert M. Gates named an independent review panel yesterday and reassuringly promised that it will examine administrative procedures as well as the physical state of outpatient facilities. "They battled our foreign enemies; they should not have to battle American bureaucracy," Mr. Gates said.

However, Post reporters found that the stresses on outpatients at Walter Reed included not only their physical recovery, dank rooms or long waits but also the difficulty they have in getting fair disability compensation. Army review boards searched for reasons to deny maimed soldiers disability funds, often blaming "preexisting conditions," not wartime service, for physical and mental disorders. In one instance, a review board claimed that a middle-aged soldier's poorly healed broken foot was the result of "late-life atrophy," not a severe car wreck in Iraq. There's no excuse for the Army to try so hard to deny disability compensation to wounded soldiers. After sacrificing their health, they should get the benefit of the doubt in such decisions. After all, improperly denying compensation can bankrupt soldiers and their families for years.

After we asked, a Defense Department spokesman told us in an e-mail that the Disability Evaluation System will be improved "across the board" and that the Pentagon will ensure that it is a "full and fair due process with regard to disability evaluation and compensation." Even if the Defense Department weren't so committed, it might soon have little choice in the matter. Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) plan to introduce legislation next week that would require the secretary of defense to review the Disability Evaluation System as well as address some of the other problems The Post uncovered. Either way, veterans too seriously wounded to return to active duty should get the benefits they deserve without having to beg for them.

U.S. Seizes Son Of A Top Shiite, Stirring Uproar (NYT)

By Richard A. Oppel

The New York Times, February 24, 2007

BAGHDAD, Feb. 23 — American troops seized and then released the eldest son of Abdul Aziz al-Hakim, perhaps the most powerful Shiite political leader in Iraq, after he crossed the border from Iran into Iraq on Friday morning.

The detention heightened tensions with one of Iraq's most formidable political movements just as the planned American troop buildup was beginning in Baghdad to try to rescue the capital from the grip of Shiite militias and Sunni insurgents.

Allies of the Hakim family denounced the detention as a serious insult, and a senior adviser to the family asserted that American forces also had assaulted several guards. The Hakims control the Supreme Council for Islamic Revolution in Iraq, the backbone of the Shiite political alliance that has dominated politics during the occupation.

State-run television said Prime Minister Nuri Kamal al-Maliki, a Shiite who depends on Mr. Hakim's support, intervened to help release the son, Amar Abdul Aziz al-Hakim.

In an interview after he was released from an American military base in Kut, Amar al-Hakim said that American forces had treated him roughly and that their justification for seizing him — that he crossed the border with an invalid passport — was untrue.

An official with the Iraqi force that guards the border said American troops had been lying in wait to apprehend the Hakim convoy as it drove into Iraq. But a spokesman for the American Embassy in Baghdad, Lou Fintor, said that the Americans followed standard procedures and that there had been no effort to "single out" Mr. Hakim.

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The American ambassador to Iraq, Zalmay Khalilzad, said he was "sorry" for the detention. The son is himself a senior official in Mr. Hakim's political movement and has often taken a leading role in building support for his father's political efforts throughout Shiite-dominated southern Iraq. A Hakim aide suggested that the son was being groomed to take control of the family's political dynasty.

The detention worsened relations with the Hakims — who spent years in exile in Iran and remain close to Tehran — two months after American forces raided the Hakims' elaborate Baghdad compound near the Green Zone and detained two Iranians whom they accused of running guns and planning sectarian attacks.

That raid came just a few weeks after the elder Mr. Hakim met with President Bush in Washington. Mr. Hakim has generally been an ally of the United States presence, but he has criticized the Americans for what he said was favoring the interests of Sunnis over Shiites.

The incident comes at a delicate moment in the relationship between the United States and Iran, which American officials have accused of fomenting violence in Iraq and supplying Shiite militias with the deadliest munitions employed against the American military's armored vehicles, armor-piercing explosives known as explosively formed penetrators, or E.F.P.'s.

One of Amar al-Hakim's most prominent public roles of late has been canvassing the Shiite provinces of southern Iraq to build support for his father's controversial plan to cleave nine Shiite provinces into an autonomous region that would have wide authority over its security and natural resources.

Sunni political groups as well as some Shiite parties have objected to the plan, saying it would drive Iraq toward a three-way partition, with a Kurdish state in the northeast, a Sunni state in the west and northwest, and a Shiite state in the south.

One Shiite coalition that objects to the plan is the bloc allied with Moktada al-Sadr, the anti-American Shiite cleric who controls the Mahdi Army militia and whose political movement is the only one within the Shiite alliance whose power rivals that of Supreme Council for Islamic Revolution in Iraq, or Sciri.

A senior adviser to the Hakim family, Haitham al-Husseini, described the son as being in his mid-30s and said he was considered an heir to his father's political movement. Mr. Hakim also has a younger son, Moshin, who serves as a political adviser, and two daughters.

Amar al-Hakim was in Iran no longer than five days, said Mr. Husseini, who added that he was probably visiting relatives or other people the family knew from their years in exile during the rule of Saddam Hussein. He said the Americans had held Amar al-Hakim a good part of the day. The convoy was stopped "without any justification," Mr. Husseini said. "Some of the guards were beaten by the U.S. forces."

He also said that United States military officers whom he would not identify had contacted aides to Mr. Hakim and apologized for the detention. Mr. Khalilzad, the American ambassador, was quoted by news agencies as saying that he regretted the episode and that "we do not mean any disrespect" to the Hakim family.

Mr. Fintor, the spokesman for the American Embassy in Baghdad, declined comment about whether an apology had been issued. But he said that American forces were investigating the episode.

"We're trying to determine the facts," Mr. Fintor said. "What I can tell you is that at this point we understand that Mr. Hakim was arrested by soldiers who were doing their duty. He was not singled out, and we understand the soldiers were following standard procedure."

The detention led to a large demonstration in front of the offices of Mr. Hakim's party in Basra by a crowd protesting the son's treatment. A senior Sciri party official in Najaf, Sadr al-Din al-Qubanchi, called for a demonstration there.

"This will shake the stability, and it's an insult to the Iraqi Shiite alliance and its leadership," he said.

An American military official declined to comment on the allegation that Mr. Hakim's guards had been beaten but said he had been detained because he possessed an expired passport and was traveling with men who had a large number of guns.

But after his release at the provincial governor's office in Kut, Mr. Hakim said his passport was valid and the Americans detained him a few miles from the Iranian border on Friday morning.

"They arrested me and my guards in an unsuitable way, and they bound my hands and blindfolded me," he said. "They took our phones, bags, money, documents and the guards' weapons, and sent us to an American base."

An Iraqi correspondent for The New York Times said Mr. Hakim showed a passport that had an expiration date of Sept. 17, 2007, and quoted him saying, "They claim the reason for the arrest was because my passport had expired, but as you can see my passport expires on the 17th of September."

Two news agencies also quoted Mr. Hakim as saying that the Americans had dealt with him harshly, but neither news agency reported that Mr. Hakim had shown them an unexpired passport. Whether Mr. Hakim had a valid passport could not be confirmed by late Friday.

Mr. Husseini, the Hakim aide, said some of Amar al-Hakim's guards were Iraqi Army soldiers and Iraqi policemen. The arrest was "very insulting to the Iraqi government and the sovereignty of the Iraqi government," he said.

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He said American military officers had apologized. “Until now, we have only heard the usual answer, that it was a mistake and that they didn’t know who he was,” he said.

Amar al-Hakim was educated mostly in Iran, according to Mr. Husseini, and is now secretary general of a major Shiite Islamic foundation, in addition to his position within Sciri.

Iraqi's Arrest Brings Apology From U.S. (LAT)

By Christian Berthelsen

The Los Angeles Times, February 24, 2007

BAGHDAD — The U.S. military detained the son of one of America's closest political allies in Iraq for several hours Friday, angering Shiite Muslim officials and straining delicate relations with the Iraqi leadership. The American ambassador here quickly apologized for the incident.

Meanwhile, the U.S. military announced that three soldiers attached to American-led forces were killed in combat in the Sunni-dominated Al Anbar province Thursday, but released few details pending notification of relatives. At least 3,154 American troops have died in Iraq since the U.S.-led invasion in March 2003, according to icasualties.org, a website that tracks casualties in Iraq and Afghanistan.

Soldiers arrested Ammar Hakim and at least three of his bodyguards around noon as they crossed into Iraq from Iran about 80 miles southeast of Baghdad. His father, Abdelaziz Hakim, heads the largest Shiite voting bloc in the Iraqi parliament. The elder Hakim met with President Bush in December in Washington and pledged to help end bloodshed in Iraq.

In a telephone interview with The Times, Ammar Hakim said troops arrested him because his passport was nearing expiration and they thought his identification picture did not match his appearance. He complained of being treated roughly at the hands of the soldiers, including being blindfolded as he was transported to a military base and having his underwear searched once he arrived there.

"We supported the new Baghdad [security] plan, and we hoped that it would succeed, but at the same time people's dignity should respected," he said, adding that the Iraqi government would seek answers from the U.S. about how the incident was handled.

Hakim was released after about seven hours, and U.S. officials rapidly began damage control. Ambassador Zalmay Khalilzad appeared on Iraqi government television, saying that the U.S. was "sorry about the arrest" and meant no disrespect.

Hakim's father leads the Supreme Council for Islamic Revolution in Iraq, or SCIRI. The elder Hakim was an opponent of Saddam Hussein and spent much of the 1980s in exile in Iran as a commander of the Badr Brigade, the militia affiliated with SCIRI. The Badr Brigade has been criticized for close ties with Iran and has been accused of operating death squads targeting Sunni Muslims, but it is also viewed as among the more moderate Shiite forces in Iraq.

Ammar Hakim heads the Shahid al-Mihrab Foundation, a charity affiliated with SCIRI. News of Hakim's arrest drew widespread attention Friday, a day of relative calm in Iraq. Police patrols discovered the bodies of five men shot to death around the capital, a daily toll far lower than usual.

Meanwhile, religious leaders focused on allegations this week that Iraqi security forces had raped two Sunni women in the course of enforcing the new security crackdown. Sunni preachers condemned the alleged acts as evidence that the new effort was a failure.

"We thought that the security plan would stop the killing and the bloodshed," Sheik Jamaledin Ighidee said during a sermon at the Shawaf Mosque in west Baghdad. "But this week we heard about two of the most terrible crimes. These crimes deserve that the whole nation would die instead."

At least one Shiite prayer leader said the charges were false.

Sadruddin Qubanchi told worshipers at the Fatimiya Mosque in Najaf that the accusations were designed by "the enemies of Iraq … to use the rape of women to bring down the security plan."

U.S. Detains Shiite Leader's Son (WP)

By Ernesto Londono, Washington Post Staff Writer

The Washington Post, February 24, 2007

Amar al-Hakim Held Several Hours Returning to Iraq From Iran

BAGHDAD, Feb. 23 -- U.S. forces detained the son of one of Iraq's most prominent Shiite politicians for several hours Friday, a spokesman for the Supreme Council for the Islamic Revolution in Iraq said.

The convoy of Amar al-Hakim, one of the sons of party leader Abdul Aziz al-Hakim, was stopped as Amar was returning from a trip to Iran, Haitham al-Husseini said.

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The senior Hakim, whose party controls the largest number of seats in the Iraqi parliament and who met with President Bush during a visit to Washington in December, spent many years in exile in Iran and has close ties to that country. U.S. officials have said Iran has supplied weapons to militias targeting American forces in Iraq.

U.S. Embassy spokesman Lou Fintor said the younger Hakim was detained during a routine security operation.

"We understand Mr. Hakim was arrested by soldiers who were executing their duty at a checkpoint," Fintor said. "He wasn't singled out, but rather we understand the soldiers were following standard procedure," reflecting stepped-up enforcement along Iraq's border with Iran. "Once the facts of the situation were determined, Mr. Hakim was released."

Husseini, the party spokesman, said some of Hakim's bodyguards were asked to lie on the ground while the convoy was searched. "The guards were treated very badly by the U.S. force," he said, adding that some of the guards were members of the Iraqi police and army. "We believe this sends a very wrong message to the whole security process we are trying to assist."

Husseini said the detention appeared to have been a case of mistaken identity, but he said Hakim should not have been kept in custody for several hours.

"He identified himself and had his passport and Iraqi ID," Husseini said. "He's a very well-known figure in Iraq."

U.S. military officials raided the senior Hakim's compound in Baghdad in December and detained two Iranian men, one of whom was described by American officials as a high-ranking officer in an elite Iranian military unit known as the Quds Force. The men were released after appeals by the Iraqi government.

Also on Friday, the U.S. military said in a statement that three American soldiers had been killed Thursday in Anbar province in western Iraq. Their names were not released.

Correspondent Joshua Partlow and special correspondent Naseer Mehdawi contributed to this report.

U.S. Detains Top Shi'ite Leader's Son (WT/AP)

By Brian Murphy, Associated Press

The Washington Times, February 24, 2007

BAGHDAD -- U.S. troops detained the eldest son of Iraq's most influential Shi'ite politician for nearly 12 hours yesterday as he crossed back from Iran, sparking protests from Shi'ite politicians.

Even though the U.S. ambassador issued a rapid apology, the decision to hold Amar al-Hakim risks touching off a backlash from Shi'ite leaders at a time when their cooperation is needed most to keep a major security sweep through Baghdad from unraveling.

Shi'ite reaction to the detention was quick and sharp, with some officials suggesting it was a veiled warning about the limits of ties to Iran.

"What happened is unacceptable," Shi'ite lawmaker Hamid Majid Moussa told Al-Forat television. "The Iraqi government and the American forces must put an end to such transgressions."

The station is just one part of the multilayered clout of the al-Hakim family.

Mr. al-Hakim's father, Abdul-Aziz al-Hakim, is the leader of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), the country's largest political force. Abdul-Aziz al-Hakim met with President Bush at the White House in December.

The bloc carries the strongest voice in the 275-seat parliament and holds critical sway over the fate of Prime Minister Nouri al-Maliki. It also maintains very close ties to Iran, which hosted Abdul-Aziz al-Hakim and other SCIRI officials before the fall of Saddam Hussein in 2003.

In December, American forces seized two Iranian security agents at Abdul-Aziz al-Hakim's compound in Baghdad. Six other Iranians were arrested Jan. 11 at an Iranian liaison office in northern Iraq. The U.S. military said they were members of Iran's elite Revolutionary Guard. Tehran denies the charges.

Washington has repeatedly accused Iran of funneling weapons to militants, including lethal roadside bombs that have targeted U.S. troops.

But the U.S. ambassador to Iraq, Zalmay Khalilzad, tried to defuse any showdowns with Shi'ites that could upset a 10-day-old offensive seeking to reclaim Baghdad's streets from militants and sectarian death squads.

"I am sorry about the arrest," Mr. Khalilzad said. "We don't know the circumstances of the arrest, and we are investigating and we don't mean any disrespect to al-Sayed Abdul-Aziz al-Hakim or his family."

A U.S. Embassy spokesman in Baghdad, Lou Fintor, said Amar al-Hakim "was not singled out" and "soldiers were following standard procedure" since the border crossing was closed at the time.

Amar al-Hakim, 35, was taken into custody at the Zirbatyah crossing point southeast of Baghdad along with his security guards, said his father's secretary, Jamal al-Sagheer. Amar al-Hakim was freed about 12 hours later, but his bodyguards remained in custody, Mr. al-Sagheer said.

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Amar al-Hakim heads a charity dedicated to the memory of his uncle, Grand Ayatollah Mohammed Baqir al-Hakim, who was killed along with scores of others in a car bombing in Najaf in August 2003. His father took over SCIRI after the killings, and Amar al-Hakim is apparently being groomed to take his place someday.

The U.S. military, meanwhile, said three U.S. troops were killed Thursday in combat in volatile Anbar province, but did not give specific locations or circumstances for the deaths.

In Basra, police said they arrested a suspected Sunni insurgent with links to al Qaeda. Issa Abdul-Razzaq Ahmed, 22, was on the Iraqi Interior Ministry's most-wanted list, accused of financing and recruiting fighters, said provincial police commander Gen. Mohammed al-Moussawi.

Baghdad Crackdown 'curbing Violence' (FT)

By Steve Negus

Financial Times, February 24, 2007

A week after the beginning of the security crackdown in Baghdad, US officials claim their forces are slowly expanding their presence in the capital and curbing the sectarian violence that left tens of thousands dead last year.

Many Iraqis, however, say that fighting has continued unabated, while a high-profile rape case linked to the crackdown has heightened tensions between the Sunni and Shia communities.

Nouri al-Maliki, the prime minister, announced the beginning of Operation En-forc-ing the Law on February 14, although US forces had already begun to filter into the city earlier this month to conduct large-scale sweeps of districts.

The plan hinges on the joint security stations – permanent outposts manned by US and Iraqi troops inside the capital. The military says it has learnt from previous operations where insurgents fled a sudden influx of US forces, only to come back when the troops had moved on.

US officers hope that a permanent presence will undermine the ability of armed groups to intimidate civilians, leading to an increase in tip-offs, which would allow them to track fugitives and discover weapons caches. Major General William Caldwell, US military spokesman, says four such stations were opened last week, bringing the total to 14.

Iraqi officials claim the sectarian death toll has already fallen as a result of the increased troop presence, which may indicate that militias are conducting fewer raids on districts aimed at driving out or abducting civilians from rival sects.

Maj Gen Caldwell and other commanders, however, have cautioned that it is too early to call the operation a success, and that the true impact will not be seen for months.

Some Iraqis living in mixed districts say that the level of day-to-day violence has not changed. One resident of Hayy al-Amal, a district of southern Baghdad, says insurgent snipers continue to fire from Sunni mosques at civilians, disappearing whenever the mosque is searched.

US troops admit that they are hard pressed to deal with such hit-and-run attacks unless they receive a steady supply of useful information.

Another resident of the same neighbourhood says some senior insurgent commanders and guerrilla leaders have fled, but that "carjackings" have increased as teenage fighters take over the guerrilla networks.

A resident of the Shia suburb of Sadr City across the capital complains that the security sweep has created a vacuum and that criminal gang activity surged after the Mahdi Army militiamen – an unofficial police force in the slum – went to ground to avoid US troops.

Some Shia also say the disappearance of the militias has made their districts more vulnerable to attack by Sunni car bombers.

The political climate has been further poisoned by the alleged rape of a Sunni by Iraqi police following a raid on a house in Hayy al-Amal on February 8. The police said the woman had been providing food for insurgents. Sunni leaders, who had already accused the Shia-dominated government of singling out their neighbourhoods, have urged it to punish the rapists.

Mr Maliki, however, has accused the woman of making up the charges.

Car Bombings Kill 4 Civilians In Baghdad (AP)

AP, February 24, 2007

Car bomb blasts hit parts of Baghdad on Saturday in attacks apparently targeting security forces involved in an ongoing campaign to restore order in the capital. At least four civilians were killed and nearly 10 injured, police said.

In a separate blast, a bomb stashed on a minibus killed at least one passenger and injured five in central Baghdad.

A car rigged with explosives blew apart near a joint Iraqi-U.S. patrol in a mostly Sunni area in western Baghdad, damaging at least one Humvee, police said. Two civilians were killed, but there were no immediate reports of casualties among security forces.

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In a commercial district in central Baghdad, a car bomb exploded near a police patrol, but missed the vehicles. At least two civilians were killed and five injured, police said.

Stryker Team Key To Iraq Security Plan (LAT)

By Tina Susman

The Los Angeles Times, February 24, 2007

BAGHDAD — In any other city, the sight of an old man standing next to a can on the side of a crowded street would go unnoticed. In Baghdad, it was enough to make U.S. Army Spc. Aurelio Cazares slow down his armored Stryker for a closer look and alert his gunner.

The vehicle's gunner fixed his viewfinder on the man and the object and zoomed in, just as a sedan stopped in front of them, blocking the view and adding further suspense to the moment. Then, the car pulled away, the old man crossed the road, and the Stryker's high-tech remote weapons system, which can detect heat in an object and determine the presence of explosives, confirmed that the can was harmless.

The Stryker moved on, and Cazares relaxed.

There aren't many things that worry him as he steers the 22-ton troop carrier, which resembles an oversized and massively overloaded camper van, through Baghdad's streets. Its steel-and-ceramic armor is far stronger than a Humvee's, making it the safest troop transporter by far on roads littered with explosives and snipers.

Nothing, though, can guarantee protection from some of the armor-piercing explosives plaguing U.S. forces in Iraq. Since August, three men from Cazares' 3rd Stryker Brigade Combat Team, from the Army's 2nd Infantry Division, have died in such attacks.

"We haven't been hit, thank God," Cazares said this week after another day of patrolling.

Since U.S. and Iraqi forces put a new Baghdad security plan into high gear last week, the Stryker team has been at the forefront of sweeps and patrols, some lasting 20 hours at a stretch.

For the soldiers of the brigade, it has meant little sleep and the majority of their waking hours inside the dark, cramped interiors of the Strykers, whose bulk, speed and armor have made them the vehicle of choice in Baghdad's riskiest operations.

"We're kind of like groundhogs," said 1st Lt. Yeng Lacanlale of Seattle after a patrol that began at 4:30 a.m. and lasted 16 hours. "We get back, shower, eat, try to get a little sleep, and go back out."

Each Stryker can carry 14 people, making it easy to flood an area with troops, who pour out of the vehicle through a hatch in the back. The Strykers reach a speed of 65 mph and are relatively quiet as they trundle through the streets, giving them a stealth quality other troop carriers lack.

In addition to their armor, they are surrounded by a cage-like shield designed to repel rocket-propelled grenades. They lumber about on eight tires but can keep moving on fewer in the event of blowouts.

Cazares isn't sure why he was chosen to drive a Stryker. It wasn't his driving record back home in Weslaco, Texas, which the 28-year-old admits is less than stellar. He just knows that one day, someone higher up told him he was on his way to school to learn to handle a Stryker.

Cazares and the gunner view the outside world through periscopes, popping their heads out of the overhead hatches as little as possible to avoid snipers. As he moves through the streets, he eyes each trash pile, each rock and anything else that could hide a danger.

While he navigates, the rest of the unit shares the cigar-shaped back compartment, sitting kneecap-to-kneecap, shoulder-to-shoulder, on narrow benches in full battle gear, their M-4 rifles balanced between their legs. Two stand sentry, their heads poked out of overhead hatches.

Some talk about their families. Spc. Rany Grizz, on the same mission as Lacanlale last week, reminisced about his honeymoon in San Francisco a little over a year ago, and about his daughter, Evelyn, who shares his birthday: Aug. 29.

Some talk politics. Lacanlale speculated about the future of Iraq if Democrats opposed to the war hold sway in Washington. "It's pretty much a civil war between the two sects, and if we leave, they're just going to duke it out," he said as the Stryker streaked down a dark and deserted road.

Grizz chimed in, expressing doubts that the Iraqi security forces would be able to hold things together without the Americans to back them up. "They're good soldiers, but nobody takes care of them. They need more supplies, more support," he said.

Some just talk, like Pfc. Nathan Bratager, who wouldn't be in a Stryker if it weren't for a snowstorm in South Dakota.

A year ago, he was mopping floors and cleaning toilets on the graveyard shift at a truck stop there. The night of the storm, he spent all of his time shoveling snow. The floors and toilets went untended. The next morning, Bratager was fired.

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Aimless, he wandered into a mall one day, walked through the door of the Army recruiting station that happened to be there, and signed up. Now he eagerly shows off the red blotch on his neck, the result of a sniper's bullet that grazed him in September as he stood sentry. "I even have a video of it," Bratager said.

Insurgents had filmed the attack and show it on their 24-hour satellite TV channel, which replays video of car bombs, mortar blasts and other attacks on U.S.-led forces.

Bratager, of Belle Fourche, S.D., said he had been considering enlisting since the Sept. 11 attacks. Now, he says, he has a job he loves, but a pessimistic view of Iraq's future.

"In about 20 years, I doubt we're going to be out of here. There will still be Americans in Iraq," Bratager said, accusing U.S. and Iraqi politicians of not doing enough to end the sectarian divisions.

He spoke as his patrol came to an early end. The mission had been changed, and the men had only to escort another patrol to the site of abandoned rocket launchers on Baghdad's far northeastern reaches. They were back at base by 1 p.m., cherishing a rare afternoon off but knowing there would be new orders the next day.

U.S. Disappointed In Iraq's Progress With Baathists (LAT)

By Paul Richter

The Los Angeles Times, February 24, 2007

WASHINGTON -- Serious new divisions have emerged between the Bush administration and its Iraqi allies over the Baghdad government's refusal to enact a reform that the White House considers crucial to its new strategy for bringing the country's violence under control.

In spite of a commitment by Iraq's prime minister to its passage, legislation that would ease rules barring former members of Saddam Hussein's Baath Party from government service has been blocked by the country's Shiite-dominated parliament.

U.S. officials have repeatedly expressed confidence that Nouri al-Maliki, the prime minister, would work for passage of "de-Baathification" reform. However, they now have begun to express disappointment at the Iraqi stalemate, saying that the reform remains a top political priority and is essential to convince the country's Sunni minority that it can receive fair treatment in the new system.One U.S. official said the reform, far from advancing, as promised, was now "moving backward" and is "almost dead in the water."

Secretary of State Condoleezza Rice and State Department official David Satterfield, her top Iraq adviser, paid an unannounced visit to Baghdad last weekend for consultations with top Iraqi officials. Aides said they came away discouraged on this issue.

Administration officials also have expressed disappointment in the work of a special Iraqi panel on de-Baathification headed by Ahmad Chalabi, the American-trained financier who became controversial as an advocate for the Iraq war.

The dimming prospects for reform hold troubling implications for the administration's new strategy on Iraq, which relies heavily on political reconciliation between Sunnis Arabs and Shiites as a way to stem the sectarian violence which has gripped the country for the past year.

President Bush ordered 21,500 additional combat troops to Iraq last month as part of a new U.S. strategy to establish order in Baghdad. But the objective of establishing order is to allow the government to achieve political progress and ethnic reconciliation, Bush and his aides have said.

The administration considers de-Baathification reform, along with legislation dividing up the country's oil wealth, to be the two most important political steps the country can take to reconcile its warring factions. But while U.S. military officials have been buoyed by early results of the security push, the reconciliation legislation has yet to advance.

The new conflict between the U.S. officials and their Iraqi counterparts underscores the difficulty of reaching reconciliation and the fragility of the American partnership with the Iraqi government.

After months of frustration last year trying to convince al-Maliki to take steps toward political reconciliation, U.S. officials late last year convinced him to commit to a series of "benchmarks." One of them was the de-Baathification reform, which al-Maliki committed to implementing by early this year.

How to handle former Baath party members has been an issue since 2003, when U.S. officials and their Iraqi allies began an aggressive effort to bar some 30,000 former members from government service. The drive affected some of the country's top talent, ranging from senior civilian and military officials to low-level government functionaries and even schoolteachers.

By 2004, U.S. officials came to the view that they had gone too far. They decided the rules had been too harsh, considering that the government is the country's biggest employer. The administration also began to fear that they were feeding the insurgency and convincing Sunnis that the Shiite majority in the new Iraq was vengeful.

Now, even Army Gen. David H. Petraeus, the new senior U.S. commander in Iraq, favors easing the rules so that mid-level military officers can rejoin the military, giving it the benefit of their experience.

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Nevertheless, a large majority of Iraqi Shiites and Kurds oppose efforts to relax the rules. After decades of persecution by Saddam's government, many fear the Baath party still exists in the Iraqi underground, and some contend that many Baath party members, though low-level government workers, acted as enforcers and spies for Saddam's government, and should be excluded now.

Michael Rubin, a former official with the U.S.-led Coalition Provisional Authority, which ran the country from 2003 until 2004, said that "among more than 80 percent of the Iraqi population, the policy is quite popular."

"Putting it bluntly, if de-Baathification were left to Iraqi democracy, it would remain as the policy of Iraq," Rubin said.

The reforms need the approval of the Iraqi Council of Representatives. But the proposal has been opposed by key leaders of the two large Shiite parties, Dawa and the Supreme Council for the Islamic Revolution in Iraq.

U.S. officials believe that a committee that drafted the reforms was not generous enough toward the thousands of Iraqis who are still excluded by the de-Baathification law. They have urged that only the two highest levels of Baath Party members be excluded, and that others who have been denied jobs should be reinstated.

Heading the commission overseeing the de-Baathification program is Chalabi, once a close ally of the Pentagon during Donald H. Rumsfeld's tenure as Defense secretary.

Satterfield, Rice's top adviser on Iraq, told the Senate Foreign Relations Committee last month that he was then optimistic that the reforms would be approved. But he said that the proposal from Chalabi's de-Baathification panel was insufficient, and did not live up to Maliki's "expansive" vision of the needed reform.

A senior administration official, speaking on condition of anonymity when discussing internal administration assessments, said in an interview that the issue was one that top U.S. officials "have been watching pretty closely."

"We've been talking to the Iraqis consistently," the senior official said. "This is critical to ensuring you have a basis to believe that that this really is a government for all Iraqis."

But at this point, the official said, "There's real concern that it's stalled."

The impasse comes only one month after Chalabi, a secular Shiite who pushed hard in 2003 to remove the Baathists, announced in a news conference in Baghdad that his panel would try to be more lenient with former party members.

Officially, the government has reversed course on the policy of purging Baath party members from the public sector. But little change has been made on the ground. Shiite political parties have only deepened their hold on the civil service and the security forces.

The government has already set about dismantling statues and renaming public spaces that celebrate Baathist causes and anniversaries. Many Sunnis see such moves as a humiliating denigration of their experiences.

In daily life, anti-Sunni remarks by well-connected Shiite prayer leaders and politicians are common. Some, such as lawmaker Sheik Jalaldin Sagheer, regularly equate Baathists with terrorists.

"We think the main problem with security is the Baathists, and we should eliminate them," Sheik Sadraldin Qabanchi, an influential Shiite cleric, told worshippers in a televised sermon from Najaf last month.

Bachmann Backs Down From Iraq Comments (MINNST)

By Eric Black

Minneapolis Star Tribune, February 24, 2007

U.S. Rep. Michele Bachmann claimed two weeks ago to know of an Iranian plan for the partition of Iraq in which Iran would control half the country and set it up as "a terrorist safe haven zone" and a staging area for attacks around the Middle East and on the United States.

The existence of such a plan has not been suggested publicly by the Bush administration or other officials.

But on Friday, after her claim was highlighted on the Star Tribune's Big Question weblog, Bachmann issued a new statement asserting her earlier comments had been "misconstrued." The second statement in effect retracted the first in several important respects.

In her original statement, made at the end of a wide-ranging Feb. 9 interview with Larry Schumacher of the St. Cloud Times, the freshman representative from Minnesota's 6th District said, "Half of Iraq, the western, northern portion of Iraq, is going to be called ... the Iraq State of Islam, something like that. And I'm sorry, I don't have the official name, but it's meant to be the training ground for the terrorists. There's already an agreement made."

The Times did not publish a story about it, but the audio of the full interview was posted on the paper's website.

Bachmann declined interviews Thursday and Friday but her statement Friday afternoon said that Iran's intentions are "difficult to ascertain" and that she was not aware of a done deal to divide Iraq and create a haven for terrorists. Rather, she said, she is concerned about the possibility that partitioning Iraq could lead to such an outcome.

Top secret, or thoughts as fact?

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University of Minnesota political scientist Kathryn Pearson, who specializes in Congress, said Bachmann's original statement was "extremely irresponsible."Members of Congress are privy to intelligence that the rest of the public isn't. So when a member of Congress says something of such significance, the first assumption is that she knows something that the public doesn't. So on that basis, people are going to take it seriously.

"Either this is top secret information that she's leaking, which is a problem. Or she's presenting her thoughts on a very serious topic as if they were established fact, and that's a problem for other reasons," Pearson said.

Washington University Prof. Steve Smith, another Congress watcher who lives in the Sixth District, said Bachmann's first statement "was a pretty strong claim to make. If she can't back it up she should be held accountable."

Smith speculated the original statement was drawn from some ideas circulating in "the neoconservative network in which she circulates."

The idea of partitioning Iraq into separate enclaves for the Shiites in the south, the Kurds in the north, and the Sunni Arabs in the middle is a policy option that has been gaining adherents recently, notably Democratic presidential candidate Sen. Joseph Biden.

The neoconservatives who have been the strongest backers of the Iraq war policy have always opposed the idea of partition, in part because they fear it will create a Shiite Iraqi state heavily influenced by Iran.

Bachmann, who has also been a strong supporter of the war policy, may have picked up a version of these worries that included the idea that Iran had already worked out a plan to capitalize on any partition.

"But it's the kind of claim she couldn't possibly get from official sources," Smith said. "So it has to be unofficial sources, but if this is the basis for her public position on the war, then she's under some obligation to name her sources."

Americans Underestimate Iraqi Death Toll (AP)

By Nancy Benac,

AP, February 24, 2007

Americans are keenly aware of how many U.S. forces have lost their lives in Iraq, according to a new AP-Ipsos poll. But they woefully underestimate the number of Iraqi civilians who have been killed.

When the poll was conducted earlier this month, a little more than 3,100 U.S. troops had been killed. The midpoint estimate among those polled was right on target, at about 3,000.

Far from a vague statistic, the death toll is painfully real for many Americans. Seventeen percent in the poll know someone who has been killed or wounded in Iraq. And among adults under 35, those closest to the ages of those deployed, 27 percent know someone who has been killed or wounded.

For Daniel Herman, a lawyer in New Castle, Pa., a co-worker's nephew is the human face of the dead.

"This is a fairly rural area," he said. "When somebody dies, ... you hear about it. It makes it very concrete to you."

The number of Iraqis killed, however, is much harder to pin down, and that uncertainty is perhaps reflected in Americans' tendency to lowball the Iraqi death toll by tens of thousands.

Iraqi civilian deaths are estimated at more than 54,000 and could be much higher; some unofficial estimates range into the hundreds of thousands. The U.N. Assistance Mission for Iraq reports more than 34,000 deaths in 2006 alone.

Among those polled for the AP survey, however, the median estimate of Iraqi deaths was 9,890. The median is the point at which half the estimates were higher and half lower.

Christopher Gelpi, a Duke University political scientist who tracks public opinion on war casualties, said a better understanding of the Iraqi death toll probably wouldn't change already negative public attitudes toward the war much. People in democracies generally don't shy away from inflicting civilian casualties, he said, and they may be even more tolerant of them in situations such as Iraq, where many of the civilian deaths are caused by other Iraqis.

"You have to look at who's doing the killing," said Neal Crawford, a restaurant manager in Suttons Bay, Mich., who guessed that about 10,000 Iraqis had been killed. "If these people are dying because a roadside bomb goes off or if there's an insurgent attack in a marketplace, it's an unfortunate circumstance of war — people die."

Gelpi said that while Americans may not view Iraqi deaths through the same prism as American losses, they may use the Iraqi death toll to gauge progress, or lack thereof, on the U.S. effort to promote a stable, secure democracy in Iraq.

To many, he said, "the fact that so many are being killed is an indication that we're not succeeding."

Whatever their understanding of the respective death tolls, three-quarters of those polled said the numbers of both Americans and Iraqis who have been killed are "unacceptable." Two-thirds said they tend to feel upset when a soldier dies, while the rest say such deaths are unfortunate but part of what war is about.

Sometimes it's hard for people to sort out their conflicting emotions.

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"I don't know if I'm numb to it or not," said 86-year-old Robert Lipold of Las Vegas. "It's something you see in the paper every day there. And how do you feel when in the back of your mind it's unnecessary?"

Given a range of possible words to describe their feelings about the overall situation in Iraq, people were most likely to identify with "worried," selected by 81 percent of those surveyed.

Other descriptive words selected by respondents:

_Compassionate: 74 percent.

_Angry: 62 percent.

_Tired: 61 percent.

_Hopeful: 51 percent.

_Proud: 38 percent.

_Numb: 27 percent.

Women were more likely than men to feel worried, compassionate, angry and tired; men were more likely than women to feel proud, a finding consistent with traditional differences in attitudes toward war between the sexes.

For women, said Gelpi, "there is an emotional response to casualties that men don't show. ... It could be some sort of socialization that men get about the military or combat as being honorable that women don't get."

Charlotte Pirch, a lawyer from Fountain Valley, Calif., said she's "always appalled and just very upset at hearing about more casualties, whether it's U.S. troops or troops from another country."

Pirch said two of her nieces are married to men who served in Iraq and she doesn't live far from Camp Pendleton, which has sent many U.S. troops to Iraq. But she added, "Whether I knew someone personally or not, I would still feel it as a citizen of our country."

Perhaps surprisingly, the poll found little difference in attitudes toward the war between those who did and did not know someone who had been killed or wounded. There was a difference, however, in their opinions on whether opponents are right to criticize the war.

About half of those who know someone who has been killed or wounded felt it is right to criticize the war, compared with two-thirds of those who don't have a personal connection.

The AP-Ipsos poll of 1,002 adults, conducted Feb. 12-15, had a 3 percentage point margin of error.

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AP writers Natasha Metzler and Ann Sanner and AP News Survey Specialist Dennis Junius contributed to this story.

Iraq Rebuilding Short On Qualified Civilians (WP)

By Rajiv Chandrasekaran, Washington Post Staff Writer

The Washington Post, February 24, 2007

In Diyala, the vast province northeast of Baghdad where Sunnis and Shiites are battling for primacy with mortars and nighttime abductions, the U.S. government has contracted the job of promoting democracy to a Pakistani citizen who has never lived or worked in a democracy.

The management of reconstruction projects in the province has been assigned to a Border Patrol commander with no reconstruction experience. The task of communicating with the embassy in Baghdad has been handed off to a man with no background in drafting diplomatic cables. The post of agriculture adviser has gone unfilled because the U.S. Department of Agriculture has provided just one of the six farming experts the State Department asked for a year ago.

"The people our government has sent to Iraq are all dedicated, well-meaning people, but are they really the right people -- the best people -- for the job?" asked Kiki Skagen Munshi, a retired U.S. Foreign Service officer who, until last month, headed the team in Diyala that included the Pakistani democracy educator and the Border Patrol commander. "If you can't get experts, it's really hard to do an expert job."

Almost four years after the United States set about trying to rebuild Iraq, the job remains overwhelmingly unfinished. The provincial reconstruction teams like those in Diyala are often understaffed and underqualified -- and almost unable to work outside the military outposts where they are hunkered down for security reasons. Today, there are just 10 of the 30-person teams operating in all of Iraq.

President Bush proposed last month to double the number of teams, saying such civilians are central to American efforts to "pursue reconciliation, strengthen the moderates and speed the transition to Iraqi self-reliance." But the new plan is running into what Munshi and several officials familiar with their work described as the problems that have plagued the U.S. government effort from the start: Turf wars between federal agencies. Outright refusal to fill certain vital posts by some departments. A State Department in charge of the teams that just doesn't have any agronomists, engineers, police officers or technicians of its own to send to Iraq. "No foreign service in the world has those people," Secretary of State Condoleezza Rice complained.

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After Bush's new plan was announced, Rice asked the Pentagon for help filling 140 slots on the teams until State is able to hire private contractors to do the work, which could take up to a year. Defense Secretary Robert M. Gates said he was "troubled" by State's request, then grudgingly agreed. The teams are supposed to be up and running by next month.

It's time to "step up," a frustrated Bush lectured his Cabinet.

As State and the Pentagon were sparring over who would staff the reconstruction teams, Bush used his State of the Union address to call for the formation of a civilian reserve corps -- three years after the State Department first proposed it and several influential senators backed it. "It would give people across America who do not wear the uniform a chance to serve in the defining struggle of our time," the president said.

But the corps won't be built anytime soon: The administration's 2008 budget, which was sent to Congress earlier this month, includes no money for it. A senior administration official said the White House plans to wait another year before asking Congress for funding.Ambitious Plans Meet a Tight Purse

"There has been real inertia and myopia," said Sen. Richard G. Lugar (R-Ind.). "We have not really approached this in the right way."

By the fall of 2003, Lugar had grown worried about the U.S. reconstruction effort in Iraq. L. Paul Bremer, who was running the occupation government in Baghdad, had been pleading for more staffers with skills in post-conflict rebuilding -- people who could repair the electricity infrastructure, rehabilitate hospitals, retrain the police. Bremer urged Cabinet secretaries to send experts in their departments to Iraq. Some did; others blew him off. Pentagon officials, meanwhile, were recruiting young Republican Party loyalists for tours in Iraq. Many of them lacked reconstruction experience, but they were willing to work in Baghdad.

At the time, Lugar was thinking beyond Iraq. "We need to be ready for the next crisis," he told his aides.

They summoned experts in postwar rebuilding, among them James Dobbins, a Rand Corp. expert in post-conflict stabilization, and John J. Hamre, a former deputy secretary of defense. Most participants embraced the civilian reserve corps idea.

Lugar did, too, and in February 2004 he introduced a bill with Sen. Joseph R. Biden Jr. (D-Del.) to create the Response Readiness Corps, its mission to stand prepared "to be called upon at a moment's notice to respond to emerging international crises."

State didn't bother waiting for the legislation to pass. Four months later, then-Secretary of State Colin L. Powell announced the formation of the State Department Office of Reconstruction and Stabilization (SCRS).

The job of running the SCRS was given to Carlos Pascual, a former ambassador to Ukraine. Pascual wanted to create a 200-person active-duty response corps, half of whom would be drawn from State and the rest from other parts of the federal government. They would serve in the corps for two years and then become reservists. In just four years, Pascual noted, the government would have 200 active reconstruction personnel and 400 reservists.

In addition, Pascual sought to create a 3,000-person contingent of people drawn from state and local governments and the private sector. That group was to include police officers, civil engineers and economists. And there would be a fund to hire and deploy private contractors to help with reconstruction within weeks of a crisis instead of waiting months for a special budget request, which is what State is now being forced to do.

The problem was the price tag: $350 million for the first year, Pascual and his staff figured.

The White House budget office balked. Pascual's request was whittled down to $100 million.

Congressional appropriators were even more skeptical. Republicans questioned whether the initiative was a priority for the White House. Democrats expressed concern that the reserve corps might encourage the administration to invade another country.

The appropriators chopped so much that in the end the SCRS got just $7 million in 2005. The message from Congress was clear: If State wanted to fund the corps, it would have to find the money elsewhere in its budget.

"The bureaucratic antibodies were immediately activated," said MichÃ¨le Flournoy, president of the Center for a New American Security. "The rest of the State Department tried to kill SCRS because it was a competitor for funds. It never had a chance to succeed."Broad Support but Little Traction

In 2006, Pascual tried again. This time, he first hit resistance in his own department.

"There was this perverse cycle that began," he recalled. "The legislative staff at State would say, 'The Hill doesn't like this, therefore we shouldn't ask for much because we're not going to get it.' Then you had the Hill saying, 'The administration hasn't made this a priority so we're not going to fund it.' "

The Pentagon was in favor of the idea. "If you don't fund this, put more money in the defense budget for ammunition -- because I'm going to need it," one Marine general warned at the time.

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Eventually, the chairman of the Joint Chiefs of Staff, Marine Gen. Peter Pace, persuaded Congress to allow the Pentagon to transfer up to $100 million to State for post-conflict civilian deployments. But Defense and State couldn't agree where to spend the money. Defense wanted much of it spent on stabilization operations in Haiti. State wanted to use it to help in the aftermath of last summer's war in Lebanon, officials on both sides recalled.

And then there was a round of fighting in State over which office should spend the money. Not everyone thought it belonged to the SCRS.

But the money had come with a condition: Spend it before the Pentagon could find other uses for it. By the time it was all sorted out some nine months later, the $100 million had dwindled to $10 million.

Some current and former SCRS staffers, as well as people familiar with the office, contend that Pascual should have focused his operation on helping with State's two biggest priorities: rebuilding Iraq and Afghanistan. Instead, he and Powell decided in 2004 to use the SCRS to prepare for future crises and to help with smaller-scale stabilization missions.

Pascual said the SCRS would have been "overwhelmed" if it had assumed responsibility for rebuilding Iraq or Afghanistan. "It would not have been able to have done either well," he said. "The intent was to learn from both of those missions."

But some current and former SCRS personnel believe the office should have sought to work on part of the Iraqi reconstruction -- perhaps assuming responsibility for a few provinces -- as a way to make itself more relevant. "If we had been working on Iraq instead of Haiti and Sudan, we would have had a better chance at getting the money we wanted," a State Department official said.

Had that occurred, the official said, "SCRS could have been producing many of the civilians we need in Iraq today."Little Eagerness to Work in Iraq

When Kiki Munshi started the Diyala reconstruction team last April, she expected she would have an agriculture specialist working for her. The Department of Agriculture had promised to send six farming experts to Iraq, including one to her team.

Since fruit and vegetable farming is the principal occupation in Diyala, Munshi figured she could generate support for the American presence in the restive province by helping growers increase their yields. "Knowledge is something the Iraqi farmers really need," she said.

Winning over the local population through small-scale projects was the logic behind the provincial reconstruction teams. While Washington was squabbling over whether to fund Pascual's proposed civilian reserve corps, the teams were established in Iraq last year by U.S. Ambassador Zalmay Khalilzad, who had pioneered the concept in Afghanistan. Before that, the U.S. government had essentially no civilian presence in Iraq beyond the Baghdad Green Zone and a handful of regional embassy outposts in four major cities. In theory, the teams would significantly increase the number of American civilians in places where they could actually help Iraqis on the ground.

But as Munshi found, that was often just a theory. Her agriculture specialist never even arrived.

The USDA had trouble finding six people who wanted to work in Iraq among its more than 100,000 employees. Although a USDA official said the department encouraged its workers to apply, officials at State believe USDA did not move with alacrity because the two agencies had not agreed on a mechanism to reimburse the USDA for the services it would provide in Iraq. Eventually, USDA and State agreed that USDA would provide just two of the six. The other four would be private contractors hired by State.

The first USDA specialist, Randy Frescoln, a rural credit specialist from Iowa, landed in Iraq in December and was sent to the reconstruction team in Tikrit. Although he was supposed to stay in Iraq for a year, he said he plans to leave next month because he received a promotion while he was away. The second specialist has not yet arrived.

Even if USDA and State were to get an agriculture expert to Diyala now, Munshi believes, it is too late. Security conditions have deteriorated so significantly in the province that reconstruction personnel are lucky to make one or two trips a week off the military base where they live and work.

"At this point, nobody can do much in Diyala because of the violence," said Munshi, who returned to her North Carolina home in January for medical reasons. "The window is closed. I wish it weren't. I hope it opens. But it is."

Maj. Gen. Eric T. Olson, who is in charge of the provincial reconstruction teams in Iraq, called Diyala a "very, very tough place to work." He added that many of the staffing problems Munshi identified are "Diyala specific."

Reconstruction teams in Iraq, he said, "are, in general, doing good things under tough circumstances."Another Effort to Build a Corps

Today, the SCRS corps that Pascual envisioned as a rapid-response force with 200 federal employees ready to deploy has just 11 people on active duty.

Lugar and Biden reintroduced their bill this week. It mandates the formation of a 250-person active-duty response unit drawn from the federal government and the creation of a 2,000-strong civilian reserve corps. It also authorizes $145 million to fund the operation.

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"Hopefully," Lugar said, "we've come to a point where we finally realize we need to do this."

Staff writer Thomas E. Ricks contributed to this report.

Army's Iraq War Objector Charged Again (AP)

By Gene Johnson,

AP, February 24, 2007

The Army refiled charges Friday against a lieutenant who refused to serve in Iraq, about two weeks after his first court-martial was declared a mistrial.

First Lt. Ehren Watada, 28, who refused to deploy with his unit last June, faces the same allegations he initially faced — missing movement and conduct unbecoming an officer — and could be sentenced to a dishonorable discharge and six years in prison if convicted. The Army has not set a date for a second court-martial.

"We're back to square one," Fort Lewis spokeswoman Leslie Kaye said.

Watada's first trial began early this month but ended abruptly when the judge, Lt. Col. John Head, said he did not believe the soldier fully understood a pretrial agreement he signed admitting elements of the charges. As part of that agreement, the Army dropped two of the charges against him, lowering his potential sentence to four years.

Watada's attorney, Eric Seitz, said he would seek to have the charges dismissed as a violation of the Constitution's protection against double jeopardy.

"When it's not going well for you, you can't just call a mistrial and start over again," Seitz said. "No matter how much lip service they give to wanting to protect my client's rights, that just doesn't exist in the military courts."

Fort Lewis spokesman Joseph Piek said double jeopardy did not apply in this case because the first trial was never completed.

Watada faces one charge of missing movement and another of conduct unbecoming of an officer. The latter charge accuses him in four instances of making public statements criticizing the war or President Bush.

Watada freely admitted missing the deployment and making the statements in the pretrial agreement. Before the mistrial was declared, he had planned to take the witness stand to argue that his motives were to avoid committing war crimes by participating in an illegal war.

Iraq Objector Faces Another Court-martial (LAT)

The Los Angeles Times, February 24, 2007

The Army refiled charges at Ft. Lewis against a lieutenant who refused to serve in Iraq. His first court-martial was declared a mistrial.

First Lt. Ehren Watada, 28, who refused to deploy with his unit in June, faces the same allegations he initially faced — missing movement and conduct unbecoming an officer — and could be sentenced to a dishonorable discharge and six years in prison if convicted. The Army has not set a date for the second court-martial.

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'Cry God For Harry!' (WSJ)

The Wall Street Journal, February 24, 2007

An English prince, still in his 20s, whose youth was famously spent in bad company and who sometimes goes by the name of Harry, takes his soldiers to war and finds his place in history and legend after an improbable victory over a foreign foe. No, Cornet Harry Wales is probably not a latter-day King Henry V. But it's hard not to be struck by the sight of a European royal who wants something more from life than to appear regularly in the pages of Hello!

The news is that Prince Charles's younger son, Harry, a junior officer in the Household Cavalry, will later this year deploy to southern Iraq even as the British government begins withdrawing some of its troops. "There's no way I'm going to put myself through Sandhurst [military academy], and then sit on my arse back home while my boys are out fighting for their country," he told one interviewer. The Prince's decision is all the more courageous given that he will surely become a prime target for jihadists seeking a trophy kill.

No less admirable is the Prince bucking the antiwar tide of British public opinion. A cartoon in the Guardian newspaper has him sitting backward in the saddle, his sword raised under the caption "Into the Valley of Death." That may typify the views of London's fashionable Islington set. But we suspect that most Britons, even those who oppose the war, will find reason to admire a young man who grasps that the essence of monarchy -- and its best justification -- lies not in its titles and luxuries but in its sense of duty, loyalty and honor.

DOJ_NMG_0136985

More Troops Headed To Afghanistan (WT/AP)

By Courtney French, Associated Press

The Washington Times, February 24, 2007

LONDON -- Britain said yesterday it would send additional troops to southern Afghanistan in response to NATO's call to bolster forces in the region, days after the country said it plans to withdraw 1,600 troops from Iraq in coming months.

Defense Minister Des Browne confirmed the deployment in a statement late yesterday.

"We have decided that it is right for the UK to provide some additional forces for the southern region," Mr. Browne said, adding he would announce full details in Parliament on Monday.

The Defense Ministry refused to confirm reports in the British press that an additional 1,000 troops were to be sent.

Mr. Brown said the government made the decision after a NATO defense ministers meeting last week in Seville, Spain, where the alliance asked countries to send more troops.

"NATO must respond to this request, or we will put at risk everything we have achieved across Afghanistan in the last five years," he said.

"We have been trying hard to get other nations to live up to the joint commitment NATO made to Afghanistan and provide more forces, forces which are authorized to fight. We will continue to press. But we must be realistic," he said.

On Wednesday, Prime Minister Tony Blair told lawmakers that Britain will be withdrawing 1,600 of its troops from Iraq in the next few months and hopes to make other cuts to its 7,100-strong contingent by late summer.

Britain has more than 5,000 troops in Afghanistan, concentrated in the southern part of the country -- a former Taliban stronghold where the government wields little power. In all, NATO has about 35,000 troops in and around Afghanistan.

NATO issued a statement earlier this week that the Taliban is planning to increase suicide and roadside bomb attacks in the south and west.

A senior Taliban commander told a news agency yesterday that new weapons have strengthened the militia.

"This year will prove to be the bloodiest for the foreign troops. It is not just a threat, we will prove it," Mullah Dadullah said by satellite phone. "The Taliban's war preparations are going on in caves and in mountains. Our 6,000 fighters are ready for attacks on foreign troops after the change in weather and as it becomes warmer."

Mullah Dadullah said the extra weapons the Taliban were being supplied -- he did not say from where -- included the ability to bring down the NATO and U.S. helicopters crucial to their operations in this rugged, mountainous country.

Several European nations have resisted pressure to send more units to Afghanistan, especially to the south and east. In particular, the reluctance of France, Spain, Italy, Germany and Turkey to provide more combat troops has caused frustration among nations on the front lines. The United States, Britain, Canada and the Netherlands have provided most of the troops in the south.

New Al Qaeda Video Claims Attack In Afghanistan (AP)

AP, February 23, 2007

CAIRO, Egypt (AP) -- Al Qaeda posted a 56-second video Friday of rockets being fired at what it claimed was a U.S. military base in Afghanistan.

The tape appeared to be the latest in a series of videos that the terror network has released to convey that its insurgents are faring well in the Afghan war.

The base was not visible in the video, which showed several rockets being launched from a forested hillside in the Balwara area of Afghanistan in November, according to a subtitle.

The video, which opened with old footage of U.S. vehicles exploding as they were hit, surfaced on an Internet site where al Qaeda and other militant groups are known to post messages. Its authenticity could not be independently confirmed.

The pictures were accompanied by a song whose lyrics included the line: "Burn the Christians, fight the devious Christians who worship crosses."

The tape shows four missiles streaking into the sky from a single-tube launcher that is held down by sandbags and rocks. Two bearded young fighters squat next to the launcher, operating it in a perfectly relaxed way. One wears a dark-blue woolen hat, the other is bareheaded.

A third man, with a light brown scarf loosely wrapped around his head, stands and points across a valley, presumably at the target. A long aerial protrudes from his off-camera side as if he is holding a walkie-talkie.

Shouts of "Allahu Akbar," God is great in Arabic, are heard as the rockets are fired.

There is no sign of the four missiles hitting anything. The tape does not show them land.

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The tape is titled "Holocaust of the Americans in the land of Khorasan, the Islamic emirate." Khorasan, a name from the Persian empire, is the militant word for Afghanistan. The subtitle says: "Launching, BM missiles on an American base in Balwara."

The tape bears the logo of As-Sahab, al Qaeda's media production wing.

A U.S. company that tracks militant statements, IntelCenter, said the video was the eighth that al Qaeda has released so far this month, making February 2007 the second busiest month for video issued by the terror network. In June 2006 al Qaeda released 11 videos, IntelCenter said.

On February 16 al Qaeda posted a video, also titled "Holocaust of the Americans in the land of Khorasan, the Islamic emirate," which purported to show a successful attack on a military position held by U.S. and Afghan forces.

However, the video did not show the insurgents capturing the position and a NATO spokeswoman in Kabul called it "pure propaganda."

Afghans See Decline Since '05 (WP)

By Griff Witte, Washington Post Foreign Service

The Washington Post, February 24, 2007

Violence, Corruption, U.S. Role Add to Unease, Report Says

Conditions in Afghanistan have deteriorated markedly since 2005, with rising violence, government corruption and misguided U.S. efforts contributing to growing unease among the population, according to a report released yesterday based in part on 1,000 interviews with ordinary Afghans.

Although there were bright spots -- a better overall economy and more rights for women -- the report's authors found diminishing security as the Taliban steps up its attacks, a discredited justice system and a severe lack of basic services such as electricity. The report, produced by the nonpartisan Center for Strategic and International Studies and funded in part by a grant from the U.S. Agency for International Development, also found that Afghans tend to be more negative in their outlook than official statistics or media accounts would suggest.

"Public fear and frustration are on the rise in Afghanistan. As a result, Afghans are beginning to disengage from national governing processes and lose confidence in their leadership," according to the report. "Dramatic changes are required in the coming weeks, or 2007 will become the breaking point."

That statement echoed remarks made earlier this month by the departing U.S. commander in Afghanistan, Lt. Gen. Karl W. Eikenberry, who told a congressional panel that "a point could be reached at which the government of Afghanistan becomes irrelevant to its people, and the goal of establishing a democratic, moderate, self-sustaining state could be lost forever."

A year ago, U.S. officials were speaking much more optimistically about Afghanistan. But an especially violent summer, fed by an increasingly aggressive insurgency, has convinced many policymakers that Afghanistan is at a precarious moment more than five years after a U.S.-led military campaign knocked the Taliban from power. Last week, President Bush pledged $11.8 billion in aid for Afghanistan over the next two years and said U.S. forces would be increased by 3,200 to 27,000, the highest level of the war.

Among the report's recommendations are to shift the focus away from eradicating poppy fields and toward interdiction, to give local communities more control over aid money, and to abandon major military sweeps that inflict damage on civilians in favor of rapid-response forces that can protect Afghans in emergencies. "NATO and the United States' 'big army' military operations and emphasis on foot soldier 'kills' are doing more damage than good," the report said.

Lt. Col. Todd Vician, a Pentagon spokesman, said he could not comment on the report's recommendations because he had not seen them, but he said part of the reason the United States is committing more troops to Afghanistan is to improve response times. Britain said yesterday it would also be sending additional troops.

DOJ:

Justice Department Fires 8th U.S. Attorney (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, February 24, 2007

Dispute Over Death Penalty Cited

An eighth U.S. attorney announced her resignation yesterday, the latest in a wave of forced departures of federal prosecutors who have clashed with the Justice Department over the death penalty and other issues.

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Margaret Chiara, the 63-year-old U.S. attorney in Grand Rapids, Mich., told her staff that she was leaving her post after more than five years, officials said. Sources familiar with the case confirmed that she was among a larger group of prosecutors who were first asked to resign Dec. 7.

Chiara is the second female U.S. attorney to be dismissed. The other is Carol Lam of San Diego. Before the firings, 15 of 93 U.S. attorneys were women, department records show.

The firings have been criticized by lawmakers in both parties and have prompted proposals in Congress to restrict the ability of Attorney General Alberto R. Gonzales to appoint interim prosecutors indefinitely.

Chiara declined to comment on her departure, which is effective March 16. She will be replaced on an interim basis by Russell C. Stoddard, who recently joined the Grand Rapids office, officials said.

U.S. District Judge Robert Holmes Bell, the chief judge in Michigan's Western District, said in an interview yesterday that Chiara has an excellent reputation in Grand Rapids.

"This is a very classy, distinguished, highly regarded public servant," said Bell, who was appointed to the bench during the Reagan administration. "She's one of the best United States attorneys we've had in this district, and all of my colleagues agree. . . . To have her suddenly disappear without warning catches us all flat-footed."

Deputy Attorney General Paul J. McNulty told senators earlier this month that all but one of the prosecutors were fired for "performance-related" reasons. McNulty said that former U.S. attorney Bud Cummins of Little Rock was removed so the job could be given to a former aide to presidential adviser Karl Rove.

Nearly all of the dismissed prosecutors had positive job reviews, but many had run into political trouble with Washington over immigration, capital punishment or other issues, according to prosecutors and others. At least four also were presiding over high-profile public corruption investigations when they were dismissed.

Chiara -- who had once studied to be a nun -- is personally opposed to capital punishment, but in 2002 she presided over the first death penalty case in Michigan in more than 60 years. A year later, then-Attorney General John D. Ashcroft rejected a plea agreement proposed by Chiara's office in a separate murder case, according to news reports.

Another of the fired U.S. attorneys, Paul K. Charlton of Phoenix, also clashed with Washington over the death penalty.

Justice officials have been evasive about the number of fired prosecutors. McNulty told the Senate Judiciary Committee that fewer than 10 had been dismissed, but he declined to elaborate.

Staff researcher Julie Tate contributed to this report.

Eighth U.S. Attorney Dismissed From Post (NYT)

By David Johnston

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — A United States attorney in Grand Rapids, Mich., is leaving her job, the eighth federal prosecutor to be removed in a Justice Department shake-up of prosecutors, government officials said Friday.

The prosecutor, Margaret M. Chiara, told her staff that she would leave office on March 16, making her the latest casualty of Justice Department dismissals that Democrats in Congress have criticized as politically motivated.

Like the other ousted prosecutors, Ms. Chiara is a Republican. She took office in 2001 after twice being elected a county prosecutor. She had also served as policy director of the Michigan Supreme Court. Her office has said that she has emphasized reducing gun violence and improving law enforcement programs for American Indians.

Justice Department officials declined to comment on Ms. Chiara's removal, which was first reported on Friday by The Grand Rapids Press. A telephone call to her office was not returned, but other officials confirmed that she had been asked to leave.

Senator Charles E. Schumer, a New York Democrat who has criticized the removals, said he would seek a fuller explanation of the administration's actions in a public hearing and at private briefings.

Some Justice Department officials have said that most of the dismissals were intended to correct performance problems. But most of the ousted prosecutors have said they received highly favorable performance evaluations and were given no reason for their removal.

CORPORATE SCANDALS:

Former KB Officials Face U.S. Backdating Probe (WSJ)

By Charles Forelle And Michael Corkery

The Wall Street Journal, February 24, 2007

DOJ_NMG_0136988

Federal prosecutors in Los Angeles are scrutinizing stock-options backdating at home builder KB Home, according to people familiar with the matter. These people say prosecutors appear interested in the conduct of former Chief Executive Officer Bruce Karatz and former human-resources chief Gary Ray.

A lawyer for Mr. Ray, Mark Beck, says he is "attempting to persuade [the prosecutor] that Gary Ray did not engage in any wrongdoing and certainly no conscious wrongdoing." A spokesman for Mr. Karatz declined to comment.

MORE ON OPTIONS

· Options Scorecard: Companies under scrutiny1

· Perfect Payday: Complete coverage2

It isn't clear precisely what the prosecutors are examining. Last year the Los Angeles-based company said an internal investigation found that Mr. Karatz had backdated his own option grants to increase his pay. He agreed to leave the company and forfeit about $13 million in gains from the backdating, becoming one of the highest-profile and best-paid CEOs to be forced out in the options scandal. Mr. Ray, whom KB Home has said participated in the backdating with Mr. Karatz, also left.

Company spokeswoman Caroline Shaw said the Department of Justice is looking into past stock-option grant practices at KB Home, but has told the company itself that it is "not a target of this investigation." She added, "KB Home has and intends to fully cooperate with any government agency looking into this matter."

KB Home, one of several dozen companies being examined by prosecutors in districts across the country, disclosed earlier this year that it was the subject of a formal investigation by the Securities and Exchange Commission, a type of probe in which the agency's staff has the authority to issue subpoenas.

Federal authorities are examining whether stock options at roughly 140 companies were backdated -- a practice that increases the potential profit a recipient makes from the options. Backdating can lead to accounting errors, tax problems and, in serious cases, criminal fraud charges. Seven former executives of four companies so far have been charged with crimes related to backdating.

Earlier this month, KB Home restated seven years of financials, reducing its profit by $41.1 million over the period to account for the backdated options and related taxes.

A spokesman for the U.S. attorney's office in Los Angeles declined to comment.

Write to Charles Forelle at charles.forelle@wsj.com3 and Michael Corkery at michael.corkery@wsj.com4

DOJ Launches KB Home Stock Options Probe (AP)

AP, February 24, 2007

Justice Department Launches Probe Into the Handling of Stock Options at KB Home

LOS ANGELES (AP) -- The Department of Justice has launched a probe into the handling of stock options at KB Home, one of the nation's largest homebuilders, although it is not targeting the company directly, KB Home said Friday. As part of its inquiry, the Justice Department is interviewing current and former executives of KB Home, a company spokesman said.

The company last month acknowledged that the Securities and Exchange Commission had launched a formal investigation into its options practices.

Justice also is "looking into these practices but has informed KB Home that it is not a target of this investigation," according to a company release. "KB Home has and intends to fully cooperate with any government agency looking into this matter."

KB Home is one of at least 200 companies to disclose SEC, DOJ or internal investigations, according to an Associated Press review.

KB Home's former chief executive Bruce Karatz, along with its executive vice president and chief legal officer, were forced to step down late last year after it was disclosed that Karatz benefited from favorably dated option awards. He agreed to repay $13 million stemming from incorrect measurement dates for financial reporting of annual option grants between 1998 and 2005.

The company also has said it expects to record additional expenses of no more than $50 million and was investigating whether it needed to restate earnings for prior periods.

Shares of KB Home added 20 cents to $51.80 in aftermarket activity after slipping 96 cents to end at $51.60 on the New York Stock Exchange.

New Inquiry On Options At KB Home (NYT)

By Vikas Bajaj

The New York Times, February 24, 2007

The United States attorney's office in Los Angeles is looking into stock-option backdating at KB Home, the national home builder, but the company said yesterday that it was not the target of the investigation.

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The inquiry appears to be in the early stages, and it may take months before prosecutors decide what, if any, charges they will bring in the case.

Still, news of interest by federal prosecutors raises the stakes for a man who was once one of the highest-profile and best-paid executives in corporate America, Bruce E. Karatz.

In November, KB's board forced out Mr. Karatz, who was the chairman and chief executive of the company, and Gary A. Ray, the top human resources officer, after an internal investigation concluded that eight stock-option grants since 1998 had been incorrectly dated.

Mr. Karatz's lawyer, John W. Keker, declined to comment yesterday on the case.

A lawyer representing Mr. Ray, Mark E. Beck, confirmed that he and his client have met with prosecutors but declined to discuss the facts of the case, aside from saying that "several million documents" would lead officials to "conclude that he did not engage in any wrongdoing."

KB Home said in a filing this month that the evidence it had collected suggested that after the company's board approved stock option grants, Mr. Karatz and Mr. Ray used "hindsight" to pick dates when KB's stock closed at or near a monthly low for seven of the eight grants.

KB estimates that the dates chosen understated the company's stock options expense by $36.3 million from 1999 through 2005 and lowered its tax bill by $4.8 million.

The choice of dates for stock options is significant because it sets the base price at which executives and employees are allowed to buy shares of their companies at some point in the future. A low price makes it more likely that option holders will make a profit, potentially a very large one for top executives, when they sell the stock.

Though the practice of backdating stock options is not illegal, it can pose complex tax, accounting and disclosure problems for companies and executives. More than 100 companies, including giants like Apple Inc. and UnitedHealth Group, have been ensnarled in stock-option backdating cases.

So far, most have drawn only civil investigations by the Securities and Exchange Commission and the Internal Revenue Service. Federal prosecutors have become involved in only a handful of cases, because to prove criminal charges in options backdating, they must show that executives intended to enrich themselves illegally at the expense of other shareholders. That often involves showing a pattern of egregious behavior that can include the destruction or forging of documents and lying to directors.

Shares of KB Home fell 96 cents, or 1.8 percent, to $51.60 yesterday.

In 2005, a year when KB's stock rose 39.2 percent, Mr. Karatz reaped gains of $118 million in stock options and $37 million in salary and bonus, much of which was also awarded in stock. As part of an agreement he reached with the company when he resigned in November, Mr. Karatz agreed to return $13 million in profits from backdated options.

KB and Mr. Karatz, however, have not resolved several important terms of his departure from the company, including whether he will receive retirement benefits and a severance package. In addition, the two sides have not decided if Mr. Karatz will be allowed to keep unexercised stock options and past restricted-stock grants.

SEC Probe Into Citigroup Associates Deal (FT)

By David Wighton In New York

Financial Times, February 24, 2007

Citigroup is under investigation by the Securities and Exchange Commission over its accounting for Associates First Capital, the finance business it bought for $31.1bn in 2000.

The chief US regulator is looking into the treatment of tax reserves and releases during the four years to 2004, Citigroup disclosed in a filing on Friday night.

The SEC has subpoenaed witness testimony and accounting and internal controls-related information, the company said.

The SEC is also continuing its long-running probe into Citigroup's treatment of potential Argentina-related losses in the fourth quarter of 2001.

The disclosure of the accouting investigation in Associates underlines the task faced by Chuck Prince, chief executive, in escaping the legacy of Citigroup's acitivities during the bull market.

Mr Prince, who succeeded Sandy Weill as chief executive in October 2003, has spent much of his time dealing with legal and regulatory problems dating back to the late 1990s.

Friday's disclosure comes as Mr Prince's leadership is under renewed fire following his sacking of Todd Thomson as head of Citigroup's wealth managment arm.

People close to Mr Prince said Mr Thomson was sacked partly due to his mishandling of his friendship with Maria Bartiromo, the CNBC business reporter.

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Mr Thomson, who became chief financial officer shortly before the Associates deal in 2000, held the post until 2004. He was seen as a potential successor to Mr Prince with whom he had repeatedly clashed. His removal prompted criticism of the lack of a perceived lack of management depth within the group and in particular the lack of potential successors to Mr Prince.

A number of senior executives have left the group since Mr Prince became chief executive amid criticism of his management style. Mr Prince has also been under intense pressure to boost Citigroup's sluggish stock price and stem rising costs.

The accounting investigation into Associates is the latest blow dealt by the acquisition of the controversial business which was one of the US's largest "subprime" lenders.

At the time, Mr Weill said that Associates had "an incredible growth rate" which justified the 50 per cent acquisition premium. But in his recent autobiography, Mr Weill described the deal as "one of the worst acquisitions of my career".

The business came under fire from consumers and regulators and in 2002, Citigroup agreed to pay $215m to settle Federal Trade Commission allegaitons of deceptive and abusive lending practices.

Citigroup also suffered serious headaches in Japan where the business ran into trouble quickly after the acquisition when the government cut the maximum interest rate on consumer loans from 40 per cent to 29.2 per cent. This year the government cut the rate again to 20 per cent prompting Citigroup to announce a drastic scaling back of the business at a cost of $415m.

CRIMINAL LAW:

Mrs. Moonda Asks To Remove Death Penalty From Case (PPG)

By Milan Simonich, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, February 24, 2007

Lawyers for murder suspect Donna Moonda today asked a judge to prohibit the federal government from pursuing the death penalty against her.

Her attorneys said capital punishment is "cruel and unusual in all cases" and should not be an option for jurors when Mrs. Moonda goes on trial in June.

Today was the deadline for pretrial motions to be filed, and Mrs. Moonda's three court-appointed lawyers peppered U.S. District Judge David Dowd with three separate filings aimed at eliminating the death penalty from the case.

Federal prosecutors have until March 15 to respond. Judge Dowd would then issue his ruling.

Prosecutors recommended that Mrs. Moonda, 47, of Mercer County, Pa., stand trial for her life because they say she coldly plotted the murder of her husband, Dr. Gulam Moonda.

U.S. Attorney General Alberto Gonzales made the final decision in authorizing a capital case against Mrs. Moonda.

Damian Bradford, who was having an affair with Mrs. Moonda, has admitted that he shot and killed Dr. Gulam Moonda on the Ohio Turnpike in May 2005. He said he killed the doctor at Donna Moonda's behest.

Mr. Bradford, 25, said she promised him half of her inheritance, which she estimated at $3 million to $6 million. Dr. Moonda, 69, was a wealthy urologist.

At trial in Akron, Ohio, Mr. Bradford is to be the prosecution's chief witness against Mrs. Moonda. In return for his cooperation, the government has recommended that he serve 17 years in prison. With good time, he could go free before he turns 40.

Mrs. Moonda, though, faces life in prison or death if she is convicted. With today's motions, her lawyers hoped to emphasize that the man who pulled the trigger could get out of prison someday, but the woman accused of arranging the crime could be put to death.

The U.S. government has not executed a female convict since 1953. State governments, mostly in the South, have executed 11 women since 1984.

Suspect Sketch Issued (WHEELPI)

By Gabe Wells

Wheeling (WV) Post-Intelligencer, February 24, 2007

Artist's rendering of the suspect in the rape/abduction investigation.

WHEELING — A rendering of the man accused in the recent rape and abduction of a city girl has been released as the Federal Bureau of Investigation intensifies its efforts in the case.

FBI Supervisory Senior Resident Agent Mark Wheeler on Friday said a command post has been established in the basement of the City-County Building to accommodate the 50 city, county and federal law enforcement officers investigating the

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Tuesday rape and abduction of a North Wheeling girl. In addition to the release of the suspect's sketch, an updated description of the suspect's vehicle also has been released.

Wheeling police Lt. Gary Gaus said a number of registered sex offenders in the area already have been ruled out as suspects, but he would not comment on whether DNA evidence has been collected in the case. Gaus said progress is being made.

"We are learning new things every day," he said.

The victim, who turned 12 years old the day after the abduction, was taken at about 8:40 p.m. Tuesday in the 400 block of Kenney Street between Main and Market streets by an abductor who was not wearing clothes.

The girl was grabbed from behind and forced into a pickup truck.

The victim was walking with a friend, and that friend ran home and told her mother what had happened. That friend's mother called police. The abductor released the girl in Bridgeport near the the Kirkwood Presbyterian Church on Bennett Street.

Police now believe the suspect was also involved in an abduction attempt around 9 p.m. Sunday on Hughes Avenue in the south end of Martins Ferry.

Those with information in the case are asked to call 800-CALL-FBI (800-225-5324) or they can visit the Internet Web site at www.FBI.gov.

Russo, Former OB Mayor, Gets 10 Years (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), February 24, 2007

Decrying the corrosive effect of public corruption, a federal judge in Mobile on Friday sentenced former Orange Beach Mayor Steve Russo to 10 years in prison for a wide-ranging conspiracy to enrich himself by influencing development projects.

U.S. District Judge Kristi DuBose also gave former Orange Beach City Attorney Larry Sutley, 58, two years and three months for his role in the conspiracy but allowed him to remain free while he appeals the case.

DuBose allowed Russo to remain free until the U.S. Bureau of Prisons determines in which facility he will serve his sentence.

Butler said that generally takes about two or three months. At that point, the 45-year-old Birmingham native will have to turn himself in.

Prior to their sentencings both men addressed DuBose.

Russo indicated that he regretted not testifying during his trial and said he spent the time since then searching fruitlessly for "magic words" that would show the judge who Russo

is beyond the allegations he faced in her

courtroom.

"For eight years I did my dead-level best to make decisions for thousands of people in my community of Orange Beach," Russo said. "No matter what happens here today, your honor, I'll walk out of here knowing that I did the very best for the city of Orange Beach."

Sutley said he rehearsed his speech each night when he woke in the wee hours. He maintained that he never "knowingly or willingly participated in any criminal activity."

"I have gotten an education in this. It's been very expensive, but an education it has been," Sutley told DuBose. "Whatever your sentence is, I'll have to live with it."

Less than minimum in guidelines

Both sentences were less than the minimum called for under advisory sentencing guidelines and far less than the recommendation by prosecutors, who sought maximum penalties under those guidelines.

Russo, who was up first in the 3½-hour hearing, stared stoically as DuBose announced his sentence. Her words prompted audible crying from Russo's mother and some other supporters.

Russo also received support from his wife, Crystal Russo, who had received special permission to attend the hearing despite the home confinement sentence she is serving in connection with the case.

In imposing Steve Russo's punishment, which also included three years of supervised release following his prison term and a $75,000 fine, DuBose rejected the ex-mayor's insistence that the allegations against him do not reflect his true character.

"The conduct for which you've been convicted may not define you. But nevertheless it has been sufficiently proven," DuBose said. "It is part of your history. It is now part of who you are."

Assistant U.S. Attorney Steven Butler, who served as lead prosecutor, described the stakes of DuBose's sentencing decision in sweeping terms.

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"Can you imagine if every public official in the country did what this defendant did? Our republic would go the way of the Roman Empire," Butler said. "It would implode in the blink of an eye."

Sentencing guideline range

The guideline range determined by DuBose started at 12 years and seven months and ended at 15 years and eight months.

It was so high, in part, because of DuBose's finding that Russo's illegal take from various land deals and kickbacks orchestrated by developer Jim Brown amounted to more than $657,000.

Although DuBose said she felt that a prison term within the guidelines was excessive, she also expressed her desire to deter other political leaders.

"Public corruption of this type has to be addressed or it would mean the demise of our democracy," she said.

Although less than the guideline minimum, Russo's 10-year sentence is among the longest in decades for a public corruption case in southern Alabama. Several officials in the 1970s and 1980s got longer sentences, but that was before the federal government abolished parole, and those defendants served less time.

Like other federal prisoners, Russo will be eligible for a 15 percent reduction in his sentence for good behavior. Barring a successful appeal, though, he will not qualify for early release.

Butler said the longer sentence for Russo is due in part to stiffer sentencing guidelines, which have been made more severe since 2004, when former Mobile County Commissioner Freeman Jockisch was sentenced to two years and nine months for lying on tax returns and ethics forms.

Lawyers for Russo and Sutley both indicated they would appeal their clients' convictions to the Atlanta-based 11th U.S. Circuit Court of Appeals. Butler objected to the sentences on "reasonableness" grounds since they were shorter than punishment prescribed by the advisory guidelines, but he declined to say whether his office also would appeal.

The U.S. Attorney's Office has appealed the year-and-a-day sentence that another of Russo's co-defendants, Ken Wall, received.

Butler urged DuBose to send a message with a stiff sentence and a $175,000 fine for Sutley, whom he accused of using his position with the city of Orange Beach to hide the illicit relationship between Russo and Brown.

"He did the worst thing any attorney can do," Butler said. "He thumbed his nose at the oath he took when he became a lawyer."

He called Sutley and Russo "tightly wound political cronies and confidants."

But DuBose questioned whether Butler's theory of the case fit the facts and also said she believes Sutley's actions represented "extremely aberrant behavior" given his long years of exemplary service in south Baldwin County.

But she said she was particularly troubled by Sutley's attempts to hide assets that the government targeted for forfeiture after he was named in the original indictment.

Brown cut deal, then testified

Before the trial in the summer, prosecutors cut a deal with Brown, who pleaded guilty to corruption charges and then testified that for years he provided favors for Russo that included free work on Russo's house in exchange for the mayor's help getting controversial development projects approved by the City Council.

A jury in September convicted Russo and Sutley of forming a secret partnership with Brown to buy a Gulf Shores beach house, with Brown putting up all of the money. At another point, Brown testified, he helped Russo buy a property off of Wolf Bay using none of the mayor's own money and then sell it for a $400,000 profit later the same day. At the time, Brown and business partner Wall were trying to get approval for a condo and retail project in the city.

The jury also found that Russo misused campaign contributions for personal expenses, accepted a $10,000 kickback in exchange for a contract related to hurricane debris removal and benefited from Brown's maneuvering to get a potential rival of Russo to move out of the city rather than challenge the mayor for re-election.

Russo, Sutley and Brown face an April 2 trial date in Baldwin County Circuit Court on similar state charges. Assistant Attorney General H. Clay Barnett III said the federal sentences will not impact that case.

"The only thing that will have an impact on a trial is a guilty plea at the state level," he said.

(Staff Reporter Ryan Dezember contributed to this report.)

Former Orange Beach Mayor Gets 10-year Sentence (BSH)

By Garry Mitchell

Biloxi Sun Herald, February 24, 2007

MOBILE, Ala. - A federal judge Friday sentenced former Orange Beach Mayor Steve Russo to 10 years in prison for a corruption scheme involving land deals in the beach resort.

U.S. District Judge Kristi DuBose also sentenced former Orange Beach City Attorney Larry Sutley to two years and three months in prison and a $50,000 fine for his part in the scheme. But DuBose said she expects Sutley's conviction may be reversed on appeal.

Russo was convicted in September of conspiracy, mail and wire fraud charges. He could have been sentenced to more than 15 years. Sutley was facing a maximum 10 years under the government's sentencing guidelines.

DuBose said the sentence she imposed on Russo "has to be an example to other elected officials" about corruption in public office. Russo also was fined $75,000.

Russo showed no remorse during the three-hour hearing.

"I can walk out of here knowing I did the very best job for the people of Orange Beach I could do," he told the judge.

He also said he has "regained my knowledge of what's important in life."

After hearing Russo's comments to the judge, Assistant U.S. Attorney Steven Butler said Russo did do some good things while in office.

"That's what he was elected to do," Butler said.

But he said he also used his "official power to get rich."

Developer Tim James of Greenville, whose firm built the toll bridge into Orange Beach, testified at the sentencing hearing on behalf of Russo and Sutley, saying he had never heard anyone say either of them was "on the take."

"It's a shame what's happened here today," said James, the son of former Gov. Fob James.

He said the two had worked for the benefit of Orange Beach, but he did not know them personally.

Russo was first elected to the City Council in 1996 and then mayor in a special election in 1998. He served eight years as mayor before being forced to resign because of his conviction.

He maintained his innocence and did not testify at his trial.

Federal prosecutors accused Russo of scheming with two beach developers - Jim Brown and Ken Wall.

Butler described it as a "myriad kickback" scheme that included "corrupt land deals."

In determining the sentence, the judge estimated the amount of potential gain at $657,915, but said it was hard to put a value on it because it involved future property sales.

Brown pleaded guilty in June to bribing Russo in order to curry favor at City Hall. Wall was charged for his role in separate schemes to enrich the mayor.

DuBose allowed Sutley to be released on appeal bond and told attorneys that his case involved a "close question' that could lead to a reversal of his conviction.

"There was no evidence he received any bribe or paid any bribe," the judge said. She said Sutley, however, did obstruct justice.

"He failed when he should have given notice of conflict of interest," DuBose said. She said Sutley was not an "equal" to Russo in the scheme.

Sutley told the judge he had never "knowingly violated the trust of a client," including the city of Orange Beach.

Fairhope accountant Doug Montgomery testified for Sutley, telling the judge that his lifelong friend is "all law" and wouldn't be part of criminal activity.

The judge received about 58 letters on Sutley's behalf, noting that he's lived "an exemplary life."

Russo will allowed to report to prison on his own, but that reporting date was not set Friday.

Earlier this week, Russo was given two years probation after pleading guilty in Baldwin County to a state marijuana possession charge. The state drug charges will be dropped if he stays out of trouble for two years.

Ex-official Convicted In Bribery Case (MH)

By Cammy Clark

The Miami Herald, February 24, 2007

KEY WEST - James Hendrick, one of the brightest and most influential attorneys in Monroe County, was convicted Friday in federal court of obstructing justice and witness tampering in a wide-ranging, years-long Keys corruption case that might not be over.

Hendrick stood still after the 12-member jury convicted him on all four federal charges stemming from his role in an attempted coverup of a bribery scheme involving a Marathon hotel project.

His conviction came without the testimony of his one-time friend, former county Mayor Jack London, who died before trial. He had admitted that Hendrick helped steer a bribe to him with the help of lobbyist Randall Hilliard, known as ``the Prince of Darkness."

In the background of the three-week trial was an even more colorful character: Pritam Singh, a one-time hippie who became a Sikh and then a major developer. Never charged with a crime, Singh was mentioned in closing arguments by prosecutor Brenda Morris, who referred to him as Hendrick's ``cash cow."

Hendrick, 59, faces a maximum of five years' imprisonment for conspiracy to obstruct justice and 10 years for two counts of witness tampering and one count of obstruction of justice. Sentencing is set for May 4 in Miami by U.S. District Judge Shelby Highsmith.

Hendrick will appeal, said his wife, Vera Vasek.

"Jim still believes he's innocent and will continue on with every step along the way to prove his innocence," Vasek said.

The case stems from a lengthy FBI investigation that uncovered a $29,000 bribe paid in 1997 to London, Monroe County's mayor at the time. In return for the bribe, London used his influence to win zoning approval for a stalled 79-room hotel project called Hall's Resort. Hendrick received no money in the deal.

By the time the FBI had evidence of the bribe, the five-year federal statute of limitations for bribery had expired.

CONSULTANT'S ROLE

But the feds pursued what they could and won the cooperation of political consultant Randall Hilliard, who paid the bribe after collecting $82,500 in fees from developer Marvin Rappaport, and testified with immunity that the bribe was orchestrated by London and Hendrick, a partner at the time in a high-powered law firm with U.S. Magistrate Judge Hugh Morgan.

While cooperating with the federal government, Hilliard recorded phone conservations and in-person meetings with Hendrick, including at Singh's 50th birthday party in Vermont.

In one of his most self-incriminating statements, Hendrick told Hilliard: ``I'm sure no one would counsel me to sit here and talk with you because it would be considered witness tampering."

Hilliard also testified that Hendrick helped concoct untrue "legitimate business" explanations for the $29,000 that London used to pay a house lien in Ireland. London pleaded guilty to tax evasion for not reporting the $29,000. But he was given immunity for three counts of lying to prosecutors in exchange for his testimony against Hendrick -- his former best friend for nearly three decades.

London died suddenly in November. That left Hilliard as a key witness.

The defense, led by Miami-based lawyer Ed Shohat, hammered at the credibility of Hilliard, also a former good friend of Hendrick's.

But London's wife of 24 years, Elaine London, gave damaging, voluntary testimony as well. She said Hendrick persuaded her husband to take a trip to Ireland to be ``out of sight, out of mind."

Hendrick, who took the stand in his own defense, explained that he told London to do so for health reasons -- not to avoid a grand jury subpoena.

Elaine London, who worked for 18 months for Singh before being fired, testified that her late husband trusted Hendrick until a conversation after London's arrest in March 2004.

"Jack was very angry at Jimmy," Elaine London testified. ``He said Jimmy had told him to basically plead guilty. That a couple of years at a country club prison wouldn't be bad. . . . Jimmy had been a good friend to me all these years, but I won't take the blame for this."

Shohat portrayed Hendrick, a partner at the Key West law firm Morgan & Hendrick, as simply trying to help his friends, who both had been clients.

Shohat said there was no evidence on the recordings that Hendrick ever told Hilliard or London to lie.

"Jim's life is destroyed with any guilty verdict," Shohat told the jury in closing arguments. 'This is not a case of sending a message to anyone. . . . This is not to solve corruption in Monroe County. The facts in this case scream out for `not guilty.' Put an end to Jim's nightmare of the last four years."

A `REAL TRAGEDY'

For Shirley Freeman, who was county mayor when Hendrick was hired as county attorney in 1995, the case was a "real tragedy," but an all-too-familiar one in a county where there's a major corruption scandal almost every decade.

"Jimmy is absolutely brilliant and highly, highly skilled. Unfortunately, though, sometimes power does corrupt," she said. ``At least he won't be around for awhile, pushing bad development."

Authorities Search For Gunman Who Abducted A Florida Boy (NYT)

By Lynn Waddell

The New York Times, February 24, 2007

PARRISH, Fla., Feb. 23 — A 13-year-old boy was abducted at gunpoint at a school bus stop on Friday morning and was found hours later in a wooded area where he had been left bound by his captor.

Sheriff Charles B. Wells of Manatee County said the gunman drove the boy, Clay Moore, to a large cattle ranch about 20 miles away from his neighborhood in the quiet Kingsfield Lakes subdivision on the outskirts of Parrish, near Tampa. His abductor eventually left. About two hours later, Clay, who had been tied up, was able to escape and walk until he came across a farm worker who let him use a cellphone to call his mother.

"It's miraculous, to tell the truth," Mr. Wells said. "Many people that have been bound similar to him have not been able to get free."

The gunman, who was driving an old red pickup, remained at large.

Clay was riding a skateboard about 9 a.m. while waiting for his school bus with four other youths when the truck pulled up, and the dark-haired young man driving it ordered him inside, said one of the four, Rabah Jaffal, 14.

"Clay kept saying 'What, sir? I don't know you. Leave me alone,' " Rabah said. The abductor "started getting angry, and that's when he pulled out the gun."

Three of the students ran home and called the police, who immediately began a manhunt involving the Federal Bureau of Investigation, the state police and surrounding counties' law enforcement.

"We all said earlier if there was any way out of the situation, Clay would find it," said Greg Moore, Clay's uncle.

FBI Agents Pose As Mobsters, Sting Florida Cops (AP)

AP, February 24, 2007

FORT LAUDERDALE, Florida (AP) -- Four veteran police officers were accused in federal court of taking thousands of dollars to protect what they thought were mob shipments of drugs, stolen art and jewelry.

Three of the officers made initial court appearances Friday and were ordered released on bond. The fourth was in the process of turning himself in and would likely appear next week, federal prosecutors said.

All serve in Hollywood, just south of Fort Lauderdale.

An FBI affidavit filed in federal court accused the four of taking thousands of dollars to protect a group they thought was a criminal organization based out of New York. The "mobsters" were undercover FBI agents during a two-year corruption sting.

Federal prosecutors said the operations included escorting a load of heroin from Miami Beach, providing security for an illegal poker game aboard a yacht and delivering $1 million worth of supposedly stolen diamonds to New Jersey.

Other deals involved purportedly stolen bearer bonds, watches, paintings and a tractor-trailer load of cigarettes, prosecutors said.

The four officers were charged with conspiracy. They have not entered pleas, and the case will go before a grand jury. All have been placed on leave without pay.

Lawyers for the three who appeared in court -- Detective Kevin Companion, 41; Sgt. Jeffrey Courtney, 51; and Officer Stephen Harrison, 46 -- declined comment on the charges but described their clients as devoted police officers and family men.

The fourth accused officer is Detective Thomas Simcox, 50.

Each would face up to life imprisonment if convicted of drug trafficking conspiracy and up to 20 years in prison if convicted of conspiracy.

Chief: Probe Of Hollywood Cops Halted Early (MH)

By Dan Christensen And Todd Wright

The Miami Herald, February 24, 2007

A two-year federal undercover probe that led to corruption charges against four Hollywood police officers was shut down prematurely after two of those officers learned they were under investigation, according to Hollywood Police Chief James Scarberry.

More officers are under suspicion, Scarberry said Friday.

The chief said he found out the investigation was blown Thursday -- hours before the FBI swooped in and arrested Officers Kevin Companion, Jeffry Courtney and Stephen Harrison. Officer Thomas Simcox, who is cooperating, was picked up a month ago, Scarberry said.

"We called the FBI immediately yesterday after we found out that Companion and Courtney were at the pension office. They both called in sick all week and were putting in their letters of resignation," Scarberry said.

Harrison was unaware of the investigation when he was arrested, Scarberry said.

Federal corruption charges against the officers include a range of criminal activity that includes extortion, bribe-taking, dealing in stolen property, protecting a crooked, high-stakes card game, cargo theft and transporting a multi-kilo load of heroin.

One officer allegedly used his marked police motorcycle to provide a security escort for what he thought was a shipment of $400,000 in proceeds from the sale of stolen diamonds, authorities said.

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The officers face maximum sentences of life in prison and fines up to $4 million if convicted on the drug trafficking charges. In addition, they face up to 20 years for each alleged use of their police positions for extortion.

During the two-year probe by the U.S. attorney and the FBI -- dubbed "Tarnished Badge" -- undercover agents convinced the officers that they were members of a New York crime family.

LEADER OF THE GROUP

According to agents, Companion, 41 -- a sworn Hollywood officer for more than two decades -- was the leader of the group of crooked cops and recruited the others for illegal capers.

Many of the meetings between Companion and the agents were audiotaped and videotaped, revealing a veteran officer eager to use his badge for illegal profit.

In March 2005, Companion was videotaped meeting with agents at the Borgata Hotel in Atlantic City.

At that time, agents said they needed more officers and an unmarked police car to protect a large amount of cash collected from the sale of stolen diamonds.

Companion was interested and told them he knew of some "old-school" guys whom he could approach for assistance.

In exchange for cash, Companion and others protected the collection of illegal gambling debts and the fencing of stolen watches; they personally delivered $400,000 in bearer bonds and a tractor-trailer full of cigarettes; and they protected a rigged, high-stakes poker game on a yacht.

But the crimes they are accused of did not appear that lucrative, compared to the hefty pensions and retirement benefits that were at risk if the cops were caught.

At a press conference on Friday, U.S. attorney Alexander Acosta indicated that during the investigation, Companion received $42,000; Courtney, 51, received $22,000; Simcox, 50, received $16,000; and Harrison, 46, received $12,000.

"There is some indication from the FBI that other names were brought up in the investigation," Scarberry said. "They were officers they never met but were supposedly also available [to join the criminal scheme] if needed," he said.

TO REVIEW TAPES

Scarberry plans to review FBI video and audio tapes that might shed light on which other officers might have been involved, he said.

And an FBI press release confirmed the agency would continue to investigate, ``targeting ongoing corruption within the Hollywood Police Department."

But that will be harder now that the investigation has been made public.

Scarberry said he knows how Courtney and Companion learned of the investigation, but he declined to discuss it.

"That's part of the FBI's investigation," he said.

A ranking federal law enforcement source said Scarberry and his assistant were the only outsiders taken into their confidence. They were told "in no uncertain terms" that they must not reveal what they knew, the source said.

But Scarberry immediately told City Manager Cameron Benson about the probe and revealed it to Hollywood Mayor Mara Giulianti a few days later.

"I think it is appropriate when something this big is happening I know about it," Benson said. ``The chief has got to inform me because I am the boss and the mayor is my boss, and I have to let my bosses know."

UNAWARE OF ORDERS

Benson said he was unaware that Scarberry had been told by the FBI to keep quiet.

Federal agents decided to tell Scarberry about the investigation about a month ago as part of an attempt to get Simcox to flip and cooperate, the federal source said.

Simcox, accompanied by the chief, went to FBI headquarters on a ruse. It wasn't long before Simcox began implicating other officers, the source said.

When the FBI learned Thursday that the targets of their investigation had learned about it, agents moved in quickly.

But Giulianti said the FBI is to blame if there was a leak that limited the agency's chance of snaring more crooked cops.

``To pick up the guy and not follow through . . . is their fault. They put their trust in a criminal."

Courtney, Harrison and Companion appeared in federal court Friday morning and pleaded not guilty. An arraignment is scheduled for March 15.

Officers Face Life In Prison For Running Diamonds, Drugs For Fake Mafia (FLSUNSEN)

By Brian Haas And Vanessa Blum, South Florida Sun-Sentinel

South Florida Sun-Sentinel, February 24, 2007

It started with one Hollywood police officer interested in doing the bidding of a New York crime family for cash, authorities said. As the stakes grew, they say he enlisted what he called some "old school" cops he knew would want in.

Federal authorities on Friday released detailed charges against four Hollywood officers in an investigation dubbed "Operation Tarnished Badge," accusing the four of protecting and transporting stolen diamonds, artwork, bonds and heroin for undercover FBI agents pretending to be involved in organized crime.

LocalLinks

The officers face up to life in prison for accepting sums of money authorities concede instead could have easily and legally been made with overtime. But the officers kept taking on riskier off-duty jobs for larger payouts, according to the federal complaint against them. Authorities said the four joked about being in the Mafia, promised to use their clout as police officers if they ran into trouble, and used police equipment and techniques to help the agents they thought were mobsters.

Identified as the ringleader was Detective Kevin Companion, 41, who met with undercover FBI agents in late 2004. He recruited Sgt. Jeffry Courtney, 51; Officer Stephen Harrison, 46; and Detective Thomas Simcox, 50. All are charged with extortion by using their public positions, and conspiracy and attempted possession of a controlled substance with the intent to distribute.

In total, the complaint says, Companion was paid $42,000; Courtney $22,000; Simcox $16,000; and Harrison $12,000. They each make between $66,000 and $89,000 a year in their police jobs.

Companion, Courtney and Harrison appeared before U.S. Magistrate Lurana Snow in federal count in Fort Lauderdale on Friday morning. All three looked dejected. Companion, hands cuffed, dabbed at tears with his sleeves. Snow set bond at $350,000 for Companion; $375,000 for Courtney; and $300,000 for Harrison. None of them had posted bail early Friday night, detention officials said. Simcox has not yet been arrested.

Companion's attorney René Sotorrío called the charges "a horrible tragedy" for his client's family, which has a tradition in law enforcement, but he declined to comment on the charges. Courtney's and Harrison's attorneys could not be reached for comment later Friday.

Simcox may turn himself in to federal authorities as soon as Monday, said his attorney, Bruce Udolf. Udolf declined to comment on the charges or say whether Simcox is cooperating with authorities.

The FBI received "information based on reliable sources" about illegal activity at the department about 21/2 years ago, U.S. Attorney Alex Acosta said at a news conference in Fort Lauderdale. Authorities declined to describe the information, but said Companion first met with an undercover agent in December 2004. The jobs were small at first: collection of an illegal gambling debt, protecting the sale of stolen watches.

To pull off more lucrative deals, agents told Companion he needed more muscle, according to the federal complaint. Companion replied he knew some "old school guys" willing to do the jobs, the complaint says.

Companion recruited Courtney, according to authorities, and Courtney helped in April 2005 to escort $400,000 in stolen money through Broward County with his Hollywood Police Department-issued motorcycle. Two months later, authorities said, Companion and Courtney drove $400,000 in stolen bonds to New York City. On the way, the duo passed a car with a license plate that read "mafia guy." The two later joked to agents that the officers "should have been riding in that vehicle," authorities said.

Companion brought in Simcox and Harrison in November 2005 and in the following months the officers protected an illegal, high-stakes gambling operation, delivered $1 million in stolen diamonds and artwork to Atlantic City, N.J., and helped steal a truckload of cigarettes, authorities said.

On Nov. 29, 2006, the officers agreed to escort several kilos of heroin from Miami Beach through Broward , the complaint says. Authorities said that at a meeting with an agent at a Miami Beach hotel, Simcox would only discuss the deal on the balcony. One officer, who was not named, wanted them to use the codeword "jewelry" for drugs.

The deal took place without a hitch the next day, authorities said.

Authorities said they had video and audio recordings of nearly every meeting and job the officers did. Acosta said no one was hurt during the sting.

Hollywood police officers openly wept when they heard of news of the arrests Thursday, said Police Chief Jim Scarberry. Three of the four officers have faced departmental scrutiny before.

"They're as sickened about this as I was when I first heard about it," Scarberry said. Scarberry, who was named chief in 1999, said later, "We know there have been some problems, but we've worked hard to change the culture here, and there is a big difference."

Companion was named in a federal sexual harassment lawsuit filed in 1994, which the city settled with a woman for $205,000. Courtney's hiring came under fire after a 1995 department-wide investigation revealed he had been arrested twice. He also accidentally shot a sergeant in 1991 while working as a Pembroke Pines officer.

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Simcox was convicted of battery in 1996 for grabbing and slapping a 9-year-old boy who mocked him at a Boynton Beach daycare center while the officer was off duty. The incident led to a one-month suspension from the department without pay and he was kicked off a countywide organized crime taskforce.

Douglas K. Haas, a former Fort Lauderdale lieutenant and Broward Sheriff's Office lieutenant colonel, ran the now-disbanded Metropolitan Organized Crime Intelligence Unit and said Simcox was on the taskforce for less than a year.

"He wasn't in a position at MIU where he could have hurt us," Haas said. "But it's still disconcerting."

Staff Writers Paula McMahon and John Holland contributed to this report.

Area Man Faces Charges In FBI Sting (PALMBEACHP)

By Michael LaForgia, Palm Beach Post Staff Writer

Palm Beach Post (FL), February 24, 2007

A suburban Boynton Beach man is among four Hollywood police officers accused of taking money to run errands for FBI agents posing as mobsters.

During a two-year sting operation, the undercover agents paid Detective Thomas Joseph Simcox and three others to provide security for an illegal, high-stakes poker game, transport stolen diamonds and art to Atlantic City, N.J., and protect the theft of a tractor-trailer load of cigarettes, according to an FBI affidavit filed in federal court. All four officers also agreed to protect a multi-kilo heroin shipment, court records show.

Simcox, who bought a house in suburban Boynton Beach with his wife in 1989, is making arrangements to turn himself in to federal authorities next week, his attorney said Friday.

"I believe that he should be surrendering Monday," said Bruce Udolf, the Fort Lauderdale attorney representing Simcox.

Simcox, a detective assigned to the family services unit, joined the Hollywood Police Department in 1982, the affidavit said.

The other three detectives facing charges - Detective Kevin Companion, 41; Sgt. Jeffry Courtney, 51; and Officer Stephen Harrison, 46 - made initial court appearances Friday and were ordered released on bond.

The affidavit filed in federal court accused the four of taking thousands of dollars to protect a group they thought was a criminal organization based out of New York. The "criminal organization" was made up of undercover FBI agents conducting a two-year corruption sting.

The four officers face conspiracy charges. They have not entered pleas, and the case will go before a grand jury.

Lawyers for the three who appeared in court Friday declined comment on the charges but described their clients as devoted police officers and family men.

Ex-FBI Man Gets 7 Years For Child Sex (FREDFLS)

By Bill Freehling

Fredericksburg Free Lance-Star, February 24, 2007

Former FBI analyst sentenced in child sex case

A 17-year veteran of the FBI will serve seven years in prison for having sexual relations with a young girl in Spotsylvania County, a judge ruled yesterday.

Anthony John Lesko, 44, entered an Alford plea yesterday in Spotsylvania Circuit Court to nine counts of felony indecent liberties upon a child.

Lesko, who later moved to Jacksonville, Fla., worked as an intelligence analyst at the FBI for 17 years, according to his attorney, James A. Carter II. He is a major in the U.S. Army Reserves and has received numerous military awards.

An Alford plea means Lesko doesn't admit guilt but believes there is enough evidence for a conviction. Under the terms of the plea, he was sentenced to seven years in prison with another 15 years suspended.

Lesko engaged in a sex act with a girl, 9 and 10 at the time, at least nine times in 2003-2004, according to evidence put forth by Spotsylvania Commonwealth's Attorney William Neely.

The girl told a member of the Spotsylvania Department of Social Services about the activity in February 2004, according to the evidence. Lesko at first denied the allegations, but later spoke with a U.S. Navy counselor about them.

Lesko told the counselor that he was the victim of the sexual assault; he said the girl initiated the contact, according to the plea. Lesko entered the plea partly to spare the girl the pain of a trial, his attorney said.

Lesko is married with two sons. His wife asked Circuit Judge Ann Hunter Simpson to allow Lesko to delay reporting to prison until June 1 so he could sell their Florida house.

Simpson denied the request, and Lesko went to jail after yesterday's hearing.

In addition to serving the prison time, Lesko will have to pay up to $10,000 in restitution to the girl's parents to cover the cost of her mental-health counseling.

Bill Freehling: 540/374-5424

CIVIL RIGHTS:

Gonzales' Spiel Riles Some Christians (UPI)

UPI, February 23, 2007

Attorney General Alberto Gonzales' Feb. 20 announcement to Southern Baptist Convention leaders about a new Justice Department focus on religious freedom garnered some praise — and significant criticism — from other Christian leaders. Gonzales announced the launch of the department's "First Freedom Project" in a speech during a regularly scheduled SBC Executive Committee meeting.

"Religious freedom is a fundamental part of our nation's history and one of its core principles," Gonzales said. The effort will include educational efforts to inform government officials, employers and everyday Americans about their religious-liberty rights under law, Associated Baptist Press reported Thursday.

The department simultaneously released a 43-page report touting its record, under President Bush, in defending religious freedom. Gonzales and the report implied that the Bush Justice Department's record on prosecuting religious-discrimination cases was significantly stronger than that under former President Bill Clinton.

But several in the religious-liberty community said Bush's record on the issue has been mixed, at best. Brent Walker, executive director of the Washington-based Baptist Joint Committee for Religious Liberty, said he appreciates the administration focusing on the First Amendment — but that the amendment covers two aspects of religious freedom that are inextricably linked to each other.

"The First Amendment has two protections for religious freedom — prohibition on religious establishments and protection for free exercise of religion," Walker said in a statement provided to Associated Baptist Press. "The administration has often ignored the importance of the no-establishment principle by supporting attempts of governments to endorse a religious message, using tax dollars to fund pervasively religious organizations, allowing religious discrimination in hiring for federally funded projects, and going to the Supreme Court to cut back on the rights of citizens to challenge such practices."

Walker also noted that Bush's record on free-exercise protections is "not perfect." He pointed to a Supreme Court case last year in which the administration attempted to limit a small religious sect's ability to use hallucinogenic tea for sacramental purposes. A unanimous Supreme Court rejected the administration's position.

Americans United for Separation of Church and State went further, releasing a statement Feb. 22 saying Gonzales' announcement "reeks of hypocrisy." It called attention to actions detailed in the report that the Justice Department touts as religious-freedom successes — but that are actually quite controversial in the religious-liberty community.

For instance, the report features cases in which the department argued for employees who had been discriminated against on the basis of religion. But, in a different section, the report also touted the Justice Department's advocacy on behalf of the Salvation Army, which was sued for using government social-service funds but continuing to take religion into account in its hiring decisions.

"Thanks to the Justice Department, the Salvation Army could literally place newspaper ads reading, 'Help Wanted for Government-Funded Jobs: No Jews, Buddhists, Muslims, Liberal Christians, Atheists Or Gays Need Apply' and this would be perfectly acceptable to Gonzales," said Barry Lynn, the executive director of Americans United. "This is a perverse way of supposedly defending our religious-freedom rights."

On the other side of the coin, a conservative Christian group praised Gonzales' announcement.

"We applaud Attorney General Gonzales for recognizing the ongoing threat to religious freedom and for taking firm steps to defend our 'first freedom,'" wrote Tony Perkins, president of the Family Research Council, in his Feb. 21 e-mail newsletter. And the head of the SBC's public-affairs agency praised the actions of the Bush Justice Department.

"The attorney general's desire to address a major meeting of SBC leaders to announce this initiative shows both the importance of the issue and the commitment of the Justice Department at the highest levels to defend every individual American's religious freedom rights, particularly their free-exercise rights, which are too often infringed," Baptist Press quoted Richard Land, president of the SBC Ethics and Religious Liberty Commission, as saying. "This initiative is needed and should make a real difference."

But others questioned Gonzales' choice of settings for the announcement. He said he sought out SBC leaders for the opportunity because of their historic support of religious liberty.

The head of the National Council of Churches said he wished the attorney general had chosen a more representative body to hear his announcement. SBC leaders have been among Bush's strongest and most consistent supporters.

NCC General Secretary Bob Edgar, in a statement prepared in response to an ABP reporter's request for comment, said his organization thinks it is "unsettling that only a single denomination, representing a fraction of the rich diversity of religious life of America, was selected to receive the attorney general's personal presentation. It would seem more appropriate had he made such an appearance before an ecumenical or interfaith gathering, symbolically underlining the vision of a nation in which the law plays no favorites but sees all faiths as equal before the Constitution."

After his speech, in response to a question, Gonzales told reporters he chose an audience of Southern Baptists to announce the government's new effort because "this is a group very interested in the protection of religious freedom." He noted the "timing worked out where this was a good venue to speak to a receptive audience."

Baptists in America were early champions of religious liberty and influenced the development of the Constitution's First Amendment, which guarantees religious liberty and other freedoms.

Gonzales also granted an interview on the topic to The 700 Club, the television program hosted by Christian Coalition founder Pat Robertson.

The NCC's statement said Edgar had invited Gonzales to appear at the NCC Committee on Religious Liberty meeting, slated for March 12 in Washington, to "extend to this very diverse group of interfaith advocates for religious freedom the same courtesy of a face-to-face visit that he has already extended to the Southern Baptist Convention."

The NCC also encouraged Gonzales to make similar appearances before leaders of the U.S. Conference of Catholic Bishops, the National Association of Evangelicals and "Jewish and Muslim faith groups who together make up the complex tapestry of religious life in our nation."

One religious-liberty expert faulted Gonzales' implicit swipes at the Justice Department under Clinton. Wake Forest Divinity School professor James Dunn said that, while the Clinton administration may have pursued fewer legal cases against alleged religious discrimination than Bush, the former president and his appointees defended religious freedom in other significant ways.

Dunn, who was executive director of the Baptist Joint Committee during the Clinton years, noted that the former president pushed strongly to improve religious freedom. Besides pushing legislation like the Religious Freedom Restoration Act and the bill that established the United States Commission on International Religious Freedom, Clinton officials also produced a document that has had a concrete impact on religion in public schools, Dunn said.

"Perhaps ... the most extensive and statistically significant action for religious freedom in recent history was [Clinton's] aggressive promotion for the guidelines for religion in public education and making clear that the public school was not a religion-free zone," Dunn said.

"Not only did the White House give leadership in that regard, but the Justice Department ... and the Education Department developed guidelines that literally transformed the attitudes of public educators about the free expression of religion in public schools and the necessity for maintaining the separation of church and state at the same time," he continued.

Officials from the Justice Department did not immediately return an ABP reporter's request for comment for this story Thursday.

FBI May Reopen Cold Cases On 1950s And '60s Slayings In The South (AP)

AP, February 24, 2007

JACKSON, Miss. (AP) — The FBI is considering reopening dozens of cold cases involving slayings suspected of being racially motivated in the South during the 1950s and '60s.

An announcement could come as early as Tuesday, according to a law enforcement official who spoke with the Associated Press on condition of anonymity because the plans have not yet been finalized.

In addition to the FBI's own investigations, the Southern Poverty Law Center submitted its own list last week of 74 potential unsolved slayings that involved white-on-black violence.

Thirty-two of the deaths happened in Mississippi. The others were in Alabama, Arkansas, Georgia, Tennessee, Louisiana, North Carolina, South Carolina, Florida, Kentucky and New York.

Mark Potok, director of the Intelligence Project for the Alabama-based Southern Poverty Law Center, said each case was researched in the late 1980s when the group was putting together a civil rights memorial. But it is unclear if each could be considered a civil rights case, he said.

"The truth is we don't know," said Potok, whose group investigates hate crimes. "In each case there was some evidence to suggest that these were racial murders, but it absolutely was not proven. Had we been able to nail them down, their names would've been literally chiseled into the civil rights memorial that sits outside our building here."

U.S. Attorney Dunn Lampton in Jackson reviewed the list of Mississippi killings for the Associated Press on Friday and said based on the limited amount of information available that none would qualify for federal prosecution under civil rights statutes. But he said many could still be prosecuted on a local or state level as murders.

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The deaths outlined by the center happened in a variety of ways, from police-involved shootings to trysts with white women broken up by gunfire.

In most cases, the statute of limitations under federal civil rights laws will have run out, Lampton said. In others, charges could not be brought because the accused already have faced charges and been cleared by a jury.

Last month, FBI Director Robert Mueller said the bureau was aggressively seeking to solve cold civil rights cases, vowing to "pursue justice to the end, and we will, no matter how long it takes, until every living suspect is called to answer for their crimes."

Most recently federal prosecutors brought kidnapping and conspiracy charges against James Ford Seale, 71, who allegedly participated in the 1964 kidnappings and murders of Charles Eddie Moore and Henry Hezekiah Dee in southwest Mississippi.

Seale was arrested Jan. 24 after the U.S. Justice Department reopened its investigation and learned that he was still alive. He has pleaded not guilty and is due for trial in April. The case qualified for federal prosecution because the captors allegedly took Moore and Dee across the state line into Louisiana while they were still alive.

In 1994, Mississippi won the conviction of Byron de la Beckwith for the 1963 sniper killing of NAACP leader Medgar Evers.

In Alabama, Bobby Frank Cherry was convicted in 2002 of killing four black girls in the bombing of a Birmingham church in 1963. In 2001, Thomas Blanton was convicted.

Edgar Ray Killen, an 80-year-old former Ku Klux Klansman, was convicted last June of manslaughter in the killings of three civil rights workers in Mississippi in 1964.

Lara Jakes Jordan in Washington, D.C., contributed to this report.

FBI Building Database On Victims Slain Amid Civil Rights-era Violence (JCL)

By Jerry Mitchell

Jackson Clairon-Ledger, February 24, 2007

The list of "forgotten killings" from the nation's civil rights era continues to grow for the Justice Department.

The FBI's field offices already have compiled a list of 51 victims slain during that era. The Montgomery-based Southern Poverty Law Center has since turned over information on 74 victims to the FBI. Altogether, the center has collected the names of 127 victims of racial violence between 1954 and 1968 - 40 of them listed on a monument outside the center.

"We ask that the FBI use its considerable investigatory resources to uncover more information about these cases," Richard Cohen, president for the center, wrote the Civil Rights Unit of the Criminal Investigative Division of the FBI. "Those responsible for these forgotten deaths - those who may still be alive today, like James Ford Seale, who was recently arrested for the murders of Henry Hezekiah Dee and Charles Eddie Moore - have gone unpunished too long."

U.S. Attorney Dunn Lampton said last week: "As we've shown in the past, we'll investigate any case that comes to light."

Since 2005, he has worked closely with the FBI to piece together a case against Seale, who has pleaded not guilty to federal kidnapping and conspiracy charges in connection with the May 2, 1964, killings of Dee and Moore, who were hitchhiking when Klansmen reportedly picked them up, beat them, weighted them down and tossed them into the Mississippi River, where they drowned.

Seale's arrest marked the 28th in the nation since 1989 involving unpunished killings from the civil-rights era. The most recent of the 22 convictions came in 2005 when a Neshoba County jury convicted Edgar Ray Killen of Union of orchestrating the 1964 killings of Andrew Goodman, Michael Schwerner and James Chaney.

Congress now is debating the Emmett Till Unsolved Civil Rights Crime Act, which would create a cold-case unit for the Justice Department to re-examine these murders. The House version of the bill has 67 co-sponsors, led by U.S. Reps. John Lewis, D-Ga., and Kenny Hulshof, R-Mo.

Creating such a unit is important, Cohen said. "For too long, people thought that nothing could be done about those who had literally gotten away with murder during the civil-rights era. But as we've seen in recent years with the successful prosecutions of murderers like Edgar Ray Killen, Dr. King was right when he said that the moral arc of the universe bends toward justice."

One of the forgotten killings Cohen pointed out to the FBI is that of Clinton Melton, an African-American service station attendant shot to death Dec. 3, 1955, in Glendora. Elmer Otis Kimbell, a white man, was tried and acquitted of killing Melton.

Melton's son, Kenneth, was 5 months old when his father was slain. Two months later, his mother was found drowned - a death his family questioned.

"We live it every day," said Kenneth Melton, now 51 and living in Memphis. "You see people with their mothers and fathers. All that was taken away."

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Growing up in the Delta, "I wanted to find the person who killed my dad - not to do anything, but to ask him, 'Why?' " he said. "That was something always on my mind."

He never got the chance, he said, because he heard Kimbell died in 1976 in Tennessee.

Kimbell happened to be the best friend of J.W. Milam, one of the killers of Till, a 14-year-old from Chicago who was murdered after he reportedly wolf-whistled at a white woman. In fact, the car Kimbell reportedly was driving when he shot Clinton Melton belonged to Milam.

At trial, Kimbell insisted he shot Clinton Melton in self-defense after being fired on first, but Melton's white employer, Lee McGarrh, testified at Kimbell's trial that Melton had no weapon.

McGarrh said an argument began after Kimbell, who had been drinking, asked Melton to fill the car with gas, only to change his mind and say he'd only pay $2.

A black employee, John Henry Wilson, testified Kimbell had said he was "going to kill that n-." Wilson said he tried to dissuade the man, only to be told, "Get back, or I'll kill you, too."

McGarrh testified Kimbell returned with a weapon and killed Melton without provocation.

The local Lions' Club denounced the killing, but that didn't stop an all-white jury from doing the same thing for Kimbell that it did for Milam and Roy Bryant - letting them walk free from the Tallahatchie County Courthouse.

David Halberstam covered the trial as a 21-year-old freelancer, one of the few journalists to cover the trial.

In his April 19, 1956, article for The Reporter, Halberstam wrote, "There's open season on the Negroes now. They've got no protection, and any peckerwood who wants can go out and shoot himself one, and we'll free him." (The entire article can be read at clarionledger.com.)

The trial taught "you didn't have to be a civil rights activist" to wind up dead, Halberstam said in an interview last week. "If someone was ill-tempered, it was a free-fire zone."

He talked of the "cowardice" of those who killed Melton. "It wasn't just Kimbell," he said. "It was all the people who were complicit - the jury and the ones who defended him."

Federal Supervision Of Race In Little Rock Schools Ends (NYT)

By Steve Barnes

The New York Times, February 24, 2007

LITTLE ROCK, Ark., Feb. 23 — The Little Rock School District was released on Friday from federal court supervision of its desegregation efforts, almost 50 years after President Dwight D. Eisenhower dispatched federal troops to enforce an integration order that the Arkansas governor defied.

In a written order, Judge William R. Wilson Jr. of Federal District Court declared the district “unitary.” That meant it had met its obligations under court-ordered remedies to address lingering questions about its commitment to equal opportunity in education.

Judge Wilson said the school board could “now operate the district as it sees fit, answerable to no one” save its students, patrons and voters.

Superintendent Roy G. Brooks, who is black, told The Associated Press, “I think that this is a clear indication that 1957 is not 2007.”

But John W. Walker, a civil rights lawyer here who is counsel to the Joshua Intervenors, a group of black children and parents who were a party in the long-running case, disagreed.

“In 2007, we have people in neckties living in big houses celebrating the return to 1957, a return to the concept of white supremacy,” Mr. Walker said in an interview.

In 1957, Gov. Orval E. Faubus, a conservative Democrat, resisted the federal court order to desegregate Central High School by surrounding it with National Guardsmen who blocked the entry of nine black students. Eisenhower responded by federalizing the Guard troops and sending paratroopers from the 101st Airborne Division.

The black pupils were admitted to classes, with the military providing security on campus for the duration of the school year.

The confrontation was a seminal part of the civil rights movement. It was followed by decades of litigation that devoured millions of dollars in legal fees and went through several judges, dozens of school board members and more than one superintendent.

Judge Wilson granted the district —the largest in Arkansas, with 27,000 pupils — conditional release from supervision several months ago, but retained jurisdiction until it could demonstrate a resolve to monitor progress in reducing racial disparity in student achievement.

The order on Friday said the district “has gone the extra mile” in doing so.

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Mr. Walker said he had not decided whether to appeal the order.

Arkansas' Historic School Case Ends (AP)

By Andrew Demillo, Associated Press

AP, February 24, 2007

LITTLE ROCK, Ark. -- A judge in one of the nation's longest-running school desegregation cases released the Little Rock district from federal supervision yesterday, nearly 50 years after President Dwight D. Eisenhower sent in troops to escort nine black students into all-white Central High.

U.S. District Judge William R. Wilson Jr. said the district is substantially complying with a 1998 desegregation plan worked out in the 27,000-student district.

With blacks gaining a majority on the school board last September, the judge said he felt comfortable that the district would keep working to improve academic achievements among its 19,000 black students.

In 1957, despite a U.S. Supreme Court order, Gov. Orval Faubus tried to prevent black students from enrolling at Central High, setting off one of the biggest crises of the civil rights era. The president sent in the 101st Airborne to enforce the order.

"The district has been given back to the people of this community, and my pledge to them is to continue to work hard and recognize that we're all going to have to work hard," said Superintendent Roy Brooks, who is black. "I think that this is a clear indication that 1957 is not 2007."

The 1998 desegregation plan was negotiated among the district, federal monitors and a group called the Joshua Intervenors, which represented black students. Judge Wilson noted that another nine years had passed before its conditions were satisfied.

"LRSD's board can now operate the district as it sees fit; answerable to no one except LRSD's students and patrons and the voters who elected [the board] to office," he wrote. "I want to express my heartfelt best wishes as LRSD continues to operate, as our Founders intended, under control of the citizens of the City of Little Rock."

A final sticking point among the parties had been whether the district adequately assessed black achievement in its academic programs.

"I am optimistic that the board will continue to ensure that the comprehensive program assessment progress remains a permanent part of [the school district's] curriculum for as long as it takes to improve the academic achievement of African-American students," Judge Wilson wrote.

Under previous orders from Judge Wilson, the Little Rock district was to evaluate its academic programs annually to determine whether test scores among black students were rising. The judge said yesterday he was now satisfied with the response, which included the board's December resolution that it would continue evaluations even if Judge Wilson released it from monitoring.

The Little Rock district is now 70 percent black; Central High School is 53 percent black.

John Walker, a lawyer for the Joshua Intervenors, said black students would not be served by the ruling.

"We're certainly disappointed in view of the lack of progress this district has made in addressing the needs of African-American students," he said. "The standard was not high for the district to meet, but they certainly have not met it. We will have to pursue other means."

In Little Rock, as is the case nationwide, black students on average score below their white classmates on standardized tests. The gap in Little Rock is as large as 40 points on both state and national standardized tests. Little Rock has seen some improvement.

Board member Michael Daugherty said the district must spend its money to close the achievement gap among students.

"I would have liked to have seen us a little bit farther along right now than where we are," said Mr. Daugherty, who is black. "I think the district needs to be further along in the allocation of resources in the district."

School board member Baker Kurrus, who is white, called Judge Wilson's decision "a well-deserved endorsement."

"We have to prove that we're capable of managing our district and make sure that the mistakes of the past are never repeated," Mr. Kurrus said. "We simply must reach all students in our district."

Rhode Island Official OKs Gay 'Marriage' (WT)

By Cheryl Wetzstein, The Washington Times

The Washington Times, February 24, 2007

Rhode Island Attorney General Patrick Lynch says research persuaded him to decide that Rhode Island can recognize same-sex "marriages" from Massachusetts -- not his sister's recent same-sex union in Massachusetts.

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"No disrespect to my sister, who I love very much, but it has zero impact on it," Mr. Lynch told the Providence (R.I.) Journal last week, saying his nonbinding legal opinion made on Wednesday was well researched and based on a 1904 Rhode Island State Supreme Court ruling on interstate marriage.

On Feb. 15, Mr. Lynch attended the "marriage" ceremony in Attleboro, Mass., of his older sister, Pawtucket, R.I., City Solicitor Margaret Lynch, and her longtime partner, Patricia Gadaleta. The women have twin daughters.

On Wednesday, Mr. Lynch issued a six-page opinion to the Rhode Island Board of Governors for Higher Education that said their homosexual employees who have "married" in Massachusetts should be treated as spouses.

"Rhode Island has not enacted any legislation prohibiting same-sex marriages or stating a public policy against same-sex marriage, even though they have been validly performed in neighboring Massachusetts for approximately three years," Mr. Lynch wrote.

Mr. Lynch later said his opinion was "essentially guidance" and nonbinding. However, Steven Maurano, a spokesman for the Board of Governors, which oversees higher education in Rhode Island, said the board intends to follow Mr. Lynch's advice.

Bishop Thomas Tobin of the Catholic Diocese of Providence criticized Mr. Lynch's opinion as being overly influenced by a "relentless gay agenda."

Raymond T. McKay, president of the Rhode Island Republican Assembly, said Mr. Lynch should have deferred to lawmakers or federal law, specifically, the 1996 Defense of Marriage Act, which says states do not have to recognize same-sex unions from other states. "This is a great miscarriage of justice and law by the individual who is charged with the responsibility of enforcing Rhode Island law and protecting our state constitution," Mr. McKay said.

Meanwhile, in other states:

·Wyoming House Speaker Roy Cohee, a Republican, on Thursday cast the committee vote that killed a constitutional amendment defining marriage as the union of one man and one woman. The measure had passed the Senate last month.

·Illinois state Rep. Greg Harris, a Democrat who is openly homosexual, introduced a bill on Thursday to legalize marriage between "two persons," rather than a man and a woman, in that state.

·In Maryland, hearings are scheduled for early March on constitutional marriage amendments offered in the Senate and House. Both bills define marriage as the union of one man and one woman but do not outlaw civil unions. The House bill also bars public schools from teaching about same-sex relationships.

Protecting All Students (NYT)

The New York Times, February 24, 2007

Like all too many school districts, Toms River, N.J., has done a poor job of protecting gay students from bullying. According to the New Jersey Supreme Court, the district punished students for being one minute late for class, but made harassing another child for being gay punishable only after a third offense.

In a landmark ruling this week, the court unanimously held that public school districts like Toms River's are liable for damages if they fail to take reasonable steps to stop prolonged anti-gay harassment of a student by another student. It correctly found that students had a right to be protected against this sort of abuse.

The decision changes the legal landscape in New Jersey, and we hope it will be the start of a new national approach to the problem.

A study by the National Mental Health Association a few years ago found that more than three-quarters of teenagers reported that students who were gay or thought to be gay were teased and bullied in their schools and communities.

The anonymous student who brought the suit against Toms River schools clearly deserved better. He complained of being taunted almost daily from fourth grade on. In high school, he was physically attacked twice, and he said he eventually had to change schools. School administrators disciplined the worst offenders, but failed to address the overall school climate by taking such basic steps as talking to parents and holding student assemblies to make it clear that harassment would not be tolerated.

The court's ruling provides much-needed support to some of the nation's most vulnerable young people, and it sets a worthy standard for courts and educators nationwide.

ANTITRUST:

Buyout Firms Seek Utility TXU For $32 Billion (WSJ)

By Henny Sender, Dennis K. Berman And Rebecca Smith

The Wall Street Journal, February 24, 2007

KKR, TPG Pursue Texas Power Company, A Target of Criticism

DOJ_NMG_0137005

Private-equity firms Texas Pacific Group and Kohlberg Kravis Roberts & Co. were close to a deal Friday night to acquire Texas utilities powerhouse TXU Corp. for about $32 billion, said people familiar with the matter, a massive buyout that would give them control of one of the nation's most successful and controversial power companies.

One person close to the matter said the firms would pay about $70 a share for the big utility, about $10 a share over Friday's 4 p.m. price of $60.02 on the New York Stock Exchange. The company also had $12.38 billion in debt as of September 30.

A deal could be finalized over the next few days, this person said, though it was possible it could fall apart at a late moment.

The transaction, first reported by CNBC, would be the latest massive deal engineered by private-equity firms. Enjoying record profits and a flood of cash from investors seeking ever-greater returns, the large investment firms have accounted for the majority of the biggest mergers and acquisitions in the last year. Among recent deals, Blackstone Group paid $23 billion for Equity Office Properties and assumed $16 billion of debt, while Bain Capital, KKR and Merrill Lynch & Co. paid $21 billion and assumed $11.7 billion in debt to acquire hospital operator HCA Inc. in 2006.

KKR, once known as the original barbarian at the gate for the $25 billion buyout of RJR Nabisco in 1988, is now the industry doyen, flush with cash and on a world-wide hunt for prey. "I have never seen a time like this when money is so available and so global," Henry Kravis, its co-founder, said in a recent interview.

For its part, Texas Pacific Group has a less venerable history and a policy of preferring to not be in the limelight its peers seek. It recently raised a $15 billion fund, which puts it in second place in asset size behind Blackstone's $20 billion fund -- at least for the moment.

Dallas-based TXU has emerged in recent years as one of the nation's dominant utilities by asserting itself aggressively over the deregulated electricity market in Texas. That state has what is considered the most advanced deregulation plan in the nation, having recently lifted most limits on what companies can charge the general public for electricity.

TXU owns both Texas's largest power-generation company and its biggest electricity retailer, giving it a powerful grip on one of the nation's largest markets. Its assets include the largest fleet of power plants in Texas and interests in a single nuclear plant. It also owns a transmission and distribution system and strip-coal mines with substantial reserves.

That powerhouse combination of assets has produced big profits and strong returns for investors. In the third quarter of 2006, TXU earned net income of just more than $1 billion on revenue of $3.51 billion. The company's stock has made huge gains under Chief Executive C. John Wilder, with its shares increasing sixfold since he arrived three years ago.

But TXU also has stoked controversy in Texas over the rates it charges and an ambitious plan to build new power plants. That may require the buyers to make concessions in order to overcome regulatory hurdles.

Additionally, the company has been planning to expand by building 11 big coal-fired power plants in the state in coming years. That project has drawn harsh criticism from environmental interests, which accuse TXU of adding to its bulk with plants that release substantial amounts of carbon dioxide, a heat-trapping gas many scientists blame for global warming.

The company also has drawn criticism for its dealings with customers. During its ramp-up to a deregulated market, TXU raised rates repeatedly, and now charges some of the highest power rates in the nation. Critics say it also is quick to disconnect late-paying customers, while offering perks to those who pay on time.

Those factors have made TXU a flashpoint for criticism, especially in Texas. This past week, Mr. Wilder faced uncomfortable questioning before a Texas senate committee concerning whether his firm had amassed too much "market power," the ability to influence power prices. Legislators have been considering setting firmer limits on TXU's might, responding to market analyses suggesting that at times it possesses the ability to influence prices on the Texas wholesale electricity market.

Steve Wolens, a former legislator who is one of the authors of the Texas deregulation law, said he was disappointed by the buyout news. One goal of deregulation, he said, was to "discourage the need for in-state utilities to sell to out-of-state" interests.

The suitors may plan to address concerns in part by removing TXU from public ownership, said one person familiar with the matter. They also plan to scale back some of TXU's plans to build new generating plants and consider a rate rollback, the person said.

A person familiar with the proposed deal said the buyers plan to retain current management. TXU has been in exclusive negotiations with KKR and TPG in recent weeks, this person said. Such exclusivity makes a rival bid more difficult.

Private-equity firms have attracted scrutiny from shareholders and government regulators who claim the firms may be extracting too much value from publicly traded firms, leaving stockholders and customers in the lurch. A buyout plan will have to quell criticism while steering clear of legislators eager to politicize the issues.

Approval of a deal could take months and serve as a critical test for the suitability of private investors plunging ever deeper into highly regulated industries. Both state and federal officials would have to sign off, with state utility regulators finding that the sale was in the public interest.

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Any deal appears likely to deliver a windfall to Mr. Wilder, who negotiated a lucrative contract when he joined TXU in February 2004 from neighboring utility Entergy Corp. Under the terms of that agreement, he could be eligible for a change in control payment.

The Texas market is especially appealing to investors because it is geographically constrained, with almost no electrical connections to other states. This makes the entire state a sort of captive market, unable to import cheaper electricity from outside. Because prices mostly are set by expensive gas-fired generators, this gives lower-cost generators like TXU the ability to reap extraordinary profits from its power-generation business.

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At $45 Billion, New Contender For Top Buyout (NYT)

By Andrew Ross Sorkin And Clifford Krauss

The New York Times, February 24, 2007

The biggest leveraged buyout ever is about to be surpassed. Again.

A group led by the private equity giants Kohlberg Kravis Roberts & Company and the Texas Pacific Group is near a deal to acquire the TXU Corporation, a Texas utility, for about $45 billion, according to people involved in the talks.

The amount of private money that is being offered is a huge financial endorsement of the company's energy strategy. TXU has irritated environmental advocates by proposing to build 11 coal-fired power plants in Texas. Despite calls for regulating greenhouse gases, TXU has been the most aggressive in the power industry in pushing coal as the answer to growing electricity demands. Nationwide, power companies are planning to build about 150 coal plants over the next several years.

The deal itself, if approved at a TXU board meeting tomorrow, would be a landmark. It would exceed the Blackstone Group's recent $39 billion acquisition of the office landlord Equity Office Properties, the largest buyout ever. And that would mean that Henry R. Kravis, a co-founder of Kohlberg Kravis Roberts, has managed to upstage, at least for the time being, his longtime rival in deals, Stephen A. Schwarzman, a co-founder of Blackstone.

Energy has been fairly recent territory for private equity. While energy deals accounted for 16 percent of all mergers last year, only 9 percent of those deals involved buyout firms, according to Thomson Financial. The first big foray came last year, when Kinder Morgan, the Texas pipeline giant that was created from some assets of the former Enron, was sold to a group that included Goldman Sachs, the American International Group, the Carlyle Group and Riverstone Holdings for $27.5 billion.

Awash in hundreds of billions of dollars, private equity firms, which raise money from pension funds and wealthy individuals, have taken on new targets in a buying spree. In 2006, private equity firms raised more than $174 billion for 205 funds, according to Thomson Financial.

Having just finished raising new supersize funds — K.K.R. and Blackstone are about to complete funds each worth more than $20 billion — and with banks and hedge funds willing to lend them money in record amounts with few restrictions or covenants, private equity has now begun to aim at even bigger prey. A deal the size of TXU will probably require that the private equity firms raise more than $30 billion in debt.

People involved in the talks cautioned that the deal still faced approval by TXU's board and several negotiating points remained, so the talks could collapse.

TXU did not respond to telephone requests for comment.

"It's a pretty dramatic development because TXU's position in electricity in Texas is controversial and uncertain," said Amy Myers Jaffe, an energy expert at the James A. Baker III Institute for Public Policy at Rice University in Houston.

TXU, based in Dallas, has 2.4 million customers in the state. It also owns and operates one of the largest lignite coal surface mining operations, producing 23 million tons a year. With its large, low-cost nuclear and coal-fired group of plants, it has been able to raise electricity prices to match the rise in natural gas prices the last three years.

Like other utility companies in recent years, TXU has sought to reinvent itself. A new management came in three years ago and sold natural gas assets after the price of natural gas soared, got out of speculative marketing, cleaned up its books and went back to its core business of electricity generation and transmission. The company's shares have been a favorite of Wall Street, rising from a low of $5.44 in 2002 to $60.02 yesterday.

But after being on the rise, the company has now hit strong headwinds. TXU's plans to build 11 coal-fired plants have faced increasing political opposition from environmental organizations, civic groups and prominent politicians like the mayor of Dallas, Laura Miller.

Rallies, hearings and informational meetings have been attracting crowds of critics around the state who view the plants as a symbol in the struggle to reduce global warming. Environmentalists believe if they can stop at least some of the plants in a

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conservative state like Texas, it will be a boon to activists around the country who oppose coal and favor renewable energy like solar and wind.

TXU has said that the growing population and economy in Texas need more energy and has claimed that the plants will be cleaner than many older coal-fired plants in the state. They have also argued that coal gasification technologies, which environmentalists say would produce cleaner energy, are not yet ready for the marketplace. The 11 plants would have a capacity of more than 9,000 megawatts, about 3.5 percent of the nation's current coal-fired power and would cost an estimated $10 billion.

Recently, in response to criticism, TXU promised that the new plants would leave vacant space for future deployment of equipment designed to capture carbon dioxide so the climate-warming gas does not enter the atmosphere. Moreover, the company says it is conducting research on oxygen firing, chilled ammonia and other technologies to capture carbon.

TXU's plan was dealt a sharp blow, at least for the short term, by State District Judge Stephen Yelenosky, who on Tuesday ruled against a 2005 executive order by Gov. Rick Perry to put the plants' permit process on a regulatory fast-track. The judge issued a temporary injunction stating that the Texas governor, whose powers are limited compared with most state governors, did not have the authority to decide how much time regulatory agencies should take before issuing decisions.

The Texas Commission on Environmental Quality will make the ultimate decision on the permits, but not before administrative law hearings that promise to be rancorous.

Still, despite the uproar over the coal plants, TXU has many attractions for a potential buyer, analysts said. It is a strong company in a profitable business made all the more valuable because it operates in Texas, which has a growing economy and population base.

"Utilities right now have a lot of value because they have guaranteed cash flows and guaranteed rates of return which gives them guaranteed income," said Barbara Shook, an analyst with the Energy Intelligence Group, a publications and research firm. "And they have hard assets. In the post-Enron world, hard assets carry a lot of value."

"TXU is going to grow no matter what, because the state of Texas is growing and that translates into higher demand for electricity," she added.

The Texas energy scene is evolving. Still the center of the nation's oil business, it is also now the state with the most wind power production. Austin and other cities have become centers for renewable energy companies. But unlike California, Texas has been slow to develop conservation policies and has no goals for cutting carbon emissions.

Under the terms of the deal being discussed, the investors would pay about $70 a share for TXU, these people said. TXU's market value is about $27.5 billion. The company has more than $12 billion in debt.

Other private equity firms may join the group, these people said. A spokeswoman for K.K.R. declined to comment as did a spokesman for Texas Pacific.

TXU Set To Approve Record Private Equity Deal (FT)

By James Politi And Peter Smith

Financial Times, February 24, 2007

The board of TXU, one of America's largest utilities, was meeting on Sunday to approve a $44.5bn (€33.8bn, £22.7bn) takeover by Kohlberg Kravis Roberts and Texas Pacific Group, in what would rank as the largest private equity deal on record.

People familiar with the matter said that in the absence of any last-minute glitches in the negotiations, the deal, which would trump Blackstone's recent $38.9bn acquisition of Equity Office Properties in terms of size, could be announced as early as Sunday evening.

The two private equity buyers are expected to pay about $32bn in cash, or just under $70 a share, for TXU. This represents a 17 per cent premium over the company's market value on Friday. KKR and TPG will also agree to take on a $12bn chunk of TXU's outstanding debt.

A private equity takeover of TXU would extend a flurry of dealmaking by the world's largest buy-out groups, which have emerged as leading forces in high finance and business in recent years as they snapped up some of the biggest companies in a wide range of industries.

Based in Dallas, TXU is the top provider of electricity to the state of Texas, and has recently locked horns with environmentalists over plans to build 11 coal-fired power plants.

In advance of clinching a deal, KKR and TPG gained the backing of several environmental groups by agreeing to scrap plans to construct 8 of the 11 controversial plants.

The private equity buyers also pledged to support a reduction in carbon dioxide emissions to 1990 levels by 2020.

However, a private equity takeover of TXU could still face resistance if it is viewed as jeopardising the reliability of the electricity grid in Texas – or if it results in higher rates for consumer.

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In Europe, an intense political debate has erupted over whether private equity takeovers harm or benefit the economy, with union leaders and some politicians lining up the world's largest buy-out titans.

That tension is expected to intensify on Tuesday, when union protestors gather outside the Super Return conference in Frankfurt at which both TPG's David Bonderman and Blackstone's Steve Schwarzman are due to speak.

The structure of the TXU takeover is typical of the ways in which large leveraged buy-outs are being assembled on Wall Street. A number of large investment banks, including Goldman Sachs, are financing the deal through a massive package of bonds. The two buyers will be putting in $2.5bn of equity each into the deal, with Goldman adding a further $1.5bn of its own money and Lehman Brothers contributing $1bn of equity, one person involved in the talks said.

It remained unclear whether John Wilder, the TXU chief executive who will reap a large pay-out in the deal, will remain at the helm after the takeover. One person involved in the talks suggested TPG and KKR planned to bring in a number of high-profile business figures to help manage the process of gaining regulatory approval.

Some recent private equity deals have faced criticism for not securing a high enough price for shareholders. The merger agreement with TPG and KKR will allow TXU to shop itself to alternative bidders for 50 days, thanks to a "go-shop" clause that has become fairly standard in US public-to-private transactions.

$45 Billion Deal Near For Texas Power Firm (WP)

By David Cho And Steven Mufson, Washington Post Staff Writers

The Washington Post, February 24, 2007

TXU Purchase Would Set Leveraged Buyout Mark

A consortium led by private-equity firms Kohlberg Kravis Roberts and Texas Pacific Group is nearing a deal worth close to $45 billion for a Texas energy giant in what would be the largest leveraged buyout ever, according to a source with knowledge of the negotiations.

News of an offer for TXU Corp., the largest power company in Texas, came a mere two weeks after the buyout record was set by the Blackstone Group's $39 billion purchase of Equity Office Properties Trust.

TXU's board could vote on the offer as soon as tomorrow.

Shares of TXU closed at $60.02 Friday, up $2.38. In after-hours trading the stock soared to $71 a share, up more than 18 percent.

A spokesman for Kohlberg Kravis Roberts and Texas Pacific Group declined to comment on the matter.

TXU has 2.4 million electricity customers in Texas and a network of generating stations, including two nuclear-powered and nine coal-fired plants. Deregulation recently took effect in the state, and the company has divided itself into three parts -- a regulated utility, a power wholesaler and a power generation unit with 18,300 megawatts of capacity.

But the company's claim to fame recently has been a controversy over its plan to build 11 conventional coal plants. That would more than double the company's emissions of carbon dioxide, the most prevalent of greenhouse gases, at a time when Congress is looking at ways to cap greenhouse gas-emissions.

It is not clear how a buyout would affect those plans. Part of the attraction of TXU is its location in a fast-growing state. The new plants could take advantage of its rapidly growing energy demand. But leveraged buyout firms usually trim costs and rarely expand a company's operations. And many executives in the industry have said they never expected the company to build all those plants anyway.

The private-equity firms are expected to propose around $70 per share for TXU and assume about $12 billion of its debt, putting the total value of the transaction at $44 billion to $45 billion.

If a buyout goes through, TXU would become a private company and no longer have to reveal its financial statements publicly or comply with federal regulations such as the Sarbanes-Oxley Act. But it probably would still have to disclose some information to state and federal power regulators.

That change is likely to draw scrutiny from members of Congress, especially those now devising ways to cap and reduce greenhouse gases. Some lawmakers have alleged that TXU might be expanding now so that the new plants would be included in its baseline emission levels. That would be important if Congress adopted a cap-and-trade system similar to Europe's, with allocations distributed to companies based on their past emissions.

Jeff Bingaman (D-N.M.), chairman of the Senate Energy and Natural Resources Committee, and Barbara Boxer (D-Calif.), chairwoman of the Senate Environment and Public Works Committee, last month wrote an op-ed article in the Dallas Morning News warning TXU and its investors that such a strategy wouldn't work.

"In fact, companies that appear to be inflating their emissions right before legislation is passed are likely to find themselves in a position of having to make even larger emissions reductions than companies that do not attempt this strategy," they wrote.

TXU says its expansion plans reflect the needs for more electricity in Texas.

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"Because our state is seeing such phenomenal economic growth, we're expected to add the population of Tennessee over the next decade in Texas," said Kimberly Morgan, a TXU spokeswoman. "Combine that with no new baseload generation being built. That presents a prime setup for generation in the state." (Morgan gave the interview before the proposed buyout became known.)

The TXU deal would exceed the infamous $31.3 billion leveraged buyout Kohlberg Kravis Roberts made for RJR Nabisco in 1989, memorialized in the book "Barbarians at the Gate."

In 2004, Kohlberg Kravis Roberts and Texas Pacific Group were part of a consortium that paid $3.7 billion for what was then the second-biggest power generating company in the state, Texas Genco. The investing group sold that utility for about $5.8 billion last year.

TXU Sale Could Cost $32 Billion (LAT)

By Janet Wilson, Times Staff Writer

The Los Angeles Times, February 24, 2007

Sources say a deal for the utilities giant is expected to be the largest leveraged buyout ever.

Private investment companies Texas Pacific Group and Kohlberg Kravis Roberts & Co. are close to a deal to buy Texas utilities giant TXU Corp. in what is expected to be the largest leveraged buyout ever, according to people familiar with the negotiations.

The sale, slated to be announced Sunday, will include "not only the acquisition, but some very major announcements related to global warming," one person told The Times.

The Wall Street Journal, citing unidentified sources, said on its website that the buyout firms were expected to pay about $32 billion, or about $70 a share.

Dallas-based TXU has been moving aggressively to build an additional 11 coal-fired power plants upwind of Dallas and elsewhere in the state.

Environmental Defense and numerous other environmental groups and civic leaders have sued or otherwise protested the plants, saying they would add 78 million tons of greenhouse gases to the atmosphere annually. Texas already leads the nation in greenhouse gas emissions, widely believed to cause global warming. Smog, mercury emissions and other harmful pollutants also would be emitted.

Many private equity firms are jumping into solar, wind and other "alternative energy" investments, as dozens of states have adopted "renewable portfolio standards" requiring diversified energy, including so-called clean sources. Several members of Congress, including Sen. Dianne Feinstein (D-Calif.), have introduced or are preparing legislation that could cap greenhouse gases from coal plants and other electricity providers.

Fort Worth-based TXU lost a key legal round in building its new coal plants Tuesday when an administrative law judge threw out an executive order by Texas Gov. Rick Perry that fast-tracked environmental scrutiny of such plants. The next day, a state office about to begin air permit hearings on six of the proposed power plants instead postponed the hearings for four months.

Spokesmen for Texas Pacific and New York-based KKR declined comment. Calls to TXU were not returned.

Shares of TXU surged as high as $71 in after-hours trading, valuing the company at about $32 billion. The company has about $16 billion in debt, signaling the transaction may be valued at more than $48 billion.

Blackstone Group's purchase this month of Equity Office Properties Trust for $39 billion, including debt, was the largest previous buyout.

The possible TXU sale was first reported by CNBC.

TXU May Cut Rates In Buyout Bid (DMN)

By Elizabeth Souder And Katherine Yung, The Dallas Morning News Esouder@dallasnews.com And Kyung@dallasnews.com

The Dallas Morning News, February 24, 2007

Equity firms to bid up to $45 billion to take utility private

Two private equity firms are about to offer $40 billion to $45 billion for TXU Corp. in what would be the biggest buyout ever.

Texas Pacific Group and Kohlberg Kravis Roberts & Co. planned to announce their offer for the Dallas power company on Monday, said people with knowledge of the deal. The purchase would take TXU private.

TXU is facing public and political backlash over a plan to build 11 more coal-fired power plants and over high electricity prices.

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The offer set off speculation that new owners of Texas' largest power company may trim the plant building program and drop electricity rates to please regulators.

TXU officials didn't return phone calls Friday afternoon.

"It's staggering," said one Wall Street professional who preferred to remain anonymous. He said TXU is probably attractive to the buyout companies because the shares haven't risen in value as much as the shares of rival power companies.

"They'd be buying it because it's outrageously cheap," he added.

As for why TXU would sell, some experts said going private could allow the company to innovate without worrying about putting the share price on a roller coaster and facing the ire of Wall Street.

TXU shares rose 4 percent Friday afternoon, to close at $60.02, after news of the offer began to leak out. In after-hours trading, shares rose as high as $70.

The share price has dropped from all-time highs during the past few months as concern mounts about possible state and federal legislation that could limit the size of the company or the amount of pollution it would be allowed to emit.

If approved, the deal would be the largest acquisition ever, reflecting the current buyout binge sweeping the country. The previous record – the $39 billion purchase of Equity Office Properties Trust by the Blackstone Group – closed earlier this month.

The buyers, KKR and Fort Worth-based Texas Pacific, have teamed up before to make millions in the Texas energy sector. They were among a group of buyout firms that earned a more than sixfold return in little more than a year by buying and then quickly selling Texas Genco, a Houston wholesale power generation company, to NRG Energy Inc.

Utilities hold appeal for private equity firms because of their steady cash flows, which can be used to pay off the high debt levels usually loaded onto companies taken private.

But getting state regulatory approval for such deals has proven an obstacle for both firms. KKR and Texas Pacific failed to win approval for two separate buyouts involving utility companies in Oregon and Arizona.

Timing questioned

"This changes the entire landscape for everybody," said Dallas Mayor Laura Miller, who has spent the past six months trying to block permits for TXU's proposed coal plants.

"The timing is rather unsettling because it appears that this rush for the coal plants may have been to help build up the value of the company, because they would have had a nice corner on the electricity market with low-cost production units," she said.

Still, the mayor, who formed a coalition of cities that is taking part in TXU permit hearings, said she worries that a new owner might move TXU's headquarters out of Dallas.

The company's plan to build 11 plants ran into opposition from environmentalists, politicians, business leaders, rivals, and even Southern Baptists. The plan prompted the biggest environmental debate that Texas have ever seen, encompassing concern about pollution that can cause asthma and heart problems, as well as Texas' contribution to global warming.

This week, the administrative law judges handling TXU's permit hearing case delayed the hearing schedule by four months. The hearing officers bowed to a ruling from a state district court that an order from Gov. Rick Perry to speed up power plant permit hearings is probably unconstitutional. The decision was a setback for TXU's building program. Rather than getting a decision on permits this spring, the company will probably have to wait until the autumn.

And key Republican legislators have lashed out at the company for increasing retail electricity prices last year. The current session has brought a slew of legislation that could force TXU to break apart, cut its market share or drop prices.

Some lawmakers were briefed on the deal this week.

If TXU were private, executives wouldn't have to worry about the share price being affected by political shifts and public outrage.

Going private may also allow TXU to revolutionize the model of what it thinks a utility can be at a faster rate and with less hassle than if it remained a public company, said Ren Plastina, director of CIT Energy, which is part of the CIT Group, a New York-based commercial finance company.

"Utilities over the years have been relatively conservatively run," he said. "They haven't been particularly innovative. There's a lot that can be done with respect to new technologies."

Innovations

TXU executives have made it clear they wish to innovate. They will add technology to the TXU grid to support Internet service, and their strategy to design one, standard coal plant and replicate it across the country is novel.

Still, TXU has limited its risk in its coal plant program. While it has already ordered equipment for the proposed coal plants, at least one of the contracts could offer some flexibility for the new owners to build fewer plants.

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Tim Curran, president of Alstom U.S., said in an interview last week that TXU has ordered eight sets of emission control equipment from Alstom for the new plants. But Alstom is only working on three of the sets; he said work on five sets is suspended until he gets a green light to begin.

Both of the buyers, KKR and Texas Pacific Group, are flush with cash, after attracting more than $15 billion from investors for each of their latest funds.

Buyout firms are enjoying unprecedented boom times, thanks to a flood of cheap debt that has allowed them to team up with each other to make giant acquisitions. With so much money floating around, they are moving into nontraditional areas like casinos and high tech.

Texas Pacific has ownership stakes in two major local companies, the Neiman Marcus Group of Dallas and Southlake's Sabre Holdings Corp.

ABOUT TXU CORP.

Headquarters: Dallas

CEO: John Wilder

Revenue: $10 billion in 2005

Employees: 7,615

Retail customers: 2.4 million

Generating capacity: 18,300 megawatts

HISTORY

1882: Company is founded.

1917: It becomes Dallas Power & Light.

1945: DP&L joins two other utilities under the Texas Utilities holding company.

1984: The three utilities merge to become TU Electric.

1999: The TXU name is adopted.

Record Fine Expected For Univision (NYT)

By Stephen Labaton

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — When Univision began broadcasting a show three years ago about the misadventures of 11-year-old identical twin girls who swapped identities after discovering they had been separated at birth, it characterized the episodes as educational programming for children.

That decision is expected to cost Univision, the nation's largest Hispanic network, $24 million in what would be the largest fine the Federal Communications Commission has ever imposed against any company. The penalty is also expected to send a strong signal to broadcasters that they will be expected to meet their required quota of shows that educate and inform children, after years of permissive oversight in this area.

The commission has decided to impose the heavy fine — disclosed by Kevin J. Martin, the chairman of the commission, in an interview — as a tough rebuke to Univision for claiming to meet its obligations to broadcast educational children's programs by showing the Latino soap opera "Complices al Rescate" ("Friends to the Rescue") and other so-called telenovelas.

The penalty, part of a settlement that will allow the company to proceed with a buyout deal, is nearly three times the previous record fine of $9 million, imposed against Qwest Communications for violating telephone interconnection rules in 2004, and significantly more than the largest indecency penalty, $3.5 million, levied against Viacom that same year for remarks by Howard Stern and other so-called shock jocks on the radio.

It also represents an unusually aggressive enforcement of the 1996 regulations that interpreted the Children's Television Act. Those regulations, adopted after some broadcasters characterized cartoons like "The Flintstones" and "The Jetsons" to be educational programs, imposed more substantive requirements on the networks as they comply with the mandate to broadcast at least three hours a week of programs of intellectual value to young people.

Although some television critics say it is common for stations not to comply, only a handful of complaints have been filed. An even smaller number have resulted in modest penalties of several thousand dollars for stations found to have violated the rules.

Reflecting the views of many policy leaders in Washington who were appointed by President Bush, Mr. Martin said that he was committed to deregulation "and an environment where companies can be investing and competing and driving innovation." But he also said that he was not driven simply by ideology, and that there remain important areas where thorough regulation plays a valuable social role.

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"I generally think consumers are better served by less regulation, not more," he said in an interview. "But I also think the commission has a key role to play in some areas, such as children's television, and I take those obligations seriously."

The agency under Mr. Martin adopted new rules last year to make the children's television programming requirements apply to new digital television stations.

The $24 million fine, along with a plan to show more programming that would comply with the rules, are part of a consent decree that Univision has tentatively agreed to that would resolve complaints by viewers. It covers violations at 24 Univision stations over a 116-week period from 2004 to early last year.

Mr. Martin has already signed onto the decree. Once the full commission approves it, as expected, Univision will be able to complete its $12 billion sale to a consortium of private equity firms. Those investors include Providence Equity Partners, where a senior executive is Michael K. Powell, the former F.C.C. chairman, and Haim Saban, a wealthy investor who built a major business on the Mighty Morphin Power Rangers action figures.

Lawyers representing Univision before the commission declined to comment about the case.

The fine was applauded by some Democrats in Congress who have long been dissatisfied with the agency for failing to press broadcasters to provide higher- quality programming for children.

"As the prime House author of the Children's Television Act, I am pleased the commission is pursuing serious and vigorous enforcement of violations," said Representative Edward J. Markey, the Massachusetts Democrat who heads the House subcommittee on telecommunications and the Internet. "This is a particularly egregious case and the level of the proposed fine reflects it. Rather than giving kids programming that is educationally nourishing, Univision elected to give them the Spanish-language equivalent of a soap opera.."

The case dates to the summer of 2005, when the United Church of Christ raised concerns about Univision's programming lineup, complaining that it was failing to provide adequate children's programs. The network claimed it was meeting its obligation by repeatedly rebroadcasting the same episodes of the telenovela. The commission's staff found that 24 stations had violated the programming guidelines over a two-year period.

Angela J. Campbell, a telecommunications expert at Georgetown University Law Center who represents the church, appeared stunned by the decision.

"Assuming it's true, I'm pleased to see the commission finally taking action and I hope they will take action soon on other petitions we have filed in this area," Professor Campbell said. "Broadcasters need to know that they have to take these obligations to children seriously."

Univision had maintained that it satisfied its programming obligations for children by broadcasting several telenovelas, including "Complices al Rescate"

"A significant purpose and key educational objective of this program is to illustrate how friendship, love and kindness can help overcome life's adversities," the network's lawyers said in their brief before the commission. " 'Complices al Rescate' follows the lives of two 11-year-old girls, Silvana and Mariana, who have both experienced sadness, loss and injustice in their lives. Throughout the shows, the girls learn to appreciate that happiness is not found in popularity and money, but in true friendship, good will towards others and love."

But Mr. Martin said the commission found little merit to that argument, and critics said the show, with complex subplots and occasional adult themes, had little value for young children.

In an affidavit accompanying the United Church's complaint, Federico Subervi, a media consultant to such shows as "Dora the Explorer" and "The Misadventures of Maya and Miguel" said that "Complices" contained many adult plots and complex themes that were hardly suitable for young children.

As further evidence that the program did not comply with the rules, Mr. Subervi noted that 80 percent of the advertising during the show was geared toward adults.

A Software Maker Goes Up Against Microsoft (NYT)

By Steve Lohr

The New York Times, February 24, 2007

VMware, a young Silicon Valley company, is the early leader in a fast-growing market for what is called virtual-machine software. And that puts it on a collision course with Microsoft, the industry's Goliath.

A virtual machine essentially mimics a computer so that several copies of an operating system — say, Windows or Linux or both — can run on one physical machine. It allows computing chores to be done on fewer computers, using less electricity and taking up less space, promising a way to control costs at corporate data centers straining to keep up with the ever-increasing demands of the Internet age.

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It is also a product that occupies strategic ground in computing, as a layer of code that resides between a computer's hardware and the operating system, usurping some tasks, and potentially undermining the importance of the operating system.

In a meeting with corporate customers in New York last month, Steven A. Ballmer, Microsoft's chief executive, said, "Everybody in the operating system business wants to be the guy on the bottom," the software that controls the hardware. And he vowed that Microsoft, whose Windows operating systems are the main source of its corporate wealth and market power, would "compete very aggressively with VMware."

When quizzed on Microsoft's plans, Mr. Ballmer replied, "Our view is that virtualization is something that should be built into the operating system."

Bundling new technology into Windows has long been the Microsoft game plan. The most storied case came a decade ago when Microsoft overcame the challenge posed by another Silicon Valley highflier, Netscape, offering another crucial layer of software, the Internet browser. Microsoft feared a competitor's Web browser, running on top of the operating system, could reduce the power of Windows.

"There are certainly some analogies here to what Microsoft did with Netscape," said Mendel Rosenblum, a founder of VMware and its chief scientist.

The tactics Microsoft used in the browser battle, of course, led to a host of antitrust troubles for the big software maker in the United States and Europe.

This time, in the market for virtual-machine software, Microsoft is more restrained. Bowing to customer requests, Microsoft began more than a year ago to change its software licenses so its products could run in virtual machines like VMware offerings.

But in recent months, according to VMware, Microsoft has introduced new restrictions on how Microsoft products can be used in virtual machines in new ways, beyond simply dividing a single physical computer into several virtual ones.

This next wave of virtual technology, analysts say, includes software that lets virtual machines move freely across many physical machines, juggling computing chores, so that applications do not crash and Web response times are faster. Another promising new ability is running desktop personal computers as virtual-machine software, hosted and managed securely from a data center.

VMware, however, points to license changes on Microsoft software that it says limit the ability to move virtual-machine software around data centers to automate the management of computing work. A white paper detailing VMware's concerns will be posted Monday on its Web site (www.vmware.com), the company said.

"Microsoft is looking for any way it can to gain the upper hand," said Diane Greene, the president of VMware.

Yet VMware is making no antitrust claims against Microsoft, and legal experts question whether the friction between the companies is anything more than two rivals taking different paths to an emerging market.

"This seems to be a far more subtle, informed and polished form of competitive aggression than we've seen from Microsoft in the past," said Andrew I. Gavil, a law professor at Howard University. "And Microsoft has no obligation to facilitate a competitor."

In the past, said Mike Neil, general manager of virtualization strategy at Microsoft, customers paid a license fee when Windows was installed on a physical machine. But he said virtual-machine software breaks the tight link between the operating system and the hardware, raising the possibility that customers could be using Windows more but not paying for it. So now, he said, the license fee is based on when a copy of Windows is used, whether in a virtual or physical machine.

The license changes, Mr. Neil added, were not designed as a competitive tool. And he sees no evidence of any anticompetitive impact. "Look at VMware's financial success and you have to ask, How disadvantaged are they really?" he observed.

VMware is certainly thriving these days. Its sales reached $709 million in 2006, nearly double the previous year's figure. In the fourth quarter, revenue was $232 million, growing 100 percent from the year-earlier quarter.

VMware was founded in 1998 by Mr. Rosenblum, an operating-systems expert and an associate professor at Stanford University; Ms. Greene, a veteran of Silicon Graphics, Tandem, Sybase and a couple of start-ups, who is also Mr. Rosenblum's wife; and three other computer scientists, Scott Devine, Edouard Bugnion and Edward Wang.

Virtual-machine software dates to the 1960s, when I.B.M. used the technology to coax greater performance from costly mainframes. The achievement of Mr. Rosenblum and his team of Stanford-trained researchers was to develop virtual-machine software that worked, fast and reliably, on today's lower-cost machines powered by microchips made by Intel and Advanced Micro Devices.

By late 2003, VMware was profitable and growing strongly, and its payroll was approaching 400 people. Its future would depend on keeping its talented team of computer scientists in place, and Google and others were dangling offers. So VMware agreed to sell itself for $635 million in cash to EMC, a leader in data storage systems that was expanding into software. VMware

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had talked to other companies including I.B.M. and Microsoft. But EMC, not being a major software company, offered VMware more independence.

This month, EMC said it would give VMware an added measure of independence with a separate stock listing and its own shares to help retain its current work force of more than 2,500, and lure new talent. EMC will sell 10 percent of VMware in an initial public offering in the summer that analysts say is likely to value the company at 10 times what EMC paid for it just three years ago.

VMware's growth is explained by the experience of customers like the International Truck and Engine Corporation, a producer of diesel engines, trucks and school buses. A few years ago, Barry Naber, a technology manager at International Truck, the operating company of Navistar International, began looking for ways to curb the growth of server computers in its data center.

Mr. Naber opted for VMware virtual-machine software, and today the company runs 230 applications, including expense, accounting, training and Web programs on 18 computers in its computer center in suburban Chicago. He estimates the savings for each virtual machine at $7,500 in hardware and maintenance costs avoided, or about $1.7 million.

Mr. Naber also looked at Microsoft's virtualization offering, but in tests found it was far slower and less reliable than VMware. "We're entrenched with VMware for now," he said.

One thing that Microsoft has lacked is a hypervisor, the lowest level of software that rests on the hardware and partitions the computer so it can cleanly and efficiently run several virtual machines. Microsoft is developing a Windows hypervisor code-named Viridian. It will be tailored for the next version of the Windows server operating system, called Longhorn, scheduled to ship by the end of 2007. Viridian will be ready shortly after that. "Virtualization, frankly, is a feature," Mr. Neil, the Microsoft manager, said. "It's a great operating system feature."

Microsoft has built up its virtual-machine team in the last few years with internal hiring and a couple of small acquisitions. And having identified virtual software technology as a core ingredient to its operating system, Microsoft promises to become a daunting competitor eventually.

Yet today, VMware holds an estimated 80 percent of the market for virtual-machine software that runs on computers powered by industry-standard Intel and A.M.D. microprocessors. "The market could change depending on what Microsoft does down the road, but VMware is the 800-pound gorilla of virtualization," said John Humphreys, an analyst at IDC, a research firm.

In the long term, VMware will also face competition from start-ups in the virtual-machine software market like Virtual Iron and XenSource. The start-ups note that only 5 to 7 percent of computers in data centers use virtual software. They see a market that is just beginning to take off with plenty of opportunity, if they can match VMware's technology and charge less.

Virtual Iron and XenSource take opposing views on Microsoft's recent moves. "Microsoft sees VMware coming between them and their customers," said John Thibault, president of Virtual Iron. "So Microsoft is manipulating its license terms to see if it can freeze the market and slow down the trend."

For its part, XenSource signed a deal last year with Microsoft to collaborate so that XenSource's software will work well with the virtualization technology Microsoft is developing for the Windows Longhorn server. "We set out to partner with Microsoft," said Peter Levine, president of XenSource, "and VMware chose to compete with Microsoft."

VMware, according to Microsoft, should see the wisdom of the path XenSource chose. In his meeting with corporate customers recently, Mr. Ballmer sketched out a future in which Microsoft would put fundamental virtual-machine software in its operating systems, and "VMware builds on top."

VMware is leery of such an accommodation, fearing it would prove to be a one-sided bargain. "We will not sign agreements that give Microsoft control of this layer," Ms. Greene said.

Tuning In To One Company (NYT)

The New York Times, February 24, 2007

Vigorous competition in the private sector has served the United States economy and consumers extremely well, providing a greater array of choices, more innovation and lower prices. The two — and only — satellite radio companies are now eager to merge and are arguing that together, they will prove to be the exception to the rule.

The industry is important and still young. We urge regulators to take a hard look at the companies' proposal before leaving the field in the hands of a single player.

Sirius and XM provide subscription radio services for some 14 million customers, with each company beaming more than 100 channels of music and talk radio, much of it without commercials. The services — both less than six years old — have generated considerable excitement with things like high-profile and high-price deals, including the $725 million in cash and stock that the shock-jock Howard Stern is reported to have signed for.

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Together the two services have also managed to accumulate $6 billion in losses since receiving their licenses a decade ago.

The companies' managers argue that the $13 billion merger could finally make them profitable by letting them cut costs and redundant programs, while giving consumers more programming options for their bucks. As for the fear of creating a monopoly, they argue that competition will still come from terrestrial radio (commonly known as AM and FM), iPods and other next-generation technologies.

It is important to remember that these are not widget makers. Radios carry important discourse and debate — they are vital to the free exchange of ideas protected by the First Amendment. Recent experience shows that media consolidation usually leads to more homogeneous content, politically as well as artistically, and it rarely benefits the consumer or the country.

There is also the question of what precedent would be set if regulators accepted the broadest possible definition of audio competition, and whether that could lead to even more mergers in radio. No less troubling are reports that the companies believe that they have an incentive to merge before the Bush administration and its overly friendly-to-business regulators leave office.

The companies should, of course, be allowed to argue their case. And consumers should voice their opinions as well. Unless they want to pay for both services, subscribers are currently missing out on exclusive shows: Mr. Stern can be heard only on Sirius, and the nation's empathizer in chief, Oprah Winfrey, only on XM. Sports fans who want football and baseball have to pay for both services.

Consumers should also recognize that XM and Sirius compete vigorously for customers, talent and corporate partners. Both even charge the same rate, $12.95 a month, a price that might well rise if there was no competition.

When XM's and Sirius's licenses were granted, the Federal Communications Commission stipulated that "one licensee will not be permitted to acquire control of the other." The chairman of the F.C.C., Kevin Martin, reiterated that point this week but left the door open to a possible merger, saying, "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices." We are skeptical about the chances of that happening.

MP3 Patent Verdict Harmless To Music Fans -- For Now (WP)

By Alan Sipress And Mike Musgrove, Washington Post Staff Writers

The Washington Post, February 24, 2007

Don't worry. The authorities aren't coming to confiscate your MP3 player because of a patent infringement ruling this week that involves the technology behind digital music.

The verdict, if upheld, could cost Microsoft $1.52 billion or more in damages. And that could end up costing you, as manufacturers pass on the expense of paying royalties to Alcatel-Lucent, which a federal jury in San Diego found to be the rightful owner of the technology.

But those costs aren't likely to come for some time, if at all, industry analysts and patent lawyers said yesterday.

The technology industry was abuzz over Thursday's unexpected verdict, which included what lawyers said was the largest patent award in history, and its significance for the MP3 format that is at the heart of the booming market for digital music.

Though the verdict could affect hundreds of companies that use the technology in various devices, experts said consumers would not suddenly be unable to obtain or play MP3 files. Even in the long run, there may be no effect on consumers if the verdict is overturned on appeal. Microsoft's lawyers have said they will appeal both the jury's finding that the company infringed on the patents and the amount of its award to Alcatel-Lucent.

Paul Saffo, a Silicon Valley technology forecaster who teaches at Stanford University, said he thought there was a good chance that the verdict would be overturned. "I don't think there's a credible worst-case scenario," he said.

But Roger L. Kay, a technology industry analyst, said small companies working on low margins to manufacture MP3 players could be vulnerable if the verdict results in licensing fees beyond what they can afford.

"For some of those guys, something like this could be catastrophic," Kay said. While larger companies such as Apple and AOL may be able to pay Alcatel-Lucent's fees, "there will be others that are marginal to begin with, and something like this could put them out of business."

The legal dispute turns on two patents for technology developed at Bell Laboratories, which later became part of Lucent Technologies. Alcatel bought Lucent last year and inherited the patents.

Both patents relate to how music is converted into small digital files. One of the patents is for a method of analyzing sound to gauge whether it is more like music or noise, then representing it in digital form based on that determination. The other patent pertains to the process for determining whether the sound is audible to the human ear and then converting only that audible part into digital form.

Hundreds of companies that thought they had properly licensed the MP3 format from Germany's Fraunhofer Institute, which was also involved in developing the MP3 technology, could be financially liable for infringing on Alcatel-Lucent's patents.

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"Because of the uncertainty created by the verdict, you are going to see Alcatel-Lucent out there trying to use the verdict as a lever to get companies playing in the MP3 area to get licenses now," said Martin M. Zoltick, a Washington patent attorney.

He predicted that some companies will wait for the outcome of the appeal before paying Alcatel-Lucent, while others will want to obtain licenses sooner to end the uncertainty. If the verdict is upheld in U.S. circuit court, more companies would give in while a few would hang on to see whether the case is accepted by the Supreme Court for consideration, Zoltick said.

Alcatel-Lucent sued Microsoft over audio-file technology that the software giant first included in its Windows operating system in 1998 and later built into its Windows Media Player.

But the MP3 format is now so widely used that the jury's verdict could affect manufacturers of products well beyond desktop computers. MP3 technology is also used in mobile phones, digital-music players, handheld computers, video games and car audio systems.

About 400 companies, including some of the world's largest technology companies, have licensed MP3 technology from Thomson Technology, a San Diego firm that identifies itself as a representative of the Fraunhofer Institute.

In a prepared statement, Thomson said yesterday that it does not license the two patents at issue in the court case. Thomson said it had the rights to 20 other families of patents that cover some of the standards for compressed audio files and are essential to implementing MP3 technology.

"MP3 is the world's most popular compressed audio technology, and we look forward to its continued popularity," the company said.

But some experts suggested that the fear of litigation and increased royalties could force companies to adopt other formats for audio files, including open-source technology. Apple, maker of the popular iPod music payer, uses a format called AAC for its iTunes music store.

ENVIRONMENT:

President Promotes Alternative Energy With A Car Show Of Sorts (NYT)

By Matthew L. Wald

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — President Bush turned to alternative fuels, and alternative companies, to argue Friday that his goal for reining in gasoline consumption in the coming decade was realistic.

On the South Lawn of the White House, Mr. Bush inspected a version of the Toyota Prius, the popular Japanese gas-electric hybrid, that had been rigged with a Canadian-built battery pack to allow it to operate more of each day on electricity, along with a South Korean sport utility truck modified by a small California company to run entirely on batteries.

Neither is now a mass-market product, but each, the president said, is evidence that entrepreneurs will rush in to solve the nation's oil addiction. He called on Congress to approve financing that he has requested for research.

The administration has set a goal of reducing gasoline consumption within 10 years by 20 percent from current forecasts. The question is, Which technologies will prove viable?

The modified Prius shown Friday carried an extra battery pack in the space intended for the spare tire and had undergone software modification, so that it used more battery power than a standard Prius, reaching higher speeds before starting up the gasoline engine.

Ric Fulop, vice president of A123 Systems of Watertown, Mass., which modified the car, said a battery that would power it for about 40 miles between overnight chargings cost $10,000 and would last through 7,000 cycles of charging and discharging — "more than the life of the vehicle."

The electric truck can go 130 miles between chargings, said Bryon Bliss, vice president at Phoenix Motorcars of Ontario, Calif. The company has orders for 75, at $45,000 each, and hopes to sell 500 this year and 6,000 next year, Mr. Bliss said.

To a repeated question as to whether he would consider one of the vehicles for his ranch in Texas, Mr. Bush simply wished the assembled reporters a good weekend and returned to the Oval Office.

Texas: B.P. Settles 2 Lawsuits (NYT/AP)

By The Associated Press

The New York Times, February 24, 2007

The energy giant BP has settled two more lawsuits stemming from a 2005 explosion at its Texas City oil refinery that killed 15 people and injured more than 170, the company and a lawyer for two injured contract workers said. Terms of the deal were not released. Jury selection had been set for next week over lawsuits filed by the workers, E. J. Godeaux and Clarence Kinard.

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Theirs would have been the first cases connected to the blast to go to court. Mr. Godeaux, 61, a painter and sandblaster from Texas City, had neck and back injuries, and his right eardrum was blown out. Mr. Kinard, 67, a boilermaker from Cleveland, Tex., injured his back and experienced hearing loss.

FBI/DEA/ATF/USMS:

Arellano's Arrest Location Challenged (SDUT)

By Kelly Thornton, Staff Writer

The San Diego Union-Tribune, February 24, 2007

Captain questioned on yacht's position

DOWNTOWN SAN DIEGO – The captain of the yacht on which suspected drug kingpin Francisco Javier Arellano Félix was arrested last summer has become the center of a fascinating legal debate with international political implications.

Capt. Edgar Omar Osorio took the witness stand yesterday during an unusual pretrial hearing, and questions by Arellano's lawyers seemed to lead in one direction: Did the arrest take place in international waters, as prosecutors maintain, or did U.S. officials apprehend him outside their jurisdiction, in Mexican waters?

Perhaps the more important question is, does it matter where the Aug. 14 arrest occurred?

Prosecutors say the questioning is an irrelevant sideshow with no impact on the facts of the case. But if the incident happened in Mexico, defense attorneys could seek dismissal of the case because Arellano was illegally arrested. Failing that, they could ask that evidence seized on the boat be thrown out because it was the result of an unlawful seizure.

It could also affect the U.S. government's ability to seek the death penalty.

Traditionally, Mexico has refused to send anyone to the United States who would face the death penalty, which is barred in Mexico. There could be political ramifications if the U.S. government violated international law and breached the sovereignty of Mexico to apprehend Arellano.

But cooperation on extradition matters between the two countries has improved significantly in recent months. Some legal observers wonder how motivated Mexican officials would be to intervene on behalf of an Arellano, and perhaps disrupt the dismantling of its most feared drug cartel.

Since Mexican President Felipe Calderón was sworn into office in December, he has cleared the way for the extradition of 15 reputed drug lords, including four who were indicted in San Diego years ago. The action was called “unprecedented in scope and importance” by U.S. Attorney General Alberto Gonzales.

Even if Arellano was taken in Mexican waters, the U.S. Supreme Court has already ruled in a case with similar allegations that the U.S. government violated Mexico's sovereignty and the extradition treaty between the two nations.

In 1992 the court upheld the kidnapping in Mexico of Humberto Alvarez Machain by operatives paid by the U.S. Drug Enforcement Administration. The operatives brought Machain to the United States to face charges in the torture and murder of drug agent Enrique Camarena.

Although a U.S. district judge later acquitted the Mexican doctor, his abduction in Mexico was viewed as a violation of sovereignty – but the high court did not dismiss the case.

Security was tight at yesterday's hearing attended by Arellano and a co-defendant, Manuel Arturo Villarreal Heredia. Bomb-sniffing dogs swept the courtroom before anyone was allowed inside.

Arellano and Villarreal are charged, along with Arellano brothers Benjamín and Eduardo and seven others, with overseeing the shipment of tons of cocaine into the United States on fishing boats, private planes, trucks and commercial airliners.

The organization also is accused of the murders of at least 14 people in Mexico and six in Southern California. The family-operated cartel began building a power base in 1989 and has been linked to hundreds of murders in Baja California, including high-ranking police officials and others caught in the crossfire.

Defense attorneys said Javier Arellano was arrested off Cabo San Lucas, Baja California, aboard the 42-foot yacht Dock Holiday. Prosecutors have said signals from a secretly installed global positioning device indicated the arrest took place 1.1 miles into international waters.

Osorio, a longtime boat captain, initially refused to talk to prosecutors or testify before a grand jury. But recently, after almost six months in custody, he approached the government and agreed to talk, saying his wife had died in Mexico while he was jailed, and his children need him. The government said Osorio has no information that is germane to the prosecution's case and no longer opposes his release.

U.S. District Judge Larry Burns rejected a request by Arellano's lawyers yesterday to continue to hold Osorio. They had argued that they may need him to testify on behalf of Arellano at trial.

Burns said Osorio's videotaped deposition would suffice, and the captain will be released and returned to Mexico after his deposition, which is expected to conclude Monday. Osorio was held only as a witness and was never charged with a crime.

At the hearing, defense attorney Mark Adams said he and co-counsel David Bartick urged the judge to grant a request that the government provide more "pings" – the signals transmitted by the global positioning device on the boat to a satellite, which showed the position of the yacht.

The government has already turned over to the defense two such pings, one before the arrest, and one after, which they say indicates the arrests occurred in international waters.

The defense claims the pings they have are inconclusive and they want all signals from the weekend before the arrest to better track the boat.

The defense attorneys said they had previously questioned Osorio outside court and feel "he is not being truthful in regard to . . . the geographic location of the Dock Holiday during that weekend."

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Homemade Pipe Bombs Often Lethal, Expert Says (EPT)

By Tammy Fonce-Olivas

El Paso Times, February 24, 2007

Each of the homemade explosives two Lower Valley men allegedly attempted to sell to undercover federal agents earlier this week had the destructive power to seriously injure or kill a person, a federal official said Friday.

"It could have caused a lot of damage," said Tom Crowley, spokesman with the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The bombs Alfredo Rubio, 23, of San Elizario, and Juan Ortiz, 22, of Socorro, allegedly tried to sell to an undercover ATF agent on Wednesday were explosive devices, each made of about 12 inches of PVC pipe that contained smokeless powder, steel BBs and a carbon dioxide cartridge.

Crowley said pipe bombs are so dangerous because they contain shrapnel -- usually nails, glass or other dangerous objects -- that become projectiles when the bomb explodes.

The size of the pipe bomb, which can range from 2 inches long to much larger, determines whether the detonation created by the explosive causes serious injury or even death, said El Paso police Sgt. Peter Pacillas, a supervisor

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on the department's bomb squad.

"It's an improvised explosive device, so it depends on who's making them and how they're making them," Pacillas said. "If they don't kill you, you're going to be seriously maimed."

The El Paso Police Department, one of several agencies involved in the case, was in charge of transporting and detonating the suspected pipe bombs as the only regional bomb squad in the area.

Rubio and Ortiz were arrested Wednesday. Each is charged with conspiracy to make at least 15 pipe bombs.

An affidavit attached to the criminal complaint against the men alleges that the men were "fully aware of the pipe bombs' capabilities as a destructive device" during their interaction with the undercover agents.

Tammy Fonce-Olivas may be reached at tfonce@elpasotimes.com; 546-6362.

El Paso Times reporter Darren Meritz contributed to this story.

IMMIGRATION:

Bush Plan To Allow Mexican Truckers Throughout U.S. Draws Criticism (NYT/AP)

By The Associated Press

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 (AP) — A Bush administration plan to allow 100 Mexican trucking companies to haul freight deeper into the United States than previously allowed drew an angry reaction Friday from labor leaders, safety advocates and members of Congress.

The administration plan, announced Thursday, would have United States inspectors oversee Mexican trucking companies that carry cargo across the border. The pilot project will let Mexican truck companies travel throughout the United States. No hazardous material shipments will be permitted.

Currently, trucks from each country are allowed only 20 miles into the other to deliver their cargo.

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Offering details on Friday, Transportation Secretary Mary E. Peters said, “This program will make trade with Mexico easier and keep our roads safe at the same time.”

But opponents said Mexico had substandard trucks and low-paid drivers that would threaten national security, cost thousands of jobs and endanger motorists.

James P. Hoffa, president of the International Brotherhood of Teamsters, said, “They are playing a game of Russian roulette on America’s highways.”

According to the Transportation Department, inspectors will examine every truck and interview drivers to ensure they can read and speak English. They will examine trucks and check the licenses, insurance and driving records of the Mexican drivers, and they will verify that their employers are insured by companies licensed in the United States.

The first Mexican trucks are expected to drive beyond the border area in about 60 days, the Transportation Department said.

Under the 1993 North American Free Trade Agreement, access to all United States highways was promised by 2000, as was access through Mexico for American carriers. That aspect of Nafta was stalled by lawsuits and disagreements.

Deborah Hersman, a member of the National Transportation Safety Board, questioned how the United States could spare sending inspectors to Mexico when only a tiny percentage of American truck companies were inspected every year.

Mexican carriers insist their equipment meets United States standards. According to the Transportation Department, 240 federal and 300 state government employees deal with Mexican truck issues.

Senator Patty Murray, the Washington Democrat who leads the Appropriations Subcommittee on Transportation, announced a March 8 hearing to determine whether the plan met safety requirements.

U.S. To Allow Mexican Trucks (WSJ)

By Robert Guy Matthews

The Wall Street Journal, February 24, 2007

Pilot Program Resolves Nafta Issue but Upsets Teamsters, Lawmakers

WASHINGTON -- Following a decade of dispute, the U.S. will open its highways to Mexican cargo trucks, in a move that could alter the economics of the domestic trucking industry and is already uniting some American lawmakers, unions and trucking companies to oppose the change.

The Transportation Department on Friday said it is starting a pilot program that could begin as soon as April that will allow 100 Mexican trucking companies unfettered access to U.S. roads. Under the program, both drivers and trucks must first pass certain safety checks designed and overseen by U.S. officials in Mexico. The program could eventually be expanded to include additional Mexican trucking firms.

If the trial succeeds, the U.S. trucking industry could change drastically. Mexican drivers are paid one-third to 40% less than their U.S. counterparts, who make an average of about $40,000 a year. An influx of Mexican truckers would be a boon for U.S. businesses with production lines in Mexico, by decreasing costs and delays from the current need to shift U.S.-bound goods at the border to American trucks from Mexican ones. According to the Census Bureau, the U.S. imported $198 billion of goods from Mexico in 2006.

Some trucking companies in the U.S. vowed to block the move, which they say will hurt them. The opposition comes against a backdrop of rising protectionist sentiments that helped propel Democrats to take back Congress in November and increasingly is coloring trade-policy debates in Washington.

The issue of whether to allow Mexican freight trucks on U.S. roads has been controversial for more than a decade. Under the North American Free Trade Agreement, ratified by Congress in 1993, the U.S. and Mexico were supposed to open their roads to each other's trucks, at least partially, as part of a broader push to strengthen bilateral economic and trade ties. But the trucking agreement was put on hold in 1995 after U.S. trucker unions and other opponents lobbied lawmakers to block such a move. They argued that Mexican trucks were unsafe, caused pollution and would facilitate illegal immigration.

Implementation of the agreement ran up against other barriers, including Congress's imposition in 2001 of a set of safety requirements that had to be met before the U.S. could open the border to Mexican trucks. In June 2004, the Supreme Court ruled that the president had the power to decide whether Mexican trucks could enter the country, but it took three years for the U.S. and Mexico to reach an agreement, signed Thursday, that will allow U.S. officials to conduct safety inspections in Mexico. It will also allow U.S. trucks in Mexico, though that isn't usually cost-effective.

Andrew J. Gillespie, director of transportation for Ansell Healthcare Products LLC in New Jersey, said the new open-roads policy means his business won't lose time and money when transporting work-glove materials from Mexico to New Jersey for final assembly. "We have been waiting years and years for this change."

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Currently, businesses shipping goods to the U.S. from Mexico must use three drivers and three tractors to move freight. Under the pilot program, Mexican trucks will be able to go directly to their destinations in the U.S.

The American Trucking Associations, the country's largest trucking-industry group and a representative of some U.S. trucking companies that operate out of Mexico, voiced support for the pilot program. It said the program would improve efficiency and reduce pollution from idled trucks.

But some past opponents of opening up vowed to continue to fight the move. "We are on this thing, and we are going to be contacting members of Congress, because we are very concerned about highway safety," said Jim Hoffa, president of the Teamsters union, which represents many truckers. "There is such political pressure to do things to save money for big corporations."

Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association, which represents mostly small-business truckers in the U.S., said his group would also fight the policy, which he expects will cause companies with divisions in Mexico to use more Mexican trucks to lower labor costs. "We are going to raise this as a safety issue, because this is a problem for us," he said.

Sen. Patty Murray (D., Wash.), head of the Senate Appropriations Committee's transportation subcommittee, said she will hold a hearing on March 8 to make sure safety regulations will be met.

Rep. James Oberstar (D., Minn.), chairman of the House Transportation Committee, has opposed allowing Mexican trucks into the U.S. on the grounds that they aren't as safe as U.S. vehicles. He questioned whether the Transportation Department had the necessary systems in place to safeguard Americans on the road.

"The U.S. is obligated to live up to its commitments under the North American Free Trade Agreement, but not at the expense of the safety of our citizens," he said. "We cannot afford to pursue policies that represent a step backward in terms of safety."

U.S., Mexico And Canada Discuss Border Issues (NYT)

By Christopher Mason

The New York Times, February 24, 2007

OTTAWA, Feb. 23 — American, Mexican and Canadian cabinet ministers met here on Friday to set the agenda for a meeting later this year by the leaders of the three countries, with the discussions taking an increased focus on protecting cross-border trade in the face of increasing border security measures.

Secretary of State Condoleezza Rice, Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez met their Canadian and Mexican counterparts amid concerns that new United States border restrictions — particularly the requirement of passports, beginning in January 2008, for land and sea crossings — would hamper the $880 billion in annual trade among the countries.

No firm agenda emerged for a planned meeting later this year of President Bush, President Felipe Calderón of Mexico and Prime Minister Stephen Harper of Canada. But officials here were optimistic that the countries could continue to increase trade despite concerns by Canada over the passport requirement and by Mexico about United States plans to erect a security wall along their border.

“This is a broad agenda that is going to make life better for people, and it is the only way that we can achieve security and prosperity,” Ms. Rice said.

The passport requirement has been controversial in Canada, but its leaders have said they will adjust to, and not protest, the changes.

“We recognize that that will have an effect on life in general,” Public Safety Minister Stockwell Day said. “That is why we pursue the areas of seeing our countries being as competitive as possible.”

Borders Without Fences (NYT)

By Ted Kerasote

The New York Times, February 24, 2007

IN the debate over how to prevent illegal immigration from Mexico into the United States — armed patrols, electronic surveillance, prison time for first offenders and a 700-mile-long 15-foot-high fence — few politicians have voiced concern over the last option’s profound effects on wildlife.

Authorized by the Secure Fence Act of 2006, this barrier (83 miles of which have already been built) will bisect a border region that has some of the most ecologically diverse landscapes in the hemisphere. It is here — in a land of deserts, mountains, conifers and cactus — that bird species from North and Central America share territories and cross paths during migrations. It is

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here that endangered wildlife, like the jaguar and gray wolf, have an opportunity to reoccupy lands from which they were extirpated during the last century.

The list of other beautiful common or rarely seen animals that live along the border is long. A small sampling would include cougars, desert bighorn sheep, ocelots, pronghorn antelope, road runners, white-tailed deer and hundreds of species of birds and insects. The fence would physically prevent both large and small mammals as well as reptiles from traveling across the border, and the lights atop the fence would attract insects, making them easier prey for birds that feed on them. Some of these insects pollinate the plants of the region, including cactus.

Since the secretary of homeland security will have authority to waive laws that stand in the way of building the fence — like the Endangered Species Act — wildlife and habitats could be destroyed on a scale not seen since the 1960s, when the nation's first wilderness and environmental laws were passed. Of course, many argue that the fence is an issue of national security and the safety of the American people trumps that of American wildlife. But that reasoning is flawed. The economic health of many people is increasingly reliant on the health of their natural surroundings.

In fact, studies done at the Universities of Montana and Colorado show that intact natural landscapes attract not only tourists to a region but also new residents and businesses that pump dollars into local economies. It isn't just plentiful sunshine that has made the Southwest one of the fastest-growing regions in the nation, it's also the region's diverse natural attractions, one of which is wildlife.

The fence, however, will reduce wildlife-viewing opportunities in the many national parks, monuments, refuges, wilderness areas and forests that garland the United States-Mexico border. And its effects will be felt far to the north and south, along the mountainous backbone of the continent, where conservationists have spent decades mapping and preserving migration corridors that allow the free movement of wildlife between the two nations.

Such ecological damage has already been seen around the world, where a variety of high, long fences have been constructed. In Botswana, for instance, the government erected fences, starting in the 1950s, to separate wildlife and livestock. As a result, at least 250,000 wildebeest, unable to reach water, perished from 1970 to 1984 and tens of thousands of antelope have died. In Asia, the migration of gazelles has been curtailed by the fence that the Chinese government built along the border with Mongolia in the 1990s. And in Australia, a 3,300-mile-long fence built in the 1950s to keep dingoes out of the southeastern part of the continent deprived kangaroos of their natural predator. Thus, the kangaroo population flourished, reducing the number of sheep the land could sustain, a result that the backers of the fence — sheep ranchers — neither foresaw nor intended.

Unfortunately, since the fence along the United States-Mexico border is designed to keep people out, it can't be outfitted with features that allow wildlife to migrate over and under livestock fences and highways. Let's hope that when it comes time to appropriate the money to build the entire fence, cooler Congressional heads will prevail. There are better ways to protect our borders than building a wall that people will inevitably find ways around but wildlife won't.

TAX:

IRS Urged To Go After EBay Sellers (SFC)

By Verne Kopytoff, Chronicle Staff Writer

San Francisco Chronicle, February 24, 2007

Tax experts say online auctions should report users' profits

When it comes to paying income taxes, eBay's legions of small-time entrepreneurs are on an honor system in which they are supposed to declare their profits to the Internal Revenue Service. Many users, however, ignore the law or are unaware of their obligation.

Now a growing chorus of tax experts is hoping to crack down on the cheating by requiring eBay -- and other online auctions, such as those on Yahoo, Ubid.com and Amazon -- to track users and report their gross sales to the federal government. Armed with such information, the IRS could better seek any taxes owed, potentially reaping millions of dollars in extra revenue for the U.S. Treasury.

But requiring eBay to out its sellers to tax collectors could send a shockwave across its vast online bazaar, where users trade everything from Ferraris to Ugg boots to pepper spray. Paying Uncle Sam could significantly reduce their profits or even make their businesses money-losers.

The latest call for more aggressive tax collection was heard last week at a congressional committee hearing focused on closing the tax gap, the hundreds of billions of dollars in taxes that go unpaid each year. Nina Olson, the national taxpayer advocate for the IRS, spoke of the heavy burden put on the nation by the shortfall and then cited undeclared online sales -- particularly on eBay, given its size -- as part of the problem.

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"The IRS must have the tools needed to address under-reporting of this income," said Olson, whose job is to voice taxpayer concerns to the federal government.

EBay, based in San Jose, has 97 million U.S. users, who, in 2006 sold $25.2 billion in merchandise, exceeding the gross national product of many countries. More than 720,000 Americans make their primary or secondary income from the Web site, according to a 2005 study.

How many eBay users pay the taxes they owe on their online earnings is unknown. But experts suspect the percentage is low.

Virtually all tax filers -- 96 percent -- pay what's owed on income that is reported to the IRS by a third party, such as when a bank reports interest earned on a savings account, according to the IRS. However, when a third party doesn't tip off the government, compliance drops dramatically, to below 50 percent.

The remedy, according to many federal officials, is to expand reporting requirements. The question is, which businesses and what kind of income should fall under the rules?

As part of his proposed federal budget for 2008, President Bush made what many believe is the first step to more vigorously collect taxes on online sales. Although vaguely worded, the proposal would require "brokers," or middlemen, to collect taxpayer identification numbers from clients and report their sales of personal property to the IRS on a 1099 form if sales surpass 100 transactions or more than $5,000 annually.

Under current law, eBay and other auction sites aren't considered brokers. But definitions can be changed.

In November, a citizen advisory group for the IRS recommended as much. Expanding the definition to include online auctions, the group said, would open the door to reporting and increased tax compliance.

Paul Heller, chairman of the citizen advisory group, made up of accountants and tax preparers, applauded the president's proposal, but called it so nebulous that it's unclear what kind of businesses he's targeting. Heller, a vice president for JPMorgan Chase, suspects that the provisions are at least partly aimed at Internet sales.

"I have no idea who it would be referring to," Heller said of the proposal, "if not online auctions."

Jennifer Zuccarelli, a spokeswoman for the Treasury Department, declined to name any companies the Bush proposal applies to. All she would say is that the provisions would affect both online and offline commerce, without discrimination as to the medium.

Other than Internet sales, tax experts said that art galleries and consignment stores could be potential targets of the Bush proposal.

Hani Durzy, a spokesman for eBay, insisted that his company would be unaffected if Bush's ideas are enacted as written. EBay doesn't meet the definition of a broker, he said, because it never takes possession of the merchandise its users sell.

In any case, Durzy said eBay doesn't even know whether any given transaction is completed and therefore can't report authoritatively about a user's sales to the IRS.

Simply reporting to the government, he added, would be a financial burden for his company.

David Yaskulka, marketing chairman for the Professional eBay Sellers Alliance, an industry group of more than 500 big eBay sellers, said it wouldn't bother him if eBay reported sales information about its users to the IRS. In his experience, big sellers already pay their fair share.

"Every professional seller I've ever talked to pays their taxes and has no problem with anyone finding out about the level of business they're doing," Yaskulka said.

His concern is that legislation will unfairly target eBay. All sales venues, online or off, should be treated the same, he said.

The next step for the proposed legislation, along with a number of other of Bush budget ideas, is to go through Congress, starting with the House Ways and Means Committee. Members are likely to address the issue during an upcoming hearing on closing the tax gap, tentatively scheduled for mid-March.

Matthew Beck, a spokesman for the committee's Democratic majority, declined comment, other than to say of the Bush proposal, "We certainly take that as a starting point, and we certainly look forward to addressing the tax gap."

CONGRESS-ADMINISTRATION:

Medicaid Cuts Would Cost Public Hospitals, Other Facilities (LAT)

By Ricardo Alonso-Zaldivar

The Los Angeles Times, February 24, 2007

WASHINGTON — At a time when states are striving to expand healthcare coverage, the Bush administration is pressing ahead with plans to cut nearly $4 billion in aid for public hospitals and other providers of last resort for the uninsured.

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The cuts would affect hospital funding provided by Washington as part of Medicaid, the federal-state program known in California as Medi-Cal. It serves more than 55 million low-income people, including the working poor, elderly nursing home residents with few financial resources, and many children of low-income parents. In addition, it has provided funds for hospitals and other healthcare institutions that serve large numbers of uninsured patients.

Public hospital officials said California institutions could lose $500 million a year under the reductions, with the Los Angeles County public health system taking an estimated annual cut of $200 million.

"It's equivalent to shutting down all the outpatient clinics we own and operate, as well as those we contract with in the community," said county health chief Dr. Bruce Chernof.

The cuts are prompting sharp protests from governors and dozens of lawmakers, partly because they represent an end run around congressional defenders of the aid program. After failing to get Congress to approve the reductions last year, the administration is now trying to impose them through a regulation that does not require action on Capitol Hill.

"The administration is moving forward with these proposed changes without any input from Congress or governors," the National Governors Assn. complained Friday in a letter to congressional leaders. In an unusually direct challenge to the administration, the governors asked Congress to pass legislation that would block the rule from going into effect.

Separately, some independent experts have questioned whether the administration has the legal authority to make unilateral cuts. The confrontation recalls other recent cases in which the administration has tried to impress its will on Congress. For example: White House "signing statements" attached to anti-terrorism laws that assert the president's right to carry out the legislation according to his judgment.

Defending their actions, administration officials said the new rule was aimed at preventing some states from gaming the system. States have sometimes used the hospital funding for the uninsured to leverage more federal funding, officials said. The rule would limit the kinds of institutions eligible for such funding, as well as the rates the federal government would pay.

The goal is straightforward, said one federal official. "It's a simple concept: You can't get paid more under Medicaid than it costs to serve patients who are eligible for Medicaid," said the official, who asked not to be identified because of the politically sensitive nature of the issue.

Hospitals use the federal funding to offset the cost of caring for the uninsured, who are often members of working families that make too much to qualify for Medicaid and too little to afford their own coverage. Trauma centers, neonatal intensive care units, emergency departments and burn units could be among those jeopardized by the cuts, hospital officials said.

Other proposed healthcare cuts are included in the regulation, bringing the total nationwide to about $5 billion.

Officials in Sacramento said that Gov. Arnold Schwarzenegger had expressed concerns to Washington about the cuts, but that the state had been assured that California would be exempt. The issue remains unresolved, and Schwarzenegger intends to pursue it when he visits Washington this weekend, said Michael Bowman, a spokesman for the state Department of Health Services.

Medicaid funding is governed by complex agreements between the states and the federal government, and federal officials say a deal negotiated by California last year already complies with the proposed regulation.

"We do not believe this rule would adversely affect" California's arrangement, said Mary Kahn, a spokeswoman for the federal Centers for Medicare and Medicaid Services. "It is in compliance with the rule."

But California hospital officials say the language of the regulation says nothing about an exemption for the state. They say their own lawyers analyzed the new rules and have concluded the state would be affected.

"We don't understand how the [federal government's] statements square with the actual language of the proposed rule," said Melissa Stafford Jones, president and chief executive of the California Assn. of Public Hospitals and Health Systems. "If [Washington] had stated in the rule itself that the proposed provisions would not apply to California, then perhaps we would come to a different conclusion."

Regardless of how California's case is resolved, opposition to the cuts is unlikely to melt away. The federal regulation — published last month with little fanfare — would become final this summer and take effect Sept. 1. President Bush's budget assumes the cuts will go through. But the timing doesn't leave much opportunity for states to come up with funding alternatives.

"The proposed rule [is] a significant cost shift to states that governors strongly oppose," said the governors association letter.

Ultimately, the controversy could wind up in federal court. Some independent experts said the administration's own actions suggested a recognition that it might be on shaky legal ground.

"Why did they think they needed legislation last year, and this year they can do it by regulation?" asked Diane Rowland, executive vice president of the Kaiser Family Foundation and an expert on the healthcare safety net.

"Usually, an administration tries to use its regulatory authority first before going to Congress, so this is an interesting flip."

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In Congress, lawmakers of both parties say they will try to pass legislation that would block the cuts from going into effect. Forty-three senators and 226 House members have signed letters indicating their opposition.

Cheney Remark Rankles Pelosi (WP)

By Michael Abramowitz, Washington Post Staff Writer

The Washington Post, February 24, 2007

Vice President Says He's Not Questioning Her Patriotism

Vice President Cheney refused to back down yesterday from his assertion that the Democratic approach to Iraq would "validate the al-Qaeda strategy," as he continued a transpacific war of words with House Speaker Nancy Pelosi (D-Calif.).

Speaking with ABC News during a visit to Australia, the vice president addressed the criticism of Pelosi, who earlier this week said that Cheney's remarks were "beneath the dignity of the debate we're engaged in." She also spoke with White House Chief of Staff Joshua B. Bolten to register her complaint.

"She accused me of questioning her patriotism," Cheney said. "I didn't question her patriotism. I questioned her judgment."

"Al-Qaeda functions on the basis that they think they can break our will. That's their fundamental underlying strategy: that if they can kill enough Americans or cause enough havoc, create enough chaos in Iraq, then we'll quit and go home," Cheney added. "And my statement was that if we adopt the Pelosi policy, that then we will validate the strategy of al-Qaeda. I said it, and I meant it."

Cheney has previously described Pelosi's strategy as wanting to "get out" of Iraq. Pelosi has spoken in favor of a phased withdrawal of U.S. troops, starting in four to six months, and shifting the primary U.S. role to training.

Brendan Daly, Pelosi's spokesman, said the speaker is "moving on" but said Cheney "would rather launch partisan political attacks than focus on the fact that the administration has failed to support our troops in the field with the equipment and training they need."

The Cheney comments were another example of how the vice president's posture regarding Iraq has been more aggressive than President Bush's in recent weeks. While Bush has acknowledged that his previous policy had been headed toward failure and has offered conciliatory words to Congress, Cheney has emphasized "significant progress" in Iraq and warned that the war cannot be run by committee.

The remarks also reflected Cheney's frequent suggestion that al-Qaeda is the United States' principal adversary in Iraq, a stance disputed by many experts inside and outside the government. A recent National Intelligence Estimate concluded that factors in Iraqi violence include "extensive Shia-on-Shia violence, al-Qa'ida and Sunni insurgent attacks on Coalition forces, and widespread criminally motivated violence."

Asked by ABC reporter Jonathan Karl whether he was "out of touch" with the grim reality in Iraq, Cheney indicated optimism. "I think the key to the issue right now is the security situation in Baghdad," the vice president said. "I think the Maliki government is off to a pretty good start. Only time will tell. I'm fairly optimistic that going forward with this strategy will, in fact, work."

Former president Jimmy Carter, in a separate interview with ABC, came to Pelosi's defense. "If you go back and see what Vice President Cheney has said for the last three or four years concerning Iraq, his batting average is abysmally low," Carter said in an interview to be aired tomorrow on "This Week." "He hasn't been right on hardly anything in his prediction of what was going to happen."

Cheney is on a week-long trip, with the main stops coming in Tokyo and Sydney, where he met today with Australian Prime Minister John Howard, a staunch U.S. ally. Howard told reporters that he raised concerns with Cheney about David Hicks, an Australian who has been imprisoned at Guantanamo Bay since 2002.

In the ABC interview, Cheney was also asked about a deal with North Korea in which the state agreed to shutter its main nuclear reactor in return for economic assistance from the United States. He contrasted that with a 1994 accord that has fallen apart, noting that the recent deal includes China, Japan, South Korea and Russia. "If you're going to be able to squeeze North Korea effectively to get them to change policy, China is in the best position to do it. And China is a part of this agreement," Cheney said.

The North Koreans carried out one of the initial steps in the agreement yesterday by inviting the top U.N. nuclear inspector to Pyongyang to begin talks. Mohamed ElBaradei, the director of the International Atomic Energy Agency, announced yesterday at a news conference in Vienna that, six years after his inspectors were thrown out, he would go to North Korea in mid-March to discuss "the shutdown and eventual abandonment" of North Korea's Yongbyon facility.

"I see this as a step toward the denuclearization of the North Korean Peninsula," he said.

Staff writer Dafna Linzer contributed to this report.

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Democrats Offer Up Chairmen For Donors (WP)

By Jeffrey H. Birnbaum, John Solomon, Washington Post Staff Writers

The Washington Post, February 24, 2007

Party's Campaigns Had Faulted GOP For 'Selling Access'

Eager to shore up their fragile House and Senate majorities, congressional Democrats have enlisted their committee chairmen in an early blitz to bring millions of dollars into the party's coffers, culminating in a late-March event featuring House Speaker Nancy Pelosi and 10 of the powerful panel chairs.

In the next 10 days alone, Democratic fundraisers will feature the chairmen of the House's financial services panel and the House and Senate tax-writing committees. Senate Democrats also plan a fundraising reception during a major gathering of Native Americans in the capital Tuesday evening, an event hosted by lobbyists and the political action committee for tribal casinos, including those Jack Abramoff was paid to represent.

Critics deride the aggressive fundraising push as the kind of business as usual that voters rejected at the ballot box last November -- particularly the practice of giving interest groups access to committee chairmen in exchange for sizable donations -- but Democrats are unapologetic.

"Financial services companies are inclined to give to me because I'm chairman of the committee important to their interests," said Financial Services Committee Chairman Barney Frank, who will headline a breakfast Wednesday at a D.C. hotel, for which donations range from $1,000 to $15,000 for the Democratic National Committee. "I'm fundraising to give to others so I can help stay in the majority and do the public policy things I want."

Asked whether banking interests feel obligated to give to Democrats when he asks them for contributions, Frank answered: "Obligated? No. Incentivized? Yes." Frank said, however, that those donating "understand, and others do, too, that there are no guarantees of my doing what they want, or even my being pleasant."

"I'm getting a lot of fundraising invitations," said Robert E. Juliano, a Democratic lobbyist. "It's no different than any other year."

The invitation to Frank's DNC event, which notes in bold letters that the Massachusetts Democrat is chairman of the financial services panel, was sent to financial-industry lobbyists and financial companies, among others.

Earlier this month, Frank traveled to Charlotte, home to two of America's largest bank companies, for a similar fundraising breakfast, for a fellow Financial Services Committee member, Rep. Brad Miller (D-N.C.). Donors got to hear firsthand about Frank's plans for upcoming banking legislation. He assured attendees that more federal regulation of banking is on the way and that it will help banks to prosper.

Financial interests will have several opportunities in the coming weeks to make contributions and attend events that will put them close to lawmakers important to their industries.

The leaders of the two tax-writing committees -- House Ways and Means Chairman Charles B. Rangel (D-N.Y.) and Senate Finance Chairman Max Baucus (D-Mont.) -- are planning a rare and expensive joint fundraising reception in New York on March 4. The event, which costs between $1,500 and $9,200 a person, is to be held at the Upper East Side home of public relations executive Howard J. Rubenstein.

The Democrats' push will culminate late next month when Pelosi and 10 of her chairmen huddle with donors at the Northern Virginia home of shopping-center developer Albert J. Dwoskin for an event to benefit the Democratic Congressional Campaign Committee.

The asking price for the March 21 dinner is $28,500 per couple, making it one of the Democratic Congressional Campaign Committee's highest-dollar fundraisers since new campaign finance limits were enacted in 2002.

In addition to Pelosi and Frank, other senior House Democrats slated to attend include John D. Dingell (Mich.) of the Energy and Commerce Committee, David R. Obey (Wis.) of the Appropriations Committee, Ike Skelton (Mo.) of the Armed Services Committee, John Conyers Jr. (Mich.) of the Judiciary Committee, George Miller (Calif.) of the Education and Labor Committee, and James L. Oberstar (Minn.) of the Transportation and Infrastructure Committee.

House Democrats hope to raise between $650,000 and $1 million for each of the party's most endangered Democrats in hopes of keeping the party in control of Congress.

The tactics are hardly new. Republicans aggressively used their committee chairmen -- and the promise of access to them -- to raise money from interest groups and lobbyists during the party's 12 years of congressional control. They tracked donations closely and pressed lobbying firms to hire GOP lobbyists through the "K Street Project," promising "intimate" issue briefings with the chairmen in return for big donations.

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And the GOP is hardly sitting on the sidelines this year. Republicans are also using their top lawmakers on committees to haul in donations. Rep. John L. Mica (Fla.), the ranking Republican on Transportation and Infrastructure, is scheduled to headline a "transportation luncheon" fundraiser in coming days for fellow House Republican Jerry Moran (Kan.).

The event was originally scheduled to be held at a Capitol Hill townhouse owned by the American Trucking Association but has since been moved to a restaurant. Donors are being asked to contribute between $1,000 and $2,500.

Likewise, Rep. Peter T. King (N.Y.), the senior Republican on the Homeland Security Committee, is advertised as the featured guest at a "homeland security dinner" at the French-style Les Halles restaurant on Pennsylvania Avenue NW to help raise money for sophomore Rep. Michael McCaul (R-Tex.).

But it was in part a Republican lobbying scandal -- GOP lobbyist Abramoff's defrauding of Indian tribal clients and the subsequent investigation into his efforts to influence lawmakers with lavish gifts -- that gave Democrats their opening to regain control of Congress. Democrats took over in January after a campaign that accused Republicans of fostering a "culture of corruption" in Washington and "selling access" to lawmakers. Abramoff has been convicted of fraud, tax evasion and conspiracy and is in federal prison.

Now, with the tables turned, Democrats are courting Abramoff's most famous clientele -- Indian tribes.

The Democratic Senatorial Campaign Committee's upcoming fundraiser was planned to coincide with a meeting in Washington of the National Congress of American Indians. It is being hosted by a law firm that lobbies for tribal casinos and the National Indian Gaming Association's political action committee.

The association represents more than 100 tribes with casinos or gambling operations, including those Abramoff was paid to represent. Last year, former Abramoff clients such as the Saginaw Chippewa, Agua Caliente and Mississippi Choctaw gave money to fund the PAC.

Organizers with the gaming association said they had no confirmation as of yesterday whether any of the Abramoff clients would be attending the event, but Democratic fundraisers said they were still trying to organize a second donor event that could involve a few of the tribes that were entangled with Abramoff.

Democrats reject any parallels to the Abramoff saga. "Abramoff was involved in a pervasive culture of corruption," said Matthew Miller, spokesman for the Democratic Senatorial Campaign Committee. "Native Americans have every right to participate in the political process just like Americans across the country do."

Government-watchdog groups are chagrined but not surprised by the rush of high-level Democratic fundraising. "Coming so close on the heels of winning last year's election based on changing the so-called culture of corruption in Washington, it's unseemly, but it's completely predictable," said Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington. "Democrats, like the Republicans before them, need the cash to maintain their majority status, and when you are in the majority it is much easier to collect the money."

House Democrats' principal fundraiser, Rep. Chris Van Hollen (Md.), wrote a memo last month indicating that he wanted House members in difficult-to-defend seats to have $650,000 to $1 million in the bank by June 30 -- 16 months before Election Day -- in order to deter Republican challengers. Veteran fundraisers say that goal would be ambitious for the end of an election cycle, let alone the beginning.

Democratic spokesmen sought to portray the upcoming fundraisers as commonplace. "The senior Democrats on the committees and the leadership have always been very supportive of DCCC efforts," said Jennifer Crider, spokeswoman for the Democratic Congressional Campaign Committee.

Passenger Bill Of Rights May Cause Some Turbulence (LAT)

By Martin Zimmerman

The Los Angeles Times, February 24, 2007

Do airline passengers really need a bill of rights?

Recent incidents in which travelers were left stranded for hours on parked airplanes have led to proposals in Congress for time limits on ground delays. But skeptics say the proposals could result in even longer waits and more canceled flights.

"Be careful what you wish for," said David Stempler, president of the Air Travelers Association, a Washington-area lobbying group. "After three hours, they'll bring the plane back to the terminal, but then the flight might be canceled and you can't get to your destination."

And that prospect concerns travelers such as Lorna Davie, who sat on a parked JetBlue Airways jet for five hours during that airline's recent operational meltdown.

"It's a tough call," said Davie, who lives in Stamford, Conn. "People should be given the choice to get off the plane, but then you have to taxi back and let them get off, and those who want to continue on with the flight are further inconvenienced."

Calls for a federal law that would prevent airlines from keeping passengers on grounded planes indefinitely grew louder after a Valentine's Day ice storm shut JetBlue's New York hub. That resulted in some planes loaded with passengers sitting on taxiways and tarmacs for as long as 10 hours.

Sen. Barbara Boxer, D-Calif., introduced a bill, dubbed the airline passenger bill of rights, that would give passengers the option to return to the airport terminal after three hours. Rep. Mike Thompson, D-Calif., plans to introduce a similar bill next week.

Backers say legislation is needed to prevent a repeat of the JetBlue debacle, as well as a similar incident Dec. 29 when dozens of American Airlines flights were stranded on the ground for hours in various cities after thunderstorms shut down the Dallas-Fort Worth airport.

But some believe that setting a three-hour deadline could set off a ripple of unforeseen consequences.

Lengthy ground delays typically occur during severe weather, which can ground dozens of airplanes at a single airport. Planes have to wait in line for takeoff once the weather clears, and any plane that returns to the terminal loses its place and must, in effect, start over at the back of the queue.

The hours that commercial pilots can spend in the cockpit are strictly regulated. If time spent taxiing back to the gate or idling at the end of the takeoff line pushes a crew past its allotted duty hours, a new flight crew has to be brought in or the flight will be canceled.

"Once you get out of line, you've got to go to the end of the line," said Vivian Lee, an airline analyst with Alliance Capital Management in New York. "Should all of the passengers on the plane be at the mercy of the person with the least amount of patience?"

Of the 121 American Airlines flights that were diverted Dec. 29, 47 planes that were on the ground for three hours or more eventually made it to Dallas-Fort Worth that night. Had the three-hour time limit been in effect, many of those flights probably would have spent the night at other airports.

For these reasons, the airline industry is pushing a proposal that would allow airplanes that have to return to the terminal after three hours to resume their original place in the takeoff queue.

Kate Hanni, the Napa, Calif., resident who is spearheading the grass-roots campaign for a passenger protection bill, fears that the industry is trying to derail meaningful consumer regulation in the same way it did in 1999, after the stranding of a Northwest Airlines flight on the ground in Detroit for several hours sparked a similar furor.

"Somehow, we have to keep the consumer at the forefront of the issue," said Hanni, who sat on an American Airlines flight in Austin, Texas, for eight hours Dec. 29.

Hanni's group, the Coalition for an Airline Passengers' Bill of Rights, has collected more than 13,000 signatures on its online petition, and she is hopeful that Congress will adopt a law that goes beyond the three-hour time limit to include such measures as a committee to investigate customer complaints.

To ease concerns about safety and ensure a measure of pilot flexibility, the bill co-sponsored by Boxer and Sen. Olympia J. Snowe, R-Maine, would allow exceptions to the three-hour time limit if safety or security were an issue or if the pilot determined that the flight would be allowed to take off within 30 minutes.

Thompson said he also was conscious of concerns about a ground-delay deadline.

"We certainly don't want to cause flights to be unnecessarily canceled," the congressman said Friday. "However, it's important that passenger are not held on planes for hours on end."

The Politics Of JetBlue (WSJ)

The Wall Street Journal, February 24, 2007

Right on cue, politicians are making a fuss about a "passenger bill of rights" and demanding Congressional intervention after last week's JetBlue airline debacle. The irony is that the marketplace is already moving to address the problem, and the government could really help by relaxing some of the rules that incentivize airlines to discomfit passengers in the first place.

On February 14, an ice storm obstructed travel throughout the Northeast. At New York's JFK International, JetBlue's central hub, nine aircraft were frozen to the tarmac for more than six hours each, some longer. The reverberations caused thousands of cancellations and delays throughout the JetBlue schedule.

Clearly JetBlue would have done better to offload the stranded passengers as the waits grew longer, and by its own admission the company's communications and contingency planning were lousy. But moving to regulate now, through the introduction of a legally binding "passenger bill of rights," would amount to closing the hangar door after the plane has pushed back. The market is already punishing JetBlue with damage to its image and bottom line. In atonement, CEO David Neeleman has introduced a new, retroactive "bill of rights" of his own that will offer refunds and free flights to tardy JetBlue fliers, depending on the severity of their delays.

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Nevertheless, Congress senses an opportunity to pander. Barbara Boxer (D., Calif.) recently introduced a bill in the Senate to let passengers deplane if they have been held too long before takeoff. Mike Thompson (D., Calif.) intends to introduce a similar provision next week in the House, as well as mandates for minimum standards of comfort and service. Members are at least holding off on punitive compliance measures, but in Washington a consensus for some sort of action seems to be building.

The benefits of any such rules are speculative, but higher costs are certain. The airlines would face more paperwork, bureaucracy and cost -- and just wait until the trial bar piles on. These costs would be passed on to consumers whether they wanted these new "rights" or not.

Two years ago, the European Union handed down a suite of "transport directives," including one mandating compensation for delays or cancellations, so far without a marked improvement in either problem. European airlines, meanwhile, note that they have been saddled with billions in extra outlays. In the case of discount airlines, the minimum compensation for delays is often many times larger than the price of the original ticket.

Such regulation is both expensive and unnecessary. In 2006, according to the Department of Transportation, 75.4% of flights on U.S. carriers arrived within 15 minutes of schedule. Only 36 flights last year -- out of some 10 million flown -- left the gate and then waited more than five hours to take off.

For the record, most delays happen for three reasons, roughly distributed equally: errors on the part of the carrier; a jam-up caused by another plane; or a disruption due to the antiquated air-traffic-control system. When a flight is held up on the runway, FAA rules stipulate, it loses its slot in the takeoff line if it returns to the boarding gate, which is why the JetBlue planes were reluctant to turn back in the face of an indeterminate delay.

In hindsight, it's easy to say JetBlue waited too long, but we wonder how many passengers, offered a choice between the possibility of imminent clearance to take off and the certainty of many more hours in the terminal, would have opted for the departure lounge. A bill of rights mandating deplanings would take these decisions away from those trying, if sometimes futilely, to get their passengers where they're going as quickly as possible.

Ticket buyers who opt for low-fare airlines are generally aware that the choice comes with tradeoffs. JetBlue has supported its low-fare model in part by keeping its planes in the air, which has meant being reluctant to cancel flights. Until last week, that was an asset; it had found that passengers preferred to get to their destinations, even if late. Other airlines offer a different mix of conveniences, priorities and costs. This diversity is all to the good.

The self-styled consumer advocates who think that government action here will prevent a repeat of last week's debacle should be careful what they wish for. Meteorological mishaps can't be outlawed, and rules designed to address one situation will be found inappropriate when the next, no doubt different, crisis arises. Mr. Neeleman's solution of writing his own bill of rights has the virtue that consumers can decide for themselves if it meets their needs. If it doesn't, they'll book with someone else. And that's the most important right of all.

Better Pay For Judges (NYT)

The New York Times, February 24, 2007

Justice Anthony Kennedy of the Supreme Court told the Senate this month that the salaries paid to federal judges are so low that they threaten both the quality and independence of the judiciary. The problem is real, and Congress should quickly pass a bill to fix it.

Justice Kennedy gave some startling examples of judges who had left the bench in search of better-paying employment. In 2005, nine federal judges resigned or retired — the most in any single year. Four went to work for JAMS, a for-profit arbitration and mediation firm where, as Justice Kennedy noted, “they have the potential to earn the equivalent of a district judge’s salary in a matter of months.”

The $165,200 a year earned by a federal district court judge sounds like a lot. But it is not in the upper ranks of the legal world, from which the federal judiciary should be able to recruit new members. A district court judge’s salary is now about half of what a law school dean makes, and roughly what a starting lawyer makes at a top New York law firm. Since 1969, the real pay of federal district court judges fell by about 25 percent, while the real pay of the average American worker rose 18 percent. If judges’ pay had risen at the rate of the average worker, the $165,200 salary would now be $261,000.

One way the Constitution protects the independence of federal judges is by providing that — no matter whom the judges anger or disappoint — their compensation “shall not be diminished during their continuance in office.” But that independence is eroded when inflation erodes salaries and judges must go to Congress with hats in hand.

A bill to raise judges’ salaries would also be an ideal place to impose a much needed ethical reform: a ban on all privately financed “educational” junkets for judges. These trips, which are often paid for by groups that want to persuade judges to take a particular view of the law, inevitably raise worrisome questions about judges’ impartiality.

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Capable, independent and impartial judges are essential to the workings of American democracy. Congress should come up with the money necessary to keep the judiciary strong.

OTHER NEWS:

H&R Block, Roper Industries Rise (WSJ)

By Karen Talley

The Wall Street Journal, February 24, 2007

Lowe's Advances 3.9% On a Bullish Forecast; Microsoft Slides 1.7%

Though stocks pulled back Friday, Lowe's rose on comments on 2007 comparable-store sales, H&R Block advanced on plans to sell an ailing unit and Roper Industries gained on strong product demand.

Microsoft followed the market lower after a $1.5 billion jury decision, BEA Systems sold off on options issues and Circuit City Stores dropped on word of a key executive departure.

The Dow Jones Industrial Average lost 38.54 points, or 0.3%, to 12647.48, its third straight decline. The Nasdaq Composite Index dropped 9.84, or 0.4%, to 2515.10. The Standard & Poor's 500-stock index lost 5.19, or 0.4%, to 1451.19.

"There is Iran poking into our mind-set again, higher energy prices and continued housing issues," said Art Hogan, chief market analyst at Jefferies. "But it's healthy that we're seeing the market take a pause. Investors often wait for a pullback to get back in, so this retracement will offer an opportunity for those who have been on the sidelines."

Lowe's rose $1.30, or 3.9%, to $34.93. The home-improvement retailer said fourth-quarter earnings dropped 12% but conditions may be bottoming and comparable-store-sales performance should gradually improve throughout the year. For the week, Lowe's gained 5%.

Lowe's optimism didn't erase general skepticism about the housing industry, and the session saw broad selling in the sector. Home Depot, Lowe's chief rival, lost 22 cents to 40.96. Mortgage lender Countrywide Financial declined 81 cents, or 2%, to 39.33; home builder NVR fell 35.40, or 4.9%, to 687.50; and mortgage-buying giant Fannie Mae dropped 66 cents, or 1.1%, to 59.49.

H&R Block rose 43 cents, or 1.9%, to 22.85. The largest U.S. tax preparer swung to a third-quarter loss on costs tied to its struggling subprime-mortgage operation but said it expects to sell the unit for at least $1.3 billion.

Roper Industries gained 3.72, or 7.2%, to 55.14, a record close. The industrial manufacturer reported a big increase in fourth-quarter orders for its products and voiced optimism for 2007.

Microsoft (Nasdaq) lost 49 cents, or 1.7%, to 28.90, the industrial average's biggest percentage decliner. Alcatel-Lucent's American depositary shares gained 22 cents, or 1.7%, to 13.36. Microsoft was told to pay $1.52 billion to compensate Alcatel-Lucent for patent infringements related to MP3 technology.

BEA Systems dropped 1.25, or 9.5%, to 11.95, among the top Nasdaq percentage decliners. The business-software maker reported fourth-quarter and fiscal-2007 revenue but said it wouldn't give earnings results because of an ongoing internal review of its stock-option grants.

Circuit City dropped 39 cents, or 1.9%, to 20.39 on news that the electronic-product retailer's chief financial officer is leaving.

Nymex Holdings lost 2.17, or 1.5%, to 138.61. The owner of the New York Mercantile Exchange said it is considering a secondary offering of shares of common stock.

KLA-Tencor (Nasdaq) gained 1.91, or 3.7%, to 54.16. The chip-equipment maker plans an accelerated share repurchase program in which it will buyback $750 million of its common stock.

Whole Foods Market (Nasdaq) slipped 1.64, or 3.1%, to 50.47. Shares rose 14% on Thursday when the health-food chain agreed to acquire small-cap Wild Oats Markets in a $565 million.

Rising Oil Prices, Lenders' Woes Give Dow Worst Week Since Mid-Aug. (WP)

By Associated Press

The Washington Post, February 24, 2007

NEW YORK, Feb. 23 -- Stocks ended a lackluster week with a moderate decline Friday as higher oil prices worried investors and Treasurys rallied over concerns about a meltdown in the subprime mortgage market, in which companies offer loans to those with spotty credit.

It was the worst week for the Dow Jones industrials since mid-August, as the average fell 38.54, to 12,647.48. Broader stock indicators also fell. The Standard & Poor's 500-stock index fell 5.19, to 1451.19. The Nasdaq slipped 9.84, to 2515.10.

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For the week, the Dow fell 0.94 percent, the S&P 500 fell 0.35 percent and the Nasdaq composite rose 0.75 percent.

The pullback followed several mixed sessions in which the tech-dominated Nasdaq composite index showed gains but blue chip stocks declined, in part because of inflation concerns. Bond prices rebounded from a sell-off a day earlier, as investors sought quality because of concerns that subprime lenders would be forced to book big write-downs because consumers would not be able to keep up with mortgage payments. The yield on the benchmark 10-year Treasury note fell to 4.67 percent from 4.73 percent Thursday.

"The defaults that you're seeing in the subprime market are a bit of a wake-up call for investors. I think you're going to see a continued flight to safety," said James Sonneborn, wealth manager at RegentAtlantic Capital.

Oil closed at its highest level of the year, eclipsing a year high set Thursday. Light, sweet crude settled up 19 cents at $61.14 on the New York Mercantile Exchange. For the week, oil prices were up 3 percent.

Gold Nears The $700 Level, Helped By Crude-Oil Gains (WSJ)

By Allen Sykora

The Wall Street Journal, February 24, 2007

Speculative buying sent gold futures inching back toward the psychologically important $700 level on Friday.

The nearby-month February contract added $3.70 to $683.10 an ounce on the Comex division of the New York Mercantile Exchange. Most-active April gold rose $3.70 to settle at $686.70. It peaked at $691.90, its strongest level since July.

At its high, April gold was up $32.90, or 5%, from the low for the week of $659 hit Tuesday.

"There has been some very aggressive fund buying over the last three days," said Bernard Hunter, director of precious metals at Scotia Mocatta. He described the market as "fairly one-way" and "really dominated" by the funds.

The metal was helped by technical chart-based buying and stronger oil, with April crude hitting $61.80 a barrel, its strongest level since Jan. 3. Also, the dollar sagged, which tends to help gold.

Crude backed down from its highs, limiting gold's gains for now. All eyes will be on the psychological $700 level in the coming week, however. Gold shot above here in May for the first time since 1980, before correcting lower over the last several months.

"The speed of gold's recent rally does leave the metal vulnerable to a correction; however, $700 and possibly beyond seem inevitable before this occurs, while our target of $800-plus later in the year remains on course," said a research note from James Moore, precious-metals analyst with TheBullionDesk.com.

In other commodity trading:

CRUDE OIL: Futures settled at a nine-week high as gasoline futures continued advancing and traders focused on plunging U.S. petroleum-product stockpiles and recent refinery and pipeline glitches around the country. April crude oil on the Nymex gained 19 cents to $61.14 a barrel, its highest close since Dec. 22.

NATURAL GAS: Futures ended slightly higher after trading lower most of the day ahead of contract expiration Monday, and as traders awaited more details on the weather. March natural gas on the Nymex settled 2.8 cents higher at $7.755 a million British thermal units, its highest close since Feb. 9.

Dollar Declines On Rate Worries (WSJ)

By Dan Molinski

The Wall Street Journal, February 24, 2007

The dollar exited lower across the board Friday amid concerns that interest rates will rise in Europe but could remain frozen or even decline in the U.S.

Dollar sentiment turned negative as investors, who a day earlier had pared expectations for Federal Reserve rate cuts, began to waffle. Dollar gains earlier in the week, based on slightly higher-than-expected inflation figures, were deemed overdone and investors began selling dollars to book profits.

"There are still some concerns about the structural outlook for the dollar, in terms of interest rates," said Daniel Katzive, foreign-exchange strategist at UBS.

The dollar could retreat further if the market, which is looking for the Fed to cut rates in the fourth quarter of 2007, moves up its expectations to an earlier date, said Mr. Katzive.

Higher oil prices Friday also weighed on the greenback as higher energy costs could place more strain on a U.S. economy that's already dealing with a softening housing market and a weak manufacturing sector. The price of a barrel of crude settled at a 2007 high above $61 in New York.

The rise in oil prices came amid lower U.S. supplies and a row with oil-producing Iran after the United Nations nuclear watchdog agency Thursday said Tehran had failed to comply with a deadline to stop nuclear enrichment.

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Late Friday in New York, the euro stood at $1.3166 from $1.3124 late Thursday, while the dollar was changing hands at 121.09 yen versus 121.58 yen. The euro traded at 159.43 yen versus 159.56 yen late Thursday. The dollar was at 1.2330 Swiss francs versus 1.2384 francs, while sterling was at $1.9635 versus $1.9564 late Thursday.

During London trading Friday, the dollar advanced some against the euro after data showed business confidence in Germany was a bit less than expected. But the greenback quickly reversed itself as analysts digesting the data said it doesn't change consensus view that the European Central Bank in March is likely to lift its key lending rate to 3.75% from the current 3.50%.

Higher local interest rates tend to boost a currency because investors' in those currencies are paid higher returns. The Fed's benchmark rate currently stands at a relatively high 5.25%.

Meanwhile, a report Friday showed the United Kingdom economy expanded above trend in the final quarter of 2006, which gave sterling a boost and provided marginal help to other European currencies as well.

"The [gross domestic product] data out of the U.K. continue to argue for further rate hikes ahead and our house view remains that the Bank of England will hike next at its May meeting" by a quarter point, said analysts at ABN Amro Bank in an email note.

States Set Big Spending Plans As Washington Preaches Austerity (WSJ)

By Christopher Cooper

The Wall Street Journal, February 24, 2007

Washington may currently be focused on fiscal austerity. But a major spending spree is shaping up in the states, as local legislators abandon a half-decade of fiscal conservatism to pursue bigger budgets.

From New York to Montana to California, states are proposing budget increases that outpace inflation and far exceed the 1% rise in domestic outlays -- outside of defense and homeland security -- that President Bush recently proposed in his fiscal 2008 federal budget. In Montana, Gov. Brian Schweitzer is cutting taxes and boosting spending by 26% over two years, including $100 million for new "meth prisons" that blend incarceration with intensive drug rehab for those convicted of methamphetamine crimes. In Vermont, Gov. Jim Douglas wants to borrow $40 million to create "the nation's first e-state," where free wireless broadband is available to all. And in Arizona, the only dispute between a Democratic governor and a Republican legislature over a half-billion-dollar road-repair program is whether to borrow the money or pay cash.

The binge is bipartisan. Last year, the Massachusetts legislature approved a $1.56 billion universal health-care plan under Republican Gov. Mitt Romney, who is now running for president. This year, at least ten states -- most notably Republican Arnold Schwarzenegger's California -- are weighing similar programs.

But that's just one of many areas where state governments are seeking to expand services that were long considered distant dreams by advocates. Universal prekindergarten is being championed by several incoming Democratic governors, such as New York's Eliot Spitzer, Deval Patrick of Massachusetts and Mike Beebe of Arkansas. Democratic leaders in Colorado and Pennsylvania and several other states want to create funds for state "energy independence." Many of these proposals will be topics of conversation at the National Governors Association's annual meeting, which begins in Washington today.

The new state activism is driven in part by the Bush administration's budgetary focus on Iraq, defense and homeland security, which leaves states to grapple with domestic concerns on their own. Higher tax receipts and growth in energy royalties, from higher oil and natural-gas prices, have also left many states flush.

But even states faced with declining revenue are mulling ways to ramp up spending -- not with unpopular tax increases, but by privatizing valuable public assets in return for big slugs of cash. Michigan and Illinois, among others, are looking at selling off their lotteries, while Missouri is considering doing the same with its student-loan portfolio.

The growing popularity of health-care programs and higher teacher salaries raises the risk that states, giddy from surging revenue, may be in danger of expanding beyond their means, using short-term windfalls to create new long-term obligations at a time when tax increases remain unpopular with voters.

It was just a few years ago that states last found themselves in financial dire straits. In the early 2000s, many state governments were hit hard by recession and constitutional requirements to balance budgets. Reluctant to unwind fresh tax rollbacks, states were forced not only to cease creating new services but also to cut back on many basics, such as road repairs and prisons. In 2003, the National Governors Association reported that states collectively were undergoing the worst budget crisis since World War II.

Even after their economies and revenue streams recovered in the middle part of the decade, state governments concentrated on building surpluses and kept spending relatively in check. But now, many states are returning to their old ways: along with spending more, several governors are proposing hefty tax cuts as well.

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Like many governors, Arizona Democratic Gov. Janet Napolitano faced a looming budget shortfall -- $1 billion in her case -- when she took office in 2003. Now, thanks to strong economic growth, surging sales-tax revenue and low unemployment, the state has $650 million in reserves. For fiscal year 2008, Ms. Napolitano has proposed a $10.4 billion budget that calls for a 6.9% increase in spending on top of the 18% increase last year.

The extra money allows Ms. Napolitano to put tens of millions of dollars toward her priorities: pay raises for teachers, 12% more for state universities, and $60 million for projects to train and attract high-tech workers and businesses. "Somewhere out there is the next Microsoft," Ms. Napolitano said. "I'd just as soon that it be in Phoenix or Tucson."

Montana's Mr. Schweitzer, who also faced an austere outlook when he first took office, is now enjoying a $1 billion surplus, largely due to higher tax revenues on capital gains and energy production. As he sees it, states spend nearly all of their money to "educate, medicate and incarcerate." His two-year, $7.7 billion budget boosts spending on all three. Legislative analysts peg the budget increase at 26%; Mr. Schweitzer excludes the rainy-day fund and payments towards pension obligations and says the jump is closer to 13%.

The state's prison system will see one of the largest increases. Mr. Schweitzer says Montana leads the nation in the per-capita number of citizens incarcerated. Because the vast majority of those are for drug-related crimes, he's proposing a program that would marry the state's prison system with its Department of Health.

The resulting "meth prisons," as he calls them, would combine incarceration with intensive rehab programs, which he says would allow for more early releases and, over the long term, would lower the state's cost of maintaining its prisoners. It's an unusual idea, and one he says that the federal government is unlikely to help finance. "The feds aren't really interested in new and novel things," he says.

Mr. Schweitzer's budget also offers about $150 million in tax cuts and a $170 million capital construction program. "The best part is I don't have one dollar of bonding in my program," Mr. Schweitzer said. "We're paying cash."

Another reason states are loosening their purse strings is to compensate for a sustained decline in federal revenue sharing. In the past, the federal government could often be relied on to help finance big projects such as highways and new state initiatives, such as antipoverty programs. But the days of expanding federal revenue sharing have been on the wane for years. And the Bush administration, with its focus on war and antiterror spending, has shown little interest in supporting these efforts.

In fact, governors and others say they expect cutbacks in federal support. "I don't think anyone feels the federal government is going to be a source of revenue increases any time in the near future," says Robin Prunty, a credit analyst, who specializes in state finances for bond-rating firm Standard & Poor's Corp.

In New Mexico, Democratic Gov. Bill Richardson, who is running for president, is proposing a $5.7 billion budget, 11% bigger than last year's. The spending plan not only provides more than $100 million in raises for school employees, but includes some projects he had originally intended to supplement with federal grants, such as the state's commuter-rail system. "We had a commitment from the feds for $65 million but we haven't seen it yet, so I'm putting it in my own budget," Mr. Richardson says. His budget also includes a $77 million proposal to expand health care.

In many states, universal-health-care proposals are potentially the most expensive propositions, and none top the gargantuan plan offered by California's Mr. Schwarzenegger. His $12 billion health-care plan would insure an estimated 6.5 million people by imposing new fees on doctors and hospitals and giving $1 billion in tax breaks to individuals who purchase their own health insurance.

Mr. Schwarzenegger is touting his plan over the objections of many legislators in his own party, who argue that the program will cause budgetary havoc if the state's economy sours.

It wouldn't be the first time an ambitious insurance plan created fiscal problems for a state. Tennessee launched such a plan in 1994 but was forced to painfully unwind the program in 2005, when it had grown into a $7.8 billion behemoth that accounted for nearly a third of all spending and threatened to throw the state into deficit. The biggest contributor to costs: insuring middle-aged citizens, especially those with pre-existing medical conditions. They were the first of the estimated 170,000 Tennesseans to be tossed out of the program.

Scott Pattison, executive director of the National Association of State Budget Officers, says the Tennessee experience is unlikely to be an anomaly. While it's relatively cheap to insure healthy children, "a 52-year-old diabetic is a lot more expensive to cover," he says.

To be sure, some states, fearing a quick reversal of fiscal fortunes, are trying to keep a lid on spending. In Alaska, a state that derives much of its revenue from oil royalties, high energy prices are expected to increase general-fund revenue to $5 billion this year, from $2 billion in 2003. Yet freshman Republican Gov. Sarah Palin vowed to limit budget growth to $3.3 billion, up less than 3% from this year. She points to a recent legislative report that predicts falling energy prices will result in declining revenue for the state as early as next year and a potential $1 billion deficit by fiscal 2010.

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Already, there are indications that the flush times are ending. One early sign: by late 2006, nearly a third of those states participating in an annual survey by the National Conference of State Legislatures -- 14 of them -- were either experiencing or expecting to see a decline in revenue. Moreover, the group says, for the first time in years, projected spending increases this year seems likely to outstrip revenue growth, with outlays expect to rise 7.5%, and receipts, just 3.1%.

The obvious solution to flagging revenue is new taxes. But while many governors seem disposed to spend more, those same politicians remain largely conservative on taxes. Big increases, particularly on broad levies like income and sales taxes, are still considered political suicide. Instead, states from Arizona and Montana to New York, Florida and New Jersey have enacted or are considering tax rollbacks.

Many states are looking at other ways to raise cash. In Massachusetts and New York, Messrs. Patrick and Spitzer are toying with the idea of legalizing gambling to raise money. In New Jersey, which already has legalized gambling, Democratic Gov. Jon S. Corzine is entertaining a wager of another sort: leasing a portion of the state's turnpike to a private company in order to raise cash. Governors in Pennsylvania and Texas are considering similar proposals.

The schemes can be a windfall for states: In Indiana last fall, Republican Gov. Mitch Daniels essentially sold Interstate 85 under a 75-year lease that garnered a $3.8 billion cash payment. Now he is proposing to lease the state's lottery in return for a similar windfall -- as are several other states, including Illinois, Texas and New Jersey.

But lease deals have proven controversial. Critics fret that states won't properly value the assets or will strike deals that somehow hinder future growth. Chief among the critics is the Owner-Operator Independent Drivers Association, a trucker lobby. The lease deals being considered involve sections of some of the nation's busiest roadways. Because the deals almost always include provisions that bar states from building new roadways that might compete with the toll routes being sold, future gridlock is all but assured, the group says.

In some states, there's plenty of cash -- at least for the moment. In Arizona, Ms. Napolitano finds herself allied with the conservative Goldwater Institute as she tries to beat back a proposal by the Republican-dominated legislature to raid the state's rainy-day fund for a $400 million road-improvement program. Like her Republican brethren, Ms. Napolitano wants to fix the roads. But she would rather borrow the money and keep the $650 million rainy-day account for the economic downturn she assumes is all but inevitable.

"When I came in, we had no rainy day fund," says Ms. Napolitano. "I wouldn't wish that on anybody."

Voting Machines Found Not At Fault In Fla. Election (WP/AP)

By Associated Press

The Washington Post, February 24, 2007

TALLAHASSEE, Feb. 23 -- An audit of touch-screen voting machines at the center of a dispute in a congressional election found no evidence of malfunction, Florida's secretary of state said Friday.

The audit was conducted after more than 18,000 ballots were cast in Sarasota County without a selection in the District 13 congressional race in November between Republican Vern Buchanan and Democrat Christine Jennings. Buchanan was the certified winner by 369 votes, but Jennings sued, alleging that the machines malfunctioned.

Third-party voter advocate groups, along with Jennings, have been asking to examine the machines' source code or programming chips to find out whether they malfunctioned. The audit report released Friday said an independent study of the source code of the machines used in the election found no evidence of malfunction.

"Governor [Charlie] Crist and I are committed to ensuring that every Floridian's vote is counted, and I am confident that the race in Sarasota County was fair and accurate," Florida Secretary of State Kurt Browning said in a statement about the official audit report.

Buchanan was seated in Congress in January, but Jennings has yet to concede the race.

Jennings spokesman David Kochman said in a statement that the audit was flawed.

Panel Cites Voter Error, Not Software, In Loss Of Votes (NYT)

By Christopher Drew

The New York Times, February 24, 2007

Florida election officials announced yesterday that an examination of voting software did not find any malfunctions that could have caused up to 18,000 votes to be lost in a disputed Congressional race in Sarasota County, and they suggested that voter confusion over a poor ballot design was mainly to blame.

The finding, reached unanimously by a team of computer experts from several universities, could finally settle last fall's closest federal election. The Republican candidate, Vern Buchanan, was declared the winner by 369 votes, but the Democrat, Christine Jennings, formally contested the results, claiming that the touch-screen voting machines must have malfunctioned.

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Legal precedents make it difficult to win a lawsuit over ballot design, but a substantial error in the software might have been grounds for a new election.

The questions about the electronic machines arose because many voters complained that they had had trouble getting their votes to register for Ms. Jennings, and the machines did not have a back-up paper trail that might have provided clues about any problems. The report said some voters might have accidentally touched the screen twice, thus negating their votes, while most of the others probably overlooked the race on the flawed ballot.

Still, the difficulty in resolving these complaints has helped fuel a drive in Congress to ban the paperless machines. Voting experts said the audit of the software code also was the first time any state had gone to such lengths to resolve a close election.

While some voters in Sarasota bristled yesterday at the idea that they had done anything wrong in casting their votes, or that nearly 13 percent of all voters could have failed to spot the race on the ballot, members of the investigative team said that those remained the only plausible theories.

The report acknowledged that the huge undervote — in which voters cast a ballot in other races but not for the Congressional seat — was both "abnormal and unexpected." But it said that all eight members of the investigative team, including some experts who have long been skeptical about the paperless machines, agreed that the basic programming "did not cause or contribute to" the loss of votes.

The study suggested instead that the confusion over the ballot design, which had also drawn complaints from voters, probably accounted for the bulk of the problem, much as the infamous "butterfly ballot" distorted the vote in Palm Beach County, Fla., during the 2000 presidential election.

In the Sarasota race, the names of Mr. Buchanan and Ms. Jennings were sandwiched between larger lists of candidates for the United States Senate and for governor. The House race was also squeezed in at the top of a ballot screen, and it lacked the kind of colorful headings that highlighted the other races.

Ms. Jennings said in an interview yesterday that further investigation should still be done. Hayden Dempsey, a lawyer for Mr. Buchanan, who was seated in the House last month pending the outcome of the challenges, said the state had now "looked at every aspect of the election and found nothing wrong."

Clare Ward-Jenkins, a Sarasota resident who had trouble registering her vote, said she felt insulted by the report's implication that "we're too stupid to know how to vote."

Ms. Ward-Jenkins and more than 100 other voters contacted The Sarasota Herald-Tribune shortly after the election to complain that even though an "X" appeared on the touchscreen when they pressed the box for Ms. Jennings, their votes had disappeared by the time they got to a final screen for reviewing their choices. Ms. Ward-Jenkins and most of the others said they had to go through the process at least one more time to make their votes stick, raising concerns in the Jennings camp that other voters might have failed to notice similar problems that voided their ballots.

The report also left open the possibility that aging hardware could have caused isolated problems. But the investigative team leader, Alec Yasinsac, a computer science professor at Florida State University, and David Wagner, a professor at the University of California, Berkeley, both said in interviews that if there had been any widespread problems, they would have affected other races as well.

"I'm persuaded that this wasn't caused by machine failure," Professor Wagner said.

But other voting experts said that because the machines used in the election have been sequestered by a court, only a portion of them have been examined closely.

The software experts said they also found several security vulnerabilities in the programming for the voting machines, made by Election Systems and Software in Omaha. But the report said there was no evidence that any of them had affected the Sarasota race.

Edward W. Felten, a Princeton University computer scientist, wrote last night that the security weaknesses need to be fixed before this type of machine is used again. He also wrote: "The study claims to have ruled out reliability problems as a cause of the undervotes, but their evidence on this point is weak, and I think the jury is still out on whether voting machine malfunctions could be a significant cause of the undervotes."

David Dill, a Stanford University professor who has been critical of the machines, added that the study "is an admirable, but limited, piece of work" and could not rule out all possible errors.

Vilsack Drops Out Of Prez Race (DMR)

Des Moines Register, February 24, 2007

Former Iowa Gov. Tom Vilsack withdrew as a candidate for the 2008 Democratic presidential nomination today, saying he could not raise enough money to compete with his nationally known rivals.

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"This process has become to a great extent about money, a lot of money," Vilsack said during a late morning news conference at his campaign headquarters in Des Moines.

"And it is clear to me that we would not be able to continue to raise money in the amounts necessary to sustain, not just a campaign in Iowa and New Hampshire, but a campaign across this country," he said. "So it is money and only money that is the reason we are leaving today."

The news ends Vilsack's bid less than four months after he launched a federal campaign organization on Nov. 9.

Polls showed Vilsack trailing three better-known candidates in Iowa, scheduled to host the leadoff presidential nominating caucuses in less than 11 months.

However, Vilsack said in bowing out today that he had developed an Iowa organization that put him in a position to win the caucuses.

With his wife, Christie, and two adult sons at his side, he thanked his staff and key supporters. The campaign had seven field offices throughout the state and had put out a statement this month claiming the campaign had 1,000 activists who had promised to caucus for the former governor.

Former North Carolina Sen. John Edwards has led in early Iowa polls, followed by Illinois Sen. Barack Obama and New York Sen. Hillary Clinton.

Vilsack raised more than $1 million between his campaign launch in November and the end of the year, most of which came in a fund-raiser held in Des Moines during his ceremonial kickoff week.

But Clinton, Obama and others are expected to have raised much more since launching their campaigns last month.

The Iowa polls were also a factor, he said. Vilsack said it had been difficult to tell potential donors "that you're not the prohibitive favorite in the caucus process."

Vilsack declined to say whether he would endorse one of his former rivals. But he advised the still large field of candidates organizing in Iowa to avoid blockbuster campaign events and meet party activists one-on-one.

"Here's my hope and my prayer, that you understand that it isn't just about large crowds. It isn't just about the cameras," he said, speaking to the Democrats who remain in the race. "It's about ordinary folks in living rooms, and kitchens and church basements, who genuinely care about this country who need to be listened to and need to have an opportunity to interact with candidates."

The former Mount Pleasant mayor and state senator, who won an unlikely

victory to governor in 1998, said the outsider campaign he launched on Nov. 9 was his life's first undertaking where hard work was not enough.

He affirmed the two major policy positions he had outlined in recent weeks: One calling on Congress to cut off money to support the Iraq war and the other, a detailed 50-year plan to convert the nation's energy system to renewable sources.

Vilsack said public financing for campaigns would have put him on a more level playing field with his better-financed rivals.

"I think we have to have a real debate about public financing and the ability for the primary and caucus process to be about ideas," he said.

Vilsack, First Democrat In, Is Quickly Out (WP)

By Dan Balz, Washington Post Staff Writer

The Washington Post, February 24, 2007

Former Iowa Governor Cites Financial Demands in Ending Bid for Presidency

Former Iowa governor Tom Vilsack, the first Democrat to announce a 2008 candidacy for the White House, abruptly dropped out of the race yesterday, a victim of the prodigious fundraising demands of an early-starting campaign and the star appeal of rivals Sen. Hillary Rodham Clinton (D-N.Y.) and Sen. Barack Obama (D-Ill.).

"This process has become to a great extent about money -- a lot of money," Vilsack said at a news conference in Des Moines yesterday. "And it is clear to me that we would not be able to continue to raise money in the amounts necessary to sustain not just a campaign in Iowa and New Hampshire but a campaign across this country. So it is money and only money that is the reason that we are leaving today."

Vilsack, who called for a swift end to the Iraq war and proposed an ambitious plan for reducing dependence on foreign oil, was considered a long shot for the nomination, so his early departure does not fundamentally change the shape of the Democratic contest. But it does change the dynamic in Iowa, the state whose caucuses will kick off the nomination battle early next year.

Rival campaigns immediately began scrambling for endorsements of Iowa elected officials and prominent party activists and to hire Vilsack staff members. Clinton's team was on the phone reconnecting with Iowa activists with whom she and her

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husband, former president Bill Clinton, have had relationships dating back years. Obama made calls into both Iowa and New Hampshire to speak with Vilsack supporters, encouraging them to join his campaign.

None of the other candidates had conceded Iowa to Vilsack, as Democratic candidates did in 1992 when Sen. Tom Harkin of Iowa was seeking the Democratic nomination. But Vilsack's presence in the race -- he had vowed to win the caucuses when he launched his campaign -- offered at least a thin rationale for a poor finish by those in the top tier of the Democratic field.

For the leading candidates -- Clinton, Obama and former senator John Edwards of North Carolina -- that excuse is now gone, adding to the pressure on each of them to organize the state as early as possible or risk an embarrassing finish, Democratic strategists said yesterday.

Vilsack's decision underscored the enormous financial challenges facing lesser-known candidates as they compete for contributions against Clinton and Obama. It also highlighted how the intense start to the 2008 campaign has dramatically escalated the cost of running, even in the opening months of competition.

In past years, candidates rarely dropped out until they had spent three to six months trying to raise money. This year, however, candidates have been forced to build larger campaign operations and begin serious organizing earlier than ever.

"This is a nomination process on steroids," said Josh Earnest, Vilsack's press secretary. "It started earlier than anybody expected, and it's requiring more money than ever before."

Jerry Crawford, one of the leading Democratic strategists in Iowa, said everyone knew that Clinton would be a formidable fundraiser, but "when Obama got in the race, it just took all the cash out of the room and all of the fundraisers out the room."

Vilsack formally launched his candidacy Nov. 30 and raised about $1.13 million by year's end. Aides said he was on track to add only about $1.3 million more by the end of the first quarter -- an amount Obama raised at a Hollywood fundraiser on Tuesday -- and already was in debt.

Strategists predicted yesterday that the same problem could befall other second-tier candidates -- particularly later this year, a point when fundraising generally becomes more difficult for most campaigns.

Vilsack served two terms as governor of Iowa and developed a reputation as one of the most thoughtful students of public policy among the nation's governors. He served as chairman of the Democratic Governors Association and was a leading voice in the National Governors Association.

Vilsack Ends Bid For Presidency (NYT)

By Jeff Zeleny

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — Former Gov. Tom Vilsack of Iowa ended his candidacy for the Democratic presidential nomination on Friday, saying the crowded field had made it impossible for him to raise enough money to remain competitive in an accelerated coast-to-coast campaign.

After making his announcement, Mr. Vilsack spent the afternoon taking calls from former rivals. They sent their best wishes, even as they began seeking his endorsement in Iowa, where the caucus early next year will kick off the process of selecting a nominee.

“I’m not thinking about that today,” Mr. Vilsack said in a telephone interview, pausing for a moment after juggling a string of calls from a variety of suitors, including Senators Hillary Rodham Clinton and Barack Obama.

Candidates also issued statements praising his candidacy.

Mr. Vilsack was the first Democratic candidate to enter the 2008 race, opening his campaign on Nov. 30 as the not-from-Washington candidate who pledged to renew a forgotten sense of community across America. He also became one of the most outspoken critics of the Iraq war and called for an immediate withdrawal of American troops.

But Mr. Vilsack, 56, said he struggled to compete financially in a field of nine candidates, particularly as California, Texas, Florida and Illinois are among the states working to move up the dates of their primary elections next year and candidates are expected to campaign earlier in these states. Already in debt, he said he wanted to abandon his bid before his finances worsened.

“So much of this process now is about perception and money,” Mr. Vilsack said, lamenting the end of the days when a long-shot candidate could prosper by courting one voter at a time. “In a setting where you have thousands of people in a convention center, it’s hard to develop a relationship or intimacy.”

Earlier, at a news conference in Des Moines, he said: “I came up against something for the first time in my life that hard work and effort couldn’t overcome. I just couldn’t work harder, couldn’t give it enough.”

The scramble set off by his announcement was not only for Mr. Vilsack’s endorsement, but also for his Iowa advisers and supporters, all of whom are seen as immensely valuable to other candidates. Officials from at least four other campaigns called the Vilsack headquarters on Friday, searching for a staff list.

Monica Fischer, a top Iowa activist and Vilsack loyalist, said: “It is a whole new day in Iowa. It’s a sad day for the people who supported him, but it opens everything up for the caucuses now.”

Ms. Fischer added, “Everybody will be waiting to see who he supports and where his supporters and staff go.”

In the three months of his candidacy, Mr. Vilsack faced a burden unlike that of any other person in the race: persuading voters in his own state to view him as presidential material. The steady parade of high-profile, well-financed rivals in his own backyard complicated his efforts.

Still, Mr. Vilsack’s decision to end his campaign startled many of his admirers in Iowa and across the country. Only two days ago, he appeared alongside his fellow Democratic candidates at a forum in Nevada, and he was scheduled to attend a campaign rally Friday evening in Iowa.

But early Friday morning, he began making calls to party officials and supporters, saying his campaign was spending more money than it was taking in. A few hours later, at his news conference, he criticized the intense focus placed upon fund-raising and urged candidates to continue on-the-ground campaigning in early voting states.

“It is money and only money that is the reason we are leaving today,” Mr. Vilsack said, adding that presidential campaigns should be publicly financed.

While Mr. Vilsack reported raising $1.1 million from Nov. 9 to Dec. 31, according to campaign finance reports, he had spent all but $396,000 by the end of the year. After Mr. Obama, of Illinois, and Mrs. Clinton, of New York, entered the race in late January, Mr. Vilsack’s advisers said, he struggled to raise money.

During his brief campaign, Mr. Vilsack sought to use his life story as an American metaphor: from orphaned infant in Pittsburgh to governor of Iowa, the native state of his college sweetheart-turned-wife, Christie. He served as mayor of Mount Pleasant, Iowa, and as state senator, and in 1998 he was elected governor. He served two terms.

“This has been a great experience,” Mr. Vilsack said Friday. “When you start out life in an orphanage and you run for president of the United States, that’s what this country is supposed to be about.”

Hirshberg: Vilsack's Exit "A Bit Of A Tragedy" (NHUL)

By John DiStaso

New Hampshire Union Leader, February 24, 2007

Stonyfield Farms chief executive Gary Hirshberg says Barack Obama telephoned him asking for support "literally 120 seconds" after word of Tom Vilsack's exit from the Presidential race became public.

Hirshberg, one of only two well-known New Hampshire backers of the Democratic former Iowa governor's short-lived Presidential effort, said yesterday Vilsack called him on Thursday night to say he would be dropping out of the campaign.

State Rep. Jim Ryan, a longtime friend who organized Vilsack's announcement tour in New Hampshire in December, said he heard from Vilsack yesterday morning.

"He said, 'I can't financially compete in 10 front-loaded markets, and being a frugal man, I not going to go into personal debt,'" Ryan said.

Hirshberg called Vilsack's decision "a bit of a tragedy" because it shows that the nominating process has become so front-loaded and money-oriented that lesser-known, less flashy and relatively under-funded candidates quickly realize they no longer have a chance to win their parties' nominations.

State Democratic Party Chairman Kathy Sullivan agreed, blaming Vilsack's exit on the unchecked rush to the front of the nominating calendars by nearly two dozen states, including the populous and expensive California, Florida and New Jersey.

"We still continue to hear nothing from either (national) party's leadership on what will be done to stop the front-loading of the primary calendar so candidates can have a chance to raise the funds they need," Sullivan said. "How many qualified and dynamic leaders do we have to lose in this race before something is done?"

Ryan targeted Democratic National Committee Chairman Howard Dean.

"I'm slightly less and furious at him," Ryan said. "He should know better. He achieved national fame through retail politics, and he initiated this process in the name of diversity. It created a pell-mell rush to the front."

Dean supported opening the primary and caucus calendar through a DNC review that ended with Nevada and South Carolina joining New Hampshire and Iowa's traditional early contests.

"I get the sense it's payback because he lost" the New Hampshire primary in 2004, Ryan said.

Hirshberg said, "We now have an 'American Idol' approach to choosing our President now. It's all about name recognition. That is not consistent with the New Hampshire tradition."

Obama is a chief beneficiary of the current "rock-star" mentality in politics, but Hirshberg said the Illinois senator's call to him "in some respects vindicated the New Hampshire process. He raised $1.3 million in Hollywood the other night, but at the same time, he's picking up the phone and calling a New Hampshire businessman."

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Hirshberg said he has not decided on a future endorsement, but, said he and Obama "had a good talk and we agreed absolutely to meet on his next visit. I'm sure we'll host him here at Stonyfield," a nationally known producer of organic yogurt.

Hirshberg called Vilsack "an absolutely superb candidate, qualified by any measure. He has been successful in a bi-partisan environment, which I consider to be a requirement for our next President."

Hirshberg said the he does not blame the media for identifying front-runners early in the process.

He said the public has "a desperate hunger to find an alternative to what's going on in Washington. People are eager to pick a winner right now. They want an election today."

Hirshberg said Vilsack's exit shows a need for the country to seriously consider public financing of campaigns in order to level the playing field.

Sullivan also praised Vilsack's "wisdom, experience and optimism," and said he and his family "spent a lot of time talking to and meeting people all across New Hampshire, not only embarrassing our grassroots process but thriving in it."

Ryan said he "felt real bad" for Vilsack, just as he did for former Virginia Gov. Mark Warner and Indiana Sen. Evan Bayh, Democrats who also decided against running for financial reasons.

"With Florida, California, New Jersey, Alabama and the rest of the states moving up," Ryan said, "we may well end up with a national primary on February 5 and you're going to have to have millions to be competitive."

Ryan said he also heard from a candidate yesterday, but refused to name the person. He also heard from four campaigns, but told them, "We haven't had the wake so I wasn't about to make those decisions yet."

Former Iowa Gov. Vilsack Ending '08 Bid (AP)

AP, February 23, 2007

DES MOINES, Iowa (AP) -- Democrat Tom Vilsack, the former Iowa governor who built a centrist image, abandoned his bid for the presidency on Friday after struggling against better-known, better-financed rivals.

"It is money and only money that is the reason we are leaving today," Vilsack told reporters at a news conference, later adding, "We have a debt we're going to have to work our way through."

Vilsack, 56, left office in January and traveled to early voting states, but he attracted neither the attention nor the campaign cash of his top-tier rivals -- Sen. Hillary Rodham Clinton, Sen. Barack Obama and John Edwards. He even faced obstacles in his home state.

In the most recent financial documents, Vilsack reported raising more than $1.1 million in the last seven weeks of 2006 but only had around $396,000 in the bank. Some campaign finance experts contend candidates will need $20 million by June 2007 to remain viable.

"I came up against something for the first time in my life that hard work and effort couldn't overcome," he said, his wife, Christie, and two grown sons at his side. "I just couldn't work any harder, couldn't give it enough."

Vilsack's withdrawal still leaves a crowded field of eight Democrats. He will remain an important figure in the presidential race as former rivals undoubtedly will seek his endorsement and help to win Iowa.

Vilsack, who likely will be considered as a vice presidential nominee, repeatedly declined to endorse another candidate at his news conference.

Other campaigns immediately began to seek out Vilsack's well-respected staff, hoping to pick up talented political operatives with experience in the first nominating state, and his political backers.

Gary Hirshberg, CEO and founder of Stonyfield Farm yogurt, was one of Vilsack's earliest and most prominent New Hampshire supporters. He said two minutes after Vilsack's announcement, Obama called seeking his support. Hirshberg told Obama he wasn't ready to commit to another candidate yet.

"Although we're absolutely undecided, I was very impressed," Hirshberg said. "Though we can wring our hands now about the role of money in these campaigns, it's still really vindicating to me to see, particularly here in New Hampshire, that grass-roots, house-to-house, person-to-person politics is still the order of the day. I think Senator Obama just proved that."

Vilsack was the first Democrat to formally enter the 2008 race when he announced his candidacy in November. His February departure underscores the warp speed of the 2008 race. In previous presidential cycles, candidates didn't announce until the fall, just a few months before the first caucuses and primaries, not more than a year before.

Trying to counter perceptions that as one of the least known of the prospective candidates he was too much of an underdog to succeed, Vilsack said in a campaign video: "I've never started a race that I've been expected to win, and I've never lost."

But the struggle for money proved too difficult, leaving a debt that Hirshberg described in the "hundreds of thousands."

"I told Tom last night that a number of us intend to get to Des Moines after the dust settles and help retire that debt, to do something, even if we have to sell yogurt in the street," Hirshberg said.

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As governor of Iowa, Vilsack had carved out a reputation as a centrist balancing his state's budget and refusing to raise taxes, while emphasizing increased spending on such priorities as education, health care and higher wages. Until recently he chaired the Democratic Leadership Council, the party's signature centrist group.

Vilsack initially made the focus of his long-shot campaign a plan to end U.S dependence on foreign oil by promoting alternative energy sources.

"Energy security will revitalize rural America, re-establish our moral leadership on global warming and climate security, and eliminate our addiction to foreign oil," Vilsack, a prominent proponent of ethanol, biodiesel and wind power, said at the time.

More recently, Vilsack has been among the more aggressive Democratic candidates in his call to bring U.S. troops home from Iraq, calling for Congress to cut off funding.

Beyond his record as governor, Vilsack tried to sell himself as a candidate with a compelling personal story, which he hoped would spark national interest in his candidacy. He was left as an infant at a Catholic orphanage in Pittsburgh and adopted by what he has described as a "troubled but loving family."

His parents were well-to-do and sent him to a private preparatory school, but his mother was an alcoholic who beat him and his father suffered trying financial reversals.

Vilsack managed to transcend his difficult childhood to build a successful career in law and politics, serving as a mayor, state senator and two terms as Iowa governor.

In a sign that Vilsack might abandon the race, he recently accepted a position lecturing at the Drake University Law School in Des Moines and had become a consultant for MidAmerican Energy Co.

Vilsack Calls It Quits For '08 (WT)

By S.A. Miller, The Washington Times

The Washington Times, February 24, 2007

Tom Vilsack, the first Democrat to officially enter the 2008 presidential race, dropped his bid for the White House yesterday, saying he could not raise enough money to compete and underscoring the power of top-tier candidates Sens. Hillary Rodham Clinton and Barack Obama to crowd out the rest of the field.

"We have everything to win the nomination and general election -- everything except money," he told supporters at his campaign headquarters in Des Moines, Iowa, as he announced his decision.

He will be viewed as a casualty of the new campaign world, in which big states such as California, Florida and New Jersey are considering moving up their primaries and in which $100 million is considered the ante.

Even as a former governor of Iowa, who should have had an edge in that state's early primary season caucuses, Mr. Vilsack had struggled to attract money and attention from Mrs. Clinton, Mr. Obama and former Democratic vice presidential nominee John Edwards.

Mr. Vilsack, 56, said he had expected to win the Iowa caucus and finish near the top in the New Hampshire primary.

But he said that wouldn't be enough to win the race and that mounting debt forced him to call it quits.

"At the end of the day, it is not about good ideas or hard work; it's about money," he said later in a conference call with reporters.

His exit leaves eight confirmed candidates in the Democratic contest, with Mrs. Clinton and Mr. Obama leading the pack, and Mr. Edwards performing well in Iowa polls.

Mrs. Clinton, 59, and Mr. Obama, 45, also likely lead in fundraising for what is shaping up to be the most expensive presidential campaign in history, possibly costing $1 billion.

The campaign ended for Mr. Vilsack a little more than three months after he declared his candidacy Nov. 8 -- the day after midterm elections swept Democrats into control of the U.S. Senate and House of Representatives for the first time in a dozen years.

Mr. Vilsack wasn't the first to bow out, nor was his the shortest-lived run.

Sen. Evan Bayh, Indiana Democrat, threw in the towel in December less than two weeks after setting up his exploratory committee.

Mr. Vilsack, high on the list of vice presidential prospects in 2004, remains an attractive running mate in 2008. However, he said the No. 2 spot was "the furthest thing from my mind today."

Mrs. Clinton said she had "deep admiration" for Mr. Vilsack and his wife, Christie. She said she looked forward to hearing more ideas from the former governor, who had made the Iraq war and energy policy the focus of his campaign.

"We share a passion for protecting America's young people through expanded health care options, early childhood education initiatives and opening the doors to higher education to every American."

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Mr. Obama called him "an outstanding public servant" and said his education, health care and energy policies made Iowa a model state.

"More than that, Tom brings a badly needed sense of honor and decency to our politics," said Mr. Obama, who has tried to stay above the political fray to distinguish himself from the perceived bare-knuckle campaigning by Mrs. Clinton.

Practically every poll shows Mrs. Clinton with a double-digit lead over Mr. Obama, who is double digits ahead of the next closest competitor.

Still, Mrs. Clinton is dogged by her 2002 vote authorizing the Iraq war and speculation on the left that she is unelectable.

Mr. Vilsack has always polled near the bottom, and several Democrats not in the race -- former Vice President Al Gore and retired Gen. Wesley Clark -- have closely trailed Mr. Obama.

Among Democrats in the race, only Mr. Edwards consistently garners about 10 percent in polls.

A Quinnipiac University poll of Democratic voters last week showed Mrs. Clinton with 38 percent, Mr. Obama with 23 percent, Mr. Gore with 11 percent and Mr. Edwards with 6 percent.

The next closest candidates, Mr. Clark and New Mexico Gov. Bill Richardson, each received 2 percent. Mr. Vilsack, Rep. Dennis J. Kucinich of Ohio and Sens. Joseph R. Biden Jr. of Delaware and Christopher J. Dodd of Connecticut each garnered 1 percent or less.

The remaining Democratic candidate, former Sen. Mike Gravel of Alaska, was not mentioned in the poll.

Vilsack Exits Presidential Race, Citing Lack Of Funding (LAT)

By Mark Z. Barabak

The Los Angeles Times, February 24, 2007

Tom Vilsack's abrupt departure from the presidential race Friday underscores the indispensable role of money in the contest, as well as an attention gap between voters and political insiders.

Less than three months after becoming the first major Democratic candidate to formally announce his bid, Vilsack reluctantly made his exit at a Des Moines news conference.

"It is money and only money that is the reason we are leaving," the former Iowa governor said. He had begun mulling a pullout several days before making his final decision Thursday, in the face of a severe cash crunch.

"I came up against something for the time in my life that hard work and effort couldn't overcome," Vilsack said. "I just couldn't work any harder, couldn't give it enough."

His withdrawal leaves a Democratic field dominated by Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois — and, to a lesser degree, former Sen. John Edwards of North Carolina. Several other candidates are fighting, as Vilsack did, to elbow their way into that top tier.

"In a normal year, a successful governor — no less from Iowa, the first voting state — would be an ideal candidate," said Thomas Schaller, a University of Maryland expert on the presidential nominating process. "But this is a cycle where you have these two titans in Obama and Clinton, and they're sucking all the oxygen and the majority of money out of the race before it's even begun."

Vilsack's announcement came on the same day a new national poll showed that about three in 10 Democrats were paying attention to the presidential race, and fewer than half volunteered a candidate they might support. The survey showed Clinton and Obama running far ahead of the party pack.

"Despite the accelerated campaign, it's not something that's really engaging the public to any great extent," said Andrew Kohut, director of the Pew Research Center for the People & the Press, which conducted the poll.

But at this stage of the contest the candidates are playing to a much narrower audience — courting key activists and donors. It was in the latter category in particular that Vilsack was lagging far behind. He reported raising $1.1 million between his November campaign launch and the end of the year — less than Obama raised in a single night this week in Beverly Hills.

In a conference call with reporters after his Friday announcement, Vilsack said he had been contemplating his exit for some time. He pressed on with his candidacy, however, delivering a speech on energy independence in San Francisco, appearing on "The Tonight Show With Jay Leno" and drawing favorable reviews for his performance Wednesday at a candidate's forum in Carson City, Nev. He emerged as an especially vocal critic of the war in Iraq.

But financial realities — and especially the prospect of going deeply into debt — weighed heavily on Vilsack.

"You can spin whether $20 million can compete with $100 million," Vilsack's campaign manager, Craig Varoga, said of the financial disadvantage the ex-governor probably would have faced. "But you cannot spin solvency.

"So we just made a very responsible fiscal decision."

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The departure of Vilsack is not expected to greatly alter the race. He trailed in polls even in his home state, which is scheduled to hold its precinct caucuses Jan. 14. But his absence will free up donors and Iowa activists whose expertise is highly valued; after Vilsack's announcement, his erstwhile rivals wasted no time.

"There's nobody, with the possible exception of John Edwards, who has anything remotely resembling a statewide organization," said Gordon Fischer, a former chairman of the Iowa Democratic Party who received a call Friday from Obama.

"It really opens up the state in a way it wasn't before."

Unhappy with all the attention showered on Iowa — as well as New Hampshire, which hosts the nation's first primary — several states have moved to push up their nominating contests. That may create what amounts to a national primary Feb. 5, probably including California and several other big states. That, in turn, has put a premium on the kind of early, frenzied fundraising that Vilsack lamented Friday.

"This process has become a great deal about money," he said. "A lot of money."

His exit marks the third departure of a serious contender from the Democratic race in the last few months. Sen. Evan Bayh of Indiana — who for years inched toward an all-out run for the White House — decided in December that he could not compete as an underdog in today's campaign environment. Former Virginia Gov. Mark Warner announced in October that he was abandoning his presidential effort, citing family considerations.

Speaking to reporters Friday in a firm if somber tone, Vilsack said it was too early to consider endorsing another candidate and brushed aside a question about whether he would be interested in being considered for vice president, as he was in 2004.

"To be honest with you," Vilsack said, "that's about the furthest thing from my mind today."

Vilsack Drops Out Of '08 Race, Cites Money As Reason (HILL)

By Klaus Marre

The Hill, February 23, 2007

Facing better-known candidates with deeper pockets, former Iowa Gov. Tom Vilsack (D) declared Friday that he would bow out of the 2008 presidential race. The decision will shift the balance of power in Iowa, which holds the first caucus of the primary season and is an important bellwether for candidates.

Flanked by his family, Vilsack declared he would drop out of the race for the sole reason that he would not be able to financially sustain a national campaign.

"It is money and only money that is the reason that we are leaving today," Vilsack said in Des Moines, Iowa. He lamented that the primary process has become "to a great degree" about raising campaign cash.

As a former two-term governor of Iowa, Vilsack had significant support there and polled in the double digits. But nationally, Vilsack trailed far behind name-brand Democratic candidates like Sens. Hillary Rodham Clinton (N.Y.) and Barack Obama (Ill.), as well as former vice presidential candidate John Edwards.

These top-tier candidates are now expected to vie for Vilsack's endorsement in the state, or at least to bring his supporters to their camps.

Vilsack, a centrist who ran as a Washington outsider, focused his campaign on ensuring energy security, getting U.S. troops out of Iraq and making healthcare more affordable.

Vilsack Drops Presidential Bid (DMR)

By David Yepsen

Des Moines Register, February 23, 2007

Former Iowa Gov. Tom Vilsack plans to drop out of the 2008 race for president later this morning because he lost the 2007 money primary.

His move will make the 2008 Iowa Democratic caucuses just a bit more important to the other candidates.

Key insiders cited Vilsackâ€™s inability to raise enough cash to compete against the two financial powerhouses in the race, Hillary Rodham Clinton and Barack Obama.

Vilsackâ€™s departure does little to change the nature of the national race - he was getting less than 1 percent in the polls.Â But it does reconfigure the Iowa caucus fight where he was running in third or fourth place and found support in the 10 percent to 15 percent range.

Many of his Iowa supporters - key organizational Democrats in some counties - will now be in the market for another candidate and the scramble will be on.Â A scramble will also be on for his staffers, many of whom are talented political operatives who know Iowa well.

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Historically, when a candidate drops out of the race, caucus supporters of that candidate go â€œundecidedâ€ for a while as they re-examine the field.Â That can be expected in this case as well because there is no clear heir to Vilsackâ€™s support.Â Clinton, Obama and John Edwards are all in a position to claim a portion of Vilsackâ€™s people.

One immediate effect on the race is to make the Iowa caucuses even more important.Â With no favorite son candidate in the field, Iowa again becomes a level playing field for the others.Â As long as Vilsack was in the race, many in the political community thought contests in Nevada and New Hampshire might prove to be fairer tests of strength for the other candidates.

Vilsack was always considered a long-shot for the nomination, in part because of the financial mountain he had to climb.Â Federal law limited him to raising $2,300 per person and he could not use money from a gubernatorial account to finance his bid. Obama and Clinton could transfer money from their Senate accounts, which means they could raise more per donor than Vilsack could.

Vilsack was also burning through about $500,000 a month in overhead expenses.Â While thatâ€™s a frugal operation by presidential campaign standards, itâ€™s a lot of money to raise, especially for a one percenter.

While Friday is a sad, though not unexpected, day for Vilsack and his supporters, they can take some solace in knowing he comes out of the race in a better political position than he entered.

As a result of his effort, he became better known to the nation's political and media communities.Â He presented himself well during the campaign, made no gaffes and can leave the race with his head up and with an enhanced stature.

Harkin Aide: 'No Truth' To Retirement Rumor (RC)

By Nicole Duran

RollCall.com, February 23, 2007

With former Iowa Gov. Tom Vilsack's decision today to end his quest for the Democratic presidential nomination, an aide to Sen. Tom Harkin (D-Iowa) shot down speculation that Harkin would not seek re-election and pave the way for Vilsack to run for Senate.

Some Democrats believed that the 67-year-old Senate Agriculture chairman would ultimately forgo a fifth term, but stall long enough to allow Vilsack to switch gears and take his place in the 2008 Senate race.

The theory was that the longer Harkin waited before formally announcing a decision, the less time potential Republican candidates would have to prepare to run for an open seat. Money Vilsack raised for his presidential bid could be transferred to a Senate campaign fund.

But Harkin, through a spokeswoman, again dismissed such talk this afternoon.

After speaking to Harkin, Maureen Knightly, his communications director, said there is "no truth" to the "conspiracy theory."

"He dislikes this lengthy campaign process," she said in explaining why he will not just say that he is running again.

"He's doing everything he can right now to prepare for a run and he's actively raising money," Knightly added.

Harkin's schedule is packed with fundraisers and he is hiring more campaign staff, Democrats in Washington, D.C., and Iowa point out.

He began the year with more than $1.1 million in his war chest, according to his latest campaign finance report.

He raised $363,000 in the last quarter of 2006 and listed five people on his campaign pay roll.

Last month, Harkin told Capitol Hill reporters: "Don't put a lot of stock in that right now," when a comment by Democratic Senatorial Campaign Committee Chairman Charles Schumer (N.Y.) about Harkin's reluctance to announce a re-election bid set tongues wagging about Harkin's political future.

Harkin refused to announce his re-election plans because modern campaigns are "too long," he said then.

Rommey Amused As Clinton, Obama Go After Each Other (AP)

By Glen Johnson

AP, February 23, 2007

MERRIMACK – Republican Presidential hopeful Mitt Romney said yesterday he relishes the infighting that has distracted two of his potential Democratic opponents, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

"It's great, isn't it?" Romney said to peals of laughter from crowd of employees at a solar-related equipment plant on the newly declared candidate's first visit to the leadoff Presidential primary state. "I love to see it when it happens on the other side."

The former Massachusetts governor described his leading Republican rivals, Sen. John McCain of Arizona and former New York Mayor Rudy Giuliani, as "friends" and "national heroes," before adding, "I respect them. I'm sure we'll disagree on issues from time to time, but I doubt you'll see the rancor that apparently may exist elsewhere."

Earlier this week, Clinton aides called on Obama to repudiate criticism of the former first lady leveled by Hollywood producer David Geffen, a former Clinton backer now supporting Obama. Obama refused, saying Geffen spoke for himself.

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The former Massachusetts governor's main message to workers during the visit was that it doesn't make sense for the country to send its oil dollars to nations that dislike the United States, so he's developing a plan for energy independence in the not-too-distant future.

?Romney: Divest from Iran

Expanding the use of wind, solar, nuclear and improved coal technologies could help the nation create as much energy as it uses within 20 to 30 years, some experts believe, a timeframe Romney cited but would not embrace until he delivers his formal speech on the subject at some future date.

"It doesn't make sense for us not to become increasingly energy independent, and for that to happen, we're going to have to rely on technology, innovation of the same kind that you're seeing right here," Romney told about 100 employees at GT Solar Inc., which makes equipment in turn used to construct solar energy panels.

"It will be the vision of that program to have America to produce as much energy as we use," Romney said.

Romney had been scheduled to visit New Hampshire amid a campaign announcement tour that also took him to early voting Iowa, South Carolina, Florida and Michigan, but he had to postpone his trip after a heavy snowstorm closed schools and highways.

Obama Reels In Austin Crowd (DMN)

By Wayne Slater

The Dallas Morning News, February 24, 2007

Sea of people brushes off rain to hear Democrat's promise of change

AUSTIN – Thousands of people jammed a lakeside venue used for rock concerts to hear Democratic presidential hopeful Barack Obama promise Friday to "galvanize a movement for change" in American politics.

The crowd – extraordinarily large for so early in a presidential campaign – cheered Mr. Obama's call to withdraw U.S. troops from Iraq and his denunciation of the Bush administration.

"The American people are tired of being afraid," the senator said. "They are tired of being pitted against each other."

Standing on a stage surrounded by a sea of supporters waving blue "Obama '08" placards, the Illinois Democrat presented himself as "an agent for change in Washington" who would unite an electorate polarized by fractious politics and an unpopular war.

"Regardless of what divides us, regardless of our differences in race and religion and political party, there is more than binds us together than drives us apart," he said.

The rally was Mr. Obama's first visit to Texas since formally announcing his candidacy for the Democratic nomination two weeks ago. He attended private fundraisers in Houston and Austin before Friday's midafternoon rally. Mr. Obama's campaign estimated that 20,000 people came to Austin's downtown Town Lake to see the candidate.

Many in the crowd were young and had waited hours in intermittent rain to see the political newcomer. Bands served as a warm-up; one rapper punctuated the chorus "Everything I do will be funky," with shouts of "Obama!"

The rally was an unusual burst of campaign activity long before Election Day, reflecting the full-bore contest already under way in both parties. Mr. Obama did not mention Democratic rival Hillary Rodham Clinton by name, but he alluded to her twice in seeking to contrast himself.

He noted his recent fundraising swing through Hollywood, which sparked a war of words between the Clinton camp and a top Obama supporter. And he made the point that he has opposed the war in Iraq since 2002 – a key distinction with Mrs. Clinton, who voted to authorize the invasion.

"I said we should not give open-ended authority to a president because it would lead to an open-ended occupation," he said.

A top Clinton political supporter in Texas, former land commissioner Garry Mauro, acknowledged that Mr. Obama is charismatic but suggested the political newcomer is effectively auditioning for a second spot on the ticket.

"Two years ago, we were not sure a woman could be elected president," he said. "The polls clearly show that's not the case anymore. The same polls don't show that's the case for an African-American.

"What we're seeing at this point is the process of the American people deciding whether they are ready to elect an African-American president or vice president," he said. "It's a fascinating thing to watch."

In his 35-minute speech, Mr. Obama took sharp aim at the Bush administration, at one point ridiculing Vice President Dick Cheney for suggesting the decision by British Prime Minister Tony Blair to withdraw 1,600 troops form Iraq was a positive sign. He noted the U.S. is sending another 22,000 troops in.

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"Now, keep in mind, this is the same guy that said we'd be greeted as liberators, the same guy that said that we're in the last throes. I'm sure he forecast sun today," he said amid the Austin rain. "When Dick Cheney says it's a good thing, you know that you've probably got some big problems."

A spokeswoman for Mr. Cheney said Friday that he had no comment.

In addition to his call for America to set a timetable for withdrawal of troops from Iraq by March 31 next year, Mr. Obama said he supports universal health care and programs to increase access to education.

And he noted that New Orleans "still looks like a war has been fought" and pledged to spend money to rebuild the city ravaged by Hurricane Katrina.

Obama, Rezko Neighborly Relationship Ends (CHIT)

By David Jackson, Ray Gibson

Chicago Tribune, February 24, 2007

A land sale recorded this month ended the neighborly relationship between U.S. Sen. Barack Obama and indicted political insider Antoin "Tony" Rezko, Obama's friend and former fundraiser.

On Dec. 28, 2006, land records show, Rezko's wife, Rita, sold the garden lot she owned next to Obama's home, transferring it to a company that plans to develop housing there. That sale deed became public this month when it was registered with the Cook County recorder of deeds.

On Friday, a spokesman for the Democratic senator and presidential candidate issued a written statement saying Obama hadn't communicated with Rezko about the deal: "The senator knows only that development is planned, but not any of the details. Sen. Obama was informed by his counsel of the plan for development."

Rezko's wife and Obama bought the adjoining South Side lots in 2005 and then engaged in a series of personal financial transactions to re-divide and improve their parcels. After their dealings were disclosed by the Tribune, Obama said he was "bone-headed" to enter the financial arrangements because Rezko was reported to be under grand jury investigation during that period.

In October, Rezko was indicted in a state government kickback scandal and in an alleged business fraud. He has pleaded not guilty to both indictments.

As he campaigns for president, Obama has distanced himself from his longtime friend.

Rezko's wife appears to have netted roughly $54,500 from her dealings with the parcel, although that figure does not include expenses and property taxes. She bought the parcel for $625,000 in June 2005, the same day Obama bought his home for $1.65 million. Both lots had once been part of the same estate, but the owner listed them for sale separately.

In January 2006, Rita Rezko transferred a 1,500-square-foot strip of her land to Obama for $104,500. Her recent sale of the rest was for $575,000.

The vacant lot once owned by Rita Rezko will be developed by a company owned by former Rezko business attorney Michael J. Sreenan. Rezko has no involvement with the new development, Sreenan said. "He's not a silent partner or anything like that," Sreenan said.

Sreenan said he has hired an architect and is discussing plans for the land with the alderman and the city Landmarks Commission.

When they owned the adjoining properties, Obama paid his landscaper to mow Rezko's lawn. Obama hired an attorney and architect to design a wrought iron fence on their property line and secure city permits, but Rezko agreed to pay the $14,000 cost of building that fence.

Since Rezko was indicted, six creditors have filed lawsuits against him in Cook County Circuit Court, including one this month that contends Rezko owes $12.2 million over a real estate deal.

A separate lending firm filed a $3.5 million judgment lien on Rezko's Wilmette home, and the IRS filed another lien saying his Rezko Enterprises LLC food firm owes $95,258 in taxes.

In Clinton's Backyard, It's Open Season As An Obama Fund-Raiser Lines Up Donors (NYT)

By Eric Konigsberg

The New York Times, February 24, 2007

Twenty-eight stories above Sixth Avenue in Manhattan, Jeh Johnson was dialing away.

The race was on for New York's prized political donors, and Mr. Johnson, one of Senator Barack Obama's leading fund-raisers in the city, was trying to poach in the heart of Senator Hillary Rodham Clinton's financial territory.

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Before the day was up, Mr. Johnson got about a dozen people on the phone with the pitch that Mr. Obama represented "a generational shift" away from the partisan chokehold gripping Washington. A few told him they were not ready to give, but more than half said they were willing to sign checks and come to a March 9 fund-raiser at the Grand Hyatt New York.

He called Joyce Johnson, a family friend (she was once his baby sitter) who lives on the Upper West Side and who has run unsuccessfully for State Assembly and the City Council over the past few years. She said she was on board with Mr. Obama's campaign, with some trepidation.

"A lot of the women who supported me are supporting Hillary," Ms. Johnson said. She named a West Side activist who has, in the past, raised money for Gov. Eliot Spitzer and Representative Charles B. Rangel, Democrat of New York.

"Ricki Lieberman is like my godmother," Ms. Johnson said, "And she's going with Hillary and I'm going the other way. Keep talking to me, Jeh. Give me some sea legs. Tell me what to say."

Mr. Johnson, whose name is pronounced jay, leaned back in his chair and said: "Joyce, we had 30 or 40 people here in my office last night for a preliminary meeting on this, and another 30 on the phone. One thing you learn quickly is that when the name Barack Obama is involved, you always have more people show up than you expected."

Mr. Johnson, a lawyer at Paul, Weiss, Rifkin, Wharton & Garrison, is a linchpin in uphill efforts to build a donor base for Mr. Obama in New York, where many potential supporters have at some time in the last 16 years aided the Clintons.

Mr. Obama's ability to raise significant amounts of money depends on the success that people like Mr. Johnson have among New York's all-important Democratic fund-raising circles, which the Clinton camp has moved aggressively to corral by battling any perception that elements of the party are drifting away. And part of Mr. Johnson's pitch must be that by contributing to the Obama campaign, Democrats are not showing disloyalty to the Clintons, a fear that can be heard in his conversations with donors.

"Look, if it doesn't work out, then hopefully the nominee will get over it," he told one donor in discussing the possibility of a Clinton victory and its ramifications for the Obama camp. "She'll need all the help she can get, particularly from the people associated with his campaign."

The Clintons have dominated the fund-raising race for Democratic-party money in New York since long before Mrs. Clinton held office in the state, Mr. Johnson said. "She and her husband have been working New York for 16 years and they know where they are," he added. "But I think we're going to surprise a lot of people with who signs up."

The Obama campaign has already attracted a number of fund-raisers with ties to Mrs. Clinton or her husband, like Orin Kramer, a prominent hedge fund manager from New Jersey, and James S. Rubin, a private equity manager and son of Robert E. Rubin, the former Treasury secretary. The younger Mr. Rubin was also a finance director for New York during President Bill Clinton's 1996 re-election campaign, and held positions at the Federal Communications Commission during the second Clinton administration.

Other former Clintonites who are raising money for Mr. Obama include Joshua L. Steiner, a private equity principal; Michael Froman, a Citigroup executive; and Brian Mathis of Provident Group. All of them are young (in their 40s) and served in senior positions in Mr. Clinton's Treasury Department a decade ago (Mr. Froman and Mr. Mathis were friends with Mr. Obama at Harvard Law School). Another high-profile Obama fund-raiser is Earl G. Graves, the publisher of Black Enterprise magazine, who in 2000 was listed by the White House as an overnight guest of the Clintons.

The Obama campaign hopes to draw from pools that barely existed four years ago, particularly hedge fund and private-equity fund principals who only recently acquired their money and their interest in the political process.

But another strategy holds that in order to keep up with Mrs. Clinton, Mr. Johnson and his cohorts will have to succeed at poaching traditional Clinton donors.

Already, the bulk of New York's traditional Democratic money elite — people on the level of Alan Patricof, Steven Rattner, and Hassan Nemazee — has pledged to support Mrs. Clinton.

But the drift of some New York donors, along with the switch by some former Clinton backers on the West Coast, like David Geffen, has elevated hopes among Mr. Obama's supporters. There is no consensus among his financial supporters as to whether the feud this week over Mr. Geffen's critical comments about the Clintons is helping or hindering their efforts. Still, several of them said privately that they had been enjoying the sparring.

"It's important to demonstrate that Barack's willing to hit back, though I'm not sure this is the opportunity I would've picked," one said.

Mr. Kramer, the hedge fund manager, remains an admirer of Mrs. Clinton, and said he agonized over the move but was swayed partially by the grass-roots approach of the Obama campaign. "Making choices involving people you genuinely care about is harrowing," he said. "I made the decision when I did to bring the pain to an end."

Still, of his new endeavor, Mr. Kramer said, "It's like the Red Sox looking for fans at Yankee Stadium."

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Mr. Johnson, 49, is aware that his taking up with Mr. Obama marks a defection from the Clintons. He was the general counsel to the Air Force for more than two years during President Clinton's second term. Mr. Clinton's trusted adviser, Vernon E. Jordan Jr. — an old family friend of Mr. Johnson —helped him get that job.

Mr. Johnson urged almost every person he reached by phone to look up the speech that Mr. Obama made before the Illinois Senate in October 2002. In the speech, Mr. Obama outlined his opposition to going to war in Iraq, highlighting the sharp contrast to Mrs. Clinton's vote that year to authorize military action against Iraq.

He is working his connections, which include a 300-person master list heavily weighted with fellow lawyers, members of a black professionals fraternity to which he belongs, and veterans of John Kerry's 2004 presidential campaign, for which he served as special counsel.

"Among the attorneys on the Ivy League side, he definitely is appealing," Mr. Johnson said of Mr. Obama. His pitch to one fellow lawyer with whom he had previously traded calls, was this efficient:

"So, Barack." Pause. "Sounds like all your buddies from Harvard Law are involved too." Pause. "Have you met him before?" Pause. "The base level is $1,000."

Although campaign-finance regulations bar individual donors from giving more than $2,300 per election to a campaign, as a "bundler" Mr. Johnson is expected to raise much more on the breadth of his Rolodex and the depth of his persuasive skills. The invitation to the March 9 event lists Mr. Johnson and his wife, along with about a dozen other couples or individuals, as gala "chairs" who have pledged to raise $100,000 — all in increments of $2,300 or less.

Despite Mr. Johnson's considerable experience in the political sphere, participation in one of the Renaissance Weekend retreats made popular by the Clintons, and his volunteer position on the Kerry campaign, he did not until last June become a legitimate fund-raising player. He has since been sought out by candidates.

"I got a call from the Menendez Senate campaign, and they asked me to host a party with Bobbi Brown, who has the cosmetics line," Mr. Johnson recalled (his family and Ms. Brown's live in Montclair, N.J., a state where Robert Menendez is a senator). "Menendez got Barack and Cory Booker to do this event with us. That was when I met Barack. We raised between $300,000 and $500,000 in one day, and my name was associated with that event."

In the months that followed, Mr. Johnson said: "John Edwards, Bill Richardson, Jim Webb, Harold Ford, they all came here. Harold Ford, he has his little entourage. He sat right there in the chair next to the TV."

He had expected to wait for the outcome of the 2008 primaries before signing on with a candidate, but after seeing Mr. Obama hold forth at a fall book-signing on the Upper East Side, Mr. Johnson was won over.

Then, the day before Thanksgiving, Mr. Johnson received a call at home from Mr. Obama.

"He said, 'I'm thinking about running for president. Can you not commit to anybody until I decide?' " Mr. Johnson said. "Now, we really hit it off. I said, 'Barack, I'm with you.' "

Clinton Sees Role For Husband (SFC)

By Carla Marinucci

San Francisco Chronicle, February 24, 2007

Democratic presidential front-runner Sen. Hillary Rodham Clinton -- coming off a week of caustic comments from Hollywood mogul David Geffen and a campaign squabble with rival Sen. Barack Obama -- was exactly where she wanted to be Friday: in front of an adoring crowd in the Democratic stronghold of San Francisco, raising boatloads of campaign cash.

And the New York senator used the occasion to defend a man who is potentially a source of controversy: her husband, former Democratic President Bill Clinton.

In response to a question from the audience, she called her husband "the most popular person in the world right now" and said that when she reaches the White House, "I will continue the tradition of using former presidents" as diplomats around the world.

Clinton visited San Francisco at the invitation of major Democratic Party donor Susie Tompkins Buell on the same day the first declared Democratic candidate for president, former Iowa Gov. Tom Vilsack, dropped out of the race. Vilsack said he could not raise enough money to continue the 618-day marathon to the Nov. 4, 2008, election.

But Clinton appeared to have no such problems in San Francisco, where 900 people attended her sold-out, $250-a-head fundraiser at the Palace Hotel, including such political leaders as state Sens. Don Perata of Oakland and Carole Migden of San Francisco, Republican Gov. Arnold Schwarzenegger's chief of staff Susan Kennedy, and such major party donors as developer Walter Shorenstein, whom the senator helped serenade with a chorus of "Happy Birthday."

At the hourlong "town hall"-style appearance, billed as "Hillary Makes History," Clinton supporters munched on boxed lunches of sushi and salad -- organic and locally produced in accordance with the candidate's wishes, they were told -- and

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listened as the senator spoke in detail about her views regarding the war in Iraq, contraceptives funding, affordable housing, health care, the environment and climate change.

"I'm not running as a woman candidate, I'm running because I think I'm the best candidate to hit the ground running," Clinton said.

The senator said her experience as first lady during her husband's eight years in the White House would help shape her presidency. For example, she acknowledged that "the mistakes that I made during the health care debate" showed that "a president is powerful ... but the president has to lead in a collegial way, bring people along."

With the Academy Awards just two days away, Clinton also gave her husband's former vice president -- who still is viewed as a potential rival for the Democratic nomination -- a thumbs-up for his Oscar-nominated film about global warming, "An Inconvenient Truth."

"We're all pulling for Al Gore to get that Oscar," she said. "Nobody has done more to sound the alarm" on hydrocarbons.

The senator's appearance in San Francisco highlighted her strengths as a powerhouse fundraiser and illustrated her ability as a seasoned public figure with the background to discuss details on a wide range of policy matters.

Clinton was briefly interrupted by protesters from CodePink, the anti-war group, who raised six large pink banners with slogans such as "We Want a Peace President" and "Hillary Stop the War Fund." Five members of the group were escorted from the room by security officers and arrested by police, according to Medea Benjamin, who heads the grassroots organization.

Clinton did not directly acknowledge the protesters -- some of whom yelled "Stop the war" as they were led outside -- but said to cheers, "Yes, we do have to end the war in Iraq."

Some Democrats have questioned the senator about her October 2002 vote in favor of giving President Bush the authority to use military action against Iraq. While Clinton has said she wouldn't vote that same way knowing now what she didn't know then, she has been criticized for refusing to simply label the vote a mistake.

In her remarks, Clinton noted "a great deal of unrest and anger and deep, deep, frustration" on Iraq and said it's time "to begin to rein this president in" regarding U.S. involvement in the war. She has introduced legislation calling for a limit on the number of U.S. troops in Iraq.

The issue of Clinton's war position was raised earlier this week at a forum in Nevada where almost all the declared Democratic presidential candidates met for the first time. Former Sen. John Edwards of North Carolina, who has publicly apologized for his Iraq vote as a mistake, appeared to jab Clinton for not going that far.

Clinton's stance was more harshly criticized this week by Hollywood movie mogul David Geffen, a supporter of Obama, who said Clinton's refusal to apologize for the war vote is an example of the problems that make her unelectable.

Geffen, who once raised millions for the Clintons, also criticized the former president and said both members of the powerful couple lie for political expediency. Hillary Clinton's campaign spokesman immediately criticized Obama for allowing a supporter such as Geffen to engage in "slash and burn" tactics and called on the Illinois senator to repudiate the remarks.

Clinton didn't directly engage the week's political criticisms during Friday's appearance in San Francisco, but a question from the audience gave her a chance to extol her husband's virtues.

Asked if, as president, she would appoint her husband secretary of state, the senator laughed and joked there may be "a law against that" (although there isn't).

She proudly defended her husband, an enormously popular figure among Democratic voters, saying she would rely on his expertise. She pointedly remarked that his approach to foreign policy and international relations while he was in the Oval Office from 1992 to 2000 was "a lot better than what we've recently seen."

Ellen Malcolm, who heads Emily's List, the powerful Democratic pro-choice women's political action committee -- one of the hosts of the event -- said Democrats "need to focus on the big picture, and that's the general election."

"Hillary Clinton has spent 15 years on the world stage," she said. "Hillary Clinton is the front-runner, and everybody is going to come after her. ... She knows how to defend herself."

Other supporters were livid at Geffen's comments.

"(Geffen) sucked up every benefit he could when Bill Clinton was president. He spent the night in the White House, and he had private briefings with the president," said attorney Martha Whetstone, a longtime friend of the Clintons from Arkansas. "The values of loyalty are important, and the Clintons have that in spades ... and to try to go after them on a national scale to settle a personal vendetta is unconscionable."

S.C. Democratic Party Chief To Lead Campaign (TSSC)

The State, February 24, 2007

The executive director of the state Democratic Party is leaving the post to run New Mexico Gov. Bill Richardson's presidential campaign in South Carolina.

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Lachlan McIntosh will head the S.C. arm of Richardson's bid to become the nation's first Hispanic president. McIntosh said he will start working for Richardson on March 15.

Can Governors Regain Spotlight In 2008 Race For The White House? (WSJ)

By Christopher Cooper

The Wall Street Journal, February 24, 2007

This week's nasty tit-for-tat between Democratic senators Hillary Clinton and Barack Obama may have raised the appetite among partisans to take a fresh look for somebody -- anybody -- outside the Beltway as their 2008 presidential choice.

What about the folks running the states? As the National Governors Association gathers for its annual meeting in Washington this weekend, it hopes that some of its members will grab the spotlight that has largely eluded them in the nascent rounds of the 2008 presidential campaign. Makes sense: Governors have dominated nearly every presidential field of the past 30 years.

So far, this campaign hasn't been kind to the governor candidates. On Friday, ex-Iowa Gov. Tom Vilsack dropped his presidential bid just three months after formally launching it. His tent-folding followed demurrals by former Virginia Gov. Mark Warner and Indiana Sen. Evan Bayh, who had been touting his time as governor more than his time in Washington.

New Mexico Gov. Bill Richardson remains as the only state executive in the Democratic field, though he lags far behind Mrs. Clinton, Mr. Obama and former North Carolina Sen. John Edwards. Among Republicans, former Massachusetts Gov. Mitt Romney is considered top-tier, though the lower part of it, behind a senator and a former mayor. Ex-Arkansas Gov. Mike Huckabee toils far behind.

And, yet, the facts are these: Only four U.S. senators have become president since Warren Harding won in 1920, and one of them was Richard Nixon -- who left the Gang of 100 a full 16 years before ascending to the Oval Office.

Historically, conventional wisdom holds that governors have a better shot at making the presidency. They have the grassroots political organization to turn out state delegates and the sophisticated fund-raising machines that can Hoover up astonishing amounts of money. Running a state also parallels the demands of the presidency far more closely than a seat in the Senate does.

As executive officeholders, governors often have the clean record of accomplishment that senators lack. And they don't spark the long trail of compromise that Senate votes often bring. "The campaign trail is no place to be talking about cloture and amendments and getting caught up in 'Senate-speak,' " says Scott Reed, former campaign manager for vanquished presidential candidate and former Sen. Bob Dole.

Mr. Reed said one of his first tasks as manager was to examine the votes Mr. Dole cast during his long tenure in the Senate -- he says there were 17,000 of them.

But, then, even Mr. Romney -- who has begun airing ads touting himself as "the Republican who turned around a Democratic state" -- is having some "Senate-speak" trouble of his own. During a failed run for U.S. Senate in Massachusetts in 1994, the conservative Republican let slip that he favored gay rights. It has come back to haunt him in the early going.

Mr. Romney is a Mormon and, at the beginning, "everybody thought his weakness would be his religion," says Mr. Reed. "Funny that it turns out to be his political philosophy and his flip-flopping."

Could Gore's Road To The Oval Office Begin In Hollywood? (CNN)

By Bill Schneider

CNN.com, February 23, 2007

LOS ANGELES, California (CNN) -- We've seen plenty of political moments at the Oscars before. But on Sunday, we could see the most unusual political moment ever.

Consider this scenario: It's Academy Awards night. Best documentary feature is up. And the Oscar is favored to go to . . . "An Inconvenient Truth," starring former Vice President Al Gore.

Lawrence Bender, producer of "An Inconvenient Truth," and the film's other producers come up to accept the Oscar -- with Gore. (Watch Bender explain while it might be Gore's time)

The audience roars its approval -- this is liberal Hollywood -- and Gore speaks.

"There's even some speculation that he would use his Oscar as the occasion to announce that he's running," Martin Kaplan, director of the University of Southern California's Norman Lear Center, told CNN. "Imagine that: a billion people worldwide! Take that Jay Leno, as an announcement venue!"

Could it happen? Gore's producer thinks a potential Gore speech would be a historic moment, but not the way Kaplan envisions.

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"It's electrifying, not politically, because is Al Gore going to run or not going to run. There's nothing going to happen like that," Bender told CNN. "It's electrifying because the man who is responsible for solidifying the forces around global warming is going to" be acknowldged.

But could an Oscar start the momentum for a draft-Gore movement? USC's Kaplan thinks it could.

"People think that he's paid his dues, he's had more of an impact on issues that people care about than many people who have been in office and there's a feeling that he's finally lost that student council condescension that was fingernails on a blackboard to a lot of supporters," Kaplan said.

Democrats are desperate to win. Doubts have begun to surface about the electability of the party's current front-runners. How's this for an argument? Now is the time for all good men to come to the aid of their party.

"He was right on Iraq. He was right on global warming. He has an issue that is so formidable and has attacked it, tackled it," Bender said. "So I would love to see him run, sure, but I don't see that in the cards."

But once that envelope is opened, there will be a new card to play.

Maybe Mr. Gore will get up and say, "I have new song to sing." After all, the film has been nominated in the best song category, too.

Gore Film Odds-On Favorite To Win Oscar (AP)

By Beth Fouhy

AP, February 24, 2007

NEW YORK (AP) -- Forget about sharing the stage with fellow Democrats on cable TV. Al Gore goes prime time, red carpet Sunday night at the Academy Awards before tens of millions, reviving talk of a possible presidential run.

"An Inconvenient Truth," the documentary about the former vice president's crusade against global warming, is the odds-on favorite to win an Oscar. Gore plans to attend the ceremony as well as the glitzy before and after parties.

If the movie takes top honors, director Davis Guggenheim would accept the golden statuette and Gore would join him onstage. He doesn't plan an endless "thank you" speech, but the liberal-leaning Hollywood audience may have a different idea.

And all the buzz on the West Coast and in Washington on Friday was about another special Gore appearance during the ceremony.

An Oscar would be the latest accolade in a remarkable year for Gore, who became a best-selling author, announced plans for a seven- continent series of concerts to fight global warming and was nominated for a Nobel Peace Prize.

His narrow loss to Republican George W. Bush in the disputed 2000 presidential election is still a sore subject for many Democrats. An Oscar win is certain to spark new questions about Gore's political future.

He has said repeatedly he has no plans to join the field of presidential aspirants dominated by Sens. Hillary Rodham Clinton and Barack Obama. Yet, Gore's unwillingness to rule out a run completely has given some activists hope that he might change his mind.

A group of key supporters, led by his former policy adviser, Elaine Kamarck, even met in Boston earlier this month to mull a possible Gore candidacy.

"I think there are still an awful lot of Democrats who rightly believe Gore won in 2000," said Roger Salazar, a Democratic strategist and former Gore spokesman. "With this movie and the Oscar nomination, people are taking another look at him and feel more warmly about him than they have in some time."

Interviews with Democratic activists attending this week's presidential forum in Nevada produced some optimism and some reservations about another Gore candidacy.

Gary Poirier, a food service worker from Davis, Calif., said he thinks Gore should run. "Obama is new and interesting, but I haven't heard him address the issues. And Hillary Clinton is just a little too political," Poirier said.

But John Emerson, another activist and retired minister from Sparks, Nev., said he was quite satisfied with the current crop of 2008 contenders even though he described himself as a Gore fan.

It's quite unlike 1988, Emerson said, when many Democrats hoped then- New York Gov. Mario Cuomo would parachute into a field disparaged by some as "the seven dwarfs."

"We have a tremendously skilled group this time. No one sees any real weakness in the bunch," Emerson said.

Besides Clinton and Obama, the Democrats running are John Edwards, the 2004 vice presidential nominee; Sens. Chris Dodd of Connecticut and Joe Biden of Delaware; New Mexico Gov. Bill Richardson; Ohio Rep. Dennis Kucinich and former Alaska Sen. Mike Gravel.

Other activists expressed frustration with Gore's performance in the tense days following the 2000 election, when Florida's electoral votes _ and the presidency _ hung in the balance. At the time, many observers criticized Gore and his political team for not aggressively challenging the many court rulings that eventually cleared the way for a Bush victory.

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"Gore outright won, and he was cheated. Yet he gave in so easily," said Joyce Yates of San Diego. "He should have fought a lot harder, especially for those of us who fought so hard for him."

Yates said Gore should have sought a rematch against Bush in 2004.

"It's too late now. People have lost faith in him," she said.

Friends say Gore has built a nice life out of the wreckage of 2000. He is worth millions, thanks to his membership on the Apple, Inc., board and a significant stock windfall from his advisory relationship with the Internet search giant Google. He also chairs a private investment company and Current.tv, a cable network aimed at young viewers.

He and his wife, Tipper, own several homes and travel extensively, much of it to raise awareness of global warming. Tickets to a Gore appearance in Toronto this week sold out within minutes, with some being scalped for as much as $500 apiece.

And a man once so fastidious about his appearance that he hired an image consultant is older and heavier, raising questions about whether he's fleet enough for another run.

Gerald McEntee, international president of the American Federation of State, County and Municipal Employees union, said Gore still had broad support in the labor movement. But he saw no evidence that Gore planned to join the race.

"I think he's a happy man," McEntee said.

Carter Endorses Gore, Says Former Veep Can Win More Than Oscars (ABC)

ABCNews.com, February 23, 2007

ABC News' George Stephanopoulos Reports: In an exclusive interview with former President Jimmy Carter set to air on Sunday's "This Week with George Stephanopoulos", Carter lavished praise on "(his) favorite Democrat) former Vice President Al Gore.

Carter told ABC News, "If Al should decide to run -- which I'm afraid he won't -- I would support Al Gore."

The former Democratic President asserted Gore could accomplish much more in the White House than he ever could as a private citizen, saying to Stephanopoulos, "His burning issue now is global warming and preventing it. He can do infinitely more to accomplish that goal as in the incumbent in the White House, than he can making even movies that get -- you know, that get Oscars."

"An Inconvenient Truth", a documentary based on a global warming lecture Gore has delivered around the world, is nominated for an Academy Award and the former Vice President will walk the red carpet at the Oscars this Sunday.

Despite public pressure from Carter and others, the former President does not believe Gore will make a second bid for the White House saying, "I don't think he will. I've put so much pressure on Al to run that he's almost gotten aggravated with me."

Carter told Stephanopoulos that he had not called Gore "lately" adding, "He almost told me, the last time I talked, 'Don't call me anymore.'"

Carter joked that Gore had offered to support him in 2008 and referred to Gore as "my favorite" in the interview, concluding, "I really have not expressed any public approval or endorsement or preference for any of the Democratic candidates except (Gore)."

Tune into 'This Week' on Sunday, February 25, to watch George's full interview with former President Carter.

Abortion Doubts Dog GOP Top Three (POL)

By Jonathan Martin

The Politico, February 23, 2007

An increasingly tense war over abortion has emerged as the early test of conservative bona fides among the leading GOP presidential contenders. To many on the right, the top three candidates are failing it because they're faking it.

"Come off it, guys, this is kind of unseemly," says David Keene, the influential president of the American Conservative Union. "The people you're doing this to aren't stupid. Eventually they'll figure out this is all bull."

Keene's harsh words reflect a harsh reality for the top-tier candidates: Many conservatives consider Arizona Sen. John McCain a less-than-passionate abortion foe, former Massachusetts Gov. Mitt Romney a flip-flopper and former New York Mayor Rudy Giuliani as downright hostile to the pro-life movement.

"I don't see any consensus on any candidate right now," says Steve Scheffler, president of the Iowa Christian Alliance and an influential voice in his state's caucuses. "All three have got challenges."

The fight to reverse that perception is getting personal. McCain and Romney, through aides and supporters, are hitting each other almost daily over the issue.

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McCain, a consistent opponent of abortion in his more than two decades in Congress who nonetheless is viewed with suspicion by many in the anti-abortion community, pushed the issue to the front by declaring his support for overturning Roe v. Wade Sunday on the campaign trail in the conservative upstate region of South Carolina.

This prompted Romney to go on the attack. "Ask the pro-life movement where his leadership has been in the six years since 2000 that he's been running for president," said Gary Marx, who is charged with handling conservative outreach for Romney, of McCain. "What has he done?"

Romney, though, has even more challenges on pro-life issues. He was, in his words, "effectively pro-choice" until recent years and argued vehemently in both his unsuccessful run for the Senate in 1994 and in his 2002 gubernatorial bid that he would not lift a finger to take away a woman's right to an abortion.

Giuliani has smartly avoided the spat. Unlike Romney, he remains pro-choice. But even Giuliani has sought to lessen the gulf between his views and the GOP conservative base on the issue, saying on Fox News that he "hate[s]" the practice of abortion and telling South Carolinians that he'd appoint conservative judges in the mold of John Roberts and Samuel Alito.

"Giuliani is just starting to tip-toe into the pandering business, but he'll get there," quips Keene.

Some social conservatives, while appreciative of Roberts and Alito, are distraught at how little President Bush has done to put the topic at the forefront and fear even less will be done should any of the top three 2008 contenders be nominated. This only increases the pressure on presidential hopefuls to embrace the pro-life movement.

Michael Franc of The Heritage Foundation says that with the prospect of a Democratic-controlled, or at least closely divided, Congress and a Republican president who lacks ardor for the issue, not "losing any ground" on abortion may be the best that right-to-life activists can hope for.

"The real battle," Franc notes, "is going to be fought in the states and in scaling back judicial activism."

"What a lot of people are looking for," said former presidential candidate and conservative activist Gary Bauer of the GOP's White House hopefuls, "is do they understand the issue and do they understand that Roe v. Wade is the ultimate example of judicial activism?"

And do they?

"The jury is still out," says Bauer. But, he adds, McCain should win praise for speaking out against Roe. Merely offering rhetorical bows to "strict constructionist judges" isn't sufficient, argues Bauer, who is neutral in the race and backed McCain in the 2000 primary. "Strict constructionists think that precedent should stay," says Bauer, and thus their appointment wouldn't lead to Roe being overturned.

For McCain, Scheffler points out, it's just that he's not identified with the right to life movement. "Part of it is a perception problem because of his maverick streak," Scheffler says. Bauer notes that part of the problem is that McCain's ardent support for campaign finance reform angered some in the right to life movement who felt that the McCain-Feingold bill hurt their advocacy ability.

Asked to discuss the issue, McCain's campaign had Marlys Popma, a veteran Iowa social conservative activist now backing the Arizonan, defend the senator's record.

"People are almost better identified by those who oppose them," notes Popma, a former head of Iowa Right to Life. And when she researched McCain's record before signing on, she was pleased with what she saw.

"I went and looked at how Planned Parenthood and NARAL had ranked Sen. McCain. For the last several years -- zeros. That spoke volumes to me."

But doesn't McCain at least have, as Scheffler puts it, "a perception problem?"

"Any campaign's job is to teach people about the candidate," Popma replies, and "if they take the time to look at his record, it speaks for itself."

Romney's campaign, despite their candidate's past protestations that he backed abortion rights, makes a similar argument.

"His record is his record," argues Kevin Madden, Romney's spokesman. When it came to actual governing decisions in his sole four-year term, Romney, Madden boasts, has "the luxury of having a strong pro-life record on this issue."

But, Madden adds, they've not sought to spotlight the issue and have tried to highlight other matters.

"The narrative is being driven by the media's focus on it more than the public's focus on it."

Madden laments that instead of talking about issues like health care, the economy or the threat of "Jihadists," Romney holds press conferences where "60% of the questions are about his Mormon religion and 40% are about abortion."

Giuliani's camp would also rather talk about more advantageous issues like homeland security and defense with the Republican base.

"This election is being viewed in terms of leadership in that Republican primary voters are looking at the bigger picture and want the best candidate to move this country forward," argues Giuliani spokeswoman Maria Comella.

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On abortion, Giuliani has "been consistent on the issue, that's what voters respect about him," Comella says. Giuliani, Comella reiterates, "personally opposes abortion, but he believes it's a woman's rights to choose."

But how can Giuliani reconcile such a construction with past comments where he embraced the language of abortion rights supporters and praised the very groups that Popma, McCain's supporter, used as her litmus test?

Partially, at least, by pointing to what took place in New York while Giuliani was mayor. "He presided over a decline of abortions, promoted adoption as a real alternative and saw adoptions increase and abortions decrease," says Comella.

Rudy & Mitt Hem & Haw On Abortion (NYT)

By Ann Althouse

The New York Times, February 24, 2007

We're seeing some awfully complicated positions on abortion from some of the presidential candidates. It's easy to hoot with derision.

Rudy Giuliani did an elaborate dance the other day. Speaking in South Carolina, he said that "as a lawyer," he liked having "strict constructionists" on the federal courts. But he didn't specify what he wanted those "strict constructionist" judges to do with Roe v. Wade. Instead, he shifted to talking about how it's "part of our freedom" for the legislatures in the various states to make their own decisions about law.

More recently, on Larry King's show, Giuliani said he was pro-choice, though he hates abortion, and retreated again into ideas about the sort of judges he would appoint. King dogged him for blunter answers, and Giuliani must have sounded evasive to most people.

When King assumed that "strict constructionist" judges would overrule Roe v. Wade, Giuliani said, "We don't know that." When King asked, "Would it hurt you if they overturned it?" Giuliani turned the focus away from himself: we need good judges, and then there are always the states.

Meanwhile, Ruth Marcus of The Washington Post is pointing at a contorted pose that Mitt Romney struck, explaining something he said when he ran for governor of Massachusetts: "What I said to people was that I personally did not favor abortion, that I am personally pro-life. However, as governor I would not change the laws of the commonwealth relating to abortion.

"Now I don't try and put a bow around that and say what does that mean you are — does that mean you're pro-life or pro-choice, because that whole package — meaning I'm personally pro-life but I won't change the laws, you could describe that as — well, I don't think you can describe it in one hyphenated word."

If you're already opposed to Giuliani or Romney, I'm sure the ridicule practically writes itself. Something so convoluted has got to be manipulation. Right? Compare them with straight-talking John McCain, who said: "I do not support Roe v. Wade. It should be overturned." That's harder to mock.

But it is the candidate who sets out to deceive us who has the most reason to keep it simple. By contrast, complexity may signal that the candidate is actually trying to tell us something about how he thinks. He may have a sophisticated grasp of the role of the executive in relation to the courts and the legislatures. We might do well to tolerate some complexity.

What should a candidate say about abortion? To represent what the country as a whole thinks, the president ought to take account of the deep beliefs Americans have about both reproductive freedom and the value of unborn life. To deserve the trust embodied in appointment power, the president should have a sound understanding of the judges as independent decision makers who follow an interpretive methodology that operates differently from political choice.

So instead of smirking, we should welcome the kind of complicated statements we're hearing from Romney and Giuliani. Any individual who is offering to wield presidential power should resist assuring us about what his judicial appointees will do. To do otherwise is to tip us off that he means to populate the judiciary with politicos.

If we listen with a decent sympathy, the things Giuliani and Romney say about abortion make sense. When Romney ran for governor, he made a commitment to Massachusetts voters not to attack the law he knew they supported. That was politically expedient, of course, but it also took an admirably limited view of executive power and acknowledged the independence of the legal system.

Similarly, Giuliani respects the distinctive work of judges and the separate role of the state legislatures. If Roe were overruled, those legislatures would decide how to regulate abortion. And decentralized legislation really is fairly called "part of our freedom" because the Constitution's framers saw the balance of power between the national government and the states as a safeguard against tyranny.

So I'd like to see a little more patience with what Romney and Giuliani are saying. But that doesn't mean we should be naïve. The next president will select real individuals to be judges, and no matter how diligent they are, they will bring something

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of their humanity to their interpretation of the law, a version of humanity that will express something of the president's cast of mind.

McCain Woos Seattle Voters (SEATIMES)

By Jim Brunner

The Seattle Times, February 24, 2007

Presidential hopeful Sen. John McCain, during a Seattle appearance today, said Congress should give President Bush's planned "surge" of more U.S. troops in Iraq a chance to work.

McCain called the recent Congressional debate on a nonbinding resolution opposing the surge "a charade" and said if members of Congress oppose the war, they should use their budget authority to cut off funding instead. He joked that he skipped that vote to "spend more time in the sunny climes of Iowa."

The Arizona Republican was at Seattle's Westin Hotel to deliver a speech urging greater U.S. trade with China and other Asian nations, but questions from the audience quickly turned to the war in Iraq.

McCain, a decorated Vietnam veteran who spent more than five years as a prisoner of war, said he hopes Americans will be patient and give the new Iraq strategy, led by Gen. David Petraeus, an opportunity to succeed. He said it should be clear within "some months" whether the plan is working.

"I believe that if we fail and leave you will see chaos and genocide. I also believe that unlike the Vietnam War when we lost and they didn't want to follow us home, these people want to follow us home," McCain said.

During his prepared speech, McCain cited the importance of Asian trade to Washington State and the country and said America should "reject the failed policies of isolationism."

Instead, McCain said the U.S. should encourage more trade with China and other Asian countries, while also demanding those nations become more democratic and free. "With every export of wheat or software must travel the values that have always been the chief source of our greatness."

McCain, 70, is officially in an exploratory phase of a possible presidential bid. But he has begun laying the groundwork for a well-organized campaign in Washington. He received an early endorsement today from State Attorney General Rob McKenna.

And following his speech McCain was scheduled to meet at Boeing Field with Christian conservative leaders and anti-abortion activists -- a voting bloc considered key to his chances to win the 2008 Republican nomination.

"He is making the right moves," said Joe Fuiten, pastor of Bothell's Cedar Park church and one of the state's top evangelical leaders. Fuiten said he likes what he's heard from McCain so far, but called the meeting "a coffee date, not a marriage."

McCain Says Iraq Could End His Career (AP)

By Curt Woodward,

AP, February 24, 2007

Republican presidential hopeful John McCain said Friday that British Prime Minister Tony Blair has sacrificed his career to support the Iraq war, and the Arizona senator acknowledged that he could face the same fate.

McCain, a staunch defender of President Bush's new Iraq troop deployment strategy, said he worries that a cutback of British troops in southern Iraq announced by Blair this week could lead to stronger control by "Iranian-backed Shiite" forces. But he said Blair and the British deserve gratitude for their efforts.

"He has literally sacrificed his political career because of Iraq," McCain said during an appearance before the World Affairs Council and the City Club of Seattle. "That is a great testament to his political courage."

Asked later by a reporter if he was in danger of making the same sacrifice, McCain responded, "Sure."

McCain, who lost the Republican nomination to Bush in 2000, is expected to formally announce his second campaign for the White House next month.

His appearance in Seattle initially focused on trade, security and diplomatic policy in Asia, which has strong economic and cultural ties to the Pacific Northwest. Iraq quickly came up, and McCain said Americans should give Gen. David Petraeus, the new commander of U.S. forces in Iraq, a chance to succeed.

"I believe that if we fail in Iraq, you will see chaos and genocide," McCain said.

The state Democratic Party criticized McCain for his support for the war, calling him "worse than Bush" in a statement.

After the speech, McCain was asked by an audience member if he was "sucking up to the religious right." He drew laughs by responding: "What's wrong with sucking up to everybody?"

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On the Net:

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McCain: http://www.johnmccain.com

Father Of Slain Teen Urges McCain To Speak Against Gun Violence (NSDY)

By Daniel Massey

Newsday, February 24, 2007

Before his daughter was shot to death in an Arizona parking lot last Sunday, Ronald Schiffman never considered himself a political person. Now he says he might be ready for a change.

Less than a week after his daughter, Nicole, 19, and her best friend, Carol Kestenbaum, 20, were killed, Schiffman called on Sen. John McCain (R-Ariz.) to speak out against gun violence.

"This is his state. John McCain should make a statement about this incident," said Schiffman. "He cries, rightly so, about all the boys who die in Iraq. I'd like to see him talk about gun control. It's a topic I think has disappeared because of all the problems the country is facing."

Schiffman, of Merrick, said replaying his daughter's death in his mind "haunts" him and that he wanted to "prevent this from happening again." Nicole Schiffman and Kestenbaum were shot last Sunday night in Tempe by 22-year-old Joshua Mendel, who had called 911 two weeks earlier asking for help with an alcohol problem.

McCain was, a 2008 GOP presidential candidate, was traveling and unavailable for comment Friday, said Melissa Shuffield, a spokeswoman.

Family and friends of the victims gathered Friday afternoon to sit shiva. Kestenbaum's grandmother said the family did not want to comment, but that people had lined up and down the block Thursday night to pay their respects.

At the Schiffman home in Merrick Friday, unopened fruit baskets sat on a dining room table and a steady stream of mourners came to offer condolences.

Meanwhile, Tempe police were continuing with their investigation into the shooting by Mendel, who also killed himself. Mendel came to Tempe from St. Charles, Ill., and was described by friends as being fascinated by guns. "We have a good idea of what occurred," said Tempe Police Sgt. Mike Horn. "We're just trying to figure out why."

Horn said Alexandra Wake, a student at Arizona State University in Tempe, who had gone to high school with Mendel in St. Charles, Ill., and was his girlfriend until earlier this month, told police she had no inclination that he was violent.

"I don't buy that," said Schiffman. "Obviously he was proud of his guns." Wake did not return calls seeking comment.

Schiffman asked that contributions in his daughter's name be sent to Schneider Children's Hospital of North Shore and said that donations would be directed to help teenagers with psychological problems.

Schiffman said he also wanted to set up a scholarship in his daughter's name at her alma mater -- John. F. Kennedy High School in Bellmore -- for a student interested in journalism. Nicole Schiffman dreamed of becoming a journalist.

A Cat Without Whiskers (NYT)

By Maureen Dowd

The New York Times, February 24, 2007

So some guy stands up after John McCain's luncheon speech here yesterday to a group of business types and asks him a question.

"I've seen in the press where in your run for the presidency, you've been sucking up to the religious right," the man said, adding: "I was just wondering how soon do you predict a Republican candidate for president will start sucking up to the old Rockefeller wing of the Republican Party?"

Mr. McCain listened with his eyes downcast, then looked the man in the eye, smiled and replied: "I'm probably going to get in trouble, but what's wrong with sucking up to everybody?" It was a flash of the old McCain, and the audience laughed.

Certainly, the senator has tried to worm his way into the affections of W. and the religious right: the Discovery Institute, a group that tries to derail Darwinism and promote the teaching of Intelligent Design, helped present the lunch, dismaying liberal bloggers who have tracked Mr. McCain's devolution on evolution.

A reporter asked the senator if his pandering on Roe v. Wade had made him "the darling and candidate of the ultra right wing?" (In South Carolina earlier this week, he tried to get more evangelical street cred by advocating upending Roe v. Wade.) "I dispute that assertion," he replied. "I believe that it was Dr. Dobson recently who said that he prayed that I would not receive the Republican nomination. I was just over at Starbucks this morning. ... I talk everywhere, and I try to reach out to everyone."

But there's one huge group that he's not pandering to: Americans.

Most Americans are sick and tired of watching things go hideously backward in Iraq and Afghanistan, and want someone to show them the way out. Mr. McCain is stuck on the bridge of a sinking policy with W. and Dick Cheney, who showed again

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this week that there is no bottom to his lunacy. The senator supported a war that didn't need to be fought and is a cheerleader for a surge that won't work.

It has left Mr. McCain, an Arizona Republican, once the most spontaneous of campaigners, off balance. He's like a cat without its whiskers. When the moderator broached the subject of Iraq after lunch, Mr. McCain grimaced, stuck out his tongue a little and said sarcastically, "Thanks."

Defending his stance, he sounds like a Bill Gates robot prototype, repeating in a monotone: "I believe we've got a new strategy. ... It can succeed. I can't guarantee success. But I do believe firmly that if we get out now we risk chaos and genocide in the region."

He was asked about Britain's decision to withdraw 1,600 troops from Iraq. "Tony Blair, the prime minister, has shown great political courage," Mr. McCain said. "He has literally sacrificed his political career because of Iraq, my friends," because he thought "it was the right thing to do."

He said he worried that Iranian-backed Shiites were taking more and more control of southern Iraq. (That was probably because the Brits kept peace in southern Iraq all along by giving Iranian-backed Shiites more and more control.) And he noted that the British are sending more troops to Afghanistan, "which is very necessary because we're going to have a very hot spring in Afghanistan."

But then he got back to Tony Blair sacrificing his political career, and it was clear that he was also talking about himself. When a reporter later asked him if Iraq might consume his candidacy, he replied evenly: "Sure."

I asked him if he got discouraged when he reads stories like the one in The Wall Street Journal yesterday about Ahmad Chalabi, the man who helped goad and trick the U.S. into war, who got "a position inside the Iraqi government that could help determine whether the Bush administration's new push to secure Baghdad succeeds."

Or the New York Times article yesterday about a couple of Iraqi policemen who joined American forces on searches in Baghdad, but then turned quisling, running ahead to warn residents to hide their weapons and other incriminating evidence.

He nodded. "I think one of the big question marks is how the Maliki government will step up to the plate," he said.

And how, I asked him, can Dick Cheney tell ABC News that British troops getting out is "an affirmation that there are parts of Iraq where things are going pretty well," while he says that Democrats who push to get America out would "validate the Al Qaeda strategy." Isn't that a nutty?

But Senator McCain was back on his robo-loop: "I can only express my gratitude for the enormous help that the British have given us."

Sometimes I miss John McCain, even when I'm with him.

Nevada Republicans Reject Holding Early Caucus (NHUL)

By John DiStaso

New Hampshire Union Leader, February 24, 2007

Nevada Republican leaders have decided not to follow their Democratic counterparts by moving up their Presidential caucus to near the front of the pack of nominating contests.

After considering it, the Nevada Republican Party's executive board decided against a calendar move that would have violated a rule of the Republican National Committee, the party's executive director said yesterday.

"Our executive board has made the decision that we can't move up and we don't want to violate the RNC's bylaws," Zachary Moyle said in a telephone interview.

The Democratic National Committee has handed Nevada a Democratic Presidential caucus set for Jan. 19, 2008. The DNC wants the Nevada caucus to be the second nominating event on the calendar "" four days after the leadoff Iowa caucus and three days before the New Hampshire primary.

The New Hampshire primary date is not guided by the DNC rule, however. It is a state-run election and Secretary of State William Gardner has sole authority under state law to set the primary date. He has indicated he may set it for a date earlier than the one set by the DNC. He is expected to make that decision in the fall.

Still, Democratic Presidential candidates have been flocking to Nevada. Earlier this week, all the candidates except Illinois Sen. Barack Obama participated in a forum that drew nationwide media attention.

Republicans in Nevada had been considering following the state's Democrats to a date near the front of the pack. Former Nevada GOP Chairman Paul Adams told the New Hampshire Union Leader in early January that because a RNC rule forbids a delegate-selecting caucus prior to Feb. 5, 2008, his state party was considering holding a straw poll on the same day as the Democrats hold their caucus.

Yesterday, a Nevada Republican political consultant, Peter Ernaut, was quoted by a Las Vegas newspaper as saying that after seeing the attention the Democrats received from the forum, "I'm absolutely green with jealousy that we Republicans

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haven't followed suit. But we're working hard at remedying that, and I'm very confident Republicans will have caucuses organized for 2008 as well."

Moyle said that while Ernaut is a prominent local party activist, he is apparently unaware of the RNC rule.

Moyle said Republican officials in Nevada are considering moving up their caucus from the current date of April 26 to mid-February, but there are no plans to break the national party rule and hold it before Feb. 5.

"There has been zero talk about moving into January," Moyle said. "That has been 100 percent decided. We can't feel compelled to move our thing just because the Democrats have."

Moyle said he does not begrudge the Democrats for having the early event.

"Anytime Nevada gets attention, it's a good thing," he said. "Anytime you bring in the Democrats, we get attention as well. And we've had all the major Republican candidates in the state over the past two years."

Moyle said that officials of his party "have met and said we don't want to move up the caucus. It is possible we could move it up, but we won't have it before February 12."

Early Stops On The Sweet-Talk Circuit (NYT)

By Mark Leibovich

The New York Times, February 24, 2007

KEENE, N.H. — Hillary Rodham Clinton ordered a chai latte. Molly Kelly went with the regular latte.

Then the just-acquainted pair settled in at a cafe table and gabbed for 20 minutes or so about their children, jobs and Senate careers (United States Senate for Hillary; New Hampshire Senate for Molly). It was all very cozy. Just as it was a few weeks ago when Mrs. Clinton called Ms. Kelly out of the blue to say 'hi' and introduce herself, like a new neighbor ready with a casserole.

This is the beginning of the quadrennial groveling season. While the presidential campaigns have turned against one another in the news media in recent days, the candidates are making serious nice to would-be supporters.

Ms. Kelly is a financial adviser, a mother of four and a lawmaker, but her chief attribute — as far as Mrs. Clinton and every other Democratic presidential candidate is concerned — is that she is a local person-of-influence in a state with early voting. Her potential support gives her a disproportionate say in picking the next president and, more to the point, entitles her to disproportionate attention, flattery and testimonials from the procession of Very Ambitious People blowing through town.

"It all seemed very natural," Ms. Kelly said of her chats with her new friend, the New York senator.

It also seemed very natural that Ms. Kelly would catch a ride on Feb. 11 with Mrs. Clinton from Brewbakers Cafe to Keene High School, where Ms. Kelly introduced the former first lady at a campaign rally, and the former first lady thanked the audience "for electing Molly Kelly."

The next day, Senator Barack Obama, Democrat of Illinois, who was visiting New Hampshire for the first time, called Ms. Kelly, and they agreed to get together the next time he was in the area. Senator Joseph R. Biden Jr. of Delaware and Gov. Bill Richardson of New Mexico attended events during her State Senate campaign last year, as did Senators John Kerry and Evan Bayh before they decided not to run for president.

Ms. Kelly is uncommitted, which ensures that she will be a fixture on the presidential butter-up circuit along with a relatively tiny population of geographically blessed campaigners, party leaders and elected officials. Few outside their communities have ever heard of them, but the presidential candidates most assuredly have.

"We get calls on our birthdays, when someone is born, when someone dies," said Deborah Arnesen, who is known as Arnie, a former Democratic candidate for governor in New Hampshire and a television host in the state. It is all in the spirit of currying favor, or "the care and feeding of the body politic," said Warren B. Rudman, a former Republican senator from New Hampshire.

Some bodies politic require more care and feeding than others. Former Senator Bob Kerrey, Democrat of Nebraska, who ran for president in 1992, once offended a local advocate in New Hampshire by neglecting to offer her a cookie during a visit to a Manchester bakery. Mr. Kerrey managed to apologize and keep her support, but it took some doing.

"I had to take her to breakfast," Mr. Kerrey recalled, declining to name the advocate. "I think I brought her a cookie and we mended fences."

Most recipients of this boot-licking readily acknowledge the reason for it.

"It's not our personal charisma that's getting us all this attention," said Katon Dawson, chairman of the Republican Party in South Carolina and object of affection from new friends Rudy and Mitt, among others. "It's all our position on the calendar. We understand that."

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Some fully exploit that. "I have been entrusted with a very important responsibility," said Lou D'Allesandro, a longtime Democratic state senator in New Hampshire known for his deliberate style of public presidential decision-making. "I'm not going to make a decision until I've gotten to know all the candidates."

This could take months. Before the New Hampshire primary in 2004, Mr. D'Allesandro enjoyed several months of visits, birthday calls, handwritten notes and inquiries about his health, wife and family. He finally settled on John Edwards, the former North Carolina senator.

But Mr. D'Allesandro is a free agent in 2008. He had a half-hour visit with Mrs. Clinton at Pappy's Pizza in Manchester two weekends ago ("impressive woman"); a quick meeting with Mr. Obama in Concord two Mondays ago ("his demeanor was outstanding"); and recently took phone calls from Mr. Biden ("an old friend") and Senator Christopher J. Dodd of Connecticut ("also an old friend"). He met with Mr. Richardson at a union event in Concord, and Mr. Richardson later introduced him as "the famous Lou D'Allesandro." And Mr. Edwards's wife, Elizabeth, called last week; no hard feelings over Lou's seeing other people.

Relationships with campaigners tend to be intense and temporary, said Senator Lamar Alexander, Republican of Tennessee who ran for president in 1996 and briefly in 2000. "And then, just like that, it's over," Mr. Alexander said.

He recalled paying at least six private visits to an Iowa state representative who wound up supporting former Senator Bob Dole for president in 1996. What was the gentleman's name?

"I don't recall," Mr. Alexander said.

(In the goodbye-to-all-that department: Mr. Kerrey finished a disappointing third in the New Hampshire primary and posed for a photo while making an obscene gesture next to a "Leaving New Hampshire" sign.)

Early-state players generally harbor few illusions that the attention would persist if they ever up and moved to, say, Indiana, whose primary comes considerably later than New Hampshire's.

For instance, Senator Michael E. Gronstal would probably not be getting "Hey, this is Barack" calls on his cellphone if he were the Democratic leader in the Indiana Senate rather than the Iowa Senate. Mr. Obama (that would be the Barack on the line) was just checking in. The two got together on Wednesday at the capitol in Des Moines.

Locals in Iowa and New Hampshire can be fiercely protective of their states' special status whenever other states threaten to supplant them at the front of the voting calendar, which happens periodically. Campaigners often trumpet how vital the New Hampshire primary and Iowa caucuses are "to the democratic process." True enough, but let's be honest, "it's a great ego trip for a lot of people," Mr. Rudman said.

Tom Rath, a former attorney general in New Hampshire and a longtime Republican campaigner in the state, said: "It's really nice that all these important people want to know what my summer plans are. Karl Rove used to joke that I never have to shovel my own driveway because the candidates would do it for me."

Candidates are also inclined to shovel it on thick to local media muck-a-mucks like the political columnists David Yepsen of The Des Moines Register and John DiStaso of The Union-Leader in Manchester, N.H., among others. "I'm a person that people want to have a relationship with," said Ms. Arnesen, who hosts "Political Chowder," a television show on New Hampshire politics. "When I'm in a room, the candidates know I'm there."

Last month, Ms. Arnesen was attending a cocktail party at the Capitol in Washington after a seminar for talk-show hosts when Mrs. Clinton happened by. " 'Arnie Arnesen, oh my God, what the heck are you doing here?' " Mrs. Clinton said, according to an account in The Telegraph of Nashua, N.H. They chatted for 15 minutes or so, and Mrs. Clinton complimented Ms. Arnesen on her outfit — "a very chic and yet subtle ensemble" is how Ms. Arnesen describes her multilayered skirt, long scarf ("with ribbons cascading off of it") and calf-length coat. "It was sort of a Vogue look that came from the Salvation Army," Ms. Arnesen said.

Whatever, Mrs. Clinton dug the outfit, and Ms. Arnesen said she made a good impression.

Arnold Defends Hillary, Mulls Senate Run (POL)

By Roger Simon

The Politico, February 23, 2007

SACRAMENTO, Calif. — If Arnold Schwarzenegger had been born in Austin instead Austria, he might be president today.

But because that office is denied him by the U.S. Constitution, he is concentrating on other things.

He told me in a 45-minute interview in his office in the state capitol Thursday:

He will not rule out running for future public office including U.S. senator or mayor of Los Angeles when his term as governor expires in January 2011.

He will not endorse a presidential candidate until after the Republican Convention in September 2008, even though he thinks Rudy Giuliani and John McCain are strong candidates and either could win the California primary.

He wants a deadline for getting U.S. troops out of Iraq, even though he recognizes that President Bush does not.

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He thinks Democrats should stop criticizing Hillary Clinton for refusing to say she made a mistake by voting for the Iraq war.

His wife, Maria Shriver, will "absolutely not" run for governor of California or any other public office, quashing speculation that a Schwarzenegger dynasty was in the making.

Schwarzenegger, a Republican who favors abortion rights, stem-cell research, gay rights and gun control, will give a speech at the National Press Club on Monday stressing the importance of centrism in American politics.

In my interview with him Thursday, he decried excessive partisanship and said the current system of political gerrymandering in which the vast majority of seats in the House of Representatives are heavily weighted in favor of one party or the other "creates extremism."

He said he favors redistricting such seats and also said he favors open primaries in every state so that Republicans can vote for Democrats and vice versa.

John McCain and Rudy Giuliani, he said, symbolize the kind of political positioning that he thinks can win his state 2008. "Both of them are very appealing for Californians, I think, because they are in the center," he said.

He also said: "I don't know as much about [Mitt] Romney yet. I've never had time to really hang with him and to really talk with him and get a feel about how much we have in common."

There is some feeling among those close to Schwarzenegger that Romney may be avoiding "hanging" with Schwarzenegger because Romney is wooing Republican conservatives who think Schwarzenegger is too moderate.

Although Schwarzenegger employs Democrats on his staff and has been working closely with California's Democratic legislature, he said he would definitely endorse the Republican nominee for president. (That would also mean that New York Mayor Michael Bloomberg, a friend and political ally of Schwarzenegger, would not get his endorsement should Bloomberg run for president as an independent.)

"I am very glad we have Republican candidates that are very much in the center and can appeal to both Republicans and Democrats," Schwarzenegger said.

During the interview, Schwarzenegger sat in a leather chair at the end of a long oak table in his cabinet room. He still uses a cane to walk, the result of a skiing accident in which he broke his right femur last December. He said that while he was no longer on painkillers, full recovery was going to be "a long, long process."

Schwarzenegger said that he believes politicians should be honest about admitting their mistakes but that "people are too tied down with analyzing" whether Hillary Clinton's vote to authorize the Iraq war was a mistake.

"Is that what makes the country operate well, if she becomes president?" he asked. "How you twist that or spin that? We should look at what has she done as senator. What has Barack Obama done as a U.S. senator or [a state] senator. What has Rudy Giuliani done? What has McCain done? You've got to judge people not by this one little thing."

Schwarzenegger also said candidates should not be judged on a single issue like abortion. No pro-life presidential candidate has carried California since George H.W. Bush did so in 1988. So I asked Schwarzenegger if he thought McCain, who is also pro-life, could possibly win the state in 2008.

"I think he can," Schwarzenegger said. "What is important is that you look at overall picture, what does he have to offer California and the country. It will be hard. I am not saying it is not a challenge. But the bottom line is I would not, because of one issue, discount anybody."

Regarding Iraq, Schwarzenegger said: "I think what is important is that we support the war, but we need to have a timeline to let the Iraqis know it is not an open-ended thing. It shouldn't be another Vietnam or Korea where we are there for decades."

Schwarzenegger said he supports President Bush in the "need to do everything that we can to come out of it with a victory" but he disagrees with Bush's refusal to set a deadline for U.S. support.

"We've got to say [to the Iraqis] you guys got to get this [done] next year and got to get your act together and after that we start pulling the troops back," Schwarzenegger said.

Schwarzenegger, 59, is term-limited and is in his second and final term as governor. When I asked him if he might run for the Senate or mayor of Los Angeles, both of which have been the subject of speculation, he said: "If you serve the people well, your options are open and you can decide at the last minute anything. If you want to go back to show business, or just go into business or to run for another office, all those options are available."

Schwarzenegger's wife, Maria Shriver, played a crucial role in Schwarzenegger's re-election campaign and is said to be his chief political adviser.

So does Schwarzenegger think she would make a good governor?

"My wife has no interest in that," he said flatly. "Absolutely not. She grew up in a political family, she has tremendous instincts when it comes to politics. But she has no interest in being in the political arena or run for office or anything like that or to manage the state."

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Schwarzenegger said he wanted his own legacy as governor, aside from specific achievements, to be his bipartisan approach to "fighting for the people."

"That is my primary goal," he said. "That's why sometimes Republicans are up in arms and saying this is not our philosophy or sometimes Democrats are up in arms. That's OK."

Schwarzenegger concluded the interview by saying with some emotion, "Remember one thing: You will never hear me complain that I can't run for president. I look at the things I was able to do rather than the things I am not able to do. I am very, very happy about how America has received me and the kind of things I was able to accomplish here."

Panel Calls Adult Stem-cell Study Flawed, Wrong (WT/AP)

The Washington Times, February 24, 2007

MINNEAPOLIS (AP) -- A scientific panel says a 2002 study that suggested adult stem cells might be as useful as embryonic ones was flawed and its conclusions may be wrong, a finding that raises questions about the promise of a less-controversial source for stem cells.

The research by Catherine Verfaillie at the University of Minnesota concluded that adult stem cells taken from the bone marrow of mice could grow into an array of biological tissues, including brain, heart, lung and liver.

So far only embryonic stem cells, which are commonly retrieved by destroying embryos at an early stage of development, are known to hold such regenerative promise. Many scientists think these cells might one day be used to treat certain diseases and other conditions.

Opponents of stem-cell research seized on the 2002 findings as evidence that stem-cell science could move forward without destroying embryos. But Miss Verfaillie has acknowledged flaws in parts of the study after inquiries from the British magazine New Scientist, which first publicized the questions last week.

A panel of specialists commissioned by the university concluded that the process used to identify tissue derived from the adult stem cells was "significantly flawed, and that the interpretations based on these data, expressed in the manuscript, are potentially incorrect," according to a portion of the panel's findings released by the university.

The panel concluded that it wasn't clear whether the flaws mean Miss Verfaillie's conclusions were wrong. It also determined that the flaws were mistakes, not falsifications.

Tim Mulcahy, vice president of research at the university, said it would be up to the scientific community to decide whether Miss Verfaillie's study still stands up.

Other researchers have been unable to duplicate Miss Verfaillie's results since the 2002 publications, increasing their skepticism about her claims. But that may only be an indication of how difficult the cells are to work with, said Amy Wagers, a Harvard University stem-cell researcher who was not involved in the investigation.

Miss Verfaillie did not respond to a phone message left with her current employer, the Catholic University of Leuven in Belgium. She told the Star Tribune of Minneapolis in a story published yesterday that the problem was "an honest mistake" that did not affect the study's conclusions about the potential of adult stem cells.

Her research was scrutinized after a writer for New Scientist noticed that some data from the original 2002 article in the journal Nature duplicated data in a second paper by Miss Verfaillie around the same time in a different journal, even though they supposedly referred to different cells. Miss Verfaillie told the Star Tribune that the duplication was an oversight and said she notified the University of Minnesota, which convened the panel to take a closer look at the research.

Diane Krause of Yale University, who (like Miss Verfaillie) has studied using bone marrow as an alternative to embryonic stem cells, said she thinks Miss Verfaillie's research will hold up, despite being hard to repeat.

Nigel Cameron, who runs the Institute on Biotechnology and the Human Future and is a bioethics professor at Chicago-Kent College of Law in the Illinois Institute of Technology, said scientists who have been trying to find a middle way on stem cells have seen their work seized by one side or the other for their own advantages.

"This is a fascinating example of the way in which science is becoming politicized, on both sides of this debate," said Mr. Cameron, who supported President Bush's 2001 ban on federal dollars spent on deriving new stem cells from fertilized embryos. "It's no longer scientists in white coats coming up with facts. There are uses being made of the facts on all sides, and I think it's quite problematic."

Cheney Tackles Beijing On Military Expansion (FT)

By Raphael Minder, Demetri Sevastopulo And Guy Dinmore

Financial Times, February 24, 2007

US Vice-president Dick Cheney on Friday accused China of pursuing military policies that were at odds with its stated ambitions of a "peaceful rise".

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Mr Cheney welcomed Beijing's role in securing the six-party agreement with North Korea towards denuclearising the Korean peninsula.

But he said China's recent anti-satellite missile test and the rapid expansion in its military budget was sending mixed signals.

"[They] are not consistent with China's stated goal of a peaceful rise," said Mr Cheney during a visit to Australia. "We hope China will join us in our efforts to prevent the deployment and the proliferation of deadly technologies, whether in Asia or in the Middle East."

His comments about Chinese military spending come just weeks after the White House unveiled a military budget of $623bn (€473bn, £317bn) for 2008. While the US criticised the Chinese anti-satellite missile test, critics have pointed out that Beijing has been urging the US to work towards a treaty banning space weapons.

Mr Cheney, one of the leading hawks in the Bush administration, who has previously resisted any deal with North Korea that did not involved complete disarmament, expressed support for the six-party deal but said Pyongyang still had "much to prove".

Chris Hill, the chief US negotiator in the talks, this week was highly complimentary about China's role. He said Beijing had no interest in a situation of "strategic ambiguity" over North Korea's nuclear arsenal, where Pyongyang would be "pretending to disarm" and the rest "pretending to believe".

The visit of Mr Cheney to Sydney comes at a difficult time for John Howard, the prime minister, who is under pressure to justify his decision to maintain Australia's military involvement in the US-led coalition in Iraq, while the UK announced this week that it would reduce its contingent.

Mr Howard has also faced criticism over his inability to speed up legal proceedings against David Hicks, an Australian detained in Guan-tánamo Bay.

But Mr Howard rejected as "absurd" suggestions the US visit and the strong endorsement received yesterday from Mr Cheney was a political liability in the run-up to federal elections this year.

He said: "America and Australia are close allies and people should look beyond their personal prejudices and understand how fundamental the American alliance is to the security of Australia in our own region, and how important it is to have an engaged, committed America in our part of the world."

North Korea on Friday asked Mohamed ElBaradei, the head of the International Atomic Energy Agency, to visit more than three years after expelling his experts and quitting the nuclear non-proliferation treaty. in an encouraging signal about its willingness to ultimately renounce nuclear weapons.

Mr ElBaradei said the visit was likely to occur in the second week of March.

Cheney: 'All Options' Available For Iran (AP)

By Rohan Sullivan, Associated Press Writer

AP, February 24, 2007

Vice President Dick Cheney renewed Washington's criticism of Iran on Saturday, saying "all options" remained on the table to deal with that country's regime after it ignored a U.N. deadline to halt uranium enrichment and said it would defy foreign pressure.

At a joint news conference with Australian Prime Minister John Howard, Cheney also said that Washington was "comfortable" with Britain's decision to withdraw troops from Iraq and that it was up to Australia to decide if it would do the same.

Cheney said the United States remained "deeply concerned" about Iran's activities, including the "aggressive" sponsoring of terrorist group Hezbollah and inflammatory statements by President Mahmoud Ahmadinejad.

He said top U.S. officials would meet soon with European allies to decide the next step toward planned tough sanctions against Iran for its pursuit of nuclear weapons.

"We worked with the European community and the United Nations to put together a set of policies to persuade the Iranians to give up their aspirations and resolve the matter peacefully, and that is still our preference," Cheney said.

"But I've also made the point, and the president has made the point, that all options are on the table," he said.

The White House has previously made similar comments.

"We believe it would be a serious mistake if a nation such as Iran became a nuclear power," he said.

Iran says its atomic program is aimed solely at generating energy, but the United States and some of its allies suspect it is geared toward making nuclear weapons.

The International Atomic Energy Agency reported on Thursday that Iran had not only ignored a U.N. Security Council ultimatum to freeze the enrichment program, but had expanded that program by setting up hundreds of centrifuges. Enriched uranium fuels nuclear reactors but, enriched further, is used in nuclear bombs.

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The IAEA report came after the expiration Wednesday of a 60-day grace period for Iran to halt uranium enrichment.

Ahmadinejad said on Thursday that Iran would resist "all bullies," and appeared to dismiss the IAEA report, saying it was of no importance if countries did not believe Iran's nuclear activities were peaceful.

On Iraq, Cheney sidestepped a question about whether the White House had asked the British government to redeploy troops into another part of Iraq rather than withdraw them.

British Prime Minister Tony Blair has outlined a plan to withdraw about 1,600 troops from southern Iraq in the coming months, and to reduce Britain's 7,100-strong contingent further by late summer.

"They have to make decisions with respect to their forces based upon what they think makes sense," Cheney said.

"They are going to continue to have a major presence there. They are also, I believe, beefing up their operations in Afghanistan," Cheney said. "So we are very comfortable with that decision."

Britain said Friday it will increase its troop strength in Afghanistan to bolster NATO forces battling Taliban militants. British media reported 1,000 additional soldiers would join the more than 5,000 British troops already in Afghanistan.

Cheney declined to say if he had asked Howard during talks held Saturday to add to the 1,400 troops Australian has in and around Iraq.

"Those decisions are obviously to be made by the Australian government based on their considerations as well as ... the conditions on the ground in that part of the world," Cheney said. "It's not for us to stress to our allies what their appropriate response might be."

West Aims To Agree New Iran Sanctions (FT)

By Daniel Dombey And Mark Turner

Financial Times, February 24, 2007

Western countries said on Friday they would seek to agree new sanctions against Iran involving a travel ban, possibly an arms embargo, and a crackdown on export credits because of Tehran's failure this week to meet a United Nations deadline to curb its nuclear programme.

But they acknowledged some measures, such as the export credits, could be difficult to agree among the UN Security Council's five permanent members, which meet on Monday with Germany to discuss next steps.

The US and the European Union hope that by setting more modest goals, they will avoid the four-month long wrangle at the Security Council that preceded the imposition of previous sanctions against Iran last December.

"The question of export credits . . . is likely to be discussed but it is not an easy issue," said a senior British official. "Arms exports is another question – again, it's not straightforward. Identifying further entities and officials [for an asset freeze and a travel ban] is a third area."

Other EU diplomats said they had a similar agenda for Monday's talks.

The British official said the EU as a whole had outstanding guarantees supporting $20bn (€15bn) of exports to Iran, with Germany and Italy accounting for the biggest shares. But the EU will find it difficult to agree to phase out such support entirely.

Germany, which has more than $5bn in credits outstanding, has taken a political decision to grant fewer new credits but is unwilling to leave its exporters at a disadvantage by completely eliminating them. "EU countries will only end these export credits if there's a decision at the UN," said a western diplomat.

The British official also differed with Mohamed El-Baradei, director-general of the International Atomic Energy Agency, who says Iran has already learnt almost all it can from operating "research" centrifuges to enrich uranium. Mr ElBaradei concludes from this that Iran might have to be allowed to continue operating some centrifuges if it is to save face, and agree to a deal.

The official countered: "They haven't yet mastered the basic technology." There had also been signs of debate among Tehran's ruling elite. "President [Mahmoud] Ahmadi-Nejad's standing seems to have diminished and I think that's helpful for rational discussion and debate," he said.

The British official said the goal of the international community was still a complete suspension of Iran's uranium enrichment-related activities, but several countries wanted to give greater emphasis to the benefits to Iran of negotiations.

Leaving The Options Open With Iran (NYT)

By David E. Sanger

The New York Times, February 24, 2007

WASHINGTON, Feb. 23 — As the Bush administration tries to rally allies to tighten sanctions on Iran yet again, it is sending mixed messages to Tehran about its commitment to a diplomatic solution, trying to create new openings for negotiations even while holding open, ever so vaguely, the possibility that the United States might some day resort to force.

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In Australia on Friday, Vice President Dick Cheney, one of the strongest advocates of pressing for a "regime change" in Iran, reiterated his belief that a diplomatic solution was possible. But Mr. Cheney noted that "the president has also made it clear that we haven't taken any options off the table," a phrase that President Bush frequently uses but has conspicuously avoided in recent weeks while discussing the issue.

At the same time, Secretary of State Condoleezza Rice restated her willingness to meet the Iranians anyplace to talk about anything as long as they first agree to stop producing nuclear fuel, even temporarily.

White House officials insist that there is no contradiction.

"The idea that we are ginning up another war — there is no evidence for that," one senior administration official said Friday. The official added that Iran needed to know that it could not let negotiations drag on forever, and that any talk of military options was a signal that Washington would not negotiate endlessly while Tehran used the time to continue its work on uranium enrichment.

But, so far, the White House has declined to say at what point the Iranians will have pushed the United States too far — in other words, how many working centrifuges in Iran would be too many, or at what point it would be impossible to guarantee that Iran could not achieve a "nuclear option," the ability to turn ostensibly civilian nuclear facilities into bomb-making ones.

For now, administration officials say, Mr. Bush is happy to leave the Iranians guessing. He ordered an additional aircraft carrier into waters within striking distance of Iran and its nuclear facilities last month, a step that senior officials say they believe took the Iranian leadership by surprise. He has issued warnings to the Iranians not to meddle in Iraq and has focused on intelligence findings that the most deadly bombs used against Americans in Iraq bear marks of Iranian origins.

But Mr. Bush has denied that he is trying to provoke Iran into a response that would provide a pretext for direct confrontation. "To say it is provoking Iran is just a wrong way to characterize the commander in chief's decision to do what is necessary to protect our soldiers in harm's way," Mr. Bush said at a news conference on Feb. 15, shortly after accusing Iranian forces, but not necessarily the country's leadership, of worsening the violence in Iraq.

In interviews in recent days, three administration officials, all of whom insisted on anonymity because they were speaking about a strategy still being developed, said the carrier movements, the accusations about weapons in Iraq and the use of sanctions against the government were all intended to provide Mr. Bush with some leverage in dealing with Iran.

The officials have made little secret of their desire to fuel dissatisfaction inside Iran with the country's fiery president, Mahmoud Ahmadinejad, who on Friday vowed anew to continue enriching uranium, saying, "If we show weakness in front of the enemies, they will increase their expectations."

R. Nicholas Burns, the under secretary of state for policy and the lead negotiator on Iran, said Thursday that the multipronged approach was showing an effect. "We've roiled their government, and I think we've shocked them a bit," he said.

Mr. Burns is headed to London for a meeting on Monday with France, Germany, Britain, Russia and China about devising a new, tighter set of sanctions against the Iranian government — one that might include a further crackdown on export credits or conventional arms sales.

Mr. Burns will undoubtedly run into more resistance from the Russians and the Chinese, who told American officials flatly in December that they would not put additional economic pressure on the Iranians. But Mr. Burns said he was not looking for a major escalation of sanctions, and other administration officials say that modest steps would be fine for now.

"The most important thing about the last resolution was that we achieved a consensus, we kept the Russians and Chinese on board," one senior administration official said. "And in the end, that's what has serious impact in Iran."

Administration officials say that the need to hold that consensus together is overriding the differences on Iran that roiled the administration in its first term. Back in 2002 and 2003, when the prospect of a nuclear-capable Iran was more distant, the administration decided not to explore several offers through intermediaries to open discussions. Mr. Cheney and others argued that the success they anticipated in Iraq would chasten the Iranians, bringing them to the table on more favorable terms.

Mr. Cheney, however, appears increasingly isolated now that many of his protégés have departed the Defense Department, the State Department and other corners of the administration. He was described by several top officials as only a minor player in the president's decision in May to offer incentives to Iran if it agreed to suspend its fuel production.

But the Iranians did not accept last year's offer, and if the administration and the Europeans are unable to find a formula that works for all sides, the talk of military options is bound to persist.

"No one has defined where the red line is that we can't let the Iranians step over," one senior official said. But Mr. Bush, the official said, is determined "not to let them get one lugnut turn away from having a bomb."

Some diplomats who are trying to bridge the differences between Washington and Tehran insist that Mr. Bush is going to have to give some ground. "To focus only on suspension in my view is not the right approach," Mohamed ElBaradei, the director general of the International Atomic Energy Agency, said early this week to The Financial Times.

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In Vienna on Friday, Dr. ElBaradei repeated his idea of a “time out” to allow talks, with Tehran halting uranium enrichment and the United Nations suspending sanctions. And he has consistently preferred to allow a modest amount of face-saving “research and development” in Iran, and focus instead on preventing the country from having an industrial capacity to produce nuclear fuel.

So far, though, Mr. Bush has said that even that much nuclear knowledge cannot be allowed in a country he does not trust.

Iranian Leaders Decry Critics' 'Bullying' Over Nuke Program (WT/AP)

By Nasser Karimi, Associated Press

The Washington Times, February 24, 2007

TEHRAN -- Critics of its nuclear program are "bullying" Iran, its current president and a former president said yesterday in response to a report by the U.N. nuclear watchdog that opens the way for additional sanctions against Iran.

The comments from President Mahmoud Ahmadinejad and influential former President Akbar Hashemi Rafsanjani, in separate speeches, appeared to show that the Iranian ruling establishment is closing ranks ahead of the possible new measures.

The International Atomic Energy Agency report Thursday said Iran has ignored a U.N. Security Council ultimatum to freeze uranium enrichment -- a possible pathway to nuclear arms -- and instead has expanded its program by setting up hundreds of centrifuges.

Hours later, the United States said key countries would meet next week to try to develop a new U.N. resolution on the standoff.

In Washington, Undersecretary of State R. Nicholas Burns said he will travel to London on Monday to meet with the United States' negotiating partners to try to draft a new resolution regarding Iran.

"It is effectively thumbing its nose at the international community," he said of Iran.

Mr. Burns said he hopes the United States and other permanent members of the U.N. Security Council, plus Germany, can quickly draft a resolution to "see Iran repudiated again." He said it was too soon to say what provisions the resolution might contain.

Among the permanent council members, Britain and France are likely to join the United States in a call for harsher sanctions than Russia and China will accept.

Chinese Foreign Minister Li Zhaoxing told his Iranian counterpart that his country hoped "to peacefully resolve" the nuclear issue, the Xinhua news agency reported yesterday. Russian U.N. Ambassador Vitaly Churkin likewise reiterated his country's desire for a negotiated solution.

Divisions had emerged within the Iranian leadership over Mr. Ahmadinejad's handling of the nuclear standoff since the council's adoption of limited economic sanctions against Iran in December.

Some Iranians think Mr. Ahmadinejad has been too antagonistic toward the United States and its allies. Mr. Rafsanjani in recent weeks has emerged as a high-level advocate of a more conciliatory stance toward the West in the nuclear dispute.

But Mr. Rafsanjani told worshippers gathered for Friday prayers in Tehran that Western countries would fail to achieve anything by pressuring Iran about its nuclear activities.

And state television quoted Mr. Ahmadinejad as telling a gathering of thousands in northern Iran: "The Iranian nation has resisted all bullies and corrupt powers, and it will fully defend all its rights.

"If a few states do not believe that Iran's nuclear activities are peaceful, this is of no importance whatsoever," he said at the rally in Fuman.

In a warning to the United States and its Western allies who want Iran to roll back its nuclear program, Mr. Rafsanjani, a high-ranking cleric who holds seats on two of Iran's most important government bodies, said, "If you continue this bullying way, you will definitely make many troubles for yourselves, the world and the region."

But he also reiterated Iran's offer for talks. "We -- all of us, our officials, our leader -- are ready to provide you full assurances." He did not elaborate.

Diplomacy, Not War, With Iran (WP)

By Bill Richardson

The Washington Post, February 24, 2007

The recent tentative agreement with North Korea over its nuclear program illustrates how diplomacy can work even with the most unsavory of regimes. Unfortunately, it took the Bush administration more than six years to commit to diplomacy. During that needless delay North Korea developed and tested nuclear weapons -- weapons its leaders still have not agreed to

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dismantle. Had we engaged the North Koreans earlier, instead of calling them "evil" and talking about "regime change," we might have prevented them from going nuclear. We could have, and should have, negotiated a better agreement, and sooner.

As the International Atomic Energy Agency just confirmed, Iran has once again defied the international community and is moving forward with its nuclear program, yet the Bush administration seems committed to repeating the mistakes it made with North Korea. Rather than directly engaging the Iranians about their nuclear program, President Bush refuses to talk, except to make threats. He has moved ships to the Persian Gulf region and claims, with scant evidence, that Iran is helping Iraqi insurgents kill Americans. This is not a strategy for peace. It is a strategy for war -- a war that Congress has not authorized. Most of our allies, and most Americans, don't believe this president, who has repeatedly cried wolf.

Saber-rattling is not a good way to get the Iranians to cooperate. But it is a good way to start a new war -- a war that would be a disaster for the Middle East, for the United States and for the world. A war that, furthermore, would destroy what little remains of U.S. credibility in the community of nations.

A better approach would be for the United States to engage directly with the Iranians and to lead a global diplomatic offensive to prevent them from building nuclear weapons. We need tough, direct negotiations, not just with Iran but also with our allies, especially Russia, to get them to support us in presenting Iran with credible carrots and sticks.

No nation has ever been forced to renounce nuclear weapons, but many have chosen to do so. The Iranians will not end their nuclear program because we threaten them and call them names. They will renounce nukes because we convince them that they will be safer and more prosperous if they do that than if they don't. This feat will take more than threats and insults. It will take skillful American diplomatic leadership.

Diplomacy is more than just talking to people. It requires speaking credibly from a position of strength. As the U.S. ambassador to the United Nations, as energy secretary, as a member of Congress and as a diplomatic envoy, I have always believed in and worked to achieve tough, credible and direct negotiations with adversaries. To be tough, you need strong alliances and a strong military. And to be credible, you need a record of meaning what you say. By alienating our allies, overextending our military, making idle threats and antagonizing just about everyone, the Bush administration has undermined our diplomatic leverage.

We need to change course. Iran's nuclear program is a threat to peace, but it also presents an opportunity to start rebuilding America's credibility and leadership, which have been weakened by six years of incompetence.

This is no time for chest-beating and dangerous brinkmanship. It is time for alliance-building, direct engagement and tough face-to-face negotiations. For the United States to attack Iran without exhausting all diplomatic options would be a terrible mistake.

The writer, a Democrat, is governor of New Mexico and a presidential candidate.

N. Korea Invites U.N. Inspector (WT/AP)

By George Jahn, Associated Press

The Washington Times, February 24, 2007

VIENNA, Austria -- North Korea yesterday asked the chief U.N. atomic inspector to visit -- four years after expelling his monitors and dropping out of the nuclear Non-Proliferation Treaty -- an encouraging sign the reclusive regime is serious about freezing its weapons program.

Mohamed ElBaradei, the head of the International Atomic Energy Agency (IAEA), offered few details about his upcoming trip, which other agency officials said would likely occur in the second week of March.

The announcement signaled the North's willingness to subject its nuclear program to outside scrutiny for the first time since withdrawing from the Non-Proliferation Treaty in January 2003, just weeks after ordering nuclear inspectors to leave.

U.N. Secretary-General Ban Ki-moon hailed the invitation -- which came five months after the North conducted its first nuclear weapon test -- as a "good beginning," an interpretation shared by the U.S. administration.

"We are really very pleased that the IAEA is now receiving the initial steps to be able to go back into North Korea to be able to verify compliance. It is indeed a good sign that it has happened as quickly as it has," Secretary of State Condoleezza Rice said in the Canadian capital, Ottawa.

White House spokesman Tony Fratto said the invitation shows North Korea is willing to begin executing the terms of the six-nation deal reached Feb. 13, under which the North said it would dismantle its nuclear facilities and normalize relations with South Korea, Japan and the United States in exchange for oil shipments and security guarantees.

"We'll be interested in hearing his report when he gets back," Mr. Fratto said.

Amid the news reports on North Korea's apparent new attitude, South Korean newspapers and wire services announced today that North Korea's chief nuclear negotiator plans to visit the United States next week for follow-up talks on the recent nuclear deal.

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Vice Foreign Minister Kim Kye-gwan is expected to arrive in San Francisco Thursday en route to New York for meetings with his U.S. counterpart, Assistant Secretary of State Christopher Hill, South Korea's Yonhap news agency reported.

Mr. Hill said at the end of the negotiations that he had invited Mr. Kim to New York for normalization discussions.

Mr. ElBaradei's trip to North Korea will mark only an initial step in the long and complex process that the international community hopes will result in stripping the North of its nuclear weapons capabilities and ensuring that the communist country remains without such arms.

In a process that one U.N. official said "could take years," IAEA inspectors would be tasked with re-establishing the monitoring of the plutonium-producing Yongbyon nuclear facility, and then being on site while it is closed and eventually dismantled.

Conservatives in Washington have berated the Bush administration for caving in on its tough stance against the North. The United States agreed to resolve financial restrictions it placed on a Macau bank -- accused of complicity in counterfeiting and money laundering by North Korea -- to pave the way for the nuclear disarmament-for-aid deal.

Yesterday during a visit to Australia, Vice President Dick Cheney expressed caution about the agreement, but called it a "first hopeful step."

"We go into this deal with our eyes open," Mr. Cheney said. "In light of North Korea's missile test last July, its nuclear test in October and its record of proliferation and human rights abuses, the regime in Pyongyang has much to prove."

The Feb. 13 agreement signed by the two Koreas, the United States, Japan, China and Russia specifies only that IAEA inspectors should be tasked with supervising the closing of the Yongbyon reactor.

Mr. ElBaradei said he and North Korean authorities would meet on how to "implement the freeze of [nuclear] facilities" and the "eventual dismantlement of these facilities."

Mr. Ban, who was visiting U.N. agencies in Vienna, said he hoped the ElBaradei invitation would translate into concrete steps toward denuclearizing the Korean Peninsula.

The Feb. 13 deal requires North Korea to first shut down and seal its main nuclear reactor within 60 days of the agreement, accept international monitors and begin discussions with the United States on other nuclear facilities. In return, the nations would ship the North an initial load of fuel oil.

If North Korea reveals all its nuclear programs and begins to disable its nuclear facilities, it then would get a much larger shipment of fuel oil and aid. The United States also would begin the process of removing North Korea from its designation as a terror-sponsoring state and ending trade sanctions.

US 'Very Pleased' About North Korean Invitation To UN Watchdog: Rice (AFP)

AFP, February 24, 2007

US Secretary of State Condoleezza Rice said Friday the US administration is "very pleased" about an invitation to the chief UN atomic watchdog to visit North Korea and discuss a landmark deal to curb Pyongyang's nuclear arms program.

Mohamed ElBaradei, head of the International Atomic Energy Agency (IAEA), announced in Vienna the trip to the North Korean capital, expected to take place in mid-March.

"We are really very pleased that the IAEA (will) ... be able to go back into North Korea to be able to verify compliance with the agreement that is to take place over the next 60 days that would shut down the Pyongyang reactor and would seal it," Rice told reporters during a visit to Ottawa.

This would allow a next phase, "which is the disablement of the nuclear facilities of North Korea on the way to the full denuclearization of the Korean peninsula," she said.

"It is indeed a good sign it has happened as quickly as it has."

In Washington, White House spokesman Tony Fratto earlier described the North Korean invitation as a step forward toward implementing a February 13 deal whereby Pyongyang would shut down a key nuclear facility in exchange for energy aid.

"It's a positive sign," Fratto told reporters. "It shows that we're beginning to execute the terms of the agreement.

"We'll be interested in hearing his (ElBaradei's) report when he gets back," the spokesman said. "But certainly, our view is positive on that."

N. Korea, U.N. To Develop Plan To Dismantle Nukes (LAT)

By Bob Drogin

The Los Angeles Times, February 24, 2007

VIENNA, Austria -- In a fresh sign of easing tensions, North Korean officials on Friday invited the chief of the United Nations' nuclear watchdog agency to come to their capital, Pyongyang, next month to develop plans aimed at dismantling the nation's nuclear weapons program, officials said here.

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Mohamed ElBaradei, director of the International Atomic Energy Agency, said that he hopes to discuss the "shut-down and eventual abandonment" of the plutonium-producing reactor facility at Yongbyon, ending its ability to produce fuel for additional nuclear weapons.

North Korea, which tested its first nuclear device in October, pledged earlier this month to stop, seal and ultimately disable operations at Yongbyon. It also agreed to let IAEA inspectors return to examine its bombs, nuclear fuel stores and other nuclear facilities. Inspectors were ordered out in December 2002 when the reclusive regime withdrew from the Nonproliferation Treaty.

Pyongyang did not promise to relinquish its current arsenal, believed to be up to six bombs or the fissionable material to make them, but agreed to further negotiations in the future.

"I see this as a step toward the denuclearization of the North Korean Peninsula," ElBaradei told reporters in a joint briefing with U.N. Secretary-General Ban Ki-moon, who is visiting Vienna. A spokeswoman said ElBaradei probably will visit in the second week of March.

The White House, which is eager to see North Korea disarm, applauded the invitation as a sign of progress. "It's a positive sign," said White House spokesman Tony Fratto. "It shows that we're beginning to execute the terms of the agreement."

The breakthrough came a day after ElBaradei reported that Iran had defied a U.N. Security Council order to suspend its nuclear enrichment program. The report said Iran instead steadily has expanded low-grade enrichment of uranium, has installed further equipment used for enrichment, and continued construction of related facilities. The report cited numerous cases where Tehran has ignored IAEA requests for additional access or information.

In an interview Friday, Ali Asghar Soltanieh, Iran's representative to the IAEA, claimed that the report supported Iran because IAEA experts "found no evidence," he said, of diverted nuclear material that could be used for weapons. "It is a clean bill of health," he said.

The report, however, states that the IAEA "is unable to verify the absence of undeclared nuclear material and activities" unless Tehran provides additional cooperation to solve a series of outstanding concerns. Inspectors are restricted in their travel in Iran, and may visit only sites that Iran has declared formally.

Soltanieh said that the IAEA report disproved concerns in Washington, D.C., that Iran secretly is planning to use a civilian nuclear fuel program to build nuclear arms.

"All these allegations have been proved by Mr. ElBaradei to be baseless," he said. "The report proves that all activities of Iran are for peaceful purposes."

Soltanieh repeated Iran's offer to start negotiations if Washington and its allies drop U.N. sanctions and their demands for an immediate freeze of nuclear activities as a precondition to talks. "We are a great nation and preconditions are a humiliation," he said.

Bush administration officials will meet other Security Council members in London on Monday to draft further U.N. sanctions proposals. The talks are expected to focus on European export guarantees that help prop up Iran's economy.

Ban, the new U.N. chief, urged Iran to follow North Korea's example and return to talks with the international community.

"I very much hope that the Iranian authorities learn from the case of the North Korean nuclear example," he said. "It should emphasize the better future of the nuclear issue through dialogue."

North Korea agreed Feb. 13 to freeze its production of plutonium at its five-megawatt facility at Yongbyon and to allow inspectors to monitor and verify its compliance. In return, the United States, China, South Korea and Russia agreed to provide about $400 million in food and fuel aid, plus security guarantees.

The United States also agreed to start the process of removing North Korea from its designation as a state that sponsors terrorism, and to discuss terms for normalizing relations and ending economic sanctions.

The pact defers several more difficult issues, including denuclearization of the Korean peninsula, a complete declaration of North Korea's nuclear activities. Some of President Bush's supporters have criticized the arrangement, saying the White House had rewarded Kim Jong-Il's government for testing a bomb.

Report: North Korea's Main Nuclear Envoy To Visit US Within Days (AP)

AP, February 23, 2007

SEOUL (AP) — North Korea's chief nuclear negotiator plans to visit the United States within days for follow-up talks on a recent disarmament deal, a South Korean news report said Saturday.

IAEA: Nation invites U.N. to discuss denuclearization

The North's Vice Foreign Minister Kim Kye Gwan is expected to arrive in San Francisco on Thursday en route to New York for meetings with his U.S. counterpart, Assistant Secretary of State Christopher Hill, South Korea's Yonhap news agency reported.

DOJ_NMG_0137067

If Kim's trip takes place, it would be the first U.S. visit by North Korea's main nuclear envoy since the international standoff over the North's nuclear ambitions flared in late 2002.

Kim plans to spend one night in San Francisco to deliver a lecture at Stanford University, the report said, citing multiple unidentified individuals in the U.S.

The North Korean diplomat may also give a lecture at New York's Korea Society, Yonhap said.

Major South Korean newspapers carried similar reports. None of the reports said how long Kim was expected to stay in the U.S.

North Korea agreed at six-nation nuclear talks in Beijing days ago to shutter and disable its nuclear facilities in exchange for energy aid and political incentives, including the opening of two-way talks with the U.S. on establishing diplomatic relations.

Hill said at the end of the negotiations that he had invited Kim to New York for normalization discussions.

The breakthrough deal put a cap on rising tensions in the region since North Korea's nuclear test in October. But it also faced criticism for allegedly rewarding the communist nation for bad behavior.

The countries involved in the six-nation talks are the two Koreas, the United States, Japan, China and Russia.

Blast That Killed U.S. Diplomat Tied To Qaeda (NYT)

By Carlotta Gall

The New York Times, February 24, 2007

KARACHI, Pakistan, Feb. 22 — The suicide bombing that killed an American diplomat here last March, just before a visit by President Bush, was organized by a small cell of Pakistani militants and masterminded by an operative of Al Qaeda based in the Pakistan's tribal areas, Pakistan says.

The charge is being made by Pakistani officials as they present evidence — the result of months of investigations by the police, assisted by F.B.I. investigators — at the trial of two men accused in the plot.

The men, Anwar ul-Haq, 27, and Usman Ghani, 26, both ethnic Pashtuns from Pakistan's North-West Frontier Province, grew up in the teeming working-class neighborhoods of Karachi and fought with the Taliban in Afghanistan, the investigators say. On Thursday, they sat behind bars, wearing long beards and knitted prayer caps, at the back of a courtroom in Karachi's central jail, listening intently to an investigator outline the evidence against them.

The case is one of the first in Pakistan to underline in court the links between splinter cells of Pakistani jihad groups and Qaeda operatives in Waziristan, part of Pakistan's tribal areas, which have come under increasing scrutiny as a staging area for suicide bombers and Taliban insurgents battling NATO and American forces in Afghanistan.

Publicly, Pakistani leaders have sought to play down the importance of the tribal areas as havens for militants. But the evidence being presented by Pakistani investigators makes clear the threat contained in Waziristan, not only for Afghanistan but for Pakistan itself, which has suffered six suicide bombings in the last five weeks.

Two assassination attempts against President Pervez Musharraf in December 2003 were also traced to Qaeda and militants who enjoyed a haven in the same region, where the government has little control and foreign and Pakistani militants operate almost unimpeded, according to the home secretary of Sindh Province, Ghulam Mohatarem, a retired army brigadier.

"They mostly come from the north," he said of the bombers that have plagued Karachi and other cities. "But they are provided with logistics from small local cells that come up and then disappear." United States officials in Pakistan declined to be interviewed for this article.

The investigators' conclusions, which are largely drawn from a confession by Mr. Haq and from the infiltration of terrorist cells, are the latest indication that Al Qaeda and its local operatives are still able to operate from Waziristan.

Brigadier Mohatarem, the home secretary, said that the police in Karachi, a sprawling and violent city of about 16 million, tracked down and disrupted the activities of numerous terrorist splinter groups in recent months.

Although Karachi has seen some of the worst terrorist attacks in Pakistan since 2001, there have been no Qaeda-linked attacks here for nearly a year since the consulate bombing.

"We are slightly more confident because the logistics have become more difficult for them," Brigadier Mohatarem said. Yet the threat of terrorism remains, he and others agreed. "We cannot say it has been wiped out," a senior police official said of Al Qaeda.

Family members denied in interviews that the two defendants had gone to Afghanistan, knew the bomber, Raja Tahir, 23, also from Karachi, or had any jihad links. Both men are pleading not guilty, their lawyers said.

But the police say there is little doubt that the suicide bombing of March 2, 2006, which killed the diplomat David Foy, his driver and three others, had a Qaeda connection because of the timing, just two days before Mr. Bush's visit to Pakistan.

Investigators say they have traced other leads to Waziristan as well. The stolen car used in the attack was packed with explosives there and driven down to Karachi, according to one police report.

DOJ_NMG_0137068

The police say all the suspects had spent time in Taliban ranks fighting the Northern Alliance in Afghanistan, and all three had links with the now banned Pakistani jihadi group, Jaish-e-Mohammed.

The mastermind of the plot, Qari Mohammed Zafar, a man from Karachi with known links to Al Qaeda, remains at large in Waziristan, the home secretary said. "Behind him we don't know who is there, if he is a puppet in a chain," he added.

Mr. Zafar is a local leader of Lashkar-e-Jhangvi, an outlawed militant group that has been found to provide the manpower for Qaeda bomb attacks in Pakistan in the past.

He bears the religious title of Qari, meaning he has memorized the Koran. He fought in Afghanistan with the Taliban in the 1990s, and forged links there with Al Qaeda, officials said, some of them speaking on condition of anonymity because of their work in counterterrorism.

After the Taliban government fell, Mr. Zafar took refuge in South Waziristan and sometimes has ventured into rural parts of Sindh Province, Brigadier Mohatarem, the home secretary, said. Three men arrested in Karachi this week with weapons and a suicide vest were also a splinter cell sent by Mr. Zafar, he said.

Mr. Zafar is accused of recruiting the three men who carried out the consulate bombing, in which Mr. Tahir reversed his car into a diplomatic convoy, detonating an enormous blast that tore through the armored plating of the diplomat's car, killing him and his driver immediately.

F.B.I. investigators calculated that there were 880 pounds of C4 explosive packed into the car, Brigadier Mohatarem said. The security cars in front and behind the diplomat's vehicle were blown apart.

Three security men in the car behind were thrown up the street, one some 75 yards, but all survived. A police ranger posted on the street was killed, and two other security guards later died of their wounds. Mr. Haq stands accused as the main logistics organizer. On the day of the bombing, the police charge, he arrived with Mr. Tahir in his car, stood as a lookout and signaled Mr. Tahir by cellphone as the convoy approached.

Mr. Tahir was caught on security cameras in the area parking his car and crossing a nearby parking lot, dressed trendily in a long Pakistani shirt over jeans to allay suspicion, a senior police official familiar with the case said. His car, a two-year-old Toyota Corolla, was stolen, but also intended to give the impression of affluence, the official said.

Mr. Haq has confessed to being present near the consulate that day and to his connection with the bombing, the police said. His brother, Imanullah, 26, who like many Pakistanis uses one name, denied that that his brother was involved, or was acquainted with the bomber.

Mr. Haq's lawyer, Mohammed Ilyas Khan, said he was accused of prompting Mr. Tahir to carry out the bomb attack, and of paying money to the bomber's family. "He has made a confession due to threats and torture but he has told me he will retract that in court," he said.

That confession has also implicated Mr. Ghani, along with the testimony of two witnesses, neither of whom are convincing, according to Mr. Ghani's lawyer, Mushtaq Ahmed. Mr. Ghani's role is less clear.

Mr. Ghani's father, Abdul Rauf, a community social worker, said in an interview that the family knew Mr. Haq well and had rented a shop premises to him, but denied that his son was mixed up in militancy, or was anywhere near the bomb blast that day.

Mr. Rauf also denied that his son knew the bomber, or had ever been to Afghanistan.

But the police say the two were friends and imprisoned together in Afghanistan after they were captured along with thousands of other Taliban soldiers in northern Afghanistan in 2001, as the United States bombing helped topple the Taliban government.

Their incarceration in the notorious Shiberghan prison, run by the Uzbek general, Abdul Rashid Dostum, in northern Afghanistan — where scores of Taliban prisoners died from asphyxiation as they were transported in containers, or from disease and malnutrition — further radicalized the young men, Brigadier Mohatarem said.

Mr. Tahir was only 18 and Mr. Ghani 21 at the time of their capture, and Mr. Tahir contracted tuberculosis in the overcrowded prison before the Afghan government released him a year later. Mr. Ghani was held even longer.

The motivation behind the bomb attack was not hard to see. "The motive was hate for Americans," Brigadier Mohatarem said.

Pakistan Successfully Tests Nuclear-capable Missile (AFP)

AFP, February 23, 2007

Pakistan Friday test-fired its longest range nuclear-capable ballistic missile, two days after signing a deal with rival India to cut the risk of atomic weapons accidents, the military said.

The Shaheen II, or Hatf VI, missile with a range of 2,000 kilometres (1,240 miles) was launched from an undisclosed location, military spokesman Major General Shaukat Sultan told AFP.

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"The test was very successful. It was carried out to validate technical parameters and it hit the target with 100 percent accuracy," Sultan said.

"It is a two-stage solid-fuel-based missile capable of carrying all types of warhead including nuclear."

Pakistan had informed "neighbouring countries" in advance about the missile test, foreign office spokeswoman Tasnim Aslam said. Pakistan is bordered by India, Afghanistan, China and Iran.

"We conduct these tests from time to time according to our requirement and defence needs. It was not meant to convey any message to anyone. It was not any country-specific," she said.

Pakistan President Pervez Musharraf and Prime Minister Shaukat Aziz congratulated the missile's technical team "on its outstanding success," a military statement said.

"The missile test was part of (a) continuous process of validation and technical improvement, which Pakistan follows to consolidate and verify its various land-based strategic missile systems," the statement said.

The test comes at a key time in relations between New Delhi and Islamabad following the firebombing of a cross-border train at midnight Sunday, which killed 68 Pakistanis and Indians.

Pakistan Foreign Minister Khurshid Kasuri went ahead with a visit to India starting on Tuesday, during which the two countries signed the nuclear weapon safeguard agreement.

Friday's missile launch was watched by Pakistan's Chairman of Joint Chiefs of Staff General Ehsan Ul Haq, who said the test was "an important milestone in Pakistan's quest for sustaining strategic balance in South Asia."

India and Pakistan carried out tit-for-tat nuclear detonations in May 1998 and have routinely conducted missile tests since, even after the start of a slow-moving peace process in January 2004.

The neighbours have fought three wars since independence from Britain in 1947, two of them over the disputed Himalayan territory of Kashmir, which is divided between the two and claimed by both in its entirety.

Turks Charge Kurd With Inciting Hatred (WP/AP)

Associated Press

The Washington Post, February 24, 2007

Politician Made Remarks About Iraq

ANKARA, Turkey, Feb. 23 -- A politician was charged Friday with inciting hatred and threatening public safety after suggesting that fellow Kurds would rise against the state and fight if Turkey ever attacked their Kurdish brethren in neighboring Iraq.

Police detained Hilmi Aydogdu, leader of the Democratic Society Party's branch in the mainly Kurdish city of Diyarbakir, as he left a conference and questioned him over the remarks, said Nazmi Gur, a party spokesman.

Prosecutors later formally arrested Aydogdu and charged him with threatening public safety by inciting racial enmity and hatred. The charge carries a maximum three-year prison sentence.

In remarks published in several newspapers, Aydogdu had warned Turkey against taking action in the oil-rich Iraqi city of Kirkuk.

Turkey, which has been trying to quell a domestic Kurdish insurgency for more than two decades, fears that Iraqi Kurdish groups could seize control of the northern city and incorporate it into their semiautonomous region.

Some in Turkey have suggested that Ankara could take military action to prevent that from happening.

"The two sides in this war would be Turkey and the Kurds in Iraq. There are some 20 million Kurds in Turkey, and the 20 million Kurds would regard such a war as an attack against them," newspapers quoted Aydogdu as saying.

"Any attack on Kirkuk would be considered an attack on Diyarbakir," the politician was also quoted as saying.

Turkish leaders are concerned that Iraq's Kurds want Kirkuk's oil revenue to fund a bid for independence that could encourage separatist Kurdish guerrillas in Turkey who have been fighting for autonomy since 1984. The conflict has killed 37,000 people.

Turkey has not ruled out military incursions into Iraq to hunt separatist Kurds, despite warnings from the United States, which fears that such moves could lead to tensions with the Iraqi Kurdish groups allied with Washington.

Turkish authorities frequently accuse the Democratic Society Party of having links to an outlawed Kurdish guerrilla group, the Kurdistan Workers' Party, or PKK, which the United States and European Union consider a terrorist group.

Party members frequently are detained and branch offices raided.

46 Nations Push For Cluster Bomb Ban (WT/AP)

By Doug Mellgren

The Washington Times, February 24, 2007

DOJ_NMG_0137070

OSLO -- Forty-six nations adopted a declaration yesterday calling for a 2008 treaty banning cluster bombs, saying the weapons kill and maim long after conflicts end and inflict "unacceptable harm" on civilians, particularly children.

Some key arms makers -- including the United States, Russia, Israel and China -- snubbed the conference. Of the 49 nations attending, Poland, Romania and Japan did not approve the final text.

But organizers said the declaration was needed despite the absence of key nations to avoid a potential humanitarian disaster posed by unexploded cluster munitions.

Cluster bomblets are packed by the hundreds into artillery shells, bombs or missiles, which scatter them over vast areas, with some failing to explode immediately. The unexploded bomblets can then lie dormant for years after conflicts end until they are disturbed, often by civilians.

As many as 60 percent of the victims in Southeast Asia are children, the Cluster Munition Coalition campaign group said. The weapons have recently been used in Iraq, Kosovo, Afghanistan and Lebanon, it said. The United Nations estimated that Israel dropped as many as 4 million bomblets in southern Lebanon during last year's war with Hezbollah, with as many as 40 percent failing to explode on impact.

Children can be attracted to the unexploded bombs by their small size, shape and bright colors, activists say.

Mark Regev, spokesman for Israel's Foreign Ministry said: "During the recent conflict in Lebanon, Israel used no munitions that were outlawed by international treaties or international law."

Mr. Regev said if the declaration ever evolves into a treaty, then Israel would examine it and decide then how to respond.

While the document is not binding, organizers and activists hope it will pressure nations into halting the use of cluster bombs. Norway hopes the treaty would be similar to one outlawing anti-personnel mines, negotiated in Oslo in 1997.

"If you need proof that you can conclude a treaty without the United States, Russia and China, look at the land mine treaty," said Steve Goose of Human Rights Watch. Despite rejecting that treaty, Mr. Goose said, the major powers have stopped deploying land mines and the number of civilian casualties has been cut in half since 1997.

The declaration urged nations to "conclude by 2008 a legally binding international instrument" to ban cluster bombs. The treaty would "prohibit the use, production, transfer and stockpiling of those cluster munitions that cause unacceptable harm to civilians," the declaration said.

It urged countries take steps at a national level before the treaty takes effect. Norway has already done so, while Austria announced a moratorium on cluster bombs at the start of the conference.

The United States, China and Russia have refused to sign the land mine treaty and oppose the Norwegian initiative on cluster bombs. They did not send representatives to the meeting. Australia, Israel, India and Pakistan also did not attend. Those nations say the weapons should be dealt with in other arenas, such as the U.N. Convention on Conventional Weapons.

U.S. In Talks With Britain On Installing Missile Defense System (NYT)

By Alan Cowell

The New York Times, February 24, 2007

LONDON, Feb. 23 — Britain and the United States said Friday that they were discussing the stationing of an American antiballistic missile defense system on British soil.

The United States previously offered to locate the missile system in the Czech Republic and Poland, drawing furious objections from Russia, though Washington argues that the system is not built to defend against Russia but against Iran, principally, and other potential threats.

Prime Minister Tony Blair's spokeswoman said Friday that Britain had been secretly lobbying for inclusion in the system for some time. "It is our intention that whilst the United States are in the decision-making process, the U.K. should be considered as part of that," the spokeswoman said.

"The prime minister thinks it is a good idea that we are part of the consideration by the United States" she said, speaking on the condition of anonymity, which the British civil service requires. "We believe it is an important step toward providing missile defense coverage for Europe, of which we are part."

The possible step, first mentioned in The Economist magazine, seems sure to prove contentious in Britain, and to cloud Mr. Blair's final months in office, along with two other events that surfaced Friday.

In one, relatives of British soldiers slain in Iraq began a peace vigil in blue nylon tents near Mr. Blair's office, and in the other, Mr. Blair pondered a new military deployment in Afghanistan.

Just two days after Mr. Blair announced a withdrawal of 1,600 of the 7,100 British soldiers in southern Iraq, Defense Secretary Des Browne said "some additional forces" — possibly about 1,000 soldiers — would be sent to join the 5,600 Britons who are part of NATO forces confronting an expected spring offensive by the Taliban in Afghanistan.

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Word of the missile defense negotiations followed remarks in Washington on Thursday by Gen. Henry Obering III, who discussed the deployment of missile defenses in Britain, saying, "We are always looking for new ways to partner with the United Kingdom, whether that be co-development or a hosting, or any of the activities of that nature." He also said that radar systems were already in final testing in Britain.

At first the American Embassy in London made remarks that the British news media seized on as a rebuff of Mr. Blair's interest. David Johnson, the deputy chief of mission at the United States Embassy in London, told a BBC radio interviewer: "I would see as we go forward. There may be opportunities for us to talk to other countries about other needs, but right now we're concentrating on the Czech Republic and on Poland as the primary sites where we would be looking for this."

In a subsequent statement, Mr. Johnson said any suggestion that his remarks "were a rebuff to the British government is nonsense. We have been and will be in discussions with the British government as we develop our missile defense system and be open to opportunities for joint work as we go forward."

The negotiations are most likely to raise political hackles at a time when many in Mr. Blair's Labor Party and in the opposition Conservatives are pressing for Britain to distance itself from the United States after their close and sometimes unpopular alliance in Iraq.

The Conservatives said the government had given no information about its discussions with the United States. "If there is a request to base part of the U.S. National Missile Defense system in the U.K., we would need to see the exact nature of that request before taking a decision," said Liam Fox, the Conservative spokesman on defense. The government, he said, needs "to be more honest with the opposition" to secure bipartisan support for the proposed missile deployment.

Mr. Fox also took issue with the plan to deploy more troops to Afghanistan, saying other European countries, including Germany, France, Italy and Spain, should commit troops in the hazardous Helmand Province of southern Afghanistan, where many British soldiers are based.

"It is clear that the government has failed to get our NATO allies to carry their share of the burden in Afghanistan," he said, complaining that, with deployments in Iraq and Afghanistan, "it is clear now that our army is so overstretched we can't carry two conflicts."

Apart from Iraq and Afghanistan, British troops are deployed in the Balkans and in Northern Ireland.

The political hazards of Mr. Blair's military ventures were underlined by the protest on Whitehall, the broad boulevard running by the gated and closely guarded entrance to Downing Street, where Mr. Blair has his office and residence.

Rose Gentle, whose 19-year-old son Gordon was killed in Basra, Iraq, in 2004, led a small group of protesters who pitched camp and submitted a letter addressed to Mr. Blair calling for a meeting with him.

"This is our sixth such visit, and each time you have not seen fit to give us a few minutes of your time," the letter said. "We have a number of questions that we need answered about the deaths of our sons in Iraq, and we insist that you meet us."

"Please believe us, Mr. Blair, that neither we nor these questions will go away," the letter said.

UK Wants US Missile Defence Sites (FT)

By Stephen Fidler, Christopher Adams, Daniel Dombey

Financial Times, February 24, 2007

Britain has pressed Washington to site important elements of the US missile defence system in the UK, British officials said on Friday.

The US, which says the system is designed to shoot down missiles from problem states such as Iran and North Korea, is building a multi-layered missile defence system aimed at protecting the US.

Part of the programme is aimed at building a system to shoot down missiles during the middle of their trajectory.

An elementary version of this "mid-course system" has already been set up in the Pacific to protect the US west coast, and the US is now holding talks with Poland and the Czech Republic with a view to protecting the east coast.

Washington is discussing siting missile interceptors in Poland, near the Baltic Sea, and a high definition X-band radar in the Czech Republic.

UK officials say Tony Blair has pressed Washington to place at least some of those interceptors on British soil. The UK prime minister is said to share US concerns about the threat posed by missiles from states of concern.

"In the face of rogue states, this is something that can assist in Britain's defence," a UK official said on Friday. The official added: "The fact that the Poles and Czechs were involved prior to us does not diminish our wish for discussions to continue. The prime minister is keen discussions continue to see if we can be part of the outcome. "The UK position was first reported on Friday by The Economist magazine.

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The discussions with Warsaw and Prague have brought protests from Russia, which claims to feel threatened by US expansionism. The US insists that the system is not directed against Moscow, and could not handle in any case the number and sophistication of Russia's many intercontinental ballistic missiles.

The possibility that the interceptors could be on UK soil will raise questions about whether it will make Britain safer. Some US scientists argue the early warning radar could not pick up Iranian missiles fired at Poland and the Czech Republic, because their trajectory would be hidden by the curvature of the earth.

Philip Coyle, a senior adviser to the US-based Center for Defense Information, said that the missile interceptors were close to the size of an inter-continental ballistic missile and their deployment at short notice could make the Russians nervous. "When they first take off, you can't be quite sure where they are headed if you're a Russian."

Mr Coyle and others also say that, contrary to US official claims, the system has not been shown to work under realistic conditions.

Ian Davis, director of the British American Security Information Council, described the system as a "Maginot Line in the sky". He said the system "has very low probability of functioning effectively, even lower relevance to contemporary security risks, and a danger of provoking long-term missile escalation with Russia and China".

Britain agreed in 2003 to an upgrading of the early-warning radar facility at Fylingdales in Yorkshire, which US officials say should be complete later this year. Any UK-based interceptors would not be located near the early warning radar.

In a January 23 letter to Washington's US Nato allies outlining US intentions for missile defence, Victoria Nuland, US ambassador to Nato, mentions UK offers of assistance for the programme. It also refers to Denmark, which is responsible for a radar facility on Greenland that may be upgraded, and says other nations may be approached for assistance.

Misguided Missiles (NYT)

The New York Times, February 24, 2007

Fifteen years after the cold war's end, it would seem that everyone involved should know better. But the Bush administration's tone-deaf plan to station parts of a missile defense system in Eastern Europe and Moscow's snarling response show that all sides could use a refresher course in diplomatic sense and civility.

American officials insist that the 10 interceptors it is planning to place in Poland and the early warning radar for the Czech Republic are supposed to defend Europe from Iran's missiles — not Russia's. And there is no doubt they're telling the truth. The untested system could be easily overwhelmed by Russia's huge nuclear arsenal.

It is unlikely, however, that more military posturing against Iran is going to persuade Tehran to give up its nuclear ambitions. Russia's furious reaction to the stationing of even weak missile defenses near its borders (and on the territory of its former satellites), while wildly out of proportion, was also utterly predictable. A top Russian general — who sounded as if he'd slept through the last 15 years — warned the Poles and the Czechs that if they went along with America's plans, Russia's missiles "will be capable of targeting the facilities."

The mixture of crocodile tears and threats from Russian officials seems overly dramatic — and very much in character for President Vladimir Putin, who is hoping to divert attention from his own thuggery at home, not to mention his desire to reassert power in Russia's old neighborhood.

Secretary of State Condoleezza Rice, who cut her teeth on Kremlinology, should have expected Moscow's reaction. And Ms. Rice, who's been counting on Russia to help keep up the pressure against Iran's nuclear efforts, should have known that provoking Moscow this way could be especially counterproductive. Add to that the fact that the move has annoyed "old European" allies, like Germany, which are central to efforts to contain Iran, and it seems like another example of diplomatic negligence.

In any case, this is a fight that should be quickly reined in. Washington has wisely chosen to respond calmly to Russia's vitriol, and Russia's foreign minister, Sergey Lavrov, has taken some welcome steps to moderate Moscow's stance.

A few interceptors in Europe may or may not work against "rogue states," but they are counterproductive if all they do is to provoke Russia and irk NATO allies.

Fear Of Return Of Berlusconi Reunites Left Behind Prodi (NYT)

By Ian Fisher

The New York Times, February 24, 2007

ROME, Feb. 23 — It wasn't love or even any real faith that they could stick together long. Rather, it seems, a singular frightening thought pushed nine bickering parties to agree late on Thursday to come together again: that Silvio Berlusconi might soon lead Italy again.

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"They have seen what can happen, and they are very frightened," said Renato Mannheimer, one of Italy's top pollsters. "They are afraid of Berlusconi."

On Friday, two days after the center-left government of Romano Prodi fell, Mr. Mannheimer released a poll making that threat clear. It showed that Mr. Berlusconi's center-right coalition would probably win if elections were called now.

New elections seem unlikely at the moment. President Giorgio Napolitano ended two days of consultations on how to move ahead on Friday, and said he would announce his decision on Saturday morning.

But the real worry that the center-left could again lose power, only nine months after wresting it from Mr. Berlusconi, seemed to concentrate minds overnight Thursday as the fractured parties in Mr. Prodi's coalition came together behind his demands: 12 nonnegotiable points for leading a new government.

Those points essentially rein in the coalition's far left, which had come into increasing conflict with more centrist forces in the government. On Wednesday, two far-left senators abstained from a crucial vote on the government's foreign policy. When the vote failed, Mr. Prodi submitted his resignation.

On Friday, the far left could not do enough penance. The Refounded Communists expelled one of the senators who voted against the measure for "a breach that could not be healed," and declared themselves strongly behind Mr. Prodi.

"We reaffirm our faith in the prime minister," the party said in a statement, "and confirm a loyal and effective collaboration."

By Friday evening, it was not yet certain that Mr. Prodi would be given the chance to form another government, though the possibility looked more and more likely. By the rules, Mr. Napolitano must ask Mr. Prodi to form a government, following his consultations with the nation's political parties and important institutions.

That government would then face a confidence vote in Parliament. There also remained a possibility that Mr. Prodi could peel off several opposition politicians to enlarge his majority and make governing easier.

The president has other options: asking someone else to try to form a government, for example, or calling for a caretaker government as a transition toward elections. He could also simply call new elections.

That last option dimmed still further after Mr. Berlusconi, who had been quoted in the news media as calling for immediate elections, failed to advocate them in his meeting with Mr. Napolitano on Friday. Political experts note that, despite his standing in the polls, a victory is not certain so soon after his loss last year and, at any rate, his own coalition is also divided.

But he strongly urged that Mr. Prodi not be given a new mandate, advocating instead a temporary government of neutral technocrats and a relatively quick election.

"We asked the head of state to keep in mind that this government was not, and never will be, capable of governing," Mr. Berlusconi said.

Despite Mr. Berlusconi's hesitancy, the Italian news media reported Friday that Mr. Prodi's supporters successfully leveraged worry about Mr. Berlusconi's return to office to gain support for Mr. Prodi's 12 points. Those points aimed to give Mr. Prodi more autonomy, declaring unanimity on foreign affairs and making his spokesman the public voice for the entire government.

But the points were notable also for what was left out and so, to many experts, underscored that any new Prodi government was likely to remain divided. He did not include one of the most contentious initiatives, a proposal to grant rights to unmarried couples, including homosexuals.

By leaving it out, Mr. Prodi seemed to sidestep another bruising fight in Parliament, given the strong opposition to the measure by the Vatican and an influential conservative minister. But the measure was a central campaign promise, and left-leaning members of Parliament expressed much disappointment that Mr. Prodi had left it unmentioned.

For the moment, though, they preferred to say that was the cost of staying in power, noting that the measure could still be raised in Parliament.

Prodi Aims To Secure Centre-left Vote (FT)

By Tony Barber

Financial Times, February 24, 2007

Italian political leaders continued their search for a new government on Friday as Romano Prodi, the caretaker prime minister, tried to strengthen his centre-left coalition and secure it a second term of office.

Mr Prodi won agreement from the nine parties in the coalition on Thursday to support a 12-point political programme, including public spending cuts, measures to help the south of Italy and liberalisation of professions and the service sector.

Mr Prodi's aim is to ensure that if Giorgio Napolitano, Italy's head of state, asks him to form a new government, he will be able to count on the support of every single centre-left legislator in a subsequent vote of confidence.

It was the centre-left's lack of a majority in the Senate, parliament's upper house, that forced Mr Prodi's resignation on Wednesday when the government unexpectedly lost a vote on foreign policy.

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The centre-left is hoping to strengthen its numerical position in parliament by wooing several moderate opposition politicians, including Marco Follini, a former deputy premier, and some of his associates.

However, the Union of Christian Democrats (UDC), the main moderate opposition party, indicated on Friday that it was unlikely to switch sides and join the centre-left, saying it wanted "a government of national responsibility".

"Italy needs a serious and authoritative government. It is necessary to recognise that the [centre-left] majority is not self-sufficient, neither politically nor numerically," said Lorenzo Cesa, the UDC leader.

The 12-point programme agreed by the centre-left has some glaring omissions, compared with the policies pursued by the Prodi government up to last Wednesday.

The new programme contains no commitment to extend the legal rights of unwed couples, including gays. This was a divisive issue for Mr Prodi's coalition, and when the government finally agreed to a modest measure in favour of unwed couples, it came under vociferous attack from Italy's Roman Catholic Church.

The new programme also contains no commitment to electoral reform, a measure that many politicians and commentators regard as essential to giving Italy more stable governments.

The programme promises a "reordering" of Italy's welfare system, but says that any reform of the overburdened state pension system would favour the young and those on low pensions.

Italian President Weighs Prodi's Support (AP)

By Alessandra Rizzo, Associated Press Writer

AP, February 24, 2007

Center-left leaders rallied behind Romano Prodi on Friday, boosting his chances of returning to office just days after he resigned as premier.

The politicians told the Italian president, who has been holding talks aimed at solving the political crisis, that they were ready to support any bids by Prodi to return to the premiership. Earlier, they all signed up to a new 12-point government program that Prodi said would be "nonnegotiable."

Prodi stepped down Wednesday evening after an embarrassing parliamentary defeat over foreign policy, including the government's plan to keep troops in Afghanistan. He is staying on in a caretaker role.

"We are convinced that this experience served as a lesson to all of us," said Antonio Di Pietro, who serves as infrastructure minister. "This renewed sense of responsibility and political maturity ... can lead us to do our job better."

Among those who also expressed their support were leaders of Communist parties and other radical leftists.

But even with the full backing of his coalition, Prodi's majority at the Senate remains minimal, raising fears that any further rebellion by his often-insubordinate allies might bring him down again.

Seeking to quell these fears, Prodi has been scrambling to widen his support by luring in a handful of moderate senators. He is also trying to ensure the support of at least some of the seven honorary senators appointed for life.

The 12-point plan calls for respecting Italy's international commitments in Afghanistan and elsewhere, and for the construction of a high-speed rail line linking Turin with Lyon, France.

In an apparent nod to Catholic moderate lawmakers, the new government program made no mention of a proposal to grant legal rights to unmarried couples, including gay partners. The proposal has angered the Vatican and drawn the opposition of Catholic politicians.

The plan also gives the premier the final word on any disagreement in the squabbling coalition.

"On this basis, we can start over," Foreign Minister Massimo D'Alema said.

It will now be up to President Giorgio Napolitano to decide what to do next. The president said he will announce his decision on Saturday.

Napolitano might reject Prodi's resignation, asking him to stay on and seek a new vote of confidence in parliament. Or he might ask Prodi or another leader from his coalition to form a new center-left government. Alternatively he might tap an institutional figure above the political fray to form a Cabinet — possibly with broad support from both coalitions — or might call early elections.

Chávez Ends Busy Week Aiding Venezuela's Latin Neighbors (NYT)

By Simon Romero

The New York Times, February 24, 2007

CARACAS, Venezuela, Feb. 23 — President Hugo Chávez met here on Friday with President Daniel Ortega of Nicaragua to discuss an array of Venezuelan assistance programs, capping an unusually frenetic week for this country's efforts to enhance its political and economic influence in parts of Latin America.

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At the heart of many of the agreements reached this week — with Nicaragua, Ecuador and Argentina — is Venezuela's use of its windfall from historically high oil prices, and sometimes its own reserves and exports of oil, to lift its regional profile.

Mr. Chávez is using Venezuela's oil revenues, valued at more than $50 billion a year, to counter the influence of the United States and multilateral lending organizations like the International Monetary Fund.

The Venezuelan aid for Nicaragua has been a godsend for Mr. Ortega, the former Sandinista guerrilla leader who was elected president last year. Venezuela has already agreed to forgive more than $30 million in Nicaraguan debt, provide more than two dozen generating plants to alleviate an electricity shortage and open an office of Venezuela's development bank in Managua to offer low-interest loans to small businesses.

Venezuela is also considering building an oil refinery in Nicaragua and a pipeline across that country from the Caribbean to the Pacific to transport Venezuelan crude oil to refineries in China and Japan, part of an effort to move away from exporting oil to the United States.

"Nicaragua can forget about fuel problems," Mr. Chávez said during a recent visit to Managua.

The talks with Nicaragua were preceded in recent days by an offer from Venezuela of $500 million in financial assistance to Ecuador, where the administration of President Rafael Correa has been considering efforts to restructure part of its foreign debt.

On Friday, Rafael Ramírez, Venezuela's energy minister, was in Ecuador for the arrival of a Venezuelan tanker carrying 220,000 barrels of diesel fuel, part of a fuel swapping deal aimed at saving Ecuador millions of dollars in foreign exchange.

This week, Mr. Chávez's government said it would provide $135 million in financing for an Argentine dairy cooperative. Venezuela and Argentina also said they would create a regional development bank and carry out a joint $1.5 billion bond issue.

The bonds are intended to offer Argentina an alternative to the monetary fund and to give investors in Venezuela a way of acquiring dollar-denominated securities at a time when hard currency is increasingly sought after here.

Elsewhere, Venezuela has revealed how it deals with countries with governments that speak critically of Mr. Chávez. Venezuela shut an aluminum plant in Costa Rica with 400 employees last week after Óscar Arias, Costa Rica's president, criticized Mr. Chávez's recently acquired power to govern by decree.

Is Citgo Program For Poor, Or For Chávez? (WP)

By Jeffrey H. Birnbaum, Steven Mufson

The Washington Post, February 24, 2007

Citgo, the Venezuela-owned oil company, is running television commercials across the United States promoting the discounted heating oil it provides to low-income people -- but some are wondering whether the ads are really promoting the South American country's leader.

The company said the ads, some of which feature former Massachusetts congressman Joseph P. Kennedy II, are designed to persuade families to sign up for the charitable program. Critics of Venezuela, however, see both political and economic motives -- primarily to enhance the image of the country's leftist leader, Hugo Chávez, and thereby improve the company's standing with U.S. consumers.

A new wave of ads shows Americans expressing gratitude for the program.

Citgo said it is giving a 40 percent discount on 100 million gallons of heating oil to up to 1.2 million Americans this winter. Last winter, U.S. households that used heating oil consumed an average of 585 gallons, according to Department of Energy figures.

Citgo spokesman Fernando Garay said the program was part of Citgo's "very strong tradition of giving back to the community." The current effort was particularly motivated, he said, by the recent spate of hurricanes and other weather-related disasters in the United States, which have boosted oil prices.

"It's a good thing to provide concessionary oil to the people in the United States," said Bernard Aronson, former assistant secretary of state for inter-American affairs. "But if the price of that is to rationalize the loss of political liberty for the people in Venezuela, that's not a fair price and it's a betrayal of the people of Venezuela."

An unusual aspect of the program is its widely seen commercials. Garay declined to say how much the company was spending on the ads, but said they are running in 16 markets around the nation where the heating oil is being distributed, including the Washington area. The ads started in mid-November and will continue until mid-March, he said.

Some observers, while praising the program's generosity, believe that more is involved than good deeds. Chávez, who recently won reelection and then said he intends to exert state control over strategic industries, has allied himself with such U.S. enemies as Iran and Cuba. He also has been outspoken in his opposition to the Bush administration's foreign policy.

"It's naive to think that there's not a political motive behind the ads by the Chávez government," said Michael E. Shifter, vice president for policy at the Inter-American Dialogue, a policy forum on Latin America and U.S. relations. "Chávez wants to be

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seen as the good guy and also to needle and embarrass the Bush administration that the richest country in the world can't take care of its own people."

Otto Reich, a former U.S. special envoy to the Western Hemisphere, said he believes the company hopes to benefit as well: "Citgo is probably concerned that the Chávez image will affect its image."

In a telephone interview in November, Kennedy, who heads Citizens Energy, a nonprofit group that helps poor people grapple with higher energy costs, said that in 27 years of providing heating oil assistance, he had never received a price break from an OPEC country or major oil company.

"I have tried and written every single member of OPEC and every single major oil company and asked for a little bit of a price break," Kennedy said. "Shouldn't we be encouraging people to be doing this sort of thing? Isn't this the sort of compassionate conservative movement we thought would be taking over the world at this point?"

Kennedy added that there was an element of good business sense about Venezuela's assistance.

"It's not only morally righteous, it's good business," he said, "when you're selling the world's largest market a gigantic percentage of your overall sales in crude oil, to take a little percentage and show that . . . you have concerns about how low-income people are going to keep up with the enormous price of keeping warm."

Tsangfroid (WSJ)

By Mary Kissel

The Wall Street Journal, February 24, 2007

HONG KONG -- Remember June 30, 1997? That afternoon, the city's last colonial governor, Chris Patten, blinked back tears as the British flag was lowered from its flagpole at Government House. At 8:00 that night, red fireworks exploded over Victoria Harbor while Hong Kong's good and great sat down to dine in a grand hall; China's Jiang Zemin arrived later, glowing as Asia's "world city" was returned to its mainland mother. After the stroke of midnight, a 500-strong People's Liberation Army contingent marched over the border, soon followed by 4,000 more -- a brutish touch, a hint of things to come? No one knew.

Nearly 10 years later, Donald Tsang, the current chief executive, knows. He's part of a grand juggling act, protecting Hong Kong's cherished freedoms while integrating the place -- carefully, it's hard work, doing the best that we can, he'll tell you -- into the mainland's booming economy. Nowhere is this more evident than from Mr. Tsang's campaign office, from which the chief executive is steering another bid for high office next month.

Tucked on an upper floor of one of Hong Kong's soaring office towers, the entrance to Mr. Tsang's nerve center boasts no campaign photographs of the bow-tied, impeccably attired Cantonese civil servant; the walls are bare, and not a single policy leaflet graces the shelves. Granted, the office had been opened only two weeks prior to our interview. But the sterility of what should be a raucous debate in a democracy only reinforces the reality: Mr. Tsang is "running" for "re-election" in a rigged campaign where Beijing still picks the winner.

"Here's my card," he says, entering the windowless conference room where I and my colleague from New York, Melanie Kirkpatrick, are seated. A tidy little number, the specially printed campaign business card ("Donald Tsang, Candidate") boasts contact details in English and Chinese, plus a cursive slogan that seems scrawled as an afterthought: "I'll Get the Job Done!" "It will be a collector's item someday," Mr. Tsang jokes, settling into his chair.

The slogan is apt. Mr. Tsang has spent nearly 40 years in the civil service preparing to bridge East and West. Knighted in 1997 (he no longer uses the "Sir"), he was appointed by Beijing in 2005 to serve out the term of the former chief executive, Tung Chee Hwa, whom Beijing's Party elders encouraged to resign when the Hong Kong people marched through the streets for full democracy. Hong Kong can do what it likes, the thinking goes, so long as it doesn't make a fuss. China's leadership has far more pressing problems to worry about -- rioting peasants in the countryside, corruption permeating its ranks, a nuclear North Korea -- than the humming, affluent dot on its southeastern flank.

Mr. Tsang, a former financial secretary, has focused his energies on the economy. And that's a good place, we agree, to start our discussion, given that Hong Kong just rolled up the No. 1 slot -- for the 13th year running -- in the Heritage Foundation/Wall Street Journal's "Index of Economic Freedom." So how has Hong Kong influenced -- maybe even led -- the mainland down the capitalist road since 1997?

Hands clasped, Mr. Tsang thinks for a moment on these "serious and deep" questions. "Opening up is the answer, following the road map charted out by Deng Xiaoping," Mr. Tsang says. "So in the context of Hong Kong, it will be wrong to assume that this little tail is wagging the big dog. It is not." But Hong Kong, he explains, is the most effective "broker, the bridge, the gateway for the nation as a whole."

Surely last year proved his point. For the first time, the flood of mainland Chinese companies selling stock on Hong Kong's stock exchange pushed volumes above those of New York and London. Hedge funds poured into the city, eager to base

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themselves in a place with civil law (in more ways than one, when compared to the mainland's corrupted bench) and an English-speaking labor force.

Most important, Hong Kong cemented its place as a testing ground for China's capital account liberalization. The mainland's domestic currency, the renminbi, circulates in a limited way in Hong Kong. Shops accept it; Hong Kongers can open savings accounts in it; and mainland companies can issue renminbi-denominated bonds in the territory.

"All this is taking place! It's the only place outside the mainland of China where these activities are allowed!" the chief executive emphasizes, in a rare moment of emotion. "Right here!" In Hong Kong today, "you see how renminbi, on a limited scale, can move in the free-market environment of Hong Kong."

The chief executive dreams of the day when the floodgates will open up and the cash gushes out of China into Hong Kong's banks, mutual funds and businesses. "This will come, this will come," he affirms.

All this adds to up to a vision for Hong Kong as a nexus for capital not unlike that of London for Europe, or New York for the Americas -- a city in the South China Sea devoted to servicing China's rising middle classes. "We need three [financial centers] . . . because most of us agree that we have to work eight hours a day!" Mr. Tsang quips.

That plan is already being echoed by China's rubber-stamp legislature, the National People's Congress, which included Hong Kong in its five-year plan for the first time last year. Mr. Tsang recites the text verbatim: the leadership, he says, sees Hong Kong as "a center for international finance, trade and shipping/aviation" (the Chinese-language characters for shipping and aviation are, conveniently, the same).

Mr. Tsang's eagerness to bet Hong Kong's future on the mainland is genuine: He is undoubtedly a Chinese patriot. But why should this capitalist city scramble to join the Communist Party's five-year industrial plan? Other actions, too, hint that the Hong Kong government is starting to stray from the free-market policies that made it so rich.

Last year, Mr. Tsang's administration proposed a new consumption tax, started debating a minimum wage, and embarked on rhetoric of leveling societal "inequalities." The chief executive himself publicly disavowed the policy of "positive noninterventionism," the term coined by one of Hong Kong's financial secretaries to describe the territory's famously laissez-faire approach -- an action for which this newspaper, and the late economics Nobel Laureate Milton Friedman -- chastised him.

"You were wrong," Mr. Tsang replied, staring me right in the eye. "It's a slogan." Hong Kong still has the freest economy by a mile -- its public sector takes up 18% of total GDP; total public spending isn't allowed to exceed 20% of GDP. Even if the government tried to impose European-like safety nets on the public, the rise in taxes would never be tolerated; the 5% consumption tax proposal was met with a public outcry.

"We want small government and a big market," Mr. Tsang explains. "We facilitate what the market does." And what does facilitate mean, exactly? "When, for instance, people believe, Mary [emphasis on my name], the mainland should be the next target of action . . . I will lead a delegation into the mainland, making sure that any . . . trade barriers could be removed for them . . . I go in there and try to do things for them."

Why, I wonder, is the same zeal for sealing business deals not applied to the Hong Kong people's wish for universal suffrage? In 2003 and 2004, over a half million of them marched for the full democracy promised to them by the mini-constitution, called the Basic Law, that Mr. Patton and the British left behind. The current setup is far from perfect; it includes a twisted system for electing the legislative branch and the chief executive that effectively gives Beijing veto power over the latter. But regardless of the silent overlord, this year a challenger to Mr. Tsang managed to garner enough official nominations to stand for chief executive -- an event that has given an electric charge to the democracy movement.

How does it feel to have a challenger? "It's allowed for in our electoral arrangements," Mr. Tsang answers dryly. "And it's giving our people a little more fun, a little more fireworks. But it doesn't mean that even if I were the only candidate running that I would not be providing a manifesto." The chief executive is a list man, focused on process; he dismisses opposition candidate Alan Leong as a "single issue man" who "just says universal suffrage, universal suffrage, universal suffrage."

Mr. Tsang seems perplexed by such a stance, noting that his city already enjoys freedoms other democracies have, such as freedom of assembly, freedom of religion, and freedom of the press. "In Hong Kong, we've got all those things." Mr. Tsang declares. "We want democracy for the sake of political participation. So, as a purist form, we should consider it carefully . . . but it must not be achieved at the expense of what they already got."

Why would universal suffrage threaten freedoms? Wouldn't a degree of public accountability impel the chief executive to follow the "will of the people" (a favorite phrase) more closely?

Mr. Tsang answers immediately: Beijing "supports [democracy] as a principal enshrined in the constitution, but I think they want to be sure they're not doing it at the expense of stability and prosperity." Read: Authoritarian regimes are afraid of placing control in the hands of the people. They could publicly protest, or elect an independently minded chief executive, or -- as Mr. Tsang notes -- they could declare independence, as in the case of Taiwan.

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Mr. Tsang has now spent almost a decade working under the Chinese flag, versus 30 under the Union Jack. How is it different? Surprisingly, interactions with the mother ship are "less than before," he confides. "No faxes, no telegrams." He may consult closely on political reform with the local representative office of the central government, but for now, Mr. Tsang's administration operates the territory's economy independently from that of the mainland -- so there's less reason to call for advice.

"The style of operation is very different," Mr. Tsang says. "We are dealing with people in the same nation, but it requires a perquisite of mutual trust and faith. But once we have built up a sense of trust, between ourselves and the mainland, it seems that you can achieve quite a lot -- a lot more than before."

Within limits, that is. As we wait for the elevator next to those empty shelves where election campaign pamphlets might sit, the limits of Mr. Tsang's ability to "get the job done" seem clear.

Ms. Kissel is editorial page editor of The Wall Street Journal Asia.

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TERRORISM NEWS:

Prison Doc: Terror Suspect OK For Trial (AP)

By Curt Anderson
AP, February 27, 2007

MIAMI -- Alleged al-Qaida operative Jose Padilla has mild anxiety and personality disorders but is mentally able to stand trial, a prison psychologist said Monday in testimony that contradicted two defense experts.

Rodolfo Buigas, the supervisory forensic psychologist at the federal detention center in downtown Miami, rejected the defense experts' diagnosis that Padilla cannot help with his defense because he suffers from post-traumatic stress disorder. Buigas said Padilla's anxiety and anti-social personality are minor problems.

"The nature and severity of the symptoms were not sufficient to interfere with some basic capabilities," Buigas told federal Judge Marcia Cooke, who must decide Padilla's mental fitness.

The question is crucial in determining whether Padilla, 36, and two co-defendants will stand trial in April on charges of being part of a North American terror support cell that provided finances, recruits and supplies to Islamic extremists around the world. All three face up to life in prison if convicted.

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Padilla, a U.S. citizen and former gang member, has been held in isolation during his 3 1/2 years in military confinement. He was arrested in May 2002 at Chicago's O'Hare International Airport. Officials initially claimed he was on a mission to detonate a radioactive "dirty bomb" in a major U.S. city, but the dirty-bomb allegations are not part of the Miami case.

Padilla was designated an "enemy combatant" and imprisoned by the military without criminal charges.

Padilla has claimed in court filings that he was tortured at the Navy brig in Charleston, S.C., which officials have denied. Cooke ordered officials from the brig to appear at the hearing Monday.

Buigas testified that the affidavit Padilla signed alleging mistreatment at the brig was evidence of his mental competence.

One of Padilla's lawyers, Andrew Patel, testified that he has never been able to get meaningful information from his client. Patel also said that Padilla seems to think his lawyers are part of a government plot against him.

"He has expounded the belief that we are part of the continuing interrogation," Patel said.

Psychologist Says Padilla Is Fit To Stand Trial (NYT/AP)

The New York Times, February 27, 2007

MIAMI, Feb. 26 (AP) — Jose Padilla, who is accused of being an operative for Al Qaeda, has mild anxiety and personality disorders but is mentally able to stand trial, a prison psychologist said Monday in testimony that contradicted two defense experts.

The psychologist, Rodolfo Buigas of the Federal Detention Center in downtown Miami, rejected the defense experts' diagnosis that Mr. Padilla could not help with his defense because he had post-traumatic stress disorder. Dr. Buigas said Mr. Padilla's anxiety and antisocial personality were minor problems.

"The nature and severity of the symptoms were not sufficient to interfere with some basic capabilities," Dr. Buigas told Judge Marcia G. Cooke of Federal District Court, who is to decide Mr. Padilla's mental fitness.

The question is crucial in determining if Mr. Padilla, 36, and two co-defendants will stand trial in April on charges of being part of a North American terrorism support cell that provided finances, recruits and supplies to Islamic extremists around the world. All three face up to life in prison if convicted.

Mr. Padilla, an American citizen, has been held in isolation during his three-and-a-half years in military confinement. He was arrested in May 2002 at O'Hare International Airport in Chicago. Officials initially said he was on a mission to detonate a radioactive "dirty bomb" in a major American city, but those accusations are not part of the Miami case.

Mr. Padilla was designated an enemy combatant and imprisoned by the military without criminal charges.

He has said in court filings that he was tortured at the Navy brig in Charleston, S.C., which officials have denied. Defense lawyers had planned to question brig officials on Tuesday, but Judge Cooke will not allow it. She said she wanted to limit the inquiry to Mr. Padilla's "present state of mind."

Dr. Buigas testified that the affidavit Mr. Padilla signed alleging mistreatment at the brig was evidence of his mental competence.

One of Mr. Padilla's lawyers, Andrew Patel, testified that he had not been able to get meaningful information from his client. Mr. Patel also said Mr. Padilla seemed to think his lawyers were part of a government plot against him.

"He has expounded the belief that we are part of the continuing interrogation," Mr. Patel said.

Terror Allegations Detailed At Detention Hearing (CHIT)

By Jeff Coen

Chicago Tribune, February 27, 2007

Two Chicago-area cousins linked last week to a terrorism conspiracy traveled to Egypt in 2004 and planned to head to Pakistan for military training, federal prosecutors told a judge Monday.

Zubair A. Ahmed, 27, and Khaleel Ahmed, 26, were seeking "training in jihad," prosecutors said during a detention hearing on whether Khaleel Ahmed should be kept in custody as he is transferred to Ohio to face the charges.

The trip was not a vacation as the Ahmeds have maintained, Assistant U.S. Atty. Vickie Peters said.

"It was intended as the first stop of a trip that would land him on the battlefield of Iraq fighting U.S. servicemen," Peters told U.S. Magistrate Judge Geraldine Soat Brown.

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The cousins were indicted by an Ohio grand jury last week, charged with conspiracy to murder Americans outside the U.S., including troops in Iraq. A detention hearing for Zubair Ahmed, of North Chicago, was delayed until Monday.

The judge ruled that there was no way the defense could rebut the argument that Khaleel Ahmed is a danger to the community given the charges, and ordered him held. He is expected to be taken to Ohio to join several co-defendants in the case.

Three Toledo men—Mohammad Zaki Amawi, Marwan Othman El-Hindi, and Wassim Mazloum—were charged in the conspiracy last year and have pleaded not guilty.

Peters told the judge that Zubair Ahmed's father and El-Hindi were able to bring the cousins back from Egypt. El-Hindi believed they needed more training and allegedly was able to link the men to someone who could provide it.

He did not know that person—identified as "The Trainer" in the indictment—actually was working for the FBI. Peters said the Ahmeds traveled to Ohio, and Khaleel Ahmed allegedly was recorded saying he wanted weapons and sniper training.

Khaleel Ahmed's defense attorney, Brian Sieve, argued that his client is not a danger, is employed and has been living with his family. Ahmed has no criminal history and no drug use in his past, Sieve said.

The trip to Egypt allegedly took place more than two years ago, and the government was not eager to arrest him, he said. Instead the government is relying on the "emotional appeal of the charges" to detain Ahmed now, Sieve said.

"Mr. Khaleel Ahmed is barely mentioned in the indictment and certainly is not a key player in the conspiracy," he told the judge.

Judge Rejects New Trial For Albany Mosque Leaders (AP)

By Michael Virtanen, Associated Press Writer

AP, February 27, 2007

ALBANY, N.Y. -- A federal judge has refused to grant a new trial for two leaders of an Albany mosque convicted of conspiring to support terrorism through money laundering in what turned out to be an FBI sting.

In a 61-page ruling, U.S. District Judge Thomas McAvoy refused to throw out the Oct. 10 convictions of Yassin Aref, who was imam at the mosque, and Mohammed Hossain, a pizzeria owner who attended Masjid as-Salam. Both men are in jail awaiting sentencing March 8.

The nature of the transactions _ where an FBI informant gave Hossain cash and got checks in return, with Aref acting as notary _ "render hollow" defense arguments that it was a legitimate business loan, according to McAvoy.

"There was ample evidence from which the jury could have inferred that Hossain entered into the money laundering scheme with full awareness of its illegality and the need for secrecy to allow the scheme to continue," McAvoy wrote. The transactions spanned eight months. The trial lasted four weeks.

FBI tapes showed informant Shahed Hussain, a Pakistani emigre businessman, telling the Albany men a few times that he sometimes imported arms and ammunition and mentioning that a shoulder-fired missile would be used by Muslim extremists against a Pakistani diplomat in New York City.

McAvoy rejected defense arguments that the Albany men didn't know illicit arms money was involved in their transactions, that they clearly didn't support the Pakistani terrorist group Jaish e-Mohammed, or that the case involved entrapment.

Defense attorneys argued the transactions were innocent _ that since Islam prohibits charging or receiving interest, Muslims often loan money to each other, and clerics serve as witnesses. Both Aref and Hossain said they didn't believe any talk about a missile in New York.

The judge acknowledged that when the informant first mentioned JEM, Hossain replied that he thought it was a singing group. He also noted that taken in isolation, some of the pizzeria owner's secretly taped statements "seem to express a lawful and pacifist attitude," but in context they are open to an opposite interpretation.

McAvoy likewise acknowledged Aref disavowing support for JEM objectives, but concluded that shouldn't change the jury's verdict.

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"Whether Aref agreed with the goals of the CW (informant) or JEM is not the issue, but instead whether he knowingly or intentionally provided material support or resources to a group he knew was a foreign terrorist organization," McAvoy wrote. "The evidence was sufficient to support the jury's conclusion that he did."

Hossain, 52, a naturalized U.S. citizen from Bangladesh, was convicted Oct. 10 on all 27 charges against him, including three counts of conspiracy. The jury, which deliberated over four days, found Aref guilty of 10 of the 30 charges against him.

Aref, a 36-year-old Kurdish refugee from northern Iraq, was also found guilty of lying to FBI agents about having known a terrorist leader, Mullah Krekar, when Aref worked for a Kurdish political organization in Damascus, Syria.

An appeal to the 2nd Circuit U.S. Court of Appeals is expected.

Assistant U.S. Attorney William Pericak said both men face 30 years under federal sentencing guidelines. Defense attorneys Terence Kindlon and Kevin Luibrand proposed much shorter sentences for the family men of only a few years or even no prison time.

UK Muslim Cleric Loses Deportation Appeal (FT)

By Nikki Tait

Financial Times, February 27, 2007

Abu Qatada, the Islamic cleric who has been described as Osama bin Laden's "spiritual ambassador" in Europe, on Monday lost a legal battle against deportation from the UK to Jordan.

The Special Immigration Appeals Tribunal rejected his appeal. "We have concluded that there is no real risk of persecution of the appellant were he now to be returned with the safeguards and in the circumstances which now apply to him", it ruled

The Jordanian national's case had been seen as a test of the government's plan to deport alleged terror suspects even if it involves returning them to countries where human rights records are poor, by securing formal diplomatic agreements that their human rights will not be breached.

John Reid, Britain's home secretary, welcomed the SIAC decision. "We are also pleased that the court has recognized the value of memoranda of understanding," he added, referring to the rights protection pact.

"It is our firm belief that these agreements strike the right balance between allowing us to deport individuals who threaten the security of this country and safeguarding the rights of these individuals on their return," he added.

Abu Qatada has denied support for terrorist activities, and claimed that he would not face a fair trial if returned to Jordan, where he has already been convicted in his absence over a series of explosions in the 1990s.

Mr Qatada claimed asylum for himself, his wife and three children in 1993. He is one of a number of men made subject to anti-terror "control orders" - in effect, house arrest - by the British authorities after he was arrested and held in the Belmarsh high-security prison for two years without charge.

British Court Affirms Order To Deport Cleric To Jordan (NYT)

By Jane Perlez

The New York Times, February 27, 2007

LONDON, Feb. 26 — A British court ruled Monday that the government could deport a radical Islamic cleric to Jordan, setting the stage for the deportation of other foreign terrorism suspects in Britain to countries with poor human rights records.

The case of the cleric, Abu Qatada, which has been watched closely in Washington, is the first involving foreigners in Britain accused of posing threats to national security whom the government wants to deport rather than put on trial. Mr. Qatada, a Jordanian citizen of Palestinian background who has been living in Britain since 1994, has been convicted in absentia by a Jordanian court on bombing and conspiracy charges.

Mr. Qatada has been described by the British authorities as a spiritual guide to Al Qaeda. Tapes of his preaching encouraging violence against the West were found among the belongings of Mohamed Atta, the leader of the Sept. 11 hijackers, and he met with Richard C. Reid, the failed shoe bomber, the police say.

He is regarded as one of 10 foreign-born extremists who, the British government says, have helped to radicalize young British Muslims, encouraging them to carry out terrorism attacks.

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The ruling on Monday by the Special Immigration Appeals Court rejected an appeal by Mr. Qatada that argued that the cleric would be subjected to torture while in prison in Jordan.

Mr. Qatada's lawyers said they would appeal the decision. Human rights advocates criticized the ruling on the ground that it set a precedent for allowing suspects to be turned over to countries where torture is used to extract evidence.

A lawyer for Human Rights Watch, Julia Hall, said a memorandum of understanding between Britain and Jordan that torture would not be used on terrorism suspects returned to Jordan was an insufficient guarantee.

The British government has negotiated agreements that are intended to prevent the torture of suspects returned to their homeland with Lebanon and Libya as well as Jordan.

Ms. Hall said an August 2005 agreement between Britain and Jordan empowered a private Jordanian organization to monitor the conditions under which Mr. Qatada is held in prison once he returned to Jordan and to report on any abuses against him.

But Ms. Hall described the group assigned to monitor him, Al Adaleh Human Rights Center, as "a tiny organization, a local organization that has no influence with the government."

In documents presented to a parliamentary committee, the British government said it was working with the Adaleh center, established in 2003, to improve its "capacity."

Ms. Hall said the British government had "poured tens of thousands of pounds" to strengthen the fledgling group. But that investment would not overcome what Manfred Nowak, the United Nations special investigator on torture, found to be "institutional impunity" of the Jordanian intelligence services regarding torture, Ms. Hall said.

Mr. Nowak's report on torture in Jordan was issued by the United Nations in January.

The British government praised the court decision, saying it upheld a policy to deport foreign terrorism suspects after the subway and bus terror attacks in 2005 that killed 56 people, including 4 bombers.

"We welcome the decision of the Special Immigration Appeals Commission that Abu Qatada presents a threat to our national security and can be deported," said John Reid, the home secretary. "We are also pleased that the court has recognized the value of memoranda of understanding."

The court concluded its ruling, saying, "There is no real risk of persecution of the appellant were he now to be returned with the safeguards."

For the Bush administration, Mr. Qatada's deportation to Jordan would mean easier access to a prisoner with potentially valuable information.

The issue of torture to extract evidence from terrorism suspects returned to their home countries for interrogation became an issue last year when the Canadian government found that Maher Arar, a Canadian citizen, who was sent to Syria by American officials because of suspected links to Al Qaeda, was tortured while in a Syrian prison for 10 months.

Mr. Arar was cleared of all terrorism charges by a Canadian commission of inquiry last year. The commission found that even though a Canadian diplomat visited Mr. Arar during his imprisonment in Syria, Mr. Arar was too afraid of retribution from prison officials to discuss the torture against him.

Cleric Faces Deportation To Jordan (WP)

By Mary Jordan

The Washington Post, February 27, 2007

LONDON, Feb. 26 -- A British court ruled Monday that Abu Qatada, a radical Islamic cleric believed to have close links to al-Qaeda, faces no risk of abuse if sent to Jordan, opening the way for his deportation.

"We have concluded that there is no real risk of persecution," a special immigration court said, noting that Jordan had signed a memorandum affirming that Abu Qatada's human rights would be upheld.

The case of Abu Qatada, whose real name is Omar Mahmoud Mohammed Othman, had been closely watched by rights groups and terrorism analysts. Past attempts to deport terrorism suspects to countries accused of torture had been blocked on human rights grounds.

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The decision was lauded by British authorities, who have argued that radicals -- often fugitives from justice in their homelands -- have been using Britain as a base, knowing it would be difficult to deport them because of human rights laws.

The government had accused Abu Qatada of offering "spiritual advice and religious legitimacy" to extremists planning terrorist attacks. His taped sermons were found in the apartment in Hamburg used by several of the men involved in the attacks of Sept. 11, 2001.

Home Secretary John Reid welcomed the court decision.

"It is our firm belief that these agreements strike the right balance between allowing us to deport individuals who threaten the security of this country and safeguarding the rights of these individuals on their return," Reid said, referring to the memorandum signed by Jordan.

"This is a very significant decision," said M.J. Gohel of the Asia-Pacific Foundation, a London-based security research organization. He said radicals and fugitives here are "abusing the privileges" of the government, even living on government subsidies, while they "propagate hate."

Gohel said Abu Qatada's "legacy for European terrorism is profound and perhaps everlasting -- practically a Who's Who list of terrorism had a connection to him."

Abu Qatada has been convicted twice in absentia in Jordan and sentenced to life imprisonment for plotting to bomb Jewish and American sites. He is on the U.S. government list of terrorism suspects. British authorities said he had links to Richard C. Reid, the British citizen who tried to blow up an American jetliner in December 2001 with explosives hidden in his shoes, and Zacarias Moussaoui, who pleaded guilty to conspiring with the Sept. 11 attackers.

Abu Qatada was taken into custody in 2002 under emergency laws passed by the British government following the Sept. 11 attacks. British officials sought to deport him to Jordan, but because of laws that prohibit sending people to a country where they could face mistreatment or the death penalty, the government held Abu Qatada and 10 other men without charge.

The emergency anti-terrorism procedures led human rights activists to describe Belmarsh prison, where the men were detained, as "Britain's Guantanamo," a reference to the U.S. military detention facility in Cuba.

After spending 2 1/2 years in prison, Abu Qatada was freed but put under "control orders," a type of house arrest.

Abu Qatada, who has denied supporting terrorism, argues that he would not receive a fair trial in Jordan.

His attorney, Gareth Peirce, said she would appeal the ruling. She said there is no way to ensure that Jordan will uphold the agreement and "no sanction if it is breached."

Amnesty International issued a statement condemning the court decision, saying there is "ample evidence" that Abu Qatada now risks being subjected to repeated beatings, as well as "being burned with cigarettes, and being threatened with extreme violence including rape."

Canada's Move To Restore Rights (NYT)

The New York Times, February 27, 2007

The United States was not the only country to respond to the horror of the Sept. 11 terrorist attacks with policies that went much too far in curtailing basic rights and civil liberties in the name of public safety. Now we see that a nation can regain its senses after calm reflection and begin to rein back such excesses, but that heartening news comes from Canada and not the United States.

Canada's Supreme Court has struck down a law that the government used to detain foreign-born terrorism suspects indefinitely — employing secret evidence and not filing charges — while orders to deport them were reviewed. The law was actually passed in 1978, but was primarily employed to detain and deport foreign spies. After the 2001 attacks, the Canadian government began using it aggressively to hold terrorism suspects, claiming that it was an important tool for keeping Canada safe.

That is just the sort of argument the Bush administration used to ram the excesses of the Patriot Act and the 2006 Military Commissions Act through Congress, and offered as an excuse for other abusive policies, like President Bush's illegal wiretapping of international calls and e-mail.

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The Canadian justices rejected their government's specious national security claim with a forceful 9-to-0 ruling that upheld every person's right to fair treatment. "The overarching principle of fundamental justice that applies here is this: before the state can detain people for significant periods of time, it must accord them a fair judicial process," Chief Justice Beverley McLachlin wrote.

The contrast with the United States could not be more disturbing. The Canadian court ruling came just days after a federal appeals court in Washington ruled that Congress could deny inmates of the Guantánamo Bay detention camp the ancient right to challenge their confinement in court. The 2006 military tribunals law revoked that right for a select group who had been designated "illegal enemy combatants" without a semblance of judicial process.

In late January, Canada created another unflattering contrast with United States policy when it offered a formal apology and financial compensation to Maher Arar, a Canadian citizen who was a victim of Mr. Bush's decision to approve open-ended detentions, summary deportations and even torture after 9/11. Mr. Arar was detained in the United States and deported to Syria, where he was held for nearly a year and tortured.

Instead of apologizing to Mr. Arar, who was cleared of any connection to terrorism by a Canadian investigatory panel, Justice Department lawyers are fighting a lawsuit he has brought in this country, using their usual flimsy claim of state secrets. The Bush administration still refuses to remove Mr. Arar from its terrorist watch list.

The United States Supreme Court has ruled twice in favor of Guantánamo detainees on statutory grounds, but it has yet to address the profound constitutional issues presented by American practices, including the abuses Congress authorized when it passed the Military Commissions Act. Such a showdown does not seem far off, but Congress also has a duty to revoke or rewrite the laws that have been abused in the name of national security, starting with the 2006 tribunals law.

Lawmakers have only to look to the Canadian court for easy-to-follow directions back to the high ground on basic human rights and civil liberties.

HOMELAND RESPONSE:

Biological And Chemical Safety Nets (WSJ)

By Lawrence M. Wein

The Wall Street Journal, February 27, 2007

As Congress revisits homeland security, now is a good time to assess the government's progress in preventing or mitigating another, more catastrophic attack -- 100,000 or more deaths -- from biological, chemical or nuclear threats. Setting aside genetically engineered agents which may take years for terrorists to master, most experts agree on the three most dangerous bioterror agents: smallpox, anthrax and botulinum toxin.

Smallpox is the only agent of the three that results in a contagious disease; thankfully a smallpox attack appears to be the least likely due to the difficulty of obtaining the virus. Here we can point to one of the biggest homeland security achievements: the stockpiling of enough smallpox vaccine for every American, and the plans that are in place for widespread mass vaccination in the event of an attack.

It is true that the response is likely to be delayed, because there are only 40,000 first responders vaccinated nationwide (in contrast to the original government goal of 500,000). And an uncontrolled smallpox epidemic would be disastrous. Nevertheless, widespread mass vaccination (e.g., one million people vaccinated per day per afflicted city), coupled with the difficulty of initially infecting large numbers of people (the virus does not survive long in the air) and the slow speed of disease spread (each generation of the disease is approximately two weeks), precludes a situation in which tens of thousands of U.S. citizens will die.

What about anthrax? Late last year the government cancelled a $877 million contract with VaxGen Inc. for developing and stockpiling a new generation of anthrax vaccine suitable for civilian use. Consequently, the number of deaths in a large-scale aerosol anthrax attack would depend largely on the response, or lack thereof, during the first several days. For anthrax, the single most important post-attack capability is rapid antibiotic distribution.

Unfortunately, this has been left to individual cities and states, whose capabilities vary widely. Based on a suggestion I made along with Edward Kaplan of Yale, Washington, D.C. will, in the event of a large attack, use postal workers to deliver

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antibiotics door-to-door to minimize the mayhem and the time required for distribution. The federal government should roll out this program nationwide.

The third bioterror agent of grave concern is botulinum toxin, the deadliest substance known to humans. The obvious mode of attack is via the water or food supply; but fortunately, reservoirs are too large and their treatment systems too harsh to make it workable.

To their credit, after 9/11 the government and dairy industry intensified the heat pasteurization formula for milk -- the most obvious food target, because the toxin mixes well in liquids, and seven billion gallons of milk are consumed annually in the U.S. The inactivation efficacy of the new pasteurization formula is classified, however, so it is not clear whether this is sufficient to prevent a large number of casualties in the event. But a post-pasteurization attack would be inefficient for terrorists because milk is bottled soon after pasteurization.

That's the good news. The bad news is that the government has made no other perceptible move to prevent deliberate food contamination. Just as the 1990 Clean Air Act led to consequence analyses to estimate the number of casualties from an accident at chemical facilities, legislation is now required to estimate the number of casualties from a terrorist attack at food and beverage facilities. This undertaking would allow for an effective allocation of counterterrorism resources -- such as security upgrades, process changes (as in the dairy industry), and testing for botulinum toxin during food production -- targeted at the food facilities, and perhaps their upstream supply chains, that could generate a huge death toll if attacked.

Chemical security is not much farther along than food security. We do know which specific facilities -- the ones that store or produce heavier-than-air chemicals that can travel 10 to 20 miles -- could generate the most casualties if attacked. And we know there are 700 plants nationwide that, if attacked, could result in the death or serious injury of over 100,000 people. But the only progress toward prevention thus far are voluntary security investments made by the private sector.

Fences and background checks on workers might deter or thwart an attack by an unsophisticated or under-resourced terrorist group. But a determined group can compromise any chemical facility or shipment that it puts its mind to. Consequently, what is needed is a redesign of the processes or products of the most dangerous facilities, such as replacing hydrofluoric acid with sulfuric acid or modified hydrofluoric acid (neither of which pose nearly as dangerous a risk) in the alkylation process at large oil refineries in urban areas, where immense amounts of this acid are currently stored.

Although both houses of Congress last autumn produced chemical security bills with some teeth, there was no vote. Rather, a watered-down version was attached as a rider to the Department of Homeland Security's budget appropriation, which does not require high-risk facilities such as oil refineries to consider or use safer chemicals or processes.

Both houses of Congress are currently considering a chemical plant security bill. But it is not yet clear whether it will improve real security by mandating process changes, or merely produce a façade in the form of fences and background checks.

The biggest chemical threat may be the transport of the 100,000 90-ton tank cars containing toxic gases such as chlorine or anhydrous ammonia that are shipped each year in the U.S. Attacks on these well-marked cars in a densely populated area could also harm 100,000 people.

Tank cars cannot currently be designed to weather a suicide attack or a bombing. We therefore need to ban these hazardous shipments through populated areas, and not simply require their continuous tracking, as the Department of Homeland Security recently proposed. Incredibly, when Washington attempted to block hazardous rail shipments through its municipality, the federal government sided with the rail industry in court and had the ban overturned.

The worst-case scenario is a nuclear weapon detonated in a major U.S. city. The most effective way to deal with this threat is to secure all the nuclear weapons and materials in the former Soviet Union. This has not been done; hence we must resort to keeping this material from entering the country.

A second-line-of-defense program has put in place detection systems at some critical roads leading out of the former Soviet Union. But the Bush administration's approach to preventing nuclear weapons and materials from coming through our ports has been dismal -- essentially amounting to radiation testing of shipping containers that are flagged by the deeply flawed targeting system of U.S. Customs.

Radiation testing and two-dimensional scanning (which detects heavy-metal shielding) of all U.S.-bound containers, and human analysis of enough of these scans to provide a deterrent effect, is possible without increasing port congestion. It should be

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undertaken immediately at overseas ports. True, President Bush signed the Safe Port Act last October, which requires radiation testing at 22 domestic ports. But terrorists can detonate a bomb remotely at a U.S. port and shield a weapon's emissions with heavy material. Thus the law provides only the illusion of security.

We are today safer from a smallpox or a botulinum-in-milk attack, but only marginally safer from an anthrax, botulinum-in-food, chemical or nuclear attack. Most of the cost to secure the latter three scenarios can be passed on to consumers, but the federal government needs to lead the way.

Let us hope that during the next five years, these gaping holes are fixed so that terrorists are forced to use much less dangerous methods.

Mr. Wein is Paul E. Holden professor of management science at Stanford's Graduate School of Business.

EDITORIAL Drop The 'L.A. 8' Case (LAT)

The Los Angeles Times, February 27, 2007

FOR TWO DECADES, the U.S. government has been trying to deport two Palestinians living in Southern California — middle-aged men who have been lawful permanent residents of this country for three decades. The Department of Homeland Security, which must soon make a decision on the matter, should drop the case and allow Khader Hamide and Michel Shehadeh to continue to live their American lives.

The two men are the remnant, for legal purposes, of the "L.A. 8." That was the term used to describe seven Palestinian men and a Kenyan woman who were arrested at gunpoint at their homes in 1987 for their alleged association with the Popular Front for the Liberation of Palestine, or PFLP, a Marxist-Leninist faction of the Palestine Liberation Organization. The government began proceedings to deport them on the theory that the faction advocated "world communism through written or printed publications."

Hamide and Shehadeh were originally slated for deportation under the McCarran-Walter Act, a noxious Cold War law that was substantially overturned in 1988. "The government is trying to stifle certain ideas from entering our society through certain aliens through its immigration power," wrote the federal judge at the time.

Undaunted, the government filed charges against Hamide and Shehadeh, accusing them of ties with "an organization that advocates or teaches the duty or necessity or propriety of the unlawful assaulting or killing of government officials." The deportation effort was later justified under a provision of the Patriot Act enacted after 9/11.

Throughout the tortuous litigation, the government argued that the L.A. 8 provided support that found its way to the PFLP and its terrorist activities, while the members of the L.A. 8 insisted that they raised funds only for the building of hospitals and other humanitarian purposes.

In terminating the deportation proceedings last month, federal immigration Judge Bruce J. Einhorn embraced neither of these conflicting narratives. Instead, he cited the government's refusal to comply with his order seeking any evidence that had the potential to exonerate the men and emphasized that the case had lingered so long as to violate due process. He referred to the case as "a festering wound" on Hamide and Shehadeh and said it was "an embarrassment to the rule of law."

The judge's prose may be purple, but his conclusion is correct. Hamide and Shehadeh are well-integrated members of the community. They have not been convicted of any crime. The government's unrelenting effort to deport them smacks of bureaucratic face-saving. Einhorn has offered the government a graceful exit from this litigation — and the government should take it.

Hundreds Scramble To Beat Deadline For Filing Katrina Claim (AP)

By Michael Kunzelman, Associated Press Writer

AP, February 27, 2007

Hundreds of residents scrambled Monday to beat a deadline for filing court claims against the federal government and U.S. Army Corps of Engineers for damage resulting from the failure of levees and flood walls following Hurricane Katrina.

The corps says Thursday at 4 p.m. is the deadline for it to receive the Katrina litigation claims at its Uptown office. Roughly 30,000 residents already had filed a claim as of late last week, but Thursday's deadline surprised many more people whose homes and businesses were damaged or destroyed in the flooding following the storm.

On Friday, lawyers representing thousands of plaintiffs accused federal officials of reneging on an agreement to set Aug. 29, 2007 - the two-year anniversary of Katrina - as the deadline for claims to be filed or else risk exclusion from class-action litigation.

Joe Bruno, one of the plaintiffs' attorneys, said the U.S. Department of Justice stunned his legal team this week by informing them that certain claims must be filed by this week, 18 months after the storm.

On Monday, Bruno asked a federal judge to consider postponing the deadline until after the court decides whether to certify a class action against the corps and federal government.

Bruno asked U.S. District Judge Stanwood Duval to hold a hearing on his request "because there is much anguish and uncertainty among all Hurricane Katrina victims concerning their rights."

"The court can bring a sense of calm by deciding plaintiffs motion right away," Bruno wrote.

Duval didn't immediately rule on Bruno's request.

On Monday, meanwhile, a steady procession of people stopped by the corps' Leake Avenue office to drop off their claims. Charles Brown, 47, said he didn't know about the deadline until Sunday.

"A lot of people aren't going to get their claims in," said Brown, who has been living in a government-issued trailer since his Gentilly home was damaged by the Aug. 29, 2005 storm.

To prove that she filed a claim on her mother's behalf, Janet Long, 45, used the camera in her cellular phone to photograph herself inserting the form in the drop box.

"It's aggravating, but it's worth it," said Long, whose mother's home in the city's Lakeview neighborhood was flooded with seven feet of water after the levees failed.

The corps' drop box will be open this week from 9 a.m. to 4 p.m., through Thursday afternoon. "They are taking a chance if they put it in the mailbox because it may not get here in time," corps spokesman Vic Harris said.

The failure of the levees has spawned a mountain of litigation in Louisiana.

Earlier this month, a legal team led by Bruno sued the federal government and Army Corps of Engineers in a lawsuit that alleges flooding during Katrina was the fault of a corps decision to allow dredging of the 17th Street Canal.

Also this month, Duval allowed to go forward a suit charging the corps with liability for flooding of eastern New Orleans and St. Bernard Parish from the Mississippi River-Gulf Outlet. The ship channel, maintained by the corps, connects New Orleans' inner harbor with the Gulf of Mexico.

WAR NEWS:

Cheney Unhurt In Blast Outside Afghan Base (CNN/AP)

CNN/AP, February 27, 2007

KABUL, Afghanistan (AP) -- A suicide bomber killed 19 people and wounded 11 outside the main U.S. military base in Afghanistan on Tuesday during a visit by Vice President Dick Cheney, officials said. The Taliban claimed responsibility and said Cheney was the target.

The blast happened near the first security gate outside the base at Bagram, said Khoja Mohammad Qasim Sayedi, chief of the province's public health department. Gov. Abdul Jabar Taqwa said "18 to 20 dead bodies" lay on the ground after the blast.

Maj. William Mitchell said it did not appear the explosion was intended as a threat to the vice president.

"He wasn't near the site of the explosion," Mitchell said. "He was safely within the base at the time of the explosion."

However, a purported Taliban spokesman, Qari Yousef Ahmadi, said Cheney was the target of the attack.

"We knew that Dick Cheney would be staying inside the base," Ahmadi told The Associated Press by telephone. "The attacker was trying to reach Cheney."

Cheney, who spent the night at Bagram, ate breakfast with U.S. soldiers Tuesday morning, Mitchell said. The vice president later left Bagram for a meeting with President Hamid Karzai.

Cheney traveled to Afghanistan after a stop in Pakistan.

DOJ_NMG_0137093

On Monday, Cheney -- underscoring growing alarm in the West at how militants have regained ground in Afghanistan and Pakistan -- sought Pakistani aid to help counter al Qaeda's efforts to regroup, officials said.

However, Pakistani President Gen. Pervez Musharraf insisted his forces have already "done the maximum" possible against extremists in their territory -- and insisted that other allies also shoulder responsibility in the U.S.-led war on terrorism.

Cheney, accompanied by CIA deputy director Steve Kappes, made an unannounced stop in Pakistan Monday en route to Afghanistan.

The vice president made no public comment in Pakistan, but a senior aide to Musharraf said they held detailed talks, including a one-on-one lunch of more than an hour.

"Cheney expressed U.S. apprehensions of regrouping of al Qaeda in the tribal areas and called for concerted efforts in countering the threat," Musharraf's office said.

He also "expressed serious U.S. concerns on the intelligence being picked up of an impending Taliban and al Qaeda 'spring offensive' against allied forces in Afghanistan," the statement said.

The Musharraf aide, who spoke on condition of anonymity because he is not an official spokesman, said the two men "exchanged ideas and suggestions" on improving cooperation against terrorism. However, he said Cheney made no specific demands.

U.S. and British officials have praised Pakistan publicly for its role in arresting al Qaeda suspects after the Sept. 11, 2001, attacks in the United States and for a string of bloody operations against militants along the border.

Five years after the Taliban's ouster from power, however, militants have regained ground in Afghanistan and Pakistan.

There are signs of U.S. and NATO frustration at Musharraf's limited success in disrupting Pakistan-based Taliban fighters, who are expected to step up raids into Afghanistan in coming months, and in trapping Taliban and al Qaeda leaders suspected of holing up in tribal areas of Pakistan near the border.

The Bush administration wants Musharraf to be more aggressive in hunting al Qaeda operatives, and has raised the possibility that the U.S. Congress could cut aid to Pakistan unless it takes tougher steps.

Musharraf told Cheney that Pakistan "has done the maximum in the fight against terrorism and "joint efforts" were needed if the fight was to succeed.

"The president emphasized that most of the Taliban activities originated from Afghanistan and the solution of the issue also lies within that country," his office said. The more than 50,000 NATO and U.S. troops in Afghanistan as well as Afghan security forces also share responsibility for policing the border, Musharraf added.

Cheney and Karzai are expected to talk about security along the Afghan-Pakistan border and the expected increase in violence by militants as spring thaws mountain snows.

The United States has 27,000 troops in Afghanistan. About 14,000 are part of the 35,000-member NATO force commanded by U.S. Gen. Dan McNeill. At Bagram, Cheney met with McNeill and Maj. Gen. David M. Rodriguez -- the commander of U.S. troops -- to discuss military operations, the security situation and reconstruction, said Maj. William G. Mitchell, a U.S. military spokesman.

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Blast Occurs While Cheney Visits (LAT)

By Shafiqullah Azimi And Laura King

The Los Angeles Times, February 27, 2007

KABUL, AFGHANISTAN — Suspected insurgents set off a blast early today outside the main U.S. base in Afghanistan while Vice President Dick Cheney was visiting, killing as many as 20 people, officials said.

Cheney was not injured in the explosion outside Bagram air base, north of Kabul, the capital, the U.S. military said.

But the blast was seen as a brazen effort on the part of insurgents to show they could cause disruption during Cheney's visit, and strike close to a heavily fortified area.

The vice president arrived at Bagram on Monday night after a brief, unscheduled stop in Pakistan to meet with President Pervez Musharraf.

News agencies cited local Afghan authorities as saying the explosion occurred near the outermost gate of the base, which is the principal entrance. Several more inner gates and checkpoints separate the area from the main part of the installation, which is a former Soviet military base.

Just outside the gate lies a makeshift market with a cluster of small, ramshackle shops, some of them housed in metal shipping containers. At midmorning, the time of the blast, the area is usually crowded with merchants and shoppers.

The governor of Bagram, Abdul Jabar Taqwa, was quoted by the Associated Press as saying as many as 20 bodies were on the ground after the explosion. Earlier, witnesses had put the death toll much lower.

Cheney had planned to travel to Kabul by military helicopter to meet with Afghan President Hamid Karzai on Monday evening, but a snowstorm made it too dangerous to fly.

The vice president instead met with senior U.S. military officials and breakfasted this morning with American troops at the Bagram base.

A meeting with Karzai was to be held today in the capital.

Officials in Cheney's entourage said earlier that he intended to consult with the Afghan leader about the spring offensive that Taliban fighters are expected to mount in coming weeks against allied troops.

Cheney Warns Pakistan To Act Against Terrorists (NYT)

By David E. Sanger

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — Just hours after Vice President Dick Cheney delivered a stiff private message to President Pervez Musharraf in Pakistan, the Pakistani government lashed out Monday with a series of statements insisting that "Pakistan does not accept dictation from any side or any source."

The unusual outburst, later toned down, revealed the depth of tensions between General Musharraf and Washington over what administration officials say have been inadequate efforts by Pakistan in combating Al Qaeda and the Taliban.

By the time of the Pakistani response, Mr. Cheney had left Pakistan to make a second secret trip, this time across the border to Afghanistan, where a meeting with President Hamid Karzai was suddenly delayed. American officials said a snowstorm prevented helicopter flights between Kabul and Bagram Air Base, where Mr. Cheney had landed, and neither leader seemed inclined to take a risky drive to meet the other.

Mr. Cheney's trip to Pakistan was shrouded in unusual secrecy. In trips to Pakistan last year, President Bush and Secretary State Condoleezza Rice announced their plans days in advance, and reporters filed articles on their visits as soon as they landed. But Mr. Cheney's traveling press pool was sworn to secrecy, and allowed to report only the barest details just before he left.

News organizations that knew of Mr. Cheney's travels, including The New York Times, were asked to withhold any mention of the trip until he had left Pakistan. That appeared to be a reflection of growing concern about the strength of Qaeda and Taliban forces in the area, and continuing questions about the loyalties of Mr. Musharraf's own intelligence services.

The White House would say little on Monday about the message Mr. Cheney was sent to deliver, though it did not deny reports that it included a tough warning that American aid to Pakistan could be in jeopardy. Democrats have threatened to link aid to Pakistan to its effectiveness in combating both Al Qaeda and the Taliban. Pakistan's response, delivered by a Foreign Ministry spokesman, expressed concern about "proposed discriminatory legislation" in Congress to curb the aid.

The sensitivities of Mr. Cheney's trip were particularly evident as the White House spokesman, Tony Snow, parried detailed questions about the vice president's message to Pakistan, a country that Mr. Bush has hailed as a close American ally.

Referring to Mr. Cheney, Mr. Snow said that "the precise nature of his comments and the tenor of comments to the president would be the sort of things that would be confidential," and then reaffirmed Mr. Bush's confidence that General Musharraf was committed to fighting terrorism.

DOJ_NMG_0137095

When asked about comments by senior administration officials who fear that General Musharraf's peace plan with tribal leaders in the area bordering Afghanistan has allowed Qaeda and Taliban forces to move with more impunity in that region, Mr. Snow said: "We're often asked to give out report cards on other heads of state. I'm not going to play."

Mr. Cheney's trip was one of a series to Pakistan by senior members of the administration, part of what administration officials have said is a plan by the Bush administration to keep the pressure on General Musharraf. To some outside analysts, that is a sign of increasing concern that American efforts to coax along the sometimes prickly Pakistani leader has hit its limits.

"There is a growing consensus that our Pakistan policy is not working," said Derek Chollet, a fellow at the Center for Strategic and International Studies in Washington who estimates that over the past five years the United States has sent $10 billion in aid to Pakistan — and perhaps as much in covert funds.

Mr. Musharraf alluded to those payments in his recently published memoir, in which he wrote, "Those who habitually accuse us of 'not doing enough' in the war on terror should simply ask the C.I.A. how much prize money it has paid to the government of Pakistan." When asked about that assertion, C.I.A. officials have declined to answer.

Mr. Cheney's trip to Pakistan and then to Afghanistan appeared to be part of an effort to resolve a continuing dispute between the two countries over who is more responsible for the failure to stop cross-border attacks. Mr. Musharraf and Mr. Karzai have made no secret of their mutual dislike. President Bush held a dinner with the two men in Washington last fall, in hopes of encouraging them to work together. As soon as the two leaders returned to their respective capitals, however, the sniping resumed.

A particular source of concern is Mr. Musharraf's peace accord giving tribal leaders greater sovereignty — a deal that he has assured Mr. Bush would not diminish Pakistan's commitment to fighting extremists. Mr. Bush noted in September that Mr. Musharraf had looked him "in the eye" and said, "There won't be a Taliban and won't be Al Qaeda." Now, American officials contend those groups have gained ground.

Mr. Cheney traveled with the deputy director of the Central Intelligence Agency, Stephen R. Kappes, an indication that the conversation probably included discussion of American intelligence agency contentions that Qaeda camps have been reconstituted along the border with Afghanistan.

Speaking in Islamabad on Monday, Pakistani officials acknowledged that Mr. Cheney had expressed concern about the regrouping of Al Qaeda in the tribal areas and that he had called for concerted efforts in countering the threat. Then, at a news briefing, the Pakistani Foreign Ministry protested the "dictation" that the country was being offered, a clear reference to Mr. Cheney's visit. Later in the day the ministry toned down its comments, saying that Mr. Cheney had "shared U.S. concerns and assessments in the context of intelligence and security cooperation."

American officials did not explain the extraordinary secrecy surrounding Mr. Cheney's visit to Pakistan, a country the administration has cast as a stable nation moving gradually toward democracy. Mr. Cheney's aides told The Times and other news organizations that the Secret Service had imposed the requirement that there be no mention of his trip until he had left Pakistan.

Mark Silva of the Chicago Tribune, who is traveling as the sole newspaper "pool" reporter with Mr. Cheney, reported in an e-mail message: "These all were explained as security measures for the protection of the vice president, and ostensibly us as well. There was no indication of any particular threat that would lead to these measures."

Such caution is not unprecedented. In 2000, President Clinton flew into Islamabad on an unmarked Air Force plane rather than on Air Force One. President Bush's trip last year was marked with siege-like security and unusual maneuvers during takeoff.

Insurgent Activity Spurs Cheney Trip To Pakistan (WP)

By Michael Abramowitz And Griff Witte

The Washington Post, February 27, 2007

The White House signaled its growing impatience with Pakistan's failure to crack down on Islamic extremists, dispatching Vice President Cheney for an unannounced visit yesterday to pressure President Pervez Musharraf to do more against a resurgent Taliban and al-Qaeda fighters.

DOJ_NMG_0137096

Following visits to Japan and Australia last week, Cheney stopped off in Islamabad for consultations with Musharraf before flying on to Bagram air base in Afghanistan. His four-hour presence in Pakistan, kept secret until after he left the country, was perhaps the strongest indication of administration concern over the presence of radical Islamic fighters in the unruly border area between the two South Asian countries.

While Iraq continues to consume the administration's attention, U.S. officials are increasingly worried that the Taliban is making a comeback in Afghanistan, using parts of Pakistan to stage cross-border raids and undermine the authority of Afghan President Hamid Karzai. Officials also fear that al-Qaeda is becoming more active in Pakistani tribal areas close to the border and that Musharraf has been insufficiently aggressive about taking action -- despite promises to President Bush and other senior officials that he would address the situation.

"We don't want Afghanistan to return to being -- nor the border provinces in Pakistan to become -- safe havens for al-Qaeda, where they can plan attacks on the United States and other Western countries," said one senior administration official who discussed Cheney's mission on the condition of anonymity.

Administration officials declined to offer many details of the vice president's trip, which has been in the works for several weeks, but privately officials have said they would like to see Musharraf do more.

The administration is also under new pressure on Capitol Hill, where Democrats have pushed through legislation in the House that would end U.S. military assistance to Islamabad unless Bush certifies that the Pakistani government is making all possible efforts to curtail Taliban activity in Pakistan. The president has proposed $785 million in assistance to Pakistan next year, including $300 million in military aid.

While the fate of such legislation in the Senate is uncertain, administration officials are using the prospect of congressional intervention as leverage to encourage Islamabad to crack down on militants. While Musharraf has deployed tens of thousands of troops to the border area and vowed action against terrorists, his hold on power also depends on the support of military and intelligence officials more sympathetic to Islamic extremists.

"Cheney doesn't go someplace unless it's very serious," said Barnett R. Rubin, a New York University scholar of South Asia who has been critical of the Musharraf government. "The government of Pakistan is paralyzed, and Cheney is there to give them a shove."

Mahmud Ali Durrani, Pakistan's ambassador to the United States, said Cheney and Musharraf had "a pleasant meeting," and he rejected the idea that the vice president came down hard on Pakistan's counterterrorism record.

"They looked at ways and means that the upcoming spring Taliban offensive can be defeated, and they came to some conclusions," Durrani said. "They agreed on the need to work jointly."

Durrani said that a representative from Pakistan's intelligence service was present to meet with counterparts from the CIA and that any intelligence offered by the United States would be taken seriously. "Pakistan has always said, 'If you know something, tell us,' " he said. "If you tell us, we take action. The perception that Pakistan is staying back and ignoring things, that's not right."

Britain announced yesterday that it is sending 1,400 more troops to Afghanistan, where NATO has placed about 33,000 soldiers to help the Karzai government secure the country. The move follows a recent announcement from the Bush administration that it is sending an additional 3,200 U.S. troops to help blunt the Taliban's expected spring offensive.

Cheney was accompanied on his trip to Islamabad by Stephen R. Kappes, deputy director of the CIA and a Middle East expert who has served in Pakistan. Intelligence officials said Kappes's presence was a sign of U.S. interest in increasing intelligence operations with Pakistan. They said there are indications that the al-Qaeda leadership, though moving constantly, has resumed training of outsiders in some areas of Pakistan, though it is nowhere near the extent that occurred in Afghanistan under the Taliban.

Afghan officials have long accused Pakistan of feeding the Taliban insurgency. Musharraf's government, many Afghan officials believe, has either looked the other way or covertly supported the Taliban's cause as a way to capture U.S. aid, gaining strategic leverage in Pakistan's competition with India and undermining Karzai's government in Kabul.

Musharraf and Karzai, both U.S. allies, have a stormy relationship, with deep mistrust on both sides. Cheney was supposed to meet with Karzai in Afghanistan yesterday, but the meeting was postponed, the vice president's office said.

DOJ_NMG_0137097

Cheney Pressures Musharraf On Taliban (FT)

By Farhan Bokhari And Guy Dinmore

Financial Times, February 27, 2007

Dick Cheney, US vice-president, on Monday flew to Pakistan and Afghanistan to convey US concerns over a resurgence of the Taliban and al-Qaeda and to impress on General Pervez Musharraf, Pakistan's military ruler, the need for tougher action before an expected spring offensive by militants.

With the stability of Afghanistan's weak central government at stake, strains are emerging in the US relationship with Gen Musharraf.

Analysts said Mr Cheney was in a good position to gain leverage for stronger military co-operation by using threats by Democrats in the US Congress to cut assistance to Pakistan.

Statements from Washington and Islamabad reflected the US desire to increase pressure on Gen Musharraf while not endangering the relationship.

"The Pakistanis remain committed to doing everything possible to fight al-Qaeda but, having said that, we also know that there's a lot more that needs to be done," said Tony Snow, White House spokesman.

A Pakistan official said: "Nobody's talking of a divorce here."

Western diplomats in Islamabad said the US message was driven mainly by recent intelligence reports concluding that al-Qaeda, forced out of Afghanistan by US forces in 2001, was regrouping in Pakistan's Waziristan tribal region along the Afghan border following a controversial agreement made by Gen Musharraf with tribal leaders last year.

A diplomat commented: "This agreement has not helped the US. Last year alone there were well over 100 suicide attacks in Afghanistan. The message from the vice-president was therefore blunt."

Separately, Margaret Beckett, UK foreign secretary, also met Gen Musharraf to discuss securing the border with Afghanistan. Des Browne, UK defence secretary, later confirmed to parliament that Britain would send 1,400 more troops to Afghanistan to join the 6,300 already there.

Mr Cheney's visits to two key US allies were not previously announced. However, his office said talks with Hamid Karzai, the Afghan president, were delayed because of bad weather on arrival at Bagram air base.

Gen Musharraf's office said Mr Cheney praised Pakistan's contribution to the war against terror but also "expressed US apprehensions of regrouping of al-Qaeda in the tribal areas and called for concerted efforts in countering the threat". Mr Cheney was said to have expressed "serious concern" over the impending offensive by the Taliban and al-Qaeda in Afghanistan.

Tariq Fatemi, a former senior Pakistani diplomat, said: "One key contradiction is that Gen Musharraf had appeared unwilling to completely marginalise the Taliban and al-Qaeda while still wanting to satisfy the US. This is not possible anymore."

In Washington, Alexis Debat, analyst with the Nixon Center think-tank, said it was likely Mr Cheney had offered Pakistan more military assistance, such as training with US forces, to operate in such a hostile environment as Waziristan, or even joint operations.

Cheney Visit Turns Up Heat On Pakistan (LAT)

By Laura King

The Los Angeles Times, February 27, 2007

ISLAMABAD, PAKISTAN — Vice President Dick Cheney's unannounced visit to this capital Monday was the latest and most visible sign of renewed American pressure on President Pervez Musharraf to crack down on Islamic militants in Pakistan's lawless tribal areas bordering Afghanistan.

But complex domestic considerations in Pakistan, and a keen awareness on Musharraf's part that the Bush administration sees no palatable alternative to his leadership, diminish the prospect of any dramatic Pakistani move against the militants, diplomats and analysts said.

"There is only so far that he is prepared to go," said Rahul Roy-Chaudhury of the International Institute for Strategic Studies, a leading British think tank on security matters. "Some of this is dictated by the [Pakistani] military's view of things, and some by the fact that this is not politically popular in large parts of Pakistan."

DOJ_NMG_0137098

Cheney became the latest high-ranking U.S. official to press Musharraf to rein in what American officials characterize as a volatile mix of homegrown militant groups, Taliban strategists and Al Qaeda elements, all operating with increasing freedom in the tribal zones along the Afghan-Pakistani border.

The issue has been central to U.S.-Pakistani relations since the Sept. 11 attacks, but seldom has the Bush administration been as blunt or as public in its pressure on Musharraf, a key ally in the region. The stepped-up pressure also comes as Congress threatens to cut aid to Pakistan unless it sees more concrete results from the nation in combating militants' cross-border infiltration of Afghanistan.

Neither Cheney nor Musharraf spoke publicly before or after their meeting at the presidential palace, which lasted more than two hours. They appeared before cameras for a handshake only.

In a written statement, however, the Pakistani leader's office acknowledged that Musharraf had come under at least indirect criticism. Cheney "expressed U.S. apprehensions of [the] regrouping of Al Qaeda in the tribal areas and called for concerted efforts in countering the threat," the statement said.

Cheney was accompanied by Stephen Kappes, the deputy CIA director, whose presence underscored U.S. concern over intelligence assessments that indicate a deteriorating situation in the tribal areas.

For his part, Musharraf hewed to what has become his government's scripted reply to such concerns: that Pakistan already is doing all it can, and that the burden of confronting the Taliban and its allies must be shared by others, including Afghanistan and the North Atlantic Treaty Organization.

The Pakistani president told Cheney that the international community was "collectively responsible for defeating the scourge of terrorism," adding that "Pakistan has done the maximum," the government statement said.

And in a protest against any move to cut aid to his government, the fifth-largest recipient of U.S. foreign assistance, Musharraf decried "proposed discriminatory legislation regarding U.S. aid to Pakistan," said the Pakistani statement.

The New York Times reported Monday that President Bush intended to warn Musharraf that congressional Democrats might seek such cuts in response to the Pakistani leader's perceived reluctance to confront the militant threat.

In Washington, White House Press Secretary Tony Snow said, "The Pakistanis remain committed to doing everything possible to fight Al Qaeda, but having said that, we also know that there's a lot more that needs to be done."

Much of the recent Western criticism of Musharraf has centered on a deal struck last year with tribal elders in the North Waziristan area, under which Pakistani troops pulled back to their barracks in exchange for a pledge that the Taliban and other insurgents would not use the area as a springboard for attacks against NATO forces. Coalition military officials say cross-border attacks have increased sharply in the wake of the pact.

But Musharraf, whose government is reported to be contemplating a similar deal in the Bajur tribal agency, defended the Waziristan accord, telling Cheney that economic incentives and political moves were the best way to counter insurgents' influence in the tribal areas.

Pakistani Foreign Minister Mian Khursheed Mehmood Kasuri, meanwhile, made similar arguments after a meeting Monday with British Foreign Secretary Margaret Beckett.

Kasuri declared that Pakistan was being criticized unfairly, and blamed NATO and Afghan troops for failing to halt cross-border infiltration.

"We've got 1,000 checkposts; they've only got 100," he said.

Several Western diplomats, speaking on condition of anonymity, said there was a gap between Western expectations and what Musharraf was in a position to accomplish.

Pakistan has been hit by a spate of suicide bombings that began after a government air raid aimed at Islamic militants in the tribal areas late last year. Some analysts suggested that Musharraf risked being blamed if such raids triggered a backlash in Pakistani towns and cities.

"If he goes back to a more robust military intervention, the view here will be that he is toeing the American line," said Talat Masood, a retired Pakistani general. "I think it will give rise to a lot of spillover effect, in terms of violence and suicide bombings."

And Musharraf is unlikely to let his own domestic political agenda be dictated by Washington, Roy-Chaudhury said.

DOJ_NMG_0137099

"We've seen a ratcheting up of pressure on Musharraf, certainly, but his No. 1 priority is that this is an election year, and he wants to stay in power," he said.

Cheney Urges Pakistan To Help Fight Terrorism (USAT)

USA Today, February 27, 2007

Vice President Cheney warned Monday that al-Qaeda was regrouping in Pakistan's remote tribal areas and sought President Pervez Musharraf's help in a push against Taliban and al-Qaeda militants, Musharraf's office said. Musharraf told Cheney, who made an unannounced stop in Islamabad, that Pakistan "has done the maximum" in the fight against terrorism.

The Bush administration has raised the possibility of cutting aid to Pakistan unless tougher steps are taken. "There's a lot more that needs to be done," White House spokesman Tony Snow said in Washington.

After his visit to Pakistan, Cheney flew to Afghanistan. He had planned a meeting with President Hamid Karzai, but it was canceled because of bad weather.

In London, British Defense Secretary Des Browne announced the deployment of 1,400 additional troops to Afghanistan, bringing British troop levels to 7,700. The United States has about 27,000 troops there.

U.N. court acquits Serbia in genocide

The United Nations' highest court acquitted Serbia of direct responsibility for genocide in Bosnia in the 1990s but ruled that it should have prevented the1995 slaughter of Bosnian Muslims in Srebrenica. The International Court of Justice in The Hague, Netherlands, found that Serbia didn't control the Bosnian Serb army or the paramilitary units that massacred more than 7,000 Bosnian Muslim men and boys. The Bosnian Serb army captured the U.N.-protected Srebrenica enclave in July 1995. The court ordered Serbia to hand over suspects for trial by the International Criminal Tribunal for the former Yugoslavia.

Madrid bombing suspect denies confession

An Egyptian accused of being a mastermind of the Madrid train bombings denied that his voice is the one heard in a wiretapped phone conversation in which prosecutors say he claimed the attacks were his idea.

"I'm not the person speaking," Rabei Osman said as he testified a second time in the trial of 29 suspects. They are accused in the March 2004 attacks, which killed 191 people and wounded more than 1,800. Italian prosecutors say it is Osman telling an associate in Italy, "I'm the thread to Madrid; it's my work."

Cheney Presses Musharraf Over Border Control (WT/AP)

By Stephen Graham

The Washington Times, February 27, 2007

ISLAMABAD, Pakistan -- Vice President Dick Cheney made a surprise visit to Pakistan yesterday to press President Pervez Musharraf to step up the campaign to counter increased attacks by al Qaeda and Taliban forces against neighboring Afghanistan, officials said.

The stop was the latest sign of growing U.S. unease over resurgent Islamic terrorism in the region, but Gen. Musharraf insisted his forces have "done the maximum" possible against extremists in their territory.

Mr. Cheney, accompanied by CIA Deputy Director Steve Kappes on a tour of several Asian allies, made an unannounced stop in Pakistan en route to Afghanistan, where snow prevented him from reaching Kabul for talks with Afghan President Hamid Karzai.

The vice president made no public comment in Pakistan, but a senior aide to Gen. Musharraf said they held detailed talks, including a private lunch of more than an hour.

"Cheney expressed U.S. apprehensions of regrouping of al Qaeda in the tribal areas and called for concerted efforts in countering the threat," Gen. Musharraf's office said.

President Bush recently announced an increase in U.S. forces in Afghanistan, and officials in Britain and Turkey said yesterday they would be adding a combined 1,600 troops to the NATO-led mission in the country. The alliance about 33,000 troops in Afghanistan.

"Put simply, the alternative is unacceptable," British Defense Minister Des Browne told Parliament. He said Britain also would be sending four more Harrier jets, four Sea King helicopters and a C-130 Hercules transport plane.

DOJ_NMG_0137100

U.S. and NATO officials praise Pakistan publicly for its role in arresting al Qaeda suspects after the September 11 attacks in 2001 and for a string of bloody operations against militants along the border. But U.S. and Afghan leaders are increasingly critical of Pakistan's efforts to curb al Qaeda and Taliban cross-border operations.

U.S. military officials said last month that attacks from Pakistan have increased fourfold since Gen. Musharraf struck a widely criticized deal last fall that put local tribes in charge of much of the security in the border area of North Waziristan.

White House spokesman Tony Snow said yesterday, "The Pakistanis remain committed to doing everything possible to fight al Qaeda, but having said that, we also know that there's a lot more that needs to be done."

U.S. officials have been reluctant to press Gen. Musharraf too hard for fear of undermining his political standing at home and encouraging Pakistan's own militant Islamic factions.

Mr. Cheney's visit was kept secret until the last moment for security reasons. He landed at a military base outside Islamabad and took a helicopter to the presidential palace.

Gen. Musharraf has argued that Pakistan is being unfairly singled out for problems rooted in the U.S.-sponsored battle against the Soviet occupation of Afghanistan in the 1980s. He also says there is no evidence that al Qaeda leader Osama bin Laden or the Taliban's Mullah Mohammed Omar are on Pakistani soil.

The Pakistani leader also expressed concern about proposed U.S. legislation that would link U.S. military aid to Pakistan's record in containing militant attacks. U.S. officials have said they hope to persuade congressional Democrats to drop the link before the bill, which passed the House in January, becomes law.

Pakistani officials acknowledge the North Waziristan deal has not been properly implemented, but argue that large-scale military action by the government would only alienate moderate tribal groups.

U.S. military officials in Kabul say suicide bombings in Afghanistan jumped from 27 in 2005 to 139 last year, while direct- and indirect-fire attacks on Afghan and allied troops nearly tripled. U.S. and NATO officials say the anticipated spring offensive by the Taliban this year could be the most potent since the 2001-2002 U.S.-led campaign.

In Afghanistan, Mr. Cheney landed at Bagram Air Base, about 30 miles north of Kabul. He had planned to travel to the capital, but a steady snowfall made the trip unsafe, and the two leaders hope to meet today, an aide to Mr. Karzai said.

•Staff writer David R. Sands contributed to this report.

Pakistan Lobbies Against Sanctions As The Senate Takes Up 9/11 Bill (HILL)

By Roxana Tiron

The Hill, February 27, 2007

Pakistan's weeks-long lobbying effort to thwart potential security aid sanctions is culminating this week as the Senate takes up its version of the 9/11 Commission recommendations bill, approved by the House in early January.

Legislation crafted by the office of House Foreign Affairs Committee Chairman Tom Lantos (D-Calif.) and included in the 9/11 bill has put Pakistan's embassy in Washington on the defensive. Officials there fear such blunt legislation could alter the U.S.-Pakistan relationship.

The lobbying drive's latest lap coincides with Vice President Cheney's unannounced trip to the country, where he expressed Monday the administration's concern that al Qaeda is regrouping in the tribal areas at the Pakistan-Afghanistan border and pressed for a clampdown ahead of a Taliban "spring offensive" in Afghanistan.

Pakistan's role as both a key non-NATO ally of the U.S.-led war against terrorism and a host to an unruly population of Islamic extremists has led to a widening rift between Congress and the White House on how to handle cooperation with Pakistan.

According to a Monday New York Times report, Cheney told Pakistan President Pervez Musharraf that a Democratic-led Congress could cut aid to his country if it fails to hunt down al Qaeda operatives.

The Bush administration, which has been publicly complimentary of Pakistan as an ally, opposed the House legislation imposing security aid sanctions on Pakistan, but now is using Congress as a sledgehammer against the Pakistani government, said a source following the issue closely.

"They know they can't threaten Musharraf directly," said the source. "It is a tactic that has some teeth in it."

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A congressional source said Cheney's trip to Pakistan and the threat that Congress may cut off aid will put Pakistan issues on the front burner in the Senate and increases pressure on the chamber to act.

None of the legislation dealing with the 9/11 Commission's recommendations likely to be taken up in the Senate includes any reference to Pakistan. Such language would come under the jurisdiction of the Foreign Relations Committee, chaired by Sen. Joseph Biden (D-Del.), although any other senator can offer legislation.

A 9/11 bill authored by New Jersey Sens. Robert Menendez (D) and Frank Lautenberg (D) includes Pakistan-specific clauses and has been referred to Biden's committee.

On Monday it was unclear whether Biden or another committee member would offer amendments relating to Pakistan. According to a congressional source, such legislation could be included in the 9/11 bill, but the Senate may want to take a more comprehensive approach toward Pakistan than the House did — potentially in separate legislation.

The House Pakistan language, which received no debate and little notice in the lower chamber, sets limitations on U.S. security assistance to Pakistan.

A license for any item controlled under the Arms Export Control Act may not be approved unless President Bush certifies that the "government of Pakistan is making all possible efforts to prevent the Taliban from operating in areas under its sovereign control, including in the cities of Quetta and Chaman and in the Northwest Frontier Province and the Federally Administered Tribal Areas."

The president, however, can waive the limitations if he certifies that lifting them is important for national-security reasons.

The certification would be difficult for the administration to meet, according to a congressional source. "The administration has not done anyone any favors by saying preemptively that they would be able to certify that," the source said. "It shows a large degree of contempt towards Congress by certifying something that is not truthful."

The House legislation also directs the president to impose sanctions for transfers of nuclear technology involving foreign nationals. It also requires the president to identify nuclear proliferation network countries and suspend arms sales to such countries.

If applied retroactively, it could apply to Pakistan and the A.Q. Khan network. A.Q. Khan, considered the father of Pakistan's nuclear bomb, confessed to proliferating nuclear technology to Iran, North Korea and Libya. Pakistan will not turn him over to the United States, as such move would constitute a national humiliation, said a source close to the issue.

The House acknowledges that Pakistan has been an important partner in helping the United States remove the Taliban regime in Afghanistan and combat terrorism in the frontier Pakistan provinces.

Pakistan's ambassador in Washington, Mahmud Ali Durrani, led a concerted push in the Senate, the administration and also the House to try and repeal the language proposed by the House.

"Pakistan has done more for counterterrorism than anybody else," Durrani said in an interview. "It seems people tend to forget all our contributions. Since 9/11 we put our military where our mouth is, so to say — all our assets."

He said that Pakistan continues to support U.S. efforts in the region however it can. He cautioned that the issues arising between the United States, Pakistan and Afghanistan stem from poor coordination.

"We need to be clear on what we are expect[ing] from each other; we need to be clear about what each other's capabilities are and we need to sit across the table, roll up our sleeves and start discussing," he said.

Instead of following the spirit of the 9/11 Commission report, the House used the report to "bushwhack" Pakistan, Durrani told The Hill. "A bill like H.R. 1 is grossly unfair."

The legislation could backfire in Pakistan, where Musharraf is taking heat from those who think he is a puppet of the United States as well as from others who say that he has managed to strengthen the religious parties, the congressional source said.

In addition, there have been doubts about the loyalties of some members of Musharraf's intelligence service, and assassination attempts against him have been linked to al Qaeda.

"The House legislation sends a strong message that the status quo is not acceptable," said the congressional source. "But could we do something more? If our goal is to achieve greater cooperation, is this the most effective method?"

Instead of rushing to pass legislation of a symbolic nature, the Senate and Congress should develop a more comprehensive strategy that would secure cooperation, the source said.

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Rather than being used to curry favor with the military elite, the source explained, more money should be allotted to non-military sectors to win the hearts and minds of the Pakistanis.

Pakistan's military, meanwhile, is boosting its presence at the border with Afghanistan and has increased the number of posts at passing points, Durrani maintained. Pakistan also is shutting down about 50 percent of the less-frequented border crossing points to better monitor those that will remain open.

The military also is toying with the idea of planting minefields approved under the Geneva Convention to enforce border control.

Durrani added that Pakistan is introducing biometrics systems to keep track of people without identification papers.

Pakistan has also placed security elements inside and outside refugee camps.

"We have appealed to top senators and representatives and have tried to give them the true picture to the best of our ability," he said.

Britain To Send 1,400 Troops To Afghanistan (FT)

By Stephen Fidler

Financial Times, February 27, 2007

Britain will send 1,400 more troops into Afghanistan, along with aircraft, to bolster the fight against the Taliban in the south of the country, Des Browne, defence secretary, told parliament yesterday.

This will take the number of UK troops taking part in Nato's Afghanistan mission to 7,700, significantly more than in Iraq. The UK is also sending four more Sea King helicopters, four Harrier GR9 aircraft, and another Hercules C-130 transport aircraft.

Air Chief Marshal Sir Jock Stirrup, chief of the defence staff, acknowledged the forces would continue to operate at a high tempo, but said UK overseas troop commitments would fall. Tony Blair announced last week that the number of UK troops in Iraq would drop from 7,100 to 5,600.

Liam Fox, Conservative defence spokesman, said Nato partners were not doing enough to support the effort in Afghanistan. "It is scandalous that only four Nato nations . . . the UK, the US, the Canadians and the Dutch, surprise, surprise, are contributing by far the greatest to the security in the south, and the most dangerous parts of the country. We are taking a disproportionate burden."

Mr Browne said: "I have lobbied our partners consistently for more help but it is increasingly obvious that at present, when it comes to the most challenging parts of Afghanistan, only we and a small number of key allies are prepared to step forward."

Democrats Back Away From Iraq Plan (AP)

By Julie Hirschfeld Davis

AP, February 27, 2007

Democratic leaders backed away from aggressive plans to limit President Bush's war authority, the latest sign of divisions within their ranks over how to proceed.

Senate Majority Leader Harry Reid, D-Nev., said Monday he wanted to delay votes on a measure that would repeal the 2002 war authorization and narrow the mission in Iraq.

Senior Democrats who drafted the proposal, including Sens. Joseph Biden of Delaware and Carl Levin of Michigan, had sought swift action on it as early as this week, when the Senate takes up a measure to enact the recommendations of the bipartisan Sept. 11 commission.

Reid, who will huddle with Democrats Tuesday to discuss whether to postpone the Iraq debate, cited pressure from victims' families for quick action on the Sept. 11 bill as the reason for doing so.

"Iraq is going to be there — it's just a question of when we get back to it," Reid said, predicting it would be "days, not weeks" before the Senate returned to the issue. The war reauthorization legislation also appears to lack the 60 votes it would need to pass the Senate.

House Speaker Nancy Pelosi, D-Calif., meanwhile, said she doesn't support tying war funding to strict training and readiness targets for U.S. troops.

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The comments distanced her from Rep. John Murtha, D-Pa., who has said he wants to use Congress' spending power to force a change in policy in Iraq, by setting strict conditions on war funding.

Pelosi said she supports holding the administration to training and readiness targets, but added: "I don't see them as conditions to our funding. Let me be very clear: Congress will fund our troops."

Asked whether the standards should be tied to a $100 billion supplemental war spending measure — as Murtha has proposed — Pelosi demurred, saying it was up to the panel that drafts funding bills.

The developments on both sides of the Capitol reflected a new level of disarray in Democratic ranks on Iraq. Swept into power by voters clamoring for an end to the war, Democrats have seen their efforts falter under a reality more complicated than they found on the campaign trail.

While the public is fed up with Iraq, there is little consensus over what to do.

Internal divisions, Republican opposition and a president who — while weakened — still appears to have the dominant voice on the war have all left Democrats flailing for a way to change the war's course.

The Democrats' symbolic measure disapproving of Bush's troop buildup passed the House only to stall in the Senate. The House plan to place strict restrictions on war funding appears to lack enough support within Democratic ranks to succeed, and looks likely to be scaled back, considering Pelosi's latest comments. The Senate bid to narrow the 2002 resolution authorizing the war appears to lack enough votes to be approved, and action on it now is likely to be put off — at least for the week.

The first signs of impatience among Democrats' allies are sprouting.

"The public is saying, 'We hired you to get out of Iraq — now figure it out,'" said Tom Matzzie, Washington director of the anti-war group MoveOn.org. "There is a risk that without action, frustration boils over into anger."

Democrats argue that their failed efforts to thwart Bush's war plans will ultimately pay off by ratcheting up pressure for a change.

"The administration is increasingly isolated and they are increasingly at odds with where the American people are," said Jim Manley, a Reid spokesman. "We're going to keep on going at it until the administration changes course."

But Democrats also are worried about being at odds with public opinion as House and Senate leaders push divergent measures.

House Democrats, who enjoy a 32-seat majority, will try this week to determine if there is enough support among themselves to pass the Murtha plan. Senate Democrats will discuss whether to postpone action on the war reauthorization, as Reid suggested.

Bush told governors Monday that he looked forward to a "healthy debate" on Iraq, but warned Congress against limiting funding for the war or commanders' flexibility in waging it.

"I do not believe that someone is unpatriotic if they don't agree with my point of view. On the other hand, I think it's important for people to understand the consequences of not giving our troops the resources necessary to do the job," Bush said.

Democrats' troubles finding a strategy on the war reflect a wider lack of consensus among the public about what course to take in Iraq. AP-Ipsos polls show that while a clear majority are pessimistic about the war and oppose a buildup, most people do not support cutting funding for the troops.

Zbigniew Brzesinski, Jimmy Carter's former national security adviser, said Democrats "run the risk of losing momentum."

They would be better off pushing some simple policy statements that could garner Republican support — such as opposition to establishing permanent bases in Iraq or to further expansion of the war — than trying to find a way to tie Bush's hands, he said.

"One has to be very careful not to get involved in micromanaging a military engagement," Brzesinski added.

Bush still enjoys substantial advantage when it comes to trumpeting his message on the war, even though his image and clout suffered major blows in last fall's elections.

Democrats, by contrast, have a cacophony of voices — including several presidential candidates — weighing in on what to do next in Iraq.

"The party's not unified. Until you control the executive branch, you really don't have a party — you have all these independent actors," Lawrence Korb, a Reagan administration Defense Department official, said of the Democrats' plight.

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Reid Looks For Edge On Iraq (RC)

By John Stanton And Emily Pierce

Roll Call, February 27, 2007

Senate Majority Leader Harry Reid (Nev.) will huddle with his fellow Democrats today to gauge support for reworking the Iraq War authorization — and to bring a more united front to the debate with Republicans, Senate aides said Monday.

Although a number of top Democrats — including presidential hopeful Sen. Joseph Biden (Del.) and Armed Services Chairman Carl Levin (Mich.) — have endorsed the plan and began publicly pushing for it during the Presidents Day recess, it has not yet been presented to the full Democratic Caucus, making it unclear whether Reid could even muster a majority of support within his own party.

Today's weekly Caucus luncheon marks the first time Reid will be able to meet with his rank-and-file membership to discuss the issue following the surprise announcement of the reauthorization strategy more than a week ago.

Reid spokesman Jim Manley reiterated Monday that the Majority Leader has not yet decided to pursue a new authorization. According to Manley, while "obviously the authorization is outdated and needs to be reformed," Reid will not decide whether to pursue a full-blown reauthorization until after he has met with Caucus members today.

Reid — despite polls showing Americans remain unhappy with President Bush's plan to boost troop levels and his own claims of victory following a rare Saturday vote earlier this month on a nonbinding Iraq resolution — finds himself in a difficult position politically this week.

Republicans went into the Presidents Day recess on a relative high note thanks to the House GOP leadership's success in limiting defections on the resolution to only 17 Members. GOP leaders also have been successful in amplifying divisions between Democrats' anti-war wing led by Rep. John Murtha of Pennsylvania and the bulk of the party's lawmakers who oppose the president's handling of the war but are fearful of moving to cut off funding for the conflict.

Republicans have used those competing interests to paint Democrats as being fractured and unable to settle on any sort of a substantive plan.

According to several sources familiar with the debate, there is mounting pressure on Reid from within his own party to avoid starting the debate this week. Homeland Security and Governmental Affairs Chairman Joe Lieberman (ID-Conn.) on Monday called on lawmakers to not turn this week's bill implementing the 9/11 commission's recommendations into a political grudge match over Iraq. Similarly, families of victims of the Sept. 11, 2001, terrorist attacks wrote Monday to McConnell and Reid urging them to avoid mixing the politically charged debate over Iraq with the 9/11 bill.

Several Democratic aides also expressed frustration privately with the decision by Biden and Levin to announce their desire to reauthorize the war during the recess — thus increasing pressure on Reid to take it up during the 9/11 debate. A clean bill "would really be a win-win situation for all of us," one Democratic aide said, since both parties could claim victories.

Reid spokesman Manley said the two leaders are having ongoing discussions over whether Iraq will come up during the 9/11 debate and that a decision likely will wait until after both parties hold their luncheons today.

Manley also dismissed suggestions of divisions within the Democratic Party, arguing that "there is one thing all Democrats are united on and that is the absolute need to change course in Iraq."

But privately, Democratic aides argued that divisions have arisen, though not along substantive lines so much as over how best to proceed. Many Senate Democrats have supported much of Reid's political strategy over the past two years because of his slow and often-methodical approach to messaging and political trench warfare, which has allowed ample time for the Caucus to hash out internal differences.

For instance, Reid and Speaker Nancy Pelosi (D-Calif.) were able to defeat Bush's Social Security proposal in large part because they kept the focus on what both liberal and conservative members of their party could agree on — opposition to privatizing the program. Similarly on Iraq, Reid and Pelosi have maintained loyalty and a unified voice over the past two years by keeping their focus on a general sense that Bush has failed in his prosecution of the Iraq War.

And while Democrats acknowledge that they must produce their own proposals now that they are in the majority, that process has moved too quickly and no consensus position has been fully developed.

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A GOP leadership aide agreed, arguing that "There's nothing for us to do. We just react to whatever proposal they're putting out today."

Senate Republican Conference spokesman Ryan Loskarn said Democrats largely have boxed themselves in over the past few weeks.

"Democrats are in a tailspin over Iraq funding. They are facing serious division within their ranks over troop funding and it has become impossible to keep that fact under wraps. The further along Congress gets in the Iraq debate the more difficult it gets for Democrat leadership to refuse a vote on funding support," Loskarn said.

Dems' Iraq Quagmire (HILL)

By Ron Christie

The Hill, February 27, 2007

Despite all of the talk on Capitol Hill that the Bush administration has failed to articulate a way forward in Iraq, congressional Democrats find themselves in real danger of over-reaching in their own zeal to score political points rather than demonstrate real leadership of their own.

This impotence in leadership only reinforces the perception that congressional Democrats are reflexively opposed to anything President Bush supports; the true test ahead will be to demonstrate they can put forth meaningful, binding legislation that will receive majorities in either body. The track record thus far with two failed attempts to pass non-binding resolutions in the Senate condemning the war and the iron-fisted manner in which the House majority pushed through a similar measure without allowing the minority to offer a resolution directly supporting the troops has been less than inspiring.

This week, watch for two key leaders in the Senate to take center stage as the Iraq war debate continues. The first is Senate Appropriations Committee Chairman Robert Byrd (D-W.Va.). Later today, Byrd is expected to take up the president's $100 billion supplemental to fund ongoing operations in Iraq and Afghanistan. Secretary of Defense Robert Gates, Secretary of State Condoleezza Rice and the chairman of the Joint Chiefs of Staff, General Peter Pace, are all expected to testify on behalf of the president's request.

Will Byrd work constructively with senior administration officials to tackle tough questions about winning the war on terrorism under way in the Middle East, or will he and pointed Bush critics such as Sen. Patrick Leahy (D-Vt.) use the opportunity to posture while appeasing the anti-war left that appears to have taken over the soul of the party in recent years? Things could get even more interesting should Sen. Joseph Lieberman (D-Conn.), a strong supporter of the war in Iraq, make good on veiled hints to become a Republican should Democrats overplay their hand to constrain the president's authority as commander in chief.

Byrd's Appropriations Committee hearing will garner particular interest this week given the recent criticism of House Defense Appropriations Subcommittee Chairman John Murtha's (D-Pa.) plan — endorsed by Speaker Nancy Pelosi (D-Calif.) — to condition funding of the war supplemental to tactical decisions regarding troops on the battlefield. Blue Dog Rep. Jim Cooper (D-Tenn.) likened Murtha's plan as being as "risky as catching a falling knife" while former admiral and current Rep. Joe Sestak (D-Pa.) noted that Congress should refrain from making tactical war decisions. House Democrats have yet to find their voice in constructively addressing legitimate concerns about progress in Iraq without looking partisan.

Senate Foreign Relations Committee Chairman Joseph Biden (D-Del.) is also expected to take a prominent role in the Iraq deliberations this week. Author of a new resolution to curtail the 2002 authorization of force by the president in Iraq, Biden now favors a plan to withdraw U.S. forces from Iraq by March 31, 2008. A declared candidate for president himself, Biden now joins the chorus of fellow Democrats hoping to succeed President Bush as commander in chief as one who strongly supported the war in 2002 before expressing regret for their votes when currying favor with anti-war activists.

Cut off funds for the war? Work with the administration to put forth a bipartisan solution? When confronted with the most pressing issue facing the American people today, congressional Democrats appear to be in a quagmire of being unable to put the best interests of the country ahead of their own political aspirations.

Christie, a VP of Navigators LLC, is a former member of the Council on Foreign Relations and previously was special assistant to President Bush and deputy assistant to Vice President Cheney. He now blogs at The Hill's Pundits Blog.

Democrats Battle Over Policy On Iraq (WSJ)

DOJ_NMG_0137106

By David Rogers

The Wall Street Journal, February 27, 2007

WASHINGTON -- Democrats face a crucial question as an Iraq war-spending bill begins moving through the House: Can Congress continue to fault U.S. policy from a distance, or must lawmakers take hold of it and risk owning the outcome?

The new Democratic majority has followed the politically safer course of nonbinding resolutions and a Senate proposal to revisit the 2002 war authorization. But with action needed on a $93.4 billion Iraq-spending request, harping from the sidelines may no longer be enough to satisfy independent voters who looked to Democrats in the 2006 elections to effect real change.

The package includes $5.6 billion to help sustain a planned increase of at least 21,500 U.S. troops in Iraq, a commitment many in Congress opposed. About $14 billion would help replenish worn equipment, and, recognizing the strain on troops cycled in and out of Iraq, the Pentagon wants $3.6 billion to create two Army combat brigades and three Marine battalions to ease the load. "The rapid cycle is not sustainable," budget officials say.

In the wake of their election losses in November, Republicans have their own divisions over the president's policy. But Democrats face greater pressure, and the debate exposes internal politics and warring personalities, especially in the House.

After proposing restrictions on the funds, the bill's manager, Rep. John Murtha (D., Pa.), has been pummeled by Republicans and fellow Democrats eager to bring him down a peg or two. His friendship with Speaker Nancy Pelosi (D., Calif.) and past rivalry with Majority Leader Steny Hoyer (D., Md.) adds spice to the story. And fearing the entire bill could collapse, House Appropriations Committee Chairman David Obey (D., Wis.) has sanctioned the drafting of waivers to the Murtha-backed provisions that would restore more flexibility to the administration.

"They want to end the war, but they want to fund the war," said Mr. Murtha, frustrated by his party's reluctance to exert its power over spending.

Rep. Rahm Emanuel, the Democratic caucus chairman, is cautious about crossing this line and argues any conditions on funding should focus on the Iraq government, not U.S. forces. "Congress has the job of oversight and holding the administration accountable, but the war is owned and managed from 1600 Pennsylvania Avenue," the Illinois Democrat said.

"Congress will fund our troops...as long as they're in harms way," said Ms. Pelosi yesterday. She has asked Mr. Murtha to speak to the full caucus this evening, and the 74-year-old lawmaker symbolizes how much the politics of the antiwar debate has changed since the Vietnam War, in which he fought in the 1960s.

Vietnam was a bigger, bloodier war than Iraq, but the burden was spread among many more, including draftees who served typically one-year tours. Iraq is the first prolonged test of the all-volunteer military, with a much smaller universe of soldiers and Marines bearing the burden and serving multiple tours.

That has fundamentally changed the debate, ushering in the likes of Mr. Murtha, a longtime Pentagon supporter who has come to fear that Mr. Bush's policy is wreaking havoc with the military. He said he believes the war is sacrificing not just troops but the military's long-term readiness. More than a year ago, he leapt the chasm between criticizing the war and offering a plan for early withdrawal.

Mr. Murtha predicts a full-fledged Iraq-spending debate won't come until Congress deals with the 2008 Pentagon budget this summer. And the timing of the supplemental spending bill now is a problem, both for the military and lawmakers.

Hoping to quell sectarian violence, the administration will focus the new troops on a set of mixed Shiite and Sunni neighborhoods accounting for about a third of Baghdad's population. But the Army is so short of combat-ready units, it will take until May to complete the "surge" of five brigades.

This makes it dicey for lawmakers to intercede in the midst of deployments; on the other hand, the continued shortage of personnel will make it harder for the administration to maintain the higher levels after May. The White House has been vague about how it will do this. The president asked for money only through Sept. 30, after which none is requested in his 2008 budget, even though military planners assume more time is required for the added troops to be effective.

Mr. Murtha recommends providing ample money for the military, but attaching restrictions that effectively create a cap allowing deployment of three or four brigades, not five. The bill would go beyond the president's request by adding money to build up strategic reserve units at home and require Marine and Army chiefs to certify in advance that any unit deployed be "fully mission capable" with personnel and equipment.

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Most controversial, he would add provisions to make it harder for the administration to stretch personnel either by extending combat tours for units already in Iraq or sending them back faster to the war zone. The ban on extending tours would immediately affect the Army's plan to have 20 brigades in Iraq by May, and the problem would recur in June and July.

Republicans and the White House have attacked the limitations as a "slow-bleed" strategy that will endanger units in Iraq. "It's not me that bleeds the troops," Mr. Murtha said. "It's the president who is bleeding the military by overdeploying them ."

He remains opposed to allowing the administration to waive the requirement, but appears resigned to see amendments that would weaken the bill added in the Appropriations Committee next week by fellow Democrats. "They can always offer amendments," he said.

Majority In Poll Favor Deadline For Iraq Pullout (WP)

By Dan Balz And Jon Cohen

The Washington Post, February 27, 2007

With Congress preparing for renewed debate over President Bush's Iraq policies, a majority of Americans now support setting a deadline for withdrawing U.S. forces from the war-torn nation and support putting new conditions on the military that could limit the number of personnel available for duty there, according to a new Washington Post-ABC News poll.

Opposition to Bush's plan to send an additional 21,500 troops to Iraq remained strong. Two in three Americans registered their disapproval, with 56 percent saying they strongly object. The House recently passed a nonbinding resolution opposing the new deployments, but Republicans have blocked consideration of such a measure in the Senate.

Senate Democrats, led by Armed Services Committee Chairman Carl M. Levin (Mich.) and Foreign Relations Committee Chairman Joseph R. Biden Jr. (Del.), are preparing another resolution that would have the effect of taking away the authority Bush was granted in 2002 to go to war. The measure would seek to have virtually all combat forces withdrawn from Iraq by the end of March 2008.

The Post-ABC poll found that 53 percent of Americans favored setting a deadline for troop withdrawals. Among those who favored a deadline, 24 percent said they would like to see U.S. forces out within six months and 21 percent called for the withdrawals to be completed within a year. The rest of those who supported a timetable said they do not support withdrawing all troops until at least a year from now.

This is the first time a Post-ABC News poll has found that a majority of Americans supported establishing such a timetable for withdrawal, which has long been resisted by the president and even some Democrats.

Growing numbers of Americans also favored withdrawing U.S. forces even if civil order in Iraq has not been restored. The poll found that 42 percent favored keeping troops there until order is reestablished, while 56 percent said the troops should be redeployed to avoid further U.S. casualties, even if the sectarian violence is continuing.

Some Democrats have called for cutting off money for the war. The Post-ABC News poll found that 46 percent of Americans supported restricting funding while a bare majority, 51 percent, opposed doing so.

There was clear support, however, for the kinds of conditions proposed by Rep. John P. Murtha (D-Pa.), who wants to establish requirements for the training and resting of military units that would have the effect of limiting the number of troops available to send to Iraq.

Murtha's plan has drawn fire in the House, including from some of his Democratic colleagues, after it was announced on a liberal Web site. The Post-ABC News poll, which did not associate the plan with Murtha, found that 58 percent of Americans said they support such new rules. Even some Americans, 21 percent, who supported the president's troop increase said they would favor rules for training and resting troops.

On questions relating to withdrawing troops or setting conditions on the military, there was a substantial gender gap. For example, 51 percent of men said they favored keeping troops in Iraq until civil order is restored, while 35 percent of women supported such a course.

Nearly seven in 10 women supported establishing some rules for training and rest time for troops to limit the number available for duty in Iraq, and 47 percent of men favored those limits. Similarly, a majority of men opposed setting any deadline for withdrawing U.S. forces from Iraq, while an even larger majority of women would like to see a deadline established.

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The poll also registered a new low on the question of whether the Iraq war was worth fighting. Thirty-four percent responded that it was, while 64 percent said it was not -- 51 percent strongly. On this question, 51 percent of military veterans and 53 percent of veteran households said they strongly believe that the war was not worth fighting.

Seventy percent placed primary blame for failing to control the violence in Iraq on the Iraqi government, while just 18 percent said the United States is more at fault.

Bush's overall approval rating stood at 36 percent, up slightly from 33 percent last month. Sixty-two percent disapproved of the way he is handling his job, with 49 percent of those indicating they strongly disapproved.

Approval of his handling of the Iraq war remained near its all-time low. Thirty-one percent said they approved and 67 percent said they disapproved, a slight improvement from December, when 28 percent approved.

Bush also received negative marks on the campaign against terrorism (52 percent disapproved) and on his handling of the economy (55 percent disapproved).

By wide margins, Americans said they trust Democrats in Congress more than Bush to deal with Iraq, health care, the budget, the economy and terrorism. The Democrats' advantage on health care was 37 percentage points, on the budget 27 points, on Iraq and the economy 20 points and on terrorism 13 points.

Overall, however, 41 percent said they approved of the way Congress is doing its job, while 54 percent disapproved.

The disapproval level was marginally higher than it was a month ago. The low point for congressional approval in the past year came a few weeks before the Nov. 7 midterm elections, which resulted in Republicans losing their House and Senate majorities, when 31 percent gave Congress positive marks.

Asked about the performance of new House Speaker Nancy Pelosi (D-Calif.), 50 percent said they approved and 31 percent said they disapproved.

Her disapproval rating a month ago was 25 percent.

On another issue, the poll found that a majority of Americans now distrust the Bush administration on its handling of intelligence. Thirty-five percent said they can trust the administration to report potential threats from other countries honestly and accurately, and 63 percent said they cannot.

The administration has been challenged on the quality of the intelligence underpinning its assertions that Iran is helping insurgents in Iraq.

Forty-seven percent of those surveyed said they believed that the administration has solid evidence to support those claims, and 44 percent disagreed.

At the same time, 41 percent expressed confidence that the administration will do a good job of handling current tensions with Iran, compared with 58 percent who said they were not confident.

The Post-ABC News poll is based on telephone interviews with 1,082 adults and was conducted between last Thursday and Sunday. The margin of sampling error is plus or minus three percentage points.

A Democrat On Everything But Iraq (POL)

By Carrie Budoff

Politico.com, February 27, 2007

The not-so-nice words for Sen. Joseph I. Lieberman keep coming.

Evil incarnate, according to the liberal blogosphere.

Barely a Democrat, concludes conservative columnist Robert Novak.

Glenn Close in "Fatal Attraction," a taunting lunatic who will "boil our bunny" if upset by the party, writes a Vermont blogger.

But a review of the Connecticut senator's voting record since his return to Congress as a self-styled independent suggests another label: Dependable Democrat*.

The asterisk, of course, refers to Iraq. Lieberman has fought Democrats with the pluck of a third-grader in a dodge-ball tournament, advancing the view of him as a rogue ready to bolt the Democrats, where he caucuses, for the Republicans. And in a Politico interview last week, he once again refused to rule out the possibility.

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Yet, his newfound freedom hasn't reshaped his voting patterns. He broke with the majority of Democratic senators on only five of 52 votes he's cast in the last two months.

By this measure, Lieberman is more true-blue than Sen. Ben Nelson (D-Neb.), who split from the party more often but generated a fraction of the blog traffic on Technorati and far more glowing descriptions. Sen. Evan Bayh (D-Ind.) diverged from the Democratic majority on four votes, yet, like Nelson, never on Iraq.

The different perceptions underscore how indelible Iraq has become as the base line for determining party loyalty. Lieberman emerged as a decisive vote last month in the minimum-wage debate -- twice giving Democrats a one-vote edge in defeating Republican amendments -- but that party fidelity on domestic issues gets lost in his disobedience on Iraq, where he twice sided with the GOP to block a rebuke of the president.

"There are Democrats in recent years that have been quick to criticize Republicans who apply a litmus test: If you are not with us 100 percent, you are not with us," Lieberman said. "That is what I feel has happened too much within the Democratic Party."

Lieberman "doesn't digress from the party that much," acknowledged Jane Hamsher, the Connecticut-based author of firedoglake.com who worked for Lieberman's 2006 opponent, Democrat Ned Lamont. But, she said, it is Iraq that matters.

"The damage he does is fragging Democrats from behind party lines on Iraq," Hamsher said. "He gives the administration bipartisan cover."

Lieberman aides dismiss speculation that the senator will eventually go Republican -- an extraordinary move that would flip control of the Senate. Simply put, Lieberman would be out of place among Republicans, aides say.

Yes, he looked awfully cozy nestled between Sen. John McCain (R-Ariz.) and Sen. Lindsey Graham (R-S.C.) in the Senate press gallery this month, talking up their counterproposal to Democratic legislation critical of President Bush's troop surge in Iraq.

"Reid doesn't want to create holy hell in the Democratic blogger world," Graham said, speculating why Senate Majority Leader Harry Reid (D-Nev.) was refusing to allow votes on certain Republican amendments.

The dig at Lieberman's Internet nemeses hit his funny bone. The trio giggled in unison.

And yes, despite pre-election promises to caucus with Democrats, Lieberman frequently fans the divorce talk by holding it out as a possibility, even laying down markers last week on what could provoke proceedings: A move by the party to cut funding for the war.

"We will see how that plays out in the coming months," Lieberman said.

Republicans don't hide their thirst. Lieberman hears from them -- "mostly joking, lately. 'We would love to have you,' " he said. "I have no desire to change parties."

A warm post-election welcome for Lieberman -- Democrats gave him a standing ovation -- has cooled as the Iraq debate grinds on, aides acknowledge.

"Since the debate on the surge, it has been hard," said Dan Gerstein, a former Lieberman aide who continues to serve as a paid adviser. "It is definitely putting some strain on his relations within the caucus.

"But when he spoke out against President Clinton (during the impeachment debate), it put some strains on his relations with the caucus," Gerstein added. "Over time, when you have friendships with family, not every day is a love fest. Sometimes people get a little too fixated on the hints of discord. The truth is there are a lot of friends in the caucus."

Aides take cues from Lieberman's actions. He voted with Democrats 90 percent of the time before the November election -- a point he raised on the primary campaign trail -- and continues to hold that average in his first two months as an independent.

"If he was seriously thinking about becoming a Republican, the last thing he would do is propose a new tax," Gerstein said.

That's a war-on-terrorism tax, proposed early this month to ease the pressure that military budgets are placing on domestic programs. Hardened critics went squishy -- for about a half a second.

"This may come off as blasphemy, but I support the latest idea of Joe Lieberman," Democratic consultant Cliff Schecter wrote on his blog.

Lieberman also lined up against every Republican amendment to the minimum-wage bill that would have tinkered with tax policy. Nelson, by contrast, backed several of the Republican tax-cut initiatives. But his Democratic disobedience earned little of the scorn heaped on Lieberman.

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"Ben Nelson votes his conscience and keeps his mouth shut," Hamsher explained. "Nobody has any gripe with Ben Nelson."

Rep. Marshall's Iraq Vote Could Help Inoculate Him For 2008 House Race (HILL)

By Sam Youngman

The Hill, February 27, 2007

When Rep. Jim Marshall (Ga.) voted against the House non-binding resolution on the Iraq war, he stood out as one of only two House Democrats who bucked their party. But that vote could bolster his chances for reelection in 2008, when he will undoubtedly find himself running against the wind as a Democrat in a conservative district.

Marshall and Rep. Gene Taylor (Miss.) were the only two Democrats to oppose the measure. By contrast, 17 Republican members voted in favor of the resolution, which passed 246-182.

Marshall narrowly defeated former Rep. Mac Collins (R) last year in a race so close that Collins has yet to concede defeat. Collins is widely expected to challenge Marshall again in 2008, in a district that President Bush won with 61 percent in 2004.

Marshall's office said his vote had nothing to do with his reelection prospects and everything to do with his military background and desire to support troop morale.

Marshall is a former Army Ranger from a military family, and his district contains Robins Air Force Base.

"It's not something that Jim looked at in terms of elections or reelections," said Marshall spokesman Doug Moore.

In his floor speech, Marshall said a "yes" vote on the non-binding resolution is like "sitting on the sidelines and booing in the middle of our town team's play because we don't like the coach's call."

But former Rep. Buddy Darden, another Georgia Democrat all too aware of the political realties facing a Democrat in the Deep South, said Marshall's vote was "consistent" with the congressman's unwavering support of the military and his district's politics. It also has the added benefit of bolstering his conservative credentials in a district he won by just more than 2,000 votes.

Moore said they have no way to measure how people in Georgia's 8th district have reacted to the vote.

"I'm not sure if it hurts or helps," he said. "There are a lot of folks who are upset about it. Some folks are happy about it. Jim really didn't even consider that."

But Darden was less sanguine, noting that the district, redrawn in 2005 with a much heavier Republican make-up, will always be a tough district for Marshall.

During the midterm elections, President Bush traveled to the districts of both Marshall and Georgia Rep. John Barrow (D), and both men barely survived. Barrow defeated former Republican Rep. Max Burns by fewer than 1,000 votes.

Ron Moon, chairman of the Republican Party in Butts County, a conservative stronghold, said Collins is a "good conservative," but he doesn't know whether he will run again. Collins did not return calls left at his home.

Moon did say he thought Marshall's Iraq vote "helps him" in his quest for reelection, but he called it typical political maneuvering on Marshall's part. Moon added that Marshall often votes with conservatives when Democrats don't need his vote.

"That's a pattern of his," Moon said. "People don't keep up, and they think he's a conservative."

Marshall spokesman Moore said the office had not heard much angry feedback from the party leadership despite the congressman's decision to break ranks on the largest symbolic vote in the new Congress.

"I know [the leadership] wanted 100 percent support, so they're probably disappointed they didn't get that," Moore said, adding, "I think they know where he's coming from."

Darden compared the current climate to the years when Democrats were in the minority or to the early 1990s, when breaking ranks like Marshall did on this vote would have been "problematic."

As Darden put it, the party leadership now demonstrates a "cohesiveness and understanding that every vote counts" when it comes to reelection contests, and Democrats in conservative districts do have to break party ranks from time to time.

Taylor, the other Democrat to vote against the resolution, won reelection last year with almost 80 percent of the vote.

Gen. Pace: Military Capability Eroding (AP)

By Lolita C. Baldor

AP, February 27, 2007

DOJ_NMG_0137111

Strained by the demands of wars in Iraq and Afghanistan, there is a significant risk that the U.S. military won't be able to quickly and fully respond to yet another crisis, according to a new report to Congress.

The assessment, done by the nation's top military officer, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, represents a worsening from a year ago, when that risk was rated as moderate.

The report is classified, but on Monday senior defense officials, speaking on condition on anonymity, confirmed the decline in overall military readiness. And a report that accompanied Pace's review concluded that while the Pentagon is working to improve its warfighting abilities, it "may take several years to reduce risk to acceptable levels."

Pace's report comes as the U.S. is increasing its forces in Iraq to quell escalating violence in Baghdad. And top military officials have consistently acknowledged that the repeated and lengthy deployments are straining the Army, Marine Corps and reserve forces and taking a heavy toll on critical warfighting equipment.

The review grades the military's ability to meet the demands of the nation's military strategy — which would include fighting the wars as well as being able to respond to any potential outbreaks in places such as North Korea, Iran, Lebanon, Cuba or China.

The latest review by Pace covers the military's status during 2006, but the readiness level has seesawed back and forth during the Iraq war. Officials, speaking on condition of anonymity because the risk levels are classified, said the risk for 2005 was moderate, but it was assessed as significant in 2004.

His assessment was submitted to Defense Secretary Robert Gates at the beginning of this year, and therefore does not reflect the latest move to pour 21,500 more troops into Iraq over the next few months.

Gates delivered Pace's assessment to Congress, along with a six-page report on steps the Pentagon is taking to address the problem — including new efforts to increase the size of the Army and Marine Corps, and requests for more money to repair and replace equipment. On Monday, the Pentagon released most of Gates' report, except for a few sections that were classified as secret.

That report concluded that "world events and regional trends add up to increased challenges to our nation's security." And it said the decline in readiness is also affected by whether other federal agencies and other nations are fulfilling their commitments.

There have been long-standing complaints that the State Department has not met its responsibilities in Iraq, particularly in reconstruction and rebuilding efforts, as well as buttressing the political development of the Iraqi government.

In his report, Gates also discussed efforts to repair and replace equipment worn out in combat, beef up recruiting and retention, and make better use of the National Guard and reserve forces. It also details how the Pentagon will use billions of dollars in the proposed budget, including plans to modernize aircraft and weapons, develop better detection and countermeasures for weapons of mass destruction, increase the size of the special operations forces, and boost the nation's missile defense.

Bomb Inside Iraqi Ministry Kills 5 (LAT)

By Christian Berthelsen

The Los Angeles Times, February 26, 2007

BAGHDAD -- A bomb planted at an Iraqi ministry where one of the nation's most senior politicians was making an official appearance today killed five people and injured dozens, raising the possibility that attackers infiltrated the government to plan and carry out the assault and prompting serious questions about Iraq's ability to ensure its own security.

The bombing targeted Adil Abdul Mehdi, one of two Iraqi vice presidents and a senior leader in the largest Shiite voting bloc in parliament, the Supreme Council for the Islamic Revolution in Iraq. It was detonated as he attended a morning ceremony for employees of the Ministry of Labor and Municipalities who had been honored for their hard work.

The incident was the most serious of many on a day when attackers appeared to have directly focused their strikes on government and police targets, rather than soft civilian targets such as marketplaces and universities that have been besieged in recent weeks. On Sunday, a suicide bomber at an Iraqi school killed 40 people, most of them students coming and going to mid-term exams.

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Earlier today, a roadside bomb killed three Iraqi police officers and injured four others as their convoy passed through East Baghdad. A suicide bomber detonated a car bomb at a military checkpoint near the northern city of Kirkuk, killing one civilian. In the south, British forces said 15 gunmen attacked a British military patrol in Basra; three attackers were wounded in the battle, but the British did not say if any of its soldiers were harmed.

The ministry bombing served as a chilling reminder of how far U.S. and Iraqi officials have to go to in order to establish security here -- in the halls of government, not to mention the lawless and bloody streets of the capital -- as attacks continue largely unabated two weeks into a new effort to halt sectarian conflict.

The bomb went off inside the hall where the ceremony was taking place, in an affluent area of west Baghdad dominated by Sunnis, just after minister Riyadh Gharib completed a speech and returned to his seat next to Mehdi on the stage.

Witnesses said the bomb appeared to have been planted two to three yards from the stage and was packed with ball bearings that pierced skin. Thick, dark smoke filled the room and the ceiling caved in.

Mehdi was not seriously injured, but two ministry department heads were among those killed. Mehdi and Gharib were taken for treatment to the Ibn Sina hospital in the Green Zone, which is staffed with American military medical personnel.

Lt. Col. Christopher Garver of the U.S.-led military coalition said the incident was "unfortunate" but had no further comment, and said Mehdi was treated and released. A spokesman for the U.S. Embassy could not be reached.

Iraqi Vice President Injured In Blast At Government Office (USAT/AP)

USA Today, February 27, 2007

BAGHDAD — Iraq's Shiite vice president narrowly escaped assassination Monday as a blast ripped through a government hall just hours after it was searched by U.S. teams with bomb-sniffing dogs.

Adel Abdul-Mahdi was slightly hurt in the explosion, which killed at least 10 people.

As U.S. forces sealed off the area around the Iraqi Ministry of Public Works, investigators sought to figure out how the bomb was smuggled into the municipal building.

The building is a seven-story structure with crack surveillance systems from its days as offices for Saddam Hussein's feared intelligence service.

The bomb went off moments after the minister for public works finished a speech, witnesses told the Associated Press. Among those killed were several ministry employees, police said. More than 25 were wounded, including the public works minister, Riyad Gharib.

Abdul-Mahdi suffered minor leg injuries and was hospitalized for tests, his office said. He was later released. Adbul-Mahdi is one of two vice presidents. The other, Tariq al-Hashemi, is Sunni. Also Monday:

•Iraqi President Jalal Talabani was undergoing medical tests in Jordan after falling unconscious Sunday.

His physician, Yedkar Hikmat, would give no timetable on his discharge, saying only that Talabani did not have a heart attack.

•In Ramadi, 70 miles west of Baghdad, a suicide car bomber struck outside a police station, killing at least 13 people and wounding 10, police said.

•Iraq's Cabinet signed off on a proposed oil law that would divide revenue among all Iraqi factions. It now moves to the parliament for a final vote.

Bombing At Iraqi Ministry Wounds 2 Top Officials (NYT)

By Damien Cave

The New York Times, February 27, 2007

BAGHDAD, Feb. 26 — An explosion inside the Ministry of Public Works on Monday wounded an Iraqi vice president and the public works minister and killed at least five people, in what officials described as a possible assassination attempt.

Though it was unclear where in the building the bomb was hidden or who the target was, the attack was the most serious breach of an Iraqi government building since November, when dozens of employees at the Ministry of Higher Education were kidnapped by gunmen dressed in police commando uniforms.

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Adel Abdul-Mahdi, one of Iraq's two vice presidents, was approaching a conference room lectern to address ministry employees at the time of the blast, which tore through walls and hurled him to the ground, witnesses said. His guards threw themselves on top of him, and he was immediately taken to an American-run hospital inside the Green Zone where witnesses said he was received in a wheelchair, covered in dust but smiling.

Statements from several offices of the Shiite-led Iraqi government later said he was released and had returned to work.

The public works minister, Reyad Ghareeb, was seriously wounded, news agencies reported. It was not clear if his wounds were life-threatening.

The Ministry of Public Works is in the Sunni neighborhood of Mansour. Like nearly all government buildings in Baghdad, it is surrounded by 10-foot concrete blast walls and dozens of guards. Visitors to the building pass through metal detectors and are then searched by hand.

Witnesses and Iraqi officials said it was unclear whether a bomb had been carried in by an employee or had been slipped past security by a visitor.

Assassination attempts on Iraqi officials are not uncommon, and members of all sects have been singled out. Mr. Abdul-Mahdi and Mr. Ghareeb are both Shiites, and the Public Works Ministry is run by one of Iraq's leading Shiite parties, the Supreme Council for the Islamic Revolution in Iraq.

Last fall, a car bomb exploded in the Green Zone near the convoy of the speaker of Parliament, Mahmoud al-Mashadani, a Sunni. Nasreen Barwari, a Kurd and the former public works minister, said three attempts were made on her life during her tenure from 2003 to 2006.

She said satellite offices of the ministry were regularly singled out as well.

"I believe all governmental offices are a target all the time," she said. "And the main objective is to undermine the government as a whole, and discredit its security measures or plans."

Witnesses said the vice president, the minister and several senior ministry officials had gathered in a conference room on the third floor to give employees awards when the blast shredded rows of chairs and collapsed part of the roof onto the victims.

"While Dr. Abdul-Mahdi was trying to deliver his speech, the explosion took place," said a ministry employee, also wounded in the attack, who had been sitting next to the vice president. If it was a suicide bomber, the employee said, "there would have been more people killed."

Interior Ministry officials said three of the five people killed were women. Four of the dead held the rank of director general in the Public Works Ministry — the middle managers who run the organization on a daily basis.

On Monday, a roadside bomb in southern Baghdad killed two policemen. A mortar shell exploded in central Baghdad, where security forces have set up blast walls around open-air markets, killing two people and wounding four. Gunmen attacked a fire station in Mansour, in western Baghdad, killing three firemen and wounding three others.

Authorities found 25 bodies throughout the city.

Also on Monday, the political bloc loyal to anti-American cleric Moktada al-Sadr clarified the cleric's stance on the new Baghdad security plan, saying that Mr. Sadr still supported the plan despite a statement attributed to him on Sunday saying that the effort to pacify the capital was doomed to failure because it relied on American troops.

Saleh al-Ugaili, a member of Parliament and a spokesman for Mr. Sadr's political movement, said the statement was meant to emphasize a need for more Iraqi control.

"Everybody knows that the American intervention in the duties of the army and Iraqi police confuses their work and creates opportunities for breaches," he said.

The American military said in a statement on Monday that elements of Mr. Sadr's Mahdi Army militia "seem to be practicing a policy of noninterference," with many senior leaders leaving the country and others adopting a "wait-and-see" attitude.

The military also announced the death of a marine killed Monday during combat in Anbar Province.

President Jalal Talabani's office said Monday that he was recovering from exhaustion at a hospital in Jordan and denied reports that he had heart surgery. <NYT_AUTHOR_ID>

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Insurgents Aim For Wider-scale Attacks (USAT)

By Rick Jervis

USA Today, February 27, 2007

BAGHDAD — Troops from Maj. Jeremy Siegrist's battalion were following up a tip recently when they came across something odd: two restaurant-sized freezers sitting in the middle of a palm grove.

The freezers' contents were even more surprising. Inside, the troops found 150 copper plates, C-4 plastic explosive and plastic tube sections — key ingredients in making the deadly, armor-piercing roadside bombs known as explosively formed projectiles, or EFPs.

The amount of Iran-made material suggested Iraqi militants have learned how to mass-produce EFPs, rather than only import them pre-made from Iran, Siegrist said Monday. "It's a huge step" for the militants, he said.

The increased use of EFPs, which can shoot molten metal through tanks and cause heavier casualties than normal bombs, may be part of a broader tactical shift by Iraqi insurgents, U.S. military officials and analysts say. Since an increase in U.S. troops patrolling Baghdad under President Bush's new security plan, extremists have launched fewer but deadlier attacks to kill Americans and terrify the Iraqi population.

The number of roadside bombs has dropped by 20% since the security plan began this month, the U.S. military said in a report Monday. Sectarian murders have dropped to their lowest levels in a year, the report said.

However, the scale of recent attacks threatens to overshadow any relative progress. Since the security plan started, insurgents have grabbed headlines with suicide bombs in crowded markets, the downing of U.S. helicopters and an assassination attempt Monday against Iraqi Vice President Adel Abdul-Mahdi.

Three recent explosions of trucks laden with chlorine tanks were especially illustrative of insurgents' tactics, said Lt. Col. Christopher Garver, a U.S. military spokesman in Iraq. Most of the chlorine burned off in the blasts, but the mere use of the gas — used as a weapon in World War I — had a psychological impact, Garver said.

"It's more of a terror weapon," he said. "It's used to get the attention of the people. And it gets our attention, too."

As a result, some Iraqis' patience may be waning. According to a statement attributed to Muqtada al-Sadr on Sunday, the influential Shiite cleric called on Iraqis to take security into their own hands rather than trust Americans.

The number of U.S. troops in Baghdad is set to increase by 17,500 in coming months, so insurgents realize they must act now to destabilize the U.S.-backed government, said Andrew Krepinevich, a counterinsurgency expert at the Center for Strategic and Budgetary Assessments. "Just as the administration is pushing poker chips to the middle of the table, insurgents are doing the same," Krepinevich said.

The Pentagon's emphasis on Baghdad may also open opportunities for insurgents to stage dramatic attacks outside the capital. On Feb. 19, a suicide car bomber rammed into two fuel trucks outside a U.S. outpost north of Baghdad, causing a fiery explosion. Insurgents then lobbed mortars and launched rockets from nearby trucks, killing two U.S. troops and injuring 29.

"We hadn't seen that sort of complex attack on a coalition outpost before," said Siegrist, the executive officer of the Army's 1st Battalion, 12th Calvary Regiment, based in nearby Baqouba. "As we crank down on Baghdad, the insurgents will be pushing into the outskirts."

U.S. forces are trying to stay one step ahead of the insurgents. To thwart car bomb attacks, troops funnel traffic away from large targets such as markets and mosques, Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq, told reporters recently.

"Though there may be good days during that time, we are also going to have tough ones," he said. "The terrorists will adjust and react to our tactics."

US Task: Fight To End Four Wars In Iraq (CSM)

By Peter Grier

The Christian Science Monitor, February 27, 2007

Iraq may be not one war, but four or five – an assemblage of different, crosscutting conflicts.

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Think of it this way: In Iraq, the US simultaneously is playing several different games of chess against several different opponents. Meanwhile, some of those opponents are conspiring together. Some are trying to blow each other up.

This multiplicity of adversaries makes the US military's job all the harder – in intelligence terms, if nothing else. A main tenet of counterinsurgency theory is "thoroughly understand your enemy," and in Iraq there are lots of enemies to know, from factions of Sunni insurgents to competing Shiite militias to foreign Al Qaeda fighters, intelligence agents of surrounding states, and old-fashioned criminal thugs.

"Iraq is an extremely complex theater," said Lt. Gen. Ray Odierno, commanding general of coalition forces in Iraq, at a briefing on Thursday. "Its stability is threatened by a number of different factors every day."

US officials in the past have been reluctant to publicly acknowledge changes in the nature of the Iraq war.

Thus in the months after the toppling of Saddam Hussein in 2003, then-Secretary of Defense Donald Rumsfeld and other administration officials resisted labeling Iraq's continued violence as an anti-US insurgency. The White House similarly has been slow to hang the phrase "civil war" on Iraq's Sunni-Shiite divide.

But since Robert Gates took over at the Pentagon in December, a new specificity has marked the US descriptions of Iraq fighting. At a Feb. 2 press conference with Gen. Peter Pace, chairman of the Joint Chiefs of Staff, Secretary Gates said he thought the words "civil war" oversimplified Iraq's situation.

Four wars in Iraq

Gates said there are "essentially four wars in Iraq." One is Shiite versus Shiite, principally for control of Basra and other areas in Iraq's oil-rich south. The second is Shiite-versus-Sunni sectarian warfare. Third, in Gates's listing, is the insurgency, the native Sunni anti-US violence. Fourth is Al Qaeda, which both aids and directs the Sunni insurgency and foments Sunni-Shiite violence.

To this list the recently released unclassified summary of the National Intelligence Estimate on Iraq adds "widespread criminally motivated violence."

The NIE, which represents the consensus judgment of US intelligence agencies, holds that Iraq does show some signs of being a civil war. It's causing a hardening of ethnosectarian identity among Iraqis, for instance, and is resulting in the displacement of populations.

Nevertheless, "the Intelligence Community judges that the term 'civil war' does not adequately capture the complexity of the conflict in Iraq," concludes the NIE – a finding that matches Gates's view.

The strategy of perseverance

Does President Bush's new strategy for Iraq address this complexity?

Just by persevering in its attempts to establish security in Iraq, the US is in many respects countering all its adversaries, says William Martel, an associate professor of international security studies at the Fletcher School at Tufts University in Medford, Mass.

"The unifying principal for these groups is that their strategic objective is to push us out of Iraq. Victory for them is anything other than success for the US," says Dr. Martel, author of "Victory in War: Foundations of Modern Military Policy."

US intelligence does have the difficult job of trying to understand the nature and motives of many different adversaries and alleged friends alike, notes Martel. As military operations this year in Baghdad have shown so far, one group – Shiite militias – may fade into the shadows, while another – Sunni insurgents – steps up its attacks.

US operations then become "a whack-a-mole game," says Martel.

US approach too simple?

Other analysts hold that the chaos of Iraq's conflict means that the current US effort to establish security in Baghdad will, at best, achieve only a temporary calm there. The divides that fuel the current conflict – both between sectarian groups, and within them – won't be resolved merely by an absence of fighting, they say. Likewise, they hold out little hope that the political components of US strategy will be able to stabilize Iraq.

"Why won't we see the same problems again if we try to withdraw?" asks James Fearon, a Stanford University political scientist and author of an analysis of the nature of Iraq's civil war in the current issue of the journal Foreign Affairs.

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The term "civil war" is indeed apt for Iraq, argues Dr. Fearon. It is often applied to conflicts marked by factionalism and chaos, such as the multisided Lebanese civil war of the late 1970s and 1980s.

History shows that the majority of civil wars have ended when one side wins. Power-sharing agreements, similar to the national reconciliation the US is pushing for in Iraq, are far less common, according to Fearon.

Two factors can make power-sharing feasible: cohesion among the warring parties and a period of fighting that makes obvious the relative military capabilities of both sides – in Iraq's case, Sunni and Shiite forces. Neither of these currently exists in Iraq, says Fearon.

From the vantage point of the US, the immediate task is to stop bullets flying, from whomever they come. "The question is ... how do we get from where we are to where we are supposed to be?" said General Pace at the Feb. 2 briefing. "And that is what the new plan is about."

Oil Plan Includes More Production, Sharing (LAT)

By Christian Berthelsen And Tina Susman

Los Angeles Times, February 27, 2007

BAGHDAD, Iraq -- After months of negotiations over the post-war spoils of Iraq's most valuable natural resource, the government announced Monday night that it had approved a draft plan to ramp up oil production and share the proceeds.

The agreement on the terms by Iraq's cabinet was touted as a major breakthrough. It must still be approved by Parliament, but because all of Iraq's vested ethnic and regional interests are represented in the Cabinet, the deal was viewed as having overcome a significant hurdle.

The United States has long wanted to capitalize on Iraq's oil resources, especially as a means of paying for the country's reconstruction since the 2003 invasion. Oil's importance was reiterated in the Iraq Study Group report released in December.

The agreement not only will open international investment in Iraq's oil industry -- a bonanza for foreign oil companies -- but will produce revenue for a nation badly in need of cash to finance its reconstruction.

Iraq's oil riches predominantly lie in the Kurdish-controlled north and the Shiite-controlled south. Reaching an agreement essentially required both parties to be willing to share their bounty with Sunnis in the middle -- a particularly painful prospect as Sunnis under Saddam Hussein controlled the entire government.

In addition, Kurds, who are pushing a referendum on withdrawal from Iraq, wanted more control over their ability to strike contracts with foreign firms and spend profits as they see fit.

According to the statement from the office of U.S. Ambassador Zalmay Khalilzad, all revenues from oil sales will go into a single national account, but all regions and provinces will have a seat on an energy policy-making body, and provinces will receive shares of revenue and have control over how they spend it.

In Washington, White House spokesman Tony Snow called a new oil law the "key linchpin" in Iraq's recovery because it gives "everybody a shared economic interest in working together."

During a visit to Baghdad earlier this month, Secretary of State Condoleezza Rice urged Iraqi leaders to pass the law, saying "it's really critical" to show signs of national reconciliation.

The oil sector in Iraq has not been in full-scale development since the 1980s. Fewer than a quarter of its fields have been developed; production volume fell by 8 percent in 2005.

And yet it is the overwhelming source of revenue in Iraq and is expected to bring in $31 billion this year, based on projected exports of 1.7 million barrels a day at a price of $50 a barrel.

It was unclear what concessions led to the compromise, and the precise terms of the deal were not immediately available. The U.S. has been exerting considerable pressure on Iraqi leadership for months to reach the accord, and one Sunni politician said Monday night that the deal had been brokered by Khalilzad himself.

Iraqi parliament members were cautious to embrace the plan. Still, most agreed that a cabinet compromise was a good sign.

"Definitely, if there is a cabinet accordance, this would be a good key for a future accordance in the Parliament," said Qusai Abdul-Wahab, a Shiite member of Parliament.

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Others predicted a tougher battle for the proposal on its way to becoming law.

"I think there will be great opposition to it in the Parliament," said Rashid al-Azzawi, of the Sunni Parliamentary bloc known as the Iraqi Accordance Front.

Some analysts say the law also will be viewed dimly as another tool of the United States to get its hands on the country's oil.

Antonia Juhasz, an analyst at the Institute for Policy Studies in Washington, D.C., who has written extensively on the economic aspects of the U.S. invasion of Iraq, said throwing open the oil industry to foreign investment -- which no doubt would include U.S. oil interests -- would only heighten Iraqis' distrust of the United States.

"Most people in Iraq assume the U.S. invasion was about oil," she said. "When the people of Iraq learn that the majority of their oil fields are being turned over to foreign private production ... it worries me. I wouldn't want to be a soldier on the ground when the law passes."

Iraq's Cabinet Backs Contentious Oil Measure (WP)

By Joshua Partlow And Ernesto Londono

The Washington Post, February 27, 2007

BAGHDAD, Feb. 26 -- Iraq's cabinet approved draft legislation Monday that would enable the government to manage the country's vast oil resources and distribute revenue throughout the country, a step toward meeting a U.S. demand that the country's parliament pass such a law.

But in a reminder of Iraq's continuing instability, Adel Abdul Mahdi, one of the country's two vice presidents, narrowly avoided assassination Monday morning when a bomb exploded inside a crowded third-floor conference room at a government ministry in Baghdad's Mansour district.

Abdul Mahdi, one of Iraq's most influential Shiite politicians, was walking toward the podium at an awards ceremony at the Public Works Ministry when explosives detonated beneath the seats, striking him with shrapnel but causing only minor wounds, according to Zuhair Hamadi, an adviser to the vice president.

The harrowing security breach, in which at least five people were killed and more than 15 wounded, police said, illustrated the perils of political life in Iraq even as U.S. and Iraqi forces attempt to pacify the capital. Abdul Mahdi's brother was killed in 2005, and last year a bomb exploded outside his house in Baghdad.

"I'm sure people knew he was coming to the ceremony maybe three or four days ahead of time, and they planned it," Hamadi said.

The draft oil law, approved by Iraq's cabinet after months of intense negotiations, must still be approved by parliament. Ministers agreed to a goal of enacting the legislation by May, a senior Iraqi official said on condition of anonymity.

"If this law is enacted, it is truly an important breakthrough to establishing the political economy of what we want to see: an Iraq that is democratic, federal and united," Barham Salih, one of Iraq's two deputy prime ministers, said in an interview. "These vital resources, and these revenues, are understandably among the most difficult and most contentious issues faced by Iraqis."

The draft law calls for oil revenue throughout the country to be deposited in a federal government account and redistributed to Iraq's 18 provinces, most likely on a per capita basis, said Salih, the chairman of the negotiating committee working on the legislation. A secondary piece of legislation will address in more detail the mechanisms of revenue distribution, he added.

The law would establish a Federal Council on Oil and Gas to oversee energy policy and determine procedures for negotiating contracts with oil companies and managing oil exploration and production. The law also would revamp the Iraqi National Oil Co. and give regulatory oversight to the Oil Ministry.

"All Iraqis, irrespective of their geographic location, will benefit from these revenues. There will be no segregation or sectarian division," said Thamir Ghadban, a former oil minister serving as a consultant to the negotiating committee.

The negotiators wrangled in part over how much autonomy regional authorities, especially the Kurdish territories of northern Iraq, would have to sign contracts with energy companies and manage oil fields in their areas. While the draft law would consolidate much decision-making authority in Baghdad, regional officials hailed the agreement and said they would still have certain independent powers over their resources.

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"The Kurdistan region will voluntarily share some of its constitutional powers to manage petroleum exploration and development in Kurdistan with the federal government," said Ashti Hawrami, the Kurdish region's minister of natural resources, in a statement on the regional government's Web site.

In particular, the Kurdish regional government will allow a panel of experts to review the region's oil contracts and pool its revenue with the central government. "In return, Kurdistan will be guaranteed a share of pooled revenues proportionate to its population," the statement said. "The Kurdistan Regional Government will, of course, retain the power to sign contracts for petroleum exploration and development in the Kurdistan Region."

The U.S. ambassador to Iraq, Zalmay Khalilzad, issued a statement praising the cabinet for reaching an agreement. U.S. officials have pressured the Iraqi government to approve the law in the hope that an equitable mechanism for managing oil resources would remove a source of conflict. Most of Iraq's oil fields are in the predominantly Shiite south and the mainly Kurdish north, prompting fears among Sunni Arabs that they will be left out of revenue-sharing arrangements devised by a Shiite-led government.

Given that the cabinet represents all major parliamentary blocs, "prospects for the draft legislation becoming the law of the land are excellent," Khalilzad said. "There is still much work that needs to be done in the hydrocarbon sector. But a vital step was taken today."

Also on Monday, U.S. officials announced the seizure of what they described as a large cache of Iranian-made parts for powerful armor-piercing roadside bombs, known as explosively formed projectiles, that officials say have killed more than 170 members of U.S.-led coalition forces over the past two years. U.S. soldiers, following a tip from an Iraqi, found the weapons parts, along with rockets and mortars, on Saturday, hidden in two large freezers concealed by palm fronds.

"This was a great find for us," said Capt. Clayton Combs, the commander of the company that made the discovery in a village near Baqubah, about 35 miles northeast of Baghdad. "This is a significant amount. It probably saved a lot of lives."

The roadside bombs are fashioned with plastic cylinders packed with explosives, and an attached copper plate turns into a smoldering projectile that penetrates armored vehicles. The cache included 150 of the plates in various sizes.

Earlier this month, U.S. military officials briefing reporters in Baghdad on condition of anonymity said without offering evidence that high-ranking Iranian government officials were involved in supplying the deadly explosives to Iraqi militants. But at a briefing Monday, officials said they had no evidence of who supplied the weapons. A military explosives expert, Maj. Marty Weber, said Iran is the only known country where these types of components are manufactured.

Military officials involved in the recent discovery said they were not sure to whom the weapon parts belonged or how they got to the village of al-Jedidah, where the Mahdi Army, a Shiite militia, has a strong presence. They said the fact that they found parts, rather than complete devices, suggests that some are being assembled in Iraq.

The U.S. military said a Marine was killed Monday in Anbar province in western Iraq.

Meanwhile, aides to Iraqi President Jalal Talabani, who was hospitalized Sunday in Jordan, said he is in stable condition. His office said Monday that the president was "fully conscious and in high spirits." He will remain in Amman to undergo more tests. Talabani reportedly lost consciousness Sunday after what his staff described as a series of stressful days.

Iraq Cabinet Backs Oil Proposal (WSJ)

By Hassan Hafidh And Chip Cummins

The Wall Street Journal, February 27, 2007

Iraq's cabinet approved a draft law laying the groundwork for oil-field development contracts, a move that eventually could lift its battered economy and help allay the country's sectarian divisions.

The legislation now goes to parliament. If the law is approved, it would green-light negotiations between central-government and regional officials and foreign oil-company executives, though oil companies aren't likely to rush into the country anytime soon.

The legislation would provide foreign executives with a legal foundation for any oil-field development contracts they may one day sign with government officials. The lack of such a framework after Saddam Hussein's ouster in 2003 has prevented most oil companies from entering into detailed negotiations.

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Typically, in countries with nationalized oil industries, foreign oil companies negotiate a contract with the government itself. That was the case in Iraq before Mr. Hussein's fall. The new law would clear the way for oil companies to negotiate with Iraq's current central government, along with the regional authorities.

Iraq is home to some of the world's largest crude-oil deposits, and much of the country remains relatively unexplored. Decades of war and underinvestment have left the oil industry in shambles. U.S. officials have long encouraged Iraqi counterparts to hammer out a petroleum law in the hopes of encouraging foreign investment and jump starting Iraq's economy.

A petroleum law could also provide some relief from the political fighting by holding out the promise of new revenue streams.

Iraqis Reach An Accord On Oil Revenues (NYT)

By Edward Wong

New York Times, February 27, 2007

BAGHDAD, Feb. 26 — The Iraqi cabinet approved a draft of a law on Monday that would set guidelines for nationwide distribution of oil revenues and foreign investment in the immense oil industry. The endorsement reflected a major agreement among the country's ethnic and sectarian political blocs on one of Iraq's most divisive issues.

The draft law approved by the cabinet allows the central government to distribute oil revenues to the provinces or regions based on population, which could lessen the economic concerns of the rebellious Sunni Arabs, who fear being cut out of Iraq's vast potential oil wealth by the dominant Shiites and Kurds. Most of Iraq's crude oil reserves lie in the Shiite south and Kurdish north.

The law also grants regional oil companies or governments the power to sign contracts with foreign companies for exploration and development of fields, opening the door for investment by foreign companies in a country whose oil reserves rank among the world's three largest.

Iraqi officials say dozens of major foreign companies, including ones based in the United States, Russia and China, have expressed strong interest in developing fields or have done some work with the Iraqi industry. The national oil law would allow regions to enter into production-sharing agreements with foreign companies, which some Iraqis say could lead to foreigners reaping too much of the country's oil wealth.

Iraqi officials say all such contracts will be subjected to a fair bidding process, but American inspectors have reported that the upper echelons of the government, including the senior ranks of the Oil Ministry, are rife with corruption. There are also fears among non-Americans that American companies could be favored.

But oil industry analysts in the United States say it is unclear whether companies will rush to sign contracts because the law is vague about what legal protections investors would be given.

The oil law and several related measures must still be approved by Parliament before they are enacted. Since the American-led invasion in 2003, Iraqi politics have often been split bitterly along ethnic and sectarian lines, and that kind of conflict could stall the law's passage. Drafts were debated for months by a committee before the cabinet finally approved one.

"At the end of the day, we all supported this thing because it's workable for all the parties," said Barham Salih, a deputy prime minister and the head of the committee.

Distributing revenue by population is not guaranteed to placate the feuding parties because no accurate census exists. There is intense disagreement over demographics in Iraq — many Sunni Arabs insist they are the majority of Iraqis, even though Sunni Arabs are generally estimated to be 20 percent of the population, Kurds 20 percent and Shiite Arabs 60 percent.

If the law is passed, its effect on the oil industry could be enormous, assuming that foreign companies would be willing to work here despite the violence. Iraq has 80 known oil fields, 65 of which will be offered for bids for development contracts, said Hussain al-Shahristani, the oil minister.

Iraqi leaders say they want the 275-member Parliament to approve the law before May. The legislature is in recess but is expected to reconvene next month. American and Iraqi leaders had tried to get the law approved last year, but the effort bogged down at the drafting level. Before the cabinet vote on Monday, the main Sunni, Shiite and Kurdish political blocs agreed to work together to ensure that the law passes Parliament in an expeditious manner, Mr. Shahristani said.

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Since last year, senior Bush administration officials and top American commanders here have said a new oil law is crucial to the country's political and economic development, and they have pressured Iraqi leaders relentlessly to make passage of the law a priority.

In recent weeks, Ambassador Zalmay Khalilzad, the senior American envoy here, has been in intense talks with Kurdish leaders in the north to overcome their objections to the draft, which centered on the contracting powers given to the central government versus the regions. Iraqi officials say Mr. Khalilzad's negotiations were crucial to winning unanimous cabinet approval on Monday.

"This is a significant political achievement because leaders representing all of Iraq's communities have demonstrated that they can pull together to resolve difficult issues of vital national importance," Mr. Khalilzad said in a written statement on Monday evening. "The drafting of this framework law was not easy. It presented special challenges for the Iraqi and Kurdistan regional governments, and the leaders of key political blocs."

Several members of the committee overseeing the drafting said in interviews that they were confident that Parliament would ultimately endorse the law, but perhaps only after heated debate.

"It will be tough," Mr. Salih said. "I want to admit it and I want to recognize that. It will be an interesting roller coaster, my friends."

The writers of the draft law tried to balance the powers of regional and central governments, an issue that goes directly to the heart of the Iraq war.

The minority Sunni Arabs, who ruled Iraq for decades before the toppling of Saddam Hussein and are now leading the insurgency, have chafed at rule by the Shiites and Kurds partly because they fear that those two groups might hoard oil wealth for themselves. Sunni Arab leaders have resisted attempts by the Kurds and some Shiite politicians to create laws allowing for greater regional autonomy.

The draft law says that all revenues from current and future oil fields will be collected by the central government and redistributed to regional or provincial governments by population, in theory ensuring an equitable distribution of profits. That method could help assuage Sunni Arabs hostile to Kurdish and Shiite autonomy.

The attitudes of Sunni Arabs could also soften if more oil exploration is done on their land. Iraqi officials recently increased their estimates of the amount of oil and natural gas deposits in Sunni Arab territory after paying tens of millions of dollars to foreign oil companies to re-examine old seismic data across the country and retrain Iraqi petroleum engineers.

Industry and government analysts in and outside Iraq estimate the proven oil reserves at 115 billion barrels. Oil production peaked at 3.7 million barrels a day in 1979, according to the United States Department of Energy. Production stood at 2.6 million barrels a day before the 2003 invasion, but has dropped since.

The oil law's drafters reached agreement on the principle of revenue sharing fairly early in the process. Much more contentious was the issue of signing oil contracts. The Kurds, who have enjoyed de facto independence in the mountainous north since the end of the Persian Gulf war in 1991, argued strongly for regional governments or companies to have full power in signing contracts with foreign companies to develop oil fields. Sunni Arab leaders insisted on keeping this power in the hands of the Oil Ministry. The Shiites fell somewhere in the middle.

The draft law has a compromise: regions can enter into contracts, but a powerful new central body, the Federal Oil and Gas Council, would have the power to prevent the contracts from going forward if they do not meet certain prescribed standards, Mr. Salih said. A panel of oil experts from inside and outside Iraq would advise the federal council on the contracts.

The draft law also re-establishes the state-run Iraq National Oil Company, which was founded in 1964 to oversee oil production but was shut down by Mr. Hussein in 1987. The company would operate separately from the Oil Ministry and use a business model. In addition, any region that can produce at least 150,000 barrels of oil a day can create its own operating company.

Energy analysts said the new law is unlikely to lead to a stampede by foreign companies anytime soon because it leaves too many unresolved issues, including the lack of a mechanism to settle potential disputes between the federal authority and local governments.

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"I think the devil is going to be in the details," said Fadel Gheit, an analyst with Oppenheimer & Company in New York. "Oil companies need governments that will honor the contracts they sign and they need a safe environment to operate," he added.

While Mr. Gheit said he expected American and British oil companies to receive preferential treatment in the awarding of contracts, other analysts said Iraqis would be suspicious of awarding preferential deals to American companies.

"Iraqis are extremely protective of their resources," said Rochdi A. Younsi, an analyst at Eurasia Group, a political risk consulting firm. "Given the level of anti-American sentiment, any major American oil company perceived to take advantage of their relations in government would be seen as being part of the so-called conspiracy to take over Iraq's natural resources."

Iraq Approves Draft Oil Legislation (FT)

By Steve Negus

Financial Times, February 27, 2007

Iraq's cabinet on Monday approved the draft of a law governing the country's oil industry that would open the door to much-needed investment, officials said.

The law has to be approved by parliament, and several documents need to be written to complete the legislative package governing the oil industry.

But approval by the cabinet, which includes members of the country's three main sectarian-political blocs, the Shia, Sunni Arabs and Kurds, is a step towards ending a months-long stalemate over the powers of Iraq's federal and regional governments.

The US has pressed both Baghdad and the autonomous Kurdistan Regional Government in northern Iraq to produce a law, the absence of which is holding back the foreign investment deemed critical to boosting oil production. Output has fallen to less than 2m barrels per day – down from 2.5m bpd before the war – in a country with the world's third largest reserves.

"This draft law, the endorsement of the cabinet of this legislation, represents a breakthrough for Iraq's political and economic transition," said Barham Salih, Iraq's deputy prime minister. He said that the parties in government were committed to enacting the entire oil legislation package by the end of May.

Zalmay Khalilzad, US ambassador, welcomed the approval of the draft, declaring that it was the "first time since 2003 that all major Iraqi communities have come together on a defining piece of legislation".

It was unclear whether there had been any changes to a draft which the leaders of Iraq's Kurdish parties, who had championed regional control of oil, had approved at the weekend.

But it is unlikely, given months of wrangling, that ministers of the Kurdistan Alliance bloc would have agreed to legislation that seriously diverged from what their leadership had approved.

With Iraqi Boy's Surgery, A Time For Healing (WP)

By Robin Shulman

The Washington Post, February 27, 2007

NEW HYDE PARK, N.Y., Feb. 26 -- In a light-filled lobby of a hospital for sick children, an American mother talked on Monday with an Iraqi father about how their lives had been altered and entwined by a war thousands of miles away.

Charlotte Freeman's husband, Capt. Brian Freeman, had been stationed in Iraq, where he worked to bring an 11-year-old Iraqi boy born with a rare heart defect to the United States for lifesaving surgery. That boy is Abu Ali's son.

Last week, the boy, Ali, had the surgery. It was successful, but the occasion turned out to be as painful as it was sweet.

On Jan. 20, the day Abu Ali learned that his long-awaited visas to the United States were likely to come, Freeman, 31, was kidnapped from his office by insurgents and later killed.

Ali has recuperated enough after his Feb. 20 surgery at Schneider Children's Hospital on Long Island to walk around in sandals. A gentle, shy, skinny boy with a megawatt smile, he says he wants to be a soccer star.

"This has been a gift for me," said Charlotte Freeman, 31, who flew in from California with her family this weekend to meet Abu Ali and his son and stay with them at the Ronald McDonald House. She smiled through tears at the boy. "Through Ali, Brian lives," she said.

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Ali, the second of five children, was born with a hole between the two upper chambers of his heart, said Fred Bierman, the cardiology chief overseeing Ali's care. Ali's condition was diagnosed in 2005 in Iraq, his father said. Doctors said he would need surgery to survive into adulthood.

But the Iraqi medical system had collapsed, and this surgery was not available.

There was danger in asking for help from Americans and being branded "traitor" or "spy," said Abu Ali, 37, a stocky, gentle man with jet-black hair. He would not reveal his full name for fear of reprisals; his friends believe he is now in Amman, Jordan.

An athlete who trained with the U.S. Olympic bobsled team, Brian Freeman graduated from West Point in 1999. Then in fall 2005, a shortage of officers prompted a call-up of Brian's reserve section, even though many members had only a few months of service remaining.

Brian did not support the war in Iraq and had little desire to participate, Charlotte said. But he felt an obligation to carry the same burden as his West Point classmates.

When he left their home in Temecula, Calif., son Gunnar was nearly 3 and daughter Ingrid was a newborn. From Iraq, he would contact Charlotte every other day with a webcam. He loved it when she put Ingrid in front of the camera so he could watch her face change as she grew.

He didn't talk much about the dangers, Charlotte said; she learned about his close calls only later when she read his e-mails to friends.

As The Washington Post previously reported, he told Charlotte that the Iraqis "didn't want us there." And she knew in December when he cornered Sens. Christopher J. Dodd (D-Conn.) and John F. Kerry (D-Mass.) at a Baghdad helicopter landing zone and told them that the war was going badly.

But, as a civilian affairs officer, Freeman mainly concerned himself with purifying water and paving roads -- and his private, off-duty cause, a young boy named Ali.

Freeman arranged for sponsorship from Gift of Life International, a New York-based nonprofit that brings poor children with heart ailments to top hospitals.

Freeman also talked to Charlotte about long-term plans of starting a nonprofit to help Iraqi children seeking medical care abroad, a project she hopes to pursue.

On Monday, Ali's doctor said that the boy still has heart-rhythm problems but that his major trouble has been solved and he should be able to travel home in a few weeks.

Ingrid Freeman toddled to Abu Ali and offered a handful of Cheerios. He scooped her up and kissed her wispy hair.

Abu Ali hopes that his son will someday do humanitarian work of his own. But Ali's dreams for now are simple: "I want to stay in America."

Billions Over Baghdad (NYT)

By John B. Taylor

The New York Times, February 27, 2007

Stanford, Calif.

EARLIER this month, the House Committee on Oversight and Government Reform held a hearing that criticized the decision to ship American currency into Iraq just after Saddam Hussein's government fell. As the committee's chairman, Henry Waxman of California, put it in his opening statement, "Who in their right mind would send 360 tons of cash into a war zone?" His criticism attracted wide attention, feeding antiwar sentiment and even providing material for comedians. But a careful investigation of the facts behind the currency shipment paints a far different picture.

The currency that was shipped into Iraq in the days after the fall of Saddam Hussein's government was part of a successful financial operation that had been carefully planned months before the invasion. Its aims were to prevent a financial collapse in Iraq, put the financial system on a firm footing and pave the way for a new Iraqi currency. Contrary to the criticism that such currency shipments were ill advised or poorly monitored, this financial plan was carried out with precision and was a complete success.

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The plan, which had two stages, was designed to work for Iraq's cash economy, in which checks or electronic funds transfers were virtually unknown and shipments of tons of cash were commonplace.

In the first stage, the United States would pay Iraqi government employees and pensioners in American dollars. These were obtained from Saddam Hussein's accounts in American banks, which were frozen after he attacked Kuwait in 1990 and amounted to about $1.7 billion. Since the dollar is a strong and reliable currency, paying in dollars would create financial stability until a new Iraqi governing body was established and could design a new currency. The second stage of the plan was to print a new Iraqi currency for which Iraqis could exchange their old dinars.

The final details of the plan were reviewed in the White House Situation Room by President Bush and the National Security Council on March 12, 2003. I attended that meeting. Treasury Secretary John Snow opened the presentation with a series of slides. "As soon as control over the Iraqi government is established," the first slide read, we plan to "use United States dollars to pay civil servants and pensioners. Later, depending on the situation on the ground, we would decide about the new currency." Another slide indicated that we could ship $100 million in small denominations to Baghdad on one week's notice. President Bush approved the plan with the understanding that we would review the options for a new Iraqi currency later, when we knew the situation on the ground.

To carry out the first stage of the plan, President Bush issued an executive order on March 20, 2003, instructing United States banks to relinquish Mr. Hussein's frozen dollars. From that money, 237.3 tons in $1, $5, $10 and $20 bills were sent to Iraq. During April, United States Treasury officials in Baghdad worked with the military and the Iraqi Finance Ministry officials — who had painstakingly kept the payroll records despite the looting of the ministry — to make sure the right people were paid. The Iraqis supplied extensive documentation of each recipient of a pension or paycheck. Treasury officials who watched over the payment process in Baghdad in those first few weeks reported a culture of good record keeping.

On April 29, Jay Garner, the retired lieutenant general who headed the reconstruction effort in Iraq at the time, reported to Washington that the payments had lifted the mood of people in Baghdad during those first few confusing days. Even more important, a collapse of the financial system was avoided.

This success paved the way for the second stage of the plan. In only a few months, 27 planeloads (in 747 jumbo jets) of new Iraqi currency were flown into Iraq from seven printing plants around the world. Armed convoys delivered the currency to 240 sites around the country. From there, it was distributed to 25 million Iraqis in exchange for their old dinars, which were then dyed, collected into trucks, shipped to incinerators and burned or simply buried.

The new currency proved to be very popular. It provided a sound underpinning for the financial system and remains strong, appreciating against the dollar even in the past few months. Hence, the second part of the currency plan was also a success.

The story of the currency plan is one of several that involved large sums of cash. For example, just before the war, Saddam Hussein stole $1 billion from the Iraqi central bank. American soldiers found that money in his palaces and shipped it to a base in Kuwait, where the United States Army's 336th Finance Command kept it safe. To avoid any appearance of wrongdoing, American soldiers in Kuwait wore pocket-less shorts and T-shirts whenever they counted the money.

Later, American forces used the found cash to build schools and hospitals, and to repair roads and bridges. Gen. David Petraeus has described these projects as more successful than the broader reconstruction effort.

But that wasn't the only source of dollars. Because the new Iraqi dinar was so popular, the central bank bought billions of United States dollars to keep it from appreciating too much. As a result, billions in cash accumulated in the vaults of the central bank. Later, with American help, the Iraqi central bank deposited these billions at the New York Federal Reserve Bank, where they could earn interest.

Finally, when Iraq started to earn dollars selling oil, the United States transferred the cash revenue to the Finance Ministry, where it was used to finance government operations, including salaries and reconstruction. Many of these transfers occurred in 2004, long after the financial stabilization operation had concluded. Iraqi Finance Ministry officials had already demonstrated that they were serious about keeping the controls they had in place. The 360 tons mentioned by Henry Waxman includes these transfers as well as the 237.3 tons shipped in 2003 in the stabilization.

One of the most successful and carefully planned operations of the war has been held up in this hearing for criticism and even ridicule. As these facts show, praise rather than ridicule is appropriate: praise for the brave experts in the United States

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Treasury who went to Iraq in April 2003 and established a working Finance Ministry and central bank, praise for the Iraqis in the Finance Ministry who carefully preserved payment records in the face of looting, praise for the American soldiers in the 336th Finance Command who safely kept found money, and yes, even praise for planning and follow-through back in the United States.

"Allies" (WSJ)

By Bret Stephens

The Wall Street Journal, February 27, 2007

On Oct. 2, 2001, the North Atlantic Treaty Organization took the unprecedented step of formally invoking Article 5 of its 1949 Charter, which says that "an armed attack against one or more of them. . . . shall be considered an attack against all of them." Lord Geoffrey Robertson, then NATO's secretary-general, gave a press conference saying he wanted to "reiterate that the United States of America can rely on the full support of its 18 NATO Allies in the campaign against terrorism."

In recent weeks, we've been reminded once again just how cheap those promises were. On Thursday, Stéphane Dion, who leads Canada's Liberal Party, announced that as prime minister he would bring an end to the country's 2,500-strong military commitment to southern Afghanistan. "Neither Canada, NATO nor the Americans anticipated how violent and dangerous Kandahar would become in 2006," he said, adding that the proper role for Canadian forces is "to win the hearts and minds of the Afghan people."

Also in recent weeks, the Italian government of Romano Prodi briefly collapsed after it was unable to muster the votes to approve the enlargement of a U.S. Army base in Vicenza along with the continuance of Italy's 2,000-man deployment in Afghanistan. George W. Bush has had to plead publicly with NATO nations to increase their troop commitments and -- would it be too much to ask? -- deploy them in areas where they are likely to see combat. To make up for the NATO shortfall, Britain is sending in another 1,400 soldiers, while the U.S. is extending the tour of the Tenth Mountain Infantry Brigade and sending in troops from the 82nd Airborne.

It is a statistical certainty that American and British soldiers will pay a price in blood this spring because their French, Spanish, Italian, German and -- if Mr. Dion has his way -- Canadian counterparts mean to keep their moral slates clean. A century ago that would have been a mark of martial and national dishonor, of "letting the side down." Today, it is a concession to the political reality that most NATO governments cannot muster political support for anything except a "peace mission" in Afghanistan. "If you are non-U.S., implicitly there is a political calculus," says a senior U.S. Army officer about his NATO colleagues. "You are looking over your shoulder to Ottawa. You're asking: 'Will getting five killed-in-action mean a phone call about the wisdom of this particular operation?'"

Afghanistan, of course, was supposed to have been the "good war" -- the war that, unlike Iraq, everyone was willing to fight. Now the best that can be said for France, Germany, Italy and company is that they will not actively stand in the way of its being fought, so long as they're not fighting.

But even that is an improvement over the way some European governments are conducting themselves in the war on terror closer to home. Earlier this month, an Italian court named and indicted 25 CIA officers and five Italian officials for the rendition to Egypt of a cleric named Osama Mustafa Hassan Nasr, aka Abu Omar. Germany, too, has issued arrest warrants for 13 CIA officers involved in the abduction (in Macedonia) of a German man of Lebanese descent named Khaled al-Masri. Mr. Masri has since become a cause célèbre back home -- a living indictment of the Bush administration's perfidious approach to fighting terrorism.

In Sheikh Omar's case, even the Italians don't dispute the Egyptian was a dangerous actor: He is believed to have recruited terrorists and plotted an attack on the U.S. embassy in Rome. Mr. Masri, by contrast, is usually depicted as an innocent caught up in a web of CIA intrigue. But as John Rosenthal of the invaluable Transatlantic Intelligencer blog notes, it was German, not American, intelligence that first became intensely concerned about Mr. Masri's activities.

Not two weeks after 9/11, Mr. Masri was already being investigated by authorities in Baden-Württemberg as a "follower of Bin Laden." A classified report from Germany's Federal Bureau of Criminal Investigations notes that Mr. Masri maintained "numerous contacts to dangerous persons and accused suspects in the domain of Islamist terrorism." He had a friendship with a militant Islamist named Reda Seyam, suspected of involvement in the 2002 Bali bombings. He frequented an Islamic Cultural

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Center known for distributing audiocassettes with such charming messages as "Whoever fights against the Christians, the Jews and their allies is a martyr." It was shut down by Bavarian officials in December 2005 and the organization that ran it was banned.

For all this, Mr. Masri may be guilty of nothing more than fellow-traveling. The same might be said of the German government, which at a minimum involved itself in the abduction it now means to prosecute by agreeing to keep the whole matter secret. "The German government, witness to the entire incident, pretended not to know anything," the German newsweekly Der Spiegel reported in 2005. "In a court of law, such behavior amounts to the suppression of evidence."

The German government also involved itself in another apparent CIA kidnapping in December 2001 of a German citizen and terrorist suspect named Mohammed Haydar Zammar, who was later rendered to his native Syria. Rather than demand his instant repatriation, however, the government of Gerhard Schröder arranged for investigators to interview Mr. Zammer in Syria, in exchange for which it dropped charges against two Syrian agents in Germany. Mr. Zammar remains in a Syrian prison.

None of this need shame the German government: Mr. Zammar is reported to have recruited some of the 9/11 hijackers and his fate is richly deserved. What is shameful is that the same governments that actively colluded with the U.S. to bring the worst terrorist cases to some kind of justice are now bending to the demands of activist prosecutors and the prevailing anti-American mood, and again allowing the U.S. to take the flak for what were often joint operations. For the indicted CIA officers, that flak is less deadly than what the GIs in Afghanistan can look forward to this spring. But the principle is the same.

Asked what he worried about most in wartime, Napoleon is said to have replied, "Allies." Plus ça change.

DOJ:

Sen. Feinstein Seizes On DoJ Documents (HILL)

By Elana Schor

The Hill, February 27, 2007

Justice Department performance evaluations released to senators over the weekend further validate concerns that six dismissed U.S. attorneys were asked to resign for political purposes, Sen. Dianne Feinstein (D-Calif.) said yesterday.

Feinstein forwarded the six evaluations to Senate Majority Leader Harry Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) along with a letter urging floor time for her bill, which would reverse a statutory change last year that allows the Bush administration to indefinitely install federal prosecutors without seeking Senate confirmation.

Several of the fired attorneys were involved in political corruption probes in the months before their departures were sought by Justice, including San Diego's Carol Lam, who secured three indictments in the investigation of former GOP Rep. Randy "Duke" Cunningham (Calif.). Judiciary Committee Democrats had vowed to subpoena the performance evaluations if the administration did not furnish copies, but the reports only heightened Feinstein's skepticism about Justice's explanation that the dismissed attorneys had performance problems.

"Indeed, contrary to the department's rationalizations to explain their dismissals, in every case the fired U.S. attorney was judged to have a strategic plan and appropriate priorities to meet the needs of the Department and their districts," Feinstein wrote in yesterday's letter, reminding leaders of her bill, which is cosponsored by Judiciary ranking member Arlen Specter (R-Pa.).

U.S. Attorneys Should Be Confirmed (SCRIPPS)

By Dale McFeatters, Scripps Howard News Service

Scripps Howard News Service, February 27, 2007

Congress clearly didn't take much notice of an obscure provision the Bush administration slipped into the USA Patriot Act last year. But now it seems clear that the measure is being used to conduct a political purge of U.S. attorneys' offices.

So far, at least eight are known to have been forced out by the Justice Department, and there may be others. The departures were facilitated by a provision that allows the president to appoint interim U.S. attorneys for an indefinite period without the usual Senate confirmation.

The ouster that raised the biggest stink was that of Carol Lam, the U.S. attorney for San Diego, who nailed Randy "Duke" Cunningham, then a senior House Republican, for accepting over $2 million in bribes. The suspicion was that the White House acted because her investigation was still ongoing and widening.

Deputy Attorney General Paul McNulty told a Senate committee that the firings were all for "performance-related" reasons, although he conceded that the highly respected U.S. attorney in Little Rock, Ark., was forced out so the job could be given to a protege and former aide to White House political adviser Karl Rove.

The "performance-related" defense began to crumble when the department's internal evaluations started to leak out and it turned out that most of the ousted attorneys had been capable, competent and well regarded.

Democrats on the Senate Judiciary Committee are threatening to summon the dismissed prosecutors to testify and to subpoena their performance evaluations. It would be an opportunity for the eight to rebut a gratuitous slap at their reputations.

Better yet would be to repeal the offending provision. A bill to do that has bipartisan support in the Senate, but is being held up in a procedural wrangle. Let's hope the lawmakers unsnarl the obstacle quickly, because this provision has the potential to give us a badly flawed criminal-justice system.

Congress Wary Of Justice Department Firings (PBS)

PBS News Hour, February 27, 2007

Evaluations of the U.S. attorneys recently dismissed by the Justice Department under a little-known USA Patriot Act provision described them as "well regarded" and "very competent." Analysts discuss the firings and congressional charges of political tampering.

RAY SUAREZ: Margaret Chiara, the U.S. attorney for Western Michigan, suddenly announced her resignation on Friday after five years in the post. Although Chiara herself wouldn't comment, several news accounts report she was forced out by Justice Department officials over differences of views on capital punishment, among other things.

Chiara is the eighth U.S. attorney to resign since December at the government's request. The others: Bud Cummins, from Arkansas; Paul Charlton, of Arizona; Daniel Bogden, Nevada; David Iglesias, New Mexico; John McKay, Seattle; Kevin Ryan, San Francisco; and Carol Lam in San Diego.

Lam recently had won praise for indicting the number-three official at the CIA on corruption charges and for successfully prosecuting former Congressman Randy "Duke" Cunningham, who took $2 million in bribes from defense contractors.

In fact, in recent years, all had received positive job evaluations. However, Attorney General Alberto Gonzales has insisted that the prosecutors were replaced because they performed inadequately.

At a Senate hearing last month, California Democrat Dianne Feinstein took issue with that assertion. She's pushing to repeal the law allowing the attorney general to replace sitting U.S. attorneys with temporary replacements indefinitely and without Senate approval.

SEN. DIANNE FEINSTEIN (D), California: I'm very concerned. I've had two of them asked to resign in my state, from major jurisdictions, with major cases ongoing, with substantially good records as prosecutors.

ALBERTO GONZALES, U.S. Attorney General: I would never, ever make a change in a United States attorney position for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it.

RAY SUAREZ: But in the case of Bud Cummins in Arkansas, the Justice Department did admit he was removed to make way for a former aide to White House political adviser Karl Rove.

Stuart Gerson

Former Acting Attorney General

Is there any impedance of ongoing investigations or other initiatives so that the public isn't getting effective law enforcement? And I don't see any evidence of that being the case.

Questions raised by the firings

RAY SUAREZ: For more, we're joined by Stuart Gerson. He served as assistant attorney general during the first Bush administration and as acting attorney general under President Clinton. He's now in private practice in Washington.

And Laurie Levenson, she spent eight years as an assistant U.S. attorney in Los Angeles. She's now a professor of criminal law at Loyola Law School in Los Angeles. Both guests testified on this issue before the Senate Judiciary Committee earlier this month.

And, Prof. Levenson, there are more than 90 federal districts around the country served by U.S. attorneys. Why should the firing of eight attract so much attention?

LAURIE LEVENSON, Loyola Law School: Because it's quite unusual. Although it's not unusual to have the president put in his own appointees, at this stage of the game, midterm, with interims going in, in their place, that is not business as usual, especially when, all of a sudden, we're hearing it's performance-related, and yet the documentation indicates that it may not be.

Big red flags are going on as to whether they're politicizing these U.S. attorneys' offices or trying to centralize power back in Washington. It's just a question mark, because it's so different from what's been done before.

RAY SUAREZ: Mr. Gerson, not business as usual?

STUART GERSON, Former Acting Attorney General: Well, it's unusual, but I think the starting point needs to be, when you're looking at a process that's inherently political, and you're looking at individuals who all of whom have served more than four years, the real question that you need to be asking is: Is there any impedance of ongoing investigations or other initiatives so that the public isn't getting effective law enforcement? And I don't see any evidence of that being the case.

Laurie Levenson

Loyola Law School

[I]f this isn't political, why is it happening now? Why is it happening after the new Patriot Act that allowed the Justice Department to put in interim appointments without having to go through the regular confirmation process?

The impact of the firings

RAY SUAREZ: In several cases, Mr. Gerson, these people were told they were doing a good job in the way that political appointees are told, by performance reviews. And the first time they heard anything negative was when they read it in the newspapers as an explanation for their being forced out.

STUART GERSON: Well, I don't doubt that that's the way that this news was transmitted. And if that's so, perhaps the process was clumsier than it needed to be.

But in the case of at least one of those individuals, who clearly got a favorable report, at least 19 members of Congress felt otherwise, with respect to the level of enforcement of the immigration laws. Now, one can discuss that, but clearly some of the critics of the administration, including Sen. Feinstein, wrote letters to the department, which apparently had influence.

I just don't see any evidence that any case, any investigative initiative has been impaired in any way. Moreover, as I visit U.S. attorneys' offices around the country -- and I do it in connection with my work, sometimes they're my adversaries -- I really don't see any great falloff.

Of course, there are probably some people in some places who are concerned. That's understandable. It's almost always the case. But generally it's business as usual.

The career people who run 95-plus percent of what's going on are working assiduously at what they do. They're not avoiding corruption cases; they're not avoiding the hard cases. They're doing their job. The public is being well-served.

RAY SUAREZ: Prof. Levenson, what's your concern then?

LAURIE LEVENSON: Well, my concern is, frankly, that the offices aren't taking it this way; that is, there is a significant morale issue that's going on here.

Because for the troops -- and they are apolitical, for the most part, who are trying to do the right job -- they have big question marks. Why are their leaders being dismissed?

Likewise, for the judges in those districts, especially, for example, up in Seattle where John McKay was dismissed, they don't understand at all why somebody who has an office that's working well with the courts, is being very successful, is all of a sudden being dismissed.

So I think there is the question about, if there are these new priorities that all of a sudden the Justice Department has to put in, what are they? Are they going to be compatible with what the district needs are?

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And, frankly, if this isn't political, why is it happening now? Why is it happening after the new Patriot Act that allowed the Justice Department to put in interim appointments without having to go through the regular confirmation process?

Stuart Gerson

Former Acting Attorney General

The administration has pledged itself to seek the advice and consent of the Senate on every single permanent appointment and to consult with the senators of that state. We'll see if that happens, but that's the pledge.

The new Patriot Act provisions

RAY SUAREZ: Why is it happening now? And has the change in the way replacements are appointed sort of brought attention to these firings?

STUART GERSON: Well, clearly it's brought attention to it, and it's had an affect. The administration has pledged that there will be no permanent appointment that takes place without consultation with the home state senators. That is the usual process.

This Patriot Act change that Prof. Levenson cites is clearly something that members on both sides of the aisle didn't pay sufficient attention to, but the initial reaction of the Feinstein proposal to take this away from the Justice Department and have it reside completely in the judiciary -- a bad idea, it's constitutionally inconsistent with the judicial function -- is now a bill that's been withdrawn, and we're going to return to the old system that worked well enough.

RAY SUAREZ: But let's be clear on what the Patriot Act amendment said. This little change in the reauthorization allows the attorney general to appoint replacements without Senate review, correct?

STUART GERSON: Well, indeed, that has always been the case, originally for 120 days. Now, it was argued that the administration was somehow trying to get around Congress and appoint interim people who would stay there forever.

Well, I think you need to put that in perspective. First, we're dealing with relatively few United States attorneys. It's no more than eight out of 93, so we begin with that. There's no massive effort.

Nor is any of these in a place where there's some critical matter going on that somehow is going to be interrupted. Almost all of the people who have been appointed interims are the same kind of people who have always been appointed interims.

The administration has pledged itself to seek the advice and consent of the Senate on every single permanent appointment and to consult with the senators of that state. We'll see if that happens, but that's the pledge. It's certainly being done in a way that should be transparent.

Laurie Levenson

Loyola Law School

[Y]ou get worried when things like what happened in Arkansas occur, when you have Bud Cummins, who even the Justice Department admits was doing a very good job, he's replaced all of a sudden with somebody who has comparatively little experience...

Selecting replacements

RAY SUAREZ: Professor, you noted that the administration can now make those replacement appointments in perpetuity. But as Mr. Gerson mentioned, the attorney general says he is going to go to the Senate. Does that satisfy you?

LAURIE LEVENSON: It doesn't really satisfy me, because the proof is in the pudding. And you get worried when things like what happened in Arkansas occur, when you have Bud Cummins, who even the Justice Department admits was doing a very good job, he's replaced all of a sudden with somebody who has comparatively little experience at this stage in his career, somebody who worked for Karl Rove, and then, realizing that if they have to put him up permanently he's not going to fly, they withdraw him, makes you wonder, why was he the interim?

Ordinarily I agree with Stuart Gerson that the interim, it would be somebody out of the same office, who's familiar with the operations of the office. But, for example, in San Francisco, Washington is sending out somebody from main Justice, from the Washington, D.C., office, the executive office, not somebody from within the office who knows the office's operations.

RAY SUAREZ: Wasn't the tradition, Mr. Gerson, to take a great deal of advice from the home state, that understands local conditions?

STUART GERSON: Absolutely, Ray. But what Prof. Levenson just cited is an interesting case, because the current director of the FBI, Bob Mueller, was, at one point in his career, sent from Washington to be the United States attorney in San Francisco to

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put an office that lacked sufficient direction, in the view of the main Justice Department, get it going in a stronger, more vigorous way.

And my understanding is that's the intention this time, as well, with respect to San Francisco. And there have not been great criticisms that have been leveled, at least with respect to that particular office.

San Diego has been a little bit noisier situation. But, again, it doesn't appear that it's reflective of anything other than, in that case, succumbing to criticism from the outside.

Prof. Levenson does cite one case, where Paul McNulty agreed that it was a political motivation. The fellow who was made the interim United States attorney was somebody who I think was considered to be a political future who they wanted to give a little exposure to. He had certainly more experience starting out than the incumbent had when he started out. And the process and the dispute of this probably has cost that gentleman any real shot at a permanent position.

So it's politics. I don't know that it's healthy or unhealthy politics. This is something that's committed to the executive branch. It is a political decision; it can be debated.

And I think, when you really get down to it, that's the season that we're in with the new congressional majority. They're certainly entitled to take a look at this. There ought to be oversight; there will be. But I can guarantee you, this is not going to be an issue come election time.

RAY SUAREZ: Professor, what would you be looking out for in these various federal districts, as these attorneys' offices change hands, to know whether this is malign or benign, if your worst fears are being realized?

LAURIE LEVENSON: That's a great question. I think a couple of things. One is that there are some of these offices who have some high visibility political corruption cases, and whether those continue or whether those are downplayed under a new administration is a big question.

The second thing is whether the Justice Department holds true to its word, whether they put up people who they're ready to put through the confirmation process, and also whether they paused to ask, "Well, maybe we should start that process rather than just going the interim route. Maybe we should see if we can get our priorities in place, without taking people who have a well-operating office, removing them, and creating these questions among the AUSAs who work for them."

RAY SUAREZ: Prof. Levenson, Stuart Gerson, thank you both.

LAURIE LEVENSON: Thank you.

Ashcroft Pizza Party Raises Ethics Eyebrows (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 27, 2007

A pizza luncheon to be hosted this Wednesday by former Attorney General turned consultant John Ashcroft for some of his old political appointees has raised eyebrows in the Justice Department's ethics office, U.S. News has learned. The ethics office, which provides Justice employees with guidance on a wide range of ethics questions, has not instructed invitees not to attend the lunch.

However, it has "advised invitees to consider the appearance of attending such an event," Justice Department spokesman Brian Roehrkasse told U.S. News. But Juleanna Glover Weiss, an adviser and spokesperson for his consulting firm, told U.S. News that "General Ashcroft has abided by the letter and spirit of all post government service ethics restrictions." Wednesday's lunch, Weiss said, "is just a small social gathering."

Executive branch employees must comply with stringent standards of ethical conduct pertaining to accepting gifts or items of monetary value from anyone wanting to do official business with their agency, including their old colleagues and bosses. The ethics office has told political appointees at Justice that if they attend the Ashcroft pizza luncheon, it would "count toward the $20/occasion and $50/year limits."

Typically, former government officials must abide by a one-year "cooling off" period before lobbying or soliciting business from their former agency. But there are longer restrictions when it comes to contacting old colleagues on specific matters. The department did not elaborate on what aspect of Ashcroft's lunch invitation gave the ethics office pause.

Ashcroft was the first top official to step down after President George Bush won a second term. He submitted his letter of resignation in November 2004 and left in February 2005. At his last Justice Department annual Christmas party, Ashcroft told reporters that he was not seeking any outside employment until he had completely left the department, in order to protect the department's institutional interests and avoid even the faintest appearance of any conflicts resulting from a job search.

Ashcroft subsequently created his own consulting firm, the Ashcroft Group, which quickly became a profitable venture. The firm specializes in strategic consulting, including with respect to homeland security, best business practices, litigation strategy, and data security. On the group's website, Aschroft parlays his leadership in the aftermath of the Sept. 11, 2001, attacks, to pitch for homeland security business.

"This deep experience in fighting the war on terror," the website says, "has given the Ashcroft Group LLC a strategic advantage in evaluating and navigating the homeland security and law enforcement marketplace." Ashcroft's consulting firm also advises businesses on investment strategies in the homeland security arena, as well as crisis management and dealing with government investigations, high-stakes litigation, and financial distress or bankruptcy.

CORPORATE SCANDALS:

Judge Dismisses Suit Over Transfer Agent (WSJ)

By Chad Bray

The Wall Street Journal, February 27, 2007

A federal judge dismissed a Securities and Exchange Commission lawsuit that accused two former Citigroup Inc. executives of cheating mutual-fund customers out of millions of dollars in savings through the use of an affiliated transfer agent.

U.S. District Judge Richard C. Casey in Manhattan granted a summary judgment motion by Thomas W. Jones, the former chief executive of Citigroup Asset Management, and Lewis E. Daidone, the former treasurer and chief financial officer of the Smith Barney family of funds.

The SEC had requested civil penalties, a permanent injunction against the men and disgorgement. "The commission's action for civil penalties and an injunction are time-barred, and its action for disgorgement is not supported by sufficient facts," the judge said.

The SEC had alleged that Citigroup's asset-management business took most of the benefit of a discount from using an affiliated transfer agent for itself, rather than passing on that savings to the mutual funds and their customers. The regulator had claimed Jones and Daidone were "principally responsible" for the alleged scheme.

Citigroup settled the SEC's charges in May 2005 and agreed to pay $208 million to mutual-fund customers allegedly victimized by the transfer-agent arrangements. In settling, the financial-services giant didn't admit or deny wrongdoing.

An SEC spokesman didn't comment.

American Century/Kopp Funds

American Century Investments acquired the mutual-fund assets of Minnesota-based Kopp Investment Advisors for an undisclosed sum. Kopp Emerging Growth Fund and Kopp Total Quality Management Fund, with total assets of $225 million, have been merged into American Century New Opportunities II Fund and American Century Equity Growth Fund, respectively. The Kansas City, Mo.-based American Century manages $104 billion in assets.

S.E.C. Says Firm Traded On Information Stolen From Computers (NYT)

The New York Times, February 27, 2007

An accounting firm in Hong Kong made $2.7 million from illegal insider trades by hacking into computers to view press releases before they were published, the Securities and Exchange Commission said yesterday in a lawsuit.

The S.E.C. sued the company, Blue Bottle, a Hong Kong-chartered firm that says it is based in London, and its chief executive, Matthew Charles Stokes. Blue Bottle made $2.7 million by hacking into computer systems shortly before the release of market-moving information, the S.E.C. said in a complaint filed in Federal District Court in Manhattan.

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A Blue Bottle spokesman could not immediately be reached for comment. An S.E.C. lawyer did not immediately return a call. The suit seeks an injunction barring further wrongdoing as well as the recovery of any illicit trading profits.

The S.E.C. says Blue Bottle made 12 illegal trades this year. In one instance, Blue Bottle bought options to sell shares of BJ's Wholesale Club, at 3:36 p.m. on Jan. 3, the S.E.C. said. The next day, shares in BJ's fell 4 percent after the company said its predicted earnings would fall below expectations.

Blue Bottle made about $12,000 from trading on BJ's, the S.E.C. said.

In another instance cited by the S.E.C., Blue Bottle began buying options to sell Symantec, the maker of computer antivirus software, at 1:03 p.m. on Jan. 12. The next trading day, Symantec said third-quarter earnings in 2007 would be less than forecast, driving shares down by 13 percent.

Blue Bottle made more than $1 million from the Symantec trading, the S.E.C. said.

Based on "the disparate companies" in which Blue Bottle traded, the timing of the trades and the profit they generated, the S.E.C. said it believed that the firm tapped into computer systems to obtain nonpublic data. The commission said it was continuing to investigate how Blue Bottle obtained the information.

Review Clears Bristol-Myers (NYT)

The New York Times, February 27, 2007

Bristol-Myers Squibb, the drug maker, has been cleared of securities law violations in connection with its botched Plavix patent settlement last year, the company said yesterday in a regulatory filing.

The company said that it has been informed by the United States attorney in Newark, Christopher J. Christie, that a review found no violation of securities laws or breach of an earlier consent order the company had signed with the Securities and Exchange Commission.

The review was done by Frederick Lacey, a former federal judge who had been appointed to oversee operations as part of a deferred prosecution agreement the company signed in 2005. That was meant to settle accusations that it had misled investors through inventory manipulation.

The filing, submitted to the S.E.C. late yesterday, said that Mr. Christie's office had advised the company that the matters had been "fully remediated" and that he did not intend to take action.

In a statement last night, Bristol-Myers said the decision suggested that the company was on track to bring an end to the deferred prosecution agreement in Newark as scheduled on June 15.

"If the company fulfills its obligations under the deferred prosecution agreement, we expect the U.S. Attorney for the district of New Jersey would dismiss the complaint against the company on June 15," the company said in a statement.

The decision resolves one potential federal case for Bristol-Myers, which remains under criminal investigation by the Justice Department's antitrust division.

CRIMINAL LAW:

Deliberations In Libby Trial Proceed With Only 11 Jurors (USAT)

By Richard Willing

USA Today, February 27, 2007

WASHINGTON — Jurors in Lewis "Scooter" Libby's perjury and obstruction trial begin their fourth full day of deliberations today minus one of their original colleagues.

Judge Reggie Walton dismissed a juror Monday after determining she had improper contact with information about the trial "outside the courtroom" during the weekend.

Walton then granted the defense's request that the remaining 11 jurors continue deliberating without a replacement.

Theodore Wells, Libby's chief defense attorney, argued that the jurors — seven women and four men — were "obviously making progress" in the deliberations, which started Wednesday around midday.

Chief prosecutor Patrick Fitzgerald had asked the judge to seat an alternate juror and to restart deliberations.

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The dismissed juror was a middle-age woman who had described herself during jury selection as a former curator of prints at the Metropolitan Museum of Art in New York City. On Valentine's Day, she was the only juror who did not wear a red T-shirt to court as part of the jury's "valentine" to Walton.

Shortly after jurors began deliberations Monday morning, the foreperson sent Walton a note indicating that one or more jurors appeared to have been exposed to inappropriate information.

Walton interviewed jurors for about 45 minutes before dismissing the woman. He said that her contact with outside information was accidental and that she didn't share it with fellow jurors.

"What she had exposure to obviously disqualifies her," Walton said. He did not elaborate.

Jurors are not sequestered but are warned each day by the judge to avoid reading, viewing, listening to or discussing reports about the trial.

Libby, Vice President Cheney's former chief of staff and national security adviser, is charged with obstruction of justice and lying to grand jurors and FBI investigators looking into how a CIA officer's identity was leaked to reporters during June and July 2003.

The charges against Libby are based on differing stories he and two reporters, Tim Russert of NBC and Matthew Cooper, formerly of Time, told investigators about their talks.

University of Richmond law professor Carl Tobias said he interpreted Wells' motion as a sign the defense believes deliberations are favoring Libby and that Wells does not wish to break that momentum.

"The dynamic might change anytime you have a deliberative body whose composition suddenly changes after a long period together," Tobias said.

Philip Anthony, a jury consultant based in Los Angeles, said the juror's absence will create "a noticeable hole in the fabric of the jury. … No doubt this particular juror had an affinity or even (an) alliance with certain other members of the panel."

No Verdict Yet From Remaining Libby Jury (AP)

By Michael Sniffen

AP, February 27, 2007

WASHINGTON -- After the judge dismissed one of its members, the jury finished a fourth day of deliberations Monday without a verdict in the perjury trial of former White House aide I. Lewis "Scooter" Libby.

Most of the morning was consumed by deciding what to do about an art historian on the jury who saw or read something over the weekend about the trial. After interviewing her in private along with lawyers in the case, U.S. District Judge Reggie B. Walton ruled that "what she had exposure to obviously disqualifies her."

The judge let the jurors continue deliberating with just 11 members after the defense endorsed that option. He overruled prosecutors who asked him to seat one of two alternate jurors who heard the trial and remain on standby.

Walton said he didn't want to "throw away two and a half days" of discussions the jury has had since getting the case at midday last Wednesday. If an alternate had been seated, the jury would have been required to begin its deliberations over from the beginning.

The jury returns Tuesday.

Libby, who was chief of staff to Vice President Dick Cheney, is accused of obstructing the investigation into the 2003 leak of the identity of CIA operative Valerie Plame, whose husband was a prominent Iraq war critic.

Walton never disclosed what the juror had seen, but he concluded the exposure was not intentional and resulted from a misunderstanding of his orders. He has ordered jurors to avoid media coverage of the case and to stay off the Internet.

The dismissed juror formerly served as a curator of prints at the Metropolitan Museum of Art in New York. She was also the only juror who did not wear a red T-shirt as part of the jury's Valentine's Day greeting to the court.

Usually defense attorneys want the largest number of jurors available because they only need one to hold out against conviction in order to force a mistrial, said Lawrence Barcella, a prominent Washington defense attorney who spent 16 years here as a federal prosecutor. "This is surely a well thought out calculation for the defense based on the jurors they have, the way they guess the deliberations might be going, and who the alternate would be."

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Ultimately, however, decisions like this are "guesswork, tempered by the experience and instincts of very experienced attorneys who have demonstrated good instincts," Barcella said.

Libby Juror Dismissed; Panel Of 11 Continues Deliberations (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, February 27, 2007

The woman was exposed to information about the trial of Dick Cheney's former chief of staff.

A juror was dismissed Monday from hearing the perjury and obstruction case against I. Lewis "Scooter" Libby, but the judge allowed the panel to continue deliberations with 11 members.

U.S. District Judge Reggie B. Walton discharged the juror, a former art museum curator, after the woman acknowledged being exposed to information about the case during the weekend, when court was not in session.

Walton did not detail the nature or extent of the contacts, which he said were brought to his attention by the jury foreperson. He expressed concern to the lawyers that other jurors might have been tainted, but after interviewing each, the judge concluded the remaining seven women and four men could continue to serve.

"She did have contact with information related to this case," Walton said in court. "It wasn't intentional on her part. It was a misunderstanding of what I had been telling her throughout the trial."

The incident was one of the few signs of life from the jury since it began deliberations Wednesday. Walton called the other jurors into court Monday, and underscored that they should avoid reading or hearing anything about the case during the trial.

Federal court rules permit the judge to move forward with the smaller panel, although the government prosecutor urged him Monday to tap one of two alternate jurors still available for a full 12-member jury.

Special Prosecutor Patrick J. Fitzgerald said the smaller panel put the trial on "dangerous territory" if another juror were to become ill or be dismissed because of media exposure.

But Walton expressed concern that adding a juror would require the panel to restart deliberations. "I just don't think it would be appropriate to throw away those 2 1/2 days of deliberations," he said. "I don't have anything to suggest that this jury is anything but conscientious and can continue."

Defense lawyer Theodore V. Wells Jr. supported his move, saying that restarting deliberations would be "prejudicial to Mr. Libby."

"It's not like by going to 11 we're on the cliff of some mistrial," Wells told the judge.

One observer said the lawyers' opposing views on the size of the jury suggested each was seeking a tactical advantage. "At the very least, it probably means that Fitzgerald liked the alternates and Wells did not," said Guy Singer, a Washington lawyer and former Justice Department prosecutor.

The dismissed juror had demonstrated an independent streak, which could have assisted the defense.

When the trial was about to resume on Valentine's Day, jurors paraded into Walton's courtroom with red shirts marked with white hearts. The only one to abstain from the sartorial statement was the former curator, who worked at the Metropolitan Museum of Art in New York.

A conviction would require that all jurors find guilt beyond a reasonable doubt; the woman's lack of participation suggested she might not be inclined to go along with the pack.

"Typically the defense would not be happy about losing a potential holdout juror," Singer said.

The jury deliberated Monday and is to resume this morning.

Libby, 56, once Vice President Dick Cheney's chief of staff and national security advisor, is charged with covering up his participation in the events leading to the summer 2003 disclosure of then-CIA operative Valerie Plame's identity. Plame's husband, former envoy Joseph C. Wilson IV, accused the Bush administration of twisting prewar intelligence in an opinion article for the New York Times a few days before his wife's identity was publicly revealed.

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Juror Dismissed At CIA Leak Trial (CBS)

CBS News, February 27, 2007

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Judge Orders Juror Removed After Exposure To Information About Case

(CBS/AP) A federal judge avoided a potential mistrial in the CIA leak case Monday by dismissing a juror and sending the other 11 back to continue deliberating the fate of former White House aide I. Lewis "Scooter" Libby.

U.S. District Judge Reggie B. Walton said the juror had seen or read something over the weekend about Libby's trial.

"What she had exposure to obviously disqualifies her," the judge said.

He did not say what the juror had seen but characterized it as a misunderstanding.

Walton originally feared several jurors were tainted, raising the specter of a mistrial in the politically charged case. Libby is accused of lying and obstructing the investigation into the 2003 leak of CIA operative Valerie Plame's identity.

After questioning jurors behind closed doors, however, Walton said the remaining seven women and four men were not affected. Special Prosecutor Patrick Fitzgerald Walton asked the judge to call on one of two alternates, both women, who sat through the trial and are on standby.

But Walton said that would require deliberations to begin fresh and said he didn't want to "throw away 2 1/2 days" of discussions. Instead, he sided with Libby's lawyers and allowed deliberations to continue with 11 jurors — something allowed under federal law in such situations.

CBS News Justice Department reporter Deridre Hester reports the jurors were reminded to be vigilant about staying away from information about this case.

"They should continue with their deliberations and I will emphasize again the importance of not having contact with any outside information," Walton said.

The woman who was dismissed from the jury is an art history expert and scholar who formerly served as a curator of prints at the Metropolitan Museum of Art. She was also the only juror who did not wear a red T-shirt as part of the jury's Valentine's Day greeting to the court.

"There is no way to tell which side this helps until, of course, we get a verdict," says CBS News legal analyst Andrew Cohen.

"The worst scenario would have been a mistrial because the whole jury was tainted," Cohen says. "The second-worst case would have been had the jury been forced to start deliberations from scratch with an alternate juror taking the place of the dismissed one. So while this is a wrinkle, it's actually about the best possible outcome given what happened."

Cohen warns, however, that "if Libby is convicted, we may see this little problem emerge again on appeal."

Judge Dismisses Juror In Libby Trial (NYT)

By Neil A. Lewis

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — The judge presiding over the perjury trial of I. Lewis Libby Jr. dismissed one of the jurors in the midst of deliberations Monday and ruled that the case should go forward with the remaining 11-member jury.

The judge, Reggie B. Walton, said the dismissed juror had improperly learned some information about the case outside of the courtroom, but he did not explain further. Judge Walton said it appeared the juror had not done so intentionally but through some unspecified misunderstanding.

After questioning the jurors, Judge Walton said no one else had been tainted by the information. Jurors are supposed to decide cases solely on the evidence and testimony presented in the trial. Deliberations resumed after the juror was dismissed and are to continue on Tuesday.

The dismissed juror was a woman who had worked for years as a curator at the Metropolitan Museum of Art in New York, before moving to Washington. Judge Walton ruled, over the objections of the prosecution, that he would not replace her with one of two alternates on standby and would instead have the remaining 11 jurors continue to try to decide the case.

“I don’t think it would be appropriate to throw away those two and a half days,” he said, referring to the more than 18 hours of deliberations the jurors had completed by Monday morning.

If Judge Walton had replaced the juror, he would have been required to instruct the newly reconstituted jury to begin its deliberations from the beginning, as if there had been no previous discussions.

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Theodore V. Wells Jr., Mr. Libby's lead defense lawyer, said that to add a new juror and restart deliberations would be prejudicial to his client. "It would be inappropriate and unfair" to discard the deliberations thus far, Mr. Wells argued.

Patrick J. Fitzgerald, the chief prosecutor, said that the government believed a replacement juror should be seated and that there was no doubt the 11 remaining jurors would follow the judge's instructions to begin their deliberations anew.

But Judge Walton said he did not want to "throw away" the time the jury had already spent considering the case.

The alternates are two women who sat through the entire case as part of a panel of 14 jurors and were informed by Judge Walton that they were alternates only just before deliberations began. He told them at the time that they could be recalled to participate in the deliberations if needed and warned them to continue to abide by his instructions to avoid any news coverage of the case.

The decision by Mr. Libby's defense team to urge that the trial proceed without a new 12th juror seemed to be counter to conventional wisdom in such situations, lawyers said.

Because a unanimous jury is needed for a guilty verdict, a defendant need convince only one juror of his innocence to avoid a conviction. As a result, lawyers said, defense lawyers prefer to have as many sitting jurors as possible to increase the chances of having someone who refuses to vote for a guilty verdict.

But Neal R. Sonnett, a Miami lawyer who is the former president of the National Association of Criminal Defense Lawyers, said there were often other factors at play. Mr. Libby's defense team would have made a judgment about the alternate's inclination toward the case, Mr. Sonnett said.

"The lawyers are always looking at who that person would be," he said. "And then they are engaging in a little mind-reading, trying to guess from that person's body language" whether it would be helpful or harmful to insert him into the deliberations.

In this case, the replacement juror would have been a middle-aged woman who identified herself as an insurance industry consultant. Some reporters at the trial observed her taking notes assiduously during the monthlong proceedings.

The dismissed juror was also notable in that she was the only one of the pool of 14 who declined to don a T-shirt with a heart on Valentine's Day as a gesture of good will to the judge and the court staff.

Mr. Libby, who is known by his nickname, Scooter, is the former chief of staff to Vice President Dick Cheney. He is charged with five felony counts, accused of lying to a grand jury and F.B.I. agents investigating the leak in the summer of 2003 of the identity of a C.I.A. operative, Valerie Wilson.

Her identity was first disclosed publicly in a July 14, 2003, column by Robert D. Novak. Only days earlier, The New York Times had published an Op-Ed article by her husband, Joseph C. Wilson IV, asserting that the Bush White House had willfully distorted intelligence as to whether Iraq had tried to obtain uranium from Africa to bolster the case for going to war.

Mr. Fitzgerald, who was named special counsel for the investigation, never charged anybody with illegally leaking Ms. Wilson's name. But he said Mr. Libby had discussed Ms. Wilson in conversations with two reporters and had denied under oath having done so. Mr. Libby's lawyers said that the reporters were mistaken about those conversations and that, in any event, any misstatements he made were a result of innocent failures of memory.

Judge Dismisses Libby Juror After Reports Of Media Exposure (WSJ)

By Evan Perez

The Wall Street Journal, February 27, 2007

WASHINGTON -- After the judge dismissed one of its members, the jury finished a fourth day of deliberations Monday without a verdict in the perjury trial of former White House aide I. Lewis "Scooter" Libby.

Court officials dismissed a female juror after learning she had been exposed to information about the case over the weekend. U.S. District Judge Reggie B. Walton said he was sending the juror home "based on acknowledgement that she did have contact with information" related to the case. He said the contact "wasn't intentional."

Judge Walton said the remaining jury of seven women and four men had not been tainted and said he would allow deliberations to continue with 11 jurors rather than calling on one of two alternate jurors. "They should continue with their deliberations and I will emphasize again the importance of not having contact with any outside information," Judge Walton said.

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Special Prosecutor Patrick Fitzgerald asked that Judge Walton call on one of two alternates, both women, who sat through the trial and are on standby. Judge Walton said that would require deliberations to begin fresh and said he didn't want to "throw away two and a half days."

The jury returns Tuesday.

Since Wednesday, jurors have issued only brief written notes, which suggested they are methodically reviewing the evidence against the former chief of staff to Vice President Dick Cheney. They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses. Mr. Libby and his lawyers have remained in or around the downtown courthouse throughout the deliberations.

The trial, which focused on efforts to leak classified information to the press, comes amid revived debate over intelligence in the newly Democratic Congress.

The Senate Intelligence Committee has requested documents and interview transcripts from the Inspector General's office, while the Senate Armed Services Committee seeks further interviews with Mr. Libby and National Security Adviser Stephen Hadley. "The bottom line is that the intelligence relating to the Iraq-al Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," committee Chairman Carl Levin (D., Mich.) said at recent hearing.

The Libby trial put an especially bright spotlight on the debate. The jurors were weighing a month of testimony from 19 witnesses in a case that began as a probe into the outing of former Central Intelligence Agency operative Valerie Plame and three years later ended up focusing on the trustworthiness of recall and the semantics of lying.

In court, Mr. Fitzgerald told jurors that Mr. Libby deliberately lied to Federal Bureau of Investigation agents and a grand jury to try to cover up the administration's efforts to respond to criticism of the Iraq war.

In response, Mr. Libby's attorneys highlighted "mis-recollections" by a number of prosecution witness, including several reporters, to bolster their argument that Mr. Libby didn't lie but simply had faulty memory when he made erroneous statements to investigators.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, former U.S. Ambassador Joseph Wilson, complained publicly that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain weapons of mass destruction.

Mr. Wilson in July 2003 went public with his story of taking a CIA sponsored trip to Africa to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of since-discredited intelligence that alleged Iraq sought weapons materials in the African nation of Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complain that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

Mr. Libby is charged with two counts of perjury, two counts of making false statements and one count of obstruction of justice. He faces up to 30 years in prison and $1.25 million in fines if found guilty.

Juror Is Dismissed From Libby Trial (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 27, 2007

The jury considering whether I. Lewis "Scooter" Libby is guilty of perjury lost one of its members after nearly three days of deliberation yesterday, but the presiding judge ordered the panel to continue working to reach a decision.

U.S. District Judge Reggie B. Walton dismissed the juror, an art curator in her 70s, after she disclosed to her peers that she had come in contact over the weekend with information about the case of Vice President Cheney's former chief of staff.

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The jury foreperson reported that to Walton, who interviewed the jurors and determined that the female juror had not intentionally sought to ignore his orders to avoid contact with media coverage and all other information about the Libby case.

Walton agreed with a defense request that the jury continue deliberating with 11 members, rebuffing Special Counsel Patrick J. Fitzgerald, who asked that the judge call back one of two alternates and begin deliberations again. The jury had been deliberating since Wednesday afternoon.

"I just don't think it would be appropriate to throw away those 2 1/2 days of deliberations," Walton said. "I don't have anything to suggest that this jury is anything but conscientious and can continue."

If the jury were to lose another member, the judge said, he would call upon one of the two remaining alternates and instruct jurors to restart deliberations.

According to courthouse sources, the woman sought information that led her to material about the case over the weekend and realized yesterday morning that it was inappropriate to do so. Courthouse officials said Walton instructed the dismissed juror not to talk to the media until the case concludes.

After the juror was dismissed, the panel completed a fourth day of deliberations without reaching a verdict.

Libby, 56, is charged with making false statements, perjury and obstructing a probe into who may have criminally leaked information about undercover CIA officer Valerie Plame to the media in 2003. He is not charged with the leak, but Fitzgerald has accused him of lying to conceal his role in discussing her identity with reporters.

Plame's name and classified CIA role were disclosed in a syndicated column on July 14, 2003, days after her husband, former ambassador Joseph C. Wilson IV, publicly accused the administration of twisting intelligence to justify war with Iraq.

On Feb. 8, another juror revealed that she had inadvertently seen a photo and headline about witness Tim Russert, NBC News's Washington bureau chief, in The Washington Post's Style section. Federal marshals have been cutting all references to the trial from jurors' morning newspapers but had missed that story.

During questioning of potential jurors before the trial began, the juror dismissed yesterday said she grew up in New York, attended Syracuse University and Mills College, and obtained a doctorate in art history from the University of London. She said she worked for a decade at the Metropolitan Museum of Art in New York as a curator of prints and drawings.

In questioning to select a jury, she said she was sympathetic to what would become one of the defense's central contentions: that people can have innocent distortions of their memory.

Ex-Ney Aide Pleads Guilty To Conspiracy (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 27, 2007

The top aide to convicted former Rep. Bob Ney pleaded guilty Monday to federal conspiracy charges stemming from a congressional bribery scandal that downed his boss.

Smiling nervously at times, William Heaton, 28, acknowledged accepting a golf trip to Scotland, expensive meals, and tickets to sporting events between 2002 and 2004 as payoffs for helping clients of disgraced lobbyist Jack Abramoff.

Heaton worked for Ney, R-Ohio, from September 2001 to July 2006, ultimately serving as his chief of staff.

"You received things of value in exchange for performing functions for Mr. Abramoff and other lobbyists who worked for him, as well as a foreign businessman. Is that correct?" U.S. District Judge Ellen Segal Huvelle asked Heaton during the 20-minute hearing.

"Yes, your honor," Heaton replied in a firm voice. He pleaded guilty to one count of federal conspiracy.

He faces a maximum sentence of five years in prison and $250,000 in fines, but probably would serve between 18 and 24 months as outlined under federal sentencing guidelines. No date was set for sentencing.

Heaton has agreed to give the Justice Department information that might be useful in an ongoing investigation that has targeted lobbyists, lawmakers, their aides and members of the Bush administration.

Among other things, Heaton acknowledged accepting trips to New Orleans and Lake George, N.Y., an Adirondack resort village. He also took what Assistant U.S. Attorney James A. Crowell IV and other prosecutors described as thousands of dollars

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worth of gambling chips from a foreign businessman at a casino during a travel stop in London. The unnamed businessman was hoping to sell U.S.-made airplanes and airplane parts in a foreign country.

In exchange, Heaton said he helped Ney insert an amendment into election reform legislation to benefit at least one Indian tribe in Texas that was an Abramoff client. And he lobbied the State Department for a travel visa for the daughter of another Abramoff client in Russia.

Heaton underreported how much the Scotland trip was worth and its purpose on Ney's congressionally required travel disclosure forms. He admitted he helped conceal some of the money Ney received, storing it in a safe in the congressman's office.

He also lied on his own House financial disclosure forms, describing the golf trip as official travel and failing to report gifts Abramoff gave him.

Heaton, a 2000 graduate of the College of William & Mary, declined to comment to reporters as he left Huvelle's courtroom. Before becoming Ney's chief of staff, he was a floor assistant to House Speaker Dennis Hastert, R-Ill., and worked for the Committee on House Administration, which Ney once chaired.

Ney was sentenced to 2 1/2 years in prison in January for trading political favors for golf trips, campaign donations and other gifts in the Abramoff lobbying scandal. Ney was the first congressman charged in the affair.

Ney's Former Chief Of Staff Agrees To Plead Guilty (HILL)

By Jackie Kucinich And Susan Crabtree

The Hill, February 27, 2007

William Heaton, former chief of staff to then-Rep. Bob Ney (R-Ohio), has agreed to plead guilty to one count of conspiracy to commit fraud, according to court documents filed yesterday.

Heaton's plea agreement comes just days before the former lawmaker will report to federal prison in West Virginia for corruption charges. Ney is scheduled to enter prison March 1.

According to the plea agreement, Heaton could receive up to five years in jail and a fine of $250,000.

Heaton has become the second member of Ney's staff to be ensnared in the scandal involving imprisoned lobbyist Jack Abramoff, who bribed Ney and his staff with lavish trips and gifts in return for official favors. Heaton's predecessor, Neil Volz, was sentenced last year for conspiracy charges.

According to court documents, Heaton, who began working for Ney in September 2001 as an executive assistant, rose quickly to the position of chief of staff when his co-conspirator Volz left the position to work for Abramoff in February 2002.

Heaton's involvement in the Abramoff scandal spanned from August 2002 until August 2004, according to the documents.

Over those two years, Heaton accepted numerous favors from Abramoff and other members of his lobbying firm, including a now-infamous all-expense-paid golf trip to Scotland. Heaton was also was one of several recipients of a number of other trips abroad, concert and sporting-event tickets, meals and gambling chips, all taken with full knowledge the gifts were in exchange for official favors from Ney.

During one of those trips, Heaton and another staffer helped Ney conceal $5,000 brought into the country through customs and stored the money in a safe inside Ney's congressional office. Court documents said Heaton "open[ed] the safe as requested so that Ney could make repeated withdrawals."

Heaton knowingly falsified his 2002 and 2003 financial disclosure forms and assisted Ney in misrepresenting his travel disclosure form about the receipt of gifts from Abramoff and others.

"The FBI has made combating public corruption at all levels of government one of its top investigative priorities, because American taxpayers deserve honesty from public officials and employees," said Assistant Director Chip Burrus of the FBI's Criminal Investigative Division. "No corrupt public servant is exempt from FBI scrutiny. We will continue to pursue those like Will Heaton who sell their integrity at the public's expense."

Heaton's guilty plea comes well after three other former staffers, Michael Scanlon, Tony Rudy and Neil Volz, pled guilty for their roles in the Abramoff scandal.

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The case against Ney was first mentioned in Scanlon's indictment. In that filing, prosecutors singled out Ney, mentioned then only as "Representative No. 1," as the target of Scanlon's illegal lobbying, asserting that the lawmaker accepted gifts, including the 2002 golf trip to Scotland and regular meals at Abramoff's restaurant, "in exchange for a series of official acts and influence."

The staffers, however, all appear to be cooperating with prosecutors. The sentencing dates or status conferences for each continue to be postponed, a bad sign for other lawmakers or staffers close to the scandal who could become targets of the probe.

Under a plea bargain entered more than a year ago, Scanlon, Abramoff's business partner and former aide to ex-Majority Leader Tom DeLay (R-Texas), pled guilty to conspiracy to defraud the U.S. After being postponed several times, last week his status conference was reset again for June 5.

Scanlon has agreed to pay back $19.6 million in kickbacks he received from the fees Abramoff charged Indian tribes and faces anywhere between four years and three months to five years and three months in prison.

Volz, a former senior aide to Ney and a lobbyist at Greenberg Traurig, pled guilty to one count of conspiracy in early May last year. In late January, prosecutors agreed to defer his status conference to April 26.

Volz faces up to five years in prison and a $250,000 fine. But his sentence could be lessened, depending on how much he cooperates with prosecutors.

Rudy, a former DeLay aide, a colleague of Abramoff's and a lobbyist at Alexander Strategy Group, pled guilty March 31, 2006 to one count of conspiracy. His status conference was originally scheduled for July 11, 2006, but has been postponed several times, most recently in early January. It is now set for April 19.

Rudy could serve a maximum of five years in jail, but his cooperation already has helped to whittle that down to a range of two years to two years and six months.

Former Aide To Ex-Congressman Ney Pleads Guilty In Abramoff Case (WP)

By James V. Grimaldi And Carol D. Leonnig

The Washington Post, February 27, 2007

A former chief of staff to then-Rep. Robert W. Ney (R-Ohio) pleaded guilty yesterday to corruption charges stemming from accepting gifts, gambling chips and trips -- including an expense-paid junket to Scotland with his boss -- from former lobbyist Jack Abramoff and a foreign businessman.

The plea agreement by William Heaton revealed for the first time that Ney kept some of his ill-gotten gains -- $5,000 in British pounds -- in a safe in his congressional office. Heaton, who worked for Ney from 2001 until last year, admitted that he helped the congressman stash the money and periodically opened the safe at Ney's request so he could get to the cash, prosecutors said.

Ney, who resigned last year, pleaded guilty and was sentenced last month to 30 months in prison.

Heaton, 28, admitted to conspiring with Ney, Abramoff and others to accept pricey vacations, meals, drinks, golf outings, tickets to entertainment events and contributions to Ney's campaign in exchange for actions by the congressman that benefited Abramoff's clients. None of those clients, including Indian tribes and foreign businessmen, lived in Ohio, the congressman's state.

Along with Ney and others, Heaton went on a now-infamous trip to golf on world-renowned courses in St. Andrews, Scotland, that cost Abramoff $160,000. He also went on junkets to New Orleans and to the Sagamore resort near Lake George, N.Y., with former Ney chief of staff and Abramoff lobbyist Neil G. Volz, who has also pleaded guilty in the bribery scandal.

Heaton, the ninth person to be convicted in the Abramoff investigation, also admitted that he received hundreds of thousands of dollars' worth of gambling chips from a foreign businessman who has been identified by Ney's attorney as Fouad al-Zayat, a high-rolling London gambler who sought Ney's help in circumventing a law barring the sale of U.S.-made airplanes and airplane parts to other countries.

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A former congressional page who attended the College of William and Mary, Heaton became Ney's chief of staff at age 23, making him the youngest chief of staff on Capitol Hill at the time. Heaton resigned from that position last June as the federal investigation zeroed in on Ney.

Appearing in court before U.S. District Judge Ellen S. Huvelle, Heaton said little other than "Yes, your honor" and "No, your honor" in response to questions. He pleaded guilty to one count of conspiracy -- a fraction of the charges he could have faced.

Huvelle told Heaton that he faces a prison term of 18 months to two years under sentencing guidelines outlined in his plea agreement. Justice Department prosecutor John Crowell said the government plans to seek a lesser sentence in exchange for Heaton's cooperation in the investigation.

But the judge warned Heaton that she could give him a tougher sentence, something that she and a magistrate judge have done previously in the Abramoff case. After Ney's guilty plea last month to one count each of conspiracy and making false statements, Huvelle handed down a 30-month sentence, three months longer than prosecutors recommended.

Heaton also admitted falsifying his and Ney's financial disclosure forms in 2002 and 2003 to keep gifts secret. For example, Ney's forms said the Scotland trip was paid for by the National Center for Public Policy Research so he could meet with Scottish parliamentarians, though the Scottish Parliament was not in session, and attend a military parade.

Heaton, who had a small group of family members in the audience, surrendered his passport. At his lawyer's request, the judge agreed to let him travel with prior notice to see family in New York and North Carolina pending sentencing.

"No corrupt public servant is exempt from FBI scrutiny," FBI Assistant Director Chip Burrus said. "We will continue to pursue those like Will Heaton who sell their integrity at the public's expense."

Also convicted in the scandal were Abramoff, who along with business partner Adam Kidan is in prison for a related fraud case in Florida; Volz, who pleaded guilty to conspiracy; Tony Rudy, a lobbyist and onetime aide to former House majority leader Tom DeLay (R-Tex.); David H. Safavian, a former chief of staff for the General Services Administration, who is appealing his conviction for lying about going on the Scotland trip; Michael Scanlon, a former Abramoff business partner and DeLay aide; and Roger G. Stillwell, a former Interior Department official, who was sentenced to two years' probation.

Research editor Alice Crites contributed to this report.

How High-Living Founder Of BetonSports Fell, Fled (WSJ)

By John R. Emshwiller And Peter Sanders

The Wall Street Journal, February 27, 2007

Gary Kaplan used to throw lavish parties in Costa Rica and plaster the name of his thriving online gambling company on New York City buses. Now, the 48-year-old founder of BetonSports PLC and the multibillion-dollar industry he helped spawn are in reduced circumstances -- the man on the run, the industry in disarray.

Mr. Kaplan is a fugitive from a racketeering conspiracy and fraud indictment filed last year in a St. Louis federal court charging him with heading a criminal enterprise that illegally took in over $3.5 billion in wagers since 2001.

Several Kaplan colleagues have also been charged, including former BetonSports chief executive David Carruthers, who was arrested at the Dallas-Fort Worth airport in July during a brief stopover on a flight from London to the company's headquarters in San José, Costa Rica. Mr. Carruthers and several others charged in the case have pleaded not guilty and are awaiting trial. Mr. Kaplan's whereabouts are unknown.

The Kaplan indictment is part of a broader federal crackdown in which several executives from other foreign online gambling operations and credit-card processing companies have been indicted. Last October, Congress passed a law banning almost all forms of online gambling. Recently, the Justice Department served subpoenas for records on investment banks that had helped BetonSports and other online gambling companies raise money through public stock offerings.

Industry observers estimate that online wagering, which had hit about $12 billion annually, is down by as much as 50%. BetonSports has largely closed down operations. Federal authorities estimate that 98% of the company's business came from the U.S.

The saga of BetonSports and Mr. Kaplan demonstrates how some online gambling sites rose fast -- and crashed hard -- by operating at, or beyond, the edge of the law. While Mr. Kaplan has a checkered background that includes run-ins with law

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enforcement, he may have gotten as far as he did in part by surrounding himself with executives like Mr. Carruthers, who came to BetonSports with a mainstream business background.

Before he was an international online gambling impresario, Mr. Kaplan, a New York native, was a bookie and was busted in 1993 by that state's authorities for running an illegal sports-betting operation, according to his federal indictment. He moved to Florida, where he allegedly continued his bookmaking operation, and then on to Aruba and Antigua before later finally settling in San José. The Costa Rican capital, with light-handed gambling regulation and a ready work force, began attracting other online betting operations.

Mr. Kaplan made a splash. He took over a nine-story office building in a shopping-mall complex and outfitted it with a day-care center for workers' kids as well as luxurious suites and a rooftop pool for visiting high rollers that BetonSports sometimes flew in for huge galas.

BetonSports headquarters also housed a shooting range -- a reflection of Mr. Kaplan's fascination with guns and an obsession with personal security, say people who know him. He, his wife and two children routinely traveled with armed bodyguards.

The bodyguards were, at least in part, "an ego thing," says Kenneth Weitzner, founder of Eye on Gambling, a Web site that tracks Internet gambling. Mr. Kaplan created the illusion that he thought went with a successful gambling operation, says Mr. Weitzner, who visited Mr. Kaplan at his Costa Rican operation. Another acquaintance called Mr. Kaplan "tough and intimidating." In one tale, he supposedly shot a computer monitor after BetonSports lost big on a football game.

As BetonSports grew into one of the biggest online gambling companies, it tried to move mainstream. Mr. Kaplan hired veteran gambling-industry executives, such as Mr. Carruthers, who had worked for Ladbrokes, a major British wagering company. In 2004, BetonSports had an initial public offering in London that raised about $100 million and its stock was listed on a branch of the London Exchange.

While Internet gambling is legal in many countries, the U.S. has long contended that it violated various federal statutes -- even before the specific ban was enacted last fall. Federal officials made periodic efforts to attack online gambling, but the companies often managed to operate relatively freely in the U.S. BetonSports was able to run U.S. marketing campaigns, including ads on 250 New York City buses in 2003.

But even as the industry soared, federal agents were building criminal cases. Some of BetonSports' "customers" in 2002 and 2003 turned out to be undercover investigators gathering evidence that went into last year's indictment.

BetonSports's name has appeared in press reports in connection with a 2005 criminal case filed by New York City prosecutors against an allegedly mob-connected gambling operation that was sending bets to an entity in BetonSports's headquarters building in San José. In those articles, BetonSports officials said that the entity simply leased office space and was evicted after the indictment. BetonSports wasn't charged in the New York case.

Some observers find the government's crackdown on Internet gambling curious, given the national explosion in gambling casinos and lotteries in recent years. These people wonder whether the initiative will backfire by pushing gamblers to less reputable operations.

The recent criminal cases and legislation are " an anti-consumer-protection movement because they're eliminating the most reputable publicly traded companies," says Nelson Rose, a California law professor and gambling-law expert. In recent years, BetonSports and others, including some U.S. casino operators, had lobbied Congress to legalize online gambling, arguing that it could then be regulated and taxed.

As for Mr. Kaplan, he is being sought by U.S. and international law-enforcement officials, including Interpol, whose Web site carries a wanted poster for him. Though his home was in Costa Rica, some believe he has left that country. One rumor has him and his family in Israel, there on an Israeli passport. If he is apprehended or returns voluntarily to the U.S., he will have to answer the pending charges in the St. Louis federal case. If convicted he could face a long prison sentence and large financial penalties.

Write to John R. Emshwiller at john.emshwiller@wsj.com1 and Peter Sanders at peter.sanders@wsj.com2

Prosecutors Ask For 5 Year Max For Professor Cuba Spying Case (AP)

By Adrian Sainz

AP, February 27, 2007

MIAMI - A college professor who pleaded guilty in a federal case involving allegations that he and his wife spied for Cuba should receive the maximum five years in prison because he did "classic intelligence work" for Fidel Castro's communist government, prosecutors said Monday.

Carlos Alvarez, 61, and his 56-year-old wife Elsa were set to be sentenced Tuesday. Both pleaded guilty Dec. 19 to reduced federal charges in the case involving accusations of exchanging coded messages with Cuban intelligence services about Cuban-American exile groups and prominent figures in Miami.

Carlos Alvarez's lawyers have asked for a sentence of time served, or a sentence which would allow him to serve his time at home. The Florida International University psychology professor has spent one year and about two months at a federal detention facility.

The professor's attorneys argue he was never a Cuban intelligence agent or a supporter of Castro, and that he was trying to open avenues of communication between the two countries.

In Monday's filing, prosecutors argued the Florida International University psychology professor deserves a five-year sentence because the information he relayed was more sensitive than he said. Alvarez has downplayed the importance of the information.

"The reporting done by the Alvarezes contained substantially more than 'harmless gossip,'" Assistant U.S. Attorney Matthew Axelrod wrote. "Rather, the Alvarezes were engaged in classic intelligence work."

Carlos Alvarez pleaded guilty to conspiracy to become an unregistered foreign agent, while his wife admitted knowing about her husband's illegal activities but failing to report them to authorities. Both were charged previously with the more serious charge of acting as illegal Cuban agents.

Elsa Alvarez faces up to three years in prison on the revised charges. The government Monday requested a 21 month sentence for her, but her attorney Jane Moscowitz requested a sentence of no additional jail time. Elsa Alvarez served five months in a federal detention facility before she was released on bond.

Monday's filing by government prosecutors discusses evidence gathered from one of the couple's home computers concerning Cuban-Americans and other prominent figures.

A written report cited by prosecutors stated that one of Carlos Alvarez's contacts met personally with Richard Nuccio, then-President Clinton's special adviser to Cuba, in 1996. The report said Nuccio was "very depressed" and "devastated" by the signing of the Helms-Burton Act, which strengthened U.S. sanctions against Cuba.

Steven Chaykin, Carlos Alvarez's attorney, said his client never personally met with Nuccio and there was no proof that he sent the information found in the computer.

In 2005, Carlos Alvarez admitted in FBI interviews to being a "collaborator" with Cuba's intelligence service beginning in 1977, insisting he was mainly interested in opening dialogue with Cuba's government. His attorneys unsuccessfully tried to have that confession thrown out.

But Chaykin said Carlos Alvarez did not think he was disloyal to the United States and was trying to create dialogue concerning the U.S.-Cuba trade embargo and travel restrictions to the island.

"He naively believed the representations of the people with whom he had been in contact on behalf of the Cuban intelligence service that this was something they also were interested in promoting," Chaykin said. "He got ensnared in their web."

Feds Push For Maximum Sentence In Cuba Spy Case (WFOR)

WFOR-TV, February 27, 2007

Prosecutors Want 5 Years In Prison For Carlos Alvarez

(CBS4) MIAMI An FIU professor who pleaded guilty to working for the Castro government as agents may have cut a deal with the Feds, but they don't appear to be ready to give him a break.

Prosecutors are pressing for the maximum jail time for Carlos Alvarez, who pleaded guilty in a federal case involving allegations that he and his wife spied for Cuba. If they get it, that means Alvarez would serve 5 years in federal prison.

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Carlos Alvarez's lawyers have asked for a sentence of time served, or a sentence which would allow him to serve his time at home. Alvarez has spent one year and about two months at a federal detention facility.

Alvarez his 56-year-old wife Elsa are to be sentenced tomorrow. Both pleaded guilty about two months ago to reduced federal charges. The case involves accusations of exchanging coded messages with Cuban intelligence services about Cuban-American exile groups and prominent figures in Miami.

The professor's attorneys argue he was never a Cuban intelligence agent or a supporter of Castro, and that he was trying to open avenues of communication between the two countries.

U.S.: Couple Shared Vital Data With Cuba (MIH)

By Jay Weaver

Miami Herald, February 27, 2007

Prosecutors said former FIU Professor Carlos Alvarez and his wife, Elsa, went beyond 'harmless gossip' to supply communist Cuba with information about key exiles. They are to be sentenced today.

One-time Florida International University Professor Carlos Alvarez and his wife, Elsa, supplied agents in Fidel Castro's government with classic intelligence information that went far beyond the "harmless gossip" the convicted couple said they gathered on the Cuban exile community, federal prosecutors said Monday.

On the eve of the couple's sentencings today, the U.S. attorney's office disclosed for the first time that the FBI obtained material from one of the Alvarezes' home computers showing that rather than reducing their illicit operation in the mid-1990s, they were still actively contacting the Cuban Intelligence Service.

In court papers filed Monday, a prosecutor argued for tough sentences as he cited "sensitive details" gathered from "slack space" on the Alvarezes' computer showing that Carlos Alvarez prepared written reports on:

• FIU president Modesto Maidique's personal finances and private business ventures.

• A "redacted" U.S. government study on the ``status of telecommunications in Cuba."

• Brothers to the Rescue leader José Basulto, including that "an investigation should continue" into ``the ties he has to the CIA, the Cuban American [National] Foundation and financial interests such as Bacardi."

• A personal contact who had met with Richard Nuccio, then-President Bill Clinton's special advisor for Cuba, who "was very depressed" by Cuba's shoot-down of two Brothers to the Rescue planes killing three Cuban-American men and a Cuban exile and the subsequent Helms-Burton law toughening the U.S. embargo against Cuba.

• Lula Rodriguez, a Miami-Dade Democrat who later became personal assistant to then-Attorney General Janet Reno and eventually deputy assistant secretary of state for public affairs in the Clinton administration.

"Although it was Carlos Alvarez alone who would write and encrypt the reports [on computer disks], the reports would include information gathered by Elsa Alvarez as well," wrote Assistant U.S. Attorney Matthew Axelrod. 'The reports would be signed with the names `David and Deborah,' the code names given to Carlos and Elsa Alvarez by the [Cuban Intelligence Service]."

Axelrod filed the couple's computer information obtained by the FBI under court seal. But he cited sections to bolster his argument that Carlos Alvarez should receive the maximum five-year prison sentence for pleading guilty in December to conspiring to act as an unregistered agent for Cuba's communist government.

Axelrod also cited parts to back his argument that Elsa Alvarez, an FIU counselor on unpaid leave, should receive 21 months' imprisonment for pleading guilty to knowing about her husband's illegal activities and harboring him.

Carlos Alvarez's attorney, Steven Chaykin, called the latest filing ``another example of the government overstating the nature of this case."

DEEP REGRET

"Dr. Alvarez deeply regrets having disclosed information to the Cuban Intelligence Service regarding details of a personal nature about Mr. Maidique in the late 1980s and early 1990s," Chaykin said. ``But at the time, he didn't think the information was of any import or consequences -- he knew Mitch Maidique well and that he was a leader in the Cuban American community, and he was a moderate."

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Chaykin said the rest of the information was readily available from newspapers and other public sources, saying Carlos Alvarez's goal was to loosen the U.S. embargo against Cuba. "That was his thinking process, that he could make a difference," Chaykin said.

The Alvarezes' arrest in January 2006 sent shock waves through South Florida's exile community.

"This man has been dealing with sensitive information for years," said Basulto, a founder of Brothers to the Rescue.

"Don't tell me this is research on the exile community," added Basulto, who denied any involvement with the CIA since the 1961 Bay of Pigs invasion or any investments in Bacardi. ``This is information used for strategic purposes by the Cuban government."

The Alvarezes averted a difficult jury trial on the more serious, previous charge of being Cuban agents who did not register with the U.S. government, an offense that carried up to 10 years in prison.

Their plea deals were struck after U.S. District Judge K. Michael Moore decided to allow a major piece of incriminating evidence at trial -- Carlos Alvarez's "confession" in summer 2005 to the FBI of his collaboration with Cuban intelligence agents, including use of a home computer, encrypted disks and travel to the island. Carlos Alvarez had destroyed much of the information on his hard drive, but not all of it.

30 YEARS AGO

Prosecutors believe Carlos Alvarez began spying for Cuba in 1977 and that Elsa Alvarez became aware of it in 1982.

Chaykin, in court papers, has urged Moore to be lenient, saying Carlos Alvarez should be sentenced to the time he has already served since he was placed in custody in January 2006 in the Federal Detention Center in downtown Miami. Alternatively, he recommended that Alvarez serve whatever sentence he receives at his Miami-Dade home.

Chaykin portrayed Alvarez, 61, a longtime FIU psychology professor before his resignation last year, as a naive intellectual trying to manipulate his Cuban handlers to find an alternative to the U.S. embargo that could lead to the end of the Castro government.

"Of course, Carlos Alvarez did not realize until it was too late that it was he that the [Cuban Intelligence Service] was after, not his information," Chaykin wrote. ``It was he who had been manipulated, not the Cubans. Once he realized he was trapped, there was nothing he could do but to do as little as he could get away with, and pray he would not be exposed by the Cuban government for propaganda value."

In an interview, Chaykin said his client's naiveté with the Cuban Intelligence Service also got him into trouble with the FBI when agents interviewed him three times at a local hotel without a lawyer present. The attorney said Alvarez believed that the FBI agents promised ``all he had to do was tell them the truth and they would leave him alone."

The agents said Alvarez's confession amounted to enough evidence to charge him and his 56-year-old wife.

Many Knew Of FBI Probe (MIH)

By Todd Wright

Miami Herald, February 27, 2007

Questions are swirling about how two Hollywood police officers knew about an undercover FBI probe into their alleged illegal activity.

Hollywood Police Chief James Scarberry told as many as eight city officials about a two-year undercover FBI probe into his department, defying FBI instructions and possibly opening himself to prosecution.

Word of the FBI investigation somehow reached two of the four veteran officers who were the initial targets of the sting, forcing the FBI to prematurely end the probe and arrest the officers who the feds said were involved.

FBI officials said they told Scarberry to tell no one about the investigation after they informed him on Jan. 18.

But Scarberry told Assistant Chiefs Chadwick Wagner and Louis Granteed, Majors James Jones and Frank McGarry, and two captains on the force.

Within seven days, City Manager Cameron Benson and Mayor Mara Giulianti were added to the list of those who "needed to know," Scarberry said.

Scarberry stands by his decision to tell the mayor, city manager and six high-ranking officers on the force about the sting.

He said he was less than thrilled with the idea that more officers in his department might be implicated in wrongdoing, but contends the FBI never told him not to tell anyone else.

"I was supportive of what the FBI wanted to do," said Scarberry, dismissing the notion that the leak came from inside the department. ``Was I somewhat reluctant? Yes, I was. If I didn't want the investigation to go forward, I would have suspended them immediately and shut the thing down."

Veteran officers Kevin Companion, Stephen Harrison and Jeff Courtney were arrested on Thursday and accused of a wide range of crimes, including extortion, bribe-taking, dealing in stolen property, protecting a rigged, high-stakes card game, cargo theft and transporting a large load of heroin.

UNDERCOVER AGENT

A fourth officer, Thomas Simcox, is expected to turn himself in this week.

He made a deal to work as an undercover agent for the FBI about a month ago.

The group was snared in an FBI sting in which agents posed as members of a New York organized crime family needing added protection for its South Florida operations.

Companion, the ringleader, recruited the other three officers to assist the agents.

In addition, he had contact with several other officers, who have yet to be named, FBI officials said.

The city will conduct its own internal investigation to identify the other officers, who likely will be fired, Scarberry said.

Investigators realized that Companion and Courtney had learned of the probe when the two called in sick Monday through Thursday of last week, then began inquiring about their retirement benefits.

The U.S. Attorney's Office would not comment on whether any action would be taken against Scarberry.

"This was an undercover operation, which means it was conducted in secret. That's how it works," said Alicia Valle, spokeswoman for the U.S. Attorney's Office. ``. . . We are not going to be pointing fingers at this time. . . . If evidence comes that there was a leak in the city, then we'll pursue it at that time. That's a very serious allegation."

Scarberry said he does not believe information was passed to the officers by anyone he told.

"I seriously doubt any one of them released the information," he said. ``There was nothing to accomplish by doing that."

But FBI agents were furious that someone leaked information before the investigation was complete, a ranking federal law enforcement source said.

Before the case unraveled, the FBI and the U.S. Attorney's Office approached Scarberry about using Simcox in an undercover role to try to snare other Hollywood officers in the scheme.

Scarberry objected, the source said.

"He didn't want to look under any further rocks. He wanted to cauterize it," the source said.

Scarberry denied that.

"We were extremely cooperative," he said.

``Of course I was not happy with [the FBI being] in my department."

JUSTICE OBSTRUCTION

Scarberry's actions could fall under the broad federal guidelines for obstruction of justice, said Martin Jaffe, a Hollywood criminal defense attorney. Jaffe was former chief prosecutor for organized crime and public corruption cases in Broward County for 15 years, before switching sides.

Actions such as telling others information about an undercover operation, leaking information to suspects, leaving out classified documents for people to see or withholding information would all qualify under federal rules.

IMPEDES A PROBE

The rule of thumb is that if your action or inaction impedes a federal investigation, you could face obstruction of justice charges, Jaffe said.

It's usually not a good idea to tell people about an FBI undercover investigation, especially if agents told you not to, Jaffe said.

"From a law enforcement perspective, you would think you'd want to keep the people who know anything to the fewest as possible," he said. ``That way, it's less likely there will be a breach."

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Miami Herald staff writers Dan Christensen, Wanda J. DeMarzo and Jay Weaver contributed to this report.

Arrests Of Hollywood Officers Jeopardize 61 Criminal Cases They Handled (FLSUNSEN)

By Vanessa Blum And Ihosvani Rodriguez, South Florida Sun-Sentinel

South Florida Sun-Sentinel, February 27, 2007

A former state legislator charged with having sex with a teenager, a man accused in the rape of a 60-year-old woman, and a man who police said molested his 13-year-old stepdaughter are among defendants in 61 pending cases jeopardized by alleged corruption in the Hollywood police department.

The prosecutions, each involving one of four veteran officers charged last week with corruption and drug offenses, are under review by lawyers in the Broward State Attorney's Office, said felony chief Jeff Marcus.

LocalLinks

At the same time, the FBI continued to look into leaks from the Hollywood Police Department that prematurely exposed an undercover investigation of suspected dirty cops. The leaks forced agents to wrap up the sting instead of following up on other leads that could have produced more arrests, according to a federal law enforcement official familiar with the matter.

Detective Kevin Companion, 41; Sgt. Jeffry Courtney, 51; Officer Stephen Harrison, 46; and Detective Thomas Simcox, 50, are accused of providing services to FBI agents posing as mobsters in exchange for cash, sometimes using official police vehicles and equipment.

Companion, Courtney and Harrix son were arrested Thursday and released on bail. Simcox, who was cooperating with investigators, is expected to surrender Wednesday.

Howard Finkelstein, chief public defender for Broward County, said the scandal's effect on pending criminal cases could be "huge."

"This is as serious as it gets," Finkelstein said. "Cases could very easily fall apart."

He said he would advise his staff to take a close look at current and past cases involving all Hollywood police officers, not just the four charged. "I want to find out about every dirty cop in the city of Hollywood," Finkelstein said.

The four officers were involved in pending felony cases that include child sexual abuse, vehicular homicide, kidnapping and drug charges. Companion and Simcox, who ran the sex-crimes unit for the Hollywood police, handled 45 cases, Marcus said.

"We're going through case-by-case to determine what impact there is," he said.

Perhaps the highest-profile prosecution called into question involves a former state legislator who police say admitted paying for sex with a Hollywood madam and an underage girl.

Barry Kutun, 65, surrendered last year after Hollywood police charged him with two counts of unlawful sexual activity with a minor. He was subsequently fired from his post as North Miami's city attorney.

Kutun's attorney Richard Sharpstein said Simcox was the original lead detective in the Hollywood case, adding it was too early to tell how his involvement would impact Kutun's defense.

Simcox also participated in a case where a good Samaritan chased down a man accused of raping a 60-year-old woman in a Hollywood alley on New Year's Day.

Simcox arrested Juan Moreno, 38, whom the woman identified in front of police, on one count of sexual battery with a weapon, records show. The woman suffered serious injuries, including a deep cut on her neck after her attacker allegedly used a belt to try to strangle her.

Assistant Public Defender Jose Alberto Reyes, who represents Moreno, could not be reached for comment Monday. In the case of the man charged with repeatedly molesting his teenage stepdaughter, it was Companion who took the girl's statement at her Hollywood home in December.

The suspect's attorney, Alex Rivero, said that makes him "raise an eyebrow."

"It's definitely something I have to look into," Rivero said Monday. The South Florida Sun-Sentinel is not publishing his client's name to protect the stepdaughter's privacy.

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Alberto Milian, a former Broward state prosecutor, said the officers' arrests would undoubtedly cause headaches for his former office.

"It's going to raise credibility issues every time a police officer, especially a Hollywood police officer, testifies," he said. Dennis Siegel, head of the sex crimes unit of the Broward State Attorney's Office, said lawyers would look for ways to make their cases without relying on testimony from the accused officers.

'Waltz' Sting's Newton Leaves Halfway House (KNOXNS/AP)

By Associated Press

Knoxville News Sentinel (TN), February 27, 2007

CHATTANOOGA - Former Republican state Rep. Chris Newton of Cleveland has been freed from a federal prison system halfway house where he finished a one-year sentence in the FBI's "Tennessee Waltz" bribery sting.

The Polk County native served 9 1/2 months in a minimum-security prison in Atlanta, then another month at a halfway house in Knoxville. He was released Friday but has remaining community service and two years of probation to serve.

Newton is among five current or former state_lawmakers charged with taking bribes from FBI agents who posed as businessmen seeking legislative favors. Local officials in Memphis and Chattanooga and two "bag men" also were charged in the operation.

Newton, 36, pleaded guilty to extortion and bribery conspiracy and then resigned in the middle of his sixth term in the General Assembly.

He also was fined $10,000 for taking a $1,500 bribe.

After pleading guilty, Newton told reporters he "became caught up in business as usual" at the state Capitol.

The Tennessee Waltz scandal prompted a special session of the Legislature and passage of legislation creating an independent ethics commission for lawmakers. The law also restricts contact that lobbyists can have with lawmakers and caps cash political contributions.

SoCal Woman Pleads Guilty To Leading $12M Fraud Scheme (MERCN)

The San Jose Mercury News, February 27, 2007

LOS ANGELES - A woman pleaded guilty Friday to federal mail fraud and money laundering charges for leading a $12 million foreclosure scam that victimized more than 100 Southern California homeowners.

As part of a plea deal Martha Rodriguez, 35, of Downey admitted she led the scheme from May 2003 until November 2005 out of her real estate and escrow agencies, the U.S. attorney's office said.

She faces up to 40 years in prison when she is sentenced August 20. Rodriguez also agreed to forfeit to the government her interest in five homes, a truck and about $900,000 in cash.

According to a federal grand jury indictment, Rodriguez and four others visited homeowners defaulting on their mortgages and offered to stop their foreclosures with short-term loans and refinancing options. But instead of applying for refinancing, the defendants allegedly submitted loan applications to banks under the names of the homeowners.

The five allegedly pocketed the loan money from the banks, which were never repaid. The scammed homeowners, meanwhile, lost their property titles, prosecutors said.

Also indicted were Cynthia Valenzuela, 24, of Downey; Vladimir Stefanovic, 35, of Lancaster; Edward Seung Ok, 40, of Huntington Beach; and Maria G. Juarez, 36, of Diamond Bar.

Valenzuela pleaded guilty Feb. 16 to mail fraud charges. The other three defendants were scheduled to go to trial on July 10.

Technology Aids Credit-card Crooks (MINNST)

By Chris Serres

Minneapolis Star Tribune, February 27, 2007

Digital camera technology and account-number software have made it difficult even for experts to spot counterfeit credit cards.

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After 20 years as a financial crimes investigator, Joe Guy of the Roseville Police Department was reasonably confident of his ability to detect a counterfeit credit card.

But Guy looked perplexed as he gazed at a fake American Express card confiscated two weeks ago from Ricardo Petit-Homme, a 29-year-old from the New York City borough of Brooklyn, who was charged with stealing more than $22,000 in computer equipment from local Apple stores.

"This card looks so good, it damn near fooled me," Guy said, as he put it under a magnifying glass.

Over the past year, Twin Cities law-enforcement officials and retailers have become troubled by a dramatic jump in the sophistication of counterfeit credit cards, which have been linked to tens of thousands of dollars in thefts at local malls and shopping centers.

U.S. losses from stolen and fraudulent credit cards totaled $3 billion last year, according to the National Retail Federation, a Washington, D.C.-based trade group.

Financial crimes investigators say neither retailers nor credit-card companies are doing enough to stay ahead of the technology used by counterfeiters. It's possible to download computer programs from the Internet that automatically generate thousands of credit-card numbers at a time. These numbers so closely mimic authentic numbers, which are generated by computers using set patterns, that they fool credit-processing machines used at many stores and restaurants.

The fake cards are appearing at a time when credit-card fraud is already on the rise. The Minnesota Financial Crimes Task Force, a state law-enforcement agency that investigates financial crimes, prosecuted 1,900 cases of financial fraud last year, up 70 percent from the previous year. About 80 percent of the cases involved counterfeit credit cards and checks, according to John McCullough, business coordinator for the task force.

The Roseville Police Department and the FBI are investigating an organized ring of 20 people who they say stole goods worth more than $250,000 in local electronics stores, primarily by using stolen credit-card numbers and fake IDs. Investigators believe the group sold much of the stolen merchandise online.

And last February, a 21-year-old named Zhan Biao Zhan went on a buying spree with fake credit cards at Mall of America jewelry stores, buying $12,000 worth of Rolex watches, according to a Bloomington police report. Zhan, who used a fake driver's license with the name Benny Wong, was arrested after he attempted to buy two more Rolex watches from R.F. Moeller Jewelers in Edina.

"It's like the Alamo -- they keep coming over the walls," McCullough said. "We're grossly understaffed to investigate all these cases."

To the naked eye, the eight credit cards confiscated from Petit-Homme look like the real thing. The MasterCards had the slanted letters "MC" next to the expiration date -- a feature normally absent from counterfeit cards. The four-digit bank identification numbers were printed directly below the first four digits on the card; with phony cards, those numbers are often absent or altered somewhat.

They look so real

Even when Roseville police placed the cards under ultraviolet lights, they still seemed authentic. Under the lights, the letters "AMEX" and the bust of a Centurion were visible on the American Express cards -- an effect that is impossible to duplicate without sophisticated technology. The holograms on all the cards also looked real.

The magnetic strips on the cards didn't work, but the account numbers on all of them were valid, so the Apple salespeople made the sales after keying in the numbers. "It's worrisome. Once you jump a hurdle with technology, you never go back," Guy said. "Eventually, these are going to be the benchmark for what we see in the field."

Traditionally, accessing credit-card numbers has been the chief obstacle to producing large numbers of fake cards. But with modern technology, that's no longer as difficult. Using digital cameras, bank tellers and store clerks can photograph the fronts and backs of credit cards surreptitiously. And computer software available on the Internet can generate account numbers using the same algorithms as the credit-card companies.

"It's now possible to buy and sell batches of account numbers," said Mike Hartley, a detective in the property crimes unit of the Bloomington Police Department.

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According to a Roseville police report, Petit-Homme managed to steal six computers at three local Apple stores before police nabbed him. Typically such thieves aren't caught, and Petit-Homme probably would have gotten away with it had he been more temperate with his purchases.

An alert employee at the Mall of America Apple store wondered how a man dressed in a worn jacket could afford two laptops and related computer applications. His purchase totaled $6,668.27. The employee called other Apple stores in the area to alert them; when the man bought the exact same merchandise at the Apple store at Rosedale Center, police were called immediately.

After his arrest, police searched Petit-Homme's car and found a printed list of stores and shopping centers. The list included addresses for the Shoppes at Arbor Lakes, the Galleria in Edina, four local Apple stores and several jewelry stores.

Conversations with Petit-Homme led Roseville police to believe that he was acting on behalf of a larger organization based in Brooklyn. He carried a counterfeit New York driver's license with the name Andrew Waters, the same as on the fake cards.

Police aren't sure why he was buying the same computers, but theft rings often buy products in bulk because they've already lined up buyers.

"It's much, much simpler that way," Guy said.

Justices Take Up Police Use Of Lethal Force (NYT)

By Linda Greenhouse

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — There was no dispute in the Supreme Court on Monday about the disastrous consequences of a high-speed police chase over the back roads of a rural Georgia county six years ago.

A deputy sheriff caught up with the car that he and other officers were pursuing and, still traveling at high speed, rammed it with his own car, causing an accident that left Victor Harris, the 19-year-old driver, a quadriplegic. Mr. Harris's original offense that set off the chase: driving 73 miles an hour in a 55-mile-an-hour zone. The Coweta County police delivered speeding citations to his hospital room.

The question for the court was whether the forcible termination of the chase had been reasonable under the circumstances, or whether a jury should at least be permitted to consider Mr. Harris's claim that Deputy Sheriff Timothy Scott violated his constitutional rights by unreasonable application of deadly force. At issue were the standards to apply to such a determination.

The United States Court of Appeals for the 11th Circuit, based in Atlanta and not known for being overly solicitous toward criminal defendants, ruled in 2005 that Mr. Harris was entitled to take his suit for damages to a jury. The appeals court refused to give Deputy Scott either summary judgment or immunity, basing its ruling on a series of Supreme Court decisions from the 1980s that set boundaries on the use of deadly police force against fleeing criminal suspects.

But the lawyers arguing for the deputy, both Philip W. Savrin of Atlanta and Gregory G. Garre, a deputy solicitor general in the Justice Department, argued that those precedents were not relevant, given the particular danger that Mr. Harris's driving, at speeds of up to 90 miles an hour on dark and winding country roads, had posed to other drivers.

The court's leading precedent, Tennessee v. Garner, from 1985, held that the police had acted unreasonably in shooting an unarmed suspect in the back as he fled from a house he was suspected of burglarizing.

But this case, Scott v. Harris, No. 05-1631, is "fundamentally different from Garner," Mr. Garre said. When the deputy decided to use force, Mr. Garre continued, he "reasonably determined" that Mr. Harris "posed a grave threat to other motorists, the police and any bystanders who might come in his way."

Most justices appeared to agree rather readily, describing their reactions to watching a videotape of the pursuit, made by an automatic camera mounted on the deputy's dashboard, which is part of the record of the case. "He created the scariest chase I ever saw since 'The French Connection,' " Justice Antonin Scalia observed. Justice Samuel A. Alito Jr. told Craig T. Jones, Mr. Harris's lawyer, that his client "created a tremendous risk" to other drivers.

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Only Justices John Paul Stevens and Ruth Bader Ginsburg raised the question of whether it would have been more reasonable for the police simply to have abandoned the chase. "If the police weren't after him, there is no indication that he would have been speeding," Justice Ginsburg said.

Justice Stevens raised the issue repeatedly. When Mr. Garre gave a hair-raising description of Mr. Harris's behavior in trying to elude the police, Justice Stevens observed, "Before being chased he hadn't done any of this."

And when Deputy Scott's lawyer, Mr. Savrin, said he had decided to intercept Mr. Harris after concluding that there was "a high likelihood, in fact a probability," that harm would otherwise come to others on the road, Justice Stevens asked, "Would that have been likely if the officer had discontinued the chase?"

Chief Justice John G. Roberts Jr. intervened several times to depict the deputy's behavior as reasonable. "Is it reasonable to suppose that there might be something more going on if the guy is trying this hard to get away from a speeding ticket?" the chief justice asked at one point. Later he suggested that the car might have been stolen or that the deputy could have assumed Mr. Harris was being pursued "for mass murder or terrorism."

With the court seemingly set against him, it was not easy for Mr. Harris's lawyer, Mr. Jones, to get much traction during his 30 minutes at the lectern. His client was "an unsafe driver," he said, but was not an aggressor. Mr. Harris even used his turn signal when he passed other cars, Mr. Jones noted.

That drew a sarcastic response from Justice Anthony M. Kennedy. "He used the turning signal!" Justice Kennedy said, adding, "That's like the strangler who observes the 'no smoking' sign."

For deadly force to be justified under the Fourth Amendment's ban on unreasonable seizure, Mr. Jones persisted, "something more than just unsafe flight" is required. The rule the Supreme Court set 22 years ago in the Garner case to protect fleeing suspects should apply in this setting as well, he said, adding:

"The rule simply says you don't kill him just because he is driving unsafely. And it simply says that if the choice is between killing him and letting him go, you have to let him go if the Garner factors aren't present. And we find nothing in the law and no reason to create a new exception in the law that says that Garner doesn't apply if you're fleeing by vehicle."

Court Ponders Police Chase Liability (LAT)

By David G. Savage

The Los Angeles Times, February 26, 2007

WASHINGTON -- Can a police officer be sued for hitting into a fleeing car during a high-speed chase and causing an accident that leaves the driver badly injured or dead?

The Supreme Court took up that question today in a case from rural Georgia, and the likely answer appeared to be "no."

The case has drawn wide attention because it could set national rules to limit police chases. More than 300 people per year are killed in police chases. Most of the victims are the motorists who tried to flee the police, but a substantial number are innocent bystanders. Each year, several police officers die in such chases.

But during the oral arguments today, most of the justices said they were not inclined to restrict the police from using force when they are pursuing a dangerous speeder.

The fleeing motorist "is creating a grave danger" to others on the highway, said Justice Samuel A. Alito Jr.

"We are talking about 90 miles per hour on a two-lane road," said Chief Justice John G. Roberts Jr., referring to the case before the court.

Six years ago, 19-year-old Victor Harris was paralyzed after losing control of his speeding Cadillac in Coweta County, Ga. He had been clocked going 73 mph on a highway where the speed limit was 55.

When a police officer flashed his blue light, Harris sped away. He was pursued through the parking lot of a small shopping center, where he collided with a police car.

Still undeterred, Harris raced down a dark and winding two-lane road, sped through red lights and swerved back and forth across the lanes to avoid other cars.

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"Go ahead and take him out," a police supervisor radioed to Deputy Timothy Scott. Unable to stop Harris safely, Scott rammed into the rear bumper of the Cadillac, causing it to spin. The car careened over an embankment and the accident left Harris a quadriplegic.

That was the "scariest chase I ever saw since 'The French Connection,' " said Justice Antonin Scalia, referring to a police videotape of the chase that was supplied to the court. "It was frightening ... cars coming in the opposite direction, at night, on a two-lane winding road," he said.

Several other justices said they, too, had watched the videotape and agreed with Scalia's description. Harris had "created a substantial risk of serious bodily harm to others. How would a jury find otherwise?" asked Justice David H. Souter.

In his client's defense, Harris' lawyers said the young man had been driving "under control" and used his turn signals when he changed lanes.

"He used the turning signal! That's like the strangler who observes the 'no smoking' sign," interjected Justice Anthony M. Kennedy.

Despite the scary scene captured on the police video, Harris won two preliminary victories in the lower courts. He had sued Scott, alleging that the ramming of his car by the deputy amounted to excessive force and therefore violated the 4th Amendment and its ban on "unreasonable searches and seizures."

Lawyers for the police expected this claim would be rejected. Instead, both a federal judge and the U.S. court of appeals in Atlanta said the suit should go before a jury.

More than 20 years ago, the high court had said an officer may not use "deadly force" to stop a fleeing suspect unless he poses a true risk to the public or the police. That ruling arose when a police officer, answering a burglary call, encountered a teenage boy in the backyard and shot him in the back of the head.

Last year, the appeals court in Atlanta said the same rule against the use of "deadly force" should apply in cases involving high-speed chases. If that rule were upheld by the Supreme Court, it could force the police to break off high-speed chases and to let fleeing motorists get away.

But most of the justices said today they leaned in favor of a ruling that says police may use reasonable force to stop a dangerously speeding vehicle.

It will be several months before the justices issue a ruling in the case of Harris vs. Scott.

Justices Weigh Police Chase Video (WP)

By Robert Barnes

The Washington Post, February 27, 2007

The Supreme Court relies on precedents and case law, dry recitations of fact and the sometimes bloodless decisions of the courts below it. But in a case involving a now-paralyzed man who instigated a high-speed police chase, most of the justices, as a sportscaster might say, went to the videotape.

And the reviews rolled in.

"He created the scariest chase I ever saw since 'The French Connection,' " Justice Antonin Scalia said during yesterday's hour-long oral arguments.

Justice Ruth Bader Ginsburg: "Anyone who has watched that tape has got to come to [the] conclusion, looking at the road and the way that this car was swerving, and the cars coming in the opposite direction . . . this was a situation fraught with danger."

Videotape, in this case taken from cameras inside the police cars, is an unusual piece of the record for Supreme Court justices to weigh, but it is at the heart of Scott v. Harris (05-1631). The tape was not played yesterday, but it appeared that a majority of the justices had watched it.

The case involves Coweta County Deputy Sheriff Timothy Scott's decision in 2001 to end a wild, high-speed chase through dark and wet Georgia highways by finally ramming the back of Victor Harris's Cadillac, sending him down an embankment and flipping his car. Harris, then 19, was left a quadriplegic and has sued, claiming it a violation of his constitutional rights for Scott to take such drastic action.

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Scott has countered that his maneuver was reasonable to save others who were endangered by Harris's unlawful driving and that, even if not, he should be granted immunity because it was not clearly established law that his action would violate Harris's Fourth Amendment right to unreasonable seizure.

The case comes amid a backdrop of sensational high-speed police chases that have become a staple of cable television shows, as well as increasing debate about whether it is more dangerous for law enforcement officers to chase and capture wrongdoers than to let them go and hope to arrest them later.

In this case, both a lower court and the U.S. Court of Appeals for the 11th Circuit have ruled in favor of Harris. The 11th Circuit said that Scott's actions constituted deadly force, and that it was unreasonable because the officer had no reason to think Harris had done anything more than violate traffic laws. The police gave chase because they clocked him going 73 mph in a 55-mph zone.

"Mr. Harris was simply an unsafe driver," his attorney, Craig T. Jones of Atlanta, told the justices. Jones agreed that Harris should have stopped when officers attempted to pull him over, and that the chase, which lasted six minutes and covered nine miles, involved speeds of more than 90 mph.

But he pointed out that Harris, who Jones has said panicked when police gave chase to him, did not use his car to try to assault other drivers, and that at times he even used his turn signals. That fact did not elicit much sympathy.

"He used the turning signal," repeated Justice Anthony M. Kennedy. "That's like the strangler who observes the no-smoking sign."

Still, Jones argued, Supreme Court precedent holds that police may not use deadly force to stop fleeing suspects unless the suspects threaten the officer with a weapon or there is reason to believe they have committed a serious crime of physical harm or are a threat to do so.

And he said the police pursuit of his client is what created the dangerous conditions.

After Harris had eluded Scott and other officers, Scott told a fellow officer to "let me have him, my car's already tore up." He asked a supervisor for permission to ram Harris's vehicle from the side, which could cause him to spin around and stop. "Go ahead and take him out," the supervisor replied.

But Scott decided he could not make that work, because of the speed at which they were traveling and the road conditions, so he rammed Harris from behind, which sent him careening off the road.

Deputy Solicitor General Gregory G. Garre, who represents the Bush administration's support for Scott, said the deputy sheriff's split-second decision was valid. "When a suspect disobeys a lawful command to stop, races off in a reckless attempt to elude the police, and demonstrates a disregard for his own life and the lives of others in his path, the police may use force, including deadly force, to bring the suspect's vehicle flight to a halt and protect the public safety," he said.

But Jones pointed out that the 11th Circuit had found otherwise, and that the justices' rules for hearing questions of immunity require them to accept the lower court's finding of facts.

Justice Stephen G. Breyer said seeing the videotape himself makes that complicated. He said he had been back and forth on the case until he saw the tape. "Am I supposed to pretend I haven't seen that?"

"Well, I think you apply the law, Your Honor," Jones replied.

Breyer said later that he would look at the tape again, but was afraid that "I end up with Chico Marx's old question with respect to the Court of Appeals: Who do you believe -- me or your own eyes?"

High Court Case Could Change Car-chase Rules (USAT)

By Joan Biskupic

USA Today, February 27, 2007

WASHINGTON — The nocturnal chase began near Atlanta after a deputy sheriff clocked Victor Harris driving 73 miles per hour in a 55 mph zone and turned on the siren. Harris sped off, weaving past other cars and going through red lights.

He turned into a parking lot, hit the cruiser of another deputy, Timothy Scott, and sped back on the highway. Scott pursued Harris, then slammed into Harris' car to stop him. The car went down an embankment, crashed and left Harris, then 19, a quadriplegic.

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In a nationally watched case heard Monday by the Supreme Court, Harris sued Scott for violating his Fourth Amendment right against unreasonable seizures. He said Scott was wrong to use such an extreme maneuver when Harris' only wrongdoing was speeding.

Harris won in an early stage of his lawsuit in which a lower court said Scott could be held personally liable for Harris' injuries. Scott's lawyer is asking the justices to reverse an appeals court's decision that said Scott lacked grounds to believe Harris posed a threat of serious harm to others.

The high court's decision could broadly affect the rules for police chasing fleeing suspects.

High-speed chases, a staple of TV news, are controversial because they often cause injuries to suspects, innocent bystanders and police officers themselves.

Harris "created the scariest chase I ever saw since The French Connection," Justice Antonin Scalia said Monday, referring to the gritty 1971 cop film set in New York City. Scalia and other justices viewed the dashboard camera videotape of the 2001 chase.

Other justices, too, suggested by their comments that lower-court judges wrongly assessed the risk Harris created.

"This was a situation fraught with danger," Justice Ruth Bader Ginsburg said.

Scott, and groups siding with him, including 28 states, say that the court should reverse the appeals court and provide more protection from lawsuits for police who injure others in the line of duty. Civil libertarians and defense lawyers stress the need to hold police accountable for extreme tactics.

Philip Savrin, Scott's lawyer, said he acted properly in hitting Harris' car.

"There was a high likelihood that this was going to end in tragedy," Savrin said.

Deputy U.S. Solicitor General Gregory Garre, representing the Justice Department and on Scott's side, said police can use "deadly force" to stop a speeder if he is "a substantial risk" to others.

Craig Jones, Harris' lawyer, argued that if the court applies that standard merely to a person's driving, it would be easier for police to defend using deadly force and "to literally take out anyone who is speeding."

Jones insisted Harris never lost control of the car until it was hit. "He only crossed the center line to pass, and when he passed, he used his turn signal," Jones said.

"That's like the strangler who observes the no-smoking sign," Justice Anthony Kennedy said.

Chase Video Steals Show As High Court Hears Case On Police Force (LAW)

By Tony Mauro, Legal Times

Legal Times, February 27, 2007

Even at the Supreme Court, a picture -- or in this case, a video -- can be worth a thousand words. Or more.

In the case of Scott v. Harris, which was argued Monday, justices debated whether Coweta County, Ga., sheriff's deputy Timothy Scott used reasonable force in 2001 when he rammed his vehicle into a Cadillac he was pursuing during a high-speed chase. The driver, Victor Harris, who at the time was 19, had been targeted for speeding. Scott's maneuver was intended to end the chase, and it did. Harris' car careened down an embankment, leaving him paralyzed from the neck down. Harris sued, and Scott claimed he had qualified immunity -- which the 11th U.S. Circuit Court of Appeals denied him.

The qualified-immunity issue was barely mentioned as lawyers for both sides argued over the standards the high court has used in deciding whether police act reasonably when they use deadly force -- and even whether the standard is relevant to what happened to Harris. But what justices kept coming back to was the video of the six-minute chase, taken by dashboard cameras in the police cars involved. The grainy nighttime video, part of the public record in the case, shows the car reaching 90 miles per hour as it sped by other motorists under pursuit by the police.

The video was not shown in the courtroom, but it was evident that most if not all the justices had seen it -- and been affected by it.

On the film, Scott is heard asking for and getting permission to use PIT, or Precision Intervention Technique -- a method whereby police can end a chase with a maneuver that causes a car to spin out and stop. But because of the high speeds involved, Scott ultimately decided to ram Harris' car directly, causing the car to run off the road. Justice Antonin Scalia called it

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"the scariest chase I ever saw since 'The French Connection'" as he grilled the lawyer for Harris, Craig Jones of Edmond & Jones in Atlanta. "It's frightening."

And Justice Stephen Breyer, thinking out loud, told Jones he had been "shifting back and forth" as he read the briefs in the case, "and then I looked at the tape."

Quoting from the noted legal scholar Chico Marx -- of Marx Brothers fame -- Breyer later said, again referring to the tape, "Who are you going to believe, me or your own eyes?" The quote is from the classic Marx Brothers' movie "Duck Soup."

Justice Samuel Alito Jr. also said watching the tape led him to think that Harris created "tremendous" risk to other drivers by speeding, and Ruth Bader Ginsburg agreed that the tape showed the situation was "fraught with danger," implying that the officer was acting reasonably in ending the chase however he could.

Jones tried to argue that Harris did not pose an immediate threat to anyone when he was speeding, and even bragged that Harris had "used the turn signal" as he shifted from lane to lane.

Justice Anthony Kennedy interjected sarcastically, "That's like the strangler who observes the no-smoking sign."

For some justices, the video may also have cut against the officer, whose lawyer, Philip Savrin of Freeman Mathis & Gary in Atlanta, argued that the ramming did not amount to the use of deadly force.

Justice David Souter, who had also seen the video, was incredulous as he asked Savrin how the officer could have reasonably believed his actions would not result in death or serious injury.

When Savrin said not all high-speed chases result in injury, Souter said, "Some people are lucky."

Justice John Paul Stevens, who also appeared sympathetic to the target of the chase, kept asking why the officer had not simply stopped chasing the Cadillac -- which, he said, would have resulted in Harris slowing down and being captured by a roadblock or other means down the road.

Scalia came to the officer's defense, arguing that merely ending the chase without stopping Harris might have left Harris free to endanger "the public at large."

The 11th Circuit ruled that "the use of deadly force is not 'reasonable' in a high-speed chase based only on a speeding violation and traffic infractions where there was little, if any, threat to pedestrians or other motorists as the roads were mostly empty and Harris remained in control of his vehicle."

Court Turns Away Appeal By Mohawk Industries (WSJ)

By Mark H. Anderson

The Wall Street Journal, February 27, 2007

WASHINGTON -- The U.S. Supreme Court Monday refused to rehear a worker immigration lawsuit filed against Mohawk Industries Inc., rejecting a renewed appeal a year after sending it back to lower courts.

The justices last year remanded the lawsuit to a federal court so it could determine whether allegations that the company hired illegal immigrants and suppressed worker wages could proceed as a civil racketeering lawsuit. Last year's action gave the carpet and floor-coverings company a new chance to stop the worker lawsuit, filed under the Racketeer Influenced and Corrupt Organizations, or RICO, Act. But the Eleventh U.S. Circuit Court of Appeals in Atlanta ruled the lawsuit could proceed against the company.

Mohawk Industries, in its latest appeal, said the Eleventh Circuit ruling amounted to a "cramped misinterpretation" of the legal precedent the Supreme Court asked lower courts to use as guidance in the racketeering suit. "The Eleventh Circuit decision permits plaintiffs to proceed with racketeering suits based upon ordinary business conduct," the company said in its appeal.

Mohawk Industries was sued in January 2004 by a group of current and former hourly workers. The company attempted to get the suit thrown out of a federal court, but first a trial court and then the Eleventh U.S. Circuit Court of Appeals said the lawsuit could proceed, before the Supreme Court heard the first appeal last year and remanded it based on a decision in another case involving the RICO statute.

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That outcome left unanswered a significant legal question presented by the Mohawk Industries appeal on whether corporations, when working with a third-party contractor, meet the definition of an "enterprise" in federal racketeering laws. The case is Mohawk Industries v. Williams.

Court Rejects Iraq Wrongful-Death Case

Also Monday, the high court rejected an appeal from Blackwater Security Consulting LLC, a defense contractor fighting a state wrongful death suit over the 2004 death of four of its employees in Fallujah, Iraq. The workers were killed at a mob scene where they were beaten, set on fire and their remains were mutilated and hung from a bridge. The four men were with a truck convoy headed for U.S. Army Camp Ridgeway in Iraq.

In January 2005, the estates for the four sought damages under North Carolina's wrongful death statute, despite efforts by the defense security contractor to obtain benefits under a special Defense Base Act that provides compensation to the families of individuals killed in a war zone. Blackwater Security attempted to get the state suit dismissed, arguing the federal defense compensation program, administered by the Labor Department, was the families' exclusive remedy. A U.S. District Court and the Fourth U.S. Circuit Court of Appeals in Richmond, Va., declined to intervene with rulings that let the lawsuit proceed in North Carolina.

Blackwater Security, in its appeal, said the federal court decisions expose "civilian contractors carrying on their Defense Department-mandated operations in hostile territory to the destabilizing reach of 50 state tort systems."

Richard Nordan, the estate administrator for the four, accused Blackwater Security of being discontent with lower court's proper conclusions of the laws. "Simply put, Blackwater requests preferential treatment of its case," Mr. Nordan said. The case is Blackwater Security Consulting v. Nordan.

The court also refused to consider the case of a former Phoenix high school teacher sentenced to 200 years in prison for possessing child pornography. Morton Berger argued that his sentence was grossly disproportionate to his crime, amounting to cruel and unusual punishment under the Eighth Amendment. The case is Morton Berger v. state of Arizona.

Court Takes Up Election, Education Cases

The court did agree to hear several cases. Justices will consider the constitutionality of a statewide primary election system in which the top two finishers advance to the general election even if they are from the same party.

The justices will hear arguments in the fall in a case from Washington state over its "Top 2" primary system that voters created. The system allows candidates to indicate their party affiliation on the ballot and is open to voters regardless of their party. The system is the successor to the blanket primary that the Supreme Court struck down in 2000 on the grounds that it violated political parties' rights.

The Washington Democratic and Republican parties sued to block the new system, approved by voters in 2004. The parties said they would be forced to be associated with candidates they did not choose. Lower federal courts agreed with the parties. The new system, which has never been used, infringes on the rights of political parties to choose their own nominees, the Ninth U.S. Circuit Court of Appeals said.

The court also will consider whether taxpayers must reimburse parents who enrolled their learning-disabled student in private school after deciding public schools were unable to meet the child's needs. New York City's board of education asked the justices to take the case after a federal appeals court said tuition reimbursement is available to the parents under the Individuals With Disabilities Act. The case is Board of Education v. Tom F. on behalf of Gilbert F.

Justices Decline Case On 200-Year Sentence For Man Who Possessed Child Pornography (NYT)

By Linda Greenhouse

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — An Arizona man who received a 200-year prison sentence for possessing 20 pornographic images of children failed Monday to persuade the Supreme Court to consider whether the sentence was unconstitutionally excessive.

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Arizona law imposes a mandatory minimum sentence of 10 years for "sexual exploitation of a minor," and it requires that sentences for multiple convictions be served consecutively.

The sentence that the man, Morton R. Berger, received was consequently longer than the sentence any other state would have imposed for a similar offense, a justice of the Arizona Supreme Court wrote in an opinion last year dissenting from that court's decision upholding the 200-year sentence.

A majority of the Arizona Supreme Court declined to examine the aggregate sentence as a whole, instead focusing on the sentence of 10 years for possessing a single pornographic image, which it found was not excessive or disproportionate. It was this aspect of the analysis that Mr. Berger, a 57-year-old former high school teacher, challenged in his appeal to the United States Supreme Court.

"If this court reviews Berger's entire punishment instead of examining the sentence for a single count," the brief said, "it would find Berger's punishment cruel, unusual and unconstitutional."

His appeal said that in most states, sentences for similar crimes would run concurrently, and an offender would serve no more than five years, with the additional possibility of probation or early release. Both are barred under Arizona law. Had the offense been prosecuted under federal law, Mr. Berger's brief said, the federal guidelines would have provided a five-year sentence.

The case, Berger v. Arizona, No. 06-349, has drawn considerable attention in criminal law circles as providing a possible occasion for the justices to take a fresh look at a subject they have treated only sparingly. While fully engaged in reconsidering the respective roles of judges and juries in criminal sentencing, the court has been extremely reluctant to strike down particular sentences as excessive.

Douglas A. Berman, a professor at the Moritz College of Law at Ohio State University and an authority on sentencing, also noted the difference in the court's treatment of punitive damages and criminal sentencing.

In an interview on Monday, recalling that the court last week vacated an award of punitive damages against Philip Morris, Professor Berman said, "For a host of good reasons, the justices think they have a role in regulating extreme corporate punishment, but I fear the court doesn't embrace a role in regulating extreme individual punishment." Professor Berman has been writing about the Berger case for months on his blog, Sentencing Law and Policy.

Arizona vigorously opposed Supreme Court review of the sentence, telling the justices that it had been properly based on "overwhelming evidence" of Mr. Berger's "large-scale, deliberate and long-term acquisition of child pornography."

The state's brief said that after Mr. Berger turned down a plea bargain, the prosecutor whittled the case to 20 counts out of fear of "deluging the jury" with highly graphic and disturbing images. The police had found the images in Mr. Berger's possession after learning that his credit card number had been used to buy contraband images from a child pornography Web site based in Dallas.

These were some of the court's other activities on a busy Monday:

Primary Elections

The justices agreed to decide the constitutionality of the open primary system adopted in 2004 by Washington State. Under that system, people can vote for any candidate without regard to the party affiliation of the candidate or the voter. Candidates, however, can designate their own party preference on the ballot. The top two vote-getters advance to the general election regardless of party label.

The Republican, Democratic and Libertarian parties in the state challenged the system on the ground that it violated their First Amendment right to freedom of association by depriving them and their members of the ability to control the selection of candidates running under their banner. Two lower courts agreed, on the basis of recent Supreme Court precedents upholding the rights of political parties to control their own affairs.

The justices granted and consolidated two separate appeals, one filed by the state (Washington v. Washington Republican Party, No. 06-730) and one by the Washington State Grange, an organization that advocated for the voter initiative that established the new system (Washington State Grange v. Washington Republican Party, No. 06-713).

Gun Use

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In its latest effort to parse a federal law that makes it a crime to “use” a gun in relation to a drug offense, the court agreed to decide whether the receipt of an unloaded firearm as payment for drugs amounted to a prohibited “use.”

The federal appeals courts are divided on this question, which the Supreme Court did not directly resolve in 1995 when it ruled that “use” required “active employment” of the gun, a definition that the court said then included using a gun as an item of barter or commerce even if the gun was never fired.

In the new case, Watson v. United States, No. 06-571, the defendant, Michael A. Watson, acquired a gun from a police informant in return for 24 doses of the drug OxyContin. The United States Court of Appeals for the Fifth Circuit, in New Orleans, rejected his argument that receipt of a gun under such circumstances did not meet the “active employment” test.

The question occurs often, in various permutations, because a violation of the statute in question carries a mandatory minimum sentence of five years in prison in addition to any underlying offense. More than one in 10 of all federal drug convictions carry an enhanced sentence for use of a firearm.

Supreme Court Declines Polygamy Case (CSM)

By Warren Richey

The Christian Science Monitor, February 27, 2007

The US Supreme Court Monday declined to consider the appeal by a Utah man with three wives who sought to overturn his bigamy conviction by citing the high court's 2003 landmark ruling on gay rights.

The action lets stand a Utah Supreme Court decision upholding the state's bigamy law even though it clashes with some residents' sincerely held religious beliefs.

"There are literally thousands of religious people in Utah ... who now have to be concerned to look over their shoulder that some day [state Attorney General] Mark Shurtleff and the state of Utah will come after them," says Raymond Berry, one of the lawyers representing polygamist Rodney Holm. The ruling will raise concerns among religious fundamentalists in Utah that the state will step up its pressure against them, he adds. "They are kind of like turtles, they pull their heads in, they stay out of the public eye."

The Holm case offers a glimpse into a world rarely seen by most Americans. There are an estimated 37,000 religious polygamists in Arizona, California, Colorado, Idaho, Montana, Nevada, South Dakota, and Utah.

Mr. Holm's lawyers hoped to use the Supreme Court's 2003 ruling on gay rights as a means to challenge state laws against multiple marriage.

In that landmark case, called Lawrence v. Texas, the court invalidated Texas' sodomy law, ruling that gay adult Texans, like all other adults, were entitled to intimate relations without government interference. In a fiery dissent, Justice Antonin Scalia warned that the court's rejection of moral disapproval as a foundation for certain laws would open the door to legal challenges to state statutes banning same-sex marriage, prostitution, and bigamy, among others.

A key legal question is how broadly Lawrence v. Texas should be read. Most judges have interpreted that case narrowly. But within five months of the Lawrence decision, the Supreme Judicial Court in Massachusetts announced a constitutional right in that state to gay marriage.

Lawyers for Holm were hopeful that a majority of justices would see his case as an opportunity to extend the holding in Lawrence v. Texas to protect polygamist relationships from state prosecution in cases where all the parties were aware of and approved of the practice.

There has been no shortage of other challenges as per Justice Scalia's warning, but the high court has so far avoided revisiting the 2003 landmark. In declining to take Holm's case, the justices offered no explanation.

Holm is a member of a religious group that practices polygamy as a tenet of their faith.

"They are the philosophical, and often biological, descendants of early Mormons who refused to compromise their religious principles in the face of the most extreme form of coercion," wrote Holm's other lawyer, Rodney Parker of Salt Lake City, in his petition to the court.

Although polygamy was once accepted, the Church of Jesus Christ of Latter-day Saints banned the practice in 1890.

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The issue arose recently on the presidential campaign trail with the Associated Press reporting over the weekend that Republican presidential candidate Mitt Romney had a great-grandfather who had five wives and a great-great-grandfather with 12 wives.

Mr. Romney, a Mormon, says he is opposed to polygamy. He has been married for 37 years to his high school sweetheart. But prejudice against Mormons might hurt Romney's chances in a run for the White House, some analysts say.

The Holm case arrived at the Supreme Court after the Utah resident was convicted of violating the state's bigamy law and of having unlawful sexual contact with a minor. Holm was charged after his third wife – then age 16 – moved into his house with his two other wives and children following an unlicensed religious marriage ceremony.

The third wife was the younger sister of Holm's first wife.

Holm believes his religious faith requires that he have more than one wife. He and his wives are members of the Fundamentalist Church of Jesus Christ of Latter-day Saints, a spinoff sect with no connection to the Mormon Church.

At issue in his case was whether state prosecutors violated his constitutional right to practice his religion and maintain an intimate family relationship without intrusive government interference.

In Lawrence v. Texas, the high court declared that a state sodomy law treated gay Texans as second-class citizens. Holm's lawyers told the high court that Utah's polygamy statute does the same for certain religious fundamentalists.

In urging the high court not to take the case, Assistant Attorney General Laura Dupaix said the protections established in Lawrence v. Texas only apply to relationships between consenting adults.

"This case does not involve consenting adults," she wrote. "It involves an arranged polygamous and sexual relationship between a 32-year-old adult and his 16-year-old sister-in-law, who conceived two of his children before her 18th birthday."

In contrast, Mr. Parker said Utah's bigamy law applies a double standard that targets and punishes religious fundamentalists but allows others to engage in the same conduct and escape criminal punishment.

"Widespread popular departure from traditional marriage practices has made the anti-polygamy laws, like laws against cohabitation, adultery, and fornication, anachronistic," Parker wrote. "These laws are not enforced against those practicing contemporary lifestyles, but are asserted as weapons, as in this case, against those living a traditional, family-grounded, religious-based life."

He added, "In gross absurdity..., one can behave in the same way in two circumstances but in one (polygamy) the action is illegal, and in the other (promiscuity) the action is ignored by the law. One can do legally the same act with immoral or amoral intent and have it be legal. Yet the same act with religious intent is deemed illegal."

Local Law Enforcement Says Crime Fighting Here Needs Federal Money (SEATIMES)

By Christine Clarridge, Seattle Times staff reporter

The Seattle Times, February 27, 2007

In a meeting with local law enforcement leaders this morning, U.S. Sen. Maria Cantwell listened to a lot of people -- including Seattle's police chief, the King County sheriff, city officials, federal agents and a few community leaders -- talk about the area's crime problems and what it will take to fix them.

Mostly, the law enforcement officials said, keep federal funding for local law enforcement.

"Gang membership, gang crime, and gang violence is surging in our state," said Cantwell. "Our local law enforcement is doing great work meeting this threat head on, but they need federal support."

Cantwell called for the community meeting to hear firsthand about the region's recent rise in gang violence, according to her media representative.

Cantwell, who's hosting several meetings around the state with law enforcement leaders, last month introduced new anti-gang legislation that seeks to provide additional tools to law enforcement officers and prosecutors.

The top brass of the local FBI, DEA and ATF branches said the state has an increasing drug problem, due in part to the ease with which it moves up and down the Interstate-5 corridor.

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Several people, including Executive Director Tony Orange of the Central Area Motivation Program and James Kelly of the Urban League said jobs and internships and treatment programs help keep at-risk youth and prior offenders out of prisons and jails.

Stella Chao, of the Seattle Department of Neighborhoods, talked of Seattle's efforts to reduce crime in the South Park area with a comprehensive program that addresses school drop-out rates, crime, unemployment, recreational opportunities and mentorships.

King County Sheriff Sue Rahr talked about the need for increased database information and police intelligence so that officers can spend their time efficiently looking for offenders and not "just shaking down kids on street corners."

Cantwell also discussed other federal initiatives to help local law enforcement combat gangs and gang-related crime.

The president's most recent budget proposal undercuts federal support for local law enforcement, she said in a news release.

Ex-CIA Official Urges Silence After Spy 'Sting' (WT)

By Bill Gertz

The Washington Times, February 27, 2007

A former high-ranking CIA official refused FBI appeals for help in tracking Chinese spies and urged others via e-mail not to cooperate because of the recent prosecution of former Defense Intelligence Agency analyst Ron Montaperto.

Robert G. Sutter, a former national intelligence officer for East Asia and holder of a security clearance, told a mailing list of current and former government officials that a 2003 FBI "sting" operation against Montaperto, who was convicted in June of mishandling classified documents, raised fears that he and other officials could be damaged for discussing their contacts with Chinese officials.

The FBI and other U.S. counterintelligence agencies are stepping up efforts, including outreach to academics, to counter Chinese intelligence efforts after a string of damaging spy cases over the past five years, U.S. officials said.

Mr. Sutter, a Georgetown University professor, stated in the e-mail sent two weeks ago that he had met then with two "relatively young" FBI agents who asked for his help "regarding activities of Chinese officials that I judged might be deemed matters of espionage."

"They also seemed to want and need some educating on policies and priorities of the Chinese administration, and the state of play in U.S.-Chinese relations," he stated.

Mr. Sutter has specialized in Asian affairs for 33 years at CIA, Congressional Research Service, Library of Congress and State Department intelligence bureau. He did not return telephone calls or e-mails seeking comment.

FBI spokeswoman Debbie Weierman declined to comment on the FBI's outreach on Chinese intelligence, but she said generally "we do contact a number of people ... to better know our domain."

Mr. Sutter's e-mail was sent to an exclusive list of some 30 current and former officials, including Lonnie Henley, acting national intelligence officer for East Asia, and Dennis Wilder, White House National Security Council staff Asia director.

The Washington Times obtained a copy of the e-mail from a member of the group.

Mr. Sutter stated that his recent meeting with FBI agents was similar to debriefings in the 1970s and 1980s, when he volunteered to share intelligence on meetings with European and Chinese officials.

"My reaction this time was very different than my reaction in the 1970s and 1980s," he stated. "I still have a security clearance, but this time I said almost nothing about China."

"What I did talk about was the credibility of the FBI " Mr. Sutter said. "I referred at some length to the Ron Montaperto 'sting.' I told the agents that while they seemed like nice people, and I tried to be cooperative with the U.S. government, I could not trust them or have any assurance that they would not use any information I provided in some way that would hurt me or others."

Mr. Sutter wrote that the agents then told him that they were "well-versed" on the Montaperto case and said that "the Montaperto sting had indeed closed doors and cut off contacts for the FBI."

"They went on at some length that the sting had seriously damaged the FBI's ability to tap U.S. expertise as it sought to deal with Chinese espionage," Mr. Sutter's e-mail said.

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Montaperto in 2003 disclosed to the FBI and Navy counterintelligence agents during a sting operation that he provided both "secret" and "top secret" intelligence to two Chinese intelligence officers during more than 60 meetings, according to court documents in the case. He pleaded guilty to lesser charges of illegally retaining classified documents, but he admitted as part of a plea bargain to passing the secrets to Chinese intelligence.

The prosecution was a setback for a network of pro-China specialists in government and academia who have sought to play down China's growing military capabilities and intelligence operations in a coordinated effort they claim is aimed at improving U.S. ties to China.

Mr. Sutter said he wrote the e-mail as a warning to other China specialists, implying that they too should refuse to help the FBI.

"I pass along this account because I believe others will be contacted -- the two agents that talked to me said that the FBI is trying to broaden its contacts among China specialists," Mr. Sutter said.

Former U.S. intelligence officials and academics in the past privately supported U.S. government counterintelligence efforts, and Mr. Sutter's refusal to help is a sign that the FBI is lacking in its expertise and knowledge about Chinese spying.

Paul D. Moore, a former FBI counterintelligence analyst and specialist on China, said Mr. Sutter's e-mail highlights one of China's intelligence-gathering methods.

Chinese agents are "extremely comfortable working in ambiguous situations, [like] 'I help you, you help me,' " Mr. Moore said.

China has successfully "wormed" classified information out of U.S. nuclear-weapons scientists in meetings in China by showing them secret Chinese designs for warheads and then asking if the United States uses similar designs, he said.

"By saying 'no,' a scientist is revealing classified information," Mr. Moore said, and thus risks later prosecution when reporting the encounters.

"Smart people then wonder if they talk to these [FBI] guys they might slice and dice what is said and send it over to the Justice Department for an espionage prosecution," he said. "When you're dealing with counterespionage, it will suck you in."

More Counterfeit Money Changed Hands In '06 (USAT)

By Barbara Hagenbaugh

USA Today, February 27, 2007

WASHINGTON — The amount of counterfeit money being accepted by consumers and stores in the USA is climbing as crooks are increasingly using inexpensive home computers and printers to produce phony money.

About $62 million entered circulation that was later deemed fake in the 2006 fiscal year, which ended Sept. 30. That represents a more than 10% increase from the prior year and a 69% rise from just three years earlier, according to the latest data from the Secret Service obtained by USA TODAY.

Terry Tilka says he sees fake bills about once a week at Rock Island Brewing, a restaurant/bar he owns in Rock Island, Ill., as well as at a dance club he owns. "It's been worse in the last three or four years than I have ever seen in my 33 years of business," he says.

There has been a noticeable rise in counterfeiting in the past eight months in Pasco County, Fla., says Sgt. Bill Moltzan of the sheriff's office economic crimes unit there.

The crooks are bold. One person who was arrested charged people, including an undercover agent, for a counterfeiting how-to class. One man was arrested after dancers in a strip club realized he was passing out fake bills and called police while the bouncer held the man. A 62-year-old woman known as Grandma was caught this month trying to sell fake money at less than face value.

"Technology is making it easier for the people trying to do this on their own," Moltzan says.

Despite the rise, the amount of fake money in circulation is a fraction of 1% of genuine currency, Secret Service spokesman Eric Zahren says. The fact the money was caught suggests security features that have been added starting in 2003, such as colors and watermarks, make it easier to detect fakes, says Dennis Forgue, head of currency at Harlan J. Berk in Chicago.

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The increase in currency caught should be seen "not necessarily as a sign of defeat, but as a sign of success," he says.

But Zahren says the ease of using home computers to make the money has added challenges to catching counterfeiters.

About 54% of the counterfeit currency collected in fiscal 2006 was made using digital technology vs. so-called offset printing, which involves more skill, time and expense. In 1996, only 1% of counterfeits were digitally produced, according to the Secret Service.

The government has been updating U.S. bills to try to thwart counterfeiters. In 2003, the $20 bill, the most frequently counterfeited currency in the USA, was the first to feature a color other than green. Other features such as a watermark and color-shifting ink also were added.

Since then, new $10 bills and $50 bills have entered circulation. This year, a new $5 bill will be introduced.

CIVIL LAW:

Probe Sought Of Collins & Aikman Fees (AP)

AP, February 27, 2007

Bankruptcy Trustee Wants Probe of $100M Plus in Collins & Aikman Professional Fees

WASHINGTON (AP) -- The Justice Department is backing a call by a big creditor of Collins & Aikman Corp. to appoint an examiner to look into more than $100 million in fees charged by professionals in its bankruptcy case.

U.S. Trustee Saul Eisen, a Justice Department employee, said Collins & Aikman investor Third Avenue Value Fund had made "troubling allegations that merit an independent investigation," according to court papers filed Friday.

In December, Third Avenue asked for an examiner to look into the fees charged by Collins & Aikman's lawyers and advisers after the company abandoned its plan to reorganize. Third Avenue, which is owed $250 million from the auto supplier, argues the bankruptcy professionals should have cut their hours as soon as it was apparent the company would liquidate.

The trustee says Third Avenue's allegations merit an independent investigation and that the examiner should pay particular attention to decisions made by turnaround firm Kroll Zolfo Cooper LLC, which advised Collins & Aikman during its Chapter 11 case.

The Michigan automotive-parts maker has said the appointment of a fee examiner is unnecessary at this late stage in its bankruptcy case -- Collins & Aikman is about to be broken up and sold -- and would unfairly burden it with additional costs and fees.

Rather, Collins & Aikman wants a committee, which would include a company representative, to look into the professionals' fees. But a committee wouldn't have the same authority as an independent examiner.

Third Avenue, Collins & Aikman's largest creditor, resigned from the company's creditors committee in the fall, claiming the panel's bankruptcy advisers were racking up fees on "auto pilot" even while the company's reorganization strategy was failing.

The committee, however, has sided with Collins & Aikman, arguing that the examiner would simply add another layer of fees and expenses to the company's bankruptcy estate.

When he approved the last round of fees in Collins & Aikman's case two months ago, Bankruptcy Judge Steven W. Rhodes asked the company and its creditors to submit opinions about the need for an examiner. Rhodes will consider the request for an examiner at a hearing scheduled for March 12.

Collins & Aikman filed for Chapter 11 in May 2005 in U.S. Bankruptcy Court in Detroit amid production cutbacks by the biggest U.S. auto manufacturers and protection and allegations of fraud by investors who claimed they had been misled about the company's financial condition. But after 18 months in Chapter 11, the Southfield, Mich., company pulled the plug on its strategy and said it would sell its assets rather than emerge from bankruptcy as a stand-alone entity.

Court To Hear NYC Case On Special Ed School Reimbursement (AP)

AP, February 27, 2007

WASHINGTON (AP) _ The Supreme Court on Monday agreed to consider whether taxpayers must reimburse parents who enrolled their learning-disabled student in private school after deciding public schools were unable to meet the child's needs.

New York City's education department asked the justices to take the case after a federal appeals court said tuition reimbursement is available to the parents under the Individuals With Disabilities Act.

Lawyers for the boy's parents said the special education program proposed by the public school system was inadequate to meet the child's needs, prompting them to send him to a private school. The parents say that under federal law, they may challenge inappropriate proposals and obtain reimbursement for the costs of placement in private school.

The child is identified in court papers only as Gilbert F.

The case is Board of Education v. Tom F. on behalf of Gilbert F., 06-637.

High Court To Hear Case For Autistic Boy (AP)

By Mark Sherman

AP, February 27, 2007

WASHINGTON -- Jeff and Sandee Winkelman don't have the money to pay for private schooling for their autistic son, let alone hire a lawyer to sue their public school district.

The Winkelmans want the Supreme Court to rule that the main federal special education law gives them the right to go before a federal court to argue that taxpayers should pay for 9-year-old Jacob's private school, even though neither parent is a lawyer.

The case is before the court Tuesday, when the Winkelmans will be represented free of charge by a private lawyer.

Whether Jacob should have private schooling at public expense is not before the Supreme Court, only his parents' right to go into federal court without a lawyer.

The parents objected to the Parma, Ohio, public schools' plan to educate Jacob at a public school. They wanted the district to pay for his $56,000 yearly enrollment in a private school that specializes in educating autistic children.

The Individuals With Disabilities in Education Act gives every child the right to a free appropriate public education, which in the case of special needs children sometimes means enrollment in a private facility.

Parents unhappy with a district's plan can appeal the decision through an administrative process. If they remain dissatisfied, they can file a civil lawsuit.

At that point, however, they have to find a lawyer, the 6th U.S. Circuit Court of Appeals ruled in the Winkelmans' case. People who are not lawyers can represent themselves in court proceedings, but not other parties. The appeals court said the law requires the child to be the plaintiff.

The Winkelmans also are asking the Supreme Court to decide that they can file their own lawsuit under IDEA because they are responsible for Jacob, financially and otherwise.

Most parents who want to sue over special education decisions can't afford a lawyer, according to a brief filed by the Autism Society of America and related rights groups.

The Bush administration and 12 Democratic lawmakers, including Sen. Edward Kennedy of Massachusetts, have sided with the Winkelmans. They argue that Congress clearly intended the special education law to allow parents to go into court without a lawyer's help.

"Congress recognized the interests of parents in guiding the course and substance of their child's education," the Democrats' legal brief said.

In response, the school district said Congress declined in its most recent amendments to the special education law to allow the kind of representation the Winkelmans are seeking. A provision that passed the Senate said, "A parent of a child with a disability may represent the child in any action ... without the assistance of an attorney." But the language dropped out of the legislation before it became law.

The Winkelmans have spent about $30,000 in legal fees since first contesting Jacob's treatment in 2003. Jeff Winkelman has taken a second job while his wife has researched previous court rulings and written her own filings.

The case number is Jacob Winkelman v. Parma City School District, 05-983.

CIVIL RIGHTS:

DOJ_NMG_0137163

Center Helps FBI With List Of Potential Victims Of Racial Violence (AP)

By Chris Talbott

AP, February 27, 2007

JACKSON, Miss. - George Love was killed in a 1958 Mississippi Delta gun battle with police who believed he was involved in a murder - one year later he was cleared of the allegation.

Jimmie Lee Griffin was killed in a hit-and-run accident in 1965. A coroner's report showed the Sturgis resident was run over at least twice.

Hubert Orsby's body was found in the Black River near Canton. He wore a shirt with "CORE," the acronym for the Congress of Racial Equality, on it.

Their deaths are among 74 in 11 states the Southern Poverty Law Center says could be racially motivated killings of black men and women between 1952 and 1968.

The center, which reports on hate crimes, has forwarded the list to the FBI and the Justice Department is expected to hold a press conference Tuesday to talk about a new database of old civil rights era cases that now could be investigated.

Center officials believe the list can be helpful in future investigations.

"In each case there was significant evidence that the death may have been a racial murder," said Mark Potok, director of the center's Intelligence Project.

Researchers at the Montgomery, Ala.-based center can't prove the people on their list - which includes 32 Mississippi cases - were killed because of their race. But they believe each is worth investigation.

Researchers developed the list in the late 1980s while identifying 40 victims of racially motivated killings whose names were etched in a memorial. Those names were also included in the book, "Free at Last: A History of the Civil Rights Movement and Those Who Died in the Struggle."

The center hopes the FBI can help add names that rightfully belong on the memorial.

"We did a lot of research on these names and we're very hopeful that this information will be helpful to the FBI and particularly that it will be helpful to the families of those who were murdered."

In addition to potential Mississippi victims, the list includes deaths in Alabama, Arkansas, Georgia, Tennessee, Louisiana, North Carolina, South Carolina, Florida, Kentucky and New York.

The list covers an era of extreme tension and violence across the South as federal authorities tried to force recalcitrant segregationists to integrate schools under the Supreme Court's Brown v. Board of Education of Topeka, Kan., ruling in 1954.

Violence against blacks and the whites who hoped to help better their lives spiked, peaking during the so-called Civil Rights summer of 1964.

"Before 1954 there was somewhat of a thaw" in race relations in Mississippi, said DePauw University historian John Dittmer, whose book, "Local People," chronicles the time.

"You had a more enlightened Legislature ... and more blacks registering to vote in some places. There were even black police in one or two cities patrolling black areas. But the Brown decision changed all that."

Many of the people identified by the center allegedly died at the hands of law enforcement officers. If charged, whites were often exonerated by sympathetic juries.

The center's researchers wrote this of Woodrow Wilson Daniels' 1958 killing in Water Valley: "Sheriff Buster Treloar, identified by four witnesses as the man who beat Daniels to death in a prison, was freed after 23 minutes of deliberation by an all-white jury. "By God," Treloar said after the trial, "now I can get back to rounding up bootleggers and damn niggers."

Many things have changed about Mississippi in the decades that have passed since that era of violence, including a large number of black elected officials. But Sheriff Reginald L. Jackson of Wilkinson County, where one of the victims on the list was killed, said times in his county of 11,000 people have changed little in 40 years.

"Rich, poor, black or white or other race, it doesn't make any difference in my opinion," said the 49-year-old Jackson, who is among a handful of black sheriffs in Mississippi. "But yet we still have some segregation problems and things have not changed a whole lot.

"Within Wilkinson County as a whole, you can see we're still operating pretty much under the old standard."

Cincinnati Landlord Accused Of Harassing Female Tenants (AP)

AP, February 27, 2007

CINCINNATI - The U.S. Department of Justice on Monday sued a landlord, accusing him of a pattern of sexual harassment against female tenants over the past nine years.

The lawsuit filed in U.S. District Court here accuses James G. Mitchell, of Cincinnati, of making sexual comments, touching women sexually without permission, entering their apartments without permission or notice, and denying housing on the basis of gender. It also said he retaliated against women who rejected his advances.

It lists at least 53 properties Mitchell owns, some of which have more than one unit. Most are in Cincinnati, with a handful in Fairfield, Hamilton and West Chester.

The lawsuit seeks a court finding that Mitchell has violated the Fair Housing Act, an order forbidding future discrimination and unspecified monetary damages for any woman harassed.

"No woman should be subjected to sexual harassment in her home," said Wan J. Kim, assistant attorney general for the justice department's Civil Rights Division, in a news release.

A message seeking comment was left after hours at the office of Mitchell's attorney, Kenneth Montgomery Jr., and no home listing could be found. Messages were left at several telephone listings in the city under the name James Mitchell.

Boca Zoning Ordinance For Sober Houses Is Discriminatory, Judge Rules (FLSUNSEN)

By Peter Franceschina, Sun-Sentinel.com

South Florida Sun-Sentinel, February 27, 2007

A judge ruled Monday that a Boca Raton ordinance that bans so-called sober houses from residential neighborhoods is discriminatory and violates the federal Fair Housing Act.

The ruling from U.S. District Judge Donald Middlebrooks came in a lawsuit filed by Steve Manko, who operates two apartment buildings - Boca House for men and Awakenings for women - and several homes for recovering alcohol and drug addicts.

LocalLinks

Attorneys for Manko and several former Boca House residents said the ruling was victory for recovering addicts, who are considered handicapped and are entitled to housing protections under federal law, but the judge's decision also favored the city in some aspects of the complex litigation.

"It's a good ruling in that the judge found the city violated the Fair Housing Act. It's not a complete victory, but the judge said at the end of trial it was not going to be a complete victory, but it is a victory," said Manko's attorney, William Hill. "The city violates the Fair Housing Act - that should be the headline from this ruling. We've said that all along. They should not have passed this ordinance."

In May 2002, the City Council passed an ordinance that would require the sober houses to move into areas of the city zoned for medical centers and hotels. The ordinance was never enforced because of the threat of litigation.

Manko filed suit in 2003, and in September the U.S. Department of Justice also filed suit against the city alleging the ordinance was discriminatory. That case is still pending.

"It is a win for us," said Jim Green, an attorney for the American Civil Liberties Union who represented several former residents of Boca House when the case went to trial last month.

Jamie Cole, an attorney for the city, said the ruling was a mixed one - while the judge struck down parts of the city's ordinances, he upheld other parts, including a provision that the city can require that state-licensed facilities be in commercial districts. None of Manko's operations are required to be licensed by the state, his attorney said.

The city maintained that Manko's sober houses are commercial and medical operations - involving on-site drug testing, counseling and other services - that are inappropriate for a residential neighborhood. In his ruling, the judge said he had problems with some of the commercial aspects of Manko's operation, which currently help nearly 400 people.

Cole said he was pleased the judge found that the city had not intentionally discriminated against addicts, and that the city has an interest in protecting the residential character of its neighborhoods.

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"We are happy the judge is sympathetic to our position," Cole said. "He did not find that we intentionally discriminated." Mayor Steven Abrams said Monday he did not know how if the council would pursue changes to the sober-house ordinance to make it enforceable or just drop the issue.

"The council hasn't discussed it. I just don't know at this point. We need advice from our lawyers on that," he said.

The judge also ruled that another city ordinance, which prevents more than three unrelated people from living together, can't be enforced until the city establishes a process that complies with federal law for making exceptions. Cole said the city has such a process, but it is not spelled out in city code.

The judge's ruling will allow the city to enforce the three-person limitation in the apartment building units, Cole said.

Manko's attorney asked the judge to award about $925,000 to Manko for lost profits, but the judge said during the trial that was a tenuous claim. The judge awarded nominal damages of $1 to each plaintiff.

Judge: Law Discriminates Against Disabled (AP)

By Associated Press

AP, February 27, 2007

BOCA RATON — A city zoning ordinance discriminates against disabled people and violates the federal Fair Housing Act, a judge ruled Monday.

The complaint was filed by the U.S. Justice Department and Steve Manko, who operates two apartment buildings and several homes for recovering alcohol and drug addicts. The lawsuit alleged that the ordinance excluded housing recovering drug and alcohol addicts in residential areas and imposes “conditions and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities.”

Attorneys for the American Civil Liberties Union and Manko called the ruling a good one, according to the South Florida Sun-Sentinel.

“The city violates the Fair Housing Act — that should be the headline from this ruling. We’ve said that all along. They should not have passed this ordinance,” said Manko’s attorney William Hill.

U.S. District Judge Donald Middlebrooks also ruled Monday that the city can require that state-licensed facilities be in commercial districts. The city claimed that Manko’s buildings are commercial and medical operations, which involve onsite drug testing, counseling and other services. Manko’s operations are not required to be licensed by the state, Manko’s attorney said.

Manko was seeking about $925,000 for lost profits. The judge awarded him $1.

Jamie Cole, an attorney for the city, said the ruling proved city officials did not intentionally discriminate.

Mayor Steven Abrams said Monday that he did not know how if the council would pursue changes to the ordinance to make it enforceable or just drop the issue.

“The council hasn’t discussed it. I just don’t know at this point. We need advice from our lawyers on that,” he said.

NY Village Wants To Keep Voting System, Let Hispanic Power Evolve (AP)

By Jim Fitzgerald, Associated Press Writer

AP, February 27, 2007

WHITE PLAINS, N.Y. -- A suburban village that is nearly half Hispanic but is governed mainly by whites asked a federal judge on Monday to let its politics evolve naturally rather than cancel elections and impose a new voting system to give Latinos a greater voice.

Anthony Piscionere, attorney for Port Chester, said "an organic and natural system is beginning to take hold" to the benefit of Hispanics. Cutting the village into districts to increase the chances of Hispanic representation, as the Department of Justice has asked, "would be officially segregating the Village of Port Chester forever," he said.

Piscionere spoke in federal court in White Plains during closing arguments on the government's request for an injunction against village trustee elections scheduled for March 20. The Department of Justice claims that the village's at-large method of electing trustees is unfair to Hispanics and violates the Voting Rights Act, which the village denies.

DOJ_NMG_0137166

The Voting Rights Act is often used to oppose at-large voting. In the 1990s, actor Ossie Davis and other black activists went to court to challenge New Rochelle's at-large City Council elections, and the city eventually approved a referendum that changed the system.

Soon after that, a federal judge found that Hempstead's at-large town board system "invidiously excluded blacks from effective participation in the town's political life" and ordered six districts drawn up.

"It's a powerful act," said lawyer Randolph McLaughlin, who was involved with both those cases. It's been used "countless times around the country" by the government and individuals to battle at-large voting, he said.

In Port Chester, which has about 28,000 residents, according to the 2000 census, the government is seeking to delay the election until the village accepts or the judge imposes a district system that would include one sector in which a Hispanic candidate could be expected to win.

Port Chester is about 25 miles from New York City, on the Connecticut border in Westchester County. It is governed by a mayor and six trustees. The trustees' three-year terms are staggered so that two are elected each year to represent the entire village.

Regardless of how Judge Stephen Robinson rules on whether the election should be delayed, he plans to hold a separate trial on the main issue _ whether the system discriminates against Hispanics.

Most of the issues that are likely to be argued at the main trial came up during the injunction case, as population experts, political leaders and would-be candidates testified.

Cesar Ruiz, a Hispanic who lost a race for trustee in 2001, said Democratic leaders turned against him when he began to promote issues that were important to Latinos. They gave him "the cold shoulder" and did not invite him to the Election Night reception, he testified.

A current Hispanic Republican candidate, the Rev. Ariel Acosta, said that during a meeting about the election districts, he heard hecklers shout "Latinos don't belong here" and "Latinos, go back home."

Piscionere and Assistant U.S. Attorney David Kennedy agreed that no Hispanic has ever been elected to the six-member Board of Trustees, but they differed on the success rate of candidates favored by Hispanics.

The government's demographics expert said a six-district system could be drawn in which Hispanics would be 70 percent of the citizen voting-age population in one sector. Piscionere said that didn't necessarily mean a Hispanic would be elected, since Hispanic registration and turnout rates were low.

And if it didn't work, he said, it would be "a Pyrrhic victory."

The village attorney also contended there was no evidence that village voters were "driven by racial bias," and the judge seemed to agree, saying he does not believe "that this system has been put in place or has been maintained for the purpose of diluting the Hispanic vote." But it may have that effect, he added, and he challenged Piscionere's claim that Hispanics have had as much opportunity as anyone else to get involved.

Kennedy said, "Whatever reason this system was put into place, it's broken."

He said that while Piscionere contended Hispanics were poised to take greater political power in the village, what they are really poised for is "to be locked out of the political process for many years to come."

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Task Force Report A `step Forward' In Fighting Human Trafficking (AP)

By Jon Sarche, Associated Press Writer

AP, February 27, 2007

DENVER — Like domestic violence 30 years ago, human trafficking is poorly understood and hard to identify, but a new task force report represents a "major step forward" in combating the emerging problem, officials said Monday.

The report, to be delivered to the Legislature on Tuesday, said federal grants and new programs are helping law enforcement officers identify victims, and helping victim advocates learn new methods to help them.

"These people (traffickers) go to the most desolated, desperate areas where families will actually sell children to people they trust," said Rep. Alice Borodkin, D-Denver, who sponsored the 2005 bill that created the task force.

DOJ_NMG_0137167

"Then when they come in (to the United States), these people are coerced, broken and they're terrified of any law enforcement. They don't know they can't walk out the door," she said.

The report said authorities in Colorado know of about 30 cases of human trafficking — exploitation of people through force, threats or deception — since 2005. But it also said federal authorities estimate that only 1 percent of victims in the United States have been identified and provided assistance.

State lawmakers have taken initial steps in fighting human trafficking, but the task force was created to help provide guidance to further efforts.

Last year, lawmakers approved a bill to make it a felony to smuggle humans — a crime authorities said can often lead to human trafficking, which was made a felony in separate legislation approved last year.

Another bill gave the Colorado State Patrol about $1.5 million to train up to 24 troopers in working with illegal immigrants to boost enforcement against human smuggling and trafficking. Nineteen troopers volunteered to begin that training next month, said patrol spokesman Sgt. Jeff Goodwin.

Officials said helping train law enforcement officers to recognize victims of human trafficking will be critical. It can be difficult for a police officer to determine whether a woman suspected of prostitution, for example, has been forced into prostitution by people keeping her in the country against her will, Borodkin said.

"Identifying the victim is a big step that's going to have to take place," said Salvation Army Maj. Neal Hogan. "Our state has taken a major step forward in saying our state is not going to tolerate this."

The Justice Department gave the Salvation Army a grant to set up programs in Denver and several other cities to help raise awareness of human trafficking, educate law enforcement and the public about it and track victims and determine how best to serve their needs.

The task force made several recommendations to expand those efforts statewide to help combat the growing problem. It also recommended enhancing penalties for trafficking in children and change victim-assistance laws to specifically encompass victims of human trafficking.

In Brief (WSJ)

The Wall Street Journal, February 27, 2007

Supreme Court to Consider Washington Primary System

February 27, 2007; Page A8

The Supreme Court said it will consider the constitutionality of a state primary election system in which the top two finishers advance to the general election even if they are from the same party. The justices will hear arguments in the fall in a case from Washington state over its "Top 2" primary system, which allows candidates to indicate their party affiliation on the ballot. Lower federal courts agreed with the Washington Democratic and Republican parties that the system infringes on their right to choose their own nominees.

-- -- Associated Press

German Union Sets Pay Target

Germany's labor union IG Metall announced its official claim for a 6.5% rise in wages for workers in the metal and engineering industry, leading unions across the country that have called 2007 the "year of pay rise." Negotiations with employers, including all major German car makers and steel producers, are scheduled to begin March 12. Unions say the wage increase is needed to fuel private consumption. Employers have said they aren't willing to raise wages more than last year's 3% rise. In 2006, IG Metall started by calling for a 5% wage hike.

Ecuador Revives EU Banana Spat

Ecuador asked the World Trade Organization to rule on whether European banana import tariffs are too high, restarting a decade-old dispute over what Latin American countries and the U.S. have argued is unfair trade discrimination. The WTO has consistently ruled against how the European Union sets tariffs for bananas, but the EU says a tariff established last year has brought it into compliance. The WTO's dispute-settlement body will meet March 8 to discuss Ecuador's request.

Supreme Court To Review 'Top Two' Primary System (WP/AP)

DOJ_NMG_0137168

The Washington Post, February 27, 2007

The Supreme Court said yesterday it will consider the constitutionality of a statewide primary election system in which the top two finishers advance to the general election even if they are from the same party.

The justices will hear arguments in the fall in a case from Washington state over the "top two" primary system that voters adopted.

The system allows candidates to indicate party affiliation on the ballot and is open to voters regardless of party. The system is the successor to the blanket primary, which the Supreme Court struck down in 2000 on the grounds that it violated political parties' rights.

The Washington Democratic and Republican parties sued to block the new system, approved by voters in 2004. The parties said they would be forced to be associated with candidates they did not choose. Lower federal courts agreed with the parties. The new system infringes on the rights of political parties to choose their own nominees, said the U.S. Court of Appeals for the 9th Circuit.

Security Study Urges Changes At Iowa Prison (DMR)

Des Moines Register, February 27, 2007

The Iowa State Penitentiary at Fort Madison still suffers from security flaws that could make it vulnerable to the type of escape that occurred in November 2005 when two dangerous convicts fled from the maximum-security prison, according to a new federal security audit.

Two consultants from the National Institute of Corrections who spent two days inspecting the Iowa prison in October suggested relocating an electronic alarm system on the prison's walls, adding more razor wire, improving outside lighting and acquiring more digital cameras.

The consultants also recommended acquiring better metal detectors, along with so-called "heartbeat monitors" that can catch inmates hiding in vehicles leaving the prison.

In addition, they suggested that inmates working in the Prison Industries building be required to strip naked and go through metal detectors while headed to and from their job assignments.

Inmates Martin Moon and Robert Legendre, both serving life sentences, made a daring escape from the State Penitentiary on Nov. 14, 2005, using a handcrafted rope and a grappling hook to scale a 30-foot limestone wall that surrounds the prison.

Moon, serving time for murder, and Legendre, serving sentences for attempted murder and kidnapping, were the first inmates to escape from the maximum-security since 1979.

Both were captured within days -- Moon in Illinois and Legendre in Missouri, but their escape raised serious questions about security at the penitentiary, which was established in the 1800s and is the oldest prison west of the Mississippi River.

Both inmates had been part of a Prison Industries work crew, and they disappeared over a section of the prison wall that had a guard tower left unstaffed because of state budget cuts.

After the escape, prison officials ordered the tower be immediately staffed around

the clock.

The consultants, Stan Czerniak and James Upchurch, were invited to inspect the Fort Madison prison by the Iowa Department of Corrections. Czerniak is assistant director of operations for the Oregon Department of Corrections; Upchurch is bureau chief for security operations with the Florida Deparment of Corrections.

They worked in Iowa under the auspices of the National Institute of Corrections, a federal agency within the U.S. Department of Justice.

Iowa Department of Corrections spokesman Fred Scaletta said Monday the

penitentiary has only been in receipt of the report for a short period of time and has not been able to implement many of the recommendations.

Also, many of the recommendations will require a cost that is not currently within

the penitentiary's budget, but will be requested in future state appropriations, he said.

Danny Homan, president of Council 61 of the American Federation of State,

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County and Municipal Employees, which represents prison workers at Fort

Madison, criticized the security audit.

"This report is the classic a little and too late," Homan said. "The two escapes happened in 2005, and now a federally funded outside group comes forward to say what should be changed and how it should be done."

He said the union and prison officials have been ironing out the security problems for more than one year.

EDITORIAL Redraw Congressional Districts (LAT)

The Los Angeles Times, February 27, 2007

THE DRIVE TO GET California politicians out of the business of selecting their own voters by shaping their own districts may be derailed by the speakership of Rep. Nancy Pelosi (D-San Francisco). Although not long ago it was Republicans who didn't want to risk losing any of their California seats, it's now Pelosi and nervous Democrats who are threatening to scuttle badly needed reform by putting their own interests first. They should back down, and quickly.

Redistricting reform may be a low-profile issue, but it's an important one. Gov. Arnold Schwarzenegger has twice called for an end to the unacceptable status quo in which Sacramento lawmakers divvy up state and congressional districts among their parties when new census figures come out every 10 years.

The party leaders who control the line-drawing reward friends — and politicians who prove to be especially adept at raising money — by designing legislative districts that incumbents can easily defend. But that's not even the seamy part. With the genius of chess masters and the artistry of Renaissance painters, creative partisan mapmakers plot the moves of their favorites from the Assembly to the state Senate and then on to the promised land: Congress, the land of no term limits.

Early this year in Sacramento, in the euphoria of bipartisanship, Democrats grudgingly signed on with Schwarzenegger in his latest call for redistricting reform.

Momentum built as state lawmakers put their chess-playing skills to work linking district reform to rolling back their own term limits. With the prospect of more time in office, politicians found the loss of their district-shaping power palatable.

But Senate President Pro Tem Don Perata (D-Oakland) was candid from the start: He wasn't going to sign on to any plan that could cost Democrats their newly won control of Congress.

So now Democrats are hedging. Sure, they say, let a citizens commission draw the lines for the Assembly, the state Senate, the state Board of Equalization. But not Congress.

Without Congress, though, there is no meaningful reform. Leaving state party leaders with the power to draw congressional lines leaves them with the power to reward and punish candidates rising through the ranks today. Raise a lot of money for the party and they just may draw a congressional district chock-full of voters predisposed to vote for you. Disregard your fundraising chores or vote the wrong way on an important bill and your political future may be over.

Congressional lines must be part of the package. Schwarzenegger is right to insist on it. It would be foolish to expect voters to loosen their grip on state term limits if lawmakers cannot relinquish their stranglehold on districts.

As for Pelosi, here's a radical notion: Trust the voters to pick the people they want to represent them.

ANTITRUST:

Regulatory Clearance Seen As Slow But Sure (NYT)

By Clifford Krauss And Matthew R. Wald

New York Times, February 27, 2007

HOUSTON, Feb. 26 — The sale of the biggest utility in Texas to private investors faces months of state and federal regulatory hurdles, but experts predict that the broad support for the deal from environmentalists and other important interest groups should help it clear them with ease.

A bigger question, some experts say, is whether the newly formed company will be able to keep all its constituents — consumers and shareholders, growth-oriented politicians and environmentalists — as happy in the years ahead as they appear to be now.

DOJ_NMG_0137170

In their official announcement of the merger agreement on Monday, the TXU Corporation and the lead buyers, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, promised a 10 percent rate decrease for consumers while sustaining service to an increasingly energy-hungry Texas. Along with reducing the planned coal-fired plants to 3 from 11, the new owners also vowed to invest more in renewable energy, including solar and wind power.

The agreement was greeted with satisfaction by everyone from Texas officials to national environmentalists, who viewed it as a model for other states and utilities as well as a call to action for Congress to legislate against the spread of traditional coal power and its role in contributing to global warming.

"I applaud this investment in emissions reductions, renewable sources and Texas jobs," Gov. Rick Perry said.

Peter Altman, the coal campaign director of the National Environmental Trust, was equally effusive. But "as welcome as the TXU deal is," he warned , "it is still a wake-up call for Congress that there are more than 100 coal plants on the drawing board."

The utility's promises of sustained service, more renewable energy and lower prices should go far in satisfying the Public Utility Commission of Texas, the regulatory body with the power to review purchases and mergers of electric utilities to ensure that they are in the public interest.

"There is a general expectation," said Terry Hadley, a spokesman for the commission in Austin, "that the new owner would provide at least, if not a better, level of service quality." Mr. Hadley said the commission would take "however long it takes to be comfortable" with the deal and pointed out that "we can take measures to require a higher level of service" if necessary.

The current management of the company has come under criticism from consumer groups and politicians for being too quick to cut off electricity to late payers and not keeping public lighting in downtown Dallas adequately serviced.

In Washington, the challenges are relatively minor because there are few antitrust issues in the company's going private.

The Nuclear Regulatory Commission will have some jurisdiction since TXU runs a nuclear power plant. "What we tend to look for is if the successor company has the financial reserves and financial and technical knowledge and know-how to operate a nuclear power plant," said David McIntyre, an N.R.C. spokesman.

The Federal Energy Regulatory Commission has less jurisdiction in Texas than other states, but it will probably review the company's limited operations out of state.

Barbara Struck, an analyst with the Energy Intelligence Group, a research firm, predicted that the deal would be approved by regulators "because of the environmental conditions associated with it" and the promises to cut consumer rates.

Peter Hartley, an economist at Rice University, said the utility would have a very hard time keeping its promises to everyone. "How can you make more for all these groups from the same assets and the same management?" he asked. "In the end, they may have to go to the regulators and ask for a rate increase."

In their statement Monday, the company and equity firms promised the decrease in rates until September 2008. The company did not reply to telephone requests for more information.

Representatives of environmental groups predicted that the TXU deal would make it harder for other companies to build new pulverized coal plants. Eric Cane, an analyst at Innovest Strategic Value Advisors, said the settlement would make companies like Dynegy and Xcel think twice about building more coal plants that do not include a plan to keep carbon dioxide from entering the atmosphere.

What the deal shows, more than anything else, they said, was a growing expectation of carbon taxes in the future. "The economics might be there right now for a utility to build a pulverized coal facility," Mr. Cane said, "but you have to question that company's decision, if they're looking forward past the near future."

That is not the way some big coal producers see it, though. And they say they still have basic economics on their side. Until a significant cost is imposed on each ton of carbon pumped into the atmosphere, coal will stand out as the most cost-efficient way to supply new electricity and most regulators will have a hard time agreeing to impose more expensive alternatives on consumers.

"If what has been proposed takes hold and TXU does not advance with the construction of new plants, it will likely enable" other coal facilities to be built, said Vic Svec, a spokesman for Peabody Energy, a coal mining company that has moved into power generation.

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The power will still be needed and the type of plant TXU has proposed, he said, is the cleanest, least expensive proven technology to get it.

In TXU Deal, Texas Regulator Has Few Levers To Pull (WSJ)

By Rebecca Smith, Susan Warren And Dennis K. Berman

Wall Street Journal, February 27, 2007

PUC's Limited Role May Ease Passage; Rival Suitors Scurry

Texas regulators have little authority to challenge or block the proposed $32 billion private-equity buyout of utility titan TXU Corp., which could ease the deal's completion despite opposition gearing up in the state. Meanwhile, potential rival bidders considered their options.

A group led by Kohlberg Kravis Roberts & Co. and Texas Pacific Group announced a proposed acquisition of TXU yesterday, in a deal that includes the assumption of more than $12 billion in debt. The deal, which would be the largest leveraged buyout ever, was made after the prospective buyers negotiated with environmental groups to reduce TXU's debate-stirring plans to build a fleet of coal-fired power plants.

Yesterday, a number of Wall Street banks and potential investors were scrambling to respond to their competitors' headline-grabbing move.

Blackstone Group was looking at launching a rival bid, potentially with an industry player as its partner, people familiar with the matter said. Given the KKR-Texas Pacific group's huge head start, any Blackstone offer would have to include a higher price and perhaps a different structure. A strategic partner would enable Blackstone to arrange a more creative deal and hence pay more. Blackstone declined to comment.

A slew of other buyout groups were checking with banks about financing, according to people familiar with the matter. Some were signing confidentiality agreements with TXU, which is leading a 50-day "go shop" period to attract a higher bidder, another person familiar with the matter said.

While Wall Street observers said they believed other buyers could raise enough money, they were generally skeptical that a rival could line up the environmental and political cover that KKR and Texas Pacific have secured. Others note though, that a rival bid could promise the same concessions and that the ultimate decision rests with shareholders. In weighing bids, certainty can be almost as important as price. KKR also has had longstanding relations with TXU Chief Executive C.John Wilder, and Texas Pacific, which is incorporated in Texas, is the hometown player.

Mr. Wilder, who has expressed a desire to stay with the company, stands to reap a rich payday. He negotiated a lucrative compensation package three years ago, when TXU was in the doldrums; under his direction, TXU stock soared from about $10 a share to more than $60.

By some estimates, he may now be eligible for well over $100 million in payments, reflecting the full vesting of several large stock allotments called for under his complex five-year employment contract. Mark Reilly, a partner at pay consultant 3C, Compensation Consulting Consortium, said ambiguity in the wording of some documents, such as TXU's proxy statement, made a detailed estimate difficult. But he said the contract could be valued at as much as $200 million at the current stock price. The company didn't confirm the amount.

TXU said it is considering dividing the company into three separate ones. That would make the company's regulated power-transmission business distinct from both its unregulated power-generation business, the biggest in the state, and its power-sales unit. Each is the biggest in its field, reflecting TXU's stature as a century-old utility that serves most of the northeastern part of the state from its Dallas headquarters.

As merger interest has surged in the long-neglected utility sector, some states have moved to block major deals. Last year, FPL Group and Constellation Energy Group called off their $12.5 billion merger amid Maryland regulators' concerns about rising power prices. Also last year, Exelon Corp. scrapped its $17 billion acquisition of Public Service Enterprise Group Inc. because of opposition in New Jersey.

But Texas state regulators have little power to block a sale, even if they feel consumers will be harmed, according to TXU, a spokesman for the Public Utility Commission of Texas and others involved in the deal. The law requires the commission to

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investigate transactions to determine whether they are "consistent with the public interest," but a finding to that effect isn't required in order for a transaction to proceed.

Under the law, the commission can stop a buyer from jacking up rates for regulated enterprises like power delivery, but it has little or no control over whether a sale takes place. The result is that the largest leveraged buyout in U.S. history is free to proceed with state power regulators on the sidelines. The law allows them to hold hearings but doesn't require full evidentiary hearings, which once were the norm, with document production and the calling of witnesses.

The state's 1999 law deregulating its power market further weakened regulators' ability to block deals.

TXU spokeswoman Lisa Singleton said yesterday that TXU regards the commission as "an important stakeholder" but not one with any legal authority over transactions. "We don't need them to approve the deal," she said.

A spokesman for the Public Utility Commission said the commissioners are debating what to do. The company's debt was downgraded to less-than-investment grade yesterday because of expectations of a greater debt load, although some analysts said they don't expect the buyers to load the debt on the regulated part of the business.

The deal won a mixed reaction in Texas, where TXU and Mr. Wilder have been embroiled in debate over the planned coal plants and repeated rate increases. As part of the acquisition deal, the new private-equity owners have agreed to drop plans for eight of the 11 coal plants TXU had envisioned.

As part of the proposed sale, TXU also has moved to placate customers by confirming it will offer a 10% rate reduction. But the reduction will be available only to customers who haven't elected to move off TXU's basic rate, sometimes called its "price to beat" or default service. That in effect excludes about 70% of its residential customers and all of its commercial and industrial customers. The discount would last until September 2008.

The Texas legislature already has been considering several bills that seek to deal with the problem of high power prices in the state and a deregulation law that has left many consumers very unhappy. Texas Sen. Troy Fraser, chairman of the Business and Commerce Committee, said that the deal only heightens his anxiety about the high cost of electricity and that he felt the proposed rate cut was "too little, too late."

He said he was dismayed to learn the parties had been talking about the transaction for months "but they never bothered to visit with the leadership in the legislature or the PUC." He said they "finally ran me down Friday evening, and it wasn't to ask my input. It was to tell me what they were doing."

TXU Sets Out Benefits Of $45bn Buy-out (FT)

By James Politi

Financial Times, February 27, 2007

TXU on Monday embarked on a campaign to promote a $45bn leveraged buy-out led by Kohlberg Kravis Roberts and Texas Pacific Group amid mounting evidence that the private equity boom has entered a new, more highly politicised era.

Executives at the Texas power company said the deal would bring lower prices for consumers and stronger environmental policies, including a reduction in carbon emissions and more investment in renewable energy.

Under John Wilder, chief executive, TXU has been the target of environmental groups, angered by the company's plans to construct 11 coal-fired plants to meet Texas's growing energy needs.

But in a sign of private equity's increasing awareness that acquiring big companies entails garnering the support of politicians and special interest groups as well as investors, KKR and TPG agreed to scrap plans to build eight of those coal plants.

The new owners also agreed to bring in James Baker, former US secretary of state; William Reilly, former Environmental Protection Agency administrator; and Donald Evans, former US commerce secretary, to help oversee the investment.

In an interview with the Financial Times, Mr Wilder said he had originally proposed an "aggressive" stand-alone plan that included many of the moves that would be undertaken by TPG and KKR.

But he said the company's board concluded that his proposal was "inferior" to the buy-out. "[The buyers] bring a network of individuals and capabilities that a company like TXU couldn't construct on its own," Mr Wilder said. "We believe they will be a catalyst for innovation."

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In leveraged buy-outs, private equity groups typically aim to generate returns in excess of 20 per cent over a time frame of about five years.

When TPG and KKR take over TXU, they will split it into its three main business lines: retail, generation and transmission. Theoretically, the buyers will earn their return by selling each of the units or taking them public in several years.

TXU shareholders will receive $69.25 per share in the deal – a 15 per cent premium over the company's Friday closing share price.

If completed, the deal would represent the largest leveraged buy-out, exceeding this month's $38.9bn takeover of Equity Office Properties, the commercial real estate group, by Blackstone.

The succession of record-breaking deals by private equity groups has been accompanied by criticism, particularly among some European politicians and trade union leaders, that such transactions are bad for the economy.

The private equity groups buying TXU do not expect their buy-out to result in job losses, however. In addition, KKR and TPG have promised a 10 per cent reduction in prices for consumers.

Meanwhile, shares in other US power companies, including Dynegy and Mirant, rose on speculation that they might be the next private equity targets.

Private Equity Buyout Of TXU Is Enormous In Size And In Its Complexity (NYT)

By Andrew Ross Sorkin

New York Times, February 27, 2007

Wall Street banks have provided billions of dollars to finance takeovers in the last year, essentially serving as mortgage lenders to deal-hungry private equity firms, which are among the banks' best-paying customers.

Now the lenders have created a new type of loan that has them ponying up part of the down payment on these deals as well. That trend is vividly illustrated in the $45 billion buyout of the Texas energy giant TXU, which was announced yesterday. There are risks in the transaction, as there are in any large buyout, but for the Wall Street banks behind the deal, it could be even riskier.

In an unusual twist that may soon become common, the banks are going one step further than simply providing the debt financing involved in the deal, in this case a daunting $24 billion of debt.

The banks are also lending $1 billion to TXU's buyers, Kohlberg Kravis Roberts & Company and the Texas Pacific Group — not as secured debt, but in the form of equity using the bank's own cash.

Known as an "equity bridge," the arrangement allows leveraged buyout firms to buy companies with even less cash upfront. The idea is that the leveraged buyout firms will find other investors to ante up cash after the deal is announced.

These bridges can lead to trouble, however. If the private equity firms cannot find new investors — and it is their job, not the banks', to find them — or if the value of the asset falls sharply, the banks are left holding the bag.

"This is how things blow up; people take more risk," said Andy Kessler, a former research analyst and hedge fund manager who has written books about Wall Street. "If you go back to the crash of 1987, all the banks had huge bridges that went bust."

Some have compared the use of the equity bridges to a much more risky version of Michael R. Milken's famous "highly confident" letters in the 1980s takeover boom, which gave assurances that his firm, Drexel Burnham Lambert, could sell junk bonds to finance deals for its clients.

Investment bankers say that the private equity firms, which have become some of the largest fee payers to Wall Street, put pressure on them to extend an equity bridge in exchange for syndicating the debt, a job that can prove very lucrative.

"The bridge may be a pay-to-play," Mr. Kessler said.

The new tactic has appeared in a handful of deals recently, including the $39 billion takeover of Equity Office Properties this month. It lets a private equity firm pursue enormous transactions without bringing in partners, at least until it has negotiated a deal on its own terms.

Indeed, the advent of the equity bridge could spell the end of giant consortium transactions, or club deals, in which often rival private equity firms team up on a bid. In the $11.3 billion buyout of SunGard Data Systems in 2005, for example, seven private equity firms banded together, each with a seat at the negotiating table.

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The use of the equity bridge may instead spur private equity firms to be more competitive in bidding, because they would not need to forge temporary alliances of convenience with rivals to mount large bids. And that would take some pressure off the firms, which have been under scrutiny by the Justice Department over whether the consortiums constitute a form of collusion.

In the case of TXU, Kohlberg Kravis and Texas Pacific are expected to invite their limited partners — the investors in their own funds, like big pension plans — to invest directly in this deal. By investing alongside the private equity firms, these investors can share in the rewards if the deal pays off without paying the same enormous fees to the firms that they typically do to invest in their funds. Private equity firms offer direct investment as an inducement to also invest in their funds that do carry fees.

The TXU buyout calls for about $8 billion of cash upfront, $24 billion of new debt and the assumption of about $13 billion in debt.

Kohlberg Kravis and Texas Pacific are each putting up about $2 billion in cash. Goldman Sachs, Lehman Brothers, Morgan Stanley and Citigroup plan to invest $3 billion from their private equity arms.

That brings the cash total to only $7 billion, $1 billion short of the $8 billion required. That's where JPMorgan Chase, Morgan Stanley and Citigroup are planning to come in with a $1 billion equity bridge.

The risk to the banks is that the value of TXU could fall sharply below the $69.25 being offered. Yesterday, TXU shareholders welcomed the deal, driving up the shares 13 percent, to $67.93.

The deal still must undergo months of scrutiny from state and federal regulators. And while the deal has won support through pledges to cut electric rates and scale back a plan to build coal-fired power plants, the private equity firms must still overcome a perception that buyout buyers are temporary owners who are not beholden to shareholders or customers.

Talk about building bridges.

The New Greenmail (WSJ)

The Wall Street Journal, February 27, 2007

Call it greenmail for a post-Kyoto world. The private-equity firms that just agreed to buy Texas utility TXU have scored something of a PR coup by getting Environmental Defense and other climate-change activists to fall in line with their purchase plans before the deal was announced. The question is what price shareholders are paying for this act of political correctness.

In the old days, a greenmail artist like Carl Icahn would buy up a tranch of some company's stock and threaten to buy the rest unless the target paid him to go away. But 21st-century greenmail works a little differently. Judging by media accounts, the price of Environmental Defense's support was an announcement that the new owners would build only three of the 11 coal-fired power plants that TXU has had on the drawing board.

Last year, Environmental Defense had launched a "Stop TXU" campaign to oppose the new plants. But yesterday it declared "victory" and explained that its agreement had been sought by emissaries of the private-equity investors in return for mothballing the eight coal plants and an agreement to sign on to mandatory emissions caps and an overall reduction in TXU's CO_2 emissions by 2020.

TXU had painted a green bull's-eye on itself when it announced plans last year to build the 11 new plants. Never mind that the plants were to be built on the sites of existing plants, that a number of them would replace older, less-efficient plants, or that Texas is already bumping up against the limits of its ability to produce the electricity it needs for its growing population and economy. The announcement sent the environmental movement to the barricades against TXU, and may be one reason that the company's stock, after going up regularly for several years, sputtered and stalled in 2006.

That stock slide wasn't all bad for Kohlberg, Kravis Roberts, which is leading the group buying TXU for not much more than its all-time stock-price high, which it hit in the middle of last year. But then again, giving in to the pressure not to build all 11 plants may not turn out to be all bad for KKR and TXU, either.

Ercot, Texas's independent electric-grid operator, figures that peak electricity demand in the state will catch up with available capacity by 2009, if not sooner. Tight demand means higher electricity prices, which is good for TXU's profits. That squeeze will, in turn, rejuvenate calls for more capacity, which may allow TXU to dust off the plans for the new plants at a moment when the current environmental concerns weigh more lightly in the political scales than skyrocketing electricity bills. The private-equity crowd didn't get to be billionaires for nothing.

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Texas's electricity market is bigger than all of South Korea's and nearly the size of the United Kingdom's -- which is to say, it's big. It also has limited interconnection to surrounding states, so its ability to import power on high-voltage lines to make up for any shortfall is limited. Texans learned this last April when a spring heatwave sent temperatures in parts of the state into the triple digits, catching the utilities flat-footed and producing rolling blackouts and brownouts around the state.

The people who run TXU understand all of this at least as well as anyone. They also know that starting this year and continuing in stages into 2009, the state's electricity-deregulation plan calls for the price cap on wholesale power to be raised to three times its 2006 level. The retail price cap expired at the end of last year.

These reductions in price controls would certainly have played a role in TXU's earlier decision to invest $10 billion in the 11 new plants, which was the point of decontrolling prices in the first place -- greater returns mean more investment, which is needed to supply a growing state's energy needs. So now TXU can hope to get the benefit of rising prices by restricting supply, and get environmental plaudits in the bargain. Only Texas consumers might suffer.

Which is not to say that TXU would be giving up nothing by not building the plants. Some of the plants that were to be replaced are gas-fired, and natural gas prices have been volatile and rising. TXU owns a bunch of coal deposits, so it had planned to build the coal-fired plants in part to get a better grip on its supply costs going forward. And given the projections for steadily rising electricity demand in Texas and the rather closed nature of its market, TXU runs the risk of ceding market share in electricity generation to rivals.

As for TXU's current shareholders, the agitation of the greens may have helped bring down TXU's share price last year, so the environmentalists probably did KKR and partners a favor. There may even be a trend in the making here -- environmental protesters bring down a stock, making a private-equity transaction look more attractive, and in return, the equity firm and its management partners buy off the greens with this or that environmental promise. We're not suggesting any such quid pro quo here, but if we were TXU's mom-and-pop investors or Texas energy consumers we'd certainly be asking some pointed questions.

Proposed Satellite Radio Merger Could Set Off Sparks At Hearing (PLTCO)

By Andrew Glass

Politico, February 27, 2007

Up in the sky 22,500 miles above Earth, separate sets of satellites beam hundreds of music, news and sports radio programs to almost 14 million U.S. subscribers in homes, offices and cars. Down on the ground in the nation's capital, a legion of lawyers and lobbyists has launched a multipronged campaign to let them merge.

The proposal calls for XM Satellite Radio Holdings and Sirius Satellite Radio Inc. to combine their programming. They will try to persuade the U.S. Department of Justice and the Federal Communications Commission to sanction the union and to do it quickly. The initial skirmish will occur Wednesday on Capitol Hill. While Congress cannot block the deal, it could influence the outcome.

The key issue before the lawmakers is the same one that faces the regulators: What is the scope of the market? If it is satellite radio, as critics allege, a merger would spawn an illegal unregulated monopoly. But Mel Karmazin, Sirius' CEO, will testify that the market should also include the 223 million weekly listeners to about 10,000 AM and FM domestic radio stations, the 219 million Americans with access to the Internet and millions more who own iPods and other hand-held music players.

The projected XM-Sirius merger, announced Feb. 19, will be the first item to come before the newly created House Antitrust Task Force. House Judiciary Chairman John Conyers Jr., D-Mich., who set it up on a provisional basis, said, "We are holding this hearing to allow members to probe whether this merger will enhance or diminish competition in the digital music distribution industry."

Karmazin will argue that the merger would allow automakers to mount receivers without having to choose between the two incompatible systems. Post-merger subscribers could listen to both Howard Stern (Sirius) and Oprah Winfrey (XM). They could tune into National Football League and National Basketball Association games (Sirius) and Major League Baseball games (XM), too. Karmazin will also say that dropping duplicate channels and replacing them with a wider range of niche programming would benefit consumers.

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Over the last eight years, the two firms have lost a combined $7 billion. They don't see a way to profitability. In 2006, their collective losses will exceed $1.5 billion. But no matter how the congressional session goes, the would-be partners must still surmount high regulatory hurdles in attaining a government-sanctioned bailout.

Conyers plans to question Karmazin about why his company, being in such dire financial straits, signed Stern, the nation's most sexually explicit shock jock, to a five-year $500 million contract. "Bad management is no excuse for a monopoly," said Mark Cooper, director of research at the Consumer Federation of America (CFA), who will also testify.

Opponents of the merger include the National Association of Broadcasters (NAB), which will be at the witness table, represented by its president, David Rehr. In a statement, the NAB said: "… Policymakers will have to weigh whether an industry that makes Howard Stern its poster child should be rewarded with a monopoly platform for offensive programming. We're hopeful that this anti-consumer proposal will be rejected."

But Karmazin and XM Chairman Gary Parsons want to leverage the NAB's hostility to deflate the monopoly charges. Earlier, the FCC allowed each of them, against NAB opposition, to offer real-time traffic and weather reports in top urban markets.

Not all critics play in the same big league as the NAB and the CFA. Law school student subscribers, calling themselves the Consumer Coalition for Competition in Satellite Radio (C3SR), will resist the merger as well. Chris Reale, a founder of C3SR, said, "A monopoly satellite radio provider would be able to raise prices and cut programming to a growing number of consumers that have come to rely on satellite radio for news and entertainment."

To counter the negative onslaught, XM and Sirius have hired a slew of top-of-the-line investment bankers, law firms and lobbyists.

J.P. Morgan Securities Inc. is handling the financial side for XM and Morgan Stanley for Sirius. Three law firms -- Skadden Arps, Slate, Meagher & Flom LLP, Jones Day and Latham & Watkins LLP -- are acting as legal counsel for XM. Sirius will get by with two: Simpson Thacher & Bartlett LLP and Wiley Rein LLP.

Their task is to persuade both Justice Department trustbusters, led by Thomas Barnett, and a fractured five-member FCC that a combined system will serve the public interest. The FCC would have to overturn its decade-old edict that they should remain separate. FCC Chairman Kevin Martin has said, "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

On the lobbying front, Sirius, based in New York, works with 84-year-old former Sen. Paul Laxalt, R-Nev., and his associate Tom Loranger. This year, in keeping with the Democratic takeover of Congress, it also hired Steve Ricchetti, a former deputy chief of staff to President Bill Clinton.

XM, based within walking distance of Capitol Hill, has employed a larger and somewhat rotating gallery of lobbyists. Last year, records show, XM spent $403,705 in lobbying fees, allocated among nine firms.

One of them was Mehlman Vogel Castagnetti Inc., which along with a predecessor firm, Mehlman Capitol Strategies, earned $80,000 for its efforts. "Politics are partisan, policy is bipartisan," said Alex Vogel, a co-founder of the firm and chief of staff to former Senate Majority Leader Bill Frist, R-Tenn. Vogel's partners are Bruce Mehlman, whose brother Ken served until January as chairman of the Republican National Committee, and David Castagnetti, formerly chief of staff to Sen. Max Baucus, D-Mont.

XM also employs Wexler & Walker Public Policy Associates, an arm of Hill & Knowlton. Paddy Link serves as the chief XM account executive. She was the first woman to head the staff of the U.S. Senate Committee on Commerce, Science and Transportation, where she helped draft the breakthrough Telecommunications Act of 1996. Before going over to the committee, Link served as chief of staff to former Sen. Larry Pressler, R-S.D.

XM's Losses Narrowed In 4th Quarter (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, February 27, 2007

For Year, Though, Satellite Radio Firm Fell Deeper in Red

Continued growth in subscribers helped XM Satellite Radio Holdings slightly reduce its losses in the last quarter of 2006 from the fourth quarter of 2005, the company said yesterday.

XM, which broadcasts from the District, hopes to merge with rival Sirius Satellite Radio, which is based in New York. Both companies will continue to operate separately as they await regulatory approval from the Federal Communications Commission and Department of Justice, which is expected to take several months.

XM's last-quarter revenue increased by 45 percent, to $257.1 million from $177.1 million in the fourth quarter of 2005. The company narrowed its loss to $263.2 million (90 cents a share) from $270.5 million ($1.22).

XM finished the year with 7.6 million subscribers, a 29 percent increase over the year before, that was, however, lower than the projections the company made in early 2006. Executives said they hoped to have at least 9 million subscribers, who typically pay $12.95 a month, by the end of this year.

XM reduced its quarterly marketing expenses by more than 25 percent, spending $142 million compared with $196 million, company executives said in a conference call with analysts and reporters. The cost of gaining each new subscriber fell from $141 to $128.

In the last quarter of 2006, XM took a charge of $57.6 million to reflect the reduced value of its stake in a Canadian satellite radio affiliate.

For all of 2006, XM lost $732 million, or $2.70 per share. In 2005, it lost $675 million. XM and Sirius have paid heavily to recruit such stars as Howard Stern, Oprah Winfrey and Martha Stewart. They contend they need to merge to remain competitive with over-the-air, commercial radio, iPods and other audio services, but some consumer groups oppose monopoly ownership of satellite radio.

XM Cuts Its Loss To $263m For Quarter (FT)

By Joshua Chaffin In New York

Financial Times, February 27, 2007

XM Satellite Radio yesterday reported a narrower fourth-quarter loss as it prepared for Congressional hearings concerning its proposed merger with rival Sirius.

For the quarter, XM lost $263.1m, or 90 cents per share, compared with $270.4m, or $1.22, during the same period a year ago. The company, which has never made a profit, benefited from a reduction in costs, and from a jump in subscriptions that helped push revenues up 45 per cent to $257m.

The results came a week after XM announced an $11.4bn merger with Sirius. Analysts and investors have projected $5bn in cost savings that would push the companies toward profitability.

However, the biggest obstacle to the deal will be allaying antitrust concerns at the Justice Department and the Federal Communications Commission. At a Congressional hearing tomorrow, the companies are expected to argue that they are part of an expanding market for portable audio that includes iPods, mobile phones and other devices.

"We're working to close the deal and we're confident it's going to go through," Hugh Panero, XM's chief executive, said yesterday.

XM suffered last year because of product delays and increased competition from Sirius, which spent heavily to lure top talent such as Howard Stern, the radio shock jock. It finished the year with 7.6m subscribers - up 1.6m over the previous year but shy of the 9m it had forecast.

One bright spot was that XM managed to lower its average cost of acquiring new subscribers in 2006 - to $126 from $141 the previous year.

Editorial: A Monopoly -- Not (SFC)

San Francisco Chronicle, February 27, 2007

TEN YEARS AGO, federal regulators sold a pair of satellite radio licenses -- and sternly warned that a competition-chilling merger wouldn't be tolerated.

How quaint that worry seems now. The two operators -- XM and Sirius -- are losing billions of dollars and want to huddle together to stop the bleeding. Meanwhile, HD radio, iPods, Internet broadcasts and other trends have rushed past regulators and redrawn the landscape. There are 90 million people wearing dangling iPod ear-buds, 65 million who listen to free Internet radio and about 14 million satellite-radio subscribers.

It's hard to see a stifling monopoly in the making when the two satellite networks are gasping for air. Consumers, who need defending when choices narrow dramatically, don't need any help on this shift.

In Washington, the Justice Department is judged likely to bless the deal after surveying the larger landscape of audio choices. It's a sensible reading of broadcast reality.

It's the Federal Communications Commission, which laid down the no-merger threat a decade ago, that may stop the deal. The panel shouldn't, even if it risks going back on its guiding words, issued at the dawn of the Internet age.

A merged satellite market will create a semblance of a monopoly, but only over one slender source of information. If the merged network raises prices or cuts options, unhappy subscribers can turn elsewhere for their entertainment fix.

This infant industry was touted as a major breakthrough way back when. How far away that era seems now when cheaper, handier and more varied choices now abound.

CME, CBOT Shareholders To Vote On $8B Deal On April 4 (AP)

By Jesse Thomas

AP, February 27, 2007

CHICAGO - Shareholders of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc., the two largest U.S. derivatives exchanges, will vote on CME's proposed $8 billion acquisition of CBOT on April 4.

In a filing with the Securities and Exchange Commission, CME said Monday its meeting on the deal will be held at the W Chicago City Center, while CBOT's Class A shareholders will meet at Union League Club of Chicago.

In addition, a special meeting for Series B-1 and Series B-2 members of CBOT will be held at the Union League Club before the Class A shareholder meeting to approve an amended and restated certificate of incorporation to become effective upon the deal, the filing said.

The SEC filing states CME and CBOT "enthusiastically support" the combination, which would create the world's largest derivatives exchange. Executives from both exchanges have repeatedly stated they expect the deal, originally announced on Oct. 17, to close midyear.

The deal is still awaiting regulatory approval from the U.S. Department of Justice and the Commodity Futures Trading Commission. Department of Justice spokeswoman Gina Talamona said the investigation is ongoing, but did not say when a decision might be made.

The proposed acquisition has come under fire in recent weeks. The Futures Industry Association, a trade organization that is not required to approve the deal, said that the new company, to be called CME Group Inc., a Chicago Board of Trade company, could wield unfair pricing power, which could "raise even higher the barriers to entry for new competitors."

The association said the deal also would substantially lessen competition among U.S. futures exchanges.

CME officials have said that the acquisition will increase competition in the global marketplace. CME and CBOT also expect to generate annual cost savings of at least $125 million as a result of the deal, while saving exchange users about $70 million on an annual basis.

On the New York Stock Exchange, CME shares closed down $8.26, or 1.5 percent, at $536.59. CBOT shares closed down $2.00, or 1.2 percent, at $160.50.

Regulators OK GE Purchase Of Abbott Unit (AP)

AP, February 27, 2007

Federal Regulators Approve $8.1B General Electric Purchase of Abbott Labs Division

WASHINGTON (AP) -- Federal antitrust regulators on Monday approved General Electric Co.'s $8.13 billion purchase of Abbott Laboratories' diagnostics business.

The Federal Trade Commission said it has approved the transaction without requiring any changes.

General Electric will acquire Abbott's in vitro diagnostics and point-of-care diagnostics businesses, the companies said when they first announced the transaction in January. The in vitro diagnostic division tests blood and urine samples to diagnose diseases and other conditions.

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Abbott expects to receive $6 billion in after-tax cash from the transaction, the company said last month. Abbott plans to use the money to pay down debt and supplement share repurchases.

The two companies said in January that they expected the transaction to close in the first half of 2007.

Shares of GE rose 9 cents to $35.19 in afternoon trading on the New York Stock Exchange, while shares of Abbott increased 84 cents to $54.43, also on the NYSE.

Caremark Rx Downgraded Amid Bidding War (MRKTWTCH)

Market Watch, February 27, 2007

SAN FRANCISCO (MarketWatch) -- Raymond James downgraded Monday its rating on Caremark Rx Inc. shares on the belief there will be no further bidders for the company beyond fellow pharmacy-benefits manager Express Scripts Inc. on the one hand, and retail pharmacy-chain operator CVS Corp. on the other.

"Based on our analysis, we believe a [per-share purchase] price in the mid-$60s begins to become dilutive from CVS' perspective," Raymond James analyst Michael Baker wrote in a research note. He cut his rating on Caremark to market perform from outperform.

"We do not expect CVS to push the price beyond this point; therefore, upside is modest from current levels, in our opinion."

Caremark agreed last November to a so-called merger of equals with CVS under which Caremark stockholders would receive 1.67 shares of the combined company for each share they own.

The following month, however, Express Scripts launched a hostile cash-and-stock counterbid for Caremark that at the time carried a 15% premium to the CVS deal. Terms call for Express Scripts to pay $29.25 in cash and 0.426 share of stock for each outstanding Caremark share.

CVS subsequently sweetened its bid with a $2-a-share special dividend, which it then tripled to $6 a share.

Shares of Caremark closed Monday's session higher by 17 cents at $63.24. Express Scripts shares added 19 cents to finish at $78.82, while shares of CVS slipped 10 cents to end at $32.38.

Twists and turns

A judge in Delaware on Friday delayed a shareholder vote on the proposed Caremark-CVS merger for the second time, until at least 20 days after Caremark shareholders are provided with additional information about the deal. Caremark subsequently mailed supplemental disclosures containing the information in question to its shareholders and scheduled the vote for March 16. See full story.

The Caremark shareholder vote, analyst Baker noted, will take place after the March 8 deadline for the Federal Trade Commission to make a second information request concerning the Express Scripts bid.

Antitrust questions have been among the top concerns raised in reference to a Caremark-Express Scripts deal. Caremark's the largest PBM in the country on a market-capitalization basis, ahead of Medco Health Solutions Inc. and Express Scripts.

With an eye to avoiding the need for a second request from the FTC, Express Scripts at the end of January withdrew and then submitted again its Caremark bid antitrust filing, resulting in the March 8 deadline. See full story.

The key, said Raymond James' Baker, will be whether the FTC takes a broad view of the market or attempts to redefine it more narrowly.

From a broad market perspective, a combined Caremark-Express Scripts would have roughly a 29% market share, and it would "likely be of little concern" Baker said. He also estimated Medco's share of the market at 19%, followed by WellPoint Inc. at 11%.

"A more narrow definition of the large-employer market (Fortune 100) could be more problematic and require Express Scripts to provide additional information under a second request," Baker said. Carolyn Pritchard is a reporter for MarketWatch in San Francisco.

Linux Camp Rages Over Novell Pact (BOS)

By Hiawatha Bray, Globe Staff

The Boston Globe, February 27, 2007

Microsoft accord could leave other open-source software companies more vulnerable to patent suits

Last year's surprise partnership between software titan Microsoft Corp. and leading Linux distributor Novell Inc. was supposed to be a kind of peace treaty. Instead, it's brought the open-source software community to the brink of civil war, over a provision that could help Microsoft sue other open-source software companies for patent violations.

As part of the deal, Novell agreed to compensate Microsoft for features in Linux that Microsoft claims to have patented. Critics say Novell has betrayed other Linux vendors and made it easier for Microsoft to threaten Linux companies with patent infringement suits.

"Anybody who has not signed a deal now . . . is somehow under a cloud," said Peter Brown, executive director of the Free Software Foundation, a group that oversees the creation of most Linux code. "When will Microsoft act against them?"

But for renowned open-source programmer and former Novell employee Jeremy Allison, the deal came at too high a price. Allison helped develop Samba, a popular program that lets Linux computers interact with machines running Windows. In December, Allison quit . "I left Novell over the deal because I felt it was not consistent with the responsibilities of an open-source company or an open-source programmer," Allison said.

The deal with Microsoft amounts to a $308 million lifeline for Waltham-based Novell, a company brought to the brink of ruin thanks to years of fierce rivalry with Microsoft. Originally based in Utah, Novell invented the first system to link desktop computers into networks. It grew into the world's third-largest software company, at one time employing 10,000 workers.

But Novell's business was gutted when Microsoft added networking capability to its Windows operating system. Novell then challenged Microsoft with an alternative operating system and office software suite. Both ventures were costly failures. Today, Novell has just 4,800 employees, mostly in Utah. Only about 200 are based in the Boston area. Still Novell is one of the biggest technology companies based in Massachusetts.

Novell now hopes to become the leading distributor of Linux software to businesses -- a position held by Red Hat Inc. of Raleigh, N.C. Red Hat officials say they're unworried by the Novell-Microsoft deal. At a technology conference earlier this month, Red Hat's chief financial officer, Charlie Peters, said he sees no sign that an alliance between Novell and Microsoft is hurting Red Hat's sales. "Just in the last week or two you've seen several good customer wins from us," Peters said. "This clearly is not an issue."

Open-source supporters favor some features of the deal. Microsoft paid $240 million for Novell Linux licenses, which it will distribute to customers who want to use both Windows and Linux in their data centers. The two companies also will cooperate on ways to make Linux work better with Windows . After all, even companies that use Linux for high-end server applications still use Windows on most of their desktop machines. Microsoft will also pay $108 million to Novell for permission to use Novell patents in Microsoft's products.

But it's Novell's $40 million patent payment to Microsoft that infuriates open-source specialists. That's because Novell's SUSE Linux, like all versions of Linux, is made up of hundreds of pieces of software produced by the GNU Project, an open-source development group led by the Free Software Foundation in Cambridge. Linux companies like Novell and Red Hat compete by selling support for their Linux products. Meanwhile, the Free Software Foundation insists that no version of Linux violates patents held by Microsoft or anybody else.

Brown, the foundation's executive director, said that those who buy Novell's version of Linux will be shielded from Microsoft patent litigation. But people who buy from other Linux companies are still exposed to patent lawsuits, even though all versions of Linux are nearly identical.

Brown said that Microsoft singled out Novell because the company's sales and profits are weak. . Novell revenue fell from $1.2 billion in fiscal 2005 to $967 million in 2006. The company posted a $376.7 million profit in 2005, but that was mainly due to a $536 million payout from Microsoft to settle an antitrust dispute between the two longtime enemies. Last year, Novell's net income dropped to $32 million.

The company's financial woes made it a prime target for Microsoft, said Brown. He thinks Novell entered into negotiation in good faith, but learned too late about Microsoft's patent tactics. "They wave a big check under their noses, they get Novell desperate for the money, and then they spring the patent provision on them."

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Novell says the critics are wrong. Susan Heystee, the company's vice president of global strategic partnerships, said Novell does not believe that Linux contains any Microsoft-patented code. "There is definitely no statement that we're making that there are any patents being infringed," she said. "We do not acknowledge that there is any issue there."

But within days of signing the deal with Novell, Microsoft chief executive Steve Ballmer told guests at a software industry conference that Linux contains Microsoft intellectual property. "In a sense you could say that anybody who has got Linux in their data center has an undisclosed balance-sheet liability," he said, suggesting that Microsoft might demand compensation from Linux users not covered by the Novell agreement. Microsoft agrees that Novell did not concede any patent violations in Linux, saying that the companies have "agreed to disagree" on the issue.

Leaders of the open-source movement are at work on a legal strategy that could let Novell retain the benefits of the deal, while preventing Microsoft from using it to attack other open-source firms. They're drafting a new version of the General Public License or GPL, the Free Software Foundation's legal rulebook, which governs how Linux and other open-source code can be used.

Under the new license, called GPL3, if a company waives its patent rights over GPL software distributed by one company, that waiver will apply to all other companies distributing the software. If the provision had been in place when Novell and Microsoft struck their deal, the patent protection won by Novell would have applied as well to Red Hat, Ubuntu, and other Linux versions. Microsoft would have forfeited its patent infringement claims against all Linux distributors.

The foundation hopes to have the new license completed within a couple of weeks. It can then issue future versions of Linux code under the license. As they're upgraded over time, the hundreds of programs that make up Novell's Linux will be covered by the new license.

Brown said GPL3 would ensure that no other Linux company will be able to make a separate peace with Microsoft. "We want to attempt to stop these type of deals being struck," he said.

Feds OK Coke's Purchase Of Fuze Beverage (AJC)

The Atlanta Journal-Constitution, February 27, 2007

Washington — Federal antitrust regulators have approved Coca-Cola's purchase of juice and tea maker Fuze Beverage, according to a notice issued by the Federal Trade Commission Monday.

The FTC cleared the transaction without requiring any changes to the deal.

Atlanta-based Coca-Cola will buy all Fuze Beverage brands, including the Vitalize, Refresh, Tea and Slenderize lines. The company said Feb. 1 that it expects to close the transaction this year.

Shares of Coke rose 42 cents to $47.68 in early trading on the New York Stock Exchange.

Insurers Prepare A Battle Strategy To Protect A Key Exemption (column) (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 27, 2007

The insurance industry is one of Washington's fiercest and best-funded lobbies, so it rarely gets surprised. But last week several industry representatives privately acknowledged amazement that their most important federal benefit -- an antitrust exemption -- is in danger.

Angry with how insurers have been treating Hurricane Katrina victims and others, the chairman and the ranking Republican on the Senate Judiciary Committee, Sen. Patrick Leahy (D-Vt.) and Sen. Arlen Specter (R-Pa.), as well as Senate Majority Leader Harry Reid (D-Nev.), have joined forces to propose a repeal of the 62-year-old exemption, known as the McCarran-Ferguson Act.

"This is the big one," said Carl Parks, senior vice president of the National Association of Mutual Insurance Companies and a leader in the effort to save the exemption. "We are upset and disappointed."

The insurers say they are doing nothing wrong. Yet lawmakers are outraged on behalf of constituents who believe they have not been properly compensated for their property losses.

Sen. Trent Lott (R-Miss.), who lost his house during Katrina and is a co-sponsor of the legislation, has said that even "the nightmares of FEMA" did not prepare his constituents for their "abandonment by insurance companies."

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McCarran-Ferguson provides insurers with an exemption from federal antitrust laws so that thousands of companies can exchange and aggregate data on accidents and injuries. They use that information to formulate the rates they charge their customers.

The exemption can operate only if states regulate the insurers, and lately a growing number of lawmakers have complained that some states have failed to do so. Hence the legislation -- and its companion bill in the House -- which would repeal the exemption and impose regulation by the consumer-focused Federal Trade Commission.

Large insurers that have enough data to set rates themselves have been proposing a modified repeal of McCarrin-Ferguson for years, but only if companies can opt to replace state regulation with a more compliant captive federal regulator. The new legislation, however, would add stiff federal regulation on top of the state regimen.

"The concern is that the industry could end up with double regulation," said Stanton D. Anderson of the U.S. Chamber of Commerce.

Insurers are beginning to muster their forces for an epic battle. Some of the bigger firms are hoping that the friendly-federal-regulator option will emerge somehow. But Parks and others who represent smaller insurers are not taking any chances.

The National Association of Mutual Insurance Companies has already created a "war room" that is targeting the districts and states of lawmakers who might be sympathetic or persuadable. It is hunting for insurers with employees in those places whom they can train to lobby their elected representatives. A broad coalition of insurance lobbies is also in the offing.

Parks, 60, knows this ground well. He has worked in public affairs for the insurance industry on and off since 1969, first for Allstate and later for the Property Casualty Insurers Association of America. In between, he helped the Credit Union National Association stage a huge grass-roots lobbying effort that persuaded Congress to pass a bill overturning a Supreme Court decision that would have hamstrung credit unions.

Now he has an even bigger fight. "This is an issue that we have to win outside the Beltway," Parks said. "We think we will win when we communicate our message."Lobbying Winner -- and Loser

The U.S. Chamber of Commerce and the affiliated U.S. Chamber Institute for Legal Reform have broken their own record for expenditures on lobbying. Their combined total skyrocketed to $49.2 million for the second half of 2006, more than double the $23.5 million they reported for the first six months of the year. The latest six-month period shattered their earlier record of $30.1 million, set during 2004's first half, PoliticalMoneyLine said.

The institute, which alone spent $17.8 million in the second half of 2006, does all manner of lobbying and research to fight trial lawyers. The rest of the Chamber buys issue advertising and houses a stable of lobbyists and policy analysts.

By contrast, the National Association of Manufacturers -- the Chamber's onetime rival -- spent just $3.6 million in the second half of 2006, down dramatically from $9.6 million in the year's first six months. NAM said the 63 percent decline resulted from its withdrawal from lobbying on the asbestos bill that it wanted but failed to get.

NAM was outpaced in lobbying expenditures in last year's second half by a wide range of groups and individual companies. Twenty of these spent more than $5 million during the period.Thank You, Mr. Chairman

If it's good to be a Democrat on K Street these days, it's even better to be a Democrat who once worked for a current chairman of a congressional tax-writing committee. That's clearly where the money is.

Timothy E. Punke, a former trade aide to Chairman Max Baucus (D-Mont.) of the Senate Finance Committee, was named a partner of Monument Policy Group, a lobbying firm. His new clients include heavyweights such as Microsoft and the Pharmaceutical Research and Manufacturers of America.

Former Baucus chief of staff Jeffrey A. Forbes of Cauthen Forbes & Williams also has a slew of new clients. They include Merck, Genentech, Ford and Intuit.

William A. Signer, a former staffer to Chairman Charles B. Rangel (D-N.Y.) of the House Ways and Means Committee, has a new job -- managing director of health-care and tax practices at Carmen Group. "His experience in understanding Chairman Rangel's goals and motivations are invaluable to clients," said David M. Carmen, president of the firm. Signer's ties to Rangel, Carmen added, were "definitely a factor" in his hiring.A Republican Purge on K?

John Feehery has left the Motion Picture Association of America to start his own lobbying firm, the Feehery Group. Feehery, 43, joined the movie lobby with great fanfare in 2005 to help silence sotto voce attacks by congressional Republicans, then in the

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majority, on the group's chief executive, former congressman Dan Glickman (D-Kan.), and on left-leaning Hollywood. Feehery had been the spokesman for then-House Speaker J. Dennis Hastert (R-Ill.) and a veteran GOP leadership aide.

But last month, the MPAA named Seth Oster, a Democrat, as executive vice president for communications, in effect taking part of Feehery's portfolio. My colleague at washingtonpost.com, Mary Ann Akers, reports that lobbyists worry that the move might presage a citywide purge of Republicans. But Feehery professes no bitterness. "It was a good time for me to start my own business," he said. "It gives me a greater range to do things I want to do." The MPAA will be one of his first clients, he added.

EU Takeover Law In Tatters (FT)

By Tobias Buck

Financial Times, February 27, 2007

The European Union's decades-long struggle to abolish "poison pills" and other barriers to hostile takeovers has ended in failure, the European Commission will conclude on Tuesday.

The commission will also warn it could overhaul the Union's ineffective takeover law earlier than planned.

"A large number of member states have shown strong reluctance to lift takeover barriers," the Commission says in a report on the effects of the EU takeover directive. The report finds the vast majority of member states have exploited the law's many loopholes to ensure that takeover defences can be used as extensively as before.

"The number of member states implementing the directive in a seemingly protectionist way is unexpectedly large," the report says.

The report's publication comes amid rising concern about protectionism in several European countries, and follows recent controversies over the growing power of hedge funds, private equity groups and other activist investors.

The report's downbeat conclusions also suggest that most EU governments are unconvinced by the Commission's assertion that takeovers offer "benefits for companies, investors and ultimately the European economy as a whole".

The EU takeover directive – which was finally adopted in 2004 after more than 14 years of debate – was originally designed to make it harder for companies facing a takeover bid to use poison pill defences, such as issuing new shares or entering into complex joint ventures. It would also have curbed the use of shares with multiple voting rights – another method of keeping suitors at bay.

But strong resistance from countries such as Germany and Sweden and a last-minute change of heart by the European Parliament meant the proposal was watered down.

Crucially, member states were allowed to opt out of a key provision that forces companies to seek shareholder approval for poison pill defences.

Another vital clause – known as the breakthrough rule – to ensure that existing defences become ineffective during the takeover period was also made optional.

The Commission report, a copy of which has been obtained by the FT, finds that "the vast majority of member states have not imposed (or are unlikely to impose) the breakthrough rule". Only Estonia, Latvia and Lithuania have opted into the clause, which means that less than 1 per cent of listed companies in the EU will apply the rule on a mandatory basis.

Charlie McCreevy, the EU internal market commissioner, has repeatedly voiced his frustration over the final version of the takeover directive.

The report suggests that he may want to return to the issue earlier than planned.

The directive is scheduled to be revised as late as 2011, but the report says that "in the light of the evaluation" this overhaul may have to be bought forward.

ENVIRONMENT/INDIAN AFFAIRS:

Western States Agree To Cut Greenhouse Gases (WP)

By Juliet Eilperin

Washington Post, February 27, 2007

DOJ_NMG_0137184

Five Western governors agreed yesterday on a plan to cut their states' emissions of gases linked to global warming and to establish a regional carbon-trading system, though they stopped short of saying how drastically they will seek to reduce greenhouse gases.

The governors -- including Republican Arnold Schwarzenegger of California and Democrats from Arizona, Oregon, New Mexico and Washington -- said that within six months they will set a regional target for lower emissions. A year after that, they pledged, they will devise a regional cap-and-trade system allowing polluters to buy and sell greenhouse gas pollution credits.

"In the absence of meaningful federal action, it is up to the states to take action to address climate change and reduce greenhouse gas emissions in the country," said Arizona Gov. Janet Napolitano. "Western states are being particularly hard hit by the effects of climate change."

The move won immediate plaudits from environmentalists. Jeremiah Baumann, an environmental advocate at the Oregon State Public Interest Research Group, said, "This regional global-warming solution will benefit the environment on a global scale."

It remained unclear how much the five states will cut their carbon dioxide emissions and how soon they will do it. Several states on the East and West coasts have adopted reduction targets in recent years, but in the immediate term all fall short of the targets that the European Union, Canada and Japan are seeking to meet by 2012 under the international treaty known as the Kyoto Protocol.

California passed legislation late last year mandating a 25 percent cut below current levels of greenhouse gases, which would bring its emissions down to 1990 levels. The four other Western governors have all established, through executive orders, reduction goals that are slightly more modest than California's, and state officials predicted the final pact is likely to equal the sum of all the states' individual targets.

Dan Skopec, undersecretary for California's Environmental Protection Agency, said the significance of the agreement is that companies in the five states will be able to trade emissions.

"It's not as important that the different states may have a different emissions reduction goal. The important thing is that an emission reduction in Arizona means the same thing as an emission reduction in California or Oregon," Skopec said.

The states' agreement came as scientists and interest groups continued to debate the best way to curb the country's global-warming pollution. In a presentation at the National Press Club yesterday, James E. Hansen, the outspoken climate scientist who directs NASA's Goddard Institute for Space Studies, said the United States should stop building coal-fired power plants and older polluting utilities must "be bulldozed" before mid-century.

Also yesterday, the AFL-CIO endorsed the idea of a more modest cap-and-trade emissions-reduction plan that "should initially seek to gradually slow the growth in greenhouse gas emissions" but also contain a "safety valve" cost cap to protect the economy."

Carbon Curbs Gain Backers (WSJ)

By John J. Fialka

Wall Street Journal, February 27, 2007

Energy Groups Shift Stance, Possibly Giving Campaign New Fuel

WASHINGTON -- Seeking to shape legislation before Congress, three major energy trade associations have shifted their stances and decided to back mandatory federal curbs on carbon dioxide and other man-made emissions that could accelerate climate change.

Joined by the AFL-CIO, the groups say they now plan to use their lobbying clout to stake out positions that favor modest, economy-wide regulations, in hopes of minimizing anticipated energy-price increases and pre-empting state efforts that could result in a patchwork of differing state and regional regulations.

The shift by the groups, which include the Edison Electric Institute and the American Gas Association, underscores their belief that Congress is in a mood to pass some form of mandatory emissions controls, perhaps before the next election in 2008. "We want to be at the table" during the debate, said Paul Wilkinson, a vice president of the American Gas Association, which represents 200 utilities that distribute natural gas throughout the U.S.

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Taken with environmental concessions made in the proposed $45 billion purchase of electric utility TXU Corp. by seven buyout firms, as well as the Oscar-related attention over former Vice President Al Gore's documentary on global warming on Sunday, the efforts could provide new momentum to the campaign to reduce the emissions believed by many scientists to cause global warning.

Separately yesterday, the governors of California, Oregon, New Mexico, Arizona and Washington state jointly announced plans to reduce "greenhouse gases" through a "cap-and-trade" program that would allocate emissions credits to companies, which could use or trade them. New England states and New York have adopted a similar, regional approach.

The American Gas Association had previously opposed federal action to control climate-change emissions as "unwarranted." Mr. Wilkinson said the association's board reversed itself last week because of growing signs that Congress could pass mandatory controls. While debates could go on for years in Congress, he said, the basic structure of the bill could be determined soon.

The largest trade group, and the one likely to be hardest hit by any energy-price increases under national regulations, is the Edison Electric Institute, whose members generate 60% of electricity in the U.S. The institute's board, including 50 chief executive officers of utilities, last month approved a set of principles supporting "federal action" to reduce greenhouse-gas emissions.

Institute chairman James E. Rogers described the lengthy, closed meeting as "crossing a bridge" for members of the group, which previously supported only voluntary reductions. He added that his group wants a "safety valve" that would require the government to intervene as needed to keep the price of credits stable and low.

The Electric Power Supply Association, which represents 22 companies that sell electricity on a wholesale basis, also recently endorsed mandatory federal measures. Association president John E. Shelk said members want some certainty over what kinds of power plants they should invest in. "This is what's really driving the do-it-now argument," he said.

The AFL-CIO yesterday joined the drive by issuing its own plan calling for mandatory controls that would "gradually slow the growth" of greenhouse-gas emissions. The plan seeks implementation of a cost cap to prevent sudden increases in energy prices that could hit businesses. Robert Baugh, who heads a task force developing the labor group's energy strategy, said the critical issue is jobs. "We don't want to close down businesses here and put them offshore," he said.

At least five different versions of a federal cap-and-trade system to reduce emissions have been introduced on Capitol Hill. All would require companies that produce carbon-based fuels or emissions to have government-allocated permits for each ton of carbon in the fuel they handle. Regulators would gradually reduce the caps, but companies could trade their credits. Those that modernize their equipment to reduce emissions to below the federal caps could sell their extra quotas. Companies that need more credits could buy them to get under the declining caps, or pay a penalty.

All five bills target electricity producers, because half of the nation's electricity is generated by coal-fired plants. Coal has the highest carbon content among all fuels.

Mr. Rogers of the Edison Electric Institute said that under a mandatory cap system, his industry would need more federal assistance to develop new emission controls, particularly ways to separate CO2 emissions and inject them into the ground. If the technology, which remains unproven on a commercial scale, fails, power producers would have more emissions than they had planned and would need to buy more emissions credits. In that case, the government should intervene by freezing the market price for carbon credits, which would otherwise rise, he said. Eventually, most costs would be passed on to consumers.

While none of these groups backs a particular bill, legislation being prepared by Sens. Jeff Bingaman (D., N.M.) and Arlen Specter (R., Pa.) features the safety valve to keep emissions-credit prices low and a more moderate approach towards emissions reductions. "These groups are saying it's time to go," said Jason Grumet, staff director for the bipartisan National Commission on Energy Policy, which helped draft portions of the Bingaman bill.

Another bill sponsored by Sens. John McCain (R., Ariz.) and Joseph I. Lieberman (I., Conn.), which takes a more aggressive approach and doesn't have a safety valve, is favored by environmental groups. Fred Krupp, president of Environmental Defense, called safety-valve proposals a form of government "price controls" that would discourage innovation.

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Estimates of the cost the various bills would impose on the nation's economy haven't been fully worked out. One environmental group, Resources for the Future, estimates that the Bingaman measure would increase electricity prices by 3.5% while the more-aggressive McCain bill could hike prices by as much as 35%.

Wall Street Adds Climate Change To Bottom Line (CSM)

By Ron Scherer

Christian Science Monitor, February 27, 2007

The environmentally tinged takeover of TXU Corp. illustrates global warming's increased financial relevance.

NEW YORK

Wall Street now views the color green as something other than money.

In the latest sign that global climate change is becoming a major factor for investors, potentially the largest private takeover in the nation's history has environmentalists' fingerprints all over it.

A consortium of private investors announced Monday they would pay almost $45 billion to acquire TXU Corp., which generates electricity in the state of Texas. What makes the deal more than just another gigantic financial transaction is that the buyers of the company consulted with environmental groups and agreed to sharply scale back plans to build new coal-fired power plants.

"This is a real breakthrough, an indication investors are paying attention to the real financial risk associated with climate change," says Dan Bakal, director of electric power programs at Ceres, a Boston-based environmental group that advises investors controlling $3.7 trillion in assets. "It means Wall Street is really beginning to pay attention."

Wall Street analysts believe the deal could mean that future takeovers will start to factor in the cost of corporate carbon emissions.

This could affect mergers and acquisitions in a broad range of industries, including manufacturing companies, the auto industry, mining companies, and other utilities.

"What it shows is the environment has a much greater presence than in the past and the issue of global warming is under increased scrutiny," says Sam Stovall, chief investment strategist at Standard & Poor's in New York. "These are additional factors that must be addressed in future mergers."

In fact, there are some signs Wall Street is trying to get up to speed as quickly as possible. For the past three years, the World Resources Institute (WRI), an environmental think tank in Washington, D.C., has been working with investment banks and securities firms such as Merrill Lynch, Citigroup, and Goldman Sachs to teach them how to establish their own carbon "footprint" and analyze other companies' emissions.

Analysts eye carbon 'footprint'

By calculating the footprint – the amount of greenhouse gases a company pumps into the atmosphere – analysts can begin to forecast the potential risks of climate-change lawsuits and future costs of any greenhouse-gas regulations.

"It's been a slow start, but we have been pleased to see financial institutions begin to grapple with those systems," says Jennifer Layke, deputy director of climate and energy for WRI. "But this is the first time we have seen a set of investors reach out to the environmental community around the terms of a new investment deal."

Last year, the New York Stock Exchange began to educate CEOs about the issue. It sponsored a lunch with former Vice President Al Gore, who gave a slide-show version of his Oscar-winning documentary, "An Inconvenient Truth."

Investors call for carbon accounting

This year there will be a record number of shareholder resolutions asking companies about their carbon footprint.

Normally, shareholder propositions don't receive much traction in the corporate world.

But, the proposals have been receiving a significant amount of institutional support from such large shareholders as Calpers, the California public-employee pension fund. And there is increasing concern that corporate boards may have a liability if they don't start to plan for future limits on carbon emissions.

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Pressure was already building on TXU to scale back its proposal to build 11 coal-fired power plants. Over the weekend, Ceres issued a report that looked at the potential carbon taxes the utility would face, assuming that Congress or the states begin to enact such charges.

"Our report made some reasonable assumptions, including that none of the costs would be grandfathered in," says Mr. Bakal. "That means 100 percent of the carbon dioxide must face a carbon tax, which we estimate could be as much as $780 million per year, perhaps for 15 years."

At the same time, the Ceres report called into question some of the revenue and cost assumptions that TXU had made to justify the new plants.

"We think they had overestimated the amount of growth and underestimated the amount of the coming carbon controls and the cost of complying with the existing Clean Air Act," says David Gardiner, one of the authors of the report and a sustainability consultant in Arlington, Va.

TXU buyers moved to ease opposition

Some of these issues resonated with the group of TXU buyers, which includes the Texas Pacific Group, Goldman Sachs, and Kohlberg Kravis Roberts & Co. Texas Pacific and KKR are private equity groups that amass money from pension funds and wealthy individuals and buy companies.

Monday, in Dallas, the buyers' group said they would drop eight of the 11 new coal-fired power plants if their deal succeeds. They also said they would roll back electricity rates by 10 percent. And, they indicated they would work towards meeting any national emissions caps in the future.

"It's a sign people are paying attention," says Rodney Taylor, managing director of the environmental-services group at Aon, a large Chicago-based insurance broker. "From a financial standpoint, it also says something about the perception of where energy costs are going. KKR is kind of a medium-term investor, so they must be looking at energy costs going up sharply over the next three to five years."

Global Warming A Hot Spot For Investors (USAT)

By Adam Shell And Matt Krantz

USA Today, February 27, 2007

Droughts. Hurricanes. Rising temperatures. Melting glaciers. In a world abuzz with talk about global warming, climate change is elbowing aside tech and biotech as the major investment theme of the future.

Wall Street's savviest analysts are devising ways to cash in on crazy weather, just as they did in response to the profound changes brought on by the dawn of the digital age, globalization and the graying of America.

Discussions about what interest rates mean for stocks are giving way to chatter about what a 1-degree rise each year in temperature would do to profits at businesses ranging from carmakers to solar companies.

Global warming has emerged as a major market-moving force that represents a generational shift likely to influence how people invest for decades. The world's biggest financial services firms are investing massive amounts of time and brainpower trying to pinpoint what stocks and sectors will benefit — and be hurt — by changes in Earth's weather patterns.

"We are approaching a tipping point when it comes to climate change," says Edward Kerschner, a strategist at Citigroup.

Kerschner should know. He spent nine months researching "Climatic Consequences," a 120-page report that zeroes in on 74 companies in 18 countries well-positioned to profit from changing weather patterns. "The interest in this report is unprecedented," says Kerschner. He says presentations to clients are booked through the fall.

Similarly, UBS released a 97-page tome, "Climate Change: Beyond Whether." And Lehman Bros., with input from analysts in London and Tokyo, this month published a 143-page paper, "The Business of Climate Change." The well-being of the planet, the report concludes, has gone from a "fringe concern" of scientists and activists to a "central topic" for CEOs and investors.

"Global warming is likely to prove (to be) one of those tectonic forces that — like globalization or the aging of populations — gradually but powerfully changes the economic landscape," writes John Llewellyn, senior economic policy adviser at Lehman.

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And California's Calpers, the nation's largest public pension plan and considered a trendsetter among giant money managers, is committing $800 million to invest in clean technology in emerging markets of Eastern Europe, Latin America and Asia.

Earlier this month, the United Nations' Intergovernmental Panel on Climate Change (IPCC) concluded that it was more than 90% likely that human activity is causing global warming. Former vice president Al Gore came to a similar conclusion in his film, An Inconvenient Truth, which Sunday won the Academy Award for best documentary feature.

The IPCC says temperatures around the globe could rise 2 to 12 degrees Fahrenheit by 2100. Likely result: more intense heat waves, more powerful tropical storms and a rise in sea levels that could swamp low-lying cities.

From an investors' standpoint, it doesn't matter if people believe global warming is real or if greenhouse gases are to blame, Kerschner says. What does matter is if consumers, regulators, governments and corporations "react to the perceived threat." That is what creates investment opportunities — and risks, he says.

So here is what Wall Street's cool, calculating minds say are some potential winners and losers from increasingly volatile weather.

Agriculture.

Ethanol, which is made mainly from corn, has been the talk of the farm since President Bush pushed for greater ethanol use in his January State of the Union address.

The biggest ethanol producers, Archer Daniels Midland, Aventine Renewable Energy, Pacific Ethanol and VeraSun, seem obvious places for investors. The problem is, investments that are obvious rarely pan out. Ethanol plays, at least in the short run, have been no exception. These stocks have all tumbled as corn prices have soared, making the main raw ingredient used to make ethanol prohibitively pricey.

Corn, as a feed for ethanol, is limited, says Michael Hoover, managing director at U.S. Trust. If ethanol were to provide just 10% of the nation's automotive fuel needs, it would consume 35% of the nation's corn crop. And 25% of all food prices are affected by corn prices, he says: "You've got a food-vs.-fuel issue."

But that doesn't mean there's no money to be made on the farm. There are high hopes about cellulosic ethanol, which is made from farm leftovers ranging from grasses to empty corn husks and beets. The trouble is, it takes more energy to extract starches from this "biomass" than it produces. Companies such as Diversa are working on developing enzymes that could be a cheap way to extract parts from biomass to create fuel.

Cashing in on the food boom requires thinking more creatively. For one thing, as in most gold rushes, the companies selling the picks and axes often cash in. That's why Kerschner thinks tractor-maker John Deere could benefit as farmers look to handle bigger crops more efficiently. Citing strong demand for tractors because of rising corn prices, Deere issued a bullish outlook for 2007, and analysts say the ethanol boom is just getting started. Similarly, Monsanto is working on crops that are more resistant to drought.

Alternative energy.

Windmills. Fuel cells. Solar panels. Those global warming plays pop into most investors' minds. There's no shortage of companies working on these technologies. Energy Conversion Devices and SunPower, for example, are developing types of clean solar panels with the hope of rivaling oil and coal, deemed "dirty" by scientists.

Don't count on making big-time dough, says Robert Wilder, CEO of WilderShares, a company that creates stock indexes that track eco-friendly companies. He says the technology is too immature.

Wilder is skeptical about how soon these technologies will make meaningful contributions. Solar, for instance, provides only one-tenth of a percent of the world's energy. Even if production were ramped up tenfold, it would provide 1% of current demand.

Alternative energy plays, he believes, are not the best route to profits. He prefers technology that makes dirty energy sources, such as coal and oil, cleaner. Fuel Tech, for example, makes devices that help factories reduce the dangerous carbon spewed out of smokestacks. "Ironically, people interested in benefiting from climate change should look at the really dirty stuff, not the clean stuff," Wilder says.

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Another potential play: nuclear power generators. While disposing of nuclear waste is problematic, the actual generation of nuclear energy is clean and doesn't produce carbon, he says. FPL Group is a play on both nuclear and alternative energy because it produces nuclear power in addition to being the nation's biggest producer of wind power, Wilder says.

Automotive.

Seems like people are pouring just about anything into their gas tanks. There's ethanol, hydrogen, clean diesel and biodiesel. Each hold promise and any could be part of the solution, says Ron Cogan, editor and publisher of Green Car Journal.

Cogan lists hybrid technology as a can't-miss investment. Hybrid cars are powered by an intelligent system that knows when to run on liquid fuel and when to switch to electricity. Hybrid technology works with all the fuels to make them more efficient. Toyota, Honda, General Motors and Ford are the leaders, in that order, he says.

Another way to profit is to invest in companies that make the parts used to build hybrid vehicles. International Rectifier, for instance, makes many of the components that end up in hybrids made by General Motors and Ford. Energy Conversion makes the batteries.

Financial services.

One potential beneficiary, analysts say, is the Chicago Mercantile Exchange (CME), a futures exchange with an already-broad weather-related product lineup and plans to create markets. Last year, the CME traded 797,508 weather contracts valued at $21 billion, up nearly tenfold from $2.2 billion in 2004. Those options and futures enable insurance, energy and utility companies to hedge potential losses related to weather. Similarly, the CME recently launched "hurricane contracts" that enable insurers to transfer risk to financial markets. "Companies are becoming increasingly aware that climate is closely tied to profits," says Felix Carabello, CME's director of alternative investment products. "Investors are always looking for new asset classes" to diversify portfolios.

Stock investors seeking broad exposure to "green" investments could consider mutual funds offered by Domini Social Investments. All Domini holdings promote "the enrichment of our natural environment."

Infrastructure.

While the Earth may be choking on contaminants, the world's demand for energy is only accelerating as economies in places such as China and India enjoy growth spurts. And that's why heavy construction and engineering companies that build power plants will be busy, U.S. Trust's Hoover says.

But the enlightened ones that build ecologically sensitive plants will steal market share. Case in point: McDermott International. It builds and designs everything from coal-fired boilers to power-generation systems in 90 countries and nuclear steam generators.

The company is finding ways to make these plants more efficient and cleaner. One technology, clean coal, puts devices in smokestacks that pull the carbon out of the exhaust and plow it back into the soil. "It's about taking the harmful things out of the stack," Hoover says.

Real estate.

In a post-Hurricane Katrina world, many folks may rethink their dream of buying or remaining in coastal homes with coveted water views, David Lereah, chief economist at the National Association of Realtors, writes in his upcoming book, All Real Estate Is Local. Lereah cites global warming as a "megatrend" and notes that people have an "increasing aversion to locations on the water" and are avoiding "severe-weather-prone" areas.

He predicts households will "move from oceanfront properties to homes several miles away from the water." Many folks, he notes, are fleeing Florida in favor of the Smokey Mountain region, which includes Georgia, Tennessee and western North Carolina. "They feel more secure in the mountains," says Lereah.

Red Lyons, a Georgia Realtor, confirms a stream of buyers, many from Florida, are moving to the mountain region: "It's without a doubt weather-related." Skyrocketing insurance premiums are also affecting property values. "Higher premiums come directly out of the asking price," says Dean Baker, co-director at the Center for Economic and Policy Research.

Technology.

Small parts and components that go into everything from washers and dryers to fighter jets and elevators could play a gigantic factor in curbing energy use. Technology that exists right now could reduce the world's power use by 30% overnight,

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says Alex Lidow, CEO of advanced control maker International Rectifier. About 11% of the savings could be achieved with efficient electric motors inside washing machines, conveyor belts and other motors that use half the energy of older technology, Lidow says. Another 11% could be saved in transportation uses including hybrids. The last 8% can be saved with energy-efficient fluorescent bulbs.

Making devices that go into bulbs, hybrid cars and electric motors is paying off for International Rectifier. It gets a third of its business, which is growing at an annual 25% clip, from such energy-saving devices. Those businesses focused on energy efficiency are also the company's most profitable.

Despite the forward-looking mind-set of Wall Street analysts, profiting from climate change is still in its infancy. Citigroup's Kerschner learned that firsthand at a recent meeting with wealthy clients in Florida, a state known for both its beautiful beaches and run-ins with deadly hurricanes.

Says Kerschner: "I asked them, 'How many of you are aware of global warming?' Virtually everyone raised their hand. Next I asked, 'How many of you are concerned about global warming?' Most kept their hands up. Finally I asked, 'How many of you have adjusted your investments due to climate change?' Sheepishly, most put their hands down."

At that moment, Kerschner says, he knew most investors hadn't even started to think about how to profit from changes in the Earth's weather patterns.

Wildlife Refuges Lack Means To Survive (LAT)

By Tim Reiterman

The Los Angeles Times, February 27, 2007

The San Luis National Wildlife Refuge Complex, where tule elk bugle across grassy uplands and migratory waterfowl splash in languid sloughs, has been run for years out of a strip mall 12 miles away, next door to a Sears store.

There is no money to build a visitors center on the 44,000-acre complex that provides recreation for about 90,000 tourists, anglers, hunters and bird watchers each year. Nor is there money to hire a second full-time law enforcement officer for the complex's three far-flung refuges in Merced and Stanislaus counties.

So Ranger Anthony Merrill patrols the largest freshwater wetland complex left in California with a dog named Scott.

A high-energy, 80-pound Belgian Malinois, Scott can be a formidable ally when Merrill is tracking down poachers, breaking up altercations, searching for marijuana patches and meth labs, or investigating burglar alarms at refuge warehouses. But the pair can cover only one refuge at a time, although drug crimes, fish and game violations, vandalism, dumping and medical emergencies occur throughout the complex.

The National Wildlife Refuge System, part of the U.S. Fish and Wildlife Service, was created a century ago to provide a haven for the most imperiled species. But today the mosaic of 547 refuges covering nearly 100 million acres of swamps, islands, wetlands, deserts, grasslands and forests is itself jeopardized by budget constraints.

Distributed across all 50 states, the refuges are home to hundreds of types of birds, mammals, reptiles, amphibians and fish — many threatened or endangered. But refuge managers say cutbacks are undermining efforts to protect an array of sensitive species, including red wolves, sandhill cranes, pronghorn antelope, sea turtles and rare butterflies.

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Personnel scarce

More than 225 jobs at refuges were cut between fiscal 2004 and 2006, leaving some refuges with no employees. Many refuges operate without full-time law enforcement. Some are losing battles against invasive plant species that choke out wildlife habitat. Education programs for schoolchildren and others are being curtailed or dropped at some refuges. At the 1.5-million-acre Desert National Wildlife Refuge, the largest in the lower 48 states, there is no money to fix a washed-out stretch of a 75-mile dirt road from Las Vegas across the Mojave Desert in Nevada. Some visitors insist on driving through the closed section and get stranded. "I just hope someone does not die before I have the opportunity to have it fixed," manager Amy Sprunger said.

Across the country, in North Carolina's Pocosin Lakes National Wildlife Refuge, half of the 100 miles of roads have been closed. "We can't pay for materials to fix the holes," manager Howard Phillips said.

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At California's Antioch Dunes refuge along the San Joaquin River near Antioch, budget constraints have contributed to a steep decline in endangered Lange's metalmark butterflies, a subspecies only found there, according to manager Christy Smith.

From a peak of 2,300 eight years ago, Smith said, the population plunged to about 100, because invasive plants overran buckwheat that sustains the butterflies. Now the refuge is using volunteers and others to attack the invaders, and a zoo plans to capture some butterflies to propagate them for release. "They are no longer sustainable in the wild," Smith said.

At Southwestern Arizona's Cabeza Prieta National Wildlife Refuge, manager Roger Di Rosa said he does not have staff to adequately monitor the well-being of endangered Sonoran pronghorn antelope. The wilderness the animals once had largely to themselves has become a busy corridor for smugglers and illegal immigrants. "It is affecting them," Di Rosa said. "Watching them over time, we feel it is hampering efforts of recovery."

The refuge system's Mountain-Prairie region, which covers almost 5 million acres from the Dakotas to Colorado, has lost almost half of its 31 biological technicians, and that has deputy assistant regional director Ron Shupe especially worried about migratory birds that use wetlands in the Alamosa refuge in Colorado's San Luis Valley.

Without biological monitoring, Shupe said, employees are left to guess "when to raise and lower the water to provide correct habitat for migrating waterfowl and sand hill cranes.... If the fowl pass [the wetland], they will roost on private land, increasing exposure to hunting" and the likelihood that the birds would feed on crops.

Bill Reffalt, who was national chief of refuges in the early 1980s, said habitat degradation was a nationwide problem.

"Hundreds of millions of birds and other wildlife depend on refuges ... and if you reduce the capacity of refuges to take care of them, the animals have no place to go," he said. "They can't just go buy a plane ticket."

Refuge funding, now about $380 million annually, has remained relatively flat since 2003, while salaries and other operating costs have risen. Anticipating that domestic security, hurricane relief, and the wars in Iraq and Afghanistan will remain higher priorities, officials are preparing to trim 75 regional and headquarters office jobs and 248 more field jobs in the next couple of years. That means the field staff will have been cut by one-sixth since fiscal 2004.

"I told them [managers] we can no longer do more with less if we are going to have quality delivery," U.S. Fish and Wildlife Service Director H. Dale Hall said in a telephone interview. "We are going to have to do less with less and make ... intelligent management decisions.... We are going to come out of this with a strong wildlife system."

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Battling invaders

But many refuge managers aren't so sure. Nearly two-thirds of them, responding to a recent survey by the nonprofit Public Employees for Environmental Responsibility, said the refuge system is not accomplishing its missions.

"I've been with this agency 30 years and have seen ups and downs, but I have never seen anything like this," said Patricia Martinkovic, manager of the Minnesota Valley refuge near Minneapolis.

After losing 20% of her staff, Martinkovic said, the refuge is drastically reducing the mowing of 35 miles of trails, prescribed burning for fire protection and invasive plant control.

"Fast forward it a few years and you will see that wetlands have basically filled in with [invasive plants] and will not see that nice vista of egrets and trumpeter swans," Martinkovic said.

The Southeast, with 128 refuges, has been particularly hard-hit by cuts.

President Theodore Roosevelt founded the first refuge at 5.5-acre Pelican Island on the east coast of Florida to protect birds. By the system's centennial celebration there in 2003, the refuge had expanded to 5,400 acres with a staff of six.

The staff is about to be cut to two. No biologists work at the refuge even though the staff is responsible for looking after the country's largest concentration of threatened loggerhead and endangered green sea turtles nesting at a nearby refuge. "It is a little oasis of species diversity," said manager Paul Tritaik, "because lots of Florida is growing tremendously."

Managers have been doing whatever they can to keep the refuges running. They have relied more heavily on volunteers, sought outside funding sources and have done manual labor themselves, such as laying pipe for wetland management and mending fences to keep cattle out of fragile habitat.

At South Carolina's Cape Romain, budget cuts have forced the refuge manager to choose between two successful programs: one that nurtures threatened loggerhead turtles and another that has helped bring back the nearly extinct red wolf.

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Manager Donny Browning said he favored the turtles because nests on the refuge produce a quarter of the loggerheads hatched north of Florida. "That program is so vital," he said.

For two decades, the coastal refuge also was an integral part of efforts to save the red wolf, which had dwindled to fewer than 20 animals. Wolf pups bred on Bulls Island in the refuge, then reintroduced to wolf habitat in the region, proved better at surviving alligators and other hazards than wolves from captive-breeding programs.

But about two years ago, the program was halted — and the wolves were removed from the island. Although the red wolf has rebounded to around 300 animals, most are in captivity, and the total population is about 250 shy of the recovery goal.

Now Bud Fazio, the biologist who heads the U.S. Fish and Wildlife Service's Red Wolf Recovery Program, said plans for more budget cuts threaten the remaining offshore breeding program at St. Vincent Island in Florida. If there is no biologist available, Fazio said, "We will have to take wolves off that island as well and will have no source of wild-raised wolves to reintroduce unless we can establish one elsewhere."

Honeybees Vanish, Leaving Crops And Keepers In Peril (NYT)

By Alexei Barrionuevo

The New York Times, February 27, 2007

VISALIA, Calif., Feb. 23 — David Bradshaw has endured countless stings during his life as a beekeeper, but he got the shock of his career when he opened his boxes last month and found half of his 100 million bees missing.

In 24 states throughout the country, beekeepers have gone through similar shocks as their bees have been disappearing inexplicably at an alarming rate, threatening not only their livelihoods but also the production of numerous crops, including California almonds, one of the nation's most profitable.

"I have never seen anything like it," Mr. Bradshaw, 50, said from an almond orchard here beginning to bloom. "Box after box after box are just empty. There's nobody home."

The sudden mysterious losses are highlighting the critical link that honeybees play in the long chain that gets fruit and vegetables to supermarkets and dinner tables across the country.

Beekeepers have fought regional bee crises before, but this is the first national affliction.

Now, in a mystery worthy of Agatha Christie, bees are flying off in search of pollen and nectar and simply never returning to their colonies. And nobody knows why. Researchers say the bees are presumably dying in the fields, perhaps becoming exhausted or simply disoriented and eventually falling victim to the cold.

As researchers scramble to find answers to the syndrome they have decided to call "colony collapse disorder," growers are becoming openly nervous about the capability of the commercial bee industry to meet the growing demand for bees to pollinate dozens of crops, from almonds to avocados to kiwis.

Along with recent stresses on the bees themselves, as well as on an industry increasingly under consolidation, some fear this disorder may force a breaking point for even large beekeepers.

A Cornell University study has estimated that honeybees annually pollinate more than $14 billion worth of seeds and crops in the United States, mostly fruits, vegetables and nuts. "Every third bite we consume in our diet is dependent on a honeybee to pollinate that food," said Zac Browning, vice president of the American Beekeeping Federation.

The bee losses are ranging from 30 to 60 percent on the West Coast, with some beekeepers on the East Coast and in Texas reporting losses of more than 70 percent; beekeepers consider a loss of up to 20 percent in the offseason to be normal.

Beekeepers are the nomads of the agriculture world, working in obscurity in their white protective suits and frequently trekking around the country with their insects packed into 18-wheelers, looking for pollination work.

Once the domain of hobbyists with a handful of backyard hives, beekeeping has become increasingly commercial and consolidated. Over the last two decades, the number of beehives, now estimated by the Agriculture Department to be 2.4 million, has dropped by a quarter and the number of beekeepers by half.

Pressure has been building on the bee industry. The costs to maintain hives, also known as colonies, are rising along with the strain on bees of being bred to pollinate rather than just make honey. And beekeepers are losing out to suburban sprawl in their quest for spots where bees can forage for nectar to stay healthy and strong during the pollination season.

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"There are less beekeepers, less bees, yet more crops to pollinate," Mr. Browning said. "While this sounds sweet for the bee business, with so much added loss and expense due to disease, pests and higher equipment costs, profitability is actually falling."

Some 15 worried beekeepers convened in Florida this month to brainstorm with researchers how to cope with the extensive bee losses. Investigators are exploring a range of theories, including viruses, a fungus and poor bee nutrition.

They are also studying a group of pesticides that were banned in some European countries to see if they are somehow affecting bees' innate ability to find their way back home.

It could just be that the bees are stressed out. Bees are being raised to survive a shorter offseason, to be ready to pollinate once the almond bloom begins in February. That has most likely lowered their immunity to viruses.

Mites have also damaged bee colonies, and the insecticides used to try to kill mites are harming the ability of queen bees to spawn as many worker bees. The queens are living half as long as they did just a few years ago.

Researchers are also concerned that the willingness of beekeepers to truck their colonies from coast to coast could be adding to bees' stress, helping to spread viruses and mites and otherwise accelerating whatever is afflicting them.

Dennis van Engelsdorp, a bee specialist with the state of Pennsylvania who is part of the team studying the bee colony collapses, said the "strong immune suppression" investigators have observed "could be the AIDS of the bee industry," making bees more susceptible to other diseases that eventually kill them off.

Growers have tried before to do without bees. In past decades, they have used everything from giant blowers to helicopters to mortar shells to try to spread pollen across the plants. More recently researchers have been trying to develop "self-compatible" almond trees that will require fewer bees. One company is even trying to commercialize the blue orchard bee, which is virtually stingless and works at colder temperatures than the honeybee.

Beekeepers have endured two major mite infestations since the 1980s, which felled many hobbyist beekeepers, and three cases of unexplained disappearing disorders as far back as 1894. But those episodes were confined to small areas, Mr. van Engelsdorp said.

Today the industry is in a weaker position to deal with new stresses. A flood of imported honey from China and Argentina has depressed honey prices and put more pressure on beekeepers to take to the road in search of pollination contracts. Beekeepers are trucking tens of billions of bees around the country every year.

California's almond crop, by far the biggest in the world, now draws more than half of the country's bee colonies in February. The crop has been both a boon to commercial beekeeping and a burden, as pressure mounts for the industry to fill growing demand. Now spread over 580,000 acres stretched across 300 miles of California's Central Valley, the crop is expected to grow to 680,000 acres by 2010.

Beekeepers now earn many times more renting their bees out to pollinate crops than in producing honey. Two years ago a lack of bees for the California almond crop caused bee rental prices to jump, drawing beekeepers from the East Coast.

This year the price for a bee colony is about $135, up from $55 in 2004, said Joe Traynor, a bee broker in Bakersfield, Calif.

A typical bee colony ranges from 15,000 to 30,000 bees. But beekeepers' costs are also on the rise. In the past decade, fuel, equipment and even bee boxes have doubled and tripled in price.

The cost to control mites has also risen, along with the price of queen bees, which cost about $15 each, up from $10 three years ago.

To give bees energy while they are pollinating, beekeepers now feed them protein supplements and a liquid mix of sucrose and corn syrup carried in tanker-sized trucks costing $12,000 per load. Over all, Mr. Bradshaw figures, in recent years he has spent $145 a hive annually to keep his bees alive, for a profit of about $11 a hive, not including labor expenses. The last three years his net income has averaged $30,000 a year from his 4,200 bee colonies, he said.

"A couple of farmers have asked me, 'Why are you doing this?' " Mr. Bradshaw said. "I ask myself the same thing. But it is a job I like. It is a lifestyle. I work with my dad every day. And now my son is starting to work with us."

Almonds fetch the highest prices for bees, but if there aren't enough bees to go around, some growers may be forced to seek alternatives to bees or change their variety of trees.

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"It would be nice to know that we have a dependable source of honey bees," said Martin Hein, an almond grower based in Visalia. "But at this point I don't know that we have that for the amount of acres we have got."

To cope with the losses, beekeepers have been scouring elsewhere for bees to fulfill their contracts with growers. Lance Sundberg, a beekeeper from Columbus, Mont., said he spent $150,000 in the last two weeks buying 1,000 packages of bees — amounting to 14 million bees — from Australia.

He is hoping the Aussie bees will help offset the loss of one-third of the 7,600 hives he manages in six states. "The fear is that when we mix the bees the die-offs will continue to occur," Mr. Sundberg said.

Migratory beekeeping is a lonely life that many compare to truck driving. Mr. Sundberg spends more than half the year driving 20 truckloads of bees around the country. In Terra Bella, an hour south of Visalia, Jack Brumley grimaced from inside his equipment shed as he watched Rosa Patiño use a flat tool to scrape dried honey from dozens of beehive frames that once held bees. Some 2,000 empty boxes — which once held one-third of his total hives — were stacked to the roof.

Beekeepers must often plead with landowners to allow bees to be placed on their land to forage for nectar. One large citrus grower has pushed for California to institute a "no-fly zone" for bees of at least two miles to prevent them from pollinating a seedless form of Mandarin orange.

But the quality of forage might make a difference. Last week Mr. Bradshaw used a forklift to remove some of his bee colonies from a spot across a riverbed from orange groves. Only three of the 64 colonies there have died or disappeared.

"It will probably take me two to three more years to get back up," he said. "Unless I spend gobs of money I don't have."

Show On The Road (WSJ)

By Robert Poole

The Wall Street Journal, February 27, 2007

Lou Dobbs recently griped on his popular CNN show that parts of the Interstate highway system "built with your tax dollars are now being sold to the highest bidder. And incredibly, it's being done with the federal government's encouragement." Worse, according to America's loudest economic nationalist: "Some of the leading bidders: foreign investors."

I was interviewed for this segment and pointed out, helpfully I thought, that a Spanish company sinking $7 billion into new highways in Texas, meanwhile creating thousands of U.S. jobs, is the very antithesis of protectionists' dreaded "outsourcing." But that tidbit was left on the cutting-room floor.

Mr. Dobbs and others are riled up, but the public-private toll road partnerships sweeping the nation promise to revitalize our highway system. It's a seismic shift in the way roads are financed and managed -- the biggest change since the launch of the Interstate system 50 years ago. In these deals, investor-owned companies pay for the right to design, finance, build, operate, maintain and rebuild an existing or new toll road. In return they get the right to collect tolls on the road for 50 to 99 years.

Headlines may scream "New Jersey Turnpike for Sale!" but highways are not "sold" under these concessions. The government still owns the roads and the contracts spell out exactly what the company can -- and must -- do. The deals (whether for a new or existing road) typically include limits on allowable toll increases and rates of return, maintenance requirements, etc.

Private roads aren't exactly new: In the 19th century, private toll roads provided much of England and America's pre-auto-era highway capacity. Public-private toll road partnerships were rediscovered in France, Spain and Italy during the 1960s and '70s as the main method for building nationwide toll motorway systems.

The re-emergence of this model in the U.S. has been driven by a transportation system burdened with pork projects and funded by gas taxes that fail to keep up with construction and maintenance costs, let alone travel demand. From 1980 to 2000 highway travel increased 80% and the number of drivers rose by 30%, but highway capacity grew by just 2%.

Woefully short of funds, states are turning to the private sector. But private capital will only invest in projects people or shippers are willing to pay tolls to use. Money is therefore directed to routes and roads most appealing to users, not according to the agendas of pork-happy politicians.

State and city governments are also realizing that they are sitting on billions in untapped assets. Chicago's Democratic Mayor Richard Daley moved first, leasing the 7.8 mile Chicago Skyway for $1.8 billion in 2005. The Spanish-Australian consortium leasing the road quickly improved traffic flow by installing state-of-the-art electronic toll collection equipment.

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Republican Gov. Mitch Daniels leased an Indiana toll road for $3.8 billion and is working to partner with the private sector on a new one that would connect several counties. Democratic Gov. Ed Rendell may lease the Pennsylvania Turnpike, while his Democratic cohort, Gov. Jon Corzine, is considering the same for New Jersey's.

While states are trying to reduce congestion and build roads without raising taxes, we can never underestimate the federal government's power to stop progress dead in its tracks. At a recent hearing on toll road public-private partnerships, Oregon's Democratic Rep. Peter DeFazio mused that "the federal government may have to step in" if the leasing of existing toll roads continues.

Congress would be wise to get out of the way and let a crucial experiment play out, in which some states embrace the new approach and others don't. In 10 years, we'll all be able to see whose highways resemble packed parking lots, and which states have booming economies because they're moving goods on free-flowing roads.

Mr. Poole is founder of the Reason Foundation and director of its transportation studies.

Tribes Get Funds To Help In Meth (BG)

Billings Gazette, February 27, 2007

The Northern Cheyenne and Crow Indian reservations have received federal funding to bolster their fights against methamphetamine.

The Boys & Girls Club of the Northern Cheyenne Nation has received a $15,000 grant to start a pilot program called Meth SMART. The program is to run through June with federal funding from the Office of Justice Programs Prevention Initiative. It provides age-appropriate curriculum to teach kids ages 6-18 about meth and its effects.

SMART Moves

The Arizona Alliance of Boys & Girls Clubs developed the program, which is based on the national Boys & Girls Clubs' successful Skills Mastery and Resistance Training Moves programs. SMART Moves focuses on prevention and healthy choices.

"The kids see the use out there," Bureau of Indian Affairs Chief of Police John Grinsell Grinsell said. "They need to know that it isn't right, it isn't good."

The Crow Tribe is anticipating about $100,000 from the Department of Justice. It also received a $45,000 grant from Health and Human Services and the Department of Justice. The Justice funding will help the Crow/Northern Cheyenne Safe Trail Task Force, which was created last year to fight drug use and dealing, Crow Tribal Chairman Carl Venne said.

"It's a big boost to us," Venne said. "We're doing everything we can to cope with the problem."

Meth Free Crow will help administer the other grant. Coordinator April Flores said the program is under way with youth task forces in the schools developing anti-meth messages.

"We need to reclaim our communities, to reclaim our children, their mothers and fathers," Flores said.

Funding, programs fit

Ernie Weyand, senior supervisory resident agent with the FBI, said the funding and programs fit with law enforcement's efforts.

The Crow/Northern Cheyenne Safe Trail Task Force has had several successes in terms of arrests and executing search warrants, Weyand said. It also has an education and prevention component that aims to help keep people off the drug but also gather community support to help law enforcement stop dealing and distribution.

The task force is a partnership among the two tribes, the FBI, the Bureau of Indian Affairs Office of Justice Services, the Drug Enforcement Administration and the Colstrip Police Department.

"It's really all about awareness and education," Weyand said. "As we've said before, we will never arrest our way out of this problem. It just won't happen.

"It's about providing education and empowering community members to join the fight and be part of this effort."

Northern Cheyenne

In a quiet voice Theresa Harris shares a poem that explains how children see adults: Their little eyes watch and their little ears listen and their little hands want to do what big hands do.

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As program director at the Boys and Girls Club of the Northern Cheyenne Nation, Harris has seen that poem play out in the lives of the children she works with.

Harris has asked children if they know what meth is.

"Little hands came up," Harris said. "And it's just amazing.

"The kids know, it affects and impacts them," Harris said. "Man, it just makes you step back and take a deep breath."

Some of the kids are so young, Harris said, that sitting in the club chairs "their legs don't even reach the floor."

"Kids are smart," Harris said. "They know what the light bulbs and needles and straws and pens are used for."

Adults have a responsibility to talk to kids about methamphetamine use, Harris said. The question is how to do so in an age-appropriate manner. The Northern Cheyenne club has hopefully come up with an answer.

Lane Spotted Elk is the club's coordinator for the Meth SMART. A teenager, Spotted Elk will work with the kids three times a week.

"This was just a blessing because now we have the tools to be able to work with them, to be able to help them," Harris said.

The Northern Cheyenne club has several anti-meth awareness messages, including a three-day summer camp. It is also affiliated with the tribe's War on Meth committee that hosts activities and awareness events.

The Meth SMART program is divided by age groups: kids, ages 6-9; youth, ages 10-13; and teens, ages 14-18. The curriculum has several components. For example, kids start with an introduction to drugs that harm with an emphasis on meth; youths learn facts about meth and its effects on the body and mind; teens continue that track and case studies on methamphetamine users are added.

Parents receive a handbook that explains the program and offers ways to start family discussions.

Meth SMART comes at a time when there is "an awakening" on the reservation about the effects of methamphetamine, Harris said and added she works with kids whose families are torn apart by the drug. Talking about meth not only helps prevent use, it helps those affected by the drug know they are not alone and they have a safe place to talk.

"Our kids are worth fighting for," Harris said.

Grinsell and the department's drug officers took part in an orientation meeting for the program.

"The more awareness that people have the better off I think they will be," Grinsell said. "A lot of people don't know too much about meth. They need to know once you experiment with it you're going to be hooked, it's not like any other drug."

Crow Reservation

Crow Bureau of Indian Affairs Chief of Police Ed Eastman has a new graffiti issue in Lodge Grass.

Lately, the spray-painted messages around town have shifted from seemingly gang related to an anti-meth language.

The idea is right, Eastman said, even if the medium is not.

"They're asking for help," Eastman said.

The infusion of money will help with law enforcement overtime and resources, Eastman said.

The grant allows the Crow Reservation to tap resources available through a High-Intensity Drug Trafficking Area designation. Indian Country is seen as a target for methamphetamine dealers, especially Mexican drug traffickers, according to the Department of Justice's "National Methamphetamine Threat Assessment 2007." Access to the Crow Tribe is easy with Interstate 90 running across the reservation and connecting it to urban areas including Billings.

The new prevention program will give kids a chance to use their creativity to spread the "no meth" message in a more productive way than graffiti.

Flores, the Meth Free Crow coordinator, said the program will develop a DVD and campaign posters. She also sees kids using their own talents, whether that is traditional or hip-hop music or skits, to spread the prevention message.

"Our intent is not to throw everybody in jail," Venne said. "How can we help them? To teach them it is bad and we are here and we can help them."

But that does not mean that dealers, in Crow or elsewhere, won't be prosecuted. "We really want to nail them," Venne said.

Venne said it is important for the tribe to take responsibility for fighting the drug.

"Now the people are aware of it and they're wanting some thing done," he said. "What's dangerous about this drug, it has no barriers, whether you're rich or poor. I think it's the devil himself."

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FBI/DEA/ATF/USMS:

FBI Unsure If Missing Notebook PCs Contain Sensitive Data (GCN)

By Jana Cranmer, GCN Staff

Government Computer News, February 27, 2007

The FBI has reduced notebook PC losses by 312 percent since 2002, but the bureau has failed to adequately report whether stolen computers contain classified or sensitive data, the Justice Department Office of the Inspector General said in an audit report last week.

"When losses occur, the FBI must timely report the loss, be able to identify the contents of lost laptops and determine whether the laptop is encrypted," the bureau's IG said in a follow-up report to a 2002 analysis. "In addition, the FBI "must investigate these losses and thefts, enter required data into the National Crime Information Center and report the losses to the DOJ as required."

The IG's "most troubling" discovery was "the FBI could not determine in many cases whether the lost or stolen laptop computers contained sensitive or classified information."

The FBI's data was incomplete, auditors found. Of the 160 notebooks that disappeared between February 2002 and September 2006, employees filed only 152 forms to provide information about whether the notebooks contained sensitive or classified information. This information could include counterintelligence or counterterrorism case information, personal identifying information or classified information on FBI operations, the report said.

The forms revealed that eight missing notebooks contained sensitive classified information, but these forms failed to provide a complete picture of the losses. The auditor said 43 other forms did not state whether the lost notebook contained sensitive or classified information.

"Without knowing the contents of these lost and stolen laptop computers, it is impossible for the FBI to know the extent of the damage these losses might have had on its operations or on national security," the audit said.

In addition to the insufficient information reported on these forms, employees reported in a less than timely manner that 38 notebooks were missing — more than 10 days after their disappearances — delaying loss investigations.

After discovering the FBI's insufficient tracking of missing notebooks, auditors recommended that the FBI:

Maintain adequate records on how many notebooks are authorized to hold classified information.

Document the disposal of excess notebooks and hard drives to ensure sanitation of all sensitive or classified information prior to disposal.

Report weapon and notebook losses to DOJ.

Ensure that property is recovered from employees before they leave the FBI.

Adhere to its policy on property storage. The bureau agreed with most of the recommendations and plans to implement them.

"While the Inspector General acknowledged that the loss of certain resources is inevitable in an organization the size of the FBI we nevertheless stand committed to increasing the institutional and personal accountability to further increase the progress we have made in minimizing the loss of information technology components," said FBI assistant director John Miller in response to the audit.

News Area Man Sentenced For Role In Meth Conspiracy (DRR)

Mt. Carmel Daily Republican Register, February 27, 2007

BENTON, Ill. — A Fairfield man and a Springerton man were sentenced to in federal court after pleading guilty to conspiring to manufacture and distribute 500 grams or more of methamphetamine.

Acting United States Attorney for the Southern District of Illinois Randy G. Massy said Fairfield resident Kevin L. Garrett, 40, was sentenced to 30 years imprisonment, fined $1,000, and placed on 10 years of supervised release following his incarceration during sentencing in United States District Court in Benton last week.

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Stewart W. Poore, 44, of Springerton, to 20 years imprisonment, fined $900 and placed on 10 years of supervised release following incarceration.

Garrett and Poore were charged along with 29 other defendants by a federal grand jury in July 2005 with conspiring to manufacture and distribute 500 grams or more of meth.

Both pled guilty to the offense in October 2006.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

These guilty pleas resulted from a long term investigation into the manufacture of methamphetamine in Wayne and White counties.

Thus far, that investigation, which began in 2003, has resulted in the federal indictment of 33 individuals in related cases who, in total, were responsible for the manufacture or attempted manufacture of the equivalent of over 400,000 grams of methamphetamine.

In addition to the 33 defendants who have been indicted federally, over 20 additional defendants have been prosecuted in related cases in state court by the State's Attorneys in Wayne and White counties.

Investigation into the case is on-going and is being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the Fairfield Police Department, the Carmi Police Department, the White County Sheriff's Department, the Joint Narcotics Unit of the Mt. Vernon Police Department and Jefferson County Sheriff's Department, the Wayne County State's Attorney's Office, the White County State's Attorney's Office, the Federal Bureau of Investigation and the United States Drug Enforcement Administration.

The case is being prosecuted by Assistant United States Attorney James M. Cutchin.

Maine Coast Guard Crew Seizes $14 Million In Drugs During Caribbean Patrol (AP)

AP, February 26, 2007

The U.S. Coast Guard says a crew based out of Maine seized $14 million worth of cocaine and heroine during a 54-day patrol in the central Caribbean.

Coast Guard Officials said the crew of the New England-based cutter Tahoma intercepted a freighter carrying more than a thousand pounds(462 kilograms) of cocaine, 66 pounds (30 kilograms) of heroin and a machine gun equipped with a silencer.

The Coast Guard towed the ship 500 miles to San Juan, Puerto Rico for further inspection and turned the drugs and freighter passengers to the U.S. Drug Enforcement Agency.

The crew is expected to return tomorrow at the Portsmouth Naval Shipyward in Kittery.

Local Coast Guard Cutter Tahoma Seizes Drugs In Carribean (FDD)

Foster's Daily Democrat, February 26, 2007

KITTERY, Maine — The U.S. Coast Guard reported seizing $14 million worth of cocaine and heroin during a 54-day patrol of the central Caribbean.

Coast Guard Officials said on Feb. 4, the crew of the New England-based cutter Tahoma intercepted a freighter carrying 462 kilos of cocaine, 30 kilos of heroin and a MAC-10 machine gun equipped with a silencer on board the Bolivian-flagged vessel Osiris II, according to the Coast Guard's website.

The Osiris II, a 130-foot cargo vessel, was intercepted by the cutter Tahoma approximately 228 miles southeast of the Dominican Republic. After successful coordination and cooperation between the Caribbean Corridor participating agencies and the government of Bolivia, Coast Guard personnel boarded the vessel.

The Tahoma towed the ship 500 miles to San Juan, Puerto Rico for further inspection and turned the drugs and eight freighter passengers to the U.S. Drug Enforcement Agency, Coast Guard spokeswoman Sarah Rousseau said in a statement Saturday. The Caribbean Corridor Initiative consist of members from the U.S. Coast Guard, Immigration and Customs Enforcement, Drug Enforcement Agency, Customs and Border Protection, FBI and the U.S. Attorney's Office.

"The Coast Guard has a proud and successful history of intercepting contraband in the Caribbean," said Captain James Tunstall, commanding officer for Coast Guard Sector San Juan. "With the aggressive work of ICE, DEA, FBI, CBP and the U.S.

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Attorney's Office, the Caribbean Corridor Initiative's collective resources are maximized as we continue our combined aggressive efforts to keep drugs off the streets."

The crew of the Tahoma is expected to return today to the Portsmouth Naval Shipyard.

Fehr Says Union Will Advise Players On Mitchell Probe If Asked (AP)

AP, February 26, 2007

TUCSON (AP) — The players' association will offer advice but said it's the choice of each individual whether to cooperate with former Senate Majority Leader George Mitchell's investigation into steroids use.

"We haven't made any comment about the Mitchell investigation specifically," union head Donald Fehr said Monday. "What you should expect, however, is that any time any player has an issue with that or something arises, then we will give them whatever our best advice is under the circumstances, and then players make their individual decisions."

Mitchell, hired by commissioner Bud Selig just before the start of the 2006 season, warned baseball owners in January that a lack of cooperation with his investigation into steroid use will "significantly increase" the chances of government involvement.

Fehr, starting his annual spring training tour by meeting with the Arizona Diamondbacks, said Mitchell's comments were unnecessary and that important individual rights are involved.

"I don't think there's anything productive for us to engage in a war," Fehr said. "We spend a lot of time in this country lately with lawyers trying to get public relations advantage on things. I'm not sure that when you're dealing with rights which may be in some sense fairly technical and legal that you ought to be doing that."

On another drug-related issue, Fehr said the union will "take a hard look" at any verified test to detect human growth hormone. That drug cannot be detected by a urine test, and a blood test is in its early stages of use.

"So far as I know it hasn't been peer reviewed by anybody," he said. "Nobody knows the details. We'll take a hard look at whatever it becomes when and if it becomes."

He believes baseball's current anti-drug rules, strengthened under pressure from Congress, "are working pretty well."

Fehr sidestepped an opinion about Barry Bonds and whether Selig would honor him if Bonds breaks Hank Aaron's career home run record.

"You know, look, at this point with all the controversy surrounding him, you ask Bud what he's going to do and he's going to demure and basically say 'I don't know yet,'" Fehr said. "We'll wait and see what happens. I'm not going to prejudge anything."

Fehr said this is his 30th spring training tour, and for a change, there is no contract rancor between the union and owners. The sides reached a new labor agreement last October without the usual public angst.

"It was remarkable," Fehr said. "It never happened before in my career. It made me feel pretty good."

The agreement currently is in the proofreading stage.

Ore. Medical Marijuana Users Ask Lawmakers To Protect Jobs (AP)

AP, February 27, 2007

SALEM, Ore. (AP) — Medical marijuana advocates pleaded with lawmakers Monday to enact a bill that would prohibit employers from firing them because of their choice of medication.

"The bottom line is I need a job and I don't make enough through social security and food stamps," said Judy Adamson, a 61-year-old widow, breast cancer survivor and registered medical marijuana user. Last year Adamson was suspended from her job as a driving instructor when she tested positive for cannabis after her former employer ordered her to take a drug test.

The new bill comes just a few weeks after a previous bill was introduced that would allow employers to fire employees who fail drug tests — even if they are a state registered medical marijuana user. That bill is currently being considered by the Business, Transportation and Workforce Development committee.

Both measures aim to clarify whether an employer in Oregon has the right to terminate someone's job if they fail a drug test but are a registered medical marijuana user.

Many employers say they already have that right. "The goal is to make sure that medical marijuana is treated as a possible intoxicating substance," said Jeff Dean, director of government affairs for the Pacific Northwest chapter of Associated Builders and Contractors.

During the last few weeks everyone from former commercial helicopter pilots to representatives from the construction industry have spoken about the importance of drug-free workplaces. But on Tuesday, lawmakers heard mostly from those who use medical marijuana for a variety of illnesses, and say that doing so helps them maintain their jobs.

"The nature of the discussion is straightforward," said Leland Berger, an attorney who testified on behalf of medical marijuana users. "It should be treated as any other medication."

But employers warn that medical marijuana users pose risks to themselves and other employees, and that drug tests are the surest way to keep out workers who might be impaired by marijuana use. Others say the best way to identify if a worker is impaired — not just by cannabis but by any type of medication or drug — is through computer programs and even video games that can test a person's reflexes and hand-eye coordination.

Andrea Meyer, a representative for the American Civil Liberties Union, said drug tests done through a urine analysis provide a false sense of safety because they don't reflect a worker's ability to function.

"If someone is using heavy equipment, they should be tested using technology that detects impairment," she said. "The issue shouldn't be what medicines they are on; the issue should be whether they are impaired, whatever the cause."

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Eds: The bill is Senate Bill 423.

Democrats Spar Over Medical Pot For Workers (OREG)

By Janie Har, The Oregonian

The Oregonian, February 26, 2007

On the job - One legislator's bill would let employers fire legal weed users; another's stops them

SALEM -- The political stakes might not be as high as for school funding or tax increases, but two Democratic senators are jousting over workers' right to smoke medicinal dope.

Last Monday, Sen. Rick Metsger of Welches hustled out of his business and transportation committee a bill giving employers leeway to boot workers who use medical marijuana.

Today, Sen. Floyd Prozanski of Eugene will take up a bill in his Commerce Committee that would prohibit those same employers from discriminating against legal pot smokers.

Current law is a little hazy in this area.

Oregonians approved the medical use of marijuana in 1998 but didn't spell out how it would intersect with workplace laws, other than to say employers don't need to accommodate users. About 13,000 people in Oregon carry a card allowing them to ingest marijuana to treat severe pain or a "debilitating medical condition" such as cancer or glaucoma.

Employers say they shouldn't have to stub out their drug policies for medical marijuana users, some of whom might be high on the job and putting co-workers at risk.

"We don't have the time to deal with this stuff. We're not a social service agency, and we cannot take the risk of somebody hurting their fellow workers because they were impaired," says Bob Shiprack, lobbyist for the building and construction trades council.

"We'll let the Legislature sort this out, I guess," he says.

Medical marijuana and civil rights advocates say workers shouldn't be punished for treating a medical condition. If employers are so concerned about safety, they argue, businesses should test to see whether workers actually clock in unable to do their job.

"The only way they are testing is through urine analysis, which does not show whether a person is impaired at the time they are at the workplace," says Andrea Meyer of the American Civil Liberties Union of Oregon.

Prozanski agrees with the need for safeguards at work, but he says, "we need to not just go on a witch hunt."

He plans to pass Senate Bill 423 out of committee. Prozanski hopes the two sides can work out a deal.

"Good for him," Metsger says. "I'm going to try to do my best to block" his bill.

Later, Metsger tempered his comments to say he'd have to study Prozanski's proposal. Still, if there's any language "that would conflict with our efforts on (SB) 465," Metsger warned, "I would vigorously oppose it."

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Hillman To Be Hired As Marshal (BOS)

By Frank Phillips, Globe Staff

The Boston Globe, February 27, 2007

Former state representative and lieutenant governor candidate Reed V. Hillman is expected to soon land a much-coveted political appointment as US marshal for Massachusetts, leading state GOP sources said.

The White House is on the verge of announcing that Hillman, 58, a former head of the State Police, will be named to the $130,000-a-year patronage post, which has been vacant for the past 18 months, the sources said. The position was last held by Anthony Dichio, who was dismissed in August 2005 after a Justice Department report found he routinely failed to work full work weeks and had misused his official vehicle.

Hillman said today that he was unaware of any pending announcement, but confirmed that he would take the job if offered. "Anything on that will have to come from the White House," said Hillman, who stepped down as State Police commander in 1999 and then represented Sturbridge in the House of Representatives for six years. "All I know is that I am in the mix with four others."

But two leading Massachusetts Republican officials who have followed the appointment process said the White House has decided to give Hillman the job and will make an announcement within days.

"It's a matter of paperwork," said one of the sources, who has been involved in the appointment process and confirmed that the Massachusetts Republican leadership has lined up behind Hillman. "All the appropriate people agree that he's the right person."

IMMIGRATION:

Texas Could Pull The Welcome Mat (LAT)

By Miguel Bustillo

The Los Angeles Times, February 27, 2007

The Lone Star State has long welcomed Latino immigrants, no matter how they got across the state's 1,200-mile border with Mexico.

Back when California voted to cut public services to illegal immigrants, then-Texas Gov. George W. Bush was preaching that immigrants were equal players in the state's economy.

But the atmosphere has changed markedly in Texas, home to about 10% of the nation's illegal immigrants.

Now, a growing chorus of Republicans and some Democrats is pushing some of the harshest immigration-related measures in the United States — laws that would not only deny public services to illegal immigrants but strip their American-born children of benefits as well.

The proposal to deny services to American citizens, which is thought to be the first in the country, is part of a push to challenge the citizenship given automatically to children born in this country to illegal immigrants.

Prior rulings have affirmed that nearly all such children were entitled to birthright citizenship under the 14th Amendment. But some legal scholars have questioned whether the amendment, which redefined national citizenship to include the children of slaves after the Civil War, should cover babies born to foreign parents.

The Pew Hispanic Center estimated last year that more than 3 million U.S. citizens were born to illegal immigrant parents.

"The Texas bill could be a vehicle to get this before the courts, and we strongly support that," said Ira Mehlman, a spokesman for the Federation for American Immigration Reform, which has been pushing Congress to revisit the 14th Amendment. "There is no question that it is time for a review, given the number of people entering the country illegally and giving birth."

Texas' shift toward a more incendiary brand of immigration politics comes at a time when many state lawmakers are frustrated that Washington has failed to stop illegal immigration. Few think President Bush's moderate proposals, which include a guest worker program and enhanced border security, will help much, even if they are approved by Congress.

State Rep. Leo Berman, the Texas legislator who wrote the bill to deny benefits to the children of illegal immigrants, admits that his goal is to set off a fight in the federal courts. His legislation has been compared to Proposition 187, which was ruled

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unconstitutional after California voters approved it in 1994, but it goes further. It would deny citizens born to illegal immigrants numerous state services, including unemployment benefits and the ability to obtain professional licenses.

"A pregnant illegal alien can wait at the border, check into a hospital in Texas, give birth without paying a penny, and be rewarded for her illegal behavior," Berman said. "That's outrageous."

Berman's bill is one of more than two dozen proposals targeting illegal immigration in Texas. Other measures would tax money that illegal immigrants wire abroad; require patients to prove they are in the country legally before receiving state medical services; eliminate in-state college tuition breaks for illegal immigrants; and require state agencies to do a thorough accounting of how much illegal immigration is costing the state. Texas is home to between 1 million and 2 million illegal immigrants.

"Why should illegal immigrants, who by virtue of being in the country have broken the law, be able to get the same state services as a citizen?" asked state Sen. Royce West, a Democrat from Dallas who is proposing one of several measures to tax remittances to Mexico. He said his legislation was one way to raise money for healthcare programs.

Texas politicians say that proposing such laws would have been unimaginable a decade ago. During his days as governor, Bush regularly praised the cultural and economic contributions Latino immigrants were making to the state. His political strategy paid off: He won 40% of the Latino vote in 1998, a number previously considered unreachable for a Republican.

Bush's approach was a stark contrast from the immigration politics in California during the tenure of Gov. Pete Wilson, who backed Proposition 187, using it to win reelection.

"California has always been more liberal than Texas, but yet the treatment of immigration issues has been night and day," said Rogelio Saenz, a sociology professor at Texas A&M University.

The Texas Republican Party added hard-line immigration language to its platform last year in response to the demands of its conservative base. It included the line "No amnesty! No how. No way," and a call to "suspend automatic U.S. citizenship to children born to illegal immigrant parents," the idea now proposed by Berman.

Latino leaders say they are stunned by the Texas proposals to deny services to children. They promise retaliation at the ballot box.

"How could anyone be so mean-spirited?" said Rosa Rosales, president of the League of United Latin American Citizens, the nation's oldest Latino civil rights group, which originated in Texas. "We're just going to have to get the community out to show these representatives that we matter."

For undocumented Texans such as Ofelia Lopez, the state's push to get tough on illegal immigrants elicits sadness as much as fear. Lopez , who crossed into the U.S. from Mexico seven years ago with the hope that she could give her children a better life, has two daughters, one 3 years old and one 6 months old, who are U.S. citizens.

"I don't think the solution is to deny children the opportunity to become better people. That's not going to help anyone," said Lopez, 35, who also has a 15-year-old daughter born in Mexico who is attending a Texas high school. "That's not going to stop people from coming here. People are coming here because it's the only way to survive."

Last year, state lawmakers nationwide proposed a record 570 immigration measures, and 84 were signed into law, according to the National Conference of State Legislatures. The group predicts that immigration will again be among the hottest state issues in 2007.

In Texas, Democratic state Rep. Pete Gallego, head of the Mexican American Legislative Caucus in the House, said that though some of the new proposals were harsh, a few might have momentum, particularly the bills to tax wire transfers.

"People are appalled at how hard core some of these things are," Gallego said. "We will have a fight."

Texas Gov. Rick Perry, a conservative Republican who talked tough on illegal immigration during his reelection campaign last year, has tempered his rhetoric in recent weeks, and sounded a message of compassion and unity during his oath-of-office address last month. He has singled out Berman's proposal as divisive.

Berman counters that his bill may not make him the darling of Austin's lobbyists or the governor, but he is convinced his cause is popular.

"My mail is running 30 to 1 in favor of what I am trying to do," he said. "This problem is costing Texas money. Texas has to act."

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TEST CASE Immigration Crackdown Targets Bosses This Time (WSJ)

By Barry Newman

The Wall Street Journal, February 27, 2007

GUILDERLAND, N.Y. -- Early in April of 2005, a man whose friends knew him as César went looking for a job at a wholesale distribution hub near this upstate village. At a workshop run by IFCO Systems North America Inc., the nation's biggest recycler of wooden pallets, César let the boss know that he was in the country illegally, but would be trying to buy some fake "papers."

"That will work," said Robert Belvin, the 42-year old IFCO site manager.

What Mr. Belvin didn't know was that César was an undercover informant working for federal immigration enforcers. Or that he was wearing a wire.

The conversation -- and many others César recorded -- helped build a case that is the biggest test so far of a heavily touted government campaign to control illegal immigration.

A year after César went to work, agents from the Immigration and Customs Enforcement bureau pounced on 52 IFCO workshops in 26 states, arresting 1,187 foreigners. Unlike raids on many other companies -- including December's arrests of 1,282 workers at Swift & Co. -- the motivation for the raid on IFCO wasn't to catch foreigners. It was to catch the Americans who hired them. Seven IFCO middle managers were also arrested that day and charged, in identically worded complaints, under the same felony statute that punishes human smuggling. Five of them, people familiar with the case say, are expected to plead guilty today in the U.S. District Court for the Northern District of New York.

Neither the company nor its top executives were named in the complaints, which allege that the managers "knowingly conspired with others" to transport, harbor and support undocumented workers for "commercial advantage or private financial gain." But the investigation isn't closed. Like any ICE operation today, one immigration official says, the objective is "to move up in the organization."

In 2005, the Department of Homeland Security announced that instead of imposing small fines for sloppy paperwork, its immigration-enforcement branch would flush out "egregious" employers and put them in jail. That demands proof and police work -- including undercover informants and secret recordings -- more common to drug busts than immigration audits.

• The Issue: Officials are targeting employers for their role in hiring undocumented workers.

• The Challenge: Nabbing offenders requires intensive law-enforcement efforts more common to drug busts.

• The Bottom Line: More cases are likely, as immigration officials take a more aggressive stance against undocumented workers.

Since ICE's creation in 2003, employer arrests have leapt from 25 in 2002 to 718 in 2006. Only last week, ICE arrested three executives of a Nevada-based janitorial service with national reach. But successful prosecutions have so far largely been limited to smaller labor contractors, restaurant owners, and a company putting up a fence on the Mexican border.

IFCO's parent, IFCO Systems NV, by contrast, has world-wide sales of nearly $650 million. Registered in Holland and managed out of Houston and Munich, it promotes itself as a smoothly run system, listing Target Corp., Cargill Inc. and Dell Inc. among many corporate customers. Repairing pallets -- the rough frames that carry goods from factory to warehouse -- is tough work. Up until last April, most IFCO pallet workers were Hispanic.

It was easy for ICE to swoop down on those working illegally. To accuse their bosses of a conspiracy, punishable by prison terms of up to 20 years, was a far greater task. The clues ICE collected, as disclosed in the complaints filed in federal court in Albany, resulted from a combination of lucky tips and accidents. The evidence was backed up by local police work, aggressive surveillance, and the unusual involvement of the Social Security Administration.

IFCO maintains that nothing points to illegal immigration as part of its formal business model. "We deeply regret that we had even a single ineligible worker on our payroll," the company said in a written statement. The company declined to comment further on the case.

The government claims that the immigration status of more than half of IFCO's 5,800 workers in the U.S. was suspect. It is unclear whether the U.S. Attorney in Albany, who is supervising the case, will bring charges against higher-level IFCO executives.

Still, the government's intrusive new style has petrified other companies that rely on foreign labor. "Everybody thinks these are show trials," says Amy Peck, an immigration lawyer in Colorado who represents corporate clients. "And at the same time, we're scared to death about what's going on."

The IFCO evidence, she and other lawyers acknowledge, appears to pull back the curtain of "plausible deniability" that effectively allows six million foreigners to work illegally in the U.S. To avoid discriminating, employers have argued for 20 years, they can't turn away candidates whose papers seem to be genuine. But at one upstate work site, the IFCO complaints allege, that was disingenuous.

The first hint came three months before César applied for a job, when the phone rang at the ICE office in Latham, 10 miles from here. The caller said he worked for IFCO, and said he saw some Spanish-speaking co-workers tearing up their W-2 tax forms. That made the immigration enforcers at ICE very curious: Why would anyone tear up a W-2?

The IFCO worker who phoned said that one of his bosses told him the men didn't need W-2s because they didn't file tax returns. "That's not something you hear every day," says Julie Myers, the DHS assistant secretary who heads ICE. Her agents decided IFCO was worth watching.

Toward the end of the month, a few IFCO workers were relaxing at the Governor's Inn, a motel near the pallet shop. "They like to drink," a Honduran named Reynaldo says now. "They went to the store to get more beer." (A forklift driver arrested in the raid, he has remained in the area and asked that his full name not be used.) As four men returned to the motel in a Chevrolet, the Guilderland police say, they crashed into a Subaru. Two young women were slightly hurt. The Chevy's driver jumped out and ran.

The police found the other three men in the motel. Mr. Belvin, the manager of IFCO's operation, arrived and went with his workers to the police station. All three, the police told Mr. Belvin, had admitted being in the country illegally. Mr. Belvin said that was untrue and that he had the documents to prove it. Mr. Belvin's lawyer didn't respond to phone messages seeking comment.

Then, in an unrelated incident in March, a woman called the police to say she had been attacked in a garage by a Hispanic man. An officer sent to the scene found no suspects. But he did interview six men at a nearby house in connection with the woman's complaint. The men all said they worked for IFCO. The police, recalling IFCO's connection to the earlier accident, notified ICE. Senior inspector John Tashjian said, "If there's any suspicion they're undocumented, we do that."

Responding, ICE agents found five men who didn't belong in the country and arrested them. In sworn statements, a Honduran said he didn't show any documents when IFCO hired him and a Salvadoran said he was told "that papers would be provided to him later."

It wasn't long before ICE decided to plant its spy.

"I have never heard of that being done in an immigration work-site enforcement action, never," says Paul Zulkie, an attorney who advises corporations on immigration policies and is also president of the American Immigration Law Foundation.

But ICE's orientation has changed. Many of its agents came out of the former Customs Service, which enforced import and export regulations. For them, getting evidence to prove that managers know full well that documents are fake means peeking behind the paperwork.

According to the complaints, ICE's informant had himself been arrested by the Border Patrol for entering the country illegally. After he assisted ICE in a human-smuggling case in Texas, the agency gave him temporary leave to remain in the U.S. -- plus a stipend -- in exchange for his cooperation to help with the IFCO investigation. In April, the complaints say, he introduced himself to some IFCO workers at a grocery.

The informant isn't cited by name in the complaint. But piecing together bits of information, former IFCO workers say they knew him as César, a Portuguese-speaking forklift driver.

The complaints detail how he ultimately got his fake green card and fake Social Security card directly from ICE. The name on the Social Security card wasn't the one he had given IFCO. Nor was the name on the green card. The picture, say the complaints, was of someone else. César showed the documents to Mr. Belvin's boss, James Rice.

Mr. Rice, then 35 years old, was a development manager who had come to open the Guilderland operation the previous October. But because it was a start-up, people close to the company say, its managers were having a hard time finding workers. Looking at the photo on the fake green card while César recorded him, Mr. Rice said, "It looks like you to me." Mr. Rice's lawyer had no comment.

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Once hired, César did more at IFCO than drive a forklift. At Mr. Belvin's request and with assistance from ICE, the complaints say, he helped recruit more illegal workers. He got phony documents for five other new hires and he phoned an IFCO manager in Houston to ask about jobs here for two Mexicans who had crossed the border.

In July, César was promoted to foreman.

Already well along in its work, ICE opened a second line of inquiry into IFCO: It enlisted the Social Security Administration.

When numbers on tax returns don't match numbers on its books, Social Security tells employers by letter. A "no-match" can have many explanations, but to ICE it's a red flag of illegal immigration. Yet privacy law bans Social Security from showing ICE its data. Companies do volunteer for audits in return for shelter from raids, and they can check Social Security numbers of new hires themselves. IFCO didn't volunteer for such programs. But the sanctity of its records vanished the moment its recyclers were seen tearing up W-2s.

Destroying the forms was a violation that let Social Security in on the case. Through a subpoena of IFCO's payroll processor, says one official, its inspectors learned that 53% of IFCO's workers in 2005 had dud Social Security numbers. What's more, the complaints say, they discovered that in 2004 and 2005 IFCO received 13 letters in Houston informing it that "more than 1,000 social-security numbers" at "several" of its sites "did not match the records of the SSA."

IFCO didn't follow up on the letters. People familiar with IFCO's position say an employee set the letters aside unopened, failed to tell anybody about them, and then left the company for good.

In the fall of 2005, César traveled to an IFCO start-up in Westborough, Mass., the complaints recount. With Mike Ames, IFCO's site manager, he visited a bakery where Brazilian day-laborers gathered. After speaking in Portuguese with a woman there, César recorded an exchange with Mr. Ames, whose lawyer also didn't respond to requests for comment.

César said: "They don't have no documents, no papers, no permission to work in the United States."

Mr. Ames replied: "But, you know how to work the deal...I don't want it to end up where they can't be paid because of identity, ID, you know what I'm saying."

At least five Brazilians got jobs. Directed by Mr. Belvin and Mr. Rice, the complaints say, César drove three of them 150 miles to Guilderland "for training."

A few weeks later, Mr. Rice left IFCO. On Jan. 8, 2006, Mr. Belvin was fired. Neither departure, according to people familiar with the situation, had to do with immigration issues. Soon afterward, IFCO fired César. Officials won't say where he is now.

On the day of the IFCO raids last April, people following the case say, ICE agents interviewed dozens more managers around the country. The court granted ICE permission to search computers in Guilderland. And, according to the complaints, the federal Department of Labor also spoke to a former bookkeeper who claimed that piecework pallet repairmen were being systematically underpaid for overtime work.

Showing that IFCO broke wage rules could support a charge that it used illegally hired workers for commercial gain, say some legal experts. And connections among workers and managers at several sites could be used to argue -- as the government has in some other immigration cases -- that what ICE uncovered was no rogue operation.

IFCO denies the implication. "There was certainly no corporate strategy to hire undocumented workers or exploit any of our employees," the company said in a statement. Since the raids, it has added new payroll screeners and joined the Social Security verification system. Profits slumped in midyear, but having scoured its records, IFCO says its labor force is up to strength and is as legal as can be.

Of the workers rounded up in April, many have left the country or slipped underground. Reynaldo, the Honduran who drove a forklift for IFCO here, has stayed on in a frame house nearby. The arrest of his managers at IFCO was news to him.

"That really touches me," the 24-year-old said, sitting beside a messy bunk bed one evening as other men came and went. "These are people who offered us opportunities."

"They haven't committed a crime," said a Nicaraguan named Mario who sat next to him. He is 39, and fixed pallets at IFCO for 30 cents apiece. "At least," he added, "it's not a crime to me."

Write to Barry Newman at barry.newman@wsj.com4

Growing Demand For English Lessons Outstrips Supply (NYT)

By Fernanda Santos

The New York Times, February 27, 2007

MOUNT VERNON, N.Y. — Two weeks after she moved here from her native Brazil, Maria de Oliveira signed up for free English classes at a squat storefront in this working-class suburb, figuring that with an associate's degree and three years as an administrative assistant, she could find a good job in America so long as she spoke the language.

The woman who runs the classes at Mount Vernon's Workforce and Career Preparation Center added Ms. Oliveira's name to her pink binder, at the bottom of a 90-person waiting list that stretched across seven pages. That was in October. Ms. Oliveira, 26, finally got a seat in the class on Jan. 16.

"I keep wondering how much more I'd know if I hadn't had to wait so long," she said in Portuguese.

As immigrants increasingly settle away from large urban centers — New York's suburbs have had a net gain of 225,000 since 2000, compared with 44,000 in the city — many are waiting months or even years to get into government-financed English classes, which are often overcrowded and lack textbooks.

A survey last year by the National Association of Latino Elected and Appointed Officials found that in 12 states, 60 percent of the free English programs had waiting lists, ranging from a few months in Colorado and Nevada to as long as two years in New Mexico and Massachusetts, where the statewide list has about 16,000 names.

The United States Department of Education counted 1.2 million adults enrolled in public English programs in 2005 — about 1 in 10 of the 10.3 million foreign-born residents 16 and older who speak English "less than very well," or not at all, according to census figures from the same year. Federal money for such classes is matched at varying rates from state to state, leaving an uneven patchwork of programs that advocates say nowhere meets the need.

"We have a lot of folks who need these services and who go unserved," said Claudia Merkel-Keller of the New Jersey Department of Labor and Workforce Development, noting that her state has waiting lists in every county, "from beginner all the way through proficient level." New Jersey, like New York and many other states, does not keep statewide figures on how many people are on waiting lists.

Luis Sanchez, 47, a Peruvian truck driver for a beer distributor in New Brunswick, has been in this country 10 years — and on the waiting list for English classes in Perth Amboy five months. "You live from day to day, waiting to get the call that you can come to class," Mr. Sanchez said in Spanish, explaining that he knew a little English but wanted to improve his writing skills so he could apply for better jobs. "I keep on waiting."

Mr. Sanchez is unlikely to get the call soon: Perth Amboy's Adult Education Center recently discovered that it was operating in the red and canceled 9 of its 11 evening classes in English as a second language, including all at beginner and intermediate levels. In Orange County, N.Y., where the immigrant population doubled in the past 16 years, the Board of Cooperative Education Services' adult education program has stopped advertising for fear its already overflowing beginner classes will be overwhelmed.

In Framingham, Mass., 20 miles west of Boston, hundreds of people used to spend the night in line to register for English as a second language, so the program now selects students by picking handwritten names from a big plastic box.

"With the lottery, everyone has the same chance," said Christine Taylor Tibor, director of Framingham's Adult E.S.L. Plus program. "Unfortunately, you might have to enter the lottery several times before you get in."

Census figures show that in the United States there were 32.6 million foreign-born residents 18 years or older in 2005, up about 18 percent from the 27.5 million counted in 2000 (and nearly twice the 17.1 million in 1990). Federal spending on adult education, about $580 million last year, has increased 23 percent since 2000 and more than tripled since 1990; some 45 percent of the money is devoted to English.

But financing varies widely across the states, which are required to allocate at least one quarter of what was provided by the federal government: Kansas, Nebraska, Oklahoma, South Dakota and Texas spent the minimum in 2003, according to the Education Department, while California and Connecticut each spent about seven times that.

In New York, the state Education Department added $76 million to the federal government's $43 million for the 2005 fiscal year. That year, according to a recent report by the Center for an Urban Future, a nonprofit research group based in Manhattan, there were about 86,500 people enrolled in government-sponsored adult programs for English as a second language, serving about 5 percent of the state's 1.6 million adults with limited English skills.

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Last fall, Arizona voters approved an initiative banning illegal immigrants from benefiting from all state-financed programs, including English instruction; administrators of English-as-a-second-language classes in several other states said they do not check for documentation when registering students and thus do not know how many of them may be in the country illegally.

Advocates for more English classes say the state-federal financing split leaves an adult education system whose quality and reach vary widely from place to place — and is lacking most everywhere. Senator Lamar Alexander of Tennessee, where the immigrant population has tripled since 1990, largely because of an influx of Mexicans, sponsored a bill last year that would have given legal immigrants $500 vouchers to pay for English classes since so many of the free ones were full.

"Most education policy is the prerogative of state and local governments, but I would argue that the prerogative to help people learn our common language is a federal responsibility," said Senator Alexander, a Republican who was education secretary under the first President George Bush. "If we make it easier for people to learn English, they will learn it. I think that ought to be a priority of our government, and I don't think it has been."

The government-financed classes are most often run by school districts or worker training centers and generally require only a registration fee of perhaps $10. Libraries, churches and community centers often also provide free or inexpensive classes, like the English Language Institute at Westchester Community College in Valhalla, N.Y., which offers nine levels of instruction for $76 to $247 per three-month session. Then there are private programs like the one at Pace University in Pleasantville, N.Y., which costs $790 for two classes a week for 14 weeks.

With immigrants accounting for half of the growth in the nation's labor force from 1990 and 2000, and expected to make up all of the growth in the two decades to come, "the issue of English proficiency has become an issue of economic development," said Tara Colton, the author of the Center for an Urban Future report. Indeed, some business owners, frustrated at the lack of low-cost classes, have begun teaching immigrants English at work.

At Skyline Furniture Manufacturing Inc. in Thornton, Ill., a suburb of Chicago, about half of the company's 60 employees have learned English at the factory over the past five years, under a state program in which the government pays to bring teachers to work sites if companies pay workers for the hours in class.

"It makes sense to us because our workers can do their jobs better, and it makes sense to them because they can advance in their jobs," said Cinthia Nowakowski, the plant's manager, adding that three of the company's eight foremen were promoted after completing the program. "Besides, it's convenient. The guys don't have to worry about having to arrange transportation to get to school or getting there and finding that there's no room in the class."

In Newburgh, N.Y., an Orange County town where one in five of the 29,000 residents are immigrants, Blanca Saravia has amassed an impressive portfolio of odd jobs since arriving from Honduras in 2004: gas station attendant, office janitor, cook's helper, and, for the last 14 months, packager at a local nail-polish factory. Speaking in her native Spanish, Ms. Saravia said that she has been able to get by with co-workers' translating, but that "when the boss gives orders, I don't understand."

So earlier this month, Ms. Saravia joined 30 others in a cramped classroom learning to conjugate the verb "to be" as part of the adult English program in Orange County, where the immigrant population doubled in the last decade — and the number of free English classes has jumped to 26 from 2 in 1995.

"If I tell her, 'We're full, come back in a couple of months,' chances are she'll get discouraged and never come back," said Ramón Santos, who runs the Newburgh program.

Carl DeJura, director of adult basic education at Brookdale Community College in Long Branch, N.J., said he has lately crammed as many as 40 students into a class — "double what it should be."

"If you have to cut back on textbooks, supplies and materials to serve the people who need it," he said, "that's what you do."

In Mount Vernon, Haitian, Chinese, Somali, Arab, Mexican and Brazilian students flock to the beginner class each morning at 8:30 before heading out to work or to look for work. Ahmed Al Saidi, 49, who works at a gas station and moved from Yemen in 1994, said in halting English that he wants to learn the language "for better work and to talk to people when I go to the store."

Ms. Oliveira, the immigrant from Brazil, said she still knows too little English to venture into the marketplace; her husband, who is American born and supports the couple financially, encouraged her to enroll in the classes, held five mornings a week.

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"I hope that when I'm speaking a little better, I'll be able to find a job where I can use the English I learned here and the skills I have from back home," she said in Portuguese. "When I was on the waiting list, there were times I thought this time would never come."

Cashing In On Immigrants (USAT)

By Ruben Navarrette

USA Today, February 27, 2007

SAN DIEGO — Critics are still fuming over Bank of America's plan to offer credit cards to people without Social Security numbers or credit histories, characteristics common to illegal immigrants.

CNN's Lou Dobbs called it "idiotic." Roy Beck of Numbers USA, a proponent of immigration controls, accused Bank of America of "unpatriotic greed." Callers on talk radio have suggested the company change its name to "Bank of Mexico." Syndicated columnist Michelle Malkin argued that the company is defying federal immigration law by "aiding and abetting illegal activity." Funny thing. I've had credit cards for more than 20 years, and I don't remember feeling aided and abetted. Preyed upon, maybe.

This circus is not what Javier Palomarez expected. The advertising veteran has spent nearly 20 years helping Fortune 500 companies tap the Hispanic market. In 2002, he was working for Bank of America as senior vice president of marketing when he proposed the idea. It's perfectly legal and logical.

The bank was already experimenting with its SafeSend program, which allows immigrants who open a checking account in the United States to transfer money to a bank in Mexico where it can be retrieved by a third party. Bank of America also offers mortgages for immigrants. Palomarez argued that credit cards were the next step. Not everyone in the company was sold, however, which could explain why it took several years to bring the idea to fruition. Some bank executives feared that illegal immigrants were bad credit risks. "That was the debate," Palomarez told me recently in an interview. "And additionally, the idea was, you know, it's still too close to 9/11."

Not this again. Let's not confuse terrorists with immigrants. Here's a tip on how to keep the two groups straight: One wants to do us harm; the other wants to do our cooking, gardening and child care.

The distinction escapes Rep. Tom Tancredo, R-Colo., an anti-immigrant demagogue. Tancredo fears Bank of America might unwittingly give credit to a terrorist. Get real. According to Palomarez, credit limits for illegal immigrants would be about $500. The 9/11 hijackers ran through tens of thousands of dollars in planning the attacks.

I wish critics would give the scare tactics a rest and come clean about what really bugs them: The fear that Americans are getting comfortable with illegal immigration and the concern that initiatives like this will take the steam out of enforcement efforts by making immigrants seem less threatening.

As for this being a giveaway, Palomarez says it was never any such thing. "There is a ton of money to be made," he said. Consider the interest rate. "Just imagine the worst there are," Palomarez said. "Twenty-one percent and up." Immigrants will pay it, he said, because they're grateful to have the card and to build up credit histories.

That's exactly where Bank of America landed — on an interest rate that can top 21%, which is higher than most people pay. As for the claim that illegal immigrants don't pay their bills, Palomarez disagrees. "These people went through a lot of trouble and expense and risk to get here," he said. "They didn't come here to mess it up."

But getting a credit card into the hands of a Latino is only half the battle. You still have to get him to use it. "We were raised that, you know what, if you can't buy it (with) cash, you can't afford it," he said. "That whole mentality hasn't left us yet as a culture."

So how does Bank of America hope to get illegal immigrants hooked on credit? We had millions of dollars worth of campaigns in place dedicated solely to the guy who got the card and hasn't used it," Palomarez said. "Mailers congratulating him on receiving his Bank of America credit card and reminding him of the benefits that the card afforded him, blah, blah, blah. … We knew what buttons to push."

How would they know? "If you've got a guy's debit card, or even his checking account, and you get activity on it, you have such robust data," he said, "because you are in his wallet."

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Palomarez is no longer with Bank of America, but he still wants to be in your wallet. Now based in Dallas, he aims to get in there again with his latest venture — a pre-paid debit card, which he and his associates hope will revolutionize how Hispanics (particularly immigrants) handle remittances, purchases and ATM withdrawals. Other companies are doing the same.

It's an interesting idea. But it's not like immigrants are clamoring for debit cards, any more than they're demanding credit cards. That's the whole point. This controversy should dispel the myth that illegal immigrants come here with outstretched palms.

Credit cards aren't freebies, and it isn't immigrants who demand them. These things come along because someone wants to cash in. As with bilingual education and beer sales, this isn't something that is being done for illegal immigrants; it's something that is being done to illegal immigrants. It's such an obvious point that you'd have to be blind not to see it. Of course, fear and nativism have been known to cause a lack of vision in people.

Ruben Navarrette is an editorial writer for the San Diego Union Tribune, a syndicated columnist and a regular contributor to CNN.com.

Game With No Winner (NYT)

The New York Times, February 27, 2007

It's almost enough to make us nostalgic for streaking and sitting on flagpoles. College students from Michigan to Florida have found a new way to get attention, offend others and make a right-wing statement all at once. It's a game with a name that says it all: "Catch the Illegal Immigrant."

The game is a variation on hide and seek: one player poses as the immigrant, and everyone else tries to find that person. There's a prize, usually $200 or less, which is not much, but enough to celebrate the cheap exploitation of a fellow human.

"Catch the Immigrant" is the brainchild of an intern with the College Republican National Committee, who lost her post after coming up with this and other campus recruitment gimmicks. Another game, called "Fun With Guns," invited young Republicans to fire BB guns or paint balls at cardboard cutouts of Democratic leaders. Republican Party leaders have tried to distance themselves from the games, but seem to have done little to stop them.

The right-wing organizers of the immigrant games — particularly Young Americans for Freedom and Young Republicans — have declared piously that they're just trying to spark debate. At that, they have succeeded. Protesters defending immigration and human dignity have outnumbered the game's players at the University of Michigan, Michigan State, Pennsylvania State and other campuses, including, most recently, at New York University.

The reaction from schools has been mostly tepid. Administrators are in a tough spot, trying to balance free speech with offensive behavior. More speech is the answer, including voices of authority pointing out the nastiness of this game as well as the inherent cruelty of hunting people for sport.

"Catch the Immigrant" also reflects a larger misunderstanding of the immigration issue. The more than 11 million illegal immigrants cannot be caught. Even if they could be, rounding them up and deporting them would be disastrous, economically and socially. Educators should teach the game players about the real world.

Minuteman Founder Wants Reins Back (LAT)

By Jennifer Delson

The Los Angeles Times, February 26, 2007

Jim Gilchrist, the Orange County accountant who gained national recognition as the co-founder of a citizen border patrol group, will ask a judge this afternoon to issue a restraining order in order to regain control of the Minuteman Project.

Earlier this month, Gilchrist was removed by his board of directors, which accused the charismatic anti-illegal-immigrant figure of abusing his power. Minuteman Project officials said they will detail their allegations at a press conference later this afternoon.

The rift, Gilchrist said, "could very well bring an end to the entire Minuteman Project. There are groups around the country with the name, but we are the most well known and the most powerful."

Gilchrist said he did nothing wrong. His opponents, he said, are motivated by "a greed for power and a false perception of an endless stream of money."

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He said he plans to continue his work, which began in 2005 with a citizen border patrol that gained widespread media attention and a criticism from President Bush, who called them "vigilantes."

Robert Vasquez — a former county commissioner in Idaho who, in his elected position, sued companies that hired illegal workers — said top conservative leaders turned against Gilchrist. Among them is Barbara Coe, who heads California Coalition for Immigration Reform and co-authored Proposition 187, the ballot measure that sought to deny undocumented immigrants certain public benefits.

"Sometimes a position becomes bigger than the man," Vasquez said. "It's unfortunate that it has reached this point."

Gilchrist opponents filed a complaint against their former leader with the Internal Revenue Service, alleging that he did not obtain nonprofit status for the Minuteman organization and improperly used a discount postal rate to solicit donations.

Gilchrist said a direct mail organization was responsible to secure the nonprofit status and if it hadn't, it didn't amount to a criminal error on his part.

Board members voted to replace Gilchrist with Marvin Stewart, an African American minister. Gilchrist said the board members have no voting power and serve in an advisory capacity.

Semi-Truths (WSJ)

The Wall Street Journal, February 27, 2007

It's nice the U.S. government is finally getting around to meeting its obligations under a trade pact with Mexico ratified a mere 14 years ago. But even that is too fast for some protectionists.

Under the North American Free Trade Agreement, the U.S. was required to lift a ban on Mexican trucks traveling more than 25 miles inside the border. The deadline for doing so was 2000, yet seven years later the ban remains in place. Hence, when Mexican trucks reach the mileage limit, they must off-load and transfer the goods to American trucks, which carry them to their ultimate destination. You can understand why the Teamsters who represent American drivers favor this arrangement, however inefficient, but U.S. consumers pick up the tab.

Last week, the Bush Administration announced a plan to lift the mileage restriction, and unions and their supporters in Congress are predictably crying foul. Rather than acknowledging their protectionist agenda, opponents are raising bogus concerns linked to the supposedly poor "safety" record of Mexican rigs. Teamster President James Hoffa told reporters the Administration is "playing a game of Russian roulette on America's highways." Democratic Senator Patty Murray of Washington says she'll hold hearings.

If these arguments sound familiar, it's because Mr. Hoffa also used them in 2001, when the Bush Administration first tried to lift the mileage restriction to comply with Nafta. Oregon Representative Peter DeFazio warned that there would be "blood on the highway." And David Obey of Wisconsin intoned that "Nafta is a trade pact. It's not a suicide pact."

That hyperbole is just as phony now. It's common practice, both here and south of the border, to use older vehicles to travel short distances. And there's no evidence that Mexican long-haul trucks and drivers are more dangerous than their U.S. counterparts. The latest data show the safety records of the U.S. and Mexico are comparable.

According to the Transportation Department, 32% of Mexican trucks were pulled from the road for safety violations in 2001. Last year that number fell to 21%. Meanwhile, 21% of U.S. trucks failed safety inspections in 2001, versus 23% last year. Mexican drivers are less likely than their U.S. counterparts to be in violation of the law -- 1.2% in 2006, versus 7% for U.S. truckers.

A prohibition on Mexican trucks traveling more than a few miles into the U.S. has resulted in more congestion and pollution at the border. It also means that more investment is going toward shipping items from Point A to Point B than is necessary. Lifting the ban and giving these vehicles full access to the U.S. will streamline the process and reduce costs.

Mexican businesses have no incentive to send rickety trucks north of the border only to break down before reaching their destination. And behaving as if they do -- in order to mask an antitrade agenda -- is no way to treat a neighbor.

TAX:

Orem Man Sentenced In Federal Tax Fraud Case (AP)

DOJ_NMG_0137211

AP, February 27, 2007

SALT LAKE CITY An Orem accountant who bilked the government out of millions in taxes from money he garnered through phony investment schemes has been sentenced to five years in federal prison, the U.S. Department of Justice said Monday.

Lanny R. White was also ordered by U.S. District Judge Ted Stewart to pay $5 million in restitution and spend three years on supervised probation following his release.

White was indicted in 2003 along with 10 others for promoting and selling a fraudulent trust scheme through six phony investment companies between 1993 and 2004. More than 300 clients were told that placing their assets into the trusts would reduce tax liabilities.

All of the 11 indicted – among them four attorneys, one accountant and a former IRS agent – have pleaded guilty to felony charges including wire and mail fraud.

In a plea agreement White said his actions led to the filing of more than 2,000 false and fraudulent income tax and trust tax returns. White also said he knowingly placed clients money in unsound investments that would never pay returns.

The loss to the government is estimated between $7 million and $10 million.

Appraisers' Valuations For Tax Filings Come Under Microscope With New Law (WSJ)

By Arden Dale

The Wall Street Journal, February 27, 2007

It may soon become trickier to get an item appraised for tax purposes.

The Pension Protection Act, passed in August, puts appraisers in the sights of the Internal Revenue Service by saying they can be penalized for valuations the agency later decides are off the mark.

The move marks a big change because taxpayers, not appraisers, historically have borne the brunt of a wrong valuation. One result: The cost of getting something appraised may well rise.

Appraisals are used for a number of purposes in tax filings. For instance, noncash assets donated to charity are often appraised so the donor can claim the value as a deduction on his income-tax return and lower his tax bill.

Examples might be an individual who donates to charity a share in a private company that is expected to go public later, or a business that gives a conservation easement to a local government by agreeing not to develop its real estate but to maintain the property for conservation purposes instead.

Now, the PPA has introduced penalties on appraisers, but they aren't alone in facing the music. Accountants, brokers, estate executors and others may also be slapped because of the broad brush with which it was written.

The rule is beginning to have a chilling effect on appraisers because it raises a host of questions, including which kind of tax -- gift and estate tax, income tax, or both -- is affected, and who may be hit by penalties.

The American Bar Association Section of Real Property, Probate and Trust Law have urged the IRS to clear up a number of uncertainties in the rule, which is included in Internal Revenue Code Section 6695A.

The IRS is reviewing these and other comments on the matter and plans to publish regulations later to spell out details of the law, according to an IRS spokesman.

"I've heard indirectly that some appraisers are holding back in terms of doing income- and estate-tax appraisals, or that they're limiting the scope of appraisals," says William Forsberg, a partner at Parsinen Kaplan Rosberg + Gotlieb P.A. in Minneapolis, and co-author of the ABA group comments.

Code Section 6695A simply refers to "any person" as being subject to the penalties. It's not clear whether the rule could extend beyond an appraiser to include, say, an attorney hired by the appraiser to opine on whether an entity is a limited partnership, for example.

"It's the uncertainty as to the exposure that's so troubling," says Hugh Drake, an attorney at Brown, Hay & Stephens LLP in Springfield, Ill. "Appraisers often have to rely on underlying opinions...where does liability begin and end?"

Write to Arden Dale at arden.dale@dowjones.com1

'Living Souls' Admit To Tax Evasion In Plea Deal (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 27, 2007

After months in jail, Sevier millionaire couple drops exempt defense

Maybe it was newfound enlightenment.

Perhaps it was skillful attorneys joining their side.

Or, it might have been a jail cell that did it.

Whatever the cause, a Sevier County couple who made millions in real estate ventures but insisted they were "living souls" and not U.S. citizens subject to income tax laws dropped their tax protestation convictions Monday and picked up tax evasion convictions instead.

Arnold Ray Schmid and his wife, Kathleen Schmid, pleaded guilty in U.S. District Court to charges that they refused to file income tax returns on money made from their highly profitable cabin rental and property development businesses for at least three years.

In a plea deal brokered between defense attorneys Richard Gaines and Ralph Harwell and federal prosecutor Jay Nanavati, the Schmids are admitting to a negotiated figure of $53,780 as the tax liability owed the government. The actual figure is likely much higher, according to court records.

The deal also will cut the potential prison terms both faced from years to months. As Gaines noted during Monday's hearing before Senior U.S. District Judge Leon Jordan, the couple may already have served, if not the entirety of their respective sentences, then the bulk of them.

It's not as if they didn't earn that pretrial jail time, however. The couple had been allowed free on bond - despite repeated courtroom antics and protests and missed hearings - after their July 2005 arrests on federal tax evasion charges.

But they fled, hiding out for months in the Midwest before the U.S. Marshals Service rounded them up after a probe led by veteran fugitive hunter Deputy U.S. Marshal Becky Gambill.

In the couple's car, marshals found signs that the pair's courtroom antics and strange court filings in which they called themselves "living souls" and contended the government had no dominion over them may have been tactics to avoid prosecution, according to an earlier motion filed by Nanavati.

"In their car were handwritten notes in the defendants' handwriting that read, among things, 'pros and cons of leaving country or just stay in country but move around' (and) 'will they be watching airports?' (and) 'any problems in Venezuela government, are Americans well accepted' (and) 'whenever judge speaks to you pretend that he is speaking Chinese' and 'how do you get money out of the country,' " Nanavati wrote.

It was, ironically, tax deadline day - April 15, 2006 - when the pair were returned to Knoxville and ordered jailed pending Monday's trial. They had been behind bars ever since.

On Monday, however, Jordan agreed to release them despite their earlier flight. Gaines' contention that the two are senior citizens with health problems who already have spent 10 months in jail was a factor, the judge said. Nanavati, a Washington, D.C.-based U.S. Department of Justice tax evasion prosecution specialist, did not resist the move.

"I am going to require electronic monitoring," Jordan said. "I am going to increase your bond. I assure you, if you run again, this court will have no mercy on you."

It's not clear why the government struck a deal in the case. Last Thursday, however, Jordan dealt the prosecution team a blow when he barred them from using the Schmids' notes at trial or making any mention to jurors of the pair's flight to avoid prosecution.

They face sentencing May 24.

Jamie Satterfield may be reached at 865-342-6308.

IRS To The Rescue (WSJ)

The Wall Street Journal, February 27, 2007

It's not often that the Internal Revenue Service plays the hero, but these days it's a regular Clark Kent for American expatriates. The agency has issued another round of tax relief for U.S. citizens working abroad hit by Congress's double-taxation laws.

DOJ_NMG_0137213

Friday's Notice 2007-25 strikes a blow against a provision in last year's omnibus tax bill that cut tax exemptions on housing for Americans working overseas and substantially raised taxes on compensation above $82,500. The move came courtesy of Republican Senator Chuck Grassley, who apparently thinks Americans abroad are living the high life. Congress claims the tax will raise $2.1 billion for Uncle Sam over the next decade. But that doesn't factor in companies that will cut back on U.S. employees in favor of less expensive locals or third-country hires.

The IRS mitigated some of the damage in October, bumping up tax exemptions on housing in more than 100 specified cities. In the latest notice, Americans working in China and India will see the biggest benefit; special exemptions were instituted for Mumbai and Beijing residents, and several cities already on the IRS's list saw their deductions adjusted upward. A clutch of suburban London towns were also added, presumably because the local American Chamber of Commerce kicked up a fuss. But why is the IRS trying to work out which Yanks live in, say, London versus Surrey?

The U.S. is the only developed nation to tax its citizens abroad. Now China has picked up on Mr. Grassley's grand idea. From March 31, all mainland citizens working abroad will be taxed on their world-wide income. That might give some comfort to U.S. protectionists worried about China's labor competitiveness, even though mainland employees aren't so far a huge force abroad. But as America is now discovering, punitive taxation is an export that comes with a high price.

CONGRESS-ADMINISTRATION:

Bush Urges Governors To Back Tax Reforms (AP)

By Robert Tanner

AP, February 27, 2007

President Bush encouraged governors Monday to support his call for changing the tax code to help more people buy private health care insurance, but did not address their pleas to increase funding for a health care program that insures millions of children of the working poor.

Still, governors said they heard words of at least partial compromise from the administration on a budget dispute that dominated private discussions among governors Sunday.

At stake is coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the larger challenge of the uninsured. All governors rely on the State Children's Health Insurance Program, intended to aid uninsured working families.

Bush, welcoming the governors after they met privately with several administration officials, did not offer any comments about the children's health program, talking rather about his larger proposals.

"I'm looking forward to working with Congress on health care. I firmly believe ... that states are often times the best place to reform systems and work on programs that meet needs," he said.

But Health and Human Services Secretary Mike Leavitt "made it clear that the administration will work with Congress as far as" short-term shortfalls, said North Dakota Gov. John Hoeven, a Republican. Governors say 14 states could run out of cash before October. In Georgia, it could happen as soon as March.

The governors want two things:

_Enough money to keep the program afloat through October. That is estimated at $745 million.

_Changes to Bush's budget. Analysts say his spending plan would shortchange the health program even if the number of people served did not grow. The long-term shortfall is put at $10 billion to $15 billion over the next five years.

Gov. Jon Corzine, a New Jersey Democrat, warned that the administration's budget promised illusory savings. "You end up paying for this in other ways — uncompensated care, emergency rooms," Corzine said. "This is pay me now or pay me later."

Corzine said he still wanted more clarity from administration officials on support for the short-term funding, but said Leavitt had offered words of compromise.

But the long-term issues over the program remained in dispute, governors said.

The program, approved in 1997, covers uninsured children whose families earn too much to fall under Medicaid, the joint state-federal health care service for the poor.

DOJ_NMG_0137214

More than a dozen states have expanded SCHIP, with consent of the federal government, to cover adults in those families. The program now insures an estimated 639,000 adults among its 6 million.

Many governors said the administration's efforts to scale back the program would undermine state efforts to craft universal health care plans. Many of these have started with a target of insuring all children.

California, Massachusetts and Pennsylvania have developed some of the most ambitious proposals to try to get to universal health care coverage. Most states have just tried to strengthen their health care system to cover more people.

At their private session Sunday, governors said there was bipartisan support for help on the immediate needs and a long-term commitment to the current program.

Leavitt said Sunday that there is enough money among states to cover short-term shortfalls, if states with surpluses would share with those with deficits, an idea that has little support among governors. Bush wants SCHIP to remain focused on poor children, not all children and not adults, Leavitt said.

Gov. Ed Rendell, D-Pa., said he was confident that a compromise on the money can be found. He said the administration has been helpful to his efforts to expand coverage and approved a waiver that would let the state cover 180,000 more children. "I want to give the administration high praise," he said.

But most were worried. In Rhode Island, GOP Gov. Don Carcieri said aggressive enrollment efforts had boosted their combined Medicaid and SCHIP program so that 94 percent of children were covered, at its height, before administrative hurdles and other problems caused some backsliding.

"We built all that up," Carcieri said. "We don't want to pull the rug out."

Child Health Care Splits White House And States (NYT)

By Robert Pear

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — Governors clashed with the White House on Monday over the future of the popular Children's Health Insurance Program, an issue that some members of both parties said was as important as money for the Iraq war.

In the session at the White House, when President Bush reported on progress of the war, governors pressed him to provide more money so they could guarantee health insurance for children. In response, administration officials said states should make better use of the money they already had.

Gov. Sonny Perdue of Georgia, a Republican, said afterward, "Health care for children ought to be a priority, irrespective of anyone's views on the war."

Georgia will exhaust its allotment of federal money for the Children's Health Insurance Program within three months, Mr. Perdue said. Thirteen other states expect to run out by September, according to data released here at the winter meeting of the National Governors Association.

Governors said the Clinton and Bush administrations had encouraged them to expand children's coverage and had granted waivers allowing them to cover parents and even some childless adults.

Having successfully expanded the health insurance programs in their states, some governors now suggest that the Bush administration is pulling the safety net out from under many children.

In his budget this month, Mr. Bush said he wanted to return the program to its "original objective" of covering children with family incomes less than twice the poverty level. Budget documents note that 16 states cover children above that level and that "one state, New Jersey, covers children up to 350 percent of the federal poverty level."

A family of four is classified poor if its annual income is less than $20,650.

An influential member of Congress said Monday that he would not be taking up White House proposals to restrict eligibility and financing for the child health program.

"I have absolutely no intention of moving the president's proposals through our subcommittee," said the lawmaker, Representative Frank Pallone Jr., Democrat of New Jersey.

Mr. Pallone is chairman of the Health Subcommittee of the Energy and Commerce Committee, which has authority over the children's program.

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Speaker Nancy Pelosi said Monday that "Democrats in Congress understand the urgency" of the problem and would provide money to the 14 states that did not have enough to cover their current enrollment. Although Mr. Bush would reduce federal payments for adults and for children with family incomes above 200 percent of the poverty level, Mr. Pallone said states should have discretion to cover children above 200 percent of the poverty level and adults in some circumstances, too.

"In New Jersey, we made a decision to go up to 350 percent of the poverty level, because we have the highest cost of living in the country," Mr. Pallone said.

Likewise, he said, New Jersey found that covering adults increased the likelihood that their children would stay on the rolls.

"The hallmark of all this is flexibility," Mr. Pallone said. "A robust Children's Health Insurance Program is an important part of any effort to try to achieve universal coverage."

The federal government spends $5 billion a year on the program. Mr. Bush wants to continue that level, and he is seeking an "additional allotment" of $4.8 billion over the next five years.

States would need substantially more to continue their programs with current eligibility rules and benefits. New estimates from the Congressional Budget Office show that the states face shortfalls of $700 million this year and a total shortage of $13.4 billion from 2008 to 2012.

Gov. Jim Douglas of Vermont, a Republican, said the Bush proposals would jeopardize his state's phenomenal success in covering children. In Vermont, he said, fewer than 4 percent of the children are uninsured, and "we don't want to lose ground."

Bush administration officials emphasized that states received a fixed amount of federal money each year, and they said individual children did not have a legal entitlement to benefits. Michael O. Leavitt, secretary of health and human services, said he would work with Congress to find "a short-term solution" for states exhausting their allotments this year. He said states could avoid shortfalls by managing their programs better.

In his experience as governor of Utah, Mr. Leavitt said, "when we were out of an allotment, we just discontinued enrolling people until we had room." Likewise, he said, states could cover more people if they provided less comprehensive benefits.

Gov. Ted Strickland of Ohio, a Democrat, said: "If we don't get the money we need, children will go without coverage."

"In the meeting with the president and Secretary Leavitt," Mr. Strickland said, "when questions were raised about children maybe having to be removed from the program or eligible children not being able to participate, we were told that that was basically a management problem."

Gov. Jon Corzine of New Jersey, a Democrat, said that under the president's proposals "we will end up having fewer children covered." That prospect "was chilling to some of us," Mr. Corzine said, adding that states wanted to avoid "rationing health care to our most vulnerable and our most needy."

Gov. Edward G. Rendell of Pennsylvania, a Democrat, said Mr. Bush's budget request was "clearly insufficient" to continue coverage for the six million children enrolled in the program.

Many governors want to expand the program, which they see as a foundation for their efforts to expand coverage generally.

Mr. Rendell framed the issue as a choice, asking: "Should we be giving tax cuts to billionaires and millionaires or should we be giving health care to children? Should we make health care for children, at the very least, an entitlement?"

Domestic policy is in a straitjacket because of the cost of the war, the cost of tax cuts and the president's plan to balance the budget within five years, Mr. Rendell said.

Gov. Arnold Schwarzenegger of California, a Republican, said federal aid was essential to his $12 billion plan for universal health coverage. Mr. Schwarzenegger said that in a private meeting he told the president, "We need the federal government's help." He did not say whether he got a commitment.

Governors, Critical Of Bush, Seeking More Help From Congress For Children's Health Care (USAT/AP)

USA Today, February 27, 2007

WASHINGTON (AP) — Governors from both parties are opposing President Bush's budget for a health care program that insures millions of children of the working poor, warning that failure to meet its spending needs will inflate the already high number of uninsured.

DOJ_NMG_0137216

The budget dispute dominated discussions among governors Sunday, who promised to bring the matter to Bush and his Cabinet officials at private meetings Monday.

At stake is coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the larger challenge of the uninsured. All governors rely on the State Children's Health Insurance Program, intended to aid uninsured working families.

"It's a matter of doing the right thing," said Georgia Gov. Sonny Perdue, a Republican. "It's non-partisan. It's bipartisan."

Gov. Jon Corzine, a New Jersey Democrat, warned that the administration's budget promised illusory savings. "You end up paying for this in other ways — uncompensated care, emergency rooms," Corzine said. "This is pay me now or pay me later."

Georgia and New Jersey are two of 14 states that are expected to run out of money for the program before the next budget year begins in October; in Georgia, it could happen as soon as March.

The governors want two things:

_Enough money to keep the program afloat through October. That is estimated at $745 million.

_Changes to Bush's budget. Analysts say his spending plan would shortchange the health program even if the number of people served did not grow. The longterm shortfall is put at $10 billion to $15 billion over the next five years.

Health and Human Services Secretary Mike Leavitt said he had met privately with governors, and would keep talking. But he offered little hope that the administration would accept governors' demands.

Bush welcomed the governors to a formal dinner at the White House Sunday night and said he looked forward to talking with governors about health care, along with homeland security and immigration. "I believe if we work together we can do a lot of good things," he said.

The program, approved in 1997, covers uninsured children whose families earn too much to fall under Medicaid, the joint state-federal health care service for the poor.

More than a dozen states have expanded SCHIP, with consent of the federal government, to cover adults in those families. The program now insures an estimated 639,000 adults among its 6 million.

Many governors said the administration's efforts to scale back the program would undermine state efforts to craft universal health care plans. Many of these have started with a target of insuring all children.

California, Massachusetts and Pennsylvania have developed some of the most ambitious proposals to try to get to universal health care coverage. Most states have just tried to strengthen their health care system to cover more people.

At their private session Sunday, governors said there was bipartisan support for help on the immediate needs and a long-term commitment to the current program.

Leavitt said Sunday that there is enough money among states to cover short-term shortfalls, if states with surpluses would share with those with deficits, an idea that has little support among governors. Bush wants SCHIP to remain focused on poor children, not all children and not adults, Leavitt said.

Gov. Ed Rendell, D-Pa., said he was confident that a compromise on the money can be found. He said the administration has been helpful to his efforts to expand coverage and approved a waiver that would let the state cover 180,000 more children. "I want to give the administration high praise," he said.

But most were worried. In Rhode Island, GOP Gov. Don Carcieri said aggressive enrollment efforts had boosted their combined Medicaid and SCHIP program so that 94% of children were covered, at its height, before administrative hurdles and other problems caused some backsliding.

"We built all that up," Carcieri said. "We don't want to pull the rug out."

Bush Seeks Governors' Support For Health Plan (USAT)

USA Today, February 27, 2007

President Bush met with the nation's governors to encourage their support for his proposal to change the tax laws to help people buy private health insurance. He did not address their pleas for more money for a program that insures millions of children of the working poor.

DOJ_NMG_0137217

The governors say Bush's budget for the fiscal year that begins Oct. 1 doesn't provide enough money for the State Children's Health Insurance Program, which covers uninsured children whose families earn too much to fall under Medicaid, the joint state-federal health care service for the poor.

"You end up paying for this in other ways: uncompensated care, emergency rooms," said New Jersey Gov. Jon Corzine, a Democrat.

Bush wants to encourage more Americans to buy health insurance by offering tax deductions that would be financed by a new tax on employer-provided health insurance. Families would get a standard tax deduction of $15,000 a year; individuals would get $7,500. The value of employer-provided health benefits exceeding the deduction would be taxed as income.

Former House aide guilty in bribery probe

A onetime chief of staff to former congressman Bob Ney pleaded guilty to a federal conspiracy charge stemming from a congressional bribery scandal.

William Heaton, 28, admitted accepting favors from disgraced lobbyist Jack Abramoff or his associates and then, in return, helping their clients. No date was set for sentencing.

Ney, R-Ohio, was sentenced in January to 2½ years in prison for trading political favors for campaign donations and personal gifts.

Journalists honor Frederick Douglass

Frederick Douglass, a runaway slave who became the first black reporter in the Capitol press galleries, was remembered Monday as a pioneering journalist who championed equal rights.

The committee of reporters that oversees the Capitol's media areas dedicated a plaque and portrait to Douglass, who was a member of the congressional press galleries from 1870-74.

Douglass came to Washington in the 1870s after he was asked to lead the New National Era, which chronicled the progress of blacks throughout the country. He later bought the newspaper after it ran into money trouble, but the enterprise collapsed in 1874 after a post-Civil War financial crisis wiped out many businesses in the city.

Bush Vows To Fight Democrats On War Funds (WT)

By Jon Ward

The Washington Times, February 27, 2007

President Bush yesterday said he would take on congressional Democrats who hope to hamstring his use of war funds.

"I'm looking forward to a healthy debate. I'm also looking forward to defending, strongly defending the budgets we send up to Congress," Mr. Bush said during a morning White House speech to the National Governors Association, which is holding its annual meeting this week in the District.

The president said he wants to "make sure those troops who are in harm's way have the resources and that we have the flexibility necessary to ... execute the plan we've laid out."

Mr. Bush later spoke at the Republican Governors Association gala, which raised $10.4 million for the group, telling a crowd of several hundred at the National Building Museum last night that "failure in Iraq is unacceptable."

"Soon the United States Congress will have to make a decision that will have real consequences -- whether or not to fund the troops we have sent into harm's way," Mr. Bush said.

Gov. Kathleen Sebelius, Kansas Democrat and chairman of the Democratic Governors' Association, will appear today with Senate Democrats to criticize "an escalation policy that is stretching the National Guard to the limit."

House Democratic leaders have said they plan to restrain the president's use of war funds by attaching restrictions to appropriations bills, starting with the supplemental-funding bill next month.

Rep. John P. Murtha, Pennsylvania Democrat and chairman of the House Appropriations defense subcommittee, announced his plan to bar funding for Mr. Bush's Iraq troop surge, unless the military meets certain requirements on training and equipment that Mr. Murtha said it could not.

House Speaker Nancy Pelosi, California Democrat, and Majority Leader Steny H. Hoyer, Maryland Democrat, have indicated that they favor Mr. Murtha's plan to the more drastic approach of cutting off funding all together.

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Republicans have labeled the Murtha plan a "slow-bleed strategy" and have said it will deprive U.S. troops of needed reinforcements and funding.

House Minority Leader John A. Boehner, Ohio Republican, yesterday called on Mrs. Pelosi to reject Mr. Murtha's plan.

Senate Democrats, meanwhile, have indicated that they favor repealing the 2002 authorization of force and writing one that would withdraw U.S. troops from Iraq by spring 2008 and would limit remaining troops to noncombat missions. Democratic Sens. Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan are expected to announce the details of their plan today.

However, Republicans have said that doing so would be "micromanaging" the war, and the White House has argued that the 2002 authorization still applies to the current conflict.

Mr. Bush acknowledged that many doubt the need for a continued U.S. presence in Iraq, during his morning speech to both Democratic and Republican governors.

"Obviously, there's concerns about the decisions I have made regarding Iraq, and I understand that," Mr. Bush said. "But you've just got to understand ... if we leave Iraq before the job is done, the enemy will follow us here."

O'Malley: Governors' Concerns Not Addressed (BSUN)

By David Nitkin

The Baltimore Sun, February 27, 2007

WASHINGTON // Gov. Martin O'Malley sat tight-lipped through a White House meeting with President Bush Monday and later criticized the president, saying he spent more time defending the administration's Iraq policy than addressing concerns about health care and immigration raised by the nation's governors.

O'Malley, who has been attending his first meeting of the National Governors Association since being elected governor, participated in two hours of morning meetings with Bush Cabinet officials, followed by a half-hour session with the president. Only the association's chairwoman, Gov. Janet Napolitano, an Arizona Democrat; and the vice chairman, Gov. Tim Pawlenty, a Republican from Minnesota, questioned Bush directly.

"President Bush answered each of them, and went back to vamping for about 15 or 20 minutes as to why he is exactly right in what he is doing with the decisions he has made to get us into Iraq and to escalate the war," O'Malley said. "What is the word we use now? Surge?"

O'Malley, a Democrat and former Baltimore mayor, criticized the Republican administration before becoming governor last month.

During remarks at a fundraiser for Democratic presidential nominee John Kerry in 2004, O'Malley drew rebukes after he said, "As mayor of the city, I was very, very worried about al-Qaida and still am. But I'm even more worried about the actions and inactions of the Bush administration."

In February 2005, O'Malley said Bush's budget was an attack on U.S. cities similar to the Sept. 11 terrorist attacks.

O'Malley did thank the White House, however, for allowing him to take his daughter, Grace, to a state dinner Sunday night. His wife, Katie Curran O'Malley, did not attend.

The governors meeting, which ends today, has focused on education, immigration and, in particular, health care. A program that combines federal and state money to provide health insurance for children will expire this year, and governors want the program extended. Napolitano, Pawlenty and others sent the president a letter Monday requesting also that more money be available for states that will overspend their allotments this year.

Bush has proposed reducing the scope of the program so that it concentrates on only the neediest children -- those in families earning two times the federal poverty level. In Maryland, O'Malley is pushing for legislation that goes in the opposite direction, covering children in families that earn four times the poverty level.

White House spokesman Tony Snow said Monday that the president's health care plan gives states money from a different source -- a proposal called Affordable Choices -- to continue covering wealthier children. "We believe in flexibility, too," Snow said.

But many health care analysts say the president's budget plan would remove children from the health insurance program because it contains insufficient funds.

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The topic came up at the White House, but "they seem pretty rigid, and they seem pretty inflexible," O'Malley said.

In addition to defending his decisions on Iraq, Bush talked about immigration, the No Child Left Behind education law and alternative fuels.

Analysis: Health Reform Unites, Divides (UPI)

By Olga Pierce

United Press International, February 27, 2007

WASHINGTON, Feb. 26 (UPI) -- Nine out of 10 Americans want healthcare reform, but they are divided over how much, what kind, and who they trust to do it, a new UPI/Zogby poll says.

As campaign season begins to pick up steam, an equal percentage of respondents, 45 percent, said they supported major reform and minor reform. They were similarly split between wanting market-based and government-based solutions.

Less than one-third said they trust President Bush to handle healthcare issues, but the Democratic Congress, at 45 percent, did not have the trust of a majority of voters either. One in five of those surveyed said they do not trust either of them.

What that means, many experts say, is that successful reform proposals will reach across the political spectrum to incorporate both government and private-sector reforms.

"People want change, they just don't agree about it," Harvard health policy professor Robert Blendon told United Press International.

"The momentum for reform is not enough to make something happen," he said. "There has to be a hybrid proposal and political leadership.

"They're not wedded to the way experts and parties have defined the debate."

The poll's results support that theory: 56 percent of those surveyed said they support a plan enacted in Massachusetts and a similar proposal in California that require individuals, the government and employers to all chip in to cover the uninsured.

While the public will not support purely government-funded reforms, Blendon said, they are also not enthused about Bush's plans to lower costs through tax reforms and greater consumer responsibility. That is because they are concerned about the "pocketbook issue" of being able to afford insurance, not the broader social problem of rising overall healthcare costs.

"Consumers are saying, 'Help me pay for healthcare,' not, 'Give me a plan with a $2,000 deductible to hold down healthcare costs,'" Blendon added. People see Bush's proposal as a "smaller vision in a world that's about to have a larger debate. Republicans are likely in 2008 to talk more broadly than just the president's plan."

The division between those who prefer government-based and market-based plans is not new, said Ron Pollack, executive director of Families USA, a healthcare consumer advocacy group.

What is new is the willingness to compromise, he told UPI, as evidenced by unlikely coalitions of labor unions, employer groups, insurance companies and healthcare provider associations to cover the uninsured.

"People have found virtue in a second-favorite approach rather than nothing. Before, every group came in with a top-priority proposal, and if it wasn't possible, they walked away from the table."

The poll data also obscure an area of remarkable consensus, he said, around making sure all children have health insurance -- an issue Congress will have to address this year when the State Children's Health Insurance Program comes up for reauthorization.

That new spirit of compromise, however, may not make it into the next election, Pollack said.

"During the campaign season is not the time when you get thoughtful compromise. You try to attract and motivate different constituents.

"But concern about healthcare has been catapulted to the top of the agenda. Any thoughtful candidate who wins will have to do something that involves a mix of approaches to get reform through Congress."

The public's range of opinion, combined with the upcoming election season, could also open up an opportunity for voters to learn more about the various plans on the table, James T. Kahn, professor of health policy at the University of California, San Francisco, told UPI.

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"The new crew of politicians have an option to look at everything on the table and see what works best. This is a chance to act on the flexibility the public is giving them," Kahn said.

"There is an educational process even in the politically charged election season. The public wants to know whatever choice there is will make them do as well or better."

The downside of election season is that some groups may try to sway the public away from the center, he said. "These policies are hard to understand, and political groups may try to influence the public one way or the other."

Bush Launches Fundraising Campaign (AP)

By Ben Feller

AP, February 27, 2007

Returning to campaign mode, President Bush on Monday began his fundraising drive to help Republicans regain the power they lost less than four months ago.

"My political agenda is this: more Republican governors, take back control of the House and the Senate and make sure we keep the White House in 2008," Bush told cheering donors at a private reception for the Republican Governors Association.

The annual event raised a record $10.4 million for GOP gubernatorial candidates.

Bush said Republicans belong to "the party of ideas" and predicted voters would come back if they see results. "That's how we got the majority, and that's what it's going to take to get the majority back — standing on principle," Bush said.

Voters last November put Democrats in control of the House and Senate, weakening Bush's ability to push through legislation. The 2006 election also saw Republican governors lose the majority of governorships they had held since 1994.

Bush, despite sagging popularity, still raised more than $193 million at about 90 events in the last election season. His final fundraising chapter as president continues Friday with an event in Kentucky for Senate Minority Leader Mitch McConnell.

In his 25-minute speech at the cavernous National Building Museum, Bush energetically defended his agenda. "I'm proud of our foreign policy," Bush said. "And for the next two years, I will conduct it with all my soul, with all my might, because I believe it's in the best interests of the United States of America."

The president again warned Congress not to try to cut off funding for troops in Iraq or limit his military options.

The House has already passed a nonbinding measure to oppose Bush's buildup of troops in Iraq, although Senate Republicans recently thwarted two Democratic attempts to pass such a resolution in that chamber.

"Our men and women in uniform risk their lives to carry out our plan to support this new democracy and to secure Baghdad," Bush said. "And wherever members may stand on my decision, we have a solemn responsibility to give our troops the resources and the flexibility they need to prevail."

Republican governors have mostly been supportive of Bush, who was once part of their ranks. But some have acknowledged concern about the war's impact. And most have joined with Democrats to complain about potential Bush budget cuts on Medicaid, education and homeland security, as well as a reliance on the National Guard.

Lawmakers To Scrutinize Walter Reed (HILL)

By Jonathan E. Kaplan

The Hill, February 27, 2007

Several House and Senate committees will begin oversight hearings into how Walter Reed Army Medical Center subjected wounded soldiers and Marines to bureaucratic indifference and allowed them to live in squalor.

Rep. John Murtha (D-Pa.), chairman of the Defense Appropriations subcommittee and a leading critic of the Iraq war, has scheduled a closed hearing on Friday and Rep. John Tierney (D-Mass.), an Oversight and Government Reform subcommittee chairman, announced yesterday that he intended to conduct a field hearing to Walter Reed next Monday.

The Senate Armed Services Committee has planned a hearing for the following day and the House Armed Services Committee is also planning an oversight hearing.

The Washington Post reported earlier this month on the deplorable conditions at Walter Reed. For example, a soldier accepted a Purple Heart in his gym clothes because the Army did not replace his torn uniform; soldiers have had to prove that they fought in Iraq; and some wounded soldiers have lived in substandard housing.

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The reports drew bipartisan condemnation from Defense Secretary Robert Gates and lawmakers.

"It probably didn't occur to my colleagues that you should do a physical inspection of the building," Tierney said, adding that he has requested documents and government reports and plans to interview social workers, families, administrators and troops to understand "how these things came to be, why didn't they know earlier."

The hearings could foreshadow Democratic tactics as they craft a budget resolution and political message to keep President Bush on the defensive for his conduct of the war in Iraq and, more specifically, over a $2 billion proposed cut to veterans' healthcare. Democrats will also make the point that pre- and post-war planning has been inadequate.

A Washington Post-ABC News poll found that Americans trust Democrats by a 54-34 percent margin to handle the Iraq war. Democrats have slipped seven points in the past month, while the number of Americans who have no confidence in either party shot up five points.

"This reflects a culture of disregard, almost contempt for the men and women in the military. My view is that the same lack of planning in the run-up to the war is being repeated," said Rep. Peter Welch (D-Vt.), who called for hearings shortly after the news reports appeared.

"Congress is going to jump all over this … Whoever is responsible for this debacle at Building 18 — their heads should roll," Welch said, referring to a deteriorating Army-owned residence that housed wounded soldiers.

Welch was among the first group of lawmakers to call for hearings last week when he sent a letter to Oversight and Government Reform Committee Chairman Henry Waxman (D-Calif.).

Tierney took the initiative and told Waxman in a letter yesterday that he intended to hold a hearing on March 5 at Walter Reed.

"This is an investigative first hearing so that we can eventually unwind this thing so that systemic changes can be made," Tierney said.

An e-mail and phone call to Walter Reed's public affairs office were not returned. A spokeswoman for Murtha said he would conduct a press conference later this week, but for now he was not speaking to reporters.

Rep. Harry Mitchell (D-Ariz.), who is scheduled to visit wounded soldiers from Arizona at Walter Reed on Friday, proposed holding a joint hearing with House Armed Services Oversight subcommittee Chairman Marty Meehan (D-Mass.).

Mitchell and Meehan spoke after Meehan returned from a six-day visit to Iraq, Jordan, Kuwait and Brussels, Belgium. But the full committee had decided to conduct a hearing, said an aide to Meehan.

The big question for lawmakers is how to get answers about why so many Army leaders were unaware of the conditions at the hospital.

For Welch, the Iraq war has hit home hard: Vermont has the highest per-capita death toll of any state, in part because it has one of the highest enlistment rates in the National Guard.

He visited a Veterans Affairs clinic yesterday in Colchester, Vt., and found the conditions were clean and the services adequate. Welch said that most of the complaints he has heard have been minor ones.

A Firsthand Report On The Wounds Of War (WP)

By Howard Kurtz

The Washington Post, February 27, 2007

NEW YORK, Feb. 26 -- At the moment of impact, when the roadside bomb sent shrapnel and rocks hurtling into his face, Bob Woodruff says, "I saw my body floating below me, kind of a whiteness."

"Am I alive?" the ABC anchor asked the crew accompanying him in the Iraqi tank 13 months ago.

He was, but just barely.

When Woodruff awoke from a 36-day coma, he couldn't remember his brothers' names, couldn't even remember that he had twin 6-year-old daughters. The top of the right side of his head was missing, after surgeons were forced to remove part of his skull.

By contrast, the man who met reporters here Monday was upbeat, lucid and funny, if still unable to fully comprehend what happened. "In so many ways it's a miracle," Woodruff said.

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He was, like any journalist, determined to tell his story. But in an hour-long special that airs Tuesday night at 10, Woodruff does more than that. He visits with Iraq veterans who also suffered traumatic brain injuries, documents their painfully slow progress and accuses the Pentagon of withholding information about how widespread these debilitating wounds have become.

Woodruff's reporting packs an emotional punch because he is, quite simply, a man who cheated death. Never before had an anchor for an American broadcast network been injured in war. Woodruff instantly became a symbol of the dangers that journalists face in Iraq, and is trying to use his higher profile to illuminate the plight of soldiers who struggle with these injuries far from the spotlight.

When he talks to these men, when he calls them "brother," when he hugs their loved ones, the bond is unmistakable.

Woodruff, 45, is launching a multimedia campaign that includes appearances Tuesday with Oprah Winfrey and on "Good Morning America," and the release of a book ("In an Instant") written with his wife, Lee, about their ordeal.

Lee Woodruff is the emotional heart of the television special as she recalls, in a narrative punctuated by home video, talking to doctors about her husband's condition. "I remember asking if he was going to be blind or deaf, and they didn't know," she says.

Each day, she says, she tried to "calibrate how much hope I was going to have that day." Before Bob came out of the coma, she worried that he would not recognize her. "Will he still love me?" Lee recalls asking a doctor.

After a screening of the program Monday, Bob Woodruff said: "Every time I see my wife crying, it kills me a little bit."

In January 2006, Woodruff, a lawyer who had switched to journalism in hopes of becoming a foreign correspondent, had just begun as co-anchor, with Elizabeth Vargas, of ABC's "World News." The plan was for them to alternate on the road.

"Bob was on top of the world," Jon Banner, executive producer of "World News," says on the program. "He was riding this wave."

When Woodruff arrived in Baghdad for his seventh visit since 2002, he and three crew members embedded themselves with an Iraqi unit to examine whether the country's soldiers were ready to assume more of the burden from the U.S. military.

Woodruff was taping part of his report Jan. 29, standing in the turret of a tank, when an improvised explosive device, or IED, went off. He and cameraman Doug Vogt, who was less seriously injured, were airlifted to a field hospital in Balad. Woodruff was in surgery 37 minutes after the explosion.

A CT scan of Woodruff's skull taken two days later showed rocks and debris lodged in his face and neck. One half-dollar-size rock narrowly missed severing a key artery. The explosion damaged the part of the brain that controls speech.

Woodruff continued his recuperation at Bethesda Naval Medical Center. In the documentary, he begins to cry when he returns to the hospital months later to thank the staff, and his wife shows him the bed where he was confined.

Woodruff is seen with his four children, struggling in the early months of his recovery to relearn everyday words. Looking at flash cards, he cannot remember what a hammer is called until prompted with the letter H. He struggles, with the children's help, to pronounce "belt buckle." At first he could not lift his left arm.

When physicians gave Lee a pessimistic prognosis, she recalled saying: "You don't know my Bob. He's a fighter."

His progress, which stunned his doctors, contrasts sharply with that of the other brain-damaged veterans who struggle to speak when Woodruff interviews them and their families. Some of that footage is hard to watch.

The ABC program says the veterans receive good care at the Veterans Administration's regional medical centers but that local VA hospitals are often ill-prepared to deal with traumatic brain injuries. The patients have, in the bureaucratic language of an inspector general's report, "sub-optimal access to care." One young man, who had been making progress at a larger VA facility, is seen losing some speech and motor skills as a paperwork snafu blocks his admission to a hospital back home.

VA Secretary Jim Nicholson tells Woodruff that his agency is devoting considerable resources to brain-injured patients. But the program charges that military officials are withholding information on the extent of such injuries among Iraq veterans, and that many soldiers also suffer from "invisible" brain injuries that go undiagnosed for long periods. A veterans' advocate accuses the Pentagon of issuing "gag orders" on discussing traumatic brain injuries, and Woodruff reports that the department declined to release some information for "operational security reasons."

Woodruff, for his part, still fumbles occasionally for the right word. At Monday's press briefing, he said he had "news" when he meant "knowledge," then stopped and corrected himself.

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Woodruff said he did not regret having gone to Iraq, but that he would "have to be an idiot" not to think about what he could have done differently.

Asked if he would return to Baghdad, Woodruff refused to rule it out, but ABC News President David Westin did it for him. Given Woodruff's brain injury, Westin said, "it would be the height of recklessness. . . . It would be insane." Westin praised Woodruff's "resilience and strength of character."

Woodruff's facial scars are no longer visible; doctors glued a synthetic piece of skull where the missing piece had been. He plays tennis, swims and skis -- limited by blindness in the upper-right corner of both eyes -- but his wife has barred him from basketball and soccer.

While he may try to return to anchoring one day, Woodruff said, "I love reporting, and that is plenty for me." He plans to keep focusing on the problems of veterans.

"Will I get back to 100 percent? Probably not," Woodruff said. "But if I get in the 90s, that's pretty good."

'I'm Lucky,' ABC's Bob Woodruff Says (USAT)

By Peter Johnson

USA Today, February 27, 2007

NEW YORK — Spend some time talking to ABC's Bob Woodruff, and it's nearly impossible to tell that he was almost been killed by a roadside bomb in Iraq on Jan. 29, 2006, and sustained such severe brain trauma that it required removing part of his skull.

"I'm lucky," Woodruff told reporters Monday in his first interview since he was wounded. "This turned out a lot better than it could have."

His face, some scars aside, looks about the same as it did when he co-anchored World News Tonight for just 27 days, until the 28th nearly cost him his life as he rode atop a tank in Taji, north of Baghdad.

Woodruff says he still has difficulty remembering certain words, but as he fields questions, his mind — he's a lawyer — seems as sharp as ever. That prompts questions of whether he'll ever anchor World News Tonight again.

ABC News president David Westin doesn't rule it out. "Every time there has been a juncture in Bob's progress, he has exceeded it. I think we would be really foolish to underestimate Bob. I think we should assume the best."

But Westin says he will not send Woodruff back to Iraq because Woodruff would be more vulnerable, having already suffered severe trauma. "It would be the height of recklessness."

Woodruff says he's optimistic about his future. "When I woke up, I couldn't remember a single state in this country. I couldn't remember my brothers' names, and I couldn't remember my two youngest daughters — not just their names but their existence.

"You can see the change from then to now is significant, but there's still more to do," says Woodruff, who has gone from five to six days a week of therapy down to one. "Will I get to 100%? Probably unlikely, but maybe if I get to somewhere in the 90s, that would be pretty damn good."

Such are the wonders of modern trauma-treatment techniques as practiced by U.S. military doctors on Woodruff and his cameraman, Doug Vogt, after they were severely injured while reporting on American efforts to hand over military responsibilities to the Iraqis.

But many others — from soldiers who also have suffered severe head traumas from bullets and bombs in Iraq to their families now coping with those injuries — have not been so lucky.

In an emotional ABC special tonight, To Iraq and Back (10 ET/PT), Woodruff reports on what happened to him, on his recovery and on the severe care crisis facing thousands of injured soldiers who have suffered brain injuries and are now under the care of the U.S. government.

"It was very important to me for the story to be about others who had gone through the same thing," Woodruff says. This type of severe head injury "happens to Marines and soldiers every day, but a lot of times it won't get covered (by the media) because no one is there to see it happen."

Woodruff, 45, says he plans to continue covering the story in future ABC News specials. He's not worried about remaining objective on an issue close to his heart.

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"It's impossible to remain objective on many stories, but I've always reported what I thought was truthful, no matter how I got the story," he says. "A lot of questions need to be asked about what is going on with the treatment of soldiers who come back injured."

One Man's Survival Story Becomes A Rallying Cry (NYT)

By Alessandra Stanley

The New York Times, February 27, 2007

It was many weeks before ABC's Bob Woodruff realized how lucky he was to survive a roadside bomb explosion in Iraq in January 2006. It took months for him to understand how lucky he was to recover as fully as he did.

Few do. And that is one of the more sobering lessons of "To Iraq and Back," Mr. Woodruff's account of his ordeal on ABC tonight. Many veterans with similar traumatic brain injuries may never fully regain their ability to speak, walk or pick up a glass of water.

"I've seen probably less than five that have actually been able to walk back into the I.C.U. and thank us for what we did," Alison Bischoff, one of the nurses who treated Mr. Woodruff at the Bethesda Naval Hospital in Maryland, says in this documentary. "So, to me, he's a miracle."

Mr. Woodruff, who makes a point of saying he was privileged to receive the "best civilian and military care in the world," wants viewers to know that veterans with traumatic brain injuries who rely solely on Veterans Affairs medical centers do not always receive the same quality of care.

"To Iraq and Back" is remarkably compelling, mostly because the documentary, while moving, is not just a heart-wrenching portrait of one man's courageous struggle. Mr. Woodruff and his wife, Lee, have published a book about their experience, "In an Instant: A Family's Journey of Love and Healing," and will soon be telling their inspiring tale to Diane Sawyer, Oprah Winfrey and others.

On this ABC News special, Mr. Woodruff tells his story with candor and restraint, then turns the focus to the men and women who return badly wounded from Iraq and Afghanistan and do not heal as thoroughly.

Mr. Woodruff was named co-anchor of "World News Tonight" less than a month before he went to Iraq. His injury was a huge story and a milestone in the public's perception of the war; it was already all too obvious that soldiers, American and Iraqi, were wounded and killed by roadside bombs and ambushes every day. But the explosion that injured Mr. Woodruff and, to a lesser extent, Doug Vogt, a cameraman, dramatically brought home how vulnerable all Americans, even visiting anchors, are over there.

Like celebrities who battle cancer, H.I.V. or Parkinson's disease, Mr. Woodruff decided to put his fame and experience to public use. And like so many people fueled by a sense of mission, he seeks government accountability.

The film notes that the Department of Defense puts the number of men and women wounded in Iraq and Afghanistan at about 23,000, while the Department of Veterans Affairs has recorded treating more than 200,000 veterans of those two wars. Paul Sullivan, the director of programs at the advocacy group Veterans for America, says, "What you have are two sets of books."

Mr. Woodruff politely asks the secretary of veterans affairs, R. James Nicholson, to explain the discrepancy. Citing department reports that list 73,000 mental disorders, 61,000 diseases of the nervous system and others, Mr. Woodruff says, "These are huge numbers beyond the 23,000."

Mr. Nicholson, a Vietnam veteran and a former chairman of the Republican National Committee, replies, "A lot of them come in for, for dental problems."

Mr. Woodruff illustrates quite graphically that some veterans are sent home to recuperate in smaller cities that do not have veterans' hospitals equipped to handle the growing number of those returning with severe traumatic injuries. He interviews a young soldier who is slowly but steadily recovering at a state-of-the-art veterans' polytrauma rehabilitation center in Tampa, Fla., then checks in on him weeks later in his hometown in Texas, where he has noticeably regressed.

Mr. Woodruff's own recovery took time, hard work and the best medical care Mount Sinai Medical Center in New York City could provide.

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The earliest images of Mr. Woodruff on a hospital bed, filmed with a home video camera by family members, are alarming: he lies in the intensive care unit at Bethesda with the left side of his skull bashed in like a dented car. Even after the doctors send him home in a helmet, Mr. Woodruff has trouble identifying a pair of scissors or recalling the word Iraq. He says he still has trouble retrieving words and remembering names. He has almost no memory of the explosion itself.

On even the most serious network news programs, a correspondent's conversations with wounded veterans or disaster victims are almost always hard to watch; the interviewer's cloying displays of compassion grate. Mr. Woodruff speaks to wounded soldiers not as a visiting celebrity but as a peer and, perhaps most important, one whose mere appearance lends hope.

When asked by Mr. Woodruff how he is doing, Sgt. William Glass, a 23-year-old from Eugene, Ore., who suffered a traumatic brain injury during his second deployment in Iraq, replies, "Pretty well." Actually, he looks terrible: his face is as swollen and his head as squashed as Mr. Woodruff's were a year earlier.

Mr. Woodruff asks the soldier if he remembers what happened to him in Iraq, but Sergeant Glass is staring at Mr. Woodruff's smooth cheek and unscarred brow. "You look great," he says wonderingly.

It's impossible not to hope that Sergeant Glass will also be as lucky. "To Iraq and Back" makes it clear that the odds are against him — and that the government should do more to improve them.

Vietnam Pilot Honored After Deferring To Wingman (USAT)

By Alan Gomez

USA Today, February 27, 2007

Forty-one years after repeatedly leading a two-helicopter team into a region of Vietnam dubbed the "Valley of Death," retired Army helicopter pilot Bruce Crandall received the Medal of Honor on Monday at a White House ceremony.

Crandall, 74, might have been eligible to receive the award — the nation's highest military medal — years earlier. But he withdrew his name from consideration in the 1990s because he worried his quest for the medal might take precedence over that of his wingman and friend, Ed Freeman.

"If only one of them were to receive the Medal of Honor, he wanted it to be his wingman," President Bush said in the East Room before placing the blue-ribboned medal around Crandall's neck. "Today the story comes to its rightful conclusion: Bruce Crandall receives the honor he always deserved."

Freeman received his medal in a 2001 ceremony at the White House. Crandall, of Manchester, Wash., attended the event. Freeman, 79, couldn't attend Crandall's ceremony because his flight from his hometown in Boise was snowed in.

The two have been friends since basic training. On Nov. 14, 1965, they teamed up during a vicious battle later memorialized in a book and the Mel Gibson film We Were Soldiers.

On that day, about 450 American troops had landed in a remote area of Vietnam near the Cambodian border. They were unaware that their landing in the Ia Drang Valley was amid a major sanctuary for the North Vietnamese Army.

The Americans were surrounded by about 2,000 North Vietnamese soldiers and came under intense attack. Crandall and Freeman flew the injured out to a base and returned with troops and ammunition. They kept making trips back and forth even though they were being shot at by enemy fighters, sometimes only 30 yards away.

They flew through a cloud of smoke and a wave of bullets, Bush said. Ground commanders ordered a halt to the airlifts because of the danger, but Crandall kept going, and Freeman joined him.

"We knew that if we didn't do it our guys would go down," Crandall said in an interview last week.

The two men made 22 trips over 14 hours. Crandall switched helicopters three times after the aircraft were shot up.

The two men pulled more than 70 Americans out of the battle zone. The battalion lost 79 men, but the North Vietnamese were overcome.

"For the soldiers rescued, for the men who came home, for the children they had and the lives they made, America is in debt to Bruce Crandall," Bush said. "It's a debt our nation can never really fully repay, but today we recognize it as best as we're able."

Honor For Vietnam War Pilot (NYT/AP)

The New York Times, February 27, 2007

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An unarmed helicopter pilot who flew through a hail of bullets to rescue 70 wounded Americans in one of the fiercest battles of the Vietnam War was awarded the Medal of Honor, 41 years later. The pilot, Lt. Col. Bruce Crandall, 74, received the nation's highest military honor for his valor in repeatedly flying into enemy fire to bring in ammunition and supplies and evacuate the wounded. His actions in la Drang Valley were depicted in the 2002 movie "We Were Soldiers," adapted from the book "We Were Soldiers Once ... And Young." President Bush, in a White House ceremony, said Colonel Crandall had to fly three different helicopters over the course of the mission.

Business And Labor Square Off On Bills (HILL)

By Jim Snyder

The Hill, February 27, 2007

Business and labor lobbies square off this week over a House measure that would make it easier for workers to form unions, which have struggled for years with declining membership.

The Democratic-dominated House is expected to pass the Employee Free Choice Act on Thursday — a legislative victory for labor in a body that business interests dominated during the 12-year Republican reign.

But House Democrats and their labor allies face the same problem House Republicans and their big-business friends faced: the Senate filibuster. As a result, the bill has much tougher chances in the Senate than House. The administration is another obstacle. President Bush has indicated he will veto the bill if it arrives on his desk.

Despite these factors, business interests are still nervous as they face the new political reality on Capitol Hill. The U.S. Chamber of Commerce, the National Manufacturers Association and other business groups have formed a new coalition to oppose the measure.

"The concern is widespread in the business community," said Jade West, a lobbyist for the National Association of Wholesalers-Distributors, one of the business groups lobbying against the bill. West described it as a "monumental shift" in how unions are organized.

With 234 cosponsors, the measure is expected to pass in the House. But business groups are trying to keep the margin of victory relatively small to build momentum for the real battle in the Senate. West describes herself as "relatively comfortable, not overconfident" that the legislation's supporters will not find the 60 votes needed to deny a filibuster.

The lobbying strategy of big business has focused in particular on the measure's provision that negates the need for a "secret ballot" for workers to register anonymously their position on whether to unionize.

Such a provision may sound undemocratic. But labor groups argue that businesses exploit the secret ballot to delay and frustrate organizing. In addition, employers can mount expensive campaigns before the day of the vote, and they have more access to workers than labor leaders often do.

Under the House bill, a union would be certified if a majority of workers openly sign union cards. That can happen now, but the employer has the right to either accept the cards outright or require that workers vote again in a secret ballot.

Another bone of contention is a provision that would introduce a third-party arbiter to manage the collective-bargaining process if business and labor have not reached compromise after 120 days of negotiation.

Labor groups argue that foot-dragging by employers can delay an agreement for years. But West said the third-party arbiter would have too much power. For example, it could introduce new rules that neither the union nor the employer had contemplated, West said.

The bill would also increase the financial penalties if employers try to intimidate workers from joining a union. Labor groups say such penalties are a key piece of the bill: "There are numerous examples of workers [who are] denied a fair right to organize," said Stephanie Mueller, a spokeswomen for the Service Employees International Union.

Fewer and fewer workers are members of a union these days. In 2006, 12 percent of employed wage and salary workers were unionized, down from 12.5 percent the year before, according the Bureau of Labor Statistics. The actual number of union workers fell by 326,000 to 15.4 million in 2006. In 1983, more than 20 percent of workers were union members.

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If business interests lose the union vote, they may score a win with another measure in the House. On Wednesday, the body will take up a measure to update the rules governing the Committee on Foreign Investment in the U.S. (CFIUS), which was obscure until a company called Dubai Ports World made a bid last year to oversee American ports.

That sparked a push to toughen federal reviews of deals involving foreign investments as well as dozens of press conferences and media appearances featuring outraged lawmakers. In the end, though, the 109th Congress was unable to deliver a bill. Congress will try again this year, and business interests hope this time it will succeed.

CFIUS is charged with reviewing foreign investment deals with national-security implications. While the pending bill has the potential to make reviews more stringent — for example, by requiring an additional 45-day review if the purchaser is owned or controlled by a foreign government — business believes the bill will reduce the political sensitivity that surrounds foreign investment.

"It's a good product," said Todd Malan, the president and CEO of the Organization for International Investment.

Last year, the GOP-governed House agreed. It passed a similar measure on suspension (that is, with no amendments), with nary a "no" vote. This year, it is expected to come to the floor under an open rule. Accordingly, there is some concern on K Street that members like Reps. Duncan Hunter (R-Calif.) or John Murtha (D-Pa.) could add amendments to alter the measure significantly. But most believe this is unlikely, even though negotiations were continuing at press time.

The measure now "threads the needle," Malan said, when it comes to encouraging foreign investment while balancing national-security concerns.

In this case, business interests fear rather than welcome the role that the Senate could play. The Senate took up its CFIUS bill shortly after the Dubai issue broke last year and passed a tougher measure than the House. Several key Democrats told The Hill two weeks ago they favored their original bill.

Labor Votes To Intrude On War, 9/11 Debates (RC)

By Emily Pierce

Roll Call, February 27, 2007

Just because everyone on Capitol Hill will be talking about, thinking about and posturing over Iraq this week doesn't mean that Members of Congress can't multitask — and if all goes well for the Democratic majorities in both chambers, they'll be able to take their jabs at President Bush over the Iraq War and pass a few measures designed to boost union membership, too.

While the maneuvering for the perfect rebuke of the president's Iraq policy continues in the House and Senate, both chambers are expecting major battles over organized labor this week.

And Republicans are planning a fierce push-back on bills they say would hamper homeland security, restrict democracy and lead to the harassment and coercion of average workers.

"The theme is clearly going to be the Democrat 'payback' for union support," said Ryan Loskarn, spokesman for the Senate Republican Conference.

The House plans to vote Thursday on a bill to relax union organizing rules — allowing a union to form if a majority of workers sign cards authorizing it, rather than the current practice of holding federally supervised, secret-ballot votes.

Democrats say corporations for years have used intimidation to prevent unions from even getting a vote, and that the bill would level the playing field for workers.

But with the backing of the business community's lobbying juggernaut on K Street, House Republicans say they may not be able to prevent the Employee Free Choice Act from passing that chamber this week, but that their public relations offensive will set the stage for its ultimate demise in the Senate.

"House Democrats have the votes to pass the Employee Free Choice Act, but Republicans will win the debate," said one House Republican leadership aide.

Chief among the Republicans' talking points on the bill is that the measure would "kill private voting rights altogether" and that "card checks" could allow union organizers to unfairly pressure workers to join, said the House GOP leadership aide.

Republicans also point to a 2001 letter that some House Democrats sent to Mexican officials as proof that supporters of the bill are "shockingly hypocritical."

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The letter, signed by House Education and Labor Chairman George Miller (D-Calif.), stated, "We feel that the secret ballot is absolutely necessary in order to ensure workers are not intimidated into voting for a union they may otherwise not choose."

But Democrats say the "bipartisan bill is part of Democrats' efforts to ensure that all Americans have a fair shot at the American dream, including a good job and fair wages," according to Stacey Bernards, spokeswoman for House Majority Leader Steny Hoyer (D-Md.).

Bernards also noted that the measure has 233 co-sponsors, seven of whom are Republicans.

Still, the bill faces major obstacles in the Senate, where Republicans already are planning to lay down their markers this week on a much less sweeping bill allowing airport screeners to unionize.

Ostensibly, the Senate will be debating a bill to implement the recommendations of the 9/11 commission, but Republicans are agitated by a provision, added in committee, that would allow employees at the Transportation Security Agency to join a union.

"Much of the Republican effort will be to oppose that," said one knowledgeable Senate GOP aide.

Sen. Jim DeMint (R-S.C.) will lead the Senate GOP effort against the provision, with Republicans arguing that allowing airport security screeners to join unions could imperil national security if employees were to walk off the job or stage "sick outs" over failed salary negotiations.

"The rationale for unionizing security employees is difficult to discern — but the American people will recognize that it has zero to do with improving security and everything to do with rewarding Democrat donors," said Loskarn.

The push-back on the Democratic side is likely to come from none other than Senate Homeland Security and Governmental Affairs Chairman Joe Lieberman (ID-Conn.). Though Lieberman has been at loggerheads with his fellow Democrats over Iraq — he supports the war, they don't — he actually offered the TSA proposal to the 9/11 bill in committee earlier this month.

Democrats contend that TSA workers should be able to have collective bargaining rights along with other Department of Homeland Security employees, such as customs and border control agents.

Meanwhile, Senate Republicans may also offer an amendment to the 9/11 bill that would legalize the president's now-defunct warrantless wiretapping program. After federal courts ruled it unconstitutional, the Bush administration agreed to submit its requests to spy on Americans' overseas phone calls and e-mails to the Foreign Intelligence Surveillance Court.

A Shield Against Corporate Bullying (WP)

By Lance Compa

The Washington Post, February 27, 2007

A proposal to let American workers decide in peace and quiet about whether to join a union has provoked a torrent of crocodile tears from corporate executives. The Employee Free Choice Act, which the House is due to vote on this week, would permit an employee to choose union representation by signing a membership card. If a majority of workers in a defined "bargaining unit" opted for it, employers would have to bargain in good faith with the workers' union.

Business spokesmen shout that the act deprives workers of their right to an election held by the National Labor Relations Board (NLRB). But what companies really prize is management's power to exploit the election procedure to mount aggressive, one-sided attacks on workers' freedom of association.

Why the sudden concern for democracy in a culture of otherwise unilateral employer dominion? We don't hear companies calling for secret-ballot votes on management decisions or CEO stock options, or to elect worker representatives to boards of directors. Bosses' democratic impulses appear only when workers want to exercise their right to organize.

Current labor law puts employers in control of what should be employees' concern. Even when by a big majority workers join a union to bargain collectively, employers can force a vote run by the NLRB. During the weeks it takes to set up the election, management can launch a devastating campaign to thwart workers' choice. Employers say they are just telling employees the downsides of organizing. But they go way beyond that point, hauling workers into mandatory meetings and threatening to shutter the workplace or to permanently replace workers who exercise the right to strike.

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Imagine a campaign for president where legally just one candidate can spend an unlimited amount of money for TV advertisements and the other candidate can only pass out flyers at highway intersections. Imagine a campaign for Congress in which every employer in the country can force its employees into a mandatory meeting to tell them: "If you vote for the candidate of Party A, I'll have to close the business; vote for Party B if you want to keep your job." Imagine a campaign for governor where every employer in the state singles out and fires employees who support the candidate whom management opposes.

These examples parallel the reality of union election campaigns under current law. Employers have unlimited access to harangue workers against organizing, while union representatives are relegated to passing out flyers to workers speeding out of parking lots and asking time-stressed employees to attend evening or weekend meetings. Employers have unlimited power to hold captive-audience meetings where they can legally "predict" workplace closure, as long as they don't illegally "threaten" it (a Supreme Court decision created the distinction, though many understandably have trouble differentiating between the two). And though it's illegal, employers routinely fire worker activists to frighten others into submission, knowing it will take years for reinstatement orders to take effect.

A card-based system for choosing union representation is already allowed under current law. Many fair-minded employers use it. But most nullify it, forcing workers into the NLRB election process. These managements say they need an opportunity to offer their version of union "facts," but their presentations are often threat-filled diatribes.

Nothing in the proposed legislation prevents employers from presenting their views -- including their diatribes. Actually, employers are entitled to mount union-avoidance campaigns starting on Day One of a worker's employment. Their campaign is the wages and benefits they pay and the way they treat employees. If workers turn to union representation, it should be their business, not the company's.

Workers should be able to organize without fear-mongering by bosses or, by the same token, pressure from union organizers. This is how the card-based system already works; safeguards against undue pressure from any side are built in. It includes rapid arbitration to resolve any disputes, compared with years of dragged-out NLRB proceedings and federal court appeals.

Many companies have agreed to a card-based system. They find that when workers choose bargaining, a more peaceful, productive negotiating-table dynamic results than in the case of negotiations that follow an NLRB election war. Congress should build such positive labor relations into the architecture of our labor laws by passing the Employee Free Choice Act.

Lance Compa, a senior lecturer at Cornell University's School of Industrial and Labor Relations, wrote the Human Rights Watch report "Unfair Advantage: Workers' Freedom of Association in the United States Under International Human Rights Standards."

An Assault On Corporate Speech (WP)

By George F. Will

The Washington Post, February 27, 2007

Good for Adrienne Eaton of Rutgers University's Labor Studies & Employment Relations Department. Her forthright description of a central issue in the debate about the Employee Free Choice Act, which she supports, clarifies why that legislation is symptomatic of a disagreeable tendency in today's politics.

Labor unions hope this exquisitely mistitled act, which the House of Representatives probably will pass this week, will compensate for their dwindling persuasiveness as they try to persuade workers to join. It would allow unions to organize workplaces without workers voting for unionization in elections with secret ballots. Instead, unions could use the "card check" system: Once a majority of a company's employees signs a card expressing consent, the union is automatically certified as the bargaining agent for all the workers.

Unions say the card-check system is needed to protect workers from anti-union pressure by employers before secret-ballot elections. Such supposed pressure is one of organized labor's alibis for declining membership.

There are, however, ample protections against employer pressures that really are abusive. Tellingly, the act would forbid employers from trying to influence -- pressure? -- employees by improving their lot: It would fine employers that, to reduce the

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incentive to unionize, give workers "unilateral" -- not negotiated -- improvements in compensation or working conditions during attempts at unionization. Clearly, the act aims less to help workers than to herd them as dues-payers into unions.

Under the card-check system, unions are able to, in effect, select the voters they want. It strips all workers of privacy and exposes them, one at a time, to the face-to-face pressure of union organizers who distribute and collect the cards. The Supreme Court has said that the card-check system is "admittedly inferior to the election process."

Repealing a right -- to secret ballots -- long considered fundamental to democratic culture would be a radical act. But labor is desperate. The card-check shortcut to unionization comes before Congress after last month's announcement that union membership declined, yet again, in 2006, by 326,000.

The percentage of employees in unions fell from 12.5 to 12, down from 20.1 percent in 1983 and 35 percent in the 1950s. The growth area of organized labor is among public-sector employees, 36.2 percent of whom are unionized, compared with just 7.4 percent of private-sector employees.

Today's workforce is marvelously flexible. People entering the labor market at age 18 will have, on average, 10 employers by the time they are 38. Such mobile workers often do not see what value union membership would add to their lives.

What unions are trying to sell is decreasingly attractive to potential members, so unions are doing what declining businesses often do: They are seeking government protection, in the form of a law to insulate them from the rigors of competition. They want government to allow them to, in effect, silence the employers' side of debates about the merits of unionization.

This is where Professor Easton -- again, she favors the Employee Free Choice Act -- is pertinent. Avoiding the sort of circumlocutions that Washington policymakers often use to conceal their thoughts, she said this to the New York Sun: "Because employers wield so much power, it's hard to figure out what kinds of lines to draw about employer speech."

The Employee Free Choice Act would short-circuit the process of persuading workers through a public debate between unions and employers, the winner of which would be determined by workers casting secret ballots. Welcome to the political culture that the McCain-Feingold campaign finance law is shaping. That law, which regulates the quantity, timing and content of political speech, is making it increasingly acceptable for interest groups to attempt to advance their social agendas by limiting their adversaries' speech.

Senate Democrats might not find 60 votes to bring this Orwellian legislation -- "free choice," indeed -- to a vote. But if it does reach the president's desk, he will veto it. He should have vetoed McCain-Feingold. Its speech restrictions -- applauded as virtuous by the (exempt) media -- have legitimized talk about "drawing lines" to circumscribe the speech rights of entire categories of Americans, in this case employers.

Much recent academic writing about the First Amendment, and much of the jurisprudence about it, has "balanced" speech rights against other social goods and has valued speech rights primarily as instrumental for other social goods. So there are, alas, ample precedents for this legislative attempt to truncate employers' speech rights.

Still, herewith a modest proposal: Any member of Congress who was elected by a secret ballot should oppose the Employee Free Choice Act.

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Budget Strain (WSJ)

By David Malpass

The Wall Street Journal, February 27, 2007

The U.S. tax outlook is unraveling fast. An increasing number of existing tax rates are temporary, and to keep them from rising automatically, Congress and the president will have to agree on new hard-to-pass laws.

Unfortunately, Washington's inclination is to add additional taxes to pay for the theoretical "cost" of keeping tax rates at their current level. As more of the tax system falls into this trap -- adding permanent new taxes annually in order to keep other tax rates from going up -- it will soon create a strong enough tax bias to slow growth. By 2010, the magnitude of the tax increases needed simply to maintain current rates will amount to over $400 billion per year, a looming economic train wreck.

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The logic is strong for new tax-writing procedures to stop the upward tax ratchet. The budget is moving rapidly toward balance due to the flood of tax payments from private sector jobs and profits. The growth and asset price gains from current tax rates are readily apparent, and foreign countries are cutting tax rates to gain competitiveness.

Even so, the odds have shifted heavily toward annual tax hikes. Under the guise of budget neutrality, President Bush now seems likely to sign two tax increases in 2007 and another in 2008, each presented by Congress -- deceptively -- as a tax cut. This sets the precedent for similar treatment and much bigger tax hikes in the next administration, whether Republican or Democrat, as it confronts the scheduled 2011 tax increases on income, dividends and capital gains.

How can a tax increase be called a tax cut? Washington's tax-scoring magic.

Budget bean-counters measure tax hikes from a baseline that assumes tax rates are going up. Thus, merely extending the existing rates is called a tax cut and gets headlines as such -- even though the extension just maintains the status quo.

Permanent new taxes are then attached to the so-called cuts and labeled "offsets," a technical term for a tax hike. But these new taxes often get little attention. Adding to the size of the offsets, the growth benefits of maintaining current rates (and the harm from letting the rates rise) are arbitrarily excluded from the congressional scoring process.

The net effect of the current system is a strong upward ratchet in tax rates and tax complexity. Even many anti-tax Republicans seem to have acquiesced. Budget baselines build in repeated tax increases, as if those are normal, and assume that economic growth, stock prices and home prices are unaffected by higher tax rates. A more pro-growth Congress could pay for maintaining existing tax rates, if it thought that was necessary, by restraining the budget's built-in spending increases. But this choice seldom, if ever, materializes.

The first 2007 tax increase is attached to the minimum wage bill. To garner Republican votes, Congress is likely to continue existing provisions, which allow small businesses to expense some purchases rather than depreciate them over time. It will be trumpeted as a tax cut, but is mostly just the extension of current tax treatment.

By itself, this provision is a good idea, fostering small business investments and counteracting some of the job losses from the higher minimum wage. However, the proposed legislation pairs the small business provision with tax increases in other areas. The result will be higher tax rates and payments in 2007 than 2006 -- but it will be called a tax cut.

The congressional Joint Committee on Taxation makes clear the artifice in its scoring of the Senate and House bills. It labels one section "Provisions that Raise Revenues," amounting to $8 billion in the Senate bill and $1.4 billion in the House bill. But JCT is careful not to label the other section a tax cut, instead calling it "Small Business Provisions."

The second likely 2007 tax hike involves the alternative minimum tax, AMT. Each year, it needs to be patched -- by increasing the amount of income excluded from the tax -- so that the number of people charged the AMT penalty doesn't escalate. Congress typically treats the patch as a tax cut even though it doesn't reduce anyone's taxes. But in the same bill, Congress will probably add permanent new taxes amounting to as much as $50 billion as an "offset."

Unless the president or Congress calls a halt, even larger tax increases will be needed in 2008 to offset the AMT's expansion. The upward trend is large enough that the AMT-related tax increases alone may begin to undermine U.S. competitiveness and growth even before Congress and a new administration confront the much bigger 2011 tax increases.

Sen. Grassley has called for repealing the AMT for individuals without adding other taxes. In the unlikely event this un-Washington approach wins the day, it would be a pro-growth coup for U.S. competitiveness -- breaking the upward tax ratchet, significantly simplifying the tax code, leaving more money in the private sector to encourage work and innovation, disappointing the lobbyists whose livelihood depends on annual expansions of the tax code, and, most importantly, setting a pro-growth precedent for future tax legislation.

Sen. Grassley is probably asking too much of a system designed to add taxes, not repeal them. At the root of the problem, Congress's tax-writing procedures are based on the static scoring assumption that higher tax rates don't slow growth or taxable income. It's as if the taxes come from thin air rather than from people's paychecks and profits.

One pro-growth step Congress could take this year, short of repealing the AMT, would be to acknowledge that economic growth will be faster with the AMT patch than without it. The added tax receipts from patch-dependent economic growth could be used to offset some or most of the revenue loss attributed to the patch, reducing the offsets and limiting the upward tax ratchet. By Washington standards, this would be revolutionary.

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The tax hikes making their way through Congress in 2007 and 2008 could well be large enough to reduce the attractiveness of investment in the U.S. relative to fast-growing, tax-cutting economies abroad. More worrisome, the procedures being used point to more onerous tax hikes in the next administration, enough to stop the expansion. If the likely 2007 AMT process -- adding new taxes to extend current rates -- is applied to the 2010 expirations, it would be the biggest tax increase in history. The irony is that the upward tax bias has become more entrenched at a time when the fiscal deficit is nearing balance in substantial part due to current tax rates.

Washington's 2007 decisions on the AMT patch are especially important because they will influence the market's thinking on the 2010 expiration of the 2003 tax cuts. If it looks like the 2003 tax rates, critical to economic growth and asset price appreciation, will expire in 2011 or will be maintained through offsets, this will point to recession.

Tax changes should add to economic growth and employment and simplify the code, factors not given much weight in the current tax-writing procedures. Congress and the president should break the upward tax ratchet, starting with the AMT. A pro-growth, pro-jobs approach would permanently index AMT for inflation without adding new taxes.

Even better, repeal the AMT -- neither political party likes it -- acknowledging that the economy will do better without it. The surprise repeal of an ineffective tax would make clear to global investors that the U.S. plans to avoid the economic train wreck facing its tax code.

Mr. Malpass is Bear Stearns's chief economist.

Fight Over Fiscal Discipline Begins With Bush's Budget (RC)

By Ernest Istook

Roll Call, February 27, 2007

There's a two-front battle between Congress and President Bush. While they feud over who will direct policy in Iraq, an inch-by-inch slugfest continues over who will control the domestic policy turf.

"It's the spending, stupid!" was as big a message as Iraq last fall. Bush's proposed budget is pivotal, despite efforts to demean it as irrelevant.

With one simple pronouncement the president showed that he "gets it" even if others don't: He embraced the too-long-abandoned goal of balancing the budget without raising taxes.

It's been an orphaned issue for many years in Washington, D.C.; 1996 saw the last Congressional vote on a balanced budget amendment to the Constitution. Yet that was the top item in the "Contract with America" before the Republican majority shifted to less-ambitious objectives. Nor did Bush embrace it during his first six years in office. That opened the door for Democrats to campaign successfully on fiscal discipline.

Preservation of the Democrats' new majority may hinge on whether they will embrace balancing the budget without a tax hike — or even accept the goal of balance when spending on entitlements is set to skyrocket as baby boomers age. Bush knew that when he set the bar so high. And Republicans in Congress know they can now voice support for the goal without being in charge of the tough decisions.

Cynics rightfully note that the next president will inherit much of the heavy lifting. But that means every 2008 candidate for the White House must now address the issue.

Early indicators show an effort to bury the issue by attacking the tough decisions promoted by the Bush budget. Critics of spending controls rushed to the microphones more quickly than supporters did.

Bush's proposals to rein in Medicare and other government-paid health care were quickly condemned. Rep. Pete Stark (D-Calif.) called them "an exercise in make-believe." Illinois Gov. Rod Blagojevich (D) said it would hamper his "All Kids" program to provide government-paid health care for every child, regardless of income.

But Rep. Joe Barton (R-Texas) properly questioned why the federal government pays billions extra to states that give free health care to families with income three times the poverty level, while others draw the line at two times. Imagine the cost if states could abandon all income restrictions like Blagojevich wants.

States feel entitled to federal funds just as individuals do, even though 45 states reported in the fall that their budgets are meeting or exceeding their projections. Homeland security has joined health care and education as a way to justify a multitude of

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state requests. Federal funds now provide training and equipment to first responders "just in case" they face a cataclysm, yet the funds often will be used to address auto accidents and fires instead.

One example was voiced by Rep. Sheila Jackson Lee (D-Texas), who said it is "completely appalling that the [Bush] administration seems to be unwilling to act on rail and mass transit security until we are faced with another disaster."

Yet if it's a federal duty to provide security for large gatherings at rail stations or bus stops, then why not at every mall and sports arena? (This differs from aviation, where a hijacked and fuel-laden plane becomes a guided missile.)

The Bush budget spotlights tough choices like these, while Congress often avoids them as the price of achieving a majority vote. But the elections weren't just about Iraq. Democrats claim they also were about "underfunded" priorities, but more voters seem to understand that overfunded priorities were a bigger problem.

If Democrats want to claim the low-spending high ground along with Bush, they must avoid gobbledygook and speak with equal clarity. They should state their spending goal clearly, without carefully crafted modifiers or qualifiers. And if their goal is to balance the budget by raising taxes, they should say so.

Republicans should follow the same advice of clear-speaking. The GOP challenge is less over what to say but whether it will be believed, since voters decided they lacked fiscal discipline in recent years. But embracing the president's goal is a necessary first step to regaining trust.

Former Rep. Ernest Istook (R-Okla.) is a visiting fellow at The Heritage Foundation.

Women's Health Office Funds Cut (WP)

By Rick Weiss

The Washington Post, February 27, 2007

When is $4 million really $2.8 million?

One answer is "When you're a woman," as the Labor Department has repeatedly found that women earn about 75 cents for every dollar that men earn for the same work.

But this week's answer is "When you are the Office of Women's Health" within the Food and Drug Administration. That office, which was at the center of a politically damaging storm over the emergency contraceptive "Plan B," just had more than one-quarter of this year's $4 million operating budget quietly removed, insiders say.

The office funds research on male-female biological differences to ensure that women receive the most appropriate drug doses and treatments. It also produces heavily requested health information about menopause, pregnancy, birth control, osteoporosis and other topics.

The administration had requested -- and Congress had budgeted -- $4 million for the office in fiscal 2007, just as they have for several years running.

Last week, however, word came down that the FDA intends to withhold $1.2 million of that, apparently for use elsewhere in the agency. Because the remaining $2.8 million has already been spent or allocated for salaries and started projects, the office must effectively halt further operations for the rest of the year, according to a high-level agency official with knowledge of the budget plan, who spoke on the condition of anonymity because the official is not authorized to speak publicly.

FDA spokesman Robert Ali said in an e-mail that, as a matter of policy, the agency does not discuss its spending plan until Congress has had a chance to review it and comment. However, he added, "the spending plan for the agency is to allow our operating components to spend at least at their 06 level" -- in other words, the full $4 million.

But FDA spokeswoman Julie Zawisza quickly corrected that statement in a follow-up e-mail, saying the spending plan for the agency is "INTENDED" to allow spending of at least the 2006 level, acknowledging that the spending plan is not ironclad.

Women's health advocates inside and outside the agency suspect they are witnessing, at least in part, a long-anticipated payback for the trouble the office stirred during the prolonged debate over nonprescription sales of Plan B. Taking a position that chafed the administration's conservative base, the office had stood up for scientific research that had backed the safety and appropriateness of such sales.

In 2005, the office's then-director, Susan Wood, resigned in protest over the issue, a major embarrassment to the agency. A compromise was finally reached last August that allowed over-the-counter sales of the drug to people at least 18 years old.

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Martha R. Nolan, a vice president at the Society for Women's Health Research, a Washington advocacy group, said that big budget bites in Washington are often the beginning of the end and that she worries that this is retribution for the Plan B controversy.

"We fear this is the first step toward eliminating the Office of Women's Health," Nolan said. "We must not allow this office to be eliminated or reduced to an empty shell that has no program funding."

The office was created in 1994 amid growing evidence that some sex-based differences in biology warranted special regulatory attention -- and a recognition that other offices within the FDA did not have the time, money or expertise to focus on women's special needs.

More than 200 research articles based on studies funded by the office have appeared in scientific journals since 1994, and the office's fact sheets and other publications have generated record-breaking responses in recent years.

FDA Commissioner Andrew C. von Eschenbach is to appear today before the Senate appropriations subcommittee to discuss the agency's 2008 budget. Tomorrow, he will have a repeat performance before the House.

GSA Chief Seeks Probe Of Inspector General's Office (GOVEXEC)

By Daniel Pulliam

Government Executive, February 27, 2007

A private attorney working for the head of the General Services Administration has asked a presidential ethics committee to investigate the agency's inspector general office to see whether employees there leaked sensitive information.

Michael Nardotti, a lawyer with the Washington law firm Patton Boggs who is representing GSA Administrator Lurita Doan, wrote in a Jan. 31 letter obtained by Government Executive that "confidential and protected GSA IG investigative information and documents were leaked to outside sources," compromising the IG investigative process and "extraordinarily" harming Doan.

Doan has been the subject of an IG investigation since she allegedly attempted to award a no-bid contract to a friend's firm in July 2006. While the contract was never issued, the agency's IG opened a review about one month later. According to the letter, senior IG investigators said on Jan. 9 that the probe would continue for at least another five weeks.

"The leak of confidential and protected file information in the midst of an ongoing investigation constitutes a clear and gross abuse of authority," Nardotti's letter stated.

He argued that there "may be a connected pattern of leaks of confidential information from the GSA IG's office that are deliberately designed to cause reputational harm to Ms. Doan." The damage is such that it cannot be undone, Nardotti stated.

Nardotti sent the letter to James Burrus, chairman of the integrity committee within the President's Council on Integrity, a group made up of presidentially appointed inspectors general. Burrus is also assistant director of the FBI's Criminal Investigative Division.

Burrus said the integrity committee has yet to meet to decide whether to pursue an investigation.

The request for an investigation is another development in an ongoing battle between the head of the GSA, the government's procurement and property management agency, and officials at GSA's audit branch.

In December, a spokesman for the IG said a recommendation from Doan that the office perform only half of its proposed fiscal 2007 audits was "an extraordinary effort to reduce serious scrutiny of the agency." The two sides also have disagreed over the IG office's budget.

The IG office did not respond to requests for comment for this story.

A Feb. 2 letter from Kevin Messner, associate administrator of GSA's Office of Congressional and Intergovernmental Affairs, to House Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., stated that the IG investigation of the administrator remains open and that Doan's actions have been mischaracterized.

A spokeswoman for Waxman said the committee has received other documents from GSA relating to the issue and is reviewing them.

In a statement, a GSA spokeswoman said that under the rules of professional responsibility, government attorneys may not represent agency officials in their personal capacities unless specifically detailed pursuant to special authority. Accordingly,

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Doan has assumed personal financial responsibility for private counsel, the spokeswoman said. She said that commenting on PCIE matters would be inappropriate.

The FBI's Burrus said it is not uncommon for senior government officials to obtain their own legal counsel in matters that could affect them personally.

Doan also has personally obtained the services of Mark Corallo, founder and principal managing member of Corallo Media Strategies LLC, an Alexandria, Va., crisis communications media services firm.

Pelosi Falls Short On Election Promises (POL)

By Daniel W. Reilly And Jim VandeHei

Politico.com, February 27, 2007

House Speaker Nancy Pelosi is discovering the cold truth about governing with a slim majority: It's much easier to promise behavioral change for Congress than to deliver it.

Pelosi vowed that five-day workweeks would be a hallmark of a harder-working Democratic majority. So far, the House has logged only one. Lawmakers plan to clock three days this week.

The speaker has denied Republicans a vote on their proposals during congressional debates -- a tactic she previously declared oppressive and promised to end. Pelosi has opened the floor to a Republican alternative just once.

Pelosi set a high standard for herself when she pledged to make this "the most ethical Congress in history" -- a boast that was the political equivalent of leading with her chin. And some critics have been happy to hit it.

She is drawing fire for putting Rep. William Jefferson (D-La.), who had $90,000 in alleged bribe money in his freezer, on the Homeland Security Committee. And The Washington Post reported during the weekend that she is helping chairmen raise money from donors with business before their committees.

Pelosi can count several big changes designed to curb abuses that plagued the Republican majority before it was dethroned in last fall's elections, including new limits on gifts from lobbyists. But her debut has not quieted skeptics who see her and the new majority failing to make the clean break with the deeply ingrained congressional culture.

"She has done exactly what she said she would do," said Pelosi spokesman Brendan Daly.

For example, he noted, while the House is not always in session five days a weeks, many committees are working throughout the week. Pelosi promised an ambitious start to the new Congress, he said, and she had determined the best way to proceed was by limiting debate.

"In the future," Daly said, "we will do business in the regular order."

Pelosi seems to be following a familiar pattern. Twelve years ago, Speaker Newt Gingrich promised to reform the House and govern by principles of fairness and transparency. But, for leaders of both parties, the reality of ruling with a narrow majority translates into tight controls over floor debate, cozy relations with lobbyists and accommodating the needs of lawmakers (who hate working long weeks).

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a congressional watchdog organization, said Jefferson's reelection put the new speaker in a bind.

"Pelosi had to put him somewhere," said Sloan, who has also worked as minority counsel for the House Judiciary Committee for then-ranking member John Conyers Jr. (D-Mich.). "But I am troubled by the fact ... that (Jefferson) is the kind of guy who could not pass a security clearance test and yet now he has access to top-secret government info."

Sloan also took issue with Democrats' use of committee chairs for fundraising efforts, a tactic Republicans often abused in the last Congress.

"Given the scandals of last Congress, particularly involving (disgraced former lobbyist Jack) Abramoff, it doesn't look good," Sloan said. "It is very hard for people to understand the difference between what's legal and what's illegal."

Republicans are cutting Pelosi less slack than that. Eager to brand her a hypocrite, GOP strategists are closely tracking what they call a growing list of "broken promises" and are encouraging their members to attack her for them.

"She promised the most open and honest Congress in history and by any objective score, (Democrats) have fallen short," said Rep. Adam Putnam (R-Fla.).

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Pressed on whether voters will care about procedural complaints, such as lack of floor votes for GOP proposals, Putnam said: "I think voters do care if you shut down the process to the point people cannot even offer an alternative, and you are stifling debate …You don't want to be constantly complaining about the process, but bottom line, they are abusing it."

Some Democratic lawmakers privately warn that Pelosi could blow a rare opportunity to change voters' perception of the party and Congress if she reverts to old Republican ways.

In a recent newspaper commentary, former Democratic Rep. Lee Hamilton of Indiana expressed concern "that the new Democratic majority in the House, which certainly understands the sting of unfair treatment, has on occasion yielded to the temptation of its newfound power to shut down Republican participation."

So far, the GOP has been shut out of virtually every big debate. The most recent example was the House fight over the war in Iraq, in which Democrats broke their promise to allow the GOP a vote on its nonbinding resolution supporting the troops.

Pelosi sympathizers said Republican critics are laying it on a bit thick.

"Oh, cry me a river," said former Democratic Rep. Tony Coelho. "For six years they ran a system that was autocratic, that didn't give the minority a shot at offering anything and now are saying 'mistreatment' …They never even let the Democrats have a voice."

Still, Pelosi's experience with the recent Iraq debate illustrates her challenge. She calculated that it would be harder to build bipartisan support for a Democratic resolution condemning the administration's troop "surge" if the debate were muddied by a generic, support-the-troops vote. In essence, she determined it was riskier, in the short term, to keep her pledge than to break it.

There is a practical reason for this approach, too. Alternatives are ripe for mischief. The minority party often puts together legislation designed to either embarrass or divide the other side.

That means there is almost always a temptation to backtrack on pledges of reform. Gingrich and his self-proclaimed "revolutionaries" roared to power in 1994 with promises to undo the feather-nesting and strong-arm tactics that had come to mark the Democratic reign -- then discovered that what they once deemed outrageous seemed more defensible once their party was in charge.

In light of this history, say some congressional scholars, Pelosi soon will be facing a choice.

"If we don't start seeing some opportunities for Republicans to offer real amendments on floor and to see some effort at collaboration that is genuine," said Thomas Mann of the Brookings Institution, "then she and Democrats will properly be subject to criticism."

For Hoyer, A Life Of Quiet Victories, Redefined Purpose (WP)

By Mary Beth Sheridan

The Washington Post, February 27, 2007

His father abandoned him. His stepfather was an alcoholic. By his sophomore year at the University of Maryland, Steny Hoyer was short of cash, getting D's and drifting.

Then one spring day in 1959, a Pontiac convertible cruised past him on campus, carrying a familiar figure. Hoyer followed it to the student center. Spellbound, he listened as Sen. John F. Kennedy appealed to young people to get involved in government.

"It was just like that," Hoyer says, snapping his fingers as he sits in his U.S. Capitol office. "Just like that." The next week, he switched his major from public relations to politics. He started getting A's and went on to law school.

"You know the rest," he says.

The rest is this: At 27, Hoyer became a state senator. At 35, president of the Maryland Senate. At 41, a U.S. congressman. And, last month, he captured the second-most powerful post in the U.S. House of Representatives: majority leader.

At 67, Hoyer seems the very image of the Washington political insider, with his starched white shirts and patrician cap of silver hair. He is known as a pragmatist, skilled at navigating the legislative maze and wooing K Street lobbyists. A workaholic who makes the trains run on time.

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Yet there is another side: The man who quietly fought for Soviet Bloc dissidents. The husband of a teacher devoted to the poor. The idealist who keeps a bust of Kennedy in his office.

The one-time pol from Prince George's County now stands at a historic juncture, as he tries to steer the resurgent Democrats' agenda through Congress. With a record as a moderate consensus-builder, he could be key to keeping the party together and coaxing Republicans to cross the aisle.

"I aspired throughout my life to make a difference in the things I cared about," says Hoyer, his brown-and-white springer spaniel at his feet. And to make a difference, you "try to be in a position where you can effectively advocate for what you believe is best."

A position like majority leader.'To Be the Best'

Hoyer rarely talks about his childhood. When the new Democratic-controlled House was sworn in, Speaker Nancy Pelosi (Calif.) threw a four-day extravaganza highlighting her roots in Baltimore's Little Italy. Hoyer held a quiet reception in his office.

Steny Hamilton Hoyer was born in Manhattan, the only child of a Danish immigrant and a high school dropout whose family fortune collapsed in the Depression. He is named for his father, Steen.

"He was a very arrogant, opinionated person," Hoyer says. "What I remember was not particularly happy."

The young Hoyer bounced around. At 4, to Texas, when his dad got a job with the military. At 6, to Massachusetts, for prep school. At 9, back to New York, when the money ran out and the father took off.

"I think I saw my father maybe two or three days in the next 20 years," Hoyer says. But the memory of that prickly, apathetic man would haunt him.

"He didn't want to be like his father," says the congressman's daughter Anne Hoyer. "That's what really drove him -- to be not just good, but strive to be the best you possibly could be."

By the time Steny Hoyer was 16, his mother had married an Air Force sergeant and the family settled near Andrews Air Force Base. His stepfather's alcoholism roiled the home. But, entering Suitland High School, the outgoing youth found the two interests that would define his life.

He got involved in politics, running unsuccessfully for vice president of the student government. And he started dating Judy Pickett, a warm, energetic schoolmate who was class secretary.

Judy's home became like his own. Her mother bought him new shoes, cooked for him when his stepfather was on a bender. Judy was at his side through the rocky start in college and the Kennedy epiphany.

She married him at 21, becoming, Hoyer says, "an example and guide."Success, Then Failure

Fresh out of Georgetown's law school in 1966, Hoyer launched his campaign for state Senate from Prince George's. He was an underdog, a liberal reformer in a county still heavily white and rural. But he had an army of volunteers: classmates, friends from the statewide Young Democrats, interns from the U.S. Senate, where he worked part time.

"It was a youth corps onslaught," laughs Hoyer.

When Hoyer arrived in Annapolis, "he was a ball of energy," recalls Sen. Benjamin L. Cardin (D-Md.), then a state representative. But the young reformer quickly befriended the older senators. "Rather than fight the establishment, he really co-opted it," Cardin says.

Hoyer pushed for better treatment of rape victims and funds for lower-income schools. His wife was a strong influence.

But he became better known for his hard-nosed grasp of politics. He and his allies replaced the Prince George's Democratic machine with an organization called the Breakfast Club. Over coffee and Danish, they met with party factions to plot strategy, pick candidates and dole out judgeships and other posts.

Hoyer's life was a whirl of dinners, negotiations, debates in the marble-columned Senate. But in 1972, the past came knocking. His father showed up, by then a 70-year-old drifter in threadbare clothes, suffering from lung cancer.

"I felt a responsibility because he was my father," says Hoyer. "But I was certainly not enthusiastic."

Hoyer got him a small apartment in Washington, where the elderly man lived until his death in 1974.

Hoyer's own life went from success to success. In 1975, he became the youngest Senate president in Maryland history. His political organization was the most powerful in the state. He and Judy bought a three-bedroom home in a subdivision called

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Friendly, near Clinton, and were blessed with three daughters. In 1978, the "golden boy" of Maryland politics ran for lieutenant governor, the latest move in a career exploding like a bottle rocket, higher, higher . . .

And then he lost.

He and gubernatorial candidate Blair Lee III, the political insiders, were upset in the primary by a reform ticket led by Harry R. Hughes.

For two years, Hoyer practiced law. Then the local congresswoman, Gladys Noon Spellman (D), suffered cardiac arrest, and her seat was vacated. Hoyer reactivated his formidable political network.

"I remember the day he called me to say, 'I'm running for Congress,' " says Peter F. O'Malley, a close ally. "The joy was back in his voice."Working the System

Hoyer won the congressional race and quickly ingratiated himself with the Democratic leadership in the House, working overtime to round up votes and fundraise. He landed on committees such as Appropriations and played the levers of power like a maestro.

Hoyer was so successful at steering funds to projects such as Metro and NASA's Goddard Space Flight Center that they became known as "Steny dollars."

Not everyone was a fan. The nonpartisan Citizens Against Government Waste eventually gave him a 12 percent career score -- "hostile." A Hoyer spokeswoman says voters have shown time and again that they appreciate "the federal investment he secures."

Then there were the whispers in Congress: that Hoyer was too ambitious, too slick. After rising in the House hierarchy, he lost a race for whip -- the No. 3 job in the party leadership -- to the lower-key David E. Bonior (Mich.) in 1991.

As Hoyer fought the political battles, Judy was his sounding board. She accompanied him to the political dinners, flashing her warm smile. But her heart was in Prince George's, where she oversaw early-childhood education, including programs for disadvantaged kids. As the years went by, she wearied of politics.

"She thought it was in some ways superficial," Hoyer says. "She was really into substance."

Yet she always supported her husband's goals: civil rights, helping the less fortunate.

In 1985, Hoyer joined the congressional Helsinki Commission, which monitored human rights in the Soviet bloc. With little publicity, he flew red-eyes to Eastern Europe and Russia for the next eight years, visiting dissidents, lobbying officials to release political prisoners.

It was a chance, Hoyer says, to help "people who otherwise were powerless."

He spoke out for such causes as gays in the armed forces, even after his district was redrawn to include Southern Maryland, the home of two military bases, as well as parts of Prince George's and Anne Arundel counties.

One day, Hoyer and his wife were at an event, when a coffee cup suddenly flew from Judy's hand. "It scared her greatly," Hoyer would later tell a crowd. It was epilepsy.

Hoyer shepherded the Americans With Disabilities Act through the House, broadening rights for epileptics and others.After Tragedy, Change

After losing their 40-year grip on the House in 1994, Democrats turned to Hoyer to help with a comeback effort. He hopscotched across the country, recruiting candidates, focusing laserlike on Election Day: Nov. 5, 1996.

The bombshell came in October. Judy had stomach cancer. Four months later, she was dead at 57.

Hoyer plunged into grief.

"You really do reflect back on all the things you did, all the travel I did overseas, all the time that was not spent with Judy and the family," he says.

"He's got all this energy; he's working 12, 16 hours a day -- that was what life was to him," says his daughter Stefany Hemmer. "My mother's death sort of jerked him into reality and said . . . there's something else out there other than Congress."

But Hoyer couldn't quit. "I sort of threw myself into work more," he says.

And the next step was the race for minority whip, against a formidable opponent: Pelosi. In 1999, they began a grueling, two-year battle. Hoyer cast himself as the pro-defense, pro-trade moderate. Pelosi promised to give the party a new face -- its first female whip.

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Pelosi won.

And yet Hoyer realized the defeat wasn't as devastating as it might have been. "In comparison with losing a loved one, that loss is not nearly comparable."

Something was changing. Friends felt he'd become a better listener. His eldest daughter, Susan Taylor, says her father was "a little more interested in the human relation, not just the global relation." Hoyer began establishing "Judy Centers," fulfilling his wife's dream of creating one-stop facilities to offer poor families health, literacy and other services. Maryland now has 24 centers.

Hoyer finally rose to minority whip in 2002, when Pelosi moved up. But the "angst of ambition," he says, was easing.

"I suppose the fear of failure was not nearly as great," he says.

And then came the November 2006 earthquake that ousted the Republicans. Hoyer was the favorite to become majority leader. But Pelosi suddenly threw her support to Rep. John P. Murtha (D-Pa.).

This time, Hoyer won.

All those nights on the road paid off, for Hoyer and the party. In the 2006 campaign alone, Hoyer helped raise $8 million for Democrats and traveled to 33 states.

"I feel a sense of accomplishment," Hoyer says. But reaching the top meant something different than it once had.Stage Presence

One recent Friday, Hoyer visited the Riderwood retirement community in Silver Spring. He strolled the stage with a microphone like a talk-show host, calling out to friends. The white-haired residents rose, clapping and cheering.

Hoyer turned somber when he spoke of the Democrats' plans to pass laws on homeland security, energy, the minimum wage. He emphasized that Pelosi sets the policy. "My job is to implement it."

Occasionally, he weaved in his own story. How he and Judy bought that first house in Friendly for $28,000. How he just became a great-grandfather.

These days, he told the crowd, "I live alone, with a wonderful woman named Charlotte."

She's a 15-year-old springer spaniel, he explained to laughter.

Though she's in failing health, he takes her everywhere. She was Judy's dog.

Staff writer Rosalind S. Helderman and staff researchers Magda Jean-Louis and Rena Kirsch contributed to this report.

Accusations Of Agency Error In Disaster Loans (NYT)

By Ron Nixon And Leslie Eaton

The New York Times, February 27, 2007

Last September, the Small Business Administration, which provides most long-term rebuilding aid to disaster victims, accelerated its lending to homeowners and businesses in the Gulf Coast, responding to criticism that it had been slow to respond to Hurricanes Katrina and Rita of 2005.

But now federal investigators are looking into accusations that in speeding up its work, the agency made thousands of loans without following its own rules to avoid fraud. Current and former employees of the agency have told investigators that agency workers failed to secure proper proof that borrowers owned the houses they were supposed to rebuild or had the required insurance.

Caroline Pankove, who worked as a lawyer for the disaster-loan program at the agency from June through December of last year, complained to the agency's managers and its inspector general that employees were improperly pressured to approve loans quickly.

Loan policies were applied inconsistently, Ms. Pankove said, and disaster victims' paperwork was often misplaced or mailed out with errors.

"The rush to disburse loans put everyone at risk: the taxpayer, the agency and especially the borrowers," Ms. Pankove said in an interview. "The people that we needed to serve the most were the ones getting hurt the most."

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Her complaints were echoed by Brian Cook, who worked at the agency as a paralegal last year, and by others who spoke on the condition that their names not be used because they were still employed by the agency at the disaster loan office in Fort Worth.

A spokesman for the agency's inspector general confirmed that his office was looking into the accusations but said he could not comment on a continuing investigation.

Agency officials said that they were taking the complaints seriously, but that the problems described by Ms. Pankove and others were isolated, not systemic.

"We never pushed for disbursement to be made without the proper documentation," said Steven C. Preston, who promised to reform the troubled disaster loan program when he was appointed administrator of the agency last summer.

The agency was trying to empower managers to make case-by-case judgments about loan documentation, Mr. Preston said, adding, "We can't have a cookie-cutter approach."

Mr. Preston also disputed the possibility that efforts to speed the process had opened the door to abuse. "Of course we want to get the disbursements out faster," he said, "but it's very dangerous to assume that this would lead to fraud and losses to the taxpayer."

When Mr. Preston took over the agency in July, he inherited a huge backlog of loan applications, which had grown to 94,000 by September, according to the agency. Since then, 51,000 people have received all the loan money they qualified for, 19,000 have gotten some, and 24,000 have canceled their applications.

The agency has made more than $5 billion in hurricane-related disaster loans, more than half of them since Mr. Preston took over, said Sean Rushton, the assistant administrator for communications.

One way the agency reduced its backlog was by rewarding the employees who got money into the hands of the largest number of borrowers. E-mail messages obtained by The New York Times promised cash bonuses and overtime to the most productive workers, even though at least one supervisor acknowledged that this emphasis made people uncomfortable.

"I will be honest," a supervisor, Michael V. Cremer, wrote in an e-mail message in October. "Disbursements = cash awards & overtime opportunity. I don't like it, you don't like it... but it is what it is." The message continued, "Work with your people to make these numbers look good."

Mr. Cremer did not respond to voice mail messages left at his agency office in Texas.

Leaders of the House and Senate committees overseeing the agency said they were concerned about the accusations of improper lending.

"I'm worried that there may have been too much of a focus on quotas over quality of service for disaster victims," Senator John Kerry, Democrat of Massachusetts and chairman of the Committee on Small Business and Entrepreneurship, said in a statement.

"And if that's true, it's unacceptable," Mr. Kerry said. "If in a rush to get paperwork off their desks the S.B.A. shifted the burden to borrowers who have lost everything to Katrina, that's not a policy, that's an abdication of responsibility."

Despite the agency's new emphasis on speeding the lending process, disaster victims say they continue to experience problems. Donna Colosino, whose family owns a small company in Louisiana that sells power generation equipment, told the House Small Business Committee earlier this month that more than 20 loan officers had dealt with her case. And she said she sent the same documents to the agency more than a dozen times.

"Working with S.B.A. after a disaster is like having a second job," Ms. Colosino said. "I swear to you on my father's grave that this is the story. I am not an anomaly."

Hearing Urged On Guard Woes (WT)

By Jerry Seper

The Washington Times, February 27, 2007

The ranking Republican on the House Oversight and Government Reform Committee has called for a hearing to examine the Defense Department's "chronic deficiencies" in supporting homeland security and civil support missions by the National Guard.

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The request by Rep. Thomas M. Davis III of Virginia comes in the wake of two reports by the Government Accountability Office (GAO) saying that Defense has not adequately addressed Guard equipment and training requirements and that Army units charged with chemical and biological attack response are understaffed and underequipped.

"As we continue to ask more of the National Guard, it's our job to make sure they're adequately staffed, equipped and trained to perform their missions at home," Mr. Davis said in a letter to committee Chairman Rep. Henry A. Waxman, California Democrat.

"I'm asking for these hearings because it's abundantly clear they are not," he said. "First, we don't give them the training and equipment they need. Then we subject them to uncaring and uncoordinated care when they're wounded. Hearings on these issues should be a top priority for Congress."

Mr. Davis said one of the GAO reports noted that even though 12 of 15 "national planning scenarios" issued by the White House Homeland Security Council involve chemical, biological, radiological, nuclear or high-yield explosive response, the ability of Army chemical and biological units, especially National Guard and Reserve units, to concurrently perform both their original war-fighting chemical and biological defense mission and their homeland-defense mission is doubtful.

On Jan. 30, the GAO said that five years after the September 11 attacks, the Defense Department has not moved effectively to identify National Guard homeland-defense equipment and training requirements.

Mr. Davis said that the types and quantities of equipment the National Guard requires to perform domestic missions have not been identified in any systematic way and that the Defense Department has not acted on comments from state officials about growing strain on equipment and personnel.

On Feb. 20, a second GAO report said management actions were needed to "close the gap" between Army chemical unit preparedness and national priorities. The report, which focused on the readiness of Army units assigned to chemical and biological preparedness and response, said most are National Guard and Reserve units that are "woefully unprepared, understaffed and underequipped."

Mr. Davis sponsored the National Guard Empowerment Act of 2007 to allow the chief of the National Guard Bureau to establish common requirements and a budget that would allow the Guard to be equipped and trained for crucial homeland missions.

Honoring The Stars Of Government (WP)

By Stephen Barr

The Washington Post, February 27, 2007

The Oscars are over. It's time to pick up the red carpet and move on to the Sammies.

Nominations for the 2007 Service to America Medals, presented annually to honor government employees for their achievements and commitment to federal service, are being accepted at the nonprofit Partnership for Public Service.

The deadline for submitting nominations, at http://www.servicetoamericamedals.org, is March 8. The medals, which are presented at a gala dinner, are accompanied by cash prizes -- from $3,000 to $10,000.

Unlike the stars of the silver screen, most federal employees work behind the scenes and rarely on camera. Previous medal winners include the Federal Trade Commission team that created the National Do Not Call Registry, a federal scientist leading the effort to prepare for a catastrophic flu pandemic, and an Internal Revenue Service employee responsible for the e-file system that speeds tax refunds.

Nicole Nelson-Jean of the Energy Department won the award in 2004, when she was 28, for leading a U.S. delegation to negotiate an agreement with Russian officials to help secure Russian nuclear weapons. She went on to serve as director of the Energy Department's Asia office in Tokyo and currently heads the department's North and South American threat-reduction office.

Winning the award, she said, renewed her appreciation for government service and has brought her opportunities to speak up for public service. "It is an unfortunate image of federal workers, or the civil service, that you get stuck in a job that is bureaucratic, and not fun, and that you don't meet interesting people," Nelson-Jean said. "That is so untrue. It is so not that."

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The partnership was founded by businessman Samuel J. Heyman in 2001 to call attention to the importance of federal service and to help improve the way the government works. Max Stier serves as the partnership's president and chief executive.

The group recently received a $4 million grant from the Annenberg Foundation to finance two projects over the next four years.

Stier said the partnership will launch the Walter and Leonore Annenberg Federal Leadership Institute, and the Walter and Leonore Annenberg Public Service Speakers Bureau this year. The late Walter H. Annenberg was an ambassador to London, and Leonore Annenberg was the U.S. chief of protocol during the Reagan administration.

The leadership institute will focus on mid-level federal supervisors and help build their management skills, while the speakers bureau will send federal employees to college campuses to talk up government careers.

The 2007 winners of the Service to America Medals will be honored at a Washington gala in September. Campbell Brown, a NBC News anchor and correspondent, will be the master of ceremonies, the partnership said.Tempting Target

Federal retiree health benefits just keep showing up on budget-cutting tables.

A "Budget Options" report from the Congressional Budget Office, released over the weekend, includes a recommendation that would reduce the government's subsidy for retiree health-care costs. President Bush proposed a similar policy change in his fiscal 2008 budget, sent to Congress early this month.

The CBO and Bush administration proposals would reduce subsidies for premiums for retirees who had relatively short government careers. Federal retirees can now continue in the federal employee health program if they carried insurance during their last five years of service and are eligible to start collecting retirement benefits.

The CBO, in its report, said that basing retiree health benefits on length of service would "help bring federal benefits closer to those of private companies.

"Federal retirees' health benefits are significantly better than those offered by most large private firms, which have been aggressively paring or eliminating retirement benefits for newly hired workers," the report said.

For new retirees, the CBO proposed that the government's share of premium costs be cut by 2 percentage points for every year of service fewer than 20. The CBO said that about 14 percent of the nearly 85,000 retirees who continue in the federal health-care program each year have careers shorter than 20 years.

The proposal would create savings of about $770 million over 10 years, the CBO said.

The government currently picks up about 70 percent of the federal retiree premium, and the Bush proposal would require employees to have 10 years of government service to keep the subsidy. Under the Bush plan, the government would pay half of the subsidy for those with five years of service and would phase in higher contributions for those with service of more than five years but fewer than 10.

Although Congress is looking for ways to reduce federal spending, it seems unlikely that House and Senate Democrats and moderate Republicans would take up politically sensitive budget cuts that roll back promised benefits. A similar proposal in 2005 by a group of House conservatives, the Republican Study Committee, to help pay for Hurricane Katrina relief and recovery, went nowhere.

Stephen Barr's e-mail address isbarrs@washpost.com.

OTHER NEWS:

No Worries: Banks Keeping Less Money In Reserve (WSJ)

By Robin Sidel And David Reilly

The Wall Street Journal, February 27, 2007

Banks might be putting too much faith in their borrowers.

As more consumers and companies start having difficulty paying their debts, the funds that banks set aside to cover soured loans stand at the lowest level since at least 1990.

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The situation is causing consternation among regulators. And as credit quality begins to deteriorate from unusually strong levels, the issue also is causing jitters on Wall Street, where analysts predict the need to boost loan-loss reserves will cut into banking-industry profits this year.

Banks establish reserves for a portion of loan portfolios or big individual loans that they estimate could go unpaid. The reserves ensure that banks have enough capital to cover any losses from loans that go bad.

But each increase in those reserves results in a charge that cuts into banks' profits.

Typically, investors and regulators fret that banks overestimate these charges during good times so they will have a cookie-jar to dip into when times are rougher. Now, though, the worry is that banks haven't put aside enough money to cover bad loans because times have been so good and because they haven't wanted to damp profit growth.

In a December advisory, regulators reminded bank executives that they should use the leeway available to them in calculating reserves because "we do believe there is risk building in the system," says Kathryn Dick, deputy comptroller for credit and market risk at the Office of the Comptroller of the Currency, which regulates banks.

That guidance "was a heads up, a shot across the bow, if you will, to the banks," said Lynn Turner, managing director of proxy advisory and accounting-research firm Glass Lewis & Co. and a former chief accountant with the Securities and Exchange Commission.

The low reserve levels aren't triggering any concern about the financial soundness of the nation's banking system. Bank failures are quite rare. When regulators closed a small bank near Pittsburgh this month, it was the first bank failure since June 2004.

Still, the current level of loan-loss reserves is reigniting a longstanding debate among regulators about how banks calculate the amount of money to put aside for bad loans and the appropriate time to do so. The Financial Accounting Standards Board has recently started to consider whether banks should be required to disclose more information to investors about the way they calculate reserves.

Banks set aside an average of 1.09% of the total value of their loans at the end of last year, according to data from 518 publicly traded banks compiled by SNL Financial for The Wall Street Journal. That is a dip from 1.14% in 2005 and from 1.63% in 1992 and 1.48% in 1990. The SNL figures date to 1990.

"There is a growing concern about loan quality and it isn't reflected at all in the reserves," says Brian Shullaw, an associate director at SNL, a Charlottesville, Va., research firm that focuses on the financial-services industry.

According to SNL, the nation's three biggest banks had above-average reserves at the end of 2006: 1.32% at Citigroup Inc., 1.28% at Bank of America Corp. and 1.51% at J.P. Morgan Chase & Co.

Some large regional banks' reserves are well below average. Among them: SunTrust Bank Inc.'s 0.81%, First Horizon National Corp.'s 0.87% and Washington Mutual Inc.'s 0.60%, SNL says.

"Our reserve levels are reflective of our strong credit culture and what we believe to be the lower loss-risk profile of our loan portfolio," said a SunTrust spokesman.

Marlin Mosby, chief financial officer of First Horizon, said the bank's reserve level reflects the high percentage of its collateralized loans -- such as second mortgages -- which have a lower likelihood of default than other unsecured loans. He also noted that the bank increased its reserves in 2006 as the economy cooled somewhat.

Said a spokesman for Washington Mutual: "At year end, WaMu's reserve levels were appropriate considering that our loan portfolio primarily consisted of the highest-quality loans."

Investors will feel the pain if banks boost reserve levels.

Over the past few years, investors have benefited from the lower reserve levels because they helped boost profits. The banks say that they have been draining their reserves because few borrowers have defaulted on their loans. From 2004 to 2006, the nation's biggest banks received 37% of their earnings growth from reductions in their loan-loss reserves, according to a Feb. 12 Morgan Stanley report. Big regional banks got a bigger boost, with the freed-up reserves accounting for 52% of earnings growth, according to Betsy Graseck, a Morgan Stanley banking analyst.

A number of banks have drawn down their reserves for bad loans to "apparently unsustainably low levels," according to a recent report from the Center for Financial Research & Analysis, a Rockville, Md., accounting-research firm.

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Indeed, banks are expected to soon start reversing course and building reserves amid growing expectations that the boom times are drawing to an end. Although loan defaults and charge-offs remain at historically low levels, bank executives predict that credit quality, which has weakened, will erode further this year.

Ms. Graseck, who is predicting that big-bank earnings will rise 5% this year, estimates that a 10% increase in reserves could reduce that earnings growth by four percentage points.

The trend comes at a time when bank profits are also expected to be hurt this year by short-term interest rates going higher than long-term ones -- the so-called inverted yield curve. Banks typically profit by borrowing short-term and lending long-term, so when the yield curve inverts, profit margins get squeezed.

"All of these banks are perfectly sound, but I do think a number of banks will miss earnings estimates based on rising loan provisioning," says Kevin St. Pierre, a banking analyst at Sanford C. Bernstein & Co.

Historically, banks tend to see their provisions for bad loans increase when interest rates start to rise because higher rates cause problems for weaker borrowers and slow the economy. But that hasn't yet happened, even as the Federal Reserve has steadily raised rates to a current level of 5.25% from historic lows.

Whether and when banks should take additional provisions for loans that might not be repaid is a point of contention among bankers, regulators and accounting rule makers. Many bankers would like to set aside funds for possible bad loans in good times, forming a cushion for when things get tough. But that isn't permitted because such moves can be abused to manipulate earnings.

As a result, accounting rules generally don't allow banks to use provisions as "rainy-day funds." Instead, they require banks to take a provision when it is "probable" that a loan has gone bad. So, a bank can't establish a provision for, say, 2% of a loan portfolio just because that is the amount that typically tends to turn bad. Instead, it must assess an array of events that lead it to believe a loss is probable.

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Greenspan, Even Out Of Fed, Still Steals The Stock Show (WSJ)

By E.S. Browning

The Wall Street Journal, February 27, 2007

Alan Greenspan isn't Federal Reserve chairman any more, but he still can move markets.

After Mr. Greenspan told a Hong Kong business conference, via satellite, that a recession is "possible" later this year, U.S. stocks slumped and bond yields declined, pushing bond prices higher.

The Greenspan news, together with a two-month closing high in oil futures, overshadowed investor excitement over the latest massive dump of private money into stocks: the planned $32 billion acquisition of Texas utility TXU by a group of investors.

The Dow Jones Industrial Average, down for the fourth consecutive day after hitting four consecutive records, fell 15.22 points, or 0.12%, to 12632.26. It is up 1.4% this year, more than 150 points from the latest record finish of 12786.64 hit Feb. 20.

"Greenspan talking about a possible recession gave a little bit of an impetus to sell here," said Jay Suskind, director of trading at brokerage firm Ryan Beck in Florham Park, N.J.

Mr. Greenspan didn't predict a recession, but said he couldn't rule one out. Corporate profit margins "have begun to stabilize, which is an early sign we are in the later stages of" the business cycle, he said. That reinforced fears about the weak housing market and defaults in the subprime lending market.

The stock declines were modest, however, as investors await data due this week on home sales, inflation, economic growth and manufacturing.

Oil futures rose 25 cents to $61.39 a barrel, the fifth increase in six sessions. Traders blamed the latest winter storm, which could increase energy demand.

Treasury-bond yields fell on concerns that a soft economy would hold down demand for credit, driving market interest rates lower.

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Concerns about the economy's direction also showed up the gold market, which is a refuge in times of worry. Gold futures hit a nine-month high in New York, rising $3.40 to $686.50 a troy ounce. Gold now is $33.30 from its 26-year closing high of $719.80, hit May 11, 2006.

The Standard & Poor's 500-stock index fell 0.13%, or 1.82 points, to 1449.37, up 2.2% this year. The Nasdaq Composite Index declined 0.42%, or 10.58 points, to 2504.52, up 3.7% in 2007.

Excitement over the TXU deal did push the Dow Jones Utilities Average to another record, up 2.6% at 493.71. It has risen 8.1% this year.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.40%, or 1.02 points, to 255.85.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 1,649 stocks rose and 1,658 fell.

Bond prices gained2. The 10-year Treasury note rose 12/32, pushing the yield down to 4.631%. The 30-year bond was up 25/32 to yield 4.733%.

The dollar weakened3. Late in New York, it traded at 120.57 yen, down from 121.09, while the euro rose to $1.3184 from $1.3166.

Write to E.S. Browning at jim.browning@wsj.com4

Gasoline Prices Continue Climbing (USAT)

By James R. Healey, Usa Today

USA Today, February 27, 2007

NEW YORK — The average price of gasoline in the U.S. jumped 8.7 cents the past week to $2.383 a gallon for regular, the fourth consecutive weekly increase and the highest average price in five months, the U.S. Energy Information Administration reported Monday.

The U.S. average is 12.9 cents more than it was a year ago.

Prices were up in all regions, EIA reported. Increases ranged from 6.3 cents per gallon in the Rocky Mountain area to 10.3 cents along the Gulf Coast.

Highest area average in the continental U.S. was $2.796 in California. Lowest — despite the big jump — was in the Gulf Coast: $2.234.

EIA doesn't break out Hawaii, where prices usually are highest. According to travel organization AAA, Hawaii's statewide average Monday was $2.859. Two of the state's metropolitan areas averaged more than $3.

EIA forecasts monthly averages won't break $2.50 this year, and discounts talk of a third consecutive year when the weekly U.S. average tops $3.

The last two years were extraordinary, says EIA analyst Mike Burdette. In 2005 "there was the hurricane (Rita); '06 was driven by (high) crude oil prices. This year we have crude oil staying at about $60 a barrel, down from peaks of $77."

Assuming no catastrophes, he says, "we don't see any reason to expect a run-up in crude oil prices this year."

EIA says the price of crude oil makes up about 54% of the retail price of gasoline.

The price of benchmark West Texas Intermediate, also called light, sweet crude oil, rose 25 cents a barrel in Monday trading, to $61.39 a barrel. That's the highest closing price since Dec. 22.

Snowy weather's implied increase in demand for heating oil was partly behind the jump.

Even if the price of oil were to suddenly drop, gasoline would continue to rise. Retailers say they're far from recovering the staggering increases in their wholesale costs.

"My laid-in cost right now is $2.26 (a gallon) and most of my stores are at $2.21 or $2.23," says Sam Turner, president of Calfee of Dalton in Dalton, Ga. He operates 129 Favorite Markets and Com-Pac convenience store gasoline stations in three states.

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"It'd take us 10 days to catch up to the 17 cents (in increased wholesale cost) they gave us just last week. And that's if nothing changed. But we got another two cents tonight," he said late Monday.

Retailers are notified of new wholesale prices late in the afternoon. Some retailers raise prices immediately; others hold off temporarily.

Gasoline retailers say they can't raise prices as fast as their costs go up because they'd lose business to stations willing to sell for less. So they often lose money on fuel sales and recover it on coffee, snacks, newspapers and the like.

"I'm in the gasoline business for experience and the convenience store business for profits," Turner quipped.

A Lawyer's Speech Opens A New Venue In Ongoing Battle (WSJ)

By Nathan Koppel

The Wall Street Journal, February 27, 2007

When Texas plaintiffs' lawyer Anthony Buzbee gave a provocative address last year to maritime defense attorneys in Lake Las Vegas, Nev., he says he had no idea that an audience member about 20 feet away from him was taping the speech.

Now, in the ongoing battle between businesses and the lawyers who sue them, his words are coming back to haunt him as pro-industry lobbyists and Texas legislators use the speech to push for limits on where workers may file lawsuits if they're hurt at sea.

According to a transcript, Mr. Buzbee told the small gathering that he was particularly fond of Starr County, on the western edge of Texas' Rio Grande Valley. "That venue probably adds about seventy-five percent to the value of the case," he said. "You've got an injured Hispanic client, you've got a completely Hispanic jury, and you've got an Hispanic judge. All right. That's how it is."

In other parts of Texas, Mr. Buzbee went on, a plaintiff may have the burden of showing "here's what the company did wrong, all right? But when you're in Starr County, traditionally, you need to just show that the guy was working, and he was hurt. And that's the hurdle: Just prove that he wasn't hurt at Wal-Mart, buying something on his off time, and traditionally, you win those cases."

To his opponents, this was clear evidence of "venue shopping," a pervasive source of controversy in the legal world where one side seeks the friendliest locale to try a case. To Mr. Buzbee, he was just describing the advantages of a uniquely flexible provision in Texas law that allows plaintiffs in maritime cases the convenience of bringing suit in the county where they live. He was also making it clear to frequent courtroom opponents what he saw as the benefits of settling quickly rather than going to trial in places like Starr County.

In the past five years, thanks in part to Mr. Buzbee, there has been a surge in the Rio Grande Valley of lawsuits on behalf of seamen alleging injuries on dredging vessels from Florida to New Jersey to Bahrain. The predominantly Hispanic and relatively poor region in southern Texas has gained a national reputation for large jury verdicts. Mr. Buzbee says he has won several recent dredging verdicts in the Valley, ranging from $450,000 to about $1.4 million, and notes that he has settled many more for confidential amounts.

Congress and various states have passed laws limiting plaintiffs' flexibility to choose favored venues. But "personal-injury lawyers can still often shop cases as fast as their little legs will carry them," says Darren McKinney, a spokesman for the pro-business American Tort Reform Association.

A former marine who served in the Persian Gulf and later graduated second in his class from the University of Houston Law Center, the 38-year-old Mr. Buzbee specializes in personal-injury cases. Lawyers describe him as bright, aggressive and flamboyant -- he is a fan of cigars and vintage automobiles. "He's the kind of guy who wants his presence to be felt when he walks into a room," says James Watkins, a Galveston, Texas, lawyer who has defended cases against Mr. Buzbee.

Last May, Mr. Buzbee was invited to speak at the three-day seminar at the Ritz Carlton in Lake Las Vegas hosted by law firms that defend maritime cases, the people he usually squares off against in court -- a circumstance that's not unusual in the legal profession.

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Mr. Buzbee says his comments in Nevada reflect the fact that "under maritime law, a plaintiff is supposed to win if he gets hurt at work." In conservative Texas locales, however, he says, plaintiffs often must meet a higher burden, even though it's not required by law. He says that juries in places like Starr County do a better job of following the law.

The immediate reaction to his speech was muted. But late last year, Mr. Buzbee says, he was in court in Galveston, where his firm is based, when a colleague told him that he had heard about his Nevada speech. Since then, Mr. Buzbee estimates, 35 to 40 lawyers and state legislators have called him, saying that they heard about the speech or had seen a transcript of it.

The pro-business Texans for Lawsuit Reform has been aggressive in circulating a transcript of his remarks. "Mr. Buzbee is describing why we have to fix the [venue] system," says Denis Calabrese, a spokesman for the group.

In civil matters, plaintiffs generally must file suit where an alleged wrong occurred or where a defendant is based. That is also generally the case in maritime matters, and there are complex rules for figuring out which venue is closest to the site of an accident at sea. Texas, though, has a uniquely flexible rule, allowing maritime plaintiffs to file suit in the county where they reside. Maritime companies that hire workers are thus exposed to lawsuits.

Maritime companies report a recent surge in Valley suits. Illinois-based Great Lakes Dredge & Dock Co. faced its first-ever Valley suit in 2002, but says that it has since been sued 33 times there. "We have been hiring Valley workers for 20 years," says David Simonelli, a company vice president who says he recently bought cowboy boots, because he is spending so much time there. "There is no logical reason for the explosion of suits."

Weeks Marine Inc., based in Cranford, N.J., was sued three times in the Valley prior to 2003, but says that it has since faced 17 suits there, the majority based on dredging incidents that occurred outside Texas, says Thomas Langan, a risk manager for the company. Filings increased, once "attorneys realized what a lucrative judicial hellhole exists down there," he says.

Mr. Buzbee counters that he has filed more Valley suits recently because more Valley workers are getting injured. He says he believes that budget crunches at dredging companies have caused them to be less safe.

On Feb. 16, Corbin Van Arsdale, a Republican legislator from Houston, introduced a bill that would amend state law so that only in rare cases is a plaintiff's county of residence an appropriate venue for maritime-injury suits. Plaintiffs' lawyers "like the Valley, because they get more frequent and larger verdicts," says Mr. Van Arsdale, who says he has heard about the Buzbee speech but hasn't seen a transcript.

Texas plaintiffs' lawyers argue that injured maritime plaintiffs will have a harder time vindicating their rights if they are forced to travel to the venue of an accident or to a defendant's home base. "Most of us want to try lawsuits where we live, as a matter of convenience," says John Stevenson, a Texas lawyer who has filed many dredging suits in the Valley. "In the Valley," he adds, "the juries and judges are professional."

Still, not all plaintiffs' lawyers are rallying behind Mr. Buzbee. Texas plaintiffs' lawyer Ronald Krist says he faults Mr. Buzbee for stirring the venue pot. "Lawyers are always looking for a more favorable venue, but to say in a public forum that notwithstanding the evidence, an Hispanic jury and judge will allow you to win undermines public confidence" in the system, he says. "Those are the sorts of things you shouldn't whisper to your wife in the middle of the night."

Mr. Buzbee, however, says he never expected his speech to reach the multitudes. As he approached the microphone at the Ritz Carlton last year, Mr. Buzbee recalls saying to an attorney who had helped organize the event: " 'This isn't going to be recorded, is it? You want me to speak candidly, don't you?' " Mr. Buzbee says the attorney assured him there would be no recordings.

Earlier this month, Mr. Buzbee filed suit in Galveston state court, alleging that Great Lakes Dredge & Dock's Mr. Simonelli, "surreptitiously recorded" the speech. Later, Mr. Buzbee claims, the Dredging Contractors of America, a D.C.-based nonprofit, disseminated a transcript of the speech "throughout the state of Texas." The suit asserts that Great Lakes and the Dredging Contractors violated anti-eavesdropping laws.

The Dredging Contractors of America declined to comment. Mr. Simonelli says he taped many sessions at the Nevada event. "I did not know of any agreement prohibiting the recording of any seminar," he says.

Paul Yetter, counsel to Great Lakes, shines a light back on Mr. Buzbee. "He has no one to blame but himself for saying those things."

Write to Nathan Koppel at nathan.koppel@wsj.com1

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Judge Rejects Cap On Awards In Ferry Crash (NYT)

By Andy Newman

The New York Times, February 27, 2007

A federal judge yesterday rejected New York City's attempt to use an obscure 19th-century maritime law to cap its liability in the 2003 crash of a Staten Island ferry at $14 million.

The ruling exposes the city to tens of millions of dollars in potential damage awards to relatives of those killed and to scores of people injured when the ferry, the Andrew J. Barberi, crashed into a maintenance pier at the St. George Ferry Terminal on Staten Island.

The city had argued that the accident was covered by an 1851 act, aimed at encouraging investment in the shipbuilding industry, that limited a boat owner's liability to the value of the boat minus the repair costs — in this case $14.4 million. The judge ruled, however, that the 1851 law did not apply if the city's managers had been negligent, and he found that they had been.

The city has already paid $27.6 million to settle two-thirds of the 186 damage claims. Of the 11 people killed in the crash, the estates of only two have settled with the city, for $3 million and $450,000.

The amounts of many settlements were held down, lawyers for the plaintiffs said, by the city's argument that if it succeeded in capping the liability, the plaintiffs stood to win relatively little.

"The courthouse door is now open for all of the claimants to get just and proper compensation," said Anthony Bisignano III, a lawyer for 10 of the remaining 65 plaintiffs.

Mr. Bisignano said that in addition to the nine outstanding death claims, there were many claims from passengers with serious injuries, including amputations and paralysis.

The city said it would consider appealing.

Mr. Bisignano said that the 1851 act was the same one cited by the owners of the Titanic in an attempt to "limit the amount of damages to the value of a couple of dozen lifeboats."

On the afternoon of Oct. 15, 2003, the ferry slammed into a pier at top speed after the assistant captain operating it, Richard J. Smith, blacked out during the last half mile of the trip from Manhattan to Staten Island. The accident, one of the worst mass transit disasters in the city's history, ripped the side of the 3,300-ton boat open. People were crushed, mangled and decapitated.

A city rule requiring that two captains be in the pilot house in the front of the ferry while it is in motion was not followed. The captain, Michael J. Gansas, was on board at the time of the crash, but in the pilot house that faced Manhattan, not in the one that faced Staten Island, as he should have been.

The city had also argued that because its two-pilot rule was stricter than required by general negligence principles, the violation of the rule did not constitute negligence. In any case, the city said, individual crew members, not the city, were at fault.

But the judge, Edward R. Korman of United States District Court in Brooklyn, rejected those arguments. He wrote that by adopting the two-pilot rule, the city acknowledged a serious risk of accident if the pilot were incapacitated, and that knowledge of that risk required the city to remedy it.

And he found that it was the city's fault that the two-pilot rule was disregarded.

The city's former director of ferry operations, Patrick Ryan, who pleaded guilty to seaman's manslaughter in 2005, said then that he had not taken adequate steps to make sure that crews knew the two-pilot rule and to enforce it.

Judge Korman wrote, "The blame for this laxity lies squarely on the shoulders of the city."

Kathleen Healy, a mother of four whose husband, John Healy, 44, a lawyer, was killed, applauded the judge for holding the city accountable.

"It wasn't just one person passing out behind the wheel of a ferry," she said. "This was about an entire crew, an entire department, up to the commissioner of transportation."

Mr. Smith, the assistant captain, said he was suffering from extreme fatigue and was on painkillers when he passed out at the helm. He pleaded guilty in August 2004 to 11 counts of seaman's manslaughter. He was sentenced to 18 months in prison. Mr. Ryan was sentenced to a year and a day.

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The city released a statement yesterday reiterating its position that Mr. Smith was entirely to blame for the accident, because he “took over the operation and navigation of the ferry when he was unfit to do so, and did not disclose that fact to anyone.”

Lloyd Joseph, a construction worker injured in the crash who has required three operations on his legs and now walks with a cane, said he hoped the city would not try to delay the day of reckoning any further.

He said he had pulled one of his two children out of college because he could not afford tuition without his wages.

“I’m very pleased today with the decision by the judge,” said Mr. Joseph, 65. “My whole bank account is exhausted.”

Schwarzenegger Urges End To Divisiveness In Washington (MCT)

By Clea Benson

McClatchy Newspapers, February 27, 2007

WASHINGTON - Sounding more like a motivational speaker than a politician, California Gov. Arnold Schwarzenegger on Monday urged Democrats and Republicans in Washington to put aside their partisan differences and get to work for the good of the country.

The Republican governor told an audience at the National Press Club that Congress and the White House should follow the example of California, where Democrats and Republicans have worked together recently on environmental legislation and infrastructure issues.

Schwarzenegger urged President Bush and Congress to move toward the political center. He also said they should just try to be friendly.

"How come Democrats and Republicans out here don't schmooze with each other?" he asked.

The Austria-born governor is constitutionally barred from running for president. But that hasn't stopped him from claiming a piece of the national spotlight during a presidential campaign season. He's planning to give speeches nationwide this year, preaching an approach to politics that he calls "post-partisanship." And he's using a visit to Washington this week for the National Governors Association conference as a national platform.

"Post-partisanship," he said, "is the new concept of Republicans and Democrats giving birth to new ideas together."

Schwarzenegger also urged federal lawmakers to move toward the political center on the issue of illegal immigration, calling for enhanced security at the borders and a guest worker program.

"What about being realistic and just actually solving the problem?" he told the Press Club audience.

As a governor, Schwarzenegger has limited power over some of the issues he talks about, such as the war in Iraq. But his movie-star fame gives him a unique ability to draw attention. At a signing ceremony Monday for the Western Regional Climate Action Initiative - a regional agreement by California, Oregon, Washington, Arizona and New Mexico to reduce greenhouse gas emissions in their states - a huddle of media descended on Schwarzenegger. Meanwhile, New Mexico Gov. Bill Richardson, who's seeking the Democratic nomination for the presidency, waited in the background.

Schwarzenegger, citing his failed 2005 campaign to pass several Republican-leaning ballot initiatives, said he doesn't think he's perfect. "I contributed to the polarization," he said.

But he took a chiding tone with Washington lawmakers.

"All of this energy is being spent on bitterness; all of this energy is being spent on maneuvering," he said. "Imagine if that same energy were put into working together to build a consensus."

The key to his success, he said, was his focus on building relationships.

"In the courtyard of the state Capitol, I have a politically incorrect smoking tent," he said. "People come in, Democrats and Republicans, and they take off their jackets and they take off their ties, they smoke a stogie and they schmooze."

He had advice for everyone: Democrats should stop "running down" the president. Republicans, he said, should stop questioning the motives of Democrats who oppose the war in Iraq.

"To the president," he said, "I say get yourself a smoking tent."

Benson reports for the Sacramento Bee.

Arnold Pushes 'Centrist' Immigration Approach (WT)

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By Jon Ward

The Washington Times, February 27, 2007

California Gov. Arnold Schwarzenegger yesterday punctuated a three-day media blitz in the nation's capital -- one in which he said he is open to running for the U.S. Senate -- with a National Press Club speech on how his "post-partisan" approach can fix the immigration problem.

"It is time that we reintroduce the concept of the mainstream back into the American political life, and the place to start it is immigration," said Mr. Schwarzenegger, a Republican.

Mr. Schwarzenegger, in town for the annual National Governors Association meeting, promoted his feel-good centrism on Sunday talk shows and in exclusive newspaper interviews over the weekend.

Then, at a lunchtime press club speech yesterday, minutes after leaving a meeting with President Bush in the Oval Office, Mr. Schwarzenegger said there is "a totally reasonable, centrist approach to the whole [immigration issue]."

The Austrian-born former film star said what Mr. Bush and many lawmakers have said: The U.S. should "secure our borders" and provide "a guest-worker program and [give] everyone citizenship who is already in the country and meet a certain criteria."

Mr. Bush reiterated his position on immigration yesterday, with an emphasis on securing the border, during a speech to nearly all the country's governors in the White House State Dining Room. Mr. Bush has previously said he supports a guest-worker program. Congress is set to take up the issue this spring.

Mr. Schwarzenegger's proposal, while not original, is part of his carefully crafted message of "post-partisanship" that appears aimed at a national audience, and dependent on the stratospheric fame and name recognition of the Mr. Olympia bodybuilding champion and star of the "Terminator" film series.

The governor is also receiving national attention for a recently approved energy plan and is working on reforming California's health care policies.

Mr. Schwarzenegger might be laying the groundwork for a run at national office in the future, although he is disqualified from running for president because the Constitution limits the office to U.S.-born citizens.

In an interview with the Politico published online Saturday, Mr. Schwarzenegger indicated that he is open to running for the U.S. Senate or for mayor of Los Angeles, after his second term as governor expires in 2011.

Republican hopefuls for president in 2008 -- Arizona Sen. John McCain and former New York Mayor Rudolph W. Giuliani -- have also courted Mr. Schwarzenegger, in the hopes that the action hero's appeal might help them win a state that traditionally tilts Democratic.

In his speech, Mr. Schwarzenegger dispatched advice to Democrats and Republicans in Congress and to Mr. Bush, on how to handle the current Iraq war debate.

"To the Democrats, I say stop running down the president, and just tell the people what you would do. And to the Republicans, I say stop questioning the motives of the Democrats on the war and accept their right to believe in what they want," Mr. Schwarzenegger said.

Then, Mr. Schwarzenegger -- who has erected what he called a "politically incorrect smoking tent," where Democrats and Republicans "schmooze" together at the governor's mansion in Sacramento -- recommended that Mr. Bush follow his example.

"And to the president I say, get yourself a smoking tent," Mr. Schwarzenegger said to laughter in the packed ballroom.

White House spokesman Tony Snow did not respond to a request for comment on the likelihood of a White House smoking tent.

Democrats May Try To Curb 527s (HILL)

By Alexander Bolton

The Hill, February 27, 2007

Senate Democrats are considering placing curbs on soft-money 527 groups amid evidence that they are beginning to lose the political advantage these largely unregulated funds have given them over Republicans.

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This is a move Democrats had strenuously opposed during the last Congress, when they were believed to benefit from the lion's share of 527 money, but now there is evidence that more of the money from these groups, named for a clause in the tax code, is flowing to the GOP.

Meanwhile, the second-ranking Senate Democrat, Assistant Majority Leader Dick Durbin (Ill.), is planning to introduce legislation in the next few weeks that would provide public funding for congressional candidates who qualify. He will unveil his bill in mid-March alongside Rep. John Tierney (D-Mass.), who has introduced similar legislation in the last several Congresses.

House Speaker Nancy Pelosi (D-Calif.) has weighed in by announcing that she supports public funding of congressional races, an idea that has not received serious consideration since 1993. And influential Democratic chairmen such as Appropriations Chairman David Obey (Wis.) and Financial Services Chairman Barney Frank (Mass.) also support it.

Senate Rules Committee Chairwoman Dianne Feinstein (D-Calif.) is expected to hold hearings on a broad array of potential campaign-finance reforms. She will look closely at the activities of 527 groups, which exploited a loophole in election law to raise more than $500 million in unregulated political funds in the last four years.

"I promised a group of people that we would do some hearings on it," said Feinstein. "We'll take a look at the 527, what it is today and where it appears to be going. I'd like to know exactly what 527s are doing. My exposure to them is necessarily limited, as it is for most members. It's when you have a 527 weighing in against you that you want to know where this money is coming from."

Senate Majority Leader Harry Reid (D-Nev.) has also said he is open to supporting new regulations for 527 groups, which can raise unlimited amounts of money to spend on federal elections. Reid, however, said that proposed legislation must be viewed with other proposals, such as restrictions on non-profit advocacy groups that have ramped up their spending in national races.

"We have to look at all of it — it can't be the only one," Reid said of 527 reform. "As long as it's part of an overall package on campaign-finance reform."

Though Democrats are approaching 527s cautiously, that they are approaching it at all represents a policy shift.

"The whole dynamic on the 527 issue obviously has changed," said Meredith McGehee, the policy director of the Campaign Legal Center, who played a central advocacy role when Congress last passed landmark campaign reform in 2002.

While Democrats overwhelmingly supported the 2002 legislation, they have largely opposed efforts since then to curb 527s.

"The last time, those of us who supported efforts to deal with 527s got most of our support from the Republican side," said McGehee. "What we've heard subsequent to the election is that Democrats were rethinking where they were on 527s because they were not getting the bang for the buck they expected and it was an equal-opportunity problem. Some Democrats are beginning to question whether Republicans may be better off in the long term [unless the law is changed]."

In the 2006 election cycle, the Republican Governors Association (RGA) raised significantly more money than any 527 group, according to Political Money Line, a nonpartisan group that tracks political spending. The RGA raised $42 million, nearly $14 million more than the second-biggest group, the Democratic Governors Association. The fourth-richest 527 was the Republican State Leadership Committee, which pulled in $19 million.

The conservative Club for Growth, which raised $6.4 million, ranked 10th among 527s in the last cycle. The Economic Freedom Fund, which also advocates for lower taxes and less government regulation, raked in over $5 million.

Steve Weissman, the associate director for policy at the Campaign Finance Institute, another group tallying political spending, said that Republican gains are less dramatic when 527s that spend money for state elections are set aside.

He said that 527s concentrating on federal races gave more than twice as much to Democrats than Republicans in the last election cycle. But he said the disparity was even wider in the run-up to the 2004 election, when Democratic-allied groups outspent GOP-allied groups by a three-to-one ratio.

Advocates of reform such as Joan Claybrook, the president of Public Citizen, said there is pressure on Democratic leaders to act because many newly elected lawmakers had signed pledges to "clean up Congress," to reduce the influence of lobbyists, and to provide public financing to candidates who agree not to accept public contributions.

Publicly financed campaigns and 527 reform go hand in hand because groups that have the ability to spend millions in unregulated funds threaten to overwhelm candidates who vow to abide by clean election laws.

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"I'm real happy about it," said Claybrook of Democrats' new willingness to review 527 reform. "They were resistant in the past. I'm really pleased that they're reconsidering that."

Claybrook said that many new members won election to Congress in November because "the public was disgusted with lobbyists controlling the process."

Howard Gantman, Feinstein's spokesman on the Rules Committee, said his boss would work with Durbin on public financing legislation and explore ways to reduce the costs of campaigning.

"We're going to be looking at a number of issues. The issue she is most focused on is high cost of TV advertising in federal campaigns," he said. "Sen. Feinstein believes the airwaves are public airwaves and there should be a way to get more information about candidates to the public."

Gantman said she would also look at reforming leadership political action committees, which lawmakers use to distribute funds to their colleagues, and reforming the presidential public financing system.

Sen. Russ Feingold (D-Wis.) has introduced legislation that would restructure presidential public financing for the 2012 election as well as legislation that would require that Senate candidates file electronic campaign finance reports, which are easier to review than paper forms.

States Work On Proposals To Make Voting Easier (USAT)

By Richard Wolf

USA Today, February 27, 2007

WASHINGTON — Proposals designed to make voting easier and ballots more secure are beginning to advance in several states.

The proposals range from allowing voters to register until Election Day to expanding the use of absentee ballots and early in-person voting. Several states and Congress also are promoting paper trails for electronic voting machines.

The trend follows several years in which states passed tighter restrictions, such as requiring photo identification and proof of citizenship. Opponents of those restrictions, some of which were blocked by court action, are behind the push to bring more voters to the polls.

"There will be some legislatures that will be more receptive to those ideas," says Doug Chapin of Electionline.org, a non-partisan news and research organization.

The trend toward making it easier to register and vote could help Democrats in 2008, particularly in battleground states that will decide who wins the White House. Minorities and the poor would benefit the most, and they tend to vote for Democrats, says Kimball Brace of Election Data Services, a political consulting firm.

Democrats won six more governor's offices and 10 more state legislative chambers in November. They hold 28 governor's offices and control 23 legislatures, compared with 15 legislatures run by Republicans. Power in the others is shared. Action in the states includes:

•Iowa. Would-be voters could register on Election Day under a bill pending before the Senate State Government Committee. Seven states have same-day registration laws. Democrats took over the state House of Representatives and Senate in November. "I think the Legislature has the votes to do it," new Democratic Secretary of State Michael Mauro says.

•Maryland. The House and Senate have approved putting a constitutional amendment before voters in 2008 that would make Maryland the 16th state to let voters cast ballots in person before Election Day. Differences between the bills remain to be worked out.

•Minnesota. A proposal to automatically register voters when they get driver's licenses is set to begin moving through the Legislature this week. Democrats won the House in November, giving them full control of the Legislature. "Citizens are looking for ways to have more accessibility," new Democratic Secretary of State Mark Ritchie says.

•Florida. New Republican Gov. Charlie Crist wants printers added to electronic voting machines so voters can check ballots. The paper trail, under consideration in many states and Congress, is a response to recent problems at the polls, including a disputed congressional election in Florida last year.

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Several states, including Colorado, Hawaii, Idaho and Indiana, are beginning to act on legislation paving the way for more voting by mail. Oregon and most counties in Washington vote by mail.

In Congress, Rep. Rush Holt, D-N.J., wants paper trails on electronic voting machines to verify that all ballots are counted.

Sen. Barack Obama, D-Ill., wants to crack down on campaign fliers and phone calls intended to mislead voters.

Because Democrats control the House and Senate, those bills have a better chance of moving this year.

McCain Firm On Iraq War Despite Cost To Candidacy (USAT)

By Susan Page

USA Today, February 27, 2007

SPARTANBURG, S.C. — The Sugar 'n' Spice Drive-in is so jammed with supporters and prospective supporters that Arizona Sen. John McCain climbs onto a chair next to the soda fountain to be heard.

"Obviously, I have to talk to you about the war in Iraq," he says somberly as the crowd quiets. "All of us — all of us — are frustrated. All of us are angry because of the mishandling of the war. All of us are saddened by the loss of our most precious asset, and that's American blood."

Even so, the costs of retreat would be higher, fueling chaos in Iraq and drawing terrorists to U.S. shores, he says. "I want us to have patience. I want us to succeed."

There's no doubt about that. At stake in Iraq is not only President Bush's legacy but also the 70-year-old McCain's last hope for the White House. In a crowded field of candidates, he is the only full-throated defender of the increase in U.S. troop levels and the war itself.

In a turn that's nearly Shakespearean, McCain — Bush's chief rival for the Republican nomination in 2000 and a critic since then on everything from tax cuts to torture — finds his fate inextricably tied to the fortunes of his onetime adversary and the increasingly unpopular war he is prosecuting.

McCain's unyielding stance on Iraq has bolstered him with Republican regulars but eroded his standing among the independents and crossover Democrats who boosted his presidential bid seven years ago. In a USA TODAY/Gallup Poll taken Thursday through Sunday, one in four independents and two in three Democrats say they're much less likely to support him as a result.

Last fall, McCain and former New York mayor Rudy Giuliani were tied in the lineup of GOP hopefuls in the USA TODAY poll. Now Giuliani leads McCain 40%-24%.

McCain has "taken a very hard stand — that we need more troops — and that's not where the American people are," says James Thurber, director of the Center for Congressional and Presidential Studies at American University. "He's isolated over there in a position he can't really change easily, even if things go more poorly on the ground."

On other fronts, McCain has trimmed his sails in ways that suit his ambitions. The nation's most prominent political maverick is cultivating his party's conservative power centers, including some he derided the last time he ran.

He voted against Bush's tax cuts in 2001; now he promises to extend them. He called evangelical leaders Jerry Falwell and Pat Robertson "agents of intolerance" in 2000; now he is reaching out to Falwell and other prominent conservative Christians. He declares that Roe v. Wade, the Supreme Court decision that legalized abortion nationwide, should be overturned — a different position than he took in a 1999 interview.

But on the issue that dominates the 2008 election — and with a determination that could be seen as steadfast or stubborn — McCain continues to argue that the invasion of Iraq was justified and the war there must be pursued.

"He's no fool; he knows this is not a popular position to take," says Robert Timberg, a McCain biographer and editor of Proceedings: The Magazine of the U.S. Naval Institute. "But when it comes to a matter of national defense, when it comes to being behind the troops — those are issues that ultimately have no meaning politically to him."

McCain's bloodlines aren't in politics, Timberg notes. He is the son and grandson of Navy admirals.

Orson Swindle, a Marine pilot shot down over North Vietnam in 1966, says the years he and McCain spent together in a POW camp forged a fierce resolve to avoid the mistakes that they believe damaged the United States then.

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"John above all others has that sense of history," Swindle says. "He knows we cannot afford to lose or be perceived as losing."

'I don't think about it'

McCain is on the Senate floor on a recent day, arguing for debate on his resolution supporting Bush's increase in troop levels in Iraq. His comments finished — there will be no debate today, or in the near future — he sits for a brief interview.

Will Iraq be the defining issue of the 2008 campaign?

"I don't know, because I don't know what the situation in Iraq will be when the campaign really cranks up," he replies. "If things got under control in Iraq, if we are showing success, I'm not sure that it will be the biggest issue."

What is the political impact of the war on his campaign?

"I don't think about it," he says. Period. Usually the most quotable of candidates, he seems determined to utter as few words as possible on the topic. He sits almost completely still and speaks so softly it's hard to hear what he's saying.

Even though he does want to be elected president?

"Sure, but not so badly that I would let it affect this issue," he says, then repeats a line he has used before: "I would rather lose an election than lose the war."

Still, when told that a USA TODAY poll shows his support among independents has declined, he seems to have considered the question. His campaign's surveys show his standing among independents "steady," he says. He adds he often has been a critic of Bush, "including the conduct of the war."

Does it seem ironic he's being nicked for being too loyal to Bush?

"It was Jack Kennedy that said life isn't fair," he says with a tight smile.

Life may seem particularly unfair to McCain these days. During a campaign stop in South Carolina, he tells an audience in Hilton Head that former Defense secretary Donald Rumsfeld "will go down in history as one of the worst secretaries of Defense in history." His critique isn't new. McCain began saying he had "no confidence" in Rumsfeld's leadership in 2004, after the Abu Ghraib prison scandal.

Even so, the comment triggers attacks from both sides. Within hours, the Democratic National Committee issues a news release headlined "Why Voters Don't Trust McCain," accusing him of trying to have it both ways on the war — supporting it while blaming Rumsfeld. The next day, Vice President Cheney curtly dismisses McCain as "wrong" and suggests the senator apologize.

Democratic contender John Edwards has dubbed Bush's increase in troop levels "the McCain doctrine," and the liberal group Move On.org has aired an anti-war TV ad in Iowa and New Hampshire — where the first presidential contests will be held — that shows McCain and Bush embracing.

"The McCain plan to escalate," the announcer calls it.

Since August 2003, five months after the invasion of Iraq was launched, McCain has been arguing that more U.S. troops were needed there. Bush dismissed his objections for more than three years but now has committed 21,500 additional U.S. troops.

Even if that move turns out to be too little, too late, McCain will find it difficult to distance himself from the calamity likely to follow, allies and opponents say.

"Substantively, there are big differences between what McCain has wanted to do in Iraq and what the Bush administration has done, but try explaining that kind of nuance to voters on the campaign trail," says Dan Schnur, a top aide to McCain in 2000 who hasn't endorsed a candidate this time. "It's a tough spot to be in."

McCain's chief strategist, John Weaver, sees a silver lining. Voters "are looking for people who are not poll-tested or driven by the prevailing winds but someone who will do the right thing," he says. The debate on Iraq "reinforces" the sense of principle and strength that voters appreciate in McCain.

"He's also been spelling out what kind of catastrophe that could follow in Iraq — and if there is failure in Iraq, there will be political consequences, too," for those who advocated pulling back, Weaver says. "Nobody is talking about that."

McCain is still popular among Americans but less so than he used to be, and the assessment that he would be the strongest Republican in a general election has faded a bit.

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In the USA TODAY poll, independents by a healthy 56%-26% now say they have a favorable impression of McCain. Still, compared with February 2000, during his last presidential campaign, his favorable rating among those voters has dropped 11 percentage points and his unfavorable rating has doubled.

His leading rivals for the Republican nomination, Giuliani and former Massachusetts governor Mitt Romney, support the war and have endorsed the increase in troops. Neither was in Congress to vote to authorize the invasion, however, and neither is so clearly identified with the conflict. Both have left some wiggle room in their comments about it.

In announcing his campaign, Romney said the United States should continue to "seek stability" in Iraq "so long as there is a reasonable prospect of success." During a trip last month to New Hampshire, Giuliani said, "There are no sure things" and Americans should prepare for the possibility of failure.

Independents' flight

New Hampshire was the site of McCain's breakthrough victory during the 2000 campaign. He trounced Bush in the primary by 18 percentage points thanks to independent voters. Six in 10 unaffiliated voters — they can cast their ballot in either party's primary — voted in the GOP contest. Surveys at polling places indicated they backed McCain over Bush by 3-1.

Now, a statewide survey by the University of New Hampshire this month found seven in 10 independents plan to vote in the Democratic primary in 2008. McCain, who led the GOP field in six previous UNH polls the past 20 months, is neck-and-neck with Giuliani.

"A key component of the McCain base from 2000 is evaporating," says Dante Scala, a political scientist at Saint Anselm College in Manchester and author of Stormy Weather: The New Hampshire Primary and Presidential Politics. "Which means he's going to have to work on those core Republicans."

So McCain assiduously is courting economic and social conservatives, some of them skeptics who remember his jibes from before. The morning after his stop at the Sugar 'n' Spice, McCain hosts a reception at the National Religious Broadcasters convention in Orlando. Falwell is listed as a co-host.

That evening, McCain flies on a small charter down the Florida coast to Vero Beach, a stronghold of suburban Republicans. Nearly 2,000 people show up for two question-and-answer sessions. The issues they raise range from immigration to health care to trade.

And, of course, Iraq.

"I like that he's for the president and not knocking him" when it comes to the war, says Eleanor Harpring, 87, a Republican.

Her daughter, Lisa McLaughlin, 48, a lawyer and political independent, isn't sure she agrees with McCain, though. "I just have questions with the direction we're going with the war," she says. "I think it may be irretrievable."

On stage in Vero Beach, McCain is confident and teasing, showing the dash of the decorated Navy pilot he once was. At the drive-in in Spartanburg, he sports a brown leather bomber jacket. To some, he has hero status: People in the audience hold cellphones over their heads to snap a picture and push forward copies of his best-selling Faith of My Fathers to be autographed.

"I admire what he stood up for as a POW" during the Vietnam War and his support for the president on Iraq, says Frank Horton, 68, a retired Navy man who has driven from nearby Boiling Springs to see McCain. Still, Horton worries that the boost in troops won't work. If so, he cautions, "we're going to have to rethink the whole thing."

McCain is a candidate on a tightrope. The exuberant insurgent from 2000 who seemed ready to speak his mind regardless of the consequences has been replaced by a more calculating candidate who is seeking support from the party's base and defending a war where victory is far from assured.

"This is not Luke Skywalker here," says South Carolina Sen. Lindsey Graham, a key supporter for both bids, referring to a joking allusion McCain often used to refer to himself in 2000. "This is a totally different campaign."

McCain Strategy Courts Middle (WT)

By Joseph Curl

The Washington Times, February 27, 2007

Sen. John McCain is playing both sides against the middle as he supports sending more than 21,500 additional troops to Iraq while trying to distance himself from President Bush by labeling the war a "train wreck."

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But election analysts and pollsters say the new tack is costing him independent voters, once his strong suit.

As the Arizona Republican, long popular among the liberal media, seeks to secure religious and social conservatives by espousing a hard line against homosexual "marriage" and abortion, independents are abandoning him in droves, a trend election analysts say could be fatal to his 2008 presidential hopes.

"It's almost bipolar," said pollster John Zogby, who has done work for Mr. McCain in the past.

"He walks a very thin line here. What made John McCain so popular was the maverick, independent, anti-party establishment, war-hero status. He was popular among independents, Democrats, and not unpopular at all among Republicans. But in the process of redefining himself from the hawkish, pro-surge, hug-the-president McCain, the redefinition has un-defined him," Mr. Zogby said.

Courting both sides while seeking the middle can be dangerous, Mr. Zogby said.

"You risk alienating both sides, and a strong case can be made for winning from the center this year. McCain, though, is not just making small moves. His is much more like a huge pendulum swing, and thus far, it has not been helping him in the polls," he said.

Mr. McCain began this month moving hard to the right, declaring his opposition to same-sex "marriage" and saying that he favored the overturn of the 1973 Roe v. Wade decision that made abortion a constitutional right. Asked in Seattle on Friday whether he was simply seeking to curry favor with conservatives, Mr. McCain said frankly: "I'll probably get into trouble, but what's wrong with sucking up to everybody?"

Dick Bennett, president of American Research Group, said that "McCain is tanking fast with independents."

"He had 49 percent of the independent voters in New Hampshire a year ago, but that has dropped ... to 29 percent now," said Mr. Bennett, who heads New Hampshire's leading polling company.

Mr. Bennett said Mr. McCain is employing a "calculated" move not uncommon in Republican campaigns -- lock down the conservative base, even at the expense of some independents, and then move back toward the middle in November, hoping to draw back some lost supporters.

"He's still able to get those independents back. The real trick is, how far to the right can he go without losing those independents forever? And that's an unknown, but he's shown in the past he knows where the line is and that he can navigate that successfully," he said.

Mr. McCain also stands out among Republican candidates in his continuing support for the Iraq war and as the leading Senate advocate for Mr. Bush's "surge" plan.

Thus, Democratic National Committee spokesman Luis Miranda said, Mr. McCain may have difficulty distancing himself from Mr. Bush on the war, which many Americans have come to see as a losing effort.

"He is trying to have it both ways by criticizing a war he always supported, while also trying to stick close to the president," the spokesman said.

But Charlie Black, a prominent adviser to Mr. Bush, said Mr. McCain can benefit by sticking to his core beliefs, which voters like.

"John McCain is taking a position that he thinks is right, and probably there's not much political strategy behind it. That said, it might help him in primaries, but it's a potential problem in the general election, really depending on what happens in Iraq in the next year and a half," he said.

Mr. McCain has been unequivocal in his support for the surge plan, telling voters in Iowa last week that the president's proposed solution is the only way the U.S. can salvage a win in Iraq.

"I've said all along I cannot be concerned and will not be concerned about whether it helps me or hurts me with anyone. It's an issue that transcends any political ambition I might have," he said in Des Moines.

A Gallup Poll released yesterday shows that his convictions may pay off. The president's approval rating among Republicans is 76 percent, despite the somewhat unpopular surge plan. Thus, taking a position against the president puts Republicans at odds with the base.

But he is also clearly concerned with his plummeting support among independents, and in recent days has delivered some stern criticism to the president and his administration.

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Mr. McCain on Wednesday said in a joint appearance with California Gov. Arnold Schwarzenegger in Los Angeles that his objections started three years ago "when I saw that this train wreck was taking place, and that we needed more troops, and we needed a different strategy." During a South Carolina visit last week, he harshly criticized former Defense Secretary Donald H. Rumsfeld as "one of the worst secretaries of defense in history."

"We are paying a very heavy price for the mismanagement -- that's the kindest word I can give you of Donald Rumsfeld -- of this war," Mr. McCain told a crowd of 800-plus supporters at a retirement community near Hilton Head Island, S.C.

Although the senator risks losing hawkish conservatives, his criticism of Mr. Bush may make him more palatable to independents. Although he drew some Democratic support in his 2000 presidential bid, he does not risk losing them this time, Mr. Zogby said.

"In this atmosphere, if you're pro-surge, there's virtually no Democrats to get anyway," he said.

Warner Endorses Possible McCain '08 Bid (AP)

By Zinie Chen Sampson

AP, February 27, 2007

Republican Sen. John W. Warner, the former chairman of the Armed Services Committee, on Monday endorsed Sen. John McCain for the Republican presidential nomination.

The five-term Virginia senator cited McCain's service in the Navy and his familiarity with military issues in a statement backing his longtime friend, who is expected to formally announce his candidacy next month.

"America's next president will be challenged by a range of diplomatic and security issues of unprecedented complexity largely due to growing, worldwide terrorist threats," Warner said in the statement, released by McCain's presidential exploratory committee. "Senator McCain's long experience with, and understanding of, our military coupled with his proven, unquestioned courage and leadership, provide him with the essential qualifications for our next president."

Warner, a former Navy secretary and until last month the chairman of the Senate Armed Services Committee, has agreed with McCain on a number of national security and defense issues, but differs with him on President Bush's Iraq war policy.

McCain backs the president's plan to increase U.S. troops while Warner drafted a bipartisan resolution opposing the buildup.

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WASHINGTON (AP) — Vying for the support of a key Democratic constituency, presidential hopefuls Hillary Rodham Clinton and Barack Obama have signed on to speak at an annual civil rights commemoration in Selma, Ala., on Sunday at the same time and just a few doors down from each other.

State Democratic leaders and event organizers said they couldn't remember a time when two leading presidential candidates spoke at the Bridge Crossing Jubilee, held annually in honor of the 1965 Selma-to-Montgomery voting rights march.

"It's a first," said Tarana Burke, a spokeswoman for Selma's National Voting Rights Museum and Institute, which sponsors the event. "Both of them are directly affected by the voting rights movement, and we're glad they appreciate that enough to come and help us commemorate."

Clinton, a Democratic senator from New York, is scheduled to headline the 10 a.m. service at First Baptist Church and to represent her husband, former President Bill Clinton, at his induction into the museum's hall of fame, Burke said.

Obama, a Democratic senator from Illinois who is black, is slated to speak at a "Unity Breakfast" and deliver the event's keynote address at the 10 a.m. service at Brown Chapel A.M.E. Church.

Both churches were sites where organizers and marchers met in the historic protests that helped lead to greater ballot access across the South for blacks.

State Democratic leaders estimated 40 to 50 percent of Democratic primary voters in Alabama are black.

Organizers say several dozen members of Congress also plan to attend, along with former presidential candidates Jesse Jackson and Al Sharpton. A spokesman for Clinton said the senator is still finalizing details of her visit.

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BOSTON (AP) — Mitt Romney prepared for a major fundraising chase with a real run — against his family on a local track. He finished last.

The former Massachusetts governor said in a Web interview posted Monday that the night before a January fundraiser that raised $6.5 million for his campaign, he and his sons decided to race each other around the track at the high school near their Belmont, Mass., home.

"We were there at the dinner table and someone said, 'Hey, should we go have a 440(-yard) race at the high school?'" Romney told RealClearPolitics.com, a Chicago-based site that culls and posts an array of political news, commentary and polling. "Sure enough, we all went upstairs and found our respective jogging shorts, put on tennis shoes or running shoes, went over to the high school and had a 440 competition at the track."

While the 59-year-old Romney runs on a treadmill each day, he ended up losing to three of his five sons.

"I came in last," said the candidate. "I was thinking I could beat my son Ben but, boy, even though he's in medical school and has gotta be out of shape, he still beat me, darn it!"

Aides said Josh Romney finished first, Matt Romney second and Ben Romney third, with Mitt Romney fourth. Tagg Romney, the eldest son, and Craig Romney, the youngest, did not compete.

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HIGHLAND HILLS, Ohio (AP) — On his first campaign trek across Ohio, Democratic presidential contender Barack Obama promised that he'd return — a lot.

The senator from Illinois raised more than $450,000 at fundraisers in Cincinnati and Columbus on Monday before collecting even more at an appearance in suburban Cleveland. A message seeking the amount raised was left at Obama's campaign headquarters in Chicago.

"I'm going to be spending a lot of time in Ohio so that people are familiar with me, so that by the time I'm the Democratic nominee they don't feel like I'm just parachuting in but that they've heard me and had a chance to kick the tires and lift the hood," Obama told reporters after the event in Columbus.

In his three stops to the state's largest cities, Obama covered a wide range of topics, including ending the war in Iraq — which received the loudest cheer at the Cleveland-area rally — developing universal health care and improving early childhood education.

More than 1,700 people filled a community college gymnasium in Highland Hills with chants of "O-bama!" A large banner overhead read "Obama Rocks!"

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Associated Press Writers Ben Evans in Washington, Glen Johnson in Boston and Joe Milicia in Highland Hills contributed to this report.

Giuliani Keys On The Economy And Taxes (AP)

By Liz Sidoti

AP, February 27, 2007

Republican presidential hopeful Rudy Giuliani addressed his Democratic past on Monday and offered one reason for his political conversion — taxes.

"I don't think anything separates us more right now between Republicans and Democrats than how we look at taxes," the former New York mayor said. "What we understand as Republicans is that, sure, the government is an important player in this, but we are essentially a private economy. What Democrats really believe ... is that it is essentially a government economy."

In the days of President Kennedy, Giuliani said, Democrats understood the concept of the private economy and cutting taxes. But, he said, Democrats have "kind of lost that."

"It's one of the reasons that I used to be a Democrat and I'm now a Republican," Giuliani said before quoting Winston Churchill as saying: "If you're not a liberal when you're 20, you have no heart, but if you're not a conservative by the time you're 40, you have no brain."

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The line prompted laughter from Giuliani's audience, a few hundred people affiliated with the Hoover Institution, a public policy center.

As he seeks the Republican nomination, Giuliani faces the challenge of winning over conservatives who make up the GOP's base and view him skeptically because of his moderate views on social issues and his past allegiance to the Democratic Party. In 1994, Giuliani endorsed Democratic Gov. Mario Cuomo over Republican challenger George Pataki.

Addressing his political about-face, Giuliani said he once was a Democrat, then spent five years as an independent before finding a home with the Republican Party.

"Ronald Reagan made only two changes. I was like Churchill, I made three," he quipped.

Turning serious, he said he struggled with his political identity while he was an independent.

"I would say to myself Democrats care about the poor and Republicans don't, and how can I join the party that doesn't care about the poor," Giuliani said. "I finally came to the conclusion that we care about the poor more."

Later, when questioned on whether he had the foreign policy credentials to be president, Giuliani sought to diffuse another potential stumbling block to the nomination.

"What makes you think that the mayor of New York City doesn't need a foreign policy?" Giuliani asked, as the crowd laughed and applauded.

Defending his record, he said he's traveled the world extensively since being out of office and grasped foreign policy issues while mayor in the 1990s.

"It's something that I think I know, I think I know as well as anybody else who's running for president, probably better than a lot," Giuliani said.

At an evening event in northern Virginia, the ex-mayor sought to buck up activists at a state Republican Party dinner a few months after the GOP sustained severe electoral losses at all levels of government.

"You learn more from defeat than you do from victory," Giuliani said. "Our party has to be and should be the party of the future."

Rudy Defends Foreign Policy Capacity (NSDY)

By Craig Gordon

Long Island Newsday, February 27, 2007

WASHINGTON -- Rudolph Giuliani Monday defended his lack of hands-on foreign policy experience, telling a conservative audience that his time in City Hall, private business travels and paid speeches abroad helped prepare him to confront overseas threats.

"What makes you think the mayor of New York City doesn't need a foreign policy?" Giuliani said. "It's something that I think I know ... as well as anybody else who's running for president, probably better than a lot."

Giuliani also did a test drive of a series of domestic campaign themes before the group -- saying he would cut taxes, expand school choice and reform entitlement programs -- in a bid to explain his political conversion from Democrat to Republican.

He told the members of the Hoover Institution think tank that he believes the Republican philosophy of helping people help themselves trumps what he called the Democrats' big-government approach to taxes, schools and health care.

"I would say to myself, 'Democrats care about the poor and Republicans don't, and how can I join the party that doesn't care about the poor?'" Giuliani said, recalling how he pondered his party switch in 1980. "I finally came to the conclusion that we care about the poor more."

The speech was during the first half of a Washington swing that has Giuliani courting conservative activists, many of whom have been cool toward his campaign over his moderate stances on social issues. He also addressed an $85-a-person Virginia Republican party fundraiser last night before heading to a New Jersey fundraiser Tuesday.

On Friday, Giuliani will return to Washington to address the Conservative Political Action Conference, one of the largest gatherings of conservative activists in the nation.

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Giuliani leads Republicans in recent polls, mainly among voters who remember him from 9/11 and give him high marks. But several leading conservatives have been critical of Giuliani, so he tried to soften that opposition Monday, mainly by highlighting his conservative approach to governing.

On foreign affairs, he has little experience and even gave up a spot in the Iraq Study Group last year as he prepared to run for president. Also, his main opponent, Sen. John McCain, is a Vietnam veteran who made a name as a foreign-policy expert. McCain picked up the endorsement Monday of another leading Republican on foreign affairs, Virginia Sen. John Warner.

But Giuliani held out his experience running the nation's largest city as part of his foreign policy portfolio. He also told a questioner that he has taken more than 90 foreign trips for his company, Giuliani Partners, spoken in about 35 countries and met a variety of world leaders -- though he barely touched on the biggest foreign policy challenge facing the next president: Iraq.

Giuliani's Mouth Is Running, But His Meter Isn't (WP)

By Dana Milbank

The Washington Post, February 27, 2007

Looking for a bargain outing for the family? Consider a Rudy Giuliani speech.

The Republican presidential candidate and former New York mayor was charging $100,000 per speech before he announced two weeks ago that he was quitting the motivational lecture circuit. Now he can look forward to a year or more of talks like he gave yesterday to the Hoover Institution in the Willard ballroom -- earning nothing but applause.

Instead, the Hoover fellows got all this free, and more! Giuliani threw in bonus thoughts on foreign policy, such as "We clearly won the Cold War" (that two-second snippet had a market value of $71.58), and "We've never been a perfect country, we're never going to be a perfect country, but we're a good country, so we don't like war" ($214.74 for this six-second gem).

On the other hand, the value-conscious consumer apparently will have to pay full freight if Giuliani is going to say something controversial. The candidate said not a peep about abortion or gay rights. He skipped any mention of Iraq until a questioner asked him.

Finally pressed on Iraq, his two-minute, 28-second answer (a $5,297.04 value) included mentions of immigration, Social Security and class-action lawsuits. "I ran a hospital system, the second- or third-largest in the country. . . . We were paying out $500 million in claims, and settling claims that we just had to settle for amounts of money I would never thought you should give, and I'm a lawyer. That's what I really know about, even more than foreign policy."

Had they been paying customers, the Hoover fellows, drinking Cakebread Chardonnay and Swanson Merlot at noon, may have asked for a small rebate when Giuliani, explaining his switch from Democrat to Republican, cited "Churchill's statement: If you're not a liberal when you're 20 you have no heart, but if you're not a conservative by the time you're 40 you have no brain."

"There is no record of anyone hearing Churchill say this," reports the Churchill Centre.

But this was not a hostile crowd. Though religious conservatives are suspicious about Giuliani, the market conservatives of the Hoover Institution are not. Hoover overseer Bill Simon introduced Giuliani as "hopefully the next president" and recalled his "grace under pressure" on Sept. 11, 2001.

Giuliani had the moves of an experienced motivational speaker. He used his roving microphone to step out on either side of the lectern in ever-lengthening strolls. And he had a few jokes prepared. "When I was a kid . . . snow was terrific," he said. "Then I became mayor of New York, and it's $1 million an inch." That went over well, so he followed with a second, third and fourth snow joke.

His first 30 minutes listed heavily toward platitude. "The founding principle of our party is freedom," he disclosed, further announcing that "our economy is not a government-dominated economy." He also discussed at length his experience with the New York City public schools ("I was very, very big on the Stat programs, ConStat programs, and HealthStat programs and JobsStat programs").

His brief foray into foreign affairs meticulously avoided Iraq. "We've got to say to the rest of the world, 'America doesn't like war, America is not a military country,' " he recommended.

Whatever Americans think about war, Giuliani clearly didn't want to talk about it. The first questioner tried to prod him by asking about those who have a "deep concern" about his lack of "experience in foreign affairs."

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"Uh, what makes you think the mayor of New York City doesn't need a foreign policy?" he quipped. He then spoke about his business travel. "I've made about 91, 92 foreign trips and I've spoken in 34, 35 different countries," he said. "So I know the world."

He also would have pulled in a cool $3.5 million if those speeches were at the motivational rate.

Giuliani listed some of the things he learned from his travels: "My view of it is the American president needs to be our leader in foreign policy." And: "Foreign policy is also very much a part of our economy now." Those insights, at the customary rate of $35.79 per second, were worth $178.95 and $107.37, respectively.

The next questioner wanted to know about the Iraq-war resolutions in Congress (this produced Giuliani's answer about the New York City hospital claims) and his view on judicial nominees. "I would select judges based on my view of the Constitution, which is that the separation of powers is an important part of our freedom," he said.

"One more question?" asked the host. Nobody volunteered.

"Who wants to ask it?" Giuliani pressed. Finally, a woman near the front stood up.

"Where in your priority list would incentive pay be under your presidency?" she asked.

"Incentive pay," said a relieved Giuliani, "is critical to almost every institution."

Even to Giuliani himself, apparently. If you want a motivational speech, you're going to have to pay him for it.

Some Fans Clamor For Gore Sequel, But He Says No (USAT)

By Martin Kasindorf

USA Today, February 27, 2007

LOS ANGELES — Al Gore has had a heartwarming February: a big night at the Academy Awards, a Nobel Peace Prize nomination and former president Jimmy Carter's endorsement for the 2008 presidential campaign.

Even so, these dream assets for a politician and the added pressure they're bringing to enter the race are unlikely to sway Gore to jump in, Democrats who know the former vice president said Monday.

Gore, 58, played with the idea Sunday night, when An Inconvenient Truth, the documentary on climate change that he stars in, won Oscars for best documentary feature and best original song. In pre-planned clowning, Gore had begun to announce a political "intention" when the band cut him off.

Two members of Norway's Parliament nominated Gore for the Nobel Peace Prize Feb. 1 for bringing attention to global warming. Carter told ABC News' This Week Sunday that "if Al should decide to run — which I'm afraid he won't — I would support Al Gore."

Backstage and at post-Oscar parties, the 2000 Democratic presidential nominee repeated his longtime assertion that he is not "planning" to run again. Political players read Gore's statement as falling short of an ironclad pledge to stay out. "He's obviously left a little crack in the window or the door," said Chris Lehane, a Democratic strategist and Gore's 2000 campaign press secretary.

"At no time did he say, 'I'm not running,' just three little words," said Monica Friedlander, spokeswoman for DraftGore.com, one of several grass-roots groups pushing for a Gore candidacy.

Friedlander said the Oscars would be "huge" in augmenting the 42,000 signatures the group has collected for a petition asking Gore to run. An additional 1,000 signatures came in Sunday, she said.

Allies of Gore said they take him at his word. "I would like him to run, but I haven't been very persuasive, either," said Elaine Kamarck, a professor at Harvard's Kennedy School of Government and Gore's former policy adviser. She was one of a number of former supporters who met in Boston this month to consider how to jump-start a Gore campaign.

If Gore should decide to run, he'd be in a strong starting position. In a USA TODAY/Gallup Poll of Democratic voters taken Feb. 9-11, Gore trailed only Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Though Gore was criticized during the 2000 campaign for a stiff manner, "clearly he's far more comfortable with himself" now, said Anita Dunn, a Democratic campaign strategist who worked for Gore's opponent for the 2000 nomination, Bill Bradley.

The new accolades "will fuel further enthusiasm for him to enter the race" but won't influence Gore, said Carter Eskew, a former campaign adviser to Gore.

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Gore remains involved on global warming, serves on Apple's board and is an adviser to Google. "He has a full plate," Eskew said.

Carter told ABC that Gore is resisting the calls to re-enter politics. "I don't think he will," Carter said. "I've put so much pressure on Al to run that he's almost gotten aggravated with me."

Eskew said Gore is feeling as fulfilled by the growing impact of his efforts on global warming as he ever did in politics. "Our biggest audience in the 2000 campaign was the 20 million who watched his convention acceptance speech," Eskew said. "Well, (Monday) night a billion people were watching, so you really can have an impact outside of the normal boundaries. He is smart enough to understand how to leverage that."

Ginny Terzano, a former spokeswoman for Gore and now a spokeswoman for Microsoft, says, "He's getting a great deal of personal satisfaction out of changing lives without some of the strings and constrictions that you have running for public office."

"The guy is enormously happy, " Lehane said. "For him, the decision is: 'Let's see, could I make a lot of money and be on stage in front of a billion people, or would I want to be spending the next two years in a Holiday Inn in Dubuque, Iowa?' "

Gore's Oscar Fuels Call For Late Run (POL)

By Mike Allen

Politico.com, February 27, 2007

Former Vice President Al Gore's triumph at the Oscars is already stoking activists' pleas for him to make a dramatic late entry into the fractious presidential race, and some key strategists insist he could announce as late as September or October and still win the nomination.

"Honestly, this was the inaugural parade we all envisioned," said Donna Brazile, his former campaign manager. "Gore's political stock is hot right now. I don't know if I would cash in now with so many players still on stage. There's no reason to force him to declare tomorrow. "

Indeed, Brazile said the former vice president could wait as late as the time states begin requiring delegate slates and statements of candidacy, since he could raise money quickly and much of the campaigns' budgets are devoted to a long nominating process he would avoid. "This was one of those rare moments, similar to the civil rights movement, when you experience the ground shifting," she said. "Perhaps it's not a movement for a presidential run, but a moment for the debate to start for real change on how we live on planet earth."

Friends who talk regularly with Gore say that he believes what he tells the press – that he's not planning to run for president. Backstage on Sunday night, he repeated his mantra: "I do not have plans to become a candidate for office again." No draft movement is being authorized or encouraged, and there are no internal discussions of a campaign, the friends insist. But they say he has deliberately not closed the door. It just doesn't feel right to him and he's only 58.

So the crescendo will rise. Brazile, now the founder and managing director of Brazile and Associates, is neutral in the race but says she would work for Gore if he declared. She acknowledges that after the near miss of 2000, she was among those who said "hell, no" about a 2004 bid. But she feels very differently now.

"He could come in at the end of the day as a candidate who can truly unite his party as well as his country," Brazile said. "He can help repair our country's image abroad. He's someone who can go toe-to-toe with world leaders and doesn't need a crash course in diplomacy." She remembers back in the '80s when Gore was in Congress and used to often cite a quote from Gandhi, ""Be the change you want to see in the world." Brazile said: "I believe he has become that quote."

"An Inconvenient Truth" was based on Gore's traveling global warming show as he told audiences about what he calls a "planetary emergency." He threw himself into promoting the film, traveling to film festivals around the world and telling audiences he would take it "door-to-door" if necessary." The movie includes his stock laugh line: "I'm Al Gore. I used to be the next president of the United States of America."

Michael Feldman, who served in the Clinton-Gore White House for eight years and was a senior adviser and traveling chief of staff to the vice president, said the Oscar means that "more people are going to see the movie and more people are going to get information about the issue of global warming, which will help build the collective political will to get something done on the issue."

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Feldman, a founding partner of the Glover Park Group, said Gore's stroll down the red carpet "must have seemed like a little bit of an out-of-body experience to him," but then much of the last year has been that way. "He still sees his job as trying to help create a better political climate for action on this issue," Feldman said.

Gore is the chair of the Alliance for Climate Protection, funded in part by proceeds he has donated from "An Inconvenient Truth." Others on the group's governing council include Theodore Roosevelt IV, Carol M. Browner, and Brent Scowcroft.

The former vice president will be in the spotlight again with three major events in the next five months:

--On March 21, he'll star at global-warming hearings in both the House and Senate, testifying before a committee he once served on. He will be the sole witness before the Senate Committee on Environment and Public Works. On the House side, he will testify at a Joint Subcommittee Hearing on Climate Change, held by the Energy and Commerce Subcommittee on Energy and Air Quality, and the Science and Technology Subcommittee on Energy and Environment.

--A new book by Gore, "The Assault on Reason: How the Politics of Fear, Secrecy, and Blind Faith Subvert Wise Decision Making, Degrade Our Democracy, and Put Our Country and Our World in Peril," is due out in May.

--On July 7 (7.7.07), he will be among the luminaries heading a 24-hour "Save Our Selves" (SOS) concert marathon across all seven continents. The "Live Earth" concert will bring together more than 100 of the world's top musical acts and is designed to reach more than 2 billion people through attendance and broadcasts. SOS – The Campaign for a Climate in Crisis was founded by Kevin Wall, who won an Emmy as worldwide executive producer of the Live 8 concert marathon.

At 10:48 p.m. Sunday, when the nominees for "best documentary feature" were announced on the 79th annual Academy Awards broadcast on ABC, the clip from an "An Inconvenient Truth" showed professorial Gore intoning: "Global warming creates more evaporation off the oceans. It seeds the clouds. But it sucks moisture out of the soil."

After Davis Guggenheim, the director, was announced as the winner, the camera in the audience showed him gesturing madly for Gore and the rest of the team to walk up with him. As they walked to the stage, the announcer said: "Davis Guggenheim and the cast were scheduled to shoot in New Orleans the night before Hurricane Katrina hit – an event that brought the threat and the impact of global warming."

Reaching the microphone, Guggenheim said: "All of us who made this film – Laurie, Lawrence, Scott and Leslie – we did so because we were moved to act by this man." He gripped Gore's left arm and didn't let go. "All of us were inspired by his fight for 30 years to tell this truth to all of us," Guggenheim said, moving his arm into a hug. "Thank you, Al. We are so inspired, we share this with you." He thrust the Oscar at the former vice president, who stepped into the spotlight.

"Thank you," Gore said, clutching the gold statuette. "I want to thank Tipper and my family, thank the Academy, and everyone on this amazing team. My fellow Americans, (laughter and applause) people all over the world, we need to solve the climate crisis. It's not a political issue, it's a moral issue. We have everything we need to get started with the possible exception of the will to act. That's a renewable resource. Let's renew it." He raised the 8.5-pound, 13.5-inch-tall, 24-karat-gold-plated Oscar as if in a toast, and he and the director hugged.

A little over an hour earlier, Gore made a surprise appearance after being teased by the ABC announcer as a mysterious "distinguished guest." Gore and Leonardo DiCaprio announced a "Go Green" program showing the Oscar production was environmentally friendly, and DiCaprio teasingly asked Gore if he had a titanic announcement.

Gore, as deadpan as if he were a "Saturday Night Live" regular, responded: "I'm kind of surprised that the feeling's so welling up here -- actually, you've been very convincing. And even though I honestly had not planned on doing this, I, I guess with a billion people watching, it's as (theatrical pause) good a time as (sighs) any. So, my fellow Americans, (laughter as he pulls a vertically folded sheaf of papers from the breast pocket of his Ralph Lauren tux), I'm going to take this opportunity right here and now, to formally announce – "

Then the orchestra burst in with the swelling music that's used to usher off long-winded winners. "— My intention —" Gore continued, then was drowned out and walked off arm in arm with DiCaprio, to laughter and applause.

Between the former vice president's onstage appearances, George Clooney, presenting the Oscar for best supporting actress, joked that he had been "drinking backstage" with Gore and added in mock confidence, "I don't think he's running for president." The telecast cut to Al and Tipper Gore, laughing uproariously in the audience.

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Gore arrived on the Kodak Theater red carpet a few hours before show time, spoke to foreign broadcasters and waved big as he posed with Tipper Gore, their son Albert Gore III and one of their daughters, Karenna Gore Schiff. The former vice president had told The Washington Post for a Sunday front-page story headlined "Al Gore, Rock Star" that he's "old enough to know that a red carpet is just a rug."

In case you missed it, here's the how the Al and Leo Show went:

DiCaprio: So, Mr. Gore, we've, uh, got a big crowd out here tonight – an even bigger one at home. Is there, is there anything you might want to announce? (Laughter, applause, whoops and a shout from the crowd of , "Oh, yeah!")

Gore: I'm just here for the movies. I'm just here for the movies, Leo. And on this occasion, I'm here to thank all of the talented people in this great industry who've been part of the mission to inspire a successful response to the climate crisis. And thank you, Leo, for being such a great ally in this effort. (Applause.)

DiCaprio: Thank you. The American film industry has always taken its obligations to society very seriously and it's now stepping up once again. Tonight, we're proud to announce that for the first time in the history of the Oscars, this show has officially gone green. (Applause.)

Gore: Which means that environmentally intelligent practices have been integrated fully into every aspect of the planning and production of these Academy Awards. And you know what: It is not as hard as you might think. We have a long way to go. But all of us can do something in our own lives to make a difference.

DiCaprio: Check out www.Oscar.com to get ideas from the Academy and the National Resources Defense Council, the NRDC, about how you can do YOUR part. And now, although our time is almost up, I just want to say I'm very proud to be standing next to such an inspirational leader in the fight against global warming. You are a true champion for the cause, Mr. Gore. (Big applause.)

Gore: Well, thank you. (More applause.)

DiCaprio: Now are you sure, are you positive that all this hard work hasn't inspired you to make any other kind of MAJOR, major announcement to the world here tonight?

Gore: Well, I do appreciate that, Leo. And I'm kind of surprised that the feeling's so welling up here -- actually, you've been very convincing. And even though I honestly had not planned on doing this, I, I guess with a billion people watching, it's as (theatrical pause) good a time as (sighs) any. So, my fellow Americans, (laughter as he pulls a vertically folded sheaf of papers from the breast pocket of his tux), I'm going to take this opportunity right here and now, to formally announce (music crashes in) my intention – . (Swelling music drowns him out and the two leave the stage to laughter and applause.)

Oscars Add Lustre To Idea Of Gore Candidacy (FT)

By Edward Luce

Financial Times, February 27, 2007

The clamour for an Al Gore 2008 presidential candidacy stepped up several decibels yesterday after the evening award of two Oscars to the former vice-president for An Inconvenient Truth, his film on global warming.

Appearing twice on stage - first with Leonardo DiCaprio, who portrayed the former vice-president as something close to a modern prophet, and second to accept jointly with Davis Guggenheim, the movie's director, the award for best documentary feature - Mr Gore was by a long way the most adulated celebrity of the evening.

As the most popular politician in Hollywood, who raised the biggest cheers at two different moments during the awards, Mr Gore put paid to his image as a robotic geek that helped sink his chances of victory against George W. Bush in 2000.

Mr Gore's transformation has been assisted by his readiness to use self-deprecating humour - most recently on Sunday night when he seemed to be embarking on a speech to announce his presidential candidacy, only to be cut short by the orchestra.

Environmental lobby groups say that Mr Gore's Oscar success was the best publicity boost they could have hoped for at a stage when Capitol Hill is for the first time deliberating radical action to impose mandatory reductions on US carbon emissions.

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And Democratic party activists who favour a Gore candidacy say the Oscar success, combined with his recent nomination for the Nobel peace prize, would provide the perfect platform for a declaration of his candidacy. Opinion polls put Mr Gore third behind Hillary Clinton and Barack Obama but ahead of John Edwards and Bill Richardson among the Democratic hopefuls.

Senior Democrats say Mr Gore could be catapulted into a frontline position, particularly if he waited until September or October when the public is likely to have become saturated with the increasingly tense contest between Mr Obama and Mrs Clinton. Last year's Nobel peace prize was announced on 13 October.

"If you go to the west coast the big issue is not Iraq - as it is in Washington - but global warming," said Simon Rosenberg, the head of the New Democratic Network, in Washington. "The Oscar -ceremonies offered the spectacle of an exuberant repudiation of the Bush years. It is hard to think of a better platform for Mr Gore's public profile."

Mr Gore's extraordinary reinvention as a cultural icon is likely to be sustained by a series of prominent engagements in the next few months, including his app-earance as the sole witness next month in Senate and House of Representative committee hearings on global warming.

Dubbed by some as the "Goracle", Mr Gore is likely to attract national ratings when he testifies, say climate change lobbyists.

"If you look at where the American public stands on global warming there has been a tremendous shift in the last year which coincides with the popularity of Al Gore's movie," says Emily Frigdor at the Public Interest Research Group.

However, Capitol Hill staff members counsel against expectations of a drastic legislative shift in the near future, particularly given Mr Bush's aversion to any mandatory targets for carbon emission reductions. They point to the likelihood of more modest legislative measures, such as a bill that would require electricity providers to ensure that 20 per cent of power supply comes from renewable energy sources by 2020.

"It is going to be incredibly difficult to combine a bill that takes radical action on global warming with the goal of building a political majority on Capitol Hill," says Dave Hamilton, of the Sierra Club, the environmental organisation. "But events like Al Gore's Oscar success will make it progressively more achievable by building up public pressure."

Meanwhile, friends of Mr Gore are divided on whether he will declare his candidacy. Some rule it out and others say it is scheduled for the autumn. "He could out-finance everybody except Hillary without too much difficulty," said one.

Oscar Victory May Prove Inconvenient For Gore (WT)

By Jennifer Harper, The Washington Times

The Washington Times, February 27, 2007

A gold statuette and a moment of goofiness have garnered Al Gore considerable public buzz after his big night at the Oscars. It's not necessarily presidential buzz, though.

An Academy Award for "An Inconvenient Truth" has further cemented Mr. Gore's name to a single issue: global warming. But Mr. Gore's fame could be fleeting because the issue does not resonate with most Americans.

"Winning an Oscar and making a joke in the pop culture arena will definitely raise his profile. Mr. Gore will get attention over the next few weeks as everyone repeats the question, 'Are you going to run?' " said Morgan E. Felchner, editor of Campaign & Elections magazine.

"But Gore is focusing solely on global warming, which is not topping public awareness polls," Ms. Felchner said. "The popularity bump will last a few weeks, then most likely fade away."

Indeed, global warming is not a "top-tier issue," a Pew Research survey of 1,708 adults found last month. The survey ranked global warming near the bottom in a 23-item list of policy priorities for the White House and Congress. Only 19 percent said they had "deep concern" about climate change.

Regardless of his new ebullience, Mr. Gore does not dominate favorability polls. He ranks fourth among Democrats behind Sen. Hillary Rodham Clinton of New York, Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina in a Pew survey of 1,509 adults released Friday. Only a quarter of Democrats agreed that Mr. Gore had "a good chance" of winning their vote.

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A Harris poll of 3,423 adults released Feb. 14 also found Mr. Gore fourth behind the trio of senators. Such sentiment has some history.

"There are no signs that Gore's high-visibility focus on global warming has produced changes in his standing with the American public," a Gallup survey released in August concluded.

A previous change of image -- hip earth-toned clothes and a Rolling Stone magazine cover -- did not cement a win for Mr. Gore in 2000 either. But he has left a cultural mark, said Robert Thompson, director of the Bleier Center for Television and Popular Culture at Syracuse University. Mr. Gore could ride a "big wave" post-Oscar, he said.

"There's a larger lesson though," Mr. Thompson added. "Al Gore has shown other politicians that they can communicate to the public in ways beyond the traditional podium and microphone."

Meanwhile, "An Inconvenient Truth" made $45 million at the box office. The book sold 300,000 copies last year and 3,000 copies so far this year, according to Nielsen BookScan. The film was released to DVD in November. Yesterday, it was bested on Amazon.com's DVD sales charts by dramatic movies "The Secret," "The Departed," "Babel" and "Casino Royale."

Mr. Gore's efforts to bring his film to public-school systems has not entirely panned out. In December, the National Science Teachers Association declined offers to distribute it free to 50,000 classrooms. Frosty Hardison, a father of seven in Federal Way, Wash., began a campaign in January to ban the film in his local public school system.

"Al Gore's video has no place in my kids' public school classroom any more than condoms," Mr. Hardison said at the time.

Gore Shut The Door On '08. What If Someone Opens A Window? (RC)

By Donna Brazile

Roll Call, February 27, 2007

Back in February 2000, I was in Harlem riding alongside the man who now says, "I used to be the next president of the United States." He looked out the window and said: "This should be a great interview."

Al Gore and I were on our way to an editorial board meeting at the New York Amsterdam News, where I had hoped he would address plans to expand economic prosperity to black families. To my surprise, Gore walked in the room, greeted the editors and reporters, and proceeded to throw my talking points out the window. He wanted to discuss global warming instead.

For a while, I thought the vice president had lost his mind. How dare he discuss environmental issues with one of the nation's leading black newspapers? Black people, I reasoned, had far too many problems, such as lack of affordable housing and limited access to health care, jobs and education, to spend our precious time discussing an issue no one understood. But Gore saw things differently and proceeded without warning to draw a large circle on the blackboard and explain the dangers of global warming and how greenhouse gases were trapped in the atmosphere.

Well, I thought, there goes our endorsement. Former Sen. Bill Bradley (N.J.), who was still very much alive in the battle for the Democratic nomination, likely would get the highly sought-after backing. But, to my amazement, the paper endorsed Gore and I learned a valuable lesson about allowing a candidate to lay out his own agenda.

Gore's political stock is as high as I have seen it in the more than two decades that he's been on the national stage. With an Oscar-winning documentary, "An Inconvenient Truth," that is the buzz of Hollywood and generating the kind of free media that is the envy of any current contender, Gore is sticking to his position that he has no intention to run for president. Perhaps I should just take his word and resume flirting with those who have made the decision to run. But something in my gut tells me that there's still a chance Gore will jump in right before the filing deadlines or as the slating of delegates begins — and win both the nomination and the presidency.

I like the way former President Jimmy Carter said it on ABC's "This Week with George Stephanopoulos": "My favorite Democrat, for a number of years now, has been Al Gore. If Al should decide to run — which I'm afraid he won't — I would support Al Gore." I am sure Gore is a little irritated at me and others who continue to drop his name at every opportunity, but it just doesn't feel right watching Sens. Hillary Rodham Clinton (D-N.Y.), Joseph Biden (D-Del.), John McCain (R-Ariz.), Sam Brownback (R-Kan.), Barack Obama (D-Ill.) and Chris Dodd (D-Conn.) run without someone of Gore's stature and leadership also in the race.

At a time when America's stock has dwindled throughout the world, Gore has earned the admiration and respect of many foreign leaders. After eight tumultuous and disheartening years of the current administration, our nation will need someone in the

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Oval Office who can pick up the phone and ask the international community to join with us in fighting the war on terror, global warming, the rapid spread of HIV/AIDS on the African continent and so many other ills that plague our planet. And here at home, Gore also could lead us back to fiscal responsibility and prosperity so that all families can make ends meet, not just the wealthiest 1 percent.

As one of my friends recently wrote to me in an e-mail: "Al Gore has become a rock star: Oscar and Nobel Peace Prize nominations, selling out 10,000 tickets in 10 minutes for a global warming slide show in bright red Idaho, foreign capitols taking his lead reversing policy related to climate change, mega-corporations like Wal-Mart and General Electric changing the way they do business simply because Al Gore has been so successful shining a light on the impending catastrophic consequences of global warming. The list goes on and on. Al Gore is on fire!"

No, he's actually liberated from the politics that once sunk his chances of becoming our commander in chief.

With so many other qualified people running, Gore's decision or lack thereof may hinge on whether there is an appetite for someone who isn't a "new face," who is ready to take America in a completely different direction and to transform the way we fight the war on terror.

I understand if Gore is unwilling to get back in the fray and distract himself from an international campaign on the threat of global warming. I understand if all he wants is to come to Capitol Hill on March 21 to put more pressure on Congress to act. And I understand if he decides to just wake up each day with his wife, Tipper, at his side and spend his free time with the grandchildren.

After serving his country in Vietnam, on Capitol Hill and in the White House, Gore has earned the right to do just about anything, including passing up a chance to become the next president of the United States.

I am sure Gore will continue to close the door on running in 2008, but what if someone opens a window? If the current contenders continue to pander and play the old politics of yesterday, the opportunity for a late entry may yet present itself on the road to the White House.

Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

An Oscar For His Second Act (WP)

By Richard Cohen

The Washington Post, February 27, 2007

Now, somebody ought to make a movie about Al Gore. I would call it "An Uncomplaining Life."

The movie would be about a man who did not quit, who came off the canvas after a painfully close election -- he won the popular vote, after all -- who accepted defeat graciously and tried to unite the nation, who returned to the consuming passion of his earlier days, the environment, and spoke endlessly on the topic, almost always for free, who starred in a documentary based on his speech and who Sunday night, before a billion or so people, won an Academy Award for his effort. This may or may not be a stepping stone to the presidency, but Gore gives us all a lesson on how to live one's life.

It's a joke, isn't it? I mean, it was Gore who was universally seen as the flawed man, uncomfortable in his own skin and, therefore, in this TV age, incapable of uniting the nation. He was caricatured by some of my colleagues as a serial exaggerator, a fibber, a pretender -- the guy who invented the Internet, who was the model for the novel (and movie) "Love Story," who applied one too many coats of passion to that kiss he delivered to his wife, Tipper, at the Democratic National Convention in 2000. There were so many reasons not to vote for him -- none, in retrospect, much good.

Now it is his jaunty, frat-boy opponent who cannot unite the country. Now it is the towel-snapper, the rancher who does not ride horses, the decider who decides wrongly and whose approval ratings are like the temperature of a dead man. Now it is George W. Bush that the nation does not trust or believe -- and this has and will cost us plenty. What if Bush is right about Iran? What if the Iranians are really helping to kill Americans in Iraq? Whatever you may think of the Iraq war, it is impermissible for anyone to kill Americans and yet it may be happening and may continue because the president is widely disbelieved. Gore could not have gotten us into this.

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Gore would not have taken the United States to war in Iraq. He would have finished the job in Afghanistan -- it was al-Qaeda and its Taliban enablers who were responsible for the attacks on us on Sept. 11, 2001, not Saddam Hussein, no matter how vile he might have been. Gore would not have dealt with the Iranians and the North Koreans in such a juvenile fashion -- axis of evil, after all -- and all over the world, wherever you and I went, we would not detect such anger toward America. The last time I saw Gore was at a screening of his now-acclaimed movie, "An Inconvenient Truth." I wrote at the time that, on paper at least, he was the near-perfect Democratic presidential candidate -- right on the war, above all. This observation, hardly original with me, is being echoed elsewhere, and it would be impossible for Gore to ignore it. Jimmy Carter said Sunday on ABC's "This Week" that he thought Gore ought to run and had told Gore so insistently. "He almost told me the last time I called, 'Don't call me anymore,' " Carter said. What Gore told me was something similar: "I think there are other ways to serve."

We'll see. After all, Gore -- the son of a senator himself -- was raised for the presidency. But for the moment at least, he is showing all the irritating signs of a man at peace with himself. He abandoned Washington for Nashville. He has made a bundle in his investments, and he has set out to show that there is life after a failed candidacy, a purposeful life in which a man can do some good. His movie and his speeches are -- to paraphrase what Clausewitz said about war -- a continuation of politics by other means. He cannot make war but he can still make a difference.

I know -- and so does Gore -- that all this will change if he enters the race. Maybe that ol' devil of uncertainty will come creeping out of his skin, and maybe he will become shrill, and maybe he will somehow throw his voice so that it seems to be coming from outside his body. But the woman I love tells me that life is a series of little lives, and no one has proved the truth of this better than Gore. With an Oscar in his fist and triumph on his face, Al Gore is a man you can tell your kid about. That, maybe, is even better than being president.

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Gore To Bring Eco-friendly Message To UMBC (BSUN)

By Nia-Malika Henderson

The Baltimore Sun, February 27, 2007

Hoping to latch on to the buzz surrounding former Vice President Al Gore's double dose of Oscar, the Annapolis and Anne Arundel Chamber of Commerce said Monday that the Gore eco-friendly train will stop in Baltimore.

Gore, whose documentary, An Inconvenient Truth, took home Oscars on Sunday night for Best Documentary and Best Song, will give a 90-minute speech May 8 on the effects of global warming -- the topic that has turned him into a hip wonk.

"We snared him a good while ago and it just happened that he got the Nobel Peace Prize nomination and Oscar wins, so that was pretty cool," said Anne Joyner, who handles special projects for the Chamber of Commerce. "I just hope that he doesn't announce that he's going to run for president. We like the 'What if he does?'"

About 1,000 tickets, priced at $35, have been sold. The venue, University of Maryland, Baltimore County Retriever Activities Center, holds 4,000.

Portions of the film will be shown before to the speech, which will also include a question-and answer session.

Since losing his bid for president in 2000, Gore has devoted much of his attention to global warming, traveling the world with a PowerPoint presentation and urging audiences to become "carbon neutral." Coming across as professorial yet likable, Gore has risen to a level of prominence unknown to most former vice presidents.

He scored laughs during a Saturday Night Live appearance and has become a favorite in Hollywood circles. (Yes, that was Leonardo DiCaprio and George Clooney fawning over him at the Academy Awards. And yes, that was Hollywood's elite giving Gore a standing ovation.)

Joyner said Gore could get a similar reception in May.

"He puts great care in accepting an invitation and gives it some personal attention," she said. "And he's recognized that Marylanders are environmentally sensitive and focused, and his message will be well-received."

Clintons' Charity Not Listed On Senate Disclosure Forms (WP)

By John Solomon And Matthew Mosk

The Washington Post, February 27, 2007

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Sen. Hillary Rodham Clinton and former president Bill Clinton have operated a family charity since 2001, but she failed to list it on annual Senate financial disclosure reports on five occasions.

The Ethics in Government Act requires members of Congress to disclose positions they hold with any outside entity, including nonprofit foundations. Hillary Clinton has served her family foundation as treasurer and secretary since it was established in December 2001, but none of her ethics reports since then have disclosed that fact.

The foundation has enabled the Clintons to write off more than $5 million from their taxable personal income since 2001, while dispensing $1.25 million in charitable contributions over that period.

Clinton's spokesman said her failure to report the existence of the family foundation and the senator's position as an officer was an oversight. Her office immediately amended her Senate ethics reports to add that information late yesterday after receiving inquiries from The Washington Post.

"The details of the Clintons' charitable family foundation and Senator Clinton's role in it have always been publicly available, but, in an oversight that leaders of both parties have made, it was inadvertently omitted from her Senate filing, which has been corrected," Hillary Clinton's press secretary, Philippe Reines, said yesterday.

Among the institutions receiving grants from the Clinton Family Foundation were Yale University, where both attended law school; groups named for deceased heads of state in Israel and Jordan; and a charity connected to the Arkansas businessman who helped Hillary Clinton make $100,000 on a commodities trade that stirred controversy a decade ago, Internal Revenue Service reports show.

Hillary Clinton's decision to amend her Senate disclosures comes after several other high-profile politicians came under scrutiny for omitting family foundations from their financial disclosure reports, including former Senate majority leader Bill Frist (R-Tenn.) and House Speaker Nancy Pelosi (D-Calif.). They amended their disclosures, and neither was penalized.

Advisers to the Clintons said the family foundation amounted to only a fraction of their overall charitable efforts, which generate millions each year.

The charity is separate from the New York-based William J. Clinton Foundation, which has directed $10 billion in corporate money and resources toward slowing the global spread of AIDS, addressing climate change, and reducing hunger and poverty in developing countries.

The smaller family foundation lists as its address a post office box in Chappaqua, N.Y., where the Clintons live. Hillary Clinton is listed as secretary and treasurer, Bill Clinton as president and the couple's daughter, Chelsea, as a director. None takes any compensation.

The charity has been funded with money from lucrative book deals for both Clintons and from speechmaking by Bill Clinton since they left the White House in 2001. The foundation's tax filings are available on an Internet repository for IRS documents. The only time the Clintons mentioned the foundation on her ethics report was in 2002, in a footnote about their $800,000 donation that year, but it did not disclose as required her position or other information about the foundation. In subsequent years, they made no mention of it.

Between 2001 and 2005, the Clintons seeded the charity with $5.16 million of their money. The foundation's 2006 tax form is not due until later this year.

Tax records show the Clinton Family Foundation was created during Hillary Clinton's first year in the Senate, when the couple gave $800,000 to launch the organization in early December 2001. The charity distributed no funds that year. The next year, the Clintons made $170,000 in donations while adding $100,000 of their own funds.

The Clintons donated much larger amounts in recent years as legal bills from Bill Clinton's impeachment were paid off and their personal fortunes soared. At the end of 2005, the Clinton family foundation had nearly $4 million in cash assets.

Jay Carson, a spokesman for Bill Clinton, said all of the foundation's remaining money will eventually go to charities and other institutions. He said the Clintons' other charitable efforts include raising millions a year for other nonprofits and making donations of their own money. He said the Clintons helped raise nearly $11 million the past two years for other nonprofits.

"It is hard to beat the Clintons' devotion to charitable work, unless you founded Microsoft or are the chairman of Berkshire Hathaway," he said.

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The retired chief of the IRS branch that oversees tax-exempt nonprofits said family-run foundations are commonly created by wealthy Americans, allowing them to earn tax breaks by donating to a charity whose future good works they can control. Such charities need only to give 5 percent of proceeds each year to maintain a tax exemption.

"There are certain tax advantages to having your own foundations and not having the money as part of your estate," said Milton Cerny. "They can take the tax deduction up front, as soon as they put the money into the foundation."

Private family foundations vary in amounts they give away each year. The Clintons have given away a quarter of their money. The family foundation of record producer David Geffen, by comparison, has been giving away most of what it takes in -- roughly $1 million a year -- leaving it with a balance of $400,000 at the end of 2005.

The Walton family, heirs to the Wal-Mart fortune, put $415 million in new money into its foundation in 2005. It gave $158 million to charitable causes, leaving the foundation with a $1.3 billion balance.

The Clinton foundation's donations range from $100,000 to the Asian tsunami relief fund in 2005 to causes in the former president's home state of Arkansas.

The Clintons have been generous to their alma maters, with donations going to Yale Law School, Georgetown University, Wellesley College and Oxford University, which Bill Clinton attended on a Rhodes Scholarship.

The foundation has also paid considerable attention to Arkansas, providing the bulk of the support for the Clinton Birthplace Foundation, which maintains the former president's boyhood home in Hope, Ark. They have donated $225,000 to the Little Rock Baptist church they attended, and to organizations devoted to the needs of children in the state.

One Arkansas recipient was the Diane Blair Foundation. Diane Blair is the late wife of James Blair, the businessman who helped Hillary Clinton with controversial commodities trades in the late 1970s that netted her about $100,000. There are two foundations in Diane Blair's name. One is a private family charity; the other funds a center for the study of Southern politics at the University of Arkansas.

The Clintons' tax form indicates the money went to the private charity, but James Blair said in an interview yesterday that the Clintons "miscoded" the entry. The check actually went to the university fund, he said.

"She was Hillary's closest friend," Blair said of his wife, who died in June 2000.

At least three beneficiaries were from the Middle East, where the former president worked to forge an elusive peace agreement during the 1990s. They include $50,000 to the King Hussein Foundation, named in honor of the late Jordanian king, who was a key player in Clinton peace talks; $50,000 to American Friends of Yitzhak Rabin, honoring the assassinated Israeli prime minister; and the American Friends of Peres Center, honoring former Israeli prime minister Shimon Peres.

The Clintons also gave $50,000 to the Vital Voices Global Partnership, a group aimed at empowering women worldwide. Hillary Clinton is an honorary chair.

Such omissions deprive the public of the right to scrutinize their political leaders' financial dealings and identify possible conflicts of interest, the former chief of disclosure for the Federal Election Commission said.

Kent Cooper, who retired after two decades overseeing the FEC's public disclosure office, said congressional ethics committees have not enforced the ethics disclosure requirements forcefully. As a result, he said, candidates "know there is no great consequences, and so the habit has developed that people dismiss an omission as a clerical error, when in fact it is a crucial piece of the puzzle about a member's finances that is being hidden."

A Bundle Of Good Moves (WP)

The Washington Post, February 27, 2007

SEN. HILLARY Rodham Clinton (D-N.Y.) has decided that her presidential campaign will reveal the identities of its major fundraisers, after all. This is welcome news for the conduct of the 2008 race, during which big bundlers -- the well-connected fundraisers who can help collect $100,000, $200,000 or even $1 million in donations -- will be more important than ever.

With Ms. Clinton's change of heart, the top-tier contenders of both parties -- Democrats Clinton, Barack Obama and John Edwards, and Republicans John McCain, Rudolph W. Giuliani and Mitt Romney -- have agreed to identify their chief campaign underwriters. The Clinton campaign said she would release the names of her big bundlers at amounts such as $100,000 or $200,000. We trust that as those bundles swell in size -- the Clinton campaign has tasked its top fundraisers with bringing in $1

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million or more -- the levels of disclosure will rise accordingly, for the Clinton campaign and its rivals. With more private money than ever being raised and spent, this information is critical to campaign finance disclosure.

But it makes no sense for such disclosure to be left to the whim or goodwill of individual campaigns; it should be required by law. The click of a mouse can summon a blizzard of campaign finance data. Yet the most critical information -- the identities of the true financiers of the campaigns and the amounts they have brought in -- remains obscure, available only if campaigns deign to provide it.

In 2008, it appears, most of them will. But it is a shaky campaign finance disclosure system that relies on the good sense of candidates. The law could easily be tweaked and tightened to require candidates to report the information they already possess.

Obama And The Illinois Political Machine (AP)

AP, February 27, 2007

CHICAGO -- Democrat Barack Obama piled on the praise last month as he stood beside Chicago Mayor Richard Daley and embraced the mayor's bid for a sixth term.

"I don't think there's a city in America that has blossomed as much over the last couple of decades than Chicago, and a lot of that has to do with our mayor," Obama said, supporting Daley ahead of Tuesday's city election.

It was a switch from a year earlier, when the Illinois senator brushed off questions about endorsing Daley and said reported corruption at Chicago's City Hall gave him "huge pause."

What happened in the meantime? Obama decided to run for president.

The endorsement is one example of the sometimes complicated relationship between Obama -- who offers himself as an untainted, non-traditional alternative -- and Illinois' sometimes tarnished political establishment.

While Obama prides himself as an independent-minded Democrat, he's maintained relations with important parts of the establishment, from remnants of the legendary Chicago Democratic machine to the city's leading black politicians.

Yet as an outsider who came to the city as an adult, he doesn't owe his political fortunes to ward bosses and can claim distance from the political corruption for which the city is famous. He's ruffled feathers in the past by taking on incumbents or bucking his party's anointed candidate in a statewide race, but he has also mended fences and now has Illinois' most important politicians lined up to support his run for president.

"He understands ... about politics and how you make friends in politics," said Rep. Bobby Rush, who Obama unsuccessfully challenged in 2000 for his seat in Congress.

Rush said Daley, for one, can be helpful to Obama because of his national reputation. Daley's brother, William, who headed Al Gore's presidential campaign in 2000, has already signed on as an Obama adviser.

Rush is also backing Obama's bid for the White House.

Growing up in Hawaii and Indonesia, Obama didn't come up through the ranks of traditional Chicago Democratic politics.

Obama writes in his book "The Audacity of Hope" that he got into his successful first race for the Illinois Senate at the encouragement of friends who thought his work as a civil rights lawyer and experience as a community organizer made him a good candidate.

That 1996 election put him in conflict with the incumbent, Alice Palmer. She planned to run for Congress and endorsed Obama as her successor. But when Palmer lost the congressional primary, Obama would not step aside so she could keep her state Senate seat.

Once he got to the state Senate, Obama was no radical. He became a political protege of current Senate President Emil Jones, a 35-year veteran of the legislature and one of the state's most influential black lawmakers.

Obama was in the Illinois Senate just a few years when he went after the congressional seat held by Rush.

In his book, Obama calls it an "ill-considered race," and he and another state senator who challenged Rush were trounced in the primary. Rush had the support of the powerful Cook County Board president and widespread support in his district.

Obama also was viewed as a long shot in his 2004 bid for the U.S. Senate. He decided to run even though most party leaders were backing the state comptroller, who was the son of a powerful Democratic leader. Other candidates included Mayor Daley's former chief of staff and a millionaire who had helped elect the Democratic governor. Obama's candidacy gained

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momentum when the millionaire businessman, who had once led in the polls, acknowledged striking his ex-wife and calling her names.

Once Obama's fortunes started rising with his starmaking address at the 2004 Democratic National Convention and his Senate win, he found almost uniform support from Illinois Democrats.

Yet Obama still didn't always stick to the party line, most notably last year when he rejected the party-backed candidate for state treasurer to support a political newcomer, putting him at odds with the state Democratic chairman, Illinois House Speaker Michael Madigan of Chicago.

Over the summer, Madigan derisively referred to Obama as "the messiah" in a published report. But by early this year, Madigan was proposing moving up the state's 2008 primary from March 18 to Feb. 5 to give Obama more momentum early in the presidential race.

For his part, Obama has lined up with party leaders in some recent local races. He supported the party's choice to become the new Cook County board president, despite allegations of political nepotism surrounding the man, who was the son of the previous board president.

Obama also endorsed Daley, saying he was still concerned about City Hall corruption but thought Daley had taken steps to clean it up. And he supported the November re-election of Democratic Gov. Rod Blagojevich, whose administration is under federal investigation for hiring fraud.

Attorney Gery Chico, the Daley former chief of staff who lost to Obama in the 2004 Senate primary, said Obama has been under increasing pressure to play a role in local races and it's smart for him to get in the mix.

"You don't want to go the route of Al Gore," Chico said. Gore famously didn't win his home state of Tennessee in his failed bid for president in 2000.

But the Daley endorsement in particular -- featured in one of the mayor's campaign mailers -- isn't sitting right with some people in this city known for its legendary political machine.

Daley's father, the late Mayor Richard J. Daley, built the once-mighty machine that doled out jobs and favors in exchange for support for Democrats on Election Day. The courts have mostly dismantled the machine by outlawing political patronage, but the city's powerful Democrats -- like Daley -- can still turn out the vote.

Obama's decision to support Daley turned off voter Alan Dobry, who's part of a Chicago independent-voters group.

"He's trying to play with the machine," Dobry said. "I'm very unhappy about it."

They Rush For California's Gold (LAT)

By Dan Morain

The Los Angeles Times, February 27, 2007

A UCLA linebacker shells out $11,100 to help a Republican senator in Pennsylvania.

A businessman from the small northern California town of Eureka spends $515,000 to defeat a powerful Democrat in South Dakota.

A Silicon Valley couple funnels cash to elect Democratic secretaries of state in swing states such as Ohio who will oversee voting in the coming presidential election. Those tidbits from campaign finance reports demonstrate why California lately feels like Iowa or New Hampshire next winter. For politicians, including presidential candidates, it's where the money is.

Last week alone, Democrats Barack Obama, Hillary Rodham Clinton, Christopher Dodd and Joseph Biden made the trek. Republican Sen. John McCain was also here, following his rival, Rudolph W. Giuliani, who had been here the week before, while Republican Mitt Romney will be here next month.

"It is the place you go to get political money," said Sheila Krumholz, director of the nonpartisan Center for Responsive Politics in Washington, D.C.

Californians spent at least $502 million on federal campaigns in the last four years, federal campaign records show -- 24 percent more than runner-up New York and about 13 percent of all federal campaign funds raised nationally.

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At the Los Angeles Times' request, the center compiled a list of California's top 100 donors to federal campaigns. The Times supplemented that effort by interviewing contributors and reviewing Federal Election Commission documents and other records.

The donations were for the 2003-2004 election cycle, which included the latest presidential campaign, and the 2005-2006 races for the U.S. House and Senate.Donors' motives vary. They might be trying to gain an edge in business, or access to powerful officials. Some win perquisites, such as ambassadorships. Many are ideologues whose passions run high on the war or health care or taxes.

Federal law restricts donors from giving more than $4,600 directly to a single candidate in a year. But many give far larger sums to independent campaign committees. Others leverage their money by organizing fund-raising events.

In the past four years, Deborah Rappaport and her husband, venture capitalist Andrew Rappaport, of Woodside, have spent $5.2 million on federal politics, much of it to encourage young people to vote. They held a fund-raiser for White House candidate John Edwards of North Carolina earlier this month, raising more than $100,000.

"The stakes are huge," Deborah Rappaport said, describing herself as "an old lefty."

In one of the more unusual uses of campaign money, Silicon Valley Democrats Michael and Frances Kieschnick helped fund a successful campaign in 2006 to elect Democrats as secretaries of state who will oversee balloting in five swing states -- a reaction to perceived bias by Republican officials in Florida and Ohio in the 2000 and 2004 presidential vote counting.

Los Angeles-area developer Rick Caruso has a goal of raising $1 million for Massachusetts Gov. Romney's bid for the Republican nomination.

"I'm on a big Republican list," said Caruso, who has given $315,000 since 2003 to federal campaigns. "Politicians ... never lose your number."

Californians had a significant role in the 2006 fight for control of Congress, donating $6.6 million directly to candidates in the six U.S. Senate races that tipped control to Democrats, campaign records show.

In Montana, Democrat Jon Tester ousted Republican Sen. Conrad Burns by 3,600 votes, aided in part by Richard and Marilyn Mazess of Montecito. They gave $50,000 to the independent group Campaign Money Watch, which aired a commercial ridiculing Burns for his ties to "big oil."

Hollywood moguls Steven Spielberg and Jeffrey Katzenberg and other Californians donated $500,000 directly to Tester. Burns collected $460,000 from such Californians as Los Angeles venture capitalist Elliott Broidy and Edward Atsinger III, of Camarillo, chief executive of Christian radio network Salem Broadcasting.

"The money -- the California and New York money -- was very important to Tester," said political scientist Craig Wilson of Montana State University, Billings.

In addition to familiar California sources of political money -- defense, energy and aerospace companies, developers, unions, Hollywood and Silicon Valley -- the top donors include numerous lawyers, heirs and heiresses, and little-known financial, agricultural and other players scattered around the state.

(Among the big-name donors who don't make the latest list: Hollywood mogul David Geffen and investor Ronald Burkle.)

California is widely seen as a bastion of Democrats. But its greenbacks often are shaded Republican red.

One such Republican is Robin Arkley, who owns a finance and real estate firm in the far Northern California town of Eureka.

In 2004, Arkley had a hand in upending the Democratic power structure nationally when he spent $515,000 on independent campaign ads attacking then-Democratic Senate minority leader Tom Daschle of South Dakota. Daschle was ousted by Republican John Thune, who raised $1.29 million from California, more than any other state, including South Dakota, according to Political Moneyline.

In 2006, Steven B. Taylor, a retired farmer from Salinas, Calif., his wife and their three adult children spent heavily on the GOP.

One of the Taylors' sons, Christian, plays football for UCLA. He donated $45,000, much of it to such Republicans as Sen. Rick Santorum of Pennsylvania.

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There was one savvy exception to the Taylors' Republican ways. They gave $20,000 to the Green Party of Lucerne County, Pa., including $9,000 from Christian. The goal: to help a Green Party candidate steal votes from Bob Casey, the Democrat challenging Santorum.

The strategy failed; Casey unseated Santorum. The Taylors did not return calls.

In addition to raising millions directly for President Bush, the state's Republicans have funded Progress for America, a group based in Washington that has countered the liberal MoveOn.org. In 2005, it aired television ads urging senators to confirm John G. Roberts Jr. for the Supreme Court. It also has run ads supporting the war in Iraq.

A. Jerrold Perenchio, chairman of Univision, the Spanish language television network, has given the group $9 million since 2003. Stockton, Calif., developer A.G. Spanos gave another $5 million, as did Los Angeles billionaire Roland Arnall and his wife, Dawn. Caruso chipped in $100,000 to help Roberts, now chief justice.

Bush has bestowed ambassadorships on five Californians, including Los Angeles car dealer Robert Holmes Tuttle, United Kingdom; Orange County investor George Argyros, formerly to Spain; Los Angeles venture capitalist Ronald Spogli, Italy; and investor Frank Baxter, Uruguay. Combined, they have given $1.6 million to the GOP since 2000, including donations to Bush's inaugurals.

The fifth, Arnall, is the biggest donor-ambassador. He represents U.S. interests in the Netherlands. Since 2004, Arnall and his wife, Dawn, have given $5.5 million primarily to Republican candidates and organizations, and another $1 million to Bush's 2005 inaugural. Arnall owns home mortgage lender Ameriquest Capital Corp. At $14.1 million, Los Angeles movie producer Stephen L. Bing was the state's largest single donor to federal campaigns during the past four years, most of it to Democrats. Bing, who declines interviews, spent another $49 million on a failed California initiative in 2006 to boost alternative energy. He likely will support Clinton's candidacy.

Sen. Clinton, D-N.Y., has taken $7.7 million from here for her U.S. Senate campaigns, second only to the $26.5 million she has raised in her home base. After Illinois, California has been the second largest source of money for Sen. Barack Obama, D-Ill., Federal Election Commission records show.

Sacramento Democrat Eleni Tsakopoulos-Kounalakis and her father, Angelo Tsakopoulos, have helped organize events for many Democrats, but are "Hillary people all the way."

"We want to see the White House restored to competent hands," she said.

She explained her family's political involvement by telling her father's story. He came here at age 15 from Greece with nothing, made a fortune as a developer and hosted a president, Bill Clinton, at his home. Tsakopoulos never could have attained such success in the old country. These days, Democratic politician all come courting.

"Everybody calls and we love it," she said. "What an incredible honor and privilege."

Times researcher Janet Lundblad contributed to this report.

Liberal Lobbying Groups Target 'Power Corridor' (WT)

By Eric Pfeiffer

The Washington Times, February 27, 2007

Liberal lobbying groups are trying to flex their newfound muscle on K Street after a dozen years in exile, promising to avoid the same tactical mistakes that led to the downfall of, and jail sentences for, some Republicans last year.

"Washington has been congested with conservatives abusing their power for far too long," said Toby Chaudhuri of the Campaign for America's Future (CAF), a progressive lobbying organization.

"We're cleaning out the stables on Washington's K Street power corridor, opening the back rooms to the public light," he said. "We have an opportunity to challenge the grip the right has had on our imaginations and our policies over the past quarter-century."

Part of that effort includes lining up prime real estate along the K Street corridor of Northwest Washington, which has been the traditional home of lobbyists in the nation's capital. The group yesterday announced it is moving to K Street while simultaneously doubling its office space. It has traditionally relied on grass-roots support for its campaigns.

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Mr. Chaudhuri said CAF has signed a 10-year lease for the new office space, which will be shared with fellow liberal activist organizations including the Progressive Majority, the Ballot Initiative Strategy Center, Americans United and USAction.

"Maybe they are moving over to K Street so they can get their contributions more directly from the AFL-CIO headquarters," said Grover Norquist, president of Americans for Tax Reform, a conservative organization with close ties to K Street. "They are a front group for organized labor. These are the anti-reformers."

Despite their deep ideological differences, CAF and other liberal organizations are trying to emulate some of the tactics used by Mr. Norquist in helping the conservative movement rise to power. For instance, Mr. Norquist hosts the "Wednesday meetings," a weekly gathering of conservative activists, strategists and Republican congressional staffers.

The CAF now hosts its own biweekly patchwork of ideological allies that they call the "Tuesday Group."

"After the Republican takeover of Congress in 1994 and the White House in 2001, Norquist and a network of conservatives tightened their hold on power by dominating lobbying firms on K Street and building upon patronage, contracts and one-party rule. The changeover in Congress last month has helped alter this political culture," Mr. Chaudhuri wrote in the release.

"Yes, it's flattering, except it doesn't work for them," Mr. Norquist said of the comparison. "What unites our various causes is the desire to be left alone by the government. They can't sit around the campfire, because the only thing that unites their coalition is the desire for more government funding."

Nonetheless, CAF helped to organize and fund a successful advertising campaign last year against several Republican lawmakers, including former House Majority Leader Tom DeLay and former Ohio Rep. Bob Ney.

After stepping down from his leadership position, Mr. DeLay decided against seeking re-election and now runs a Web site that focuses on issues of importance to the conservative base. Mr. Ney also decided against running for re-election after pleading guilty to charges of conspiracy and making false statements stemming from his connections to former lobbyist Jack Abramoff.

Last year in January, Mr. Abramoff pleaded guilty to three felony counts for his role in defrauding American Indian tribes and charges of corruption of public officials.

CAF says it hopes to use its new location to focus on energy independence and to "create a national conversation about providing health care coverage for everyone in America."

Court Upholds Calif. Stem Cell Agency (USAT)

By Elizabeth Weise

USA Today, February 27, 2007

SAN FRANCISCO — Three years after California passed a $3 billion stem cell initiative, a state appeals court has upheld the creation of the agency that will distribute the money, rebuffing legal challenges from abortion opponents and anti-tax activists.

The 1st District Court of Appeal Monday upheld a decision by a lower court judge who had ruled in favor of the California Institute for Regenerative Medicine (CIRM) last year.

The agency was created when 59% of voters passed Proposition 71 in 2004. In addition to creating the institute, the proposition authorized it to sell $3 billion in bonds to fund stem cell research over 10 years.

"Once again, the judiciary has upheld the constitutionality of California's innovative stem cell research project — in its entirety, without equivocation, and with absolutely no room for further argument," said Robert Klein, chair of the CIRM's Independent Citizens Oversight Committee. "We are grateful that the court rendered this decision so quickly, as it speeds the day when the will of 7 million voters can be fully realized."

The institute has not been able to borrow money pending the resolution of the lawsuit. But it has already received loans of $195 million from the state and philanthropic organizations.

Ten days ago the institute approved 72 grants totaling for $45 million for embryonic stem cell research at 20 institutions. "Another $80 million is teed up for mid-March," said spokesman Dale Carlson. Those grants made CIRM the largest U.S. backer of human embryonic stem cell research.

Robert Tyler, an attorney for Advocates of Faith and Freedom who helped the plaintiffs craft the lawsuit, told the Associated Press he expects the case to be appealed to the California Supreme Court. The plaintiffs are the California Family Bioethics Council and the People's Advocate and National Tax Limitation Foundation.

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Among the arguments rejected by the court was the plaintiff's contention that officials from three university systems who sit on the oversight committee could benefit because their schools are applying for millions in research funds. The proposition dictates that those officials must withdraw when the board is considering an application from their schools.

The court also rejected arguments that the agency isn't under the exclusive control of the state. The plaintiffs argued that because University of California officials on the agency's oversight board aren't public officials, they have no authority to spend state money.

The plaintiffs have 40 days to file their petition, said Carlson. "(The) Supreme Court has 60 — 90 days to decide whether or not to take the case. If they don't, we can begin issuing bonds. If they do, case is probably resolved by year end."

Human embryonic stem cells are harvested from 3 to 5 day old embryos and are capable of becoming all tissues in the body. Researchers hope that one day they can be used to treat diseases ranging from Parkinson's to Alzheimer's to cancer.

But current techniques require the destruction of the embryo to harvest the cells, which is opposed by those who feel the destruction of the early embryo is the destruction of a human life.

In 2001, President Bush issued a decision limiting all federal funding of stem cell research to those projects using cell colonies, or lines, created prior to his August speech. California's Prop. 71 was in part a reaction to that decision.

School Lawsuit Gets Green Light (KCS)

The Kansas City Star, February 27, 2007

A lawsuit brought by one of eight former radiography students who sued career school Sanford Brown College in North Kansas City for fraud has been allowed to proceed.

Senior U.S. District Judge Scott Wright last week denied the college's motion for summary judgment, finding that there were disputed facts that needed to be resolved by a jury.

Although Wright's ruling technically applied to just one of the eight cases, he noted that all of the plaintiffs had made similar allegations, suggesting he will hand down identical rulings in the other cases.

Sanford Brown is a subsidiary of publicly traded Career Education Corp., which operates career colleges. The company posted $1.79 billion in revenues last year.

The lawsuits, which were filed in early 2005, charge that college admissions representatives lied to the plaintiffs about the cost of tuition, the availability of grants and loans, the jobs and starting salaries they could expect to get upon graduating, and the experience and preparedness of the school's instructors.

The lawsuit in which Wright ruled last week was brought by Darla Roberts, who alleged that the admissions representatives had sales quotas and were paid on the basis of how many leads they converted to interviews and enrollments.

One college admission representative, Maddy Koehler, stated in her deposition testimony, "It's like any sales job, either you can sell it or you can't."

After getting her associate degree in December 2003, Roberts says she obtained a job at KU Hospital but had to be retrained because her supervisor said she did not know what she was doing.

Roberts and the other former students are represented by North Kansas City attorney Gene Graham of White Allinder Graham & Buckley, who declined to comment.

Kathryn G. Lee of Husch & Eppenberger, Sanford Brown's attorney, said that Roberts' claims concerned conduct that occurred before Career Education owned Sanford Brown.

Sanford Brown "believes that the allegations made by Ms. Roberts and the other plaintiffs are meritless, and it will continue to vigorously defend the case at trial."

The lawsuits are among a host of legal headaches for Career Education Corp. Last May, the company disclosed that it was being investigated by the U.S. Department of Justice after a false-claims lawsuit charged that some of its colleges had obtained federal funds to which they were not entitled. The company said it was cooperating with the investigation.

In mid-2005, the U.S. Department of Education imposed a moratorium on new company campuses, saying it was concerned by CEC's "history of noncompliance" with federal laws governing financial aid.

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The moratorium was imposed just months after CBS' "60 Minutes" ran a scathing piece on the company's Brooks College in Long Beach, Calif., which offers courses in fashion merchandising. Former students said that college officials lied to them about tuition costs, the quality of instruction, and the kind of jobs they could expect to get after graduation.

States Consider Tobacco Tax Hikes (USAT)

By Richard Wolf

USA Today, February 27, 2007

More than a dozen states are considering higher tobacco taxes this year, most often to help millions of uninsured people get health coverage.

Four of the most closely watched proposals call for tax hikes of $1 per pack or more, an increase attained by only four states in the past. Wisconsin Gov. Jim Doyle wants a $1.25 increase. Iowa, Maine and Maryland are considering $1.

The number of tax hike efforts isn't unusual: 21 states boosted tobacco taxes in 2002 and 17 in 2003 to combat the recession. Many of the new proposals are noteworthy for their size and link to helping some of the nation's nearly 47 million uninsured people.

"The amounts you're seeing are larger than we've seen in recent years," says Harley Duncan of the Federation of Tax Administrators. Expanding health insurance, he says, is an "expensive proposition."

Forty-two states, the District of Columbia and Puerto Rico have increased taxes since 2002 — 10 of them more than once, says the Campaign for Tobacco-Free Kids. Since 2000, tobacco sales in the USA have declined 15%, falling more steeply (27%) in the 19 states and the District of Columbia that tax cigarettes at $1 per pack or more, industry data show.

Taxes are rising in six states this year, pushing the average price of a pack of brand-name cigarettes to $4.26, up from $1.95 a decade ago, according to the economic consulting firm Orzechowski and Walker.

State tobacco taxes range from 7 cents a pack in South Carolina to $2.58 in New Jersey. They raised $14 billion in 2006, up from $7.3 billion a decade earlier. The 39-cent federal tax, last increased in 2002, raised $7.5 billion last year.

Industry officials say taxing tobacco to fund statewide initiatives is discriminatory. "It's asking one small minority group to fund a program to benefit the entire state," says Steve Kottak of R.J. Reynolds Tobacco. "Our view is, the smokers have paid enough."

Many states link tobacco taxes to helping people who don't have health insurance:

•In Wisconsin, Doyle wants to help insure 185,000 of 250,000 uninsured residents.

•In Oregon, where Gov. Ted Kulongoski has made this a top priority, Democrats must win five Republican votes in the House next month. The goal is to cover most of the state's 117,000 uninsured kids.

•Maryland House leaders want to double the state's $1 tobacco tax and help nearly one-third of the state's 780,000 uninsured.

Iowa Gov. Chet Culver wants a $1 boost to close the gap between $100 million raised from the existing tax and $277 million spent on smokers' health care.

Tax proposals have been made in at least 19 states this year, although some are not likely to pass. There are, however, a dozen advanced by governors.

GOP Firm Bucks Lobbying Trend (POL)

By Jeanne Cummings

Politico.com, February 27, 2007

The rise of new Capitol Hill chairmen is turning lobbying shops across town into shades of Democratic blue and bipartisan purple, but one notable powerhouse is sticking with brilliant Republican red.

Barbour Griffith & Rogers was founded by political infighter and now Mississippi Gov. Haley Barbour (R), and his old partners are now bucking the post-midterm trend of bringing in a Democrat.

It's a counterintuitive strategy that carries obvious risks, not the least being diminished access to the emerging power centers on Capitol Hill. But the firm's path, which plots a decidedly different course than most other GOP shops in town, also rests

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on a gamble: that at a time of razor-thin partisan margins in Congress and increasingly complex public policy, what you know can be as important -- and lucrative -- as who you know.

That helps explain why Barbour Griffith & Rogers was signing on a handful of policy experts last year when many Republican-controlled lobbying shops were scooping up key Democratic aides and operatives.

Among the firm's new hired guns: Stephen Rademaker, former Senate Majority Leader Bill Frist's national policy director; Mary Lacey Reuther, a health care expert from the Bush administration; and Celeste Ward, a military operations and Iraq expert who worked at the Pentagon.

Sure, they are all Republicans, making them easy fits inside the firm. But the firm's chairman, Ed Rogers, is banking on their depth of knowledge to attract corporations and other interest groups.

By year's end, Reuther, a former special assistant to Bush's one-time Medicaid and Medicare director Mark McClellan, was already toiling away on the interests of drug makers Eli Lilly & Co. and Bristol-Myers Squibb -- whose combined payments to the firm amount to $160,000 for six months work, disclosure reports show.

The firm saw a similar dynamic when it hired former U.S. Ambassador to India Robert D. Blackwill to head its international operations. Corporations interested in breaking into the fast-growing Indian economy flocked to the firm to get Blackwill's help in navigating the nation's complex regulatory system.

Loren Monroe, the firm's chief operating officer, said the firm isn't ruling out the notion of hiring a Democrat someday. But "we can't change our business plan in anticipation of an election." Their clients "know we're Republicans and we're not going to try to fake it."

The more business-oriented shift toward lobbying began some time ago. No longer can you "take Jamie Whitten (the former Appropriations Committee cardinal from Mississippi) to the Palm Restaurant and get your deal done" as you could in the late 1970s, says Rogers.

But the post-Abramoff era and the fear of future lobbying scandals have accelerated the pivot. Many lobbying experts say they must tinker with their tactics by relying more heavily on "white papers" and policy justifications rather than their own personal relationships with lawmakers to make a case for their clients. The changed leadership on Capitol Hill -- with Democrats' vow to curb K Street's influence -- has made tactical changes all the more vital.

Barbour Griffith & Rogers' unorthodox strategy looks beyond simple partisan balance to give itself maximum flexibility in creating coalitions to support client needs.

"Depending on the issue, you may need a Democrat, a lawyer, a public relations expert or a media handler. It's best to go out and find the person with the best skills to handle troubles rather than associating with any one Democrat," Rogers explains.

It's a corporate plan based in part by watching and working with Democratic lobbying firms that managed to survive the last six years of Republican dominance. Among them is Ricchetti Inc., whose namesake is Steve Ricchetti, a former Clinton White House deputy chief of staff.

Ricchetti says his firm succeeded by offering clients an array of services, from issue expertise to public relations advice to grass-roots organizing. Corporate clients with big Republican contracts also threw work his way, recognizing the value added in having bipartisan support for their legislative wish list. That balance not only can pad the vote in their favor but also insulate them from becoming poster children for pork in the political season.

Of course, when all the knowledge and strategizing isn't enough, a firm aligned with a filibuster-strong minority can work to deploy their most potent weapon: Kill the legislation.

Ricchetti was part of a coalition that blocked passage of Bush's much-coveted repeal of the estate tax. "We sometimes were hired to make sure things didn't happen," he says.

So, in addition to recruiting policy experts, Barbour Griffith & Rogers, with its deep ties to Senate Republicans and the White House, is now poised to become the Republican go-to shop for executing the "block and tackle" play on Capitol Hill, says Monroe.

Adds Rogers: "What's the story that's happened for the last three years? Things pass the House and get bogged down in the Senate. I predict for the next two years, things will pass the House and get bogged down in the Senate, again."

Remaining all-Republican has other advantages: It makes the personal and political relationships a lot simpler.

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The firm's client list doesn't set off internal squabbles because of the philosophical goals of the clients they attract. But a token Democratic hire or two might squirm at working for a firm that's paid $360,000 every six months to protect the oil interests of Iraq's Kurdish population at a time when their congressional allies argue that Iraq should solve its own internal divisions. Or one that banks another $100,000 semiannual payment to track any congressional efforts to regulate tobacco for Lorillard Tobacco Co., maker of Newports and Kents.

The strategy also squarely aligns the firm with the us-against-them Senate Republicans. When those politicians are feted at fundraisers at the firm's well-appointed Pennsylvania Avenue offices, they can rest assured that a Democrat won't be nibbling on a fresh order of the same hors d'oeuvres the next week. "We don't try to be cute about it or split the baby," says Rogers.

Indeed, the firm is hosting a fundraiser for Senate Minority Leader Mitch McConnell of Kentucky this week; Senate Majority Leader Harry Reid of Nevada shouldn't wait for his embossed invitation.

Welcome to Pit Boss, a weekly take on money and lobbying in Washington. My plan is to get into the weeds every Tuesday and explain how lobbying shops work, who the players are and how that world intersect with political fundraising and spending. I'll be on the hunt for background brawls, winners and losers, and bundlers extraordinaire. I welcome any comments, advice and, of course, tips for tracking the town's most lucrative industry and its renowned political generosity.

Halliburton Moves To Cast Off Rest Of KBR, Become Pure Play (WSJ)

By Russell Gold

The Wall Street Journal, February 27, 2007

Halliburton Co. took a decisive step to separate itself from its KBR Inc. unit, which generates a fraction of the company's profit but the lion's shares of headlines and headaches.

Halliburton said it would dispose of its 81% stake in the construction, engineering and government contracting firm by offering Halliburton shareholders the opportunity to trade their Halliburton shares for KBR shares at an unspecified ratio. If the offer isn't fully subscribed, the remaining KBR shares will be distributed through a special dividend to Halliburton owners.

In November, Halliburton sold a 19% stake in KBR through an initial public offering. The company has said for some time that it wanted to separate the KBR unit to raise the market value of its core oil-field-service business.

Halliburton, Houston, is the second-largest provider of specialized oil-field services by market capitalization behind Schlumberger Ltd. Its KBR unit designs and builds energy facilities, especially in remote and inhospitable regions.

KBR is best known for its logistical support contract for the U.S. military. Awarded in 2002, the logistics contract was expected to be fairly small, but it quickly ballooned as the war in Iraq escalated. Halliburton earned billions of dollars in revenue, but fairly thin profit margins. The company became a lightning rod for criticism, in part because Vice President Dick Cheney was Halliburton's chief executive from 1995 to 2000. KBR also drew allegations that it had overcharged the military.

Halliburton first discussed plans to separate KBR in 2004. Wall Street cheered the move as turning Halliburton into a pure-play energy-services company.

In 4 p.m. New York Stock Exchange composite trading yesterday, KBR shares were at $24.12, up 7%, in anticipation of the decision. The stock is up 16% since its close on the first day of trading in November.

Write to Russell Gold at russell.gold@wsj.com1

Halliburton To Complete Split With KBR (NYT)

The New York Times, February 27, 2007

Halliburton, the oil field services provider, said yesterday that it would complete its separation from KBR Inc. by offering current stockholders the remaining 81 percent stake in KBR, its former subsidiary.

Halliburton, once led by Vice President Dick Cheney, will offer its 135.6 million shares of KBR in exchange for its own stock. KBR is the largest American military contractor in Iraq.

If the offer is not fully subscribed, any remaining KBR shares will be given to stockholders as a special dividend on a pro rata basis, Halliburton, which is based in Houston, said.

Halliburton's chief executive, David J. Lesar, first raised the possibility of separating from KBR in 2004. He told investors in January that the company was considering a share swap — called a split-off — rather than the originally conceived spinoff.

Philanthropy Hits Record As Number Of $100 Million Donations Increase (USAT)

By Martha T. Moore

USA Today, February 27, 2007

As the rich get richer, they get more generous. Much more generous.

The number of individual donations of $100 million or more hit a record in 2006, according to The Chronicle of Philanthropy, which compiles a yearly list of the biggest givers. Last year, there were 21 donations of $100 million or more by individuals to universities, hospitals and charities, compared with 11 in 2005.

The biggest gift by far was Warren Buffett's pledge to donate stock in his investment firm Berkshire Hathaway, now worth $43.5 billion, to several groups, including the Bill and Melinda Gates Foundation. Even without this huge donation, the philanthropy of the country's 60 most generous givers hit a record $7 billion in 2006, up from $4.3 billion the year before.

The reason for the increase in mega-gifts is simple: There are more people with deep pockets.

"It's a sign that wealth is growing and people are just raising their sights in terms of philanthropy," says Stacy Palmer, editor of The Chronicle.

Universities and other fundraising institutions ask for more and larger contributions, too. Stanford University, for example, is in the midst of a $4 billion campaign, the largest ever for a university.

Among those swimming in the deep end of the donor pool: Nike co-founder Phil Knight, who gave $105 million to Stanford's business school; David Rockefeller, who gave away $225 million, mostly to the Rockefeller family foundation; oilman T. Boone Pickens, who gave away $172 million, including $160 million to set up his own foundation; and New York City Mayor Michael Bloomberg, who gave $165 million to 1,000 groups but would name only five, which combat smoking.

In addition to the amount of money available to be given away, philanthropy experts and the givers themselves say there is a greater consciousness that those who have should give.

"It's sort of gotten out there that it's the right thing to do to be generous," says Stanley Katz, Princeton University professor of public policy and a scholar of philanthropy. "For the moment, that's more of the ethos of wealthy people."

A gift the size of Buffett's does have an influence, one of the top givers says.

"When people see substantial gifts, and they're in the same league, if they haven't given to that level, they start to think about giving," Pickens says.

Backing Abortion Rights While Keeping The Faith (NYT)

By Neela Banerjee

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — Frances Kissling has been called the “philosopher of the pro-choice movement” by her friends and an “abortion queen” by her critics.

But the name Ms. Kissling wears most defiantly, to the consternation of many religious believers, is Roman Catholic. For 25 years, as president of Catholics for a Free Choice, she has angered the church hierarchy and conservative Catholics by criticizing fundamental teachings on sex.

“I’m so Catholic, I can’t get away from it,” said Ms. Kissling, who was once in a convent. “How I construct concepts of life, of justice, it all comes out of being Catholic.”

Though unknown to most lay Catholics, she has inspired and worked with politicians and activists, many Catholic, to speak out in favor of giving women access to abortions and to artificial contraception.

On Wednesday, Ms. Kissling, 63, will step down from her post, relinquishing her role as one of the most vocal of the so-called bad Catholics, those who manage to accommodate the opposing sentiments of love for the church and anger at much of its doctrine.

“The constant refrain in this office is, ‘Are we really Catholic?’ ” Ms. Kissling said here in a recent interview. “I know with every ounce of my being that you don’t have to agree with the positions of the church on issues of abortion and contraception to be Catholic.”

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Many Catholics passionately disagree. The United States Conference of Catholic Bishops has issued statements challenging the right of Catholics for a Free Choice to call itself Catholic. Critics dismiss Ms. Kissling's organization as a mouthpiece for bigger, secular abortion rights groups and a front for anti-Catholic bigotry.

"They could get special attention and get special digs at the church because of their name," said Helen M. Alvaré, an associate professor of law at the Catholic University of America and a former planning director of the Secretariat for Pro-Life Activities at the Catholic Bishops conference. "They had no grass-roots base among Catholics. There was nothing very different about them from other pro-choice groups in the arguments they made."

Catholics for a Free Choice says it gives voice to the large percentage of Roman Catholics who disagree with the church's position on reproductive issues. Its $3 million budget is largely financed by well-known secular foundations, including the Ford Foundation.

Ms. Kissling agrees with her detractors that her organization has not affected church doctrine. Instead, it has focused on working with lay Catholics and others to build momentum for its causes.

With other groups, it successfully lobbied against the naming of John Klink, a former representative of the Holy See at the United Nations, to lead the State Department Bureau of Population, Refugees and Migration in 2001. Most recently, it worked with staff members for Representatives Rosa DeLauro, Democrat of Connecticut, and Tim Ryan, Democrat of Ohio, to draft legislation intended to decrease abortions, partly by increasing financing for family planning.

Sitting in her Washington office, Ms. Kissling was unequivocal in her distaste for the church hierarchy. "I think that in many ways, the church has become an unjust institution," she said. On one wall of her office was a cherub, on another a Che Guevara calendar. In a corner stood a candle that looked like a bishop's miter, yet to be lit.

Ms. Kissling continued: "It abuses nuns, anyone who thinks, homosexuals, women who have abortions. It sexually abuses children. It treats people badly, and something has to be done to change its abusive nature."

Ms. Kissling was born Frances Romanski into a working-class Polish family in New York, the oldest of four children. When she was a child, her mother divorced and later married a man named Kissling, which in the eyes of the church made her an adulteress, Ms. Kissling said.

Despite her frustration with such beliefs, Ms. Kissling said, she was inspired by the nuns at her Catholic school. In the early 1960s, she joined a convent, at age 19.

Convent life demanded that she look deep inside herself, she said, and she discovered that she did not agree with the church's teachings on divorce and birth control. She left after six months to attend the New School.

Avowedly heterosexual, she said she never had a desire to marry or have children. She became active in the women's movement in the 1960s. Then in 1970, when abortion was legalized in New York, she was asked to direct an abortion clinic in Pelham. She had no experience, she said, but neither did anyone else, so she took the position.

In 1978, she joined the board of Catholics for a Free Choice, and in 1982, she took over as president.

Critics and supporters say Ms. Kissling has a more nuanced view of abortion than many in the abortion rights movement. She said her experience working at an abortion clinic and her upbringing in the church made her believe "there was a certain void in the pro-choice movement around the questions of morality and ethics."

In late 2004, she published an article in her group's magazine, Conscience, titled "How to Think About the Fetus." She said that while the fetus might not be a person, it was part of the continuum of humanity. She wrote that the fetus "is not nothing," and that women who consider abortion know that.

Ms. Kissling said that abortion rights leaders feared acknowledging the value of a fetus because they did not want to further stigmatize abortion. But, she contends, that reticence has cast the abortion rights movement as casual about the emotional realities of abortion.

"Women know that something is inside them, and they know that something will become a baby if they don't act in some way," she said. "I don't think we could say anything to them about the value of fetal life that they haven't thought of already."

Many abortion rights leaders said the article was damaging, especially because it came out while politicians were considering bans on so-called partial-birth abortions. But others, including some in the anti-abortion camp, commended Ms. Kissling.

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"With her approach, she has found the real-life stuff," said Representative Ryan, a Catholic who opposes abortion. "Those of us in the debate get hooked on philosophy and theory and dogma, and what Frances brings is reality: that abortion is a difficult decision for a woman."

Ms. Kissling said she had decided to step down because she believed that her efficacy might soon wane, that she was on the "verge of becoming boring or predictable." Jon O'Brien, 41, executive vice president of Catholics for a Free Choice, is to take over as president.

Ms. Kissling hopes to write a book about the value of the fetus, or teach, or finish the house she is building on the coast of Uruguay, she said. She has no plans to leave the Catholic Church.

"There are days when I think I can't be a Catholic and that I want to go join a community where I am welcomed, honored, where I can join a parish," she said. "But in the end, I don't want to be a Methodist. I'm a member of the greatest religion in the world."

Senior Slump (WP)

The Washington Post, February 27, 2007

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THE TROUBLING condition of America's public high schools has long been recognized. Even so, it was sobering to learn last week that high school seniors, though taking more advanced classes and getting better grades, are performing dismally on national tests.

The data from the U.S. Education Department revealed a disturbing incongruity between how well schools say students are doing and how well students really are doing. Transcripts show more students taking supposedly more rigorous courses, yet raising their grade-point average from 2.68 in 1990 to 2.98 in 2005. But when these same students had to demonstrate what they learned on nationally recognized tests, only 35 percent scored proficient or better in reading. That's the worst performance since the testing began in 1992.

Why? Advanced classes may have highfalutin course descriptions, but the curriculum has been dumbed down. Pressure to pass students has caused grade inflation. The students hurt most are poor and minority. The Post's Amit R. Paley vividly demonstrated this by visiting two classes supposedly teaching the same material. Students at a more affluent high school faced higher expectations and standards than those at a school with more poor and black students. But even students who typically are seen as doing well in school -- suburban, middle-class children -- showed no gains. And the data don't deal at all with the many children who drop out before 12th grade.

Some states are moving to overhaul high schools and stiffen standards. Twenty-nine states, including Maryland and Virginia, are working with Achieve, a nonprofit group, to raise academic standards and accountability so students graduating from high school are able to meet the demands of college or work. So far, the No Child Left Behind Act has focused mainly on the elementary grades. The national debate over the law's reauthorization must include a robust discussion of how to improve high schools and create national standards. If not, any progress made in boosting achievement in elementary grades will be lost.

A Bad Report Card (NYT)

The New York Times, February 27, 2007

The news from American high schools is not good. The most recent test results from the National Assessment of Educational Progress, commonly known as the national report card, finds that American 12th graders are actually performing worse in reading than 12th graders did in 1992, when a comparable exam was given. In addition, 12th-grade performance in reading has been distressingly flat since 2002, even though the states were supposed to be improving the quality of teaching to comply with the No Child Left Behind education act.

The new scores, based on tests given in 2005, show that only about 35 percent of 12th graders are proficient in reading. Simply put, this means that a majority of the country's 12th graders have trouble understanding what they read fully enough to make inferences, draw conclusions and see connections between what they read and their own experiences. The math scores were even worse, with only 23 percent of 12th graders performing at or above the proficient level.

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Marginal literacy and minimal math skills might have been adequate for the industrial age. But these scores mean that many of today's high school seniors will be locked out of the information economy, where a college degree is the basic price of admission and the ability to read, write and reason is essential for success.

Congress, which is preparing to reauthorize both the No Child Left Behind Act and the Higher Education Act, needs to take a hard look at these scores and move forcefully to demand far-reaching structural changes.

It should start by getting the board that oversees the National Assessment of Educational Progress testing to create rigorous national standards for crucial subjects. It should also require the states to raise the bar for teacher qualifications and end the odious practice of supplying the neediest students with the least qualified teachers. This process would also include requiring teachers colleges, which get federal aid, to turn out higher quality graduates and to supply many more teachers in vital areas like math and science. If there's any doubt about why these reforms are needed, all Congress has to do is read the latest national report card.

U.S. Displays Bomb Parts Said To Be Made In Iran (NYT)

By James Glanz And Richard A. Oppel Jr.

The New York Times, February 27, 2007

BAGHDAD, Feb. 26 — In a dusty field near the Baghdad airport on Monday, the American military laid out a display of hundreds of components for assembling deadly roadside bombs, its latest effort to embarrass the country it contends is supplying the material to armed Shiite groups here: Iran.

Officers of the First Cavalry Division whose unit seized the components said they had been found in a palm grove just north of the Iraqi capital two days earlier, after a tip from a local resident. An explosives expert said the components were made to be assembled into the deadly canisters called explosively formed penetrators, or E.F.P.'s, which explode and hurl out a high-speed blob of copper designed to cut through tough American armor.

"I've lost good friends to these E.F.P.'s," said Capt. Clayton Combs, whose unit turned up the cache of weapons. "And the fact that we found these before they got to the side of the road is just a huge win for us."

The cache included what Maj. Marty Weber, a master explosives ordnance technician, said was C-4 explosive, a white substance, in clear plastic bags with red labels that he said contained serial numbers and other information that clearly marked it as Iranian.

But while the find gave experts much more information on the makings of the E.F.P.'s, which the American military has repeatedly argued must originate in Iran, the cache also included items that appeared to cloud the issue.

Among the confusing elements were cardboard boxes of the gray plastic PVC tubes used to make the canisters. The boxes appeared to contain shipments of tubes directly from factories in the Middle East, none of them in Iran. One box said in English that the tubes inside had been made in the United Arab Emirates and another said, in Arabic, "plastic made in Haditha," a restive Sunni town on the Euphrates River in Iraq.

The box marked U.A.E. provided a phone number for the manufacturer there. A call to that number late Monday encountered only an answering machine that said, "Leave your number and we will call you back."

Anthony H. Cordesman, who holds the Arleigh A. Burke chair in strategy at the Center for Strategic and International Studies in Washington, said that despite those confusing new elements, the United States has been cautious in how it has presented the possible evidence of Iranian involvement.

"The case that has been made has been very careful and very restrained," Mr. Cordesman said. "If this is unrealistic, it can't be blamed on the intelligence community. This has had the highest possible policy level review, and credibility on an international level is clearly the major criteria in reviewing everything that was said."

Other analysts have expressed skepticism that the American military has made a strong case for the Iranian origin of the E.F.P.'s as tensions are running high between the United States and Iran over its nuclear program.

Items in the cache included the concave copper dishes called liners that cap the canisters and roll into deadly armor-piercing slugs when the explosive detonates. There were also various kinds of electronics, presumably for arming and triggering

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the devices, the PVC tubes, and two types of rockets and mortar shells that Major Weber said had markings and construction that identified them as being Iranian in origin.

The PVC tubes, of several different sizes, appeared to be fittings of the kind of used to splice two stretches of PVC tube together in routine applications.

"It's worth pursuing that it's machine-made and you can track the country of origin," said Maj. Jeremy Siegrist of the First Cavalry Division. "And it's manufactured for a specific purpose."

That raised the possibility that the parts were purchased on the open market and that the liners were then manufactured to the right size to cap the fittings.

Captain Combs said the cache was hidden in buried freezers and an 80-gallon water container. "What they couldn't bury, like the 122-millimeter rockets you see in front of you, was covered in tarps," he said.

U.S. Find Stokes Fears Of Iraqis' Bomb-Making Ability (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 27, 2007

BAGHDAD, Iraq -- An American military raid in southern Iraq uncovered a makeshift factory used to construct advanced roadside bombs that the U.S. had thought were made only in Iran. The find raises fears that Shiite Muslim insurgents across Iraq may be able to manufacture large quantities of such weapons on their own.

The Saturday raid in the small town of Jedidah marked the first time U.S. forces found evidence that militants inside Iraq are assembling "explosively formed penetrators," or EFPs, which can punch through the armored shells of U.S. military vehicles. U.S. officials said they found components for building about 150 of the devices, one of the largest caches of such weapons found to date in Iraq.

This find -- separate from one made in the southern city of Hilla a week ago -- is forcing U.S. officials to reassess their belief that such bombs were being built in Iran and smuggled fully assembled into Iraq. U.S. commanders briefing reporters here said Iraqi militants appear able to construct the bombs out of materials purchased locally or shipped into the country from Iran.

"We originally thought these came into Iraq already created, and now that intelligence has been totally relooked," said Capt. Clayton Combs, who led the raid. "It's like a playground kit you get in the mail: You can plot the instructions and start putting it together on-site, and that's what we have here."

U.S. commanders said the discovery raises concerns that the weapons could go into wider use, if militants no longer depend on receiving fully assembled devices from Iran or other sources. U.S. officials say the bombs, used mostly by Shiite militants, are more lethal than conventional roadside bombs used by Sunni insurgents.

U.S. military commanders said many of the weapons seized in the Saturday raid -- including mortar shells, rocket-propelled grenades and large quantities of plastic explosive -- had markings indicating they had been manufactured in Iran. That could be used by the Bush administration to bolster its allegation that Iran is funneling weapons to Shiites in Iraq.

The U.S. commanders said they hadn't found evidence linking the weapons to Iran's government, army or paramilitary forces -- a connection the U.S. has yet to firmly establish despite its accusations. Tehran has denied the White House allegations and has accused Washington of fabricating evidence to justify a possible military strike on Iran.

The raid followed a call to a U.S.-run hotline from an Iraqi reporting that weapons were stored in a palm grove in Jedidah, a town near the Shiite city of Baqubah. U.S. forces searching the site found two freezers and a large water container that had been buried up to their lids and covered with palm fronds. Inside were dozens of rocket-propelled-grenade warheads, rocket launchers, mortar rounds and other weapons, U.S. commanders said.

The most important find was a mound of 150 concave copper caps, the main ingredient in EFPs, they said. When EFPs detonate, the caps turn into molten balls that can pierce the armored shells of Humvees or other vehicles, killing or maiming the soldiers inside.

Capt. Combs said the copper caps were smooth and perfectly symmetrical, suggesting they had been made with a high degree of technical precision. He said he didn't know where the caps came from or whether they had been made in Iran. "That's the hard thing about this war," he said.

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Army Officers Say Iran Made Bomb Components (LAT)

By David Zucchino

The Los Angeles Times, February 27, 2007

BAGHDAD -- In the latest attempt to link the deadliest form of roadside bombs in Iraq to components manufactured in Iran, U.S. Army officers today displayed plastic explosives they said were made in Iran and recovered during a raid Saturday in violence-racked Diyala province.

An Army explosives expert said the C-4 plastic explosives were used to make lethal bombs that the military calls EFPs -- explosively formed projectiles. The explosives were found alongside enough bomb-making materials to build 150 EFPs capable of penetrating heavily armored vehicles, according to the expert, Maj. Martin Weber.

Mortars and rockets found in the same cache also were manufactured in Iran, Weber said. The cache included 150 machine-milled copper plates that form a shaped, concave lid on the projectile. When the weapons explode, those lids form balls of molten metal that can punch through the armor on vehicles.

The cache was believed to be the first EFP manufacturing site found inside Iraq, officers said. They had previously assumed that most EFPs were assembled outside the country and brought in nearly whole.

Officers said they did not know where the copper plates were manufactured, or by whom. They also said they could not prove who supplied the materials or who was building the EFPs.

The briefing was the third in two weeks in which U.S. military officials set forth evidence that they said showed Iran's hand in Iraq's violence.

By contrast with previous sessions, officers at today's display were careful not to accuse the Iranian government of involvement. U.S. officials have had to backtrack from previous assertions of direct involvement by Iran's top government officials.

"I don't think there's any way for us to know if it's tied to any government," said Maj. Jeremy Siegrist, the executive officer for the unit that recovered the materials. "That's a stretch too far."

But by summoning reporters to the display and providing Weber as an on-site expert to assert that some items came from Iran, the military was clearly emphasizing the linkage to that country.

Weber said cutting, stamping and milling the copper plates requires technical expertise, as does arming and triggering the EFPs. He said Iran has the necessary expertise. That country provides weapons and technical support for Hezbollah, which has used similar explosive devices in southern Lebanon.

Referring to the C-4, rockets and mortars, Weber said, "you can establish the country of origin, and that is a fact."

Capt. Clayton Combs, the company commander whose 1st Cavalry unit recovered what officers called "an IED factory," using the military acronym for improvised explosive devices, or roadside bombs, said he found it "interesting" that explosives, rockets and mortars from Iran were including among EFP-making materials. Asked to elaborate, Combs replied, "I'm not willing to go beyond that."

A cache of EFP materials found by U.S. forces in Hilla, south of Baghdad, last week was probably a transit point for materials to be assembled elsewhere, Weber speculated. The Hilla cache – and many others found by U.S. troops – included C-4 explosives made in Iran, Weber said.

Mortars and rockets are commonly used in other types of IEDs. The rockets and mortars found in Diyala, a province north of Baghdad, were manufactured in 2006 and 2002, respectively, officers said, meaning they were not left over from the Iran-Iraq war in the 1980s.

EFPs have killed at least 170 U.S. troops, according to U.S. officials. So far, 3,156 U.S. troops have died in the war.

The Bush administration is mounting a campaign to isolate and discredit Iran over its nuclear program and its alleged role inside Iraq. It has accused the Al Quds Brigade, a unit of Iran's Revolutionary Guard, of supporting Shiite attacks against U.S. forces in Iraq.

Siegrist said U.S. troops were tipped off about the bomb site in Diyala by a local resident. The materials were hidden inside two freezers and a water container buried in a palm grove.

The cache included plastic plumbing pipes cut to form EFP housings, along with metal rings used to secure the devices. Also found were detonation cord, blasting caps, fuses, voltage regulators and ball bearings.

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On display today was a fully formed EFP, which Combs said had been found at the site, fitted with a C-4 charge. The device is the size and shape of a large coffee can. It was fitted with what Weber said was a metal sighting device for aiming at a target. It was topped with a copper plate, or disk, the size of a bread plate.

EFPs cause more damage than other types of IEDs because of "the density and speed of two to four pounds of metal [copper] traveling at an extremely high rate of speed," Weber said.

Also recovered from the Diyala site were 15 122-mm rockets, two dozen 120-mm mortar rounds, mines, anti-aircraft ammunition and rocket-propelled grenades, Combs said.

The most significant items were the copper plates, made from 5mm copper sheets, Combs said.

"They're the hardest part to make," he said. "You need good quality copper and it has to be done just right, so this is a major find."

Diplomats To Begin Drafting New U.N. Sanctions On Iran (NYT)

By Helene Cooper

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — The coalition of six world powers that has been trying to get Iran to rein in its nuclear program will begin drafting a new United Nations Security Council resolution to ratchet up the pressure again, officials said Monday after a meeting in London.

Top officials from the United States, Britain, China, Russia, Germany and France agreed to begin working on the resolution after the International Atomic Energy Agency reported last week that Iran was expanding its efforts to enrich uranium, in continuing defiance of the United Nations.

The State Department spokesman, Sean McCormack, said the United States was willing to join in talks between the Europeans and Iran over the nuclear program, provided that Iran suspended its uranium enrichment activity.

Mr. McCormack added: “Should they choose not to proceed down that pathway, then there will be consequences. And those consequences will be diplomatic isolation from the rest of the world.”

Although American and British officials sounded buoyant, the United States discovered last year that there could be a long way between the start of work on a sanctions resolution against Iran and passage by the Security Council.

The first sanctions resolution against Iran took about four months to put together, after much disagreement between the United States and Russia in particular.

The resolution that finally passed, two days before Christmas, was much weaker than American officials had wanted. It banned the import and export of materials and technology used in uranium enrichment, reprocessing and ballistic missiles, and froze the assets of 12 Iranians and 10 companies said to be involved in nuclear and ballistic missile programs.

But it did not include a mandatory travel ban on people involved in nuclear activities, as the Bush administration had proposed. To achieve consensus, the Americans dropped their insistence on a travel ban after Russia balked. Moscow also balked over sanctions against a nuclear power plant that Russia is building at Bushehr, in southern Iran.

The resolution gave Iran 60 days from Dec. 23 to suspend uranium enrichment — the first step in making fuel that can be used for civilian power plants or atomic bombs — or face further sanctions.

American and European officials are hoping that this time in the Security Council, things will be different. The United States and Britain would like to see the next round of sanctions include the travel ban, as well as a further freeze on international financial transactions by top Iranian officials.

“We’ve done a lot of the political negotiation that we didn’t do last time,” said one European diplomat involved in the negotiations. He characterized the meeting on Monday in London, attended by the American under secretary of state for political affairs, R. Nicholas Burns, and his five counterparts from Europe, Russia and China, as “one of the best meetings that they’ve had yet.”

But, he added, “I’m sure it won’t be straightforward.”

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A second sanctions resolution would be part of the overall increase in oratory and pressure against Iran by the Bush administration, which has also accused the Iranians of meddling in Iraq. Part of the debate on another resolution is bound to reflect concern from Russia over the possibility of American military action against Iran.

Vice President Dick Cheney said last week that “all options are still on the table” for Washington to prevent Iran from acquiring nuclear weapons, a comment that has heightened fears that the administration is considering attacking Iran’s nuclear sites.

The Russian foreign minister, Sergey V. Lavrov, said Monday, during a conversation with President Vladimir V. Putin that was broadcast on state television, that Moscow was worried about that kind of talk.

Major Powers Work On Iran Resolution (AP)

By Thomas Wagner

AP, February 27, 2007

The five permanent Security Council members and Germany began work Monday on a new U.N. resolution to pressure Iran to suspend parts of its nuclear program, but said they were still committed to seeking a diplomatic solution.

The six nations, meeting in London, said they were seeking the best way to "re-engage" Tehran after it failed to respect a U.N. deadline to halt its uranium enrichment work. However, they said no decisions were made and more talks were needed.

State Department spokesman Sean McCormack, briefing reporters in Washington after the meeting, said the diplomats would hold a telephone conference Thursday, "at which time they hope to be able to hammer out the elements of a U.N. sanctions resolution."

However, sharp differences appear to remain between the tough U.S. position and what Russia and China, veto-holding council members with close ties to Iran, are willing to accept.

The U.N.'s nuclear watchdog confirmed last week that Iran had defied a Security Council order to freeze enrichment — a possible path to nuclear arms — expanding its program instead. Iran insists its only interest in the technology is for the production of fuel for nuclear power plants.

John Sawers, the British Foreign Office official who chaired the closed one-day meeting, issued a statement calling Monday's meeting a productive first step.

"We also considered how best to re-engage with Iran. We are all committed to seeking a negotiated solution," Sawers said.

The senior officials from Britain, the United States, France, Germany, Russia, China and the EU Secretariat discussed the possibility of imposing incremental restrictions on trade and arms for Iran, officials said.

Sanctions approved in December ban all countries from supplying Iran with materials and technology that could contribute to its nuclear and missile programs and froze the Iranian assets of 10 key companies and 12 individuals related to those programs.

Russia and China are likely to oppose strict economic sanctions or weapons bans. A travel ban was dropped from the initial resolution because of Moscow's opposition. Before the meeting Monday, a senior British diplomat said officials would examine options including whittling away at export credits made available to companies that trade with Iran.

"I expect the tortuous negotiations will continue and not result in any meaningful compromise anytime soon," said Ray Takeyh, a senior fellow at the Council on Foreign Relations, a U.S. think tank. "There is a fundamental disagreement about what kind of a threat and how much of a threat Iran poses."

McCormack said U.S. officials want to engage in negotiations with Iran. "But we are equally committed to sending the message to the Iranian government: Should they chose not to proceed down that pathway, then there will be consequences," he said.

Iran's top nuclear negotiator on Monday said if the United States made a formal request for talks, Iran would respond positively but would not accept conditions placed on such discussions, the country's official news agency reported.

The Islamic Republic News Agency said Ali Larijani was responding to Secretary of State Condoleezza Rice's comments Sunday that the U.S. would hold direct talks with Iran if Tehran suspended its nuclear program.

Iran has repeatedly said it would not freeze enrichment as a precondition to holding talks on its nuclear program.

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"Setting conditions means indicating the outcome of talks prior to holding them. Therefore, such a policy has not been answerable," IRNA quoted Larijani as saying.

Diplomats Seek Way To 'Reengage' Iran (WP)

By Mary Jordan

The Washington Post, February 27, 2007

LONDON, Feb. 26 -- Representatives of the five permanent members of the U.N. Security Council and Germany said after meeting in London on Monday that they were committed to seeking a negotiated solution with Iran, which has defied a U.N. order to halt its uranium enrichment program.

In Washington, meanwhile, State Department spokesman Sean McCormack told reporters that the six nations had "agreed on the fact that they will go forward with a U.N. sanctions resolution."

McCormack said the six nations -- the United States, Britain, France, China, Russia and Germany -- wanted Iran to negotiate. But he also said, "We are equally committed to sending the message to the Iranian government: Should they choose not to proceed down that pathway, then there will be consequences."

Last week, the International Atomic Energy Agency issued a report saying that rather than halting its uranium enrichment program, Iran had expanded it.

During a visit Saturday to Sydney, Vice President Cheney told reporters that "all options are still on the table" for dealing with Iran, raising concerns that the United States was considering a possible military strike.

The United States accuses Iran of secretly using its nuclear program in an effort to build atomic weapons. The Tehran government insists its program is solely for energy purposes and that it has no intention of stopping its uranium enrichment as demanded by the Security Council.

Officials at the talks sought to play down any rising confrontation. John Sawers, the British official chairing Monday's meeting, issued a statement saying that the group had "considered how best to reengage with Iran. We are all committed to seeking a negotiated solution."

Not all parties agree on the seriousness of the threat from Iran or how best to contain it. Of the five permanent members of the U.N. Security Council, Russia and China have resisted tough sanctions.

In December, the Security Council banned countries from supplying Iran with technology that could be used in its nuclear and missile programs and froze the assets of certain companies and individuals. Now wider economic sanctions are being considered, along with a travel ban on some officials.

Officials from the six nations involved in the talks are to continue discussions by phone on Thursday.

UN Action On Iran 'Still Has Time To Work' (FT)

By Daniel Dombey And Stephen Fidler

Financial Times, February 27, 2007

US and British diplomats yesterday said the west's strategy on Iran - involving a new round of measures at the United Nations - still had time to succeed, despite Tehran's failure last week to meet a UN deadline on its nuclear programme.

"The genie isn't out of the bottle yet but . . . they are working very aggressively to get it out," a US official yesterday told the Financial Times, referring to Iran's efforts to move ahead with uranium enrichment, which can produce both nuclear fuel and weapons-grade material.

Last week the International Atomic Energy Agency, the UN's nuclear watchdog, said Iran had installed or nearly installed more than 600 centrifuges at a site intended for large-scale uranium enrichment and aimed to have 3,000 centrifuges operating by May.

"They have not perfected running these things, there is still more work to do to master the technology," said the official.

The comments came as officials from the leading powers met in London to discuss whether to toughen the sanctions against Iran agreed last December.

The officials - from the five permanent members of the UN Security Council, plus Germany - will now consult their own governments on next steps.

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"We began work on a new Security Council resolution . . . we also considered how best to re-engage with Iran," said the British Foreign Office.

It added that, following their "productive first discussion", the diplomats would resume contacts with one another this week.

The European Union and the US want to persuade Russia and China to sign up to a travel ban against named individuals involved in Iran's missile and nuclear programmes - who are currently subject to lesser measures - and to extend the list of people concerned.

In addition, the US, with some UK support, would like European countries to cut back on export credits to companies doing business with Iran and to restrict arms sales.

These measures may be difficult to agree at UN or even EU level. But for both export credits and arms sales, the big powers may decide to exercise greater voluntary restraint or to back a move at the UN that would call on, but not legally require, states to limit such dealings with Tehran.

France and Germany argue that demand for export credits is already declining because the nuclear dispute makes it less to attractive for companies to trade with Tehran. The incremental nature of the measures under discussion has led some to conclude that the west's approach is unlikely to persuade Iran to change course.

But the US and the EU argue that Iran's leadership has been unsettled by Security Council censure and Washington has sought to increase pressure on Tehran by actions such as dispatching a second aircraft carrier to the Gulf.

Such military moves have been criticised by Russia, perhaps the key countryin agreeing any further international pressure on Tehran.

Sergei Lavrov, foreign minister, said yesterday he was "concerned that forecasts and predictions of strikes on Iran have become frequent".

US Presses For More Sanctions On Iran (FT)

By Daniel Dombey And Stephen Fidler

Financial Times, February 27, 2007

US and British diplomats said on Monday the world's big powers had agreed to start work on new United Nations measures against Iran after Tehran's failure last week to meet a deadline on its nuclear programme.

They added that the west's strategy of incremental pressure still had time to succeed despite difficulties in agreeing far-reaching steps.

"We began work on a new [UN] Security Council resolution . . . we also considered how best to re-engage with Iran," said the British Foreign Office, after officials met in London to discuss toughening the sanctions against Iran agreed in December. The officials – from the five permanent members of the Security Council, plus Germany – will now consult their governments.

The Foreign Office added that the diplomats would resume contact this week.

Separately, a US official told the Financial Times there was still time to resolve the dispute diplomatically.

"The genie isn't out of the bottle yet but...they are working very aggressively to get it out," he said, referring to Iran's efforts to move on with uranium enrichment, which can produce both nuclear fuel and weapons-grade material.

Last week the International Atomic Energy Agency, the UN's nuclear watchdog, said Iran had installed or nearly installed more than 600 centrifuges at a site intended for large-scale uranium enrichment, and aimed to have 3,000 centrifuges operating by May.

The US and the EU want Russia and China to sign up to a travel ban on named individuals in Iran's missile and nuclear programmes.

In addition, the US, with some UK support, would like Europe to cut back on export credits to companies doing business with Iran and to restrict arms sales.

These measures might be difficult to agree and the big powers could decide to exercise greater voluntary re-straint or to back a move at the UN calling on, but not requiring, states to limit such dealings with Tehran.

The US and the EU argue that Iran has been unsettled by Security Council censure and Washington has sought to increase the pressure by dispatching a second aircraft carrier to the Gulf.

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Such military moves have been criticised by Russia, which is key to agreeing further sanctions. Sergei Lavrov, foreign minister, said on Monday he was “concerned that forecasts and predictions of strikes on Iran have become frequent”.

Meanwhile, Javad Zarif, Iran’s outgoing ambassador to the UN, told a conference in New York that a deal on the nuclear programme that included a political commitment to peaceful activity, greater monitoring by the IAEA and the participation of an international or regional consortium in its uranium enrichment was still possible.

Mr Zarif told the meeting of the Century Foundation that there was “enough on the table already to find a resolution on the nuclear issue”, but described the Security Council as “part of the problem”, alleging it had been used as a tool of the US rather than as a genuine way of finding a negotiated deal.

He sidestepped questions about what conditions would be needed for Iran to suspend enrichment but said any demand on it to abandon its right to nuclear technology was “not a good solution”.

Iran's Pursuit Of Nuclear Power Raises Alarms (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 27, 2007

Iran's mantralike insistence that its pursuit of nuclear technology is an internationally guaranteed right that it will never curtail has countries as diverse as the United States and China worried it is seeking a nuclear weapon.

But the huge increases in energy demand anticipated across the developing world over the next two decades, coupled with a growing urgency about global warming, have nuclear nonproliferation experts focused on Iran's case for broader and even more unsettling reasons. If a sense of entitlement to nuclear power and the fuel that makes it possible is allowed to take root, they say, the world soon could find itself with dozens of nuclear countries with the means to switch from peaceful energy production to building a nuclear arsenal virtually overnight.

Many of those countries would be in such hot spots as the Middle East and Southeast Asia, where a mounting temptation to keep up with worrisome neighbors could be too much to resist.

"It's not too difficult to foresee a world of dozens of virtual nuclear-weapons states, capable of building a bomb because of the nuclear material and technology they have, and Iran represents the danger of this future scenario," says Daryl Kimball, executive director of the Arms Control Association in Washington. "A country that claims it is within its rights defies the international community, and gets right up to the edge of producing bomb-grade uranium."

The question of how to control the spread of nuclear technology – which can supply both civilian electrical energy production and horrendous mass destruction – has been on the international agenda since the early 1950s. A key worry has always been how to control the nuclear fuel, uranium or plutonium, that powers a civilian plant but that also is a key building block for military use of nuclear energy.

Concerns receded in recent decades, as interest stalled in nuclear-power generation. But with the US Department of Energy predicting a 50 percent rise in global demand for electricity in little more than a decade – and with rising concerns about the effect of energy sources that produce greenhouse gases – nuclear is again a "hot" energy solution.

Enter Iran and its repeated claims to a "right" to nuclear technology and power. The UN Security Council's five permanent members plus Germany met in London Monday to consider a second round of sanctions against Iran, which the UN's nuclear watchdog agency last week said was accelerating its uranium-enrichment program. The meeting, not concluded at press time, was expected to produce ideas for additional turns of screws designed to bring Tehran back to the negotiating table.

Since the 1970 Nonproliferation Treaty (NPT), international law has acknowledged a universal right to peaceful nuclear energy. But Iran is using a "pick-and-choose" approach to the NPT, many experts say. Even before the part of the treaty that speaks of a right to nuclear energy, they point out, the language first lays out a country's responsibilities to forswear military uses and to provide assurances that its uses are peaceful.

"What we're talking about here is a loose interpretation of a right to something that brings you to within days of having a bomb, but when people say there is a right to that they are wrong," says Henry Sokolski, executive director of the Nonproliferation Policy Education Center in Washington and a former Pentagon nonproliferation official.

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It is "sloppy reading" of rules that include safeguards, Mr. Sokolski says, that has allowed Iran to move forward while citing "rights" but not responsibilities. Some countries and some US officials are pressing for a stricter interpretation, he says, that there is "no per se right to technology" without an equal willingness to prove that its use is solely for peaceful purposes.

A problem, though, stems from past practice of the US and other nuclear powers who have looked away as friendly nations with nuclear-energy programs developed their own programs for producing nuclear fuel. That response has allowed a list of nonnuclear-weapons countries like Japan and Germany to nevertheless possess all the material they need to have a bomb in no time (an alternative Japan has occasionally mulled over as North Korea has gone nuclear).

"We have winked at a list of friendly countries like Japan, Germany, Brazil, and others on the question of whether or not they should be able to make their own nuclear fuel, and the result is the idea that if it was true before it must be true for everybody," Sokolski says. The NPT says no such thing about nuclear fuel, he adds, because the international nuclear-fuel regime was never taken up by the treaty.

A problem for the international community is that many developing countries, no matter what they may think of the Iranian regime, perceive that Iran has a point when it speaks of developed-world favoritism, says the Arms Control Association's Mr. Kimball. Other analysts agree.

"Whether we like it or not, Iran is tapping into this issue of fairness and equality," says Joseph Cirincione, a nonproliferation expert at the Center for America Progress and author of a new book, "Bomb Scare," on the future of nuclear weapons.

Regional fears about Iran's intentions are also a factor. As Iran has asserted a right to nuclear technology, other countries in the oil-rich Middle East have announced plans to develop nuclear energy – something many experts doubt is a coincidence.

"We may still be debating whether Iran's nuclear program is ultimately for peaceful purposes or progressing with the intent of building nuclear weapons, but the countries in the region have made their decision that it is an aggressive program that requires a counter," says Ilan Berman, vice president of the American Foreign Policy Council and an Iran expert.

Noting that at least eight countries in the Middle East have recently declared intentions to develop nuclear technology, he says: "They are looking for some sort of counterweight to the Iranian program, which the Iranians may say is for peaceful purposes but which [these countries] know has the potential of being a nuclear-weapons program as well."

Needed: disincentives to make fuel

Beyond the immediate case of Iran, Mr. Berman says, the NPT poses a problem in that its guarantees of access to nuclear power encourage countries to develop technology "that allows them to come within striking distance of a nuclear-weapons capability."

An urgent need, he adds, is a new international system that creates "disincentives" for countries to move beyond nuclear power to producing nuclear fuel.

Ideas are out there, though no one is jumping at adopting them.

One proposal is to create a privately funded "fuel bank" – a stockpile of low-enriched uranium for use by countries that pledge not to build their own fuel-cycle capabilities. The Nuclear Threat Initiative co-founded by Ted Turner and former US Sen. Sam Nunn has committed $50 million to creating such a bank through the International Atomic Energy Agency.

Others, such as the proliferation education center's Sokolski, say the incentives for nuclear-power production, including huge subsidies that countries give it, must be accounted for so that nuclear programs make economic sense. That would level the playing field as countries look for energy alternatives, and limit the "excuses" for developing a technology with a military adaptation, he says.

Jitters about nuclear rise again

While jitters about nuclear's potential for destructive uses are not new, they are heightened by the need for clean energy sources and new security threats.

America's first National Intelligence Estimate, issued under the Eisenhower administration, noted that countries would choose how to use nuclear technology "depending on how they think the wind is blowing," notes Mr. Cirincione.

"The challenge we face now is this: If we think nuclear energy is part of a global-warming solution, then we have to solve the nuclear-fuel problem to make the world safe for nuclear-power production."

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Iran Demonized By U.S. And U.N. (WSJ)

The Wall Street Journal, February 27, 2007

In response to "Table Talk1 by Michael Rubin and Danielle Pletka (editorial page, Feb. 21): Iran has not violated any of its international obligations by seeking to produce nuclear fuel for its civilian reactors.

While exercising its inalienable rights under the Non-Proliferation Treaty, Iran has cooperated with the International Atomic Energy Agency (IAEA), by placing all its nuclear facilities under the full scope of IAEA's monitoring and safeguard mechanisms.

After more than 2,200 days of inspection of Iran's nuclear facilities, the IAEA has time and again concluded that there is no evidence of diversion to non-peaceful purposes.

This raises a question: What grounds are the United Nations using to impose sanctions on Iran, while simultaneously ignoring the absence of disarmament and the proliferation threats posed by Israel, which has a huge nuclear arsenal and has refused the slightest inspections by the IAEA?

The international community must seek an immediate end to this outrageous double standard and discrimination against the rights of Iran.

Unfortunately, the right-wing pundits in the U.S. are blinded to Iran's rights, as well as to the constructive role of Iran in promoting stability and regional cooperation, intent as they are in constant demonization of Iran.

M.A. Mohammadi
Press Secretary
Iran Mission to the United Nations
New York

Iranian Leader's Rhetoric Criticized (WT/AP)

By Ali Akbar Dareini

The Washington Times, February 27, 2007

TEHRAN -- Iranian President Mahmoud Ahmadinejad faced a new round of sharp criticism at home yesterday after he said Iran's nuclear program is an unstoppable train without brakes, language opponents say only inflames the West as it considers further sanctions.

In London, the United States and five other world powers agreed to begin work on a new U.N. Security Council resolution over Iran's refusal to suspend its nuclear program, but they remained committed to seeking a negotiated solution, British officials said.

The domestic criticism of the hard-line Iranian president came amid signs that Supreme Leader Ayatollah Ali Khamenei is growing discontented with Mr. Ahmadinejad.

Last week, the ayatollah voiced rare criticism of the domestic record of Mr. Ahmadinejad's government, and the president was notably absent when a group of Cabinet members and vice presidents met recently with the Shi'ite cleric, who has the final word in all political affairs in Iran, including the nuclear issue.

The Bush administration has taken a more aggressive stance toward Iran, building up the U.S. military presence in the Gulf and accusing Tehran of backing militants in Iraq. That has increased fears among Iranians of possible U.S. military action.

But on the eve of the London gathering, Mr. Ahmadinejad again struck a defiant tone, telling a group of clerics Sunday, "The train of the Iranian nation is without brakes and a rear gear."

Those comments brought a hail of condemnations in Iran yesterday, not only from reformists who have long opposed Mr. Ahmadinejad, but also from conservatives who once backed him but now see his fiery rhetoric as needlessly provoking the West into confrontation.

The conservative daily Resalat chided Mr. Ahmadinejad, saying "neither weakness nor unnecessarily offensive language is acceptable in foreign policy."

"Our foreign policy must reflect the ancient Iranian civilization and rich Islamic culture of the Iranian nation," the newspaper said.

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Few details emerged from the London meeting of the United States and its partners -- France, Britain, Russia, China and Germany -- but State Department spokesman Sean McCormack said they would hold talks by phone Thursday "at which time they hope to be able to hammer out the elements of a U.N. sanctions resolution."

U.S. officials have been pressing for strong action against Tehran but have run into opposition, notably from Russia, over how tough a line to take.

Russian Foreign Minister Sergey Lavrov said Moscow was "worried that the forecasts and suppositions of a possible attack on Iran have become more frequent."

Mr. Ahmadinejad's critics have grown more vocal since his allies suffered a humiliating defeat in local elections in December. That vote was swept by reformist parties and anti-Ahmadinejad conservatives who said the president has spent too much time castigating the West and has neglected Iran's faltering economy.

The president appeared to have toned down his rhetoric in the past few weeks, insisting Iran would not give up its nuclear program but using a more moderate tone and expressing a desire to negotiate with the West.

Iranian political analyst Iraj Jamshidi said it appeared "the top leadership has cautioned him about his remarks," but he added that Mr. Ahmadinejad's tough rhetoric "is part of his personality."

Iran denies U.S. and Western claims that it is secretly trying to develop nuclear weapons, and the country's political factions have long been united in their stance that Iran has a right to a peaceful nuclear energy program. So far, the criticism of the president has focused on his confrontational tone -- though some reformers have gone further, saying Iran should be more willing to consider at least a temporary suspension of the nuclear program.

At the same time, Mr. Ahmadinejad's top political rival, Ayatollah Akbar Hashemi Rafsanjani, has emerged as a high-level advocate of a more conciliatory stance toward the West, saying the nuclear dispute needs to be resolved through "dialogue and wisdom."

Mr. Rafsanjani, a top figure in Iran's clerical leadership, lost to Mr. Ahmadinejad in the 2005 election, but Mr. Rafsanjani's allies were among those swept to victory in the December local elections.

Iranian Scholars Denounce Conference That Denied Holocaust (NYT)

By Nazila Fathi

The New York Times, February 27, 2007

TEHRAN, Feb. 26 — A group of Iranian academics, writers and artists has denounced the Holocaust conference held in Tehran late last year, calling it a move that endangered peace and hurt the reputation of Iranian academics.

The Iranian government organized a two-day gathering in December, billed it as a legitimate conference on the historical record and invited notorious Holocaust deniers and white supremacists from around the world. Among those from the United States was the former Ku Klux Klan leader David Duke.

The Foreign Ministry held the event after President Mahmoud Ahmadinejad said several times that the Holocaust was a myth invented to justify the state of Israel.

In a bold gesture, more than 20 academics, writers and artists, many of whom live outside of Iran, signed a statement that was sent to The New York Times and circulated on the Internet last week, arguing that the gathering was an exercise in propaganda.

The statement said the conference harmed the academic image of Iranian universities and merely provided a pretext for warmongers in the region. It added that the gathering perpetuated the immoral stance of Holocaust denial, a position that seriously endangers world peace.

“The extensive material evidence, the confessions made in the Nuremberg trial and other trials that took place after the war and the testimonies of the survivors established the veracity of the accounts beyond any doubt,” the statement said.

“The accuracy of the accounts has been acknowledged by many academic, political and religious authorities, including the Catholic Church.”

The statement added that talking inconsiderately about the genocide can only be described as rubbing salt into a historical wound.

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"Those who perpetuate the discourse on Holocaust denial ignore the feelings of the people directly affected by this event," it said.

The statement also argued that denying the Holocaust would not help the Palestinian cause. "No matter what political position we adopt regarding the creation of Israel and its further expansion, the historical evidence for the Holocaust remains intact," it said.

"The Palestinians, like all other nations, have a right to enjoy their livelihood in their own independent state," the statement added. "This right has nothing to do with the denial or acknowledgment of the Holocaust."

Given the risk of harassment and repression for those who criticize the government, dissent over the so-called conference had been slow to build. Recently, reformist politicians and several members of Parliament voiced their outrage over the consequences of holding such an event.

Akbar Alami, the parliamentary representative from the northwestern city of Tabriz, had asked Foreign Minister Manouchehr Mottaki to appear in Parliament to explain the ministry's plans for decreasing tension with the West in January and accused Mr. Ahmadinejad of conducting a reckless foreign policy.

"Why did we have to bring up the issue of the Holocaust, which belongs to 60 years ago?" Mr. Alami asked Mr. Mottaki.

Mehdi Karoubi, a veteran politician and a former speaker of Parliament, criticized the event last week, saying that it led to a United Nations resolution against Iran.

"Have we ever asked how questioning the Holocaust has harmed us and what price we had to pay for it?" he asked in a speech at Tehran University, the ILNA Labor news agency reported.

The United Nations reacted to the event in Tehran by adopting a resolution without vote that rejected denial of the Holocaust as a historical event.

Persian Shrug (WSJ)

By Edward N. Luttwak

The Wall Street Journal, February 27, 2007

Almost everyone in Washington agrees that Iran is the big winner in the Middle East power competition, and the U.S. the big loser. Instead of the irremediably hostile Taliban, Iran now has a friendly Afghan government on its eastern border. Rather than having to face Saddam Hussein's regime, Iran has nothing to fear from an Iraqi government dominated by friends and obedient clients, many of whom lived as protected exiles in Iran for 20 years or more.

Having crushed Tehran's enemies, the U.S. finds itself under attack by Iran's rulers, who no longer have to worry about defending their own borders and can instead challenge American interests all over the Middle East, and as far away as Venezuela. At the same time, Iran continues to build facilities to process, gasify and enrich uranium, in spite of the International Atomic Energy Agency and solemn resolutions by the U.N. Security Council.

For some, including the Baker-Hamilton commission, all this is a compelling argument for negotiations. The hope is that Iran's mighty rulers can be persuaded to stop arming and inciting the insurgents attacking American and British troops in Iraq, and perhaps help to stabilize the country, allowing the U.S. to withdraw less ignominiously. Now there is even talk of a détente with Iran, that being the standard diplomatic method to deal with a hostile country too powerful to be intimidated or defeated, and with which one must simply coexist on the best terms that can be had. In this case, it would mean coexistence with Tehran's continued support for Hamas, Hezbollah, Islamic Jihad and three different Iraqi militias, as well as with Iran's nuclear program.

Back in the 1970s, détente with the Soviet Union was criticized on the grounds that it actually propped up a regime in irreversible decline, and whose power could be confronted successfully. In the 1980s, the critics of that détente led by Ronald Reagan had their opportunity to challenge the Soviet Union, which did not outlast the decade.

There is every reason to believe that history is about to repeat itself. Iran does not resemble the Soviet Union in any other way and certainly does not have even a fraction of its military power, but it too is a multinational state in an age when nations are everywhere asserting their separate identities. In arguing that there is universal support for the nuclear program, regime spokesmen and even many Persians in exile speak of Iran as a unitary state inhabited by "Iranians" who are very nationalistic, even if they oppose the ayatollahs.

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None of this remotely corresponds to Iran's ethnic realities. Persians only account for half the population, and the other half includes many different nationalities increasingly resentful of Persian cultural imperialism.

Kurds account for some 7% of the population, and their nationalism is Kurdish and not Persian, having been much strengthened by the successful example of virtual Kurdish independence in Iraq. Their demands for autonomy have become sufficiently forceful to start an insurgency. The same is true of two smaller nationalities that are even more violently disaffected with frequent fire-fights and bombings: the Arabs and the Baluch, which account for another 3% of the population. But the largest of Iran's subject nationalities are the Azeris. While many have been assimilated, at least 20 million still speak an entirely different Turkic language, and increasingly form the core of a united Azeri nation that extends beyond western Iran to include the former Soviet republic of Azerbaijan.

The religious extremism of Iran's regime creates its own divisions. The bloody persecution of the Bahais, the new persecution of the Sufis and the institutional subjection of Christians, Jews and Zoroastrians have attracted greater attention, but the ill-treatment of the 9% of the population that is Sunni is more important politically: In Tehran where more than a million Sunnis live, there is no Sunni mosque as there is in Rome, Tel Aviv and Washington, D.C.

If Iran's economy were more successful, ethnic divisions and even religious resentments would matter less. As it is, with at least 20% unemployment and an annual inflation rate of some 30%, Iran's economy is scarcely a unifying force, especially because most of its minorities are distinctly poorer than the dominant Persians.

Viewed from the inside, Iran is hardly the formidable power that some see on the outside. The natural outcome of increasing popular opposition to extremist rulers, of widening ethnic divisions and bitter Sunni resentment of Shia oppression is a breakup. Certainly there is no reason why Iran should be the only multinational state to resist the nationalist separatism that destroyed the Soviet Union and Yugoslavia, divided Belgium in all but name and decentralized Spain and even the United Kingdom, along with other states large and small.

Once again, there is a better alternative to détente with a repulsive regime, and that is to be true to the Wilsonian tradition of American foreign policy by encouraging the forces of national liberation within Iran.

Mr. Luttwak, a senior fellow at the Center for Strategic and International Studies, is author of "Strategy: The Logic of War and Peace" (Belknap, 2002).

Germany's Iran Trade (WSJ)

The Wall Street Journal, February 27, 2007

Contrary to the impression created by your Feb. 20 editorial "Europe and the Mullahs," Germany's trade with Iran as well as its export credit guarantees have declined sharply in the past year. German exports of goods to Iran in 2004 rose by 33% compared with 2003; in 2005 the increase was 24%, and in 2006 exports fell by almost 8%. A further fall is foreseen for 2007. Export guarantees from 2005 to 2006 declined by 33%, due to the federal government having tightened its policies. A further decline by 40% is predicted for 2007. Over 2006 and 2007 export guarantees will thus have dropped in volume by 60%.

Ulrich A. Sante
Press, Information and Public Diplomacy Section
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Washington

Palestinian Killed In Israeli Sweep Of West Bank City (NYT)

By Greg Myre

The New York Times, February 27, 2007

JERUSALEM, Feb. 26 — Israeli troops searched for militants and weapons in the West Bank city of Nablus for a third day Monday, going door to door and periodically clashing with gunmen and stone-throwing youths.

One Palestinian man was killed and his son was wounded, Palestinians said, the first fatality since Israel began the operation on Saturday through the warren of homes and shops in the casbah area of central Nablus.

The Israeli troops, in dozens of jeeps and armored vehicles, have placed the neighborhood under curfew and blocked off the surrounding streets with concrete blocks while they conducted an open-ended search.

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The Israeli operation has kept tens of thousands of residents confined to their homes.

"The operation will carry on until we achieve our main mission," said Brig. Gen. Yair Golan, the commander of forces in the city.

Over the past year, more attempted attacks against Israel have originated in Nablus than in any other West Bank city, the general said.

The Israeli military said Monday that soldiers had surrounded a house after they received reports that gunmen were inside.

When two men from the house were seen climbing onto the roof, the soldiers fired, killing one and wounding the other, the military said.

Palestinian witnesses and hospital officials identified the dead man as Anan al-Tibi, who was in his 40s, and said the man who was wounded was his son.

Palestinian medical workers said Israeli troops had stationed themselves outside the city's three main hospitals and were checking ambulances when they arrive to see if they contained suspected militants.

"The doctors keep asking the army to move back from the hospital entrance," said Ran Goldstein, a spokesman for Physicians for Human Rights/Israel, a group that is monitoring events in Nablus. "The soldiers might move 10 meters away, but they keep coming back."

Since Saturday, the Israelis say they have made several arrests and uncovered two bomb-making laboratories. Nablus, the largest city in the West Bank, has been a center for militants since the Palestinian uprising began more than six years ago.

On Sunday, the Israeli military interrupted Palestinian radio and television broadcasts to announce the names of seven wanted militants, and warned residents in the area not to hide them.

On Monday, Israeli authorities also said that they had arrested two Palestinian teenagers in connection with the stabbing death of a Jewish settler on Sunday night near the West Bank settlement of Bat Ayin, several miles from Hebron, and that the two confessed. The Israeli settler, Erez Levanon, frequently walked into the woods near his home to pray and meditate, neighbors said.

Also on Monday, the Hamas political leader in exile, Khaled Meshal, arrived in Moscow and praised Russia for its stance on the boycott in Western assistance to the Palestinian government, which is led by Hamas.

"We value Russia's position toward lifting the blockade from which the Palestinian people suffer," said Mr. Meshal, who is based in Syria, according to Russia's RIA news agency.

Russia is part of the so-called quartet of Middle East mediators, which also includes the United States, the European Union and the United Nations.

The group has demanded that the Palestinian government recognize Israel, renounce violence and accept previous agreements.

However, unlike the United States and the European Union, which have labeled Hamas a terrorist group and have refused to deal with it, Russia maintains ties with the group.

3 French Sightseers Killed Near Saudi Holy City (NYT)

By Hassan M. Fattah

The New York Times, February 27, 2007

DUBAI, United Arab Emirates, Feb. 26 — Gunmen killed three French citizens and wounded a fourth near the holy city of Medina in Saudi Arabia early Monday, in a brazen reminder that attacks on foreigners there have not stopped despite an aggressive three-year security crackdown.

The Saudi Interior Ministry said eight French citizens had been traveling toward Medina from Tabuk, a northwestern town, when they came under attack. Two men were pronounced dead at the scene and another died in a provincial hospital later in the day, a Saudi security official said.

A fourth member of the group was listed in critical condition, Maj. Gen. Mansour al-Turki, an Interior Ministry spokesman, said late Monday.

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General Turki said the group had stopped by the side of a road typically restricted to Muslims about 10 miles from Medina when a car pulled near them and opened fire.

The group included men, women and at least one child, he said, but only men were struck in the attack.

Two of the victims were identified by colleagues as engineers who worked at Schneider Electric in Riyadh, the Saudi capital.

The colleagues said the group had been returning from a trip to see the Nabatean ruins at Madain Salih, near Tabuk. Jean-Pascal Tricoire, the chairman and chief executive officer of Schneider Electric, expressed his regrets to the families of the victims in a statement on Monday.

The group initially included 17 Belgians who had left for home earlier in the day, while the others planned to go to Medina and Mecca, a security official said.

General Turki said he could not immediately confirm the religious affiliations of the dead. But Medina, where the Prophet Muhammad built a Muslim state and is buried, is strictly forbidden to non-Muslims. The group might have been traveling to another ancient site recently opened to non-Muslims, he said.

Philippe Douste-Blazy, France's foreign minister, condemned the attack as a "horrible act" and said the French and Saudi authorities were cooperating "so that full light is shed and that the perpetrators are arrested and punished."

The motive for the attack was not immediately clear. A French Foreign Ministry spokesman said late Monday that the attack had not been categorized as an act of terrorism.

A Saudi security official said remnants of Al Qaeda were believed to be hiding in the rugged area, where it is easy to find refuge. Police officers and paramilitary units were put on alert as a search for the suspects began Monday night, the official said.

Since May 2003, a wave of Qaeda-led attacks, initially against foreigners in Saudi Arabia and later against government assets and officials, has sought to topple the United States-backed monarchy there with suicide bombings and gun attacks.

The attacks included the beheading of Paul M. Johnson Jr., an American helicopter engineer. At least 75 other people have been killed, among them a BBC cameraman.

Saudi security officials have continued to make arrests and raid militant hide-outs.

French Nationals Killed On Saudi Tour (FT)

By Andrew England

Financial Times, February 27, 2007

Gunmen in Saudi Arabia shot dead three Frenchmen who were working in the country on Monday as they were travelling north of the holy city of Medina in what appeared to be an attack by Islamic militants.

The attack took place as a group of nine French nationals, including women and children, were resting by a roadside, said Major General Mansour al-Turki, the interior ministry spokesman. He said it was too early to determine if it was a terrorist act.

"They are all residents who work in Riyadh and who had gone on a desert trip," he said, adding that the attackers escaped after apparently stalking the group as they camped overnight.

The French foreign ministry said one of the dead was a teacher and two others worked with French company Schneider Electric.

There have been no serious attacks against foreigners in Saudi Arabia since a spate of killings by extremists thought to be linked to al-Qaeda in 2003 and 2004. But western embassies have warned their national that the terrorism threat in the kingdom remains high.

Philippe Douste-Blazy, the French foreign minister, condemned the attack. "French authorities are mobilised along with the Saudi authorities so that light can be shed and that those responsible be detained and punished," he said.

Saudi Arabia's efforts to tackle terrorism have been under intense scrutiny since the September 11 2001 attacks when it emerged that 15 of the 19 hijackers were Saudi citizens.

In 2003 extremists launched attacks against compounds housing foreigners working in Saudi Arabia, killing dozens of people. Militants launched a further wave of attacks against westerners in 2004, including an assault on the US consulate in

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Jeddah. BBC security correspondent Frank Gardner was seriously injured and cameraman Simon Cumbers died in a Riyadh shooting attack the same year.

But there had been no serious attacks against expatriates since then and diplomats credit Saudi authorities for tough action against the threat of extremists.

Last February Saudi authorities killed five suspected militants believed to be linked to an assault on the Abqaiq oil facility, the world's biggest oil processing plant. In October US-led coalition naval forces moved into Saudi Arabia's port of Ras Tanura to counter a possible maritime threat to the oil facilities.

The British embassy's travel advisory warns that it continues to believe "terrorists are planning further attacks, including against westerners and places associated with westerners in Saudi Arabia".

Millions In Aid Linked To Yemeni Reform (CSM)

By Ginny Hill

The Christian Science Monitor, February 27, 2007

President Ali Abdullah Saleh was en route to Washington in 2005 for talks on his country's role in the "war on terror" when his entourage learned that Yemen would be dropped from a list of countries hoping for millions in US aid.

But no one in his retinue dared broach the subject with President Saleh, says a Sanaa source familiar with the trip. The leader, who had long denied that his country has a corruption problem, wouldn't learn until he reached the White House that Yemen was cut from the list of nations eligible to apply for the Millennium Challenge Account (MCA), a Bush administration plan that ties aid to governance benchmarks.

"It came as a real shock," says the source. "It was only then that the scale of Yemen's problems sank in."

While the November 2005 trip was a public embarrassment for Saleh, it marked a turning point in how his government began dealing with corruption.

In the beginning of 2006, he launched an ambitious anticorruption program, and on Feb. 14, the Millennium Challenge Corporation (MCC), which administers the MCA, reinstated Yemen's chance for assistance as a result of an "aggressive reform effort."

Now, this fragile state on the tip of the Arabian Peninsula could gain hundreds of millions of dollars in aid, if it can sustain reform momentum. Yemen is the poorest Arab country – almost half the population is illiterate and 1 in 10 people live on less than $2 a day.

"Our economy is heavily dependent on oil supplies that won't last more than 15 years and the water table is dropping at an alarming rate," says Ali Saif Hassan, director of Yemen's Political Development Forum, an independent think tank. "The current reform program is very welcome, but there's a danger that the speed of the approaching resources crisis will outpace the process of transformation."

Saleh's reward for his U-turn has more political value than immediate financial benefit. The country still has many hoops to jump through before it can claim the prize of full participation in President Bush's aid program.

Yemen is now embarking on a round of negotiations that will force it to define its intentions. If Yemen is accepted to join the MCC's Threshold Program during the next few months, it will receive funds to speed up early reforms that will allow Yemen to apply for full membership, known as compact status, in a few years' time. The process can be suspended at any time.

"Continued participation in the MCA program is contingent upon good performance on the policy benchmarks," says John Danilovich, chief executive officer of the MCC.

In December 2006, Yemen's parliament ratified a law forming the National Supreme Anticorruption Authority. The MCC board will be watching to see if this new body operates effectively before Yemen can progress to the compact stage.

Yemen must also show that revised procurement laws for government contracts are being used and that steps are being taken toward press freedom and respect for the rule of law.

The payoff could be substantial. Ghana is one of 31 countries admitted to the twin stages of the Millennium Challenge and the most recent applicant to qualify for a compact; it was awarded $540 million over four years.

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The MCC's nod comes at a time of growing confidence in Yemen among donors. In November 2006, Britain and Yemen's Gulf neighbors pledged $4.7 billion in aid over the next four years. The agreement to increase aid followed the recognition that Yemen was underfunded. It receives just $12 per person in annual development assistance. Its African and Asian peers, on average, receive three times that amount.

British Ambassador Michael Gifford says Yemen is standing at "a crucial point. There are a number of reform-minded ministers responsible for key portfolios and recent pledges of increased aid, including from the UK, demonstrate that President Saleh's government has the good will and support of the international community."

To be sure, there are concerns about Yemen's capacity to spend this extra money wisely. Donors admit that such an extensive reform process will be difficult. In the long term, they emphasize Yemen's need to follow through on its promises.

"Economic reform and stamping out corruption are vital to solving the country's future challenges," says Kevin Rosser, an oil and gas analyst at risk consulting firm Control Risks. "Without them, there can be no progress toward reducing poverty, combating extremism, or strengthening democratic institutions."

Western diplomats and progressive Yemenis hope that this opportunity won't be squandered. Saleh has endorsed the project personally. Observers are hoping that he demonstrates the will to implement the changes in a sustained reform drive that lasts the course of his term in office.

"If Yemen backslides, it will affect the whole region," says presidential adviser Faris Sanabani. "Yemen has huge potential, and the economy is our next battle. Our commitment to reform is going to turn the country around and put us on the right track for the future."

Court Declares Bosnia Killings Were Genocide (NYT)

By Marlise Simons

The New York Times, February 27, 2007

THE HAGUE, Feb. 26 — The International Court of Justice on Monday for the first time called the massacre of Bosnian Muslims at Srebrenica in 1995 an act of genocide, but determined that Serbia itself was not guilty of the enormous crime.

Nonetheless, it faulted Serbia, saying it “could and should” have prevented the genocide and, in its aftermath, should have punished the Bosnian Serbs who systematically killed close to 8,000 men and boys in July 1995.

The ruling resulted from a civil lawsuit Bosnia had brought against Serbia, the first in which one country sued another for genocide.

The 15 international judges who held nine weeks of hearings and deliberated for nearly 10 months relied in part on evidence presented in criminal cases heard by the United Nations Tribunal for the Former Yugoslavia, which has found two Bosnian Serb officers guilty of genocide for the Srebrenica massacre.

In the end, the lawsuit resolved Monday may have been the most complex case handled in the 60-year history of the World Court, which the United Nations set up to resolve legal disputes between states.

The ruling appeared to give some satisfaction — and frustration — to both sides. It freed Serbia of the stigma of being a genocidal nation and absolved it from having to pay war reparations, as demanded by Bosnia.

At the same time, Bosnia obtained what it said it wanted from the outset: a recognition of Serbia’s guilt.

During the war in Bosnia, from 1992 to 1995, the United Nations declared Srebrenica a haven and promised to protect it. But in July 1995, Bosnian Serb forces overwhelmed 370 lightly armed Dutch peacekeepers, seized control of the enclave and killed almost every Bosnian Muslim man and boy captured there.

That massacre led to the ruling Monday, which also stressed that other large-scale killings and abuse of Bosnian Muslims had taken place with the financial and military support of Serbia during the 1990s war that broke up Yugoslavia.

Judge Rosalyn Higgins, the court’s president, read the ruling, which described the close ties between Serbia and the Bosnian Serb forces. It said that the leaders in Belgrade, and President Slobodan Milosevic above all, “were fully aware of the deep-seated hatred which reigned between the Bosnian Serbs and the Muslims in the Srebrenica region,” and that massacres were likely to occur. Yet the Serbs did nothing to avert atrocities or prevent the killings, “claiming they were powerless, which hardly tallies with their known influence” over the Bosnian Serb forces, the ruling concluded.

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Serbia thereby violated the United Nations Convention on Genocide to which it is a party, the ruling found. The ruling, Judge Higgins noted, is binding and final, without appeal. Failing to arrest and hand over the Bosnian Serb military commander, Ratko Mladic, was a further violation, the court said.

The court said that other offenses committed against Bosnians might amount to war crimes and crimes against humanity, but that it had no jurisdiction over those issues. It did not list specific killings or the number of victims. International organizations say more than 100,000 people died between 1992 and 1995, two-thirds of them Bosnian Muslims.

"This is a moral victory, certainly, but less of a legal victory," said Alain Pellet, a spokesman for the Bosnian legal team. "But violations by one state against another have now been determined and many atrocities have been cited. Genocide is not the only atrocity."

After the ruling, the Serbian president, Boris Tadic, urged the Serbian Parliament to condemn the Srebrenica massacre, but that may be difficult to obtain because nationalist groups continue to deny it. He said it was "very important for Serbia and its citizens" that Serbia was not found guilty of genocide, but lamented that once again Serbia was mentioned in the context of war crimes and genocide.

In a statement after the session, Judge Higgins noted that the findings did not completely satisfy either side. "That does not mean, of course, that the court has been seeking a political compromise," she said.

All the same, the ruling, even if strictly based on the law, hews close to the political wishes of Western countries that want to pull Serbia into a wider Western European community, rather than see it isolated as a pariah state, possibly accused of genocide, with its extreme nationalists growing in strength.

NATO last year invited Serbia to join its Partnership for Peace venture and some European Union countries want to start membership talks with Belgrade, with some demanding that it first locate and hand over General Mladic, charged with genocide at the United Nations war crimes tribunal.

The court said Serbia had to abide by the Genocide Convention, requiring punishment of those accused, and urged it to do so immediately. The court's ruling might strengthen the hand of Serbians who want to rid themselves of the burden of keeping General Mladic as a fugitive in Serbia.

But the last word on the role of the Serbian leadership in the Bosnian war has not been said. Although Mr. Milosevic died last year before the end of his four-year trial, other senior Serbian political and military leaders are still facing trial at the tribunal for the former Yugoslavia.

The tribunal has part of the war-time records of the Supreme Defense Council, which included the former Yugoslavia's military and political leaders, including Mr. Milosevic. Tribunal officials have said part of the minutes of the meetings were blacked out and some whole sections were missing. But the minutes still provided much information on how the Serb leaders "ran their proxy army" in Bosnia, one tribunal official said.

Serbia made a deal with the tribunal that only its judges and lawyers could see the records, the effect of which was that they were kept out of reach of the lawsuit at the World Court. In their ruling Monday, the judges made the point that they had been prevented from seeing them.

Lawyers for Bosnia had tried to convince the court that the pattern of atrocities across many communities in Bosnia demonstrated the intention to commit genocide, not only by killing, imprisoning and deporting the population, but also by destroying evidence of their presence. Andras Riedlmayer, a historian testifying for Bosnia, said the Serb campaign to purge 26 municipalities of Bosnia of non-Serbs had destroyed or damaged 958 mosques and close to 300 Roman Catholic churches and monasteries.

But the judges ruled that demonstrating a pattern of conduct or of atrocities was "too broad" to qualify for the definition of genocide. The crime of genocide required showing convincingly there was a specific plan or the specific intention to destroy the group or part of it, they ruled.

In essence, they did not answer the question often asked in The Hague: when does ethnic cleansing become genocide?

U.N. Court Clears Serbia Of Genocide (WP/AP)

By Mike Corder

DOJ_NMG_0137301

The Washington Post, February 27, 2007

THE HAGUE, Feb. 26 -- The United Nations' highest court on Monday cleared Serbia of genocide against Muslims in Bosnia's bloody 1992-95 war. But it said the country's former government should have stopped the July 1995 slaughter of more than 7,000 Muslim men and boys in Srebrenica and ordered Serb leaders to hand over the alleged architect of the massacre.

The case marked the first time a state had been taken to court over allegations of genocide, outlawed by a U.N. convention in 1948 after the Nazi Holocaust. Individuals have been convicted in genocide cases linked to massacres in Bosnia and Rwanda.

In a 171-page ruling, the International Court of Justice said the massacre of thousands of Muslims by Bosnian Serb forces at the U.N.-protected Srebrenica enclave was an act of genocide.

But the 15-judge panel rejected Bosnia's claim that the Serbian state was responsible for the killing, saying it did not have effective control over the Bosnian Serb forces it had helped arm and finance. Instead, the judges ruled that Serbia stood by and allowed the massacre to happen.

Serbia, "could, and should, have acted to prevent the genocide, but did not," the court's president, Rosalyn Higgins, told reporters.

The ruling sparked outrage in Bosnia, which filed the case, and among dozens of war survivors who gathered outside the gates of the International Court of Justice.

"Shame on the people who reached such a verdict. How can they say not guilty of genocide when there are photos, video footage?" Zinaida Mujic, of the Mothers of Srebrenica association, said in Sarajevo.

The Srebrenica massacre was the worst mass killing in Europe since World War II and the bloodiest episode in the violent breakup of Yugoslavia into six independent states, including Bosnia, Serbia and Croatia. The fighting started in Slovenia in 1991, spread to Croatia in 1992 and Bosnia the same year, leaving at least 200,000 dead. In the Bosnian war, Muslims, Catholic Croats and Orthodox Serbs fought one another.

Higgins also condemned Serbia's failure to hand over Bosnian Serb Gen. Ratko Mladic, indicted more than a decade ago by the International Criminal Tribunal for the former Yugoslavia for the genocide in Srebrenica.

The court said there was "plentiful, and mutually corroborative, information suggesting that Gen. Mladic . . . was on the territory of [Serbia] at least on several occasions and for substantial periods during the last few years and may still be there now."

The order to arrest Mladic and other genocide suspects was part of the binding judgment in the case. Failure to comply can be reported to the U.N. Security Council. However, international officials have been pushing Serbia to hand over Mladic for nearly 12 years without success.

The European Union has made Serbia's hopes for membership conditional on its cooperation in handing over Mladic and other fugitives.

Although Higgins mentioned Mladic by name, his accused accomplice, former Bosnian Serb leader Radovan Karadzic, was not so cited. Karadzic is believed to be hiding in the Serb-controlled portion of Bosnia, out of Serbia's reach.

Last week, international forces in Bosnia raided the homes of Karadzic's son and daughter, saying they were suspected of supporting their fugitive father.

Serbia's president, Boris Tadic, welcomed Monday's court ruling and said cooperating with the Yugoslav war crimes tribunal in handing over Mladic was key to the country's future.

"Unless Serbia finally wraps up that cooperation . . . I believe, as a state, it will face dramatic political and economic consequences," Tadic said.

Grim Mystery Unfolds In Central America (LAT)

By Héctor Tobar And Alex Renderos

The Los Angeles Times, February 27, 2007

SAN SALVADOR -- For more than a week, Guatemalans and Salvadorans have been in the grip of a murky and gruesome mystery story born of Central America's criminal underworld.

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It began on the night of Feb. 19, with an SUV burning on a rural road outside Guatemala City. The charred bodies of three Salvadoran legislators and their driver were found at the scene. Among them were Eduardo Jose D'Aubuisson, the son of one of El Salvador's most notorious right-wing leaders.

On Sunday night, the latest chapter played out at a Guatemalan prison, when four officers from a top Guatemalan police unit were slain in their cells three days after they had been arrested and charged with killing the legislators.

Police and government officials in El Salvador and Guatemala said the case may have exposed an unsettling link between drug traffickers and the security and political elite of the countries.

On Friday, Guatemalan President Oscar Berger said drug traffickers were behind the killings of the legislators and promised a "thorough purge" of corrupt elements in the Guatemalan police force.

Berger said he would take the extraordinary step of requiring dozens of high-ranking police and government officials to take polygraph tests, including, "if necessary," Interior Minister Carlos Vielmann, the country's top security official.

The four police officials killed Sunday were all members of Guatemala's organized-crime unit, including the unit's director, Luis Arturo Herrera. There were conflicting reports as to how they were killed.

Some media reports said an armed "commando" unit had entered the maximum-security prison about 40 miles outside Guatemala City. The assailants reportedly disarmed the guards, then slit the throats of the arrested officers.

Other reports said inmates in the prison killed the men in retribution for their actions as police officers.

In neighboring El Salvador, some saw a conspiracy.

"The killing of these officers shows there are more people involved" in the assassination of the legislators, said Rodrigo Avila, head of El Salvador's national police. "They wanted to silence these officers, who were part of a very powerful [criminal] organization.... They're trying to close a Pandora's box."

Avila said top officials in Guatemala's national police had joined forces with an organized-crime group involved in a variety of illicit activities, including drug trafficking, immigrant smuggling and money laundering.

"We are very worried that the top levels of the [Guatemalan] police appear to have been infiltrated by organized crime," Salvadoran Minister for Security and Justice Rene Figueroa said.

Salvadoran officials say they don't know precisely how or why the legislators were slain.

The legislators left San Salvador in a caravan with other lawmakers on the morning of Feb. 19, headed for a meeting in Guatemala City of the Central American Parliament, a body that advocates and regulates regional economic cooperation.

They were last seen alive in Guatemala City on the day of their disappearance, after leaving behind their Guatemalan police escort. Their bodies were discovered on a farm 25 miles outside the city, with gunshot wounds and burned beyond recognition. At least two of the men may have been burned alive, according to news reports.

Guatemalan authorities said the method of the attack clearly suggested it was a "message" killing.

Besides D'Aubuisson, the 32-year-old son of Roberto D'Aubuisson, the late founder of El Salvador's ruling Nationalist Republican Alliance, the dead included two other legislators from the right-wing party, William Pichinte and Jose Ramon Gonzalez.

Salvadoran President Tony Saca called the men national heroes who had died "in the cause of freedom."

But on Sunday, the Guatemala City newspaper Siglo XXI quoted an unnamed Guatemalan police official who said the killers and victims were linked "with a drug trafficking organization made up of Guatemalans and Salvadorans, among them a contact with a lot of political influence" in El Salvador.

The crime was the result of "a business deal gone sour, which is unforgivable among drug traffickers," the police official said.

In El Salvador, the idea that the scion of one of the nation's leading right-wing families may have been involved in drug dealing was unpalatable. Salvadoran police floated a different theory: mistaken identity.

The conservative newspaper El Diario de Hoy quoted Salvadoran police who said the slain lawmakers had been confused for "Colombian drug dealers" and killed when their assailants failed to discover cash or drugs.

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The arrested police officers told investigators that they had been contracted by a group of Guatemalan drug traffickers linked to Salvadoran organized crime. But they would say no more about their orders, because, as one of them said, "I'd rather commit suicide than talk."

Negroponte Expected To Make Mark In China (AP)

By George Gedda, Associated Press Writer

AP, February 27, 2007

The State Department has been lacking a diplomatic heavyweight to handle China issues since last summer, and President Bush's choice to fill that role plans to travel to Beijing this week as part of a three-nation East Asia tour.

John Negroponte, newly installed as the State Department's No. 2 official, is scheduled to visit South Korea and Japan, in addition to China.

Negroponte, 67, began his career as an Asia hand more than 40 years ago and has worked on regional issues periodically since then, including a stint as ambassador to the Philippines. He was director of national intelligence for the past two years, and issues relating to China crossed his desk frequently, including the country's military buildup.

Secretary of State Condoleezza Rice also will call on Negroponte for advice on Iraq, where he served as ambassador.

For the United States, there may be no foreign relationship as important as the one with China. It is a fellow permanent member of the U.N. Security Council, a major trading partner and an important player on such diplomatic problems as North Korea, Iran and Sudan.

The Bush administration has become increasingly bothered by China's secrecy on its defense spending levels and the goals of what officials call its "rapid military modernization."

China touched off fears of an arms race in space in January when it destroyed a defunct Chinese weather satellite by hitting it with a warhead launched from a ballistic missile.

On the other hand, the Feb. 13 nuclear disarmament breakthrough with North Korea was achieved partly as the result of close U.S.-Chinese cooperation

Negroponte does not qualify as a China expert, but the same could have been said of his predecessor, Robert Zoellick, who nonetheless was admired around the State Department and beyond for his grasp of the China puzzle. Zoellick left the State Department in July to take a job on Wall Street.

Some China experts believe the void created by Zoellick's departure has been costly.

"One has the feeling that the government has been compassless. There is almost a blindness in regards to China," says Orville Schell, director of the Asia Society's Center on U.S.-China Relations in New York.

Jeffrey Bader, a China expert at the Brookings Institution who served on President Clinton's National Security Council, said that no one at the State Department's senior level has been focused on China since Zoellick's departure.

He noted that Christopher Hill, the assistant secretary for East Asian affairs, has been consumed with North Korea since his appointment almost two years ago.

The most prominent China expert in government is Treasury Secretary Henry Paulson, who had traveled to China dozens of times on business before joining the Cabinet in July. Paulson expects to make his third trip to China as secretary in early March. His frequent dealings with the Chinese have touched on trade, environmental and economic issues, but not the critical security questions that Negroponte will take on.

As Zoellick was leaving the State Department last summer, Tom Christensen, a China expert from Princeton, was being appointed as a deputy assistant secretary in the East Asia bureau, an important but not top level post. Christensen has written a book on U.S.-China relations and nowadays puts his fluent Chinese to work in discussions with Beijing officials.

He has held teaching positions at Cornell and the Massachusetts Institute of Technology. The department also boasts a number of China hands at lower levels with strong command of the issues and the language as well.

Broadcast Media In China Put On Notice (WP)

By Edward Cody

The Washington Post, February 27, 2007

DOJ_NMG_0137304

BEIJING, Feb. 26 -- Communist Party propaganda chiefs have issued a stern new warning to China's broadcast executives, saying news reports and entertainment should promote socialist loyalty and soothe tensions as the country enters a sensitive political season.

The new guidelines were issued Jan. 12 at a meeting called by the party propaganda department; a written record of the gathering is currently circulating in Beijing.

The guidelines reflect a particular desire at senior levels of President Hu Jintao's government to see a picture of harmony and contentedness in the broadcast media as the Chinese legislature prepares to meet next month and the Communist Party gets ready for its 17th national congress in the fall.

Propaganda officials regularly issue orders to Chinese television, radio and newspaper executives, listing subjects to be avoided or treated with care in the heavily censored media. But the marching orders last month appeared to be part of a concentrated effort to orchestrate the news in the lead-up to this year's major political meetings. They followed guidelines designed to maintain the traditional cultural focus and political correctness of television movies and serials.

"In foreign countries, televisions are privately owned and you can broadcast whatever you want," Wang Weiping, deputy head of the series division at China's State Television, Film and Broadcasting Administration, told the Southern Weekend newspaper recently. "But in China, television is the mouthpiece of the party and the people. This is its main mission, and entertainment is secondary."

The national party congress, held every five years, is especially important to Hu, who has headed the party since 2002. It is the occasion for him to cement his leadership and install his followers in key positions, particularly in a new Politburo and its ruling nine-member Standing Committee.

"To create a proper atmosphere for the 17th party congress, we should sing high praises for socialism," Li Dongshen, deputy head of the propaganda department, told the assembled executives, according to the written record of the gathering. "We should sing loudly the main themes of our nation."

According to the record, Li recalled that he had recently banned eight books because they "ran the red light" of party limits on what is acceptable for publication. He said that the broadcast industry faces similar problems and that "we need to assure the correct leading direction of propaganda and promote cultural richness."

For instance, he urged the executives to continue publicizing the policies of economic reform and opening that began two decades ago and that Hu continues to champion. But he cautioned that there should be "no publicizing of pro-privatization comments."

Li's remarks appeared to be part of an effort to dampen a quiet controversy between the reform-minded people around Hu and disgruntled party conservatives who maintain that the reforms are being pursued too quickly, without concern for the social welfare of millions of Chinese. The pace at which unprofitable state-owned enterprises are being sold off has become one aspect of this debate. A proposed law to establish legal guarantees for private property has become another, likely to be discussed during the annual session of the National People's Congress that begins next week.

Li warned that exposing corruption by party officials, a major topic in government declarations, should be done "positively," with emphasis on the party's efforts to end it. In dealing with corruption, whether in news or entertainment programs, he said, television producers should take care not to emphasize corrupt officials' high living or numerous mistresses.

He also said news reports should avoid "inside stories" about flaws in the legal system and the party's attempts to control the news. "Go all out for articles that preserve social stability and avoid triggering social conflict," he added.

Finally, in the new Year of the Pig, Li warned, executives should take into account the sensitivities of China's 35 million Muslims, who consider pigs unclean and offensive. "In principle, touch on the character of the pig as little as possible," he said.

Chinese County Reins In Birth-rate – Without A One-child Limit (CSM)

By Peter Ford

The Christian Science Monitor, February 27, 2007

Behind the high gray walls of this farming village, peasant couples are conducting an experiment that suggests, its designers say, that the most unpopular and costly policy of the past quarter- century may not have been necessary.

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For the past 21 years, the citizens of Yicheng County, in the mining province of Shanxi, have been exempt from the "one-child policy" on which the Chinese government has founded its bid to keep a lid on its vast population. They have been allowed to have two children. Yet Yicheng's birth-rate is lower than the national average.

"If the whole country had adopted the Yicheng policy from the start, we could have kept China's population under 1.2 billion," below the official target for 2000, says Tan Kejian, of Shanxi's provincial Academy of Social Sciences. "And this policy was much easier for peasants to accept."

Central government officials chal- lenge Mr. Kejian's conclusions. But the government-sanctioned Yicheng experiment, almost unknown outside family-planning circles, is under increasingly interested scrutiny from Chinese experts as the "one-child policy" approaches what appears to be the end of its life, after 27 years.

"Most scholars are recommending to the government that the one-child policy needs to be turned into a two-child policy," says Chen Wei, head of the Population and Sustainable Development Group at Renmin University in Beijing. "Maybe not now, but in 2010," when the next five-year plan begins.

Officials at the National Population and Family Planning Commission, which has been responsible for implementing the one-child policy, insist that "the success of China's family-planning policy has been of huge significance," in the words of Yu Xuejun, director of the commission's policy and legislation department. "I am confident our general direction is correct," he says.

But the one-child policy, beyond raising worldwide concerns about the forced abortions and sterilizations that have scarred several generations of Chinese women, has bequeathed a grave legacy.

China's population is aging fast; by 2020, 234 million people, or 16 percent of the population, will be over 60, official figures indicate, up from 9 percent today.

At the same time, 30 million Chinese men will find no brides in 2020; a traditional preference for sons, the spread of ultrasound technology, and the one-child policy have combined to promote widespread sex-selective abortion, officials say.

With male births outnumbering female births by 118 to 100, China is storing up a "hidden danger" that will "affect social stability," a recent government report warned.

Discriminatory abortion is not a problem, though, in Yicheng, which has long applied one of the most liberal of the range of policies imposed around the country.

The "one-child policy" has in fact been much more flexible since the mid-1980s than its name suggests. While it has been strictly enforced in cities, affecting about 36 percent of the national population, parents in most rural areas – accounting for 53 percent of Chinese – are allowed a second child if their first is a girl. In a few cases, families can have three children.

"Overall, it's more of a one-and-a-half child policy," says Professor Chen.

Things are different for Yicheng's 310,000 inhabitants. Parents there can have two children, whatever the sex of their firstborn, if they adhere to certain conditions.

Men may not marry before the age of 25 and women may not before age 23 without being fined. That's three years later for both sexes than the national policy. They must also wait six years before having a second baby. If they don't, they are fined 1,200 RMB (about $160) per year early, or about 20 percent of an average couple's income in the region, says Yang Chunxiang, the family-planning boss here in Ren Wang.

"No one here is rich enough to pay that easily," she says. There have been no third children in the village since the '80s, and few whose birth didn't track the six-year gap.

"The one-child policy ran into strong opposition from people right from the start," says Liang Zhongtang, who designed Yicheng's policy. "I proposed a two-child policy to see if people still opposed that."

From his post as a teacher at the Communist Party school in Taiyuan, the capital of Shanxi, Professor Liang quickly rallied local family planning workers to his cause.

"People were just ignoring the policy and the government had to punish them" with fines and confiscations, recalls An Dousheng, an old man in Mao cap and collar, who headed Yicheng's family-planning unit in the 1980s. "It was difficult work. Ordinary people did not welcome the policy and did not cooperate. Our work was called 'the hardest job under the heavens.' "

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"We were delighted by the new policy" when it was introduced in 1985, says Duan Chunmao. the Communist Party secretary in Ren Wang. "People felt it was more appropriate to their situation, and it helped cement links between the people and the party" that had been strained.

Twenty years on, its fruits are clear. Yicheng's fertility rate is below 9 per 1,000; the national average is 12 per 1,000. Yicheng's gender ratio at birth is 106 to 100, showing no distortion. Even more remarkably, large numbers of couples today choose to have only one child. Almost half the families in Ren Wang, for example, have only one child (though some may have a second later.)

"Nowadays, people don't want big families" says Ms. Yang. "It's very expensive – with fewer [kids] you can get richer faster."

Lü Yueping, a village shopkeeper, says she would have liked a grandson but both her daughters have had girls and neither is planning a second child. "My elder daughter is an accountant," she explains. "She is really busy."

"Mind-sets have changed a lot," says Cheng Fakui, former vice mayor of Yicheng in charge of family planning in the '80s. "A lot of people want to live for themselves, not just for their children."

China's economic development – reinforced by the one-child policy – has spread this mind-set across the countryside; children are expensive to educate, no longer so necessary for fieldwork, and increasingly unwilling to care for their aged parents – a prime motivation for having children.

The average Chinese couple now has 1.7 children, according to estimates by Renmin University's Population Studies Institute. That is only marginally more than the average number of children – 1.6 - allowed by current policy.

"Much of the decline in fertility can be traced to social and economic change," says Henry Winckler, a demographer at Columbia University in New York. "Probably relatively little ... resulted from making the small family mandatory and from using heavy-handed techniques to enforce it."

Liang, an outspoken critic of the policy, agrees. "[It] is like tilting at windmills," he scoffs. "If the policy Yicheng adopted was successful there, it could have been successfully adopted anywhere else in China."

Top officials at the National Population and Family Planning Commission dispute that. "Experiments are only experiments." points out Dr. Yu. "We dare not make a conclusion that the success" of Yicheng's policy "can represent other experiences."

Yu doubts that the enthusiasm with which Yicheng's leadership applied the policy – ensuring no third births and enforcing birth spacing – could be matched nationally.

In Yicheng, experts express disappointment at the government's failure to extend their policy elsewhere in China. One senior local official, who asked to remain anonymous because of the sensitivity of the issue, suggested that Beijing "is worried by population pressures and doesn't want to make any mistakes. They are very cautious."

Liang is blunter. "The leaders who make decisions don't understand the nuances of the Yicheng policy and don't want to learn about them," he complains.

Behind the reluctance, suggests Susan Greenhalgh, an expert on China's birth-control policy at the University of California, Irvine, lie wider considerations. The one-child policy is too deeply embedded in the post-Mao political consensus, she believes. "Advocating change of this ... involves political risks that, so far, no national political leader – or not enough of them – feel in a position to take."

Yicheng's time may now have come, however. Officials say the one-child policy will be maintained until 2010, but it is clear that they are studying alternatives.

"Now that the fertility rate is low, the government has expressed interest in researching directions for future adjustments in family-planning policy," says Yu. "Yicheng's experience should provide a good reference point for us."

U.S. Sends Warship Against Sea Pirates (WT)

By Betsy Pisik

The Washington Times, February 27, 2007

NEW YORK -- A U.S. warship yesterday moved into waters off the coast of Somalia, where pirates have hijacked an empty World Food Program cargo ship.

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The MV Rozen was boarded by heavily armed pirates Sunday morning off the coast of Somalia's Puntland region, in the far north of the country.

Officials of the internationally backed interim Somali government said they contacted the U.S. military regional command, based in neighboring Djibouti, to request assistance.

"We have asked the U.S. Navy in the Red Sea ... to help us in the operation, and they told us they have started to move toward the ship," Col. Abdi Ali Hagaafe, police chief of the Bari region, told the Associated Press yesterday.

He said Somali police boats had spotted the hijacked ship, but were told to hang back out of concern for the safety of the ship's crew.

WFP officials said yesterday that the ship had already off-loaded 1,800 metric tons of food aid and equipment before the seizure, and was empty except for its crew of 12 Sri Lankans and Kenyans.

Negotiations for the release of the ship will likely be handled by Motaku Shipping Agency of Mombasa, Kenya, the contractor that owns the ship and employs its crew.

This is at least the third WFP ship to be hijacked by pirates off Somalia's 1,800-mile coastline, reflecting an increasingly difficult environment in which to deliver humanitarian aid to the desperately poor and unstable country on the Horn of Africa.

Such ships are by far the least expensive way to deliver aid to Somalia, a rugged country with few viable roads and airports capable of handling heavy cargo.

If the sea lanes become too dangerous, WFP officials have warned, they will be unable to deliver the hundreds of tons of food aid and other support they say are needed.

Another WFP-chartered ship, the Semlow, was seized and held for more than three months by hijackers in June 2005. It was released only after secret negotiations between the ship's owner and representatives of the pirates.

The United Nations has a clear policy of not negotiating with hijackers or kidnappers who seize U.N. staff, but officials acknowledge that member states or intermediary groups are free to engage such hijackers as they see fit.

James Morris, the outgoing executive director of the World Food Program, indicated in an interview with The Washington Times last week that the Semlow incident was resolved without WFP's direct knowledge.

"I couldn't tell you anything about that," he said. "That was handled by the ship's owners, and we didn't have anything to do with it."

Asked whether the agency maintained a deliberate "don't ask, don't tell" policy on dealing with pirates, Mr. Morris smiled and nodded slightly.

A Land Of Camel Milk And Honey (NYT)

By Nicholas D. Kristof

The New York Times, February 27, 2007

HARGEISA, Somaliland(?)

Here's the ethos of Somalia, as a former Mogadishu resident explained it to me: "If I use a dollar to buy food, then tomorrow I have nothing. If I use a dollar to buy a bullet, then I can eat every day."

That enterprising can-do spirit has turned most of Somalia into the poster child of a failed state, where you feel underdressed without an assault rifle. But wait! Here in the north of the carcass of Somalia is the breakaway would-be nation of Somaliland, and it is a remarkable success — for a country that doesn't exist.

The U.S. and other governments don't recognize Somaliland, so the people here get next to zero foreign aid. And when the "country" was formed in 1991, it had been mostly obliterated in a civil war and was a collection of ruins and land mines.

Yet the clans and elders here formed their own government, held free elections and even established an international airline. Relying on free markets and a general exhaustion with violence, the people of Somaliland embraced tranquillity and democracy and searched for ways to make a buck.

Walk down the streets of Hargeisa, the capital of Somaliland, and instead of gunmen you come across the thriving jewelry and financial market: scores of vendors, most of them women, are hawking millions of dollars worth of gold, precious stones and foreign currency out in the open air. (Don't try that at home!) Continue down the street, and you see that Hargeisa has police cars,

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DHL service, cable television, orthodontists, a multitude of Internet cafes and traffic jams (including the horses and camels). There are public schools and hospitals — even a public library.

This is a conservative Muslim country, yet it is generally pro-American and tolerant. In the last election, more women voted than men. Women's groups are fighting the traditional practice of genital mutilation, administered to 97 percent of girls here.

The lesson of Somaliland is simple: the most important single determinant of a poor country's success is not how much aid it receives but how well it is run. If a country adheres to free markets and good political and economic governance, it will generate domestic and foreign investments that dwarf any amount of aid.

As President Dahir Rayale Kahin told me: "There is a proverb in our country: 'You can wash your body only with your own hand.' Outsiders can help, but the indigenous people must find a solution themselves."

One lesson is that Western countries should not only increase their financial aid but also their pressure for better governance. It's great to forgive debts, but not graft or antimarket policies.

The U.S. Millennium Challenge aid program, which promotes good governance, is a useful step in that direction. So is Tony Blair's program to battle corruption in Africa.

One useful kind of Western aid is simply support for civil-society groups that battle corruption. Here in Somaliland, the press is generally free, but the president recently tossed three journalists in prison for reporting on corruption in his family. If Western countries speak out strongly in their defense, that effort may be worth a few million dollars in aid by reducing corruption in the future.

More peer pressure from within Africa would also help. Other African countries should stand up to a racist like Robert Mugabe of Zimbabwe with the same vigor they once used to stand up to white racist governments.

Another essential kind of foreign aid is supporting market-friendly economic policies, especially those that would nurture manufacturing industries.

In Mauritania, whose location in northwestern Africa would be ideal for exporting clothing to Europe and America, it takes 82 days to start a new business, which would then have to make 61 tax payments each year, requiring 696 hours to calculate and pay. And in the end, the tax would amount to 104.3 percent of the profit, according to the World Bank.

All that explains why you don't have any shirts in your closet labeled "Made in Mauritania."

So let's be more generous with foreign aid, giving more than 22 cents per $100 of national income to development assistance (the average for rich countries is 47 cents). But those of us who call for aid and debt forgiveness also need to push just as hard for recipient nations to improve their governance, for ultimately the best way for poor countries to prosper is to adopt pro-growth policies.

And in the meantime, it's time to recognize Somaliland as a nation. When a place does this well, we should hail it as a model, not shun it.

The Gall To Speak Her Mind (WP)

By Anne Applebaum

The Washington Post, February 27, 2007

Clearly, there is something about Ayaan Hirsi Ali that annoys, rankles, irritates. I am speaking as one who does not know Hirsi Ali -- the outspoken Dutch-Somali critic of Islam -- but as one who, while living in Europe, cannot seem to avoid meeting her detractors. Most recently I met a Dutch diplomat who positively glowered when her name was mentioned. As a member of the Dutch parliament, Hirsi Ali had, he complained, switched parties, talked out of turn and refused to toe whatever was the proper political line. Above all, it irritated him that she did not share his Dutch faith in political consensus.

For those who haven't encountered her name yet, suffice it to say that Hirsi Ali is a European of African descent with an almost American rags-to-riches life story. As a young woman, she escaped from her Somali family while en route to an arranged marriage in Canada, made her way to Holland, learned Dutch, attended college and eventually won a seat in the Dutch parliament. Along the way, she also made an intellectual journey -- beautifully described in her new book, "Infidel"-- from tribal Somalia, through fundamentalism, and into Western liberalism. After Sept. 11, 2001, horrified by some of the things Osama bin

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Laden was saying, she reached for the Koran to confirm a hunch: "I hated to do it," she wrote, "because I knew that I would find bin Laden's quotations in there."

Partly as a result she lost her faith, concluding that the Koran spreads a culture that is "brutal, bigoted, fixated on controlling women, and harsh in war," and that should not be tolerated by European liberals. The conclusion led her into a series of controversies -- and to the murder of a Dutch filmmaker with whom she had co-produced a film about the mistreatment of Muslim women. The murderer was the son of Moroccan immigrants, born in Holland; he pinned a letter threatening Hirsi Ali onto his victim's chest. Ultimately, she left Holland for Washington, where she remains, ensconced at the American Enterprise Institute.

Yet even from that distance she continues to provoke Europeans, sometimes without saying anything at all. After a somewhat patronizing review of her first book -- in which British writer Timothy Garton Ash called her a "brave, outspoken, slightly simplistic Enlightenment fundamentalist" -- the French philosopher Pascal Bruckner came galloping to the defense of Hirsi Ali and the Enlightenment. Garton Ash counterattacked, and others joined what turned quickly into a wide-ranging debate (read the whole thing at http://www.signandsight.com) about reason, faith, multiculturalism and the integration of millions of Muslim immigrants into European culture.

Curiously, what seems to rankle Europeans most is the enthusiasm with which Hirsi Ali has adopted their own secularism and the fervor with which she has embraced their own Western values. Though this continent's intellectuals routinely disparage the pope as an irrelevant dinosaur, Hirsi Ali's rejection of religion in favor of reason, intellect and emancipation seems to make everyone nervous. Typical is the British feminist who complained that not only does Hirsi Ali paint "the whole of the Islamic world with one black brush," she also "paints the whole of the Western world with rosy tints," which is, of course, far more objectionable.

Others have compared her unfavorably to the Islamic scholar Tariq Ramadan, who argues that Islam can be made compatible with modern European democracy. He, it is said, offers a way forward for millions of pious European Muslims. By contrast, Hirsi Ali's rejection of religion in favor of Western secularism is said to be a form of integration that works for no one but herself.

I suppose this latter charge might be true. On the other hand, it might not be: Maybe "Infidel" will inspire a generation of Muslim teenagers to study, work hard, join the mainstream -- and then say what they think and spoil the political consensus. Either way, I'm not sure that the impulse to dismiss Hirsi Ali for her lack of utilitarian value reflects well on those who do it. Nor does the underlying assumption: that religious faith must be respected and defended on behalf of the dark-skinned immigrants who live among us, even though we natives no longer seem to require it.

But perhaps it is just a question of time. In America, the phenomenon of the flag-waving first-generation immigrant is familiar. In Europe, such a thing is unknown. Maybe once Europeans get used to the idea -- a Muslim immigrant who embraces Western culture with the excitement of the convert! -- they'll like Hirsi Ali better. And if they're lucky, others will follow in her footsteps.

When It Comes To Gay Rights, Is Cuba Inching Ahead Of USA? (USAT)

By Dewayne Wickham

USA Today, February 27, 2007

HAVANA — Years before George W. Bush proclaimed his support for a constitutional amendment to ban gay marriages in the United States, the ideologically rigid government of Fidel Castro made a big move in the opposite direction.

It sanctioned the production and viewing of Strawberry and Chocolate, an Academy Award-nominated film about the awkward friendship between a straight man and a gay man — and the homophobia they both had to battle.

Since this movie debuted in theaters here in the mid-1990s, the Cuban government's intolerance of homosexuals has given way to a more egalitarian treatment of gays and lesbians.

The public persecution of homosexuals has declined sharply. Two years ago, Cuba had its first gay film festival. Last year, the highest-rated show on Cuba's state-run television was a soap opera in which a married man fell in love with another man. And now this country is on the verge of enacting a law that gives same-sex couples some form of legal status.

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"We have to abolish any form of discrimination against those persons," said Ricardo Alarcon, president of Cuba's National Assembly. "We are trying to see how to do that, whether it should be to grant them the right to marry or to have same-sex unions."

Alarcon said he expects Cuba's communist government will soon enact a law to do one or the other. "We have to redefine the concept of marriage," he said. "Socialism should be a society that does not exclude anybody."

This awakening comes less than a year after President Bush renewed his call for a constitutional amendment to ban same-sex marriage. "Our policies should aim to strengthen families, not undermine them, and changing the definition of marriage would undermine the family structure," Bush said in June.

Just one state, Massachusetts, allows gay marriages. And only four permit some form of same-sex union, which falls short of the definition of marriage but lets gay couples have some legal rights.

How ironic is this? While a country that successive U.S. governments have called a totalitarian state is moving toward expanding the rights of gays and lesbians, the president of the United States — the world's leading democracy — wants to restrict their rights.

Cuba is not the Netherlands, no gay mecca, but the attitudes of people in and out of government are undergoing dramatic change, maybe because a leading advocate of gay rights is Mariela Castro, niece of Fidel Castro, daughter of his brother, acting President Raul Castro, and head of the Cuban National Center for Sex Education.

It also might have to do with Cuba's ever-evolving strategy for fending off U.S. attempts to topple its Communist government and replace it with a U.S.-style democracy. A same-sex union or gay marriage law could make Cuba appear to be more tolerant than the USA.

"Because of our historical heritage, Cuban society has been intolerant of homosexuals," said Ruben Remigio Ferro, president of Cuba's Supreme Court. "But there has been a change in thinking. We are developing a program to educate people about sexual orientation. But it is not a problem that has been solved."

It is, however, a problem that Cuba's government seems determined to solve. "I'm part of this country, like it or not. And I have the right to work for its future," Diego, the gay character in Strawberry and Chocolate, told his straight friend.

Cuba's half-century tug of war with the United States is an ideological struggle. It is a contest between this country's socialist ideals and America's efforts to impose its will on this island nation. While this battle plays out largely on the world stage, its outcome will be determined by the trench warfare that Cuba wages for the hearts and minds of its people — those who are straight or gay.

DeWayne Wickham writes every Tuesday for USA TODAY.

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TERRORISM NEWS:

Prison Doc: Terror Suspect OK For Trial (AP)

By Curt Anderson

AP, February 27, 2007

MIAMI -- Alleged al-Qaida operative Jose Padilla has mild anxiety and personality disorders but is mentally able to stand trial, a prison psychologist said Monday in testimony that contradicted two defense experts.

Rodolfo Buigas, the supervisory forensic psychologist at the federal detention center in downtown Miami, rejected the defense experts' diagnosis that Padilla cannot help with his defense because he suffers from post-traumatic stress disorder. Buigas said Padilla's anxiety and anti-social personality are minor problems.

"The nature and severity of the symptoms were not sufficient to interfere with some basic capabilities," Buigas told federal Judge Marcia Cooke, who must decide Padilla's mental fitness.

The question is crucial in determining whether Padilla, 36, and two co-defendants will stand trial in April on charges of being part of a North American terror support cell that provided finances, recruits and supplies to Islamic extremists around the world. All three face up to life in prison if convicted.

Padilla, a U.S. citizen and former gang member, has been held in isolation during his 3 1/2 years in military confinement. He was arrested in May 2002 at Chicago's O'Hare International Airport. Officials initially claimed he was on a mission to detonate a radioactive "dirty bomb" in a major U.S. city, but the dirty-bomb allegations are not part of the Miami case.

Padilla was designated an "enemy combatant" and imprisoned by the military without criminal charges.

Padilla has claimed in court filings that he was tortured at the Navy brig in Charleston, S.C., which officials have denied. Cooke ordered officials from the brig to appear at the hearing Monday.

Buigas testified that the affidavit Padilla signed alleging mistreatment at the brig was evidence of his mental competence.

One of Padilla's lawyers, Andrew Patel, testified that he has never been able to get meaningful information from his client. Patel also said that Padilla seems to think his lawyers are part of a government plot against him.

"He has expounded the belief that we are part of the continuing interrogation," Patel said.

Psychologist Says Padilla Is Fit To Stand Trial (NYT/AP)

The New York Times, February 27, 2007

MIAMI, Feb. 26 (AP) — Jose Padilla, who is accused of being an operative for Al Qaeda, has mild anxiety and personality disorders but is mentally able to stand trial, a prison psychologist said Monday in testimony that contradicted two defense experts.

The psychologist, Rodolfo Buigas of the Federal Detention Center in downtown Miami, rejected the defense experts' diagnosis that Mr. Padilla could not help with his defense because he had post-traumatic stress disorder. Dr. Buigas said Mr. Padilla's anxiety and antisocial personality were minor problems.

"The nature and severity of the symptoms were not sufficient to interfere with some basic capabilities," Dr. Buigas told Judge Marcia G. Cooke of Federal District Court, who is to decide Mr. Padilla's mental fitness.

The question is crucial in determining if Mr. Padilla, 36, and two co-defendants will stand trial in April on charges of being part of a North American terrorism support cell that provided finances, recruits and supplies to Islamic extremists around the world. All three face up to life in prison if convicted.

Mr. Padilla, an American citizen, has been held in isolation during his three-and-a-half years in military confinement. He was arrested in May 2002 at O'Hare International Airport in Chicago. Officials initially said he was on a mission to detonate a radioactive "dirty bomb" in a major American city, but those accusations are not part of the Miami case.

Mr. Padilla was designated an enemy combatant and imprisoned by the military without criminal charges.

He has said in court filings that he was tortured at the Navy brig in Charleston, S.C., which officials have denied. Defense lawyers had planned to question brig officials on Tuesday, but Judge Cooke will not allow it. She said she wanted to limit the inquiry to Mr. Padilla's "present state of mind."

Dr. Buigas testified that the affidavit Mr. Padilla signed alleging mistreatment at the brig was evidence of his mental competence.

One of Mr. Padilla's lawyers, Andrew Patel, testified that he had not been able to get meaningful information from his client. Mr. Patel also said Mr. Padilla seemed to think his lawyers were part of a government plot against him.

"He has expounded the belief that we are part of the continuing interrogation," Mr. Patel said.

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Terror Allegations Detailed At Detention Hearing (CHIT)

By Jeff Coen

Chicago Tribune, February 27, 2007

Two Chicago-area cousins linked last week to a terrorism conspiracy traveled to Egypt in 2004 and planned to head to Pakistan for military training, federal prosecutors told a judge Monday.

Zubair A. Ahmed, 27, and Khaleel Ahmed, 26, were seeking "training in jihad," prosecutors said during a detention hearing on whether Khaleel Ahmed should be kept in custody as he is transferred to Ohio to face the charges.

The trip was not a vacation as the Ahmeds have maintained, Assistant U.S. Atty. Vickie Peters said.

"It was intended as the first stop of a trip that would land him on the battlefield of Iraq fighting U.S. servicemen," Peters told U.S. Magistrate Judge Geraldine Soat Brown.

The cousins were indicted by an Ohio grand jury last week, charged with conspiracy to murder Americans outside the U.S., including troops in Iraq. A detention hearing for Zubair Ahmed, of North Chicago, was delayed until Monday.

The judge ruled that there was no way the defense could rebut the argument that Khaleel Ahmed is a danger to the community given the charges, and ordered him held. He is expected to be taken to Ohio to join several co-defendants in the case.

Three Toledo men—Mohammad Zaki Amawi, Marwan Othman El-Hindi, and Wassim Mazloum—were charged in the conspiracy last year and have pleaded not guilty.

Peters told the judge that Zubair Ahmed's father and El-Hindi were able to bring the cousins back from Egypt. El-Hindi believed they needed more training and allegedly was able to link the men to someone who could provide it.

He did not know that person—identified as "The Trainer" in the indictment—actually was working for the FBI. Peters said the Ahmeds traveled to Ohio, and Khaleel Ahmed allegedly was recorded saying he wanted weapons and sniper training.

Khaleel Ahmed's defense attorney, Brian Sieve, argued that his client is not a danger, is employed and has been living with his family. Ahmed has no criminal history and no drug use in his past, Sieve said.

The trip to Egypt allegedly took place more than two years ago, and the government was not eager to arrest him, he said. Instead the government is relying on the "emotional appeal of the charges" to detain Ahmed now, Sieve said.

"Mr. Khaleel Ahmed is barely mentioned in the indictment and certainly is not a key player in the conspiracy," he told the judge.

Judge Rejects New Trial For Albany Mosque Leaders (AP)

By Michael Virtanen, Associated Press Writer

AP, February 27, 2007

ALBANY, N.Y. -- A federal judge has refused to grant a new trial for two leaders of an Albany mosque convicted of conspiring to support terrorism through money laundering in what turned out to be an FBI sting.

In a 61-page ruling, U.S. District Judge Thomas McAvoy refused to throw out the Oct. 10 convictions of Yassin Aref, who was imam at the mosque, and Mohammed Hossain, a pizzeria owner who attended Masjid as-Salam. Both men are in jail awaiting sentencing March 8.

The nature of the transactions _ where an FBI informant gave Hossain cash and got checks in return, with Aref acting as notary _ "render hollow" defense arguments that it was a legitimate business loan, according to McAvoy.

"There was ample evidence from which the jury could have inferred that Hossain entered into the money laundering scheme with full awareness of its illegality and the need for secrecy to allow the scheme to continue," McAvoy wrote. The transactions spanned eight months. The trial lasted four weeks.

FBI tapes showed informant Shahed Hussain, a Pakistani emigre businessman, telling the Albany men a few times that he sometimes imported arms and ammunition and mentioning that a shoulder-fired missile would be used by Muslim extremists against a Pakistani diplomat in New York City.

McAvoy rejected defense arguments that the Albany men didn't know illicit arms money was involved in their transactions, that they clearly didn't support the Pakistani terrorist group Jaish e-Mohammed, or that the case involved entrapment.

Defense attorneys argued the transactions were innocent _ that since Islam prohibits charging or receiving interest, Muslims often loan money to each other, and clerics serve as witnesses. Both Aref and Hossain said they didn't believe any talk about a missile in New York.

The judge acknowledged that when the informant first mentioned JEM, Hossain replied that he thought it was a singing group. He also noted that taken in isolation, some of the pizzeria owner's secretly taped statements "seem to express a lawful and pacifist attitude," but in context they are open to an opposite interpretation.

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McAvoy likewise acknowledged Aref disavowing support for JEM objectives, but concluded that shouldn't change the jury's verdict.

"Whether Aref agreed with the goals of the CW (informant) or JEM is not the issue, but instead whether he knowingly or intentionally provided material support or resources to a group he knew was a foreign terrorist organization," McAvoy wrote. "The evidence was sufficient to support the jury's conclusion that he did."

Hossain, 52, a naturalized U.S. citizen from Bangladesh, was convicted Oct. 10 on all 27 charges against him, including three counts of conspiracy. The jury, which deliberated over four days, found Aref guilty of 10 of the 30 charges against him.

Aref, a 36-year-old Kurdish refugee from northern Iraq, was also found guilty of lying to FBI agents about having known a terrorist leader, Mullah Krekar, when Aref worked for a Kurdish political organization in Damascus, Syria.

An appeal to the 2nd Circuit U.S. Court of Appeals is expected.

Assistant U.S. Attorney William Pericak said both men face 30 years under federal sentencing guidelines. Defense attorneys Terence Kindlon and Kevin Luibrand proposed much shorter sentences for the family men of only a few years or even no prison time.

UK Muslim Cleric Loses Deportation Appeal (FT)

By Nikki Tait

Financial Times, February 27, 2007

Abu Qatada, the Islamic cleric who has been described as Osama bin Laden's "spiritual ambassador" in Europe, on Monday lost a legal battle against deportation from the UK to Jordan.

The Special Immigration Appeals Tribunal rejected his appeal. "We have concluded that there is no real risk of persecution of the appellant were he now to be returned with the safeguards and in the circumstances which now apply to him", it ruled

The Jordanian national's case had been seen as a test of the government's plan to deport alleged terror suspects even if it involves returning them to countries where human rights records are poor, by securing formal diplomatic agreements that their human rights will not be breached.

John Reid, Britain's home secretary, welcomed the SIAC decision. "We are also pleased that the court has recognized the value of memoranda of understanding," he added, referring to the rights protection pact.

"It is our firm belief that these agreements strike the right balance between allowing us to deport individuals who threaten the security of this country and safeguarding the rights of these individuals on their return," he added.

Abu Qatada has denied support for terrorist activities, and claimed that he would not face a fair trial if returned to Jordan, where he has already been convicted in his absence over a series of explosions in the 1990s.

Mr Qatada claimed asylum for himself, his wife and three children in 1993. He is one of a number of men made subject to anti-terror "control orders" - in effect, house arrest - by the British authorities after he was arrested and held in the Belmarsh high-security prison for two years without charge.

British Court Affirms Order To Deport Cleric To Jordan (NYT)

By Jane Perlez

The New York Times, February 27, 2007

LONDON, Feb. 26 — A British court ruled Monday that the government could deport a radical Islamic cleric to Jordan, setting the stage for the deportation of other foreign terrorism suspects in Britain to countries with poor human rights records.

The case of the cleric, Abu Qatada, which has been watched closely in Washington, is the first involving foreigners in Britain accused of posing threats to national security whom the government wants to deport rather than put on trial. Mr. Qatada, a Jordanian citizen of Palestinian background who has been living in Britain since 1994, has been convicted in absentia by a Jordanian court on bombing and conspiracy charges.

Mr. Qatada has been described by the British authorities as a spiritual guide to Al Qaeda. Tapes of his preaching encouraging violence against the West were found among the belongings of Mohamed Atta, the leader of the Sept. 11 hijackers, and he met with Richard C. Reid, the failed shoe bomber, the police say.

He is regarded as one of 10 foreign-born extremists who, the British government says, have helped to radicalize young British Muslims, encouraging them to carry out terrorism attacks.

The ruling on Monday by the Special Immigration Appeals Court rejected an appeal by Mr. Qatada that argued that the cleric would be subjected to torture while in prison in Jordan.

Mr. Qatada's lawyers said they would appeal the decision. Human rights advocates criticized the ruling on the ground that it set a precedent for allowing suspects to be turned over to countries where torture is used to extract evidence.

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A lawyer for Human Rights Watch, Julia Hall, said a memorandum of understanding between Britain and Jordan that torture would not be used on terrorism suspects returned to Jordan was an insufficient guarantee.

The British government has negotiated agreements that are intended to prevent the torture of suspects returned to their homeland with Lebanon and Libya as well as Jordan.

Ms. Hall said an August 2005 agreement between Britain and Jordan empowered a private Jordanian organization to monitor the conditions under which Mr. Qatada is held in prison once he returned to Jordan and to report on any abuses against him.

But Ms. Hall described the group assigned to monitor him, Al Adaleh Human Rights Center, as “a tiny organization, a local organization that has no influence with the government.”

In documents presented to a parliamentary committee, the British government said it was working with the Adaleh center, established in 2003, to improve its “capacity.”

Ms. Hall said the British government had “poured tens of thousands of pounds” to strengthen the fledgling group. But that investment would not overcome what Manfred Nowak, the United Nations special investigator on torture, found to be “institutional impunity” of the Jordanian intelligence services regarding torture, Ms. Hall said.

Mr. Nowak’s report on torture in Jordan was issued by the United Nations in January.

The British government praised the court decision, saying it upheld a policy to deport foreign terrorism suspects after the subway and bus terror attacks in 2005 that killed 56 people, including 4 bombers.

“We welcome the decision of the Special Immigration Appeals Commission that Abu Qatada presents a threat to our national security and can be deported,” said John Reid, the home secretary. “We are also pleased that the court has recognized the value of memoranda of understanding.”

The court concluded its ruling, saying, “There is no real risk of persecution of the appellant were he now to be returned with the safeguards.”

For the Bush administration, Mr. Qatada’s deportation to Jordan would mean easier access to a prisoner with potentially valuable information.

The issue of torture to extract evidence from terrorism suspects returned to their home countries for interrogation became an issue last year when the Canadian government found that Maher Arar, a Canadian citizen, who was sent to Syria by American officials because of suspected links to Al Qaeda, was tortured while in a Syrian prison for 10 months.

Mr. Arar was cleared of all terrorism charges by a Canadian commission of inquiry last year. The commission found that even though a Canadian diplomat visited Mr. Arar during his imprisonment in Syria, Mr. Arar was too afraid of retribution from prison officials to discuss the torture against him.

Cleric Faces Deportation To Jordan (WP)

By Mary Jordan

The Washington Post, February 27, 2007

LONDON, Feb. 26 -- A British court ruled Monday that Abu Qatada, a radical Islamic cleric believed to have close links to al-Qaeda, faces no risk of abuse if sent to Jordan, opening the way for his deportation.

"We have concluded that there is no real risk of persecution," a special immigration court said, noting that Jordan had signed a memorandum affirming that Abu Qatada's human rights would be upheld.

The case of Abu Qatada, whose real name is Omar Mahmoud Mohammed Othman, had been closely watched by rights groups and terrorism analysts. Past attempts to deport terrorism suspects to countries accused of torture had been blocked on human rights grounds.

The decision was lauded by British authorities, who have argued that radicals -- often fugitives from justice in their homelands -- have been using Britain as a base, knowing it would be difficult to deport them because of human rights laws.

The government had accused Abu Qatada of offering "spiritual advice and religious legitimacy" to extremists planning terrorist attacks. His taped sermons were found in the apartment in Hamburg used by several of the men involved in the attacks of Sept. 11, 2001.

Home Secretary John Reid welcomed the court decision.

"It is our firm belief that these agreements strike the right balance between allowing us to deport individuals who threaten the security of this country and safeguarding the rights of these individuals on their return," Reid said, referring to the memorandum signed by Jordan.

"This is a very significant decision," said M.J. Gohel of the Asia-Pacific Foundation, a London-based security research organization. He said radicals and fugitives here are "abusing the privileges" of the government, even living on government subsidies, while they "propagate hate."

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Gohel said Abu Qatada's "legacy for European terrorism is profound and perhaps everlasting -- practically a Who's Who list of terrorism had a connection to him."

Abu Qatada has been convicted twice in absentia in Jordan and sentenced to life imprisonment for plotting to bomb Jewish and American sites. He is on the U.S. government list of terrorism suspects. British authorities said he had links to Richard C. Reid, the British citizen who tried to blow up an American jetliner in December 2001 with explosives hidden in his shoes, and Zacarias Moussaoui, who pleaded guilty to conspiring with the Sept. 11 attackers.

Abu Qatada was taken into custody in 2002 under emergency laws passed by the British government following the Sept. 11 attacks. British officials sought to deport him to Jordan, but because of laws that prohibit sending people to a country where they could face mistreatment or the death penalty, the government held Abu Qatada and 10 other men without charge.

The emergency anti-terrorism procedures led human rights activists to describe Belmarsh prison, where the men were detained, as "Britain's Guantanamo," a reference to the U.S. military detention facility in Cuba.

After spending 2 1/2 years in prison, Abu Qatada was freed but put under "control orders," a type of house arrest.

Abu Qatada, who has denied supporting terrorism, argues that he would not receive a fair trial in Jordan.

His attorney, Gareth Peirce, said she would appeal the ruling. She said there is no way to ensure that Jordan will uphold the agreement and "no sanction if it is breached."

Amnesty International issued a statement condemning the court decision, saying there is "ample evidence" that Abu Qatada now risks being subjected to repeated beatings, as well as "being burned with cigarettes, and being threatened with extreme violence including rape."

Canada's Move To Restore Rights (NYT)

The New York Times, February 27, 2007

The United States was not the only country to respond to the horror of the Sept. 11 terrorist attacks with policies that went much too far in curtailing basic rights and civil liberties in the name of public safety. Now we see that a nation can regain its senses after calm reflection and begin to rein back such excesses, but that heartening news comes from Canada and not the United States.

Canada's Supreme Court has struck down a law that the government used to detain foreign-born terrorism suspects indefinitely — employing secret evidence and not filing charges — while orders to deport them were reviewed. The law was actually passed in 1978, but was primarily employed to detain and deport foreign spies. After the 2001 attacks, the Canadian government began using it aggressively to hold terrorism suspects, claiming that it was an important tool for keeping Canada safe.

That is just the sort of argument the Bush administration used to ram the excesses of the Patriot Act and the 2006 Military Commissions Act through Congress, and offered as an excuse for other abusive policies, like President Bush's illegal wiretapping of international calls and e-mail.

The Canadian justices rejected their government's specious national security claim with a forceful 9-to-0 ruling that upheld every person's right to fair treatment. "The overarching principle of fundamental justice that applies here is this: before the state can detain people for significant periods of time, it must accord them a fair judicial process," Chief Justice Beverley McLachlin wrote.

The contrast with the United States could not be more disturbing. The Canadian court ruling came just days after a federal appeals court in Washington ruled that Congress could deny inmates of the Guantánamo Bay detention camp the ancient right to challenge their confinement in court. The 2006 military tribunals law revoked that right for a select group who had been designated "illegal enemy combatants" without a semblance of judicial process.

In late January, Canada created another unflattering contrast with United States policy when it offered a formal apology and financial compensation to Maher Arar, a Canadian citizen who was a victim of Mr. Bush's decision to approve open-ended detentions, summary deportations and even torture after 9/11. Mr. Arar was detained in the United States and deported to Syria, where he was held for nearly a year and tortured.

Instead of apologizing to Mr. Arar, who was cleared of any connection to terrorism by a Canadian investigatory panel, Justice Department lawyers are fighting a lawsuit he has brought in this country, using their usual flimsy claim of state secrets. The Bush administration still refuses to remove Mr. Arar from its terrorist watch list.

The United States Supreme Court has ruled twice in favor of Guantánamo detainees on statutory grounds, but it has yet to address the profound constitutional issues presented by American practices, including the abuses Congress authorized when it passed the Military Commissions Act. Such a showdown does not seem far off, but Congress also has a duty to revoke or rewrite the laws that have been abused in the name of national security, starting with the 2006 tribunals law.

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Lawmakers have only to look to the Canadian court for easy-to-follow directions back to the high ground on basic human rights and civil liberties.

HOMELAND RESPONSE:

Biological And Chemical Safety Nets (WSJ)

By Lawrence M. Wein

The Wall Street Journal, February 27, 2007

As Congress revisits homeland security, now is a good time to assess the government's progress in preventing or mitigating another, more catastrophic attack -- 100,000 or more deaths -- from biological, chemical or nuclear threats. Setting aside genetically engineered agents which may take years for terrorists to master, most experts agree on the three most dangerous bioterror agents: smallpox, anthrax and botulinum toxin.

Smallpox is the only agent of the three that results in a contagious disease; thankfully a smallpox attack appears to be the least likely due to the difficulty of obtaining the virus. Here we can point to one of the biggest homeland security achievements: the stockpiling of enough smallpox vaccine for every American, and the plans that are in place for widespread mass vaccination in the event of an attack.

It is true that the response is likely to be delayed, because there are only 40,000 first responders vaccinated nationwide (in contrast to the original government goal of 500,000). And an uncontrolled smallpox epidemic would be disastrous. Nevertheless, widespread mass vaccination (e.g., one million people vaccinated per day per afflicted city), coupled with the difficulty of initially infecting large numbers of people (the virus does not survive long in the air) and the slow speed of disease spread (each generation of the disease is approximately two weeks), precludes a situation in which tens of thousands of U.S. citizens will die.

What about anthrax? Late last year the government cancelled a $877 million contract with VaxGen Inc. for developing and stockpiling a new generation of anthrax vaccine suitable for civilian use. Consequently, the number of deaths in a large-scale aerosol anthrax attack would depend largely on the response, or lack thereof, during the first several days. For anthrax, the single most important post-attack capability is rapid antibiotic distribution.

Unfortunately, this has been left to individual cities and states, whose capabilities vary widely. Based on a suggestion I made along with Edward Kaplan of Yale, Washington, D.C. will, in the event of a large attack, use postal workers to deliver antibiotics door-to-door to minimize the mayhem and the time required for distribution. The federal government should roll out this program nationwide.

The third bioterror agent of grave concern is botulinum toxin, the deadliest substance known to humans. The obvious mode of attack is via the water or food supply; but fortunately, reservoirs are too large and their treatment systems too harsh to make it workable.

To their credit, after 9/11 the government and dairy industry intensified the heat pasteurization formula for milk -- the most obvious food target, because the toxin mixes well in liquids, and seven billion gallons of milk are consumed annually in the U.S. The inactivation efficacy of the new pasteurization formula is classified, however, so it is not clear whether this is sufficient to prevent a large number of casualties in the event. But a post-pasteurization attack would be inefficient for terrorists because milk is bottled soon after pasteurization.

That's the good news. The bad news is that the government has made no other perceptible move to prevent deliberate food contamination. Just as the 1990 Clean Air Act led to consequence analyses to estimate the number of casualties from an accident at chemical facilities, legislation is now required to estimate the number of casualties from a terrorist attack at food and beverage facilities. This undertaking would allow for an effective allocation of counterterrorism resources -- such as security upgrades, process changes (as in the dairy industry), and testing for botulinum toxin during food production -- targeted at the food facilities, and perhaps their upstream supply chains, that could generate a huge death toll if attacked.

Chemical security is not much farther along than food security. We do know which specific facilities -- the ones that store or produce heavier-than-air chemicals that can travel 10 to 20 miles -- could generate the most casualties if attacked. And we know there are 700 plants nationwide that, if attacked, could result in the death or serious injury of over 100,000 people. But the only progress toward prevention thus far are voluntary security investments made by the private sector.

Fences and background checks on workers might deter or thwart an attack by an unsophisticated or under-resourced terrorist group. But a determined group can compromise any chemical facility or shipment that it puts its mind to. Consequently, what is needed is a redesign of the processes or products of the most dangerous facilities, such as replacing hydrofluoric acid with sulfuric acid or modified hydrofluoric acid (neither of which pose nearly as dangerous a risk) in the alkylation process at large oil refineries in urban areas, where immense amounts of this acid are currently stored.

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Although both houses of Congress last autumn produced chemical security bills with some teeth, there was no vote. Rather, a watered-down version was attached as a rider to the Department of Homeland Security's budget appropriation, which does not require high-risk facilities such as oil refineries to consider or use safer chemicals or processes.

Both houses of Congress are currently considering a chemical plant security bill. But it is not yet clear whether it will improve real security by mandating process changes, or merely produce a façade in the form of fences and background checks.

The biggest chemical threat may be the transport of the 100,000 90-ton tank cars containing toxic gases such as chlorine or anhydrous ammonia that are shipped each year in the U.S. Attacks on these well-marked cars in a densely populated area could also harm 100,000 people.

Tank cars cannot currently be designed to weather a suicide attack or a bombing. We therefore need to ban these hazardous shipments through populated areas, and not simply require their continuous tracking, as the Department of Homeland Security recently proposed. Incredibly, when Washington attempted to block hazardous rail shipments through its municipality, the federal government sided with the rail industry in court and had the ban overturned.

The worst-case scenario is a nuclear weapon detonated in a major U.S. city. The most effective way to deal with this threat is to secure all the nuclear weapons and materials in the former Soviet Union. This has not been done; hence we must resort to keeping this material from entering the country.

A second-line-of-defense program has put in place detection systems at some critical roads leading out of the former Soviet Union. But the Bush administration's approach to preventing nuclear weapons and materials from coming through our ports has been dismal -- essentially amounting to radiation testing of shipping containers that are flagged by the deeply flawed targeting system of U.S. Customs.

Radiation testing and two-dimensional scanning (which detects heavy-metal shielding) of all U.S.-bound containers, and human analysis of enough of these scans to provide a deterrent effect, is possible without increasing port congestion. It should be undertaken immediately at overseas ports. True, President Bush signed the Safe Port Act last October, which requires radiation testing at 22 domestic ports. But terrorists can detonate a bomb remotely at a U.S. port and shield a weapon's emissions with heavy material. Thus the law provides only the illusion of security.

We are today safer from a smallpox or a botulinum-in-milk attack, but only marginally safer from an anthrax, botulinum-in-food, chemical or nuclear attack. Most of the cost to secure the latter three scenarios can be passed on to consumers, but the federal government needs to lead the way.

Let us hope that during the next five years, these gaping holes are fixed so that terrorists are forced to use much less dangerous methods.

Mr. Wein is Paul E. Holden professor of management science at Stanford's Graduate School of Business.

EDITORIAL Drop The 'L.A. 8' Case (LAT)

The Los Angeles Times, February 27, 2007

FOR TWO DECADES, the U.S. government has been trying to deport two Palestinians living in Southern California — middle-aged men who have been lawful permanent residents of this country for three decades. The Department of Homeland Security, which must soon make a decision on the matter, should drop the case and allow Khader Hamide and Michel Shehadeh to continue to live their American lives.

The two men are the remnant, for legal purposes, of the "L.A. 8." That was the term used to describe seven Palestinian men and a Kenyan woman who were arrested at gunpoint at their homes in 1987 for their alleged association with the Popular Front for the Liberation of Palestine, or PFLP, a Marxist-Leninist faction of the Palestine Liberation Organization. The government began proceedings to deport them on the theory that the faction advocated "world communism through written or printed publications."

Hamide and Shehadeh were originally slated for deportation under the McCarran-Walter Act, a noxious Cold War law that was substantially overturned in 1988. "The government is trying to stifle certain ideas from entering our society through certain aliens through its immigration power," wrote the federal judge at the time.

Undaunted, the government filed charges against Hamide and Shehadeh, accusing them of ties with "an organization that advocates or teaches the duty or necessity or propriety of the unlawful assaulting or killing of government officials." The deportation effort was later justified under a provision of the Patriot Act enacted after 9/11.

Throughout the tortuous litigation, the government argued that the L.A. 8 provided support that found its way to the PFLP and its terrorist activities, while the members of the L.A. 8 insisted that they raised funds only for the building of hospitals and other humanitarian purposes.

In terminating the deportation proceedings last month, federal immigration Judge Bruce J. Einhorn embraced neither of these conflicting narratives. Instead, he cited the government's refusal to comply with his order seeking any evidence that had

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the potential to exonerate the men and emphasized that the case had lingered so long as to violate due process. He referred to the case as "a festering wound" on Hamide and Shehadeh and said it was "an embarrassment to the rule of law."

The judge's prose may be purple, but his conclusion is correct. Hamide and Shehadeh are well-integrated members of the community. They have not been convicted of any crime. The government's unrelenting effort to deport them smacks of bureaucratic face-saving. Einhorn has offered the government a graceful exit from this litigation — and the government should take it.

Hundreds Scramble To Beat Deadline For Filing Katrina Claim (AP)

By Michael Kunzelman, Associated Press Writer

AP, February 27, 2007

Hundreds of residents scrambled Monday to beat a deadline for filing court claims against the federal government and U.S. Army Corps of Engineers for damage resulting from the failure of levees and flood walls following Hurricane Katrina.

The corps says Thursday at 4 p.m. is the deadline for it to receive the Katrina litigation claims at its Uptown office. Roughly 30,000 residents already had filed a claim as of late last week, but Thursday's deadline surprised many more people whose homes and businesses were damaged or destroyed in the flooding following the storm.

On Friday, lawyers representing thousands of plaintiffs accused federal officials of reneging on an agreement to set Aug. 29, 2007 - the two-year anniversary of Katrina - as the deadline for claims to be filed or else risk exclusion from class-action litigation.

Joe Bruno, one of the plaintiffs' attorneys, said the U.S. Department of Justice stunned his legal team this week by informing them that certain claims must be filed by this week, 18 months after the storm.

On Monday, Bruno asked a federal judge to consider postponing the deadline until after the court decides whether to certify a class action against the corps and federal government.

Bruno asked U.S. District Judge Stanwood Duval to hold a hearing on his request "because there is much anguish and uncertainty among all Hurricane Katrina victims concerning their rights."

"The court can bring a sense of calm by deciding plaintiffs motion right away," Bruno wrote.

Duval didn't immediately rule on Bruno's request.

On Monday, meanwhile, a steady procession of people stopped by the corps' Leake Avenue office to drop off their claims. Charles Brown, 47, said he didn't know about the deadline until Sunday.

"A lot of people aren't going to get their claims in," said Brown, who has been living in a government-issued trailer since his Gentilly home was damaged by the Aug. 29, 2005 storm.

To prove that she filed a claim on her mother's behalf, Janet Long, 45, used the camera in her cellular phone to photograph herself inserting the form in the drop box.

"It's aggravating, but it's worth it," said Long, whose mother's home in the city's Lakeview neighborhood was flooded with seven feet of water after the levees failed.

The corps' drop box will be open this week from 9 a.m. to 4 p.m., through Thursday afternoon. "They are taking a chance if they put it in the mailbox because it may not get here in time," corps spokesman Vic Harris said.

The failure of the levees has spawned a mountain of litigation in Louisiana.

Earlier this month, a legal team led by Bruno sued the federal government and Army Corps of Engineers in a lawsuit that alleges flooding during Katrina was the fault of a corps decision to allow dredging of the 17th Street Canal.

Also this month, Duval allowed to go forward a suit charging the corps with liability for flooding of eastern New Orleans and St. Bernard Parish from the Mississippi River-Gulf Outlet. The ship channel, maintained by the corps, connects New Orleans' inner harbor with the Gulf of Mexico.

WAR NEWS:

Cheney Unhurt In Blast Outside Afghan Base (CNN/AP)

CNN/AP, February 27, 2007

KABUL, Afghanistan (AP) -- A suicide bomber killed 19 people and wounded 11 outside the main U.S. military base in Afghanistan on Tuesday during a visit by Vice President Dick Cheney, officials said. The Taliban claimed responsibility and said Cheney was the target.

The blast happened near the first security gate outside the base at Bagram, said Khoja Mohammad Qasim Sayedi, chief of the province's public health department. Gov. Abdul Jabar Taqwa said "18 to 20 dead bodies" lay on the ground after the blast.

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Maj. William Mitchell said it did not appear the explosion was intended as a threat to the vice president.

"He wasn't near the site of the explosion," Mitchell said. "He was safely within the base at the time of the explosion."

However, a purported Taliban spokesman, Qari Yousef Ahmadi, said Cheney was the target of the attack.

"We knew that Dick Cheney would be staying inside the base," Ahmadi told The Associated Press by telephone. "The attacker was trying to reach Cheney."

Cheney, who spent the night at Bagram, ate breakfast with U.S. soldiers Tuesday morning, Mitchell said. The vice president later left Bagram for a meeting with President Hamid Karzai.

Cheney traveled to Afghanistan after a stop in Pakistan.

On Monday, Cheney -- underscoring growing alarm in the West at how militants have regained ground in Afghanistan and Pakistan -- sought Pakistani aid to help counter al Qaeda's efforts to regroup, officials said.

However, Pakistani President Gen. Pervez Musharraf insisted his forces have already "done the maximum" possible against extremists in their territory -- and insisted that other allies also shoulder responsibility in the U.S.-led war on terrorism.

Cheney, accompanied by CIA deputy director Steve Kappes, made an unannounced stop in Pakistan Monday en route to Afghanistan.

The vice president made no public comment in Pakistan, but a senior aide to Musharraf said they held detailed talks, including a one-on-one lunch of more than an hour.

"Cheney expressed U.S. apprehensions of regrouping of al Qaeda in the tribal areas and called for concerted efforts in countering the threat," Musharraf's office said.

He also "expressed serious U.S. concerns on the intelligence being picked up of an impending Taliban and al Qaeda 'spring offensive' against allied forces in Afghanistan," the statement said.

The Musharraf aide, who spoke on condition of anonymity because he is not an official spokesman, said the two men "exchanged ideas and suggestions" on improving cooperation against terrorism. However, he said Cheney made no specific demands.

U.S. and British officials have praised Pakistan publicly for its role in arresting al Qaeda suspects after the Sept. 11, 2001, attacks in the United States and for a string of bloody operations against militants along the border.

Five years after the Taliban's ouster from power, however, militants have regained ground in Afghanistan and Pakistan.

There are signs of U.S. and NATO frustration at Musharraf's limited success in disrupting Pakistan-based Taliban fighters, who are expected to step up raids into Afghanistan in coming months, and in trapping Taliban and al Qaeda leaders suspected of holing up in tribal areas of Pakistan near the border.

The Bush administration wants Musharraf to be more aggressive in hunting al Qaeda operatives, and has raised the possibility that the U.S. Congress could cut aid to Pakistan unless it takes tougher steps.

Musharraf told Cheney that Pakistan "has done the maximum in the fight against terrorism and "joint efforts" were needed if the fight was to succeed.

"The president emphasized that most of the Taliban activities originated from Afghanistan and the solution of the issue also lies within that country," his office said. The more than 50,000 NATO and U.S. troops in Afghanistan as well as Afghan security forces also share responsibility for policing the border, Musharraf added.

Cheney and Karzai are expected to talk about security along the Afghan-Pakistan border and the expected increase in violence by militants as spring thaws mountain snows.

The United States has 27,000 troops in Afghanistan. About 14,000 are part of the 35,000-member NATO force commanded by U.S. Gen. Dan McNeill. At Bagram, Cheney met with McNeill and Maj. Gen. David M. Rodriguez -- the commander of U.S. troops -- to discuss military operations, the security situation and reconstruction, said Maj. William G. Mitchell, a U.S. military spokesman.

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Blast Occurs While Cheney Visits (LAT)

By Shafiqullah Azimi And Laura King

The Los Angeles Times, February 27, 2007

KABUL, AFGHANISTAN — Suspected insurgents set off a blast early today outside the main U.S. base in Afghanistan while Vice President Dick Cheney was visiting, killing as many as 20 people, officials said.

Cheney was not injured in the explosion outside Bagram air base, north of Kabul, the capital, the U.S. military said.

But the blast was seen as a brazen effort on the part of insurgents to show they could cause disruption during Cheney's visit, and strike close to a heavily fortified area.

The vice president arrived at Bagram on Monday night after a brief, unscheduled stop in Pakistan to meet with President Pervez Musharraf.

News agencies cited local Afghan authorities as saying the explosion occurred near the outermost gate of the base, which is the principal entrance. Several more inner gates and checkpoints separate the area from the main part of the installation, which is a former Soviet military base.

Just outside the gate lies a makeshift market with a cluster of small, ramshackle shops, some of them housed in metal shipping containers. At midmorning, the time of the blast, the area is usually crowded with merchants and shoppers.

The governor of Bagram, Abdul Jabar Taqwa, was quoted by the Associated Press as saying as many as 20 bodies were on the ground after the explosion. Earlier, witnesses had put the death toll much lower.

Cheney had planned to travel to Kabul by military helicopter to meet with Afghan President Hamid Karzai on Monday evening, but a snowstorm made it too dangerous to fly.

The vice president instead met with senior U.S. military officials and breakfasted this morning with American troops at the Bagram base.

A meeting with Karzai was to be held today in the capital.

Officials in Cheney's entourage said earlier that he intended to consult with the Afghan leader about the spring offensive that Taliban fighters are expected to mount in coming weeks against allied troops.

Cheney Warns Pakistan To Act Against Terrorists (NYT)

By David E. Sanger

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — Just hours after Vice President Dick Cheney delivered a stiff private message to President Pervez Musharraf in Pakistan, the Pakistani government lashed out Monday with a series of statements insisting that "Pakistan does not accept dictation from any side or any source."

The unusual outburst, later toned down, revealed the depth of tensions between General Musharraf and Washington over what administration officials say have been inadequate efforts by Pakistan in combating Al Qaeda and the Taliban.

By the time of the Pakistani response, Mr. Cheney had left Pakistan to make a second secret trip, this time across the border to Afghanistan, where a meeting with President Hamid Karzai was suddenly delayed. American officials said a snowstorm prevented helicopter flights between Kabul and Bagram Air Base, where Mr. Cheney had landed, and neither leader seemed inclined to take a risky drive to meet the other.

Mr. Cheney's trip to Pakistan was shrouded in unusual secrecy. In trips to Pakistan last year, President Bush and Secretary State Condoleezza Rice announced their plans days in advance, and reporters filed articles on their visits as soon as they landed. But Mr. Cheney's traveling press pool was sworn to secrecy, and allowed to report only the barest details just before he left.

News organizations that knew of Mr. Cheney's travels, including The New York Times, were asked to withhold any mention of the trip until he had left Pakistan. That appeared to be a reflection of growing concern about the strength of Qaeda and Taliban forces in the area, and continuing questions about the loyalties of Mr. Musharraf's own intelligence services.

The White House would say little on Monday about the message Mr. Cheney was sent to deliver, though it did not deny reports that it included a tough warning that American aid to Pakistan could be in jeopardy. Democrats have threatened to link aid to Pakistan to its effectiveness in combating both Al Qaeda and the Taliban. Pakistan's response, delivered by a Foreign Ministry spokesman, expressed concern about "proposed discriminatory legislation" in Congress to curb the aid.

The sensitivities of Mr. Cheney's trip were particularly evident as the White House spokesman, Tony Snow, parried detailed questions about the vice president's message to Pakistan, a country that Mr. Bush has hailed as a close American ally.

Referring to Mr. Cheney, Mr. Snow said that "the precise nature of his comments and the tenor of comments to the president would be the sort of things that would be confidential," and then reaffirmed Mr. Bush's confidence that General Musharraf was committed to fighting terrorism.

When asked about comments by senior administration officials who fear that General Musharraf's peace plan with tribal leaders in the area bordering Afghanistan has allowed Qaeda and Taliban forces to move with more impunity in that region, Mr. Snow said: "We're often asked to give out report cards on other heads of state. I'm not going to play."

Mr. Cheney's trip was one of a series to Pakistan by senior members of the administration, part of what administration officials have said is a plan by the Bush administration to keep the pressure on General Musharraf. To some outside analysts, that is a sign of increasing concern that American efforts to coax along the sometimes prickly Pakistani leader has hit its limits.

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"There is a growing consensus that our Pakistan policy is not working," said Derek Chollet, a fellow at the Center for Strategic and International Studies in Washington who estimates that over the past five years the United States has sent $10 billion in aid to Pakistan — and perhaps as much in covert funds.

Mr. Musharraf alluded to those payments in his recently published memoir, in which he wrote, "Those who habitually accuse us of 'not doing enough' in the war on terror should simply ask the C.I.A. how much prize money it has paid to the government of Pakistan." When asked about that assertion, C.I.A. officials have declined to answer.

Mr. Cheney's trip to Pakistan and then to Afghanistan appeared to be part of an effort to resolve a continuing dispute between the two countries over who is more responsible for the failure to stop cross-border attacks. Mr. Musharraf and Mr. Karzai have made no secret of their mutual dislike. President Bush held a dinner with the two men in Washington last fall, in hopes of encouraging them to work together. As soon as the two leaders returned to their respective capitals, however, the sniping resumed.

A particular source of concern is Mr. Musharraf's peace accord giving tribal leaders greater sovereignty — a deal that he has assured Mr. Bush would not diminish Pakistan's commitment to fighting extremists. Mr. Bush noted in September that Mr. Musharraf had looked him "in the eye" and said, "There won't be a Taliban and won't be Al Qaeda." Now, American officials contend those groups have gained ground.

Mr. Cheney traveled with the deputy director of the Central Intelligence Agency, Stephen R. Kappes, an indication that the conversation probably included discussion of American intelligence agency contentions that Qaeda camps have been reconstituted along the border with Afghanistan.

Speaking in Islamabad on Monday, Pakistani officials acknowledged that Mr. Cheney had expressed concern about the regrouping of Al Qaeda in the tribal areas and that he had called for concerted efforts in countering the threat. Then, at a news briefing, the Pakistani Foreign Ministry protested the "dictation" that the country was being offered, a clear reference to Mr. Cheney's visit. Later in the day the ministry toned down its comments, saying that Mr. Cheney had "shared U.S. concerns and assessments in the context of intelligence and security cooperation."

American officials did not explain the extraordinary secrecy surrounding Mr. Cheney's visit to Pakistan, a country the administration has cast as a stable nation moving gradually toward democracy. Mr. Cheney's aides told The Times and other news organizations that the Secret Service had imposed the requirement that there be no mention of his trip until he had left Pakistan.

Mark Silva of the Chicago Tribune, who is traveling as the sole newspaper "pool" reporter with Mr. Cheney, reported in an e-mail message: "These all were explained as security measures for the protection of the vice president, and ostensibly us as well. There was no indication of any particular threat that would lead to these measures."

Such caution is not unprecedented. In 2000, President Clinton flew into Islamabad on an unmarked Air Force plane rather than on Air Force One. President Bush's trip last year was marked with siege-like security and unusual maneuvers during takeoff.

Insurgent Activity Spurs Cheney Trip To Pakistan (WP)

By Michael Abramowitz And Griff Witte

The Washington Post, February 27, 2007

The White House signaled its growing impatience with Pakistan's failure to crack down on Islamic extremists, dispatching Vice President Cheney for an unannounced visit yesterday to pressure President Pervez Musharraf to do more against a resurgent Taliban and al-Qaeda fighters.

Following visits to Japan and Australia last week, Cheney stopped off in Islamabad for consultations with Musharraf before flying on to Bagram air base in Afghanistan. His four-hour presence in Pakistan, kept secret until after he left the country, was perhaps the strongest indication of administration concern over the presence of radical Islamic fighters in the unruly border area between the two South Asian countries.

While Iraq continues to consume the administration's attention, U.S. officials are increasingly worried that the Taliban is making a comeback in Afghanistan, using parts of Pakistan to stage cross-border raids and undermine the authority of Afghan President Hamid Karzai. Officials also fear that al-Qaeda is becoming more active in Pakistani tribal areas close to the border and that Musharraf has been insufficiently aggressive about taking action -- despite promises to President Bush and other senior officials that he would address the situation.

"We don't want Afghanistan to return to being -- nor the border provinces in Pakistan to become -- safe havens for al-Qaeda, where they can plan attacks on the United States and other Western countries," said one senior administration official who discussed Cheney's mission on the condition of anonymity.

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Administration officials declined to offer many details of the vice president's trip, which has been in the works for several weeks, but privately officials have said they would like to see Musharraf do more.

The administration is also under new pressure on Capitol Hill, where Democrats have pushed through legislation in the House that would end U.S. military assistance to Islamabad unless Bush certifies that the Pakistani government is making all possible efforts to curtail Taliban activity in Pakistan. The president has proposed $785 million in assistance to Pakistan next year, including $300 million in military aid.

While the fate of such legislation in the Senate is uncertain, administration officials are using the prospect of congressional intervention as leverage to encourage Islamabad to crack down on militants. While Musharraf has deployed tens of thousands of troops to the border area and vowed action against terrorists, his hold on power also depends on the support of military and intelligence officials more sympathetic to Islamic extremists.

"Cheney doesn't go someplace unless it's very serious," said Barnett R. Rubin, a New York University scholar of South Asia who has been critical of the Musharraf government. "The government of Pakistan is paralyzed, and Cheney is there to give them a shove."

Mahmud Ali Durrani, Pakistan's ambassador to the United States, said Cheney and Musharraf had "a pleasant meeting," and he rejected the idea that the vice president came down hard on Pakistan's counterterrorism record.

"They looked at ways and means that the upcoming spring Taliban offensive can be defeated, and they came to some conclusions," Durrani said. "They agreed on the need to work jointly."

Durrani said that a representative from Pakistan's intelligence service was present to meet with counterparts from the CIA and that any intelligence offered by the United States would be taken seriously. "Pakistan has always said, 'If you know something, tell us,' " he said. "If you tell us, we take action. The perception that Pakistan is staying back and ignoring things, that's not right."

Britain announced yesterday that it is sending 1,400 more troops to Afghanistan, where NATO has placed about 33,000 soldiers to help the Karzai government secure the country. The move follows a recent announcement from the Bush administration that it is sending an additional 3,200 U.S. troops to help blunt the Taliban's expected spring offensive.

Cheney was accompanied on his trip to Islamabad by Stephen R. Kappes, deputy director of the CIA and a Middle East expert who has served in Pakistan. Intelligence officials said Kappes's presence was a sign of U.S. interest in increasing intelligence operations with Pakistan. They said there are indications that the al-Qaeda leadership, though moving constantly, has resumed training of outsiders in some areas of Pakistan, though it is nowhere near the extent that occurred in Afghanistan under the Taliban.

Afghan officials have long accused Pakistan of feeding the Taliban insurgency. Musharraf's government, many Afghan officials believe, has either looked the other way or covertly supported the Taliban's cause as a way to capture U.S. aid, gaining strategic leverage in Pakistan's competition with India and undermining Karzai's government in Kabul.

Musharraf and Karzai, both U.S. allies, have a stormy relationship, with deep mistrust on both sides. Cheney was supposed to meet with Karzai in Afghanistan yesterday, but the meeting was postponed, the vice president's office said.

Cheney Pressures Musharraf On Taliban (FT)

By Farhan Bokhari And Guy Dinmore

Financial Times, February 27, 2007

Dick Cheney, US vice-president, on Monday flew to Pakistan and Afghanistan to convey US concerns over a resurgence of the Taliban and al-Qaeda and to impress on General Pervez Musharraf, Pakistan's military ruler, the need for tougher action before an expected spring offensive by militants.

With the stability of Afghanistan's weak central government at stake, strains are emerging in the US relationship with Gen Musharraf.

Analysts said Mr Cheney was in a good position to gain leverage for stronger military co-operation by using threats by Democrats in the US Congress to cut assistance to Pakistan.

Statements from Washington and Islamabad reflected the US desire to increase pressure on Gen Musharraf while not endangering the relationship.

"The Pakistanis remain committed to doing everything possible to fight al-Qaeda but, having said that, we also know that there's a lot more that needs to be done," said Tony Snow, White House spokesman.

A Pakistan official said: "Nobody's talking of a divorce here."

Western diplomats in Islamabad said the US message was driven mainly by recent intelligence reports concluding that al-Qaeda, forced out of Afghanistan by US forces in 2001, was regrouping in Pakistan's Waziristan tribal region along the Afghan border following a controversial agreement made by Gen Musharraf with tribal leaders last year.

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A diplomat commented: “This agreement has not helped the US. Last year alone there were well over 100 suicide attacks in Afghanistan. The message from the vice-president was therefore blunt.”

Separately, Margaret Beckett, UK foreign secretary, also met Gen Musharraf to discuss securing the border with Afghanistan. Des Browne, UK defence secretary, later confirmed to parliament that Britain would send 1,400 more troops to Afghanistan to join the 6,300 already there.

Mr Cheney’s visits to two key US allies were not previously announced. However, his office said talks with Hamid Karzai, the Afghan president, were delayed because of bad weather on arrival at Bagram air base.

Gen Musharraf’s office said Mr Cheney praised Pakistan’s contribution to the war against terror but also “expressed US apprehensions of regrouping of al-Qaeda in the tribal areas and called for concerted efforts in countering the threat”. Mr Cheney was said to have expressed “serious concern” over the impending offensive by the Taliban and al-Qaeda in Afghanistan.

Tariq Fatemi, a former senior Pakistani diplomat, said: “One key contradiction is that Gen Musharraf had appeared unwilling to completely marginalise the Taliban and al-Qaeda while still wanting to satisfy the US. This is not possible anymore.”

In Washington, Alexis Debat, analyst with the Nixon Center think-tank, said it was likely Mr Cheney had offered Pakistan more military assistance, such as training with US forces, to operate in such a hostile environment as Waziristan, or even joint operations.

Cheney Visit Turns Up Heat On Pakistan (LAT)

By Laura King

The Los Angeles Times, February 27, 2007

ISLAMABAD, PAKISTAN — Vice President Dick Cheney's unannounced visit to this capital Monday was the latest and most visible sign of renewed American pressure on President Pervez Musharraf to crack down on Islamic militants in Pakistan's lawless tribal areas bordering Afghanistan.

But complex domestic considerations in Pakistan, and a keen awareness on Musharraf's part that the Bush administration sees no palatable alternative to his leadership, diminish the prospect of any dramatic Pakistani move against the militants, diplomats and analysts said.

"There is only so far that he is prepared to go," said Rahul Roy-Chaudhury of the International Institute for Strategic Studies, a leading British think tank on security matters. "Some of this is dictated by the [Pakistani] military's view of things, and some by the fact that this is not politically popular in large parts of Pakistan."

Cheney became the latest high-ranking U.S. official to press Musharraf to rein in what American officials characterize as a volatile mix of homegrown militant groups, Taliban strategists and Al Qaeda elements, all operating with increasing freedom in the tribal zones along the Afghan-Pakistani border.

The issue has been central to U.S.-Pakistani relations since the Sept. 11 attacks, but seldom has the Bush administration been as blunt or as public in its pressure on Musharraf, a key ally in the region. The stepped-up pressure also comes as Congress threatens to cut aid to Pakistan unless it sees more concrete results from the nation in combating militants' cross-border infiltration of Afghanistan.

Neither Cheney nor Musharraf spoke publicly before or after their meeting at the presidential palace, which lasted more than two hours. They appeared before cameras for a handshake only.

In a written statement, however, the Pakistani leader's office acknowledged that Musharraf had come under at least indirect criticism. Cheney "expressed U.S. apprehensions of [the] regrouping of Al Qaeda in the tribal areas and called for concerted efforts in countering the threat," the statement said.

Cheney was accompanied by Stephen Kappes, the deputy CIA director, whose presence underscored U.S. concern over intelligence assessments that indicate a deteriorating situation in the tribal areas.

For his part, Musharraf hewed to what has become his government's scripted reply to such concerns: that Pakistan already is doing all it can, and that the burden of confronting the Taliban and its allies must be shared by others, including Afghanistan and the North Atlantic Treaty Organization.

The Pakistani president told Cheney that the international community was "collectively responsible for defeating the scourge of terrorism," adding that "Pakistan has done the maximum," the government statement said.

And in a protest against any move to cut aid to his government, the fifth-largest recipient of U.S. foreign assistance, Musharraf decried "proposed discriminatory legislation regarding U.S. aid to Pakistan," said the Pakistani statement.

The New York Times reported Monday that President Bush intended to warn Musharraf that congressional Democrats might seek such cuts in response to the Pakistani leader's perceived reluctance to confront the militant threat.

In Washington, White House Press Secretary Tony Snow said, "The Pakistanis remain committed to doing everything possible to fight Al Qaeda, but having said that, we also know that there's a lot more that needs to be done."

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Much of the recent Western criticism of Musharraf has centered on a deal struck last year with tribal elders in the North Waziristan area, under which Pakistani troops pulled back to their barracks in exchange for a pledge that the Taliban and other insurgents would not use the area as a springboard for attacks against NATO forces. Coalition military officials say cross-border attacks have increased sharply in the wake of the pact.

But Musharraf, whose government is reported to be contemplating a similar deal in the Bajur tribal agency, defended the Waziristan accord, telling Cheney that economic incentives and political moves were the best way to counter insurgents' influence in the tribal areas.

Pakistani Foreign Minister Mian Khursheed Mehmood Kasuri, meanwhile, made similar arguments after a meeting Monday with British Foreign Secretary Margaret Beckett.

Kasuri declared that Pakistan was being criticized unfairly, and blamed NATO and Afghan troops for failing to halt cross-border infiltration.

"We've got 1,000 checkposts; they've only got 100," he said.

Several Western diplomats, speaking on condition of anonymity, said there was a gap between Western expectations and what Musharraf was in a position to accomplish.

Pakistan has been hit by a spate of suicide bombings that began after a government air raid aimed at Islamic militants in the tribal areas late last year. Some analysts suggested that Musharraf risked being blamed if such raids triggered a backlash in Pakistani towns and cities.

"If he goes back to a more robust military intervention, the view here will be that he is toeing the American line," said Talat Masood, a retired Pakistani general. "I think it will give rise to a lot of spillover effect, in terms of violence and suicide bombings."

And Musharraf is unlikely to let his own domestic political agenda be dictated by Washington, Roy-Chaudhury said.

"We've seen a ratcheting up of pressure on Musharraf, certainly, but his No. 1 priority is that this is an election year, and he wants to stay in power," he said.

Cheney Urges Pakistan To Help Fight Terrorism (USAT)

USA Today, February 27, 2007

Vice President Cheney warned Monday that al-Qaeda was regrouping in Pakistan's remote tribal areas and sought President Pervez Musharraf's help in a push against Taliban and al-Qaeda militants, Musharraf's office said. Musharraf told Cheney, who made an unannounced stop in Islamabad, that Pakistan "has done the maximum" in the fight against terrorism.

The Bush administration has raised the possibility of cutting aid to Pakistan unless tougher steps are taken. "There's a lot more that needs to be done," White House spokesman Tony Snow said in Washington.

After his visit to Pakistan, Cheney flew to Afghanistan. He had planned a meeting with President Hamid Karzai, but it was canceled because of bad weather.

In London, British Defense Secretary Des Browne announced the deployment of 1,400 additional troops to Afghanistan, bringing British troop levels to 7,700. The United States has about 27,000 troops there.

U.N. court acquits Serbia in genocide

The United Nations' highest court acquitted Serbia of direct responsibility for genocide in Bosnia in the 1990s but ruled that it should have prevented the1995 slaughter of Bosnian Muslims in Srebrenica. The International Court of Justice in The Hague, Netherlands, found that Serbia didn't control the Bosnian Serb army or the paramilitary units that massacred more than 7,000 Bosnian Muslim men and boys. The Bosnian Serb army captured the U.N.-protected Srebrenica enclave in July 1995. The court ordered Serbia to hand over suspects for trial by the International Criminal Tribunal for the former Yugoslavia.

Madrid bombing suspect denies confession

An Egyptian accused of being a mastermind of the Madrid train bombings denied that his voice is the one heard in a wiretapped phone conversation in which prosecutors say he claimed the attacks were his idea.

"I'm not the person speaking," Rabei Osman said as he testified a second time in the trial of 29 suspects. They are accused in the March 2004 attacks, which killed 191 people and wounded more than 1,800. Italian prosecutors say it is Osman telling an associate in Italy, "I'm the thread to Madrid; it's my work."

Cheney Presses Musharraf Over Border Control (WT/AP)

By Stephen Graham

The Washington Times, February 27, 2007

ISLAMABAD, Pakistan -- Vice President Dick Cheney made a surprise visit to Pakistan yesterday to press President Pervez Musharraf to step up the campaign to counter increased attacks by al Qaeda and Taliban forces against neighboring Afghanistan, officials said.

DOJ_NMG_0137328

The stop was the latest sign of growing U.S. unease over resurgent Islamic terrorism in the region, but Gen. Musharraf insisted his forces have "done the maximum" possible against extremists in their territory.

Mr. Cheney, accompanied by CIA Deputy Director Steve Kappes on a tour of several Asian allies, made an unannounced stop in Pakistan en route to Afghanistan, where snow prevented him from reaching Kabul for talks with Afghan President Hamid Karzai.

The vice president made no public comment in Pakistan, but a senior aide to Gen. Musharraf said they held detailed talks, including a private lunch of more than an hour.

"Cheney expressed U.S. apprehensions of regrouping of al Qaeda in the tribal areas and called for concerted efforts in countering the threat," Gen. Musharraf's office said.

President Bush recently announced an increase in U.S. forces in Afghanistan, and officials in Britain and Turkey said yesterday they would be adding a combined 1,600 troops to the NATO-led mission in the country. The alliance about 33,000 troops in Afghanistan.

"Put simply, the alternative is unacceptable," British Defense Minister Des Browne told Parliament. He said Britain also would be sending four more Harrier jets, four Sea King helicopters and a C-130 Hercules transport plane.

U.S. and NATO officials praise Pakistan publicly for its role in arresting al Qaeda suspects after the September 11 attacks in 2001 and for a string of bloody operations against militants along the border. But U.S. and Afghan leaders are increasingly critical of Pakistan's efforts to curb al Qaeda and Taliban cross-border operations.

U.S. military officials said last month that attacks from Pakistan have increased fourfold since Gen. Musharraf struck a widely criticized deal last fall that put local tribes in charge of much of the security in the border area of North Waziristan.

White House spokesman Tony Snow said yesterday, "The Pakistanis remain committed to doing everything possible to fight al Qaeda, but having said that, we also know that there's a lot more that needs to be done."

U.S. officials have been reluctant to press Gen. Musharraf too hard for fear of undermining his political standing at home and encouraging Pakistan's own militant Islamic factions.

Mr. Cheney's visit was kept secret until the last moment for security reasons. He landed at a military base outside Islamabad and took a helicopter to the presidential palace.

Gen. Musharraf has argued that Pakistan is being unfairly singled out for problems rooted in the U.S.-sponsored battle against the Soviet occupation of Afghanistan in the 1980s. He also says there is no evidence that al Qaeda leader Osama bin Laden or the Taliban's Mullah Mohammed Omar are on Pakistani soil.

The Pakistani leader also expressed concern about proposed U.S. legislation that would link U.S. military aid to Pakistan's record in containing militant attacks. U.S. officials have said they hope to persuade congressional Democrats to drop the link before the bill, which passed the House in January, becomes law.

Pakistani officials acknowledge the North Waziristan deal has not been properly implemented, but argue that large-scale military action by the government would only alienate moderate tribal groups.

U.S. military officials in Kabul say suicide bombings in Afghanistan jumped from 27 in 2005 to 139 last year, while direct- and indirect-fire attacks on Afghan and allied troops nearly tripled. U.S. and NATO officials say the anticipated spring offensive by the Taliban this year could be the most potent since the 2001-2002 U.S.-led campaign.

In Afghanistan, Mr. Cheney landed at Bagram Air Base, about 30 miles north of Kabul. He had planned to travel to the capital, but a steady snowfall made the trip unsafe, and the two leaders hope to meet today, an aide to Mr. Karzai said.

·Staff writer David R. Sands contributed to this report.

Pakistan Lobbies Against Sanctions As The Senate Takes Up 9/11 Bill (HILL)

By Roxana Tiron

The Hill, February 27, 2007

Pakistan's weeks-long lobbying effort to thwart potential security aid sanctions is culminating this week as the Senate takes up its version of the 9/11 Commission recommendations bill, approved by the House in early January.

Legislation crafted by the office of House Foreign Affairs Committee Chairman Tom Lantos (D-Calif.) and included in the 9/11 bill has put Pakistan's embassy in Washington on the defensive. Officials there fear such blunt legislation could alter the U.S.-Pakistan relationship.

The lobbying drive's latest lap coincides with Vice President Cheney's unannounced trip to the country, where he expressed Monday the administration's concern that al Qaeda is regrouping in the tribal areas at the Pakistan-Afghanistan border and pressed for a clampdown ahead of a Taliban "spring offensive" in Afghanistan.

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Pakistan's role as both a key non-NATO ally of the U.S.-led war against terrorism and a host to an unruly population of Islamic extremists has led to a widening rift between Congress and the White House on how to handle cooperation with Pakistan.

According to a Monday New York Times report, Cheney told Pakistan President Pervez Musharraf that a Democratic-led Congress could cut aid to his country if it fails to hunt down al Qaeda operatives.

The Bush administration, which has been publicly complimentary of Pakistan as an ally, opposed the House legislation imposing security aid sanctions on Pakistan, but now is using Congress as a sledgehammer against the Pakistani government, said a source following the issue closely.

"They know they can't threaten Musharraf directly," said the source. "It is a tactic that has some teeth in it."

A congressional source said Cheney's trip to Pakistan and the threat that Congress may cut off aid will put Pakistan issues on the front burner in the Senate and increases pressure on the chamber to act.

None of the legislation dealing with the 9/11 Commission's recommendations likely to be taken up in the Senate includes any reference to Pakistan. Such language would come under the jurisdiction of the Foreign Relations Committee, chaired by Sen. Joseph Biden (D-Del.), although any other senator can offer legislation.

A 9/11 bill authored by New Jersey Sens. Robert Menendez (D) and Frank Lautenberg (D) includes Pakistan-specific clauses and has been referred to Biden's committee.

On Monday it was unclear whether Biden or another committee member would offer amendments relating to Pakistan. According to a congressional source, such legislation could be included in the 9/11 bill, but the Senate may want to take a more comprehensive approach toward Pakistan than the House did — potentially in separate legislation.

The House Pakistan language, which received no debate and little notice in the lower chamber, sets limitations on U.S. security assistance to Pakistan.

A license for any item controlled under the Arms Export Control Act may not be approved unless President Bush certifies that the "government of Pakistan is making all possible efforts to prevent the Taliban from operating in areas under its sovereign control, including in the cities of Quetta and Chaman and in the Northwest Frontier Province and the Federally Administered Tribal Areas."

The president, however, can waive the limitations if he certifies that lifting them is important for national-security reasons.

The certification would be difficult for the administration to meet, according to a congressional source. "The administration has not done anyone any favors by saying preemptively that they would be able to certify that," the source said. "It shows a large degree of contempt towards Congress by certifying something that is not truthful."

The House legislation also directs the president to impose sanctions for transfers of nuclear technology involving foreign nationals. It also requires the president to identify nuclear proliferation network countries and suspend arms sales to such countries.

If applied retroactively, it could apply to Pakistan and the A.Q. Khan network. A.Q. Khan, considered the father of Pakistan's nuclear bomb, confessed to proliferating nuclear technology to Iran, North Korea and Libya. Pakistan will not turn him over to the United States, as such move would constitute a national humiliation, said a source close to the issue.

The House acknowledges that Pakistan has been an important partner in helping the United States remove the Taliban regime in Afghanistan and combat terrorism in the frontier Pakistan provinces.

Pakistan's ambassador in Washington, Mahmud Ali Durrani, led a concerted push in the Senate, the administration and also the House to try and repeal the language proposed by the House.

"Pakistan has done more for counterterrorism than anybody else," Durrani said in an interview. "It seems people tend to forget all our contributions. Since 9/11 we put our military where our mouth is, so to say — all our assets."

He said that Pakistan continues to support U.S. efforts in the region however it can. He cautioned that the issues arising between the United States, Pakistan and Afghanistan stem from poor coordination.

"We need to be clear on what we are expect[ing] from each other; we need to be clear about what each other's capabilities are and we need to sit across the table, roll up our sleeves and start discussing," he said.

Instead of following the spirit of the 9/11 Commission report, the House used the report to "bushwhack" Pakistan, Durrani told The Hill. "A bill like H.R. 1 is grossly unfair."

The legislation could backfire in Pakistan, where Musharraf is taking heat from those who think he is a puppet of the United States as well as from others who say that he has managed to strengthen the religious parties, the congressional source said.

In addition, there have been doubts about the loyalties of some members of Musharraf's intelligence service, and assassination attempts against him have been linked to al Qaeda.

"The House legislation sends a strong message that the status quo is not acceptable," said the congressional source. "But could we do something more? If our goal is to achieve greater cooperation, is this the most effective method?"

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Instead of rushing to pass legislation of a symbolic nature, the Senate and Congress should develop a more comprehensive strategy that would secure cooperation, the source said.

Rather than being used to curry favor with the military elite, the source explained, more money should be allotted to non-military sectors to win the hearts and minds of the Pakistanis.

Pakistan's military, meanwhile, is boosting its presence at the border with Afghanistan and has increased the number of posts at passing points, Durrani maintained. Pakistan also is shutting down about 50 percent of the less-frequented border crossing points to better monitor those that will remain open.

The military also is toying with the idea of planting minefields approved under the Geneva Convention to enforce border control.

Durrani added that Pakistan is introducing biometrics systems to keep track of people without identification papers.

Pakistan has also placed security elements inside and outside refugee camps.

"We have appealed to top senators and representatives and have tried to give them the true picture to the best of our ability," he said.

Britain To Send 1,400 Troops To Afghanistan (FT)

By Stephen Fidler

Financial Times, February 27, 2007

Britain will send 1,400 more troops into Afghanistan, along with aircraft, to bolster the fight against the Taliban in the south of the country, Des Browne, defence secretary, told parliament yesterday.

This will take the number of UK troops taking part in Nato's Afghanistan mission to 7,700, significantly more than in Iraq. The UK is also sending four more Sea King helicopters, four Harrier GR9 aircraft, and another Hercules C-130 transport aircraft.

Air Chief Marshal Sir Jock Stirrup, chief of the defence staff, acknowledged the forces would continue to operate at a high tempo, but said UK overseas troop commitments would fall. Tony Blair announced last week that the number of UK troops in Iraq would drop from 7,100 to 5,600.

Liam Fox, Conservative defence spokesman, said Nato partners were not doing enough to support the effort in Afghanistan. "It is scandalous that only four Nato nations . . . the UK, the US, the Canadians and the Dutch, surprise, surprise, are contributing by far the greatest to the security in the south, and the most dangerous parts of the country. We are taking a disproportionate burden."

Mr Browne said: "I have lobbied our partners consistently for more help but it is increasingly obvious that at present, when it comes to the most challenging parts of Afghanistan, only we and a small number of key allies are prepared to step forward."

Democrats Back Away From Iraq Plan (AP)

By Julie Hirschfeld Davis

AP, February 27, 2007

Democratic leaders backed away from aggressive plans to limit President Bush's war authority, the latest sign of divisions within their ranks over how to proceed.

Senate Majority Leader Harry Reid, D-Nev., said Monday he wanted to delay votes on a measure that would repeal the 2002 war authorization and narrow the mission in Iraq.

Senior Democrats who drafted the proposal, including Sens. Joseph Biden of Delaware and Carl Levin of Michigan, had sought swift action on it as early as this week, when the Senate takes up a measure to enact the recommendations of the bipartisan Sept. 11 commission.

Reid, who will huddle with Democrats Tuesday to discuss whether to postpone the Iraq debate, cited pressure from victims' families for quick action on the Sept. 11 bill as the reason for doing so.

"Iraq is going to be there — it's just a question of when we get back to it," Reid said, predicting it would be "days, not weeks" before the Senate returned to the issue. The war reauthorization legislation also appears to lack the 60 votes it would need to pass the Senate.

House Speaker Nancy Pelosi, D-Calif., meanwhile, said she doesn't support tying war funding to strict training and readiness targets for U.S. troops.

The comments distanced her from Rep. John Murtha, D-Pa., who has said he wants to use Congress' spending power to force a change in policy in Iraq, by setting strict conditions on war funding.

Pelosi said she supports holding the administration to training and readiness targets, but added: "I don't see them as conditions to our funding. Let me be very clear: Congress will fund our troops."

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Asked whether the standards should be tied to a $100 billion supplemental war spending measure — as Murtha has proposed — Pelosi demurred, saying it was up to the panel that drafts funding bills.

The developments on both sides of the Capitol reflected a new level of disarray in Democratic ranks on Iraq. Swept into power by voters clamoring for an end to the war, Democrats have seen their efforts falter under a reality more complicated than they found on the campaign trail.

While the public is fed up with Iraq, there is little consensus over what to do.

Internal divisions, Republican opposition and a president who — while weakened — still appears to have the dominant voice on the war have all left Democrats flailing for a way to change the war's course.

The Democrats' symbolic measure disapproving of Bush's troop buildup passed the House only to stall in the Senate. The House plan to place strict restrictions on war funding appears to lack enough support within Democratic ranks to succeed, and looks likely to be scaled back, considering Pelosi's latest comments. The Senate bid to narrow the 2002 resolution authorizing the war appears to lack enough votes to be approved, and action on it now is likely to be put off — at least for the week.

The first signs of impatience among Democrats' allies are sprouting.

"The public is saying, 'We hired you to get out of Iraq — now figure it out,'" said Tom Matzzie, Washington director of the anti-war group MoveOn.org. "There is a risk that without action, frustration boils over into anger."

Democrats argue that their failed efforts to thwart Bush's war plans will ultimately pay off by ratcheting up pressure for a change.

"The administration is increasingly isolated and they are increasingly at odds with where the American people are," said Jim Manley, a Reid spokesman. "We're going to keep on going at it until the administration changes course."

But Democrats also are worried about being at odds with public opinion as House and Senate leaders push divergent measures.

House Democrats, who enjoy a 32-seat majority, will try this week to determine if there is enough support among themselves to pass the Murtha plan. Senate Democrats will discuss whether to postpone action on the war reauthorization, as Reid suggested.

Bush told governors Monday that he looked forward to a "healthy debate" on Iraq, but warned Congress against limiting funding for the war or commanders' flexibility in waging it.

"I do not believe that someone is unpatriotic if they don't agree with my point of view. On the other hand, I think it's important for people to understand the consequences of not giving our troops the resources necessary to do the job," Bush said.

Democrats' troubles finding a strategy on the war reflect a wider lack of consensus among the public about what course to take in Iraq. AP-Ipsos polls show that while a clear majority are pessimistic about the war and oppose a buildup, most people do not support cutting funding for the troops.

Zbigniew Brzesinski, Jimmy Carter's former national security adviser, said Democrats "run the risk of losing momentum."

They would be better off pushing some simple policy statements that could garner Republican support — such as opposition to establishing permanent bases in Iraq or to further expansion of the war — than trying to find a way to tie Bush's hands, he said.

"One has to be very careful not to get involved in micromanaging a military engagement," Brzesinski added.

Bush still enjoys substantial advantage when it comes to trumpeting his message on the war, even though his image and clout suffered major blows in last fall's elections.

Democrats, by contrast, have a cacophony of voices — including several presidential candidates — weighing in on what to do next in Iraq.

"The party's not unified. Until you control the executive branch, you really don't have a party — you have all these independent actors," Lawrence Korb, a Reagan administration Defense Department official, said of the Democrats' plight.

Reid Looks For Edge On Iraq (RC)

By John Stanton And Emily Pierce

Roll Call, February 27, 2007

Senate Majority Leader Harry Reid (Nev.) will huddle with his fellow Democrats today to gauge support for reworking the Iraq War authorization — and to bring a more united front to the debate with Republicans, Senate aides said Monday.

Although a number of top Democrats — including presidential hopeful Sen. Joseph Biden (Del.) and Armed Services Chairman Carl Levin (Mich.) — have endorsed the plan and began publicly pushing for it during the Presidents Day recess, it has not yet been presented to the full Democratic Caucus, making it unclear whether Reid could even muster a majority of support within his own party.

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Today's weekly Caucus luncheon marks the first time Reid will be able to meet with his rank-and-file membership to discuss the issue following the surprise announcement of the reauthorization strategy more than a week ago.

Reid spokesman Jim Manley reiterated Monday that the Majority Leader has not yet decided to pursue a new authorization. According to Manley, while "obviously the authorization is outdated and needs to be reformed," Reid will not decide whether to pursue a full-blown reauthorization until after he has met with Caucus members today.

Reid — despite polls showing Americans remain unhappy with President Bush's plan to boost troop levels and his own claims of victory following a rare Saturday vote earlier this month on a nonbinding Iraq resolution — finds himself in a difficult position politically this week.

Republicans went into the Presidents Day recess on a relative high note thanks to the House GOP leadership's success in limiting defections on the resolution to only 17 Members. GOP leaders also have been successful in amplifying divisions between Democrats' anti-war wing led by Rep. John Murtha of Pennsylvania and the bulk of the party's lawmakers who oppose the president's handling of the war but are fearful of moving to cut off funding for the conflict.

Republicans have used those competing interests to paint Democrats as being fractured and unable to settle on any sort of a substantive plan.

According to several sources familiar with the debate, there is mounting pressure on Reid from within his own party to avoid starting the debate this week. Homeland Security and Governmental Affairs Chairman Joe Lieberman (ID-Conn.) on Monday called on lawmakers to not turn this week's bill implementing the 9/11 commission's recommendations into a political grudge match over Iraq. Similarly, families of victims of the Sept. 11, 2001, terrorist attacks wrote Monday to McConnell and Reid urging them to avoid mixing the politically charged debate over Iraq with the 9/11 bill.

Several Democratic aides also expressed frustration privately with the decision by Biden and Levin to announce their desire to reauthorize the war during the recess — thus increasing pressure on Reid to take it up during the 9/11 debate. A clean bill "would really be a win-win situation for all of us," one Democratic aide said, since both parties could claim victories.

Reid spokesman Manley said the two leaders are having ongoing discussions over whether Iraq will come up during the 9/11 debate and that a decision likely will wait until after both parties hold their luncheons today.

Manley also dismissed suggestions of divisions within the Democratic Party, arguing that "there is one thing all Democrats are united on and that is the absolute need to change course in Iraq."

But privately, Democratic aides argued that divisions have arisen, though not along substantive lines so much as over how best to proceed. Many Senate Democrats have supported much of Reid's political strategy over the past two years because of his slow and often-methodical approach to messaging and political trench warfare, which has allowed ample time for the Caucus to hash out internal differences.

For instance, Reid and Speaker Nancy Pelosi (D-Calif.) were able to defeat Bush's Social Security proposal in large part because they kept the focus on what both liberal and conservative members of their party could agree on — opposition to privatizing the program. Similarly on Iraq, Reid and Pelosi have maintained loyalty and a unified voice over the past two years by keeping their focus on a general sense that Bush has failed in his prosecution of the Iraq War.

And while Democrats acknowledge that they must produce their own proposals now that they are in the majority, that process has moved too quickly and no consensus position has been fully developed.

A GOP leadership aide agreed, arguing that "There's nothing for us to do. We just react to whatever proposal they're putting out today."

Senate Republican Conference spokesman Ryan Loskarn said Democrats largely have boxed themselves in over the past few weeks.

"Democrats are in a tailspin over Iraq funding. They are facing serious division within their ranks over troop funding and it has become impossible to keep that fact under wraps. The further along Congress gets in the Iraq debate the more difficult it gets for Democrat leadership to refuse a vote on funding support," Loskarn said.

Dems' Iraq Quagmire (HILL)

By Ron Christie

The Hill, February 27, 2007

Despite all of the talk on Capitol Hill that the Bush administration has failed to articulate a way forward in Iraq, congressional Democrats find themselves in real danger of over-reaching in their own zeal to score political points rather than demonstrate real leadership of their own.

This impotence in leadership only reinforces the perception that congressional Democrats are reflexively opposed to anything President Bush supports; the true test ahead will be to demonstrate they can put forth meaningful, binding legislation that will receive majorities in either body. The track record thus far with two failed attempts to pass non-binding resolutions in the

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Senate condemning the war and the iron-fisted manner in which the House majority pushed through a similar measure without allowing the minority to offer a resolution directly supporting the troops has been less than inspiring.

This week, watch for two key leaders in the Senate to take center stage as the Iraq war debate continues. The first is Senate Appropriations Committee Chairman Robert Byrd (D-W.Va.). Later today, Byrd is expected to take up the president's $100 billion supplemental to fund ongoing operations in Iraq and Afghanistan. Secretary of Defense Robert Gates, Secretary of State Condoleezza Rice and the chairman of the Joint Chiefs of Staff, General Peter Pace, are all expected to testify on behalf of the president's request.

Will Byrd work constructively with senior administration officials to tackle tough questions about winning the war on terrorism under way in the Middle East, or will he and pointed Bush critics such as Sen. Patrick Leahy (D-Vt.) use the opportunity to posture while appeasing the anti-war left that appears to have taken over the soul of the party in recent years? Things could get even more interesting should Sen. Joseph Lieberman (D-Conn.), a strong supporter of the war in Iraq, make good on veiled hints to become a Republican should Democrats overplay their hand to constrain the president's authority as commander in chief.

Byrd's Appropriations Committee hearing will garner particular interest this week given the recent criticism of House Defense Appropriations Subcommittee Chairman John Murtha's (D-Pa.) plan — endorsed by Speaker Nancy Pelosi (D-Calif.) — to condition funding of the war supplemental to tactical decisions regarding troops on the battlefield. Blue Dog Rep. Jim Cooper (D-Tenn.) likened Murtha's plan as being as "risky as catching a falling knife" while former admiral and current Rep. Joe Sestak (D-Pa.) noted that Congress should refrain from making tactical war decisions. House Democrats have yet to find their voice in constructively addressing legitimate concerns about progress in Iraq without looking partisan.

Senate Foreign Relations Committee Chairman Joseph Biden (D-Del.) is also expected to take a prominent role in the Iraq deliberations this week. Author of a new resolution to curtail the 2002 authorization of force by the president in Iraq, Biden now favors a plan to withdraw U.S. forces from Iraq by March 31, 2008. A declared candidate for president himself, Biden now joins the chorus of fellow Democrats hoping to succeed President Bush as commander in chief as one who strongly supported the war in 2002 before expressing regret for their votes when currying favor with anti-war activists.

Cut off funds for the war? Work with the administration to put forth a bipartisan solution? When confronted with the most pressing issue facing the American people today, congressional Democrats appear to be in a quagmire of being unable to put the best interests of the country ahead of their own political aspirations.

Christie, a VP of Navigators LLC, is a former member of the Council on Foreign Relations and previously was special assistant to President Bush and deputy assistant to Vice President Cheney. He now blogs at The Hill's Pundits Blog.

Democrats Battle Over Policy On Iraq (WSJ)

By David Rogers

The Wall Street Journal, February 27, 2007

WASHINGTON -- Democrats face a crucial question as an Iraq war-spending bill begins moving through the House: Can Congress continue to fault U.S. policy from a distance, or must lawmakers take hold of it and risk owning the outcome?

The new Democratic majority has followed the politically safer course of nonbinding resolutions and a Senate proposal to revisit the 2002 war authorization. But with action needed on a $93.4 billion Iraq-spending request, harping from the sidelines may no longer be enough to satisfy independent voters who looked to Democrats in the 2006 elections to effect real change.

The package includes $5.6 billion to help sustain a planned increase of at least 21,500 U.S. troops in Iraq, a commitment many in Congress opposed. About $14 billion would help replenish worn equipment, and, recognizing the strain on troops cycled in and out of Iraq, the Pentagon wants $3.6 billion to create two Army combat brigades and three Marine battalions to ease the load. "The rapid cycle is not sustainable," budget officials say.

In the wake of their election losses in November, Republicans have their own divisions over the president's policy. But Democrats face greater pressure, and the debate exposes internal politics and warring personalities, especially in the House.

After proposing restrictions on the funds, the bill's manager, Rep. John Murtha (D., Pa.), has been pummeled by Republicans and fellow Democrats eager to bring him down a peg or two. His friendship with Speaker Nancy Pelosi (D., Calif.) and past rivalry with Majority Leader Steny Hoyer (D., Md.) adds spice to the story. And fearing the entire bill could collapse, House Appropriations Committee Chairman David Obey (D., Wis.) has sanctioned the drafting of waivers to the Murtha-backed provisions that would restore more flexibility to the administration.

"They want to end the war, but they want to fund the war," said Mr. Murtha, frustrated by his party's reluctance to exert its power over spending.

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Rep. Rahm Emanuel, the Democratic caucus chairman, is cautious about crossing this line and argues any conditions on funding should focus on the Iraq government, not U.S. forces. "Congress has the job of oversight and holding the administration accountable, but the war is owned and managed from 1600 Pennsylvania Avenue," the Illinois Democrat said.

"Congress will fund our troops...as long as they're in harms way," said Ms. Pelosi yesterday. She has asked Mr. Murtha to speak to the full caucus this evening, and the 74-year-old lawmaker symbolizes how much the politics of the antiwar debate has changed since the Vietnam War, in which he fought in the 1960s.

Vietnam was a bigger, bloodier war than Iraq, but the burden was spread among many more, including draftees who served typically one-year tours. Iraq is the first prolonged test of the all-volunteer military, with a much smaller universe of soldiers and Marines bearing the burden and serving multiple tours.

That has fundamentally changed the debate, ushering in the likes of Mr. Murtha, a longtime Pentagon supporter who has come to fear that Mr. Bush's policy is wreaking havoc with the military. He said he believes the war is sacrificing not just troops but the military's long-term readiness. More than a year ago, he leapt the chasm between criticizing the war and offering a plan for early withdrawal.

Mr. Murtha predicts a full-fledged Iraq-spending debate won't come until Congress deals with the 2008 Pentagon budget this summer. And the timing of the supplemental spending bill now is a problem, both for the military and lawmakers.

Hoping to quell sectarian violence, the administration will focus the new troops on a set of mixed Shiite and Sunni neighborhoods accounting for about a third of Baghdad's population. But the Army is so short of combat-ready units, it will take until May to complete the "surge" of five brigades.

This makes it dicey for lawmakers to intercede in the midst of deployments; on the other hand, the continued shortage of personnel will make it harder for the administration to maintain the higher levels after May. The White House has been vague about how it will do this. The president asked for money only through Sept. 30, after which none is requested in his 2008 budget, even though military planners assume more time is required for the added troops to be effective.

Mr. Murtha recommends providing ample money for the military, but attaching restrictions that effectively create a cap allowing deployment of three or four brigades, not five. The bill would go beyond the president's request by adding money to build up strategic reserve units at home and require Marine and Army chiefs to certify in advance that any unit deployed be "fully mission capable" with personnel and equipment.

Most controversial, he would add provisions to make it harder for the administration to stretch personnel either by extending combat tours for units already in Iraq or sending them back faster to the war zone. The ban on extending tours would immediately affect the Army's plan to have 20 brigades in Iraq by May, and the problem would recur in June and July.

Republicans and the White House have attacked the limitations as a "slow-bleed" strategy that will endanger units in Iraq. "It's not me that bleeds the troops," Mr. Murtha said. "It's the president who is bleeding the military by overdeploying them."

He remains opposed to allowing the administration to waive the requirement, but appears resigned to see amendments that would weaken the bill added in the Appropriations Committee next week by fellow Democrats. "They can always offer amendments," he said.

Majority In Poll Favor Deadline For Iraq Pullout (WP)

By Dan Balz And Jon Cohen

The Washington Post, February 27, 2007

With Congress preparing for renewed debate over President Bush's Iraq policies, a majority of Americans now support setting a deadline for withdrawing U.S. forces from the war-torn nation and support putting new conditions on the military that could limit the number of personnel available for duty there, according to a new Washington Post-ABC News poll.

Opposition to Bush's plan to send an additional 21,500 troops to Iraq remained strong. Two in three Americans registered their disapproval, with 56 percent saying they strongly object. The House recently passed a nonbinding resolution opposing the new deployments, but Republicans have blocked consideration of such a measure in the Senate.

Senate Democrats, led by Armed Services Committee Chairman Carl M. Levin (Mich.) and Foreign Relations Committee Chairman Joseph R. Biden Jr. (Del.), are preparing another resolution that would have the effect of taking away the authority Bush was granted in 2002 to go to war. The measure would seek to have virtually all combat forces withdrawn from Iraq by the end of March 2008.

The Post-ABC poll found that 53 percent of Americans favored setting a deadline for troop withdrawals. Among those who favored a deadline, 24 percent said they would like to see U.S. forces out within six months and 21 percent called for the withdrawals to be completed within a year. The rest of those who supported a timetable said they do not support withdrawing all troops until at least a year from now.

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This is the first time a Post-ABC News poll has found that a majority of Americans supported establishing such a timetable for withdrawal, which has long been resisted by the president and even some Democrats.

Growing numbers of Americans also favored withdrawing U.S. forces even if civil order in Iraq has not been restored. The poll found that 42 percent favored keeping troops there until order is reestablished, while 56 percent said the troops should be redeployed to avoid further U.S. casualties, even if the sectarian violence is continuing.

Some Democrats have called for cutting off money for the war. The Post-ABC News poll found that 46 percent of Americans supported restricting funding while a bare majority, 51 percent, opposed doing so.

There was clear support, however, for the kinds of conditions proposed by Rep. John P. Murtha (D-Pa.), who wants to establish requirements for the training and resting of military units that would have the effect of limiting the number of troops available to send to Iraq.

Murtha's plan has drawn fire in the House, including from some of his Democratic colleagues, after it was announced on a liberal Web site. The Post-ABC News poll, which did not associate the plan with Murtha, found that 58 percent of Americans said they support such new rules. Even some Americans, 21 percent, who supported the president's troop increase said they would favor rules for training and resting troops.

On questions relating to withdrawing troops or setting conditions on the military, there was a substantial gender gap. For example, 51 percent of men said they favored keeping troops in Iraq until civil order is restored, while 35 percent of women supported such a course.

Nearly seven in 10 women supported establishing some rules for training and rest time for troops to limit the number available for duty in Iraq, and 47 percent of men favored those limits. Similarly, a majority of men opposed setting any deadline for withdrawing U.S. forces from Iraq, while an even larger majority of women would like to see a deadline established.

The poll also registered a new low on the question of whether the Iraq war was worth fighting. Thirty-four percent responded that it was, while 64 percent said it was not -- 51 percent strongly. On this question, 51 percent of military veterans and 53 percent of veteran households said they strongly believe that the war was not worth fighting.

Seventy percent placed primary blame for failing to control the violence in Iraq on the Iraqi government, while just 18 percent said the United States is more at fault.

Bush's overall approval rating stood at 36 percent, up slightly from 33 percent last month. Sixty-two percent disapproved of the way he is handling his job, with 49 percent of those indicating they strongly disapproved.

Approval of his handling of the Iraq war remained near its all-time low. Thirty-one percent said they approved and 67 percent said they disapproved, a slight improvement from December, when 28 percent approved.

Bush also received negative marks on the campaign against terrorism (52 percent disapproved) and on his handling of the economy (55 percent disapproved).

By wide margins, Americans said they trust Democrats in Congress more than Bush to deal with Iraq, health care, the budget, the economy and terrorism. The Democrats' advantage on health care was 37 percentage points, on the budget 27 points, on Iraq and the economy 20 points and on terrorism 13 points.

Overall, however, 41 percent said they approved of the way Congress is doing its job, while 54 percent disapproved.

The disapproval level was marginally higher than it was a month ago. The low point for congressional approval in the past year came a few weeks before the Nov. 7 midterm elections, which resulted in Republicans losing their House and Senate majorities, when 31 percent gave Congress positive marks.

Asked about the performance of new House Speaker Nancy Pelosi (D-Calif.), 50 percent said they approved and 31 percent said they disapproved.

Her disapproval rating a month ago was 25 percent.

On another issue, the poll found that a majority of Americans now distrust the Bush administration on its handling of intelligence. Thirty-five percent said they can trust the administration to report potential threats from other countries honestly and accurately, and 63 percent said they cannot.

The administration has been challenged on the quality of the intelligence underpinning its assertions that Iran is helping insurgents in Iraq.

Forty-seven percent of those surveyed said they believed that the administration has solid evidence to support those claims, and 44 percent disagreed.

At the same time, 41 percent expressed confidence that the administration will do a good job of handling current tensions with Iran, compared with 58 percent who said they were not confident.

The Post-ABC News poll is based on telephone interviews with 1,082 adults and was conducted between last Thursday and Sunday. The margin of sampling error is plus or minus three percentage points.

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A Democrat On Everything But Iraq (POL)

By Carrie Budoff

Politico.com, February 27, 2007

The not-so-nice words for Sen. Joseph I. Lieberman keep coming.

Evil incarnate, according to the liberal blogosphere.

Barely a Democrat, concludes conservative columnist Robert Novak.

Glenn Close in "Fatal Attraction," a taunting lunatic who will "boil our bunny" if upset by the party, writes a Vermont blogger.

But a review of the Connecticut senator's voting record since his return to Congress as a self-styled independent suggests another label: Dependable Democrat*.

The asterisk, of course, refers to Iraq. Lieberman has fought Democrats with the pluck of a third-grader in a dodge-ball tournament, advancing the view of him as a rogue ready to bolt the Democrats, where he caucuses, for the Republicans. And in a Politico interview last week, he once again refused to rule out the possibility.

Yet, his newfound freedom hasn't reshaped his voting patterns. He broke with the majority of Democratic senators on only five of 52 votes he's cast in the last two months.

By this measure, Lieberman is more true-blue than Sen. Ben Nelson (D-Neb.), who split from the party more often but generated a fraction of the blog traffic on Technorati and far more glowing descriptions. Sen. Evan Bayh (D-Ind.) diverged from the Democratic majority on four votes, yet, like Nelson, never on Iraq.

The different perceptions underscore how indelible Iraq has become as the base line for determining party loyalty. Lieberman emerged as a decisive vote last month in the minimum-wage debate -- twice giving Democrats a one-vote edge in defeating Republican amendments -- but that party fidelity on domestic issues gets lost in his disobedience on Iraq, where he twice sided with the GOP to block a rebuke of the president.

"There are Democrats in recent years that have been quick to criticize Republicans who apply a litmus test: If you are not with us 100 percent, you are not with us," Lieberman said. "That is what I feel has happened too much within the Democratic Party."

Lieberman "doesn't digress from the party that much," acknowledged Jane Hamsher, the Connecticut-based author of firedoglake.com who worked for Lieberman's 2006 opponent, Democrat Ned Lamont. But, she said, it is Iraq that matters.

"The damage he does is fragging Democrats from behind party lines on Iraq," Hamsher said. "He gives the administration bipartisan cover."

Lieberman aides dismiss speculation that the senator will eventually go Republican -- an extraordinary move that would flip control of the Senate. Simply put, Lieberman would be out of place among Republicans, aides say.

Yes, he looked awfully cozy nestled between Sen. John McCain (R-Ariz.) and Sen. Lindsey Graham (R-S.C.) in the Senate press gallery this month, talking up their counterproposal to Democratic legislation critical of President Bush's troop surge in Iraq.

"Reid doesn't want to create holy hell in the Democratic blogger world," Graham said, speculating why Senate Majority Leader Harry Reid (D-Nev.) was refusing to allow votes on certain Republican amendments.

The dig at Lieberman's Internet nemeses hit his funny bone. The trio giggled in unison.

And yes, despite pre-election promises to caucus with Democrats, Lieberman frequently fans the divorce talk by holding it out as a possibility, even laying down markers last week on what could provoke proceedings: A move by the party to cut funding for the war.

"We will see how that plays out in the coming months," Lieberman said.

Republicans don't hide their thirst. Lieberman hears from them -- "mostly joking, lately. 'We would love to have you,' " he said. "I have no desire to change parties."

A warm post-election welcome for Lieberman -- Democrats gave him a standing ovation -- has cooled as the Iraq debate grinds on, aides acknowledge.

"Since the debate on the surge, it has been hard," said Dan Gerstein, a former Lieberman aide who continues to serve as a paid adviser. "It is definitely putting some strain on his relations within the caucus.

"But when he spoke out against President Clinton (during the impeachment debate), it put some strains on his relations with the caucus," Gerstein added. "Over time, when you have friendships with family, not every day is a love fest. Sometimes people get a little too fixated on the hints of discord. The truth is there are a lot of friends in the caucus."

Aides take cues from Lieberman's actions. He voted with Democrats 90 percent of the time before the November election -- a point he raised on the primary campaign trail -- and continues to hold that average in his first two months as an independent.

"If he was seriously thinking about becoming a Republican, the last thing he would do is propose a new tax," Gerstein said.

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That's a war-on-terrorism tax, proposed early this month to ease the pressure that military budgets are placing on domestic programs. Hardened critics went squishy -- for about a half a second.

"This may come off as blasphemy, but I support the latest idea of Joe Lieberman," Democratic consultant Cliff Schecter wrote on his blog.

Lieberman also lined up against every Republican amendment to the minimum-wage bill that would have tinkered with tax policy. Nelson, by contrast, backed several of the Republican tax-cut initiatives. But his Democratic disobedience earned little of the scorn heaped on Lieberman.

"Ben Nelson votes his conscience and keeps his mouth shut," Hamsher explained. "Nobody has any gripe with Ben Nelson."

Rep. Marshall's Iraq Vote Could Help Inoculate Him For 2008 House Race (HILL)

By Sam Youngman

The Hill, February 27, 2007

When Rep. Jim Marshall (Ga.) voted against the House non-binding resolution on the Iraq war, he stood out as one of only two House Democrats who bucked their party. But that vote could bolster his chances for reelection in 2008, when he will undoubtedly find himself running against the wind as a Democrat in a conservative district.

Marshall and Rep. Gene Taylor (Miss.) were the only two Democrats to oppose the measure. By contrast, 17 Republican members voted in favor of the resolution, which passed 246-182.

Marshall narrowly defeated former Rep. Mac Collins (R) last year in a race so close that Collins has yet to concede defeat. Collins is widely expected to challenge Marshall again in 2008, in a district that President Bush won with 61 percent in 2004.

Marshall's office said his vote had nothing to do with his reelection prospects and everything to do with his military background and desire to support troop morale.

Marshall is a former Army Ranger from a military family, and his district contains Robins Air Force Base.

"It's not something that Jim looked at in terms of elections or reelections," said Marshall spokesman Doug Moore.

In his floor speech, Marshall said a "yes" vote on the non-binding resolution is like "sitting on the sidelines and booing in the middle of our town team's play because we don't like the coach's call."

But former Rep. Buddy Darden, another Georgia Democrat all too aware of the political realties facing a Democrat in the Deep South, said Marshall's vote was "consistent" with the congressman's unwavering support of the military and his district's politics. It also has the added benefit of bolstering his conservative credentials in a district he won by just more than 2,000 votes.

Moore said they have no way to measure how people in Georgia's 8th district have reacted to the vote.

"I'm not sure if it hurts or helps," he said. "There are a lot of folks who are upset about it. Some folks are happy about it. Jim really didn't even consider that."

But Darden was less sanguine, noting that the district, redrawn in 2005 with a much heavier Republican make-up, will always be a tough district for Marshall.

During the midterm elections, President Bush traveled to the districts of both Marshall and Georgia Rep. John Barrow (D), and both men barely survived. Barrow defeated former Republican Rep. Max Burns by fewer than 1,000 votes.

Ron Moon, chairman of the Republican Party in Butts County, a conservative stronghold, said Collins is a "good conservative," but he doesn't know whether he will run again. Collins did not return calls left at his home.

Moon did say he thought Marshall's Iraq vote "helps him" in his quest for reelection, but he called it typical political maneuvering on Marshall's part. Moon added that Marshall often votes with conservatives when Democrats don't need his vote.

"That's a pattern of his," Moon said. "People don't keep up, and they think he's a conservative."

Marshall spokesman Moore said the office had not heard much angry feedback from the party leadership despite the congressman's decision to break ranks on the largest symbolic vote in the new Congress.

"I know [the leadership] wanted 100 percent support, so they're probably disappointed they didn't get that," Moore said, adding, "I think they know where he's coming from."

Darden compared the current climate to the years when Democrats were in the minority or to the early 1990s, when breaking ranks like Marshall did on this vote would have been "problematic."

As Darden put it, the party leadership now demonstrates a "cohesiveness and understanding that every vote counts" when it comes to reelection contests, and Democrats in conservative districts do have to break party ranks from time to time.

Taylor, the other Democrat to vote against the resolution, won reelection last year with almost 80 percent of the vote.

Gen. Pace: Military Capability Eroding (AP)

By Lolita C. Baldor

DOJ_NMG_0137338

AP, February 27, 2007

Strained by the demands of wars in Iraq and Afghanistan, there is a significant risk that the U.S. military won't be able to quickly and fully respond to yet another crisis, according to a new report to Congress.

The assessment, done by the nation's top military officer, Gen. Peter Pace, chairman of the Joint Chiefs of Staff, represents a worsening from a year ago, when that risk was rated as moderate.

The report is classified, but on Monday senior defense officials, speaking on condition on anonymity, confirmed the decline in overall military readiness. And a report that accompanied Pace's review concluded that while the Pentagon is working to improve its warfighting abilities, it "may take several years to reduce risk to acceptable levels."

Pace's report comes as the U.S. is increasing its forces in Iraq to quell escalating violence in Baghdad. And top military officials have consistently acknowledged that the repeated and lengthy deployments are straining the Army, Marine Corps and reserve forces and taking a heavy toll on critical warfighting equipment.

The review grades the military's ability to meet the demands of the nation's military strategy — which would include fighting the wars as well as being able to respond to any potential outbreaks in places such as North Korea, Iran, Lebanon, Cuba or China.

The latest review by Pace covers the military's status during 2006, but the readiness level has seesawed back and forth during the Iraq war. Officials, speaking on condition of anonymity because the risk levels are classified, said the risk for 2005 was moderate, but it was assessed as significant in 2004.

His assessment was submitted to Defense Secretary Robert Gates at the beginning of this year, and therefore does not reflect the latest move to pour 21,500 more troops into Iraq over the next few months.

Gates delivered Pace's assessment to Congress, along with a six-page report on steps the Pentagon is taking to address the problem — including new efforts to increase the size of the Army and Marine Corps, and requests for more money to repair and replace equipment. On Monday, the Pentagon released most of Gates' report, except for a few sections that were classified as secret.

That report concluded that "world events and regional trends add up to increased challenges to our nation's security." And it said the decline in readiness is also affected by whether other federal agencies and other nations are fulfilling their commitments.

There have been long-standing complaints that the State Department has not met its responsibilities in Iraq, particularly in reconstruction and rebuilding efforts, as well as buttressing the political development of the Iraqi government.

In his report, Gates also discussed efforts to repair and replace equipment worn out in combat, beef up recruiting and retention, and make better use of the National Guard and reserve forces. It also details how the Pentagon will use billions of dollars in the proposed budget, including plans to modernize aircraft and weapons, develop better detection and countermeasures for weapons of mass destruction, increase the size of the special operations forces, and boost the nation's missile defense.

Bomb Inside Iraqi Ministry Kills 5 (LAT)

By Christian Berthelsen

The Los Angeles Times, February 26, 2007

BAGHDAD -- A bomb planted at an Iraqi ministry where one of the nation's most senior politicians was making an official appearance today killed five people and injured dozens, raising the possibility that attackers infiltrated the government to plan and carry out the assault and prompting serious questions about Iraq's ability to ensure its own security.

The bombing targeted Adil Abdul Mehdi, one of two Iraqi vice presidents and a senior leader in the largest Shiite voting bloc in parliament, the Supreme Council for the Islamic Revolution in Iraq. It was detonated as he attended a morning ceremony for employees of the Ministry of Labor and Municipalities who had been honored for their hard work.

The incident was the most serious of many on a day when attackers appeared to have directly focused their strikes on government and police targets, rather than soft civilian targets such as marketplaces and universities that have been besieged in recent weeks. On Sunday, a suicide bomber at an Iraqi school killed 40 people, most of them students coming and going to mid-term exams.

Earlier today, a roadside bomb killed three Iraqi police officers and injured four others as their convoy passed through East Baghdad. A suicide bomber detonated a car bomb at a military checkpoint near the northern city of Kirkuk, killing one civilian. In the south, British forces said 15 gunmen attacked a British military patrol in Basra; three attackers were wounded in the battle, but the British did not say if any of its soldiers were harmed.

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The ministry bombing served as a chilling reminder of how far U.S. and Iraqi officials have to go to in order to establish security here -- in the halls of government, not to mention the lawless and bloody streets of the capital -- as attacks continue largely unabated two weeks into a new effort to halt sectarian conflict.

The bomb went off inside the hall where the ceremony was taking place, in an affluent area of west Baghdad dominated by Sunnis, just after minister Riyadh Gharib completed a speech and returned to his seat next to Mehdi on the stage.

Witnesses said the bomb appeared to have been planted two to three yards from the stage and was packed with ball bearings that pierced skin. Thick, dark smoke filled the room and the ceiling caved in.

Mehdi was not seriously injured, but two ministry department heads were among those killed. Mehdi and Gharib were taken for treatment to the Ibn Sina hospital in the Green Zone, which is staffed with American military medical personnel.

Lt. Col. Christopher Garver of the U.S.-led military coalition said the incident was "unfortunate" but had no further comment, and said Mehdi was treated and released. A spokesman for the U.S. Embassy could not be reached.

Iraqi Vice President Injured In Blast At Government Office (USAT/AP)

USA Today, February 27, 2007

BAGHDAD — Iraq's Shiite vice president narrowly escaped assassination Monday as a blast ripped through a government hall just hours after it was searched by U.S. teams with bomb-sniffing dogs.

Adel Abdul-Mahdi was slightly hurt in the explosion, which killed at least 10 people.

As U.S. forces sealed off the area around the Iraqi Ministry of Public Works, investigators sought to figure out how the bomb was smuggled into the municipal building.

The building is a seven-story structure with crack surveillance systems from its days as offices for Saddam Hussein's feared intelligence service.

The bomb went off moments after the minister for public works finished a speech, witnesses told the Associated Press. Among those killed were several ministry employees, police said. More than 25 were wounded, including the public works minister, Riyad Gharib.

Abdul-Mahdi suffered minor leg injuries and was hospitalized for tests, his office said. He was later released. Adbul-Mahdi is one of two vice presidents. The other, Tariq al-Hashemi, is Sunni. Also Monday:

·Iraqi President Jalal Talabani was undergoing medical tests in Jordan after falling unconscious Sunday.

His physician, Yedkar Hikmat, would give no timetable on his discharge, saying only that Talabani did not have a heart attack.

·In Ramadi, 70 miles west of Baghdad, a suicide car bomber struck outside a police station, killing at least 13 people and wounding 10, police said.

·Iraq's Cabinet signed off on a proposed oil law that would divide revenue among all Iraqi factions. It now moves to the parliament for a final vote.

Bombing At Iraqi Ministry Wounds 2 Top Officials (NYT)

By Damien Cave

The New York Times, February 27, 2007

BAGHDAD, Feb. 26 — An explosion inside the Ministry of Public Works on Monday wounded an Iraqi vice president and the public works minister and killed at least five people, in what officials described as a possible assassination attempt.

Though it was unclear where in the building the bomb was hidden or who the target was, the attack was the most serious breach of an Iraqi government building since November, when dozens of employees at the Ministry of Higher Education were kidnapped by gunmen dressed in police commando uniforms.

Adel Abdul-Mahdi, one of Iraq's two vice presidents, was approaching a conference room lectern to address ministry employees at the time of the blast, which tore through walls and hurled him to the ground, witnesses said. His guards threw themselves on top of him, and he was immediately taken to an American-run hospital inside the Green Zone where witnesses said he was received in a wheelchair, covered in dust but smiling.

Statements from several offices of the Shiite-led Iraqi government later said he was released and had returned to work.

The public works minister, Reyad Ghareeb, was seriously wounded, news agencies reported. It was not clear if his wounds were life-threatening.

The Ministry of Public Works is in the Sunni neighborhood of Mansour. Like nearly all government buildings in Baghdad, it is surrounded by 10-foot concrete blast walls and dozens of guards. Visitors to the building pass through metal detectors and are then searched by hand.

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Witnesses and Iraqi officials said it was unclear whether a bomb had been carried in by an employee or had been slipped past security by a visitor.

Assassination attempts on Iraqi officials are not uncommon, and members of all sects have been singled out. Mr. Abdul-Mahdi and Mr. Ghareeb are both Shiites, and the Public Works Ministry is run by one of Iraq's leading Shiite parties, the Supreme Council for the Islamic Revolution in Iraq.

Last fall, a car bomb exploded in the Green Zone near the convoy of the speaker of Parliament, Mahmoud al-Mashadani, a Sunni. Nasreen Barwari, a Kurd and the former public works minister, said three attempts were made on her life during her tenure from 2003 to 2006.

She said satellite offices of the ministry were regularly singled out as well.

"I believe all governmental offices are a target all the time," she said. "And the main objective is to undermine the government as a whole, and discredit its security measures or plans."

Witnesses said the vice president, the minister and several senior ministry officials had gathered in a conference room on the third floor to give employees awards when the blast shredded rows of chairs and collapsed part of the roof onto the victims.

"While Dr. Abdul-Mahdi was trying to deliver his speech, the explosion took place," said a ministry employee, also wounded in the attack, who had been sitting next to the vice president. If it was a suicide bomber, the employee said, "there would have been more people killed."

Interior Ministry officials said three of the five people killed were women. Four of the dead held the rank of director general in the Public Works Ministry — the middle managers who run the organization on a daily basis.

On Monday, a roadside bomb in southern Baghdad killed two policemen. A mortar shell exploded in central Baghdad, where security forces have set up blast walls around open-air markets, killing two people and wounding four. Gunmen attacked a fire station in Mansour, in western Baghdad, killing three firemen and wounding three others.

Authorities found 25 bodies throughout the city.

Also on Monday, the political bloc loyal to anti-American cleric Moktada al-Sadr clarified the cleric's stance on the new Baghdad security plan, saying that Mr. Sadr still supported the plan despite a statement attributed to him on Sunday saying that the effort to pacify the capital was doomed to failure because it relied on American troops.

Saleh al-Ugaili, a member of Parliament and a spokesman for Mr. Sadr's political movement, said the statement was meant to emphasize a need for more Iraqi control.

"Everybody knows that the American intervention in the duties of the army and Iraqi police confuses their work and creates opportunities for breaches," he said.

The American military said in a statement on Monday that elements of Mr. Sadr's Mahdi Army militia "seem to be practicing a policy of noninterference," with many senior leaders leaving the country and others adopting a "wait-and-see" attitude.

The military also announced the death of a marine killed Monday during combat in Anbar Province.

President Jalal Talabani's office said Monday that he was recovering from exhaustion at a hospital in Jordan and denied reports that he had heart surgery. <NYT_AUTHOR_ID>

Insurgents Aim For Wider-scale Attacks (USAT)

By Rick Jervis

USA Today, February 27, 2007

BAGHDAD — Troops from Maj. Jeremy Siegrist's battalion were following up a tip recently when they came across something odd: two restaurant-sized freezers sitting in the middle of a palm grove.

The freezers' contents were even more surprising. Inside, the troops found 150 copper plates, C-4 plastic explosive and plastic tube sections — key ingredients in making the deadly, armor-piercing roadside bombs known as explosively formed projectiles, or EFPs.

The amount of Iran-made material suggested Iraqi militants have learned how to mass-produce EFPs, rather than only import them pre-made from Iran, Siegrist said Monday. "It's a huge step" for the militants, he said.

The increased use of EFPs, which can shoot molten metal through tanks and cause heavier casualties than normal bombs, may be part of a broader tactical shift by Iraqi insurgents, U.S. military officials and analysts say. Since an increase in U.S. troops patrolling Baghdad under President Bush's new security plan, extremists have launched fewer but deadlier attacks to kill Americans and terrify the Iraqi population.

The number of roadside bombs has dropped by 20% since the security plan began this month, the U.S. military said in a report Monday. Sectarian murders have dropped to their lowest levels in a year, the report said.

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However, the scale of recent attacks threatens to overshadow any relative progress. Since the security plan started, insurgents have grabbed headlines with suicide bombs in crowded markets, the downing of U.S. helicopters and an assassination attempt Monday against Iraqi Vice President Adel Abdul-Mahdi.

Three recent explosions of trucks laden with chlorine tanks were especially illustrative of insurgents' tactics, said Lt. Col. Christopher Garver, a U.S. military spokesman in Iraq. Most of the chlorine burned off in the blasts, but the mere use of the gas — used as a weapon in World War I — had a psychological impact, Garver said.

"It's more of a terror weapon," he said. "It's used to get the attention of the people. And it gets our attention, too."

As a result, some Iraqis' patience may be waning. According to a statement attributed to Muqtada al-Sadr on Sunday, the influential Shiite cleric called on Iraqis to take security into their own hands rather than trust Americans.

The number of U.S. troops in Baghdad is set to increase by 17,500 in coming months, so insurgents realize they must act now to destabilize the U.S.-backed government, said Andrew Krepinevich, a counterinsurgency expert at the Center for Strategic and Budgetary Assessments. "Just as the administration is pushing poker chips to the middle of the table, insurgents are doing the same," Krepinevich said.

The Pentagon's emphasis on Baghdad may also open opportunities for insurgents to stage dramatic attacks outside the capital. On Feb. 19, a suicide car bomber rammed into two fuel trucks outside a U.S. outpost north of Baghdad, causing a fiery explosion. Insurgents then lobbed mortars and launched rockets from nearby trucks, killing two U.S. troops and injuring 29.

"We hadn't seen that sort of complex attack on a coalition outpost before," said Siegrist, the executive officer of the Army's 1st Battalion, 12th Calvary Regiment, based in nearby Baqouba. "As we crank down on Baghdad, the insurgents will be pushing into the outskirts."

U.S. forces are trying to stay one step ahead of the insurgents. To thwart car bomb attacks, troops funnel traffic away from large targets such as markets and mosques, Maj. Gen. William Caldwell, the top U.S. military spokesman in Iraq, told reporters recently.

"Though there may be good days during that time, we are also going to have tough ones," he said. "The terrorists will adjust and react to our tactics."

US Task: Fight To End Four Wars In Iraq (CSM)

By Peter Grier

The Christian Science Monitor, February 27, 2007

Iraq may be not one war, but four or five – an assemblage of different, crosscutting conflicts.

Think of it this way: In Iraq, the US simultaneously is playing several different games of chess against several different opponents. Meanwhile, some of those opponents are conspiring together. Some are trying to blow each other up.

This multiplicity of adversaries makes the US military's job all the harder – in intelligence terms, if nothing else. A main tenet of counterinsurgency theory is "thoroughly understand your enemy," and in Iraq there are lots of enemies to know, from factions of Sunni insurgents to competing Shiite militias to foreign Al Qaeda fighters, intelligence agents of surrounding states, and old-fashioned criminal thugs.

"Iraq is an extremely complex theater," said Lt. Gen. Ray Odierno, commanding general of coalition forces in Iraq, at a briefing on Thursday. "Its stability is threatened by a number of different factors every day."

US officials in the past have been reluctant to publicly acknowledge changes in the nature of the Iraq war.

Thus in the months after the toppling of Saddam Hussein in 2003, then-Secretary of Defense Donald Rumsfeld and other administration officials resisted labeling Iraq's continued violence as an anti-US insurgency. The White House similarly has been slow to hang the phrase "civil war" on Iraq's Sunni-Shiite divide.

But since Robert Gates took over at the Pentagon in December, a new specificity has marked the US descriptions of Iraq fighting. At a Feb. 2 press conference with Gen. Peter Pace, chairman of the Joint Chiefs of Staff, Secretary Gates said he thought the words "civil war" oversimplified Iraq's situation.

Four wars in Iraq

Gates said there are "essentially four wars in Iraq." One is Shiite versus Shiite, principally for control of Basra and other areas in Iraq's oil-rich south. The second is Shiite-versus-Sunni sectarian warfare. Third, in Gates's listing, is the insurgency, the native Sunni anti-US violence. Fourth is Al Qaeda, which both aids and directs the Sunni insurgency and foments Sunni-Shiite violence.

To this list the recently released unclassified summary of the National Intelligence Estimate on Iraq adds "widespread criminally motivated violence."

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The NIE, which represents the consensus judgment of US intelligence agencies, holds that Iraq does show some signs of being a civil war. It's causing a hardening of ethnosectarian identity among Iraqis, for instance, and is resulting in the displacement of populations.

Nevertheless, "the Intelligence Community judges that the term 'civil war' does not adequately capture the complexity of the conflict in Iraq," concludes the NIE – a finding that matches Gates's view.

The strategy of perseverance

Does President Bush's new strategy for Iraq address this complexity?

Just by persevering in its attempts to establish security in Iraq, the US is in many respects countering all its adversaries, says William Martel, an associate professor of international security studies at the Fletcher School at Tufts University in Medford, Mass.

"The unifying principal for these groups is that their strategic objective is to push us out of Iraq. Victory for them is anything other than success for the US," says Dr. Martel, author of "Victory in War: Foundations of Modern Military Policy."

US intelligence does have the difficult job of trying to understand the nature and motives of many different adversaries and alleged friends alike, notes Martel. As military operations this year in Baghdad have shown so far, one group – Shiite militias – may fade into the shadows, while another – Sunni insurgents – steps up its attacks.

US operations then become "a whack-a-mole game," says Martel.

US approach too simple?

Other analysts hold that the chaos of Iraq's conflict means that the current US effort to establish security in Baghdad will, at best, achieve only a temporary calm there. The divides that fuel the current conflict – both between sectarian groups, and within them – won't be resolved merely by an absence of fighting, they say. Likewise, they hold out little hope that the political components of US strategy will be able to stabilize Iraq.

"Why won't we see the same problems again if we try to withdraw?" asks James Fearon, a Stanford University political scientist and author of an analysis of the nature of Iraq's civil war in the current issue of the journal Foreign Affairs.

The term "civil war" is indeed apt for Iraq, argues Dr. Fearon. It is often applied to conflicts marked by factionalism and chaos, such as the multisided Lebanese civil war of the late 1970s and 1980s.

History shows that the majority of civil wars have ended when one side wins. Power-sharing agreements, similar to the national reconciliation the US is pushing for in Iraq, are far less common, according to Fearon.

Two factors can make power-sharing feasible: cohesion among the warring parties and a period of fighting that makes obvious the relative military capabilities of both sides – in Iraq's case, Sunni and Shiite forces. Neither of these currently exists in Iraq, says Fearon.

From the vantage point of the US, the immediate task is to stop bullets flying, from whomever they come. "The question is ... how do we get from where we are to where we are supposed to be?" said General Pace at the Feb. 2 briefing. "And that is what the new plan is about."

Oil Plan Includes More Production, Sharing (LAT)

By Christian Berthelsen And Tina Susman

Los Angeles Times, February 27, 2007

BAGHDAD, Iraq -- After months of negotiations over the post-war spoils of Iraq's most valuable natural resource, the government announced Monday night that it had approved a draft plan to ramp up oil production and share the proceeds.

The agreement on the terms by Iraq's cabinet was touted as a major breakthrough. It must still be approved by Parliament, but because all of Iraq's vested ethnic and regional interests are represented in the Cabinet, the deal was viewed as having overcome a significant hurdle.

The United States has long wanted to capitalize on Iraq's oil resources, especially as a means of paying for the country's reconstruction since the 2003 invasion. Oil's importance was reiterated in the Iraq Study Group report released in December.

The agreement not only will open international investment in Iraq's oil industry -- a bonanza for foreign oil companies -- but will produce revenue for a nation badly in need of cash to finance its reconstruction.

Iraq's oil riches predominantly lie in the Kurdish-controlled north and the Shiite-controlled south. Reaching an agreement essentially required both parties to be willing to share their bounty with Sunnis in the middle -- a particularly painful prospect as Sunnis under Saddam Hussein controlled the entire government.

In addition, Kurds, who are pushing a referendum on withdrawal from Iraq, wanted more control over their ability to strike contracts with foreign firms and spend profits as they see fit.

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According to the statement from the office of U.S. Ambassador Zalmay Khalilzad, all revenues from oil sales will go into a single national account, but all regions and provinces will have a seat on an energy policy-making body, and provinces will receive shares of revenue and have control over how they spend it.

In Washington, White House spokesman Tony Snow called a new oil law the "key linchpin" in Iraq's recovery because it gives "everybody a shared economic interest in working together."

During a visit to Baghdad earlier this month, Secretary of State Condoleezza Rice urged Iraqi leaders to pass the law, saying "it's really critical" to show signs of national reconciliation.

The oil sector in Iraq has not been in full-scale development since the 1980s. Fewer than a quarter of its fields have been developed; production volume fell by 8 percent in 2005.

And yet it is the overwhelming source of revenue in Iraq and is expected to bring in $31 billion this year, based on projected exports of 1.7 million barrels a day at a price of $50 a barrel.

It was unclear what concessions led to the compromise, and the precise terms of the deal were not immediately available. The U.S. has been exerting considerable pressure on Iraqi leadership for months to reach the accord, and one Sunni politician said Monday night that the deal had been brokered by Khalilzad himself.

Iraqi parliament members were cautious to embrace the plan. Still, most agreed that a cabinet compromise was a good sign.

"Definitely, if there is a cabinet accordance, this would be a good key for a future accordance in the Parliament," said Qusai Abdul-Wahab, a Shiite member of Parliament.

Others predicted a tougher battle for the proposal on its way to becoming law.

"I think there will be great opposition to it in the Parliament," said Rashid al-Azzawi, of the Sunni Parliamentary bloc known as the Iraqi Accordance Front.

Some analysts say the law also will be viewed dimly as another tool of the United States to get its hands on the country's oil.

Antonia Juhasz, an analyst at the Institute for Policy Studies in Washington, D.C., who has written extensively on the economic aspects of the U.S. invasion of Iraq, said throwing open the oil industry to foreign investment -- which no doubt would include U.S. oil interests -- would only heighten Iraqis' distrust of the United States.

"Most people in Iraq assume the U.S. invasion was about oil," she said. "When the people of Iraq learn that the majority of their oil fields are being turned over to foreign private production ... it worries me. I wouldn't want to be a soldier on the ground when the law passes."

Iraq's Cabinet Backs Contentious Oil Measure (WP)

By Joshua Partlow And Ernesto Londono

The Washington Post, February 27, 2007

BAGHDAD, Feb. 26 -- Iraq's cabinet approved draft legislation Monday that would enable the government to manage the country's vast oil resources and distribute revenue throughout the country, a step toward meeting a U.S. demand that the country's parliament pass such a law.

But in a reminder of Iraq's continuing instability, Adel Abdul Mahdi, one of the country's two vice presidents, narrowly avoided assassination Monday morning when a bomb exploded inside a crowded third-floor conference room at a government ministry in Baghdad's Mansour district.

Abdul Mahdi, one of Iraq's most influential Shiite politicians, was walking toward the podium at an awards ceremony at the Public Works Ministry when explosives detonated beneath the seats, striking him with shrapnel but causing only minor wounds, according to Zuhair Hamadi, an adviser to the vice president.

The harrowing security breach, in which at least five people were killed and more than 15 wounded, police said, illustrated the perils of political life in Iraq even as U.S. and Iraqi forces attempt to pacify the capital. Abdul Mahdi's brother was killed in 2005, and last year a bomb exploded outside his house in Baghdad.

"I'm sure people knew he was coming to the ceremony maybe three or four days ahead of time, and they planned it," Hamadi said.

The draft oil law, approved by Iraq's cabinet after months of intense negotiations, must still be approved by parliament. Ministers agreed to a goal of enacting the legislation by May, a senior Iraqi official said on condition of anonymity.

"If this law is enacted, it is truly an important breakthrough to establishing the political economy of what we want to see: an Iraq that is democratic, federal and united," Barham Salih, one of Iraq's two deputy prime ministers, said in an interview. "These vital resources, and these revenues, are understandably among the most difficult and most contentious issues faced by Iraqis."

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The draft law calls for oil revenue throughout the country to be deposited in a federal government account and redistributed to Iraq's 18 provinces, most likely on a per capita basis, said Salih, the chairman of the negotiating committee working on the legislation. A secondary piece of legislation will address in more detail the mechanisms of revenue distribution, he added.

The law would establish a Federal Council on Oil and Gas to oversee energy policy and determine procedures for negotiating contracts with oil companies and managing oil exploration and production. The law also would revamp the Iraqi National Oil Co. and give regulatory oversight to the Oil Ministry.

"All Iraqis, irrespective of their geographic location, will benefit from these revenues. There will be no segregation or sectarian division," said Thamir Ghadban, a former oil minister serving as a consultant to the negotiating committee.

The negotiators wrangled in part over how much autonomy regional authorities, especially the Kurdish territories of northern Iraq, would have to sign contracts with energy companies and manage oil fields in their areas. While the draft law would consolidate much decision-making authority in Baghdad, regional officials hailed the agreement and said they would still have certain independent powers over their resources.

"The Kurdistan region will voluntarily share some of its constitutional powers to manage petroleum exploration and development in Kurdistan with the federal government," said Ashti Hawrami, the Kurdish region's minister of natural resources, in a statement on the regional government's Web site.

In particular, the Kurdish regional government will allow a panel of experts to review the region's oil contracts and pool its revenue with the central government. "In return, Kurdistan will be guaranteed a share of pooled revenues proportionate to its population," the statement said. "The Kurdistan Regional Government will, of course, retain the power to sign contracts for petroleum exploration and development in the Kurdistan Region."

The U.S. ambassador to Iraq, Zalmay Khalilzad, issued a statement praising the cabinet for reaching an agreement. U.S. officials have pressured the Iraqi government to approve the law in the hope that an equitable mechanism for managing oil resources would remove a source of conflict. Most of Iraq's oil fields are in the predominantly Shiite south and the mainly Kurdish north, prompting fears among Sunni Arabs that they will be left out of revenue-sharing arrangements devised by a Shiite-led government.

Given that the cabinet represents all major parliamentary blocs, "prospects for the draft legislation becoming the law of the land are excellent," Khalilzad said. "There is still much work that needs to be done in the hydrocarbon sector. But a vital step was taken today."

Also on Monday, U.S. officials announced the seizure of what they described as a large cache of Iranian-made parts for powerful armor-piercing roadside bombs, known as explosively formed projectiles, that officials say have killed more than 170 members of U.S.-led coalition forces over the past two years. U.S. soldiers, following a tip from an Iraqi, found the weapons parts, along with rockets and mortars, on Saturday, hidden in two large freezers concealed by palm fronds.

"This was a great find for us," said Capt. Clayton Combs, the commander of the company that made the discovery in a village near Baqubah, about 35 miles northeast of Baghdad. "This is a significant amount. It probably saved a lot of lives."

The roadside bombs are fashioned with plastic cylinders packed with explosives, and an attached copper plate turns into a smoldering projectile that penetrates armored vehicles. The cache included 150 of the plates in various sizes.

Earlier this month, U.S. military officials briefing reporters in Baghdad on condition of anonymity said without offering evidence that high-ranking Iranian government officials were involved in supplying the deadly explosives to Iraqi militants. But at a briefing Monday, officials said they had no evidence of who supplied the weapons. A military explosives expert, Maj. Marty Weber, said Iran is the only known country where these types of components are manufactured.

Military officials involved in the recent discovery said they were not sure to whom the weapon parts belonged or how they got to the village of al-Jedidah, where the Mahdi Army, a Shiite militia, has a strong presence. They said the fact that they found parts, rather than complete devices, suggests that some are being assembled in Iraq.

The U.S. military said a Marine was killed Monday in Anbar province in western Iraq.

Meanwhile, aides to Iraqi President Jalal Talabani, who was hospitalized Sunday in Jordan, said he is in stable condition. His office said Monday that the president was "fully conscious and in high spirits." He will remain in Amman to undergo more tests. Talabani reportedly lost consciousness Sunday after what his staff described as a series of stressful days.

Iraq Cabinet Backs Oil Proposal (WSJ)

By Hassan Hafidh And Chip Cummins

The Wall Street Journal, February 27, 2007

Iraq's cabinet approved a draft law laying the groundwork for oil-field development contracts, a move that eventually could lift its battered economy and help allay the country's sectarian divisions.

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The legislation now goes to parliament. If the law is approved, it would green-light negotiations between central-government and regional officials and foreign oil-company executives, though oil companies aren't likely to rush into the country anytime soon.

The legislation would provide foreign executives with a legal foundation for any oil-field development contracts they may one day sign with government officials. The lack of such a framework after Saddam Hussein's ouster in 2003 has prevented most oil companies from entering into detailed negotiations.

Typically, in countries with nationalized oil industries, foreign oil companies negotiate a contract with the government itself. That was the case in Iraq before Mr. Hussein's fall. The new law would clear the way for oil companies to negotiate with Iraq's current central government, along with the regional authorities.

Iraq is home to some of the world's largest crude-oil deposits, and much of the country remains relatively unexplored. Decades of war and underinvestment have left the oil industry in shambles. U.S. officials have long encouraged Iraqi counterparts to hammer out a petroleum law in the hopes of encouraging foreign investment and jump starting Iraq's economy.

A petroleum law could also provide some relief from the political fighting by holding out the promise of new revenue streams.

Iraqis Reach An Accord On Oil Revenues (NYT)

By Edward Wong

New York Times, February 27, 2007

BAGHDAD, Feb. 26 — The Iraqi cabinet approved a draft of a law on Monday that would set guidelines for nationwide distribution of oil revenues and foreign investment in the immense oil industry. The endorsement reflected a major agreement among the country's ethnic and sectarian political blocs on one of Iraq's most divisive issues.

The draft law approved by the cabinet allows the central government to distribute oil revenues to the provinces or regions based on population, which could lessen the economic concerns of the rebellious Sunni Arabs, who fear being cut out of Iraq's vast potential oil wealth by the dominant Shiites and Kurds. Most of Iraq's crude oil reserves lie in the Shiite south and Kurdish north.

The law also grants regional oil companies or governments the power to sign contracts with foreign companies for exploration and development of fields, opening the door for investment by foreign companies in a country whose oil reserves rank among the world's three largest.

Iraqi officials say dozens of major foreign companies, including ones based in the United States, Russia and China, have expressed strong interest in developing fields or have done some work with the Iraqi industry. The national oil law would allow regions to enter into production-sharing agreements with foreign companies, which some Iraqis say could lead to foreigners reaping too much of the country's oil wealth.

Iraqi officials say all such contracts will be subjected to a fair bidding process, but American inspectors have reported that the upper echelons of the government, including the senior ranks of the Oil Ministry, are rife with corruption. There are also fears among non-Americans that American companies could be favored.

But oil industry analysts in the United States say it is unclear whether companies will rush to sign contracts because the law is vague about what legal protections investors would be given.

The oil law and several related measures must still be approved by Parliament before they are enacted. Since the American-led invasion in 2003, Iraqi politics have often been split bitterly along ethnic and sectarian lines, and that kind of conflict could stall the law's passage. Drafts were debated for months by a committee before the cabinet finally approved one.

"At the end of the day, we all supported this thing because it's workable for all the parties," said Barham Salih, a deputy prime minister and the head of the committee.

Distributing revenue by population is not guaranteed to placate the feuding parties because no accurate census exists. There is intense disagreement over demographics in Iraq — many Sunni Arabs insist they are the majority of Iraqis, even though Sunni Arabs are generally estimated to be 20 percent of the population, Kurds 20 percent and Shiite Arabs 60 percent.

If the law is passed, its effect on the oil industry could be enormous, assuming that foreign companies would be willing to work here despite the violence. Iraq has 80 known oil fields, 65 of which will be offered for bids for development contracts, said Hussain al-Shahristani, the oil minister.

Iraqi leaders say they want the 275-member Parliament to approve the law before May. The legislature is in recess but is expected to reconvene next month. American and Iraqi leaders had tried to get the law approved last year, but the effort bogged down at the drafting level. Before the cabinet vote on Monday, the main Sunni, Shiite and Kurdish political blocs agreed to work together to ensure that the law passes Parliament in an expeditious manner, Mr. Shahristani said.

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Since last year, senior Bush administration officials and top American commanders here have said a new oil law is crucial to the country's political and economic development, and they have pressured Iraqi leaders relentlessly to make passage of the law a priority.

In recent weeks, Ambassador Zalmay Khalilzad, the senior American envoy here, has been in intense talks with Kurdish leaders in the north to overcome their objections to the draft, which centered on the contracting powers given to the central government versus the regions. Iraqi officials say Mr. Khalilzad's negotiations were crucial to winning unanimous cabinet approval on Monday.

"This is a significant political achievement because leaders representing all of Iraq's communities have demonstrated that they can pull together to resolve difficult issues of vital national importance," Mr. Khalilzad said in a written statement on Monday evening. "The drafting of this framework law was not easy. It presented special challenges for the Iraqi and Kurdistan regional governments, and the leaders of key political blocs."

Several members of the committee overseeing the drafting said in interviews that they were confident that Parliament would ultimately endorse the law, but perhaps only after heated debate.

"It will be tough," Mr. Salih said. "I want to admit it and I want to recognize that. It will be an interesting roller coaster, my friends."

The writers of the draft law tried to balance the powers of regional and central governments, an issue that goes directly to the heart of the Iraq war.

The minority Sunni Arabs, who ruled Iraq for decades before the toppling of Saddam Hussein and are now leading the insurgency, have chafed at rule by the Shiites and Kurds partly because they fear that those two groups might hoard oil wealth for themselves. Sunni Arab leaders have resisted attempts by the Kurds and some Shiite politicians to create laws allowing for greater regional autonomy.

The draft law says that all revenues from current and future oil fields will be collected by the central government and redistributed to regional or provincial governments by population, in theory ensuring an equitable distribution of profits. That method could help assuage Sunni Arabs hostile to Kurdish and Shiite autonomy.

The attitudes of Sunni Arabs could also soften if more oil exploration is done on their land. Iraqi officials recently increased their estimates of the amount of oil and natural gas deposits in Sunni Arab territory after paying tens of millions of dollars to foreign oil companies to re-examine old seismic data across the country and retrain Iraqi petroleum engineers.

Industry and government analysts in and outside Iraq estimate the proven oil reserves at 115 billion barrels. Oil production peaked at 3.7 million barrels a day in 1979, according to the United States Department of Energy. Production stood at 2.6 million barrels a day before the 2003 invasion, but has dropped since.

The oil law's drafters reached agreement on the principle of revenue sharing fairly early in the process. Much more contentious was the issue of signing oil contracts. The Kurds, who have enjoyed de facto independence in the mountainous north since the end of the Persian Gulf war in 1991, argued strongly for regional governments or companies to have full power in signing contracts with foreign companies to develop oil fields. Sunni Arab leaders insisted on keeping this power in the hands of the Oil Ministry. The Shiites fell somewhere in the middle.

The draft law has a compromise: regions can enter into contracts, but a powerful new central body, the Federal Oil and Gas Council, would have the power to prevent the contracts from going forward if they do not meet certain prescribed standards, Mr. Salih said. A panel of oil experts from inside and outside Iraq would advise the federal council on the contracts.

The draft law also re-establishes the state-run Iraq National Oil Company, which was founded in 1964 to oversee oil production but was shut down by Mr. Hussein in 1987. The company would operate separately from the Oil Ministry and use a business model. In addition, any region that can produce at least 150,000 barrels of oil a day can create its own operating company.

Energy analysts said the new law is unlikely to lead to a stampede by foreign companies anytime soon because it leaves too many unresolved issues, including the lack of a mechanism to settle potential disputes between the federal authority and local governments.

"I think the devil is going to be in the details," said Fadel Gheit, an analyst with Oppenheimer & Company in New York. "Oil companies need governments that will honor the contracts they sign and they need a safe environment to operate," he added.

While Mr. Gheit said he expected American and British oil companies to receive preferential treatment in the awarding of contracts, other analysts said Iraqis would be suspicious of awarding preferential deals to American companies.

"Iraqis are extremely protective of their resources," said Rochdi A. Younsi, an analyst at Eurasia Group, a political risk consulting firm. "Given the level of anti-American sentiment, any major American oil company perceived to take advantage of their relations in government would be seen as being part of the so-called conspiracy to take over Iraq's natural resources."

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Iraq Approves Draft Oil Legislation (FT)

By Steve Negus

Financial Times, February 27, 2007

Iraq's cabinet on Monday approved the draft of a law governing the country's oil industry that would open the door to much-needed investment, officials said.

The law has to be approved by parliament, and several documents need to be written to complete the legislative package governing the oil industry.

But approval by the cabinet, which includes members of the country's three main sectarian-political blocs, the Shia, Sunni Arabs and Kurds, is a step towards ending a months-long stalemate over the powers of Iraq's federal and regional governments.

The US has pressed both Baghdad and the autonomous Kurdistan Regional Government in northern Iraq to produce a law, the absence of which is holding back the foreign investment deemed critical to boosting oil production. Output has fallen to less than 2m barrels per day – down from 2.5m bpd before the war – in a country with the world's third largest reserves.

"This draft law, the endorsement of the cabinet of this legislation, represents a breakthrough for Iraq's political and economic transition," said Barham Salih, Iraq's deputy prime minister. He said that the parties in government were committed to enacting the entire oil legislation package by the end of May.

Zalmay Khalilzad, US ambassador, welcomed the approval of the draft, declaring that it was the "first time since 2003 that all major Iraqi communities have come together on a defining piece of legislation".

It was unclear whether there had been any changes to a draft which the leaders of Iraq's Kurdish parties, who had championed regional control of oil, had approved at the weekend.

But it is unlikely, given months of wrangling, that ministers of the Kurdistan Alliance bloc would have agreed to legislation that seriously diverged from what their leadership had approved.

With Iraqi Boy's Surgery, A Time For Healing (WP)

By Robin Shulman

The Washington Post, February 27, 2007

NEW HYDE PARK, N.Y., Feb. 26 -- In a light-filled lobby of a hospital for sick children, an American mother talked on Monday with an Iraqi father about how their lives had been altered and entwined by a war thousands of miles away.

Charlotte Freeman's husband, Capt. Brian Freeman, had been stationed in Iraq, where he worked to bring an 11-year-old Iraqi boy born with a rare heart defect to the United States for lifesaving surgery. That boy is Abu Ali's son.

Last week, the boy, Ali, had the surgery. It was successful, but the occasion turned out to be as painful as it was sweet.

On Jan. 20, the day Abu Ali learned that his long-awaited visas to the United States were likely to come, Freeman, 31, was kidnapped from his office by insurgents and later killed.

Ali has recuperated enough after his Feb. 20 surgery at Schneider Children's Hospital on Long Island to walk around in sandals. A gentle, shy, skinny boy with a megawatt smile, he says he wants to be a soccer star.

"This has been a gift for me," said Charlotte Freeman, 31, who flew in from California with her family this weekend to meet Abu Ali and his son and stay with them at the Ronald McDonald House. She smiled through tears at the boy. "Through Ali, Brian lives," she said.

Ali, the second of five children, was born with a hole between the two upper chambers of his heart, said Fred Bierman, the cardiology chief overseeing Ali's care. Ali's condition was diagnosed in 2005 in Iraq, his father said. Doctors said he would need surgery to survive into adulthood.

But the Iraqi medical system had collapsed, and this surgery was not available.

There was danger in asking for help from Americans and being branded "traitor" or "spy," said Abu Ali, 37, a stocky, gentle man with jet-black hair. He would not reveal his full name for fear of reprisals; his friends believe he is now in Amman, Jordan.

An athlete who trained with the U.S. Olympic bobsled team, Brian Freeman graduated from West Point in 1999. Then in fall 2005, a shortage of officers prompted a call-up of Brian's reserve section, even though many members had only a few months of service remaining.

Brian did not support the war in Iraq and had little desire to participate, Charlotte said. But he felt an obligation to carry the same burden as his West Point classmates.

When he left their home in Temecula, Calif., son Gunnar was nearly 3 and daughter Ingrid was a newborn. From Iraq, he would contact Charlotte every other day with a webcam. He loved it when she put Ingrid in front of the camera so he could watch her face change as she grew.

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He didn't talk much about the dangers, Charlotte said; she learned about his close calls only later when she read his e-mails to friends.

As The Washington Post previously reported, he told Charlotte that the Iraqis "didn't want us there." And she knew in December when he cornered Sens. Christopher J. Dodd (D-Conn.) and John F. Kerry (D-Mass.) at a Baghdad helicopter landing zone and told them that the war was going badly.

But, as a civilian affairs officer, Freeman mainly concerned himself with purifying water and paving roads -- and his private, off-duty cause, a young boy named Ali.

Freeman arranged for sponsorship from Gift of Life International, a New York-based nonprofit that brings poor children with heart ailments to top hospitals.

Freeman also talked to Charlotte about long-term plans of starting a nonprofit to help Iraqi children seeking medical care abroad, a project she hopes to pursue.

On Monday, Ali's doctor said that the boy still has heart-rhythm problems but that his major trouble has been solved and he should be able to travel home in a few weeks.

Ingrid Freeman toddled to Abu Ali and offered a handful of Cheerios. He scooped her up and kissed her wispy hair.

Abu Ali hopes that his son will someday do humanitarian work of his own. But Ali's dreams for now are simple: "I want to stay in America."

Billions Over Baghdad (NYT)

By John B. Taylor

The New York Times, February 27, 2007

Stanford, Calif.

EARLIER this month, the House Committee on Oversight and Government Reform held a hearing that criticized the decision to ship American currency into Iraq just after Saddam Hussein's government fell. As the committee's chairman, Henry Waxman of California, put it in his opening statement, "Who in their right mind would send 360 tons of cash into a war zone?" His criticism attracted wide attention, feeding antiwar sentiment and even providing material for comedians. But a careful investigation of the facts behind the currency shipment paints a far different picture.

The currency that was shipped into Iraq in the days after the fall of Saddam Hussein's government was part of a successful financial operation that had been carefully planned months before the invasion. Its aims were to prevent a financial collapse in Iraq, put the financial system on a firm footing and pave the way for a new Iraqi currency. Contrary to the criticism that such currency shipments were ill advised or poorly monitored, this financial plan was carried out with precision and was a complete success.

The plan, which had two stages, was designed to work for Iraq's cash economy, in which checks or electronic funds transfers were virtually unknown and shipments of tons of cash were commonplace.

In the first stage, the United States would pay Iraqi government employees and pensioners in American dollars. These were obtained from Saddam Hussein's accounts in American banks, which were frozen after he attacked Kuwait in 1990 and amounted to about $1.7 billion. Since the dollar is a strong and reliable currency, paying in dollars would create financial stability until a new Iraqi governing body was established and could design a new currency. The second stage of the plan was to print a new Iraqi currency for which Iraqis could exchange their old dinars.

The final details of the plan were reviewed in the White House Situation Room by President Bush and the National Security Council on March 12, 2003. I attended that meeting. Treasury Secretary John Snow opened the presentation with a series of slides. "As soon as control over the Iraqi government is established," the first slide read, we plan to "use United States dollars to pay civil servants and pensioners. Later, depending on the situation on the ground, we would decide about the new currency." Another slide indicated that we could ship $100 million in small denominations to Baghdad on one week's notice. President Bush approved the plan with the understanding that we would review the options for a new Iraqi currency later, when we knew the situation on the ground.

To carry out the first stage of the plan, President Bush issued an executive order on March 20, 2003, instructing United States banks to relinquish Mr. Hussein's frozen dollars. From that money, 237.3 tons in $1, $5, $10 and $20 bills were sent to Iraq. During April, United States Treasury officials in Baghdad worked with the military and the Iraqi Finance Ministry officials — who had painstakingly kept the payroll records despite the looting of the ministry — to make sure the right people were paid. The Iraqis supplied extensive documentation of each recipient of a pension or paycheck. Treasury officials who watched over the payment process in Baghdad in those first few weeks reported a culture of good record keeping.

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On April 29, Jay Garner, the retired lieutenant general who headed the reconstruction effort in Iraq at the time, reported to Washington that the payments had lifted the mood of people in Baghdad during those first few confusing days. Even more important, a collapse of the financial system was avoided.

This success paved the way for the second stage of the plan. In only a few months, 27 planeloads (in 747 jumbo jets) of new Iraqi currency were flown into Iraq from seven printing plants around the world. Armed convoys delivered the currency to 240 sites around the country. From there, it was distributed to 25 million Iraqis in exchange for their old dinars, which were then dyed, collected into trucks, shipped to incinerators and burned or simply buried.

The new currency proved to be very popular. It provided a sound underpinning for the financial system and remains strong, appreciating against the dollar even in the past few months. Hence, the second part of the currency plan was also a success.

The story of the currency plan is one of several that involved large sums of cash. For example, just before the war, Saddam Hussein stole $1 billion from the Iraqi central bank. American soldiers found that money in his palaces and shipped it to a base in Kuwait, where the United States Army's 336th Finance Command kept it safe. To avoid any appearance of wrongdoing, American soldiers in Kuwait wore pocket-less shorts and T-shirts whenever they counted the money.

Later, American forces used the found cash to build schools and hospitals, and to repair roads and bridges. Gen. David Petraeus has described these projects as more successful than the broader reconstruction effort.

But that wasn't the only source of dollars. Because the new Iraqi dinar was so popular, the central bank bought billions of United States dollars to keep it from appreciating too much. As a result, billions in cash accumulated in the vaults of the central bank. Later, with American help, the Iraqi central bank deposited these billions at the New York Federal Reserve Bank, where they could earn interest.

Finally, when Iraq started to earn dollars selling oil, the United States transferred the cash revenue to the Finance Ministry, where it was used to finance government operations, including salaries and reconstruction. Many of these transfers occurred in 2004, long after the financial stabilization operation had concluded. Iraqi Finance Ministry officials had already demonstrated that they were serious about keeping the controls they had in place. The 360 tons mentioned by Henry Waxman includes these transfers as well as the 237.3 tons shipped in 2003 in the stabilization.

One of the most successful and carefully planned operations of the war has been held up in this hearing for criticism and even ridicule. As these facts show, praise rather than ridicule is appropriate: praise for the brave experts in the United States Treasury who went to Iraq in April 2003 and established a working Finance Ministry and central bank, praise for the Iraqis in the Finance Ministry who carefully preserved payment records in the face of looting, praise for the American soldiers in the 336th Finance Command who safely kept found money, and yes, even praise for planning and follow-through back in the United States.

"Allies" (WSJ)

By Bret Stephens

The Wall Street Journal, February 27, 2007

On Oct. 2, 2001, the North Atlantic Treaty Organization took the unprecedented step of formally invoking Article 5 of its 1949 Charter, which says that "an armed attack against one or more of them. . . . shall be considered an attack against all of them." Lord Geoffrey Robertson, then NATO's secretary-general, gave a press conference saying he wanted to "reiterate that the United States of America can rely on the full support of its 18 NATO Allies in the campaign against terrorism."

In recent weeks, we've been reminded once again just how cheap those promises were. On Thursday, Stéphane Dion, who leads Canada's Liberal Party, announced that as prime minister he would bring an end to the country's 2,500-strong military commitment to southern Afghanistan. "Neither Canada, NATO nor the Americans anticipated how violent and dangerous Kandahar would become in 2006," he said, adding that the proper role for Canadian forces is "to win the hearts and minds of the Afghan people."

Also in recent weeks, the Italian government of Romano Prodi briefly collapsed after it was unable to muster the votes to approve the enlargement of a U.S. Army base in Vicenza along with the continuance of Italy's 2,000-man deployment in Afghanistan. George W. Bush has had to plead publicly with NATO nations to increase their troop commitments and -- would it be too much to ask? -- deploy them in areas where they are likely to see combat. To make up for the NATO shortfall, Britain is sending in another 1,400 soldiers, while the U.S. is extending the tour of the Tenth Mountain Infantry Brigade and sending in troops from the 82nd Airborne.

It is a statistical certainty that American and British soldiers will pay a price in blood this spring because their French, Spanish, Italian, German and -- if Mr. Dion has his way -- Canadian counterparts mean to keep their moral slates clean. A century ago that would have been a mark of martial and national dishonor, of "letting the side down." Today, it is a concession to the political reality that most NATO governments cannot muster political support for anything except a "peace mission" in

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Afghanistan. "If you are non-U.S., implicitly there is a political calculus," says a senior U.S. Army officer about his NATO colleagues. "You are looking over your shoulder to Ottawa. You're asking: 'Will getting five killed-in-action mean a phone call about the wisdom of this particular operation?'"

Afghanistan, of course, was supposed to have been the "good war" -- the war that, unlike Iraq, everyone was willing to fight. Now the best that can be said for France, Germany, Italy and company is that they will not actively stand in the way of its being fought, so long as they're not fighting.

But even that is an improvement over the way some European governments are conducting themselves in the war on terror closer to home. Earlier this month, an Italian court named and indicted 25 CIA officers and five Italian officials for the rendition to Egypt of a cleric named Osama Mustafa Hassan Nasr, aka Abu Omar. Germany, too, has issued arrest warrants for 13 CIA officers involved in the abduction (in Macedonia) of a German man of Lebanese descent named Khaled al-Masri. Mr. Masri has since become a cause célèbre back home -- a living indictment of the Bush administration's perfidious approach to fighting terrorism.

In Sheikh Omar's case, even the Italians don't dispute the Egyptian was a dangerous actor: He is believed to have recruited terrorists and plotted an attack on the U.S. embassy in Rome. Mr. Masri, by contrast, is usually depicted as an innocent caught up in a web of CIA intrigue. But as John Rosenthal of the invaluable Transatlantic Intelligencer blog notes, it was German, not American, intelligence that first became intensely concerned about Mr. Masri's activities.

Not two weeks after 9/11, Mr. Masri was already being investigated by authorities in Baden-Württemberg as a "follower of Bin Laden." A classified report from Germany's Federal Bureau of Criminal Investigations notes that Mr. Masri maintained "numerous contacts to dangerous persons and accused suspects in the domain of Islamist terrorism." He had a friendship with a militant Islamist named Reda Seyam, suspected of involvement in the 2002 Bali bombings. He frequented an Islamic Cultural Center known for distributing audiocassettes with such charming messages as "Whoever fights against the Christians, the Jews and their allies is a martyr." It was shut down by Bavarian officials in December 2005 and the organization that ran it was banned.

For all this, Mr. Masri may be guilty of nothing more than fellow-traveling. The same might be said of the German government, which at a minimum involved itself in the abduction it now means to prosecute by agreeing to keep the whole matter secret. "The German government, witness to the entire incident, pretended not to know anything," the German newsweekly Der Spiegel reported in 2005. "In a court of law, such behavior amounts to the suppression of evidence."

The German government also involved itself in another apparent CIA kidnapping in December 2001 of a German citizen and terrorist suspect named Mohammed Haydar Zammar, who was later rendered to his native Syria. Rather than demand his instant repatriation, however, the government of Gerhard Schröder arranged for investigators to interview Mr. Zammer in Syria, in exchange for which it dropped charges against two Syrian agents in Germany. Mr. Zammar remains in a Syrian prison.

None of this need shame the German government: Mr. Zammar is reported to have recruited some of the 9/11 hijackers and his fate is richly deserved. What is shameful is that the same governments that actively colluded with the U.S. to bring the worst terrorist cases to some kind of justice are now bending to the demands of activist prosecutors and the prevailing anti-American mood, and again allowing the U.S. to take the flak for what were often joint operations. For the indicted CIA officers, that flak is less deadly than what the GIs in Afghanistan can look forward to this spring. But the principle is the same.

Asked what he worried about most in wartime, Napoleon is said to have replied, "Allies." Plus ça change.

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Sen. Feinstein Seizes On DoJ Documents (HILL)

By Elana Schor

The Hill, February 27, 2007

Justice Department performance evaluations released to senators over the weekend further validate concerns that six dismissed U.S. attorneys were asked to resign for political purposes, Sen. Dianne Feinstein (D-Calif.) said yesterday.

Feinstein forwarded the six evaluations to Senate Majority Leader Harry Reid (D-Nev.) and Minority Leader Mitch McConnell (R-Ky.) along with a letter urging floor time for her bill, which would reverse a statutory change last year that allows the Bush administration to indefinitely install federal prosecutors without seeking Senate confirmation.

Several of the fired attorneys were involved in political corruption probes in the months before their departures were sought by Justice, including San Diego's Carol Lam, who secured three indictments in the investigation of former GOP Rep. Randy "Duke" Cunningham (Calif.). Judiciary Committee Democrats had vowed to subpoena the performance evaluations if the

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administration did not furnish copies, but the reports only heightened Feinstein's skepticism about Justice's explanation that the dismissed attorneys had performance problems.

"Indeed, contrary to the department's rationalizations to explain their dismissals, in every case the fired U.S. attorney was judged to have a strategic plan and appropriate priorities to meet the needs of the Department and their districts," Feinstein wrote in yesterday's letter, reminding leaders of her bill, which is cosponsored by Judiciary ranking member Arlen Specter (R-Pa.).

U.S. Attorneys Should Be Confirmed (SCRIPPS)

By Dale McFeatters, Scripps Howard News Service

Scripps Howard News Service, February 27, 2007

Congress clearly didn't take much notice of an obscure provision the Bush administration slipped into the USA Patriot Act last year. But now it seems clear that the measure is being used to conduct a political purge of U.S. attorneys' offices.

So far, at least eight are known to have been forced out by the Justice Department, and there may be others. The departures were facilitated by a provision that allows the president to appoint interim U.S. attorneys for an indefinite period without the usual Senate confirmation.

The ouster that raised the biggest stink was that of Carol Lam, the U.S. attorney for San Diego, who nailed Randy "Duke" Cunningham, then a senior House Republican, for accepting over $2 million in bribes. The suspicion was that the White House acted because her investigation was still ongoing and widening.

Deputy Attorney General Paul McNulty told a Senate committee that the firings were all for "performance-related" reasons, although he conceded that the highly respected U.S. attorney in Little Rock, Ark., was forced out so the job could be given to a protege and former aide to White House political adviser Karl Rove.

The "performance-related" defense began to crumble when the department's internal evaluations started to leak out and it turned out that most of the ousted attorneys had been capable, competent and well regarded.

Democrats on the Senate Judiciary Committee are threatening to summon the dismissed prosecutors to testify and to subpoena their performance evaluations. It would be an opportunity for the eight to rebut a gratuitous slap at their reputations.

Better yet would be to repeal the offending provision. A bill to do that has bipartisan support in the Senate, but is being held up in a procedural wrangle. Let's hope the lawmakers unsnarl the obstacle quickly, because this provision has the potential to give us a badly flawed criminal-justice system.

Congress Wary Of Justice Department Firings (PBS)

PBS News Hour, February 27, 2007

Evaluations of the U.S. attorneys recently dismissed by the Justice Department under a little-known USA Patriot Act provision described them as "well regarded" and "very competent." Analysts discuss the firings and congressional charges of political tampering.

RAY SUAREZ: Margaret Chiara, the U.S. attorney for Western Michigan, suddenly announced her resignation on Friday after five years in the post. Although Chiara herself wouldn't comment, several news accounts report she was forced out by Justice Department officials over differences of views on capital punishment, among other things.

Chiara is the eighth U.S. attorney to resign since December at the government's request. The others: Bud Cummins, from Arkansas; Paul Charlton, of Arizona; Daniel Bogden, Nevada; David Iglesias, New Mexico; John McKay, Seattle; Kevin Ryan, San Francisco; and Carol Lam in San Diego.

Lam recently had won praise for indicting the number-three official at the CIA on corruption charges and for successfully prosecuting former Congressman Randy "Duke" Cunningham, who took $2 million in bribes from defense contractors.

In fact, in recent years, all had received positive job evaluations. However, Attorney General Alberto Gonzales has insisted that the prosecutors were replaced because they performed inadequately.

At a Senate hearing last month, California Democrat Dianne Feinstein took issue with that assertion. She's pushing to repeal the law allowing the attorney general to replace sitting U.S. attorneys with temporary replacements indefinitely and without Senate approval.

SEN. DIANNE FEINSTEIN (D), California: I'm very concerned. I've had two of them asked to resign in my state, from major jurisdictions, with major cases ongoing, with substantially good records as prosecutors.

ALBERTO GONZALES, U.S. Attorney General: I would never, ever make a change in a United States attorney position for political reasons or if it would in any way jeopardize an ongoing serious investigation. I just would not do it.

RAY SUAREZ: But in the case of Bud Cummins in Arkansas, the Justice Department did admit he was removed to make way for a former aide to White House political adviser Karl Rove.

Stuart Gerson

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Former Acting Attorney General

Is there any impedance of ongoing investigations or other initiatives so that the public isn't getting effective law enforcement? And I don't see any evidence of that being the case.

Questions raised by the firings

RAY SUAREZ: For more, we're joined by Stuart Gerson. He served as assistant attorney general during the first Bush administration and as acting attorney general under President Clinton. He's now in private practice in Washington.

And Laurie Levenson, she spent eight years as an assistant U.S. attorney in Los Angeles. She's now a professor of criminal law at Loyola Law School in Los Angeles. Both guests testified on this issue before the Senate Judiciary Committee earlier this month.

And, Prof. Levenson, there are more than 90 federal districts around the country served by U.S. attorneys. Why should the firing of eight attract so much attention?

LAURIE LEVENSON, Loyola Law School: Because it's quite unusual. Although it's not unusual to have the president put in his own appointees, at this stage of the game, midterm, with interims going in, in their place, that is not business as usual, especially when, all of a sudden, we're hearing it's performance-related, and yet the documentation indicates that it may not be.

Big red flags are going on as to whether they're politicizing these U.S. attorneys' offices or trying to centralize power back in Washington. It's just a question mark, because it's so different from what's been done before.

RAY SUAREZ: Mr. Gerson, not business as usual?

STUART GERSON, Former Acting Attorney General: Well, it's unusual, but I think the starting point needs to be, when you're looking at a process that's inherently political, and you're looking at individuals who all of whom have served more than four years, the real question that you need to be asking is: Is there any impedance of ongoing investigations or other initiatives so that the public isn't getting effective law enforcement? And I don't see any evidence of that being the case.

Laurie Levenson

Loyola Law School

[I]f this isn't political, why is it happening now? Why is it happening after the new Patriot Act that allowed the Justice Department to put in interim appointments without having to go through the regular confirmation process?

The impact of the firings

RAY SUAREZ: In several cases, Mr. Gerson, these people were told they were doing a good job in the way that political appointees are told, by performance reviews. And the first time they heard anything negative was when they read it in the newspapers as an explanation for their being forced out.

STUART GERSON: Well, I don't doubt that that's the way that this news was transmitted. And if that's so, perhaps the process was clumsier than it needed to be.

But in the case of at least one of those individuals, who clearly got a favorable report, at least 19 members of Congress felt otherwise, with respect to the level of enforcement of the immigration laws. Now, one can discuss that, but clearly some of the critics of the administration, including Sen. Feinstein, wrote letters to the department, which apparently had influence.

I just don't see any evidence that any case, any investigative initiative has been impaired in any way. Moreover, as I visit U.S. attorneys' offices around the country -- and I do it in connection with my work, sometimes they're my adversaries -- I really don't see any great falloff.

Of course, there are probably some people in some places who are concerned. That's understandable. It's almost always the case. But generally it's business as usual.

The career people who run 95-plus percent of what's going on are working assiduously at what they do. They're not avoiding corruption cases; they're not avoiding the hard cases. They're doing their job. The public is being well-served.

RAY SUAREZ: Prof. Levenson, what's your concern then?

LAURIE LEVENSON: Well, my concern is, frankly, that the offices aren't taking it this way; that is, there is a significant morale issue that's going on here.

Because for the troops -- and they are apolitical, for the most part, who are trying to do the right job -- they have big question marks. Why are their leaders being dismissed?

Likewise, for the judges in those districts, especially, for example, up in Seattle where John McKay was dismissed, they don't understand at all why somebody who has an office that's working well with the courts, is being very successful, is all of a sudden being dismissed.

So I think there is the question about, if there are these new priorities that all of a sudden the Justice Department has to put in, what are they? Are they going to be compatible with what the district needs are?

And, frankly, if this isn't political, why is it happening now? Why is it happening after the new Patriot Act that allowed the Justice Department to put in interim appointments without having to go through the regular confirmation process?

Stuart Gerson

Former Acting Attorney General

The administration has pledged itself to seek the advice and consent of the Senate on every single permanent appointment and to consult with the senators of that state. We'll see if that happens, but that's the pledge.

The new Patriot Act provisions

RAY SUAREZ: Why is it happening now? And has the change in the way replacements are appointed sort of brought attention to these firings?

STUART GERSON: Well, clearly it's brought attention to it, and it's had an affect. The administration has pledged that there will be no permanent appointment that takes place without consultation with the home state senators. That is the usual process.

This Patriot Act change that Prof. Levenson cites is clearly something that members on both sides of the aisle didn't pay sufficient attention to, but the initial reaction of the Feinstein proposal to take this away from the Justice Department and have it reside completely in the judiciary -- a bad idea, it's constitutionally inconsistent with the judicial function -- is now a bill that's been withdrawn, and we're going to return to the old system that worked well enough.

RAY SUAREZ: But let's be clear on what the Patriot Act amendment said. This little change in the reauthorization allows the attorney general to appoint replacements without Senate review, correct?

STUART GERSON: Well, indeed, that has always been the case, originally for 120 days. Now, it was argued that the administration was somehow trying to get around Congress and appoint interim people who would stay there forever.

Well, I think you need to put that in perspective. First, we're dealing with relatively few United States attorneys. It's no more than eight out of 93, so we begin with that. There's no massive effort.

Nor is any of these in a place where there's some critical matter going on that somehow is going to be interrupted. Almost all of the people who have been appointed interims are the same kind of people who have always been appointed interims.

The administration has pledged itself to seek the advice and consent of the Senate on every single permanent appointment and to consult with the senators of that state. We'll see if that happens, but that's the pledge. It's certainly being done in a way that should be transparent.

Laurie Levenson

Loyola Law School

[Y]ou get worried when things like what happened in Arkansas occur, when you have Bud Cummins, who even the Justice Department admits was doing a very good job, he's replaced all of a sudden with somebody who has comparatively little experience...

Selecting replacements

RAY SUAREZ: Professor, you noted that the administration can now make those replacement appointments in perpetuity. But as Mr. Gerson mentioned, the attorney general says he is going to go to the Senate. Does that satisfy you?

LAURIE LEVENSON: It doesn't really satisfy me, because the proof is in the pudding. And you get worried when things like what happened in Arkansas occur, when you have Bud Cummins, who even the Justice Department admits was doing a very good job, he's replaced all of a sudden with somebody who has comparatively little experience at this stage in his career, somebody who worked for Karl Rove, and then, realizing that if they have to put him up permanently he's not going to fly, they withdraw him, makes you wonder, why was he the interim?

Ordinarily I agree with Stuart Gerson that the interim, it would be somebody out of the same office, who's familiar with the operations of the office. But, for example, in San Francisco, Washington is sending out somebody from main Justice, from the Washington, D.C., office, the executive office, not somebody from within the office who knows the office's operations.

RAY SUAREZ: Wasn't the tradition, Mr. Gerson, to take a great deal of advice from the home state, that understands local conditions?

STUART GERSON: Absolutely, Ray. But what Prof. Levenson just cited is an interesting case, because the current director of the FBI, Bob Mueller, was, at one point in his career, sent from Washington to be the United States attorney in San Francisco to put an office that lacked sufficient direction, in the view of the main Justice Department, get it going in a stronger, more vigorous way.

And my understanding is that's the intention this time, as well, with respect to San Francisco. And there have not been great criticisms that have been leveled, at least with respect to that particular office.

San Diego has been a little bit noisier situation. But, again, it doesn't appear that it's reflective of anything other than, in that case, succumbing to criticism from the outside.

Prof. Levenson does cite one case, where Paul McNulty agreed that it was a political motivation. The fellow who was made the interim United States attorney was somebody who I think was considered to be a political future who they wanted to give a

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little exposure to. He had certainly more experience starting out than the incumbent had when he started out. And the process and the dispute of this probably has cost that gentleman any real shot at a permanent position.

So it's politics. I don't know that it's healthy or unhealthy politics. This is something that's committed to the executive branch. It is a political decision; it can be debated.

And I think, when you really get down to it, that's the season that we're in with the new congressional majority. They're certainly entitled to take a look at this. There ought to be oversight; there will be. But I can guarantee you, this is not going to be an issue come election time.

RAY SUAREZ: Professor, what would you be looking out for in these various federal districts, as these attorneys' offices change hands, to know whether this is malign or benign, if your worst fears are being realized?

LAURIE LEVENSON: That's a great question. I think a couple of things. One is that there are some of these offices who have some high visibility political corruption cases, and whether those continue or whether those are downplayed under a new administration is a big question.

The second thing is whether the Justice Department holds true to its word, whether they put up people who they're ready to put through the confirmation process, and also whether they paused to ask, "Well, maybe we should start that process rather than just going the interim route. Maybe we should see if we can get our priorities in place, without taking people who have a well-operating office, removing them, and creating these questions among the AUSAs who work for them."

RAY SUAREZ: Prof. Levenson, Stuart Gerson, thank you both.

LAURIE LEVENSON: Thank you.

Ashcroft Pizza Party Raises Ethics Eyebrows (USNEWS)

By Chitra Ragavan

U.S. News and World Report, February 27, 2007

A pizza luncheon to be hosted this Wednesday by former Attorney General turned consultant John Ashcroft for some of his old political appointees has raised eyebrows in the Justice Department's ethics office, U.S. News has learned. The ethics office, which provides Justice employees with guidance on a wide range of ethics questions, has not instructed invitees not to attend the lunch.

However, it has "advised invitees to consider the appearance of attending such an event," Justice Department spokesman Brian Roehrkasse told U.S. News. But Juleanna Glover Weiss, an adviser and spokesperson for his consulting firm, told U.S. News that "General Ashcroft has abided by the letter and spirit of all post government service ethics restrictions." Wednesday's lunch, Weiss said, "is just a small social gathering."

Executive branch employees must comply with stringent standards of ethical conduct pertaining to accepting gifts or items of monetary value from anyone wanting to do official business with their agency, including their old colleagues and bosses. The ethics office has told political appointees at Justice that if they attend the Ashcroft pizza luncheon, it would "count toward the $20/occasion and $50/year limits."

Typically, former government officials must abide by a one-year "cooling off" period before lobbying or soliciting business from their former agency. But there are longer restrictions when it comes to contacting old colleagues on specific matters. The department did not elaborate on what aspect of Ashcroft's lunch invitation gave the ethics office pause.

Ashcroft was the first top official to step down after President George Bush won a second term. He submitted his letter of resignation in November 2004 and left in February 2005. At his last Justice Department annual Christmas party, Ashcroft told reporters that he was not seeking any outside employment until he had completely left the department, in order to protect the department's institutional interests and avoid even the faintest appearance of any conflicts resulting from a job search.

Ashcroft subsequently created his own consulting firm, the Ashcroft Group, which quickly became a profitable venture. The firm specializes in strategic consulting, including with respect to homeland security, best business practices, litigation strategy, and data security. On the group's website, Aschroft parlays his leadership in the aftermath of the Sept. 11, 2001, attacks, to pitch for homeland security business.

"This deep experience in fighting the war on terror," the website says, "has given the Ashcroft Group LLC a strategic advantage in evaluating and navigating the homeland security and law enforcement marketplace." Ashcroft's consulting firm also advises businesses on investment strategies in the homeland security arena, as well as crisis management and dealing with government investigations, high-stakes litigation, and financial distress or bankruptcy.

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CORPORATE SCANDALS:

Judge Dismisses Suit Over Transfer Agent (WSJ)

By Chad Bray

The Wall Street Journal, February 27, 2007

A federal judge dismissed a Securities and Exchange Commission lawsuit that accused two former Citigroup Inc. executives of cheating mutual-fund customers out of millions of dollars in savings through the use of an affiliated transfer agent.

U.S. District Judge Richard C. Casey in Manhattan granted a summary judgment motion by Thomas W. Jones, the former chief executive of Citigroup Asset Management, and Lewis E. Daidone, the former treasurer and chief financial officer of the Smith Barney family of funds.

The SEC had requested civil penalties, a permanent injunction against the men and disgorgement. "The commission's action for civil penalties and an injunction are time-barred, and its action for disgorgement is not supported by sufficient facts," the judge said.

The SEC had alleged that Citigroup's asset-management business took most of the benefit of a discount from using an affiliated transfer agent for itself, rather than passing on that savings to the mutual funds and their customers. The regulator had claimed Jones and Daidone were "principally responsible" for the alleged scheme.

Citigroup settled the SEC's charges in May 2005 and agreed to pay $208 million to mutual-fund customers allegedly victimized by the transfer-agent arrangements. In settling, the financial-services giant didn't admit or deny wrongdoing.

An SEC spokesman didn't comment.

American Century/Kopp Funds

American Century Investments acquired the mutual-fund assets of Minnesota-based Kopp Investment Advisors for an undisclosed sum. Kopp Emerging Growth Fund and Kopp Total Quality Management Fund, with total assets of $225 million, have been merged into American Century New Opportunities II Fund and American Century Equity Growth Fund, respectively. The Kansas City, Mo.-based American Century manages $104 billion in assets.

S.E.C. Says Firm Traded On Information Stolen From Computers (NYT)

The New York Times, February 27, 2007

An accounting firm in Hong Kong made $2.7 million from illegal insider trades by hacking into computers to view press releases before they were published, the Securities and Exchange Commission said yesterday in a lawsuit.

The S.E.C. sued the company, Blue Bottle, a Hong Kong-chartered firm that says it is based in London, and its chief executive, Matthew Charles Stokes. Blue Bottle made $2.7 million by hacking into computer systems shortly before the release of market-moving information, the S.E.C. said in a complaint filed in Federal District Court in Manhattan.

A Blue Bottle spokesman could not immediately be reached for comment. An S.E.C. lawyer did not immediately return a call. The suit seeks an injunction barring further wrongdoing as well as the recovery of any illicit trading profits.

The S.E.C. says Blue Bottle made 12 illegal trades this year. In one instance, Blue Bottle bought options to sell shares of BJ's Wholesale Club, at 3:36 p.m. on Jan. 3, the S.E.C. said. The next day, shares in BJ's fell 4 percent after the company said its predicted earnings would fall below expectations.

Blue Bottle made about $12,000 from trading on BJ's, the S.E.C. said.

In another instance cited by the S.E.C., Blue Bottle began buying options to sell Symantec, the maker of computer antivirus software, at 1:03 p.m. on Jan. 12. The next trading day, Symantec said third-quarter earnings in 2007 would be less than forecast, driving shares down by 13 percent.

Blue Bottle made more than $1 million from the Symantec trading, the S.E.C. said.

Based on "the disparate companies" in which Blue Bottle traded, the timing of the trades and the profit they generated, the S.E.C. said it believed that the firm tapped into computer systems to obtain nonpublic data. The commission said it was continuing to investigate how Blue Bottle obtained the information.

Review Clears Bristol-Myers (NYT)

The New York Times, February 27, 2007

Bristol-Myers Squibb, the drug maker, has been cleared of securities law violations in connection with its botched Plavix patent settlement last year, the company said yesterday in a regulatory filing.

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The company said that it has been informed by the United States attorney in Newark, Christopher J. Christie, that a review found no violation of securities laws or breach of an earlier consent order the company had signed with the Securities and Exchange Commission.

The review was done by Frederick Lacey, a former federal judge who had been appointed to oversee operations as part of a deferred prosecution agreement the company signed in 2005. That was meant to settle accusations that it had misled investors through inventory manipulation.

The filing, submitted to the S.E.C. late yesterday, said that Mr. Christie's office had advised the company that the matters had been "fully remediated" and that he did not intend to take action.

In a statement last night, Bristol-Myers said the decision suggested that the company was on track to bring an end to the deferred prosecution agreement in Newark as scheduled on June 15.

"If the company fulfills its obligations under the deferred prosecution agreement, we expect the U.S. Attorney for the district of New Jersey would dismiss the complaint against the company on June 15," the company said in a statement.

The decision resolves one potential federal case for Bristol-Myers, which remains under criminal investigation by the Justice Department's antitrust division.

CRIMINAL LAW:

Deliberations In Libby Trial Proceed With Only 11 Jurors (USAT)

By Richard Willing

USA Today, February 27, 2007

WASHINGTON — Jurors in Lewis "Scooter" Libby's perjury and obstruction trial begin their fourth full day of deliberations today minus one of their original colleagues.

Judge Reggie Walton dismissed a juror Monday after determining she had improper contact with information about the trial "outside the courtroom" during the weekend.

Walton then granted the defense's request that the remaining 11 jurors continue deliberating without a replacement.

Theodore Wells, Libby's chief defense attorney, argued that the jurors — seven women and four men — were "obviously making progress" in the deliberations, which started Wednesday around midday.

Chief prosecutor Patrick Fitzgerald had asked the judge to seat an alternate juror and to restart deliberations.

The dismissed juror was a middle-age woman who had described herself during jury selection as a former curator of prints at the Metropolitan Museum of Art in New York City. On Valentine's Day, she was the only juror who did not wear a red T-shirt to court as part of the jury's "valentine" to Walton.

Shortly after jurors began deliberations Monday morning, the foreperson sent Walton a note indicating that one or more jurors appeared to have been exposed to inappropriate information.

Walton interviewed jurors for about 45 minutes before dismissing the woman. He said that her contact with outside information was accidental and that she didn't share it with fellow jurors.

"What she had exposure to obviously disqualifies her," Walton said. He did not elaborate.

Jurors are not sequestered but are warned each day by the judge to avoid reading, viewing, listening to or discussing reports about the trial.

Libby, Vice President Cheney's former chief of staff and national security adviser, is charged with obstruction of justice and lying to grand jurors and FBI investigators looking into how a CIA officer's identity was leaked to reporters during June and July 2003.

The charges against Libby are based on differing stories he and two reporters, Tim Russert of NBC and Matthew Cooper, formerly of Time, told investigators about their talks.

University of Richmond law professor Carl Tobias said he interpreted Wells' motion as a sign the defense believes deliberations are favoring Libby and that Wells does not wish to break that momentum.

"The dynamic might change anytime you have a deliberative body whose composition suddenly changes after a long period together," Tobias said.

Philip Anthony, a jury consultant based in Los Angeles, said the juror's absence will create "a noticeable hole in the fabric of the jury. … No doubt this particular juror had an affinity or even (an) alliance with certain other members of the panel."

No Verdict Yet From Remaining Libby Jury (AP)

By Michael Sniffen

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AP, February 27, 2007

WASHINGTON -- After the judge dismissed one of its members, the jury finished a fourth day of deliberations Monday without a verdict in the perjury trial of former White House aide I. Lewis "Scooter" Libby.

Most of the morning was consumed by deciding what to do about an art historian on the jury who saw or read something over the weekend about the trial. After interviewing her in private along with lawyers in the case, U.S. District Judge Reggie B. Walton ruled that "what she had exposure to obviously disqualifies her."

The judge let the jurors continue deliberating with just 11 members after the defense endorsed that option. He overruled prosecutors who asked him to seat one of two alternate jurors who heard the trial and remain on standby.

Walton said he didn't want to "throw away two and a half days" of discussions the jury has had since getting the case at midday last Wednesday. If an alternate had been seated, the jury would have been required to begin its deliberations over from the beginning.

The jury returns Tuesday.

Libby, who was chief of staff to Vice President Dick Cheney, is accused of obstructing the investigation into the 2003 leak of the identity of CIA operative Valerie Plame, whose husband was a prominent Iraq war critic.

Walton never disclosed what the juror had seen, but he concluded the exposure was not intentional and resulted from a misunderstanding of his orders. He has ordered jurors to avoid media coverage of the case and to stay off the Internet.

The dismissed juror formerly served as a curator of prints at the Metropolitan Museum of Art in New York. She was also the only juror who did not wear a red T-shirt as part of the jury's Valentine's Day greeting to the court.

Usually defense attorneys want the largest number of jurors available because they only need one to hold out against conviction in order to force a mistrial, said Lawrence Barcella, a prominent Washington defense attorney who spent 16 years here as a federal prosecutor. "This is surely a well thought out calculation for the defense based on the jurors they have, the way they guess the deliberations might be going, and who the alternate would be."

Ultimately, however, decisions like this are "guesswork, tempered by the experience and instincts of very experienced attorneys who have demonstrated good instincts," Barcella said.

Libby Juror Dismissed; Panel Of 11 Continues Deliberations (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, February 27, 2007

The woman was exposed to information about the trial of Dick Cheney's former chief of staff.

A juror was dismissed Monday from hearing the perjury and obstruction case against I. Lewis "Scooter" Libby, but the judge allowed the panel to continue deliberations with 11 members.

U.S. District Judge Reggie B. Walton discharged the juror, a former art museum curator, after the woman acknowledged being exposed to information about the case during the weekend, when court was not in session.

Walton did not detail the nature or extent of the contacts, which he said were brought to his attention by the jury foreperson. He expressed concern to the lawyers that other jurors might have been tainted, but after interviewing each, the judge concluded the remaining seven women and four men could continue to serve.

"She did have contact with information related to this case," Walton said in court. "It wasn't intentional on her part. It was a misunderstanding of what I had been telling her throughout the trial."

The incident was one of the few signs of life from the jury since it began deliberations Wednesday. Walton called the other jurors into court Monday, and underscored that they should avoid reading or hearing anything about the case during the trial.

Federal court rules permit the judge to move forward with the smaller panel, although the government prosecutor urged him Monday to tap one of two alternate jurors still available for a full 12-member jury.

Special Prosecutor Patrick J. Fitzgerald said the smaller panel put the trial on "dangerous territory" if another juror were to become ill or be dismissed because of media exposure.

But Walton expressed concern that adding a juror would require the panel to restart deliberations. "I just don't think it would be appropriate to throw away those 2 1/2 days of deliberations," he said. "I don't have anything to suggest that this jury is anything but conscientious and can continue."

Defense lawyer Theodore V. Wells Jr. supported his move, saying that restarting deliberations would be "prejudicial to Mr. Libby."

"It's not like by going to 11 we're on the cliff of some mistrial," Wells told the judge.

One observer said the lawyers' opposing views on the size of the jury suggested each was seeking a tactical advantage. "At the very least, it probably means that Fitzgerald liked the alternates and Wells did not," said Guy Singer, a Washington lawyer and former Justice Department prosecutor.

The dismissed juror had demonstrated an independent streak, which could have assisted the defense.

When the trial was about to resume on Valentine's Day, jurors paraded into Walton's courtroom with red shirts marked with white hearts. The only one to abstain from the sartorial statement was the former curator, who worked at the Metropolitan Museum of Art in New York.

A conviction would require that all jurors find guilt beyond a reasonable doubt; the woman's lack of participation suggested she might not be inclined to go along with the pack.

"Typically the defense would not be happy about losing a potential holdout juror," Singer said.

The jury deliberated Monday and is to resume this morning.

Libby, 56, once Vice President Dick Cheney's chief of staff and national security advisor, is charged with covering up his participation in the events leading to the summer 2003 disclosure of then-CIA operative Valerie Plame's identity. Plame's husband, former envoy Joseph C. Wilson IV, accused the Bush administration of twisting prewar intelligence in an opinion article for the New York Times a few days before his wife's identity was publicly revealed.

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Juror Dismissed At CIA Leak Trial (CBS)

CBS News, February 27, 2007

Judge Orders Juror Removed After Exposure To Information About Case

(CBS/AP) A federal judge avoided a potential mistrial in the CIA leak case Monday by dismissing a juror and sending the other 11 back to continue deliberating the fate of former White House aide I. Lewis "Scooter" Libby.

U.S. District Judge Reggie B. Walton said the juror had seen or read something over the weekend about Libby's trial.

"What she had exposure to obviously disqualifies her," the judge said.

He did not say what the juror had seen but characterized it as a misunderstanding.

Walton originally feared several jurors were tainted, raising the specter of a mistrial in the politically charged case. Libby is accused of lying and obstructing the investigation into the 2003 leak of CIA operative Valerie Plame's identity.

After questioning jurors behind closed doors, however, Walton said the remaining seven women and four men were not affected. Special Prosecutor Patrick Fitzgerald Walton asked the judge to call on one of two alternates, both women, who sat through the trial and are on standby.

But Walton said that would require deliberations to begin fresh and said he didn't want to "throw away 2 1/2 days" of discussions. Instead, he sided with Libby's lawyers and allowed deliberations to continue with 11 jurors — something allowed under federal law in such situations.

CBS News Justice Department reporter Deridre Hester reports the jurors were reminded to be vigilant about staying away from information about this case.

"They should continue with their deliberations and I will emphasize again the importance of not having contact with any outside information," Walton said.

The woman who was dismissed from the jury is an art history expert and scholar who formerly served as a curator of prints at the Metropolitan Museum of Art. She was also the only juror who did not wear a red T-shirt as part of the jury's Valentine's Day greeting to the court.

"There is no way to tell which side this helps until, of course, we get a verdict," says CBS News legal analyst Andrew Cohen.

"The worst scenario would have been a mistrial because the whole jury was tainted," Cohen says. "The second-worst case would have been had the jury been forced to start deliberations from scratch with an alternate juror taking the place of the dismissed one. So while this is a wrinkle, it's actually about the best possible outcome given what happened."

Cohen warns, however, that "if Libby is convicted, we may see this little problem emerge again on appeal."

Judge Dismisses Juror In Libby Trial (NYT)

By Neil A. Lewis

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — The judge presiding over the perjury trial of I. Lewis Libby Jr. dismissed one of the jurors in the midst of deliberations Monday and ruled that the case should go forward with the remaining 11-member jury.

The judge, Reggie B. Walton, said the dismissed juror had improperly learned some information about the case outside of the courtroom, but he did not explain further. Judge Walton said it appeared the juror had not done so intentionally but through some unspecified misunderstanding.

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After questioning the jurors, Judge Walton said no one else had been tainted by the information. Jurors are supposed to decide cases solely on the evidence and testimony presented in the trial. Deliberations resumed after the juror was dismissed and are to continue on Tuesday.

The dismissed juror was a woman who had worked for years as a curator at the Metropolitan Museum of Art in New York, before moving to Washington. Judge Walton ruled, over the objections of the prosecution, that he would not replace her with one of two alternates on standby and would instead have the remaining 11 jurors continue to try to decide the case.

"I don't think it would be appropriate to throw away those two and a half days," he said, referring to the more than 18 hours of deliberations the jurors had completed by Monday morning.

If Judge Walton had replaced the juror, he would have been required to instruct the newly reconstituted jury to begin its deliberations from the beginning, as if there had been no previous discussions.

Theodore V. Wells Jr., Mr. Libby's lead defense lawyer, said that to add a new juror and restart deliberations would be prejudicial to his client. "It would be inappropriate and unfair" to discard the deliberations thus far, Mr. Wells argued.

Patrick J. Fitzgerald, the chief prosecutor, said that the government believed a replacement juror should be seated and that there was no doubt the 11 remaining jurors would follow the judge's instructions to begin their deliberations anew.

But Judge Walton said he did not want to "throw away" the time the jury had already spent considering the case.

The alternates are two women who sat through the entire case as part of a panel of 14 jurors and were informed by Judge Walton that they were alternates only just before deliberations began. He told them at the time that they could be recalled to participate in the deliberations if needed and warned them to continue to abide by his instructions to avoid any news coverage of the case.

The decision by Mr. Libby's defense team to urge that the trial proceed without a new 12th juror seemed to be counter to conventional wisdom in such situations, lawyers said.

Because a unanimous jury is needed for a guilty verdict, a defendant need convince only one juror of his innocence to avoid a conviction. As a result, lawyers said, defense lawyers prefer to have as many sitting jurors as possible to increase the chances of having someone who refuses to vote for a guilty verdict.

But Neal R. Sonnett, a Miami lawyer who is the former president of the National Association of Criminal Defense Lawyers, said there were often other factors at play. Mr. Libby's defense team would have made a judgment about the alternate's inclination toward the case, Mr. Sonnett said.

"The lawyers are always looking at who that person would be," he said. "And then they are engaging in a little mind-reading, trying to guess from that person's body language" whether it would be helpful or harmful to insert him into the deliberations.

In this case, the replacement juror would have been a middle-aged woman who identified herself as an insurance industry consultant. Some reporters at the trial observed her taking notes assiduously during the monthlong proceedings.

The dismissed juror was also notable in that she was the only one of the pool of 14 who declined to don a T-shirt with a heart on Valentine's Day as a gesture of good will to the judge and the court staff.

Mr. Libby, who is known by his nickname, Scooter, is the former chief of staff to Vice President Dick Cheney. He is charged with five felony counts, accused of lying to a grand jury and F.B.I. agents investigating the leak in the summer of 2003 of the identity of a C.I.A. operative, Valerie Wilson.

Her identity was first disclosed publicly in a July 14, 2003, column by Robert D. Novak. Only days earlier, The New York Times had published an Op-Ed article by her husband, Joseph C. Wilson IV, asserting that the Bush White House had willfully distorted intelligence as to whether Iraq had tried to obtain uranium from Africa to bolster the case for going to war.

Mr. Fitzgerald, who was named special counsel for the investigation, never charged anybody with illegally leaking Ms. Wilson's name. But he said Mr. Libby had discussed Ms. Wilson in conversations with two reporters and had denied under oath having done so. Mr. Libby's lawyers said that the reporters were mistaken about those conversations and that, in any event, any misstatements he made were a result of innocent failures of memory.

Judge Dismisses Libby Juror After Reports Of Media Exposure (WSJ)

By Evan Perez

The Wall Street Journal, February 27, 2007

WASHINGTON -- After the judge dismissed one of its members, the jury finished a fourth day of deliberations Monday without a verdict in the perjury trial of former White House aide I. Lewis "Scooter" Libby.

Court officials dismissed a female juror after learning she had been exposed to information about the case over the weekend. U.S. District Judge Reggie B. Walton said he was sending the juror home "based on acknowledgement that she did have contact with information" related to the case. He said the contact "wasn't intentional."

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Judge Walton said the remaining jury of seven women and four men had not been tainted and said he would allow deliberations to continue with 11 jurors rather than calling on one of two alternate jurors. "They should continue with their deliberations and I will emphasize again the importance of not having contact with any outside information," Judge Walton said.

Special Prosecutor Patrick Fitzgerald asked that Judge Walton call on one of two alternates, both women, who sat through the trial and are on standby. Judge Walton said that would require deliberations to begin fresh and said he didn't want to "throw away two and a half days."

The jury returns Tuesday.

Since Wednesday, jurors have issued only brief written notes, which suggested they are methodically reviewing the evidence against the former chief of staff to Vice President Dick Cheney. They requested a large flip chart, masking tape, Post-it notes and a document with pictures of the witnesses. Mr. Libby and his lawyers have remained in or around the downtown courthouse throughout the deliberations.

The trial, which focused on efforts to leak classified information to the press, comes amid revived debate over intelligence in the newly Democratic Congress.

The Senate Intelligence Committee has requested documents and interview transcripts from the Inspector General's office, while the Senate Armed Services Committee seeks further interviews with Mr. Libby and National Security Adviser Stephen Hadley. "The bottom line is that the intelligence relating to the Iraq-al Qaeda relationship was manipulated by high-ranking officials in the Department of Defense to support the administration's decision to invade Iraq," committee Chairman Carl Levin (D., Mich.) said at recent hearing.

The Libby trial put an especially bright spotlight on the debate. The jurors were weighing a month of testimony from 19 witnesses in a case that began as a probe into the outing of former Central Intelligence Agency operative Valerie Plame and three years later ended up focusing on the trustworthiness of recall and the semantics of lying.

In court, Mr. Fitzgerald told jurors that Mr. Libby deliberately lied to Federal Bureau of Investigation agents and a grand jury to try to cover up the administration's efforts to respond to criticism of the Iraq war.

In response, Mr. Libby's attorneys highlighted "mis-recollections" by a number of prosecution witness, including several reporters, to bolster their argument that Mr. Libby didn't lie but simply had faulty memory when he made erroneous statements to investigators.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, former U.S. Ambassador Joseph Wilson, complained publicly that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain weapons of mass destruction.

Mr. Wilson in July 2003 went public with his story of taking a CIA sponsored trip to Africa to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of since-discredited intelligence that alleged Iraq sought weapons materials in the African nation of Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complain that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

Mr. Libby is charged with two counts of perjury, two counts of making false statements and one count of obstruction of justice. He faces up to 30 years in prison and $1.25 million in fines if found guilty.

Juror Is Dismissed From Libby Trial (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, February 27, 2007

The jury considering whether I. Lewis "Scooter" Libby is guilty of perjury lost one of its members after nearly three days of deliberation yesterday, but the presiding judge ordered the panel to continue working to reach a decision.

U.S. District Judge Reggie B. Walton dismissed the juror, an art curator in her 70s, after she disclosed to her peers that she had come in contact over the weekend with information about the case of Vice President Cheney's former chief of staff.

The jury foreperson reported that to Walton, who interviewed the jurors and determined that the female juror had not intentionally sought to ignore his orders to avoid contact with media coverage and all other information about the Libby case.

Walton agreed with a defense request that the jury continue deliberating with 11 members, rebuffing Special Counsel Patrick J. Fitzgerald, who asked that the judge call back one of two alternates and begin deliberations again. The jury had been deliberating since Wednesday afternoon.

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"I just don't think it would be appropriate to throw away those 2 1/2 days of deliberations," Walton said. "I don't have anything to suggest that this jury is anything but conscientious and can continue."

If the jury were to lose another member, the judge said, he would call upon one of the two remaining alternates and instruct jurors to restart deliberations.

According to courthouse sources, the woman sought information that led her to material about the case over the weekend and realized yesterday morning that it was inappropriate to do so. Courthouse officials said Walton instructed the dismissed juror not to talk to the media until the case concludes.

After the juror was dismissed, the panel completed a fourth day of deliberations without reaching a verdict.

Libby, 56, is charged with making false statements, perjury and obstructing a probe into who may have criminally leaked information about undercover CIA officer Valerie Plame to the media in 2003. He is not charged with the leak, but Fitzgerald has accused him of lying to conceal his role in discussing her identity with reporters.

Plame's name and classified CIA role were disclosed in a syndicated column on July 14, 2003, days after her husband, former ambassador Joseph C. Wilson IV, publicly accused the administration of twisting intelligence to justify war with Iraq.

On Feb. 8, another juror revealed that she had inadvertently seen a photo and headline about witness Tim Russert, NBC News's Washington bureau chief, in The Washington Post's Style section. Federal marshals have been cutting all references to the trial from jurors' morning newspapers but had missed that story.

During questioning of potential jurors before the trial began, the juror dismissed yesterday said she grew up in New York, attended Syracuse University and Mills College, and obtained a doctorate in art history from the University of London. She said she worked for a decade at the Metropolitan Museum of Art in New York as a curator of prints and drawings.

In questioning to select a jury, she said she was sympathetic to what would become one of the defense's central contentions: that people can have innocent distortions of their memory.

Ex-Ney Aide Pleads Guilty To Conspiracy (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, February 27, 2007

The top aide to convicted former Rep. Bob Ney pleaded guilty Monday to federal conspiracy charges stemming from a congressional bribery scandal that downed his boss.

Smiling nervously at times, William Heaton, 28, acknowledged accepting a golf trip to Scotland, expensive meals, and tickets to sporting events between 2002 and 2004 as payoffs for helping clients of disgraced lobbyist Jack Abramoff.

Heaton worked for Ney, R-Ohio, from September 2001 to July 2006, ultimately serving as his chief of staff.

"You received things of value in exchange for performing functions for Mr. Abramoff and other lobbyists who worked for him, as well as a foreign businessman. Is that correct?" U.S. District Judge Ellen Segal Huvelle asked Heaton during the 20-minute hearing.

"Yes, your honor," Heaton replied in a firm voice. He pleaded guilty to one count of federal conspiracy.

He faces a maximum sentence of five years in prison and $250,000 in fines, but probably would serve between 18 and 24 months as outlined under federal sentencing guidelines. No date was set for sentencing.

Heaton has agreed to give the Justice Department information that might be useful in an ongoing investigation that has targeted lobbyists, lawmakers, their aides and members of the Bush administration.

Among other things, Heaton acknowledged accepting trips to New Orleans and Lake George, N.Y., an Adirondack resort village. He also took what Assistant U.S. Attorney James A. Crowell IV and other prosecutors described as thousands of dollars worth of gambling chips from a foreign businessman at a casino during a travel stop in London. The unnamed businessman was hoping to sell U.S.-made airplanes and airplane parts in a foreign country.

In exchange, Heaton said he helped Ney insert an amendment into election reform legislation to benefit at least one Indian tribe in Texas that was an Abramoff client. And he lobbied the State Department for a travel visa for the daughter of another Abramoff client in Russia.

Heaton underreported how much the Scotland trip was worth and its purpose on Ney's congressionally required travel disclosure forms. He admitted he helped conceal some of the money Ney received, storing it in a safe in the congressman's office.

He also lied on his own House financial disclosure forms, describing the golf trip as official travel and failing to report gifts Abramoff gave him.

Heaton, a 2000 graduate of the College of William & Mary, declined to comment to reporters as he left Huvelle's courtroom. Before becoming Ney's chief of staff, he was a floor assistant to House Speaker Dennis Hastert, R-Ill., and worked for the Committee on House Administration, which Ney once chaired.

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Ney was sentenced to 2 1/2 years in prison in January for trading political favors for golf trips, campaign donations and other gifts in the Abramoff lobbying scandal. Ney was the first congressman charged in the affair.

Ney's Former Chief Of Staff Agrees To Plead Guilty (HILL)

By Jackie Kucinich And Susan Crabtree

The Hill, February 27, 2007

William Heaton, former chief of staff to then-Rep. Bob Ney (R-Ohio), has agreed to plead guilty to one count of conspiracy to commit fraud, according to court documents filed yesterday.

Heaton's plea agreement comes just days before the former lawmaker will report to federal prison in West Virginia for corruption charges. Ney is scheduled to enter prison March 1.

According to the plea agreement, Heaton could receive up to five years in jail and a fine of $250,000.

Heaton has become the second member of Ney's staff to be ensnared in the scandal involving imprisoned lobbyist Jack Abramoff, who bribed Ney and his staff with lavish trips and gifts in return for official favors. Heaton's predecessor, Neil Volz, was sentenced last year for conspiracy charges.

According to court documents, Heaton, who began working for Ney in September 2001 as an executive assistant, rose quickly to the position of chief of staff when his co-conspirator Volz left the position to work for Abramoff in February 2002.

Heaton's involvement in the Abramoff scandal spanned from August 2002 until August 2004, according to the documents.

Over those two years, Heaton accepted numerous favors from Abramoff and other members of his lobbying firm, including a now-infamous all-expense-paid golf trip to Scotland. Heaton was also was one of several recipients of a number of other trips abroad, concert and sporting-event tickets, meals and gambling chips, all taken with full knowledge the gifts were in exchange for official favors from Ney.

During one of those trips, Heaton and another staffer helped Ney conceal $5,000 brought into the country through customs and stored the money in a safe inside Ney's congressional office. Court documents said Heaton "open[ed] the safe as requested so that Ney could make repeated withdrawals."

Heaton knowingly falsified his 2002 and 2003 financial disclosure forms and assisted Ney in misrepresenting his travel disclosure form about the receipt of gifts from Abramoff and others.

"The FBI has made combating public corruption at all levels of government one of its top investigative priorities, because American taxpayers deserve honesty from public officials and employees," said Assistant Director Chip Burrus of the FBI's Criminal Investigative Division. "No corrupt public servant is exempt from FBI scrutiny. We will continue to pursue those like Will Heaton who sell their integrity at the public's expense."

Heaton's guilty plea comes well after three other former staffers, Michael Scanlon, Tony Rudy and Neil Volz, pled guilty for their roles in the Abramoff scandal.

The case against Ney was first mentioned in Scanlon's indictment. In that filing, prosecutors singled out Ney, mentioned then only as "Representative No. 1," as the target of Scanlon's illegal lobbying, asserting that the lawmaker accepted gifts, including the 2002 golf trip to Scotland and regular meals at Abramoff's restaurant, "in exchange for a series of official acts and influence."

The staffers, however, all appear to be cooperating with prosecutors. The sentencing dates or status conferences for each continue to be postponed, a bad sign for other lawmakers or staffers close to the scandal who could become targets of the probe.

Under a plea bargain entered more than a year ago, Scanlon, Abramoff's business partner and former aide to ex-Majority Leader Tom DeLay (R-Texas), pled guilty to conspiracy to defraud the U.S. After being postponed several times, last week his status conference was reset again for June 5.

Scanlon has agreed to pay back $19.6 million in kickbacks he received from the fees Abramoff charged Indian tribes and faces anywhere between four years and three months to five years and three months in prison.

Volz, a former senior aide to Ney and a lobbyist at Greenberg Traurig, pled guilty to one count of conspiracy in early May last year. In late January, prosecutors agreed to defer his status conference to April 26.

Volz faces up to five years in prison and a $250,000 fine. But his sentence could be lessened, depending on how much he cooperates with prosecutors.

Rudy, a former DeLay aide, a colleague of Abramoff's and a lobbyist at Alexander Strategy Group, pled guilty March 31, 2006 to one count of conspiracy. His status conference was originally scheduled for July 11, 2006, but has been postponed several times, most recently in early January. It is now set for April 19.

Rudy could serve a maximum of five years in jail, but his cooperation already has helped to whittle that down to a range of two years to two years and six months.

Former Aide To Ex-Congressman Ney Pleads Guilty In Abramoff Case (WP)

By James V. Grimaldi And Carol D. Leonnig

The Washington Post, February 27, 2007

A former chief of staff to then-Rep. Robert W. Ney (R-Ohio) pleaded guilty yesterday to corruption charges stemming from accepting gifts, gambling chips and trips -- including an expense-paid junket to Scotland with his boss -- from former lobbyist Jack Abramoff and a foreign businessman.

The plea agreement by William Heaton revealed for the first time that Ney kept some of his ill-gotten gains -- $5,000 in British pounds -- in a safe in his congressional office. Heaton, who worked for Ney from 2001 until last year, admitted that he helped the congressman stash the money and periodically opened the safe at Ney's request so he could get to the cash, prosecutors said.

Ney, who resigned last year, pleaded guilty and was sentenced last month to 30 months in prison.

Heaton, 28, admitted to conspiring with Ney, Abramoff and others to accept pricey vacations, meals, drinks, golf outings, tickets to entertainment events and contributions to Ney's campaign in exchange for actions by the congressman that benefited Abramoff's clients. None of those clients, including Indian tribes and foreign businessmen, lived in Ohio, the congressman's state.

Along with Ney and others, Heaton went on a now-infamous trip to golf on world-renowned courses in St. Andrews, Scotland, that cost Abramoff $160,000. He also went on junkets to New Orleans and to the Sagamore resort near Lake George, N.Y., with former Ney chief of staff and Abramoff lobbyist Neil G. Volz, who has also pleaded guilty in the bribery scandal.

Heaton, the ninth person to be convicted in the Abramoff investigation, also admitted that he received hundreds of thousands of dollars' worth of gambling chips from a foreign businessman who has been identified by Ney's attorney as Fouad al-Zayat, a high-rolling London gambler who sought Ney's help in circumventing a law barring the sale of U.S.-made airplanes and airplane parts to other countries.

A former congressional page who attended the College of William and Mary, Heaton became Ney's chief of staff at age 23, making him the youngest chief of staff on Capitol Hill at the time. Heaton resigned from that position last June as the federal investigation zeroed in on Ney.

Appearing in court before U.S. District Judge Ellen S. Huvelle, Heaton said little other than "Yes, your honor" and "No, your honor" in response to questions. He pleaded guilty to one count of conspiracy -- a fraction of the charges he could have faced.

Huvelle told Heaton that he faces a prison term of 18 months to two years under sentencing guidelines outlined in his plea agreement. Justice Department prosecutor John Crowell said the government plans to seek a lesser sentence in exchange for Heaton's cooperation in the investigation.

But the judge warned Heaton that she could give him a tougher sentence, something that she and a magistrate judge have done previously in the Abramoff case. After Ney's guilty plea last month to one count each of conspiracy and making false statements, Huvelle handed down a 30-month sentence, three months longer than prosecutors recommended.

Heaton also admitted falsifying his and Ney's financial disclosure forms in 2002 and 2003 to keep gifts secret. For example, Ney's forms said the Scotland trip was paid for by the National Center for Public Policy Research so he could meet with Scottish parliamentarians, though the Scottish Parliament was not in session, and attend a military parade.

Heaton, who had a small group of family members in the audience, surrendered his passport. At his lawyer's request, the judge agreed to let him travel with prior notice to see family in New York and North Carolina pending sentencing.

"No corrupt public servant is exempt from FBI scrutiny," FBI Assistant Director Chip Burrus said. "We will continue to pursue those like Will Heaton who sell their integrity at the public's expense."

Also convicted in the scandal were Abramoff, who along with business partner Adam Kidan is in prison for a related fraud case in Florida; Volz, who pleaded guilty to conspiracy; Tony Rudy, a lobbyist and onetime aide to former House majority leader Tom DeLay (R-Tex.); David H. Safavian, a former chief of staff for the General Services Administration, who is appealing his conviction for lying about going on the Scotland trip; Michael Scanlon, a former Abramoff business partner and DeLay aide; and Roger G. Stillwell, a former Interior Department official, who was sentenced to two years' probation.

Research editor Alice Crites contributed to this report.

How High-Living Founder Of BetonSports Fell, Fled (WSJ)

By John R. Emshwiller And Peter Sanders

The Wall Street Journal, February 27, 2007

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Gary Kaplan used to throw lavish parties in Costa Rica and plaster the name of his thriving online gambling company on New York City buses. Now, the 48-year-old founder of BetonSports PLC and the multibillion-dollar industry he helped spawn are in reduced circumstances -- the man on the run, the industry in disarray.

Mr. Kaplan is a fugitive from a racketeering conspiracy and fraud indictment filed last year in a St. Louis federal court charging him with heading a criminal enterprise that illegally took in over $3.5 billion in wagers since 2001.

Several Kaplan colleagues have also been charged, including former BetonSports chief executive David Carruthers, who was arrested at the Dallas-Fort Worth airport in July during a brief stopover on a flight from London to the company's headquarters in San José, Costa Rica. Mr. Carruthers and several others charged in the case have pleaded not guilty and are awaiting trial. Mr. Kaplan's whereabouts are unknown.

The Kaplan indictment is part of a broader federal crackdown in which several executives from other foreign online gambling operations and credit-card processing companies have been indicted. Last October, Congress passed a law banning almost all forms of online gambling. Recently, the Justice Department served subpoenas for records on investment banks that had helped BetonSports and other online gambling companies raise money through public stock offerings.

Industry observers estimate that online wagering, which had hit about $12 billion annually, is down by as much as 50%. BetonSports has largely closed down operations. Federal authorities estimate that 98% of the company's business came from the U.S.

The saga of BetonSports and Mr. Kaplan demonstrates how some online gambling sites rose fast -- and crashed hard -- by operating at, or beyond, the edge of the law. While Mr. Kaplan has a checkered background that includes run-ins with law enforcement, he may have gotten as far as he did in part by surrounding himself with executives like Mr. Carruthers, who came to BetonSports with a mainstream business background.

Before he was an international online gambling impresario, Mr. Kaplan, a New York native, was a bookie and was busted in 1993 by that state's authorities for running an illegal sports-betting operation, according to his federal indictment. He moved to Florida, where he allegedly continued his bookmaking operation, and then on to Aruba and Antigua before later finally settling in San José. The Costa Rican capital, with light-handed gambling regulation and a ready work force, began attracting other online betting operations.

Mr. Kaplan made a splash. He took over a nine-story office building in a shopping-mall complex and outfitted it with a day-care center for workers' kids as well as luxurious suites and a rooftop pool for visiting high rollers that BetonSports sometimes flew in for huge galas.

BetonSports headquarters also housed a shooting range -- a reflection of Mr. Kaplan's fascination with guns and an obsession with personal security, say people who know him. He, his wife and two children routinely traveled with armed bodyguards.

The bodyguards were, at least in part, "an ego thing," says Kenneth Weitzner, founder of Eye on Gambling, a Web site that tracks Internet gambling. Mr. Kaplan created the illusion that he thought went with a successful gambling operation, says Mr. Weitzner, who visited Mr. Kaplan at his Costa Rican operation. Another acquaintance called Mr. Kaplan "tough and intimidating." In one tale, he supposedly shot a computer monitor after BetonSports lost big on a football game.

As BetonSports grew into one of the biggest online gambling companies, it tried to move mainstream. Mr. Kaplan hired veteran gambling-industry executives, such as Mr. Carruthers, who had worked for Ladbrokes, a major British wagering company. In 2004, BetonSports had an initial public offering in London that raised about $100 million and its stock was listed on a branch of the London Exchange.

While Internet gambling is legal in many countries, the U.S. has long contended that it violated various federal statutes -- even before the specific ban was enacted last fall. Federal officials made periodic efforts to attack online gambling, but the companies often managed to operate relatively freely in the U.S. BetonSports was able to run U.S. marketing campaigns, including ads on 250 New York City buses in 2003.

But even as the industry soared, federal agents were building criminal cases. Some of BetonSports' "customers" in 2002 and 2003 turned out to be undercover investigators gathering evidence that went into last year's indictment.

BetonSports's name has appeared in press reports in connection with a 2005 criminal case filed by New York City prosecutors against an allegedly mob-connected gambling operation that was sending bets to an entity in BetonSports's headquarters building in San José. In those articles, BetonSports officials said that the entity simply leased office space and was evicted after the indictment. BetonSports wasn't charged in the New York case.

Some observers find the government's crackdown on Internet gambling curious, given the national explosion in gambling casinos and lotteries in recent years. These people wonder whether the initiative will backfire by pushing gamblers to less reputable operations.

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The recent criminal cases and legislation are " an anti-consumer-protection movement because they're eliminating the most reputable publicly traded companies," says Nelson Rose, a California law professor and gambling-law expert. In recent years, BetonSports and others, including some U.S. casino operators, had lobbied Congress to legalize online gambling, arguing that it could then be regulated and taxed.

As for Mr. Kaplan, he is being sought by U.S. and international law-enforcement officials, including Interpol, whose Web site carries a wanted poster for him. Though his home was in Costa Rica, some believe he has left that country. One rumor has him and his family in Israel, there on an Israeli passport. If he is apprehended or returns voluntarily to the U.S., he will have to answer the pending charges in the St. Louis federal case. If convicted he could face a long prison sentence and large financial penalties.

Write to John R. Emshwiller at john.emshwiller@wsj.com1 and Peter Sanders at peter.sanders@wsj.com2

Prosecutors Ask For 5 Year Max For Professor Cuba Spying Case (AP)

By Adrian Sainz

AP, February 27, 2007

MIAMI - A college professor who pleaded guilty in a federal case involving allegations that he and his wife spied for Cuba should receive the maximum five years in prison because he did "classic intelligence work" for Fidel Castro's communist government, prosecutors said Monday.

Carlos Alvarez, 61, and his 56-year-old wife Elsa were set to be sentenced Tuesday. Both pleaded guilty Dec. 19 to reduced federal charges in the case involving accusations of exchanging coded messages with Cuban intelligence services about Cuban-American exile groups and prominent figures in Miami.

Carlos Alvarez's lawyers have asked for a sentence of time served, or a sentence which would allow him to serve his time at home. The Florida International University psychology professor has spent one year and about two months at a federal detention facility.

The professor's attorneys argue he was never a Cuban intelligence agent or a supporter of Castro, and that he was trying to open avenues of communication between the two countries.

In Monday's filing, prosecutors argued the Florida International University psychology professor deserves a five-year sentence because the information he relayed was more sensitive than he said. Alvarez has downplayed the importance of the information.

"The reporting done by the Alvarezes contained substantially more than 'harmless gossip,'" Assistant U.S. Attorney Matthew Axelrod wrote. "Rather, the Alvarezes were engaged in classic intelligence work."

Carlos Alvarez pleaded guilty to conspiracy to become an unregistered foreign agent, while his wife admitted knowing about her husband's illegal activities but failing to report them to authorities. Both were charged previously with the more serious charge of acting as illegal Cuban agents.

Elsa Alvarez faces up to three years in prison on the revised charges. The government Monday requested a 21 month sentence for her, but her attorney Jane Moscowitz requested a sentence of no additional jail time. Elsa Alvarez served five months in a federal detention facility before she was released on bond.

Monday's filing by government prosecutors discusses evidence gathered from one of the couple's home computers concerning Cuban-Americans and other prominent figures.

A written report cited by prosecutors stated that one of Carlos Alvarez's contacts met personally with Richard Nuccio, then-President Clinton's special adviser to Cuba, in 1996. The report said Nuccio was "very depressed" and "devastated" by the signing of the Helms-Burton Act, which strengthened U.S. sanctions against Cuba.

Steven Chaykin, Carlos Alvarez's attorney, said his client never personally met with Nuccio and there was no proof that he sent the information found in the computer.

In 2005, Carlos Alvarez admitted in FBI interviews to being a "collaborator" with Cuba's intelligence service beginning in 1977, insisting he was mainly interested in opening dialogue with Cuba's government. His attorneys unsuccessfully tried to have that confession thrown out.

But Chaykin said Carlos Alvarez did not think he was disloyal to the United States and was trying to create dialogue concerning the U.S.-Cuba trade embargo and travel restrictions to the island.

"He naively believed the representations of the people with whom he had been in contact on behalf of the Cuban intelligence service that this was something they also were interested in promoting," Chaykin said. "He got ensnared in their web."

Feds Push For Maximum Sentence In Cuba Spy Case (WFOR)

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WFOR-TV, February 27, 2007

Prosecutors Want 5 Years In Prison For Carlos Alvarez

(CBS4) MIAMI An FIU professor who pleaded guilty to working for the Castro government as agents may have cut a deal with the Feds, but they don't appear to be ready to give him a break.

Prosecutors are pressing for the maximum jail time for Carlos Alvarez, who pleaded guilty in a federal case involving allegations that he and his wife spied for Cuba. If they get it, that means Alvarez would serve 5 years in federal prison.

Carlos Alvarez's lawyers have asked for a sentence of time served, or a sentence which would allow him to serve his time at home. Alvarez has spent one year and about two months at a federal detention facility.

Alvarez his 56-year-old wife Elsa are to be sentenced tomorrow. Both pleaded guilty about two months ago to reduced federal charges. The case involves accusations of exchanging coded messages with Cuban intelligence services about Cuban-American exile groups and prominent figures in Miami.

The professor's attorneys argue he was never a Cuban intelligence agent or a supporter of Castro, and that he was trying to open avenues of communication between the two countries.

U.S.: Couple Shared Vital Data With Cuba (MIH)

By Jay Weaver

Miami Herald, February 27, 2007

Prosecutors said former FIU Professor Carlos Alvarez and his wife, Elsa, went beyond 'harmless gossip' to supply communist Cuba with information about key exiles. They are to be sentenced today.

One-time Florida International University Professor Carlos Alvarez and his wife, Elsa, supplied agents in Fidel Castro's government with classic intelligence information that went far beyond the "harmless gossip" the convicted couple said they gathered on the Cuban exile community, federal prosecutors said Monday.

On the eve of the couple's sentencings today, the U.S. attorney's office disclosed for the first time that the FBI obtained material from one of the Alvarezes' home computers showing that rather than reducing their illicit operation in the mid-1990s, they were still actively contacting the Cuban Intelligence Service.

In court papers filed Monday, a prosecutor argued for tough sentences as he cited "sensitive details" gathered from "slack space" on the Alvarezes' computer showing that Carlos Alvarez prepared written reports on:

· FIU president Modesto Maidique's personal finances and private business ventures.

· A "redacted" U.S. government study on the ``status of telecommunications in Cuba."

· Brothers to the Rescue leader José Basulto, including that "an investigation should continue" into ``the ties he has to the CIA, the Cuban American [National] Foundation and financial interests such as Bacardi."

· A personal contact who had met with Richard Nuccio, then-President Bill Clinton's special advisor for Cuba, who "was very depressed" by Cuba's shoot-down of two Brothers to the Rescue planes killing three Cuban-American men and a Cuban exile and the subsequent Helms-Burton law toughening the U.S. embargo against Cuba.

· Lula Rodriguez, a Miami-Dade Democrat who later became personal assistant to then-Attorney General Janet Reno and eventually deputy assistant secretary of state for public affairs in the Clinton administration.

"Although it was Carlos Alvarez alone who would write and encrypt the reports [on computer disks], the reports would include information gathered by Elsa Alvarez as well," wrote Assistant U.S. Attorney Matthew Axelrod. 'The reports would be signed with the names `David and Deborah,' the code names given to Carlos and Elsa Alvarez by the [Cuban Intelligence Service]."

Axelrod filed the couple's computer information obtained by the FBI under court seal. But he cited sections to bolster his argument that Carlos Alvarez should receive the maximum five-year prison sentence for pleading guilty in December to conspiring to act as an unregistered agent for Cuba's communist government.

Axelrod also cited parts to back his argument that Elsa Alvarez, an FIU counselor on unpaid leave, should receive 21 months' imprisonment for pleading guilty to knowing about her husband's illegal activities and harboring him.

Carlos Alvarez's attorney, Steven Chaykin, called the latest filing ``another example of the government overstating the nature of this case."

DEEP REGRET

"Dr. Alvarez deeply regrets having disclosed information to the Cuban Intelligence Service regarding details of a personal nature about Mr. Maidique in the late 1980s and early 1990s," Chaykin said. ``But at the time, he didn't think the information was of any import or consequences -- he knew Mitch Maidique well and that he was a leader in the Cuban American community, and he was a moderate."

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Chaykin said the rest of the information was readily available from newspapers and other public sources, saying Carlos Alvarez's goal was to loosen the U.S. embargo against Cuba. "That was his thinking process, that he could make a difference," Chaykin said.

The Alvarezes' arrest in January 2006 sent shock waves through South Florida's exile community.

"This man has been dealing with sensitive information for years," said Basulto, a founder of Brothers to the Rescue.

"Don't tell me this is research on the exile community," added Basulto, who denied any involvement with the CIA since the 1961 Bay of Pigs invasion or any investments in Bacardi. ``This is information used for strategic purposes by the Cuban government."

The Alvarezes averted a difficult jury trial on the more serious, previous charge of being Cuban agents who did not register with the U.S. government, an offense that carried up to 10 years in prison.

Their plea deals were struck after U.S. District Judge K. Michael Moore decided to allow a major piece of incriminating evidence at trial -- Carlos Alvarez's "confession" in summer 2005 to the FBI of his collaboration with Cuban intelligence agents, including use of a home computer, encrypted disks and travel to the island. Carlos Alvarez had destroyed much of the information on his hard drive, but not all of it.

30 YEARS AGO

Prosecutors believe Carlos Alvarez began spying for Cuba in 1977 and that Elsa Alvarez became aware of it in 1982.

Chaykin, in court papers, has urged Moore to be lenient, saying Carlos Alvarez should be sentenced to the time he has already served since he was placed in custody in January 2006 in the Federal Detention Center in downtown Miami. Alternatively, he recommended that Alvarez serve whatever sentence he receives at his Miami-Dade home.

Chaykin portrayed Alvarez, 61, a longtime FIU psychology professor before his resignation last year, as a naive intellectual trying to manipulate his Cuban handlers to find an alternative to the U.S. embargo that could lead to the end of the Castro government.

"Of course, Carlos Alvarez did not realize until it was too late that it was he that the [Cuban Intelligence Service] was after, not his information," Chaykin wrote. ``It was he who had been manipulated, not the Cubans. Once he realized he was trapped, there was nothing he could do but to do as little as he could get away with, and pray he would not be exposed by the Cuban government for propaganda value."

In an interview, Chaykin said his client's naiveté with the Cuban Intelligence Service also got him into trouble with the FBI when agents interviewed him three times at a local hotel without a lawyer present. The attorney said Alvarez believed that the FBI agents promised ``all he had to do was tell them the truth and they would leave him alone."

The agents said Alvarez's confession amounted to enough evidence to charge him and his 56-year-old wife.

Many Knew Of FBI Probe (MIH)

By Todd Wright

Miami Herald, February 27, 2007

Questions are swirling about how two Hollywood police officers knew about an undercover FBI probe into their alleged illegal activity.

Hollywood Police Chief James Scarberry told as many as eight city officials about a two-year undercover FBI probe into his department, defying FBI instructions and possibly opening himself to prosecution.

Word of the FBI investigation somehow reached two of the four veteran officers who were the initial targets of the sting, forcing the FBI to prematurely end the probe and arrest the officers who the feds said were involved.

FBI officials said they told Scarberry to tell no one about the investigation after they informed him on Jan. 18.

But Scarberry told Assistant Chiefs Chadwick Wagner and Louis Granteed, Majors James Jones and Frank McGarry, and two captains on the force.

Within seven days, City Manager Cameron Benson and Mayor Mara Giulianti were added to the list of those who "needed to know," Scarberry said.

Scarberry stands by his decision to tell the mayor, city manager and six high-ranking officers on the force about the sting.

He said he was less than thrilled with the idea that more officers in his department might be implicated in wrongdoing, but contends the FBI never told him not to tell anyone else.

"I was supportive of what the FBI wanted to do," said Scarberry, dismissing the notion that the leak came from inside the department. ``Was I somewhat reluctant? Yes, I was. If I didn't want the investigation to go forward, I would have suspended them immediately and shut the thing down."

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Veteran officers Kevin Companion, Stephen Harrison and Jeff Courtney were arrested on Thursday and accused of a wide range of crimes, including extortion, bribe-taking, dealing in stolen property, protecting a rigged, high-stakes card game, cargo theft and transporting a large load of heroin.

UNDERCOVER AGENT

A fourth officer, Thomas Simcox, is expected to turn himself in this week.

He made a deal to work as an undercover agent for the FBI about a month ago.

The group was snared in an FBI sting in which agents posed as members of a New York organized crime family needing added protection for its South Florida operations.

Companion, the ringleader, recruited the other three officers to assist the agents.

In addition, he had contact with several other officers, who have yet to be named, FBI officials said.

The city will conduct its own internal investigation to identify the other officers, who likely will be fired, Scarberry said.

Investigators realized that Companion and Courtney had learned of the probe when the two called in sick Monday through Thursday of last week, then began inquiring about their retirement benefits.

The U.S. Attorney's Office would not comment on whether any action would be taken against Scarberry.

"This was an undercover operation, which means it was conducted in secret. That's how it works," said Alicia Valle, spokeswoman for the U.S. Attorney's Office. ``. . . We are not going to be pointing fingers at this time. . . . If evidence comes that there was a leak in the city, then we'll pursue it at that time. That's a very serious allegation."

Scarberry said he does not believe information was passed to the officers by anyone he told.

"I seriously doubt any one of them released the information," he said. ``There was nothing to accomplish by doing that."

But FBI agents were furious that someone leaked information before the investigation was complete, a ranking federal law enforcement source said.

Before the case unraveled, the FBI and the U.S. Attorney's Office approached Scarberry about using Simcox in an undercover role to try to snare other Hollywood officers in the scheme.

Scarberry objected, the source said.

"He didn't want to look under any further rocks. He wanted to cauterize it," the source said.

Scarberry denied that.

"We were extremely cooperative," he said.

``Of course I was not happy with [the FBI being] in my department."

JUSTICE OBSTRUCTION

Scarberry's actions could fall under the broad federal guidelines for obstruction of justice, said Martin Jaffe, a Hollywood criminal defense attorney. Jaffe was former chief prosecutor for organized crime and public corruption cases in Broward County for 15 years, before switching sides.

Actions such as telling others information about an undercover operation, leaking information to suspects, leaving out classified documents for people to see or withholding information would all qualify under federal rules.

IMPEDES A PROBE

The rule of thumb is that if your action or inaction impedes a federal investigation, you could face obstruction of justice charges, Jaffe said.

It's usually not a good idea to tell people about an FBI undercover investigation, especially if agents told you not to, Jaffe said.

"From a law enforcement perspective, you would think you'd want to keep the people who know anything to the fewest as possible," he said. ``That way, it's less likely there will be a breach."

Miami Herald staff writers Dan Christensen, Wanda J. DeMarzo and Jay Weaver contributed to this report.

Arrests Of Hollywood Officers Jeopardize 61 Criminal Cases They Handled (FLSUNSEN)

By Vanessa Blum And Ihosvani Rodriguez, South Florida Sun-Sentinel

South Florida Sun-Sentinel, February 27, 2007

A former state legislator charged with having sex with a teenager, a man accused in the rape of a 60-year-old woman, and a man who police said molested his 13-year-old stepdaughter are among defendants in 61 pending cases jeopardized by alleged corruption in the Hollywood police department.

The prosecutions, each involving one of four veteran officers charged last week with corruption and drug offenses, are under review by lawyers in the Broward State Attorney's Office, said felony chief Jeff Marcus.

LocalLinks

At the same time, the FBI continued to look into leaks from the Hollywood Police Department that prematurely exposed an undercover investigation of suspected dirty cops. The leaks forced agents to wrap up the sting instead of following up on other leads that could have produced more arrests, according to a federal law enforcement official familiar with the matter.

Detective Kevin Companion, 41; Sgt. Jeffry Courtney, 51; Officer Stephen Harrison, 46; and Detective Thomas Simcox, 50, are accused of providing services to FBI agents posing as mobsters in exchange for cash, sometimes using official police vehicles and equipment.

Companion, Courtney and Harrix son were arrested Thursday and released on bail. Simcox, who was cooperating with investigators, is expected to surrender Wednesday.

Howard Finkelstein, chief public defender for Broward County, said the scandal's effect on pending criminal cases could be "huge."

"This is as serious as it gets," Finkelstein said. "Cases could very easily fall apart."

He said he would advise his staff to take a close look at current and past cases involving all Hollywood police officers, not just the four charged. "I want to find out about every dirty cop in the city of Hollywood," Finkelstein said.

The four officers were involved in pending felony cases that include child sexual abuse, vehicular homicide, kidnapping and drug charges. Companion and Simcox, who ran the sex-crimes unit for the Hollywood police, handled 45 cases, Marcus said.

"We're going through case-by-case to determine what impact there is," he said.

Perhaps the highest-profile prosecution called into question involves a former state legislator who police say admitted paying for sex with a Hollywood madam and an underage girl.

Barry Kutun, 65, surrendered last year after Hollywood police charged him with two counts of unlawful sexual activity with a minor. He was subsequently fired from his post as North Miami's city attorney.

Kutun's attorney Richard Sharpstein said Simcox was the original lead detective in the Hollywood case, adding it was too early to tell how his involvement would impact Kutun's defense.

Simcox also participated in a case where a good Samaritan chased down a man accused of raping a 60-year-old woman in a Hollywood alley on New Year's Day.

Simcox arrested Juan Moreno, 38, whom the woman identified in front of police, on one count of sexual battery with a weapon, records show. The woman suffered serious injuries, including a deep cut on her neck after her attacker allegedly used a belt to try to strangle her.

Assistant Public Defender Jose Alberto Reyes, who represents Moreno, could not be reached for comment Monday. In the case of the man charged with repeatedly molesting his teenage stepdaughter, it was Companion who took the girl's statement at her Hollywood home in December.

The suspect's attorney, Alex Rivero, said that makes him "raise an eyebrow."

"It's definitely something I have to look into," Rivero said Monday. The South Florida Sun-Sentinel is not publishing his client's name to protect the stepdaughter's privacy.

Alberto Milian, a former Broward state prosecutor, said the officers' arrests would undoubtedly cause headaches for his former office.

"It's going to raise credibility issues every time a police officer, especially a Hollywood police officer, testifies," he said. Dennis Siegel, head of the sex crimes unit of the Broward State Attorney's Office, said lawyers would look for ways to make their cases without relying on testimony from the accused officers.

'Waltz' Sting's Newton Leaves Halfway House (KNOXNS/AP)

By Associated Press

Knoxville News Sentinel (TN), February 27, 2007

CHATTANOOGA - Former Republican state Rep. Chris Newton of Cleveland has been freed from a federal prison system halfway house where he finished a one-year sentence in the FBI's "Tennessee Waltz" bribery sting.

The Polk County native served 9 1/2 months in a minimum-security prison in Atlanta, then another month at a halfway house in Knoxville. He was released Friday but has remaining community service and two years of probation to serve.

Newton is among five current or former state_lawmakers charged with taking bribes from FBI agents who posed as businessmen seeking legislative favors. Local officials in Memphis and Chattanooga and two "bag men" also were charged in the operation.

Newton, 36, pleaded guilty to extortion and bribery conspiracy and then resigned in the middle of his sixth term in the General Assembly.

He also was fined $10,000 for taking a $1,500 bribe.

After pleading guilty, Newton told reporters he "became caught up in business as usual" at the state Capitol.

The Tennessee Waltz scandal prompted a special session of the Legislature and passage of legislation creating an independent ethics commission for lawmakers. The law also restricts contact that lobbyists can have with lawmakers and caps cash political contributions.

SoCal Woman Pleads Guilty To Leading $12M Fraud Scheme (MERCN)

The San Jose Mercury News, February 27, 2007

LOS ANGELES - A woman pleaded guilty Friday to federal mail fraud and money laundering charges for leading a $12 million foreclosure scam that victimized more than 100 Southern California homeowners.

As part of a plea deal Martha Rodriguez, 35, of Downey admitted she led the scheme from May 2003 until November 2005 out of her real estate and escrow agencies, the U.S. attorney's office said.

She faces up to 40 years in prison when she is sentenced August 20. Rodriguez also agreed to forfeit to the government her interest in five homes, a truck and about $900,000 in cash.

According to a federal grand jury indictment, Rodriguez and four others visited homeowners defaulting on their mortgages and offered to stop their foreclosures with short-term loans and refinancing options. But instead of applying for refinancing, the defendants allegedly submitted loan applications to banks under the names of the homeowners.

The five allegedly pocketed the loan money from the banks, which were never repaid. The scammed homeowners, meanwhile, lost their property titles, prosecutors said.

Also indicted were Cynthia Valenzuela, 24, of Downey; Vladimir Stefanovic, 35, of Lancaster; Edward Seung Ok, 40, of Huntington Beach; and Maria G. Juarez, 36, of Diamond Bar.

Valenzuela pleaded guilty Feb. 16 to mail fraud charges. The other three defendants were scheduled to go to trial on July 10.

Technology Aids Credit-card Crooks (MINNST)

By Chris Serres

Minneapolis Star Tribune, February 27, 2007

Digital camera technology and account-number software have made it difficult even for experts to spot counterfeit credit cards.

After 20 years as a financial crimes investigator, Joe Guy of the Roseville Police Department was reasonably confident of his ability to detect a counterfeit credit card.

But Guy looked perplexed as he gazed at a fake American Express card confiscated two weeks ago from Ricardo Petit-Homme, a 29-year-old from the New York City borough of Brooklyn, who was charged with stealing more than $22,000 in computer equipment from local Apple stores.

"This card looks so good, it damn near fooled me," Guy said, as he put it under a magnifying glass.

Over the past year, Twin Cities law-enforcement officials and retailers have become troubled by a dramatic jump in the sophistication of counterfeit credit cards, which have been linked to tens of thousands of dollars in thefts at local malls and shopping centers.

U.S. losses from stolen and fraudulent credit cards totaled $3 billion last year, according to the National Retail Federation, a Washington, D.C.-based trade group.

Financial crimes investigators say neither retailers nor credit-card companies are doing enough to stay ahead of the technology used by counterfeiters. It's possible to download computer programs from the Internet that automatically generate thousands of credit-card numbers at a time. These numbers so closely mimic authentic numbers, which are generated by computers using set patterns, that they fool credit-processing machines used at many stores and restaurants.

The fake cards are appearing at a time when credit-card fraud is already on the rise. The Minnesota Financial Crimes Task Force, a state law-enforcement agency that investigates financial crimes, prosecuted 1,900 cases of financial fraud last year, up 70 percent from the previous year. About 80 percent of the cases involved counterfeit credit cards and checks, according to John McCullough, business coordinator for the task force.

The Roseville Police Department and the FBI are investigating an organized ring of 20 people who they say stole goods worth more than $250,000 in local electronics stores, primarily by using stolen credit-card numbers and fake IDs. Investigators believe the group sold much of the stolen merchandise online.

And last February, a 21-year-old named Zhan Biao Zhan went on a buying spree with fake credit cards at Mall of America jewelry stores, buying $12,000 worth of Rolex watches, according to a Bloomington police report. Zhan, who used a fake driver's license with the name Benny Wong, was arrested after he attempted to buy two more Rolex watches from R.F. Moeller Jewelers in Edina.

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"It's like the Alamo -- they keep coming over the walls," McCullough said. "We're grossly understaffed to investigate all these cases."

To the naked eye, the eight credit cards confiscated from Petit-Homme look like the real thing. The MasterCards had the slanted letters "MC" next to the expiration date -- a feature normally absent from counterfeit cards. The four-digit bank identification numbers were printed directly below the first four digits on the card; with phony cards, those numbers are often absent or altered somewhat.

They look so real

Even when Roseville police placed the cards under ultraviolet lights, they still seemed authentic. Under the lights, the letters "AMEX" and the bust of a Centurion were visible on the American Express cards -- an effect that is impossible to duplicate without sophisticated technology. The holograms on all the cards also looked real.

The magnetic strips on the cards didn't work, but the account numbers on all of them were valid, so the Apple salespeople made the sales after keying in the numbers. "It's worrisome. Once you jump a hurdle with technology, you never go back," Guy said. "Eventually, these are going to be the benchmark for what we see in the field."

Traditionally, accessing credit-card numbers has been the chief obstacle to producing large numbers of fake cards. But with modern technology, that's no longer as difficult. Using digital cameras, bank tellers and store clerks can photograph the fronts and backs of credit cards surreptitiously. And computer software available on the Internet can generate account numbers using the same algorithms as the credit-card companies.

"It's now possible to buy and sell batches of account numbers," said Mike Hartley, a detective in the property crimes unit of the Bloomington Police Department.

According to a Roseville police report, Petit-Homme managed to steal six computers at three local Apple stores before police nabbed him. Typically such thieves aren't caught, and Petit-Homme probably would have gotten away with it had he been more temperate with his purchases.

An alert employee at the Mall of America Apple store wondered how a man dressed in a worn jacket could afford two laptops and related computer applications. His purchase totaled $6,668.27. The employee called other Apple stores in the area to alert them; when the man bought the exact same merchandise at the Apple store at Rosedale Center, police were called immediately.

After his arrest, police searched Petit-Homme's car and found a printed list of stores and shopping centers. The list included addresses for the Shoppes at Arbor Lakes, the Galleria in Edina, four local Apple stores and several jewelry stores.

Conversations with Petit-Homme led Roseville police to believe that he was acting on behalf of a larger organization based in Brooklyn. He carried a counterfeit New York driver's license with the name Andrew Waters, the same as on the fake cards.

Police aren't sure why he was buying the same computers, but theft rings often buy products in bulk because they've already lined up buyers.

"It's much, much simpler that way," Guy said.

Justices Take Up Police Use Of Lethal Force (NYT)

By Linda Greenhouse

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — There was no dispute in the Supreme Court on Monday about the disastrous consequences of a high-speed police chase over the back roads of a rural Georgia county six years ago.

A deputy sheriff caught up with the car that he and other officers were pursuing and, still traveling at high speed, rammed it with his own car, causing an accident that left Victor Harris, the 19-year-old driver, a quadriplegic. Mr. Harris's original offense that set off the chase: driving 73 miles an hour in a 55-mile-an-hour zone. The Coweta County police delivered speeding citations to his hospital room.

The question for the court was whether the forcible termination of the chase had been reasonable under the circumstances, or whether a jury should at least be permitted to consider Mr. Harris's claim that Deputy Sheriff Timothy Scott violated his constitutional rights by unreasonable application of deadly force. At issue were the standards to apply to such a determination.

The United States Court of Appeals for the 11th Circuit, based in Atlanta and not known for being overly solicitous toward criminal defendants, ruled in 2005 that Mr. Harris was entitled to take his suit for damages to a jury. The appeals court refused to give Deputy Scott either summary judgment or immunity, basing its ruling on a series of Supreme Court decisions from the 1980s that set boundaries on the use of deadly police force against fleeing criminal suspects.

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But the lawyers arguing for the deputy, both Philip W. Savrin of Atlanta and Gregory G. Garre, a deputy solicitor general in the Justice Department, argued that those precedents were not relevant, given the particular danger that Mr. Harris's driving, at speeds of up to 90 miles an hour on dark and winding country roads, had posed to other drivers.

The court's leading precedent, Tennessee v. Garner, from 1985, held that the police had acted unreasonably in shooting an unarmed suspect in the back as he fled from a house he was suspected of burglarizing.

But this case, Scott v. Harris, No. 05-1631, is "fundamentally different from Garner," Mr. Garre said. When the deputy decided to use force, Mr. Garre continued, he "reasonably determined" that Mr. Harris "posed a grave threat to other motorists, the police and any bystanders who might come in his way."

Most justices appeared to agree rather readily, describing their reactions to watching a videotape of the pursuit, made by an automatic camera mounted on the deputy's dashboard, which is part of the record of the case. "He created the scariest chase I ever saw since 'The French Connection,' " Justice Antonin Scalia observed. Justice Samuel A. Alito Jr. told Craig T. Jones, Mr. Harris's lawyer, that his client "created a tremendous risk" to other drivers.

Only Justices John Paul Stevens and Ruth Bader Ginsburg raised the question of whether it would have been more reasonable for the police simply to have abandoned the chase. "If the police weren't after him, there is no indication that he would have been speeding," Justice Ginsburg said.

Justice Stevens raised the issue repeatedly. When Mr. Garre gave a hair-raising description of Mr. Harris's behavior in trying to elude the police, Justice Stevens observed, "Before being chased he hadn't done any of this."

And when Deputy Scott's lawyer, Mr. Savrin, said he had decided to intercept Mr. Harris after concluding that there was "a high likelihood, in fact a probability," that harm would otherwise come to others on the road, Justice Stevens asked, "Would that have been likely if the officer had discontinued the chase?"

Chief Justice John G. Roberts Jr. intervened several times to depict the deputy's behavior as reasonable. "Is it reasonable to suppose that there might be something more going on if the guy is trying this hard to get away from a speeding ticket?" the chief justice asked at one point. Later he suggested that the car might have been stolen or that the deputy could have assumed Mr. Harris was being pursued "for mass murder or terrorism."

With the court seemingly set against him, it was not easy for Mr. Harris's lawyer, Mr. Jones, to get much traction during his 30 minutes at the lectern. His client was "an unsafe driver," he said, but was not an aggressor. Mr. Harris even used his turn signal when he passed other cars, Mr. Jones noted.

That drew a sarcastic response from Justice Anthony M. Kennedy. "He used the turning signal!" Justice Kennedy said, adding, "That's like the strangler who observes the 'no smoking' sign."

For deadly force to be justified under the Fourth Amendment's ban on unreasonable seizure, Mr. Jones persisted, "something more than just unsafe flight" is required. The rule the Supreme Court set 22 years ago in the Garner case to protect fleeing suspects should apply in this setting as well, he said, adding:

"The rule simply says you don't kill him just because he is driving unsafely. And it simply says that if the choice is between killing him and letting him go, you have to let him go if the Garner factors aren't present. And we find nothing in the law and no reason to create a new exception in the law that says that Garner doesn't apply if you're fleeing by vehicle."

Court Ponders Police Chase Liability (LAT)

By David G. Savage

The Los Angeles Times, February 26, 2007

WASHINGTON -- Can a police officer be sued for hitting into a fleeing car during a high-speed chase and causing an accident that leaves the driver badly injured or dead?

The Supreme Court took up that question today in a case from rural Georgia, and the likely answer appeared to be "no."

The case has drawn wide attention because it could set national rules to limit police chases. More than 300 people per year are killed in police chases. Most of the victims are the motorists who tried to flee the police, but a substantial number are innocent bystanders. Each year, several police officers die in such chases.

But during the oral arguments today, most of the justices said they were not inclined to restrict the police from using force when they are pursuing a dangerous speeder.

The fleeing motorist "is creating a grave danger" to others on the highway, said Justice Samuel A. Alito Jr.

"We are talking about 90 miles per hour on a two-lane road," said Chief Justice John G. Roberts Jr., referring to the case before the court.

Six years ago, 19-year-old Victor Harris was paralyzed after losing control of his speeding Cadillac in Coweta County, Ga. He had been clocked going 73 mph on a highway where the speed limit was 55.

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When a police officer flashed his blue light, Harris sped away. He was pursued through the parking lot of a small shopping center, where he collided with a police car.

Still undeterred, Harris raced down a dark and winding two-lane road, sped through red lights and swerved back and forth across the lanes to avoid other cars.

"Go ahead and take him out," a police supervisor radioed to Deputy Timothy Scott. Unable to stop Harris safely, Scott rammed into the rear bumper of the Cadillac, causing it to spin. The car careened over an embankment and the accident left Harris a quadriplegic.

That was the "scariest chase I ever saw since 'The French Connection,' " said Justice Antonin Scalia, referring to a police videotape of the chase that was supplied to the court. "It was frightening ... cars coming in the opposite direction, at night, on a two-lane winding road," he said.

Several other justices said they, too, had watched the videotape and agreed with Scalia's description. Harris had "created a substantial risk of serious bodily harm to others. How would a jury find otherwise?" asked Justice David H. Souter.

In his client's defense, Harris' lawyers said the young man had been driving "under control" and used his turn signals when he changed lanes.

"He used the turning signal! That's like the strangler who observes the 'no smoking' sign," interjected Justice Anthony M. Kennedy.

Despite the scary scene captured on the police video, Harris won two preliminary victories in the lower courts. He had sued Scott, alleging that the ramming of his car by the deputy amounted to excessive force and therefore violated the 4th Amendment and its ban on "unreasonable searches and seizures."

Lawyers for the police expected this claim would be rejected. Instead, both a federal judge and the U.S. court of appeals in Atlanta said the suit should go before a jury.

More than 20 years ago, the high court had said an officer may not use "deadly force" to stop a fleeing suspect unless he poses a true risk to the public or the police. That ruling arose when a police officer, answering a burglary call, encountered a teenage boy in the backyard and shot him in the back of the head.

Last year, the appeals court in Atlanta said the same rule against the use of "deadly force" should apply in cases involving high-speed chases. If that rule were upheld by the Supreme Court, it could force the police to break off high-speed chases and to let fleeing motorists get away.

But most of the justices said today they leaned in favor of a ruling that says police may use reasonable force to stop a dangerously speeding vehicle.

It will be several months before the justices issue a ruling in the case of Harris vs. Scott.

Justices Weigh Police Chase Video (WP)

By Robert Barnes

The Washington Post, February 27, 2007

The Supreme Court relies on precedents and case law, dry recitations of fact and the sometimes bloodless decisions of the courts below it. But in a case involving a now-paralyzed man who instigated a high-speed police chase, most of the justices, as a sportscaster might say, went to the videotape.

And the reviews rolled in.

"He created the scariest chase I ever saw since 'The French Connection,' " Justice Antonin Scalia said during yesterday's hour-long oral arguments.

Justice Ruth Bader Ginsburg: "Anyone who has watched that tape has got to come to [the] conclusion, looking at the road and the way that this car was swerving, and the cars coming in the opposite direction . . . this was a situation fraught with danger."

Videotape, in this case taken from cameras inside the police cars, is an unusual piece of the record for Supreme Court justices to weigh, but it is at the heart of Scott v. Harris (05-1631). The tape was not played yesterday, but it appeared that a majority of the justices had watched it.

The case involves Coweta County Deputy Sheriff Timothy Scott's decision in 2001 to end a wild, high-speed chase through dark and wet Georgia highways by finally ramming the back of Victor Harris's Cadillac, sending him down an embankment and flipping his car. Harris, then 19, was left a quadriplegic and has sued, claiming it a violation of his constitutional rights for Scott to take such drastic action.

Scott has countered that his maneuver was reasonable to save others who were endangered by Harris's unlawful driving and that, even if not, he should be granted immunity because it was not clearly established law that his action would violate Harris's Fourth Amendment right to unreasonable seizure.

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The case comes amid a backdrop of sensational high-speed police chases that have become a staple of cable television shows, as well as increasing debate about whether it is more dangerous for law enforcement officers to chase and capture wrongdoers than to let them go and hope to arrest them later.

In this case, both a lower court and the U.S. Court of Appeals for the 11th Circuit have ruled in favor of Harris. The 11th Circuit said that Scott's actions constituted deadly force, and that it was unreasonable because the officer had no reason to think Harris had done anything more than violate traffic laws. The police gave chase because they clocked him going 73 mph in a 55-mph zone.

"Mr. Harris was simply an unsafe driver," his attorney, Craig T. Jones of Atlanta, told the justices. Jones agreed that Harris should have stopped when officers attempted to pull him over, and that the chase, which lasted six minutes and covered nine miles, involved speeds of more than 90 mph.

But he pointed out that Harris, who Jones has said panicked when police gave chase to him, did not use his car to try to assault other drivers, and that at times he even used his turn signals. That fact did not elicit much sympathy.

"He used the turning signal," repeated Justice Anthony M. Kennedy. "That's like the strangler who observes the no-smoking sign."

Still, Jones argued, Supreme Court precedent holds that police may not use deadly force to stop fleeing suspects unless the suspects threaten the officer with a weapon or there is reason to believe they have committed a serious crime of physical harm or are a threat to do so.

And he said the police pursuit of his client is what created the dangerous conditions.

After Harris had eluded Scott and other officers, Scott told a fellow officer to "let me have him, my car's already tore up." He asked a supervisor for permission to ram Harris's vehicle from the side, which could cause him to spin around and stop. "Go ahead and take him out," the supervisor replied.

But Scott decided he could not make that work, because of the speed at which they were traveling and the road conditions, so he rammed Harris from behind, which sent him careening off the road.

Deputy Solicitor General Gregory G. Garre, who represents the Bush administration's support for Scott, said the deputy sheriff's split-second decision was valid. "When a suspect disobeys a lawful command to stop, races off in a reckless attempt to elude the police, and demonstrates a disregard for his own life and the lives of others in his path, the police may use force, including deadly force, to bring the suspect's vehicle flight to a halt and protect the public safety," he said.

But Jones pointed out that the 11th Circuit had found otherwise, and that the justices' rules for hearing questions of immunity require them to accept the lower court's finding of facts.

Justice Stephen G. Breyer said seeing the videotape himself makes that complicated. He said he had been back and forth on the case until he saw the tape. "Am I supposed to pretend I haven't seen that?"

"Well, I think you apply the law, Your Honor," Jones replied.

Breyer said later that he would look at the tape again, but was afraid that "I end up with Chico Marx's old question with respect to the Court of Appeals: Who do you believe -- me or your own eyes?"

High Court Case Could Change Car-chase Rules (USAT)

By Joan Biskupic

USA Today, February 27, 2007

WASHINGTON — The nocturnal chase began near Atlanta after a deputy sheriff clocked Victor Harris driving 73 miles per hour in a 55 mph zone and turned on the siren. Harris sped off, weaving past other cars and going through red lights.

He turned into a parking lot, hit the cruiser of another deputy, Timothy Scott, and sped back on the highway. Scott pursued Harris, then slammed into Harris' car to stop him. The car went down an embankment, crashed and left Harris, then 19, a quadriplegic.

In a nationally watched case heard Monday by the Supreme Court, Harris sued Scott for violating his Fourth Amendment right against unreasonable seizures. He said Scott was wrong to use such an extreme maneuver when Harris' only wrongdoing was speeding.

Harris won in an early stage of his lawsuit in which a lower court said Scott could be held personally liable for Harris' injuries. Scott's lawyer is asking the justices to reverse an appeals court's decision that said Scott lacked grounds to believe Harris posed a threat of serious harm to others.

The high court's decision could broadly affect the rules for police chasing fleeing suspects.

High-speed chases, a staple of TV news, are controversial because they often cause injuries to suspects, innocent bystanders and police officers themselves.

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Harris "created the scariest chase I ever saw since The French Connection," Justice Antonin Scalia said Monday, referring to the gritty 1971 cop film set in New York City. Scalia and other justices viewed the dashboard camera videotape of the 2001 chase.

Other justices, too, suggested by their comments that lower-court judges wrongly assessed the risk Harris created.

"This was a situation fraught with danger," Justice Ruth Bader Ginsburg said.

Scott, and groups siding with him, including 28 states, say that the court should reverse the appeals court and provide more protection from lawsuits for police who injure others in the line of duty. Civil libertarians and defense lawyers stress the need to hold police accountable for extreme tactics.

Philip Savrin, Scott's lawyer, said he acted properly in hitting Harris' car.

"There was a high likelihood that this was going to end in tragedy," Savrin said.

Deputy U.S. Solicitor General Gregory Garre, representing the Justice Department and on Scott's side, said police can use "deadly force" to stop a speeder if he is "a substantial risk" to others.

Craig Jones, Harris' lawyer, argued that if the court applies that standard merely to a person's driving, it would be easier for police to defend using deadly force and "to literally take out anyone who is speeding."

Jones insisted Harris never lost control of the car until it was hit. "He only crossed the center line to pass, and when he passed, he used his turn signal," Jones said.

"That's like the strangler who observes the no-smoking sign," Justice Anthony Kennedy said.

Chase Video Steals Show As High Court Hears Case On Police Force (LAW)

By Tony Mauro, Legal Times

Legal Times, February 27, 2007

Even at the Supreme Court, a picture -- or in this case, a video -- can be worth a thousand words. Or more.

In the case of Scott v. Harris, which was argued Monday, justices debated whether Coweta County, Ga., sheriff's deputy Timothy Scott used reasonable force in 2001 when he rammed his vehicle into a Cadillac he was pursuing during a high-speed chase. The driver, Victor Harris, who at the time was 19, had been targeted for speeding. Scott's maneuver was intended to end the chase, and it did. Harris' car careened down an embankment, leaving him paralyzed from the neck down. Harris sued, and Scott claimed he had qualified immunity -- which the 11th U.S. Circuit Court of Appeals denied him.

The qualified-immunity issue was barely mentioned as lawyers for both sides argued over the standards the high court has used in deciding whether police act reasonably when they use deadly force -- and even whether the standard is relevant to what happened to Harris. But what justices kept coming back to was the video of the six-minute chase, taken by dashboard cameras in the police cars involved. The grainy nighttime video, part of the public record in the case, shows the car reaching 90 miles per hour as it sped by other motorists under pursuit by the police.

The video was not shown in the courtroom, but it was evident that most if not all the justices had seen it -- and been affected by it.

On the film, Scott is heard asking for and getting permission to use PIT, or Precision Intervention Technique -- a method whereby police can end a chase with a maneuver that causes a car to spin out and stop. But because of the high speeds involved, Scott ultimately decided to ram Harris' car directly, causing the car to run off the road. Justice Antonin Scalia called it "the scariest chase I ever saw since 'The French Connection'" as he grilled the lawyer for Harris, Craig Jones of Edmond & Jones in Atlanta. "It's frightening."

And Justice Stephen Breyer, thinking out loud, told Jones he had been "shifting back and forth" as he read the briefs in the case, "and then I looked at the tape."

Quoting from the noted legal scholar Chico Marx -- of Marx Brothers fame -- Breyer later said, again referring to the tape, "Who are you going to believe, me or your own eyes?" The quote is from the classic Marx Brothers' movie "Duck Soup."

Justice Samuel Alito Jr. also said watching the tape led him to think that Harris created "tremendous" risk to other drivers by speeding, and Ruth Bader Ginsburg agreed that the tape showed the situation was "fraught with danger," implying that the officer was acting reasonably in ending the chase however he could.

Jones tried to argue that Harris did not pose an immediate threat to anyone when he was speeding, and even bragged that Harris had "used the turn signal" as he shifted from lane to lane.

Justice Anthony Kennedy interjected sarcastically, "That's like the strangler who observes the no-smoking sign."

For some justices, the video may also have cut against the officer, whose lawyer, Philip Savrin of Freeman Mathis & Gary in Atlanta, argued that the ramming did not amount to the use of deadly force.

Justice David Souter, who had also seen the video, was incredulous as he asked Savrin how the officer could have reasonably believed his actions would not result in death or serious injury.

When Savrin said not all high-speed chases result in injury, Souter said, "Some people are lucky."

Justice John Paul Stevens, who also appeared sympathetic to the target of the chase, kept asking why the officer had not simply stopped chasing the Cadillac -- which, he said, would have resulted in Harris slowing down and being captured by a roadblock or other means down the road.

Scalia came to the officer's defense, arguing that merely ending the chase without stopping Harris might have left Harris free to endanger "the public at large."

The 11th Circuit ruled that "the use of deadly force is not 'reasonable' in a high-speed chase based only on a speeding violation and traffic infractions where there was little, if any, threat to pedestrians or other motorists as the roads were mostly empty and Harris remained in control of his vehicle."

Court Turns Away Appeal By Mohawk Industries (WSJ)

By Mark H. Anderson

The Wall Street Journal, February 27, 2007

WASHINGTON -- The U.S. Supreme Court Monday refused to rehear a worker immigration lawsuit filed against Mohawk Industries Inc., rejecting a renewed appeal a year after sending it back to lower courts.

The justices last year remanded the lawsuit to a federal court so it could determine whether allegations that the company hired illegal immigrants and suppressed worker wages could proceed as a civil racketeering lawsuit. Last year's action gave the carpet and floor-coverings company a new chance to stop the worker lawsuit, filed under the Racketeer Influenced and Corrupt Organizations, or RICO, Act. But the Eleventh U.S. Circuit Court of Appeals in Atlanta ruled the lawsuit could proceed against the company.

Mohawk Industries, in its latest appeal, said the Eleventh Circuit ruling amounted to a "cramped misinterpretation" of the legal precedent the Supreme Court asked lower courts to use as guidance in the racketeering suit. "The Eleventh Circuit decision permits plaintiffs to proceed with racketeering suits based upon ordinary business conduct," the company said in its appeal.

Mohawk Industries was sued in January 2004 by a group of current and former hourly workers. The company attempted to get the suit thrown out of a federal court, but first a trial court and then the Eleventh U.S. Circuit Court of Appeals said the lawsuit could proceed, before the Supreme Court heard the first appeal last year and remanded it based on a decision in another case involving the RICO statute.

That outcome left unanswered a significant legal question presented by the Mohawk Industries appeal on whether corporations, when working with a third-party contractor, meet the definition of an "enterprise" in federal racketeering laws. The case is Mohawk Industries v. Williams.

Court Rejects Iraq Wrongful-Death Case

Also Monday, the high court rejected an appeal from Blackwater Security Consulting LLC, a defense contractor fighting a state wrongful death suit over the 2004 death of four of its employees in Fallujah, Iraq. The workers were killed at a mob scene where they were beaten, set on fire and their remains were mutilated and hung from a bridge. The four men were with a truck convoy headed for U.S. Army Camp Ridgeway in Iraq.

In January 2005, the estates for the four sought damages under North Carolina's wrongful death statute, despite efforts by the defense security contractor to obtain benefits under a special Defense Base Act that provides compensation to the families of individuals killed in a war zone. Blackwater Security attempted to get the state suit dismissed, arguing the federal defense compensation program, administered by the Labor Department, was the families' exclusive remedy. A U.S. District Court and the Fourth U.S. Circuit Court of Appeals in Richmond, Va., declined to intervene with rulings that let the lawsuit proceed in North Carolina.

Blackwater Security, in its appeal, said the federal court decisions expose "civilian contractors carrying on their Defense Department-mandated operations in hostile territory to the destabilizing reach of 50 state tort systems."

Richard Nordan, the estate administrator for the four, accused Blackwater Security of being discontent with lower court's proper conclusions of the laws. "Simply put, Blackwater requests preferential treatment of its case," Mr. Nordan said. The case is Blackwater Security Consulting v. Nordan.

The court also refused to consider the case of a former Phoenix high school teacher sentenced to 200 years in prison for possessing child pornography. Morton Berger argued that his sentence was grossly disproportionate to his crime, amounting to cruel and unusual punishment under the Eighth Amendment. The case is Morton Berger v. state of Arizona.

Court Takes Up Election, Education Cases

The court did agree to hear several cases. Justices will consider the constitutionality of a statewide primary election system in which the top two finishers advance to the general election even if they are from the same party.

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The justices will hear arguments in the fall in a case from Washington state over its "Top 2" primary system that voters created. The system allows candidates to indicate their party affiliation on the ballot and is open to voters regardless of their party. The system is the successor to the blanket primary that the Supreme Court struck down in 2000 on the grounds that it violated political parties' rights.

The Washington Democratic and Republican parties sued to block the new system, approved by voters in 2004. The parties said they would be forced to be associated with candidates they did not choose. Lower federal courts agreed with the parties. The new system, which has never been used, infringes on the rights of political parties to choose their own nominees, the Ninth U.S. Circuit Court of Appeals said.

The court also will consider whether taxpayers must reimburse parents who enrolled their learning-disabled student in private school after deciding public schools were unable to meet the child's needs. New York City's board of education asked the justices to take the case after a federal appeals court said tuition reimbursement is available to the parents under the Individuals With Disabilities Act. The case is Board of Education v. Tom F. on behalf of Gilbert F.

Justices Decline Case On 200-Year Sentence For Man Who Possessed Child Pornography (NYT)

By Linda Greenhouse

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — An Arizona man who received a 200-year prison sentence for possessing 20 pornographic images of children failed Monday to persuade the Supreme Court to consider whether the sentence was unconstitutionally excessive.

Arizona law imposes a mandatory minimum sentence of 10 years for “sexual exploitation of a minor,” and it requires that sentences for multiple convictions be served consecutively.

The sentence that the man, Morton R. Berger, received was consequently longer than the sentence any other state would have imposed for a similar offense, a justice of the Arizona Supreme Court wrote in an opinion last year dissenting from that court’s decision upholding the 200-year sentence.

A majority of the Arizona Supreme Court declined to examine the aggregate sentence as a whole, instead focusing on the sentence of 10 years for possessing a single pornographic image, which it found was not excessive or disproportionate. It was this aspect of the analysis that Mr. Berger, a 57-year-old former high school teacher, challenged in his appeal to the United States Supreme Court.

“If this court reviews Berger’s entire punishment instead of examining the sentence for a single count,” the brief said, “it would find Berger’s punishment cruel, unusual and unconstitutional.”

His appeal said that in most states, sentences for similar crimes would run concurrently, and an offender would serve no more than five years, with the additional possibility of probation or early release. Both are barred under Arizona law. Had the offense been prosecuted under federal law, Mr. Berger’s brief said, the federal guidelines would have provided a five-year sentence.

The case, Berger v. Arizona, No. 06-349, has drawn considerable attention in criminal law circles as providing a possible occasion for the justices to take a fresh look at a subject they have treated only sparingly. While fully engaged in reconsidering the respective roles of judges and juries in criminal sentencing, the court has been extremely reluctant to strike down particular sentences as excessive.

Douglas A. Berman, a professor at the Moritz College of Law at Ohio State University and an authority on sentencing, also noted the difference in the court’s treatment of punitive damages and criminal sentencing.

In an interview on Monday, recalling that the court last week vacated an award of punitive damages against Philip Morris, Professor Berman said, “For a host of good reasons, the justices think they have a role in regulating extreme corporate punishment, but I fear the court doesn’t embrace a role in regulating extreme individual punishment.” Professor Berman has been writing about the Berger case for months on his blog, Sentencing Law and Policy.

Arizona vigorously opposed Supreme Court review of the sentence, telling the justices that it had been properly based on “overwhelming evidence” of Mr. Berger’s “large-scale, deliberate and long-term acquisition of child pornography.”

The state’s brief said that after Mr. Berger turned down a plea bargain, the prosecutor whittled the case to 20 counts out of fear of “deluging the jury” with highly graphic and disturbing images. The police had found the images in Mr. Berger’s possession after learning that his credit card number had been used to buy contraband images from a child pornography Web site based in Dallas.

These were some of the court’s other activities on a busy Monday:

Primary Elections

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The justices agreed to decide the constitutionality of the open primary system adopted in 2004 by Washington State. Under that system, people can vote for any candidate without regard to the party affiliation of the candidate or the voter. Candidates, however, can designate their own party preference on the ballot. The top two vote-getters advance to the general election regardless of party label.

The Republican, Democratic and Libertarian parties in the state challenged the system on the ground that it violated their First Amendment right to freedom of association by depriving them and their members of the ability to control the selection of candidates running under their banner. Two lower courts agreed, on the basis of recent Supreme Court precedents upholding the rights of political parties to control their own affairs.

The justices granted and consolidated two separate appeals, one filed by the state (Washington v. Washington Republican Party, No. 06-730) and one by the Washington State Grange, an organization that advocated for the voter initiative that established the new system (Washington State Grange v. Washington Republican Party, No. 06-713).

Gun Use

In its latest effort to parse a federal law that makes it a crime to "use" a gun in relation to a drug offense, the court agreed to decide whether the receipt of an unloaded firearm as payment for drugs amounted to a prohibited "use."

The federal appeals courts are divided on this question, which the Supreme Court did not directly resolve in 1995 when it ruled that "use" required "active employment" of the gun, a definition that the court said then included using a gun as an item of barter or commerce even if the gun was never fired.

In the new case, Watson v. United States, No. 06-571, the defendant, Michael A. Watson, acquired a gun from a police informant in return for 24 doses of the drug OxyContin. The United States Court of Appeals for the Fifth Circuit, in New Orleans, rejected his argument that receipt of a gun under such circumstances did not meet the "active employment" test.

The question occurs often, in various permutations, because a violation of the statute in question carries a mandatory minimum sentence of five years in prison in addition to any underlying offense. More than one in 10 of all federal drug convictions carry an enhanced sentence for use of a firearm.

Supreme Court Declines Polygamy Case (CSM)

By Warren Richey

The Christian Science Monitor, February 27, 2007

The US Supreme Court Monday declined to consider the appeal by a Utah man with three wives who sought to overturn his bigamy conviction by citing the high court's 2003 landmark ruling on gay rights.

The action lets stand a Utah Supreme Court decision upholding the state's bigamy law even though it clashes with some residents' sincerely held religious beliefs.

"There are literally thousands of religious people in Utah ... who now have to be concerned to look over their shoulder that some day [state Attorney General] Mark Shurtleff and the state of Utah will come after them," says Raymond Berry, one of the lawyers representing polygamist Rodney Holm. The ruling will raise concerns among religious fundamentalists in Utah that the state will step up its pressure against them, he adds. "They are kind of like turtles, they pull their heads in, they stay out of the public eye."

The Holm case offers a glimpse into a world rarely seen by most Americans. There are an estimated 37,000 religious polygamists in Arizona, California, Colorado, Idaho, Montana, Nevada, South Dakota, and Utah.

Mr. Holm's lawyers hoped to use the Supreme Court's 2003 ruling on gay rights as a means to challenge state laws against multiple marriage.

In that landmark case, called Lawrence v. Texas, the court invalidated Texas' sodomy law, ruling that gay adult Texans, like all other adults, were entitled to intimate relations without government interference. In a fiery dissent, Justice Antonin Scalia warned that the court's rejection of moral disapproval as a foundation for certain laws would open the door to legal challenges to state statutes banning same-sex marriage, prostitution, and bigamy, among others.

A key legal question is how broadly Lawrence v. Texas should be read. Most judges have interpreted that case narrowly. But within five months of the Lawrence decision, the Supreme Judicial Court in Massachusetts announced a constitutional right in that state to gay marriage.

Lawyers for Holm were hopeful that a majority of justices would see his case as an opportunity to extend the holding in Lawrence v. Texas to protect polygamist relationships from state prosecution in cases where all the parties were aware of and approved of the practice.

There has been no shortage of other challenges as per Justice Scalia's warning, but the high court has so far avoided revisiting the 2003 landmark. In declining to take Holm's case, the justices offered no explanation.

Holm is a member of a religious group that practices polygamy as a tenet of their faith.

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"They are the philosophical, and often biological, descendants of early Mormons who refused to compromise their religious principles in the face of the most extreme form of coercion," wrote Holm's other lawyer, Rodney Parker of Salt Lake City, in his petition to the court.

Although polygamy was once accepted, the Church of Jesus Christ of Latter-day Saints banned the practice in 1890.

The issue arose recently on the presidential campaign trail with the Associated Press reporting over the weekend that Republican presidential candidate Mitt Romney had a great-grandfather who had five wives and a great-great-grandfather with 12 wives.

Mr. Romney, a Mormon, says he is opposed to polygamy. He has been married for 37 years to his high school sweetheart. But prejudice against Mormons might hurt Romney's chances in a run for the White House, some analysts say.

The Holm case arrived at the Supreme Court after the Utah resident was convicted of violating the state's bigamy law and of having unlawful sexual contact with a minor. Holm was charged after his third wife – then age 16 – moved into his house with his two other wives and children following an unlicensed religious marriage ceremony.

The third wife was the younger sister of Holm's first wife.

Holm believes his religious faith requires that he have more than one wife. He and his wives are members of the Fundamentalist Church of Jesus Christ of Latter-day Saints, a spinoff sect with no connection to the Mormon Church.

At issue in his case was whether state prosecutors violated his constitutional right to practice his religion and maintain an intimate family relationship without intrusive government interference.

In Lawrence v. Texas, the high court declared that a state sodomy law treated gay Texans as second-class citizens. Holm's lawyers told the high court that Utah's polygamy statute does the same for certain religious fundamentalists.

In urging the high court not to take the case, Assistant Attorney General Laura Dupaix said the protections established in Lawrence v. Texas only apply to relationships between consenting adults.

"This case does not involve consenting adults," she wrote. "It involves an arranged polygamous and sexual relationship between a 32-year-old adult and his 16-year-old sister-in-law, who conceived two of his children before her 18th birthday."

In contrast, Mr. Parker said Utah's bigamy law applies a double standard that targets and punishes religious fundamentalists but allows others to engage in the same conduct and escape criminal punishment.

"Widespread popular departure from traditional marriage practices has made the anti-polygamy laws, like laws against cohabitation, adultery, and fornication, anachronistic," Parker wrote. "These laws are not enforced against those practicing contemporary lifestyles, but are asserted as weapons, as in this case, against those living a traditional, family-grounded, religious-based life."

He added, "In gross absurdity..., one can behave in the same way in two circumstances but in one (polygamy) the action is illegal, and in the other (promiscuity) the action is ignored by the law. One can do legally the same act with immoral or amoral intent and have it be legal. Yet the same act with religious intent is deemed illegal."

Local Law Enforcement Says Crime Fighting Here Needs Federal Money (SEATIMES)

By Christine Clarridge, Seattle Times staff reporter

The Seattle Times, February 27, 2007

In a meeting with local law enforcement leaders this morning, U.S. Sen. Maria Cantwell listened to a lot of people -- including Seattle's police chief, the King County sheriff, city officials, federal agents and a few community leaders -- talk about the area's crime problems and what it will take to fix them.

Mostly, the law enforcement officials said, keep federal funding for local law enforcement.

"Gang membership, gang crime, and gang violence is surging in our state," said Cantwell. "Our local law enforcement is doing great work meeting this threat head on, but they need federal support."

Cantwell called for the community meeting to hear firsthand about the region's recent rise in gang violence, according to her media representative.

Cantwell, who's hosting several meetings around the state with law enforcement leaders, last month introduced new anti-gang legislation that seeks to provide additional tools to law enforcement officers and prosecutors.

The top brass of the local FBI, DEA and ATF branches said the state has an increasing drug problem, due in part to the ease with which it moves up and down the Interstate-5 corridor.

Several people, including Executive Director Tony Orange of the Central Area Motivation Program and James Kelly of the Urban League said jobs and internships and treatment programs help keep at-risk youth and prior offenders out of prisons and jails.

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Stella Chao, of the Seattle Department of Neighborhoods, talked of Seattle's efforts to reduce crime in the South Park area with a comprehensive program that addresses school drop-out rates, crime, unemployment, recreational opportunities and mentorships.

King County Sheriff Sue Rahr talked about the need for increased database information and police intelligence so that officers can spend their time efficiently looking for offenders and not "just shaking down kids on street corners."

Cantwell also discussed other federal initiatives to help local law enforcement combat gangs and gang-related crime.

The president's most recent budget proposal undercuts federal support for local law enforcement, she said in a news release.

Ex-CIA Official Urges Silence After Spy 'Sting' (WT)

By Bill Gertz

The Washington Times, February 27, 2007

A former high-ranking CIA official refused FBI appeals for help in tracking Chinese spies and urged others via e-mail not to cooperate because of the recent prosecution of former Defense Intelligence Agency analyst Ron Montaperto.

Robert G. Sutter, a former national intelligence officer for East Asia and holder of a security clearance, told a mailing list of current and former government officials that a 2003 FBI "sting" operation against Montaperto, who was convicted in June of mishandling classified documents, raised fears that he and other officials could be damaged for discussing their contacts with Chinese officials.

The FBI and other U.S. counterintelligence agencies are stepping up efforts, including outreach to academics, to counter Chinese intelligence efforts after a string of damaging spy cases over the past five years, U.S. officials said.

Mr. Sutter, a Georgetown University professor, stated in the e-mail sent two weeks ago that he had met then with two "relatively young" FBI agents who asked for his help "regarding activities of Chinese officials that I judged might be deemed matters of espionage."

"They also seemed to want and need some educating on policies and priorities of the Chinese administration, and the state of play in U.S.-Chinese relations," he stated.

Mr. Sutter has specialized in Asian affairs for 33 years at CIA, Congressional Research Service, Library of Congress and State Department intelligence bureau. He did not return telephone calls or e-mails seeking comment.

FBI spokeswoman Debbie Weierman declined to comment on the FBI's outreach on Chinese intelligence, but she said generally "we do contact a number of people ... to better know our domain."

Mr. Sutter's e-mail was sent to an exclusive list of some 30 current and former officials, including Lonnie Henley, acting national intelligence officer for East Asia, and Dennis Wilder, White House National Security Council staff Asia director.

The Washington Times obtained a copy of the e-mail from a member of the group.

Mr. Sutter stated that his recent meeting with FBI agents was similar to debriefings in the 1970s and 1980s, when he volunteered to share intelligence on meetings with European and Chinese officials.

"My reaction this time was very different than my reaction in the 1970s and 1980s," he stated. "I still have a security clearance, but this time I said almost nothing about China."

"What I did talk about was the credibility of the FBI " Mr. Sutter said. "I referred at some length to the Ron Montaperto 'sting.' I told the agents that while they seemed like nice people, and I tried to be cooperative with the U.S. government, I could not trust them or have any assurance that they would not use any information I provided in some way that would hurt me or others."

Mr. Sutter wrote that the agents then told him that they were "well-versed" on the Montaperto case and said that "the Montaperto sting had indeed closed doors and cut off contacts for the FBI."

"They went on at some length that the sting had seriously damaged the FBI's ability to tap U.S. expertise as it sought to deal with Chinese espionage," Mr. Sutter's e-mail said.

Montaperto in 2003 disclosed to the FBI and Navy counterintelligence agents during a sting operation that he provided both "secret" and "top secret" intelligence to two Chinese intelligence officers during more than 60 meetings, according to court documents in the case. He pleaded guilty to lesser charges of illegally retaining classified documents, but he admitted as part of a plea bargain to passing the secrets to Chinese intelligence.

The prosecution was a setback for a network of pro-China specialists in government and academia who have sought to play down China's growing military capabilities and intelligence operations in a coordinated effort they claim is aimed at improving U.S. ties to China.

Mr. Sutter said he wrote the e-mail as a warning to other China specialists, implying that they too should refuse to help the FBI.

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"I pass along this account because I believe others will be contacted -- the two agents that talked to me said that the FBI is trying to broaden its contacts among China specialists," Mr. Sutter said.

Former U.S. intelligence officials and academics in the past privately supported U.S. government counterintelligence efforts, and Mr. Sutter's refusal to help is a sign that the FBI is lacking in its expertise and knowledge about Chinese spying.

Paul D. Moore, a former FBI counterintelligence analyst and specialist on China, said Mr. Sutter's e-mail highlights one of China's intelligence-gathering methods.

Chinese agents are "extremely comfortable working in ambiguous situations, [like] 'I help you, you help me,' " Mr. Moore said.

China has successfully "wormed" classified information out of U.S. nuclear-weapons scientists in meetings in China by showing them secret Chinese designs for warheads and then asking if the United States uses similar designs, he said.

"By saying 'no,' a scientist is revealing classified information," Mr. Moore said, and thus risks later prosecution when reporting the encounters.

"Smart people then wonder if they talk to these [FBI] guys they might slice and dice what is said and send it over to the Justice Department for an espionage prosecution," he said. "When you're dealing with counterespionage, it will suck you in."

More Counterfeit Money Changed Hands In '06 (USAT)

By Barbara Hagenbaugh

USA Today, February 27, 2007

WASHINGTON — The amount of counterfeit money being accepted by consumers and stores in the USA is climbing as crooks are increasingly using inexpensive home computers and printers to produce phony money.

About $62 million entered circulation that was later deemed fake in the 2006 fiscal year, which ended Sept. 30. That represents a more than 10% increase from the prior year and a 69% rise from just three years earlier, according to the latest data from the Secret Service obtained by USA TODAY.

Terry Tilka says he sees fake bills about once a week at Rock Island Brewing, a restaurant/bar he owns in Rock Island, Ill., as well as at a dance club he owns. "It's been worse in the last three or four years than I have ever seen in my 33 years of business," he says.

There has been a noticeable rise in counterfeiting in the past eight months in Pasco County, Fla., says Sgt. Bill Moltzan of the sheriff's office economic crimes unit there.

The crooks are bold. One person who was arrested charged people, including an undercover agent, for a counterfeiting how-to class. One man was arrested after dancers in a strip club realized he was passing out fake bills and called police while the bouncer held the man. A 62-year-old woman known as Grandma was caught this month trying to sell fake money at less than face value.

"Technology is making it easier for the people trying to do this on their own," Moltzan says.

Despite the rise, the amount of fake money in circulation is a fraction of 1% of genuine currency, Secret Service spokesman Eric Zahren says. The fact the money was caught suggests security features that have been added starting in 2003, such as colors and watermarks, make it easier to detect fakes, says Dennis Forgue, head of currency at Harlan J. Berk in Chicago.

The increase in currency caught should be seen "not necessarily as a sign of defeat, but as a sign of success," he says.

But Zahren says the ease of using home computers to make the money has added challenges to catching counterfeiters.

About 54% of the counterfeit currency collected in fiscal 2006 was made using digital technology vs. so-called offset printing, which involves more skill, time and expense. In 1996, only 1% of counterfeits were digitally produced, according to the Secret Service.

The government has been updating U.S. bills to try to thwart counterfeiters. In 2003, the $20 bill, the most frequently counterfeited currency in the USA, was the first to feature a color other than green. Other features such as a watermark and color-shifting ink also were added.

Since then, new $10 bills and $50 bills have entered circulation. This year, a new $5 bill will be introduced.

CIVIL LAW:

Probe Sought Of Collins & Aikman Fees (AP)

AP, February 27, 2007

Bankruptcy Trustee Wants Probe of $100M Plus in Collins & Aikman Professional Fees

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WASHINGTON (AP) -- The Justice Department is backing a call by a big creditor of Collins & Aikman Corp. to appoint an examiner to look into more than $100 million in fees charged by professionals in its bankruptcy case.

U.S. Trustee Saul Eisen, a Justice Department employee, said Collins & Aikman investor Third Avenue Value Fund had made "troubling allegations that merit an independent investigation," according to court papers filed Friday.

In December, Third Avenue asked for an examiner to look into the fees charged by Collins & Aikman's lawyers and advisers after the company abandoned its plan to reorganize. Third Avenue, which is owed $250 million from the auto supplier, argues the bankruptcy professionals should have cut their hours as soon as it was apparent the company would liquidate.

The trustee says Third Avenue's allegations merit an independent investigation and that the examiner should pay particular attention to decisions made by turnaround firm Kroll Zolfo Cooper LLC, which advised Collins & Aikman during its Chapter 11 case.

The Michigan automotive-parts maker has said the appointment of a fee examiner is unnecessary at this late stage in its bankruptcy case -- Collins & Aikman is about to be broken up and sold -- and would unfairly burden it with additional costs and fees.

Rather, Collins & Aikman wants a committee, which would include a company representative, to look into the professionals' fees. But a committee wouldn't have the same authority as an independent examiner.

Third Avenue, Collins & Aikman's largest creditor, resigned from the company's creditors committee in the fall, claiming the panel's bankruptcy advisers were racking up fees on "auto pilot" even while the company's reorganization strategy was failing.

The committee, however, has sided with Collins & Aikman, arguing that the examiner would simply add another layer of fees and expenses to the company's bankruptcy estate.

When he approved the last round of fees in Collins & Aikman's case two months ago, Bankruptcy Judge Steven W. Rhodes asked the company and its creditors to submit opinions about the need for an examiner. Rhodes will consider the request for an examiner at a hearing scheduled for March 12.

Collins & Aikman filed for Chapter 11 in May 2005 in U.S. Bankruptcy Court in Detroit amid production cutbacks by the biggest U.S. auto manufacturers and protection and allegations of fraud by investors who claimed they had been misled about the company's financial condition. But after 18 months in Chapter 11, the Southfield, Mich., company pulled the plug on its strategy and said it would sell its assets rather than emerge from bankruptcy as a stand-alone entity.

Court To Hear NYC Case On Special Ed School Reimbursement (AP)

AP, February 27, 2007

WASHINGTON (AP) _ The Supreme Court on Monday agreed to consider whether taxpayers must reimburse parents who enrolled their learning-disabled student in private school after deciding public schools were unable to meet the child's needs.

New York City's education department asked the justices to take the case after a federal appeals court said tuition reimbursement is available to the parents under the Individuals With Disabilities Act.

Lawyers for the boy's parents said the special education program proposed by the public school system was inadequate to meet the child's needs, prompting them to send him to a private school. The parents say that under federal law, they may challenge inappropriate proposals and obtain reimbursement for the costs of placement in private school.

The child is identified in court papers only as Gilbert F.

The case is Board of Education v. Tom F. on behalf of Gilbert F., 06-637.

High Court To Hear Case For Autistic Boy (AP)

By Mark Sherman

AP, February 27, 2007

WASHINGTON -- Jeff and Sandee Winkelman don't have the money to pay for private schooling for their autistic son, let alone hire a lawyer to sue their public school district.

The Winkelmans want the Supreme Court to rule that the main federal special education law gives them the right to go before a federal court to argue that taxpayers should pay for 9-year-old Jacob's private school, even though neither parent is a lawyer.

The case is before the court Tuesday, when the Winkelmans will be represented free of charge by a private lawyer.

Whether Jacob should have private schooling at public expense is not before the Supreme Court, only his parents' right to go into federal court without a lawyer.

The parents objected to the Parma, Ohio, public schools' plan to educate Jacob at a public school. They wanted the district to pay for his $56,000 yearly enrollment in a private school that specializes in educating autistic children.

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The Individuals With Disabilities in Education Act gives every child the right to a free appropriate public education, which in the case of special needs children sometimes means enrollment in a private facility.

Parents unhappy with a district's plan can appeal the decision through an administrative process. If they remain dissatisfied, they can file a civil lawsuit.

At that point, however, they have to find a lawyer, the 6th U.S. Circuit Court of Appeals ruled in the Winkelmans' case. People who are not lawyers can represent themselves in court proceedings, but not other parties. The appeals court said the law requires the child to be the plaintiff.

The Winkelmans also are asking the Supreme Court to decide that they can file their own lawsuit under IDEA because they are responsible for Jacob, financially and otherwise.

Most parents who want to sue over special education decisions can't afford a lawyer, according to a brief filed by the Autism Society of America and related rights groups.

The Bush administration and 12 Democratic lawmakers, including Sen. Edward Kennedy of Massachusetts, have sided with the Winkelmans. They argue that Congress clearly intended the special education law to allow parents to go into court without a lawyer's help.

"Congress recognized the interests of parents in guiding the course and substance of their child's education," the Democrats' legal brief said.

In response, the school district said Congress declined in its most recent amendments to the special education law to allow the kind of representation the Winkelmans are seeking. A provision that passed the Senate said, "A parent of a child with a disability may represent the child in any action ... without the assistance of an attorney." But the language dropped out of the legislation before it became law.

The Winkelmans have spent about $30,000 in legal fees since first contesting Jacob's treatment in 2003. Jeff Winkelman has taken a second job while his wife has researched previous court rulings and written her own filings.

The case number is Jacob Winkelman v. Parma City School District, 05-983.

CIVIL RIGHTS:

Center Helps FBI With List Of Potential Victims Of Racial Violence (AP)

By Chris Talbott

AP, February 27, 2007

JACKSON, Miss. - George Love was killed in a 1958 Mississippi Delta gun battle with police who believed he was involved in a murder - one year later he was cleared of the allegation.

Jimmie Lee Griffin was killed in a hit-and-run accident in 1965. A coroner's report showed the Sturgis resident was run over at least twice.

Hubert Orsby's body was found in the Black River near Canton. He wore a shirt with "CORE," the acronym for the Congress of Racial Equality, on it.

Their deaths are among 74 in 11 states the Southern Poverty Law Center says could be racially motivated killings of black men and women between 1952 and 1968.

The center, which reports on hate crimes, has forwarded the list to the FBI and the Justice Department is expected to hold a press conference Tuesday to talk about a new database of old civil rights era cases that now could be investigated.

Center officials believe the list can be helpful in future investigations.

"In each case there was significant evidence that the death may have been a racial murder," said Mark Potok, director of the center's Intelligence Project.

Researchers at the Montgomery, Ala.-based center can't prove the people on their list - which includes 32 Mississippi cases - were killed because of their race. But they believe each is worth investigation.

Researchers developed the list in the late 1980s while identifying 40 victims of racially motivated killings whose names were etched in a memorial. Those names were also included in the book, "Free at Last: A History of the Civil Rights Movement and Those Who Died in the Struggle."

The center hopes the FBI can help add names that rightfully belong on the memorial.

"We did a lot of research on these names and we're very hopeful that this information will be helpful to the FBI and particularly that it will be helpful to the families of those who were murdered."

In addition to potential Mississippi victims, the list includes deaths in Alabama, Arkansas, Georgia, Tennessee, Louisiana, North Carolina, South Carolina, Florida, Kentucky and New York.

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The list covers an era of extreme tension and violence across the South as federal authorities tried to force recalcitrant segregationists to integrate schools under the Supreme Court's Brown v. Board of Education of Topeka, Kan., ruling in 1954.

Violence against blacks and the whites who hoped to help better their lives spiked, peaking during the so-called Civil Rights summer of 1964.

"Before 1954 there was somewhat of a thaw" in race relations in Mississippi, said DePauw University historian John Dittmer, whose book, "Local People," chronicles the time.

"You had a more enlightened Legislature ... and more blacks registering to vote in some places. There were even black police in one or two cities patrolling black areas. But the Brown decision changed all that."

Many of the people identified by the center allegedly died at the hands of law enforcement officers. If charged, whites were often exonerated by sympathetic juries.

The center's researchers wrote this of Woodrow Wilson Daniels' 1958 killing in Water Valley: "Sheriff Buster Treloar, identified by four witnesses as the man who beat Daniels to death in a prison, was freed after 23 minutes of deliberation by an all-white jury. "By God," Treloar said after the trial, "now I can get back to rounding up bootleggers and damn niggers."

Many things have changed about Mississippi in the decades that have passed since that era of violence, including a large number of black elected officials. But Sheriff Reginald L. Jackson of Wilkinson County, where one of the victims on the list was killed, said times in his county of 11,000 people have changed little in 40 years.

"Rich, poor, black or white or other race, it doesn't make any difference in my opinion," said the 49-year-old Jackson, who is among a handful of black sheriffs in Mississippi. "But yet we still have some segregation problems and things have not changed a whole lot.

"Within Wilkinson County as a whole, you can see we're still operating pretty much under the old standard."

Cincinnati Landlord Accused Of Harassing Female Tenants (AP)

AP, February 27, 2007

CINCINNATI - The U.S. Department of Justice on Monday sued a landlord, accusing him of a pattern of sexual harassment against female tenants over the past nine years.

The lawsuit filed in U.S. District Court here accuses James G. Mitchell, of Cincinnati, of making sexual comments, touching women sexually without permission, entering their apartments without permission or notice, and denying housing on the basis of gender. It also said he retaliated against women who rejected his advances.

It lists at least 53 properties Mitchell owns, some of which have more than one unit. Most are in Cincinnati, with a handful in Fairfield, Hamilton and West Chester.

The lawsuit seeks a court finding that Mitchell has violated the Fair Housing Act, an order forbidding future discrimination and unspecified monetary damages for any woman harassed.

"No woman should be subjected to sexual harassment in her home," said Wan J. Kim, assistant attorney general for the justice department's Civil Rights Division, in a news release.

A message seeking comment was left after hours at the office of Mitchell's attorney, Kenneth Montgomery Jr., and no home listing could be found. Messages were left at several telephone listings in the city under the name James Mitchell.

Boca Zoning Ordinance For Sober Houses Is Discriminatory, Judge Rules (FLSUNSEN)

By Peter Franceschina, Sun-Sentinel.com

South Florida Sun-Sentinel, February 27, 2007

A judge ruled Monday that a Boca Raton ordinance that bans so-called sober houses from residential neighborhoods is discriminatory and violates the federal Fair Housing Act.

The ruling from U.S. District Judge Donald Middlebrooks came in a lawsuit filed by Steve Manko, who operates two apartment buildings - Boca House for men and Awakenings for women - and several homes for recovering alcohol and drug addicts.

LocalLinks

Attorneys for Manko and several former Boca House residents said the ruling was victory for recovering addicts, who are considered handicapped and are entitled to housing protections under federal law, but the judge's decision also favored the city in some aspects of the complex litigation.

"It's a good ruling in that the judge found the city violated the Fair Housing Act. It's not a complete victory, but the judge said at the end of trial it was not going to be a complete victory, but it is a victory," said Manko's attorney, William Hill. "The city violates the Fair Housing Act - that should be the headline from this ruling. We've said that all along. They should not have passed this ordinance."

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In May 2002, the City Council passed an ordinance that would require the sober houses to move into areas of the city zoned for medical centers and hotels. The ordinance was never enforced because of the threat of litigation.

Manko filed suit in 2003, and in September the U.S. Department of Justice also filed suit against the city alleging the ordinance was discriminatory. That case is still pending.

"It is a win for us," said Jim Green, an attorney for the American Civil Liberties Union who represented several former residents of Boca House when the case went to trial last month.

Jamie Cole, an attorney for the city, said the ruling was a mixed one - while the judge struck down parts of the city's ordinances, he upheld other parts, including a provision that the city can require that state-licensed facilities be in commercial districts. None of Manko's operations are required to be licensed by the state, his attorney said.

The city maintained that Manko's sober houses are commercial and medical operations - involving on-site drug testing, counseling and other services - that are inappropriate for a residential neighborhood. In his ruling, the judge said he had problems with some of the commercial aspects of Manko's operation, which currently help nearly 400 people.

Cole said he was pleased the judge found that the city had not intentionally discriminated against addicts, and that the city has an interest in protecting the residential character of its neighborhoods.

"We are happy the judge is sympathetic to our position," Cole said. "He did not find that we intentionally discriminated." Mayor Steven Abrams said Monday he did not know how if the council would pursue changes to the sober-house ordinance to make it enforceable or just drop the issue.

"The council hasn't discussed it. I just don't know at this point. We need advice from our lawyers on that," he said.

The judge also ruled that another city ordinance, which prevents more than three unrelated people from living together, can't be enforced until the city establishes a process that complies with federal law for making exceptions. Cole said the city has such a process, but it is not spelled out in city code.

The judge's ruling will allow the city to enforce the three-person limitation in the apartment building units, Cole said.

Manko's attorney asked the judge to award about $925,000 to Manko for lost profits, but the judge said during the trial that was a tenuous claim. The judge awarded nominal damages of $1 to each plaintiff.

Judge: Law Discriminates Against Disabled (AP)

By Associated Press

AP, February 27, 2007

BOCA RATON — A city zoning ordinance discriminates against disabled people and violates the federal Fair Housing Act, a judge ruled Monday.

The complaint was filed by the U.S. Justice Department and Steve Manko, who operates two apartment buildings and several homes for recovering alcohol and drug addicts. The lawsuit alleged that the ordinance excluded housing recovering drug and alcohol addicts in residential areas and imposes “conditions and prohibitions on housing for persons with disabilities that are not imposed on housing for an equal or greater number of persons without disabilities.”

Attorneys for the American Civil Liberties Union and Manko called the ruling a good one, according to the South Florida Sun-Sentinel.

“The city violates the Fair Housing Act — that should be the headline from this ruling. We’ve said that all along. They should not have passed this ordinance,” said Manko’s attorney William Hill.

U.S. District Judge Donald Middlebrooks also ruled Monday that the city can require that state-licensed facilities be in commercial districts. The city claimed that Manko’s buildings are commercial and medical operations, which involve onsite drug testing, counseling and other services. Manko’s operations are not required to be licensed by the state, Manko’s attorney said.

Manko was seeking about $925,000 for lost profits. The judge awarded him $1.

Jamie Cole, an attorney for the city, said the ruling proved city officials did not intentionally discriminate.

Mayor Steven Abrams said Monday that he did not know how if the council would pursue changes to the ordinance to make it enforceable or just drop the issue.

“The council hasn’t discussed it. I just don’t know at this point. We need advice from our lawyers on that,” he said.

NY Village Wants To Keep Voting System, Let Hispanic Power Evolve (AP)

By Jim Fitzgerald, Associated Press Writer

AP, February 27, 2007

WHITE PLAINS, N.Y. -- A suburban village that is nearly half Hispanic but is governed mainly by whites asked a federal judge on Monday to let its politics evolve naturally rather than cancel elections and impose a new voting system to give Latinos a greater voice.

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Anthony Piscionere, attorney for Port Chester, said "an organic and natural system is beginning to take hold" to the benefit of Hispanics. Cutting the village into districts to increase the chances of Hispanic representation, as the Department of Justice has asked, "would be officially segregating the Village of Port Chester forever," he said.

Piscionere spoke in federal court in White Plains during closing arguments on the government's request for an injunction against village trustee elections scheduled for March 20. The Department of Justice claims that the village's at-large method of electing trustees is unfair to Hispanics and violates the Voting Rights Act, which the village denies.

The Voting Rights Act is often used to oppose at-large voting. In the 1990s, actor Ossie Davis and other black activists went to court to challenge New Rochelle's at-large City Council elections, and the city eventually approved a referendum that changed the system.

Soon after that, a federal judge found that Hempstead's at-large town board system "invidiously excluded blacks from effective participation in the town's political life" and ordered six districts drawn up.

"It's a powerful act," said lawyer Randolph McLaughlin, who was involved with both those cases. It's been used "countless times around the country" by the government and individuals to battle at-large voting, he said.

In Port Chester, which has about 28,000 residents, according to the 2000 census, the government is seeking to delay the election until the village accepts or the judge imposes a district system that would include one sector in which a Hispanic candidate could be expected to win.

Port Chester is about 25 miles from New York City, on the Connecticut border in Westchester County. It is governed by a mayor and six trustees. The trustees' three-year terms are staggered so that two are elected each year to represent the entire village.

Regardless of how Judge Stephen Robinson rules on whether the election should be delayed, he plans to hold a separate trial on the main issue _ whether the system discriminates against Hispanics.

Most of the issues that are likely to be argued at the main trial came up during the injunction case, as population experts, political leaders and would-be candidates testified.

Cesar Ruiz, a Hispanic who lost a race for trustee in 2001, said Democratic leaders turned against him when he began to promote issues that were important to Latinos. They gave him "the cold shoulder" and did not invite him to the Election Night reception, he testified.

A current Hispanic Republican candidate, the Rev. Ariel Acosta, said that during a meeting about the election districts, he heard hecklers shout "Latinos don't belong here" and "Latinos, go back home."

Piscionere and Assistant U.S. Attorney David Kennedy agreed that no Hispanic has ever been elected to the six-member Board of Trustees, but they differed on the success rate of candidates favored by Hispanics.

The government's demographics expert said a six-district system could be drawn in which Hispanics would be 70 percent of the citizen voting-age population in one sector. Piscionere said that didn't necessarily mean a Hispanic would be elected, since Hispanic registration and turnout rates were low.

And if it didn't work, he said, it would be "a Pyrrhic victory."

The village attorney also contended there was no evidence that village voters were "driven by racial bias," and the judge seemed to agree, saying he does not believe "that this system has been put in place or has been maintained for the purpose of diluting the Hispanic vote." But it may have that effect, he added, and he challenged Piscionere's claim that Hispanics have had as much opportunity as anyone else to get involved.

Kennedy said, "Whatever reason this system was put into place, it's broken."

He said that while Piscionere contended Hispanics were poised to take greater political power in the village, what they are really poised for is "to be locked out of the political process for many years to come."

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Task Force Report A `step Forward' In Fighting Human Trafficking (AP)

By Jon Sarche, Associated Press Writer

AP, February 27, 2007

DENVER — Like domestic violence 30 years ago, human trafficking is poorly understood and hard to identify, but a new task force report represents a "major step forward" in combating the emerging problem, officials said Monday.

The report, to be delivered to the Legislature on Tuesday, said federal grants and new programs are helping law enforcement officers identify victims, and helping victim advocates learn new methods to help them.

"These people (traffickers) go to the most desolated, desperate areas where families will actually sell children to people they trust," said Rep. Alice Borodkin, D-Denver, who sponsored the 2005 bill that created the task force.

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"Then when they come in (to the United States), these people are coerced, broken and they're terrified of any law enforcement. They don't know they can't walk out the door," she said.

The report said authorities in Colorado know of about 30 cases of human trafficking — exploitation of people through force, threats or deception — since 2005. But it also said federal authorities estimate that only 1 percent of victims in the United States have been identified and provided assistance.

State lawmakers have taken initial steps in fighting human trafficking, but the task force was created to help provide guidance to further efforts.

Last year, lawmakers approved a bill to make it a felony to smuggle humans — a crime authorities said can often lead to human trafficking, which was made a felony in separate legislation approved last year.

Another bill gave the Colorado State Patrol about $1.5 million to train up to 24 troopers in working with illegal immigrants to boost enforcement against human smuggling and trafficking. Nineteen troopers volunteered to begin that training next month, said patrol spokesman Sgt. Jeff Goodwin.

Officials said helping train law enforcement officers to recognize victims of human trafficking will be critical. It can be difficult for a police officer to determine whether a woman suspected of prostitution, for example, has been forced into prostitution by people keeping her in the country against her will, Borodkin said.

"Identifying the victim is a big step that's going to have to take place," said Salvation Army Maj. Neal Hogan. "Our state has taken a major step forward in saying our state is not going to tolerate this."

The Justice Department gave the Salvation Army a grant to set up programs in Denver and several other cities to help raise awareness of human trafficking, educate law enforcement and the public about it and track victims and determine how best to serve their needs.

The task force made several recommendations to expand those efforts statewide to help combat the growing problem. It also recommended enhancing penalties for trafficking in children and change victim-assistance laws to specifically encompass victims of human trafficking.

In Brief (WSJ)

The Wall Street Journal, February 27, 2007

Supreme Court to Consider Washington Primary System

February 27, 2007; Page A8

The Supreme Court said it will consider the constitutionality of a state primary election system in which the top two finishers advance to the general election even if they are from the same party. The justices will hear arguments in the fall in a case from Washington state over its "Top 2" primary system, which allows candidates to indicate their party affiliation on the ballot. Lower federal courts agreed with the Washington Democratic and Republican parties that the system infringes on their right to choose their own nominees.

-- -- Associated Press

German Union Sets Pay Target

Germany's labor union IG Metall announced its official claim for a 6.5% rise in wages for workers in the metal and engineering industry, leading unions across the country that have called 2007 the "year of pay rise." Negotiations with employers, including all major German car makers and steel producers, are scheduled to begin March 12. Unions say the wage increase is needed to fuel private consumption. Employers have said they aren't willing to raise wages more than last year's 3% rise. In 2006, IG Metall started by calling for a 5% wage hike.

Ecuador Revives EU Banana Spat

Ecuador asked the World Trade Organization to rule on whether European banana import tariffs are too high, restarting a decade-old dispute over what Latin American countries and the U.S. have argued is unfair trade discrimination. The WTO has consistently ruled against how the European Union sets tariffs for bananas, but the EU says a tariff established last year has brought it into compliance. The WTO's dispute-settlement body will meet March 8 to discuss Ecuador's request.

Supreme Court To Review 'Top Two' Primary System (WP/AP)

The Washington Post, February 27, 2007

The Supreme Court said yesterday it will consider the constitutionality of a statewide primary election system in which the top two finishers advance to the general election even if they are from the same party.

The justices will hear arguments in the fall in a case from Washington state over the "top two" primary system that voters adopted.

DOJ_NMG_0137388

The system allows candidates to indicate party affiliation on the ballot and is open to voters regardless of party. The system is the successor to the blanket primary, which the Supreme Court struck down in 2000 on the grounds that it violated political parties' rights.

The Washington Democratic and Republican parties sued to block the new system, approved by voters in 2004. The parties said they would be forced to be associated with candidates they did not choose. Lower federal courts agreed with the parties. The new system infringes on the rights of political parties to choose their own nominees, said the U.S. Court of Appeals for the 9th Circuit.

Security Study Urges Changes At Iowa Prison (DMR)

Des Moines Register, February 27, 2007

The Iowa State Penitentiary at Fort Madison still suffers from security flaws that could make it vulnerable to the type of escape that occurred in November 2005 when two dangerous convicts fled from the maximum-security prison, according to a new federal security audit.

Two consultants from the National Institute of Corrections who spent two days inspecting the Iowa prison in October suggested relocating an electronic alarm system on the prison's walls, adding more razor wire, improving outside lighting and acquiring more digital cameras.

The consultants also recommended acquiring better metal detectors, along with so-called "heartbeat monitors" that can catch inmates hiding in vehicles leaving the prison.

In addition, they suggested that inmates working in the Prison Industries building be required to strip naked and go through metal detectors while headed to and from their job assignments.

Inmates Martin Moon and Robert Legendre, both serving life sentences, made a daring escape from the State Penitentiary on Nov. 14, 2005, using a handcrafted rope and a grappling hook to scale a 30-foot limestone wall that surrounds the prison.

Moon, serving time for murder, and Legendre, serving sentences for attempted murder and kidnapping, were the first inmates to escape from the maximum-security since 1979.

Both were captured within days -- Moon in Illinois and Legendre in Missouri, but their escape raised serious questions about security at the penitentiary, which was established in the 1800s and is the oldest prison west of the Mississippi River.

Both inmates had been part of a Prison Industries work crew, and they disappeared over a section of the prison wall that had a guard tower left unstaffed because of state budget cuts.

After the escape, prison officials ordered the tower be immediately staffed around the clock.

The consultants, Stan Czerniak and James Upchurch, were invited to inspect the Fort Madison prison by the Iowa Department of Corrections. Czerniak is assistant director of operations for the Oregon Department of Corrections; Upchurch is bureau chief for security operations with the Florida Deparment of Corrections.

They worked in Iowa under the auspices of the National Institute of Corrections, a federal agency within the U.S. Department of Justice.

Iowa Department of Corrections spokesman Fred Scaletta said Monday the penitentiary has only been in receipt of the report for a short period of time and has not been able to implement many of the recommendations.

Also, many of the recommendations will require a cost that is not currently within the penitentiary's budget, but will be requested in future state appropriations, he said.

Danny Homan, president of Council 61 of the American Federation of State, County and Municipal Employees, which represents prison workers at Fort Madison, criticized the security audit.

"This report is the classic a little and too late," Homan said. "The two escapes happened in 2005, and now a federally funded outside group comes forward to say what should be changed and how it should be done."

He said the union and prison officials have been ironing out the security problems for more than one year.

EDITORIAL Redraw Congressional Districts (LAT)

The Los Angeles Times, February 27, 2007

THE DRIVE TO GET California politicians out of the business of selecting their own voters by shaping their own districts may be derailed by the speakership of Rep. Nancy Pelosi (D-San Francisco). Although not long ago it was Republicans who didn't want to risk losing any of their California seats, it's now Pelosi and nervous Democrats who are threatening to scuttle badly needed reform by putting their own interests first. They should back down, and quickly.

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Redistricting reform may be a low-profile issue, but it's an important one. Gov. Arnold Schwarzenegger has twice called for an end to the unacceptable status quo in which Sacramento lawmakers divvy up state and congressional districts among their parties when new census figures come out every 10 years.

The party leaders who control the line-drawing reward friends — and politicians who prove to be especially adept at raising money — by designing legislative districts that incumbents can easily defend. But that's not even the seamy part. With the genius of chess masters and the artistry of Renaissance painters, creative partisan mapmakers plot the moves of their favorites from the Assembly to the state Senate and then on to the promised land: Congress, the land of no term limits.

Early this year in Sacramento, in the euphoria of bipartisanship, Democrats grudgingly signed on with Schwarzenegger in his latest call for redistricting reform.

Momentum built as state lawmakers put their chess-playing skills to work linking district reform to rolling back their own term limits. With the prospect of more time in office, politicians found the loss of their district-shaping power palatable.

But Senate President Pro Tem Don Perata (D-Oakland) was candid from the start: He wasn't going to sign on to any plan that could cost Democrats their newly won control of Congress.

So now Democrats are hedging. Sure, they say, let a citizens commission draw the lines for the Assembly, the state Senate, the state Board of Equalization. But not Congress.

Without Congress, though, there is no meaningful reform. Leaving state party leaders with the power to draw congressional lines leaves them with the power to reward and punish candidates rising through the ranks today. Raise a lot of money for the party and they just may draw a congressional district chock-full of voters predisposed to vote for you. Disregard your fundraising chores or vote the wrong way on an important bill and your political future may be over.

Congressional lines must be part of the package. Schwarzenegger is right to insist on it. It would be foolish to expect voters to loosen their grip on state term limits if lawmakers cannot relinquish their stranglehold on districts.

As for Pelosi, here's a radical notion: Trust the voters to pick the people they want to represent them.

ANTITRUST:

Regulatory Clearance Seen As Slow But Sure (NYT)

By Clifford Krauss And Matthew R. Wald

New York Times, February 27, 2007

HOUSTON, Feb. 26 — The sale of the biggest utility in Texas to private investors faces months of state and federal regulatory hurdles, but experts predict that the broad support for the deal from environmentalists and other important interest groups should help it clear them with ease.

A bigger question, some experts say, is whether the newly formed company will be able to keep all its constituents — consumers and shareholders, growth-oriented politicians and environmentalists — as happy in the years ahead as they appear to be now.

In their official announcement of the merger agreement on Monday, the TXU Corporation and the lead buyers, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, promised a 10 percent rate decrease for consumers while sustaining service to an increasingly energy-hungry Texas. Along with reducing the planned coal-fired plants to 3 from 11, the new owners also vowed to invest more in renewable energy, including solar and wind power.

The agreement was greeted with satisfaction by everyone from Texas officials to national environmentalists, who viewed it as a model for other states and utilities as well as a call to action for Congress to legislate against the spread of traditional coal power and its role in contributing to global warming.

“I applaud this investment in emissions reductions, renewable sources and Texas jobs,” Gov. Rick Perry said.

Peter Altman, the coal campaign director of the National Environmental Trust, was equally effusive. But “as welcome as the TXU deal is,” he warned , “it is still a wake-up call for Congress that there are more than 100 coal plants on the drawing board.”

The utility’s promises of sustained service, more renewable energy and lower prices should go far in satisfying the Public Utility Commission of Texas, the regulatory body with the power to review purchases and mergers of electric utilities to ensure that they are in the public interest.

“There is a general expectation,” said Terry Hadley, a spokesman for the commission in Austin, “that the new owner would provide at least, if not a better, level of service quality.” Mr. Hadley said the commission would take “however long it takes to be comfortable” with the deal and pointed out that “we can take measures to require a higher level of service” if necessary.

The current management of the company has come under criticism from consumer groups and politicians for being too quick to cut off electricity to late payers and not keeping public lighting in downtown Dallas adequately serviced.

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In Washington, the challenges are relatively minor because there are few antitrust issues in the company's going private.

The Nuclear Regulatory Commission will have some jurisdiction since TXU runs a nuclear power plant. "What we tend to look for is if the successor company has the financial reserves and financial and technical knowledge and know-how to operate a nuclear power plant," said David McIntyre, an N.R.C. spokesman.

The Federal Energy Regulatory Commission has less jurisdiction in Texas than other states, but it will probably review the company's limited operations out of state.

Barbara Struck, an analyst with the Energy Intelligence Group, a research firm, predicted that the deal would be approved by regulators "because of the environmental conditions associated with it" and the promises to cut consumer rates.

Peter Hartley, an economist at Rice University, said the utility would have a very hard time keeping its promises to everyone. "How can you make more for all these groups from the same assets and the same management?" he asked. "In the end, they may have to go to the regulators and ask for a rate increase."

In their statement Monday, the company and equity firms promised the decrease in rates until September 2008. The company did not reply to telephone requests for more information.

Representatives of environmental groups predicted that the TXU deal would make it harder for other companies to build new pulverized coal plants. Eric Cane, an analyst at Innovest Strategic Value Advisors, said the settlement would make companies like Dynegy and Xcel think twice about building more coal plants that do not include a plan to keep carbon dioxide from entering the atmosphere.

What the deal shows, more than anything else, they said, was a growing expectation of carbon taxes in the future. "The economics might be there right now for a utility to build a pulverized coal facility," Mr. Cane said, "but you have to question that company's decision, if they're looking forward past the near future."

That is not the way some big coal producers see it, though. And they say they still have basic economics on their side. Until a significant cost is imposed on each ton of carbon pumped into the atmosphere, coal will stand out as the most cost-efficient way to supply new electricity and most regulators will have a hard time agreeing to impose more expensive alternatives on consumers.

"If what has been proposed takes hold and TXU does not advance with the construction of new plants, it will likely enable" other coal facilities to be built, said Vic Svec, a spokesman for Peabody Energy, a coal mining company that has moved into power generation.

The power will still be needed and the type of plant TXU has proposed, he said, is the cleanest, least expensive proven technology to get it.

In TXU Deal, Texas Regulator Has Few Levers To Pull (WSJ)

By Rebecca Smith, Susan Warren And Dennis K. Berman

Wall Street Journal, February 27, 2007

PUC's Limited Role May Ease Passage; Rival Suitors Scurry

Texas regulators have little authority to challenge or block the proposed $32 billion private-equity buyout of utility titan TXU Corp., which could ease the deal's completion despite opposition gearing up in the state. Meanwhile, potential rival bidders considered their options.

A group led by Kohlberg Kravis Roberts & Co. and Texas Pacific Group announced a proposed acquisition of TXU yesterday, in a deal that includes the assumption of more than $12 billion in debt. The deal, which would be the largest leveraged buyout ever, was made after the prospective buyers negotiated with environmental groups to reduce TXU's debate-stirring plans to build a fleet of coal-fired power plants.

Yesterday, a number of Wall Street banks and potential investors were scrambling to respond to their competitors' headline-grabbing move.

Blackstone Group was looking at launching a rival bid, potentially with an industry player as its partner, people familiar with the matter said. Given the KKR-Texas Pacific group's huge head start, any Blackstone offer would have to include a higher price and perhaps a different structure. A strategic partner would enable Blackstone to arrange a more creative deal and hence pay more. Blackstone declined to comment.

A slew of other buyout groups were checking with banks about financing, according to people familiar with the matter. Some were signing confidentiality agreements with TXU, which is leading a 50-day "go shop" period to attract a higher bidder, another person familiar with the matter said.

While Wall Street observers said they believed other buyers could raise enough money, they were generally skeptical that a rival could line up the environmental and political cover that KKR and Texas Pacific have secured. Others note though, that a rival bid could promise the same concessions and that the ultimate decision rests with shareholders. In weighing bids, certainty

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can be almost as important as price. KKR also has had longstanding relations with TXU Chief Executive C.John Wilder, and Texas Pacific, which is incorporated in Texas, is the hometown player.

Mr. Wilder, who has expressed a desire to stay with the company, stands to reap a rich payday. He negotiated a lucrative compensation package three years ago, when TXU was in the doldrums; under his direction, TXU stock soared from about $10 a share to more than $60.

By some estimates, he may now be eligible for well over $100 million in payments, reflecting the full vesting of several large stock allotments called for under his complex five-year employment contract. Mark Reilly, a partner at pay consultant 3C, Compensation Consulting Consortium, said ambiguity in the wording of some documents, such as TXU's proxy statement, made a detailed estimate difficult. But he said the contract could be valued at as much as $200 million at the current stock price. The company didn't confirm the amount.

TXU said it is considering dividing the company into three separate ones. That would make the company's regulated power-transmission business distinct from both its unregulated power-generation business, the biggest in the state, and its power-sales unit. Each is the biggest in its field, reflecting TXU's stature as a century-old utility that serves most of the northeastern part of the state from its Dallas headquarters.

As merger interest has surged in the long-neglected utility sector, some states have moved to block major deals. Last year, FPL Group and Constellation Energy Group called off their $12.5 billion merger amid Maryland regulators' concerns about rising power prices. Also last year, Exelon Corp. scrapped its $17 billion acquisition of Public Service Enterprise Group Inc. because of opposition in New Jersey.

But Texas state regulators have little power to block a sale, even if they feel consumers will be harmed, according to TXU, a spokesman for the Public Utility Commission of Texas and others involved in the deal. The law requires the commission to investigate transactions to determine whether they are "consistent with the public interest," but a finding to that effect isn't required in order for a transaction to proceed.

Under the law, the commission can stop a buyer from jacking up rates for regulated enterprises like power delivery, but it has little or no control over whether a sale takes place. The result is that the largest leveraged buyout in U.S. history is free to proceed with state power regulators on the sidelines. The law allows them to hold hearings but doesn't require full evidentiary hearings, which once were the norm, with document production and the calling of witnesses.

The state's 1999 law deregulating its power market further weakened regulators' ability to block deals.

TXU spokeswoman Lisa Singleton said yesterday that TXU regards the commission as "an important stakeholder" but not one with any legal authority over transactions. "We don't need them to approve the deal," she said.

A spokesman for the Public Utility Commission said the commissioners are debating what to do. The company's debt was downgraded to less-than-investment grade yesterday because of expectations of a greater debt load, although some analysts said they don't expect the buyers to load the debt on the regulated part of the business.

The deal won a mixed reaction in Texas, where TXU and Mr. Wilder have been embroiled in debate over the planned coal plants and repeated rate increases. As part of the acquisition deal, the new private-equity owners have agreed to drop plans for eight of the 11 coal plants TXU had envisioned.

As part of the proposed sale, TXU also has moved to placate customers by confirming it will offer a 10% rate reduction. But the reduction will be available only to customers who haven't elected to move off TXU's basic rate, sometimes called its "price to beat" or default service. That in effect excludes about 70% of its residential customers and all of its commercial and industrial customers. The discount would last until September 2008.

The Texas legislature already has been considering several bills that seek to deal with the problem of high power prices in the state and a deregulation law that has left many consumers very unhappy. Texas Sen. Troy Fraser, chairman of the Business and Commerce Committee, said that the deal only heightens his anxiety about the high cost of electricity and that he felt the proposed rate cut was "too little, too late."

He said he was dismayed to learn the parties had been talking about the transaction for months "but they never bothered to visit with the leadership in the legislature or the PUC." He said they "finally ran me down Friday evening, and it wasn't to ask my input. It was to tell me what they were doing."

TXU Sets Out Benefits Of $45bn Buy-out (FT)

By James Politi

Financial Times, February 27, 2007

TXU on Monday embarked on a campaign to promote a $45bn leveraged buy-out led by Kohlberg Kravis Roberts and Texas Pacific Group amid mounting evidence that the private equity boom has entered a new, more highly politicised era.

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Executives at the Texas power company said the deal would bring lower prices for consumers and stronger environmental policies, including a reduction in carbon emissions and more investment in renewable energy.

Under John Wilder, chief executive, TXU has been the target of environmental groups, angered by the company's plans to construct 11 coal-fired plants to meet Texas's growing energy needs.

But in a sign of private equity's increasing awareness that acquiring big companies entails garnering the support of politicians and special interest groups as well as investors, KKR and TPG agreed to scrap plans to build eight of those coal plants.

The new owners also agreed to bring in James Baker, former US secretary of state; William Reilly, former Environmental Protection Agency administrator; and Donald Evans, former US commerce secretary, to help oversee the investment.

In an interview with the Financial Times, Mr Wilder said he had originally proposed an "aggressive" stand-alone plan that included many of the moves that would be undertaken by TPG and KKR.

But he said the company's board concluded that his proposal was "inferior" to the buy-out. "[The buyers] bring a network of individuals and capabilities that a company like TXU couldn't construct on its own," Mr Wilder said. "We believe they will be a catalyst for innovation."

In leveraged buy-outs, private equity groups typically aim to generate returns in excess of 20 per cent over a time frame of about five years.

When TPG and KKR take over TXU, they will split it into its three main business lines: retail, generation and transmission. Theoretically, the buyers will earn their return by selling each of the units or taking them public in several years.

TXU shareholders will receive $69.25 per share in the deal – a 15 per cent premium over the company's Friday closing share price.

If completed, the deal would represent the largest leveraged buy-out, exceeding this month's $38.9bn takeover of Equity Office Properties, the commercial real estate group, by Blackstone.

The succession of record-breaking deals by private equity groups has been accompanied by criticism, particularly among some European politicians and trade union leaders, that such transactions are bad for the economy.

The private equity groups buying TXU do not expect their buy-out to result in job losses, however. In addition, KKR and TPG have promised a 10 per cent reduction in prices for consumers.

Meanwhile, shares in other US power companies, including Dynegy and Mirant, rose on speculation that they might be the next private equity targets.

Private Equity Buyout Of TXU Is Enormous In Size And In Its Complexity (NYT)

By Andrew Ross Sorkin

New York Times, February 27, 2007

Wall Street banks have provided billions of dollars to finance takeovers in the last year, essentially serving as mortgage lenders to deal-hungry private equity firms, which are among the banks' best-paying customers.

Now the lenders have created a new type of loan that has them ponying up part of the down payment on these deals as well. That trend is vividly illustrated in the $45 billion buyout of the Texas energy giant TXU, which was announced yesterday. There are risks in the transaction, as there are in any large buyout, but for the Wall Street banks behind the deal, it could be even riskier.

In an unusual twist that may soon become common, the banks are going one step further than simply providing the debt financing involved in the deal, in this case a daunting $24 billion of debt.

The banks are also lending $1 billion to TXU's buyers, Kohlberg Kravis Roberts & Company and the Texas Pacific Group — not as secured debt, but in the form of equity using the bank's own cash.

Known as an "equity bridge," the arrangement allows leveraged buyout firms to buy companies with even less cash upfront. The idea is that the leveraged buyout firms will find other investors to ante up cash after the deal is announced.

These bridges can lead to trouble, however. If the private equity firms cannot find new investors — and it is their job, not the banks', to find them — or if the value of the asset falls sharply, the banks are left holding the bag.

"This is how things blow up; people take more risk," said Andy Kessler, a former research analyst and hedge fund manager who has written books about Wall Street. "If you go back to the crash of 1987, all the banks had huge bridges that went bust."

Some have compared the use of the equity bridges to a much more risky version of Michael R. Milken's famous "highly confident" letters in the 1980s takeover boom, which gave assurances that his firm, Drexel Burnham Lambert, could sell junk bonds to finance deals for its clients.

Investment bankers say that the private equity firms, which have become some of the largest fee payers to Wall Street, put pressure on them to extend an equity bridge in exchange for syndicating the debt, a job that can prove very lucrative.

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"The bridge may be a pay-to-play," Mr. Kessler said.

The new tactic has appeared in a handful of deals recently, including the $39 billion takeover of Equity Office Properties this month. It lets a private equity firm pursue enormous transactions without bringing in partners, at least until it has negotiated a deal on its own terms.

Indeed, the advent of the equity bridge could spell the end of giant consortium transactions, or club deals, in which often rival private equity firms team up on a bid. In the $11.3 billion buyout of SunGard Data Systems in 2005, for example, seven private equity firms banded together, each with a seat at the negotiating table.

The use of the equity bridge may instead spur private equity firms to be more competitive in bidding, because they would not need to forge temporary alliances of convenience with rivals to mount large bids. And that would take some pressure off the firms, which have been under scrutiny by the Justice Department over whether the consortiums constitute a form of collusion.

In the case of TXU, Kohlberg Kravis and Texas Pacific are expected to invite their limited partners — the investors in their own funds, like big pension plans — to invest directly in this deal. By investing alongside the private equity firms, these investors can share in the rewards if the deal pays off without paying the same enormous fees to the firms that they typically do to invest in their funds. Private equity firms offer direct investment as an inducement to also invest in their funds that do carry fees.

The TXU buyout calls for about $8 billion of cash upfront, $24 billion of new debt and the assumption of about $13 billion in debt.

Kohlberg Kravis and Texas Pacific are each putting up about $2 billion in cash. Goldman Sachs, Lehman Brothers, Morgan Stanley and Citigroup plan to invest $3 billion from their private equity arms.

That brings the cash total to only $7 billion, $1 billion short of the $8 billion required. That's where JPMorgan Chase, Morgan Stanley and Citigroup are planning to come in with a $1 billion equity bridge.

The risk to the banks is that the value of TXU could fall sharply below the $69.25 being offered. Yesterday, TXU shareholders welcomed the deal, driving up the shares 13 percent, to $67.93.

The deal still must undergo months of scrutiny from state and federal regulators. And while the deal has won support through pledges to cut electric rates and scale back a plan to build coal-fired power plants, the private equity firms must still overcome a perception that buyout buyers are temporary owners who are not beholden to shareholders or customers.

Talk about building bridges.

The New Greenmail (WSJ)

The Wall Street Journal, February 27, 2007

Call it greenmail for a post-Kyoto world. The private-equity firms that just agreed to buy Texas utility TXU have scored something of a PR coup by getting Environmental Defense and other climate-change activists to fall in line with their purchase plans before the deal was announced. The question is what price shareholders are paying for this act of political correctness.

In the old days, a greenmail artist like Carl Icahn would buy up a tranch of some company's stock and threaten to buy the rest unless the target paid him to go away. But 21st-century greenmail works a little differently. Judging by media accounts, the price of Environmental Defense's support was an announcement that the new owners would build only three of the 11 coal-fired power plants that TXU has had on the drawing board.

Last year, Environmental Defense had launched a "Stop TXU" campaign to oppose the new plants. But yesterday it declared "victory" and explained that its agreement had been sought by emissaries of the private-equity investors in return for mothballing the eight coal plants and an agreement to sign on to mandatory emissions caps and an overall reduction in TXU's CO_2 emissions by 2020.

TXU had painted a green bull's-eye on itself when it announced plans last year to build the 11 new plants. Never mind that the plants were to be built on the sites of existing plants, that a number of them would replace older, less-efficient plants, or that Texas is already bumping up against the limits of its ability to produce the electricity it needs for its growing population and economy. The announcement sent the environmental movement to the barricades against TXU, and may be one reason that the company's stock, after going up regularly for several years, sputtered and stalled in 2006.

That stock slide wasn't all bad for Kohlberg, Kravis Roberts, which is leading the group buying TXU for not much more than its all-time stock-price high, which it hit in the middle of last year. But then again, giving in to the pressure not to build all 11 plants may not turn out to be all bad for KKR and TXU, either.

Ercot, Texas's independent electric-grid operator, figures that peak electricity demand in the state will catch up with available capacity by 2009, if not sooner. Tight demand means higher electricity prices, which is good for TXU's profits. That squeeze will, in turn, rejuvenate calls for more capacity, which may allow TXU to dust off the plans for the new plants at a moment when the current environmental concerns weigh more lightly in the political scales than skyrocketing electricity bills. The private-equity crowd didn't get to be billionaires for nothing.

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Texas's electricity market is bigger than all of South Korea's and nearly the size of the United Kingdom's -- which is to say, it's big. It also has limited interconnection to surrounding states, so its ability to import power on high-voltage lines to make up for any shortfall is limited. Texans learned this last April when a spring heatwave sent temperatures in parts of the state into the triple digits, catching the utilities flat-footed and producing rolling blackouts and brownouts around the state.

The people who run TXU understand all of this at least as well as anyone. They also know that starting this year and continuing in stages into 2009, the state's electricity-deregulation plan calls for the price cap on wholesale power to be raised to three times its 2006 level. The retail price cap expired at the end of last year.

These reductions in price controls would certainly have played a role in TXU's earlier decision to invest $10 billion in the 11 new plants, which was the point of decontrolling prices in the first place -- greater returns mean more investment, which is needed to supply a growing state's energy needs. So now TXU can hope to get the benefit of rising prices by restricting supply, and get environmental plaudits in the bargain. Only Texas consumers might suffer.

Which is not to say that TXU would be giving up nothing by not building the plants. Some of the plants that were to be replaced are gas-fired, and natural gas prices have been volatile and rising. TXU owns a bunch of coal deposits, so it had planned to build the coal-fired plants in part to get a better grip on its supply costs going forward. And given the projections for steadily rising electricity demand in Texas and the rather closed nature of its market, TXU runs the risk of ceding market share in electricity generation to rivals.

As for TXU's current shareholders, the agitation of the greens may have helped bring down TXU's share price last year, so the environmentalists probably did KKR and partners a favor. There may even be a trend in the making here -- environmental protesters bring down a stock, making a private-equity transaction look more attractive, and in return, the equity firm and its management partners buy off the greens with this or that environmental promise. We're not suggesting any such quid pro quo here, but if we were TXU's mom-and-pop investors or Texas energy consumers we'd certainly be asking some pointed questions.

Proposed Satellite Radio Merger Could Set Off Sparks At Hearing (PLTCO)

By Andrew Glass

Politico, February 27, 2007

Up in the sky 22,500 miles above Earth, separate sets of satellites beam hundreds of music, news and sports radio programs to almost 14 million U.S. subscribers in homes, offices and cars. Down on the ground in the nation's capital, a legion of lawyers and lobbyists has launched a multipronged campaign to let them merge.

The proposal calls for XM Satellite Radio Holdings and Sirius Satellite Radio Inc. to combine their programming. They will try to persuade the U.S. Department of Justice and the Federal Communications Commission to sanction the union and to do it quickly. The initial skirmish will occur Wednesday on Capitol Hill. While Congress cannot block the deal, it could influence the outcome.

The key issue before the lawmakers is the same one that faces the regulators: What is the scope of the market? If it is satellite radio, as critics allege, a merger would spawn an illegal unregulated monopoly. But Mel Karmazin, Sirius' CEO, will testify that the market should also include the 223 million weekly listeners to about 10,000 AM and FM domestic radio stations, the 219 million Americans with access to the Internet and millions more who own iPods and other hand-held music players.

The projected XM-Sirius merger, announced Feb. 19, will be the first item to come before the newly created House Antitrust Task Force. House Judiciary Chairman John Conyers Jr., D-Mich., who set it up on a provisional basis, said, "We are holding this hearing to allow members to probe whether this merger will enhance or diminish competition in the digital music distribution industry."

Karmazin will argue that the merger would allow automakers to mount receivers without having to choose between the two incompatible systems. Post-merger subscribers could listen to both Howard Stern (Sirius) and Oprah Winfrey (XM). They could tune into National Football League and National Basketball Association games (Sirius) and Major League Baseball games (XM), too. Karmazin will also say that dropping duplicate channels and replacing them with a wider range of niche programming would benefit consumers.

Over the last eight years, the two firms have lost a combined $7 billion. They don't see a way to profitability. In 2006, their collective losses will exceed $1.5 billion. But no matter how the congressional session goes, the would-be partners must still surmount high regulatory hurdles in attaining a government-sanctioned bailout.

Conyers plans to question Karmazin about why his company, being in such dire financial straits, signed Stern, the nation's most sexually explicit shock jock, to a five-year $500 million contract. "Bad management is no excuse for a monopoly," said Mark Cooper, director of research at the Consumer Federation of America (CFA), who will also testify.

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Opponents of the merger include the National Association of Broadcasters (NAB), which will be at the witness table, represented by its president, David Rehr. In a statement, the NAB said: "… Policymakers will have to weigh whether an industry that makes Howard Stern its poster child should be rewarded with a monopoly platform for offensive programming. We're hopeful that this anti-consumer proposal will be rejected."

But Karmazin and XM Chairman Gary Parsons want to leverage the NAB's hostility to deflate the monopoly charges. Earlier, the FCC allowed each of them, against NAB opposition, to offer real-time traffic and weather reports in top urban markets.

Not all critics play in the same big league as the NAB and the CFA. Law school student subscribers, calling themselves the Consumer Coalition for Competition in Satellite Radio (C3SR), will resist the merger as well. Chris Reale, a founder of C3SR, said, "A monopoly satellite radio provider would be able to raise prices and cut programming to a growing number of consumers that have come to rely on satellite radio for news and entertainment."

To counter the negative onslaught, XM and Sirius have hired a slew of top-of-the-line investment bankers, law firms and lobbyists.

J.P. Morgan Securities Inc. is handling the financial side for XM and Morgan Stanley for Sirius. Three law firms -- Skadden Arps, Slate, Meagher & Flom LLP, Jones Day and Latham & Watkins LLP -- are acting as legal counsel for XM. Sirius will get by with two: Simpson Thacher & Bartlett LLP and Wiley Rein LLP.

Their task is to persuade both Justice Department trustbusters, led by Thomas Barnett, and a fractured five-member FCC that a combined system will serve the public interest. The FCC would have to overturn its decade-old edict that they should remain separate. FCC Chairman Kevin Martin has said, "The companies would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices."

On the lobbying front, Sirius, based in New York, works with 84-year-old former Sen. Paul Laxalt, R-Nev., and his associate Tom Loranger. This year, in keeping with the Democratic takeover of Congress, it also hired Steve Ricchetti, a former deputy chief of staff to President Bill Clinton.

XM, based within walking distance of Capitol Hill, has employed a larger and somewhat rotating gallery of lobbyists. Last year, records show, XM spent $403,705 in lobbying fees, allocated among nine firms.

One of them was Mehlman Vogel Castagnetti Inc., which along with a predecessor firm, Mehlman Capitol Strategies, earned $80,000 for its efforts. "Politics are partisan, policy is bipartisan," said Alex Vogel, a co-founder of the firm and chief of staff to former Senate Majority Leader Bill Frist, R-Tenn. Vogel's partners are Bruce Mehlman, whose brother Ken served until January as chairman of the Republican National Committee, and David Castagnetti, formerly chief of staff to Sen. Max Baucus, D-Mont.

XM also employs Wexler & Walker Public Policy Associates, an arm of Hill & Knowlton. Paddy Link serves as the chief XM account executive. She was the first woman to head the staff of the U.S. Senate Committee on Commerce, Science and Transportation, where she helped draft the breakthrough Telecommunications Act of 1996. Before going over to the committee, Link served as chief of staff to former Sen. Larry Pressler, R-S.D.

XM's Losses Narrowed In 4th Quarter (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, February 27, 2007

For Year, Though, Satellite Radio Firm Fell Deeper in Red

Continued growth in subscribers helped XM Satellite Radio Holdings slightly reduce its losses in the last quarter of 2006 from the fourth quarter of 2005, the company said yesterday.

XM, which broadcasts from the District, hopes to merge with rival Sirius Satellite Radio, which is based in New York. Both companies will continue to operate separately as they await regulatory approval from the Federal Communications Commission and Department of Justice, which is expected to take several months.

XM's last-quarter revenue increased by 45 percent, to $257.1 million from $177.1 million in the fourth quarter of 2005. The company narrowed its loss to $263.2 million (90 cents a share) from $270.5 million ($1.22).

XM finished the year with 7.6 million subscribers, a 29 percent increase over the year before, that was, however, lower than the projections the company made in early 2006. Executives said they hoped to have at least 9 million subscribers, who typically pay $12.95 a month, by the end of this year.

XM reduced its quarterly marketing expenses by more than 25 percent, spending $142 million compared with $196 million, company executives said in a conference call with analysts and reporters. The cost of gaining each new subscriber fell from $141 to $128.

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In the last quarter of 2006, XM took a charge of $57.6 million to reflect the reduced value of its stake in a Canadian satellite radio affiliate.

For all of 2006, XM lost $732 million, or $2.70 per share. In 2005, it lost $675 million. XM and Sirius have paid heavily to recruit such stars as Howard Stern, Oprah Winfrey and Martha Stewart. They contend they need to merge to remain competitive with over-the-air, commercial radio, iPods and other audio services, but some consumer groups oppose monopoly ownership of satellite radio.

XM Cuts Its Loss To $263m For Quarter (FT)

By Joshua Chaffin In New York

Financial Times, February 27, 2007

XM Satellite Radio yesterday reported a narrower fourth-quarter loss as it prepared for Congressional hearings concerning its proposed merger with rival Sirius.

For the quarter, XM lost $263.1m, or 90 cents per share, compared with $270.4m, or $1.22, during the same period a year ago. The company, which has never made a profit, benefited from a reduction in costs, and from a jump in subscriptions that helped push revenues up 45 per cent to $257m.

The results came a week after XM announced an $11.4bn merger with Sirius. Analysts and investors have projected $5bn in cost savings that would push the companies toward profitability.

However, the biggest obstacle to the deal will be allaying antitrust concerns at the Justice Department and the Federal Communications Commission. At a Congressional hearing tomorrow, the companies are expected to argue that they are part of an expanding market for portable audio that includes iPods, mobile phones and other devices.

"We're working to close the deal and we're confident it's going to go through," Hugh Panero, XM's chief executive, said yesterday.

XM suffered last year because of product delays and increased competition from Sirius, which spent heavily to lure top talent such as Howard Stern, the radio shock jock. It finished the year with 7.6m subscribers - up 1.6m over the previous year but shy of the 9m it had forecast.

One bright spot was that XM managed to lower its average cost of acquiring new subscribers in 2006 - to $126 from $141 the previous year.

Editorial: A Monopoly -- Not (SFC)

San Francisco Chronicle, February 27, 2007

TEN YEARS AGO, federal regulators sold a pair of satellite radio licenses -- and sternly warned that a competition-chilling merger wouldn't be tolerated.

How quaint that worry seems now. The two operators -- XM and Sirius -- are losing billions of dollars and want to huddle together to stop the bleeding. Meanwhile, HD radio, iPods, Internet broadcasts and other trends have rushed past regulators and redrawn the landscape. There are 90 million people wearing dangling iPod ear-buds, 65 million who listen to free Internet radio and about 14 million satellite-radio subscribers.

It's hard to see a stifling monopoly in the making when the two satellite networks are gasping for air. Consumers, who need defending when choices narrow dramatically, don't need any help on this shift.

In Washington, the Justice Department is judged likely to bless the deal after surveying the larger landscape of audio choices. It's a sensible reading of broadcast reality.

It's the Federal Communications Commission, which laid down the no-merger threat a decade ago, that may stop the deal. The panel shouldn't, even if it risks going back on its guiding words, issued at the dawn of the Internet age.

A merged satellite market will create a semblance of a monopoly, but only over one slender source of information. If the merged network raises prices or cuts options, unhappy subscribers can turn elsewhere for their entertainment fix.

This infant industry was touted as a major breakthrough way back when. How far away that era seems now when cheaper, handier and more varied choices now abound.

CME, CBOT Shareholders To Vote On $8B Deal On April 4 (AP)

By Jesse Thomas

AP, February 27, 2007

CHICAGO - Shareholders of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc., the two largest U.S. derivatives exchanges, will vote on CME's proposed $8 billion acquisition of CBOT on April 4.

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In a filing with the Securities and Exchange Commission, CME said Monday its meeting on the deal will be held at the W Chicago City Center, while CBOT's Class A shareholders will meet at Union League Club of Chicago.

In addition, a special meeting for Series B-1 and Series B-2 members of CBOT will be held at the Union League Club before the Class A shareholder meeting to approve an amended and restated certificate of incorporation to become effective upon the deal, the filing said.

The SEC filing states CME and CBOT "enthusiastically support" the combination, which would create the world's largest derivatives exchange. Executives from both exchanges have repeatedly stated they expect the deal, originally announced on Oct. 17, to close midyear.

The deal is still awaiting regulatory approval from the U.S. Department of Justice and the Commodity Futures Trading Commission. Department of Justice spokeswoman Gina Talamona said the investigation is ongoing, but did not say when a decision might be made.

The proposed acquisition has come under fire in recent weeks. The Futures Industry Association, a trade organization that is not required to approve the deal, said that the new company, to be called CME Group Inc., a Chicago Board of Trade company, could wield unfair pricing power, which could "raise even higher the barriers to entry for new competitors."

The association said the deal also would substantially lessen competition among U.S. futures exchanges.

CME officials have said that the acquisition will increase competition in the global marketplace. CME and CBOT also expect to generate annual cost savings of at least $125 million as a result of the deal, while saving exchange users about $70 million on an annual basis.

On the New York Stock Exchange, CME shares closed down $8.26, or 1.5 percent, at $536.59. CBOT shares closed down $2.00, or 1.2 percent, at $160.50.

Regulators OK GE Purchase Of Abbott Unit (AP)

AP, February 27, 2007

Federal Regulators Approve $8.1B General Electric Purchase of Abbott Labs Division

WASHINGTON (AP) -- Federal antitrust regulators on Monday approved General Electric Co.'s $8.13 billion purchase of Abbott Laboratories' diagnostics business.

The Federal Trade Commission said it has approved the transaction without requiring any changes.

General Electric will acquire Abbott's in vitro diagnostics and point-of-care diagnostics businesses, the companies said when they first announced the transaction in January. The in vitro diagnostic division tests blood and urine samples to diagnose diseases and other conditions.

Abbott expects to receive $6 billion in after-tax cash from the transaction, the company said last month. Abbott plans to use the money to pay down debt and supplement share repurchases.

The two companies said in January that they expected the transaction to close in the first half of 2007.

Shares of GE rose 9 cents to $35.19 in afternoon trading on the New York Stock Exchange, while shares of Abbott increased 84 cents to $54.43, also on the NYSE.

Caremark Rx Downgraded Amid Bidding War (MRKTWTCH)

Market Watch, February 27, 2007

SAN FRANCISCO (MarketWatch) -- Raymond James downgraded Monday its rating on Caremark Rx Inc. shares on the belief there will be no further bidders for the company beyond fellow pharmacy-benefits manager Express Scripts Inc. on the one hand, and retail pharmacy-chain operator CVS Corp. on the other.

"Based on our analysis, we believe a [per-share purchase] price in the mid-$60s begins to become dilutive from CVS' perspective," Raymond James analyst Michael Baker wrote in a research note. He cut his rating on Caremark to market perform from outperform.

"We do not expect CVS to push the price beyond this point; therefore, upside is modest from current levels, in our opinion."

Caremark agreed last November to a so-called merger of equals with CVS under which Caremark stockholders would receive 1.67 shares of the combined company for each share they own.

The following month, however, Express Scripts launched a hostile cash-and-stock counterbid for Caremark that at the time carried a 15% premium to the CVS deal. Terms call for Express Scripts to pay $29.25 in cash and 0.426 share of stock for each outstanding Caremark share.

CVS subsequently sweetened its bid with a $2-a-share special dividend, which it then tripled to $6 a share.

Shares of Caremark closed Monday's session higher by 17 cents at $63.24. Express Scripts shares added 19 cents to finish at $78.82, while shares of CVS slipped 10 cents to end at $32.38.

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Twists and turns

A judge in Delaware on Friday delayed a shareholder vote on the proposed Caremark-CVS merger for the second time, until at least 20 days after Caremark shareholders are provided with additional information about the deal. Caremark subsequently mailed supplemental disclosures containing the information in question to its shareholders and scheduled the vote for March 16. See full story.

The Caremark shareholder vote, analyst Baker noted, will take place after the March 8 deadline for the Federal Trade Commission to make a second information request concerning the Express Scripts bid.

Antitrust questions have been among the top concerns raised in reference to a Caremark-Express Scripts deal. Caremark's the largest PBM in the country on a market-capitalization basis, ahead of Medco Health Solutions Inc. and Express Scripts.

With an eye to avoiding the need for a second request from the FTC, Express Scripts at the end of January withdrew and then submitted again its Caremark bid antitrust filing, resulting in the March 8 deadline. See full story.

The key, said Raymond James' Baker, will be whether the FTC takes a broad view of the market or attempts to redefine it more narrowly.

From a broad market perspective, a combined Caremark-Express Scripts would have roughly a 29% market share, and it would "likely be of little concern" Baker said. He also estimated Medco's share of the market at 19%, followed by WellPoint Inc. at 11%.

"A more narrow definition of the large-employer market (Fortune 100) could be more problematic and require Express Scripts to provide additional information under a second request," Baker said. Carolyn Pritchard is a reporter for MarketWatch in San Francisco.

Linux Camp Rages Over Novell Pact (BOS)

By Hiawatha Bray, Globe Staff

The Boston Globe, February 27, 2007

Microsoft accord could leave other open-source software companies more vulnerable to patent suits

Last year's surprise partnership between software titan Microsoft Corp. and leading Linux distributor Novell Inc. was supposed to be a kind of peace treaty. Instead, it's brought the open-source software community to the brink of civil war, over a provision that could help Microsoft sue other open-source software companies for patent violations.

As part of the deal, Novell agreed to compensate Microsoft for features in Linux that Microsoft claims to have patented. Critics say Novell has betrayed other Linux vendors and made it easier for Microsoft to threaten Linux companies with patent infringement suits.

"Anybody who has not signed a deal now . . . is somehow under a cloud," said Peter Brown, executive director of the Free Software Foundation, a group that oversees the creation of most Linux code. "When will Microsoft act against them?"

But for renowned open-source programmer and former Novell employee Jeremy Allison, the deal came at too high a price. Allison helped develop Samba, a popular program that lets Linux computers interact with machines running Windows. In December, Allison quit . "I left Novell over the deal because I felt it was not consistent with the responsibilities of an open-source company or an open-source programmer," Allison said.

The deal with Microsoft amounts to a $308 million lifeline for Waltham-based Novell, a company brought to the brink of ruin thanks to years of fierce rivalry with Microsoft. Originally based in Utah, Novell invented the first system to link desktop computers into networks. It grew into the world's third-largest software company, at one time employing 10,000 workers.

But Novell's business was gutted when Microsoft added networking capability to its Windows operating system. Novell then challenged Microsoft with an alternative operating system and office software suite. Both ventures were costly failures. Today, Novell has just 4,800 employees, mostly in Utah. Only about 200 are based in the Boston area. Still Novell is one of the biggest technology companies based in Massachusetts.

Novell now hopes to become the leading distributor of Linux software to businesses -- a position held by Red Hat Inc. of Raleigh, N.C. Red Hat officials say they're unworried by the Novell-Microsoft deal. At a technology conference earlier this month, Red Hat's chief financial officer, Charlie Peters, said he sees no sign that an alliance between Novell and Microsoft is hurting Red Hat's sales. "Just in the last week or two you've seen several good customer wins from us," Peters said. "This clearly is not an issue."

Open-source supporters favor some features of the deal. Microsoft paid $240 million for Novell Linux licenses, which it will distribute to customers who want to use both Windows and Linux in their data centers. The two companies also will cooperate on ways to make Linux work better with Windows . After all, even companies that use Linux for high-end server applications still use Windows on most of their desktop machines. Microsoft will also pay $108 million to Novell for permission to use Novell patents in Microsoft's products.

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But it's Novell's $40 million patent payment to Microsoft that infuriates open-source specialists. That's because Novell's SUSE Linux, like all versions of Linux, is made up of hundreds of pieces of software produced by the GNU Project, an open-source development group led by the Free Software Foundation in Cambridge. Linux companies like Novell and Red Hat compete by selling support for their Linux products. Meanwhile, the Free Software Foundation insists that no version of Linux violates patents held by Microsoft or anybody else.

Brown, the foundation's executive director, said that those who buy Novell's version of Linux will be shielded from Microsoft patent litigation. But people who buy from other Linux companies are still exposed to patent lawsuits, even though all versions of Linux are nearly identical.

Brown said that Microsoft singled out Novell because the company's sales and profits are weak. . Novell revenue fell from $1.2 billion in fiscal 2005 to $967 million in 2006. The company posted a $376.7 million profit in 2005, but that was mainly due to a $536 million payout from Microsoft to settle an antitrust dispute between the two longtime enemies. Last year, Novell's net income dropped to $32 million.

The company's financial woes made it a prime target for Microsoft, said Brown. He thinks Novell entered into negotiation in good faith, but learned too late about Microsoft's patent tactics. "They wave a big check under their noses, they get Novell desperate for the money, and then they spring the patent provision on them."

Novell says the critics are wrong. Susan Heystee, the company's vice president of global strategic partnerships, said Novell does not believe that Linux contains any Microsoft-patented code. "There is definitely no statement that we're making that there are any patents being infringed," she said. "We do not acknowledge that there is any issue there."

But within days of signing the deal with Novell, Microsoft chief executive Steve Ballmer told guests at a software industry conference that Linux contains Microsoft intellectual property. "In a sense you could say that anybody who has got Linux in their data center has an undisclosed balance-sheet liability," he said, suggesting that Microsoft might demand compensation from Linux users not covered by the Novell agreement. Microsoft agrees that Novell did not concede any patent violations in Linux, saying that the companies have "agreed to disagree" on the issue.

Leaders of the open-source movement are at work on a legal strategy that could let Novell retain the benefits of the deal, while preventing Microsoft from using it to attack other open-source firms. They're drafting a new version of the General Public License or GPL, the Free Software Foundation's legal rulebook, which governs how Linux and other open-source code can be used.

Under the new license, called GPL3, if a company waives its patent rights over GPL software distributed by one company, that waiver will apply to all other companies distributing the software. If the provision had been in place when Novell and Microsoft struck their deal, the patent protection won by Novell would have applied as well to Red Hat, Ubuntu, and other Linux versions. Microsoft would have forfeited its patent infringement claims against all Linux distributors.

The foundation hopes to have the new license completed within a couple of weeks. It can then issue future versions of Linux code under the license. As they're upgraded over time, the hundreds of programs that make up Novell's Linux will be covered by the new license.

Brown said GPL3 would ensure that no other Linux company will be able to make a separate peace with Microsoft. "We want to attempt to stop these type of deals being struck," he said.

Feds OK Coke's Purchase Of Fuze Beverage (AJC)

The Atlanta Journal-Constitution, February 27, 2007

Washington — Federal antitrust regulators have approved Coca-Cola's purchase of juice and tea maker Fuze Beverage, according to a notice issued by the Federal Trade Commission Monday.

The FTC cleared the transaction without requiring any changes to the deal.

Atlanta-based Coca-Cola will buy all Fuze Beverage brands, including the Vitalize, Refresh, Tea and Slenderize lines. The company said Feb. 1 that it expects to close the transaction this year.

Shares of Coke rose 42 cents to $47.68 in early trading on the New York Stock Exchange.

Insurers Prepare A Battle Strategy To Protect A Key Exemption (column) (WP)

By Jeffrey H. Birnbaum

The Washington Post, February 27, 2007

The insurance industry is one of Washington's fiercest and best-funded lobbies, so it rarely gets surprised. But last week several industry representatives privately acknowledged amazement that their most important federal benefit -- an antitrust exemption -- is in danger.

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Angry with how insurers have been treating Hurricane Katrina victims and others, the chairman and the ranking Republican on the Senate Judiciary Committee, Sen. Patrick Leahy (D-Vt.) and Sen. Arlen Specter (R-Pa.), as well as Senate Majority Leader Harry Reid (D-Nev.), have joined forces to propose a repeal of the 62-year-old exemption, known as the McCarran-Ferguson Act.

"This is the big one," said Carl Parks, senior vice president of the National Association of Mutual Insurance Companies and a leader in the effort to save the exemption. "We are upset and disappointed."

The insurers say they are doing nothing wrong. Yet lawmakers are outraged on behalf of constituents who believe they have not been properly compensated for their property losses.

Sen. Trent Lott (R-Miss.), who lost his house during Katrina and is a co-sponsor of the legislation, has said that even "the nightmares of FEMA" did not prepare his constituents for their "abandonment by insurance companies."

McCarran-Ferguson provides insurers with an exemption from federal antitrust laws so that thousands of companies can exchange and aggregate data on accidents and injuries. They use that information to formulate the rates they charge their customers.

The exemption can operate only if states regulate the insurers, and lately a growing number of lawmakers have complained that some states have failed to do so. Hence the legislation -- and its companion bill in the House -- which would repeal the exemption and impose regulation by the consumer-focused Federal Trade Commission.

Large insurers that have enough data to set rates themselves have been proposing a modified repeal of McCarrin-Ferguson for years, but only if companies can opt to replace state regulation with a more compliant captive federal regulator. The new legislation, however, would add stiff federal regulation on top of the state regimen.

"The concern is that the industry could end up with double regulation," said Stanton D. Anderson of the U.S. Chamber of Commerce.

Insurers are beginning to muster their forces for an epic battle. Some of the bigger firms are hoping that the friendly-federal-regulator option will emerge somehow. But Parks and others who represent smaller insurers are not taking any chances.

The National Association of Mutual Insurance Companies has already created a "war room" that is targeting the districts and states of lawmakers who might be sympathetic or persuadable. It is hunting for insurers with employees in those places whom they can train to lobby their elected representatives. A broad coalition of insurance lobbies is also in the offing.

Parks, 60, knows this ground well. He has worked in public affairs for the insurance industry on and off since 1969, first for Allstate and later for the Property Casualty Insurers Association of America. In between, he helped the Credit Union National Association stage a huge grass-roots lobbying effort that persuaded Congress to pass a bill overturning a Supreme Court decision that would have hamstrung credit unions.

Now he has an even bigger fight. "This is an issue that we have to win outside the Beltway," Parks said. "We think we will win when we communicate our message."Lobbying Winner -- and Loser

The U.S. Chamber of Commerce and the affiliated U.S. Chamber Institute for Legal Reform have broken their own record for expenditures on lobbying. Their combined total skyrocketed to $49.2 million for the second half of 2006, more than double the $23.5 million they reported for the first six months of the year. The latest six-month period shattered their earlier record of $30.1 million, set during 2004's first half, PoliticalMoneyLine said.

The institute, which alone spent $17.8 million in the second half of 2006, does all manner of lobbying and research to fight trial lawyers. The rest of the Chamber buys issue advertising and houses a stable of lobbyists and policy analysts.

By contrast, the National Association of Manufacturers -- the Chamber's onetime rival -- spent just $3.6 million in the second half of 2006, down dramatically from $9.6 million in the year's first six months. NAM said the 63 percent decline resulted from its withdrawal from lobbying on the asbestos bill that it wanted but failed to get.

NAM was outpaced in lobbying expenditures in last year's second half by a wide range of groups and individual companies. Twenty of these spent more than $5 million during the period.Thank You, Mr. Chairman

If it's good to be a Democrat on K Street these days, it's even better to be a Democrat who once worked for a current chairman of a congressional tax-writing committee. That's clearly where the money is.

Timothy E. Punke, a former trade aide to Chairman Max Baucus (D-Mont.) of the Senate Finance Committee, was named a partner of Monument Policy Group, a lobbying firm. His new clients include heavyweights such as Microsoft and the Pharmaceutical Research and Manufacturers of America.

Former Baucus chief of staff Jeffrey A. Forbes of Cauthen Forbes & Williams also has a slew of new clients. They include Merck, Genentech, Ford and Intuit.

William A. Signer, a former staffer to Chairman Charles B. Rangel (D-N.Y.) of the House Ways and Means Committee, has a new job -- managing director of health-care and tax practices at Carmen Group. "His experience in understanding Chairman

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Rangel's goals and motivations are invaluable to clients," said David M. Carmen, president of the firm. Signer's ties to Rangel, Carmen added, were "definitely a factor" in his hiring.A Republican Purge on K?

John Feehery has left the Motion Picture Association of America to start his own lobbying firm, the Feehery Group. Feehery, 43, joined the movie lobby with great fanfare in 2005 to help silence sotto voce attacks by congressional Republicans, then in the majority, on the group's chief executive, former congressman Dan Glickman (D-Kan.), and on left-leaning Hollywood. Feehery had been the spokesman for then-House Speaker J. Dennis Hastert (R-Ill.) and a veteran GOP leadership aide.

But last month, the MPAA named Seth Oster, a Democrat, as executive vice president for communications, in effect taking part of Feehery's portfolio. My colleague at washingtonpost.com, Mary Ann Akers, reports that lobbyists worry that the move might presage a citywide purge of Republicans. But Feehery professes no bitterness. "It was a good time for me to start my own business," he said. "It gives me a greater range to do things I want to do." The MPAA will be one of his first clients, he added.

EU Takeover Law In Tatters (FT)

By Tobias Buck

Financial Times, February 27, 2007

The European Union's decades-long struggle to abolish "poison pills" and other barriers to hostile takeovers has ended in failure, the European Commission will conclude on Tuesday.

The commission will also warn it could overhaul the Union's ineffective takeover law earlier than planned.

"A large number of member states have shown strong reluctance to lift takeover barriers," the Commission says in a report on the effects of the EU takeover directive. The report finds the vast majority of member states have exploited the law's many loopholes to ensure that takeover defences can be used as extensively as before.

"The number of member states implementing the directive in a seemingly protectionist way is unexpectedly large," the report says.

The report's publication comes amid rising concern about protectionism in several European countries, and follows recent controversies over the growing power of hedge funds, private equity groups and other activist investors.

The report's downbeat conclusions also suggest that most EU governments are unconvinced by the Commission's assertion that takeovers offer "benefits for companies, investors and ultimately the European economy as a whole".

The EU takeover directive – which was finally adopted in 2004 after more than 14 years of debate – was originally designed to make it harder for companies facing a takeover bid to use poison pill defences, such as issuing new shares or entering into complex joint ventures. It would also have curbed the use of shares with multiple voting rights – another method of keeping suitors at bay.

But strong resistance from countries such as Germany and Sweden and a last-minute change of heart by the European Parliament meant the proposal was watered down.

Crucially, member states were allowed to opt out of a key provision that forces companies to seek shareholder approval for poison pill defences.

Another vital clause – known as the breakthrough rule – to ensure that existing defences become ineffective during the takeover period was also made optional.

The Commission report, a copy of which has been obtained by the FT, finds that "the vast majority of member states have not imposed (or are unlikely to impose) the breakthrough rule". Only Estonia, Latvia and Lithuania have opted into the clause, which means that less than 1 per cent of listed companies in the EU will apply the rule on a mandatory basis.

Charlie McCreevy, the EU internal market commissioner, has repeatedly voiced his frustration over the final version of the takeover directive.

The report suggests that he may want to return to the issue earlier than planned.

The directive is scheduled to be revised as late as 2011, but the report says that "in the light of the evaluation" this overhaul may have to be bought forward.

ENVIRONMENT/INDIAN AFFAIRS:

Western States Agree To Cut Greenhouse Gases (WP)

By Juliet Eilperin

Washington Post, February 27, 2007

DOJ_NMG_0137402

Five Western governors agreed yesterday on a plan to cut their states' emissions of gases linked to global warming and to establish a regional carbon-trading system, though they stopped short of saying how drastically they will seek to reduce greenhouse gases.

The governors -- including Republican Arnold Schwarzenegger of California and Democrats from Arizona, Oregon, New Mexico and Washington -- said that within six months they will set a regional target for lower emissions. A year after that, they pledged, they will devise a regional cap-and-trade system allowing polluters to buy and sell greenhouse gas pollution credits.

"In the absence of meaningful federal action, it is up to the states to take action to address climate change and reduce greenhouse gas emissions in the country," said Arizona Gov. Janet Napolitano. "Western states are being particularly hard hit by the effects of climate change."

The move won immediate plaudits from environmentalists. Jeremiah Baumann, an environmental advocate at the Oregon State Public Interest Research Group, said, "This regional global-warming solution will benefit the environment on a global scale."

It remained unclear how much the five states will cut their carbon dioxide emissions and how soon they will do it. Several states on the East and West coasts have adopted reduction targets in recent years, but in the immediate term all fall short of the targets that the European Union, Canada and Japan are seeking to meet by 2012 under the international treaty known as the Kyoto Protocol.

California passed legislation late last year mandating a 25 percent cut below current levels of greenhouse gases, which would bring its emissions down to 1990 levels. The four other Western governors have all established, through executive orders, reduction goals that are slightly more modest than California's, and state officials predicted the final pact is likely to equal the sum of all the states' individual targets.

Dan Skopec, undersecretary for California's Environmental Protection Agency, said the significance of the agreement is that companies in the five states will be able to trade emissions.

"It's not as important that the different states may have a different emissions reduction goal. The important thing is that an emission reduction in Arizona means the same thing as an emission reduction in California or Oregon," Skopec said.

The states' agreement came as scientists and interest groups continued to debate the best way to curb the country's global-warming pollution. In a presentation at the National Press Club yesterday, James E. Hansen, the outspoken climate scientist who directs NASA's Goddard Institute for Space Studies, said the United States should stop building coal-fired power plants and older polluting utilities must "be bulldozed" before mid-century.

Also yesterday, the AFL-CIO endorsed the idea of a more modest cap-and-trade emissions-reduction plan that "should initially seek to gradually slow the growth in greenhouse gas emissions" but also contain a "safety valve" cost cap to protect the economy."

Carbon Curbs Gain Backers (WSJ)

By John J. Fialka

Wall Street Journal, February 27, 2007

Energy Groups Shift Stance, Possibly Giving Campaign New Fuel

WASHINGTON -- Seeking to shape legislation before Congress, three major energy trade associations have shifted their stances and decided to back mandatory federal curbs on carbon dioxide and other man-made emissions that could accelerate climate change.

Joined by the AFL-CIO, the groups say they now plan to use their lobbying clout to stake out positions that favor modest, economy-wide regulations, in hopes of minimizing anticipated energy-price increases and pre-empting state efforts that could result in a patchwork of differing state and regional regulations.

The shift by the groups, which include the Edison Electric Institute and the American Gas Association, underscores their belief that Congress is in a mood to pass some form of mandatory emissions controls, perhaps before the next election in 2008. "We want to be at the table" during the debate, said Paul Wilkinson, a vice president of the American Gas Association, which represents 200 utilities that distribute natural gas throughout the U.S.

Taken with environmental concessions made in the proposed $45 billion purchase of electric utility TXU Corp. by seven buyout firms, as well as the Oscar-related attention over former Vice President Al Gore's documentary on global warming on Sunday, the efforts could provide new momentum to the campaign to reduce the emissions believed by many scientists to cause global warning.

Separately yesterday, the governors of California, Oregon, New Mexico, Arizona and Washington state jointly announced plans to reduce "greenhouse gases" through a "cap-and-trade" program that would allocate emissions credits to companies, which could use or trade them. New England states and New York have adopted a similar, regional approach.

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The American Gas Association had previously opposed federal action to control climate-change emissions as "unwarranted." Mr. Wilkinson said the association's board reversed itself last week because of growing signs that Congress could pass mandatory controls. While debates could go on for years in Congress, he said, the basic structure of the bill could be determined soon.

The largest trade group, and the one likely to be hardest hit by any energy-price increases under national regulations, is the Edison Electric Institute, whose members generate 60% of electricity in the U.S. The institute's board, including 50 chief executive officers of utilities, last month approved a set of principles supporting "federal action" to reduce greenhouse-gas emissions.

Institute chairman James E. Rogers described the lengthy, closed meeting as "crossing a bridge" for members of the group, which previously supported only voluntary reductions. He added that his group wants a "safety valve" that would require the government to intervene as needed to keep the price of credits stable and low.

The Electric Power Supply Association, which represents 22 companies that sell electricity on a wholesale basis, also recently endorsed mandatory federal measures. Association president John E. Shelk said members want some certainty over what kinds of power plants they should invest in. "This is what's really driving the do-it-now argument," he said.

The AFL-CIO yesterday joined the drive by issuing its own plan calling for mandatory controls that would "gradually slow the growth" of greenhouse-gas emissions. The plan seeks implementation of a cost cap to prevent sudden increases in energy prices that could hit businesses. Robert Baugh, who heads a task force developing the labor group's energy strategy, said the critical issue is jobs. "We don't want to close down businesses here and put them offshore," he said.

At least five different versions of a federal cap-and-trade system to reduce emissions have been introduced on Capitol Hill. All would require companies that produce carbon-based fuels or emissions to have government-allocated permits for each ton of carbon in the fuel they handle. Regulators would gradually reduce the caps, but companies could trade their credits. Those that modernize their equipment to reduce emissions to below the federal caps could sell their extra quotas. Companies that need more credits could buy them to get under the declining caps, or pay a penalty.

All five bills target electricity producers, because half of the nation's electricity is generated by coal-fired plants. Coal has the highest carbon content among all fuels.

Mr. Rogers of the Edison Electric Institute said that under a mandatory cap system, his industry would need more federal assistance to develop new emission controls, particularly ways to separate CO2 emissions and inject them into the ground. If the technology, which remains unproven on a commercial scale, fails, power producers would have more emissions than they had planned and would need to buy more emissions credits. In that case, the government should intervene by freezing the market price for carbon credits, which would otherwise rise, he said. Eventually, most costs would be passed on to consumers.

While none of these groups backs a particular bill, legislation being prepared by Sens. Jeff Bingaman (D., N.M.) and Arlen Specter (R., Pa.) features the safety valve to keep emissions-credit prices low and a more moderate approach towards emissions reductions. "These groups are saying it's time to go," said Jason Grumet, staff director for the bipartisan National Commission on Energy Policy, which helped draft portions of the Bingaman bill.

Another bill sponsored by Sens. John McCain (R., Ariz.) and Joseph I. Lieberman (I., Conn.), which takes a more aggressive approach and doesn't have a safety valve, is favored by environmental groups. Fred Krupp, president of Environmental Defense, called safety-valve proposals a form of government "price controls" that would discourage innovation.

Estimates of the cost the various bills would impose on the nation's economy haven't been fully worked out. One environmental group, Resources for the Future, estimates that the Bingaman measure would increase electricity prices by 3.5% while the more-aggressive McCain bill could hike prices by as much as 35%.

Wall Street Adds Climate Change To Bottom Line (CSM)

By Ron Scherer

Christian Science Monitor, February 27, 2007

The environmentally tinged takeover of TXU Corp. illustrates global warming's increased financial relevance.

NEW YORK

Wall Street now views the color green as something other than money.

In the latest sign that global climate change is becoming a major factor for investors, potentially the largest private takeover in the nation's history has environmentalists' fingerprints all over it.

A consortium of private investors announced Monday they would pay almost $45 billion to acquire TXU Corp., which generates electricity in the state of Texas. What makes the deal more than just another gigantic financial transaction is that the buyers of the company consulted with environmental groups and agreed to sharply scale back plans to build new coal-fired power plants.

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"This is a real breakthrough, an indication investors are paying attention to the real financial risk associated with climate change," says Dan Bakal, director of electric power programs at Ceres, a Boston-based environmental group that advises investors controlling $3.7 trillion in assets. "It means Wall Street is really beginning to pay attention."

Wall Street analysts believe the deal could mean that future takeovers will start to factor in the cost of corporate carbon emissions.

This could affect mergers and acquisitions in a broad range of industries, including manufacturing companies, the auto industry, mining companies, and other utilities.

"What it shows is the environment has a much greater presence than in the past and the issue of global warming is under increased scrutiny," says Sam Stovall, chief investment strategist at Standard & Poor's in New York. "These are additional factors that must be addressed in future mergers."

In fact, there are some signs Wall Street is trying to get up to speed as quickly as possible. For the past three years, the World Resources Institute (WRI), an environmental think tank in Washington, D.C., has been working with investment banks and securities firms such as Merrill Lynch, Citigroup, and Goldman Sachs to teach them how to establish their own carbon "footprint" and analyze other companies' emissions.

Analysts eye carbon 'footprint'

By calculating the footprint – the amount of greenhouse gases a company pumps into the atmosphere – analysts can begin to forecast the potential risks of climate-change lawsuits and future costs of any greenhouse-gas regulations.

"It's been a slow start, but we have been pleased to see financial institutions begin to grapple with those systems," says Jennifer Layke, deputy director of climate and energy for WRI. "But this is the first time we have seen a set of investors reach out to the environmental community around the terms of a new investment deal."

Last year, the New York Stock Exchange began to educate CEOs about the issue. It sponsored a lunch with former Vice President Al Gore, who gave a slide-show version of his Oscar-winning documentary, "An Inconvenient Truth."

Investors call for carbon accounting

This year there will be a record number of shareholder resolutions asking companies about their carbon footprint.

Normally, shareholder propositions don't receive much traction in the corporate world.

But, the proposals have been receiving a significant amount of institutional support from such large shareholders as Calpers, the California public-employee pension fund. And there is increasing concern that corporate boards may have a liability if they don't start to plan for future limits on carbon emissions.

Pressure was already building on TXU to scale back its proposal to build 11 coal-fired power plants. Over the weekend, Ceres issued a report that looked at the potential carbon taxes the utility would face, assuming that Congress or the states begin to enact such charges.

"Our report made some reasonable assumptions, including that none of the costs would be grandfathered in," says Mr. Bakal. "That means 100 percent of the carbon dioxide must face a carbon tax, which we estimate could be as much as $780 million per year, perhaps for 15 years."

At the same time, the Ceres report called into question some of the revenue and cost assumptions that TXU had made to justify the new plants.

"We think they had overestimated the amount of growth and underestimated the amount of the coming carbon controls and the cost of complying with the existing Clean Air Act," says David Gardiner, one of the authors of the report and a sustainability consultant in Arlington, Va.

TXU buyers moved to ease opposition

Some of these issues resonated with the group of TXU buyers, which includes the Texas Pacific Group, Goldman Sachs, and Kohlberg Kravis Roberts & Co. Texas Pacific and KKR are private equity groups that amass money from pension funds and wealthy individuals and buy companies.

Monday, in Dallas, the buyers' group said they would drop eight of the 11 new coal-fired power plants if their deal succeeds. They also said they would roll back electricity rates by 10 percent. And, they indicated they would work towards meeting any national emissions caps in the future.

"It's a sign people are paying attention," says Rodney Taylor, managing director of the environmental-services group at Aon, a large Chicago-based insurance broker. "From a financial standpoint, it also says something about the perception of where energy costs are going. KKR is kind of a medium-term investor, so they must be looking at energy costs going up sharply over the next three to five years."

Global Warming A Hot Spot For Investors (USAT)

By Adam Shell And Matt Krantz

DOJ_NMG_0137405

USA Today, February 27, 2007

Droughts. Hurricanes. Rising temperatures. Melting glaciers. In a world abuzz with talk about global warming, climate change is elbowing aside tech and biotech as the major investment theme of the future.

Wall Street's savviest analysts are devising ways to cash in on crazy weather, just as they did in response to the profound changes brought on by the dawn of the digital age, globalization and the graying of America.

Discussions about what interest rates mean for stocks are giving way to chatter about what a 1-degree rise each year in temperature would do to profits at businesses ranging from carmakers to solar companies.

Global warming has emerged as a major market-moving force that represents a generational shift likely to influence how people invest for decades. The world's biggest financial services firms are investing massive amounts of time and brainpower trying to pinpoint what stocks and sectors will benefit — and be hurt — by changes in Earth's weather patterns.

"We are approaching a tipping point when it comes to climate change," says Edward Kerschner, a strategist at Citigroup.

Kerschner should know. He spent nine months researching "Climatic Consequences," a 120-page report that zeroes in on 74 companies in 18 countries well-positioned to profit from changing weather patterns. "The interest in this report is unprecedented," says Kerschner. He says presentations to clients are booked through the fall.

Similarly, UBS released a 97-page tome, "Climate Change: Beyond Whether." And Lehman Bros., with input from analysts in London and Tokyo, this month published a 143-page paper, "The Business of Climate Change." The well-being of the planet, the report concludes, has gone from a "fringe concern" of scientists and activists to a "central topic" for CEOs and investors.

"Global warming is likely to prove (to be) one of those tectonic forces that — like globalization or the aging of populations — gradually but powerfully changes the economic landscape," writes John Llewellyn, senior economic policy adviser at Lehman.

And California's Calpers, the nation's largest public pension plan and considered a trendsetter among giant money managers, is committing $800 million to invest in clean technology in emerging markets of Eastern Europe, Latin America and Asia.

Earlier this month, the United Nations' Intergovernmental Panel on Climate Change (IPCC) concluded that it was more than 90% likely that human activity is causing global warming. Former vice president Al Gore came to a similar conclusion in his film, An Inconvenient Truth, which Sunday won the Academy Award for best documentary feature.

The IPCC says temperatures around the globe could rise 2 to 12 degrees Fahrenheit by 2100. Likely result: more intense heat waves, more powerful tropical storms and a rise in sea levels that could swamp low-lying cities.

From an investors' standpoint, it doesn't matter if people believe global warming is real or if greenhouse gases are to blame, Kerschner says. What does matter is if consumers, regulators, governments and corporations "react to the perceived threat." That is what creates investment opportunities — and risks, he says.

So here is what Wall Street's cool, calculating minds say are some potential winners and losers from increasingly volatile weather.

Agriculture.

Ethanol, which is made mainly from corn, has been the talk of the farm since President Bush pushed for greater ethanol use in his January State of the Union address.

The biggest ethanol producers, Archer Daniels Midland, Aventine Renewable Energy, Pacific Ethanol and VeraSun, seem obvious places for investors. The problem is, investments that are obvious rarely pan out. Ethanol plays, at least in the short run, have been no exception. These stocks have all tumbled as corn prices have soared, making the main raw ingredient used to make ethanol prohibitively pricey.

Corn, as a feed for ethanol, is limited, says Michael Hoover, managing director at U.S. Trust. If ethanol were to provide just 10% of the nation's automotive fuel needs, it would consume 35% of the nation's corn crop. And 25% of all food prices are affected by corn prices, he says: "You've got a food-vs.-fuel issue."

But that doesn't mean there's no money to be made on the farm. There are high hopes about cellulosic ethanol, which is made from farm leftovers ranging from grasses to empty corn husks and beets. The trouble is, it takes more energy to extract starches from this "biomass" than it produces. Companies such as Diversa are working on developing enzymes that could be a cheap way to extract parts from biomass to create fuel.

Cashing in on the food boom requires thinking more creatively. For one thing, as in most gold rushes, the companies selling the picks and axes often cash in. That's why Kerschner thinks tractor-maker John Deere could benefit as farmers look to handle bigger crops more efficiently. Citing strong demand for tractors because of rising corn prices, Deere issued a bullish outlook for 2007, and analysts say the ethanol boom is just getting started. Similarly, Monsanto is working on crops that are more resistant to drought.

Alternative energy.

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Windmills. Fuel cells. Solar panels. Those global warming plays pop into most investors' minds. There's no shortage of companies working on these technologies. Energy Conversion Devices and SunPower, for example, are developing types of clean solar panels with the hope of rivaling oil and coal, deemed "dirty" by scientists.

Don't count on making big-time dough, says Robert Wilder, CEO of WilderShares, a company that creates stock indexes that track eco-friendly companies. He says the technology is too immature.

Wilder is skeptical about how soon these technologies will make meaningful contributions. Solar, for instance, provides only one-tenth of a percent of the world's energy. Even if production were ramped up tenfold, it would provide 1% of current demand.

Alternative energy plays, he believes, are not the best route to profits. He prefers technology that makes dirty energy sources, such as coal and oil, cleaner. Fuel Tech, for example, makes devices that help factories reduce the dangerous carbon spewed out of smokestacks. "Ironically, people interested in benefiting from climate change should look at the really dirty stuff, not the clean stuff," Wilder says.

Another potential play: nuclear power generators. While disposing of nuclear waste is problematic, the actual generation of nuclear energy is clean and doesn't produce carbon, he says. FPL Group is a play on both nuclear and alternative energy because it produces nuclear power in addition to being the nation's biggest producer of wind power, Wilder says.

Automotive.

Seems like people are pouring just about anything into their gas tanks. There's ethanol, hydrogen, clean diesel and biodiesel. Each hold promise and any could be part of the solution, says Ron Cogan, editor and publisher of Green Car Journal.

Cogan lists hybrid technology as a can't-miss investment. Hybrid cars are powered by an intelligent system that knows when to run on liquid fuel and when to switch to electricity. Hybrid technology works with all the fuels to make them more efficient. Toyota, Honda, General Motors and Ford are the leaders, in that order, he says.

Another way to profit is to invest in companies that make the parts used to build hybrid vehicles. International Rectifier, for instance, makes many of the components that end up in hybrids made by General Motors and Ford. Energy Conversion makes the batteries.

Financial services.

One potential beneficiary, analysts say, is the Chicago Mercantile Exchange (CME), a futures exchange with an already-broad weather-related product lineup and plans to create markets. Last year, the CME traded 797,508 weather contracts valued at $21 billion, up nearly tenfold from $2.2 billion in 2004. Those options and futures enable insurance, energy and utility companies to hedge potential losses related to weather. Similarly, the CME recently launched "hurricane contracts" that enable insurers to transfer risk to financial markets. "Companies are becoming increasingly aware that climate is closely tied to profits," says Felix Carabello, CME's director of alternative investment products. "Investors are always looking for new asset classes" to diversify portfolios.

Stock investors seeking broad exposure to "green" investments could consider mutual funds offered by Domini Social Investments. All Domini holdings promote "the enrichment of our natural environment."

Infrastructure.

While the Earth may be choking on contaminants, the world's demand for energy is only accelerating as economies in places such as China and India enjoy growth spurts. And that's why heavy construction and engineering companies that build power plants will be busy, U.S. Trust's Hoover says.

But the enlightened ones that build ecologically sensitive plants will steal market share. Case in point: McDermott International. It builds and designs everything from coal-fired boilers to power-generation systems in 90 countries and nuclear steam generators.

The company is finding ways to make these plants more efficient and cleaner. One technology, clean coal, puts devices in smokestacks that pull the carbon out of the exhaust and plow it back into the soil. "It's about taking the harmful things out of the stack," Hoover says.

Real estate.

In a post-Hurricane Katrina world, many folks may rethink their dream of buying or remaining in coastal homes with coveted water views, David Lereah, chief economist at the National Association of Realtors, writes in his upcoming book, All Real Estate Is Local. Lereah cites global warming as a "megatrend" and notes that people have an "increasing aversion to locations on the water" and are avoiding "severe-weather-prone" areas.

He predicts households will "move from oceanfront properties to homes several miles away from the water." Many folks, he notes, are fleeing Florida in favor of the Smokey Mountain region, which includes Georgia, Tennessee and western North Carolina. "They feel more secure in the mountains," says Lereah.

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Red Lyons, a Georgia Realtor, confirms a stream of buyers, many from Florida, are moving to the mountain region: "It's without a doubt weather-related." Skyrocketing insurance premiums are also affecting property values. "Higher premiums come directly out of the asking price," says Dean Baker, co-director at the Center for Economic and Policy Research.

Technology.

Small parts and components that go into everything from washers and dryers to fighter jets and elevators could play a gigantic factor in curbing energy use. Technology that exists right now could reduce the world's power use by 30% overnight, says Alex Lidow, CEO of advanced control maker International Rectifier. About 11% of the savings could be achieved with efficient electric motors inside washing machines, conveyor belts and other motors that use half the energy of older technology, Lidow says. Another 11% could be saved in transportation uses including hybrids. The last 8% can be saved with energy-efficient fluorescent bulbs.

Making devices that go into bulbs, hybrid cars and electric motors is paying off for International Rectifier. It gets a third of its business, which is growing at an annual 25% clip, from such energy-saving devices. Those businesses focused on energy efficiency are also the company's most profitable.

Despite the forward-looking mind-set of Wall Street analysts, profiting from climate change is still in its infancy. Citigroup's Kerschner learned that firsthand at a recent meeting with wealthy clients in Florida, a state known for both its beautiful beaches and run-ins with deadly hurricanes.

Says Kerschner: "I asked them, 'How many of you are aware of global warming?' Virtually everyone raised their hand. Next I asked, 'How many of you are concerned about global warming?' Most kept their hands up. Finally I asked, 'How many of you have adjusted your investments due to climate change?' Sheepishly, most put their hands down."

At that moment, Kerschner says, he knew most investors hadn't even started to think about how to profit from changes in the Earth's weather patterns.

Wildlife Refuges Lack Means To Survive (LAT)

By Tim Reiterman

The Los Angeles Times, February 27, 2007

The San Luis National Wildlife Refuge Complex, where tule elk bugle across grassy uplands and migratory waterfowl splash in languid sloughs, has been run for years out of a strip mall 12 miles away, next door to a Sears store.

There is no money to build a visitors center on the 44,000-acre complex that provides recreation for about 90,000 tourists, anglers, hunters and bird watchers each year. Nor is there money to hire a second full-time law enforcement officer for the complex's three far-flung refuges in Merced and Stanislaus counties.

So Ranger Anthony Merrill patrols the largest freshwater wetland complex left in California with a dog named Scott.

A high-energy, 80-pound Belgian Malinois, Scott can be a formidable ally when Merrill is tracking down poachers, breaking up altercations, searching for marijuana patches and meth labs, or investigating burglar alarms at refuge warehouses. But the pair can cover only one refuge at a time, although drug crimes, fish and game violations, vandalism, dumping and medical emergencies occur throughout the complex.

The National Wildlife Refuge System, part of the U.S. Fish and Wildlife Service, was created a century ago to provide a haven for the most imperiled species. But today the mosaic of 547 refuges covering nearly 100 million acres of swamps, islands, wetlands, deserts, grasslands and forests is itself jeopardized by budget constraints.

Distributed across all 50 states, the refuges are home to hundreds of types of birds, mammals, reptiles, amphibians and fish — many threatened or endangered. But refuge managers say cutbacks are undermining efforts to protect an array of sensitive species, including red wolves, sandhill cranes, pronghorn antelope, sea turtles and rare butterflies.

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Personnel scarce

More than 225 jobs at refuges were cut between fiscal 2004 and 2006, leaving some refuges with no employees. Many refuges operate without full-time law enforcement. Some are losing battles against invasive plant species that choke out wildlife habitat. Education programs for schoolchildren and others are being curtailed or dropped at some refuges. At the 1.5-million-acre Desert National Wildlife Refuge, the largest in the lower 48 states, there is no money to fix a washed-out stretch of a 75-mile dirt road from Las Vegas across the Mojave Desert in Nevada. Some visitors insist on driving through the closed section and get stranded. "I just hope someone does not die before I have the opportunity to have it fixed," manager Amy Sprunger said.

Across the country, in North Carolina's Pocosin Lakes National Wildlife Refuge, half of the 100 miles of roads have been closed. "We can't pay for materials to fix the holes," manager Howard Phillips said.

At California's Antioch Dunes refuge along the San Joaquin River near Antioch, budget constraints have contributed to a steep decline in endangered Lange's metalmark butterflies, a subspecies only found there, according to manager Christy Smith.

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From a peak of 2,300 eight years ago, Smith said, the population plunged to about 100, because invasive plants overran buckwheat that sustains the butterflies. Now the refuge is using volunteers and others to attack the invaders, and a zoo plans to capture some butterflies to propagate them for release. "They are no longer sustainable in the wild," Smith said.

At Southwestern Arizona's Cabeza Prieta National Wildlife Refuge, manager Roger Di Rosa said he does not have staff to adequately monitor the well-being of endangered Sonoran pronghorn antelope. The wilderness the animals once had largely to themselves has become a busy corridor for smugglers and illegal immigrants. "It is affecting them," Di Rosa said. "Watching them over time, we feel it is hampering efforts of recovery."

The refuge system's Mountain-Prairie region, which covers almost 5 million acres from the Dakotas to Colorado, has lost almost half of its 31 biological technicians, and that has deputy assistant regional director Ron Shupe especially worried about migratory birds that use wetlands in the Alamosa refuge in Colorado's San Luis Valley.

Without biological monitoring, Shupe said, employees are left to guess "when to raise and lower the water to provide correct habitat for migrating waterfowl and sand hill cranes…. If the fowl pass [the wetland], they will roost on private land, increasing exposure to hunting" and the likelihood that the birds would feed on crops.

Bill Reffalt, who was national chief of refuges in the early 1980s, said habitat degradation was a nationwide problem.

"Hundreds of millions of birds and other wildlife depend on refuges … and if you reduce the capacity of refuges to take care of them, the animals have no place to go," he said. "They can't just go buy a plane ticket."

Refuge funding, now about $380 million annually, has remained relatively flat since 2003, while salaries and other operating costs have risen. Anticipating that domestic security, hurricane relief, and the wars in Iraq and Afghanistan will remain higher priorities, officials are preparing to trim 75 regional and headquarters office jobs and 248 more field jobs in the next couple of years. That means the field staff will have been cut by one-sixth since fiscal 2004.

"I told them [managers] we can no longer do more with less if we are going to have quality delivery," U.S. Fish and Wildlife Service Director H. Dale Hall said in a telephone interview. "We are going to have to do less with less and make … intelligent management decisions…. We are going to come out of this with a strong wildlife system."

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Battling invaders

But many refuge managers aren't so sure. Nearly two-thirds of them, responding to a recent survey by the nonprofit Public Employees for Environmental Responsibility, said the refuge system is not accomplishing its missions.

"I've been with this agency 30 years and have seen ups and downs, but I have never seen anything like this," said Patricia Martinkovic, manager of the Minnesota Valley refuge near Minneapolis.

After losing 20% of her staff, Martinkovic said, the refuge is drastically reducing the mowing of 35 miles of trails, prescribed burning for fire protection and invasive plant control.

"Fast forward it a few years and you will see that wetlands have basically filled in with [invasive plants] and will not see that nice vista of egrets and trumpeter swans," Martinkovic said.

The Southeast, with 128 refuges, has been particularly hard-hit by cuts.

President Theodore Roosevelt founded the first refuge at 5.5-acre Pelican Island on the east coast of Florida to protect birds. By the system's centennial celebration there in 2003, the refuge had expanded to 5,400 acres with a staff of six.

The staff is about to be cut to two. No biologists work at the refuge even though the staff is responsible for looking after the country's largest concentration of threatened loggerhead and endangered green sea turtles nesting at a nearby refuge. "It is a little oasis of species diversity," said manager Paul Tritaik, "because lots of Florida is growing tremendously."

Managers have been doing whatever they can to keep the refuges running. They have relied more heavily on volunteers, sought outside funding sources and have done manual labor themselves, such as laying pipe for wetland management and mending fences to keep cattle out of fragile habitat.

At South Carolina's Cape Romain, budget cuts have forced the refuge manager to choose between two successful programs: one that nurtures threatened loggerhead turtles and another that has helped bring back the nearly extinct red wolf.

Manager Donny Browning said he favored the turtles because nests on the refuge produce a quarter of the loggerheads hatched north of Florida. "That program is so vital," he said.

For two decades, the coastal refuge also was an integral part of efforts to save the red wolf, which had dwindled to fewer than 20 animals. Wolf pups bred on Bulls Island in the refuge, then reintroduced to wolf habitat in the region, proved better at surviving alligators and other hazards than wolves from captive-breeding programs.

But about two years ago, the program was halted — and the wolves were removed from the island. Although the red wolf has rebounded to around 300 animals, most are in captivity, and the total population is about 250 shy of the recovery goal.

Now Bud Fazio, the biologist who heads the U.S. Fish and Wildlife Service's Red Wolf Recovery Program, said plans for more budget cuts threaten the remaining offshore breeding program at St. Vincent Island in Florida. If there is no biologist

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available, Fazio said, "We will have to take wolves off that island as well and will have no source of wild-raised wolves to reintroduce unless we can establish one elsewhere."

Honeybees Vanish, Leaving Crops And Keepers In Peril (NYT)

By Alexei Barrionuevo

The New York Times, February 27, 2007

VISALIA, Calif., Feb. 23 — David Bradshaw has endured countless stings during his life as a beekeeper, but he got the shock of his career when he opened his boxes last month and found half of his 100 million bees missing.

In 24 states throughout the country, beekeepers have gone through similar shocks as their bees have been disappearing inexplicably at an alarming rate, threatening not only their livelihoods but also the production of numerous crops, including California almonds, one of the nation's most profitable.

"I have never seen anything like it," Mr. Bradshaw, 50, said from an almond orchard here beginning to bloom. "Box after box after box are just empty. There's nobody home."

The sudden mysterious losses are highlighting the critical link that honeybees play in the long chain that gets fruit and vegetables to supermarkets and dinner tables across the country.

Beekeepers have fought regional bee crises before, but this is the first national affliction.

Now, in a mystery worthy of Agatha Christie, bees are flying off in search of pollen and nectar and simply never returning to their colonies. And nobody knows why. Researchers say the bees are presumably dying in the fields, perhaps becoming exhausted or simply disoriented and eventually falling victim to the cold.

As researchers scramble to find answers to the syndrome they have decided to call "colony collapse disorder," growers are becoming openly nervous about the capability of the commercial bee industry to meet the growing demand for bees to pollinate dozens of crops, from almonds to avocados to kiwis.

Along with recent stresses on the bees themselves, as well as on an industry increasingly under consolidation, some fear this disorder may force a breaking point for even large beekeepers.

A Cornell University study has estimated that honeybees annually pollinate more than $14 billion worth of seeds and crops in the United States, mostly fruits, vegetables and nuts. "Every third bite we consume in our diet is dependent on a honeybee to pollinate that food," said Zac Browning, vice president of the American Beekeeping Federation.

The bee losses are ranging from 30 to 60 percent on the West Coast, with some beekeepers on the East Coast and in Texas reporting losses of more than 70 percent; beekeepers consider a loss of up to 20 percent in the offseason to be normal.

Beekeepers are the nomads of the agriculture world, working in obscurity in their white protective suits and frequently trekking around the country with their insects packed into 18-wheelers, looking for pollination work.

Once the domain of hobbyists with a handful of backyard hives, beekeeping has become increasingly commercial and consolidated. Over the last two decades, the number of beehives, now estimated by the Agriculture Department to be 2.4 million, has dropped by a quarter and the number of beekeepers by half.

Pressure has been building on the bee industry. The costs to maintain hives, also known as colonies, are rising along with the strain on bees of being bred to pollinate rather than just make honey. And beekeepers are losing out to suburban sprawl in their quest for spots where bees can forage for nectar to stay healthy and strong during the pollination season.

"There are less beekeepers, less bees, yet more crops to pollinate," Mr. Browning said. "While this sounds sweet for the bee business, with so much added loss and expense due to disease, pests and higher equipment costs, profitability is actually falling."

Some 15 worried beekeepers convened in Florida this month to brainstorm with researchers how to cope with the extensive bee losses. Investigators are exploring a range of theories, including viruses, a fungus and poor bee nutrition.

They are also studying a group of pesticides that were banned in some European countries to see if they are somehow affecting bees' innate ability to find their way back home.

It could just be that the bees are stressed out. Bees are being raised to survive a shorter offseason, to be ready to pollinate once the almond bloom begins in February. That has most likely lowered their immunity to viruses.

Mites have also damaged bee colonies, and the insecticides used to try to kill mites are harming the ability of queen bees to spawn as many worker bees. The queens are living half as long as they did just a few years ago.

Researchers are also concerned that the willingness of beekeepers to truck their colonies from coast to coast could be adding to bees' stress, helping to spread viruses and mites and otherwise accelerating whatever is afflicting them.

Dennis van Engelsdorp, a bee specialist with the state of Pennsylvania who is part of the team studying the bee colony collapses, said the "strong immune suppression" investigators have observed "could be the AIDS of the bee industry," making bees more susceptible to other diseases that eventually kill them off.

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Growers have tried before to do without bees. In past decades, they have used everything from giant blowers to helicopters to mortar shells to try to spread pollen across the plants. More recently researchers have been trying to develop "self-compatible" almond trees that will require fewer bees. One company is even trying to commercialize the blue orchard bee, which is virtually stingless and works at colder temperatures than the honeybee.

Beekeepers have endured two major mite infestations since the 1980s, which felled many hobbyist beekeepers, and three cases of unexplained disappearing disorders as far back as 1894. But those episodes were confined to small areas, Mr. van Engelsdorp said.

Today the industry is in a weaker position to deal with new stresses. A flood of imported honey from China and Argentina has depressed honey prices and put more pressure on beekeepers to take to the road in search of pollination contracts. Beekeepers are trucking tens of billions of bees around the country every year.

California's almond crop, by far the biggest in the world, now draws more than half of the country's bee colonies in February. The crop has been both a boon to commercial beekeeping and a burden, as pressure mounts for the industry to fill growing demand. Now spread over 580,000 acres stretched across 300 miles of California's Central Valley, the crop is expected to grow to 680,000 acres by 2010.

Beekeepers now earn many times more renting their bees out to pollinate crops than in producing honey. Two years ago a lack of bees for the California almond crop caused bee rental prices to jump, drawing beekeepers from the East Coast.

This year the price for a bee colony is about $135, up from $55 in 2004, said Joe Traynor, a bee broker in Bakersfield, Calif.

A typical bee colony ranges from 15,000 to 30,000 bees. But beekeepers' costs are also on the rise. In the past decade, fuel, equipment and even bee boxes have doubled and tripled in price.

The cost to control mites has also risen, along with the price of queen bees, which cost about $15 each, up from $10 three years ago.

To give bees energy while they are pollinating, beekeepers now feed them protein supplements and a liquid mix of sucrose and corn syrup carried in tanker-sized trucks costing $12,000 per load. Over all, Mr. Bradshaw figures, in recent years he has spent $145 a hive annually to keep his bees alive, for a profit of about $11 a hive, not including labor expenses. The last three years his net income has averaged $30,000 a year from his 4,200 bee colonies, he said.

"A couple of farmers have asked me, 'Why are you doing this?' " Mr. Bradshaw said. "I ask myself the same thing. But it is a job I like. It is a lifestyle. I work with my dad every day. And now my son is starting to work with us."

Almonds fetch the highest prices for bees, but if there aren't enough bees to go around, some growers may be forced to seek alternatives to bees or change their variety of trees.

"It would be nice to know that we have a dependable source of honey bees," said Martin Hein, an almond grower based in Visalia. "But at this point I don't know that we have that for the amount of acres we have got."

To cope with the losses, beekeepers have been scouring elsewhere for bees to fulfill their contracts with growers. Lance Sundberg, a beekeeper from Columbus, Mont., said he spent $150,000 in the last two weeks buying 1,000 packages of bees — amounting to 14 million bees — from Australia.

He is hoping the Aussie bees will help offset the loss of one-third of the 7,600 hives he manages in six states. "The fear is that when we mix the bees the die-offs will continue to occur," Mr. Sundberg said.

Migratory beekeeping is a lonely life that many compare to truck driving. Mr. Sundberg spends more than half the year driving 20 truckloads of bees around the country. In Terra Bella, an hour south of Visalia, Jack Brumley grimaced from inside his equipment shed as he watched Rosa Patiño use a flat tool to scrape dried honey from dozens of beehive frames that once held bees. Some 2,000 empty boxes — which once held one-third of his total hives — were stacked to the roof.

Beekeepers must often plead with landowners to allow bees to be placed on their land to forage for nectar. One large citrus grower has pushed for California to institute a "no-fly zone" for bees of at least two miles to prevent them from pollinating a seedless form of Mandarin orange.

But the quality of forage might make a difference. Last week Mr. Bradshaw used a forklift to remove some of his bee colonies from a spot across a riverbed from orange groves. Only three of the 64 colonies there have died or disappeared.

"It will probably take me two to three more years to get back up," he said. "Unless I spend gobs of money I don't have."

Show On The Road (WSJ)

By Robert Poole

The Wall Street Journal, February 27, 2007

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Lou Dobbs recently griped on his popular CNN show that parts of the Interstate highway system "built with your tax dollars are now being sold to the highest bidder. And incredibly, it's being done with the federal government's encouragement." Worse, according to America's loudest economic nationalist: "Some of the leading bidders: foreign investors."

I was interviewed for this segment and pointed out, helpfully I thought, that a Spanish company sinking $7 billion into new highways in Texas, meanwhile creating thousands of U.S. jobs, is the very antithesis of protectionists' dreaded "outsourcing." But that tidbit was left on the cutting-room floor.

Mr. Dobbs and others are riled up, but the public-private toll road partnerships sweeping the nation promise to revitalize our highway system. It's a seismic shift in the way roads are financed and managed -- the biggest change since the launch of the Interstate system 50 years ago. In these deals, investor-owned companies pay for the right to design, finance, build, operate, maintain and rebuild an existing or new toll road. In return they get the right to collect tolls on the road for 50 to 99 years.

Headlines may scream "New Jersey Turnpike for Sale!" but highways are not "sold" under these concessions. The government still owns the roads and the contracts spell out exactly what the company can -- and must -- do. The deals (whether for a new or existing road) typically include limits on allowable toll increases and rates of return, maintenance requirements, etc.

Private roads aren't exactly new: In the 19th century, private toll roads provided much of England and America's pre-auto-era highway capacity. Public-private toll road partnerships were rediscovered in France, Spain and Italy during the 1960s and '70s as the main method for building nationwide toll motorway systems.

The re-emergence of this model in the U.S. has been driven by a transportation system burdened with pork projects and funded by gas taxes that fail to keep up with construction and maintenance costs, let alone travel demand. From 1980 to 2000 highway travel increased 80% and the number of drivers rose by 30%, but highway capacity grew by just 2%.

Woefully short of funds, states are turning to the private sector. But private capital will only invest in projects people or shippers are willing to pay tolls to use. Money is therefore directed to routes and roads most appealing to users, not according to the agendas of pork-happy politicians.

State and city governments are also realizing that they are sitting on billions in untapped assets. Chicago's Democratic Mayor Richard Daley moved first, leasing the 7.8 mile Chicago Skyway for $1.8 billion in 2005. The Spanish-Australian consortium leasing the road quickly improved traffic flow by installing state-of-the-art electronic toll collection equipment.

Republican Gov. Mitch Daniels leased an Indiana toll road for $3.8 billion and is working to partner with the private sector on a new one that would connect several counties. Democratic Gov. Ed Rendell may lease the Pennsylvania Turnpike, while his Democratic cohort, Gov. Jon Corzine, is considering the same for New Jersey's.

While states are trying to reduce congestion and build roads without raising taxes, we can never underestimate the federal government's power to stop progress dead in its tracks. At a recent hearing on toll road public-private partnerships, Oregon's Democratic Rep. Peter DeFazio mused that "the federal government may have to step in" if the leasing of existing toll roads continues.

Congress would be wise to get out of the way and let a crucial experiment play out, in which some states embrace the new approach and others don't. In 10 years, we'll all be able to see whose highways resemble packed parking lots, and which states have booming economies because they're moving goods on free-flowing roads.

Mr. Poole is founder of the Reason Foundation and director of its transportation studies.

Tribes Get Funds To Help In Meth (BG)

Billings Gazette, February 27, 2007

The Northern Cheyenne and Crow Indian reservations have received federal funding to bolster their fights against methamphetamine.

The Boys & Girls Club of the Northern Cheyenne Nation has received a $15,000 grant to start a pilot program called Meth SMART. The program is to run through June with federal funding from the Office of Justice Programs Prevention Initiative. It provides age-appropriate curriculum to teach kids ages 6-18 about meth and its effects.

SMART Moves

The Arizona Alliance of Boys & Girls Clubs developed the program, which is based on the national Boys & Girls Clubs' successful Skills Mastery and Resistance Training Moves programs. SMART Moves focuses on prevention and healthy choices.

"The kids see the use out there," Bureau of Indian Affairs Chief of Police John Grinsell Grinsell said. "They need to know that it isn't right, it isn't good."

The Crow Tribe is anticipating about $100,000 from the Department of Justice. It also received a $45,000 grant from Health and Human Services and the Department of Justice. The Justice funding will help the Crow/Northern Cheyenne Safe Trail Task Force, which was created last year to fight drug use and dealing, Crow Tribal Chairman Carl Venne said.

"It's a big boost to us," Venne said. "We're doing everything we can to cope with the problem."

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Meth Free Crow will help administer the other grant. Coordinator April Flores said the program is under way with youth task forces in the schools developing anti-meth messages.

"We need to reclaim our communities, to reclaim our children, their mothers and fathers," Flores said.

Funding, programs fit

Ernie Weyand, senior supervisory resident agent with the FBI, said the funding and programs fit with law enforcement's efforts.

The Crow/Northern Cheyenne Safe Trail Task Force has had several successes in terms of arrests and executing search warrants, Weyand said. It also has an education and prevention component that aims to help keep people off the drug but also gather community support to help law enforcement stop dealing and distribution.

The task force is a partnership among the two tribes, the FBI, the Bureau of Indian Affairs Office of Justice Services, the Drug Enforcement Administration and the Colstrip Police Department.

"It's really all about awareness and education," Weyand said. "As we've said before, we will never arrest our way out of this problem. It just won't happen.

"It's about providing education and empowering community members to join the fight and be part of this effort."

Northern Cheyenne

In a quiet voice Theresa Harris shares a poem that explains how children see adults: Their little eyes watch and their little ears listen and their little hands want to do what big hands do.

As program director at the Boys and Girls Club of the Northern Cheyenne Nation, Harris has seen that poem play out in the lives of the children she works with.

Harris has asked children if they know what meth is.

"Little hands came up," Harris said. "And it's just amazing.

"The kids know, it affects and impacts them," Harris said. "Man, it just makes you step back and take a deep breath."

Some of the kids are so young, Harris said, that sitting in the club chairs "their legs don't even reach the floor."

"Kids are smart," Harris said. "They know what the light bulbs and needles and straws and pens are used for."

Adults have a responsibility to talk to kids about methamphetamine use, Harris said. The question is how to do so in an age-appropriate manner. The Northern Cheyenne club has hopefully come up with an answer.

Lane Spotted Elk is the club's coordinator for the Meth SMART. A teenager, Spotted Elk will work with the kids three times a week.

"This was just a blessing because now we have the tools to be able to work with them, to be able to help them," Harris said.

The Northern Cheyenne club has several anti-meth awareness messages, including a three-day summer camp. It is also affiliated with the tribe's War on Meth committee that hosts activities and awareness events.

The Meth SMART program is divided by age groups: kids, ages 6-9; youth, ages 10-13; and teens, ages 14-18. The curriculum has several components. For example, kids start with an introduction to drugs that harm with an emphasis on meth; youths learn facts about meth and its effects on the body and mind; teens continue that track and case studies on methamphetamine users are added.

Parents receive a handbook that explains the program and offers ways to start family discussions.

Meth SMART comes at a time when there is "an awakening" on the reservation about the effects of methamphetamine, Harris said and added she works with kids whose families are torn apart by the drug. Talking about meth not only helps prevent use, it helps those affected by the drug know they are not alone and they have a safe place to talk.

"Our kids are worth fighting for," Harris said.

Grinsell and the department's drug officers took part in an orientation meeting for the program.

"The more awareness that people have the better off I think they will be," Grinsell said. "A lot of people don't know too much about meth. They need to know once you experiment with it you're going to be hooked, it's not like any other drug."

Crow Reservation

Crow Bureau of Indian Affairs Chief of Police Ed Eastman has a new graffiti issue in Lodge Grass.

Lately, the spray-painted messages around town have shifted from seemingly gang related to an anti-meth language.

The idea is right, Eastman said, even if the medium is not.

"They're asking for help," Eastman said.

The infusion of money will help with law enforcement overtime and resources, Eastman said.

The grant allows the Crow Reservation to tap resources available through a High-Intensity Drug Trafficking Area designation. Indian Country is seen as a target for methamphetamine dealers, especially Mexican drug traffickers, according to

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the Department of Justice's "National Methamphetamine Threat Assessment 2007." Access to the Crow Tribe is easy with Interstate 90 running across the reservation and connecting it to urban areas including Billings.

The new prevention program will give kids a chance to use their creativity to spread the "no meth" message in a more productive way than graffiti.

Flores, the Meth Free Crow coordinator, said the program will develop a DVD and campaign posters. She also sees kids using their own talents, whether that is traditional or hip-hop music or skits, to spread the prevention message.

"Our intent is not to throw everybody in jail," Venne said. "How can we help them? To teach them it is bad and we are here and we can help them."

But that does not mean that dealers, in Crow or elsewhere, won't be prosecuted. "We really want to nail them," Venne said.

Venne said it is important for the tribe to take responsibility for fighting the drug.

"Now the people are aware of it and they're wanting some thing done," he said. "What's dangerous about this drug, it has no barriers, whether you're rich or poor. I think it's the devil himself."

FBI/DEA/ATF/USMS:

FBI Unsure If Missing Notebook PCs Contain Sensitive Data (GCN)

By Jana Cranmer, GCN Staff

Government Computer News, February 27, 2007

The FBI has reduced notebook PC losses by 312 percent since 2002, but the bureau has failed to adequately report whether stolen computers contain classified or sensitive data, the Justice Department Office of the Inspector General said in an audit report last week.

“When losses occur, the FBI must timely report the loss, be able to identify the contents of lost laptops and determine whether the laptop is encrypted,” the bureau’s IG said in a follow-up report to a 2002 analysis. “In addition, the FBI “must investigate these losses and thefts, enter required data into the National Crime Information Center and report the losses to the DOJ as required.”

The IG’s “most troubling” discovery was “the FBI could not determine in many cases whether the lost or stolen laptop computers contained sensitive or classified information.”

The FBI’s data was incomplete, auditors found. Of the 160 notebooks that disappeared between February 2002 and September 2006, employees filed only 152 forms to provide information about whether the notebooks contained sensitive or classified information. This information could include counterintelligence or counterterrorism case information, personal identifying information or classified information on FBI operations, the report said.

The forms revealed that eight missing notebooks contained sensitive classified information, but these forms failed to provide a complete picture of the losses. The auditor said 43 other forms did not state whether the lost notebook contained sensitive or classified information.

“Without knowing the contents of these lost and stolen laptop computers, it is impossible for the FBI to know the extent of the damage these losses might have had on its operations or on national security,” the audit said.

In addition to the insufficient information reported on these forms, employees reported in a less than timely manner that 38 notebooks were missing — more than 10 days after their disappearances — delaying loss investigations.

After discovering the FBI’s insufficient tracking of missing notebooks, auditors recommended that the FBI:

Maintain adequate records on how many notebooks are authorized to hold classified information.

Document the disposal of excess notebooks and hard drives to ensure sanitation of all sensitive or classified information prior to disposal.

Report weapon and notebook losses to DOJ.

Ensure that property is recovered from employees before they leave the FBI.

Adhere to its policy on property storage. The bureau agreed with most of the recommendations and plans to implement them.

“While the Inspector General acknowledged that the loss of certain resources is inevitable in an organization the size of the FBI we nevertheless stand committed to increasing the institutional and personal accountability to further increase the progress we have made in minimizing the loss of information technology components,” said FBI assistant director John Miller in response to the audit.

News Area Man Sentenced For Role In Meth Conspiracy (DRR)

Mt. Carmel Daily Republican Register, February 27, 2007

BENTON, Ill. — A Fairfield man and a Springerton man were sentenced to in federal court after pleading guilty to conspiring to manufacture and distribute 500 grams or more of methamphetamine.

Acting United States Attorney for the Southern District of Illinois Randy G. Massy said Fairfield resident Kevin L. Garrett, 40, was sentenced to 30 years imprisonment, fined $1,000, and placed on 10 years of supervised release following his incarceration during sentencing in United States District Court in Benton last week.

Stewart W. Poore, 44, of Springerton, to 20 years imprisonment, fined $900 and placed on 10 years of supervised release following incarceration.

Garrett and Poore were charged along with 29 other defendants by a federal grand jury in July 2005 with conspiring to manufacture and distribute 500 grams or more of meth.

Both pled guilty to the offense in October 2006.

Under federal law, parole has been abolished and defendants are required to serve at least 85 percent of their sentences.

These guilty pleas resulted from a long term investigation into the manufacture of methamphetamine in Wayne and White counties.

Thus far, that investigation, which began in 2003, has resulted in the federal indictment of 33 individuals in related cases who, in total, were responsible for the manufacture or attempted manufacture of the equivalent of over 400,000 grams of methamphetamine.

In addition to the 33 defendants who have been indicted federally, over 20 additional defendants have been prosecuted in related cases in state court by the State's Attorneys in Wayne and White counties.

Investigation into the case is on-going and is being led by the Carmi office of the Southern Illinois Drug Task Force, with the assistance of the Illinois State Police, the Fairfield Police Department, the Carmi Police Department, the White County Sheriff's Department, the Joint Narcotics Unit of the Mt. Vernon Police Department and Jefferson County Sheriff's Department, the Wayne County State's Attorney's Office, the White County State's Attorney's Office, the Federal Bureau of Investigation and the United States Drug Enforcement Administration.

The case is being prosecuted by Assistant United States Attorney James M. Cutchin.

Maine Coast Guard Crew Seizes $14 Million In Drugs During Caribbean Patrol (AP)

AP, February 26, 2007

The U.S. Coast Guard says a crew based out of Maine seized $14 million worth of cocaine and heroine during a 54-day patrol in the central Caribbean.

Coast Guard Officials said the crew of the New England-based cutter Tahoma intercepted a freighter carrying more than a thousand pounds(462 kilograms) of cocaine, 66 pounds (30 kilograms) of heroin and a machine gun equipped with a silencer.

The Coast Guard towed the ship 500 miles to San Juan, Puerto Rico for further inspection and turned the drugs and freighter passengers to the U.S. Drug Enforcement Agency.

The crew is expected to return tomorrow at the Portsmouth Naval Shipyward in Kittery.

Local Coast Guard Cutter Tahoma Seizes Drugs In Carribean (FDD)

Foster's Daily Democrat, February 26, 2007

KITTERY, Maine — The U.S. Coast Guard reported seizing $14 million worth of cocaine and heroin during a 54-day patrol of the central Caribbean.

Coast Guard Officials said on Feb. 4, the crew of the New England-based cutter Tahoma intercepted a freighter carrying 462 kilos of cocaine, 30 kilos of heroin and a MAC-10 machine gun equipped with a silencer on board the Bolivian-flagged vessel Osiris II, according to the Coast Guard's website.

The Osiris II, a 130-foot cargo vessel, was intercepted by the cutter Tahoma approximately 228 miles southeast of the Dominican Republic. After successful coordination and cooperation between the Caribbean Corridor participating agencies and the government of Bolivia, Coast Guard personnel boarded the vessel.

The Tahoma towed the ship 500 miles to San Juan, Puerto Rico for further inspection and turned the drugs and eight freighter passengers to the U.S. Drug Enforcement Agency, Coast Guard spokeswoman Sarah Rousseau said in a statement Saturday. The Caribbean Corridor Initiative consist of members from the U.S. Coast Guard, Immigration and Customs Enforcement, Drug Enforcement Agency, Customs and Border Protection, FBI and the U.S. Attorney's Office.

"The Coast Guard has a proud and successful history of intercepting contraband in the Caribbean," said Captain James Tunstall, commanding officer for Coast Guard Sector San Juan. "With the aggressive work of ICE, DEA, FBI, CBP and the U.S.

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Attorney's Office, the Caribbean Corridor Initiative's collective resources are maximized as we continue our combined aggressive efforts to keep drugs off the streets."

The crew of the Tahoma is expected to return today to the Portsmouth Naval Shipyard.

Fehr Says Union Will Advise Players On Mitchell Probe If Asked (AP)

AP, February 26, 2007

TUCSON (AP) — The players' association will offer advice but said it's the choice of each individual whether to cooperate with former Senate Majority Leader George Mitchell's investigation into steroids use.

"We haven't made any comment about the Mitchell investigation specifically," union head Donald Fehr said Monday. "What you should expect, however, is that any time any player has an issue with that or something arises, then we will give them whatever our best advice is under the circumstances, and then players make their individual decisions."

Mitchell, hired by commissioner Bud Selig just before the start of the 2006 season, warned baseball owners in January that a lack of cooperation with his investigation into steroid use will "significantly increase" the chances of government involvement.

Fehr, starting his annual spring training tour by meeting with the Arizona Diamondbacks, said Mitchell's comments were unnecessary and that important individual rights are involved.

"I don't think there's anything productive for us to engage in a war," Fehr said. "We spend a lot of time in this country lately with lawyers trying to get public relations advantage on things. I'm not sure that when you're dealing with rights which may be in some sense fairly technical and legal that you ought to be doing that."

On another drug-related issue, Fehr said the union will "take a hard look" at any verified test to detect human growth hormone. That drug cannot be detected by a urine test, and a blood test is in its early stages of use.

"So far as I know it hasn't been peer reviewed by anybody," he said. "Nobody knows the details. We'll take a hard look at whatever it becomes when and if it becomes."

He believes baseball's current anti-drug rules, strengthened under pressure from Congress, "are working pretty well."

Fehr sidestepped an opinion about Barry Bonds and whether Selig would honor him if Bonds breaks Hank Aaron's career home run record.

"You know, look, at this point with all the controversy surrounding him, you ask Bud what he's going to do and he's going to demure and basically say 'I don't know yet,'" Fehr said. "We'll wait and see what happens. I'm not going to prejudge anything."

Fehr said this is his 30th spring training tour, and for a change, there is no contract rancor between the union and owners. The sides reached a new labor agreement last October without the usual public angst.

"It was remarkable," Fehr said. "It never happened before in my career. It made me feel pretty good."

The agreement currently is in the proofreading stage.

Ore. Medical Marijuana Users Ask Lawmakers To Protect Jobs (AP)

AP, February 27, 2007

SALEM, Ore. (AP) — Medical marijuana advocates pleaded with lawmakers Monday to enact a bill that would prohibit employers from firing them because of their choice of medication.

"The bottom line is I need a job and I don't make enough through social security and food stamps," said Judy Adamson, a 61-year-old widow, breast cancer survivor and registered medical marijuana user. Last year Adamson was suspended from her job as a driving instructor when she tested positive for cannabis after her former employer ordered her to take a drug test.

The new bill comes just a few weeks after a previous bill was introduced that would allow employers to fire employees who fail drug tests — even if they are a state registered medical marijuana user. That bill is currently being considered by the Business, Transportation and Workforce Development committee.

Both measures aim to clarify whether an employer in Oregon has the right to terminate someone's job if they fail a drug test but are a registered medical marijuana user.

Many employers say they already have that right. "The goal is to make sure that medical marijuana is treated as a possible intoxicating substance," said Jeff Dean, director of government affairs for the Pacific Northwest chapter of Associated Builders and Contractors.

During the last few weeks everyone from former commercial helicopter pilots to representatives from the construction industry have spoken about the importance of drug-free workplaces. But on Tuesday, lawmakers heard mostly from those who use medical marijuana for a variety of illnesses, and say that doing so helps them maintain their jobs.

"The nature of the discussion is straightforward," said Leland Berger, an attorney who testified on behalf of medical marijuana users. "It should be treated as any other medication."

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But employers warn that medical marijuana users pose risks to themselves and other employees, and that drug tests are the surest way to keep out workers who might be impaired by marijuana use. Others say the best way to identify if a worker is impaired — not just by cannabis but by any type of medication or drug — is through computer programs and even video games that can test a person's reflexes and hand-eye coordination.

Andrea Meyer, a representative for the American Civil Liberties Union, said drug tests done through a urine analysis provide a false sense of safety because they don't reflect a worker's ability to function.

"If someone is using heavy equipment, they should be tested using technology that detects impairment," she said. "The issue shouldn't be what medicines they are on; the issue should be whether they are impaired, whatever the cause."

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Eds: The bill is Senate Bill 423.

Democrats Spar Over Medical Pot For Workers (OREG)

By Janie Har, The Oregonian

The Oregonian, February 26, 2007

On the job - One legislator's bill would let employers fire legal weed users; another's stops them

SALEM -- The political stakes might not be as high as for school funding or tax increases, but two Democratic senators are jousting over workers' right to smoke medicinal dope.

Last Monday, Sen. Rick Metsger of Welches hustled out of his business and transportation committee a bill giving employers leeway to boot workers who use medical marijuana.

Today, Sen. Floyd Prozanski of Eugene will take up a bill in his Commerce Committee that would prohibit those same employers from discriminating against legal pot smokers.

Current law is a little hazy in this area.

Oregonians approved the medical use of marijuana in 1998 but didn't spell out how it would intersect with workplace laws, other than to say employers don't need to accommodate users. About 13,000 people in Oregon carry a card allowing them to ingest marijuana to treat severe pain or a "debilitating medical condition" such as cancer or glaucoma.

Employers say they shouldn't have to stub out their drug policies for medical marijuana users, some of whom might be high on the job and putting co-workers at risk.

"We don't have the time to deal with this stuff. We're not a social service agency, and we cannot take the risk of somebody hurting their fellow workers because they were impaired," says Bob Shiprack, lobbyist for the building and construction trades council.

"We'll let the Legislature sort this out, I guess," he says.

Medical marijuana and civil rights advocates say workers shouldn't be punished for treating a medical condition. If employers are so concerned about safety, they argue, businesses should test to see whether workers actually clock in unable to do their job.

"The only way they are testing is through urine analysis, which does not show whether a person is impaired at the time they are at the workplace," says Andrea Meyer of the American Civil Liberties Union of Oregon.

Prozanski agrees with the need for safeguards at work, but he says, "we need to not just go on a witch hunt."

He plans to pass Senate Bill 423 out of committee. Prozanski hopes the two sides can work out a deal.

"Good for him," Metsger says. "I'm going to try to do my best to block" his bill.

Later, Metsger tempered his comments to say he'd have to study Prozanski's proposal. Still, if there's any language "that would conflict with our efforts on (SB) 465," Metsger warned, "I would vigorously oppose it."

Hillman To Be Hired As Marshal (BOS)

By Frank Phillips, Globe Staff

The Boston Globe, February 27, 2007

Former state representative and lieutenant governor candidate Reed V. Hillman is expected to soon land a much-coveted political appointment as US marshal for Massachusetts, leading state GOP sources said.

The White House is on the verge of announcing that Hillman, 58, a former head of the State Police, will be named to the $130,000-a-year patronage post, which has been vacant for the past 18 months, the sources said. The position was last held by Anthony Dichio, who was dismissed in August 2005 after a Justice Department report found he routinely failed to work full work weeks and had misused his official vehicle.

Hillman said today that he was unaware of any pending announcement, but confirmed that he would take the job if offered. "Anything on that will have to come from the White House," said Hillman, who stepped down as State Police commander in 1999

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and then represented Sturbridge in the House of Representatives for six years. "All I know is that I am in the mix with four others."

But two leading Massachusetts Republican officials who have followed the appointment process said the White House has decided to give Hillman the job and will make an announcement within days.

"It's a matter of paperwork," said one of the sources, who has been involved in the appointment process and confirmed that the Massachusetts Republican leadership has lined up behind Hillman. "All the appropriate people agree that he's the right person."

IMMIGRATION:

Texas Could Pull The Welcome Mat (LAT)

By Miguel Bustillo

The Los Angeles Times, February 27, 2007

The Lone Star State has long welcomed Latino immigrants, no matter how they got across the state's 1,200-mile border with Mexico.

Back when California voted to cut public services to illegal immigrants, then-Texas Gov. George W. Bush was preaching that immigrants were equal players in the state's economy.

But the atmosphere has changed markedly in Texas, home to about 10% of the nation's illegal immigrants.

Now, a growing chorus of Republicans and some Democrats is pushing some of the harshest immigration-related measures in the United States — laws that would not only deny public services to illegal immigrants but strip their American-born children of benefits as well.

The proposal to deny services to American citizens, which is thought to be the first in the country, is part of a push to challenge the citizenship given automatically to children born in this country to illegal immigrants.

Prior rulings have affirmed that nearly all such children were entitled to birthright citizenship under the 14th Amendment. But some legal scholars have questioned whether the amendment, which redefined national citizenship to include the children of slaves after the Civil War, should cover babies born to foreign parents.

The Pew Hispanic Center estimated last year that more than 3 million U.S. citizens were born to illegal immigrant parents.

"The Texas bill could be a vehicle to get this before the courts, and we strongly support that," said Ira Mehlman, a spokesman for the Federation for American Immigration Reform, which has been pushing Congress to revisit the 14th Amendment. "There is no question that it is time for a review, given the number of people entering the country illegally and giving birth."

Texas' shift toward a more incendiary brand of immigration politics comes at a time when many state lawmakers are frustrated that Washington has failed to stop illegal immigration. Few think President Bush's moderate proposals, which include a guest worker program and enhanced border security, will help much, even if they are approved by Congress.

State Rep. Leo Berman, the Texas legislator who wrote the bill to deny benefits to the children of illegal immigrants, admits that his goal is to set off a fight in the federal courts. His legislation has been compared to Proposition 187, which was ruled unconstitutional after California voters approved it in 1994, but it goes further. It would deny citizens born to illegal immigrants numerous state services, including unemployment benefits and the ability to obtain professional licenses.

"A pregnant illegal alien can wait at the border, check into a hospital in Texas, give birth without paying a penny, and be rewarded for her illegal behavior," Berman said. "That's outrageous."

Berman's bill is one of more than two dozen proposals targeting illegal immigration in Texas. Other measures would tax money that illegal immigrants wire abroad; require patients to prove they are in the country legally before receiving state medical services; eliminate in-state college tuition breaks for illegal immigrants; and require state agencies to do a thorough accounting of how much illegal immigration is costing the state. Texas is home to between 1 million and 2 million illegal immigrants.

"Why should illegal immigrants, who by virtue of being in the country have broken the law, be able to get the same state services as a citizen?" asked state Sen. Royce West, a Democrat from Dallas who is proposing one of several measures to tax remittances to Mexico. He said his legislation was one way to raise money for healthcare programs.

Texas politicians say that proposing such laws would have been unimaginable a decade ago. During his days as governor, Bush regularly praised the cultural and economic contributions Latino immigrants were making to the state. His political strategy paid off: He won 40% of the Latino vote in 1998, a number previously considered unreachable for a Republican.

Bush's approach was a stark contrast from the immigration politics in California during the tenure of Gov. Pete Wilson, who backed Proposition 187, using it to win reelection.

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"California has always been more liberal than Texas, but yet the treatment of immigration issues has been night and day," said Rogelio Saenz, a sociology professor at Texas A&M University.

The Texas Republican Party added hard-line immigration language to its platform last year in response to the demands of its conservative base. It included the line "No amnesty! No how. No way," and a call to "suspend automatic U.S. citizenship to children born to illegal immigrant parents," the idea now proposed by Berman.

Latino leaders say they are stunned by the Texas proposals to deny services to children. They promise retaliation at the ballot box.

"How could anyone be so mean-spirited?" said Rosa Rosales, president of the League of United Latin American Citizens, the nation's oldest Latino civil rights group, which originated in Texas. "We're just going to have to get the community out to show these representatives that we matter."

For undocumented Texans such as Ofelia Lopez, the state's push to get tough on illegal immigrants elicits sadness as much as fear. Lopez , who crossed into the U.S. from Mexico seven years ago with the hope that she could give her children a better life, has two daughters, one 3 years old and one 6 months old, who are U.S. citizens.

"I don't think the solution is to deny children the opportunity to become better people. That's not going to help anyone," said Lopez, 35, who also has a 15-year-old daughter born in Mexico who is attending a Texas high school. "That's not going to stop people from coming here. People are coming here because it's the only way to survive."

Last year, state lawmakers nationwide proposed a record 570 immigration measures, and 84 were signed into law, according to the National Conference of State Legislatures. The group predicts that immigration will again be among the hottest state issues in 2007.

In Texas, Democratic state Rep. Pete Gallego, head of the Mexican American Legislative Caucus in the House, said that though some of the new proposals were harsh, a few might have momentum, particularly the bills to tax wire transfers.

"People are appalled at how hard core some of these things are," Gallego said. "We will have a fight."

Texas Gov. Rick Perry, a conservative Republican who talked tough on illegal immigration during his reelection campaign last year, has tempered his rhetoric in recent weeks, and sounded a message of compassion and unity during his oath-of-office address last month. He has singled out Berman's proposal as divisive.

Berman counters that his bill may not make him the darling of Austin's lobbyists or the governor, but he is convinced his cause is popular.

"My mail is running 30 to 1 in favor of what I am trying to do," he said. "This problem is costing Texas money. Texas has to act."

TEST CASE Immigration Crackdown Targets Bosses This Time (WSJ)

By Barry Newman

The Wall Street Journal, February 27, 2007

GUILDERLAND, N.Y. -- Early in April of 2005, a man whose friends knew him as César went looking for a job at a wholesale distribution hub near this upstate village. At a workshop run by IFCO Systems North America Inc., the nation's biggest recycler of wooden pallets, César let the boss know that he was in the country illegally, but would be trying to buy some fake "papers."

"That will work," said Robert Belvin, the 42-year old IFCO site manager.

What Mr. Belvin didn't know was that César was an undercover informant working for federal immigration enforcers. Or that he was wearing a wire.

The conversation -- and many others César recorded -- helped build a case that is the biggest test so far of a heavily touted government campaign to control illegal immigration.

A year after César went to work, agents from the Immigration and Customs Enforcement bureau pounced on 52 IFCO workshops in 26 states, arresting 1,187 foreigners. Unlike raids on many other companies -- including December's arrests of 1,282 workers at Swift & Co. -- the motivation for the raid on IFCO wasn't to catch foreigners. It was to catch the Americans who hired them. Seven IFCO middle managers were also arrested that day and charged, in identically worded complaints, under the same felony statute that punishes human smuggling. Five of them, people familiar with the case say, are expected to plead guilty today in the U.S. District Court for the Northern District of New York.

Neither the company nor its top executives were named in the complaints, which allege that the managers "knowingly conspired with others" to transport, harbor and support undocumented workers for "commercial advantage or private financial gain." But the investigation isn't closed. Like any ICE operation today, one immigration official says, the objective is "to move up in the organization."

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In 2005, the Department of Homeland Security announced that instead of imposing small fines for sloppy paperwork, its immigration-enforcement branch would flush out "egregious" employers and put them in jail. That demands proof and police work -- including undercover informants and secret recordings -- more common to drug busts than immigration audits.

· The Issue: Officials are targeting employers for their role in hiring undocumented workers.

· The Challenge: Nabbing offenders requires intensive law-enforcement efforts more common to drug busts.

· The Bottom Line: More cases are likely, as immigration officials take a more aggressive stance against undocumented workers.

Since ICE's creation in 2003, employer arrests have leapt from 25 in 2002 to 718 in 2006. Only last week, ICE arrested three executives of a Nevada-based janitorial service with national reach. But successful prosecutions have so far largely been limited to smaller labor contractors, restaurant owners, and a company putting up a fence on the Mexican border.

IFCO's parent, IFCO Systems NV, by contrast, has world-wide sales of nearly $650 million. Registered in Holland and managed out of Houston and Munich, it promotes itself as a smoothly run system, listing Target Corp., Cargill Inc. and Dell Inc. among many corporate customers. Repairing pallets -- the rough frames that carry goods from factory to warehouse -- is tough work. Up until last April, most IFCO pallet workers were Hispanic.

It was easy for ICE to swoop down on those working illegally. To accuse their bosses of a conspiracy, punishable by prison terms of up to 20 years, was a far greater task. The clues ICE collected, as disclosed in the complaints filed in federal court in Albany, resulted from a combination of lucky tips and accidents. The evidence was backed up by local police work, aggressive surveillance, and the unusual involvement of the Social Security Administration.

IFCO maintains that nothing points to illegal immigration as part of its formal business model. "We deeply regret that we had even a single ineligible worker on our payroll," the company said in a written statement. The company declined to comment further on the case.

The government claims that the immigration status of more than half of IFCO's 5,800 workers in the U.S. was suspect. It is unclear whether the U.S. Attorney in Albany, who is supervising the case, will bring charges against higher-level IFCO executives.

Still, the government's intrusive new style has petrified other companies that rely on foreign labor. "Everybody thinks these are show trials," says Amy Peck, an immigration lawyer in Colorado who represents corporate clients. "And at the same time, we're scared to death about what's going on."

The IFCO evidence, she and other lawyers acknowledge, appears to pull back the curtain of "plausible deniability" that effectively allows six million foreigners to work illegally in the U.S. To avoid discriminating, employers have argued for 20 years, they can't turn away candidates whose papers seem to be genuine. But at one upstate work site, the IFCO complaints allege, that was disingenuous.

The first hint came three months before César applied for a job, when the phone rang at the ICE office in Latham, 10 miles from here. The caller said he worked for IFCO, and said he saw some Spanish-speaking co-workers tearing up their W-2 tax forms. That made the immigration enforcers at ICE very curious: Why would anyone tear up a W-2?

The IFCO worker who phoned said that one of his bosses told him the men didn't need W-2s because they didn't file tax returns. "That's not something you hear every day," says Julie Myers, the DHS assistant secretary who heads ICE. Her agents decided IFCO was worth watching.

Toward the end of the month, a few IFCO workers were relaxing at the Governor's Inn, a motel near the pallet shop. "They like to drink," a Honduran named Reynaldo says now. "They went to the store to get more beer." (A forklift driver arrested in the raid, he has remained in the area and asked that his full name not be used.) As four men returned to the motel in a Chevrolet, the Guilderland police say, they crashed into a Subaru. Two young women were slightly hurt. The Chevy's driver jumped out and ran.

The police found the other three men in the motel. Mr. Belvin, the manager of IFCO's operation, arrived and went with his workers to the police station. All three, the police told Mr. Belvin, had admitted being in the country illegally. Mr. Belvin said that was untrue and that he had the documents to prove it. Mr. Belvin's lawyer didn't respond to phone messages seeking comment.

Then, in an unrelated incident in March, a woman called the police to say she had been attacked in a garage by a Hispanic man. An officer sent to the scene found no suspects. But he did interview six men at a nearby house in connection with the woman's complaint. The men all said they worked for IFCO. The police, recalling IFCO's connection to the earlier accident, notified ICE. Senior inspector John Tashjian said, "If there's any suspicion they're undocumented, we do that."

Responding, ICE agents found five men who didn't belong in the country and arrested them. In sworn statements, a Honduran said he didn't show any documents when IFCO hired him and a Salvadoran said he was told "that papers would be provided to him later."

It wasn't long before ICE decided to plant its spy.

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"I have never heard of that being done in an immigration work-site enforcement action, never," says Paul Zulkie, an attorney who advises corporations on immigration policies and is also president of the American Immigration Law Foundation.

But ICE's orientation has changed. Many of its agents came out of the former Customs Service, which enforced import and export regulations. For them, getting evidence to prove that managers know full well that documents are fake means peeking behind the paperwork.

According to the complaints, ICE's informant had himself been arrested by the Border Patrol for entering the country illegally. After he assisted ICE in a human-smuggling case in Texas, the agency gave him temporary leave to remain in the U.S. -- plus a stipend -- in exchange for his cooperation to help with the IFCO investigation. In April, the complaints say, he introduced himself to some IFCO workers at a grocery.

The informant isn't cited by name in the complaint. But piecing together bits of information, former IFCO workers say they knew him as César, a Portuguese-speaking forklift driver.

The complaints detail how he ultimately got his fake green card and fake Social Security card directly from ICE. The name on the Social Security card wasn't the one he had given IFCO. Nor was the name on the green card. The picture, say the complaints, was of someone else. César showed the documents to Mr. Belvin's boss, James Rice.

Mr. Rice, then 35 years old, was a development manager who had come to open the Guilderland operation the previous October. But because it was a start-up, people close to the company say, its managers were having a hard time finding workers. Looking at the photo on the fake green card while César recorded him, Mr. Rice said, "It looks like you to me." Mr. Rice's lawyer had no comment.

Once hired, César did more at IFCO than drive a forklift. At Mr. Belvin's request and with assistance from ICE, the complaints say, he helped recruit more illegal workers. He got phony documents for five other new hires and he phoned an IFCO manager in Houston to ask about jobs here for two Mexicans who had crossed the border.

In July, César was promoted to foreman.

Already well along in its work, ICE opened a second line of inquiry into IFCO: It enlisted the Social Security Administration.

When numbers on tax returns don't match numbers on its books, Social Security tells employers by letter. A "no-match" can have many explanations, but to ICE it's a red flag of illegal immigration. Yet privacy law bans Social Security from showing ICE its data. Companies do volunteer for audits in return for shelter from raids, and they can check Social Security numbers of new hires themselves. IFCO didn't volunteer for such programs. But the sanctity of its records vanished the moment its recyclers were seen tearing up W-2s.

Destroying the forms was a violation that let Social Security in on the case. Through a subpoena of IFCO's payroll processor, says one official, its inspectors learned that 53% of IFCO's workers in 2005 had dud Social Security numbers. What's more, the complaints say, they discovered that in 2004 and 2005 IFCO received 13 letters in Houston informing it that "more than 1,000 social-security numbers" at "several" of its sites "did not match the records of the SSA."

IFCO didn't follow up on the letters. People familiar with IFCO's position say an employee set the letters aside unopened, failed to tell anybody about them, and then left the company for good.

In the fall of 2005, César traveled to an IFCO start-up in Westborough, Mass., the complaints recount. With Mike Ames, IFCO's site manager, he visited a bakery where Brazilian day-laborers gathered. After speaking in Portuguese with a woman there, César recorded an exchange with Mr. Ames, whose lawyer also didn't respond to requests for comment.

César said: "They don't have no documents, no papers, no permission to work in the United States."

Mr. Ames replied: "But, you know how to work the deal...I don't want it to end up where they can't be paid because of identity, ID, you know what I'm saying."

At least five Brazilians got jobs. Directed by Mr. Belvin and Mr. Rice, the complaints say, César drove three of them 150 miles to Guilderland "for training."

A few weeks later, Mr. Rice left IFCO. On Jan. 8, 2006, Mr. Belvin was fired. Neither departure, according to people familiar with the situation, had to do with immigration issues. Soon afterward, IFCO fired César. Officials won't say where he is now.

On the day of the IFCO raids last April, people following the case say, ICE agents interviewed dozens more managers around the country. The court granted ICE permission to search computers in Guilderland. And, according to the complaints, the federal Department of Labor also spoke to a former bookkeeper who claimed that piecework pallet repairmen were being systematically underpaid for overtime work.

Showing that IFCO broke wage rules could support a charge that it used illegally hired workers for commercial gain, say some legal experts. And connections among workers and managers at several sites could be used to argue -- as the government has in some other immigration cases -- that what ICE uncovered was no rogue operation.

IFCO denies the implication. "There was certainly no corporate strategy to hire undocumented workers or exploit any of our employees," the company said in a statement. Since the raids, it has added new payroll screeners and joined the Social Security

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verification system. Profits slumped in midyear, but having scoured its records, IFCO says its labor force is up to strength and is as legal as can be.

Of the workers rounded up in April, many have left the country or slipped underground. Reynaldo, the Honduran who drove a forklift for IFCO here, has stayed on in a frame house nearby. The arrest of his managers at IFCO was news to him.

"That really touches me," the 24-year-old said, sitting beside a messy bunk bed one evening as other men came and went. "These are people who offered us opportunities."

"They haven't committed a crime," said a Nicaraguan named Mario who sat next to him. He is 39, and fixed pallets at IFCO for 30 cents apiece. "At least," he added, "it's not a crime to me."

Write to Barry Newman at barry.newman@wsj.com4

Growing Demand For English Lessons Outstrips Supply (NYT)

By Fernanda Santos

The New York Times, February 27, 2007

MOUNT VERNON, N.Y. — Two weeks after she moved here from her native Brazil, Maria de Oliveira signed up for free English classes at a squat storefront in this working-class suburb, figuring that with an associate's degree and three years as an administrative assistant, she could find a good job in America so long as she spoke the language.

The woman who runs the classes at Mount Vernon's Workforce and Career Preparation Center added Ms. Oliveira's name to her pink binder, at the bottom of a 90-person waiting list that stretched across seven pages. That was in October. Ms. Oliveira, 26, finally got a seat in the class on Jan. 16.

"I keep wondering how much more I'd know if I hadn't had to wait so long," she said in Portuguese.

As immigrants increasingly settle away from large urban centers — New York's suburbs have had a net gain of 225,000 since 2000, compared with 44,000 in the city — many are waiting months or even years to get into government-financed English classes, which are often overcrowded and lack textbooks.

A survey last year by the National Association of Latino Elected and Appointed Officials found that in 12 states, 60 percent of the free English programs had waiting lists, ranging from a few months in Colorado and Nevada to as long as two years in New Mexico and Massachusetts, where the statewide list has about 16,000 names.

The United States Department of Education counted 1.2 million adults enrolled in public English programs in 2005 — about 1 in 10 of the 10.3 million foreign-born residents 16 and older who speak English "less than very well," or not at all, according to census figures from the same year. Federal money for such classes is matched at varying rates from state to state, leaving an uneven patchwork of programs that advocates say nowhere meets the need.

"We have a lot of folks who need these services and who go unserved," said Claudia Merkel-Keller of the New Jersey Department of Labor and Workforce Development, noting that her state has waiting lists in every county, "from beginner all the way through proficient level." New Jersey, like New York and many other states, does not keep statewide figures on how many people are on waiting lists.

Luis Sanchez, 47, a Peruvian truck driver for a beer distributor in New Brunswick, has been in this country 10 years — and on the waiting list for English classes in Perth Amboy five months. "You live from day to day, waiting to get the call that you can come to class," Mr. Sanchez said in Spanish, explaining that he knew a little English but wanted to improve his writing skills so he could apply for better jobs. "I keep on waiting."

Mr. Sanchez is unlikely to get the call soon: Perth Amboy's Adult Education Center recently discovered that it was operating in the red and canceled 9 of its 11 evening classes in English as a second language, including all at beginner and intermediate levels. In Orange County, N.Y., where the immigrant population doubled in the past 16 years, the Board of Cooperative Education Services' adult education program has stopped advertising for fear its already overflowing beginner classes will be overwhelmed.

In Framingham, Mass., 20 miles west of Boston, hundreds of people used to spend the night in line to register for English as a second language, so the program now selects students by picking handwritten names from a big plastic box.

"With the lottery, everyone has the same chance," said Christine Taylor Tibor, director of Framingham's Adult E.S.L. Plus program. "Unfortunately, you might have to enter the lottery several times before you get in."

Census figures show that in the United States there were 32.6 million foreign-born residents 18 years or older in 2005, up about 18 percent from the 27.5 million counted in 2000 (and nearly twice the 17.1 million in 1990). Federal spending on adult education, about $580 million last year, has increased 23 percent since 2000 and more than tripled since 1990; some 45 percent of the money is devoted to English.

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But financing varies widely across the states, which are required to allocate at least one quarter of what was provided by the federal government: Kansas, Nebraska, Oklahoma, South Dakota and Texas spent the minimum in 2003, according to the Education Department, while California and Connecticut each spent about seven times that.

In New York, the state Education Department added $76 million to the federal government's $43 million for the 2005 fiscal year. That year, according to a recent report by the Center for an Urban Future, a nonprofit research group based in Manhattan, there were about 86,500 people enrolled in government-sponsored adult programs for English as a second language, serving about 5 percent of the state's 1.6 million adults with limited English skills.

Last fall, Arizona voters approved an initiative banning illegal immigrants from benefiting from all state-financed programs, including English instruction; administrators of English-as-a-second-language classes in several other states said they do not check for documentation when registering students and thus do not know how many of them may be in the country illegally.

Advocates for more English classes say the state-federal financing split leaves an adult education system whose quality and reach vary widely from place to place — and is lacking most everywhere. Senator Lamar Alexander of Tennessee, where the immigrant population has tripled since 1990, largely because of an influx of Mexicans, sponsored a bill last year that would have given legal immigrants $500 vouchers to pay for English classes since so many of the free ones were full.

"Most education policy is the prerogative of state and local governments, but I would argue that the prerogative to help people learn our common language is a federal responsibility," said Senator Alexander, a Republican who was education secretary under the first President George Bush. "If we make it easier for people to learn English, they will learn it. I think that ought to be a priority of our government, and I don't think it has been."

The government-financed classes are most often run by school districts or worker training centers and generally require only a registration fee of perhaps $10. Libraries, churches and community centers often also provide free or inexpensive classes, like the English Language Institute at Westchester Community College in Valhalla, N.Y., which offers nine levels of instruction for $76 to $247 per three-month session. Then there are private programs like the one at Pace University in Pleasantville, N.Y., which costs $790 for two classes a week for 14 weeks.

With immigrants accounting for half of the growth in the nation's labor force from 1990 and 2000, and expected to make up all of the growth in the two decades to come, "the issue of English proficiency has become an issue of economic development," said Tara Colton, the author of the Center for an Urban Future report. Indeed, some business owners, frustrated at the lack of low-cost classes, have begun teaching immigrants English at work.

At Skyline Furniture Manufacturing Inc. in Thornton, Ill., a suburb of Chicago, about half of the company's 60 employees have learned English at the factory over the past five years, under a state program in which the government pays to bring teachers to work sites if companies pay workers for the hours in class.

"It makes sense to us because our workers can do their jobs better, and it makes sense to them because they can advance in their jobs," said Cinthia Nowakowski, the plant's manager, adding that three of the company's eight foremen were promoted after completing the program. "Besides, it's convenient. The guys don't have to worry about having to arrange transportation to get to school or getting there and finding that there's no room in the class."

In Newburgh, N.Y., an Orange County town where one in five of the 29,000 residents are immigrants, Blanca Saravia has amassed an impressive portfolio of odd jobs since arriving from Honduras in 2004: gas station attendant, office janitor, cook's helper, and, for the last 14 months, packager at a local nail-polish factory. Speaking in her native Spanish, Ms. Saravia said that she has been able to get by with co-workers' translating, but that "when the boss gives orders, I don't understand."

So earlier this month, Ms. Saravia joined 30 others in a cramped classroom learning to conjugate the verb "to be" as part of the adult English program in Orange County, where the immigrant population doubled in the last decade — and the number of free English classes has jumped to 26 from 2 in 1995.

"If I tell her, 'We're full, come back in a couple of months,' chances are she'll get discouraged and never come back," said Ramón Santos, who runs the Newburgh program.

Carl DeJura, director of adult basic education at Brookdale Community College in Long Branch, N.J., said he has lately crammed as many as 40 students into a class — "double what it should be."

"If you have to cut back on textbooks, supplies and materials to serve the people who need it," he said, "that's what you do."

In Mount Vernon, Haitian, Chinese, Somali, Arab, Mexican and Brazilian students flock to the beginner class each morning at 8:30 before heading out to work or to look for work. Ahmed Al Saidi, 49, who works at a gas station and moved from Yemen in 1994, said in halting English that he wants to learn the language "for better work and to talk to people when I go to the store."

Ms. Oliveira, the immigrant from Brazil, said she still knows too little English to venture into the marketplace; her husband, who is American born and supports the couple financially, encouraged her to enroll in the classes, held five mornings a week.

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"I hope that when I'm speaking a little better, I'll be able to find a job where I can use the English I learned here and the skills I have from back home," she said in Portuguese. "When I was on the waiting list, there were times I thought this time would never come."

Cashing In On Immigrants (USAT)

By Ruben Navarrette

USA Today, February 27, 2007

SAN DIEGO — Critics are still fuming over Bank of America's plan to offer credit cards to people without Social Security numbers or credit histories, characteristics common to illegal immigrants.

CNN's Lou Dobbs called it "idiotic." Roy Beck of Numbers USA, a proponent of immigration controls, accused Bank of America of "unpatriotic greed." Callers on talk radio have suggested the company change its name to "Bank of Mexico." Syndicated columnist Michelle Malkin argued that the company is defying federal immigration law by "aiding and abetting illegal activity." Funny thing. I've had credit cards for more than 20 years, and I don't remember feeling aided and abetted. Preyed upon, maybe.

This circus is not what Javier Palomarez expected. The advertising veteran has spent nearly 20 years helping Fortune 500 companies tap the Hispanic market. In 2002, he was working for Bank of America as senior vice president of marketing when he proposed the idea. It's perfectly legal and logical.

The bank was already experimenting with its SafeSend program, which allows immigrants who open a checking account in the United States to transfer money to a bank in Mexico where it can be retrieved by a third party. Bank of America also offers mortgages for immigrants. Palomarez argued that credit cards were the next step. Not everyone in the company was sold, however, which could explain why it took several years to bring the idea to fruition. Some bank executives feared that illegal immigrants were bad credit risks. "That was the debate," Palomarez told me recently in an interview. "And additionally, the idea was, you know, it's still too close to 9/11."

Not this again. Let's not confuse terrorists with immigrants. Here's a tip on how to keep the two groups straight: One wants to do us harm; the other wants to do our cooking, gardening and child care.

The distinction escapes Rep. Tom Tancredo, R-Colo., an anti-immigrant demagogue. Tancredo fears Bank of America might unwittingly give credit to a terrorist. Get real. According to Palomarez, credit limits for illegal immigrants would be about $500. The 9/11 hijackers ran through tens of thousands of dollars in planning the attacks.

I wish critics would give the scare tactics a rest and come clean about what really bugs them: The fear that Americans are getting comfortable with illegal immigration and the concern that initiatives like this will take the steam out of enforcement efforts by making immigrants seem less threatening.

As for this being a giveaway, Palomarez says it was never any such thing. "There is a ton of money to be made," he said. Consider the interest rate. "Just imagine the worst there are," Palomarez said. "Twenty-one percent and up." Immigrants will pay it, he said, because they're grateful to have the card and to build up credit histories.

That's exactly where Bank of America landed — on an interest rate that can top 21%, which is higher than most people pay. As for the claim that illegal immigrants don't pay their bills, Palomarez disagrees. "These people went through a lot of trouble and expense and risk to get here," he said. "They didn't come here to mess it up."

But getting a credit card into the hands of a Latino is only half the battle. You still have to get him to use it. "We were raised that, you know what, if you can't buy it (with) cash, you can't afford it," he said. "That whole mentality hasn't left us yet as a culture."

So how does Bank of America hope to get illegal immigrants hooked on credit? We had millions of dollars worth of campaigns in place dedicated solely to the guy who got the card and hasn't used it," Palomarez said. "Mailers congratulating him on receiving his Bank of America credit card and reminding him of the benefits that the card afforded him, blah, blah, blah. … We knew what buttons to push."

How would they know? "If you've got a guy's debit card, or even his checking account, and you get activity on it, you have such robust data," he said, "because you are in his wallet."

Palomarez is no longer with Bank of America, but he still wants to be in your wallet. Now based in Dallas, he aims to get in there again with his latest venture — a pre-paid debit card, which he and his associates hope will revolutionize how Hispanics (particularly immigrants) handle remittances, purchases and ATM withdrawals. Other companies are doing the same.

It's an interesting idea. But it's not like immigrants are clamoring for debit cards, any more than they're demanding credit cards. That's the whole point. This controversy should dispel the myth that illegal immigrants come here with outstretched palms.

Credit cards aren't freebies, and it isn't immigrants who demand them. These things come along because someone wants to cash in. As with bilingual education and beer sales, this isn't something that is being done for illegal immigrants; it's something

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that is being done to illegal immigrants. It's such an obvious point that you'd have to be blind not to see it. Of course, fear and nativism have been known to cause a lack of vision in people.

Ruben Navarrette is an editorial writer for the San Diego Union Tribune, a syndicated columnist and a regular contributor to CNN.com.

Game With No Winner (NYT)

The New York Times, February 27, 2007

It's almost enough to make us nostalgic for streaking and sitting on flagpoles. College students from Michigan to Florida have found a new way to get attention, offend others and make a right-wing statement all at once. It's a game with a name that says it all: "Catch the Illegal Immigrant."

The game is a variation on hide and seek: one player poses as the immigrant, and everyone else tries to find that person. There's a prize, usually $200 or less, which is not much, but enough to celebrate the cheap exploitation of a fellow human.

"Catch the Immigrant" is the brainchild of an intern with the College Republican National Committee, who lost her post after coming up with this and other campus recruitment gimmicks. Another game, called "Fun With Guns," invited young Republicans to fire BB guns or paint balls at cardboard cutouts of Democratic leaders. Republican Party leaders have tried to distance themselves from the games, but seem to have done little to stop them.

The right-wing organizers of the immigrant games — particularly Young Americans for Freedom and Young Republicans — have declared piously that they're just trying to spark debate. At that, they have succeeded. Protesters defending immigration and human dignity have outnumbered the game's players at the University of Michigan, Michigan State, Pennsylvania State and other campuses, including, most recently, at New York University.

The reaction from schools has been mostly tepid. Administrators are in a tough spot, trying to balance free speech with offensive behavior. More speech is the answer, including voices of authority pointing out the nastiness of this game as well as the inherent cruelty of hunting people for sport.

"Catch the Immigrant" also reflects a larger misunderstanding of the immigration issue. The more than 11 million illegal immigrants cannot be caught. Even if they could be, rounding them up and deporting them would be disastrous, economically and socially. Educators should teach the game players about the real world.

Minuteman Founder Wants Reins Back (LAT)

By Jennifer Delson

The Los Angeles Times, February 26, 2007

Jim Gilchrist, the Orange County accountant who gained national recognition as the co-founder of a citizen border patrol group, will ask a judge this afternoon to issue a restraining order in order to regain control of the Minuteman Project.

Earlier this month, Gilchrist was removed by his board of directors, which accused the charismatic anti-illegal-immigrant figure of abusing his power. Minuteman Project officials said they will detail their allegations at a press conference later this afternoon.

The rift, Gilchrist said, "could very well bring an end to the entire Minuteman Project. There are groups around the country with the name, but we are the most well known and the most powerful."

Gilchrist said he did nothing wrong. His opponents, he said, are motivated by "a greed for power and a false perception of an endless stream of money."

He said he plans to continue his work, which began in 2005 with a citizen border patrol that gained widespread media attention and a criticism from President Bush, who called them "vigilantes."

Robert Vasquez — a former county commissioner in Idaho who, in his elected position, sued companies that hired illegal workers — said top conservative leaders turned against Gilchrist. Among them is Barbara Coe, who heads California Coalition for Immigration Reform and co-authored Proposition 187, the ballot measure that sought to deny undocumented immigrants certain public benefits.

"Sometimes a position becomes bigger than the man," Vasquez said. "It's unfortunate that it has reached this point."

Gilchrist opponents filed a complaint against their former leader with the Internal Revenue Service, alleging that he did not obtain nonprofit status for the Minuteman organization and improperly used a discount postal rate to solicit donations.

Gilchrist said a direct mail organization was responsible to secure the nonprofit status and if it hadn't, it didn't amount to a criminal error on his part.

Board members voted to replace Gilchrist with Marvin Stewart, an African American minister. Gilchrist said the board members have no voting power and serve in an advisory capacity.

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Semi-Truths (WSJ)

The Wall Street Journal, February 27, 2007

It's nice the U.S. government is finally getting around to meeting its obligations under a trade pact with Mexico ratified a mere 14 years ago. But even that is too fast for some protectionists.

Under the North American Free Trade Agreement, the U.S. was required to lift a ban on Mexican trucks traveling more than 25 miles inside the border. The deadline for doing so was 2000, yet seven years later the ban remains in place. Hence, when Mexican trucks reach the mileage limit, they must off-load and transfer the goods to American trucks, which carry them to their ultimate destination. You can understand why the Teamsters who represent American drivers favor this arrangement, however inefficient, but U.S. consumers pick up the tab.

Last week, the Bush Administration announced a plan to lift the mileage restriction, and unions and their supporters in Congress are predictably crying foul. Rather than acknowledging their protectionist agenda, opponents are raising bogus concerns linked to the supposedly poor "safety" record of Mexican rigs. Teamster President James Hoffa told reporters the Administration is "playing a game of Russian roulette on America's highways." Democratic Senator Patty Murray of Washington says she'll hold hearings.

If these arguments sound familiar, it's because Mr. Hoffa also used them in 2001, when the Bush Administration first tried to lift the mileage restriction to comply with Nafta. Oregon Representative Peter DeFazio warned that there would be "blood on the highway." And David Obey of Wisconsin intoned that "Nafta is a trade pact. It's not a suicide pact."

That hyperbole is just as phony now. It's common practice, both here and south of the border, to use older vehicles to travel short distances. And there's no evidence that Mexican long-haul trucks and drivers are more dangerous than their U.S. counterparts. The latest data show the safety records of the U.S. and Mexico are comparable.

According to the Transportation Department, 32% of Mexican trucks were pulled from the road for safety violations in 2001. Last year that number fell to 21%. Meanwhile, 21% of U.S. trucks failed safety inspections in 2001, versus 23% last year. Mexican drivers are less likely than their U.S. counterparts to be in violation of the law -- 1.2% in 2006, versus 7% for U.S. truckers.

A prohibition on Mexican trucks traveling more than a few miles into the U.S. has resulted in more congestion and pollution at the border. It also means that more investment is going toward shipping items from Point A to Point B than is necessary. Lifting the ban and giving these vehicles full access to the U.S. will streamline the process and reduce costs.

Mexican businesses have no incentive to send rickety trucks north of the border only to break down before reaching their destination. And behaving as if they do -- in order to mask an antitrade agenda -- is no way to treat a neighbor.

TAX:

Orem Man Sentenced In Federal Tax Fraud Case (AP)

AP, February 27, 2007

SALT LAKE CITY An Orem accountant who bilked the government out of millions in taxes from money he garnered through phony investment schemes has been sentenced to five years in federal prison, the U.S. Department of Justice said Monday.

Lanny R. White was also ordered by U.S. District Judge Ted Stewart to pay $5 million in restitution and spend three years on supervised probation following his release.

White was indicted in 2003 along with 10 others for promoting and selling a fraudulent trust scheme through six phony investment companies between 1993 and 2004. More than 300 clients were told that placing their assets into the trusts would reduce tax liabilities.

All of the 11 indicted – among them four attorneys, one accountant and a former IRS agent – have pleaded guilty to felony charges including wire and mail fraud.

In a plea agreement White said his actions led to the filing of more than 2,000 false and fraudulent income tax and trust tax returns. White also said he knowingly placed clients money in unsound investments that would never pay returns.

The loss to the government is estimated between $7 million and $10 million.

Appraisers' Valuations For Tax Filings Come Under Microscope With New Law (WSJ)

By Arden Dale

The Wall Street Journal, February 27, 2007

It may soon become trickier to get an item appraised for tax purposes.

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The Pension Protection Act, passed in August, puts appraisers in the sights of the Internal Revenue Service by saying they can be penalized for valuations the agency later decides are off the mark.

The move marks a big change because taxpayers, not appraisers, historically have borne the brunt of a wrong valuation. One result: The cost of getting something appraised may well rise.

Appraisals are used for a number of purposes in tax filings. For instance, noncash assets donated to charity are often appraised so the donor can claim the value as a deduction on his income-tax return and lower his tax bill.

Examples might be an individual who donates to charity a share in a private company that is expected to go public later, or a business that gives a conservation easement to a local government by agreeing not to develop its real estate but to maintain the property for conservation purposes instead.

Now, the PPA has introduced penalties on appraisers, but they aren't alone in facing the music. Accountants, brokers, estate executors and others may also be slapped because of the broad brush with which it was written.

The rule is beginning to have a chilling effect on appraisers because it raises a host of questions, including which kind of tax -- gift and estate tax, income tax, or both -- is affected, and who may be hit by penalties.

The American Bar Association Section of Real Property, Probate and Trust Law have urged the IRS to clear up a number of uncertainties in the rule, which is included in Internal Revenue Code Section 6695A.

The IRS is reviewing these and other comments on the matter and plans to publish regulations later to spell out details of the law, according to an IRS spokesman.

"I've heard indirectly that some appraisers are holding back in terms of doing income- and estate-tax appraisals, or that they're limiting the scope of appraisals," says William Forsberg, a partner at Parsinen Kaplan Rosberg + Gotlieb P.A. in Minneapolis, and co-author of the ABA group comments.

Code Section 6695A simply refers to "any person" as being subject to the penalties. It's not clear whether the rule could extend beyond an appraiser to include, say, an attorney hired by the appraiser to opine on whether an entity is a limited partnership, for example.

"It's the uncertainty as to the exposure that's so troubling," says Hugh Drake, an attorney at Brown, Hay & Stephens LLP in Springfield, Ill. "Appraisers often have to rely on underlying opinions...where does liability begin and end?"

Write to Arden Dale at arden.dale@dowjones.com1

'Living Souls' Admit To Tax Evasion In Plea Deal (KNOXNS)

By Jamie Satterfield

Knoxville News Sentinel (TN), February 27, 2007

After months in jail, Sevier millionaire couple drops exempt defense

Maybe it was newfound enlightenment.

Perhaps it was skillful attorneys joining their side.

Or, it might have been a jail cell that did it.

Whatever the cause, a Sevier County couple who made millions in real estate ventures but insisted they were "living souls" and not U.S. citizens subject to income tax laws dropped their tax protestation convictions Monday and picked up tax evasion convictions instead.

Arnold Ray Schmid and his wife, Kathleen Schmid, pleaded guilty in U.S. District Court to charges that they refused to file income tax returns on money made from their highly profitable cabin rental and property development businesses for at least three years.

In a plea deal brokered between defense attorneys Richard Gaines and Ralph Harwell and federal prosecutor Jay Nanavati, the Schmids are admitting to a negotiated figure of $53,780 as the tax liability owed the government. The actual figure is likely much higher, according to court records.

The deal also will cut the potential prison terms both faced from years to months. As Gaines noted during Monday's hearing before Senior U.S. District Judge Leon Jordan, the couple may already have served, if not the entirety of their respective sentences, then the bulk of them.

It's not as if they didn't earn that pretrial jail time, however. The couple had been allowed free on bond - despite repeated courtroom antics and protests and missed hearings - after their July 2005 arrests on federal tax evasion charges.

But they fled, hiding out for months in the Midwest before the U.S. Marshals Service rounded them up after a probe led by veteran fugitive hunter Deputy U.S. Marshal Becky Gambill.

In the couple's car, marshals found signs that the pair's courtroom antics and strange court filings in which they called themselves "living souls" and contended the government had no dominion over them may have been tactics to avoid prosecution, according to an earlier motion filed by Nanavati.

"In their car were handwritten notes in the defendants' handwriting that read, among things, 'pros and cons of leaving country or just stay in country but move around' (and) 'will they be watching airports?' (and) 'any problems in Venezuela government, are Americans well accepted' (and) 'whenever judge speaks to you pretend that he is speaking Chinese' and 'how do you get money out of the country,' " Nanavati wrote.

It was, ironically, tax deadline day - April 15, 2006 - when the pair were returned to Knoxville and ordered jailed pending Monday's trial. They had been behind bars ever since.

On Monday, however, Jordan agreed to release them despite their earlier flight. Gaines' contention that the two are senior citizens with health problems who already have spent 10 months in jail was a factor, the judge said. Nanavati, a Washington, D.C.-based U.S. Department of Justice tax evasion prosecution specialist, did not resist the move.

"I am going to require electronic monitoring," Jordan said. "I am going to increase your bond. I assure you, if you run again, this court will have no mercy on you."

It's not clear why the government struck a deal in the case. Last Thursday, however, Jordan dealt the prosecution team a blow when he barred them from using the Schmids' notes at trial or making any mention to jurors of the pair's flight to avoid prosecution.

They face sentencing May 24.

Jamie Satterfield may be reached at 865-342-6308.

IRS To The Rescue (WSJ)

The Wall Street Journal, February 27, 2007

It's not often that the Internal Revenue Service plays the hero, but these days it's a regular Clark Kent for American expatriates. The agency has issued another round of tax relief for U.S. citizens working abroad hit by Congress's double-taxation laws.

Friday's Notice 2007-25 strikes a blow against a provision in last year's omnibus tax bill that cut tax exemptions on housing for Americans working overseas and substantially raised taxes on compensation above $82,500. The move came courtesy of Republican Senator Chuck Grassley, who apparently thinks Americans abroad are living the high life. Congress claims the tax will raise $2.1 billion for Uncle Sam over the next decade. But that doesn't factor in companies that will cut back on U.S. employees in favor of less expensive locals or third-country hires.

The IRS mitigated some of the damage in October, bumping up tax exemptions on housing in more than 100 specified cities. In the latest notice, Americans working in China and India will see the biggest benefit; special exemptions were instituted for Mumbai and Beijing residents, and several cities already on the IRS's list saw their deductions adjusted upward. A clutch of suburban London towns were also added, presumably because the local American Chamber of Commerce kicked up a fuss. But why is the IRS trying to work out which Yanks live in, say, London versus Surrey?

The U.S. is the only developed nation to tax its citizens abroad. Now China has picked up on Mr. Grassley's grand idea. From March 31, all mainland citizens working abroad will be taxed on their world-wide income. That might give some comfort to U.S. protectionists worried about China's labor competitiveness, even though mainland employees aren't so far a huge force abroad. But as America is now discovering, punitive taxation is an export that comes with a high price.

CONGRESS-ADMINISTRATION:

Bush Urges Governors To Back Tax Reforms (AP)

By Robert Tanner

AP, February 27, 2007

President Bush encouraged governors Monday to support his call for changing the tax code to help more people buy private health care insurance, but did not address their pleas to increase funding for a health care program that insures millions of children of the working poor.

Still, governors said they heard words of at least partial compromise from the administration on a budget dispute that dominated private discussions among governors Sunday.

At stake is coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the larger challenge of the uninsured. All governors rely on the State Children's Health Insurance Program, intended to aid uninsured working families.

Bush, welcoming the governors after they met privately with several administration officials, did not offer any comments about the children's health program, talking rather about his larger proposals.

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"I'm looking forward to working with Congress on health care. I firmly believe ... that states are often times the best place to reform systems and work on programs that meet needs," he said.

But Health and Human Services Secretary Mike Leavitt "made it clear that the administration will work with Congress as far as" short-term shortfalls, said North Dakota Gov. John Hoeven, a Republican. Governors say 14 states could run out of cash before October. In Georgia, it could happen as soon as March.

The governors want two things:

_Enough money to keep the program afloat through October. That is estimated at $745 million.

_Changes to Bush's budget. Analysts say his spending plan would shortchange the health program even if the number of people served did not grow. The long-term shortfall is put at $10 billion to $15 billion over the next five years.

Gov. Jon Corzine, a New Jersey Democrat, warned that the administration's budget promised illusory savings. "You end up paying for this in other ways — uncompensated care, emergency rooms," Corzine said. "This is pay me now or pay me later."

Corzine said he still wanted more clarity from administration officials on support for the short-term funding, but said Leavitt had offered words of compromise.

But the long-term issues over the program remained in dispute, governors said.

The program, approved in 1997, covers uninsured children whose families earn too much to fall under Medicaid, the joint state-federal health care service for the poor.

More than a dozen states have expanded SCHIP, with consent of the federal government, to cover adults in those families. The program now insures an estimated 639,000 adults among its 6 million.

Many governors said the administration's efforts to scale back the program would undermine state efforts to craft universal health care plans. Many of these have started with a target of insuring all children.

California, Massachusetts and Pennsylvania have developed some of the most ambitious proposals to try to get to universal health care coverage. Most states have just tried to strengthen their health care system to cover more people.

At their private session Sunday, governors said there was bipartisan support for help on the immediate needs and a long-term commitment to the current program.

Leavitt said Sunday that there is enough money among states to cover short-term shortfalls, if states with surpluses would share with those with deficits, an idea that has little support among governors. Bush wants SCHIP to remain focused on poor children, not all children and not adults, Leavitt said.

Gov. Ed Rendell, D-Pa., said he was confident that a compromise on the money can be found. He said the administration has been helpful to his efforts to expand coverage and approved a waiver that would let the state cover 180,000 more children. "I want to give the administration high praise," he said.

But most were worried. In Rhode Island, GOP Gov. Don Carcieri said aggressive enrollment efforts had boosted their combined Medicaid and SCHIP program so that 94 percent of children were covered, at its height, before administrative hurdles and other problems caused some backsliding.

"We built all that up," Carcieri said. "We don't want to pull the rug out."

Child Health Care Splits White House And States (NYT)

By Robert Pear

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — Governors clashed with the White House on Monday over the future of the popular Children's Health Insurance Program, an issue that some members of both parties said was as important as money for the Iraq war.

In the session at the White House, when President Bush reported on progress of the war, governors pressed him to provide more money so they could guarantee health insurance for children. In response, administration officials said states should make better use of the money they already had.

Gov. Sonny Perdue of Georgia, a Republican, said afterward, "Health care for children ought to be a priority, irrespective of anyone's views on the war."

Georgia will exhaust its allotment of federal money for the Children's Health Insurance Program within three months, Mr. Perdue said. Thirteen other states expect to run out by September, according to data released here at the winter meeting of the National Governors Association.

Governors said the Clinton and Bush administrations had encouraged them to expand children's coverage and had granted waivers allowing them to cover parents and even some childless adults.

Having successfully expanded the health insurance programs in their states, some governors now suggest that the Bush administration is pulling the safety net out from under many children.

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In his budget this month, Mr. Bush said he wanted to return the program to its "original objective" of covering children with family incomes less than twice the poverty level. Budget documents note that 16 states cover children above that level and that "one state, New Jersey, covers children up to 350 percent of the federal poverty level."

A family of four is classified poor if its annual income is less than $20,650.

An influential member of Congress said Monday that he would not be taking up White House proposals to restrict eligibility and financing for the child health program.

"I have absolutely no intention of moving the president's proposals through our subcommittee," said the lawmaker, Representative Frank Pallone Jr., Democrat of New Jersey.

Mr. Pallone is chairman of the Health Subcommittee of the Energy and Commerce Committee, which has authority over the children's program.

Speaker Nancy Pelosi said Monday that "Democrats in Congress understand the urgency" of the problem and would provide money to the 14 states that did not have enough to cover their current enrollment. Although Mr. Bush would reduce federal payments for adults and for children with family incomes above 200 percent of the poverty level, Mr. Pallone said states should have discretion to cover children above 200 percent of the poverty level and adults in some circumstances, too.

"In New Jersey, we made a decision to go up to 350 percent of the poverty level, because we have the highest cost of living in the country," Mr. Pallone said.

Likewise, he said, New Jersey found that covering adults increased the likelihood that their children would stay on the rolls.

"The hallmark of all this is flexibility," Mr. Pallone said. "A robust Children's Health Insurance Program is an important part of any effort to try to achieve universal coverage."

The federal government spends $5 billion a year on the program. Mr. Bush wants to continue that level, and he is seeking an "additional allotment" of $4.8 billion over the next five years.

States would need substantially more to continue their programs with current eligibility rules and benefits. New estimates from the Congressional Budget Office show that the states face shortfalls of $700 million this year and a total shortage of $13.4 billion from 2008 to 2012.

Gov. Jim Douglas of Vermont, a Republican, said the Bush proposals would jeopardize his state's phenomenal success in covering children. In Vermont, he said, fewer than 4 percent of the children are uninsured, and "we don't want to lose ground."

Bush administration officials emphasized that states received a fixed amount of federal money each year, and they said individual children did not have a legal entitlement to benefits. Michael O. Leavitt, secretary of health and human services, said he would work with Congress to find "a short-term solution" for states exhausting their allotments this year. He said states could avoid shortfalls by managing their programs better.

In his experience as governor of Utah, Mr. Leavitt said, "when we were out of an allotment, we just discontinued enrolling people until we had room." Likewise, he said, states could cover more people if they provided less comprehensive benefits.

Gov. Ted Strickland of Ohio, a Democrat, said: "If we don't get the money we need, children will go without coverage."

"In the meeting with the president and Secretary Leavitt," Mr. Strickland said, "when questions were raised about children maybe having to be removed from the program or eligible children not being able to participate, we were told that that was basically a management problem."

Gov. Jon Corzine of New Jersey, a Democrat, said that under the president's proposals "we will end up having fewer children covered." That prospect "was chilling to some of us," Mr. Corzine said, adding that states wanted to avoid "rationing health care to our most vulnerable and our most needy."

Gov. Edward G. Rendell of Pennsylvania, a Democrat, said Mr. Bush's budget request was "clearly insufficient" to continue coverage for the six million children enrolled in the program.

Many governors want to expand the program, which they see as a foundation for their efforts to expand coverage generally.

Mr. Rendell framed the issue as a choice, asking: "Should we be giving tax cuts to billionaires and millionaires or should we be giving health care to children? Should we make health care for children, at the very least, an entitlement?"

Domestic policy is in a straitjacket because of the cost of the war, the cost of tax cuts and the president's plan to balance the budget within five years, Mr. Rendell said.

Gov. Arnold Schwarzenegger of California, a Republican, said federal aid was essential to his $12 billion plan for universal health coverage. Mr. Schwarzenegger said that in a private meeting he told the president, "We need the federal government's help." He did not say whether he got a commitment.

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Governors, Critical Of Bush, Seeking More Help From Congress For Children's Health Care (USAT/AP)

USA Today, February 27, 2007

WASHINGTON (AP) — Governors from both parties are opposing President Bush's budget for a health care program that insures millions of children of the working poor, warning that failure to meet its spending needs will inflate the already high number of uninsured.

The budget dispute dominated discussions among governors Sunday, who promised to bring the matter to Bush and his Cabinet officials at private meetings Monday.

At stake is coverage for 6 million people, overwhelmingly children, as well as the hopes of many governors in tackling the larger challenge of the uninsured. All governors rely on the State Children's Health Insurance Program, intended to aid uninsured working families.

"It's a matter of doing the right thing," said Georgia Gov. Sonny Perdue, a Republican. "It's non-partisan. It's bipartisan."

Gov. Jon Corzine, a New Jersey Democrat, warned that the administration's budget promised illusory savings. "You end up paying for this in other ways — uncompensated care, emergency rooms," Corzine said. "This is pay me now or pay me later."

Georgia and New Jersey are two of 14 states that are expected to run out of money for the program before the next budget year begins in October; in Georgia, it could happen as soon as March.

The governors want two things:

_Enough money to keep the program afloat through October. That is estimated at $745 million.

_Changes to Bush's budget. Analysts say his spending plan would shortchange the health program even if the number of people served did not grow. The longterm shortfall is put at $10 billion to $15 billion over the next five years.

Health and Human Services Secretary Mike Leavitt said he had met privately with governors, and would keep talking. But he offered little hope that the administration would accept governors' demands.

Bush welcomed the governors to a formal dinner at the White House Sunday night and said he looked forward to talking with governors about health care, along with homeland security and immigration. "I believe if we work together we can do a lot of good things," he said.

The program, approved in 1997, covers uninsured children whose families earn too much to fall under Medicaid, the joint state-federal health care service for the poor.

More than a dozen states have expanded SCHIP, with consent of the federal government, to cover adults in those families. The program now insures an estimated 639,000 adults among its 6 million.

Many governors said the administration's efforts to scale back the program would undermine state efforts to craft universal health care plans. Many of these have started with a target of insuring all children.

California, Massachusetts and Pennsylvania have developed some of the most ambitious proposals to try to get to universal health care coverage. Most states have just tried to strengthen their health care system to cover more people.

At their private session Sunday, governors said there was bipartisan support for help on the immediate needs and a long-term commitment to the current program.

Leavitt said Sunday that there is enough money among states to cover short-term shortfalls, if states with surpluses would share with those with deficits, an idea that has little support among governors. Bush wants SCHIP to remain focused on poor children, not all children and not adults, Leavitt said.

Gov. Ed Rendell, D-Pa., said he was confident that a compromise on the money can be found. He said the administration has been helpful to his efforts to expand coverage and approved a waiver that would let the state cover 180,000 more children. "I want to give the administration high praise," he said.

But most were worried. In Rhode Island, GOP Gov. Don Carcieri said aggressive enrollment efforts had boosted their combined Medicaid and SCHIP program so that 94% of children were covered, at its height, before administrative hurdles and other problems caused some backsliding.

"We built all that up," Carcieri said. "We don't want to pull the rug out."

Bush Seeks Governors' Support For Health Plan (USAT)

USA Today, February 27, 2007

President Bush met with the nation's governors to encourage their support for his proposal to change the tax laws to help people buy private health insurance. He did not address their pleas for more money for a program that insures millions of children of the working poor.

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The governors say Bush's budget for the fiscal year that begins Oct. 1 doesn't provide enough money for the State Children's Health Insurance Program, which covers uninsured children whose families earn too much to fall under Medicaid, the joint state-federal health care service for the poor.

"You end up paying for this in other ways: uncompensated care, emergency rooms," said New Jersey Gov. Jon Corzine, a Democrat.

Bush wants to encourage more Americans to buy health insurance by offering tax deductions that would be financed by a new tax on employer-provided health insurance. Families would get a standard tax deduction of $15,000 a year; individuals would get $7,500. The value of employer-provided health benefits exceeding the deduction would be taxed as income.

Former House aide guilty in bribery probe

A onetime chief of staff to former congressman Bob Ney pleaded guilty to a federal conspiracy charge stemming from a congressional bribery scandal.

William Heaton, 28, admitted accepting favors from disgraced lobbyist Jack Abramoff or his associates and then, in return, helping their clients. No date was set for sentencing.

Ney, R-Ohio, was sentenced in January to 2½ years in prison for trading political favors for campaign donations and personal gifts.

Journalists honor Frederick Douglass

Frederick Douglass, a runaway slave who became the first black reporter in the Capitol press galleries, was remembered Monday as a pioneering journalist who championed equal rights.

The committee of reporters that oversees the Capitol's media areas dedicated a plaque and portrait to Douglass, who was a member of the congressional press galleries from 1870-74.

Douglass came to Washington in the 1870s after he was asked to lead the New National Era, which chronicled the progress of blacks throughout the country. He later bought the newspaper after it ran into money trouble, but the enterprise collapsed in 1874 after a post-Civil War financial crisis wiped out many businesses in the city.

Bush Vows To Fight Democrats On War Funds (WT)

By Jon Ward

The Washington Times, February 27, 2007

President Bush yesterday said he would take on congressional Democrats who hope to hamstring his use of war funds.

"I'm looking forward to a healthy debate. I'm also looking forward to defending, strongly defending the budgets we send up to Congress," Mr. Bush said during a morning White House speech to the National Governors Association, which is holding its annual meeting this week in the District.

The president said he wants to "make sure those troops who are in harm's way have the resources and that we have the flexibility necessary to ... execute the plan we've laid out."

Mr. Bush later spoke at the Republican Governors Association gala, which raised $10.4 million for the group, telling a crowd of several hundred at the National Building Museum last night that "failure in Iraq is unacceptable."

"Soon the United States Congress will have to make a decision that will have real consequences -- whether or not to fund the troops we have sent into harm's way," Mr. Bush said.

Gov. Kathleen Sebelius, Kansas Democrat and chairman of the Democratic Governors' Association, will appear today with Senate Democrats to criticize "an escalation policy that is stretching the National Guard to the limit."

House Democratic leaders have said they plan to restrain the president's use of war funds by attaching restrictions to appropriations bills, starting with the supplemental-funding bill next month.

Rep. John P. Murtha, Pennsylvania Democrat and chairman of the House Appropriations defense subcommittee, announced his plan to bar funding for Mr. Bush's Iraq troop surge, unless the military meets certain requirements on training and equipment that Mr. Murtha said it could not.

House Speaker Nancy Pelosi, California Democrat, and Majority Leader Steny H. Hoyer, Maryland Democrat, have indicated that they favor Mr. Murtha's plan to the more drastic approach of cutting off funding all together.

Republicans have labeled the Murtha plan a "slow-bleed strategy" and have said it will deprive U.S. troops of needed reinforcements and funding.

House Minority Leader John A. Boehner, Ohio Republican, yesterday called on Mrs. Pelosi to reject Mr. Murtha's plan.

Senate Democrats, meanwhile, have indicated that they favor repealing the 2002 authorization of force and writing one that would withdraw U.S. troops from Iraq by spring 2008 and would limit remaining troops to noncombat missions. Democratic Sens. Joseph R. Biden Jr. of Delaware and Carl Levin of Michigan are expected to announce the details of their plan today.

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However, Republicans have said that doing so would be "micromanaging" the war, and the White House has argued that the 2002 authorization still applies to the current conflict.

Mr. Bush acknowledged that many doubt the need for a continued U.S. presence in Iraq, during his morning speech to both Democratic and Republican governors.

"Obviously, there's concerns about the decisions I have made regarding Iraq, and I understand that," Mr. Bush said. "But you've just got to understand ... if we leave Iraq before the job is done, the enemy will follow us here."

O'Malley: Governors' Concerns Not Addressed (BSUN)

By David Nitkin

The Baltimore Sun, February 27, 2007

WASHINGTON // Gov. Martin O'Malley sat tight-lipped through a White House meeting with President Bush Monday and later criticized the president, saying he spent more time defending the administration's Iraq policy than addressing concerns about health care and immigration raised by the nation's governors.

O'Malley, who has been attending his first meeting of the National Governors Association since being elected governor, participated in two hours of morning meetings with Bush Cabinet officials, followed by a half-hour session with the president. Only the association's chairwoman, Gov. Janet Napolitano, an Arizona Democrat; and the vice chairman, Gov. Tim Pawlenty, a Republican from Minnesota, questioned Bush directly.

"President Bush answered each of them, and went back to vamping for about 15 or 20 minutes as to why he is exactly right in what he is doing with the decisions he has made to get us into Iraq and to escalate the war," O'Malley said. "What is the word we use now? Surge?"

O'Malley, a Democrat and former Baltimore mayor, criticized the Republican administration before becoming governor last month.

During remarks at a fundraiser for Democratic presidential nominee John Kerry in 2004, O'Malley drew rebukes after he said, "As mayor of the city, I was very, very worried about al-Qaida and still am. But I'm even more worried about the actions and inactions of the Bush administration."

In February 2005, O'Malley said Bush's budget was an attack on U.S. cities similar to the Sept. 11 terrorist attacks.

O'Malley did thank the White House, however, for allowing him to take his daughter, Grace, to a state dinner Sunday night. His wife, Katie Curran O'Malley, did not attend.

The governors meeting, which ends today, has focused on education, immigration and, in particular, health care. A program that combines federal and state money to provide health insurance for children will expire this year, and governors want the program extended. Napolitano, Pawlenty and others sent the president a letter Monday requesting also that more money be available for states that will overspend their allotments this year.

Bush has proposed reducing the scope of the program so that it concentrates on only the neediest children -- those in families earning two times the federal poverty level. In Maryland, O'Malley is pushing for legislation that goes in the opposite direction, covering children in families that earn four times the poverty level.

White House spokesman Tony Snow said Monday that the president's health care plan gives states money from a different source -- a proposal called Affordable Choices -- to continue covering wealthier children. "We believe in flexibility, too," Snow said.

But many health care analysts say the president's budget plan would remove children from the health insurance program because it contains insufficient funds.

The topic came up at the White House, but "they seem pretty rigid, and they seem pretty inflexible," O'Malley said.

In addition to defending his decisions on Iraq, Bush talked about immigration, the No Child Left Behind education law and alternative fuels.

Analysis: Health Reform Unites, Divides (UPI)

By Olga Pierce

United Press International, February 27, 2007

WASHINGTON, Feb. 26 (UPI) -- Nine out of 10 Americans want healthcare reform, but they are divided over how much, what kind, and who they trust to do it, a new UPI/Zogby poll says.

As campaign season begins to pick up steam, an equal percentage of respondents, 45 percent, said they supported major reform and minor reform. They were similarly split between wanting market-based and government-based solutions.

Less than one-third said they trust President Bush to handle healthcare issues, but the Democratic Congress, at 45 percent, did not have the trust of a majority of voters either. One in five of those surveyed said they do not trust either of them.

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What that means, many experts say, is that successful reform proposals will reach across the political spectrum to incorporate both government and private-sector reforms.

"People want change, they just don't agree about it," Harvard health policy professor Robert Blendon told United Press International.

"The momentum for reform is not enough to make something happen," he said. "There has to be a hybrid proposal and political leadership.

"They're not wedded to the way experts and parties have defined the debate."

The poll's results support that theory: 56 percent of those surveyed said they support a plan enacted in Massachusetts and a similar proposal in California that require individuals, the government and employers to all chip in to cover the uninsured.

While the public will not support purely government-funded reforms, Blendon said, they are also not enthused about Bush's plans to lower costs through tax reforms and greater consumer responsibility. That is because they are concerned about the "pocketbook issue" of being able to afford insurance, not the broader social problem of rising overall healthcare costs.

"Consumers are saying, 'Help me pay for healthcare,' not, 'Give me a plan with a $2,000 deductible to hold down healthcare costs,'" Blendon added. People see Bush's proposal as a "smaller vision in a world that's about to have a larger debate. Republicans are likely in 2008 to talk more broadly than just the president's plan."

The division between those who prefer government-based and market-based plans is not new, said Ron Pollack, executive director of Families USA, a healthcare consumer advocacy group.

What is new is the willingness to compromise, he told UPI, as evidenced by unlikely coalitions of labor unions, employer groups, insurance companies and healthcare provider associations to cover the uninsured.

"People have found virtue in a second-favorite approach rather than nothing. Before, every group came in with a top-priority proposal, and if it wasn't possible, they walked away from the table."

The poll data also obscure an area of remarkable consensus, he said, around making sure all children have health insurance -- an issue Congress will have to address this year when the State Children's Health Insurance Program comes up for reauthorization.

That new spirit of compromise, however, may not make it into the next election, Pollack said.

"During the campaign season is not the time when you get thoughtful compromise. You try to attract and motivate different constituents.

"But concern about healthcare has been catapulted to the top of the agenda. Any thoughtful candidate who wins will have to do something that involves a mix of approaches to get reform through Congress."

The public's range of opinion, combined with the upcoming election season, could also open up an opportunity for voters to learn more about the various plans on the table, James T. Kahn, professor of health policy at the University of California, San Francisco, told UPI.

"The new crew of politicians have an option to look at everything on the table and see what works best. This is a chance to act on the flexibility the public is giving them," Kahn said.

"There is an educational process even in the politically charged election season. The public wants to know whatever choice there is will make them do as well or better."

The downside of election season is that some groups may try to sway the public away from the center, he said. "These policies are hard to understand, and political groups may try to influence the public one way or the other."

Bush Launches Fundraising Campaign (AP)

By Ben Feller

AP, February 27, 2007

Returning to campaign mode, President Bush on Monday began his fundraising drive to help Republicans regain the power they lost less than four months ago.

"My political agenda is this: more Republican governors, take back control of the House and the Senate and make sure we keep the White House in 2008," Bush told cheering donors at a private reception for the Republican Governors Association.

The annual event raised a record $10.4 million for GOP gubernatorial candidates.

Bush said Republicans belong to "the party of ideas" and predicted voters would come back if they see results. "That's how we got the majority, and that's what it's going to take to get the majority back — standing on principle," Bush said.

Voters last November put Democrats in control of the House and Senate, weakening Bush's ability to push through legislation. The 2006 election also saw Republican governors lose the majority of governorships they had held since 1994.

Bush, despite sagging popularity, still raised more than $193 million at about 90 events in the last election season. His final fundraising chapter as president continues Friday with an event in Kentucky for Senate Minority Leader Mitch McConnell.

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In his 25-minute speech at the cavernous National Building Museum, Bush energetically defended his agenda. "I'm proud of our foreign policy," Bush said. "And for the next two years, I will conduct it with all my soul, with all my might, because I believe it's in the best interests of the United States of America."

The president again warned Congress not to try to cut off funding for troops in Iraq or limit his military options.

The House has already passed a nonbinding measure to oppose Bush's buildup of troops in Iraq, although Senate Republicans recently thwarted two Democratic attempts to pass such a resolution in that chamber.

"Our men and women in uniform risk their lives to carry out our plan to support this new democracy and to secure Baghdad," Bush said. "And wherever members may stand on my decision, we have a solemn responsibility to give our troops the resources and the flexibility they need to prevail."

Republican governors have mostly been supportive of Bush, who was once part of their ranks. But some have acknowledged concern about the war's impact. And most have joined with Democrats to complain about potential Bush budget cuts on Medicaid, education and homeland security, as well as a reliance on the National Guard.

Lawmakers To Scrutinize Walter Reed (HILL)

By Jonathan E. Kaplan

The Hill, February 27, 2007

Several House and Senate committees will begin oversight hearings into how Walter Reed Army Medical Center subjected wounded soldiers and Marines to bureaucratic indifference and allowed them to live in squalor.

Rep. John Murtha (D-Pa.), chairman of the Defense Appropriations subcommittee and a leading critic of the Iraq war, has scheduled a closed hearing on Friday and Rep. John Tierney (D-Mass.), an Oversight and Government Reform subcommittee chairman, announced yesterday that he intended to conduct a field hearing to Walter Reed next Monday.

The Senate Armed Services Committee has planned a hearing for the following day and the House Armed Services Committee is also planning an oversight hearing.

The Washington Post reported earlier this month on the deplorable conditions at Walter Reed. For example, a soldier accepted a Purple Heart in his gym clothes because the Army did not replace his torn uniform; soldiers have had to prove that they fought in Iraq; and some wounded soldiers have lived in substandard housing.

The reports drew bipartisan condemnation from Defense Secretary Robert Gates and lawmakers.

“It probably didn’t occur to my colleagues that you should do a physical inspection of the building,” Tierney said, adding that he has requested documents and government reports and plans to interview social workers, families, administrators and troops to understand “how these things came to be, why didn’t they know earlier.”

The hearings could foreshadow Democratic tactics as they craft a budget resolution and political message to keep President Bush on the defensive for his conduct of the war in Iraq and, more specifically, over a $2 billion proposed cut to veterans’ healthcare. Democrats will also make the point that pre- and post-war planning has been inadequate.

A Washington Post-ABC News poll found that Americans trust Democrats by a 54-34 percent margin to handle the Iraq war. Democrats have slipped seven points in the past month, while the number of Americans who have no confidence in either party shot up five points.

“This reflects a culture of disregard, almost contempt for the men and women in the military. My view is that the same lack of planning in the run-up to the war is being repeated,” said Rep. Peter Welch (D-Vt.), who called for hearings shortly after the news reports appeared.

“Congress is going to jump all over this … Whoever is responsible for this debacle at Building 18 — their heads should roll,” Welch said, referring to a deteriorating Army-owned residence that housed wounded soldiers.

Welch was among the first group of lawmakers to call for hearings last week when he sent a letter to Oversight and Government Reform Committee Chairman Henry Waxman (D-Calif.).

Tierney took the initiative and told Waxman in a letter yesterday that he intended to hold a hearing on March 5 at Walter Reed.

“This is an investigative first hearing so that we can eventually unwind this thing so that systemic changes can be made,” Tierney said.

An e-mail and phone call to Walter Reed’s public affairs office were not returned. A spokeswoman for Murtha said he would conduct a press conference later this week, but for now he was not speaking to reporters.

Rep. Harry Mitchell (D-Ariz.), who is scheduled to visit wounded soldiers from Arizona at Walter Reed on Friday, proposed holding a joint hearing with House Armed Services Oversight subcommittee Chairman Marty Meehan (D-Mass.).

Mitchell and Meehan spoke after Meehan returned from a six-day visit to Iraq, Jordan, Kuwait and Brussels, Belgium. But the full committee had decided to conduct a hearing, said an aide to Meehan.

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The big question for lawmakers is how to get answers about why so many Army leaders were unaware of the conditions at the hospital.

For Welch, the Iraq war has hit home hard: Vermont has the highest per-capita death toll of any state, in part because it has one of the highest enlistment rates in the National Guard.

He visited a Veterans Affairs clinic yesterday in Colchester, Vt., and found the conditions were clean and the services adequate. Welch said that most of the complaints he has heard have been minor ones.

A Firsthand Report On The Wounds Of War (WP)

By Howard Kurtz

The Washington Post, February 27, 2007

NEW YORK, Feb. 26 -- At the moment of impact, when the roadside bomb sent shrapnel and rocks hurtling into his face, Bob Woodruff says, "I saw my body floating below me, kind of a whiteness."

"Am I alive?" the ABC anchor asked the crew accompanying him in the Iraqi tank 13 months ago.

He was, but just barely.

When Woodruff awoke from a 36-day coma, he couldn't remember his brothers' names, couldn't even remember that he had twin 6-year-old daughters. The top of the right side of his head was missing, after surgeons were forced to remove part of his skull.

By contrast, the man who met reporters here Monday was upbeat, lucid and funny, if still unable to fully comprehend what happened. "In so many ways it's a miracle," Woodruff said.

He was, like any journalist, determined to tell his story. But in an hour-long special that airs Tuesday night at 10, Woodruff does more than that. He visits with Iraq veterans who also suffered traumatic brain injuries, documents their painfully slow progress and accuses the Pentagon of withholding information about how widespread these debilitating wounds have become.

Woodruff's reporting packs an emotional punch because he is, quite simply, a man who cheated death. Never before had an anchor for an American broadcast network been injured in war. Woodruff instantly became a symbol of the dangers that journalists face in Iraq, and is trying to use his higher profile to illuminate the plight of soldiers who struggle with these injuries far from the spotlight.

When he talks to these men, when he calls them "brother," when he hugs their loved ones, the bond is unmistakable.

Woodruff, 45, is launching a multimedia campaign that includes appearances Tuesday with Oprah Winfrey and on "Good Morning America," and the release of a book ("In an Instant") written with his wife, Lee, about their ordeal.

Lee Woodruff is the emotional heart of the television special as she recalls, in a narrative punctuated by home video, talking to doctors about her husband's condition. "I remember asking if he was going to be blind or deaf, and they didn't know," she says.

Each day, she says, she tried to "calibrate how much hope I was going to have that day." Before Bob came out of the coma, she worried that he would not recognize her. "Will he still love me?" Lee recalls asking a doctor.

After a screening of the program Monday, Bob Woodruff said: "Every time I see my wife crying, it kills me a little bit."

In January 2006, Woodruff, a lawyer who had switched to journalism in hopes of becoming a foreign correspondent, had just begun as co-anchor, with Elizabeth Vargas, of ABC's "World News." The plan was for them to alternate on the road.

"Bob was on top of the world," Jon Banner, executive producer of "World News," says on the program. "He was riding this wave."

When Woodruff arrived in Baghdad for his seventh visit since 2002, he and three crew members embedded themselves with an Iraqi unit to examine whether the country's soldiers were ready to assume more of the burden from the U.S. military.

Woodruff was taping part of his report Jan. 29, standing in the turret of a tank, when an improvised explosive device, or IED, went off. He and cameraman Doug Vogt, who was less seriously injured, were airlifted to a field hospital in Balad. Woodruff was in surgery 37 minutes after the explosion.

A CT scan of Woodruff's skull taken two days later showed rocks and debris lodged in his face and neck. One half-dollar-size rock narrowly missed severing a key artery. The explosion damaged the part of the brain that controls speech.

Woodruff continued his recuperation at Bethesda Naval Medical Center. In the documentary, he begins to cry when he returns to the hospital months later to thank the staff, and his wife shows him the bed where he was confined.

Woodruff is seen with his four children, struggling in the early months of his recovery to relearn everyday words. Looking at flash cards, he cannot remember what a hammer is called until prompted with the letter H. He struggles, with the children's help, to pronounce "belt buckle." At first he could not lift his left arm.

When physicians gave Lee a pessimistic prognosis, she recalled saying: "You don't know my Bob. He's a fighter."

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His progress, which stunned his doctors, contrasts sharply with that of the other brain-damaged veterans who struggle to speak when Woodruff interviews them and their families. Some of that footage is hard to watch.

The ABC program says the veterans receive good care at the Veterans Administration's regional medical centers but that local VA hospitals are often ill-prepared to deal with traumatic brain injuries. The patients have, in the bureaucratic language of an inspector general's report, "sub-optimal access to care." One young man, who had been making progress at a larger VA facility, is seen losing some speech and motor skills as a paperwork snafu blocks his admission to a hospital back home.

VA Secretary Jim Nicholson tells Woodruff that his agency is devoting considerable resources to brain-injured patients. But the program charges that military officials are withholding information on the extent of such injuries among Iraq veterans, and that many soldiers also suffer from "invisible" brain injuries that go undiagnosed for long periods. A veterans' advocate accuses the Pentagon of issuing "gag orders" on discussing traumatic brain injuries, and Woodruff reports that the department declined to release some information for "operational security reasons."

Woodruff, for his part, still fumbles occasionally for the right word. At Monday's press briefing, he said he had "news" when he meant "knowledge," then stopped and corrected himself.

Woodruff said he did not regret having gone to Iraq, but that he would "have to be an idiot" not to think about what he could have done differently.

Asked if he would return to Baghdad, Woodruff refused to rule it out, but ABC News President David Westin did it for him. Given Woodruff's brain injury, Westin said, "it would be the height of recklessness. . . . It would be insane." Westin praised Woodruff's "resilience and strength of character."

Woodruff's facial scars are no longer visible; doctors glued a synthetic piece of skull where the missing piece had been. He plays tennis, swims and skis -- limited by blindness in the upper-right corner of both eyes -- but his wife has barred him from basketball and soccer.

While he may try to return to anchoring one day, Woodruff said, "I love reporting, and that is plenty for me." He plans to keep focusing on the problems of veterans.

"Will I get back to 100 percent? Probably not," Woodruff said. "But if I get in the 90s, that's pretty good."

'I'm Lucky,' ABC's Bob Woodruff Says (USAT)

By Peter Johnson

USA Today, February 27, 2007

NEW YORK — Spend some time talking to ABC's Bob Woodruff, and it's nearly impossible to tell that he was almost been killed by a roadside bomb in Iraq on Jan. 29, 2006, and sustained such severe brain trauma that it required removing part of his skull.

"I'm lucky," Woodruff told reporters Monday in his first interview since he was wounded. "This turned out a lot better than it could have."

His face, some scars aside, looks about the same as it did when he co-anchored World News Tonight for just 27 days, until the 28th nearly cost him his life as he rode atop a tank in Taji, north of Baghdad.

Woodruff says he still has difficulty remembering certain words, but as he fields questions, his mind — he's a lawyer — seems as sharp as ever. That prompts questions of whether he'll ever anchor World News Tonight again.

ABC News president David Westin doesn't rule it out. "Every time there has been a juncture in Bob's progress, he has exceeded it. I think we would be really foolish to underestimate Bob. I think we should assume the best."

But Westin says he will not send Woodruff back to Iraq because Woodruff would be more vulnerable, having already suffered severe trauma. "It would be the height of recklessness."

Woodruff says he's optimistic about his future. "When I woke up, I couldn't remember a single state in this country. I couldn't remember my brothers' names, and I couldn't remember my two youngest daughters — not just their names but their existence.

"You can see the change from then to now is significant, but there's still more to do," says Woodruff, who has gone from five to six days a week of therapy down to one. "Will I get to 100%? Probably unlikely, but maybe if I get to somewhere in the 90s, that would be pretty damn good."

Such are the wonders of modern trauma-treatment techniques as practiced by U.S. military doctors on Woodruff and his cameraman, Doug Vogt, after they were severely injured while reporting on American efforts to hand over military responsibilities to the Iraqis.

But many others — from soldiers who also have suffered severe head traumas from bullets and bombs in Iraq to their families now coping with those injuries — have not been so lucky.

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In an emotional ABC special tonight, To Iraq and Back (10 ET/PT), Woodruff reports on what happened to him, on his recovery and on the severe care crisis facing thousands of injured soldiers who have suffered brain injuries and are now under the care of the U.S. government.

"It was very important to me for the story to be about others who had gone through the same thing," Woodruff says. This type of severe head injury "happens to Marines and soldiers every day, but a lot of times it won't get covered (by the media) because no one is there to see it happen."

Woodruff, 45, says he plans to continue covering the story in future ABC News specials. He's not worried about remaining objective on an issue close to his heart.

"It's impossible to remain objective on many stories, but I've always reported what I thought was truthful, no matter how I got the story," he says. "A lot of questions need to be asked about what is going on with the treatment of soldiers who come back injured."

One Man's Survival Story Becomes A Rallying Cry (NYT)

By Alessandra Stanley

The New York Times, February 27, 2007

It was many weeks before ABC's Bob Woodruff realized how lucky he was to survive a roadside bomb explosion in Iraq in January 2006. It took months for him to understand how lucky he was to recover as fully as he did.

Few do. And that is one of the more sobering lessons of "To Iraq and Back," Mr. Woodruff's account of his ordeal on ABC tonight. Many veterans with similar traumatic brain injuries may never fully regain their ability to speak, walk or pick up a glass of water.

"I've seen probably less than five that have actually been able to walk back into the I.C.U. and thank us for what we did," Alison Bischoff, one of the nurses who treated Mr. Woodruff at the Bethesda Naval Hospital in Maryland, says in this documentary. "So, to me, he's a miracle."

Mr. Woodruff, who makes a point of saying he was privileged to receive the "best civilian and military care in the world," wants viewers to know that veterans with traumatic brain injuries who rely solely on Veterans Affairs medical centers do not always receive the same quality of care.

"To Iraq and Back" is remarkably compelling, mostly because the documentary, while moving, is not just a heart-wrenching portrait of one man's courageous struggle. Mr. Woodruff and his wife, Lee, have published a book about their experience, "In an Instant: A Family's Journey of Love and Healing," and will soon be telling their inspiring tale to Diane Sawyer, Oprah Winfrey and others.

On this ABC News special, Mr. Woodruff tells his story with candor and restraint, then turns the focus to the men and women who return badly wounded from Iraq and Afghanistan and do not heal as thoroughly.

Mr. Woodruff was named co-anchor of "World News Tonight" less than a month before he went to Iraq. His injury was a huge story and a milestone in the public's perception of the war; it was already all too obvious that soldiers, American and Iraqi, were wounded and killed by roadside bombs and ambushes every day. But the explosion that injured Mr. Woodruff and, to a lesser extent, Doug Vogt, a cameraman, dramatically brought home how vulnerable all Americans, even visiting anchors, are over there.

Like celebrities who battle cancer, H.I.V. or Parkinson's disease, Mr. Woodruff decided to put his fame and experience to public use. And like so many people fueled by a sense of mission, he seeks government accountability.

The film notes that the Department of Defense puts the number of men and women wounded in Iraq and Afghanistan at about 23,000, while the Department of Veterans Affairs has recorded treating more than 200,000 veterans of those two wars. Paul Sullivan, the director of programs at the advocacy group Veterans for America, says, "What you have are two sets of books."

Mr. Woodruff politely asks the secretary of veterans affairs, R. James Nicholson, to explain the discrepancy. Citing department reports that list 73,000 mental disorders, 61,000 diseases of the nervous system and others, Mr. Woodruff says, "These are huge numbers beyond the 23,000."

Mr. Nicholson, a Vietnam veteran and a former chairman of the Republican National Committee, replies, "A lot of them come in for, for dental problems."

Mr. Woodruff illustrates quite graphically that some veterans are sent home to recuperate in smaller cities that do not have veterans' hospitals equipped to handle the growing number of those returning with severe traumatic injuries. He interviews a young soldier who is slowly but steadily recovering at a state-of-the-art veterans' polytrauma rehabilitation center in Tampa, Fla., then checks in on him weeks later in his hometown in Texas, where he has noticeably regressed.

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Mr. Woodruff's own recovery took time, hard work and the best medical care Mount Sinai Medical Center in New York City could provide.

The earliest images of Mr. Woodruff on a hospital bed, filmed with a home video camera by family members, are alarming: he lies in the intensive care unit at Bethesda with the left side of his skull bashed in like a dented car. Even after the doctors send him home in a helmet, Mr. Woodruff has trouble identifying a pair of scissors or recalling the word Iraq. He says he still has trouble retrieving words and remembering names. He has almost no memory of the explosion itself.

On even the most serious network news programs, a correspondent's conversations with wounded veterans or disaster victims are almost always hard to watch; the interviewer's cloying displays of compassion grate. Mr. Woodruff speaks to wounded soldiers not as a visiting celebrity but as a peer and, perhaps most important, one whose mere appearance lends hope.

When asked by Mr. Woodruff how he is doing, Sgt. William Glass, a 23-year-old from Eugene, Ore., who suffered a traumatic brain injury during his second deployment in Iraq, replies, "Pretty well." Actually, he looks terrible: his face is as swollen and his head as squashed as Mr. Woodruff's were a year earlier.

Mr. Woodruff asks the soldier if he remembers what happened to him in Iraq, but Sergeant Glass is staring at Mr. Woodruff's smooth cheek and unscarred brow. "You look great," he says wonderingly.

It's impossible not to hope that Sergeant Glass will also be as lucky. "To Iraq and Back" makes it clear that the odds are against him — and that the government should do more to improve them.

Vietnam Pilot Honored After Deferring To Wingman (USAT)

By Alan Gomez

USA Today, February 27, 2007

Forty-one years after repeatedly leading a two-helicopter team into a region of Vietnam dubbed the "Valley of Death," retired Army helicopter pilot Bruce Crandall received the Medal of Honor on Monday at a White House ceremony.

Crandall, 74, might have been eligible to receive the award — the nation's highest military medal — years earlier. But he withdrew his name from consideration in the 1990s because he worried his quest for the medal might take precedence over that of his wingman and friend, Ed Freeman.

"If only one of them were to receive the Medal of Honor, he wanted it to be his wingman," President Bush said in the East Room before placing the blue-ribboned medal around Crandall's neck. "Today the story comes to its rightful conclusion: Bruce Crandall receives the honor he always deserved."

Freeman received his medal in a 2001 ceremony at the White House. Crandall, of Manchester, Wash., attended the event. Freeman, 79, couldn't attend Crandall's ceremony because his flight from his hometown in Boise was snowed in.

The two have been friends since basic training. On Nov. 14, 1965, they teamed up during a vicious battle later memorialized in a book and the Mel Gibson film We Were Soldiers.

On that day, about 450 American troops had landed in a remote area of Vietnam near the Cambodian border. They were unaware that their landing in the Ia Drang Valley was amid a major sanctuary for the North Vietnamese Army.

The Americans were surrounded by about 2,000 North Vietnamese soldiers and came under intense attack. Crandall and Freeman flew the injured out to a base and returned with troops and ammunition. They kept making trips back and forth even though they were being shot at by enemy fighters, sometimes only 30 yards away.

They flew through a cloud of smoke and a wave of bullets, Bush said. Ground commanders ordered a halt to the airlifts because of the danger, but Crandall kept going, and Freeman joined him.

"We knew that if we didn't do it our guys would go down," Crandall said in an interview last week.

The two men made 22 trips over 14 hours. Crandall switched helicopters three times after the aircraft were shot up.

The two men pulled more than 70 Americans out of the battle zone. The battalion lost 79 men, but the North Vietnamese were overcome.

"For the soldiers rescued, for the men who came home, for the children they had and the lives they made, America is in debt to Bruce Crandall," Bush said. "It's a debt our nation can never really fully repay, but today we recognize it as best as we're able."

Honor For Vietnam War Pilot (NYT/AP)

The New York Times, February 27, 2007

An unarmed helicopter pilot who flew through a hail of bullets to rescue 70 wounded Americans in one of the fiercest battles of the Vietnam War was awarded the Medal of Honor, 41 years later. The pilot, Lt. Col. Bruce Crandall, 74, received the nation's highest military honor for his valor in repeatedly flying into enemy fire to bring in ammunition and supplies and evacuate

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the wounded. His actions in Ia Drang Valley were depicted in the 2002 movie "We Were Soldiers," adapted from the book "We Were Soldiers Once ... And Young." President Bush, in a White House ceremony, said Colonel Crandall had to fly three different helicopters over the course of the mission.

Business And Labor Square Off On Bills (HILL)

By Jim Snyder

The Hill, February 27, 2007

Business and labor lobbies square off this week over a House measure that would make it easier for workers to form unions, which have struggled for years with declining membership.

The Democratic-dominated House is expected to pass the Employee Free Choice Act on Thursday — a legislative victory for labor in a body that business interests dominated during the 12-year Republican reign.

But House Democrats and their labor allies face the same problem House Republicans and their big-business friends faced: the Senate filibuster. As a result, the bill has much tougher chances in the Senate than House. The administration is another obstacle. President Bush has indicated he will veto the bill if it arrives on his desk.

Despite these factors, business interests are still nervous as they face the new political reality on Capitol Hill. The U.S. Chamber of Commerce, the National Manufacturers Association and other business groups have formed a new coalition to oppose the measure.

"The concern is widespread in the business community," said Jade West, a lobbyist for the National Association of Wholesalers-Distributors, one of the business groups lobbying against the bill. West described it as a "monumental shift" in how unions are organized.

With 234 cosponsors, the measure is expected to pass in the House. But business groups are trying to keep the margin of victory relatively small to build momentum for the real battle in the Senate. West describes herself as "relatively comfortable, not overconfident" that the legislation's supporters will not find the 60 votes needed to deny a filibuster.

The lobbying strategy of big business has focused in particular on the measure's provision that negates the need for a "secret ballot" for workers to register anonymously their position on whether to unionize.

Such a provision may sound undemocratic. But labor groups argue that businesses exploit the secret ballot to delay and frustrate organizing. In addition, employers can mount expensive campaigns before the day of the vote, and they have more access to workers than labor leaders often do.

Under the House bill, a union would be certified if a majority of workers openly sign union cards. That can happen now, but the employer has the right to either accept the cards outright or require that workers vote again in a secret ballot.

Another bone of contention is a provision that would introduce a third-party arbiter to manage the collective-bargaining process if business and labor have not reached compromise after 120 days of negotiation.

Labor groups argue that foot-dragging by employers can delay an agreement for years. But West said the third-party arbiter would have too much power. For example, it could introduce new rules that neither the union nor the employer had contemplated, West said.

The bill would also increase the financial penalties if employers try to intimidate workers from joining a union. Labor groups say such penalties are a key piece of the bill: "There are numerous examples of workers [who are] denied a fair right to organize," said Stephanie Mueller, a spokeswomen for the Service Employees International Union.

Fewer and fewer workers are members of a union these days. In 2006, 12 percent of employed wage and salary workers were unionized, down from 12.5 percent the year before, according the Bureau of Labor Statistics. The actual number of union workers fell by 326,000 to 15.4 million in 2006. In 1983, more than 20 percent of workers were union members.

If business interests lose the union vote, they may score a win with another measure in the House. On Wednesday, the body will take up a measure to update the rules governing the Committee on Foreign Investment in the U.S. (CFIUS), which was obscure until a company called Dubai Ports World made a bid last year to oversee American ports.

That sparked a push to toughen federal reviews of deals involving foreign investments as well as dozens of press conferences and media appearances featuring outraged lawmakers. In the end, though, the 109th Congress was unable to deliver a bill. Congress will try again this year, and business interests hope this time it will succeed.

CFIUS is charged with reviewing foreign investment deals with national-security implications. While the pending bill has the potential to make reviews more stringent — for example, by requiring an additional 45-day review if the purchaser is owned or controlled by a foreign government — business believes the bill will reduce the political sensitivity that surrounds foreign investment.

"It's a good product," said Todd Malan, the president and CEO of the Organization for International Investment.

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Last year, the GOP-governed House agreed. It passed a similar measure on suspension (that is, with no amendments), with nary a "no" vote. This year, it is expected to come to the floor under an open rule. Accordingly, there is some concern on K Street that members like Reps. Duncan Hunter (R-Calif.) or John Murtha (D-Pa.) could add amendments to alter the measure significantly. But most believe this is unlikely, even though negotiations were continuing at press time.

The measure now "threads the needle," Malan said, when it comes to encouraging foreign investment while balancing national-security concerns.

In this case, business interests fear rather than welcome the role that the Senate could play. The Senate took up its CFIUS bill shortly after the Dubai issue broke last year and passed a tougher measure than the House. Several key Democrats told The Hill two weeks ago they favored their original bill.

Labor Votes To Intrude On War, 9/11 Debates (RC)

By Emily Pierce

Roll Call, February 27, 2007

Just because everyone on Capitol Hill will be talking about, thinking about and posturing over Iraq this week doesn't mean that Members of Congress can't multitask — and if all goes well for the Democratic majorities in both chambers, they'll be able to take their jabs at President Bush over the Iraq War and pass a few measures designed to boost union membership, too.

While the maneuvering for the perfect rebuke of the president's Iraq policy continues in the House and Senate, both chambers are expecting major battles over organized labor this week.

And Republicans are planning a fierce push-back on bills they say would hamper homeland security, restrict democracy and lead to the harassment and coercion of average workers.

"The theme is clearly going to be the Democrat 'payback' for union support," said Ryan Loskarn, spokesman for the Senate Republican Conference.

The House plans to vote Thursday on a bill to relax union organizing rules — allowing a union to form if a majority of workers sign cards authorizing it, rather than the current practice of holding federally supervised, secret-ballot votes.

Democrats say corporations for years have used intimidation to prevent unions from even getting a vote, and that the bill would level the playing field for workers.

But with the backing of the business community's lobbying juggernaut on K Street, House Republicans say they may not be able to prevent the Employee Free Choice Act from passing that chamber this week, but that their public relations offensive will set the stage for its ultimate demise in the Senate.

"House Democrats have the votes to pass the Employee Free Choice Act, but Republicans will win the debate," said one House Republican leadership aide.

Chief among the Republicans' talking points on the bill is that the measure would "kill private voting rights altogether" and that "card checks" could allow union organizers to unfairly pressure workers to join, said the House GOP leadership aide.

Republicans also point to a 2001 letter that some House Democrats sent to Mexican officials as proof that supporters of the bill are "shockingly hypocritical."

The letter, signed by House Education and Labor Chairman George Miller (D-Calif.), stated, "We feel that the secret ballot is absolutely necessary in order to ensure workers are not intimidated into voting for a union they may otherwise not choose."

But Democrats say the "bipartisan bill is part of Democrats' efforts to ensure that all Americans have a fair shot at the American dream, including a good job and fair wages," according to Stacey Bernards, spokeswoman for House Majority Leader Steny Hoyer (D-Md.).

Bernards also noted that the measure has 233 co-sponsors, seven of whom are Republicans.

Still, the bill faces major obstacles in the Senate, where Republicans already are planning to lay down their markers this week on a much less sweeping bill allowing airport screeners to unionize.

Ostensibly, the Senate will be debating a bill to implement the recommendations of the 9/11 commission, but Republicans are agitated by a provision, added in committee, that would allow employees at the Transportation Security Agency to join a union.

"Much of the Republican effort will be to oppose that," said one knowledgeable Senate GOP aide.

Sen. Jim DeMint (R-S.C.) will lead the Senate GOP effort against the provision, with Republicans arguing that allowing airport security screeners to join unions could imperil national security if employees were to walk off the job or stage "sick outs" over failed salary negotiations.

"The rationale for unionizing security employees is difficult to discern — but the American people will recognize that it has zero to do with improving security and everything to do with rewarding Democrat donors," said Loskarn.

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The push-back on the Democratic side is likely to come from none other than Senate Homeland Security and Governmental Affairs Chairman Joe Lieberman (ID-Conn.). Though Lieberman has been at loggerheads with his fellow Democrats over Iraq — he supports the war, they don't — he actually offered the TSA proposal to the 9/11 bill in committee earlier this month.

Democrats contend that TSA workers should be able to have collective bargaining rights along with other Department of Homeland Security employees, such as customs and border control agents.

Meanwhile, Senate Republicans may also offer an amendment to the 9/11 bill that would legalize the president's now-defunct warrantless wiretapping program. After federal courts ruled it unconstitutional, the Bush administration agreed to submit its requests to spy on Americans' overseas phone calls and e-mails to the Foreign Intelligence Surveillance Court.

A Shield Against Corporate Bullying (WP)

By Lance Compa

The Washington Post, February 27, 2007

A proposal to let American workers decide in peace and quiet about whether to join a union has provoked a torrent of crocodile tears from corporate executives. The Employee Free Choice Act, which the House is due to vote on this week, would permit an employee to choose union representation by signing a membership card. If a majority of workers in a defined "bargaining unit" opted for it, employers would have to bargain in good faith with the workers' union.

Business spokesmen shout that the act deprives workers of their right to an election held by the National Labor Relations Board (NLRB). But what companies really prize is management's power to exploit the election procedure to mount aggressive, one-sided attacks on workers' freedom of association.

Why the sudden concern for democracy in a culture of otherwise unilateral employer dominion? We don't hear companies calling for secret-ballot votes on management decisions or CEO stock options, or to elect worker representatives to boards of directors. Bosses' democratic impulses appear only when workers want to exercise their right to organize.

Current labor law puts employers in control of what should be employees' concern. Even when by a big majority workers join a union to bargain collectively, employers can force a vote run by the NLRB. During the weeks it takes to set up the election, management can launch a devastating campaign to thwart workers' choice. Employers say they are just telling employees the downsides of organizing. But they go way beyond that point, hauling workers into mandatory meetings and threatening to shutter the workplace or to permanently replace workers who exercise the right to strike.

Imagine a campaign for president where legally just one candidate can spend an unlimited amount of money for TV advertisements and the other candidate can only pass out flyers at highway intersections. Imagine a campaign for Congress in which every employer in the country can force its employees into a mandatory meeting to tell them: "If you vote for the candidate of Party A, I'll have to close the business; vote for Party B if you want to keep your job." Imagine a campaign for governor where every employer in the state singles out and fires employees who support the candidate whom management opposes.

These examples parallel the reality of union election campaigns under current law. Employers have unlimited access to harangue workers against organizing, while union representatives are relegated to passing out flyers to workers speeding out of parking lots and asking time-stressed employees to attend evening or weekend meetings. Employers have unlimited power to hold captive-audience meetings where they can legally "predict" workplace closure, as long as they don't illegally "threaten" it (a Supreme Court decision created the distinction, though many understandably have trouble differentiating between the two). And though it's illegal, employers routinely fire worker activists to frighten others into submission, knowing it will take years for reinstatement orders to take effect.

A card-based system for choosing union representation is already allowed under current law. Many fair-minded employers use it. But most nullify it, forcing workers into the NLRB election process. These managements say they need an opportunity to offer their version of union "facts," but their presentations are often threat-filled diatribes.

Nothing in the proposed legislation prevents employers from presenting their views -- including their diatribes. Actually, employers are entitled to mount union-avoidance campaigns starting on Day One of a worker's employment. Their campaign is the wages and benefits they pay and the way they treat employees. If workers turn to union representation, it should be their business, not the company's.

Workers should be able to organize without fear-mongering by bosses or, by the same token, pressure from union organizers. This is how the card-based system already works; safeguards against undue pressure from any side are built in. It includes rapid arbitration to resolve any disputes, compared with years of dragged-out NLRB proceedings and federal court appeals.

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Many companies have agreed to a card-based system. They find that when workers choose bargaining, a more peaceful, productive negotiating-table dynamic results than in the case of negotiations that follow an NLRB election war. Congress should build such positive labor relations into the architecture of our labor laws by passing the Employee Free Choice Act.

Lance Compa, a senior lecturer at Cornell University's School of Industrial and Labor Relations, wrote the Human Rights Watch report "Unfair Advantage: Workers' Freedom of Association in the United States Under International Human Rights Standards."

An Assault On Corporate Speech (WP)

By George F. Will

The Washington Post, February 27, 2007

Good for Adrienne Eaton of Rutgers University's Labor Studies & Employment Relations Department. Her forthright description of a central issue in the debate about the Employee Free Choice Act, which she supports, clarifies why that legislation is symptomatic of a disagreeable tendency in today's politics.

Labor unions hope this exquisitely mistitled act, which the House of Representatives probably will pass this week, will compensate for their dwindling persuasiveness as they try to persuade workers to join. It would allow unions to organize workplaces without workers voting for unionization in elections with secret ballots. Instead, unions could use the "card check" system: Once a majority of a company's employees signs a card expressing consent, the union is automatically certified as the bargaining agent for all the workers.

Unions say the card-check system is needed to protect workers from anti-union pressure by employers before secret-ballot elections. Such supposed pressure is one of organized labor's alibis for declining membership.

There are, however, ample protections against employer pressures that really are abusive. Tellingly, the act would forbid employers from trying to influence -- pressure? -- employees by improving their lot: It would fine employers that, to reduce the incentive to unionize, give workers "unilateral" -- not negotiated -- improvements in compensation or working conditions during attempts at unionization. Clearly, the act aims less to help workers than to herd them as dues-payers into unions.

Under the card-check system, unions are able to, in effect, select the voters they want. It strips all workers of privacy and exposes them, one at a time, to the face-to-face pressure of union organizers who distribute and collect the cards. The Supreme Court has said that the card-check system is "admittedly inferior to the election process."

Repealing a right -- to secret ballots -- long considered fundamental to democratic culture would be a radical act. But labor is desperate. The card-check shortcut to unionization comes before Congress after last month's announcement that union membership declined, yet again, in 2006, by 326,000.

The percentage of employees in unions fell from 12.5 to 12, down from 20.1 percent in 1983 and 35 percent in the 1950s. The growth area of organized labor is among public-sector employees, 36.2 percent of whom are unionized, compared with just 7.4 percent of private-sector employees.

Today's workforce is marvelously flexible. People entering the labor market at age 18 will have, on average, 10 employers by the time they are 38. Such mobile workers often do not see what value union membership would add to their lives.

What unions are trying to sell is decreasingly attractive to potential members, so unions are doing what declining businesses often do: They are seeking government protection, in the form of a law to insulate them from the rigors of competition. They want government to allow them to, in effect, silence the employers' side of debates about the merits of unionization.

This is where Professor Easton -- again, she favors the Employee Free Choice Act -- is pertinent. Avoiding the sort of circumlocutions that Washington policymakers often use to conceal their thoughts, she said this to the New York Sun: "Because employers wield so much power, it's hard to figure out what kinds of lines to draw about employer speech."

The Employee Free Choice Act would short-circuit the process of persuading workers through a public debate between unions and employers, the winner of which would be determined by workers casting secret ballots. Welcome to the political culture that the McCain-Feingold campaign finance law is shaping. That law, which regulates the quantity, timing and content of political speech, is making it increasingly acceptable for interest groups to attempt to advance their social agendas by limiting their adversaries' speech.

Senate Democrats might not find 60 votes to bring this Orwellian legislation -- "free choice," indeed -- to a vote. But if it does reach the president's desk, he will veto it. He should have vetoed McCain-Feingold. Its speech restrictions -- applauded as virtuous by the (exempt) media -- have legitimized talk about "drawing lines" to circumscribe the speech rights of entire categories of Americans, in this case employers.

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Much recent academic writing about the First Amendment, and much of the jurisprudence about it, has "balanced" speech rights against other social goods and has valued speech rights primarily as instrumental for other social goods. So there are, alas, ample precedents for this legislative attempt to truncate employers' speech rights.

Still, herewith a modest proposal: Any member of Congress who was elected by a secret ballot should oppose the Employee Free Choice Act.

georgewill@washpost.com

Budget Strain (WSJ)

By David Malpass

The Wall Street Journal, February 27, 2007

The U.S. tax outlook is unraveling fast. An increasing number of existing tax rates are temporary, and to keep them from rising automatically, Congress and the president will have to agree on new hard-to-pass laws.

Unfortunately, Washington's inclination is to add additional taxes to pay for the theoretical "cost" of keeping tax rates at their current level. As more of the tax system falls into this trap -- adding permanent new taxes annually in order to keep other tax rates from going up -- it will soon create a strong enough tax bias to slow growth. By 2010, the magnitude of the tax increases needed simply to maintain current rates will amount to over $400 billion per year, a looming economic train wreck.

The logic is strong for new tax-writing procedures to stop the upward tax ratchet. The budget is moving rapidly toward balance due to the flood of tax payments from private sector jobs and profits. The growth and asset price gains from current tax rates are readily apparent, and foreign countries are cutting tax rates to gain competitiveness.

Even so, the odds have shifted heavily toward annual tax hikes. Under the guise of budget neutrality, President Bush now seems likely to sign two tax increases in 2007 and another in 2008, each presented by Congress -- deceptively -- as a tax cut. This sets the precedent for similar treatment and much bigger tax hikes in the next administration, whether Republican or Democrat, as it confronts the scheduled 2011 tax increases on income, dividends and capital gains.

How can a tax increase be called a tax cut? Washington's tax-scoring magic.

Budget bean-counters measure tax hikes from a baseline that assumes tax rates are going up. Thus, merely extending the existing rates is called a tax cut and gets headlines as such -- even though the extension just maintains the status quo.

Permanent new taxes are then attached to the so-called cuts and labeled "offsets," a technical term for a tax hike. But these new taxes often get little attention. Adding to the size of the offsets, the growth benefits of maintaining current rates (and the harm from letting the rates rise) are arbitrarily excluded from the congressional scoring process.

The net effect of the current system is a strong upward ratchet in tax rates and tax complexity. Even many anti-tax Republicans seem to have acquiesced. Budget baselines build in repeated tax increases, as if those are normal, and assume that economic growth, stock prices and home prices are unaffected by higher tax rates. A more pro-growth Congress could pay for maintaining existing tax rates, if it thought that was necessary, by restraining the budget's built-in spending increases. But this choice seldom, if ever, materializes.

The first 2007 tax increase is attached to the minimum wage bill. To garner Republican votes, Congress is likely to continue existing provisions, which allow small businesses to expense some purchases rather than depreciate them over time. It will be trumpeted as a tax cut, but is mostly just the extension of current tax treatment.

By itself, this provision is a good idea, fostering small business investments and counteracting some of the job losses from the higher minimum wage. However, the proposed legislation pairs the small business provision with tax increases in other areas. The result will be higher tax rates and payments in 2007 than 2006 -- but it will be called a tax cut.

The congressional Joint Committee on Taxation makes clear the artifice in its scoring of the Senate and House bills. It labels one section "Provisions that Raise Revenues," amounting to $8 billion in the Senate bill and $1.4 billion in the House bill. But JCT is careful not to label the other section a tax cut, instead calling it "Small Business Provisions."

The second likely 2007 tax hike involves the alternative minimum tax, AMT. Each year, it needs to be patched -- by increasing the amount of income excluded from the tax -- so that the number of people charged the AMT penalty doesn't escalate. Congress typically treats the patch as a tax cut even though it doesn't reduce anyone's taxes. But in the same bill, Congress will probably add permanent new taxes amounting to as much as $50 billion as an "offset."

Unless the president or Congress calls a halt, even larger tax increases will be needed in 2008 to offset the AMT's expansion. The upward trend is large enough that the AMT-related tax increases alone may begin to undermine U.S. competitiveness and growth even before Congress and a new administration confront the much bigger 2011 tax increases.

Sen. Grassley has called for repealing the AMT for individuals without adding other taxes. In the unlikely event this un-Washington approach wins the day, it would be a pro-growth coup for U.S. competitiveness -- breaking the upward tax ratchet, significantly simplifying the tax code, leaving more money in the private sector to encourage work and innovation, disappointing

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the lobbyists whose livelihood depends on annual expansions of the tax code, and, most importantly, setting a pro-growth precedent for future tax legislation.

Sen. Grassley is probably asking too much of a system designed to add taxes, not repeal them. At the root of the problem, Congress's tax-writing procedures are based on the static scoring assumption that higher tax rates don't slow growth or taxable income. It's as if the taxes come from thin air rather than from people's paychecks and profits.

One pro-growth step Congress could take this year, short of repealing the AMT, would be to acknowledge that economic growth will be faster with the AMT patch than without it. The added tax receipts from patch-dependent economic growth could be used to offset some or most of the revenue loss attributed to the patch, reducing the offsets and limiting the upward tax ratchet. By Washington standards, this would be revolutionary.

The tax hikes making their way through Congress in 2007 and 2008 could well be large enough to reduce the attractiveness of investment in the U.S. relative to fast-growing, tax-cutting economies abroad. More worrisome, the procedures being used point to more onerous tax hikes in the next administration, enough to stop the expansion. If the likely 2007 AMT process -- adding new taxes to extend current rates -- is applied to the 2010 expirations, it would be the biggest tax increase in history. The irony is that the upward tax bias has become more entrenched at a time when the fiscal deficit is nearing balance in substantial part due to current tax rates.

Washington's 2007 decisions on the AMT patch are especially important because they will influence the market's thinking on the 2010 expiration of the 2003 tax cuts. If it looks like the 2003 tax rates, critical to economic growth and asset price appreciation, will expire in 2011 or will be maintained through offsets, this will point to recession.

Tax changes should add to economic growth and employment and simplify the code, factors not given much weight in the current tax-writing procedures. Congress and the president should break the upward tax ratchet, starting with the AMT. A pro-growth, pro-jobs approach would permanently index AMT for inflation without adding new taxes.

Even better, repeal the AMT -- neither political party likes it -- acknowledging that the economy will do better without it. The surprise repeal of an ineffective tax would make clear to global investors that the U.S. plans to avoid the economic train wreck facing its tax code.

Mr. Malpass is Bear Stearns's chief economist.

Fight Over Fiscal Discipline Begins With Bush's Budget (RC)

By Ernest Istook

Roll Call, February 27, 2007

There's a two-front battle between Congress and President Bush. While they feud over who will direct policy in Iraq, an inch-by-inch slugfest continues over who will control the domestic policy turf.

"It's the spending, stupid!" was as big a message as Iraq last fall. Bush's proposed budget is pivotal, despite efforts to demean it as irrelevant.

With one simple pronouncement the president showed that he "gets it" even if others don't: He embraced the too-long-abandoned goal of balancing the budget without raising taxes.

It's been an orphaned issue for many years in Washington, D.C.; 1996 saw the last Congressional vote on a balanced budget amendment to the Constitution. Yet that was the top item in the "Contract with America" before the Republican majority shifted to less-ambitious objectives. Nor did Bush embrace it during his first six years in office. That opened the door for Democrats to campaign successfully on fiscal discipline.

Preservation of the Democrats' new majority may hinge on whether they will embrace balancing the budget without a tax hike — or even accept the goal of balance when spending on entitlements is set to skyrocket as baby boomers age. Bush knew that when he set the bar so high. And Republicans in Congress know they can now voice support for the goal without being in charge of the tough decisions.

Cynics rightfully note that the next president will inherit much of the heavy lifting. But that means every 2008 candidate for the White House must now address the issue.

Early indicators show an effort to bury the issue by attacking the tough decisions promoted by the Bush budget. Critics of spending controls rushed to the microphones more quickly than supporters did.

Bush's proposals to rein in Medicare and other government-paid health care were quickly condemned. Rep. Pete Stark (D-Calif.) called them "an exercise in make-believe." Illinois Gov. Rod Blagojevich (D) said it would hamper his "All Kids" program to provide government-paid health care for every child, regardless of income.

But Rep. Joe Barton (R-Texas) properly questioned why the federal government pays billions extra to states that give free health care to families with income three times the poverty level, while others draw the line at two times. Imagine the cost if states could abandon all income restrictions like Blagojevich wants.

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States feel entitled to federal funds just as individuals do, even though 45 states reported in the fall that their budgets are meeting or exceeding their projections. Homeland security has joined health care and education as a way to justify a multitude of state requests. Federal funds now provide training and equipment to first responders “just in case” they face a cataclysm, yet the funds often will be used to address auto accidents and fires instead.

One example was voiced by Rep. Sheila Jackson Lee (D-Texas), who said it is “completely appalling that the [Bush] administration seems to be unwilling to act on rail and mass transit security until we are faced with another disaster.”

Yet if it’s a federal duty to provide security for large gatherings at rail stations or bus stops, then why not at every mall and sports arena? (This differs from aviation, where a hijacked and fuel-laden plane becomes a guided missile.)

The Bush budget spotlights tough choices like these, while Congress often avoids them as the price of achieving a majority vote. But the elections weren’t just about Iraq. Democrats claim they also were about “underfunded” priorities, but more voters seem to understand that overfunded priorities were a bigger problem.

If Democrats want to claim the low-spending high ground along with Bush, they must avoid gobbledygook and speak with equal clarity. They should state their spending goal clearly, without carefully crafted modifiers or qualifiers. And if their goal is to balance the budget by raising taxes, they should say so.

Republicans should follow the same advice of clear-speaking. The GOP challenge is less over what to say but whether it will be believed, since voters decided they lacked fiscal discipline in recent years. But embracing the president’s goal is a necessary first step to regaining trust.

Former Rep. Ernest Istook (R-Okla.) is a visiting fellow at The Heritage Foundation.

Women's Health Office Funds Cut (WP)

By Rick Weiss

The Washington Post, February 27, 2007

When is $4 million really $2.8 million?

One answer is "When you're a woman," as the Labor Department has repeatedly found that women earn about 75 cents for every dollar that men earn for the same work.

But this week's answer is "When you are the Office of Women's Health" within the Food and Drug Administration. That office, which was at the center of a politically damaging storm over the emergency contraceptive "Plan B," just had more than one-quarter of this year's $4 million operating budget quietly removed, insiders say.

The office funds research on male-female biological differences to ensure that women receive the most appropriate drug doses and treatments. It also produces heavily requested health information about menopause, pregnancy, birth control, osteoporosis and other topics.

The administration had requested -- and Congress had budgeted -- $4 million for the office in fiscal 2007, just as they have for several years running.

Last week, however, word came down that the FDA intends to withhold $1.2 million of that, apparently for use elsewhere in the agency. Because the remaining $2.8 million has already been spent or allocated for salaries and started projects, the office must effectively halt further operations for the rest of the year, according to a high-level agency official with knowledge of the budget plan, who spoke on the condition of anonymity because the official is not authorized to speak publicly.

FDA spokesman Robert Ali said in an e-mail that, as a matter of policy, the agency does not discuss its spending plan until Congress has had a chance to review it and comment. However, he added, "the spending plan for the agency is to allow our operating components to spend at least at their 06 level" -- in other words, the full $4 million.

But FDA spokeswoman Julie Zawisza quickly corrected that statement in a follow-up e-mail, saying the spending plan for the agency is "INTENDED" to allow spending of at least the 2006 level, acknowledging that the spending plan is not ironclad.

Women's health advocates inside and outside the agency suspect they are witnessing, at least in part, a long-anticipated payback for the trouble the office stirred during the prolonged debate over nonprescription sales of Plan B. Taking a position that chafed the administration's conservative base, the office had stood up for scientific research that had backed the safety and appropriateness of such sales.

In 2005, the office's then-director, Susan Wood, resigned in protest over the issue, a major embarrassment to the agency. A compromise was finally reached last August that allowed over-the-counter sales of the drug to people at least 18 years old.

Martha R. Nolan, a vice president at the Society for Women's Health Research, a Washington advocacy group, said that big budget bites in Washington are often the beginning of the end and that she worries that this is retribution for the Plan B controversy.

"We fear this is the first step toward eliminating the Office of Women's Health," Nolan said. "We must not allow this office to be eliminated or reduced to an empty shell that has no program funding."

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The office was created in 1994 amid growing evidence that some sex-based differences in biology warranted special regulatory attention -- and a recognition that other offices within the FDA did not have the time, money or expertise to focus on women's special needs.

More than 200 research articles based on studies funded by the office have appeared in scientific journals since 1994, and the office's fact sheets and other publications have generated record-breaking responses in recent years.

FDA Commissioner Andrew C. von Eschenbach is to appear today before the Senate appropriations subcommittee to discuss the agency's 2008 budget. Tomorrow, he will have a repeat performance before the House.

GSA Chief Seeks Probe Of Inspector General's Office (GOVEXEC)

By Daniel Pulliam

Government Executive, February 27, 2007

A private attorney working for the head of the General Services Administration has asked a presidential ethics committee to investigate the agency's inspector general office to see whether employees there leaked sensitive information.

Michael Nardotti, a lawyer with the Washington law firm Patton Boggs who is representing GSA Administrator Lurita Doan, wrote in a Jan. 31 letter obtained by Government Executive that "confidential and protected GSA IG investigative information and documents were leaked to outside sources," compromising the IG investigative process and "extraordinarily" harming Doan.

Doan has been the subject of an IG investigation since she allegedly attempted to award a no-bid contract to a friend's firm in July 2006. While the contract was never issued, the agency's IG opened a review about one month later. According to the letter, senior IG investigators said on Jan. 9 that the probe would continue for at least another five weeks.

"The leak of confidential and protected file information in the midst of an ongoing investigation constitutes a clear and gross abuse of authority," Nardotti's letter stated.

He argued that there "may be a connected pattern of leaks of confidential information from the GSA IG's office that are deliberately designed to cause reputational harm to Ms. Doan." The damage is such that it cannot be undone, Nardotti stated.

Nardotti sent the letter to James Burrus, chairman of the integrity committee within the President's Council on Integrity, a group made up of presidentially appointed inspectors general. Burrus is also assistant director of the FBI's Criminal Investigative Division.

Burrus said the integrity committee has yet to meet to decide whether to pursue an investigation.

The request for an investigation is another development in an ongoing battle between the head of the GSA, the government's procurement and property management agency, and officials at GSA's audit branch.

In December, a spokesman for the IG said a recommendation from Doan that the office perform only half of its proposed fiscal 2007 audits was "an extraordinary effort to reduce serious scrutiny of the agency." The two sides also have disagreed over the IG office's budget.

The IG office did not respond to requests for comment for this story.

A Feb. 2 letter from Kevin Messner, associate administrator of GSA's Office of Congressional and Intergovernmental Affairs, to House Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., stated that the IG investigation of the administrator remains open and that Doan's actions have been mischaracterized.

A spokeswoman for Waxman said the committee has received other documents from GSA relating to the issue and is reviewing them.

In a statement, a GSA spokeswoman said that under the rules of professional responsibility, government attorneys may not represent agency officials in their personal capacities unless specifically detailed pursuant to special authority. Accordingly, Doan has assumed personal financial responsibility for private counsel, the spokeswoman said. She said that commenting on PCIE matters would be inappropriate.

The FBI's Burrus said it is not uncommon for senior government officials to obtain their own legal counsel in matters that could affect them personally.

Doan also has personally obtained the services of Mark Corallo, founder and principal managing member of Corallo Media Strategies LLC, an Alexandria, Va., crisis communications media services firm.

Pelosi Falls Short On Election Promises (POL)

By Daniel W. Reilly And Jim VandeHei

Politico.com, February 27, 2007

House Speaker Nancy Pelosi is discovering the cold truth about governing with a slim majority: It's much easier to promise behavioral change for Congress than to deliver it.

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Pelosi vowed that five-day workweeks would be a hallmark of a harder-working Democratic majority. So far, the House has logged only one. Lawmakers plan to clock three days this week.

The speaker has denied Republicans a vote on their proposals during congressional debates -- a tactic she previously declared oppressive and promised to end. Pelosi has opened the floor to a Republican alternative just once.

Pelosi set a high standard for herself when she pledged to make this "the most ethical Congress in history" -- a boast that was the political equivalent of leading with her chin. And some critics have been happy to hit it.

She is drawing fire for putting Rep. William Jefferson (D-La.), who had $90,000 in alleged bribe money in his freezer, on the Homeland Security Committee. And The Washington Post reported during the weekend that she is helping chairmen raise money from donors with business before their committees.

Pelosi can count several big changes designed to curb abuses that plagued the Republican majority before it was dethroned in last fall's elections, including new limits on gifts from lobbyists. But her debut has not quieted skeptics who see her and the new majority failing to make the clean break with the deeply ingrained congressional culture.

"She has done exactly what she said she would do," said Pelosi spokesman Brendan Daly.

For example, he noted, while the House is not always in session five days a weeks, many committees are working throughout the week. Pelosi promised an ambitious start to the new Congress, he said, and she had determined the best way to proceed was by limiting debate.

"In the future," Daly said, "we will do business in the regular order."

Pelosi seems to be following a familiar pattern. Twelve years ago, Speaker Newt Gingrich promised to reform the House and govern by principles of fairness and transparency. But, for leaders of both parties, the reality of ruling with a narrow majority translates into tight controls over floor debate, cozy relations with lobbyists and accommodating the needs of lawmakers (who hate working long weeks).

Melanie Sloan, executive director of Citizens for Responsibility and Ethics in Washington, a congressional watchdog organization, said Jefferson's reelection put the new speaker in a bind.

"Pelosi had to put him somewhere," said Sloan, who has also worked as minority counsel for the House Judiciary Committee for then-ranking member John Conyers Jr. (D-Mich.). "But I am troubled by the fact ... that (Jefferson) is the kind of guy who could not pass a security clearance test and yet now he has access to top-secret government info."

Sloan also took issue with Democrats' use of committee chairs for fundraising efforts, a tactic Republicans often abused in the last Congress.

"Given the scandals of last Congress, particularly involving (disgraced former lobbyist Jack) Abramoff, it doesn't look good," Sloan said. "It is very hard for people to understand the difference between what's legal and what's illegal."

Republicans are cutting Pelosi less slack than that. Eager to brand her a hypocrite, GOP strategists are closely tracking what they call a growing list of "broken promises" and are encouraging their members to attack her for them.

"She promised the most open and honest Congress in history and by any objective score, (Democrats) have fallen short," said Rep. Adam Putnam (R-Fla.).

Pressed on whether voters will care about procedural complaints, such as lack of floor votes for GOP proposals, Putnam said: "I think voters do care if you shut down the process to the point people cannot even offer an alternative, and you are stifling debate …You don't want to be constantly complaining about the process, but bottom line, they are abusing it."

Some Democratic lawmakers privately warn that Pelosi could blow a rare opportunity to change voters' perception of the party and Congress if she reverts to old Republican ways.

In a recent newspaper commentary, former Democratic Rep. Lee Hamilton of Indiana expressed concern "that the new Democratic majority in the House, which certainly understands the sting of unfair treatment, has on occasion yielded to the temptation of its newfound power to shut down Republican participation."

So far, the GOP has been shut out of virtually every big debate. The most recent example was the House fight over the war in Iraq, in which Democrats broke their promise to allow the GOP a vote on its nonbinding resolution supporting the troops.

Pelosi sympathizers said Republican critics are laying it on a bit thick.

"Oh, cry me a river," said former Democratic Rep. Tony Coelho. "For six years they ran a system that was autocratic, that didn't give the minority a shot at offering anything and now are saying 'mistreatment' …They never even let the Democrats have a voice."

Still, Pelosi's experience with the recent Iraq debate illustrates her challenge. She calculated that it would be harder to build bipartisan support for a Democratic resolution condemning the administration's troop "surge" if the debate were muddied by a generic, support-the-troops vote. In essence, she determined it was riskier, in the short term, to keep her pledge than to break it.

There is a practical reason for this approach, too. Alternatives are ripe for mischief. The minority party often puts together legislation designed to either embarrass or divide the other side.

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That means there is almost always a temptation to backtrack on pledges of reform. Gingrich and his self-proclaimed "revolutionaries" roared to power in 1994 with promises to undo the feather-nesting and strong-arm tactics that had come to mark the Democratic reign -- then discovered that what they once deemed outrageous seemed more defensible once their party was in charge.

In light of this history, say some congressional scholars, Pelosi soon will be facing a choice.

"If we don't start seeing some opportunities for Republicans to offer real amendments on floor and to see some effort at collaboration that is genuine," said Thomas Mann of the Brookings Institution, "then she and Democrats will properly be subject to criticism."

For Hoyer, A Life Of Quiet Victories, Redefined Purpose (WP)

By Mary Beth Sheridan

The Washington Post, February 27, 2007

His father abandoned him. His stepfather was an alcoholic. By his sophomore year at the University of Maryland, Steny Hoyer was short of cash, getting D's and drifting.

Then one spring day in 1959, a Pontiac convertible cruised past him on campus, carrying a familiar figure. Hoyer followed it to the student center. Spellbound, he listened as Sen. John F. Kennedy appealed to young people to get involved in government.

"It was just like that," Hoyer says, snapping his fingers as he sits in his U.S. Capitol office. "Just like that." The next week, he switched his major from public relations to politics. He started getting A's and went on to law school.

"You know the rest," he says.

The rest is this: At 27, Hoyer became a state senator. At 35, president of the Maryland Senate. At 41, a U.S. congressman. And, last month, he captured the second-most powerful post in the U.S. House of Representatives: majority leader.

At 67, Hoyer seems the very image of the Washington political insider, with his starched white shirts and patrician cap of silver hair. He is known as a pragmatist, skilled at navigating the legislative maze and wooing K Street lobbyists. A workaholic who makes the trains run on time.

Yet there is another side: The man who quietly fought for Soviet Bloc dissidents. The husband of a teacher devoted to the poor. The idealist who keeps a bust of Kennedy in his office.

The one-time pol from Prince George's County now stands at a historic juncture, as he tries to steer the resurgent Democrats' agenda through Congress. With a record as a moderate consensus-builder, he could be key to keeping the party together and coaxing Republicans to cross the aisle.

"I aspired throughout my life to make a difference in the things I cared about," says Hoyer, his brown-and-white springer spaniel at his feet. And to make a difference, you "try to be in a position where you can effectively advocate for what you believe is best."

A position like majority leader.'To Be the Best'

Hoyer rarely talks about his childhood. When the new Democratic-controlled House was sworn in, Speaker Nancy Pelosi (Calif.) threw a four-day extravaganza highlighting her roots in Baltimore's Little Italy. Hoyer held a quiet reception in his office.

Steny Hamilton Hoyer was born in Manhattan, the only child of a Danish immigrant and a high school dropout whose family fortune collapsed in the Depression. He is named for his father, Steen.

"He was a very arrogant, opinionated person," Hoyer says. "What I remember was not particularly happy."

The young Hoyer bounced around. At 4, to Texas, when his dad got a job with the military. At 6, to Massachusetts, for prep school. At 9, back to New York, when the money ran out and the father took off.

"I think I saw my father maybe two or three days in the next 20 years," Hoyer says. But the memory of that prickly, apathetic man would haunt him.

"He didn't want to be like his father," says the congressman's daughter Anne Hoyer. "That's what really drove him -- to be not just good, but strive to be the best you possibly could be."

By the time Steny Hoyer was 16, his mother had married an Air Force sergeant and the family settled near Andrews Air Force Base. His stepfather's alcoholism roiled the home. But, entering Suitland High School, the outgoing youth found the two interests that would define his life.

He got involved in politics, running unsuccessfully for vice president of the student government. And he started dating Judy Pickett, a warm, energetic schoolmate who was class secretary.

Judy's home became like his own. Her mother bought him new shoes, cooked for him when his stepfather was on a bender. Judy was at his side through the rocky start in college and the Kennedy epiphany.

She married him at 21, becoming, Hoyer says, "an example and guide."Success, Then Failure

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Fresh out of Georgetown's law school in 1966, Hoyer launched his campaign for state Senate from Prince George's. He was an underdog, a liberal reformer in a county still heavily white and rural. But he had an army of volunteers: classmates, friends from the statewide Young Democrats, interns from the U.S. Senate, where he worked part time.

"It was a youth corps onslaught," laughs Hoyer.

When Hoyer arrived in Annapolis, "he was a ball of energy," recalls Sen. Benjamin L. Cardin (D-Md.), then a state representative. But the young reformer quickly befriended the older senators. "Rather than fight the establishment, he really co-opted it," Cardin says.

Hoyer pushed for better treatment of rape victims and funds for lower-income schools. His wife was a strong influence.

But he became better known for his hard-nosed grasp of politics. He and his allies replaced the Prince George's Democratic machine with an organization called the Breakfast Club. Over coffee and Danish, they met with party factions to plot strategy, pick candidates and dole out judgeships and other posts.

Hoyer's life was a whirl of dinners, negotiations, debates in the marble-columned Senate. But in 1972, the past came knocking. His father showed up, by then a 70-year-old drifter in threadbare clothes, suffering from lung cancer.

"I felt a responsibility because he was my father," says Hoyer. "But I was certainly not enthusiastic."

Hoyer got him a small apartment in Washington, where the elderly man lived until his death in 1974.

Hoyer's own life went from success to success. In 1975, he became the youngest Senate president in Maryland history. His political organization was the most powerful in the state. He and Judy bought a three-bedroom home in a subdivision called Friendly, near Clinton, and were blessed with three daughters. In 1978, the "golden boy" of Maryland politics ran for lieutenant governor, the latest move in a career exploding like a bottle rocket, higher, higher . . .

And then he lost.

He and gubernatorial candidate Blair Lee III, the political insiders, were upset in the primary by a reform ticket led by Harry R. Hughes.

For two years, Hoyer practiced law. Then the local congresswoman, Gladys Noon Spellman (D), suffered cardiac arrest, and her seat was vacated. Hoyer reactivated his formidable political network.

"I remember the day he called me to say, 'I'm running for Congress,' " says Peter F. O'Malley, a close ally. "The joy was back in his voice."Working the System

Hoyer won the congressional race and quickly ingratiated himself with the Democratic leadership in the House, working overtime to round up votes and fundraise. He landed on committees such as Appropriations and played the levers of power like a maestro.

Hoyer was so successful at steering funds to projects such as Metro and NASA's Goddard Space Flight Center that they became known as "Steny dollars."

Not everyone was a fan. The nonpartisan Citizens Against Government Waste eventually gave him a 12 percent career score -- "hostile." A Hoyer spokeswoman says voters have shown time and again that they appreciate "the federal investment he secures."

Then there were the whispers in Congress: that Hoyer was too ambitious, too slick. After rising in the House hierarchy, he lost a race for whip -- the No. 3 job in the party leadership -- to the lower-key David E. Bonior (Mich.) in 1991.

As Hoyer fought the political battles, Judy was his sounding board. She accompanied him to the political dinners, flashing her warm smile. But her heart was in Prince George's, where she oversaw early-childhood education, including programs for disadvantaged kids. As the years went by, she wearied of politics.

"She thought it was in some ways superficial," Hoyer says. "She was really into substance."

Yet she always supported her husband's goals: civil rights, helping the less fortunate.

In 1985, Hoyer joined the congressional Helsinki Commission, which monitored human rights in the Soviet bloc. With little publicity, he flew red-eyes to Eastern Europe and Russia for the next eight years, visiting dissidents, lobbying officials to release political prisoners.

It was a chance, Hoyer says, to help "people who otherwise were powerless."

He spoke out for such causes as gays in the armed forces, even after his district was redrawn to include Southern Maryland, the home of two military bases, as well as parts of Prince George's and Anne Arundel counties.

One day, Hoyer and his wife were at an event, when a coffee cup suddenly flew from Judy's hand. "It scared her greatly," Hoyer would later tell a crowd. It was epilepsy.

Hoyer shepherded the Americans With Disabilities Act through the House, broadening rights for epileptics and others.After Tragedy, Change

After losing their 40-year grip on the House in 1994, Democrats turned to Hoyer to help with a comeback effort. He hopscotched across the country, recruiting candidates, focusing laserlike on Election Day: Nov. 5, 1996.

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The bombshell came in October. Judy had stomach cancer. Four months later, she was dead at 57.

Hoyer plunged into grief.

"You really do reflect back on all the things you did, all the travel I did overseas, all the time that was not spent with Judy and the family," he says.

"He's got all this energy; he's working 12, 16 hours a day -- that was what life was to him," says his daughter Stefany Hemmer. "My mother's death sort of jerked him into reality and said . . . there's something else out there other than Congress."

But Hoyer couldn't quit. "I sort of threw myself into work more," he says.

And the next step was the race for minority whip, against a formidable opponent: Pelosi. In 1999, they began a grueling, two-year battle. Hoyer cast himself as the pro-defense, pro-trade moderate. Pelosi promised to give the party a new face -- its first female whip.

Pelosi won.

And yet Hoyer realized the defeat wasn't as devastating as it might have been. "In comparison with losing a loved one, that loss is not nearly comparable."

Something was changing. Friends felt he'd become a better listener. His eldest daughter, Susan Taylor, says her father was "a little more interested in the human relation, not just the global relation." Hoyer began establishing "Judy Centers," fulfilling his wife's dream of creating one-stop facilities to offer poor families health, literacy and other services. Maryland now has 24 centers.

Hoyer finally rose to minority whip in 2002, when Pelosi moved up. But the "angst of ambition," he says, was easing.

"I suppose the fear of failure was not nearly as great," he says.

And then came the November 2006 earthquake that ousted the Republicans. Hoyer was the favorite to become majority leader. But Pelosi suddenly threw her support to Rep. John P. Murtha (D-Pa.).

This time, Hoyer won.

All those nights on the road paid off, for Hoyer and the party. In the 2006 campaign alone, Hoyer helped raise $8 million for Democrats and traveled to 33 states.

"I feel a sense of accomplishment," Hoyer says. But reaching the top meant something different than it once had.Stage Presence

One recent Friday, Hoyer visited the Riderwood retirement community in Silver Spring. He strolled the stage with a microphone like a talk-show host, calling out to friends. The white-haired residents rose, clapping and cheering.

Hoyer turned somber when he spoke of the Democrats' plans to pass laws on homeland security, energy, the minimum wage. He emphasized that Pelosi sets the policy. "My job is to implement it."

Occasionally, he weaved in his own story. How he and Judy bought that first house in Friendly for $28,000. How he just became a great-grandfather.

These days, he told the crowd, "I live alone, with a wonderful woman named Charlotte."

She's a 15-year-old springer spaniel, he explained to laughter.

Though she's in failing health, he takes her everywhere. She was Judy's dog.

Staff writer Rosalind S. Helderman and staff researchers Magda Jean-Louis and Rena Kirsch contributed to this report.

Accusations Of Agency Error In Disaster Loans (NYT)

By Ron Nixon And Leslie Eaton

The New York Times, February 27, 2007

Last September, the Small Business Administration, which provides most long-term rebuilding aid to disaster victims, accelerated its lending to homeowners and businesses in the Gulf Coast, responding to criticism that it had been slow to respond to Hurricanes Katrina and Rita of 2005.

But now federal investigators are looking into accusations that in speeding up its work, the agency made thousands of loans without following its own rules to avoid fraud. Current and former employees of the agency have told investigators that agency workers failed to secure proper proof that borrowers owned the houses they were supposed to rebuild or had the required insurance.

Caroline Pankove, who worked as a lawyer for the disaster-loan program at the agency from June through December of last year, complained to the agency's managers and its inspector general that employees were improperly pressured to approve loans quickly.

Loan policies were applied inconsistently, Ms. Pankove said, and disaster victims' paperwork was often misplaced or mailed out with errors.

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"The rush to disburse loans put everyone at risk: the taxpayer, the agency and especially the borrowers," Ms. Pankove said in an interview. "The people that we needed to serve the most were the ones getting hurt the most."

Her complaints were echoed by Brian Cook, who worked at the agency as a paralegal last year, and by others who spoke on the condition that their names not be used because they were still employed by the agency at the disaster loan office in Fort Worth.

A spokesman for the agency's inspector general confirmed that his office was looking into the accusations but said he could not comment on a continuing investigation.

Agency officials said that they were taking the complaints seriously, but that the problems described by Ms. Pankove and others were isolated, not systemic.

"We never pushed for disbursement to be made without the proper documentation," said Steven C. Preston, who promised to reform the troubled disaster loan program when he was appointed administrator of the agency last summer.

The agency was trying to empower managers to make case-by-case judgments about loan documentation, Mr. Preston said, adding, "We can't have a cookie-cutter approach."

Mr. Preston also disputed the possibility that efforts to speed the process had opened the door to abuse. "Of course we want to get the disbursements out faster," he said, "but it's very dangerous to assume that this would lead to fraud and losses to the taxpayer."

When Mr. Preston took over the agency in July, he inherited a huge backlog of loan applications, which had grown to 94,000 by September, according to the agency. Since then, 51,000 people have received all the loan money they qualified for, 19,000 have gotten some, and 24,000 have canceled their applications.

The agency has made more than $5 billion in hurricane-related disaster loans, more than half of them since Mr. Preston took over, said Sean Rushton, the assistant administrator for communications.

One way the agency reduced its backlog was by rewarding the employees who got money into the hands of the largest number of borrowers. E-mail messages obtained by The New York Times promised cash bonuses and overtime to the most productive workers, even though at least one supervisor acknowledged that this emphasis made people uncomfortable.

"I will be honest," a supervisor, Michael V. Cremer, wrote in an e-mail message in October. "Disbursements = cash awards & overtime opportunity. I don't like it, you don't like it... but it is what it is." The message continued, "Work with your people to make these numbers look good."

Mr. Cremer did not respond to voice mail messages left at his agency office in Texas.

Leaders of the House and Senate committees overseeing the agency said they were concerned about the accusations of improper lending.

"I'm worried that there may have been too much of a focus on quotas over quality of service for disaster victims," Senator John Kerry, Democrat of Massachusetts and chairman of the Committee on Small Business and Entrepreneurship, said in a statement.

"And if that's true, it's unacceptable," Mr. Kerry said. "If in a rush to get paperwork off their desks the S.B.A. shifted the burden to borrowers who have lost everything to Katrina, that's not a policy, that's an abdication of responsibility."

Despite the agency's new emphasis on speeding the lending process, disaster victims say they continue to experience problems. Donna Colosino, whose family owns a small company in Louisiana that sells power generation equipment, told the House Small Business Committee earlier this month that more than 20 loan officers had dealt with her case. And she said she sent the same documents to the agency more than a dozen times.

"Working with S.B.A. after a disaster is like having a second job," Ms. Colosino said. "I swear to you on my father's grave that this is the story. I am not an anomaly."

Hearing Urged On Guard Woes (WT)

By Jerry Seper

The Washington Times, February 27, 2007

The ranking Republican on the House Oversight and Government Reform Committee has called for a hearing to examine the Defense Department's "chronic deficiencies" in supporting homeland security and civil support missions by the National Guard.

The request by Rep. Thomas M. Davis III of Virginia comes in the wake of two reports by the Government Accountability Office (GAO) saying that Defense has not adequately addressed Guard equipment and training requirements and that Army units charged with chemical and biological attack response are understaffed and underequipped.

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"As we continue to ask more of the National Guard, it's our job to make sure they're adequately staffed, equipped and trained to perform their missions at home," Mr. Davis said in a letter to committee Chairman Rep. Henry A. Waxman, California Democrat.

"I'm asking for these hearings because it's abundantly clear they are not," he said. "First, we don't give them the training and equipment they need. Then we subject them to uncaring and uncoordinated care when they're wounded. Hearings on these issues should be a top priority for Congress."

Mr. Davis said one of the GAO reports noted that even though 12 of 15 "national planning scenarios" issued by the White House Homeland Security Council involve chemical, biological, radiological, nuclear or high-yield explosive response, the ability of Army chemical and biological units, especially National Guard and Reserve units, to concurrently perform both their original war-fighting chemical and biological defense mission and their homeland-defense mission is doubtful.

On Jan. 30, the GAO said that five years after the September 11 attacks, the Defense Department has not moved effectively to identify National Guard homeland-defense equipment and training requirements.

Mr. Davis said that the types and quantities of equipment the National Guard requires to perform domestic missions have not been identified in any systematic way and that the Defense Department has not acted on comments from state officials about growing strain on equipment and personnel.

On Feb. 20, a second GAO report said management actions were needed to "close the gap" between Army chemical unit preparedness and national priorities. The report, which focused on the readiness of Army units assigned to chemical and biological preparedness and response, said most are National Guard and Reserve units that are "woefully unprepared, understaffed and underequipped."

Mr. Davis sponsored the National Guard Empowerment Act of 2007 to allow the chief of the National Guard Bureau to establish common requirements and a budget that would allow the Guard to be equipped and trained for crucial homeland missions.

Honoring The Stars Of Government (WP)

By Stephen Barr

The Washington Post, February 27, 2007

The Oscars are over. It's time to pick up the red carpet and move on to the Sammies.

Nominations for the 2007 Service to America Medals, presented annually to honor government employees for their achievements and commitment to federal service, are being accepted at the nonprofit Partnership for Public Service.

The deadline for submitting nominations, at http://www.servicetoamericamedals.org, is March 8. The medals, which are presented at a gala dinner, are accompanied by cash prizes -- from $3,000 to $10,000.

Unlike the stars of the silver screen, most federal employees work behind the scenes and rarely on camera. Previous medal winners include the Federal Trade Commission team that created the National Do Not Call Registry, a federal scientist leading the effort to prepare for a catastrophic flu pandemic, and an Internal Revenue Service employee responsible for the e-file system that speeds tax refunds.

Nicole Nelson-Jean of the Energy Department won the award in 2004, when she was 28, for leading a U.S. delegation to negotiate an agreement with Russian officials to help secure Russian nuclear weapons. She went on to serve as director of the Energy Department's Asia office in Tokyo and currently heads the department's North and South American threat-reduction office.

Winning the award, she said, renewed her appreciation for government service and has brought her opportunities to speak up for public service. "It is an unfortunate image of federal workers, or the civil service, that you get stuck in a job that is bureaucratic, and not fun, and that you don't meet interesting people," Nelson-Jean said. "That is so untrue. It is so not that."

The partnership was founded by businessman Samuel J. Heyman in 2001 to call attention to the importance of federal service and to help improve the way the government works. Max Stier serves as the partnership's president and chief executive.

The group recently received a $4 million grant from the Annenberg Foundation to finance two projects over the next four years.

Stier said the partnership will launch the Walter and Leonore Annenberg Federal Leadership Institute, and the Walter and Leonore Annenberg Public Service Speakers Bureau this year. The late Walter H. Annenberg was an ambassador to London, and Leonore Annenberg was the U.S. chief of protocol during the Reagan administration.

The leadership institute will focus on mid-level federal supervisors and help build their management skills, while the speakers bureau will send federal employees to college campuses to talk up government careers.

The 2007 winners of the Service to America Medals will be honored at a Washington gala in September. Campbell Brown, a NBC News anchor and correspondent, will be the master of ceremonies, the partnership said.Tempting Target

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Federal retiree health benefits just keep showing up on budget-cutting tables.

A "Budget Options" report from the Congressional Budget Office, released over the weekend, includes a recommendation that would reduce the government's subsidy for retiree health-care costs. President Bush proposed a similar policy change in his fiscal 2008 budget, sent to Congress early this month.

The CBO and Bush administration proposals would reduce subsidies for premiums for retirees who had relatively short government careers. Federal retirees can now continue in the federal employee health program if they carried insurance during their last five years of service and are eligible to start collecting retirement benefits.

The CBO, in its report, said that basing retiree health benefits on length of service would "help bring federal benefits closer to those of private companies.

"Federal retirees' health benefits are significantly better than those offered by most large private firms, which have been aggressively paring or eliminating retirement benefits for newly hired workers," the report said.

For new retirees, the CBO proposed that the government's share of premium costs be cut by 2 percentage points for every year of service fewer than 20. The CBO said that about 14 percent of the nearly 85,000 retirees who continue in the federal health-care program each year have careers shorter than 20 years.

The proposal would create savings of about $770 million over 10 years, the CBO said.

The government currently picks up about 70 percent of the federal retiree premium, and the Bush proposal would require employees to have 10 years of government service to keep the subsidy. Under the Bush plan, the government would pay half of the subsidy for those with five years of service and would phase in higher contributions for those with service of more than five years but fewer than 10.

Although Congress is looking for ways to reduce federal spending, it seems unlikely that House and Senate Democrats and moderate Republicans would take up politically sensitive budget cuts that roll back promised benefits. A similar proposal in 2005 by a group of House conservatives, the Republican Study Committee, to help pay for Hurricane Katrina relief and recovery, went nowhere.

Stephen Barr's e-mail address isbarrs@washpost.com.

OTHER NEWS:

No Worries: Banks Keeping Less Money In Reserve (WSJ)

By Robin Sidel And David Reilly

The Wall Street Journal, February 27, 2007

Banks might be putting too much faith in their borrowers.

As more consumers and companies start having difficulty paying their debts, the funds that banks set aside to cover soured loans stand at the lowest level since at least 1990.

The situation is causing consternation among regulators. And as credit quality begins to deteriorate from unusually strong levels, the issue also is causing jitters on Wall Street, where analysts predict the need to boost loan-loss reserves will cut into banking-industry profits this year.

Banks establish reserves for a portion of loan portfolios or big individual loans that they estimate could go unpaid. The reserves ensure that banks have enough capital to cover any losses from loans that go bad.

But each increase in those reserves results in a charge that cuts into banks' profits.

Typically, investors and regulators fret that banks overestimate these charges during good times so they will have a cookie-jar to dip into when times are rougher. Now, though, the worry is that banks haven't put aside enough money to cover bad loans because times have been so good and because they haven't wanted to damp profit growth.

In a December advisory, regulators reminded bank executives that they should use the leeway available to them in calculating reserves because "we do believe there is risk building in the system," says Kathryn Dick, deputy comptroller for credit and market risk at the Office of the Comptroller of the Currency, which regulates banks.

That guidance "was a heads up, a shot across the bow, if you will, to the banks," said Lynn Turner, managing director of proxy advisory and accounting-research firm Glass Lewis & Co. and a former chief accountant with the Securities and Exchange Commission.

The low reserve levels aren't triggering any concern about the financial soundness of the nation's banking system. Bank failures are quite rare. When regulators closed a small bank near Pittsburgh this month, it was the first bank failure since June 2004.

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Still, the current level of loan-loss reserves is reigniting a longstanding debate among regulators about how banks calculate the amount of money to put aside for bad loans and the appropriate time to do so. The Financial Accounting Standards Board has recently started to consider whether banks should be required to disclose more information to investors about the way they calculate reserves.

Banks set aside an average of 1.09% of the total value of their loans at the end of last year, according to data from 518 publicly traded banks compiled by SNL Financial for The Wall Street Journal. That is a dip from 1.14% in 2005 and from 1.63% in 1992 and 1.48% in 1990. The SNL figures date to 1990.

"There is a growing concern about loan quality and it isn't reflected at all in the reserves," says Brian Shullaw, an associate director at SNL, a Charlottesville, Va., research firm that focuses on the financial-services industry.

According to SNL, the nation's three biggest banks had above-average reserves at the end of 2006: 1.32% at Citigroup Inc., 1.28% at Bank of America Corp. and 1.51% at J.P. Morgan Chase & Co.

Some large regional banks' reserves are well below average. Among them: SunTrust Bank Inc.'s 0.81%, First Horizon National Corp.'s 0.87% and Washington Mutual Inc.'s 0.60%, SNL says.

"Our reserve levels are reflective of our strong credit culture and what we believe to be the lower loss-risk profile of our loan portfolio," said a SunTrust spokesman.

Marlin Mosby, chief financial officer of First Horizon, said the bank's reserve level reflects the high percentage of its collateralized loans -- such as second mortgages -- which have a lower likelihood of default than other unsecured loans. He also noted that the bank increased its reserves in 2006 as the economy cooled somewhat.

Said a spokesman for Washington Mutual: "At year end, WaMu's reserve levels were appropriate considering that our loan portfolio primarily consisted of the highest-quality loans."

Investors will feel the pain if banks boost reserve levels.

Over the past few years, investors have benefited from the lower reserve levels because they helped boost profits. The banks say that they have been draining their reserves because few borrowers have defaulted on their loans. From 2004 to 2006, the nation's biggest banks received 37% of their earnings growth from reductions in their loan-loss reserves, according to a Feb. 12 Morgan Stanley report. Big regional banks got a bigger boost, with the freed-up reserves accounting for 52% of earnings growth, according to Betsy Graseck, a Morgan Stanley banking analyst.

A number of banks have drawn down their reserves for bad loans to "apparently unsustainably low levels," according to a recent report from the Center for Financial Research & Analysis, a Rockville, Md., accounting-research firm.

Indeed, banks are expected to soon start reversing course and building reserves amid growing expectations that the boom times are drawing to an end. Although loan defaults and charge-offs remain at historically low levels, bank executives predict that credit quality, which has weakened, will erode further this year.

Ms. Graseck, who is predicting that big-bank earnings will rise 5% this year, estimates that a 10% increase in reserves could reduce that earnings growth by four percentage points.

The trend comes at a time when bank profits are also expected to be hurt this year by short-term interest rates going higher than long-term ones -- the so-called inverted yield curve. Banks typically profit by borrowing short-term and lending long-term, so when the yield curve inverts, profit margins get squeezed.

"All of these banks are perfectly sound, but I do think a number of banks will miss earnings estimates based on rising loan provisioning," says Kevin St. Pierre, a banking analyst at Sanford C. Bernstein & Co.

Historically, banks tend to see their provisions for bad loans increase when interest rates start to rise because higher rates cause problems for weaker borrowers and slow the economy. But that hasn't yet happened, even as the Federal Reserve has steadily raised rates to a current level of 5.25% from historic lows.

Whether and when banks should take additional provisions for loans that might not be repaid is a point of contention among bankers, regulators and accounting rule makers. Many bankers would like to set aside funds for possible bad loans in good times, forming a cushion for when things get tough. But that isn't permitted because such moves can be abused to manipulate earnings.

As a result, accounting rules generally don't allow banks to use provisions as "rainy-day funds." Instead, they require banks to take a provision when it is "probable" that a loan has gone bad. So, a bank can't establish a provision for, say, 2% of a loan portfolio just because that is the amount that typically tends to turn bad. Instead, it must assess an array of events that lead it to believe a loss is probable.

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Greenspan, Even Out Of Fed, Still Steals The Stock Show (WSJ)

By E.S. Browning

The Wall Street Journal, February 27, 2007

Alan Greenspan isn't Federal Reserve chairman any more, but he still can move markets.

After Mr. Greenspan told a Hong Kong business conference, via satellite, that a recession is "possible" later this year, U.S. stocks slumped and bond yields declined, pushing bond prices higher.

The Greenspan news, together with a two-month closing high in oil futures, overshadowed investor excitement over the latest massive dump of private money into stocks: the planned $32 billion acquisition of Texas utility TXU by a group of investors.

The Dow Jones Industrial Average, down for the fourth consecutive day after hitting four consecutive records, fell 15.22 points, or 0.12%, to 12632.26. It is up 1.4% this year, more than 150 points from the latest record finish of 12786.64 hit Feb. 20.

"Greenspan talking about a possible recession gave a little bit of an impetus to sell here," said Jay Suskind, director of trading at brokerage firm Ryan Beck in Florham Park, N.J.

Mr. Greenspan didn't predict a recession, but said he couldn't rule one out. Corporate profit margins "have begun to stabilize, which is an early sign we are in the later stages of" the business cycle, he said. That reinforced fears about the weak housing market and defaults in the subprime lending market.

The stock declines were modest, however, as investors await data due this week on home sales, inflation, economic growth and manufacturing.

Oil futures rose 25 cents to $61.39 a barrel, the fifth increase in six sessions. Traders blamed the latest winter storm, which could increase energy demand.

Treasury-bond yields fell on concerns that a soft economy would hold down demand for credit, driving market interest rates lower.

Concerns about the economy's direction also showed up the gold market, which is a refuge in times of worry. Gold futures hit a nine-month high in New York, rising $3.40 to $686.50 a troy ounce. Gold now is $33.30 from its 26-year closing high of $719.80, hit May 11, 2006.

The Standard & Poor's 500-stock index fell 0.13%, or 1.82 points, to 1449.37, up 2.2% this year. The Nasdaq Composite Index declined 0.42%, or 10.58 points, to 2504.52, up 3.7% in 2007.

Excitement over the TXU deal did push the Dow Jones Utilities Average to another record, up 2.6% at 493.71. It has risen 8.1% this year.

Outside the U.S., stocks advanced in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, rose 0.40%, or 1.02 points, to 255.85.

In major U.S. market action:

Stocks retreated1. Total trading volume for stocks listed on the New York Stock Exchange was 2.75 billion shares, as 1,649 stocks rose and 1,658 fell.

Bond prices gained2. The 10-year Treasury note rose 12/32, pushing the yield down to 4.631%. The 30-year bond was up 25/32 to yield 4.733%.

The dollar weakened3. Late in New York, it traded at 120.57 yen, down from 121.09, while the euro rose to $1.3184 from $1.3166.

Write to E.S. Browning at jim.browning@wsj.com4

Gasoline Prices Continue Climbing (USAT)

By James R. Healey, Usa Today

USA Today, February 27, 2007

NEW YORK — The average price of gasoline in the U.S. jumped 8.7 cents the past week to $2.383 a gallon for regular, the fourth consecutive weekly increase and the highest average price in five months, the U.S. Energy Information Administration reported Monday.

The U.S. average is 12.9 cents more than it was a year ago.

Prices were up in all regions, EIA reported. Increases ranged from 6.3 cents per gallon in the Rocky Mountain area to 10.3 cents along the Gulf Coast.

Highest area average in the continental U.S. was $2.796 in California. Lowest — despite the big jump — was in the Gulf Coast: $2.234.

EIA doesn't break out Hawaii, where prices usually are highest. According to travel organization AAA, Hawaii's statewide average Monday was $2.859. Two of the state's metropolitan areas averaged more than $3.

EIA forecasts monthly averages won't break $2.50 this year, and discounts talk of a third consecutive year when the weekly U.S. average tops $3.

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The last two years were extraordinary, says EIA analyst Mike Burdette. In 2005 "there was the hurricane (Rita); '06 was driven by (high) crude oil prices. This year we have crude oil staying at about $60 a barrel, down from peaks of $77."

Assuming no catastrophes, he says, "we don't see any reason to expect a run-up in crude oil prices this year."

EIA says the price of crude oil makes up about 54% of the retail price of gasoline.

The price of benchmark West Texas Intermediate, also called light, sweet crude oil, rose 25 cents a barrel in Monday trading, to $61.39 a barrel. That's the highest closing price since Dec. 22.

Snowy weather's implied increase in demand for heating oil was partly behind the jump.

Even if the price of oil were to suddenly drop, gasoline would continue to rise. Retailers say they're far from recovering the staggering increases in their wholesale costs.

"My laid-in cost right now is $2.26 (a gallon) and most of my stores are at $2.21 or $2.23," says Sam Turner, president of Calfee of Dalton in Dalton, Ga. He operates 129 Favorite Markets and Com-Pac convenience store gasoline stations in three states.

"It'd take us 10 days to catch up to the 17 cents (in increased wholesale cost) they gave us just last week. And that's if nothing changed. But we got another two cents tonight," he said late Monday.

Retailers are notified of new wholesale prices late in the afternoon. Some retailers raise prices immediately; others hold off temporarily.

Gasoline retailers say they can't raise prices as fast as their costs go up because they'd lose business to stations willing to sell for less. So they often lose money on fuel sales and recover it on coffee, snacks, newspapers and the like.

"I'm in the gasoline business for experience and the convenience store business for profits," Turner quipped.

A Lawyer's Speech Opens A New Venue In Ongoing Battle (WSJ)

By Nathan Koppel

The Wall Street Journal, February 27, 2007

When Texas plaintiffs' lawyer Anthony Buzbee gave a provocative address last year to maritime defense attorneys in Lake Las Vegas, Nev., he says he had no idea that an audience member about 20 feet away from him was taping the speech.

Now, in the ongoing battle between businesses and the lawyers who sue them, his words are coming back to haunt him as pro-industry lobbyists and Texas legislators use the speech to push for limits on where workers may file lawsuits if they're hurt at sea.

According to a transcript, Mr. Buzbee told the small gathering that he was particularly fond of Starr County, on the western edge of Texas' Rio Grande Valley. "That venue probably adds about seventy-five percent to the value of the case," he said. "You've got an injured Hispanic client, you've got a completely Hispanic jury, and you've got an Hispanic judge. All right. That's how it is."

In other parts of Texas, Mr. Buzbee went on, a plaintiff may have the burden of showing "here's what the company did wrong, all right? But when you're in Starr County, traditionally, you need to just show that the guy was working, and he was hurt. And that's the hurdle: Just prove that he wasn't hurt at Wal-Mart, buying something on his off time, and traditionally, you win those cases."

To his opponents, this was clear evidence of "venue shopping," a pervasive source of controversy in the legal world where one side seeks the friendliest locale to try a case. To Mr. Buzbee, he was just describing the advantages of a uniquely flexible provision in Texas law that allows plaintiffs in maritime cases the convenience of bringing suit in the county where they live. He was also making it clear to frequent courtroom opponents what he saw as the benefits of settling quickly rather than going to trial in places like Starr County.

In the past five years, thanks in part to Mr. Buzbee, there has been a surge in the Rio Grande Valley of lawsuits on behalf of seamen alleging injuries on dredging vessels from Florida to New Jersey to Bahrain. The predominantly Hispanic and relatively poor region in southern Texas has gained a national reputation for large jury verdicts. Mr. Buzbee says he has won several recent dredging verdicts in the Valley, ranging from $450,000 to about $1.4 million, and notes that he has settled many more for confidential amounts.

Congress and various states have passed laws limiting plaintiffs' flexibility to choose favored venues. But "personal-injury lawyers can still often shop cases as fast as their little legs will carry them," says Darren McKinney, a spokesman for the pro-business American Tort Reform Association.

A former marine who served in the Persian Gulf and later graduated second in his class from the University of Houston Law Center, the 38-year-old Mr. Buzbee specializes in personal-injury cases. Lawyers describe him as bright, aggressive and flamboyant -- he is a fan of cigars and vintage automobiles. "He's the kind of guy who wants his presence to be felt when he walks into a room," says James Watkins, a Galveston, Texas, lawyer who has defended cases against Mr. Buzbee.

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Last May, Mr. Buzbee was invited to speak at the three-day seminar at the Ritz Carlton in Lake Las Vegas hosted by law firms that defend maritime cases, the people he usually squares off against in court -- a circumstance that's not unusual in the legal profession.

Mr. Buzbee says his comments in Nevada reflect the fact that "under maritime law, a plaintiff is supposed to win if he gets hurt at work." In conservative Texas locales, however, he says, plaintiffs often must meet a higher burden, even though it's not required by law. He says that juries in places like Starr County do a better job of following the law.

The immediate reaction to his speech was muted. But late last year, Mr. Buzbee says, he was in court in Galveston, where his firm is based, when a colleague told him that he had heard about his Nevada speech. Since then, Mr. Buzbee estimates, 35 to 40 lawyers and state legislators have called him, saying that they heard about the speech or had seen a transcript of it.

The pro-business Texans for Lawsuit Reform has been aggressive in circulating a transcript of his remarks. "Mr. Buzbee is describing why we have to fix the [venue] system," says Denis Calabrese, a spokesman for the group.

In civil matters, plaintiffs generally must file suit where an alleged wrong occurred or where a defendant is based. That is also generally the case in maritime matters, and there are complex rules for figuring out which venue is closest to the site of an accident at sea. Texas, though, has a uniquely flexible rule, allowing maritime plaintiffs to file suit in the county where they reside. Maritime companies that hire workers are thus exposed to lawsuits.

Maritime companies report a recent surge in Valley suits. Illinois-based Great Lakes Dredge & Dock Co. faced its first-ever Valley suit in 2002, but says that it has since been sued 33 times there. "We have been hiring Valley workers for 20 years," says David Simonelli, a company vice president who says he recently bought cowboy boots, because he is spending so much time there. "There is no logical reason for the explosion of suits."

Weeks Marine Inc., based in Cranford, N.J., was sued three times in the Valley prior to 2003, but says that it has since faced 17 suits there, the majority based on dredging incidents that occurred outside Texas, says Thomas Langan, a risk manager for the company. Filings increased, once "attorneys realized what a lucrative judicial hellhole exists down there," he says.

Mr. Buzbee counters that he has filed more Valley suits recently because more Valley workers are getting injured. He says he believes that budget crunches at dredging companies have caused them to be less safe.

On Feb. 16, Corbin Van Arsdale, a Republican legislator from Houston, introduced a bill that would amend state law so that only in rare cases is a plaintiff's county of residence an appropriate venue for maritime-injury suits. Plaintiffs' lawyers "like the Valley, because they get more frequent and larger verdicts," says Mr. Van Arsdale, who says he has heard about the Buzbee speech but hasn't seen a transcript.

Texas plaintiffs' lawyers argue that injured maritime plaintiffs will have a harder time vindicating their rights if they are forced to travel to the venue of an accident or to a defendant's home base. "Most of us want to try lawsuits where we live, as a matter of convenience," says John Stevenson, a Texas lawyer who has filed many dredging suits in the Valley. "In the Valley," he adds, "the juries and judges are professional."

Still, not all plaintiffs' lawyers are rallying behind Mr. Buzbee. Texas plaintiffs' lawyer Ronald Krist says he faults Mr. Buzbee for stirring the venue pot. "Lawyers are always looking for a more favorable venue, but to say in a public forum that notwithstanding the evidence, an Hispanic jury and judge will allow you to win undermines public confidence" in the system, he says. "Those are the sorts of things you shouldn't whisper to your wife in the middle of the night."

Mr. Buzbee, however, says he never expected his speech to reach the multitudes. As he approached the microphone at the Ritz Carlton last year, Mr. Buzbee recalls saying to an attorney who had helped organize the event: " 'This isn't going to be recorded, is it? You want me to speak candidly, don't you?' " Mr. Buzbee says the attorney assured him there would be no recordings.

Earlier this month, Mr. Buzbee filed suit in Galveston state court, alleging that Great Lakes Dredge & Dock's Mr. Simonelli, "surreptitiously recorded" the speech. Later, Mr. Buzbee claims, the Dredging Contractors of America, a D.C.-based nonprofit, disseminated a transcript of the speech "throughout the state of Texas." The suit asserts that Great Lakes and the Dredging Contractors violated anti-eavesdropping laws.

The Dredging Contractors of America declined to comment. Mr. Simonelli says he taped many sessions at the Nevada event. "I did not know of any agreement prohibiting the recording of any seminar," he says.

Paul Yetter, counsel to Great Lakes, shines a light back on Mr. Buzbee. "He has no one to blame but himself for saying those things."

Write to Nathan Koppel at nathan.koppel@wsj.com1

Judge Rejects Cap On Awards In Ferry Crash (NYT)

By Andy Newman

The New York Times, February 27, 2007

A federal judge yesterday rejected New York City's attempt to use an obscure 19th-century maritime law to cap its liability in the 2003 crash of a Staten Island ferry at $14 million.

The ruling exposes the city to tens of millions of dollars in potential damage awards to relatives of those killed and to scores of people injured when the ferry, the Andrew J. Barberi, crashed into a maintenance pier at the St. George Ferry Terminal on Staten Island.

The city had argued that the accident was covered by an 1851 act, aimed at encouraging investment in the shipbuilding industry, that limited a boat owner's liability to the value of the boat minus the repair costs — in this case $14.4 million. The judge ruled, however, that the 1851 law did not apply if the city's managers had been negligent, and he found that they had been.

The city has already paid $27.6 million to settle two-thirds of the 186 damage claims. Of the 11 people killed in the crash, the estates of only two have settled with the city, for $3 million and $450,000.

The amounts of many settlements were held down, lawyers for the plaintiffs said, by the city's argument that if it succeeded in capping the liability, the plaintiffs stood to win relatively little.

"The courthouse door is now open for all of the claimants to get just and proper compensation," said Anthony Bisignano III, a lawyer for 10 of the remaining 65 plaintiffs.

Mr. Bisignano said that in addition to the nine outstanding death claims, there were many claims from passengers with serious injuries, including amputations and paralysis.

The city said it would consider appealing.

Mr. Bisignano said that the 1851 act was the same one cited by the owners of the Titanic in an attempt to "limit the amount of damages to the value of a couple of dozen lifeboats."

On the afternoon of Oct. 15, 2003, the ferry slammed into a pier at top speed after the assistant captain operating it, Richard J. Smith, blacked out during the last half mile of the trip from Manhattan to Staten Island. The accident, one of the worst mass transit disasters in the city's history, ripped the side of the 3,300-ton boat open. People were crushed, mangled and decapitated.

A city rule requiring that two captains be in the pilot house in the front of the ferry while it is in motion was not followed. The captain, Michael J. Gansas, was on board at the time of the crash, but in the pilot house that faced Manhattan, not in the one that faced Staten Island, as he should have been.

The city had also argued that because its two-pilot rule was stricter than required by general negligence principles, the violation of the rule did not constitute negligence. In any case, the city said, individual crew members, not the city, were at fault.

But the judge, Edward R. Korman of United States District Court in Brooklyn, rejected those arguments. He wrote that by adopting the two-pilot rule, the city acknowledged a serious risk of accident if the pilot were incapacitated, and that knowledge of that risk required the city to remedy it.

And he found that it was the city's fault that the two-pilot rule was disregarded.

The city's former director of ferry operations, Patrick Ryan, who pleaded guilty to seaman's manslaughter in 2005, said then that he had not taken adequate steps to make sure that crews knew the two-pilot rule and to enforce it.

Judge Korman wrote, "The blame for this laxity lies squarely on the shoulders of the city."

Kathleen Healy, a mother of four whose husband, John Healy, 44, a lawyer, was killed, applauded the judge for holding the city accountable.

"It wasn't just one person passing out behind the wheel of a ferry," she said. "This was about an entire crew, an entire department, up to the commissioner of transportation."

Mr. Smith, the assistant captain, said he was suffering from extreme fatigue and was on painkillers when he passed out at the helm. He pleaded guilty in August 2004 to 11 counts of seaman's manslaughter. He was sentenced to 18 months in prison. Mr. Ryan was sentenced to a year and a day.

The city released a statement yesterday reiterating its position that Mr. Smith was entirely to blame for the accident, because he "took over the operation and navigation of the ferry when he was unfit to do so, and did not disclose that fact to anyone."

Lloyd Joseph, a construction worker injured in the crash who has required three operations on his legs and now walks with a cane, said he hoped the city would not try to delay the day of reckoning any further.

He said he had pulled one of his two children out of college because he could not afford tuition without his wages.

"I'm very pleased today with the decision by the judge," said Mr. Joseph, 65. "My whole bank account is exhausted."

Schwarzenegger Urges End To Divisiveness In Washington (MCT)

By Clea Benson

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McClatchy Newspapers, February 27, 2007

WASHINGTON - Sounding more like a motivational speaker than a politician, California Gov. Arnold Schwarzenegger on Monday urged Democrats and Republicans in Washington to put aside their partisan differences and get to work for the good of the country.

The Republican governor told an audience at the National Press Club that Congress and the White House should follow the example of California, where Democrats and Republicans have worked together recently on environmental legislation and infrastructure issues.

Schwarzenegger urged President Bush and Congress to move toward the political center. He also said they should just try to be friendly.

"How come Democrats and Republicans out here don't schmooze with each other?" he asked.

The Austria-born governor is constitutionally barred from running for president. But that hasn't stopped him from claiming a piece of the national spotlight during a presidential campaign season. He's planning to give speeches nationwide this year, preaching an approach to politics that he calls "post-partisanship." And he's using a visit to Washington this week for the National Governors Association conference as a national platform.

"Post-partisanship," he said, "is the new concept of Republicans and Democrats giving birth to new ideas together."

Schwarzenegger also urged federal lawmakers to move toward the political center on the issue of illegal immigration, calling for enhanced security at the borders and a guest worker program.

"What about being realistic and just actually solving the problem?" he told the Press Club audience.

As a governor, Schwarzenegger has limited power over some of the issues he talks about, such as the war in Iraq. But his movie-star fame gives him a unique ability to draw attention. At a signing ceremony Monday for the Western Regional Climate Action Initiative - a regional agreement by California, Oregon, Washington, Arizona and New Mexico to reduce greenhouse gas emissions in their states - a huddle of media descended on Schwarzenegger. Meanwhile, New Mexico Gov. Bill Richardson, who's seeking the Democratic nomination for the presidency, waited in the background.

Schwarzenegger, citing his failed 2005 campaign to pass several Republican-leaning ballot initiatives, said he doesn't think he's perfect. "I contributed to the polarization," he said.

But he took a chiding tone with Washington lawmakers.

"All of this energy is being spent on bitterness; all of this energy is being spent on maneuvering," he said. "Imagine if that same energy were put into working together to build a consensus."

The key to his success, he said, was his focus on building relationships.

"In the courtyard of the state Capitol, I have a politically incorrect smoking tent," he said. "People come in, Democrats and Republicans, and they take off their jackets and they take off their ties, they smoke a stogie and they schmooze."

He had advice for everyone: Democrats should stop "running down" the president. Republicans, he said, should stop questioning the motives of Democrats who oppose the war in Iraq.

"To the president," he said, "I say get yourself a smoking tent."

Benson reports for the Sacramento Bee.

Arnold Pushes 'Centrist' Immigration Approach (WT)

By Jon Ward

The Washington Times, February 27, 2007

California Gov. Arnold Schwarzenegger yesterday punctuated a three-day media blitz in the nation's capital -- one in which he said he is open to running for the U.S. Senate -- with a National Press Club speech on how his "post-partisan" approach can fix the immigration problem.

"It is time that we reintroduce the concept of the mainstream back into the American political life, and the place to start it is immigration," said Mr. Schwarzenegger, a Republican.

Mr. Schwarzenegger, in town for the annual National Governors Association meeting, promoted his feel-good centrism on Sunday talk shows and in exclusive newspaper interviews over the weekend.

Then, at a lunchtime press club speech yesterday, minutes after leaving a meeting with President Bush in the Oval Office, Mr. Schwarzenegger said there is "a totally reasonable, centrist approach to the whole [immigration issue]."

The Austrian-born former film star said what Mr. Bush and many lawmakers have said: The U.S. should "secure our borders" and provide "a guest-worker program and [give] everyone citizenship who is already in the country and meet a certain criteria."

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Mr. Bush reiterated his position on immigration yesterday, with an emphasis on securing the border, during a speech to nearly all the country's governors in the White House State Dining Room. Mr. Bush has previously said he supports a guest-worker program. Congress is set to take up the issue this spring.

Mr. Schwarzenegger's proposal, while not original, is part of his carefully crafted message of "post-partisanship" that appears aimed at a national audience, and dependent on the stratospheric fame and name recognition of the Mr. Olympia bodybuilding champion and star of the "Terminator" film series.

The governor is also receiving national attention for a recently approved energy plan and is working on reforming California's health care policies.

Mr. Schwarzenegger might be laying the groundwork for a run at national office in the future, although he is disqualified from running for president because the Constitution limits the office to U.S.-born citizens.

In an interview with the Politico published online Saturday, Mr. Schwarzenegger indicated that he is open to running for the U.S. Senate or for mayor of Los Angeles, after his second term as governor expires in 2011.

Republican hopefuls for president in 2008 -- Arizona Sen. John McCain and former New York Mayor Rudolph W. Giuliani -- have also courted Mr. Schwarzenegger, in the hopes that the action hero's appeal might help them win a state that traditionally tilts Democratic.

In his speech, Mr. Schwarzenegger dispatched advice to Democrats and Republicans in Congress and to Mr. Bush, on how to handle the current Iraq war debate.

"To the Democrats, I say stop running down the president, and just tell the people what you would do. And to the Republicans, I say stop questioning the motives of the Democrats on the war and accept their right to believe in what they want," Mr. Schwarzenegger said.

Then, Mr. Schwarzenegger -- who has erected what he called a "politically incorrect smoking tent," where Democrats and Republicans "schmooze" together at the governor's mansion in Sacramento -- recommended that Mr. Bush follow his example.

"And to the president I say, get yourself a smoking tent," Mr. Schwarzenegger said to laughter in the packed ballroom.

White House spokesman Tony Snow did not respond to a request for comment on the likelihood of a White House smoking tent.

Democrats May Try To Curb 527s (HILL)

By Alexander Bolton

The Hill, February 27, 2007

Senate Democrats are considering placing curbs on soft-money 527 groups amid evidence that they are beginning to lose the political advantage these largely unregulated funds have given them over Republicans.

This is a move Democrats had strenuously opposed during the last Congress, when they were believed to benefit from the lion's share of 527 money, but now there is evidence that more of the money from these groups, named for a clause in the tax code, is flowing to the GOP.

Meanwhile, the second-ranking Senate Democrat, Assistant Majority Leader Dick Durbin (Ill.), is planning to introduce legislation in the next few weeks that would provide public funding for congressional candidates who qualify. He will unveil his bill in mid-March alongside Rep. John Tierney (D-Mass.), who has introduced similar legislation in the last several Congresses.

House Speaker Nancy Pelosi (D-Calif.) has weighed in by announcing that she supports public funding of congressional races, an idea that has not received serious consideration since 1993. And influential Democratic chairmen such as Appropriations Chairman David Obey (Wis.) and Financial Services Chairman Barney Frank (Mass.) also support it.

Senate Rules Committee Chairwoman Dianne Feinstein (D-Calif.) is expected to hold hearings on a broad array of potential campaign-finance reforms. She will look closely at the activities of 527 groups, which exploited a loophole in election law to raise more than $500 million in unregulated political funds in the last four years.

"I promised a group of people that we would do some hearings on it," said Feinstein. "We'll take a look at the 527, what it is today and where it appears to be going. I'd like to know exactly what 527s are doing. My exposure to them is necessarily limited, as it is for most members. It's when you have a 527 weighing in against you that you want to know where this money is coming from."

Senate Majority Leader Harry Reid (D-Nev.) has also said he is open to supporting new regulations for 527 groups, which can raise unlimited amounts of money to spend on federal elections. Reid, however, said that proposed legislation must be viewed with other proposals, such as restrictions on non-profit advocacy groups that have ramped up their spending in national races.

"We have to look at all of it — it can't be the only one," Reid said of 527 reform. "As long as it's part of an overall package on campaign-finance reform."

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Though Democrats are approaching 527s cautiously, that they are approaching it at all represents a policy shift.

"The whole dynamic on the 527 issue obviously has changed," said Meredith McGehee, the policy director of the Campaign Legal Center, who played a central advocacy role when Congress last passed landmark campaign reform in 2002.

While Democrats overwhelmingly supported the 2002 legislation, they have largely opposed efforts since then to curb 527s.

"The last time, those of us who supported efforts to deal with 527s got most of our support from the Republican side," said McGehee. "What we've heard subsequent to the election is that Democrats were rethinking where they were on 527s because they were not getting the bang for the buck they expected and it was an equal-opportunity problem. Some Democrats are beginning to question whether Republicans may be better off in the long term [unless the law is changed]."

In the 2006 election cycle, the Republican Governors Association (RGA) raised significantly more money than any 527 group, according to Political Money Line, a nonpartisan group that tracks political spending. The RGA raised $42 million, nearly $14 million more than the second-biggest group, the Democratic Governors Association. The fourth-richest 527 was the Republican State Leadership Committee, which pulled in $19 million.

The conservative Club for Growth, which raised $6.4 million, ranked 10th among 527s in the last cycle. The Economic Freedom Fund, which also advocates for lower taxes and less government regulation, raked in over $5 million.

Steve Weissman, the associate director for policy at the Campaign Finance Institute, another group tallying political spending, said that Republican gains are less dramatic when 527s that spend money for state elections are set aside.

He said that 527s concentrating on federal races gave more than twice as much to Democrats than Republicans in the last election cycle. But he said the disparity was even wider in the run-up to the 2004 election, when Democratic-allied groups outspent GOP-allied groups by a three-to-one ratio.

Advocates of reform such as Joan Claybrook, the president of Public Citizen, said there is pressure on Democratic leaders to act because many newly elected lawmakers had signed pledges to "clean up Congress," to reduce the influence of lobbyists, and to provide public financing to candidates who agree not to accept public contributions.

Publicly financed campaigns and 527 reform go hand in hand because groups that have the ability to spend millions in unregulated funds threaten to overwhelm candidates who vow to abide by clean election laws.

"I'm real happy about it," said Claybrook of Democrats' new willingness to review 527 reform. "They were resistant in the past. I'm really pleased that they're reconsidering that."

Claybrook said that many new members won election to Congress in November because "the public was disgusted with lobbyists controlling the process."

Howard Gantman, Feinstein's spokesman on the Rules Committee, said his boss would work with Durbin on public financing legislation and explore ways to reduce the costs of campaigning.

"We're going to be looking at a number of issues. The issue she is most focused on is high cost of TV advertising in federal campaigns," he said. "Sen. Feinstein believes the airwaves are public airwaves and there should be a way to get more information about candidates to the public."

Gantman said she would also look at reforming leadership political action committees, which lawmakers use to distribute funds to their colleagues, and reforming the presidential public financing system.

Sen. Russ Feingold (D-Wis.) has introduced legislation that would restructure presidential public financing for the 2012 election as well as legislation that would require that Senate candidates file electronic campaign finance reports, which are easier to review than paper forms.

States Work On Proposals To Make Voting Easier (USAT)

By Richard Wolf

USA Today, February 27, 2007

WASHINGTON — Proposals designed to make voting easier and ballots more secure are beginning to advance in several states.

The proposals range from allowing voters to register until Election Day to expanding the use of absentee ballots and early in-person voting. Several states and Congress also are promoting paper trails for electronic voting machines.

The trend follows several years in which states passed tighter restrictions, such as requiring photo identification and proof of citizenship. Opponents of those restrictions, some of which were blocked by court action, are behind the push to bring more voters to the polls.

"There will be some legislatures that will be more receptive to those ideas," says Doug Chapin of Electionline.org, a non-partisan news and research organization.

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The trend toward making it easier to register and vote could help Democrats in 2008, particularly in battleground states that will decide who wins the White House. Minorities and the poor would benefit the most, and they tend to vote for Democrats, says Kimball Brace of Election Data Services, a political consulting firm.

Democrats won six more governor's offices and 10 more state legislative chambers in November. They hold 28 governor's offices and control 23 legislatures, compared with 15 legislatures run by Republicans. Power in the others is shared. Action in the states includes:

·Iowa. Would-be voters could register on Election Day under a bill pending before the Senate State Government Committee. Seven states have same-day registration laws. Democrats took over the state House of Representatives and Senate in November. "I think the Legislature has the votes to do it," new Democratic Secretary of State Michael Mauro says.

·Maryland. The House and Senate have approved putting a constitutional amendment before voters in 2008 that would make Maryland the 16th state to let voters cast ballots in person before Election Day. Differences between the bills remain to be worked out.

·Minnesota. A proposal to automatically register voters when they get driver's licenses is set to begin moving through the Legislature this week. Democrats won the House in November, giving them full control of the Legislature. "Citizens are looking for ways to have more accessibility," new Democratic Secretary of State Mark Ritchie says.

·Florida. New Republican Gov. Charlie Crist wants printers added to electronic voting machines so voters can check ballots. The paper trail, under consideration in many states and Congress, is a response to recent problems at the polls, including a disputed congressional election in Florida last year.

Several states, including Colorado, Hawaii, Idaho and Indiana, are beginning to act on legislation paving the way for more voting by mail. Oregon and most counties in Washington vote by mail.

In Congress, Rep. Rush Holt, D-N.J., wants paper trails on electronic voting machines to verify that all ballots are counted.

Sen. Barack Obama, D-Ill., wants to crack down on campaign fliers and phone calls intended to mislead voters.

Because Democrats control the House and Senate, those bills have a better chance of moving this year.

McCain Firm On Iraq War Despite Cost To Candidacy (USAT)

By Susan Page

USA Today, February 27, 2007

SPARTANBURG, S.C. — The Sugar 'n' Spice Drive-in is so jammed with supporters and prospective supporters that Arizona Sen. John McCain climbs onto a chair next to the soda fountain to be heard.

"Obviously, I have to talk to you about the war in Iraq," he says somberly as the crowd quiets. "All of us — all of us — are frustrated. All of us are angry because of the mishandling of the war. All of us are saddened by the loss of our most precious asset, and that's American blood."

Even so, the costs of retreat would be higher, fueling chaos in Iraq and drawing terrorists to U.S. shores, he says. "I want us to have patience. I want us to succeed."

There's no doubt about that. At stake in Iraq is not only President Bush's legacy but also the 70-year-old McCain's last hope for the White House. In a crowded field of candidates, he is the only full-throated defender of the increase in U.S. troop levels and the war itself.

In a turn that's nearly Shakespearean, McCain — Bush's chief rival for the Republican nomination in 2000 and a critic since then on everything from tax cuts to torture — finds his fate inextricably tied to the fortunes of his onetime adversary and the increasingly unpopular war he is prosecuting.

McCain's unyielding stance on Iraq has bolstered him with Republican regulars but eroded his standing among the independents and crossover Democrats who boosted his presidential bid seven years ago. In a USA TODAY/Gallup Poll taken Thursday through Sunday, one in four independents and two in three Democrats say they're much less likely to support him as a result.

Last fall, McCain and former New York mayor Rudy Giuliani were tied in the lineup of GOP hopefuls in the USA TODAY poll. Now Giuliani leads McCain 40%-24%.

McCain has "taken a very hard stand — that we need more troops — and that's not where the American people are," says James Thurber, director of the Center for Congressional and Presidential Studies at American University. "He's isolated over there in a position he can't really change easily, even if things go more poorly on the ground."

On other fronts, McCain has trimmed his sails in ways that suit his ambitions. The nation's most prominent political maverick is cultivating his party's conservative power centers, including some he derided the last time he ran.

He voted against Bush's tax cuts in 2001; now he promises to extend them. He called evangelical leaders Jerry Falwell and Pat Robertson "agents of intolerance" in 2000; now he is reaching out to Falwell and other prominent conservative Christians. He

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declares that Roe v. Wade, the Supreme Court decision that legalized abortion nationwide, should be overturned — a different position than he took in a 1999 interview.

But on the issue that dominates the 2008 election — and with a determination that could be seen as steadfast or stubborn — McCain continues to argue that the invasion of Iraq was justified and the war there must be pursued.

"He's no fool; he knows this is not a popular position to take," says Robert Timberg, a McCain biographer and editor of Proceedings: The Magazine of the U.S. Naval Institute. "But when it comes to a matter of national defense, when it comes to being behind the troops — those are issues that ultimately have no meaning politically to him."

McCain's bloodlines aren't in politics, Timberg notes. He is the son and grandson of Navy admirals.

Orson Swindle, a Marine pilot shot down over North Vietnam in 1966, says the years he and McCain spent together in a POW camp forged a fierce resolve to avoid the mistakes that they believe damaged the United States then.

"John above all others has that sense of history," Swindle says. "He knows we cannot afford to lose or be perceived as losing."

'I don't think about it'

McCain is on the Senate floor on a recent day, arguing for debate on his resolution supporting Bush's increase in troop levels in Iraq. His comments finished — there will be no debate today, or in the near future — he sits for a brief interview.

Will Iraq be the defining issue of the 2008 campaign?

"I don't know, because I don't know what the situation in Iraq will be when the campaign really cranks up," he replies. "If things got under control in Iraq, if we are showing success, I'm not sure that it will be the biggest issue."

What is the political impact of the war on his campaign?

"I don't think about it," he says. Period. Usually the most quotable of candidates, he seems determined to utter as few words as possible on the topic. He sits almost completely still and speaks so softly it's hard to hear what he's saying.

Even though he does want to be elected president?

"Sure, but not so badly that I would let it affect this issue," he says, then repeats a line he has used before: "I would rather lose an election than lose the war."

Still, when told that a USA TODAY poll shows his support among independents has declined, he seems to have considered the question. His campaign's surveys show his standing among independents "steady," he says. He adds he often has been a critic of Bush, "including the conduct of the war."

Does it seem ironic he's being nicked for being too loyal to Bush?

"It was Jack Kennedy that said life isn't fair," he says with a tight smile.

Life may seem particularly unfair to McCain these days. During a campaign stop in South Carolina, he tells an audience in Hilton Head that former Defense secretary Donald Rumsfeld "will go down in history as one of the worst secretaries of Defense in history." His critique isn't new. McCain began saying he had "no confidence" in Rumsfeld's leadership in 2004, after the Abu Ghraib prison scandal.

Even so, the comment triggers attacks from both sides. Within hours, the Democratic National Committee issues a news release headlined "Why Voters Don't Trust McCain," accusing him of trying to have it both ways on the war — supporting it while blaming Rumsfeld. The next day, Vice President Cheney curtly dismisses McCain as "wrong" and suggests the senator apologize.

Democratic contender John Edwards has dubbed Bush's increase in troop levels "the McCain doctrine," and the liberal group Move On.org has aired an anti-war TV ad in Iowa and New Hampshire — where the first presidential contests will be held — that shows McCain and Bush embracing.

"The McCain plan to escalate," the announcer calls it.

Since August 2003, five months after the invasion of Iraq was launched, McCain has been arguing that more U.S. troops were needed there. Bush dismissed his objections for more than three years but now has committed 21,500 additional U.S. troops.

Even if that move turns out to be too little, too late, McCain will find it difficult to distance himself from the calamity likely to follow, allies and opponents say.

"Substantively, there are big differences between what McCain has wanted to do in Iraq and what the Bush administration has done, but try explaining that kind of nuance to voters on the campaign trail," says Dan Schnur, a top aide to McCain in 2000 who hasn't endorsed a candidate this time. "It's a tough spot to be in."

McCain's chief strategist, John Weaver, sees a silver lining. Voters "are looking for people who are not poll-tested or driven by the prevailing winds but someone who will do the right thing," he says. The debate on Iraq "reinforces" the sense of principle and strength that voters appreciate in McCain.

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"He's also been spelling out what kind of catastrophe that could follow in Iraq — and if there is failure in Iraq, there will be political consequences, too," for those who advocated pulling back, Weaver says. "Nobody is talking about that."

McCain is still popular among Americans but less so than he used to be, and the assessment that he would be the strongest Republican in a general election has faded a bit.

In the USA TODAY poll, independents by a healthy 56%-26% now say they have a favorable impression of McCain. Still, compared with February 2000, during his last presidential campaign, his favorable rating among those voters has dropped 11 percentage points and his unfavorable rating has doubled.

His leading rivals for the Republican nomination, Giuliani and former Massachusetts governor Mitt Romney, support the war and have endorsed the increase in troops. Neither was in Congress to vote to authorize the invasion, however, and neither is so clearly identified with the conflict. Both have left some wiggle room in their comments about it.

In announcing his campaign, Romney said the United States should continue to "seek stability" in Iraq "so long as there is a reasonable prospect of success." During a trip last month to New Hampshire, Giuliani said, "There are no sure things" and Americans should prepare for the possibility of failure.

Independents' flight

New Hampshire was the site of McCain's breakthrough victory during the 2000 campaign. He trounced Bush in the primary by 18 percentage points thanks to independent voters. Six in 10 unaffiliated voters — they can cast their ballot in either party's primary — voted in the GOP contest. Surveys at polling places indicated they backed McCain over Bush by 3-1.

Now, a statewide survey by the University of New Hampshire this month found seven in 10 independents plan to vote in the Democratic primary in 2008. McCain, who led the GOP field in six previous UNH polls the past 20 months, is neck-and-neck with Giuliani.

"A key component of the McCain base from 2000 is evaporating," says Dante Scala, a political scientist at Saint Anselm College in Manchester and author of Stormy Weather: The New Hampshire Primary and Presidential Politics. "Which means he's going to have to work on those core Republicans."

So McCain assiduously is courting economic and social conservatives, some of them skeptics who remember his jibes from before. The morning after his stop at the Sugar 'n' Spice, McCain hosts a reception at the National Religious Broadcasters convention in Orlando. Falwell is listed as a co-host.

That evening, McCain flies on a small charter down the Florida coast to Vero Beach, a stronghold of suburban Republicans. Nearly 2,000 people show up for two question-and-answer sessions. The issues they raise range from immigration to health care to trade.

And, of course, Iraq.

"I like that he's for the president and not knocking him" when it comes to the war, says Eleanor Harpring, 87, a Republican.

Her daughter, Lisa McLaughlin, 48, a lawyer and political independent, isn't sure she agrees with McCain, though. "I just have questions with the direction we're going with the war," she says. "I think it may be irretrievable."

On stage in Vero Beach, McCain is confident and teasing, showing the dash of the decorated Navy pilot he once was. At the drive-in in Spartanburg, he sports a brown leather bomber jacket. To some, he has hero status: People in the audience hold cellphones over their heads to snap a picture and push forward copies of his best-selling Faith of My Fathers to be autographed.

"I admire what he stood up for as a POW" during the Vietnam War and his support for the president on Iraq, says Frank Horton, 68, a retired Navy man who has driven from nearby Boiling Springs to see McCain. Still, Horton worries that the boost in troops won't work. If so, he cautions, "we're going to have to rethink the whole thing."

McCain is a candidate on a tightrope. The exuberant insurgent from 2000 who seemed ready to speak his mind regardless of the consequences has been replaced by a more calculating candidate who is seeking support from the party's base and defending a war where victory is far from assured.

"This is not Luke Skywalker here," says South Carolina Sen. Lindsey Graham, a key supporter for both bids, referring to a joking allusion McCain often used to refer to himself in 2000. "This is a totally different campaign."

McCain Strategy Courts Middle (WT)

By Joseph Curl

The Washington Times, February 27, 2007

Sen. John McCain is playing both sides against the middle as he supports sending more than 21,500 additional troops to Iraq while trying to distance himself from President Bush by labeling the war a "train wreck."

But election analysts and pollsters say the new tack is costing him independent voters, once his strong suit.

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As the Arizona Republican, long popular among the liberal media, seeks to secure religious and social conservatives by espousing a hard line against homosexual "marriage" and abortion, independents are abandoning him in droves, a trend election analysts say could be fatal to his 2008 presidential hopes.

"It's almost bipolar," said pollster John Zogby, who has done work for Mr. McCain in the past.

"He walks a very thin line here. What made John McCain so popular was the maverick, independent, anti-party establishment, war-hero status. He was popular among independents, Democrats, and not unpopular at all among Republicans. But in the process of redefining himself from the hawkish, pro-surge, hug-the-president McCain, the redefinition has un-defined him," Mr. Zogby said.

Courting both sides while seeking the middle can be dangerous, Mr. Zogby said.

"You risk alienating both sides, and a strong case can be made for winning from the center this year. McCain, though, is not just making small moves. His is much more like a huge pendulum swing, and thus far, it has not been helping him in the polls," he said.

Mr. McCain began this month moving hard to the right, declaring his opposition to same-sex "marriage" and saying that he favored the overturn of the 1973 Roe v. Wade decision that made abortion a constitutional right. Asked in Seattle on Friday whether he was simply seeking to curry favor with conservatives, Mr. McCain said frankly: "I'll probably get into trouble, but what's wrong with sucking up to everybody?"

Dick Bennett, president of American Research Group, said that "McCain is tanking fast with independents."

"He had 49 percent of the independent voters in New Hampshire a year ago, but that has dropped ... to 29 percent now," said Mr. Bennett, who heads New Hampshire's leading polling company.

Mr. Bennett said Mr. McCain is employing a "calculated" move not uncommon in Republican campaigns -- lock down the conservative base, even at the expense of some independents, and then move back toward the middle in November, hoping to draw back some lost supporters.

"He's still able to get those independents back. The real trick is, how far to the right can he go without losing those independents forever? And that's an unknown, but he's shown in the past he knows where the line is and that he can navigate that successfully," he said.

Mr. McCain also stands out among Republican candidates in his continuing support for the Iraq war and as the leading Senate advocate for Mr. Bush's "surge" plan.

Thus, Democratic National Committee spokesman Luis Miranda said, Mr. McCain may have difficulty distancing himself from Mr. Bush on the war, which many Americans have come to see as a losing effort.

"He is trying to have it both ways by criticizing a war he always supported, while also trying to stick close to the president," the spokesman said.

But Charlie Black, a prominent adviser to Mr. Bush, said Mr. McCain can benefit by sticking to his core beliefs, which voters like.

"John McCain is taking a position that he thinks is right, and probably there's not much political strategy behind it. That said, it might help him in primaries, but it's a potential problem in the general election, really depending on what happens in Iraq in the next year and a half," he said.

Mr. McCain has been unequivocal in his support for the surge plan, telling voters in Iowa last week that the president's proposed solution is the only way the U.S. can salvage a win in Iraq.

"I've said all along I cannot be concerned and will not be concerned about whether it helps me or hurts me with anyone. It's an issue that transcends any political ambition I might have," he said in Des Moines.

A Gallup Poll released yesterday shows that his convictions may pay off. The president's approval rating among Republicans is 76 percent, despite the somewhat unpopular surge plan. Thus, taking a position against the president puts Republicans at odds with the base.

But he is also clearly concerned with his plummeting support among independents, and in recent days has delivered some stern criticism to the president and his administration.

Mr. McCain on Wednesday said in a joint appearance with California Gov. Arnold Schwarzenegger in Los Angeles that his objections started three years ago "when I saw that this train wreck was taking place, and that we needed more troops, and we needed a different strategy." During a South Carolina visit last week, he harshly criticized former Defense Secretary Donald H. Rumsfeld as "one of the worst secretaries of defense in history."

"We are paying a very heavy price for the mismanagement -- that's the kindest word I can give you of Donald Rumsfeld -- of this war," Mr. McCain told a crowd of 800-plus supporters at a retirement community near Hilton Head Island, S.C.

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Although the senator risks losing hawkish conservatives, his criticism of Mr. Bush may make him more palatable to independents. Although he drew some Democratic support in his 2000 presidential bid, he does not risk losing them this time, Mr. Zogby said.

"In this atmosphere, if you're pro-surge, there's virtually no Democrats to get anyway," he said.

Warner Endorses Possible McCain '08 Bid (AP)

By Zinie Chen Sampson

AP, February 27, 2007

Republican Sen. John W. Warner, the former chairman of the Armed Services Committee, on Monday endorsed Sen. John McCain for the Republican presidential nomination.

The five-term Virginia senator cited McCain's service in the Navy and his familiarity with military issues in a statement backing his longtime friend, who is expected to formally announce his candidacy next month.

"America's next president will be challenged by a range of diplomatic and security issues of unprecedented complexity largely due to growing, worldwide terrorist threats," Warner said in the statement, released by McCain's presidential exploratory committee. "Senator McCain's long experience with, and understanding of, our military coupled with his proven, unquestioned courage and leadership, provide him with the essential qualifications for our next president."

Warner, a former Navy secretary and until last month the chairman of the Senate Armed Services Committee, has agreed with McCain on a number of national security and defense issues, but differs with him on President Bush's Iraq war policy.

McCain backs the president's plan to increase U.S. troops while Warner drafted a bipartisan resolution opposing the buildup.

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WASHINGTON (AP) — Vying for the support of a key Democratic constituency, presidential hopefuls Hillary Rodham Clinton and Barack Obama have signed on to speak at an annual civil rights commemoration in Selma, Ala., on Sunday at the same time and just a few doors down from each other.

State Democratic leaders and event organizers said they couldn't remember a time when two leading presidential candidates spoke at the Bridge Crossing Jubilee, held annually in honor of the 1965 Selma-to-Montgomery voting rights march.

"It's a first," said Tarana Burke, a spokeswoman for Selma's National Voting Rights Museum and Institute, which sponsors the event. "Both of them are directly affected by the voting rights movement, and we're glad they appreciate that enough to come and help us commemorate."

Clinton, a Democratic senator from New York, is scheduled to headline the 10 a.m. service at First Baptist Church and to represent her husband, former President Bill Clinton, at his induction into the museum's hall of fame, Burke said.

Obama, a Democratic senator from Illinois who is black, is slated to speak at a "Unity Breakfast" and deliver the event's keynote address at the 10 a.m. service at Brown Chapel A.M.E. Church.

Both churches were sites where organizers and marchers met in the historic protests that helped lead to greater ballot access across the South for blacks.

State Democratic leaders estimated 40 to 50 percent of Democratic primary voters in Alabama are black.

Organizers say several dozen members of Congress also plan to attend, along with former presidential candidates Jesse Jackson and Al Sharpton. A spokesman for Clinton said the senator is still finalizing details of her visit.

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BOSTON (AP) — Mitt Romney prepared for a major fundraising chase with a real run — against his family on a local track. He finished last.

The former Massachusetts governor said in a Web interview posted Monday that the night before a January fundraiser that raised $6.5 million for his campaign, he and his sons decided to race each other around the track at the high school near their Belmont, Mass., home.

"We were there at the dinner table and someone said, 'Hey, should we go have a 440(-yard) race at the high school?'" Romney told RealClearPolitics.com, a Chicago-based site that culls and posts an array of political news, commentary and polling. "Sure enough, we all went upstairs and found our respective jogging shorts, put on tennis shoes or running shoes, went over to the high school and had a 440 competition at the track."

While the 59-year-old Romney runs on a treadmill each day, he ended up losing to three of his five sons.

"I came in last," said the candidate. "I was thinking I could beat my son Ben but, boy, even though he's in medical school and has gotta be out of shape, he still beat me, darn it!"

Aides said Josh Romney finished first, Matt Romney second and Ben Romney third, with Mitt Romney fourth. Tagg Romney, the eldest son, and Craig Romney, the youngest, did not compete.

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HIGHLAND HILLS, Ohio (AP) — On his first campaign trek across Ohio, Democratic presidential contender Barack Obama promised that he'd return — a lot.

The senator from Illinois raised more than $450,000 at fundraisers in Cincinnati and Columbus on Monday before collecting even more at an appearance in suburban Cleveland. A message seeking the amount raised was left at Obama's campaign headquarters in Chicago.

"I'm going to be spending a lot of time in Ohio so that people are familiar with me, so that by the time I'm the Democratic nominee they don't feel like I'm just parachuting in but that they've heard me and had a chance to kick the tires and lift the hood," Obama told reporters after the event in Columbus.

In his three stops to the state's largest cities, Obama covered a wide range of topics, including ending the war in Iraq — which received the loudest cheer at the Cleveland-area rally — developing universal health care and improving early childhood education.

More than 1,700 people filled a community college gymnasium in Highland Hills with chants of "O-bama!" A large banner overhead read "Obama Rocks!"

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Associated Press Writers Ben Evans in Washington, Glen Johnson in Boston and Joe Milicia in Highland Hills contributed to this report.

Giuliani Keys On The Economy And Taxes (AP)

By Liz Sidoti

AP, February 27, 2007

Republican presidential hopeful Rudy Giuliani addressed his Democratic past on Monday and offered one reason for his political conversion — taxes.

"I don't think anything separates us more right now between Republicans and Democrats than how we look at taxes," the former New York mayor said. "What we understand as Republicans is that, sure, the government is an important player in this, but we are essentially a private economy. What Democrats really believe ... is that it is essentially a government economy."

In the days of President Kennedy, Giuliani said, Democrats understood the concept of the private economy and cutting taxes. But, he said, Democrats have "kind of lost that."

"It's one of the reasons that I used to be a Democrat and I'm now a Republican," Giuliani said before quoting Winston Churchill as saying: "If you're not a liberal when you're 20, you have no heart, but if you're not a conservative by the time you're 40, you have no brain."

The line prompted laughter from Giuliani's audience, a few hundred people affiliated with the Hoover Institution, a public policy center.

As he seeks the Republican nomination, Giuliani faces the challenge of winning over conservatives who make up the GOP's base and view him skeptically because of his moderate views on social issues and his past allegiance to the Democratic Party. In 1994, Giuliani endorsed Democratic Gov. Mario Cuomo over Republican challenger George Pataki.

Addressing his political about-face, Giuliani said he once was a Democrat, then spent five years as an independent before finding a home with the Republican Party.

"Ronald Reagan made only two changes. I was like Churchill, I made three," he quipped.

Turning serious, he said he struggled with his political identity while he was an independent.

"I would say to myself Democrats care about the poor and Republicans don't, and how can I join the party that doesn't care about the poor," Giuliani said. "I finally came to the conclusion that we care about the poor more."

Later, when questioned on whether he had the foreign policy credentials to be president, Giuliani sought to diffuse another potential stumbling block to the nomination.

"What makes you think that the mayor of New York City doesn't need a foreign policy?" Giuliani asked, as the crowd laughed and applauded.

Defending his record, he said he's traveled the world extensively since being out of office and grasped foreign policy issues while mayor in the 1990s.

"It's something that I think I know, I think I know as well as anybody else who's running for president, probably better than a lot," Giuliani said.

At an evening event in northern Virginia, the ex-mayor sought to buck up activists at a state Republican Party dinner a few months after the GOP sustained severe electoral losses at all levels of government.

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"You learn more from defeat than you do from victory," Giuliani said. "Our party has to be and should be the party of the future."

Rudy Defends Foreign Policy Capacity (NSDY)

By Craig Gordon

Long Island Newsday, February 27, 2007

WASHINGTON -- Rudolph Giuliani Monday defended his lack of hands-on foreign policy experience, telling a conservative audience that his time in City Hall, private business travels and paid speeches abroad helped prepare him to confront overseas threats.

"What makes you think the mayor of New York City doesn't need a foreign policy?" Giuliani said. "It's something that I think I know ... as well as anybody else who's running for president, probably better than a lot."

Giuliani also did a test drive of a series of domestic campaign themes before the group -- saying he would cut taxes, expand school choice and reform entitlement programs -- in a bid to explain his political conversion from Democrat to Republican.

He told the members of the Hoover Institution think tank that he believes the Republican philosophy of helping people help themselves trumps what he called the Democrats' big-government approach to taxes, schools and health care.

"I would say to myself, 'Democrats care about the poor and Republicans don't, and how can I join the party that doesn't care about the poor?'" Giuliani said, recalling how he pondered his party switch in 1980. "I finally came to the conclusion that we care about the poor more."

The speech was during the first half of a Washington swing that has Giuliani courting conservative activists, many of whom have been cool toward his campaign over his moderate stances on social issues. He also addressed an $85-a-person Virginia Republican party fundraiser last night before heading to a New Jersey fundraiser Tuesday.

On Friday, Giuliani will return to Washington to address the Conservative Political Action Conference, one of the largest gatherings of conservative activists in the nation.

Giuliani leads Republicans in recent polls, mainly among voters who remember him from 9/11 and give him high marks. But several leading conservatives have been critical of Giuliani, so he tried to soften that opposition Monday, mainly by highlighting his conservative approach to governing.

On foreign affairs, he has little experience and even gave up a spot in the Iraq Study Group last year as he prepared to run for president. Also, his main opponent, Sen. John McCain, is a Vietnam veteran who made a name as a foreign-policy expert. McCain picked up the endorsement Monday of another leading Republican on foreign affairs, Virginia Sen. John Warner.

But Giuliani held out his experience running the nation's largest city as part of his foreign policy portfolio. He also told a questioner that he has taken more than 90 foreign trips for his company, Giuliani Partners, spoken in about 35 countries and met a variety of world leaders -- though he barely touched on the biggest foreign policy challenge facing the next president: Iraq.

Giuliani's Mouth Is Running, But His Meter Isn't (WP)

By Dana Milbank

The Washington Post, February 27, 2007

Looking for a bargain outing for the family? Consider a Rudy Giuliani speech.

The Republican presidential candidate and former New York mayor was charging $100,000 per speech before he announced two weeks ago that he was quitting the motivational lecture circuit. Now he can look forward to a year or more of talks like he gave yesterday to the Hoover Institution in the Willard ballroom -- earning nothing but applause.

Instead, the Hoover fellows got all this free, and more! Giuliani threw in bonus thoughts on foreign policy, such as "We clearly won the Cold War" (that two-second snippet had a market value of $71.58), and "We've never been a perfect country, we're never going to be a perfect country, but we're a good country, so we don't like war" ($214.74 for this six-second gem).

On the other hand, the value-conscious consumer apparently will have to pay full freight if Giuliani is going to say something controversial. The candidate said not a peep about abortion or gay rights. He skipped any mention of Iraq until a questioner asked him.

Finally pressed on Iraq, his two-minute, 28-second answer (a $5,297.04 value) included mentions of immigration, Social Security and class-action lawsuits. "I ran a hospital system, the second- or third-largest in the country. . . . We were paying out $500 million in claims, and settling claims that we just had to settle for amounts of money I would never thought you should give, and I'm a lawyer. That's what I really know about, even more than foreign policy."

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Had they been paying customers, the Hoover fellows, drinking Cakebread Chardonnay and Swanson Merlot at noon, may have asked for a small rebate when Giuliani, explaining his switch from Democrat to Republican, cited "Churchill's statement: If you're not a liberal when you're 20 you have no heart, but if you're not a conservative by the time you're 40 you have no brain."

"There is no record of anyone hearing Churchill say this," reports the Churchill Centre.

But this was not a hostile crowd. Though religious conservatives are suspicious about Giuliani, the market conservatives of the Hoover Institution are not. Hoover overseer Bill Simon introduced Giuliani as "hopefully the next president" and recalled his "grace under pressure" on Sept. 11, 2001.

Giuliani had the moves of an experienced motivational speaker. He used his roving microphone to step out on either side of the lectern in ever-lengthening strolls. And he had a few jokes prepared. "When I was a kid . . . snow was terrific," he said. "Then I became mayor of New York, and it's $1 million an inch." That went over well, so he followed with a second, third and fourth snow joke.

His first 30 minutes listed heavily toward platitude. "The founding principle of our party is freedom," he disclosed, further announcing that "our economy is not a government-dominated economy." He also discussed at length his experience with the New York City public schools ("I was very, very big on the Stat programs, ConStat programs, and HealthStat programs and JobsStat programs").

His brief foray into foreign affairs meticulously avoided Iraq. "We've got to say to the rest of the world, 'America doesn't like war, America is not a military country,' " he recommended.

Whatever Americans think about war, Giuliani clearly didn't want to talk about it. The first questioner tried to prod him by asking about those who have a "deep concern" about his lack of "experience in foreign affairs."

"Uh, what makes you think the mayor of New York City doesn't need a foreign policy?" he quipped. He then spoke about his business travel. "I've made about 91, 92 foreign trips and I've spoken in 34, 35 different countries," he said. "So I know the world."

He also would have pulled in a cool $3.5 million if those speeches were at the motivational rate.

Giuliani listed some of the things he learned from his travels: "My view of it is the American president needs to be our leader in foreign policy." And: "Foreign policy is also very much a part of our economy now." Those insights, at the customary rate of $35.79 per second, were worth $178.95 and $107.37, respectively.

The next questioner wanted to know about the Iraq-war resolutions in Congress (this produced Giuliani's answer about the New York City hospital claims) and his view on judicial nominees. "I would select judges based on my view of the Constitution, which is that the separation of powers is an important part of our freedom," he said.

"One more question?" asked the host. Nobody volunteered.

"Who wants to ask it?" Giuliani pressed. Finally, a woman near the front stood up.

"Where in your priority list would incentive pay be under your presidency?" she asked.

"Incentive pay," said a relieved Giuliani, "is critical to almost every institution."

Even to Giuliani himself, apparently. If you want a motivational speech, you're going to have to pay him for it.

Some Fans Clamor For Gore Sequel, But He Says No (USAT)

By Martin Kasindorf

USA Today, February 27, 2007

LOS ANGELES — Al Gore has had a heartwarming February: a big night at the Academy Awards, a Nobel Peace Prize nomination and former president Jimmy Carter's endorsement for the 2008 presidential campaign.

Even so, these dream assets for a politician and the added pressure they're bringing to enter the race are unlikely to sway Gore to jump in, Democrats who know the former vice president said Monday.

Gore, 58, played with the idea Sunday night, when An Inconvenient Truth, the documentary on climate change that he stars in, won Oscars for best documentary feature and best original song. In pre-planned clowning, Gore had begun to announce a political "intention" when the band cut him off.

Two members of Norway's Parliament nominated Gore for the Nobel Peace Prize Feb. 1 for bringing attention to global warming. Carter told ABC News' This Week Sunday that "if Al should decide to run — which I'm afraid he won't — I would support Al Gore."

Backstage and at post-Oscar parties, the 2000 Democratic presidential nominee repeated his longtime assertion that he is not "planning" to run again. Political players read Gore's statement as falling short of an ironclad pledge to stay out. "He's obviously left a little crack in the window or the door," said Chris Lehane, a Democratic strategist and Gore's 2000 campaign press secretary.

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"At no time did he say, 'I'm not running,' just three little words," said Monica Friedlander, spokeswoman for DraftGore.com, one of several grass-roots groups pushing for a Gore candidacy.

Friedlander said the Oscars would be "huge" in augmenting the 42,000 signatures the group has collected for a petition asking Gore to run. An additional 1,000 signatures came in Sunday, she said.

Allies of Gore said they take him at his word. "I would like him to run, but I haven't been very persuasive, either," said Elaine Kamarck, a professor at Harvard's Kennedy School of Government and Gore's former policy adviser. She was one of a number of former supporters who met in Boston this month to consider how to jump-start a Gore campaign.

If Gore should decide to run, he'd be in a strong starting position. In a USA TODAY/Gallup Poll of Democratic voters taken Feb. 9-11, Gore trailed only Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

Though Gore was criticized during the 2000 campaign for a stiff manner, "clearly he's far more comfortable with himself" now, said Anita Dunn, a Democratic campaign strategist who worked for Gore's opponent for the 2000 nomination, Bill Bradley.

The new accolades "will fuel further enthusiasm for him to enter the race" but won't influence Gore, said Carter Eskew, a former campaign adviser to Gore.

Gore remains involved on global warming, serves on Apple's board and is an adviser to Google. "He has a full plate," Eskew said.

Carter told ABC that Gore is resisting the calls to re-enter politics. "I don't think he will," Carter said. "I've put so much pressure on Al to run that he's almost gotten aggravated with me."

Eskew said Gore is feeling as fulfilled by the growing impact of his efforts on global warming as he ever did in politics. "Our biggest audience in the 2000 campaign was the 20 million who watched his convention acceptance speech," Eskew said. "Well, (Monday) night a billion people were watching, so you really can have an impact outside of the normal boundaries. He is smart enough to understand how to leverage that."

Ginny Terzano, a former spokeswoman for Gore and now a spokeswoman for Microsoft, says, "He's getting a great deal of personal satisfaction out of changing lives without some of the strings and constrictions that you have running for public office."

"The guy is enormously happy, " Lehane said. "For him, the decision is: 'Let's see, could I make a lot of money and be on stage in front of a billion people, or would I want to be spending the next two years in a Holiday Inn in Dubuque, Iowa?' "

Gore's Oscar Fuels Call For Late Run (POL)

By Mike Allen

Politico.com, February 27, 2007

Former Vice President Al Gore's triumph at the Oscars is already stoking activists' pleas for him to make a dramatic late entry into the fractious presidential race, and some key strategists insist he could announce as late as September or October and still win the nomination.

"Honestly, this was the inaugural parade we all envisioned," said Donna Brazile, his former campaign manager. "Gore's political stock is hot right now. I don't know if I would cash in now with so many players still on stage. There's no reason to force him to declare tomorrow. "

Indeed, Brazile said the former vice president could wait as late as the time states begin requiring delegate slates and statements of candidacy, since he could raise money quickly and much of the campaigns' budgets are devoted to a long nominating process he would avoid. "This was one of those rare moments, similar to the civil rights movement, when you experience the ground shifting," she said. "Perhaps it's not a movement for a presidential run, but a moment for the debate to start for real change on how we live on planet earth."

Friends who talk regularly with Gore say that he believes what he tells the press – that he's not planning to run for president. Backstage on Sunday night, he repeated his mantra: "I do not have plans to become a candidate for office again." No draft movement is being authorized or encouraged, and there are no internal discussions of a campaign, the friends insist. But they say he has deliberately not closed the door. It just doesn't feel right to him and he's only 58.

So the crescendo will rise. Brazile, now the founder and managing director of Brazile and Associates, is neutral in the race but says she would work for Gore if he declared. She acknowledges that after the near miss of 2000, she was among those who said "hell, no" about a 2004 bid. But she feels very differently now.

"He could come in at the end of the day as a candidate who can truly unite his party as well as his country," Brazile said. "He can help repair our country's image abroad. He's someone who can go toe-to-toe with world leaders and doesn't need a crash course in diplomacy." She remembers back in the '80s when Gore was in Congress and used to often cite a quote from Gandhi, ""Be the change you want to see in the world." Brazile said: "I believe he has become that quote."

"An Inconvenient Truth" was based on Gore's traveling global warming show as he told audiences about what he calls a "planetary emergency." He threw himself into promoting the film, traveling to film festivals around the world and telling audiences

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he would take it “door-to-door” if necessary.” The movie includes his stock laugh line: "I'm Al Gore. I used to be the next president of the United States of America."

Michael Feldman, who served in the Clinton-Gore White House for eight years and was a senior adviser and traveling chief of staff to the vice president, said the Oscar means that “more people are going to see the movie and more people are going to get information about the issue of global warming, which will help build the collective political will to get something done on the issue.”

Feldman, a founding partner of the Glover Park Group, said Gore’s stroll down the red carpet “must have seemed like a little bit of an out-of-body experience to him,” but then much of the last year has been that way. “He still sees his job as trying to help create a better political climate for action on this issue,” Feldman said.

Gore is the chair of the Alliance for Climate Protection, funded in part by proceeds he has donated from “An Inconvenient Truth.” Others on the group’s governing council include Theodore Roosevelt IV, Carol M. Browner, and Brent Scowcroft.

The former vice president will be in the spotlight again with three major events in the next five months:

--On March 21, he’ll star at global-warming hearings in both the House and Senate, testifying before a committee he once served on. He will be the sole witness before the Senate Committee on Environment and Public Works. On the House side, he will testify at a Joint Subcommittee Hearing on Climate Change, held by the Energy and Commerce Subcommittee on Energy and Air Quality, and the Science and Technology Subcommittee on Energy and Environment.

--A new book by Gore, "The Assault on Reason: How the Politics of Fear, Secrecy, and Blind Faith Subvert Wise Decision Making, Degrade Our Democracy, and Put Our Country and Our World in Peril," is due out in May.

--On July 7 (7.7.07), he will be among the luminaries heading a 24-hour “Save Our Selves” (SOS) concert marathon across all seven continents. The “Live Earth” concert will bring together more than 100 of the world’s top musical acts and is designed to reach more than 2 billion people through attendance and broadcasts. SOS – The Campaign for a Climate in Crisis was founded by Kevin Wall, who won an Emmy as worldwide executive producer of the Live 8 concert marathon.

At 10:48 p.m. Sunday, when the nominees for “best documentary feature” were announced on the 79th annual Academy Awards broadcast on ABC, the clip from an “An Inconvenient Truth” showed professorial Gore intoning: “Global warming creates more evaporation off the oceans. It seeds the clouds. But it sucks moisture out of the soil.”

After Davis Guggenheim, the director, was announced as the winner, the camera in the audience showed him gesturing madly for Gore and the rest of the team to walk up with him. As they walked to the stage, the announcer said: “Davis Guggenheim and the cast were scheduled to shoot in New Orleans the night before Hurricane Katrina hit – an event that brought the threat and the impact of global warming.”

Reaching the microphone, Guggenheim said: “All of us who made this film – Laurie, Lawrence, Scott and Leslie – we did so because we were moved to act by this man.” He gripped Gore’s left arm and didn’t let go. “All of us were inspired by his fight for 30 years to tell this truth to all of us,” Guggenheim said, moving his arm into a hug. “Thank you, Al. We are so inspired, we share this with you.” He thrust the Oscar at the former vice president, who stepped into the spotlight.

“Thank you,” Gore said, clutching the gold statuette. “I want to thank Tipper and my family, thank the Academy, and everyone on this amazing team. My fellow Americans, (laughter and applause) people all over the world, we need to solve the climate crisis. It’s not a political issue, it’s a moral issue. We have everything we need to get started with the possible exception of the will to act. That’s a renewable resource. Let’s renew it.” He raised the 8.5-pound, 13.5-inch-tall, 24-karat-gold-plated Oscar as if in a toast, and he and the director hugged.

A little over an hour earlier, Gore made a surprise appearance after being teased by the ABC announcer as a mysterious “distinguished guest.” Gore and Leonardo DiCaprio announced a “Go Green” program showing the Oscar production was environmentally friendly, and DiCaprio teasingly asked Gore if he had a titanic announcement.

Gore, as deadpan as if he were a “Saturday Night Live” regular, responded: “I’m kind of surprised that the feeling’s so welling up here -- actually, you’ve been very convincing. And even though I honestly had not planned on doing this, I, I guess with a billion people watching, it’s as (theatrical pause) good a time as (sighs) any. So, my fellow Americans, (laughter as he pulls a vertically folded sheaf of papers from the breast pocket of his Ralph Lauren tux), I’m going to take this opportunity right here and now, to formally announce – ”

Then the orchestra burst in with the swelling music that's used to usher off long-winded winners. “— My intention —” Gore continued, then was drowned out and walked off arm in arm with DiCaprio, to laughter and applause.

Between the former vice president’s onstage appearances, George Clooney, presenting the Oscar for best supporting actress, joked that he had been “drinking backstage” with Gore and added in mock confidence, “I don’t think he’s running for president.” The telecast cut to Al and Tipper Gore, laughing uproariously in the audience.

Gore arrived on the Kodak Theater red carpet a few hours before show time, spoke to foreign broadcasters and waved big as he posed with Tipper Gore, their son Albert Gore III and one of their daughters, Karenna Gore Schiff. The former vice

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president had told The Washington Post for a Sunday front-page story headlined “Al Gore, Rock Star” that he’s “old enough to know that a red carpet is just a rug.”

In case you missed it, here’s the how the Al and Leo Show went:

DiCaprio: So, Mr. Gore, we’ve, uh, got a big crowd out here tonight – an even bigger one at home. Is there, is there anything you might want to announce? (Laughter, applause, whoops and a shout from the crowd of , “Oh, yeah!”)

Gore: I’m just here for the movies. I’m just here for the movies, Leo. And on this occasion, I’m here to thank all of the talented people in this great industry who’ve been part of the mission to inspire a successful response to the climate crisis. And thank you, Leo, for being such a great ally in this effort. (Applause.)

DiCaprio: Thank you. The American film industry has always taken its obligations to society very seriously and it’s now stepping up once again. Tonight, we’re proud to announce that for the first time in the history of the Oscars, this show has officially gone green. (Applause.)

Gore: Which means that environmentally intelligent practices have been integrated fully into every aspect of the planning and production of these Academy Awards. And you know what: It is not as hard as you might think. We have a long way to go. But all of us can do something in our own lives to make a difference.

DiCaprio: Check out www.Oscar.com to get ideas from the Academy and the National Resources Defense Council, the NRDC, about how you can do YOUR part. And now, although our time is almost up, I just want to say I’m very proud to be standing next to such an inspirational leader in the fight against global warming. You are a true champion for the cause, Mr. Gore. (Big applause.)

Gore: Well, thank you. (More applause.)

DiCaprio: Now are you sure, are you positive that all this hard work hasn’t inspired you to make any other kind of MAJOR, major announcement to the world here tonight?

Gore: Well, I do appreciate that, Leo. And I’m kind of surprised that the feeling’s so welling up here -- actually, you’ve been very convincing. And even though I honestly had not planned on doing this, I, I guess with a billion people watching, it’s as (theatrical pause) good a time as (sighs) any. So, my fellow Americans, (laughter as he pulls a vertically folded sheaf of papers from the breast pocket of his tux), I’m going to take this opportunity right here and now, to formally announce (music crashes in) my intention – . (Swelling music drowns him out and the two leave the stage to laughter and applause.)

Oscars Add Lustre To Idea Of Gore Candidacy (FT)

By Edward Luce

Financial Times, February 27, 2007

The clamour for an Al Gore 2008 presidential candidacy stepped up several decibels yesterday after the evening award of two Oscars to the former vice-president for An Inconvenient Truth, his film on global warming.

Appearing twice on stage - first with Leonardo DiCaprio, who portrayed the former vice-president as something close to a modern prophet, and second to accept jointly with Davis Guggenheim, the movie's director, the award for best documentary feature - Mr Gore was by a long way the most adulated celebrity of the evening.

As the most popular politician in Hollywood, who raised the biggest cheers at two different moments during the awards, Mr Gore put paid to his image as a robotic geek that helped sink his chances of victory against George W. Bush in 2000.

Mr Gore's transformation has been assisted by his readiness to use self-deprecating humour - most recently on Sunday night when he seemed to be embarking on a speech to announce his presidential candidacy, only to be cut short by the orchestra.

Environmental lobby groups say that Mr Gore's Oscar success was the best publicity boost they could have hoped for at a stage when Capitol Hill is for the first time deliberating radical action to impose mandatory reductions on US carbon emissions.

And Democratic party activists who favour a Gore candidacy say the Oscar success, combined with his recent nomination for the Nobel peace prize, would provide the perfect platform for a declaration of his candidacy. Opinion polls put Mr Gore third behind Hillary Clinton and Barack Obama but ahead of John Edwards and Bill Richardson among the Democratic hopefuls.

Senior Democrats say Mr Gore could be catapulted into a frontline position, particularly if he waited until September or October when the public is likely to have become saturated with the increasingly tense contest between Mr Obama and Mrs Clinton. Last year's Nobel peace prize was announced on 13 October.

"If you go to the west coast the big issue is not Iraq - as it is in Washington - but global warming," said Simon Rosenberg, the head of the New Democratic Network, in Washington. "The Oscar -ceremonies offered the spectacle of an exuberant repudiation of the Bush years. It is hard to think of a better platform for Mr Gore's public profile."

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Mr Gore's extraordinary reinvention as a cultural icon is likely to be sustained by a series of prominent engagements in the next few months, including his app-earance as the sole witness next month in Senate and House of Representative committee hearings on global warming.

Dubbed by some as the "Goracle", Mr Gore is likely to attract national ratings when he testifies, say climate change lobbyists.

"If you look at where the American public stands on global warming there has been a tremendous shift in the last year which coincides with the popularity of Al Gore's movie," says Emily Frigdor at the Public Interest Research Group.

However, Capitol Hill staff members counsel against expectations of a drastic legislative shift in the near future, particularly given Mr Bush's aversion to any mandatory targets for carbon emission reductions. They point to the likelihood of more modest legislative measures, such as a bill that would require electricity providers to ensure that 20 per cent of power supply comes from renewable energy sources by 2020.

"It is going to be incredibly difficult to combine a bill that takes radical action on global warming with the goal of building a political majority on Capitol Hill," says Dave Hamilton, of the Sierra Club, the environmental organisation. "But events like Al Gore's Oscar success will make it progressively more achievable by building up public pressure."

Meanwhile, friends of Mr Gore are divided on whether he will declare his candidacy. Some rule it out and others say it is scheduled for the autumn. "He could out-finance everybody except Hillary without too much difficulty," said one.

Oscar Victory May Prove Inconvenient For Gore (WT)

By Jennifer Harper, The Washington Times

The Washington Times, February 27, 2007

A gold statuette and a moment of goofiness have garnered Al Gore considerable public buzz after his big night at the Oscars. It's not necessarily presidential buzz, though.

An Academy Award for "An Inconvenient Truth" has further cemented Mr. Gore's name to a single issue: global warming. But Mr. Gore's fame could be fleeting because the issue does not resonate with most Americans.

"Winning an Oscar and making a joke in the pop culture arena will definitely raise his profile. Mr. Gore will get attention over the next few weeks as everyone repeats the question, 'Are you going to run?' " said Morgan E. Felchner, editor of Campaign & Elections magazine.

"But Gore is focusing solely on global warming, which is not topping public awareness polls," Ms. Felchner said. "The popularity bump will last a few weeks, then most likely fade away."

Indeed, global warming is not a "top-tier issue," a Pew Research survey of 1,708 adults found last month. The survey ranked global warming near the bottom in a 23-item list of policy priorities for the White House and Congress. Only 19 percent said they had "deep concern" about climate change.

Regardless of his new ebullience, Mr. Gore does not dominate favorability polls. He ranks fourth among Democrats behind Sen. Hillary Rodham Clinton of New York, Sen. Barack Obama of Illinois and former Sen. John Edwards of North Carolina in a Pew survey of 1,509 adults released Friday. Only a quarter of Democrats agreed that Mr. Gore had "a good chance" of winning their vote.

A Harris poll of 3,423 adults released Feb. 14 also found Mr. Gore fourth behind the trio of senators. Such sentiment has some history.

"There are no signs that Gore's high-visibility focus on global warming has produced changes in his standing with the American public," a Gallup survey released in August concluded.

A previous change of image -- hip earth-toned clothes and a Rolling Stone magazine cover -- did not cement a win for Mr. Gore in 2000 either. But he has left a cultural mark, said Robert Thompson, director of the Bleier Center for Television and Popular Culture at Syracuse University. Mr. Gore could ride a "big wave" post-Oscar, he said.

"There's a larger lesson though," Mr. Thompson added. "Al Gore has shown other politicians that they can communicate to the public in ways beyond the traditional podium and microphone."

Meanwhile, "An Inconvenient Truth" made $45 million at the box office. The book sold 300,000 copies last year and 3,000 copies so far this year, according to Nielsen BookScan. The film was released to DVD in November. Yesterday, it was bested on Amazon.com's DVD sales charts by dramatic movies "The Secret," "The Departed," "Babel" and "Casino Royale."

Mr. Gore's efforts to bring his film to public-school systems has not entirely panned out. In December, the National Science Teachers Association declined offers to distribute it free to 50,000 classrooms. Frosty Hardison, a father of seven in Federal Way, Wash., began a campaign in January to ban the film in his local public school system.

"Al Gore's video has no place in my kids' public school classroom any more than condoms," Mr. Hardison said at the time.

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Gore Shut The Door On '08. What If Someone Opens A Window? (RC)

By Donna Brazile

Roll Call, February 27, 2007

Back in February 2000, I was in Harlem riding alongside the man who now says, "I used to be the next president of the United States." He looked out the window and said: "This should be a great interview."

Al Gore and I were on our way to an editorial board meeting at the New York Amsterdam News, where I had hoped he would address plans to expand economic prosperity to black families. To my surprise, Gore walked in the room, greeted the editors and reporters, and proceeded to throw my talking points out the window. He wanted to discuss global warming instead.

For a while, I thought the vice president had lost his mind. How dare he discuss environmental issues with one of the nation's leading black newspapers? Black people, I reasoned, had far too many problems, such as lack of affordable housing and limited access to health care, jobs and education, to spend our precious time discussing an issue no one understood. But Gore saw things differently and proceeded without warning to draw a large circle on the blackboard and explain the dangers of global warming and how greenhouse gases were trapped in the atmosphere.

Well, I thought, there goes our endorsement. Former Sen. Bill Bradley (N.J.), who was still very much alive in the battle for the Democratic nomination, likely would get the highly sought-after backing. But, to my amazement, the paper endorsed Gore and I learned a valuable lesson about allowing a candidate to lay out his own agenda.

Gore's political stock is as high as I have seen it in the more than two decades that he's been on the national stage. With an Oscar-winning documentary, "An Inconvenient Truth," that is the buzz of Hollywood and generating the kind of free media that is the envy of any current contender, Gore is sticking to his position that he has no intention to run for president. Perhaps I should just take his word and resume flirting with those who have made the decision to run. But something in my gut tells me that there's still a chance Gore will jump in right before the filing deadlines or as the slating of delegates begins — and win both the nomination and the presidency.

I like the way former President Jimmy Carter said it on ABC's "This Week with George Stephanopoulos": "My favorite Democrat, for a number of years now, has been Al Gore. If Al should decide to run — which I'm afraid he won't — I would support Al Gore." I am sure Gore is a little irritated at me and others who continue to drop his name at every opportunity, but it just doesn't feel right watching Sens. Hillary Rodham Clinton (D-N.Y.), Joseph Biden (D-Del.), John McCain (R-Ariz.), Sam Brownback (R-Kan.), Barack Obama (D-Ill.) and Chris Dodd (D-Conn.) run without someone of Gore's stature and leadership also in the race.

At a time when America's stock has dwindled throughout the world, Gore has earned the admiration and respect of many foreign leaders. After eight tumultuous and disheartening years of the current administration, our nation will need someone in the Oval Office who can pick up the phone and ask the international community to join with us in fighting the war on terror, global warming, the rapid spread of HIV/AIDS on the African continent and so many other ills that plague our planet. And here at home, Gore also could lead us back to fiscal responsibility and prosperity so that all families can make ends meet, not just the wealthiest 1 percent.

As one of my friends recently wrote to me in an e-mail: "Al Gore has become a rock star: Oscar and Nobel Peace Prize nominations, selling out 10,000 tickets in 10 minutes for a global warming slide show in bright red Idaho, foreign capitols taking his lead reversing policy related to climate change, mega-corporations like Wal-Mart and General Electric changing the way they do business simply because Al Gore has been so successful shining a light on the impending catastrophic consequences of global warming. The list goes on and on. Al Gore is on fire!"

No, he's actually liberated from the politics that once sunk his chances of becoming our commander in chief.

With so many other qualified people running, Gore's decision or lack thereof may hinge on whether there is an appetite for someone who isn't a "new face," who is ready to take America in a completely different direction and to transform the way we fight the war on terror.

I understand if Gore is unwilling to get back in the fray and distract himself from an international campaign on the threat of global warming. I understand if all he wants is to come to Capitol Hill on March 21 to put more pressure on Congress to act. And I understand if he decides to just wake up each day with his wife, Tipper, at his side and spend his free time with the grandchildren.

After serving his country in Vietnam, on Capitol Hill and in the White House, Gore has earned the right to do just about anything, including passing up a chance to become the next president of the United States.

I am sure Gore will continue to close the door on running in 2008, but what if someone opens a window? If the current contenders continue to pander and play the old politics of yesterday, the opportunity for a late entry may yet present itself on the road to the White House.

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Donna Brazile, the campaign manager for Democratic presidential nominee Al Gore in 2000, runs her own grass-roots political consulting firm.

An Oscar For His Second Act (WP)

By Richard Cohen

The Washington Post, February 27, 2007

Now, somebody ought to make a movie about Al Gore. I would call it "An Uncomplaining Life."

The movie would be about a man who did not quit, who came off the canvas after a painfully close election -- he won the popular vote, after all -- who accepted defeat graciously and tried to unite the nation, who returned to the consuming passion of his earlier days, the environment, and spoke endlessly on the topic, almost always for free, who starred in a documentary based on his speech and who Sunday night, before a billion or so people, won an Academy Award for his effort. This may or may not be a stepping stone to the presidency, but Gore gives us all a lesson on how to live one's life.

It's a joke, isn't it? I mean, it was Gore who was universally seen as the flawed man, uncomfortable in his own skin and, therefore, in this TV age, incapable of uniting the nation. He was caricatured by some of my colleagues as a serial exaggerator, a fibber, a pretender -- the guy who invented the Internet, who was the model for the novel (and movie) "Love Story," who applied one too many coats of passion to that kiss he delivered to his wife, Tipper, at the Democratic National Convention in 2000. There were so many reasons not to vote for him -- none, in retrospect, much good.

Now it is his jaunty, frat-boy opponent who cannot unite the country. Now it is the towel-snapper, the rancher who does not ride horses, the decider who decides wrongly and whose approval ratings are like the temperature of a dead man. Now it is George W. Bush that the nation does not trust or believe -- and this has and will cost us plenty. What if Bush is right about Iran? What if the Iranians are really helping to kill Americans in Iraq? Whatever you may think of the Iraq war, it is impermissible for anyone to kill Americans and yet it may be happening and may continue because the president is widely disbelieved. Gore could not have gotten us into this.

Gore would not have taken the United States to war in Iraq. He would have finished the job in Afghanistan -- it was al-Qaeda and its Taliban enablers who were responsible for the attacks on us on Sept. 11, 2001, not Saddam Hussein, no matter how vile he might have been. Gore would not have dealt with the Iranians and the North Koreans in such a juvenile fashion -- axis of evil, after all -- and all over the world, wherever you and I went, we would not detect such anger toward America. The last time I saw Gore was at a screening of his now-acclaimed movie, "An Inconvenient Truth." I wrote at the time that, on paper at least, he was the near-perfect Democratic presidential candidate -- right on the war, above all. This observation, hardly original with me, is being echoed elsewhere, and it would be impossible for Gore to ignore it. Jimmy Carter said Sunday on ABC's "This Week" that he thought Gore ought to run and had told Gore so insistently. "He almost told me the last time I called, 'Don't call me anymore,' " Carter said. What Gore told me was something similar: "I think there are other ways to serve."

We'll see. After all, Gore -- the son of a senator himself -- was raised for the presidency. But for the moment at least, he is showing all the irritating signs of a man at peace with himself. He abandoned Washington for Nashville. He has made a bundle in his investments, and he has set out to show that there is life after a failed candidacy, a purposeful life in which a man can do some good. His movie and his speeches are -- to paraphrase what Clausewitz said about war -- a continuation of politics by other means. He cannot make war but he can still make a difference.

I know -- and so does Gore -- that all this will change if he enters the race. Maybe that ol' devil of uncertainty will come creeping out of his skin, and maybe he will become shrill, and maybe he will somehow throw his voice so that it seems to be coming from outside his body. But the woman I love tells me that life is a series of little lives, and no one has proved the truth of this better than Gore. With an Oscar in his fist and triumph on his face, Al Gore is a man you can tell your kid about. That, maybe, is even better than being president.

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Gore To Bring Eco-friendly Message To UMBC (BSUN)

By Nia-Malika Henderson

The Baltimore Sun, February 27, 2007

Hoping to latch on to the buzz surrounding former Vice President Al Gore's double dose of Oscar, the Annapolis and Anne Arundel Chamber of Commerce said Monday that the Gore eco-friendly train will stop in Baltimore.

Gore, whose documentary, An Inconvenient Truth, took home Oscars on Sunday night for Best Documentary and Best Song, will give a 90-minute speech May 8 on the effects of global warming -- the topic that has turned him into a hip wonk.

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"We snared him a good while ago and it just happened that he got the Nobel Peace Prize nomination and Oscar wins, so that was pretty cool," said Anne Joyner, who handles special projects for the Chamber of Commerce. "I just hope that he doesn't announce that he's going to run for president. We like the 'What if he does?'"

About 1,000 tickets, priced at $35, have been sold. The venue, University of Maryland, Baltimore County Retriever Activities Center, holds 4,000.

Portions of the film will be shown before to the speech, which will also include a question-and answer session.

Since losing his bid for president in 2000, Gore has devoted much of his attention to global warming, traveling the world with a PowerPoint presentation and urging audiences to become "carbon neutral." Coming across as professorial yet likable, Gore has risen to a level of prominence unknown to most former vice presidents.

He scored laughs during a Saturday Night Live appearance and has become a favorite in Hollywood circles. (Yes, that was Leonardo DiCaprio and George Clooney fawning over him at the Academy Awards. And yes, that was Hollywood's elite giving Gore a standing ovation.)

Joyner said Gore could get a similar reception in May.

"He puts great care in accepting an invitation and gives it some personal attention," she said. "And he's recognized that Marylanders are environmentally sensitive and focused, and his mes sage will be well-received."

Clintons' Charity Not Listed On Senate Disclosure Forms (WP)

By John Solomon And Matthew Mosk

The Washington Post, February 27, 2007

Sen. Hillary Rodham Clinton and former president Bill Clinton have operated a family charity since 2001, but she failed to list it on annual Senate financial disclosure reports on five occasions.

The Ethics in Government Act requires members of Congress to disclose positions they hold with any outside entity, including nonprofit foundations. Hillary Clinton has served her family foundation as treasurer and secretary since it was established in December 2001, but none of her ethics reports since then have disclosed that fact.

The foundation has enabled the Clintons to write off more than $5 million from their taxable personal income since 2001, while dispensing $1.25 million in charitable contributions over that period.

Clinton's spokesman said her failure to report the existence of the family foundation and the senator's position as an officer was an oversight. Her office immediately amended her Senate ethics reports to add that information late yesterday after receiving inquiries from The Washington Post.

"The details of the Clintons' charitable family foundation and Senator Clinton's role in it have always been publicly available, but, in an oversight that leaders of both parties have made, it was inadvertently omitted from her Senate filing, which has been corrected," Hillary Clinton's press secretary, Philippe Reines, said yesterday.

Among the institutions receiving grants from the Clinton Family Foundation were Yale University, where both attended law school; groups named for deceased heads of state in Israel and Jordan; and a charity connected to the Arkansas businessman who helped Hillary Clinton make $100,000 on a commodities trade that stirred controversy a decade ago, Internal Revenue Service reports show.

Hillary Clinton's decision to amend her Senate disclosures comes after several other high-profile politicians came under scrutiny for omitting family foundations from their financial disclosure reports, including former Senate majority leader Bill Frist (R-Tenn.) and House Speaker Nancy Pelosi (D-Calif.). They amended their disclosures, and neither was penalized.

Advisers to the Clintons said the family foundation amounted to only a fraction of their overall charitable efforts, which generate millions each year.

The charity is separate from the New York-based William J. Clinton Foundation, which has directed $10 billion in corporate money and resources toward slowing the global spread of AIDS, addressing climate change, and reducing hunger and poverty in developing countries.

The smaller family foundation lists as its address a post office box in Chappaqua, N.Y., where the Clintons live. Hillary Clinton is listed as secretary and treasurer, Bill Clinton as president and the couple's daughter, Chelsea, as a director. None takes any compensation.

The charity has been funded with money from lucrative book deals for both Clintons and from speechmaking by Bill Clinton since they left the White House in 2001. The foundation's tax filings are available on an Internet repository for IRS documents. The only time the Clintons mentioned the foundation on her ethics report was in 2002, in a footnote about their $800,000 donation that year, but it did not disclose as required her position or other information about the foundation. In subsequent years, they made no mention of it.

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Between 2001 and 2005, the Clintons seeded the charity with $5.16 million of their money. The foundation's 2006 tax form is not due until later this year.

Tax records show the Clinton Family Foundation was created during Hillary Clinton's first year in the Senate, when the couple gave $800,000 to launch the organization in early December 2001. The charity distributed no funds that year. The next year, the Clintons made $170,000 in donations while adding $100,000 of their own funds.

The Clintons donated much larger amounts in recent years as legal bills from Bill Clinton's impeachment were paid off and their personal fortunes soared. At the end of 2005, the Clinton family foundation had nearly $4 million in cash assets.

Jay Carson, a spokesman for Bill Clinton, said all of the foundation's remaining money will eventually go to charities and other institutions. He said the Clintons' other charitable efforts include raising millions a year for other nonprofits and making donations of their own money. He said the Clintons helped raise nearly $11 million the past two years for other nonprofits.

"It is hard to beat the Clintons' devotion to charitable work, unless you founded Microsoft or are the chairman of Berkshire Hathaway," he said.

The retired chief of the IRS branch that oversees tax-exempt nonprofits said family-run foundations are commonly created by wealthy Americans, allowing them to earn tax breaks by donating to a charity whose future good works they can control. Such charities need only to give 5 percent of proceeds each year to maintain a tax exemption.

"There are certain tax advantages to having your own foundations and not having the money as part of your estate," said Milton Cerny. "They can take the tax deduction up front, as soon as they put the money into the foundation."

Private family foundations vary in amounts they give away each year. The Clintons have given away a quarter of their money. The family foundation of record producer David Geffen, by comparison, has been giving away most of what it takes in -- roughly $1 million a year -- leaving it with a balance of $400,000 at the end of 2005.

The Walton family, heirs to the Wal-Mart fortune, put $415 million in new money into its foundation in 2005. It gave $158 million to charitable causes, leaving the foundation with a $1.3 billion balance.

The Clinton foundation's donations range from $100,000 to the Asian tsunami relief fund in 2005 to causes in the former president's home state of Arkansas.

The Clintons have been generous to their alma maters, with donations going to Yale Law School, Georgetown University, Wellesley College and Oxford University, which Bill Clinton attended on a Rhodes Scholarship.

The foundation has also paid considerable attention to Arkansas, providing the bulk of the support for the Clinton Birthplace Foundation, which maintains the former president's boyhood home in Hope, Ark. They have donated $225,000 to the Little Rock Baptist church they attended, and to organizations devoted to the needs of children in the state.

One Arkansas recipient was the Diane Blair Foundation. Diane Blair is the late wife of James Blair, the businessman who helped Hillary Clinton with controversial commodities trades in the late 1970s that netted her about $100,000. There are two foundations in Diane Blair's name. One is a private family charity; the other funds a center for the study of Southern politics at the University of Arkansas.

The Clintons' tax form indicates the money went to the private charity, but James Blair said in an interview yesterday that the Clintons "miscoded" the entry. The check actually went to the university fund, he said.

"She was Hillary's closest friend," Blair said of his wife, who died in June 2000.

At least three beneficiaries were from the Middle East, where the former president worked to forge an elusive peace agreement during the 1990s. They include $50,000 to the King Hussein Foundation, named in honor of the late Jordanian king, who was a key player in Clinton peace talks; $50,000 to American Friends of Yitzhak Rabin, honoring the assassinated Israeli prime minister; and the American Friends of Peres Center, honoring former Israeli prime minister Shimon Peres.

The Clintons also gave $50,000 to the Vital Voices Global Partnership, a group aimed at empowering women worldwide. Hillary Clinton is an honorary chair.

Such omissions deprive the public of the right to scrutinize their political leaders' financial dealings and identify possible conflicts of interest, the former chief of disclosure for the Federal Election Commission said.

Kent Cooper, who retired after two decades overseeing the FEC's public disclosure office, said congressional ethics committees have not enforced the ethics disclosure requirements forcefully. As a result, he said, candidates "know there is no great consequences, and so the habit has developed that people dismiss an omission as a clerical error, when in fact it is a crucial piece of the puzzle about a member's finances that is being hidden."

A Bundle Of Good Moves (WP)

The Washington Post, February 27, 2007

DOJ_NMG_0137478

SEN. HILLARY Rodham Clinton (D-N.Y.) has decided that her presidential campaign will reveal the identities of its major fundraisers, after all. This is welcome news for the conduct of the 2008 race, during which big bundlers -- the well-connected fundraisers who can help collect $100,000, $200,000 or even $1 million in donations -- will be more important than ever.

With Ms. Clinton's change of heart, the top-tier contenders of both parties -- Democrats Clinton, Barack Obama and John Edwards, and Republicans John McCain, Rudolph W. Giuliani and Mitt Romney -- have agreed to identify their chief campaign underwriters. The Clinton campaign said she would release the names of her big bundlers at amounts such as $100,000 or $200,000. We trust that as those bundles swell in size -- the Clinton campaign has tasked its top fundraisers with bringing in $1 million or more -- the levels of disclosure will rise accordingly, for the Clinton campaign and its rivals. With more private money than ever being raised and spent, this information is critical to campaign finance disclosure.

But it makes no sense for such disclosure to be left to the whim or goodwill of individual campaigns; it should be required by law. The click of a mouse can summon a blizzard of campaign finance data. Yet the most critical information -- the identities of the true financiers of the campaigns and the amounts they have brought in -- remains obscure, available only if campaigns deign to provide it.

In 2008, it appears, most of them will. But it is a shaky campaign finance disclosure system that relies on the good sense of candidates. The law could easily be tweaked and tightened to require candidates to report the information they already possess.

Obama And The Illinois Political Machine (AP)

AP, February 27, 2007

CHICAGO -- Democrat Barack Obama piled on the praise last month as he stood beside Chicago Mayor Richard Daley and embraced the mayor's bid for a sixth term.

"I don't think there's a city in America that has blossomed as much over the last couple of decades than Chicago, and a lot of that has to do with our mayor," Obama said, supporting Daley ahead of Tuesday's city election.

It was a switch from a year earlier, when the Illinois senator brushed off questions about endorsing Daley and said reported corruption at Chicago's City Hall gave him "huge pause."

What happened in the meantime? Obama decided to run for president.

The endorsement is one example of the sometimes complicated relationship between Obama -- who offers himself as an untainted, non-traditional alternative -- and Illinois' sometimes tarnished political establishment.

While Obama prides himself as an independent-minded Democrat, he's maintained relations with important parts of the establishment, from remnants of the legendary Chicago Democratic machine to the city's leading black politicians.

Yet as an outsider who came to the city as an adult, he doesn't owe his political fortunes to ward bosses and can claim distance from the political corruption for which the city is famous. He's ruffled feathers in the past by taking on incumbents or bucking his party's anointed candidate in a statewide race, but he has also mended fences and now has Illinois' most important politicians lined up to support his run for president.

"He understands ... about politics and how you make friends in politics," said Rep. Bobby Rush, who Obama unsuccessfully challenged in 2000 for his seat in Congress.

Rush said Daley, for one, can be helpful to Obama because of his national reputation. Daley's brother, William, who headed Al Gore's presidential campaign in 2000, has already signed on as an Obama adviser.

Rush is also backing Obama's bid for the White House.

Growing up in Hawaii and Indonesia, Obama didn't come up through the ranks of traditional Chicago Democratic politics.

Obama writes in his book "The Audacity of Hope" that he got into his successful first race for the Illinois Senate at the encouragement of friends who thought his work as a civil rights lawyer and experience as a community organizer made him a good candidate.

That 1996 election put him in conflict with the incumbent, Alice Palmer. She planned to run for Congress and endorsed Obama as her successor. But when Palmer lost the congressional primary, Obama would not step aside so she could keep her state Senate seat.

Once he got to the state Senate, Obama was no radical. He became a political protege of current Senate President Emil Jones, a 35-year veteran of the legislature and one of the state's most influential black lawmakers.

Obama was in the Illinois Senate just a few years when he went after the congressional seat held by Rush.

In his book, Obama calls it an "ill-considered race," and he and another state senator who challenged Rush were trounced in the primary. Rush had the support of the powerful Cook County Board president and widespread support in his district.

Obama also was viewed as a long shot in his 2004 bid for the U.S. Senate. He decided to run even though most party leaders were backing the state comptroller, who was the son of a powerful Democratic leader. Other candidates included Mayor Daley's former chief of staff and a millionaire who had helped elect the Democratic governor. Obama's candidacy gained

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momentum when the millionaire businessman, who had once led in the polls, acknowledged striking his ex-wife and calling her names.

Once Obama's fortunes started rising with his starmaking address at the 2004 Democratic National Convention and his Senate win, he found almost uniform support from Illinois Democrats.

Yet Obama still didn't always stick to the party line, most notably last year when he rejected the party-backed candidate for state treasurer to support a political newcomer, putting him at odds with the state Democratic chairman, Illinois House Speaker Michael Madigan of Chicago.

Over the summer, Madigan derisively referred to Obama as "the messiah" in a published report. But by early this year, Madigan was proposing moving up the state's 2008 primary from March 18 to Feb. 5 to give Obama more momentum early in the presidential race.

For his part, Obama has lined up with party leaders in some recent local races. He supported the party's choice to become the new Cook County board president, despite allegations of political nepotism surrounding the man, who was the son of the previous board president.

Obama also endorsed Daley, saying he was still concerned about City Hall corruption but thought Daley had taken steps to clean it up. And he supported the November re-election of Democratic Gov. Rod Blagojevich, whose administration is under federal investigation for hiring fraud.

Attorney Gery Chico, the Daley former chief of staff who lost to Obama in the 2004 Senate primary, said Obama has been under increasing pressure to play a role in local races and it's smart for him to get in the mix.

"You don't want to go the route of Al Gore," Chico said. Gore famously didn't win his home state of Tennessee in his failed bid for president in 2000.

But the Daley endorsement in particular -- featured in one of the mayor's campaign mailers -- isn't sitting right with some people in this city known for its legendary political machine.

Daley's father, the late Mayor Richard J. Daley, built the once-mighty machine that doled out jobs and favors in exchange for support for Democrats on Election Day. The courts have mostly dismantled the machine by outlawing political patronage, but the city's powerful Democrats -- like Daley -- can still turn out the vote.

Obama's decision to support Daley turned off voter Alan Dobry, who's part of a Chicago independent-voters group.

"He's trying to play with the machine," Dobry said. "I'm very unhappy about it."

They Rush For California's Gold (LAT)

By Dan Morain

The Los Angeles Times, February 27, 2007

A UCLA linebacker shells out $11,100 to help a Republican senator in Pennsylvania.

A businessman from the small northern California town of Eureka spends $515,000 to defeat a powerful Democrat in South Dakota.

A Silicon Valley couple funnels cash to elect Democratic secretaries of state in swing states such as Ohio who will oversee voting in the coming presidential election. Those tidbits from campaign finance reports demonstrate why California lately feels like Iowa or New Hampshire next winter. For politicians, including presidential candidates, it's where the money is.

Last week alone, Democrats Barack Obama, Hillary Rodham Clinton, Christopher Dodd and Joseph Biden made the trek. Republican Sen. John McCain was also here, following his rival, Rudolph W. Giuliani, who had been here the week before, while Republican Mitt Romney will be here next month.

"It is the place you go to get political money," said Sheila Krumholz, director of the nonpartisan Center for Responsive Politics in Washington, D.C.

Californians spent at least $502 million on federal campaigns in the last four years, federal campaign records show -- 24 percent more than runner-up New York and about 13 percent of all federal campaign funds raised nationally.

At the Los Angeles Times' request, the center compiled a list of California's top 100 donors to federal campaigns. The Times supplemented that effort by interviewing contributors and reviewing Federal Election Commission documents and other records.

The donations were for the 2003-2004 election cycle, which included the latest presidential campaign, and the 2005-2006 races for the U.S. House and Senate.Donors' motives vary. They might be trying to gain an edge in business, or access to powerful officials. Some win perquisites, such as ambassadorships. Many are ideologues whose passions run high on the war or health care or taxes.

Federal law restricts donors from giving more than $4,600 directly to a single candidate in a year. But many give far larger sums to independent campaign committees. Others leverage their money by organizing fund-raising events.

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In the past four years, Deborah Rappaport and her husband, venture capitalist Andrew Rappaport, of Woodside, have spent $5.2 million on federal politics, much of it to encourage young people to vote. They held a fund-raiser for White House candidate John Edwards of North Carolina earlier this month, raising more than $100,000.

"The stakes are huge," Deborah Rappaport said, describing herself as "an old lefty."

In one of the more unusual uses of campaign money, Silicon Valley Democrats Michael and Frances Kieschnick helped fund a successful campaign in 2006 to elect Democrats as secretaries of state who will oversee balloting in five swing states -- a reaction to perceived bias by Republican officials in Florida and Ohio in the 2000 and 2004 presidential vote counting.

Los Angeles-area developer Rick Caruso has a goal of raising $1 million for Massachusetts Gov. Romney's bid for the Republican nomination.

"I'm on a big Republican list," said Caruso, who has given $315,000 since 2003 to federal campaigns. "Politicians ... never lose your number."

Californians had a significant role in the 2006 fight for control of Congress, donating $6.6 million directly to candidates in the six U.S. Senate races that tipped control to Democrats, campaign records show.

In Montana, Democrat Jon Tester ousted Republican Sen. Conrad Burns by 3,600 votes, aided in part by Richard and Marilyn Mazess of Montecito. They gave $50,000 to the independent group Campaign Money Watch, which aired a commercial ridiculing Burns for his ties to "big oil."

Hollywood moguls Steven Spielberg and Jeffrey Katzenberg and other Californians donated $500,000 directly to Tester. Burns collected $460,000 from such Californians as Los Angeles venture capitalist Elliott Broidy and Edward Atsinger III, of Camarillo, chief executive of Christian radio network Salem Broadcasting.

"The money -- the California and New York money -- was very important to Tester," said political scientist Craig Wilson of Montana State University, Billings.

In addition to familiar California sources of political money -- defense, energy and aerospace companies, developers, unions, Hollywood and Silicon Valley -- the top donors include numerous lawyers, heirs and heiresses, and little-known financial, agricultural and other players scattered around the state.

(Among the big-name donors who don't make the latest list: Hollywood mogul David Geffen and investor Ronald Burkle.)

California is widely seen as a bastion of Democrats. But its greenbacks often are shaded Republican red.

One such Republican is Robin Arkley, who owns a finance and real estate firm in the far Northern California town of Eureka.

In 2004, Arkley had a hand in upending the Democratic power structure nationally when he spent $515,000 on independent campaign ads attacking then-Democratic Senate minority leader Tom Daschle of South Dakota. Daschle was ousted by Republican John Thune, who raised $1.29 million from California, more than any other state, including South Dakota, according to Political Moneyline.

In 2006, Steven B. Taylor, a retired farmer from Salinas, Calif., his wife and their three adult children spent heavily on the GOP.

One of the Taylors' sons, Christian, plays football for UCLA. He donated $45,000, much of it to such Republicans as Sen. Rick Santorum of Pennsylvania.

There was one savvy exception to the Taylors' Republican ways. They gave $20,000 to the Green Party of Lucerne County, Pa., including $9,000 from Christian. The goal: to help a Green Party candidate steal votes from Bob Casey, the Democrat challenging Santorum.

The strategy failed; Casey unseated Santorum. The Taylors did not return calls.

In addition to raising millions directly for President Bush, the state's Republicans have funded Progress for America, a group based in Washington that has countered the liberal MoveOn.org. In 2005, it aired television ads urging senators to confirm John G. Roberts Jr. for the Supreme Court. It also has run ads supporting the war in Iraq.

A. Jerrold Perenchio, chairman of Univision, the Spanish language television network, has given the group $9 million since 2003. Stockton, Calif., developer A.G. Spanos gave another $5 million, as did Los Angeles billionaire Roland Arnall and his wife, Dawn. Caruso chipped in $100,000 to help Roberts, now chief justice.

Bush has bestowed ambassadorships on five Californians, including Los Angeles car dealer Robert Holmes Tuttle, United Kingdom; Orange County investor George Argyros, formerly to Spain; Los Angeles venture capitalist Ronald Spogli, Italy; and investor Frank Baxter, Uruguay. Combined, they have given $1.6 million to the GOP since 2000, including donations to Bush's inaugurals.

The fifth, Arnall, is the biggest donor-ambassador. He represents U.S. interests in the Netherlands. Since 2004, Arnall and his wife, Dawn, have given $5.5 million primarily to Republican candidates and organizations, and another $1 million to Bush's 2005 inaugural. Arnall owns home mortgage lender Ameriquest Capital Corp. At $14.1 million, Los Angeles movie producer

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Stephen L. Bing was the state's largest single donor to federal campaigns during the past four years, most of it to Democrats. Bing, who declines interviews, spent another $49 million on a failed California initiative in 2006 to boost alternative energy. He likely will support Clinton's candidacy.

Sen. Clinton, D-N.Y., has taken $7.7 million from here for her U.S. Senate campaigns, second only to the $26.5 million she has raised in her home base. After Illinois, California has been the second largest source of money for Sen. Barack Obama, D-Ill., Federal Election Commission records show.

Sacramento Democrat Eleni Tsakopoulos-Kounalakis and her father, Angelo Tsakopoulos, have helped organize events for many Democrats, but are "Hillary people all the way."

"We want to see the White House restored to competent hands," she said.

She explained her family's political involvement by telling her father's story. He came here at age 15 from Greece with nothing, made a fortune as a developer and hosted a president, Bill Clinton, at his home. Tsakopoulos never could have attained such success in the old country. These days, Democratic politician all come courting.

"Everybody calls and we love it," she said. "What an incredible honor and privilege."

Times researcher Janet Lundblad contributed to this report.

Liberal Lobbying Groups Target 'Power Corridor' (WT)

By Eric Pfeiffer

The Washington Times, February 27, 2007

Liberal lobbying groups are trying to flex their newfound muscle on K Street after a dozen years in exile, promising to avoid the same tactical mistakes that led to the downfall of, and jail sentences for, some Republicans last year.

"Washington has been congested with conservatives abusing their power for far too long," said Toby Chaudhuri of the Campaign for America's Future (CAF), a progressive lobbying organization.

"We're cleaning out the stables on Washington's K Street power corridor, opening the back rooms to the public light," he said. "We have an opportunity to challenge the grip the right has had on our imaginations and our policies over the past quarter-century."

Part of that effort includes lining up prime real estate along the K Street corridor of Northwest Washington, which has been the traditional home of lobbyists in the nation's capital. The group yesterday announced it is moving to K Street while simultaneously doubling its office space. It has traditionally relied on grass-roots support for its campaigns.

Mr. Chaudhuri said CAF has signed a 10-year lease for the new office space, which will be shared with fellow liberal activist organizations including the Progressive Majority, the Ballot Initiative Strategy Center, Americans United and USAction.

"Maybe they are moving over to K Street so they can get their contributions more directly from the AFL-CIO headquarters," said Grover Norquist, president of Americans for Tax Reform, a conservative organization with close ties to K Street. "They are a front group for organized labor. These are the anti-reformers."

Despite their deep ideological differences, CAF and other liberal organizations are trying to emulate some of the tactics used by Mr. Norquist in helping the conservative movement rise to power. For instance, Mr. Norquist hosts the "Wednesday meetings," a weekly gathering of conservative activists, strategists and Republican congressional staffers.

The CAF now hosts its own biweekly patchwork of ideological allies that they call the "Tuesday Group."

"After the Republican takeover of Congress in 1994 and the White House in 2001, Norquist and a network of conservatives tightened their hold on power by dominating lobbying firms on K Street and building upon patronage, contracts and one-party rule. The changeover in Congress last month has helped alter this political culture," Mr. Chaudhuri wrote in the release.

"Yes, it's flattering, except it doesn't work for them," Mr. Norquist said of the comparison. "What unites our various causes is the desire to be left alone by the government. They can't sit around the campfire, because the only thing that unites their coalition is the desire for more government funding."

Nonetheless, CAF helped to organize and fund a successful advertising campaign last year against several Republican lawmakers, including former House Majority Leader Tom DeLay and former Ohio Rep. Bob Ney.

After stepping down from his leadership position, Mr. DeLay decided against seeking re-election and now runs a Web site that focuses on issues of importance to the conservative base. Mr. Ney also decided against running for re-election after pleading guilty to charges of conspiracy and making false statements stemming from his connections to former lobbyist Jack Abramoff.

Last year in January, Mr. Abramoff pleaded guilty to three felony counts for his role in defrauding American Indian tribes and charges of corruption of public officials.

CAF says it hopes to use its new location to focus on energy independence and to "create a national conversation about providing health care coverage for everyone in America."

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Court Upholds Calif. Stem Cell Agency (USAT)

By Elizabeth Weise

USA Today, February 27, 2007

SAN FRANCISCO — Three years after California passed a $3 billion stem cell initiative, a state appeals court has upheld the creation of the agency that will distribute the money, rebuffing legal challenges from abortion opponents and anti-tax activists.

The 1st District Court of Appeal Monday upheld a decision by a lower court judge who had ruled in favor of the California Institute for Regenerative Medicine (CIRM) last year.

The agency was created when 59% of voters passed Proposition 71 in 2004. In addition to creating the institute, the proposition authorized it to sell $3 billion in bonds to fund stem cell research over 10 years.

"Once again, the judiciary has upheld the constitutionality of California's innovative stem cell research project — in its entirety, without equivocation, and with absolutely no room for further argument," said Robert Klein, chair of the CIRM's Independent Citizens Oversight Committee. "We are grateful that the court rendered this decision so quickly, as it speeds the day when the will of 7 million voters can be fully realized."

The institute has not been able to borrow money pending the resolution of the lawsuit. But it has already received loans of $195 million from the state and philanthropic organizations.

Ten days ago the institute approved 72 grants totaling for $45 million for embryonic stem cell research at 20 institutions. "Another $80 million is teed up for mid-March," said spokesman Dale Carlson. Those grants made CIRM the largest U.S. backer of human embryonic stem cell research.

Robert Tyler, an attorney for Advocates of Faith and Freedom who helped the plaintiffs craft the lawsuit, told the Associated Press he expects the case to be appealed to the California Supreme Court. The plaintiffs are the California Family Bioethics Council and the People's Advocate and National Tax Limitation Foundation.

Among the arguments rejected by the court was the plaintiff's contention that officials from three university systems who sit on the oversight committee could benefit because their schools are applying for millions in research funds. The proposition dictates that those officials must withdraw when the board is considering an application from their schools.

The court also rejected arguments that the agency isn't under the exclusive control of the state. The plaintiffs argued that because University of California officials on the agency's oversight board aren't public officials, they have no authority to spend state money.

The plaintiffs have 40 days to file their petition, said Carlson. "(The) Supreme Court has 60 — 90 days to decide whether or not to take the case. If they don't, we can begin issuing bonds. If they do, case is probably resolved by year end."

Human embryonic stem cells are harvested from 3 to 5 day old embryos and are capable of becoming all tissues in the body. Researchers hope that one day they can be used to treat diseases ranging from Parkinson's to Alzheimer's to cancer.

But current techniques require the destruction of the embryo to harvest the cells, which is opposed by those who feel the destruction of the early embryo is the destruction of a human life.

In 2001, President Bush issued a decision limiting all federal funding of stem cell research to those projects using cell colonies, or lines, created prior to his August speech. California's Prop. 71 was in part a reaction to that decision.

School Lawsuit Gets Green Light (KCS)

The Kansas City Star, February 27, 2007

A lawsuit brought by one of eight former radiography students who sued career school Sanford Brown College in North Kansas City for fraud has been allowed to proceed.

Senior U.S. District Judge Scott Wright last week denied the college's motion for summary judgment, finding that there were disputed facts that needed to be resolved by a jury.

Although Wright's ruling technically applied to just one of the eight cases, he noted that all of the plaintiffs had made similar allegations, suggesting he will hand down identical rulings in the other cases.

Sanford Brown is a subsidiary of publicly traded Career Education Corp., which operates career colleges. The company posted $1.79 billion in revenues last year.

The lawsuits, which were filed in early 2005, charge that college admissions representatives lied to the plaintiffs about the cost of tuition, the availability of grants and loans, the jobs and starting salaries they could expect to get upon graduating, and the experience and preparedness of the school's instructors.

The lawsuit in which Wright ruled last week was brought by Darla Roberts, who alleged that the admissions representatives had sales quotas and were paid on the basis of how many leads they converted to interviews and enrollments.

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One college admission representative, Maddy Koehler, stated in her deposition testimony, “It’s like any sales job, either you can sell it or you can’t.”

After getting her associate degree in December 2003, Roberts says she obtained a job at KU Hospital but had to be retrained because her supervisor said she did not know what she was doing.

Roberts and the other former students are represented by North Kansas City attorney Gene Graham of White Allinder Graham & Buckley, who declined to comment.

Kathryn G. Lee of Husch & Eppenberger, Sanford Brown’s attorney, said that Roberts’ claims concerned conduct that occurred before Career Education owned Sanford Brown.

Sanford Brown “believes that the allegations made by Ms. Roberts and the other plaintiffs are meritless, and it will continue to vigorously defend the case at trial.”

The lawsuits are among a host of legal headaches for Career Education Corp. Last May, the company disclosed that it was being investigated by the U.S. Department of Justice after a false-claims lawsuit charged that some of its colleges had obtained federal funds to which they were not entitled. The company said it was cooperating with the investigation.

In mid-2005, the U.S. Department of Education imposed a moratorium on new company campuses, saying it was concerned by CEC’s “history of noncompliance” with federal laws governing financial aid.

The moratorium was imposed just months after CBS’ “60 Minutes” ran a scathing piece on the company’s Brooks College in Long Beach, Calif., which offers courses in fashion merchandising. Former students said that college officials lied to them about tuition costs, the quality of instruction, and the kind of jobs they could expect to get after graduation.

States Consider Tobacco Tax Hikes (USAT)

By Richard Wolf

USA Today, February 27, 2007

More than a dozen states are considering higher tobacco taxes this year, most often to help millions of uninsured people get health coverage.

Four of the most closely watched proposals call for tax hikes of $1 per pack or more, an increase attained by only four states in the past. Wisconsin Gov. Jim Doyle wants a $1.25 increase. Iowa, Maine and Maryland are considering $1.

The number of tax hike efforts isn't unusual: 21 states boosted tobacco taxes in 2002 and 17 in 2003 to combat the recession. Many of the new proposals are noteworthy for their size and link to helping some of the nation's nearly 47 million uninsured people.

"The amounts you're seeing are larger than we've seen in recent years," says Harley Duncan of the Federation of Tax Administrators. Expanding health insurance, he says, is an "expensive proposition."

Forty-two states, the District of Columbia and Puerto Rico have increased taxes since 2002 — 10 of them more than once, says the Campaign for Tobacco-Free Kids. Since 2000, tobacco sales in the USA have declined 15%, falling more steeply (27%) in the 19 states and the District of Columbia that tax cigarettes at $1 per pack or more, industry data show.

Taxes are rising in six states this year, pushing the average price of a pack of brand-name cigarettes to $4.26, up from $1.95 a decade ago, according to the economic consulting firm Orzechowski and Walker.

State tobacco taxes range from 7 cents a pack in South Carolina to $2.58 in New Jersey. They raised $14 billion in 2006, up from $7.3 billion a decade earlier. The 39-cent federal tax, last increased in 2002, raised $7.5 billion last year.

Industry officials say taxing tobacco to fund statewide initiatives is discriminatory. "It's asking one small minority group to fund a program to benefit the entire state," says Steve Kottak of R.J. Reynolds Tobacco. "Our view is, the smokers have paid enough."

Many states link tobacco taxes to helping people who don't have health insurance:

·In Wisconsin, Doyle wants to help insure 185,000 of 250,000 uninsured residents.

·In Oregon, where Gov. Ted Kulongoski has made this a top priority, Democrats must win five Republican votes in the House next month. The goal is to cover most of the state's 117,000 uninsured kids.

·Maryland House leaders want to double the state's $1 tobacco tax and help nearly one-third of the state's 780,000 uninsured.

Iowa Gov. Chet Culver wants a $1 boost to close the gap between $100 million raised from the existing tax and $277 million spent on smokers' health care.

Tax proposals have been made in at least 19 states this year, although some are not likely to pass. There are, however, a dozen advanced by governors.

GOP Firm Bucks Lobbying Trend (POL)

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By Jeanne Cummings
Politico.com, February 27, 2007

The rise of new Capitol Hill chairmen is turning lobbying shops across town into shades of Democratic blue and bipartisan purple, but one notable powerhouse is sticking with brilliant Republican red.

Barbour Griffith & Rogers was founded by political infighter and now Mississippi Gov. Haley Barbour (R), and his old partners are now bucking the post-midterm trend of bringing in a Democrat.

It's a counterintuitive strategy that carries obvious risks, not the least being diminished access to the emerging power centers on Capitol Hill. But the firm's path, which plots a decidedly different course than most other GOP shops in town, also rests on a gamble: that at a time of razor-thin partisan margins in Congress and increasingly complex public policy, what you know can be as important -- and lucrative -- as who you know.

That helps explain why Barbour Griffith & Rogers was signing on a handful of policy experts last year when many Republican-controlled lobbying shops were scooping up key Democratic aides and operatives.

Among the firm's new hired guns: Stephen Rademaker, former Senate Majority Leader Bill Frist's national policy director; Mary Lacey Reuther, a health care expert from the Bush administration; and Celeste Ward, a military operations and Iraq expert who worked at the Pentagon.

Sure, they are all Republicans, making them easy fits inside the firm. But the firm's chairman, Ed Rogers, is banking on their depth of knowledge to attract corporations and other interest groups.

By year's end, Reuther, a former special assistant to Bush's one-time Medicaid and Medicare director Mark McClellan, was already toiling away on the interests of drug makers Eli Lilly & Co. and Bristol-Myers Squibb -- whose combined payments to the firm amount to $160,000 for six months work, disclosure reports show.

The firm saw a similar dynamic when it hired former U.S. Ambassador to India Robert D. Blackwill to head its international operations. Corporations interested in breaking into the fast-growing Indian economy flocked to the firm to get Blackwill's help in navigating the nation's complex regulatory system.

Loren Monroe, the firm's chief operating officer, said the firm isn't ruling out the notion of hiring a Democrat someday. But "we can't change our business plan in anticipation of an election." Their clients "know we're Republicans and we're not going to try to fake it."

The more business-oriented shift toward lobbying began some time ago. No longer can you "take Jamie Whitten (the former Appropriations Committee cardinal from Mississippi) to the Palm Restaurant and get your deal done" as you could in the late 1970s, says Rogers.

But the post-Abramoff era and the fear of future lobbying scandals have accelerated the pivot. Many lobbying experts say they must tinker with their tactics by relying more heavily on "white papers" and policy justifications rather than their own personal relationships with lawmakers to make a case for their clients. The changed leadership on Capitol Hill -- with Democrats' vow to curb K Street's influence -- has made tactical changes all the more vital.

Barbour Griffith & Rogers' unorthodox strategy looks beyond simple partisan balance to give itself maximum flexibility in creating coalitions to support client needs.

"Depending on the issue, you may need a Democrat, a lawyer, a public relations expert or a media handler. It's best to go out and find the person with the best skills to handle troubles rather than associating with any one Democrat," Rogers explains.

It's a corporate plan based in part by watching and working with Democratic lobbying firms that managed to survive the last six years of Republican dominance. Among them is Ricchetti Inc., whose namesake is Steve Ricchetti, a former Clinton White House deputy chief of staff.

Ricchetti says his firm succeeded by offering clients an array of services, from issue expertise to public relations advice to grass-roots organizing. Corporate clients with big Republican contracts also threw work his way, recognizing the value added in having bipartisan support for their legislative wish list. That balance not only can pad the vote in their favor but also insulate them from becoming poster children for pork in the political season.

Of course, when all the knowledge and strategizing isn't enough, a firm aligned with a filibuster-strong minority can work to deploy their most potent weapon: Kill the legislation.

Ricchetti was part of a coalition that blocked passage of Bush's much-coveted repeal of the estate tax. "We sometimes were hired to make sure things didn't happen," he says.

So, in addition to recruiting policy experts, Barbour Griffith & Rogers, with its deep ties to Senate Republicans and the White House, is now poised to become the Republican go-to shop for executing the "block and tackle" play on Capitol Hill, says Monroe.

Adds Rogers: "What's the story that's happened for the last three years? Things pass the House and get bogged down in the Senate. I predict for the next two years, things will pass the House and get bogged down in the Senate, again."

Remaining all-Republican has other advantages: It makes the personal and political relationships a lot simpler.

The firm's client list doesn't set off internal squabbles because of the philosophical goals of the clients they attract. But a token Democratic hire or two might squirm at working for a firm that's paid $360,000 every six months to protect the oil interests of Iraq's Kurdish population at a time when their congressional allies argue that Iraq should solve its own internal divisions. Or one that banks another $100,000 semiannual payment to track any congressional efforts to regulate tobacco for Lorillard Tobacco Co., maker of Newports and Kents.

The strategy also squarely aligns the firm with the us-against-them Senate Republicans. When those politicians are feted at fundraisers at the firm's well-appointed Pennsylvania Avenue offices, they can rest assured that a Democrat won't be nibbling on a fresh order of the same hors d'oeuvres the next week. "We don't try to be cute about it or split the baby," says Rogers.

Indeed, the firm is hosting a fundraiser for Senate Minority Leader Mitch McConnell of Kentucky this week; Senate Majority Leader Harry Reid of Nevada shouldn't wait for his embossed invitation.

Welcome to Pit Boss, a weekly take on money and lobbying in Washington. My plan is to get into the weeds every Tuesday and explain how lobbying shops work, who the players are and how that world intersect with political fundraising and spending. I'll be on the hunt for background brawls, winners and losers, and bundlers extraordinaire. I welcome any comments, advice and, of course, tips for tracking the town's most lucrative industry and its renowned political generosity.

Halliburton Moves To Cast Off Rest Of KBR, Become Pure Play (WSJ)

By Russell Gold

The Wall Street Journal, February 27, 2007

Halliburton Co. took a decisive step to separate itself from its KBR Inc. unit, which generates a fraction of the company's profit but the lion's shares of headlines and headaches.

Halliburton said it would dispose of its 81% stake in the construction, engineering and government contracting firm by offering Halliburton shareholders the opportunity to trade their Halliburton shares for KBR shares at an unspecified ratio. If the offer isn't fully subscribed, the remaining KBR shares will be distributed through a special dividend to Halliburton owners.

In November, Halliburton sold a 19% stake in KBR through an initial public offering. The company has said for some time that it wanted to separate the KBR unit to raise the market value of its core oil-field-service business.

Halliburton, Houston, is the second-largest provider of specialized oil-field services by market capitalization behind Schlumberger Ltd. Its KBR unit designs and builds energy facilities, especially in remote and inhospitable regions.

KBR is best known for its logistical support contract for the U.S. military. Awarded in 2002, the logistics contract was expected to be fairly small, but it quickly ballooned as the war in Iraq escalated. Halliburton earned billions of dollars in revenue, but fairly thin profit margins. The company became a lightning rod for criticism, in part because Vice President Dick Cheney was Halliburton's chief executive from 1995 to 2000. KBR also drew allegations that it had overcharged the military.

Halliburton first discussed plans to separate KBR in 2004. Wall Street cheered the move as turning Halliburton into a pure-play energy-services company.

In 4 p.m. New York Stock Exchange composite trading yesterday, KBR shares were at $24.12, up 7%, in anticipation of the decision. The stock is up 16% since its close on the first day of trading in November.

Write to Russell Gold at russell.gold@wsj.com1

Halliburton To Complete Split With KBR (NYT)

The New York Times, February 27, 2007

Halliburton, the oil field services provider, said yesterday that it would complete its separation from KBR Inc. by offering current stockholders the remaining 81 percent stake in KBR, its former subsidiary.

Halliburton, once led by Vice President Dick Cheney, will offer its 135.6 million shares of KBR in exchange for its own stock. KBR is the largest American military contractor in Iraq.

If the offer is not fully subscribed, any remaining KBR shares will be given to stockholders as a special dividend on a pro rata basis, Halliburton, which is based in Houston, said.

Halliburton's chief executive, David J. Lesar, first raised the possibility of separating from KBR in 2004. He told investors in January that the company was considering a share swap — called a split-off — rather than the originally conceived spinoff.

Philanthropy Hits Record As Number Of $100 Million Donations Increase (USAT)

By Martha T. Moore

USA Today, February 27, 2007

As the rich get richer, they get more generous. Much more generous.

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The number of individual donations of $100 million or more hit a record in 2006, according to The Chronicle of Philanthropy, which compiles a yearly list of the biggest givers. Last year, there were 21 donations of $100 million or more by individuals to universities, hospitals and charities, compared with 11 in 2005.

The biggest gift by far was Warren Buffett's pledge to donate stock in his investment firm Berkshire Hathaway, now worth $43.5 billion, to several groups, including the Bill and Melinda Gates Foundation. Even without this huge donation, the philanthropy of the country's 60 most generous givers hit a record $7 billion in 2006, up from $4.3 billion the year before.

The reason for the increase in mega-gifts is simple: There are more people with deep pockets.

"It's a sign that wealth is growing and people are just raising their sights in terms of philanthropy," says Stacy Palmer, editor of The Chronicle.

Universities and other fundraising institutions ask for more and larger contributions, too. Stanford University, for example, is in the midst of a $4 billion campaign, the largest ever for a university.

Among those swimming in the deep end of the donor pool: Nike co-founder Phil Knight, who gave $105 million to Stanford's business school; David Rockefeller, who gave away $225 million, mostly to the Rockefeller family foundation; oilman T. Boone Pickens, who gave away $172 million, including $160 million to set up his own foundation; and New York City Mayor Michael Bloomberg, who gave $165 million to 1,000 groups but would name only five, which combat smoking.

In addition to the amount of money available to be given away, philanthropy experts and the givers themselves say there is a greater consciousness that those who have should give.

"It's sort of gotten out there that it's the right thing to do to be generous," says Stanley Katz, Princeton University professor of public policy and a scholar of philanthropy. "For the moment, that's more of the ethos of wealthy people."

A gift the size of Buffett's does have an influence, one of the top givers says.

"When people see substantial gifts, and they're in the same league, if they haven't given to that level, they start to think about giving," Pickens says.

Backing Abortion Rights While Keeping The Faith (NYT)

By Neela Banerjee

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — Frances Kissling has been called the “philosopher of the pro-choice movement” by her friends and an “abortion queen” by her critics.

But the name Ms. Kissling wears most defiantly, to the consternation of many religious believers, is Roman Catholic. For 25 years, as president of Catholics for a Free Choice, she has angered the church hierarchy and conservative Catholics by criticizing fundamental teachings on sex.

“I’m so Catholic, I can’t get away from it,” said Ms. Kissling, who was once in a convent. “How I construct concepts of life, of justice, it all comes out of being Catholic.”

Though unknown to most lay Catholics, she has inspired and worked with politicians and activists, many Catholic, to speak out in favor of giving women access to abortions and to artificial contraception.

On Wednesday, Ms. Kissling, 63, will step down from her post, relinquishing her role as one of the most vocal of the so-called bad Catholics, those who manage to accommodate the opposing sentiments of love for the church and anger at much of its doctrine.

“The constant refrain in this office is, ‘Are we really Catholic?’ ” Ms. Kissling said here in a recent interview. “I know with every ounce of my being that you don’t have to agree with the positions of the church on issues of abortion and contraception to be Catholic.”

Many Catholics passionately disagree. The United States Conference of Catholic Bishops has issued statements challenging the right of Catholics for a Free Choice to call itself Catholic. Critics dismiss Ms. Kissling’s organization as a mouthpiece for bigger, secular abortion rights groups and a front for anti-Catholic bigotry.

“They could get special attention and get special digs at the church because of their name,” said Helen M. Alvaré, an associate professor of law at the Catholic University of America and a former planning director of the Secretariat for Pro-Life Activities at the Catholic Bishops conference. “They had no grass-roots base among Catholics. There was nothing very different about them from other pro-choice groups in the arguments they made.”

Catholics for a Free Choice says it gives voice to the large percentage of Roman Catholics who disagree with the church’s position on reproductive issues. Its $3 million budget is largely financed by well-known secular foundations, including the Ford Foundation.

Ms. Kissling agrees with her detractors that her organization has not affected church doctrine. Instead, it has focused on working with lay Catholics and others to build momentum for its causes.

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With other groups, it successfully lobbied against the naming of John Klink, a former representative of the Holy See at the United Nations, to lead the State Department Bureau of Population, Refugees and Migration in 2001. Most recently, it worked with staff members for Representatives Rosa DeLauro, Democrat of Connecticut, and Tim Ryan, Democrat of Ohio, to draft legislation intended to decrease abortions, partly by increasing financing for family planning.

Sitting in her Washington office, Ms. Kissling was unequivocal in her distaste for the church hierarchy. "I think that in many ways, the church has become an unjust institution," she said. On one wall of her office was a cherub, on another a Che Guevara calendar. In a corner stood a candle that looked like a bishop's miter, yet to be lit.

Ms. Kissling continued: "It abuses nuns, anyone who thinks, homosexuals, women who have abortions. It sexually abuses children. It treats people badly, and something has to be done to change its abusive nature."

Ms. Kissling was born Frances Romanski into a working-class Polish family in New York, the oldest of four children. When she was a child, her mother divorced and later married a man named Kissling, which in the eyes of the church made her an adulteress, Ms. Kissling said.

Despite her frustration with such beliefs, Ms. Kissling said, she was inspired by the nuns at her Catholic school. In the early 1960s, she joined a convent, at age 19.

Convent life demanded that she look deep inside herself, she said, and she discovered that she did not agree with the church's teachings on divorce and birth control. She left after six months to attend the New School.

Avowedly heterosexual, she said she never had a desire to marry or have children. She became active in the women's movement in the 1960s. Then in 1970, when abortion was legalized in New York, she was asked to direct an abortion clinic in Pelham. She had no experience, she said, but neither did anyone else, so she took the position.

In 1978, she joined the board of Catholics for a Free Choice, and in 1982, she took over as president.

Critics and supporters say Ms. Kissling has a more nuanced view of abortion than many in the abortion rights movement. She said her experience working at an abortion clinic and her upbringing in the church made her believe "there was a certain void in the pro-choice movement around the questions of morality and ethics."

In late 2004, she published an article in her group's magazine, Conscience, titled "How to Think About the Fetus." She said that while the fetus might not be a person, it was part of the continuum of humanity. She wrote that the fetus "is not nothing," and that women who consider abortion know that.

Ms. Kissling said that abortion rights leaders feared acknowledging the value of a fetus because they did not want to further stigmatize abortion. But, she contends, that reticence has cast the abortion rights movement as casual about the emotional realities of abortion.

"Women know that something is inside them, and they know that something will become a baby if they don't act in some way," she said. "I don't think we could say anything to them about the value of fetal life that they haven't thought of already."

Many abortion rights leaders said the article was damaging, especially because it came out while politicians were considering bans on so-called partial-birth abortions. But others, including some in the anti-abortion camp, commended Ms. Kissling.

"With her approach, she has found the real-life stuff," said Representative Ryan, a Catholic who opposes abortion. "Those of us in the debate get hooked on philosophy and theory and dogma, and what Frances brings is reality: that abortion is a difficult decision for a woman."

Ms. Kissling said she had decided to step down because she believed that her efficacy might soon wane, that she was on the "verge of becoming boring or predictable." Jon O'Brien, 41, executive vice president of Catholics for a Free Choice, is to take over as president.

Ms. Kissling hopes to write a book about the value of the fetus, or teach, or finish the house she is building on the coast of Uruguay, she said. She has no plans to leave the Catholic Church.

"There are days when I think I can't be a Catholic and that I want to go join a community where I am welcomed, honored, where I can join a parish," she said. "But in the end, I don't want to be a Methodist. I'm a member of the greatest religion in the world."

Senior Slump (WP)

The Washington Post, February 27, 2007

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THE TROUBLING condition of America's public high schools has long been recognized. Even so, it was sobering to learn last week that high school seniors, though taking more advanced classes and getting better grades, are performing dismally on national tests.

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The data from the U.S. Education Department revealed a disturbing incongruity between how well schools say students are doing and how well students really are doing. Transcripts show more students taking supposedly more rigorous courses, yet raising their grade-point average from 2.68 in 1990 to 2.98 in 2005. But when these same students had to demonstrate what they learned on nationally recognized tests, only 35 percent scored proficient or better in reading. That's the worst performance since the testing began in 1992.

Why? Advanced classes may have highfalutin course descriptions, but the curriculum has been dumbed down. Pressure to pass students has caused grade inflation. The students hurt most are poor and minority. The Post's Amit R. Paley vividly demonstrated this by visiting two classes supposedly teaching the same material. Students at a more affluent high school faced higher expectations and standards than those at a school with more poor and black students. But even students who typically are seen as doing well in school -- suburban, middle-class children -- showed no gains. And the data don't deal at all with the many children who drop out before 12th grade.

Some states are moving to overhaul high schools and stiffen standards. Twenty-nine states, including Maryland and Virginia, are working with Achieve, a nonprofit group, to raise academic standards and accountability so students graduating from high school are able to meet the demands of college or work. So far, the No Child Left Behind Act has focused mainly on the elementary grades. The national debate over the law's reauthorization must include a robust discussion of how to improve high schools and create national standards. If not, any progress made in boosting achievement in elementary grades will be lost.

A Bad Report Card (NYT)

The New York Times, February 27, 2007

The news from American high schools is not good. The most recent test results from the National Assessment of Educational Progress, commonly known as the national report card, finds that American 12th graders are actually performing worse in reading than 12th graders did in 1992, when a comparable exam was given. In addition, 12th-grade performance in reading has been distressingly flat since 2002, even though the states were supposed to be improving the quality of teaching to comply with the No Child Left Behind education act.

The new scores, based on tests given in 2005, show that only about 35 percent of 12th graders are proficient in reading. Simply put, this means that a majority of the country's 12th graders have trouble understanding what they read fully enough to make inferences, draw conclusions and see connections between what they read and their own experiences. The math scores were even worse, with only 23 percent of 12th graders performing at or above the proficient level.

Marginal literacy and minimal math skills might have been adequate for the industrial age. But these scores mean that many of today's high school seniors will be locked out of the information economy, where a college degree is the basic price of admission and the ability to read, write and reason is essential for success.

Congress, which is preparing to reauthorize both the No Child Left Behind Act and the Higher Education Act, needs to take a hard look at these scores and move forcefully to demand far-reaching structural changes.

It should start by getting the board that oversees the National Assessment of Educational Progress testing to create rigorous national standards for crucial subjects. It should also require the states to raise the bar for teacher qualifications and end the odious practice of supplying the neediest students with the least qualified teachers. This process would also include requiring teachers colleges, which get federal aid, to turn out higher quality graduates and to supply many more teachers in vital areas like math and science. If there's any doubt about why these reforms are needed, all Congress has to do is read the latest national report card.

U.S. Displays Bomb Parts Said To Be Made In Iran (NYT)

By James Glanz And Richard A. Oppel Jr.

The New York Times, February 27, 2007

BAGHDAD, Feb. 26 — In a dusty field near the Baghdad airport on Monday, the American military laid out a display of hundreds of components for assembling deadly roadside bombs, its latest effort to embarrass the country it contends is supplying the material to armed Shiite groups here: Iran.

Officers of the First Cavalry Division whose unit seized the components said they had been found in a palm grove just north of the Iraqi capital two days earlier, after a tip from a local resident. An explosives expert said the components were made to be assembled into the deadly canisters called explosively formed penetrators, or E.F.P.'s, which explode and hurl out a high-speed blob of copper designed to cut through tough American armor.

"I've lost good friends to these E.F.P.'s," said Capt. Clayton Combs, whose unit turned up the cache of weapons. "And the fact that we found these before they got to the side of the road is just a huge win for us."

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The cache included what Maj. Marty Weber, a master explosives ordnance technician, said was C-4 explosive, a white substance, in clear plastic bags with red labels that he said contained serial numbers and other information that clearly marked it as Iranian.

But while the find gave experts much more information on the makings of the E.F.P.'s, which the American military has repeatedly argued must originate in Iran, the cache also included items that appeared to cloud the issue.

Among the confusing elements were cardboard boxes of the gray plastic PVC tubes used to make the canisters. The boxes appeared to contain shipments of tubes directly from factories in the Middle East, none of them in Iran. One box said in English that the tubes inside had been made in the United Arab Emirates and another said, in Arabic, "plastic made in Haditha," a restive Sunni town on the Euphrates River in Iraq.

The box marked U.A.E. provided a phone number for the manufacturer there. A call to that number late Monday encountered only an answering machine that said, "Leave your number and we will call you back."

Anthony H. Cordesman, who holds the Arleigh A. Burke chair in strategy at the Center for Strategic and International Studies in Washington, said that despite those confusing new elements, the United States has been cautious in how it has presented the possible evidence of Iranian involvement.

"The case that has been made has been very careful and very restrained," Mr. Cordesman said. "If this is unrealistic, it can't be blamed on the intelligence community. This has had the highest possible policy level review, and credibility on an international level is clearly the major criteria in reviewing everything that was said."

Other analysts have expressed skepticism that the American military has made a strong case for the Iranian origin of the E.F.P.'s as tensions are running high between the United States and Iran over its nuclear program.

Items in the cache included the concave copper dishes called liners that cap the canisters and roll into deadly armor-piercing slugs when the explosive detonates. There were also various kinds of electronics, presumably for arming and triggering the devices, the PVC tubes, and two types of rockets and mortar shells that Major Weber said had markings and construction that identified them as being Iranian in origin.

The PVC tubes, of several different sizes, appeared to be fittings of the kind of used to splice two stretches of PVC tube together in routine applications.

"It's worth pursuing that it's machine-made and you can track the country of origin," said Maj. Jeremy Siegrist of the First Cavalry Division. "And it's manufactured for a specific purpose."

That raised the possibility that the parts were purchased on the open market and that the liners were then manufactured to the right size to cap the fittings.

Captain Combs said the cache was hidden in buried freezers and an 80-gallon water container. "What they couldn't bury, like the 122-millimeter rockets you see in front of you, was covered in tarps," he said.

U.S. Find Stokes Fears Of Iraqis' Bomb-Making Ability (WSJ)

By Yochi J. Dreazen

The Wall Street Journal, February 27, 2007

BAGHDAD, Iraq -- An American military raid in southern Iraq uncovered a makeshift factory used to construct advanced roadside bombs that the U.S. had thought were made only in Iran. The find raises fears that Shiite Muslim insurgents across Iraq may be able to manufacture large quantities of such weapons on their own.

The Saturday raid in the small town of Jedidah marked the first time U.S. forces found evidence that militants inside Iraq are assembling "explosively formed penetrators," or EFPs, which can punch through the armored shells of U.S. military vehicles. U.S. officials said they found components for building about 150 of the devices, one of the largest caches of such weapons found to date in Iraq.

This find -- separate from one made in the southern city of Hilla a week ago -- is forcing U.S. officials to reassess their belief that such bombs were being built in Iran and smuggled fully assembled into Iraq. U.S. commanders briefing reporters here said Iraqi militants appear able to construct the bombs out of materials purchased locally or shipped into the country from Iran.

"We originally thought these came into Iraq already created, and now that intelligence has been totally relooked," said Capt. Clayton Combs, who led the raid. "It's like a playground kit you get in the mail: You can plot the instructions and start putting it together on-site, and that's what we have here."

U.S. commanders said the discovery raises concerns that the weapons could go into wider use, if militants no longer depend on receiving fully assembled devices from Iran or other sources. U.S. officials say the bombs, used mostly by Shiite militants, are more lethal than conventional roadside bombs used by Sunni insurgents.

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U.S. military commanders said many of the weapons seized in the Saturday raid -- including mortar shells, rocket-propelled grenades and large quantities of plastic explosive -- had markings indicating they had been manufactured in Iran. That could be used by the Bush administration to bolster its allegation that Iran is funneling weapons to Shiites in Iraq.

The U.S. commanders said they hadn't found evidence linking the weapons to Iran's government, army or paramilitary forces -- a connection the U.S. has yet to firmly establish despite its accusations. Tehran has denied the White House allegations and has accused Washington of fabricating evidence to justify a possible military strike on Iran.

The raid followed a call to a U.S.-run hotline from an Iraqi reporting that weapons were stored in a palm grove in Jedidah, a town near the Shiite city of Baqubah. U.S. forces searching the site found two freezers and a large water container that had been buried up to their lids and covered with palm fronds. Inside were dozens of rocket-propelled-grenade warheads, rocket launchers, mortar rounds and other weapons, U.S. commanders said.

The most important find was a mound of 150 concave copper caps, the main ingredient in EFPs, they said. When EFPs detonate, the caps turn into molten balls that can pierce the armored shells of Humvees or other vehicles, killing or maiming the soldiers inside.

Capt. Combs said the copper caps were smooth and perfectly symmetrical, suggesting they had been made with a high degree of technical precision. He said he didn't know where the caps came from or whether they had been made in Iran. "That's the hard thing about this war," he said.

Army Officers Say Iran Made Bomb Components (LAT)

By David Zucchino

The Los Angeles Times, February 27, 2007

BAGHDAD -- In the latest attempt to link the deadliest form of roadside bombs in Iraq to components manufactured in Iran, U.S. Army officers today displayed plastic explosives they said were made in Iran and recovered during a raid Saturday in violence-racked Diyala province.

An Army explosives expert said the C-4 plastic explosives were used to make lethal bombs that the military calls EFPs -- explosively formed projectiles. The explosives were found alongside enough bomb-making materials to build 150 EFPs capable of penetrating heavily armored vehicles, according to the expert, Maj. Martin Weber.

Mortars and rockets found in the same cache also were manufactured in Iran, Weber said. The cache included 150 machine-milled copper plates that form a shaped, concave lid on the projectile. When the weapons explode, those lids form balls of molten metal that can punch through the armor on vehicles.

The cache was believed to be the first EFP manufacturing site found inside Iraq, officers said. They had previously assumed that most EFPs were assembled outside the country and brought in nearly whole.

Officers said they did not know where the copper plates were manufactured, or by whom. They also said they could not prove who supplied the materials or who was building the EFPs.

The briefing was the third in two weeks in which U.S. military officials set forth evidence that they said showed Iran's hand in Iraq's violence.

By contrast with previous sessions, officers at today's display were careful not to accuse the Iranian government of involvement. U.S. officials have had to backtrack from previous assertions of direct involvement by Iran's top government officials.

"I don't think there's any way for us to know if it's tied to any government," said Maj. Jeremy Siegrist, the executive officer for the unit that recovered the materials. "That's a stretch too far."

But by summoning reporters to the display and providing Weber as an on-site expert to assert that some items came from Iran, the military was clearly emphasizing the linkage to that country.

Weber said cutting, stamping and milling the copper plates requires technical expertise, as does arming and triggering the EFPs. He said Iran has the necessary expertise. That country provides weapons and technical support for Hezbollah, which has used similar explosive devices in southern Lebanon.

Referring to the C-4, rockets and mortars, Weber said, "you can establish the country of origin, and that is a fact."

Capt. Clayton Combs, the company commander whose 1st Cavalry unit recovered what officers called "an IED factory," using the military acronym for improvised explosive devices, or roadside bombs, said he found it "interesting" that explosives, rockets and mortars from Iran were including among EFP-making materials. Asked to elaborate, Combs replied, "I'm not willing to go beyond that."

A cache of EFP materials found by U.S. forces in Hilla, south of Baghdad, last week was probably a transit point for materials to be assembled elsewhere, Weber speculated. The Hilla cache – and many others found by U.S. troops – included C-4 explosives made in Iran, Weber said.

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Mortars and rockets are commonly used in other types of IEDs. The rockets and mortars found in Diyala, a province north of Baghdad, were manufactured in 2006 and 2002, respectively, officers said, meaning they were not left over from the Iran-Iraq war in the 1980s.

EFPs have killed at least 170 U.S. troops, according to U.S. officials. So far, 3,156 U.S. troops have died in the war.

The Bush administration is mounting a campaign to isolate and discredit Iran over its nuclear program and its alleged role inside Iraq. It has accused the Al Quds Brigade, a unit of Iran's Revolutionary Guard, of supporting Shiite attacks against U.S. forces in Iraq.

Siegrist said U.S. troops were tipped off about the bomb site in Diyala by a local resident. The materials were hidden inside two freezers and a water container buried in a palm grove.

The cache included plastic plumbing pipes cut to form EFP housings, along with metal rings used to secure the devices. Also found were detonation cord, blasting caps, fuses, voltage regulators and ball bearings.

On display today was a fully formed EFP, which Combs said had been found at the site, fitted with a C-4 charge. The device is the size and shape of a large coffee can. It was fitted with what Weber said was a metal sighting device for aiming at a target. It was topped with a copper plate, or disk, the size of a bread plate.

EFPs cause more damage than other types of IEDs because of "the density and speed of two to four pounds of metal [copper] traveling at an extremely high rate of speed," Weber said.

Also recovered from the Diyala site were 15 122-mm rockets, two dozen 120-mm mortar rounds, mines, anti-aircraft ammunition and rocket-propelled grenades, Combs said.

The most significant items were the copper plates, made from 5mm copper sheets, Combs said.

"They're the hardest part to make," he said. "You need good quality copper and it has to be done just right, so this is a major find."

Diplomats To Begin Drafting New U.N. Sanctions On Iran (NYT)

By Helene Cooper

The New York Times, February 27, 2007

WASHINGTON, Feb. 26 — The coalition of six world powers that has been trying to get Iran to rein in its nuclear program will begin drafting a new United Nations Security Council resolution to ratchet up the pressure again, officials said Monday after a meeting in London.

Top officials from the United States, Britain, China, Russia, Germany and France agreed to begin working on the resolution after the International Atomic Energy Agency reported last week that Iran was expanding its efforts to enrich uranium, in continuing defiance of the United Nations.

The State Department spokesman, Sean McCormack, said the United States was willing to join in talks between the Europeans and Iran over the nuclear program, provided that Iran suspended its uranium enrichment activity.

Mr. McCormack added: “Should they choose not to proceed down that pathway, then there will be consequences. And those consequences will be diplomatic isolation from the rest of the world.”

Although American and British officials sounded buoyant, the United States discovered last year that there could be a long way between the start of work on a sanctions resolution against Iran and passage by the Security Council.

The first sanctions resolution against Iran took about four months to put together, after much disagreement between the United States and Russia in particular.

The resolution that finally passed, two days before Christmas, was much weaker than American officials had wanted. It banned the import and export of materials and technology used in uranium enrichment, reprocessing and ballistic missiles, and froze the assets of 12 Iranians and 10 companies said to be involved in nuclear and ballistic missile programs.

But it did not include a mandatory travel ban on people involved in nuclear activities, as the Bush administration had proposed. To achieve consensus, the Americans dropped their insistence on a travel ban after Russia balked. Moscow also balked over sanctions against a nuclear power plant that Russia is building at Bushehr, in southern Iran.

The resolution gave Iran 60 days from Dec. 23 to suspend uranium enrichment — the first step in making fuel that can be used for civilian power plants or atomic bombs — or face further sanctions.

American and European officials are hoping that this time in the Security Council, things will be different. The United States and Britain would like to see the next round of sanctions include the travel ban, as well as a further freeze on international financial transactions by top Iranian officials.

“We’ve done a lot of the political negotiation that we didn’t do last time,” said one European diplomat involved in the negotiations. He characterized the meeting on Monday in London, attended by the American under secretary of state for political

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affairs, R. Nicholas Burns, and his five counterparts from Europe, Russia and China, as “one of the best meetings that they’ve had yet.”

But, he added, “I’m sure it won’t be straightforward.”

A second sanctions resolution would be part of the overall increase in oratory and pressure against Iran by the Bush administration, which has also accused the Iranians of meddling in Iraq. Part of the debate on another resolution is bound to reflect concern from Russia over the possibility of American military action against Iran.

Vice President Dick Cheney said last week that “all options are still on the table” for Washington to prevent Iran from acquiring nuclear weapons, a comment that has heightened fears that the administration is considering attacking Iran’s nuclear sites.

The Russian foreign minister, Sergey V. Lavrov, said Monday, during a conversation with President Vladimir V. Putin that was broadcast on state television, that Moscow was worried about that kind of talk.

Major Powers Work On Iran Resolution (AP)

By Thomas Wagner

AP, February 27, 2007

The five permanent Security Council members and Germany began work Monday on a new U.N. resolution to pressure Iran to suspend parts of its nuclear program, but said they were still committed to seeking a diplomatic solution.

The six nations, meeting in London, said they were seeking the best way to "re-engage" Tehran after it failed to respect a U.N. deadline to halt its uranium enrichment work. However, they said no decisions were made and more talks were needed.

State Department spokesman Sean McCormack, briefing reporters in Washington after the meeting, said the diplomats would hold a telephone conference Thursday, "at which time they hope to be able to hammer out the elements of a U.N. sanctions resolution."

However, sharp differences appear to remain between the tough U.S. position and what Russia and China, veto-holding council members with close ties to Iran, are willing to accept.

The U.N.'s nuclear watchdog confirmed last week that Iran had defied a Security Council order to freeze enrichment — a possible path to nuclear arms — expanding its program instead. Iran insists its only interest in the technology is for the production of fuel for nuclear power plants.

John Sawers, the British Foreign Office official who chaired the closed one-day meeting, issued a statement calling Monday's meeting a productive first step.

"We also considered how best to re-engage with Iran. We are all committed to seeking a negotiated solution," Sawers said.

The senior officials from Britain, the United States, France, Germany, Russia, China and the EU Secretariat discussed the possibility of imposing incremental restrictions on trade and arms for Iran, officials said.

Sanctions approved in December ban all countries from supplying Iran with materials and technology that could contribute to its nuclear and missile programs and froze the Iranian assets of 10 key companies and 12 individuals related to those programs.

Russia and China are likely to oppose strict economic sanctions or weapons bans. A travel ban was dropped from the initial resolution because of Moscow's opposition. Before the meeting Monday, a senior British diplomat said officials would examine options including whittling away at export credits made available to companies that trade with Iran.

"I expect the tortuous negotiations will continue and not result in any meaningful compromise anytime soon," said Ray Takeyh, a senior fellow at the Council on Foreign Relations, a U.S. think tank. "There is a fundamental disagreement about what kind of a threat and how much of a threat Iran poses."

McCormack said U.S. officials want to engage in negotiations with Iran. "But we are equally committed to sending the message to the Iranian government: Should they chose not to proceed down that pathway, then there will be consequences," he said.

Iran's top nuclear negotiator on Monday said if the United States made a formal request for talks, Iran would respond positively but would not accept conditions placed on such discussions, the country's official news agency reported.

The Islamic Republic News Agency said Ali Larijani was responding to Secretary of State Condoleezza Rice's comments Sunday that the U.S. would hold direct talks with Iran if Tehran suspended its nuclear program.

Iran has repeatedly said it would not freeze enrichment as a precondition to holding talks on its nuclear program.

"Setting conditions means indicating the outcome of talks prior to holding them. Therefore, such a policy has not been answerable," IRNA quoted Larijani as saying.

Diplomats Seek Way To 'Reengage' Iran (WP)

By Mary Jordan

The Washington Post, February 27, 2007

LONDON, Feb. 26 -- Representatives of the five permanent members of the U.N. Security Council and Germany said after meeting in London on Monday that they were committed to seeking a negotiated solution with Iran, which has defied a U.N. order to halt its uranium enrichment program.

In Washington, meanwhile, State Department spokesman Sean McCormack told reporters that the six nations had "agreed on the fact that they will go forward with a U.N. sanctions resolution."

McCormack said the six nations -- the United States, Britain, France, China, Russia and Germany -- wanted Iran to negotiate. But he also said, "We are equally committed to sending the message to the Iranian government: Should they choose not to proceed down that pathway, then there will be consequences."

Last week, the International Atomic Energy Agency issued a report saying that rather than halting its uranium enrichment program, Iran had expanded it.

During a visit Saturday to Sydney, Vice President Cheney told reporters that "all options are still on the table" for dealing with Iran, raising concerns that the United States was considering a possible military strike.

The United States accuses Iran of secretly using its nuclear program in an effort to build atomic weapons. The Tehran government insists its program is solely for energy purposes and that it has no intention of stopping its uranium enrichment as demanded by the Security Council.

Officials at the talks sought to play down any rising confrontation. John Sawers, the British official chairing Monday's meeting, issued a statement saying that the group had "considered how best to reengage with Iran. We are all committed to seeking a negotiated solution."

Not all parties agree on the seriousness of the threat from Iran or how best to contain it. Of the five permanent members of the U.N. Security Council, Russia and China have resisted tough sanctions.

In December, the Security Council banned countries from supplying Iran with technology that could be used in its nuclear and missile programs and froze the assets of certain companies and individuals. Now wider economic sanctions are being considered, along with a travel ban on some officials.

Officials from the six nations involved in the talks are to continue discussions by phone on Thursday.

UN Action On Iran 'Still Has Time To Work' (FT)

By Daniel Dombey And Stephen Fidler

Financial Times, February 27, 2007

US and British diplomats yesterday said the west's strategy on Iran - involving a new round of measures at the United Nations - still had time to succeed, despite Tehran's failure last week to meet a UN deadline on its nuclear programme.

"The genie isn't out of the bottle yet but . . . they are working very aggressively to get it out," a US official yesterday told the Financial Times, referring to Iran's efforts to move ahead with uranium enrichment, which can produce both nuclear fuel and weapons-grade material.

Last week the International Atomic Energy Agency, the UN's nuclear watchdog, said Iran had installed or nearly installed more than 600 centrifuges at a site intended for large-scale uranium enrichment and aimed to have 3,000 centrifuges operating by May.

"They have not perfected running these things, there is still more work to do to master the technology," said the official.

The comments came as officials from the leading powers met in London to discuss whether to toughen the sanctions against Iran agreed last December.

The officials - from the five permanent members of the UN Security Council, plus Germany - will now consult their own governments on next steps.

"We began work on a new Security Council resolution . . . we also considered how best to re-engage with Iran," said the British Foreign Office.

It added that, following their "productive first discussion", the diplomats would resume contacts with one another this week.

The European Union and the US want to persuade Russia and China to sign up to a travel ban against named individuals involved in Iran's missile and nuclear programmes - who are currently subject to lesser measures - and to extend the list of people concerned.

In addition, the US, with some UK support, would like European countries to cut back on export credits to companies doing business with Iran and to restrict arms sales.

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These measures may be difficult to agree at UN or even EU level. But for both export credits and arms sales, the big powers may decide to exercise greater voluntary restraint or to back a move at the UN that would call on, but not legally require, states to limit such dealings with Tehran.

France and Germany argue that demand for export credits is already declining because the nuclear dispute makes it less to attractive for companies to trade with Tehran. The incremental nature of the measures under discussion has led some to conclude that the west's approach is unlikely to persuade Iran to change course.

But the US and the EU argue that Iran's leadership has been unsettled by Security Council censure and Washington has sought to increase pressure on Tehran by actions such as dispatching a second aircraft carrier to the Gulf.

Such military moves have been criticised by Russia, perhaps the key countryin agreeing any further international pressure on Tehran.

Sergei Lavrov, foreign minister, said yesterday he was "concerned that forecasts and predictions of strikes on Iran have become frequent".

US Presses For More Sanctions On Iran (FT)

By Daniel Dombey And Stephen Fidler

Financial Times, February 27, 2007

US and British diplomats said on Monday the world's big powers had agreed to start work on new United Nations measures against Iran after Tehran's failure last week to meet a deadline on its nuclear programme.

They added that the west's strategy of incremental pressure still had time to succeed despite difficulties in agreeing far-reaching steps.

"We began work on a new [UN] Security Council resolution . . . we also considered how best to re-engage with Iran," said the British Foreign Office, after officials met in London to discuss toughening the sanctions against Iran agreed in December. The officials – from the five permanent members of the Security Council, plus Germany – will now consult their governments.

The Foreign Office added that the diplomats would resume contact this week.

Separately, a US official told the Financial Times there was still time to resolve the dispute diplomatically.

"The genie isn't out of the bottle yet but...they are working very aggressively to get it out," he said, referring to Iran's efforts to move on with uranium enrichment, which can produce both nuclear fuel and weapons-grade material.

Last week the International Atomic Energy Agency, the UN's nuclear watchdog, said Iran had installed or nearly installed more than 600 centrifuges at a site intended for large-scale uranium enrichment, and aimed to have 3,000 centrifuges operating by May.

The US and the EU want Russia and China to sign up to a travel ban on named individuals in Iran's missile and nuclear programmes.

In addition, the US, with some UK support, would like Europe to cut back on export credits to companies doing business with Iran and to restrict arms sales.

These measures might be difficult to agree and the big powers could decide to exercise greater voluntary re-straint or to back a move at the UN calling on, but not requiring, states to limit such dealings with Tehran.

The US and the EU argue that Iran has been unsettled by Security Council censure and Washington has sought to increase the pressure by dispatching a second aircraft carrier to the Gulf.

Such military moves have been criticised by Russia, which is key to agreeing further sanctions. Sergei Lavrov, foreign minister, said on Monday he was "concerned that forecasts and predictions of strikes on Iran have become frequent".

Meanwhile, Javad Zarif, Iran's outgoing ambassador to the UN, told a conference in New York that a deal on the nuclear programme that included a political commitment to peaceful activity, greater monitoring by the IAEA and the participation of an international or regional consortium in its uranium enrichment was still possible.

Mr Zarif told the meeting of the Century Foundation that there was "enough on the table already to find a resolution on the nuclear issue", but described the Security Council as "part of the problem", alleging it had been used as a tool of the US rather than as a genuine way of finding a negotiated deal.

He sidestepped questions about what conditions would be needed for Iran to suspend enrichment but said any demand on it to abandon its right to nuclear technology was "not a good solution".

Iran's Pursuit Of Nuclear Power Raises Alarms (CSM)

By Howard Lafranchi

The Christian Science Monitor, February 27, 2007

DOJ_NMG_0137495

Iran's mantralike insistence that its pursuit of nuclear technology is an internationally guaranteed right that it will never curtail has countries as diverse as the United States and China worried it is seeking a nuclear weapon.

But the huge increases in energy demand anticipated across the developing world over the next two decades, coupled with a growing urgency about global warming, have nuclear nonproliferation experts focused on Iran's case for broader and even more unsettling reasons. If a sense of entitlement to nuclear power and the fuel that makes it possible is allowed to take root, they say, the world soon could find itself with dozens of nuclear countries with the means to switch from peaceful energy production to building a nuclear arsenal virtually overnight.

Many of those countries would be in such hot spots as the Middle East and Southeast Asia, where a mounting temptation to keep up with worrisome neighbors could be too much to resist.

"It's not too difficult to foresee a world of dozens of virtual nuclear-weapons states, capable of building a bomb because of the nuclear material and technology they have, and Iran represents the danger of this future scenario," says Daryl Kimball, executive director of the Arms Control Association in Washington. "A country that claims it is within its rights defies the international community, and gets right up to the edge of producing bomb-grade uranium."

The question of how to control the spread of nuclear technology – which can supply both civilian electrical energy production and horrendous mass destruction – has been on the international agenda since the early 1950s. A key worry has always been how to control the nuclear fuel, uranium or plutonium, that powers a civilian plant but that also is a key building block for military use of nuclear energy.

Concerns receded in recent decades, as interest stalled in nuclear-power generation. But with the US Department of Energy predicting a 50 percent rise in global demand for electricity in little more than a decade – and with rising concerns about the effect of energy sources that produce greenhouse gases – nuclear is again a "hot" energy solution.

Enter Iran and its repeated claims to a "right" to nuclear technology and power. The UN Security Council's five permanent members plus Germany met in London Monday to consider a second round of sanctions against Iran, which the UN's nuclear watchdog agency last week said was accelerating its uranium-enrichment program. The meeting, not concluded at press time, was expected to produce ideas for additional turns of screws designed to bring Tehran back to the negotiating table.

Since the 1970 Nonproliferation Treaty (NPT), international law has acknowledged a universal right to peaceful nuclear energy. But Iran is using a "pick-and-choose" approach to the NPT, many experts say. Even before the part of the treaty that speaks of a right to nuclear energy, they point out, the language first lays out a country's responsibilities to forswear military uses and to provide assurances that its uses are peaceful.

"What we're talking about here is a loose interpretation of a right to something that brings you to within days of having a bomb, but when people say there is a right to that they are wrong," says Henry Sokolski, executive director of the Nonproliferation Policy Education Center in Washington and a former Pentagon nonproliferation official.

It is "sloppy reading" of rules that include safeguards, Mr. Sokolski says, that has allowed Iran to move forward while citing "rights" but not responsibilities. Some countries and some US officials are pressing for a stricter interpretation, he says, that there is "no per se right to technology" without an equal willingness to prove that its use is solely for peaceful purposes.

A problem, though, stems from past practice of the US and other nuclear powers who have looked away as friendly nations with nuclear-energy programs developed their own programs for producing nuclear fuel. That response has allowed a list of nonnuclear-weapons countries like Japan and Germany to nevertheless possess all the material they need to have a bomb in no time (an alternative Japan has occasionally mulled over as North Korea has gone nuclear).

"We have winked at a list of friendly countries like Japan, Germany, Brazil, and others on the question of whether or not they should be able to make their own nuclear fuel, and the result is the idea that if it was true before it must be true for everybody," Sokolski says. The NPT says no such thing about nuclear fuel, he adds, because the international nuclear-fuel regime was never taken up by the treaty.

A problem for the international community is that many developing countries, no matter what they may think of the Iranian regime, perceive that Iran has a point when it speaks of developed-world favoritism, says the Arms Control Association's Mr. Kimball. Other analysts agree.

"Whether we like it or not, Iran is tapping into this issue of fairness and equality," says Joseph Cirincione, a nonproliferation expert at the Center for America Progress and author of a new book, "Bomb Scare," on the future of nuclear weapons.

Regional fears about Iran's intentions are also a factor. As Iran has asserted a right to nuclear technology, other countries in the oil-rich Middle East have announced plans to develop nuclear energy – something many experts doubt is a coincidence.

"We may still be debating whether Iran's nuclear program is ultimately for peaceful purposes or progressing with the intent of building nuclear weapons, but the countries in the region have made their decision that it is an aggressive program that requires a counter," says Ilan Berman, vice president of the American Foreign Policy Council and an Iran expert.

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Noting that at least eight countries in the Middle East have recently declared intentions to develop nuclear technology, he says: "They are looking for some sort of counterweight to the Iranian program, which the Iranians may say is for peaceful purposes but which [these countries] know has the potential of being a nuclear-weapons program as well."

Needed: disincentives to make fuel

Beyond the immediate case of Iran, Mr. Berman says, the NPT poses a problem in that its guarantees of access to nuclear power encourage countries to develop technology "that allows them to come within striking distance of a nuclear-weapons capability."

An urgent need, he adds, is a new international system that creates "disincentives" for countries to move beyond nuclear power to producing nuclear fuel.

Ideas are out there, though no one is jumping at adopting them.

One proposal is to create a privately funded "fuel bank" – a stockpile of low-enriched uranium for use by countries that pledge not to build their own fuel-cycle capabilities. The Nuclear Threat Initiative co-founded by Ted Turner and former US Sen. Sam Nunn has committed $50 million to creating such a bank through the International Atomic Energy Agency.

Others, such as the proliferation education center's Sokolski, say the incentives for nuclear-power production, including huge subsidies that countries give it, must be accounted for so that nuclear programs make economic sense. That would level the playing field as countries look for energy alternatives, and limit the "excuses" for developing a technology with a military adaptation, he says.

Jitters about nuclear rise again

While jitters about nuclear's potential for destructive uses are not new, they are heightened by the need for clean energy sources and new security threats.

America's first National Intelligence Estimate, issued under the Eisenhower administration, noted that countries would choose how to use nuclear technology "depending on how they think the wind is blowing," notes Mr. Cirincione.

"The challenge we face now is this: If we think nuclear energy is part of a global-warming solution, then we have to solve the nuclear-fuel problem to make the world safe for nuclear-power production."

Iran Demonized By U.S. And U.N. (WSJ)

The Wall Street Journal, February 27, 2007

In response to "Table Talk1 by Michael Rubin and Danielle Pletka (editorial page, Feb. 21): Iran has not violated any of its international obligations by seeking to produce nuclear fuel for its civilian reactors.

While exercising its inalienable rights under the Non-Proliferation Treaty, Iran has cooperated with the International Atomic Energy Agency (IAEA), by placing all its nuclear facilities under the full scope of IAEA's monitoring and safeguard mechanisms.

After more than 2,200 days of inspection of Iran's nuclear facilities, the IAEA has time and again concluded that there is no evidence of diversion to non-peaceful purposes.

This raises a question: What grounds are the United Nations using to impose sanctions on Iran, while simultaneously ignoring the absence of disarmament and the proliferation threats posed by Israel, which has a huge nuclear arsenal and has refused the slightest inspections by the IAEA?

The international community must seek an immediate end to this outrageous double standard and discrimination against the rights of Iran.

Unfortunately, the right-wing pundits in the U.S. are blinded to Iran's rights, as well as to the constructive role of Iran in promoting stability and regional cooperation, intent as they are in constant demonization of Iran.

M.A. Mohammadi
Press Secretary
Iran Mission to the United Nations
New York

Iranian Leader's Rhetoric Criticized (WT/AP)

By Ali Akbar Dareini

The Washington Times, February 27, 2007

TEHRAN -- Iranian President Mahmoud Ahmadinejad faced a new round of sharp criticism at home yesterday after he said Iran's nuclear program is an unstoppable train without brakes, language opponents say only inflames the West as it considers further sanctions.

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In London, the United States and five other world powers agreed to begin work on a new U.N. Security Council resolution over Iran's refusal to suspend its nuclear program, but they remained committed to seeking a negotiated solution, British officials said.

The domestic criticism of the hard-line Iranian president came amid signs that Supreme Leader Ayatollah Ali Khamenei is growing discontented with Mr. Ahmadinejad.

Last week, the ayatollah voiced rare criticism of the domestic record of Mr. Ahmadinejad's government, and the president was notably absent when a group of Cabinet members and vice presidents met recently with the Shi'ite cleric, who has the final word in all political affairs in Iran, including the nuclear issue.

The Bush administration has taken a more aggressive stance toward Iran, building up the U.S. military presence in the Gulf and accusing Tehran of backing militants in Iraq. That has increased fears among Iranians of possible U.S. military action.

But on the eve of the London gathering, Mr. Ahmadinejad again struck a defiant tone, telling a group of clerics Sunday, "The train of the Iranian nation is without brakes and a rear gear."

Those comments brought a hail of condemnations in Iran yesterday, not only from reformists who have long opposed Mr. Ahmadinejad, but also from conservatives who once backed him but now see his fiery rhetoric as needlessly provoking the West into confrontation.

The conservative daily Resalat chided Mr. Ahmadinejad, saying "neither weakness nor unnecessarily offensive language is acceptable in foreign policy."

"Our foreign policy must reflect the ancient Iranian civilization and rich Islamic culture of the Iranian nation," the newspaper said.

Few details emerged from the London meeting of the United States and its partners -- France, Britain, Russia, China and Germany -- but State Department spokesman Sean McCormack said they would hold talks by phone Thursday "at which time they hope to be able to hammer out the elements of a U.N. sanctions resolution."

U.S. officials have been pressing for strong action against Tehran but have run into opposition, notably from Russia, over how tough a line to take.

Russian Foreign Minister Sergey Lavrov said Moscow was "worried that the forecasts and suppositions of a possible attack on Iran have become more frequent."

Mr. Ahmadinejad's critics have grown more vocal since his allies suffered a humiliating defeat in local elections in December. That vote was swept by reformist parties and anti-Ahmadinejad conservatives who said the president has spent too much time castigating the West and has neglected Iran's faltering economy.

The president appeared to have toned down his rhetoric in the past few weeks, insisting Iran would not give up its nuclear program but using a more moderate tone and expressing a desire to negotiate with the West.

Iranian political analyst Iraj Jamshidi said it appeared "the top leadership has cautioned him about his remarks," but he added that Mr. Ahmadinejad's tough rhetoric "is part of his personality."

Iran denies U.S. and Western claims that it is secretly trying to develop nuclear weapons, and the country's political factions have long been united in their stance that Iran has a right to a peaceful nuclear energy program. So far, the criticism of the president has focused on his confrontational tone -- though some reformers have gone further, saying Iran should be more willing to consider at least a temporary suspension of the nuclear program.

At the same time, Mr. Ahmadinejad's top political rival, Ayatollah Akbar Hashemi Rafsanjani, has emerged as a high-level advocate of a more conciliatory stance toward the West, saying the nuclear dispute needs to be resolved through "dialogue and wisdom."

Mr. Rafsanjani, a top figure in Iran's clerical leadership, lost to Mr. Ahmadinejad in the 2005 election, but Mr. Rafsanjani's allies were among those swept to victory in the December local elections.

Iranian Scholars Denounce Conference That Denied Holocaust (NYT)

By Nazila Fathi

The New York Times, February 27, 2007

TEHRAN, Feb. 26 — A group of Iranian academics, writers and artists has denounced the Holocaust conference held in Tehran late last year, calling it a move that endangered peace and hurt the reputation of Iranian academics.

The Iranian government organized a two-day gathering in December, billed it as a legitimate conference on the historical record and invited notorious Holocaust deniers and white supremacists from around the world. Among those from the United States was the former Ku Klux Klan leader David Duke.

The Foreign Ministry held the event after President Mahmoud Ahmadinejad said several times that the Holocaust was a myth invented to justify the state of Israel.

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In a bold gesture, more than 20 academics, writers and artists, many of whom live outside of Iran, signed a statement that was sent to The New York Times and circulated on the Internet last week, arguing that the gathering was an exercise in propaganda.

The statement said the conference harmed the academic image of Iranian universities and merely provided a pretext for warmongers in the region. It added that the gathering perpetuated the immoral stance of Holocaust denial, a position that seriously endangers world peace.

"The extensive material evidence, the confessions made in the Nuremberg trial and other trials that took place after the war and the testimonies of the survivors established the veracity of the accounts beyond any doubt," the statement said.

"The accuracy of the accounts has been acknowledged by many academic, political and religious authorities, including the Catholic Church."

The statement added that talking inconsiderately about the genocide can only be described as rubbing salt into a historical wound.

"Those who perpetuate the discourse on Holocaust denial ignore the feelings of the people directly affected by this event," it said.

The statement also argued that denying the Holocaust would not help the Palestinian cause. "No matter what political position we adopt regarding the creation of Israel and its further expansion, the historical evidence for the Holocaust remains intact," it said.

"The Palestinians, like all other nations, have a right to enjoy their livelihood in their own independent state," the statement added. "This right has nothing to do with the denial or acknowledgment of the Holocaust."

Given the risk of harassment and repression for those who criticize the government, dissent over the so-called conference had been slow to build. Recently, reformist politicians and several members of Parliament voiced their outrage over the consequences of holding such an event.

Akbar Alami, the parliamentary representative from the northwestern city of Tabriz, had asked Foreign Minister Manouchehr Mottaki to appear in Parliament to explain the ministry's plans for decreasing tension with the West in January and accused Mr. Ahmadinejad of conducting a reckless foreign policy.

"Why did we have to bring up the issue of the Holocaust, which belongs to 60 years ago?" Mr. Alami asked Mr. Mottaki.

Mehdi Karoubi, a veteran politician and a former speaker of Parliament, criticized the event last week, saying that it led to a United Nations resolution against Iran.

"Have we ever asked how questioning the Holocaust has harmed us and what price we had to pay for it?" he asked in a speech at Tehran University, the ILNA Labor news agency reported.

The United Nations reacted to the event in Tehran by adopting a resolution without vote that rejected denial of the Holocaust as a historical event.

Persian Shrug (WSJ)

By Edward N. Luttwak

The Wall Street Journal, February 27, 2007

Almost everyone in Washington agrees that Iran is the big winner in the Middle East power competition, and the U.S. the big loser. Instead of the irremediably hostile Taliban, Iran now has a friendly Afghan government on its eastern border. Rather than having to face Saddam Hussein's regime, Iran has nothing to fear from an Iraqi government dominated by friends and obedient clients, many of whom lived as protected exiles in Iran for 20 years or more.

Having crushed Tehran's enemies, the U.S. finds itself under attack by Iran's rulers, who no longer have to worry about defending their own borders and can instead challenge American interests all over the Middle East, and as far away as Venezuela. At the same time, Iran continues to build facilities to process, gasify and enrich uranium, in spite of the International Atomic Energy Agency and solemn resolutions by the U.N. Security Council.

For some, including the Baker-Hamilton commission, all this is a compelling argument for negotiations. The hope is that Iran's mighty rulers can be persuaded to stop arming and inciting the insurgents attacking American and British troops in Iraq, and perhaps help to stabilize the country, allowing the U.S. to withdraw less ignominiously. Now there is even talk of a détente with Iran, that being the standard diplomatic method to deal with a hostile country too powerful to be intimidated or defeated, and with which one must simply coexist on the best terms that can be had. In this case, it would mean coexistence with Tehran's continued support for Hamas, Hezbollah, Islamic Jihad and three different Iraqi militias, as well as with Iran's nuclear program.

Back in the 1970s, détente with the Soviet Union was criticized on the grounds that it actually propped up a regime in irreversible decline, and whose power could be confronted successfully. In the 1980s, the critics of that détente led by Ronald Reagan had their opportunity to challenge the Soviet Union, which did not outlast the decade.

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There is every reason to believe that history is about to repeat itself. Iran does not resemble the Soviet Union in any other way and certainly does not have even a fraction of its military power, but it too is a multinational state in an age when nations are everywhere asserting their separate identities. In arguing that there is universal support for the nuclear program, regime spokesmen and even many Persians in exile speak of Iran as a unitary state inhabited by "Iranians" who are very nationalistic, even if they oppose the ayatollahs.

None of this remotely corresponds to Iran's ethnic realities. Persians only account for half the population, and the other half includes many different nationalities increasingly resentful of Persian cultural imperialism.

Kurds account for some 7% of the population, and their nationalism is Kurdish and not Persian, having been much strengthened by the successful example of virtual Kurdish independence in Iraq. Their demands for autonomy have become sufficiently forceful to start an insurgency. The same is true of two smaller nationalities that are even more violently disaffected with frequent fire-fights and bombings: the Arabs and the Baluch, which account for another 3% of the population. But the largest of Iran's subject nationalities are the Azeris. While many have been assimilated, at least 20 million still speak an entirely different Turkic language, and increasingly form the core of a united Azeri nation that extends beyond western Iran to include the former Soviet republic of Azerbaijan.

The religious extremism of Iran's regime creates its own divisions. The bloody persecution of the Bahais, the new persecution of the Sufis and the institutional subjection of Christians, Jews and Zoroastrians have attracted greater attention, but the ill-treatment of the 9% of the population that is Sunni is more important politically: In Tehran where more than a million Sunnis live, there is no Sunni mosque as there is in Rome, Tel Aviv and Washington, D.C.

If Iran's economy were more successful, ethnic divisions and even religious resentments would matter less. As it is, with at least 20% unemployment and an annual inflation rate of some 30%, Iran's economy is scarcely a unifying force, especially because most of its minorities are distinctly poorer than the dominant Persians.

Viewed from the inside, Iran is hardly the formidable power that some see on the outside. The natural outcome of increasing popular opposition to extremist rulers, of widening ethnic divisions and bitter Sunni resentment of Shia oppression is a breakup. Certainly there is no reason why Iran should be the only multinational state to resist the nationalist separatism that destroyed the Soviet Union and Yugoslavia, divided Belgium in all but name and decentralized Spain and even the United Kingdom, along with other states large and small.

Once again, there is a better alternative to détente with a repulsive regime, and that is to be true to the Wilsonian tradition of American foreign policy by encouraging the forces of national liberation within Iran.

Mr. Luttwak, a senior fellow at the Center for Strategic and International Studies, is author of "Strategy: The Logic of War and Peace" (Belknap, 2002).

Germany's Iran Trade (WSJ)

The Wall Street Journal, February 27, 2007

Contrary to the impression created by your Feb. 20 editorial "Europe and the Mullahs," Germany's trade with Iran as well as its export credit guarantees have declined sharply in the past year. German exports of goods to Iran in 2004 rose by 33% compared with 2003; in 2005 the increase was 24%, and in 2006 exports fell by almost 8%. A further fall is foreseen for 2007. Export guarantees from 2005 to 2006 declined by 33%, due to the federal government having tightened its policies. A further decline by 40% is predicted for 2007. Over 2006 and 2007 export guarantees will thus have dropped in volume by 60%.

Ulrich A. Sante
Press, Information and Public Diplomacy Section
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Washington

Palestinian Killed In Israeli Sweep Of West Bank City (NYT)

By Greg Myre

The New York Times, February 27, 2007

JERUSALEM, Feb. 26 — Israeli troops searched for militants and weapons in the West Bank city of Nablus for a third day Monday, going door to door and periodically clashing with gunmen and stone-throwing youths.

One Palestinian man was killed and his son was wounded, Palestinians said, the first fatality since Israel began the operation on Saturday through the warren of homes and shops in the casbah area of central Nablus.

The Israeli troops, in dozens of jeeps and armored vehicles, have placed the neighborhood under curfew and blocked off the surrounding streets with concrete blocks while they conducted an open-ended search.

The Israeli operation has kept tens of thousands of residents confined to their homes.

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"The operation will carry on until we achieve our main mission," said Brig. Gen. Yair Golan, the commander of forces in the city.

Over the past year, more attempted attacks against Israel have originated in Nablus than in any other West Bank city, the general said.

The Israeli military said Monday that soldiers had surrounded a house after they received reports that gunmen were inside.

When two men from the house were seen climbing onto the roof, the soldiers fired, killing one and wounding the other, the military said.

Palestinian witnesses and hospital officials identified the dead man as Anan al-Tibi, who was in his 40s, and said the man who was wounded was his son.

Palestinian medical workers said Israeli troops had stationed themselves outside the city's three main hospitals and were checking ambulances when they arrive to see if they contained suspected militants.

"The doctors keep asking the army to move back from the hospital entrance," said Ran Goldstein, a spokesman for Physicians for Human Rights/Israel, a group that is monitoring events in Nablus. "The soldiers might move 10 meters away, but they keep coming back."

Since Saturday, the Israelis say they have made several arrests and uncovered two bomb-making laboratories. Nablus, the largest city in the West Bank, has been a center for militants since the Palestinian uprising began more than six years ago.

On Sunday, the Israeli military interrupted Palestinian radio and television broadcasts to announce the names of seven wanted militants, and warned residents in the area not to hide them.

On Monday, Israeli authorities also said that they had arrested two Palestinian teenagers in connection with the stabbing death of a Jewish settler on Sunday night near the West Bank settlement of Bat Ayin, several miles from Hebron, and that the two confessed. The Israeli settler, Erez Levanon, frequently walked into the woods near his home to pray and meditate, neighbors said.

Also on Monday, the Hamas political leader in exile, Khaled Meshal, arrived in Moscow and praised Russia for its stance on the boycott in Western assistance to the Palestinian government, which is led by Hamas.

"We value Russia's position toward lifting the blockade from which the Palestinian people suffer," said Mr. Meshal, who is based in Syria, according to Russia's RIA news agency.

Russia is part of the so-called quartet of Middle East mediators, which also includes the United States, the European Union and the United Nations.

The group has demanded that the Palestinian government recognize Israel, renounce violence and accept previous agreements.

However, unlike the United States and the European Union, which have labeled Hamas a terrorist group and have refused to deal with it, Russia maintains ties with the group.

3 French Sightseers Killed Near Saudi Holy City (NYT)

By Hassan M. Fattah

The New York Times, February 27, 2007

DUBAI, United Arab Emirates, Feb. 26 — Gunmen killed three French citizens and wounded a fourth near the holy city of Medina in Saudi Arabia early Monday, in a brazen reminder that attacks on foreigners there have not stopped despite an aggressive three-year security crackdown.

The Saudi Interior Ministry said eight French citizens had been traveling toward Medina from Tabuk, a northwestern town, when they came under attack. Two men were pronounced dead at the scene and another died in a provincial hospital later in the day, a Saudi security official said.

A fourth member of the group was listed in critical condition, Maj. Gen. Mansour al-Turki, an Interior Ministry spokesman, said late Monday.

General Turki said the group had stopped by the side of a road typically restricted to Muslims about 10 miles from Medina when a car pulled near them and opened fire.

The group included men, women and at least one child, he said, but only men were struck in the attack.

Two of the victims were identified by colleagues as engineers who worked at Schneider Electric in Riyadh, the Saudi capital.

The colleagues said the group had been returning from a trip to see the Nabatean ruins at Madain Salih, near Tabuk. Jean-Pascal Tricoire, the chairman and chief executive officer of Schneider Electric, expressed his regrets to the families of the victims in a statement on Monday.

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The group initially included 17 Belgians who had left for home earlier in the day, while the others planned to go to Medina and Mecca, a security official said.

General Turki said he could not immediately confirm the religious affiliations of the dead. But Medina, where the Prophet Muhammad built a Muslim state and is buried, is strictly forbidden to non-Muslims. The group might have been traveling to another ancient site recently opened to non-Muslims, he said.

Philippe Douste-Blazy, France's foreign minister, condemned the attack as a "horrible act" and said the French and Saudi authorities were cooperating "so that full light is shed and that the perpetrators are arrested and punished."

The motive for the attack was not immediately clear. A French Foreign Ministry spokesman said late Monday that the attack had not been categorized as an act of terrorism.

A Saudi security official said remnants of Al Qaeda were believed to be hiding in the rugged area, where it is easy to find refuge. Police officers and paramilitary units were put on alert as a search for the suspects began Monday night, the official said.

Since May 2003, a wave of Qaeda-led attacks, initially against foreigners in Saudi Arabia and later against government assets and officials, has sought to topple the United States-backed monarchy there with suicide bombings and gun attacks.

The attacks included the beheading of Paul M. Johnson Jr., an American helicopter engineer. At least 75 other people have been killed, among them a BBC cameraman.

Saudi security officials have continued to make arrests and raid militant hide-outs.

French Nationals Killed On Saudi Tour (FT)

By Andrew England

Financial Times, February 27, 2007

Gunmen in Saudi Arabia shot dead three Frenchmen who were working in the country on Monday as they were travelling north of the holy city of Medina in what appeared to be an attack by Islamic militants.

The attack took place as a group of nine French nationals, including women and children, were resting by a roadside, said Major General Mansour al-Turki, the interior ministry spokesman. He said it was too early to determine if it was a terrorist act.

"They are all residents who work in Riyadh and who had gone on a desert trip," he said, adding that the attackers escaped after apparently stalking the group as they camped overnight.

The French foreign ministry said one of the dead was a teacher and two others worked with French company Schneider Electric.

There have been no serious attacks against foreigners in Saudi Arabia since a spate of killings by extremists thought to be linked to al-Qaeda in 2003 and 2004. But western embassies have warned their national that the terrorism threat in the kingdom remains high.

Philippe Douste-Blazy, the French foreign minister, condemned the attack. "French authorities are mobilised along with the Saudi authorities so that light can be shed and that those responsible be detained and punished," he said.

Saudi Arabia's efforts to tackle terrorism have been under intense scrutiny since the September 11 2001 attacks when it emerged that 15 of the 19 hijackers were Saudi citizens.

In 2003 extremists launched attacks against compounds housing foreigners working in Saudi Arabia, killing dozens of people. Militants launched a further wave of attacks against westerners in 2004, including an assault on the US consulate in Jeddah. BBC security correspondent Frank Gardner was seriously injured and cameraman Simon Cumbers died in a Riyadh shooting attack the same year.

But there had been no serious attacks against expatriates since then and diplomats credit Saudi authorities for tough action against the threat of extremists.

Last February Saudi authorities killed five suspected militants believed to be linked to an assault on the Abqaiq oil facility, the world's biggest oil processing plant. In October US-led coalition naval forces moved into Saudi Arabia's port of Ras Tanura to counter a possible maritime threat to the oil facilities.

The British embassy's travel advisory warns that it continues to believe "terrorists are planning further attacks, including against westerners and places associated with westerners in Saudi Arabia".

Millions In Aid Linked To Yemeni Reform (CSM)

By Ginny Hill

The Christian Science Monitor, February 27, 2007

President Ali Abdullah Saleh was en route to Washington in 2005 for talks on his country's role in the "war on terror" when his entourage learned that Yemen would be dropped from a list of countries hoping for millions in US aid.

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But no one in his retinue dared broach the subject with President Saleh, says a Sanaa source familiar with the trip. The leader, who had long denied that his country has a corruption problem, wouldn't learn until he reached the White House that Yemen was cut from the list of nations eligible to apply for the Millennium Challenge Account (MCA), a Bush administration plan that ties aid to governance benchmarks.

"It came as a real shock," says the source. "It was only then that the scale of Yemen's problems sank in."

While the November 2005 trip was a public embarrassment for Saleh, it marked a turning point in how his government began dealing with corruption.

In the beginning of 2006, he launched an ambitious anticorruption program, and on Feb. 14, the Millennium Challenge Corporation (MCC), which administers the MCA, reinstated Yemen's chance for assistance as a result of an "aggressive reform effort."

Now, this fragile state on the tip of the Arabian Peninsula could gain hundreds of millions of dollars in aid, if it can sustain reform momentum. Yemen is the poorest Arab country – almost half the population is illiterate and 1 in 10 people live on less than $2 a day.

"Our economy is heavily dependent on oil supplies that won't last more than 15 years and the water table is dropping at an alarming rate," says Ali Saif Hassan, director of Yemen's Political Development Forum, an independent think tank. "The current reform program is very welcome, but there's a danger that the speed of the approaching resources crisis will outpace the process of transformation."

Saleh's reward for his U-turn has more political value than immediate financial benefit. The country still has many hoops to jump through before it can claim the prize of full participation in President Bush's aid program.

Yemen is now embarking on a round of negotiations that will force it to define its intentions. If Yemen is accepted to join the MCC's Threshold Program during the next few months, it will receive funds to speed up early reforms that will allow Yemen to apply for full membership, known as compact status, in a few years' time. The process can be suspended at any time.

"Continued participation in the MCA program is contingent upon good performance on the policy benchmarks," says John Danilovich, chief executive officer of the MCC.

In December 2006, Yemen's parliament ratified a law forming the National Supreme Anticorruption Authority. The MCC board will be watching to see if this new body operates effectively before Yemen can progress to the compact stage.

Yemen must also show that revised procurement laws for government contracts are being used and that steps are being taken toward press freedom and respect for the rule of law.

The payoff could be substantial. Ghana is one of 31 countries admitted to the twin stages of the Millennium Challenge and the most recent applicant to qualify for a compact; it was awarded $540 million over four years.

The MCC's nod comes at a time of growing confidence in Yemen among donors. In November 2006, Britain and Yemen's Gulf neighbors pledged $4.7 billion in aid over the next four years. The agreement to increase aid followed the recognition that Yemen was underfunded. It receives just $12 per person in annual development assistance. Its African and Asian peers, on average, receive three times that amount.

British Ambassador Michael Gifford says Yemen is standing at "a crucial point. There are a number of reform-minded ministers responsible for key portfolios and recent pledges of increased aid, including from the UK, demonstrate that President Saleh's government has the good will and support of the international community."

To be sure, there are concerns about Yemen's capacity to spend this extra money wisely. Donors admit that such an extensive reform process will be difficult. In the long term, they emphasize Yemen's need to follow through on its promises.

"Economic reform and stamping out corruption are vital to solving the country's future challenges," says Kevin Rosser, an oil and gas analyst at risk consulting firm Control Risks. "Without them, there can be no progress toward reducing poverty, combating extremism, or strengthening democratic institutions."

Western diplomats and progressive Yemenis hope that this opportunity won't be squandered. Saleh has endorsed the project personally. Observers are hoping that he demonstrates the will to implement the changes in a sustained reform drive that lasts the course of his term in office.

"If Yemen backslides, it will affect the whole region," says presidential adviser Faris Sanabani. "Yemen has huge potential, and the economy is our next battle. Our commitment to reform is going to turn the country around and put us on the right track for the future."

Court Declares Bosnia Killings Were Genocide (NYT)

By Marlise Simons

The New York Times, February 27, 2007

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THE HAGUE, Feb. 26 — The International Court of Justice on Monday for the first time called the massacre of Bosnian Muslims at Srebrenica in 1995 an act of genocide, but determined that Serbia itself was not guilty of the enormous crime.

Nonetheless, it faulted Serbia, saying it "could and should" have prevented the genocide and, in its aftermath, should have punished the Bosnian Serbs who systematically killed close to 8,000 men and boys in July 1995.

The ruling resulted from a civil lawsuit Bosnia had brought against Serbia, the first in which one country sued another for genocide.

The 15 international judges who held nine weeks of hearings and deliberated for nearly 10 months relied in part on evidence presented in criminal cases heard by the United Nations Tribunal for the Former Yugoslavia, which has found two Bosnian Serb officers guilty of genocide for the Srebrenica massacre.

In the end, the lawsuit resolved Monday may have been the most complex case handled in the 60-year history of the World Court, which the United Nations set up to resolve legal disputes between states.

The ruling appeared to give some satisfaction — and frustration — to both sides. It freed Serbia of the stigma of being a genocidal nation and absolved it from having to pay war reparations, as demanded by Bosnia.

At the same time, Bosnia obtained what it said it wanted from the outset: a recognition of Serbia's guilt.

During the war in Bosnia, from 1992 to 1995, the United Nations declared Srebrenica a haven and promised to protect it. But in July 1995, Bosnian Serb forces overwhelmed 370 lightly armed Dutch peacekeepers, seized control of the enclave and killed almost every Bosnian Muslim man and boy captured there.

That massacre led to the ruling Monday, which also stressed that other large-scale killings and abuse of Bosnian Muslims had taken place with the financial and military support of Serbia during the 1990s war that broke up Yugoslavia.

Judge Rosalyn Higgins, the court's president, read the ruling, which described the close ties between Serbia and the Bosnian Serb forces. It said that the leaders in Belgrade, and President Slobodan Milosevic above all, "were fully aware of the deep-seated hatred which reigned between the Bosnian Serbs and the Muslims in the Srebrenica region," and that massacres were likely to occur. Yet the Serbs did nothing to avert atrocities or prevent the killings, "claiming they were powerless, which hardly tallies with their known influence" over the Bosnian Serb forces, the ruling concluded.

Serbia thereby violated the United Nations Convention on Genocide to which it is a party, the ruling found. The ruling, Judge Higgins noted, is binding and final, without appeal. Failing to arrest and hand over the Bosnian Serb military commander, Ratko Mladic, was a further violation, the court said.

The court said that other offenses committed against Bosnians might amount to war crimes and crimes against humanity, but that it had no jurisdiction over those issues. It did not list specific killings or the number of victims. International organizations say more than 100,000 people died between 1992 and 1995, two-thirds of them Bosnian Muslims.

"This is a moral victory, certainly, but less of a legal victory," said Alain Pellet, a spokesman for the Bosnian legal team. "But violations by one state against another have now been determined and many atrocities have been cited. Genocide is not the only atrocity."

After the ruling, the Serbian president, Boris Tadic, urged the Serbian Parliament to condemn the Srebrenica massacre, but that may be difficult to obtain because nationalist groups continue to deny it. He said it was "very important for Serbia and its citizens" that Serbia was not found guilty of genocide, but lamented that once again Serbia was mentioned in the context of war crimes and genocide.

In a statement after the session, Judge Higgins noted that the findings did not completely satisfy either side. "That does not mean, of course, that the court has been seeking a political compromise," she said.

All the same, the ruling, even if strictly based on the law, hews close to the political wishes of Western countries that want to pull Serbia into a wider Western European community, rather than see it isolated as a pariah state, possibly accused of genocide, with its extreme nationalists growing in strength.

NATO last year invited Serbia to join its Partnership for Peace venture and some European Union countries want to start membership talks with Belgrade, with some demanding that it first locate and hand over General Mladic, charged with genocide at the United Nations war crimes tribunal.

The court said Serbia had to abide by the Genocide Convention, requiring punishment of those accused, and urged it to do so immediately. The court's ruling might strengthen the hand of Serbians who want to rid themselves of the burden of keeping General Mladic as a fugitive in Serbia.

But the last word on the role of the Serbian leadership in the Bosnian war has not been said. Although Mr. Milosevic died last year before the end of his four-year trial, other senior Serbian political and military leaders are still facing trial at the tribunal for the former Yugoslavia.

The tribunal has part of the war-time records of the Supreme Defense Council, which included the former Yugoslavia's military and political leaders, including Mr. Milosevic. Tribunal officials have said part of the minutes of the meetings were blacked

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out and some whole sections were missing. But the minutes still provided much information on how the Serb leaders “ran their proxy army” in Bosnia, one tribunal official said.

Serbia made a deal with the tribunal that only its judges and lawyers could see the records, the effect of which was that they were kept out of reach of the lawsuit at the World Court. In their ruling Monday, the judges made the point that they had been prevented from seeing them.

Lawyers for Bosnia had tried to convince the court that the pattern of atrocities across many communities in Bosnia demonstrated the intention to commit genocide, not only by killing, imprisoning and deporting the population, but also by destroying evidence of their presence. Andras Riedlmayer, a historian testifying for Bosnia, said the Serb campaign to purge 26 municipalities of Bosnia of non-Serbs had destroyed or damaged 958 mosques and close to 300 Roman Catholic churches and monasteries.

But the judges ruled that demonstrating a pattern of conduct or of atrocities was “too broad” to qualify for the definition of genocide. The crime of genocide required showing convincingly there was a specific plan or the specific intention to destroy the group or part of it, they ruled.

In essence, they did not answer the question often asked in The Hague: when does ethnic cleansing become genocide?

U.N. Court Clears Serbia Of Genocide (WP/AP)

By Mike Corder

The Washington Post, February 27, 2007

THE HAGUE, Feb. 26 -- The United Nations' highest court on Monday cleared Serbia of genocide against Muslims in Bosnia's bloody 1992-95 war. But it said the country's former government should have stopped the July 1995 slaughter of more than 7,000 Muslim men and boys in Srebrenica and ordered Serb leaders to hand over the alleged architect of the massacre.

The case marked the first time a state had been taken to court over allegations of genocide, outlawed by a U.N. convention in 1948 after the Nazi Holocaust. Individuals have been convicted in genocide cases linked to massacres in Bosnia and Rwanda.

In a 171-page ruling, the International Court of Justice said the massacre of thousands of Muslims by Bosnian Serb forces at the U.N.-protected Srebrenica enclave was an act of genocide.

But the 15-judge panel rejected Bosnia's claim that the Serbian state was responsible for the killing, saying it did not have effective control over the Bosnian Serb forces it had helped arm and finance. Instead, the judges ruled that Serbia stood by and allowed the massacre to happen.

Serbia, "could, and should, have acted to prevent the genocide, but did not," the court's president, Rosalyn Higgins, told reporters.

The ruling sparked outrage in Bosnia, which filed the case, and among dozens of war survivors who gathered outside the gates of the International Court of Justice.

"Shame on the people who reached such a verdict. How can they say not guilty of genocide when there are photos, video footage?" Zinaida Mujic, of the Mothers of Srebrenica association, said in Sarajevo.

The Srebrenica massacre was the worst mass killing in Europe since World War II and the bloodiest episode in the violent breakup of Yugoslavia into six independent states, including Bosnia, Serbia and Croatia. The fighting started in Slovenia in 1991, spread to Croatia in 1992 and Bosnia the same year, leaving at least 200,000 dead. In the Bosnian war, Muslims, Catholic Croats and Orthodox Serbs fought one another.

Higgins also condemned Serbia's failure to hand over Bosnian Serb Gen. Ratko Mladic, indicted more than a decade ago by the International Criminal Tribunal for the former Yugoslavia for the genocide in Srebrenica.

The court said there was "plentiful, and mutually corroborative, information suggesting that Gen. Mladic . . . was on the territory of [Serbia] at least on several occasions and for substantial periods during the last few years and may still be there now."

The order to arrest Mladic and other genocide suspects was part of the binding judgment in the case. Failure to comply can be reported to the U.N. Security Council. However, international officials have been pushing Serbia to hand over Mladic for nearly 12 years without success.

The European Union has made Serbia's hopes for membership conditional on its cooperation in handing over Mladic and other fugitives.

Although Higgins mentioned Mladic by name, his accused accomplice, former Bosnian Serb leader Radovan Karadzic, was not so cited. Karadzic is believed to be hiding in the Serb-controlled portion of Bosnia, out of Serbia's reach.

Last week, international forces in Bosnia raided the homes of Karadzic's son and daughter, saying they were suspected of supporting their fugitive father.

Serbia's president, Boris Tadic, welcomed Monday's court ruling and said cooperating with the Yugoslav war crimes tribunal in handing over Mladic was key to the country's future.

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"Unless Serbia finally wraps up that cooperation . . . I believe, as a state, it will face dramatic political and economic consequences," Tadic said.

Grim Mystery Unfolds In Central America (LAT)

By Héctor Tobar And Alex Renderos

The Los Angeles Times, February 27, 2007

SAN SALVADOR -- For more than a week, Guatemalans and Salvadorans have been in the grip of a murky and gruesome mystery story born of Central America's criminal underworld.

It began on the night of Feb. 19, with an SUV burning on a rural road outside Guatemala City. The charred bodies of three Salvadoran legislators and their driver were found at the scene. Among them were Eduardo Jose D'Aubuisson, the son of one of El Salvador's most notorious right-wing leaders.

On Sunday night, the latest chapter played out at a Guatemalan prison, when four officers from a top Guatemalan police unit were slain in their cells three days after they had been arrested and charged with killing the legislators.

Police and government officials in El Salvador and Guatemala said the case may have exposed an unsettling link between drug traffickers and the security and political elite of the countries.

On Friday, Guatemalan President Oscar Berger said drug traffickers were behind the killings of the legislators and promised a "thorough purge" of corrupt elements in the Guatemalan police force.

Berger said he would take the extraordinary step of requiring dozens of high-ranking police and government officials to take polygraph tests, including, "if necessary," Interior Minister Carlos Vielmann, the country's top security official.

The four police officials killed Sunday were all members of Guatemala's organized-crime unit, including the unit's director, Luis Arturo Herrera. There were conflicting reports as to how they were killed.

Some media reports said an armed "commando" unit had entered the maximum-security prison about 40 miles outside Guatemala City. The assailants reportedly disarmed the guards, then slit the throats of the arrested officers.

Other reports said inmates in the prison killed the men in retribution for their actions as police officers.

In neighboring El Salvador, some saw a conspiracy.

"The killing of these officers shows there are more people involved" in the assassination of the legislators, said Rodrigo Avila, head of El Salvador's national police. "They wanted to silence these officers, who were part of a very powerful [criminal] organization.... They're trying to close a Pandora's box."

Avila said top officials in Guatemala's national police had joined forces with an organized-crime group involved in a variety of illicit activities, including drug trafficking, immigrant smuggling and money laundering.

"We are very worried that the top levels of the [Guatemalan] police appear to have been infiltrated by organized crime," Salvadoran Minister for Security and Justice Rene Figueroa said.

Salvadoran officials say they don't know precisely how or why the legislators were slain.

The legislators left San Salvador in a caravan with other lawmakers on the morning of Feb. 19, headed for a meeting in Guatemala City of the Central American Parliament, a body that advocates and regulates regional economic cooperation.

They were last seen alive in Guatemala City on the day of their disappearance, after leaving behind their Guatemalan police escort. Their bodies were discovered on a farm 25 miles outside the city, with gunshot wounds and burned beyond recognition. At least two of the men may have been burned alive, according to news reports.

Guatemalan authorities said the method of the attack clearly suggested it was a "message" killing.

Besides D'Aubuisson, the 32-year-old son of Roberto D'Aubuisson, the late founder of El Salvador's ruling Nationalist Republican Alliance, the dead included two other legislators from the right-wing party, William Pichinte and Jose Ramon Gonzalez.

Salvadoran President Tony Saca called the men national heroes who had died "in the cause of freedom."

But on Sunday, the Guatemala City newspaper Siglo XXI quoted an unnamed Guatemalan police official who said the killers and victims were linked "with a drug trafficking organization made up of Guatemalans and Salvadorans, among them a contact with a lot of political influence" in El Salvador.

The crime was the result of "a business deal gone sour, which is unforgivable among drug traffickers," the police official said.

In El Salvador, the idea that the scion of one of the nation's leading right-wing families may have been involved in drug dealing was unpalatable. Salvadoran police floated a different theory: mistaken identity.

The conservative newspaper El Diario de Hoy quoted Salvadoran police who said the slain lawmakers had been confused for "Colombian drug dealers" and killed when their assailants failed to discover cash or drugs.

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The arrested police officers told investigators that they had been contracted by a group of Guatemalan drug traffickers linked to Salvadoran organized crime. But they would say no more about their orders, because, as one of them said, "I'd rather commit suicide than talk."

Negroponte Expected To Make Mark In China (AP)

By George Gedda, Associated Press Writer

AP, February 27, 2007

The State Department has been lacking a diplomatic heavyweight to handle China issues since last summer, and President Bush's choice to fill that role plans to travel to Beijing this week as part of a three-nation East Asia tour.

John Negroponte, newly installed as the State Department's No. 2 official, is scheduled to visit South Korea and Japan, in addition to China.

Negroponte, 67, began his career as an Asia hand more than 40 years ago and has worked on regional issues periodically since then, including a stint as ambassador to the Philippines. He was director of national intelligence for the past two years, and issues relating to China crossed his desk frequently, including the country's military buildup.

Secretary of State Condoleezza Rice also will call on Negroponte for advice on Iraq, where he served as ambassador.

For the United States, there may be no foreign relationship as important as the one with China. It is a fellow permanent member of the U.N. Security Council, a major trading partner and an important player on such diplomatic problems as North Korea, Iran and Sudan.

The Bush administration has become increasingly bothered by China's secrecy on its defense spending levels and the goals of what officials call its "rapid military modernization."

China touched off fears of an arms race in space in January when it destroyed a defunct Chinese weather satellite by hitting it with a warhead launched from a ballistic missile.

On the other hand, the Feb. 13 nuclear disarmament breakthrough with North Korea was achieved partly as the result of close U.S.-Chinese cooperation

Negroponte does not qualify as a China expert, but the same could have been said of his predecessor, Robert Zoellick, who nonetheless was admired around the State Department and beyond for his grasp of the China puzzle. Zoellick left the State Department in July to take a job on Wall Street.

Some China experts believe the void created by Zoellick's departure has been costly.

"One has the feeling that the government has been compassless. There is almost a blindness in regards to China," says Orville Schell, director of the Asia Society's Center on U.S.-China Relations in New York.

Jeffrey Bader, a China expert at the Brookings Institution who served on President Clinton's National Security Council, said that no one at the State Department's senior level has been focused on China since Zoellick's departure.

He noted that Christopher Hill, the assistant secretary for East Asian affairs, has been consumed with North Korea since his appointment almost two years ago.

The most prominent China expert in government is Treasury Secretary Henry Paulson, who had traveled to China dozens of times on business before joining the Cabinet in July. Paulson expects to make his third trip to China as secretary in early March. His frequent dealings with the Chinese have touched on trade, environmental and economic issues, but not the critical security questions that Negroponte will take on.

As Zoellick was leaving the State Department last summer, Tom Christensen, a China expert from Princeton, was being appointed as a deputy assistant secretary in the East Asia bureau, an important but not top level post. Christensen has written a book on U.S.-China relations and nowadays puts his fluent Chinese to work in discussions with Beijing officials.

He has held teaching positions at Cornell and the Massachusetts Institute of Technology. The department also boasts a number of China hands at lower levels with strong command of the issues and the language as well.

Broadcast Media In China Put On Notice (WP)

By Edward Cody

The Washington Post, February 27, 2007

BEIJING, Feb. 26 -- Communist Party propaganda chiefs have issued a stern new warning to China's broadcast executives, saying news reports and entertainment should promote socialist loyalty and soothe tensions as the country enters a sensitive political season.

The new guidelines were issued Jan. 12 at a meeting called by the party propaganda department; a written record of the gathering is currently circulating in Beijing.

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The guidelines reflect a particular desire at senior levels of President Hu Jintao's government to see a picture of harmony and contentedness in the broadcast media as the Chinese legislature prepares to meet next month and the Communist Party gets ready for its 17th national congress in the fall.

Propaganda officials regularly issue orders to Chinese television, radio and newspaper executives, listing subjects to be avoided or treated with care in the heavily censored media. But the marching orders last month appeared to be part of a concentrated effort to orchestrate the news in the lead-up to this year's major political meetings. They followed guidelines designed to maintain the traditional cultural focus and political correctness of television movies and serials.

"In foreign countries, televisions are privately owned and you can broadcast whatever you want," Wang Weiping, deputy head of the series division at China's State Television, Film and Broadcasting Administration, told the Southern Weekend newspaper recently. "But in China, television is the mouthpiece of the party and the people. This is its main mission, and entertainment is secondary."

The national party congress, held every five years, is especially important to Hu, who has headed the party since 2002. It is the occasion for him to cement his leadership and install his followers in key positions, particularly in a new Politburo and its ruling nine-member Standing Committee.

"To create a proper atmosphere for the 17th party congress, we should sing high praises for socialism," Li Dongshen, deputy head of the propaganda department, told the assembled executives, according to the written record of the gathering. "We should sing loudly the main themes of our nation."

According to the record, Li recalled that he had recently banned eight books because they "ran the red light" of party limits on what is acceptable for publication. He said that the broadcast industry faces similar problems and that "we need to assure the correct leading direction of propaganda and promote cultural richness."

For instance, he urged the executives to continue publicizing the policies of economic reform and opening that began two decades ago and that Hu continues to champion. But he cautioned that there should be "no publicizing of pro-privatization comments."

Li's remarks appeared to be part of an effort to dampen a quiet controversy between the reform-minded people around Hu and disgruntled party conservatives who maintain that the reforms are being pursued too quickly, without concern for the social welfare of millions of Chinese. The pace at which unprofitable state-owned enterprises are being sold off has become one aspect of this debate. A proposed law to establish legal guarantees for private property has become another, likely to be discussed during the annual session of the National People's Congress that begins next week.

Li warned that exposing corruption by party officials, a major topic in government declarations, should be done "positively," with emphasis on the party's efforts to end it. In dealing with corruption, whether in news or entertainment programs, he said, television producers should take care not to emphasize corrupt officials' high living or numerous mistresses.

He also said news reports should avoid "inside stories" about flaws in the legal system and the party's attempts to control the news. "Go all out for articles that preserve social stability and avoid triggering social conflict," he added.

Finally, in the new Year of the Pig, Li warned, executives should take into account the sensitivities of China's 35 million Muslims, who consider pigs unclean and offensive. "In principle, touch on the character of the pig as little as possible," he said.

Chinese County Reins In Birth-rate – Without A One-child Limit (CSM)

By Peter Ford

The Christian Science Monitor, February 27, 2007

Behind the high gray walls of this farming village, peasant couples are conducting an experiment that suggests, its designers say, that the most unpopular and costly policy of the past quarter- century may not have been necessary.

For the past 21 years, the citizens of Yicheng County, in the mining province of Shanxi, have been exempt from the "one-child policy" on which the Chinese government has founded its bid to keep a lid on its vast population. They have been allowed to have two children. Yet Yicheng's birth-rate is lower than the national average.

"If the whole country had adopted the Yicheng policy from the start, we could have kept China's population under 1.2 billion," below the official target for 2000, says Tan Kejian, of Shanxi's provincial Academy of Social Sciences. "And this policy was much easier for peasants to accept."

Central government officials chal- lenge Mr. Kejian's conclusions. But the government-sanctioned Yicheng experiment, almost unknown outside family-planning circles, is under increasingly interested scrutiny from Chinese experts as the "one-child policy" approaches what appears to be the end of its life, after 27 years.

"Most scholars are recommending to the government that the one-child policy needs to be turned into a two-child policy," says Chen Wei, head of the Population and Sustainable Development Group at Renmin University in Beijing. "Maybe not now, but in 2010," when the next five-year plan begins.

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Officials at the National Population and Family Planning Commission, which has been responsible for implementing the one-child policy, insist that "the success of China's family-planning policy has been of huge significance," in the words of Yu Xuejun, director of the commission's policy and legislation department. "I am confident our general direction is correct," he says.

But the one-child policy, beyond raising worldwide concerns about the forced abortions and sterilizations that have scarred several generations of Chinese women, has bequeathed a grave legacy.

China's population is aging fast; by 2020, 234 million people, or 16 percent of the population, will be over 60, official figures indicate, up from 9 percent today.

At the same time, 30 million Chinese men will find no brides in 2020; a traditional preference for sons, the spread of ultrasound technology, and the one-child policy have combined to promote widespread sex-selective abortion, officials say.

With male births outnumbering female births by 118 to 100, China is storing up a "hidden danger" that will "affect social stability," a recent government report warned.

Discriminatory abortion is not a problem, though, in Yicheng, which has long applied one of the most liberal of the range of policies imposed around the country.

The "one-child policy" has in fact been much more flexible since the mid-1980s than its name suggests. While it has been strictly enforced in cities, affecting about 36 percent of the national population, parents in most rural areas – accounting for 53 percent of Chinese – are allowed a second child if their first is a girl. In a few cases, families can have three children.

"Overall, it's more of a one-and-a-half child policy," says Professor Chen.

Things are different for Yicheng's 310,000 inhabitants. Parents there can have two children, whatever the sex of their firstborn, if they adhere to certain conditions.

Men may not marry before the age of 25 and women may not before age 23 without being fined. That's three years later for both sexes than the national policy. They must also wait six years before having a second baby. If they don't, they are fined 1,200 RMB (about $160) per year early, or about 20 percent of an average couple's income in the region, says Yang Chunxiang, the family-planning boss here in Ren Wang.

"No one here is rich enough to pay that easily," she says. There have been no third children in the village since the '80s, and few whose birth didn't track the six-year gap.

"The one-child policy ran into strong opposition from people right from the start," says Liang Zhongtang, who designed Yicheng's policy. "I proposed a two-child policy to see if people still opposed that."

From his post as a teacher at the Communist Party school in Taiyuan, the capital of Shanxi, Professor Liang quickly rallied local family planning workers to his cause.

"People were just ignoring the policy and the government had to punish them" with fines and confiscations, recalls An Dousheng, an old man in Mao cap and collar, who headed Yicheng's family-planning unit in the 1980s. "It was difficult work. Ordinary people did not welcome the policy and did not cooperate. Our work was called 'the hardest job under the heavens.' "

"We were delighted by the new policy" when it was introduced in 1985, says Duan Chunmao. the Communist Party secretary in Ren Wang. "People felt it was more appropriate to their situation, and it helped cement links between the people and the party" that had been strained.

Twenty years on, its fruits are clear. Yicheng's fertility rate is below 9 per 1,000; the national average is 12 per 1,000. Yicheng's gender ratio at birth is 106 to 100, showing no distortion. Even more remarkably, large numbers of couples today choose to have only one child. Almost half the families in Ren Wang, for example, have only one child (though some may have a second later.)

"Nowadays, people don't want big families" says Ms. Yang. "It's very expensive – with fewer [kids] you can get richer faster."

Lü Yueping, a village shopkeeper, says she would have liked a grandson but both her daughters have had girls and neither is planning a second child. "My elder daughter is an accountant," she explains. "She is really busy."

"Mind-sets have changed a lot," says Cheng Fakui, former vice mayor of Yicheng in charge of family planning in the '80s. "A lot of people want to live for themselves, not just for their children."

China's economic development – reinforced by the one-child policy – has spread this mind-set across the countryside; children are expensive to educate, no longer so necessary for fieldwork, and increasingly unwilling to care for their aged parents – a prime motivation for having children.

The average Chinese couple now has 1.7 children, according to estimates by Renmin University's Population Studies Institute. That is only marginally more than the average number of children – 1.6 - allowed by current policy.

"Much of the decline in fertility can be traced to social and economic change," says Henry Winckler, a demographer at Columbia University in New York. "Probably relatively little ... resulted from making the small family mandatory and from using heavy-handed techniques to enforce it."

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Liang, an outspoken critic of the policy, agrees. "[It] is like tilting at windmills," he scoffs. "If the policy Yicheng adopted was successful there, it could have been successfully adopted anywhere else in China."

Top officials at the National Population and Family Planning Commission dispute that. "Experiments are only experiments." points out Dr. Yu. "We dare not make a conclusion that the success" of Yicheng's policy "can represent other experiences."

Yu doubts that the enthusiasm with which Yicheng's leadership applied the policy – ensuring no third births and enforcing birth spacing – could be matched nationally.

In Yicheng, experts express disappointment at the government's failure to extend their policy elsewhere in China. One senior local official, who asked to remain anonymous because of the sensitivity of the issue, suggested that Beijing "is worried by population pressures and doesn't want to make any mistakes. They are very cautious."

Liang is blunter. "The leaders who make decisions don't understand the nuances of the Yicheng policy and don't want to learn about them," he complains.

Behind the reluctance, suggests Susan Greenhalgh, an expert on China's birth-control policy at the University of California, Irvine, lie wider considerations. The one-child policy is too deeply embedded in the post-Mao political consensus, she believes. "Advocating change of this ... involves political risks that, so far, no national political leader – or not enough of them – feel in a position to take."

Yicheng's time may now have come, however. Officials say the one-child policy will be maintained until 2010, but it is clear that they are studying alternatives.

"Now that the fertility rate is low, the government has expressed interest in researching directions for future adjustments in family-planning policy," says Yu. "Yicheng's experience should provide a good reference point for us."

U.S. Sends Warship Against Sea Pirates (WT)

By Betsy Pisik

The Washington Times, February 27, 2007

NEW YORK -- A U.S. warship yesterday moved into waters off the coast of Somalia, where pirates have hijacked an empty World Food Program cargo ship.

The MV Rozen was boarded by heavily armed pirates Sunday morning off the coast of Somalia's Puntland region, in the far north of the country.

Officials of the internationally backed interim Somali government said they contacted the U.S. military regional command, based in neighboring Djibouti, to request assistance.

"We have asked the U.S. Navy in the Red Sea ... to help us in the operation, and they told us they have started to move toward the ship," Col. Abdi Ali Hagaafe, police chief of the Bari region, told the Associated Press yesterday.

He said Somali police boats had spotted the hijacked ship, but were told to hang back out of concern for the safety of the ship's crew.

WFP officials said yesterday that the ship had already off-loaded 1,800 metric tons of food aid and equipment before the seizure, and was empty except for its crew of 12 Sri Lankans and Kenyans.

Negotiations for the release of the ship will likely be handled by Motaku Shipping Agency of Mombasa, Kenya, the contractor that owns the ship and employs its crew.

This is at least the third WFP ship to be hijacked by pirates off Somalia's 1,800-mile coastline, reflecting an increasingly difficult environment in which to deliver humanitarian aid to the desperately poor and unstable country on the Horn of Africa.

Such ships are by far the least expensive way to deliver aid to Somalia, a rugged country with few viable roads and airports capable of handling heavy cargo.

If the sea lanes become too dangerous, WFP officials have warned, they will be unable to deliver the hundreds of tons of food aid and other support they say are needed.

Another WFP-chartered ship, the Semlow, was seized and held for more than three months by hijackers in June 2005. It was released only after secret negotiations between the ship's owner and representatives of the pirates.

The United Nations has a clear policy of not negotiating with hijackers or kidnappers who seize U.N. staff, but officials acknowledge that member states or intermediary groups are free to engage such hijackers as they see fit.

James Morris, the outgoing executive director of the World Food Program, indicated in an interview with The Washington Times last week that the Semlow incident was resolved without WFP's direct knowledge.

"I couldn't tell you anything about that," he said. "That was handled by the ship's owners, and we didn't have anything to do with it."

Asked whether the agency maintained a deliberate "don't ask, don't tell" policy on dealing with pirates, Mr. Morris smiled and nodded slightly.

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A Land Of Camel Milk And Honey (NYT)

By Nicholas D. Kristof

The New York Times, February 27, 2007

HARGEISA, Somaliland(?)

Here's the ethos of Somalia, as a former Mogadishu resident explained it to me: "If I use a dollar to buy food, then tomorrow I have nothing. If I use a dollar to buy a bullet, then I can eat every day."

That enterprising can-do spirit has turned most of Somalia into the poster child of a failed state, where you feel underdressed without an assault rifle. But wait! Here in the north of the carcass of Somalia is the breakaway would-be nation of Somaliland, and it is a remarkable success — for a country that doesn't exist.

The U.S. and other governments don't recognize Somaliland, so the people here get next to zero foreign aid. And when the "country" was formed in 1991, it had been mostly obliterated in a civil war and was a collection of ruins and land mines.

Yet the clans and elders here formed their own government, held free elections and even established an international airline. Relying on free markets and a general exhaustion with violence, the people of Somaliland embraced tranquillity and democracy and searched for ways to make a buck.

Walk down the streets of Hargeisa, the capital of Somaliland, and instead of gunmen you come across the thriving jewelry and financial market: scores of vendors, most of them women, are hawking millions of dollars worth of gold, precious stones and foreign currency out in the open air. (Don't try that at home!) Continue down the street, and you see that Hargeisa has police cars, DHL service, cable television, orthodontists, a multitude of Internet cafes and traffic jams (including the horses and camels). There are public schools and hospitals — even a public library.

This is a conservative Muslim country, yet it is generally pro-American and tolerant. In the last election, more women voted than men. Women's groups are fighting the traditional practice of genital mutilation, administered to 97 percent of girls here.

The lesson of Somaliland is simple: the most important single determinant of a poor country's success is not how much aid it receives but how well it is run. If a country adheres to free markets and good political and economic governance, it will generate domestic and foreign investments that dwarf any amount of aid.

As President Dahir Rayale Kahin told me: "There is a proverb in our country: 'You can wash your body only with your own hand.' Outsiders can help, but the indigenous people must find a solution themselves."

One lesson is that Western countries should not only increase their financial aid but also their pressure for better governance. It's great to forgive debts, but not graft or antimarket policies.

The U.S. Millennium Challenge aid program, which promotes good governance, is a useful step in that direction. So is Tony Blair's program to battle corruption in Africa.

One useful kind of Western aid is simply support for civil-society groups that battle corruption. Here in Somaliland, the press is generally free, but the president recently tossed three journalists in prison for reporting on corruption in his family. If Western countries speak out strongly in their defense, that effort may be worth a few million dollars in aid by reducing corruption in the future.

More peer pressure from within Africa would also help. Other African countries should stand up to a racist like Robert Mugabe of Zimbabwe with the same vigor they once used to stand up to white racist governments.

Another essential kind of foreign aid is supporting market-friendly economic policies, especially those that would nurture manufacturing industries.

In Mauritania, whose location in northwestern Africa would be ideal for exporting clothing to Europe and America, it takes 82 days to start a new business, which would then have to make 61 tax payments each year, requiring 696 hours to calculate and pay. And in the end, the tax would amount to 104.3 percent of the profit, according to the World Bank.

All that explains why you don't have any shirts in your closet labeled "Made in Mauritania."

So let's be more generous with foreign aid, giving more than 22 cents per $100 of national income to development assistance (the average for rich countries is 47 cents). But those of us who call for aid and debt forgiveness also need to push just as hard for recipient nations to improve their governance, for ultimately the best way for poor countries to prosper is to adopt pro-growth policies.

And in the meantime, it's time to recognize Somaliland as a nation. When a place does this well, we should hail it as a model, not shun it.

The Gall To Speak Her Mind (WP)

By Anne Applebaum

The Washington Post, February 27, 2007

DOJ_NMG_0137511

Clearly, there is something about Ayaan Hirsi Ali that annoys, rankles, irritates. I am speaking as one who does not know Hirsi Ali -- the outspoken Dutch-Somali critic of Islam -- but as one who, while living in Europe, cannot seem to avoid meeting her detractors. Most recently I met a Dutch diplomat who positively glowered when her name was mentioned. As a member of the Dutch parliament, Hirsi Ali had, he complained, switched parties, talked out of turn and refused to toe whatever was the proper political line. Above all, it irritated him that she did not share his Dutch faith in political consensus.

For those who haven't encountered her name yet, suffice it to say that Hirsi Ali is a European of African descent with an almost American rags-to-riches life story. As a young woman, she escaped from her Somali family while en route to an arranged marriage in Canada, made her way to Holland, learned Dutch, attended college and eventually won a seat in the Dutch parliament. Along the way, she also made an intellectual journey -- beautifully described in her new book, "Infidel"-- from tribal Somalia, through fundamentalism, and into Western liberalism. After Sept. 11, 2001, horrified by some of the things Osama bin Laden was saying, she reached for the Koran to confirm a hunch: "I hated to do it," she wrote, "because I knew that I would find bin Laden's quotations in there."

Partly as a result she lost her faith, concluding that the Koran spreads a culture that is "brutal, bigoted, fixated on controlling women, and harsh in war," and that should not be tolerated by European liberals. The conclusion led her into a series of controversies -- and to the murder of a Dutch filmmaker with whom she had co-produced a film about the mistreatment of Muslim women. The murderer was the son of Moroccan immigrants, born in Holland; he pinned a letter threatening Hirsi Ali onto his victim's chest. Ultimately, she left Holland for Washington, where she remains, ensconced at the American Enterprise Institute.

Yet even from that distance she continues to provoke Europeans, sometimes without saying anything at all. After a somewhat patronizing review of her first book -- in which British writer Timothy Garton Ash called her a "brave, outspoken, slightly simplistic Enlightenment fundamentalist" -- the French philosopher Pascal Bruckner came galloping to the defense of Hirsi Ali and the Enlightenment. Garton Ash counterattacked, and others joined what turned quickly into a wide-ranging debate (read the whole thing at http://www.signandsight.com) about reason, faith, multiculturalism and the integration of millions of Muslim immigrants into European culture.

Curiously, what seems to rankle Europeans most is the enthusiasm with which Hirsi Ali has adopted their own secularism and the fervor with which she has embraced their own Western values. Though this continent's intellectuals routinely disparage the pope as an irrelevant dinosaur, Hirsi Ali's rejection of religion in favor of reason, intellect and emancipation seems to make everyone nervous. Typical is the British feminist who complained that not only does Hirsi Ali paint "the whole of the Islamic world with one black brush," she also "paints the whole of the Western world with rosy tints," which is, of course, far more objectionable.

Others have compared her unfavorably to the Islamic scholar Tariq Ramadan, who argues that Islam can be made compatible with modern European democracy. He, it is said, offers a way forward for millions of pious European Muslims. By contrast, Hirsi Ali's rejection of religion in favor of Western secularism is said to be a form of integration that works for no one but herself.

I suppose this latter charge might be true. On the other hand, it might not be: Maybe "Infidel" will inspire a generation of Muslim teenagers to study, work hard, join the mainstream -- and then say what they think and spoil the political consensus. Either way, I'm not sure that the impulse to dismiss Hirsi Ali for her lack of utilitarian value reflects well on those who do it. Nor does the underlying assumption: that religious faith must be respected and defended on behalf of the dark-skinned immigrants who live among us, even though we natives no longer seem to require it.

But perhaps it is just a question of time. In America, the phenomenon of the flag-waving first-generation immigrant is familiar. In Europe, such a thing is unknown. Maybe once Europeans get used to the idea -- a Muslim immigrant who embraces Western culture with the excitement of the convert! -- they'll like Hirsi Ali better. And if they're lucky, others will follow in her footsteps.

When It Comes To Gay Rights, Is Cuba Inching Ahead Of USA? (USAT)

By Dewayne Wickham

USA Today, February 27, 2007

HAVANA — Years before George W. Bush proclaimed his support for a constitutional amendment to ban gay marriages in the United States, the ideologically rigid government of Fidel Castro made a big move in the opposite direction.

It sanctioned the production and viewing of Strawberry and Chocolate, an Academy Award-nominated film about the awkward friendship between a straight man and a gay man — and the homophobia they both had to battle.

Since this movie debuted in theaters here in the mid-1990s, the Cuban government's intolerance of homosexuals has given way to a more egalitarian treatment of gays and lesbians.

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The public persecution of homosexuals has declined sharply. Two years ago, Cuba had its first gay film festival. Last year, the highest-rated show on Cuba's state-run television was a soap opera in which a married man fell in love with another man. And now this country is on the verge of enacting a law that gives same-sex couples some form of legal status.

"We have to abolish any form of discrimination against those persons," said Ricardo Alarcon, president of Cuba's National Assembly. "We are trying to see how to do that, whether it should be to grant them the right to marry or to have same-sex unions."

Alarcon said he expects Cuba's communist government will soon enact a law to do one or the other. "We have to redefine the concept of marriage," he said. "Socialism should be a society that does not exclude anybody."

This awakening comes less than a year after President Bush renewed his call for a constitutional amendment to ban same-sex marriage. "Our policies should aim to strengthen families, not undermine them, and changing the definition of marriage would undermine the family structure," Bush said in June.

Just one state, Massachusetts, allows gay marriages. And only four permit some form of same-sex union, which falls short of the definition of marriage but lets gay couples have some legal rights.

How ironic is this? While a country that successive U.S. governments have called a totalitarian state is moving toward expanding the rights of gays and lesbians, the president of the United States — the world's leading democracy — wants to restrict their rights.

Cuba is not the Netherlands, no gay mecca, but the attitudes of people in and out of government are undergoing dramatic change, maybe because a leading advocate of gay rights is Mariela Castro, niece of Fidel Castro, daughter of his brother, acting President Raul Castro, and head of the Cuban National Center for Sex Education.

It also might have to do with Cuba's ever-evolving strategy for fending off U.S. attempts to topple its Communist government and replace it with a U.S.-style democracy. A same-sex union or gay marriage law could make Cuba appear to be more tolerant than the USA.

"Because of our historical heritage, Cuban society has been intolerant of homosexuals," said Ruben Remigio Ferro, president of Cuba's Supreme Court. "But there has been a change in thinking. We are developing a program to educate people about sexual orientation. But it is not a problem that has been solved."

It is, however, a problem that Cuba's government seems determined to solve. "I'm part of this country, like it or not. And I have the right to work for its future," Diego, the gay character in Strawberry and Chocolate, told his straight friend.

Cuba's half-century tug of war with the United States is an ideological struggle. It is a contest between this country's socialist ideals and America's efforts to impose its will on this island nation. While this battle plays out largely on the world stage, its outcome will be determined by the trench warfare that Cuba wages for the hearts and minds of its people — those who are straight or gay.

DeWayne Wickham writes every Tuesday for USA TODAY.

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TERRORISM NEWS:

Navy Brig Officials Testify Padilla Not Physically Abused. The AP (2/28, Anderson) reports, "The exterior window in Jose Padilla's 80-square-foot cell in a Navy brig was painted over. At times, he had to sleep on a steel bunk with no mattress. He went months without a clock and was sometimes seen weeping in his cell. But officials at the brig in Charleston, S.C., testified Tuesday that the alleged al-Qaida operative was not physically abused during his 3 1/2 years in military custody, nor did he display serious symptoms of mental problems." The AP adds, "U.S. District Judge Marcia Cooke barred Padilla's lawyers from delving into the details of this testimony unless it was directly related to a competency report prepared by a Bureau of Prisons psychologist. Cooke scheduled closing arguments on the competency issue for Wednesday. It was not clear when she would rule."

USA Today (2/28, 8A, Parker, 2.27M) notes brig technical director Sandy Seymour and brig psychologist Craig Noble "appeared as reluctant star witnesses in a mental competency hearing that became a fierce tug-of-war between prosecutors and defense attorneys over how much about Padilla's detention will be revealed." USA adds that Seymour "provided a glimpse into Padilla's paranoia — a condition described in defense court papers. Padilla feared guards had pumped noxious gas into his cell. He also thought he had been injected with truth serum before meeting with his interrogators. Seymour said that the brig is near a pulp mill, which spews foul odors, and that Padilla received a flu shot. He did not say whether anyone at the brig ever attempted to disabuse Padilla of his misimpressions."

Under the headline "Aspects Of Padilla's Treatment Confirmed," the Los Angeles Times (2/28, Williams, 850K) notes Padilla's "defense attorneys contend that Padilla's sensory deprivation and treatment were tantamount to torture." The Times adds that Seymour "appeared reluctant to disclose details of the 'special care' ordered by the federal government for Padilla. Prolonged silences by Seymour followed each of…Caruso's questions, as the witness waited for prosecutor…Pell to object, which she did at least a dozen times. When Cooke said he should answer, Seymour said he had 'no specific recollection,' asked to hear the question again, or gave a cryptic response."

The New York Times (2/28, Sontag, 1.16M) reports that yesterday's "scattershot revelations…did not add up to a comprehensive portrait of Mr. Padilla's time in the brig. But they were nonetheless significant, marking the first time Mr. Padilla's military jailers were forced to speak publicly about the conditions of his secretive confinement without charges." Meanwhile, the Washington Post (2/28, Whoriskey, 690K) reports on the officials' testimony, under the headline "Padilla Was Deprived, Not Abused, Court Told."

Georgia Imam Sentenced To Seven Years For Hamas Funding Scheme. The Rome (GA) News-Tribune (2/28, Gellatly) reports, "A Floyd County man who led interfaith relations after 9/11 and educated students on the virtues of many religions was sentenced Tuesday for supporting a foreign terrorist group." Mohamed Shorbagi "was sentenced…to serve seven years and eight months in prison for funneling money to the militant group Hamas during a four-year period." The News-Tribune notes, "The charges stem from donations Shorbagi made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001. A former member of the Rome-Floyd International Committee and an Imam of a Muslim congregation, he was presented by the defense as an intelligent man much respected by his community."

The Atlanta Journal-Constitution (2/28, Torpy, 379K) notes Shorbagi "could have been sentenced to 15 years but received a lighter sentence for helping federal authorities in another prosecution. … Shorbagi, who has been in the United States for 22 years, testified in a Chicago trial last year against Mohammed Salah, who was later acquitted of charges of aiding Hamas. Because of his cooperation in the case, Shorbagi is eligible to get a visa to stay in the U.S and enter the witness protection program, according to court papers." WXIA-TV Atlanta (2/27, Rowson) reported on its Web site from a broadcast story, "For the first time in the history of the state of Georgia, a defendant has been sentenced for an international terrorism-related crime. … Unites States Attorney David Nahmias said, 'The people who financially support terrorism are not the people who are personally

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building bombs or setting off bombs.' Nahmias added, 'But, they're the people who make that kind of activity possible.'"

The Atlanta Business Journal (2/27) also reports on the sentencing, as does the AP (2/28, Yee), in a widely-distributed story.

Prosecutors To Investigate Inaccurate Summaries Of FBI Transcripts. Under the headline "False Quotes Shake Up Terror Trial," the Los Angeles Times (2/28, Krikorian, 850K) reports, "The mystery of how and why a government wiretap summary falsely attributed anti-Jewish slurs to officials of a Muslim charity remained unanswered Tuesday as federal prosecutors pledged to look into the matter. In court papers filed late Monday, the U.S. attorney's office in Dallas said it was trying to determine how the recently declassified summary of a 1996 FBI wiretap of the Holy Land Foundation for Relief and Development included vitriolic language that was not found in a verbatim transcript of a recorded conversation. … Meanwhile, the unexplained discrepancies have brought potential controversy to the government's biggest terrorism funding case to date." However, the Times notes that "government prosecutors said it was 'an overreaction' to extrapolate that all of the government summaries were useless on the basis of discrepancies found in one set of documents."

Group Wants Information On 16 Allegedly Detained In CIA Prisons. The Financial Times (2/28, Sevastopulo) reports the Bush Administration "was urged on Tuesday to reveal the whereabouts of 16 men who were allegedly detained in secret Central Intelligence Agency prisons." In a letter "to Mr Bush, Human Rights Watch named 16 men it said were held in CIA prisons and another 22 who it said might have been in the secret facilities. The whereabouts of all the individuals concerned was unknown, the group said."

The Washington Post (2/28, A1, Linzer, Tate, 690K) reports in a front page story, "On his last day in CIA custody, Marwan Jabour, an accused al-Qaeda paymaster, was stripped naked, seated in a chair and videotaped by agency officers. Afterward, he was shackled and blindfolded, headphones were put over his ears, and he was given an injection that made him groggy." Jabour's "release from a secret facility in Afghanistan on June 30, 2006, was a surprise" to him, "and came just after the Supreme Court rejected the Bush administration's assertion that the Geneva Conventions do not apply to prisoners like him." Jabour had "spent two years in 'black sites' -- a network of secret internment facilities the CIA operated around the world. His account of life in that system, which he described in three interviews with The Washington Post, offers an inside view of a clandestine world that held far more prisoners than the 14 men President Bush acknowledged and had transferred out of CIA custody in September." Jabour's "experience -- also chronicled by Human Rights Watch, which yesterday issued a report on the fate of former 'black site' detainees -- often does not accord with the portrait the administration has offered of the CIA system, such as the number of people it held and the threat detainees posed."

Congress Urged To Act Against Foreign Prosecutions Of US Agents. In a Washington Post op-ed (2/28, A19), former Justice Department attorneys David B. Rivkin Jr. and Lee A. Casey say, "An Italian court announced this month that it is moving forward with the indictment and trial of 25 CIA agents charged with kidnapping a radical Muslim cleric. These proceedings may well violate international law, but the case serves as a wake-up call to the United States. Overseas opponents of American foreign policy are increasingly turning to judicial proceedings against individual American officials as a means of reformulating or frustrating US aims, and action to arrest this development is needed." The US "must still vigorously resist the prosecution of its indicted agents. If they acted with the knowledge and consent of the Italian government (as The Post's Dana Priest reported in 2005), they are immune from criminal prosecution in that country." Congress should "make it a crime to initiate or maintain a prosecution against American officials if the proceeding itself otherwise violates accepted international legal norms."

Canada Allows Two Anti-Terror Laws To Lapse. The New York Times (2/28, Austen, 1.16M) reports Canada's Parliament "voted Tuesday not to extend two measures that were passed as part of a sweeping package of antiterrorism laws weeks after the Sept. 11, 2001, attacks on the United States." The measures "will expire Thursday. One allows the police to arrest people suspected of preparing to commit an act of terrorism and hold them for 72 hours without charges, and the other enables courts to compel witnesses to testify at special hearings similar to grand jury proceedings in the United States. Neither has ever been used." The vote "took place just days after the Supreme Court struck down a law allowing the government to detain foreign-

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born terrorism suspects indefinitely using secret evidence and without charges while their deportations were being considered." The debate "reflected the fractious politics of Canada's Parliament, which is not controlled by any single party, as much as a national reassessment of antiterrorism measures."

PATRIOT ACT:

EFF Sues DOJ For Release Of FISA Court Rules On NSA Program. InformationWeek (2/28, Jones) reports, "The Electronic Frontier Foundation has sued the Department of Justice, demanding the release of records related to court orders authorizing electronic surveillance." IW continues, "The EFF filed a lawsuit Tuesday seeking information on changes to the National Security Agency's surveillance program. The program, which the federal government maintains targets communications involving at least one suspected terrorist, was secret until the New York Times reported on it in December 2005." IW adds, "The government acknowledged that it was conducting surveillance without warrants from the Foreign Intelligence Surveillance Court and argued that presidential powers and recent legislation authorized the practice. After defending against allegations that the practice was illegal, U.S. Attorney General Alberto Gonzales announced last month that the government changed its practices and would seek court approval to monitor communications. … EFF used the Freedom of Information Act in an attempt to obtain records showing the court's approval, but the Department of Justice didn't respond to a written request. EFF is seeking immediate release of orders allowing the government to monitor communications and any rules or guidelines associated with the orders. White House Press Secretary Tony Snow has made public comments that indicate the court issued guidelines or parameters that have allowed the government to continue surveillance with court approval. … EFF refers to those statements in its filing. It's not alone in seeking details about the guidelines. News reporters who have been covering the issue have also pressed to find out the parameters of ongoing surveillance."

Technology News Daily (2/28) reports, "When press reports forced the White House to acknowledge the program in December of 2005, the administration claimed that the massive program could be conducted without warrants or judicial authorization of any kind. However, in January of this year, Attorney General Alberto Gonzales announced that the Foreign Intelligence Surveillance Court (FISC) had authorized collection of some communications and that the surveillance program would now operate under its approval. EFF's suit comes after the Department of Justice failed to respond to a Freedom of Information Act (FOIA) request for records concerning the purported changes in the program. … 'While national security and law enforcement demand a limited amount of secrecy, Americans have the right to know the government's basic guidelines for this kind of invasive electronic surveillance of their personal communications,' said EFF Senior Counsel David Sobel. 'The burden is on the Justice Department to justify its failure to disclose the information we've requested.'" TND adds, "EFF's suit demands the immediate release of the FISC orders regarding the surveillance program and any FISC rules and guidelines associated with such orders."

HOMELAND RESPONSE:

Bush Will Veto 9/11 Bill If It Contains Labor Provisions. The Washington Times (2/28, Waterman, 88K) reports, "President Bush will veto a proposed bill to implement measures recommended by the September 11 commission if the bill is passed with language granting collective-bargaining rights to airport passenger and baggage screeners employed by the Transportation Security Administration, Homeland Security Secretary Michael Chertoff told Republican senators yesterday." Chertoff's comments "at a private luncheon were reported by Sen. Jim DeMint, South Carolina Republican, and confirmed by the Department of Homeland Security and a senior administration official authorized to speak to the press." DHS spokesman Russ Knocke said Chertoff "did make very clear that if the bill goes to the White House with the current provision related to TSA personnel authorities, his recommendation, and that of other senior administration officials, would be to veto it." The Times adds, "A letter sent yesterday to Mr. Bush from 36 Republican senators shows that the votes are there to sustain a veto, according to Republican aides."

The AP (2/28, Kellman) reports, "The White House made its displeasure with the union provision clear before the House passed it as part of its Homeland Security bill. Sen. Susan Collins said Chertoff told her that a statement Thursday would include an explicit veto threat." The AP

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adds, "Casting the provision as a deal-killer would flex Bush's political muscle with the new, Democratic-led Congress on the old battleground of labor rights. It also could throw an obstacle into talks over how to debate and pass the recommendations of the Sept. 11 Commission."

The Washington Post's "Federal Diary" column (2/28, D4, Barr) reports Scott Stanzel, a White House spokesman, said yesterday, "We vigorously disagree with the provisions of the Senate legislation that would eliminate the flexibility given to TSA to perform its transportation security missions." The TSA "needs the ability to quickly reassign and move screeners to respond to threats, he said." The New York Times (2/28, Lipton, 1.16M) notes Stanzel also said, "Existing authority permits TSA the flexibility to manage and deploy their work force. … We do think that it is important that TSA maintain that flexibility for personnel performing key homeland security roles."

DHS Data-Mining Program Said To Have Violated Privacy Laws In Testing Phase. The Washington Post (2/28, D3, Nakashima, Klein, 690K) reports DHS "is testing a data-mining program that would attempt to spot terrorists by combing vast amounts of information about average Americans, such as flight and hotel reservations." Analysis, Dissemination, Visualization, Insight and Semantic Enhancement, which resembles "a Pentagon program killed by Congress in 2003 over concerns about civil liberties, …could take effect as soon as next year. But researchers testing the system are likely to already have violated privacy laws by reviewing real information, instead of fake data, according to a source familiar with a congressional investigation into the $42.5 million program. … The privacy violation, described in a Government Accountability Office report that is due out soon, was one of three by separate government data mining programs, according to the GAO. 'Undoubtedly there are likely to be more,' GAO Comptroller David M. Walker said in a recent congressional hearing."

WPost Questions Technological Feasibility Of Nuclear Scanning Around Manhattan. The Washington Post (2/28, A18, 690K) editorializes that DHS's recently announced plan to scan large numbers of vehicles entering Manhattan "for radioactive materials without bringing life to a standstill" would "do what many scientists had once thought impossible. … Experts today say that the nuclear weapons are heavily shielded, making detection tricky, and that current front-line scanners have difficulty in reliably detecting even those nuclear materials not encased in a bomb. Nevertheless, DHS is pushing forward with a pilot program to test the feasibility of scanning large numbers of cars and trucks entering Manhattan for radioactivity." If the program is "successful, it would require little or no effort from those being inspected, so it wouldn't snarl traffic in the tri-state area. Another point in its favor is that the pilot program is not very expensive, as Homeland Security projects go, and that even if the resulting system is not perfect, it will foster development of newer and better technologies that will make Americans safer." Still, the Post continues that it is "glad Homeland Security is not breaking the bank on its latest experiment. Based on the available information on the inconsistency of nuclear detection technology, it is fair to wonder whether this is the right time to conduct such a large-scale test and whether such a program may be an inefficient use of government resources."

New Orleans Population Holding Steady As New City Emerges. USA Today (2/28, 1A, Konigsmark, 2.27M) reports on its front page that while the decision by celebrities Brad Pitt and Angelina Jolie to buy in New Orleans generated international headlines, "each day, in much smaller ways, other people are coming and buying stakes in a city that still has less than half the population it had before Hurricane Katrina. People continue to move out, some after returning here and becoming overwhelmed by the neighborhoods of empty houses, a crime wave and a general uncertainty about the future. Despite all that, New Orleans is finding a way to hold steady. The population, now at about 191,000, hasn't changed significantly in months. … All around, there are signs that New Orleans is coming back, but not quite as the city it used to be. A US government survey reveals a whiter populace: New Orleans was two-thirds black before Katrina hit in August 2005; today it's 47% black and 42% white. It's also more Hispanic, thanks mostly to an influx of workers coming here for plentiful construction jobs."

WAR NEWS:

Democrats Increasingly Divided On Iraq. Media reports this morning suggest Democratic divisions on Iraq are keeping the caucus from moving forward with a plan to challenge the President's "surge" strategy. The Los Angeles Times (2/28, Levey, Simon, 850K), under the

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headline "War Bill Divides Democrats," reports this morning, "Democratic lawmakers, who earlier this month nearly unanimously backed resolutions condemning President Bush's plans to boost troop levels in Iraq, are struggling to agree on what to do next in their drive to bring the war to an end." In the Senate, "party leaders who faced dissent in their own caucus have decided to postpone consideration of a binding resolution that would set limits on what US forces could do in the conflict." And in the House, "Democrats are wrestling with even deeper divisions." The Times adds "the apparent deceleration of the legislative drive to end the war is dismaying antiwar activists." McClatchy (2/28, Talev) adds that the "division and confusion over how to proceed could anger voters who put Democrats in control of Congress largely in frustration over the war." But "Democrats are nervous about cutting off money in a way that could undermine soldiers who already are in Iraq - or expose Democrats to Republican charges that they're doing that."

Fox News' Special Report (2/27, Hume) reported, "The Democrats ambitious plans to limit President Bush's war authority and force a change of course in Iraq are faltering amidst party divisions over how quickly and aggressively they should act." Senate Democrats beset by divisions set aside the Iraq debate in favor of a bill to fulfill unmet 9/11 Commission recommendations. They denied the onset of political paralysis. … But Senate Democrats are so divided over whether to deny funds for President Bush's troop surge -- while others want to revoke authorization for the war, and still others don't want to do either – that the party now finds its antiwar efforts visibly hobbled." Senate Majority Leader Harry Reid "couldn't say whether he prefers 'deauthorizing' the war or limiting funds for the troop surge. … Moderate Democrats are already distancing themselves from the newest antiwar strategy -- revoking the 2002 war authorization." Sen. Kent Conrad "opposes the idea." Sens. Ben Nelson and Mark Pryor "lean against it."

The Hill (2/28, Schor) reports, "Senate Democrats reversed course yesterday and vowed to keep the Iraq war out of the ongoing 9/11 Commission bill debate, but the lack of a consensus approach exposed by the new majority's move risks alienating anti-war allies and giving political momentum to Republicans." Democrats "first began eyeing the 9/11 Commission measure as a vehicle for binding checks on…Bush's war strategy during debate on the non-binding resolution billed as their first step in repudiating the White House." Yet "Democrats held off on their second step amid GOP insistence on a symbolic vote on troop funding and calls for a clean bill from Sen. Joe Lieberman (D-Conn.), who helps maintain their narrow hold on the Senate."

The Washington Post (2/28, A4, Weisman, Murray, 690K) reports "House Democratic leaders offered a full-throated defense Tuesday night of their plans to link Iraq war spending with rigorous standards for resting, training and equipping combat troops, saying that they would hold President Bush accountable for failing to meet those readiness tests." But "after a fractious meeting of the House Democratic caucus, Speaker Nancy Pelosi, D-Calif., said Democratic members still have not united around the proposal." Roll Call (2/28, Yachnin, Stanton) reports "aides said the House Democratic Caucus may hold a second meeting this week to further discuss the proposed spending bill.

The AP (2/28, Flaherty) reports, "House Democratic leaders are backing away from a plan to scale back US involvement in the Iraq war by using Congress' most powerful tool-–– withholding money in the budget." Instead, "party officials said Tuesday, leaders are weighing a proposal that would attempt to embarrass Bush into abandoning his war strategy. Under a plan discussed behind closed doors, Democrats probably would fund President Bush's entire $93.4 billion request for war spending this year but require that any troops sent into battle that don't meet certain standards receive a presidential waiver and that Congress be notified of the shortcoming." The compromise "is an attempt to please members who want to end the war immediately by cutting funding and others who do not want to appear as though Democrats are turning their back on troops."

The New York Times (2/28, Zeleny, Toner, 1.16M) describes the Democratic Congress as "divided over strategy, stymied by ideological divisions, but still hoping to escalate pressure on the White House to change the course of the war." The Washington Times (2/28, Bellantoni, 88K), meanwhile, reports Congressional Democrats, " especially new members -- are clamoring for action on the Iraq war, citing polls showing that American voters want to change course, but leaders have delayed significant action.

Local TV last night ran a number of stories on Democratic divisions. For example, WMDT-TV Salisbury, MD (2/27, 11:08 pm) said Democrats "nearly all across the board are sure they want to bring the troops home, but they are not sure how. Democrats on Capitol Hill are divided over

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how quickly and aggressively they should act to force a change of course on the Iraq war."

WLOS-TV Greenville, SC (2/27, 11:08 pm) reported, "At a Senate appropriations committee hearing, key Administration officials sought $100 billion in emergency funds for the war in Iraq and Afghanistan. … Democrats maintain a critical stance on the war. Still, some stopped short of supporting a proposal to use Congress' budget power to put limits on the President's troop surge." KTVU-TV in San Francisco (2/27, 10:23 pm), KVII-TV Amarillo (10/27, 10:17 pm), and WJSU-TV Birmingham (2/27, 10:12 pm), among other stations in various other parts of the country, aired similar reports.

Senate Democratic Leaders Under Fire Inside Their Caucus. The Politico (2/28, Bresnahan) reports "Senate Democrats are accusing their leaders of mismanaging the twin efforts to block…Bush's troop surge in Iraq and force a quicker end to the war." Reid "is facing criticism from both flanks of his party." Sen. Ben Nelson, "a conservative Democrat from Nebraska, said the new Democratic strategy could unfairly hamstring the president and military commanders." Also, Sen. Russ Feingold, "a liberal Democrat from Wisconsin, criticized the latest Democratic strategy as too timid and toothless in stopping the war. Approving a new authorization resolution would be the same 'as voting for a new Iraq war and that I am not going to do.'" Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., who is a "seeking the presidency, and Armed Services Committee Chairman Carl Levin (D-Mich.) wrote the new plan. Senate insiders faulted Biden and, to a lesser extent, Levin, for telegraphing their plans to Republicans prematurely -- before most members were fully briefed on it."

Pelosi Blasts Cheney For Comments On Murtha Plan. In an interview with CNN's Larry King Live (2/28), House Speaker Nancy Pelosi responded to recent criticism from Vice President Cheney, who said, "If we were to do what speaker Pelosi and Congressman Murtha are suggesting, all it would do is validate the Al Qaeda strategy." Pelosi said, "What the Vice President said what beneath the dignity of his office and beneath the sacrifice of our men and women in uniform, to equate our position with the position of the Al Qaeda. The Vice President is in a place that is out of touch with the American people, out of touch with what the former generals are saying, and out of touch with even the bipartisan majority in the Congress of the United States."

Editor Says He, Not Murtha, Coined Term "Slow Bleed." In The Politico (2/28), editor John Harris writes, "With a mixture of pride and remorse, I have a confession: I am the author of the Democratic Party's 'slow-bleed strategy' for ending the war in Iraq. … As it happens, Murtha's idea is itself bleeding support, hit by a barrage of denunciations from people who say it does indeed amount to abandoning the troops. In retrospect, it probably has already occurred to Murtha and his supporters that from a public relations perspective, 'slow-bleed' was not the most winning description. How could they have been so stupid? That's where I come in. 'Slow bleed' is my phrase. Murtha had nothing to do with it. Neither did John Bresnahan, the reporter whose name was on the Politico story in which the 'slow-bleed strategy' made its debut." Bresnahan "wrote an article that was the first to detail the emerging Democratic strategy of challenging Bush on Iraq. Here was the lead paragraph of the draft he submitted: 'Even as the House begins debate on a resolution opposing President Bush's plan to send 21,500 more U.S. combat troops to Iraq, leading anti-war groups are preparing a multi-million dollar TV ad campaign and grassroots lobbying blitz designed to pressure vulnerable incumbent lawmakers to end their support for the war.'" Harris changed it to: "Top House Democrats, working in concert with anti-war groups, have decided against using congressional power to force a quick end to US involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options."

Some Soldiers Asking Congress To Stop War. The New York Times (2/28, Alvarez, 1.16M) reports, "In a small but growing sign of dissent, a group of active-duty military personnel and reservists, including many who have served in Iraq, is denouncing the war and asking Congress for the prompt withdrawal of troops. The service members, who number more than 1,600, have sent an Appeal for Redress to their Congressional representatives, a form of protest permitted by military rules. Most of those who signed the appeal, at www.appealforredress.org, are enlisted soldiers in the Army, from the lowest to the highest ranks." The Times adds, "While the 1,600 make up a tiny part of the armed services, the appeal is one of the first official signs of protest from people within the military. An estimated 70 percent of those who have signed it are on active duty; the rest are members of the Reserves or the National Guard, and about 100 officers have signed it."

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DNI McConnell Says Term "Civil War" Accurately Describes Elements Of Iraqi Conflict. USA Today (2/28, Michaels, 2.27M) reports, "The nation's spy chief said Tuesday that the violence in Iraq resembles a civil war and the Iraqi government has the "close to impossible" job of trying to end the violence. The 'term "civil war" accurately describes key elements of the Iraqi conflict,' Mike McConnell, the new director of national intelligence, said in a statement to the Senate Armed Services Committee." The Bush Administration "has avoided using the term civil war to describe the violence in Iraq. McConnell is the highest-ranking administration official to use the term to describe events in Iraq."

Fox News' Special Report (2/27, Hume) reported that in testimony before the Senate Armed Services Committee, National Intelligence Director Mike McConnell "says an assessment by the intelligence community suggests sectarian violence has become 'self sustaining' and has political implications." McConnell: "The current level of sectarian animosity will make political reconciliation difficult over the next 12-18 months."

Officials Give Mixed Review Of Iraq Security Plan So Far. McClatchy (2/28, Strobel, Landay, Schoof) reports "top US intelligence officials disclosed that the deployment of Iraqi forces into Baghdad under President Bush's new plan to stabilize Iraq is running behind schedule and that all of the units sent so far have arrived under strength, some by more than half. Top military officials…gave a mixed review on the early implementation of the plan, which is aimed at ending carnage in the capital between Shiites and Sunni Muslims." Gen. Peter Pace, chairman of the Joint Chiefs of Staff, "said the Iraqi military was 'good for the most part,' but uneven. 'The Iraqi military is coming on very well,' he said, adding that the soldiers should be able to replace U.S. troops by late 2007. 'We should have significant turnover this year,' he said."

Fox News Special Report (2/27, Hume) reported, "As for the surge of U.S. Troops, back in January, here is how President Bush envisioned it working." President Bush was shown saying, "These troops will work alongside Iraqi units and be embedded in their formations." However, Sen. John Warner, "A Republican critic of the surge," said Iraqi forces "just are not participating." Warner: "I do not…have strong evidence that the Iraqi forces are measuring up in any amount to what the President laid down on January 10." Defense Secretary Gates "said to day that the military will be able to assess pretty quickly if the Iraqis are living up to their commitments on the military and security angles. In fact he says he may have more information by Thursday when he briefs members of congress on Iraq in a closed door hearing."

Rep. Debbie Wasserman Schultz, on MSNBC's Hardball (2/27, Matthews), said, "We should not be escalating this war. We should be making sure that we develop a plan and we press the president to develop a plan to eventually bring our troops home, and make sure that the Iraqis can stand up on their own and move forward with the democracy that we helped them create."

Violence Continues. NBC Nightly News (2/27, story 4, :40, Williams, 9.87M) reported, "In Iraq tonight we learned today three US soldiers were killed by a roadside bomb south of the city of Baghdad. And there are two very different versions of an incident today in Ramadi, a center of Sunni violence west of the city of Baghdad. According to the Iraqi side, at least 18 boys playing soccer were killed when a car bomb exploded near a public park. The US military however says the explosion was not a car bomb, but instead was caused when US troops intentionally detonated 15 bags of explosives that had been recovered in Ramadi. Some 30 people were injured, the military says. None of the injuries said to be life-threatening."

The Washington Post (2/28, A15, Londoño, 690K) reports, "Ramadi, capital of Anbar province, is a stronghold of the Sunni insurgent group Al-Qaeda in Iraq. More than a quarter of the US troops killed in Iraq have died in Anbar, where President Bush is sending 4,000 additional Marines as part of a temporary increase of US forces in the country."

The Los Angeles Times (2/28, 850K) reports, "Two weeks after a new US-Iraqi security crackdown was launched here, bombers struck popular public gathering spots ranging from an ice cream parlor to a kebab shop Tuesday, causing at least eight deaths. Police in the capital also reported discovering the bodies of 31 men who had been shot to death, apparent victims of Shiite death squads. And the US military reported the deaths of five more American troops." The Times adds, "Rage and frustration in Baghdad over the continuing bloodshed was accompanied by a sense of confusion over an afternoon incident in Ramadi."

More Commentary. The New York Times (2/28, 1.16M) editorializes, "There's little surprise that the White House is trying to claim the draft oil law as progress. There is

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no other good news to report: no security from the security sweep in Baghdad, no visible movement to purge the Iraqi police of sectarian death squads and no effort by Washington to impose benchmarks on Iraq's leaders for achieving national unity. ... In a bow to the reality of a splintering Iraq, the administration says it is now ready to sit down with Iraq's neighbors, including Iran and Syria. ... But the most important steps need to be taken by the Iraqi government itself. Prime Minister Nuri Kamal al-Maliki and his cabinet need to take responsibility for unifying a nation torn apart by decades of dictatorship and insurgency, rather than further inflaming those divisions by exacting vengeance on the formerly dominant Sunni Arab minority. ... And oil, Iraq's principal resource, must be equitably shared without regard to geography, religion or ethnic group."

In Policy Shift, Rice Says US Will Attend Regional Summit On Iraq. ABC World News (2/27, story 4, 0:15, Gibson, 8.78M) reported the Bush administration made a "major shift" Tuesday in its policy toward Iran and Syria. The US has "refused contacts with those nations, saying they're fueling the violence in Iraq. But now, the US says it will join with Iran and Syria at a summit. A 'neighbors meeting' in Baghdad, to explore how to stabilize Iraq."

Also calling the move a "major strategy change," the CBS Evening News (2/27, story 4, 1:25, Couric, 7.66M) said the "policy reversal," announced by Secretary Rice, "could bring the US and two bitter enemies together next month at a meeting in Baghdad." CBS (Axelrod) said the conference, which is planned for mid-march, "will focus on reconstruction, economic development, as well as security, which White House aides say will present a chance to press Iran on Iranian IEDs found in Iraq."

Similarly, the AP (2/28, Murphy) says the gathering "could offer a forum for Washington to amplify its concerns about Iranian involvement in Iraq."

NBC Nightly News (2/27, story 5, 0:35, Williams, 9.87M) said the State Department "would not rule out that Secretary Rice would meet separately with her Iranian and Syrian counterparts" as the "Iraq Study Group and others have been calling for."

Fox News' Special Report (2/27, Hume) showed Rice saying, "We hope that all governments will seize this opportunity to improve their relationships with Iraq and to work towards peace and stability in the region." And State Department spokesman Sean McCormack said, "Let's all assume the best intentions for all the states that are going to attend this meeting."

Calling the announcement a "diplomatic turnabout," the AP (2/28, Burns) says the move was "welcomed by Democrats and Republicans alike." Senate Majority Leader Harry Reid called it "a first step," but called for "a robust diplomatic effort in the Middle East," saying the Administration "cannot again settle for mere half measures."

USA Today (2/28, Slavin, 2.27M) notes that in December, "a bipartisan panel reviewing US options in Iraq urged the administration to open discussions with the two countries as part of an Iraq 'support group' and also one-to-one. James Baker, the former secretary of State who headed the commission, said that the administration's announcement was 'a move in the right direction.'" But the Washington Post (2/28, A1, Kessler, 690K) notes Rice "and other administration officials emphasized…that these conferences would be led and organized by the Iraqi government and not," as the Iraq Study Group suggested, the United States. Still, Democrats "seized on the announcement as a long-overdue change in direction by the Administration." Rice's announcement "appeared intended to assuage congressional concerns about the Administration's Iraq policy."

The Financial Times (2/28, Negus) reports US officials "did not exclude the possibility of bilateral discussions with Iran on the subject of Iraq, but would refuse to discuss the nuclear issue."

The New York Times (2/28, A1,Cooper, Semple, 1.16M) says, "While the newly scheduled meetings may not include direct negotiations between the United States and Iran, and are to focus strictly on stabilizing Iraq rather than other disputes, they could crack open a door to a diplomatic channel." The first meeting, "which will include senior Bush administration officials like the State Department Iraq envoy David Satterfield, will be in Baghdad in the first half of March," administration officials said. Then, in early April Secretary Rice "will attend a ministerial level conference, presumably with her Iranian and Syrian counterparts, which will likely be somewhere else in the region," administration officials said.

The Wall Street Journal (2/28, A3, King, Solomon, 2.04M) reports, "Rice's announcement came as many Arab leaders say they see some positive trends emerging in the region, despite the continuing carnage in Iraq. In Lebanon, attempts by the Iranian-backed Shiite militia and political party, Hezbollah, to overthrow the government of Prime

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Minister Fuad Siniora have waned. Last month, Saudi Arabia brokered the creation of a unity government in the Palestinian territories between Iranian-funded Hamas and Fatah, in a bid to avert civil war and kick-start a new round of Arab-Israeli peace talks." The Journal adds, "Arab diplomats tie these developments to Saudi Arabia's recent diplomatic offensive, largely aimed at preventing the spread of Iraq's Sunni-Shiite violence across the region. In addition, they said, Tehran is taking a more conciliatory stance toward its Middle East neighbors, in part because of threats by the US, Saudi Arabia and other regional allies to try and contain its growing influence in the region." The Washington Times (2/28, Sands, 88K) and Los Angeles Times (2/28, Richter, 850K) also report the story.

Rice Warns Of Al Qaeda Comeback If US Fails In Iraq. AFP (2/28) reports Secretary Rice warned "a doubting US Congress" Tuesday that Al-Qaeda will "come back to haunt us" if the US does not pursue its effort to stabilize Iraq. Rice told the Senate Appropriations Committee, "If they have a safe haven, a sophisticated and central place like Iraq, I believe strongly that that's going to enhance their capability to do so." Rice and Defense Secretary Robert Gates "underwent a grilling" Tuesday, as Senators "repeatedly questioned the government's rationale for remaining in Iraq amid sectarian violence that borders on civil war."

More Commentary. The Los Angeles Times (2/28, 850K) editorializes that the move is "a welcome about-face for the Bush administration." Bush and Rice "may have felt that this was a good time to announce talks without appearing weak, given broader developments in the Persian Gulf region. Events within Iraq may not be going well, but the US Navy has been flexing its muscles in the region. Moreover, U.S. diplomacy has helped to win a U.N. Security Council resolution denouncing Iran's nuclear program, and Iranian President Mahmoud Ahmadinejad appears to be in some political trouble with the ruling mullahs in Tehran, partly because of his perceived recklessness."

Taliban Says Cheney Was Target Of Suicide Attack. In continuing coverage of the suicide attack Tuesday outside the US base in Bagram, Afghanistan where Vice President Cheney was staying, killing at least 23 people, ABC World News (2/27, story 3, 2:25, Karl, 8.78M) reported, "A Taliban spokesperson has claimed responsibility" for the attack, "saying the intended target was, in fact, Vice President Cheney. But the bomber never got anywhere near the Vice President." The CBS Evening News (2/27, story 5, 2:15, Martin, 7.66M) notes "US officials insisted" the Vice President's "overnight stay at Bagram was a closely held secret unknown to the enemy, but that didn't stop the Taliban from claiming Vice President Cheney was the target of today's attack."

The Financial Times (2/28, Mojumdar, Bokhari, Sevastopulo) reports, "While his arrival on Monday was shrouded in secrecy, some experts questioned whether a one-day delay in meeting" Afghan President Hamid Karzai, "because of inclement weather had provoked a security breach." The Washington Times/AP (2/28, Tang) says "it was the closest that militants have come to a top US official visiting Afghanistan."

USA Today (2/28, Wiseman, 2.27M) reports Cheney "met with…Karzai in Kabul before heading back to the USA via the Persian Gulf state of Oman. During their private, hour-long meeting, Cheney and Karzai spoke about the 'problems coming from Pakistan,' according to an Afghan government official who spoke to the Associated Press on condition of anonymity because of the sensitivity of the matter."

NBC Nightly News (2/27, story 3, 2:40, Gregory, 9.87M) reported, "Back at the White House, the President was not awakened with the news, but briefed later. Mr. Cheney kept his schedule, meeting with Afghan President Hamid Karzai. Speaking to reporters, the Vice President said the terrorists were trying to undermine the Karzai government. 'Striking at Bagram with a suicide bomber, I suppose is one way to do that. But it shouldn't affect our behavior at all.' There are questions for investigators." The White House "insisted this is not a sign of the Taliban's strength." Tony Snow, White House Press Secretary: "I'm not sure it says anything because you've got an isolated attack." However, added NBC, "terrorism experts say the attack packed a psychological punch."

The New York Times (2/28, A9, Wafa, Gall, 1.16M) says while the attack "laid bare the rising insecurity in Afghanistan as American and NATO forces battle a growing Taliban insurgency, Afghan and American officials said it fell well short of a serious assassination attempt." Meanwhile, the Washington Post (2/28, A1, Witte, 690K) says despite the Taliban claim, US officials "disputed the assertion that Cheney was the target, noting that his overnight stay at the sprawling Bagram air base had been unplanned and that he was well away from the blast."

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In a front page news analysis titled "Afghan Bombing Sends a Danger Signal to US," the New York Times (2/28, A1, Sanger, 1.16M) says the "audacity" of the attack "underscores why President Bush sent him there -- a deepening American concern that the Taliban and Al Qaeda are resurgent." While it was "more successful at grabbing headlines and filling television screens" than "at getting anywhere near" Cheney, the strike "nonetheless demonstrated that Al Qaeda and the Taliban appear stronger and more emboldened in the region than at any time since the American invasion of the country five years ago." Likewise, the Chicago Tribune (2/28, Silva, Fang, 617K) reports the attack "underscored concerns Tuesday about the resurgence of Taliban militants and other Islamic radicals in Afghanistan --the very reason for Cheney's visit." The Los Angeles Times (2/29, Barnes, Meyer, King, 850K) also reports the story.

Huffington Blog Posters Regretted Attempt On Cheney Wasn't Successful. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column that the "liberal Huffington Post Web site (www.huffingtonpost.com) ran a wire story yesterday about the apparent attempt to assassinate Vice President Dick Cheney in Afghanistan. A number of its readers proceeded to make postings in which they expressed regret that the attack had not succeeded." Talk radio host Rush Limbaugh "read about a half-dozen of the foul postings on the air yesterday, and linked to the Huffington Post from his own Web site (www.rushlimbaugh.com). Not long afterward, the Huffington Post removed the most offensive of the missives."

Cheney's Cargo Plane Named "Spirit Of Strom Thurmond." The Washington Post (2/28, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column, "To evade detection by terrorists, Dick Cheney parked Air Force Two and flew to Pakistan and Afghanistan in a military cargo plane, the 'Spirit of Strom Thurmond.' (Make up your own joke. We're busy.)"

DNI McConnell Warns Al Qaeda Rebuilding In Pakistan. The New York Times (2/28, A6, Mazzetti, 1.16M) reports the new Director of National Intelligence, Mike McConnell, told members of Congress Tuesday that senior leaders of Al Qaeda "were steadily rebuilding the network's bases inside Pakistan and that future attacks against the United States could be planned from Pakistan's remote western mountains." In his first testimony since taking office, McConnell "issued a blunter assessment" of Pakistan's efforts in the war on terror, saying "We believe they could do more." In addition to McConnell, Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, described the border region as a "haven for Al Qaeda's leadership."

The Washington Post (2/28, A4, Pincus, 690K) reports McConnell said the US is "very concerned" that Osama bin Laden and the al-Qaeda leadership are attempting to rebuild their terrorist network," but said they lack the experience of the old leadership, nearly three-quarters of which has been killed or captured.

The AP (2/28, Shrader) reports McConnell said the US believes bin Laden and al-Zawahri "are hiding in the rugged frontiers of northwestern Pakistan and are attempting to establish an operational base there." McConnell's push for action along the Afghan-Pakistani border "echoed concerns raised" by Vice President Cheney "during a face-to-face meeting Monday with Pakistani President Gen. Pervez Musharraf."

The Christian Science Monitor (2/28, Sappenfield, 59K) reports, "Since last summer, when the Taliban seized entire districts in the southernmost provinces and attempted to encircle Kabul, the United States has refocused its attention on Afghanistan. Recently, the Bush administration proposed $10.6 billion in aid, announced the overhaul of its diplomatic mission here, and increased the number of American troops to 27,000 – the highest level since the 2001 invasion." It is, "in part, an attempt to save what has been promoted as the administration's great overseas achievement, even as Iraq slips further into chaos." But "Tuesday's events are indicative of the Taliban's eagerness to escalate the fight, and analysts question whether America's increased commitment to Afghanistan will be sufficient to make the country's democratic experiment successful."

Holbrooke Accuses The Administration Of Ignoring Warnings On Afghanistan. Former US ambassador to the UN Richard Holbrooke, on MSNBC's Hardball (2/27, Mattews), said, " A year ago, I went to Afghanistan…and I wrote a column for The Washington Post. And I said, the situation was deteriorating rapidly. We were facing an upsurge. We had to do something about it. Two of the most senior officials in the United States government, short of the president and vice president, both called me…to say I was too pessimistic about Afghanistan. I am still angry about that. Why? Because I was trying to help create a bipartisan position that said that Afghanistan is indispensable to our national security and should be separated from the Iraq

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crisis. And, instead, they ignored the warning sounds, until a few days ago. President Bush finally got up and semi-admitted that things were not as good as they ought to be, or as he had said they are. And I remain angry about that."

More Commentary. The Wall Street Journal (2/28, 2.04M) editorializes, "There's no need to accuse Pakistani intelligence of tipping off the Taliban about Mr. Cheney's whereabouts to see a connection between decisions in Islamabad and terrorism in Bagram. Mr. Cheney reportedly delivered a stiff message to Mr. Musharraf about the need for Pakistan to deny the Taliban sanctuary along its frontier with Afghanistan. That's a message Islamabad needs to hear, even if an Islamabad spokeswoman did insist after Mr. Cheney's visit that 'Pakistan does not accept dictation.'" However, adds the Journal, "policing its long and mountainous border with Afghanistan has exacted a high price in Pakistani lives and treasure," but "failing to police it may exact a higher one."

Rep. Chris Shays, on MSNBC's Hardball (2/27, Matthews) noted that "the key in Afghanistan is, we have gotten the Europeans to do some lifting there, where they don't want to do it in Iraq. So, we have, I think, more of the world community with us. … But give this administration credit for at least finding a way to engage the Europeans in something. As someone told me, Europe has never had what they call an away game since Afghanistan. They have always depended on the United States."

Fox News' Bill O'Reilly, in the opening segment of his O'Reilly Factor (2/27), contended that the attack "should remind everybody that the global war on terror is still underway and things are not going well. … Right now the Taliban is taking advantage of Pakistan's unwillingness to shut them down. The Taliban killers have a sanctuary in their country. And president Musharraf is basically hiding under his desk."

DOJ:

Critics See Politics Behind US Attorney Dismissals. In an article posted on Salon.com (2/28), Mark Follman writes, "Ever since the Bush administration shocked the legal community by dismissing eight U.S. attorneys in December, Justice Department leaders have vigorously denied that the firings were politically motivated. … But at least three of the eight fired attorneys were told by a superior they were being forced to resign to make jobs available for other Bush appointees, according to a former senior Justice Department official knowledgeable about their cases. That stands in contradiction to administration claims that the firings were related either to job performance or policy differences. A fourth U.S. attorney was told by a top Justice Department official that the dismissal in that attorney's case was not necessarily related to job performance. Meanwhile, U.S. Attorney David Iglesias in New Mexico -- who officially steps down from his post on Wednesday, and who says he was never told by superiors about any problems with his work -- plans to go public with documentation of the achievements of his office. … 'I never received any indication at all of a problem' regarding performance or policy differences, Iglesias told Salon on Monday. 'That only leaves a third option: politics.'" Follman continues, "Suspicions about the unusual purge of eight U.S. attorneys in December burst into the open within the legal community and on Capitol Hill after McNulty conceded in Senate testimony on Feb. 6 that the U.S. attorney in Arkansas, Bud Cummins, was pushed out for no reason other than to give someone else a shot at the job. Using a little-noticed provision in the Patriot Act allowing interim appointments, Gonzales gave the post to Timothy Griffin -- who had been both an operative for the Republican National Committee and a deputy to senior White House advisor Karl Rove -- in what many believe was a maneuver to sidestep the traditional Senate confirmation process for U.S. attorneys. … While Cummins was first informed of his dismissal last June, it wasn't until Dec. 7 that Michael Battle, a top Justice Department official, informed the rest of the group of U.S. attorneys in phone calls that they would be required to step down. That group included Daniel Bogden in Nevada, Paul Charlton in Arizona, John McKay in Seattle, Carole Lam in San Diego, and David Iglesias in New Mexico -- all of whom had received positive job reviews before they were dismissed and some of whom are viewed by colleagues and law enforcement officials as exceptional leaders. Most of them have said publicly that they were never told of any management or policy problems by their superiors. … According to the former senior Justice Department official, one of the U.S. attorneys in the group was told by Battle on Dec. 7: 'It's hard not to think you did something wrong when you get a call like this, but that's not always the case.' Two other U.S. attorneys in the group, upon seeking clarification from superiors in Washington, were told by a different top Justice Department official that they were being pushed out to give other Bush appointees their posts. A current senior

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Justice Department official confirmed that one of those two was Bogden in Nevada. Bryan Roehrkasse, a public affairs spokesman for the Justice Department, declined to comment about 'specific personnel matters.' … Former officials, legal scholars and U.S. lawmakers from both parties have publicly questioned the administration's stated rationale for the firings and have suggested troubling theories about the real reasons for the housecleaning, which experts say is without precedent. Some former Justice Department officials say they believe the administration's moves are a politically driven power grab -- aimed not only at a tighter grip on policy from Washington, but also at creating openings with which to reward their friends and build up a bench of conservative loyalists positioned to serve in powerful posts in future administrations." Follman continues, "Administration officials have declined to provide further explanation for any of the attorneys' dismissals, including McKay's. … Questions remain about how the Bush administration will seek to fill the newly vacant posts. Some former Justice Department officials say they believe that the Bush administration has since revised its plans to reward political loyalists with the jobs, due to the backlash against the decision to push out Cummins and hand his post to Griffin in Arkansas. Earlier this month, the administration withdrew Griffin's name from consideration for a permanent appointment, though he remains in office indefinitely."

DOJ Pilots Federated ID Management System. Government Computer News (2/28, Jackson) reports, "The Justice Department is piloting a federated identity management system that could be used to verify government online identities across different agencies." GCN continues, "The Law Enforcement Information Sharing Program, run by Justice's Office of the Chief Information Officer, could offer validated user credentials to multiple applications across multiple agencies, noted Boris Shur, a Justice IT manager who is working on the pilot. Shur outlined the project at the Collaborative Expedition Workshop, held today in Arlington, Va." GCN adds, "The system works by establishing a trust broker to act as a liaison between applications and providers of user credentials. With a trust broker in place, a user can request access to an application outside his or her own agency, and that application can request credentials from that broker, which has gathered such credentials from the identity providers. … Such a federated approach could cut the complexity that would ensue as more applications are opened to outside agencies. The trust broker could eliminate the need to establish individual handshakes between applications and identity providers. It could also cut down on the format headaches, as both applications and identity providers can communicate with the trusted broker in its own native format and protocol. It is up to the trusted broker to provide all the relevant protocols and formats, Shur said. At present, the LEISP system communicates credentials using the Public Key Infrastructure, the Security Assertion Markup Language and the Web Services Federation Language. It interacts with a number of applications as well as with a number of identity servers, such as the Sun One Identity Server and the Hewlett-Packard OpenView Select Federation."

CORPORATE SCANDALS:

Former McAfee Counsel Charged In Options Probe. The California Recorder (2/28, Scheck) reports, "Kent Roberts, the former chief counsel at McAfee Inc., on Tuesday became the first Silicon Valley lawyer charged in the stock options backdating debacle." The Recorder continues, "Roberts faces six counts of mail fraud, wire fraud and filing false SEC documents in connection with options grants given to himself and ex-McAfee CEO George Samenuk in 2000 and 2002. … The 11-page charging document tracks what Justice Department officials have repeatedly said they're looking for in deciding to charge in options cases: evidence of intentional fraud -- most importantly, concealing options manipulation." The Recorder adds, "The indictment says that in 2000, Roberts, who joined the company then called Network Associates in 1998, changed the grant date -- and thus lowered the price by nearly $10 a share -- on 20,000 options given to him by the board. … According to the charging document, Roberts was concerned that the original price of the options would not have benefited him since McAfee's share price was dropping at the time. … Months later, the indictment said, Roberts 'caused the grant date to be changed to April 14, 2000, and he caused the exercise price to be changed to $19.75, which was the closing price of Network Associates' stock on the new, fabricated grant date,' the indictment says. … While that may have been problematic, the indictment says Roberts exacerbated the situation in 2002, the year he became one of the three company officials on the 'Ethics First Committee,' which the company formed to root out internal problems that had

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resulted in past legal messes. … In that capacity, Roberts investigated the former controller, the indictment says, looking at allegations that the controller had manipulated options grant prices for employees of the company."

The Financial Times (2/28, Allison, Masters) reports, "If found guilty, he could face up to 20 years in jail and a fine of up to $250,000." The Times adds, "The indictment marked the latest sign that federal prosecutors and the SEC are pressing forward quickly with their cases against individuals involved with stock options backdating. … Earlier this month, the former general counsel of Monster Worldwide, the online jobs site, pleaded guilty to separate backdating charges." The Times notes, "Federal authorities are probing options granting practices at dozens of other companies, including Apple and Broadcom. … In many cases, investigators may be running up against statutory deadlines which require prosecutors to bring securities fraud cases within five years. Much of the options backdating appears to have ceased after the SEC changed disclosure rules for options grants in 2002."

The New York Times/AP (2/28) reports, "The indictment includes seven criminal counts of fraud, accusing Mr. Roberts of deceiving investors by filing false statements with the Securities and Exchange Commission and falsifying McAfee's books. … Besides shedding more light on the apparent misconduct of Mr. Roberts, the case provides the latest indication that the government crackdown on corporate America's widespread stock option abuses is progressing beyond the evidence-gathering stage." The AP notes, "Mr. Roberts became the third former executive in the last two weeks to be accused of illegally rigging stock options, joining the former chief executive of the video game maker Take-Two Interactive Software Inc. and a former senior vice president for the company that owns the online job search site Monster.com."

USA Today (2/28, 2B, Iwata) reports, "Since the backdating scandal arose last year, criminal charges have been brought against former executives at Brocade Communications Systems, Comverse Technology and Take-Two Interactive Software. About 200 companies have disclosed internal or federal investigations of their options grants. … Several corporate general counsels have resigned or been fired as a result of those investigations." USA adds, "General counsels are expected to monitor a company's legal and financial doings, so the spate of in-house attorneys involved in backdating cases is especially alarming to corporate-governance experts." The AP (2/28, Liektke) also reports this story.

Mutual Benefits Managers Plead Guilty To Securities Fraud. The AP (2/28) reports, "Two managers at Mutual Benefits Corp. pleaded guilty to securities fraud and agreed to pay about $830 million in restitution to investors, authorities said Tuesday. Carol Traina and Bari Wiggins each pleaded guilty to one count of conspiracy to commit securities fraud in connection with Mutual Benefits' billion dollar securities offering, according to the U.S. Attorney's Office for the Southern District of Florida. Both face up to five years in prison." The South Florida Sun-Sentinel (2/28, 237K) notes, "Mutual Benefits, which was shut down in 2004, purchased life insurance policies from terminally ill and elderly people for less than face value and sold shares in the payouts to investors. Such deals, known as viaticals or life settlements, are profitable if the insured person dies within a particular period of time. Prosecutors said Mutual Benefits cheated investors by using artificially low projections of how long insured people would live and by understating the risk of the investments."

California Broker Pleads Guilty To Securities Fraud. The San Fernando Valley Business Journal (2/26) reported, "A former account vice president for a Valencia brokerage firm pleaded guilty today to conspiring to commit securities fraud. Justin Paperny, a resident of Studio City, pleaded guilty that he helped operate the GLT Venture Fund at Capital Management Group in Valencia. … The deception resulted in more than 40 investors losing at least $2.5 million, according to the U.S. Attorney's Office. As part of the plea, Paperny agreed to cooperate with investigators in an ongoing criminal probe into Capital Management and the venture fund."

US To Produce Nacchio Witness List On Thursday. The Denver Post (2/28, Vuong) reports, "Federal prosecutors will produce for the first time Thursday a list of witnesses they plan to call during the criminal insider-trading trial of former Qwest chief executive Joe Nacchio." The Post continues, "U.S. District Judge Edward Nottingham has ordered the government to compile the list for the defense. It's unclear whether it will be made public. The defense has to submit its witness list by March 16." The Post adds, "James Payne, former senior vice president of Qwest's

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Government Systems Division, said Tuesday that he expects to be called to testify during the trial, which is set to begin March 19 in federal court in Denver. … 'I'm involved on both sides of the case,' Payne told The Denver Post in a phone interview from Washington, D.C. 'I'll be subpoenaed by one side or the other, and perhaps both.'" The Post notes, "Payne joined Qwest in August 1999 and worked directly with Nacchio on government contracts, including those with clandestine agencies that may play a key role in Nacchio's defense. … Former Qwest chief financial officer Robin Szeliga, former Qwest president Afshin Mohebbi and former board member Tom Stephens could be key witnesses for the government. … Payne is the first former Qwest official to publicly disclose that he expects to be involved during the trial. Payne said he has been contacted by prosecutors and defense attorneys a number of times. Court filings suggest he may be more helpful to the defense. … Nacchio is accused of selling $100.8 million in Qwest stock in early 2001 while he knew the company's finances were deteriorating. He has pleaded not guilty to 42 charges of illegal insider trading. … Nacchio's attorneys have said he had a positive outlook on Qwest during that time because he alone, among his inner circle of top executives, in Denver knew the company was in line to receive large top-secret government contracts."

Former FDA Commissioner Crawford Given Probation, Fined. The New York Times/AP (2/28) reports Lester M. Crawford, former commissioner of the Food and Drug Administration, "was ordered to pay about $90,000 in fines for lying about stock he owned in companies regulated by the agency. At his sentencing in federal court…Crawford, was also given three years' supervised probation and ordered to perform 50 hours of community service." Crawford "pleaded guilty last October to having a conflict of interest and false reporting of information about stock he and his wife owned."

CRIMINAL LAW:

House Leaders Reach Agreement On Cunningham Probe Subpoenas. The Hill (2/28, Crabtree) reports, "House leaders will not fight subpoenas for information from the U.S. Attorney's Office in San Diego stemming from a criminal investigation into activities related to the bribery case against Rep. Randy 'Duke' Cunningham (R-Calif.), according to a release by Speaker Nancy Pelosi's (D-Calif.) office yesterday." The Hill continues, "The chairmen of three committees involved, working with the House General Counsel's office, have been negotiating for the last two months about how to respond to subpoenas for documents the U.S. Attorney sent the House Appropriations, Armed Services and Intelligence panels late last year. … It was unclear at press time how much GOP ranking members of the committees were consulted about which documents to hand over." The Hill adds, "A Democratic leadership aide insisted that Republicans were consulted because it involved 'their documents.' … But Brian Kennedy, spokesman for Minority Leader John Boehner (R-Ohio), said his boss was not kept in the loop during any part of the negotiation process. … 'We were not party to or made aware of any of the agreements,' he said. … That is a distinct departure to what happened last year after the FBI raided the office of Rep. William Jefferson (D-La.), when the leadership of both parties invoked the Speech Debate Clause of the Constitution. … '… Because all of the information being provided to the U.S. Attorney is privileged under the Speech and Debate Clause of the Constitution, the committees have agreed to decline to assert the privilege with respect to that information,' the statement from Pelosi's office said. … 'The agreements permit the committees to cooperate with the investigation in a manner that respects the constitutional prerogatives of the House and does not impair the committees' functioning or compromise their legislative and oversight responsibilities,' the release said. … The negotiations went so smoothly that the U.S. attorney's office withdrew the subpoenas and the committees have already handed over some of the documents requested."

The AP (2/28) reports, "Two committee staffers will appear March 1 before the federal grand jury in San Diego that has been considering evidence stemming from the Cunningham case, Daly said. … The subpoenas were sent in December and January to the Appropriations, Armed Services and Intelligence committees and the two staffers." The AP continues, "Cunningham, a San Diego-area Republican, was sentenced in March to more than eight years in prison for accepting $2.4 million in bribes in exchange for steering government business to defense contractors. … Earlier this month, the grand jury indicted a former top CIA official and a San Diego defense contractor on fraud and money laundering charges in an investigation that spun off from the Cunningham probe. The defense contractor, Brent Wilkes, was also charged in a separate

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indictment along with a New York mortgage banker on charges of bribing Cunningham. … The subpoena deal comes after nearly a year of negotiations over the documents that began while the House was still under Republican control."

Gonzales Asked To Probe Smithsonian Official's Conduct. The Washington Post (2/28, C03, Trescott) reports, "A Washington watchdog group yesterday asked the attorney general to investigate whether Smithsonian Secretary Lawrence M. Small violated the law by using federal money to pay for travel and other expenses." The Post continues, "The group also asked the Justice Department to determine whether the Smithsonian Board of Regents, which is chaired by John G. Roberts Jr., chief justice of the Supreme Court, broke the law by approving Small's expenses." The Post adds, "In a letter to Attorney General Alberto R. Gonzales, Citizens for Responsibility and Ethics in Washington said the $90,000 in unauthorized expenses that Small accumulated between 2000 and 2005 was 'troubling.' Questions raised by Smithsonian's inspector general about Small's expenses were first reported by The Washington Post on Sunday. … 'Mr. Small's conduct not only diminishes the stature of the Smithsonian Institution, it smacks of self-dealing and self-enrichment at the expense of the general public. The Board of Regents failure to take action against Mr. Small -- incomprehensibly choosing to endorse his conduct instead -- is similarly distressing,' said the letter, signed by Melanie Sloan, CREW's executive director, a former federal prosecutor. The group describes itself as nonpartisan; it has received funding from liberal Democratic sources." The Post notes, "Sen. Charles Grassley (R-Iowa), ranking member of the Senate Finance Committee, has asked Roberts, chancellor of the Smithsonian Regents, to review what Grassley has called 'lavish expenditures' by Small. Grassley said the board appeared to be 'rubber-stamping the actions of Secretary Small and turning a blind eye to very serious issues raised by the inspector general.' The senator suggested this week that the Smithsonian's budget be cut because of excessive spending and proposed changing the composition of the Board of Regents."

Colorado Deputy Sheriff Charged With Child Pornography. The Rocky Mountain News (2/28) reports, "A 53-year-old Arapahoe County (CO) sheriff's deputy has been indicted by a federal grand jury on child pornography charges." The News continues, "Douglas Morrill Peek of Centennial is charged with transportation, possession, distribution and receipt of child pornography. … He was arrested by the FBI this morning without incident and made his initial appearance in U.S. District Court in Denver this afternoon." The News adds, "If convicted he faces up to 20 years in a federal prison and up to a $250,000 fine. … 'The Department of Justice will pursue and prosecute those who commit crimes involving the exploitation of children, no matter who they are, or what position they hold,' said United States Attorney Troy Eid. … This case is being brought as part of Project Safe Childhood."

Iowa Man Given More Jail Time For Child Pornography. The Iowa City Press-Citizen (2/28, McWilliams) reports, "An Iowa City man already serving 10 years in prison for lascivious acts with a child received an additional seven-plus years behind bars for storing child pornography on his home computer." The Press-Citizen continues, "Jackie Dean Burtlow, 40, pleaded guilty to receipt of child pornography. A federal judge initially sentenced Burtlow to 10 years and two months in prison but gave him credit for 33 months previously served for related state charges, which leaves seven years and five months." The Press-Citizen adds, "According to a news release from the U.S Department of Justice: … The FBI started investigating Burtlow in May 2004 when agents in Cleveland found an e-mail that was later determined to have been sent from Burtlow's computer. Police searched Burtlow's Iowa City residence and seized a computer that contained numerous images, including video clips of children engaged in sexually explicit conduct. … When questioned, Burtlow admitted that he had child pornography stored on his computer and also said he had chatted and sent e-mails to other people about child pornography, according to the release."

Florida Couple Sentenced To Prison For Spying For Cuba. In a story distributed by McClatchy, the Miami Herald (2/28, Weaver, 286K) reports, "Convicted ex-Florida International University academics Carlos and Elsa Alvarez apologized Tuesday as a pair of tearful defendants, expressing regret for a secret life of informing on Miami's exile community for Cuba. … U.S. District Judge K. Michael Moore slammed Carlos Alvarez with the maximum five-year prison sentence for conspiring to act as an

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unregistered Cuban agent and Elsa Alvarez with the maximum three years' imprisonment for harboring her husband's illicit intelligence work and failing to report it to authorities." The Herald adds, "In sentencing them, Moore acknowledged the couple's supporters who testified about their honesty, integrity and spirituality as Catholics, but he condemned them for breaking federal law with their 'personal foreign policy.'"

Florida Police Chief Defends Decision To Tell Officials About FBI Probe. The Miami Herald (2/28, DeMarzo, 286K) reports, "Hollywood Police Chief James Scarberry, who admitted he leaked information about an ongoing federal probe of his department, defended his decision Tuesday, saying the FBI told him he could use his 'discretion' in discussing the probe with others. Scarberry told as many as eight city officials about the two-year undercover investigation, but insists that he did not tip off the targets of the probe. Scarberry said he 'has his suspicions' who leaked the information to those involved, but doesn't believe it came from within his department or City Hall." The Herald notes that the officers' "arrests could jeopardize more than 60 criminal cases handled by the four detectives. Prosecutors began sending letters to defense attorneys representing clients involved in the cases, advising them of the situation."

Virginia Sheriff's Deputy Pleads Guilty In Corruption Probe. The AP (2/28) reports, "A former officer charged in a federal investigation of corruption in a rural sheriff's department pleaded guilty Tuesday to one count of possessing stolen firearms. Patrick Martin, who was a sergeant in the vice unit of the Henry County Sheriff's Department, faces a maximum sentence of 10 years in prison and a fine of $250,000." The AP notes, "Martin's case had been set for a jury trial but he decided Tuesday morning to plead guilty instead, his attorney, Art Strickland, said. … During the court hearing," Assistant U.S. Attorney Thomas Bondurant "played a recording from portions of a three-hour interview that an FBI agent and a state police officer conducted with Martin in which he said he was not aware of any drugs or guns stolen from the sheriff's department by officers."

6th Circuit Overturns Georgia Corruption Conviction. The Macomb Daily (2/28, Cook) reports, "A federal appeals court reversed the conviction of a former Warren city councilman on fraud charges because of a federal judge's secret communication with government lawyers during jury deliberations in his first trial. William Barnwell's convictions for theft, embezzlement and conspiracy were dismissed and the case was remanded back to the U.S. District Court, a Sixth Circuit Court of Appeals panel ruled Tuesday." The Daily notes, "Assistant U.S. attorney Keith Corbett went to the judge after the FBI was conducting a telephone wiretap in an unrelated case and heard a reference to the Barnwell case -- the results of an informal jury vote, which is supposed to be done in secret. An FBI agent said that a juror was the sister of a subject in the unrelated case, and the judge and government lawyers discussed the potentially contaminated juror. … The discussions were kept from the defense attorneys in the case, a move that the appeals court determined tainted the case not only for the first trial but also the second trial in which a new jury found Barnwell guilty."

Washington Woman Admits To Teaching Children To Fake Retardation For Benefits. The AP (2/28) reports from Tacoma, WA, "A woman admitted Monday that she coached her two children to fake retardation starting when they were 4 and 8 years old so she could collect Social Security benefits on their behalf." The AP continues, "Rosie Costello, 46, admitted in U.S. District Court that she collected more than $280,000 in benefits, beginning in the mid-1980s. Most was from Social Security, but the state social services agency paid $53,000. … Costello pleaded guilty to conspiracy to defraud the government and Social Security fraud. Her son, Pete, 26, pleaded guilty earlier this month. Federal prosecutors in Seattle said Monday authorities had not yet located her daughter, Marie." The AP adds, "According to the plea agreement, Costello began coaching her daughter at age 4, and later used the same ruse with her son. He feigned retardation into his mid-20s - picking at his face, slouching and appearing uncommunicative in meetings with Social Security officials. … Social Security workers became suspicious and uncovered a video of Pete Costello ably contesting a traffic ticket in a Vancouver courtroom. … Pete Costello is scheduled to be sentenced May 11 and faces from six months to a year in prison, as well as $59,000 in restitution. … Rosie Costello is scheduled for sentencing May 17."

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Indiana Men Sentenced To Prison For Mortgage Fraud. The Indianapolis Star (2/24, 268K) reported, "Two Indianapolis men received prison terms Friday for mortgage scams. Federal judges sentenced John Wagner, 46, to 37 months in prison and Frankie Lamont Howard, 38, to 24 months. Since a federal fraud task force was formed in 2002 to look into the area's rash of mortgage crimes, 58 people have been convicted, including Wagner and Howard, who each had pleaded guilty to charges of mail fraud and money laundering." The AP (2/24) also reported on the sentencings.

Massachusetts State Trooper Sentenced To Prison For Online Solicitation. The Boston Globe (2/28, Ballou, 413K) reports, "A federal judge gave the minimum sentence to a former Massachusetts state trooper and decorated Army war veteran who admitted trying to solicit sex over the Internet from someone he thought was a 14-year-old boy. Brian O'Hare, 46, of Lancaster was sentenced to the mandatory minimum of five years in prison yesterday in federal court in Boston after he pleaded guilty." The Globe notes that "the person he was chatting with was actually FBI agent Jeremy Morrissey, working in an Internet sting operation. O'Hare was arrested last February when he drove to Meadow Glen Mall…for what he thought was a meeting with the boy." The AP (2/28) also notes, "O'Hare allegedly had several sexually explicit chats with an FBI agent who was posing as a 14-year-old high school boy, and the two arranged to meet.

California Transplant Doctor Under Probe In Organ Donor's Death. The Los Angeles Times (2/28, Ornstein, Weber) reports, "Police are investigating whether a Kaiser Permanente transplant surgeon attempted to hasten the death last February of a 26-year-old San Luis Obispo man on life support in order to harvest his organs more quickly." The Times continues, "The allegations, if true, would constitute a grave breach of the nation's organ transplant rules, as well as a public relations setback for those promoting organ donation, experts in transplantation said. … San Luis Obispo police and the Medical Board of California are looking into the conduct of Dr. Hootan Roozrokh, who was a surgeon at Kaiser's now-defunct kidney transplant program in San Francisco." The Times adds, "At issue is whether he ordered excessive doses of powerful pain medication to speed the death of Ruben Navarro, according to several sources familiar with the case who spoke on condition of anonymity because investigations are ongoing. … Medical board spokeswoman Candis Cohen said her agency is also investigating the conduct of a second physician present during the incident. That person, Kaiser officials confirmed, is Dr. Arturo Martinez, who at the time was the surgical director of Kaiser's transplant program. … Neither surgeon was attempting to recover the organs on behalf of Kaiser; rather, they were working on behalf of the group that procures and distributes organs in much of Northern and Central California. Transplant surgeons commonly perform such duties."

Judge Asked To Delay Sentencing For Louisiana Hospital Owner. The Shreveport (LA) Times (2/28, Mahfoufi) reports, "The same day Doctors' Hospital filed for bankruptcy last week, owner David LeBlanc's attorneys asked a federal judge to reschedule his sentencing on a charge of illegal campaign contributions." The Times continues, "It will be the third time LeBlanc, who is facing jail time and/or a fine, will have had his sentencing postponed. … 'The defendant is cooperating in an ongoing criminal investigation, and the government cannot make an informed recommendation as to the defendant's sentence until the defendant completes his cooperation,' the trial attorneys with the U.S. Department of Justice Criminal Division Public Integrity Section wrote in an earlier motion. … There was no reference to the ongoing investigation in the latest request to reschedule LeBlanc's sentencing to March 23. … A Department of Justice spokeswoman said she could not comment on the investigation." The Times adds, "LeBlanc pleaded guilty last March after an internal investigation by LifeCare -- the hospital chain he co-founded 15 years ago with two dozen leased beds within Doctors' Hospital -- found he and then-Government Relations Vice President Donald Boucher made federal political contributions in their and their wives' names. … LifeCare used corporate funds to reimburse LeBlanc and Boucher $50,000 through bonuses, salary increases and expense reimbursements. LeBlanc authorized the payments. … LeBlanc and Boucher, both fired by LifeCare, admitted to knowingly and willfully violating the law. LeBlanc agreed to pay a $100,000 civil penalty and Boucher agreed to pay a $50,000 penalty. Both also entered criminal plea agreements with the Department of Justice."

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Convicted Ney Aide Made Appearance At Media Party. The Roll Call (2/28, Heil) reports in its "Heard on the Hill" column, "Neil Volz, former aide to convicted ex-Rep. Bob Ney (R-Ohio), may have gotten some unwanted headlines when he pleaded guilty in May 2006 to federal conspiracy charges in the ongoing investigation into disgraced lobbyist Jack Abramoff's dealings on Capitol Hill." But "just a few weeks ago, Volz was mingling — voluntarily — with members of the Fourth Estate. An HOH spy belatedly tipped off HOH that Volz attended the after-party hosted by CQ following the Washington Press Club Foundation's dinner Feb. 6 at the Ritz-Carlton." Volz was "wearing a newly grown beard and a dark suit, which practically constituted a disguise since many of the aides and reporters in attendance didn't recognize him. An acquaintance jokingly asked what Volz was doing walking 'into the lion's den,' said the HOH tipster, who added that the disgraced aide who now faces prison time appeared to be in 'good spirits.'"

CIVIL LAW:

High Court Considers Case On Bush's Faith-Based Initiative. USA Today (2/28, Biskupic, 2.27M) reports, "The Wisconsin-based Freedom From Religion Foundation has sued to get rid of crosses in city parks, to end Good Friday public holidays and, most vigorously, to thwart President Bush's faith-based initiative. Now, the group that for 30 years has sought a firm divide between church and state will be at the Supreme Court on Wednesday in a case that could affect taxpayers' ability to challenge -- and government's ability to defend -- a multitude of public programs that involve groups with a religious affiliation." The White House Office of Faith-Based and Community Initiatives "was set up in 2001 to help religious groups compete with secular organizations for federal grants to provide social services." The case "focuses on regional conferences that promoted the initiative. The Freedom From Religion Foundation likened the conferences to 'revival meetings' and said they boosted the grant prospects for religious groups 'without similar advocacy for secular community-based organizations.'" The legal question "is not whether those conferences violated the constitutional separation of church and state, but more fundamentally when a taxpayer may even get into court to challenge such mingling of government and religion."

The Christian Science Monitor (2/28, Richey, 59K) reports, "Although the case revolves around the esoteric issue of taxpayer standing to sue, analysts say the case could foreshadow a shift in the Supreme Court's church-state jurisprudence." It "marks the first opportunity for the high court to rule in a major religion case since the retirement of key swing voter Sandra Day O'Connor and the addition of Chief Justice John Roberts and Associate Justice Samuel Alito."

More Commentary. The New York Times (2/28, 1.16M), in an editorial titled "Government By Law, Not Faith," says the Administration "is pushing an incorrect view of standing as it tries to stop the courts from reaching the First Amendment issue. Taxpayers can challenge the financing of religious activity, the administration claims, only when a Congressional statute expressly authorizes the spending. There is no statute behind the faith-based initiative. In his decision for the appeals court, Judge Richard Posner of the United States Court of Appeals for the Seventh Circuit, in Chicago, convincingly explained why this argument is inconsistent with the Supreme Court's precedents on the Establishment Clause. … The justices should affirm Judge Posner's ruling so the courts can move on to the important question: Do the Bush administration's faith-based policies violate the Constitution?"

Closing Arguments Made At FBI Wrongful Imprisonment Trial. In a widely-distributed story, the AP (2/28, Lavoie) reports, "The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit 'acceptable collateral damage' in the fight against organized crime, a lawyer for the families of the men said Tuesday. Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward 'Teddy' Deegan are suing the federal government for malicious prosecution." The AP adds, "In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph 'The Animal' Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent 'Jimmy' Flemmi, who was involved in Deegan's killing, Avery said." However, "Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution. Lipscomb said the state investigated the case for eight months and had 10 investigators working on it."

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The Boston Globe (2/28, Murphy, 413K) reports that the plaintiffs' lawyers "argued yesterday that the FBI was squarely to blame for withholding critical evidence during their trial and urged a federal judge to order the government to compensate them for the decades they spent in prison. 'It was more important for the FBI to protect their informants than to protect innocent people who had families,' said Victor Garo." However, Lipscomb said, "The United States is not liable to plaintiffs because they were convicted as a result of a state prosecution. The FBI did not initiate this prosecution, and there is no duty of the FBI to submit to state or local governments any of its internal files." The Globe notes, "Three members of Congress who were involved in a two-year investigation of the FBI's mishandling of informants and had condemned the government's handling of the Deegan case were in court yesterday for final arguments, including Dan Burton, an Indiana Republican who spearheaded the probe and formerly chaired the House Committee on Government Reform."

In a Boston Herald (2/28, 184K) column titled "At What Price The FBI's Treachery?," Peter Gelzinis writes, "The story of how a ruthlessly ambitious pair of G-men, H. Paul Rico and Dennis Condon, conspired to protect a psychotic hit man and serial killer…was laid out in linear fashion, with the FBI's own internal documents as road signs. 'When you hear the story presented like that,' Bill Delahunt remarked, 'you gain a real appreciation for the culture of treachery that existed.' And still exists. As sinister and sordid as this 'liability' presentation was, the most haunting aspect of what occurred in Nancy Gertner's courtroom yesterday was when the 'damages' inflicted upon wives, children, grandparents, brothers, sisters, grandchildren -- all the so-called 'acceptable collateral damage' -- was spelled out."

Federal Procurement Fraud Task Force Cracks Down On Contractors. The Legal Times (2/28, Schechter, Cochran, Newell) reports, "As spending on federal contracting reached record levels in recent years -- a reported $400 billion in 2005 alone -- the risks, as well as the rewards, of doing business with the federal government have never been greater." The Times continues, "The U.S. government has vowed to crack down on procurement fraud and other fraud in government programs. Last year's $3.1 billion in settlements and judgments in cases involving fraud against the government was the largest amount ever recovered in a single year. It included $615 million paid by the Boeing Co. to resolve claims relating to its use of confidential competitor information and the hiring of a former Air Force acquisition chief who had responsibility for its contracts; it also included numerous other cases involving defense procurement fraud, health-care fraud and other fraud against the government." The Times adds, "Last fall, the Justice Department launched a National Procurement Fraud Task Force to focus 'resources at all levels of government to increase criminal enforcement' in areas of procurement fraud. The stepped-up attention to this area throughout the government may signal that the $3.1 billion record in federal fraud recoveries in 2006 could soon be broken. More than 50 inspectors general from across all government departments and agencies also are actively pursuing thousands of investigations. … In addition, powerful newly installed Democratic committee and subcommittee chairs in Congress are launching dozens of oversight investigations of alleged government and contractor abuses, focusing on the reconstruction effort in Iraq and in the U.S. Gulf Coast following Hurricane Katrina, numerous areas of military and homeland-security procurement, the pricing of pharmaceuticals and other significant areas of federal contracting. For instance, House Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., in the first week of February began one set of hearings on alleged waste, fraud and abuse by government contractors in Iraq and another set of hearings on alleged overcharging by drug companies in federal health programs." The Times notes, "Contractors long have known that the government has a broad range of investigative and enforcement powers that can turn what would be a normal business dispute in a private commercial transaction into allegations of civil or criminal fraud, leading to massive fines and penalties, as well as disqualification from receiving new government contracts. Given the broad sweep of the government's investigative powers and the complexity of procurement rules, companies that are wholly innocent of an intent to fleece the feds may nonetheless find themselves under scrutiny. What is striking about the current environment is the scope and intensity of federal investigative and prosecutorial resources directed at this activity. … The procurement fraud initiative, created by Deputy Attorney General Paul McNulty, was modeled after his 2005 Procurement Fraud Working Group, begun when he served as the U.S. Attorney General for the Eastern District of Virginia and led the prosecution of former Air Force acquisition chief Darleen Druyun and Boeing for contract

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favoritism in exchange for job offers. The current initiative focuses on virtually all areas of alleged procurement fraud, from pricing irregularities and labor mischarging, to misuse of classified and procurement sensitive information, and ethics and conflict-of-interest violations."

Attorney Claims FBI Knew Men Convicted Of Murder Were Innocent. The AP (2/28, Lavoie) reports, "The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit 'acceptable collateral damage' in the fight against organized crime, a lawyer for the families of the men said Tuesday." The AP continues, "Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward "Teddy" Deegan are suing the federal government for malicious prosecution. … Lawyers have not specified the amount they are seeking, but have cited court decisions that show other plaintiffs were awarded $1 million for each year in prison." The AP adds, "In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph 'The Animal' Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent 'Jimmy' Flemmi, who was involved in Deegan's killing, Avery said. … The men were 'acceptable collateral damage' in the FBI's priority at the time — taking down the Mafia through the use of criminal informants, Avery said." The AP notes, "The government has argued federal authorities had no duty to share information with state officials who prosecuted Limone, Salvati, Henry Tameleo and Louis Greco. Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution. … Lipscomb said the state investigated the case for eight months and had 10 investigators working on it."

CIVIL RIGHTS:

FBI Launches Civil Rights Murder Probes, As Mississippi Closes Till Case. Attorney General Alberto Gonzales and FBI Director Robert Mueller announced at a press conference yesterday that the FBI is opening new investigations into unsolved civil rights era murders. The story is widely reported in national media, and on local TV news in the south, and many stories include Mueller's comment, "Many individuals have quite literally gotten away with murder."

The CBS Evening News (2/27, story 6, 2:25, Couric, 7.66M) reported that "a Mississippi grand jury closed the book today on" the Emmett Till "case that helped ignite the civil rights movement," but "the search for justice goes on in other cold cases dating back that that era." CBS (Orr) added that the murder of "Oneal Moore, a black deputy sheriff in Louisiana…in June 1965," is "just one of about 100 cases…now getting a fresh look from the FBI. And agents say they're pursuing promising new leads in more than a dozen of the race-related crimes." FBI Director Robert Mueller: "Too many instances, the truth has been hidden for too long. Many individuals have, quite literally, gotten away with murder." Orr: "The Justice Department concedes many of the killings may never be solved. … But the government is feeling pressure from people who have waited decades for answers. … In recent years, the FBI has been able to solve a few high-profile civil rights killings. But many more cases remain unsolved, a festering reminder of an ugly time in America."

NBC Nightly News (2/27, story 8, 1:45, Williams, 9.87M) reported that in light of the grand jury decision, Till's "murder will soon be considered a closed case." NBC (P. Williams) added, "The men suspected of killing him…have since died. One was married to the woman who said she was whistled at. She still lives," but the grand jury "has declined to prosecute her for manslaughter. … But the Justice Department says it's not turning its back on civil rights era killings. The FBI is taking a new look at more than 100 cases like the 1946 lynching of four sharecroppers in this bridge an hour east of Atlanta. … FBI agents say a dozens of cases are now under active investigation. They're hoping for a different result than in the case of Emmett Till."

In a widely-distributed story, the AP (2/28) reports, "The high-priority cases, which…Mueller described as numbering between 10 and 12, are among an estimated 100 that investigators nationwide are looking at as possible civil rights-related murders. Attorney General Alberto Gonzales acknowledged that many of the cases may be beyond the boundaries of what the federal government can legally prosecute. But they 'remain on our radar,' he said…. Addressing civil rights violators, Gonzales said: 'You have not gotten away with anything -- we are still on your trail.'" The AP adds, "Mueller said the FBI began re-examining its old case files over a year ago amid of spate of civil rights cases that investigators and prosecutors successfully solved."

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Under the headline "Justice Dept. Widens FBI Probe Of Deaths During Civil Rights Era," USA Today (2/28, 3A, Johnson, 2.27M) reports DOJ "is expanding significantly its review of scores of civil-rights-era homicides that the FBI says may have never been fully investigated by local authorities." Gonzales, "appearing with Mueller and national civil rights leaders, said the government's expanded review of suspicious deaths would include a nationwide plea for information on other 'cold cases' that never have been resolved, were misidentified as accidental deaths or were never previously reported. 'We can't right these wrongs, but we can try to bring some measure of justice,' Mueller said."

Also coupling the cold case and Till grand jury stories, the Washington Post (2/28, A10, Fears, 690K) notes that at yesterday's press conference, Gonzales and Mueller said "the task of closing the cases will be daunting as witnesses die and evidence disappears. … 'Many individuals have quite literally gotten away with murder,' Mueller said. But the government has a message to killers who remain alive, he said: 'You've not gotten away with anything. We're still on your trail.' The NAACP, the National Urban League and the Southern Poverty Law Center will share information with federal authorities as partners in a new Civil Rights Era Cold Case Initiative, Mueller said." Hearst Newspapers (2/28, Duray), Gannett News Service (2/28, Radelat, Mitchell), Bloomberg (2/28, Schmidt) and ABC News.com (2/27, Cook, Garber) also report on yesterday's press conference and the FBI initiative.

Meanwhile, in a widely-distributed story about the Till decision, the AP (2/28, Elliott, Breed) reports, "The district attorney…had sought a manslaughter charge against the white woman, Carolyn Bryant Donham," but the grand jury "found insufficient evidence, according to documents made public Tuesday. … 'You're looking at Mississippi. I guess it's about the same way it was 50 years ago,' said a disappointed Simeon Wright, 64, a black man who heard his cousin whistle. 'We had overwhelming evidence, and they came back with the same decision..'" The AP notes, "The FBI reopened the case in 2004 but decided in 2006 not to press charges. The case was turned over to local prosecutors, with the FBI suggesting they take a closer look at Donham. Some witnesses said a woman's voice could be heard at the scene of the abduction." The New York Times (2/28, Dewan, 1.16M) also reports on the Till decision, under the headline "After Inquiry, Grand Jury Refuses To Issue New Indictments In Till Case," noting yesterday's Gonzales-Mueller press conference in the story.

New FBI Investigations Widely-Reported On Southern Local TV. The announcement also received widespread local TV coverage across the south, generally highlighting their local unsolved cases. Some examples: WJTV-TV Jackson, MS (2/27, McCaffrey) reported on its Web site from its broadcast story, "The FBI says it hopes to solve dozens of cases that were racially based crimes. Attorney General Alberto Gonzales says the suspects have not gotten away with anything, and the government is still on their trail. With the passage of time, some worry witnesses and evidence may now be unavailable." Jerry Mitchell of the Jackson Clarion-Ledger said, "These were cases where guys got away with murder and everybody knew they were getting away with murder, so its kind of injustice at its height."

WDEF-TV Chattanooga, TN (2/27, Parker) reported, "The FBI today announced they plan to review around a hundred unsolved deaths from the Civil Rights era in the South. And that includes two cases here in the Tennessee Valley. … FBI Director Robert Mueller says, 'As you know all too well, many murders during the Civil Rights era were not fully investigated, were covered up or were mis-identified as an accidental death or disappearance.'" WMC-TV Memphis (2/27) noted, "Nearly 50 years ago, 16-year-old Larry Payne was shot to death at what used to be a housing project. Tonight, his death is one of dozens of unsolved civil rights cases the FBI will re-open."

WCNC-TV Charlotte, NC (2/27, Crowley) reported, "They are called 'the forgotten.' They are 76 people who died in from 1952 to 1968. … Tuesday the FBI was pulling those case files and taking a second look at the information in them. Two of the cases are local. … 'We are committed to reexamining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long,' Gonzales said."

WIS-TV Columbia, SC (2/27) reported, "The FBI says the case involving the Orangeburg Massacre may be one of the many re-opened. … It's one of three South Carolina cases local FBI agents are looking into. The attention comes following a news conference Tuesday on a nationwide initiative to investigate unsolved murders committed in the 50s and 60s. FBI Director Robert Mueller says, 'In too many instances the truth has been hidden for too long. Many individuals have quite literally gotten away with murder.'

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KSLA-TV Shreveport, LA (2/27) reported, "The case of a black man killed at the hands of a white police officer in Ruston, back in 1965, may be re-opened by the FBI. Then, the shooting of John Wessley Wilder was ruled justifiable by the coroner of Lincoln parish," but the "Southern Poverty Law Center believes Wilder's death may have been racially motivated. They've brought his case, and nearly one hundred others, to the attention of the FBI."

Grand Jury Will Not Issue Indictment In 1955 Till Slaying. The AP (2/28, Elliott, Breed) reports, "All but closing the books on a crime that helped give rise to the civil rights movement, a grand jury has refused to bring any new charges in the 1955 slaying of Emmett Till, a black teenager who was beaten and shot after whistling at a white woman in the Mississippi Delta." The AP continues, "The district attorney in rural Leflore County had sought a manslaughter charge against the white woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy for what was a grave offense in the segregated South. … But the grand jury last Friday issued a 'no bill,' meaning it found insufficient evidence, according to documents made public Tuesday." The AP adds, "Federal authorities decided last year not to prosecute anyone, saying the statute of limitations for federal charges had run out. Mississippi authorities represented the last, best hope of bringing someone to justice. No one has ever been convicted in the slaying."

The New York Times (2/28, Dewan) reports, "Two men, now dead, admitted to the killing in 1956 after they were acquitted by an all-white jury in Sumner, Miss. But the Justice Department reopened the case in 2004 in search of others who had participated in the beating and shooting of Emmett, a black 14-year-old. By then, so much time had passed that the country store where the victim was said to have whistled at a white woman, Carolyn Bryant, was in ruins." The Times continues, "The new inquiry was conducted by the Federal Bureau of Investigation, which turned over a report of more than 8,000 pages to the district attorney, Joyce L. Chiles. Ms. Chiles sought a manslaughter charge against Ms. Bryant, 73, the last known living suspect in the case, but the grand jury decided last week not to issue an indictment, a court clerk said. The action was reported Tuesday in The Jackson Clarion-Ledger. … 'If Carolyn Bryant is truly not guilty in being involved in the killing of Emmett Till or there is insufficient evidence to indict her, then the grand jury did the right thing,' said Alvin Sykes, the president of the Emmett Till Justice Campaign. … The grand jury's decision illustrates the difficulty of prosecuting such old cases, even as the Justice Department has begun its first systematic effort to identify them. At a news conference on Tuesday in Washington, Attorney General Alberto R. Gonzales and Robert S. Mueller III, the director of the F.B.I., said about a dozen such cases had been selected, from a list of about 100, for immediate action. … 'New information, sometimes an innocuous small bit of information, can be crucial to breaking these decades-old cases,' Mr. Gonzales said. 'A secret harbored for many years can be the piece of evidence we need to make our case.'"

The Los Angeles Times (2/28, Jarvie, Fausset) reports, "The murder case of Emmett Till — one of the most infamous slayings of the civil rights era — appears to be drawing to a fruitless close 52 years after the black teenager whistled at a white woman, then turned up dead in Mississippi's Tallahatchie River." The Times continues, "It was disclosed Tuesday that a grand jury in Leflore County, Miss., had declined to bring a manslaughter indictment against Carolyn Bryant Donham, the white shopkeeper who witnesses said Till had admired one August afternoon in the rural community of Money, Miss. … Donham, 73, was suspected of pointing out Till to her then-husband, Roy Bryant. He and his half brother, J.W. Milam, were charged in the killing of the 14-year-old but were acquitted by an all-white jury in 1955 after a little more than an hour of deliberations. A year later they admitted in a magazine interview that they had killed Till." The Times adds, "Till's family has watched with hope in recent years as a parade of old and often recalcitrant Southerners have been dragged into court and found guilty of heinous crimes against blacks. But Tuesday, it felt like a door briefly open to the past — and, potentially, to justice — had been shut for good. … 'This was our last hope — and it was dashed today,' said Simeon Wright, 64, Till's cousin, who was with him at the grocery store and heard him whistle at Donham. 'The Emmett Till case started with one person, and that person is still alive. She played a role in identifying Emmett, she participated in his kidnapping, and now she is getting away with murder.' … Donham, who is thought to be a resident of Greenwood, Miss., could not be reached for comment. She has long maintained her innocence to the FBI, and chances of new charges, although possible, appear slim."

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DOJ Drops Probe Of Virginia Church Zoning Dispute. The Lynchburg (VA) News & Advance (2/28, Faulconer) reports, "The U.S. Department of Justice has decided to step out of a zoning dispute between a Moneta 'cowboy' church and Bedford County officials." The N&A continues, "In letters this month to the Rev. Raymond Bell of the Cowboy Church of Virginia and Bedford's community development director George Nester, the federal department concluded no further action is warranted in deciding if Bedford zoning laws infringe upon a federal act that protects religious land use. … The Cowboy Church holds services in a large barn off Horseshoe Bend Road in Moneta." The N&A adds, "Six months ago, the department began investigating if the Religious Land Use and Institutionalized Persons Act was violated. Bell has been against the county's requirement that a special use permit be obtained to hold religious services, claiming it violates the separation of church and state. … Nester said it's standard procedure that churches obtain a special use permit to hold religious services in newly constructed buildings or new additions to existing buildings. … He said Tuesday he is pleased and relieved that the investigation has been dropped, but some questions still remain. For instance, he doesn't know if the matter was dropped because the church asked it to be or because there is a violation. The letter doesn't state whether a violation took place." The N&A notes, "A spokesperson for the Department of Justice declined to comment Tuesday about the matter. Bell declined to comment also and said he would have more to say later this week. … The Cowboy Church started meeting about a year ago in the Moneta barn, on a farm owned by Garland Simmons. Since then, it has been involved in zoning red tape with the county. … The county originally said using the barn as a church violated building codes and was unsafe for large gatherings. That matter has since been resolved because it was determined the structure is not predominantly used as a church, Nester said."

Rep. Rohrabacher To Present New Evidence In Shooting Involving Former Border Patrol Agents. The El Paso (TX) Times (2/28) reports the "drug smuggler who was shot…by two El Paso Border Patrol agents who went to prison for it was involved in another drug smuggling attempt," according to U.S. Rep. Dana Rohrabacher. Rohrabacher "said he would talk today in a news conference in Washington, D.C., about new evidence he said proves that Osvaldo Aldrete Davila was again involved in drug smuggling after the Feb. 17, 2005, shooting." U.S. Attorney Johnny Sutton "had repeatedly denied knowledge of a second arrest, but Rohrabacher said Sutton's statements were misleading because Aldrete Davila was not arrested either time." Rohrabacher "said Sutton was briefed by the Drug Enforcement Administration about Aldrete Davila's 'direct involvement' in a second offense."

Supervisors In California Support Former Agents. The Inland Valley Daily Bulletin (2/28) reports that according to a unanimous resolution by San Bernardino County's Board of Supervisors, President Bush "should consider pardoning two former Border Patrol agents convicted of shooting an alleged drug smuggler. … The agents, Ignacio Ramos…and Jose Alonso Compean…were convicted last year of shooting Aldrete-Davila, who allegedly brought a van loaded with marijuana across the border from Mexico." He "was granted immunity for his testimony against the agents."

Fayetteville, NC, To Draw New Voting Maps. The Fayetteville (NC) Observer (2/28, Worthington) reports, "Residents will get their say March 29 on the boundaries for six Fayetteville City Council districts. … The City Council will hold a public hearing that evening at 7." The Observer continues, "The council is drawing new maps in response to the Feb. 6 election. Residents voted in favor of a council with six members representing districts and three members elected at-large. The current council has nine members, all elected from districts. … The change must be approved by the U.S. Department of Justice. The city is trying to have the plan and map approved by April. The city hopes to have federal approval in time for the July filing date for the municipal elections." The Observer adds, "City Council members met Tuesday with their redistricting lawyer, Michael Crowell, to discuss options for drawing the six districts. … The Department of Justice will look at the map to make sure it does not affect minority voting. Crowell has said he believes a map that has three districts where minorities constitute the majority of voters will pass federal review."

Meehan To Reintroduce Bill Lifting Ban On Gays In The Military. USA Today (2/28, Stone, 2.27M) reports Rep. Marty Meehan will reintroduce his Military Readiness Enhancement Act, which would repeal the "don't ask, don't tell" policy President Clinton "approved in 1993 as a compromise between ending a ban and gays serving openly. That would leave gays free to serve without limits. … The

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measure had 122 co-sponsors last year but died in the Republican-controlled Congress. Now that Democrats are in charge, Meehan plans to hold hearings as early as April. He says the bill has more than 100 original co-sponsors and seven freshmen. Three Republicans have signed on, including Rep. Ileana Ros-Lehtinen of Florida. She says her husband, Dexter, was cared for by a lesbian nurse when he was injured during combat in Vietnam." USA Today notes that "since the policy began, nearly 11,000 troops, the equivalent of an Army division, have been discharged."

Iraq War Vet Who Lost Leg Backs Meehan Bill. The Washington Post (2/28, C1, Vargas, 690K) interviews retired Sgt. Eric Alva, "lost his right leg when he stepped on a land mine on March 21, 2003, the first day of Operation Iraqi Freedom. As the war's first injured soldier, Alva was an instant celebrity. He was on 'Oprah.' President Bush awarded him the Purple Heart. Donald Rumsfeld visited. … Today he'll stand alongside" Meehan. Alva is quoted as saying, "I have to say something. I mean, you're asking men and women to lie about their orientation, to keep their personal lives private, so they can defend the rights and freedoms of others in this country. … That's one factor. The other factor is, we're losing probably thousands of men and women that are skilled at certain types of jobs, from air traffic controllers to linguists, because of this broken policy."

Sex Abuse Scandal At Texas Juvenile Schools Sparks Uproar. The New York Times (2/28, Blumenthal) reports from Austin, TX, "A long-simmering scandal over sexual abuse of juveniles at schools for youthful offenders broke into the open on Tuesday with an outraged state senator calling for a takeover of the troubled Texas Youth Commission." The Times continues, "At a school in West Texas, a youth commission official acknowledged at a hearing of the State Senate Criminal Justice Committee, the school's superintendent was aware that two supervisors routinely awakened boys for late-night encounters behind closed doors in deserted offices. … The two supervisors — one of whom had been transferred from another state school after pornography was found on his work computer — were allowed to resign in 2005 without charges. One became the principal of a charter school in Midland, Tex., state officials said. The superintendent was promoted to director of juvenile corrections, a post he still holds, the youth commission confirmed." The Times adds, "Gov. Rick Perry, a Republican, called the revelations 'absolutely reprehensible' and would not rule out a takeover, said a spokesman, Ted Royer. … Accusations that staff members at the West Texas State School in Pyote were sexually preying on youths there were made to the youth commission as early as December 2003, according to a timeline presented at the hearing. … The complaints did not reach the Texas Rangers until February 2005 and remained largely secret until accounts began appearing in recent weeks on the Web site of the Texas Observer and the pages of The Dallas Morning News. … The problems were widespread at the agency, which annually places some 3,000 juveniles ages 10 to 17 at the time of their felonies in 13 secure schools, senators and witnesses said."

ANTITRUST:

House To Hold Hearing On Proposed XM-Sirius Merger. The Washington Post (2/28, D1, Babington) reports, "Congress and federal regulators need to get with the times. … That's the message that Mel Karmazin, chief executive of Sirius Satellite Radio, plans to deliver today at the first public hearing on a proposal to merge the nation's two satellite radio companies, Sirius and XM Satellite Radio Holdings." The Post continues, "Karmazin, who will face skeptical members of the House Judiciary Committee's newly formed antitrust task force, says satellite radio is in stiff competition not only with free, over-the-air radio but also with such newer products as MP3 players, Internet radio and music-downloading cellphones. "What I need to do is lay out the realities of the marketplace as we see it," Karmazin said in a telephone interview yesterday. … He can expect resistance. 'What I'm concerned about now is whether we're creating a monopolistic situation,' Rep. John Conyers Jr. (D-Mich.), who will chair the task force hearing, said in an interview yesterday. 'I don't think it will stimulate competition, and it could very well take away from the competition taking place now in the industry.'" The Post adds, "The Justice Department and Federal Communications Commission, not Congress, will decide whether to allow Washington-based XM and New York-based Sirius to merge. But today's hearing seems certain to introduce the chief arguments for and against the plan, whose outcome may not be decided for nearly a year. … Sharing a witness table with opponents from the broadcast industry and consumer groups, Karmazin said he will remind Congress that XM and Sirius charge

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customers about $13 a month and struggle to attract enough subscribers to make money."

Sirius CEO Selling Merger. The New York Times (2/28, Siklos) reports, "The chief executive of Sirius Satellite Radio, Mel Karmazin, is taking the campaign to sell his company's proposed merger with XM Satellite Radio to Washington." The Times continues, "On Monday, Mr. Karmazin appeared on the often-bawdy Howard Stern show on Sirius. Today, he will speak at a hearing of the newly created House Antitrust Task Force in Washington. … 'I absolutely welcome the opportunity because I think there is a lot of misinformation out there about the merger,' Mr. Karmazin said of the hearing." The Times adds, "In particular the National Association of Broadcasters, which represents the commercial radio stations and has been an opponent of satellite radio, has warned that the merger announced last week would create a monopoly that would limit consumer choice and lead to higher prices. … Mr. Karmazin said yesterday that he would tell the task force that the opposite was true. Consumers will be more inclined to subscribe to a single service, he said, because XM and Sirius delivered exclusive programming — like Mr. Stern on Sirius and the Major League Baseball on XM — that the other service does not. … And he said he was willing to commit to the Federal Communications Commission that the merger would lower consumer prices below the $12.95 a month both charge, although he did not specify how much."

The Financial Times (2/28, Washington) reports, "Mel Karmazin, the chief executive of Sirius, is expected to receive a sceptical reception today when he appears before a congressional committee to defend the satellite radio company's proposed $11.4bn merger with rival XM." The Times continues, "John Conyers, the Democratic chairman of the House judiciary committee, like legislators on both sides of the aisle, is suspicious not only about the benefits to the public of yet another mega-media merger. Mr Conyers is also unconvinced - so far - of the merits of the legal argument on which, lawyers agree, the fate of the entire deal rests." The Times adds, "To prove that the merger of the only two satellite radio companies in the US will not lead to a monopoly, Mr Karmazin and a team of antitrust attorneys and lobbyists will have to prove that other devices and media outlets - from terrestrial radio to iPods to mobile phones - will constrain the merged entity enough to prevent it from raising prices. … Ultimately Congress will not have a formal say on whether or not the deal will be approved, but political pressure can influence the two government agencies that will investigate the deal: the Department of Justice, the chief antitrust authority, and the Federal Communications Commission, the media regulator. … Lawyers working on the deal said this week the combined company's prices would also be constrained by the fact it would seek to attract the 90 per cent of the US population that does not subscribe to either group."

Sirius Narrows Loss As Revenue Increases. The Wall Street Journal (2/28, C10, Sheng) reports, "Sirius Satellite Radio Inc., which recently agreed to merge with rival XM Satellite Holdings Inc., posted a narrower fourth-quarter net loss Tuesday as revenue more than doubled and subscriber growth continued." The Journal continues, "Sirius, New York, which boasts a programming lineup that includes shock jock Howard Stern and National Football League games, also said it expects to end the year with eight million subscribers, up from its current 6.02 million, and to post total revenue of about $1 billion. … The country's second-largest satellite radio company behind XM Satellite, Sirius said the results pointed to its continued strength. Since adding Howard Stern and others to its lineup, the operator has enjoyed stronger retail sales growth than its rival." The Journal adds, "Sirius added 905,247 net new subscribers during the quarter, down from 1.14 million a year ago. By contrast, XM Satellite said Monday it added 442,679 net new subscribers during the quarter, down from 898,315 the year earlier. Last year's fourth quarter was the first holiday season before the highly hyped Mr. Stern started airing exclusively on Sirius. The buzz around Mr. Stern last year helped boost subscriber additions at both satellite radio companies to record levels. … For the full year 2006, Sirius said it added 2.7 million, up from 2.17 million the year before. XM said Monday it added 1.7 million net new subscribers in 2006, compared with 2.2 million the year before. … Sirius posted a fourth-quarter loss of $245.6 million, or 17 cents a share, compared with a loss of $311.4 million, or 23 cents a share, in the year-earlier period."

More Commentary. The Wall Street Journal (2/28, A15), David R. Henderson, a research fellow at the Hoover Institution, writes, "In expressing its strong reservations about the proposed merger between Sirius and XM, the Federal Communications Commission seems to think that there are only two competitors and that a merger would reduce the number to one. But that's true only if the relevant market is the satellite broadcasting market. … In fact, the market is much larger, including at a minimum all existing radio stations. If

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you doubt that, ask yourself how you would decide whether or not to subscribe to Sirius or XM. Surely a big part of your decision is the quality and range of programming you can get on 'free' radio." Henderson continues, "That alone is strong enough evidence for allowing the merger. But there is even stronger evidence, and it has to do with how XM's and Sirius's 'free-radio' competitors view the merger. … Here we might draw upon the wisdom of MIT economist Morris Adelman, who wrote about 50 years ago: 'A useful if not very precise index of the strength of competition . . . is the resentment of unsuccessful competitors.' … In other words, if some competitors in an industry resent others and even end up going out of business, competition is alive and well. It's when the competitors get too cozy that we need to worry. It follows that if existing competitors oppose a merger, the merger is likely to be good for consumers." Henderson concludes, "If competitors began to anticipate that regulators would take into account their opposition to, or support of, a merger, they might try to game the system. If they actually wanted the merger blocked, they would publicly support it. If they thought prices would rise after the merger to their benefit, they might publicly oppose it. … But we can trust that the FCC is not thinking that way, as it is still hung up on a fallaciously narrow definition of the market. This is the bottom line: If the FCC cares about consumers and not about making things cozy for traditional broadcasters, it should allow the XM-Sirius merger."

TXU Profit Up 33 Percent Last Quarter. The AP (2/28) reports, "The Dallas-based utility TXU Corporation reported a 33 percent increase in profit yesterday, despite weak revenue caused by mild winter weather, but another Texas utility, Dynegy, swung to a loss of $58 million as revenue fell and it took charges for a revamping." The AP continues, "TXU, which has accepted an offer to be bought for $45 billion in what would be the largest leveraged buyout ever, said it earned $475 million, or $1.03 a share, up from $356 million, or 74 cents a share, in the fourth quarter a year earlier. … Excluding what TXU termed one-time charges, the company said it would have earned $1.20 a share, which matched the forecast of analysts, who usually exclude those items from their estimates." The AP adds, "For all of 2006, TXU said it earned $2.55 billion, or $5.46 a share, up from $1.71 billion, or $2.50 a share, in 2005. … Dynegy, a power producer based in Houston that flirted with bankruptcy a few years ago, said yesterday that its loss for the fourth quarter was 12 cents a share, in contrast to a profit of $293 million, or 74 cents a share, in the quarter a year ago, when income from discontinued operations lifted results." The AP notes, "Sales fell 36 percent, to $397 million, from $622 million in the year-ago period. For all of 2006, Dynegy said it lost $342 million, or 75 cents a share, as it incurred $343 million in after-tax charges related to its financial revamping. … The company said that it was positioning itself for growth, starting with the $4.1 billion acquisition of the generating power of a rival, the privately held LS Power Group; that deal is to be completed by the end of March. … The two companies also plan to become joint-venture partners in nine power plants under development."

Future Of TXU Discussed At Private Equity Conference. The New York Times (2/28, Sorkin) reports, "Will anyone dare to mount a rival bid for TXU? … That was the question being whispered yesterday in Frankfurt where many of the world's private equity chiefs were gathered for Super Return, one of the industry's best-attended gatherings." The Times continues, "Speakers included David Bonderman of the Texas Pacific Group, which helped to lead Monday's $45 billion TXU takeover; Todd Fisher of Kohlberg Kravis Roberts & Company, the other lead investor in the TXU deal; and Stephen A. Schwarzman of the Blackstone Group, considered one of the most likely candidates to try to crash the TXU sale. … A private equity firm's effort to break up the TXU deal could be a crucial test of the intertwined relationships that so far have limited all-out brawls. Critics contend that the firms, which frequently partner with one another, have a gentleman's agreement not to start bidding wars once a deal is struck." The Times adds, "As an illustration of the clubbiness of the private equity business, no private equity firm to date has publicly tried to top an offer from one its rivals. The Justice Department started an informal inquiry into the possibility of collusion at at least four of the big firms — Kohlberg Kravis Roberts; the Carlyle Group; Silver Lake Partners; and Clayton, Dubilier & Rice — last fall. … It is an issue, among many, that has the buyout kings worried. Mr. Bonderman said during his keynote speech that the industry's image was 'something that's probably on everybody's mind.' … The industry may have begun to change that with its 'green' deal for TXU — among other things, the buyers agreed to scuttle plans for several new coal-fired power plants. A bidding battle over a deal could further change its reputation for mutual back-scratching."

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6th Circuit Panel Sides With Cigarette Maker In Pricing Dispute. The AP (2/28, Mansfield) reports, "A federal appeals court on Tuesday rejected a lawsuit by 22 cigarette wholesalers claiming that R.J. Reynolds Co.'s discount pricing program was discriminatory." The AP continues, "The 6th U.S. Circuit Court of Appeals in Cincinnati affirmed a summary judgment in favor of the North Carolina-based tobacco company, a part of Reynolds American Inc., issued in 2005 by U.S. District Judge J. Ronnie Greer in Greeneville. … 'Defendant's program is designed to promote its financial welfare at the expense of the wholesalers,' the appeals court wrote. 'Perhaps it is unfair, but it is not illegal.'" The AP adds, "Smith Wholesale Co. Inc. of Johnson City and the other wholesalers claimed they experienced 'millions of dollars in lost profits' when Reynolds instituted a discount program in 2000 to boost sales of its so-called second-tier nonpremium 'savings' brands of cigarettes. … Reynolds, based in Winston-Salem, N.C., offered discounts and rebates to wholesalers selling the highest volume of Reynolds products. The plaintiffs, mostly smaller distributors in the Southeast, said that put them at a disadvantage because they had to cater to consumers demanding even cheaper cigarettes sold by other manufacturers. … 'Plaintiffs allege that the (program) disfavors them because, unlike RJR's other distributors, they operate largely in rural 'low-end' segments of the market where their retail customers demand fourth-tier brands, and RJR does not price any of its brands at the fourth-tier price level,' the court wrote. … The three-judge panel concluded that Reynolds' market-share discount program 'was offered to all wholesalers using a non-discriminatory formula. It was therefore functionally available to all wholesalers not only in theory, but in fact.' … The plaintiffs' ability to qualify for the discounts 'was a matter of marketing strategy and brand prioritization,' the court wrote. Since 'price discrimination has not been established,' the judges said, 'plaintiffs' claim therefore fails as a matter of law.'"

WMware Blasts Microsoft Over Customer Choice Restrictions. CNET News.com (2/28, Shankland) reports, "VMware, the incumbent power in the blossoming realm of virtualization, has accused Microsoft of using foul play to promote its own competing products." CNET continues, "In a white paper published Friday, the EMC subsidiary said Microsoft is using Windows licensing terms to prevent customers from taking full advantage of virtualization. … 'Microsoft is trying to restrict customers' flexibility and freedom to choose virtualization software by limiting who can run their software and how they can run it,' VMware said." CNET adds, "The software giant rejected VMware's assertions. … 'Microsoft believes the claims made in VMware's white paper contain several inaccuracies and misunderstandings of our current license and use policies, our support policy and our commitment to technology collaboration,' Mike Neil, Microsoft's general manager of virtualization strategy, said in a statement Tuesday. 'We believe that we are being progressive and fair with our existing licensing and use policies and creating a level playing field for partners and customers,' he said … Neil added that he believes Microsoft and VMware will be able to settle their differences." CNET notes, "The Microsoft-VMware debate spotlights the difficult adjustments necessary, as the industry moves into a world where a new software layer breaks the hard link between operating systems and the hardware they use. … There are technical challenges. Software can't be as tightly tied to hardware such as hard drives or network cards, and an operating system might be moved from an overtaxed dual-processor server at one moment to a more powerful eight-processor machine the next. … And there are business challenges too, as companies such as Microsoft and VMware jockey for technology leadership and customer account control."

One Defendant In Midwest Hospital Antitrust Suit Reaches Settlement. The Kansas City Star (2/28, Karash) reports, "The fight isn't over, but an olive branch has appeared in a local health-care antitrust controversy." The Star continues, "The case involves Heartland Spine & Specialty Hospital of Overland Park. In 2005 Heartland sued several area hospitals and health insurers, alleging a conspiracy to drive it out of business in violation of the Sherman Antitrust Act. … The lawsuit alleged a conspiracy that included insurers refusing managed-care contracts to Heartland. Heartland said being shut out of those networks caused it severe financial damage." The Star adds, "Mary Nan Holley, Heartland's chief executive officer, said last week that the hospital had worked out a settlement with one defendant, UnitedHealthcare, effective March 1. That means Heartland will become an in-network provider for about 350,000 UnitedHealthcare members in western Missouri and eastern Kansas. … Holley said UnitedHealthcare was the first defendant to settle and, as a result, will be the first major

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insurer in the area to allow Heartland in its network. The arrangement is expected to increase Heartland's patient volume 15 percent to 20 percent, she said. The hospital last year had 827 inpatient admissions and 8,142 outpatient encounters." The Star notes, "The settlement is confidential, but it is no secret that most of Heartland's 150 or so employees receive their health insurance through UnitedHealthcare. … The remaining defendants in the lawsuit are: HCA Midwest Division; St. Luke's Health System; Carondelet Health; Shawnee Mission Medical Center; North Kansas City Hospital; Blue Cross and Blue Shield of Kansas City; Coventry Health Care of Kansas; Humana Health Plan; Aetna; and Cigna HealthCare of Kansas/Missouri. … The case is scheduled to go to trial April 1, 2008, in federal court in Wichita."

FTC Clears Onex Bid For Kodak's X-Ray Unit. Bloomberg (2/28, Rowley) reports, "Onex Corp., Canada's largest buyout firm, won U.S. antitrust clearance to purchase Eastman Kodak Co.'s health-care imaging unit, including an X-ray business the world's largest photography company started in 1896." Bloomberg continues, "The transaction was on a list of completed merger reviews published by the Federal Trade Commission in Washington." Bloomberg adds, "Kodak said in announcing the sale on Jan. 10 that it will be paid at least $2.35 billion in cash and up to $200 million more if certain milestones are met. The sale will allow Kodak, based in Rochester, New York, to pay down debt as it tries to build its digital photography business."

Judge Puts Qualcomm Patent Dispute With Nokia On Hold. The Wall Street Journal (2/28, B11) reports, "Nokia Corp. said a U.S. judge overseeing a patent dispute initiated by Qualcomm Inc. has put the proceedings on hold until further notice." The Journal continues, "Qualcomm, based in San Diego, has alleged the Finnish company violated several patents used to make U.S. cellphones running on the global system for mobile communications, or GSM, standard. … The patents were originally used for a rival technology called code division multiple access, or CDMA, which Qualcomm helped pioneer. Nokia maintains it hasn't infringed any of Qualcomm's patents. The administrative-law judge overseeing the International Trade Commission investigation has two options: dismiss the proceeding or resume the investigation." The Journal adds, "Richard Windsor, an analyst at Nomura, said the decision is likely 'about giving them more opportunity to reach an agreement.' Nokia said that since Qualcomm filed its complaint, it has voluntarily withdrawn three of the six patents from the suit."

ENVIRONMENT:

Los Alamos Operator Cited For Safety Violations. The AP (2/28) reports from Los Alamos, NM, "The National Nuclear Security Administration proposed a $1.1 million civil penalty against the former manager of a nuclear weapons lab for safety violations that included a researcher spreading radiological contamination to two other states and workers inhaling radioactive substances." The AP continues, "The agency announced the notice of violation Monday against the University of California for infractions that occurred in 2005, when UC was the sole manager of Los Alamos National Laboratory. … The notice spells out 15 separate incidents that violated the Department of Energy's nuclear safety rules." The AP adds, "The incidents include a Los Alamos researcher opening a package of slightly enriched uranium nitride pellets. The package was contaminated with americium 241, a radioactive decay product of plutonium. … The researcher unloaded the pellets without the help of a radiological control technician, and he spread the contamination to his home and places he visited in Colorado and Kansas. … Another incident involved workers who inhaled radioactive substances. … In both cases, the contamination was limited by 'good fortune' but had the potential to be significantly greater, acting NNSA director Thomas P. D'Agostino wrote in a Feb. 16 letter to lab director Michael Anastasio." The AP notes, "The notice also referred to a November 2005 inspection that exposed "long-standing" deficiencies in the lab's safety, health and environmental programs. … Since federal law exempted the non-profit university from financial liability at the time of the violations, the UC will not have to pay the fine. But the agency warned the lab's new management team - installed less than a year ago, in part to reverse years of security and safety problems - that those days are over. … 'Due both to the recent contract change and changes in the civil penalty provisions of the Atomic Energy Act, future monetary civil penalties imposed ... as part of a notice of violation will no longer be waived,' D'Agostino wrote."

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Scientists Call For Action To Avoid Climate "Tipping Point." USA Today (2/28, 10D, O'Driscoll, 2.27M) reports, "Declaring there is 'no more time for delay,' an international panel of scientists urged the world's nations Tuesday to stave off climate-change 'catastrophe' by boosting clean-energy research and sharply cutting industrial emissions that fuel global warming. Otherwise, Earth this century could cross a climate threshold or 'tipping point that could lead to intolerable impacts on human well-being,' says the 166-page report prepared for the United Nations." The "two-year study, issued by the U.N. Foundation, says the risk of tipping over that climate threshold rises sharply if Earth's temperature increases 3.6 to 4.5 degrees above what it was in 1750 (it is 1.2 degrees above that point now)." The "scientists say a climate turnaround will take a huge effort."

The Los Angeles Times (2/28, Hotz, 850K) says the panel "called for bold actions, including carbon taxes, a ban on conventional coal-fired power plants and an end to beachfront construction worldwide." The scientists "urged stricter fuel efficiency standards, as well as fuel taxes, registration fees and rebates that favor more efficient transportation." They "also recommended the expanded use of biofuels" and "endorsed broader use of nuclear power, if it can be made safer. Energy research budgets worldwide ought to triple, they said." The researchers also "called for improved designs of energy-efficient appliances, office equipment and 'greener' commercial and residential buildings."

Scholar Praises Asia Pacific Partnership As Way To Curb Greenhouse Gases. In an op-ed in The Hill (2/28), Dr. Margo Thorning of the International Center for Capital Formation, a European think tank, writes, "While President Bush outlined bold steps in his State of the Union address to slow the growth of U.S. greenhouse gas emissions, Democratic leaders on Capitol Hill appear aggressively set on their own track to tackle the issue." But "before the nation is led down the path of the Kyoto protocol or the dramatic carbon dioxide emission reductions adopted in California,...a close look should be given to the high price tag of such 'solutions.'" Unless "the new majority in Congress looks at GHG reductions on a global scale, mandatory emission reductions in the U.S. would be all pain and little or no gain for the environment. A good first step for Congress would be to approve the $52 million in seed money for the Asia Pacific Partnership on Clean Development and Climate (AP6) as prescribed by the 2005 energy bill. The goals of the AP6 agreement are to promote both global economic development and the use of cleaner, less-emitting energy technologies."

NYTimes Praises TXU Buyout Deal, Says Congress Must Put Price On Carbon. Says Congress Should Drive Business To For In an editorial, the New York Times (2/28, 1.16M) writes, "People who worry about global warming...received some very good news over the weekend from a very unlikely source. As part of an ambitious buyout deal, TXU, a Texas utility that has long been a target of environmentalists, will abandon plans to build eight old-style coal-burning power plants." In "a gesture of potentially broad political consequence," the buyers "pledged to join other forward-looking companies in backing federal legislation imposing mandatory limits on emissions of carbon dioxide." The deal is "further evidence that the capital markets are becoming increasingly sensitive to the climate change issue. But the country and the environment cannot depend on good sense or even good business sense to persuade other corporate leaders to follow Kohlberg Kravis Roberts and Texas Pacific. Congress needs to move briskly toward legislation that would put a price on carbon, either by taxing it or capping emissions."

FBI/DEA/ATF/USMS:

Grassley Asks Whether FBI Whistleblower's Supervisors Face Punishment. The AP (2/28, Frommer) reports, "One of the Senate's most vocal defenders of government whistleblowers wants to know if the FBI plans to discipline agents who a court found had retaliated against a Minneapolis agent who filed a sexual-discrimination complaint." Sen. Charles Grassley "sent the letter to FBI Director Robert S. Mueller on Monday regarding the case of Minneapolis agent Jane Turner, who recently won a $565,000 judgment against the agency. 'Given that her allegations have now been substantiated, I am writing to you for information about how you intend to hold supervisors accountable for the acts of retaliation,' Grassley wrote in a letter to Mueller." The AP notes, "Records show Turner was rated superior or exceptional in her job reviews until she filed a sex discrimination complaint against her supervisor." Turner said yesterday, "Senior managers in the FBI, by feeling they are a law unto themselves, are losing the legal and moral authority for the FBI."

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Under the headline "Accounting Sought From FBI Director," the Minneapolis Star Tribune (2/28, Browning, 395K) reports, "The agent who directly supervised Turner when she filed her discrimination complaint, Craig Welken, has since retired. But the other two agents Grassley inquired about -- James (Chip) Burrus and James Casey -- still work for the FBI. … Mueller has said previously that he would not tolerate retaliation against FBI whistleblowers, a fact underscored by Grassley in his letter. 'Actions speak louder than words,' Grassley wrote." The Washington Times (2/28, Seper, 88K) notes, "Mr. Burrus is the assistant director of the FBI's criminal investigative division and Mr. Casey is chief of the bureau's counterterrorism section."

Pharmacists, Athletes, Celebrities Accused In Investigation Of Fraudulent Internet Drug Sales. There are more than 200 media references to an Orlando pharmacy raid Tuesday, which was reported to be part of a long-term investigation into illegal steroid and human growth hormone sales. Most news outlets used the AP story and many, including the AP, cited a story first posted on the Web site of New York's Albany Times-Union. The AP (2/28) reports athletes and celebrities "were involved as customers of an illicit steroid sales network that produced arrests of four company officials on Tuesday," according to a New York prosecutor. However, Albany County District Attorney P. David Soares "declined to name any consumers. He said his office was not investigating patients, but alleged producers and distributors, including doctors and pharmacists." Soares "was in Florida on Tuesday for two pharmacy raids conducted by federal and state agents at two Signature Pharmacy stores. Four company officials, including a married couple who are both pharmacists, were arrested. They were charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud." The AP notes that authorities said a search turned up a "raid card" at Signature Pharmacy employees' desks, and the top of the documents "identified it as a Food and Drug Administration/Drug Enforcement Agency telephone list, but only lawyers were on the card." CBS News, FOX News, MSNBC, Forbes, the San Francisco Chronicle, San Jose Mercury News, Houston Chronicle, and Baltimore Sun are among the news outlets that used the AP story.

In Orlando, the Albany (NY) Times Union (2/28) reports a downtown pharmacy "was raided by a law enforcement task force on Tuesday, the climax of a large New York state grand jury investigation into Internet drug sales that could expose widespread illicit steroid use by professional athletes and thousands of people across the nation. The unprecedented inquiry, led by Albany County's district attorney, has taken New York narcotics agents and an Orlando-based federal task force deep inside a maze of shadowy pharmacies and Web sites that have reaped millions of dollars in profit by allegedly exploiting federal and state prescription laws, according to court records." The Times Union "has learned that investigators in the year-old case…uncovered evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to current and former Major League Baseball players, National Football League players, college athletes, high school coaches, a former Mr. Olympia champion and another leading contender in the bodybuilding competition."

The New York Times (2/28) reports the arrests "followed a two-year investigation by the Albany County district attorney into Internet drug sales in New York State. The investigation spanned at least three states, and included numerous people reported to be customers of the pharmacy, including current and former Major League Baseball players, National Football League players, college athletes, coaches and doctors. At least two dozen other individuals are expected to face indictment in New York, according…Soares…including several doctors and pharmacists. At a news conference in Orlando on Tuesday, he said that three people from Texas whom he described as distributors in the operation had been arrested earlier, and that five other doctors would face professional disciplinary charges."

In Miami, the Washington Post (2/28) reports several professional athletes "were clients of another pharmacy in Mobile, Ala., that might have provided illicit drugs to professional athletes. The owners of that pharmacy recently were indicted in Albany County, the Times-Union reported. An attorney for that pharmacy, Applied Pharmacy Services, did not respond to a request for comment. Both of the pharmacies offered prescriptions over the Internet, which federal investigators believe has become a primary source for illicit sales of performance-enhancing drugs in recent years as pharmacists skirt lenient laws governing the industry."

The Orlando Sentinel (2/27) reported federal and state narcotics agents "arrested the owners of an Orlando pharmacy Tuesday as part of a New York state investigation

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into the sale of steroids and other performance enhancers to professional and college athletes over the Internet. Stan and Naomi Loomis, both licensed pharmacists who own the Signature Pharmacy in downtown Orlando and another nearby, and Stan's brother, Mike Loomis, were arrested." Carl Metzger, narcotics commander for Orlando's metropolitan bureau of investigation, "said authorities found a phone list at numerous employees' desks with contact information for lawyers and representatives with the Drug Enforcement Administration and the Food and Drug Administration."

Bloomberg (2/28, Matuszewski) reports, "As many as 24 people, including six doctors and three pharmacists, face felony charges for unlawfully distributing anabolic steroids and other controlled substances. The businesses shut by yesterday's arrests are believed to supply a large portion of the national market of the on-line sale of steroids, human-growth hormone and other illegal substances, Soares said. Statewide sales in New York totaled more than $10 million."

Sports Illustrated/CNN (2/27) reported, "As part of a broad operation to crack down on the sale of performance-enhancing drugs over the Internet, authorities raided an Orlando pharmacy and a Jupiter, Fla., 'anti-aging' clinic Tuesday morning. Sports Illustrated reporters Luis Fernando Llosa and L. Jon Wertheim accompanied investigators on the Jupiter raid, which authorities believe will reveal a trove of athletes as clients. … Authorities tell us that Signature Pharmacy in Orlando, which was also raided on Tuesday, did $17 million in business with Palm Beach Rejuvenation alone. When Diamondbacks pitcher, Jason Grimsley had his home raided last summer, he admitted to investigators that he was well aware of a conduit between steroids/HGH and wellness centers."

On its Web site, WESH-TV, Winter Park, Florida (2/27) reports the owners of Signature Compounding Pharmacy "were arrested and officials said they could be sent to New York state, where the whole case began." WESH reports the Loomises "are expected to face charges connected to the illegal distribution of steroids, human-growth hormones, and other drugs."

Pittsburgh Steelers Doctor Questioned. WTAE-TV, Pittsburgh (2/27) reports on its Web site that a report "said a doctor who works with the Pittsburgh Steelers was questioned in a steroids investigation. A reporter with the Albany Times Union said Dr. Richard Rydze was questioned about $150,000 in steroids purchases on his personal credit card." The report said "a New York state health department investigator, last month, flew to Pittsburgh as part of a wide-scale investigation into the online sale of steroids. … Rydze isn't breaking any laws or rules by buying HGH and testosterone online. However, the NFL has a clear policy banning the use of testosterone by players." KDKA-TV, Pittsburgh (2/27) has posted a similar report on its Web site.

The Pittsburgh Tribune-Review (2/28) reports there "is no indication that Rydze has done anything wrong, and a spokeswoman for Albany County District Attorney P. David Soares would not say if he is a target of the investigation." The Tribune Review adds, "Pharmacy officials are accused of repeatedly filling prescriptions written by doctors, some of them not licensed, for patients they hadn't met, according to a statement released by Soares' office. At least $250,000 worth of illegal and controlled substances were sold and shipped to Albany with sales in New York alone totaling more than $10 million, according to the statement."

Texas Woman Pleads Guilty To Money Laundering. The Corpus Christi (TX) Caller Times (2/27) reported a Corpus Christi woman on Monday "pleaded guilty to federal charges in connection with a money laundering and drug distribution operation out of Country Meat Market, which she and her husband own." Rosalinda Perez "pleaded guilty to money laundering." The Caller Times says her husband Alfredo Garcia "pleaded guilty on Feb. 15. to conspiring to distribute cocaine out of the meat market. … Investigation into the couple began in September 2005, when authorities in New York notified Drug Enforcement Administration agents in Corpus Christi that a vehicle registered to …Garcia had been found in New York with a small quantity of cocaine inside."

SAMHSA Study Quantifies Rates Of Illegal Drug Use, Drinking. USA Today (2/28, 3A, Leinwand, 2.27M) reports, "Seven states in the South and Midwest are driving an increase in the percentage of people nationwide who drink alcohol regularly, a new study shows. Alaska for the third year in a row has the highest rate of illegal drug use in the nation, the study found. The study, being released today by the Substance Abuse and Mental Health Services Administration (SAMHSA), found rates of illicit drug use significantly higher than the national average in nine other states — Rhode Island, Vermont, Colorado, Montana, Oregon, Maine, Massachusetts, New York and Connecticut — plus Washington, D.C. … Nationally, 51.1% of Americans

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reported drinking alcohol in the past month, up from 50.2% in the previous study."

Poppy Eradication In Afghanistan Said To Be Threatened By Corruption. The UK's Telegraph (2/28) reports the British-backed campaign to "eradicate opium poppy growing in Afghanistan has fallen behind schedule and is threatened by corruption. … A policeman provided a detailed account of systematic corruption within the force. 'The only people [whose crops are] being eradicated are those without money or connections,'" said the policeman. If the campaign "fails in Helmand, which produced 40 percent of the country's opium last year, then British officials admit that US-led pressure for a radical campaign of aerial spraying of poppy next year will become irresistible."

Minnesota Explosives Search Turns Up Munitions. The Minneapolis Star Tribune (2/28, Xiong) reports, "Military-grade ammunition was found Tuesday at a south Minneapolis building linked to a man jailed the day before on suspicion of having military explosives at his home, Minneapolis police said." The Tribune continues, "A federal investigation that remains closely guarded by authorities became public Monday during a search of the man's Bloomington house. The investigation continued Tuesday at a commercial retail building at 5200 47th Av. S., which is owned by the man's wife, said Minneapolis Police Deputy Chief Rob Allen. The findings in Minneapolis are not as worrisome as those in Bloomington, he said. … 'There's nothing that's raised our concern to the degree they were at in Bloomington,' Allen said. 'She's [the wife] being very cooperative.'" The Tribune adds, "Authorities would not speak in further detail about what was found in the Minneapolis building's garage. The building houses a convenience store, a massage center, a hair salon run by the suspect's wife and a second-floor apartment. No one was arrested Tuesday. … Allen said the man -- described by one acquaintance as a gun-show regular -- stored items on the property. Tenants said he was also the building's repairman. A Minneapolis police bomb squad was called to the scene, and a block was taped off. … The man, who hasn't been charged with a crime, was arrested Monday after authorities found 'small quantities' of explosive materials and 'quite a few' firearms at his home in the 1700 block of W. 84th Street, said Steve Bogdalek, assistant special agent in charge of the Bureau of Alcohol, Tobacco and Firearms. … Authorities from the ATF, the FBI and the state Bureau of Criminal Apprehension wouldn't say why or for how long the man was being investigated for possessing the materials. They refused to say whether his cache of detonation cords, blasting caps, guns and explosive materials was part of a larger operation. FBI special agent Paul McCabe said there is no public safety risk at this point."

ATF Joins Search For Florida Road-Rage Gun. The Orlando Sentinel (2/28) reports from Deland, FL, "Four specially-trained canines are being sent out today to help deputies look for the gun used in a road-rage incident that killed a race fan on Interstate 4." The Sentinel continues, "The canines and their handlers are from the Bureau of Alcohol, Tobacco, Firearms and Explosives. They will team up with the Volusia County Sheriff's Office to search a large area along I-4 where Erik Houk, 36, was shot and killed while driving back to Land O'Lakes from the Daytona 500, ATF officials said. … Houk was transported to Florida Hospital DeLand after the Feb. 18 shooting, where he was pronounced dead." The Sentinel adds, "Three men -- David P. Edwards, 21, Ronlee Harvin, 21, and Charles Onasanya, 18 -- were arrested in Sanford after the shooting and told police they threw the gun somewhere along I-4 after they left the scene, officials said. Deputies have been looking for the weapon ever since. … The ATF bureau is the Department of Justice's lead agency for training dogs to detect explosives. Its canines are certified to detect 19,000 odors, including gunpowder and explosives, Davidson said. Officials will also use a portable Raytheon Thermal Imaging device to look for the gun."

ATF Agent Testifies To Discussing Buying Arms From Texas Man. The El Paso Times (2/28, Meritz) reports, "A federal agent testified Tuesday that he discussed purchasing firearms, in addition to explosive devices, from one of the two men accused of making and possessing pipe bombs that authorities discovered in a sting earlier this month." The Times continues, "Meanwhile, lawyers for the defendants argued Tuesday before U.S. District Court Magistrate Judge Michael McDonald that the government had not established that the suspected pipe bombs actually could have exploded and caused a danger to the public." The Times adds, "Alfredo Rubio, 23, of San Elizario, along with Juan Ortiz, 22, of Socorro, are accused of

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conspiring to make and possess 15 pipe bombs that Bureau of Alcohol, Tobacco, Firearms and Explosives undercover agents discovered Feb. 21 during a meeting in Canutillo. … Frank Henderson, a special agent with ATF, said in court Tuesday that he was working to arrange a purchase of weapons as well, including a MAC-10 assault rifle, rocket launchers and a machine gun. … Henderson testified that the Feb. 21 meeting was the second between him and Rubio. The agent said that during the first meeting, on Jan. 20 at a parking lot in the Northeast, he paid Rubio $2,000 for seven pipe bombs, then transported them in the front seat of his truck. Henderson also testified that law enforcement had not tested the devices to determine whether they would explode as designed."

IMMIGRATION:

Five Plead Guilty In Illegal Workers Probe. The AP (2/28, Virtanen) reports from Albany, NY, "Five former managers from a major crate and pallet manufacturer that employed illegal immigrants pleaded guilty Tuesday, 10 months after federal agents staged sweeping raids at company sites in 26 states." The AP continues, "James Rice, 37, of Houston, an executive regional general manager of IFCO Systems, pleaded guilty to conspiring to employ illegal workers. Robert Belvin, 43, of Stuart, Fla., a former general manager of the Albany IFCO plant, pleaded guilty to two felony conspiracy charges. … The two executives could face up to two years in prison and a $250,000 fine, Assistant U.S. Attorney Tina Sciocchetti said." The AP adds, "Netherlands-based IFCO Systems NV describes itself as the leading pallet services company in America. It reported $108 million in profits in 2006 on revenues of $647 million. …. In April, more than 1,100 people were arrested on administrative immigration charges at more than 40 IFCO sites. More than half of IFCO Systems' roughly 5,800 employees during 2005 had invalid or mismatched Social Security numbers, the government said at the time. … U.S. Department of Homeland Security officials said the raids were part of a stepped-up effort to target employers of illegal immigrants." The AP notes, "Defense lawyers said they reviewed prosecution material that included taped conversations involving their clients."

Chertoff Takes Push For Immigration Reform To Capitol Hill. The Los Angeles Times (2/28, Gaouette, 850K) reports, "For weeks, Homeland Security Secretary Michael Chertoff has waged a clandestine charm offensive on behalf of an immigration overhaul. He consulted with supportive lawmakers, listened to adversarial congressmen and slipped into the private offices of wary senators, the only sign of his presence the beefy security men waiting outside." Having taken a group of "skeptical members of Congress" on a tour of the southern border last week, Chertoff will today launch "a higher-profile effort to win enough votes to pass a comprehensive overhaul when he testifies at the first Capitol Hill hearing on immigration legislation since Democrats took over. Chertoff's campaign has impressed some lawmakers who may be crucial to the fate of his effort, but it's not clear whether they have been swayed enough to support it." The Times quotes Sen. Johnny Isakson, who said his border trip with Chertoff reaffirmed "that what we tried to do last year was right — that is, delineate the need for security and require its completion first." Chertoff told reporters Tuesday that the administration wants "to work with Congress. That's the whole point of being in government — to get stuff done."

Guest Workers Often Receive Lower Pay, Less Work Than Promised. The New York Times (2/28, Greenhouse, 1.16M) reports on the abuses faced by guest workers "at a time when President Bush and many in Congress are pushing to expand the guest worker program as part of an overhaul of the nation's immigration laws. … Labor experts say employers abuse guest workers far more than other workers because employers know they can ship them home the moment they complain. They also know these workers cannot seek other jobs if they are unhappy." The Times continues that the "workers often pay exorbitant fees and are frequently given fewer weeks of work and lower wages than promised. Many employers fail to make good on their commitment to pay transportation costs." Congressional proposals "to expand protections for guest workers include a provision to bar employers from retaliating when these workers protest and one that would let them sue in federal court over contract violations."

Studies Show Immigrants Increase Pay For Native-Born Citizens. The Los Angeles Times (2/28, Watanabe, 850K) reports a pair of studies released this week "counter negative perceptions that immigrants increase crime and job competition, showing that they are incarcerated at far lower rates than native-born citizens and actually help boost their wages. A study released Tuesday by the Public Policy

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Institute of California found that immigrants who arrived in the state between 1990 and 2004 increased wages for native workers by an average 4%." UC Davis economist Giovanni Peri, who conducted the study, said the presence of immigrants "pushed natives up the economic ladder into employment that required more English or know-how of the US system, he said." Meanwhile, a "study released Monday by the Washington-based Immigration Policy Center showed that immigrant men ages 18 to 39 had an incarceration rate five times lower than native-born citizens in every ethnic group examined." The Times notes that the studies "were released just days before the US Congress is to restart debate on major immigration reform legislation and as numerous states, including Texas, consider harsh measures against illegal migrants."

US Urged To Change Immigration Rules To Focus On Skilled Workers. Michele Wucker, author of "Lockout: Why America Keeps Getting Immigration Wrong When Our Prosperity Depends on Getting It Right," in the New York Times (2/28, 1.16M) argues for changing immigration rules in order to shift the balance away from family reunification while continuing "to admit spouses, minor children and parents of naturalized and native-born American citizens without quotas" and towards "skilled workers." She writes that "there are shortages of both temporary and permanent visas for scientists, engineers, mathematicians, doctors and nurses" while "family chain migration is common." The problem is said to be limits on employment-based visas compounded by per-country visa caps. Wucker recommends "phasing out family-based preferences for adult siblings and adult children" to "free up 138,066 green cards a year."

Study Finds Immigrants Not Responsible For Most Crimes. The North County Times (2/28, Sifuentes) reports, "A common perception that immigrants are responsible for much of the nation's crime is not supported by evidence, according to a study released Monday by an immigrant rights group." The Times continues, "Violent and property crime rates have dropped 34 percent and 26 percent respectively since 1994. At the same time, the illegal immigrant population doubled to an estimated 12 million, according to the study, called the Myth of Immigrant Criminality and the Paradox of Assimilation. … But critics said the study is biased and based on incomplete Census data." The Times adds, "The authors, sociologists Ruben Rumbaut and Walter Ewing, said immigrants have faced similar perceptions throughout the nation's history. Previous waves of immigrants, such as Italians and Irish, were often viewed as more inclined to crime than native-born people, they said. … Similar views are now thrust upon the newest immigrants, who are predominantly from Latin America, the authors said." The Times notes, "Researchers said they did not analyze legal and illegal immigrant populations separately, because the U.S. Census data does not ask whether immigrants are in the country legally or illegally. … Based on 2000 Census information, the study concludes that the problem of crime in the United States is not caused or aggravated by immigrants, regardless of their legal status. The study was released by the Immigration Policy Center, a research organization that focuses on the contributions immigrants make the country. … The policy center is a division of the American Immigration Law Foundation, a Washington, D.C.-based nonprofit focusing on immigration. … One of the key findings the study cites is that U.S.-born men, ages 18-39, are five times more likely to be incarcerated than foreign-born men in the same age group. However, the 'paradox of assimilation' is that the children of immigrants tend to have higher incarceration rates than their parents, according to the study."

TAX:

Real-Estate Professionals Chafe At IRS Rules. The Wall Street Journal (2/28, Dunham) reports, "Some real-estate professionals say they are being mistaken for sometime investors by the Internal Revenue Service, and that could prohibit them from taking advantage of certain tax and economic benefits." The Journal continues, "Consider the case of David Friedman, a real-estate broker and property owner in Los Angeles. Like many professionals in the business, he not only sells homes to consumers, he also buys and sells undeveloped land and owns single-family homes that he rents out. He says he works every day and has amassed holdings in Southern California and Oklahoma that are valued at $20 million. … Yet after 20 years in the business, Mr. Friedman finds himself in a battle with the IRS, which is auditing his past tax returns over whether he is really a full-time real-estate professional or one of the many part-time real-estate investors who have sprung up across the country in the past decade." The Journal adds, "The distinction is important because full-time real-estate professionals, defined as someone who spends more than

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half of his working hours in real estate and more than 750 hours a year tending to real-estate activities, can fully deduct losses -- including depreciation, interest expense on loans and property taxes. … But those who don't fit into that category are typically considered to be 'passive' real-estate investors with a limited ability to deduct their losses, says Alan Weiner, a CPA and tax partner at the firm of Holtz Rubenstein Reminick LLP in Melville, N.Y. … Robert Marvin, a spokesman for the IRS, said the tax agency can't comment on individual taxpayer cases. However, he indicated that the agency is paying more attention to real-estate activity because it is one of the areas where research shows there is a large tax gap, meaning taxpayers are underreporting income to the IRS. The tax gap in income from rents and royalties is about $13 billion and $11 billion for capital gains. (Income from real-estate activity is included in, but not exclusive to, both categories.) Mr. Marvin said that several thousand returns of real-estate professionals have been audited since last year and approximately 3,000 are under audit now. … But some tax attorneys say these professionals are being unfairly scrutinized."

CONGRESS-ADMINISTRATION:

Bush To Visit Indiana School To Tout NCLB.

The Louisville Courier-Journal (2/28, Carroll) reports, "President Bush will visit New Albany's Silver Street Elementary School on Friday, in addition to attending a campaign fundraiser in Louisville. He also plans to meet with University of Louisville students." At Silver Street, Bush will "discuss his 'No Child Left Behind' program." The school "has made 'adequate yearly progress' each of the four years since the law went into effect." Superintendent Dennis Brooks "called the president's visit an 'unexpected opportunity' for students and teachers at the school." Afterwards "Bush will speak at a McConnell for Senate reception at the Seelbach Hilton Louisville."

The AP (2/28) reports, "President Bush will visit an elementary school in New Albany on Friday and will speak about reauthorizing the five-year-old No Child Left Behind law."

WDRB-TV Louisville, Kentucky (2/27) reported, "The president will be in town on Friday for a fundraiser for Kentucky Senator Mitch McConnell -- but he's also making a stop in Indiana. President Bush will visit a New Albany school on Friday. And right now, students and faculty members are sprucing things up for their special guest." Principal Tony Duffy said, "It's such an honor. It's a once in a lifetime opportunity for our students and our teachers and everyone involved in our school."

WLKY-TV Louisville, Kentucky (2/27) reported, "His itinerary includes a stop at Silver Street Elementary School in New Albany, where he'll talk about reauthorizing the five-year-old No Child Left Behind law. Afterward, he'll attend a fundraiser for Sen. Mitch McConnell (R-Kentucky)."

Business Groups Mount Offensive Against Employee Free Choice Act. The Wall Street Journal (2/28, A4, Maher, 2.04M) reports, "Organized labor aims to use the House's expected passage tomorrow of a pro-union bill to further the rest of its legislative agenda, even though the bill, under heated industry opposition, faces likely defeat in the Senate. The Employee Free Choice Act would make it easier to organize workers by giving them the right to unionize as soon as a majority signs cards in favor of a union, a process known as 'card check' that can take a few weeks." The Journal adds, "In the past two days, the National Association of Manufacturers sent two letters to members of Congress, saying that the association would use tomorrow's vote in determining its future support for lawmakers." The association "argues the bill 'further erodes the competitive capabilities of American manufacturers.' A coalition representing more than 300 state and local employer groups also is lobbying against the bill, and the US Chamber of Commerce said it has sent more than 24,000 emails to members of Congress to oppose it."

The Hill (2/28, Swanson) reports, "The US Chamber of Commerce is leading this drive, whose magnitude rivals the 2001 campaign supporting President Bush's tax cuts. As of last week, the Chamber alone had directed more than 24,000 letters, phone calls and e-mails to House members in opposition to H.R. 800, the Employee Free Choice Act of 2007." The effort "has continued this week with advertising in 60 conservative-leaning blogs and e-mail blasts to House chiefs of staff and legislative assistants on labor. Along with the Chamber of Commerce, the business coalition includes dozens of national and local business groups. Together, they are targeting 51 congressional districts with radio advertisements and phone calls urging constituents to press their representative to oppose H.R. 800." These districts "cover 29 Democrats and 22 Republicans, including freshman Reps. Heath Shuler (D-N.C.), Tim Mahoney (D-

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Fla.), Ron Klein (D-Fla.), Joe Courtney (D-Conn.), David Loebsack (D-Iowa), Jerry McNerney (D-Calif.), Vern Buchanan (R-Fla.), Steve Kagen (D-Wis.), and Carol Shea-Porter (D-N.H.). All but Mahoney and Buchanan are cosponsors of the bill."

However, Roll Call (2/28, Drucker) reports "the AFL-CIO, which held events in 90 Congressional districts with 150 House Members over the Presidents Day recess, is cautiously optimistic that H.R. 800 will pass the House." Bill Samuel, the union's spokesman, "said many Democrats from Republican-minded districts are unlikely to face reprisals at the ballot box for supporting the bill, because they represent areas that are culturally conservative but labor-friendly."

Walter Reed Controversy Spurs Bipartisan Call For Tighter Oversight. The Hill (2/28, Kaplan) reports, "The poor conditions and bureaucratic mazes facing wounded soldiers and Marines at the Walter Reed Army Medical Center have sparked condemnation from Democratic and Republican lawmakers as they prepare for a hearing next Monday at the hospital. Rep. John Tierney (D-Mass.), chairman of the Oversight and Government Reform national security subcommittee, with support from Republican Reps. Tom Davis (Va.) and Christopher Shays (Conn.), announced earlier this week that he would conduct a hearing at Walter Reed." The Hill notes that the controversy has been "generating headlines in local newspapers." Rep. Joe Donnelly, who sits on the Veterans Affairs Committee, "created a veterans' advisory board" and "told the South Bend Tribune yesterday that 'Everybody's in a very foul mood right now' with respect to the media accounts."

Congress Considers Cutting Several High-Profile Pentagon Programs. The Hill (2/28, Tiron) reports Congress "is grappling with how to fix a number of high-profile defense programs that are costing taxpayers billions of dollars yet have poor records of success. … Programs in danger may include the Army's Future Combat Systems and the Joint Tactical Radio System; the Air Force's Joint Strike Fighter and several satellite programs; and the Navy's Littoral Combat Ship. While outright cancellations do not appear imminent in the 2008 defense budget, defense authorizers and appropriators will focus on reevaluating, in some cases redirecting and reprogramming funds. Defense committees have begun to focus on somewhat less complex and less challenging systems. Too often, congressional sources say, the Pentagon embarks on ambitious programs with even more ambitious deadlines, and as a result forgoes critical early testing and evaluation on technologies. When the programs enter operational testing and so-called low-rate production, problems crop up, forcing the services to return to the drawing board and incurring cost overruns and delays."

Congressional Democrats Eager To Advance Domestic Agenda. The Politico (2/28, Cummings) reports that "even as Iraq dominates the headlines, congressional Democrats are moving swiftly on key domestic issues aimed at improving their 2008 reelection chances and splitting Republicans. This week's House debates on easing union organizing and giving Congress more say in foreign purchases of critical domestic infrastructure are cases in point. … Coming next are scheduled hearings and debates on health care, education, prescription drugs, stem-cell research and immigration reform, all issues that Democrats campaigned on during the 2006 midterms. This runup to the Easter break is just a sneak peak at the broader agenda Democrats are planning to put in place for the rest of the year. What it shows is that House Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry Reid (Nev.) are in a hurry to pocket some key domestic victories and avoid the 'do nothing' label they gave Republicans last year.'

Blue Dogs' Influence Over Democratic Caucus Noted. Roll Call (2/28, Yachnin) reports "there are plenty of indications that the fiscally conservative Blue Dog Coalition's cache is expanding on Capitol Hill — an invitation to the White House, regular meetings with the Speaker, plum committee assignments. … Members of the Blue Dogs are anything but reticent about their growing influence within the new Democratic majority, as the moderate lawmakers — who now number nearly four dozen, the largest contingent in the group's 12-year history — seek to maximize their impact in the House following the power switch in the 110th Congress." Roll Cal notes that "even as the Blue Dogs acknowledge their own potential to serve as a bridge to their moderate Republican colleagues, however, the Democratic lawmakers seek to tamp down expectations that any formal bipartisan efforts are under way. … While members of both the Blue Dogs and the moderate Republican Tuesday Group previously have suggested the organizations could work together in the new session, for now the Democrats suggest

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those efforts are limited to one-on-one sessions or the committee level.'

Lobbying Disclosure Act Does Not Require Firms To Disclose All Revenue. The Hill (2/28, Snyder, Young) reports that "some critics believe that the Lobbying Disclosure Act (LDA), the law that defines what activities a firm must report annually to Congress, hasn't kept pace with the industry's evolution. Firms now have public relations, strategic consulting, grassroots and federal marketing arms — all of which have the potential to influence public officials, but which often take place outside the public eye. … The firms themselves are sympathetic to complaints about the limitations of the LDA, albeit for different reasons. Believing annual revenue rankings are a potential marketing tool for their own businesses, firms are quick to note other revenue streams that aren't included in LDA figures — particularly if it's been a bad year for lobbying. The Senate has passed a bill to update the LDA, enacted in 1995, but — aside from a new requirement that lobbyists detail fundraising activities — the changes do not include expanding what type of activity should be reported."

Kerry Grills Swift Boat Contributor Nominated To Be Ambassador To Belgium. The Washington Post (2/28, A17, Akers, 690K) reports Sen. John F. Kerry "did seem to enjoy at least a small measure of satisfaction in making mega-GOP-donor Sam Fox squirm during yesterday's Senate Foreign Relations Committee hearing to consider Fox's nomination to be ambassador to Belgium. Fox contributed $50,000 to fund the infamous Swift Boat Veterans for Truth ads that sought to smear Kerry's Vietnam War record in the 2004 presidential campaign." Kerry "explained that he did not intend 'to play some sort of "gotcha" game,' but he wanted to know: How does the nominee feel about the level of 'personal destruction' in politics these days? Fox replied that he was 'very concerned' that politics have become too 'mean and destructive,' especially with the participation of independent '527' groups such as Swift Boat Veterans. He tried not so subtly to redirect Kerry's line of questioning by saying, 'Sir, you're a hero,' adding that no 527 group 'can take that away from you.'"

HUD Releasing "Groundbreaking" Study Of Homeless Population. USA Today (2/28, Koch, 2.27M) reports, "A groundbreaking survey of homelessness being released today found that 704,000 people nationwide sought shelter at least once in a three-month period. Families with children accounted for one-third of those seeking emergency shelter or transitional housing between February and April 2005, the most recent period studied, according to the report by the Department of Housing and Urban Development. The rest were individuals, mostly adult men. Nearly half were black." USA Today notes, "The count covered only those seeking shelter, not people living on the street, so the total number of homeless people would be higher. 'This first-of-its-kind study is a huge leap forward in our understanding of not only how many people are homeless, but also what their needs are,' HUD Secretary Alphonso Jackson says."

Watchdog Urges Ethics Committee To Investigate Doolittle. The Hill (2/28, Crabtree) reports, "Government watchdog group Democracy 21 singled out Rep. John Doolittle (R-Calif.) for special scrutiny yesterday, renewing its call for the ethics committee to conduct an investigation into multiple potential ethics violations by the lawmaker. Democracy 21 President Fred Wertheimer said there is no evidence that the committee had taken any action about Doolittle in the last Congress even though his group and a series of press reports raised serious questions about whether Doolittle violated House ethics rules. … Specifically, Wertheimer points to Doolittle's practice of paying his wife's company a 15 percent commission on all contributions that the company raised for Doolittle's campaign." Wertheimer "also called on the committee to look into whether fees paid to Doolittle's wife, Julie Doolittle, on contributions indicted defense contractor Brent Wilkes and his associates made to his campaign committee and PAC were linked or appeared to be linked to any official action Doolittle took to help Wilkes's company obtain millions of dollars in government earmarks."

Thune Role As Lobbyist May Have Killed Railway Loan. The Washington Post (2/28, A17, Williamson, 690K) reports the Federal Government "killed a $2.3 billion railway loan after opponents attacked Sen. John Thune (R-S.D.), because he was the railway's lobbyist before winning election and backing legislation favoring the loan to his former client." The privately held Dakota, Minnesota & Eastern Railroad "wanted the money for an 860-mile Midwestern rail-line renovation and expansion project. The Federal Railroad Administration said its denial was based on

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financial factors. But project backers and detractors said the loan sank after opponents, led by the Mayo Clinic, based in Rochester, Minn., ginned up congressional heat on the agency. The key to that was Thune's role: The Republican did nothing illegal, but his seamless transition from the railway's lobbyist to its Senate champion handed ammunition to opponents and their own lobbyists."

Study Suggests Breakdowns Common Between Agency Field Staffs, Headquarters. The Washington Post's (2/28, D4, Barr) "Federal Diary" column reports, "Communication. Trust. Leadership. A report by the Interior Department inspector general, released this month, provides a glimpse of how these issues can arise in agencies that have to manage a workforce spread across the country. The report, by Earl E. Devaney, Interior's inspector general, focused on the law enforcement office at the Fish and Wildlife Service," but Devaney "found some problems in the law enforcement office, such as a 'general mistrust of senior management' and a lack of communication between the headquarters and the field, 'which has created a perception that there is a 'wall' between management and field personnel.'" The "IG review suggested" the agency's program risked "being undermined because of leadership and communication problems -- issues that hinder operations in many parts of the government. The report pointed out that the lack of communication between senior leaders and the field 'has significantly impacted morale and trust.'" The Post adds that the IG's report identifies areas of sensitivity such as "'unwritten requirement' for promotions" and bonuses and time-off inconsistencies as well as "disciplinary action proved to be another sensitive topic, the IG found."

Bush Hosts NBA Champions. NBC Nightly News (2/27, story 10, :35, Williams, 9.87M) reported, "You might as well see this following clip now because it may well appear on all the late night comedy talk shows this evening. The President hosted Shaquille O'Neal and the NBA champions, the Miami Heat. All went well until…the President started to dribble," and "the ball was under inflated. While the President's form was fine, of all people in that job, he knows well," that "some days the ball just doesn't bounce your way."

OTHER NEWS:

Stock Market Tumble Sparks Fears About US Economy. ABC World News (2/27, lead story, 2:50, Gibson, 8.78M) reported, "American investors took a punch to the pocketbook today. And it was a sobering lesson in today's global marketplace, as nervous investors in China sparked the sell-off in New York. The Dow started its slide early. But then, in mid-afternoon, at times, seemed to be in free-fall. By the closing well, the industrial average, was off 416 points." The CBS Evening News (2/27, lead story, 2:50, Couric, 7.66M) noted, "We haven't seen a day like this on Wall Street in years." In addition to the Dow slide, "the NASDAQ gave up 96 points, nearly 4%." The Dow's 400-point "plunge is the biggest one-day point drop since this trading floor reopened after 9/11, back in 2001. And it was breath taking."

The New York Times (2/28, Norris, Peters, 1.16M) headlines its story "Wall St. Slide Fuels Worries On Economy," and reports the Standard & Poor's 500-stock index, "the benchmark index for many investors, slid 3.47 percent, and the technology-heavy Nasdaq composite index fell 3.86 percent. All three major indexes erased their gains for the year."

NBC Nightly News (2/27, lead story, 3:00, Williams, 9.87M) said, "It was almost scary to watch," while the New York Times (2/28, Barboza, 1.16M) reports, "The downturn shattered all sorts of records, and analysts said there was no clear reason for Tuesday's severe drop in Shanghai, equivalent to a 1,100-point drop in the Dow Jones industrial average." But "the Chinese stock market was rife with rumors that the government was considering new measures to tame the world's hottest stock market before a bubble developed."

USA Today (2/28, 1B, Shell, Waggoner, 2.27M) reports, "For weeks, stock gurus have warned that the Dow Jones industrial average's longest run without a 2% correction since 1954 was worrisome: Some negative catalyst was bound to spook investors and start a selling frenzy." The "selling spark came Tuesday across the globe in China, a highflying market with a speculative zeal rivaling the '90s dot-com stock gold rush. Shanghai's benchmark index plunged nearly 9% amid fears the Chinese government is moving to squash speculation in stocks." The Dow "swooned in response."

Fox News Special Report (2/27, Hume) reported senior White House officials "watched the market very closely," but they "insist the US economic fundamentals are still very

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strong, and they're very confident about that." However, as the markets closed President Bush spoke with Treasury Secretary Henry Paulson and relayed "a clear expression of concern" about the downturn.

On NBC Nightly News (2/27, lead story, 3:00, 9.87M), CNBC's Maria Bartiromo summed up what most analysts see as the reasons for yesterday's market drop. She said, "Primarily, there were three factors contributing to today's downturn. First -- China. Today's sell off started over seas. In China the Shanghai Composite Index dropping almost 9%. Fears the government is trying to slow the economy. Second, durable goods. Sells of big ticket items like appliances and computers are slowing down. Third world tensions, instability in Afghanistan. News this morning of a suicide bomber attack at a check point not far from where Vice President Cheney was staying. Plus instability in Iran there nuclear capabilities and what that means for the US, all combining for some real market unrest today."

The Financial Times (2/28, Callan) reports, "US industrial investment appeared to have slowed at the start of this year as figures released on Tuesday showed a steep fall in demand for capital goods." There was "an unexpected drop in orders of durable goods across industry sectors as demand slid by a record 8 per cent to $204bn in January." The Wall Street Journal (2/28, Conkey, 2.04M) notes the Commerce Department "said new orders for durable goods fell 7.8% in January following a 2.8% increase in December, largely because there were fewer orders for transportation equipment." USA Today (2/28, 5B, Hagenbaugh, 2.27M) also runs a story on the durable goods report, titled "Economists Worry As Businesses Tighten Spending."

The Los Angeles Times (2/28, Hennessy-Fiske, Girion, 850K) reports this morning, "The dreaded 'R' word -- recession -- is back in play, contributing to Tuesday's stock market plunge. But is recession a real possibility? Many analysts say recession is unlikely this year, that Tuesday's market sell-off was long-anticipated and would be short-lived as the economy rebounds from a housing slump. Also helping the economy are renewed consumer and business spending, a strong but not overheated labor market and possible intervention by the Federal Reserve, analysts say." Another Los Angeles Times (2/28, Zimmenman, 850K) reports, "Don't panic. That's what financial planners were advising clients today as they tried to cope with the worst day for the stock market in almost four years."

The Washington Post (2/28, D1, Tse, 690K) reports, "Some market strategists said they were holding off on buying, seeing a potential for larger drops. Others characterized the retreat as a long-overdue correction and good for a market still fundamentally strong. They said recent increases in oil prices, geopolitical events in the Mideast and growing concern about the subprime-mortgage market combined to set off the market downturn."

The Wall Street Journal (2/28, 2.04M) editorializes that "when Adam Smith does a house cleaning like yesterday's, he sweeps the dirtiest corners first. The question is whether this is a forecast or merely a correction. As evidence of the latter, we'd point to Mr. Greenspan, whose Monday remarks seem to have been over-interpreted as a recession prediction. In the same discussion, we're told, he called the world economy 'benign and stable.' … We also wouldn't make too much of one month's decline in durable goods. These are notoriously volatile, especially in transportation, which was way down in January."

But other media outlets saw more ominous reasons for the market drop. McClatchy (2/28, Hall) says yesterday's plunge "may also signal worse news than that. A steady stream of recent data shows mixed signals about where the US economy is headed. The old sage himself, Alan Greenspan, suggests recession could be looming." Adds McClatchy, "Fasten your seat belts -- some economic chop could be coming."

The New York Times (2/28, Leonhardt, 1.16M) reports, "The nation's manufacturing sector managed to slip into a recession with almost nobody seeming to notice. Well, until yesterday." The new report on durable goods "seemed to focus investors' attention on the problems in manufacturing and became one more reason for people to sell stocks. By the time the market opened in New York, stocks in almost every industrialized country had already fallen sharply."

The Chicago Tribune (2/28, Barnhart, 617K) says "investors face two scenarios. One is that Tuesday's market action…represented a catharsis in market sentiment and mechanics unlikely to be repeated." The second "is that Tuesday's trading exposed long-simmering vulnerabilities in world markets, arising from investor exuberance, especially in Asia, and a wave of debt-financed speculation. Working through those issues could mean days, weeks or months of weak stock markets."

The Wall Street Journal (2/28, A1, Browning, Karmin, Areddy, Ip, 2.04M) reports "yesterday's plunge…signals that

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investors may finally be re-evaluating their insatiable appetite for risky investments. … A weaker-than-expected US economy could undermine many assumptions that have been underlying investors' embrace of risk. It could lead to higher defaults among companies that have taken on large amounts of debt. And it could undermine the outlook for foreign markets, which tend to depend far more on the US economy than the US depends on theirs."

On ABC World News (2/27, story 2, 1:20, Gibson, 8.78M), Sam Stovall, the chief strategist at Standard and Poor's, said, "I think that we were forecasting, because the S&P had not seen a one-day decline of 2% in 950 days, which is the longest since 1950, that we were expecting some sort of decline to occur. We didn't know exactly when and what would trigger it." Gibson: "Some sort of decline. But did people think it would be so precipitous?" Stoval: "I don't think so. I think because we had seen another 250 to 300 points occur in the blink of an eye, that maybe we did have some computer programs kick in, etcetera. But in general, most were expecting more of an orderly decline." The Washington Post (2/28, A1, Cho, Tse, 690K) also reports "some analysts said…that it was about time for the market to cool after a breathless run-up in share prices." The Los Angeles Times (2/28, 850K) and Washington Times (2/28, Hill, 88K) run similar reports.

Greenspan's Continuing Influence On Markets Noted. The Wall Street Journal (2/28, C1, lp, 2.04M) reports, "As chairman of the Federal Reserve, Alan Greenspan had 200 Ph.D. economists at his disposal to help decipher economic and market trends. Now, in the year since retiring from the job he held for 18 years, he relies on less than a half-dozen staffers to analyze the same economic trends. The last 48 hours have made clear, though, that investors can be just as devoted to what he has to say about those trends -- a devotion some say makes it harder to concentrate on what his successor, Ben Bernanke, has to say." Greenspan "told an audience via satellite early Monday, Hong Kong time, that a US recession was possible." He "didn't say a recession was likely. Indeed, he said most forecasters don't see one, the global environment is 'benign' and there has been no 'significant spillover' from the contraction in housing activity." But "the perceived pessimism of the remarks grew as headlines made their way around trading rooms and were blamed for helping contribute to a two-day, world-wide selloff in stocks, a plunge in bond yields as bond prices rallied, and increased market expectations of a cut in interest rates by the Fed." USA Today (2/28, 1B, Hagenbaugh, 2.27M) runs a similar report under the headline "Greenspan Comments Helped Grease Markets' Skid."

Gasoline Prices Reach Five-Month High. The CBS Evening News (2/27, story 3, :15, Couric, 7.66M) reported, "Also hitting wallets all over the country tonight is the price of gasoline. It's on the rise. It's up more than 20 cents in the past four week to a nationwide average, $2.38 a gallon, the highest price in five months."

Expansion Of Federal Ethics Panels Raises Criticism From Researchers. The New York Times (2/28, Cohen) reports, "Ever since the gross mistreatment of poor black men in the Tuskegee Syphilis Study came to light three decades ago, the federal government has required ethics panels to protect people from being used as human lab rats in biomedical studies. Yet now, faculty and graduate students across the country increasingly complain that these panels have spun out of control, curtailing academic freedom and interfering with research in history, English and other subjects that poses virtually no danger to anyone." The Times continues, "The panels, known as Institutional Review Boards, are required at all institutions that receive research money from any one of 17 federal agencies and are charged with signing off in advance on almost all studies that involve a living person, whether a former president of the United States or your own grandmother. This results, critics say, in unnecessary and sometimes absurd demands." The Times adds, "Among the incidents cited in recent report by the American Association of University Professors are a review board asking a linguist studying a preliterate tribe to 'have the subjects read and sign a consent form,' and a board forbidding a white student studying ethnicity to interview African-American Ph.D. students 'because it might be traumatic for them.' … Review boards, first created in 1974, were initially restricted to biomedical research. In 1981 the regulations were revised to cover all research that involves 'human subjects' and is designed to contribute to 'generalizable knowledge.' … Yet precisely how to interpret these rules has largely been left to each review board — 5,564 in all. And while the regulations apply specifically to research that gets federal dollars, many colleges use Institutional Review Boards to monitor all research, no matter where the funds come from. This system

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of helter-skelter enforcement, critics say, has no meaningful oversight and no appeal process."

Panel Criticizes Breakthrough Study Of Adult Stem Cells. The New York Times (2/28, Wade, 1.16M) reports, "An inquiry panel has found what it called 'significantly flawed' data in a major stem cell paper published in Nature in 2002. The article, which claimed stem cells isolated from an adult could change into all the major tissue types of the body, was seized on by opponents of abortion as showing that embryonic stem cell research was unnecessary since adult stem cells could provide all the predicted benefits. The lead author of the article, Catherine Verfaillie, said yesterday that she had sent a letter to Nature stating that the flawed data should not be relied on but that they did not affect the article's conclusions."

Campaign Document Says Romney Vulnerable To "Flip-Flop" Charge. The Boston Globe (2/27, Helman, 413K) reported, "Here are some views of Mitt Romney causing concern inside his campaign: His hair looks too perfect, he's not a tough war time leader, and he has earned a reputation as 'Slick Dancing Mitt' or 'Flip-Flop Mitt.'" Romney and his advisers "have identified those perceptions as threats to his bid for the 2008 Republican presidential nomination, according to an exhaustive internal campaign document obtained by the Globe. The 77-slide PowerPoint presentation offers a revealing look at Romney's pursuit of the White House, outlining a plan for branding himself, framing his competitors, and allaying voter concerns about his record, his Mormon faith, and his shifts on key issues like abortion."

The AP (2/28) reports the "internal document shows Mitt Romney's presidential campaign is concerned about his vulnerability to charges of flip-flopping, while suggesting he can differentiate from President Bush with a single word: 'intelligence.'" The document "also outlines plans for positively branding the Republican contender, negatively framing rivals John McCain and Rudy Giuliani, and allaying voter concerns about his record and Mormon faith." The blueprint, "dated Dec. 11, was drafted in part by Alex Castellanos, Romney's media adviser."

The Washington Post (2/28, A7, Cillizza, Shear, 690K) reports Romney's "advisers confront the challenges that the former governor faces as he seeks the Republican nomination. Among them, the document says, are his newly conservative positions on social issues and his belief in the Mormon faith, which is viewed skeptically by many members of other Christian denominations." The document "notes that Sen. John McCain (R-Ariz.) is seen as a war hero but also as an inside-the-Beltway politician, the Globe reported. It sees Giuliani's political strength emanating from his post-Sept. 11, 2001, actions as mayor, but touches on his 'personal political liabilities' -- a reference, perhaps, to his nasty and public divorce from his second wife, Donna Hanover."

Edwards Says Repeated Apologies For Iraq Vote Won't Turn Off Voters. The AP (2/28, Fouhy) reports Democrat John Edwards "said Tuesday that honesty and openness were essential qualities for a president, and that he was proud to acknowledge his 2002 vote authorizing the invasion of Iraq was a mistake." Edwards was "trolling for campaign cash on a three-day visit to New York — home of his chief Democratic rival, Sen. Hillary Rodham Clinton," and he "spoke to reporters after attending a union-sponsored workshop on eradicating poverty." Asked whether his "repeated apologies for his vote would be a turnoff to voters over time, the 2004 vice presidential nominee said that after six years of President Bush, voters craved a president willing to acknowledge errors and change course if necessary."

Giuliani, Clinton Lead Primary Fields In ABC/Washington Post Poll. ABC World News (2/27, story 5, 1:55, Stephanopoulos, 8.78M) reported the results of the latest ABC News/Washington Post' poll, noting that, "We asked voters how closely are you watching the campaign right now? 65% said they were watching it closely. That is just extraordinary. You usually see those kind of numbers around the conventions. Not 20 months before election day." On the Republican side, "Rudy Giuliani, the former mayor of New York, has opened a big lead over John McCain. 44% to 21%. That's triple until the last month. Newt Gingrich, not even officially in the race, is third at 15%. And Mitt Romney, who is in the race, has dropped since his entry down to 4%." On the Democratic side, "Hillary Clinton, still the frontrunner, but Barack Obama has cut into her lead. It's now a 12-point lead [36%-24%]. Most of that has come from African-American voters. Another person not in the race, Al Gore, is third, he is getting a little bit of an Oscars bounce up to at 14%. And John Edwards, exactly where he was a month ago, at 12%."

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The Washington Post (2/28, A1, Balz, Cohen, 690K) reports in a front page story that the "opening stages of the campaign for the 2008 Democratic presidential nomination have produced a noticeable shift in sentiment among African American voters, who little more than a month ago heavily supported Sen. Hillary Rodham Clinton but now favor the candidacy of Sen. Barack Obama." Clinton "continues to lead Obama and other rivals in the Democratic contest, according to the latest Washington Post-ABC News poll. But her once-sizable margin over the freshman senator from Illinois was sliced in half during the past month largely because of Obama's growing support among black voters." On the GOP side, the "principal reason" Giuliani was able to expand his lead over McCain "was a shift among white evangelical Protestants, who now clearly favor Giuliani over McCain. Giuliani is doing well among this group of Americans despite his support of abortion rights and gay rights, two issues of great importance to religious conservatives."

Clinton-Giuliani Matchup Hearkens Back To 2000 Senate Race. ABC World News (2/27, story 5, 1:55, Stephanopoulos, 8.78M) reported, "If it turned out to be a Clinton/Giuliani race, and there's a long way to go, but that was almost supposed be the race in the 2000 Senate race in New York, they were supposed to oppose each other." Stephanopoulos: "That's right, but since then, Rudy Giuliani has gotten a halo over the American public. And he much more favorable ratings than Hillary Clinton does right now. Look at that. 64%, to 28%, favorable/unfavorable for Rudy Giuliani. Hillary Clinton, split right down the middle, 49%-48%. Rudy Giuliani is more popular with Democrats than Hillary Clinton is with Republicans."

Clinton Sees Pardon Controversy Reemerge As Issue. The Boston Globe (2/28, Kranish, 413K) reports, "Six years ago, the launch of Hillary Clinton's career in the US Senate was marred by allegations that her brothers had received payments from people pardoned by President Bill Clinton in the waning months of his presidency. Now, in the wake of the launch of her presidential campaign, the pardon controversy has reemerged in an obscure court case in which Senator Clinton's brother Tony is battling an order to repay more than $100,000 he received from a couple pardoned by President Clinton. Tony Rodham, who acknowledged approaching the president about a pardon for the couple, is the second of Hillary Clinton's brothers to receive money from people who were eventually pardoned by President Clinton. Hugh Rodham received $400,000 from two people, one of whom was pardoned and one whose sentence was commuted. But while Hillary Clinton immediately expressed chagrin over the news in 2001 that Hugh received the money -- and asked him to return it -- she said Tony was 'not paid,' according to a congressional report." On Tuesday, "US Bankruptcy Court Judge Marian Harrison of Nashville ordered Tony Rodham to respond by March 16 to the allegation that he failed to repay a loan of $107,000 from the couple pardoned by Clinton."

Clinton's Senate Filings Neglected To Disclose Family Foundation. The New York Times (2/28, Healy, 1.16M) reports the "charitable family foundation that Senator Hillary Rodham Clinton and former President Bill Clinton have operated since 2001 has not been listed on Mrs. Clinton's annual Senate financial disclosure reports for five years." Aides to the Clintons "said that the omission was a clerical error and that it was corrected immediately after The Washington Post brought it to their attention on Monday." Clinton spokesman Philippe Reines said, "It was inadvertently omitted from her Senate filing, an oversight that has since been corrected." According to the IRS filings, "the Clintons have contributed $5 million to the charity, the Clinton Family Foundation, and it has made grants to Yale University, where they both attended law school, and to other charities that have personal meaning for the Clintons."

Leading 2008 Candidates Push States To Join February 5 Primary. The Hill (2/28, Bolton) reports, "Pressure from the leading presidential candidates has set the stage for a Feb. 5 national primary that will likely include 20 states, possibly more." Working "behind the scenes and mostly through surrogates, Democratic Sens. Barack Obama (Ill.) and Hillary Rodham Clinton (N.Y.), and Republicans Sen. John McCain (Ariz.), former Gov. Mitt Romney (Mass.) and former New York City Mayor Rudy Giuliani have fueled a rush of states to hold primary elections on Feb. 5 next year, or earlier. As many as 23 states are in the frame to hold primary elections on that date." Delaware, Missouri, New Mexico and Oklahoma "in 2004 held their nominating contests on the first Tuesday of February, and are likely be joined this time by such big states as California, Illinois, Michigan, New Jersey, New York and Texas. They may be joined also by smaller states including Tennessee, Arkansas, Arizona, Alabama, Georgia, North Dakota, Utah,

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Kansas, Colorado and (for the GOP only) West Virginia and Nevada. The legislatures of Pennsylvania and North Carolina are holding hearings on the issue but the outcomes of these are uncertain." The allies of candidates "who expect to do well in these states are taking lead roles in moving primaries there to early February. By holding primaries soon after the Iowa caucuses, the first contest of the year, such states will have a bigger impact than before on who becomes the Republican and Democratic presidential nominees."

Morris Notes Move To National Primary Makes Money Critical. In his column in The Hill (2/28), Dick Morris notes the rush to the February 5 primary date, adding, "In effect, we will now have a national primary and the presidential nominating season will last only three weeks from start to finish. The effect of this gigantic sea change will be that whoever is the frontrunner in each party by the fall of 2007 will be virtually certain to win the nomination because only the frontrunner can possibly hope to amass enough money to compete in half the country at once. Nobody but the likely winner in each party will be able to compete at that level on Feb. 5." As a result, "Money will now be king. Nothing else will count very much. If you can afford to run a national campaign three weeks after the first caucus, you will win. If you can't, you're doomed. And the polling that designates a frontrunner now will do much to determine the nominee."

NYTimes Says Congress Should Repair Public Finance System. The New York Times (2/28, 1.16M) says in an editorial, "If nothing else, the disheartening frenzy to raise huge campaign donations in this front-loaded presidential race is making money — lots and lots of money — a public issue. In the cross-fire, federal election regulators are expected to approve Senator Barack Obama's clever but cagey attempt to claim a reformer's mantle: he wants to let the nominees keep bagging unlimited private donations in the run-up to the primaries, then have the choice of returning a chunk of it after the conventions and accepting limited public financing for the general election." Obama is "proposing to adopt the even-money truce — should he win the nomination — only if the Republican nominee does the same. Behind this shadowboxing is the fact that the post-Watergate public financing of presidential elections has not kept pace with inflation. This failure, which a conscientious Congress would repair in time for the 2012 election, has put private fund-raisers back at the wheel."

Conservative Group Criticizes Gore's Electricity Consumption. USA Today/AP (2/28) reports Al Gore, "a leading voice in the fight against global warming, is being called a hypocrite by a conservative group that claims his Nashville mansion uses too much electricity." A spokeswoman for Gore "said the former vice president invests in enough renewable energy to make up for the home's power consumption." Gore's documentary film, An Inconvenient Truth, "which chronicled his campaign against global warming, won an Academy Award on Sunday. The next day, the Tennessee Center for Policy Research put out a news release saying Gore was not doing enough to reduce his own consumption of electricity. The group disputes whether global warming is a serious problem." Utility records "show the Gore family paid an average monthly electric bill of about $1,200 last year for its 10,000-square-foot home." The Gores "used about 191,000 kilowatt hours in 2006, according to bills reviewed by The Associated Press spanning the period from Feb. 3, 2006, to Jan. 5. That is far more than the typical Nashville household, which uses about 15,600 kilowatt-hours per year."

The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column that Drew Johnson, president of the Tennessee Center for Policy Research, said, "If this were any other person with $30,000-a-year in utility bills, I wouldn't care. But he tells other people how to live, and he's not following his own rules." The Times adds Kalee Kreider, "a spokeswoman for the Gores, did not dispute the center's figures, taken as they were from public records. But she pointed out that both Al and Tipper Gore work out of their home, and she argued that 'the bottom line is that every family has a different carbon footprint. And what Vice President Gore has asked is for families to calculate that footprint and take steps to reduce and offset it.'"

WZTV-TV Nashville (2/27, 9:08 pm) reported, "It's being called Al Gore's own inconvenient truth. A local watchdog group says Gore's Nashville home uses more electricity in a month than most families use in a year. … The Tennessee Center for Policy Research points to the former vice president's electric bills for his Belle Meade home, which Fox 17 News has obtained. On average, US households use 938 kilowatt hours of electricity a month. Records show since January 2006 Gore's home has used 15,813 kilowatt hours a month, with an average power bill approaching $1,200."

WFAA-TV Dallas (2/27, 6:40 am) reported, "Hollywood environmentalists might be feeling a little less love for Al Gore.

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Fresh off of his win for his documentary, reports show that he uses 20 times more energy than the average household American."

Bush Ranch In Crawford Is Eco-Friendly. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column in "contrast to Al Gore's profligate use of energy at his Tennessee mansion, President Bush's 4,000-square-foot house in Crawford, Texas, is 'a model of environmental rectitude,' according to a 2001 article by Rob Sullivan in the Chicago Tribune." Marc Morano, "an aide to Senate Environment and Public Works Committee ranking member Sen. James M. Inhofe, Oklahoma Republican, posted the Tribune article yesterday at www.epw.senate.gov."

"Green" Politicians' Jet Travel Criticized. The Los Angeles Times (2/28, Pringle, 850K) reports California Sen. Dianne Feinstein (D) "offers plenty of tips on how California households can combat global warming." But "one bit of information Feinstein declines to share is the number of times that she flew last year on her husband's Gulfstream jet, which burns much more fuel per passenger-mile than commercial airliners." California Gov. Arnold Schwarzenegger (R) "also has asked constituents to do their part to conserve energy...even though he takes to the skies on leased executive jets." Aides "say there is nothing contradictory between the pro-green pronouncements and the flying habits of the Democratic senator and Republican governor. Some environmentalists aren't so sure." The Times adds, "Noncommercial aircraft and other carbon-related indulgences have caused politicians considerable turbulence recently."

Dowd Says Gore Would Make Campaign More Interesting. In her New York Times column (2/28), Maureen Dowd says, "The best ex-president who was never president could make one of the most interesting campaigns in American history even more interesting." Will Al Gore "use his green moment on the red carpet in black tie to snag blue states and win the White House? Only the Goracle knows the answer. The man who was prescient on climate change, the Internet, terrorism and Iraq admitted that maybe his problem had been that he was too far ahead of the curve. He realized at a conference that "there're ideas that are mature, ideas that are maturing, ideas that are past their prime ... and a category called 'predawn.'" Dowd adds, "With Hillary overproduced and Barack Obama an unfinished script, maybe it's time to bring the former vice president out of turnaround. Hillary's henchmen try to prognosticate the Goracle's future by looking at his waistline, according to Newsday; they think if he's going to run, he'll get back to fighting weight."

Link Between Gore Movie, Child Obesity Postulated. The Washington Times (2/28, McCaslin, 88K) reports in its "Inside the Beltway" column that it "may have discovered why Mr. Gore is so suddenly rotund: 'An Inconvenient Truth.' Iain Murray, senior fellow for global climate change and environmental science at the Competitive Enterprise Institute, forwards speculation that Mr. Gore's Oscar-winning movie could be hazardous to the former vice president's health, and everybody else's for that matter." The Scotsman, "Scotland's national newspaper, is claiming that half of the children between the ages of 7 and 11 in that country are now so anxious about global warming that they're losing sleep over it." Science Daily "is reporting that children who don't get enough sleep are more prone to obesity." Murray said, "One has to wonder just how much damage to civilization that Gore and company will do to impose their climate-control regime on the world."

Gingrich Says GOP Needs To Avoid Centrism, Hillary Bashing. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column former Speaker Newt Gingrich "says Republicans must avoid bland centrism and Hillary-bashing if they are to win in 2008." In an email "inviting conservatives to the Conservative Political Action Conference," Gingrich says, "There are two big facts about the 2008 election. Fact No. 1: Running as a bland, business-as-usual Republican will be a dead loser. In 2006, the American people repudiated the GOP because the idea of Republicans' trying to manage the liberal welfare state they inherited from the Democrats was a dead loser. I am not sure many Republican consultants have come to understand this." The second point Gingrich raises is that "focusing on an anti-Hillary campaign will also be a dead loser. … If a campaign is going to degenerate into a mud-slinging contest, the Clintons will always win because they are vastly more ready to jump into the pit."

Thompson To Hold First DC Fundraiser. Roll Call (2/28, Newmyer, Ackley) reports in its "K Street Files" column, "Add one more name to the long list of politicians that want some K Street cash. Former Health and Human Services Secretary Tommy Thompson, who is mulling whether he wants to give up his plush office at Akin Gump Strauss Hauer & Feld for the Oval Office, is having his first

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Washington, D.C., fundraiser next week. The money goes to his coffers at the Thompson Presidential Exploratory Committee — 2008." The event is "sponsored by Barbour Griffith & Rogers lobbyist Robert Wood, who was Thompson's chief of staff at HHS, and others around town, said Darrin Schmitz of the committee, known as 'Tommy 2008.'"

Some Republicans Hope Huckabee Will Run For Senate. The Hill (2/28, Blake) reports that although his "long-shot presidential campaign is still in its early stages, some wish former Arkansas Gov. Mike Huckabee would drop his national aspirations and return home to wage what they see as a vital campaign against Sen. Mark Pryor (D-Ark.) in 2008 instead." Observers say Arkansas is "often listed among the top Republican pickup opportunities in the country, but Huckabee is the only Republican who matches up to Pryor and there are no comparable alternatives, observers say." Although those "close to Huckabee chalk up the Senate talk to overanxious bloggers and speculation, some see Huckabee-for-Senate as a real possibility and most Republicans make it clear they would welcome him home." One state GOP source "familiar with Huckabee's campaign said a Senate bid could indeed materialize and that it's something Huckabee has considered and analyzed. Huckabee ran for Senate in 1992." Huckabee "couldn't wait too long to abandon the presidential bid, the source said, and the Aug. 11 Republican straw poll in Ames, Iowa, could be a fork in the road." Even if Huckabee "were to enter the Senate race, Republicans see the 10-year governor as an underdog. Despite his long tenure in state government's top office, he was reelected with just 53 percent of the vote in 2002, which was less than Pryor's 54 percent in a good year for Republicans nationally."

NRSC Donates $20,000 Contribution From Man Charged With Aiding Terrorists. The AP (2/28) reports, "A Republican Party campaign committee that received $20,000 in 2003 from a man now accused of helping terrorists has donated the money to a foundation that comforts families of wounded soldiers." The NRSC "renounced the contribution after news reports identified Abdul Tawala Ibn Ali Alishtari as an NRSC 'Inner Circle Member for Life.' Federal prosecutors charged Alishtari two weeks ago in New York with terrorism financing, material support of terrorism and money laundering. Alishtari pleaded not guilty in U.S. District Court in Manhattan." The NRSC "gave $20,000 last week to the Fisher House Foundation, which provides housing for families on the grounds of military and Veterans' Administration hospitals."

Special Election For Norwood Seat Set For June 19. The Washington Post (2/28, A7, Cillizza, Shear, 690K) reports June 19 is "the day that Gov. Sonny Perdue (R-Ga.) has chosen for the special election to fill the vacancy created when Rep. Charlie Norwood (R) died on Feb. 13." The two leading Republican candidates "to replace him are state senators. Ralph Hudgens is making his second try at the seat after losing to Norwood in a 1994 primary. In that race, Hudgens led on the initial ballot but lost 51 percent to 49 percent to Norwood in a runoff." Hudgens's primary challenge "will come from Jim Whitehead, who is seeking to tie himself to Norwood's legacy."

Rothenberg Sees No "Wave" In House Races For 2008. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column that in his "early preview of House races in 2008, election forecaster Stuart Rothenberg says 'a huge political wave favoring one party is not very likely' next year." Rothenberg "still thinks Democrats will have 'plenty of opportunities again next year, including almost a dozen districts they narrowly lost and a handful of districts where they unwisely failed to field a strong challenger.'" But with "the White House held by Republicans and Democrats in charge of Congress, 'voters aren't going to blame one party entirely for whatever problems exist,' he says in his Rothenberg Political Report newsletter."

Schwarzenegger Unfazed By Unflattering Picture. Roll Call (2/28, Heil) reports in its "Heard on the Hill" column, "We knew our favorite governor/action star was up to something here in Washington more blockbuster-worthy than discussing Medicare (snore) and getting Congressional briefings. Turns out, California Gov. Arnold Schwarzenegger (R) has much more exciting plans, like possibly destroying an alien force." At a "briefing in the Capitol on Tuesday, a reporter ribbed the governator about his photo, which appeared on the cover of that day's Roll Call. In the picture, Schwarzenegger is gesturing with an outstretched arm, a slightly demonic expression on his face. 'Is there a worse picture of you?' the snarky scribe queried." Schwarzenegger had "a better assessment of the pic. 'It actually looks more

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like I'm about to get ready to attack an evil army or something,' he joked."

Top Democrats Seek Governors' Support For Corporate Disclosure Legislation. USA Today (2/28, 2.27M) reports Sens. Carl Levin and Barack Obama, as well as Rep. Rahm Emanuel, "urged the National Governors Association Tuesday to support proposed legislation aimed at anonymously-controlled companies involved in crime. … While acknowledging that most of those companies operate legally, the lawmakers warned that some instead function 'as conduits for organized crime, money laundering, terrorist financing securities fraud, tax evasion and other misconduct.' They asked the governors to back proposed federal legislation that would require those who register new companies in the 50 states to first gather information about their clients' identities. The proposal would also include company formation agents in federal anti-money laundering regulations."

Conservatives Unhappy With Recent Moves By Perry. The Washington Times (2/28, Aynesworth, 88K) reports Texas Gov. Rick Perry, "elected with strong conservative support in November, has taunted that political base recently and could face serious opposition in the state Legislature amid a developing power struggle. … His executive order earlier this month ordering all Texas girls entering the sixth grade to be immunized against a venereal disease that causes cervical cancer provided the most heat and criticism from conservatives. But another Perry edict, to speed up state review of proposed coal-fired power plants, was checked by a state judge last week. And another Perry suggestion, that the state should sell its lottery to help fund cancer research and care, hasn't caught on.

O'Malley Among Supporters Of Maryland Assault Weapons Ban. The Baltimore Sun (2/28, Skalka, 257K) reports that "advocates for a state assault weapons ban said Tuesday that they have the legislative backing and momentum to pass a bill this session." Gov. Martin O'Malley and state Attorney General Douglas F. Gansler "are behind a proposal that would forbid the transport, sale, possession or purchase of military-style assault weapons."

WPost Claims Maryland Early Voting Bill Discriminates Against GOP. The Washington Post (2/28, A18, 690K), in an editorial, writes, "Both houses of the [Maryland] General Assembly have approved a constitutional amendment to permit early voting, making it almost certain there will be a referendum in 2008. The action follows a rancorous two-year fight in which Democrats rammed through measures that gave them a clear advantage over Republicans. For instance, the only places where people would have been able to vote ahead of time just happened to be in heavily Democratic precincts. Republicans were right to think the effort was more about helping Democrats than helping voters."

States' Unfunded Pension Liabilities Continue To Skyrocket. The Wall Street Journal (2/28, A2, Cooper, 2.04M) reports state governments' unfunded pension liabilities "continue to increase despite a recent rise in tax receipts, in a continuation of a spiral that began in the late 1990s, according to a Standard & Poor's analysis to be released today. The report says states collectively had about $330 billion in unfunded pension obligations in fiscal 2005, the last period for which complete data are available. That is $46 billion more than in fiscal 2004. … Among the states with the biggest unfunded obligations were Connecticut, Illinois and Oklahoma, the report said, all of which had gaps in the lower 40% range. West Virginia had the biggest gap, with an unfunded liability of more than 50%. By contrast, the state in the best shape was Florida, with obligations funded at 107.3%."

States' Initiatives Seen As Likely To Increase Total Healthcare Spending. In an op-ed for the Wall Street Journal (2/28, A14, 2.04M) MIT's Amy Finkelstein writes, "several states have recently mandated universal coverage for their residents. Massachusetts enacted legislation last spring; other proposals are brewing in California, Pennsylvania and elsewhere. … Recent state efforts to create universal health-insurance coverage would reduce the fraction of the population in a state without insurance by similar amounts as did the introduction of Medicare nationwide. And if that program is any guide, we may perhaps see changes in the structure of the health-care system, such as the development and adoption of new medical technologies. We are likely to witness an improvement in the financial security of the currently uninsured. There are also likely to be increases in health-care spending -- quite possibly substantial ones."

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"Congestion Pricing" Considered Unlikely To Alleviate Traffic Concerns. In an op-ed for USA Today (2/28, 10A, 2.27M) Bill Graves, president and CEO of the American Trucking Associations, writes, "Congestion pricing, touted as a cure for gridlock, is unfair, ineffective and ignores the transportation needs of Americans. The several forms of congestion pricing all rely on giving motorists better highway access for a price. In many uses, it does not markedly reduce congestion, but merely raises revenues — taxes, in other words. Congestion pricing increases cargo transportation costs and hurts the economy. Higher manufacturers' and retailers' operating costs mean higher costs to consumers for everything from gasoline and clothing to food."

Trial Lawyers Accused Of Manipulating Alien Tort Statute. In an op-ed for the Wall Street Journal (2/28, A15, 2.04M) Joseph G. Finnerty III, heads the New York Litigation Practice Group for DLA Piper, and John Merrigan, a partner at DLA Piper, writes, "While asbestos and tobacco litigation bonanzas are winding down, America's most aggressive contingency-fee law firms still have in place a fee structure in search of an investment strategy. And so, faced with shrinking domestic opportunities, these firms have gone global. Consider one class-action lawsuit, in which a plaintiffs firm sued Deutsche Bank on behalf of an African tribe which suffered atrocities committed by imperial Germany in the 19th century. Or another, consolidating 10 complaints filed around the country on behalf of all South Africans injured by the former apartheid regime from 1948 to the present. … The law used to lodge these massive foreign class actions in the U.S. is the Alien Tort Statute (ATS). This obscure piece of legislation adopted in 1789 gave federal district courts jurisdiction in civil cases brought by an alien for a tort committed in violation of the law of nations, or of a U.S. treaty."

WSJournal Claims CFIUS Reviews Of Foreign Investment Are "Too Stringent." The Wall Street Journal (2/28, 2.04M) editorializes, "Limits on foreign investment here will only invite retaliation abroad. … The protectionists can't really rebut any of this, so instead they play up the 'security' angle. And there is no denying that some foreign takeovers deserve to be scrutinized on national security grounds . That's precisely what the executive branch now does via the Committee on Foreign Investment in the United States, or CFIUS, an interagency group that has up to 75 days to inspect transactions. A handful are changed or disapproved, but 94% of all foreign investment in the U.S. is made by European and other OECD nations that are hardly a threat. In the wake of the Dubai Ports debacle, the Bush Administration is already making CFIUS review too stringent. A new study by the National Foundation for American Policy finds that in the last year the 'process for securing approvals within CFIUS has grown more difficult and uncertain for foreign investors' with a tripling in the number of investigations and a doubling in the number of withdrawn mergers."

US, Pyongyang To Take First Steps Towards Normalizing Relations. On its front page, the Washington Times (2/28, A1, Salmon, 88K) reports, "North Korea's top nuclear negotiator was on his way to the United States yesterday for talks on issues that a State Department official said would include the first steps toward the normalization of diplomatic relations." Kim Kye-gwan's trip "reflects the rapid easing of tensions with President Kim Jong-Il's regime" since North Korea agreed this month to freeze its nuclear program in exchange for heavy fuel oil and other concessions. Kim is expected to arrive in San Francisco tomorrow, a State Department official told The Times, and "will continue to New York" for talks with Assistant Secretary Christopher Hill, "which will likely begin early next week."

DNI McConnell Says Iran Training Shiite Militias In Lebanon. In an article on US participation in a regional summit on Iraq, the New York Times (2/28, A1,Cooper, Semple, 1.16M) says new DNI Mike McConnell told a Senate committee Tuesday "that Iran was training anti-American Iraqi Shiites at sites in Lebanon and Iran to use armor-piercing weapons against American troops." McConnell said it was "probable" that top Iranian leaders, including Ayatollah Ali Khamenei, "were aware that weapons had been supplied by Iran." At the State Department, Assistant Secretary McCormack said the Iranian-made weapons would be "certainly at the top of our list" in the regional meetings.

Similarly, the Washington Post (2/28, A1, Kessler, 690K) notes briefly in report on the summit that McConnell said "that while Iran is contributing weapons to Iraqi militias that 'raises the cost to the United States' of its fighting in Iraq, he did not see 'any direct linkage from Iran dictating events inside Iraq.'"

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The Washington Times (2/28, Gertz, 88K) reports McConnell also said "Iran's development of nuclear arms is 'very dangerous,' and Tehran could deploy the weapons within the next several years." He added, "We assess that Tehran seeks to develop nuclear weapons and has shown greater interest in drawing out the negotiations rather than reaching an acceptable diplomatic solution. … This is a very dangerous situation, as a nuclear Iran could prompt destabilizing countermoves by other states in this volatile region." Iran "could have the capability to build nuclear weapons by 2015 and about the same time will be able to mount a nuclear warhead on a missile," McConnell said in response to a question from Sen. Hillary Rodham Clinton.

The Christian Science Monitor (2/28, Grier, 59K) reports, "The consensus view of US intelligence agencies is that Iran is a power on the rise in the Middle East, eager to expand its military might and committed to the development of nuclear weapons." McConnell's "warning comes at a time when the US has charged that Iranian forces are sending deadly weapons to Shiite militias inside Iraq. In addition, US officials have cited the potential threat of long-range Iranian missiles as a reason why Europe might need US-made missile defenses." But "critics of the White House say that the US may be misusing intelligence information to create a pretext for conflict with Iran, in a manner similar to the run-up to the Iraq war."

Pace "Categorically" Denies Plans For Iran Air Strikes. AFP (2/28) reports General Peter Pace, chairman of the joint chiefs of staff, declared "categorically" Tuesday that the US is not planning air strikes against Iran. During congressional testimony, Pace responded, "It is not true," when asked about suggestions that the US military was preparing to launch air strikes on Iran. Asked by Senator Robert Byrd if he was categorically denying the reports, Pace replied: "Categorically sir."

But the New Yorker's Seymour Hersh, on MSNBC's Hardball (2/27, Matthews) said, "I don't think the President will leave office without dealing with Iran in some way. … They're putting a lot of squeeze on them economically, but I don't think that's going to work. And I think they maybe think they can scare them into something." Hersh added that the President "wouldn't wait that late because it would already be close to an election. They want the Republicans to hang in there somehow in `08. If he does anything, he'll probably do it this year."

Meanwhile, the AP (2/28, Faramarzi) reports the deputy chief of Hezbollah warned Tuesday that any "military adventure" by the US and Israel against Iran "would have dangerous consequences across the Mideast." In an interview with the AP, Sheik Naim Kassem suggested Hezbollah "would not get involved if the US attacks Iran, but he raised the possibility that Israel might attack Lebanon as part of such an assault -- in which case, he said, Hezbollah would 'definitely' respond."

Encouraged By Strategy Versus North Korea, US Targets Iran's Finances. The Financial Times (2/28, Dinmore) reports, "Encouraged by what it sees as the success of financial sanctions imposed on North Korea, the Bush administration is embarking on an aggressive policy of raising the cost to Iran of its alleged nuclear and terrorist activities by targeting non-US private sector ties to Tehran." The Times adds, "Officials say the policy has support from 'hawks' in the administration who see actions against financing as a key component in the 'war on terror.'"

David Ignatius writes in the Washington Post (2/28, A19, 690K), "Everybody knows that economic sanctions don't work. Just look at the decades of fruitless pressure on Cuba. But guess what? In the recent cases of North Korea and Iran, a new variety of US Treasury sanctions is having a potent effect, suggesting that the conventional wisdom may be wrong. These new, targeted financial measures are to traditional sanctions what Super Glue is to Elmer's Glue-All. That is, they really stick." Deputy Treasury Secretary Robert Kimmitt "doesn't even like to call them sanctions, preferring the term 'law enforcement measures.' … The new sanctions are toxic because they effectively limit a country's access to the global ATM. In that sense, they impose -- at last -- a real price on countries such as North Korea and Iran that have blithely defied UN resolutions on proliferation."

Russian Deals In Middle East "Snarl" US Strategy On Iran. On its front page, the Wall Street Journal (2/28, A1, White, Jr., 2.04M) reports, "As the US struggles to contain Iran and its nuclear program, it is bumping into a new impediment: an assertive Russia bent on regaining leverage -- and markets -- in the Middle East." While the US and Russia have "tussled" autumn over a U.N. resolution to rein in Iran's nuclear program, Moscow "quietly moved ahead on another front," delivering "more than $700 million worth of air-defense systems to help protect Iran's nuclear enrichment and research sites from attack, Russian officials confirmed in December." Former Ambassador John Bolton said, "Russia

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is a huge problem on the Iran front." However, current Administration officials working closely with Russia "aren't quite so harsh, but concerns over Moscow's intentions in the Middle East -- as well as its overall foreign policy -- are rising."

Russia Says Hamas Will End Attacks Against Israel. USA Today (2/28, 8A, 2.27M) reports, "Hamas supreme leader Khaled Mashaal promised during a meeting Tuesday with Russian Foreign Minister Sergey Lavrov in Moscow that the militant Palestinian group will end missile attacks and other violence against Israel, Lavrov said." However, Mashaal "said his group is not ready to recognize the Jewish state."

ICC Charges Former Sudanese Official With War Crimes. The Washington Times (2/28, Pisik, 88K) reports, "The International Criminal Court yesterday charged a former Sudanese official and the leader of the government-backed Janjaweed militia with committing war crimes in Darfur, the first of many anticipated attempts to punish participants in the bloody ethnic conflict." The court, which has been "collecting evidence on Darfur for 20 months," accused Ahmad Mohammed Harun, "formerly the junior interior minister in charge of the western Sudanese region, and Janjaweed commander Ali Kushayb of being involved in war crimes and crimes against humanity between August 2003 and March 2004." The Bush Administration, "until recently a foe of the ICC because of claims it lacks safeguards to protect U.S. soldiers and civilians in conflict zones, praised the court action. 'We fully support bringing to justice those responsible for crimes and atrocities that have occurred in Darfur,' State Department spokesman Sean McCormack told reporters in Washington."

The Los Angeles Times (2/28, Farley, Sanders, 850K) reports prosecutor Luis Moreno-Ocampo "presented results of a 21-month investigation that he said showed 'reasonable evidence' that Ahmed Haroun, then state minister for the interior, and imprisoned militia leader Ali Kushayb, 'bear criminal responsibility' for mass executions, rapes and the forcible removal of thousands of people from their homes." The allegations, "which are not an indictment, are a first step that could lead to arrests and prosecutions by the court at The Hague, and they come amid an international campaign to halt the violence in Darfur, which has killed more than 200,000 people and displaced 2.5 million in the last four years." Prosecution, however, "will not be easy. Sudan's justice minister immediately rejected the allegations and said the suspects would not be handed over for trial."

The New York Times (2/28, Simons, 1.16M) notes Moreno-Ocampo "declined to say whether the most important figures in Sudan's political or military hierarchy would be held accountable for the mass killing, looting, rape and general devastation in Darfur, which has uprooted more than two and a half million people, according to the United Nations." The Christian Science Monitor (2/28, Marquand, 59K) also reports the story.

Meanwhile, in an op-ed in the Washington Post (2/28, A19, 690K), actress Angelina Jolie, who is "a goodwill ambassador for the United Nations High Commission for Refugees," writes, "As the prosecutions unfold, I hope the international community will intervene, right away, to protect the people of Darfur and prevent further violence. The refugees don't need more resolutions or statements of concern. They need follow-through on past promises of action."

US Says Cuba Stepping Up Repression. The Financial Times (2/28, Dinmore) reports Caleb McCarry, the State Department's Cuba Transition Coordinator, Tuesday "claimed the Castro government was stepping up its internal repression in response to an increasingly active opposition movement." McCarry cited "independent Cuban journalists" as saying civil society "had become more active, especially in the provinces, since Fidel Castro temporarily passed power to his brother Raúl last July." The Times says McCarry's remarks to the American Enterprise Institute "contrasted with that of analysts and members of Congress who recently returned from Cuba with reports of a smooth transition of power."

However, the AP (2/28, Schweid) reports new DNI Mike McConnell told Congress Tuesday that "repression is increasing in Cuba under the control of Raul Castro, and the domination of the government by his brother, Fidel, is nearing an end." McConnell told the Senate Armed Services Committee "that significant positive change immediately after Fidel Castro's death was unlikely."

Ban Institutes Personnel Policy Changes At UN. The New York Times (2/28, Hoge, 1.16M) reports, "Secretary General Ban Ki-moon is installing tough new requirements for hundreds of jobs at the United Nations that he hopes will begin to dispel the reputation for inaction and

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bloat that has long dogged the institution, according to officials in his office." Ban "is adopting the changes, which include increasing internal competition for jobs and removing some job guarantees, first in his own office, and is calling on others to follow suit or leave the organization. … High-level officials will be reviewed at the end of their first two years, and all positions will be considered five-year appointments. The secretary general's term is five years, and aides say Mr. Ban believes that other officials should pass through the same reappraisal process he will face if he runs for a second term."

British Tories Urged To Adopt More "Traditional" Foreign Policy. Kim R. Holmes and Nile Gardiner, who are, respectively, vice president for foreign policy and director of the Margaret Thatcher Center for Freedom, at the Heritage Foundation, write in the Wall Street Journal (2/28, A15, 2.04M), "For over half a century the Anglo-American 'special relationship' has been a dominant force in world affairs. Today it is the engine of the global war on terror, and its enduring strength continues to confound and even infuriate leaders in continental Europe. Britain is the only nation the US truly trusts as an ally; it is the British prime minister and not the German chancellor, the French president or the U.N. secretary-general, to whom the US president looks first for partnership in addressing the big international security matters of the day." They add that if the Conservatives "take office in 2009 or 2010, the relationship between the White House and Downing Street could well be a tense one whether the Republicans or Democrats are in power, with a great deal of bad blood generated in advance. … It is not too late, though, for the Conservatives to adopt a more traditional and pragmatic foreign-policy position, one that recognizes the huge stakes involved in maintaining the alliance."

WPost Denounces Egypt's Crackdown On "Secular Democrats." The Washington Post (2/28, A18, 690K) editorializes, "The Bush administration has tolerated Egypt's brutal crackdown on domestic dissent and the broader reversal of its democratic spring of 2005 in part because President Hosni Mubarak argues that his adversaries are dangerous Islamic extremists. It's true that the largest opposition movement in Egypt is the Muslim Brotherhood; how dangerous it is can be debated." But "what is overlooked is that Mr. Mubarak reserves his most relentless repression not for the Islamists -- who hold a fifth of the seats in parliament -- but for the secular democrats who fight for free elections, a free press, rights for women and religious tolerance." The Post adds, "The latest case in point is a blogger named Abdel Kareem Nabil Soliman, who was sentenced to four years in prison last week on charges of religious incitement, disrupting public order and 'insulting the president.'"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"God's Word, Plus Static, On Calvary Satellite Network."
"Police Probe Death In Organ Donation Case."
"U.S. To Join Iran, Syria In Iraq talks."
"San Diego Diocese Files For Bankruptcy."
"Sudan Official Accused In Darfur Atrocities."
"Worldwide Sell-Off Hits Wall Street."

USA Today:

"It's A Hard Sell For Some, Big Easy For Others."
"HUD Gets New View Of Who's Homeless."
"704,000 Sought Shelter."

New York Times:

"Wall St. Tumble Adds To Worries About Economies."
"Low Pay And Broken Promises Greet Guest Workers."
"2 New Drugs Offer Options In H.I.V. Fight."
"Deal in Albany Overhauls Pay For Worker Aid."
"As Ethics Panels Expand Grip, No Field Is Off Limits."
"Afghan Bombing Sends A Danger Signal To U.S.."

Washington Post:

"Stock Sell-Off in China Hits Wall Street."
"U.S. Will Join Talks With Iran And Syria."
"Millions In U.S. Infected With HPV."
"New Light Shed on CIA's 'Black Site' Prisons."
"Bombing Near Cheney Displays Boldness of Resurgent Taliban."
"Blacks Shift To Obama, Poll Finds."
"With Woods's Backing, PGA Tour to Return to Area."

Washington Times:

"US, N. Korea To Normalize Ties."
"Doubts Trigger 416-Point Dow Dive."
"Tiger Brings Tourney To DC."
"Lost Of Stings, No Pain."

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"New Lawmakers Seek War Debate."
"US To Attend talks With Iraq, Neighbors."
"Maoris Seek To limit Number Of Migrants Form Britain."

Detroit Free Press:
"Chrysler Offers $100,000."
"TV's Woodruff Is back: Mich. Family Is Thrilled."
"'These Were babies Not Drug-Runners, Families Say."

Atlanta Journal-Constitution:
"Fierce Debate Over Payday Loans."
"Taliban's Message To Cheney."
"Market Plunge To Deepen?"
"Perdue Appointee's Firm Fined For Spill."
"In Iraq, The Sounds Of Beauty Being Made."

Houston Chronicle:
"Dow falls 416 Points On China Syndrome."
"Local Firm Accused In Steroid Scheme."
"An American Dream Collapsed."
"Study: More Than 1 In 4 Women Has HPV."
"Legislators Move Swiftly To review, Block TXU Sale."

Story Lineup From Last Night's Network News:
ABC: Stock Market Drop; Stock Market-Analysis; Cheney Suicide Bomber Target; US Talks-Iran & Syria; Campaign '08; HPV Virus-Study; Shuttle Launch-Delay; Toyota Opens New Plants; Bob Woodruff's Recovery; VA Screens-Brain Injuries; Bob Woodruff Interview.
CBS: Stock Market Drops; Stock Market Analysis; Gas Prices; Iraq Diplomacy; Cheney-Afghanistan Attack; Civil Rights-Cold Cases; IL Bombing Suspect; Heart Attack Treatment; HPV Infections; Homework Bans; Iraq Boy-US Surgery.
NBC: Stock Market Drop; Stock Market-Analysis; Cheney Suicide Bomber's Target; Sectarian Violence; US Talks-Iran & Syria; HPV Virus Study; Airvac Missions; Civil Rights-Cold Cases; JetBlue Flight Delay; Bush Invites-Miami Heat; YouTube Generation.
ABC: Asian Stock Markets; Wall Street; Duke Lacrosse Rape Case; HUD Homelessness Study; Los Angeles Man Claims British Singer Ran Over His Foot; Anna Nicole Smith's Mother Reportedly Allowed To Spend Time With Granddaughter.
CBS: Wall Street; Asian Stock Markets; London Stock Exchange; Chrysler Buyout Offers; Rice-Iraq Summit With Iran And Syria; Iraq-Car Bombing; Libby Trial; CO-Baby Reportedly Traded For Car.
NPR: Wall Street; Asian Stock Markets; Rice-Iraq Summit With Iran And Syria; Congressional Testimony From Intelligence Officials-Iranians Training Iraqi Extremists; Cheney-Attack On Army Base In Afghanistan; Cheney, Karzai Meeting; UN Committee-India's Caste-Based System.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Meets with Military Service Organizations, Roosevelt Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Views the Red Dress Collection and participates in a roundtable on heart health, Reagan Presidential Library, Simi Valley, Calif.; participates in a National Park Service Event, Balboa Magnet School, Northridge, Calif.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. FLOOR SCHEDULE _ the Senate convenes and proceed to a period of morning business. Following morning business, the Senate will begin consideration of S.4, the 9/11 Commissions Recommendations bill.

9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on wage and income instability. CBO Director Peter Orszag; Lael Brainard, The Brookings Institution; Lily Batchelder, New York University School of Law; Bradley R. Schiller, American University. Location: Room 562, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Consumer Affairs, Insurance and Automotive Safety Subcommittee. Hearing on vehicle safety for children. Location: Room 253, Russell.

10 a.m. JUDICIARY _ full Committee. Hearing on immigration reform. Commerce Secretary Gutierrez, Homeland Security Secretary Chertoff. Location: Room 216, Hart.

10 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Hearing on the FY08 budget request for the SBA. Location: Room 428A, Russell.

10:30 a.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on the FY08 Amtrak budget. Alexander Kummant, president and CEO, Amtrak; FRA Administrator Joseph H. Boardman; David Tornquist, Office of the Inspector General, Transportation Department; Robert Serlin, president, Rail Infrastructure

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Management; Edward Wytkind, president, Transportation Trades Department, AFL-CIO. Location: Room 138, Dirksen.

10:30 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the FY08 budget for the Defense Department. Deputy Defense Secretary Gordon England. Location: Room 106, Dirksen.

10:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the terrorism risk insurance program. Location: Room 538, Dirksen.

10:30 a.m. SPECIAL AGING _ Full Committee. Hearing on the impact of the aging workforce. Comptroller General David Walker; Donald Kohn, vice chairman, Board of Governors, Federal Reserve System; Marcie Pitt-Catsouphes, director, Center on Aging and Work/Workplace Flexibility; Javon Bea, president and CEO, Mercy Health System; Preston Pulliams, Portland Community College. Location: Room 628, Dirksen.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on efforts to improve mine safety. Assistant Labor Secretary Richard Stickler; John Howard, director, National Institute of Occupational Safety and Health; J. Davitt McAteer, Wheeling Jesuit University, Shepherdstown, W.Va.; Chris Hamilton, West Virginia Coal Association; Cecil Roberts, international president, United Mine Workers of America; Bruce Watzman, National Mining Association. Location: Room 124, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Space, Aeronautics and Related Sciences Subcommittee. Hearing on the FY08 budget for NASA. Location: Room 253, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 556 - National Security Foreign Investment Reform and Strengthened Transparency Act of 2007.

9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on wage and income instability. CBO Director Peter Orszag; Lael Brainard, The Brookings Institution; Lily Batchelder, New York University School of Law; Bradley R. Schiller, American University. Location: Room 562, Dirksen.

9 a.m. APPROPRIATIONS _ Interior, Enviornment and Related Agencies Subcommittee. Hearing on the FY08 budget for the EPA. Administrator Stephen Johnson. Location: Room B-308, Rayburn.

9:30 a.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on ``The Lack of Diversity in Leadership Positions in NCAA Collegiate Sports." Rev. Jesse Jackson; Myles Brand, President, NCAA; Floyd Keith, Executive Director, Black Coaches Association; Nolan Richardson, former head basketball coach, University of Arkansas; Richard Lapchick, Sports Management; Tim Weiser, Athletic Director, Kansas State University; Fitz Hill, President, Arkansas Bible College, former Head Coach, San Jose State football. Location: Room 2322, Rayburn.

10 a.m. AGRICULTURE _ Horticulture and Organic Agriculture Subcommittee. Hearing on proposals for the farm bill with respect to specialty crops and organic agriculture. Location: Room 1302, Longworth.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the FY08 budget for the National Science Board. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Financial Services and General Government Subcommittee. Hearing on consuymer issues. FTC Chair Deborah Platt Majoras; Nancy Nord, acting chairwoman, Consumer Product Safety Commission; Janell Mayo Duncan, Consumers Union; Rachel Weintraub, Consumer Federation of America; Ari Schwartz, Center for Democracy and Technology. Location: Room 2220, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on the 10-year energy research and development outlook. EIA Administrator Guy Caruso; Jim Wells, GAO; Daniel M. Kammen, UC Berkeley; David Hawkins, Natural Resources Defense Council; Ernest J. Moniz, Massachusetts Institute of Technology; David Nemtzow, energy consultant; John DeCicco, Automotive Strategies at Environmental Defense; others. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, HUD, and Related AGencies Subcommittee. Hearing on transportation and housing trends over the last 10 years. Tom Lomax, Texas Transportation Institute; Bruce Katz, Brookings Institution; Margery Austin Turner, Urban Institute. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearings on the Health Resources Administration Budget. Administrator Elizabeth Duke. Location: Room 2212, Rayburn.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 Air Force Budget. Secretary Michael Wynne; Chief of Staff Gen. T. Michael Moseley. Location: Room 2118, Rayburn.

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10 a.m. BUDGET _ Full Committee. Hearing on long-term fiscal challenges and the economy. Federal Reserve Board Chairman Ben Bernanke. Location: Room 210, Cannon.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq. Former UN Amb. Richard Holbrooke, Frederick Kagan, AEI. Location: Room 2172, Rayburn.

10 a.m. HOMELAND SECURITY _ Emergency Communication, Preparedness and Response Subcommittee and th4e Management, Investigation and Oversight Subcommittee. Joint hearing on reforming FEMA. Location: Room 311, Cannon.

10 a.m. NATURAL RESOURCES _ Full Committee. Oversight hearing on the ``Evolving West." Montana Gov. Brian Schweitzer; Russell Vaagen, Vice President, Vaagen Brothers Lumber Company; Clifford Lyle Marshall, Chairman, Hoopa Valley Tribe; Luther Probst, Executive Director, The Sonoran Institute; former Rep. Pat Williams, Senior Fellow, O'Connor Center for the Rocky Mountain West; Matthew Box, Vice Chairman, Southern Ute Tribe; Bob Lee, University of Washington. Location: Room 1324, Longworth.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Business meeting followed immediately by a hearing on reforming the presidential library funding disclosure process. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Markup of the views and estimates for FY08. Location: Room 2360, Rayburn.

10 a.m. VETERANS AFFAIRS _ Full Committee. Meetingon views and estimates report. Location: Room 334, Cannon.

10 a.m. WAYS AND MEANS _ Full Committee. Meeting on views and estimates report to the Budget Committee. Location: Room 1100, Rayburn.

10:15 a.m. JUDICIARY _ Full Committee. Markup of pending business. Location: Room 2141, Rayburn.

10:30 a.m. EDUCATION AND LABOR _ Early Childhood, Elementary and Secondary Education Subcommittee. Hearing on improving Head Start. Ross A. Thompson, University of California at Davis; Mac McKeever, Out-County Head Start, Flint, Mich.; Barbara Haxton, Ohio Head Start Association; Pearlie Elloie, Youth and Families Total Community Action, Inc., New Orleans; Ellen Frede, National Institute for Early Education Research, New Brunswick, N.J. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on energy and tax policy. Ronald Prinn, MIT; Stephen Schneider, Stanford University; Eileen Claussen, Pew Center on Global Climate Change; W. David Montgomery, CRA International. Location: Room 1100, Longworth.

12 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Government Management, Organization and Procurement Subcommittee. Hearing on federal monitoring and treatment of residents and responders following 9/11. Location: Room 2247, Rayburn.

1:30 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on North Korea. Assistant Secretary of State Christopher Hill. Location: Room 2172, Rayburn.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on science funding in the FY08 budget. Norman Augustine, retired CEO, Lockheed Martin Corp.; Alan Lesher, CEO, American Association for the Advancement of Science. Location: Room 2359, Rayburn.

2 p.m. ARMED SERVICES _ Full committee. Hearing on HR 1102, Total Force Educational Assistance Enhancement and Integration Act of 2007. Keith Wilson, director, Benefits, Department of Veterans Affairs; Michael L. Dominguez - principal deputy under secretary of Defense for personnel and readiness; Under Secretary of Defense for Personnel and Readiness David S.C. Chu. Location: Room 2118, Rayburn.

2 p.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on Hurricane Katrina insurance issues. Location: Room 2128, Rayburn.

Other: AMERICAN INDIANS _ The National Congress of American Indians holds its 110th Congress Executive Council ``Tribal Nations Legislative Summit." Highlights: 9:10 a.m. Sen. Kent Conrad. 9:30 a.m. Rep. Dale Kildee. 11 a.m. Rep. Rick Renzi. Location: Wyndham Hotel, 1400 M St. NW.

HOMELAND SECURITY _ AFCEA hosts its 6th annual Homeland Security Conference, ``Intelligence and Information-Fusion Beyond Sharing." Highlights: 8 a.m. Intelligence Forum with VADM Herb Browne, USN (Ret.), President and CEO, AFCEA International; Charles Allen, Assistant Secretary for Intelligence & Analysis/Chief Intelligence Officer, Department of Homeland Security; and Dale Meyerrose, Associate Director of National Intelligence & Chief Information Officer, Office of the Director of National

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Intelligence. 3:30 p.m. Keynote Address by Scott Charbo, Chief Information Officer Department of Homeland Security.

MISSILE DEFENSE _ 9 a.m. - 1 p.m. The American Foreign Policy Council holds its 5th annual Conference on Missile Defense. Highlights: 9:15 a.m. Keynote address - former DHS Secretary Tom Ridge. 9:45 a.m. Session on proliferation and missile defense, with Peter Brookes of Heritage Foundation, Ilan Berman of the AFPC, and Stephen Yatres of AFPC. Location: Capitol Hill Club, 300 1st St. SE.

JOHANNS _ 8 a.m. Agriculture Secretary Johanns speaks to the National Potato Council's annual meeting. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

LAVIN-TRADE _ 9 a.m. The Washington International Trade Association hosts A breakfast discussion with Undersecretary of Commerce for International Trade Franklin Lavin, who will discuss ``Record Imports, Record Exports: Analyzing Trends in US International Trade." Location: Horizon Ballroom, Ronald Reagan Building and International Trade Center (Ground Level), 1300 Pennsylvania Ave. NW.

RELIGIOUS FREEDOM _ 9:30 a.m. The American Humanist Association holds a rally in support of religious liberty and in opposition to the Office of the Faith-Based Initiatives in Hein v. Freedom From Religion Foundation pending in the Supreme Court. Location: Steps of the Supreme Court.

ILLEGAL IMMIGRATION _ 9:30 a.m. - 11 a.m. Judicial Watch hosts a panel discussion, ``Local Governments and Illegal Immigration." Participants: Mayor Louis Barletta, Hazleton, Pa.; Starletta Hairston, Former Council Member, Beaufort County, S.C.; Delegate Jackson H. Miller, District 50, Prince William County, Va.; and Tom Fitton, President, Judicial Watch. Location: National Press Club, First Amendment Lounge.

2008 ELECTION _ 9:30 a.m. - 12:30 p.m. The Brooking Institution hosts an event, ``Opportunity 08: Independent Ideas for Our Next President," featuring opening remarks from Brookings President Strobe Talbott followed by three panels focused on a variety of domestic and foreign policy issues that will influence the 2008 campaign, including energy security, Iraq, trade policy and immigration. Highlights: Panel One: Why Issues Matter? Moderator: George Stephanopoulos, ABC News Chief Washington Correspondent; Host of ``This Week. Panelists: Thomas Donilon, Opportunity 08 Advisory Council Chair; and Kenneth Duberstein, Opportunity 08 Advisory Council Chair. Panel Two: Foreign Policy Solutions. Moderator: Torie Clarke, Former Assistant Secretary of Defense for Public Affairs, ABC News Consultant. Panelists: Amy Walter, Senior Editor and Political Analyst, The Cook Political Report; Martin Indyk, Director, Saban Center for Middle East Policy; Jeffrey A. Bader, Director, John L. Thornton China Center; and Carlos Pascual, Vice President and Director, Foreign Policy Studies. Panel Three: Domestic Policy Solutions. Moderator: Mark McClellan, Visiting Senior Fellow, AEI-Brookings Joint Center for Regulatory Studies; Panelists: Lael Brainard, Vice President and Director, Global Economy and Development Program; Ron Haskins, Co-director, Center on Children and Families; and David Sandalow, Energy and Environment Scholar. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

HOUSE REPUBLICANS _ 10 a.m. House Republican leadership holds a media availability following the 9 a.m. meeting of the House Republican Conference. Location: RNC lobby, 310 1st St. SE.

REFINERIES-BODMAN _ 10 a.m. Energy Secretary Bodman holds a news conference to announce selection of biorefinery projects, as part of the administration's goal of reducing gasoline consumption by 20 percent in 10 years. Location: Energy Department.

EDUCATIONAL EFFECTIVENESS _ 10 a.m. - 11:30 a.m. The Center for American Progress and the U.S. Chamber of Commerce hosts a panel and release of ``Leaders and Laggards: A State-by-State Report Card on Educational Effectiveness." Speakers: Thomas J. Donohue, President and CEO, U.S. Chamber of Commerce; John D. Podesta, President and Chief Executive Officer, Center for American Progress; Panelists: Ulrich Boser, Freelance Writer and Contributing Editor at US News and World Report; Cynthia G. Brown, Director of Education Policy, Center for American Progress; and Frederick M. Hess, Resident Scholar and Director of Education Policy Studies, American Enterprise Institute. Moderator: Arthur J. Rothkopf, Senior Vice-President and Counselor to the President, U.S. Chamber of Commerce. Location: U.S. Chamber of Commerce, Hall of Flags, 1615 H St. NW.

EMPLOYEE FREE CHOICE _ 11 a.m. Congressional leadership, workers hold a news conference to urge Congress to pass the Employee Free Choice Act. Location: Room 2261, Rayburn.

ENERGY _ 11 a.m. A coalition of agricultural, energy, environmental, business and labor groups holds a news conference to announce a plan to have 25 percent of the

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nation's energy supply come from renewable sources by 2025. Location: Room HC-6, Capitol.

RELIGIOUS FREEDOM _ 11 a.m. The Family Research Council holds a lecture on religious freedom, with William Saunders. Location: 801 G St. NW.

ENDANGERED SPECIES _ 11:15 a.m. Sens. Mike Crapo, Blanche Lincoln, Max Baucus and Charles Grassley hold a news conference on bipartisan legislation to provide financial incentives for conservation efforts, the Endangered Species Recovery Act of 2007. Location: Room 215, Dirksen.

HOMELAND SECURITY _ 11:30 a.m. Science and Technologys Command, Control and Interoperability Director Dr. David Boyd will deliver a presentation to the Federal Communications Bar Associations Homeland Security and Emergency Communications Committee. Location: Akin, Gump, Strauss, Hauer and Feld, 1333 New Hampshire Ave. NW.

CLEAN AIR _ 12 p.m. The Clean Air Task Force holds a briefing to release a report, ``No Escape from Diesel Exhaust: How to Reduce Commuter Exposure." Location: National Press Club.

CURRENCY RATES _ 12 p.m. Reps. Tim Ryan and Duncan Hunter hold a news conference on reintroduction of the Fair Currency Act to limit exchange rate manipulation. Location: Cannon Terrace.

MIDEAST _ 12 p.m. The Middle East Institute and the Foundation for Middle East Peace hold a discussion with Haggai Alon, senior adviser to Israeli Defense Minister Amir Peretz, discussing economic polikcy for Israel and the Palestinian territories. Location: 1779 Massachusetts Ave. NW.

EMPLOYEE CHOICE _ 12:45 p.m. Rep. Eric Cantor, others, holds a news conference on the Employee Free Choice Act. Location: House Radio-TV Gallery.

EDUCATION _ 1 p.m. The Heritage Foundation holds a discussion on educational freedom in the wake of the No Child Left Behind law, with Rep. Peter Hoekstra, Colorado State Board of Education Vice Chairman Bob Schaffer, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

HOMELESSNESS _ 1 p.m. HUD holds a news conference with Deputy Secretary Roy Bernardi, others, on the scope and nature of homelessness in America. Location: HUD, 451 7th St. SW.

NARCOTICS REPORT _ 1 p.m. The International Narcotics Control Board releases its annual report. Location: UN Foundation, 1800 Massachusetts Ave. NW.

CLIMATE CHANGE _ 2 p.m. The Scientific Expert Group on Climate Change and Sustainable Development, convened by the UN Foundation and Sigma XI, releases its final report with a roadmap for preventing unmanageable climate change. Location: Room 366, Dirksen.

GAYS-MILITARY _ 2 p.m. Rep. Marty Meehan, D-Mass., holds a news conference to re-introduce The Military Readiness Enhancement Act, a congressional bill to repeal the military's ``Don't Ask, Don't Tell" ban on lesbian, gay and bisexual military personnel. Meehan will be joined by C. Dixon Osburn, executive director of Servicemembers Legal Defense Network; BG Evelyn ``Pat" Foote, USA (Ret.), a member of the Network's honorary board; and former Marine Sergeant Brian Fricke, an openly gay veteran of the war in Iraq. Location: Room 2216, Rayburn House Office Building.

US-VISIT _ 2 p.m. US-Visit Acting Director Robert Mocny participates in a discussion at the Armed Forces Communications and Electric Association Homeland Security Conference. Location: Reagan Trade Building.

IRAQ STRATEGY _ 2 p.m. - 4 p.m. CDI's Straus Military Reform Project sponsors a colloquium on the future of U.S. strategy in Iraq. Panelists: Dr. Ted Galen Carpenter, vice president for defense and foreign policy studies at the Cato Institute; Helle Dale, deputy director for the Davis Institute for International Studies and director of the Douglas and Sarah Allison Center for Foreign Policy Studies at the Heritage Foundation; Col. Douglas A. Macgregor, U.S. Army (ret.), author of three books on military affairs and a frequent commentator on radio and television; Frank Gaffney, president of the Center for Security Policy and a syndicated columnist, was assistant secretary of defense for international security policy under President Reagan; and Frank Anderson, who served 27 years at the CIA, in many senior posts including chief of the Near East Division. Location: National Press Club, Holeman Lounge.

ROHRABACHER _ 2:30 p.m. Rep. Dana Rohrabacher holds a news conference to discuss new developments in the border patrol agents case. Location: House Radio-TV Gallery.

BORDER _ 3:30 p.m. Rep. Virgil Goode hosts a screening of a new documentary, BORDER," on the U.S.-Mexican border situation. Location: Room 122, Cannon.

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TECHNOLOGY-FREE MARKET _ 4 p.m. CPAC holds a briefing on technology, intellectual property and competitive markets, with David Williams of Citizens Against Government Waste, Ray Keating of the Small Business and Entrepreneurship Council, and Solveig Singleton of the Progress and Freedom Foundation. Location: Capitol Hill Club.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, FEBRUARY 28, 2007 7:45 AM EST

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TERRORISM NEWS:

Navy Brig Officials Testify Padilla Not Physically Abused. The AP (2/28, Anderson) reports, "The exterior window in Jose Padilla's 80-square-foot cell in a Navy brig was painted over. At times, he had to sleep on a steel bunk with no mattress. He went months without a clock and was sometimes seen weeping in his cell. But officials at the brig in Charleston, S.C., testified Tuesday that the alleged al-Qaida operative was not physically abused during his 3 1/2 years in military custody, nor did he display serious symptoms of mental problems." The AP adds, "U.S. District Judge Marcia Cooke barred Padilla's lawyers from delving into the details of this testimony unless it was directly related to a competency report prepared by a Bureau of Prisons psychologist. Cooke scheduled closing arguments on the competency issue for Wednesday. It was not clear when she would rule."

USA Today (2/28, 8A, Parker, 2.27M) notes brig technical director Sandy Seymour and brig psychologist Craig Noble "appeared as reluctant star witnesses in a mental competency hearing that became a fierce tug-of-war between prosecutors and defense attorneys over how much about Padilla's detention will be revealed." USA adds that Seymour "provided a glimpse into Padilla's paranoia — a condition described in defense court papers. Padilla feared guards had pumped noxious gas into his cell. He also thought he had been injected with truth serum before meeting with his interrogators. Seymour said that the brig is near a pulp mill, which spews foul odors, and that Padilla received a flu shot. He did not say whether anyone at the brig ever attempted to disabuse Padilla of his misimpressions."

Under the headline "Aspects Of Padilla's Treatment Confirmed," the Los Angeles Times (2/28, Williams, 850K) notes Padilla's "defense attorneys contend that Padilla's sensory deprivation and treatment were tantamount to torture." The Times adds that Seymour "appeared reluctant to disclose details of the 'special care' ordered by the federal government for Padilla. Prolonged silences by Seymour followed each of…Caruso's questions, as the witness waited for prosecutor…Pell to object, which she did at least a dozen times. When Cooke said he should answer, Seymour said he had 'no specific recollection,' asked to hear the question again, or gave a cryptic response."

The New York Times (2/28, Sontag, 1.16M) reports that yesterday's "scattershot revelations…did not add up to a comprehensive portrait of Mr. Padilla's time in the brig. But they were nonetheless significant, marking the first time Mr. Padilla's military jailers were forced to speak publicly about the conditions of his secretive confinement without charges." Meanwhile, the Washington Post (2/28, Whoriskey, 690K) reports on the officials' testimony, under the headline "Padilla Was Deprived, Not Abused, Court Told."

Georgia Imam Sentenced To Seven Years For Hamas Funding Scheme. The Rome (GA) News-Tribune (2/28, Gellatly) reports, "A Floyd County man who led interfaith relations after 9/11 and educated students on the virtues of many religions was sentenced Tuesday for supporting a foreign terrorist group." Mohamed Shorbagi "was sentenced…to serve seven years and eight months in prison for funneling money to the militant group Hamas during a four-year period." The News-Tribune notes, "The charges stem from donations Shorbagi made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001. A former member of the Rome-Floyd International Committee and an Imam of a Muslim congregation, he was presented by the defense as an intelligent man much respected by his community."

The Atlanta Journal-Constitution (2/28, Torpy, 379K) notes Shorbagi "could have been sentenced to 15 years but received a lighter sentence for helping federal authorities in another prosecution. … Shorbagi, who has been in the United States for 22 years, testified in a Chicago trial last year against Mohammed Salah, who was later acquitted of charges of aiding Hamas. Because of his cooperation in the case, Shorbagi is eligible to get a visa to stay in the U.S and enter the witness protection program, according to court papers." WXIA-TV Atlanta (2/27, Rowson) reported on its Web site from a broadcast story, "For the first time in the history of the state of Georgia, a defendant has been sentenced for an international terrorism-related crime. … Unites States Attorney David Nahmias said, 'The people who financially support terrorism are not the people who are personally building bombs or setting off bombs.' Nahmias added, 'But, they're the people who make that kind of activity possible.'"

The Atlanta Business Journal (2/27) also reports on the sentencing, as does the AP (2/28, Yee), in a widely-distributed story.

Prosecutors To Investigate Inaccurate Summaries Of FBI Transcripts. Under the headline "False Quotes Shake Up Terror Trial," the Los Angeles Times (2/28, Krikorian, 850K) reports, "The mystery of how and why a government wiretap summary falsely attributed anti-Jewish slurs to officials of a Muslim charity remained unanswered Tuesday as federal prosecutors pledged to look into the matter. In court papers filed late Monday, the U.S. attorney's office in Dallas said it was trying to determine how the recently declassified summary of a 1996 FBI wiretap of the

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Holy Land Foundation for Relief and Development included vitriolic language that was not found in a verbatim transcript of a recorded conversation. … Meanwhile, the unexplained discrepancies have brought potential controversy to the government's biggest terrorism funding case to date." However, the Times notes that "government prosecutors said it was 'an overreaction' to extrapolate that all of the government summaries were useless on the basis of discrepancies found in one set of documents."

Group Wants Information On 16 Allegedly Detained In CIA Prisons. The Financial Times (2/28, Sevastopulo) reports the Bush Administration "was urged on Tuesday to reveal the whereabouts of 16 men who were allegedly detained in secret Central Intelligence Agency prisons." In a letter "to Mr Bush, Human Rights Watch named 16 men it said were held in CIA prisons and another 22 who it said might have been in the secret facilities. The whereabouts of all the individuals concerned was unknown, the group said."

The Washington Post (2/28, A1, Linzer, Tate, 690K) reports in a front page story, "On his last day in CIA custody, Marwan Jabour, an accused al-Qaeda paymaster, was stripped naked, seated in a chair and videotaped by agency officers. Afterward, he was shackled and blindfolded, headphones were put over his ears, and he was given an injection that made him groggy." Jabour's "release from a secret facility in Afghanistan on June 30, 2006, was a surprise" to him, "and came just after the Supreme Court rejected the Bush administration's assertion that the Geneva Conventions do not apply to prisoners like him." Jabour had "spent two years in 'black sites' -- a network of secret internment facilities the CIA operated around the world. His account of life in that system, which he described in three interviews with The Washington Post, offers an inside view of a clandestine world that held far more prisoners than the 14 men President Bush acknowledged and had transferred out of CIA custody in September." Jabour's "experience -- also chronicled by Human Rights Watch, which yesterday issued a report on the fate of former 'black site' detainees -- often does not accord with the portrait the administration has offered of the CIA system, such as the number of people it held and the threat detainees posed."

Congress Urged To Act Against Foreign Prosecutions Of US Agents. In a Washington Post op-ed (2/28, A19), former Justice Department attorneys David B. Rivkin Jr. and Lee A. Casey say, "An Italian court announced this month that it is moving forward with the indictment and trial of 25 CIA agents charged with kidnapping a radical Muslim cleric. These proceedings may well violate international law, but the case serves as a wake-up call to the United States. Overseas opponents of American foreign policy are increasingly turning to judicial proceedings against individual American officials as a means of reformulating or frustrating US aims, and action to arrest this development is needed." The US "must still vigorously resist the prosecution of its indicted agents. If they acted with the knowledge and consent of the Italian government (as The Post's Dana Priest reported in 2005), they are immune from criminal prosecution in that country." Congress should "make it a crime to initiate or maintain a prosecution against American officials if the proceeding itself otherwise violates accepted international legal norms."

Canada Allows Two Anti-Terror Laws To Lapse. The New York Times (2/28, Austen, 1.16M) reports Canada's Parliament "voted Tuesday not to extend two measures that were passed as part of a sweeping package of antiterrorism laws weeks after the Sept. 11, 2001, attacks on the United States." The measures "will expire Thursday. One allows the police to arrest people suspected of preparing to commit an act of terrorism and hold them for 72 hours without charges, and the other enables courts to compel witnesses to testify at special hearings similar to grand jury proceedings in the United States. Neither has ever been used." The vote "took place just days after the Supreme Court struck down a law allowing the government to detain foreign-born terrorism suspects indefinitely using secret evidence and without charges while their deportations were being considered." The debate "reflected the fractious politics of Canada's Parliament, which is not controlled by any single party, as much as a national reassessment of antiterrorism measures."

PATRIOT ACT:

EFF Sues DOJ For Release Of FISA Court Rules On NSA Program. InformationWeek (2/28, Jones) reports, "The Electronic Frontier Foundation has sued the Department of Justice, demanding the release of records related to court orders authorizing electronic surveillance." IW continues, "The EFF filed a lawsuit Tuesday seeking information on changes to the National Security Agency's surveillance program. The program, which the federal government maintains targets communications involving at least one suspected terrorist, was secret until the New York Times reported on it in December 2005." IW adds, "The government acknowledged that it was conducting surveillance without warrants from the Foreign Intelligence Surveillance Court and argued that presidential powers and recent legislation authorized the practice. After defending against allegations that the practice was illegal, U.S. Attorney General Alberto Gonzales announced last month that the government changed its practices and would seek court approval to monitor communications. … EFF used the

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Freedom of Information Act in an attempt to obtain records showing the court's approval, but the Department of Justice didn't respond to a written request. EFF is seeking immediate release of orders allowing the government to monitor communications and any rules or guidelines associated with the orders. White House Press Secretary Tony Snow has made public comments that indicate the court issued guidelines or parameters that have allowed the government to continue surveillance with court approval. … EFF refers to those statements in its filing. It's not alone in seeking details about the guidelines. News reporters who have been covering the issue have also pressed to find out the parameters of ongoing surveillance."

Technology News Daily (2/28) reports, "When press reports forced the White House to acknowledge the program in December of 2005, the administration claimed that the massive program could be conducted without warrants or judicial authorization of any kind. However, in January of this year, Attorney General Alberto Gonzales announced that the Foreign Intelligence Surveillance Court (FISC) had authorized collection of some communications and that the surveillance program would now operate under its approval. EFF's suit comes after the Department of Justice failed to respond to a Freedom of Information Act (FOIA) request for records concerning the purported changes in the program. … 'While national security and law enforcement demand a limited amount of secrecy, Americans have the right to know the government's basic guidelines for this kind of invasive electronic surveillance of their personal communications,' said EFF Senior Counsel David Sobel. 'The burden is on the Justice Department to justify its failure to disclose the information we've requested.'" TND adds, "EFF's suit demands the immediate release of the FISC orders regarding the surveillance program and any FISC rules and guidelines associated with such orders."

HOMELAND RESPONSE:

Bush Will Veto 9/11 Bill If It Contains Labor Provisions. The Washington Times (2/28, Waterman, 88K) reports, "President Bush will veto a proposed bill to implement measures recommended by the September 11 commission if the bill is passed with language granting collective-bargaining rights to airport passenger and baggage screeners employed by the Transportation Security Administration, Homeland Security Secretary Michael Chertoff told Republican senators yesterday." Chertoff's comments "at a private luncheon were reported by Sen. Jim DeMint, South Carolina Republican, and confirmed by the Department of Homeland Security and a senior administration official authorized to speak to the press." DHS spokesman Russ Knocke said Chertoff "did make very clear that if the bill goes to the White House with the current provision related to TSA personnel authorities, his recommendation, and that of other senior administration officials, would be to veto it." The Times adds, "A letter sent yesterday to Mr. Bush from 36 Republican senators shows that the votes are there to sustain a veto, according to Republican aides."

The AP (2/28, Kellman) reports, "The White House made its displeasure with the union provision clear before the House passed it as part of its Homeland Security bill. Sen. Susan Collins said Chertoff told her that a statement Thursday would include an explicit veto threat." The AP adds, "Casting the provision as a deal-killer would flex Bush's political muscle with the new, Democratic-led Congress on the old battleground of labor rights. It also could throw an obstacle into talks over how to debate and pass the recommendations of the Sept. 11 Commission."

The Washington Post's "Federal Diary" column (2/28, D4, Barr) reports Scott Stanzel, a White House spokesman, said yesterday, "We vigorously disagree with the provisions of the Senate legislation that would eliminate the flexibility given to TSA to perform its transportation security missions." The TSA "needs the ability to quickly reassign and move screeners to respond to threats, he said." The New York Times (2/28, Lipton, 1.16M) notes Stanzel also said, "Existing authority permits TSA the flexibility to manage and deploy their work force. … We do think that it is important that TSA maintain that flexibility for personnel performing key homeland security roles."

DHS Data-Mining Program Said To Have Violated Privacy Laws In Testing Phase. The Washington Post (2/28, D3, Nakashima, Klein, 690K) reports DHS "is testing a data-mining program that would attempt to spot terrorists by combing vast amounts of information about average Americans, such as flight and hotel reservations." Analysis, Dissemination, Visualization, Insight and Semantic Enhancement, which resembles "a Pentagon program killed by Congress in 2003 over concerns about civil liberties, …could take effect as soon as next year. But researchers testing the system are likely to already have violated privacy laws by reviewing real information, instead of fake data, according to a source familiar with a congressional investigation into the $42.5 million program. … The privacy violation, described in a Government Accountability Office report that is due out soon, was one of three by separate government data mining programs, according to the GAO. 'Undoubtedly there are likely to be more,' GAO Comptroller David M. Walker said in a recent congressional hearing."

WPost Questions Technological Feasibility Of Nuclear Scanning Around Manhattan. The

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Washington Post (2/28, A18, 690K) editorializes that DHS's recently announced plan to scan large numbers of vehicles entering Manhattan "for radioactive materials without bringing life to a standstill" would "do what many scientists had once thought impossible. … Experts today say that the nuclear weapons are heavily shielded, making detection tricky, and that current front-line scanners have difficulty in reliably detecting even those nuclear materials not encased in a bomb. Nevertheless, DHS is pushing forward with a pilot program to test the feasibility of scanning large numbers of cars and trucks entering Manhattan for radioactivity." If the program is "successful, it would require little or no effort from those being inspected, so it wouldn't snarl traffic in the tri-state area. Another point in its favor is that the pilot program is not very expensive, as Homeland Security projects go, and that even if the resulting system is not perfect, it will foster development of newer and better technologies that will make Americans safer." Still, the Post continues that it is "glad Homeland Security is not breaking the bank on its latest experiment. Based on the available information on the inconsistency of nuclear detection technology, it is fair to wonder whether this is the right time to conduct such a large-scale test and whether such a program may be an inefficient use of government resources."

New Orleans Population Holding Steady As New City Emerges. USA Today (2/28, 1A, Konigsmark, 2.27M) reports on its front page that while the decision by celebrities Brad Pitt and Angelina Jolie to buy in New Orleans generated international headlines, "each day, in much smaller ways, other people are coming and buying stakes in a city that still has less than half the population it had before Hurricane Katrina. People continue to move out, some after returning here and becoming overwhelmed by the neighborhoods of empty houses, a crime wave and a general uncertainty about the future. Despite all that, New Orleans is finding a way to hold steady. The population, now at about 191,000, hasn't changed significantly in months. … All around, there are signs that New Orleans is coming back, but not quite as the city it used to be. A US government survey reveals a whiter populace: New Orleans was two-thirds black before Katrina hit in August 2005; today it's 47% black and 42% white. It's also more Hispanic, thanks mostly to an influx of workers coming here for plentiful construction jobs."

WAR NEWS:

Democrats Increasingly Divided On Iraq. Media reports this morning suggest Democratic divisions on Iraq are keeping the caucus from moving forward with a plan to challenge the President's "surge" strategy. The Los Angeles Times (2/28, Levey, Simon, 850K), under the headline "War Bill Divides Democrats," reports this morning, "Democratic lawmakers, who earlier this month nearly unanimously backed resolutions condemning President Bush's plans to boost troop levels in Iraq, are struggling to agree on what to do next in their drive to bring the war to an end." In the Senate, "party leaders who faced dissent in their own caucus have decided to postpone consideration of a binding resolution that would set limits on what US forces could do in the conflict." And in the House, "Democrats are wrestling with even deeper divisions." The Times adds "the apparent deceleration of the legislative drive to end the war is dismaying antiwar activists." McClatchy (2/28, Talev) adds that the "division and confusion over how to proceed could anger voters who put Democrats in control of Congress largely in frustration over the war." But "Democrats are nervous about cutting off money in a way that could undermine soldiers who already are in Iraq - or expose Democrats to Republican charges that they're doing that."

Fox News' Special Report (2/27, Hume) reported, "The Democrats ambitious plans to limit President Bush's war authority and force a change of course in Iraq are faltering amidst party divisions over how quickly and aggressively they should act." Senate Democrats beset by divisions set aside the Iraq debate in favor of a bill to fulfill unmet 9/11 Commission recommendations. They denied the onset of political paralysis. … But Senate Democrats are so divided over whether to deny funds for President Bush's troop surge -- while others want to revoke authorization for the war, and still others don't want to do either – that the party now finds its antiwar efforts visibly hobbled." Senate Majority Leader Harry Reid "couldn't say whether he prefers 'deauthorizing' the war or limiting funds for the troop surge. … Moderate Democrats are already distancing themselves from the newest antiwar strategy -- revoking the 2002 war authorization." Sen. Kent Conrad "opposes the idea." Sens. Ben Nelson and Mark Pryor "lean against it."

The Hill (2/28, Schor) reports, "Senate Democrats reversed course yesterday and vowed to keep the Iraq war out of the ongoing 9/11 Commission bill debate, but the lack of a consensus approach exposed by the new majority's move risks alienating anti-war allies and giving political momentum to Republicans." Democrats "first began eyeing the 9/11 Commission measure as a vehicle for binding checks on…Bush's war strategy during debate on the non-binding resolution billed as their first step in repudiating the White House." Yet "Democrats held off on their second step amid GOP insistence on a symbolic vote on troop funding and calls for a clean bill from Sen. Joe Lieberman (D-Conn.), who helps maintain their narrow hold on the Senate."

The Washington Post (2/28, A4, Weisman, Murray, 690K) reports "House Democratic leaders offered a full-throated defense Tuesday night of their plans to link Iraq war spending with rigorous standards for resting, training and

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equipping combat troops, saying that they would hold President Bush accountable for failing to meet those readiness tests." But "after a fractious meeting of the House Democratic caucus, Speaker Nancy Pelosi, D-Calif., said Democratic members still have not united around the proposal." Roll Call (2/28, Yachnin, Stanton) reports "aides said the House Democratic Caucus may hold a second meeting this week to further discuss the proposed spending bill.

The AP (2/28, Flaherty) reports, "House Democratic leaders are backing away from a plan to scale back US involvement in the Iraq war by using Congress' most powerful tool-–– withholding money in the budget." Instead, "party officials said Tuesday, leaders are weighing a proposal that would attempt to embarrass Bush into abandoning his war strategy. Under a plan discussed behind closed doors, Democrats probably would fund President Bush's entire $93.4 billion request for war spending this year but require that any troops sent into battle that don't meet certain standards receive a presidential waiver and that Congress be notified of the shortcoming." The compromise "is an attempt to please members who want to end the war immediately by cutting funding and others who do not want to appear as though Democrats are turning their back on troops."

The New York Times (2/28, Zeleny, Toner, 1.16M) describes the Democratic Congress as "divided over strategy, stymied by ideological divisions, but still hoping to escalate pressure on the White House to change the course of the war." The Washington Times (2/28, Bellantoni, 88K), meanwhile, reports Congressional Democrats, " especially new members -- are clamoring for action on the Iraq war, citing polls showing that American voters want to change course, but leaders have delayed significant action.

Local TV last night ran a number of stories on Democratic divisions. For example, WMDT-TV Salisbury, MD (2/27, 11:08 pm) said Democrats "nearly all across the board are sure they want to bring the troops home, but they are not sure how. Democrats on Capitol Hill are divided over how quickly and aggressively they should act to force a change of course on the Iraq war."

WLOS-TV Greenville, SC (2/27, 11:08 pm) reported, "At a Senate appropriations committee hearing, key Administration officials sought $100 billion in emergency funds for the war in Iraq and Afghanistan. … Democrats maintain a critical stance on the war. Still, some stopped short of supporting a proposal to use Congress' budget power to put limits on the President's troop surge." KTVU-TV in San Francisco (2/27, 10:23 pm), KVII-TV Amarillo (10/27, 10:17 pm), and WJSU-TV Birmingham (2/27, 10:12 pm), among other stations in various other parts of the country, aired similar reports.

Senate Democratic Leaders Under Fire Inside Their Caucus. The Politico (2/28, Bresnahan) reports "Senate Democrats are accusing their leaders of mismanaging the twin efforts to block…Bush's troop surge in Iraq and force a quicker end to the war." Reid "is facing criticism from both flanks of his party." Sen. Ben Nelson, "a conservative Democrat from Nebraska, said the new Democratic strategy could unfairly hamstring the president and military commanders." Also, Sen. Russ Feingold, "a liberal Democrat from Wisconsin, criticized the latest Democratic strategy as too timid and toothless in stopping the war. Approving a new authorization resolution would be the same 'as voting for a new Iraq war and that I am not going to do.'" Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., who is a "seeking the presidency, and Armed Services Committee Chairman Carl Levin (D-Mich.) wrote the new plan. Senate insiders faulted Biden and, to a lesser extent, Levin, for telegraphing their plans to Republicans prematurely -- before most members were fully briefed on it."

Pelosi Blasts Cheney For Comments On Murtha Plan. In an interview with CNN's Larry King Live (2/28), House Speaker Nancy Pelosi responded to recent criticism from Vice President Cheney, who said, "If we were to do what speaker Pelosi and Congressman Murtha are suggesting, all it would do is validate the Al Qaeda strategy." Pelosi said, "What the Vice President said what beneath the dignity of his office and beneath the sacrifice of our men and women in uniform, to equate our position with the position of the Al Qaeda. The Vice President is in a place that is out of touch with the American people, out of touch with what the former generals are saying, and out of touch with even the bipartisan majority in the Congress of the United States."

Editor Says He, Not Murtha, Coined Term "Slow Bleed." In The Politico (2/28), editor John Harris writes, "With a mixture of pride and remorse, I have a confession: I am the author of the Democratic Party's 'slow-bleed strategy' for ending the war in Iraq. … As it happens, Murtha's idea is itself bleeding support, hit by a barrage of denunciations from people who say it does indeed amount to abandoning the troops. In retrospect, it probably has already occurred to Murtha and his supporters that from a public relations perspective, 'slow-bleed' was not the most winning description. How could they have been so stupid? That's where I come in. 'Slow bleed' is my phrase. Murtha had nothing to do with it. Neither did John Bresnahan, the reporter whose name was on the Politico story in which the 'slow-bleed strategy' made its debut." Bresnahan "wrote an article that was the first to detail the emerging Democratic strategy of challenging Bush on Iraq. Here was the lead paragraph of the draft he submitted: 'Even as the House begins debate on a resolution opposing President Bush's plan to send 21,500 more U.S. combat troops to Iraq, leading anti-war groups are preparing a multi-million dollar TV ad campaign and grassroots lobbying blitz designed to pressure vulnerable incumbent lawmakers to end their support for the war.'"

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Harris changed it to: "Top House Democrats, working in concert with anti-war groups, have decided against using congressional power to force a quick end to US involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options."

Some Soldiers Asking Congress To Stop War. The New York Times (2/28, Alvarez, 1.16M) reports, "In a small but growing sign of dissent, a group of active-duty military personnel and reservists, including many who have served in Iraq, is denouncing the war and asking Congress for the prompt withdrawal of troops. The service members, who number more than 1,600, have sent an Appeal for Redress to their Congressional representatives, a form of protest permitted by military rules. Most of those who signed the appeal, at www.appealforredress.org, are enlisted soldiers in the Army, from the lowest to the highest ranks." The Times adds, "While the 1,600 make up a tiny part of the armed services, the appeal is one of the first official signs of protest from people within the military. An estimated 70 percent of those who have signed it are on active duty; the rest are members of the Reserves or the National Guard, and about 100 officers have signed it."

DNI McConnell Says Term "Civil War" Accurately Describes Elements Of Iraqi Conflict. USA Today (2/28, Michaels, 2.27M) reports, "The nation's spy chief said Tuesday that the violence in Iraq resembles a civil war and the Iraqi government has the "close to impossible" job of trying to end the violence. The 'term "civil war" accurately describes key elements of the Iraqi conflict,' Mike McConnell, the new director of national intelligence, said in a statement to the Senate Armed Services Committee." The Bush Administration "has avoided using the term civil war to describe the violence in Iraq. McConnell is the highest-ranking administration official to use the term to describe events in Iraq."

Fox News' Special Report (2/27, Hume) reported that in testimony before the Senate Armed Services Committee, National Intelligence Director Mike McConnell "says an assessment by the intelligence community suggests sectarian violence has become 'self sustaining' and has political implications." McConnell: "The current level of sectarian animosity will make political reconciliation difficult over the next 12-18 months."

Officials Give Mixed Review Of Iraq Security Plan So Far. McClatchy (2/28, Strobel, Landay, Schoof) reports "top US intelligence officials disclosed that the deployment of Iraqi forces into Baghdad under President Bush's new plan to stabilize Iraq is running behind schedule and that all of the units sent so far have arrived under strength, some by more than half. Top military officials…gave a mixed review on the early implementation of the plan, which is aimed at ending carnage in the capital between Shiites and Sunni Muslims." Gen. Peter Pace, chairman of the Joint Chiefs of Staff, "said the Iraqi military was 'good for the most part,' but uneven. 'The Iraqi military is coming on very well,' he said, adding that the soldiers should be able to replace U.S. troops by late 2007. 'We should have significant turnover this year,' he said."

Fox News Special Report (2/27, Hume) reported, "As for the surge of U.S. Troops, back in January, here is how President Bush envisioned it working." President Bush was shown saying, "These troops will work alongside Iraqi units and be embedded in their formations." However, Sen. John Warner, "A Republican critic of the surge," said Iraqi forces "just are not participating." Warner: "I do not…have strong evidence that the Iraqi forces are measuring up in any amount to what the President laid down on January 10." Defense Secretary Gates "said to day that the military will be able to assess pretty quickly if the Iraqis are living up to their commitments on the military and security angles. In fact he says he may have more information by Thursday when he briefs members of congress on Iraq in a closed door hearing."

Rep. Debbie Wasserman Schultz, on MSNBC's Hardball (2/27, Matthews), said, "We should not be escalating this war. We should be making sure that we develop a plan and we press the president to develop a plan to eventually bring our troops home, and make sure that the Iraqis can stand up on their own and move forward with the democracy that we helped them create."

Violence Continues. NBC Nightly News (2/27, story 4, :40, Williams, 9.87M) reported, "In Iraq tonight we learned today three US soldiers were killed by a roadside bomb south of the city of Baghdad. And there are two very different versions of an incident today in Ramadi, a center of Sunni violence west of the city of Baghdad. According to the Iraqi side, at least 18 boys playing soccer were killed when a car bomb exploded near a public park. The US military however says the explosion was not a car bomb, but instead was caused when US troops intentionally detonated 15 bags of explosives that had been recovered in Ramadi. Some 30 people were injured, the military says. None of the injuries said to be life-threatening."

The Washington Post (2/28, A15, Londoño, 690K) reports, "Ramadi, capital of Anbar province, is a stronghold of the Sunni insurgent group Al-Qaeda in Iraq. More than a quarter of the US troops killed in Iraq have died in Anbar, where President Bush is sending 4,000 additional Marines as part of a temporary increase of US forces in the country."

The Los Angeles Times (2/28, 850K) reports, "Two weeks after a new US-Iraqi security crackdown was launched here, bombers struck popular public gathering spots ranging from an ice cream parlor to a kebab shop Tuesday, causing at least eight deaths. Police in the capital also reported

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discovering the bodies of 31 men who had been shot to death, apparent victims of Shiite death squads. And the US military reported the deaths of five more American troops." The Times adds, "Rage and frustration in Baghdad over the continuing bloodshed was accompanied by a sense of confusion over an afternoon incident in Ramadi."

More Commentary. The New York Times (2/28, 1.16M) editorializes, "There's little surprise that the White House is trying to claim the draft oil law as progress. There is no other good news to report: no security from the security sweep in Baghdad, no visible movement to purge the Iraqi police of sectarian death squads and no effort by Washington to impose benchmarks on Iraq's leaders for achieving national unity. ... In a bow to the reality of a splintering Iraq, the administration says it is now ready to sit down with Iraq's neighbors, including Iran and Syria. ... But the most important steps need to be taken by the Iraqi government itself. Prime Minister Nuri Kamal al-Maliki and his cabinet need to take responsibility for unifying a nation torn apart by decades of dictatorship and insurgency, rather than further inflaming those divisions by exacting vengeance on the formerly dominant Sunni Arab minority. ... And oil, Iraq's principal resource, must be equitably shared without regard to geography, religion or ethnic group."

In Policy Shift, Rice Says US Will Attend Regional Summit On Iraq. ABC World News (2/27, story 4, 0:15, Gibson, 8.78M) reported the Bush administration made a "major shift" Tuesday in its policy toward Iran and Syria. The US has "refused contacts with those nations, saying they're fueling the violence in Iraq. But now, the US says it will join with Iran and Syria at a summit. A 'neighbors meeting' in Baghdad, to explore how to stabilize Iraq."

Also calling the move a "major strategy change," the CBS Evening News (2/27, story 4, 1:25, Couric, 7.66M) said the "policy reversal," announced by Secretary Rice, "could bring the US and two bitter enemies together next month at a meeting in Baghdad." CBS (Axelrod) said the conference, which is planned for mid-march, "will focus on reconstruction, economic development, as well as security, which White House aides say will present a chance to press Iran on Iranian IEDs found in Iraq."

Similarly, the AP (2/28, Murphy) says the gathering "could offer a forum for Washington to amplify its concerns about Iranian involvement in Iraq."

NBC Nightly News (2/27, story 5, 0:35, Williams, 9.87M) said the State Department "would not rule out that Secretary Rice would meet separately with her Iranian and Syrian counterparts" as the "Iraq Study Group and others have been calling for."

Fox News' Special Report (2/27, Hume) showed Rice saying, "We hope that all governments will seize this opportunity to improve their relationships with Iraq and to work towards peace and stability in the region." And State Department spokesman Sean McCormack said, "Let's all assume the best intentions for all the states that are going to attend this meeting."

Calling the announcement a "diplomatic turnabout," the AP (2/28, Burns) says the move was "welcomed by Democrats and Republicans alike." Senate Majority Leader Harry Reid called it "a first step," but called for "a robust diplomatic effort in the Middle East," saying the Administration "cannot again settle for mere half measures."

USA Today (2/28, Slavin, 2.27M) notes that in December, "a bipartisan panel reviewing US options in Iraq urged the administration to open discussions with the two countries as part of an Iraq 'support group' and also one-to-one. James Baker, the former secretary of State who headed the commission, said that the administration's announcement was 'a move in the right direction.'" But the Washington Post (2/28, A1, Kessler, 690K) notes Rice "and other administration officials emphasized…that these conferences would be led and organized by the Iraqi government and not," as the Iraq Study Group suggested, the United States. Still, Democrats "seized on the announcement as a long-overdue change in direction by the Administration." Rice's announcement "appeared intended to assuage congressional concerns about the Administration's Iraq policy."

The Financial Times (2/28, Negus) reports US officials "did not exclude the possibility of bilateral discussions with Iran on the subject of Iraq, but would refuse to discuss the nuclear issue."

The New York Times (2/28, A1,Cooper, Semple, 1.16M) says, "While the newly scheduled meetings may not include direct negotiations between the United States and Iran, and are to focus strictly on stabilizing Iraq rather than other disputes, they could crack open a door to a diplomatic channel." The first meeting, "which will include senior Bush administration officials like the State Department Iraq envoy David Satterfield, will be in Baghdad in the first half of March," administration officials said. Then, in early April Secretary Rice "will attend a ministerial level conference, presumably with her Iranian and Syrian counterparts, which will likely be somewhere else in the region," administration officials said.

The Wall Street Journal (2/28, A3, King, Solomon, 2.04M) reports, "Rice's announcement came as many Arab leaders say they see some positive trends emerging in the region, despite the continuing carnage in Iraq. In Lebanon, attempts by the Iranian-backed Shiite militia and political party, Hezbollah, to overthrow the government of Prime Minister Fuad Siniora have waned. Last month, Saudi Arabia brokered the creation of a unity government in the Palestinian territories between Iranian-funded Hamas and Fatah, in a bid

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to avert civil war and kick-start a new round of Arab-Israeli peace talks." The Journal adds, "Arab diplomats tie these developments to Saudi Arabia's recent diplomatic offensive, largely aimed at preventing the spread of Iraq's Sunni-Shiite violence across the region. In addition, they said, Tehran is taking a more conciliatory stance toward its Middle East neighbors, in part because of threats by the US, Saudi Arabia and other regional allies to try and contain its growing influence in the region." The Washington Times (2/28, Sands, 88K) and Los Angeles Times (2/28, Richter, 850K) also report the story.

Rice Warns Of Al Qaeda Comeback If US Fails In Iraq. AFP (2/28) reports Secretary Rice warned "a doubting US Congress" Tuesday that Al-Qaeda will "come back to haunt us" if the US does not pursue its effort to stabilize Iraq. Rice told the Senate Appropriations Committee, "If they have a safe haven, a sophisticated and central place like Iraq, I believe strongly that that's going to enhance their capability to do so." Rice and Defense Secretary Robert Gates "underwent a grilling" Tuesday, as Senators "repeatedly questioned the government's rationale for remaining in Iraq amid sectarian violence that borders on civil war."

More Commentary. The Los Angeles Times (2/28, 850K) editorializes that the move is "a welcome about-face for the Bush administration." Bush and Rice "may have felt that this was a good time to announce talks without appearing weak, given broader developments in the Persian Gulf region. Events within Iraq may not be going well, but the US Navy has been flexing its muscles in the region. Moreover, U.S. diplomacy has helped to win a U.N. Security Council resolution denouncing Iran's nuclear program, and Iranian President Mahmoud Ahmadinejad appears to be in some political trouble with the ruling mullahs in Tehran, partly because of his perceived recklessness."

Taliban Says Cheney Was Target Of Suicide Attack. In continuing coverage of the suicide attack Tuesday outside the US base in Bagram, Afghanistan where Vice President Cheney was staying, killing at least 23 people, ABC World News (2/27, story 3, 2:25, Karl, 8.78M) reported, "A Taliban spokesperson has claimed responsibility" for the attack, "saying the intended target was, in fact, Vice President Cheney. But the bomber never got anywhere near the Vice President." The CBS Evening News (2/27, story 5, 2:15, Martin, 7.66M) notes "US officials insisted" the Vice President's "overnight stay at Bagram was a closely held secret unknown to the enemy, but that didn't stop the Taliban from claiming Vice President Cheney was the target of today's attack."

The Financial Times (2/28, Mojumdar, Bokhari, Sevastopulo) reports, "While his arrival on Monday was shrouded in secrecy, some experts questioned whether a one-day delay in meeting" Afghan President Hamid Karzai, "because of inclement weather had provoked a security breach." The Washington Times/AP (2/28, Tang) says "it was the closest that militants have come to a top US official visiting Afghanistan."

USA Today (2/28, Wiseman, 2.27M) reports Cheney "met with…Karzai in Kabul before heading back to the USA via the Persian Gulf state of Oman. During their private, hour-long meeting, Cheney and Karzai spoke about the 'problems coming from Pakistan,' according to an Afghan government official who spoke to the Associated Press on condition of anonymity because of the sensitivity of the matter."

NBC Nightly News (2/27, story 3, 2:40, Gregory, 9.87M) reported, "Back at the White House, the President was not awakened with the news, but briefed later. Mr. Cheney kept his schedule, meeting with Afghan President Hamid Karzai. Speaking to reporters, the Vice President said the terrorists were trying to undermine the Karzai government. 'Striking at Bagram with a suicide bomber, I suppose is one way to do that. But it shouldn't affect our behavior at all.' There are questions for investigators." The White House "insisted this is not a sign of the Taliban's strength." Tony Snow, White House Press Secretary: "I'm not sure it says anything because you've got an isolated attack." However, added NBC, "terrorism experts say the attack packed a psychological punch."

The New York Times (2/28, A9, Wafa, Gall, 1.16M) says while the attack "laid bare the rising insecurity in Afghanistan as American and NATO forces battle a growing Taliban insurgency, Afghan and American officials said it fell well short of a serious assassination attempt." Meanwhile, the Washington Post (2/28, A1, Witte, 690K) says despite the Taliban claim, US officials "disputed the assertion that Cheney was the target, noting that his overnight stay at the sprawling Bagram air base had been unplanned and that he was well away from the blast."

In a front page news analysis titled "Afghan Bombing Sends a Danger Signal to US," the New York Times (2/28, A1, Sanger, 1.16M) says the "audacity" of the attack "underscores why President Bush sent him there -- a deepening American concern that the Taliban and Al Qaeda are resurgent." While it was "more successful at grabbing headlines and filling television screens" than "at getting anywhere near" Cheney, the strike "nonetheless demonstrated that Al Qaeda and the Taliban appear stronger and more emboldened in the region than at any time since the American invasion of the country five years ago." Likewise, the Chicago Tribune (2/28, Silva, Fang, 617K) reports the attack "underscored concerns Tuesday about the resurgence of Taliban militants and other Islamic radicals in Afghanistan --the very reason for Cheney's visit." The Los

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Angeles Times (2/29, Barnes, Meyer, King, 850K) also reports the story.

Huffington Blog Posters Regretted Attempt On Cheney Wasn't Successful. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column that the "liberal Huffington Post Web site (www.huffingtonpost.com) ran a wire story yesterday about the apparent attempt to assassinate Vice President Dick Cheney in Afghanistan. A number of its readers proceeded to make postings in which they expressed regret that the attack had not succeeded." Talk radio host Rush Limbaugh "read about a half-dozen of the foul postings on the air yesterday, and linked to the Huffington Post from his own Web site (www.rushlimbaugh.com). Not long afterward, the Huffington Post removed the most offensive of the missives."

Cheney's Cargo Plane Named "Spirit Of Strom Thurmond." The Washington Post (2/28, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column, "To evade detection by terrorists, Dick Cheney parked Air Force Two and flew to Pakistan and Afghanistan in a military cargo plane, the 'Spirit of Strom Thurmond.' (Make up your own joke. We're busy.)"

DNI McConnell Warns Al Qaeda Rebuilding In Pakistan. The New York Times (2/28, A6, Mazzetti, 1.16M) reports the new Director of National Intelligence, Mike McConnell, told members of Congress Tuesday that senior leaders of Al Qaeda "were steadily rebuilding the network's bases inside Pakistan and that future attacks against the United States could be planned from Pakistan's remote western mountains." In his first testimony since taking office, McConnell "issued a blunter assessment" of Pakistan's efforts in the war on terror, saying "We believe they could do more." In addition to McConnell, Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, described the border region as a "haven for Al Qaeda's leadership."

The Washington Post (2/28, A4, Pincus, 690K) reports McConnell said the US is "very concerned" that Osama bin Laden and the al-Qaeda leadership are attempting to rebuild their terrorist network," but said they lack the experience of the old leadership, nearly three-quarters of which has been killed or captured.

The AP (2/28, Shrader) reports McConnell said the US believes bin Laden and al-Zawahri "are hiding in the rugged frontiers of northwestern Pakistan and are attempting to establish an operational base there." McConnell's push for action along the Afghan-Pakistani border "echoed concerns raised" by Vice President Cheney "during a face-to-face meeting Monday with Pakistani President Gen. Pervez Musharraf."

The Christian Science Monitor (2/28, Sappenfield, 59K) reports, "Since last summer, when the Taliban seized entire districts in the southernmost provinces and attempted to encircle Kabul, the United States has refocused its attention on Afghanistan. Recently, the Bush administration proposed $10.6 billion in aid, announced the overhaul of its diplomatic mission here, and increased the number of American troops to 27,000 – the highest level since the 2001 invasion." It is, "in part, an attempt to save what has been promoted as the administration's great overseas achievement, even as Iraq slips further into chaos." But "Tuesday's events are indicative of the Taliban's eagerness to escalate the fight, and analysts question whether America's increased commitment to Afghanistan will be sufficient to make the country's democratic experiment successful."

Holbrooke Accuses The Administration Of Ignoring Warnings On Afghanistan. Former US ambassador to the UN Richard Holbrooke, on MSNBC's Hardball (2/27, Mattews), said, " A year ago, I went to Afghanistan…and I wrote a column for The Washington Post. And I said, the situation was deteriorating rapidly. We were facing an upsurge. We had to do something about it. Two of the most senior officials in the United States government, short of the president and vice president, both called me…to say I was too pessimistic about Afghanistan. I am still angry about that. Why? Because I was trying to help create a bipartisan position that said that Afghanistan is indispensable to our national security and should be separated from the Iraq crisis. And, instead, they ignored the warning sounds, until a few days ago. President Bush finally got up and semi-admitted that things were not as good as they ought to be, or as he had said they are. And I remain angry about that."

More Commentary. The Wall Street Journal (2/28, 2.04M) editorializes, "There's no need to accuse Pakistani intelligence of tipping off the Taliban about Mr. Cheney's whereabouts to see a connection between decisions in Islamabad and terrorism in Bagram. Mr. Cheney reportedly delivered a stiff message to Mr. Musharraf about the need for Pakistan to deny the Taliban sanctuary along its frontier with Afghanistan. That's a message Islamabad needs to hear, even if an Islamabad spokeswoman did insist after Mr. Cheney's visit that 'Pakistan does not accept dictation.'" However, adds the Journal, "policing its long and mountainous border with Afghanistan has exacted a high price in Pakistani lives and treasure," but "failing to police it may exact a higher one."

Rep. Chris Shays, on MSNBC's Hardball (2/27, Matthews) noted that "the key in Afghanistan is, we have gotten the Europeans to do some lifting there, where they don't want to do it in Iraq. So, we have, I think, more of the world community with us. … But give this administration credit for at least finding a way to engage the Europeans in something. As someone told me, Europe has never had what they call an away game since Afghanistan. They have always depended on the United States."

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Fox News' Bill O'Reilly, in the opening segment of his O'Reilly Factor (2/27), contended that the attack "should remind everybody that the global war on terror is still underway and things are not going well. … Right now the Taliban is taking advantage of Pakistan's unwillingness to shut them down. The Taliban killers have a sanctuary in their country. And president Musharraf is basically hiding under his desk."

DOJ:

Critics See Politics Behind US Attorney Dismissals. In an article posted on Salon.com (2/28), Mark Follman writes, "Ever since the Bush administration shocked the legal community by dismissing eight U.S. attorneys in December, Justice Department leaders have vigorously denied that the firings were politically motivated. … But at least three of the eight fired attorneys were told by a superior they were being forced to resign to make jobs available for other Bush appointees, according to a former senior Justice Department official knowledgeable about their cases. That stands in contradiction to administration claims that the firings were related either to job performance or policy differences. A fourth U.S. attorney was told by a top Justice Department official that the dismissal in that attorney's case was not necessarily related to job performance. Meanwhile, U.S. Attorney David Iglesias in New Mexico -- who officially steps down from his post on Wednesday, and who says he was never told by superiors about any problems with his work -- plans to go public with documentation of the achievements of his office. … 'I never received any indication at all of a problem' regarding performance or policy differences, Iglesias told Salon on Monday. 'That only leaves a third option: politics.'" Follman continues, "Suspicions about the unusual purge of eight U.S. attorneys in December burst into the open within the legal community and on Capitol Hill after McNulty conceded in Senate testimony on Feb. 6 that the U.S. attorney in Arkansas, Bud Cummins, was pushed out for no reason other than to give someone else a shot at the job. Using a little-noticed provision in the Patriot Act allowing interim appointments, Gonzales gave the post to Timothy Griffin -- who had been both an operative for the Republican National Committee and a deputy to senior White House advisor Karl Rove -- in what many believe was a maneuver to sidestep the traditional Senate confirmation process for U.S. attorneys. … While Cummins was first informed of his dismissal last June, it wasn't until Dec. 7 that Michael Battle, a top Justice Department official, informed the rest of the group of U.S. attorneys in phone calls that they would be required to step down. That group included Daniel Bogden in Nevada, Paul Charlton in Arizona, John McKay in Seattle, Carole Lam in San Diego, and David Iglesias in New Mexico -- all of whom had received positive job reviews before they were dismissed and some of whom are viewed by colleagues and law enforcement officials as exceptional leaders. Most of them have said publicly that they were never told of any management or policy problems by their superiors. … According to the former senior Justice Department official, one of the U.S. attorneys in the group was told by Battle on Dec. 7: 'It's hard not to think you did something wrong when you get a call like this, but that's not always the case.' Two other U.S. attorneys in the group, upon seeking clarification from superiors in Washington, were told by a different top Justice Department official that they were being pushed out to give other Bush appointees their posts. A current senior Justice Department official confirmed that one of those two was Bogden in Nevada. Bryan Roehrkasse, a public affairs spokesman for the Justice Department, declined to comment about 'specific personnel matters.' … Former officials, legal scholars and U.S. lawmakers from both parties have publicly questioned the administration's stated rationale for the firings and have suggested troubling theories about the real reasons for the housecleaning, which experts say is without precedent. Some former Justice Department officials say they believe the administration's moves are a politically driven power grab -- aimed not only at a tighter grip on policy from Washington, but also at creating openings with which to reward their friends and build up a bench of conservative loyalists positioned to serve in powerful posts in future administrations." Follman continues, "Administration officials have declined to provide further explanation for any of the attorneys' dismissals, including McKay's. … Questions remain about how the Bush administration will seek to fill the newly vacant posts. Some former Justice Department officials say they believe that the Bush administration has since revised its plans to reward political loyalists with the jobs, due to the backlash against the decision to push out Cummins and hand his post to Griffin in Arkansas. Earlier this month, the administration withdrew Griffin's name from consideration for a permanent appointment, though he remains in office indefinitely."

DOJ Pilots Federated ID Management System. Government Computer News (2/28, Jackson) reports, "The Justice Department is piloting a federated identity management system that could be used to verify government online identities across different agencies." GCN continues, "The Law Enforcement Information Sharing Program, run by Justice's Office of the Chief Information Officer, could offer validated user credentials to multiple applications across multiple agencies, noted Boris Shur, a Justice IT manager who is working on the pilot. Shur outlined the project at the Collaborative Expedition Workshop, held today in Arlington, Va." GCN adds, "The system works by establishing a trust broker to act as a liaison between applications and providers

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of user credentials. With a trust broker in place, a user can request access to an application outside his or her own agency, and that application can request credentials from that broker, which has gathered such credentials from the identity providers. … Such a federated approach could cut the complexity that would ensue as more applications are opened to outside agencies. The trust broker could eliminate the need to establish individual handshakes between applications and identity providers. It could also cut down on the format headaches, as both applications and identity providers can communicate with the trusted broker in its own native format and protocol. It is up to the trusted broker to provide all the relevant protocols and formats, Shur said. At present, the LEISP system communicates credentials using the Public Key Infrastructure, the Security Assertion Markup Language and the Web Services Federation Language. It interacts with a number of applications as well as with a number of identity servers, such as the Sun One Identity Server and the Hewlett-Packard OpenView Select Federation."

CORPORATE SCANDALS:

Former McAfee Counsel Charged In Options Probe. The California Recorder (2/28, Scheck) reports, "Kent Roberts, the former chief counsel at McAfee Inc., on Tuesday became the first Silicon Valley lawyer charged in the stock options backdating debacle." The Recorder continues, "Roberts faces six counts of mail fraud, wire fraud and filing false SEC documents in connection with options grants given to himself and ex-McAfee CEO George Samenuk in 2000 and 2002. … The 11-page charging document tracks what Justice Department officials have repeatedly said they're looking for in deciding to charge in options cases: evidence of intentional fraud -- most importantly, concealing options manipulation." The Recorder adds, "The indictment says that in 2000, Roberts, who joined the company then called Network Associates in 1998, changed the grant date -- and thus lowered the price by nearly $10 a share -- on 20,000 options given to him by the board. … According to the charging document, Roberts was concerned that the original price of the options would not have benefited him since McAfee's share price was dropping at the time. … Months later, the indictment said, Roberts 'caused the grant date to be changed to April 14, 2000, and he caused the exercise price to be changed to $19.75, which was the closing price of Network Associates' stock on the new, fabricated grant date,' the indictment says. … While that may have been problematic, the indictment says Roberts exacerbated the situation in 2002, the year he became one of the three company officials on the 'Ethics First Committee,' which the company formed to root out internal problems that had resulted in past legal messes. … In that capacity, Roberts investigated the former controller, the indictment says, looking at allegations that the controller had manipulated options grant prices for employees of the company."

The Financial Times (2/28, Allison, Masters) reports, "If found guilty, he could face up to 20 years in jail and a fine of up to $250,000." The Times adds, "The indictment marked the latest sign that federal prosecutors and the SEC are pressing forward quickly with their cases against individuals involved with stock options backdating. … Earlier this month, the former general counsel of Monster Worldwide, the online jobs site, pleaded guilty to separate backdating charges." The Times notes, "Federal authorities are probing options granting practices at dozens of other companies, including Apple and Broadcom. … In many cases, investigators may be running up against statutory deadlines which require prosecutors to bring securities fraud cases within five years. Much of the options backdating appears to have ceased after the SEC changed disclosure rules for options grants in 2002."

The New York Times/AP (2/28) reports, "The indictment includes seven criminal counts of fraud, accusing Mr. Roberts of deceiving investors by filing false statements with the Securities and Exchange Commission and falsifying McAfee's books. … Besides shedding more light on the apparent misconduct of Mr. Roberts, the case provides the latest indication that the government crackdown on corporate America's widespread stock option abuses is progressing beyond the evidence-gathering stage." The AP notes, "Mr. Roberts became the third former executive in the last two weeks to be accused of illegally rigging stock options, joining the former chief executive of the video game maker Take-Two Interactive Software Inc. and a former senior vice president for the company that owns the online job search site Monster.com."

USA Today (2/28, 2B, Iwata) reports, "Since the backdating scandal arose last year, criminal charges have been brought against former executives at Brocade Communications Systems, Comverse Technology and Take-Two Interactive Software. About 200 companies have disclosed internal or federal investigations of their options grants. … Several corporate general counsels have resigned or been fired as a result of those investigations." USA adds, "General counsels are expected to monitor a company's legal and financial doings, so the spate of in-house attorneys involved in backdating cases is especially alarming to corporate-governance experts." The AP (2/28, Liektke) also reports this story.

Mutual Benefits Managers Plead Guilty To Securities Fraud. The AP (2/28) reports, "Two managers at Mutual Benefits Corp. pleaded guilty to securities fraud and agreed to pay about $830 million in

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restitution to investors, authorities said Tuesday. Carol Traina and Bari Wiggins each pleaded guilty to one count of conspiracy to commit securities fraud in connection with Mutual Benefits' billion dollar securities offering, according to the U.S. Attorney's Office for the Southern District of Florida. Both face up to five years in prison." The South Florida Sun-Sentinel (2/28, 237K) notes, "Mutual Benefits, which was shut down in 2004, purchased life insurance policies from terminally ill and elderly people for less than face value and sold shares in the payouts to investors. Such deals, known as viaticals or life settlements, are profitable if the insured person dies within a particular period of time. Prosecutors said Mutual Benefits cheated investors by using artificially low projections of how long insured people would live and by understating the risk of the investments."

California Broker Pleads Guilty To Securities Fraud. The San Fernando Valley Business Journal (2/26) reported, "A former account vice president for a Valencia brokerage firm pleaded guilty today to conspiring to commit securities fraud. Justin Paperny, a resident of Studio City, pleaded guilty that he helped operate the GLT Venture Fund at Capital Management Group in Valencia. … The deception resulted in more than 40 investors losing at least $2.5 million, according to the U.S. Attorney's Office. As part of the plea, Paperny agreed to cooperate with investigators in an ongoing criminal probe into Capital Management and the venture fund."

US To Produce Nacchio Witness List On Thursday. The Denver Post (2/28, Vuong) reports, "Federal prosecutors will produce for the first time Thursday a list of witnesses they plan to call during the criminal insider-trading trial of former Qwest chief executive Joe Nacchio." The Post continues, "U.S. District Judge Edward Nottingham has ordered the government to compile the list for the defense. It's unclear whether it will be made public. The defense has to submit its witness list by March 16." The Post adds, "James Payne, former senior vice president of Qwest's Government Systems Division, said Tuesday that he expects to be called to testify during the trial, which is set to begin March 19 in federal court in Denver. … 'I'm involved on both sides of the case,' Payne told The Denver Post in a phone interview from Washington, D.C. 'I'll be subpoenaed by one side or the other, and perhaps both.'" The Post notes, "Payne joined Qwest in August 1999 and worked directly with Nacchio on government contracts, including those with clandestine agencies that may play a key role in Nacchio's defense. … Former Qwest chief financial officer Robin Szeliga, former Qwest president Afshin Mohebbi and former board member Tom Stephens could be key witnesses for the government. … Payne is the first former Qwest official to publicly disclose that he expects to be involved during the trial. Payne said he has been contacted by prosecutors and defense attorneys a number of times. Court filings suggest he may be more helpful to the defense. … Nacchio is accused of selling $100.8 million in Qwest stock in early 2001 while he knew the company's finances were deteriorating. He has pleaded not guilty to 42 charges of illegal insider trading. … Nacchio's attorneys have said he had a positive outlook on Qwest during that time because he alone, among his inner circle of top executives, in Denver knew the company was in line to receive large top-secret government contracts."

Former FDA Commissioner Crawford Given Probation, Fined. The New York Times/AP (2/28) reports Lester M. Crawford, former commissioner of the Food and Drug Administration, "was ordered to pay about $90,000 in fines for lying about stock he owned in companies regulated by the agency. At his sentencing in federal court…Crawford, was also given three years' supervised probation and ordered to perform 50 hours of community service." Crawford "pleaded guilty last October to having a conflict of interest and false reporting of information about stock he and his wife owned."

CRIMINAL LAW:

House Leaders Reach Agreement On Cunningham Probe Subpoenas. The Hill (2/28, Crabtree) reports, "House leaders will not fight subpoenas for information from the U.S. Attorney's Office in San Diego stemming from a criminal investigation into activities related to the bribery case against Rep. Randy 'Duke' Cunningham (R-Calif.), according to a release by Speaker Nancy Pelosi's (D-Calif.) office yesterday." The Hill continues, "The chairmen of three committees involved, working with the House General Counsel's office, have been negotiating for the last two months about how to respond to subpoenas for documents the U.S. Attorney sent the House Appropriations, Armed Services and Intelligence panels late last year. … It was unclear at press time how much GOP ranking members of the committees were consulted about which documents to hand over." The Hill adds, "A Democratic leadership aide insisted that Republicans were consulted because it involved 'their documents.' … But Brian Kennedy, spokesman for Minority Leader John Boehner (R-Ohio), said his boss was not kept in the loop during any part of the negotiation process. … 'We were not party to or made aware of any of the agreements,' he said. … That is a distinct departure to what happened last year after the FBI raided the office of Rep. William Jefferson (D-La.), when the leadership of both parties invoked the Speech Debate Clause of the Constitution. … '… Because all of the information being

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provided to the U.S. Attorney is privileged under the Speech and Debate Clause of the Constitution, the committees have agreed to decline to assert the privilege with respect to that information,' the statement from Pelosi's office said. … 'The agreements permit the committees to cooperate with the investigation in a manner that respects the constitutional prerogatives of the House and does not impair the committees' functioning or compromise their legislative and oversight responsibilities,' the release said. … The negotiations went so smoothly that the U.S. attorney's office withdrew the subpoenas and the committees have already handed over some of the documents requested."

The AP (2/28) reports, "Two committee staffers will appear March 1 before the federal grand jury in San Diego that has been considering evidence stemming from the Cunningham case, Daly said. … The subpoenas were sent in December and January to the Appropriations, Armed Services and Intelligence committees and the two staffers." The AP continues, "Cunningham, a San Diego-area Republican, was sentenced in March to more than eight years in prison for accepting $2.4 million in bribes in exchange for steering government business to defense contractors. … Earlier this month, the grand jury indicted a former top CIA official and a San Diego defense contractor on fraud and money laundering charges in an investigation that spun off from the Cunningham probe. The defense contractor, Brent Wilkes, was also charged in a separate indictment along with a New York mortgage banker on charges of bribing Cunningham. … The subpoena deal comes after nearly a year of negotiations over the documents that began while the House was still under Republican control."

Gonzales Asked To Probe Smithsonian Official's Conduct. The Washington Post (2/28, C03, Trescott) reports, "A Washington watchdog group yesterday asked the attorney general to investigate whether Smithsonian Secretary Lawrence M. Small violated the law by using federal money to pay for travel and other expenses." The Post continues, "The group also asked the Justice Department to determine whether the Smithsonian Board of Regents, which is chaired by John G. Roberts Jr., chief justice of the Supreme Court, broke the law by approving Small's expenses." The Post adds, "In a letter to Attorney General Alberto R. Gonzales, Citizens for Responsibility and Ethics in Washington said the $90,000 in unauthorized expenses that Small accumulated between 2000 and 2005 was 'troubling.' Questions raised by Smithsonian's inspector general about Small's expenses were first reported by The Washington Post on Sunday. … 'Mr. Small's conduct not only diminishes the stature of the Smithsonian Institution, it smacks of self-dealing and self-enrichment at the expense of the general public. The Board of Regents failure to take action against Mr. Small -- incomprehensibly choosing to endorse his conduct instead -- is similarly distressing,' said the letter, signed by Melanie Sloan, CREW's executive director, a former federal prosecutor. The group describes itself as nonpartisan; it has received funding from liberal Democratic sources." The Post notes, "Sen. Charles Grassley (R-Iowa), ranking member of the Senate Finance Committee, has asked Roberts, chancellor of the Smithsonian Regents, to review what Grassley has called 'lavish expenditures' by Small. Grassley said the board appeared to be 'rubber-stamping the actions of Secretary Small and turning a blind eye to very serious issues raised by the inspector general.' The senator suggested this week that the Smithsonian's budget be cut because of excessive spending and proposed changing the composition of the Board of Regents."

Colorado Deputy Sheriff Charged With Child Pornography. The Rocky Mountain News (2/28) reports, "A 53-year-old Arapahoe County (CO) sheriff's deputy has been indicted by a federal grand jury on child pornography charges." The News continues, "Douglas Morrill Peek of Centennial is charged with transportation, possession, distribution and receipt of child pornography. … He was arrested by the FBI this morning without incident and made his initial appearance in U.S. District Court in Denver this afternoon." The News adds, "If convicted he faces up to 20 years in a federal prison and up to a $250,000 fine. … 'The Department of Justice will pursue and prosecute those who commit crimes involving the exploitation of children, no matter who they are, or what position they hold,' said United States Attorney Troy Eid. … This case is being brought as part of Project Safe Childhood."

Iowa Man Given More Jail Time For Child Pornography. The Iowa City Press-Citizen (2/28, McWilliams) reports, "An Iowa City man already serving 10 years in prison for lascivious acts with a child received an additional seven-plus years behind bars for storing child pornography on his home computer." The Press-Citizen continues, "Jackie Dean Burtlow, 40, pleaded guilty to receipt of child pornography. A federal judge initially sentenced Burtlow to 10 years and two months in prison but gave him credit for 33 months previously served for related state charges, which leaves seven years and five months." The Press-Citizen adds, "According to a news release from the U.S Department of Justice: … The FBI started investigating Burtlow in May 2004 when agents in Cleveland found an e-mail that was later determined to have been sent from Burtlow's computer. Police searched Burtlow's Iowa City residence and seized a computer that contained numerous

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images, including video clips of children engaged in sexually explicit conduct. … When questioned, Burtlow admitted that he had child pornography stored on his computer and also said he had chatted and sent e-mails to other people about child pornography, according to the release."

Florida Couple Sentenced To Prison For Spying For Cuba. In a story distributed by McClatchy, the Miami Herald (2/28, Weaver, 286K) reports, "Convicted ex-Florida International University academics Carlos and Elsa Alvarez apologized Tuesday as a pair of tearful defendants, expressing regret for a secret life of informing on Miami's exile community for Cuba. … U.S. District Judge K. Michael Moore slammed Carlos Alvarez with the maximum five-year prison sentence for conspiring to act as an unregistered Cuban agent and Elsa Alvarez with the maximum three years' imprisonment for harboring her husband's illicit intelligence work and failing to report it to authorities." The Herald adds, "In sentencing them, Moore acknowledged the couple's supporters who testified about their honesty, integrity and spirituality as Catholics, but he condemned them for breaking federal law with their 'personal foreign policy.'"

Florida Police Chief Defends Decision To Tell Officials About FBI Probe. The Miami Herald (2/28, DeMarzo, 286K) reports, "Hollywood Police Chief James Scarberry, who admitted he leaked information about an ongoing federal probe of his department, defended his decision Tuesday, saying the FBI told him he could use his 'discretion' in discussing the probe with others. Scarberry told as many as eight city officials about the two-year undercover investigation, but insists that he did not tip off the targets of the probe. Scarberry said he 'has his suspicions' who leaked the information to those involved, but doesn't believe it came from within his department or City Hall." The Herald notes that the officers' "arrests could jeopardize more than 60 criminal cases handled by the four detectives. Prosecutors began sending letters to defense attorneys representing clients involved in the cases, advising them of the situation."

Virginia Sheriff's Deputy Pleads Guilty In Corruption Probe. The AP (2/28) reports, "A former officer charged in a federal investigation of corruption in a rural sheriff's department pleaded guilty Tuesday to one count of possessing stolen firearms. Patrick Martin, who was a sergeant in the vice unit of the Henry County Sheriff's Department, faces a maximum sentence of 10 years in prison and a fine of $250,000." The AP notes, "Martin's case had been set for a jury trial but he decided Tuesday morning to plead guilty instead, his attorney, Art Strickland, said. … During the court hearing," Assistant U.S. Attorney Thomas Bondurant "played a recording from portions of a three-hour interview that an FBI agent and a state police officer conducted with Martin in which he said he was not aware of any drugs or guns stolen from the sheriff's department by officers."

6th Circuit Overturns Georgia Corruption Conviction. The Macomb Daily (2/28, Cook) reports, "A federal appeals court reversed the conviction of a former Warren city councilman on fraud charges because of a federal judge's secret communication with government lawyers during jury deliberations in his first trial. William Barnwell's convictions for theft, embezzlement and conspiracy were dismissed and the case was remanded back to the U.S. District Court, a Sixth Circuit Court of Appeals panel ruled Tuesday." The Daily notes, "Assistant U.S. attorney Keith Corbett went to the judge after the FBI was conducting a telephone wiretap in an unrelated case and heard a reference to the Barnwell case -- the results of an informal jury vote, which is supposed to be done in secret. An FBI agent said that a juror was the sister of a subject in the unrelated case, and the judge and government lawyers discussed the potentially contaminated juror. … The discussions were kept from the defense attorneys in the case, a move that the appeals court determined tainted the case not only for the first trial but also the second trial in which a new jury found Barnwell guilty."

Washington Woman Admits To Teaching Children To Fake Retardation For Benefits. The AP (2/28) reports from Tacoma, WA, "A woman admitted Monday that she coached her two children to fake retardation starting when they were 4 and 8 years old so she could collect Social Security benefits on their behalf." The AP continues, "Rosie Costello, 46, admitted in U.S. District Court that she collected more than $280,000 in benefits, beginning in the mid-1980s. Most was from Social Security, but the state social services agency paid $53,000. … Costello pleaded guilty to conspiracy to defraud the government and Social Security fraud. Her son, Pete, 26, pleaded guilty earlier this month. Federal prosecutors in Seattle said Monday authorities had not yet located her daughter, Marie." The AP adds, "According to the plea agreement, Costello began coaching her daughter at age 4, and later used the same ruse with her son. He feigned retardation into his mid-20s - picking at his face, slouching and appearing uncommunicative in meetings with Social Security officials. … Social Security workers became suspicious and uncovered a video of Pete Costello ably contesting a traffic ticket in a Vancouver courtroom. … Pete Costello is scheduled to be sentenced May 11 and faces from six months to a year in prison, as well as $59,000 in restitution. … Rosie Costello is scheduled for sentencing May 17."

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Indiana Men Sentenced To Prison For Mortgage Fraud. The Indianapolis Star (2/24, 268K) reported, "Two Indianapolis men received prison terms Friday for mortgage scams. Federal judges sentenced John Wagner, 46, to 37 months in prison and Frankie Lamont Howard, 38, to 24 months. Since a federal fraud task force was formed in 2002 to look into the area's rash of mortgage crimes, 58 people have been convicted, including Wagner and Howard, who each had pleaded guilty to charges of mail fraud and money laundering." The AP (2/24) also reported on the sentencings.

Massachusetts State Trooper Sentenced To Prison For Online Solicitation. The Boston Globe (2/28, Ballou, 413K) reports, "A federal judge gave the minimum sentence to a former Massachusetts state trooper and decorated Army war veteran who admitted trying to solicit sex over the Internet from someone he thought was a 14-year-old boy. Brian O'Hare, 46, of Lancaster was sentenced to the mandatory minimum of five years in prison yesterday in federal court in Boston after he pleaded guilty." The Globe notes that "the person he was chatting with was actually FBI agent Jeremy Morrissey, working in an Internet sting operation. O'Hare was arrested last February when he drove to Meadow Glen Mall…for what he thought was a meeting with the boy." The AP (2/28) also notes, "O'Hare allegedly had several sexually explicit chats with an FBI agent who was posing as a 14-year-old high school boy, and the two arranged to meet.

California Transplant Doctor Under Probe In Organ Donor's Death. The Los Angeles Times (2/28, Ornstein, Weber) reports, "Police are investigating whether a Kaiser Permanente transplant surgeon attempted to hasten the death last February of a 26-year-old San Luis Obispo man on life support in order to harvest his organs more quickly." The Times continues, "The allegations, if true, would constitute a grave breach of the nation's organ transplant rules, as well as a public relations setback for those promoting organ donation, experts in transplantation said. … San Luis Obispo police and the Medical Board of California are looking into the conduct of Dr. Hootan Roozrokh, who was a surgeon at Kaiser's now-defunct kidney transplant program in San Francisco." The Times adds, "At issue is whether he ordered excessive doses of powerful pain medication to speed the death of Ruben Navarro, according to several sources familiar with the case who spoke on condition of anonymity because investigations are ongoing. … Medical board spokeswoman Candis Cohen said her agency is also investigating the conduct of a second physician present during the incident. That person, Kaiser officials confirmed, is Dr. Arturo Martinez, who at the time was the surgical director of Kaiser's transplant program. … Neither surgeon was attempting to recover the organs on behalf of Kaiser; rather, they were working on behalf of the group that procures and distributes organs in much of Northern and Central California. Transplant surgeons commonly perform such duties."

Judge Asked To Delay Sentencing For Louisiana Hospital Owner. The Shreveport (LA) Times (2/28, Mahfoufi) reports, "The same day Doctors' Hospital filed for bankruptcy last week, owner David LeBlanc's attorneys asked a federal judge to reschedule his sentencing on a charge of illegal campaign contributions." The Times continues, "It will be the third time LeBlanc, who is facing jail time and/or a fine, will have had his sentencing postponed. … 'The defendant is cooperating in an ongoing criminal investigation, and the government cannot make an informed recommendation as to the defendant's sentence until the defendant completes his cooperation,' the trial attorneys with the U.S. Department of Justice Criminal Division Public Integrity Section wrote in an earlier motion. … There was no reference to the ongoing investigation in the latest request to reschedule LeBlanc's sentencing to March 23. … A Department of Justice spokeswoman said she could not comment on the investigation." The Times adds, "LeBlanc pleaded guilty last March after an internal investigation by LifeCare -- the hospital chain he co-founded 15 years ago with two dozen leased beds within Doctors' Hospital -- found he and then-Government Relations Vice President Donald Boucher made federal political contributions in their and their wives' names. … LifeCare used corporate funds to reimburse LeBlanc and Boucher $50,000 through bonuses, salary increases and expense reimbursements. LeBlanc authorized the payments. … LeBlanc and Boucher, both fired by LifeCare, admitted to knowingly and willfully violating the law. LeBlanc agreed to pay a $100,000 civil penalty and Boucher agreed to pay a $50,000 penalty. Both also entered criminal plea agreements with the Department of Justice."

Convicted Ney Aide Made Appearance At Media Party. The Roll Call (2/28, Heil) reports in its "Heard on the Hill" column, "Neil Volz, former aide to convicted ex-Rep. Bob Ney (R-Ohio), may have gotten some unwanted headlines when he pleaded guilty in May 2006 to federal conspiracy charges in the ongoing investigation into disgraced lobbyist Jack Abramoff's dealings on Capitol Hill." But "just a few weeks ago, Volz was mingling — voluntarily — with members of the Fourth Estate. An HOH spy belatedly tipped off HOH that Volz attended the after-party hosted by CQ following the Washington Press Club Foundation's dinner Feb. 6 at the Ritz-Carlton." Volz was "wearing a newly grown beard and a dark suit, which practically constituted a disguise since many of the aides and reporters in attendance didn't

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recognize him. An acquaintance jokingly asked what Volz was doing walking 'into the lion's den,' said the HOH tipster, who added that the disgraced aide who now faces prison time appeared to be in 'good spirits.'"

CIVIL LAW:

High Court Considers Case On Bush's Faith-Based Initiative. USA Today (2/28, Biskupic, 2.27M) reports, "The Wisconsin-based Freedom From Religion Foundation has sued to get rid of crosses in city parks, to end Good Friday public holidays and, most vigorously, to thwart President Bush's faith-based initiative. Now, the group that for 30 years has sought a firm divide between church and state will be at the Supreme Court on Wednesday in a case that could affect taxpayers' ability to challenge -- and government's ability to defend -- a multitude of public programs that involve groups with a religious affiliation." The White House Office of Faith-Based and Community Initiatives "was set up in 2001 to help religious groups compete with secular organizations for federal grants to provide social services." The case "focuses on regional conferences that promoted the initiative. The Freedom From Religion Foundation likened the conferences to 'revival meetings' and said they boosted the grant prospects for religious groups 'without similar advocacy for secular community-based organizations.'" The legal question "is not whether those conferences violated the constitutional separation of church and state, but more fundamentally when a taxpayer may even get into court to challenge such mingling of government and religion."

The Christian Science Monitor (2/28, Richey, 59K) reports, "Although the case revolves around the esoteric issue of taxpayer standing to sue, analysts say the case could foreshadow a shift in the Supreme Court's church-state jurisprudence." It "marks the first opportunity for the high court to rule in a major religion case since the retirement of key swing voter Sandra Day O'Connor and the addition of Chief Justice John Roberts and Associate Justice Samuel Alito."

More Commentary. The New York Times (2/28, 1.16M), in an editorial titled "Government By Law, Not Faith," says the Administration "is pushing an incorrect view of standing as it tries to stop the courts from reaching the First Amendment issue. Taxpayers can challenge the financing of religious activity, the administration claims, only when a Congressional statute expressly authorizes the spending. There is no statute behind the faith-based initiative. In his decision for the appeals court, Judge Richard Posner of the United States Court of Appeals for the Seventh Circuit, in Chicago, convincingly explained why this argument is inconsistent with the Supreme Court's precedents on the Establishment Clause. … The justices should affirm Judge Posner's ruling so the courts can move on to the important question: Do the Bush administration's faith-based policies violate the Constitution?"

Closing Arguments Made At FBI Wrongful Imprisonment Trial. In a widely-distributed story, the AP (2/28, Lavoie) reports, "The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit 'acceptable collateral damage' in the fight against organized crime, a lawyer for the families of the men said Tuesday. Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward 'Teddy' Deegan are suing the federal government for malicious prosecution." The AP adds, "In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph 'The Animal' Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent 'Jimmy' Flemmi, who was involved in Deegan's killing, Avery said." However, "Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution. Lipscomb said the state investigated the case for eight months and had 10 investigators working on it."

The Boston Globe (2/28, Murphy, 413K) reports that the plaintiffs' lawyers "argued yesterday that the FBI was squarely to blame for withholding critical evidence during their trial and urged a federal judge to order the government to compensate them for the decades they spent in prison. 'It was more important for the FBI to protect their informants than to protect innocent people who had families,' said Victor Garo." However, Lipscomb said, "The United States is not liable to plaintiffs because they were convicted as a result of a state prosecution. The FBI did not initiate this prosecution, and there is no duty of the FBI to submit to state or local governments any of its internal files." The Globe notes, "Three members of Congress who were involved in a two-year investigation of the FBI's mishandling of informants and had condemned the government's handling of the Deegan case were in court yesterday for final arguments, including Dan Burton, an Indiana Republican who spearheaded the probe and formerly chaired the House Committee on Government Reform."

In a Boston Herald (2/28, 184K) column titled "At What Price The FBI's Treachery?," Peter Gelzinis writes, "The story of how a ruthlessly ambitious pair of G-men, H. Paul Rico and Dennis Condon, conspired to protect a psychotic hit man and serial killer…was laid out in linear fashion, with the FBI's own internal documents as road signs. 'When you hear the story presented like that,' Bill Delahunt remarked, 'you gain a real appreciation for the culture of treachery that existed.' And still

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exists. As sinister and sordid as this 'liability' presentation was, the most haunting aspect of what occurred in Nancy Gertner's courtroom yesterday was when the 'damages' inflicted upon wives, children, grandparents, brothers, sisters, grandchildren -- all the so-called 'acceptable collateral damage' -- was spelled out."

Federal Procurement Fraud Task Force Cracks Down On Contractors. The Legal Times (2/28, Schechter, Cochran, Newell) reports, "As spending on federal contracting reached record levels in recent years -- a reported $400 billion in 2005 alone -- the risks, as well as the rewards, of doing business with the federal government have never been greater." The Times continues, "The U.S. government has vowed to crack down on procurement fraud and other fraud in government programs. Last year's $3.1 billion in settlements and judgments in cases involving fraud against the government was the largest amount ever recovered in a single year. It included $615 million paid by the Boeing Co. to resolve claims relating to its use of confidential competitor information and the hiring of a former Air Force acquisition chief who had responsibility for its contracts; it also included numerous other cases involving defense procurement fraud, health-care fraud and other fraud against the government." The Times adds, "Last fall, the Justice Department launched a National Procurement Fraud Task Force to focus 'resources at all levels of government to increase criminal enforcement' in areas of procurement fraud. The stepped-up attention to this area throughout the government may signal that the $3.1 billion record in federal fraud recoveries in 2006 could soon be broken. More than 50 inspectors general from across all government departments and agencies also are actively pursuing thousands of investigations. … In addition, powerful newly installed Democratic committee and subcommittee chairs in Congress are launching dozens of oversight investigations of alleged government and contractor abuses, focusing on the reconstruction effort in Iraq and in the U.S. Gulf Coast following Hurricane Katrina, numerous areas of military and homeland-security procurement, the pricing of pharmaceuticals and other significant areas of federal contracting. For instance, House Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., in the first week of February began one set of hearings on alleged waste, fraud and abuse by government contractors in Iraq and another set of hearings on alleged overcharging by drug companies in federal health programs." The Times notes, "Contractors long have known that the government has a broad range of investigative and enforcement powers that can turn what would be a normal business dispute in a private commercial transaction into allegations of civil or criminal fraud, leading to massive fines and penalties, as well as disqualification from receiving new government contracts. Given the broad sweep of the government's investigative powers and the complexity of procurement rules, companies that are wholly innocent of an intent to fleece the feds may nonetheless find themselves under scrutiny. What is striking about the current environment is the scope and intensity of federal investigative and prosecutorial resources directed at this activity. … The procurement fraud initiative, created by Deputy Attorney General Paul McNulty, was modeled after his 2005 Procurement Fraud Working Group, begun when he served as the U.S. Attorney General for the Eastern District of Virginia and led the prosecution of former Air Force acquisition chief Darleen Druyun and Boeing for contract favoritism in exchange for job offers. The current initiative focuses on virtually all areas of alleged procurement fraud, from pricing irregularities and labor mischarging, to misuse of classified and procurement sensitive information, and ethics and conflict-of-interest violations."

Attorney Claims FBI Knew Men Convicted Of Murder Were Innocent. The AP (2/28, Lavoie) reports, "The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit 'acceptable collateral damage' in the fight against organized crime, a lawyer for the families of the men said Tuesday." The AP continues, "Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward "Teddy" Deegan are suing the federal government for malicious prosecution. … Lawyers have not specified the amount they are seeking, but have cited court decisions that show other plaintiffs were awarded $1 million for each year in prison." The AP adds, "In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph 'The Animal' Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent 'Jimmy' Flemmi, who was involved in Deegan's killing, Avery said. … The men were 'acceptable collateral damage' in the FBI's priority at the time — taking down the Mafia through the use of criminal informants, Avery said." The AP notes, "The government has argued federal authorities had no duty to share information with state officials who prosecuted Limone, Salvati, Henry Tameleo and Louis Greco. Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution. … Lipscomb said the state investigated the case for eight months and had 10 investigators working on it."

CIVIL RIGHTS:

FBI Launches Civil Rights Murder Probes, As Mississippi Closes Till Case. Attorney General

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Alberto Gonzales and FBI Director Robert Mueller announced at a press conference yesterday that the FBI is opening new investigations into unsolved civil rights era murders. The story is widely reported in national media, and on local TV news in the south, and many stories include Mueller's comment, "Many individuals have quite literally gotten away with murder."

The CBS Evening News (2/27, story 6, 2:25, Couric, 7.66M) reported that "a Mississippi grand jury closed the book today on" the Emmett Till "case that helped ignite the civil rights movement," but "the search for justice goes on in other cold cases dating back that that era." CBS (Orr) added that the murder of "Oneal Moore, a black deputy sheriff in Louisiana…in June 1965," is "just one of about 100 cases…now getting a fresh look from the FBI. And agents say they're pursuing promising new leads in more than a dozen of the race-related crimes." FBI Director Robert Mueller: "Too many instances, the truth has been hidden for too long. Many individuals have, quite literally, gotten away with murder." Orr: "The Justice Department concedes many of the killings may never be solved. … But the government is feeling pressure from people who have waited decades for answers. … In recent years, the FBI has been able to solve a few high-profile civil rights killings. But many more cases remain unsolved, a festering reminder of an ugly time in America."

NBC Nightly News (2/27, story 8, 1:45, Williams, 9.87M) reported that in light of the grand jury decision, Till's "murder will soon be considered a closed case." NBC (P. Williams) added, "The men suspected of killing him…have since died. One was married to the woman who said she was whistled at. She still lives," but the grand jury "has declined to prosecute her for manslaughter. … But the Justice Department says it's not turning its back on civil rights era killings. The FBI is taking a new look at more than 100 cases like the 1946 lynching of four sharecroppers in this bridge an hour east of Atlanta. … FBI agents say a dozens of cases are now under active investigation. They're hoping for a different result than in the case of Emmett Till."

In a widely-distributed story, the AP (2/28) reports, "The high-priority cases, which…Mueller described as numbering between 10 and 12, are among an estimated 100 that investigators nationwide are looking at as possible civil rights-related murders. Attorney General Alberto Gonzales acknowledged that many of the cases may be beyond the boundaries of what the federal government can legally prosecute. But they 'remain on our radar,' he said…. Addressing civil rights violators, Gonzales said: 'You have not gotten away with anything -- we are still on your trail.'" The AP adds, "Mueller said the FBI began re-examining its old case files over a year ago amid of spate of civil rights cases that investigators and prosecutors successfully solved."

Under the headline "Justice Dept. Widens FBI Probe Of Deaths During Civil Rights Era," USA Today (2/28, 3A, Johnson, 2.27M) reports DOJ "is expanding significantly its review of scores of civil-rights-era homicides that the FBI says may have never been fully investigated by local authorities." Gonzales, "appearing with Mueller and national civil rights leaders, said the government's expanded review of suspicious deaths would include a nationwide plea for information on other 'cold cases' that never have been resolved, were misidentified as accidental deaths or were never previously reported. 'We can't right these wrongs, but we can try to bring some measure of justice,' Mueller said."

Also coupling the cold case and Till grand jury stories, the Washington Post (2/28, A10, Fears, 690K) notes that at yesterday's press conference, Gonzales and Mueller said "the task of closing the cases will be daunting as witnesses die and evidence disappears. … 'Many individuals have quite literally gotten away with murder,' Mueller said. But the government has a message to killers who remain alive, he said: 'You've not gotten away with anything. We're still on your trail.' The NAACP, the National Urban League and the Southern Poverty Law Center will share information with federal authorities as partners in a new Civil Rights Era Cold Case Initiative, Mueller said." Hearst Newspapers (2/28, Duray), Gannett News Service (2/28, Radelat, Mitchell), Bloomberg (2/28, Schmidt) and ABC News.com (2/27, Cook, Garber) also report on yesterday's press conference and the FBI initiative.

Meanwhile, in a widely-distributed story about the Till decision, the AP (2/28, Elliott, Breed) reports, "The district attorney…had sought a manslaughter charge against the white woman, Carolyn Bryant Donham," but the grand jury "found insufficient evidence, according to documents made public Tuesday. … 'You're looking at Mississippi. I guess it's about the same way it was 50 years ago,' said a disappointed Simeon Wright, 64, a black man who heard his cousin whistle. 'We had overwhelming evidence, and they came back with the same decision..'" The AP notes, "The FBI reopened the case in 2004 but decided in 2006 not to press charges. The case was turned over to local prosecutors, with the FBI suggesting they take a closer look at Donham. Some witnesses said a woman's voice could be heard at the scene of the abduction." The New York Times (2/28, Dewan, 1.16M) also reports on the Till decision, under the headline "After Inquiry, Grand Jury Refuses To Issue New Indictments In Till Case," noting yesterday's Gonzales-Mueller press conference in the story.

New FBI Investigations Widely-Reported On Southern Local TV. The announcement also received widespread local TV coverage across the south, generally highlighting their local unsolved cases. Some examples: WJTV-TV Jackson, MS (2/27, McCaffrey) reported on its Web site from its broadcast story, "The FBI says it hopes to

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solve dozens of cases that were racially based crimes. Attorney General Alberto Gonzales says the suspects have not gotten away with anything, and the government is still on their trail. With the passage of time, some worry witnesses and evidence may now be unavailable." Jerry Mitchell of the Jackson Clarion-Ledger said, "These were cases where guys got away with murder and everybody knew they were getting away with murder, so its kind of injustice at its height."

WDEF-TV Chattanooga, TN (2/27, Parker) reported, "The FBI today announced they plan to review around a hundred unsolved deaths from the Civil Rights era in the South. And that includes two cases here in the Tennessee Valley. … FBI Director Robert Mueller says, 'As you know all too well, many murders during the Civil Rights era were not fully investigated, were covered up or were mis-identified as an accidental death or disappearance.'" WMC-TV Memphis (2/27) noted, "Nearly 50 years ago, 16-year-old Larry Payne was shot to death at what used to be a housing project. Tonight, his death is one of dozens of unsolved civil rights cases the FBI will re-open."

WCNC-TV Charlotte, NC (2/27, Crowley) reported, "They are called 'the forgotten.' They are 76 people who died in from 1952 to 1968. … Tuesday the FBI was pulling those case files and taking a second look at the information in them. Two of the cases are local. … 'We are committed to reexamining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long,' Gonzales said."

WIS-TV Columbia, SC (2/27) reported, "The FBI says the case involving the Orangeburg Massacre may be one of the many re-opened. … It's one of three South Carolina cases local FBI agents are looking into. The attention comes following a news conference Tuesday on a nationwide initiative to investigate unsolved murders committed in the 50s and 60s. FBI Director Robert Mueller says, 'In too many instances the truth has been hidden for too long. Many individuals have quite literally gotten away with murder.'

KSLA-TV Shreveport, LA (2/27) reported, "The case of a black man killed at the hands of a white police officer in Ruston, back in 1965, may be re-opened by the FBI. Then, the shooting of John Wessley Wilder was ruled justifiable by the coroner of Lincoln parish," but the "Southern Poverty Law Center believes Wilder's death may have been racially motivated. They've brought his case, and nearly one hundred others, to the attention of the FBI."

Grand Jury Will Not Issue Indictment In 1955 Till Slaying. The AP (2/28, Elliott, Breed) reports, "All but closing the books on a crime that helped give rise to the civil rights movement, a grand jury has refused to bring any new charges in the 1955 slaying of Emmett Till, a black teenager who was beaten and shot after whistling at a white woman in the Mississippi Delta." The AP continues, "The district attorney in rural Leflore County had sought a manslaughter charge against the white woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy for what was a grave offense in the segregated South. … But the grand jury last Friday issued a 'no bill,' meaning it found insufficient evidence, according to documents made public Tuesday." The AP adds, "Federal authorities decided last year not to prosecute anyone, saying the statute of limitations for federal charges had run out. Mississippi authorities represented the last, best hope of bringing someone to justice. No one has ever been convicted in the slaying."

The New York Times (2/28, Dewan) reports, "Two men, now dead, admitted to the killing in 1956 after they were acquitted by an all-white jury in Sumner, Miss. But the Justice Department reopened the case in 2004 in search of others who had participated in the beating and shooting of Emmett, a black 14-year-old. By then, so much time had passed that the country store where the victim was said to have whistled at a white woman, Carolyn Bryant, was in ruins." The Times continues, "The new inquiry was conducted by the Federal Bureau of Investigation, which turned over a report of more than 8,000 pages to the district attorney, Joyce L. Chiles. Ms. Chiles sought a manslaughter charge against Ms. Bryant, 73, the last known living suspect in the case, but the grand jury decided last week not to issue an indictment, a court clerk said. The action was reported Tuesday in The Jackson Clarion-Ledger. … 'If Carolyn Bryant is truly not guilty in being involved in the killing of Emmett Till or there is insufficient evidence to indict her, then the grand jury did the right thing,' said Alvin Sykes, the president of the Emmett Till Justice Campaign. … The grand jury's decision illustrates the difficulty of prosecuting such old cases, even as the Justice Department has begun its first systematic effort to identify them. At a news conference on Tuesday in Washington, Attorney General Alberto R. Gonzales and Robert S. Mueller III, the director of the F.B.I., said about a dozen such cases had been selected, from a list of about 100, for immediate action. … 'New information, sometimes an innocuous small bit of information, can be crucial to breaking these decades-old cases,' Mr. Gonzales said. 'A secret harbored for many years can be the piece of evidence we need to make our case.'"

The Los Angeles Times (2/28, Jarvie, Fausset) reports, "The murder case of Emmett Till — one of the most infamous slayings of the civil rights era — appears to be drawing to a fruitless close 52 years after the black teenager whistled at a white woman, then turned up dead in Mississippi's Tallahatchie River." The Times continues, "It was disclosed Tuesday that a grand jury in Leflore County, Miss., had declined to bring a manslaughter indictment against Carolyn Bryant Donham, the white shopkeeper who witnesses said

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Till had admired one August afternoon in the rural community of Money, Miss. … Donham, 73, was suspected of pointing out Till to her then-husband, Roy Bryant. He and his half brother, J.W. Milam, were charged in the killing of the 14-year-old but were acquitted by an all-white jury in 1955 after a little more than an hour of deliberations. A year later they admitted in a magazine interview that they had killed Till." The Times adds, "Till's family has watched with hope in recent years as a parade of old and often recalcitrant Southerners have been dragged into court and found guilty of heinous crimes against blacks. But Tuesday, it felt like a door briefly open to the past — and, potentially, to justice — had been shut for good. … 'This was our last hope — and it was dashed today,' said Simeon Wright, 64, Till's cousin, who was with him at the grocery store and heard him whistle at Donham. 'The Emmett Till case started with one person, and that person is still alive. She played a role in identifying Emmett, she participated in his kidnapping, and now she is getting away with murder.' … Donham, who is thought to be a resident of Greenwood, Miss., could not be reached for comment. She has long maintained her innocence to the FBI, and chances of new charges, although possible, appear slim."

DOJ Drops Probe Of Virginia Church Zoning Dispute. The Lynchburg (VA) News & Advance (2/28, Faulconer) reports, "The U.S. Department of Justice has decided to step out of a zoning dispute between a Moneta 'cowboy' church and Bedford County officials." The N&A continues, "In letters this month to the Rev. Raymond Bell of the Cowboy Church of Virginia and Bedford's community development director George Nester, the federal department concluded no further action is warranted in deciding if Bedford zoning laws infringe upon a federal act that protects religious land use. … The Cowboy Church holds services in a large barn off Horseshoe Bend Road in Moneta." The N&A adds, "Six months ago, the department began investigating if the Religious Land Use and Institutionalized Persons Act was violated. Bell has been against the county's requirement that a special use permit be obtained to hold religious services, claiming it violates the separation of church and state. … Nester said it's standard procedure that churches obtain a special use permit to hold religious services in newly constructed buildings or new additions to existing buildings. … He said Tuesday he is pleased and relieved that the investigation has been dropped, but some questions still remain. For instance, he doesn't know if the matter was dropped because the church asked it to be or because there is a violation. The letter doesn't state whether a violation took place." The N&A notes, "A spokesperson for the Department of Justice declined to comment Tuesday about the matter. Bell declined to comment also and said he would have more to say later this week. … The Cowboy Church started meeting about a year ago in the Moneta barn, on a farm owned by Garland Simmons. Since then, it has been involved in zoning red tape with the county. … The county originally said using the barn as a church violated building codes and was unsafe for large gatherings. That matter has since been resolved because it was determined the structure is not predominantly used as a church, Nester said."

Rep. Rohrabacher To Present New Evidence In Shooting Involving Former Border Patrol Agents. The El Paso (TX) Times (2/28) reports the "drug smuggler who was shot…by two El Paso Border Patrol agents who went to prison for it was involved in another drug smuggling attempt," according to U.S. Rep. Dana Rohrabacher. Rohrabacher "said he would talk today in a news conference in Washington, D.C., about new evidence he said proves that Osvaldo Aldrete Davila was again involved in drug smuggling after the Feb. 17, 2005, shooting." U.S. Attorney Johnny Sutton "had repeatedly denied knowledge of a second arrest, but Rohrabacher said Sutton's statements were misleading because Aldrete Davila was not arrested either time." Rohrabacher "said Sutton was briefed by the Drug Enforcement Administration about Aldrete Davila's 'direct involvement' in a second offense."

Supervisors In California Support Former Agents. The Inland Valley Daily Bulletin (2/28) reports that according to a unanimous resolution by San Bernardino County's Board of Supervisors, President Bush "should consider pardoning two former Border Patrol agents convicted of shooting an alleged drug smuggler. … The agents, Ignacio Ramos…and Jose Alonso Compean…were convicted last year of shooting Aldrete-Davila, who allegedly brought a van loaded with marijuana across the border from Mexico." He "was granted immunity for his testimony against the agents."

Fayetteville, NC, To Draw New Voting Maps. The Fayetteville (NC) Observer (2/28, Worthington) reports, "Residents will get their say March 29 on the boundaries for six Fayetteville City Council districts. … The City Council will hold a public hearing that evening at 7." The Observer continues, "The council is drawing new maps in response to the Feb. 6 election. Residents voted in favor of a council with six members representing districts and three members elected at-large. The current council has nine members, all elected from districts. … The change must be approved by the U.S. Department of Justice. The city is trying to have the plan and map approved by April. The city hopes to have federal approval in time for the July filing date for the municipal elections." The Observer adds, "City Council members met Tuesday with their redistricting lawyer, Michael Crowell, to discuss options for drawing the six districts. …

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The Department of Justice will look at the map to make sure it does not affect minority voting. Crowell has said he believes a map that has three districts where minorities constitute the majority of voters will pass federal review."

Meehan To Reintroduce Bill Lifting Ban On Gays In The Military. USA Today (2/28, Stone, 2.27M) reports Rep. Marty Meehan will reintroduce his Military Readiness Enhancement Act, which would repeal the "don't ask, don't tell" policy President Clinton "approved in 1993 as a compromise between ending a ban and gays serving openly. That would leave gays free to serve without limits. … The measure had 122 co-sponsors last year but died in the Republican-controlled Congress. Now that Democrats are in charge, Meehan plans to hold hearings as early as April. He says the bill has more than 100 original co-sponsors and seven freshmen. Three Republicans have signed on, including Rep. Ileana Ros-Lehtinen of Florida. She says her husband, Dexter, was cared for by a lesbian nurse when he was injured during combat in Vietnam." USA Today notes that "since the policy began, nearly 11,000 troops, the equivalent of an Army division, have been discharged."

Iraq War Vet Who Lost Leg Backs Meehan Bill. The Washington Post (2/28, C1, Vargas, 690K) interviews retired Sgt. Eric Alva, "lost his right leg when he stepped on a land mine on March 21, 2003, the first day of Operation Iraqi Freedom. As the war's first injured soldier, Alva was an instant celebrity. He was on 'Oprah.' President Bush awarded him the Purple Heart. Donald Rumsfeld visited. … Today he'll stand alongside" Meehan. Alva is quoted as saying, "I have to say something. I mean, you're asking men and women to lie about their orientation, to keep their personal lives private, so they can defend the rights and freedoms of others in this country. … That's one factor. The other factor is, we're losing probably thousands of men and women that are skilled at certain types of jobs, from air traffic controllers to linguists, because of this broken policy."

Sex Abuse Scandal At Texas Juvenile Schools Sparks Uproar. The New York Times (2/28, Blumenthal) reports from Austin, TX, "A long-simmering scandal over sexual abuse of juveniles at schools for youthful offenders broke into the open on Tuesday with an outraged state senator calling for a takeover of the troubled Texas Youth Commission." The Times continues, "At a school in West Texas, a youth commission official acknowledged at a hearing of the State Senate Criminal Justice Committee, the school's superintendent was aware that two supervisors routinely awakened boys for late-night encounters behind closed doors in deserted offices. … The two supervisors — one of whom had been transferred from another state school after pornography was found on his work computer — were allowed to resign in 2005 without charges. One became the principal of a charter school in Midland, Tex., state officials said. The superintendent was promoted to director of juvenile corrections, a post he still holds, the youth commission confirmed." The Times adds, "Gov. Rick Perry, a Republican, called the revelations 'absolutely reprehensible' and would not rule out a takeover, said a spokesman, Ted Royer. … Accusations that staff members at the West Texas State School in Pyote were sexually preying on youths there were made to the youth commission as early as December 2003, according to a timeline presented at the hearing. … The complaints did not reach the Texas Rangers until February 2005 and remained largely secret until accounts began appearing in recent weeks on the Web site of the Texas Observer and the pages of The Dallas Morning News. … The problems were widespread at the agency, which annually places some 3,000 juveniles ages 10 to 17 at the time of their felonies in 13 secure schools, senators and witnesses said."

ANTITRUST:

House To Hold Hearing On Proposed XM-Sirius Merger. The Washington Post (2/28, D1, Babington) reports, "Congress and federal regulators need to get with the times. … That's the message that Mel Karmazin, chief executive of Sirius Satellite Radio, plans to deliver today at the first public hearing on a proposal to merge the nation's two satellite radio companies, Sirius and XM Satellite Radio Holdings." The Post continues, "Karmazin, who will face skeptical members of the House Judiciary Committee's newly formed antitrust task force, says satellite radio is in stiff competition not only with free, over-the-air radio but also with such newer products as MP3 players, Internet radio and music-downloading cellphones. "What I need to do is lay out the realities of the marketplace as we see it," Karmazin said in a telephone interview yesterday. … He can expect resistance. 'What I'm concerned about now is whether we're creating a monopolistic situation,' Rep. John Conyers Jr. (D-Mich.), who will chair the task force hearing, said in an interview yesterday. 'I don't think it will stimulate competition, and it could very well take away from the competition taking place now in the industry.'" The Post adds, "The Justice Department and Federal Communications Commission, not Congress, will decide whether to allow Washington-based XM and New York-based Sirius to merge. But today's hearing seems certain to introduce the chief arguments for and against the plan, whose outcome may not be decided for nearly a year. … Sharing a witness table with opponents from the broadcast industry and consumer groups, Karmazin said he will remind Congress that XM and Sirius charge

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customers about $13 a month and struggle to attract enough subscribers to make money."

Sirius CEO Selling Merger. The New York Times (2/28, Siklos) reports, "The chief executive of Sirius Satellite Radio, Mel Karmazin, is taking the campaign to sell his company's proposed merger with XM Satellite Radio to Washington." The Times continues, "On Monday, Mr. Karmazin appeared on the often-bawdy Howard Stern show on Sirius. Today, he will speak at a hearing of the newly created House Antitrust Task Force in Washington. … 'I absolutely welcome the opportunity because I think there is a lot of misinformation out there about the merger,' Mr. Karmazin said of the hearing." The Times adds, "In particular the National Association of Broadcasters, which represents the commercial radio stations and has been an opponent of satellite radio, has warned that the merger announced last week would create a monopoly that would limit consumer choice and lead to higher prices. … Mr. Karmazin said yesterday that he would tell the task force that the opposite was true. Consumers will be more inclined to subscribe to a single service, he said, because XM and Sirius delivered exclusive programming — like Mr. Stern on Sirius and the Major League Baseball on XM — that the other service does not. … And he said he was willing to commit to the Federal Communications Commission that the merger would lower consumer prices below the $12.95 a month both charge, although he did not specify how much."

The Financial Times (2/28, Washington) reports, "Mel Karmazin, the chief executive of Sirius, is expected to receive a sceptical reception today when he appears before a congressional committee to defend the satellite radio company's proposed $11.4bn merger with rival XM." The Times continues, "John Conyers, the Democratic chairman of the House judiciary committee, like legislators on both sides of the aisle, is suspicious not only about the benefits to the public of yet another mega-media merger. Mr Conyers is also unconvinced - so far - of the merits of the legal argument on which, lawyers agree, the fate of the entire deal rests." The Times adds, "To prove that the merger of the only two satellite radio companies in the US will not lead to a monopoly, Mr Karmazin and a team of antitrust attorneys and lobbyists will have to prove that other devices and media outlets - from terrestrial radio to iPods to mobile phones - will constrain the merged entity enough to prevent it from raising prices. … Ultimately Congress will not have a formal say on whether or not the deal will be approved, but political pressure can influence the two government agencies that will investigate the deal: the Department of Justice, the chief antitrust authority, and the Federal Communications Commission, the media regulator. … Lawyers working on the deal said this week the combined company's prices would also be constrained by the fact it would seek to attract the 90 per cent of the US population that does not subscribe to either group."

Sirius Narrows Loss As Revenue Increases. The Wall Street Journal (2/28, C10, Sheng) reports, "Sirius Satellite Radio Inc., which recently agreed to merge with rival XM Satellite Holdings Inc., posted a narrower fourth-quarter net loss Tuesday as revenue more than doubled and subscriber growth continued." The Journal continues, "Sirius, New York, which boasts a programming lineup that includes shock jock Howard Stern and National Football League games, also said it expects to end the year with eight million subscribers, up from its current 6.02 million, and to post total revenue of about $1 billion. … The country's second-largest satellite radio company behind XM Satellite, Sirius said the results pointed to its continued strength. Since adding Howard Stern and others to its lineup, the operator has enjoyed stronger retail sales growth than its rival." The Journal adds, "Sirius added 905,247 net new subscribers during the quarter, down from 1.14 million a year ago. By contrast, XM Satellite said Monday it added 442,679 net new subscribers during the quarter, down from 898,315 the year earlier. Last year's fourth quarter was the first holiday season before the highly hyped Mr. Stern started airing exclusively on Sirius. The buzz around Mr. Stern last year helped boost subscriber additions at both satellite radio companies to record levels. … For the full year 2006, Sirius said it added 2.7 million, up from 2.17 million the year before. XM said Monday it added 1.7 million net new subscribers in 2006, compared with 2.2 million the year before. … Sirius posted a fourth-quarter loss of $245.6 million, or 17 cents a share, compared with a loss of $311.4 million, or 23 cents a share, in the year-earlier period."

More Commentary. The Wall Street Journal (2/28, A15), David R. Henderson, a research fellow at the Hoover Institution, writes, "In expressing its strong reservations about the proposed merger between Sirius and XM, the Federal Communications Commission seems to think that there are only two competitors and that a merger would reduce the number to one. But that's true only if the relevant market is the satellite broadcasting market. … In fact, the market is much larger, including at a minimum all existing radio stations. If you doubt that, ask yourself how you would decide whether or not to subscribe to Sirius or XM. Surely a big part of your decision is the quality and range of programming you can get on 'free' radio." Henderson continues, "That alone is strong enough evidence for allowing the merger. But there is even stronger evidence, and it has to do with how XM's and Sirius's 'free-radio' competitors view the merger. … Here we might draw upon the wisdom of MIT economist Morris Adelman, who wrote about 50 years ago: 'A useful if not very precise index of the strength of competition . . . is the resentment of unsuccessful competitors.' … In other words, if some competitors in an industry resent others and even end

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up going out of business, competition is alive and well. It's when the competitors get too cozy that we need to worry. It follows that if existing competitors oppose a merger, the merger is likely to be good for consumers." Henderson concludes, "If competitors began to anticipate that regulators would take into account their opposition to, or support of, a merger, they might try to game the system. If they actually wanted the merger blocked, they would publicly support it. If they thought prices would rise after the merger to their benefit, they might publicly oppose it. … But we can trust that the FCC is not thinking that way, as it is still hung up on a fallaciously narrow definition of the market. This is the bottom line: If the FCC cares about consumers and not about making things cozy for traditional broadcasters, it should allow the XM-Sirius merger."

TXU Profit Up 33 Percent Last Quarter. The AP (2/28) reports, "The Dallas-based utility TXU Corporation reported a 33 percent increase in profit yesterday, despite weak revenue caused by mild winter weather, but another Texas utility, Dynegy, swung to a loss of $58 million as revenue fell and it took charges for a revamping." The AP continues, "TXU, which has accepted an offer to be bought for $45 billion in what would be the largest leveraged buyout ever, said it earned $475 million, or $1.03 a share, up from $356 million, or 74 cents a share, in the fourth quarter a year earlier. … Excluding what TXU termed one-time charges, the company said it would have earned $1.20 a share, which matched the forecast of analysts, who usually exclude those items from their estimates." The AP adds, "For all of 2006, TXU said it earned $2.55 billion, or $5.46 a share, up from $1.71 billion, or $2.50 a share, in 2005. … Dynegy, a power producer based in Houston that flirted with bankruptcy a few years ago, said yesterday that its loss for the fourth quarter was 12 cents a share, in contrast to a profit of $293 million, or 74 cents a share, in the quarter a year ago, when income from discontinued operations lifted results." The AP notes, "Sales fell 36 percent, to $397 million, from $622 million in the year-ago period. For all of 2006, Dynegy said it lost $342 million, or 75 cents a share, as it incurred $343 million in after-tax charges related to its financial revamping. … The company said that it was positioning itself for growth, starting with the $4.1 billion acquisition of the generating power of a rival, the privately held LS Power Group; that deal is to be completed by the end of March. … The two companies also plan to become joint-venture partners in nine power plants under development."

Future Of TXU Discussed At Private Equity Conference. The New York Times (2/28, Sorkin) reports, "Will anyone dare to mount a rival bid for TXU? … That was the question being whispered yesterday in Frankfurt where many of the world's private equity chiefs were gathered for Super Return, one of the industry's best-attended gatherings." The Times continues, "Speakers included David Bonderman of the Texas Pacific Group, which helped to lead Monday's $45 billion TXU takeover; Todd Fisher of Kohlberg Kravis Roberts & Company, the other lead investor in the TXU deal; and Stephen A. Schwarzman of the Blackstone Group, considered one of the most likely candidates to try to crash the TXU sale. … A private equity firm's effort to break up the TXU deal could be a crucial test of the intertwined relationships that so far have limited all-out brawls. Critics contend that the firms, which frequently partner with one another, have a gentleman's agreement not to start bidding wars once a deal is struck." The Times adds, "As an illustration of the clubbiness of the private equity business, no private equity firm to date has publicly tried to top an offer from one its rivals. The Justice Department started an informal inquiry into the possibility of collusion at at least four of the big firms — Kohlberg Kravis Roberts; the Carlyle Group; Silver Lake Partners; and Clayton, Dubilier & Rice — last fall. … It is an issue, among many, that has the buyout kings worried. Mr. Bonderman said during his keynote speech that the industry's image was 'something that's probably on everybody's mind.' … The industry may have begun to change that with its 'green' deal for TXU — among other things, the buyers agreed to scuttle plans for several new coal-fired power plants. A bidding battle over a deal could further change its reputation for mutual back-scratching."

6th Circuit Panel Sides With Cigarette Maker In Pricing Dispute. The AP (2/28, Mansfield) reports, "A federal appeals court on Tuesday rejected a lawsuit by 22 cigarette wholesalers claiming that R.J. Reynolds Co.'s discount pricing program was discriminatory." The AP continues, "The 6th U.S. Circuit Court of Appeals in Cincinnati affirmed a summary judgment in favor of the North Carolina-based tobacco company, a part of Reynolds American Inc., issued in 2005 by U.S. District Judge J. Ronnie Greer in Greeneville. … 'Defendant's program is designed to promote its financial welfare at the expense of the wholesalers,' the appeals court wrote. 'Perhaps it is unfair, but it is not illegal.'" The AP adds, "Smith Wholesale Co. Inc. of Johnson City and the other wholesalers claimed they experienced 'millions of dollars in lost profits' when Reynolds instituted a discount program in 2000 to boost sales of its so-called second-tier nonpremium 'savings' brands of cigarettes. … Reynolds, based in Winston-Salem, N.C., offered discounts and rebates to wholesalers selling the highest volume of Reynolds products. The plaintiffs, mostly smaller distributors in the Southeast, said that put them at a disadvantage because they had to cater to consumers demanding even cheaper cigarettes sold by other manufacturers. … 'Plaintiffs allege that the (program) disfavors them because, unlike RJR's

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other distributors, they operate largely in rural 'low-end' segments of the market where their retail customers demand fourth-tier brands, and RJR does not price any of its brands at the fourth-tier price level,' the court wrote. … The three-judge panel concluded that Reynolds' market-share discount program 'was offered to all wholesalers using a non-discriminatory formula. It was therefore functionally available to all wholesalers not only in theory, but in fact.' … The plaintiffs' ability to qualify for the discounts 'was a matter of marketing strategy and brand prioritization,' the court wrote. Since 'price discrimination has not been established,' the judges said, 'plaintiffs' claim therefore fails as a matter of law.'"

WMware Blasts Microsoft Over Customer Choice Restrictions. CNET News.com (2/28, Shankland) reports, "VMware, the incumbent power in the blossoming realm of virtualization, has accused Microsoft of using foul play to promote its own competing products." CNET continues, "In a white paper published Friday, the EMC subsidiary said Microsoft is using Windows licensing terms to prevent customers from taking full advantage of virtualization. … 'Microsoft is trying to restrict customers' flexibility and freedom to choose virtualization software by limiting who can run their software and how they can run it,' VMware said." CNET adds, "The software giant rejected VMware's assertions. … 'Microsoft believes the claims made in VMware's white paper contain several inaccuracies and misunderstandings of our current license and use policies, our support policy and our commitment to technology collaboration,' Mike Neil, Microsoft's general manager of virtualization strategy, said in a statement Tuesday. 'We believe that we are being progressive and fair with our existing licensing and use policies and creating a level playing field for partners and customers,' he said … Neil added that he believes Microsoft and VMware will be able to settle their differences." CNET notes, "The Microsoft-VMware debate spotlights the difficult adjustments necessary, as the industry moves into a world where a new software layer breaks the hard link between operating systems and the hardware they use. … There are technical challenges. Software can't be as tightly tied to hardware such as hard drives or network cards, and an operating system might be moved from an overtaxed dual-processor server at one moment to a more powerful eight-processor machine the next. … And there are business challenges too, as companies such as Microsoft and VMware jockey for technology leadership and customer account control."

One Defendant In Midwest Hospital Antitrust Suit Reaches Settlement. The Kansas City Star (2/28, Karash) reports, "The fight isn't over, but an olive branch has appeared in a local health-care antitrust controversy." The Star continues, "The case involves Heartland Spine & Specialty Hospital of Overland Park. In 2005 Heartland sued several area hospitals and health insurers, alleging a conspiracy to drive it out of business in violation of the Sherman Antitrust Act. … The lawsuit alleged a conspiracy that included insurers refusing managed-care contracts to Heartland. Heartland said being shut out of those networks caused it severe financial damage." The Star adds, "Mary Nan Holley, Heartland's chief executive officer, said last week that the hospital had worked out a settlement with one defendant, UnitedHealthcare, effective March 1. That means Heartland will become an in-network provider for about 350,000 UnitedHealthcare members in western Missouri and eastern Kansas. … Holley said UnitedHealthcare was the first defendant to settle and, as a result, will be the first major insurer in the area to allow Heartland in its network. The arrangement is expected to increase Heartland's patient volume 15 percent to 20 percent, she said. The hospital last year had 827 inpatient admissions and 8,142 outpatient encounters." The Star notes, "The settlement is confidential, but it is no secret that most of Heartland's 150 or so employees receive their health insurance through UnitedHealthcare. … The remaining defendants in the lawsuit are: HCA Midwest Division; St. Luke's Health System; Carondelet Health; Shawnee Mission Medical Center; North Kansas City Hospital; Blue Cross and Blue Shield of Kansas City; Coventry Health Care of Kansas; Humana Health Plan; Aetna; and Cigna HealthCare of Kansas/Missouri. … The case is scheduled to go to trial April 1, 2008, in federal court in Wichita."

FTC Clears Onex Bid For Kodak's X-Ray Unit. Bloomberg (2/28, Rowley) reports, "Onex Corp., Canada's largest buyout firm, won U.S. antitrust clearance to purchase Eastman Kodak Co.'s health-care imaging unit, including an X-ray business the world's largest photography company started in 1896." Bloomberg continues, "The transaction was on a list of completed merger reviews published by the Federal Trade Commission in Washington." Bloomberg adds, "Kodak said in announcing the sale on Jan. 10 that it will be paid at least $2.35 billion in cash and up to $200 million more if certain milestones are met. The sale will allow Kodak, based in Rochester, New York, to pay down debt as it tries to build its digital photography business."

Judge Puts Qualcomm Patent Dispute With Nokia On Hold. The Wall Street Journal (2/28, B11) reports, "Nokia Corp. said a U.S. judge overseeing a patent dispute initiated by Qualcomm Inc. has put the proceedings on hold until further notice." The Journal continues, "Qualcomm, based in San Diego, has alleged the Finnish company violated several patents used to make U.S.

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cellphones running on the global system for mobile communications, or GSM, standard. … The patents were originally used for a rival technology called code division multiple access, or CDMA, which Qualcomm helped pioneer. Nokia maintains it hasn't infringed any of Qualcomm's patents. The administrative-law judge overseeing the International Trade Commission investigation has two options: dismiss the proceeding or resume the investigation." The Journal adds, "Richard Windsor, an analyst at Nomura, said the decision is likely 'about giving them more opportunity to reach an agreement.' Nokia said that since Qualcomm filed its complaint, it has voluntarily withdrawn three of the six patents from the suit."

ENVIRONMENT:

Los Alamos Operator Cited For Safety Violations. The AP (2/28) reports from Los Alamos, NM, "The National Nuclear Security Administration proposed a $1.1 million civil penalty against the former manager of a nuclear weapons lab for safety violations that included a researcher spreading radiological contamination to two other states and workers inhaling radioactive substances." The AP continues, "The agency announced the notice of violation Monday against the University of California for infractions that occurred in 2005, when UC was the sole manager of Los Alamos National Laboratory. … The notice spells out 15 separate incidents that violated the Department of Energy's nuclear safety rules." The AP adds, "The incidents include a Los Alamos researcher opening a package of slightly enriched uranium nitride pellets. The package was contaminated with americium 241, a radioactive decay product of plutonium. … The researcher unloaded the pellets without the help of a radiological control technician, and he spread the contamination to his home and places he visited in Colorado and Kansas. … Another incident involved workers who inhaled radioactive substances. … In both cases, the contamination was limited by 'good fortune' but had the potential to be significantly greater, acting NNSA director Thomas P. D'Agostino wrote in a Feb. 16 letter to lab director Michael Anastasio." The AP notes, "The notice also referred to a November 2005 inspection that exposed "long-standing" deficiencies in the lab's safety, health and environmental programs. … Since federal law exempted the non-profit university from financial liability at the time of the violations, the UC will not have to pay the fine. But the agency warned the lab's new management team - installed less than a year ago, in part to reverse years of security and safety problems - that those days are over. … 'Due both to the recent contract change and changes in the civil penalty provisions of the Atomic Energy Act, future monetary civil penalties imposed ... as part of a notice of violation will no longer be waived,' D'Agostino wrote."

Scientists Call For Action To Avoid Climate "Tipping Point." USA Today (2/28, 10D, O'Driscoll, 2.27M) reports, "Declaring there is 'no more time for delay,' an international panel of scientists urged the world's nations Tuesday to stave off climate-change 'catastrophe' by boosting clean-energy research and sharply cutting industrial emissions that fuel global warming. Otherwise, Earth this century could cross a climate threshold or 'tipping point that could lead to intolerable impacts on human well-being,' says the 166-page report prepared for the United Nations." The "two-year study, issued by the U.N. Foundation, says the risk of tipping over that climate threshold rises sharply if Earth's temperature increases 3.6 to 4.5 degrees above what it was in 1750 (it is 1.2 degrees above that point now)." The "scientists say a climate turnaround will take a huge effort."

The Los Angeles Times (2/28, Hotz, 850K) says the panel "called for bold actions, including carbon taxes, a ban on conventional coal-fired power plants and an end to beachfront construction worldwide." The scientists "urged stricter fuel efficiency standards, as well as fuel taxes, registration fees and rebates that favor more efficient transportation." They "also recommended the expanded use of biofuels" and "endorsed broader use of nuclear power, if it can be made safer. Energy research budgets worldwide ought to triple, they said." The researchers also "called for improved designs of energy-efficient appliances, office equipment and 'greener' commercial and residential buildings."

Scholar Praises Asia Pacific Partnership As Way To Curb Greenhouse Gases. In an op-ed in The Hill (2/28), Dr. Margo Thorning of the International Center for Capital Formation, a European think tank, writes, "While President Bush outlined bold steps in his State of the Union address to slow the growth of U.S. greenhouse gas emissions, Democratic leaders on Capitol Hill appear aggressively set on their own track to tackle the issue." But "before the nation is led down the path of the Kyoto protocol or the dramatic carbon dioxide emission reductions adopted in California,...a close look should be given to the high price tag of such 'solutions.'" Unless "the new majority in Congress looks at GHG reductions on a global scale, mandatory emission reductions in the U.S. would be all pain and little or no gain for the environment. A good first step for Congress would be to approve the $52 million in seed money for the Asia Pacific Partnership on Clean Development and Climate (AP6) as prescribed by the 2005 energy bill. The goals of the AP6 agreement are to promote both global economic development and the use of cleaner, less-emitting energy technologies."

NYTimes Praises TXU Buyout Deal, Says Congress Must Put Price On Carbon. Says Congress Should Drive

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Business To For In an editorial, the New York Times (2/28, 1.16M) writes, "People who worry about global warming...received some very good news over the weekend from a very unlikely source. As part of an ambitious buyout deal, TXU, a Texas utility that has long been a target of environmentalists, will abandon plans to build eight old-style coal-burning power plants." In "a gesture of potentially broad political consequence," the buyers "pledged to join other forward-looking companies in backing federal legislation imposing mandatory limits on emissions of carbon dioxide." The deal is "further evidence that the capital markets are becoming increasingly sensitive to the climate change issue. But the country and the environment cannot depend on good sense or even good business sense to persuade other corporate leaders to follow Kohlberg Kravis Roberts and Texas Pacific. Congress needs to move briskly toward legislation that would put a price on carbon, either by taxing it or capping emissions."

FBI/DEA/ATF/USMS:

Grassley Asks Whether FBI Whistleblower's Supervisors Face Punishment. The AP (2/28, Frommer) reports, "One of the Senate's most vocal defenders of government whistleblowers wants to know if the FBI plans to discipline agents who a court found had retaliated against a Minneapolis agent who filed a sexual-discrimination complaint." Sen. Charles Grassley "sent the letter to FBI Director Robert S. Mueller on Monday regarding the case of Minneapolis agent Jane Turner, who recently won a $565,000 judgment against the agency. 'Given that her allegations have now been substantiated, I am writing to you for information about how you intend to hold supervisors accountable for the acts of retaliation,' Grassley wrote in a letter to Mueller." The AP notes, "Records show Turner was rated superior or exceptional in her job reviews until she filed a sex discrimination complaint against her supervisor." Turner said yesterday, "Senior managers in the FBI, by feeling they are a law unto themselves, are losing the legal and moral authority for the FBI."

Under the headline "Accounting Sought From FBI Director," the Minneapolis Star Tribune (2/28, Browning, 395K) reports, "The agent who directly supervised Turner when she filed her discrimination complaint, Craig Welken, has since retired. But the other two agents Grassley inquired about -- James (Chip) Burrus and James Casey -- still work for the FBI. … Mueller has said previously that he would not tolerate retaliation against FBI whistleblowers, a fact underscored by Grassley in his letter. 'Actions speak louder than words,' Grassley wrote." The Washington Times (2/28, Seper, 88K) notes, "Mr. Burrus is the assistant director of the FBI's criminal investigative division and Mr. Casey is chief of the bureau's counterterrorism section."

Pharmacists, Athletes, Celebrities Accused In Investigation Of Fraudulent Internet Drug Sales. There are more than 200 media references to an Orlando pharmacy raid Tuesday, which was reported to be part of a long-term investigation into illegal steroid and human growth hormone sales. Most news outlets used the AP story and many, including the AP, cited a story first posted on the Web site of New York's Albany Times-Union. The AP (2/28) reports athletes and celebrities "were involved as customers of an illicit steroid sales network that produced arrests of four company officials on Tuesday," according to a New York prosecutor. However, Albany County District Attorney P. David Soares "declined to name any consumers. He said his office was not investigating patients, but alleged producers and distributors, including doctors and pharmacists." Soares "was in Florida on Tuesday for two pharmacy raids conducted by federal and state agents at two Signature Pharmacy stores. Four company officials, including a married couple who are both pharmacists, were arrested. They were charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud." The AP notes that authorities said a search turned up a "raid card" at Signature Pharmacy employees' desks, and the top of the documents "identified it as a Food and Drug Administration/Drug Enforcement Agency telephone list, but only lawyers were on the card." CBS News, FOX News, MSNBC, Forbes, the San Francisco Chronicle, San Jose Mercury News, Houston Chronicle, and Baltimore Sun are among the news outlets that used the AP story.

In Orlando, the Albany (NY) Times Union (2/28) reports a downtown pharmacy "was raided by a law enforcement task force on Tuesday, the climax of a large New York state grand jury investigation into Internet drug sales that could expose widespread illicit steroid use by professional athletes and thousands of people across the nation. The unprecedented inquiry, led by Albany County's district attorney, has taken New York narcotics agents and an Orlando-based federal task force deep inside a maze of shadowy pharmacies and Web sites that have reaped millions of dollars in profit by allegedly exploiting federal and state prescription laws, according to court records." The Times Union "has learned that investigators in the year-old case…uncovered evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to current and former Major League Baseball players, National Football League players, college athletes, high school coaches, a former Mr. Olympia

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champion and another leading contender in the bodybuilding competition."

The New York Times (2/28) reports the arrests "followed a two-year investigation by the Albany County district attorney into Internet drug sales in New York State. The investigation spanned at least three states, and included numerous people reported to be customers of the pharmacy, including current and former Major League Baseball players, National Football League players, college athletes, coaches and doctors. At least two dozen other individuals are expected to face indictment in New York, according…Soares…including several doctors and pharmacists. At a news conference in Orlando on Tuesday, he said that three people from Texas whom he described as distributors in the operation had been arrested earlier, and that five other doctors would face professional disciplinary charges."

In Miami, the Washington Post (2/28) reports several professional athletes "were clients of another pharmacy in Mobile, Ala., that might have provided illicit drugs to professional athletes. The owners of that pharmacy recently were indicted in Albany County, the Times-Union reported. An attorney for that pharmacy, Applied Pharmacy Services, did not respond to a request for comment. Both of the pharmacies offered prescriptions over the Internet, which federal investigators believe has become a primary source for illicit sales of performance-enhancing drugs in recent years as pharmacists skirt lenient laws governing the industry."

The Orlando Sentinel (2/27) reported federal and state narcotics agents "arrested the owners of an Orlando pharmacy Tuesday as part of a New York state investigation into the sale of steroids and other performance enhancers to professional and college athletes over the Internet. Stan and Naomi Loomis, both licensed pharmacists who own the Signature Pharmacy in downtown Orlando and another nearby, and Stan's brother, Mike Loomis, were arrested." Carl Metzger, narcotics commander for Orlando's metropolitan bureau of investigation, "said authorities found a phone list at numerous employees' desks with contact information for lawyers and representatives with the Drug Enforcement Administration and the Food and Drug Administration."

Bloomberg (2/28, Matuszewski) reports, "As many as 24 people, including six doctors and three pharmacists, face felony charges for unlawfully distributing anabolic steroids and other controlled substances. The businesses shut by yesterday's arrests are believed to supply a large portion of the national market of the on-line sale of steroids, human-growth hormone and other illegal substances, Soares said. Statewide sales in New York totaled more than $10 million."

Sports Illustrated/CNN (2/27) reported, "As part of a broad operation to crack down on the sale of performance-enhancing drugs over the Internet, authorities raided an Orlando pharmacy and a Jupiter, Fla., 'anti-aging' clinic Tuesday morning. Sports Illustrated reporters Luis Fernando Llosa and L. Jon Wertheim accompanied investigators on the Jupiter raid, which authorities believe will reveal a trove of athletes as clients. … Authorities tell us that Signature Pharmacy in Orlando, which was also raided on Tuesday, did $17 million in business with Palm Beach Rejuvenation alone. When Diamondbacks pitcher, Jason Grimsley had his home raided last summer, he admitted to investigators that he was well aware of a conduit between steroids/HGH and wellness centers."

On its Web site, WESH-TV, Winter Park, Florida (2/27) reports the owners of Signature Compounding Pharmacy "were arrested and officials said they could be sent to New York state, where the whole case began." WESH reports the Loomises "are expected to face charges connected to the illegal distribution of steroids, human-growth hormones, and other drugs."

Pittsburgh Steelers Doctor Questioned. WTAE-TV, Pittsburgh (2/27) reports on its Web site that a report "said a doctor who works with the Pittsburgh Steelers was questioned in a steroids investigation. A reporter with the Albany Times Union said Dr. Richard Rydze was questioned about $150,000 in steroids purchases on his personal credit card." The report said "a New York state health department investigator, last month, flew to Pittsburgh as part of a wide-scale investigation into the online sale of steroids. … Rydze isn't breaking any laws or rules by buying HGH and testosterone online. However, the NFL has a clear policy banning the use of testosterone by players." KDKA-TV, Pittsburgh (2/27) has posted a similar report on its Web site.

The Pittsburgh Tribune-Review (2/28) reports there "is no indication that Rydze has done anything wrong, and a spokeswoman for Albany County District Attorney P. David Soares would not say if he is a target of the investigation." The Tribune Review adds, "Pharmacy officials are accused of repeatedly filling prescriptions written by doctors, some of them not licensed, for patients they hadn't met, according to a statement released by Soares' office. At least $250,000 worth of illegal and controlled substances were sold and shipped to Albany with sales in New York alone totaling more than $10 million, according to the statement."

Texas Woman Pleads Guilty To Money Laundering. The Corpus Christi (TX) Caller Times (2/27) reported a Corpus Christi woman on Monday "pleaded guilty to federal charges in connection with a money laundering and drug distribution operation out of Country Meat Market, which she and her husband own." Rosalinda Perez "pleaded guilty to money laundering." The Caller Times says her husband Alfredo Garcia "pleaded guilty on Feb. 15. to conspiring to distribute cocaine out of the meat market. … Investigation into the couple began in September 2005, when authorities in

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New York notified Drug Enforcement Administration agents in Corpus Christi that a vehicle registered to …Garcia had been found in New York with a small quantity of cocaine inside."

SAMHSA Study Quantifies Rates Of Illegal Drug Use, Drinking. USA Today (2/28, 3A, Leinwand, 2.27M) reports, "Seven states in the South and Midwest are driving an increase in the percentage of people nationwide who drink alcohol regularly, a new study shows. Alaska for the third year in a row has the highest rate of illegal drug use in the nation, the study found. The study, being released today by the Substance Abuse and Mental Health Services Administration (SAMHSA), found rates of illicit drug use significantly higher than the national average in nine other states — Rhode Island, Vermont, Colorado, Montana, Oregon, Maine, Massachusetts, New York and Connecticut — plus Washington, D.C. … Nationally, 51.1% of Americans reported drinking alcohol in the past month, up from 50.2% in the previous study."

Poppy Eradication In Afghanistan Said To Be Threatened By Corruption. The UK's Telegraph (2/28) reports the British-backed campaign to "eradicate opium poppy growing in Afghanistan has fallen behind schedule and is threatened by corruption. … A policeman provided a detailed account of systematic corruption within the force. 'The only people [whose crops are] being eradicated are those without money or connections,'" said the policeman. If the campaign "fails in Helmand, which produced 40 percent of the country's opium last year, then British officials admit that US-led pressure for a radical campaign of aerial spraying of poppy next year will become irresistible."

Minnesota Explosives Search Turns Up Munitions. The Minneapolis Star Tribune (2/28, Xiong) reports, "Military-grade ammunition was found Tuesday at a south Minneapolis building linked to a man jailed the day before on suspicion of having military explosives at his home, Minneapolis police said." The Tribune continues, "A federal investigation that remains closely guarded by authorities became public Monday during a search of the man's Bloomington house. The investigation continued Tuesday at a commercial retail building at 5200 47th Av. S., which is owned by the man's wife, said Minneapolis Police Deputy Chief Rob Allen. The findings in Minneapolis are not as worrisome as those in Bloomington, he said. … 'There's nothing that's raised our concern to the degree they were at in Bloomington,' Allen said. 'She's [the wife] being very cooperative.'" The Tribune adds, "Authorities would not speak in further detail about what was found in the Minneapolis building's garage. The building houses a convenience store, a massage center, a hair salon run by the suspect's wife and a second-floor apartment. No one was arrested Tuesday. … Allen said the man -- described by one acquaintance as a gun-show regular -- stored items on the property. Tenants said he was also the building's repairman. A Minneapolis police bomb squad was called to the scene, and a block was taped off. … The man, who hasn't been charged with a crime, was arrested Monday after authorities found 'small quantities' of explosive materials and 'quite a few' firearms at his home in the 1700 block of W. 84th Street, said Steve Bogdalek, assistant special agent in charge of the Bureau of Alcohol, Tobacco and Firearms. … Authorities from the ATF, the FBI and the state Bureau of Criminal Apprehension wouldn't say why or for how long the man was being investigated for possessing the materials. They refused to say whether his cache of detonation cords, blasting caps, guns and explosive materials was part of a larger operation. FBI special agent Paul McCabe said there is no public safety risk at this point."

ATF Joins Search For Florida Road-Rage Gun. The Orlando Sentinel (2/28) reports from Deland, FL, "Four specially-trained canines are being sent out today to help deputies look for the gun used in a road-rage incident that killed a race fan on Interstate 4." The Sentinel continues, "The canines and their handlers are from the Bureau of Alcohol, Tobacco, Firearms and Explosives. They will team up with the Volusia County Sheriff's Office to search a large area along I-4 where Erik Houk, 36, was shot and killed while driving back to Land O'Lakes from the Daytona 500, ATF officials said. … Houk was transported to Florida Hospital DeLand after the Feb. 18 shooting, where he was pronounced dead." The Sentinel adds, "Three men -- David P. Edwards, 21, Ronlee Harvin, 21, and Charles Onasanya, 18 -- were arrested in Sanford after the shooting and told police they threw the gun somewhere along I-4 after they left the scene, officials said. Deputies have been looking for the weapon ever since. … The ATF bureau is the Department of Justice's lead agency for training dogs to detect explosives. Its canines are certified to detect 19,000 odors, including gunpowder and explosives, Davidson said. Officials will also use a portable Raytheon Thermal Imaging device to look for the gun."

ATF Agent Testifies To Discussing Buying Arms From Texas Man. The El Paso Times (2/28, Meritz) reports, "A federal agent testified Tuesday that he discussed purchasing firearms, in addition to explosive devices, from one of the two men accused of making and possessing pipe bombs that authorities discovered in a sting earlier this month." The Times continues, "Meanwhile, lawyers for the defendants argued Tuesday before U.S. District Court Magistrate Judge Michael McDonald that the

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government had not established that the suspected pipe bombs actually could have exploded and caused a danger to the public." The Times adds, "Alfredo Rubio, 23, of San Elizario, along with Juan Ortiz, 22, of Socorro, are accused of conspiring to make and possess 15 pipe bombs that Bureau of Alcohol, Tobacco, Firearms and Explosives undercover agents discovered Feb. 21 during a meeting in Canutillo. … Frank Henderson, a special agent with ATF, said in court Tuesday that he was working to arrange a purchase of weapons as well, including a MAC-10 assault rifle, rocket launchers and a machine gun. … Henderson testified that the Feb. 21 meeting was the second between him and Rubio. The agent said that during the first meeting, on Jan. 20 at a parking lot in the Northeast, he paid Rubio $2,000 for seven pipe bombs, then transported them in the front seat of his truck. Henderson also testified that law enforcement had not tested the devices to determine whether they would explode as designed."

IMMIGRATION:

Five Plead Guilty In Illegal Workers Probe. The AP (2/28, Virtanen) reports from Albany, NY, "Five former managers from a major crate and pallet manufacturer that employed illegal immigrants pleaded guilty Tuesday, 10 months after federal agents staged sweeping raids at company sites in 26 states." The AP continues, "James Rice, 37, of Houston, an executive regional general manager of IFCO Systems, pleaded guilty to conspiring to employ illegal workers. Robert Belvin, 43, of Stuart, Fla., a former general manager of the Albany IFCO plant, pleaded guilty to two felony conspiracy charges. … The two executives could face up to two years in prison and a $250,000 fine, Assistant U.S. Attorney Tina Sciocchetti said." The AP adds, "Netherlands-based IFCO Systems NV describes itself as the leading pallet services company in America. It reported $108 million in profits in 2006 on revenues of $647 million. …. In April, more than 1,100 people were arrested on administrative immigration charges at more than 40 IFCO sites. More than half of IFCO Systems' roughly 5,800 employees during 2005 had invalid or mismatched Social Security numbers, the government said at the time. … U.S. Department of Homeland Security officials said the raids were part of a stepped-up effort to target employers of illegal immigrants." The AP notes, "Defense lawyers said they reviewed prosecution material that included taped conversations involving their clients."

Chertoff Takes Push For Immigration Reform To Capitol Hill. The Los Angeles Times (2/28, Gaouette, 850K) reports, "For weeks, Homeland Security Secretary Michael Chertoff has waged a clandestine charm offensive on behalf of an immigration overhaul. He consulted with supportive lawmakers, listened to adversarial congressmen and slipped into the private offices of wary senators, the only sign of his presence the beefy security men waiting outside." Having taken a group of "skeptical members of Congress" on a tour of the southern border last week, Chertoff will today launch "a higher-profile effort to win enough votes to pass a comprehensive overhaul when he testifies at the first Capitol Hill hearing on immigration legislation since Democrats took over. Chertoff's campaign has impressed some lawmakers who may be crucial to the fate of his effort, but it's not clear whether they have been swayed enough to support it." The Times quotes Sen. Johnny Isakson, who said his border trip with Chertoff reaffirmed "that what we tried to do last year was right — that is, delineate the need for security and require its completion first." Chertoff told reporters Tuesday that the administration wants "to work with Congress. That's the whole point of being in government — to get stuff done."

Guest Workers Often Receive Lower Pay, Less Work Than Promised. The New York Times (2/28, Greenhouse, 1.16M) reports on the abuses faced by guest workers "at a time when President Bush and many in Congress are pushing to expand the guest worker program as part of an overhaul of the nation's immigration laws. … Labor experts say employers abuse guest workers far more than other workers because employers know they can ship them home the moment they complain. They also know these workers cannot seek other jobs if they are unhappy." The Times continues that the "workers often pay exorbitant fees and are frequently given fewer weeks of work and lower wages than promised. Many employers fail to make good on their commitment to pay transportation costs." Congressional proposals "to expand protections for guest workers include a provision to bar employers from retaliating when these workers protest and one that would let them sue in federal court over contract violations."

Studies Show Immigrants Increase Pay For Native-Born Citizens. The Los Angeles Times (2/28, Watanabe, 850K) reports a pair of studies released this week "counter negative perceptions that immigrants increase crime and job competition, showing that they are incarcerated at far lower rates than native-born citizens and actually help boost their wages. A study released Tuesday by the Public Policy Institute of California found that immigrants who arrived in the state between 1990 and 2004 increased wages for native workers by an average 4%." UC Davis economist Giovanni Peri, who conducted the study, said the presence of immigrants "pushed natives up the economic ladder into employment that required more English or know-how of the US system, he said." Meanwhile, a "study released Monday by the Washington-based Immigration Policy Center showed that immigrant men ages 18 to 39 had an incarceration rate five times lower than native-born citizens in every ethnic

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group examined." The Times notes that the studies "were released just days before the US Congress is to restart debate on major immigration reform legislation and as numerous states, including Texas, consider harsh measures against illegal migrants."

US Urged To Change Immigration Rules To Focus On Skilled Workers. Michele Wucker, author of "Lockout: Why America Keeps Getting Immigration Wrong When Our Prosperity Depends on Getting It Right," in the New York Times (2/28, 1.16M) argues for changing immigration rules in order to shift the balance away from family reunification while continuing "to admit spouses, minor children and parents of naturalized and native-born American citizens without quotas" and towards "skilled workers." She writes that "there are shortages of both temporary and permanent visas for scientists, engineers, mathematicians, doctors and nurses" while "family chain migration is common." The problem is said to be limits on employment-based visas compounded by per-country visa caps. Wucker recommends "phasing out family-based preferences for adult siblings and adult children" to "free up 138,066 green cards a year."

Study Finds Immigrants Not Responsible For Most Crimes. The North County Times (2/28, Sifuentes) reports, "A common perception that immigrants are responsible for much of the nation's crime is not supported by evidence, according to a study released Monday by an immigrant rights group." The Times continues, "Violent and property crime rates have dropped 34 percent and 26 percent respectively since 1994. At the same time, the illegal immigrant population doubled to an estimated 12 million, according to the study, called the Myth of Immigrant Criminality and the Paradox of Assimilation. … But critics said the study is biased and based on incomplete Census data." The Times adds, "The authors, sociologists Ruben Rumbaut and Walter Ewing, said immigrants have faced similar perceptions throughout the nation's history. Previous waves of immigrants, such as Italians and Irish, were often viewed as more inclined to crime than native-born people, they said. … Similar views are now thrust upon the newest immigrants, who are predominantly from Latin America, the authors said." The Times notes, "Researchers said they did not analyze legal and illegal immigrant populations separately, because the U.S. Census data does not ask whether immigrants are in the country legally or illegally. … Based on 2000 Census information, the study concludes that the problem of crime in the United States is not caused or aggravated by immigrants, regardless of their legal status. The study was released by the Immigration Policy Center, a research organization that focuses on the contributions immigrants make the country. … The policy center is a division of the American Immigration Law Foundation, a Washington, D.C.-based nonprofit focusing on immigration. … One of the key findings the study cites is that U.S.-born men, ages 18-39, are five times more likely to be incarcerated than foreign-born men in the same age group. However, the 'paradox of assimilation' is that the children of immigrants tend to have higher incarceration rates than their parents, according to the study."

TAX:

Real-Estate Professionals Chafe At IRS Rules. The Wall Street Journal (2/28, Dunham) reports, "Some real-estate professionals say they are being mistaken for sometime investors by the Internal Revenue Service, and that could prohibit them from taking advantage of certain tax and economic benefits." The Journal continues, "Consider the case of David Friedman, a real-estate broker and property owner in Los Angeles. Like many professionals in the business, he not only sells homes to consumers, he also buys and sells undeveloped land and owns single-family homes that he rents out. He says he works every day and has amassed holdings in Southern California and Oklahoma that are valued at $20 million. … Yet after 20 years in the business, Mr. Friedman finds himself in a battle with the IRS, which is auditing his past tax returns over whether he is really a full-time real-estate professional or one of the many part-time real-estate investors who have sprung up across the country in the past decade." The Journal adds, "The distinction is important because full-time real-estate professionals, defined as someone who spends more than half of his working hours in real estate and more than 750 hours a year tending to real-estate activities, can fully deduct losses -- including depreciation, interest expense on loans and property taxes. … But those who don't fit into that category are typically considered to be 'passive' real-estate investors with a limited ability to deduct their losses, says Alan Weiner, a CPA and tax partner at the firm of Holtz Rubenstein Reminick LLP in Melville, N.Y. … Robert Marvin, a spokesman for the IRS, said the tax agency can't comment on individual taxpayer cases. However, he indicated that the agency is paying more attention to real-estate activity because it is one of the areas where research shows there is a large tax gap, meaning taxpayers are underreporting income to the IRS. The tax gap in income from rents and royalties is about $13 billion and $11 billion for capital gains. (Income from real-estate activity is included in, but not exclusive to, both categories.) Mr. Marvin said that several thousand returns of real-estate professionals have been audited since last year and approximately 3,000 are under audit now. … But some tax attorneys say these professionals are being unfairly scrutinized."

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CONGRESS-ADMINISTRATION:

Bush To Visit Indiana School To Tout NCLB. The Louisville Courier-Journal (2/28, Carroll) reports, "President Bush will visit New Albany's Silver Street Elementary School on Friday, in addition to attending a campaign fundraiser in Louisville. He also plans to meet with University of Louisville students." At Silver Street, Bush will "discuss his 'No Child Left Behind' program." The school "has made 'adequate yearly progress' each of the four years since the law went into effect." Superintendent Dennis Brooks "called the president's visit an 'unexpected opportunity' for students and teachers at the school." Afterwards "Bush will speak at a McConnell for Senate reception at the Seelbach Hilton Louisville."

The AP (2/28) reports, "President Bush will visit an elementary school in New Albany on Friday and will speak about reauthorizing the five-year-old No Child Left Behind law."

WDRB-TV Louisville, Kentucky (2/27) reported, "The president will be in town on Friday for a fundraiser for Kentucky Senator Mitch McConnell -- but he's also making a stop in Indiana. President Bush will visit a New Albany school on Friday. And right now, students and faculty members are sprucing things up for their special guest." Principal Tony Duffy said, "It's such an honor. It's a once in a lifetime opportunity for our students and our teachers and everyone involved in our school."

WLKY-TV Louisville, Kentucky (2/27) reported, "His itinerary includes a stop at Silver Street Elementary School in New Albany, where he'll talk about reauthorizing the five-year-old No Child Left Behind law. Afterward, he'll attend a fundraiser for Sen. Mitch McConnell (R-Kentucky)."

Business Groups Mount Offensive Against Employee Free Choice Act. The Wall Street Journal (2/28, A4, Maher, 2.04M) reports, "Organized labor aims to use the House's expected passage tomorrow of a pro-union bill to further the rest of its legislative agenda, even though the bill, under heated industry opposition, faces likely defeat in the Senate. The Employee Free Choice Act would make it easier to organize workers by giving them the right to unionize as soon as a majority signs cards in favor of a union, a process known as 'card check' that can take a few weeks." The Journal adds, "In the past two days, the National Association of Manufacturers sent two letters to members of Congress, saying that the association would use tomorrow's vote in determining its future support for lawmakers." The association "argues the bill 'further erodes the competitive capabilities of American manufacturers.' A coalition representing more than 300 state and local employer groups also is lobbying against the bill, and the US Chamber of Commerce said it has sent more than 24,000 emails to members of Congress to oppose it."

The Hill (2/28, Swanson) reports, "The US Chamber of Commerce is leading this drive, whose magnitude rivals the 2001 campaign supporting President Bush's tax cuts. As of last week, the Chamber alone had directed more than 24,000 letters, phone calls and e-mails to House members in opposition to H.R. 800, the Employee Free Choice Act of 2007." The effort "has continued this week with advertising in 60 conservative-leaning blogs and e-mail blasts to House chiefs of staff and legislative assistants on labor. Along with the Chamber of Commerce, the business coalition includes dozens of national and local business groups. Together, they are targeting 51 congressional districts with radio advertisements and phone calls urging constituents to press their representative to oppose H.R. 800." These districts "cover 29 Democrats and 22 Republicans, including freshman Reps. Heath Shuler (D-N.C.), Tim Mahoney (D-Fla.), Ron Klein (D-Fla.), Joe Courtney (D-Conn.), David Loebsack (D-Iowa), Jerry McNerney (D-Calif.), Vern Buchanan (R-Fla.), Steve Kagen (D-Wis.), and Carol Shea-Porter (D-N.H.). All but Mahoney and Buchanan are cosponsors of the bill."

However, Roll Call (2/28, Drucker) reports "the AFL-CIO, which held events in 90 Congressional districts with 150 House Members over the Presidents Day recess, is cautiously optimistic that H.R. 800 will pass the House." Bill Samuel, the union's spokesman, "said many Democrats from Republican-minded districts are unlikely to face reprisals at the ballot box for supporting the bill, because they represent areas that are culturally conservative but labor-friendly."

Walter Reed Controversy Spurs Bipartisan Call For Tighter Oversight. The Hill (2/28, Kaplan) reports, "The poor conditions and bureaucratic mazes facing wounded soldiers and Marines at the Walter Reed Army Medical Center have sparked condemnation from Democratic and Republican lawmakers as they prepare for a hearing next Monday at the hospital. Rep. John Tierney (D-Mass.), chairman of the Oversight and Government Reform national security subcommittee, with support from Republican Reps. Tom Davis (Va.) and Christopher Shays (Conn.), announced earlier this week that he would conduct a hearing at Walter Reed." The Hill notes that the controversy has been "generating headlines in local newspapers." Rep. Joe Donnelly, who sits on the Veterans Affairs Committee, "created a veterans' advisory board" and "told the South Bend Tribune yesterday that 'Everybody's in a very foul mood right now' with respect to the media accounts."

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Congress Considers Cutting Several High-Profile Pentagon Programs. The Hill (2/28, Tiron) reports Congress "is grappling with how to fix a number of high-profile defense programs that are costing taxpayers billions of dollars yet have poor records of success. … Programs in danger may include the Army's Future Combat Systems and the Joint Tactical Radio System; the Air Force's Joint Strike Fighter and several satellite programs; and the Navy's Littoral Combat Ship. While outright cancellations do not appear imminent in the 2008 defense budget, defense authorizers and appropriators will focus on reevaluating, in some cases redirecting and reprogramming funds. Defense committees have begun to focus on somewhat less complex and less challenging systems. Too often, congressional sources say, the Pentagon embarks on ambitious programs with even more ambitious deadlines, and as a result forgoes critical early testing and evaluation on technologies. When the programs enter operational testing and so-called low-rate production, problems crop up, forcing the services to return to the drawing board and incurring cost overruns and delays."

Congressional Democrats Eager To Advance Domestic Agenda. The Politico (2/28, Cummings) reports that "even as Iraq dominates the headlines, congressional Democrats are moving swiftly on key domestic issues aimed at improving their 2008 reelection chances and splitting Republicans. This week's House debates on easing union organizing and giving Congress more say in foreign purchases of critical domestic infrastructure are cases in point. … Coming next are scheduled hearings and debates on health care, education, prescription drugs, stem-cell research and immigration reform, all issues that Democrats campaigned on during the 2006 midterms. This runup to the Easter break is just a sneak peak at the broader agenda Democrats are planning to put in place for the rest of the year. What it shows is that House Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry Reid (Nev.) are in a hurry to pocket some key domestic victories and avoid the 'do nothing' label they gave Republicans last year.'

Blue Dogs' Influence Over Democratic Caucus Noted. Roll Call (2/28, Yachnin) reports "there are plenty of indications that the fiscally conservative Blue Dog Coalition's cache is expanding on Capitol Hill — an invitation to the White House, regular meetings with the Speaker, plum committee assignments. … Members of the Blue Dogs are anything but reticent about their growing influence within the new Democratic majority, as the moderate lawmakers — who now number nearly four dozen, the largest contingent in the group's 12-year history — seek to maximize their impact in the House following the power switch in the 110th Congress." Roll Cal notes that "even as the Blue Dogs acknowledge their own potential to serve as a bridge to their moderate Republican colleagues, however, the Democratic lawmakers seek to tamp down expectations that any formal bipartisan efforts are under way. … While members of both the Blue Dogs and the moderate Republican Tuesday Group previously have suggested the organizations could work together in the new session, for now the Democrats suggest those efforts are limited to one-on-one sessions or the committee level.'

Lobbying Disclosure Act Does Not Require Firms To Disclose All Revenue. The Hill (2/28, Snyder, Young) reports that "some critics believe that the Lobbying Disclosure Act (LDA), the law that defines what activities a firm must report annually to Congress, hasn't kept pace with the industry's evolution. Firms now have public relations, strategic consulting, grassroots and federal marketing arms — all of which have the potential to influence public officials, but which often take place outside the public eye. … The firms themselves are sympathetic to complaints about the limitations of the LDA, albeit for different reasons. Believing annual revenue rankings are a potential marketing tool for their own businesses, firms are quick to note other revenue streams that aren't included in LDA figures — particularly if it's been a bad year for lobbying. The Senate has passed a bill to update the LDA, enacted in 1995, but — aside from a new requirement that lobbyists detail fundraising activities — the changes do not include expanding what type of activity should be reported."

Kerry Grills Swift Boat Contributor Nominated To Be Ambassador To Belgium. The Washington Post (2/28, A17, Akers, 690K) reports Sen. John F. Kerry "did seem to enjoy at least a small measure of satisfaction in making mega-GOP-donor Sam Fox squirm during yesterday's Senate Foreign Relations Committee hearing to consider Fox's nomination to be ambassador to Belgium. Fox contributed $50,000 to fund the infamous Swift Boat Veterans for Truth ads that sought to smear Kerry's Vietnam War record in the 2004 presidential campaign." Kerry "explained that he did not intend 'to play some sort of "gotcha" game,' but he wanted to know: How does the nominee feel about the level of 'personal destruction' in politics these days? Fox replied that he was 'very concerned' that politics have become too 'mean and destructive,' especially with the participation of independent '527' groups such as Swift Boat Veterans. He tried not so subtly to redirect Kerry's line of questioning by saying, 'Sir, you're a hero,' adding that no 527 group 'can take that away from you.'"

HUD Releasing "Groundbreaking" Study Of Homeless Population. USA Today (2/28, Koch, 2.27M)

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reports, "A groundbreaking survey of homelessness being released today found that 704,000 people nationwide sought shelter at least once in a three-month period. Families with children accounted for one-third of those seeking emergency shelter or transitional housing between February and April 2005, the most recent period studied, according to the report by the Department of Housing and Urban Development. The rest were individuals, mostly adult men. Nearly half were black." USA Today notes, "The count covered only those seeking shelter, not people living on the street, so the total number of homeless people would be higher. 'This first-of-its-kind study is a huge leap forward in our understanding of not only how many people are homeless, but also what their needs are,' HUD Secretary Alphonso Jackson says."

Watchdog Urges Ethics Committee To Investigate Doolittle. The Hill (2/28, Crabtree) reports, "Government watchdog group Democracy 21 singled out Rep. John Doolittle (R-Calif.) for special scrutiny yesterday, renewing its call for the ethics committee to conduct an investigation into multiple potential ethics violations by the lawmaker. Democracy 21 President Fred Wertheimer said there is no evidence that the committee had taken any action about Doolittle in the last Congress even though his group and a series of press reports raised serious questions about whether Doolittle violated House ethics rules. … Specifically, Wertheimer points to Doolittle's practice of paying his wife's company a 15 percent commission on all contributions that the company raised for Doolittle's campaign." Wertheimer "also called on the committee to look into whether fees paid to Doolittle's wife, Julie Doolittle, on contributions indicted defense contractor Brent Wilkes and his associates made to his campaign committee and PAC were linked or appeared to be linked to any official action Doolittle took to help Wilkes's company obtain millions of dollars in government earmarks."

Thune Role As Lobbyist May Have Killed Railway Loan. The Washington Post (2/28, A17, Williamson, 690K) reports the Federal Government "killed a $2.3 billion railway loan after opponents attacked Sen. John Thune (R-S.D.), because he was the railway's lobbyist before winning election and backing legislation favoring the loan to his former client." The privately held Dakota, Minnesota & Eastern Railroad "wanted the money for an 860-mile Midwestern rail-line renovation and expansion project. The Federal Railroad Administration said its denial was based on financial factors. But project backers and detractors said the loan sank after opponents, led by the Mayo Clinic, based in Rochester, Minn., ginned up congressional heat on the agency. The key to that was Thune's role: The Republican did nothing illegal, but his seamless transition from the railway's lobbyist to its Senate champion handed ammunition to opponents and their own lobbyists."

Study Suggests Breakdowns Common Between Agency Field Staffs, Headquarters. The Washington Post's (2/28, D4, Barr) "Federal Diary" column reports, "Communication. Trust. Leadership. A report by the Interior Department inspector general, released this month, provides a glimpse of how these issues can arise in agencies that have to manage a workforce spread across the country. The report, by Earl E. Devaney, Interior's inspector general, focused on the law enforcement office at the Fish and Wildlife Service," but Devaney "found some problems in the law enforcement office, such as a 'general mistrust of senior management' and a lack of communication between the headquarters and the field, 'which has created a perception that there is a 'wall' between management and field personnel.'" The "IG review suggested" the agency's program risked "being undermined because of leadership and communication problems -- issues that hinder operations in many parts of the government. The report pointed out that the lack of communication between senior leaders and the field 'has significantly impacted morale and trust.'" The Post adds that the IG's report identifies areas of sensitivity such as "'unwritten requirement' for promotions" and bonuses and time-off inconsistencies as well as "disciplinary action proved to be another sensitive topic, the IG found."

Bush Hosts NBA Champions. NBC Nightly News (2/27, story 10, :35, Williams, 9.87M) reported, "You might as well see this following clip now because it may well appear on all the late night comedy talk shows this evening. The President hosted Shaquille O'Neal and the NBA champions, the Miami Heat. All went well until…the President started to dribble," and "the ball was under inflated. While the President's form was fine, of all people in that job, he knows well," that "some days the ball just doesn't bounce your way."

OTHER NEWS:

Stock Market Tumble Sparks Fears About US Economy. ABC World News (2/27, lead story, 2:50, Gibson, 8.78M) reported, "American investors took a punch to the pocketbook today. And it was a sobering lesson in today's global marketplace, as nervous investors in China sparked the sell-off in New York. The Dow started its slide early. But then, in mid-afternoon, at times, seemed to be in free-fall. By the closing well, the industrial average, was off 416 points." The CBS Evening News (2/27, lead story, 2:50, Couric, 7.66M) noted, "We haven't seen a day like this on Wall Street in years." In addition to the Dow slide, "the NASDAQ gave up 96 points, nearly 4%." The Dow's 400-

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point "plunge is the biggest one-day point drop since this trading floor reopened after 9/11, back in 2001. And it was breath taking."

The New York Times (2/28, Norris, Peters, 1.16M) headlines its story "Wall St. Slide Fuels Worries On Economy," and reports the Standard & Poor's 500-stock index, "the benchmark index for many investors, slid 3.47 percent, and the technology-heavy Nasdaq composite index fell 3.86 percent. All three major indexes erased their gains for the year."

NBC Nightly News (2/27, lead story, 3:00, Williams, 9.87M) said, "It was almost scary to watch," while the New York Times (2/28, Barboza, 1.16M) reports, "The downturn shattered all sorts of records, and analysts said there was no clear reason for Tuesday's severe drop in Shanghai, equivalent to a 1,100-point drop in the Dow Jones industrial average." But "the Chinese stock market was rife with rumors that the government was considering new measures to tame the world's hottest stock market before a bubble developed."

USA Today (2/28, 1B, Shell, Waggoner, 2.27M) reports, "For weeks, stock gurus have warned that the Dow Jones industrial average's longest run without a 2% correction since 1954 was worrisome: Some negative catalyst was bound to spook investors and start a selling frenzy." The "selling spark came Tuesday across the globe in China, a highflying market with a speculative zeal rivaling the '90s dot-com stock gold rush. Shanghai's benchmark index plunged nearly 9% amid fears the Chinese government is moving to squash speculation in stocks." The Dow "swooned in response."

Fox News Special Report (2/27, Hume) reported senior White House officials "watched the market very closely," but they "insist the US economic fundamentals are still very strong, and they're very confident about that." However, as the markets closed President Bush spoke with Treasury Secretary Henry Paulson and relayed "a clear expression of concern" about the downturn.

On NBC Nightly News (2/27, lead story, 3:00, 9.87M), CNBC's Maria Bartiromo summed up what most analysts see as the reasons for yesterday's market drop. She said, "Primarily, there were three factors contributing to today's downturn. First -- China. Today's sell off started over seas. In China the Shanghai Composite Index dropping almost 9%. Fears the government is trying to slow the economy. Second, durable goods. Sells of big ticket items like appliances and computers are slowing down. Third world tensions, instability in Afghanistan. News this morning of a suicide bomber attack at a check point not far from where Vice President Cheney was staying. Plus instability in Iran there nuclear capabilities and what that means for the US, all combining for some real market unrest today."

The Financial Times (2/28, Callan) reports, "US industrial investment appeared to have slowed at the start of this year as figures released on Tuesday showed a steep fall in demand for capital goods." There was "an unexpected drop in orders of durable goods across industry sectors as demand slid by a record 8 per cent to $204bn in January." The Wall Street Journal (2/28, Conkey, 2.04M) notes the Commerce Department "said new orders for durable goods fell 7.8% in January following a 2.8% increase in December, largely because there were fewer orders for transportation equipment." USA Today (2/28, 5B, Hagenbaugh, 2.27M) also runs a story on the durable goods report, titled "Economists Worry As Businesses Tighten Spending."

The Los Angeles Times (2/28, Hennessy-Fiske, Girion, 850K) reports this morning, "The dreaded 'R' word -- recession -- is back in play, contributing to Tuesday's stock market plunge. But is recession a real possibility? Many analysts say recession is unlikely this year, that Tuesday's market sell-off was long-anticipated and would be short-lived as the economy rebounds from a housing slump. Also helping the economy are renewed consumer and business spending, a strong but not overheated labor market and possible intervention by the Federal Reserve, analysts say." Another Los Angeles Times (2/28, Zimmenman, 850K) reports, "Don't panic. That's what financial planners were advising clients today as they tried to cope with the worst day for the stock market in almost four years."

The Washington Post (2/28, D1, Tse, 690K) reports, "Some market strategists said they were holding off on buying, seeing a potential for larger drops. Others characterized the retreat as a long-overdue correction and good for a market still fundamentally strong. They said recent increases in oil prices, geopolitical events in the Mideast and growing concern about the subprime-mortgage market combined to set off the market downturn."

The Wall Street Journal (2/28, 2.04M) editorializes that "when Adam Smith does a house cleaning like yesterday's, he sweeps the dirtiest corners first. The question is whether this is a forecast or merely a correction. As evidence of the latter, we'd point to Mr. Greenspan, whose Monday remarks seem to have been over-interpreted as a recession prediction. In the same discussion, we're told, he called the world economy 'benign and stable.' … We also wouldn't make too much of one month's decline in durable goods. These are notoriously volatile, especially in transportation, which was way down in January."

But other media outlets saw more ominous reasons for the market drop. McClatchy (2/28, Hall) says yesterday's plunge "may also signal worse news than that. A steady stream of recent data shows mixed signals about where the US economy is headed. The old sage himself, Alan Greenspan, suggests recession could be looming." Adds McClatchy, "Fasten your seat belts -- some economic chop could be coming."

The New York Times (2/28, Leonhardt, 1.16M) reports, "The nation's manufacturing sector managed to slip into a

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recession with almost nobody seeming to notice. Well, until yesterday." The new report on durable goods "seemed to focus investors' attention on the problems in manufacturing and became one more reason for people to sell stocks. By the time the market opened in New York, stocks in almost every industrialized country had already fallen sharply."

The Chicago Tribune (2/28, Barnhart, 617K) says "investors face two scenarios. One is that Tuesday's market action…represented a catharsis in market sentiment and mechanics unlikely to be repeated." The second "is that Tuesday's trading exposed long-simmering vulnerabilities in world markets, arising from investor exuberance, especially in Asia, and a wave of debt-financed speculation. Working through those issues could mean days, weeks or months of weak stock markets."

The Wall Street Journal (2/28, A1, Browning, Karmin, Areddy, lp, 2.04M) reports "yesterday's plunge…signals that investors may finally be re-evaluating their insatiable appetite for risky investments. … A weaker-than-expected US economy could undermine many assumptions that have been underlying investors' embrace of risk. It could lead to higher defaults among companies that have taken on large amounts of debt. And it could undermine the outlook for foreign markets, which tend to depend far more on the US economy than the US depends on theirs."

On ABC World News (2/27, story 2, 1:20, Gibson, 8.78M), Sam Stovall, the chief strategist at Standard and Poor's, said, "I think that we were forecasting, because the S&P had not seen a one-day decline of 2% in 950 days, which is the longest since 1950, that we were expecting some sort of decline to occur. We didn't know exactly when and what would trigger it." Gibson: "Some sort of decline. But did people think it would be so precipitous?" Stoval: "I don't think so. I think because we had seen another 250 to 300 points occur in the blink of an eye, that maybe we did have some computer programs kick in, etcetera. But in general, most were expecting more of an orderly decline." The Washington Post (2/28, A1, Cho, Tse, 690K) also reports "some analysts said…that it was about time for the market to cool after a breathless run-up in share prices." The Los Angeles Times (2/28, 850K) and Washington Times (2/28, Hill, 88K) run similar reports.

Greenspan's Continuing Influence On Markets Noted. The Wall Street Journal (2/28, C1, lp, 2.04M) reports, "As chairman of the Federal Reserve, Alan Greenspan had 200 Ph.D. economists at his disposal to help decipher economic and market trends. Now, in the year since retiring from the job he held for 18 years, he relies on less than a half-dozen staffers to analyze the same economic trends. The last 48 hours have made clear, though, that investors can be just as devoted to what he has to say about those trends -- a devotion some say makes it harder to concentrate on what his successor, Ben Bernanke, has to say." Greenspan "told an audience via satellite early Monday, Hong Kong time, that a US recession was possible." He "didn't say a recession was likely. Indeed, he said most forecasters don't see one, the global environment is 'benign' and there has been no 'significant spillover' from the contraction in housing activity." But "the perceived pessimism of the remarks grew as headlines made their way around trading rooms and were blamed for helping contribute to a two-day, world-wide selloff in stocks, a plunge in bond yields as bond prices rallied, and increased market expectations of a cut in interest rates by the Fed." USA Today (2/28, 1B, Hagenbaugh, 2.27M) runs a similar report under the headline "Greenspan Comments Helped Grease Markets' Skid."

Gasoline Prices Reach Five-Month High. The CBS Evening News (2/27, story 3, :15, Couric, 7.66M) reported, "Also hitting wallets all over the country tonight is the price of gasoline. It's on the rise. It's up more than 20 cents in the past four week to a nationwide average, $2.38 a gallon, the highest price in five months."

Expansion Of Federal Ethics Panels Raises Criticism From Researchers. The New York Times (2/28, Cohen) reports, "Ever since the gross mistreatment of poor black men in the Tuskegee Syphilis Study came to light three decades ago, the federal government has required ethics panels to protect people from being used as human lab rats in biomedical studies. Yet now, faculty and graduate students across the country increasingly complain that these panels have spun out of control, curtailing academic freedom and interfering with research in history, English and other subjects that poses virtually no danger to anyone." The Times continues, "The panels, known as Institutional Review Boards, are required at all institutions that receive research money from any one of 17 federal agencies and are charged with signing off in advance on almost all studies that involve a living person, whether a former president of the United States or your own grandmother. This results, critics say, in unnecessary and sometimes absurd demands." The Times adds, "Among the incidents cited in recent report by the American Association of University Professors are a review board asking a linguist studying a preliterate tribe to 'have the subjects read and sign a consent form,' and a board forbidding a white student studying ethnicity to interview African-American Ph.D. students 'because it might be traumatic for them.' … Review boards, first created in 1974, were initially restricted to biomedical research. In 1981 the regulations were revised to cover all research that involves 'human subjects' and is designed to contribute to 'generalizable knowledge.' … Yet precisely how to interpret these rules has largely been left to each review board — 5,564 in all. And while the regulations apply specifically to research that gets federal dollars, many colleges use

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Institutional Review Boards to monitor all research, no matter where the funds come from. This system of helter-skelter enforcement, critics say, has no meaningful oversight and no appeal process."

Panel Criticizes Breakthrough Study Of Adult Stem Cells. The New York Times (2/28, Wade, 1.16M) reports, "An inquiry panel has found what it called 'significantly flawed' data in a major stem cell paper published in Nature in 2002. The article, which claimed stem cells isolated from an adult could change into all the major tissue types of the body, was seized on by opponents of abortion as showing that embryonic stem cell research was unnecessary since adult stem cells could provide all the predicted benefits. The lead author of the article, Catherine Verfaillie, said yesterday that she had sent a letter to Nature stating that the flawed data should not be relied on but that they did not affect the article's conclusions."

Campaign Document Says Romney Vulnerable To "Flip-Flop" Charge. The Boston Globe (2/27, Helman, 413K) reported, "Here are some views of Mitt Romney causing concern inside his campaign: His hair looks too perfect, he's not a tough war time leader, and he has earned a reputation as 'Slick Dancing Mitt' or 'Flip-Flop Mitt.'" Romney and his advisers "have identified those perceptions as threats to his bid for the 2008 Republican presidential nomination, according to an exhaustive internal campaign document obtained by the Globe. The 77-slide PowerPoint presentation offers a revealing look at Romney's pursuit of the White House, outlining a plan for branding himself, framing his competitors, and allaying voter concerns about his record, his Mormon faith, and his shifts on key issues like abortion."

The AP (2/28) reports the "internal document shows Mitt Romney's presidential campaign is concerned about his vulnerability to charges of flip-flopping, while suggesting he can differentiate from President Bush with a single word: 'intelligence.'" The document "also outlines plans for positively branding the Republican contender, negatively framing rivals John McCain and Rudy Giuliani, and allaying voter concerns about his record and Mormon faith." The blueprint, "dated Dec. 11, was drafted in part by Alex Castellanos, Romney's media adviser."

The Washington Post (2/28, A7, Cillizza, Shear, 690K) reports Romney's "advisers confront the challenges that the former governor faces as he seeks the Republican nomination. Among them, the document says, are his newly conservative positions on social issues and his belief in the Mormon faith, which is viewed skeptically by many members of other Christian denominations." The document "notes that Sen. John McCain (R-Ariz.) is seen as a war hero but also as an inside-the-Beltway politician, the Globe reported. It sees Giuliani's political strength emanating from his post-Sept. 11, 2001, actions as mayor, but touches on his 'personal political liabilities' -- a reference, perhaps, to his nasty and public divorce from his second wife, Donna Hanover."

Edwards Says Repeated Apologies For Iraq Vote Won't Turn Off Voters. The AP (2/28, Fouhy) reports Democrat John Edwards "said Tuesday that honesty and openness were essential qualities for a president, and that he was proud to acknowledge his 2002 vote authorizing the invasion of Iraq was a mistake." Edwards was "trolling for campaign cash on a three-day visit to New York — home of his chief Democratic rival, Sen. Hillary Rodham Clinton," and he "spoke to reporters after attending a union-sponsored workshop on eradicating poverty." Asked whether his "repeated apologies for his vote would be a turnoff to voters over time, the 2004 vice presidential nominee said that after six years of President Bush, voters craved a president willing to acknowledge errors and change course if necessary."

Giuliani, Clinton Lead Primary Fields In ABC/Washington Post Poll. ABC World News (2/27, story 5, 1:55, Stephanopoulos, 8.78M) reported the results of the latest ABC News/Washington Post' poll, noting that, "We asked voters how closely are you watching the campaign right now? 65% said they were watching it closely. That is just extraordinary. You usually see those kind of numbers around the conventions. Not 20 months before election day." On the Republican side, "Rudy Giuliani, the former mayor of New York, has opened a big lead over John McCain. 44% to 21%. That's triple until the last month. Newt Gingrich, not even officially in the race, is third at 15%. And Mitt Romney, who is in the race, has dropped since his entry down to 4%." On the Democratic side, "Hillary Clinton, still the frontrunner, but Barack Obama has cut into her lead. It's now a 12-point lead [36%-24%]. Most of that has come from African-American voters. Another person not in the race, Al Gore, is third, he is getting a little bit of an Oscars bounce up to at 14%. And John Edwards, exactly where he was a month ago, at 12%."

The Washington Post (2/28, A1, Balz, Cohen, 690K) reports in a front page story that the "opening stages of the campaign for the 2008 Democratic presidential nomination have produced a noticeable shift in sentiment among African American voters, who little more than a month ago heavily supported Sen. Hillary Rodham Clinton but now favor the candidacy of Sen. Barack Obama." Clinton "continues to lead Obama and other rivals in the Democratic contest, according to the latest Washington Post-ABC News poll. But her once-sizable margin over the freshman senator from Illinois was sliced in half during the past month largely

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because of Obama's growing support among black voters." On the GOP side, the "principal reason" Giuliani was able to expand his lead over McCain "was a shift among white evangelical Protestants, who now clearly favor Giuliani over McCain. Giuliani is doing well among this group of Americans despite his support of abortion rights and gay rights, two issues of great importance to religious conservatives."

Clinton-Giuliani Matchup Hearkens Back To 2000 Senate Race. ABC World News (2/27, story 5, 1:55, Stephanopoulos, 8.78M) reported, "If it turned out to be a Clinton/Giuliani race, and there's a long way to go, but that was almost supposed be the race in the 2000 Senate race in New York, they were supposed to oppose each other." Stephanopoulos: "That's right, but since then, Rudy Giuliani has gotten a halo over the American public. And he much more favorable ratings than Hillary Clinton does right now. Look at that. 64%, to 28%, favorable/unfavorable for Rudy Giuliani. Hillary Clinton, split right down the middle, 49%-48%. Rudy Giuliani is more popular with Democrats than Hillary Clinton is with Republicans."

Clinton Sees Pardon Controversy Reemerge As Issue. The Boston Globe (2/28, Kranish, 413K) reports, "Six years ago, the launch of Hillary Clinton's career in the US Senate was marred by allegations that her brothers had received payments from people pardoned by President Bill Clinton in the waning months of his presidency. Now, in the wake of the launch of her presidential campaign, the pardon controversy has reemerged in an obscure court case in which Senator Clinton's brother Tony is battling an order to repay more than $100,000 he received from a couple pardoned by President Clinton. Tony Rodham, who acknowledged approaching the president about a pardon for the couple, is the second of Hillary Clinton's brothers to receive money from people who were eventually pardoned by President Clinton. Hugh Rodham received $400,000 from two people, one of whom was pardoned and one whose sentence was commuted. But while Hillary Clinton immediately expressed chagrin over the news in 2001 that Hugh received the money -- and asked him to return it -- she said Tony was 'not paid,' according to a congressional report." On Tuesday, "US Bankruptcy Court Judge Marian Harrison of Nashville ordered Tony Rodham to respond by March 16 to the allegation that he failed to repay a loan of $107,000 from the couple pardoned by Clinton."

Clinton's Senate Filings Neglected To Disclose Family Foundation. The New York Times (2/28, Healy, 1.16M) reports the "charitable family foundation that Senator Hillary Rodham Clinton and former President Bill Clinton have operated since 2001 has not been listed on Mrs. Clinton's annual Senate financial disclosure reports for five years." Aides to the Clintons "said that the omission was a clerical error and that it was corrected immediately after The Washington Post brought it to their attention on Monday." Clinton spokesman Philippe Reines said, "It was inadvertently omitted from her Senate filing, an oversight that has since been corrected." According to the IRS filings, "the Clintons have contributed $5 million to the charity, the Clinton Family Foundation, and it has made grants to Yale University, where they both attended law school, and to other charities that have personal meaning for the Clintons."

Leading 2008 Candidates Push States To Join February 5 Primary. The Hill (2/28, Bolton) reports, "Pressure from the leading presidential candidates has set the stage for a Feb. 5 national primary that will likely include 20 states, possibly more." Working "behind the scenes and mostly through surrogates, Democratic Sens. Barack Obama (Ill.) and Hillary Rodham Clinton (N.Y.), and Republicans Sen. John McCain (Ariz.), former Gov. Mitt Romney (Mass.) and former New York City Mayor Rudy Giuliani have fueled a rush of states to hold primary elections on Feb. 5 next year, or earlier. As many as 23 states are in the frame to hold primary elections on that date." Delaware, Missouri, New Mexico and Oklahoma "in 2004 held their nominating contests on the first Tuesday of February, and are likely be joined this time by such big states as California, Illinois, Michigan, New Jersey, New York and Texas. They may be joined also by smaller states including Tennessee, Arkansas, Arizona, Alabama, Georgia, North Dakota, Utah, Kansas, Colorado and (for the GOP only) West Virginia and Nevada. The legislatures of Pennsylvania and North Carolina are holding hearings on the issue but the outcomes of these are uncertain." The allies of candidates "who expect to do well in these states are taking lead roles in moving primaries there to early February. By holding primaries soon after the Iowa caucuses, the first contest of the year, such states will have a bigger impact than before on who becomes the Republican and Democratic presidential nominees."

Morris Notes Move To National Primary Makes Money Critical. In his column in The Hill (2/28), Dick Morris notes the rush to the February 5 primary date, adding, "In effect, we will now have a national primary and the presidential nominating season will last only three weeks from start to finish. The effect of this gigantic sea change will be that whoever is the frontrunner in each party by the fall of 2007 will be virtually certain to win the nomination because only the frontrunner can possibly hope to amass enough money to compete in half the country at once. Nobody but the likely winner in each party will be able to compete at that level on Feb. 5." As a result, "Money will now be king. Nothing else will count very much. If you can afford to run a national campaign three weeks after the first caucus, you will win. If you can't, you're doomed. And the polling that

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designates a frontrunner now will do much to determine the nominee."

NYTimes Says Congress Should Repair Public Finance System. The New York Times (2/28, 1.16M) says in an editorial, "If nothing else, the disheartening frenzy to raise huge campaign donations in this front-loaded presidential race is making money — lots and lots of money — a public issue. In the cross-fire, federal election regulators are expected to approve Senator Barack Obama's clever but cagey attempt to claim a reformer's mantle: he wants to let the nominees keep bagging unlimited private donations in the run-up to the primaries, then have the choice of returning a chunk of it after the conventions and accepting limited public financing for the general election." Obama is "proposing to adopt the even-money truce — should he win the nomination — only if the Republican nominee does the same. Behind this shadowboxing is the fact that the post-Watergate public financing of presidential elections has not kept pace with inflation. This failure, which a conscientious Congress would repair in time for the 2012 election, has put private fund-raisers back at the wheel."

Conservative Group Criticizes Gore's Electricity Consumption. USA Today/AP (2/28) reports Al Gore, "a leading voice in the fight against global warming, is being called a hypocrite by a conservative group that claims his Nashville mansion uses too much electricity." A spokeswoman for Gore "said the former vice president invests in enough renewable energy to make up for the home's power consumption." Gore's documentary film, An Inconvenient Truth, "which chronicled his campaign against global warming, won an Academy Award on Sunday. The next day, the Tennessee Center for Policy Research put out a news release saying Gore was not doing enough to reduce his own consumption of electricity. The group disputes whether global warming is a serious problem." Utility records "show the Gore family paid an average monthly electric bill of about $1,200 last year for its 10,000-square-foot home." The Gores "used about 191,000 kilowatt hours in 2006, according to bills reviewed by The Associated Press spanning the period from Feb. 3, 2006, to Jan. 5. That is far more than the typical Nashville household, which uses about 15,600 kilowatt-hours per year."

The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column that Drew Johnson, president of the Tennessee Center for Policy Research, said, "If this were any other person with $30,000-a-year in utility bills, I wouldn't care. But he tells other people how to live, and he's not following his own rules." The Times adds Kalee Kreider, "a spokeswoman for the Gores, did not dispute the center's figures, taken as they were from public records. But she pointed out that both Al and Tipper Gore work out of their home, and she argued that 'the bottom line is that every family has a different carbon footprint. And what Vice President Gore has asked is for families to calculate that footprint and take steps to reduce and offset it.'"

WZTV-TV Nashville (2/27, 9:08 pm) reported, "It's being called Al Gore's own inconvenient truth. A local watchdog group says Gore's Nashville home uses more electricity in a month than most families use in a year. … The Tennessee Center for Policy Research points to the former vice president's electric bills for his Belle Meade home, which Fox 17 News has obtained. On average, US households use 938 kilowatt hours of electricity a month. Records show since January 2006 Gore's home has used 15,813 kilowatt hours a month, with an average power bill approaching $1,200."

WFAA-TV Dallas (2/27, 6:40 am) reported, "Hollywood environmentalists might be feeling a little less love for Al Gore. Fresh off of his win for his documentary, reports show that he uses 20 times more energy than the average household American."

Bush Ranch In Crawford Is Eco-Friendly. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column in "contrast to Al Gore's profligate use of energy at his Tennessee mansion, President Bush's 4,000-square-foot house in Crawford, Texas, is 'a model of environmental rectitude,' according to a 2001 article by Rob Sullivan in the Chicago Tribune." Marc Morano, "an aide to Senate Environment and Public Works Committee ranking member Sen. James M. Inhofe, Oklahoma Republican, posted the Tribune article yesterday at www.epw.senate.gov."

"Green" Politicians' Jet Travel Criticized. The Los Angeles Times (2/28, Pringle, 850K) reports California Sen. Dianne Feinstein (D) "offers plenty of tips on how California households can combat global warming." But "one bit of information Feinstein declines to share is the number of times that she flew last year on her husband's Gulfstream jet, which burns much more fuel per passenger-mile than commercial airliners." California Gov. Arnold Schwarzenegger (R) "also has asked constituents to do their part to conserve energy...even though he takes to the skies on leased executive jets." Aides "say there is nothing contradictory between the pro-green pronouncements and the flying habits of the Democratic senator and Republican governor. Some environmentalists aren't so sure." The Times adds, "Noncommercial aircraft and other carbon-related indulgences have caused politicians considerable turbulence recently."

Dowd Says Gore Would Make Campaign More Interesting. In her New York Times column (2/28), Maureen Dowd says, "The best ex-president who was never president could make one of the most interesting campaigns in American history even more interesting." Will Al Gore "use his green moment on the red carpet in black tie to snag blue

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states and win the White House? Only the Goracle knows the answer. The man who was prescient on climate change, the Internet, terrorism and Iraq admitted that maybe his problem had been that he was too far ahead of the curve. He realized at a conference that "there're ideas that are mature, ideas that are maturing, ideas that are past their prime ... and a category called 'predawn.'" Dowd adds, "With Hillary overproduced and Barack Obama an unfinished script, maybe it's time to bring the former vice president out of turnaround. Hillary's henchmen try to prognosticate the Goracle's future by looking at his waistline, according to Newsday; they think if he's going to run, he'll get back to fighting weight."

Link Between Gore Movie, Child Obesity Postulated. The Washington Times (2/28, McCaslin, 88K) reports in its "Inside the Beltway" column that it "may have discovered why Mr. Gore is so suddenly rotund: 'An Inconvenient Truth.' Iain Murray, senior fellow for global climate change and environmental science at the Competitive Enterprise Institute, forwards speculation that Mr. Gore's Oscar-winning movie could be hazardous to the former vice president's health, and everybody else's for that matter." The Scotsman, "Scotland's national newspaper, is claiming that half of the children between the ages of 7 and 11 in that country are now so anxious about global warming that they're losing sleep over it." Science Daily "is reporting that children who don't get enough sleep are more prone to obesity." Murray said, "One has to wonder just how much damage to civilization that Gore and company will do to impose their climate-control regime on the world."

Gingrich Says GOP Needs To Avoid Centrism, Hillary Bashing. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column former Speaker Newt Gingrich "says Republicans must avoid bland centrism and Hillary-bashing if they are to win in 2008." In an email "inviting conservatives to the Conservative Political Action Conference," Gingrich says, "There are two big facts about the 2008 election. Fact No. 1: Running as a bland, business-as-usual Republican will be a dead loser. In 2006, the American people repudiated the GOP because the idea of Republicans' trying to manage the liberal welfare state they inherited from the Democrats was a dead loser. I am not sure many Republican consultants have come to understand this." The second point Gingrich raises is that "focusing on an anti-Hillary campaign will also be a dead loser. … If a campaign is going to degenerate into a mud-slinging contest, the Clintons will always win because they are vastly more ready to jump into the pit."

Thompson To Hold First DC Fundraiser. Roll Call (2/28, Newmyer, Ackley) reports in its "K Street Files" column, "Add one more name to the long list of politicians that want some K Street cash. Former Health and Human Services Secretary Tommy Thompson, who is mulling whether he wants to give up his plush office at Akin Gump Strauss Hauer & Feld for the Oval Office, is having his first Washington, D.C., fundraiser next week. The money goes to his coffers at the Thompson Presidential Exploratory Committee — 2008." The event is "sponsored by Barbour Griffith & Rogers lobbyist Robert Wood, who was Thompson's chief of staff at HHS, and others around town, said Darrin Schmitz of the committee, known as 'Tommy 2008.'"

Some Republicans Hope Huckabee Will Run For Senate. The Hill (2/28, Blake) reports that although his "long-shot presidential campaign is still in its early stages, some wish former Arkansas Gov. Mike Huckabee would drop his national aspirations and return home to wage what they see as a vital campaign against Sen. Mark Pryor (D-Ark.) in 2008 instead." Observers say Arkansas is "often listed among the top Republican pickup opportunities in the country, but Huckabee is the only Republican who matches up to Pryor and there are no comparable alternatives, observers say." Although those "close to Huckabee chalk up the Senate talk to overanxious bloggers and speculation, some see Huckabee-for-Senate as a real possibility and most Republicans make it clear they would welcome him home." One state GOP source "familiar with Huckabee's campaign said a Senate bid could indeed materialize and that it's something Huckabee has considered and analyzed. Huckabee ran for Senate in 1992." Huckabee "couldn't wait too long to abandon the presidential bid, the source said, and the Aug. 11 Republican straw poll in Ames, Iowa, could be a fork in the road." Even if Huckabee "were to enter the Senate race, Republicans see the 10-year governor as an underdog. Despite his long tenure in state government's top office, he was reelected with just 53 percent of the vote in 2002, which was less than Pryor's 54 percent in a good year for Republicans nationally."

NRSC Donates $20,000 Contribution From Man Charged With Aiding Terrorists. The AP (2/28) reports, "A Republican Party campaign committee that received $20,000 in 2003 from a man now accused of helping terrorists has donated the money to a foundation that comforts families of wounded soldiers." The NRSC "renounced the contribution after news reports identified Abdul Tawala Ibn Ali Alishtari as an NRSC 'Inner Circle Member for Life.' Federal prosecutors charged Alishtari two weeks ago in New York with terrorism financing, material support of terrorism and money laundering. Alishtari pleaded not guilty in U.S. District Court in Manhattan." The NRSC "gave $20,000 last week to the Fisher House Foundation,

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which provides housing for families on the grounds of military and Veterans' Administration hospitals."

Special Election For Norwood Seat Set For June 19. The Washington Post (2/28, A7, Cillizza, Shear, 690K) reports June 19 is "the day that Gov. Sonny Perdue (R-Ga.) has chosen for the special election to fill the vacancy created when Rep. Charlie Norwood (R) died on Feb. 13." The two leading Republican candidates "to replace him are state senators. Ralph Hudgens is making his second try at the seat after losing to Norwood in a 1994 primary. In that race, Hudgens led on the initial ballot but lost 51 percent to 49 percent to Norwood in a runoff." Hudgens's primary challenge "will come from Jim Whitehead, who is seeking to tie himself to Norwood's legacy."

Rothenberg Sees No "Wave" In House Races For 2008. The Washington Times (2/28, Pierce, 88K) reports in its "Inside Politics" column that in his "early preview of House races in 2008, election forecaster Stuart Rothenberg says 'a huge political wave favoring one party is not very likely' next year." Rothenberg "still thinks Democrats will have 'plenty of opportunities again next year, including almost a dozen districts they narrowly lost and a handful of districts where they unwisely failed to field a strong challenger.'" But with "the White House held by Republicans and Democrats in charge of Congress, 'voters aren't going to blame one party entirely for whatever problems exist,' he says in his Rothenberg Political Report newsletter."

Schwarzenegger Unfazed By Unflattering Picture. Roll Call (2/28, Heil) reports in its "Heard on the Hill" column, "We knew our favorite governor/action star was up to something here in Washington more blockbuster-worthy than discussing Medicare (snore) and getting Congressional briefings. Turns out, California Gov. Arnold Schwarzenegger (R) has much more exciting plans, like possibly destroying an alien force." At a "briefing in the Capitol on Tuesday, a reporter ribbed the governator about his photo, which appeared on the cover of that day's Roll Call. In the picture, Schwarzenegger is gesturing with an outstretched arm, a slightly demonic expression on his face. 'Is there a worse picture of you?' the snarky scribe queried." Schwarzenegger had "a better assessment of the pic. 'It actually looks more like I'm about to get ready to attack an evil army or something,' he joked."

Top Democrats Seek Governors' Support For Corporate Disclosure Legislation. USA Today (2/28, 2.27M) reports Sens. Carl Levin and Barack Obama, as well as Rep. Rahm Emanuel, "urged the National Governors Association Tuesday to support proposed legislation aimed at anonymously-controlled companies involved in crime. … While acknowledging that most of those companies operate legally, the lawmakers warned that some instead function 'as conduits for organized crime, money laundering, terrorist financing securities fraud, tax evasion and other misconduct.' They asked the governors to back proposed federal legislation that would require those who register new companies in the 50 states to first gather information about their clients' identities. The proposal would also include company formation agents in federal anti-money laundering regulations."

Conservatives Unhappy With Recent Moves By Perry. The Washington Times (2/28, Aynesworth, 88K) reports Texas Gov. Rick Perry, "elected with strong conservative support in November, has taunted that political base recently and could face serious opposition in the state Legislature amid a developing power struggle. … His executive order earlier this month ordering all Texas girls entering the sixth grade to be immunized against a venereal disease that causes cervical cancer provided the most heat and criticism from conservatives. But another Perry edict, to speed up state review of proposed coal-fired power plants, was checked by a state judge last week. And another Perry suggestion, that the state should sell its lottery to help fund cancer research and care, hasn't caught on.

O'Malley Among Supporters Of Maryland Assault Weapons Ban. The Baltimore Sun (2/28, Skalka, 257K) reports that "advocates for a state assault weapons ban said Tuesday that they have the legislative backing and momentum to pass a bill this session." Gov. Martin O'Malley and state Attorney General Douglas F. Gansler "are behind a proposal that would forbid the transport, sale, possession or purchase of military-style assault weapons."

WPost Claims Maryland Early Voting Bill Discriminates Against GOP. The Washington Post (2/28, A18, 690K), in an editorial, writes, "Both houses of the [Maryland] General Assembly have approved a constitutional amendment to permit early voting, making it almost certain there will be a referendum in 2008. The action follows a rancorous two-year fight in which Democrats rammed through measures that gave them a clear advantage over Republicans. For instance, the only places where people would have been able to vote ahead of time just happened to be in heavily Democratic precincts. Republicans were right to think the effort was more about helping Democrats than helping voters."

States' Unfunded Pension Liabilities Continue To Skyrocket. The Wall Street Journal (2/28, A2,

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Cooper, 2.04M) reports state governments' unfunded pension liabilities "continue to increase despite a recent rise in tax receipts, in a continuation of a spiral that began in the late 1990s, according to a Standard & Poor's analysis to be released today. The report says states collectively had about $330 billion in unfunded pension obligations in fiscal 2005, the last period for which complete data are available. That is $46 billion more than in fiscal 2004. … Among the states with the biggest unfunded obligations were Connecticut, Illinois and Oklahoma, the report said, all of which had gaps in the lower 40% range. West Virginia had the biggest gap, with an unfunded liability of more than 50%. By contrast, the state in the best shape was Florida, with obligations funded at 107.3%."

States' Initiatives Seen As Likely To Increase Total Healthcare Spending. In an op-ed for the Wall Street Journal (2/28, A14, 2.04M) MIT's Amy Finkelstein writes, "several states have recently mandated universal coverage for their residents. Massachusetts enacted legislation last spring; other proposals are brewing in California, Pennsylvania and elsewhere. … Recent state efforts to create universal health-insurance coverage would reduce the fraction of the population in a state without insurance by similar amounts as did the introduction of Medicare nationwide. And if that program is any guide, we may perhaps see changes in the structure of the health-care system, such as the development and adoption of new medical technologies. We are likely to witness an improvement in the financial security of the currently uninsured. There are also likely to be increases in health-care spending -- quite possibly substantial ones."

"Congestion Pricing" Considered Unlikely To Alleviate Traffic Concerns. In an op-ed for USA Today (2/28, 10A, 2.27M) Bill Graves, president and CEO of the American Trucking Associations, writes, "Congestion pricing, touted as a cure for gridlock, is unfair, ineffective and ignores the transportation needs of Americans. The several forms of congestion pricing all rely on giving motorists better highway access for a price. In many uses, it does not markedly reduce congestion, but merely raises revenues — taxes, in other words. Congestion pricing increases cargo transportation costs and hurts the economy. Higher manufacturers' and retailers' operating costs mean higher costs to consumers for everything from gasoline and clothing to food."

Trial Lawyers Accused Of Manipulating Alien Tort Statute. In an op-ed for the Wall Street Journal (2/28, A15, 2.04M) Joseph G. Finnerty III, heads the New York Litigation Practice Group for DLA Piper, and John Merrigan, a partner at DLA Piper, writes, "While asbestos and tobacco litigation bonanzas are winding down, America's most aggressive contingency-fee law firms still have in place a fee structure in search of an investment strategy. And so, faced with shrinking domestic opportunities, these firms have gone global. Consider one class-action lawsuit, in which a plaintiffs firm sued Deutsche Bank on behalf of an African tribe which suffered atrocities committed by imperial Germany in the 19th century. Or another, consolidating 10 complaints filed around the country on behalf of all South Africans injured by the former apartheid regime from 1948 to the present. … The law used to lodge these massive foreign class actions in the U.S. is the Alien Tort Statute (ATS). This obscure piece of legislation adopted in 1789 gave federal district courts jurisdiction in civil cases brought by an alien for a tort committed in violation of the law of nations, or of a U.S. treaty."

WSJournal Claims CFIUS Reviews Of Foreign Investment Are "Too Stringent." The Wall Street Journal (2/28, 2.04M) editorializes, "Limits on foreign investment here will only invite retaliation abroad. … The protectionists can't really rebut any of this, so instead they play up the 'security' angle. And there is no denying that some foreign takeovers deserve to be scrutinized on national security grounds . That's precisely what the executive branch now does via the Committee on Foreign Investment in the United States, or CFIUS, an interagency group that has up to 75 days to inspect transactions. A handful are changed or disapproved, but 94% of all foreign investment in the U.S. is made by European and other OECD nations that are hardly a threat. In the wake of the Dubai Ports debacle, the Bush Administration is already making CFIUS review too stringent. A new study by the National Foundation for American Policy finds that in the last year the 'process for securing approvals within CFIUS has grown more difficult and uncertain for foreign investors' with a tripling in the number of investigations and a doubling in the number of withdrawn mergers."

US, Pyongyang To Take First Steps Towards Normalizing Relations. On its front page, the Washington Times (2/28, A1, Salmon, 88K) reports, "North Korea's top nuclear negotiator was on his way to the United States yesterday for talks on issues that a State Department official said would include the first steps toward the normalization of diplomatic relations." Kim Kye-gwan's trip "reflects the rapid easing of tensions with President Kim Jong-Il's regime" since North Korea agreed this month to freeze its nuclear program in exchange for heavy fuel oil and other concessions. Kim is expected to arrive in San Francisco tomorrow, a State Department official told The

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Times, and "will continue to New York" for talks with Assistant Secretary Christopher Hill, "which will likely begin early next week."

DNI McConnell Says Iran Training Shiite Militias In Lebanon. In an article on US participation in a regional summit on Iraq, the New York Times (2/28, A1,Cooper, Semple, 1.16M) says new DNI Mike McConnell told a Senate committee Tuesday "that Iran was training anti-American Iraqi Shiites at sites in Lebanon and Iran to use armor-piercing weapons against American troops." McConnell said it was "probable" that top Iranian leaders, including Ayatollah Ali Khamenei, "were aware that weapons had been supplied by Iran." At the State Department, Assistant Secretary McCormack said the Iranian-made weapons would be "certainly at the top of our list" in the regional meetings.

Similarly, the Washington Post (2/28, A1, Kessler, 690K) notes briefly in report on the summit that McConnell said "that while Iran is contributing weapons to Iraqi militias that 'raises the cost to the United States' of its fighting in Iraq, he did not see 'any direct linkage from Iran dictating events inside Iraq.'"

The Washington Times (2/28, Gertz, 88K) reports McConnell also said "Iran's development of nuclear arms is 'very dangerous,' and Tehran could deploy the weapons within the next several years." He added, "We assess that Tehran seeks to develop nuclear weapons and has shown greater interest in drawing out the negotiations rather than reaching an acceptable diplomatic solution. … This is a very dangerous situation, as a nuclear Iran could prompt destabilizing countermoves by other states in this volatile region." Iran "could have the capability to build nuclear weapons by 2015 and about the same time will be able to mount a nuclear warhead on a missile," McConnell said in response to a question from Sen. Hillary Rodham Clinton.

The Christian Science Monitor (2/28, Grier, 59K) reports, "The consensus view of US intelligence agencies is that Iran is a power on the rise in the Middle East, eager to expand its military might and committed to the development of nuclear weapons." McConnell's "warning comes at a time when the US has charged that Iranian forces are sending deadly weapons to Shiite militias inside Iraq. In addition, US officials have cited the potential threat of long-range Iranian missiles as a reason why Europe might need US-made missile defenses." But "critics of the White House say that the US may be misusing intelligence information to create a pretext for conflict with Iran, in a manner similar to the run-up to the Iraq war."

Pace "Categorically" Denies Plans For Iran Air Strikes. AFP (2/28) reports General Peter Pace, chairman of the joint chiefs of staff, declared "categorically" Tuesday that the US is not planning air strikes against Iran. During congressional testimony, Pace responded, "It is not true," when asked about suggestions that the US military was preparing to launch air strikes on Iran. Asked by Senator Robert Byrd if he was categorically denying the reports, Pace replied: "Categorically sir."

But the New Yorker's Seymour Hersh, on MSNBC's Hardball (2/27, Matthews) said, "I don't think the President will leave office without dealing with Iran in some way. … They're putting a lot of squeeze on them economically, but I don't think that's going to work. And I think they maybe think they can scare them into something." Hersh added that the President "wouldn't wait that late because it would already be close to an election. They want the Republicans to hang in there somehow in `08. If he does anything, he'll probably do it this year."

Meanwhile, the AP (2/28, Faramarzi) reports the deputy chief of Hezbollah warned Tuesday that any "military adventure" by the US and Israel against Iran "would have dangerous consequences across the Mideast." In an interview with the AP, Sheik Naim Kassem suggested Hezbollah "would not get involved if the US attacks Iran, but he raised the possibility that Israel might attack Lebanon as part of such an assault -- in which case, he said, Hezbollah would 'definitely' respond."

Encouraged By Strategy Versus North Korea, US Targets Iran's Finances. The Financial Times (2/28, Dinmore) reports, "Encouraged by what it sees as the success of financial sanctions imposed on North Korea, the Bush administration is embarking on an aggressive policy of raising the cost to Iran of its alleged nuclear and terrorist activities by targeting non-US private sector ties to Tehran." The Times adds, "Officials say the policy has support from 'hawks' in the administration who see actions against financing as a key component in the 'war on terror.'"

David Ignatius writes in the Washington Post (2/28, A19, 690K), "Everybody knows that economic sanctions don't work. Just look at the decades of fruitless pressure on Cuba. But guess what? In the recent cases of North Korea and Iran, a new variety of US Treasury sanctions is having a potent effect, suggesting that the conventional wisdom may be wrong. These new, targeted financial measures are to traditional sanctions what Super Glue is to Elmer's Glue-All. That is, they really stick." Deputy Treasury Secretary Robert Kimmitt "doesn't even like to call them sanctions, preferring the term 'law enforcement measures.' … The new sanctions are toxic because they effectively limit a country's access to the global ATM. In that sense, they impose -- at last -- a real price on countries such as North Korea and Iran that have blithely defied UN resolutions on proliferation."

Russian Deals In Middle East "Snarl" US Strategy On Iran. On its front page, the Wall Street Journal (2/28, A1, White, Jr., 2.04M) reports, "As the US struggles to contain Iran and its nuclear program, it is bumping into a new

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impediment: an assertive Russia bent on regaining leverage -- and markets -- in the Middle East." While the US and Russia have "tussled" autumn over a U.N. resolution to rein in Iran's nuclear program, Moscow "quietly moved ahead on another front," delivering "more than $700 million worth of air-defense systems to help protect Iran's nuclear enrichment and research sites from attack, Russian officials confirmed in December." Former Ambassador John Bolton said, "Russia is a huge problem on the Iran front." However, current Administration officials working closely with Russia "aren't quite so harsh, but concerns over Moscow's intentions in the Middle East -- as well as its overall foreign policy -- are rising."

Russia Says Hamas Will End Attacks Against Israel. USA Today (2/28, 8A, 2.27M) reports, "Hamas supreme leader Khaled Mashaal promised during a meeting Tuesday with Russian Foreign Minister Sergey Lavrov in Moscow that the militant Palestinian group will end missile attacks and other violence against Israel, Lavrov said." However, Mashaal "said his group is not ready to recognize the Jewish state."

ICC Charges Former Sudanese Official With War Crimes. The Washington Times (2/28, Pisik, 88K) reports, "The International Criminal Court yesterday charged a former Sudanese official and the leader of the government-backed Janjaweed militia with committing war crimes in Darfur, the first of many anticipated attempts to punish participants in the bloody ethnic conflict." The court, which has been "collecting evidence on Darfur for 20 months," accused Ahmad Mohammed Harun, "formerly the junior interior minister in charge of the western Sudanese region, and Janjaweed commander Ali Kushayb of being involved in war crimes and crimes against humanity between August 2003 and March 2004." The Bush Administration, "until recently a foe of the ICC because of claims it lacks safeguards to protect U.S. soldiers and civilians in conflict zones, praised the court action. 'We fully support bringing to justice those responsible for crimes and atrocities that have occurred in Darfur,' State Department spokesman Sean McCormack told reporters in Washington."

The Los Angeles Times (2/28, Farley, Sanders, 850K) reports prosecutor Luis Moreno-Ocampo "presented results of a 21-month investigation that he said showed 'reasonable evidence' that Ahmed Haroun, then state minister for the interior, and imprisoned militia leader Ali Kushayb, 'bear criminal responsibility' for mass executions, rapes and the forcible removal of thousands of people from their homes." The allegations, "which are not an indictment, are a first step that could lead to arrests and prosecutions by the court at The Hague, and they come amid an international campaign to halt the violence in Darfur, which has killed more than 200,000 people and displaced 2.5 million in the last four years." Prosecution, however, "will not be easy. Sudan's justice minister immediately rejected the allegations and said the suspects would not be handed over for trial."

The New York Times (2/28, Simons, 1.16M) notes Moreno-Ocampo "declined to say whether the most important figures in Sudan's political or military hierarchy would be held accountable for the mass killing, looting, rape and general devastation in Darfur, which has uprooted more than two and a half million people, according to the United Nations." The Christian Science Monitor (2/28, Marquand, 59K) also reports the story.

Meanwhile, in an op-ed in the Washington Post (2/28, A19, 690K), actress Angelina Jolie, who is "a goodwill ambassador for the United Nations High Commission for Refugees," writes, "As the prosecutions unfold, I hope the international community will intervene, right away, to protect the people of Darfur and prevent further violence. The refugees don't need more resolutions or statements of concern. They need follow-through on past promises of action."

US Says Cuba Stepping Up Repression. The Financial Times (2/28, Dinmore) reports Caleb McCarry, the State Department's Cuba Transition Coordinator, Tuesday "claimed the Castro government was stepping up its internal repression in response to an increasingly active opposition movement." McCarry cited "independent Cuban journalists" as saying civil society "had become more active, especially in the provinces, since Fidel Castro temporarily passed power to his brother Raúl last July." The Times says McCarry's remarks to the American Enterprise Institute "contrasted with that of analysts and members of Congress who recently returned from Cuba with reports of a smooth transition of power."

However, the AP (2/28, Schweid) reports new DNI Mike McConnell told Congress Tuesday that "repression is increasing in Cuba under the control of Raul Castro, and the domination of the government by his brother, Fidel, is nearing an end." McConnell told the Senate Armed Services Committee "that significant positive change immediately after Fidel Castro's death was unlikely."

Ban Institutes Personnel Policy Changes At UN. The New York Times (2/28, Hoge, 1.16M) reports, "Secretary General Ban Ki-moon is installing tough new requirements for hundreds of jobs at the United Nations that he hopes will begin to dispel the reputation for inaction and bloat that has long dogged the institution, according to officials in his office." Ban "is adopting the changes, which include increasing internal competition for jobs and removing some job guarantees, first in his own office, and is calling on others to follow suit or leave the organization. … High-level

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officials will be reviewed at the end of their first two years, and all positions will be considered five-year appointments. The secretary general's term is five years, and aides say Mr. Ban believes that other officials should pass through the same reappraisal process he will face if he runs for a second term."

British Tories Urged To Adopt More "Traditional" Foreign Policy. Kim R. Holmes and Nile Gardiner, who are, respectively, vice president for foreign policy and director of the Margaret Thatcher Center for Freedom, at the Heritage Foundation, write in the Wall Street Journal (2/28, A15, 2.04M), "For over half a century the Anglo-American 'special relationship' has been a dominant force in world affairs. Today it is the engine of the global war on terror, and its enduring strength continues to confound and even infuriate leaders in continental Europe. Britain is the only nation the US truly trusts as an ally; it is the British prime minister and not the German chancellor, the French president or the U.N. secretary-general, to whom the US president looks first for partnership in addressing the big international security matters of the day." They add that if the Conservatives "take office in 2009 or 2010, the relationship between the White House and Downing Street could well be a tense one whether the Republicans or Democrats are in power, with a great deal of bad blood generated in advance. … It is not too late, though, for the Conservatives to adopt a more traditional and pragmatic foreign-policy position, one that recognizes the huge stakes involved in maintaining the alliance."

WPost Denounces Egypt's Crackdown On "Secular Democrats." The Washington Post (2/28, A18, 690K) editorializes, "The Bush administration has tolerated Egypt's brutal crackdown on domestic dissent and the broader reversal of its democratic spring of 2005 in part because President Hosni Mubarak argues that his adversaries are dangerous Islamic extremists. It's true that the largest opposition movement in Egypt is the Muslim Brotherhood; how dangerous it is can be debated." But "what is overlooked is that Mr. Mubarak reserves his most relentless repression not for the Islamists -- who hold a fifth of the seats in parliament -- but for the secular democrats who fight for free elections, a free press, rights for women and religious tolerance." The Post adds, "The latest case in point is a blogger named Abdel Kareem Nabil Soliman, who was sentenced to four years in prison last week on charges of religious incitement, disrupting public order and 'insulting the president.'"

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"God's Word, Plus Static, On Calvary Satellite Network."
"Police Probe Death In Organ Donation Case."
"U.S. To Join Iran, Syria In Iraq talks."
"San Diego Diocese Files For Bankruptcy."
"Sudan Official Accused In Darfur Atrocities."
"Worldwide Sell-Off Hits Wall Street."

USA Today:
"It's A Hard Sell For Some, Big Easy For Others."
"HUD Gets New View Of Who's Homeless."
"704,000 Sought Shelter."

New York Times:
"Wall St. Tumble Adds To Worries About Economies."
"Low Pay And Broken Promises Greet Guest Workers."
"2 New Drugs Offer Options In H.I.V. Fight."
"Deal in Albany Overhauls Pay For Worker Aid."
"As Ethics Panels Expand Grip, No Field Is Off Limits."
"Afghan Bombing Sends A Danger Signal To U.S.."

Washington Post:
"Stock Sell-Off in China Hits Wall Street."
"U.S. Will Join Talks With Iran And Syria."
"Millions In U.S. Infected With HPV."
"New Light Shed on CIA's 'Black Site' Prisons."
"Bombing Near Cheney Displays Boldness of Resurgent Taliban."
"Blacks Shift To Obama, Poll Finds."
"With Woods's Backing, PGA Tour to Return to Area."

Washington Times:
"US, N. Korea To Normalize Ties."
"Doubts Trigger 416-Point Dow Dive."
"Tiger Brings Tourney To DC."
"Lost Of Stings, No Pain."
"New Lawmakers Seek War Debate."
"US To Attend talks With Iraq, Neighbors."
"Maoris Seek To limit Number Of Migrants Form Britain."

Detroit Free Press:
"Chrysler Offers $100,000."
"TV's Woodruff Is back: Mich. Family Is Thrilled."
"'These Were babies Not Drug-Runners, Families Say."

Atlanta Journal-Constitution:
"Fierce Debate Over Payday Loans."
"Taliban's Message To Cheney."
"Market Plunge To Deepen?"
"Perdue Appointee's Firm Fined For Spill."
"In Iraq, The Sounds Of Beauty Being Made."

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Houston Chronicle:
"Dow falls 416 Points On China Syndrome."
"Local Firm Accused In Steroid Scheme."
"An American Dream Collapsed."
"Study: More Than 1 In 4 Women Has HPV."
"Legislators Move Swiftly To review, Block TXU Sale."

Story Lineup From Last Night's Network News:
ABC: Stock Market Drop; Stock Market-Analysis; Cheney Suicide Bomber Target; US Talks-Iran & Syria; Campaign '08; HPV Virus-Study; Shuttle Launch-Delay; Toyota Opens New Plants; Bob Woodruff's Recovery; VA Screens-Brain Injuries; Bob Woodruff Interview.
CBS: Stock Market Drops; Stock Market Analysis; Gas Prices; Iraq Diplomacy; Cheney-Afghanistan Attack; Civil Rights-Cold Cases; IL Bombing Suspect; Heart Attack Treatment; HPV Infections; Homework Bans; Iraq Boy-US Surgery.
NBC: Stock Market Drop; Stock Market-Analysis; Cheney Suicide Bomber's Target; Sectarian Violence; US Talks-Iran & Syria; HPV Virus Study; Airvac Missions; Civil Rights-Cold Cases; JetBlue Flight Delay; Bush Invites-Miami Heat; YouTube Generation.
ABC: Asian Stock Markets; Wall Street; Duke Lacrosse Rape Case; HUD Homelessness Study; Los Angeles Man Claims British Singer Ran Over His Foot; Anna Nicole Smith's Mother Reportedly Allowed To Spend Time With Granddaughter.
CBS: Wall Street; Asian Stock Markets; London Stock Exchange; Chrysler Buyout Offers; Rice-Iraq Summit With Iran And Syria; Iraq-Car Bombing; Libby Trial; CO-Baby Reportedly Traded For Car.
NPR: Wall Street; Asian Stock Markets; Rice-Iraq Summit With Iran And Syria; Congressional Testimony From Intelligence Officials-Iranians Training Iraqi Extremists; Cheney-Attack On Army Base In Afghanistan; Cheney, Karzai Meeting; UN Committee-India's Caste-Based System.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Meets with Military Service Organizations, Roosevelt Room.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Views the Red Dress Collection and participates in a roundtable on heart health, Reagan Presidential Library, Simi Valley, Calif.; participates in a National Park Service Event, Balboa Magnet School, Northridge, Calif.

US Senate: FLOOR SCHEDULE _ 9:30 a.m. FLOOR SCHEDULE _ the Senate convenes and proceed to a period of morning business. Following morning business, the Senate will begin consideration of S.4, the 9/11 Commissions Recommendations bill.

9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on wage and income instability. CBO Director Peter Orszag; Lael Brainard, The Brookings Institution; Lily Batchelder, New York University School of Law; Bradley R. Schiller, American University. Location: Room 562, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Consumer Affairs, Insurance and Automotive Safety Subcommittee. Hearing on vehicle safety for children. Location: Room 253, Russell.

10 a.m. JUDICIARY _ full Committee. Hearing on immigration reform. Commerce Secretary Gutierrez, Homeland Security Secretary Chertoff. Location: Room 216, Hart.

10 a.m. SMALL BUSINESS AND ENTREPRENEURSHIP _ Full Committee. Hearing on the FY08 budget request for the SBA. Location: Room 428A, Russell.

10:30 a.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on the FY08 Amtrak budget. Alexander Kummant, president and CEO, Amtrak; FRA Administrator Joseph H. Boardman; David Tornquist, Office of the Inspector General, Transportation Department; Robert Serlin, president, Rail Infrastructure Management; Edward Wytkind, president, Transportation Trades Department, AFL-CIO. Location: Room 138, Dirksen.

10:30 a.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on the FY08 budget for the Defense Department. Deputy Defense Secretary Gordon England. Location: Room 106, Dirksen.

10:30 a.m. BANKING, HOUSING AND URBAN AFFAIRS _ Full Committee. Hearing on the terrorism risk insurance program. Location: Room 538, Dirksen.

10:30 a.m. SPECIAL AGING _ Full Committee. Hearing on the impact of the aging workforce. Comptroller General David Walker; Donald Kohn, vice chairman, Board of Governors, Federal Reserve System; Marcie Pitt-Catsouphes, director, Center on Aging and Work/Workplace Flexibility; Javon Bea, president and CEO, Mercy Health System; Preston Pulliams, Portland Community College. Location: Room 628, Dirksen.

2 p.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on efforts to improve mine safety. Assistant Labor Secretary Richard Stickler; John Howard, director, National Institute of Occupational Safety and Health; J. Davitt McAteer, Wheeling Jesuit University, Shepherdstown, W.Va.; Chris Hamilton, West Virginia Coal Association; Cecil Roberts, international president, United Mine Workers of America; Bruce Watzman, National Mining Association. Location: Room 124, Dirksen.

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2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Space, Aeronautics and Related Sciences Subcommittee. Hearing on the FY08 budget for NASA. Location: Room 253, Russell.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 556 - National Security Foreign Investment Reform and Strengthened Transparency Act of 2007.

9:30 a.m. JOINT ECONOMIC _ Full Committee. Hearing on wage and income instability. CBO Director Peter Orszag; Lael Brainard, The Brookings Institution; Lily Batchelder, New York University School of Law; Bradley R. Schiller, American University. Location: Room 562, Dirksen.

9 a.m. APPROPRIATIONS _ Interior, Enviornment and Related Agencies Subcommittee. Hearing on the FY08 budget for the EPA. Administrator Stephen Johnson. Location: Room B-308, Rayburn.

9:30 a.m. ENERGY AND COMMERCE _ Commerce, Trade and Consumer Protection Subcommittee. Hearing on ``The Lack of Diversity in Leadership Positions in NCAA Collegiate Sports." Rev. Jesse Jackson; Myles Brand, President, NCAA; Floyd Keith, Executive Director, Black Coaches Association; Nolan Richardson, former head basketball coach, University of Arkansas; Richard Lapchick, Sports Management; Tim Weiser, Athletic Director, Kansas State University; Fitz Hill, President, Arkansas Bible College, former Head Coach, San Jose State football. Location: Room 2322, Rayburn.

10 a.m. AGRICULTURE _ Horticulture and Organic Agriculture Subcommittee. Hearing on proposals for the farm bill with respect to specialty crops and organic agriculture. Location: Room 1302, Longworth.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the FY08 budget for the National Science Board. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Financial Services and General Government Subcommittee. Hearing on consuymer issues. FTC Chair Deborah Platt Majoras; Nancy Nord, acting chairwoman, Consumer Product Safety Commission; Janell Mayo Duncan, Consumers Union; Rachel Weintraub, Consumer Federation of America; Ari Schwartz, Center for Democracy and Technology. Location: Room 2220, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing on the 10-year energy research and development outlook. EIA Administrator Guy Caruso; Jim Wells, GAO; Daniel M. Kammen, UC Berkeley; David Hawkins, Natural Resources Defense Council; Ernest J. Moniz, Massachusetts Institute of Technology; David Nemtzow, energy consultant; John DeCicco, Automotive Strategies at Environmental Defense; others. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, HUD, and Related AGencies Subcommittee. Hearing on transportation and housing trends over the last 10 years. Tom Lomax, Texas Transportation Institute; Bruce Katz, Brookings Institution; Margery Austin Turner, Urban Institute. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearings on the Health Resources Administration Budget. Administrator Elizabeth Duke. Location: Room 2212, Rayburn.

10 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 Air Force Budget. Secretary Michael Wynne; Chief of Staff Gen. T. Michael Moseley. Location: Room 2118, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on long-term fiscal challenges and the economy. Federal Reserve Board Chairman Ben Bernanke. Location: Room 210, Cannon.

10 a.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iraq. Former UN Amb. Richard Holbrooke, Frederick Kagan, AEI. Location: Room 2172, Rayburn.

10 a.m. HOMELAND SECURITY _ Emergency Communication, Preparedness and Response Subcommittee and th4e Management, Investigation and Oversight Subcommittee. Joint hearing on reforming FEMA. Location: Room 311, Cannon.

10 a.m. NATURAL RESOURCES _ Full Committee. Oversight hearing on the ``Evolving West." Montana Gov. Brian Schweitzer; Russell Vaagen, Vice President, Vaagen Brothers Lumber Company; Clifford Lyle Marshall, Chairman, Hoopa Valley Tribe; Luther Probst, Executive Director, The Sonoran Institute; former Rep. Pat Williams, Senior Fellow, O'Connor Center for the Rocky Mountain West; Matthew Box, Vice Chairman, Southern Ute Tribe; Bob Lee, University of Washington. Location: Room 1324, Longworth.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Business meeting followed immediately by a hearing on reforming the presidential library funding disclosure process. Location: Room 2154, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Full Committee. Markup of pending legislation. Location: Room 2318, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Markup of the views and estimates for FY08. Location: Room 2360, Rayburn.

10 a.m. VETERANS AFFAIRS _ Full Committee. Meetingon views and estimates report. Location: Room 334, Cannon.

10 a.m. WAYS AND MEANS _ Full Committee. Meeting on views and estimates report to the Budget Committee. Location: Room 1100, Rayburn.

10:15 a.m. JUDICIARY _ Full Committee. Markup of pending business. Location: Room 2141, Rayburn.

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10:30 a.m. EDUCATION AND LABOR _ Early Childhood, Elementary and Secondary Education Subcommittee. Hearing on improving Head Start. Ross A. Thompson, University of California at Davis; Mac McKeever, Out-County Head Start, Flint, Mich.; Barbara Haxton, Ohio Head Start Association; Pearlie Elloie, Youth and Families Total Community Action, Inc., New Orleans; Ellen Frede, National Institute for Early Education Research, New Brunswick, N.J. Location: Room 2175, Rayburn.

10:30 a.m. WAYS AND MEANS _ Full Committee. Hearing on energy and tax policy. Ronald Prinn, MIT; Stephen Schneider, Stanford University; Eileen Claussen, Pew Center on Global Climate Change; W. David Montgomery, CRA International. Location: Room 1100, Longworth.

12 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Government Management, Organization and Procurement Subcommittee. Hearing on federal monitoring and treatment of residents and responders following 9/11. Location: Room 2247, Rayburn.

1:30 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on North Korea. Assistant Secretary of State Christopher Hill. Location: Room 2172, Rayburn.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on science funding in the FY08 budget. Norman Augustine, retired CEO, Lockheed Martin Corp.; Alan Lesher, CEO, American Association for the Advancement of Science. Location: Room 2359, Rayburn.

2 p.m. ARMED SERVICES _ Full committee. Hearing on HR 1102, Total Force Educational Assistance Enhancement and Integration Act of 2007. Keith Wilson, director, Benefits, Department of Veterans Affairs; Michael L. Dominguez - principal deputy under secretary of Defense for personnel and readiness; Under Secretary of Defense for Personnel and Readiness David S.C. Chu. Location: Room 2118, Rayburn.

2 p.m. FINANCIAL SERVICES _ Oversight and Investigations Subcommittee. Hearing on Hurricane Katrina insurance issues. Location: Room 2128, Rayburn.

Other: AMERICAN INDIANS _ The National Congress of American Indians holds its 110th Congress Executive Council ``Tribal Nations Legislative Summit." Highlights: 9:10 a.m. Sen. Kent Conrad. 9:30 a.m. Rep. Dale Kildee. 11 a.m. Rep. Rick Renzi. Location: Wyndham Hotel, 1400 M St. NW.

HOMELAND SECURITY _ AFCEA hosts its 6th annual Homeland Security Conference, ``Intelligence and Information-Fusion Beyond Sharing." Highlights: 8 a.m. Intelligence Forum with VADM Herb Browne, USN (Ret.), President and CEO, AFCEA International; Charles Allen, Assistant Secretary for Intelligence & Analysis/Chief Intelligence Officer, Department of Homeland Security; and Dale Meyerrose, Associate Director of National Intelligence & Chief Information Officer, Office of the Director of National Intelligence. 3:30 p.m. Keynote Address by Scott Charbo, Chief Information Officer Department of Homeland Security.

MISSILE DEFENSE _ 9 a.m. - 1 p.m. The American Foreign Policy Council holds its 5th annual Conference on Missile Defense. Highlights: 9:15 a.m. Keynote address - former DHS Secretary Tom Ridge. 9:45 a.m. Session on proliferation and missile defense, with Peter Brookes of Heritage Foundation, Ilan Berman of the AFPC, and Stephen Yatres of AFPC. Location: Capitol Hill Club, 300 1st St. SE.

JOHANNS _ 8 a.m. Agriculture Secretary Johanns speaks to the National Potato Council's annual meeting. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

LAVIN-TRADE _ 9 a.m. The Washington International Trade Association hosts A breakfast discussion with Undersecretary of Commerce for International Trade Franklin Lavin, who will discuss ``Record Imports, Record Exports: Analyzing Trends in US International Trade." Location: Horizon Ballroom, Ronald Reagan Building and International Trade Center (Ground Level), 1300 Pennsylvania Ave. NW.

RELIGIOUS FREEDOM _ 9:30 a.m. The American Humanist Association holds a rally in support of religious liberty and in opposition to the Office of the Faith-Based Initiatives in Hein v. Freedom From Religion Foundation pending in the Supreme Court. Location: Steps of the Supreme Court.

ILLEGAL IMMIGRATION _ 9:30 a.m. - 11 a.m. Judicial Watch hosts a panel discussion, ``Local Governments and Illegal Immigration." Participants: Mayor Louis Barletta, Hazleton, Pa.; Starletta Hairston, Former Council Member, Beaufort County, S.C.; Delegate Jackson H. Miller, District 50, Prince William County, Va.; and Tom Fitton, President, Judicial Watch. Location: National Press Club, First Amendment Lounge.

2008 ELECTION _ 9:30 a.m. - 12:30 p.m. The Brooking Institution hosts an event, ``Opportunity 08: Independent Ideas for Our Next President," featuring opening remarks from Brookings President Strobe Talbott followed by three panels focused on a variety of domestic and foreign policy issues that will influence the 2008 campaign, including energy security, Iraq, trade policy and immigration. Highlights: Panel One: Why Issues Matter? Moderator: George Stephanopoulos, ABC News Chief Washington Correspondent; Host of ``This Week. Panelists: Thomas Donilon, Opportunity 08 Advisory Council Chair; and Kenneth Duberstein, Opportunity 08 Advisory Council Chair. Panel Two: Foreign Policy Solutions. Moderator: Torie Clarke, Former Assistant Secretary of Defense for Public Affairs, ABC News Consultant. Panelists: Amy Walter, Senior Editor and Political Analyst, The Cook Political Report; Martin Indyk, Director, Saban Center for Middle East Policy; Jeffrey A. Bader, Director, John L. Thornton China Center; and Carlos

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Pascual, Vice President and Director, Foreign Policy Studies. Panel Three: Domestic Policy Solutions. Moderator: Mark McClellan, Visiting Senior Fellow, AEI-Brookings Joint Center for Regulatory Studies; Panelists: Lael Brainard, Vice President and Director, Global Economy and Development Program; Ron Haskins, Co-director, Center on Children and Families; and David Sandalow, Energy and Environment Scholar. Location: Brookings Institution, Falk Auditorium, 1775 Massachusetts Ave. NW.

HOUSE REPUBLICANS _ 10 a.m. House Republican leadership holds a media availability following the 9 a.m. meeting of the House Republican Conference. Location: RNC lobby, 310 1st St. SE.

REFINERIES-BODMAN _ 10 a.m. Energy Secretary Bodman holds a news conference to announce selection of biorefinery projects, as part of the administration's goal of reducing gasoline consumption by 20 percent in 10 years. Location: Energy Department.

EDUCATIONAL EFFECTIVENESS _ 10 a.m. - 11:30 a.m. The Center for American Progress and the U.S. Chamber of Commerce hosts a panel and release of ``Leaders and Laggards: A State-by-State Report Card on Educational Effectiveness." Speakers: Thomas J. Donohue, President and CEO, U.S. Chamber of Commerce; John D. Podesta, President and Chief Executive Officer, Center for American Progress; Panelists: Ulrich Boser, Freelance Writer and Contributing Editor at US News and World Report; Cynthia G. Brown, Director of Education Policy, Center for American Progress; and Frederick M. Hess, Resident Scholar and Director of Education Policy Studies, American Enterprise Institute. Moderator: Arthur J. Rothkopf, Senior Vice-President and Counselor to the President, U.S. Chamber of Commerce. Location: U.S. Chamber of Commerce, Hall of Flags, 1615 H St. NW.

EMPLOYEE FREE CHOICE _ 11 a.m. Congressional leadership, workers hold a news conference to urge Congress to pass the Employee Free Choice Act. Location: Room 2261, Rayburn.

ENERGY _ 11 a.m. A coalition of agricultural, energy, environmental, business and labor groups holds a news conference to announce a plan to have 25 percent of the nation's energy supply come from renewable sources by 2025. Location: Room HC-6, Capitol.

RELIGIOUS FREEDOM _ 11 a.m. The Family Research Council holds a lecture on religious freedom, with William Saunders. Location: 801 G St. NW.

ENDANGERED SPECIES _ 11:15 a.m. Sens. Mike Crapo, Blanche Lincoln, Max Baucus and Charles Grassley hold a news conference on bipartisan legislation to provide financial incentives for conservation efforts, the Endangered Species Recovery Act of 2007. Location: Room 215, Dirksen.

HOMELAND SECURITY _ 11:30 a.m. Science and Technologys Command, Control and Interoperability Director Dr. David Boyd will deliver a presentation to the Federal Communications Bar Associations Homeland Security and Emergency Communications Committee. Location: Akin, Gump, Strauss, Hauer and Feld, 1333 New Hampshire Ave. NW.

CLEAN AIR _ 12 p.m. The Clean Air Task Force holds a briefing to release a report, ``No Escape from Diesel Exhaust: How to Reduce Commuter Exposure." Location: National Press Club.

CURRENCY RATES _ 12 p.m. Reps. Tim Ryan and Duncan Hunter hold a news conference on reintroduction of the Fair Currency Act to limit exchange rate manipulation. Location: Cannon Terrace.

MIDEAST _ 12 p.m. The Middle East Institute and the Foundation for Middle East Peace hold a discussion with Haggai Alon, senior adviser to Israeli Defense Minister Amir Peretz, discussing economic polikcy for Israel and the Palestinian territories. Location: 1779 Massachusetts Ave. NW.

EMPLOYEE CHOICE _ 12:45 p.m. Rep. Eric Cantor, others, holds a news conference on the Employee Free Choice Act. Location: House Radio-TV Gallery.

EDUCATION _ 1 p.m. The Heritage Foundation holds a discussion on educational freedom in the wake of the No Child Left Behind law, with Rep. Peter Hoekstra, Colorado State Board of Education Vice Chairman Bob Schaffer, others. Location: Lehrman Auditorium, Heritage Foundation, 214 Massachusetts Ave. NE.

HOMELESSNESS _ 1 p.m. HUD holds a news conference with Deputy Secretary Roy Bernardi, others, on the scope and nature of homelessness in America. Location: HUD, 451 7th St. SW.

NARCOTICS REPORT _ 1 p.m. The International Narcotics Control Board releases its annual report. Location: UN Foundation, 1800 Massachusetts Ave. NW.

CLIMATE CHANGE _ 2 p.m. The Scientific Expert Group on Climate Change and Sustainable Development, convened by the UN Foundation and Sigma XI, releases its final report with a roadmap for preventing unmanageable climate change. Location: Room 366, Dirksen.

GAYS-MILITARY _ 2 p.m. Rep. Marty Meehan, D-Mass., holds a news conference to re-introduce The Military Readiness Enhancement Act, a congressional bill to repeal the military's ``Don't Ask, Don't Tell" ban on lesbian, gay and bisexual military personnel. Meehan will be joined by C. Dixon Osburn, executive director of Servicemembers Legal Defense Network; BG Evelyn ``Pat" Foote, USA (Ret.), a member of the Network's honorary board; and former Marine Sergeant Brian Fricke, an openly gay veteran of the war in Iraq. Location: Room 2216, Rayburn House Office Building.

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US-VISIT _ 2 p.m. US-Visit Acting Director Robert Mocny participates in a discussion at the Armed Forces Communications and Electric Association Homeland Security Conference. Location: Reagan Trade Building.

IRAQ STRATEGY _ 2 p.m. - 4 p.m. CDI's Straus Military Reform Project sponsors a colloquium on the future of U.S. strategy in Iraq. Panelists: Dr. Ted Galen Carpenter, vice president for defense and foreign policy studies at the Cato Institute; Helle Dale, deputy director for the Davis Institute for International Studies and director of the Douglas and Sarah Allison Center for Foreign Policy Studies at the Heritage Foundation; Col. Douglas A. Macgregor, U.S. Army (ret.), author of three books on military affairs and a frequent commentator on radio and television; Frank Gaffney, president of the Center for Security Policy and a syndicated columnist, was assistant secretary of defense for international security policy under President Reagan; and Frank Anderson, who served 27 years at the CIA, in many senior posts including chief of the Near East Division. Location: National Press Club, Holeman Lounge.

ROHRABACHER _ 2:30 p.m. Rep. Dana Rohrabacher holds a news conference to discuss new developments in the border patrol agents case. Location: House Radio-TV Gallery.

BORDER _ 3:30 p.m. Rep. Virgil Goode hosts a screening of a new documentary, BORDER," on the U.S.-Mexican border situation. Location: Room 122, Cannon.

TECHNOLOGY-FREE MARKET _ 4 p.m. CPAC holds a briefing on technology, intellectual property and competitive markets, with David Williams of Citizens Against Government Waste, Ray Keating of the Small Business and Entrepreneurship Council, and Solveig Singleton of the Progress and Freedom Foundation. Location: Capitol Hill Club.

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TERRORISM NEWS:

Terror Suspect's Brig Life Detailed (NSDY)

By Curt Anderson

Long Island Newsday/AP, February 28, 2007

MIAMI -- The exterior window in Jose Padilla's 80-square-foot cell in a Navy brig was painted over. At times, he had to sleep on a steel bunk with no mattress. He went months without a clock and was sometimes seen weeping in his cell.

But officials at the brig in Charleston, S.C., testified Tuesday that the alleged al-Qaida operative was not physically abused during his 3 1/2 years in military custody, nor did he display serious symptoms of mental problems.

Craig Noble, the brig's main psychologist, and Sanford Seymour, the brig's technical director, testified for the first time in public Tuesday in Padilla's competency hearings. The hearings are to determine whether Padilla can stand trial in April on terrorism-related charges.

Padilla, a 36-year-old U.S. citizen and Muslim convert, was arrested in 2002 in Chicago in what U.S. authorities initially claimed was a mission to set off a radioactive "dirty bomb" in a major city. He was held at the brig without being charged after President Bush declared him an enemy combatant.

Padilla was added to a Miami terrorism support case in late 2005. That indictment does not mention the "dirty bomb" plot.

Two mental experts hired by Padilla's lawyers say he cannot assist in his defense because he suffers from post-traumatic stress disorder, which they claim results from isolation and alleged torture at the brig. U.S. officials deny he was tortured.

Noble said he examined Padilla when he arrived June 10, 2002, and again on May 14, 2004. He said Padilla had begun wearing glasses, but he found the second visit "unremarkable" for any signs of problems.

The second interview was conducted at Padilla's cell door, with the prisoner speaking through a small slot, Noble said.

"He was responsive, made good eye contact, in fact smiled frequently," Noble said. "There were no changes."

Seymour described some of the cell conditions, including the painted-over window, lack of clock and periodic removal of Padilla's mattress and Quran. He also said he remembered two instances where he watched Padilla -- who was under 24-hour surveillance -- crying in his cell.

But Seymour also said that the brig staff allowed Padilla outside for recreation, when he sometimes shot baskets. He was allowed no contact with any other inmate.

"Sometimes he sat in the sun," Seymour said. "If it was a nice day, we tried to get him out."

Padilla has claimed his cell was often filled with noxious fumes and that brig staff injected him with LSD or some other hallucinogenic drug.

Seymour said the injection was a flu shot. And he testified that the odors come from a paper mill less than a mile away. "We often had a nasty odor throughout the facility," he said.

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U.S. District Judge Marcia Cooke barred Padilla's lawyers from delving into the details of this testimony unless it was directly related to a competency report prepared by a Bureau of Prisons psychologist.

Cooke scheduled closing arguments on the competency issue for Wednesday. It was not clear when she would rule.

Padilla and co-defendants Adham Amin Hassoun and Kifah Wael Jayyousi face up to life in prison if convicted of charges they were part of a North American terror support cell that provided recruits, money and supplies to Islamic extremist groups.

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Brig Officials Offer Look At Padilla's Detention (USAT)

By Laura Parker

USA Today, February 28, 2007

MIAMI — Two officials from the Navy brig where terrorism suspect Jose Padilla spent almost four years in solitary confinement testified in federal court here Tuesday. They provided the first public description by the Defense Department of Padilla's incarceration.

Sandy Seymour, brig technical director, confirmed some details that Padilla's attorneys have alleged in court papers: that he was kept isolated in an 80-square-foot cell that had its windows blackened. He also testified that he saw Padilla in his cell weeping.

Seymour and brig psychologist Craig Noble appeared as reluctant star witnesses in a mental competency hearing that became a fierce tug-of-war between prosecutors and defense attorneys over how much about Padilla's detention will be revealed.

Prosecutor Stephanie Pell objected 36 times as defense attorneys Michael Caruso and Orlando do Campo attempted to pry out small details about Padilla's life in the brig, such as whether he had a clock in his cell or a stool to sit on.

"This is getting into the line of the general conditions at the brig," Pell complained to U.S. District Court Judge Marcia Cooke, who had limited the inquiry to a narrow scope.

Questions about Padilla's years in the brig have become an issue in determining whether Padilla, 36, is mentally fit to stand trial in April. His attorneys say he was tortured, which causes Padilla to shut down mentally whenever they ask for his assistance in preparing his defense.

Two mental health experts hired by the defense testified earlier that Padilla suffers from post-traumatic stress and is unfit for trial.

That was contradicted by Rodolfo Buigas, a Bureau of Prisons psychologist, who testified that Padilla is fit for trial but has chosen not to help his attorneys.

In his report, made public Tuesday, Buigas said his review of "available military information failed to substantiate" any torture, although he did not rule it out.

Padilla, a U.S. citizen, is charged with supporting terrorist activities overseas. If convicted, he faces life in prison.

Prosecutors have fought hard to keep Padilla's time at the brig secret, so the mere presence of brig officials on the witness stand represented a small victory for the defense — even if little was revealed.

Seymour also provided a glimpse into Padilla's paranoia — a condition described in defense court papers. Padilla feared guards had pumped noxious gas into his cell. He also thought he had been injected with truth serum before meeting with his interrogators.

Seymour said that the brig is near a pulp mill, which spews foul odors, and that Padilla received a flu shot. He did not say whether anyone at the brig ever attempted to disabuse Padilla of his misimpressions.

Noble testified he evaluated Padilla's mental health twice, once after Padilla arrived at the brig in June 2002 and again in May 2004. There were "no remarkable changes," he said.

For the second evaluation, Noble said he reviewed brig logs, interviewed guards and spoke with Padilla for two minutes through the opening in his cell known as the "cuff board," a reference to the slot through which inmates stick their hands to be handcuffed.

"He was responsive to me," Noble testified. "He smiled."

Aspects Of Padilla's Treatment Confirmed (LAT)

By Carol J. Williams

The Los Angeles Times, February 28, 2007

MIAMI — With no clock, watch or natural light to guide him, terrorism suspect Jose Padilla was jailed at a Navy brig in timeless isolation while anonymous jailers monitored him around the clock, a brig official testified Tuesday.

The disclosures in a federal courtroom by Sanford Seymour, technical director of the Navy detention facility in Charleston, S.C., confirmed for the first time some of the conditions of Padilla's detention. His defense attorneys contend that Padilla's sensory deprivation and treatment were tantamount to torture.

U.S. District Judge Marcia Cooke called Seymour and two other brig officials to testify in a hearing on Padilla's competency to stand trial on charges of conspiracy and material support to terrorism.

Cooke cautioned defense attorneys that they could only question the witnesses about their conversations with a federal Bureau of Prisons psychologist. A separate defense motion to dismiss the charges due to "outrageous government conduct" may open the torture issue at a later hearing.

The forensic psychologist, Rodolfo Buigas, testified Monday that Padilla suffered from anxiety and a personality disorder but was otherwise fit to proceed. But his report referred to the brig officials, so the judge had to allow defense attorneys to cross-examine them.

Padilla had refused to submit to psychological testing by Buigas, claiming to have repeatedly undergone examination since his May 2002 arrest at Chicago's O'Hare International Airport. U.S. officials contend he spent at least six years abroad recruiting, plotting and bankrolling terrorism.

Two competency experts hired by the defense said last week that Padilla, 36, had sustained mental injury and post-traumatic stress disorder from his brig experience, leaving him incompetent to assist in his own defense.

Seymour, a civilian who oversees correctional procedures at the military brig, appeared reluctant to disclose details of the "special care" ordered by the federal government for Padilla.

Prolonged silences by Seymour followed each of federal Public Defender Michael Caruso's questions, as the witness waited for prosecutor Stephanie Pell to object, which she did at least a dozen times. When Cooke said he should answer, Seymour said he had "no specific recollection," asked to hear the question again, or gave a cryptic response.

What emerged from the cross-examination was that Padilla had little human contact during his 3 1/2 -year incarceration in the brig, that both windows in his cell were covered to create a blackout, and that the electric light in his cell could only be activated by jailers and was, like his Koran, unavailable for unspecified reasons or periods of time.

Caruso was prevented from pursuing matters of Padilla's detention other than those that Seymour had discussed with Buigas in an hourlong conversation the witness said occurred "several weeks ago."

Seymour said he neither offered nor was asked about the removal of Padilla's cell mirror, his access to showers or the length and frequency of the prisoner's interrogations. He confirmed that he had on a couple of occasions observed Padilla weeping.

Asked by Buigas about Padilla's claim to have been administered LSD by his interrogators, the corrections chief said he told the psychologist that the prisoner had been given a flu shot.

As to the defendant's general torture allegations, Seymour said he told Buigas: "I know of no physical abuse that occurred."

Brig psychologist Craig Noble also testified, confirming that he told Buigas of his two brief interactions with Padilla. The first was a mental health intake assessment on June 10, 2002, when Padilla arrived; the second was two years later when he interviewed Padilla through the "cuff hole" his cell door.

Noble said he found Padilla's mental health "unremarkable" both times. A defense attorney asked, based on brig records, whether Noble's contact with Padilla had lasted no more than two minutes, but the witness was not allowed to answer the question because Buigas hadn't asked about the duration.

Maj. Andrew Cruz, a brig social worker who had monthly contact with Padilla, was also summoned to testify. But he was recently deployed to Afghanistan, and did not answer a call that had been arranged for him to testify by speakerphone.

Cooke said she would hear final arguments on Padilla's competency today, but gave no indication when she might rule.

If Padilla is judged fit to proceed, his motion for dismissal for outrageous government behavior could prompt a hearing at which the brig abuse allegations would be more thoroughly explored. Padilla's trial is set for April 16.

Jailers Testify About Padilla's Confinement (NYT)

By Deborah Sontag

The New York Times, February 28, 2007

MIAMI, Feb. 27 — As Jose Padilla dropped his head and grew still, a senior official from the naval brig in Charleston, S.C., testified on Tuesday in federal court here that he had twice observed Mr. Padilla weeping in the electronically monitored cell where the military detained him for three years and eight months.

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The brig's technical director, Sanford E. Seymour, also said that Mr. Padilla, an American citizen who was designated an enemy combatant in 2002, sometimes slept on a steel bunk without a mattress, that the windows in his 80-square-foot cell were blackened and that brig employees covered up their nametags around him.

Mr. Seymour said that Mr. Padilla, a Muslim, occasionally visited with an imam and that his Koran was taken from him periodically; that he sometimes went outside to shoot baskets or sunbathe; and that when Mr. Padilla believed he had been administered LSD, it was really a flu shot.

These scattershot revelations, elicited by Mr. Padilla's lawyers in a hearing of sharply limited scope, did not add up to a comprehensive portrait of Mr. Padilla's time in the brig. But they were nonetheless significant, marking the first time Mr. Padilla's military jailers were forced to speak publicly about the conditions of his secretive confinement without charges.

That confinement ended a year ago when Mr. Padilla, 36, was transferred into the civilian law enforcement system to stand trial on terrorism conspiracy charges. But his lawyers argue that the conditions of his military detention and interrogations traumatized him so severely that he is incapable of assisting them in his own defense. In essence, they say, the government rendered him incompetent to stand trial, a position the prosecution vehemently denies.

Three days of testimony in a competency hearing concluded Tuesday with the brief appearance of two brig officials. After both sides make concluding arguments on Wednesday, Judge Marcia G. Cooke of Federal District Court will choose between two starkly contrasting images of Mr. Padilla: the lucid, occasionally jolly defendant with antisocial tendencies portrayed by the government, and the twitching, fearful, damaged man presented by the defense.

In a 16-page report made public Tuesday, Rodolfo A. Buigas, a Bureau of Prisons psychologist who examined Mr. Padilla for the judge, recommended that he be found competent to stand trial. Mr. Padilla refused to submit to psychological testing, so Dr. Buigas evaluated him by talking to him for about five hours, by examining his records and the reports of experts hired by the defense, and by questioning lawyers and brig officials.

It is because Dr. Buigas interviewed brig officials that Judge Cooke allowed them to testify Tuesday despite strong objections from the government. But she allowed defense lawyers to ask the officials only about their conversations with Dr. Buigas, saying that a more general airing about conditions in the brig might be held if she conducted a hearing on a defense motion to dismiss the indictment because of "outrageous government conduct."

Craig S. Noble, a psychologist at the brig, testified that he had screened Mr. Padilla twice. He did an initial "brief evaluation" when Mr. Padilla arrived in June 2002, finding that he was "responsive, made good eye contact and, in fact, smiled periodically." About two years later, Dr. Noble said, he conducted a "cell front visit," in which he spoke to Mr. Padilla through a rectangular slot on his door, and discovered no new signs of "distress or lethality."

During the hearing, two mental health experts who spent over 25 hours evaluating Mr. Padilla for the defense testified that he was disabled by post-traumatic stress disorder caused by his experiences in the brig.

"I'm not sure that any of us know what happened at the brig, but I know that something there put the fear into Mr. Padilla," said Patricia Zapf, a forensic psychologist who examined him. "Mr. Padilla is an anxiety-ridden, broken individual who is incapacitated by that anxiety."

But the Bureau of Prisons psychologist, Dr. Buigas, disagreed with the diagnosis of post-traumatic stress disorder. He said Dr. Zapf's testing was invalidated by the fact that Mr. Padilla was handcuffed during the tests, a condition imposed on Dr. Zapf by prison officials.

Testifying on Monday, Dr. Buigas, whom defense lawyers do not view as a neutral examiner, said that Mr. Padilla possessed the capacity to work with his lawyers, and that any failure to do so was "volitional."

Dr. Buigas added that during his first encounter with Mr. Padilla, "he was actually pretty happy." Dr. Buigas testified that he had even commented to his boss that Mr. Padilla seemed "happier than our department," referring to his colleagues in the mental health unit of the Miami federal detention center.

Mr. Padilla, who sat placidly through much of the testimony, chatted animatedly with his lawyers as Dr. Buigas talked. One of the lawyers, Anthony Natale, rose to his feet for a cross-examination, and what turned into an odd exchange.

"You used the word 'happy,' " Mr. Natale said to Dr. Buigas. "Do you know if that's when he was allowed for the first time to get a radio? Do you know if that's when he was allowed to have a shower with a curtain? ... So you don't know why he was happy?"

Dr. Buigas said he could not recall the conversation clearly, but he said, "In general, he was talking about being Puerto Rican."

Prosecution lawyers scoffed at the idea the Mr. Padilla was mentally incompetent, saying that his jailers had never reported any psychiatric problems and that he had comported himself well during court hearings.

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“Jose Padilla sits quietly,” said Brian K. Frazier, a prosecutor. “He follows the instructions of the marshals. He turns around and waves to Mama.”

Mr. Frazier said that in court Mr. Padilla manifested none of the tics, grimaces and sweating that the defense describes, “despite the fact that we talk about some pretty uncomfortable stuff.”

Prosecutors tried to introduce into evidence what they said was an internal document from Al Qaeda that coached operatives to be obstructionist if captured, to avoid revealing information and to make a claim of torture even if no mistreatment had occurred. This document, which they referred to as the “Manchester manual” because it was found several years ago in Manchester, England, was what guided Mr. Padilla, they said.

“Don’t I have to have some evidence that Mr. Padilla was aware of this document and studied it?” Judge Cooke asked prosecutors.

In declining to admit the manual into evidence, she added that the manual would have converted the competency hearing into a debate over whether the defendant had been tortured in the brig.

Padilla Was Deprived, Not Abused, Court Told (WP)

By Peter Whoriskey

The Washington Post, February 28, 2007

MIAMI, Feb. 27 -- During his 3 1/2 -year detention as an "enemy combatant," accused al-Qaeda operative Jose Padilla was at various times deprived of a clock, windows and a Koran, and forced to sleep on a metal bed frame without a mattress, according to testimony Tuesday from an official at the Navy brig where he was held in Charleston, S.C.

The account of Sanford E. Seymour, the brig's technical director, was narrow in scope and offered only a glimpse of Padilla's incarceration, which Padilla and his attorneys have said included torture that renders him psychologically unfit to stand trial.

Limited by a court ruling to what he had discussed with a psychologist evaluating Padilla's competence for trial, Seymour's testimony was sketchy but ran contrary to some of Padilla's most serious allegations.

"I told him I knew of no physical abuse," Seymour testified.

Seymour's testimony marked the first time any official from the brig had publicly described conditions of Padilla's incarceration.

While Padilla has asserted that he was injected with LSD or a truth serum, Seymour indicated it may have been a flu shot, and while Padilla said he was subject to noxious odors that made his eyes and nose run, Seymour said a nearby paper mill sometimes makes the brig stink.

U.S. District Judge Marcia G. Cooke is expected now to decide whether Padilla is competent to stand trial, as prosecutors assert, or whether, as the defense contends, he is incompetent to stand trial because torture and isolation at the brig have rendered him unable to recall basic details about the case for his attorneys.

Padilla is not expected to take the stand in the competency hearing. At times he has seemed engrossed in the proceedings and engaged in apparently earnest conversations with his attorneys. But during the hour-long appearance of the brig officials, Padilla sat rigidly and did not look up.

A forensic psychiatrist and a forensic psychologist hired by the defense last week testified that when asked for information about the brig or the subjects he may have been interrogated about there, Padilla gets tense, exhibits facial tics and "shuts down."

"He would say, 'Please, please, please don't make me do this,' in a very plaintive manner," Angela Hegarty, the forensic psychiatrist, testified.

One of the lawyers, Andrew Patel, testified that even "softball" questions about the case could elicit pop-eyed revulsion from his client, and that he has been unwilling even to listen to the taped conversations at the core of the case against him.

"We tried everything we could imagine" to get him to help them review the evidence, but Padilla refused, Patel testified.

The window in Padilla's cell to the outside was painted over, Seymour testified, and another window to the interior was covered up in a way that allowed others to look in when they wanted. He was fed through a slot in the door.

Brig workers who interacted with him covered their name tags when dealing with Padilla, Seymour testified, and at various times his clock and Koran were taken away.

While defense lawyers have argued that the isolation and other aspects of his treatment have made Padilla unable to help his attorneys, a brig psychologist who talked to Padilla at the beginning of his detention in June 2002 and then again nearly two years later, noted "no remarkable changes" in his demeanor.

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"He was responsive to me," said Craig S. Noble, a brig psychologist, who spoke with Padilla through openings the cell door. "He smiled."

Shorbagi Sentence – 7 Years, 8 Months (ROMENT)

By Mike Gellatly, Rome News-Tribune staff writer

Rome (GA) News-Tribune, February 28, 2007

The sentence was reduced because of his cooperation.

A Floyd County man who led interfaith relations after 9/11 and educated students on the virtues of many religions was sentenced Tuesday for supporting a foreign terrorist group.

Mohamed Shorbagi, 42, was sentenced in U.S. District Court in Rome to serve seven years and eight months in prison for funneling money to the militant group Hamas during a four-year period.

Judge Harold L. Murphy also ordered Shorbagi to serve three years supervised release and pay $610,454 in restitution to his former employer, Alexandria International Carpets. Shorbagi allegedly defrauded the company.

The charges stem from donations Shorbagi made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001.

A former member of the Rome-Floyd International Committee and an Imam of a Muslim congregation, he was presented by the defense as an intelligent man much respected by his community.

Several Floyd Countians testified as character witnesses for Shorbagi, including George Pullen, a former Rome City Commission chairman.

Pullen said Shorbagi's imprisonment is a loss for the community. He also said he considers him a friend.

Two Berry College professors, Jeffrey Lipkey and Steve Bell, also spoke on behalf of the native Palestinian.

The last witness to speak was Ezra Shorbagi, the eldest daughter of the defendant. She said she is a proud American, Muslim and Roman and described her father as a humble man leading the Muslim community.

"This is not a bomb-throwing individual," said defense attorney Michael Trost. "He is a calm, peaceful man that has done many things to help his community."

Assistant U.S. Attorney Kim Dammers disagreed with Trost's portrayal of Shorbagi.

"What he did was enable the bomb-throwing individuals to continue their work," said Dammers. "By encouraging his congregation to give money he gave support to a foreign terrorist agency."

Shorbagi could have received a 15-year prison term, however, the government asked U.S. District Court Judge Harold L. Murphy to reduce his sentence.

Prosecutors asked for a lighter sentence, saying he cooperated fully in the investigation.

Murphy described Shorbagi's cooperation as "substantially helpful against terrorist acts" and said that it was given with "considerable threat to personal safety of himself and his family."

In November, Shorbagi testified in a Chicago case against Mohammed Salah, identified by authorities as one of these high-level Hamas operatives.

Rome Imam Sentenced In Terror Case Palestinian Native Gave Money To Islamic Militant Group Hamas (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 28, 2007

A 42-year-old Palestinian native who confessed to aiding the Islamic militant group Hamas was sentenced by a federal judge today to more than seven years in prison.

Mohamed Shorbagi, the imam of a small mosque in Rome, could have been sentenced to 15 years but received a lighter sentence for helping federal authorities in another prosecution.

Court documents said Shorbagi provided donations between 1997 to 2001 to the Holy Land Foundation for Relief and Development, knowing the money would go to Hamas, which has been designated by the United States as a terrorist organization. Federal prosecutors said Shorbagi has hosted high-ranking Hamas members at the Rome mosque.

Shorbagi, who has been in the United States for 22 years, testified in a Chicago trial last year against Mohammed Salah, who was later acquitted of charges of aiding Hamas.

Because of his cooperation in the case, Shorbagi is eligible to get a visa to stay in the U.S and enter the witness protection program, according to court papers.

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First Terrorism Sentence In Georgia (WXIA)

WXIA-TV, February 28, 2007

For the first time in the history of the state of Georgia, a defendant has been sentenced for an international terrorism-related crime. Mohamed Shorbagi, the Imam of a Mosque in Rome, was sentenced to serve over seven years in prison. Shorbagi plead guilty last October to providing financial support to a terrorist organization.

Shorbagi was not only the leader of the Rome Mosque; he was a leader in the Rome community. Several people, including one Rome city official, testified to his character in federal court Tuesday morning. His family was in the courtroom for sentencing. United States District Judge Harold Murphy sentenced Shorbagi to seven-years and eight-months in prison.

Unites States Attorney David Nahmias said, "The people who financially support terrorism are not the people who are personally building bombs or setting off bombs." Nahmias added, "But, they're the people who make that kind of activity possible."

Shorbagi plead guilty to providing financial support to Hamas through donations to an organization called The Holy Land Foundation for Relief and Development. Nahmias says Shorbagi was the Georgia representative for the group, and hosted high-level Hamas officials at his Rome Mosque. In 1997, Hamas was designated as a foreign terrorist organization by the United States.

Michael Trost, Shorbagi's attorney, says his client was aware the money could end up funding violence.

"He understood that once the money left his hands, he had very little control and knew that that was a possibility. Whether that was his intent is another matter," Trost said.

Despite the support from family and community, it was Shorbagi's cooperation with the Government that helped him get a reduced sentence from the maximum 15-years for his crime.

"He testified in a trial in Chicago in which there were some terrorism charges brought against several individuals," his attorney said.

Both the U.S. Attorney and his defense attorney said Shorbagi could reduce his sentence further if he continues to cooperate with the Government.

Mohamed Shorbagi is a citizen of the Palestine territories. He has been in the United States legally for 22 years. In court, he said his family is all United States citizens.

Georgia Man Sent To Jail For Aiding Hamas (ATLBIZ)

Atlanta Business Journal, February 28, 2007

A Georgia representative of the Holy Land Foundation for Relief and Development (HLF) has been sent to federal prison for raising money for foreign terrorist organization Hamas.

Mohamed Shorbagi, 42, of the Rome, Ga., area was sentenced Tuesday to seven years and eight months in federal prison by U.S. District Judge Harold L. Murphy, on a charge of providing material support to Hamas. He also got three years of supervised release and was ordered to pay restitution of $610,454. Shorbagi's sentence was reduced from 15 years in prison because of substantial cooperation he provided in other terrorism-related investigations and prosecutions.

Hamas is a terrorist organization operating primarily in the West Bank and Gaza Strip, which has engaged in numerous terrorist attacks aimed at Israeli military personnel, police officers, and civilians. Hamas attacks have murdered numerous innocent people, including American citizens, and have undermined the Israeli-Palestinian peace process. Federal law makes it a serious felony to provide any material support or resources to a designated foreign terrorist organization.

On Oct. 8, 1997, the United States formally designated Hamas as a foreign terrorist organization. After that date, and continuing until Dec. 4, 2001, Shorbagi provided financial support to Hamas and conspired with unnamed others to provide such material support. He did so knowing that Hamas had been designated as a foreign terrorist organization and that Hamas engaged in terrorist activity. Shorbagi provided the support through donations to the HLF, knowing that some or all of the money was in fact destined for Hamas.

Shorbagi knew that money provided to HLF was actually funneled to Hamas in part because he was a Georgia representative for HLF and he had attended HLF meetings at which high-level Hamas officials made presentations condemning Israel. Shorbagi also had hosted high-level Hamas officials at the Rome mosque at which he served as imam.

"There are three important points to make about this case," said U.S. Attorney David E. Nahmias. "First, this case illustrates that people who illegally support foreign terrorist organizations may be found anywhere in the United States, even in quiet and pleasant places like Rome, Ga. Second, we will use every lawful tool to ferret out terrorism and those who provide material support to it, regardless of where they live or how they try to hide their criminal activities. Finally, defendants who are willing to

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cooperate fully and truthfully in our efforts to protect national security and bring other criminals to justice may earn substantial sentence reductions from federal courts."

Ga. Imam Sentenced For Aiding Hamas (AP)

By Daniel Yee, Associated Press Writer

AP, February 28, 2007

ROME, Ga. -- The imam of a Georgia mosque who pleaded guilty to providing support to the militant group Hamas was sentenced Tuesday to more than seven years in prison.

Mohamed Shorbagi, 42, could have faced up to 15 years in prison.

Shorbagi pleaded guilty in August to providing material support to the militant group Hamas in a case in which the agreement, charges and even the plea hearing were handled in secret. U.S. District Judge Harold Murphy sentenced him Tuesday to seven years and eight months in prison.

At the sentencing, Shorbagi said he realized that some of his actions were wrong.

He pleaded guilty in August to a charge of providing material support to Hamas and also testified in a Chicago case against a man identified by authorities as a Hamas operative.

Prosecutors have said that between 1997 and 2001, Shorbagi provided financial support to Hamas, a group designated by the United States as a foreign terrorist organization. He also was accused of conspiring to provide material support to Hamas. The donations were through a charity called the Holy Land Foundation for Relief and Development, prosecutors said.

Assistant U.S. Attorney Kim Dammers suggested that his sentence be less than 15 years because of Shorbagi's help in testifying for the government in other terrorism-related trials.

After the sentencing, Shorbagi shook hands with about a dozen friends and family members who were gathered at the court before he was taken away.

He has said under oath that in return for his testimony, prosecutors agreed to seek a reduction in his sentence, give him a special residency visa, place him in the federal witness protection program and not indict him in an unrelated fraud case.

Shorbagi said Tuesday that he continues to cooperate with the government because of his belief in America.

"I came to this country when I was 18 and I believe in this country," said Shorbagi, a citizen of the Palestinian territory but in the United States legally. He said he has been in America for more than two decades.

"I realize that some of the things that I did was wrong and were never supposed to be done," he said. "That's why I took the responsibility of cooperating with the government."

False Quotes Shake Up Terror Trial (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 28, 2007

Prosecutors say they'll look into a botched wiretap summary that included anti-Semitic remarks.

The mystery of how and why a government wiretap summary falsely attributed anti-Jewish slurs to officials of a Muslim charity remained unanswered Tuesday as federal prosecutors pledged to look into the matter.

In court papers filed late Monday, the U.S. attorney's office in Dallas said it was trying to determine how the recently declassified summary of a 1996 FBI wiretap of the Holy Land Foundation for Relief and Development included vitriolic language that was not found in a verbatim transcript of a recorded conversation.

"The government is attempting to determine the reason for the discrepancy between the summary and the transcript," prosecutors said, adding that officials wanted to locate the language specialist who prepared the summary.

Meanwhile, the unexplained discrepancies have brought potential controversy to the government's biggest terrorism funding case to date.

According to the discredited summary, Holy Land officials referred to Israel as "the government of the demons" and to Jews as trying "to rob as much money as possible from the American taxpayers for the illegitimate excuse of protecting and preserving the chosen people of God."

One Muslim charity official supposedly told a colleague: "Even Jesus Christ had called the Jews and their high priests … the sons of snakes and scorpions."

None of those comments was contained in a 13-page verbatim transcript of the conversation recorded April 15, 1996, by the FBI. In response, defense lawyers demanded declassification of large portions of the government's documents in the case.

On Monday, federal prosecutors argued that the discrepancies were not serious enough to justify such sweeping declassifications.

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Five years ago, authorities shut down what was then the nation's largest Muslim charity on grounds that it was a fundraising front for the Palestinian group Hamas, which the U.S. considers a terrorist organization. In 2004, federal prosecutors charged seven former Holy Land officials, six of them U.S. citizens, with sending money to overseas charities controlled by Hamas, an accusation they deny.

Defense attorneys asked U.S. District Judge A. Joe Fish to declassify 10 years worth of wiretapped conversations and faxes after discovering the faulty summary among the first batch they reviewed.

Without declassifying the government's evidence in the case, defense attorneys argued, they would have no way of knowing whether other documents had discrepancies or inaccuracies because the classified originals of documents could not be shared with their clients.

In response, government prosecutors said it was "an overreaction" to extrapolate that all of the government summaries were useless on the basis of discrepancies found in one set of documents.

Prosecutors also said the contested summary, while including some language not found in the transcript, "does not otherwise misrepresent the substance of the conversation" among the Holy Land officials.

Defense attorneys, who declined to comment Tuesday, have argued that the government summary "fundamentally distorted" the conversation by attributing "an anti-Semitic diatribe" to the foundation officials.

The lead prosecutor in the case said there would be no comment beyond court filings.

In the meantime, defense attorneys filed a new request with the judge to gain access to government documents they contend will show the U.S. Agency for International Development has funded or worked with organizations that are linked to the same overseas' charities allegedly controlled by Hamas and named in the indictment.

Details Of Men Held In CIA Jails Demanded (FT)

By Demetri Sevastopulo

Financial Times, February 28, 2007

The Bush administration was urged on Tuesday to reveal the whereabouts of 16 men who were allegedly detained in secret Central Intelligence Agency prisons.

President George W. Bush last September said the secret prisons had been emptied with the transfer of 14 detainees, including Khaled Sheikh Mohammed, the alleged mastermind of the September 11 2001 attacks, to Guantánamo Bay, Cuba.

Rights groups welcomed the prison closures but were concerned the administration would not provide information about the dozens of other suspected terrorists who had been subjected to the US “renditions” programme – where they are sent to other countries for interrogation – or held in secret US facilities.

In a letter to Mr Bush, Human Rights Watch named 16 men it said were held in CIA prisons and another 22 who it said might have been in the secret facilities. The whereabouts of all the individuals concerned was unknown, the group said.

“The CIA’s detention programme has inflicted great harm on the reputation, moral standing and integrity of the United States,” Joanne Mariner, director of the organisation’s terrorism programme, wrote.

“By revealing information about the fate and whereabouts of people formerly held in CIA custody, you could begin to repair the damage this abusive programme has caused,” she said.

The group also criticised the role of other countries, particularly Pakistan, in rounding up suspects. The report details the case of Marwan Jabour, allegedly arrested in Pakistan before being sent to what he believed was a secret CIA jail in Afghanistan.

“Like an unknown number of Arab men arrested in Pakistan since 2001, he was ‘disappeared’ into US custody: held in unacknowledged detention outside the protection of the law.”

New Light Shed On CIA's 'Black Site' Prisons (WP)

By Dafna Linzer And Julie Tate

The Washington Post, February 28, 2007

On his last day in CIA custody, Marwan Jabour, an accused al-Qaeda paymaster, was stripped naked, seated in a chair and videotaped by agency officers. Afterward, he was shackled and blindfolded, headphones were put over his ears, and he was given an injection that made him groggy. Jabour, 30, was laid down in the back of a van, driven to an airstrip and put on a plane with at least one other prisoner.

His release from a secret facility in Afghanistan on June 30, 2006, was a surprise to Jabour -- and came just after the Supreme Court rejected the Bush administration's assertion that the Geneva Conventions do not apply to prisoners like him.

Jabour had spent two years in "black sites" -- a network of secret internment facilities the CIA operated around the world. His account of life in that system, which he described in three interviews with The Washington Post, offers an inside view of a

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clandestine world that held far more prisoners than the 14 men President Bush acknowledged and had transferred out of CIA custody in September.

"There are now no terrorists in the CIA program," the president said, adding that after the prisoners held were determined to have "little or no additional intelligence value, many of them have been returned to their home countries for prosecution or detention by their governments."

But Jabour's experience -- also chronicled by Human Rights Watch, which yesterday issued a report on the fate of former "black site" detainees -- often does not accord with the portrait the administration has offered of the CIA system, such as the number of people it held and the threat detainees posed. Although 14 detainees were publicly moved from CIA custody to the detention facility at Guantanamo Bay, Cuba, scores more have not been publicly identified by the U.S. government, and their whereabouts remain secret. Nor has the administration acknowledged that detainees such as Jabour, considered so dangerous and valuable that their detentions were kept secret, were freed.

After 28 months of incarceration, Jabour -- who was described by a counterterrorism official in the U.S. government as "a committed jihadist and a hard-core terrorist who was intent on doing harm to innocent people, including Americans" -- was released eight months ago. U.S. intelligence and counterterrorism officials confirmed his incarceration and that he was held in Pakistan and Afghanistan. They would not discuss conditions inside black sites or the treatment of any detainee.A House in Islamabad

By Jabour's account, and that of U.S. intelligence officials, his entrance into the black-sites program began in May 2004. In interviews, he said he was muscled out of a car as it pulled inside the gates of a secluded villa in the Pakistani capital of Islamabad.

In the week before his arrival, Jabour said, Pakistani intelligence officers had beaten, abused and burned him at a jailhouse in Lahore, where he was arrested. There two female American interrogators also questioned him and told him he would be rich if he cooperated and would vanish for life if he refused. He said he was later blindfolded and driven four hours north to the villa in a wealthy residential neighborhood.

The house in Islamabad, which U.S. intelligence officials say was jointly run by the CIA and Pakistani intelligence, had been outfitted with jail cells. When Jabour arrived, he saw as many as 20 other detainees, including the 16-year-old son of an Egyptian sheik, who had been captured in Pakistan. Dozens of al-Qaeda suspects swept up in the years after Sept. 11, 2001, have been through the house, according to accounts by former prisoners and U.S. intelligence officials with knowledge of the facility.

Jabour spent five weeks there, chained to a wall and prevented from sleeping more than a few hours at a time. He said he was beaten nightly by Pakistani guards after hours of questions from U.S. interrogators. Then he and others were whisked off to CIA-run sites. Some sites were in Eastern Europe; Jabour went to one in Afghanistan. Interrogators -- whom he described as Americans in their late 20s and early 30s -- told Jabour he would never see his three children again.

Human Rights Watch has identified 38 people who may have been held by the CIA and remain unaccounted for. Intelligence officials told The Post that the number of detainees held in such facilities over nearly five years remains classified but is higher than 60. Their whereabouts have not been publicly disclosed.

"The practice of disappearing people -- keeping them in secret detention without any legal process -- is fundamentally illegal under international law," said Joanne Mariner, director of the terrorism program at Human Rights Watch in New York. "The kind of physical mistreatment Jabour described is also illegal." Mariner interviewed Jabour separately as part of the organization's investigation.

The CIA said it would not comment directly on Jabour. "The agency does not, as a rule, publicly discuss specific rendition cases from the war on terror," said Paul Gimigliano, a spokesman for the CIA. But, he said, renditions "are a key, lawful tool in the fight against terror, and have helped save lives by taking terrorists off the street. They are conducted with care, they are closely reviewed, and they have produced valuable intelligence that has allowed the United States and other nations to foil terrorist plots."

John D. Rockefeller IV (D-W.Va.), chairman of the Senate intelligence committee, plans to investigate the fate of the missing detainees as part of a larger examination into the CIA's operation of secret prisons and its rendition program.Aiding Al-Qaeda Fighters

In interviews with The Post from his parents' home in the Gaza Strip, Jabour acknowledged helping al-Qaeda and Taliban fighters who fled Afghanistan as the U.S. military hunted for the perpetrators of the Sept. 11 attacks.

Jabour was born to Palestinian parents in Jordan, raised in Saudi Arabia and educated in Pakistan. In 1998, he said, he became drawn to the plight of Muslims in Chechnya living under Russian rule. He crossed the border into Afghanistan so he could train in jihadist camps, then planned to join up with Chechen separatists.

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"In Afghanistan, I met other people who believed in the Islamic state, where it was safe to practice Islam the way they wanted," Jabour said in a recent conversation. "I became friends with other Arabs who felt like me, Palestinians and Jordanians, but after three months of training I was told there was no chance to go to Chechnya."

Jabour returned to Pakistan in 1999. Two years later, after the U.S. military offensive in Afghanistan, those he lived and trained with came calling for help.

"Some of their children were injured, some of their women were wounded. From that moment, they came to our home and we helped them," he said.

Using funds from al-Qaeda financiers, Jabour said, he arranged for food, medical treatment and travel documents for several dozen people and arranged for others, including two African men who fought for al-Qaeda, to slip out of Pakistan. He did not return to Afghanistan to fight, and he said he had no interest in attacking Americans.

The U.S. counterterrorism official who discussed aspects of Jabour's classified file did not call him a member of al-Qaeda. But the official said that in Pakistan, Jabour "was in direct touch with top al-Qaeda operations figures," including Hamza Rabia, who briefly served as one of Osama bin Laden's lieutenants before a missile from a CIA predator drone killed him in December 2005. In interviews, Jabour said he met with Rabia on two occasions.

The official said Jabour "provided the money and means for other jihadists to move from Afghanistan to Pakistan" and provided funds that went to an al-Qaeda bioweapons lab. "He's an all-around bad guy," the official said. No charges were brought against Jabour, however, and the official would not say why he is free today.Taken to Afghanistan

On June 16, 2004, after weeks in the villa, Jabour was drugged, blindfolded and put on a plane. Counterterrorism officials did not dispute that he was taken to a black site in Afghanistan. Jabour said the facility was run by Americans in civilian clothes and guarded by masked men who wore black uniforms and gloves.

He said he does not know where the facility is located, and counterterrorism officials would not say whether Jabour was held at two known detention sites in Afghanistan -- one run by the U.S. military at Bagram air base, the other operated by the CIA outside Kabul.

Jabour said he was often naked during his first three months at the Afghan site, which he spent in a concrete cell furnished with two blankets and a bucket. The lights were kept on 24 hours a day, as were two cameras and a microphone inside the cell. Sometimes loud music blasted through speakers in the cells. The rest of the time, the low buzz of white noise whizzed in the background, possibly to muffle any communication by prisoners through cell walls.

Daily interrogations were conducted by a variety of Americans. Over two years, Jabour said he encountered about 45 interrogators, plus medical staff and psychologists. He was threatened with physical abuse but was never beaten.

Once, he was shown a small wooden crate his interrogators called a "dog box" and was told he would be put in it if he didn't cooperate. He was told that Khalid Sheik Mohammed, the suspected architect of the Sept. 11 attacks who was among the 14 moved to Guantanamo Bay last year, became cooperative after he had been put in the box. But Jabour said he was not subjected to the crate.

He was, however, chained up and left for hours in painful positions more than 20 times and deprived of sleep for long periods. Sometimes he would have one hand chained to a section of his cell wall, making it impossible to stand or sit.

About six weeks into his stay, he was issued a pair of pants. Later he was given a T-shirt, then shoes, a Koran and finally a mattress. Jabour said prison conditions slowly improved: Air conditioning was installed; a library was built and stocked with books in Arabic, Urdu and English. Well-behaved detainees were rewarded with movie nights, in which such Hollywood blockbusters as "Titanic" were screened. A deputy director of the facility taught Jabour how to play chess and gave him pencils and paper. Jabour used to draw pictures of trees and grass, which he hung in his windowless cell.

Jabour recalled with fondness the prison director, a man named Charlie. "He told me, 'Marwan, we need information -- if you cooperate, that is good.' I told him I wasn't hiding anything and was not a dangerous man. He told me that they didn't want to use force but would if they had to. I told him I wouldn't lie to him."

Jabour began to receive better food, including pizza and Snickers and Kit-Kat bars.Transferred and Released

On Dec. 18, 2004, six months after his arrival, Jabour was transferred to a larger cell. Under the sink he found a small inscription that read: "Majid Khan, 15 December, 2004, American-Pakistani." Khan, whose family lives outside Baltimore, was arrested in March 2003 in Karachi, Pakistan, and was among the group transferred to Guantanamo five months ago. The U.S. government has not divulged where Khan was held during his first 3 1/2 years of incarceration.

Jabour met only one other prisoner during his time there. That was an Algerian named Yassir al-Jazeeri, a suspected high-level al-Qaeda operative who was arrested in Pakistan in March 2003. Their visits were arranged by the facility director, who told Jabour they were rewards for good behavior.

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During interrogations, Jabour was often shown hundreds of photographs of wanted or captured suspects. One photo appears to have been that of Muhammad Naeem Noor Khan, a British-Pakistani who was arrested in Pakistan in July 2004.

Noor Khan, a suspected al-Qaeda operative, was thought to be involved in the planning of a disrupted 2004 attack on U.S. and British financial institutions. Babar Awan, a Pakistani lawyer hired by Noor Khan's family, said he has "heard nothing from the government authorities or any other authorities about where Noor Khan is."

There is no public U.S. government record available that states the CIA ever held Jabour, al-Jazeeri or Noor Khan.

Last April, John D. Negroponte, who was then director of national intelligence, told Time magazine that he did not know what would be the "endgame for the three dozen or so high-value detainees" in CIA custody at that time.

Jabour's odyssey ended with a secret flight to Amman, Jordan, where he woke to find himself in an office staring at government wall portraits of King Abdullah and his dead father, King Hussein. "I don't know why they released me, but I told them everything I knew . . .," Jabour said. "You have to tell them the truth and that was no problem for me. They are smart people," he said of his American captors.

The Jordanians called the International Committee for the Red Cross, which sent a representative to interview Jabour and to contact his family. He remained in Jordanian custody for six weeks, was interrogated and was then handed over to Israel's security services.

The Israelis treated him better than his other captors, he said. They got Jabour his first lawyer, an Israeli Arab named Nizar Mahajna, who said in an interview that the Israelis had held Jabour in a prison near Haifa for two months. He was not mistreated, blindfolded or shackled, the lawyer said.

Israeli authorities had considered charging Jabour with fighting for an enemy of the Jewish state. But, Mahajna said, Jabour's training in Afghanistan had occurred more than eight years earlier, he was not a member of al-Qaeda and he had never lived in the Palestinian territories.

"The Israelis were given secret information on Marwan, which they got from the Americans. It wasn't shared with me but whatever it says, the central fact remained that the Pakistanis and the Americans had let him go. Why should Israel keep him?" Mahajna said.

The Israeli government dropped the case and transferred Jabour to Gaza. Prison guards drove him to the Erez border crossing between Israel and the Gaza Strip. "Good luck," one of them said to Jabour as he crossed into Gaza, where his parents awaited.

Europe's Runaway Prosecutions (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, February 28, 2007

An Italian court announced this month that it is moving forward with the indictment and trial of 25 CIA agents charged with kidnapping a radical Muslim cleric. These proceedings may well violate international law, but the case serves as a wake-up call to the United States. Overseas opponents of American foreign policy are increasingly turning to judicial proceedings against individual American officials as a means of reformulating or frustrating U.S. aims, and action to arrest this development is needed.

The Italian case involves a 2003 CIA mission to apprehend an Egyptian cleric named Osama Mustafa Hassan Nasr. Suspected of terrorist ties, Nasr was seized in Milan and transported to Egypt, where he claims he was tortured. This was, of course, an "extraordinary rendition" -- a long-standing and legal practice that generally involves the cooperation of two or more governments in the capture and transportation of a criminal suspect outside of normal extradition proceedings. It was through such a rendition that the terrorist "Carlos the Jackal" was delivered for trial to France from Sudan in 1994.

The United States has used extraordinary renditions as part of the war on terrorism, but the continuing value of this tactic, particularly in Europe, is questionable. One of the primary European objections to the concept of a "war" on terrorism is the fear that U.S. forces will treat Europe as a battlefield. Although this fear is specious -- international law has long provided that, even in wartime, a nation cannot pursue its enemies into the territory of friendly countries without their express permission -- extraordinary rendition gets uncomfortably close to U.S. military operations on European streets. Moreover, unlike many other aspects of U.S. policy, extraordinary rendition can probably be abandoned without severely undercutting the war effort. That being the case, and given the obvious and increasing hard feelings the policy has prompted in Europe, extraordinary renditions should end.

Yet the United States must still vigorously resist the prosecution of its indicted agents. If they acted with the knowledge and consent of the Italian government (as The Post's Dana Priest reported in 2005), they are immune from criminal prosecution in that country. Although foreign nationals traveling abroad are ordinarily subject to local judicial authority, international law has long

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recognized an exception for government agents entering another country with its government's permission. As Chief Justice John Marshall explained in The Schooner Exchange v. McFaddon (1812), an early Supreme Court case involving the immunity of a French warship in American waters, "[o]ne sovereign being in no respect amendable to another . . . can be supposed to enter a foreign territory only under an express license, or in the confidence that the immunities belonging to his independent sovereign nation, though not expressly stipulated, are reserved by implication."

Because of this general rule, elaborate Status of Forces Agreements are negotiated before the troops of one state are stationed in another. These agreements usually narrow the jurisdictional immunities to be enjoyed by American troops stationed abroad, although under the NATO Status of Forces Agreements, to which Italy and the United States are both parties, America retains primary jurisdiction over offenses committed by individuals on duty -- as would have been the case here. If the Status of Forces Agreement does not apply -- as it might not, because intelligence agents are involved -- then the general rule applies. In either case, it is up to American, not Italian, authorities to determine whether any offense was committed in the capture and rendition of Nasr.

Unfortunately, the effort to prosecute these American agents is only one instance of a growing problem. Efforts to use domestic and international legal systems to intimidate U.S. officials are proliferating, especially in Europe. Cases are pending in Germany against other CIA agents and former defense secretary Donald Rumsfeld -- all because of controversial aspects of the war on terrorism. These follow Belgium's misguided effort to pursue "universal jurisdiction" claims for alleged violations of international law, which also resulted in complaints against American officials including Vice President Cheney and former secretary of state Colin Powell. That law was amended, but the overall problem is unlikely to go away. The initiation of judicial proceedings against individual Americans is too attractive a means of striking at the United States -- and one often not subject to control by the relevant foreign government.

Accordingly, Congress should make it a crime to initiate or maintain a prosecution against American officials if the proceeding itself otherwise violates accepted international legal norms. Thus, in instances where there is a clear case of immunity, U.S. prosecutors could answer proceedings such as the Italian indictments with criminal proceedings in U.S. courts. By responding in kind, even if few overreaching foreign officials are ever actually tried, such a law would create a powerful disincentive for these kinds of legal antics.

The authors served in the Justice Department under Presidents Ronald Reagan and George H.W. Bush, and have been expert members of the U.N. Subcommission on the Promotion and Protection of Human Rights.

Canadian Parliament Decides To Let 2 Measures Passed After 9/11 Expire (NYT)

By Ian Austen

The New York Times, February 28, 2007

OTTAWA, Feb. 27 — Canada's Parliament voted Tuesday not to extend two measures that were passed as part of a sweeping package of antiterrorism laws weeks after the Sept. 11, 2001, attacks on the United States.

The measures will expire Thursday. One allows the police to arrest people suspected of preparing to commit an act of terrorism and hold them for 72 hours without charges, and the other enables courts to compel witnesses to testify at special hearings similar to grand jury proceedings in the United States.

Neither has ever been used.

The vote took place just days after the Supreme Court struck down a law allowing the government to detain foreign-born terrorism suspects indefinitely using secret evidence and without charges while their deportations were being considered.

But the debate reflected the fractious politics of Canada's Parliament, which is not controlled by any single party, as much as a national reassessment of antiterrorism measures.

The Liberal Party was in power when the legislation was passed. But on Tuesday, with the Conservative Party in power and pushing to extend the two measures, all but two of the Liberal members present voted against the extension, as instructed by their new leader, Stéphane Dion. That, combined with the no votes of two smaller opposition parties, ensured the overwhelming defeat of the Conservatives' hopes.

After the vote, the Conservatives portrayed their opponents as unwilling to protect national security.

"Any party that doesn't take the national security of Canadians seriously will never be chosen by Canadians to form the government of Canada," Prime Minister Stephen Harper said.

The harsh words began long before the vote. In the House of Commons last week, Mr. Harper suggested that the Liberal opposition to the measures stemmed from the possibility that they could be used to compel a relative of a Liberal Party member of Parliament to testify at a special hearing to look into the bombing of an Air India flight in 1985.

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A prolonged criminal trial in the deaths of 329 people as a result of that bombing ended in two acquittals in 2005. Mr. Harper was jeered down before he could finish his remarks.

Canadians who lost relatives in the 9/11 attacks held a news conference in Ottawa on Tuesday morning, before the vote, to urge that the provisions be extended. The laws, said one widow, Cindy Barkway, "allow law enforcement officials to prevent terrorism from turning people like you into victims like us."

There was some disappointment that the issue of public safety had become politicized by Liberals and Conservatives alike.

Errol Mendes, who teaches human rights law at the University of Ottawa, said that without the preventive arrest provision there could be circumstances when the police would be unable to stop an attack in progress. He said judicial oversight of the arrests and the investigative court hearings would prevent human rights abuses.

"It has been incredibly destructive of national security in Canada to make this area into a partisan issue," Professor Mendes said.

Canada has a long history of allowing preventive detention. In 1970, under the now defunct War Measures Act of 1914, 453 people were jailed without charges after the kidnapping and killing of a Quebec cabinet minister and the abduction of a British diplomat. That episode remains controversial throughout the country, especially in Quebec.

Amnesty International and other human rights groups urged Parliament let the measures expire. Amnesty argued that conventional criminal laws allowed the police and courts to stop imminent terrorist acts without jeopardizing civil liberties, a position largely shared by Mr. Dion.

After the vote, Alex Neve, Amnesty International's Canadian secretary general, said: "This by no means should be interpreted or misunderstood that Canada is somehow going soft on terrorism. What I think this is an affirmation of is that Canada is increasingly concerned that its approach to terrorism is fully grounded in respect to fundamental human rights."

PATRIOT ACT:

DoJ Sued For Release Of FISA Court Rules On Spy Program (INFOWEEK)

By K.C. Jones, InformationWeek

InformationWeek, February 28, 2007

The Electronic Frontier Foundation has sued the Department of Justice, demanding the release of records related to court orders authorizing electronic surveillance.

The EFF filed a lawsuit Tuesday seeking information on changes to the National Security Agency's surveillance program. The program, which the federal government maintains targets communications involving at least one suspected terrorist, was secret until the New York Times reported on it in December 2005.

The government acknowledged that it was conducting surveillance without warrants from the Foreign Intelligence Surveillance Court and argued that presidential powers and recent legislation authorized the practice. After defending against allegations that the practice was illegal, U.S. Attorney General Alberto Gonzales announced last month that the government changed its practices and would seek court approval to monitor communications.

EFF used the Freedom of Information Act in an attempt to obtain records showing the court's approval, but the Department of Justice didn't respond to a written request. EFF is seeking immediate release of orders allowing the government to monitor communications and any rules or guidelines associated with the orders. White House Press Secretary Tony Snow has made public comments that indicate the court issued guidelines or parameters that have allowed the government to continue surveillance with court approval.

EFF refers to those statements in its filing. It's not alone in seeking details about the guidelines. News reporters who have been covering the issue have also pressed to find out the parameters of ongoing surveillance.

The White House, Gonzales, and federal agencies have maintained that terrorists could learn too much about the government's capabilities if the government's methods were disclosed. They have argued that national security would be compromised if information about the surveillance program were released.

Although several groups and individuals have sued the government over the secret surveillance, EFF's suit is different since it seeks information about the program since the administration has claimed court approval.

In a statement announcing the lawsuit, EFF senior counsel David Sobel said that Americans have the right to know the government's basic guidelines for electronic surveillance of their personal communications. The government has claimed that ordinary Americans haven't been targeted and that only communications involving suspected terrorists have been intercepted.

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Sobel said during a brief interview Tuesday that he's optimistic EFF will obtain the records because the Foreign Intelligence Surveillance Act requires modifications to its rules and procedures to be declassified and made available to congressional committees. Even if the government successfully argues that the material is highly classified, the lawsuit is likely to make officials account for the documents they have, which would make public more information than has been released up to this point, he said.

The lawsuit is one of dozens filed by EFF as part of a campaign to "hold government accountable."

EFF Files Suit Against DoJ (TND)

Technology News Daily, February 28, 2007

The Electronic Frontier Foundation (EFF) filed suit against the Department of Justice today, demanding records about secret new court orders that supposedly authorize the government's highly controversial electronic surveillance program that intercepts and analyzes millions of Americans' communications.

When press reports forced the White House to acknowledge the program in December of 2005, the administration claimed that the massive program could be conducted without warrants or judicial authorization of any kind. However, in January of this year, Attorney General Alberto Gonzales announced that the Foreign Intelligence Surveillance Court (FISC) had authorized collection of some communications and that the surveillance program would now operate under its approval. EFF's suit comes after the Department of Justice failed to respond to a Freedom of Information Act (FOIA) request for records concerning the purported changes in the program.

"While national security and law enforcement demand a limited amount of secrecy, Americans have the right to know the government's basic guidelines for this kind of invasive electronic surveillance of their personal communications," said EFF Senior Counsel David Sobel. "The burden is on the Justice Department to justify its failure to disclose the information we've requested."

EFF's suit demands the immediate release of the FISC orders regarding the surveillance program and any FISC rules and guidelines associated with such orders.

Today's FOIA action is separate from EFF's lawsuit against AT&T for illegally collaborating with the government's surveillance program. That suit, Hepting v. AT&T, is proceeding in U.S. District Court in San Francisco despite the government's ongoing attempts to have the case dismissed.

For the FOIA complaint filed against the Justice Department:
http://www.eff.org/flag/oipr/oipr_complaint.pdf
For more on EFF's FOIA Litigation for Accountable Government Project:
http://www.eff.org/flag/

HOMELAND RESPONSE:

Bush Will Veto Union Rights For Federal Airport Screeners (WT)

By Shaun Waterman
The Washington Times, February 28, 2007

President Bush will veto a proposed bill to implement measures recommended by the September 11 commission if the bill is passed with language granting collective-bargaining rights to airport passenger and baggage screeners employed by the Transportation Security Administration, Homeland Security Secretary Michael Chertoff told Republican senators yesterday.

Mr. Chertoff's comments at a private luncheon were reported by Sen. Jim DeMint, South Carolina Republican, and confirmed by the Department of Homeland Security and a senior administration official authorized to speak to the press.

Mr. Chertoff "did make very clear that if the bill goes to the White House with the current provision related to TSA personnel authorities, his recommendation, and that of other senior administration officials, would be to veto it," department spokesman Russ Knocke said.

A letter sent yesterday to Mr. Bush from 36 Republican senators shows that the votes are there to sustain a veto, according to Republican aides.

One of the provision's strongest backers, Sen. Daniel K. Akaka, Hawaii Democrat, said a veto would also kill numerous other provisions of the law.

"I hope that the president would consider all the improvements made by this legislation to protect the nation before making veto threats," he said.

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Mr. Knocke said the administration's view is that "the issues relating to the TSA are so extraordinarily problematic that there should be no doubt in anyone's mind" about the need for a veto.

The Senate is slated to begin today debating the bill, which includes measures addressing rail and aviation security, emergency communications, cargo security, nuclear proliferation and national standards for drivers' licenses. The House has passed its version of the bill, which includes the labor rights language, along with dozens of other provisions and authorization for billions of dollars of homeland-security spending.

The provision at issue was introduced as an amendment to the bill while it was in committee and passed on a party-line vote. It repeals a footnote in the 2001 law setting up the TSA, which gave the agency's director wide discretion to decide issues of union and other labor rights for the 40,000-plus passenger and baggage screeners it employs.

Labor Language Threatens Antiterror Bill (AP)

By Laurie Kellman

AP, February 28, 2007

President Bush and his Senate allies will kill a Sept. 11 antiterror bill if Congress sends it to the White House with a provision to let airport screeners unionize, the White House and 36 Republicans said Tuesday.

"As the legislation currently stands, the president's senior advisers would recommend that he veto the bill," said White House spokesman Scott Stanzel.

Senate Republicans swiftly backed up the threat with a pledge by more than enough senators to block any veto override attempt.

"If the final bill contains such a provision, forcing you to veto it, we pledge to sustain your veto," they wrote to the president. Sen. Jim DeMint, R-S.C., planned to offer an amendment to strip the provision from the bill.

Homeland Security Secretary Michael Chertoff said that allowing screeners to unionize would impede the department's quick response to possible threats. Fast redeployment of screeners, such as in response to Hurricane Rita and the failed London plot to blow up airliners, cannot wait for negotiations, he said.

Chertoff said screeners are as much on the front lines in the war against terror as military troops.

"Marines don't collectively bargain over whether they're going to wind up, you know, being deployed in Anbar province or in Baghdad," Chertoff told reporters after a briefing with senators. "We can't negotiate over terms and conditions of work that goes to the heart of our ability to move rapidly in order to deal with the threats that are emerging."

Other federal employees have collective bargaining and whistle-blower protection rights.

Chertoff's reasoning, according to the American Federation of Government Employees, is "an insult to the hundreds of thousands of dedicated public safety officers with collective bargaining rights — from border patrol agents to firefighters to the Capitol Hill police," said John Gage, president of the federation.

The White House made its displeasure with the union provision clear before the House passed it as part of its Homeland Security bill. Sen. Susan Collins said Chertoff told her that a statement Thursday would include an explicit veto threat.

Casting the provision as a deal-killer would flex Bush's political muscle with the new, Democratic-led Congress on the old battleground of labor rights. It also could throw an obstacle into talks over how to debate and pass the recommendations of the Sept. 11 Commission.

For now, senators are eager to follow the House and pass a bill enacting the commission's recommendations to tighten the nation's security. The House bill also includes a provision that would let TSA screeners bargain collectively.

Senate Majority Leader Harry Reid of Nevada and Republican leader Mitch McConnell of Kentucky had reached a tentative agreement Tuesday to conduct the debate over the next 10 days without the distraction of Iraq.

The sense of urgency on the 9/11 recommendations was conveyed to both leaders in a letter Tuesday from families of those killed in the terrorist attacks on that day in 2001.

"This legislation is far too important to be politicized by ... controversial amendments and debate, particularly those relating to Iraq," wrote Carol Ashley and Mary Fetchet of the Voices of September 11th.

Reid and McConnell said the Iraq debate would wait for next month, after passage of the 9/11 bill. The arrangement would allow the Senate to debate legislation bolstering anti-terrorism security measures on railroads and airlines without being distracted by the furor over President Bush's buildup of troops in Iraq.

"We have got to finish this bill," Reid, D-Nev., said as he opened the Senate session. He read parts of a letter from relatives of people killed in the Sept. 11, 2001 terrorist attacks asking the Senate to consider the legislation "without complications regarding Iraq."

Even minus an Iraq debate, provisions in the anti-terrorism bill or planned amendments make the legislation contentious.

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In addition to its opposition to the TSA provision, the White House also opposes an amendment that would let states delay adopting standardized drivers' licenses.

Collins said Chertoff delivered a staunch defense of the administration's position during the GOP caucus' weekly policy lunch Tuesday. She said she nonetheless plans to try to attach an amendment that would delay requirements for states to adopt national drivers license standards.

Many states have complained about the cost of the program, and civil libertarians are concerned about privacy issues.

Other measures in the bill would improve rail and aviation security, provide funds for state and local emergency communications systems, improve intelligence sharing between federal, state and local officials, and expand a visa waiver benefit for favored countries.

FEDERAL DIARY: Interior Report Finds 'Wall' Between Field Staff, Leaders (WP)

By Stephen Barr

Washington Post, February 28, 2007

Communication. Trust. Leadership.

A report by the Interior Department inspector general, released this month, provides a glimpse of how these issues can arise in agencies that have to manage a workforce spread across the country.

The report, by Earl E. Devaney, Interior's inspector general, focused on the law enforcement office at the Fish and Wildlife Service. Devaney praised the office for "significant progress" in overhauling its operations since 2002, when the secretary of the interior called for improvements.

But Devaney also found some problems in the law enforcement office, such as a "general mistrust of senior management" and a lack of communication between the headquarters and the field, "which has created a perception that there is a 'wall' between management and field personnel."

For the review, Devaney's staff conducted more than 110 interviews, traveled to field offices and hired a consultant to survey the law enforcement staff. Of 369 employees asked to participate in the survey, 88 percent responded -- an indication, the report said, that the employees are highly committed to the Fish and Wildlife Service.

The agency's law enforcement office enforces federal laws, such as protections for endangered species and migratory birds. The office's work includes breaking up animal-smuggling rings, safeguarding habitat for endangered species, enforcing bird-hunting regulations and inspecting wildlife shipments to detect illegal trade.

The IG review suggested that the agency's law enforcement program is at risk of being undermined because of leadership and communication problems -- issues that hinder operations in many parts of the government.

The report pointed out that the lack of communication between senior leaders and the field "has significantly impacted morale and trust." Field employees said their bosses at headquarters never visited their offices, and many field agents said they rarely got an office visit from their superiors -- the special agents in charge.

Field employees also said they were frustrated by management practices. The IG found that an "unwritten requirement" for promotions is two years of experience working at Fish and Wildlife's law enforcement headquarters and that field employees think promotions often go to agents with little or no supervisory experience.

Bonuses and time-off awards also were distributed on an inconsistent basis, the IG found.

In 2005, about half of the law enforcement employees who received a performance rating of "exceptional" were in one region, while the remaining six regions and headquarters shared the remaining half. In three regions, employees rated as "superior," a step below exceptional, received bigger bonuses than those employees rated exceptional, the report said.

Disciplinary action proved to be another sensitive topic, the IG found. In one case, an employee received the mandated 30-day suspension for misusing a government vehicle, while another employee in a different region received a 14-day suspension for a more serious offense -- driving while intoxicated in a government vehicle and while carrying a firearm.

"Inconsistencies such as these have caused resentment and frustration," the report said.

Benito Perez, acting chief of law enforcement for Fish and Wildlife, said the law enforcement office has started work on 12 recommendations made in the IG report to improve operations.

"We don't disagree with the validity of the recommendations, and we are working toward meeting those recommendations," said Perez, a 19-year Fish and Wildlife law enforcement officer.Unions for TSA Screeners

Senior advisers to President Bush would recommend that he veto anti-terrorism legislation that included a provision to permit federal airport screeners to engage in collective bargaining, a White House spokesman said yesterday.

Legislation to implement the unfinished recommendations from the 9/11 commission would permit Transportation Security Administration screeners to be represented by unions. The provision was added to the bill by Sen. Joseph I. Lieberman (I-Conn.).

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Scott Stanzel, the White House spokesman, said, "We vigorously disagree with the provisions of the Senate legislation that would eliminate the flexibility given to TSA to perform its transportation security missions."

The TSA needs the ability to quickly reassign and move screeners to respond to threats, he said.

Lieberman has contended that the screeners should have employee protections similar to those provided to Border Patrol agents and customs and immigration officers.

Call To Expand Union Rights Could Derail Antiterror Bill (NYT)

By Eric Lipton

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — Democrats in Congress are pushing to extend union protection to 43,000 federal airport security workers, reviving a debate that stalled the creation of the Department of Homeland Security and could now derail broad antiterrorism legislation.

The proposal has provoked opposition from Senate Republicans and the Bush administration. It is the latest in a series of labor-related fights in Washington as Democrats try to use their new majority to push long-delayed proposals that benefit rank-and-file workers, like increasing the minimum wage.

White House officials made clear on Tuesday that President Bush was prepared to veto a bill that enacted recommendations of the Sept. 11 Commission if the provision granting Transportation Security Administration workers collective bargaining rights was not removed.

“Existing authority permits T.S.A. the flexibility to manage and deploy their work force,” Scott Stanzel, the White House deputy press secretary, said. “We do think that it is important that T.S.A. maintain that flexibility for personnel performing key homeland security roles.”

In a letter sent Tuesday to the White House, Senator Jim DeMint, Republican of South Carolina, and 35 other Senate Republicans said they were prepared, if necessary, to sustain a veto.

Security administration officers are already allowed to join a union. But few do, as current federal law does not permit the union to bargain on their behalf to contest workplace assignments, file grievances or represent them in disciplinary matters. Backers of the measure say giving the T.S.A. workers broader rights does not create security problems.

“There’s no good reason to deny these rights to these people,” Senator Joseph I. Lieberman, independent of Connecticut, said Tuesday, as the Senate took up the matter.

What collective bargaining rights Department of Homeland Security employees should have has been under dispute since shortly after the 2001 attacks.

The disagreement so divided Congress in 2002 that for months it prevented passage of the bill to create the department. Republicans successfully used the delay, for which they blamed Democrats, to help defeat Senator Max Cleland, the incumbent Democrat of Georgia, that year, openly questioning his commitment to fight terrorism.

Republicans ultimately prevailed, both with T.S.A., which initially was part of the Department of Transportation, and with Homeland Security, which has since taken over.

But union leaders have been pushing ever since to reassert bargaining rights for department employees.

Union leaders say airport screeners are frequently required to work unscheduled overtime, suffer high injury and illness rates — nearly 30 percent compared with 5 percent for all federal employees — and have an attrition rate 10 times as high as the federal average.

“How safe is the public if officers who see security breaches that result from mismanagement cannot disclose that because they fear they could be fired?” said Mark D. Roth of the American Federation of Government Employees.

Under the proposal, the security officers would not have the right to strike, and the union would not have the power to negotiate wages. But it would be authorized to bargain on their behalf to establish work rules to govern overtime and temporary transfers, and to protect them if they file a grievance.

Union officials said that T.S.A., under the proposal, would still have the power, in emergencies, to change work assignments. But Kip Hawley, the security agency’s administrator, said such shifts were necessary not just in emergencies but when routine events like weather delays required work reassignments or overtime.

“We require an infinitely flexible security regime that allows us to change what we do and where we do it,” Mr. Hawley said, adding that hiring staff members to handle union relations would cost $160 million.

The debate over the collective bargaining rights is just one of several points of contention expected to surface as the Senate takes up its version of the Sept. 11 Commission bill. House Democrats passed their own version in January.

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House Democrats, who also included a provision granting collective bargaining rights to airport screeners, have language in their bill that would mandate inspection of all ship containers headed to the United States from overseas, a provision that the Bush administration and many Republicans oppose. A push by Democrats is expected in the coming week to add such language to the Senate bill.

The Senate bill is also likely to include measures intended to increase rail and transit security. And there may be an effort, also opposed by the Bush administration, to delay a 2008 mandate that the states begin to issue a standardized, tamper-proof driver's license.

Officials in many states have said they will not be ready in time and that the federal government should cover the cost of issuing the new licenses.

New Profiling Program Raises Privacy Concerns (WP)

By Ellen Nakashima And Alec Klein

The Washington Post, February 28, 2007

The Department of Homeland Security is testing a data-mining program that would attempt to spot terrorists by combing vast amounts of information about average Americans, such as flight and hotel reservations. Similar to a Pentagon program killed by Congress in 2003 over concerns about civil liberties, the new program could take effect as soon as next year.

But researchers testing the system are likely to already have violated privacy laws by reviewing real information, instead of fake data, according to a source familiar with a congressional investigation into the $42.5 million program.

Bearing the unwieldy name Analysis, Dissemination, Visualization, Insight and Semantic Enhancement (ADVISE), the program is on the cutting edge of analytical technology that applies mathematical algorithms to uncover hidden relationships in data. The idea is to troll a vast sea of information, including audio and visual, and extract suspicious people, places and other elements based on their links and behavioral patterns.

The privacy violation, described in a Government Accountability Office report that is due out soon, was one of three by separate government data mining programs, according to the GAO. "Undoubtedly there are likely to be more," GAO Comptroller David M. Walker said in a recent congressional hearing.

The violations involved the government's use of citizens' private information without proper notification to the public and using the data for a purpose different than originally envisioned, said the source, who declined to be identified because the report is not yet public.

The issue lies at the heart of the debate over whether pattern-based data mining -- or searching for bad guys without a known suspect -- can succeed without invading people's privacy and violating their civil liberties.

DHS spokesman Larry Orluskie said officials had not yet read the GAO report and could not comment.

Another DHS official who helped develop ADVISE said that the program was tested on only "synthetic" data, which he described as "real data" made anonymous so it could not be traced back to people.

The system has been tested in four DHS pilot programs, including one at the Office of Intelligence and Analysis, to help analysts more effectively sift through mounds of intelligence reports and documents. In another pilot at a government laboratory in Livermore, Calif., that assessed foreign and domestic terror groups' ability to develop weapons of mass destruction, ADVISE tools were found "worthy of further development," DHS spokesman Christopher Kelly said.

The DHS is completing reports on the privacy implications of all four pilot programs. Such assessments are required on any government technology program that collects people's personally identifiable information, according to DHS guidelines.

The DHS official who worked on ADVISE said it can be used for a range of purposes. An analyst might want, say, to study the patterns of behavior of the Washington area sniper and look for similar patterns elsewhere, he said. The bottom line is to help make analysts more effective at detecting terrorist intent.

ADVISE has progressed further than the program killed by Congress in 2003, Total Information Awareness, which was being developed at the Defense Advanced Research Projects Agency (DARPA). Yet it was partly ADVISE's resemblance to Total Information Awareness that led lawmakers last year to request that the GAO review the program. Though Total Information Awareness never got beyond an early research phase, unspecified subcomponents of the program were allowed to be funded under the Pentagon's classified budget, which deal largely with foreigners' data.

The Disruptive Technology Office, a research arm of the intelligence community, is working on another program that would sift through massive amounts of data, such as intelligence reports and communications records, to detect hidden patterns. The program focuses on foreigners. Officials declined to elaborate because it is classified.

Officials at the office of the director of national intelligence stressed that pattern analysis research remains largely theoretical. They said the more effective approach is link analysis, or looking for bad guys based on associations with known

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suspects. They said that they seek to guard Americans' privacy, focusing on synthetic and foreigners' data. Information on Americans must be relevant to the mission, they said.

Still, privacy advocates raise concerns about programs based on sheer statistical analysis because of the potential that people can be wrongly accused. "They will turn up hundreds of soccer teams, family reunions and civil war re-enactors whose patterns of behavior happen to be the same as the terrorist network," said Jim Harper, director of information policy studies at the Cato Institute.

But Robert Popp, former DARPA deputy office director who founded National Security Innovations, a Boston firm working on technologies for intelligence agencies, said that research anecdotally shows that pattern analysis has merit. In 2003, he said, DARPA researchers using the technique helped interrogators at the U.S. prison at Guantanamo Bay, Cuba, assess which detainees posed the biggest threats. Popp said that analysts told him that "detainees classified as 'likely a terrorist' were in fact terrorists, and in no cases were detainees who were not terrorists classified as 'likely a terrorist.' "

Some lawmakers are demanding greater program disclosure. A bipartisan bill co-sponsored by Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) would require the Bush administration to report to Congress the extent of its data-mining programs.

Under The Gantry (WP)

The Washington Post, February 28, 2007

THE DEPARTMENT of Homeland Security recently announced a plan to do what many scientists had once thought impossible: effectively inspect large numbers of vehicles entering a major metropolitan area for radioactive materials without bringing life to a standstill. In the 1950s, a still-classified report on the possibility of scanning for nuclear materials found that detectors could be easily defeated, one of its authors recently told US News & World Report. Experts today say that the nuclear weapons are heavily shielded, making detection tricky, and that current front-line scanners have difficulty in reliably detecting even those nuclear materials not encased in a bomb.

Nevertheless, DHS is pushing forward with a pilot program to test the feasibility of scanning large numbers of cars and trucks entering Manhattan for radioactivity.

The goal is to set up a system of both fixed and mobile scanners on roads leading into Manhattan. The system would require little or no slowdown in traffic to operate. Fixed detectors might be placed at tollbooths and other traffic choke points. Mobile scanners might be used to conduct random checks. Ideally, this program would add another layer of security to the nuclear detection regimes at border crossings and seaports. If successful, it would require little or no effort from those being inspected, so it wouldn't snarl traffic in the tri-state area. Another point in its favor is that the pilot program is not very expensive, as Homeland Security projects go, and that even if the resulting system is not perfect, it will foster development of newer and better technologies that will make Americans safer.

Even given all that, however, we are glad Homeland Security is not breaking the bank on its latest experiment. Based on the available information on the inconsistency of nuclear detection technology, it is fair to wonder whether this is the right time to conduct such a large-scale test and whether such a program may be an inefficient use of government resources.

It's A Hard Sell For Some, Big Easy For Others (USAT)

By Anne Rochell Konigsmark

USA Today, February 28, 2007

NEW ORLEANS — Of all the places they could live, Brad Pitt and Angelina Jolie chose New Orleans. They bought a $3.5 million mansion in the French Quarter, enrolled two of their three children in a local private school and became symbols of the effort to reinvigorate the city.

Pitt has promoted the construction of environmentally friendly buildings here, and the celebrities' investment in New Orleans made headlines around the world. But each day, in much smaller ways, other people are coming and buying stakes in a city that still has less than half the population it had before Hurricane Katrina.

People continue to move out, some after returning here and becoming overwhelmed by the neighborhoods of empty houses, a crime wave and a general uncertainty about the future. Despite all that, New Orleans is finding a way to hold steady. The population, now at about 191,000, hasn't changed significantly in months.

Amid the comings and goings, New Orleans is evolving, trying to find its footing in a post-Katrina world. The blank-canvas feel of the city has attracted a wave of newcomers who will help shape its future: entrepreneurs, young idealists, urban planners and longtime lovers of New Orleans' unique charms.

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"People have forgotten what a great city this is," says Danielle Sutton, 34, who moved here in June from London with her husband and their baby son to open a gourmet cheese shop. "It's just nice living in such a beautiful place."

All around, there are signs that New Orleans is coming back, but not quite as the city it used to be. A U.S. government survey reveals a whiter populace: New Orleans was two-thirds black before Katrina hit in August 2005; today it's 47% black and 42% white.

It's also more Hispanic, thanks mostly to an influx of workers coming here for plentiful construction jobs. The survey indicates New Orleans is almost 10% Hispanic, up from about 3% in the 2000 Census.

Willing to brave infrastructure problems, the reduced population and many other challenges, businesses are opening. A Tulane University survey in January found 56 new businesses had opened since Katrina on three main commercial streets.

There are concerns, however, that New Orleans is losing some of its cultural flavor.

Demographer William Frey of the Brookings Institution in Washington predicts that New Orleans "will become more of a normal American city, and that may not be what the locals think is the right direction to go. The people who are leaving — many are those who made New Orleans what it was — and in a way the sense of place in New Orleans will change dramatically."

In a survey done in October by the University of New Orleans, one-third of the respondents in Orleans Parish and neighboring Jefferson Parish said it was "likely" or "somewhat likely" they would leave the area. The main reason: crime. Other reasons include the slow pace of recovery and concern about the safety of the city in future storms.

Neilan Tyree, a once-devoted New Orleanian, moved to Atlanta last spring after trying to live in post-Katrina New Orleans for more than six months. "I couldn't stand it and couldn't fix it, so I had to rearrange my dreams," says Tyree, 47.

Most of the residents who have not returned since the storm came from lower-income neighborhoods and are black, Frey says. The UNO study found that among those who say they probably will leave, most are educated people under 60, says Susan Howell, director of the university's Survey Research Center.

Meanwhile, Richard Campanella, a Tulane geographer, says well-educated people are moving in.

"I have my ear out for folks who have moved here since the storm," he says. "Many are urban planners, urban designers and architects. They see this as an incredible frontier where they can provide their professional skills in an environment that really needs them."

Newcomers are flocking to areas that had little damage in the storm. The French Quarter looks and feels much as it always has. The same can be said for many historic neighborhoods along the Mississippi River that had little or no flooding.

"We're in a bit of a bubble," Sutton says of the life she and her husband, Rich, have created. Their shop, the St. James Cheese Company, is in the Uptown neighborhood, an upscale area that did not flood and teems with activity. They live in an apartment four blocks away.

Rich Sutton, 35, says they have friends and relatives who called them "crazy" to start a business and bring up a family in such an unstable environment.

"People think, 'That's the place that got destroyed,' or 'That's the place with all the crime,' " he says.

Campanella has studied new business owners like the Suttons and tracked businesses along three commercial corridors — Magazine Street, Carrollton Avenue and St. Claude Avenue. Of the 651 businesses on those streets pre-Katrina, 411 have reopened and stayed open. Nineteen reopened and then closed, he says, and 56 new businesses have opened.

The openings and closings reflect the ongoing tale of two cities. Along Magazine Street, which did not flood, 95% of businesses are open, while on the other two streets, which did flood, less than half the businesses are open.

For many New Orleanians who were here before Katrina, getting back to normal is nothing short of a battle. And for some, even those whose homes did not flood, it's a battle not worth fighting.

Several large corporations have moved most, if not all, of their operations out of the city since Katrina. These include Chevron, which is moving about 500 New Orleans workers across Lake Pontchartrain to the North Shore, and Entergy, New Orleans' only Fortune 500 company, which has relocated many of its operations to Jackson, Miss.

Many off-shore oil service industry businesses have followed their customers to Houston, says Eric Smith, associate director of the Entergy-Tulane Energy Institute.

Tyree, a freelance business development specialist who attended Tulane in the 1970s, moved to New Orleans in 2004 and intended to stay. His St. Charles Avenue apartment did not flood, so he returned soon after Katrina. "I wanted to be a part of the rebuilding," he says. "I was very much the optimist."

Then his landlord raised the rent. And Tyree, who is HIV-positive, began to worry about the city's diminished health care system. He got frustrated with damaged streets and broken traffic lights.

Tyree landed a job with MacDuff, a publishing company in Atlanta. He found an apartment there and says he is happy. "I'm having to relearn how to live in a world where things can and do work, and I love it."

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New Orleans struggled with crime problems before Katrina. Authorities' continued difficulty in getting a handle on violent crime has helped make the issue the main reason people want to leave the area, the UNO survey indicates.

New Orleans had the nation's highest murder rate per capita in 2006 and began 2007 with a rash of killings that led the U.S. government to send personnel and equipment to help local authorities.

Olivia Watkins, 22, says a fear of crime drove her from New Orleans. Watkins, who lived near Audubon Park, says she was a frequent "stoop sitter" who gave up evenings outside because of muggings in her area.

There were other problems post-Katrina for Watkins. While she was living in North Carolina just after Katrina, her landlord in New Orleans evicted her because he needed a place to stay. She returned to New Orleans in early 2006 and found an apartment. A few weeks ago, however, Watkins lost her job as an editor at a local magazine.

"I feel like New Orleans stabbed me in the back," she says. "And I was all set on getting married in a church on St. Charles Avenue and sending my kids to the bilingual school on Audubon Park."

Watkins left New Orleans in January to live in Orlando with family. This spring, she plans to move to Baton Rouge, where she found a job as a copywriter.

Meanwhile, some who came here seeking opportunities are thriving. Antan Wilson, 24, who arrived from North Carolina just after the storm and initially lived in his car, says this is home now.

"I kind of fell in love with it," he says. He worked as a janitor and in a strip club before getting hired as an account manager for EBONetworks, a local marketing firm that helps companies target minority customers.

"There's energy here, and I think it holds a good future," Wilson says.

Last winter, Bobbi and Kevin Krause sold their home in Phoenix intending to go on an extended road trip, which included a stop in New Orleans to do volunteer work. Once here, they became friends with residents on a stretch of Palmyra Street where they were working on damaged homes. A flooded Victorian cottage caught their eye, and after finding the owner, they bought it for $48,000.

"It was the way the community welcomed us," says Kevin, 40. "We go over to their houses for dinner or coffee. In Phoenix, we hardly knew our neighbors. This was new, and we fell in love with it."

Much of the New Orleans that Christine Williams knew before Katrina has ceased to exist, and she's reconsidering her decision to return.

A New Orleans native, she says most of her evacuated family members now live in Iowa. Her home in Lakeview stayed dry, but her neighborhood is still devastated and mostly empty.

"There's no supermarket," says Williams, 35. "And it's just still so abandoned."

She fled to Washington, D.C., before Katrina and enrolled her daughter, now 9, in a Catholic school. She found a job at a hair salon and they lived in a D.C. suburb. "It was a very, very nice experience," she says. "Washington is very progressive. It is movin' and shakin' but not too fast."

Williams moved back to New Orleans last spring because her boyfriend and her daughter wanted to, she says. Now Williams, who is black, says she may leave again.

"I didn't feel separated by race in Washington," she says. "It's such a melting pot."

Bobbi Krause, 32, says she understands why people who were here before Katrina might want to leave. She and Kevin have learned how difficult it is to build a life here. Their home is gutted and unfinished because they have been unable to find anyone to do the work.

But the Krauses didn't lose anything in the storm, and for them, this is an adventure.

"The people that are back in their homes have fought a battle to be here. It is a tough decision to stay," Bobbi says.

"We're creating our New Orleans right now."

WAR NEWS:

War Bill Divides Democrats (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, February 28, 2007

WASHINGTON — Democratic lawmakers, who earlier this month nearly unanimously backed resolutions condemning President Bush's plans to boost troop levels in Iraq, are struggling to agree on what to do next in their drive to bring the war to an end.

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In the Senate, party leaders who faced dissent in their own caucus have decided to postpone consideration of a binding resolution that would set limits on what U.S. forces could do in the conflict.

And in the House, Democrats are wrestling with even deeper divisions as they try to agree on a way to use a supplemental war funding bill to slow the deployment of more troops in Iraq amid accusations by Republicans that the move would deprive troops of the help they need.

At a closed-door caucus meeting Tuesday, three senior House Democrats — including the chairmen of the Appropriations and Armed Services committees — urged their colleagues to support the funding strategy, the details of which are being worked out.

But the apparent deceleration of the legislative drive to end the war is dismaying antiwar activists.

"There seems to be a new world land-speed record set in back-peddling," said Tom Andrews, a former Democratic congressman from Maine who heads Win Without War, a coalition of antiwar groups.

Just a few weeks ago, Win Without War was targeting Republicans for standing in the way of the resolutions. Now, Andrews said, antiwar groups are encouraging their members to pressure Democratic lawmakers.

Senior Democrats defended their management of the war issue, insisting there has been no slowdown in their campaign.

"We've been in the majority for six weeks," said Sen. Patty Murray of Washington. "We've had 38 hearings on the Iraq war…. We've already had two votes on the war…. That's a lot better than they've done in the last 3 1/2 or 4 years."

But Democrats are under intense pressure to act. Several recent polls have shown that public support continues to build for congressional action to limit the war.

Less than two weeks ago, the party appeared comfortably in control of the political battle over the war, while Republicans flailed.

House Democrats pushed through a resolution repudiating the White House plan to add 21,500 troops in Baghdad and Al Anbar province, picking up support from a handful of Republicans.

And in the Senate, Democrats twice succeeded in portraying Republicans as obstacles to a debate on the president's strategy. GOP lawmakers blocked consideration of nonbinding resolutions, complaining they were being denied the opportunity to bring forward alternatives.

But as debate has shifted to what Congress will do next, substantial cracks appear to be emerging in the Democratic camp.

In the House, several moderate Democrats have spoken out against a proposal by Rep. John P. Murtha (D-Pa.) to attach conditions to a $93-billion supplemental defense spending bill that could limit the Pentagon's ability to send more troops to Iraq. Murtha, who chairs the appropriations subcommittee that is considering the spending request, is a close friend and ally of House Speaker Nancy Pelosi (D-San Francisco). She has indicated some qualified support for his proposal.

House Democrats are exploring setting equipment and training standards for troops before their deployment, shifting more money to fighting terrorism in Afghanistan and setting benchmarks for the Iraqi government to meet for continued U.S. funding.

"We're listening to our colleagues about what form they want that supplemental to take," Pelosi said. But, sensitive to the GOP attacks, the speaker said: "We will fund the troops as long as they are in harm's way."

In an interview with CNN's Larry King on Tuesday, Pelosi said that Bush's judgment on the Iraq war was "a little impaired."

Murtha's proposal has come under withering attack from Republicans who say it would deprive troops of the reinforcements they need.

And Tuesday, Marine Gen. Peter Pace, Joint Chiefs of Staff chairman, warned the Senate Appropriations Committee that Murtha's proposal would mean fewer troops fighting in Iraq.

"The effect is damaging on the battlefield," Pace said, noting that instead of the 20 brigades that the military says it needs, there would be about 14 to 19.

Democratic leaders in the Senate have never been enthusiastic about using congressional authority over funding the military to tie up the deployment. But their strategy of rewriting the resolution that authorized the 2003 invasion of Iraq to limit the U.S. mission there also has run into trouble.

Leaders have been circulating a draft by Sens. Joseph R. Biden Jr. (D-Del.), the Foreign Relations Committee chairman, and Carl Levin (D-Mich.), the Armed Services Committee chairman. But several senators sounded uncomfortable with language specifying that U.S. troops could engage in some activities, such as counterinsurgency, but not others.

"I think it's very difficult to start changing things after the fact and still avoid micromanaging," said Sen. Ben Nelson (D-Neb.), a moderate lawmaker who helped lead efforts to pass a nonbinding resolution opposing the deployment of additional troops.

At the same time, Sen. Russell D. Feingold (D-Wis.), a leading antiwar lawmaker, said the proposal did not go far enough.

"The people of this country did not ask us to reshape the mission in Iraq," he said. "They asked us to end it."

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The Democratic disagreements brought smiles to the faces of some Republicans on Tuesday. Sen. John Cornyn (R-Texas), who for weeks has been laboring to blunt the Democratic assault on Bush's plan, said: "It seems like they have to have a debate within their own caucus."

Democrats Struggle To Reach Consensus On Iraq (MCT)

By Margaret Talev

McClatchy Newspapers, February 28, 2007

WASHINGTON - Back from a weeklong recess, top Democrats in the House of Representatives and the Senate acknowledged Tuesday that they still don't have a game plan for how to force President Bush to change policy in Iraq.

"There has not yet been a determination made by the Democratic caucus as to how we will finalize our legislative approach to this," said Senate Majority Leader Harry Reid, D-Nev. He said it would be another week or two before Senate debate on Iraq resumed.

House Democrats are not much closer to decisive action, although they did pass a nonbinding resolution earlier this month opposing Bush's troop buildup in Iraq.

"We are in the process of choosing the least dangerous, the least negative alternative," said House Majority Leader Steny Hoyer, D-Md. "We're not there; there's not a consensus."

The division and confusion over how to proceed could anger voters who put Democrats in control of Congress largely in frustration over the war. But Democrats are nervous about cutting off money in a way that could undermine soldiers who already are in Iraq - or expose Democrats to Republican charges that they're doing that.

House Democrats huddled for a closed-door caucus Tuesday evening to discuss alternatives. They are trying to modify a controversial plan by the Democrats' top defense appropriator, Rep. John Murtha of Pennsylvania, to prevent the Bush administration from sending troops that aren't fully rested or equipped.

Murtha was poised to tie troop readiness to funding in a $93.4 billion war-spending bill requested by the White House. But many Democrats are wary of going that far; even Murtha's ally, House Speaker Nancy Pelosi, D-Calif., has said she won't hamstring war money in a way that hurts troops.

Pelosi said Tuesday evening she intends to bring a supplemental war bill that contains some version of Murtha's plan before the full House by mid-March.

But several Democrats who attended the caucus said the legislation ultimately may allow Bush to waive troop restrictions so long as he explains his reasoning.

In a brief interview after the caucus, Pelosi said that if Democrats do allow the president to sign waivers, it still would put Bush under more pressure.

"If I were the president of the United States I would not welcome having to confirm why he would send troops who are not trained . . . into a war zone," Pelosi said.

"But we haven't made our final decisions about this," she emphasized.

Even if House Democrats agree to a modified version of Murtha's plan, there's little prospect for bipartisan support, partly because Republicans don't want to help Democrats build a case for de-funding the war in months to come.

In addition, House Democrats could have trouble getting enough Senate Democrats to go along with anything that ties up troops.

Said freshman Sen. Jon Tester, D-Mont., "This is a Catch-22. At some point in time we've got to get the president's attention. But I'm not going to take away what's necessary for the troops in the field. That's not acceptable."

Reid said he planned to put the Iraq debate on hold until the Senate completed action on homeland security legislation that enacts recommendations of the 9-11 commission. That's likely to continue into next week.

That would give Senate Democrats more time to build consensus on how to proceed on Iraq. One option being discussed is rescinding the 2002 vote that authorized the use of force in Iraq. Another, Reid said, is legislation that changes the mission in Iraq.

Asked what his preference is, Reid said, "I have a preference of making sure that I have my arms around the entire caucus before I put my name on an amendment."

Senate Democrats Backtrack, Opt Not To Tackle Iraq In 9/11 Commission Bill (HILL)

By Elana Schor

The Hill, February 28, 2007

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Senate Democrats reversed course yesterday and vowed to keep the Iraq war out of the ongoing 9/11 Commission bill debate, but the lack of a consensus approach exposed by the new majority's move risks alienating anti-war allies and giving political momentum to Republicans.

Democrats first began eyeing the 9/11 Commission measure as a vehicle for binding checks on President Bush's war strategy during debate on the non-binding resolution billed as their first step in repudiating the White House. Yet Democrats held off on their second step amid GOP insistence on a symbolic vote on troop funding and calls for a clean bill from Sen. Joe Lieberman (D-Conn.), who helps maintain their narrow hold on the Senate.

Senate Majority Leader Harry Reid (D-Nev.) reiterated yesterday that his members have not settled on an approach to reining in the raging conflict in Iraq, despite Foreign Relations Committee Chairman Joseph Biden (D-Del.) and Armed Services Committee Chairman Carl Levin (D-Mich.) openly pursuing a plan to replace the 2002 congressional authorization of force with a narrower mission.

"A lot of senators are working on this," Reid told reporters. "Nothing has been finalized."

The only certainty yesterday was that the 9/11 Commission bill would stay Iraq-free, for now. Senate Minority Leader Mitch McConnell (R-Ky.) echoed Democrats' intentions, but hinted that whether the 9/11 measure would stay scrubbed of war amendments depends on both leaderships reaching a deal on Iraq votes.

"Senator Reid and I have not yet reached an agreement about how and when to have the Iraq debate, but I think both sides are going to start the 9/11 debate with amendments that are more or less related to the 9/11 bill," McConnell told reporters.

Backing away from what early reports had implied was a caucus-wide plan to narrow the authorization, however, hampers Senate Democrats as they seek to stress their unity of opposition to the war.

"No one should be concerned about Democrats not sticking together," Reid said, even as Biden touted his and Levin's plan in a Boston Globe op-ed that earned a hammering from the Republican National Committee.

One of Reid's most independent anti-war members strongly defended him: "The majority leader did not do this because the caucus was divided," Sen. Russ Feingold (D-Wis.) said. "That is factually false."

Yet Feingold stopped short of endorsing a retooled Iraq authorization, indicating that he would support a revocation of Bush's authority in Iraq with exceptions but not a "new mission" that would allow the administration to claim a new mandate.

Meanwhile, Rep. John Murtha's (D-Pa.) plan to place readiness conditions on Iraq deployments to tie the president's hands seeped across the Capitol and into the Senate's Iraq deliberations. Republican Conference Chairman Jon Kyl (R-Ariz.) referred to the Murtha plan, dubbed "slow-bleed" by House Republicans, during his criticism of Democrats yesterday, and one influential anti-war activist suggested that Democratic leaders were abandoning Murtha at their peril.

"There has been at best a tepid response from Democrats," said former Rep. Tom Andrews (D-Maine), president of Win Without War. "It's dangerous … you can't disregard someone as thoughtful and experienced as Jack Murtha, particularly when the American people are behind him."

House Majority Leader Steny Hoyer (D-Md.) came to his leadership rival's defense yesterday, reiterating his support for Murtha's readiness strategy while acknowledging that he has not yet seen specific language. Hoyer said Rep. Ike Skelton (D-Mo.), the House Armed Services Committee chairman, will examine Biden's and Levin's proposal to narrow the war authorization.

Of the four Senate GOP incumbents considered most vulnerable in 2008 by Democratic campaign chief Charles Schumer (N.Y.), two have already ruled out supporting a reworked war authorization: John Sununu (N.H.) and Norm Coleman (Minn.).

"They are looking for an alternative to cutting off funding. … It's not going to play," Coleman said yesterday.

Iraq Bill Vexes Democrats (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, February 28, 2007

House Democratic leaders offered a full-throated defense last night of their plans to link Iraq war spending with rigorous standards for resting, training and equipping combat troops, saying that they would hold President Bush accountable for failing to meet those readiness tests.

But after a fractious meeting of the House Democratic caucus, Speaker Nancy Pelosi (Calif.) said Democratic members still have not united around the proposal.

More than a week after Rep. John P. Murtha (Pa.) detailed plans that he said would curtail deployments to Iraq, Pelosi and other Democratic leaders said the coming debate on war funding would be about forcing the administration to live up to existing military requirements. War funds would be redirected toward equipment, such as night-vision goggles, that some troops lack.

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Democrats would insist on giving combat troops a year off between deployments, and they could impose restrictions on Pentagon policies that extend combat tours.

They would also condition some war funding on benchmarks for the government of Iraqi Prime Minister Nouri al-Maliki, said House Democratic Caucus Chairman Rahm Emanuel (Ill.).

But some Democrats, especially those from conservative districts, remain wary. Rep. James P. Moran Jr. (Va.), who supports the plan, said many Democrats "want to make sure this is still President Bush's war. It's his war to manage, and it's his war to end."

Members of Congress are not "the only ones conflicted," said Rep. John Tanner (Tenn.). "The country's conflicted. We don't want to do the same thing we've been doing for 3 1/2 years that hasn't worked, but we don't want to pull the plug."

In the Senate, the Iraq debate may be on hold for a week or longer while Democrats address concerns about a new effort to limit Bush's war authority.

Senate Majority Leader Harry M. Reid (Nev.) had said that Iraq-related amendments may be considered on a homeland-security bill now before the Senate. But families of Sept. 11 victims fanned out across the Capitol yesterday, saying that a war debate could slow progress on the legislation, which would enact security recommendations by the bipartisan commission that studied the Sept. 11, 2001, terrorist attacks.

"We're going to do our utmost to finish the 9/11 [bill] before we move to Iraq again," Reid said.

Meanwhile, Democrats who have opposed the war from the start are protesting the language of the new Senate Iraq measure, which would repeal the 2002 resolution granting Bush the authority to invade, while limiting future military action and setting a March 31, 2008, goal for withdrawing combat troops. Its cosponsors are Foreign Relations Chairman Joseph R. Biden Jr. (Del.) and Armed Services Chairman Carl M. Levin (Mich.).

Sen. Russell Feingold (Wis.), a prominent war opponent, said he rejected a draft of the new resolution because it appeared to grant Bush too much leeway to continue the conflict. In effect, he said, Democrats would be reauthorizing a war while trying to end it. He was particularly bothered by a provision that suggested an open-ended U.S. commitment to providing border security.

"It's crazy to create a new military mission in Iraq when we should be getting out of there," Feingold said. "I didn't vote for it in the first place. I'll be darned if I'm going to vote for it now."

Senate Democratic leaders said Feingold's concerns are not insurmountable. To the greatest extent possible, they are seeking to maintain public unity on Iraq, despite a wide range of views within the party.

Iraq Moves Unclear (RC)

By Jennifer Yachnin And John Stanton

Roll Call, February 28, 2007

Even as House Democrats said Tuesday they will continue to emphasize troop preparedness in the upcoming supplemental spending bill to fund the Iraq War, Democratic leaders appeared to be backing away from efforts that would drastically reduce troop deployments.

And in the Senate on Tuesday, leaders of both parties called a temporary truce in their increasingly bitter fight over the Iraq War, providing Majority Leader Harry Reid (D-Nev.) an opportunity to refocus the Democratic Caucus' messaging efforts as well as to build some sort of consensus on how to proceed.

House Appropriations Chairman David Obey (D-Wis.), Armed Services Chairman Ike Skelton (D-Mo.) and Rep. John Murtha (D-Pa.) late Tuesday afternoon tried to address their Democratic colleagues' concerns about how they intend to handle the expected $100 billion Iraq War spending bill, including putting the onus on President Bush to ensure troops are prepared and equipped before being deployed.

"We have to raise the standard of accountability," Democratic Caucus Chairman Rahm Emanuel (Ill.) said following a meeting of House Democrats, adding that the criteria would be applied to both Bush and the Iraqi government under the Democratic proposal.

Speaker Nancy Pelosi (D-Calif.) said additional funds could be dedicated to training and equipment for those troops, including National Guard personnel, who are assigned to the war.

"We're talking about focusing more of the funding on readiness," Pelosi said. The Speaker did not indicate whether those funds would be shifted from other areas in the spending bill or if overall spending would be increased.

While the proposal echoes a plan unveiled by Murtha last week via an anti-war Web site — that plan would use Congressional control over federal funds to require readiness guidelines are closely followed, and make it more difficult for Bush to execute his current war strategy, including an increase in troop levels — Democratic leaders insisted the strategy does not include more stringent rules.

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"All we're saying is follow the policy that's in place," Pelosi said.

But Democrats did not indicate how they plan to enforce those guidelines — stating only that they will not cut off funding for troops in Iraq — asserting that the majority will continue to discuss those possibilities. The spending bill is expected in full committee next week and on the House floor the week of March 12.

"You'll see that as the language becomes apparent," Emanuel said. However, an aide to the Speaker suggested that the bill could include provisions requiring the president to sign off each time existing guidelines for readiness are waived, something the commander in chief is not currently required to do.

"We would like to see the war ended, but it's the president's war," Pelosi spokesman Brendan Daly said.

Democratic leaders also stressed a desire to refocus efforts on fighting the broader war on terror in Afghanistan. "If we are truly going to defeat terrorism, we have to refocus on Afghanistan," Pelosi said.

Aides said the House Democratic Caucus may hold a second meeting this week to further discuss the proposed spending bill.

Following the Tuesday meeting several Democratic lawmakers said they approved of the presentation by Murtha, but were careful to stress that they had yet to see a written copy of any proposal.

"I'm impressed with what I heard," Rep. Ellen Tauscher (Calif.), chairwoman of the centrist New Democrat Coalition. While declining to discuss details, Tauscher said the plan would establish "significant metrics" for the president to meet.

"I'm definitely open to Mr. Murtha's proposal," echoed Rep. Mike Michaud (D-Maine). Michaud acknowledged several of his colleagues in the fiscally conservative Blue Dog Coalition have opposed the plan, adding that he believes it is unlikely the group will take an official position. "We'll wait to see the details. This is the first chance we've really had to talk about it as a Caucus."

Despite polls showing continued public support for Congress forcing Bush's hand on his prosecution of the Iraq War, Democrats entered the week divided over how strongly to oppose the White House and without a clear plan for pursuing that opposition.

Senior Senate Democratic aides said they hope the truce with Senate Republicans will give Reid and other leaders time to bring their Caucus together and to develop a consensus proposal on how to move forward.

Under pressure from the families of the Sept. 11, 2001, terrorist attack victims as well as members of their own parties, Reid and Minority Leader Mitch McConnell (R-Ky.) agreed Tuesday to move a pending Sept. 11 security bill free of Iraq amendments.

"Both sides are starting the 9/11 bill with the feeling that it will not be a repository for Iraq amendments," McConnell said Tuesday following the Republican Conference's weekly luncheon. Homeland Security Secretary Michael Chertoff urged Republicans at the luncheon to focus their efforts on passing a clean bill.

The decision likely pushes off a resumption of hostilities over Iraq until the end of next week at the earliest, but Reid told reporters Tuesday that he expects to make another attempt at passing some sort of legislation relating to Iraq. "I hope in the near future to be able to offer [legislation] on behalf of the Democratic Caucus" addressing Iraq, Reid said.

Senate Democratic leadership aides said Tuesday that it remains unclear when, or how, Democrats will take up Iraq again. According to these sources, during their weekly luncheon Democrats discussed a plan championed by Armed Services Chairman Carl Levin (D-Mich.) and presidential hopeful Sen. Joseph Biden (D-Del.) to move a new, narrower war authorization. But members emerged from the meeting with no final decision on whether the Caucus would back such a plan, and several lawmakers — most notably conservative Democratic Sen. Ben Nelson (Neb.) — said they would remain noncommittal until they have a chance to review the specifics of the proposal.

Despite the continuing uncertainty over the reauthorization strategy within their own party, Democratic leaders appear intent on moving forward with at least some sort of restrictions on how the White House conducts the war and already have begun ramping up their political machine to pressure wavering Republicans.

Specifically, as Democrats were heading into their luncheon, the Democratic Senatorial Campaign Committee sent an e-mail penned by Levin to its supporters on his proposal to rework the 2002 war authorization. Although the e-mail did not include a fundraising pitch, it did ask recipients to sign a petition the DSCC is circulating calling on lawmakers to take up the proposal.

While Reid was able to peel off several Republicans during the fight over a nonbinding resolution, it is unclear whether he will be able to convince any of his GOP colleagues to back a binding bill that limits Bush's authority. Sen. Norm Coleman (R-Minn.) — who has twice broken with his party over Iraq this year — said Tuesday he would oppose any effort to rewrite the war authorization. "It certainly doesn't have my support. I'm not interested in looking back," Coleman said, adding that "I doubt it's going to get very much support from many of my [GOP] colleagues."

Sen. Gordon Smith (R-Ore.), who, like Coleman, is expecting a strong challenge to his re-election in 2008, declined to discuss the issue, telling reporters Tuesday morning that he would withhold judgment until he saw an actual proposal from Levin.

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Democrats Back Away From War Fund Plan (AP)

By Anne Flaherty

AP, February 28, 2007

House Democratic leaders are backing away from a plan to scale back U.S. involvement in the Iraq war by using Congress' most powerful tool — withholding money in the budget.

Instead, party officials said Tuesday, leaders are weighing a proposal that would attempt to embarrass Bush into abandoning his war strategy. Under a plan discussed behind closed doors, Democrats probably would fund President Bush's entire $93.4 billion request for war spending this year but require that any troops sent into battle that don't meet certain standards receive a presidential waiver and that Congress be notified of the shortcoming.

The compromise is an attempt to please members who want to end the war immediately by cutting funding and others who do not want to appear as though Democrats are turning their back on troops.

"I think it's a responsible approach," said Rep. Chet Edwards, D-Texas.

Democratic leaders also were considering adding money to help wounded troops, improve health care for veterans and speed funding assistance for hurricane-damaged communities.

The draft proposal, pitched to party members in a private caucus meeting, is considered by Democrats to be the next step in challenging the president's Iraq war policy. Emboldened by the Nov. 7 elections, House Democrats this month pushed through a nonbinding resolution denouncing Bush's decision to send 21,500 more troops to Iraq in addition to the some 130,000 already there.

But the next step has been a difficult one for a party divided on how far to go to end the war. Many Democrats favor the initial proposal by Rep. John Murtha to withhold money for war missions unless troops meet certain standards.

For example, Murtha, D-Pa., wants the military to adhere to its own goal of not extending a unit's combat tour beyond a year and allowing troops one full year before going back. Murtha, a Vietnam War veteran, also wanted the military to enforce its own traditional training and readiness requirements, such as training with the same equipment they would use in combat.

With the war reaching its fourth anniversary this spring, military officials have said these goals have become unrealistic and the force stretched thin by repeated deployments.

The latest proposal is intended to put the pressure on Bush; if troops are sent into battle without meeting the military's prewar standards for battle, he would have to sign a waiver and notify Congress.

Democrats disagree on whether the latest proposal goes far enough. Murtha briefed party members, along with Reps. Ike Skelton, D-Mo., and David Obey, D-Wis.

If "we vote for the supplemental, I believe we own the war," said Rep. Lynn Woolsey, D-Calif., one of a group of liberal Democrats pushing for an immediate end to the war.

Bush "hasn't to date done anything we've asked him to do, so why we would think he would do anything in the future is beyond me," Woolsey said of the reporting requirements.

Rep. Elijah Cummings, D-Md., called the new plan "a weakened version of what it was" that could still allow troops to be sent into combat without the training and equipment they need.

Cummings suggested that Democrats had botched the issue by trumpeting Murtha's original plan to place strict deployment conditions on funding.

"I think that really kind of played into the Republicans' hands," Cummings said.

Whether the Senate would support the latest plan is unclear. Several key Democrats, including Majority Leader Harry Reid, D-Nev., are cool to the idea of restricting funds for the war but have said they want binding legislation to force a drawdown of troops.

A group of senior Senate Democrats are pushing to repeal the 2002 measure authorizing the war and pass a new resolution restricting the mission and ordering troop withdrawals to begin by this summer.

Reid, D-Nev., announced Tuesday he wants to put off votes on Iraq until the Senate passes a measure enacting the recommendations of the bipartisan 9/11 commission.

"Iraq is going to be there — it's just a question of when we get back to it," Reid said, predicting it would be "days, not weeks" before the Senate returned to the issue.

Divided Congress Prepares To Debate Financing And Strategy For Iraq War (NYT)

By Jeff Zeleny And Robin Toner

The New York Times, February 28, 2007

DOJ_NMG_0137656

WASHINGTON, Feb. 27 — The Democratic-controlled Congress on Tuesday entered a critical five-week struggle over the financing of the war in Iraq and the overall mission there, divided over strategy, stymied by ideological divisions, but still hoping to escalate pressure on the White House to change the course of the war.

In the Senate, a proposal to repeal the 2002 Congressional war authorization faced skepticism on two fronts. Some liberal Democrats expressed unease at the prospect of approving a new military mission, even a narrower one, while moderate Republicans said they preferred to look ahead rather than revisit the past.

In the House, Democrats debated what conditions should be attached to the nearly $100 billion spending bill for military operations in Iraq and Afghanistan, scheduled for a floor vote in March. Democratic leaders convened a spirited meeting of their caucus to begin sorting out the lawmakers' varying views, hoping to defend against Republican charges that they were planning a cutoff in troop financing.

As members of Congress returned to Capitol Hill after a weeklong break at home, Democrats searched for a way to translate a tide of public sentiment against the war into legislation that makes practical — and political — sense.

"Personally, I don't believe there are any good alternatives in Iraq," said Representative Steny H. Hoyer of Maryland, the Democratic majority leader. Speaker Nancy Pelosi of California, Mr. Hoyer and other leaders met with their fellow Democrats for about an hour in a closed session on Tuesday evening. They emerged to say that the military spending bill would place a new emphasis on the war on terrorism and provide additional financing for the American effort in Afghanistan.

They also sought to rebut the Republican charge that the troops would suffer from their efforts to change the administration's troop buildup in Iraq.

"Let me be clear," Ms. Pelosi told reporters. "We will fund the troops."

While Democrats have yet to settle on a final spending plan, Ms. Pelosi spoke favorably of a proposal put forward by Representative John P. Murtha, Democrat of Pennsylvania, that would establish strict standards for the training, readiness and equipment of troops about to be deployed to Iraq. Mr. Murtha has said his legislation would protect American forces, yet make Mr. Bush's troop buildup impossible to sustain.

The new Democratic proposal would allow those standards to be waived, although they would require the president to do it. "He will have to have his name on that," said Representative Rahm Emanuel of Illinois, the Democratic conference chairman.

The Murtha proposal had come under heavy fire from Republicans, who asserted that it would amount to a crippling financial drain if the Pentagon would fail to meet the standards. Representative John A. Boehner of Ohio, the Republican leader, scoffed at the new Democratic approach Tuesday night, saying, "Sounds like retreat to me."

Democratic leaders said their plan would set new benchmarks for the Iraqi government and force the president to be accountable for the condition of the troops. Still, some Democrats pledged not to be silenced in their efforts to reduce military spending.

In the Senate, Democratic leaders temporarily set aside Iraq deliberations to consider a debate on implementing recommendations from the 9/11 Commission. Families of the victims persuaded Senate leaders not to bog down the debate with Iraq amendments.

New Lawmakers Seek War Debate (WT)

By Christina Bellantoni

The Washington Times, February 28, 2007

Congressional Democrats -- especially new members -- are clamoring for action on the Iraq war, citing polls showing that American voters want to change course, but leaders have delayed significant action.

Senate Democratic leaders announced yesterday that they will postpone for at least another week a debate on war policy, despite efforts by several senators pushing to hold a vote to repeal the 2002 war authorization.

"I would have liked to have done Iraq three weeks ago," said Sen. Jon Tester, Montana Democrat and one of the freshmen calling for a substantive Iraq debate.

During last week's recess, Mr. Tester found that people in his home state are irritated that nothing had been done yet on Iraq.

"My guess is [my constituents] are probably as frustrated as I am that we ought to quit debating about whether we are going to debate and let's debate the issue," he said. "I wanted to debate the escalation because that's what the president put on the floor to debate and that was not done. I don't know why."

Freshman Sen. Bernard Sanders said Mr. Tester -- and other Democrats who grumbled about the lack of debate as they left the Democratic Party's weekly luncheon yesterday -- are not alone in their frustration.

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"The American people want us to debate it," said the Vermont independent, who caucuses with the Democrats. "We've got to bring our troops home as soon as we possibly can."

This week, the Senate instead will consider recommendations of the September 11 commission, a bill that passed the House last month. The White House said it will veto the measure if it allows airport screeners to unionize -- a move the administration says could delay the agency's ability to respond quickly to threats.

Republicans said they will try to strip that provision from the bill and, if their efforts fail, then they will support a Bush veto.

Senate Majority Leader Harry Reid of Nevada said he is working with Republican leaders to find the proper time to debate the war. Instead of attaching the 2002 revote to the pending September 11 bill, as several prominent party members wanted, Democrats are still in talks over the best way forward.

Mr. Reid said yesterday that he was persuaded by families of the victims of the September 11 terrorist attacks, who urged quick Senate action on a bill that was not complicated by Iraq amendments.

"There are a number of different ways we can go," Mr. Reid said. "The deauthorization [is] certainly one. The other is to change the mission, legislatively, of what's going on there. And we're working our way through that."

Mr. Reid would not say what he prefers but noted that the October 2002 resolution authorizing the war did not spell out what is happening in Iraq today.

"We never authorized fighting in a civil war," he said.

Senate Republicans, who have filibustered Democratic efforts to debate Mr. Bush's Iraq strategy, said they will fight for a vote on a measure promising continued funding for the troops.

Republican Conference Chairman Sen. Jon Kyl of Arizona said yesterday that he spoke with military leaders on his recent visit to Iraq and that they think Mr. Bush's new plan "is showing some early signs of success and can work if it is given an opportunity to work."

"That's why I say it's important that we not allow any kind of congressional action that would tie the hands of General Petraeus and our other commanders in carrying out this mission," Mr. Kyl said, referring to Gen. David Petraeus.

The House, which passed a nonbinding resolution disapproving of Mr. Bush's plan to send 21,500 more troops to Iraq earlier this month, also will take no action on Iraq this week.

Majority Leader Steny H. Hoyer said he is working with his fellow leaders "to determine what we believe is appropriate to offer."

"We are currently working on suggesting alternatives," and building a consensus, the Maryland Democrat said early yesterday. "We're not there. We're working on that."

He criticized Republicans who accuse the Democrats of secret plans to cut funding for troops, saying: "That is not going to happen, period."

After huddling last night for a strategy session on the war, Democratic leaders told reporters what to expect next week when the Appropriations Committee considers Mr. Bush's supplemental spending request for Iraq. The leaders said they will include language in the supplemental bill attaching conditions to the billions in war spending. The conditions would include ensuring that U.S. troops deployed to Iraq are ready and have the needed equipment and training. The spending bill also would attach benchmarks for the Iraqi government.

Meanwhile, the Senate's floor time will be dominated by the September 11 commission bill.

The measure aims to beef up intelligence programs, improve security at the nation's airports and railways, and fund local emergency communications.

The bill would allow Transportation Security Administration screeners at airports to bargain collectively. Homeland Security Secretary Michael Chertoff yesterday briefed Republican senators and said a unionized screening force would slow down response times to terrorist threats.

"Marines don't collectively bargain over whether they're going to wind up, you know, being deployed in Anbar province or in Baghdad," he said, according to the Associated Press. "We can't negotiate over terms and conditions of work that goes to the heart of our ability to move rapidly in order to deal with the threats that are emerging."

Democrats Snipe At Senate Leaders Over Handling Of Iraq Issue (POL)

By John Bresnahan

The Politico, February 28, 2007

Senate Democrats are accusing their leaders of mismanaging the twin efforts to block President Bush's troop surge in Iraq and force a quicker end to the war.

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Senate Majority Leader Harry Reid (D-Nev.) on Tuesday postponed for at least a week action on a Democratic plan to rewrite the 2002 congressional resolution authorizing the war, imposing new wartime restrictions on the administration.

Reid is facing criticism from both flanks of his party.

Sen. Ben Nelson, a conservative Democrat from Nebraska, said the new Democratic strategy could unfairly hamstring the president and military commanders. "I think it is very difficult to start changing things after the fact and still avoid micromanaging the war."

And Sen. Russ Feingold, a liberal Democrat from Wisconsin, criticized the latest Democratic strategy as too timid and toothless in stopping the war. Approving a new authorization resolution would be the same "as voting for a new Iraq war and that I am not going to do."

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., a Delaware Democrat seeking the presidency, and Armed Services Committee Chairman Carl Levin (D-Mich.) wrote the new plan. Senate insiders faulted Biden and, to a lesser extent, Levin, for telegraphing their plans to Republicans prematurely -- before most members were fully briefed on it.

"It was clearly a mistake," said a top Senate Democratic aide. "Presidential candidate Joe Biden wanted headlines and got them."

In the House, Speaker Nancy Pelosi (D-Calif.) is confronting a similar problem -- a caucus deeply divided over a plan, masterminded by anti-war Rep. Jack Murtha (D-Pa.), to limit Bush's options by placing new restrictions on troop deployments.

Compounding problems for Democrats, Pelosi and Reid have yet to agree on an overall strategy for ending the war without undermining the troops.

Senate Republicans blasted the Biden-Levin proposal as unworkable and dangerous for U.S. forces in Iraq. If Reid tried to bring the proposal up for debate, the GOP leaders vowed to offer their own resolution stating that Congress would never cut funds for troops engaged in combat.

Reid, who has been lobbied by families of 9/11 victims to avoid that particular legislative fight during consideration of a bill to implement the recommendations of the 9/11 Commission, backed down and, instead, promised Minority Leader Mitch McConnell (R-Ky.) that the Biden-Levin resolution will not be brought up for at least a week, possibly longer.

Reid and McConnell are now trying to work out the ground rules for an open debate on Iraq, one not tied to any other legislative matter, according to Democratic and GOP aides, although it's not clear if the two sides can work out such an agreement.

"We expect a freewheeling Senate-style debate on the 9/11 bill," McConnell said.

Republican senators and aides said that Democrats had overreached by focusing on enacting a new authorization resolution. "This is one of the most dangerous things that Democrats could do," said Sen. Orrin G. Hatch (R-Utah).

While Hatch, a former chairman of the Senate Judiciary Committee, acknowledged that there was no constitutional prohibition to such a move, he said it "would infringe on inherently presidential powers" and jeopardize the safety of troops in the field by altering their mission while still engaged in combat.

Feingold, on the other hand, wants to cut off funding for the war, not an "intermediate step" such as adopting a new authorization resolution. Feingold promised to seek a vote on a funding cutoff soon, possibly when the Senate begins work on a $93 billion wartime supplemental in a few weeks.

"The next step is to start using our real power, which is the power of the purse," he said.

Feingold's comments show how difficult it will be for Reid to execute his preferred strategy of forcing Republicans to take votes on interim measures to limit, or scale back, the war before moving toward an up-or-down vote on cutting off funds.

Faced with these competing pressures, Reid admitted he was unsure of what his next step would be, but he was clearly not ready to throw his full weight behind the Biden-Levin plan.

"There has not been a determination by the Democratic Caucus as to how we finalize our legislative approach to this," Reid told reporters Tuesday. "There are a number of different ways we could go. You suggested the deauthorization (of the Iraq war) -- that is certainly one. The other is to change the mission legislatively, what's going on there. And we're working our way through that."

Asked his preference, Reid said, "I have a preference of making sure that I have my arms around the entire caucus before I put my name on an amendment."

Across the Capitol, Pelosi faced similar problems as she weighed whether to allow Murtha a vote on his proposal to restrict the flow of fresh troops to Iraq by imposing restrictions on their training and equipment. Republicans have dubbed it the "slow-bleed" policy, a phrase that has infuriated Democrats. But its constant repetition by GOP spinmeisters and their political allies has definitely weakened support for the plan.

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Murtha, who oversees the Defense Appropriations Subcommittee, has planned to insert his proposed restrictions into the upcoming wartime spending bill. But The Wall Street Journal reported on Tuesday that Rep. Dave Obey (D-Wis.), chairman of the full committee, may now add waivers to the bill, which would allow the Pentagon to essentially ignore the Murtha language.

Murtha has been heavily criticized for unveiling his proposal weeks before he was readily to formally introduce it. And even though Pelosi issued a statement reiterating her call to make sure U.S. troops are properly equipped and trained before being sent to Iraq, the Murtha plan may have suffered too much damage to be politically viable anymore.

Top Democrats tried to play down the problems they face over the Murtha proposal, noting that House Democrats were divided leading up to the recent floor debate over Iraq but ended up backing Pelosi's lead.

"We didn't have that coalescence on the nonbinding resolution," said Rep. Michael E. Capuano (D-Mass.), a top Pelosi lieutenant. "We were all over the ballpark. It came together in two days. We tried to find language that was first of all clear, second of all brings people together. Jack's job is getting something out there. A few people being vocal about it is not a real problem."

Republican strategists, though, for the first time since their big loss in November, looked at the problems facing Reid and Pelosi and gloated, although only for a minute.

"We're at the best we've been since the election," said one senior Senate GOP aide. "It may not last, but this is definitely the best we've been in a while."

An Editor's Confession: I'm The Source Of 'Slow Bleed' (POL)

By John Harris

The Politico, February 28, 2007

With a mixture of pride and remorse, I have a confession: I am the author of the Democratic Party's "slow-bleed strategy" for ending the war in Iraq.

I had nothing to do with the details of the plan that Rep. John P. Murtha (D-Pa.) floated two weeks ago. His plan was crafted to use the appropriations process to limit President Bush's options for mobilizing more forces in Iraq, while trying to protect Democrats from the accusation that they were abandoning troops in the field. As it happens, Murtha's idea is itself bleeding support, hit by a barrage of denunciations from people who say it does indeed amount to abandoning the troops.

In retrospect, it probably has already occurred to Murtha and his supporters that from a public relations perspective, "slow-bleed" was not the most winning description. How could they have been so stupid?

That's where I come in. "Slow bleed" is my phrase. Murtha had nothing to do with it. Neither did John Bresnahan, the reporter whose name was on the Politico story in which the "slow-bleed strategy" made its debut.

You can understand my pride of authorship. Editors labor in obscurity. Our job is to keep reporters from looking bad, and to let them take the credit when they look good. Rarely is there tangible evidence that we are having any impact. But in 20-plus years in the business, I can scarcely recall an instance when words typed on my keyboard have had such a loud and immediate echo.

For Continuing Coverage of Iraq Visit

If you Google "slow bleed" and "Murtha," you get nearly 200,000 hits. Nexis recorded more than a hundred stories in the days after Bresnahan's article that used the phrase "slow bleed."

"Slow bleed" was featured on CNN and on the editorial page of The Wall Street Journal. My former newspaper, The Washington Post, used the phrase the other day as if it were an established part of Washington lexicon, needing neither attribution nor explanation. "Slow bleed" also played a starring role in a parade of House floor speeches by Republicans denouncing Democrats, and in a fundraising letter from Republican National Committee Chairman Mike Duncan. "Slow-bleed is exactly the right name for this incredibly irresponsible and dangerous strategy," he wrote.

Like many others who weighed in, Duncan incorrectly stated that "slow-bleed" was the name that Democrats were using to describe their strategy.

Here is where remorse kicks in. As happens all the time in journalism, this was a decision -- made on the fly and under deadline -- that I would have taken back in the morning. It is Murtha's job to defend his own policies. But I'd prefer not to hand his opponents ammunition in the form of evocative but loaded language.

When my colleague Jim VandeHei and I started The Politico, we said we hoped to make the work of political journalists more transparent. So, in the name of transparency (and self-abasement), here is what happened.

Bresnahan, who has unparalleled sources and understanding of how Congress works, wrote an article that was the first to detail the emerging Democratic strategy of challenging Bush on Iraq. Here was the lead paragraph of the draft he submitted:

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"Even as the House begins debate on a resolution opposing President Bush's plan to send 21,500 more U.S. combat troops to Iraq, leading anti-war groups are preparing a multi-million dollar TV ad campaign and grassroots lobbying blitz designed to pressure vulnerable incumbent lawmakers to end their support for the war."

VandeHei and I read the article and were impressed by the detail of Bresnahan's reporting. But, as editors always do, we had our quibbles. Like the lead paragraph: Too bulky, and too bland. The story was a good bit better than the introduction.

We rushed the patient to the operating table for emergency surgery. With VandeHei hovering over my shoulder, this is what I came up with:

"Top House Democrats, working in concert with anti-war groups, have decided against using congressional power to force a quick end to U.S. involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options."

That is not exactly prize-winning prose, but it seemed a little snappier to us -- and more on point. Please note the context: What is slowly bleeding away is the administration's political support to keep fighting the war. Republicans pounced on the phrase because of the ease with which that context could be shorn away, to give the impression that what Democrats were slow-bleeding were the bodies of troops in Iraq.

That willingness to wrest words from context -- and to attribute the phrase to Democrats even though it was not theirs -- was demagogic on the part of Republican operatives. But it was never my plan to make their work so easy.

A journalist's job is to clarify political debate, not further muddy it. In the two weeks since his original article, Bresnahan's reporting has continued to clarify the unfolding Iraq argument, even as his editors made life more difficult for him.

So there you have it -- how the sausage gets made in a newsroom. Not always the most appetizing sight.

Service Members Sign Appeal Calling For Troop Withdrawal (NYT)

By Lizette Alvarez

The New York Times, February 28, 2007

In a small but growing sign of dissent, a group of active-duty military personnel and reservists, including many who have served in Iraq, is denouncing the war and asking Congress for the prompt withdrawal of troops.

The service members, who number more than 1,600, have sent an Appeal for Redress to their Congressional representatives, a form of protest permitted by military rules. Most of those who signed the appeal, at www.appealforredress.org, are enlisted soldiers in the Army, from the lowest to the highest ranks.

“There is a sense of betrayal,” said Specialist Linsay Burnett, 26, who recently returned from Iraq with the First Brigade combat team of the 101st Airborne Division, based at Fort Campbell, on the border of Kentucky and Tennessee. The division is readying for its third deployment.

“These soldiers stand up to fight, to protect their country, but we are now on the fifth reason as to why it is we are in Iraq,” added Specialist Burnett, who has served as a public affairs specialist and as a military journalist focusing primarily on the infantry. “How many reasons are we going to come up with for keeping us over there?”

The Appeal for Redress reads: “As a patriotic American proud to serve the nation in uniform, I respectfully urge my political leaders in Congress to support the prompt withdrawal of all American military forces and bases from Iraq. Staying in Iraq will not work and is not worth the price. It is time for U.S. troops to come home.”

The protest, which was started in October by two active-duty service members and is sponsored by three antiwar groups, initially drew 65 signatures, growing to more than 1,300 by February. This week, after the CBS News program “60 Minutes” reported on the appeal, about 300 more active-duty soldiers joined the campaign, said Petty Officer Third Class Jonathan Hutto of the Navy, a co-founder of the group behind the appeal.

While the 1,600 make up a tiny part of the armed services, the appeal is one of the first official signs of protest from people within the military. An estimated 70 percent of those who have signed it are on active duty; the rest are members of the Reserves or the National Guard, and about 100 officers have signed it.

Describing themselves as supporters of the military but critics of the Iraq war, leaders of the appeal say they believe it is their right and duty under the Constitution to question the war and its mission, a position not widely voiced in the military.

Their decision to speak out and take their opposition outside the chain of command has been criticized by some veterans’ groups that argue that soldiers are obligated to follow orders, not change policy. Critics also say that while service members cannot choose where they will be deployed, they can choose to join the military or not.

When the group sent its first letter in October, the White House spokesman, Tony Snow, said it was “not unusual for soldiers in a time of war to have some misgivings,” adding that the group constituted a small minority of service members.

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In a phone call yesterday with three signatories, including Petty Officer Hutto, the service members said their decision to appeal had not been taken lightly. The military does not allow service members to organize and frowns on dissent.

"The Army has many ways to make your life very difficult," Specialist Burnett said, adding that she had come forward largely because "there are not many voices out there for the men on the ground."

Jeff Slocum, a chief master sergeant of the Air Force who is scheduled to deploy to Iraq next year, said his high rank was one reason he had signed the appeal. "I'm not antiwar, I'm not antimilitary," said Chief Master Sergeant Slocum, who added that the troops were feeling "used and abused."

That 1,600 service members have signed the appeal "shows just how much we are willing to risk," he said. "We are trying to raise awareness that we need people to be sticking up for us, because nobody else is."

Spy Chief Uses 'Civil War' To Describe Iraq (USAT)

By Jim Michaels

USA Today, February 28, 2007

WASHINGTON — The nation's spy chief said Tuesday that the violence in Iraq resembles a civil war and the Iraqi government has the "close to impossible" job of trying to end the violence.

The "term 'civil war' accurately describes key elements of the Iraqi conflict," Mike McConnell, the new director of national intelligence, said in a statement to the Senate Armed Services Committee.

Ethnic-sectarian violence has polarized politics and hardened the position of combatants, McConnell said, particularly since an attack by Sunni militants on a Shiite mosque in Samarra a year ago.

The Bush administration has avoided using the term civil war to describe the violence in Iraq. McConnell is the highest-ranking administration official to use the term to describe events in Iraq.

McConnell, a retired vice admiral who was confirmed as the top spy earlier this month, and Lt. Gen. Michael Maples, director of the Defense Intelligence Agency, described a worsening situation in Iraq in testimony at a hearing on global security threats.

If the trends in Iraq aren't reversed "we assess that the security situation will continue to deteriorate at a rate comparable to the latter half of 2006," McConnell said.

Maples said insurgent attacks reached an average of 180 per day last month, equal to the previous high in October 2006.

"I think the Iraqi political leaders have close to impossible tasks: one, the sectarian violence on the one hand; and, two, pressure to have progress," McConnell said.

Later, in response to a question, he revised the statement to say the Iraqi leaders face a "very difficult task."

McConnell cited achievements in Iraq, including efforts by Prime Minister Nouri al-Maliki to bridge sectarian divisions and an increase in the number and quality of Iraqi security forces.

He said a rapid withdrawal of U.S. troops from Iraq would lead to an increase in sectarian violence and intensify Sunni resistance to the Shiite-dominated government.

Bush Administration To Join Iraqi-led Talks Attended By Iran, Syria (MCT)

By Warren P. Strobel, Jonathan S. Landay And Renee Schoof

McClatchy Newspapers, February 28, 2007

WASHINGTON - In a softening of its refusal to pursue direct diplomacy with two Middle East adversaries, the Bush administration announced Tuesday that it will participate in a series of international meetings on Iraq that will include representatives of Iran and Syria.

Secretary of State Condoleezza Rice announced the talks with Iraq and its neighbors as a "a new diplomatic offensive." She said she hoped that Iran and Syria would "seize the opportunity to improve their relations with Iraq - and to work for peace and stability in the region."

But her announcement at a hearing of the Senate Appropriations Committee - amid signs that the Iraqi army has failed to send the troops it promised to Baghdad - appeared to fall short of calls from Congress and the bipartisan Iraq Study Group to open direct negotiations with Tehran and Damascus.

Senate Majority Leader Harry Reid, D-Nev., called the talks a "first step," but said, "It is not enough on its own."

The White House has accused Tehran of developing nuclear weapons, Damascus of trying to undermine Lebanon's government, and both governments of aiding anti-American forces in Iraq. Until now, it had refused high-level talks with either country.

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The first meeting is due to take place during the first half of March in Baghdad, hosted by the Iraqi government, and a second, in which Rice herself might participate, is tentatively set for April.

Meanwhile, top U.S. intelligence officials disclosed that the deployment of Iraqi forces into Baghdad under President Bush's new plan to stabilize Iraq is running behind schedule and that all of the units sent so far have arrived under strength, some by more than half.

Top military officials, speaking at the same hearing with Rice, gave a mixed review on the early implementation of the plan, which is aimed at ending carnage in the capital between Shiites and Sunni Muslims.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the Iraqi military was "good for the most part," but uneven. "The Iraqi military is coming on very well," he said, adding that the soldiers should be able to replace U.S. troops by late 2007. "We should have significant turnover this year," he said.

Defense Secretary Robert Gates testified that the Pentagon would send Congress a confidential report on the Iraqi military later this week. "I am watching to see how the Iraqis perform," he said. "So far, so good."

The plan, which Bush announced last month, calls for the deployment of an extra 17,500 American troops to Baghdad, along with thousands of additional Iraqi security forces. The Iraqis are to play the leading role in suppressing the violence and ending forced evictions, most of which are against minority Sunnis by militias linked to Shiite parties in the U.S.-backed coalition government.

But retired Vice Adm. John McConnell, the director of national intelligence, and Army Lt. Gen. Michael Maples, the head of the Defense Intelligence Agency, told the Senate Armed Services Committee in a separate hearing that the Iraqi army sent to Baghdad only two of the three additional brigades that were to have been in place by Feb. 15.

An Iraqi brigade is supposed to have 3,200 men.

"One of the problems was having fully manned units when they arrived in Baghdad," McConnell said. "A work in progress is how best to describe it. It's not there yet."

It was McConnell's first time testifying before a congressional committee since he became the nation's top intelligence officer on Feb. 13.

Maples, the military's top intelligence official, said that the strength of the Iraqi battalions that comprise the two brigades range from 43 percent to 82 percent.

The numbers were the most concise manpower figures that the U.S. military has given for the additional Iraqi units sent to Baghdad.

McConnell said one reason for the Iraqi shortfalls is that typically 25 percent of an Iraqi army unit is away on leave or on some other assignment. But U.S. and Iraqi officials also have cited high desertion rates as a serious problem.

On the positive side, McConnell said that Iraqi forces have begun taking leading roles in some parts of Baghdad, although he didn't specify which areas.

Several lawmakers expressed deep concern over the prospects for success for Bush's plan, including Sen. John Warner, R-Va.

"I do not see evidence, strong evidence, that the Iraqi forces are measuring up in any amount to what the president laid down," he said.

The new diplomatic steps evoked skepticism from both sides of the aisle as well. Reid said in a statement that the decision to begin talks with Iran and Syria "should have been made long ago."

"Today's announcement is a first step, but it is not enough on its own. Our national security requires a robust diplomatic effort in the Middle East, and the Bush administration cannot again settle for mere half measures," he said.

Sen. Lamar Alexander, R-Tenn., said Bush shouldn't have taken so long to organize a diplomatic push.

"I think he missed an opportunity ... to increase popular support for a long-term U.S. interest in Iraq."

Car Bomb Near Soccer Field Kills 16 Children, 2 Women In Ramadi (WP)

By Ernesto Londoño

The Washington Post, February 28, 2007

BAGHDAD, Feb. 27 -- Sixteen children playing soccer and two women were killed Monday in a car bombing in the western Iraqi city of Ramadi, an Iraqi official said Tuesday, in an attack that Iraqi leaders decried as horrific.

The bomb, hidden under wood panels loaded on a Kia pickup truck, exploded in a residential area near a soccer field where the children were playing, according to Col. Tariq al-Alwani, the security supervisor in Anbar province.

"It's a tragedy that the kids are targeted," the colonel said. "The kids we consider as a message to the world." He said news of the bombing had emerged a day late because most reporters have left Ramadi out of concern for their safety.

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The offices of President Jalal Talabani, who is hospitalized in Amman, Jordan, and Prime Minister Nouri al-Maliki, condemned the bombing. Maliki blamed "criminal gangs" for the "crime against children in their innocent playgrounds," the Los Angeles Times reported.

Ramadi, capital of Anbar province, is a stronghold of the Sunni insurgent group Al-Qaeda in Iraq. More than a quarter of the U.S. troops killed in Iraq have died in Anbar, where President Bush is sending 4,000 additional Marines as part of a temporary increase of U.S. forces in the country.

Nearly 24 hours after the car bombing, another explosion shook the city when U.S. troops sought to destroy 15 bags of seized explosives. U.S. military officials said they misjudged the strength of the explosives, which they detonated Tuesday evening inside the courtyard of an empty building, and the resulting blast injured at least 30 civilians, among them nine children and seven women.

None of the injuries were life-threatening, said Lt. Col. Josslyn Aberle, a military spokeswoman. Eight people were taken to medical facilities and the rest were treated at the scene, she said.

In Baghdad, U.S. and Iraqi forces continued implementing a security plan to pacify the capital, the second such effort in half a year. In a pre-dawn raid in the sprawling Shiite district of Sadr City, U.S. and Iraqi soldiers detained 16 leaders of the Mahdi Army, a powerful Shiite militia controlled by anti-American cleric Moqtada al-Sadr, the U.S. military said in a statement.

The military said the detained militia leaders "direct and perpetrate sectarian murder, torture and kidnapping."

Abdul Razzaq al-Nedawi, a Sadr aide, said that the detentions were unjustified and that the operation appeared to be an attempt to provoke the Mahdi Army, which has lain low since stricter security measures went into effect in Baghdad this month.

"The occupation forces want to drag Sadr [supporters] into war," Nedawi said.

Sadr criticized the plan in a statement on Sunday. "The security plan will not be good if it is controlled and ruled by our enemies, the occupiers," the statement said. The Shiite-led government of Prime Minister Maliki, whom Sadr has supported, has been criticized for failing to crack down on Shiite militias.

Lt. Gen. Raymond T. Odierno, the second-ranking U.S. general in Iraq, provided a cautiously optimistic assessment Tuesday of the first two weeks of the security plan, citing what he described as a decline in sectarian killings.

"Although we see some initial progress, we know the enemies we face will continue to attempt to disrupt the goals of the government by conducting attacks against innocent civilians," he said.

Odierno also said all the 21,500 additional troops who are part of the Bush administration's temporary increase will be in Iraq by May.

Also Tuesday, the U.S. military reported that four service members had been killed in two incidents. Three soldiers were killed by a roadside bomb Tuesday while conducting a route clearance mission southwest of Baghdad.

The fourth soldier was killed Monday night near the city of Diwaniyah, south of Baghdad. The soldier's Humvee struck an improvised explosive device.

The U.S. military also announced that a specialist has been convicted of negligent homicide for killing a soldier in June while cleaning his weapon. Spec. Daniel E. Turner was sentenced to 15 months' confinement and a bad conduct discharge.

Iraq Bombers Target Ice Cream Shop, Restaurants (LAT)

By Tina Susman

The Los Angeles Times, February 28, 2007

BAGHDAD, Iraq -- Two weeks after a new U.S.-Iraqi security crackdown was launched here, bombers struck popular public gathering spots ranging from an ice cream parlor to a kebab shop Tuesday, causing at least eight deaths.

Police in the capital also reported discovering the bodies of 31 men who had been shot to death, apparent victims of Shiite death squads. And the U.S. military reported the deaths of five more American troops.

Rage and frustration in Baghdad over the continuing bloodshed was accompanied by a sense of confusion over an afternoon incident in Ramadi, where officials said a bomb explosion at a soccer field killed 18 children ranging in age from about 6 to 12 years old.

The reports, which could not be independently verified, led quickly to angry statements by officials including Prime Minister Nouri al-Maliki, who denounced the "crime against children in their innocent playgrounds" and blamed "criminal gangs."

Other reports, however, raised questions over whether anyone was killed in the Sunni-dominated city in Anbar province on Tuesday.

The U.S. military said it set off a controlled explosion in Ramadi in the afternoon that went awry, sending shrapnel and glass flying and injuring 31 people, including several children.

None of the injuries was life-threatening, said Lt. Col. Josslyn Aberle, a military spokeswoman.

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"I know there are reports children were killed out there. Those are incorrect," Aberle said, adding that the military had no reports of any other blasts in Ramadi.

Whatever the case in Ramadi, attacks continue relentlessly across Iraq despite the launching Feb. 13 of the new security plan, with the deadliest striking benign civilian targets and bearing the hallmark of Sunni insurgents.

In the past week, bombers have hit a college campus, a Sunni mosque whose imam had spoken out against the insurgency, and a government building where the Shiite vice president, Adel Abdul-Mahdi, was due to speak.

The vice president escaped with minor injuries Monday, but the attacks, in addition to the slew of bombings Tuesday, have left some Iraqis despairing of the government's ability to provide adequate security.

Iraqi officials are portraying the bloodshed as a last gasp by militants trying to derail the plan, which aims to put thousands more troops on the streets of Baghdad and in neighboring Anbar province.

"It is expected that they would try to intensify their activities to abort the plan and make people say the plan is a failure," said Sami Askari, a Shiite lawmaker, who blamed the violence on Sunni radicals. "It is unrealistic to achieve a goal like controlling Baghdad over a short period of time. The terrorist groups will try with all their arsenal of weapons and explosives to make the plan fail."

Those words, however, were no comfort to Iraqis caught up in the bloodshed.

"Every place is now becoming dangerous," said Muaataz Jawad, a Shiite college student who survived a bombing at his university Sunday and who worked with the Iraqi commission that helped organize national elections in 2005.

"It was dangerous and we were the target of snipers, but I was enthusiastic at that time. I regret it now," he said Tuesday of his election work. "I am not seeing any achievements, only traffic jams and more explosions."

Haidar Muhamed, a Shiite shopkeeper who works near the scene of one of Tuesday's attacks in Baghdad, was not as pessimistic but said he did not expect to see much change anytime soon.

"I still have faith in the government, but many times they give promises that they cannot fulfill," he said. "The plan has some deficiencies, but I think it will succeed eventually."

The attacks in Baghdad began at about 1 p.m. when a bomb exploded outside the Faris chicken restaurant in Karada, a mainly Shiite neighborhood. At least two people died, four were injured, and several cars parked nearby were damaged.

In the next couple of hours, six more people died in bomb blasts targeting crowded public spots, including the Abu Ali restaurant in downtown Baghdad. Police said the bomber came into the restaurant to eat lunch and left behind a plastic sack containing the deadly explosives. Three people died there, and 13 were injured.

Three more people were killed when a suicide car bomber struck near an ice cream shop in the Karada neighborhood, and two people died when mortar shells landed in a mixed Sunni-Shiite neighborhood south of Baghdad.

In Mosul, north of Baghdad, a car bomb exploded outside a police station, killing six police officers. In Khaldiya, about 50 miles west of Baghdad in Anbar province, a mortar attack in a market killed eight people.

The 31 bodies found in Baghdad shot execution-style was the highest number in the past two weeks, according to a tally kept by the Los Angeles Times and based on police and morgue reports. The toll suggested a possible resurgence of death squad activity as Sunni Arab bombing attacks persist.

Sunnis accuse the al-Maliki government of not doing enough to control Shiite militias and say the new security plan is focusing on Sunni neighborhoods while Shiite strongholds such as Sadr City are largely left alone. Iraqi police, backed by U.S. troops, apparently sought to counter that accusation with a predawn raid in Sadr City that brought angry protests from residents whose homes were searched.

Also Tuesday, police in Diwaniya, south of Baghdad, announced the arrests of 157 more suspected members of a Shiite cult whose followers had planned to attack the country's leading Shiite clergy last month in the belief it would hasten the dawn of a new age.

According to authorities, at least 263 members of the group, known as Heaven's Army or the Soldiers of Heaven, were killed in a fierce firefight with U.S. and Iraqi forces who got wind of the plot to attack religious leaders on Ashura, one of the holiest days on the Shiite calendar. This year, Ashura fell on Jan. 29, and the battle occurred over a period of about 24 hours in the firefight between the holy city of Najaf and Diwaniya.

Iraqi officials say the group's leader claimed to be a revered Shiite saint who would usher in a better world. He was killed in the fighting. Since then, police have continued to round up dozens of his alleged followers.

Times staff writers Saif Hameed and Raheem Salman, special correspondent Saad Fakhrildeen in Najaf, and special correspondents in Ramadi, Baghdad and Hillah contributed to this report.

Coming Soon, Maybe: An Iraqi Oil Law (NYT)

DOJ_NMG_0137665

New York Times, February 28, 2007

It would be a big step forward if Iraq actually approved and carried out long-promised and never-delivered legislation equitably sharing the nation's oil revenues among all Iraqis. Unfortunately, the draft oil agreement approved by Iraq's cabinet on Monday is still a long way from that.

There are a host of political hurdles that must be overcome and no assurance that Iraq's Shiites and Kurds — who dominate the Parliament and happen to sit on most of Iraq's known reserves — are suddenly willing to share the wealth equitably with Iraq's Sunnis.

There's little surprise that the White House is trying to claim the draft oil law as progress. There is no other good news to report: no security from the security sweep in Baghdad, no visible movement to purge the Iraqi police of sectarian death squads and no effort by Washington to impose benchmarks on Iraq's leaders for achieving national unity. Washington is also not about to point to the bombing of a government office in Baghdad on Monday that wounded an Iraqi vice president and a cabinet minister, or the truck bombing outside a mosque in Falluja that killed 36 people on Saturday.

In a bow to the reality of a splintering Iraq, the administration says it is now ready to sit down with Iraq's neighbors, including Iran and Syria. That, too, is a long overdue step. We hope that American officials will use the meeting to explore ways of containing this mushrooming sectarian violence, not to engage in more accusations and posturing.

But the most important steps need to be taken by the Iraqi government itself. Prime Minister Nuri Kamal al-Maliki and his cabinet need to take responsibility for unifying a nation torn apart by decades of dictatorship and insurgency, rather than further inflaming those divisions by exacting vengeance on the formerly dominant Sunni Arab minority. The security forces have to be purged of sectarian fighters bent on revenge and transformed into national forces committed to protecting all Iraqis.

And oil, Iraq's principal resource, must be equitably shared without regard to geography, religion or ethnic group. An oil law should be one of the benchmarks Washington insists on as a condition of continued support. Cabinet agreement on a preliminary draft may be the only good news out of Iraq this week. But it isn't nearly enough.

Iran, Syria May Join Baghdad Talks (AP)

By Brian Murphy

AP, February 28, 2007

Envoys from the West and Islamic nations — including Iran, Syria and the United States — are expected to attend a conference next month on efforts to stabilize Iraq, a diplomatic adviser said Tuesday.

The meeting, planned for mid-March in the Iraqi capital, is an attempt by the U.S.-backed government to seek greater regional assistance in fighting insurgents and addressing tensions between Iraq's majority Shiite Muslims and Sunnis.

Some nations had expressed reservations about taking part in the conference because of security worries and political sensitivities. Some of Iraq's Sunni neighbors are wary about being seen as lending too much support to the Shiite-led government.

But Labed Abbawi, an adviser to Iraqi Foreign Minister Hoshyar Zebari, said "there has been positive responses" from nearly all the nations and groups invited, which include Iraq's neighbors, the Arab League and the five permanent U.N. Security Council members.

"We believe all will attend," he said. No date has been set.

In Washington, White House deputy press secretary Dana Perino said the U.S. "would attend" a regional conference if invited. Abbawi said that the United States was among those asked to take part.

Perino said Secretary of State Condoleezza Rice would be "a logical attendee," but said she could not announce anything on Rice's behalf.

"Everyone in the region and interested parties has an interest and a stake in making sure that Iraq can become a thriving democracy," said Perino.

The gathering could offer a forum for Washington to amplify its concerns about Iranian involvement in Iraq. U.S. officials claim Shiite militia receive a steady flow of arms and aid from Iran, including parts for lethal roadside bombs used against U.S. troops. Iran denies the charges.

The United States also has complained that Syria is not doing enough to block aid routes for Sunni insurgents, including the group al-Qaida in Iraq.

U.S. Joins Regional Talks To Secure Iraq (AP)

By Robert Burns

AP, February 28, 2007

DOJ_NMG_0137666

In a diplomatic turnabout, the Bush administration will join an Iraq-sponsored "neighbors meeting" with Iran and Syria, Secretary of State Condoleezza Rice said Tuesday.

It marked a change of approach by the United States, which has resisted calls by members of Congress and by a bipartisan Iraq review group to include Iran and Syria in talks designed to stabilize Iraq.

The move came amid growing discontent over the war, even as President Bush rushes an additional 21,500 U.S. troops to Iraq and congressional Democrats struggle to settle on their next steps to end U.S. participation.

The administration said its decision to take part in the Iraq conference did not represent a change of heart, although the White House has accused both Iran and Syria of deadly meddling in the war. "We've always been inclined to participate in an Iraqi-led conference," White House counselor Dan Bartlett said.

The administration in recent weeks has increased its criticism of Iran's role in Iraq, charging it with supplying advanced technologies for the most lethal form of roadside bombs. The administration has accused Syria of harboring anti-Iraqi government forces and allowing weapons to cross its border.

Rice announced U.S. support for the Iraq meeting, to be held in Baghdad next month, at a Senate hearing in which Democrats pressed her and Defense Secretary Robert Gates to explain what progress is being made in the Baghdad security crackdown and how soon U.S. troops will be coming home.

"There is no end, I say, no end in sight," exclaimed Sen. Robert Byrd, D-W.Va., the Appropriations Committee chairman. He decried the spending of $10 billion a month in Iraq and Afghanistan amid raging sectarian and insurgent violence.

Sen. Patrick Leahy, D-Vt., asked Gates to predict how soon Iraq would be stabilized.

"The honest answer to your question is: 'I don't know,'" Gates replied. He noted that Gen. David Petraeus had arrived in Baghdad as the new commander of U.S. forces and that Petraeus believes by early summer he will have a good idea of how the new Baghdad security plan, now getting under way, will work out.

Noting recent speculation about U.S. military action to destroy neighboring Iran's nuclear facilities, Byrd asked Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, whether it was true that the Pentagon was planning airstrikes against Iran.

"It is not true," Pace replied.

"Categorically?" Byrd pressed.

"Categorically, sir," Pace said.

Separately, Democrats' plans to limit Bush's war authority and force a change of course in Iraq were faltering amid party divisions over how quickly and aggressively they should act.

Officials said Sen. Russ Feingold, D-Wis., and other anti-war Democrats balked Tuesday at a draft measure that had circulated in recent days with the blessing of the leadership. The proposal would have repealed the 2002 law that authorized Bush to invade Iraq, and given the White House a goal of March 2008 to remove all combat troops from the country except for those carrying out limited missions.

"I will not vote for anything that the president could read as an authorization for continuing with a large military campaign in Iraq," Feingold said in a statement after a closed-door meeting. "Deauthorizing the president's failed Iraq policy may be an appropriate next step if done right, but the ultimate goal needs to be using our constitutionally granted power of the purse to bring this catastrophe to an end."

Other Democrats said there was general agreement among the rank and file on legislation that would limit the mission of troops remaining in Iraq, but there was no consensus on a means for accomplishing that goal.

Meanwhile, House Democratic leaders are backing away from a proposal to scale back U.S. involvement in Iraq by withholding money for the war effort.

Rice, in announcing the "neighbors meeting" on Iraq, said a wide range of interested countries were being invited. She said it was the Iraqi government's initiative to ask Iran and Syria.

"We hope that all governments will seize this opportunity to improve their relations with Iraq and to work for peace and stability in the region," Rice said.

Her announcement was welcomed by Democrats and Republicans alike.

"Today's announcement is a first step, but it is not enough on its own," said Senate Majority Leader Harry Reid. "Our national security requires a robust diplomatic effort in the Middle East, and the Bush administration cannot again settle for mere half measures."

The bipartisan Iraq Study Group in December recommended U.S. dialogue with Iran and Syria, but until now the administration has resisted that course. Former Secretary of State James A. Baker III, Republican co-chairman of the panel, welcomed the shift in a speech Tuesday night. But he went further, urging the administration to include Syria in Mideast peacemaking with Israel and the Palestinians.

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At the State Department, spokesman Sean McCormack said the agenda of the meeting would be set by the Iraqis.

"Security is clearly an important issue for the Iraqis. It's going to be at the top of the agenda," he said. "There are clearly issues that we have with respect to security in Iraq." He said roadside bombs, which are the leading killer of American troops and are in some cases linked to Iran, are "certainly at the top of our list."

McCormack said the Iraq meeting would not include any formal U.S.-Iran negotiations on Iran's nuclear program, but he did not rule out informal discussions. The Bush administration says Iran's nuclear program is aimed at developing nuclear weapons, but Tehran says it is for new sources of energy.

A U.N. Security Council deadline for Tehran to suspend uranium enrichment has just expired, and in response the U.S. wants the council to expand the limited sanctions the world body has imposed on Iran.

The Iraqi government announced in Baghdad that it was preparing the meeting for mid-March, and that invitees include members of the Arab League and the five permanent members of the U.N. Security Council — the U.S., Britain, France, China and Russia.

A second meeting involving the countries' foreign ministers — which administration officials said Rice would attend — would also be held, perhaps as soon as early April.

U.S. To Sit Down With Syria, Iran For Regional Conference On Iraq (USAT)

By Barbara Slavin

USA Today, February 28, 2007

WASHINGTON — The Bush administration said Tuesday that it will join Iran and Syria at a meeting of Iraq's "neighbors" next month — and it did not rule out one-on-one talks with either country.

The meeting, organized by the Iraqi government and aimed at finding ways to stabilize Iraq, would put the United States at the table with countries President Bush has sought to isolate.

"The Iraqi government has invited Syria and Iran to attend. … We hope these governments seize this opportunity to improve their relations with Iraq — and to work for peace and stability in the region," Secretary of State Condoleezza Rice told the Senate Appropriations Committee.

State Department spokesman Sean McCormack said the move was consistent with the administration's position that it would talk with Iran and Syria if discussions were confined to Iraq. Critics of the administration's policies called it a change of course.

The move comes as the administration is pushing for tougher United Nations sanctions on Iran for refusing to halt its nuclear program.

The administration has resisted calls for broader dialogue with Iran and Syria, which it says are prime sponsors of terrorism and are feeding instability in Iraq.

In December, a bipartisan panel reviewing U.S. options in Iraq urged the administration to open discussions with the two countries as part of an Iraq "support group " and also one-to-one.

James Baker, the former secretary of State who headed the commission, said that the administration's announcement was "a move in the right direction."

In a Dec. 11 interview with Agence France-Presse, Rice suggested the United States was willing to talk about Iraq. "In the context of Iraq's neighbors and the international community, if Syria and Iran come to the table responsibly, ready to support Iraqi efforts with their neighbors, we have no problem with that," she said.

McCormack said administration officials wanted Iraq to take the lead organizing a regional conference but saw inviting Iran and Syria as "an interesting and good idea."

Zalmay Khalilzad, the departing U.S. ambassador to Iraq, will represent the United States.

McCormack said he could not "exclude the possibility" of conversations between U.S. and Iranian officials on the sidelines.

Critics of Bush's handling of Iraq said the move represents a new direction. Democratic Sen. Joseph Biden, chairman of the Senate Foreign Relations Committee, said in a statement, "The administration is right to reverse itself."

Ray Takeyh, an Iran expert at the Council on Foreign Relations, said, "I think the Americans are looking to cave" and begin talks without insisting that Iran give up its uranium enrichment program.

The United States and Iran have had no diplomatic relations since 1980 but held secret discussions about Afghanistan, al-Qaeda and Iraq from 2001 to 2003.

The Iraq conference "is one way some kind of engagement can take place without either side losing face," said Trita Parsi, president of the National Iranian American Council, a group advocating U.S. dialogue with Iran.

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Earlier this month, the administration softened its stance toward North Korea, agreeing to provide oil and other aid if that country freezes its nuclear program.

U.S. Will Join Talks With Iran And Syria (WP)

By Glenn Kessler

The Washington Post, February 28, 2007

The United States agreed yesterday to join high-level talks with Iran and Syria on the future of Iraq, an abrupt shift in policy that opens the door to diplomatic dealings the White House had shunned in recent months despite mounting criticism.

The move was announced by Secretary of State Condoleezza Rice in testimony on Capitol Hill, after Iraq said it had invited neighboring states, the United States and other nations to a pair of regional conferences.

"I would note that the Iraqi government has invited all of its neighbors, including Syria and Iran, to attend both of these regional meetings," Rice told the Senate Appropriations Committee. "We hope that all governments will seize this opportunity to improve the relations with Iraq and to work for peace and stability in the region."

The first meeting, at the ambassadorial level, will be held next month. Then Rice herself will sit down at the table with the foreign ministers from Damascus and Tehran at a second meeting in April elsewhere in the region, possibly in Istanbul.

The Iraq Study Group, the bipartisan panel whose recommendations were largely ignored by the administration, had recommended such a regional meeting in its December report. Rice and other administration officials emphasized, however, that these conferences would be led and organized by the Iraqi government and not, as the study group suggested, the United States. Still, Democrats seized on the announcement as a long-overdue change in direction by the administration.

"Better late than never," said Leon E. Panetta, a onetime White House chief of staff who served on the panel, headed by former secretary of state James A. Baker III and former congressman Lee H. Hamilton. He said that the announcement was "an important step in trying to bring stability to Iraq" and that, combined with the recent nuclear agreement with North Korea and renewed efforts by Rice to promote Israeli-Palestinian peace, "the administration is finally recognizing that part of its arsenal is strong diplomacy."

In a statement, Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Foreign Relations Committee, said: "The administration is right to reverse itself and engage Iran and Syria on Iraq. Right now they're a big part of the problem, but they have an interest in becoming part of the solution to prevent chaos in Iraq."

Iraqi Prime Minister Nouri al-Maliki has long advocated a regional conference, though originally it was meant to include only Iraq's neighbors. The administration decided in recent weeks to attend the conference, but in an effort to avoid the spotlight it ensured that it will be joined at the table in March by other permanent members of the U.N. Security Council, U.S. officials said. The foreign ministers meeting in April will be further expanded to include representatives of the Group of Eight industrialized countries.

It was decided "relatively recently" to include the permanent Security Council members, and the G-8 was invited "as of last night," a senior administration official said. Rice's announcement appeared intended to assuage congressional concerns about the administration's Iraq policy, which have threatened to derail passage of a nearly $100 billion supplemental spending request for Iraq.

Administration officials noted that former secretary of state Colin L. Powell attended a regional conference on Iraq in 2004, where at one point he found himself seated next to the Iranian foreign minister and made idle chitchat. But that meeting took place in a different context, before Iran had started uranium enrichment and before Syria was implicated in the killing of a Lebanese political figure -- two reasons frequently cited by the administration for limited diplomatic engagement with Tehran and Damascus.

"The only reason to talk to us would be to extract a price, and that's not diplomacy, that's extortion," Rice told Der Spiegel, a German magazine, when asked last month about the international conference promoted by the Iraq Study Group.

Since the start of the year, in fact, Rice has rhetorically divided the region between "mainstream" actors, such as Saudi Arabia and Egypt, and "extremists" such as Iran and Syria. She suggested that rather than draw out Iran and Syria through diplomacy, the United States would seek to isolate them unless they changed their behavior on their own.

"We do have a regional approach," Rice told the Senate Foreign Relations Committee in January. "It is to work with those governments that share our view of where the Middle East should be going." She argued at the time that "the problem here is not a lack of engagement with Syrians but a lack of action by Syria. . . . If the government in Tehran wants to help stabilize the region -- as it now claims -- then it should end its support for violent extremists."

Yesterday, State Department spokesman Sean McCormack repeatedly declined to rule out the possibility of bilateral discussions between Rice and her Iranian and Syrian counterparts, except to note that the dispute over Iran's nuclear program is

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already being handled on a separate diplomatic track. "I'm not going to exclude any particular interaction at this point . . . on issues that are important to us, but the focus will be on Iraq," he said.

"Security is clearly an important issue for the Iraqis. It's going to be at the top of the agenda," McCormack added. Roadside bombs "are certainly at the top of our list," he said. "This isn't, however, our meeting." U.S. officials have charged that Iranian agents are suspected of supplying the devices -- aimed at armored vehicles -- to militias in Iraq.

Retired Vice Adm. John M. McConnell, the new director of national intelligence, appearing before the Senate Armed Services Committee, said yesterday that while Iran is contributing weapons to Iraqi militias that "raises the cost to the United States" of its fighting in Iraq, he did not see "any direct linkage from Iran dictating events inside Iraq."

Iraq Calls For Two Regional Summits (FT)

By Steve Negus

Financial Times, February 28, 2007

Condoleezza Rice, US secretary of state, on Tuesday welcomed a diplomatic initiative by the Iraqi government to call at least two international conferences on its future that would provide an opportunity for the US to tackle its disputes with Iran and Syria over the Iraqi insurgency.

“We hope that all governments will seize this opportunity to improve the relations with Iraq and to work for peace and stability in the region,” Ms Rice told a Senate hearing.

US officials did not exclude the possibility of bilateral discussions with Iran on the subject of Iraq, but would refuse to discuss the nuclear issue, where the US insists that Iran first suspend its nuclear fuel programme. At previous conferences called by the international community on Iraq, Ms Rice and Colin Powell, her predecessor, avoided direct meetings with their Iranian counterparts in Brussels and Egypt.

“In the conduct of diplomacy, you need to have a certain amount of flexibility if you are going to achieve the goals that you want to achieve,” Sean McCormack, State Department spokesman, told reporters.

The first conference is planned to be held in Baghdad at the level of ambassadors in mid-March, bringing together Iraq and its neighbours and the five permanent members of the United Nations Security Council.

A second meeting, to be attended by foreign ministers is scheduled for April outside Iraq. The Bush administration accuses Iran’s Revolutionary Guards of supplying weapons and explosives to Iraqi Shia militia. Syria has also been accused of destabilising Iraq by allowing Sunni insurgents to cross its border. Robert Gates, defence secretary, yesterday said it was “categorically” untrue that the US was preparing to launch air strikes against Iran.

U.S. Set To Join Iran And Syria In Talks On Iraq (NYT)

By Helene Cooper And Kirk Semple

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — American officials said Tuesday that they had agreed to hold the highest-level contact with the Iranian authorities in more than two years as part of an international meeting on Iraq.

The discussions, scheduled for the next two months, are expected to include Secretary of State Condoleezza Rice and her Iranian and Syrian counterparts.

The announcement, first made in Baghdad and confirmed by Ms. Rice, that the United States would take part in two sets of meetings among Iraq and its neighbors, including Syria and Iran, is a shift in President Bush’s avoidance of high-level contacts with the governments in Damascus and, especially, Tehran.

Critics of the administration have long said that it should do more to engage its regional rivals on a host of issues, including the Israeli-Palestinian conflict and Lebanon. That was the position of the Iraq Study Group, the high level commission that last year urged direct, unconditional talks that would include Iran and Syria.

While the newly scheduled meetings may not include direct negotiations between the United States and Iran, and are to focus strictly on stabilizing Iraq rather than other disputes, they could crack open a door to a diplomatic channel.

Iraqi officials had been pushing for such a meeting for several months, but Bush administration officials refused until the Iraqi government reached agreement on pressing domestic matters, including guidelines for nationwide distribution of oil revenue and foreign investment in the country’s immense oil industry, administration officials said. The new government of Iraq maintains regular ties with Iran.

“I would note that the Iraqi government has invited Syria and Iran to attend both of these regional meetings,” Ms. Rice told a Senate panel on Tuesday, in discussing the talks, which will include Britain, Russia, and a host of international organizations and Middle Eastern countries.

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The first meeting — which will include senior Bush administration officials like the State Department Iraq envoy David Satterfield, will be in Baghdad in the first half of March, administration officials said. In early April, Ms. Rice will attend a ministerial level conference, presumably with her Iranian and Syrian counterparts, which will likely be somewhere else in the region, administration officials said.

A year ago, Iranian and American officials announced a planned meeting between the American ambassador to Baghdad and Iranian officials to help stabilize Iraq but the meeting never occurred.

The Iraqi foreign minister, Hoshyar Zebari, called America's anticipated face-to-face contact with Iran and Syria — two countries that the Bush administration has accused of destabilizing Iraq — "very significant."

"Iraq is becoming a divisive issue in the region," Mr. Zebari said in a telephone interview from Denmark, where he is traveling on business. But, he continued, "Iraq can be helpful to its neighbors also. It can provide a platform for them to work out their differences."

The United States has accused Iran of meddling in Iraq, including shipping lethal weapons to Shiite militias in Iraq which the Bush administration says have been used in attacks against American troops.

The new United States intelligence chief, Mike McConnell, told a Senate committee on Tuesday that Iran was training anti-American Iraqi Shiites at sites in Lebanon and Iran to use armor-piercing weapons against American troops. Mr. McConnell said it was "probable" that top Iranian leaders, including Ayatollah Ali Khamenei, were aware that weapons had been supplied by Iran.

A State Department spokesman, Sean McCormack, said the Iranian-made weapons would be "certainly at the top of our list" in the meetings.

The issue of whether the United States should talk to Iran and Syria has been a steady drumbeat in Washington for several months. When the Iraq Study Group raised it in December, it was quickly brushed off by Mr. Bush, who instead embarked on the more confrontational approach.

In addition to the accusations of Iranian meddling in Iraq, the United States has also been confronting Iran over its nuclear program, which Bush administration officials say is aimed at developing nuclear weapons, a charge that Tehran denies. Vice President Dick Cheney said last week that "all options are still on the table" for Washington to prevent Iran from acquiring nuclear weapons, a comment that has heightened fears that the administration is considering attacking Iran's nuclear sites.

Administration officials characterized the conflicting signals as part of a larger diplomatic strategy for dealing with Iran that verges on a high-level game of chicken. One senior administration official said that while some Bush officials have advocated looking for ways to talk to Iran and Syria, they did not want to appear to be talking to either country from a position of weakness. By ratcheting up the confrontational talk, the administration official said, the United States was in more of a driver's seat. He asked that his name not be used because he was not authorized to speak publicly about the issue.

"We became convinced that the Iranians were not taking us seriously," said Philip D. Zelikow, who until December was the top aide to Ms. Rice. "So we've done some things to get them to take us seriously, so now we can try diplomacy."

Senator Harry Reid of Nevada, the majority leader, called the announcement a "first step, but it is not enough on its own."

"Our national security requires a robust diplomatic effort in the Middle East, and the Bush administration cannot again settle for mere half measures," he said.

Still, administration officials made it clear that, at least for now, any engagement would be limited to talks about Iraq, and not larger issues like Iran's nuclear program.

The United States broke off diplomatic relations with Iran after the 1979 Islamist revolution and the storming of the American Embassy in Tehran. America still has diplomatic relations with Syria, including a chargé d'affaires at the American Embassy in Damascus.

Ms. Rice and her deputies have, for several months, pointed to an international conference on Iraq that was established after the American invasion as an available channel to talk to Iran and Syria. Administration officials were working with the United Nations and the Iraqi government last fall to set up the next meeting of the conference, which is sometimes called the International Compact on Iraq. But American officials put off the meeting in part to press the Iraqi government to pass the oil law, administration officials said. The Iraqi government approved a draft of the law on Monday.

As of now, Ms. Rice has announced no plans to hold separate one-on-one talks with her Iranian counterpart, Foreign Minister Manouchehr Mottaki, at the planned April meeting.

In 2004, the first meeting of the International Compact on Iraq, held in the Egyptian resort of Sharm El Sheik, opened with chatter about whether then-Secretary of State Colin L. Powell would hold direct talks with his Iranian counterpart, Kamal Kharrazi.

Mr. Powell and Mr. Kharrazi did not hold a formal session. But the Egyptian hosts of the meeting made the two talk to each other, by seating them side-by-side at dinner. Afterward, an annoyed Mr. Powell said that he and Mr. Kharrazi stuck to polite

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diplomatic chitchat, discussing subjects like reconstruction after the earthquake in Bam, Iran, and avoiding sensitive topics like the disagreement over Iran's nuclear program.

U.S. To Enter Iraq Talks With Iran, Syria (WSJ)

By Neil King Jr. And Jay Solomon

The Wall Street Journal, February 28, 2007

WASHINGTON -- As criticism mounts over its Middle East policies, the Bush administration has agreed to join in regional talks with Iran and Syria over Iraq, while leaving to the margins the delicate questions of Iran's nuclear program and Syria's role in Lebanon.

The Bush administration's decision to join in the talks next month, which are being launched by the Iraqi government, shows how U.S. officials are now striving to become more engaged in the region diplomatically, whether in Lebanon or the Palestinian territories. It also represents a growing recognition among administration officials that the U.S. needs regional help to stabilize Iraq, even as the U.S. boosts its troop presence there.

• The Issue: The U.S. agrees to join regional talks on Iraq that will include Iran and Syria, amid growing criticism of the Bush administration's unwillingness to engage Mideast players.

• The Background: The White House has shunned the two Iraqi neighbors, accusing both of supporting insurgents and insisting that Iran retreat from its nuclear ambitions.

• The Bottom Line: The move signals growing recognition by administration officials that the U.S. needs regional help to stabilize Iraq, even as it sends more troops.

Two weeks after helping reach a deal to curb North Korea's nuclear program through regional talks, Secretary of State Condoleezza Rice and other administration officials are eager to commence a similar process with Iran, to tackle pressing issues like its alleged pursuit of nuclear weapons. But it remains unclear whether broader talks with Iran will take place, as the U.S. and United Nations Security Council insist it first agree to suspend its uranium work. Tehran has rejected such a precondition.

Ms. Rice's announcement came as many Arab leaders say they see some positive trends emerging in the region, despite the continuing carnage in Iraq. In Lebanon, attempts by the Iranian-backed Shiite militia and political party, Hezbollah, to overthrow the government of Prime Minister Fuad Siniora have waned. Last month, Saudi Arabia brokered the creation of a unity government in the Palestinian territories between Iranian-funded Hamas and Fatah, in a bid to avert civil war and kick-start a new round of Arab-Israeli peace talks.

Arab diplomats tie these developments to Saudi Arabia's recent diplomatic offensive, largely aimed at preventing the spread of Iraq's Sunni-Shiite violence across the region. In addition, they said, Tehran is taking a more conciliatory stance toward its Middle East neighbors, in part because of threats by the U.S., Saudi Arabia and other regional allies to try and contain its growing influence in the region.

Ms. Rice hailed the planned regional gathering as "a new diplomatic initiative." She said the administration's willingness to join in the talks shows it has a wide-ranging strategy on Iraq. "So far from just a military campaign, our efforts in Iraq are moving forward on all fronts at the same time: security, political, economic and diplomatic," she told a Senate panel yesterday.

But she and others cautioned that the U.S. didn't envision the session as a pretext to engage directly with Iran or Syria on issues beyond Iraq. State Department spokesman Sean McCormack said the U.S. wasn't excluding "any particular interaction at this point, in that forum, at the regional level, on issues that are important to us, but the focus will be on Iraq." Other U.S. officials said it was possible that U.S. officials could talk with Iranian or Syrian officials at the gathering, but only on ways to bring order to Iraq.

Ms. Rice's announcement before the Senate Appropriations Committee of U.S. participation appeared designed to ease the way for passage this spring of emergency funding for the Iraq war and related State Department operations in Iraq.

Sen. Arlen Specter (R., Pa.), one of seven Republicans who broke with the White House on a recent vote over its Iraq strategy, praised the decision.

He told Ms. Rice that it was "very important" because of the "the widespread sentiment in Congress that a resolution of the Iraq issue will require diplomacy."

The summit will be held initially at a subministerial level in Baghdad. If the first session goes well, the U.S. has agreed to attend a higher-level session, also hosted by Iraq, which would include the foreign ministers of these countries as well as of Japan, Canada, Italy and Germany.

The Iraqi government is eager to win support among neighboring states to help clamp down on insurgent groups and ease the deepening rift between the country's Sunni and Shiite factions. U.S. officials said they hope that the forum will help persuade

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Iran to stem the flow of weapons into Iraq. The U.S. has repeatedly accused Iran in recent weeks of aiding the sectarian violence in Iraq and providing particularly lethal explosive devices to Iraqi militias and militant groups. Iran has denied these allegations.

Washington's decision to join the meeting comes nearly three months after the Iraq Study Group, a bipartisan panel headed by former Secretary of State James Baker and former Rep. Lee Hamilton, recommended just such a session. The administration has ignored many of the panel's recommendations, including, up to now, the suggestion to hold talks with Iran and Syria. Prominent members of Congress from both parties have also urged the administration to sit down with Iran and Syria.

The U.S. and other Security Council members have just begun weighing a new resolution to impose another series of sanctions on Iran over its nuclear program.

Many Arab diplomats would like the U.S. to directly engage Iran in talks, while maintaining financial, military and diplomatic pressure aimed at containing its regional and nuclear ambitions. "Steps need to be taken to prevent the perfect political storm engulfing the Middle East," said one senior Arab diplomat in Washington. "What's needed is a more composite approach" involving diplomacy and coercion, he said.

U.S. To Attend Talks With Iraq, Neighbors (WT)

By David R. Sands

The Washington Times, February 28, 2007

The United States said yesterday it would attend a pair of Iraqi-sponsored regional conferences in Baghdad over the next two months that will also be attended by archfoes Syria and Iran.

The meetings, called by the government of Iraqi Prime Minister Nouri al-Maliki, would be a sharp break with the Bush administration's past refusal to engage with Syria and Iran over the troubled Iraq conflict and growing regional tensions. The U.S. government accuses both of Iraq's neighbors of fueling insurgent violence against U.S. and Iraqi forces.

Secretary of State Condoleezza Rice, scheduled to attend the second meeting in April with other regional foreign ministers, told a Senate hearing yesterday that Iraq was organizing the meeting and deciding whom to invite.

"We hope [Iran and Syria] seize this opportunity to improve their relations with Iraq -- and to work for peace and stability in the region," she said.

An Iraqi government spokesman said yesterday that Syria has confirmed it will participate in the first meeting, tentatively set for March 10 and 11.

There was no immediate comment from Iran, and U.S. officials insisted yesterday that the diplomatic drive to halt Tehran's nuclear programs would not be on the table in the Iraq meetings.

The meeting was billed as an opportunity to deal exclusively with Iraq's deteriorating security situation. Iraqi officials said they plan a preliminary gathering of lower-level envoys from all of the major Middle East powers, the United States and the four other permanent U.N. Security Council powers, and regional organizations such as the Arab League.

Miss Rice and other foreign ministers would then gather in April for a follow-up meeting, at a place still to be determined. The second meeting would also include the four G-8 countries not invited to the March meeting -- Canada, Italy, Germany and Japan.

Sami al-Askari, a spokesman for Mr. al-Maliki, told reporters in Baghdad, "We will ask all our neighboring countries to stop interfering in Iraqi affairs and to put pressure on armed groups with whom they have links to end the violence."

He singled out Iran and Syria, but also Saudi Arabia, a strong U.S. ally.

U.S. officials stressed yesterday that the meeting was an Iraqi initiative. President Bush in December had rejected a similar proposal from the bipartisan Iraq Study Group headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, Indiana Democrat.

State Department spokesman Sean McCormack would not rule out bilateral meetings between U.S. officials and their Syrian and Iranian counterparts in Baghdad. While Iraq is setting the agenda, he said the United States wants to discuss issues of security for U.S. troops in Iraq, particularly the threat from roadside bombs.

"I'm sure that there are going to be different kinds of discussions, meaning different groupings," Mr. McCormack said. "I'm not going to exclude any particular interaction at this point."

It is expected that outgoing U.S. Ambassador to Iraq Zalmay Khalilzad or his successor, Ryan Crocker, would represent the United States at the March meeting.

Even if direct contacts are limited, Syria can claim a diplomatic victory in attending the forum as an equal partner with Washington, according to University of Oklahoma Syrian scholar Joshua Landis. The Bush administration has spurned repeated requests by Syria for high-level direct talks.

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The meetings come as U.S. and Iraqi forces have begun a major security push in Baghdad. U.S.-led forces yesterday conducted raids in the largely Shi'ite Sadr City slum, targeting death squads that have been killing Sunnis.

Violence continued to plague the country, with three U.S. soldiers reported killed by a roadside bomb in Baghdad and a fourth U.S. soldier killed in fighting in the town of Diwaniyah, 80 miles south of Baghdad.

And U.S. and Iraqi officials were trying to sort out confusing accounts of an explosion at a popular soccer field in the city of Ramadi, which killed 18 women and children. The U.S. military had conducted a "controlled detonation" of a weapons cache in the area, but U.S. officials said they think the explosion was not linked to the soccer-field bombing.

U.S. To Join Iran, Syria In Iraq Talks (LAT)

By Paul Richter

The Los Angeles Times, February 28, 2007

WASHINGTON — Secretary of State Condoleezza Rice said Tuesday that the United States would join high-level talks on Iraq with the country's neighbors, including Iran and Syria, in a move that may signal a new U.S. willingness to expand diplomacy with two adversaries.

U.S. officials said the negotiations could open the way to a broader dialogue with two nations the Bush administration has refused to meet one-on-one except under limited circumstances, but they also gave carefully couched responses to questions about how far Washington would be willing to go.

Asked about the U.S. refusal to negotiate with Iran about its nuclear program unless Tehran first suspends uranium enrichment, Sean McCormack, the chief State Department spokesman, told reporters, "Those conditions remain."

At the same time, he and others appeared to be trying to leave open the door to talks on other subjects of mutual interest. "I'm not going to try to predict what the course of those diplomatic interactions might be," McCormack said.

Another U.S. official said that though it seemed unlikely that bilateral talks would grow out of the meetings, "we're not going to rule anything out."

"Our diplomats need a certain amount of flexibility to do their work," said the official, who declined to be identified because of the sensitivity of the issues.

Administration officials do not want to cede any diplomatic advantage to Syria and Iran through talks, but they say they believe the two countries are in a position to help the beleaguered Baghdad government. They also may have concluded that appearing more enthusiastic about such diplomacy could ease criticism from the Democrats who control Congress.

Rice announced the U.S. participation in the talks while appearing before a Senate committee, and described it as part of a new "diplomatic offensive." She noted that many lawmakers and the advisory study group headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.) had urged a regional approach to dealing with Iraq's problems.

"This is one of the key findings, of course, of the Iraq Study Group, and it is an important dimension that many in the … Congress have brought to our attention," Rice said. "We've listened, and I want you to know that."

The Iraqi government, which is organizing the event, plans one working-level meeting in Baghdad in March, and a second elsewhere in the region in April, which Rice is expected to attend. All five permanent members of the U.N. Security Council will be invited, as will other world powers, officials said. The meetings will focus on the challenges facing the war-torn country.

Rice's announcement that Washington would take part came as the Bush administration encounters mounting criticism for its hard-line stance toward Iran. President Bush has sent warships near Iran, is deploying the Air Force along the Iran-Iraq border and repeatedly has accused Tehran of supplying Iraqi militias with weapons used against U.S. troops. At the same time, administration officials have denied that they are preparing to attack Iran, although congressional critics are demanding to know more about White House plans.

U.S. officials, starting with Bush, have long argued that direct one-on-one negotiations with Iran and Syria would be unproductive, and could benefit only Tehran and Damascus unless those two governments changed their behavior. That stance has brought the administration criticism from both political parties, foreign governments and Washington's foreign policy establishment.

The issue has also produced splits within the administration. Some officials, including many in the State Department, have contended that the United States, even while holding a firm line, should talk to Syria and Iran. Others, in the Pentagon and White House, have argued that bilateral negotiations would hand the diplomatic advantage to the adversary.

But officials have also said for years that they were willing to meet with Iran and Syria as part of a group to work out the security, economic and political problems facing Iraq. Indeed, they have met repeatedly with representatives of the two governments in different forums since the invasion of Iraq nearly four years ago.

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They met with representatives of Iran and Syria in New York in September, for example, to discuss aid to Iraq. In November 2004, then-Secretary of State Colin L. Powell sat next to Iran's foreign minister at a regional meeting in Egypt.

Rice's announcement brought positive reaction from lawmakers who have been trying to push the administration toward more dialogue.

"I hope this means that clearer heads in the administration are beginning to prevail," said Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee.

The first, working-level session of the new talks will include "envoys," such as U.S. Ambassador to Iraq Zalmay Khalilzad and Rice's senior Iraq advisor, David Satterfield. The second meeting is to include foreign ministers of all the countries present for the first session, plus those of the G-8 group of largest industrial nations. That meeting probably will be held outside of Iraq because of the dangerous environment in Baghdad, officials said.

The agenda has not yet been set, but the Iraqi government has been pressing its neighbors to try to cut off the flow of arms, militants and money across its borders; as a result, the discussion could lead to an exchange of views on U.S. claims that Iran has been sending sophisticated explosive devices to Iraq.

Iraq has also been pushing its neighbors to provide more economic aid, and to fulfill pledges of aid that have been ignored for years. By including world powers in the discussion, the Iraqis may hope to bring in more aid as well as expertise from new sources.

Baghdad has also been eager for increased political and diplomatic support from its neighbors. Several do not have embassies or ambassadors in the country. Some Sunni Arab governments believe that Iraq has been captured by a Shiite bloc and seek to limit contacts with it, Iraqi officials complain.

Though some U.S. officials have high hopes for the meeting, they acknowledge that the Iranians and Syrians may not participate vigorously, as has been the case at several meetings the Iraqis have organized, a U.S. official said.

Iraqi leaders face a delicate task in handling neighboring Iran, at various times a cultural, political and military patron to many of the former exile groups running Iraq. Isolated from the rest of the Middle East, Iraqis have come to depend on Iran for trade and energy. Iran's non-energy exports to Iraq totaled $1.3 billion since last March, the Iran-Iraq Chamber of Commerce announced this week.

Iraq is eager to convince other neighbors, such as Syria, Saudi Arabia and Jordan, that they have a stake in the country's future.

Shiite and Kurdish leaders of Iraq long have advocated a regional conference to bolster diplomatic support for the fledgling government. Many Iraqi officials have suggested that all the tools that have been used to bring about an end to recent civil wars in various nations should be brought to bear to halt Iraq's sectarian violence. That includes international conferences such as the 1995 talks in Dayton, Ohio, that brought about an end to the civil war in the former Yugoslavia.

Al-Qaeda Will Come Back To Haunt US If It Fails In Iraq: Rice (AFP)

AFP, February 28, 2007

US Secretary of State Condoleezza Rice warned a doubting US Congress Tuesday that Al-Qaeda will "come back to haunt us" if the United States does not pursue its effort to stabilize Iraq.

"I believe that everyday -- and I don't want to be hyperbolic but frankly every hour of every day -- there are Al-Qaeda forces ... that are trying to figure out how to attack us," Rice told a Senate panel.

"If they have a safe haven, a sophisticated and central place like Iraq, I believe strongly that that's going to enhance their capability to do so," she said.

Rice and Defense Secretary Robert Gates underwent a grilling Tuesday before the Senate Appropriations Committee which is considering Bush's request for an additional 99.6 billion dollars for the "global war on terrorism" -- including in Iraq and Afghanistan -- for the next six months.

The opposition-controlled Congress is considering several pieces of legislation designed to hasten a US pullout from Iraq nearly four years after President George W. Bush ordered the invasion of that country to topple Saddam Hussein.

At Tuesday's hearing, Senators repeatedly questioned the government's rationale for remaining in Iraq amid sectarian violence that borders on civil war.

Rice responded that a "premature" US withdrawal from Iraq would allow Al-Qaeda elements active in the country to take advantage of the violent chaos that would ensue.

"If you were to get the kind of instability in the region that might come from an Iraq that was unstable and unable to control its borders, unable to control its relationships with its neighbors," she said, it would create "a kind of breeding ground for the kind of terrorism that would come back to haunt us here at home".

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"I think the link between the maturation of of Al-Qaeda in the center of the Middle East and our own security is clear, because Al-Qaeda is obviously the greatest threat to our homeland," she said.

Making Nice With Iraq's Neighbors (LAT)

The Los Angeles Times, February 28, 2007

IN WHAT AMOUNTS TO a welcome about-face for the Bush administration, the United States will sit down next month to discuss Iraqi security with Iran and Syria. The discussions, called by the Iraqi government and to be held in Baghdad, also will include Britain, Russia and other Middle Eastern countries. They will mark the first time U.S. diplomats have engaged their Syrian or Iranian counterparts in three years.

President Bush has been under increasing pressure to drop his refusal to talk to these adversaries, pressure that mounted with the release of the Iraq Study Group report in December. As group Co-Chairman James A. Baker III and others have repeatedly noted, Washington engaged the Soviet "evil empire" during the Cold War and these negotiations were no sign of U.S. weakness.

The Baghdad talks will hardly amount to high-powered summitry, though Secretary of State Condoleezza Rice will be attending a subsequent ministerial gathering elsewhere in the region. The Bush administration has been arguing that Iran is sending weapons and agents into Iraq, so it makes sense to have a forum in which to raise and resolve these concerns. It's fair to assume that the discussions with Tehran, much like the ongoing low-grade hostility between U.S. troops and Iranian agents, will initially be confined to Iraq. That is not necessarily a bad thing, especially if some basic understandings, and a reservoir of trust, can be established.

The administration clearly has little choice but to engage Iraq's neighbors on security. Especially now that the U.S. military is recommitting troops to the battle for Baghdad and U.S. allies are pulling out of the country, there are insufficient coalition forces to protect the Iraqi border. And regardless of how the "surge" strategy plays out, any future reduction in U.S. forces in Iraq will be more palatable if the nation's borders are secure and its neighbors feel invested in Iraq's stability.

Bush and Rice also may have felt that this was a good time to announce talks without appearing weak, given broader developments in the Persian Gulf region. Events within Iraq may not be going well, but the U.S. Navy has been flexing its muscles in the region. Moreover, U.S. diplomacy has helped to win a U.N. Security Council resolution denouncing Iran's nuclear program, and Iranian President Mahmoud Ahmadinejad appears to be in some political trouble with the ruling mullahs in Tehran, partly because of his perceived recklessness.

This would seem, then, a good time to explore whether Tehran might become a more constructive partner in bringing about stability in neighboring Iraq — a stability that would be in its own self-interest, after all. And such a development could lead to a constructive dialogue on other issues. There would be no harm in finding out.

Taliban Say Attack Aimed At Cheney (FT)

By Aunohita Mojumdar, Farhan Bokhari And Demetri Sevastopulo

Financial Times, February 28, 2007

Dick Cheney, the US vice-president, was on Tuesday rushed to a bomb shelter in Afghanistan after a suicide attack on the Bagram air force base where he was staying killed more than 20 people.

The Taliban claimed responsibility for the bombing outside Bagram base about 60km from the capital, Kabul, which claimed the lives of one US soldier, a South Korean soldier and a number of Afghans.

Mullah Hayat Khan, a -Taliban spokesman, told [a news agency] the attack was aimed at Mr Cheney. While his arrival on Monday was shrouded in secrecy, some experts questioned whether a one-day delay in meeting Hamid Karzai, the Afghan president, because of inclement weather had provoked a security breach. The White House said it could not confirm whether the Taliban had targeted Mr Cheney.

“I think it was about 10am this morning, I heard a loud boom,” Mr Cheney told reporters travelling with him to Afghanistan.

“They clearly try to find ways to question the authority of the central government,” said Mr Cheney. “Striking at Bagram with a suicide bomber, I suppose, is one way to do that. But it shouldn’t affect our behaviour at all.”

Mr Cheney was visiting Afghanistan to discuss the declining security situation in the country with Mr Karzai. The attack on the heavily fortified base underscored the growing strength of the Taliban, who are expected to wage a tough campaign against the US and Nato allies this spring.

Military officials stressed that a high level of security had been maintained and that Mr Cheney, who was inside the military compound when the attack happened, was never in danger.

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“Our security measures were in place and the killer never had access to the base,” said Lieutenant Colonel James Bonner, the Bagram base commander.

Mr Cheney came to Afghanistan from Pakistan where he met General Pervez Musharraf, the president. Mr Cheney went ahead with meeting Mr Karzai on Tuesday despite the attack but no details were released of their discussions.

In Pakistan, Mr Cheney told Gen Musharraf that the US wanted him to do more to combat the growing havens for Taliban and al-Qaeda operatives in the tribal areas of Waziristan in north-west Pakistan, bordering Afghanistan. US officials have raised concerns that an agreement with tribal leaders, under which the Pakistani military pulled back, has let extremists regroup.

A US official said Washington realised Gen Musharraf was hampered in his ability to clamp down on extremism in the tribal areas, which have been ungoverned for several -decades.

But he said the recent number of US visitors to Pakistan, including Robert Gates, the defence secretary, were aimed at impressing on Gen Musharraf US concerns about a resurgent Taliban and al-Qaeda.

Michael McConnell, the new US director for national intelligence, on Tuesday told Congress that while Pakistan was co-operating in the “war on terror”, al-Qaeda had established a haven in the country. “Al-Qaeda...continue to maintain active connections and relationships that radiate outward from their leaders’ hideout in Pakistan to affiliates throughout the Middle East, northern Africa and Europe,” said Mr McConnell.

The US has increased its focus on Afghanistan as concerns grow that the coalition has started to lose ground. The US and UK have increased troop levels and are calling on other Nato allies to both step up involvement and ease their rules of engagement to provide greater combat ability.

Meanwhile, analysts said Gen Musharraf faced an increasing challenge as he braved the fall-out from the toughest message delivered by the US this week, urging him to intensify his hunt for members of al-Qaeda.

Pakistani officials acknowledged that Mr Cheney had delivered a firm message.

Cheney Escapes Harm In Blast (WT/AP)

By Alisa Tang

The Washington Times, February 28, 2007

BAGRAM, Afghanistan -- A suicide bomber attacked the entrance to the main U.S. military base in Afghanistan yesterday during a visit by Vice President Dick Cheney, killing up to 23 persons and wounding 20.

Mr. Cheney was not hurt in the attack, but was close enough to hear the explosion. Reporters covering his visit saw the resulting plume of smoke.

The Taliban claimed responsibility and said it was attempting to kill the vice president.

It was the closest that militants have come to a top U.S. official visiting Afghanistan. At least one U.S. soldier, an American contractor and a South Korean soldier were among the dead, NATO said.

Mr. Cheney said the attackers were trying "to find ways to question the authority of the central government."

About two hours after the blast, Mr. Cheney left on a military flight for Kabul to meet with President Hamid Karzai and other officials, then left Afghanistan.

The vice president had spent the night at the sprawling Bagram air base, ate breakfast with the troops, and met with Army Maj. Gen. David Rodriguez, the commander of U.S. troops in Afghanistan.

He was preparing to leave for a meeting with Mr. Karzai when the suicide bomber struck about 10 a.m. U.S. military officials declared a Red Alert at the base.

"I heard a loud boom," Mr. Cheney told reporters. "The Secret Service came in and told me there had been an attack on the main gate."

He said he was moved "for a brief period of time" to a bomb shelter on the base near his quarters. "As the situation settled down and they had a better sense of what was going on, I went back to my room," Mr. Cheney added.

Asked whether the Taliban were trying to send a message with the attack, Mr. Cheney said: "I think they clearly try to find ways to question the authority of the central government.

"Striking at Bagram with a suicide bomber, I suppose, is one way to do that," he said. "But it shouldn't affect our behavior at all."

Maj. William Mitchell said the explosion did not appear to be intended as a threat to Mr. Cheney. "He wasn't near the site of the explosion," Maj. Mitchell said. "He was safely within the base at the time of the explosion."

Death toll reports were conflicting. Mr. Karzai's office said 23 persons were killed, including 20 Afghan workers at the base. Another 20 persons were injured, it said.

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NATO's International Security Assistance Force said initial reports were that three persons were killed, including a U.S. soldier, an American contractor and a South Korean soldier. U.S. officials indicated that they planned to update that death toll.

Associated Press reporters at the scene saw 12 bodies being carried in black body bags and wooden coffins from the base entrance into a market area where hundreds of Afghans had gathered to mourn.

Friends and relatives cried and moaned as they took the bodies away from the base. Two men came to the base entrance crying and wringing their hands, one of them screaming, "My brother."

A message posted on a Web site used by militants said "a mujahid ... carried out a suicide attack in front of the second gate of the Bagram Air Base. ... The target was Bush's vice president, Dick Cheney."

A purported Taliban spokesman, Qari Yousef Ahmadi, said Mr. Cheney was the target of the attack, which Mr. Ahmadi said was carried out by an Afghan called Mullah Abdul Rahim, of Logar province.

"We knew that Dick Cheney would be staying inside the base," Mr. Ahmadi told AP by telephone from an undisclosed location. "The attacker was trying to reach Cheney."

Cheney, Karzai Discuss 'Problems From Pakistan' (USAT)

By Paul Wiseman

USA Today, February 28, 2007

KABUL, Afghanistan — Vice President Cheney left Afghanistan on Tuesday after talks on how to crush the threat posed by Islamic militants, a danger dramatized by a suicide bombing outside the U.S. air base Cheney was visiting.

Cheney met with President Hamid Karzai in Kabul before heading back to the USA via the Persian Gulf state of Oman.

During their private, hour-long meeting, Cheney and Karzai spoke about the "problems coming from Pakistan," according to an Afghan government official who spoke to the Associated Press on condition of anonymity because of the sensitivity of the matter. The United States has accused Pakistan of not doing enough to stop militants from crossing its border into Afghanistan.

On Monday, Cheney had a four-hour discussion with Pakistani President Pervez Musharraf about beefing up border security.

Musharraf's office said Cheney called for Pakistan to crack down on al-Qaeda forces regrouping in tribal areas along the border with Afghanistan. It said he also asked for help combating a possible offensive this spring by the Taliban, the radical Islamic group that was removed from power by a U.S.-led invasion in 2001.

The Taliban said it carried out the suicide attack outside the main gate of Bagram Air Base to target Cheney. The Afghan government said 23 people were killed, including 20 Afghan workers at the base. NATO put the deaths at nine, including a U.S. soldier, a U.S. contractor and a South Korean soldier.

VIDEO: Taliban calls it an assassination attempt

Cheney was about a mile from the blast. "I heard a loud boom," he told reporters accompanying him.

The U.S. military doubted the target was Cheney. The bomber walked into a group of Afghans outside the base and did not approach U.S.-manned checkpoints.

"To characterize this as a direct attempt on the life of the vice president is absurd," said Lt. Col. David Accetta, a U.S. military spokesman.

Taliban attacks have increased during the past year as the U.S.-led coalition has been moving closer to the militants' safe zones in southern Afghanistan.

Although the advances have resulted in the death or capture of hundreds of Taliban fighters, the Pentagon has said it expects a major attempt in the spring to damage the Karzai regime.

The United States wants Pakistan to help undercut the possible Taliban spring offensive.

"Cheney is believed to have delivered a tougher message to Musharraf than ever before," said former Pakistani diplomat Husain Haqqani, now director of Boston University's Center for International Relations. "The Bush administration is beginning to recognize that it has to combine some public pressure with its previous private remonstrations in dealing with Musharraf."

Seth Jones, a counterinsurgency specialist with the RAND Corp. think tank who recently visited Afghanistan, said the pressure has been growing in recent weeks as top U.S. officials — including Defense Secretary Robert Gates — have visited the region to assess the Taliban threat and its sanctuaries in Pakistan. "In my view, the failure to get a handle on the Taliban and al-Qaeda's sanctuary in Pakistan will cripple long-term efforts to stabilize and rebuild Afghanistan," Jones said.

A Mile From Cheney, Afghan Bomber Kills At Least 23 (NYT)

By Abdul Waheed Wafa And Carlotta Gall

The New York Times, February 28, 2007

DOJ_NMG_0137678

KABUL, Afghanistan, Feb. 27 — A suicide bomber blew himself up on Tuesday morning outside the gate of the United States air base near Kabul where Vice President Dick Cheney was staying, killing at least 23 people. The vice president heard the blast from a mile away.

The dead included two Americans, a soldier and a contractor; a South Korean soldier with the American-led coalition forces; a 12-year-old Afghan boy; and a group of Afghan laborers waiting to enter at the security gate, Afghan officials said. Twenty-three people were also wounded in the explosion.

A Taliban spokesman claimed responsibility, and said in a telephone call to [a] news agency that the attack had been aimed at Mr. Cheney.

But while the attack laid bare the rising insecurity in Afghanistan as American and NATO forces battle a growing Taliban insurgency, Afghan and American officials said it fell well short of a serious assassination attempt.

At the time of the blast, the vice president was in his room at the Bagram Air Base, where heavy snow had forced him to stay overnight after arriving from Pakistan, postponing a visit to the capital, Kabul, about 40 miles away.

Though Mr. Cheney's schedule has been tightly guarded, his arrival and delay at Bagram were well reported.

The attack — one of more than 100 suicide attacks in Afghanistan over the past year — could have been coincidental, or just as likely arranged quickly, for its propaganda value.

"At 10 a.m. I heard a loud boom," Mr. Cheney told reporters aboard Air Force Two en route to Oman, according to The Associated Press. "The Secret Service came in and told me there had been an attack on the main gate." Mr. Cheney was immediately moved to a bunker.

"I think they clearly try to find ways to question the authority of the central government," Mr. Cheney added. "Striking at Bagram with a suicide bomber, I suppose, is one way to do that. But it shouldn't affect our behavior at all."

A United States military spokesman Lt. Col. David Accetta, said the bomber did not try to get past any United States-staffed security checkpoints and instead walked into a group of Afghans outside the base and detonated himself.

"To characterize this as a direct attempt on the life of the vice president is absurd," he said, according to The A.P.

Bashir Salangi, the deputy governor of Parwan Province, who visited the scene, said that the bomber was carrying the explosives on his body and that at least 20 people were killed.

He said that 23 others were wounded, but that the exact number remained uncertain because of the extent of the carnage and because some of those wounded were taken into the base and some to nearby hospitals.

"I think the aim was just the crowd of people who were gathered for checking," Mr. Salangi said.

Most of the Afghan casualties were truck drivers and workers lining up to get into the base. American soldiers guard the gate and search the workers and vehicles before allowing them to enter. Scores of people are usually milling around the parking lot outside the main gate, where fuel and gravel trucks park as they wait to unload their cargo.

Hundreds of day workers pass through on foot to go to work on the base. The bomber is thought to have passed through Afghan security with them or aboard a fuel truck. The Bagram area, which suffered under Taliban rule, is not generally sympathetic to the Taliban, but there have been attacks there, and Afghan intelligence broke a cell of bombers from the area last year, suggesting that the Taliban and its allies have sought to infiltrate the area.

After the explosion, Mr. Cheney flew to Kabul by helicopter to meet with President Hamid Karzai at midday Tuesday. The two men met alone for an hour before joining a larger gathering for lunch.

Mr. Cheney arrived in Afghanistan after meeting on Monday with Gen. Pervez Musharraf, the president of Pakistan. He pressed the Pakistani leader to do more to prevent Al Qaeda from regrouping in Pakistani's tribal areas and to prevent the Taliban from using the border areas as a sanctuary to carry out attacks in Afghanistan.

In Afghanistan, he praised the nation's progress, and voiced continued support for Mr. Karzai's government and specifically for its help in fighting terrorism and strengthening security and reconstruction in the country, according to an Afghan government statement.

"His visit showed that the United States is being more serious and demanding of Pakistan to put an end to terrorist resources and sanctuaries and to stop border crossing," said an Afghan government official, who asked not to be identified because of the critical nature of his remarks. "This is what the Afghan government has been repeatedly asking and demanding from Pakistan."

He added: "His visit was very important. Now the United States realizes that peace will not come to Afghanistan unless Pakistan starts the real fight against terrorists."

Bombing Near Cheney Displays Boldness Of Resurgent Taliban (WP)

By Griff Witte

DOJ_NMG_0137679

The Washington Post, February 28, 2007

Vice President Cheney was inside the main U.S. air base in Afghanistan yesterday when a suicide bomber detonated his explosives just outside the gates, killing as many as 23 people and showcasing insurgents' growing capabilities in advance of a widely expected spring offensive.

Within hours, a purported Taliban spokesman asserted responsibility for the attack -- which killed a U.S. soldier and an American civilian contractor -- and said it was an attempt to assassinate Cheney. U.S. officials disputed the assertion that Cheney was the target, noting that his overnight stay at the sprawling Bagram air base had been unplanned and that he was well away from the blast.

"I heard a loud boom," Cheney told reporters later. "The Secret Service came in and told me there had been an attack on the main gate."

The attack prompted military officials to issue a "red alert" at the base. Cheney was briefly moved to a bomb shelter, before being allowed to continue with his schedule.

Regardless of the intent, the attack demonstrated that insurgents in Afghanistan are becoming increasingly bold, willing to attack a heavily fortified U.S. target in the face of unusually tight security. Additionally, the assault was carried out in a part of the country where the Taliban has relatively little support. The Islamic militia's traditional stronghold has been in the south; Bagram is in the country's central region, about an hour's drive north of Kabul.

"It's pretty striking that they're capable of planning and executing an attack on Bagram on fairly short notice and under changing circumstances. We haven't seen anything like this before," said Daniel Markey, a senior fellow at the Council on Foreign Relations who until last month worked on South Asia policy at the State Department. "Psychologically, this has to be seen as a serious blow."

Markey said the attack is also an ominous sign with the approach of spring, which is usually accompanied by a heavy escalation in violence as conditions for fighting improve. "Everyone agrees on both sides that this is going to be a bad spring," he said.

Until 18 months ago, suicide bombings had been a rarity in Afghanistan, despite more than two decades of war. Recently, however, they have become a favored tactic of insurgents who are trying to undermine the weak pro-Western government in Kabul and force NATO troops to leave.

Last year, there were 139 suicide attacks in Afghanistan, five times as many as in 2005. The shift in tactics has prompted concern that the Taliban, which lost power after a U.S.-led invasion in 2001, is adopting the methods of insurgents in Iraq.

"This attack is a reflection of their new capabilities, which they've developed in the last year or two through their connections with the transnational extremists," said Ali Ahmad Jalali, former interior minister of Afghanistan. "This will boost morale and will help them to recruit more fighters. This is the kind of violence that can have a major psychological impact."

Asked whether Taliban fighters were sending a message, Cheney indicated they were. "I think they clearly try to find ways to question the authority of the central government," he said. "Striking at Bagram with a suicide bomber, I suppose, is one way to do that. But it shouldn't affect our behavior at all."

The Bush administration has become increasingly concerned by the violence in Afghanistan, and Cheney's previously unannounced stops in Pakistan and Afghanistan during a trip to Asia were intended to signal the White House's commitment to countering insurgents there.

Meeting with Pakistan's president, Gen. Pervez Musharraf, in Islamabad on Monday, Cheney pushed the leader to do more to crack down on Taliban and al-Qaeda activity in semiautonomous frontier region. Afghan officials have blamed Pakistan for allowing the Taliban a haven to plan and train for attacks in Afghanistan. U.S. officials had long defended Pakistan as a valuable ally, but intelligence reports that al-Qaeda is reconstituting itself in Pakistan have prompted U.S. officials in recent months to publicly question whether Musharraf is doing all he can.

Following the meeting with Musharraf, Cheney flew to Bagram late Monday. He stayed at the base overnight because a storm delayed his meeting in Kabul with Afghan President Hamid Karzai until yesterday morning. The delay was reported publicly Monday night.

Just before 10 a.m. yesterday, a suicide bomber driving a Toyota Corolla made it through a gate at the air base manned by Afghan police officers, according to Gen. Salem Ihsas, the police chief in Parwan province, where Bagram is located.

The assailant detonated his explosives before he was able to make it through a second gate, which is manned by U.S. personnel. Ihsas said that 19 people were killed in the blast and that 15 were wounded, mostly Afghan laborers who had reported for work at the base. Other estimates from Afghan officials put the death toll slightly higher, while U.S. authorities said nine people had been killed and 21 injured.

U.S. military officials said the bomber was on foot and did not get as close to the base as Ihsas suggested.

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Ihsas said preliminary reports indicated the bomber was not Afghan but declined to say where he was from. "Once we are done with the investigation, we will know exactly," he said.

The dead in yesterday's blast included a South Korean soldier. South Korea is part of the 37-nation NATO-led International Security Assistance Force, which is responsible for security throughout Afghanistan.

The United States and Britain -- the two largest contributors of troops in Afghanistan -- both recently announced they would be increasing their force levels, with the U.S. total climbing to 27,000.

About 5,100 U.S. troops, plus 4,000 other coalition personnel and contractors, are stationed at the air base at Bagram.

Afghan Bombing Sends A Danger Signal To U.S. (NYT)

By David E. Sanger

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — The audacity of a suicide-bomb attack on Tuesday at the gates of the main American base in Afghanistan during a visit by Vice President Dick Cheney underscores why President Bush sent him there — a deepening American concern that the Taliban and Al Qaeda are resurgent.

American officials insisted that the importance of the attack, by a single suicide bomber who blew himself up a mile away from where the vice president was staying, was primarily symbolic. It was more successful at grabbing headlines and filling television screens with a scene of carnage than at getting anywhere near Mr. Cheney.

But the strike nonetheless demonstrated that Al Qaeda and the Taliban appear stronger and more emboldened in the region than at any time since the American invasion of the country five years ago, and since the Bush administration claimed to have decimated much of their middle management. And it fed directly into the debate over who is to blame.

The leaders with whom Mr. Cheney met on his mission to Pakistan and Afghanistan have appeared increasingly incapable of controlling the chaos, and have pointed fingers at one another.

Mr. Cheney said the attack was a reminder that terrorists seek “to question the authority of the central government,” and argued that it underscored the need for a renewed American effort.

His critics, on the other hand, said the strike was another reminder of how Iraq had diverted the Bush administration from finishing the job in Afghanistan.

The blast Mr. Cheney said he heard from his quarters deep inside Bagram Air Base took a terrible toll. At least 23 people were killed, including an American soldier and an American contractor, along with a South Korean soldier. [Page A9.]

About 20 Afghans died, including a 12-year-old boy. An additional two dozen or so were wounded.

By Tuesday evening, long after Mr. Cheney wrapped up his visit and headed home to the United States, it remained unclear whether the suicide bomber had known that Mr. Cheney was on the base at the time of the attack. One military official at United States Central Command, which oversees operations in Afghanistan, said he strongly believed that the bomber was unaware of Mr. Cheney’s presence.

In Washington, American officials said their intelligence had detected no specific threat against Mr. Cheney, whose entry into Afghanistan had been kept secret after an equally clandestine visit to Pakistan on Monday.

But word of his presence in Afghanistan leaked out on Monday after a snowstorm delayed his meeting with President Hamid Karzai, and Mr. Cheney decided to stay at Bagram Air Base overnight. That fact was widely reported on Internet sites and on radio programs that have significant audiences in Afghanistan. It was possible that the attack outside the gate at Bagram was arranged quickly, or redirected to the air base from another target.

The attack, which occurred between the perimeter of the base and the first American checkpoint, occurred at 10 a.m. Tuesday. An administration official said an initial American review had found that the attack “doesn’t look, at first pass, like something that was carefully planned out.”

The bomber appeared to have made his way past an Afghan-guarded gate. But American military officials in Afghanistan said the suicide bomber detonated his weapon before he got to the first United States checkpoint, at a point where fuel trucks and vehicles carrying other goods park outside the gates to await inspection before being sent in.

Master Sergeant Chris Fletcher, a spokesman for the military operation in Afghanistan, said in a telephone interview that the bomber “did not penetrate the outer ring of security.”

That account suggested that the security around the base had kept the bloodshed of an Afghanistan under attack by both Taliban and Qaeda forces outside the high walls of the base, the hub of American military activity in the country.

But it also suggested a widening spiral of insecurity in Afghanistan, which had nearly 140 suicide bombings last year, including in Kabul, making the conflict and tactics here increasingly reminiscent of the chaotic struggle in Iraq.

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Critics have charged that the Iraq war has precluded the United States from sending sufficient forces to Afghanistan. Concerned about a spring Taliban offensive, the United States has increased its force in Afghanistan to about 26,000. More than 20,000 troops from other NATO nations are also deployed there.

The scenes that Mr. Cheney flew over on his way in and out of Bagram — the devastation outside the gate and the bombed-out landscape of Kabul — was a reminder of how far the reality of Afghanistan is from the goals that President Bush set just short of five years ago, in a speech at the Virginia Military Institute. At the time, Mr. Bush repeatedly invoked the memory of Gen. George C. Marshall, the man behind the reconstruction that followed World War II, in expressing confidence that a "stable government" and a "national army" would help to achieve peace in Afghanistan.

But in testimony on Tuesday in front of the Senate armed services committee, the new director of national intelligence, Mike McConnell, painted a grim picture of what he called a "pivotal year for Afghanistan," in which the country's leaders would have to "confront pervasive drug cultivation and trafficking, and, with NATO and the United States, arrest the resurgence of the Taliban."

Mr. Cheney's mission was to figure out how to bolster the Afghan president, Hamid Karzai, and the NATO force, and to try to ease an openly hostile relationship between Mr. Karzai and another American ally, Gen. Pervez Musharraf of Pakistan. Mr. Karzai has argued that many of the attacks in Afghanistan have been launched from Pakistan. Mr. Musharraf has said Mr. Karzai is looking for a scapegoat.

Mr. McConnell's assessment was grim: "Long-term prospects for eliminating the Taliban threat appear dim, so long as the sanctuary remains in Pakistan, and there are no encouraging signs that Pakistan is eliminating it. ''

Cheney OK After Afghan Suicide Bombing (CHIT)

By Mark Silva And Bay Fang

Chicago Tribune, February 27, 2007

KABUL, Afghanistan -- A suicide bombing within earshot of Vice President Dick Cheney at the gate of Bagram Air Base underscored concerns Tuesday about the resurgence of Taliban militants and other Islamic radicals in Afghanistan—the very reason for Cheney's visit.

U.S. officials dismissed a Web site claim by the Taliban that Cheney was the target of the bombing, which killed a U.S. soldier, an American contractor and as many as 21 others. The explosion occurred about a mile across the base from the vice president, who was unhurt after briefly being escorted to a bomb shelter.

But the fact that the bomber could get so close to the base while the vice president was present raised questions about the Afghan government's control of the security situation and whether the insurgency has improved its ability to stage such attacks on the verge of its expected "spring offensive."

Cheney, in Afghanistan to reassure the government of President Hamid Karzai of U.S. support, said the attack was part of the insurgents' efforts to challenge Karzai. And he asserted that talk in the U.S. of withdrawing American forces from Iraq only emboldens terrorists in the region.

"I think they [the Taliban] clearly try to find ways to question the authority of the central government," Cheney said during a brief interview in a luxury cabin mounted in the cargo bay of his C-17 military transport.

"Striking at the Bagram base with a suicide bomber, I suppose, is one way to do that," Cheney said. "It shouldn't affect our behavior."

Terrorism experts said if it is true that the Taliban sent the suicide bomber to target the base while Cheney was there, it could mark a worrisome expansion of their capabilities. It also raised a question of how insurgents might have known about Cheney's visit, which was not announced in advance.

"They must have only had a few hours' notice, since the trip was kept secret. This implies a pool of willing suicide bombers available at a moment's notice," said Peter Bergen, terrorism analyst and author of "The Osama bin Laden I Know: An Oral History of Al Qaeda's Leader."

The Taliban, a radical Islamic movement that was driven from power by a U.S.-led coalition after the Sept. 11 terrorist attacks, are becoming tactically more like the Al Qaeda terrorists they once sheltered, analysts said.

There were no suicide bombings in Afghanistan before 2001, when bombers disguised as Arab journalists assassinated a prominent anti-Taliban rebel, Ahmad Shah Massoud, leader of the so-called Northern Alliance. There were 27 suicide attacks in 2005 and 139 in 2006.

Seth Jones of the RAND Corp. said what amazes him is the speed with which the bombing was carried out. "It shows a very strong and well-developed infrastructure, that they could grab somebody, hand him to the handlers and carry it out in the time Cheney was there," he said.

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The new concerns dovetailed with testimony Tuesday in Washington about the resurgent threat from Islamic radicals in the rugged and largely lawless borderlands between Afghanistan and Pakistan. Both the U.S. and Britain plan to increase their troops in the region in anticipation of a Taliban offensive in coming weeks.

In comments before the Senate Armed Services Committee, Director of National Intelligence Michael McConnell said Pakistan "remains a major source of Islamic extremism and the home for some top terrorist leaders."

McConnell said that while U.S. forces have killed or captured about three-quarters of Al Qaeda's leadership, equally determined militants have replaced them. He said that U.S. officials believe top Al Qaeda leaders, including Osama bin Laden and Ayman al-Zawahiri, are trying to set up an operational base for training in northwestern Pakistan, in an area outside the control of the current government.

Another intelligence official said the Taliban resurgence is being fueled in part by increased opium production—something that the Taliban cracked down on when they controlled the country.

"They now are enmeshed with opium producers with … local power brokers," said Thomas Fingar, the deputy director of National Intelligence for Analysis. "The production and the sale of opium is a major source of revenue."

The suicide bombing occurred as Cheney awoke at the vast air base nestled in the mountains outside Kabul, where he had unexpectedly spent the night because poor weather extended his planned one-day visit to Afghanistan by another day. The overnight made him the most senior member of the Bush administration to spend a night in either the Iraq or Afghanistan war zones.

At the time of the attack, the vice president was secure and deep inside the base. But the bombing sent a plume of smoke rising beyond where his military cargo jet was parked and prepared to take him to a meeting with Karzai in Kabul later Tuesday before returning to the U.S.

Cheney said he heard a "loud boom" sitting in his room at the base. The Secret Service moved him to a nearby bomb shelter, he said, but returned him to his room when "the situation settled down."

A Web site used by Islamic militants posted a message Tuesday saying that a "holy warrior" carried out a suicide attack at Bagram. "The target was [President] Bush's vice president, Dick Cheney," the message said. Separately, a purported Taliban spokesman told The Associated Press that Cheney was the target.

But U.S. military officials in Afghanistan rejected the claims and said the vice president's life was never in danger. The base has 5,100 troops, and its security perimeter includes land mines, gun turrets and razor wire.

The bomber did not attempt to get through one of the base's security checkpoints, which are manned by U.S. troops. Instead, he appeared to walk into a group of truck drivers and other Afghans who worked at the base.

"To characterize this as a direct attempt on the life of the vice president is absurd," Lt. Col. David Accetta, a spokesman for U.S. forces, told AP.

A senior administration official traveling with Cheney said the Afghan president was "upbeat" in his hourlong meeting with the vice president at the fortified presidential palace in Kabul. Cheney arrived there in an armored motorcade that weaved through the concrete-and-sandbag barriers erected in slalom fashion leading toward the palace.

The official also dismissed reports that Cheney had been dispatched to Pakistan before coming to Afghanistan in order to "beat up" on Pakistani President Pervez Musharraf for not doing more to prevent the resurgence of the militants along the border.

"Not so," he said. The idea that Cheney would "go in and threaten someone is not valid."

Tribune correspondent Aamer Madhani contributed from Washington, and Bay Fang reported from Washington.

Taliban Says It Targeted Cheney (LAT)

By Julian E. Barnes, Josh Meyer And Laura King

The Los Angeles Times, February 28, 2007

WASHINGTON — U.S. and Afghan officials are investigating whether Taliban fighters who have claimed responsibility for a suicide bombing Tuesday at Bagram air base were tipped off that Vice President Dick Cheney was visiting there.

Cheney, who was staying a mile from where the bomb exploded, was not injured in the attack at the gate of the sprawling base.

A U.S. soldier and a South Korean soldier were among those killed. Reports of the death toll varied, with the U.S. military saying nine people died and the Afghan government reporting 23 dead and 24 injured. An American contractor also was reported killed.

The attack came as concern is growing about the increasing ability of the resurgent Taliban and the tenuous stability of the U.S.-backed government in Afghanistan. The possibility that insurgents knew of a secret visit by a top U.S. official and were able to launch an attack would cast the conflict with the militant movement in a troubling new light.

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The Taliban claimed responsibility for the bombing. Mullah Hayat Khan, a Taliban commander, told [a] news agency that Cheney was the target.

Government and congressional officials expressed doubt that the Taliban could have learned of the vice president's presence on the base and devised an attack so quickly.

"At this point, it simply isn't clear that it was known that Cheney was there," said a U.S. intelligence official, who, like others, spoke on condition of anonymity in discussing the investigation.

American officials also suggested that the Taliban would have attempted a more aggressive attack had it known Cheney would be at Bagram, about 25 miles north of Kabul, the Afghan capital.

"If you were in the Taliban's sandals or shoes, wouldn't you have used rockets and mortars?" asked a second U.S. intelligence official. "If you knew that this thing was happening, that the vice president was going to be there at that time, couldn't you have just brought up 30 or 40 guys and a truck?"

Cheney told reporters traveling with him that he heard a "loud boom." After the explosion, he was briefly moved to a bomb shelter before returning to his quarters.

Cheney said he was not aware of the Taliban's claim of responsibility but said such attacks were aimed at undermining the Afghan government.

"I think they clearly try to find ways to question the authority of the central government," Cheney said. "Striking at Bagram with a suicide bomber, I suppose, is one way to do that, but it shouldn't affect our behavior at all."

Cheney, traveling with the CIA's No. 2 official, arrived at Bagram late Monday afternoon after talks with Pakistani President Pervez Musharraf in Islamabad.

Deputy CIA Director Stephen Kappes accompanied Cheney to Pakistan to ensure that the vice president "had all the current information" as he pressed Musharraf for greater cooperation in fighting Al Qaeda, Director of National Intelligence J. Michael McConnell said in Senate testimony Tuesday.

The stops in Islamabad and Kabul were unannounced for security reasons, and Cheney made no public statement or appearance in either capital. The suicide bombing occurred as the vice president was preparing for a meeting with Afghan President Hamid Karzai, which had been rescheduled because of weather.

The security situation in Afghanistan has been deteriorating over the last year. The number of suicide blasts nationwide rose to 140 in 2006 from 30 in 2005, and the number of roadside bombings grew to 1,600 from 780, military officials say.

Pentagon spokesman Bryan Whitman acknowledged that the Bagram blast was an "aggressive attack" and said military officials had not determined whether security had been breached.

The last time militants attacked Bagram's entrance was in July, when a roadside bomb exploded just outside the gate, said Sgt. James E. Wilt, a military spokesman in Afghanistan.

Security problems have arisen at the base before. Last year, The Times was able to purchase computer drives containing classified military information at local markets nearby. The drives had been stolen from the base.

White House Press Secretary Tony Snow said there were too few facts to be able speculate on what happened or how the attacker was able to get so close to the base.

Inside Politics (WT)

By Grep Pierce

The Washington Times, February 28, 2007

Gore's utility bills

Back home in Tennessee, safely ensconced in his suburban Nashville home, former Vice President Al Gore is no doubt basking in the Oscar awarded to "An Inconvenient Truth," the documentary he inspired and in which he starred. But a local free-market think tank is trying to make that very home emblematic of what it deems Mr. Gore's environmental hypocrisy, ABC News reports.

Armed with Mr. Gore's utility bills for the past two years, the Tennessee Center for Policy Research charged Monday that the gas and electric bills for the former vice president's 20-room home and pool house devoured nearly 221,000 kilowatt-hours last year, more than 20 times the national average of 10,656 kilowatt-hours.

"If this were any other person with $30,000-a-year in utility bills, I wouldn't care," says the center's 27-year-old president, Drew Johnson. "But he tells other people how to live, and he's not following his own rules."

Kalee Kreider, a spokeswoman for the Gores, did not dispute the center's figures, taken as they were from public records. But she pointed out that both Al and Tipper Gore work out of their home, and she argued that "the bottom line is that every family

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has a different carbon footprint. And what Vice President Gore has asked is for families to calculate that footprint and take steps to reduce and offset it."

Bush's example

In contrast to Al Gore's profligate use of energy at his Tennessee mansion, President Bush's 4,000-square-foot house in Crawford, Texas, is "a model of environmental rectitude," according to a 2001 article by Rob Sullivan in the Chicago Tribune.

"Geothermal heat pumps located in a central closet circulate water through pipes buried 300 feet deep in the ground where the temperature is a constant 67 degrees; the water heats the house in the winter and cools it in the summer. Systems such as the one in this 'eco-friendly' dwelling use about 25 percent of the electricity that traditional heating and cooling systems utilize," the writer said.

"A 25,000-gallon underground cistern collects rainwater gathered from roof runs; wastewater from sinks, toilets and showers goes into underground purifying tanks and is also funneled into the cistern. The water from the cistern is used to irrigate the landscaping surrounding the four-bedroom home. Plants and flowers native to the high prairie area blend the structure into the surrounding ecosystem.

"No, this is not the home of some eccentrically wealthy eco-freak trying to shame his fellow citizens into following the pristineness of his self-righteous example. And no, it is not the wilderness retreat of the Sierra Club or the Natural Resources Defense Council, a haven where tree-huggers plot political strategy.

"This is President George W. Bush's 'Texas White House' outside the small town of Crawford."

Marc Morano, an aide to Senate Environment and Public Works Committee ranking member Sen. James M. Inhofe, Oklahoma Republican, posted the Tribune article yesterday at www.epw.senate.gov.

'A dead loser'

Newt Gingrich says Republicans must avoid bland centrism and Hillary-bashing if they are to win in 2008.

"There are two big facts about the 2008 election," the former House speaker said in an e-mail inviting conservatives to the Conservative Political Action Conference, which begins tomorrow at the Omni Shoreham Hotel in Washington. "Fact No. 1: Running as a bland, business-as-usual Republican will be a dead loser. In 2006, the American people repudiated the GOP because the idea of Republicans' trying to manage the liberal welfare state they inherited from the Democrats was a dead loser. I am not sure many Republican consultants have come to understand this. ...

"Fact No. 2: Focusing on an anti-Hillary campaign will also be a dead loser," Mr. Gingrich said, referring to Democratic presidential front-runner Sen. Hillary Rodham Clinton of New York. "The Clintons are the most determined and intense politicians of our lifetime. ...

"If a campaign is going to degenerate into a mud-slinging contest, the Clintons will always win because they are vastly more ready to jump into the pit. The recent attacks over David Geffen and Barack Obama are just a sample of how quickly and fiercely the Clintons will attack if the campaign is simply about who can 'out negative' whom."

Al and Strom

The biracial daughter of the late Sen. Strom Thurmond defended the former segregationist yesterday and said the Rev. Al Sharpton "overreacted" when Mr. Sharpton learned he is a descendent of a slave owned by the senator's forebears.

"In spite of the fact he was a segregationist, he did many wonderful things for black people. ... I'm not sure that Reverend Sharpton is aware of all the things he did," said Essie Mae Washington-Williams, who was in Columbia, S.C., for a speech. "I kind of feel that there was an overreaction."

Professional genealogists working for Ancestry.com found that Mr. Sharpton's great-grandfather Coleman Sharpton was a slave owned by Julia Thurmond, whose grandfather was Strom Thurmond's great-great-grandfather. Coleman Sharpton was later freed, the Associated Press reports.

When Mr. Sharpton learned of the link, he said: "It was probably the most shocking thing in my life."

Mr. Thurmond's children have acknowledged that he fathered a biracial daughter. Mrs. Williams' mother was a housekeeper in the home of Mr. Thurmond's parents.

No 'wave' in '08

In an early preview of House races in 2008, election forecaster Stuart Rothenberg says "a huge political wave favoring one party is not very likely" next year.

Mr. Rothenberg still thinks Democrats will have "plenty of opportunities again next year, including almost a dozen districts they narrowly lost and a handful of districts where they unwisely failed to field a strong challenger."

But with the White House held by Republicans and Democrats in charge of Congress, "voters aren't going to blame one party entirely for whatever problems exist," he says in his Rothenberg Political Report newsletter.

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Even so, "many observers are expecting more than a couple of senior House Republicans to retire. That could create more opportunities for Democrats."

Hate speech

The liberal Huffington Post Web site (www.huffingtonpost.com) ran a wire story yesterday about the apparent attempt to assassinate Vice President Dick Cheney in Afghanistan. A number of its readers proceeded to make postings in which they expressed regret that the attack had not succeeded.

Radio talk-show host Rush Limbaugh read about a half-dozen of the foul postings on the air yesterday, and linked to the Huffington Post from his own Web site (www.rushlimbaugh.com). Not long afterward, the Huffington Post removed the most offensive of the missives.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, February 28, 2007

Talk About Your Serious Roles

We always said foreign policy was sexy, and now here's proof: Angelina Jolie is on the shortlist to join the power wonks at the Council on Foreign Relations, the exclusive New York think tank. The actress was nominated by council member Trevor Neilson, her pal and adviser on political and global matters. "There is no better way for someone who is involved in international relations to build a deep understanding of these issues," he told us yesterday.

Jolie's bid, which required two other letters of recommendation, was approved by the membership committee last week and is now "under consideration," said council spokeswoman Anya Schmemann. If she's voted in at the June board meeting, the 31-year-old Jolie will receive a five-year "term" membership (typical for younger applicants) and join 4,000 deep thinkers such as Bill Clinton, Dick Cheney, Condi Rice, Colin Powell, Madeleine Albright, Henry Kissinger, Alan Greenspan , George Soros, Barbara Walters and Lisa Ling.

You're asking yourself: Why? Jolie, currently a U.N. goodwill ambassador, can already meet with just about anyone on the planet. (And she's influential enough to have a piece about Darfur published today on The Post's op-ed page.) But at the council, she'll get a crash course in global policy from the experts. "She takes learning about these issues very seriously," said Neilson. And the wonks get a worldwide sex symbol who draws cameras every time she breathes.

We're guessing she gets in.

So Much Hobnobbing, So Little Time

So Vanessa Williams had your typical D.C. day -- you know, dropping by to see Barack Obama, then bumping into Rudy Giuliani at Charlie Palmer's.

"I live down the street from Hillary" in Chappaqua, N.Y., said the actress-singer-mom-of-four, "so I'm just a politician magnet." But no, she's not ready to endorse. "I'm impressed by so many," she demurred in that gracious VIP way.

Williams wrapped up her D.C. day in big style as well, mobbed by fans and friends at a premiere hosted by the Special Olympics (she sits on its board) for her new indie film, "My Brother." She plays the low-income mom of a disabled boy -- a part written just for her, she said. Quite a departure from her comically villainous turn on "Ugly Betty." So, what's harder -- comedy or drama? "What's harder is making bad material work." Alas, ever gracious, she didn't name names.

THIS JUST IN . . .

Â· Amanda Coluccio says that her best friend, "American Idol" contestant and Catholic U student Antonella Barba, posed for some of the PG-13 pictures flying around the Internet (as a present for a boyfriend) -- but not the X-rated shots. "It's not her nose," Coluccio told the Newark Star-Ledger after examining the naughty pix. "She's never had [acrylic nail] tips in her life. She's the least slutty person I know."

Â· James Brown is still not buried, but his trustees and partner agreed yesterday to collect DNA samples for a pending paternity battle. Brown, who died on Christmas Day, is sealed in a gold casket at an undisclosed location.

Â· The White House has named Coast Guard Adm. Stephen Rochon as chief usher -- apt, since the position requires keeping the executive mansion shipshape. He's the eighth person and first African American to hold the job.

Â· To evade detection by terrorists, Dick Cheney parked Air Force Two and flew to Pakistan and Afghanistan in a military cargo plane, the "Spirit of Strom Thurmond." (Make up your own joke. We're busy.)

HEY, ISN'T THAT . . . ?

Â· Bill Clinton wandering around Georgetown Park mall yesterday with an army of security folk, wearing a nice navy suit. Stepped into a watch store and shook hands with a bunch of people. Just browsing? Unclear, but it was Chelsea's 27th birthday yesterday.

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Â· Teddy Kennedy continuing Birthday Week festivities at Teatro Goldoni Monday night -- though this time it was apparently wife Vicki's big day. They chowed down on the lobster carpaccio, lobster risotto, foie gras -- and the just-turned-75 senator ordered an extra slice of chocolate cake.

Â· Larry King dining and drinking grappa Monday night with AOL rich guy Jim Kimsey at the new downtown restaurant Il Mulino. The CNN talker was apparently seeking world-traveler Kimsey's help in getting an interview with Cuba's Fidel Castro. Better move fast!

Qaeda Rebuilding In Pakistan, Intelligence Chief Tells Panel (NYT)

By Mark Mazzetti

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — The new director of national intelligence told members of Congress on Tuesday that senior leaders of Al Qaeda were steadily rebuilding the network's bases inside Pakistan and that future attacks against the United States could be planned from Pakistan's remote western mountains.

In his first testimony since taking office last month, Mike McConnell said Osama bin Laden and his deputy, Ayman al-Zawahri, were supervising the establishment of Qaeda camps in Pakistan similar to those that existed in Afghanistan before the Sept. 11 attacks, although he said the camps were not as fully developed as the former Afghan bases.

Mr. McConnell's appearance before the Senate Armed Services Committee followed a succession of meetings between top American officials and Pakistan's president, Gen. Pervez Musharraf, who officials in Washington have said was not doing enough to root out Islamist militants in Pakistan's tribal areas.

"It's something we're very worried about and very concerned about," Mr. McConnell said.

Intelligence and counterterrorism officials, speaking anonymously, have spoken in the past several weeks about the new camps in Pakistan and the gradual rebuilding of Al Qaeda's command and control apparatus, but Mr. McConnell is the most senior official in Washington to describe in public what he called a growing problem.

A day earlier, the White House spokesman, Tony Snow, sidestepped questions about whether the White House was unhappy with General Musharraf's government and reaffirmed President Bush's confidence in the Pakistani president.

The top intelligence officials assembled before the Senate panel on Tuesday issued a blunter assessment.

"We believe they could do more," said Mr. McConnell, who suggested that General Musharraf could have had his eye on elections later this year when he pledged to keep Pakistani troops from carrying out military operations in the tribal areas.

Sitting beside Mr. McConnell, Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, described the border region as a "haven for Al Qaeda's leadership." It is from that area, Mr. McConnell said, that any future attacks against the United States by Al Qaeda would most likely be planned.

General Musharraf has said repeatedly that he has done everything in his power to root out Taliban and Qaeda militants, but lawmakers were skeptical.

"Long-term prospects for eliminating the Taliban threat appear dim so long as the sanctuary remains in Pakistan, and there are no encouraging signs that Pakistan is eliminating it," said the committee's chairman, Senator Carl Levin, Democrat of Michigan.

The rebuilding of the Qaeda infrastructure in Pakistan has forced a debate within the Bush administration about how hard to press General Musharraf, and some officials have even advocated direct American airstrikes against the camps.

Administration officials said that for now the White House had ruled out any unilateral American military actions in Pakistan. Vice President Dick Cheney was said to have warned the Pakistani president during their meeting on Monday in Islamabad that Democratic members of Congress could move to cut military aid to Pakistan unless its government took stronger action against Islamist militants in the tribal areas.

The testimony before the Senate panel was intended to give lawmakers American intelligence officials' assessment of global threats. Speaking about Iraq, the officials were cautiously optimistic that the current plan to crack down on militants in Baghdad could succeed, but added that much of the plan's success would depend on the performance of the Iraqi troops.

General Maples said that two of the three Iraqi brigades designated to support the security plan had moved into Baghdad, but he said that estimates he had seen indicated that the brigades were at only 43 percent to 82 percent of their intended troop strength.

Discussing the state of Iran's nuclear program, Mr. McConnell reaffirmed the assessment of American intelligence agencies that Iran could produce a nuclear weapon by the beginning of the next decade, but that the country more likely would not have such a weapon until 2015.

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But Mr. McConnell said tough economic sanctions against Tehran could have a “dramatic” impact in getting Iran to abandon its nuclear program.

U.S. Sees New Al-Qaeda Threat (WP)

By Walter Pincus

The Washington Post, February 28, 2007

The new director of national intelligence said yesterday that the United States is "very concerned" that Osama bin Laden and the al-Qaeda leadership are attempting to rebuild their terrorist network and establish training camps in a region of northwest Pakistan "that has never been governed by any power."

"We inflicted a major blow, they retreated to another area, and they are going through a process to reestablish and rebuild, adapting to the seams or the weak spots as they might perceive them," retired Vice Adm. John M. McConnell told the Senate Armed Services Committee as he delivered his first global threat assessment to Capitol Hill.

While describing new al-Qaeda volunteers as "very committed individuals," McConnell also said they lack the experience of the old leadership, nearly three-quarters of which has been killed or captured. Without giving details, he said, "a number of [terrorist] plans and activities have been shut down or disrupted."

Sen. Jack Reed (D-R.I.) asked McConnell about the probability that al-Qaeda members in Pakistan or Iraq are organizing an attack on the United States -- a scenario that President Bush recently hinted at should U.S. forces withdraw from Iraq. The intelligence chief replied that an attack would "most likely" emerge from Pakistan, though he described Iraq as "a cause celebre for the jihadists in creating forces," and warned that al-Qaeda elements in Iraq, Syria and Europe are planning attacks.

McConnell also outlined some obstacles to a settlement in Iraq. The majority Shiites, he said, "are not confident of their position and . . . are worried that the Sunnis may come back and dominate the country." The Sunnis, he said, are unwilling "to admit that they are no longer in charge," and the Kurds are "biding their time to protect Kurdish interests." Overall, he said, "I think the Iraqi political leaders have close to impossible tasks."

Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, confirmed for the committee that weapons training for Iraqi militia members is being provided in Iran as well as in Hezbollah camps in Lebanon. Sen. Joseph I. Lieberman (I-Conn.) called the Iranian training "a very serious act and one that we ought to consider taking steps to stop in defense of our soldiers."

Sen. Evan Bayh (Ind.) was one of several Democrats who questioned the decision to include an assessment of a "rapid withdrawal" of coalition forces from Iraq as part of the recent National Intelligence Estimate. The NIE judgment was that such a withdrawal would increase violence and hasten deterioration of the situation in Iraq -- a finding that has since been cited by Bush and others who support a troop increase and oppose withdrawal.

National Intelligence Council Chairman Thomas Fingar, who supervised production of the NIE, told the Senate panel that "unquestionably and categorically" there had been no political pressure to shape the estimate.

"I'm not criticizing your bona fides," Bayh told Fingar, "but I do care about the credibility of your work product . . . and when you start down that slippery slope, you just get into these kinds of arguments."

Lawmakers praised McConnell and his colleagues for their candid testimony. At one point, when asked about recent reports that Shiite leader Moqtada al-Sadr appeared to be both for and against the increase in troops in Baghdad, the president's chief intelligence adviser said, "I don't know what Sadr's position is. . . . I'd be guessing."

Spy Chief Pushes For Action In Pakistan (AP)

By Katherine Shrader

AP, February 28, 2007

More must be done to go after al-Qaida, which is trying to establish training camps and other operations in some of Pakistan's most ungoverned territory, the new U.S. spy chief said Tuesday.

"It's something we're very worried about and very concerned about," Mike McConnell told the Senate Armed Services Committee in a hearing on global threats.

McConnell said the U.S. believes al-Qaida's top two leaders — Osama bin Laden and Ayman al-Zawahri — are hiding in the rugged frontiers of northwestern Pakistan and are attempting to establish an operational base there. He noted that al-Qaida's camps are in an area that has never been governed by any state or outside power.

McConnell's push for action along the Afghan-Pakistani border echoed concerns raised by Vice President Dick Cheney during a face-to-face meeting Monday with Pakistani President Gen. Pervez Musharraf. Cheney was accompanied by Deputy CIA Director Stephen Kappes — a sign that intelligence played a strong role in the case made to Musharraf.

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Musharraf has insisted his forces have already "done the maximum" possible against extremists in their territory, and he said other allies also shoulder responsibility in the U.S.-led war on terrorism.

But U.S. officials have grown increasingly concerned about intelligence suggesting the Taliban and al-Qaida plan a spring offensive against allied forces in neighboring Afghanistan.

They are also worried about the autonomy of al-Qaida and Taliban operatives in Pakistan after the government signed a peace deal with the tribal leaders of the region, North Waziristan, in September.

In that agreement, tribal elders promised to respect the supremacy of the Pakistani government and curtail attacks in Afghanistan. In return, Musharraf gave back some of the tribes' weapons, released some prisoners and withdrew from posts inside North Waziristan.

At Tuesday's hearing, Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said the tribes have not abided by most of the agreement's terms. And McConnell said U.S. intelligence believes al-Qaida's training and related capabilities increased as a result of the deal.

Lawmakers were skeptical, too.

"Long-term prospects for eliminating the Taliban threat appear dim so long as the sanctuary remains in Pakistan, and there are no encouraging signs that Pakistan is eliminating it," said Senate Armed Services Committee Chairman Carl Levin, D-Mich.

In his first month as national intelligence director, McConnell said he's been briefed about al-Qaida's efforts to reconstitute itself in Pakistan's northwest frontier.

He said the group does not have the thousands of fighters, training in multiple camps, as they did in Afghanistan before the 2001 U.S.-led invasion. "That's gone," he said.

But McConnell said U.S. intelligence believes al-Qaida still has volunteers committed to carrying out "heinous attacks" akin to Sept. 11, 2001. And while three-quarters of al-Qaida's leaders have been taken out, they have been replaced by equally committed jihadists. The upside: McConnell said the new generation doesn't have as much experience.

Pressuring al-Qaida is not without its risks for Musharraf, who faces an election this fall. McConnell acknowledged that efforts to pursue the terror group must be balanced with the desire to keep Musharraf — a moderate and a U.S. ally — in charge of Pakistan and its nuclear arsenal.

The testimony from Maples and McConnell was part of the Senate panel's annual review of global threats, including the latest assessments on Iran, Iraq and North Korea. Touching on those hot spots, they said:

_Iraqi troops are taking the lead in securing parts of their country, but much work remains to improve the number and quality of those forces. "They are better today than they were a year ago, but they are still not where we need them to be," McConnell said.

Maples said two of the three brigades promised by Iraq have moved into Baghdad as part of the new security plan, but he acknowledged that those units have only 43 percent to 82 percent of their intended troops, according to ranges he has seen.

_On Iran, McConnell said that the regime could develop a nuclear weapon early in the next decade, but it will more likely take the country's scientists until 2015. But it's not clear whether the country will have a delivery system at the same time.

_Maples said the United States is seeing North Korea take initial steps to comply with the Feb. 13 agreement on its nuclear program, including inspection of its plutonium-producing Yongbyon nuclear facility. But there are other steps to which the U.S. will have to pay close attention, he said.

McConnell's top adviser on North Korea, Joseph DeTrani, said the U.S. continues to insist that North Korea declare all of its nuclear programs. But he backtracked a bit from a previous U.S. view of analysts, who had "high confidence" that North Korea was buying material for a uranium production program.

Now, he said, the U.S. believes the program exists "at the midconfidence level."

US Ramps Up Taliban Fight (CSM)

By Mark Sappenfield

The Christian Science Monitor, February 28, 2007

KABUL, AFGHANISTAN

Vice President Dick Cheney came to Afghanistan on an unannounced visit Tuesday to remind Americans of the importance of the first, and often forgotten, front in the war on terror. A Taliban suicide bomber who failed in an attempt to assassinate Mr. Cheney here helped to make a compelling case for him.

Since last summer, when the Taliban seized entire districts in the southernmost provinces and attempted to encircle Kabul, the United States has refocused its attention on Afghanistan.

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Recently, the Bush administration proposed $10.6 billion in aid, announced the overhaul of its diplomatic mission here, and increased the number of American troops to 27,000 – the highest level since the 2001 invasion.

It is, in part, an attempt to save what has been promoted as the administration's great overseas achievement, even as Iraq slips further into chaos. But Tuesday's events are indicative of the Taliban's eagerness to escalate the fight, and analysts question whether America's increased commitment to Afghanistan will be sufficient to make the country's democratic experiment successful.

"For so long, Afghanistan was held up as the success story," says Paul Fishstein, director of the Afghanistan Research and Evaluation Unit, an independent analysis organization. "Now it seems that much of what has been touted as building a pluralistic, open democracy is at risk."

Tuesday's attack comes at a time of relative peace around Kabul, which has not seen a suicide attack for months.

Mr. Cheney was staying at Bagram Air Base, about 40 miles north of the capital. When the bomber was unable to get beyond the front gate because of security, he blew himself up, according to coalition officials. At press time, casualty figures were uncertain, but at least 23 were killed. NATO reported that at least one US soldier, an American contractor, and a South Korean solder were among the dead. President Hamid Karzai's office said that some 20 Afghan workers at the base lost their lives.

Cheney said that the attackers were trying "to find ways to question the authority of the central government." The Taliban, who have claimed responsibility for the attack through a spokesman, say that Cheney was the intended target.

It is not yet clear whether this attack heralds an expansion of the Taliban offensive into the relatively stable north. The Taliban are strongest in Afghanistan's southern provinces, where they are widely believed to receive haven and support in neighboring Pakistan.

Their offensive in the region last year created lawless enclaves – with much of the area still controlled by neither the government nor the insurgents. The situation has jolted the West – and the US in particular – into action. "Last year seemed to wake the international community to the fact that this war was not a complete success," says a Western diplomat, who would discuss the issue only on condition of anonymity. "In fact, it was a potential failure."

The US has responded with the $10.6 billion aid package, with some $8 billion of that earmarked for the Afghan Army and police. The White House and Congress alike have increased pressure on Pakistan to control its borders. And a month ago, the US gave the Afghan Army 800 military vehicles and 12,000 guns, in hopes of gradually making it more self-sufficient.

In some respects, Afghanistan might benefit from America's mounting weariness with the Iraq war. Just after becoming Speaker of the House, Rep. Nancy Pelosi (D) of California traveled to Afghanistan and commented that the country needs "much more of an effort" from the US and NATO – in contrast to her position that the US should withdraw from Iraq.

While Mr. Bush has not shown any signs of lessening his commitment to Iraq, he has clearly made more room for Afghanistan on his foreign-policy platform. When the issue of the Iraq troop surge was recently before Congress, Bush took the opportunity to deliver a speech solely about Afghanistan.

It was more than just a diversion. Frustrated by most NATO nations' unwillingness to commit troops to the volatile south, the US this month decided to send a brigade to Afghanistan that was scheduled to go to Iraq. Britain has increased its troop levels in Afghanistan by 1,400 to 7,700 – meaning it will soon have more troops in Afghanistan than Iraq.

But in Italy, Prime Minister Romano Prodi resigned after dissension over Italy's involvement in Afghanistan, something he continued to defend as he opened a Senate debate ahead of a confidence vote on his government scheduled for Wednesday. Italy has about 1,800 troops in the country.

And in Canada, which has some 2,500 soldiers in Afghanistan, a fourth probe was opened Tuesday into whether soldiers knew about possible torture of detainees after they were handed over to Afghan authorities.

Most government officials and nongovernmental organizations welcome US help. But some analysts worry that the US will continue to throw money and manpower at effects, while ignoring the causes of Afghanistan's problems.

Top among those they say, is reforming the Afghan government, which is increasingly controlled by warlords and drug money from the illegal poppy trade.

As in Iraq, the United States rushed to install a democratic government in a place not prepared for it, they add, ignoring what were, perhaps, larger problems.

After the Taliban, "Afghans were not jumping up and down, saying, 'We want to vote for a president,' " says an aid expert who has worked in the region for decades but requested anonymity because he was not cleared to speak with the media. "They wanted jobs. They wanted services."

In the end, many say, it not only let in criminals and warlords but created unrealistic expectations, as both Afghans and the international community believed Afghanistan was further along than it was.

"The excessive focus on the elections as an indictor for success was misleading," says Mr. Fishstein.

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Even now, the notion of giving $10.6 billion to a government with neither the means nor the expertise to spend it strikes some as well-intentioned, but fruitless.

Regarding the Afghan government's ability to act, the aid expert says, "You're navigating glaciers here because they are so slow."

Advance warning?

While the attack on Bagram Air Base during Vice President Dick Cheney's Afghanistan visit could be a coincidence, analysts say, it's more likely that the attackers had advance notice that Mr. Cheney would be there.

The first wire-service report mentioning that the Vice President was at Bagram came an hour before the attack. But such assaults usually require more lead time. "They had to have many hours, or days, to plan this," says Rita Katz of the Site Institute in Washington, which tracks statements by jihad groups, including the Taliban claim that they were seeking to kill Cheney.

Ms. Katz says that it's likely the Taliban carried out the attack and that they had inside information.

The US military disagrees. Maj. William Mitchell told the Associated Press that speculation they were after Cheney is "far-fetched," noting that his travel plans changed at the last minute.

While suicide attacks more than quadrupled throughout Afghanistan last year, to 139, at Bagram they are rare. This was the first suicide attack at Bagram since last July.

Warning To Pakistan (WSJ)

The Wall Street Journal, February 28, 2007

On Monday, Vice President Dick Cheney met with Pakistan President Pervez Musharraf on what was billed as an "unannounced" visit to Islamabad. Yesterday, during what was also supposed to be a secret trip to Afghanistan, a suicide bomber killed himself and up to 23 others outside of Bagram Air Base, where Mr. Cheney was staying at the time.

There's no need to accuse Pakistani intelligence of tipping off the Taliban about Mr. Cheney's whereabouts to see a connection between decisions in Islamabad and terrorism in Bagram. Mr. Cheney reportedly delivered a stiff message to Mr. Musharraf about the need for Pakistan to deny the Taliban sanctuary along its frontier with Afghanistan. That's a message Islamabad needs to hear, even if an Islamabad spokeswoman did insist after Mr. Cheney's visit that "Pakistan does not accept dictation."

This is not to say the Musharraf government has done nothing in the fight against terror. Hundreds of Pakistani soldiers have died fighting Taliban elements, and Pakistani cooperation was essential in the killing or capture of such al Qaeda ringleaders as Khalid Sheikh Mohammed. General Musharraf has twice been the target of Islamist assassination attempts. But his government has been suspected of cutting deals of convenience with Islamist political groups, and it has formed alliances with pro-Taliban forces in Pakistan's parliament, in a common front against secular democrats who might come to power if the General allowed a truly free election.

Still worse, from the U.S. perspective, was the agreement Islamabad signed in September with the Taliban, tribal elders and "local mujahadeen" from North Waziristan. That agreement allowed the Taliban to operate unfettered in the province in exchange for a promise not to launch raids into Afghanistan. The number of raids has since more than doubled, say Afghan and U.S. military sources.

One immediate result is that Congressional Democrats, including House Foreign Affairs Chairman Tom Lantos, are floating measures to curb U.S. arms sales to Pakistan, an echo of the Pressler Amendment that took effect when the first Bush Administration de-certified Pakistan as a non-nuclear state.

Nobody should want to reprise that chapter of U.S.-Pakistan relations, which did nothing to stop Pakistan's nuclear ambitions (or, later, its support for the Taliban) while denying the U.S. the diplomatic leverage it previously had with Pakistan governments. But sanctions will only become more likely if the American public sees Pakistan as an enabler of the Taliban in its campaign to destabilize the Karzai government in Kabul and kill Americans, including the Vice President.

Policing its long and mountainous border with Afghanistan has exacted a high price in Pakistani lives and treasure. Failing to police it may exact a higher one.

DOJ:

Inside Bush's Prosecutor Purge (SALON)

By Mark Follman

Salon.com, February 28, 2007

DOJ_NMG_0137691

Why has the administration fired U.S. attorneys with sterling track records? To make room for its political loyalists, critics say, and exert its last shred of control.

Ever since the Bush administration shocked the legal community by dismissing eight U.S. attorneys in December, Justice Department leaders have vigorously denied that the firings were politically motivated. "I would never, ever make a change in the United States attorney position for political reasons," Attorney General Alberto Gonzales said in Senate testimony in early January. In a Feb. 6 hearing, Deputy Attorney General Paul McNulty told lawmakers, "When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart."

But at least three of the eight fired attorneys were told by a superior they were being forced to resign to make jobs available for other Bush appointees, according to a former senior Justice Department official knowledgeable about their cases. That stands in contradiction to administration claims that the firings were related either to job performance or policy differences. A fourth U.S. attorney was told by a top Justice Department official that the dismissal in that attorney's case was not necessarily related to job performance. Meanwhile, U.S. Attorney David Iglesias in New Mexico -- who officially steps down from his post on Wednesday, and who says he was never told by superiors about any problems with his work -- plans to go public with documentation of the achievements of his office.

"I never received any indication at all of a problem" regarding performance or policy differences, Iglesias told Salon on Monday. "That only leaves a third option: politics."

Iglesias acknowledged that U.S. attorneys serve at the pleasure of the president and can be dismissed without cause. "But it's really been maddening," he said, that the administration is using job-performance issues to defend the firings. Iglesias, who took the job in 2001, noted that his office got a "very positive" evaluation in the Justice Department's own internal ratings system as recently as last fall and that he received a letter from the Executive Office of U.S. Attorneys in January 2006 commending him for his "exemplary leadership in the Department's priority programs," including antiterrorism, community crime prevention and law enforcement coordination.

"I was shocked by the call on Dec. 7" telling him to resign, Iglesias said. He added, "I think Americans need to have full confidence that their federal prosecutors are above politics."

Suspicions about the unusual purge of eight U.S. attorneys in December burst into the open within the legal community and on Capitol Hill after McNulty conceded in Senate testimony on Feb. 6 that the U.S. attorney in Arkansas, Bud Cummins, was pushed out for no reason other than to give someone else a shot at the job. Using a little-noticed provision in the Patriot Act allowing interim appointments, Gonzales gave the post to Timothy Griffin -- who had been both an operative for the Republican National Committee and a deputy to senior White House advisor Karl Rove -- in what many believe was a maneuver to sidestep the traditional Senate confirmation process for U.S. attorneys.

More recently, U.S. attorney Carole Lam, who is best known for nailing corrupt Republican Rep. Randy "Duke" Cunningham and his partners in crime, was replaced on Feb. 15 by Karen P. Hewitt, who according to a Justice Department press release, "will serve on an interim basis until a United States Attorney is nominated by the president and confirmed by the Senate." According to an Op-Ed in Monday's New York Times, Hewitt has a résumé with "almost no criminal law experience" and is a member of the Federalist Society, a conservative legal group.

While Cummins was first informed of his dismissal last June, it wasn't until Dec. 7 that Michael Battle, a top Justice Department official, informed the rest of the group of U.S. attorneys in phone calls that they would be required to step down. That group included Daniel Bogden in Nevada, Paul Charlton in Arizona, John McKay in Seattle, Carole Lam in San Diego, and David Iglesias in New Mexico -- all of whom had received positive job reviews before they were dismissed and some of whom are viewed by colleagues and law enforcement officials as exceptional leaders. Most of them have said publicly that they were never told of any management or policy problems by their superiors.

According to the former senior Justice Department official, one of the U.S. attorneys in the group was told by Battle on Dec. 7: "It's hard not to think you did something wrong when you get a call like this, but that's not always the case." Two other U.S. attorneys in the group, upon seeking clarification from superiors in Washington, were told by a different top Justice Department official that they were being pushed out to give other Bush appointees their posts. A current senior Justice Department official confirmed that one of those two was Bogden in Nevada. Bryan Roehrkasse, a public affairs spokesman for the Justice Department, declined to comment about "specific personnel matters."

Former officials, legal scholars and U.S. lawmakers from both parties have publicly questioned the administration's stated rationale for the firings and have suggested troubling theories about the real reasons for the housecleaning, which experts say is without precedent. Some former Justice Department officials say they believe the administration's moves are a politically driven power grab -- aimed not only at a tighter grip on policy from Washington, but also at creating openings with which to reward their friends and build up a bench of conservative loyalists positioned to serve in powerful posts in future administrations.

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"It's really remarkable to have a wholesale removal of an administration's own U.S. attorneys, particularly this deep into the term," said John Kroger, a federal prosecutor under Clinton and Bush who now teaches at Lewis & Clark Law School in Portland, Ore. "Clearly there was a concerted decision made to ask a bunch of them to leave. It suggests a desire to more tightly control policy. With the Democrats in control of Congress, perhaps it's because this is one of the few levers of government they have left."

Many point to the Cummins firing as proof that the administration is lying. "It is simply not believable that these were all performance-based dismissals, and everyone knows it," said a veteran prosecutor who served for a decade in the Justice Department until 2005. He also noted that he found it interesting that half of the posts cleared out are in the Southwest, where immigration is a key issue.

Kroger added that a stint as U.S. attorney is often a springboard to federal judgeships or other prestigious appointments. "Being a U.S. attorney is a huge credential, one a lot of people would like to have," he said. "It certainly looks like they're clearing out spots to reward loyalists in the last two years of the administration."

To support their claim that the dismissals were performance related, Bush officials have pointed to one among the fired U.S. attorneys, Kevin Ryan in San Francisco, who has been widely reported to be a focus of management complaints. The firing of Margaret Chiara in Michigan, the eighth U.S. attorney caught up in the December purge, was not made public until last Friday. To date, no explanation for her dismissal has been provided by Chiara or administration officials, but the former senior Justice Department official confirmed she was asked to resign in December and was in negotiations to stay in her post.

Realistically, federal appointments are never apolitical. But while U.S. attorneys serve at the pleasure of the president, they are traditionally recommended by federal judges and senators from the regions they serve, and are ultimately confirmed by the Senate. But thanks to a change put into the Patriot Act by Pennsylvania Republican Arlen Specter when it was reauthorized in late 2005, Gonzales and the White House gained the power to fill vacancies with interim appointees who can hold office for indefinite terms. Earlier this month, the Senate Judiciary Committee put forth legislation to restore limits for those terms (and thereby congressional vetting for long-term hires), but a full Senate vote on the bill was blocked by Republicans.

Incoming presidents are known to overhaul the corps of U.S. attorneys installed by prior administrations. Upon taking office, both Presidents Clinton and Bush replaced nearly all of the head prosecutors serving in the Justice Department's 94 districts nationwide. But it is rare for even one U.S. attorney to otherwise be dismissed during a president's term -- and in this case, all those dismissed by Bush were his own appointees.

Experts see a continuing pattern that began long ago: A Bush White House seizing greater executive power to the detriment of democratic principle.

"No doubt this is a threat to the independent stature that the Justice Department as an institution has enjoyed over the years," said Sam Buell, an associate professor at Washington University School of Law in St. Louis and a former federal prosecutor under the current President Bush. "It goes against the 'hands off' tradition, which has insulated U.S. attorneys from criticisms of politics influencing their choices and handling of cases. This doesn't look like a decision that's been made in the best interest of law enforcement."

Indeed, several of the fired attorneys had stellar track records. Like Iglesias in New Mexico, Daniel Bogden steps down Wednesday from the helm of a U.S. attorney's office in Nevada that saw unsurpassed achievements in law enforcement during his tenure. In a phone interview Monday, Bogden cited a record number of cases targeting guns, drugs, identity theft and sexual exploitation, among other criminal issues.

"To this day, I've never been told of any deficiencies in my performance or that of my office," he said. "I've never been called by anyone suggesting that I should do something differently on policy, or that I was going against their policy."

In Seattle, John McKay's record as U.S. attorney has left many observers baffled by his dismissal. The raison d'être of the Bush White House is supposed to be the war on terrorism -- and McKay, by many measures, was an invaluable lieutenant in that battle.

McKay was appointed by Bush shortly after terrorists struck the United States on Sept. 11, 2001. Over the next five years, in a major port city and a border region critical for antiterrorist operations, he personally handled high-profile prosecutions, including that of Ahmed Ressam, who had driven across the Canada-U.S. border with plans to bomb Los Angeles International Airport at the turn of the millennium. In 2004, at a time when poor coordination among law enforcement agencies had been judged at least partly to blame for the 9/11 attacks, McKay developed an innovative data-sharing system that continues to be rolled out today in law enforcement offices nationwide.

Just over five months ago, on Sept. 22, 2006, the Justice Department completed a comprehensive evaluation of McKay's office, filled with high marks on both criminal and counterterrorism matters, including McKay's efforts to build greater cooperation among law enforcement agencies in both the United States and Canada. McKay "has been responsible for major advances in a

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cooperative cross-border effort," the report said. "All involved in these efforts pointed to U.S. Attorney McKay as the individual most responsible for the dramatic increase in cooperation."

"The report says nothing about me with regard to management or policy differences," McKay said in an interview last week. "Counterterrorism was our No. 1 priority, and I put an enormous amount of my personal time into it." He added, "If there were performance issues of any kind, they didn't tell me about it, and to this day I'm unaware of any."

"This is a huge loss," said Gil Kerlikowske, Seattle's chief of police. "I've worked with a lot of U.S. attorneys in my time and John is absolutely at the top of the ladder, not only on issues of terrorism but on law enforcement in general. I can tell you that if they're saying John's dismissal was performance related ... I find that almost inconceivable." Kerlikowske noted that McKay had invaluable perspective, having served as a White House fellow at the FBI. "He knew how tough the barriers could be between law enforcement agencies, and he really helped break down those walls with information sharing."

"He was a champion with all the federal law enforcement agencies, but especially with ATF," said Kelvin Crenshaw, a 19-year veteran of the Bureau of Alcohol, Tobacco and Firearms and the special agent in charge of the Seattle field office. "He's one of the best U.S. attorneys I've ever worked with."

Administration officials have declined to provide further explanation for any of the attorneys' dismissals, including McKay's. On Feb. 14, McNulty, the deputy attorney general, gave a private briefing to the Senate Judiciary Committee, but afterward, Patty Murray, D-Wash., said, "I heard nothing from Department of Justice officials that changed my mind about John McKay's performance." Other senators who were present concurred with that view, according to a Democratic congressional aide briefed on the closed-door session.

Questions remain about how the Bush administration will seek to fill the newly vacant posts. Some former Justice Department officials say they believe that the Bush administration has since revised its plans to reward political loyalists with the jobs, due to the backlash against the decision to push out Cummins and hand his post to Griffin in Arkansas. Earlier this month, the administration withdrew Griffin's name from consideration for a permanent appointment, though he remains in office indefinitely.

If other recent appointees are an indication, the administration may be intent on installing conservatives with close ties to the White House. According to a Jan. 26 report by McClatchy Newspapers, since last March the administration has named at least nine U.S. attorneys who fit that profile, most of them hand-picked by Gonzales under the little-noticed provision of the Patriot Act that has since become law. They include Jeff Taylor, previously an aide to both Gonzales and former Attorney General John Ashcroft; Alexander Acosta, a protégé of conservative Supreme Court Justice Samuel Alito; and Edward McNally, a former senior associate counsel to President Bush.

And some critics expect that, despite the recent uproar over Cummins and the other attorneys' firings, the Bush White House will continue to find ways to erode the independence of the Justice Department.

"This is an administration that has not hesitated to discard conventional wisdom just because people say it's wrong," said Buell, the former federal prosecutor under Bush. "This is an administration that looks at the landscape and isn't afraid to rewrite the rules and say, 'We're going to do it our own way.'"

Justice Pilots Federated ID Broker (GCN)

By Joab Jackson, GCN Staff

Government Computer News, February 28, 2007

The Justice Department is piloting a federated identity management system that could be used to verify government online identities across different agencies.

The Law Enforcement Information Sharing Program, run by Justice's Office of the Chief Information Officer, could offer validated user credentials to multiple applications across multiple agencies, noted Boris Shur, a Justice IT manager who is working on the pilot. Shur outlined the project at the Collaborative Expedition Workshop, held today in Arlington, Va.

The system works by establishing a trust broker to act as a liaison between applications and providers of user credentials. With a trust broker in place, a user can request access to an application outside his or her own agency, and that application can request credentials from that broker, which has gathered such credentials from the identity providers.

Such a federated approach could cut the complexity that would ensue as more applications are opened to outside agencies. The trust broker could eliminate the need to establish individual handshakes between applications and identity providers. It could also cut down on the format headaches, as both applications and identity providers can communicate with the trusted broker in its own native format and protocol. It is up to the trusted broker to provide all the relevant protocols and formats, Shur said. At present, the LEISP system communicates credentials using the Public Key Infrastructure, the Security Assertion

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Markup Language and the Web Services Federation Language. It interacts with a number of applications as well as with a number of identity servers, such as the Sun One Identity Server and the Hewlett-Packard OpenView Select Federation.

The pilot will run until July, and the program managers plan to issue a report afterwards that assesses this federated approach.

"If [the pilot] is good enough, it is our intention to establish a trusted-broker infrastructure, within at least DOJ," Shur said.

CORPORATE SCANDALS:

Former McAfee GC Indicted Over Stock Options (LAW)

By Justin Scheck, The Recorder

California Recorder, February 28, 2007

Kent Roberts, the former chief counsel at McAfee Inc., on Tuesday became the first Silicon Valley lawyer charged in the stock options backdating debacle.

Roberts faces six counts of mail fraud, wire fraud and filing false SEC documents in connection with options grants given to himself and ex-McAfee CEO George Samenuk in 2000 and 2002.

The 11-page charging document (.pdf) tracks what Justice Department officials have repeatedly said they're looking for in deciding to charge in options cases: evidence of intentional fraud -- most importantly, concealing options manipulation.

The indictment says that in 2000, Roberts, who joined the company then called Network Associates in 1998, changed the grant date -- and thus lowered the price by nearly $10 a share -- on 20,000 options given to him by the board.

According to the charging document, Roberts was concerned that the original price of the options would not have benefited him since McAfee's share price was dropping at the time.

Months later, the indictment said, Roberts "caused the grant date to be changed to April 14, 2000, and he caused the exercise price to be changed to $19.75, which was the closing price of Network Associates' stock on the new, fabricated grant date," the indictment says.

While that may have been problematic, the indictment says Roberts exacerbated the situation in 2002, the year he became one of the three company officials on the "Ethics First Committee," which the company formed to root out internal problems that had resulted in past legal messes.

In that capacity, Roberts investigated the former controller, the indictment says, looking at allegations that the controller had manipulated options grant prices for employees of the company.

"As a result of the investigation, Roberts recommended, and Network Associates' management agreed, to remove the then-controller from his position in the finance department," the indictment says. It also accuses Roberts of covering up his own problematic grant during a subsequent audit.

The indictment's remaining charges involve a 2002 grant to then-CEO Samenuk, and the subsequent SEC filings relating to options awards.

Stephen Neal, the Cooley Godward Kronish partner representing Roberts, was traveling Tuesday and couldn't be reached for comment.

Wilson Sonsini Goodrich & Rosati partner Robert Feldman, whose firm represents McAfee, declined to comment.

HERE COMES TROUBLE

Roberts' problems first became clear in May when he was fired after an internal company probe determined that he was involved in troubling practices. Samenuk retired around the same time, and the SEC and San Francisco U.S. Attorney's Office began investigating.

In December, prosecutors were close to indicting Roberts when Assistant U.S. Attorney Christopher Steskal, the head of the investigation, announced he was leaving the office for Fenwick & West.

Assistant U.S. attorneys Eumi Choi and Timothy Lucey took over the probe, and earlier this month, the prosecutors decided to seek an indictment. But it was again delayed, this time by coordination problems with the Washington SEC lawyers also working on the case.

In the end, the U.S. Attorney's Office filed charges on its own without a corresponding SEC complaint.

Roberts is the first Silicon Valley general counsel to be accused of criminal fraud in connection with backdating, but he's not the first top legal officer indicted or forced to resign.

Last year, William Sorin, the GC of Comverse, was charged with securities fraud in New York; he later pleaded guilty.

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Roberts is the third former executive in the past two weeks to be accused of illegally rigging stock options, joining the former CEO of video game maker Take-Two Interactive Software Inc. and a former senior vice president for Monster Worldwide. Both companies are based in New York.

Last summer, Northern California prosecutors charged several former executives at San Jose, Calif.'s Brocade Communications Systems Inc. Brooklyn prosecutors indicted several Comverse Technology Inc. executives, including a general counsel, with felonies around the same time.

Other stock options cases appear to be looming. Prosecutors are looking closely at former executives at dozens of companies, including Apple Inc., KLA-Tencor and Broadcom Corp.

McAfee is well-known to federal prosecutors and SEC lawyers. In 2004, the company's former CFO was charged with falsely inflating revenues; he'll stand trial beginning next month. And last year, the company agreed to pay a $50 million fine for cooking its books.

Sources familiar with the case said the McAfee investigation will continue to look at options conduct.

Reporter Jessie Seyfer and The Associated Press contributed to this report.

Ex-McAfee Counsel Charged With Fraud (FT)

By Kevin Allison In San Francisco And Brooke Masters In New York

Financial Times, February 28, 2007

Federal prosecutors on Tuesday charged McAfee's former top lawyer with fraud for his role in a stock options backdating scheme at the anti-virus software group.

Kent Roberts, 50, stands accused of granting himself extra compensation by manipulating the grant dates of stock options awarded to himself and to other McAfee employees.

If found guilty, he could face up to 20 years in jail and a fine of up to $250,000.

Mr Roberts's lawyer could not be reached for comment on Tuesday.

The indictment marked the latest sign that federal prosecutors and the SEC are pressing forward quickly with their cases against individuals involved with stock options backdating.

Earlier this month, the former general counsel of Monster Worldwide, the online jobs site, pleaded guitly to separate backdating charges.

Federal authorities are probing options granting practices at dozens of other companies, including Apple and Broadcom.

In many cases, investigators may be running up against statutory deadlines which require prosecutors to bring securities fraud cases within five years. Much of the options backdating appears to have ceased after the SEC changed disclosure rules for options grants in 2002.

The progress on the cases against individuals stands in contrast to a growing logjam of corporate options cases. SEC commissioners have been unable to agree on how harshly to penalize companies involved in backdating.

The justice department said on Tuesday that Mr Roberts "fraudulently concealed and failed to disclose" changes to a 2000 options grant. The changes inflated the value of the grant by making it appear as if it was made on a date when the company's share price was lower.

Prosecutors also accused Mr Roberts of making a false entry in the minutes from a 2002 board meeting. The minutes concerned an options grant to McAfee's then-chief executive and chairman.

McAfee's Ex-Lawyer Indicted (NYT/AP)

By The Associated Press

The New York Times, February 28, 2007

SAN FRANCISCO, Feb. 27 (AP) — The former top lawyer of McAfee Inc. was charged on Tuesday with stock options tampering that muddied the finances of the computer security software maker.

A federal grand jury indicted the lawyer, Kent Roberts, nine months after McAfee fired him as its general counsel for "improper" handling of stock options issued in 2000.

The lawyer for Mr. Roberts, Stephen Neal, was not available for comment.

The indictment includes seven criminal counts of fraud, accusing Mr. Roberts of deceiving investors by filing false statements with the Securities and Exchange Commission and falsifying McAfee's books.

Besides shedding more light on the apparent misconduct of Mr. Roberts, the case provides the latest indication that the government crackdown on corporate America's widespread stock option abuses is progressing beyond the evidence-gathering stage.

Mr. Roberts became the third former executive in the last two weeks to be accused of illegally rigging stock options, joining the former chief executive of the video game maker Take-Two Interactive Software Inc. and a former senior vice president for the company that owns the online job search site Monster.com.

The government's investigation, spanning more than 100 companies nationwide, is primarily focused on the practice of backdating stock options.

Backdating is not necessarily illegal, as long as it is properly disclosed and recorded on the books.

McAfee's Ex-general Counsel Indicted In Stock-option Backdating Case (USAT)

By Edward Iwata

USA Today, February 28, 2007

The former general counsel of security software giant McAfee in Silicon Valley was indicted Tuesday by a federal grand jury in San Francisco on charges of fraudulent dating of stock-option grants for himself and others.

The indictment alleges that Kent Roberts, 50, of Dallas caused a former controller at McAfee — then called Network Associates — to change the grant date and exercise price on Roberts' option of 20,000 shares of company stock so his grant would be "in the money."

Since the backdating scandal arose last year, criminal charges have been brought against former executives at Brocade Communications Systems, Comverse Technology and Take-Two Interactive Software. About 200 companies have disclosed internal or federal investigations of their options grants.

Several corporate general counsels have resigned or been fired as a result of those investigations.

General counsels are expected to monitor a company's legal and financial doings, so the spate of in-house attorneys involved in backdating cases is especially alarming to corporate-governance experts.

In the McAfee case, Roberts allegedly hid the fraudulent change from auditors, executives and directors at Network Associates even as he led an internal investigation into backdating at the company in 2002, the indictment says. The same year, Roberts made a false entry in board meeting minutes to backdate an option on 420,000 shares of Network Associates stock for former CEO and chairman George Samenuk, the indictment says. McAfee last fall announced Samenuk's retirement and also said former president Kevin Weiss had been fired. The company could record a charge of up to $150 million.

Roberts, who joined Network Associates in 1998, was fired in May after the company's finance department found the fraudulent change, according to prosecutors. He was charged with seven counts of mail and wire fraud, making false filings to the Securities and Exchange Commission and falsifying records. He could face up to 20 years in prison for each count, plus millions in fines. Roberts' attorney, Stephen Neal, said, "We intend to vigorously defend Mr. Roberts."

Last year, McAfee disclosed that the SEC was investigating its stock-option backdating practices.

In recent years, the SEC has filed four lawsuits alleging fraudulent accounting issues at McAfee. Last year, the SEC charged the company with a financial fraud from 1998 to 2000 that led to overstating revenue by $622 million.

Fired McAfee Executive Is Charged With Options Fraud (WP/AP)

By Michael Liedtke, Associated Press

The Washington Post, February 28, 2007

SAN FRANCISCO -- McAfee's former top lawyer was charged Tuesday with stock options tampering that muddied the finances of the computer security software maker.

A federal grand jury indicted Kent Roberts nine months after McAfee, based in Santa Clara, Calif., fired him as its general counsel for what it called "improper" handling of stock options issued in 2000.

Roberts's attorney, Stephen Neal, was traveling Tuesday and was unavailable for immediate comment.

The indictment includes seven criminal counts of fraud, alleging that Roberts deceived investors by filing false statements with the Securities and Exchange Commission and falsifying McAfee's books.

Roberts's indictment comes less than two weeks after two other former executives, Ryan Brant of Take-Two Interactive Software and Myron Olesnyckyj of Monster International, pleaded guilty to illegally rigging options in unrelated cases.

The government's investigation, spanning more than 100 companies nationwide, is primarily focused on the practice of backdating stock options, when company insiders retroactively pick an ebb in the stock price to determine an option's value, maximizing the potential windfall for the award's recipient.

Backdating isn't necessarily illegal, as long as it's properly disclosed and accounted for. As they sift through the backdating morass, the Justice Department, the SEC and state prosecutors in New York are trying to separate the instances of ignorant bungling from those involving calculated malfeasance.

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MBC Managers Plead Guilty In $830 Million Securities Fraud (AP)

AP, February 28, 2007

MIAMI - Two managers at Mutual Benefits Corp. pleaded guilty to securities fraud and agreed to pay about $830 million in restitution to investors, authorities said Tuesday.

Carol Traina and Bari Wiggins each pleaded guilty to one count of conspiracy to commit securities fraud in connection with Mutual Benefits' billion dollar securities offering, according to the U.S. Attorney's Office for the Southern District of Florida. Both face up to five years in prison.

Mutual Benefits, which was closed by federal regulators in May 2004, sold investment interests in life settlements. Investors would buy interest in life insurance policies at a discount from terminally ill or elderly people in need of cash. The investors collect the benefit when the insured person dies.

Traina, an office manager, misrepresented the safety and security of the investments and admitted to helping distribute false and misleading life expectancy, the U.S. Attorney's Office said in a statement.

Wiggins, who managed the policy services department, admitted that she acquired the insurance policies, knowing that sales agents were misleading investors, authorities said.

Telephone message left for Traina's attorney, Melvin Sidney Black, and Wiggins' attorney, Jane Serene Raskin, were not immediately returned Tuesday.

A sentencing was scheduled for May 8.

Former FDA Official Gets Three Years Probation, Fine (FLSUNSEN)

South Florida Sun-Sentinel, February 28, 2007

Former Food and Drug Administration Commissioner Lester Crawford was sentenced to three years probation and fined more than $89,000 for failing to disclose he owned shares in companies the agency regulated.

Crawford, 69, pleaded guilty in October to two misdemeanor charges of making false filings and violating federal conflict-of-interest laws.

Feds To List Witnesses In Nacchio Trial (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, February 28, 2007

Ex-Qwest execs Szeliga and Mohebbi could be key to the government case against their former boss.

Federal prosecutors will produce for the first time Thursday a list of witnesses they plan to call during the criminal insider-trading trial of former Qwest chief executive Joe Nacchio.

U.S. District Judge Edward Nottingham has ordered the government to compile the list for the defense. It's unclear whether it will be made public. The defense has to submit its witness list by March 16.

James Payne, former senior vice president of Qwest's Government Systems Division, said Tuesday that he expects to be called to testify during the trial, which is set to begin March 19 in federal court in Denver.

"I'm involved on both sides of the case," Payne told The Denver Post in a phone interview from Washington, D.C. "I'll be subpoenaed by one side or the other, and perhaps both."

Payne joined Qwest in August 1999 and worked directly with Nacchio on government contracts, including those with clandestine agencies that may play a key role in Nacchio's defense.

Former Qwest chief financial officer Robin Szeliga, former Qwest president Afshin Mohebbi and former board member Tom Stephens could be key witnesses for the government.

Payne is the first former Qwest official to publicly disclose that he expects to be involved during the trial. Payne said he has been contacted by prosecutors and defense attorneys a number of times. Court filings suggest he may be more helpful to the defense.

Asked whether he expects to play a big role in the case, Payne said: "I don't think I have a choice."

Nacchio is accused of selling $100.8 million in Qwest stock in early 2001 while he knew the company's finances were deteriorating. He has pleaded not guilty to 42 charges of illegal insider trading.

Nacchio's attorneys have said he had a positive outlook on Qwest during that time because he alone, among his inner circle of top executives, in Denver knew the company was in line to receive large top-secret government contracts.

Payne has verified Nacchio's contention that potential classified contracts were not included in Qwest's public statements about its prospects, according to court filings by Nacchio's attorneys. Specifically, in a November 2005 interview with the

government, Payne said he did not include the contracts in his financial reports until they came to fruition because he saw them as speculative.

According to a separate court filing, Qwest received $200 million in 2000 and $322 million in 2001 in federal contracts, which represented about 1.5 percent of its overall revenue.

Payne left Qwest in May 2005 and now works for Bechtel, a government contractor based in San Francisco.

Although the Department of Justice hasn't disclosed its witnesses, it has compiled a list of people who are not allowed to be interviewed by attorneys in a separate Securities and Exchange Commission civil case that's pending against Nacchio and several former Qwest officials.

The government doesn't want these people interviewed in the civil case because they could be called as witnesses in the criminal case.

The list has 28 names, including Szeliga, Mohebbi and Stephens. The list hasn't changed since it was disclosed in court filings last year, said Forrest Lewis, attorney for former Qwest accountant Frank Noyes, a defendant in the civil case.

The SEC alleges in the civil suit that former Qwest officials fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Staff writer Andy Vuong can be reached at 303-954-1209 or avuong@denverpost.com.

Fine And Probation For Former F.D.A. Chief (NYT/AP)

By The Associated Press

The New York Times, February 28, 2007

The former commissioner of the Food and Drug Administration was ordered to pay about $90,000 in fines for lying about stock he owned in companies regulated by the agency. At his sentencing in federal court, the former official, Lester M. Crawford, was also given three years' supervised probation and ordered to perform 50 hours of community service. Dr. Crawford pleaded guilty last October to having a conflict of interest and false reporting of information about stock he and his wife owned.

CRIMINAL LAW:

House Leaders Reach Deal On Subpoenas (HILL)

By Susan Crabtree

The Hill, February 28, 2007

House leaders will not fight subpoenas for information from the U.S. Attorney's Office in San Diego stemming from a criminal investigation into activities related to the bribery case against Rep. Randy "Duke" Cunningham (R-Calif.), according to a release by Speaker Nancy Pelosi's (D-Calif.) office yesterday.

The chairmen of three committees involved, working with the House General Counsel's office, have been negotiating for the last two months about how to respond to subpoenas for documents the U.S. Attorney sent the House Appropriations, Armed Services and Intelligence panels late last year.

It was unclear at press time how much GOP ranking members of the committees were consulted about which documents to hand over.

A Democratic leadership aide insisted that Republicans were consulted because it involved "their documents."

But Brian Kennedy, spokesman for Minority Leader John Boehner (R-Ohio), said his boss was not kept in the loop during any part of the negotiation process.

"We were not party to or made aware of any of the agreements," he said.

That is a distinct departure to what happened last year after the FBI raided the office of Rep. William Jefferson (D-La.), when the leadership of both parties invoked the Speech Debate Clause of the Constitution.

"… Because all of the information being provided to the U.S. Attorney is privileged under the Speech and Debate Clause of the Constitution, the committees have agreed to decline to assert the privilege with respect to that information," the statement from Pelosi's office said.

"The agreements permit the committees to cooperate with the investigation in a manner that respects the constitutional prerogatives of the House and does not impair the committees' functioning or compromise their legislative and oversight responsibilities," the release said.

The negotiations went so smoothly that the U.S. attorney's office withdrew the subpoenas and the committees have already handed over some of the documents requested.

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Elizabeth Phillips, an Appropriations staffer, and Rebecca Kuhn, who formerly worked as Cunningham's executive assistant, were also subpoenaed to testify. They are scheduled to testify tomorrow before a grand jury, according to the statement.

"Under the agreements, the five outstanding subpoenas – one to each of the three committees for documents, one to a current committee staffer for testimony, and one to a former committee staffer for testimony — have been withdrawn," said the statement. "The committee have agreed to voluntarily provide the Department [of Justice] with copies of some documents immediately (which has already happened), and to voluntarily provide the Department with access to other documents over the next several weeks."

Pelosi also said although she was aware of the negotiations, she was not actively involved in them and that "all decisions were made by the committee themselves."

"The current committee chairmen took the same cooperative approach toward the Office of the U.S. Attorney as did the committee chairmen in the last Congress," she said.

Deal Reached On Cunningham Subpeonas (AP)

AP, February 28, 2007

Three House committees subpoenaed in connection with the bribery investigation into imprisoned former Rep. Randy "Duke" Cunningham and his associates reached an agreement with prosecutors Tuesday allowing the subpoenas to be withdrawn.

Under the agreement, five outstanding subpoenas will be withdrawn and the committees will voluntarily hand over documents in addition to material already provided, according to a statement released by Brendan Daly, a spokesman for House Speaker Nancy Pelosi.

Two committee staffers will appear March 1 before the federal grand jury in San Diego that has been considering evidence stemming from the Cunningham case, Daly said.

The subpoenas were sent in December and January to the Appropriations, Armed Services and Intelligence committees and the two staffers.

A spokeswoman for the U.S. attorney's office in San Diego did not immediately return a call for comment.

Cunningham, a San Diego-area Republican, was sentenced in March to more than eight years in prison for accepting $2.4 million in bribes in exchange for steering government business to defense contractors.

Earlier this month, the grand jury indicted a former top CIA official and a San Diego defense contractor on fraud and money laundering charges in an investigation that spun off from the Cunningham probe. The defense contractor, Brent Wilkes, was also charged in a separate indictment along with a New York mortgage banker on charges of bribing Cunningham.

The subpoena deal comes after nearly a year of negotiations over the documents that began while the House was still under Republican control.

"The agreements permit the committees to cooperate with the investigation in a manner that respects the constitutional prerogatives of the House and does not impair the committees' functioning or compromise their legislative and oversight responsibilities," Daly said.

The Justice Department has clashed with Congress in the past over its investigations of lawmakers. Republicans and Democrats alike were furious when the FBI raided the office of Democratic Rep. William Jefferson of Louisiana in May for evidence in a corruption investigation.

Group Asks Gonzales To Review Small's Conduct (WP)

By Jacqueline Trescott, Washington Post Staff Writer

The Washington Post, February 28, 2007

A Washington watchdog group yesterday asked the attorney general to investigate whether Smithsonian Secretary Lawrence M. Small violated the law by using federal money to pay for travel and other expenses.

The group also asked the Justice Department to determine whether the Smithsonian Board of Regents, which is chaired by John G. Roberts Jr., chief justice of the Supreme Court, broke the law by approving Small's expenses.

In a letter to Attorney General Alberto R. Gonzales, Citizens for Responsibility and Ethics in Washington said the $90,000 in unauthorized expenses that Small accumulated between 2000 and 2005 was "troubling." Questions raised by Smithsonian's inspector general about Small's expenses were first reported by The Washington Post on Sunday.

"Mr. Small's conduct not only diminishes the stature of the Smithsonian Institution, it smacks of self-dealing and self-enrichment at the expense of the general public. The Board of Regents failure to take action against Mr. Small --

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incomprehensibly choosing to endorse his conduct instead -- is similarly distressing," said the letter, signed by Melanie Sloan, CREW's executive director, a former federal prosecutor. The group describes itself as nonpartisan; it has received funding from liberal Democratic sources.

Sen. Charles Grassley (R-Iowa), ranking member of the Senate Finance Committee, has asked Roberts, chancellor of the Smithsonian Regents, to review what Grassley has called "lavish expenditures" by Small. Grassley said the board appeared to be "rubber-stamping the actions of Secretary Small and turning a blind eye to very serious issues raised by the inspector general." The senator suggested this week that the Smithsonian's budget be cut because of excessive spending and proposed changing the composition of the Board of Regents.

"One idea is whether the upcoming federal budget resolution should limit or redirect Smithsonian funding," Grassley said. "Another idea is introducing legislation to improve governance from the Board of Regents, similar to my legislation on the Red Cross. As far as I can tell, Congress hasn't taken a serious look at the Smithsonian's governing statute in a hundred years."

The Smithsonian, the largest complex of museums in the world, receives 70 percent of its budget from the federal government.

Acting Smithsonian Inspector General A. Sprightley Ryan reviewed Small's expenses last month and in a confidential memo to the Regents said that "overall we saw no evidence of fraud or abuse associated with the expense transactions reviewed." However, she added, a number of transactions were "not properly documented or were not in accordance with Smithsonian policies."

After some of Small's expenditures were questioned, the Regents rewrote some of the rules governing him to make sure there were no violations.

Small said last night that he was proud to work with the Regents. "They have obviously come to their conclusions about the various reports that have come out. And I am perfectly comfortable with their conclusions," said Small, after attending a reception Tuesday evening on Capitol Hill for the 10th anniversary of the Smithsonian Latino Center. He said he didn't have any knowledge of the letter to Gonzales.

Deputy Sheriff Charged With Child Pornography (RMN)

Rocky Mountain News, February 28, 2007

A 53-year-old Arapahoe County sheriff's deputy has been indicted by a federal grand jury on child pornography charges.

Douglas Morrill Peek of Centennial is charged with transportation, possession, distribution and receipt of child pornography.

He was arrested by the FBI this morning without incident and made his initial appearance in U.S. District Court in Denver this afternoon.

Count one of the indictment alleges that Peek transported, via the Internet, a movie containing child pornography.

Count two charges Peek with possession of a desktop computer containing numerous images of child pornography, including images of toddlers being forced to engage in sexual activity.

Count three alleges that Peek used his computer to distribute an image containing child pornography via the Internet.

Count four charges that Peek knowingly received an e-mail containing child pornography.

If convicted he faces up to 20 years in a federal prison and up to a $250,000 fine.

"The Department of Justice will pursue and prosecute those who commit crimes involving the exploitation of children, no matter who they are, or what position they hold," said United States Attorney Troy Eid.

"This case is being brought as part of Project Safe Childhood.

More Jail Time For IC Man (ICPC)

By Mike McWilliams, Iowa City Press-Citizen

The Iowa City Press-Citizen, February 28, 2007

An Iowa City man already serving 10 years in prison for lascivious acts with a child received an additional seven-plus years behind bars for storing child pornography on his home computer.

Jackie Dean Burtlow, 40, pleaded guilty to receipt of child pornography. A federal judge initially sentenced Burtlow to 10 years and two months in prison but gave him credit for 33 months previously served for related state charges, which leaves seven years and five months.

According to a news release from the U.S Department of Justice:

The FBI started investigating Burtlow in May 2004 when agents in Cleveland found an e-mail that was later determined to have been sent from Burtlow's computer. Police searched Burtlow's Iowa City residence and seized a computer that contained numerous images, including video clips of children engaged in sexually explicit conduct.

When questioned, Burtlow admitted that he had child pornography stored on his computer and also said he had chatted and sent e-mails to other people about child pornography, according to the release.

Judge James Gritzner told Burtlow, “This is a very serious offense,” according to the release. Gritzner also referred to Burtlow as having acted on his criminal desires by sexually assaulting a child and to the high degree of recidivism associated with the crime, the release states.

In May 2004, a 13-year-old girl told interviewers that Burtlow had engaged in inappropriate sexual contact with her, and police arrested Burtlow for third-degree sexual abuse. He pleaded guilty to two counts of lascivious acts with a child, and a Johnson County judge sentenced him to 10 years in prison in November 2004.

FIU Couple Heading To Jail (MIH)

By Jay Weaver

Miami Herald, February 28, 2007

A federal judge slammed two former FIU employees with maximum prison sentences for their roles in an intelligence-gathering network for the Cuban government.

Convicted ex-Florida International University academics Carlos and Elsa Alvarez apologized Tuesday as a pair of tearful defendants, expressing regret for a secret life of informing on Miami's exile community for Cuba.

"Please accept my heartfelt apologies for all the wounds and pain caused by my actions," Carlos Alvarez, 62, said to a packed federal courtroom in Miami.

"I broke the law," said his wife, Elsa, 56. ``I take full responsibility. I'm very sorry."

The judge didn't buy any of it.

U.S. District Judge K. Michael Moore slammed Carlos Alvarez with the maximum five-year prison sentence for conspiring to act as an unregistered Cuban agent and Elsa Alvarez with the maximum three years' imprisonment for harboring her husband's illicit intelligence work and failing to report it to authorities.

The harsh sentences marked the closing chapter to the Alvarezes' life as once-accomplished Cuban exiles who are now viewed by many as "spies" for Cuban leader Fidel Castro.

The case shook Miami's exile community to its foundation because the couple's targets included their former boss, FIU president Modesto "Mitch" Maidique, and other Cuban-American leaders.

The Alvarezes entered guilty pleas to lesser charges in December, when the U.S. attorney's office agreed to drop allegations that the couple were unregistered Cuban agents -- offenses that could have carried up to 10 years in prison had they been convicted at trial. On Tuesday, prosecutors had recommended five years for Carlos Alvarez but only 21 months for Elsa Alvarez.

`FAMILY DEVASTATED'

"The family is absolutely devastated," attorney Steven Chaykin, who represented Carlos Alvarez, told reporters outside the courthouse. Elsa's lawyer, Jane Moscowitz, said their sentences were ``all too high."

The couple's five children, including a 13-year-old, told the judge how much the family has "suffered" since the Alvarezes' arrests early last year.

In sentencing them, Moore acknowledged the couple's supporters who testified about their honesty, integrity and spirituality as Catholics, but he condemned them for breaking federal law with their ``personal foreign policy."

"For all these years, they were in a sense leading a double life," Moore said, calling their crime a "deceit and betrayal" of the exile community.

He ordered the Alvarezes to surrender on April 27. Carlos Alvarez, a longtime FIU professor who resigned last year, has been in custody at the Federal Detention Center in downtown Miami since his arrest in January 2006. Elsa Alvarez, an FIU counselor on unpaid leave, was in custody through June, when the judge released her on a $400,000 bond.

During Tuesday's hearing, their attorneys tried to portray them as sympathetic exile figures who tried to bridge the Cold War chasm between Cuba and the United States through a dialogue of educational and cultural exchanges involving the Cuban Intelligence Service.

But the Alvarezes and their lawyers kept insisting the information passed along to Cuban agents was "innocuous" and "harmless gossip," causing "no harm" to the United States or the exile community.

"I reached out to people with power or who had access to power," Carlos Alvarez said in court Tuesday. ``It would require innocuous information . . . The method that I used was unfortunately wrong."

Elsa Alvarez said her husband's goal was to "help Cubans to become unified" on both sides of the Florida Straits. "I believe Carlos acted in good faith at all times," she added.

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TALE OF BETRAYAL

Chaykin said Carlos Alvarez was betrayed by Cuban agents and FBI agents who coaxed a confession from him during three interviews in 2005. That was the basis for the indictment against him and his wife.

But prosecutors portrayed the couple's work as ``classic intelligence-gathering activity."

"They worked for the directorate of the Cuban Intelligence Services and provided ``sensitive information on the exile community's leaders," said U.S. Attorney R. Alexander Acosta. ``That is far from innocuous."

At sentencing, prosecutor Matthew Axelrod said Carlos Alvarez began gathering intelligence for Cuba in 1977 and that Elsa Alvarez became aware of it in 1982, making some contacts with Cuban agents herself.

He said they both relied on shortwave radios, computers and encrypted information to correspond with their Cuban intelligence handlers and also traveled to Cuba and other countries to meet them.

Axelrod noted that Alvarezes' home computer contained files on:

• FIU president Modesto Maidique's personal finances and private business ventures.

• A "redacted" U.S. government study on the ``status of telecommunications in Cuba."

• Brothers to the Rescue leader José Basulto, including that "an investigation should continue" into ``the ties he has to the CIA, the Cuban American [National] Foundation and financial interests such as Bacardi."

• A personal contact who had met with Richard Nuccio, then-President Bill Clinton's special advisor for Cuba, who "was very depressed" by Cuba's shootdown of two Brothers to the Rescue planes killing three Cuban-American men and a Cuban exile and the subsequent Helms Burton law toughening the U.S. embargo against Cuba.

• Lula Rodriguez, a Miami-Dade Democrat who later became personal assistant to then-Attorney General Janet Reno and eventually deputy assistant secretary of state for public affairs in the Clinton administration.

ANOTHER REVELATION

Axelrod also revealed that Carlos Alvarez had informed two academic colleagues, Fordham University professor Orlando Rodriguez and Spaniard Miguel Escotet.

He had asked both men to write letters of support for leniency.

"He knows he's betrayed them, yet he's calling on them to support him," Axelrod said, adding that such a betrayal was ``astounding."

A moment later, Chaykin questioned Rodriguez in the courtroom, asking him if he wanted to withdraw his supportive letter as well his live statement to the court. "Nothing at all," Rodriguez said.

Hollywood Chief Defends Exposing Probe (AP)

By Wanda J. Demarzo

AP, February 28, 2007

Hollywood Police Chief James Scarberry, who admitted he leaked information about an ongoing federal probe of his department, defended his decision Tuesday, saying the FBI told him he could use his "discretion" in discussing the probe with others.

Scarberry told as many as eight city officials about the two-year undercover investigation, but insists that he did not tip off the targets of the probe.

Scarberry said he "has his suspicions" who leaked the information to those involved, but doesn't believe it came from within his department or City Hall.

On Thursday, three veteran Hollywood cops -- Kevin Companion, Stephen Harrison and Jeff Courtney -- were arrested, accused of a wide range of crimes, including extortion, bribe-taking, dealing in stolen property, protecting a rigged, high-stakes card game, cargo theft and transporting a big shipment of heroin.

A fourth officer, Thomas Simcox, 50, who is cooperating with authorities, is expected to appear for arraignment Wednesday in federal court in Fort Lauderdale.

FBI STING

The group was caught in a FBI sting in which agents posed as members of a New York mob family who wanted protection for its South Florida operations. Companion, who was the alleged ringleader, recruited the other three officers, authorities said.

But before the feds could identify whether other officers were involved, they were forced to shut down the probe because Courtney and Companion were tipped off.

Simcox is reputed to have approached a number of veteran officers hoping to hire them to work for the crime family, but the officers turned him down.

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The department has launched an internal investigation into whether other officers knew about the corruption and failed to report it.

CASES AT RISK

The arrests could jeopardize more than 60 criminal cases handled by the four detectives. Prosecutors began sending letters to defense attorneys representing clients involved in the cases, advising them of the situation.

Among the more high-profile cases that could be affected is that of former state legislator Barry Kutun, who is accused of hiring an underage girl for sex. Simcox was the lead investigator in the case.

But prosecutors say it's too early to say whether the arrests will taint pending criminal cases. In a recent scandal involving BSO sheriff's deputies, the state attorney's office sent out a list of 61 deputies -- some of them suspects -- whose cases were tied to falsification.

But in October, about 50 of the deputies received letters from the state attorney's office clearing them. Very few criminal cases handled by the deputies led to acquittals as a result of the scandal.

But Public Defender Howard Finklestein insists that criminal cases involving the Hollywood cops will be impacted.

"Those indictments will be very powerful and persuasive to a jury. I think if any of those detectives are the one who saw the person with the drugs or commit the crime, the case is lost," Finklestein said.

He added that his office is not only reviewing pending cases handled by the accused officers, but also older cases in which someone entered a plea or was convicted.

"I think we're going to see the prosecution dropping cases," Finklestein said.

Former Officer Pleads Guilty To Possessing Stolen Firearms (AP)

By Sue Lindsey, Associated Press Writer

AP, February 28, 2007

ROANOKE, Va. (AP) — A former officer charged in a federal investigation of corruption in a rural sheriff's department pleaded guilty Tuesday to one count of possessing stolen firearms.

Patrick Martin, who was a sergeant in the vice unit of the Henry County Sheriff's Department, faces a maximum sentence of 10 years in prison and a fine of $250,000. In exchange for his plea in U.S. District Court, prosecutors dropped two other weapons counts.

Martin was among 13 members of the department, including former sheriff H. Franklin Cassell, and seven civilians indicted last fall in a scheme to sell drugs and other evidence seized from criminals.

Thirteen other defendants named in the indictment have entered guilty pleas to charges that include racketeering conspiracy, narcotics distribution, weapons counts and obstruction of justice. Guilty pleas from two others are expected by next week, Assistant U.S. Attorney Thomas Bondurant said.

A trial for Cassell, who is charged with impeding federal officers' investigation and money laundering, is set for June.

Martin's case had been set for a jury trial but he decided Tuesday morning to plead guilty instead, his attorney, Art Strickland, said.

"His family was under so much stress," Strickland said.

During the court hearing, Bondurant played a recording from portions of a three-hour interview that an FBI agent and a state police officer conducted with Martin in which he said he was not aware of any drugs or guns stolen from the sheriff's department by officers.

"At the start of the interview, Martin flatly denied any knowledge of law enforcement misconduct," the prosecutor said.

He later acknowledged having "maybe three or four" guns at home, according to the recording.

Strickland said outside of court that the sheriff's department had limited storage space, and at one point officers were told to take weapons and other evidence home for safekeeping.

"He never used any of the guns," he said.

One shotgun that Martin returned to the department as the federal investigation of the department intensified last year was manufactured in 1904 and was considered a collector's item worth between $800 and $2,000, Bondurant said.

Ex-councilman's Conviction Tossed (MACOMBD)

By Jameson Cook, Macomb Daily Staff Writer

Macomb Daily, February 28, 2007

Secret communications between judge, government attorneys result in order for third trial

A federal appeals court reversed the conviction of a former Warren city councilman on fraud charges because of a federal judge's secret communication with government lawyers during jury deliberations in his first trial.

Advertisement

William Barnwell's convictions for theft, embezzlement and conspiracy were dismissed and the case was remanded back to the U.S. District Court, a Sixth Circuit Court of Appeals panel ruled Tuesday.

"I've said all along I'm innocent," an elated Barnwell said from his Warren home Tuesday afternoon shortly after the ruling was made public. "I believe in this country and I believe in the justice system. ... Now I can get my life back. My name is clear and I can get back to work."

Barnwell, 60, a city councilman from 1999 to 2003 and former director of the Michigan Regional Council of Carpenters, was convicted by a federal jury in 2004, along with co-defendants Sandra and David Williamson, for inducing union staffers to help build a house for the Williamsons in St. Clair County in the late 1990s. Sandra Williamson was the administrative assistant for the top official at the union.

An initial trial -- which included two other defendants who were later removed from the case -- ended in a hung jury in fall 2003. But Barnwell and the Williamsons were convicted in May 2004 in a second trial.

In a 2-1 decision, the appeals panel said that Barnwell's constitutional rights to due process and effective defense counsel were violated because Judge Bernard Friedman communicated with lawyers from the U.S. District Attorney's Office during jury deliberations for the first trial.

Assistant U.S. attorney Keith Corbett went to the judge after the FBI was conducting a telephone wiretap in an unrelated case and heard a reference to the Barnwell case -- the results of an informal jury vote, which is supposed to be done in secret. An FBI agent said that a juror was the sister of a subject in the unrelated case, and the judge and government lawyers discussed the potentially contaminated juror. The judge also met with the jury foreman.

The discussions were kept from the defense attorneys in the case, a move that the appeals court determined tainted the case not only for the first trial but also the second trial in which a new jury found Barnwell guilty.

The communications finally were revealed in March 2005, long after the second trial was over, by U.S. Attorney Walter Kozar.

The ruling revealed few details of the separate criminal investigation by the FBI.

"The defendants in the case were from Macomb County like the individuals captured by the wiretap," the ruling says. The investigation, according to oral arguments, involved illegal gambling, extortion and racketeering, and "public corruption," the panel says.

Judges Damon J. Keith and Gilbert S. Mettitt note that Friedman kept the discussions secret to protect the integrity of the FBI investigation, which FBI officials told the judge had been ongoing for 15 years. However, they noted that is not good enough reason to do so. They say that the only instances in which such a case should be kept out of an open courtroom is for a "compelling state interest" or in matters of "national security."

The appeals court decision is especially unusual not only because it could result in a third trial but that it overturns the conviction in the second trial for issues in the first trial, noted Larry Dubin, a law professor at University of Detroit Mercy.

The appeals judges do not specifically indicate how the secret communications in the first trial affected the second trial, only suggesting that the mere "appearance of impropriety" affected justice in the case.

"The effort by the trial judge and the prosecution to save a wiretap, which the same trial judge had authorized, at the expense of a fair trial, reeks of the type of impropriety we need to avoid," says the opinion, authored by Keith. "When we fail to protect a defendant's fundamental rights, we fail in our calling as judges.

"What strikes us as the most disconcerting is that the government and trial judge kept the communications from the defense counsel during the entire second trial."

Dubin said he understood Friedman's reasoning.

"The judge's motive was trying to balance two powerful competing interests," Dubin said. "I have sympathy for a judge who gets involved in a web of conflict that were not of his own doing."

In her dissenting opinion, Judge Martha Craig Daughtrey says there is no "controversy" to decide or "remedy" to issue regarding the constitutional arguments because the second trial cured any potential violations in the first trial.

A new trial "is exactly what the defendant received in this case, and there is no challenge whatever to the fairness of his second trial," Daughtrey says. "Hence, the majority should ask itself: What is to be gained by providing the defendant with a second fair trial?"

Barnwell's attorney, Arthur Weiss, said Tuesday afternoon he was pleased with the ruling but could not comment on the ruling because he had not read it.

Weiss commended U.S. attorney Kozar, despite being his adversary in the case, for "doing the ethical thing" and revealing the communications during the appeal process.

Weiss also would not criticize Friedman, saying he is an "outstanding judge" whom "I hold in the highest regard."

Gina Balay, spokeswoman for the U.S. Attorney's Office in Detroit, said officials were reviewing the case and could not comment on whether attorneys would seek a third trial against Barnwell.

During the trial, the defendants maintained their innocence. They said the actions by the union agents were charitable work after a company that the Williamsons hired to work on their home failed to complete the job and went out of business.

Defense attorneys also claimed it was a government attempt to target MRCC secretary-treasurer Ralph Mabry, Sandra Williamson's boss, through her.

Mabry was convicted last year of illegally obtaining discounts from vendors to build his home in Grosse Pointe Park, according to a published report.

Barnwell was sentenced to two years probation, with the first six months to be served in home confinement. He also was ordered to pay a $10,000 fine and $9,188 in restitution, and serve 350 hours of community service.

Barnwell's conviction had no connection to his service as a councilman. He decided against running for re-election in 2003. He said Tuesday he may run for the council again.

Barnwell, who is married and has three adult sons, also said Tuesday that he and his family were enjoying the ruling.

"She stood by me like a soldier," he said of his wife, Sandra.

He said his status as a convicted felon has been difficult to deal with as he has felt ostracized.

"I feel like a convicted murderer," he said of society's view of him.

Mom Taught Children To Fake Retardation (AP)

AP, February 28, 2007

(AP) - TACOMA, Wash.-A woman admitted Monday that she coached her two children to fake retardation starting when they were 4 and 8 years old so she could collect Social Security benefits on their behalf.

Rosie Costello, 46, admitted in U.S. District Court that she collected more than $280,000 in benefits, beginning in the mid-1980s. Most was from Social Security, but the state social services agency paid $53,000.

Costello pleaded guilty to conspiracy to defraud the government and Social Security fraud. Her son, Pete, 26, pleaded guilty earlier this month. Federal prosecutors in Seattle said Monday authorities had not yet located her daughter, Marie.

According to the plea agreement, Costello began coaching her daughter at age 4, and later used the same ruse with her son. He feigned retardation into his mid-20s - picking at his face, slouching and appearing uncommunicative in meetings with Social Security officials.

Social Security workers became suspicious and uncovered a video of Pete Costello ably contesting a traffic ticket in a Vancouver courtroom.

Pete Costello is scheduled to be sentenced May 11 and faces from six months to a year in prison, as well as $59,000 in restitution.

Rosie Costello is scheduled for sentencing May 17. Her standard sentencing range was not immediately available, but in the plea agreement she agreed to repay the government.

Two Indianapolis Men Received Prison Terms Friday For Mortgage Scams. (INDYSTAR)

The Indianapolis Star, February 28, 2007

Federal judges sentenced John Wagner, 46, to 37 months in prison and Frankie Lamont Howard, 38, to 24 months.

Since a federal fraud task force was formed in 2002 to look into the area's rash of mortgage crimes, 58 people have been convicted, including Wagner and Howard, who each had pleaded guilty to charges of mail fraud and money laundering.

Wagner conspired with Promise Land Mortgage owner Romero Brice, who was sentenced Tuesday to 87 months in prison.

Wagner secured investors whom Brice used to defraud Michigan lender ABN Amro of $2.73 million by falsifying 53 loan applications, U.S. Attorney Susan Brooks reported.

Wagner also was ordered to make restitution of $1.8 million.

Real estate investor Howard rigged 31 loan applications and resold the houses at inflated prices to straw buyers he recruited, Brooks reported.

According to Brooks, Howard bought properties primarily in low-income neighborhoods in Indianapolis.

From April to October 2002, Howard obtained loans of about $1.7 million on properties worth about $439,300 by submitting fraudulent loan documents and inflated appraisals, the U.S. Attorney's Office said.

First Bank lost about $1.2 million in the scam.

The longest prison term in Central Indiana for mortgage fraud was a 170-month sentence received in 2003 by mortgage banker Jeffrey Neely, who authorities said was the mastermind of a $2.5 million scam.

3rd Person Charged In $4.2 Million Mortgage Fraud (AP)

AP, February 28, 2007

INDIANAPOLIS - Two men who authorities said lined up properties or investors in a multimillion dollar mortgage-fraud scheme were sentenced to prison.

Federal judges on Friday sentenced John Wagner, 46, to three years and a month in prison and Frankie Lamont Howard, 38, to two years. Both pleaded guilty to charges of money laundering and conspiracy to commit mail fraud, prosecutors said.

Wagner and Howard were involved a scheme that obtained more than $4 million in fraudulent mortgage loans on houses in low-income neighborhoods of Indianapolis.

Authorities said Wagner recruited investors for Romero Brice, the owner of Promise Land Mortgage in Indianapolis. Brice obtained houses at fair market values and then used the investors to buy back the houses at three to four times the price, authorities said.

Brice was sentenced on Tuesday to seven years in prison.

Prosecutors said Brice obtained at least 83 loans between late 2000 and early 2002 based upon false documents, with Wagner involved in 53 of the loans valued at about $2.65 million. Howard was charged with engaging in 31 fraudulent transactions for about $1.65 million.

The judges also ordered Wagner and Howard, both of Indianapolis, each to pay more than $1 million in restitution.

Ex-trooper Gets 5 Years For Soliciting Sex (BOS)

By Brian R. Ballou,

The Boston Globe, February 28, 2007

Boy he met via the Internet was actually an agent

A federal judge gave the minimum sentence to a former Massachusetts state trooper and decorated Army war veteran who admitted trying to solicit sex over the Internet from someone he thought was a 14-year-old boy.

Brian O'Hare, 46, of Lancaster was sentenced to the mandatory minimum of five years in prison yesterday in federal court in Boston after he pleaded guilty.

"The Internet has brought many wonderful things to the world, but it has also brought many vile things," US District Court Judge George A. O'Toole Jr. said moments before issuing the sentence to O'Hare, who had faced a maximum of 30 years in prison.

O'Hare, dressed in a black suit, walked into the courtroom with his brother, sister, and sister-in-law. Standing next to his lawyer, Richard Egbert, he gave a brief statement before the sentencing.

"I take full responsibility for my actions, and I want to apologize to my family for the embarrassment and shame I've caused." He also apologized to the Army National Guard and the Massachusetts State Police.

O'Hare told the judge he wanted to get this episode of his life behind him.

"I want to be a father again," he said. As he was led out of the courtroom, O'Hare waved to his relatives. His sister, tears running down her face, waved back.

The sentencing capped a dramatic fall from grace for O'Hare. He joined the Massachusetts National Guard in 1990 and rose to the rank of lieutenant colonel, leading the 211th Military Police Battalion, according to a Guard spokesman. He was the Battalion's executive officer at Bagram Air Force Base in Afghanistan from August 2002 to February 2003 and also served in Iraq, overseeing training of Iraqi police in Balad from April to September 2003.

O'Hare received two Bronze Stars for his service in Iraq and Afghanistan, as well as medals for good conduct, meritorious service, and achievement. He led military security at Logan International Airport after the Sept. 11, 2001, attacks and during the 2004 Democratic National Convention. He was a member of the Massachusetts State Police for 20 years, last assigned to the Holden barracks.

A State Police spokewoman said officials would not comment on the case, because O'Hare is no longer a trooper. O'Hare must now submit a DNA sample to a state database and register as a sex offender upon his release.

Prosecutors alleged that O'Hare, using the name Ranger 1777, struck up a conversation in August 2005 with someone he thought was a 14-year-old boy in an America Online chatroom titled "SCHOOLBOIS SHOWERSM4." But the person he was chatting with was actually FBI agent Jeremy Morrissey, working in an Internet sting operation.

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O'Hare was arrested last February when he drove to Meadow Glen Mall on Route 16 in Medford for what he thought was a meeting with the boy.

Former State Trooper Sentenced To 5 Years In Prison In Internet Sex Case (BOS)

The Boston Globe, February 28, 2007

BOSTON --A former Massachusetts state trooper and Army war veteran who admitted to trying to solicit someone he thought was a teenage boy over the Internet for sex has been sentenced to five years in prison.

Brian O'Hare, 46, was given the mandatory minimum sentence Tuesday in U.S. District Court after pleading guilty. He faced up to 30 years in prison.

"The Internet has brought many wonderful things to the world, but it has also brought many vile things," Judge George A. O'Toole Jr. said at the sentencing.

O'Hare allegedly had several sexually explicit chats with an FBI agent who was posing as a 14-year-old high school boy, and the two arranged to meet at the Medford Mall, authorities said. O'Hare was arrested by FBI agents in February 2006 after he showed up.

O'Hare lived in Lancaster and was assigned to the Holden barracks. He served in the Massachusetts National Guard in Afghanistan and Iraq from August 2002 until December 2003.

"I take full responsibility for my actions, and I want to apologize to my family for the embarrassment and shame I've caused," said O'Hare, who also apologized to the Army and the Massachusetts State Police.

Police Probe Death In Organ Donation Case (LAT)

By Charles Ornstein And Tracy Weber

The Los Angeles Times, February 27, 2007

Police are investigating whether a Kaiser Permanente transplant surgeon attempted to hasten the death last February of a 26-year-old San Luis Obispo man on life support in order to harvest his organs more quickly.

The allegations, if true, would constitute a grave breach of the nation's organ transplant rules, as well as a public relations setback for those promoting organ donation, experts in transplantation said.

San Luis Obispo police and the Medical Board of California are looking into the conduct of Dr. Hootan Roozrokh, who was a surgeon at Kaiser's now-defunct kidney transplant program in San Francisco.

At issue is whether he ordered excessive doses of powerful pain medication to speed the death of Ruben Navarro, according to several sources familiar with the case who spoke on condition of anonymity because investigations are ongoing.

Roozrokh could not be reached for comment. His attorney, M. Gerald Schwartzbach, acknowledged that his client may have made some mistakes but said that "he certainly wasn't the only one."

"I just don't think that Dr. Roozrokh ought to be crucified as a result of this incident or his career destroyed," said Schwartzbach, who declined to address specific allegations.

Medical board spokeswoman Candis Cohen said her agency is also investigating the conduct of a second physician present during the incident. That person, Kaiser officials confirmed, is Dr. Arturo Martinez, who at the time was the surgical director of Kaiser's transplant program. Martinez declined to comment Tuesday.

Neither surgeon was attempting to recover the organs on behalf of Kaiser; rather, they were working on behalf of the group that procures and distributes organs in much of Northern and Central California. Transplant surgeons commonly perform such duties.

Dr. Timothy Pruett, president-elect of the United Network for Organ Sharing, called the allegations "horrific."

He worried that they could scare people away from donating organs to help the 95,000 people awaiting life-saving transplants nationwide. UNOS is the federal contractor charged with ensuring the safety and equity of the nation's transplant system.

"We have to guarantee to the public that we're not going to go out and kill people to get their organs," said Pruett, chief of transplant surgery at the University of Virginia. "That's the worst of those cheap sci-fi books: 'The ghoulish docs are out pulling the plugs on these poor defenseless people, trying to snatch their organs.' "

According to San Luis Obispo police, Navarro was near death after being found unresponsive at Casa de Vida, a long-term care facility. He was taken to nearby Sierra Vista Regional Medical Center and placed on life support. When it became clear he would not live, his family agreed to allow his organs to be harvested, and transplant surgeons were summoned Feb. 3, 2006.

State law specifies that transplant doctors cannot direct the treatment of potential organ donors before they are declared dead. This restriction is designed, in large part, to assuage concerns that organ retrieval might take priority over patient care.

In this case, however, Roozrokh entered the operating room at Sierra Vista and was directing the administration of drugs to Navarro, the sources said.

When the patient didn't die, Roozrokh allegedly told nurses: "Let's just give him some more candy," according to a person who was briefed on what took place but spoke on condition of anonymity because of the ongoing investigations.

Navarro was still alive about 30 minutes after being taken off life support — the time limit set to ensure the viability of the organs.

He was then returned to the intensive care unit, where he died early the following morning. His organs were not retrieved, police said in a statement.

Within days, nurses at the hospital — alarmed about what had taken place — alerted their superiors, Sierra Vista spokesman Ron Yukelson said. An investigation was immediately launched, and regulators and the coroner were notified.

Yukelson said that outside physicians are not authorized to treat patients at the 165-bed hospital. In this case, "the transplant surgeon began to direct care in the operating room," he said.

Schwartzbach said Navarro's treating physician was also in the operating room at the time, along with a coordinator from the organ procurement group. Both could have asked Roozrokh and Martinez to leave, he said.

Doctors' Hospital Owner's Sentencing Rescheduled (SHRVTIMES)

By Michelle Mahfoufi

Shreveport (LA) Times, February 28, 2007

The same day Doctors' Hospital filed for bankruptcy last week, owner David LeBlanc's attorneys asked a federal judge to reschedule his sentencing on a charge of illegal campaign contributions.

It will be the third time LeBlanc, who is facing jail time and/or a fine, will have had his sentencing postponed.

"The defendant is cooperating in an ongoing criminal investigation, and the government cannot make an informed recommendation as to the defendant's sentence until the defendant completes his cooperation," the trial attorneys with the U.S. Department of Justice Criminal Division Public Integrity Section wrote in an earlier motion.

There was no reference to the ongoing investigation in the latest request to reschedule LeBlanc's sentencing to March 23.

A Department of Justice spokeswoman said she could not comment on the investigation.

LeBlanc pleaded guilty last March after an internal investigation by LifeCare -- the hospital chain he co-founded 15 years ago with two dozen leased beds within Doctors' Hospital -- found he and then-Government Relations Vice President Donald Boucher made federal political contributions in their and their wives' names.

LifeCare used corporate funds to reimburse LeBlanc and Boucher $50,000 through bonuses, salary increases and expense reimbursements. LeBlanc authorized the payments.

LeBlanc and Boucher, both fired by LifeCare, admitted to knowingly and willfully violating the law. LeBlanc agreed to pay a $100,000 civil penalty and Boucher agreed to pay a $50,000 penalty. Both also entered criminal plea agreements with the Department of Justice.

LeBlanc could receive up to one year in jail and/or a maximum fine of $25,000 or 300 percent of the corporate donations, whichever is greater.

Boucher faces five years in prison and a $250,000 fine. However, the government can recommend a lesser sentence based on a defendant's cooperation.

LifeCare agreed to pay a $50,000 civil penalty, strengthen corporate policies on the illegality of reimbursing political contributions and conduct an employee-training program.

The Federal Election Commission said there was no indication the candidates -- including Sen. Mary Landrieu, D-La.; Reps. Jim McCrery, R-Shreveport, and William Jefferson, D-New Orleans; and former Sen. John Breaux, D.-La. -- knew the contributions were illegal.

LeBlanc told The Times in December the contributions were a "silly mistake."

"I didn't understand the law at the time," he said. "The reality is it's a misdemeanor. It's like an expensive traffic ticket at the end of the day."

Last Wednesday, Doctors' Hospital filed for Chapter 11 bankruptcy in Texas, claiming it owes more than $10 million to nearly 1,000 creditors.

Three of those creditors filed an involuntary bankruptcy petition in Shreveport in an effort to keep the proceedings local.

No decision has been made in that case.

Roughing It, Senate Style (RC)

DOJ_NMG_0137709

By Emily Heil

Roll Call, February 28, 2007

Members of Congress have been complaining for months that the White House has been keeping them in the dark. But on Monday night, at least one Senator couldn't blame the dim on the nefarious doings of that other branch of government.

An accident at a construction site Monday night caused a power outage in a portion of Northwest D.C. that includes the swanky Ritz-Carlton apartments in the West End neighborhood.

And that, in turn, left many of the building's well-heeled residents, including Sen. Frank Lautenberg (D-N.J.), stumbling around in the darkness. HOH overheard the toe-stubbing Senator admitting that he wasn't much of a Boy Scout (er, that is, he wasn't prepared), since he had only a flashlight and one candle — but nothing to light it with. (Lautenberg is a well-known anti-smoking crusader, so it's understandable that he doesn't keep a lighter around for the occasional stogie.)

In a scene surely out of a Jack London book, our hero tried bravely to use the stove to light the candle. Finally, he gave up in frustration and decamped to a nearby hotel. Where, presumably, he wouldn't have to rough it.

But another of the building's Senatorial residents, Majority Leader Harry Reid (D-Nev.), showed he was of sterner stuff. A spokesman tells HOH that Reid remained home during the ordeal.

Evil Armies, Beware. We knew our favorite governor/action star was up to something here in Washington more blockbuster-worthy than discussing Medicare (snore) and getting Congressional briefings. Turns out, California Gov. Arnold Schwarzenegger (R) has much more exciting plans, like possibly destroying an alien force.

At a briefing in the Capitol on Tuesday, a reporter ribbed the governator about his photo, which appeared on the cover of that day's Roll Call. In the picture, Schwarzenegger is gesturing with an outstretched arm, a slightly demonic expression on his face. "Is there a worse picture of you?" the snarky scribe queried.

Schwarzenegger had a better assessment of the pic. "It actually looks more like I'm about to get ready to attack an evil army or something," he joked.

Look out, Democrats.

Co-Stars Unite? And in an odd coincidence, detected only by those with long memories and a taste for cheesy action movies, also in the Capitol on Tuesday was none other than Vanessa Williams, Schwarzenegger's co-star in the 1996 D.C.-themed flick "Eraser." Remember it? Yeah, neither do we.

The striking "Ugly Betty" star was in the Capitol to meet with Members, including House Majority Whip James Clyburn (D-S.C.), Senate Majority Whip Dick Durbin (D-Ill.) and Sen. Barack Obama (D-Ill.) to discuss the Special Olympics. Williams is on the board of the event and was in town for a movie screening.

Volz Meets the Press. Neil Volz, former aide to convicted ex-Rep. Bob Ney (R-Ohio), may have gotten some unwanted headlines when he pleaded guilty in May 2006 to federal conspiracy charges in the ongoing investigation into disgraced lobbyist Jack Abramoff's dealings on Capitol Hill.

But just a few weeks ago, Volz was mingling — voluntarily — with members of the Fourth Estate. An HOH spy belatedly tipped off HOH that Volz attended the after-party hosted by CQ following the Washington Press Club Foundation's dinner Feb. 6 at the Ritz-Carlton.

According to our fly on the wall, Volz was wearing a newly grown beard and a dark suit, which practically constituted a disguise since many of the aides and reporters in attendance didn't recognize him. An acquaintance jokingly asked what Volz was doing walking "into the lion's den," said the HOH tipster, who added that the disgraced aide who now faces prison time appeared to be in "good spirits."

Unlikely Love Match. Can a Democratic Senatorial Campaign Committee gal and a guy backin' Sen. Sam Brownback (R-Kan.) for president find love? We hope so, for the sake of the author of this Craigslist.org personal posted in the site's "missed connections" section. He had us at the title: "Pure Cap. Hill magic — meow!" And the message itself was winsome, if a little far-fetched, describing a chance meeting of two party-crossed, would-be lovers. "I saw you coming out of Dirksen. You were carrying your lunch back to the DSCC. You were having the chicken salawich [sic] from Cups ... extra pickles. I love pickles. We made eye contact. It was pure magic. I was wearing the 'Brownback 2008' shirt over my oxford. You had your jeans tucked into your boots and were wearing the most delightful tan sweater. Lambs wool? It looked so soft. Your golden hair glistened in the winter sun. What kind of conditioner do you use? If you find this, would you be up for some bipartisan action this weekend?"

Here's hoping love (or at least love of pickles) conquers all.

CIVIL LAW:

Church-state Question Before Justices (USAT)

By Joan Biskupic

USA Today, February 28, 2007

The Wisconsin-based Freedom From Religion Foundation has sued to get rid of crosses in city parks, to end Good Friday public holidays and, most vigorously, to thwart President Bush's faith-based initiative.

Now, the group that for 30 years has sought a firm divide between church and state will be at the Supreme Court on Wednesday in a case that could affect taxpayers' ability to challenge — and government's ability to defend — a multitude of public programs that involve groups with a religious affiliation.

The White House Office of Faith-Based and Community Initiatives was set up in 2001 to help religious groups compete with secular organizations for federal grants to provide social services.

The case before the justices focuses on regional conferences that promoted the initiative. The Freedom From Religion Foundation likened the conferences to "revival meetings" and said they boosted the grant prospects for religious groups "without similar advocacy for secular community-based organizations."

The legal question is not whether those conferences violated the constitutional separation of church and state, but more fundamentally when a taxpayer may even get into court to challenge such mingling of government and religion.

It's a question that could have national significance. Numerous outside groups have joined both sides of the case. Twelve states, backing the Bush administration, are trying to block the lawsuit. On the other side are atheists and religious organizations such as the American Jewish Congress and the Baptist Joint Committee for Religious Liberty.

"If the Bush administration were to prevail," says Annie Laurie Gaylor, co-president of the Freedom From Religion Foundation, "nobody would be able to challenge these programs. We feel that our litigation and educational efforts have never been more important."

U.S. Solicitor General Paul Clement, representing the administration, counters that if the foundation wins, judges could end up scrutinizing "every government encounter with religion … at the behest of any one of the more than 180 million taxpayers in the United States."

Typically, taxpayers cannot sue over how the government spends money, but in a 1968 case known as Flast v. Cohen the justices carved out an exception for lawsuits based on the separation of church and state. The Constitution's First Amendment says government "shall make no law respecting an establishment of religion."

The Bush administration says the Flast case allows challenges to congressional spending but not to executive branch actions. The Bush faith-based initiative was created by executive orders, not specific congressional appropriations.

A U.S. trial court dismissed the foundation's lawsuit, but the U.S. Court of Appeals for the 7th Circuit reversed it in January 2006. "The line proposed by the government … would be artificial because there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause," that court said.

In the administration's appeal, Clement says Flast and other cases since 1968 connect taxpayers' right to sue with the legislative taxing and spending power.

Washington, D.C., lawyer Andrew Pincus, representing Freedom From Religion, says neither the 1968 case nor American history requires a distinction between legislative and executive actions. "The Framers (of the Constitution) were well aware of the potential for abuse of executive power in the area of religion. … There simply is no basis for concluding that they were less concerned about exercises of executive discretion than about the actions of Congress."

Supreme Court Takes Up Church-state Case (CSM)

By Warren Richey, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, February 28, 2007

A Wisconsin group says the president's faith-based initiative is illegal. But can taxpayers sue the government over funding?

President Bush's faith-based initiative is a signature program of his administration. But not all Americans share the president's belief that the government should work in close partnership with religious organizations willing to perform nonreligious public services, like running homeless shelters or drug counseling programs.

Wednesday, the US Supreme Court takes up a case that examines to what extent those opponents have legal standing to file federal lawsuits alleging that the White House's faith-based initiative amounts to unconstitutional entanglement of church and state.

The case stems from a 2002 lawsuit filed by a Wisconsin-based group called the Freedom From Religion Foundation. Members of the group filed the suit as taxpayers who objected to having their tax money used to support religion.

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Although the case revolves around the esoteric issue of taxpayer standing to sue, analysts say the case could foreshadow a shift in the Supreme Court's church-state jurisprudence. It marks the first opportunity for the high court to rule in a major religion case since the retirement of key swing voter Sandra Day O'Connor and the addition of Chief Justice John Roberts and Associate Justice Samuel Alito.

"To evaluate the importance of the case you have to look at ... what might come out of it," says Ira Lupu, a professor at George Washington University Law School and church-state scholar.

In opposing the suit in 2002, government lawyers said the Freedom From Religion Foundation had no authority to wage such a legal battle since none of the plaintiffs were able to show that they had suffered a direct and personal injury. It wasn't enough to object as taxpayers.

Sharp divide over wall of separation

Friend-of-the-court briefs filed in the case highlight starkly different visions of religious liberty in America. On one side are those who favor less or no contact between government and religion. On the other side are those who believe that separation between church and state has gone too far, triggering government hostility toward religion and the religious.

In most instances taxpayers lack legal standing to sue the government merely because they object to how the government is spending tax dollars. Instead, the courts require that someone suffer a direct and personal injury that entitles them to sue. This requirement of legal standing helps prevent the courts from becoming a quasi-legislature where policy arguments are debated rather than a forum to decide specific legal disputes.

The same principle applies in most constitutional cases. If the government violates a constitutional right, like the Eighth Amendment's prohibition on cruel and unusual punishment, the injured individual can sue in court to hold the government accountable for its abuses.

But what happens when the alleged constitutional violation involves the First Amendment's establishment clause that prohibits the government from promoting religion?

"The establishment clause is different. It is designed to limit the government from doing things which tend to favor or help people without necessarily hurting anybody in any obvious material way," Professor Lupu says. "Because of that, the rules about who can sue to complain about alleged violations of the clause are unusually important."

If you follow the normal rules that you have to be injured in some direct way before you can complain about what the government has done, the establishment clause would never get enforced in the courts, Lupu says. "The government would put up crèches and crosses and menorahs and would spend money on religion, and nobody could challenge it because nobody is hurt in obvious ways by those kinds of activities."

Exception allows taxpayers to sue Congress

Had the courts consistently enforced the rule on standing, establishment-clause cases filed by ordinary Americans would be rare to nonexistent. But in 1968 the Supreme Court carved out an exception that allows taxpayers to file establishment-clause lawsuits challenging congressional spending that benefits religion.

It is that 1968 exception that is at the center of Hein v. Freedom From Religion Foundation. The Hein in the case is Jay Hein, director of the White House Office of Faith-Based and Community Initiatives.

The Bush administration is arguing that the 1968 exception only permits taxpayer lawsuits challenging appropriations by Congress that raise church-state concerns. The portion of the faith-based initiative under challenge is an activity of the executive branch that does not involve outlays of government money earmarked to religious groups.

The lawsuit challenges "executive branch activities, not a congressional program and not any financial disbursements to outside entities," writes US Solicitor General Paul Clement in his brief to the court.

"Only Congress can extract and spend 'tax money' in aid of religion, and only challenges to such exercises of congressional power will support taxpayer standing," Mr. Clement writes.

Can the executive branch be sued, too?

Lawyers for the Freedom From Religion Foundation counter that the 1968 exception applies to alleged establishment-clause violations by the government – not just Congress.

"Given their knowledge of English history, the framers [of the Constitution] were well aware of the potential for abuse of executive power in the area of religion, which included coerced payment of funds that were used by the monarch to aid religion," writes Richard Bolton of Madison, Wis., in his brief to the court on behalf of the Wisconsin group. "There simply is no basis for concluding that they were less concerned about exercises of executive discretion than about the actions of Congress."

A more freewheeling debate over the case takes place in friend-of-the-court briefs. Some urge the high court to eliminate the 1968 exception. Others want the court to expand the 1968 exception to foster greater public oversight and involvement in policing the ever-shifting line between church and state.

DOJ_NMG_0137712

Government By Law, Not Faith (NYT)

The New York Times, February 28, 2007

The Supreme Court hears arguments today in a case that could have a broad impact on whether the courthouse door remains open to ordinary Americans who believe that the government is undermining the separation of church and state.

The question before the court is whether a group seeking to preserve the separation of church and state can mount a First Amendment challenge to the Bush administration's "faith based" initiatives. The arguments turn on a technical question of whether taxpayers have standing, or the right to initiate this kind of suit, but the real-world implications are serious. If the court rules that the group does not have standing, it will be much harder to stop government from giving unconstitutional aid to religion.

Soon after taking office, President Bush established the White House Office of Faith-Based and Community Initiatives, and faith-based offices in departments like Justice and Education. They were intended to increase the federal grant money going to religious organizations, and they seem to have been highly effective. The plaintiffs cited figures showing that from 2003 to 2005, the number of federal grants to religious groups increased 38 percent. The Freedom From Religion Foundation and several of its members sued. They say that because the faith-based initiatives favor religious applicants for grants over secular applicants, they violate the Establishment Clause of the First Amendment, which prohibits government support for religion.

These are profound issues, but because the administration challenged the right of the foundation and its members to sue, the courts must decide whether the plaintiffs have the right to sue in this case before they can consider the constitutionality of the faith-based programs. An appeals court has ruled, correctly, that the plaintiffs have standing.

In many cases, taxpayers are not in fact allowed to sue to challenge government actions, but the Supreme Court has long held that they have standing to allege violations of the Establishment Clause. Without this sort of broad standing, many entanglements between church and state would never make it to court.

The Bush administration is pushing an incorrect view of standing as it tries to stop the courts from reaching the First Amendment issue. Taxpayers can challenge the financing of religious activity, the administration claims, only when a Congressional statute expressly authorizes the spending. There is no statute behind the faith-based initiative.

In his decision for the appeals court, Judge Richard Posner of the United States Court of Appeals for the Seventh Circuit, in Chicago, convincingly explained why this argument is inconsistent with the Supreme Court's precedents on the Establishment Clause.

Procedural issues like standing can have an enormous impact on the administration of justice if they close the courthouse door on people with valid legal claims. The Supreme Court has made it clear that taxpayers may challenge government assistance to religion. The justices should affirm Judge Posner's ruling so the courts can move on to the important question: Do the Bush administration's faith-based policies violate the Constitution?

Lawyer: FBI Knew Convicts Were Innocent (BSH)

By Denise Lavoie

Biloxi Sun Herald, February 28, 2007

BOSTON - The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit "acceptable collateral damage" in the fight against organized crime, a lawyer for the families of the men said Tuesday.

Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward "Teddy" Deegan are suing the federal government for malicious prosecution.

Lawyers have not specified the amount they are seeking, but have cited court decisions that show other plaintiffs were awarded $1 million for each year in prison.

In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph "The Animal" Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent "Jimmy" Flemmi, who was involved in Deegan's killing, Avery said.

The men were "acceptable collateral damage" in the FBI's priority at the time - taking down the Mafia through the use of criminal informants, Avery said.

The government has argued federal authorities had no duty to share information with state officials who prosecuted Limone, Salvati, Henry Tameleo and Louis Greco. Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution.

Lipscomb said the state investigated the case for eight months and had 10 investigators working on it.

"To the extent that Barboza lied, someone should have gleaned that lie out of all the investigation," she said.

Salvati and Limone were exonerated in 2001 after FBI memos dating back to the Deegan case surfaced, showing the men were framed by Barboza.

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The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

Wrongly Convicted Say FBI Was At Fault (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, February 28, 2007

Compensation urged in closing arguments

Lawyers for four men wrongly convicted of a 1965 gangland slaying argued yesterday that the FBI was squarely to blame for withholding critical evidence during their trial and urged a federal judge to order the government to compensate them for the decades they spent in prison.

"It was more important for the FBI to protect their informants than to protect innocent people who had families," said Victor Garo, one of the lawyers, during closing arguments in a civil suit seeking more than $100 million in damages from the government on behalf of Joseph Salvati, Peter J. Limone, Henry Tameleo, Louis Greco, and their families. "Shame on our government for doing that."

The discovery of secret FBI files that were never turned over during the men's 1968 trial prompted a state judge six years ago to overturn the murder convictions of Limone, who had served 33 years in prison, and Salvati, who was paroled in 1997 after serving 30 years. Exoneration came too late for Greco, who died in prison in 1995 at age 78, and for Tameleo, who died a decade earlier at age 84.

Yesterday, a Justice Department lawyer argued that the FBI had no duty to share internal documents with state prosecutors and insisted the state was responsible for convicting the men in the slaying of Edward "Teddy" Deegan in Chelsea.

"The United States is not liable to plaintiffs because they were convicted as a result of a state prosecution," Bridget Bailey Lipscomb said. "The FBI did not initiate this prosecution, and there is no duty of the FBI to submit to state or local governments any of its internal files."

She said the FBI had shared some information about Deegan's death with local police.

Three members of Congress who were involved in a two-year investigation of the FBI's mishandling of informants and had condemned the government's handling of the Deegan case were in court yesterday for final arguments, including Dan Burton, an Indiana Republican who spearheaded the probe and formerly chaired the House Committee on Government Reform. Also present were William D. Delahunt, a Quincy Democrat, and Stephen F. Lynch, a South Boston Democrat.

Burton said he believes that all four men were wrongly convicted. "We want to make sure justice is served," he said.

US District Judge Nancy Gertner said she expects to rule by late March or early April on whether the government is liable and, if so, how much it should pay.

The judge challenged Lipscomb's effort to distance the federal government from the state prosecution, saying that state authorities had been unable to solve Deegan's slaying until FBI agents recruited hit man Joseph "The Animal" Barboza as a witness against local Mafia leaders and turned him over to state authorities.

Lipscomb said that the FBI was focusing on Barboza's testimony against Raymond L.S. Patriarca, then the New England Mafia boss, in a federal murder conspiracy case and that there was no evidence they "were even paying attention" to the Deegan case.

Lawyers for Salvati, Limone, Greco, and Tameleo ridiculed the government's assertion, saying that now-retired FBI agent Dennis Condon and his late partner, H. Paul Rico, were aware of internal FBI documents that indicated that Barboza had falsely implicated the four men, yet Condon took the stand during the 1968 trial to vouch for Barboza's credibility.

The FBI didn't disclose that agents listening in on an illegal bug had overheard Barboza and another Boston gangster and FBI informant, Vincent "Jimmy" Flemmi, seeking Patriarca's permission to kill Deegan several days before the March 12, 1965 slaying.

Juliane Balliro, a lawyer for the Limones and the Tameleos, accused Rico and Condon of engaging in "criminal, dishonest, and disgraceful conduct."

Michael Avery, a lawyer who also represents the Limones and the Tameleos, called the government's arguments frivolous.

"They were aware of [Barboza's] perjury, and they delivered him to the state knowing full well what he was going to do," he said.

On his way out of the courthouse, Salvati, 74, of the North End, said: "We waited 42 years, and we're still waiting. But we had our day in court. . . . Now we just rely on the judge."

At What Price The FBI's Treachery? (BOSH)

DOJ_NMG_0137714

By Peter Gelzinis, Boston Herald Columnist

Boston Herald, February 28, 2007

4 families abused by feds await some ju$tice

No one paid much attention 42 years ago when Edward "Teddy" Deegan, a very minor street gremlin, made his graceless exit from this vale of tears.

But then, back on the night of March 12, 1965, who could ever have imagined all who would die when this anonymous hood caught a couple of bullets in a Chelsea alley?

In a twist of fate more bizarre than ironic, the anniversary of Teddy's demise is likely to be memorialized with an epic judgment against the federal government in general - and the FBI in particular - that could exceed $100 million.

The question is not whether U.S. District Court Judge Nancy Gertner will find for the plaintiffs who were framed for the Deegan murder.

It is how much compensation she decides to award to Joseph Salvati and Peter Limone, who survived a total of 64 years in prison, as well as to relatives of Louis Greco and Henry Tameleo, who died behind bars.

So far, they have received the sincere apologies of the governor(s) who vacated their wrongful convictions, along with the condolences of congressmen who gagged on the twisted tale of FBI treachery that left a trail of human wreckage in the wake of Teddy Deegan's innocuous death.

But not a penny for all the lost years, or what has been clinically referred to as the FBI's notion, "acceptable collateral damage."

Yesterday, a fleet of lawyers described that "collateral damage" in searing detail.

Michael Avery began by reminding a packed courtroom - where a trio of congressmen sat in the front row - that Joe Salvati and Peter Limone were not supposed to be there. Our government had intended for them die in prison, Avery said, describing how bolts of electricity were scheduled to burn through the flesh of Limone, Greco and Tameleo.

The story of how a ruthlessly ambitious pair of G-men, H. Paul Rico and Dennis Condon, conspired to protect a psychotic hit man and serial killer named Joe "The Animal" Barboza was laid out in linear fashion, with the FBI's own internal documents as road signs.

"When you hear the story presented like that," Bill Delahunt remarked, "you gain a real appreciation for the culture of treachery that existed." And still exists.

As sinister and sordid as this "liability" presentation was, the most haunting aspect of what occurred in Nancy Gertner's courtroom yesterday was when the "damages" inflicted upon wives, children, grandparents, brothers, sisters, grandchildren - all the so-called "acceptable collateral damage" - was spelled out.

Unlike the families of Joe Salvati and Peter Limone, which were held together by a pair of heroic wives, Louis Greco's family perished when what had been a conventional suburban life fell apart with his imprisonment.

Greco was a hero of Bataan who was awarded 12 medals, survived 10 operations and and was fearless enough to stare down a thug like Barboza in defense of a friend. And when Teddy Deegan was killed in that Chelsea alley, Louis Greco had taken his wife to a movie . . . in Florida.

Government Contractors Must Take Early Compliance Steps (LAW)

By Ronald Schechter, Martha Cochran And Jill Newell, Legal Times

Legal Times, February 28, 2007

As spending on federal contracting reached record levels in recent years -- a reported $400 billion in 2005 alone -- the risks, as well as the rewards, of doing business with the federal government have never been greater.

The U.S. government has vowed to crack down on procurement fraud and other fraud in government programs. Last year's $3.1 billion in settlements and judgments in cases involving fraud against the government was the largest amount ever recovered in a single year. It included $615 million paid by the Boeing Co. to resolve claims relating to its use of confidential competitor information and the hiring of a former Air Force acquisition chief who had responsibility for its contracts; it also included numerous other cases involving defense procurement fraud, health-care fraud and other fraud against the government.

Last fall, the Justice Department launched a National Procurement Fraud Task Force to focus "resources at all levels of government to increase criminal enforcement" in areas of procurement fraud. The stepped-up attention to this area throughout the government may signal that the $3.1 billion record in federal fraud recoveries in 2006 could soon be broken. More than 50 inspectors general from across all government departments and agencies also are actively pursuing thousands of investigations.

In addition, powerful newly installed Democratic committee and subcommittee chairs in Congress are launching dozens of oversight investigations of alleged government and contractor abuses, focusing on the reconstruction effort in Iraq and in the U.S.

Gulf Coast following Hurricane Katrina, numerous areas of military and homeland-security procurement, the pricing of pharmaceuticals and other significant areas of federal contracting. For instance, House Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., in the first week of February began one set of hearings on alleged waste, fraud and abuse by government contractors in Iraq and another set of hearings on alleged overcharging by drug companies in federal health programs.

BROAD SWEEP

Contractors long have known that the government has a broad range of investigative and enforcement powers that can turn what would be a normal business dispute in a private commercial transaction into allegations of civil or criminal fraud, leading to massive fines and penalties, as well as disqualification from receiving new government contracts. Given the broad sweep of the government's investigative powers and the complexity of procurement rules, companies that are wholly innocent of an intent to fleece the feds may nonetheless find themselves under scrutiny. What is striking about the current environment is the scope and intensity of federal investigative and prosecutorial resources directed at this activity.

The added factor of a Democratic Congress -- with new committee chairs, frustrated in the past by what they viewed as their Republican colleagues' lack of effective oversight of the Bush administration and its perceived coziness with contractors, and eager to use their newly acquired oversight and subpoena powers -- raises the stakes enormously. While no target of a government investigation can be comfortable or secure when dealing with an inspector general, the FBI or other government investigators, managing these investigations while under the spotlight of a high-profile congressional investigation can be even more daunting.

The procurement fraud initiative, created by Deputy Attorney General Paul McNulty, was modeled after his 2005 Procurement Fraud Working Group, begun when he served as the U.S. Attorney General for the Eastern District of Virginia and led the prosecution of former Air Force acquisition chief Darleen Druyun and Boeing for contract favoritism in exchange for job offers. The current initiative focuses on virtually all areas of alleged procurement fraud, from pricing irregularities and labor mischarging, to misuse of classified and procurement sensitive information, and ethics and conflict-of-interest violations.

Participants in the task force reflect the significant firepower of federal government investigatory and enforcement agencies. Chaired by Alice Fisher, the head of Justice's Criminal Division, the task force includes the FBI, the inspectors general of major federal agencies -- from the Departments of Defense, Homeland Security and Veterans Affairs, to the General Services Administration and the U.S. Postal Service -- as well as the Defense Criminal Investigative Service and other military criminal investigative organizations.

Perhaps to emphasize the seriousness of the effort, the Justice Department, on the day it announced the creation of the task force, also announced that Oracle Corp. had agreed to pay almost $100 million to settle False Claims Act allegations that a company it acquired had overcharged the government under its GSA Federal Supply Schedule Contract. The task force more recently announced a criminal case in which a former Defense Department contractor was sentenced to serve nine years in prison and ordered to pay a $3.6 million fine for his role in a bribery and fraud scheme flowing from contracts for the reconstruction of Iraq.

Beyond the work of the task force, the Justice Department has pursued numerous False Claims Act cases against pharmaceutical companies alleging mischarging under government drug contracts and benefit programs. Health-care fraud accounted for $2.2 billion in settlements and judgments recovered by the federal government last year -- a $1 billion increase over the prior year.

Agency inspectors general have become more powerful weapons in the government's procurement fraud arsenal in the almost 30 years since the enactment of the Inspector General Act of 1978. According to one report, more than 11,000 auditors, investigators and other professionals populate 57 Offices of Inspectors General throughout the federal government.

Inspector general investigations always present the risk that the matter under investigation will be referred to the Justice Department for criminal or civil prosecution. Each year, inspector general investigations lead to thousands of criminal indictments and successful prosecutions, as well as numerous Justice Department civil fraud claims, with fines and penalties totaling billions of dollars. The recent joining of forces of federal inspectors general with Justice in the Procurement Fraud Task Force signals that the level of inspector general referrals to Justice will only increase.

Moreover, because each inspector general reports semiannually to Congress, the reports have become a rich source for congressional inquiries and will continue to serve as such in the new Congress. For example, last year Congress extended the term of the Special Inspector General for Iraq Reconstruction until at least late 2008. By the end of 2006, the SIGIR had issued more than 125 audit and project assessment reports, many of them highly critical of contractor performance. In testimony before Congress in September 2006, the SIGIR said 89 criminal investigation cases were open and 25 cases had been referred to the Justice Department, four of which had resulted in convictions.

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In another area that has received significant attention lately, the Homeland Security Department's Inspector General for Gulf Coast Hurricane Recovery has issued more than 40 reports, many of which deal with the Federal Emergency Management Agency's procurement activity. Several of these audits, as well as other government reports, address the failure and fraudulent actions of contractors responding to the Katrina recovery. The inspector general's Sept. 30, 2006, report to Congress reported 439 indictments related to Katrina and 255 convictions for hurricane-related allegations and crimes.

Although the Republican-led Congress held numerous oversight hearings on some of the same issues now targeted by Democrats, the pace is quickening in the new Congress. Oversight investigations into contractor waste, fraud and abuse have already begun; initial hearings have been launched, and more are on the way. Two major congressional oversight committees -- the House Committee on Oversight and Government Reform (which added the word "oversight" to its title in January) and the Senate Committee on Homeland Security and Governmental Affairs -- each took the step of adopting rules authorizing staff deposition authority, giving their large and growing staffs the ability to take testimony on the record and under oath outside the context of a formal congressional hearing. Although the House Oversight and Government Reform Committee's agenda is the broadest of any congressional committee, other House committees, such as Armed Services and Energy and Commerce, also have begun oversight hearings.

Waxman also announced plans to reintroduce legislation he called the Clean Contracting Act to assist in curbing contract abuse. Bills relating to contracting for homeland security, Iraq and private security services already have been introduced in the House. In the Senate, Judiciary Committee Chairman Patrick Leahy, D-Vt., has introduced a bill called the War Profiteering Prevention Act of 2007, which would criminalize war profiteering acts, defined as "materially overvaluing any good or service with the specific intent to excessively profit from war and relief or reconstruction activities."

TAKE THE STEPS NOW

With all of this attention, contractors cannot afford to wait for a call from the Justice Department task force, an inspector general or Congress to take action. Companies must take steps now to prevent and detect improper procurement activity and potential fraud in government programs, to mitigate the damage if any such activity is found and to develop strategies to respond to government inquiries should they arise.

To begin, every contractor must have in place an effective compliance program that includes standards of conduct, as well as mechanisms for investigating potential violations and for taking prompt and appropriate remedial steps if violations are found. Contractors should conduct self-audits in areas of government business that the company believes may be considered high risk. If any information surfaces that suggests an employee or the company has committed wrongdoing, a contractor must thoroughly investigate the event and take appropriate action. The company's goals should be to understand the circumstances surrounding any alleged wrongdoing and to maintain the initiative during any government investigation.

A company must be prepared to respond promptly to inquiries from government investigators regarding its performance of government contracts. Most government contractors understand that Justice and agency inspectors general have far-reaching investigative authority and expect contractors to cooperate with their inquiries.

It is essential that, at the earliest stages of the investigation, the contractor develop an overall response strategy. That strategy will be guided by the contractor's assessment of its vulnerability on the issues being investigated. In some instances, it may make sense to seek a prompt, amicable resolution; in others, it may be better to seek an aggressive defense on the merits.

Counsel, in particular, should focus on key objectives during an investigation: maintaining contact with the investigators; gaining a thorough understanding of all of the facts and the government's key concerns; and presenting the facts in the best light for the company. Counsel should work cooperatively with government investigators, while ensuring that the client's rights are being protected and that its position is being vigorously represented. Counsel should insist that the company be permitted a chance to present its side of the story, as well as to understand the bases for the government's claims, before the government takes formal action. In most instances, Justice Department lawyers and inspectors general staff will agree to this type of exchange.

THE COMMITTEES

Of course, managing these investigations becomes much more complex when a congressional oversight committee takes an interest. Congressional committees have the power to conduct oversight investigations into any matter within their jurisdictions. They have the power to subpoena the testimony of witnesses and virtually all documents that may be relevant to the subject matter of their inquiries. An ongoing criminal or civil investigation generally will not convince a congressional committee to back off of an oversight investigation -- or even to delay issuing a subpoena for the testimony of an individual who is the target of a federal criminal investigation.

In these circumstances, counsel is faced with a delicate balancing act, requiring careful communication with each of the investigative bodies to ensure that the contractor's rights are protected. And in these circumstances, despite the very public

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nature of a congressional investigation, the overriding concern of counsel must be to assure that the individual's or organization's conduct in the investigation and the witnesses' testimony in a congressional hearing do not adversely impact ongoing criminal or civil investigations by other bodies or lead to further criminal exposure.

Ronald Schechter, a former Justice Department lawyer, is a partner in Arnold & Porter's government contracts practice group and represents clients in a variety of government investigations. Martha Cochran, also a partner at Arnold & Porter, formerly held senior counsel positions with committees of the House and Senate and for more than a decade in private practice has represented individuals and organizations in government investigations and congressional oversight matters. Jill Newell is an associate at Arnold & Porter, where her practice includes a variety of government contracts matters.

Lawyer: FBI Knew Convicts Were Innocent (AP)

By Denise Lavoie, Associated Press Writer

AP, February 28, 2007

The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit "acceptable collateral damage" in the fight against organized crime, a lawyer for the families of the men said Tuesday.

Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward "Teddy" Deegan are suing the federal government for malicious prosecution.

Lawyers have not specified the amount they are seeking, but have cited court decisions that show other plaintiffs were awarded $1 million for each year in prison.

In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph "The Animal" Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent "Jimmy" Flemmi, who was involved in Deegan's killing, Avery said.

The men were "acceptable collateral damage" in the FBI's priority at the time — taking down the Mafia through the use of criminal informants, Avery said.

The government has argued federal authorities had no duty to share information with state officials who prosecuted Limone, Salvati, Henry Tameleo and Louis Greco. Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution.

Lipscomb said the state investigated the case for eight months and had 10 investigators working on it.

"To the extent that Barboza lied, someone should have gleaned that lie out of all the investigation," she said.

Salvati and Limone were exonerated in 2001 after FBI memos dating back to the Deegan case surfaced, showing the men were framed by Barboza.

The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

CIVIL RIGHTS:

Justice Dept. Widens FBI Probe Of Deaths During Civil Rights Era (USAT)

By Kevin Johnson

USA Today, February 28, 2007

WASHINGTON — The Justice Department is expanding significantly its review of scores of civil-rights-era homicides that the FBI says may have never been fully investigated by local authorities.

The investigation by FBI agents will focus on about 100 deaths in 14 states allegedly caused by racial violence, FBI Director Robert Mueller said Tuesday.

The announcement came on a day when authorities in Mississippi announced that a grand jury declined to issue an indictment in the 1955 murder of Emmett Till, 14.

Till was visiting relatives in Mississippi from his home in Chicago when he was killed after whistling at a white woman.

The district attorney in Leflore County had recently sought a manslaughter charge against the woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy. The grand jury on Friday said it found insufficient evidence, according to documents made public Tuesday.

The FBI had turned over its files on the case to Mississippi in 2006 after the state closed its inquiry, which did not result in an arrest.

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In Washington, Attorney General Alberto Gonzales, appearing with Mueller and national civil rights leaders, said the government's expanded review of suspicious deaths would include a nationwide plea for information on other "cold cases" that never have been resolved, were misidentified as accidental deaths or were never previously reported.

"We can't right these wrongs, but we can try to bring some measure of justice," Mueller said.

Mueller did not say which cases are being reviewed. Justice said 12 of the cases being worked on were further along in the investigative process and that some new inquiries are based on information unearthed from existing FBI files. Other cases were identified from information provided by civil rights groups.

Richard Cohen, president of the Southern Poverty Law Center, said the Alabama-based organization this month provided the Justice Department information on 76 people who died between 1952 and 1968. It said the deaths are believed to have been associated with racial violence.

The law center's files included:

•The 1963 death of Sylvester Maxwell in Canton, Miss. Maxwell was castrated and mutilated.

•In 1960, the body of Fred Robinson washed ashore on Edisto Island, S.C. His eyes had been gouged out.

•Marshall Scott Jr., was found dead in a New Orleans jail in 1965. The law center said Scott had not received medical attention before his death.

John Jackson, the NAACP's national policy director, said the government's inquiry and its partial reliance on information provided by civil rights groups "continues the work of our civil rights soldiers."

The attorney general said information provided by the civil rights groups could be very valuable in the effort, but he also sought to temper expectations.

"In some cases, the perpetrators may already be dead," Gonzales said. "In some cases, we may find no federal jurisdiction. But these unsolved crimes remain on our radar, and through these expanded lines of communication we hope we can bring closure to some of these cases."

Justice Dept. To Revisit Civil-Rights-Era Killings (WP)

By Darryl Fears

The Washington Post, February 28, 2007

The Justice Department announced yesterday that it is partnering with civil rights groups to pursue the killers of scores of black men and women slain by white vigilantes in the South decades ago.

At a news conference, Attorney General Alberto R. Gonzales and FBI Director Robert S. Mueller III said the federal government's interest in 40 unsolved murder cases was renewed after several successful prosecutions of civil-rights-era murder suspects in recent years.

Gonzales said that witnesses who had been silent are now prepared to come forward and that technological advances can help authorities link suspects to crimes. Gonzales and Mueller said their agencies will soon open investigations into 12 cases, but they would not name the cases or give their locations.

With so many years gone by, the lawmen said, the task of closing the cases will be daunting as witnesses die and evidence disappears.

Yesterday's announcement came on the heels of news that a grand jury in Leflore County, Miss., declined to indict Carolyn Bryant, the wife of one of two men who admitted to killing teenager Emmett Till in 1955 after an all-white jury acquitted them.

In the Till case, federal authorities could only assist state authorities, because a five-year statue of limitations on federal investigations had expired. Federal officials said the statute does not apply in cases where a criminal enterprise such as the Ku Klux Klan was implicated in a crime and continues to exist.

Gonzales said he could not guarantee that cases would be solved. "In some cases, perpetrators may already be dead," he said. In others, he said, the federal government may have no jurisdiction to investigate.

"Many individuals have quite literally gotten away with murder," Mueller said. But the government has a message to killers who remain alive, he said: "You've not gotten away with anything. We're still on your trail."

The NAACP, the National Urban League and the Southern Poverty Law Center will share information with federal authorities as partners in a new Civil Rights Era Cold Case Initiative, Mueller said. The Southern Poverty Law Center has compiled a list of 76 unsolved cases, mostly in Mississippi, Alabama and Georgia.

Cases cited by the law center include those of Izell Henry, who was beaten to death in Greensburg, La., in 1954, a day after voting; James Brazier, who was beaten to death in front of his wife and children by police officers in Dawson City, Ga., in 1958; Sylvester Maxwell, whose castrated and mutilated body was found on a Canton, Miss., road in 1963; and Maybelle Mahone, who was killed in Molena, Ga., in 1956 by a white man who said Mahone had "sassed" him.

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Similar unsolved lynchings were a Southern tradition well before the civil rights murders. Over a half-century starting in 1882, about 2,500 black people were killed, mostly by white men, for suspicious reasons, according to the book, "Festival of Violence," written by E.M. Beck and Stewart E. Tolnay.

"The history of lynching . . . has left a stain on the fabric of this country," Stephanie Jones, executive director of the National Urban League's Policy Institute, said at the news conference. "Removing that stain means working with law enforcement to bring justice."

Jones said the Urban League and other black civil rights groups had pressed the Justice Department to investigate for decades, with little result.

In recent years, three civil-rights-era murder cases have been solved.

In 2005, Edgar Ray Killen was convicted of manslaughter and sentenced to three 20-year sentences for his role in the deaths of three civil rights workers in Mississippi in 1964.

Ernest Avants was sentenced to life in prison in 2003 for the murder of Ben White, an elderly black farmworker, in 1966.

In 2001, Thomas Blanton Jr. and Bobby Frank Cherry were convicted of murder for the 1963 bombing of the Sixteenth Street Baptist Church in Birmingham, Ala.

Byron De La Beckwith died in prison at age 80 in 2001 after being convicted in 1994 for the 1963 murder of Mississippi civil rights leader Medgar Evers.

The case of Till was reopened in 2004 after the airing of a PBS documentary, "The Murder of Emmett Till." His alleged killers, half brothers Roy Bryant and J.W. Milam, were long dead, but filmmakers found witnesses who say Bryant's wife, Carolyn, was in the truck that took Till away.

The grand jury's refusal to indict Bryant "is basically the end of the road, as far as anything happening," said Alvin Sykes, president of the Emmett Till Justice Campaign. "Most of the cases in the future will rely on second-generation witnesses, people who were told something by other people."

FBI, Justice Department To Reopen Nearly 100 Cases Of Unsolved Civil Rights-era Killings (MINNST)

By Dan Duray, Hearst Newspapers

Minneapolis Star Tribune, February 28, 2007

WASHINGTON - The Justice Department and the FBI announced Tuesday that federal investigators will reopen nearly 100 cases of unsolved civil rights-era deaths.

Of those cases, the FBI is currently investigating 10 to 12 involving slayings or disappearances from before 1969, occurring mostly in southern states, FBI Director Robert Mueller told a news conference.

"In too many instances, the truth has been hidden for too long," he said.

"... We cannot turn back the clock, we cannot right these wrongs, but we can try to bring a measure of justice to those who remain."

The new investigations involve collaboration between the FBI's 56 regional offices and civil rights organizations such as the NAACP and the Southern Poverty Law Center, according to Attorney General Alberto Gonzales.

Gonzales said at the same news conference that prosecuting the crimes would be tricky because of the passage of time since the crimes, the deaths of potential witnesses and the incorrect classification of some of the deaths as accidental.

"I want to emphasize that these are very, very difficult cases to make," Gonzales said. "We need as much help as we can to prosecute these cases, and that's why it's so significant that these groups have been willing to come forward and share information with us."

The Southern Poverty Law Center has already submitted 74 cases of possible murder to the FBI for examination. Richard Cohen, president and CEO of the center, praised the government's newly invigorated efforts.

"I don't know why it took so long," Cohen said. "Should these cases have been looked at earlier? Absolutely. Is that any reason not to look at them now? Absolutely not."

Cohen said that of the 40 people whose names appear on the Civil Rights Memorial in Montgomery, Ala., because they died in the struggle for equal rights, no arrests have been made in the deaths of 13.

Earlier this month, lawmakers in both the House and the Senate reintroduced legislation that would create an Unsolved Crimes Section within the Justice Department and an Unsolved Civil Rights Crime Investigative Office within the FBI.

Justice Officials Looking To Prosecute Old Civil Rights Murders (GANNETT)

By ANA RADELAT And JERRY MITCHELL, Gannett News Service

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Gannett News Service, February 28, 2007

WASHINGTON - Federal officials plan to announce today they will expand the number of old civil rights murder cases reopened for investigation.

Seventeen FBI field offices are working with local law enforcement officials to determine which cases may be suitable for prosecution. The NAACP and the Southern Poverty Law Center are assisting the effort.

Federal officials already have prosecuted a 71-year-old reputed Ku Klux Klan member, James Seale, in the killings of two black teens in Mississippi almost 43 years ago. Seale has pleaded not guilty to kidnapping and conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of Henry Dee and Charles Moore, both 19.

Justice Department officials also were helping state officials in Mississippi reopen the Emmett Till case. Till, 14, of Chicago, was killed in 1955 after he reportedly wolf-whistled at a white woman. But a court official in Leflore County, Miss., confirmed Monday that a grand jury decided not to indict anyone in Till's killing.

A bill pending in Congress would create a cold-cases unit inside the Justice Department to re-investigate killings from the civil rights era. FBI field offices have uncovered 51 unresolved killings from that time period, and the Southern Poverty Law Center has a list of 127 race-related killings between 1954 and 1968 - a number it concedes could be much higher.

Since 1989, authorities in Mississippi and six other states have re-examined 29 killings from the civil rights era, leading to 28 arrests and 22 convictions.

FBI, Justice Department To Revisit Civil Rights-Era Killings (BLOOM)

By Robert Schmidt

Bloomberg, February 28, 2007

Feb. 27 (Bloomberg) -- U.S. law enforcement authorities said they have reopened about 100 cases involving civil rights-era killings and are focusing on bringing charges in about a dozen.

FBI Director Robert Mueller and Attorney General Alberto Gonzales said the government is working with the NAACP and other civil rights groups to revive the investigations, mostly arising from attacks in the South dating back more than 40 years. It isn't clear how many cases will be brought, Gonzales said, because some may not fall under federal jurisdiction and some suspects and witnesses are dead.

``Much time has passed on these crimes. The wounds they left are deep, and many of them still have not healed," he told a news conference in Washington today. ``We are committed to re- examining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long."

Today's announcement is a result of a directive last year by the Federal Bureau of Investigation to its 56 field offices to revisit unsolved civil rights cases and identify hate crimes that occurred prior to 1969.

A number of the unsolved cases were referred to the bureau by the Southern Poverty Law Center, which will assist the government in the investigations, along with the National Association for the Advancement of Colored People and the National Urban League, officials said.

Helping Family Members

Leaders of those groups, appearing with Gonzales and Mueller today, said they hoped the revived probes would help provide closure to relatives of the victims. Many of the cases weren't investigated or were dropped or covered up because the victims were black and their killers white.

``There were incredible miscarriages of justice," said Richard Cohen, president of the Montgomery, Alabama-based law center. ``I think it would be wrong to give families false hope, but I think it would be right to say to them that people still care."

Federal and state law enforcement officials have brought several high-profile prosecutions of civil rights-era killings in recent years, winning convictions against Byron de la Beckwith for the 1963 murder of NAACP official Medgar Evers and former Ku Klux Klan leader Edgar Ray Killen for killing three volunteers registering black voters in 1964.

In January, the U.S. unsealed the indictment of James Ford Seale, a 71-year-old former Ku Klux Klan member in Mississippi who allegedly participated in the 1964 murder of two black teenagers. Seale has pleaded not guilty to kidnapping and conspiracy charges in federal court in Jackson, Mississippi.

Attorney General To Civil Rights Era Killers: 'We Are Still On Your Trail' (ABC)

By THERESA COOK And LAUREN GARBER

ABC News, February 28, 2007

Justice Department, FBI and Civil Rights Groups Team to 'Combat an Old Scourge'

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Feb. 27, 2007 — Beatings. Lynchings. Murders. Cold cases still cast a shadow on the struggles of the civil rights era. Richard Cohen, president and CEO of the Southern Poverty Law Center, offers a story from 1959: "Mack Charles Parker — he was taken out of jail and lynched by eight people, including the jailer, a former deputy sheriff, and a preacher. No one was ever arrested for that crime."

"The history of lynchings and racial violence in this country has left a stain on the fabric of our country," says National Urban League Executive Director Stephanie Jones. "And it is up to all of us to work to eradicate that stain." Now, Jones' and Cohen's groups, along with the NAACP, are pooling resources with the Department of Justice and the FBI to cast a wider net for tips to solve some of these decades-old cases.

"And so we have joined together, forming these new partnerships to combat an old scourge," says FBI Director Robert Mueller. "Many trails ran cold, and many cases were effectively closed. But for the victims, and their parents, children, siblings, friends, the wounds are never closed."

The Next Step

This move is part of a broader FBI initiative started in February 2006. At that time, the FBI asked its 56 field offices to take a second look at many of these unsolved cases. During the past year, those offices worked with state and local law enforcement, civil rights organizations and community members to put together information on nearly 100 cases. "New information, sometimes an innocuous small bit of information," notes Attorney General Alberto Gonzales, "can be crucial to breaking these decades-old cases."

This thought, echoed by Cohen, has guided him through his work. "Some of those cold cases turned out to have a few burning embers, and leads were pursued," he continues, "and we hope that some of the cases that are today still considered cold turn out to have some burning embers."

Rekindling Interest in Forgotten Cases

The <ahref="http://www.splcenter.org/index.jsp#http://www.splcenter.org/index.jsp">Southern Poverty Law Center is quite familiar with cold cases. The group started gathering names and cases for a civil rights memorial in the late 1980s. "And I think we realized at the time some names had been forgotten and names where justice had not been achieved," says Cohen, "so what we did was to build the civil rights memorial to try to rekindle interest in some of these cases." The memorial, dedicated in 1989, includes the names of 40 individuals who died during the tumultuous times. Since then, the SPLC has compiled information on 76 additional black men and women who died under suspicious circumstances between 1952 and 1968.

No Indictment In '55 Emmett Till Slaying (BVND)

By Jack Elliott Jr. And Allen G. Breed

The Belleville News Democrat, February 28, 2007

JACKSON, Miss. - All but closing the books on a crime that helped give rise to the civil rights movement, a grand jury has refused to bring any new charges in the 1955 slaying of Emmett Till, a black teenager who was beaten and shot after whistling at a white woman in the Mississippi Delta.

The district attorney in rural Leflore County had sought a manslaughter charge against the white woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy for what was a grave offense in the segregated South.

But the grand jury last Friday issued a "no bill," meaning it found insufficient evidence, according to documents made public Tuesday.

Federal authorities decided last year not to prosecute anyone, saying the statute of limitations for federal charges had run out. Mississippi authorities represented the last, best hope of bringing someone to justice. No one has ever been convicted in the slaying.

"You're looking at Mississippi. I guess it's about the same way it was 50 years ago," said a disappointed Simeon Wright, 64, a black man who heard his cousin whistle. "We had overwhelming evidence, and they came back with the same decision. Some of the people haven't changed from 50 years ago. Same attitude. The evidence speaks for itself."

He added: "I don't know how many years I have left on this Earth. We can leave this world and say, `Hey, we tried. We tried to get some justice in this, and we failed.'"

Till, a 14-year-old boy visiting from Chicago, was kidnapped from his uncle's home in the town of Money and killed after he wolf-whistled at Donham, a shopkeeper at the Bryant Grocery & Meat Market.

Three days later, his mutilated body was found in the muddy Tallahatchie River, weighted down with a cotton gin fan. His left eye was missing, and his right eye was dangling on his cheek. The body was identified only by a ring he was wearing.

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His mother, Mamie Till-Mobley, who died in 2003, held an open-casket funeral in Chicago, and a photograph of Till's disfigured face in Jet Magazine had a powerful effect on public opinion, letting the world see what was happening in the South.

Roy Bryant, Donham's husband, and his half brother, J.W. Milam, were acquitted of the crime by an all-white jury in 1955. The two men later confessed in an interview with Look magazine. Both are now dead.

The FBI reopened the case in 2004 but decided in 2006 not to press charges. The case was turned over to local prosecutors, with the FBI suggesting they take a closer look at Donham. Some witnesses said a woman's voice could be heard at the scene of the abduction.

David Beito, a history professor at the University of Alabama who has researched the case extensively, said Tuesday there is probably no one else left to arrest in the case. He said it is hard to underestimate the importance of the Till case, which took place the same year as the Montgomery, Ala., bus boycott.

"It gave a jump-start to the civil rights movement," he said. "It did not create the civil rights movement, but it made it more into a mass movement. It really mobilized people."

Donham, who remarried, is now 73 and has declined interviews. A telephone number for her was disconnected Tuesday.

District Attorney Joyce Chiles, a black woman who grew up near where the killing took place, was in court Tuesday and not immediately available for comment.

Wright said: "J.W. Milam and Roy Bryant died with Emmett Till's blood on their hands. And it looks like everyone else who was involved is going to do the same. They had a chance to come clean. They will die with Emmett Till's blood on their hands."

Horace Harned, 86, a former Mississippi legislator and member of the Sovereignty Commission, a state agency that worked clandestinely to preserve segregation, said he was glad to see no charges filed. He said the suggestions that Donham had a role in the crime are "a bunch of foolishness."

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After Inquiry, Grand Jury Refuses To Issue New Indictments In Till Case (NYT)

By Shaila Dewan

The New York Times, February 28, 2007

ATLANTA, Feb. 27 — After a new investigation of the notorious 1955 killing of Emmett Till, a grand jury in Leflore County, Miss., has declined to issue any new indictments, effectively ending any further prosecution of a crime that fueled the civil rights movement.

Two men, now dead, admitted to the killing in 1956 after they were acquitted by an all-white jury in Sumner, Miss. But the Justice Department reopened the case in 2004 in search of others who had participated in the beating and shooting of Emmett, a black 14-year-old. By then, so much time had passed that the country store where the victim was said to have whistled at a white woman, Carolyn Bryant, was in ruins.

The new inquiry was conducted by the Federal Bureau of Investigation, which turned over a report of more than 8,000 pages to the district attorney, Joyce L. Chiles. Ms. Chiles sought a manslaughter charge against Ms. Bryant, 73, the last known living suspect in the case, but the grand jury decided last week not to issue an indictment, a court clerk said. The action was reported Tuesday in The Jackson Clarion-Ledger.

“If Carolyn Bryant is truly not guilty in being involved in the killing of Emmett Till or there is insufficient evidence to indict her, then the grand jury did the right thing,” said Alvin Sykes, the president of the Emmett Till Justice Campaign.

The grand jury’s decision illustrates the difficulty of prosecuting such old cases, even as the Justice Department has begun its first systematic effort to identify them. At a news conference on Tuesday in Washington, Attorney General Alberto R. Gonzales and Robert S. Mueller III, the director of the F.B.I., said about a dozen such cases had been selected, from a list of about 100, for immediate action.

“New information, sometimes an innocuous small bit of information, can be crucial to breaking these decades-old cases,” Mr. Gonzales said. “A secret harbored for many years can be the piece of evidence we need to make our case.”

Last month a federal grand jury in Jackson, Miss., indicted James F. Seale, 71, on kidnapping charges in connection with the 1964 killing of two black men near Meadville, Miss. Mr. Seale is in custody awaiting trial.

The Till case was reopened after Ms. Chiles and Justice Department officials met with Mr. Sykes; Keith Beauchamp, a filmmaker who made a 2005 documentary about the case; and Simeon Wright, the cousin who was sharing a bed with Emmett when white men came to the house and took him away in a pickup truck.

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It is not clear how many people participated in what followed: Emmett was beaten, shot, weighted down and thrown in the Tallahatchie River. Some have speculated, based on a recollection by Mr. Wright's father, Mose, that he heard a "lighter" voice, that Ms. Bryant was in the truck for all or part of the night.

Ms. Chiles declined to comment on the case, and grand jury proceedings are secret.

Mr. Sykes has repeatedly expressed hope that the investigation will ultimately be made subject to public scrutiny.

"We just want the truth," he said, "and that's all we want. As much as the truth can be told and gained."

The FBI Is Reopening 70 Cold Cases From The Civil Rights Era. (WJTV)

WJTV-TV, February 28, 2007

The FBI says it hopes to solve dozens of cases that were racially based crimes.

Attorney General Alberto Gonzales syas the suspects have not gotten away with anything, and the government is still on their trail.

With the passage of time, some worry witnesses and evidence may now be unavailable.

Jerry Mitchell of the Clarion-Ledger says there is another concern with these cases, "one of the problem with these cases is they weren't adequately investigated at the time."

Mitchell also says, "these were cases where guys got away with murder and everybody knew they were getting away with murder, so its kind of injustice at its height." Bearly half of these murders happened in Mississippi.

Two Local Civil Rights Era Deaths Will Get FBI Review (WEDF)

WDEF-TV, February 28, 2007

The F-B-I today announced they plan to review around a hundred unsolved deaths from the Civil Rights era in the South.

And that includes two cases here in the Tennessee Valley.

One involves a bombing in Ringgold in 19-60.

Mattie Greene died from the explosion under her house.

And the other is the death of a 15-year old boy in 19-58.

Larry Bolden was shot by a white police officer.

FBI Director Robert Mueller says"As you know all too well, many murders during the Civil Rights era were not fully investigated, were covered up or were mis-identified as an accidental death or disappearance."

The F-B-I will re-open about a dozen cases to begin with.. But they aren't saying which ones yet.

FBI To Reopen Memphis Civil-rights Era Cold Case (WMC)

WMC-TV, February 28, 2007

Nearly 50 years ago, 16-year-old Larry Payne was shot to death at what used to be a housing project.

Tonight, his death is one of dozens of unsolved civil rights cases the FBI will re-open.

The death of Larry Payne was overshadowed by the assassination of Doctor Martin Luther King.

"I remember the articles, I remember how we felt, but there was so much going on. It kind of got lost," said NAACP Executive Director Johnnie Turner, who walked in the sanitation worker march that led to Payne's death.

She's glad to know his is one of 76 civil rights cold cases the FBI has pledged to re-open.

"As long as those who perpetuated that crime are allowed to go free, then justice has not been served," she said.

Memphis historian G. Wayne Dowdy says records show Payne died at the hands of a Memphis Police officer after the officer accused him of looting. "Larry Payne was a high school student, an African American high school student in Memphis who participated in the March 28 demonstration led by Dr. King that eventually turned violent."

He says later that day the officer shot Payne outside his Fowler Holmes Housing Project, now a barren property.

"I pray that Larry Payne's family will get the justice and the closure that they so richly deserve," said Turner.

We spoke with the family's attorney. He says he hasn't been in recent contact with them, but he looks forward to hearing how this case unfolds.

"It's partly an attempt to come to grips with the events of the civil rights movement. Particularly the violence that ensued," said Dowdy.

Turner says it sends the message you can run, but you can't hide.

Local FBI officials say the office has not officially begun the new investigation.

Feds Probe Two Civil Rights Era Deaths Here (WCNC)

WCNC-TV, February 28, 2007

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They are called "the forgotten". They are 76 people who died in from 1952 to 1968. Were their deaths racially motivated? Tuesday the FBI was pulling those case files and taking a second look at the information in them. Two of the cases are local.

Shelby, North Carolina – 1957: Dr. George Washington Singleton practiced medicine in Cleveland County. The story of his death is told by details in his death certificate and a letter from the Charlotte chapter of the NAACP obtained by WCNC.

"It was a predawn explosion," the letter reads. It happened on Hudson Street, "early Tuesday morning April 30, 1957." Dr. Singleton died instantly. The NAACP letter says "he was burned beyond recognition." The cause of the fire was never determined.

While the now 50-year-old letter says the Charlotte chapter of the NAACP did not think his death was civil rights related, Singleton's wife did. She worked for the Cleveland County NAACP chapter at the time of the explosion. She requested an investigation.

From Washington today, U.S. Attorney General Alberto Gonzales talked about these cases.

"Much time has passed on these crimes," he said. "The wounds they left are deep and many of them still have not healed."

Now, decades later, what happened to Dr. Singleton will be looked at one more time.

The other case under review is an inmate death from 1960 in Gaston county. A Department of Justice record says Clarence Cloninger suffered a heart attack in jail and was refused medical attention and died. But few records remain to provide much more detail. Still, the Department of Justice says they are determined to at least look at these old case files.

"We are committed to reexamining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long," Gonzales said. "Our message is clear: You have not gotten away with anything. We are still on your trail."

No Indictment In '55 Emmett Till Slaying (AP)

By Jack Elliott Jr. And Allen G. Breed, Associated Press Writers

AP, February 28, 2007

All but closing the books on a crime that helped give rise to the civil rights movement, a grand jury has refused to bring any new charges in the 1955 slaying of Emmett Till, a black teenager who was beaten and shot after whistling at a white woman in the Mississippi Delta.

The district attorney in rural Leflore County had sought a manslaughter charge against the white woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy for what was a grave offense in the segregated South.

But the grand jury last Friday issued a "no bill," meaning it found insufficient evidence, according to documents made public Tuesday.

Federal authorities decided last year not to prosecute anyone, saying the statute of limitations for federal charges had run out. Mississippi authorities represented the last, best hope of bringing someone to justice. No one has ever been convicted in the slaying.

"You're looking at Mississippi. I guess it's about the same way it was 50 years ago," said a disappointed Simeon Wright, 64, a black man who heard his cousin whistle. "We had overwhelming evidence, and they came back with the same decision. Some of the people haven't changed from 50 years ago. Same attitude. The evidence speaks for itself."

He added: "I don't know how many years I have left on this Earth. We can leave this world and say, `Hey, we tried. We tried to get some justice in this, and we failed.'"

Till, a 14-year-old boy visiting from Chicago, was kidnapped from his uncle's home in the town of Money and killed after he wolf-whistled at Donham, a shopkeeper at the Bryant Grocery & Meat Market.

Three days later, his mutilated body was found in the muddy Tallahatchie River, weighted down with a cotton gin fan. His left eye was missing, and his right eye was dangling on his cheek. The body was identified only by a ring he was wearing.

His mother, Mamie Till-Mobley, who died in 2003, held an open-casket funeral in Chicago, and a photograph of Till's disfigured face in Jet Magazine had a powerful effect on public opinion, letting the world see what was happening in the South.

Roy Bryant, Donham's husband, and his half brother, J.W. Milam, were acquitted of the crime by an all-white jury in 1955. The two men later confessed in an interview with Look magazine. Both are now dead.

The FBI reopened the case in 2004 but decided in 2006 not to press charges. The case was turned over to local prosecutors, with the FBI suggesting they take a closer look at Donham. Some witnesses said a woman's voice could be heard at the scene of the abduction.

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David Beito, a history professor at the University of Alabama who has researched the case extensively, said Tuesday there is probably no one else left to arrest in the case. He said it is hard to underestimate the importance of the Till case, which took place the same year as the Montgomery, Ala., bus boycott.

"It gave a jump-start to the civil rights movement," he said. "It did not create the civil rights movement, but it made it more into a mass movement. It really mobilized people."

Donham, who remarried, is now 73 and has declined interviews. A telephone number for her was disconnected Tuesday.

District Attorney Joyce Chiles, a black woman who grew up near where the killing took place, was in court Tuesday and not immediately available for comment.

Wright said: "J.W. Milam and Roy Bryant died with Emmett Till's blood on their hands. And it looks like everyone else who was involved is going to do the same. They had a chance to come clean. They will die with Emmett Till's blood on their hands."

Horace Harned, 86, a former Mississippi legislator and member of the Sovereignty Commission, a state agency that worked clandestinely to preserve segregation, said he was glad to see no charges filed. He said the suggestions that Donham had a role in the crime are "a bunch of foolishness."

"Of course, I don't believe in murder. That's the wrong thing. It always backfires on you. That shouldn't have happened," he said. But he added: "You can't correct all the ills of the past. If we did, the Southerners were treated much worse than anybody back in the Civil War."

AP National Writer Allen G. Breed contributed to this story from Raleigh, N.C.

No Indictment In Emmett Till Slaying (LAT)

By Jenny Jarvie And Richard Fausset, Times Staff Writers

The Los Angeles Times, February 28, 2007

A Mississippi grand jury declines to charge a white shopkeeper in the 1955 killing.

ATLANTA — The murder case of Emmett Till — one of the most infamous slayings of the civil rights era — appears to be drawing to a fruitless close 52 years after the black teenager whistled at a white woman, then turned up dead in Mississippi's Tallahatchie River.

It was disclosed Tuesday that a grand jury in Leflore County, Miss., had declined to bring a manslaughter indictment against Carolyn Bryant Donham, the white shopkeeper who witnesses said Till had admired one August afternoon in the rural community of Money, Miss.

Donham, 73, was suspected of pointing out Till to her then-husband, Roy Bryant. He and his half brother, J.W. Milam, were charged in the killing of the 14-year-old but were acquitted by an all-white jury in 1955 after a little more than an hour of deliberations. A year later they admitted in a magazine interview that they had killed Till.

Till's family has watched with hope in recent years as a parade of old and often recalcitrant Southerners have been dragged into court and found guilty of heinous crimes against blacks. But Tuesday, it felt like a door briefly open to the past — and, potentially, to justice — had been shut for good.

"This was our last hope — and it was dashed today," said Simeon Wright, 64, Till's cousin, who was with him at the grocery store and heard him whistle at Donham. "The Emmett Till case started with one person, and that person is still alive. She played a role in identifying Emmett, she participated in his kidnapping, and now she is getting away with murder."

Donham, who is thought to be a resident of Greenwood, Miss., could not be reached for comment. She has long maintained her innocence to the FBI, and chances of new charges, although possible, appear slim.

The Till case horrified and galvanized civil rights activists and reminded the public of the bloody suppression of blacks in the South — even as the old order of segregation and intimidation had begun to crumble.

The slaying took place a year after the Supreme Court handed down the Brown vs. Board of Education ruling and months before Rosa Parks, a 43-year-old seamstress, was arrested for refusing to give up her seat on an Alabama bus.

In August 1955, Till, who was from Chicago, was visiting relatives in the Mississippi Delta when he entered Bryant's grocery store to purchase bubble gum. Inside, he was alone with the shopkeeper's young wife, Carolyn, who later alleged that the boy had spoken lewdly to her. When she stepped out onto the porch, his cousins heard him whistle.

Three days later, Bryant and Milam allegedly forced their way into Till's grand-uncle's house in the middle of the night and snatched Till from his bed. His body was found by fisherman in the Tallahatchie River, with a cotton gin fan wrapped around his neck with barbed wire.

In 1956, in an interview with Look magazine, Bryant and Milam admitted they had repeatedly beaten Till before shooting him and tossing his body in the river.

Milam died in 1980, Bryant in 1990. No one else was indicted.

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Till's mother, Mamie Till Mobley, who died in 2003, held an open-casket funeral for her son in Chicago. Thousands came to see his mutilated remains, and a photo of Till's disfigured face was printed in Jet magazine and seen around the world.

His fate became legend, recounted in songs by Bob Dylan and Kanye West and explored in plays by James Baldwin and Toni Morrison. In recent years, a highway in Mississippi and a school in Chicago have been named in Till's honor.

The Justice Department reopened an investigation into Till's death in 2004, after a documentary filmmaker, Keith Beauchamp, shared footage from his film, "The Untold Story of Emmett Louis Till." Beauchamp claimed as many as 14 people, some still living, were involved in Till's slaying.

But in 2006 the department decided not to bring charges, arguing that the five-year statute of limitation on federal civil rights violations had expired. The department turned its 8,000-page report over to prosecutors in Mississippi, recommending that they investigate Donham.

Some witnesses said a woman's voice was heard during Till's abduction.

Joyce Chiles, the district attorney in Leflore County, could not be reached for comment. In the past, she acknowledged that the case would be difficult to prosecute.

Aaron Condon, a professor emeritus of law at the University of Mississippi, said he was not surprised by the grand jury's rejection of the case.

"It's an extremely old case, and the evidence against Carolyn Bryant, from what I've understood, is extremely weak," he said. "The main people who would have been in a position to identify her are dead."

Cowboy Church Probe Dropped (LYNNA)

By Justin Faulconer

The Lynchburg (VA) News & Advance, February 28, 2007

The U.S. Department of Justice has decided to step out of a zoning dispute between a Moneta “cowboy” church and Bedford County officials.

In letters this month to the Rev. Raymond Bell of the Cowboy Church of Virginia and Bedford’s community development director George Nester, the federal department concluded no further action is warranted in deciding if Bedford zoning laws infringe upon a federal act that protects religious land use.

The Cowboy Church holds services in a large barn off Horseshoe Bend Road in Moneta.

Six months ago, the department began investigating if the Religious Land Use and Institutionalized Persons Act was violated. Bell has been against the county’s requirement that a special use permit be obtained to hold religious services, claiming it violates the separation of church and state.

Nester said it’s standard procedure that churches obtain a special use permit to hold religious services in newly constructed buildings or new additions to existing buildings.

He said Tuesday he is pleased and relieved that the investigation has been dropped, but some questions still remain. For instance, he doesn’t know if the matter was dropped because the church asked it to be or because there is a violation. The letter doesn’t state whether a violation took place.

“That’s the question mark that was never answered,” said Nester.

A spokesperson for the Department of Justice declined to comment Tuesday about the matter. Bell declined to comment also and said he would have more to say later this week.

The Cowboy Church started meeting about a year ago in the Moneta barn, on a farm owned by Garland Simmons. Since then, it has been involved in zoning red tape with the county.

The county originally said using the barn as a church violated building codes and was unsafe for large gatherings. That matter has since been resolved because it was determined the structure is not predominantly used as a church, Nester said.

The church is still holding services under the Cowboy Church name because of its part-time utilization of the barn, Nester said.

“We have no problem with it operating as it is,” said Nester.

County officials currently are reviewing and amending the Comprehensive Plan. The next step then would be to review the zoning ordinance. Nester said the county should take a closer look at the language regarding religious land use to ensure there are no infringements on the federal act.

“We need to look at the ordinance from the view the act was written to make sure we are not being over restrictive on religious land use rights,” he said. Subscribe to the Newspaper

Man Who Was Shot By Ex-EP Border Agents Is Arrested (EPT)

DOJ_NMG_0137727

El Paso Times, February 28, 2007

The drug smuggler who was shot in the buttocks by two El Paso Border Patrol agents who went to prison for it was involved in another drug smuggling attempt, U.S. Rep. Dana Rohrabacher, R-Calif., said.

Rohrabacher said he would talk today in a news conference in Washington, D.C., about new evidence he said proves that Osvaldo Aldrete Davila was again involved in drug smuggling after the Feb. 17, 2005, shooting.

U.S. Attorney Johnny Sutton had repeatedly denied knowledge of a second arrest but Rohrabacher said Sutton's statements were misleading because Aldrete Davila was not arrested either time.

"Johnny Sutton's play on words to imply the second offense didn't occur or was not relevant to the case is dishonest. Only an unscrupulous lawyer would believe this is an acceptable tactic," Rohrabacher said in a written statement.

Rohrabacher said Sutton was briefed by the Drug Enforcement Administration about Aldrete Davila's "direct involvement" in a second offense. Officials with the U.S. Attorney's office said they can't comment

Advertisement

on sealed matters.

Aldrete was talked into coming back to the United States and testifying against the agents with the promise that he wouldn't be arrested for the marijuana found in his abandoned van.

Rohrabacher said Sutton's alleged omission was part of his attempt to "paint a benign picture of the drug smuggler" who was given immunity to testify against former agents Ignacio Ramos and Jose Alonso Compean. Ramos was sentenced to 11 years in prison and Compean to 12 for violating Aldrete Davila's civil rights and for tampering with evidence. Both are appealing.

S.B. Supervisors Back Ex-border Agents (IVDB)

Inland Valley Daily Bulletin, February 28, 2007

President Bush should consider pardoning two former Border Patrol agents convicted of shooting an alleged drug smuggler, according to a unanimous resolution by San Bernardino County's Board of Supervisors.

"This case appears to be a highly unusual situation where law-enforcement agents were not supported or given due process by their own agency or by the courts," said Supervisor Brad Mitzelfelt, who proposed the resolution.

The agents, Ignacio Ramos (far right) and Jose Alonso Compean (left), were convicted last year of shooting Osbaldo Aldrete-Davila, who allegedly brought a van loaded with marijuana across the border from Mexico. The man survived and was granted immunity for his testimony against the agents.

In light of congressional outcry over the agents' convictions and the circumstances of the case, the county's resolution states, President Bush should "act quickly to conduct further investigation of the matter in order to consider a Presidential Pardon at the earliest opportunity possible."

After the meeting, Mitzelfelt conceded the request was unusual.

"Normally, state and federal investigations run their course and usually we don't interject our opinions into those proceedings," he said.

But, he said, "the residents of San Bernardino County have certainly made my office aware of their strong belief that the president should intercede."

Council To Draw New District Maps (FAYOBS)

By Don Worthington, Staff writer

The Fayetteville Observer, February 28, 2007

Residents will get their say March 29 on the boundaries for six Fayetteville City Council districts.

The City Council will hold a public hearing that evening at 7.

The council is drawing new maps in response to the Feb. 6 election. Residents voted in favor of a council with six members representing districts and three members elected at-large. The current council has nine members, all elected from districts.

The change must be approved by the U.S. Department of Justice. The city is trying to have the plan and map approved by April. The city hopes to have federal approval in time for the July filing date for the municipal elections.

City Council members met Tuesday with their redistricting lawyer, Michael Crowell, to discuss options for drawing the six districts.

The Department of Justice will look at the map to make sure it does not affect minority voting. Crowell has said he believes a map that has three districts where minorities constitute the majority of voters will pass federal review.

Councilman Curtis Worthy, said he wants to make sure the districts reflect the racial breakdown of the city — about 48 percent white and 42 percent black.

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He said he didn't want a district where whites are an overwhelming majority.

Worthy, Mayor Pro Tem Robert Massey, and councilmen D.J. Haire and Charles Evans suggested several changes that affect neighborhoods with high black populations. The four councilmen are black.

The council asked Crowell to make minor changes to a proposed map to strengthen the minority representation in some districts and clean up the lines in other districts. The council asked Crowell not to split precincts between districts.

Ideally, each district will have about 29,000 residents.

Crowell will present the revised map to the council at a 5:30 p.m. meeting Tuesday.

Staff writer Don Worthington can be reached at worthingtond@fayobserver.com or 486-3511.

Bill Targets 'Don't Ask, Don't Tell' (USAT)

By Andrea Stone

USA Today, February 28, 2007

Brian Fricke, a former Marine sergeant who served nine months in Iraq's Anbar province, wasn't thrown out of the military for being gay. He left when his enlistment was up because he was tired of pretending he wasn't.

The "don't ask, don't tell" policy allows lesbians and gay men to serve if they keep quiet about their sex lives. Commanders are barred from asking subordinates about their sexual orientation.

"If people were talking about relationships, you'd have to play the pronoun game. 'He' became 'she.' You really just can't be yourself," says Fricke, 25, a government information technology specialist in Washington. "You'll never be able to tabulate" how many gay people have left the military voluntarily because of its "don't ask, don't tell" policy.

Fricke will be on Capitol Hill today when Democratic Rep. Marty Meehan of Massachusetts reintroduces his Military Readiness Enhancement Act.

The bill would repeal the policy President Clinton approved in 1993 as a compromise between ending a ban and gays serving openly. That would leave gays free to serve without limits.

Since the policy began, nearly 11,000 troops, the equivalent of an Army division, have been discharged.

The measure had 122 co-sponsors last year but died in the Republican-controlled Congress. Now that Democrats are in charge, Meehan plans to hold hearings as early as April. He says the bill has more than 100 original co-sponsors and seven freshmen.

Three Republicans have signed on, including Rep. Ileana Ros-Lehtinen of Florida. She says her husband, Dexter, was cared for by a lesbian nurse when he was injured during combat in Vietnam.

Defense Department statistics released at the request of Congress and the Servicemembers Legal Defense Network, a gay advocacy group, show that nearly 7% of the 726 troops discharged under the policy in 2005 were medical personnel. That's the most in one year and brings to 334 the number of health care workers, including doctors, nurses and mental health specialists, dismissed since 1994.

"People in need of medical specialists couldn't care less about the sexual orientation" of those caring for them, Meehan says. "The policy is outdated and discriminatory."

Marine Maj. Stewart Upton, a Pentagon spokesman, says the number of ousted health workers is small given the nearly 11,000 in war zones. "We are enforcing the policy," he says. "We are not experiencing any problems with recruiting and retention."

A Government Accountability Office report in February 2005 found that at least 800 dismissed gay servicemembers had skills deemed "mission critical" by the Pentagon. Among them: 54 Arabic-language specialists.

Congress takes up the issue amid changes in:

•The legal landscape. A federal appeals court in Boston will hear arguments March 7 in the first legal challenge to the policy since the Supreme Court struck down a Texas sodomy law in 2003. The high court said the Constitution's guarantee of liberty bars government from targeting private, consensual sex practices.

•Public opinion. Polls indicate growing acceptance of gay troops. A Harris Poll this month found that 55% supported allowing gays to serve openly, up from 48% in 2000.

A Pew Research Center survey last year found that 60% favored gays serving openly, up from 52% in 1994. Support ran 3-to-1 among those younger than 30. In contrast, Pew found that 39% favored same-sex marriage.

•Military needs. The demand for more troops has led to lower recruiting standards as Congress vows to add 92,000 soldiers and Marines by 2012. "The war makes it easier to think about lifting the ban," says Clyde Wilcox, co-editor of The Politics of Gay Rights.

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•Military thinking. John Shalikashvili, chairman of the Joint Chiefs of Staff under Clinton, once supported the policy but wrote in The New York Times in January that he believes gays should be allowed to serve openly.

Elaine Donnelly, whose Center for Military Readiness favors a ban on gays, calls Shalikashvili's column "very misinformed" and "part of a PR campaign" to overturn the policy.

Shalikashvili and other policy critics are taking a go-slow approach while fighting continues in Iraq.

John Hutson, once the Navy's top lawyer, calls "don't ask, don't tell" a transitional policy. "It bought us some time," he says, "but now I think that time has come and gone."

Defending His Country, But Not Its 'Don't Ask, Don't Tell' Policy (WP)

The Washington Post, February 28, 2007

Once a Marine, always a Marine. That pretty much sums up the life of retired Sgt. Eric Alva, who was sworn into the Marine Corps at 19, stationed in Somalia and Japan and lost his right leg when he stepped on a land mine on March 21, 2003, the first day of Operation Iraqi Freedom.

As the war's first injured soldier, Alva was an instant celebrity. He was on "Oprah." President Bush awarded him the Purple Heart. Donald Rumsfeld visited. And strangers in Alva's native San Antonio still insist on paying for his dinner at Chili's. Last fall Alva, 36, contacted the Human Rights Campaign, the gay rights group, and asked to be involved in its lobbying effort. Today he'll stand alongside Rep. Martin Meehan (D-Mass.) when he introduces a bill to repeal the military's "Don't ask, don't tell" policy on gay, lesbian and bisexual military personnel.

-- Jose Antonio Vargas

Q. Why didn't you come out sooner?

A.Eventually my notoriety -- "the injured soldier" -- will wear off. And I can almost hear it now -- "Oh, yeah, he's that gay Marine." I'm okay with that. The truth is, something's wrong with this ban. I have to say something. I mean, you're asking men and women to lie about their orientation, to keep their personal lives private, so they can defend the rights and freedoms of others in this country, and be told, "Well, oh, yeah, if you ever decide to really meet someone of the same sex and you want the same rights, sorry, buddy, you don't have the right." That's one factor. The other factor is, we're losing probably thousands of men and women that are skilled at certain types of jobs, from air traffic controllers to linguists, because of this broken policy.

You come from a military family?

I come from a family of servicemen. My dad, Fidelis, is a Vietnam vet. My grandfather, also named Fidelis, was a World War II and Korean War veteran. I was named after them. My middle name is Fidelis. Fidelis means "always faithful."

What does sexual orientation -- gay, straight, bisexual -- have to do with being a soldier? A Marine?

First, thanks for recognizing that I am a Marine. Second, to answer your question, I have tons and tons of friends that were in the military at the time who knew I was gay because I confided in them. Everybody had the same reaction: "What's the big deal?" . . . The respect was still there. Your job is what you're doing at its best. Your personal life, your private life, is something you do after work. What's funny is, when I was based in San Diego, Calif., people would go to a gay club and everyone would have a haircut like mine. They had their dog tags on. But come Monday morning, nobody talked about it, nobody dealt with it, everybody was back to work.

So when you were applying to be a Marine in 1990, before "Don't ask, don't tell" was implemented, the application asked for your sexual orientation?

It did.

What did you put down?

I lied, I lied. The lying is what I hated most -- why I had to do it, why I had to keep on doing it, the toll it took on me.

You're wearing a wedding band. What do you tell people when they ask you about your wife?

That happens all the time. It just happened on my way here to Washington, waiting on the plank as I boarded a plane. This very nice woman next to me said she recognized me. She looked at my ring and asked about my wife. I told her I have a partner. His name is Darrell. She paused and said, "Good for you."

Texan Calls For Takeover Of State's Juvenile Schools (NYT)

By Ralph Blumenthal

The New York Times, February 28, 2007

A long-simmering scandal over sexual abuse of juveniles at schools for youthful offenders broke into the open on Tuesday with an outraged state senator calling for a takeover of the troubled Texas Youth Commission.

DOJ_NMG_0137730

At a school in West Texas, a youth commission official acknowledged at a hearing of the State Senate Criminal Justice Committee, the school's superintendent was aware that two supervisors routinely awakened boys for late-night encounters behind closed doors in deserted offices.

The two supervisors — one of whom had been transferred from another state school after pornography was found on his work computer — were allowed to resign in 2005 without charges. One became the principal of a charter school in Midland, Tex., state officials said. The superintendent was promoted to director of juvenile corrections, a post he still holds, the youth commission confirmed.

"It's outrageous," said State Senator John Whitmire, chairman of the Criminal Justice Committee, who accused the commission of a cover-up.

Neil Nichols, the commission's general counsel and new acting executive director, named on Friday after the director, Dwight Harris, retired under pressure, voiced some contrition, saying at one point, "To say I'm disappointed about that is to say the least."

Mr. Whitmore, Democrat of Houston, was not mollified. "Why should this agency not be put in conservatorship and get a whole new management?" he asked.

He excoriated the commission board for not attending the hearing and canceled an appropriations session for the agency that had been scheduled for Wednesday.

Gov. Rick Perry, a Republican, called the revelations "absolutely reprehensible" and would not rule out a takeover, said a spokesman, Ted Royer. "The governor believes any time a very serious issue like this emerges, every option should be on the table," Mr. Royer said.

Accusations that staff members at the West Texas State School in Pyote (pronounced PIE-oht) were sexually preying on youths there were made to the youth commission as early as December 2003, according to a timeline presented at the hearing.

The complaints did not reach the Texas Rangers until February 2005 and remained largely secret until accounts began appearing in recent weeks on the Web site of the Texas Observer and the pages of The Dallas Morning News.

The problems were widespread at the agency, which annually places some 3,000 juveniles ages 10 to 17 at the time of their felonies in 13 secure schools, senators and witnesses said.

State Senator Juan Hinojosa, Democrat of McAllen, who investigated conditions at another school in his South Texas district in 2005, said, "We found out a lot of youths are kept seven or eight months longer than required, and we want to know why."

Mr. Hinojosa added: "If a young person refuses to have sex with a supervisor, they deduct a point and are required to stay longer."

At another state school in Brownwood in Central Texas, he said, "A supervisor was accused of having sex with a 15-year-old juvenile" — a girl, he said later. It was turned over to the Brownwood police, he said, "with no action — it was covered up."

Mr. Nichols, the acting director, said the commission investigated 1,300 cases of reported wrongdoing last year, including 98 cases of reported sexual abuse. In 78 of the cases, he said, staff members were fired or resigned.

"How about prosecuted?" Mr. Hinojosa asked.

Mr. Nichols did not say. But he said a "large number" of the 78 cases involved female staff members of the commission who had improper sexual contact with students, male and female.

Senators questioned Mr. Nichols about the transfer in 2003 of one supervisor, Ray Brookins, to the West Texas State School from another school for juvenile offenders at San Saba, after pornography had been found on his computer. Mr. Brookins later became assistant superintendent at Pyote and was cited by the Texas Rangers for sexual contact with juveniles there, senators said.

Another supervisor at Pyote, John Paul Hernandez, was also reported by the Texas Rangers to have engaged in sexual contact with students, senators said.

Both supervisors left the youth agency and are under investigation, said the Ward County district attorney, Randall Reynolds.

Mr. Brookins was said at the hearing to be working at a bar in Austin.

Mr. Hernandez became principal at a charter school in Midland, the Richard Milburn Academy, said Norman Hall, the school's superintendent. The school did not know of Mr. Hernandez's history when it hired him, Mr. Hall said, and put him on leave several weeks ago.

Mr. Hernandez did not return a call to his mobile phone.

The superintendent at Pyote, Chip Harrison, who knew of the accusations against Mr. Brookins and Mr. Hernandez and kept them on the staff, senators said, is now director of juvenile corrections for the commission, in charge of several schools.

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"That's intolerable; that's unacceptable," Mr. Whitmire said.

Mr. Nichols called him "one of our most experienced superintendents," setting off a gasp from parents.

Mr. Harrison did not return a call.

Randall Chance, a former inspector general at the Pyote school and the author of a self-published book, "Raped by the State," said abuses were often covered up. "They're not a problem at the T.Y.C. unless you bring it up" Mr. Chance said, "and then you're the problem."

ANTITRUST:

House Gets First Crack At XM-Sirius Proposal (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, February 28, 2007

Congress and federal regulators need to get with the times.

That's the message that Mel Karmazin, chief executive of Sirius Satellite Radio, plans to deliver today at the first public hearing on a proposal to merge the nation's two satellite radio companies, Sirius and XM Satellite Radio Holdings.

Karmazin, who will face skeptical members of the House Judiciary Committee's newly formed antitrust task force, says satellite radio is in stiff competition not only with free, over-the-air radio but also with such newer products as MP3 players, Internet radio and music-downloading cellphones. "What I need to do is lay out the realities of the marketplace as we see it," Karmazin said in a telephone interview yesterday.

He can expect resistance. "What I'm concerned about now is whether we're creating a monopolistic situation," Rep. John Conyers Jr. (D-Mich.), who will chair the task force hearing, said in an interview yesterday. "I don't think it will stimulate competition, and it could very well take away from the competition taking place now in the industry."

The Justice Department and Federal Communications Commission, not Congress, will decide whether to allow Washington-based XM and New York-based Sirius to merge. But today's hearing seems certain to introduce the chief arguments for and against the plan, whose outcome may not be decided for nearly a year.

Sharing a witness table with opponents from the broadcast industry and consumer groups, Karmazin said he will remind Congress that XM and Sirius charge customers about $13 a month and struggle to attract enough subscribers to make money. "It's a little hard for me to understand" the argument that a merged company would raise prices or reduce service, he said.

Karmazin and his XM counterpart, Gary Parsons, have already visited with the five FCC members who will vote on the merger, and have combed the files of rival companies to buttress their claims that an array of audio services see the two satellite firms as competition. Consumers would benefit, not suffer, from having Howard Stern, Oprah Winfrey, the NFL and Major League Baseball on one radio network, rather than having them divided between the two satellite companies as they are now, Parsons said yesterday.

In 1997, the FCC granted licenses to XM and Sirius on the condition that no one owner control both. FCC Chairman Kevin J. Martin has said the merger-seekers must clear a high hurdle to persuade the commission to change the rule. Karmazin said yesterday: "Our sneakers are on, to be able to jump high."

With FCC hearings yet to be scheduled, the new Democratic-controlled Congress will get the first public whack at the debate. Conyers, a champion of liberal causes and a 42-year House veteran, called it "a great discussion, because it gets into the whole question of where the consumer comes in when these mergers take place. And too often recently, they've been taking place with too little concern for the people who are paying the freight."

As a sign of how complex the debate could become, Rep. John D. Dingell (D-Mich.), chairman of the Commerce and Energy Committee, yesterday addressed the National Association of Broadcasters, a chief critic of the proposed merger. Dingell made no reference to the XM-Sirius matter in his prepared remarks but nonetheless offered a tidbit that might underscore Karmazin's main point. Referring to rapidly changing technology, Dingell told the broadcasters: "Believe it or not, my favorite Gilbert and Sullivan tunes are delivered to me via iPod."

XM and Sirius have lost millions of dollars, signing multimillion-dollar contracts with Stern, Winfrey, sports leagues and others in their attempts to lure subscribers. Yesterday, Sirius reported a narrower loss for fourth quarter, as revenue rose substantially.

Revenue was $193.4 million, compared with $80 million in the fourth quarter of 2005. Sirius lost $245.6 million (17 cents a share), compared with $311.4 million (23 cents) a year earlier.

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Sirius Radio Chief Urges Merger (NYT)

By Richard Siklos

The New York Times, February 28, 2007

The chief executive of Sirius Satellite Radio, Mel Karmazin, is taking the campaign to sell his company's proposed merger with XM Satellite Radio to Washington.

On Monday, Mr. Karmazin appeared on the often-bawdy Howard Stern show on Sirius. Today, he will speak at a hearing of the newly created House Antitrust Task Force in Washington.

"I absolutely welcome the opportunity because I think there is a lot of misinformation out there about the merger," Mr. Karmazin said of the hearing.

In particular the National Association of Broadcasters, which represents the commercial radio stations and has been an opponent of satellite radio, has warned that the merger announced last week would create a monopoly that would limit consumer choice and lead to higher prices.

Mr. Karmazin said yesterday that he would tell the task force that the opposite was true. Consumers will be more inclined to subscribe to a single service, he said, because XM and Sirius delivered exclusive programming — like Mr. Stern on Sirius and the Major League Baseball on XM — that the other service does not.

And he said he was willing to commit to the Federal Communications Commission that the merger would lower consumer prices below the $12.95 a month both charge, although he did not specify how much.

Mr. Karmazin also conceded that making all programming that was currently available exclusively to one service available on both, like sporting events, would require renegotiating those contracts.

Sirius also posted a fourth-quarter loss of $245.6 million, or 17 cents a share, compared with a loss of $311.4 million, or 23 cents a share, a year earlier. Revenue more than doubled to $193.4 million from $80 million in the quarter. For 2006, the company added 2.7 million subscribers to just over 6 million.

Satellite Radio Chief To Clear Political Air (FT)

By Stephanie Kirchgaessnerin Washington

Financial Times, February 28, 2007

Mel Karmazin, the chief executive of Sirius, is expected to receive a sceptical reception today when he appears before a congressional committee to defend the satellite radio company's proposed $11.4bn merger with rival XM.

John Conyers, the Democratic chairman of the House judiciary committee, like legislators on both sides of the aisle, is suspicious not only about the benefits to the public of yet another mega-media merger. Mr Conyers is also unconvinced - so far - of the merits of the legal argument on which, lawyers agree, the fate of the entire deal rests.

To prove that the merger of the only two satellite radio companies in the US will not lead to a monopoly, Mr Karmazin and a team of antitrust attorneys and lobbyists will have to prove that other devices and media outlets - from terrestrial radio to iPods to mobile phones - will constrain the merged entity enough to prevent it from raising prices.

Ultimately Congress will not have a formal say on whether or not the deal will be approved, but political pressure can influence the two government agencies that will investigate the deal: the Department of Justice, the chief antitrust authority, and the Federal Communications Commission, the media regulator.

Lawyers working on the deal said this week the combined company's prices would also be constrained by the fact it would seek to attract the 90 per cent of the US population that does not subscribe to either group.

Yesterday the image of Sirius as a company that is fighting to be viable was underscored by the group's fourth-quarter results, which showed a net loss of $246m (€186m, £125m).

"You've seen our losses this year and seen what XM's losses were. You're dealing with companies that are losing hundreds of millions of dollars a year," Mr Karmazin said in a refrain he is likely to repeat before lawmakers today.

The biggest question now is whether the argument will resonate with Thomas Barnett, the chief of the antitrust division.

Jim Rill, the former head of the DoJ's antitrust division and a partner at Howrey, the legal firm, says the fact that satellite radio's offering is much broader than traditional radio means it will be "challenging" to prove that a device like the iPod could really compete.

The deal could also be complicated by other political considerations before the FCC, which, under the leadership of its chairman Kevin Martin, has shown a propensity to use merger reviews to press companies on other regulatory issues, including indecency standards.

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Mr Martin would face legal constraints if he sought to enforce terrestrial radio standards on satellite radio as a condition of the deal, but the transaction will nevertheless give the FCC leverage to make programming-related demands on the combined company.

Additional reporting by Daniel Pimlott in New York

Sirius Narrows Loss On Subscriber Gains (WSJ)

By Ellen Sheng

The Wall Street Journal, February 28, 2007

Sirius Satellite Radio Inc., which recently agreed to merge with rival XM Satellite Holdings Inc., posted a narrower fourth-quarter net loss Tuesday as revenue more than doubled and subscriber growth continued.

Sirius, New York, which boasts a programming lineup that includes shock jock Howard Stern and National Football League games, also said it expects to end the year with eight million subscribers, up from its current 6.02 million, and to post total revenue of about $1 billion.

1 REPLY ALL

Is the XM-Sirius deal good for consumers? Should antitrust regulators approve it? Read an online debate2 between consumer advocate Mark Cooper and antitrust lawyer Donald Russell.

The country's second-largest satellite radio company behind XM Satellite, Sirius said the results pointed to its continued strength. Since adding Howard Stern and others to its lineup, the operator has enjoyed stronger retail sales growth than its rival.

Sirius added 905,247 net new subscribers during the quarter, down from 1.14 million a year ago. By contrast, XM Satellite said Monday it added 442,679 net new subscribers during the quarter, down from 898,315 the year earlier. Last year's fourth quarter was the first holiday season before the highly hyped Mr. Stern started airing exclusively on Sirius. The buzz around Mr. Stern last year helped boost subscriber additions at both satellite radio companies to record levels.

For the full year 2006, Sirius said it added 2.7 million, up from 2.17 million the year before. XM said Monday it added 1.7 million net new subscribers in 2006, compared with 2.2 million the year before.

Sirius posted a fourth-quarter loss of $245.6 million, or 17 cents a share, compared with a loss of $311.4 million, or 23 cents a share, in the year-earlier period.

Revenue more than doubled to $193.4 million from $80 million the year before due to steady subscriber growth and higher net advertising and equipment revenue.

SATELLITE SCRAMBLE

The proposed merger between XM and Sirius would bring together two rivals who have long tried to out-do each other in the battle for subscribers. See how the two companies compare3 in terms of financials and programming.

Rival XM Satellite Radio, which features Opie and Anthony and Oprah Winfrey, similarly reported a narrower a fourth-quarter loss Monday. The company said results were helped by a 45% increased in revenue. (See related article4.)

Sirius and XM announced a merger last Monday under which Sirius would distribute 4.6 of its shares for every XM share. The companies expect the $11.4 billion deal to close by the end of the year.

Regulatory approval is the biggest question mark hanging over the deal. There are only two satellite radio companies licensed to operate in the country and, under Federal Communications Commission rules, the two wouldn't be allowed to merge. The companies are arguing that competitive concerns shouldn't be an issue because the market includes Internet radio and MP3 players as well as traditional radio.

XM and Sirius have said the merger would ultimately cut costs by an estimated $5 billion to $6 billion. Executives have also said the merger would help the companies compete more effectively.

Sirius said that in the fourth quarter, subscriber acquisition costs fell to $121 million from $145.2 million a year earlier. Subscriber acquisition cost per gross subscriber fell 9% to $103 million from $113 million in the prior-year quarter.

Average revenue per subscriber, a closely watched measurement in the industry, rose to $10.39 from $9.02 a year earlier during the quarter. Churn, or the rate of monthly customer losses, was 2% compared with 1.5% a year ago. Churn is expected to come between 2.2% and 2.4% in 2007.

--Josee Rose contributed to this story.

Sirius Business (WSJ)

By David R. Henderson

The Wall Street Journal, February 28, 2007

DOJ_NMG_0137734

In expressing its strong reservations about the proposed merger between Sirius and XM, the Federal Communications Commission seems to think that there are only two competitors and that a merger would reduce the number to one. But that's true only if the relevant market is the satellite broadcasting market.

In fact, the market is much larger, including at a minimum all existing radio stations. If you doubt that, ask yourself how you would decide whether or not to subscribe to Sirius or XM. Surely a big part of your decision is the quality and range of programming you can get on "free" radio.

That alone is strong enough evidence for allowing the merger. But there is even stronger evidence, and it has to do with how XM's and Sirius's "free-radio" competitors view the merger. Here we might draw upon the wisdom of MIT economist Morris Adelman, who wrote about 50 years ago: "A useful if not very precise index of the strength of competition . . . is the resentment of unsuccessful competitors."

In other words, if some competitors in an industry resent others and even end up going out of business, competition is alive and well. It's when the competitors get too cozy that we need to worry. It follows that if existing competitors oppose a merger, the merger is likely to be good for consumers.

Look at what the "free" broadcasters are saying about the XM-Sirius merger. As this newspaper recently reported, "The radio industry has loudly opposed the deal since it was announced, and broadcasters cite satellite-radio operators as major competitors in securities filings." Traditional radio broadcasters understand that they are competing with satellite radio. And they oppose the merger. This second fact has been underappreciated.

Suppose you buy regularly from a firm that wants to merge with another firm in the same industry. You might worry that the merged firm would use its increased market power to raise the price you pay. But imagine if you notice that these two firms' other competitors are among those clamoring for the government to prevent the merger.

Would these other competitors oppose the merger if they thought the merger would raise prices for what you bought? Not likely. If that is what they thought would happen, these other competitors would love the merger -- because it would allow them to raise their own prices somewhat, or to keep their prices the same but sell more.

If they oppose the merger, the reason is far more likely to be that they fear the net effect would be to lower the prices of the goods or services they sold -- which means that consumers would be better off with the merger than without.

How can a merger lead to lower prices? A larger firm might have increased market power, allowing it to raise prices; but the larger firm might have economies of scale, leading to reduced costs and lower prices.

Which effect the merger would create is of course uncertain -- but what competing firms think about the proposed merger is a very strong clue, as they typically have more information about the market than do the regulators. When competitors oppose a merger -- as is the case of "free radio" broadcasters with regard to Sirius and XM -- they must be making a judgment that the "economies-of-scale effect" outweighs the "market-power effect." The FCC should take them at their word.

Of course, this is not a foolproof criterion. If competitors began to anticipate that regulators would take into account their opposition to, or support of, a merger, they might try to game the system. If they actually wanted the merger blocked, they would publicly support it. If they thought prices would rise after the merger to their benefit, they might publicly oppose it.

But we can trust that the FCC is not thinking that way, as it is still hung up on a fallaciously narrow definition of the market. This is the bottom line: If the FCC cares about consumers and not about making things cozy for traditional broadcasters, it should allow the XM-Sirius merger.

Mr. Henderson is a research fellow at the Hoover Institution and co-author of "Making Great Decisions in Business and Life" (Chicago Park Press, 2006).

TXU Profit Up 33%; Dynegy Posts Loss (AP)

AP, February 28, 2007

The Dallas-based utility TXU Corporation reported a 33 percent increase in profit yesterday, despite weak revenue caused by mild winter weather, but another Texas utility, Dynegy, swung to a loss of $58 million as revenue fell and it took charges for a revamping.

TXU, which has accepted an offer to be bought for $45 billion in what would be the largest leveraged buyout ever, said it earned $475 million, or $1.03 a share, up from $356 million, or 74 cents a share, in the fourth quarter a year earlier.

Excluding what TXU termed one-time charges, the company said it would have earned $1.20 a share, which matched the forecast of analysts, who usually exclude those items from their estimates.

For all of 2006, TXU said it earned $2.55 billion, or $5.46 a share, up from $1.71 billion, or $2.50 a share, in 2005.

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Dynegy, a power producer based in Houston that flirted with bankruptcy a few years ago, said yesterday that its loss for the fourth quarter was 12 cents a share, in contrast to a profit of $293 million, or 74 cents a share, in the quarter a year ago, when income from discontinued operations lifted results.

Sales fell 36 percent, to $397 million, from $622 million in the year-ago period. For all of 2006, Dynegy said it lost $342 million, or 75 cents a share, as it incurred $343 million in after-tax charges related to its financial revamping.

The company said that it was positioning itself for growth, starting with the $4.1 billion acquisition of the generating power of a rival, the privately held LS Power Group; that deal is to be completed by the end of March.

The two companies also plan to become joint-venture partners in nine power plants under development.

Another utility, the AES Corporation, a power producer based in Arlington, Va., said yesterday that it had completed an agreement to sell its majority stake in La Electricidad de Caracas, a Venezuelan utility, to Petróleos de Venezuela, the state-owned oil company, for $739 million.

AES also announced that it was investigating the company's accounting for stock option grants and planned to restate earnings for the first nine months of 2006 and for the years 2005 and 2004. The company said the restatements were not likely to be material or to affect cash balances.

In California, Bloomberg News reported that an appeals court ruled that AES and Dynegy could not be sued in state court over claims that they manipulated power prices during the state's energy crisis in 2000 and 2001.

The California Court of Appeals in San Diego, upholding a lower court's dismissal of a group of lawsuits brought by California municipalities and consumers, said that the antitrust claims were pre-empted by federal laws regulating the wholesale electricity market and that a state court could not determine reasonable wholesale power rates.

The case was part of a multibillion-dollar fight between California and power companies stemming from brown-outs and a tenfold price increase during the crisis. AES, Dynegy, Sempra Energy and Morgan Stanley Capital Group were the remaining defendants in the case.

Next Step In TXU Deal Is Backdrop Of Conference (NYT)

By Andrew Ross Sorkin

New York Times, February 28, 2007

Will anyone dare to mount a rival bid for TXU?

That was the question being whispered yesterday in Frankfurt where many of the world's private equity chiefs were gathered for Super Return, one of the industry's best-attended gatherings.

Speakers included David Bonderman of the Texas Pacific Group, which helped to lead Monday's $45 billion TXU takeover; Todd Fisher of Kohlberg Kravis Roberts & Company, the other lead investor in the TXU deal; and Stephen A. Schwarzman of the Blackstone Group, considered one of the most likely candidates to try to crash the TXU sale.

A private equity firm's effort to break up the TXU deal could be a crucial test of the intertwined relationships that so far have limited all-out brawls. Critics contend that the firms, which frequently partner with one another, have a gentleman's agreement not to start bidding wars once a deal is struck.

As an illustration of the clubbiness of the private equity business, no private equity firm to date has publicly tried to top an offer from one its rivals. The Justice Department started an informal inquiry into the possibility of collusion at at least four of the big firms — Kohlberg Kravis Roberts; the Carlyle Group; Silver Lake Partners; and Clayton, Dubilier & Rice — last fall.

It is an issue, among many, that has the buyout kings worried. Mr. Bonderman said during his keynote speech that the industry's image was "something that's probably on everybody's mind."

The industry may have begun to change that with its "green" deal for TXU — among other things, the buyers agreed to scuttle plans for several new coal-fired power plants. A bidding battle over a deal could further change its reputation for mutual back-scratching.

TXU has all the hallmarks of a prize in a private equity tug of war.

The price that Kohlberg Kravis and Texas Pacific agreed to pay — $69.25 a share, representing a 25 percent premium over the average closing price in the 20 days ending Feb. 22 — leaves room for a rival to top it and still make a 20 percent annual return on the deal, analysts said. Investors appear to be betting on a higher bid: shares of TXU closed yesterday at $67.03.

TXU's current deal allows the company to shop itself around for 50 days. The company was represented by Credit Suisse in its deal, and has hired Lazard to look for new buyers.

And then there is the issue of ego: private equity firms constantly talk about trying to outdo the other for the crown, however temporary, of mounting the largest deal ever.

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Blackstone, which held that title until last week with its $39 billion acquisition of Equity Office Properties Trust, is planning to take a look at TXU, people close to the firm said. A spokesman for the firm declined to comment. Mr. Schwarzman did not answer questions about the matter in Frankfurt.

Blackstone appears to have been left out of the deal by Kohlberg Kravis and Texas Pacific. Those three firms, together with Hellman & Friedman, acquired Texas Genco Holdings together in 2004, for $3.65 billion.

The Carlyle Group, which has a long history in the energy sector, is also considering jumping into the process, people close to that firm said. Carlyle would have seemed like a natural buying partner for TXU. Former Secretary of State James A. Baker III, who once worked as an adviser to Carlyle, is advisory chairman to Kohlberg Kravis and Texas Pacific. A spokesman for Carlyle declined to comment.

Anyone considering a rival bid for TXU has some hurdles to clear. The buyers have an impressive roster of political relationships and endorsements from environmental groups.

"And I want to say, 'God bless this takeover of TXU by the private equity market this week,' " Jeremy Rifkin, president of the Foundation on Economic Trends, said yesterday at Super Returns, echoing a view that appears to be shared by regulators.

Just yesterday, Senator John Kerry praised the TXU deal even as he said he would hold a hearing on it, saying, "I'm pleased to see that TXU was open to working with the environmental community and I'd like to see similar cooperation extended in other parts of the country,"

Analysts say, however, that a buyer with a higher offer might win the same endorsements by agreeing to the same environmental plan.

Court Sides With N.C. Cigarette Maker In Wholesalers Dispute (AP)

By Duncan Mansfield, Associated Press Writer

AP, February 28, 2007

A federal appeals court on Tuesday rejected a lawsuit by 22 cigarette wholesalers claiming that R.J. Reynolds Co.'s discount pricing program was discriminatory.

The 6th U.S. Circuit Court of Appeals in Cincinnati affirmed a summary judgment in favor of the North Carolina-based tobacco company, a part of Reynolds American Inc., issued in 2005 by U.S. District Judge J. Ronnie Greer in Greeneville.

"Defendant's program is designed to promote its financial welfare at the expense of the wholesalers," the appeals court wrote. "Perhaps it is unfair, but it is not illegal."

"OK," plaintiffs attorney Paul Smith of Washington, D.C., said when told of the decision Tuesday by The Associated Press, declining further comment. Other plaintiffs' attorneys did not immediately return calls.

"Previously, the court upheld R.J. Reynolds' right to choose its own distributors, and today it confirmed the legality of our program, which rewards distributors for selling more of our brands," said Robert Stowe, Reynolds senior vice president of trade marketing.

Smith Wholesale Co. Inc. of Johnson City and the other wholesalers claimed they experienced "millions of dollars in lost profits" when Reynolds instituted a discount program in 2000 to boost sales of its so-called second-tier nonpremium "savings" brands of cigarettes.

Reynolds, based in Winston-Salem, N.C., offered discounts and rebates to wholesalers selling the highest volume of Reynolds products. The plaintiffs, mostly smaller distributors in the Southeast, said that put them at a disadvantage because they had to cater to consumers demanding even cheaper cigarettes sold by other manufacturers.

"Plaintiffs allege that the (program) disfavors them because, unlike RJR's other distributors, they operate largely in rural 'low-end' segments of the market where their retail customers demand fourth-tier brands, and RJR does not price any of its brands at the fourth-tier price level," the court wrote.

The plaintiffs said that meant they had to "pay substantially more than their own competitors for the same RJR products," losing out on discounts ranging from as much as $1.12 a carton in 2003 to 74 cents a carton today.

The appeals court said in a 24-page opinion that even if the plaintiffs' allegations were found to be true, "we nonetheless conclude that summary judgment is warranted."

The three-judge panel concluded that Reynolds' market-share discount program "was offered to all wholesalers using a non-discriminatory formula. It was therefore functionally available to all wholesalers not only in theory, but in fact."

The plaintiffs' ability to qualify for the discounts "was a matter of marketing strategy and brand prioritization," the court wrote. Since "price discrimination has not been established," the judges said, "plaintiffs' claim therefore fails as a matter of law."

"Antitrust experts generally recommend market-share based discount programs like R.J. Reynolds' because they are 'size-blind,'" said Darryl Marsh, Reynolds' senior counsel. "This appellate ruling confirms that view."

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The judges said the strategy might "ultimately cull the number of RJR's distributors," but the law "does not require a supplier to ensure the success of its customers."

"Whether this potential loss of participating wholesalers will ultimately benefit defendant remains to be seen," the court wrote.

VMware Fires Broadside At Microsoft (CNET)

By Stephen Shankland, Staff Writer, CNET News.com

CNET News.com, February 28, 2007

The up-and-coming virtualization specialist says Microsoft is using its Windows clout to restrict customers choice. Sound familiar?

VMware, the incumbent power in the blossoming realm of virtualization, has accused Microsoft of using foul play to promote its own competing products.

In a white paper published Friday, the EMC subsidiary said Microsoft is using Windows licensing terms to prevent customers from taking full advantage of virtualization.

"Microsoft is trying to restrict customers' flexibility and freedom to choose virtualization software by limiting who can run their software and how they can run it," VMware said.

The software giant rejected VMware's assertions.

"Microsoft believes the claims made in VMware's white paper contain several inaccuracies and misunderstandings of our current license and use policies, our support policy and our commitment to technology collaboration," Mike Neil, Microsoft's general manager of virtualization strategy, said in a statement Tuesday. "We believe that we are being progressive and fair with our existing licensing and use policies and creating a level playing field for partners and customers," he said

Neil added that he believes Microsoft and VMware will be able to settle their differences.

Virtualization lets a single computer run multiple operating systems simultaneously, in compartments called virtual machines. That sharing lets companies use their computers more efficiently. The ultimate promise of virtualization is broader than that, however: by moving virtual machines from one server to another, companies can create data centers that can automatically adjust to shifting work demands or hardware outages.

The Microsoft-VMware debate spotlights the difficult adjustments necessary, as the industry moves into a world where a new software layer breaks the hard link between operating systems and the hardware they use.

There are technical challenges. Software can't be as tightly tied to hardware such as hard drives or network cards, and an operating system might be moved from an overtaxed dual-processor server at one moment to a more powerful eight-processor machine the next.

And there are business challenges too, as companies such as Microsoft and VMware jockey for technology leadership and customer account control.

It's easy to envision virtualization technology as part of the operating system, but VMware has made a strong business selling it as a separate component. Right now, it is moving to deliver higher-level management features that take on products from Microsoft and others.

But Microsoft is building virtualization into the next version of Windows Server, code-named Longhorn, and that could be a minefield for the software company. It has already faced antitrust challenges by building its Internet Explorer browser and Windows Media Player software into the operating system.

VMware stopped short of accusing Microsoft of violating antitrust law--which prohibits a company with a monopoly in one market from using that power to extend into another market--but it came close.

"Microsoft is leveraging its ownership of the market-leading operating system and numerous applications that are market leaders in their respective categories...to drive customers to use Microsoft virtualization products," VMware said. Microsoft needs make sure it's possible for Windows and Windows-based software "to be created, licensed, supported and distributed equivalently on Microsoft or non-Microsoft system virtualization stacks."

VMware leveled several charges at Microsoft:

• Microsoft shared hypervisor interface details at a hardware conference but isn't permitting other virtualization companies to use them. The exception is Novell, which signed a broad intellectual property partnership with Microsoft.

• "Microsoft licensing policies ask for permanent assignment of operating system licenses to hardware and then restrict the movement of those operating system licenses, even for virtualized environments that can be moved seamlessly from machine to machine," VMware said.

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In particular, Microsoft permits Windows Server licenses to be moved only once every 90 days, VMware said. That breaks VMware's VMotion technology (which moves running virtual machines from one computer to another) and the higher-level Distributed Resource Manager (which balances software work with available hardware by moving virtual machines with VMotion).

• Virtual machines stored in Microsoft's VHD format may not be converted into other virtual machine formats, including VMware's.

• Microsoft provides support for virtualization only to customers with premier support contracts.

Neil also defended Microsoft's position in a statement and in a blog entry.

Is Windows getting more expensive?

Photos: Tinkerers treasure tiny motherboards

Newsmaker: Intel eyes future of Itanium

Extra: iPod goes to school

Video: Partying with ILM Oscar winners

"In the end, customers with mixed environments expect it all to work together," Neil said. For that reason, Microsoft is sharing interface details for its current Virtual Server 2005 product and has begun sharing preliminary details with its upcoming Windows Server virtualization technology, code-named Viridian, he said.

Mac users have been in for a tough haul with Windows Vista's virtualization policies. While Intel-based Macs have made it technically reasonable to run Windows through virtualization, and Parallels' software makes it relatively easy, Microsoft has made it expensive to do so legally. Running Vista on a Mac through virtualization requires a full, not an upgrade, version of Windows. Plus, only Vista Business and Ultimate are authorized for it, and not the far less pricy Home Basic or Home Premium varieties.

Neil, though, argued that most consumers just aren't ready for virtual machines.

"Virtualization is a new technology for consumers, and one that isn't mature enough yet from a security perspective for broad consumer adoption," he wrote. "Our security and data protection features can potentially be subverted by a malicious virtualization layer. We're working with the hardware and software industry to improve the security of virtualization technologies and we will evolve our licensing policies as virtualization becomes more widely used on client systems."

A Bit Of Movement In Antitrust Suit (KCS)

By Julius A. Karash

The Kansas City Star, February 28, 2007

The fight isn't over, but an olive branch has appeared in a local health-care antitrust controversy.

The case involves Heartland Spine & Specialty Hospital of Overland Park. In 2005 Heartland sued several area hospitals and health insurers, alleging a conspiracy to drive it out of business in violation of the Sherman Antitrust Act.

The lawsuit alleged a conspiracy that included insurers refusing managed-care contracts to Heartland. Heartland said being shut out of those networks caused it severe financial damage.

Mary Nan Holley, Heartland's chief executive officer, said last week that the hospital had worked out a settlement with one defendant, UnitedHealthcare, effective March 1. That means Heartland will become an in-network provider for about 350,000 UnitedHealthcare members in western Missouri and eastern Kansas.

Holley said UnitedHealthcare was the first defendant to settle and, as a result, will be the first major insurer in the area to allow Heartland in its network. The arrangement is expected to increase Heartland's patient volume 15 percent to 20 percent, she said. The hospital last year had 827 inpatient admissions and 8,142 outpatient encounters.

The settlement is confidential, but it is no secret that most of Heartland's 150 or so employees receive their health insurance through UnitedHealthcare.

"We're very pleased to be able to offer high-quality health care to United's insured, and very excited that our own employees, who are covered by UnitedHealthcare, can come to their own hospital on an in-network basis," Holley said.

Bill Tracy, the CEO of UnitedHealthcare's local operations, confirmed that his company had settled with Heartland.

The remaining defendants in the lawsuit are: HCA Midwest Division; St. Luke's Health System; Carondelet Health; Shawnee Mission Medical Center; North Kansas City Hospital; Blue Cross and Blue Shield of Kansas City; Coventry Health Care of Kansas; Humana Health Plan; Aetna; and Cigna HealthCare of Kansas/Missouri.

The case is scheduled to go to trial April 1, 2008, in federal court in Wichita.

Rural cuts

Sen. Pat Roberts of Kansas says the Bush administration's budget proposes to cut $143 million from the rural health-care delivery system.

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"The proposed budget has drastic cuts in payments to rural physicians, hospitals and home health-care providers," Roberts, a Republican and member of the Senate Rural Health Care Caucus, said at a recent hearing of the Senate Finance Committee. "I don't see how these providers, often the sole provider in many communities, can sustain these cuts."

Roberts said 88 out of 105 Kansas counties are considered rural or frontier and that more than 75 percent of the state's community hospitals are in rural areas.

Roberts said the administration budget would eliminate or cut funding for programs such as clinician recruitment and health insurance for people who can't obtain coverage because of pre-existing medical conditions or lack of affordability.

"I agree that we need to return to a policy of fiscal responsibility and we must get a handle on the growth in Medicare and Medicaid spending so these programs are viable and sustainable for future generations," Roberts said. "However, I'm afraid of going down a path where in order to save a few bucks here or a few dollars there, we end up hurting the people these programs were created to serve."

Onex Gets U.S. Antitrust Clearance To Buy Kodak's X-Ray Unit (BLOOM)

By James Rowley

Bloomberg, February 28, 2007

Feb. 27 (Bloomberg) -- Onex Corp., Canada's largest buyout firm, won U.S. antitrust clearance to purchase Eastman Kodak Co.'s health-care imaging unit, including an X-ray business the world's largest photography company started in 1896

The transaction was on a list of completed merger reviews published by the Federal Trade Commission in Washington.

Kodak said in announcing the sale on Jan. 10 that it will be paid at least $2.35 billion in cash and up to $200 million more if certain milestones are met. The sale will allow Kodak, based in Rochester, New York, to pay down debt as it tries to build its digital photography business.

Qualcomm Lawsuit Against Nokia On Hold (WSJ)

The Wall Street Journal, February 28, 2007

Nokia Corp. said a U.S. judge overseeing a patent dispute initiated by Qualcomm Inc. has put the proceedings on hold until further notice.

Qualcomm, based in San Diego, has alleged the Finnish company violated several patents used to make U.S. cellphones running on the global system for mobile communications, or GSM, standard.

The patents were originally used for a rival technology called code division multiple access, or CDMA, which Qualcomm helped pioneer. Nokia maintains it hasn't infringed any of Qualcomm's patents. The administrative-law judge overseeing the International Trade Commission investigation has two options: dismiss the proceeding or resume the investigation.

Richard Windsor, an analyst at Nomura, said the decision is likely "about giving them more opportunity to reach an agreement." Nokia said that since Qualcomm filed its complaint, it has voluntarily withdrawn three of the six patents from the suit.

Qualcomm spokesman William Davidson said the company was awaiting more information from the ITC judge and that no decision on the merits of the case has been made. The trial was scheduled to begin March 5.

ENVIRONMENT:

Nuclear Lab Operator Cited For Safety (AP)

AP, February 28, 2007

(AP) - LOS ALAMOS, N.M.-The National Nuclear Security Administration proposed a $1.1 million civil penalty against the former manager of a nuclear weapons lab for safety violations that included a researcher spreading radiological contamination to two other states and workers inhaling radioactive substances.

The agency announced the notice of violation Monday against the University of California for infractions that occurred in 2005, when UC was the sole manager of Los Alamos National Laboratory.

The notice spells out 15 separate incidents that violated the Department of Energy's nuclear safety rules.

The incidents include a Los Alamos researcher opening a package of slightly enriched uranium nitride pellets. The package was contaminated with americium 241, a radioactive decay product of plutonium.

The researcher unloaded the pellets without the help of a radiological control technician, and he spread the contamination to his home and places he visited in Colorado and Kansas.

Another incident involved workers who inhaled radioactive substances.

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In both cases, the contamination was limited by "good fortune" but had the potential to be significantly greater, acting NNSA director Thomas P. D'Agostino wrote in a Feb. 16 letter to lab director Michael Anastasio.

The notice also referred to a November 2005 inspection that exposed "long-standing" deficiencies in the lab's safety, health and environmental programs.

Since federal law exempted the non-profit university from financial liability at the time of the violations, the UC will not have to pay the fine. But the agency warned the lab's new management team - installed less than a year ago, in part to reverse years of security and safety problems - that those days are over.

"Due both to the recent contract change and changes in the civil penalty provisions of the Atomic Energy Act, future monetary civil penalties imposed ... as part of a notice of violation will no longer be waived," D'Agostino wrote.

The lab is now managed by Los Alamos National Security LLC, which includes the university, Bechtel Corp., BWX Technologies Inc. and Washington Group International.

D'Agostino said he expects corrective actions to be one Anastasio's highest priorities as lab director.

UC spokesman Chris Harrington said in a statement Monday that the university has taken a number of steps to fix the problems outlined by the NNSA.

"The University of California takes safety and security issues very seriously as part of our commitment to managing the national laboratories," Harrington said.

The notice of violation is the latest in a rash of criticism against the lab. Just last month, members of a House oversight committee threatened to strip the lab of its security responsibilities - or even shut it down - to correct security lapses.

Study: 'Tipping Point' For Climate Is Near (USAT)

By Patrick O'driscoll

USA Today, February 28, 2007

Declaring there is "no more time for delay," an international panel of scientists urged the world's nations Tuesday to stave off climate-change "catastrophe" by boosting clean-energy research and sharply cutting industrial emissions that fuel global warming.

Otherwise, Earth this century could cross a climate threshold or "tipping point that could lead to intolerable impacts on human well-being," says the 166-page report prepared for the United Nations. It was written by 18 experts in climate, water, marine science, physics and other disciplines, seven of them Americans.

"It is still possible to avoid an unmanageable degree of climate change, but the time for action is now," says panelist John Holdren, a Harvard University professor of environmental policy.

Without action, the panel says, a litany of harmful consequences awaits: the spread of disease, less fresh water, more and worse droughts, more extreme storms and widespread economic damage to farming, fishing and forests. In the USA, which emits about 25% of the world's carbon dioxide, it could mean more intense hurricanes, heat waves and wildfires.

The two-year study, issued by the U.N. Foundation, says the risk of tipping over that climate threshold rises sharply if Earth's temperature increases 3.6 to 4.5 degrees above what it was in 1750 (it is 1.2 degrees above that point now). That year marked the start of the Industrial Revolution. It led to the widespread burning of coal, oil and other fossil fuels that generate carbon dioxide, the main heat-trapping "greenhouse gas" blamed for global warming.

The scientists say a climate turnaround will take a huge effort. They call for the world's carbon emissions to level off by 2015-2020, then to be reduced by another one-third by the end of the century. Without action, they say, temperatures could rise 11 degrees by 2100.

The report comes three weeks after the Intergovernmental Panel on Climate Change laid out the latest evidence that human action — burning fossil fuels and deforesting the land — is mostly to blame for global warming.

Tuesday's report recommends a dramatic increase in development and use of "biofuels" such as ethanol to replace oil. It also calls for an immediate shift in power-plant construction away from traditional coal-burners to high-tech designs that capture and hold the carbon dioxide they produce.

The world should spend three to four times more on such advanced energy technology, the scientists add. The USA spends almost $3 billion a year now.

The report also suggests nations define a new category of "environmental refugee" to prepare for people who must flee the extreme effects of climate change, such as rising sea levels.

Conservation May Limit Global Warming (LAT)

By Robert Lee Hotz

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The Los Angeles Times, February 28, 2007

UNITED NATIONS — Dramatic worldwide climate changes can no longer be avoided, but there is still time to stave off the worst consequences of global warming, an international research team said Tuesday.

The scientists from 11 countries urged sweeping conservation measures to hold the expected increase in temperatures to no more than an average of 3.6 degrees Fahrenheit — less than half the expected increase if emissions of greenhouse gas and soot continue unabated.

Based on two years of study, the scientists called for bold actions, including carbon taxes, a ban on conventional coal-fired power plants and an end to beachfront construction worldwide.

The researchers were financed by the nonprofit United Nations Foundation and the 60,000-member research society Sigma Xi.

"Unlike many reports from scientists, this report gives very clear recommendations for what the international community and nations themselves must do to mitigate and adapt to climate change," said biodiversity expert Peter Raven, director of the Missouri Botanical Garden, who helped prepare a Sigma Xi study.

With its emphasis on policy recommendations, the panel's effort marks a shift in the international politics of pollution and climate change, analysts said. Researchers are no longer debating whether human-induced global warming is genuine, but have begun the painstaking process of negotiating international agreement on what to do about it.

Their effort comes on the heels of a landmark United Nations report last month that concluded rising temperatures would continue to increase even if greenhouse gas emissions could be held to current levels.

Global temperatures have increased about 1.4 degrees Fahrenheit over pre-industrial levels, the researchers said. To meet the scientists' goal, global CO2 emissions must level off by 2015 and drop by two-thirds of that level by 2100.

They urged stricter fuel efficiency standards, as well as fuel taxes, registration fees and rebates that favor more efficient transportation, which today is responsible for 40% of the world's carbon emissions.

A 20-fold improvement in car efficiency is well within existing technology, they said. Moving freight by rail instead of truck could also cut emissions substantially.

The researchers also recommended the expanded use of biofuels to reduce dependence on the oil that accounts for one-quarter of the world's CO2 emissions. They endorsed broader use of nuclear power, if it can be made safer. Energy research budgets worldwide ought to triple, they said.

In addition, the scientists called for improved designs of energy-efficient appliances, office equipment and "greener" commercial and residential buildings. Taken together, the heating, cooling and lighting of buildings accounts for about 30% of the world's greenhouse gas emissions.

Most tellingly, the panel called for a ban on any new coal-fired power plants that cannot be equipped to capture and store the carbon dioxide they emit.

All told, the U.S., China and India plan to build about 850 coal-fired plants over the next decade, which by environmentalists' calculations would pump as much as five times more carbon dioxide into the atmosphere than international control measures aim to eliminate.

No matter what people do to reduce soot or curtail emissions of carbon dioxide and other greenhouse gases, the world will continue to warm somewhat, and people will have to adapt, the researchers said.

To minimize the hazards of rising sea levels and more powerful storms, the group called for a worldwide ban on beachfront construction near existing high-tide lines.

To reduce the effects of climate-related disasters, such as floods or prolonged droughts, the panel urged better international emergency response measures, warning that there may be as many as 50 million environmental refugees by 2010.

Congress Needs A Marshall Plan In Climate-change Debate (HILL)

By Margo Thorning, Ph.d.

The Hill, February 28, 2007

The recent report released by the Intergovernmental Panel on Climate Change on the consequences of increasing greenhouse gases (GHG) is a valuable contribution to the ongoing debate in understanding climate science. However, policymakers need to have a clear understanding of the likely economic impacts of alternative approaches to slowing the growth or reducing the level of greenhouse gas emissions.

While President Bush outlined bold steps in his State of the Union address to slow the growth of U.S. greenhouse gas emissions, Democratic leaders on Capitol Hill appear aggressively set on their own track to tackle the issue. Speaker Nancy

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Pelosi (D-Calif.) has appointed a controversial special committee to study climate change. And, at the helm of the Committee on Environment and Public Works, Sen. Barbara Boxer (D-Calif.) is poised to push for emissions caps on greenhouse gases.

Al Gore's Oscar win for "An Inconvenient Truth" will no doubt become a centerpiece of the debate and generate even more demand for immediate action.

But before the nation is led down the path of the Kyoto protocol or the dramatic carbon dioxide emission reductions adopted in California, the home state of Pelosi and Boxer, a close look should be given to the high price tag of such "solutions."

The European Union's attempt to meet its Kyoto Protocol target is failing. The European Environmental Agency projects that the EU 15 will be 4 percent over its Kyoto target by 2010 without strong new measures to curb energy use. The EU's emission trading system is not working because only 40 percent of emissions are covered, and raising all energy prices enough to meet Kyoto targets would be political suicide.

Research with a variety of economic models show that the Kyoto Protocol targets would reduce U.S. GDP by 1 to 4 percent by 2010 and cost almost 2 million jobs. Less-stringent targets such as those in the McCain-Lieberman bill could reduce GDP by 1 percent by 2010 and cost almost 1 million jobs.

The real economic costs to the U.S. of mandatory carbon emission targets must be weighed against the environmental benefits. U.S. emissions are a falling share of global emissions; in fact, China's are now expected to exceed those of the U.S. by about 2009.

Unless the new majority in Congress looks at GHG reductions on a global scale, mandatory emission reductions in the U.S. would be all pain and little or no gain for the environment.

A good first step for Congress would be to approve the $52 million in seed money for the Asia Pacific Partnership on Clean Development and Climate (AP6) as prescribed by the 2005 energy bill. The goals of the AP6 agreement are to promote both global economic development and the use of cleaner, less-emitting energy technologies. The AP6 countries — China, India, Japan, Korea, the U.S. and Australia — have half of the world's population, use about half of the world's energy and emit about half of all global greenhouse gas emissions.

Unlike the Kyoto Protocol's mandatory GHG reduction, the AP6 partnership focuses on practical steps to promote cleaner, less-emitting technology for electricity generation from coal-fired plants, capturing and storing carbon dioxide as well as reducing emissions from steel, aluminum production, and coal mining in both developing as well as developed countries. Increasing energy efficiency for buildings and renewable energy supplies are also part of the AP6 agenda to promote economic growth and reductions in all types of emissions, including GHGs.

The partnership relies on sharing technology with developing countries, which is exactly what Sens. Mark Pryor (D-Ark.) and Chuck Hagel (R-Neb.) advocated in the Hagel-Pryor amendment. This piece of bi-partisan legislation promoted the adoption of technologies that reduce GHG intensity (amount of GHGs emitted per dollar of output) in the United States and in developing countries. It was a critical piece of the 2005 energy bill, which President Bush signed. The partnership also owes a great debt to Sen. Robert Byrd (D-W.Va.) for his leadership in the 2000 Clean Energy Technology Export Initiative, which focused on the commercial development and deployment of clean energy.

In practical terms, transferring the cleanest, most energy-efficient technologies to countries like China, India and other emerging economies whose emissions are growing rapidly will yield significant benefits. According to analysis conducted for ICCF, lowering the emissions intensity of developing countries to that currently associated with new investment in the U.S. would be roughly equal to what would be accomplished under the Kyoto Protocol by 2012 (assuming all 39 counties with targets met their goals).

Facilitating the adoption of the newest technologies will require initiative and vision from government officials. Promoting a favorable investment climate is a key requirement. The Chinese and Indian governments have already taken farsighted steps to do that, but more could be done to minimize corruption and regulatory burdens, establish effective rule of law, recognize intellectual property rights and permit capital to flow freely in to and out of countries. Progress in these areas will bolster the climate for critical foreign direct investment.

But AP6 and other efforts like it cannot succeed without sustained cooperation between business and government. Only when governments are confident that foreign direct investment is likely to take place in the wake of politically risky reforms are they likely to act. As such, businesses and firms from the U.S., Europe, Japan, Korea and Australia that are already present in China and India and are familiar with the legal, political, cultural and economic terrain have a significant role to play.

Remembering the success of the Marshall Plan is helpful here. After World War II, European governments pledged various actions with the money provided by the U.S. government, working in concert with business interests. When Europeans made good on those pledges the plan was extended and broadened. AP6 could operate similarly. Future actions by Australia, Japan,

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Korea and the United States desired by China and India would be contingent on success in implementing near term reforms agreed to in the process.

Dr. Margo Thorning is managing director of the International Center for Capital Formation (www.ICCFglobal.org), a European think tank focused on public policies to promote savings and investment in the private sector. ICCF advocates the reductions of tax, regulatory, anti-trust, and trade barriers to promote business investment, strong job growth and competitiveness.

A Green Deal On Coal (NYT)

New York Times, February 28, 2007

People who worry about global warming and want the United States to do more to reduce greenhouse gas emissions received some very good news over the weekend from a very unlikely source. As part of an ambitious buyout deal, TXU, a Texas utility that has long been a target of environmentalists, will abandon plans to build eight old-style coal-burning power plants, which would have dumped huge amounts of carbon dioxide into the atmosphere.

The buyers — two private equity companies, Kohlberg Kravis Roberts and the Texas Pacific Group — also agreed to invest $400 million to help their customers use energy more efficiently, and to explore cleaner ways to burn coal. In a gesture of potentially broad political consequence, they pledged to join other forward-looking companies in backing federal legislation imposing mandatory limits on emissions of carbon dioxide, the main greenhouse gas.

The deal represents a shrewd reading of the political waters by the new owners. TXU had come under heavy fire from influential members of Congress, the courts and even the local citizenry. The companies also knew that plants using older technologies and producing heavy emissions could be severely penalized if Congress ever chose to regulate carbon dioxide. It also helped that Texas Pacific's co-founder, David Bonderman, is himself an ardent environmentalist who was willing to reach out to TXU's opponents, including influential environmental groups, for their help in negotiating a deal.

Though the deal could be trumped by another offer, it is already being hailed as a pivotal moment in the fight against global warming. We shall see. It is certainly further evidence that the capital markets are becoming increasingly sensitive to the climate change issue. But the country and the environment cannot depend on good sense or even good business sense to persuade other corporate leaders to follow Kohlberg Kravis Roberts and Texas Pacific. Congress needs to move briskly toward legislation that would put a price on carbon, either by taxing it or capping emissions.

The Energy Department says there are 159 new coal-fired power plants on the drawing boards; of these, only 32 are considering — though not committed to — technologies that could significantly reduce carbon dioxide emissions. What's needed is federal legislation that would drive them in the direction TXU's new owners have promised to take.

FBI/DEA/ATF/USMS:

Sen. Asks If FBI Will Punish Those Who Retaliated Against Agent (BVND)

By Frederic J. Frommer

The Belleville News Democrat, February 28, 2007

WASHINGTON - One of the Senate's most vocal defenders of government whistleblowers wants to know if the FBI plans to discipline agents who a court found had retaliated against a Minneapolis agent who filed a sexual-discrimination complaint.

Sen. Charles Grassley, R-Iowa, sent the letter to FBI Director Robert S. Mueller on Monday regarding the case of Minneapolis agent Jane Turner, who recently won a $565,000 judgment against the agency.

"Given that her allegations have now been substantiated, I am writing to you for information about how you intend to hold supervisors accountable for the acts of retaliation," Grassley wrote in a letter to Mueller. Grassley's office released the letter Tuesday.

FBI spokeswoman Cathy Milhoan would only say that the agency has received the letter and will prepare a response.

Turner, who retired in 2003, also had a separate dispute with the FBI after she accused colleagues of stealing a Tiffany crystal globe from the World Trade Center ruins. Grassley had rallied to Turner's side over that issue as well.

In this week's letter to Mueller, Grassley asked how many FBI supervisors have been disciplined for retaliation over the past five years and what discipline will be taken against those who were involved in the actions against Turner.

He also asks about the role of three specific supervisory special agents in the Turner case, and whether the FBI plans to discipline them.

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"Now that a jury has substantiated retaliation by the FBI in this case, I am anxious to find out what the FBI will do to demonstrate that your commitment to protecting FBI whistleblowers is more than just words," Grassley wrote. "Unless retaliators are held accountable, the FBI culture will not change."

He asked for a response by March 7.

In a statement, Grassley said: "It's time for the supervisors who retaliated against Jane Turner, and any other whistle blower for that matter, (to) be held accountable."

On Feb. 5, a jury awarded Turner $60,000 in damages for lost wages and $505,000 for emotional distress. According to one of her attorneys, Robert Hill, a statutory cap on monetary damages will require the judge to reduce the $505,000 to $300,000 - so she will get $360,000.

Records show Turner was rated superior or exceptional in her job reviews until she filed a sex discrimination complaint against her supervisor.

"I'm deeply honored to have Sen. Grassley's strong and unwavering support," Turner said Tuesday. "Senior managers in the FBI, by feeling they are a law unto themselves, are losing the legal and moral authority for the FBI."

Accounting Sought From FBI Director (MINNST)

By Dan Browning,

Minneapolis Star Tribune, February 28, 2007

Iowa Sen. Grassley wants to know how many supervisors have been disciplined for retaliation, and if three in particular played a part in a St. Paul agent's case. agency plans to discipline supervisors who retaliated against a whistleblower in its Minneapolis office.

By Dan Browning, Star Tribune U.S. Sen. Chuck Grassley is demanding an explanation of the roles that several FBI supervisors played in the retaliation against a former agent who filed a sex-discrimination complaint against the agency.

Earlier this month, a federal jury in Minneapolis awarded $565,000 to Jane Turner of St. Paul, finding that the Federal Bureau of Investigation had retaliated against her in job reviews after she had filed a discrimination complaint.

Grassley, R-Iowa, has supported Turner since she filed a report in 2002 that some fellow FBI agents had taken items from the wreckage of the World Trade Center in New York after the Sept. 11 attacks.

On Tuesday, Grassley released a copy of a letter that he has sent to FBI Director Robert Mueller asking for an accounting of how many FBI supervisors have been disciplined for acts of retaliation in the past five years. And he asked what role, if any, three male supervisors played in the Turner case, and for an explanation as to whether each would be disciplined.

"It's time for the supervisors who retaliated against Jane Turner, and any other whistleblower for that matter, [to] be held accountable," Grassley wrote.

The agent who directly supervised Turner when she filed her discrimination complaint, Craig Welken, has since retired. But the other two agents Grassley inquired about -- James (Chip) Burrus and James Casey -- still work for the FBI.

Burrus is now assistant director of the agency's criminal division. He testified at Turner's trial that he supported Welken in his review of her work.

Casey is now section chief of the counterintelligence division. He testified that he conducted a review of Turner's files and recommended that she be transferred to Minneapolis from her preferred posting in Minot, N.D., to help get her work back on track.

An FBI spokeswoman said in an e-mail at 2 p.m. Tuesday that the agency was aware of Grassley's letter and was preparing a response, but did not issue a public comment. Mueller has said previously that he would not tolerate retaliation against FBI whistleblowers, a fact underscored by Grassley in his letter.

"Actions speak louder than words," Grassley wrote. "Now that a jury has substantiated retaliation by the FBI in this case, I am anxious to find out what the FBI will do to demonstrate that your commitment to protecting FBI whistleblowers is more than just words."

Grassley asked for a written response by March 7.

Senator Presses FBI For Disciplining (WT)

By Jerry Seper

The Washington Times, February 18, 2007

A senior Republican on the Senate Judiciary Committee yesterday asked the FBI whether it planned to discipline senior supervisors after a ruling by a federal jury that the bureau retaliated against a former veteran agent.

Sen. Charles E. Grassley, Iowa Republican, said in a letter to FBI Director Robert S. Mueller III he was assured by the director on "many occasions" he would not tolerate retaliation against FBI whistleblowers and asked how he now intended to deal with the supervisors held accountable for the acts of retaliation.

Two weeks ago, a Minneapolis civil jury of six women and four men unanimously held that the FBI illegally retaliated against agent Jane Turner, a 25-year veteran of the FBI, by downgrading her performance reviews. The jury awarded her $60,000 in lost wages and $505,000 for punitive damages.

Ms. Turner had claimed in a lawsuit that FBI supervisors falsified negative performance reviews in retaliation for her filing of an equal-employment opportunity complaint and that she was subjected to "continued hostility" after reporting another agent's removal of a Tiffany crystal globe from ground zero at the World Trade Center.

"Given that her allegations have now been substantiated, I am writing to you to for information about how you intend to hold supervisors accountable for the acts of retaliation," Mr. Grassley wrote.

In the letter, he asked Mr. Mueller how many FBI supervisors had been disciplined for acts of retaliation over the past five years and what disciplinary actions, if any, would be taken against the FBI officials for their involvement in or approval of the acts of retaliation against Ms. Turner.

Mr. Grassley, a longtime FBI critic who also serves as ranking minority member of the Senate Finance Committee, also asked Mr. Mueller to explain what roles, if any, supervisory Special Agents Craig Welkin, James "Chip" Burrus and James Casey played in the Turner case.

Mr. Welkin, who directly supervised Ms. Turner when she filed her discrimination complaint, has since retired. Mr. Burrus is the assistant director of the FBI's criminal investigative division and Mr. Casey is chief of the bureau's counterterrorism section.

"Actions speak louder than words," Mr. Grassley said. "Now that a jury has substantiated retaliation by the FBI in this case, I am anxious to find out what the FBI will do to demonstrate that your commitment to protecting FBI whistleblowers is more than just words.

"Unless retaliators are held accountable, the FBI culture will not change," he said.

Mr. Grassley, who asked Mr. Mueller for a written response by March 7, has been an outspoken advocate for Ms. Turner since a report by the Justice Department's Office of Inspector General said agents improperly removed items from the site of the September 11 terrorist attack in New York City.

In a Feb. 26, 2004, letter to Mr. Mueller, the senator said Ms. Turner had a "duty and obligation to report such misconduct," adding that her "reward was continued hostility, and the FBI eventually initiated termination proceedings against her."

Athletes, Celebs Accused In Steroids Rap (AP)

AP, February 27, 2007

Athletes and celebrities were involved as customers of an illicit steroid sales network that produced arrests of four company officials on Tuesday, a New York prosecutor said.

However, Albany County District Attorney P. David Soares declined to name any consumers. He said his office was not investigating patients, but alleged producers and distributors, including doctors and pharmacists.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," Soares said. "Our focus here is to shut down distribution channels."

Soares was in Florida on Tuesday for two pharmacy raids conducted by federal and state agents at two Signature Pharmacy stores. Four company officials, including a married couple who are both pharmacists, were arrested. They were charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Soares refused to answer most questions about the case, which involves sealed indictments.

"I cannot elaborate any more and I cannot provide you with any more details without compromising an investigation which even at this point is at a very sensitive stage," he said.

The Times Union of Albany, N.Y., first disclosed the steroid investigation in a report citing unidentified sources. The newspaper said investigators found evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to current and former Major League Baseball and NFL players, college athletes, high school coaches, a former Mr. Olympia champion and another top contender in the bodybuilding competition.

Customers include Angels outfielder Gary Matthews Jr., according to the Times Union, which cited unidentified sources with knowledge of the investigation.

Angels spokesman Tim Mead told The Associated Press the team was aware of the story, adding, "That's the only information we have."

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Mead said manager Mike Scioscia told Matthews about it, and that general manager Bill Stoneman and Mead spoke to Matthews. An attempt by the AP to reach Matthews by phone Tuesday night was unsuccessful.

"We strongly recommended that Gary inform his agent and make sure he's aware as well," Mead said. "The information is sketchy at best."

The paper said a New York investigator flew to Pittsburgh last month to interview a physician for the Pittsburgh Steelers about why he allegedly used a personal credit card to purchase roughly $150,000 in testosterone and human growth hormone in 2006.

The physician, Richard A. Rydze, told the investigator the drugs were for his private patients, the paper said, citing an unidentified person briefed on the interview.

There are no allegations Rydze violated any laws.

Steelers spokesman Dave Lockett told the AP that Rydze works for the club mostly on game days. He is listed among the seven doctors under the "medical staff" designation on the official team employment roster.

"We can't comment any further because we are still gathering information," Lockett said.

A message was left seeking comment from Rydze.

Arrested on Tuesday were Stan and Naomi Loomis, who own the Signature Pharmacy in downtown Orlando, Stan's brother Mike Loomis and Kirk Calvert, Signature's marketing director. Soares' office identified Signature as a "producer" of the illegally distributed drugs.

Also arrested as a result of the New York investigation were three people Soares' office described as "distributors" from a Sugarland, Texas, company called Cellular Nucleonic Advantage.

Before the investigation is complete, Soares' office said, up to 24 people could face charges, including six doctors and three pharmacists.

The Loomis' downtown pharmacy contains a small retail store that sells bodybuilding supplements, a drug laboratory and executive offices.

Investigators loaded boxes into a truck and seized drugs, including anabolic steroids and human growth hormone, said Carl Metzger, narcotics commander for Orlando's Metropolitan Bureau of Investigation.

"I can't tell you what percentage of their business was legal and how much involved stacking steroids, but there was a mix," Metzger said.

Metzger said the search revealed a "raid card" at numerous Signature Pharmacy employees' desks with contact information for lawyers. The top of the documents identified it as a Food and Drug Administration/Drug Enforcement Agency telephone list, but only lawyers were on the card, Metzger said.

"We found that to be somewhat interesting," Metzger said. "Why would you need to have something entitled a phone call list for the DEA and FDA with lawyers' names if you have nothing to hide?"

Soares' office alleges that Signature filled prescriptions, in some cases from unlicensed doctors, knowing they had not met patients. The office said at least $250,000 in illegal and controlled substances were sold directly into Albany County, and New York state sales exceeded $10 million.

Soares said his investigation began after an Albany doctor was arrested for allegedly trafficking in narcotics online.

Albany DA Raids Fla. Steroids Center (ALBANYTU)

By Brendan J. Lyons Senior Writer Click Byline For More Stories By Writer.

Albany Times Union, February 28, 2007

Yearlong investigation of Internet drug sales may expose use by pro athletes

ORLANDO, Fla. -- A downtown pharmacy was raided by a law enforcement task force on Tuesday, the climax of a large New York state grand jury investigation into Internet drug sales that could expose widespread illicit steroid use by professional athletes and thousands of people across the nation.

The unprecedented inquiry, led by Albany County's district attorney, has taken New York narcotics agents and an Orlando-based federal task force deep inside a maze of shadowy pharmacies and Web sites that have reaped millions of dollars in profit by allegedly exploiting federal and state prescription laws, according to court records.

More than two dozen doctors, pharmacists and business owners have been, or will be, arrested in the coming days in Alabama, Texas, Florida and New York on sealed indictments charging them with various felonies for unlawfully distributing steroids and other controlled substances, records show.

The Times Union has learned that investigators in the year-old case, which has been kept quiet until now, uncovered evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to

current and former Major League Baseball players, National Football League players, college athletes, high school coaches, a former Mr. Olympia champion and another leading contender in the bodybuilding competition.

The customers include Los Angeles Angels center fielder Gary Matthews Jr., according to sources with knowledge of the investigation.

Sources also said investigators from the New York Bureau of Narcotics Enforcement, which is part of the state Department of Health, recently interviewed a top physician for the Pittsburgh Steelers about his alleged purchase last year of roughly $150,000 of testosterone and human growth hormone.

In the past several years, Internet-based pharmacies have become the new drug delivery system for tens of thousands of customers nationwide, displacing smugglers, overseas mail-order companies and so-called ``gym rat'' dealers who sell steroids from the trunks of their cars, according to state and federal investigators.

Tuesday's raid of Signature Pharmacy, an Orlando business that collected an estimated $36 million in revenue last year, could expose a long list of sports figures, celebrities and others who have turned to Internet pharmacies for illegal drugs such as steroids, authorities said.

``I don't know the names of a lot of the athletes,'' Lt. Carl Metzger, commander of the Orlando Metropolitan Bureau of Enforcement, said during Tuesday's raid.

``This is a criminal investigation, not an administative investigation,'' Metzger told a gaggle of TV reporters at the scene. ``I think that some of their business was legitimate,'' he said, adding that ``much of it was illegal.''

In a press release, Orlando police said the raid targeted steroids and human growth hormone. ``People forget about the damage steroids can cause,'' Metzger said. ``It goes all the way down to the high school level.''

Albany County District Attorney David Soares said his office pursued the case, in part, because New York has some of the strictest prescription drug laws in the country. In addition, Signature Pharmacy last year did an estimated $10 million in business in New York, he said.

Soares said that his critics will probably question why a local New York prosecutor is pursuing the case. ``We're arresting young men on street corners every day for selling drugs,'' he said. ``Signature did $30 million last year ... $250,000 in Albany County.''

Corruption in the Internet pharmaceutical industry, which has received lax oversight from federal authorities, has been organized and systemic, prompting Congressional hearings on the issue and a crackdown in recent months by federal agencies.

Some companies have enlisted unethical doctors who blindly write prescriptions for as little as $25 each, giving pharmacies the authorization they need to dole out thousands of illegal prescriptions, according to court documents filed in Albany, Orlando and in a related federal case in Rhode Island.

Customers usually have to pay high retail prices for their drugs, in part because many purchasers avoid seeking reimbursement from insurance carriers to escape detection. Mostly, they use cash, checks and credit cards to pay for the drugs.

``It's a complete perversion of the medical system,'' said Christopher Baynes, an Albany County prosecutor assigned exclusively to the case for almost a year.

Some federal agents have complained that until recently the Drug Enforcement Agency and other federal agencies had rarely filed criminal charges in such cases. Instead, they were content to revoke the operating permits of pharmacies that have doled out controlled substances, including addictive painkillers, to customers who have not been properly evaluated by a physician.

In part, an agent said, the unwillingness to prosecute the cases criminally has been a result of federal prosecutors in certain areas of the country being reluctant to take on the complex and time-consuming investigations.

While cases involving heroin, cocaine and other addictive street drugs receive enormous federal resources, law enforcement has been slow to catch on to the Internet pharmacies practices, said the agent, who spoke on condition he not be identified.

In New York, investigators have interviewed numerous suspected steroids buyers, including physicians who prescribed or bought large quantities, an Albany narcotics detective, a top Mr. Olympia bodybuilder and the host of a popular cable television program, sources said.

Last month, a New York investigator who has been tracking suspicious purchases from Signature Pharmacy flew to Pittsburgh to interview a top physician for the NFL's Pittsburgh Steelers about why he allegedly used a personal credit card to purchase roughly $150,000 in testosterone and human growth hormone in 2006.

The physician, Richard A. Rydze, who won a silver medal in platform diving in the 1972 Olympics, told the investigator the drugs were for his private patients, according to a person briefed on the interview. Rydze is an internist at the University of Pittsburgh Medical Center. He also is a consulting physician for the FBI and the Federal Aviation Administration.

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There are no allegations Rydze violated any laws. Many doctors are allowed under Pennsylvania rules to order and dispense prescription drugs. But investigators in New York said his orders of testosterone piqued their interest because of the large volume, his position with an NFL team and because he allegedly used a personal credit card.

``The doctors pretty much have reign to do anything they want," said Carmen Catizone, executive director of the National Association of Boards of Pharmacy.

But Catizone, who has served as an expert witness for the DEA and other law enforcement agencies in criminal trials, said the credit card purchases raised questions.

``I've never seen a doctor pull out his or her own credit card ... it just doesn't make sense," Catizone said. ``Unless you are trying to build frequent-flyer miles on a credit card, I'm not sure why they'd be using a personal credit card."

Rydze and two spokesmen for the Steelers' organization declined repeated requests for comment over the past two weeks. Pennsylvania state medical board officials also declined to comment. NFL officials were taken by surprise as news of the case swept through the sports world on the Internet.

``We just became aware of this, and we will look into it." NFL spokesman Greg Aiello said. The retail value of the drugs allegedly purchased by Rydze, who tends to Steelers' players during their home and away games, is about $750,000, according to an investigator in the case.

In a related case in Mobile, Ala., two owners of Applied Pharmacy Services have been indicted by an Albany County grand jury. Their customer list allegedly includes former professional boxer and heavyweight champion Evander Holyfield, Los Angeles Angels centerfielder Gary Matthews Jr., and retired baseball star Jose Canseco, an admitted steroid user.

A law enforcement source involved in that investigation said authorities have not identified what types of products allegedly were ordered by Matthews or Holyfield, whom they said used the name ``Evan Fields" when placing orders.

Matthews was informed of his name appearing in a Times Union news report before his spring training game Tuesday. ``There's nothing much to say. A name is mentioned. It's sketchy at best," said Los Angeles Angels Vice President of Communications Tim Mead.

``Certainly as we acquire more information, we'll look into it." Mead said.

Holyfield himself did not comment.

``Evander was asked about this by another member of the media and he said he never heard of the company," Donald Tremblay, public relations director at Main Events, a company promoting Holyfield's upcoming fight against Vinny Maddaline, said.

Still, Holyfield and other alleged high-profile customers represent just a fraction of pharmacies' business, which law enforcement authorities said is centered largely on dispensing performance-enhancing drugs.

The Orlando pharmacy is owned and operated by a Florida couple, Stan and Naomi Loomis, who are both licensed pharmacists. Both were arrested Tuesday on indictments from Albany and led in handcuffs from their business.

In 2002, their company reported revenue of about $500,000. Then, driven by a booming Internet prescription market, and the referral business Signature received from various Web sites, revenue topped $35 million last year, authorities in the case said.

Also arrested at Signature on Tuesday on Albany indictments were Kenneth Michael Loomis, also a pharmacist, and Kirk Calvert, Signature's marketing director.

Among Signature's customers was Jason Grimsley, the former Arizona Diamondbacks pitcher who left baseball last year after mail-order steroids were seized at his Scottsdale home by federal agents from San Francisco involved in an ongoing investigation targeting steroid use in professional sports. Grimsley has not been charged with any crimes, but federal agents said he told them about widespread use of performance-enhancing drugs by Major League Baseball players.

In an affidavit from a federal agent who questioned Grimsley, the agent said Grimsley claimed another player, later identified in an ESPN report as former Baltimore Orioles first baseman David Segui, had advised Grimsley on how to obtain human growth hormone from a ``wellness center" in Florida.

But authorities said they believe Signature's steroid and human growth hormone customers extend beyond baseball to other sports.

During surveillance of the pharmacy last year, investigators said they saw a Philadelphia Eagles football player enter the pharmacy, though they are not certain why he was there. They also identified a member of the Washington Redskins as being a Signature customer, according to an agent in the case.

The pharmacy is located in a two-story, $3.2 million facility on Kuhl Avenue in the heart of Orlando. It contains a small retail store that sells mostly bodybuilding supplements, a high-tech drug-manufacturing laboratory and executive offices on the second floor. A mix of federal and state agents spent Tuesday removing computers and records from Signature's offices.

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In the past year, investigators have closely monitored the business through wiretaps. An Orlando investigator also has sifted through the pharmacy's discarded records, removing customer lists and other records, sources in the case said.

People expected to be arrested Tuesday were to be arraigned on sealed felony indictments in New York. They will face extradition hearings over the next several days unless they waive those hearings and agree to appear in Albany on the charges, authorities said.

4 Tied To Pharmacy Are Arrested In Inquiry Into Steroid Sales (NYT)

By Nicholas Confessore

The New York Times, February 28, 2007

ALBANY, Feb. 27 — Federal and state investigators on Tuesday arrested four people with ties to a pharmacy in Orlando, Fla., that law enforcement officials said accounted for a large part of the national market in steroids and other performance enhancers that are sold illegally online.

The arrests followed a two-year investigation by the Albany County district attorney into Internet drug sales in New York State. The investigation spanned at least three states, and included numerous people reported to be customers of the pharmacy, including current and former Major League Baseball players, National Football League players, college athletes, coaches and doctors.

At least two dozen other individuals are expected to face indictment in New York, according to P. David Soares, the district attorney for Albany County, including several doctors and pharmacists. At a news conference in Orlando on Tuesday, he said that three people from Texas whom he described as distributors in the operation had been arrested earlier, and that five other doctors would face professional disciplinary charges.

The pharmacy, Signature Pharmacy, filled prescriptions written by licensed and unlicensed doctors who had never met their purported patients, as required by New York law, Mr. Soares said. The pharmacy sold at least $10 million worth of controlled substances in New York, including $250,000 worth of drugs sold and shipped directly to Albany County, according to Mr. Soares.

Mr. Soares said that "there are celebrities involved in the case as consumers," but declined to name any of the pharmacy's customers, saying his investigation had centered on "the manufacturing, the distribution, the physicians who are taking part in this."

The four people arrested yesterday were Naomi Loomis and Robert Loomis, the husband and wife who own the pharmacy; Mr. Loomis's brother, Kenneth Michael Loomis, a pharmacist at the company; and Kirk Calvert, the company's marketing director.

All four face charges of criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud, The Associated Press reported. Mr. Soares's investigation was disclosed Tuesday by The Times Union of Albany on that newspaper's Web site.

The Times Union named several professional athletes as having been customers of Signature or other online pharmacies that were subjects of the two-year investigation, though Mr. Soares would not confirm any of those names, saying he could not reveal more information "without compromising an investigation."

One of those named in the Times Union story was Gary Matthews Jr., a center fielder for the Angels. Scott Leventhal, Mr. Matthews's agent, did not return messages left for him on Tuesday.

Tim Mead, the Angels' vice president of communications, said yesterday that the team had become aware of the story on Tuesday morning, and that Angels officials met with Mr. Matthews the same day to show him the story.

"It's a very general story. There are a lot of things in it that are kind of sketchy," Mr. Mead said. "But we made Gary aware of it, and there will be more down the road."

Before the 2006 season with the Texas Rangers, Mr. Matthews, 32, had played for six teams in seven seasons and was considered a journeyman outfielder, unable to impress teams enough for them to want to retain him.

But Mr. Matthews's modest stature changed when he had a breakout season with the Rangers, batting .313 with 19 homers and 79 runs batted in. The timing was good for Mr. Matthews, who became a free agent after his increased production in 2006 and signed a 5-year, $50 million contract with the Angels.

A spokesman for the National Football League said that officials with the district attorney's office had not contacted the league and that they had become aware of the investigation only on Tuesday.

A spokesman for Major League Baseball also said that the organization had learned of the investigation only through media reports and had no comment on it.

Another customer was Dr. Richard A. Rydze, 56, of Pittsburgh, a physician who tends to members of the Pittsburgh Steelers as well as private patients.

Mr. Rydze said on Tuesday that he was first approached by federal agents from New York in December, who told him during a brief meeting that he had been "caught in the line of fire" of the investigation into Signature.

They urged him to stop using Signature immediately and to switch to a local distributor, he said in a telephone interview. Mr. Rydze said he obliged, severed ties with the firm, and didn't hear from anyone else associated with the investigation again.

He began using Signature, he said, after meeting company representatives at a booth during an anti-aging conference in Las Vegas in late 2005. For more than a year, he said, he paid the company $90,000 to $100,000 for growth hormone drugs, prescribing them to patients in his private practice who suffered from orthopedic ailments, tendon injuries or growth hormone deficiencies.

But he said he never prescribed the drugs to any members of the Steelers.

"I never have, never would and never will," he said. "My involvement was not abusive. I was doing things by the rules."

Anabolic steroids, human growth hormone and other performance-enhancing drugs have proliferated on the Internet just as legitimate business has. A prescription can be approved by a doctor in any country, based on as little as an online questionnaire, with no face-to-face contact.

The state and federal laws against illegal prescriptions are rarely enforced, as drug agencies focus on heroin, cocaine and methamphetamine.

At least seven different federal and state agencies worked with Mr. Soares's office on the investigation, including New York State health, insurance, and drug enforcement officials, the Florida attorney general, and the United States Justice Department and Internal Revenue Service.

According to an individual with direct knowledge of the investigation, the raids are part of a national effort aimed at pharmacies and doctors — the primary suppliers of performance-enhancing drugs — rather than the trainers and coaches who use them.

That individual, who spoke on the condition of anonymity because the investigations are still under way, said that investigators found more steroids and human growth hormone at the Florida pharmacy than they had originally expected.

The individual also said the raids were related to the arrests of two doctors and the owner of a pharmaceutical distribution company on Feb. 23 in Rhode Island.

In that case, according to The Associated Press, the owner of a New Jersey pharmaceutical company and two doctors from New York were charged in an alleged scheme to illegally prescribe anabolic steroids and human growth hormone to bodybuilders in several states, the United States Attorney's Office in Rhode Island said on Feb. 23.

Daniel McGlone, 54, owner of American Pharmaceutical Group, and Ana Maria Santi, a former doctor who has been stripped of her license to practice medicine, were charged in an 80-count indictment handed up last week by a federal grand jury in Providence, R.I., according to The Associated Press. Victor Mariani, a licensed physician with a practice in New York City, was charged separately and has agreed to plead guilty, prosecutors said.

Investigation Of Steroids And HGH Produces Arrests In Three States (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, February 27, 2007

MIAMI -- State and federal agents raided an Orlando pharmacy Tuesday as part of a long-term investigation into illegal steroid and human growth hormone sales, the Metropolitan Bureau of Investigation in Orlando said.

The raid of Signature Pharmacy was first reported on the Web site of the Albany (N.Y.) Times-Union, which said it stemmed from a year-long investigation led by Albany County's district attorney, and involved New York Bureau of Narcotics Enforcement agents and the Orlando-based federal task force.

The newspaper said the pharmacy might have supplied prescriptions of testosterone and other performance-enhancing drugs to current and former Major League Baseball and NFL players, high school and college athletes, and bodybuilders. Albany County District Attorney P. David Soares said Tuesday night that athletes and "celebrities" were involved but declined to identify them. He also said his office was targeting doctors, pharmacists and distributors, not individual patients.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," Soares said, according to the Associated Press. "Our focus here is to shut down distribution channels." ...

Several professional athletes were clients of another pharmacy in Mobile, Ala., that might have provided illicit drugs to professional athletes. The owners of that pharmacy recently were indicted in Albany County, the Times-Union reported. An attorney for that pharmacy, Applied Pharmacy Services, did not respond to a request for comment.

Both of the pharmacies offered prescriptions over the Internet, which federal investigators believe has become a primary source for illicit sales of performance-enhancing drugs in recent years as pharmacists skirt lenient laws governing the industry.

A baseball trainer told The Washington Post in 2003 that he had watched one player order a performance-enhancing drug from an Internet pharmacy without an appointment, medical evaluation or prescription.

Twelve agencies participated in the raids of two Signature Pharmacy locations, the Orlando task force reported.

Soares has led the year-long investigation, which he said began after an Albany doctor was arrested on drug charges last year. Investigators collected dozens of boxes of computer equipment, files and drugs during the raid, placing them in a U-Haul truck.

The Times-Union said an NFL team physician used a personal credit card to purchase $150,000 in testosterone and human growth hormone last year but told investigators they were for legitimate prescriptions.

Gene Upshaw, the executive director of the NFL Players Association, said Tuesday night his only knowledge of the case had come through media reports. "I can't really say anything because I have not spoken to anyone about it," Upshaw said.

Staff writer Mark Maske contributed to this report from Washington.

Drug Agents Raid Downtown Pharmacy After Steroid Probe (ORS)

The Orlando Sentinel, February 27, 2007

Federal and state narcotics agents arrested the owners of an Orlando pharmacy Tuesday as part of a New York state investigation into the sale of steroids and other performance enhancers to professional and college athletes over the Internet.

Stan and Naomi Loomis, both licensed pharmacists who own the Signature Pharmacy in downtown Orlando and another nearby, and Stan's brother, Mike Loomis, were arrested before a crowd of reporters. The three said "no comment" as a throng of reporters crowded their path to waiting police cars.

Later Tuesday, Kirk Calvert, who was identified as a manager at the pharmacy, also was arrested, but authorities did not immediately disclose the charges against him. All four have been charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Authorities said other arrests had been made, but they did not immediately disclose details.

The Albany, N.Y., Times Union, which first disclosed the investigation, reported that investigators expected to arrest more than two dozen doctors, pharmacists and business owners on sealed New York indictments charging them with various felonies for unlawfully distributing steroids and other controlled substances, court records show.

The Times Union reported that investigators in the year-old case uncovered evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to current and former major league baseball and NFL players, college athletes, high school coaches, a former Mr. Olympia champion and another top contender in the bodybuilding competition.

The Loomis' downtown pharmacy contains a small retail store that sells mostly bodybuilding supplements, a high-tech drug-manufacturing laboratory and executive offices on the second floor.

Carl Metzger, narcotics commander for Orlando's metropolitan bureau of investigation, said the Loomises were arrested on a New York warrant, but could not give details. He said Albany County District Attorney David Soares was in Loomis' pharmacy, but Soares was not immediately available for comment.

Investigators loaded boxes into a truck. Metzger said anabolic steroids were among the confiscated items, but he said the legality of them was still being investigated.

"I can't tell you what percentage of their business was legal and how much involved stacking steroids, but there was a mix," Metzger said.

Metzger said authorities found a phone list at numerous employees' desks with contact information for lawyers and representatives with the Drug Enforcement Administration and the Food and Drug Administration.

"We found that to be somewhat interesting," Metzger said. "Why would you need to have something entitled a phone call list for the DEA and FDA with lawyers' names if you have nothing to hide?"

Tuesday's raids of two locations for Signature Pharmacy, which did about $36 million in business last year, could expose a long list of sports figures, celebrities and others who have turned to Internet pharmacies for illegal drugs such as steroids, law enforcement authorities told the newspaper.

In 2002, Signature Pharmacy reported revenue of about $500,000. Revenue topped $35 million last year, authorities told the newspaper.

Soares told the Times Union his office pursued the case, in part, because New York has some of the strictest prescription drug laws in the country. In addition, Signature Pharmacy last year did an estimated $6 million in business in New York, he said.

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"We're arresting young men on street corners every day for selling drugs," he told the newspaper. "Signature did $30 million last year ... $250,000 in Albany County."

Steroid purchasers usually have to pay high retail prices for their drugs, in part because many avoid seeking reimbursement from insurance carriers to avoid detection. Mostly, they use cash, checks and credit cards to pay for the drugs.

"It's a complete perversion of the medical system," Christopher Baynes, an Albany County prosecutor assigned exclusively to the case for almost a year, told the Times Union.

Some companies have enlisted unethical doctors who blindly write prescriptions for as little as $25 each, according to court documents filed in Albany and in a related federal case in Rhode Island.

Pro Athletes Received Steroids From Drug Ring, Prosecutor Says (BLOOM)

By Erik Matuszewski

Bloomberg, February 28, 2007

(Bloomberg) -- Professional athletes were among the customers who bought steroids and human-growth hormone from an illegal Internet drug distribution ring, according to a New York prosecutor involved in a yearlong investigation.

Albany County District Attorney P. David Soares didn't identify customers at a news conference yesterday in front of a Signature Pharmacy in Orlando, Florida. The pharmacy was one of two raided in Florida as a result of the probe.

The raids by a task force of federal and state law enforcement personnel led to the arrests of four Signature Pharmacy officials, including Chief Executive Naomi Loomis, the Albany District Attorney's Office said in an e-mailed statement. A phone message left at Signature Pharmacy for Loomis wasn't immediately returned.

As many as 24 people, including six doctors and three pharmacists, face felony charges for unlawfully distributing anabolic steroids and other controlled substances, according to the statement. The businesses shut by yesterday's arrests are believed to supply a large portion of the national market of the on-line sale of steroids, human-growth hormone and other illegal substances, Soares said.

Statewide sales in New York totaled more than $10 million. The Times Union of Albany, New York, reported the network may have illegally prescribed performance-enhancing drugs and testosterone over the Internet to current and former Major League Baseball and National Football League players, as well as college athletes, high school coaches and a former bodybuilding champion.

Possible Customers?

The customers include Los Angeles Angels center fielder Gary Matthews Jr. and a Pittsburgh Steelers doctor who last year purchased about $150,000 of testosterone and human-growth hormone, the newspaper reported, citing unidentified people familiar with the investigation.

There's no phone listing for Matthews. His agent, Scott Leventhal, and Tim Mead, a spokesman for the Angels, didn't immediately return telephone messages. Steelers' spokesman Dave Lockett also didn't immediately return telephone messages.

``I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you, we are not concerned with the celebrity factor," Soares said yesterday. ``Our focus here is to shut down distribution channels."

Among the participants in ``Operation Which Doctor" were the Albany District Attorney's Office, the U.S. Justice Department, the New York Bureau of Narcotics Enforcement, the U.S. Drug Enforcement Agency and the Florida Attorney General.

SI Reporters Witness Raid (SI/CNN)

Sports Illustrated/CNN, February 27, 2007

Florida Steroid Sweep Could Implicate More Athletes

As part of a broad operation to crack down on the sale of performance-enhancing drugs over the Internet, authorities raided an Orlando pharmacy and a Jupiter, Fla., "anti-aging" clinic Tuesday morning. Sports Illustrated reporters Luis Fernando Llosa and L. Jon Wertheim accompanied investigators on the Jupiter raid, which authorities believe will reveal a trove of athletes as clients. SI.com caught up with Llosa and Wertheim in South Florida on Tuesday night.

SI.com: What did you witness?

Llosa/Wertheim: This sweep was part of an ongoing operation that involves a number of agencies at both a federal and state level. A really wide net has been cast here.

Shortly before noon, a team -- equipped with a battering ram and bulletproof vests -- descended on Palm Beach Rejuvenation Center. The name of the place is a lot sexier than reality. The offices were on the third floor of a nondescript,

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mustard-colored building -- the kind of place people drive by and pay no mind to -- a mile or so from the Atlantic Ocean. We saw arrests being made, but clearly investigators were more interested in what material evidence they might find.

SI.com: What do investigators allege?

Llosa/Wertheim: Authorities are concerned about how easy it is to get steroids and human growth hormone (HGH) over the Internet. As an investigator explained it to us, a client using a credit card can "visit" an anti-aging clinic or wellness center on-line, such as Palm Beach Rejuvenation. The customer fills out a brief questionnaire, indicating he'd like to buy such-and-such products. An operator -- and we spoke with several Palm Beach employees Tuesday who likened their office to "a call center" -- speaks with the consumer, takes down some cursory information, and basically takes an order, often for a controlled substance, according to investigators. The operator processes a prescription with a doctor, who is often in a different state (and often being paid, we're told, as much as $50 per script to rubber stamp each order). The signed prescriptions get faxed to the compound pharmacies that know from the very beginning that there is no doctor-patient relationship. The pharmacy then sends the product to the customer. In short, it all makes for a sort of pharmacological Ponzi scheme.

One name that has caught the interest of investigators was that of Richard Rydze, a Pittsburgh internist who also happens to be a team physician with the Steelers for the past 21 years. Investigators allege that Rydze purchased $150,000 worth of HGH with his personal business credit card. The drugs were supplied by Signature. HGH is not only a banned drug in the NFL but the league has committed $450,000 to researching HGH testing.

We interviewed Rydze earlier this month in Pittsburgh about this matter. He confirmed making the purchases but asserted that he uses the HGH to treat elderly patients who are "deficient in growth hormone," and require tendon repair. "[It's] not for athletes, never," says Rydze. "I don't give it to people who want to come in here and look pretty and look young and build up their muscles. I will not do that."

SI.com: What is the Steelers' take on one of their team doctors being questioned by investigators for buying HGH?

Llosa/Wertheim: Team sources told us that they heard about this investigation for the first time Tuesday and "still need to gather information before we can make any comment." Greg Aiello, NFL spokesman, also told us the league had no previous knowledge and "will certainly be looking into it." Interestingly, Rydze told us that: "The Rooneys [the Steelers' owners] are aware that I do this ... I mean, they have my trust that I would never do this with an athlete."

Owners Of Local Pharmacy Arrested Following RaidsRaids Stem From New York Investigation (WESH)

WESH-TV, February 27, 2007

ORLANDO, Fla. -- A task force of local, state and federal agents raided two Central Florida pharmacies on Tuesday and arrested four people.

Search warrants were executed at the Signature Compounding Pharmacies at 1200 Kuhl Ave. in downtown Orlando and at 2304 Aloma Ave. in Winter Park, WESH 2 News reported.

The owners of Signature Compounding Pharmacy were arrested and officials said they could be sent to New York state, where the whole case began.

Naomi and Stan Loomis and Stan Loomis' brother, Michael Loomis, are expected to face charges connected to the illegal distribution of steroids, human-growth hormones and other drugs, officials said.

"We've not done anything wrong," Naomi Loomis said.

Kirk Calvert, who is believed to be he company's marketing manager, was also arrested.

The Florida Metropolitan Bureau of Investigation said some of agencies involved with the investigation include the Orlando Police Department, the U.S. Drug Enforcement Administration, the Florida Department of Law Enforcement, the Florida Department of Health, the IRS, the Food and Drug Administration and the Florida Attorney General's Office.

"They're New York charges, and it's all part of an investigation into steroids and human-growth hormones. I can't be more specific than that at this time," said Lt. Carl Metzger, an MBI agent.

At both pharmacies, boxes and computer files from Signature Pharmacy were loaded into trucks by federal and state agents.

The pharmacy, which makes specialized prescription medicine, was named in a New York grand jury investigation and other legal documents in a case involving the Internet sale of illegal performance-enhancing drugs, some to professional baseball and football athletes, according to reporter Brendan Lyons with the Albany Times-Union, which is owned by the same company that owns WESH 2 News.

"There are pharmaceutical companies in multiple states and physicians in multiple states who are being looked at as far as this case," Lyons said.

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Officials said the Naomi, Stan and Michael Loomis will face charges of criminal diversion of prescription drugs and insurance fraud.

The Loomis family and Calvert will have their first appearances in an Orange County courtroom on Wednesday.

After that time, New York officials will move to have them extradited.

According to Russ Scala, who is associated with Signature Pharmacy, the pharmacy sells bioidenticals -- customized, hormone-replacement therapy.

He said the FDA is telling companies like his that when they make customized, hormone replacements, the companies are creating new drugs, which need to be regulated by the government.

Internet companies have made it easier for athletes from high school to the pros to get illegal steroids, and Tuesday's raid could potentially expose a long list of sports figures that have turned to companies like this to supply them with performance-enhancing drugs, officials said.

One athlete named as a Signature Pharmacy customer in published reports is Gary Matthews Jr. of the Los Angeles Angels of Anaheim.

Matthews had a break-out season last year with Texas, which lead to a five-year, $50 million contract with the Angels.

WESH 2 sports anchor Guy Rawlings called the Angels on Tuesday and made them aware of the situation. They have since notified Matthews and his agent, who were also unaware of the situation in Orlando.

The Angels couldn't say much at this early stage other than their player has not been found guilty of any wrongdoing.

Other names popping up in association with the investigation include former heavyweight Evander Holyfield and admitted steroid user Jose Canseco.

Again, at this point, none of these athletes have been charged with anything, but the investigation is continuing.

Steelers' Doctor Questioned In Steroids Investigation (WTAE)

WTAE-TV, February 27, 2007

On Tuesday, a report that surfaced said a doctor who works with the Pittsburgh Steelers was questioned in a steroids investigation.

A reporter with the Albany Times Union said Dr. Richard Rydze was questioned about $150,000 in steroids purchases on his personal credit card.

Brendan Lyons reported a New York state health department investigator, last month, flew to Pittsburgh as part of a wide-scale investigation into the online sale of steroids.

Lyons said investigators questioned Rydze about his alleged purchase of steroids and a human growth hormone.

Lyons said his sources in New York told him Rydze is not a target in the investigation, and in fact, New York authorities have no jurisdiction over him.

Team 4 left a message for Rydze's Downtown office, but he did not return our call.

Steelers President Art Rooney II said he doesn't know anything about the case.

Rydze isn't breaking any laws or rules by buying HGH and testosterone online. However, the NFL has a clear policy banning the use of testosterone by players.

Steelers' Doctor Questioned In Steroids Probe (KDKA)

KDKA-TV, February 27, 2007

Authorities in New York have questioned a top Steelers' physician in an investigation involving steroids and other performance enhancing drugs.

An Albany newspaper is reporting that a task force raided a pharmacy in Orlando, Florida this morning after a grand jury investigation into a group of pharmacies and websites that allegedly profited from exploiting federal and state prescription laws.

Among those questioned was Steelers' team doctor Richard Rydze.

Authorities say Rydze used a personal credit card to buy $150,000 worth of testosterone and humane growth hormone from an internet-based pharmacy in 2006.

Rydze told investigators the drugs were for his private patients.

There are no allegations that Rydze broke any laws but investigators say they were curious given the volume of the purchase and that he used a personal credit card.

The newspaper says neither the Steelers nor Rydze would comment on the investigation.

Steelers Doctor Questioned In Steroid Probe (PTR)

Pittsburgh Tribune-Review, February 28, 2007

DOJ_NMG_0137755

Authorities have questioned an associate team physician for the Steelers as part of a yearlong investigation into illegal Internet sales of anabolic steroids, according to a published report.

Dr. Richard A. Rydze, an internal medicine specialist at the University of Pittsburgh Medical Center, was questioned last month about a $150,000 purchase of testosterone and human growth hormone, according to a report published Tuesday in the Times Union in Albany, N.Y.

There is no indication that Rydze has done anything wrong, and a spokeswoman for Albany County District Attorney P. David Soares would not say if he is a target of the investigation.

The Times Union story said the investigation could expose widespread illicit steroid use by professional athletes and thousands of others nationwide, including current and former Major League Baseball and National Football League players, bodybuilders and college and high school athletes.

Soares led a task force of 12 state, local and federal agencies in a raid yesterday at two Signature Pharmacy locations in Orlando, Fla., where several people were arrested.

"There are celebrities involved in the case as consumers," said Soares, who refused to identify them or answer most questions about the investigation, which involves sealed indictments.

Pharmacy officials are accused of repeatedly filling prescriptions written by doctors, some of them not licensed, for patients they hadn't met, according to a statement released by Soares' office.

At least $250,000 worth of illegal and controlled substances were sold and shipped to Albany with sales in New York alone totaling more than $10 million, according to the statement.

The Times Union report states that a New York investigator who has been tracking purchases from Signature flew to Pittsburgh to ask Rydze why he used a personal credit card to purchase some $150,000 worth of testosterone and human growth hormone last year.

The newspaper quotes unnamed sources as saying Rydze told investigators that the drugs were for his private patients. The retail value of the drugs, according to the Times Union report, is about $750,000.

Physicians are allowed to order and dispense prescription drugs, but investigators told the Times Union that the orders placed by Rydze drew interest because of the volume, his position with an NFL team and his use of a personal credit card.

A young man who answered the door last night at the Rydze home in Mt. Lebanon said the doctor would have no comment and referred all questions to the Steelers. A Steelers spokesman had no comment last night.

"UPMC has just learned about this from the newspaper article today and we don't have any more information," said UPMC spokeswoman Susan Manko. "We're not making any more comment at this time."

Federal officials in Pittsburgh said they learned of the investigation yesterday after getting calls from the media.

Rydze, who won a silver medal in the platform diving competition at the 1972 Olympics in Munich, is medical director of the FBI's Pittsburgh office, the Little Sisters of the Poor nursing home and Community College of Allegheny County.

Greg Aiello, spokesman for the NFL, and Carl Francis, spokesman for the NFL Players Association, said they only became aware of the story late yesterday afternoon.

"We will very definitely be looking into it," Aiello said.

Francis said executive director Gene Upshaw and other NFLPA officials plan to discuss the matter.

Arrested during yesterday's raids were the Signature Pharmacy owners, a pharmacist and the company's marketing director.

The four are charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Three people, identified by Soares' office as distributors from a Sugarland, Texas, company called Cellular Nucleonic Advantages, were arrested on felony counts and extradited to Albany.

Dr. Anna Maria Santi, whose age and address were not released, was identified by Soares' office as a "dealer" and charged with 13 felonies.

"The New York component of this case will result in felony charges against up to 24 individuals, including six doctors and three pharmacists," according to the statement from Soares' office.

"An additional five New York doctors will be facing professional disciplinary charges."

Woman, 49, Pleads Guilty To Money Laundering (CCCT)

Corpus Christi Caller Times, February 27, 2007

A Corpus Christi woman on Monday pleaded guilty to federal charges in connection with a money laundering and drug distribution operation out of Country Meat Market, which she and her husband own.

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Rosalinda Perez, 49, pleaded guilty to money laundering in U.S. District Judge Hayden Head Jr.'s courtroom. Her husband, 46-year-old Alfredo Garcia, pleaded guilty on Feb. 15. to conspiring to distribute cocaine out of the meat market.

Garcia remained in the Victoria County Jail Monday on a $500,000 bond. Perez, who was out of jail on a $30,000 bond, was rearrested Monday and will remain in custody until Head decides the punishment for her and her husband on May 31.

Each faces as many as 20 years in prison, officials said.

Investigation into the couple began in September 2005, when authorities in New York notified Drug Enforcement Administration agents in Corpus Christi that a vehicle registered to Alfredo Garcia had been found in New York with a small quantity of cocaine inside, according to officials with the U.S. Attorney's Office.

DEA agents set up surveillance and, through undercover work, saw Garcia selling cocaine from the Country Meat Market in the 2300 block of Airline Road and his residence in the 2400 block of Songbird Lane, according to U.S. Attorney Don DeGabrielle.

According to arrest affidavits, Garcia on two separate days sold large quantities of cocaine to confidential sources with the DEA. Perez deposited the money into bank accounts, which the couple shared.

The couple was arrested Dec. 18, 2006. Authorities found drugs and weapons, including silencers, at the home and business, officials said. Perez told Head on Monday that she had taken part in the crime.

"I helped," she said.

She said she supported her husband's illegal activity by depositing money into their account. The money was used to pay utility bills, car notes and mortgages on a condominium on Ocean Drive.

She said she often threatened to leave her husband and Head asked her why she never had.

"I didn't want to kick him while he was down," Perez said.

Nationwide Study: Drug Use Dips, But Alcohol Use On Rise (USAT)

By Donna Leinwand

USA Today, February 28, 2007

Seven states in the South and Midwest are driving an increase in the percentage of people nationwide who drink alcohol regularly, a new study shows.

Alaska for the third year in a row has the highest rate of illegal drug use in the nation, the study found.

The study, being released today by the Substance Abuse and Mental Health Services Administration (SAMHSA), found rates of illicit drug use significantly higher than the national average in nine other states — Rhode Island, Vermont, Colorado, Montana, Oregon, Maine, Massachusetts, New York and Connecticut — plus Washington, D.C.

SAMHSA used data from interviews with 136,100 people 12 and older, collected as part of the National Surveys of Drug Use and Health in 2004 and 2005. Illicit drugs include marijuana, cocaine, heroin, non-medical use of prescriptions, inhalants and hallucinogens.

Nationally, 51.1% of Americans reported drinking alcohol in the past month, up from 50.2% in the previous study.

"We see a clear red flag around alcohol use," SAMHSA Administrator Terry Cline said.

Those who said they drank alcohol in the past month ranged from a low of 30.1% in Utah to a high of 65.3% in Wisconsin, the study found.

"We've been at the top of all the states in terms of risky drinking, heavy drinking for a long time. It's part of the culture here," said Richard Brown, an associate professor at the University of Wisconsin School of Medicine and Public Health.

Brown said Wisconsin has a $12.6 million grant over five years to screen people for risky drinking habits. He said the Legislature is considering raising beer taxes.

"We know one of the best ways to curtail drinking among young people is to raise the price, because they just can't afford it," he said.

Wisconsin also showed a significant increase in drinking, along with six other states: Alabama, Arizona, Kansas, Minnesota, Tennessee and Texas.

North Dakotans reported the highest rate of binge drinking, with 31.5% having five or more drinks at one time in the previous month. The national rate is 22.7%, the study found.

Drug use nationwide dipped slightly from 8.1% to 8.02% in the previous study, while drug use in Alaska rose from 11.79% to 12.16%. One in 10 Alaskans said they smoked marijuana. Iowa had the lowest rate of illicit drug use, at 5.88%.

Stacy Toner, acting director of Alaska's Division of Behavioral Health, said the agency's annual report attributed the state's drug problems to a lack of services in isolated communities and poverty.

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Bribery Wrecks Drive To Root Out Opium (TEL)

Telegraph, February 28, 2007

The British-backed campaign to eradicate opium poppy growing in Afghanistan has fallen behind schedule and is threatened by corruption, The Daily Telegraph has learned.

Afghan police guard a poppy field in Kandahar province

The operation was designed by the British to end record levels of cultivation in the southern province of Helmand.

A 500-man Afghan police force backed by American private security contractors and two helicopter gunships began work in the drug heartlands two weeks ago aiming to destroy 22,000 hectares before April's harvest. In two weeks, only 1,200 have been ploughed.

A policeman provided a detailed account of systematic corruption within the force. "The only people [whose crops are] being eradicated are those without money or connections," said the man, who cannot be named for his own safety. "On the eradication force, this is being called 'the season to make money'."

Powerful local landowners were bribing officials at a rate of about £500 per hectare. A hectare produces about £3,500 worth of opium.

advertisement

Western counter-narcotics officials said bribery allegations were being investigated. "As with every year, there are allegations of corruptions," said one official who declined to be named.

He said aerial and satellite photographs would be used to verify that eradication had taken place. However, the interior ministry spokesman, Zmarai Bashiri, said he was unaware of the charges of corruption and did not believe them.

This year's effort is regarded as a crucial test of the Kabul government's ability to tackle the drug problem after previous years ended in disaster amid similar tales of corruption.

If the campaign fails in Helmand, which produced 40 per cent of the country's opium last year, then British officials admit that US-led pressure for a radical campaign of aerial spraying of poppy next year will become irresistible.

British and Afghan officials as well as the UN have opposed spraying as a blunt instrument that risks destroying legitimate crops.

The eradication force was recruited in Kabul to blunt the impact of corruption among local officials and police from Helmand's tight-knit tribal society. The strategy appears to have failed.

"The local police are worse than us at taking bribes," said the police officer, who was recruited in Kabul. "But every officer from the highest to the lowest is doing their best to take bribes."

He claimed two battalion commanders and high-level district and provincial government officials were involved. On wages of around £30 a month, the eradication force receives a £5-a-day bonus to try to curb the temptation to take bribes.

Total poppy cultivation in Helmand is thought to be around 70,000 hectares this year, similar to last year's when only 5,000 hectares were destroyed. At the current rate, eradication this year would not exceed that though western officials insist that the rate of destruction has increased.

Western officials were initially encouraged by the campaifgn. on the first day of operations as fleets of tractors tore up fields in Nad Ali district, west of the provincial capital Lashkargar. Attempts at bribery were appeared to be resisted.

Military commanders fear that eradication, delivereed corruptly and unfairly, could increase support for the Taliban.

Bloomington Explosives Case Expands With Munitions Find (MINNST)

By Chao Xiong

Minneapolis Star Tribune, February 28, 2007

Military-grade ammunition was found Tuesday at a south Minneapolis building linked to a man jailed the day before on suspicion of having military explosives at his home, Minneapolis police said.

A federal investigation that remains closely guarded by authorities became public Monday during a search of the man's Bloomington house. The investigation continued Tuesday at a commercial retail building at 5200 47th Av. S., which is owned by the man's wife, said Minneapolis Police Deputy Chief Rob Allen. The findings in Minneapolis are not as worrisome as those in Bloomington, he said.

"There's nothing that's raised our concern to the degree they were at in Bloomington," Allen said. "She's [the wife] being very cooperative."

Authorities would not speak in further detail about what was found in the Minneapolis building's garage. The building houses a convenience store, a massage center, a hair salon run by the suspect's wife and a second-floor apartment. No one was arrested Tuesday.

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Allen said the man -- described by one acquaintance as a gun-show regular -- stored items on the property. Tenants said he was also the building's repairman. A Minneapolis police bomb squad was called to the scene, and a block was taped off.

The man, who hasn't been charged with a crime, was arrested Monday after authorities found "small quantities" of explosive materials and "quite a few" firearms at his home in the 1700 block of W. 84th Street, said Steve Bogdalek, assistant special agent in charge of the Bureau of Alcohol, Tobacco and Firearms.

Authorities from the ATF, the FBI and the state Bureau of Criminal Apprehension wouldn't say why or for how long the man was being investigated for possessing the materials. They refused to say whether his cache of detonation cords, blasting caps, guns and explosive materials was part of a larger operation. FBI special agent Paul McCabe said there is no public safety risk at this point.

The suspect has no criminal record in Hennepin County. He is being held at the Hennepin County jail without bond. Authorities have said the case could be presented for federal charges.

Most of the firearms recovered were legally owned by the man, Bogdalek said. All of the explosive materials recovered can be obtained legally -- some by permit and others without -- he added, refusing to say whether the man complied with the law in obtaining the materials.

Arlene Fernandes, who owns the massage center, said she was surprised with the search in Minneapolis because the suspect's wife is "prim and proper."They have all these little old ladies with blue hair that come in" to her salon, Fernandes said.

Canines Help Search For Gun In Road-rage Case (ORS)

The Orlando Sentinel, February 28, 2007

Road-rage killing horrifies race fans

DELAND -- Four specially-trained canines are being sent out today to help deputies look for the gun used in a road-rage incident that killed a race fan on Interstate 4.

The canines and their handlers are from the Bureau of Alcohol, Tobacco, Firearms and Explosives. They will team up with the Volusia County Sheriff's Office to search a large area along I-4 where Erik Houk, 36, was shot and killed while driving back to Land O'Lakes from the Daytona 500, ATF officials said.

Houk was transported to Florida Hospital DeLand after the Feb. 18 shooting, where he was pronounced dead.

Three men -- David P. Edwards, 21, Ronlee Harvin, 21, and Charles Onasanya, 18 -- were arrested in Sanford after the shooting and told police they threw the gun somewhere along I-4 after they left the scene, officials said. Deputies have been looking for the weapon ever since.

The ATF bureau is the Department of Justice's lead agency for training dogs to detect explosives. Its canines are certified to detect 19,000 odors, including gunpowder and explosives, Davidson said. Officials will also use a portable Raytheon Thermal Imaging device to look for the gun.

Agent Says He Discussed Buying Arms From Man (ELPT)

By Darren Meritz, El Paso Times

El Paso Times, February 28, 2007

A federal agent testified Tuesday that he discussed purchasing firearms, in addition to explosive devices, from one of the two men accused of making and possessing pipe bombs that authorities discovered in a sting earlier this month.

Meanwhile, lawyers for the defendants argued Tuesday before U.S. District Court Magistrate Judge Michael McDonald that the government had not established that the suspected pipe bombs actually could have exploded and caused a danger to the public.

Alfredo Rubio, 23, of San Elizario, along with Juan Ortiz, 22, of Socorro, are accused of conspiring to make and possess 15 pipe bombs that Bureau of Alcohol, Tobacco, Firearms and Explosives undercover agents discovered Feb. 21 during a meeting in Canutillo.

Frank Henderson, a special agent with ATF, said in court Tuesday that he was working to arrange a purchase of weapons as well, including a MAC-10 assault rifle, rocket launchers and a machine gun.

Henderson testified that the Feb. 21 meeting was the second between him and Rubio. The agent said that during the first meeting, on Jan. 20 at a parking lot in the Northeast, he paid Rubio $2,000 for seven pipe bombs, then transported them in the front seat of his truck. Henderson also testified that law enforcement had not tested the devices to determine whether they would explode as designed.

"We would assume they explode," he said.

The judge allowed each defendant free on $10,000 bonds. Rubio was ordered to wear an electronic monitoring device.

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IMMIGRATION:

5 Plead Guilty In Illegal Workers Case (AP)

By Michael Virtanen, Associated Press Writer

AP, February 28, 2007

(AP) - ALBANY, N.Y.-Five former managers from a major crate and pallet manufacturer that employed illegal immigrants pleaded guilty Tuesday, 10 months after federal agents staged sweeping raids at company sites in 26 states.

James Rice, 37, of Houston, an executive regional general manager of IFCO Systems, pleaded guilty to conspiring to employ illegal workers. Robert Belvin, 43, of Stuart, Fla., a former general manager of the Albany IFCO plant, pleaded guilty to two felony conspiracy charges.

The two executives could face up to two years in prison and a $250,000 fine, Assistant U.S. Attorney Tina Sciocchetti said.

Netherlands-based IFCO Systems NV describes itself as the leading pallet services company in America. It reported $108 million in profits in 2006 on revenues of $647 million.

In April, more than 1,100 people were arrested on administrative immigration charges at more than 40 IFCO sites. More than half of IFCO Systems' roughly 5,800 employees during 2005 had invalid or mismatched Social Security numbers, the government said at the time.

U.S. Department of Homeland Security officials said the raids were part of a stepped-up effort to target employers of illegal immigrants.

Defense lawyers said they reviewed prosecution material that included taped conversations involving their clients.

"Under the circumstances, we thought the only rational thing to do was to plead guilty," said Belvin's lawyer, Terence Kindlon.

Rice's lawyer declined to comment.

Three local plant officials, Dario Salvano, 36, of Amsterdam, N.Y., Scott Dodge, 44, of Elmira, N.Y., and Michael Ames, 44, of Shrewsbury, Mass., each pleaded guilty Tuesday to one misdemeanor.

They could face up to six months in jail and $3,000 fines for each illegal alien employed, though they likely will get reduced terms because they cooperated, Sciocchetti said.

Charges were pending against two other IFCO managers in Houston and Cincinnati.

White House Pushes Immigration Overhaul (LAT)

By Nicole Gaouette

The Los Angeles Times, February 28, 2007

For weeks, Homeland Security Secretary Michael Chertoff has waged a clandestine charm offensive on behalf of an immigration overhaul. He consulted with supportive lawmakers, listened to adversarial congressmen and slipped into the private offices of wary senators, the only sign of his presence the beefy security men waiting outside.

Last week, Chertoff took skeptical members of Congress on a helicopter tour of the southern U.S. border to promote the administration's stepped-up enforcement measures.

They gave chase to illegal immigrants, and at one stop the lawmakers picked up a welder and — with a spray of sparks — helped build the solid-steel barrier rising along parts of the border with Mexico.

Today, Chertoff launches a higher-profile effort to win enough votes to pass a comprehensive overhaul when he testifies at the first Capitol Hill hearing on immigration legislation since Democrats took over.

Chertoff's campaign has impressed some lawmakers who may be crucial to the fate of his effort, but it's not clear whether they have been swayed enough to support it.

"It's remarkable how much progress they are making," said Sen. Johnny Isakson (R-Ga.), a staunch opponent of the administration's immigration policies who visited the border with Chertoff. But the trip "reaffirms to me that what we tried to do last year was right — that is, delineate the need for security and require its completion first."

The campaign comes as the White House is working hard to sell its domestic legislative priorities to Democrats. An immigration overhaul is one area where President Bush's agenda closely matches that of the Democratic leadership.

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In addition to confronting stubborn opposition, the administration is contending with a tight schedule and volatile politics. Bush has two years left to cement his legacy, but presidential campaign politics will make complicated legislation difficult to tackle.

"I think we've made a lot of progress on the border, but we need to address all the elements of the problem," Chertoff told reporters Tuesday. "We want to work with Congress. That's the whole point of being in government — to get stuff done."

Chertoff will testify with Commerce Secretary Carlos M. Gutierrez, who has accompanied him on Capitol Hill to promote Bush's vision for legislation that would bolster border security and workplace enforcement, create a program to allow for guest workers, and give most of the estimated 12 million illegal immigrants living in the U.S. a way to earn citizenship.

The House has passed an immigration enforcement bill, but it is unclear how much support there is for broader legislation.

Debate will probably start in the Senate, with Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) expected to introduce a bill next month that resembles the legislation the Senate passed last year, 62 to 36.

To pass, the bill would need the support of at least the 21 Senate Republicans who voted for it last year. It may even need a few more, because some freshman Democrats campaigned against "amnesty" for illegal immigrants.

The administration is upbeat about the prospects and has started to aggressively lobby Republicans who say enforcement must come first.

The White House hopes that if GOP lawmakers see improvements in border security and workplace enforcement, they may be inclined to support a comprehensive overhaul. Raids last week on restaurants across the country, including several in Los Angeles County, contributed to that effort. So did Chertoff's border tour with at least 10 lawmakers.

At one stop, in San Luis, Ariz., Chertoff held a news conference at the new steel fence — part of a 28-mile test section — to promote border security.

Since Bush ordered 6,000 National Guard troops to the border in May, administration officials say they have seen a dramatic drop in the number of arrests, a sign that fewer people are trying to cross.

As of Jan. 31, arrests were down 27% from last year, with the largest drop, 62%, occurring along a part of the Arizona border where the administration has doubled the number of agents to 850, installed fencing and more than 500 ground sensors, and added five helicopters for a fleet of eight.

The Homeland Security Department also has increased the number of detention facilities to hold illegal immigrants arrested at the border.

"This is the kind of tangible indication of progress that the American people have been waiting for," Chertoff said during the border tour.

The message was also directed at the lawmakers, a carefully chosen group that included members of the House and Senate judiciary committees, which oversee and shape immigration legislation, and long-standing foes of a comprehensive overhaul.

Chertoff and Gutierrez visited Isakson to discuss the legislation he recently introduced that would require the administration to certify that border security was complete before any new overhaul measures could begin.

Chertoff briefed Sen. Ben Nelson (D-Neb.) on border security before the Arizona trip. Nelson opposed the Senate legislation last year, citing concerns that Americans could lose jobs to immigrants.

Chertoff also brought along Rep. Steve King (R-Iowa), the ranking Republican on the immigration subcommittee and an opponent of the administration's immigration policy. Two House Judiciary Committee members on the trip, Rep. Mike Pence (R-Ind.) and Rep. Chris Cannon (R-Utah), support the White House on immigration, and a third, freshman Rep. Jim Jordan (R-Ohio), is new to the debate.

"It eased my worries that we weren't having enough enforcement, because inadequate enforcement over the last few years allowed this problem to grow," Nelson said of the Arizona visit, his first to the border. Nelson said he thought more security was needed before other changes were tackled.

King, one of the strongest backers of a 854-mile fence along the border, was unmoved. "This is not what you'd call a real good start, but at least it's a beginning," he said.

King said Chertoff requested a private meeting, but it "just identified how tenacious each of us might be."

"Chertoff is a pretty good listener, but he works for the White House, and they have a different goal," King said. "We have a working relationship and we'll be able to talk about this policy, but my position is that until we stop bleeding at the border we can't have a discussion about the 12 million who are here."

Low Pay And Broken Promises Greet Guest Workers (NYT)

By Steven Greenhouse

DOJ_NMG_0137761

The New York Times, February 28, 2007

To a rice farmer from Thailand making $500 a year, the recruiter's pitch was hard to resist — three years of farm work in North Carolina that would pay more than 30 times as much as he earned at home.

The pitch was so persuasive that the farmer, Worawut Khansamrit, put his farm up as collateral to pay the recruiter $11,000 to become a guest worker. "The amount of money they promised was very attractive," said Mr. Khansamrit, a slight, soft-spoken 40-year-old with a 15-year-old daughter he wants to send to college.

But after he arrived in North Carolina with 30 other Thai workers, he found there was only about a month's work. He was then taken to New Orleans to remove debris from a hotel damaged by Hurricane Katrina — work he says he was never paid for. This month, he and other Thai workers filed a federal lawsuit asserting that they were victims of illegal trafficking.

Mr. Khansamrit's tale highlights the abuses that many guest workers face at a time when President Bush and many in Congress are pushing to expand the guest worker program as part of an overhaul of the nation's immigration laws.

Each year 120,000 foreign workers receive visas to do farm work or other low-skilled labor, usually for three to nine months. These programs grew out of the World War II bracero program, in which hundreds of thousands of Mexicans worked on farms and railroads, often in deplorable conditions.

Labor experts say employers abuse guest workers far more than other workers because employers know they can ship them home the moment they complain. They also know these workers cannot seek other jobs if they are unhappy.

"I'd say a substantial majority of U.S. guest workers experience some abuses with their paycheck," said David Griffith, a professor in the anthropology department at East Carolina University and author of the new book "American Guestworkers: Jamaicans and Mexicans in the U.S. Labor Market." "It's the recruitment process especially where they get cheated."

The abuses take many forms. Guest workers often pay exorbitant fees and are frequently given fewer weeks of work and lower wages than promised. Many employers fail to make good on their commitment to pay transportation costs. The Thai workers, who were supposed to be paid $16,000 a year for three years, ended up earning a total of just $1,400 to $2,400. Most of the Thai workers had their passports taken away after they arrived, leaving them trapped.

"The program has been rife with abuses, even during the best of times," said Cindy Hahamovitch, a history professor at the College of William and Mary, who is writing a book about guest workers. "There will never be enough inspectors to check every labor camp, contract and field."

For decades, farmers, tree-planting companies, and hotel and restaurant owners have argued that they need guest workers, citing a shortage of Americans willing to fill jobs in their industries. In Washington, many supporters of an expanded guest worker program say they want to strengthen protections to curb abusive treatment.

"The business community supports the idea that these temporary workers should have the exact same employment protections as American workers," said Randel Johnson, co-chairman of the Essential Worker Immigration Coalition, a business group lobbying to expand the guest worker program. "When an employer can't find an American worker to fill a job, the economy is helped if the employer can find someone else."

Critics, including many labor unions and immigrant groups, say employers exaggerate the labor shortage because they are eager for cheap, docile, temporary labor from abroad. The critics say there would not be such a shortage of American workers if employers offered a living wage for these jobs.

In Congress, proposals to expand protections for guest workers include a provision to bar employers from retaliating when these workers protest and one that would let them sue in federal court over contract violations.

Earlier this month, Mr. Khansamrit and 21 other guest workers sued several labor contractors and farmers in federal court in North Carolina, accusing them of fraud, breach of contract, minimum wage violations and illegal trafficking.

The lawsuit, brought by Legal Aid of North Carolina, asserts that the contractors received recruitment fees that are illegal under Thai law, provided far less work than promised, and violated federal law by not paying transportation costs from abroad and not paying three-fourths of the wages promised.

"None of them gave us what they promised," said Pradit Wiangkham, 42, a Thai electrician turned guest worker. Mr. Wiangkham also worked unpaid in New Orleans, where he said the contractor ordered the workers to sleep in a foul-smelling hotel that had no electricity, lights, hot water or potable water. In North Carolina, the living arrangements were not much better; at times 33 Thai workers slept in a storage shed behind the labor contractor's house, the workers said.

The workers' lawyers say federal officials should have detected that something was awry because the contractors were applying to bring in so many Asian workers to work just three months.

"Why would someone want to bring workers from Asia all the way to the East Coast for such a short-term, low-wage job?" said Lori Elmer, a lawyer for the workers. "They couldn't break even unless there was fraud."

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Seo Homsombath, the president of Million Express Manpower, a small labor contracting company that works closely with recruiters overseas, did not respond to faxes and a letter to his home in North Carolina. Roy Raynor, another principal, declined comment.

But in a separate lawsuit, Mr. Raynor testified that Mr. Homsombath and he were supposed to receive payments from the recruiters in Thailand. He said he was to receive $1,200 for each worker, ostensibly for training them to pick cucumbers.

David James, a Labor Department spokesman, said the department was investigating whether the contractor failed to provide adequate wages and housing and failed to pay for transportation. He said the department had no rules regarding the payment of recruitment fees overseas.

Advocates say the Labor Department should require employers to repay recruitment fees and transportation costs from abroad when such costs effectively bring the workers' wages below the minimum wage.

The Thai guest workers are not alone in their complaints. Legal Aid of North Carolina has also sued on behalf of three Indonesians.

Several of the Indonesians and Thais have applied for special visas available to workers who have been trafficked illegally. With such visas, they hope to work in the United States to repay their debts.

"I felt completely defrauded," said Indra Budiawan, who had been a waiter in Indonesia. "They never gave me any work after I arrived."

Mr. Budiawan, 28, paid $6,000 — 10 times his annual pay — putting up his in-laws' ancestral land as collateral after a recruiter showed him a brochure about farm work in North Carolina and about the good housing and food that guest workers receive. "When I was at the airport in Jakarta, I felt very happy," he said. "I felt extremely proud about the job I would have in America, given that there is so much poverty and unemployment in Indonesia."

But when he arrived, the head of the GTN Employment Agency, Leeta Kang, told him there were no farm jobs. He was taken to a sign-making store that was the contractor's main business. There, Mr. Budiawan slept on the storage room floor, waiting for work that never materialized.

Mr. Budiawan told Ms. Kang that he wanted to leave. But he said she demanded $2,000 for a return ticket and for the passport she had taken from him. After two weeks without work, Mr. Budiawan fled. He is now living in Miami with two other Indonesian guest workers.

Mr. Budiawan called his father-in-law, whose land was used as collateral, to explain his predicament. "I felt very ashamed," he said. "Everyone was depending on me. And now the bank has taken steps to repossess our ancestral land."

Ms. Kang insisted that it was not her fault there was no work for Mr. Budiawan. "He showed up way behind schedule," she said. "By the time he arrived, the farm owner had already canceled everything."

Ms. Kang said a squash farmer had completed his harvest and no longer needed Mr. Budiawan. She said she had tried in vain to contact the recruiters in Indonesia to alert them that she no longer needed Mr. Budiawan and several others.

"The agents in Indonesia were obviously just trying to get money out of them," Ms. Kang said. "Whatever these people paid, none of it went to us."

Mike Moore, the squash farmer, said Ms. Kang had asked him to apply for far more guest workers than he needed. "She told me to take 50," he said. "I told her, 'I might need five. I might need 25.' She said, 'That's no problem. Even if you don't need them, we have plenty of work for them in other places.' "

Some experts say abuses are more likely when contractors, rather than farmers, bring in guest workers.

"The guest worker program is not for contractors who feel they might be able to find work for other people," said Mary Bauer, director of the Immigrant Justice Project at the Southern Poverty Law Center. "It's for people who have a compelling need to bring in workers from abroad. There's an enormous incentive for contractors to bring in as many people as possible, even when there isn't enough work, because they often make money from recruitment fees."

Experts say that in some states, contractors bring in less than 10 percent of the guest workers, while in other states, they bring in half.

Like the other Thai guest workers, Chinnawat Kompeemay, who ran a grocery store near Bangkok, is in limbo, living in temporary housing in Virginia.

"All I wanted was to provide my children with a better education and living standards," he said. "If my children get the education I want them to have, they won't be tricked the same way. They won't be taken advantage of like their father."

Immigrants Boost Pay, Not Prison Populations, New Studies Show (LAT)

By Teresa Watanabe

The Los Angeles Times, February 28, 2007

DOJ_NMG_0137763

Two new studies by California researchers counter negative perceptions that immigrants increase crime and job competition, showing that they are incarcerated at far lower rates than native-born citizens and actually help boost their wages.

A study released Tuesday by the Public Policy Institute of California found that immigrants who arrived in the state between 1990 and 2004 increased wages for native workers by an average 4%.

UC Davis economist Giovanni Peri, who conducted the study, said the benefits were shared by all native-born workers, from high school dropouts to college graduates, because immigrants generally perform complementary rather than competitive work.

As immigrants filled lower-skilled jobs, they pushed natives up the economic ladder into employment that required more English or know-how of the U.S. system, he said.

"The big message is that there is no big loss from immigration," Peri said. "There are gains, and these are enjoyed by a much bigger share of the population than is commonly believed."

Another study released Monday by the Washington-based Immigration Policy Center showed that immigrant men ages 18 to 39 had an incarceration rate five times lower than native-born citizens in every ethnic group examined. Among men of Mexican descent, for instance, 0.7% of those foreign-born were incarcerated compared to 5.9% of native-born, according to the study, co-written by UC Irvine sociologist Ruben G. Rumbaut.

Both studies are based on U.S. census data, which includes both legal and illegal immigrants. They were released just days before the U.S. Congress is to restart debate on major immigration reform legislation and as numerous states, including Texas, consider harsh measures against illegal migrants.

The authors say their work shows that immigrants clearly benefit U.S. residents and are being unfairly scapegoated for problems they do not cause.

"There are grossly distorted perceptions between what people think about immigrants and the reality," Rumbaut said. "The old bromide that education is the way to reduce prejudice comes into play here."

Immigration hawks, however, took issue with both studies.

Steven Camarota of the Washington-based Center for Immigration Studies said the wage study, by examining immigrants only in California, failed to consider their effect on the rest of the country. Immigrants working for lower wages in a California factory, for instance, could keep wages down in a competing enterprise staffed by native-born citizens in another state, he said.

Immigrants, who make up one-third of California's labor force, could also be discouraging natives from moving to the state and taking advantage of higher-paying job opportunities, Camarota said.

And, by examining only wage effects, the study failed to address the declining rate of native-born adults working in California, Camarota said. Their percentage in the workforce declined from 65% in 2000 to 62% in 2005, one of the lowest rates in the country that could be caused by competition from immigrants, he said.

"The idea that immigrants compete only with other immigrants is absurd on its face," he said, adding that no industry in America employs only immigrants.

Peri said, however, that his study's more detailed analysis of California's employment trends showed no displacement of native-born workers. Other studies have shown that immigration has had a negative effect on African American high school dropouts. But those conclusions were rooted in different assessments of whether blacks performed identical work as immigrants, he said.

Of the crime study, Camarota said the U.S. government had failed to systematically collect 2000 Census data on immigration status from prisons and other institutions. The study's foundational data are therefore flawed, he argued.

But Rumbaut defended his study, saying the results were consistent with other research stretching back a century. They include national immigration studies conducted in 1911 and 1994, work by two Princeton economists examining 1980 and 1990 census data and more recent analyses of homicide rates in three border cities.

The co-author of the crime study was Walter A. Ewing, a research associate at the Immigration Policy Center. Among other findings, the study showed that the gap in incarceration rates between native-born and foreign-born men was wider in California. Incarceration rates, which rose the longer an immigrant was in the country, were highest among high school dropouts. Those of Asian descent generally showed lower incarceration rates and higher educational levels than Latinos.

Despite the data, Rumbaut said, many continue to perpetuate images of crime-prone immigrants. Last year, the study says, President Bush blamed illegal immigrants for bringing crime to their communities, as did the city of Hazleton, Penn., in passing an ordinance barring them from renting homes or working.

"The problem of crime in American society today is overwhelmingly a problem of natives, not immigrants," Rumbaut said.

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In the wage study, Peri examined immigration flows and wages of California workers between 1960 and 2004 using U.S. Census data. It found that immigrants did not worsen the job opportunities of natives with similar education and experience during the entire period.

The benefit for native-born workers ranged from a 0.2% wage increase for high school dropouts to 6.7% for those with some college, the study showed.

However, the study found that other immigrants suffered wage declines by as much as 20%.

"The findings would seem to defuse one of the most inflammatory issues for those who advocate measures aimed at 'protecting the livelihood of American citizens,' " the study said.

Family Second (NYT)

By Michele Wucker

The New York Times, February 28, 2007

THE Senate's expected introduction this week of a revamped education bill will draw needed attention to the question of who may live and work in the United States. Making sure that the workers we need can come here legally should be a priority — but it's not. Of the permanent-resident visas (green cards) awarded in 2005, 58 percent went to foreign-born relatives of United States citizens; only 22 percent were connected to employment.

Family ties are profound, and we should continue to admit spouses, minor children and parents of naturalized and native-born American citizens without quotas. But it makes no sense that roughly as many green cards are available to adult siblings and adult children of citizens — with no regard for their job abilities — as for skilled workers.

There are shortages of both temporary and permanent visas for scientists, engineers, mathematicians, doctors and nurses. I've interviewed dozens of talented people who gave up waiting and took their skills elsewhere. Meanwhile, family chain migration is common: an immigrant becomes a citizen, then invites his brother, who brings in his children and his wife, who eventually can sponsor her parents and her sister, who can bring her children and husband and his parents. As a result, the foreign-born population in the United States has increased to record numbers since the current system was created in 1965.

Our economy depends heavily on skilled immigration. Half of research and development workers, one-quarter of doctors and nurses, and a quarter of all doctoral degree holders were born in other countries. Government and trade groups estimate that we need some 20,000 more doctors and 300,000 more nurses. Yet because only 140,000 employment-based visas are available each year, skilled workers can wait five years or more for a green card. Annual per-country visa caps make the wait even longer for high-migration countries like India and China, which send us many engineers and scientists, or the Philippines, which sends many nurses.

Skilled workers with professional careers are less likely than unskilled, low-wage workers to risk working under the table. A few lucky ones obtain visas when they marry American citizens. Even those who get green cards can find their spouses and children entangled in the system; there's a six-year wait to reunite the nuclear family of a Mexican green card holder.

Phasing out family-based preferences for adult siblings and adult children would free up 138,066 green cards a year, nearly doubling the size of the job-based category and making space for green card holders to bring wives and younger children. Adult siblings and adult children could still immigrate under more readily available job-based visas.

As adult-relative visas are phased out, we must address the plight of roughly a million extended adult relatives waiting for visas because of country or category caps. Still, eliminating the system's false promise would be fairer for all concerned.

New laws could make it easier for the workers we need to come in the front door instead of sneaking through the back door — or going elsewhere. Even those who so far have opposed increasing work visas ought to see the value of doing so in return for a solution that eases chain-migration pressures and reflects demographic and economic reality.

Report: Immigrants Do Not Commit Most Crimes (NCT)

By Edward Sifuentes, Staff Writer

North County Times, February 28, 2007

NORTH COUNTY -- A common perception that immigrants are responsible for much of the nation's crime is not supported by evidence, according to a study released Monday by an immigrant rights group.

Violent and property crime rates have dropped 34 percent and 26 percent respectively since 1994. At the same time, the illegal immigrant population doubled to an estimated 12 million, according to the study, called the Myth of Immigrant Criminality and the Paradox of Assimilation.

But critics said the study is biased and based on incomplete Census data.

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The authors, sociologists Ruben Rumbaut and Walter Ewing, said immigrants have faced similar perceptions throughout the nation's history. Previous waves of immigrants, such as Italians and Irish, were often viewed as more inclined to crime than native-born people, they said.

Similar views are now thrust upon the newest immigrants, who are predominantly from Latin America, the authors said.

"This myth is not supported by the data and is refuted by empirical data," said Rumbaut, a professor of sociology at UC Irvine.

Researchers said they did not analyze legal and illegal immigrant populations separately, because the U.S. Census data does not ask whether immigrants are in the country legally or illegally.

Based on 2000 Census information, the study concludes that the problem of crime in the United States is not caused or aggravated by immigrants, regardless of their legal status. The study was released by the Immigration Policy Center, a research organization that focuses on the contributions immigrants make the country.

The policy center is a division of the American Immigration Law Foundation, a Washington, D.C.-based nonprofit focusing on immigration.

One of the key findings the study cites is that U.S.-born men, ages 18-39, are five times more likely to be incarcerated than foreign-born men in the same age group. However, the "paradox of assimilation" is that the children of immigrants tend to have higher incarceration rates than their parents, according to the study.

"Their children are another story," said Robert Sampson, a professor of sociology at Harvard University. "They become acculturated. They don't look back at the conditions in Mexico, El Salvador or Vietnam."

Critics of the study said the report is based on faulty data.

Steven Camarota, research director for the Washington D.C.-based Center for Immigration Studies, said 2000 Census data for the immigrant prison population was not reliable because of problems in collecting the information. The center advocates stricter immigration laws.

"The process of collecting information from institutions completely broke down" during the 2000 Census, Camarota said.

That doesn't necessarily mean that the study's conclusions are wrong, Camarota added.

"I think it's probably correct that the foreign-born are less likely to commit crimes," Camarota said. But, "It is the children of illegal immigrants (that are likely to commit more crimes) not the illegal immigrants themselves."

Census officials could not be reached for comment Monday.

Gary Walker, who cofounded the North County-based group Predatory Aliens Stop Killing Our Police!, also said the study released Monday is not credible. His group focuses on raising awareness about crimes committed by illegal immigrants.

"It's a very agenda-driven type of report to spin the facts," Walker said.

The facts paint a very different picture, Walker said. He points to a Government Accountability Office report that says 27 percent of the federal prison population is made up of immigrants and other sources that he says point to a larger crime problem, including anti-illegal immigration Web sites, local news and police blotters.

In recent months, many local governments, including the Escondido City Council and the City of Hazleton, Pa., have adopted laws targeting illegal immigration in part due to the perception that immigrants bring more crime to cities.

Bill Flores, a North County civil rights activist and retired San Diego County assistant sheriff, said the study's conclusions are similar to a study he conducted on bookings between 1997 and 1999 at San Diego County jails run by the sheriff's department.

"They only surprise that I saw was the fact that the local picture was such an accurate reflection of the national scene," Flores said.

That study, called "Bookings -- A Study of Persons Detained in the San Diego County Jail System," looked at about 100,000 bookings a year.

The study suggested that immigrants' place of birth had little to do with the type of crime being committed. About 28 percent of the crimes of all the crimes committed by those incarcerated in county jails were violent, regardless of whether they were born in San Diego County, elsewhere in the U.S. or in another country, the study showed.

Activists on the other side of the immigration debate say that the illegal immigrant crime wave is no myth.

Researcher Rumbaut said anecdotal evidence used by some anti-illegal immigration groups is part of an emotional and political response to immigration, but it is not based on scientific research.

"There's not a single authoritative source for those numbers," he said. "Those numbers seem to be pulled out of thin air."

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TAX:

Real-Estate Professionals Say IRS Snares Them By Mistake (WSJ)

By Kemba J. Dunham

The Wall Street Journal, February 28, 2007

Some real-estate professionals say they are being mistaken for sometime investors by the Internal Revenue Service, and that could prohibit them from taking advantage of certain tax and economic benefits.

Consider the case of David Friedman, a real-estate broker and property owner in Los Angeles. Like many professionals in the business, he not only sells homes to consumers, he also buys and sells undeveloped land and owns single-family homes that he rents out. He says he works every day and has amassed holdings in Southern California and Oklahoma that are valued at $20 million.

Yet after 20 years in the business, Mr. Friedman finds himself in a battle with the IRS, which is auditing his past tax returns over whether he is really a full-time real-estate professional or one of the many part-time real-estate investors who have sprung up across the country in the past decade.

"Real estate is all that I do, I'm not a contractor or a doctor who does real estate on the side," Mr. Friedman says. "I just think that the IRS has some issues believing that someone truly does this full time."

The distinction is important because full-time real-estate professionals, defined as someone who spends more than half of his working hours in real estate and more than 750 hours a year tending to real-estate activities, can fully deduct losses -- including depreciation, interest expense on loans and property taxes.

But those who don't fit into that category are typically considered to be "passive" real-estate investors with a limited ability to deduct their losses, says Alan Weiner, a CPA and tax partner at the firm of Holtz Rubenstein Reminick LLP in Melville, N.Y.

Robert Marvin, a spokesman for the IRS, said the tax agency can't comment on individual taxpayer cases. However, he indicated that the agency is paying more attention to real-estate activity because it is one of the areas where research shows there is a large tax gap, meaning taxpayers are underreporting income to the IRS. The tax gap in income from rents and royalties is about $13 billion and $11 billion for capital gains. (Income from real-estate activity is included in, but not exclusive to, both categories.) Mr. Marvin said that several thousand returns of real-estate professionals have been audited since last year and approximately 3,000 are under audit now.

But some tax attorneys say these professionals are being unfairly scrutinized. "Unfortunately, real-estate professionals are being caught in a broad net that is intended to catch investors," says Philip Panitz, a federal tax litigator in Westlake Village, Calif., who represents Mr. Friedman. "My clients are real-estate professionals, although the IRS disagrees and they're saying 'prove it.' "

Of the eleven cases Mr. Panitz has pending in the U.S. Tax Court, five involve people who say they are full-time real-estate professionals whom the IRS is trying to reclassify as passive investors. Two years ago, none of his cases involved this issue. "Whenever I see this kind of trend going on, I know some sort of sweep is happening," Mr. Panitz says.

The "passive loss" rule goes back to 1986, when Congress added the measure to stop real-estate investors who were receiving paper-loss deductions, such as depreciation, and using these paper losses to shelter real income from other jobs, Mr. Panitz says.

Real-estate professionals were excluded from this act because real-estate was their job. "If that person had a deduction related to the buying and selling of property, those deductions directly correlated to what they did for a living," Mr. Panitz adds.

Since he has been audited for 2002, Mr. Friedman is now struggling to prove that real estate is his profession. He says he has provided the IRS auditor with every receipt and canceled check related to his business. But they always ask for more proof, he adds, including detailed logs of how he spends his time, a listing of all projects in which he is involved and all the people he talks to on any given day.

"It takes hundreds and hundreds of hours out of my time to provide all these details," he sighs. "I just feel like I'm being harassed."

It has been financially draining as well. Mr. Friedman says that in the past few years, he has spent about $20,000 in fees to his accountant and tax attorney, who are helping him prove his professional status. Because his case is ongoing, those costs could reach $100,000. If the IRS does conclude that Mr. Friedman isn't a real-estate professional, his tax returns for the years in question would have to be adjusted and if one factors in penalties, interest and tax liabilities, he could end up owning the government hundreds of thousands of dollars.

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CONGRESS-ADMINISTRATION:

Bush To Visit Floyd School (LCJ)

By James R. Carroll

Louisville Courier-Journal, February 28, 2007

Silver St. Elementary one of several stops

President Bush will visit New Albany's Silver Street Elementary School on Friday, in addition to attending a campaign fundraiser in Louisville.

He also plans to meet with University of Louisville students, according to the White House and Senate Minority Leader Mitch McConnell, R-Ky.

Bush is scheduled to visit Silver Street Elementary, 2023 Ekin Ave., at 2:15 p.m., according to a schedule the White House released last night.

He will discuss his "No Child Left Behind" program, which holds states accountable for student performance. Schools are required to test students each year in reading and math in grades three through eight, and those that fail to make progress face sanctions.

Silver Street, which has 264 students, has made "adequate yearly progress" each of the four years since the law went into effect, according to the state Department of Education.

Silver Street "has done very well" since Bush signed the act in early 2002, Superintendent Dennis Brooks of New Albany-Floyd County Schools said last night.

He called the president's visit an "unexpected opportunity" for students and teachers at the school.

Teachers likely will spend the next few days working on social studies lessons, explaining what the president does and the importance of the job, Brooks said.

The children also will learn how to behave in front of such a distinguished guest, he said.

"Our students will be prepared," Brooks said.

McConnell told reporters yesterday that the president also will meet privately with about 40 scholars from U of L's McConnell Center.

The time and place of that session are not on the White House schedule, and neither McConnell nor U of L would provide details. A call to the White House was not returned.

The White House announced last week that Bush will speak at a McConnell for Senate reception at the Seelbach Hilton Louisville.

The scheduled time for the president's remarks has been changed slightly, to 5:35 p.m. instead of 5:45 p.m., as announced last week.

Asked yesterday whether a presidential visit might hurt his re-election prospects next year, McConnell said he is not worried.

"Kentuckians by and large understand the need to be strong in the war on terror, and I'm not at all concerned about defending my position of support for the president," McConnell said.

Reporter James R. Carroll can be reached at (202) 906-8141.

Reporter Charlie White contributed to this story.

President Bush To Visit New Albany School (AP)

AP, February 28, 2007

President Bush will visit an elementary school in New Albany on Friday and will speak about reauthorizing the five-year-old No Child Left Behind law.

The White House said Monday Bush will visit Silver Street Elementary School about 2:00pm. Friday and is expected to make remarks about No Child Left Behind at 2:40pm at the school.

The president will be stopping by the school on his way to a fund-raiser in nearby Louisville, Kentucky, for Senate Minority Leader Mitch McConnell.

President Bush To Visit Southern Indiana School (WDRB)

WDRB-TV Louisville, Kentucky, February 27, 2007

DOJ_NMG_0137768

President Bush is coming back to Kentuckiana. The president will be in town on Friday for a fundraiser for Kentucky Senator Mitch McConnell -- but he's also making a stop in Indiana.

President Bush will visit a New Albany school on Friday. And right now, students and faculty members are sprucing things up for their special guest. 4th Grader Jacob Domalewski tells Fox 41, "I'd probably scream once I saw him."

It is a big week for everyone at Silver Street Elementary School in New Albany. School Superintendent Dennis Brooks refers to the "Great excitement here this morning." The great excitement is about a visit from President George W. Bush.

Principal Tony Duffy says, "It's such an honor. It's a once in a lifetime opportunity for our students and our teachers and everyone involved in our school."

Duffy found out about the visit on Monday and shared it with his staff: "It was kind of the moment when people look at you in disbelief." In fact, Duffy had some disbelief of his own when he received the phone call from the White House. "I asked her, okay, I'm sure you're from the White House and I said, who put you up to this?"

After recovering from the shock, staff and students started preparing for the president's visit. Duffy says, "We are cleaning, and that is something that we need to do, and we're making space for the folks that are coming in."

The president is expected to update the school on No Child Left Behind. School officials suspect he chose Silver Street because of its success with the initiative.

Superintendent Brooks says, "This is a school that has worked very hard to improve student outcomes and that certainly is, I'm sure, part of the reason."

Silver street has 264 students. The few we talked to knew a little bit about the president. 4th Grader Jacob Domalewski says, "I know he's in charge of the country." And he said, "I know he has two twin daughters who I think are in 7th grade." The Bush twins are actually in college. But students will know that and much more about the president by Friday. Principal Duffy says, "Each individual teacher is going to be working with that all week."

The president is expected to arrive at Silver Street at about 2 o'clock on Friday.

Bush To Visit Silver Street Elementary (WLKY)

WLKY-TV Louisville, Kentucky, February 27, 2007

The White House has released more details on President George W. Bush's pending March 2 visit. His itinerary includes a stop at Silver Street Elementary School in New Albany, where he'll talk about reauthorizing the five-year-old No Child Left Behind law.

Afterward, he'll attend a fundraiser for Sen. Mitch McConnell (R-Kentucky). McConnell, the current Senate Minority Leader and a 24-year senator, is raising money for re-election.

Democrats seized control of the Senate by the slimmest of margins after last year's election, preventing McConnell from becoming Senate majority leader.

McConnell, the Senate minority leader, has been an unwavering Bush supporter on the Iraq war and the president's domestic policies. McConnell has said he'll seek a fifth term next year.

No Democrat had announced plans to challenge him.

Labor Rides Political-Wind Shift (WSJ)

By Kris Maher

The Wall Street Journal, February 28, 2007

Organized labor aims to use the House's expected passage tomorrow of a pro-union bill to further the rest of its legislative agenda, even though the bill, under heated industry opposition, faces likely defeat in the Senate.

The Employee Free Choice Act would make it easier to organize workers by giving them the right to unionize as soon as a majority signs cards in favor of a union, a process known as "card check" that can take a few weeks. The typical secret-ballot election can drag on for months and is often slowed further by charges of labor-law violations. Union officials see the bill as a key to stemming a decline in membership and correcting a perceived weakening of workers' rights under the Bush administration. Today, unions represent 7.4% of the nation's private-sector work force, down from 35% in the 1950s.

• The Situation: Tomorrow the House will likely pass legislation that would make it easier for unions to organize workers.

• What's at Stake: Unions hope the bill will help reverse a decline in membership, while business groups argue the bill takes away workers' rights.

• What's Next: The bill is expected to stall in the Senate, but unions are using their current momentum to push the rest of their legislative agenda.

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Although passage is expected in the House, where it has 234 co-sponsors, the bill is expected to face a filibuster in the Senate, in large part because of intensifying objections from employer and industry groups.

In the past two days, the National Association of Manufacturers sent two letters to members of Congress, saying that the association would use tomorrow's vote in determining its future support for lawmakers. The association argues the bill "further erodes the competitive capabilities of American manufacturers." A coalition representing more than 300 state and local employer groups also is lobbying against the bill, and the U.S. Chamber of Commerce said it has sent more than 24,000 emails to members of Congress to oppose it.

The last-minute flurry of opposition also is an attempt to discourage a potential compromise that could involve dropping the card-check provision while keeping provisions that make arbitration mandatory if a first contract isn't reached between a union and an employer, and assess stiffer penalties to employers who violate labor law during organizing drives.

"There's always the danger that someone in the Senate will see themselves as a deal maker and do something like that," said Randel Johnson, vice president for labor policy at the U.S. Chamber of Commerce. The Chamber and other business groups would fight the binding-arbitration portion of the bill just as hard as the card-check rule, he said.

Beyond the pending vote, the increasing resistance from business groups also indicates their concern about labor's closer ties to lawmakers since the fall election. Democratic lawmakers are planning to propose efforts in coming months to expand sick-leave coverage, introduce bills on workplace safety, on retirement security, and a bill that would effectively reverse a National Labor Relations Board decision last year on the supervisory status of workers. These measures have been on labor's legislative agenda and opposed by business groups. "It's going to be a long two years," said Mr. Johnson.

Organized labor isn't expected to give up on the Employee Free Choice Act, and the fact the measure is up for a vote at all, and likely to receive approval from a full House, is a victory for organized labor. A year ago, a House vote on the measure was unthinkable to many union officials. Now, the campaign represents one of labor's biggest pushes in decades. Many union leaders are looking ahead to the presidential race and saying that in 2008 they will only back candidates who supported the bill.

At the same time, labor wants to move quickly on other measures while it has the limelight and momentum from an expected House victory.

Anna Burger, secretary treasurer of the Service Employees International Union, said it is crucial to get Congress to act on issues such as health care and immigration reform now. "I think there's a move both in the House and the Senate to get something done [on immigration reform] by June," she said. "I think that this is the moment."

Next week, leaders of the AFL-CIO's 54 affiliate unions plan to announce details on a bankruptcy-overhaul bill, which would make it harder for companies to walk away from wage and benefit obligations when filing for bankruptcy-court protection, as well as a strategy to deny renewal of the president's fast-track authority on trade agreements when they meet at their winter conference in Las Vegas.

Meanwhile, many individual unions are seeking more specialized legislation. The International Brotherhood of Teamsters, for example, is seeking a legislative fix to stop a pilot program started last week that gives Mexican trucks greater freedom to travel throughout the U.S. The union is demanding hearings on the program. "We're going to do everything we can to get this ridiculous pilot program stopped," said Leigh Strope, a Teamsters spokeswoman. There also will be a renewed push by labor to get the stalled minimum-wage increase signed into law.

Labor leaders have tried to position the Employee Free Choice Act as helping to bridge the widening income gap, which they said is connected to the steep decline in union membership. "The single best opportunity for working women and men to get ahead economically is to come together with their co-workers to form a union," said John Sweeney, president of the AFL-CIO.

Yet business groups have called the bill undemocratic because it gives workers the option of skipping a secret-ballot election and could lead to unfair pressure by unions. They have also attacked the unions for having a double standard, noting that unions want to keep a secret-ballot process when it comes to the process of decertifying a union.

Some labor experts have said the employer argument is misleading because it doesn't take into account the context in which many union elections are held, as workers may be pressured by employers. "Cuba has secret-ballot elections. If you think those are democratic then you might think these union elections are democratic," said Harley Shaiken, a labor expert at the University of California at Berkeley who testified in favor of the bill in recent congressional hearings.

Despite the battle over this legislation, there may be areas, including health care and immigration reform, where business and labor may be willing to compromise on legislation. A bill on immigration is expected to reach the Senate in March. While a number of business and union leaders have joined together to work to reduce the number of uninsured Americans, there is little consensus at the federal level on what approach to take.

Labor Looks To Score First Big Win In Years (HILL)

DOJ_NMG_0137770

By Ian Swanson

The Hill, February 28, 2007

A coalition of business groups has launched a massive effort to defeat legislation under House consideration this week that is organized labor's No. 1 priority for the 110th Congress.

The U.S. Chamber of Commerce is leading this drive, whose magnitude rivals the 2001 campaign supporting President Bush's tax cuts. As of last week, the Chamber alone had directed more than 24,000 letters, phone calls and e-mails to House members in opposition to H.R. 800, the Employee Free Choice Act of 2007.

The effort has continued this week with advertising in 60 conservative-leaning blogs and e-mail blasts to House chiefs of staff and legislative assistants on labor. Along with the Chamber of Commerce, the business coalition includes dozens of national and local business groups. Together, they are targeting 51 congressional districts with radio advertisements and phone calls urging constituents to press their representative to oppose H.R. 800.

These districts cover 29 Democrats and 22 Republicans, including freshman Reps. Heath Shuler (D-N.C.), Tim Mahoney (D-Fla.), Ron Klein (D-Fla.), Joe Courtney (D-Conn.), David Loebsack (D-Iowa), Jerry McNerney (D-Calif.), Vern Buchanan (R-Fla.), Steve Kagen (D-Wis.), and Carol Shea-Porter (D-N.H.). All but Mahoney and Buchanan are cosponsors of the bill.

Veteran Republicans targeted by the campaign include Reps. Charlie Dent (R-Pa.), Tom Reynolds (R-N.Y.) and Randy Kuhl (R-N.Y.).

In terms of the effort, "we're beating what we saw for the tax coalition in 2001," said Bruce Josten, executive vice president of government affairs for the Chamber. Bill Miller, the chamber's vice president for congressional affairs, said his group is also outpacing its work in the 2001 "prize fight" that it won over labor when Congress approved legislation rolling back the Clinton administration's ergonomic rules.

Organized labor's effort is just as intense. The AFL-CIO has sent more than 4.7 million messages to union members, their friends and family, and other allies, who have responded by sending 257,000 messages as of last week to members of Congress, sources with the group said.

The AFL-CIO last week organized 90 events across the country with various members of Congress, including House Speaker Nancy Pelosi (D-Calif.), to raise awareness of the bill. It is also running newspaper advertisements in support of the bill.

Despite these efforts, sources on both sides acknowledge the bill is unlikely to become law this year. While the House will likely approve the measure this week, the Senate will probably not to be able to muster the 60 votes necessary to break an expected GOP filibuster on the legislation.

The tough Senate fight is illustrated by Sen. Arlen Specter (R-Pa.), the only GOP senator to cosponsor identical legislation last year. This year, Specter, whose business groups have lobbied on the issue, has taken no position, according to his office.

"It might not happen in this Congress," said Kelly Ross, a legislative representative of the AFL-CIO. "But we'll try to make it happen in this Congress, and if it doesn't, we'll try the next Congress."

Debate over the bill's "card check" or "secret ballot" provision has dominated both sides' campaigns. The bill's main section would effectively rewrite U.S. law so that workers would no longer be required to use a secret ballot when voting on whether to unionize.

If the legislation becomes law, workers could form unions as long as a majority of employees sign cards designating a labor group as their bargaining representative. Business groups charge that such an open system with no secret ballot would allow union supporters to bully and intimidate workers into joining unions. Union representatives counter that the present system allows employers to get rid of union organizers and threaten and intimidate workers into voting against forming a union.

But the two sides do agree that the bill would generally make it easier for workers to unionize, which could have enormous implications in the political world. Organized labor is a consistent financial backer of Democratic campaigns.

The House bill includes two other contentious sections besides the card-check provision, and some business sources say they could accept them only if the Senate removed the card-check section. According to the Chamber's Josten, one of those is a provision requiring that employees and employer go to binding arbitration if they cannot agree on a contract through mediation. That idea is as bad and onerous to business as the card-check rule, Josten said.

The other disputed section of the bill would impose stiff civil penalties, up to $20,000, on employers who commit unfair labor practices while the initial collective bargaining contract is being negotiated.

One group that has taken aim at the binding-arbitration provision is the National Association of Manufacturers, which warns that some members may not even be aware of key parts of the bill.

"There are members of Congress who aren't fully up to speed on the bill," said Jason Straczewski, the group's director of human resources policy. He said his group is sending the message that the binding-arbitration provision is just as much of a problem as the card-check measure.

Meanwhile, Ross said the AFL-CIO would oppose moving through a bill with only parts of H.R. 800, especially if that means the removal of the card-check provision. She said the three sections of the bill are intertwined and meant to act together. Stripping the card-check provision from the bill would therefore help defeat the bill's purpose.

Speaking from the opposite side, a business source also said that it would make sense for labor to demand that the entire bill be approved. That would hurt the bill's chances of final passage in both chambers, after which labor might ease its position and support moving only a stripped-down bill, the source explained.

Business Group Raps Freshmen (RC)

By David M. Drucker

Roll Call, February 28, 2007

With the House expected to vote Thursday on a measure that would make it easier for workers to unionize, a business coalition launched a six-figure radio ad campaign late Tuesday in an attempt to convince three Democratic freshmen who represent conservative districts to defy organized labor and vote against the bill.

Reps. Nancy Boyda (Kan.), Tim Mahoney (Fla.) and Heath Shuler (N.C.) were all elected in Republican-leaning districts in November, and the business group Coalition for a Democratic Workplace — saying these Members ran as "pro-business" Democrats — is urging their constituents to call them and register displeasure with H.R. 800. The bill would give workers the option of checking a card to indicate their desire to unionize, as opposed to current regulations that mandate secret-ballot elections.

"All three of these Members ran as pro-business Democrats, and we want to make sure that every single freshman Democrat who ran as a new kind of Democrat votes like one," said Todd Harris, a Republican operative who is serving as a spokesman for the business coalition.

The coalition's effort joins a U.S. Chamber of Commerce radio campaign already under way in opposition to the labor legislation. At a cost of roughly $500,000, it is targeting 51 Members, including 22 Republicans who represent labor-heavy districts or are seen as possibly inclined to support H.R. 800.

Neither Boyda, Mahoney nor Shuler seem particularly worried that supporting H.R. 800 will cause them re-election problems next year, as all three plan to vote in favor of the bill. In fact, Boyda and Shuler are co-sponsors.

Boyda said the mail she's received from constituents has been overwhelmingly supportive of her position on H.R. 800. Although Kansas' 2nd district was represented by Republicans from 1994 to 2006, it was held by Democrats for 24 years before that, and Boyda said her district is more pragmatic than conservative.

"We're not wealthy people in the 2nd district. It's a district of working families," Boyda said Tuesday in a telephone interview. "They may be sorry that they spent their money to tear me down on this one. They may be sorry, but we'll see."

The 60-second radio ad targeting the three freshman Democrats is scheduled to run for almost a week on all of the major news-radio stations in their districts, as well as on some highly rated country and mainstream music stations. The linchpin of the coalition's campaign, as referenced in the ad, is that Democrats have demanded the Mexican government mandate secret ballots for Mexican workers who want to unionize, while they oppose them for American workers.

The bill, dubbed the Employee Free Choice Act, would allow workers the option of checking a publicly viewable card indicating their desire to unionize, eliminating the current method that mandates secret-ballot voting supervised by the federal government.

Supporters say the bill would eliminate corporate coercion against unionizing and make it easier for workers to organize; opponents claim the bill would subject workers to intimidation by union officials, discouraging those who are against unionization from voting that way.

House Republicans leaders, making a concerted push to defeat the bill, met Tuesday with members of the Coalition for a Democratic Workplace to strategize on coordinating opposition to H.R. 800, as well as minimizing the number of Republicans who might vote for the bill.

The six House GOP leaders who met with the coalition included Minority Leader John Boehner (Ohio), Minority Whip Roy Blunt (Mo.) and Chief Deputy Minority Whip Eric Cantor (Va.). Among the coalition's members are the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business.

"Anyone who thinks [Thursday] is going to be the only vote is kidding themselves. The message was, don't give up the fight, we have our work cut out for us over the next couple of days," said Danielle Ringwood, a spokeswoman for Associated Builders and Contractors, another coalition member.

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Ringwood did not want to speculate on the outcome of Thursday's scheduled floor vote, but said House Members of both parties tend to oppose the bill — if not at least question its merits — once they're educated on what it would do. But she said organized labor has drummed up support practicing an effective game of "coercive lobbying."

The AFL-CIO, which held events in 90 Congressional districts with 150 House Members over the Presidents Day recess, is cautiously optimistic that H.R. 800 will pass the House.

Bill Samuel, the union's spokesman, said many Democrats from Republican-minded districts are unlikely to face reprisals at the ballot box for supporting the bill, because they represent areas that are culturally conservative but labor-friendly.

That is why freshmen like Boyda and Shuler, who represent districts that tend to vote for Republican presidential candidates, are co-sponsoring the bill and do not fear a political backlash in next year's elections, Samuel said. The same goes for Mahoney, who is one of just seven or eight Democrats who is not co-sponsoring H.R. 800.

Samuel predicted that as many as two dozen Republicans could ultimately vote for the bill.

"What does it mean to be a red-leaning district where you have a large labor population?" Samuel asked rhetorically. "They may be culturally conservative, but they line up very closely with organized labor."

The business coalition argues that the option of "card-check" unionization — or "majority sign-up," as organized labor prefers — will lead to intimidation by union officials, as workers who oppose forming a union will be loath to do so using the publicly viewable card-check or sign-up forms.

Additionally, the coalition claims, 16 Democratic Members have publicly demanded that the Mexican government preserve secret balloting as the only means by which its workers can vote for unionization. Business groups say American workers should not be given any fewer protections than Mexican workers, and they believe this argument will resonate with the public if they can get the message out.

The coalition uses an August 2001 letter that liberal Democratic House Members wrote to Mexican officials encouraging them to "use the secret ballot in all union recognition elections." The coalition's radio ad tries to make the point.

"Your vote. In America it's as sacred as the Constitution. And it's cast in private," the ad's voice-over begins. "But union bosses want to change that. They want you to choose in public. Yes public."

After some additional rhetoric, the ad concludes: "What's worse? The same liberal leaders want to protect private ballot elections for workers in Mexico. Private ballots for Mexico and open ballots for Americans. That's crazy."

Walter Reed Puts Congress In Bipartisan 'foul Mood' (HILL)

By Jonathan E. Kaplan

The Hill, February 28, 2007

The poor conditions and bureaucratic mazes facing wounded soldiers and Marines at the Walter Reed Army Medical Center have sparked condemnation from Democratic and Republican lawmakers as they prepare for a hearing next Monday at the hospital.

Rep. John Tierney (D-Mass.), chairman of the Oversight and Government Reform national security subcommittee, with support from Republican Reps. Tom Davis (Va.) and Christopher Shays (Conn.), announced earlier this week that he would conduct a hearing at Walter Reed, located in northwest Washington, D.C.

The Washington Post reported earlier this month that some wounded soldiers and Marines lived in moldy and rodent-infested housing complexes, while others were financially strapped or physically harmed by bureaucratic inefficiency.

The anecdotes in the Post have spurred an array of responses from lawmakers, generating headlines in local newspapers. Several committees will hold hearings starting this week and several lawmakers, such as Rep. Joe Donnelly (D-Ind.), created a veterans' advisory board.

Donnelly, who sits on the Veterans Affairs Committee, told the South Bend Tribune yesterday that "Everybody's in a very foul mood right now" with respect to the media accounts.

That includes Republicans. A day after the Washington Post story appeared on Feb. 20, Davis, the ranking Republican on the Oversight and Government Reform Committee, asked chairman Henry Waxman (D-Calif.) to conduct a hearing at Walter Reed's Mologne House, one of the outpatient buildings.

Davis noted past hearings he conducted as chairman that examined the medical care National Guardsmen and Reservists received. He said in his letter that "The investigative series that appeared in the Washington Post … is in part based on three years of work by our Committee's investigative staff."

Shays followed up with his own letter one day later, writing, "The conditions described, which included mold, rodent and insect infestation and dilapidated walls and ceilings, are outrageous and deserve swift remediation."

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He asked Waxman to "immediately schedule a hearing at Walter Reed to investigate the circumstances that led to the current conditions and conduct oversight of the repairs."

The Oversight and Government Reform panel, the main investigative committee in the House, is stacked with partisans and freshman Democrats —Reps. John Yarmuth (Ky.), Bruce Braley (Iowa), Paul Hodes (N.H.) and Peter Welch (Vt.) — who ran on holding the Bush administration accountable.

Republican lawmakers on the panel include Reps. Dan Burton (Ind.), Kenny Marchant (Texas), Lynn Westmoreland (Ga.) and Patrick McHenry (N.C.).

While media accounts have noted that the Army has worked to improve the physical conditions at some of the residences and outpatient facilities, lawmakers have taken little comfort.

"You could put all of the wounded soldiers in the Ritz-Carlton and it wouldn't fix the personnel, management and record-keeping problems that keep wounded Guard and Reserve soldiers languishing in outpatient limbo," said David Marin, the Republican staff director on the Oversight and Government Reform Committee.

Congress Reevaluates High-cost Defense Programs As Budget Ax Looms (HILL)

By Roxana Tiron

The Hill, February 28, 2007

Congress is grappling with how to fix a number of high-profile defense programs that are costing taxpayers billions of dollars yet have poor records of success.

Congress traditionally has been averse to canceling defense programs that grow strong constituencies. However, with a defense procurement budget that in recent years has experienced exponential year-over-year growth but that now could be flattening — or even facing cuts — Congress may be forced to quash several technologically complicated programs still in development, according to both congressional sources and outside observers.

Programs in danger may include the Army's Future Combat Systems and the Joint Tactical Radio System; the Air Force's Joint Strike Fighter and several satellite programs; and the Navy's Littoral Combat Ship.

While outright cancellations do not appear imminent in the 2008 defense budget, defense authorizers and appropriators will focus on reevaluating, in some cases redirecting and reprogramming funds.

Defense committees have begun to focus on somewhat less complex and less challenging systems. Too often, congressional sources say, the Pentagon embarks on ambitious programs with even more ambitious deadlines, and as a result forgoes critical early testing and evaluation on technologies.

When the programs enter operational testing and so-called low-rate production, problems crop up, forcing the services to return to the drawing board and incurring cost overruns and delays.

The Army's Future Combat Systems, which bears a $160 billion price tag, is one example of an ambitious program that is facing intense congressional scrutiny. Lawmakers consistently have criticized the development of the technologies and cut money for the program during the last three years (about $825 million).

"FCS has to be pretty ruthlessly vetted, and we'll see whether we'll get all these complicated systems," the chairman of the Air and Land Forces subcommittee of the Armed Services Committee, Neil Abercrombie (D-Hawaii), said.

He said the Pentagon is focusing too much on "Star Trek"-type military programs and too little on figuring out how to defeat improvised explosive devices, commonly known as road bombs.

"We need to do a little more training and equipping and concentrate on the basics rather than the razzle-dazzle technologies," Abercrombie said in an interview.

The Department of Defense has plans for "systems that are high-tech and are pushing the envelope, and whenever you do that you take on risk and cost," said a congressional source who asked not to be quoted by name.

"If you do hard development programs in a short time you have to take smaller bites of the apple, and that would help you with the money problem."

Former Secretary of Defense Donald Rumsfeld's aggressive push for transformation across the services could leave the Pentagon with more troubles, according to the congressional source.

This year the Navy had to stop work on the General Dynamics-Lockheed Martin built Littoral Combat Ship after learning that the price of the first LCS (built by Lockheed) would total $420 million, well above the $220 million the service expects to pay for future ships.

Chief of Naval Operations Adm. Michael Mullen told House defense appropriators that the Navy did not adequately oversee the program and has set ambitious goals for it, putting pressure on the program's costs and schedule. The Navy plans to buy 51 Littoral Combat Ships.

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Meanwhile, the Marine Corps is seeking new contractors to develop the Expeditionary Fighting Vehicle (EFV), an all-capable amphibious armored vehicle, which now is prone to breakdowns and technical glitches.

The Marine Corps so far has spent $1.7 billion on the EFV while the total cost of the program rose to about $12 billion from $8 billion, leading to more Pentagon oversight. Contractor General Dynamics received about $80 million in bonuses on the contract.

A Navy study faulted the company for wanting to rush into production rather than troubleshoot the problems. Navy Secretary Donald Winter said the EFV will be reworked, with the focus on improving its reliability.

The EFV program is critical to the Marine Corps. "It would be a very unhappy prospect to have to cancel the EFV," the congressional source said.

The setbacks with the EFV and the LCS indicate systemic problems in the Pentagon procurement system, said House defense appropriator Sanford Bishop Jr. (D-Ga.) at a recent industry conference.

"Low-ball estimates by contractors, approved by the department, engineering changes by the military and poor contractor performance — all play a role in the LCS situation and, generally, pervade the procurement and contract fulfillment process," he said.

Bishop also conveyed a message from House defense subcommittee Chairman John Murtha (D-Pa.):

"Low-balling by industry, acquiescence by the Pentagon, poor performance by contractors and little, if any, oversight by Congress will come to a screeching halt! There is a new sheriff in town! The committee is done with rewarding bad behavior and reckless spending that takes away money for other needed programs."

Defense appropriators said that they want to be supportive of the defense industry. Murtha plans to increase the ship buys to 12 per year and increase the Air Force's aircraft purchases in 2008 by 100.

The defense industry often complains that program requirements change constantly and details are added after a contract is awarded, increasing the scope of the programs, as well as the cost.

The requirements process is a good place to start to rein in costs and control potential failures, said the congressional source. The Armed Services panels will examine the requirements process — plagued by overambitious requirements or requirements that keep growing.

"A 10-page requirement become a 100-page requirement," the source said.

The strategy is to focus on the first steps of the acquisition process so that "you do not get into crunch-time in the endgame," the source said.

Defense insiders say program costs are driven by decisions made as the initial 10 to 15 percent of the work is being completed. The government lacks the technical expertise required to oversee complex programs, and often the testing-and-evaluation community does not see the technologies until they enter low-rate production and so-called operational testing.

Often, developmental testing is skipped. Moreover, weapons-systems testers do not have the authority to halt systems.

Even if the testing is done early, "unfortunately, people do not pay attention to what happens and sometimes they cut the testing short to stay on schedule," a former Pentagon official who dealt with the issue said.

"There is a lack of discipline in the process and things go ahead when people know that it is not going to work and it is not going to cost that little."

The Marine Corps V-22 Osprey is a costly and tragic example. The Marine Corps bought more than 60 of the vertical take-off and landing aircraft in low-rate production, running the risk of needing additional funding to incorporate fixes to problems uncovered after their procurement. 30 Marines died while testing the V-22.

The Department of Defense invested about $15 billion in the program during the last 25 years.

"Congress will have to cancel programs," said Jeff Green, a former House Armed Services Committee professional staff member and former staff director of the readiness subcommittee who recently opened a lobby firm.

"Politically, the corner that the new majority painted itself into" will force it to cancel those programs that will not make it through systems development and demonstration. "The list of programs that are not vulnerable is much shorter," Green said. He counts the multi-national Joint Strike Fighter as an endangered program as its price tag is increasing; its capabilities are too close to another high-priced fighter, the F-22, and the defense budgets are getting tighter.

House Democrats Angling On Domestic Issues (POL)

By Jeanne Cummings

The Politico, February 28, 2007

Even as Iraq dominates the headlines, congressional Democrats are moving swiftly on key domestic issues aimed at improving their 2008 reelection chances and splitting Republicans.

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This week's House debates on easing union organizing and giving Congress more say in foreign purchases of critical domestic infrastructure are cases in point. One makes good on a campaign promise to an important ally. The other reminds voters about the Bush administration's controversial approval of port purchases by a United Arab Emirates firm and potentially casts doubts on Republican stewardship of homeland security issues.

Coming next are scheduled hearings and debates on health care, education, prescription drugs, stem-cell research and immigration reform, all issues that Democrats campaigned on during the 2006 midterms. This runup to the Easter break is just a sneak peak at the broader agenda Democrats are planning to put in place for the rest of the year. What it shows is that House Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry Reid (Nev.) are in a hurry to pocket some key domestic victories and avoid the "do nothing" label they gave Republicans last year.

"It's clear that 2007 is a critical year for Congress," said Democratic political adviser Geoff Garin. "It's pretty certain that the spotlight will turn from Capitol Hill to presidential politics early and that the Congress's ability to get a lot done will be eclipsed in some significant measure."

Congressional wariness about the fast-paced 2008 presidential campaign is evident in the aggressive schedule set for the immigration reform law. Reid has set a goal of having the measure in a conference committee by August, "lest presidential politics overtake it," said spokesman Jim Manley.

But in the footrace to get things done, Democrats could stumble.

The ineffectual rollout of Pennsylvania Rep. John Murtha's strategy to tie war funding to troop training and service rotations is a reminder that the skills of even some veterans in the Democratic caucus are rusty.

Pelosi and Reid also face the hurdle of maintaining unity in caucuses with muscular conservative and liberal wings.

Thursday's debate on union organizing is a case in point. The issue moved like lightning through the House committee headed by labor ally California Rep. George Miller and is supported by the vast majority of the caucus. But the early timing of the legislation, so soon after the minimum wage increase vote, is creating some angst among newly elected and some veteran conservative and moderate Democrats.

Democratic strategists say those challenges are outweighed by a need to fulfill their campaign promises. Indeed, any early domestic victories could prove even more vital if Democrats are unable to reverse course in Iraq.

"You don't want the agenda to be consumed by one issue that sucks all the oxygen out of the room and nothing else can survive," said Ross Baker, a political scientist at Rutgers University.

Some of the issues up for action in the next few weeks are emerging early because of independent deadlines for action. The president's signature education legislation, No Child Left Behind, is in need of a tardy reauthorization, and a clean water measure is being pressed to provide critical funding for states to improve sewer systems and other infrastructure.

But others are plucked from a Democratic playbook that sets as priorities the middle-class economic squeeze, child health and safety, energy and environment, as well as conducting oversight of the war, wasteful spending on Iraq reconstruction and the Katrina cleanup in New Orleans. Republicans are largely stuck playing defense, although their numbers in the Senate give them a chance to cut off debate on some legislation or insist on modifying others. More broadly, though, their chances of shaping the 2008 debate depend largely on Democratic missteps.

Bill McInturff, a Republican adviser, said this strategy isn't far-fetched. He recalled the heady days of the 1994 Republican revolution when members remained disciplined in pushing through the Contract with America agenda. A year later, however, attitudes changed as Republicans wound up shutting down the government in a disastrous showdown for them with President Bill Clinton over the budget.

"I think there is every possibility that the Democrats will overreach in over-investigations, too much spending and taxes, and by responding too much to their own primary voters on Iraq and not the public," McInturff said.

Until then, Republicans must tiptoe through political minefields laid by their adversaries. The stem-cell debate expected soon on the Senate floor is a prime example of an issue that tends to unite Democrats and split the Republican Party. In the 2006 Missouri Senate race, for instance, the state's normally pro-Republican business community lined up behind a ballot initiative that promoted stem-cell research. The initiative was opposed by incumbent Republican Sen. Jim Talent, who was defeated by Democrat Claire McCaskill, who backed the measure.

Immigration is another divisive issue for Republicans, although Democrats are likely to suffer their own defections. The proposal that Massachusetts Democrat Sen. Edward M. Kennedy and Arizona Republican Sen. John McCain are expected to introduce will hew closely to a measure debated last year that called for a guest worker program and tougher enforcement. That proposal was modeled after reforms proposed by President Bush. Democrats plan to pressure him to use the full White House arsenal to get the reform proposal through, even if it means driving a wedge between the president and his party.

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Blue Dogs Believe Their Day Is Here (RC)

By Jennifer Yachnin

Roll Call, February 28, 2007

While there are plenty of indications that the fiscally conservative Blue Dog Coalition's cache is expanding on Capitol Hill — an invitation to the White House, regular meetings with the Speaker, plum committee assignments — one lawmaker found perhaps the most telling affirmation far from Capitol Hill and closer to the produce aisle.

"I've been in grocery stores and people come up and say, 'I see you belong to that Blue Dog group,' and I had no idea they would even know what the group is, but it really has taken on some added importance," said Rep. Dennis Moore (D-Kan.), the coalition's policy chairman.

In fact, members of the Blue Dogs are anything but reticent about their growing influence within the new Democratic majority, as the moderate lawmakers — who now number nearly four dozen, the largest contingent in the group's 12-year history — seek to maximize their impact in the House following the power switch in the 110th Congress.

On a recent weekday afternoon, leaders of the moderate group gathered in the office of Rep. Mike Ross (D-Ark.), the coalition's communications chairman, to discuss their place in the new majority, as well as their aims for the 110th Congress. In addition to Ross and Moore, the group included Democratic Reps. Allen Boyd (Fla.), the group's administration chairman, Stephanie Herseth (S.D.), the group's whip, and John Tanner (Tenn.), a co-founder of the Blue Dogs and a current co-chairman of its political action committee.

"I think one of the things that's different now, I think there was a time when Blue Dogs were looked at by some Democrats as though perhaps they weren't really Democrats and I think that's no longer the case," Ross said.

"I think people are recognizing that not only do we represent the middle, which is where we believe the American people are and certainly where we are, I think people within our own Caucus now recognize that we have created the majority and that we have done some pretty heavy lifting as a group to ensure that Democrats did regain a majority."

Pointing to their own growth since the 1996 elections, the Blue Dogs note that their members have captured 24 seats from incumbent Republicans, including those now held by Moore, Ross and Herseth — a tactic the group saw magnified in the 2006 cycle when House Democrats won contests in a number of moderate and conservative districts, handing the party control of the chamber for the first time in a dozen years.

The Blue Dogs themselves added nine freshman lawmakers, raising their own count to 44 members.

"We think it should be obvious to everybody what our role has been in helping us win the majority," Boyd said.

The coalition's leaders assert those efforts already have begun to pay dividends. In particular, Ross pointed to the House adoption of "pay-as-you-go" spending rules — one of the Blue Dogs' top priorities — at the outset of the new Congress.

"We do think that the fact that, not in the first 100 legislative hours, but the first 24 hours of the 110th session of Congress, PAYGO rules being reinstituted on the floor of the House was a significant milestone and demonstrates that we are being taken seriously," he said.

In addition, Boyd asserted that Democratic leadership has "been very inclusive when it comes to the committee assignments. They have been very inclusive when it comes to consulting us on legislation. We meet with them on a regular basis.

"We think this is the group that represents where the greatest bloc of Americans are — toward that big middle. Not far left, not far right, but that big middle, that's going to be able to get things done," he added. "And it's going to have to be done on a bipartisan basis."

Even as the Blue Dogs acknowledge their own potential to serve as a bridge to their moderate Republican colleagues, however, the Democratic lawmakers seek to tamp down expectations that any formal bipartisan efforts are under way, noting that their own group has only recently completed its internal organization.

"I think we're trying to find our way in the majority. The Republicans are trying to find their way in the minority. And both of us are having growing pains. That will come, but it's been so busy and so hectic," Tanner said. He added: "We want to be a complement to the Democratic Caucus and a vehicle if necessary to the Republican Conference to try to make that happen."

While members of both the Blue Dogs and the moderate Republican Tuesday Group previously have suggested the organizations could work together in the new session, for now the Democrats suggest those efforts are limited to one-on-one sessions or the committee level.

"We're still very early in this new Congress, and while we were having discussions throughout the last Congress, particularly before the election and after the election, as we've now moved into majority status our focus has been on our cohesiveness — adding nine new members to our organization — influencing the policy decisions and the direction and agenda of the Democratic majority," Herseth said.

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Nonetheless, the Democrats did make time in December to accept an invitation to the White House, along with the centrist New Democrat Coalition, to meet with President Bush.

"I appreciate the president's reaching out to us, and I'm hopeful for the next two years we can start to work together for the American people, because that's what they want," Moore said.

Despite that gesture, however, Democrats said they remain hesitant about working with the Bush administration, citing not only a lack of comity in recent years but also more specific concerns about the president's budget proposal and accounting methods.

"If the administration continues to reach out to us as they have, on their ideas and the desire to get serious about entitlement reform, you'd have a pretty receptive group of folks here that would want to undertake that difficult task," Herseth acknowledged. "But it's a little bit hard for us given some of the distrust that has evolved over the last few years because of the unwillingness to really reach out to us."

Moreover, Ross emphasized that pursuing bipartisanship does not mean the Blue Dogs will turn against their own party.

"We're a lot more interested in affecting Democratic policy and moving Democratic ideas to the middle than we are into defeating Democratic proposals," Ross said. "We want to help and influence [the Caucus] and not be an obstructionist, but we're not going to be a rubber stamp either."

Although the Blue Dogs face some philosophical differences within their own party, most notably with Speaker Nancy Pelosi (D-Calif.), whose San Francisco-based district trends more liberal than many of the rural districts represented in the coalition, the Members sought to downplay any potential divide.

"Let's face it, we all know that both parties, in large part, are controlled by extremes that in some cases are different from what we might represent in the middle," Boyd said. "We don't think the Speaker's philosophy or her particular district's philosophy is important. What we think is important is the management style she uses. How she is inclusive with us, how she acts."

Emphasizing that the relationship remains positive thus far, the Blue Dogs cite the House's initial efforts to reinstitute PAYGO rules, as well as conversations with the Speaker to pursue a statutory version of that law covering tax cuts as well as spending programs.

"We have talked and talked and talked about the importance of reinstituting the PAYGO rules," Moore said. "The Democratic Caucus has now done that, and we're looking at statuary PAYGO. To her credit, Speaker Pelosi and the leadership in our Caucus are also saying we need to look at this and see if we can go do that."

In addition, Ross noted that the House leadership has offered to pursue a vote on the Blue Dog-backed proposal to implement new accountability standards on government spending on the Iraq War. During remarks on the House floor prior to the Presidents Day recess, Pelosi cited the legislation, authored by Reps. Jane Harman (D-Calif.) and Patrick Murphy (D-Pa.).

"I think we're going to play an important role in continuing to push this accountability of our government," Ross said. "It's our duty and obligation to provide oversight, and the last six years this Congress hasn't been doing it."

In the meantime, the coalition's members are preparing to take on the upcoming budget debate and developing potential legislation in other areas as well as via their internal task forces, including: budget and fiscal policy; business and technology; energy and natural resources; government accountability; health care; immigration reform and border security; national and homeland security; and retirement security.

Much as with the full Democratic Caucus, the Blue Dogs also will give attention to maintaining their majority in the 2008 cycle, notably the defense of their freshman lawmakers.

During the 2006 cycle, the coalition's political arm raised more than $1 million, and according to Ross, Blue Dog lawmakers contributed more than $20 million in combined dues and funds raised to the Democratic Congressional Campaign Committee.

"We will support, of course, all the members financially, to the extent that we're successful in fundraising," Tanner said, adding that the Blue Dogs also will advise their members to "exert their independence" on votes.

"That's not a slap at the leadership," Tanner explained. "One of the philosophies of the Blue Dogs when we started was that the voting card that we all carry should belong to the people that hired us. ... When it comes down to votes affecting the country's future we think it's entirely appropriate for Members to behave as representatives and not as parliamentarians. All that entails is voting the district. ... That usually takes care of any problems."

Lobbying Law Misses Some K St. Numbers (HILL)

By Jim Snyder And Jeffrey Young

The Hill, February 28, 2007

February includes an annual Washington ritual apart from the Presidents Day recess: the tallying of lobbying revenue totals. In the highly competitive world of K Street, firms anxiously await to see how they did in relation to their rivals.

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But while firms act like ambitious law students checking class rank, some critics believe that the Lobbying Disclosure Act (LDA), the law that defines what activities a firm must report annually to Congress, hasn't kept pace with the industry's evolution. Firms now have public relations, strategic consulting, grassroots and federal marketing arms — all of which have the potential to influence public officials, but which often take place outside the public eye.

"The Lobbying Disclosure Act is a good starting point to understand how much money is being spent," said Alex Knott, a political editor at the Center for Public Integrity, which maintains several lobbying databases. "But there are huge amounts of money that don't get reported."

The firms themselves are sympathetic to complaints about the limitations of the LDA, albeit for different reasons. Believing annual revenue rankings are a potential marketing tool for their own businesses, firms are quick to note other revenue streams that aren't included in LDA figures — particularly if it's been a bad year for lobbying.

The Senate has passed a bill to update the LDA, enacted in 1995, but — aside from a new requirement that lobbyists detail fundraising activities — the changes do not include expanding what type of activity should be reported.

The LDA defines "lobbying activities" to include lobbying contact with anyone working for Congress and certain high-ranking executive-branch officials. The definition includes activities to support such contacts, like research and "planning activities," when the intention is to influence the formulation of legislation.

The statue's lack of specificity makes for varied interpretations, said Larry Noble, the former executive director for the Center for Responsive Politics.

"You do have a real need out there for some bright lines and education," said Noble, now a lawyer at Skadden, Arps, Slate, Meagher & Flom.

"There's always a question of where an activity falls along these lines. When you have room for interpretation, some people are going to read the law more strictly than others."

It is not clear under the LDA, for example, how much an association or firm spends on "issue advertising" (of the type found in this publication or on local television), even though it is intended to influence policy.

Associations that pay for such advertising would include it on expenses in tax forms, but these forms do not make plain what the issue is or which legislation the ad was trying to affect.

Federal marketing efforts — the pitching of a client's product to a federal agency — are also undisclosed.

Lobbying at federal agencies should be included on LDA forms, but federal marketing activities are often not required by disclosure rules unless, said Pam Gavin, superintendent of Public Records, the firm is making a pitch to a senior political figure within the administration.

Meetings with procurement officials probably don't fall under the LDA's purview. While this activity is regulated by government procurement rules, agencies have different policies that determine, for example, whether public comments to proposed rules are posted online.

Grassroots efforts, too, are not reported on an LDA form. An effort in Congress to force greater disclosure of grassroots activity did not make the Senate's LDA reform bill.

The Senate bill would require firms and other lobbying entities to file lobbying reports quarterly rather than semiannually. The bill also would require lobbyists to report campaign fundraising.

Gavin, who oversees LDA compliance, said the law was intended to provide the public with a general look at lobbying activities.

Requiring too-specific information presents a forest-and-trees problem, she said. Lobbying efforts could be obscured in an itemized list that includes a $10 cab ride to Capitol Hill.

"The whole idea is if my 16-year-old son wanted to do a report on who was lobbying [on an FDA bill], he should be able to go on the Internet and find out who is doing that," Gavin said.

But government watchdogs contend that imprecise rules about what activities must be disclosed lead to less valuable information being reported on how special interests try to influence policy.

"There's a lot of gray areas and, certainly, people who are willing to exploit it," said Steve Ellis, vice president for programs at Taxpayers for Common Sense.

Lobbying firms are not necessarily hiding what they do. But firms often have different definitions of what to include in an LDA form. Some firms over-report.

"The firms ... have an incentive to inflate their numbers" to impress clients and chasten competitors, said Tim LaPira, of the Center for Responsive Politics.

If LDA numbers are down, firm representatives often point to the other areas of their public-policy business that are up.

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Akin Gump Strauss Hauer & Feld's lobbying revenues dipped nearly 9 percent last year from 2005, but its overall public-policy practice grew by 10 percent. The difference came from undertaking regulatory work that falls outside the LDA and from helping clients prepare for congressional oversight and investigations, a growth area for several firms under a new Democratic majority.

Cassidy & Associates made $24.6 million on lobbying in 2006, a drop of more than 11 percent year to year. (Its affiliate, The Rhoads Group, made another $4.8 million.)

But Cassidy also made nearly $1 million in what gets lumped as "other revenue" that is not included in LDA numbers. That includes money from its strategic-communications practice as well as its federal marketing work.

While all the firm's revenues should be considered to get a picture of Cassidy's business, however, lobbyists there don't believe disclosure rules should be toughened.

"If you help them market to a federal agency, you are not advocating, you are marketing," said Gregg Hartley, Cassidy vice chairman and chief operating officer.

Another big source of revenue for firms trying to influence public policy is lobbying on behalf of foreign governments. Firms report these revenues largely under the Foreign Agents Registration Act. But the reports are not as readily available online as LDA reports are, and there can be months-long lags between when a firm registers to lobby for a client and when the public could know.

"The LDA is just the tip of the iceberg," the Center for Public Integrity's Knott said.

Kerry Puts GOP Donor On Defensive (WP)

By Mary Ann Akers

The Washington Post, February 28, 2007

Not that Sen. John F. Kerry (D-Mass.) was out for revenge or anything. But he did seem to enjoy at least a small measure of satisfaction in making mega-GOP-donor Sam Fox squirm during yesterday's Senate Foreign Relations Committee hearing to consider Fox's nomination to be ambassador to Belgium.

Fox contributed $50,000 to fund the infamous Swift Boat Veterans for Truth ads that sought to smear Kerry's Vietnam War record in the 2004 presidential campaign.

The panel did not vote on Fox yesterday, but committee member Kerry got in his say. He walked in a bit late and explained that he did not intend "to play some sort of 'gotcha' game," but he wanted to know: How does the nominee feel about the level of "personal destruction" in politics these days?

Fox replied that he was "very concerned" that politics have become too "mean and destructive," especially with the participation of independent "527" groups such as Swift Boat Veterans. He tried not so subtly to redirect Kerry's line of questioning by saying, "Sir, you're a hero," adding that no 527 group "can take that away from you."

Why then, given Fox's dim views of 527s, did he give such a large chunk of money to help Swift Boat? Kerry asked.

Fox explained that he and his wife donate generously to GOP political causes. "When we're asked, we generally give," he said. He said he could not recall who asked for the Swift Boat donation but explained that he thought it was important to give to a 527 working on behalf of Republicans because a 527 "on the other side" was stooping to such low levels as comparing President Bush to Adolf Hitler.

"So two wrongs make a right?" Kerry asked.

Fox said he thought the dirty work of 527 ads was "disgraceful," but "that's the world we live in."

HUD Gets New View Of Who's Homeless (USAT)

By Wendy Koch

USA Today, February 28, 2007

A groundbreaking survey of homelessness being released today found that 704,000 people nationwide sought shelter at least once in a three-month period.

Families with children accounted for one-third of those seeking emergency shelter or transitional housing between February and April 2005, the most recent period studied, according to the report by the Department of Housing and Urban Development. The rest were individuals, mostly adult men. Nearly half were black.

The count covered only those seeking shelter, not people living on the street, so the total number of homeless people would be higher.

"This first-of-its-kind study is a huge leap forward in our understanding of not only how many people are homeless, but also what their needs are," HUD Secretary Alphonso Jackson says. The report says, for example, that at least a quarter are disabled.

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HUD, which briefed USA TODAY on the report Monday, says it is the most comprehensive government estimate ever of homelessness. Previous counts looked only at the number of people homeless on a given day or week.

The three-month figure — equal to the population of South Dakota — is an estimate based on a sample of 80 communities. It will serve as a baseline for annual reports to Congress and may be expanded to include people living on the street.

Martha Burt, a homelessness scholar at the Urban Institute, says the new database has shortcomings. For example, it has limited information about the health of those seeking shelter, and she thinks future versions will have trouble tracking those living on the street.

HUD's report also cites a previously reported one-night survey of hundreds of communities in January 2005. That survey found 754,000 homeless people, including 45% who were living on the street. USA TODAY published its own estimate of 727,000 in October 2005, based on earlier tallies.

The three-month count found that on an average day, 335,000 people sought shelter, but more than twice that number sought shelter at least once during the entire period.

Dennis Culhane, a professor of social policy at the University of Pennsylvania who co-wrote the HUD report, says it's unclear whether homelessness has increased or declined, because past estimates were done differently.

He says poverty among blacks, who are more likely to live in urban areas, runs deeper than for other groups.

Culhane says families with kids have remained a steady one-third of the homeless, and he says government needs to do more to provide housing, such as expanding rent subsidies.

One of every three homeless kids has a diagnosable psychiatric disorder, such as post-traumatic stress, by age 8, says Ellen Bassuk, a psychiatrist who is president of the National Center on Family Homelessness.

"They have trouble sitting still and learning in school," she says.

Nine of 10 homeless mothers have been victims of violence, often domestic, she says.

Michael Stoops, director of the National Coalition for the Homeless welcomes the new count but says more housing and shelters are needed as well as a focus on the root causes of the problem. He says homelessness "can happen to everyone."

Democracy 21 Renews Calls For Doolittle Probe (HILL)

By Susan Crabtree

The Hill, February 28, 2007

Government watchdog group Democracy 21 singled out Rep. John Doolittle (R-Calif.) for special scrutiny yesterday, renewing its call for the ethics committee to conduct an investigation into multiple potential ethics violations by the lawmaker.

Democracy 21 President Fred Wertheimer said there is no evidence that the committee had taken any action about Doolittle in the last Congress even though his group and a series of press reports raised serious questions about whether Doolittle violated House ethics rules. Now that all of the new committee members have been named, Wertheimer wrote in a letter to the panel, it's time the committee conduct an investigation on its own authority into the lawmaker's actions and ties to former lobbyist Jack Abramoff, who is now serving time in jail.

Specifically, Wertheimer points to Doolittle's practice of paying his wife's company a 15 percent commission on all contributions that the company raised for Doolittle's campaign committee and leadership political action committee (PAC) and whether it violated House ethics rules. He also called on the committee to look into whether fees paid to Doolittle's wife, Julie Doolittle, on contributions indicted defense contractor Brent Wilkes and his associates made to his campaign committee and PAC were linked or appeared to be linked to any official action Doolittle took to help Wilkes's company obtain millions of dollars in government earmarks.

Wilkes was recently indicted in connection with the investigation stemming from former Rep. Randy "Duke" Cunningham's (R-Calif.) bribery conviction and jailing.

Doolittle spokesman Richard Robinson said, "This is a phony, left-wing group that is admittedly recycling the same baseless allegations that it has already raised numerous times with the ethics committee to no avail. We don't expect this latest partisan attack to yield any different result because it remains completely without merit."

Wertheimer wants the panel to probe media reports that claim that Doolittle intervened in support of Abramoff's tribal clients in matters involving gambling licenses pending at the Department of the Interior.

Senator's Railway Lobby Link May Have Helped Derail Loan (WP)

By Elizabeth Williamson

The Washington Post, February 28, 2007

DOJ_NMG_0137781

The federal government killed a $2.3 billion railway loan after opponents attacked Sen. John Thune (R-S.D.), because he was the railway's lobbyist before winning election and backing legislation favoring the loan to his former client.

The privately held Dakota, Minnesota & Eastern Railroad wanted the money for an 860-mile Midwestern rail-line renovation and expansion project. The Federal Railroad Administration said its denial was based on financial factors. But project backers and detractors said the loan sank after opponents, led by the Mayo Clinic, based in Rochester, Minn., ginned up congressional heat on the agency. The key to that was Thune's role: The Republican did nothing illegal, but his seamless transition from the railway's lobbyist to its Senate champion handed ammunition to opponents and their own lobbyists.

"The legislation that I introduced . . . had been introduced in three previous congresses," Thune said yesterday. Mayo, he said, "had their lobbyists come in and tell me to my face that they were going to go after me."

His previous work for DM&E, as the company is known, "gave them something to attack."

Mayo Clinic chief executive Glenn Forbes disputes that. "Our real interest is in serving patients," he said. "This project put us definitely in a corner with no interest on anybody else's side to understand our concerns. So yes, we certainly confronted the issue."

The local battle over the rail line has raged for nearly a decade. A Mayo-led coalition of opponents says the project would bring increased rail traffic, which could endanger the safety of clinic patients, staff and the Rochester community.

DM&E chief executive Kevin Schieffer and project backers say the line is vital for the region's corn and coal industries. The track running through Rochester was there before Mayo was, Schieffer said, and renovating it would enhance its safety. Schieffer vows to pursue the project, which has surmounted several court and regulatory challenges over the years.

Chris Gade, spokesman for both Mayo and the opponent group known as the Rochester Coalition, said that before the rail-line project gained traction, Mayo had never hired Washington-based lobbyists.

Thune's role in the railroad project was a topic during November elections, and after Democrats won a majority, opposition gathered steam on the Hill.

Thune worked as a DM&E lobbyist for two years, earning more than $200,000 from the company, before winning his Senate seat in 2004. In 2005, he helped write legislation expanding a federal railroad loan pool from $3.5 billion to $35 billion. DM&E was not mentioned in the legislation, but the expanded funding enabled it to apply for $2.3 billion, about one-third of the project's $6 billion price tag.

While DM&E applied for the loan about one year ago, last month the process entered a 90-day period during which the railroads agency must approve or reject it. Opponents and their lobbyists went into high gear. The loan, one PR firm's e-mail read, "is a deal being done in near complete secrecy -- the loan was inserted into the Transportation Appropriations Bill by former DM&E lobbyist turned Senator John Thune, who was paid $160,000 by DM&E the year he ran for the Senate."

Opponents drummed up opposition from a bipartisan group of three dozen legislators, 18 of whom wrote Transportation Secretary Mary Peters questioning the loan. "Asking the taxpayers to fund one of the largest government-funded loans to a private business in our country's history is unjustified, particularly given the lack of transparency," the letter read.

Rep. Tim Walz (D-Minn.), whose opposition to the project helped him win his seat in November, sponsored legislation to assert congressional oversight of the loan. "It's just appalling to me how it was done," he said. "I want to see rail expanded, too, but I want it done correctly. It's about the system and the transparency of government."

On Monday, the railroads administration sent a letter to Schieffer denying the loan. "I read a lot of things for the first time in the official denial letter," he said. "The list is long and deep with supporters, and we are committed to doing everything we can to see it through."

Mayo's Forbes vowed further challenges: "Our commitment would be unwavering," he said.

Looking back, Thune has no regrets, except: "The railroad probably could have done a lot better job on the PR front."

OTHER NEWS:

Wall St. Slide Fuels Worries On Economy (NYT)

By Floyd Norris And Jeremy W. Peters

The New York Times, February 28, 2007

Stock markets around the world plummeted yesterday in a wave of selling set off by a plunge in China that was reinforced by worries of weakening economies. The falling prices continued in early Asian trading today, but by midday the Chinese market seemed to be stabilizing.

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While China was the first market to tumble, it was not clear what set off the selling. But once it began, it spread first to other Asian countries, then to Europe and the United States.

"It was sort of one of those days where somebody snaps their fingers, and the market's hypnotic trance is over," said Stuart Hoffman, chief economist of PNC Financial.

In China, where the stock market had been soaring, the government had warned banks about improper loans to finance stock speculation.

In America, the selling seemed to add to worries that a decline in the housing market, and problems in particular with loans to risky borrowers, could spill over. And a report yesterday indicating that orders for durable goods — items like washing machines and computers — were surprisingly weak in January revived doubts about the strength of the American economy.

Alan Greenspan, the former chairman of the Federal Reserve, in a speech transmitted to a business conference in Hong Kong on Monday, said that he could not rule out a recession in the United States later this year. In so doing, he seemed to distance himself from Ben S. Bernanke, the current Fed chairman, who has been much more upbeat.

Noting that global markets have been strong for years, Mr. Hoffman said: "We've had this 'What me worry?' mentality. And this is a little bit of a wake-up call."

The Dow Jones industrial average fell as much as 546 points yesterday afternoon, before closing down 416.02 points, or 3.29 percent. In percentage terms, it was the worst day for the market since March 2003. In terms of points, it was the steepest slide since the first day the market resumed trading after the Sept. 11 terrorist attacks in 2001.

The Standard & Poor's 500-stock index, the benchmark index for many investors, slid 3.47 percent, and the technology-heavy Nasdaq composite index fell 3.86 percent. All three major indexes erased their gains for the year.

The sell-off left almost every major stock lower, including all 30 stocks in the Dow industrials and all but two in the S.& P. 500 and one in the Nasdaq 100. As the 4 p.m. closing bell finally rang at the New York Stock Exchange, traders on the floor erupted with hearty boos.

At the close, said Howard Silverblatt, an index analyst with Standard & Poor's, the S.& P. 500 had lost $452 billion in market value, and other American stocks had shed an additional $180 billion.

After steady declines in all markets, panic seemed to hit the American market just before 3 p.m., perhaps caused by sell programs that went off at 2:52 p.m., when the S.& P. 500 fell to the point where it was down 3 percent for the day. Within 10 minutes, it had fallen to its low for the day, down 4.3 percent. It ended with a loss of 3.5 percent.

Investors once took such big falls in stride, but in recent years no such thing has happened as volatility has largely evaporated from the market.

There were some technological problems yesterday. Dow Jones, which calculates the Dow industrials, said its system fell behind shortly before 3 p.m., and that a big fall was shown when the backup system came on. But Standard & Poor's, which calculates the S.& P. 500, said it knew of no similar problems with its calculations.

Despite the tumble, the Dow is down only 4.4 percent from its record high reached last week. And the sell-off was not severe enough to set off any of the circuit breakers the New York Stock Exchange has put in place to help minimize big losses.

One sign of the nature of the sell-off was what went up. United States Treasury prices soared, and yields fell, as some investors sought safety.

"Treasuries rally, the stock market sells," said Ethan Harris, chief United States economist for Lehman Brothers. "It's kind of a classic risk-aversion reaction."

If the rout in the markets is sustained, it will be the first major test for Mr. Bernanke. Two weeks ago, he said the Fed saw inflation as a greater threat than economic weakness.

"You've got a certain cavalierness about market-driven economic signals from the new academic-driven Fed," said Robert Barbera, the chief economist of ITG, an advisory firm.

Mr. Barbera said that Mr. Greenspan gave more attention to market indicators than Mr. Bernanke has.

The selling yesterday began in Shanghai, which had hit a record on Monday. But in tumultuous trading yesterday, the Shanghai composite index plunged nearly 9 percent.

Stephen Green, a senior economist and stock market analyst working in Shanghai for Standard Chartered Bank, said the market fundamentals had not changed drastically in recent weeks, adding that the stock markets in China tended to be volatile, particularly after reaching record highs.

"People are just on edge," he said. "It's very possible in two weeks we'll be right back up there."

The sell-off in China started a few hours before an explosion was reported at an American base in Afghanistan. It killed several people but did not injure Vice President Dick Cheney, who was inside the base at the time.

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Chinese markets stabilized in Wednesday morning trading, with the main Shanghai market index up a quarter of a percent and the main Shenzhen market index up 4 hundredths of a percent.

Other Asian markets — Singapore, Australia, New Zealand, the Philippines and Indonesia — which had all shrugged off Tuesday's decline in Shanghai, dropped sharply on Wednesday morning in response to the heavy selling in Europe and New York.

The Topix index in Tokyo fell 3.45 percent on Wednesday morning while the Hang Seng Index fell 3.37 percent in Hong Kong.

Of Tuesday's trading, Mr. Barbera of ITG said, "People are unwinding the carry trade." In that trade, which has been very popular with hedge funds, traders borrowed yen, at very low interest rates, and then invested the money in assets in other countries.

"Now you try to get closer to shore," said Mr. Barbera, saying that traders had sold investments and used the proceeds to repay their yen borrowings.

From Shanghai, Tremors Heard Around The World (NYT)

By David Barboza

The New York Times, February 28, 2007

SHANGHAI, Feb. 27 — In China's wild cowboy stock market, record-breaking run-ups have been followed by mini-crashes that have been largely confined within this country's borders.

But on Tuesday, China's worst one-day tumble in a decade set off a tumult that rolled through markets around the globe, from Tokyo to Frankfurt to Brazil to Wall Street.

Speculative frenzy had lifted the Shanghai composite index above the 3,000-point milestone on Monday and then gave way to a tumultuous sell-off on Tuesday that sent shares plummeting nearly 9 percent.

The downturn shattered all sorts of records, and analysts said there was no clear reason for Tuesday's severe drop in Shanghai, equivalent to a 1,100-point drop in the Dow Jones industrial average. But the Chinese stock market was rife with rumors that the government was considering new measures to tame the world's hottest stock market before a bubble developed.

To many investors and analysts here, however, the extensive sell-off was just the latest indication that share prices in China had often become unhinged from the broader economy. Millions of everyday investors rushed blindly into stocks, emptying out their savings account to "play the market," as many of them say.

Perhaps the most remarkable sign of the recent irrational exuberance underpinning China's stock markets was that during the last year, when a company announced bad news, its stock price shot through the roof.

Early this year, for instance, when a group of 17 Chinese companies was cited by regulators for misappropriating corporate funds, their stock prices all skyrocketed. When the Tianjin Global Magnetic Card Company failed to report quarterly earnings last April, its stock doubled.

Tuesday was different, though. With shares in Shanghai tumbling, stocks listed in Shenzhen also collapsed, falling 9.3 percent. In Hong Kong, the benchmark Hang Seng index fell 1.76 percent, and in Japan, the Nikkei dropped about half a point, to 18,119.92.

The volatility of Shanghai sometimes produced unusual results. Shares of the Industrial and Commercial Bank of China, which went public simultaneously on the Shanghai and Hong Kong stock markets last October, performed very differently on the two markets, for example. I.C.B.C. shares dropped 8 percent on Tuesday in Shanghai but just 1.8 percent in Hong Kong.

But with stocks in Hong Kong reacting on Wednesday morning to the global sell-off, I.C.B.C. shares dropped 3.7 percent on Wednesday morning in Hong Kong but rose two-tenths of a percent in Shanghai.

None of the world's major stock markets have been as volatile as that of China, where people refer to the stock market as "dubo ji," or the slot machine. The gyrations have become almost commonplace for a stock market that suffered through a five-year depression until 2006, when it rose more than 130 percent, the world's best performance.

The Chinese government, however, is worried about an over-reaction that could produce a bubble and then a crash that could send bankrupt investors into the streets in protest.

Analysts say that at least in some cases, the stocks of tainted companies have risen because the companies were viewed as shedding old problems and starting anew. Still, some of those problems reflect deep cultural attitudes and are unlikely to be fixed overnight.

Analysts also argue that the market has been running up because of stronger fundamentals, rising profits, improved regulation and oversight by officials, and confidence in the market's long-term prospects.

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But in this current run of market mania, even corruption appears to be a buy signal. That was the case for the Shanghai Bailian Group, which reported on Dec. 29 that its chairman was under investigation for fraud. The company's shares have climbed 45 percent since then.

Two weeks ago, after the chairman of the Shanghai Hai Niao Enterprise Development Company was detained, his company's shares rose 15 percent.

"There's just too much liquidity out there, too much," says Chang Chun, a financial reform expert at the China Europe International Business School in Shanghai. "This is a psychological thing."

China's stock market system is still relatively immature, and trustworthy information about a company's performance is still hard to come by. So the average investor does little or no research.

Just to find names of stocks to buy is a task for new investors. So if they see even a mention in the press, positive or negative, they start buying. If alert investors are lucky, they might get a tip. If state television mentions a company, it must be worth something, and if they don't catch the full story, they at least have a name.

"If I hear a stock mentioned on the TV news I will pay attention to it," says Xu Xiaochen, a 55-year-old retiree.

In any case, many investors here seem to believe that the secret to picking stocks is luck and confidence in the government, not the fundamentals of any particular company.

"I don't know how to choose a stock," says a 61-year-old retiree who gave her name as Miss Hou at a local brokerage house a few weeks ago. "But I trust those technology companies. Maybe the names of some companies sound lucky to me, so I choose to buy these stocks."

Government officials began cautioning several weeks ago against "blind optimism" in the stock market. Banks were ordered to stop making loans to people who were speculating in the market. Trading volumes have been so high that the Shanghai Stock Exchange recently warned that the country's electronic trading system could be destabilized.

Stock prices fell sharply for four straight days in early February as investors seemed to contemplate the possibility of an overheated market.

After a brief pause, they rushed in again. Foreign money is also piling in, according to JPMorgan, and hardly an analyst is willing to bet against the stock market.

"You can't be a fundamental investor in China," said Michael Pettis, a professor of finance at Peking University. "You can only speculate."

Mr. Pettis, who has long been a market skeptic here, is now raising a fund to invest in Chinese stocks, based on his projections of the inflow that will push up prices.

"There's a huge amount of money in the banking system with nowhere to go," he said. "I think you're going to see that money getting out of the banking system."

Mutual funds are also helping some individual investors, while others are scrambling into initial offerings, which over the last year have had a strong opening-day track record.

Of the 15 companies that went public on the Shanghai Stock Exchange, 12 of them experienced opening-day rises of more than 10 percent.

Now, regulators are seeing a growing number of stock frauds directed at small investors. And Chinese officials worry that investors are still relying on a welfare state — which is increasingly disappearing — to take care of them.

As for the companies that are seeing their stock prices climb despite their troubles, they may be hard pressed for explanations, but nonetheless defend the phenomenon.

"The stock is the stock, and the C.E.O. is the C.E.O.," said a woman working in the executive office at Shanghai Haixin Group after she acknowledged that the chief executive was under investigation. "As for our C.E.O.'s bad news, yes, it happened. But it is outdated and not newsworthy at all. As for the stock price, we don't know either."

China Volatility Sparks U.S. Sell-off (USAT)

By Adam Shell And John Waggoner

USA Today, February 28, 2007

NEW YORK — If stock investors were complacent, they're not anymore.

U.S. stocks, overdue for a nasty fall after seven months of uninterrupted gains, got their comeuppance Tuesday amid a global sell-off that began in China, spread to Europe and ended with a minicrash on Wall Street that left investors nursing their biggest losses since 9/11 — and wondering if the worst is over.

For weeks, stock gurus have warned that the Dow Jones industrial average's longest run without a 2% correction since 1954 was worrisome: Some negative catalyst was bound to spook investors and start a selling frenzy.

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The selling spark came Tuesday across the globe in China, a highflying market with a speculative zeal rivaling the '90s dot-com stock gold rush. Shanghai's benchmark index plunged nearly 9% amid fears the Chinese government is moving to squash speculation in stocks.

The Dow swooned in response, falling as much as 546 points at one point, before closing down 416.02 points, or 3.3%, at 12,216.24. It was the Dow's seventh-worst point decline and worst since Sept. 17, 2001, the day U.S. markets reopened after the Sept. 11 attacks.

Chinese share prices were up slightly in afternoon training today. Shares in Japan, Australia and Seoul, meanwhile, fell more than 3%.

There was no shortage of theories on Wall Street as to the sell-off's cause.

New York-based investment manager Michael Holland said, "The China story was a great excuse to sell. Down 9% was a number the market could focus on."

Chris Orndorff, a portfolio manager at Payden & Rygel, called it a "self-fulfilling prophecy. … Everyone was expecting a pullback, so when it came, a lot of people sold into the downdraft." Orndorff says investors with cash on the sidelines might want to start looking to buy stocks that are now selling at lower prices.

Hugh Johnson, chief investment officer at Johnson Illington Advisors, says scary declines anywhere in the world cause panic selling: "The transmission mechanism for selling is clearly psychological."

Mark Headley, portfolio manager of Matthews Pacific Tiger fund, says it's not all about China. "This is more about the vulnerability of the U.S. economy," he says: A 9% decline in an index that was up 44% in 2007 on top of a 110% gain in 2006, was not surprising and, therefore, should not have warranted such a big sell-off here.

The rapid cooling of the Chinese market, coupled with a U.S. report showing a bigger-than-expected drop in orders of durable goods, raised fears that two of the world's best-performing economies were in danger of slowing. It also added credence to a statement made a day earlier by former Federal Reserve chairman Alan Greenspan that a recession could not be ruled out in the USA.

Says Milton Ezrati, senior strategist at money management firm Lord Abbett: "When the two engines of world growth look like they might disappoint, that is enough to scare most investors."

Wall Street economists have also warned that serious economic dislocations could result from the fallout from the weak housing market. Similarly, signs of mounting distress in the subprime mortgage market could also pose a danger to stocks.

Still, Bush administration officials Tuesday reiterated that the U.S. economy is in good shape. Treasury Secretary Henry Paulson briefed President Bush on the market decline, the White House said.

"The president's economic advisers are keeping an eye on the markets. We believe that the economic fundamentals in the U.S. economy are sound," said White House spokesman Tony Fratto.

Despite the reassuring words, many investors are no doubt wondering if Tuesday's free fall is the beginning of something more serious, such as a 1987-style crash.

"No," says James Stack, editor of InvesTech Research, in Whitefish, Mont. "We don't have the triggers for a crash."

In the 1987 stock market crash, for example, the Dow fell 508 points, or 23%, in a single day. But events leading up to the crash were far more unpleasant: The yield on the 10-year Treasury note rose to 10.23% in October 1987 from 8.83% at the start of the year. Short-term interest rates were rising at the fastest pace in four years, and the dollar was falling on international currency markets. "We don't have those pressures today," Stack says.

Valuations today are almost 50% below the sky-high price-earnings ratios (company's stock price divided by its earnings per share) in early 2000 — the last time the market plunged — with stocks trading at less than 16 times estimated earnings. The 10-year T-note yields fell to 4.52% Tuesday from 4.63% Monday. Gross domestic product grew at a robust 3.5% pace in the fourth quarter of 2006 and 3.4% for the entire year. Inflation remains tame at 2.1%.

Stack is still cautious. Tuesday's decline "is simply bringing investor expectations back to reality." Adds Joseph Quinlan, chief market strategist at Bank of America: "I don't think we are set up for something dramatic, like a 10% correction."

Investors should get used to more sharp up-and-down swings, says Tim Swanson, chief investment officer for the National City Private Client Group.

Tuesday's "market action has no doubt left many asking, 'Is this the beginning of the end?' The short answer is: We don't think so, … but rather (it was) an important reminder that volatility won't stay low forever. After a very long period of low volatility, it is easy to get lulled into a false sense of security."

Swanson says investors shouldn't be surprised if there is more volatility. He's sticking with his moderately bullish stance because he doesn't believe the underlying fundamentals have changed.

The prime mover in the Chinese meltdown was the market reserved primarily for the Chinese, known as A shares.

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"Those were the ones going crazy," says Raymond Mui, senior portfolio manager for Acadian Asset Management in Boston. The Chinese A shares rocketed 128% last year. "Chinese citizens were borrowing to buy into the stock market, and the government was clamping down on that," Mui says. "That's why you see the drop."

The National People's Congress, which meets next week, is widely expected to pass measures to dampen speculation. This week, the Chinese government required banks to increase their reserves to 10%, up from 9.5%, which makes less money available for loans.

The Chinese weren't the only ones pouring money into their local stock market. Investors poured a record $23 billion into U.S. emerging-markets funds last year, about half of which went to China funds. So far this year, an additional $6.8 billion has gone into emerging-markets funds, $715 million of which went to China funds, says EmergingPortfolio.com, which tracks fund flows.

The rush to emerging markets reflects a worldwide reach for higher returns than developed markets could offer, says Jerry Webman, chief economist at OppenheimerFunds. With those higher returns comes higher risks.

Big international funds took a hit Tuesday: American Funds EuroPacific Growth, which has $99 billion in assets, fell 3.2%. China-focused funds fell more. Fidelity China Region dropped 3.7%, and Dreyfus Premier Greater China Growth A fell 4.9%. Specialty exchange-traded funds really took it on the chin. IShares FTSE/Xinhua China 25 index fund fell 9.9%.

The Dow's decline of 3.3% wasn't nearly as severe. But that's not to say there weren't scary moments. Around 3 p.m. ET, the Dow appeared to drop 151 points in one minute. It happened with incredible swiftness because of a computer glitch that kept some trades in the Dow's 30 stocks from being immediately reflected.

Dow Jones, the media company that manages the flagship index, said that around 2 p.m. it discovered computers were not properly calculating trades. The company blamed the problem on heavy volume and switched to a backup computer. The result: a massive swoon in the index that happened in the seconds it took Dow Jones to switch to its secondary computers.

Measured by percentage loss, Tuesday's Dow decline looks much less threatening. It was the 37th-largest percentage loss since 1950, Stack says, and ranks at 237 since 1900. "In historical terms, it's pretty mild," he says.

One money manager who specializes in Chinese stocks says investors must put the decline in perspective. "If you want a guide to what's going on in China, the Chinese stock market is the last place to look," says Edmund Harriss, portfolio manager of the Guinness Atkinson Asia Focus fund. "It's a very thin market." Investors there tend to buy and sell according to price movements, not fundamentals, Harriss says. "We're seeing a technical pullback which, while significant, has to be seen in the context of the market more than doubling in the past 12 months."

Hu Xingdou, professor of economics at Beijing Institute of Technology, agrees: "The forecast for the stock market looks good over the next year. The Chinese economy is still growing, the state-owned companies are changing for the better, and stock prices remain relatively low."

The scary plunge did remind people that stocks don't go up in a straight line forever. "We'll get a sudden renewal of appreciation for risk," says Jack Ablin, chief investment officer at Harris Private Bank.

So where do we go from here? Orndorff won't rule out a "relief rally," but he advises monitoring how Asian markets react today to the heavy selling on Wall Street.

"The whole world is watching," says Headley.

US Durable Goods Orders Slide (FT)

By Eoin Callan In Washington A

Financial Times, February 28, 2007

US industrial investment appeared to have slowed at the start of this year as figures released on Tuesday showed a steep fall in demand for capital goods.

There was an unexpected drop in orders of durable goods across industry sectors as demand slid by a record 8 per cent to $204bn in January. The biggest monthly fall ever recorded underlined the continued risks to US economic growth from weak domestic business demand, which has lagged behind consumer spending.

The sluggish industrial activity highlights the US economy's reliance on consumers to sustain the growth of 2.5-3 per cent expected by the Federal Reserve this year.

The central bank has a fundamentally benign analysis of the US economy that sees growth recovering and inflation moderating, with interest rates on hold at 5.25 per cent for some time.

But the surprisingly cool demand for industrial goods revealed on Tuesday added to a chill that swept through global markets, as investors priced in an increasing likelihood that the Fed would be forced to cut interest rates.

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The thin order books also prompted Wall Street economists to revisit their forecasts for growth for the first quarter, following already severely reduced expectations for growth last quarter.

Haseeb Ahmed, an economist at JPMorgan, said: “The weakness in orders points to softness ahead for manufacturing and sluggish capital spending. The weakness was broad-based and points to clear risk to our forecasts.”

The fall in orders was led by big drops in demand in volatile sectors such as aircraft, which fell 59 per cent.

Demand for capital goods excluding defence and aircraft orders fell 6 per cent, while orders for motor vehicles and parts dropped 5.1 per cent. However, there were signs of renewed vigour among American consumers, who defied expectations and saw increased confidence this month, according to a private survey by the Conference Board.

There were signs of tentative stability in the housing market as sales of existing homes rose by 3 per cent last month, the biggest rise in two years.

Sales increased to 6.46m last month from 6.27m the previous month, according to the National Association of Realtors. But the median price of a home fell by 3.1 per cent to $210,600 from a year ago. The Fed is cautiously optimistic that the housing market is levelling out.

Durable-Goods Orders Plunged 7.8% In January (WSJ)

By Christopher Conkey

The Wall Street Journal, February 28, 2007

WASHINGTON -- Orders for computers, machinery and other durable goods plunged in January, an indication that this year's outlook for modest economic growth may be making businesses cautious about their capital-spending plans.

Meanwhile, existing-home sales rose last month as lower prices and generous incentives lured some buyers back into the market. But economists say it will be tough to determine whether the housing market has reached a bottom before the spring selling season arrives.

The Commerce Department said new orders for durable goods fell 7.8% in January following a 2.8% increase in December, largely because there were fewer orders for transportation equipment. Boeing Co., for example, received 39 orders for new planes in January, down from an unusually large 212 in December. After two exceptionally strong years in which it secured more than 1,000 new orders per year, the Chicago-based aerospace giant expects to receive roughly half that number this year.

Economists tend to ignore transportation-led fluctuations in overall durable goods orders as long as underlying measures are solid. But that wasn't the case with yesterday's data.

Orders excluding transportation fell 3.1%, and orders for non-defense capital goods excluding aircraft -- a closely watched proxy for future business investment -- dropped 6.0% last month, the second decline in three months. The data suggest many companies are hesitant to plow their profits into such growth-enabling investments as structures and equipment, a trend that emerged late last year and appears to be continuing.

"We started to see some signs late in 2006 that the momentum in business equipment investment wasn't as bullish as it was earlier in the year," said Brian Bethune, U.S. economist at consulting firm Global Insight. "Now the momentum has diminished."

After increasing at an inflation-adjusted annual rate of 7.7% in the third quarter last year, business investment in equipment and software fell at a 1.8% rate in the fourth quarter. Today, the government will release its updated estimate of the economy's fourth-quarter growth, and economists expect the initial tally of a 3.5% inflation-adjusted growth rate to be lowered to between 2% and 2.5%, mostly because of weaker-than-expected inventory accumulation and higher imports.

John J. Castellani, president of the Business Roundtable, whose members are big-company chief executives, said concerns over the future course of economic growth are making some companies cautious. These worries have been reflected in the group's quarterly surveys of CEOs. In December, 39% of CEOs surveyed said their company's capital spending would increase over the next six months, down from 56% a year earlier.

If sustained, weak business spending would impose another drag on the economy at a time when pullbacks in residential investment and manufacturing production are already weighing on growth. It would also come as a surprise to economists since most have assumed businesses will spend freely after a year of record-breaking profit margins. Federal Reserve policy makers are also forecasting solid gains in capital spending this year.

Meanwhile, the National Association of Realtors said existing-home sales rose 3.0% in January to a rate of 6.46 million units, or 4.3% below year-ago levels. The median sales price was $210,600 last month, down 3.1% from a year earlier. The inventory of unsold homes on the market was unchanged last month at a 6.6-month supply.

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The combination of lower prices, reasonable interest rates and warm weather spurred home buying activity in January, and a cold spell in February could depress sales. The key question is whether buyers will come out in force this spring, enabling sellers to lift prices and builders to reduce unsold inventories without further production cuts.

"We shouldn't be surprised to see a near-term sales dip, but that will be followed by continuing recovery in home sales," predicted David Lereah, the Realtors' chief economist.

Separately, the Conference Board, a New York-based research group, said its index of consumer confidence rose to 112.5 this month from 110.2 in January, as consumers' assessments of economic conditions, including the availability of jobs, improved.

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Economists Worry As Businesses Tighten Spending (USAT)

By Barbara Hagenbaugh

USA Today, February 28, 2007

WASHINGTON — Businesses are showing little appetite for investment in items such as heavy machinery and computers, a trend that is likely acting as a drag on the economy.

A proxy for business investment fell at the fastest rate in three years in January, according to a report out Tuesday. New orders for capital goods, excluding defense and aircraft, fell 6% in January after adjusting for seasonal variations. That was the third drop in four months and the biggest since January 2004, the Commerce Department said.

While the numbers are notoriously volatile, the sharp drop last month raised concern among investors and economists that businesses are stepping on the brakes.

"This trend is not something that makes one comfortable about the strength of the economy," Naroff Economic Advisors President Joel Naroff said in a note to clients.

The data follow other reports that have shown businesses may be growing more cautious.

Business investment fell in the fourth quarter for the first time since early 2003, according to government data. A survey of 446 chief financial officers in November showed businesses expected to increase investment by less than 5% in the next year, a drop from a 7.5% gain they forecast in June, according to the study by Duke University and CFO magazine. A survey of CEOs by the Business Roundtable also has shown a decline in spending expectations.

And while more than 40% of manufacturers said in a Federal Reserve Bank of Philadelphia survey in January that they expected to increase investment, 21.7% said they planned to reduce investment, the biggest number since the question was first asked in January 2004.

A number of factors are making businesses scale back spending, says John Graham, a finance professor and director of the CFO survey at Duke University's business school. Interest rates have increased and energy costs, although off the record highs hit last year, are still elevated. Businesses are also watching how the slowdown in housing affects consumers.

Companies "are just going to be cautious in that environment," Graham says. "The last thing they want to do is build the extra capacity and they (later) find it is not needed."

The caution comes even though business balance sheets are in good shape, according to the Federal Reserve. Companies' financial assets were up 4% in the third quarter from the prior year, the latest data.

Business investment accounts for about 11% of U.S. economic activity vs. 70% for consumer spending. But business investment is still important to watch as a barometer of how company owners are feeling about the economy, which can influence hiring, salaries and other factors that can affect consumers, Union Bank of California senior economist Keitaro Matsuda says.

"Their sentiment is reflected in their buying and purchasing patterns," he says.

Recession Unlikely This Year, Many Economists Say (LAT)

By Molly Hennessy-Fiske And Lisa Girion

The Los Angeles Times, February 28, 2007

WASHINGTON — The dreaded R-word — recession — is back in play, contributing to Tuesday's stock market plunge.

But is recession a real possibility?

Many analysts say recession is unlikely this year, that Tuesday's market sell-off was long anticipated and would be short-lived as the economy rebounds from a housing slump. Also helping the economy are renewed consumer and business spending, a strong but not overheated labor market and possible intervention by the Federal Reserve, analysts say.

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"The economy is percolating along pretty well except for the housing sector," said Edward Leamer, director of the UCLA Anderson Forecast, adding, "We don't see anything in the data that we monitor that suggests the economy is having any real trouble."

Stanford University economist John Taylor said that Tuesday's stock market drop might restore some volatility to what has been an unusually stable stock market, but that it was not a reflection of economic troubles.

"If you look at the overall economy, both U.S. and global, you see continued growth," Taylor said.

Former Federal Reserve Chairman Alan Greenspan brought the R-word back Monday, suggesting a recession could come by year's end. And recent data, including a surprisingly weak durable-goods report Tuesday, suggest the economy has not rebounded as strongly as some analysts had expected.

Nouriel Roubini, chairman of Roubini Global Economics in New York and a professor of economics at New York University, had predicted a recession to begin in the first or second quarter of this year and said Tuesday's market downturn provided more evidence of impending trouble. The government today is also expected to sharply lower its estimate for growth in last year's fourth quarter, down to 2.5% from 3.5% last month.

"We have lousy economic news," said Roubini, a former White House and Treasury Department economist. "It's just the beginning of much worse things to come."

With the recovery now 5 years old — long in the tooth by most economic standards — such warnings are not easily dismissed. But other analysts drew a distinction Tuesday between the slow growth they're seeing and conditions that could tip the economy into recession.

"Recession is becoming in my opinion a rather rare event, because the government has learned to manage the economy better," said Keitaro Matsuda, senior economist at Union Bank of California in San Francisco.

Matsuda said he didn't see the economy slipping into negative growth "any time soon."

"We don't see that happening in our forecast," said Kenneth Beauchemin, U.S. economist with Global Insight in Lexington, Mass. "Productivity growth has slowed down, but it hasn't been terrible and we expect it to pick up again. And there's still some slack in labor markets."

Beauchemin said that although unemployment remained a low 4.6% nationally, employers had been posting openings more slowly.

And Tuesday's data showed signs that the housing slump might be ending. The National Assn. of Realtors reported that sales of previously owned homes rose 3% since January, the largest gain in two years.

Beauchemin expects growth to post a "decent" 3% this year.

A recent decline in interest rates, helped by Tuesday's sharp bond market rally, raises another possibility: that the Fed might come to the slowing economy's rescue and cut rates. Concerns about possible blowups in the sub-prime mortgage market also could encourage the Fed to cut rates after pausing last summer in its two-year campaign of raising interest rates to fight inflation.

"There's going to be more and more talk about the economy being weak and the prospects for the Fed lowering interest rates," said Ed Yardeni, president of Yardeni Research in New York.

Yardeni said recession talk "has been brewing" among analysts this year, and Greenspan simply brought it to the fore, catching markets by surprise. Yardeni expects the government to report today that fourth-quarter growth fell to 2% but said it would rebound to 3% by year's end as consumers continue to spend, making a recession "not possible" this year.

Consumer confidence rose to a 5 1/2 -year high this month, with the Conference Board's index up to 112.5 from 110.2 in January.

"My view is, so far the economy continues to demonstrate that it's remarkably resilient," Yardeni said.

Although the Commerce Department reported Tuesday that new orders for durable goods fell by 7.8% in January after a December gain of 2.8%, Yardeni called the data "volatile" — not enough to stake a recession on.

Businesses have been dialing back spending, attempting to sell existing inventories, said Bernard Baumohl, managing director of Economic Outlook Group in Princeton Junction, N.J.

"That is not necessarily an indication that the economy is in trouble," Baumohl said.

Financial Experts Say Investors Shouldn't Panic (LAT)

By Martin Zimmerman

The Los Angeles Times, February 28, 2007

Don't panic. That's what financial planners were advising clients today as they tried to cope with the worst day for the stock market in almost four years.

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It seemed the perfect day to hit the "sell" button. Stock markets around the world were tumbling and safe havens such as gold were taking a beating. But dumping stocks in the heat of the moment -- even one this hot -- wouldn't be prudent, financial advisors say.

"It's best to try to take the emotions out of market decisions," said financial planner Victoria Collins of the Keller Group in Irvine. "If your assets allocation is clear and you're confident about it, you should be able to ride out market fluctuations like this."

Of course, that assumes you have a clear asset allocation plan. Market meltdowns are painful reminders that an investment mix of stocks and bonds that matches an investor's risk profile and savings needs is crucial, pros said. Indeed, while stocks were suffering around the world today, U.S. government bond investors were enjoying a banner day.

"Days like today can be scary for people, but the focus on the long term and building a portfolio is still important," said Paul Herbert, senior mutual fund analyst at Morningstar Inc. "And on days like this, people get a reminder of just how important they are."

As a general rule, advisors tell their clients to lighten up on stocks as they get closer to retirement and move more money into bonds.

Fixed-income investments typically are less volatile than stocks, making it less likely that investors will suffer a blow that can't be recouped within the shorter time frame of their retirement years. Bonds can also provide a steady stream of income for retirees suddenly without a regular paycheck.

But advisors caution that forsaking stocks completely would be a mistake -- even for older investors and even on days like today. With people living longer and retirement expenses such as health care growing, the added boost that stocks can give a portfolio is essential, even for investors well into their 60s.

"The old rule of thumb of switching to 100% fixed income when you retire doesn't make any sense these days," Collins said.

Anatomy Of A Wall Street Freefall (WP)

By Tomoeh Murakami Tse

The Washington Post, February 28, 2007

The dramatic drop in U.S. stocks began yesterday when sharp declines in the Chinese market triggered a global equities sell-off. News of a larger-than-expected drop in durable-goods orders heightened skittishness, even before the U.S. markets opened.

By the end of the day, the Dow Jones industrial average had suffered its largest one-day decline in percentage since 2003, dropping 416.02, or 3.3 percent, to 12,216.24. The sharpest decline occurred shortly before 3 p.m., when the Dow dropped 200 points -- triggered by a technological glitch that caused a backlog of trades to be calculated at nearly the same time.

The Nasdaq composite index dropped 96.66, or 3.9 percent, to 2407.86. The broader Standard & Poor's 500-stock index lost 50.33, or 3.5 percent, to 1399.04.

The slide in U.S. shares erased about $600 billion in market value. Following losses last week, the blue-chip average erased all its gains for the year so far.

In early trading, even as the Dow dropped 100 points, many analysts shrugged off the decline, saying such fluctuations were not surprising and were relatively small, given that the Dow has gained 10,000 points since the Black Monday crash of 1987.

But after the rapid descent that put the Dow down more than 540 points, the tension increased, and traders speculated about what had caused the afternoon plunge.

"You have to figure . . . there must have been someone very large who got out," said Chris Low, chief economist with FTN Financial. "Every single market is down. I've rarely seen such a sell-off."

Analysts and economists said a number of factors contributed to the market's slide. "It starts out with the Chinese government saying they're going to crack down on speculators," Low said.

Every sector was affected, but among the hardest hit were commodities, which were riding high based on the belief that demand from China would only grow. The materials, energy and technology sectors were also knocked down, while emerging-market companies and riskier small-cap stocks took a hit as investors fled to safer turf, such as bonds.

The Russell 2000 index of smaller companies fell 3.8 percent, to close at 792.66.

With the markets awash in cash, investors have been willing to venture out to riskier investments, a trend that had to reverse at some point, analysts said. Yesterday, they were turning to safer investments. "Treasuries were up, large-cap stocks are off 1 percent, emerging markets are down several percent," said Jerry A. Webman, chief economist at OppenheimerFunds. "By the time you get to Shanghai, you're off 8.5 percent. There is a flight to quality."

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Declining stocks outnumbered winners by more than 6 to 1 on the New York Stock Exchange; 4.3 billion shares were traded, compared with 2.8 billion Monday.

Some market strategists said they were holding off on buying, seeing a potential for larger drops. Others characterized the retreat as a long-overdue correction and good for a market still fundamentally strong. They said recent increases in oil prices, geopolitical events in the Mideast and growing concern about the subprime-mortgage market combined to set off the market downturn.

"The trick is for real investors not to overreact," Webman said. "The last thing people want to do in this kind of environment is get off their long-term financial plans."Movers

U.S. Steel shares dropped $7.39, to $86.51.

Apple fell $4.72, to $83.93, after delaying the launch of Apple TV.

Caterpilla r dropped $2.43, to $64.83.

Walt Disney Co. fell $2.01, to $33.10.

Credit Correction (WSJ)

The Wall Street Journal, February 28, 2007

Any equity selloff as large as yesterday's will produce a multitude of explanations. Among other culprits, we heard about "overbought" Chinese stocks that were due for a correction, a weak durable goods report, the Kabul explosion aimed at Vice President Dick Cheney (see below), and former Federal Reserve Chairman Alan Greenspan for declaring Monday that a "recession" was possible later this year.

Our own "whodunit" contribution would point to the mortgage-related markets, which sold off nearly as much as stocks. This reflects the cracks appearing in the housing credit markets, especially in subprime loans but with some damage up the income chain as well. Along with emerging markets such as China, this is where the excesses have been most notable. And when Adam Smith does a house cleaning like yesterday's, he sweeps the dirtiest corners first.

The question is whether this is a forecast or merely a correction. As evidence of the latter, we'd point to Mr. Greenspan, whose Monday remarks seem to have been over-interpreted as a recession prediction. In the same discussion, we're told, he called the world economy "benign and stable." Nonetheless, we'd also note that Mr. Greenspan's predecessor as Fed Chairman, Paul Volcker, didn't muse about recession dangers after he left office in the 1980s. He didn't want to complicate Mr. Greenspan's monetary task at the time.

We also wouldn't make too much of one month's decline in durable goods. These are notoriously volatile, especially in transportation, which was way down in January. Today's report on fourth quarter GDP is also widely expected to be revised downward from the original 3.5%. But much of that revision may be due to an inventory work off, which bodes better for growth going forward. The labor market remains strong, if slowing from the rapid pace of job growth in 2006.

The bigger risks continue to be political and monetary. The era of tax cutting has ended with the arrival of the Democratic Congress, and other policy errors are possible (see further below). As for the Fed, we'd feel better if current Chairman Ben Bernanke had been running a tighter monetary policy for the last year; it might have left him with more policy room if the economy does turn sour. As it is, any easing now runs the risk of a dollar rout, which could lead to an even larger loss of confidence and selloff.

The current problems in the housing credit markets owe a great deal already to the Fed's mistake in keeping monetary policy too easy for too long during the late Greenspan era. We now have to ride them out, and Mr. Bernanke shouldn't make them worse with a panicky, premature easing.

Economy Appears Headed For A Period Of Turbulence (MCT)

By Kevin G. Hall

McClatchy Newspapers, February 28, 2007

WASHINGTON - Tuesday's stock market plunge shows the start of a "correction," the age-old euphemism for a steep drop in stock prices, but it may also signal worse news than that.

A steady stream of recent data shows mixed signals about where the U.S. economy is headed. The old sage himself, Alan Greenspan, suggests recession could be looming.

Fasten your seat belts - some economic chop could be coming.

The Dow Jones industrial index fell more than 416 points, or 3.29 percent, in trading Tuesday. The tech-heavy Nasdaq composite was off by 3.86 percent, and the S&P 500 was off by 3.47 percent. It was the largest one-day drop for markets since Sept. 17, 2001, the first day trading resumed after the Sept. 11 terror attacks

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Tuesday's drops mirrored a global decline in stock markets as the investor mood turned bearish. Investors, who have been murmuring about a coming "correction" for weeks, are concerned that the U.S. and Chinese economies may be entering a period of cooling.

The drop underscores how connected the U.S. economy is now with the broader global economy. U.S. exchanges sank following a nearly 9 percent drop Tuesday on China's Shanghai Composite Index. It was the Shanghai's biggest one-day drop in a decade, and investors worried that interest rates may soon rise to douse China's sizzling economic growth.

Higher lending rates in China matter to average Americans. Most large American corporations either manufacture there or purchase from Chinese contract manufacturers. Higher lending rates in China would slow economic activity there and raise the cost of doing business. The costs could be passed back to Americans as pricier imported goods.

Adding to the economic uncertainty, oil prices are climbing again, due in part to the Bush administration's escalating war of words with Iran. Just weeks ago, some analysts projected a return to $40-a-barrel oil, but it now trades around $60 a barrel. AAA reports that unleaded gasoline averaged $2.37 a gallon nationwide on Tuesday, compared with $2.14 a month ago.

Other economic data are sending, at best, mixed signals.

The Commerce Department reported on Tuesday a 7.8 percent decline for orders of durable goods in January. It was the biggest dip in demand for business equipment in three years. The Manufacturers Alliance/MAPI said the drop was felt across industries such as transportation, high tech and industrial metals.

"There is no escaping the observation ... that growth in the manufacturing sector ground to a halt in September 2006 and continues to struggle as consumers rethink big-ticket spending and businesses turn risk adverse in their capital spending," said Daniel J. Meckstroth, the trade association's chief economist.

But the Conference Board reported Tuesday that consumer confidence in January jumped unexpectedly to its highest level since August 2001. And in another surprising announcement, the National Association of Realtors reported that existing home sales in January rose by 3 percent, the largest monthly jump in two years.

That good housing news, however, was tempered by concern about delinquent mortgages. The Mortgage Bankers Association reports that 3.8 percent of all adjustable-rate sub-prime mortgages are in foreclosure proceedings, up from about 3 percent in 2005.

"It's not a great number, but it's enough to make a dent on the sales numbers, so we'll see (home) sales continue to drop through the end of this year," said Patrick Newport, an economist with consultancy Global Insight in Lexington, Mass. "So far what we've seen is a lot of this has been contained to the mortgage market and particularly to the sub-prime market (of riskier borrowers). No one has a sense of whether this will spread to other markets, like the prime mortgage market. So far it hasn't."

John Silvia sees the U.S. economy as being "on the edge of a knife." He's the chief economist for Wachovia, a large national bank based in Charlotte, N.C. He sees below-trend economic growth, corporate profits leveling off and short-term lending rates higher than longer-term rates. This phenomenon, called the inverted yield curve, historically has been a harbinger of recession.

"When you go into a fog, it's hard to make commitments as an investor," Silvia said. "It's not the time to make big bets."

That cautious view sounds remarkably like former Federal Reserve Chairman Alan Greenspan, who told businessmen in Hong Kong on Monday that a U.S. recession was possible late this year or early next year.

While the "r" word got the headlines, Greenspan also warned that risk premiums are unusually low, meaning that lenders aren't demanding higher returns for riskier investments as they should.

"Risk is no longer perceived as major risk, at least as it was in years past, and that, I must say, I find disturbing," Greenspan said, according to The Wall Street Journal. "We do not and cannot look into history without being very concerned when you see the absence of awareness and concern about risk that we see today."

The concern sounded remarkably like Greenspan's warning in the 1990s that stock market investors were suffering from "irrational exuberance," a warning of the bubble that eventually burst and brought recession in 2001.

A Recession That Arrived On Cats' Paws (NYT)

By David Leonhardt

The New York Times, February 28, 2007

The nation's manufacturing sector managed to slip into a recession with almost nobody seeming to notice. Well, until yesterday.

Wall Street was caught off guard when the Commerce Department reported yesterday morning that orders for durable goods — big items like home computers and factory machines — plunged almost 8 percent last month. That's a big number, but

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it really shouldn't have come as too much of a surprise. In two of the last three months, the manufacturing sector has shrunk, according to surveys by the Institute for Supply Management that have been out for weeks.

But the new report seemed to focus investors' attention on the problems in manufacturing and became one more reason for people to sell stocks. By the time the market opened in New York, stocks in almost every industrialized country had already fallen sharply.

The trouble began in Asia, where the Chinese stock market plummeted, before spreading to Europe and finally this country. The Standard & Poor's 500-stock index ended up with a loss of 3.4 percent, its fifth straight daily decline and its worst since 2003.

All of which raises a question that would have sounded strange even a month ago. Is the entire United States economy in danger of going the way of the manufacturing sector? Is it possible that we're headed for a real recession?

For months now, the economy seemed to shrug off the forces weighing on it and just kept on growing. But those forces never went away. If anything, a number of them have gotten stronger. And that's the most worrisome part of the bad news from the nation's factories: it fits into a larger story.

As stocks were dropping yesterday morning, an economist named Ian Shepherdson wrote one of his regular e-mail messages to clients: "Manuf is in recession; Fed please take note." Mr. Shepherdson, it's important to mention, is not one of Wall Street's perma-bears. When manufacturing last shrank, back in 2003, he correctly insisted that it was a false harbinger.

But this time, the manufacturing downturn stems from a couple of larger economic problems. One, of course, is the housing slump, which has caused a big drop in new construction and much less demand for doors, windows, countertops and a lot of other things that kept factories busy in recent years.

In recent weeks, the troubles in housing have spilled into the financial sector. Big lenders like NovaStar Financial are paying the price for extending credit to people who couldn't actually afford the homes they bought during the real estate boom. With many of those homeowners falling behind on their mortgage payments, lenders are making it tougher to get loans.

That's a sensible, and overdue, move. But it will hurt economic growth in the months ahead. The second big problem for manufacturers is the series of interest rate increases that the Federal Reserve has imposed since 2004.

They may seem like old news, because the last of them came eight months ago, but it typically takes a year to a year and a half for a rate increase to have its full impact. A lot of the big decisions affected by interest rates, like whether to buy a new car or a new piece of factory equipment, aren't everyday decisions. Only now are some families and businesses starting to react to the higher rates.

The economic news certainly isn't all bad. The housing problems still haven't turned into a crisis, thanks in part to interest rates that are still not high by historical standards. So the most likely situation is not a full-blown recession (often defined as two consecutive quarters of a shrinking economy).

The forecasters at the Economic Cycle Research Institute in New York, who have accurately predicted each of the last three recessions, argue that the current slowdown won't amount to much more than a lull. By the middle of the year, they say, low interest rates and healthy corporate spending will have the economy growing nicely once again.

Lakshman Achuthan, the institute's managing director, told me yesterday that he thought the odds of a recession over the next year were less than 20 percent. Mr. Shepherdson — the chief United States economist at High Frequency Economics, who's more bearish than most forecasters right now — still puts the odds at only 30 percent.

But for all the attention that formal recessions get on Wall Street, they are not really the benchmark that matters to most people. A significant slowdown that falls short of a recession can do a lot of damage to stock prices, profits and wages.

Only in the last few months, for example, has the current expansion grown strong enough to give most American workers pay increases that outpace inflation. Those raises would be endangered if the economy were to slow from last year's growth rate of 3.4 percent to even 2 percent.

"This is going to get worse before it gets better," Mr. Shepherdson argues. "We're in danger of slipping into something very like a recession, if not necessarily hitting the technical definition. It would be big enough to hurt, that's for sure."

The main message of yesterday's worldwide stock sell-off — as well as the stealth manufacturing downturn — is that the economy is facing bigger risks than we imagined just a few weeks ago.

In mid-February, Ben S. Bernanke, the Federal Reserve chairman, told members of Congress that he was worried about inflation taking off. The clear implication was that the Fed's next move might be to raise rates yet again to keep the economy from overheating.

Until yesterday, that seemed plausible. It doesn't this morning. Like stocks, the price of a futures contract tied to Fed policy shifted sharply yesterday.

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Before the day began, investors expected the Fed to hold its benchmark rate steady through the end of the summer. Now they are betting that the rate will be cut once before July and again by the end of the year. If that's all that is necessary to keep the economy healthy, it will be a relief.

Plunge Leads To Predictions (CHIT)

By Bill Barnhart

Chicago Tribune, February 28, 2007

After watching the biggest one-day plunge in U.S. stocks in nearly four years on Tuesday, investors face two scenarios.

One is that Tuesday's market action, including a critical error by Dow Jones & Co. in calculating the Dow Jones industrial average, represented a catharsis in market sentiment and mechanics unlikely to be repeated.

"This was a flash point, a reality check," said Pat O'Hare, manager of investor content at Briefing.com, an online investor information service.

Noting that the day's decline began in China, O'Hare said, "Does a 9 percent decline in the Shanghai stock market really disrupt the economic order? The answer is no. We still anticipate the Standard & Poor's 500 index to gain 5 percent this year."

The second is that Tuesday's trading exposed long-simmering vulnerabilities in world markets, arising from investor exuberance, especially in Asia, and a wave of debt-financed speculation. Working through those issues could mean days, weeks or months of weak stock markets.

"This market has been compressed like a spring, and when you get a combination of events, that spring will explode on you," said trader Fane Lozman of Scanshift. "If something really happens, the market will get spooked. At some point, the Dow will get back to 10,000."

The Dow closed at 12,216.24, down 416.02, or 3.3 percent, after falling as much as 543 points, the biggest drop since the first day of trading after the Sept. 11 attacks. The S&P 500 tumbled 50.33, or 3.5 percent, to 1399.04. It was the worst day for both indexes since March 2003.

Analysts on both sides agree on several points. Major economies are strong. Interest rates are low. Even with Tuesday's blow to the China outlook, oil prices closed higher in U.S. futures trading.

Moreover, Tuesday's market sell-off virtually wiped out fear of an interest-rate increase by the Federal Reserve anytime soon. Treasury securities rallied strongly, sending 10-year Treasury yields to their lowest level since early December. The decline in 10-year yields, to 4.5 percent from nearly 5 percent in late January, is a godsend to the embattled U.S. housing market.

Given the economic fundamentals, it's hard to make a case for a sustained and significant drop in stock market values, even though the pace of U.S. corporate profit growth is expected to slow.

"The economic outlook remains reasonable in the U.S. It's supported by stronger growth in Europe and Asia," said James MacDonald, director of equity research at Northern Trust. Tuesday's sell-off "is just a deflation of people's view that we can just keep marching on without interruption."

Indeed, until Tuesday the stock market had put on a bullish run not seen since the 1950s. There were 228 days without a 2 percent pullback in the benchmark S&P 500, the longest such streak since a 293-day run in 1953-54.

Investor optimism, especially in Asia, suffered a big hit. The Chinese government signaled that it wishes to curtail speculative stock buying that had prompted a 140 percent gain in the Shanghai stock market composite index in the past 12 months. It worked.

At the end of New York trading Tuesday, the question was not whether U.S. stock prices would ease but whether the correction would be orderly and not turn into a self-fulfilling cascade.

To see the crosscurrents influencing the outlook, you need to take a global view.

Stocks continued to swoon in early Asian trading Wednesday, reflecting the enormity of the surprise U.S. sell-off. Sustained declines in the stock markets of developing economies and Asia could sour U.S. investors on one of the most popular ideas of recent years: emerging-market stocks.

For example, the iShares exchange-traded fund that tracks an index of emerging-market stocks sank more than 8 percent, back to its level in late November. For months, U.S. investors have been turning away from domestic equity-mutual funds in favor of international funds. A shift in sentiment could bolster U.S. stocks.

Slightly higher interest rates in Japan, implemented earlier this month by the Bank of Japan, reflect optimism about Japan's economy after years of economic stagnation.

But the prospect of still-higher Japanese interest rates has disrupted the so-called carry trade, by which speculators borrow in Japan to make higher-returning investments elsewhere. Traders said Tuesday's rally in the yen meant this strategy was unwinding.

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Many analysts fear that threats to this sort of debt-financed speculation could prompt a severe reversal of financial markets around the world.

The fact that the price of gold sank along with stocks supports the view that the market action was a speculative blow-off, not a fear of economic stress. Gold, which is viewed by many investors as a safe haven, had advanced steadily since early January, nearly reaching $700 an ounce, before falling 3 percent Tuesday.

Separately, so-called margin debt, representing loans to investors issued by brokers and secured by stock, rose last year to the highest level since the peak of the U.S. stock market in early 2000. A sudden collapse of stock prices could prompt a wave of margin calls, forcing investors to sell to raise cash.

SUDDEN RETREAT Markets' Slide Spotlights Risks (WSJ)

By E.s. Browning And Craig Karmin In New York, James T. Areddy In Shanghai, And Greg Ip

The Wall Street Journal, February 28, 2007

Yesterday's plunge in stock prices around the world, including the steepest percentage decline in the Dow Jones Industrial Average in nearly four years, signals that investors may finally be re-evaluating their insatiable appetite for risky investments.

The catalyst was Tuesday's nearly 9% fall in stock prices in Shanghai, one of the hottest and most volatile markets in the world. That helped send U.S. stocks on a roller coaster that ended with the DJIA down 416.02 points, or 3.3%, to 12216.24.

For a moment yesterday it was even worse. Starting just before 3 p.m. Eastern time, the Dow plunged more than 200 points in minutes, to a low of 12086.86, after a technical glitch delayed the reporting of its true value. 1

For months, global stock markets had been pointing almost straight up, ignoring admonitions that investors were excessively complacent. The amount of compensation, in the form of higher yields, that investors usually demand for lending money to riskier companies or countries had been shrinking steadily. And with credit plentiful and cheap, private pools of capital have been borrowing to buy up bigger and bigger companies. Even prices of art and wine have soared.

The mood changed sharply yesterday. U.S. Treasury bonds rallied in a flight to safety by suddenly nervous investors. The 10-year Treasury note's yield -- which falls when the note's price rises -- sank to 4.47% at one point. The Treasury note's yield ended the day at a two-month closing low of 4.515%.

The atmosphere first began to shift Sunday night, New York time, when former Federal Reserve Chairman Alan Greenspan, speaking by satellite to a Hong Kong audience, used the word "recession" and appeared to question the widespread notion that the current expansion will last all decade. "We do not and cannot look into history without being very concerned when you see the absence of awareness and concern about risk that we see today," Mr. Greenspan said.

Stocks didn't flinch at first. But on Tuesday, a day after hitting a record high, the Shanghai Composite Index fell 8.8% for no obvious reason, its biggest drop since jitters in 1997 about the death of Communist Party elder Deng Xiaoping. Analysts suggested investors wanted to get out of the soaring market before Beijing made any moves to cool it, such as new trading taxes.

GLOBAL SPIN

• The News: A selloff in China stocks triggered market declines around the globe yesterday.

• The Background: Investors around the world have been blasé about risk in recent months.

• What's Happening: Investors may finally be tempering their appetite for risky investments of all sorts.

Then in the U.S., the Commerce Department made Mr. Greenspan appear prophetic yesterday with its report that orders for big-ticket factory goods fell sharply in January. That raised questions about the strength of capital spending, a force that many have been counting on to offset housing-market weakness.

About the same time, mortgage lender Freddie Mac said it was tightening standards on subprime loans. It was one more sign the market for loans to the least creditworthy borrowers was deteriorating rapidly. Defaults are up. Lenders' shares are down. The prospect that lenders will grow increasingly tightfisted has raised concerns that the worst isn't yet over for the housing sector, which has been showing some signs of stabilizing.

A weaker-than-expected U.S. economy could undermine many assumptions that have been underlying investors' embrace of risk. It could lead to higher defaults among companies that have taken on large amounts of debt. And it could undermine the outlook for foreign markets, which tend to depend far more on the U.S. economy than the U.S. depends on theirs.

The remarkably low concern about risk has been the most striking feature of markets world-wide in recent years. Stocks have risen, and the riskiest markets have risen furthest. Yields on bonds from the riskiest countries, companies and mortgages have fallen the most. These trends have had powerful effects on businesses and economies. They have sparked a wave of private-equity buyouts of companies such as the big bid for utility TXU Corp. this week.

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There are several reasons for investors' appetite for risk: Growth has been steady and inflation low world-wide for several years. China, oil-rich countries and other emerging economies are generating savings far in excess of their domestic needs, and need to invest it somewhere. The concern has been that investors have extrapolated such trends too far.

Despite yesterday's financial-market turmoil, there is little sign the prognosis for the U.S. economy has changed much. Strong readings on home sales in January and consumer confidence in February suggested that the U.S. economy may be growing at about a modest 2% annual rate. "The growth situation is not great, but I don't think it's much different from what the Fed has been anticipating for a while," said Stephen Stanley, chief economist at RBS Greenwich Capital.

Still, corporate-profit growth, in double digits for more than three years, is showing signs of falling back to single digits this year. In the fifth year of a bull market, money managers increasingly have been worrying that stocks are overdue for a significant pullback. So they've been poised to sell at the first sign of trouble.

Many central banks maintain relatively low interest rates. But the shift in market sentiment comes amid increasing signs central bankers are ready to tighten the credit spigot.

The Chinese central bank has been trying to cool lending. Japan's central bank recently raised interest rates -- albeit to just 0.5% from 0.25% -- in part to discourage speculative borrowing in its markets. The European Central Bank yesterday reported that money supply grew at its fastest rate in 17 years in January in countries that use the euro, a trend that could argue for higher European rates.

The major exception is the U.S. Fed, which appears to be on hold for the foreseeable future. Though it has a bias to raise rates again if inflation worsens, futures markets are betting the next rate move is a cut.

The market setbacks were broad yesterday. Major stock-market indexes in France and Germany fell 3% each, Britain's fell 2.3%, Turkey was down 4.5% and Brazil plunged 6.6%.

WALL STREET JOURNAL VIDEO

18 • WSJ's David Wessel discusses19 Tuesday's big selloff and whether this is a reflection that something is amiss in the global economy.

• Barron's associate editor Michael Santoli says20 eight straight months of pent-up selling combined with China's volatility helped spur Tuesday's market drama.

Investors dumped bonds of developing countries, sharply widening their yields compared with safe U.S. Treasurys. This so-called "spread" widened by 0.14 percentage point -- a major increase -- as investors demanded higher returns for owning the riskier assets. Some investors in these emerging markets believe a correction is long overdue. "We need to be paid a lot more for the additional risk we are taking," said Andrew Feltus, a bond-fund manager at Pioneer Investments in Boston.

In another sign of risk aversion, the Japanese yen strengthened more than 2% against the U.S. dollar, its biggest jump in about a year. Global speculators have for years been borrowing yen, taking advantage of Japan's low interest rates, and then investing in markets that promised higher returns. The practice, known as the carry trade, has been an emblem of investors' seemingly limitless appetite for risky strategies.

Yesterday's tumult spurred some traders who used this strategy to begin reversing it. That meant closing out some of their riskier bets and putting the money back into yen -- thus giving the yen a boost. These sales by investors in the carry trade apparently contributed directly to the global stock declines.

Yesterday was the heaviest trading day ever for stocks listed on the New York Stock Exchange: 4.07 billion shares. One trader said he was unable to fill all his orders on the NYSE trading floor in the last 15 minutes of the trading day. Instead, he was rerouting orders to alternative electronic venues away from the Big Board. "We just hit a brick wall," said Stephen Porpora, an NYSE floor broker with William O'Neil. "These markets move faster than anyone can."

With increased electronic trading -- in which stocks are bought and sold by computer instead of on a traditional trading floor -- traders "can't slow things down" as they used to when a crush loomed, Mr. Porpora said. At around 3 p.m. he saw the Dow slip by more than 100 points in seconds as he tried to trade a large, volatile stock. One order entered around 3:58 p.m. took 10 minutes to process, even though the market officially closes at 4 p.m., he said. Usually, trades are processed in less than a minute.

Volatility, which has been tame for months, soared yesterday, as measured by the CBOE Volatility Index.

China's impact on the day's events is remarkable on several counts. Shanghai's so-called A-share market is largely closed to foreign investors, and local speculators who make up its primary investors typically pay little attention to factors outside of China.

Chinese share prices, after years in the doldrums, have soared for much of the past 20 months -- a rally that has prompted millions of Chinese to take up stock trading. Officials have expressed concern about the pace of the runup, after the benchmark index surged 130% in 2006.

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Traders said the index's close above 3,000 earlier this week made them nervous that the government would have added reason to adopt new taxes or other measures to apply brakes to the market when China's legislature convenes next week for its annual session. The government yesterday denied rumors it was considering a 20% capital-gains tax on stock investments, the state-run Shanghai Securities News reported.

The long rally has made China's stock market more important globally. Many of the world's best-performing mutual funds last year targeted stocks of Chinese companies listed overseas. China's stock market long has been divorced from the underlying economy, with share prices undergoing several boom and bust cycles even as growth has hummed along with remarkable consistency. As China's economic boom made many of its citizens wealthier in recent years, most Chinese ignored stocks and instead spent money on apartments, new cars, and new businesses.

The market's rapid rise since mid-2005 has made stocks an increasingly important part of the lives of many Chinese. The gains have been fueled by millions of new investors -- from retirees to college students -- who have poured into street-level brokerage outlets to sign up for trading accounts. Online trading is gaining in popularity too. Since Chinese stocks rarely sell for more than a few pennies a piece, barriers to entry are low and as many as 90,000 accounts have been opened per day in recent weeks.

Chinese have plenty more money to invest. In total, individuals in China still sit on about $2 trillion in bank deposits -- far more than the $1.4 trillion in combined market capitalization for China's two stock exchanges, in Shanghai and Shenzhen.

In Chicago yesterday, at Harris Private Bank, chief investment officer Jack Ablin was sitting in the waiting room of his doctor's office waiting for a stress test when his trader sent an urgent email: "The market is down 500 points."

Mr. Ablin, who manages $50 billion, said he looked at the email and thought, "What am I missing?" The news from China "went from a blip to a tidal wave" in a matter of moments, catching Mr. Ablin by surprise. After receiving good news from his doctor after the test, Mr. Ablin returned to his office and began compiling a list of blue-chip stocks that he planned to begin buying today, he said.

In early trading Wednesday in Tokyo, the benchmark Nikkei 225 Stock Average was off 3.6%, and Hong Kong's Hang Seng Index dropped 3.8% shortly after opening. Shanghai also started with a fall in Wednesday trading, but began to rebound after about 10 minutes.

Stock Sell-Off In China Hits Wall Street (WP)

By David Cho And Tomoeh Murakami Tse

The Washington Post, February 28, 2007

A plunge in Chinese stocks rippled across global markets yesterday, triggering a massive wave of selling in the United States that sent the Dow Jones industrial average down 3.3 percent, or 416 points, its biggest decline since March 2003.

The news from Asia sparked the initial sell-off, but a confluence of other events, including news of rising real estate loan delinquencies, a surprisingly weak manufacturing report and a bombing near Vice President Cheney in Afghanistan, made an already difficult day worse.

For most of the morning the Dow declined steadily until it had fallen 300 points. Then, just before 3 p.m., it plummeted another 200 points before recovering slightly because of a trading glitch that led to a backlog of sell orders clearing at once. The Standard and Poor's 500-stock index, a broader measure of stock prices, also lost more than 3 percent by the close of the trading day, its biggest drop in 3 1/2 years.

By midday Wednesday, Japan's Nikkei 225-stock index was down 3.1 percent, to 17,557.65 and Hong Kong's Hang Seng index was down 3.1 percent, to 19,523.69. But the Shanghai Composite index, whose drop precipitated yesterday's sell-off on Wall Street, was up 0.15 percent, to 2775.82.

From currency markets to blue-chip companies to international stock exchanges, no sector was left unscathed yesterday. The day was reminiscent of when the Internet bubble burst several years ago -- traders and investors around the world stared at electronic boards and televisions showing markets falling deeper into the red.

Todd Leone, head of trading at Cowen & Co., said he saw "nothing but sellers. My whole screen is red. Every group is down."

Adding to the market's woes, former Federal Reserve chairman Alan Greenspan warned in a speech Monday that the U.S. economy might slip into recession by year's end. "It didn't help that Greenspan used the 'R-word,' " said Al Goldman, chief market strategist at A.G. Edwards. "People overreacted to that. He's still an icon."

Some analysts said, however, that it was about time for the market to cool after a breathless run-up in share prices.

"I don't think a one-day [sell-off] is going to do justice for what's been going on," said John O'Donoghue, co-head of equity trading at Cowen. "It wouldn't surprise me to see a total 5 percent correction and even more from here."

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A major long-term concern among analysts is whether the heady days of "cheap debt" are coming to an end. The ability to borrow money at low rates and with favorable terms has fueled much of the world economy in the past few years, including the record-topping leveraged buyouts on Wall Street, the global run-up in real estate prices and the surge of investments in emerging markets overseas.

Signs surfaced yesterday that the easy availability of debt may be ending.

The mortgage company Freddie Mac announced tougher standards for its subprime mortgages, saying it would not buy such risky loans that are linked to a high number of delinquencies and defaults.

Moreover, investors fled emerging markets and took safe positions in the currencies of Japan and other countries where borrowing costs are among the lowest in the world. As emerging markets took it on the chin yesterday, the yen climbed 2.3 percent against the dollar, the most in nearly a year.

This occurred because investors sought to protect their money in case of a sustained downturn. In a growing global economy, these investors can take more risks and obtain higher returns by borrowing money and pouring it into emerging economies like China and India.

To many investors, yesterday's events were a stark demonstration of the vulnerabilities of the global economy, not just that of the United States. That a sell-off in China could have such serious reverberations around the world was noteworthy, said Joseph E. Stiglitz, a Nobel Prize winner and former chief economist at the World Bank.

"China has been the engine for global growth," Stiglitz said. "And a significant slowdown in China would have fundamental implications for commodity prices around the world. . . . Oil prices have been sustained by high Chinese demand. Just think of what would happen if there's a significant part of China that had a slowdown."

Analysts in China blamed yesterday's plunge, which at 9 percent was the largest single-day drop in a decade, on the news of a crackdown by the State Council, the Chinese cabinet, on illegal activities related to securities trading. According to a statement on the government's Web site, a special task force would be convened to provide recommendations for how to "repair" illegal securities activities.

On Wednesday morning, Chinese regulators denied rumors of plans for a 20 percent capital gains tax on stock investments, one factor that had sent markets lower.

China's stock markets began their surge upward in June 2006, after the government again allowed domestic initial public offerings after a long hiatus. There were a number of other securities milestones last year. The government took $200 billion of stock it owned and allowed it to be traded publicly. And several of the country's largest state-owned companies, including the Industrial and Commercial Bank of China, were dual-listed on the Shanghai and Hong Kong stock exchanges.

The Shanghai Stock Exchange rose 130 percent in 2006, and it was up 12 percent from Jan. 1 to mid-February. Just before the Chinese New Year holiday, the Shanghai Stock Exchange broke the 3,000-point mark for the first time.

Signs that China's two domestic stock markets, in Shanghai and Shenzhen, may be over-inflated began to show up in early February after Cheng Siwei, vice chairman of the Nation's People Congress, said publicly that he worried about a "bubble." The stock market fell 11 percent that week but quickly made up the losses and continued to hit new highs.

Then came China's Black Tuesday, which yesterday wiped out $100 billion of market value.

Feng Yu, a broker at China Galaxy Securities in the southeastern city of Ningbo, said he believed yesterday's drop was only a "technical correction" to make up for the unprecedented rise in recent months.

"At the beginning it was just banking stocks," Feng said. "Then it affected all shares," Feng said he believed the drop was precipitated by signals from the government that it wanted to slow down the explosive growth, which has prompted individual investors to line up for hours to open brokerage accounts.

Another piece of troubling news was released yesterday: The Commerce Department reported that durable-goods orders fell 7.8 percent in January, to a seasonally adjusted $204 billion. The decline, including in such large-order items as airplanes, semiconductors and appliances, surprised Wall Street, which had expected a 3.2 percent drop.

In Washington, the confluence of world economic events got the attention of the White House. "The president's economic advisers are paying attention to the markets," spokesman Tony Fratto said. "We continue to believe that the U.S. economy is sound."

The Federal Reserve, meanwhile, was silent, indicating that it did not view the market's drop as a threat to the abilities of U.S. financial firms to function.

This was in contrast to the Fed's response to the much sharper stock price declines of the October 1987 crash and after the Sept. 11, 2001, terrorist attacks, when the central bank issued statements reassuring the markets and investors that it would provide ample funds to the financial system to ensure transactions could be completed.

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But analysts said Fed Chairman Ben S. Bernanke would probably be asked to comment on the global financial gyrations this morning when he is scheduled to testify before the House Budget Committee.

Biggest Loss Since Sept. 11 For Wall Street (LAT)

By Walter Hamilton

The Los Angeles Times, February 28, 2007

The Dow Jones industrial average suffered its worst loss in six years today as an overnight plunge in Chinese stocks and fears about slowing economic growth sent investors into a worldwide dash for the exits.

The Dow, which at one point was down more than 500 points, finished with a loss of 416.02 points to close at 12216.24. It was the Dow's biggest loss since September 2001, when it fell following the terrorist attacks in New York and at the Pentagon.

The decline stirred memories of the Dow's historic 508-point drop in October 1987. But with the market so much higher today, the drop was far lower in percentage terms than 20 years ago. While the 1987 slide was a 22.6% plunge, Tuesday's was a 3.3% fall.

"Not to make light of 400 or 500 points, but this is a natural market correction," said Robert W. Bissell, president of Wells Capital Management in Los Angeles.

At the heart of the sell-off were long-simmering fears that economic growth, particularly in the U.S., may be slowing from its torrid pace of the last year.

"The fear is that economic growth is slowing and, more important, that [corporate] profits are slowing," said Diane Swonk, chief economist at Mesirow Financial in Chicago.

The immediate catalyst was an almost 9% drop in the Chinese market, which was triggered by the Chinese government taking steps to rein in the rampant market speculation that had sent its shares soaring in recent months.

Selling pressure increased steadily throughout most of the day in the U.S. and was fed by several other factors, including disappointing economic news and comments from former Federal Reserve chief Alan Greenspan that it is possible the U.S. could slip into a recession this year.

All that came at a time when the U.S. had gone an unusually long period without a deep sell-off, and some market veterans said investors were looking for a reason to unload their stocks.

"At least for the last three years, everybody's been waiting for the other shoe to drop, or for both shoes to drop," said Brian Wesbury, chief economist at First Trust Advisors in Lisle, Ill.

Several experts said the sell-off was overdone, and that the U.S. economy remains on solid footing.

"I don't think the typical investor will look back and say, 'the Chinese sell-off was a major event in my investing life,'" said John Bollinger, head of Bollinger Capital Management in Manhattan Beach.

Doubts Trigger 416-point Dow Dive (WT)

By Patrice Hill

The Washington Times, February 28, 2007

The Dow Jones Industrial Average plunged 416 points yesterday, the most since the September 11, 2001, terrorist attacks, as worries about the U.S. economy suddenly surged and sent inflated stock markets tumbling around the world.

The chain reaction started in China, where a 9 percent drop in the main stock index, the worst in 10 years, was triggered by government moves to quell stock speculation and a speech by former Federal Reserve chairman Alan Greenspan pointing out that profits in the U.S. have peaked and the business cycle may be drawing to a close with a recession possible -- though not likely -- by year-end.

After reverberating in trading in Asia and Europe on Monday night, doubts about the U.S. economy were reinforced by fresh data yesterday raising fears that the U.S. housing and manufacturing sectors are headed back into recession as a result of sharply tighter credit conditions and the end of a capital spending boom.

"It's a mood swing to more concern about the economy," said Alexander P. Paris, analyst at Barrington Research Associates Inc. He noted that the darker outlook likely will be underscored by news today that economic growth slowed to 2.5 percent or less at the end of last year.

"Superimposed on that you have this China thing. That's the powder that ignited it," he said. Like many economists, Mr. Paris says the economy is fundamentally healthy and that the market is overreacting to the weak points.

In a frenzied day of trading, every stock sector posted big losses. The market started out the day with a mild downturn, but the sheer volume of trading caused a computer glitch that turned the downdraft into what looked like a free fall about 2:30 p.m., when the Dow dropped suddenly by about 300 points.

Dow Jones & Co. Inc. said it discovered its computers were not properly calculating trades and it had to switch to a backup computer, which caused the massive swoon in the index.

The Dow fell 546 points, or 4.3 percent, to 12,086 before recovering some ground in the last hour of trading to close down 3.29 percent to 12,216. Because the worst of the plunge on the Dow and the Standard & Poor's 500 Index did not exceed 5 percent, the New York Stock Exchange's trading limits, designed to halt the most precipitous moves, were not activated.

Nevertheless, in terms of points, the Dow's drop was the worst since Sept. 17, 2001, the first trading day after the terrorist attacks, when the blue chips closed down 685, or 7 percent. Just a week ago, the Dow had reached a new high of 12,796.

The broader S&P 500 lost 50 points, or 3.47 percent, to end at 1,399, while the tech-dominated Nasdaq Composite Index fell 97 points, or 3.86 percent, to 2,408.

Before the Wall Street drubbing, European markets fell from 1 percent to 3 percent on the Chinese news. Hong Kong's benchmark Hang Seng Index dropped a relatively mild 1.8 percent.

Traders expect Wall Street's losses to reverberate in markets overnight and possibly lead to more selling in the U.S. today.

Bryan Piskorowski, stock analyst at Wachovia Securities, said the market's "nasty little sell-off" was due to "good old-fashioned profit-taking" after seven straight months of market gains in the U.S. that had left most stocks at lofty price levels.

"The market was due for a pullback. We're getting it," he said. "The size and scale was somewhat surprising," he added, but he expects the market to resume its upward trend after reaching a bottom in the next few days.

Mr. Piskorowski noted that the drop was less than 5 percent on Wall Street, and even the 9 percent drop in the Shanghai Composite Index looked minor against the backdrop of a 130-percent gain in Chinese stocks in the past year and a 13 percent run-up in the previous six sessions.

Still, the economic outlook has dimmed in the past month. A Commerce Department report yesterday of a 7.8 percent drop in orders for big-ticket goods from U.S. factories in January showed that "growth in the manufacturing sector ground to a halt in September 2006 and continues to struggle as consumers rethink big-ticket spending and businesses turn risk averse in their capital spending," said Daniel J. Meckstroth, chief economist for the Manufacturers Alliance.

But the biggest change of fortunes has been the collapse in housing. After stabilizing somewhat at the end of last year, a plunge in home building resumed last month, and a potentially destabilizing fall in home prices got deeper. A report from the National Association of Realtors yesterday showed a 3.5 percent drop in the median home price nationwide -- and prices have fallen even further in big cities such as Boston and San Diego.

Economists expect the housing downturn to worsen before it gets better as increasing defaults on mortgages for the purchase of overpriced homes are starting to pinch home lenders and prompt them to close the spigot of easy money that fueled the housing boom.

Mortgage giant Freddie Mac announced yesterday it will no longer buy high-risk home mortgages prone to foreclosure, such as loans made with little or no documentation of a borrower's income and job status.

"The housing market is in the middle of a far-reaching adjustment," said Roger M. Kubarych, economist at Unicredit Markets. While consumer confidence and spending has been holding up well, the downturns in housing and manufacturing will slow growth in the first half of the year to the weakest pace since the 2001 recession, he said.

Markets Find It Hard To Break The Greenspan Habit (WSJ)

By Greg Ip

The Wall Street Journal, February 28, 2007

WASHINGTON -- As chairman of the Federal Reserve, Alan Greenspan had 200 Ph.D. economists at his disposal to help decipher economic and market trends. Now, in the year since retiring from the job he held for 18 years, he relies on less than a half-dozen staffers to analyze the same economic trends.

The last 48 hours have made clear, though, that investors can be just as devoted to what he has to say about those trends -- a devotion some say makes it harder to concentrate on what his successor, Ben Bernanke, has to say.

Mr. Greenspan told an audience via satellite early Monday, Hong Kong time, that a U.S. recession was possible. "When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," he said, according to Dow Jones Newswires. "For example, in the U.S., profit margins ... have begun to stabilize, which is an early sign we are in the later stages of a cycle."

Mr. Greenspan didn't say a recession was likely. Indeed, he said most forecasters don't see one, the global environment is "benign" and there has been no "significant spillover" from the contraction in housing activity. His comments appeared more aimed at questioning the conviction of many investors that because each of the last two expansions lasted a decade, this one, now five years old, will, too.

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But the perceived pessimism of the remarks grew as headlines made their way around trading rooms and were blamed for helping contribute to a two-day, world-wide selloff in stocks, a plunge in bond yields as bond prices rallied, and increased market expectations of a cut in interest rates by the Fed.

In a widely distributed email yesterday, Stan Jonas of hedge fund Dutch Book Partners LLC wrote, "MR. GSPAN SAYS A RECESSION IS LIKELY."

The power of Mr. Greenspan's remarks both awed and frustrated some in the markets. "Somehow, he's still the maestro," said Thomas Joseph Marta, a fixed-income strategist at RBC Capital Markets. "Even though Bernanke is the one calling the shots, Greenspan's crystal ball is somehow given more weight."

He compared it with a retired general commenting on military matters on cable television. "They're loose cannons and can do a lot more damage than good, and I see Greenspan the same way."

Alan Blinder, who served as vice chairman of the Fed under Mr. Greenspan in the mid-1990s, said, "From the Fed's point of view, it's a little off message. What Greenspan said was noticeably more pessimistic than the Fed's outlook."

Keeping Quiet

There are no formal prohibitions on what a Fed official talks about after he leaves the Fed, other than confidential Fed deliberations. Upon retiring, though, Mr. Greenspan went further and said he would follow the example of his predecessor, Paul Volcker, and not comment on his successor's monetary policy. By most accounts he has stuck to that commitment.

In an interview yesterday, Mr. Greenspan said, "I have been scrupulous not to respond to any questions which refer directly to monetary policy, what the Fed is doing, or what it should do."

He added: "What I do talk about are the global forces that are functioning, how the world is running and how the economy is developing in a manner that I used to do when I was an economic consultant. The only difference is back then I'd discuss what the Fed was going to do as a consequence of all this. Now, I just don't do that."

But Mr. Greenspan's observations on economic and market developments have been inevitably interpreted for their significance toward interest rates.

Barely a week after he left office a year ago, he appeared at a private event for fewer than a dozen clients of Lehman Brothers, mostly prominent hedge-fund managers. Reports of his remarks filtered out the next day, roiling markets.

At the time, some in the market and some of his former colleagues questioned his judgment for hitting the speech circuit so soon after leaving office.

Yesterday, that criticism was largely absent, in part because Mr. Bernanke is widely considered to have established himself as a credible Fed chairman in his own right. "You can't expect him to be quiet forever," said Mr. Blinder, who now teaches at Princeton University but also analyzes Fed policy for fee-paying clients.

Market Overreaction?

Adds Robert Parry, former president of the San Francisco Fed: "It's hard for me to blame him for what could turn out to be an overreaction by markets."

Yesterday, Mr. Greenspan said, "I recognize there is no way I can fully insulate myself, but I do my best."

As chairman from 1987 to 2006, Mr. Greenspan became famous for his carefully crafted, often opaque remarks.

When he spoke clearly, it often took markets by surprise -- triggering an outsize reaction, and, often, a later re-examination of what he really said.

'Irrational Exuberance'

In 1996, he asked if stock investors were seized with "irrational exuberance," triggering a brief stock selloff.

In 2003, he said the Fed needed a "firebreak" against deflation, triggering a plunge in bond yields on expectations of steep rate cuts that ultimately didn't come.

Since leaving office he has become a more relaxed speaker, willing to say things in language that a Fed chairman usually avoids, such as the possibility of recession.

"An entire niche within the market was dedicated over the period of two decades to interpreting the musings of the oracle," said Joseph Brusuelas, chief U.S. economist for IDEAglobal, a financial advisory service.

Since leaving the Fed, Mr. Greenspan has set up shop in a plush, sun-drenched office in downtown Washington with a Bloomberg terminal and a handful of staffers, including two research associates.

That, along with the Internet, gives him the ability to study most economic data with the same intensity he did at the Fed.

He is also continuing to work, with Fed economist James Kennedy, on a project the two began at the Fed: building a database to examine the flows of money through the housing and mortgage market.

The two have published one paper on the subject and another is forthcoming. Other than that, he has little contact with his former colleagues except at social occasions.

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Book Release

Other than his speaking engagements, for which media reports and clients say Mr. Greenspan is usually paid $150,000, his main activity is completing his book, with some fact-checking help from a few retired Fed economists. Titled "The Age of Turbulence," it is due to be released by Penguin Group on Sept. 17.

A central theme of the book, according to people with whom he has spoken, is a theme he addressed Monday: The U.S. and global economies are far more resilient now to economic and financial shocks.

But, in a telling note, he also warned his audience,

"We do not and cannot look into history without being very concerned when you see the absence of awareness and concern about risk that we see today."

As for how Mr. Bernanke feels about Mr. Greenspan's comments, Al Broaddus, who served with Mr. Bernanke on the Fed, says he can't imagine the chairman being ruffled by his predecessor's remarks or their impact on markets.

"He's just going to do what he feels he needs to do. The first year of his tenure has shown that ... he keeps his eye on the ball. Recently, the perceptions of [the Fed] in markets seem very favorable."

Greenspan Comments Helped Grease Markets' Skid (USAT)

By Barbara Hagenbaugh

USA Today, February 28, 2007

WASHINGTON - He's baaaack.

More than a year after leaving the Federal Reserve, former chairman Alan Greenspan is again grabbing headlines, this time for saying the U.S. economy could fall into recession later this year.

Greenspan's comments, made via satellite to a group in Hong Kong on Monday, were partly blamed for a sell-off in world financial markets Tuesday. That suggests the former Fed chief, whose every utterance was parsed by investors during his more than 18 years at the Fed, still holds sway over markets.

"Greenspan is probably feeling awful today. He's probably thinking, 'How do I get out there and clarify things without making it worse,' " Wachovia senior economist Mark Vitner says.

The Associated Press quoted Greenspan as saying it is "possible" the USA could slide into recession in 2007. But he noted most forecasters are predicting the economy will expand into 2008.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," Greenspan said, according to the AP.

Vitner and others say Greenspan's words were not that extreme. He didn't predict an imminent recession. In fact, he said it was "very precarious" to make forecasts months ahead.

Investors were already on edge and used Greenspan's comments as one excuse to sell, Putnam chief economist David Kelly says. "If it wasn't Alan Greenspan who upset the markets, something else would have," Kelly says.

A spokeswoman for Greenspan said he would have no comment Tuesday.

But Greenspan should be a bit more careful, knowing investors continue to follow his every word, says Global Insight chief economist Nariman Behravesh. "Ex-Fed chairmen should exercise more circumspection," he says.

Greenspan, 80, began making public and private speeches almost immediately after he left the Fed in January 2006. That drew criticism from some, including Sen. Jim Bunning, R-Ky., who expressed his concern when Greenspan's successor, Ben Bernanke, testified before Congress in February 2006.

Bernanke is scheduled to testify before Congress today on budget issues.

Recently Greenspan drew attention after saying the downturn in the U.S. housing market was likely over.

Greenspan started an economic consulting firm and has a book coming out in September, The Age of Turbulence: Adventures in a New World, according to BookExpo America. The group says Greenspan will be interviewed by his wife, NBC correspondent Andrea Mitchell, at their conference on June 1.

As Ethics Panels Expand Grip, No Field Is Off Limits (NYT)

By Patricia Cohen

The New York Times, February 28, 2007

Ever since the gross mistreatment of poor black men in the Tuskegee Syphilis Study came to light three decades ago, the federal government has required ethics panels to protect people from being used as human lab rats in biomedical studies. Yet now, faculty and graduate students across the country increasingly complain that these panels have spun out of control, curtailing academic freedom and interfering with research in history, English and other subjects that poses virtually no danger to anyone.

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The panels, known as Institutional Review Boards, are required at all institutions that receive research money from any one of 17 federal agencies and are charged with signing off in advance on almost all studies that involve a living person, whether a former president of the United States or your own grandmother. This results, critics say, in unnecessary and sometimes absurd demands.

Among the incidents cited in recent report by the American Association of University Professors are a review board asking a linguist studying a preliterate tribe to "have the subjects read and sign a consent form," and a board forbidding a white student studying ethnicity to interview African-American Ph.D. students "because it might be traumatic for them."

"It drives historians crazy," said Joshua Freeman, the director of the City University's graduate history program. "It's a medical model, it's inappropriate and ignorant." One student currently waiting for a board to approve his study of a strike in the 1970s, Mr. Freeman said, had to submit a list of questions he was going to ask workers and union officials, file signed consent forms, describe the locked location where he would keep all his notes, take a test to certify he understood the standards.

Review boards, first created in 1974, were initially restricted to biomedical research. In 1981 the regulations were revised to cover all research that involves "human subjects" and is designed to contribute to "generalizable knowledge."

Yet precisely how to interpret these rules has largely been left to each review board — 5,564 in all. And while the regulations apply specifically to research that gets federal dollars, many colleges use Institutional Review Boards to monitor all research, no matter where the funds come from. This system of helter-skelter enforcement, critics say, has no meaningful oversight and no appeal process.

Debbie S. Dougherty and Michael W. Kramer, two former members of a review board at the University of Missouri, Columbia, who wanted to study review boards, had to first get their own board's O.K. Although they thought their project was exempt from board approval, the only entity authorized to make that decision is the board itself, and the only appeal if the researchers had rejected the ruling is also the board.

Bernard A. Schwetz, director of the federal Office for Human Research Protections, which administers the regulations, acknowledges that the guidelines covering the boards' actions have not been clear enough and says he intends to make public new proposed guidelines before the end of the year. Still, he said the priority is to protect human subjects and dismissed the notion that most nonmedical research carries few dangers. "Obviously the balance is very subtle," he said. "I think it's naïve to say there isn't any risk."

But to many faculty and graduate students, review boards are like a blister that gets worse with every step. Those outside of the hard sciences say the legitimate concerns over ethics and safety are largely irrelevant to most of their research.

According to a stack of reports, symposiums and studies by academic associations and scholars, the system's "mission creep" is having a pernicious and widespread effect on humanities and social science research. Legal scholars also argue the boards violate the First Amendment.

The growing number of complaints in recent years apparently stems from an overall crackdown after a series of medical-research blunders beginning with the death of an 18-year-old in a gene-therapy trial at the University of Pennsylvania in 1999.

A board is required to have a minimum of five members, including one nonscientist and one person unaffiliated with the institution, said Pat El-Hinnawy, spokeswoman for the Office for Human Research Protections. Larger universities often have several boards. Members are generally appointed for limited terms.

When Robert L. Johnson, the review board administrator for Appalachian State University, talks to students, he said he starts off by asking, "If you were going to participate in a study, what are the things you would like to know?"

The usual responses, he said, are: What are you doing? Will you use my name? Who's responsible if I get hurt? What's in it for me? Making sure those questions get answered, said Mr. Johnson, "that's the purpose of the I.R.B."

Mr. Johnson said his board met monthly and reviewed approximately 200 projects a year; most are routine, require what he called minor changes and get approved within two weeks. About 30 to 40 require full board review, which takes at least six weeks.

Timothy Wilson, a social psychologist at the University of Virginia, now in his second term as a member of Virginia's nonmedical review board, said that "I.R.B.'s naturally become cautious," but that given the constraints, "I think our board works extremely well."

In the past year, discussions about what some call the "I.R.B. wars" have sprung up in specialty publications like The Chronicle of Higher Education, conferences, scholarly journals and blogs. Although research proposals are rarely rejected, scholars argue that the requested changes in the wording of questions and consent forms can alter the nature of the study and scare off participants.

Bernadette McCauley, a historian at Hunter College, said she ran into trouble a couple of years ago when she tried to help students working with the Museum of the City of New York on an exhibition about Washington Heights. She asked if a few nuns

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who had grown up in that neighborhood and whom she knew from her research would talk to the students. And that, Ms. McCauley said, was "when things went haywire."

The review board discovered the request and lambasted Ms. McCauley for failing to consult with it, she said. The board also demanded proof that previous research for a completed book did not use any archival material involving living people and banned her from doing any research.

Michael Arena, the director of communications at City University, said in an e-mail message that Ms. McCauley initially refused to send in a "brief description" of her research so that board members could determine whether federal regulations covered her work. Ms. McCauley hired a lawyer and after six months of negotiations, the board agreed that her research was exempt.

Ms. Dougherty, an associate professor of communications at Missouri, said review boards were needed because "historically, social science has done things abhorrent to human subjects." Unfortunately the current process "obliterates a lot of research," she said, because untenured faculty and graduate students on a timetable cannot afford to spend months waiting for approval. So, for example, "instead of talking to people who are victims of violence, you might look at newspaper articles," she said, echoing a common complaint that the requirements cause academics to steer clear of controversial topics. Research decisions "should be guided by science," she said, "not whether or not it's going to get through the board."

Ms. Dougherty said she was willing to speak openly, unlike many graduate students and faculty, because she had tenure.

Professors also say that some board directives, like destroying interview recordings and notes after publication to ensure confidentiality, violate accepted scholarly practices. "There probably will be litigation," predicted Philip Hamburger, a professor at Columbia Law School who argues that prior approval violates the First Amendment. "There are potentially hundreds of thousands of plaintiffs."

Mr. Schwetz said there was no chance that some subjects like oral history and journalism would be altogether excluded from review, as some academic organizations have urged. "If we were just to say, 'Assume you don't have to take them before an I.R.B.,' I think we would regret that," he said. But he said the new guidelines "will give a lot of examples and will give more guidance on how to make the decision on what is research and what is not."

Some critics fault the universities, placing blame either with overzealous panels or with university administrations that have not done enough to differentiate between research that receives federal money and research that does not.

Mr. Freeman of City University said that within the humanities "most faculty members don't know these rules exist." He added, "If they in fact followed these rules, the whole I.R.B. system would grind to a halt."

Panel Finds Flawed Data In A Major Stem Cell Report (NYT)

By Nicholas Wade

The New York Times, February 28, 2007

An inquiry panel has found what it called "significantly flawed" data in a major stem cell paper published in Nature in 2002.

The article, which claimed stem cells isolated from an adult could change into all the major tissue types of the body, was seized on by opponents of abortion as showing that embryonic stem cell research was unnecessary since adult stem cells could provide all the predicted benefits.

The lead author of the article, Catherine Verfaillie, said yesterday that she had sent a letter to Nature stating that the flawed data should not be relied on but that they did not affect the article's conclusions. She said the journal was resubmitting the article to the original referees for them to make their own assessment.

Problems with the article were first reported this month by New Scientist. Two writers for that magazine, Peter Aldhous and Eugenie Samuel Reich, noticed last year that a set of graphs in the Nature article was the same as that in an article by Dr. Verfaillie published in a different journal but ascribed to different mice.

Timothy Mulcahy, vice president for research at the University of Minnesota, where Dr. Verfaillie had led the stem cell institute, said an inquiry panel was set up after Dr. Verfaillie asked the university to look into the issue of the duplicated graphs, which she attributed that to a mix-up when preparing two papers for publication at the same time.

The panel confirmed Dr. Verfaillie's account, Dr. Mulcahy said, and concluded that there was no issue of scientific misconduct. But it found another problem besides the duplication, involving inconsistencies in the data describing the proteins on the cells' surface.

The university then sent both articles to stem cell experts to assess whether the conclusions would still hold if the inconsistent data were to be eliminated. Three experts said that conclusions would still stand, one that they would be weakened. Because of this lack of complete agreement, the university believed that the scientific community should be informed of the situation, through Dr. Verfaillie's letter to the journal editors, and make its own evaluation, Dr. Mulcahy said.

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Dr. Verfaillie is now at the Catholic University of Leuven in Belgium but still holds a part-time appointment at Minnesota. “I have no idea how this could have happened or why it happened,” she said, referring to the inconsistencies described by the panel.

Other laboratories have had difficulty repeating Dr. Verfaillie’s results, but recently some have succeeded, Dr. Verfaillie said, although they often gave the cells different names.

Recently she wrote an article with Irving Weissman of Stanford University, a stem cell expert renowned for his rigorous methods. But that article confirmed only that her cells could make blood, not that they would transform into other tissue types.

“I think he is still not totally convinced they can make all the other cell types,” Dr. Verfaillie said.

Dr. Weissman did not respond to e-mail messages asking for his assessment.

This is the second time that a major stem cell paper has come under criticism, the previous episode involving the collapse last year of Hwang Woo-suk’s claims to have generated embryonic stem cell lines from adults. Although Dr. Hwang’s case involved fraud and belongs in a different category, the problems with the two papers underline the difficulty of working with stem cells and the immaturity of the field, despite the large sums of money being invested in it.

“Working with stem cells is pretty tricky,” Dr. Mulcahy said.

Document Shows Romney's Strategies (BOS)

By Scott Helman

The Boston Globe, February 28, 2007

Here are some views of Mitt Romney causing concern inside his campaign: His hair looks too perfect, he's not a tough war time leader, and he has earned a reputation as "Slick Dancing Mitt" or "Flip-Flop Mitt."

Romney and his advisers have identified those perceptions as threats to his bid for the 2008 Republican presidential nomination, according to an exhaustive internal campaign document obtained by the Globe.

The 77-slide PowerPoint presentation offers a revealing look at Romney's pursuit of the White House, outlining a plan for branding himself, framing his competitors, and allaying voter concerns about his record, his Mormon faith, and his shifts on key issues like abortion.

Dated Dec. 11, the blueprint is wide-ranging and analyzes in detail the strengths and weaknesses of Romney and his two main Republican rivals, Senator John McCain of Arizona and Rudolph W. Giuliani, former mayor of New York. The plan, which top Romney strategist Alex Castellanos helped to draft, charts a course for Romney to emerge as the nominee, but acknowledges that the "electorate is not where it needs to be for us to succeed."

It is unclear how the campaign is using the document. However, its expansiveness, level of detail and the involvement of Castellanos suggest that it is a significant strategic blueprint. On the campaign trail, Romney is sounding some of the themes outlined in it.

Romney spokesman Kevin Madden would not confirm or deny the plan's authenticity, saying only that the former governor has received an "overly abundant" amount of input on how to run his campaign. Asked specifically about the contents, Madden said: "If anything, it's a compilation of political conventional wisdom."

"We're obviously very, very focused on introducing Mitt Romney and his vision for leading the country into the future," Madden said. "And everybody recognizes that he's somebody with a lot of energy and a lot of ideas."

Campaign blueprints analyzing a candidate and the competition are not unusual; earlier this year, the New York Daily News obtained and wrote about a similar dossier from Giuliani's campaign. And the Romney presentation lacks any big bombshells. Still, it provides a window into the challenges and opportunities Romney and his advisors envision as he tries to win the Republican primary.

The plan, for instance, indicates that Romney will define himself in part by focusing on and highlighting enemies and adversaries, such common political targets as "jihadism," the "Washington establishment," and taxes, but also Democratic presidential candidate Hillary Clinton, "European-style socialism," and, specifically, France. Even Massachusetts, where Romney has lived for almost 40 years, is listed as one of those "bogeymen," alongside liberalism and Hollywood values.

Indeed, a page titled "Primal Code for Brand Romney" said that Romney should define himself as a foil to Bay State Democrats such as Senators Edward M. Kennedy and John Kerry and former governor Michael Dukakis. Romney should position himself as "the anti-Kerry," the presentation says. But elsewhere in the plan, it's clear that Romney and his aides are aware he's open to the same charge that helped derail Kerry's presidential campaign in 2004: that he is a flip-flopper who has changed positions out of political expediency.

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Because he is attempting to capture the conservative vote, Romney is facing persistent questions about his relatively recent shifts to more conservative positions on issues such as abortion, gay rights, and gun control. One page of the plan cites Kerry and says Romney doesn't want to spend 2007 facing skepticism about his conservative message.

The blueprint also describes political assets and vulnerabilities of McCain and Giuliani, who lead Romney in the polls.

McCain is described as a war hero and maverick with a compelling narrative and a reputation for wit, authenticity, and straight talk. But he's also seen as "too Washington," "too close to [Democratic] Left," an "uncertain, erratic, unreliable leader in uncertain times." "Does he fit The Big Chair?" the document asks. The plan calls McCain, 70, a "mature brand" and raises questions about whether he could handle the rigors of leading the free world.

Giuliani is called an outside-the-Beltway rock star and truth teller who earned the nation's trust for his leadership of New York City's response to the Sept. 11, 2001, terrorist attacks. But he is described as a one-dimensional Lone Ranger whose social views -- he supports abortion rights and civil unions for gay couples -- could destroy the "GOP brand." "We can't disqualify Dems like Hillary on social issues ever again" if Giuliani is the nominee, the document states.

The plan also touches on what it calls Giuliani's ethical issues, including his relationship with Bernard Kerik , former New York police commissioner who withdrew from consideration to become US homeland security secretary amid allegations of improprieties. It raises Giuliani's "personal political liabilities," an apparent reference to his three marriages and bitter public divorce from his second wife, Donna Hanover.

It is clear that Romney's campaign operatives plan to make sure that voters are familiar with the perceived weaknesses of McCain and Giuliani and conduct opposition research on the candidates. But the campaign, according to the blueprint, also wants to avoid attacking either man too directly or harshly, in part because Romney wants their supporters to ultimately shift to him. At a campaign stop in New Hampshire last week, he called McCain and Giuliani friends and national heroes.

The plan concedes that, with McCain and Giuliani in the race, Romney is unlikely to be the top pick for those voters looking for a "war/strong leader." His goal appears to be establishing himself as a credible second choice for those voters, but the first pick for voters looking for an energetic, optimistic, and innovative chief executive. (A page titled "Own the future" dubs McCain the past, Giuliani the present, and Romney the future.)

The case for Romney, according to the plan, is this: "Mitt Romney, tested, intelligent, get-it-done, turnaround CEO Governor and strong leader from outside Washington, is a better candidate than McCain & Giuliani to ensure that America's strength is maintained so we can meet a new generation of global challenges."

The document underscores Romney's aim to become the "only electable choice" for socially conservative voters. But the plan anticipates that Romney could face a serious threat if Newt Gingrich, the former House speaker who is considered one of the GOP's leading conservative intellectuals, decides to enter the race.

Romney's sensitivity to his Mormon faith as a campaign issue is apparent throughout the plan.

It acknowledges that some view Mormonism as weird and lists ways Romney should defend his faith, from highlighting the way he has lived his life, rather than which church he attends, to acknowledging theological differences with mainline Christian denominations while refusing to be drawn into an extensive discussion of Mormon doctrine and practices. It also suggests Romney might soon need to address the issue head-on, perhaps as John F. Kennedy did in a 1960 speech amid concerns about his relationship to the Catholic Church.

The document appears to raise the possibility of Romney delivering such an address at George H.W. Bush's presidential library outside Houston, the same city where Kennedy gave his.

Enmity toward France, where Romney did his Mormon mission during college, is a recurring theme of the document. The European Union, it says at one point, wants to "drag America down to Europe's standards," adding: "That's where Hillary and Dems would take us. Hillary = France." The plan even envisions "First, not France" bumper stickers.

In addition, the document provides a Romney roadmap for the early primaries, suggesting that he hopes to emerge as a credible "alternative to frontrunner" in Iowa, win New Hampshire, show strength in South Carolina, and be dominant in states, such as Michigan, that are eyeing early primary dates. The plan suggests Romney make full use of new media to reach voters, from feeding videos to YouTube to perhaps creating his own radio programming.

Like every Republican in the race, Romney faces the delicate task of how to talk about President Bush, whom the country gives low job-approval ratings .

But the plan lists two ways Romney can set himself apart from Bush. The first says, simply, "Intelligence."

Internal Romney Document Airs Concerns (AP)

AP, February 28, 2007

DOJ_NMG_0137807

An internal document shows Mitt Romney's presidential campaign is concerned about his vulnerability to charges of flip-flopping, while suggesting he can differentiate from President Bush with a single word: "intelligence."

Campaign advisers even fret that the former Massachusetts governor has too perfect hair, according to the 77-slide PowerPoint presentation, a copy of which was obtained by The Boston Globe.

The document also outlines plans for positively branding the Republican contender, negatively framing rivals John McCain and Rudy Giuliani, and allaying voter concerns about his record and Mormon faith.

One idea for dealing with the religious question is to address it head-on, perhaps as John F. Kennedy did in a 1960 speech amid concerns about his relationship to the Catholic Church.

The document appears to raise the possibility of Romney speaking at the presidential library of Bush's father, George H.W. Bush. It is located outside Houston, the same city where Kennedy delivered his speech.

The blueprint, dated Dec. 11, was drafted in part by Alex Castellanos, Romney's media adviser. It is similar to one for GOP rival Rudy Giuliani that was recently obtained and published by the New York Daily News.

McCain is described as a war hero and maverick with a compelling narrative and a reputation for wit, authenticity, and straight talk. But he's also seen as "too Washington," "too close to (Democratic) Left," an "uncertain, erratic, unreliable leader in uncertain times." "Does he fit The Big Chair?" the document asks.

Giuliani is called an outside-the-Beltway rock star and truth teller who earned the nation's trust for his leadership of New York City's response to the Sept. 11, 2001, terrorist attacks. But he is also described as a one-dimensional Lone Ranger whose social views — he supports abortion rights and civil unions for gay couples — could destroy the "GOP brand."

"We can't disqualify Dems like Hillary (Rodham Clinton) on social issues ever again" if Giuliani is the nominee, the document states.

Romney spokesman Kevin Madden declined to verify the document's authenticity in response to a request from The Associated Press.

"Outside consultants routinely offer input and analysis — both solicited and unsolicited — on the dynamics of a political campaign all the time," Madden said. "But we cannot and will not verify any documents that are not marked Romney for President, Inc."

Romney Latest To See Internal Critique Leaked (WP)

By Chris Cillizza And Michael D. Shear

The Washington Post, February 28, 2007

Former Massachusetts governor and Republican presidential hopeful Mitt Romney has hair that is too perfect, a flip-flop reputation and a particular antagonism toward France.

That information comes not from an adversary but from a 77-page internal PowerPoint presentation about Romney's strategy obtained by the Boston Globe and published yesterday. Former New York mayor Rudolph W. Giuliani experienced a similar leak last month when his self-critical strategy briefing ended up in the hands of the New York Daily News.

In the Romney document, which his campaign declined to confirm as authentic, advisers confront the challenges that the former governor faces as he seeks the Republican nomination. Among them, the document says, are his newly conservative positions on social issues and his belief in the Mormon faith, which is viewed skeptically by many members of other Christian denominations.

The document notes that Sen. John McCain (R-Ariz.) is seen as a war hero but also as an inside-the-Beltway politician, the Globe reported. It sees Giuliani's political strength emanating from his post-Sept. 11, 2001, actions as mayor, but touches on his "personal political liabilities" -- a reference, perhaps, to his nasty and public divorce from his second wife, Donna Hanover.

It also contemplates using antipathy toward France as a campaign tool, suggesting that comparing Sen. Hillary Clinton (D-N.Y.) to that country might earn Romney votes.Date Set to Fill Ga. House Seat

Mark June 19 on your calendars. That is the day that Gov. Sonny Perdue (R-Ga.) has chosen for the special election to fill the vacancy created when Rep. Charlie Norwood (R) died on Feb. 13.

The two leading Republican candidates to replace him are state senators. Ralph Hudgens is making his second try at the seat after losing to Norwood in a 1994 primary. In that race, Hudgens led on the initial ballot but lost 51 percent to 49 percent to Norwood in a runoff.

Hudgens's primary challenge will come from Jim Whitehead, who is seeking to tie himself to Norwood's legacy.

Several other Republicans are either running or contemplating the race, raising the possibility that no one will claim a majority in the primary. In that case, the two top vote-getters would advance to a July 17 runoff.

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Democrats are not expected to seriously contest the northeastern Georgia district, where President Bush won 65 percent of the vote in 2004.

Edwards Apologizes For 2002 War Vote (AP)

By Beth Fouhy

AP, February 28, 2007

Democrat John Edwards said Tuesday that honesty and openness were essential qualities for a president, and that he was proud to acknowledge his 2002 vote authorizing the invasion of Iraq was a mistake.

Trolling for campaign cash on a three-day visit to New York — home of his chief Democratic rival, Sen. Hillary Rodham Clinton — Edwards spoke to reporters after attending a union-sponsored workshop on eradicating poverty.

Asked whether his repeated apologies for his vote would be a turnoff to voters over time, the 2004 vice presidential nominee said that after six years of President Bush, voters craved a president willing to acknowledge errors and change course if necessary.

"If you asked me what I think the most important personal characteristics of the next president are, I would say honesty, openness and decency," he said. "There's not a single voter in America who doesn't understand that their president is human, and their president will sometimes makes mistakes."

At a voter forum in Carson City, Nev., last week, Edwards said Clinton's decision not to disavow her vote was "between her and her conscience." He didn't mention her Wednesday, taking a swipe at President Bush instead.

Voters, the former North Carolina senator said, "want you to be willing to change course when something's not working. We've had six-plus years now of a president who is completely unwilling to do that."

For her part, Clinton's also had a busy fundraising week — thanks in part to an online effort by her husband, Bill Clinton.

In an e-mail to his wife's supporters last Wednesday, the former president launched a fundraising drive aimed at raising $1 million in a week. As of Tuesday afternoon, the campaign said it had brought in nearly $890,000.

Blacks Shift To Obama, Poll Finds (WP)

By Dan Balz And Jon Cohen

The Washington Post, February 28, 2007

The opening stages of the campaign for the 2008 Democratic presidential nomination have produced a noticeable shift in sentiment among African American voters, who little more than a month ago heavily supported Sen. Hillary Rodham Clinton but now favor the candidacy of Sen. Barack Obama.

Clinton, of New York, continues to lead Obama and other rivals in the Democratic contest, according to the latest Washington Post-ABC News poll. But her once-sizable margin over the freshman senator from Illinois was sliced in half during the past month largely because of Obama's growing support among black voters.

In the Republican race, former New York mayor Rudolph W. Giuliani, who recently made clear his intentions to seek the presidency, has expanded his lead over Sen. John McCain of Arizona. Giuliani holds a 2 to 1 advantage over McCain among Republicans, according to the poll, more than tripling his margin of a month ago.

The principal reason was a shift among white evangelical Protestants, who now clearly favor Giuliani over McCain. Giuliani is doing well among this group of Americans despite his support of abortion rights and gay rights, two issues of great importance to religious conservatives. McCain opposes abortion rights.

Among Democrats, Clinton still enjoys many of the advantages of a traditional front-runner. Pitted against Obama and former senator John Edwards of North Carolina, she was seen by Democrats as the candidate with the best experience to be president, as the strongest leader, as having the best chance to get elected, as the closest to voters on the issues and as the candidate who best understands the problems "of people like you." Obama was seen as the most inspirational.

The Post-ABC News poll was completed days after aides to the two leading Democrats engaged in a testy exchange over comments critical of Clinton and her husband, former president Bill Clinton, by Hollywood mogul David Geffen, a former friend and financial backer of the Clintons who held a fundraiser for Obama last week in Los Angeles.

Early national polls are not always good predictors for presidential campaigns, but the Post-ABC poll offers clues to the competition ahead.

On the January weekend when she announced her candidacy, Clinton led the Democratic field with 41 percent. Obama was second at 17 percent, Edwards was third at 11 percent and former vice president Al Gore, who has said he has no plans to run, was fourth at 10 percent.

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The latest poll put Clinton at 36 percent, Obama at 24 percent, Gore at 14 percent and Edwards at 12 percent. None of the other Democrats running received more than 3 percent. With Gore removed from the field, Clinton would gain ground on Obama, leading the Illinois senator 43 percent to 27 percent. Edwards ran third at 14 percent. The poll was completed the night Gore's documentary film "An Inconvenient Truth" won an Academy Award.

Clinton's and Obama's support among white voters changed little since December, but the shifts among black Democrats were dramatic. In December and January Post-ABC News polls, Clinton led Obama among African Americans by 60 percent to 20 percent. In the new poll, Obama held a narrow advantage among blacks, 44 percent to 33 percent. The shift came despite four in five blacks having a favorable impression of the New York senator.

African Americans view Clinton even more positively than they see Obama, but in the time since he began his campaign, his favorability rating rose significantly among blacks. In the latest poll, 70 percent of African Americans said they had a favorable impression of Obama, compared with 54 percent in December and January.

Overall, Clinton's favorability ratings dipped slightly from January, with 49 percent of Americans having a favorable impression and 48 percent an unfavorable impression. Obama's ratings among all Americans improved over the past month, with 53 percent saying they have a favorable impression and 30 percent saying they have an unfavorable impression.

Her position on the war in Iraq does not appear to be hurting Clinton among Democrats, even though she has faced hostile questioning from some voters about her 2002 vote authorizing President Bush to go to war. Some Democrats have demanded that she apologize for the vote, which she has declined to do.

The Post-ABC News poll found that 52 percent of Democrats said her vote was the right thing to do at the time, while 47 percent said it was a mistake. Of those who called it a mistake, however, 31 percent said she should apologize. Among Democrats who called the war the most important issue in deciding their 2008 candidate preference, Clinton led Obama 40 to 26 percent.

In the Republican contest, McCain was once seen as the early, if fragile, front-runner for his party's nomination, but Giuliani's surge adds a new dimension to the race. In the latest poll, the former New York mayor led among Republicans with 44 percent to McCain's 21 percent. Last month, Giuliani led with 34 percent to McCain's 27 percent.

Former House speaker Newt Gingrich of Georgia ran third in the latest poll with 15 percent, while former Massachusetts governor Mitt Romney was fourth with 4 percent. Gingrich has not said he definitely plans to run, and without him, Giuliani's lead would increase even more, to 53 percent compared with McCain's 23 percent.

When Republicans were asked to rate Giuliani, McCain and Romney on a series of attributes, Giuliani was seen as the strongest leader, the most inspiring, the candidate with the best chance of winning the general election, the most honest and trustworthy and the one closest to them on the issues. McCain was seen as having the best experience to be president, but only by a narrow margin.

Giuliani faces potential problems because of his views on abortion and gay rights. More than four in 10 Republicans said they were less likely to support him because of those views. More than two in 10 Republicans said there was "no chance" they would vote for him.

With Clinton and Obama as possible barrier-breakers in this presidential campaign, Americans were asked how a candidate's race or sex would affect their vote. What the poll showed is that Americans indicated they were less likely to support a candidate older than 72 or a candidate who is a Mormon than a female or black candidate.

Those findings could affect McCain, who is 70, and Romney, who is a Mormon. Nearly six in 10 said they would be less likely to vote for someone older than 72, while three in 10 said they would be less likely to support a Mormon.

The Post-ABC News poll was conducted by telephone Feb. 22-25 among a random sample of 1,082 adults, including an oversample of 86 black respondents. The margin of sampling error for the poll was plus or minus three percentage points; it is higher for the sub-samples.

Pardons Reemerge As Issue In Clinton Run (BOS)

By Michael Kranish

The Boston Globe, February 28, 2007

WASHINGTON -- Six years ago, the launch of Hillary Clinton's career in the US Senate was marred by allegations that her brothers had received payments from people pardoned by President Bill Clinton in the waning months of his presidency.

Now, in the wake of the launch of her presidential campaign, the pardon controversy has reemerged in an obscure court case in which Senator Clinton's brother Tony is battling an order to repay more than $100,000 he received from a couple pardoned by President Clinton.

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Tony Rodham, who acknowledged approaching the president about a pardon for the couple, is the second of Hillary Clinton's brothers to receive money from people who were eventually pardoned by President Clinton. Hugh Rodham received $400,000 from two people, one of whom was pardoned and one whose sentence was commuted.

But while Hillary Clinton immediately expressed chagrin over the news in 2001 that Hugh received the money -- and asked him to return it -- she said Tony was "not paid," according to a congressional report. The Clinton campaign yesterday declined to comment on the case involving Tony Rodham.

Clinton critics have been seeking to revive an array of controversies, from the Whitewater land deal to the Monica Lewinsky case. The Clinton campaign has sought to depict them as old or moot cases. But the Tony Rodham case could be different because it is in court just as Senator Clinton's campaign reaches full speed.

Yesterday, US Bankruptcy Court Judge Marian Harrison of Nashville ordered Tony Rodham to respond by March 16 to the allegation that he failed to repay a loan of $107,000 from the couple pardoned by Clinton, according to attorneys involved in the case.

President Clinton's pardons have been a political issue for Hillary Clinton because of her ties to a number of the cases. In addition to the people who paid her brothers, those receiving pardons included commodities trader Marc Rich, a fugitive who was prosecuted for tax evasion by then-US Attorney Rudolph Giuliani and fled to Switzerland. Rich was pardoned after his former wife, Denise Rich, contributed heavily to Hillary Clinton's Senate campaign.

Controversy over the pardons was reignited last week after Hollywood mogul and former Clinton supporter David Geffen criticized the Clintons for the Rich pardon.

"It is a legitimate campaign issue," said Stephen Gillers, professor of legal ethics at New York University School of Law. He said that Hillary Clinton should answer questions about her brothers' and her own involvement in the pardons because "the stench of the Marc Rich pardon still stinks and it has never been adequately explained. "

The Tony Rodham lawsuit revolves around his work for a carnival company, United Shows of America, which was owned by Edgar and Vonna Jo Gregory. The couple, who had been convicted of bank fraud, hired Tony Rodham as a business consultant and paid him $244,769 in salary over 2 1/2 years, according to a congressional report.

President Clinton pardoned the couple in March 2000. The Republican-controlled House Government Reform Committee issued a 2002 report that said Rodham had helped the couple obtain the pardon.

Edgar Gregory has since died, and his company is now bankrupt. The lawsuit against Tony Rodham, brought by the bankruptcy trustee, revolves around whether the Gregorys loaned Rodham $107,000, or whether that money was part of his salary. The trustee for the bankrupt estate says it was a loan that was never repaid and that, with interest, it would now be $153,000.

When Tony Rodham's involvement with the Gregorys first became public in early 2001, Hillary Clinton said that her brother had known the couple "for some time . . . he has a personal relationship with them. He was not paid."

The House Government Reform Committee report the next year, noting that Rodham had worked as a consultant to the Gregorys, said a further review should be conducted to determine whether Hillary Clinton "knew of the financial relationship between Tony Rodham and the Gregorys when Rodham was lobbying the President for pardons." The report said Hillary Clinton's "statement that Tony Rodham 'was not paid' is not accurate."

Rodham yesterday did not respond to a request for comment. In 2001, he said on CNN that he had worked as a consultant for the Gregorys but that "on the pardon issue, I never received a dime from them."

Rodham also said that he mentioned the pardon application to then-President Clinton. "Yes, I did," Rodham said. "And I have no problem saying I mentioned it to the president."

Attorneys for Rodham and the bankrupt estate said they have no plans to involve the Clintons in the case and declined to comment on the pardon.

"We are dealing with a bankrupt estate, so we are not going to be spending a lot of money to flesh out the pardon issues that are related to this," Michael Collins, the attorney for the bankrupt estate, said.

Rodham's attorney, Samuel Crocker, said in an interview yesterday that he believed the case would be settled. Crocker said he had "no interest" in involving the Clintons in the proceeding or delving into the pardon.

Groups critical of the Clintons have tied the case to questions about the pardons. Judicial Watch, a group that has targeted the Clintons for years, said the bankruptcy proceeding should prompt the Justice Department to review the circumstances of the pardon.

But a Justice Department official wrote to Judicial Watch on Jan. 16 that "it is likely that any new allegations would be outside of the five-year statute of limitations period."

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Judicial Watch last year tried to obtain unredacted documents related to the pardon of the Gregorys but were rebuffed by the Bush administration, which said releasing them would violate executive privilege.

The Clinton pardons were a major scandal in early 2001, as Hillary was beginning her term. She said she and the president did not know her brother Hugh had received $400,000 in fees from two people, one of whom received a commutation and one a pardon. Hugh Rodham has said he returned the money.

The Rich pardon received the most attention. Rich had been indicted in 1983 on charges of tax evasion and illegal trading with Iran. Rich fled to Switzerland and never stood trial.

Before Rich received the pardon in January 2001, his former wife, Denise Rich, contributed $70,000 to a fund supporting Hillary Clinton's Senate bid, and also made a large contribution to the Clinton presidential library.

President Clinton has said he pardoned Rich at the behest of Israeli officials, and has denied any wrongdoing.

Clinton Foundation Not Listed On Senator's Disclosure Reports (NYT)

By Patrick Healy

The New York Times, February 28, 2007

The charitable family foundation that Senator Hillary Rodham Clinton and former President Bill Clinton have operated since 2001 has not been listed on Mrs. Clinton's annual Senate financial disclosure reports for five years.

Aides to the Clintons said that the omission was a clerical error and that it was corrected immediately after The Washington Post brought it to their attention on Monday. The Post published an article on the foundation on Tuesday.

"It was inadvertently omitted from her Senate filing, an oversight that has since been corrected," said Philippe Reines, a spokesman for Mrs. Clinton.

Details about the foundation have been on an Internal Revenue Service Web site for years.

According to the I.R.S. filings, the Clintons have contributed $5 million to the charity, the Clinton Family Foundation, and it has made grants to Yale University, where they both attended law school, and to other charities that have personal meaning for the Clintons. They and their daughter, Chelsea, are officers of the charity, but they do not receive compensation. All the money goes to other charities, the advisers said.

As a result of the foundation, Clinton advisers say, the couple receive the standard tax benefits for philanthropy.

"The Clinton Family Foundation was created solely for their personal charitable giving, and it represents only a fraction of their overall charitable giving," said Jay Carson, a spokesman for the former president.

Mr. Clinton's personal foundation directs millions of dollars to charities each year, and he has raised billions in corporate funds to fight AIDS, disease and poverty through his annual Clinton Global Initiative conference.

Feb. 5 National Primary (HILL)

By Alexander Bolton

The Hill, February 28, 2007

Pressure from the leading presidential candidates has set the stage for a Feb. 5 national primary that will likely include 20 states, possibly more.

Working behind the scenes and mostly through surrogates, Democratic Sens. Barack Obama (Ill.) and Hillary Rodham Clinton (N.Y.), and Republicans Sen. John McCain (Ariz.), former Gov. Mitt Romney (Mass.) and former New York City Mayor Rudy Giuliani have fueled a rush of states to hold primary elections on Feb. 5 next year, or earlier. As many as 23 states are in the frame to hold primary elections on that date.

Delaware, Missouri, New Mexico and Oklahoma in 2004 held their nominating contests on the first Tuesday of February, and are likely be joined this time by such big states as California, Illinois, Michigan, New Jersey, New York and Texas. They may be joined also by smaller states including Tennessee, Arkansas, Arizona, Alabama, Georgia, North Dakota, Utah, Kansas, Colorado and (for the GOP only) West Virginia and Nevada. The legislatures of Pennsylvania and North Carolina are holding hearings on the issue but the outcomes of these are uncertain.

Allies of candidates who expect to do well in these states are taking lead roles in moving primaries there to early February. By holding primaries soon after the Iowa caucuses, the first contest of the year, such states will have a bigger impact than before on who becomes the Republican and Democratic presidential nominees.

Clinton's allies in New York and New Jersey will be instrumental should those states move their primary dates to Feb. 5.

In recent weeks, buzz over a Feb. 5 primary date has picked up noticeably in New York. Those who could make it happen are Democratic state assembly speaker Sheldon Silver, who supports Clinton, and state senate majority leader Joseph Bruno, who says he is neutral at this point.

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In New Jersey, legislators are moving ahead with a bill to create a Feb. 5 primary with the approval of Gov. Jon Corzine (D), who has signaled to state Clinton supporters that he will soon endorse her.

Clinton's advantage in New York, where she recently won re-election with 67 percent of the vote, is obvious. But she is also expected to have a significant advantage over her rivals in New Jersey, where much of the population is part of New York City's media market.

In Illinois, Obama's allies have been outspoken about helping their favorite by establishing an early primary date.

"Sen. Obama offers real hope for the American people and I am proud to give him my support," said Democratic Gov. Rod Blagojevich on the day of Obama's official presidential announcement, "I want to take this opportunity on this historic day to urge the legislature to immediately send me a bill to move our state's primary from March 18, 2008 to February 5, 2008. That will give Illinois voters an opportunity to send an early message in support of Sen. Obama and send him to victory."

Obama is expected to win the state because he represents it in Congress, even though Clinton was born in Chicago.

New Mexico Gov. Bill Richardson has also been active. He has worked personally to move Nevada and Utah, Western states where he is expected to have an advantage, up in the process.

"There was certainly cooperation between Gov. Richardson and Sen. [Harry] Reid [D-Nev.] to move Nevada up, in the overall belief that Nevada is the makeweight of the 2008 presidential race," said Mike Stratton, who formerly served on the Democratic National Committee's (DNC) scheduling and nominating commission.

Stratton, who advocated for a Western regional primary while on the commission, said Richardson also worked with Utah Gov. Jon Huntsman (R) to advance the Utah primary to Feb. 5.

Richardson is expected to do well in both states because issues important to New Mexico, such as water rights and federal land management, are also important in Utah. Being Hispanic could also help him in Nevada because perhaps 20 percent of its population is Hispanic. Supporters of Romney, a Mormon, and McCain, a westerner, have also pushed for an early Utah primary, a state GOP official said.

Richardson has also pressed to move California's primary to Feb. 5. During a speech in Washington yesterday, Richardson joked that he would like to see the California primary "with all those Latino voters" take place earlier, adding that he had spoken with Gov. Arnold Schwarzenegger (R-Calif.) about it during this week's National Governors Association conference.

The candidates' influence over the state primary calendars has drawn criticism.

"On the one hand, the Republican Party supports any effort to make it more relevant [in the presidential nomination process]," said Jason Heffley, deputy executive director of the Illinois Republican Party, in reference to efforts by Blagojevich and House Speaker Michael Madigan to move the primary up, "but it's very unfortunate that the Democratic leadership in the state is doing it to help the political ambitions of one person."

Republican White House hopefuls and their allies have also worked to move up primary dates in states where they have an advantage.

McCain won the Michigan presidential primary in 2000 and has a well-coordinated campaign there. His supporters pressed for an early February primary, which is in the process of being made official.

"McCain won here and it's thought he has good chances," said Michigan GOP party chairman Saul Anuzis, who has pledged to stay neutral.

"Last year the McCain folks were all in favor of" an early primary, said Anuzis. "They were the only ones organized. I think they were the ones last year who were most up front and center in pushing for an open primary system and having it early. His partisans were key players on the process committees and the ones pushing for the current proposal in front of the legislature."

A strategist with a rival Republican campaign said Romney's people were pushing for a Jan. 29, 2008 primary for Florida, where the former governor has invested much time and effort.

In Florida, one of the first and most influential advocates of an earlier primary was former state Republican chairman Al Cardenas, now a member of Romney's Florida statewide steering committee.

Cardenas noted that when he began pushing for an earlier primary, he was not yet committed to Romney.

Republican leaders in the state House are pushing for an earlier primary, and Cardenas said that while they are neutral right now, there is a good chance they will side with Romney. Three former Florida House speakers are on Romney's steering committee: Allan Bense, John Thrasher, and Rep. Tom Feeney (R-Fla.).

Cardenas said Romney's advantage in Florida is revealed by the fact that "more than half of the Republican major donors and fundraisers" have committed to Romney. But one GOP strategist countered that an early Florida primary may not be in Romney's interest because Giuliani is far better known in the state.

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Giuliani's allies have been active in trying to move up the GOP primaries in California and New Jersey, according to a source close to his campaign. The source said former California gubernatorial candidate Bill Simon has worked behind the scenes to build support for a Feb. 5 primary. Simon did not respond to a request for an interview.

The source said Giuliani's allies are also part of the effort to advance the New Jersey primary. A strategist with a rival campaign made the same assertion.

Giuliani is expected to do well in California because his relatively liberal record on social issues is likely to be more palatable to GOP voters there. And many voters in New Jersey in the New York media market followed his exploits while he was mayor of the Big Apple, including his heroics on Sept. 11, 2001.

Only Strong Will Survive This Big Bang (HILL)

The Hill, February 28, 2007

Nineteen states or more, with half of America's population, are moving to hold their presidential nominating primaries on Feb. 5, 2008, a mere three weeks after the Iowa caucuses and two weeks after the New Hampshire primary. In effect, we will now have a national primary and the presidential nominating season will last only three weeks from start to finish.

The effect of this gigantic sea change will be that whoever is the frontrunner in each party by the fall of 2007 will be virtually certain to win the nomination because only the frontrunner can possibly hope to amass enough money to compete in half the country at once. Nobody but the likely winner in each party will be able to compete at that level on Feb. 5.

Money will now be king. Nothing else will count very much. If you can afford to run a national campaign three weeks after the first caucus, you will win. If you can't, you're doomed. And the polling that designates a frontrunner now will do much to determine the nominee.

Big states, including California, Florida, Georgia, Illinois, Michigan, New Jersey, and North Carolina, are moving their primaries up to Feb. 5. They are going to be joined by a dozen smaller states: Alabama, Arizona, Arkansas, Colorado, Delaware, Kansas, Missouri, Nevada (GOP only), New Mexico, Oklahoma, Tennessee, and Utah. With half of the country — these states have a combined population of 145 million — voting on Feb. 5, many other states are sure to join the move and vote on that early date. After all, which state legislature wants to consign its voters to political irrelevance by voting in April or May? Before we are done, we will have America's first national primary on Feb. 5.

The financial demands of competing in each of these states are so onerous that only the richest of candidates can hope to win. That kind of money only goes to frontrunners. As a result, the process will be sufficiently top-heavy that the candidates who enjoy clear leads in the polls after the summer of 2007 will have a virtual lock on the nomination before anybody has cast a vote on anything in any state!

The danger, of course, is that the frontrunner will have been anointed without ever actually holding a primary. The effect will be to strip the primary process of its power — for the first time since it became the central way of selecting candidates in the aftermath of the 1972 reforms — and give the power to designate candidates to national public-opinion polls conducted among random representative samples of the voters. It is the triumph of the pollsters and fundraisers.

So how will we choose who are the frontrunners before anyone has voted? How will candidates impact the polls in order to swell their coffers? The early primary date means that the virtual primaries that will designate the frontrunners will be held on cable television, the Internet, and talk radio. The Republican Virtual Primary will be held on Fox News, the Limbaugh, Hannity, and other conservative talk radio shows, and the right-wing websites. The Democratic Virtual Primary will be held on National Public Radio, PBS, a handful of liberal talk shows, the network news programs, and websites like MoveOn.org where liberals congregate.

But what happens if the candidate chosen by this instant virtual lottery has feet of clay that only become evident when he or she actually runs for office in a real election? The testing, seasoning, vetting, and whittling-down of the field, which used to take five or six months, cannot now take place at all. We will never know how the candidates of each party will perform in an actual election. Voters in each party will be buying a car without being able to take it for a drive.

In 2004, when the process was so truncated that Kerry was chosen as the nominee in March, the Democratic Party found itself saddled with a deeply flawed candidate whose shortcomings were not evident until after the Democratic Convention had nominated him. Throughout the fall of 2004, Kerry's inability as a candidate became so glaringly obvious that Democrats didn't give him a second look when he sought their nomination again this year.

The early primary dates would seem, at the moment, to confer an enormous advantage on the frontrunners in each party: Hillary Clinton and Rudy Giuliani. Their current leads in the polls and their consequent fundraising advantage make them stronger favorites than they might be if they had to run in a succession of primaries week after week.

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So the new process, bequeathed to us by the advancing of the primary dates, will reward the rich, the pollsters, and the talk shows. And politics will never be the same again.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race. To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Competing In The Money Marathon (NYT)

The New York Times, February 28, 2007

If nothing else, the disheartening frenzy to raise huge campaign donations in this front-loaded presidential race is making money — lots and lots of money — a public issue. In the cross-fire, federal election regulators are expected to approve Senator Barack Obama's clever but cagey attempt to claim a reformer's mantle: he wants to let the nominees keep bagging unlimited private donations in the run-up to the primaries, then have the choice of returning a chunk of it after the conventions and accepting limited public financing for the general election.

Of course, Mr. Obama is proposing to adopt the even-money truce — should he win the nomination — only if the Republican nominee does the same.

Behind this shadowboxing is the fact that the post-Watergate public financing of presidential elections has not kept pace with inflation. This failure, which a conscientious Congress would repair in time for the 2012 election, has put private fund-raisers back at the wheel. All major candidates, including Mr. Obama, are rejecting the $65 million possible through the public money route for the primaries as a trifle.

Mr. Obama may be scoring political points in the reformers' image race with Senator Hillary Clinton, who lately yielded and agreed to disclose who her fund-raising megabrokers are. But voters should not get their hopes too high. The Obama and Clinton campaigns did not hesitate to upstage the Oscars with a hissy fit over who can best beg before Hollywood's deep-pocketed political sages. The candidates' mix of furious money-seeking and ritual umbrage at its excesses evokes St. Augustine's self-reform: "Make me chaste, oh Lord, but not yet."

Group Says Gore's Home Overuses Electricity (USAT/AP)

USA Today, February 28, 2007

NASHVILLE (AP) — Al Gore, a leading voice in the fight against global warming, is being called a hypocrite by a conservative group that claims his Nashville mansion uses too much electricity.

A spokeswoman for Gore said the former vice president invests in enough renewable energy to make up for the home's power consumption.

Gore's documentary filmAn Inconvenient Truth, which chronicled his campaign against global warming, won an Academy Award on Sunday.

The next day, the Tennessee Center for Policy Research put out a news release saying Gore was not doing enough to reduce his own consumption of electricity. The group disputes whether global warming is a serious problem.

"We wanted to see if he was living by his own recommendations and walking the walk," said Drew Johnson, president of the think tank, which pushes for conservative economic issues.

Utility records show the Gore family paid an average monthly electric bill of about $1,200 last year for its 10,000-square-foot home.

The Gores used about 191,000 kilowatt hours in 2006, according to bills reviewed by The Associated Press spanning the period from Feb. 3, 2006, to Jan. 5. That is far more than the typical Nashville household, which uses about 15,600 kilowatt-hours per year.

His Nashville home is more than four times larger than the average new American home built last year — about 2,400 square feet, according to the National Association of Home Builders.

A spokeswoman for Gore said he purchases enough "green power" — renewable energy sources such as solar, wind and methane gas — to balance 100% of his electricity costs.

"Sometimes when people don't like the message, in this case that global warming is real, it's convenient to attack the messenger," Gore spokeswoman Kalee Kreider said.

Gore participates in a utility program that sells blocks of "green power" for an extra $4 a month. Gore purchases 108 such blocks every month, covering 16,200 kilowatt-hours and helping subsidize renewable energy sources.

Johnson said it's unclear whether global warming is caused by humans, and he said the threat outlined in Gore's documentary is exaggerated.

DOJ_NMG_0137815

The think tank said that Gore used nearly 221,000 kilowatt hours last year and that his average monthly electric bill was $1,359. Johnson said his group got its figures from Nashville Electric Service.

But electric company spokeswoman Laurie Parker said the utility never got a request from the policy center and never provided them with any information.

Parker said Gore has been purchasing the "green power" for $432 a month since November. The Gore home is also under renovation to add solar panels, Kreider said.

Gore also owns homes in Carthage, Tenn., and in the Washington area.

Gore has said he leads a "carbon-neutral lifestyle." To balance out other carbon emissions, the Gores invest money in projects to reduce energy consumption around the globe, Kreider said.

"For every ton of carbon they emit, he offsets that by doing investments in renewable energy sources," Kreider said.

Johnson said those efforts were unconvincing.

"In general, I applaud his efforts to reduce energy consumption, but if he is going to be a spokesman for global warming, he has to be willing to make the same sacrifices," Johnson said.

Johnson said Gore's home has gas lamps lining the driveway, a heated pool and an electric gate, all of which would be easy to do without.

Kreider confirmed that Gore's home has a heated pool and an electric gate, but noted that the gate is important for security and that the driveway has only one gas lamp.

Focusing on Gore's personal electricity consumption misses the point of An Inconvenient Truth, Kreider said, which is that governments and the public can work together to reduce emissions.

Politicians' Flights Called Wasteful (LAT)

By Paul Pringle

The Los Angeles Times, February 28, 2007

Sen. Dianne Feinstein offers plenty of tips on how California households can combat global warming, such as carpooling and running only a full dishwasher.

But one bit of information Feinstein declines to share is the number of times that she flew last year on her husband's Gulfstream jet, which burns much more fuel per passenger-mile than commercial airliners.

Gov. Arnold Schwarzenegger also has asked constituents to do their part to conserve energy — including cutting summertime power consumption — even though he takes to the skies on leased executive jets.

Aides say there is nothing contradictory between the pro-green pronouncements and the flying habits of the Democratic senator and Republican governor.

Some environmentalists aren't so sure.

"There appears to be a discrepancy between calling on people to make personal reductions and using a private jet that exacerbates the problem," Clean Air Watch President Frank O'Donnell said.

Flying on a Gulfstream rather than an airliner is like driving a sport utility vehicle instead of riding a bus, O'Donnell and others say.

A single cross-country round trip on a Gulfstream IV, or GIV, the model owned by Feinstein's husband, churns out about 83,000 to 90,000 pounds of carbon dioxide, experts say. By contrast, on a per capita basis, the average American produces 50,000 pounds from all activities in an entire year.

Nonetheless, Feinstein and Schwarzenegger intend to continue their noncommercial flying ways because their jobs demand a flexibility the airlines can't match, spokesmen say.

Schwarzenegger's office said he and a jet-leasing company are establishing a "carbon offset" program for the governor and fellow customers, retroactive to Jan. 1. Carbon offsets are bought from organizations that plant trees and support renewable energy enterprises, among other measures, to offset greenhouse gases produced by the buyers.

"This is big news," Schwarzenegger spokesman Bill Maile said of the governor's undertaking with NetJets, the leasing firm.

Feinstein, however, got the jump on Schwarzenegger. She began buying carbon offsets last year to partially cover the travel on the GIV, and will purchase enough offsets this year to compensate for all the trips, spokesman Scott Gerber said.

He added that Feinstein took "numerous" commercial flights in 2006, but flew mostly on the GIV. He balked at disclosing the tally of her Gulfstream journeys.

"We're not going to get into specifics," he said.

Noncommercial aircraft and other carbon-related indulgences have caused politicians considerable turbulence recently.

DOJ_NMG_0137816

A conservative group has condemned Al Gore for racking up an average monthly electricity bill of $1,200 at his Nashville mansion last year while championing the anti-global warming cause. A Gore spokeswoman said the former vice president invests in renewable energy to offset his electricity use.

As part of an ethics push, the House and Senate are toughening restrictions on lawmakers who fly private jets, though exceptions for members and spouses who own planes are under consideration.

Earlier this month, Republicans accused House Speaker Nancy Pelosi of requesting a large military jet to fly her and family members between the capital and her San Francisco district.

Security protocols grant Pelosi occasional military flights because she is second in line to the presidency. Her office said she had only inquired about an aircraft with enough fuel capacity to make the trip nonstop, and would fly commercial if necessary.

Pelosi flew on private jets seven times in 2006, her spokesman said. "She made every effort to travel commercially whenever possible," Drew Hammill said.

Sen. Barbara Boxer says she took four trips on private aircraft last year, one with multiple stops over 2 1/2 days.

"If you can take a commercial plane to get where you need to go at the time you need to be there, you should do it," she said in an e-mail. "If not, you have to look at alternatives such as trains, fuel-efficient vehicles, buses, and in some cases, private planes."

For that last option, Feinstein reimburses her husband, Richard Blum, for use of the jet, Gerber said. Blum bought the GIV for about $23 million in 1999. The reimbursements are based on a first-class commercial fare, with more than 90% of the money coming from Feinstein's personal funds and the rest from campaign coffers, the spokesman said. Last year, the reimbursements to Blum totaled about $73,000, he said.

But a GIV's operating expenses are much higher than a first-class booking. A round-trip Los Angeles-Washington flight on the Gulfstream burns about 4,500 to 5,000 gallons of fuel at a cost of roughly $20,000, depending on local pump prices, said Jeff Beck, a veteran corporate pilot. And that doesn't include pilot fees, maintenance and parking bills.

"It's the least environmental thing that politicians can do," Beck said. He said Gulfstreams devour so much fossil fuel per passenger that "it's like they're throwing dinosaur bones out of the tailpipe."

A coast-to-coast, first-class ticket on a major airline goes for about $1,200 to $2,500, round trip, according to a sampling of three airlines' prices Tuesday.

A Boeing 767-200 airliner burns about 1,550 gallons an hour — three times as much as a GIV. But the larger plane typically can seat about 180 passengers, as opposed to a GIV's 12 to 14.

Eric Carlson, executive director of Carbonfund.org, a nonprofit that sells offsets, said it would charge $229 to cover the emissions from the GIV round trip.

Schwarzenegger flies a variety of leased jets, which cost his campaign $733,000 during the three months ending last September. Maile said the governor digs into his own pockets for some flights.

He also said Schwarzenegger has converted one of his Hummers to biodiesel fuel, and plans to install solar panels on his house. His other three Hummers remain gas hogs.

For her part, Feinstein drives a hybrid Lexus sport utility vehicle when she is home in San Francisco, Gerber said. But she drives a Lincoln Town Car in Washington.

Not that the eco-crowd is eager to criticize Feinstein and Schwarzenegger, who are generally viewed as key supporters of the growing movement to curb emissions.

Representatives of some environmental groups either would not comment on the two politicians' penchant for private jets, or suggested that allowances could be made in their circumstances.

"Given the exigencies of the campaign trail, if not the demands of governing of a large state, it may not be realistic to expect elective officials to fly commercial all the time," said Jon Coifman, spokesman for the Natural Resources Defense Council.

But O'Donnell, of Clean Air Watch, invoked a loftier ideal:

"It is fair to hope that our political leaders will lead by example."

Ozone Man Sequel (NYT)

By Maureen Dowd

The New York Times, February 28, 2007

HOLLYWOOD

Al Gore now has a movie with an Oscar and a grandson named Oscar.

Who could ask for anything more?

Al Gore could.

DOJ_NMG_0137817

The best ex-president who was never president could make one of the most interesting campaigns in American history even more interesting. Will he use his green moment on the red carpet in black tie to snag blue states and win the White House?

Only the Goracle knows the answer.

The man who was prescient on climate change, the Internet, terrorism and Iraq admitted that maybe his problem had been that he was too far ahead of the curve. He realized at a conference that "there're ideas that are mature, ideas that are maturing, ideas that are past their prime ... and a category called 'predawn.'

"And all of a sudden it hit me," he told John Heilemann of New York magazine last year. "Most of my political career was spent investing in predawn ideas! I thought, Oh, that's where I went wrong."

As Mr. Gore basked Sunday night in the adoration of Leo, Laurie David and the rest of the Hollywood hybrid-drivers, Democrats wondered: Is this chubby guy filling out the Ralph Lauren three-piece tuxedo a mature idea or an idea that's past its prime?

With Hillary overproduced and Barack Obama an unfinished script, maybe it's time to bring the former vice president out of turnaround.

Hillary's henchmen try to prognosticate the Goracle's future by looking at his waistline, according to Newsday; they think if he's going to run, he'll get back to fighting weight.

With her own talent for checking the weathervane, Hillary co-opted Mr. Gore's eco-speak right after the Oscars, talking environment throughout upstate New York. Given his past competition with Hillary, Mr. Gore must have delighted in seeing his star rise in Hollywood as hers dimmed.

If he waits long enough to get into the race, all the usual-suspect-consultants will be booked — which would be a boon for Mr. Gore, since his Hessian strategists in 2000 made him soft-pedal the environment, the very issue that makes him seem most passionate and authentic. The same slides about feedback loops and the interconnectedness of weather patterns that made his image-makers yawn just won his movie an Academy Award.

But what's going on in his head? Like Jeb Bush, Al Gore was the good son groomed by a famous pol to be president, only to have it snatched away by a black sheep who didn't even know the name of the general running Pakistan (the same one he just sent Vice to try to push into line.) It must be excruciating not only to lose a presidency you've won because the Supreme Court turned partisan and stopped the vote, but to then watch the madness of King George and Tricky Dick II as they misled their way into serial catastrophes.

Even though Chickenhawk Cheney finally got close to combat in Afghanistan, his explosive brush with a suicide bomber has not served as a wake-up call about the danger of Osama bin Laden's staying on the lam, and Afghanistan's slipping back into the claws of the Taliban and Al Qaeda while we are shackled to Iraq.

A reporter asked Tony Snow yesterday what the attack on the Bagram Air Base that targeted the vice president and killed at least 23 people said about the Taliban's strength. "I'm not sure it says anything," he replied.

Mr. Gore must be pleased that he's been vindicated on so many fronts, yet it still must rankle the Nobel Peace Prize nominee to hear the White House spouting such dangerous nonsense. He must sometimes imagine how much safer the world would be if he were president.

The Bush-Cheney years have been all about dragging the country into the past, getting back the presidential powers yanked away after Watergate, settling scores from Poppy Bush's old war, and suppressing scientific and environmental advances. Instead of aiming for the stars, the greatest power on earth is bogged down in poorly navigated conflicts with ancient tribes and brutes in caves.

Surely the Goracle, an aficionado of futurism, must stew about all the time and money and good will that has been wasted with a Vietnam replay and a scolding social policy designed to expunge the Age of Aquarius.

When he's finished Web surfing, tweaking his PowerPoint and BlackBerrying, what goes through his head? Does he blame himself? Does he blame the voting machines? Ralph Nader? Robert Shrum? Naomi Wolf? How about Bush Inc. and Clinton Inc.?

With the red carpet rolled up, the tux at the cleaner's, and the gold statuette on the director's mantle, not his, the Goracle is at his Nashville mansion, contemplating how to broker his next deal. Will he cast himself as the savior of the post-Bush era, or will the first Gore in the Oval Office be Karenna, mother of Oscar?

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, February 28, 2007

Spoons kill people

DOJ_NMG_0137818

Thanks to the Gun Owners of America for sending us their nifty new T-Shirt, bearing the message:

"If guns kill people, then ...

— Pencils miss spel words

— Cars make people drive drunk

— Spoons make Rosie O'Donnell fat

Too much popcorn

Who isn't talking about the exhibit of obesity that Al Gore unveiled at his Oscar-winning appearance this week?

Now, Inside the Beltway may have discovered why Mr. Gore is so suddenly rotund: "An Inconvenient Truth."

Iain Murray, senior fellow for global climate change and environmental science at the Competitive Enterprise Institute, forwards speculation that Mr. Gore's Oscar-winning movie could be hazardous to the former vice president's health, and everybody else's for that matter.

The Scotsman, Scotland's national newspaper, is claiming that half of the children between the ages of 7 and 11 in that country are now so anxious about global warming that they're losing sleep over it.

"A quarter of them blame politicians for the problem, and 1 in 7 believes their parents aren't doing enough to save the earth," Mr. Murray notes. Furthermore, Science Daily is reporting that children who don't get enough sleep are more prone to obesity.

"And this article points out that kids who sleep better learn better," he adds. "One has to wonder just how much damage to civilization that Gore and company will do to impose their climate-control regime on the world."

Eye on Freedom

What's with the telescope in the 10th floor office of Christopher Cox, the former congressman-turned-chairman of the U.S. Securities and Exchange Commission, overlooking the U.S. Capitol dome?

"Sometimes I jokingly refer to this as my legislative affairs operation — using the telescope I can just read the memos on their desks," the chairman noted in recent remarks. "But I don't have the telescope focused on the offices, but rather on the Statue of Freedom on top of the dome."

Mr. Cox observed that the statue was placed on its prestigious perch in 1863, during the height of the Civil War.

"She stands on a globe encircled with our national motto, E Pluribus Unum: Out of Many, One," he said. "And she was cast in bronze by a former slave, Philip Reid, who along with other D.C. residents gained his freedom ahead of the Emancipation Proclamation by act of Congress."

Man on the moon

NASA says it plans for astronauts to be "camping" on the moon as early as 2020.

A future lunar outpost, says a new NASA posting, would be used to make preparations for a journey to Mars. Initial missions to the pressurized camp — inflatable habitats, with connecting tunnels to crew quarters and the lunar surface — would last several days for the initial construction period, then be extended to two weeks, then two months and ultimately to 180 days.

Puffs of pink

Yes, Virginia, there will be cherry blossoms this spring.

Barely a month ago everybody from Washington to Tokyo was worried because cherry blossoms were blooming in the unseasonably warm weather. Not to worry, says the National Cherry Blossom Festival, which quotes Rob DeFeo, chief horticulturist of the National Park Service, as saying that the variety of trees that were in bloom in January are sometimes referred to as the "winter-blossoming cherry."

They will often bloom during a warm spell, even if spring is still months away. Mr. DeFeo says the famous cherry trees around the Tidal Basin are of a different variety — the Yoshino — and they will blossom as usual come spring.

The National Cherry Blossom Festival's 95th Anniversary Dinner & Silent Auction will be held this evening.

Hurricane hand

Sister Sledge, Ciara, Patti LaBelle and Brian McKnight are among the artists whose previously unreleased recordings are featured in a new "We Are Family 2007" CD put together by the Washington-based Points of Light Foundation to help victims of recent hurricanes.

Produced by Grammy Award winner Rodney Jerkins, the CD centers on Sister Sledge's 1970s hit, "We Are Family," which is the title song. The CD is available through stores, online music providers, or WeAreFamily2007.com.

Up In The Air (RC)

By Tory Newmyer And Kate Ackley

Roll Call, February 28, 2007

DOJ_NMG_0137819

Experiencing some professional turbulence? At least you're not Robert Land.

As JetBlue's only man inside the Beltway, Land has had the unenviable task of single-handedly explaining the discount flier's recent meltdowns to lawmakers while trying to beat back their attempts to impose new regulations on the industry.

The trouble started Feb. 14, when an ice storm in the Northeast scrambled travel schedules. At New York's JFK International Airport, JetBlue's hub, nine of the carrier's planes got pinned down on the tarmac, forcing some passengers to sit on the runway for more than 10 hours. The trouble spilled into the following week, with JetBlue forced to cancel more than 1,000 flights to get back on schedule.

Land went to work Feb. 15, the morning after the crisis erupted, paying visits to the Transportation committees and also calling on officials at the Department of Transportation. He walked staffers through a chronology of what had happened the day before — explaining how JetBlue, relying on what proved to be erroneous weather reports that showed the storm clearing, kept planes queued in the hopes of getting them off the ground. And, like other executives at the airline, he piled on the apologies.

"Looking back, we were a little too aggressive trying to get our customers where they wanted to go," said Land, who served as assistant Transportation secretary under former President Bill Clinton before joining JetBlue at its outset eight years ago.

JetBlue has pledged to spend $30 million in vouchers, refunds and other costs to recover from the events and has issued its own passenger bill of rights to guarantee there will not be a repeat performance.

But the controversy already has prompted lawmakers to action, with Sen. Barbara Boxer (D-Calif.) introducing a measure setting mandatory guidelines for airlines and Rep. Mike Thompson (D-Calif.) to follow suit this week. Industry sources said some version is likely to be included in the Federal Aviation Administration reauthorization set to move this year.

Land, like others hoping to head off the legislation, stressed the airline already has taken corrective steps and is best equipped to handle future problems on its own.

"We think we know how best to make up for our mistakes," he said. "That's the message we've been sending to the Hill: No one has more to lose than we do, because regardless of what Congress does or doesn't do, people have a choice to make when they fly."

Several airline lobbyists said K Streeters, smelling blood, have been hurling themselves at JetBlue since its problems erupted. Land, officially the company's senior vice president for government affairs, said that while JetBlue "has been looking for key people to join our team in different positions on an ongoing basis," it has not made any moves yet to add lobbying muscle, either internally or externally.

Lift Off? Speaking of canceled flights, lobbyists and other supporters of Rep. Nick Lampson (D-Texas) who had hoped to join the freshman for a viewing of a space shuttle launch in Florida will have to rearrange their schedules.

A hail storm earlier this week damaged an external tank on the shuttle Atlantis and NASA officials are expected to delay the planned March 15 launch as a result.

For $2,300 for an individual, or $5,000 from a political action committee, trip participants were set to fly to the Sunshine State in two weeks for a three-day jaunt that included the launch. For the occasion, Lampson's team had rented the Indian River Queen, a paddle-wheel boat that was set to cruise up the Banana River to within about five miles of the launch site.

(Aside from the novel view, the boat placed the event within the law. The official viewing area for Kennedy Space Center launches is on federal land, making it off-limits for political fundraisers).

In case of any last-minute problems with the launch, the crew had the boat reserved for two more morning cruises.

For those less enthusiastic about space flight, or paddle boats, trip organizers bought a package of tickets for a spring training game between the Houston Astros and the New York Yankees.

"It's a relatively portable event," said a source close to the event who spoke on condition of anonymity. "Everybody knows not to plan too far ahead for it."

The source said final decisions on the trip will be made once NASA announces its plan for the launch.

Coming Out. Add one more name to the long list of politicians that want some K Street cash. Former Health and Human Services Secretary Tommy Thompson, who is mulling whether he wants to give up his plush office at Akin Gump Strauss Hauer & Feld for the Oval Office, is having his first Washington, D.C., fundraiser next week. The money goes to his coffers at the Thompson Presidential Exploratory Committee — 2008.

The event is sponsored by Barbour Griffith & Rogers lobbyist Robert Wood, who was Thompson's chief of staff at HHS, and others around town, said Darrin Schmitz of the committee, known as "Tommy 2008."

"This is really a way for friends, colleagues and former staff to show their support," Schmitz said, adding that the former Wisconsin governor expects to raise about $50,000 from 75 attendees.

Thompson, a Republican, will hold court at The Caucus Room on March 8. "Gold level" contributions cost $500, while joining the "green level" will set you back $1,000, according to an invitation.

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K Street Moves. The Livingston Group, the firm founded by former Rep. Robert Livingston (R-La.), has followed the trend of hiring Democrats. Stacie Walters, a former legislative aide to Rep. Vic Snyder (D-Ark.), has joined the firm as a principal. "At a time when there are new Democrat members of Congress, who are dealing with multiple issues, her expertise on several matters, along with her relationships on the Hill, will be a tremendous asset to our clients," Livingston said in a statement.

• Another Democrat has landed at Artemis Strategies: Ryan Modlin, a one-time staffer for House Energy and Commerce Chairman John Dingell (D-Mich.), has signed on as vice president. Modlin also has worked in the government affairs division for Chrysler and with the American Automotive Manufacturers Association.

Some Push For Huckabee To Run For Senate, Not President (HILL)

By Aaron Blake

The Hill, February 28, 2007

Though his long-shot presidential campaign is still in its early stages, some wish former Arkansas Gov. Mike Huckabee would drop his national aspirations and return home to wage what they see as a vital campaign against Sen. Mark Pryor (D-Ark.) in 2008 instead.

Arkansas is often listed among the top Republican pickup opportunities in the country, but Huckabee is the only Republican who matches up to Pryor and there are no comparable alternatives, observers say.

Although those close to Huckabee chalk up the Senate talk to overanxious bloggers and speculation, some see Huckabee-for-Senate as a real possibility and most Republicans make it clear they would welcome him home.

One state GOP source familiar with Huckabee's campaign said a Senate bid could indeed materialize and that it's something Huckabee has considered and analyzed. Huckabee ran for Senate in 1992.

Huckabee couldn't wait too long to abandon the presidential bid, the source said, and the Aug. 11 Republican straw poll in Ames, Iowa, could be a fork in the road.

"If he's knocked out by the straw poll, then, yes, that's a credible scenario," the source said. "If he's still around, I think, timeline-wise, it would add to the baggage that he already has in the state to drop a presidential [campaign] and come back and run for Senate."

Huckabee's presidential campaign said a Senate bid is not in the works and that it's not something he's looking at right now.

"At the moment, he has absolutely no plans to run for Senate," spokeswoman Kirsten Fedewa said. "He's on one track, and that's to explore the presidential bid. He has no Plan B."

Even if Huckabee were to enter the Senate race, Republicans see the 10-year governor as an underdog. Despite his long tenure in state government's top office, he was reelected with just 53 percent of the vote in 2002, which was less than Pryor's 54 percent in a good year for Republicans nationally.

Yet unlike other underdogs, Huckabee would have a reasonable chance at victory. He's seen as a better national than state figure, but he hasn't raised the kind of money required of a presidential candidate. At the same time, some see him competing with Sen. Sam Brownback (R-Kan.) for the "true social conservative" niche.

Operatives around the state struggle to think of other potential candidates. Nobody has expressed interest publicly yet, and there aren't any Republican statewide office holders.

Sen. Blanche Lincoln's (D-Ark.) 2004 opponent, former state legislator Jim Holt, took 44 percent against her in a presidential year despite spending less than $150,000 on the race. He called a repeat bid a "slim possibility" and said he would need to be promised $8 million to $10 million to finance it.

Banking executive J. French Hill, an appointee of the first President Bush, and 2006 lieutenant governor candidate Chuck Banks have been in talks with the National Republican Senatorial Committee (NRSC), as has fourth-term Rep. John Boozman, the only Republican in the Arkansas delegation.

Boozman's chief of staff, Matt Sagely, however, said Friday that Boozman has "zero interest" in the job and completely ruled it out: "He considers himself lucky to be in the 3rd congressional district … That's about as far as it goes as far as running for another office in Arkansas."

The NRSC wouldn't comment on any communications with Huckabee but made it clear the committee would embrace his candidacy.

"Certainly, we would welcome a run by Gov. Huckabee if that was something he decided to do," spokeswoman Rebecca Fisher said. "But it's not our only option in that state."

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Huckabee is, however, by far the best option. Aside from Boozman, none of the other potential candidates currently holds office, few have run campaigns, and there aren't many potential self-funders in the mold of a Pete Ricketts, the wealthy former Ameritrade executive who financed his unsuccessful bid against Sen. Ben Nelson (D-Neb.) in 2006.

Banks failed to force a primary runoff in the lieutenant governor's race. Holt won the nomination but performed slightly worse than he did in his 2004 Senate bid.

Pryor, meanwhile, is the son of a well-known former senator and has maintained an approval rating above 50 percent throughout his four years in office. He's been a relatively quiet figure, but he also hasn't provided Republicans with much ammunition to use against him.

"My gut is: Huckabee will either do it or not do it, and they're probably not going to win this race with anybody else," a politics professor at Hendrix College, Jay Barth, said.

The lack of candidates is mostly a symptom of the Arkansas Republican Party's state of disarray. An anomaly among Southern states, Arkansas remains solidly Democratic. At the same time, it chose President Bush by nine points in 2004.

With Huckabee replaced by Democratic Gov. Mike Beebe, the Democrats now hold all seven constitutional offices and three-quarters of the state legislature.

After the election, Arkansas GOP Executive Director Clint Reed posted a message on the party's website about its wounded state and its need to bounce back. This month, he left to become a regional director for the Republican National Committee, setting the party back another step.

"Look at what [Republicans] have — they got their clocks cleaned," Holt said. "There's not a lot of Republicans, even if they were very well established like a Huckabee, that would have the interest in taking on a Pryor in this state."

Republicans in Arkansas are a small yet factionalized group, split between the religious base, which controls the nominating process, and the moderates. The divisions have been both personal and ideological.

Part of the Republicans' challenge is finding someone who will rally both of those sects, an Arkansas GOP consultant, Bill Vickery, said. Other than Huckabee, few fit that mold.

"I think the Republican Party in Arkansas is searching for that one candidate who can unite their social conservatives and yet appeal to broad, moderate business conservatives in the state," Vickery said. "That's what the search is now."

NRSC Donates Funds From Terror Suspect (CCT)

The Contra Costa Times, February 28, 2007

WASHINGTON - A Republican Party campaign committee that received $20,000 in 2003 from a man now accused of helping terrorists has donated the money to a foundation that comforts families of wounded soldiers.

The National Republican Senatorial Committee, the campaign arm for Republican senators, renounced the contribution after news reports identified Abdul Tawala Ibn Ali Alishtari as an NRSC "Inner Circle Member for Life."

Federal prosecutors charged Alishtari two weeks ago in New York with terrorism financing, material support of terrorism and money laundering. Alishtari pleaded not guilty in U.S. District Court in Manhattan.

"In light of the recent charges filed against a former donor, the National Republican Senatorial Committee will donate the sum total of the former donor's contributions to a charitable organization," NRSC spokeswoman Rebecca Fisher said.

The committee gave $20,000 last week to the Fisher House Foundation, which provides housing for families on the grounds of military and Veterans' Administration hospitals.

Alishtari also donated more than $15,000 to the National Republican Congressional Committee, the campaign arm for Republican House members.

Jessica Boulanger, a spokeswoman for the NRCC, said the committee is awaiting the outcome of Alishtari's case. If found guilty, she said, the money would be donated to charity.

Corporate Execs' Names Should Be Disclosed, Lawmakers Tell Governors (USAT)

USA Today, February 28, 2007

Three influential members of Congress' Democratic majority urged the National Governors Association Tuesday to support proposed legislation aimed at anonymously-controlled companies involved in crime.

"The central problem is that the 50 states are currently forming nearly 2 million companies in the United States each year with little to no information about who is behind those companies," wrote Sen. Carl Levin, of Michigan, and Sen. Barack Obama and Rep. Rahm Emanuel, both of Illinois.

STORY: Corporate owners hide assets, identities

DOJ_NMG_0137822

While acknowledging that most of those companies operate legally, the lawmakers warned that some instead function "as conduits for organized crime, money laundering, terrorist financing securities fraud, tax evasion and other misconduct."

They asked the governors to back proposed federal legislation that would require those who register new companies in the 50 states to first gather information about their clients' identities. The proposal would also include company formation agents in federal anti-money laundering regulations.

The nation's governors, who ended their winter meeting in Washington Tuesday, are examining the issue, said Jay Hyde, communications director for organization.

The request for support followed a USA TODAY computer-aided review that showed a mini-industry has capitalized on weaknesses in incorporation laws and virtually non-existent oversight to promote some U.S. states as secrecy rivals of offshore havens. The USA TODAY story was published Friday.

The newspaper's review among other things showed that a promoter with a suspended law license has teamed with a convicted felon in a business that promoted forming Nevada corporations to shield assets "from 'capricious federal judges and any government agency.' "

Court records in a Federal Trade Commission lawsuit showed that two Nevada corporations formed through the business had been involved in what appeared to be money laundering for a suspected identity theft ring in Virginia.

Perry's 'Bizarre' Moves Vex Conservatives (WT)

By Hugh Aynesworth

The Washington Times, February 28, 2007

DALLAS -- Texas Gov. Rick Perry, elected with strong conservative support in November, has taunted that political base recently and could face serious opposition in the state Legislature amid a developing power struggle.

Mr. Perry, a Republican, has begun to assert himself on several hot-button issues after a relatively quiet six years in office in a state where the constitution gives its governor little formal power. His executive order earlier this month ordering all Texas girls entering the sixth grade to be immunized against a venereal disease that causes cervical cancer provided the most heat and criticism from conservatives.

But another Perry edict, to speed up state review of proposed coal-fired power plants, was checked by a state judge last week. And another Perry suggestion, that the state should sell its lottery to help fund cancer research and care, hasn't caught on.

Richard Murray, director of the University of Houston Center for Public Policy, said Mr. Perry's latest moves constituted "bizarre behavior" in view of his courting of conservatives last year when, for a time, it appeared Sen. Kay Bailey Hutchison, a Republican, might return to Texas and run for governor.

"He solidified himself with the social conservatives then, and now he's just totally ignoring them on this issue, which they are to very sensitive to," said Mr. Murray. "It suggests he's not planning to run in any Republican primaries in the future."

But a spokesman for Mr. Perry denied that his boss has usurped too much power, and Mr. Perry has argued that the Texas Constitution gives him the power to lead "as the chief executive officer of the state."

"To ask the governor to stop directing agencies would be tantamount to asking him to stop leading," said his press secretary, Robert Black.

Mr. Black also said accusations against his boss as invalid. He said Mr. Perry showed strong leadership in 2001 with his Trans Texas Corridor plan, a massive proposal to build 4,000 miles of superhighways and railroads across rural Texas from the Mexican border to the Red River. He said his boss stood tall in 2003 when he strongly resisted efforts to raise taxes in the state and later led "the most sweeping tort reform legislation" in the United States.

"If you're going to throw big ideas out on table," said Mr. Black, "somebody's going to get mad at you."

But it was the HPV edict that bounced the hardest and loudest. Mr. Perry did not inform most of the legislative leadership of his plan before he announced it.

Almost immediately, some of the state's leading conservatives berated the idea, claiming that the human papillomavirus (HPV) vaccine, marketed under the name Gardasil, might also increase preteen promiscuity. Some opposed the edict for its mandatory nature, and others criticized it as neither needed nor helpful.

They combined to fllod the airwaves and the Internet in opposition. Last week in Austin, a legislative committee passed a resolution to rescind Mr. Perry's order, with a full-scale bill predictably not far behind.

Also last week, a group of Texans filed a lawsuit in district court in Austin, challenging Mr. Perry's authority to issue the order and seeking to block any state money from being spent on the vaccine until that question is resolved, said Kenneth Chaiken, the attorney representing the families.

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"The school-age girls of Texas are not guinea pigs who may be subjected to medial procedures at the apparent whim of Texas' governor," according to the lawsuit, which was filed Thursday.

The best bet, said Cal Jillson, a Southern Methodist University political science professor, is that a bill to rescind the Perry executive order will pass. Then he sees a strong possibility that Mr. Perry will veto that, and a miffed Legislature then will override his veto and kill the program.

Mr. Black, the governor's spokesman, said yesterday Mr. Perry will "stand firm" on his belief the HPV plan is "morally right," and he added, "Legislators will have to determine what they stand for."

Others should not have been surprised at the HPV overture, he added, because Mr. Perry mentioned his support for it in his re-election campaign last summer.

"Evidently, someone wasn't listening," said Mr. Black.

Advocates Hopeful On Gun Ban (BSUN)

By Jennifer Skalka

The Baltimore Sun, February 28, 2007

With the support of a new Democratic governor, advocates for a state assault weapons ban said Tuesday that they have the legislative backing and momentum to pass a bill this session.

"We are hopeful that the new political landscape will make a difference this year," said Sen. Michael G. Lenett, the Montgomery County Democrat sponsoring the proposal.

Gov. Martin O'Malley and state Attorney General Douglas F. Gansler are behind a proposal that would forbid the transport, sale, posses sion or purchase of military-style assault weapons. The 11-member Senate Judicial Proceedings Committee, which heard hours of testimony Tuesday on the proposal, appears split on the matter. If the bill were defeated in committee, it would take 16 senators to petition the initiative to the floor; the bill has 21 co-sponsors.

A proposed state ban died last year in the General Assembly. Then-Gov. Robert L. Ehrlich Jr., a Republican who had voted in 1996 while a member of Congress to repeal the federal assault weapons ban, didn't push for tougher state legislation.

The proposed assault weapons ban is the latest issue that had fizzled under Ehrlich to be resurrected with O'Malley at the helm. Tougher emissions standards for automobiles is another. Stem cell research will benefit from an additional $10 million commitment from O'Malley, a promise he made since being sworn in last month. And the governor lobbied last week for repeal of the death penalty.

O'Malley submitted a letter of support to the Senate committee Tuesday, urging passage of the assault weapons ban, which designates 45 firearms as assault weapons.

"More than 600 people die in Maryland each year from gun violence -- on average, more than 50 victims every month," the governor said in a statement. "Assault weapons are so frequently used in crime that one assault rifle is traced back to a Maryland crime every 48 hours. This legislation will help prevent these guns from reaching Maryland streets and will therefore assist law enforcement efforts to keep our communities safe."

Gansler, a Democrat and former Montgomery County prosecutor, provided the committee with his endorsement as well. "Weapons optimized for killing large numbers of people as quickly and efficiently as possible have no place on the streets of our communities," he wrote in a letter.

In addition to the ban, the bill would impose a registration re quirement and give gun owners a 60-day period, effective Oct. 1, to file the required information with the secretary of the state police.

Opponents, who packed the committee room and adjoining lounge wearing buttons with a slash through the bill number, testified Tuesday that their Second Amendment rights would be violated should the bill be passed.

"We as abiding citizens will not be controlled by criminals," said John Hutchinson, a Montgomery County hunter and competitive marksman.

Clyde Lutter, a Gaithersburg engineer, said the proposed ban would "make us all less safe."

"The Second Amendment is not about hunting. It's not about sport. It's about self-defense," he said. Supporters of the ban testified that it would keep dangerous weapons off the streets and out of criminals' hands, that civilians have no need for weapons that are used in warfare in Iraq and Afghanistan.

Dale Miller, a 20-year-old from Calvert County, tearfully told the committee about her father, a former FBI agent who was murdered in Washington police headquarters in 1997. The shooter was carrying a compact assault weapon, according to news reports.

"No little girl should have to grow up without her father, should have to walk down the aisle alone on her wedding day," she said.

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Proponents also lauded Maryland for the 1994 passage of a ban on assault pistols but urged that the law be expanded to prevent tragedies such as the 2002 Washington-area sniper shootings.

Paul Helmke, president and CEO of the Brady Campaign to Prevent Gun Violence, said most big-city mayors and police chiefs around the country are supportive.

"Maryland's doing a lot better than most states, but it could be doing better," said Helmke.

Representatives of the Maryland State Police testified in favor of the Maryland ban, saying it would help keep officers safe. A spokesman for the Fraternal Order of Police lobbied against it, however, arguing that it would be difficult to enforce.

Changing The Constitution (WP)

The Washington Post, February 28, 2007

MARYLAND VOTERS will probably get to decide whether the state constitution should be amended to allow early voting. Let's hope they show more discernment and judgment than the Democratic-controlled legislature that is muscling an ill-defined measure onto the ballot.

Both houses of the General Assembly have approved a constitutional amendment to permit early voting, making it almost certain there will be a referendum in 2008. The action follows a rancorous two-year fight in which Democrats rammed through measures that gave them a clear advantage over Republicans. For instance, the only places where people would have been able to vote ahead of time just happened to be in heavily Democratic precincts. Republicans were right to think the effort was more about helping Democrats than helping voters. The Democratic effort was thwarted when the Court of Appeals rejected the law, saying the constitution does not authorize voting on any day other than Election Day.

So the Democrats are back with a bid to amend the constitution, arguing that early voting is a civic good because, by making it easier to vote, it boosts turnout. Too bad that's not really true. The experience of other states has shown that early voting does not increase turnout in any significant way. It's important that any decision about whether to allow early voting be framed by the facts -- not politics. There are arguments pro and con. Voters like having the choice and convenience of early voting, and ballot counting is more accurate under the system. On the other hand, there are increased costs associated with maintaining extended polling places and more opportunities for fraud. Plus, Maryland already allows no-excuse absentee voting, so early voting may be duplicative.

Still, we would be inclined to favor anything that makes it easier for people to vote. The Democrats are right that a constitutional amendment should not be encumbered by operational details such as where polling places would be located; changing the constitution is the first step. But the lack of a mechanism to ensure fair implementation of early voting is worrisome -- particularly given the Democrats' record of playing politics with the issue.

The House and Senate still must work out the differences between their respective bills. It's only fair that they also set up a system whereby voter approval of the amendment would trigger establishment of a bipartisan commission charged with working out the details of early voting. If they refuse to do that, voters should realize they are being asked to hand out a blank check.

States' Pension Shortfalls Widen Amid An Increase In Tax Receipts (WSJ)

By Christopher Cooper

The Wall Street Journal, February 28, 2007

State governments' unfunded pension liabilities continue to increase despite a recent rise in tax receipts, in a continuation of a spiral that began in the late 1990s, according to a Standard & Poor's analysis to be released today.

The report says states collectively had about $330 billion in unfunded pension obligations in fiscal 2005, the last period for which complete data are available. That is $46 billion more than in fiscal 2004. For the purposes of the report, a state's fiscal year is assumed to end in June.

Pension shortfalls have been building and could increase borrowing costs for some states, but the ratings firm said it expects the ratio to improve slightly in the next few years as states begin recording improved investment gains in fiscal 2006 and perhaps 2007. Better investment gains mean states can make smaller cash contributions to pension funds, which frees up money for other government obligations.

Parry Young, one of the report's authors, said in an interview that while the mean funded ratio for fiscal 2005 continued to widen, he expects a stable "investment atmosphere" will halt the trend. In fiscal 2000, he said, state pensions on average were funded at slightly more than 100% of obligations; a subsequent market slowdown has left the ratio at roughly 82% of projected liabilities. For fiscal 2004, S&P pegged that ratio at 83.5%.

The gap is the unfunded amount of projected liabilities, based on the current work force and benefit levels.

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Among the states with the biggest unfunded obligations were Connecticut, Illinois and Oklahoma, the report said, all of which had gaps in the lower 40% range. West Virginia had the biggest gap, with an unfunded liability of more than 50%.

By contrast, the state in the best shape was Florida, with obligations funded at 107.3%, followed by North Carolina, with a 106.5% ratio. Oregon, Delaware and Georgia notched positive funding ratios as well.

Besides pension costs, states have been grappling with spiraling expenses in other areas, such as health care for the poor. States also are carrying an enormous and increasing amount of debt: The S&P report said pension liability and tax-supported borrowing in states reached 6.8% of money available to pay back such obligations. In fiscal 2004, the ratio stood at 6.3%.

While state revenue has been strong in recent years, this hasn't generally translated into healthier pension funds. The stock market was responsible for most of the gains states made in pension funding in the 1990s, but when the bubble burst in the early part of this decade it caused much of the unfunded gap.

Outsize investment returns have the greatest effect on pension reserves. Mr. Young said investment income accounts for about 60% to 70% of a typical state pension fund. Much of the remaining balance is made up by contributions from local and state governments. The report said such government contributions rose by about 50% over a two-year period beginning in fiscal 2002. Contributions declined about 7% in fiscal 2005.

The Cost Of Coverage (WSJ)

By Amy Finkelstein

The Wall Street Journal, February 28, 2007

Thanks to widespread concern about the millions of Americans without health insurance, several states have recently mandated universal coverage for their residents. Massachusetts enacted legislation last spring; other proposals are brewing in California, Pennsylvania and elsewhere. Such reforms are likely to affect health-care spending, which has been growing faster than the overall economy for decades. It makes up approximately 16% of GDP, and is a prime area of policy concern, right up there with the number of uninsured.

For evidence of how such programs can lead to increased spending, just look at the effects of the introduction of Medicare in 1966. Medicare provides health-insurance coverage to virtually all Americans aged 65 and over. Prior to its enactment, only about one-quarter of these individuals had any meaningful health insurance. As a result of Medicare's introduction, about three-quarters of the elderly, or about 7.5% of the total U.S. population, gained health-insurance coverage. (For perspective, this is a similar increase in the share of the population with insurance coverage as what will happen in Massachusetts under its new universal coverage program.)

Research I conducted shows that Medicare had a substantial effect on the health-care sector. By 1970, the program caused a 37% increase in hospital spending. This is an enormous number. If I extrapolate from the Medicare experience to compute the effect of the overall spread of insurance -- both public and private -- between 1950 and 1990, it suggests that it is responsible for about half of the sixfold growth in real per capita health-care spending during this period.

Why does increased health insurance lead to increased health spending? One factor is that when individuals have insurance, they tend to consume more health care. This makes sense: If you only have to pay some fraction of the cost, you are more likely to go for an extra doctor's visit or get an additional diagnostic test than when you have to pay the full cost out of pocket.

Another reason is that hospitals and doctors respond to the increased demand for health care by changing some of the ways in which they practice medicine. For example, hospitals were more likely to adopt new medical technologies after Medicare was introduced because now, with greater insurance coverage, there were more people who could afford these new technologies. This in turn may have encouraged the development of a new generation of health-care innovations. All of this contributes to higher health-care spending.

Of course, the effect of health insurance on health spending tells us only of the costs of expanding health insurance coverage. We can also ask, what are the benefits? And once again, we can learn something from the Medicare experience. Robin McKnight of the University of Oregon and I have examined the data, and as best we can tell, Medicare did not have any effect at reducing elderly mortality in its first 10 years of existence. Of course, mortality is only one measure of health, and it is possible that other aspects of health improved. It is also possible that in the long run, the new technologies adopted (and perhaps developed) because of Medicare had important health benefits that our 10-year analysis would not capture.

While the health benefits from Medicare therefore remain uncertain, we found clear evidence of a different type of benefit: It provided substantial financial protection to the elderly. Prior to Medicare, they faced the risk of large out-of-pocket medical expenditures. About one in 10 of elderly individuals spent one-fifth of their annual income on medical expenses that were

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subsequently covered by Medicare. By 1970, we estimate that Medicare had reduced this risk of extremely large out-of-pocket medical expenditures by half.

What all this means is that, as best we can tell, the elderly were not foregoing life-saving treatments prior to Medicare. Rather, they were getting these treatments, albeit at large or even enormous personal financial cost. But overall Medicare did not so much save lives as it did provide financial security. This is the goal of insurance -- not to prevent an awful event from occurring, but to make sure that if it does occur you are not devastated financially.

The Medicare experience offers valuable lessons for today. Recent state efforts to create universal health-insurance coverage would reduce the fraction of the population in a state without insurance by similar amounts as did the introduction of Medicare nationwide. And if that program is any guide, we may perhaps see changes in the structure of the health-care system, such as the development and adoption of new medical technologies. We are likely to witness an improvement in the financial security of the currently uninsured. There are also likely to be increases in health-care spending -- quite possibly substantial ones.

Ms. Finkelstein is an assistant professor of economics at MIT and a faculty research fellow at the National Bureau of Economic Research.

Add Roads, Not Tolls (USAT)

By Bill Graves

USA Today, February 28, 2007

Congestion pricing, touted as a cure for gridlock, is unfair, ineffective and ignores the transportation needs of Americans.

The several forms of congestion pricing all rely on giving motorists better highway access for a price. In many uses, it does not markedly reduce congestion, but merely raises revenues — taxes, in other words. Congestion pricing increases cargo transportation costs and hurts the economy. Higher manufacturers' and retailers' operating costs mean higher costs to consumers for everything from gasoline and clothing to food.

Congestion pricing is unfair, because motorists have already paid for highways with taxes, and fuel taxes are a much more efficient way to fund new infrastructure that effectively reduces congestion. Toll booth islands decrease speeds and increase congestion. Research shows that a toll system consumes more of the revenue than does fuel tax administration.

Proponents of congestion pricing say those who don't want to pay or cannot afford to pay increased commuting costs have other choices. But many low-income motorists cannot change their work hours or child-care needs. Not everyone has access to public transit, which can take longer and is less reliable than traveling by car. The motorist's alternative to paying more at the toll booth is to find another route that is time-consuming and merely shifts congestion to other roads and neighborhoods.

London's model urban congestion pricing scheme spends on overhead about half of the $14 charged a vehicle for entering the city's center. Motorists complain of invasion of privacy from video cameras and tracking devices, and residents of neighborhoods near the city complain of increased congestion.

The U.S. Environmental Protection Agency has called congestion pricing "relatively risky to implement" because people pay for a service they were getting for free, many people would rather have congestion than pay more, and it's hard to predict how much emissions would be reduced.

Congestion pricing comes at a cost to motorists, businesses and the economy. Motorists also lose a bit of their right to travel freely. Adding capacity with new infrastructure funded by fuel taxes is a better solution.

Bill Graves, president and CEO of the American Trucking Associations, served eight years as governor of Kansas.

Legal Imperialism (WSJ)

By Joseph G. Finnerty III And John Merrigan

The Wall Street Journal, February 28, 2007

The media recently has been writing the obituary of the tort lawyers. "The power of the plaintiffs bar is on the wane," argued the American Lawyer; a cover story in Business Week promised to reveal "How Business Trounced the Trial Lawyers." With apologies to Mark Twain, the reports of the trial lawyers' demise are greatly exaggerated.

While asbestos and tobacco litigation bonanzas are winding down, America's most aggressive contingency-fee law firms still have in place a fee structure in search of an investment strategy. And so, faced with shrinking domestic opportunities, these firms have gone global.

Consider one class-action lawsuit, in which a plaintiffs firm sued Deutsche Bank on behalf of an African tribe which suffered atrocities committed by imperial Germany in the 19th century. Or another, consolidating 10 complaints filed around the country on behalf of all South Africans injured by the former apartheid regime from 1948 to the present.

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One of the South African complaints was on behalf of a class including 32,000 plaintiffs; the class in another was estimated to encompass "millions of individuals." The defendants, almost 100 multinational corporations that did business in South Africa after 1948, were alleged to be liable for injuries on the theory that they had aided and abetted the apartheid regime. Purported damages in just one of the consolidated actions total $400 billion.

The law used to lodge these massive foreign class actions in the U.S. is the Alien Tort Statute (ATS). This obscure piece of legislation adopted in 1789 gave federal district courts jurisdiction in civil cases brought by an alien for a tort committed in violation of the law of nations, or of a U.S. treaty. The law was passed primarily to assure a hearing for cases involving offenses against foreign ambassadors, violations of safe conduct and piracy.

The ATS was virtually dormant for two centuries. Then relatives of a Paraguayan citizen who had been kidnapped and tortured to death by a Paraguayan police official -- on Paraguayan soil -- brought a civil suit against the police official. Plaintiffs and defendants happened to be in the U.S., the police official illegally. In 1980 a U.S. court of appeals allowed the suit to go forward under the ATS, on the grounds that the police official violated international law, including various U.N provisions. From that acorn a mighty oak has grown.

Even by American standards the size of recent ATS class actions is extraordinary. Cases involving wholly foreign events routinely consist of tens or hundreds of thousands of "John Doe" plaintiffs who reside in remote locations as distant as Sudan and Pakistan. The size of the class of defendants has also grown to 500 or more deep-pocketed individuals or companies.

The fact that these lawsuits appear in U.S. courts at all defies common sense. Imagine our justifiable indignation if courts in Japan, France or Russia determined they had jurisdiction over alleged wrongdoing by Americans, in America, against other Americans. It takes a thoroughly arrogant view of the world -- call it legal imperialism -- to presume that our courts should be the arbiter of problems everywhere, whether or not the problem had anything whatsoever to do with the U.S.

Nevertheless, our tort lawyers presume just that, demanding that our court system sit in judgment over alleged conduct occurring completely within the borders of other sovereign nations, regardless of the effect this may have on U.S. foreign relations. Huge ATS cases have been filed against classes of unnamed defendants in Saudi Arabia, the United Arab Emirates, Qatar and other countries in the Middle East where vital, and delicate, U.S. national security interests are at stake.

Of course, it ultimately will be impractical for U.S. courts to police these monster ATS class actions if they are allowed to proliferate; they dwarf in size the asbestos cases that currently plague the U.S. courts. Congress could have amended the ATS to limit the damage, and in 2005, Democratic Sen. Dianne Feinstein proposed to do so, without success.

Fortunately, the Supreme Court weighed in. In Sosa v. Alvarez-Machain, a Mexican doctor suspected to have participated in the torture and murder of a U.S. DEA agent was apprehended in Mexico by Jose Sosa, a Mexican national hired by U.S. law enforcement. Mr. Sosa brought the Mexican doctor to the U.S., where he was arrested. The doctor sued Mr. Sosa for unlawful detention. In 2004, the Supreme Court dismissed the action and imposed a "high bar" against innovative ATS lawsuits. As a result of Sosa, several ATS suits have been rejected because of the potential for interference with U.S. foreign policy.

In one case, the D.C. circuit dismissed an ATS case seeking reparations from Japan for crimes committed during World War II because the suit interfered with state-to-state negotiations and threatened to "disrupt Japan's delicate relations with China and Korea, thereby creating serious implications for stability in the region."

In another, a federal court dismissed a case brought after the Israeli Defense Forces used heavy equipment to demolish buildings in the Palestinian territory. Plaintiffs sought damages from the manufacturer, Caterpillar, along with an order to stop supplying products to the Israeli armed forces. The court noted that the plaintiffs improperly sought to challenge the acts of an existing government in a region "where diplomacy is delicate and U.S. interests are great."

Trial lawyers nevertheless continue to test the outer limits of ATS liability, "high bar" or not, by filing an array of increasingly ambitious ATS class actions. In one pending case, Wal-Mart has been sued on behalf of residents of China, Bangladesh, Indonesia, Swaziland and Nicaragua. Plaintiffs seek to hold the company vicariously liable for the labor policies of its overseas suppliers. The improvement of labor policies in other countries is certainly a worthy goal. But it is the province of the executive branch and Congress under the foreign affairs and treaty-making powers, not that of attorneys looking for contingency fees.

The corporations named in the South African case -- including IBM, General Motors, Ford, Xerox, Coca-Cola and Citigroup -- were legally doing business in South Africa pursuant to the official U.S. policy of "constructive engagement" that sought to encourage positive changes in South Africa through economic investment. Recognizing this, the federal court in the Southern District of New York dismissed all 10 of the cases.

That dismissal, along with the dismissals of several other ATS cases, is now pending on appeal before the Second and Ninth Circuits. As these and other ATS cases ripen for appellate review, the era of post-Sosa ATS jurisprudence is entering a critical phase.

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The executive branch has promoted strict conformance with Sosa: Both the Clinton and Bush administrations have filed progressively stronger "Statement of Interest" briefs urging that federal courts dismiss ATS cases that could interfere with U.S. foreign policy.

Still, leading class-action law firms such as Motley Rice, Milberg Weiss and Cohen Milstein have launched exploratory ATS cases to test the waters, trying to maneuver around sovereign immunity, which prevents lawsuits against foreign governments. Instead, the plaintiffs lawyers claim that U.S. corporations doing business abroad are vicariously liable for the purely overseas acts of foreign governments, or other actors, in jurisdictions where the U.S. companies do business. And pressured by the massive exposure involved in ATS class actions, defendants in some early cases have opted to settle rather than undertake the risks of litigation.

These plaintiffs firms are flush with cash, experts in the business of creating cases, and undeterred by setbacks. In fact, contingency-fee lawyers take each rejection as a lesson in which tactics work and which do not. They know that if they can weather dismissal motions in a single case, they can proliferate a succession of copycat ATS class actions.

Once they do, you can be sure that a torrent of global ATS class actions will follow -- to the detriment of the U.S. court system, foreign policy and U.S. standing around the world.

Mr. Finnerty heads the New York Litigation Practice Group for DLA Piper, which represents defendants in ATS cases. Mr. Merrigan, a partner at DLA Piper, is former chairman of the Democratic National Committee's Business Council.

American Insourcing (WSJ)

The Wall Street Journal, February 28, 2007

The House of Representatives takes up a foreign investment bill today, so it's time to hold your breath. In the best case scenario, the Members will do their Lou Dobbs riff on "the selling of America," and then pass largely symbolic legislation. But the debate is taking place with an "open rule" on the House floor, which means protectionists could yet do real harm.

For their part, the voters have long ago moved past last year's Dubai Ports fiasco, with polls showing that most Americans understand the benefits of foreign investment. They can see it every day. Only this week, Toyota announced its latest plans to make cars in the U.S., creating some 2,000 jobs in Mississippi. Hyundai is locating an R&D headquarters in Michigan. And Governor Ed Rendell, a Democrat, recently boasted that Pennsylvania "has almost 400,000 people employed by foreign owned companies."

In 2005 alone, foreigners increased their investment in the U.S. by $1.4 trillion, an amount larger than the entire GDP of all but seven nations. Foreigners like our giant market, its rapid growth and, especially since the 2003 tax cuts, our higher returns on capital investment. According to Commerce Department data, last year foreigners invested roughly $500 billion more in the U.S. than Americans invested abroad.

"The United States derives substantial benefits from open trade and investment flows," concludes the latest Economic Report of the President. Net foreign direct investment "accounts for a disproportionately high share of U.S. exports" (19%), physical capital expenditures (10%), and R&D spending (13%). This investment also accounts for five million American jobs paying well above the national average.

Open U.S. capital markets allow Americans to invest in growing foreign companies as well. From 1997-2005, American shareholders have tripled the net value of their ownership of foreign firms, to more than $3 trillion. Nokia may be based in Finland, but some 55% of the cellular phone company's shares are owned by Americans. Capital Group, a U.S. asset management company, recently became the largest single Nokia shareholder. Limits on foreign investment here will only invite retaliation abroad.

The protectionists can't really rebut any of this, so instead they play up the "security" angle. And there is no denying that some foreign takeovers deserve to be scrutinized on national security grounds. That's precisely what the executive branch now does via the Committee on Foreign Investment in the United States, or CFIUS, an interagency group that has up to 75 days to inspect transactions. A handful are changed or disapproved, but 94% of all foreign investment in the U.S. is made by European and other OECD nations that are hardly a threat.

In the wake of the Dubai Ports debacle, the Bush Administration is already making CFIUS review too stringent. A new study by the National Foundation for American Policy finds that in the last year the "process for securing approvals within CFIUS has grown more difficult and uncertain for foreign investors" with a tripling in the number of investigations and a doubling in the number of withdrawn mergers.

A dangerous precedent was set last year in the $11.6 billion sale of Lucent Technologies to France's Alcatel, when the Administration asserted an authority to revisit a deal even after it was approved and the merger had taken place. Perhaps Administration officials should read their own White House economic report.

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As for this week's House vote, the Democratic bill does less damage than Republicans threatened to do last year. On the good side, it would restrict an Administration's ability to re-open CFIUS reviews after they've been closed, reducing the chances of political double jeopardy. On the bad, the bill would require more careful regulatory scrutiny when U.S. assets are sold to foreign enterprises that are government-owned. That involves only about 5% of all such sales, however. More Congressional scrutiny or longer delays were wisely dropped from the bill.

The real danger is the threat of floor amendments from protectionists in both parties. California Republican Duncan Hunter has one of the worst ideas with his proposal to prohibit the sale of any "critical infrastructure" to foreigners. That's a definition so elastic it could include just about everything -- which is what Mr. Hunter wants. If any such provisions get through the House, they deserve a veto.

U.S., N. Korea To Normalize Ties (WT)

By Andrew Salmon

The Washington Times, February 28, 2007

SEOUL -- North Korea's top nuclear negotiator was on his way to the United States yesterday for talks on issues that a State Department official said would include the first steps toward the normalization of diplomatic relations.

The trip, which coincides with the first high-level talks between North Korea and South Korea in more than four months, reflects the rapid easing of tensions with President Kim Jong-il's regime since North Korea agreed this month to freeze its nuclear program in exchange for heavy fuel oil and other concessions.

Kim Kye-gwan, North Korea's vice minister of foreign affairs, arrived in Beijing yesterday and was expected in San Francisco tomorrow, a State Department official told The Washington Times. He will continue to New York for talks with his U.S. negotiating counterpart, Christopher Hill, which will likely begin early next week.

At a State Department briefing yesterday, spokesman Sean McCormack said the two would begin a process of normalization described in the nuclear deal concluded with Pyongyang on Feb. 13 in Beijing.

That agreement calls for the two countries to open bilateral talks "aimed at resolving pending bilateral issues and moving toward full diplomatic relations."

Asked yesterday to confirm that diplomatic normalization would be a part of the New York talks, a State Department official said yes. Normal diplomatic relations typically involve an exchange of ambassadors and related courtesies.

The process to be started in New York also calls for the United States to "begin the process of removing the designation of [North Korea] as a state-sponsor of terrorism and advance the process of terminating the application of the Trading With the Enemy Act with respect to [North Korea]."

Before traveling to New York, Mr. Kim is expected to deliver a speech and meet with private organizations in the San Francisco Bay Area. The State Department official was not certain how long he would be there.

Travel by North Korean diplomats at the United Nations normally is restricted to a 25-mile radius of Manhattan, although exceptions have been made with State Department permission.

The United States still maintains it does not talk to North Korea outside the context of the six-party negotiations, which involve China, Russia, South Korea and Japan. But the outlines of the Beijing deal were worked out in advance during three days of one-on-one meetings between Mr. Kim and Mr. Hill in Berlin.

The breakthrough was also preceded by negotiations between North Korea and the U.S. Treasury Department, which in September 2005 successfully pressured a bank in Macao to freeze $24 million of Pyongyang's overseas holdings.

"Changes are being made to lift the sanctions in the Office of Foreign Assets Control," a source familiar with the U.S. financial community told The Washington Times yesterday. The Office of Foreign Assets Control is tasked with tracking the assets of the United States' enemies.

"Officials there are saying, 'If you look at our documents, North Korea, Iran and Cuba were the enemies of the United States,' " the source said. " 'Going forward, we are looking at Iran and Cuba.' "

A South Korean delegation led by Unification Minister Lee Jae-joung, meanwhile, arrived in Pyongyang for what was expected to be four days of talks. It was the first such meeting since North Korea conducted a nuclear weapons test in October.

The talks were expected to deal with the implementation of the Feb. 13 accord as well as a resumption of South Korean aid and other North-South economic projects.

The delegates could also discuss South Korean President Roh Moo-hyun's call this month for a peace treaty to replace the armistice that halted fighting in the Korean War in 1953.

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"The meeting is to create the future of the Korean people and the hope of the Korean Peninsula," Mr. Lee said before leaving Seoul. "We will also focus on normalizing the framework of inter-Korean dialogue and discuss ways of establishing a lasting peace on the Korean Peninsula."

In the North Korean capital, Pyongyang, the group was welcomed by Prime Minister Pak Pong-ju and treated to a gala dinner at the flagship Yanggakdo Hotel.

"Now is the time for the two Koreas to step on a springboard planted on firmer ground," Mr. Pak said, according to pool reports.

McConnell Fears Iran Nukes By 2015 (WT)

By Bill Gertz

The Washington Times, February 28, 2007

Iran's development of nuclear arms is "very dangerous," and Tehran could deploy the weapons within the next several years, the nation's most senior intelligence official told the Senate yesterday.

"We assess that Tehran seeks to develop nuclear weapons and has shown greater interest in drawing out the negotiations rather than reaching an acceptable diplomatic solution," said retired Vice Adm. Michael McConnell, the new director of national intelligence.

"This is a very dangerous situation, as a nuclear Iran could prompt destabilizing countermoves by other states in this volatile region," he told members of the Senate Armed Services Committee.

Iran could have the capability to build nuclear weapons by 2015 and about the same time will be able to mount a nuclear warhead on a missile, Mr. McConnell said in response to a question from Sen. Hillary Rodham Clinton, New York Democrat.

Asked whether Iran would use a nuclear weapon against Israel, Mr. McConnell said: "They've stated that they would consider that, that Israel shouldn't exist, should be wiped off the map. I don't know that I would conclude that they would use it in a prescribed period of time, but that risk would be there."

Mr. McConnell said Iran poses a threat to the United States beyond its nuclear weapons program and is seeking to project military power "with the goal of dominating the Gulf region." Iran is working to disrupt U.S. military operations and the reinforcement of U.S. forces in the region, "thereby raising the political, financial and human cost of our presence," he said.

"To this end, Tehran views its mounting inventory of ballistic missiles as an integral part of its strategy to deter and, if necessary, retaliate against forces in the region, to include United States forces," Mr. McConnell said.

Tehran's power projection capabilities include "terrorist operations" that are aimed at regime preservation, deterring U.S. or Israeli attacks and driving the United States out of the Middle East, he said.

The Lebanese terrorist group Hezbollah is a key element of Iran's strategic goals, and the group could carry out attacks against the United States if it or Iran is threatened, Mr. McConnell said.

He also described Iran's role in Iraq, saying the United States has evidence that Iran is training insurgents at sites outside Iraq to use explosively formed penetrators against U.S. troops.

"If Iran is training Iraqi militants in the use of Iranian weapons, which are then being used to kill Americans in Iraq, I think that's a very serious act, and one that we ought to consider taking steps to stop," said Sen. Joe Lieberman, Connecticut independent.

Army Lt. Gen. Michael Maples, director of the Defense Intelligence Agency (DIA), was asked during the hearing whether China will pose a threat to the United States because of its weapons buildup.

"China, today, could be a military threat," he said. "They have intercontinental ballistic missiles and nuclear warheads and so on, so it's a matter of they're building their military, in my view, to reach some state of parity with the United States. So, in a threat sense, it becomes intentions. So they're a threat today, they would become an increasing threat over time."

But Tom Fingar, the deputy director of national intelligence for analysis, said China has had nuclear capability for decades and that Beijing "appeared to have decided that we are not an enemy" and wants a peaceful global environment to better address its "very severe social problems."

Gen. Maples also told the Senate panel that North Korea is taking "initial steps" to comply with the Feb. 13 Beijing agreement by allowing international inspections of the Yongbyon nuclear facility. The DIA will be watching "a number of successive steps" that North Korea needs to take under the agreement, Gen. Maples said.

Joseph DeTrani, the mission manager for North Korea in the Office of the Director of National Intelligence, disclosed during the hearing that U.S. intelligence agencies have information that Pyongyang acquired "material sufficient for a production-scale capability of enriching uranium" in violation of agreements to denuclearize. It was the first time a senior U.S. intelligence official had discussed the covert North Korean uranium-enrichment program publicly.

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"They were confronted with that information in October 2002, and at that time they admitted to having such a program," Mr. DeTrani said. "And immediately thereafter, that's when they pulled out of the [nonproliferation treaty], they asked the [International Atomic Energy Agency] to leave and so forth."

Iran Worries US Officials Beyond Its Nuclear Plans (CSM)

By Peter Grier

The Christian Science Monitor, February 28, 2007

WASHINGTON

The consensus view of US intelligence agencies is that Iran is a power on the rise in the Middle East, eager to expand its military might and committed to the development of nuclear weapons.

If it forges ahead with its current program Tehran could produce an atomic bomb by the early or middle years of the next decade, said the new Director of National Intelligence, retired Vice Adm. Michael McConnell, at a Senate Armed Services Committee hearing Tuesday on future threats to the United States.

"Iran is growing in its ability to project military power with the goal of dominating the Gulf region," said Admiral McConnell.

This warning comes at a time when the US has charged that Iranian forces are sending deadly weapons to Shiite militias inside Iraq. In addition, US officials have cited the potential threat of long-range Iranian missiles as a reason why Europe might need US-made missile defenses.

Critics of the White House say that the US may be misusing intelligence information to create a pretext for conflict with Iran, in a manner similar to the run-up to the Iraq war.

Intelligence officials appearing before the Senate Armed Services panel said that they were calling Iranian intentions as they saw them.

McConnell said that as part of the learning process for his new job he recently reviewed intelligence about the position of Iran's hard-line president, Mahmoud Ahmadinejad and was disappointed with what he found.

"He remains popular," McConnell said. "He has staffed his cabinet and [positions] around him with hard-liners. The economy is strong because of oil revenues."

Iran's ballistic missiles currently can reach only as far as Israel, said Lt. Gen. Michael Maples, director of the Defense Intelligence Agency. Iranian scientists might perfect longer range models by 2015, he said.

"We are seeing them develop some space launch capability," said Mr. Maples.

In addition, it is "probable" that Iran's leadership knows that the Iranian Qods Force, an elite unit of the Revolutionary Guards, is shipping sophisticated anti-armor explosives to Iraqi Shiite militias, according to US intelligence.

"There is no direct link," said McConnell. "I am comfortable saying it is 'probable'."

Meanwhile, on Tuesday the White House said that it would be willing to attend a regional conference in Iraq next month that could include Iran and Syria.

The conference would be aimed at ways to stabilize Iraq. The administration has ruled out any direct talks with Tehran unless it suspends its uranium-enrichment program.

But if Iraq puts together a multilateral meeting, "[and] if we were invited to participate, we certainly would," said White House spokeswoman Dana Perino.

At the Senate Armed Services threat briefing, intelligence officials also presented a mixed view about the prospects and implementation of the president's plan to push for more security in Baghdad.

President Bush presented the effort as one in which Iraqi troops would be in the lead, with US forces serving in a supporting capacity.

To this point, Iraqi units are not fully at the point of the spear in Baghdad, but "are in the process of taking the lead," McConnell said.

Iraqi brigades moved into Baghdad have had anywhere from 43 to 82 percent of their approved manpower, he said. "It is a work in progress."

Military success will not occur without progress toward political reconciliation, said intelligence officials. Yet that remains a difficult challenge.

The Shiites are not confident of their position in the majority, and remain worried about a Sunni resurgence, said the officials. The Sunnis, for their part, are not yet willing to admit they are no longer in charge.

"The question is, will leadership emerge and be capable of taking the country to the next level," McConnell said.

US Military Chief "Categorically" Denies Plans For Iran Air Strikes (AFP)

DOJ_NMG_0137832

AFP, February 28, 2007

The head of the US military declared "categorically" Tuesday that the United States is not planning air strikes against Iran.

"It is not true," said General Peter Pace, chairman of the joint chiefs of staff, when asked during an appearance in Congress about suggestions that the US military was preparing to launch air strikes on Iran.

Asked by Senator Robert Byrd if he was categorically denying the reports, Pace replied: "Categorically sir".

US Vice President Dick Cheney fueled concerns about possible US military strikes against Iran over the weekend by saying that "all options are still on the table" to deal with Iran's suspected nuclear weapons program.

There have also been reports in the US media that the Pentagon has been doing contingency planning for military action, possibly including air strikes on nuclear sites around Iran.

But senior officials have stressed publicly that Washington remains committed to using diplomacy to convince Iran to comply with a UN resolution calling on it to suspend uranium enrichment activities some believe are a precursor to producing atomic weapons.

Hezbollah Warns U.S. Against Iran Attack (AP)

By Scheherezade Faramarzi

AP, February 28, 2007

The deputy chief of Hezbollah warned Tuesday that any "military adventure" by the United States and Israel against Iran would have dangerous consequences across the Mideast.

Sheik Naim Kassem suggested his pro-Iranian group would not get involved if the U.S. attacks Iran, but he raised the possibility that Israel might attack Lebanon as part of such an assault — in which case, he said, Hezbollah would "definitely" respond.

He said Hezbollah guerrillas were making plans in case Israel, like last summer, attacks Lebanon again.

"The resistance is taking all the necessary measures to be ready and prepared," Kassem said in an interview with the Associated Press. He would not elaborate but said Hezbollah is constantly changing its fighting tactics so the Israelis would not know its capabilities.

"We've evaluated the experience of the war and learned lessons from it and are taking steps to accommodate them with new realities," he said. "We are making sure the enemy will be in the dark in the future. This is the strength of the resistance and the secret of its success."

The United States insists it is not planning to attack Iran and is trying to persuade Tehran to suspend uranium enrichment, as demanded by the United Nations. But fear of a strike is growing throughout the Middle East.

Kassem, a Shiite Muslim cleric, warned that an assault on Iran could expand across the region.

"It remains to be seen what the level of an American aggression on Iran would be," he said. "Is it going to be limited or an all-out war? Will other countries become involved? Will it spread to the entire region?"

Asked if the U.S. attacked Iran, Hezbollah would retaliate by striking Israel, Kassem said Iran is capable of defending itself because it "possesses the means, a tenacious populace and a wise leadership."

Iran has threatened to attack the hundreds of thousands of U.S. forces based in the Persian Gulf and in Iraq if America launches a strike.

Kassem warned, "we will definitely respond and defend ourselves" if Israel attacks Lebanon.

Kassem's comments aimed to counter speculation that Hezbollah may stir up trouble in the region — including attacking Israel — if Iran is attacked: "They have to know that any military adventure, if widened and involves several countries in the region, would have dangerous consequences for everyone."

In Lebanon, Hezbollah has been locked in a power-struggle for months with the U.S.-backed government of Prime Minister Fuad Saniora. The Shiite group and its allies are demanding a new government in which they would have greater power. Washington has dramatically beefed up support for Saniora, who has rejected the opposition's demands.

Kassem blamed the United States for the deadlock, saying it is pressuring Saniora to refuse a compromise. Washington's goal is to undermine Hezbollah's resistance against Israel, he said.

Kassem, who is the deputy of Hezbollah's charismatic leader, Sheik Hassan Nasrallah, dismissed Lebanese and American government charges that Hezbollah was a tool of Iran and Syria. In contrast, he said, "the (Saniora) government is directly dictated by the Americans."

US Targets Iran's Financial Underbelly (FT)

By Guy Dinmore In Washington

DOJ_NMG_0137833

Financial Times, February 28, 2007

Encouraged by what it sees as the success of financial sanctions imposed on North Korea, the Bush administration is embarking on an aggressive policy of raising the cost to Iran of its alleged nuclear and terrorist activities by targeting non-US private sector ties to Tehran.

Officials say the policy has support from "hawks" in the administration who see actions against financing as a key component in the "war on terror".

However, there is still debate over whether the financial pressure on North Korea ultimately forced it to agree two weeks ago to a freeze of its Yongbyon nuclear facility, or whether the measures wasted a crucial 17 months while Pyongyang boycotted talks and continued producing plutonium for its growing nuclear arsenal.

North Korea's frozen accounts in Banco Delta Asia, a small Macao bank that was designated a "primary money laundering concern" in September 2005, remain an issue that could still have an impact on the February 13 agreement to freeze Yongbyon.

US Treasury officials are in Macao this week to discuss the fate of the accounts with the monetary authority there. Chris Hill, the senior State Department official who negotiated the nuclear suspension, reached an understanding with North Korea that the issue would be "resolved" within 30 days.

Daniel Glaser, the Treasury official leading the Macao talks, on Monday said the US wanted to take "specific steps" to resolve the issue as soon as possible. But he also said the US, having investigated 300,000 documents, had confirmed its "suspicions and concerns".

The White House said it saw the actions taken against North Korea as a model for its Iran policy. "Concerted diplomatic activity and pressure on the government of North Korea did bring the North Koreans back to the six-party talks. And we look at that as a possible template," Tony Snow, the spokesman, said in reference to Iran.

Other officials and US bankers note, however, that the financial sanctions hurt North Korea mainly because Chinese banks took part, in a reflection of how seriously Beijing regarded its neighbour's nuclear -programme.

Although the US is starting to make progress in persuading European banks to cut ties with Iran, diplomats are less confident that China and other big customers for Iranian oil will follow suit at this stage.

Trita Parsi, an Iran analyst who advocates dialogue between the US and Iran, argues that Washington's "euphoria" over the perceived success of its financial sanctions is severely flawed. He says the dwindling popularity of Mahmoud Ahmadi-Nejad, Iran's hardline president, is more due to his own failed economic policies and the exaggerated expectations raised by his populist promises.

Matthew Levitt, who until last month was a senior official in the US Treasury's terrorism and financial intelligence branch, said: "The most exciting tool we are experimenting with is private sector investment."

The Treasury was looking at ways to raise the cost to Iran, he told a meeting hosted by the Washington Institute of Near East Policy where he is now a senior analyst.

Mr Levitt said foreign banks were responding to US pressure by considering the risk to their reputation from dealing with Tehran, following sanctions imposed on two Iranian commercial banks. However, while "engaging" the private sector was proving beneficial, he said some banks were doing the "minimum to keep out of trouble" with the US by halting dollar transactions with Iran but not transactions in other currencies.

U.S. Sanctions With Teeth (WP)

By David Ignatius

The Washington Post, February 28, 2007

Everybody knows that economic sanctions don't work. Just look at the decades of fruitless pressure on Cuba. But guess what? In the recent cases of North Korea and Iran, a new variety of U.S. Treasury sanctions is having a potent effect, suggesting that the conventional wisdom may be wrong.

These new, targeted financial measures are to traditional sanctions what Super Glue is to Elmer's Glue-All. That is, they really stick. Deputy Treasury Secretary Robert Kimmitt doesn't even like to call them sanctions, preferring the term "law enforcement measures." Explains Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence: "Sanctions are scoffed at. They have a bad history."

Authority for the new sanctions, as with so many other policy weapons, comes from the USA Patriot Act, which in Section 311 authorizes Treasury to designate foreign financial institutions that are of "primary money laundering concern." Once a foreign bank is so designated, it is effectively cut off from the U.S. financial system. It can't clear dollars; it can't have transactions with U.S. financial institutions; it can't have correspondent relationships with American banks.

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The new measures work thanks to the hidden power of globalization: Because all the circuits of the global financial system are inter-wired, the U.S. quarantine effectively extends to all major banks around the world. As Levey observed in a recent speech, the impact of this little-noticed provision of the Patriot Act "has been more powerful than many thought possible."

Treasury applied the new tools to North Korea in September 2005, when it put a bank in Macao called Banco Delta Asia on the blacklist. There was no legal proceeding -- just a notice in the Federal Register summarizing the evidence: Banco Delta Asia had been providing illicit financial services to North Korean government agencies and front companies for more than 20 years, according to the Treasury notice. The little Macao bank had helped the North Koreans feed counterfeit $100 bills into circulation, had laundered money from drug deals and had financed cigarette smuggling. North Korea "pays a fee to Banco Delta Asia for financial access to the banking system with little oversight or control," Treasury alleged.

Wham! The international payments window shut almost instantly on Pyongyang's pet bank. Transactions with U.S. entities stopped, but the Treasury announcement also put other countries on notice to beware of Banco Delta Asia. The Macao banking authorities, realizing that they needed the oxygen of the international financial system to survive, took regulatory action on their own and froze the bank's roughly $24 million in North Korean assets. And around Asia, banks began looking for possible links to North Korean front companies -- and shutting them down.

A similar financial squeeze is being applied to Iran. Here again, the impact has come from the way private financial institutions have reacted to public pressure from Treasury. "As banks do their risk-reward analysis, they must now take into account the very serious risk of doing business in Iran, and what the risks would be if they were found to be part of a terrorist or proliferation transaction," says Kimmitt.

Treasury began squeezing Iran last September, when it accused Bank Saderat, one of the largest government-owned banks, of financing terrorism by funneling $50 million to Hezbollah and Hamas since 2001. The Treasury order cut the bank off from any access to the U.S financial system, direct or indirect. A similar ban was imposed in January on Bank Sepah, which Treasury alleged was a key intermediary for Iran's Aerospace Industries Organization, the agency that oversees the country's ballistic missile program.

Meanwhile, top Treasury officials began visiting with bankers and finance ministers around the world, warning them to be careful about their dealings with Iranian companies that might covertly be supporting terrorism or weapons proliferation. This whispering campaign was enough to convince most big foreign banks in Europe and Japan to back away from Iran.

The new sanctions are toxic because they effectively limit a country's access to the global ATM. In that sense, they impose -- at last -- a real price on countries such as North Korea and Iran that have blithely defied U.N. resolutions on proliferation. "What's the goal?" asks Levey. "To create an internal debate about whether these policies [of defiance] make sense. And that's happening in Iran. People with business sense realize that this conduct makes it hard to continue normal business relationships."

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

GLOBAL POSITIONING Russian Deals In Middle East Snarl U.S. Strategy On Iran (WSJ)

By Gregory L. White And Neil King Jr.

The Wall Street Journal, February 28, 2007

As the U.S. struggles to contain Iran and its nuclear program, it is bumping into a new impediment: an assertive Russia bent on regaining leverage -- and markets -- in the Middle East.

While the U.S. and Russia tussled last autumn over a United Nations resolution to rein in Iran's nuclear program, Moscow quietly moved ahead on another front. It delivered more than $700 million worth of air-defense systems to help protect Iran's nuclear enrichment and research sites from attack, Russian officials confirmed in December. The Russian military then started training Iranian officers to use the new systems.

"We don't think Iran should feel itself encircled by enemies," President Vladimir Putin told al-Jazeera television earlier this month, after Tehran successfully tested the weaponry. "The Iranian people and the Iranian leadership should feel that they have friends in the world."

Pumped up by surging oil revenues and a rebounding economy, the Kremlin now is keen to reclaim a prominent global role and help offset the perceived might of the U.S., especially in the Middle East. Under broad pressure to engage Tehran and other adversaries diplomatically, the U.S. yesterday agreed to join in with both Iran and Syria in regionwide talks about Iraq, though Washington said the scope of the talks would stay narrow.

In its campaign to recapture its sway in the region, Moscow has forgiven billions of dollars in Soviet-era debts and lined up lucrative energy and arms deals, causing heightened concern for Washington. U.S. and Israeli officials say there also are signs that Russian antitank missiles are finding their way back into the hands of Lebanon's Hezbollah militia via Syria, even after the

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Kremlin promised to cut off any flow after the war last summer between Israel and Hezbollah. Russia also has broken with the U.S. by nurturing contacts with the Palestinian militant group Hamas, which the U.S. regards as a terrorist group.

Stark Example

But the starkest example of Russia's new assertiveness is toward Iran. For months, the Bush administration had tried to get Moscow to stop the arms sale, Russia's biggest to Iran in years. For the White House and much of the Arab world, last summer's war in Lebanon served as a wake-up call on Iran's growing role in supporting radical groups such as Hezbollah. The U.S. since then has bulked up its forces in the Persian Gulf and declined to rule out an attack on Iran. It has led a financial crackdown against Iran's banks and other financial entities, along with the U.N. effort to curb Iran's nuclear program.

Russia has taken a far different tack. For four months last autumn Moscow used its U.N. veto power to fight successfully against U.S. and European efforts to impose tough sanctions on Iran's nuclear program. Russia finally agreed in December to a much more narrowly tailored resolution that targeted only parts of Iran's nuclear and ballistic-missile programs.

In January, while the U.S. and Europe were working to isolate Iran and U.S. forces were detaining Iranian officials in Iraq, Mr. Putin reacted warmly to an Iranian proposal for Russia and Iran, two countries with the world's largest reserves of natural gas, to form an OPEC-style alliance. The idea drew a swift negative response from Washington and Europe. Earlier this month, in a speech in Germany that raised fears in the West of a new Cold War, Mr. Putin said American military aggressiveness was the reason countries like Iran are seeking nuclear weapons.

"Russia is a huge problem on the Iran front," says John Bolton, who frequently wrestled with Moscow as President Bush's ambassador to the U.N. until December. "When it comes to Russia and Iran, it is hard to say who is whose client state."

Current administration officials who work closely with Russia aren't quite so harsh, but concerns over Moscow's intentions in the Middle East -- as well as its overall foreign policy -- are rising. "When it comes to Iran, the Russians want to have their cake and eat it, too," said one senior U.S. official. "They want to look tough in working to keep Iran from getting nuclear weapons, while also standing in as Iran's friend and weapons provider."

Tensions are likely to sharpen again, after the U.N. International Atomic Energy Agency found last week that Iran was adding hundreds of new centrifuges at its main nuclear research site at Natanz and accelerating efforts there to enrich uranium. The work is a sign to many in the West that Tehran -- despite its protestations to the contrary -- is seeking to develop nuclear weapons. The U.S., France and Britain immediately called for another sanctions resolution, but Russia warned that it would resist any moves to hit Iran's economy. Diplomats met in London Monday but have yet to negotiate details.

Russian officials insist they share the U.S. goal of preventing a nuclear-armed Iran. But Russia has argued that the Bush administration's confrontational approach to Iran won't work, and could pave the way for another war in the region. The Kremlin also looks at Iran as an important customer for its weapons and civil nuclear technology and says economic ties give it much-needed leverage over Tehran.

Softer Approach

Moscow's much softer, carrot-and-stick approach toward Iran also serves Russia's other goals. It allows Moscow to wield its leverage within the U.N. Security Council, where Russia is one of just five countries with veto power. Fending off tough economic sanctions also allows Russia to continue expanding trade ties with Iran, while showing other regimes in the region that friendship with Moscow pays geopolitical dividends.

The Middle East is a key target market for Russia's nuclear-power and arms exports, industries that Mr. Putin is counting on to help diversify its oil-dependent economy. Russia's global arms exports are expected to hit a record $7.5 billion in 2007, and they are growing fast in the Middle East, though still far behind the U.S. and Europe. Russia is also building Iran's only nuclear power plant, which is now unopposed by the U.S. and European leaders, at the southern port city of Bushehr under a contract signed in 1992. Mr. Putin dismisses U.S. sanctions on Russian arms and nuclear exporters that do business with Iran as efforts by the U.S. to engage in "unfair competition." He says the Kremlin won't sell any weapons that would change the balance of power in the region.

With its economy growing and its foreign debts paid, the Kremlin is in a much stronger position to push its view and make the U.S. listen. "Russia is not claiming the role of a superpower," Mr. Putin told al-Jazeera. "But Russia knows its own worth and we will strive to make the world multipolar."

Russian officials argue that harsh sanctions would only cause Iran to speed up its nuclear-weapons program. Iran's nuclear sites are too well dispersed and concealed for an air attack to be successful, Russian officials say, an assessment shared by many in Washington and Europe. A failed assault, they warn, would trigger a wave of violence and instability across the entire region, dwarfing the chaos in Iraq and reaching into Russia's southern border regions, already riven by separatism. "We cannot subscribe to the notion that the best path to finding a long-lasting and comprehensive solution lies through isolation and confrontation," says Russia's ambassador to the U.S., Yuri Ushakov.

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Moscow and Washington have split over thorny Middle East issues in the past, but until recently the conflicts didn't go far. As the U.S. prepared to invade Iraq in 2003, for example, the Kremlin warned that Washington's confrontational approach would prove counterproductive. But in the end, Moscow limited itself to sounding off in public.

As recently as 2005, after U.S. and Israeli warnings the weapons could fall into the hands of Hezbollah, Moscow shelved plans to sell sophisticated portable antiaircraft missiles to Syria, signing a deal with Washington to disclose sales of those weapons in the future.

'Difficult Partner'

But now, talk of a "strategic partnership" between Washington and Moscow has been scrapped. Russian officials bristle at U.S. criticism of Mr. Putin's crackdown on opposition at home, as well as Washington's courting of Russia's former-Soviet neighbors and moves to counter efforts by Kremlin-controlled energy giants to expand internationally.

After a visit to Washington this month, Russian Foreign Minister Sergei Lavrov told Russian TV that the U.S. is Moscow's "most difficult partner."

Then Moscow stirred a furor in Washington by vehemently opposing U.S. plans to build a rudimentary missile-defense network in Europe to counteract future threats from Iran. Moscow's top military brass, in language smacking of the Cold War, threatened to target planned U.S. installations in Poland and the Czech Republic. Secretary of State Condoleezza Rice called the threat "extremely unfortunate."

Russian officials from Mr. Putin on down barely disguise their relish when they highlight setbacks for U.S. policy in the Middle East and recount Moscow's prewar warnings that the invasion of Iraq was a bad idea. "Today, America is viewed as the great loser in the eyes of the Russian establishment," says Yevgeny Satanovsky, president of the Institute of Middle Eastern Studies in Moscow.

At the same time, years of careful courting of Iran and the Arab countries of the Middle East are paying off for the Kremlin as political and economic ties to the region flower in a way not seen even during the Cold War.

Russia is unencumbered by the communist dogma that made the Soviet Union anathema in large swaths of the Middle East. "There are no countries in the Arab world left that we have any differences with," Mr. Putin told al-Jazeera before his recent trip to the region.

As on his other visits, his delegation was packed with representatives of big Russian companies looking for deals in areas like energy, arms and nuclear power. While Western capitals routinely criticize the Kremlin for rolling back democratic institutions, Middle Eastern leaders have publicly called for Mr. Putin to defy a constitutional ban and remain in office when his term ends next year.

"There's no more ideology, there's just business," says Mr. Satanovsky.

Just how much has changed has become clear over the last year. In June, Russia finally agreed to let the fight over Iran's nuclear program spill into the U.N. Security Council, signing onto an incentives package that promised Iran a range of trade and other concessions -- including direct talks with the U.S. -- if Tehran suspended its uranium enrichment work. But Russia also made clear that it would not endorse any moves to target Iran's economy or to lay the ground for possible military action.

Two weeks later at the G-8 summit of leading nations in St. Petersburg, Mr. Putin, hosting the summit for the first time, took the floor as leaders struggled to come up with a joint response to the war then raging in Lebanon. According to people familiar with the meeting, he recalled that in 2000 when he took office he faced what the Kremlin saw as an Islamist uprising in Chechnya and a moribund economy. Promises of support from G-8 partners proved largely empty, overshadowed by criticism of Russian brutality in the Chechen war. Middle Eastern countries were ultimately more supportive, sending observers to vet elections after fighting subsided. Noting Russia's big Muslim population and vulnerable borders near the Middle East, Mr. Putin gave his bottom line: He was only ready to sign on to a G-8 statement on the Middle East if it didn't hurt Moscow's relations with the Islamic world "by one iota."

Things got testier in September when Russia, China, France, Britain and the U.S., along with Germany, began trying to draft a U.N. resolution on Iran. Russia was adamant that any sanctions be finely tuned to limit the inflow of sensitive nuclear technology, and not try to hit Iran's economy in a broader way. Moscow also insisted that nothing hamper its work at the Bushehr nuclear plant.

Tougher Punishments

The Bush administration initially wanted to push for a much tougher package of economic punishments, even if it meant that both Russia and China abstained from the measure. Russia in the end succeeded in keeping the U.N. measures as minimal as possible to win its support, and left the work at Bushehr unscathed.

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Despite the view of the U.S. and most European capitals, the Kremlin frequently argues that Iran isn't necessarily seeking to build nuclear weapons. Russian officials also say they carefully restrict what kinds of weapons to sell to Iran, for example, refusing requests for shoulder-mounted antiaircraft missiles that are a favorite among terrorists.

The Kremlin also is partly using the Bushehr project as a tool to prod Tehran over the nuclear program, according to some Western diplomats. Though Russian officials publicly deny any connection, as Iran has dug in its heels on its uranium-enrichment efforts, Moscow has repeatedly put off shipment of the fuel for the reactor. Just last week, Russian officials said problems with payments from Iran -- which Tehran denies -- would lead to further hang-ups.

After the Kremlin last year offered a compromise in which Iran would do sensitive work with uranium fuel only with Russia, Tehran stalled and then ignored the offer. That fueled Russia's U.N. vote for sanctions, which surprised Tehran. "They hoped until the end that Russia would block or veto," says Rajab Safarov, director of the Russian-Iranian Business Council in Moscow. "They were horrified."

Yet just as swiftly, Russia moved to repair its ties to Tehran, exchanging high-level visits and delivering the air-defense missiles.

Russia: Hamas To End Attacks Against Israel (USAT)

USA Today, February 28, 2007

Hamas supreme leader Khaled Mashaal promised during a meeting Tuesday with Russian Foreign Minister Sergey Lavrov in Moscow that the militant Palestinian group will end missile attacks and other violence against Israel, Lavrov said.

However, Mashaal said his group is not ready to recognize the Jewish state. Renouncing violence and recognizing Israel are key demands of international peace negotiators before ending a financial aid boycott of the Hamas-led Palestinian government.

Sudan rejects chargesof war crimes in Darfur

Sudan Justice Minister Mohammed Ali al-Mardi rejected on Tuesday the International Criminal Court's allegations against a government minister and a militia leader accused of war crimes in Darfur.

"All the evidence the prosecutor referred to is lies," he said. He said the ICC "has no jurisdiction to try any Sudanese" and the suspects would not be handed over for trial.

The court accused Ahmed Muhammed Harun, junior minister for humanitarian affairs, and militia commander Ali Mohammed Ali Abd-al-Rahman, also known as Ali Kushayb, of 51 counts of crimes against humanity and war crimes in 2003 and 2004. Harun was junior interior minister during the worst Darfur fighting.

Since 2003, at least 200,000 people have been killed and 2.5 million displaced in fighting between the Sudanese army and its Arab militia allies against a tribal uprising.

Two Canadian anti-terror laws will not be renewed

Canada's Parliament scrapped two anti-terrorism measures adopted after the 9/11 attacks in 2001. One allows three-day detention without charges of anyone suspected of planning an imminent attack. The second allows a judge at investigative hearings to force witnesses to testify about alleged terrorist activities.

The House of Commons voted 159-12 not to renew the measures. They expire March 1.

Liberal Party leader Stephane Dion said the laws have never been used and "represent a risk to individual rights." Prime Minister Stephen Harper, whose Conservatives won power in January 2006, says the Liberals are soft on terrorism.

U.S., Italian envoys injuredin Sri Lanka rebel attack

U.S. Ambassador Robert Blake and Italian envoy Pio Mariani were slightly wounded when Sri Lankan military helicopters carrying them came under fire from ethnic Tamil rebels. The helicopters had landed in Batticaloa when mortars exploded, government minister Mahinda Samarasinghe said. The U.S. Embassy said Blake was "all right," but it did not elaborate.

Ex-official, Militia Chief Charged With War Crimes (WT)

By Betsy Pisik

The Washington Times, February 28, 2007

NEW YORK -- The International Criminal Court yesterday charged a former Sudanese official and the leader of the government-backed Janjaweed militia with committing war crimes in Darfur, the first of many anticipated attempts to punish participants in the bloody ethnic conflict.

The nascent court, which has been collecting evidence on Darfur for 20 months, accused Ahmad Mohammed Harun, formerly the junior interior minister in charge of the western Sudanese region, and Janjaweed commander Ali Kushayb of being involved in war crimes and crimes against humanity between August 2003 and March 2004.

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The Bush administration, until recently a foe of the ICC because of claims it lacks safeguards to protect U.S. soldiers and civilians in conflict zones, praised the court action.

"We fully support bringing to justice those responsible for crimes and atrocities that have occurred in Darfur," State Department spokesman Sean McCormack told reporters in Washington.

Prosecutors at tribunal based in The Hague made the charges public yesterday morning.

"The prosecution has concluded there are reasonable grounds to believe that Ahmad Harun and Ali Kushayb ... bear criminal responsibility in relation to 51 counts of alleged crimes against humanity and war crimes," said ICC prosecutor Luis Moreno-Ocampo.

"The evidence shows they acted together, and with others, with the common purpose of carrying out attacks against the civilian populations," he said.

The two men were largely responsible for carrying out a campaign of 51 specific counts of war crimes and crimes against humanity, including rape, murder, torture, forcible transfer, destruction of property, pillaging, inhumane acts, outrage upon personal dignity, attacks against the civilian population, and unlawful imprisonment or severe deprivation of liberty, the court said.

Human rights groups welcomed the action, but warned that a meaningful international military intervention is still necessary to save the remaining survivors and stabilize nearby Chad, temporary home to some 230,000 Sudanese refugees displaced by four years of fighting and attacks that are thought to have killed more than 200,000 people.

The Sudanese government yesterday rejected the ICC's authority as "illegitimate" and said it would not turn over the suspects for trial.

"The court has no jurisdiction to try any Sudanese for any alleged crimes," Justice Minister Mohammed Ali al-Mardi told reporters in Khartoum, according to wire service accounts.

"[Our] stance is not limited to those who fight on the government's side, but applies to all Sudanese, including those who still bear arms and fight the government. They are Sudanese, and we will not let them be tried by any court outside Sudan."

He dismissed the court's evidence, but also noted that one of the two suspects, Mr. Kushayb, had been in government custody since November on charges relating to the killings in Darfur.

The Sudanese government, which has grudgingly allowed an ill-equipped African Union peacekeeping force to police specific areas, has rejected a more robust U.N. peacekeeping force.

The charges announced yesterday at The Hague describe a direct link between the Interior Ministry and Mr. Kushayb, who is referred to as "the colonel of colonels" in charge of Darfur.

An estimated 2.5 million people have been driven from their homes since 2003, when ethnic African rebels took up arms against the government, claiming decades of discrimination and neglect.

Outside observers, including officials from the United Nations and African Union, blame pro-government militias for the worst atrocities.

Sudan Official Accused In Darfur Atrocities (LAT)

The Los Angeles Times, February 28, 2007

UNITED NATIONS -- A top Sudanese government official colluded with militias to commit atrocities against civilians in the Darfur region, the International Criminal Court's chief prosecutor said Tuesday.

Prosecutor Luis Moreno-Ocampo presented results of a 21-month investigation that he said showed "reasonable evidence" that Ahmed Haroun, then state minister for the interior, and imprisoned militia leader Ali Kushayb, "bear criminal responsibility" for mass executions, rapes and the forcible removal of thousands of people from their homes.

The allegations, which are not an indictment, are a first step that could lead to arrests and prosecutions by the court at The Hague, and they come amid an international campaign to halt the violence in Darfur, which has killed more than 200,000 people and displaced 2.5 million in the last four years.

Prosecution, however, will not be easy. Sudan's justice minister immediately rejected the allegations and said the suspects would not be handed over for trial.

Haroun is Sudan's state minister for humanitarian affairs. Kushayb, whose real name is Ali Mohammed Ali Abdalrahman, has been under arrest in Khartoum, the capital, since November, on unspecified charges.

"The court has no jurisdiction to try any Sudanese for any alleged crimes," Justice Minister Mohamed Ali Mardi said. Sudan is not a signatory to the treaty that created the International Criminal Court and says it will not respect the court's decisions.

If the Sudanese government refuses to cooperate with the ICC, Tuesday's announcement could be the beginning of a long judicial process for the fledgling international court. Its judges can issue a warrant for the men's arrest, but if Sudan decides to prosecute them for the same crimes under its own judicial system, the international court would no longer have jurisdiction.

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"I have no assurance of cooperation," Moreno-Ocampo said in a conference call with journalists. "We know it is a difficult challenge."

He added that in previous cases, a summons was sufficient to get the suspects to appear in court.

Human rights groups have pressed the court to assign blame with the president and army chiefs.

Moreno-Ocampo said that additional suspects could be named later but that his team for now had gone after those they could clearly link to crimes against humanity.

The investigation focused on militia attacks on four towns in Darfur, in western Sudan, from August 2003 to March 2004.

As head of the "Darfur security desk," Haroun coordinated the recruitment, arming and funding of militiamen known as janjaweed, the prosecution document says. It quotes Haroun as saying during a public meeting that he had been given "all the power and authority to kill or forgive whoever in Darfur for the sake of peace and security," and shows that he directed the militiamen to attack villages.

A member of Haroun's office said the state minister was in Khartoum but unavailable for comment.

Ali Kushayb, a commander of thousands of militia fighters in Darfur, issued orders "to victimize the civilian populations" through mass rapes, killings, torture, looting and the displacement of residents, the court said in a statement.

Moreno-Ocampo said witnesses had testified that Kushayb personally participated in the execution of 32 men in Mukjar, and that his fighters tied women to trees and raped them repeatedly.

Sudanese government officials called the ICC accusations politically motivated and were preparing to organize mass demonstrations.

"The whole thing is counterproductive," a senior official in Khartoum said. "They are just trying to put pressure on the government. The rebels committed atrocities. The government committed atrocities. But we are still in the situation of war. All other tribunals like this took place after the war was over. The issue of justice should come after the peace."

The pending indictments have been a factor in ongoing talks with Khartoum about whether United Nations peacekeeping troops will be allowed in Darfur. Sudan's negotiators have questioned whether U.N. troops would be used to enforce court arrest warrants or to pursue suspects.

Cameron Hume, the U.S. charge d'affaires in Sudan, urged all sides to not allow the court's accusations to interfere with efforts to resolve the crisis. Like Sudan, the U.S. does not recognize the authority of the ICC.

"The urgent thing is improving the humanitarian situation and protecting the humanitarian operations, and having a political dialogue that leads to peace," Hume said.

In an attempt to appease the international community, Sudan created a special court in 2005 to try suspects accused of war crimes in Darfur.

A handful were put on trial in Nyala, accused of being militia members.

"It was a mockery," said Adam Azzain Mohammed, head of the University of Khartoum's Institute for the Studies of Public Administration and Federal Governance. "They only tried ordinary people who had nothing to do with the real clashes."

Justice Ministry officials have suggested that additional prosecutions are imminent, and Khartoum newspapers have reported that trials will start next week.

Some local humanitarian groups expressed frustration that the international court did not list more names or higher-ranking suspects.

"This is very disappointing," said Salih Osman, a human rights attorney in Darfur. "People were expecting more than a list of two men. It's not going to satisfy the victims."

Osman said that both men were "deeply implicated" in the Darfur crisis but that neither was a major orchestrator of the violence. He said Haroun did not hold much political or tribal power in Khartoum and might easily be "sacrificed" by the government.

Nevertheless, he expressed hope that the case would help end the crisis in Darfur.

"Justice and accountability are very important elements to stopping the violence," he said. "The ICC can be a deterrent for government officials who are continuing to commit crimes."

2 Face Trials At The Hague Over Darfur Atrocities (NYT)

By Marlise Simons

The New York Times, February 28, 2007

THE HAGUE, Feb. 27 — International prosecutors on Tuesday designated their first suspects in atrocities in the Sudanese region of Darfur, selecting a government minister and a militia commander to bring to trial.

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Luis Moreno-Ocampo, the chief prosecutor of the International Criminal Court, said he had presented close to 100 pages of evidence and asked the judges to issue summonses for the two men, Ahmad Harun and Ali Muhammad Ali Abd-al-Rahman.

Mr. Harun, currently Sudan's deputy minister for humanitarian affairs, was a senior government official in charge of the military and police and intelligence forces in Darfur as civilians were killed, raped and chased from their homes in the region, the prosecutors said.

His "unlimited" budget, the prosecutors said, allowed him to arm and finance Mr. Rahman, also known as Ali Kushayb, the militia leader who led fighters in a brutal campaign of violence against civilians. "We have focused on some of the most serious incidents," Mr. Moreno-Ocampo said.

The announcement came after 20 months of criminal investigation into Darfur's enormous bloodshed and humanitarian disaster. Human rights activists described the two suspects as powerful but not among Sudan's top leaders.

At a news conference in The Hague, Mr. Moreno-Ocampo declined to say whether the most important figures in Sudan's political or military hierarchy would be held accountable for the mass killing, looting, rape and general devastation in Darfur, which has uprooted more than two and a half million people, according to the United Nations.

The prosecution is believed to be investigating crimes by the government, the militias aligned with the government and the rebel forces they oppose.

Court officials said the prosecutor favored a strategy of focusing on specific events to which he can link individuals, rather than pursuing broad, ambitious indictments. He may also be following the path of other war crimes tribunals, building a base of evidence with lesser cases before moving up the chain of command. But the arrival of any Sudanese suspects at the court is far from assured.

In Khartoum, the Sudanese minister of justice immediately said the nation did not recognize the court's jurisdiction, did not intend to hand over anyone and would try any cases itself. Sudan has told Mr. Moreno-Ocampo that it has already arrested 14 people for human rights violations, including Mr. Rahman. Even so, human rights groups said most of those arrested in Sudan have been low-level fighters.

The prosecutors' decision, and the reaction from Khartoum, raised the basic difficulty the court faces: how to investigate, let alone put on trial, officials from sitting governments.

The International Criminal Court, embraced by 104 countries but independent from the United Nations, has a broad mandate to investigate war crimes and crimes against humanity. But it has no police to enforce its summonses or arrest warrants, leaving it dependent on the very governments it may be investigating, as in the case of Sudan.

Such issues have confronted United Nations war crimes tribunals for a decade, with prosecutors for Uganda's genocide and the wars in the Balkans still begging for the arrests of important suspects.

For the first Darfur case — the court is handling cases in three other African nations — the prosecution has focused on violence in four villages and towns, starting in the summer of 2003.

In April of that year, Mr. Moreno-Ocampo said, rebels attacked Al Fasher airport in Darfur, destroying planes, killing government soldiers and kidnapping the Sudanese air force commander. That was a turning point in the conflict, the prosecutor said, and led to intense recruiting of Arab militiamen, or janjaweed, who have been aligned with the Arab-dominated government.

The janjaweed focused on the civilian population, he said, on the rationale that they were supporters of the rebels.

"This strategy became the justification for the mass murder, summary execution and mass rape of civilians," Mr. Moreno-Ocampo said.

At the time, Mr. Harun was the minister of state for the interior, and oversaw the Darfur Security Desk.

Mr. Harun was seen traveling with well guarded boxes of cash and was observed distributing money, weapons and ammunition throughout Darfur, according to the prosecutor's statement, and worked closely with the militia leader, Mr. Rahman.

On one occasion, in early August 2003, Mr. Harun arrived by helicopter in the Darfur town of Mukjar as janjaweed militia were moving in and gave a public speech. According to the prosecutor, Mr. Harun said that since the children of the Fur tribe had become rebels, the Fur people and their possessions had become booty for the militia. Immediately upon his departure, the janjaweed "looted the entire town," the prosecution statement said.

Mr. Rahman personally led the attack on Mukjar and three other villages and towns, the statement said. By mid-2003 he was commanding thousands of janjaweed. His forces pillaged and burned homes and shops, killed hundreds of people and tied women to trees and repeatedly raped them. According to the prosecution, Mr. Rahman took part in a number of summary executions.

He was arrested in Sudan in November and is being held on a different set of human rights violations.

Mr. Moreno-Ocampo said his staff tried to meet with him, and with Mr. Harun, in recent weeks, but the Sudanese government prevented it.

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World Court's Big Move On Darfur (CSM)

By Robert Marquand

The Christian Science Monitor, February 28, 2007

THE HAGUE

After 20 months, more than 100 formal witness statements, and visits to 17 countries, the chief prosecutor of the International Criminal Court (ICC) Tuesday indicted a high-ranking Sudanese interior minister and a janjaweed militia leader on 51 counts of war crimes and crimes against humanity in the ongoing crisis in Sudan's troubled Darfur region.

The naming of Ahmed Haroun, a former deputy interior minister, and a janjaweed leader known as Ali Kushayb, is considered a bold move for the young ICC and its chief prosecutor Luis Moreno-Ocampo. Despite Sudan's rejection of the indictments, most experts hailed them as an international censure that could help end the four-year-old crisis that has killed more than 200,000 people, and displaced more than 2 million.

"The ICC did the right job at getting individuals who can be sacrificed by the Sudanese government, but who at the same time have a significant degree of culpability," says Alex de Waal, a Darfur expert and program director at the Social Science Research Council in New York.

Prosecutor Moreno-Ocampo intrinsically linked the Sudanese government and the feared janjaweed arguing that after Mr. Haroun took charge of the Darfur security desk in April 2003, he oversaw the "staffing, funding, and arming of the [janjaweed]," which grew by 10,000 soldiers and conducted atrocities in Darfur under Haroun's direct authority.

Darfur is widely regarded as the highest profile case in international justice circles, and a possible turning point in efforts to establish a global criminal tribunal – though ICC investigations into Darfur have proceeded during the conflict, and without cooperation by Sudan.

The "Sudanese Armed Forces" conducted a systematic campaign of "underlying operational" support for the janjaweed, the indictment argues, saying that Haroun and Mr. Kushayb met frequently. Janjaweed militiamen told villagers they had the backing of the state, including "the power to kill or forgive." Haroun visited Darfur towns so often he was "known as 'the official' from Khartoum," in west Darfur, Moreno-Campo charged, saying Haroun provided funds from "an unlimited budget...that was not audited."

Significantly for the war crimes and crimes against humanity charges, the janjaweed attackers "targeted no rebel peasants, but civilian residents, based on the idea that they supported the opposition rebels," Moreno-Campo said, and conducted "mass murder, summary executions, and rape."

The ICC has often been termed a "court of the future" for its prospective role as an arbiter of international justice. It was conceived in 1998 as a "court of last resort," and has built its legal approach and validity on the example of the UN Yugoslavia and Rwanda criminal tribunals also housed at The Hague. The ICC has not prosecuted anyone, though it is preparing a trial for Thomas Lubanga Dyilo for enlisting child soldiers in the Congo war of 2002-03.

Still, Tuesday's Darfur indictment is considered crucial in international legal circles since it is the first such case to be referred by the United Nations Security Council. Neither China, which has close ties to the Sudanese regime, Russia, or the US blocked the Darfur case.

Washington's tacit approval is significant, experts say, since the US has not participated in the ICC since it was established in 1998.

"The US position [to allow Darfur investigations to go forward] is a turning point institutionally," says Diane Orentlicher of American University's Washington College of Law, "since it reflects a willingness of the US to accept the jurisdiction of the court."

"All the NGO reports, the UN reports, the State Department, and the commissions, point to a pattern of crimes committed by the janjaweed as a proxy of the Sudanese government," says a source with close ties to the prosecutor. "The pattern is one of aerial attack by government planes and helicopters followed by janjaweed on the ground, sometimes supplemented by government troops."

Sudan says it will not extradite those indicted at The Hague. Still war crimes experts argue that international courts such as the Rwanda and Yugoslavia tribunals eventually proved to build moral and strategic arguments against those charged, which eventually limited their ill-doings and provided a basis for rebuilding the society.

International tribunals, which rarely have much clout, have faced a steady uphill climb over the years, with skepticism if not cynicism about their effectiveness a widely shared feeling among politicians and powerbrokers.

Yet they have continued to develop.

"Some people may never be brought to trial," says Anne Heindel, assistant director of war crimes research at American University in Washington. "But restricting their movements has an overall effect, making it harder [for them] to operate."

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The inability of the court to travel in Darfur worries some international human rights legal scholars, who say the evidence should be gathered from the site of the war crimes themselves. Others have argued eloquently that charges of genocide should be brought in Darfur.

Yet most experts seem to agree that the ICC should simply proceed with as much professionalism and investigation as possible. "With this submission, the ICC Chief Prosecutor has stood up for the victims of the mass atrocities in Darfur and awakened the hope for justice in the region. He has also warned all parties to the conflict that they will pay a heavy price for any further attacks on civilians," said Maureen Byrnes, executive director of Human Rights First in New York, in a press release Tuesday.

"The first submission should not be the last," Byrnes adds. "The Chief Prosecutor should pursue evidence of criminal responsibility up the chain of command, no matter how high it takes him." The ICC prosecutor will submit his indictment to judges at The Hague court, after which the judges will decide how and whether to conduct a trial.

Most wanted

A look at the ICC's main targets since it began issuing arrest warrants in 2005:

Ahmed Muhammed Harun (Sudan): Former head of Khartoum's Darfur Security Desk; currently junior minister for humanitarian affairs

Ali Mohammed Ali Abd-al-Rahman, aka Ali Kushayb (Sudan): Janjaweed militia leader

Thomas Lubanga (DR Congo): Militia leader accused of recruitingchild soldiers during 2002-03 conflict; first person put in ICCcustody; ordered last month to stand trial

Joseph Kony (Uganda): Head of fearsome rebel group, the Lord's Resistance Army

Justice For Darfur (WP)

By Angelina Jolie

The Washington Post, February 28, 2007

BAHAI, Chad -- Here, at this refugee camp on the border of Sudan, nothing separates us from Darfur but a small stretch of desert and a line on a map. All the same, it's a line I can't cross. As a representative of the United Nations High Commissioner for Refugees, I have traveled into Darfur before, and I had hoped to return. But the UNHCR has told me that this camp, Oure Cassoni, is as close as I can get.

Sticking to this side of the Sudanese border is supposed to keep me safe. By every measure -- killings, rapes, the burning and looting of villages -- the violence in Darfur has increased since my last visit, in 2004. The death toll has passed 200,000; in four years of fighting, Janjaweed militia members have driven 2.5 million people from their homes, including the 26,000 refugees crowded into Oure Cassoni.

Attacks on aid workers are rising, another reason I was told to stay out of Darfur. By drawing attention to their heroic work -- their efforts to keep refugees alive, to keep camps like this one from being consumed by chaos and fear -- I would put them at greater risk.

I've seen how aid workers and nongovernmental organizations make a difference to people struggling for survival. I can see on workers' faces the toll their efforts have taken. Sitting among them, I'm amazed by their bravery and resilience. But humanitarian relief alone will never be enough.

Until the killers and their sponsors are prosecuted and punished, violence will continue on a massive scale. Ending it may well require military action. But accountability can also come from international tribunals, measuring the perpetrators against international standards of justice.

Accountability is a powerful force. It has the potential to change behavior -- to check aggression by those who are used to acting with impunity. Luis Moreno-Ocampo, chief prosecutor of the International Criminal Court (ICC), has said that genocide is not a crime of passion; it is a calculated offense. He's right. When crimes against humanity are punished consistently and severely, the killers' calculus will change.

On Monday I asked a group of refugees about their needs. Better tents, said one; better access to medical facilities, said another. Then a teenage boy raised his hand and said, with powerful simplicity, "Nous voulons une Ã©preuve." We want a trial. He is why I am encouraged by the ICC's announcement yesterday that it will prosecute a former Sudanese minister of state and a Janjaweed leader on charges of crimes against humanity.

Some critics of the ICC have said indictments could make the situation worse. The threat of prosecution gives the accused a reason to keep fighting, they argue. Sudanese officials have echoed this argument, saying that the ICC's involvement, and the implication of their own eventual prosecution, is why they have refused to allow U.N. peacekeepers into Darfur.

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It is not clear, though, why we should take Khartoum at its word. And the notion that the threat of ICC indictments has somehow exacerbated the problem doesn't make sense, given the history of the conflict. Khartoum's claims aside, would we in America ever accept the logic that we shouldn't prosecute murderers because the threat of prosecution might provoke them to continue killing?

When I was in Chad in June 2004, refugees told me about systematic attacks on their villages. It was estimated then that more than 1,000 people were dying each week.

In October 2004 I visited West Darfur, where I heard horrific stories, including accounts of gang-rapes of mothers and their children. By that time, the UNHCR estimated, 1.6 million people had been displaced in the three provinces of Darfur and 200,000 others had fled to Chad.

It wasn't until June 2005 that the ICC began to investigate. By then the campaign of violence was well underway.

As the prosecutions unfold, I hope the international community will intervene, right away, to protect the people of Darfur and prevent further violence. The refugees don't need more resolutions or statements of concern. They need follow-through on past promises of action.

There has been a groundswell of public support for action. People may disagree on how to intervene -- airstrikes, sending troops, sanctions, divestment -- but we all should agree that the slaughter must be stopped and the perpetrators brought to justice.

In my five years with UNHCR, I have visited more than 20 refugee camps in Sierra Leone, Congo, Kosovo and elsewhere. I have met families uprooted by conflict and lobbied governments to help them. Years later, I have found myself at the same camps, hearing the same stories and seeing the same lack of clean water, medicine, security and hope.

It has become clear to me that there will be no enduring peace without justice. History shows that there will be another Darfur, another exodus, in a vicious cycle of bloodshed and retribution. But an international court finally exists. It will be as strong as the support we give it. This might be the moment we stop the cycle of violence and end our tolerance for crimes against humanity.

What the worst people in the world fear most is justice. That's what we should deliver.

The writer is a goodwill ambassador for the United Nations High Commission for Refugees.

US Sees Repression 'worsening In Cuba' (FT)

By Guy Dinmore

Financial Times, February 28, 2007

The Bush administration official whose job is to hasten the end of communism in Cuba on Tuesday claimed the Castro government was stepping up its internal repression in response to an increasingly active opposition movement.

Caleb McCarry, the US State Department's Cuba transition co-ordinator, cited "independent Cuban journalists" as saying civil society had become more active, especially in the provinces, since Fidel Castro temporarily passed power to his brother Raúl last July.

Cubans were starting to speak up in defence of their neighbours from attacks by government-orchestrated mobs, Mr McCarry told the conservative American Enterprise Institute (AEI) policy group. His assessment contrasted with that of analysts and members of Congress who recently returned from Cuba with reports of a smooth transition of power.

"What you see is an uneasy version of the status quo," said Dan Erikson, analyst with the Inter-American Dialogue think-tank. What was remarkable since last July was the level of caution and lack of new thinking displayed by all sides – the government in Havana, the Bush administration and the exiled Cuban community.

The no-change in US policy was underlined by Carlos Gutierrez, the US commerce secretary, in a speech to the AEI. He indicated no intention to relax the travel ban or the partial trade embargo as members of Congress have proposed. He also reiterated the administration's rejection of dialogue offered by Raúl Castro.

"The problem is the repressive communist system. The only solution is to change the system," Mr Gutierrez said.

While Mr Gutierrez stressed the US had "no imperialist intentions" or military plans to occupy Cuba, Roger Noriega, a former Bush administration official, said "international intervention" could be necessary if the regime used "deadly force" to survive.

Asked if the US would intervene to stop such an outcome, Mr McCarry said he did not answer hypothetical questions.

Mr McCarry heads an inter-agency office which has been planning for the "day after" Fidel Castro's death. His mandate is to "accelerate the demise of Castro's tyranny" with a more proactive approach that would undermine the regime's survival strategies.

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McConnell: Repression In Cuba Increases (AP)

By Barry Schweid

AP, February 28, 2007

Repression is increasing in Cuba under the control of Raul Castro, and the domination of the government by his brother, Fidel, is nearing an end, Bush administration officials said Tuesday.

"In Cuba, this year will mark the end of the long domination of that country by Fidel Castro," Mike McConnell, the nation's new spy chief, told Congress.

McConnell, who did not explain his remark, told the Senate Armed Services Committee that significant positive change immediately after Fidel Castro's death was unlikely. He said Raul Castro has had the opportunity to solidify his control in the seven months since his brother's incapacitating illness last July.

Separately, the Bush administration official who oversees a White House effort to promote transition to democracy in Cuba said he has seen no indication that the government is getting ready to make any changes.

"What has increased is repression," Caleb Charles McCarry said at a seminar at the American Enterprise Institute.

Security forces have stepped up harassment of dissidents and have kept closer track of reporters since Fidel Castro transferred control of Cuba's government to his brother after undergoing intestinal surgery, the U.S. official said.

McCarry said the White House Commission for Assistance for a Free Cuba does "what it can to hasten the day when they can enjoy freedom again."

He spoke primarily of broadcasts to Cuba and expressions of support for human rights, and said only peaceful means are used by the United States.

On the job since July 2005, McCarry dismissed any suggestion of U.S. dialogue with Cuba to prepare for transition to democracy. "The dialogue that needs to take place is between Cuban authorities and the Cuban people," he said.

The fall of Castro's 48-year-old government has long been predicted by U.S. officials since the 1959 revolution on the island.

New United Nations Chief Tackles The Agency's Tradition Of Patronage Jobs (NYT)

By Warren Hoge

The New York Times, February 28, 2007

UNITED NATIONS, Feb. 27 — Secretary General Ban Ki-moon is installing tough new requirements for hundreds of jobs at the United Nations that he hopes will begin to dispel the reputation for inaction and bloat that has long dogged the institution, according to officials in his office.

He is adopting the changes, which include increasing internal competition for jobs and removing some job guarantees, first in his own office, and is calling on others to follow suit or leave the organization. Mr. Ban has found that approach necessary because the powers of a secretary general to force change outside his own office are limited, and the barriers to change in patronage procedures erected by the 192-member General Assembly are substantial.

"From Day 1, he wanted to change the working culture of the United Nations by leading by example," said Kim Won-soo, a Korean associate regarded at the United Nations as Mr. Ban's most influential adviser.

"He says, 'I do it myself and I expect my senior members to do it,' " Mr. Kim said. "He's keen on that."

Among the new procedures, which have already started to agitate the organization, are strict annual performance reviews and term limits for new hires, the opening of high-level jobs at headquarters to United Nations workers in the field and strong pressure for all top officials to make public their confidential financial disclosures.

He is also removing what are known as "reversion options" under which officials ending their service at a high level automatically have the right to revert to their previous level and stay in United Nations service. All appointees will now be told they must give up this option or the job offer will be withdrawn.

High-level officials will be reviewed at the end of their first two years, and all positions will be considered five-year appointments. The secretary general's term is five years, and aides say Mr. Ban believes that other officials should pass through the same reappraisal process he will face if he runs for a second term.

Another innovation Mr. Ban hopes will expand through the executive ranks is what he calls "opening the floor" — making all top deputy positions available to candidates from throughout the United Nations system. The offer of job opportunities in New York has provoked a big response from workers in the field who previously had little hope of landing a coveted headquarters job. More than 1,200 applications have come in for 12 such positions on the 38th floor, which houses Mr. Ban and his top executives.

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"Everybody thinks this is the secretary general's floor and the secretary general can put into office whoever he wants," said an official who said he could not discuss policy changes for attribution. "But he wants to show that he has no hidden agenda or any person in mind, he just wants to get the best qualified."

An official who worked on the new arrangement said it had been received well in United Nations offices in Geneva, Vienna and Nairobi, but less so in New York, where, he said, people were likely to want the protection of patronage to enable them to stay put.

Overhauling United Nations management has been a long-thwarted goal.

Last year, reform was aggressively pushed by Ambassador John R. Bolton, then the United States delegate, but the effort ended in confrontation with ambassadors from the developing world and little achievement. The present plan has had only limited input from the United States, according to Mr. Ban's aides and American observers.

Outside experts give Mr. Ban's approach higher odds for working than past efforts.

"This is real change," said Edward C. Luck, a professor of international affairs at Columbia who has followed the United Nations for more than three decades. "This is a way to make top management accountable in ways that have never been tried before."

John G. Ruggie, a professor of international relations at Harvard and former under secretary general for planning, said: "There's a big cultural change under way here that is more than just an institutional change agenda. Ban understands that it's not enough just to move boxes around the organization charts."

Kathy A. Bushkin, chief operating officer of the United Nations Foundation, said: "It's very much like what very modern companies do by changing culture at the top and driving it through the organization. It's a significant move in the direction of the kind of real reform that people have been calling for."

The End Of The Affair? (WSJ)

By Kim R. Holmes And Nile Gardiner

The Wall Street Journal, February 28, 2007

For over half a century the Anglo-American "special relationship" has been a dominant force in world affairs. Today it is the engine of the global war on terror, and its enduring strength continues to confound and even infuriate leaders in continental Europe. Britain is the only nation the U.S. truly trusts as an ally; it is the British prime minister and not the German chancellor, the French president or the U.N. secretary-general, to whom the U.S. president looks first for partnership in addressing the big international security matters of the day.

Most Americans automatically think of Winston Churchill and Margaret Thatcher when conversation turns to the Anglo-American alliance, and Britain's Conservative Party is traditionally viewed in Washington as the U.K. home of the special relationship. Tony Blair, a steadfast support for America since 9/11, is acknowledged as an exception to the rule, a pro-American leader of a traditionally America-skeptic Labour Party.

There are, however, growing doubts among American policy makers that the resurgent Conservative Party led by David Cameron remains fully committed to the special relationship. There is now discussion in the White House, State Department and Pentagon of the possibility of dealing with a future Conservative-led British government that seeks to distance itself from the U.S. But the issue is also of concern on Capitol Hill -- among Republicans and Democrats. The notion that the special relationship could be heading for the rocks is no longer a fantasy, but a distinct political reality.

Shadow Foreign Secretary William Hague's Jan. 31 speech to the Royal Institute of International Affairs -- Chatham House -- spoke of a "solid but not slavish" alliance, and called for "the effective management of the relationship with the United States of America." These controversial words caused significant political damage here. It echoed Mr. Cameron's "liberal conservative" speech given on the fifth anniversary of 9/11, where he spoke of the need for "humility and patience" in conducting foreign policy.

Mr. Hague's carefully chosen description of America's and Britain's "loss of moral authority," and the need for Britain to shift more political weight to "the relationships of the Asia-Pacific region," is viewed in Washington as a fundamental reassessment of the special relationship, with far-reaching implications for both the U.S. and the U.K.

What was missing from the speech was any display of solidarity with the U.S. when thousands of British soldiers are fighting alongside their American counterparts in Iraq and Afghanistan, a stunning omission at a time of war. British forces have played an extraordinarily successful role in maintaining security in the southern third of Iraq in the face of Iranian interference and extreme provocation from Shia militias. In Afghanistan, British forces have been in the vanguard of NATO operations to defeat the Taliban and al Qaeda in the south of the country.

Perhaps the greatest benefit that Britain derives from the special relationship, and Tony Blair's close tie to George W. Bush, is the almost invisible security embrace, and close intelligence cooperation, that Washington gives only to its closest ally. U.S.

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intelligence, after all, helped thwart a series of large-scale al Qaeda attacks on British targets, including Heathrow Airport and Canary Wharf, which had been planned by 9/11 architect Khalid Sheikh Mohammed. Standing shoulder to shoulder with the U.S. may not be the most popular policy in Britain, with few votes to be gained, but it is fundamentally in Britain's interest.

The special relationship is a two-way street that significantly enhances Britain's ability to act as a major player on the world stage. For London, any downgrading of the Anglo-American alliance would significantly harm British strategic interests, and result in the loosening of defense and intelligence ties, the further loss of national sovereignty within the European Union, the diminution of British global power, and a weakening of the two nations' close-knit financial, trade and investment relationships.

Unfortunately, in its public statements the Conservative Party's leadership appears increasingly to be following the rise of anti-Americanism in the polls, rather than leading public opinion. There is a very real danger the Conservatives will make the same mistake that Gerhard Schröder did in the 2002 German elections, exploiting widespread anti-U.S. sentiment for short-term political gain. The consequences for U.S.-German relations were disastrous, with a virtual "cold war" between Washington and Berlin until Mr. Schröder's exit in 2005.

If the Conservatives take office in 2009 or 2010, the relationship between the White House and Downing Street could well be a tense one whether the Republicans or Democrats are in power, with a great deal of bad blood generated in advance. Despite President Bush's departure in January 2009, the fundamentals of U.S. foreign policy and America's approach to winning the war on terror are unlikely to dramatically change. Both sides of the political spectrum in Washington would balk at the kind of negative language being used by British Conservative politicians with regard to the Anglo-American alliance.

It is not too late, though, for the Conservatives to adopt a more traditional and pragmatic foreign-policy position, one that recognizes the huge stakes involved in maintaining the alliance. British and American leaders should advance a strongly pro-Atlanticist agenda that emphasizes Anglo-American global leadership.

The U.S. and Britain are committed to many of the same values and ideals on the world stage: the defense of national sovereignty, the projection of military power to confront tyranny and threats to international security, the advancement of free trade, and the protection of human rights.

With the threat of a nuclear-armed Iran just two to three years away, and the continuing war against al Qaeda raging across the globe, it is vital that Britain and America stand together.The future of the free world depends on it.

Messrs. Holmes and Gardiner are, respectively, vice president for foreign policy and director of the Margaret Thatcher Center for Freedom, at the Heritage Foundation.

Blogger On Ice (WP)

The Washington Post, February 28, 2007

THE BUSH administration has tolerated Egypt's brutal crackdown on domestic dissent and the broader reversal of its democratic spring of 2005 in part because President Hosni Mubarak argues that his adversaries are dangerous Islamic extremists. It's true that the largest opposition movement in Egypt is the Muslim Brotherhood; how dangerous it is can be debated. But what is overlooked is that Mr. Mubarak reserves his most relentless repression not for the Islamists -- who hold a fifth of the seats in parliament -- but for the secular democrats who fight for free elections, a free press, rights for women and religious tolerance.

The latest case in point is a blogger named Abdel Kareem Nabil Soliman, who was sentenced to four years in prison last week on charges of religious incitement, disrupting public order and "insulting the president." A brave and provocative 22-year-old student, Mr. Soliman first achieved notice with postings that denounced riots in Alexandria directed at Egypt's Christian Copt minority. He said the brutality he witnessed was the result of extremist Islamic teachings, in part by his own university, Al-Azhar, which he called "the other face of al-Qaeda." He compared the prophet Muhammad to Israel's Ariel Sharon. And he said Mr. Mubarak was a "symbol of tyranny."

Setting aside the hyperbole, there was considerable truth in many of the blogger's charges. Right or wrong, he certainly would seem to deserve the same freedom of speech as Egypt's government-owned newspapers, which regularly publish vile anti-Semitic screeds. But Mr. Soliman was one of several Egyptian bloggers arrested last year. While others were released after being beaten -- and in one case, raped -- by police, Mr. Soliman was brought to trial by Mr. Mubarak's prosecutors in what seemed a clear attempt to freeze what had been a growing space for free expression.

"This verdict sets a legal precedent for prosecuting someone for what they write on the Internet, on charges that are not easily defined or defended against," wrote another Egyptian blogger known as Sandmonkey. "This could be used to prosecute any blogger the government feels like punishing and serves as a huge blow to freedom of speech in Egypt."

As a political prisoner, Mr. Soliman will join Ayman Nour, who was sentenced a year ago on fabricated charges after he ran for president against Mr. Mubarak on a liberal democratic platform. As many as 800 members of the Muslim Brotherhood have

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also been jailed in the past year. This by a government that continues to be one of the largest recipients in the world of U.S. aid, collecting more than $2 billion a year. What do American subsidies support? Not least, the elimination of what would otherwise be the strongest secular democratic movement in the Arab Middle East.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Terror Suspect's Brig Life Detailed (NSDY)

By Curt Anderson

Long Island Newsday/AP, February 28, 2007

MIAMI -- The exterior window in Jose Padilla's 80-square-foot cell in a Navy brig was painted over. At times, he had to sleep on a steel bunk with no mattress. He went months without a clock and was sometimes seen weeping in his cell.

But officials at the brig in Charleston, S.C., testified Tuesday that the alleged al-Qaida operative was not physically abused during his 3 1/2 years in military custody, nor did he display serious symptoms of mental problems.

Craig Noble, the brig's main psychologist, and Sanford Seymour, the brig's technical director, testified for the first time in public Tuesday in Padilla's competency hearings. The hearings are to determine whether Padilla can stand trial in April on terrorism-related charges.

Padilla, a 36-year-old U.S. citizen and Muslim convert, was arrested in 2002 in Chicago in what U.S. authorities initially claimed was a mission to set off a radioactive "dirty bomb" in a major city. He was held at the brig without being charged after President Bush declared him an enemy combatant.

Padilla was added to a Miami terrorism support case in late 2005. That indictment does not mention the "dirty bomb" plot.

Two mental experts hired by Padilla's lawyers say he cannot assist in his defense because he suffers from post-traumatic stress disorder, which they claim results from isolation and alleged torture at the brig. U.S. officials deny he was tortured.

Noble said he examined Padilla when he arrived June 10, 2002, and again on May 14, 2004. He said Padilla had begun wearing glasses, but he found the second visit "unremarkable" for any signs of problems.

The second interview was conducted at Padilla's cell door, with the prisoner speaking through a small slot, Noble said.

"He was responsive, made good eye contact, in fact smiled frequently," Noble said. "There were no changes."

Seymour described some of the cell conditions, including the painted-over window, lack of clock and periodic removal of Padilla's mattress and Quran. He also said he remembered two instances where he watched Padilla -- who was under 24-hour surveillance -- crying in his cell.

But Seymour also said that the brig staff allowed Padilla outside for recreation, when he sometimes shot baskets. He was allowed no contact with any other inmate.

"Sometimes he sat in the sun," Seymour said. "If it was a nice day, we tried to get him out."

Padilla has claimed his cell was often filled with noxious fumes and that brig staff injected him with LSD or some other hallucinogenic drug.

Seymour said the injection was a flu shot. And he testified that the odors come from a paper mill less than a mile away. "We often had a nasty odor throughout the facility," he said.

U.S. District Judge Marcia Cooke barred Padilla's lawyers from delving into the details of this testimony unless it was directly related to a competency report prepared by a Bureau of Prisons psychologist.

Cooke scheduled closing arguments on the competency issue for Wednesday. It was not clear when she would rule.

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Padilla and co-defendants Adham Amin Hassoun and Kifah Wael Jayyousi face up to life in prison if convicted of charges they were part of a North American terror support cell that provided recruits, money and supplies to Islamic extremist groups.

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Brig Officials Offer Look At Padilla's Detention (USAT)

By Laura Parker

USA Today, February 28, 2007

MIAMI — Two officials from the Navy brig where terrorism suspect Jose Padilla spent almost four years in solitary confinement testified in federal court here Tuesday. They provided the first public description by the Defense Department of Padilla's incarceration.

Sandy Seymour, brig technical director, confirmed some details that Padilla's attorneys have alleged in court papers: that he was kept isolated in an 80-square-foot cell that had its windows blackened. He also testified that he saw Padilla in his cell weeping.

Seymour and brig psychologist Craig Noble appeared as reluctant star witnesses in a mental competency hearing that became a fierce tug-of-war between prosecutors and defense attorneys over how much about Padilla's detention will be revealed.

Prosecutor Stephanie Pell objected 36 times as defense attorneys Michael Caruso and Orlando do Campo attempted to pry out small details about Padilla's life in the brig, such as whether he had a clock in his cell or a stool to sit on.

"This is getting into the line of the general conditions at the brig," Pell complained to U.S. District Court Judge Marcia Cooke, who had limited the inquiry to a narrow scope.

Questions about Padilla's years in the brig have become an issue in determining whether Padilla, 36, is mentally fit to stand trial in April. His attorneys say he was tortured, which causes Padilla to shut down mentally whenever they ask for his assistance in preparing his defense.

Two mental health experts hired by the defense testified earlier that Padilla suffers from post-traumatic stress and is unfit for trial.

That was contradicted by Rodolfo Buigas, a Bureau of Prisons psychologist, who testified that Padilla is fit for trial but has chosen not to help his attorneys.

In his report, made public Tuesday, Buigas said his review of "available military information failed to substantiate" any torture, although he did not rule it out.

Padilla, a U.S. citizen, is charged with supporting terrorist activities overseas. If convicted, he faces life in prison.

Prosecutors have fought hard to keep Padilla's time at the brig secret, so the mere presence of brig officials on the witness stand represented a small victory for the defense — even if little was revealed.

Seymour also provided a glimpse into Padilla's paranoia — a condition described in defense court papers. Padilla feared guards had pumped noxious gas into his cell. He also thought he had been injected with truth serum before meeting with his interrogators.

Seymour said that the brig is near a pulp mill, which spews foul odors, and that Padilla received a flu shot. He did not say whether anyone at the brig ever attempted to disabuse Padilla of his misimpressions.

Noble testified he evaluated Padilla's mental health twice, once after Padilla arrived at the brig in June 2002 and again in May 2004. There were "no remarkable changes," he said.

For the second evaluation, Noble said he reviewed brig logs, interviewed guards and spoke with Padilla for two minutes through the opening in his cell known as the "cuff board," a reference to the slot through which inmates stick their hands to be handcuffed.

"He was responsive to me," Noble testified. "He smiled."

Aspects Of Padilla's Treatment Confirmed (LAT)

By Carol J. Williams

The Los Angeles Times, February 28, 2007

MIAMI — With no clock, watch or natural light to guide him, terrorism suspect Jose Padilla was jailed at a Navy brig in timeless isolation while anonymous jailers monitored him around the clock, a brig official testified Tuesday.

The disclosures in a federal courtroom by Sanford Seymour, technical director of the Navy detention facility in Charleston, S.C., confirmed for the first time some of the conditions of Padilla's detention. His defense attorneys contend that Padilla's sensory deprivation and treatment were tantamount to torture.

U.S. District Judge Marcia Cooke called Seymour and two other brig officials to testify in a hearing on Padilla's competency to stand trial on charges of conspiracy and material support to terrorism.

Cooke cautioned defense attorneys that they could only question the witnesses about their conversations with a federal Bureau of Prisons psychologist. A separate defense motion to dismiss the charges due to "outrageous government conduct" may open the torture issue at a later hearing.

The forensic psychologist, Rodolfo Buigas, testified Monday that Padilla suffered from anxiety and a personality disorder but was otherwise fit to proceed. But his report referred to the brig officials, so the judge had to allow defense attorneys to cross-examine them.

Padilla had refused to submit to psychological testing by Buigas, claiming to have repeatedly undergone examination since his May 2002 arrest at Chicago's O'Hare International Airport. U.S. officials contend he spent at least six years abroad recruiting, plotting and bankrolling terrorism.

Two competency experts hired by the defense said last week that Padilla, 36, had sustained mental injury and post-traumatic stress disorder from his brig experience, leaving him incompetent to assist in his own defense.

Seymour, a civilian who oversees correctional procedures at the military brig, appeared reluctant to disclose details of the "special care" ordered by the federal government for Padilla.

Prolonged silences by Seymour followed each of federal Public Defender Michael Caruso's questions, as the witness waited for prosecutor Stephanie Pell to object, which she did at least a dozen times. When Cooke said he should answer, Seymour said he had "no specific recollection," asked to hear the question again, or gave a cryptic response.

What emerged from the cross-examination was that Padilla had little human contact during his 3 1/2 -year incarceration in the brig, that both windows in his cell were covered to create a blackout, and that the electric light in his cell could only be activated by jailers and was, like his Koran, unavailable for unspecified reasons or periods of time.

Caruso was prevented from pursuing matters of Padilla's detention other than those that Seymour had discussed with Buigas in an hourlong conversation the witness said occurred "several weeks ago."

Seymour said he neither offered nor was asked about the removal of Padilla's cell mirror, his access to showers or the length and frequency of the prisoner's interrogations. He confirmed that he had on a couple of occasions observed Padilla weeping.

Asked by Buigas about Padilla's claim to have been administered LSD by his interrogators, the corrections chief said he told the psychologist that the prisoner had been given a flu shot.

As to the defendant's general torture allegations, Seymour said he told Buigas: "I know of no physical abuse that occurred."

Brig psychologist Craig Noble also testified, confirming that he told Buigas of his two brief interactions with Padilla. The first was a mental health intake assessment on June 10, 2002, when Padilla arrived; the second was two years later when he interviewed Padilla through the "cuff hole" his cell door.

Noble said he found Padilla's mental health "unremarkable" both times. A defense attorney asked, based on brig records, whether Noble's contact with Padilla had lasted no more than two minutes, but the witness was not allowed to answer the question because Buigas hadn't asked about the duration.

Maj. Andrew Cruz, a brig social worker who had monthly contact with Padilla, was also summoned to testify. But he was recently deployed to Afghanistan, and did not answer a call that had been arranged for him to testify by speakerphone.

Cooke said she would hear final arguments on Padilla's competency today, but gave no indication when she might rule.

If Padilla is judged fit to proceed, his motion for dismissal for outrageous government behavior could prompt a hearing at which the brig abuse allegations would be more thoroughly explored. Padilla's trial is set for April 16.

Jailers Testify About Padilla's Confinement (NYT)

By Deborah Sontag

The New York Times, February 28, 2007

MIAMI, Feb. 27 — As Jose Padilla dropped his head and grew still, a senior official from the naval brig in Charleston, S.C., testified on Tuesday in federal court here that he had twice observed Mr. Padilla weeping in the electronically monitored cell where the military detained him for three years and eight months.

The brig's technical director, Sanford E. Seymour, also said that Mr. Padilla, an American citizen who was designated an enemy combatant in 2002, sometimes slept on a steel bunk without a mattress, that the windows in his 80-square-foot cell were blackened and that brig employees covered up their nametags around him.

Mr. Seymour said that Mr. Padilla, a Muslim, occasionally visited with an imam and that his Koran was taken from him periodically; that he sometimes went outside to shoot baskets or sunbathe; and that when Mr. Padilla believed he had been administered LSD, it was really a flu shot.

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These scattershot revelations, elicited by Mr. Padilla's lawyers in a hearing of sharply limited scope, did not add up to a comprehensive portrait of Mr. Padilla's time in the brig. But they were nonetheless significant, marking the first time Mr. Padilla's military jailers were forced to speak publicly about the conditions of his secretive confinement without charges.

That confinement ended a year ago when Mr. Padilla, 36, was transferred into the civilian law enforcement system to stand trial on terrorism conspiracy charges. But his lawyers argue that the conditions of his military detention and interrogations traumatized him so severely that he is incapable of assisting them in his own defense. In essence, they say, the government rendered him incompetent to stand trial, a position the prosecution vehemently denies.

Three days of testimony in a competency hearing concluded Tuesday with the brief appearance of two brig officials. After both sides make concluding arguments on Wednesday, Judge Marcia G. Cooke of Federal District Court will choose between two starkly contrasting images of Mr. Padilla: the lucid, occasionally jolly defendant with antisocial tendencies portrayed by the government, and the twitching, fearful, damaged man presented by the defense.

In a 16-page report made public Tuesday, Rodolfo A. Buigas, a Bureau of Prisons psychologist who examined Mr. Padilla for the judge, recommended that he be found competent to stand trial. Mr. Padilla refused to submit to psychological testing, so Dr. Buigas evaluated him by talking to him for about five hours, by examining his records and the reports of experts hired by the defense, and by questioning lawyers and brig officials.

It is because Dr. Buigas interviewed brig officials that Judge Cooke allowed them to testify Tuesday despite strong objections from the government. But she allowed defense lawyers to ask the officials only about their conversations with Dr. Buigas, saying that a more general airing about conditions in the brig might be held if she conducted a hearing on a defense motion to dismiss the indictment because of "outrageous government conduct."

Craig S. Noble, a psychologist at the brig, testified that he had screened Mr. Padilla twice. He did an initial "brief evaluation" when Mr. Padilla arrived in June 2002, finding that he was "responsive, made good eye contact and, in fact, smiled periodically." About two years later, Dr. Noble said, he conducted a "cell front visit," in which he spoke to Mr. Padilla through a rectangular slot on his door, and discovered no new signs of "distress or lethality."

During the hearing, two mental health experts who spent over 25 hours evaluating Mr. Padilla for the defense testified that he was disabled by post-traumatic stress disorder caused by his experiences in the brig.

"I'm not sure that any of us know what happened at the brig, but I know that something there put the fear into Mr. Padilla," said Patricia Zapf, a forensic psychologist who examined him. "Mr. Padilla is an anxiety-ridden, broken individual who is incapacitated by that anxiety."

But the Bureau of Prisons psychologist, Dr. Buigas, disagreed with the diagnosis of post-traumatic stress disorder. He said Dr. Zapf's testing was invalidated by the fact that Mr. Padilla was handcuffed during the tests, a condition imposed on Dr. Zapf by prison officials.

Testifying on Monday, Dr. Buigas, whom defense lawyers do not view as a neutral examiner, said that Mr. Padilla possessed the capacity to work with his lawyers, and that any failure to do so was "volitional."

Dr. Buigas added that during his first encounter with Mr. Padilla, "he was actually pretty happy." Dr. Buigas testified that he had even commented to his boss that Mr. Padilla seemed "happier than our department," referring to his colleagues in the mental health unit of the Miami federal detention center.

Mr. Padilla, who sat placidly through much of the testimony, chatted animatedly with his lawyers as Dr. Buigas talked. One of the lawyers, Anthony Natale, rose to his feet for a cross-examination, and what turned into an odd exchange.

"You used the word 'happy,' " Mr. Natale said to Dr. Buigas. "Do you know if that's when he was allowed for the first time to get a radio? Do you know if that's when he was allowed to have a shower with a curtain? ... So you don't know why he was happy?"

Dr. Buigas said he could not recall the conversation clearly, but he said, "In general, he was talking about being Puerto Rican."

Prosecution lawyers scoffed at the idea the Mr. Padilla was mentally incompetent, saying that his jailers had never reported any psychiatric problems and that he had comported himself well during court hearings.

"Jose Padilla sits quietly," said Brian K. Frazier, a prosecutor. "He follows the instructions of the marshals. He turns around and waves to Mama."

Mr. Frazier said that in court Mr. Padilla manifested none of the tics, grimaces and sweating that the defense describes, "despite the fact that we talk about some pretty uncomfortable stuff."

Prosecutors tried to introduce into evidence what they said was an internal document from Al Qaeda that coached operatives to be obstructionist if captured, to avoid revealing information and to make a claim of torture even if no mistreatment had occurred. This document, which they referred to as the "Manchester manual" because it was found several years ago in Manchester, England, was what guided Mr. Padilla, they said.

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"Don't I have to have some evidence that Mr. Padilla was aware of this document and studied it?" Judge Cooke asked prosecutors.

In declining to admit the manual into evidence, she added that the manual would have converted the competency hearing into a debate over whether the defendant had been tortured in the brig.

Padilla Was Deprived, Not Abused, Court Told (WP)

By Peter Whoriskey

The Washington Post, February 28, 2007

MIAMI, Feb. 27 -- During his 3 1/2 -year detention as an "enemy combatant," accused al-Qaeda operative Jose Padilla was at various times deprived of a clock, windows and a Koran, and forced to sleep on a metal bed frame without a mattress, according to testimony Tuesday from an official at the Navy brig where he was held in Charleston, S.C.

The account of Sanford E. Seymour, the brig's technical director, was narrow in scope and offered only a glimpse of Padilla's incarceration, which Padilla and his attorneys have said included torture that renders him psychologically unfit to stand trial.

Limited by a court ruling to what he had discussed with a psychologist evaluating Padilla's competence for trial, Seymour's testimony was sketchy but ran contrary to some of Padilla's most serious allegations.

"I told him I knew of no physical abuse," Seymour testified.

Seymour's testimony marked the first time any official from the brig had publicly described conditions of Padilla's incarceration.

While Padilla has asserted that he was injected with LSD or a truth serum, Seymour indicated it may have been a flu shot, and while Padilla said he was subject to noxious odors that made his eyes and nose run, Seymour said a nearby paper mill sometimes makes the brig stink.

U.S. District Judge Marcia G. Cooke is expected now to decide whether Padilla is competent to stand trial, as prosecutors assert, or whether, as the defense contends, he is incompetent to stand trial because torture and isolation at the brig have rendered him unable to recall basic details about the case for his attorneys.

Padilla is not expected to take the stand in the competency hearing. At times he has seemed engrossed in the proceedings and engaged in apparently earnest conversations with his attorneys. But during the hour-long appearance of the brig officials, Padilla sat rigidly and did not look up.

A forensic psychiatrist and a forensic psychologist hired by the defense last week testified that when asked for information about the brig or the subjects he may have been interrogated about there, Padilla gets tense, exhibits facial tics and "shuts down."

"He would say, 'Please, please, please don't make me do this,' in a very plaintive manner," Angela Hegarty, the forensic psychiatrist, testified.

One of the lawyers, Andrew Patel, testified that even "softball" questions about the case could elicit pop-eyed revulsion from his client, and that he has been unwilling even to listen to the taped conversations at the core of the case against him.

"We tried everything we could imagine" to get him to help them review the evidence, but Padilla refused, Patel testified.

The window in Padilla's cell to the outside was painted over, Seymour testified, and another window to the interior was covered up in a way that allowed others to look in when they wanted. He was fed through a slot in the door.

Brig workers who interacted with him covered their name tags when dealing with Padilla, Seymour testified, and at various times his clock and Koran were taken away.

While defense lawyers have argued that the isolation and other aspects of his treatment have made Padilla unable to help his attorneys, a brig psychologist who talked to Padilla at the beginning of his detention in June 2002 and then again nearly two years later, noted "no remarkable changes" in his demeanor.

"He was responsive to me," said Craig S. Noble, a brig psychologist, who spoke with Padilla through openings the cell door. "He smiled."

Shorbagi Sentence – 7 Years, 8 Months (ROMENT)

By Mike Gellatly, Rome News-Tribune staff writer

Rome (GA) News-Tribune, February 28, 2007

The sentence was reduced because of his cooperation.

A Floyd County man who led interfaith relations after 9/11 and educated students on the virtues of many religions was sentenced Tuesday for supporting a foreign terrorist group.

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Mohamed Shorbagi, 42, was sentenced in U.S. District Court in Rome to serve seven years and eight months in prison for funneling money to the militant group Hamas during a four-year period.

Judge Harold L. Murphy also ordered Shorbagi to serve three years supervised release and pay $610,454 in restitution to his former employer, Alexandria International Carpets. Shorbagi allegedly defrauded the company.

The charges stem from donations Shorbagi made to the Holy Land Foundation for Relief and Development, an Islamic charity shut down by federal authorities in 2001.

A former member of the Rome-Floyd International Committee and an Imam of a Muslim congregation, he was presented by the defense as an intelligent man much respected by his community.

Several Floyd Countians testified as character witnesses for Shorbagi, including George Pullen, a former Rome City Commission chairman.

Pullen said Shorbagi's imprisonment is a loss for the community. He also said he considers him a friend.

Two Berry College professors, Jeffrey Lipkey and Steve Bell, also spoke on behalf of the native Palestinian.

The last witness to speak was Ezra Shorbagi, the eldest daughter of the defendant. She said she is a proud American, Muslim and Roman and described her father as a humble man leading the Muslim community.

"This is not a bomb-throwing individual," said defense attorney Michael Trost. "He is a calm, peaceful man that has done many things to help his community."

Assistant U.S. Attorney Kim Dammers disagreed with Trost's portrayal of Shorbagi.

"What he did was enable the bomb-throwing individuals to continue their work," said Dammers. "By encouraging his congregation to give money he gave support to a foreign terrorist agency."

Shorbagi could have received a 15-year prison term, however, the government asked U.S. District Court Judge Harold L. Murphy to reduce his sentence.

Prosecutors asked for a lighter sentence, saying he cooperated fully in the investigation.

Murphy described Shorbagi's cooperation as "substantially helpful against terrorist acts" and said that it was given with "considerable threat to personal safety of himself and his family."

In November, Shorbagi testified in a Chicago case against Mohammed Salah, identified by authorities as one of these high-level Hamas operatives.

Rome Imam Sentenced In Terror Case Palestinian Native Gave Money To Islamic Militant Group Hamas (AJC)

By Bill Torpy, The Atlanta Journal-constitution

The Atlanta Journal-Constitution, February 28, 2007

A 42-year-old Palestinian native who confessed to aiding the Islamic militant group Hamas was sentenced by a federal judge today to more than seven years in prison.

Mohamed Shorbagi, the imam of a small mosque in Rome, could have been sentenced to 15 years but received a lighter sentence for helping federal authorities in another prosecution.

Court documents said Shorbagi provided donations between 1997 to 2001 to the Holy Land Foundation for Relief and Development, knowing the money would go to Hamas, which has been designated by the United States as a terrorist organization. Federal prosecutors said Shorbagi has hosted high-ranking Hamas members at the Rome mosque.

Shorbagi, who has been in the United States for 22 years, testified in a Chicago trial last year against Mohammed Salah, who was later acquitted of charges of aiding Hamas.

Because of his cooperation in the case, Shorbagi is eligible to get a visa to stay in the U.S and enter the witness protection program, according to court papers.

First Terrorism Sentence In Georgia (WXIA)

WXIA-TV, February 28, 2007

For the first time in the history of the state of Georgia, a defendant has been sentenced for an international terrorism-related crime. Mohamed Shorbagi, the Imam of a Mosque in Rome, was sentenced to serve over seven years in prison. Shorbagi plead guilty last October to providing financial support to a terrorist organization.

Shorbagi was not only the leader of the Rome Mosque; he was a leader in the Rome community. Several people, including one Rome city official, testified to his character in federal court Tuesday morning. His family was in the courtroom for sentencing. United States District Judge Harold Murphy sentenced Shorbagi to seven-years and eight-months in prison.

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Unites States Attorney David Nahmias said, “The people who financially support terrorism are not the people who are personally building bombs or setting off bombs.” Nahmias added, “But, they're the people who make that kind of activity possible.”

Shorbagi plead guilty to providing financial support to Hamas through donations to an organization called The Holy Land Foundation for Relief and Development. Nahmias says Shorbagi was the Georgia representative for the group, and hosted high-level Hamas officials at his Rome Mosque. In 1997, Hamas was designated as a foreign terrorist organization by the United States.

Michael Trost, Shorbagi's attorney, says his client was aware the money could end up funding violence.

“He understood that once the money left his hands, he had very little control and knew that that was a possibility. Whether that was his intent is another matter,” Trost said.

Despite the support from family and community, it was Shorbagi’s cooperation with the Government that helped him get a reduced sentence from the maximum 15-years for his crime.

“He testified in a trial in Chicago in which there were some terrorism charges brought against several individuals,” his attorney said.

Both the U.S. Attorney and his defense attorney said Shorbagi could reduce his sentence further if he continues to cooperate with the Government.

Mohamed Shorbagi is a citizen of the Palestine territories. He has been in the United States legally for 22 years. In court, he said his family is all United States citizens.

Georgia Man Sent To Jail For Aiding Hamas (ATLBIZ)

Atlanta Business Journal, February 28, 2007

A Georgia representative of the Holy Land Foundation for Relief and Development (HLF) has been sent to federal prison for raising money for foreign terrorist organization Hamas.

Mohamed Shorbagi, 42, of the Rome, Ga., area was sentenced Tuesday to seven years and eight months in federal prison by U.S. District Judge Harold L. Murphy, on a charge of providing material support to Hamas. He also got three years of supervised release and was ordered to pay restitution of $610,454. Shorbagi's sentence was reduced from 15 years in prison because of substantial cooperation he provided in other terrorism-related investigations and prosecutions.

Hamas is a terrorist organization operating primarily in the West Bank and Gaza Strip, which has engaged in numerous terrorist attacks aimed at Israeli military personnel, police officers, and civilians. Hamas attacks have murdered numerous innocent people, including American citizens, and have undermined the Israeli-Palestinian peace process. Federal law makes it a serious felony to provide any material support or resources to a designated foreign terrorist organization.

On Oct. 8, 1997, the United States formally designated Hamas as a foreign terrorist organization. After that date, and continuing until Dec. 4, 2001, Shorbagi provided financial support to Hamas and conspired with unnamed others to provide such material support. He did so knowing that Hamas had been designated as a foreign terrorist organization and that Hamas engaged in terrorist activity. Shorbagi provided the support through donations to the HLF, knowing that some or all of the money was in fact destined for Hamas.

Shorbagi knew that money provided to HLF was actually funneled to Hamas in part because he was a Georgia representative for HLF and he had attended HLF meetings at which high-level Hamas officials made presentations condemning Israel. Shorbagi also had hosted high-level Hamas officials at the Rome mosque at which he served as imam.

"There are three important points to make about this case," said U.S. Attorney David E. Nahmias. "First, this case illustrates that people who illegally support foreign terrorist organizations may be found anywhere in the United States, even in quiet and pleasant places like Rome, Ga. Second, we will use every lawful tool to ferret out terrorism and those who provide material support to it, regardless of where they live or how they try to hide their criminal activities. Finally, defendants who are willing to cooperate fully and truthfully in our efforts to protect national security and bring other criminals to justice may earn substantial sentence reductions from federal courts."

Ga. Imam Sentenced For Aiding Hamas (AP)

By Daniel Yee, Associated Press Writer

AP, February 28, 2007

ROME, Ga. -- The imam of a Georgia mosque who pleaded guilty to providing support to the militant group Hamas was sentenced Tuesday to more than seven years in prison.

Mohamed Shorbagi, 42, could have faced up to 15 years in prison.

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Shorbagi pleaded guilty in August to providing material support to the militant group Hamas in a case in which the agreement, charges and even the plea hearing were handled in secret. U.S. District Judge Harold Murphy sentenced him Tuesday to seven years and eight months in prison.

At the sentencing, Shorbagi said he realized that some of his actions were wrong.

He pleaded guilty in August to a charge of providing material support to Hamas and also testified in a Chicago case against a man identified by authorities as a Hamas operative.

Prosecutors have said that between 1997 and 2001, Shorbagi provided financial support to Hamas, a group designated by the United States as a foreign terrorist organization. He also was accused of conspiring to provide material support to Hamas. The donations were through a charity called the Holy Land Foundation for Relief and Development, prosecutors said.

Assistant U.S. Attorney Kim Dammers suggested that his sentence be less than 15 years because of Shorbagi's help in testifying for the government in other terrorism-related trials.

After the sentencing, Shorbagi shook hands with about a dozen friends and family members who were gathered at the court before he was taken away.

He has said under oath that in return for his testimony, prosecutors agreed to seek a reduction in his sentence, give him a special residency visa, place him in the federal witness protection program and not indict him in an unrelated fraud case.

Shorbagi said Tuesday that he continues to cooperate with the government because of his belief in America.

"I came to this country when I was 18 and I believe in this country," said Shorbagi, a citizen of the Palestinian territory but in the United States legally. He said he has been in America for more than two decades.

"I realize that some of the things that I did was wrong and were never supposed to be done," he said. "That's why I took the responsibility of cooperating with the government."

False Quotes Shake Up Terror Trial (LAT)

By Greg Krikorian, Times Staff Writer

The Los Angeles Times, February 28, 2007

Prosecutors say they'll look into a botched wiretap summary that included anti-Semitic remarks.

The mystery of how and why a government wiretap summary falsely attributed anti-Jewish slurs to officials of a Muslim charity remained unanswered Tuesday as federal prosecutors pledged to look into the matter.

In court papers filed late Monday, the U.S. attorney's office in Dallas said it was trying to determine how the recently declassified summary of a 1996 FBI wiretap of the Holy Land Foundation for Relief and Development included vitriolic language that was not found in a verbatim transcript of a recorded conversation.

"The government is attempting to determine the reason for the discrepancy between the summary and the transcript," prosecutors said, adding that officials wanted to locate the language specialist who prepared the summary.

Meanwhile, the unexplained discrepancies have brought potential controversy to the government's biggest terrorism funding case to date.

According to the discredited summary, Holy Land officials referred to Israel as "the government of the demons" and to Jews as trying "to rob as much money as possible from the American taxpayers for the illegitimate excuse of protecting and preserving the chosen people of God."

One Muslim charity official supposedly told a colleague: "Even Jesus Christ had called the Jews and their high priests … the sons of snakes and scorpions."

None of those comments was contained in a 13-page verbatim transcript of the conversation recorded April 15, 1996, by the FBI. In response, defense lawyers demanded declassification of large portions of the government's documents in the case.

On Monday, federal prosecutors argued that the discrepancies were not serious enough to justify such sweeping declassifications.

Five years ago, authorities shut down what was then the nation's largest Muslim charity on grounds that it was a fundraising front for the Palestinian group Hamas, which the U.S. considers a terrorist organization. In 2004, federal prosecutors charged seven former Holy Land officials, six of them U.S. citizens, with sending money to overseas charities controlled by Hamas, an accusation they deny.

Defense attorneys asked U.S. District Judge A. Joe Fish to declassify 10 years worth of wiretapped conversations and faxes after discovering the faulty summary among the first batch they reviewed.

Without declassifying the government's evidence in the case, defense attorneys argued, they would have no way of knowing whether other documents had discrepancies or inaccuracies because the classified originals of documents could not be shared with their clients.

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In response, government prosecutors said it was "an overreaction" to extrapolate that all of the government summaries were useless on the basis of discrepancies found in one set of documents.

Prosecutors also said the contested summary, while including some language not found in the transcript, "does not otherwise misrepresent the substance of the conversation" among the Holy Land officials.

Defense attorneys, who declined to comment Tuesday, have argued that the government summary "fundamentally distorted" the conversation by attributing "an anti-Semitic diatribe" to the foundation officials.

The lead prosecutor in the case said there would be no comment beyond court filings.

In the meantime, defense attorneys filed a new request with the judge to gain access to government documents they contend will show the U.S. Agency for International Development has funded or worked with organizations that are linked to the same overseas' charities allegedly controlled by Hamas and named in the indictment.

Details Of Men Held In CIA Jails Demanded (FT)

By Demetri Sevastopulo

Financial Times, February 28, 2007

The Bush administration was urged on Tuesday to reveal the whereabouts of 16 men who were allegedly detained in secret Central Intelligence Agency prisons.

President George W. Bush last September said the secret prisons had been emptied with the transfer of 14 detainees, including Khaled Sheikh Mohammed, the alleged mastermind of the September 11 2001 attacks, to Guantánamo Bay, Cuba.

Rights groups welcomed the prison closures but were concerned the administration would not provide information about the dozens of other suspected terrorists who had been subjected to the US “renditions” programme – where they are sent to other countries for interrogation – or held in secret US facilities.

In a letter to Mr Bush, Human Rights Watch named 16 men it said were held in CIA prisons and another 22 who it said might have been in the secret facilities. The whereabouts of all the individuals concerned was unknown, the group said.

“The CIA’s detention programme has inflicted great harm on the reputation, moral standing and integrity of the United States,” Joanne Mariner, director of the organisation’s terrorism programme, wrote.

“By revealing information about the fate and whereabouts of people formerly held in CIA custody, you could begin to repair the damage this abusive programme has caused,” she said.

The group also criticised the role of other countries, particularly Pakistan, in rounding up suspects. The report details the case of Marwan Jabour, allegedly arrested in Pakistan before being sent to what he believed was a secret CIA jail in Afghanistan.

“Like an unknown number of Arab men arrested in Pakistan since 2001, he was ‘disappeared’ into US custody: held in unacknowledged detention outside the protection of the law.”

New Light Shed On CIA's 'Black Site' Prisons (WP)

By Dafna Linzer And Julie Tate

The Washington Post, February 28, 2007

On his last day in CIA custody, Marwan Jabour, an accused al-Qaeda paymaster, was stripped naked, seated in a chair and videotaped by agency officers. Afterward, he was shackled and blindfolded, headphones were put over his ears, and he was given an injection that made him groggy. Jabour, 30, was laid down in the back of a van, driven to an airstrip and put on a plane with at least one other prisoner.

His release from a secret facility in Afghanistan on June 30, 2006, was a surprise to Jabour -- and came just after the Supreme Court rejected the Bush administration's assertion that the Geneva Conventions do not apply to prisoners like him.

Jabour had spent two years in "black sites" -- a network of secret internment facilities the CIA operated around the world. His account of life in that system, which he described in three interviews with The Washington Post, offers an inside view of a clandestine world that held far more prisoners than the 14 men President Bush acknowledged and had transferred out of CIA custody in September.

"There are now no terrorists in the CIA program," the president said, adding that after the prisoners held were determined to have "little or no additional intelligence value, many of them have been returned to their home countries for prosecution or detention by their governments."

But Jabour's experience -- also chronicled by Human Rights Watch, which yesterday issued a report on the fate of former "black site" detainees -- often does not accord with the portrait the administration has offered of the CIA system, such as the number of people it held and the threat detainees posed. Although 14 detainees were publicly moved from CIA custody to the detention facility at Guantanamo Bay, Cuba, scores more have not been publicly identified by the U.S. government, and their

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whereabouts remain secret. Nor has the administration acknowledged that detainees such as Jabour, considered so dangerous and valuable that their detentions were kept secret, were freed.

After 28 months of incarceration, Jabour -- who was described by a counterterrorism official in the U.S. government as "a committed jihadist and a hard-core terrorist who was intent on doing harm to innocent people, including Americans" -- was released eight months ago. U.S. intelligence and counterterrorism officials confirmed his incarceration and that he was held in Pakistan and Afghanistan. They would not discuss conditions inside black sites or the treatment of any detainee.A House in Islamabad

By Jabour's account, and that of U.S. intelligence officials, his entrance into the black-sites program began in May 2004. In interviews, he said he was muscled out of a car as it pulled inside the gates of a secluded villa in the Pakistani capital of Islamabad.

In the week before his arrival, Jabour said, Pakistani intelligence officers had beaten, abused and burned him at a jailhouse in Lahore, where he was arrested. There two female American interrogators also questioned him and told him he would be rich if he cooperated and would vanish for life if he refused. He said he was later blindfolded and driven four hours north to the villa in a wealthy residential neighborhood.

The house in Islamabad, which U.S. intelligence officials say was jointly run by the CIA and Pakistani intelligence, had been outfitted with jail cells. When Jabour arrived, he saw as many as 20 other detainees, including the 16-year-old son of an Egyptian sheik, who had been captured in Pakistan. Dozens of al-Qaeda suspects swept up in the years after Sept. 11, 2001, have been through the house, according to accounts by former prisoners and U.S. intelligence officials with knowledge of the facility.

Jabour spent five weeks there, chained to a wall and prevented from sleeping more than a few hours at a time. He said he was beaten nightly by Pakistani guards after hours of questions from U.S. interrogators. Then he and others were whisked off to CIA-run sites. Some sites were in Eastern Europe; Jabour went to one in Afghanistan. Interrogators -- whom he described as Americans in their late 20s and early 30s -- told Jabour he would never see his three children again.

Human Rights Watch has identified 38 people who may have been held by the CIA and remain unaccounted for. Intelligence officials told The Post that the number of detainees held in such facilities over nearly five years remains classified but is higher than 60. Their whereabouts have not been publicly disclosed.

"The practice of disappearing people -- keeping them in secret detention without any legal process -- is fundamentally illegal under international law," said Joanne Mariner, director of the terrorism program at Human Rights Watch in New York. "The kind of physical mistreatment Jabour described is also illegal." Mariner interviewed Jabour separately as part of the organization's investigation.

The CIA said it would not comment directly on Jabour. "The agency does not, as a rule, publicly discuss specific rendition cases from the war on terror," said Paul Gimigliano, a spokesman for the CIA. But, he said, renditions "are a key, lawful tool in the fight against terror, and have helped save lives by taking terrorists off the street. They are conducted with care, they are closely reviewed, and they have produced valuable intelligence that has allowed the United States and other nations to foil terrorist plots."

John D. Rockefeller IV (D-W.Va.), chairman of the Senate intelligence committee, plans to investigate the fate of the missing detainees as part of a larger examination into the CIA's operation of secret prisons and its rendition program.Aiding Al-Qaeda Fighters

In interviews with The Post from his parents' home in the Gaza Strip, Jabour acknowledged helping al-Qaeda and Taliban fighters who fled Afghanistan as the U.S. military hunted for the perpetrators of the Sept. 11 attacks.

Jabour was born to Palestinian parents in Jordan, raised in Saudi Arabia and educated in Pakistan. In 1998, he said, he became drawn to the plight of Muslims in Chechnya living under Russian rule. He crossed the border into Afghanistan so he could train in jihadist camps, then planned to join up with Chechen separatists.

"In Afghanistan, I met other people who believed in the Islamic state, where it was safe to practice Islam the way they wanted," Jabour said in a recent conversation. "I became friends with other Arabs who felt like me, Palestinians and Jordanians, but after three months of training I was told there was no chance to go to Chechnya."

Jabour returned to Pakistan in 1999. Two years later, after the U.S. military offensive in Afghanistan, those he lived and trained with came calling for help.

"Some of their children were injured, some of their women were wounded. From that moment, they came to our home and we helped them," he said.

Using funds from al-Qaeda financiers, Jabour said, he arranged for food, medical treatment and travel documents for several dozen people and arranged for others, including two African men who fought for al-Qaeda, to slip out of Pakistan. He did not return to Afghanistan to fight, and he said he had no interest in attacking Americans.

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The U.S. counterterrorism official who discussed aspects of Jabour's classified file did not call him a member of al-Qaeda. But the official said that in Pakistan, Jabour "was in direct touch with top al-Qaeda operations figures," including Hamza Rabia, who briefly served as one of Osama bin Laden's lieutenants before a missile from a CIA predator drone killed him in December 2005. In interviews, Jabour said he met with Rabia on two occasions.

The official said Jabour "provided the money and means for other jihadists to move from Afghanistan to Pakistan" and provided funds that went to an al-Qaeda bioweapons lab. "He's an all-around bad guy," the official said. No charges were brought against Jabour, however, and the official would not say why he is free today.Taken to Afghanistan

On June 16, 2004, after weeks in the villa, Jabour was drugged, blindfolded and put on a plane. Counterterrorism officials did not dispute that he was taken to a black site in Afghanistan. Jabour said the facility was run by Americans in civilian clothes and guarded by masked men who wore black uniforms and gloves.

He said he does not know where the facility is located, and counterterrorism officials would not say whether Jabour was held at two known detention sites in Afghanistan -- one run by the U.S. military at Bagram air base, the other operated by the CIA outside Kabul.

Jabour said he was often naked during his first three months at the Afghan site, which he spent in a concrete cell furnished with two blankets and a bucket. The lights were kept on 24 hours a day, as were two cameras and a microphone inside the cell. Sometimes loud music blasted through speakers in the cells. The rest of the time, the low buzz of white noise whizzed in the background, possibly to muffle any communication by prisoners through cell walls.

Daily interrogations were conducted by a variety of Americans. Over two years, Jabour said he encountered about 45 interrogators, plus medical staff and psychologists. He was threatened with physical abuse but was never beaten.

Once, he was shown a small wooden crate his interrogators called a "dog box" and was told he would be put in it if he didn't cooperate. He was told that Khalid Sheik Mohammed, the suspected architect of the Sept. 11 attacks who was among the 14 moved to Guantanamo Bay last year, became cooperative after he had been put in the box. But Jabour said he was not subjected to the crate.

He was, however, chained up and left for hours in painful positions more than 20 times and deprived of sleep for long periods. Sometimes he would have one hand chained to a section of his cell wall, making it impossible to stand or sit.

About six weeks into his stay, he was issued a pair of pants. Later he was given a T-shirt, then shoes, a Koran and finally a mattress. Jabour said prison conditions slowly improved: Air conditioning was installed; a library was built and stocked with books in Arabic, Urdu and English. Well-behaved detainees were rewarded with movie nights, in which such Hollywood blockbusters as "Titanic" were screened. A deputy director of the facility taught Jabour how to play chess and gave him pencils and paper. Jabour used to draw pictures of trees and grass, which he hung in his windowless cell.

Jabour recalled with fondness the prison director, a man named Charlie. "He told me, 'Marwan, we need information -- if you cooperate, that is good.' I told him I wasn't hiding anything and was not a dangerous man. He told me that they didn't want to use force but would if they had to. I told him I wouldn't lie to him."

Jabour began to receive better food, including pizza and Snickers and Kit-Kat bars.Transferred and Released

On Dec. 18, 2004, six months after his arrival, Jabour was transferred to a larger cell. Under the sink he found a small inscription that read: "Majid Khan, 15 December, 2004, American-Pakistani." Khan, whose family lives outside Baltimore, was arrested in March 2003 in Karachi, Pakistan, and was among the group transferred to Guantanamo five months ago. The U.S. government has not divulged where Khan was held during his first 3 1/2 years of incarceration.

Jabour met only one other prisoner during his time there. That was an Algerian named Yassir al-Jazeeri, a suspected high-level al-Qaeda operative who was arrested in Pakistan in March 2003. Their visits were arranged by the facility director, who told Jabour they were rewards for good behavior.

During interrogations, Jabour was often shown hundreds of photographs of wanted or captured suspects. One photo appears to have been that of Muhammad Naeem Noor Khan, a British-Pakistani who was arrested in Pakistan in July 2004.

Noor Khan, a suspected al-Qaeda operative, was thought to be involved in the planning of a disrupted 2004 attack on U.S. and British financial institutions. Babar Awan, a Pakistani lawyer hired by Noor Khan's family, said he has "heard nothing from the government authorities or any other authorities about where Noor Khan is."

There is no public U.S. government record available that states the CIA ever held Jabour, al-Jazeeri or Noor Khan.

Last April, John D. Negroponte, who was then director of national intelligence, told Time magazine that he did not know what would be the "endgame for the three dozen or so high-value detainees" in CIA custody at that time.

Jabour's odyssey ended with a secret flight to Amman, Jordan, where he woke to find himself in an office staring at government wall portraits of King Abdullah and his dead father, King Hussein. "I don't know why they released me, but I told them everything I knew . . .," Jabour said. "You have to tell them the truth and that was no problem for me. They are smart people," he said of his American captors.

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The Jordanians called the International Committee for the Red Cross, which sent a representative to interview Jabour and to contact his family. He remained in Jordanian custody for six weeks, was interrogated and was then handed over to Israel's security services.

The Israelis treated him better than his other captors, he said. They got Jabour his first lawyer, an Israeli Arab named Nizar Mahajna, who said in an interview that the Israelis had held Jabour in a prison near Haifa for two months. He was not mistreated, blindfolded or shackled, the lawyer said.

Israeli authorities had considered charging Jabour with fighting for an enemy of the Jewish state. But, Mahajna said, Jabour's training in Afghanistan had occurred more than eight years earlier, he was not a member of al-Qaeda and he had never lived in the Palestinian territories.

"The Israelis were given secret information on Marwan, which they got from the Americans. It wasn't shared with me but whatever it says, the central fact remained that the Pakistanis and the Americans had let him go. Why should Israel keep him?" Mahajna said.

The Israeli government dropped the case and transferred Jabour to Gaza. Prison guards drove him to the Erez border crossing between Israel and the Gaza Strip. "Good luck," one of them said to Jabour as he crossed into Gaza, where his parents awaited.

Europe's Runaway Prosecutions (WP)

By David B. Rivkin Jr. And Lee A. Casey

The Washington Post, February 28, 2007

An Italian court announced this month that it is moving forward with the indictment and trial of 25 CIA agents charged with kidnapping a radical Muslim cleric. These proceedings may well violate international law, but the case serves as a wake-up call to the United States. Overseas opponents of American foreign policy are increasingly turning to judicial proceedings against individual American officials as a means of reformulating or frustrating U.S. aims, and action to arrest this development is needed.

The Italian case involves a 2003 CIA mission to apprehend an Egyptian cleric named Osama Mustafa Hassan Nasr. Suspected of terrorist ties, Nasr was seized in Milan and transported to Egypt, where he claims he was tortured. This was, of course, an "extraordinary rendition" -- a long-standing and legal practice that generally involves the cooperation of two or more governments in the capture and transportation of a criminal suspect outside of normal extradition proceedings. It was through such a rendition that the terrorist "Carlos the Jackal" was delivered for trial to France from Sudan in 1994.

The United States has used extraordinary renditions as part of the war on terrorism, but the continuing value of this tactic, particularly in Europe, is questionable. One of the primary European objections to the concept of a "war" on terrorism is the fear that U.S. forces will treat Europe as a battlefield. Although this fear is specious -- international law has long provided that, even in wartime, a nation cannot pursue its enemies into the territory of friendly countries without their express permission -- extraordinary rendition gets uncomfortably close to U.S. military operations on European streets. Moreover, unlike many other aspects of U.S. policy, extraordinary rendition can probably be abandoned without severely undercutting the war effort. That being the case, and given the obvious and increasing hard feelings the policy has prompted in Europe, extraordinary renditions should end.

Yet the United States must still vigorously resist the prosecution of its indicted agents. If they acted with the knowledge and consent of the Italian government (as The Post's Dana Priest reported in 2005), they are immune from criminal prosecution in that country. Although foreign nationals traveling abroad are ordinarily subject to local judicial authority, international law has long recognized an exception for government agents entering another country with its government's permission. As Chief Justice John Marshall explained in The Schooner Exchange v. McFaddon (1812), an early Supreme Court case involving the immunity of a French warship in American waters, "[o]ne sovereign being in no respect amendable to another . . . can be supposed to enter a foreign territory only under an express license, or in the confidence that the immunities belonging to his independent sovereign nation, though not expressly stipulated, are reserved by implication."

Because of this general rule, elaborate Status of Forces Agreements are negotiated before the troops of one state are stationed in another. These agreements usually narrow the jurisdictional immunities to be enjoyed by American troops stationed abroad, although under the NATO Status of Forces Agreements, to which Italy and the United States are both parties, America retains primary jurisdiction over offenses committed by individuals on duty -- as would have been the case here. If the Status of Forces Agreement does not apply -- as it might not, because intelligence agents are involved -- then the general rule applies. In either case, it is up to American, not Italian, authorities to determine whether any offense was committed in the capture and rendition of Nasr.

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Unfortunately, the effort to prosecute these American agents is only one instance of a growing problem. Efforts to use domestic and international legal systems to intimidate U.S. officials are proliferating, especially in Europe. Cases are pending in Germany against other CIA agents and former defense secretary Donald Rumsfeld -- all because of controversial aspects of the war on terrorism. These follow Belgium's misguided effort to pursue "universal jurisdiction" claims for alleged violations of international law, which also resulted in complaints against American officials including Vice President Cheney and former secretary of state Colin Powell. That law was amended, but the overall problem is unlikely to go away. The initiation of judicial proceedings against individual Americans is too attractive a means of striking at the United States -- and one often not subject to control by the relevant foreign government.

Accordingly, Congress should make it a crime to initiate or maintain a prosecution against American officials if the proceeding itself otherwise violates accepted international legal norms. Thus, in instances where there is a clear case of immunity, U.S. prosecutors could answer proceedings such as the Italian indictments with criminal proceedings in U.S. courts. By responding in kind, even if few overreaching foreign officials are ever actually tried, such a law would create a powerful disincentive for these kinds of legal antics.

The authors served in the Justice Department under Presidents Ronald Reagan and George H.W. Bush, and have been expert members of the U.N. Subcommission on the Promotion and Protection of Human Rights.

Canadian Parliament Decides To Let 2 Measures Passed After 9/11 Expire (NYT)

By Ian Austen

The New York Times, February 28, 2007

OTTAWA, Feb. 27 — Canada's Parliament voted Tuesday not to extend two measures that were passed as part of a sweeping package of antiterrorism laws weeks after the Sept. 11, 2001, attacks on the United States.

The measures will expire Thursday. One allows the police to arrest people suspected of preparing to commit an act of terrorism and hold them for 72 hours without charges, and the other enables courts to compel witnesses to testify at special hearings similar to grand jury proceedings in the United States.

Neither has ever been used.

The vote took place just days after the Supreme Court struck down a law allowing the government to detain foreign-born terrorism suspects indefinitely using secret evidence and without charges while their deportations were being considered.

But the debate reflected the fractious politics of Canada's Parliament, which is not controlled by any single party, as much as a national reassessment of antiterrorism measures.

The Liberal Party was in power when the legislation was passed. But on Tuesday, with the Conservative Party in power and pushing to extend the two measures, all but two of the Liberal members present voted against the extension, as instructed by their new leader, Stéphane Dion. That, combined with the no votes of two smaller opposition parties, ensured the overwhelming defeat of the Conservatives' hopes.

After the vote, the Conservatives portrayed their opponents as unwilling to protect national security.

"Any party that doesn't take the national security of Canadians seriously will never be chosen by Canadians to form the government of Canada," Prime Minister Stephen Harper said.

The harsh words began long before the vote. In the House of Commons last week, Mr. Harper suggested that the Liberal opposition to the measures stemmed from the possibility that they could be used to compel a relative of a Liberal Party member of Parliament to testify at a special hearing to look into the bombing of an Air India flight in 1985.

A prolonged criminal trial in the deaths of 329 people as a result of that bombing ended in two acquittals in 2005. Mr. Harper was jeered down before he could finish his remarks.

Canadians who lost relatives in the 9/11 attacks held a news conference in Ottawa on Tuesday morning, before the vote, to urge that the provisions be extended. The laws, said one widow, Cindy Barkway, "allow law enforcement officials to prevent terrorism from turning people like you into victims like us."

There was some disappointment that the issue of public safety had become politicized by Liberals and Conservatives alike.

Errol Mendes, who teaches human rights law at the University of Ottawa, said that without the preventive arrest provision there could be circumstances when the police would be unable to stop an attack in progress. He said judicial oversight of the arrests and the investigative court hearings would prevent human rights abuses.

"It has been incredibly destructive of national security in Canada to make this area into a partisan issue," Professor Mendes said.

Canada has a long history of allowing preventive detention. In 1970, under the now defunct War Measures Act of 1914, 453 people were jailed without charges after the kidnapping and killing of a Quebec cabinet minister and the abduction of a British diplomat. That episode remains controversial throughout the country, especially in Quebec.

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Amnesty International and other human rights groups urged Parliament let the measures expire. Amnesty argued that conventional criminal laws allowed the police and courts to stop imminent terrorist acts without jeopardizing civil liberties, a position largely shared by Mr. Dion.

After the vote, Alex Neve, Amnesty International's Canadian secretary general, said: "This by no means should be interpreted or misunderstood that Canada is somehow going soft on terrorism. What I think this is an affirmation of is that Canada is increasingly concerned that its approach to terrorism is fully grounded in respect to fundamental human rights."

PATRIOT ACT:

DoJ Sued For Release Of FISA Court Rules On Spy Program (INFOWEEK)

By K.C. Jones, InformationWeek

InformationWeek, February 28, 2007

The Electronic Frontier Foundation has sued the Department of Justice, demanding the release of records related to court orders authorizing electronic surveillance.

The EFF filed a lawsuit Tuesday seeking information on changes to the National Security Agency's surveillance program. The program, which the federal government maintains targets communications involving at least one suspected terrorist, was secret until the New York Times reported on it in December 2005.

The government acknowledged that it was conducting surveillance without warrants from the Foreign Intelligence Surveillance Court and argued that presidential powers and recent legislation authorized the practice. After defending against allegations that the practice was illegal, U.S. Attorney General Alberto Gonzales announced last month that the government changed its practices and would seek court approval to monitor communications.

EFF used the Freedom of Information Act in an attempt to obtain records showing the court's approval, but the Department of Justice didn't respond to a written request. EFF is seeking immediate release of orders allowing the government to monitor communications and any rules or guidelines associated with the orders. White House Press Secretary Tony Snow has made public comments that indicate the court issued guidelines or parameters that have allowed the government to continue surveillance with court approval.

EFF refers to those statements in its filing. It's not alone in seeking details about the guidelines. News reporters who have been covering the issue have also pressed to find out the parameters of ongoing surveillance.

The White House, Gonzales, and federal agencies have maintained that terrorists could learn too much about the government's capabilities if the government's methods were disclosed. They have argued that national security would be compromised if information about the surveillance program were released.

Although several groups and individuals have sued the government over the secret surveillance, EFF's suit is different since it seeks information about the program since the administration has claimed court approval.

In a statement announcing the lawsuit, EFF senior counsel David Sobel said that Americans have the right to know the government's basic guidelines for electronic surveillance of their personal communications. The government has claimed that ordinary Americans haven't been targeted and that only communications involving suspected terrorists have been intercepted.

Sobel said during a brief interview Tuesday that he's optimistic EFF will obtain the records because the Foreign Intelligence Surveillance Act requires modifications to its rules and procedures to be declassified and made available to congressional committees. Even if the government successfully argues that the material is highly classified, the lawsuit is likely to make officials account for the documents they have, which would make public more information than has been released up to this point, he said.

The lawsuit is one of dozens filed by EFF as part of a campaign to "hold government accountable."

EFF Files Suit Against DoJ (TND)

Technology News Daily, February 28, 2007

The Electronic Frontier Foundation (EFF) filed suit against the Department of Justice today, demanding records about secret new court orders that supposedly authorize the government's highly controversial electronic surveillance program that intercepts and analyzes millions of Americans' communications.

When press reports forced the White House to acknowledge the program in December of 2005, the administration claimed that the massive program could be conducted without warrants or judicial authorization of any kind. However, in January of this year, Attorney General Alberto Gonzales announced that the Foreign Intelligence Surveillance Court (FISC) had authorized collection of some communications and that the surveillance program would now operate under its approval. EFF's suit comes

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after the Department of Justice failed to respond to a Freedom of Information Act (FOIA) request for records concerning the purported changes in the program.

"While national security and law enforcement demand a limited amount of secrecy, Americans have the right to know the government's basic guidelines for this kind of invasive electronic surveillance of their personal communications," said EFF Senior Counsel David Sobel. "The burden is on the Justice Department to justify its failure to disclose the information we've requested."

EFF's suit demands the immediate release of the FISC orders regarding the surveillance program and any FISC rules and guidelines associated with such orders.

Today's FOIA action is separate from EFF's lawsuit against AT&T for illegally collaborating with the government's surveillance program. That suit, Hepting v. AT&T, is proceeding in U.S. District Court in San Francisco despite the government's ongoing attempts to have the case dismissed.

For the FOIA complaint filed against the Justice Department:
http://www.eff.org/flag/oipr/oipr_complaint.pdf
For more on EFF's FOIA Litigation for Accountable Government Project:
http://www.eff.org/flag/

HOMELAND RESPONSE:

Bush Will Veto Union Rights For Federal Airport Screeners (WT)

By Shaun Waterman
The Washington Times, February 28, 2007

President Bush will veto a proposed bill to implement measures recommended by the September 11 commission if the bill is passed with language granting collective-bargaining rights to airport passenger and baggage screeners employed by the Transportation Security Administration, Homeland Security Secretary Michael Chertoff told Republican senators yesterday.

Mr. Chertoff's comments at a private luncheon were reported by Sen. Jim DeMint, South Carolina Republican, and confirmed by the Department of Homeland Security and a senior administration official authorized to speak to the press.

Mr. Chertoff "did make very clear that if the bill goes to the White House with the current provision related to TSA personnel authorities, his recommendation, and that of other senior administration officials, would be to veto it," department spokesman Russ Knocke said.

A letter sent yesterday to Mr. Bush from 36 Republican senators shows that the votes are there to sustain a veto, according to Republican aides.

One of the provision's strongest backers, Sen. Daniel K. Akaka, Hawaii Democrat, said a veto would also kill numerous other provisions of the law.

"I hope that the president would consider all the improvements made by this legislation to protect the nation before making veto threats," he said.

Mr. Knocke said the administration's view is that "the issues relating to the TSA are so extraordinarily problematic that there should be no doubt in anyone's mind" about the need for a veto.

The Senate is slated to begin today debating the bill, which includes measures addressing rail and aviation security, emergency communications, cargo security, nuclear proliferation and national standards for drivers' licenses. The House has passed its version of the bill, which includes the labor rights language, along with dozens of other provisions and authorization for billions of dollars of homeland-security spending.

The provision at issue was introduced as an amendment to the bill while it was in committee and passed on a party-line vote. It repeals a footnote in the 2001 law setting up the TSA, which gave the agency's director wide discretion to decide issues of union and other labor rights for the 40,000-plus passenger and baggage screeners it employs.

Labor Language Threatens Antiterror Bill (AP)

By Laurie Kellman
AP, February 28, 2007

President Bush and his Senate allies will kill a Sept. 11 antiterror bill if Congress sends it to the White House with a provision to let airport screeners unionize, the White House and 36 Republicans said Tuesday.

"As the legislation currently stands, the president's senior advisers would recommend that he veto the bill," said White House spokesman Scott Stanzel.

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Senate Republicans swiftly backed up the threat with a pledge by more than enough senators to block any veto override attempt.

"If the final bill contains such a provision, forcing you to veto it, we pledge to sustain your veto," they wrote to the president. Sen. Jim DeMint, R-S.C., planned to offer an amendment to strip the provision from the bill.

Homeland Security Secretary Michael Chertoff said that allowing screeners to unionize would impede the department's quick response to possible threats. Fast redeployment of screeners, such as in response to Hurricane Rita and the failed London plot to blow up airliners, cannot wait for negotiations, he said.

Chertoff said screeners are as much on the front lines in the war against terror as military troops.

"Marines don't collectively bargain over whether they're going to wind up, you know, being deployed in Anbar province or in Baghdad," Chertoff told reporters after a briefing with senators. "We can't negotiate over terms and conditions of work that goes to the heart of our ability to move rapidly in order to deal with the threats that are emerging."

Other federal employees have collective bargaining and whistle-blower protection rights.

Chertoff's reasoning, according to the American Federation of Government Employees, is "an insult to the hundreds of thousands of dedicated public safety officers with collective bargaining rights — from border patrol agents to firefighters to the Capitol Hill police," said John Gage, president of the federation.

The White House made its displeasure with the union provision clear before the House passed it as part of its Homeland Security bill. Sen. Susan Collins said Chertoff told her that a statement Thursday would include an explicit veto threat.

Casting the provision as a deal-killer would flex Bush's political muscle with the new, Democratic-led Congress on the old battleground of labor rights. It also could throw an obstacle into talks over how to debate and pass the recommendations of the Sept. 11 Commission.

For now, senators are eager to follow the House and pass a bill enacting the commission's recommendations to tighten the nation's security. The House bill also includes a provision that would let TSA screeners bargain collectively.

Senate Majority Leader Harry Reid of Nevada and Republican leader Mitch McConnell of Kentucky had reached a tentative agreement Tuesday to conduct the debate over the next 10 days without the distraction of Iraq.

The sense of urgency on the 9/11 recommendations was conveyed to both leaders in a letter Tuesday from families of those killed in the terrorist attacks on that day in 2001.

"This legislation is far too important to be politicized by ... controversial amendments and debate, particularly those relating to Iraq," wrote Carol Ashley and Mary Fetchet of the Voices of September 11th.

Reid and McConnell said the Iraq debate would wait for next month, after passage of the 9/11 bill. The arrangement would allow the Senate to debate legislation bolstering anti-terrorism security measures on railroads and airlines without being distracted by the furor over President Bush's buildup of troops in Iraq.

"We have got to finish this bill," Reid, D-Nev., said as he opened the Senate session. He read parts of a letter from relatives of people killed in the Sept. 11, 2001 terrorist attacks asking the Senate to consider the legislation "without complications regarding Iraq."

Even minus an Iraq debate, provisions in the anti-terrorism bill or planned amendments make the legislation contentious.

In addition to its opposition to the TSA provision, the White House also opposes an amendment that would let states delay adopting standardized drivers' licenses.

Collins said Chertoff delivered a staunch defense of the administration's position during the GOP caucus' weekly policy lunch Tuesday. She said she nonetheless plans to try to attach an amendment that would delay requirements for states to adopt national drivers license standards.

Many states have complained about the cost of the program, and civil libertarians are concerned about privacy issues.

Other measures in the bill would improve rail and aviation security, provide funds for state and local emergency communications systems, improve intelligence sharing between federal, state and local officials, and expand a visa waiver benefit for favored countries.

FEDERAL DIARY: Interior Report Finds 'Wall' Between Field Staff, Leaders (WP)

By Stephen Barr

Washington Post, February 28, 2007

Communication. Trust. Leadership.

A report by the Interior Department inspector general, released this month, provides a glimpse of how these issues can arise in agencies that have to manage a workforce spread across the country.

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The report, by Earl E. Devaney, Interior's inspector general, focused on the law enforcement office at the Fish and Wildlife Service. Devaney praised the office for "significant progress" in overhauling its operations since 2002, when the secretary of the interior called for improvements.

But Devaney also found some problems in the law enforcement office, such as a "general mistrust of senior management" and a lack of communication between the headquarters and the field, "which has created a perception that there is a 'wall' between management and field personnel."

For the review, Devaney's staff conducted more than 110 interviews, traveled to field offices and hired a consultant to survey the law enforcement staff. Of 369 employees asked to participate in the survey, 88 percent responded -- an indication, the report said, that the employees are highly committed to the Fish and Wildlife Service.

The agency's law enforcement office enforces federal laws, such as protections for endangered species and migratory birds. The office's work includes breaking up animal-smuggling rings, safeguarding habitat for endangered species, enforcing bird-hunting regulations and inspecting wildlife shipments to detect illegal trade.

The IG review suggested that the agency's law enforcement program is at risk of being undermined because of leadership and communication problems -- issues that hinder operations in many parts of the government.

The report pointed out that the lack of communication between senior leaders and the field "has significantly impacted morale and trust." Field employees said their bosses at headquarters never visited their offices, and many field agents said they rarely got an office visit from their superiors -- the special agents in charge.

Field employees also said they were frustrated by management practices. The IG found that an "unwritten requirement" for promotions is two years of experience working at Fish and Wildlife's law enforcement headquarters and that field employees think promotions often go to agents with little or no supervisory experience.

Bonuses and time-off awards also were distributed on an inconsistent basis, the IG found.

In 2005, about half of the law enforcement employees who received a performance rating of "exceptional" were in one region, while the remaining six regions and headquarters shared the remaining half. In three regions, employees rated as "superior," a step below exceptional, received bigger bonuses than those employees rated exceptional, the report said.

Disciplinary action proved to be another sensitive topic, the IG found. In one case, an employee received the mandated 30-day suspension for misusing a government vehicle, while another employee in a different region received a 14-day suspension for a more serious offense -- driving while intoxicated in a government vehicle and while carrying a firearm.

"Inconsistencies such as these have caused resentment and frustration," the report said.

Benito Perez, acting chief of law enforcement for Fish and Wildlife, said the law enforcement office has started work on 12 recommendations made in the IG report to improve operations.

"We don't disagree with the validity of the recommendations, and we are working toward meeting those recommendations," said Perez, a 19-year Fish and Wildlife law enforcement officer.Unions for TSA Screeners

Senior advisers to President Bush would recommend that he veto anti-terrorism legislation that included a provision to permit federal airport screeners to engage in collective bargaining, a White House spokesman said yesterday.

Legislation to implement the unfinished recommendations from the 9/11 commission would permit Transportation Security Administration screeners to be represented by unions. The provision was added to the bill by Sen. Joseph I. Lieberman (I-Conn.).

Scott Stanzel, the White House spokesman, said, "We vigorously disagree with the provisions of the Senate legislation that would eliminate the flexibility given to TSA to perform its transportation security missions."

The TSA needs the ability to quickly reassign and move screeners to respond to threats, he said.

Lieberman has contended that the screeners should have employee protections similar to those provided to Border Patrol agents and customs and immigration officers.

Call To Expand Union Rights Could Derail Antiterror Bill (NYT)

By Eric Lipton

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — Democrats in Congress are pushing to extend union protection to 43,000 federal airport security workers, reviving a debate that stalled the creation of the Department of Homeland Security and could now derail broad antiterrorism legislation.

The proposal has provoked opposition from Senate Republicans and the Bush administration. It is the latest in a series of labor-related fights in Washington as Democrats try to use their new majority to push long-delayed proposals that benefit rank-and-file workers, like increasing the minimum wage.

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White House officials made clear on Tuesday that President Bush was prepared to veto a bill that enacted recommendations of the Sept. 11 Commission if the provision granting Transportation Security Administration workers collective bargaining rights was not removed.

"Existing authority permits T.S.A. the flexibility to manage and deploy their work force," Scott Stanzel, the White House deputy press secretary, said. "We do think that it is important that T.S.A. maintain that flexibility for personnel performing key homeland security roles."

In a letter sent Tuesday to the White House, Senator Jim DeMint, Republican of South Carolina, and 35 other Senate Republicans said they were prepared, if necessary, to sustain a veto.

Security administration officers are already allowed to join a union. But few do, as current federal law does not permit the union to bargain on their behalf to contest workplace assignments, file grievances or represent them in disciplinary matters. Backers of the measure say giving the T.S.A. workers broader rights does not create security problems.

"There's no good reason to deny these rights to these people," Senator Joseph I. Lieberman, independent of Connecticut, said Tuesday, as the Senate took up the matter.

What collective bargaining rights Department of Homeland Security employees should have has been under dispute since shortly after the 2001 attacks.

The disagreement so divided Congress in 2002 that for months it prevented passage of the bill to create the department. Republicans successfully used the delay, for which they blamed Democrats, to help defeat Senator Max Cleland, the incumbent Democrat of Georgia, that year, openly questioning his commitment to fight terrorism.

Republicans ultimately prevailed, both with T.S.A., which initially was part of the Department of Transportation, and with Homeland Security, which has since taken over.

But union leaders have been pushing ever since to reassert bargaining rights for department employees.

Union leaders say airport screeners are frequently required to work unscheduled overtime, suffer high injury and illness rates — nearly 30 percent compared with 5 percent for all federal employees — and have an attrition rate 10 times as high as the federal average.

"How safe is the public if officers who see security breaches that result from mismanagement cannot disclose that because they fear they could be fired?" said Mark D. Roth of the American Federation of Government Employees.

Under the proposal, the security officers would not have the right to strike, and the union would not have the power to negotiate wages. But it would be authorized to bargain on their behalf to establish work rules to govern overtime and temporary transfers, and to protect them if they file a grievance.

Union officials said that T.S.A., under the proposal, would still have the power, in emergencies, to change work assignments. But Kip Hawley, the security agency's administrator, said such shifts were necessary not just in emergencies but when routine events like weather delays required work reassignments or overtime.

"We require an infinitely flexible security regime that allows us to change what we do and where we do it," Mr. Hawley said, adding that hiring staff members to handle union relations would cost $160 million.

The debate over the collective bargaining rights is just one of several points of contention expected to surface as the Senate takes up its version of the Sept. 11 Commission bill. House Democrats passed their own version in January.

House Democrats, who also included a provision granting collective bargaining rights to airport screeners, have language in their bill that would mandate inspection of all ship containers headed to the United States from overseas, a provision that the Bush administration and many Republicans oppose. A push by Democrats is expected in the coming week to add such language to the Senate bill.

The Senate bill is also likely to include measures intended to increase rail and transit security. And there may be an effort, also opposed by the Bush administration, to delay a 2008 mandate that the states begin to issue a standardized, tamper-proof driver's license.

Officials in many states have said they will not be ready in time and that the federal government should cover the cost of issuing the new licenses.

New Profiling Program Raises Privacy Concerns (WP)

By Ellen Nakashima And Alec Klein

The Washington Post, February 28, 2007

The Department of Homeland Security is testing a data-mining program that would attempt to spot terrorists by combing vast amounts of information about average Americans, such as flight and hotel reservations. Similar to a Pentagon program killed by Congress in 2003 over concerns about civil liberties, the new program could take effect as soon as next year.

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But researchers testing the system are likely to already have violated privacy laws by reviewing real information, instead of fake data, according to a source familiar with a congressional investigation into the $42.5 million program.

Bearing the unwieldy name Analysis, Dissemination, Visualization, Insight and Semantic Enhancement (ADVISE), the program is on the cutting edge of analytical technology that applies mathematical algorithms to uncover hidden relationships in data. The idea is to troll a vast sea of information, including audio and visual, and extract suspicious people, places and other elements based on their links and behavioral patterns.

The privacy violation, described in a Government Accountability Office report that is due out soon, was one of three by separate government data mining programs, according to the GAO. "Undoubtedly there are likely to be more," GAO Comptroller David M. Walker said in a recent congressional hearing.

The violations involved the government's use of citizens' private information without proper notification to the public and using the data for a purpose different than originally envisioned, said the source, who declined to be identified because the report is not yet public.

The issue lies at the heart of the debate over whether pattern-based data mining -- or searching for bad guys without a known suspect -- can succeed without invading people's privacy and violating their civil liberties.

DHS spokesman Larry Orluskie said officials had not yet read the GAO report and could not comment.

Another DHS official who helped develop ADVISE said that the program was tested on only "synthetic" data, which he described as "real data" made anonymous so it could not be traced back to people.

The system has been tested in four DHS pilot programs, including one at the Office of Intelligence and Analysis, to help analysts more effectively sift through mounds of intelligence reports and documents. In another pilot at a government laboratory in Livermore, Calif., that assessed foreign and domestic terror groups' ability to develop weapons of mass destruction, ADVISE tools were found "worthy of further development," DHS spokesman Christopher Kelly said.

The DHS is completing reports on the privacy implications of all four pilot programs. Such assessments are required on any government technology program that collects people's personally identifiable information, according to DHS guidelines.

The DHS official who worked on ADVISE said it can be used for a range of purposes. An analyst might want, say, to study the patterns of behavior of the Washington area sniper and look for similar patterns elsewhere, he said. The bottom line is to help make analysts more effective at detecting terrorist intent.

ADVISE has progressed further than the program killed by Congress in 2003, Total Information Awareness, which was being developed at the Defense Advanced Research Projects Agency (DARPA). Yet it was partly ADVISE's resemblance to Total Information Awareness that led lawmakers last year to request that the GAO review the program. Though Total Information Awareness never got beyond an early research phase, unspecified subcomponents of the program were allowed to be funded under the Pentagon's classified budget, which deal largely with foreigners' data.

The Disruptive Technology Office, a research arm of the intelligence community, is working on another program that would sift through massive amounts of data, such as intelligence reports and communications records, to detect hidden patterns. The program focuses on foreigners. Officials declined to elaborate because it is classified.

Officials at the office of the director of national intelligence stressed that pattern analysis research remains largely theoretical. They said the more effective approach is link analysis, or looking for bad guys based on associations with known suspects. They said that they seek to guard Americans' privacy, focusing on synthetic and foreigners' data. Information on Americans must be relevant to the mission, they said.

Still, privacy advocates raise concerns about programs based on sheer statistical analysis because of the potential that people can be wrongly accused. "They will turn up hundreds of soccer teams, family reunions and civil war re-enactors whose patterns of behavior happen to be the same as the terrorist network," said Jim Harper, director of information policy studies at the Cato Institute.

But Robert Popp, former DARPA deputy office director who founded National Security Innovations, a Boston firm working on technologies for intelligence agencies, said that research anecdotally shows that pattern analysis has merit. In 2003, he said, DARPA researchers using the technique helped interrogators at the U.S. prison at Guantanamo Bay, Cuba, assess which detainees posed the biggest threats. Popp said that analysts told him that "detainees classified as 'likely a terrorist' were in fact terrorists, and in no cases were detainees who were not terrorists classified as 'likely a terrorist.' "

Some lawmakers are demanding greater program disclosure. A bipartisan bill co-sponsored by Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.) would require the Bush administration to report to Congress the extent of its data-mining programs.

Under The Gantry (WP)

The Washington Post, February 28, 2007

DOJ_NMG_0137870

THE DEPARTMENT of Homeland Security recently announced a plan to do what many scientists had once thought impossible: effectively inspect large numbers of vehicles entering a major metropolitan area for radioactive materials without bringing life to a standstill. In the 1950s, a still-classified report on the possibility of scanning for nuclear materials found that detectors could be easily defeated, one of its authors recently told US News & World Report. Experts today say that the nuclear weapons are heavily shielded, making detection tricky, and that current front-line scanners have difficulty in reliably detecting even those nuclear materials not encased in a bomb.

Nevertheless, DHS is pushing forward with a pilot program to test the feasibility of scanning large numbers of cars and trucks entering Manhattan for radioactivity.

The goal is to set up a system of both fixed and mobile scanners on roads leading into Manhattan. The system would require little or no slowdown in traffic to operate. Fixed detectors might be placed at tollbooths and other traffic choke points. Mobile scanners might be used to conduct random checks. Ideally, this program would add another layer of security to the nuclear detection regimes at border crossings and seaports. If successful, it would require little or no effort from those being inspected, so it wouldn't snarl traffic in the tri-state area. Another point in its favor is that the pilot program is not very expensive, as Homeland Security projects go, and that even if the resulting system is not perfect, it will foster development of newer and better technologies that will make Americans safer.

Even given all that, however, we are glad Homeland Security is not breaking the bank on its latest experiment. Based on the available information on the inconsistency of nuclear detection technology, it is fair to wonder whether this is the right time to conduct such a large-scale test and whether such a program may be an inefficient use of government resources.

It's A Hard Sell For Some, Big Easy For Others (USAT)

By Anne Rochell Konigsmark

USA Today, February 28, 2007

NEW ORLEANS — Of all the places they could live, Brad Pitt and Angelina Jolie chose New Orleans. They bought a $3.5 million mansion in the French Quarter, enrolled two of their three children in a local private school and became symbols of the effort to reinvigorate the city.

Pitt has promoted the construction of environmentally friendly buildings here, and the celebrities' investment in New Orleans made headlines around the world. But each day, in much smaller ways, other people are coming and buying stakes in a city that still has less than half the population it had before Hurricane Katrina.

People continue to move out, some after returning here and becoming overwhelmed by the neighborhoods of empty houses, a crime wave and a general uncertainty about the future. Despite all that, New Orleans is finding a way to hold steady. The population, now at about 191,000, hasn't changed significantly in months.

Amid the comings and goings, New Orleans is evolving, trying to find its footing in a post-Katrina world. The blank-canvas feel of the city has attracted a wave of newcomers who will help shape its future: entrepreneurs, young idealists, urban planners and longtime lovers of New Orleans' unique charms.

"People have forgotten what a great city this is," says Danielle Sutton, 34, who moved here in June from London with her husband and their baby son to open a gourmet cheese shop. "It's just nice living in such a beautiful place."

All around, there are signs that New Orleans is coming back, but not quite as the city it used to be. A U.S. government survey reveals a whiter populace: New Orleans was two-thirds black before Katrina hit in August 2005; today it's 47% black and 42% white.

It's also more Hispanic, thanks mostly to an influx of workers coming here for plentiful construction jobs. The survey indicates New Orleans is almost 10% Hispanic, up from about 3% in the 2000 Census.

Willing to brave infrastructure problems, the reduced population and many other challenges, businesses are opening. A Tulane University survey in January found 56 new businesses had opened since Katrina on three main commercial streets.

There are concerns, however, that New Orleans is losing some of its cultural flavor.

Demographer William Frey of the Brookings Institution in Washington predicts that New Orleans "will become more of a normal American city, and that may not be what the locals think is the right direction to go. The people who are leaving — many are those who made New Orleans what it was — and in a way the sense of place in New Orleans will change dramatically."

In a survey done in October by the University of New Orleans, one-third of the respondents in Orleans Parish and neighboring Jefferson Parish said it was "likely" or "somewhat likely" they would leave the area. The main reason: crime. Other reasons include the slow pace of recovery and concern about the safety of the city in future storms.

Neilan Tyree, a once-devoted New Orleanian, moved to Atlanta last spring after trying to live in post-Katrina New Orleans for more than six months. "I couldn't stand it and couldn't fix it, so I had to rearrange my dreams," says Tyree, 47.

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Most of the residents who have not returned since the storm came from lower-income neighborhoods and are black, Frey says. The UNO study found that among those who say they probably will leave, most are educated people under 60, says Susan Howell, director of the university's Survey Research Center.

Meanwhile, Richard Campanella, a Tulane geographer, says well-educated people are moving in.

"I have my ear out for folks who have moved here since the storm," he says. "Many are urban planners, urban designers and architects. They see this as an incredible frontier where they can provide their professional skills in an environment that really needs them."

Newcomers are flocking to areas that had little damage in the storm. The French Quarter looks and feels much as it always has. The same can be said for many historic neighborhoods along the Mississippi River that had little or no flooding.

"We're in a bit of a bubble," Sutton says of the life she and her husband, Rich, have created. Their shop, the St. James Cheese Company, is in the Uptown neighborhood, an upscale area that did not flood and teems with activity. They live in an apartment four blocks away.

Rich Sutton, 35, says they have friends and relatives who called them "crazy" to start a business and bring up a family in such an unstable environment.

"People think, 'That's the place that got destroyed,' or 'That's the place with all the crime,' " he says.

Campanella has studied new business owners like the Suttons and tracked businesses along three commercial corridors — Magazine Street, Carrollton Avenue and St. Claude Avenue. Of the 651 businesses on those streets pre-Katrina, 411 have reopened and stayed open. Nineteen reopened and then closed, he says, and 56 new businesses have opened.

The openings and closings reflect the ongoing tale of two cities. Along Magazine Street, which did not flood, 95% of businesses are open, while on the other two streets, which did flood, less than half the businesses are open.

For many New Orleanians who were here before Katrina, getting back to normal is nothing short of a battle. And for some, even those whose homes did not flood, it's a battle not worth fighting.

Several large corporations have moved most, if not all, of their operations out of the city since Katrina. These include Chevron, which is moving about 500 New Orleans workers across Lake Pontchartrain to the North Shore, and Entergy, New Orleans' only Fortune 500 company, which has relocated many of its operations to Jackson, Miss.

Many off-shore oil service industry businesses have followed their customers to Houston, says Eric Smith, associate director of the Entergy-Tulane Energy Institute.

Tyree, a freelance business development specialist who attended Tulane in the 1970s, moved to New Orleans in 2004 and intended to stay. His St. Charles Avenue apartment did not flood, so he returned soon after Katrina. "I wanted to be a part of the rebuilding," he says. "I was very much the optimist."

Then his landlord raised the rent. And Tyree, who is HIV-positive, began to worry about the city's diminished health care system. He got frustrated with damaged streets and broken traffic lights.

Tyree landed a job with MacDuff, a publishing company in Atlanta. He found an apartment there and says he is happy. "I'm having to relearn how to live in a world where things can and do work, and I love it."

New Orleans struggled with crime problems before Katrina. Authorities' continued difficulty in getting a handle on violent crime has helped make the issue the main reason people want to leave the area, the UNO survey indicates.

New Orleans had the nation's highest murder rate per capita in 2006 and began 2007 with a rash of killings that led the U.S. government to send personnel and equipment to help local authorities.

Olivia Watkins, 22, says a fear of crime drove her from New Orleans. Watkins, who lived near Audubon Park, says she was a frequent "stoop sitter" who gave up evenings outside because of muggings in her area.

There were other problems post-Katrina for Watkins. While she was living in North Carolina just after Katrina, her landlord in New Orleans evicted her because he needed a place to stay. She returned to New Orleans in early 2006 and found an apartment. A few weeks ago, however, Watkins lost her job as an editor at a local magazine.

"I feel like New Orleans stabbed me in the back," she says. "And I was all set on getting married in a church on St. Charles Avenue and sending my kids to the bilingual school on Audubon Park."

Watkins left New Orleans in January to live in Orlando with family. This spring, she plans to move to Baton Rouge, where she found a job as a copywriter.

Meanwhile, some who came here seeking opportunities are thriving. Antan Wilson, 24, who arrived from North Carolina just after the storm and initially lived in his car, says this is home now.

"I kind of fell in love with it," he says. He worked as a janitor and in a strip club before getting hired as an account manager for EBONetworks, a local marketing firm that helps companies target minority customers.

"There's energy here, and I think it holds a good future," Wilson says.

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Last winter, Bobbi and Kevin Krause sold their home in Phoenix intending to go on an extended road trip, which included a stop in New Orleans to do volunteer work. Once here, they became friends with residents on a stretch of Palmyra Street where they were working on damaged homes. A flooded Victorian cottage caught their eye, and after finding the owner, they bought it for $48,000.

"It was the way the community welcomed us," says Kevin, 40. "We go over to their houses for dinner or coffee. In Phoenix, we hardly knew our neighbors. This was new, and we fell in love with it."

Much of the New Orleans that Christine Williams knew before Katrina has ceased to exist, and she's reconsidering her decision to return.

A New Orleans native, she says most of her evacuated family members now live in Iowa. Her home in Lakeview stayed dry, but her neighborhood is still devastated and mostly empty.

"There's no supermarket," says Williams, 35. "And it's just still so abandoned."

She fled to Washington, D.C., before Katrina and enrolled her daughter, now 9, in a Catholic school. She found a job at a hair salon and they lived in a D.C. suburb. "It was a very, very nice experience," she says. "Washington is very progressive. It is movin' and shakin' but not too fast."

Williams moved back to New Orleans last spring because her boyfriend and her daughter wanted to, she says. Now Williams, who is black, says she may leave again.

"I didn't feel separated by race in Washington," she says. "It's such a melting pot."

Bobbi Krause, 32, says she understands why people who were here before Katrina might want to leave. She and Kevin have learned how difficult it is to build a life here. Their home is gutted and unfinished because they have been unable to find anyone to do the work.

But the Krauses didn't lose anything in the storm, and for them, this is an adventure.

"The people that are back in their homes have fought a battle to be here. It is a tough decision to stay," Bobbi says.

"We're creating our New Orleans right now."

WAR NEWS:

War Bill Divides Democrats (LAT)

By Noam N. Levey And Richard Simon

The Los Angeles Times, February 28, 2007

WASHINGTON — Democratic lawmakers, who earlier this month nearly unanimously backed resolutions condemning President Bush's plans to boost troop levels in Iraq, are struggling to agree on what to do next in their drive to bring the war to an end.

In the Senate, party leaders who faced dissent in their own caucus have decided to postpone consideration of a binding resolution that would set limits on what U.S. forces could do in the conflict.

And in the House, Democrats are wrestling with even deeper divisions as they try to agree on a way to use a supplemental war funding bill to slow the deployment of more troops in Iraq amid accusations by Republicans that the move would deprive troops of the help they need.

At a closed-door caucus meeting Tuesday, three senior House Democrats — including the chairmen of the Appropriations and Armed Services committees — urged their colleagues to support the funding strategy, the details of which are being worked out.

But the apparent deceleration of the legislative drive to end the war is dismaying antiwar activists.

"There seems to be a new world land-speed record set in back-peddling," said Tom Andrews, a former Democratic congressman from Maine who heads Win Without War, a coalition of antiwar groups.

Just a few weeks ago, Win Without War was targeting Republicans for standing in the way of the resolutions. Now, Andrews said, antiwar groups are encouraging their members to pressure Democratic lawmakers.

Senior Democrats defended their management of the war issue, insisting there has been no slowdown in their campaign.

"We've been in the majority for six weeks," said Sen. Patty Murray of Washington. "We've had 38 hearings on the Iraq war…. We've already had two votes on the war…. That's a lot better than they've done in the last 3 1/2 or 4 years."

But Democrats are under intense pressure to act. Several recent polls have shown that public support continues to build for congressional action to limit the war.

Less than two weeks ago, the party appeared comfortably in control of the political battle over the war, while Republicans flailed.

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House Democrats pushed through a resolution repudiating the White House plan to add 21,500 troops in Baghdad and Al Anbar province, picking up support from a handful of Republicans.

And in the Senate, Democrats twice succeeded in portraying Republicans as obstacles to a debate on the president's strategy. GOP lawmakers blocked consideration of nonbinding resolutions, complaining they were being denied the opportunity to bring forward alternatives.

But as debate has shifted to what Congress will do next, substantial cracks appear to be emerging in the Democratic camp.

In the House, several moderate Democrats have spoken out against a proposal by Rep. John P. Murtha (D-Pa.) to attach conditions to a $93-billion supplemental defense spending bill that could limit the Pentagon's ability to send more troops to Iraq. Murtha, who chairs the appropriations subcommittee that is considering the spending request, is a close friend and ally of House Speaker Nancy Pelosi (D-San Francisco). She has indicated some qualified support for his proposal.

House Democrats are exploring setting equipment and training standards for troops before their deployment, shifting more money to fighting terrorism in Afghanistan and setting benchmarks for the Iraqi government to meet for continued U.S. funding.

"We're listening to our colleagues about what form they want that supplemental to take," Pelosi said. But, sensitive to the GOP attacks, the speaker said: "We will fund the troops as long as they are in harm's way."

In an interview with CNN's Larry King on Tuesday, Pelosi said that Bush's judgment on the Iraq war was "a little impaired."

Murtha's proposal has come under withering attack from Republicans who say it would deprive troops of the reinforcements they need.

And Tuesday, Marine Gen. Peter Pace, Joint Chiefs of Staff chairman, warned the Senate Appropriations Committee that Murtha's proposal would mean fewer troops fighting in Iraq.

"The effect is damaging on the battlefield," Pace said, noting that instead of the 20 brigades that the military says it needs, there would be about 14 to 19.

Democratic leaders in the Senate have never been enthusiastic about using congressional authority over funding the military to tie up the deployment. But their strategy of rewriting the resolution that authorized the 2003 invasion of Iraq to limit the U.S. mission there also has run into trouble.

Leaders have been circulating a draft by Sens. Joseph R. Biden Jr. (D-Del.), the Foreign Relations Committee chairman, and Carl Levin (D-Mich.), the Armed Services Committee chairman. But several senators sounded uncomfortable with language specifying that U.S. troops could engage in some activities, such as counterinsurgency, but not others.

"I think it's very difficult to start changing things after the fact and still avoid micromanaging," said Sen. Ben Nelson (D-Neb.), a moderate lawmaker who helped lead efforts to pass a nonbinding resolution opposing the deployment of additional troops.

At the same time, Sen. Russell D. Feingold (D-Wis.), a leading antiwar lawmaker, said the proposal did not go far enough.

"The people of this country did not ask us to reshape the mission in Iraq," he said. "They asked us to end it."

The Democratic disagreements brought smiles to the faces of some Republicans on Tuesday. Sen. John Cornyn (R-Texas), who for weeks has been laboring to blunt the Democratic assault on Bush's plan, said: "It seems like they have to have a debate within their own caucus."

Democrats Struggle To Reach Consensus On Iraq (MCT)

By Margaret Talev

McClatchy Newspapers, February 28, 2007

WASHINGTON - Back from a weeklong recess, top Democrats in the House of Representatives and the Senate acknowledged Tuesday that they still don't have a game plan for how to force President Bush to change policy in Iraq.

"There has not yet been a determination made by the Democratic caucus as to how we will finalize our legislative approach to this," said Senate Majority Leader Harry Reid, D-Nev. He said it would be another week or two before Senate debate on Iraq resumed.

House Democrats are not much closer to decisive action, although they did pass a nonbinding resolution earlier this month opposing Bush's troop buildup in Iraq.

"We are in the process of choosing the least dangerous, the least negative alternative," said House Majority Leader Steny Hoyer, D-Md. "We're not there; there's not a consensus."

The division and confusion over how to proceed could anger voters who put Democrats in control of Congress largely in frustration over the war. But Democrats are nervous about cutting off money in a way that could undermine soldiers who already are in Iraq - or expose Democrats to Republican charges that they're doing that.

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House Democrats huddled for a closed-door caucus Tuesday evening to discuss alternatives. They are trying to modify a controversial plan by the Democrats' top defense appropriator, Rep. John Murtha of Pennsylvania, to prevent the Bush administration from sending troops that aren't fully rested or equipped.

Murtha was poised to tie troop readiness to funding in a $93.4 billion war-spending bill requested by the White House. But many Democrats are wary of going that far; even Murtha's ally, House Speaker Nancy Pelosi, D-Calif., has said she won't hamstring war money in a way that hurts troops.

Pelosi said Tuesday evening she intends to bring a supplemental war bill that contains some version of Murtha's plan before the full House by mid-March.

But several Democrats who attended the caucus said the legislation ultimately may allow Bush to waive troop restrictions so long as he explains his reasoning.

In a brief interview after the caucus, Pelosi said that if Democrats do allow the president to sign waivers, it still would put Bush under more pressure.

"If I were the president of the United States I would not welcome having to confirm why he would send troops who are not trained . . . into a war zone," Pelosi said.

"But we haven't made our final decisions about this," she emphasized.

Even if House Democrats agree to a modified version of Murtha's plan, there's little prospect for bipartisan support, partly because Republicans don't want to help Democrats build a case for de-funding the war in months to come.

In addition, House Democrats could have trouble getting enough Senate Democrats to go along with anything that ties up troops.

Said freshman Sen. Jon Tester, D-Mont., "This is a Catch-22. At some point in time we've got to get the president's attention. But I'm not going to take away what's necessary for the troops in the field. That's not acceptable."

Reid said he planned to put the Iraq debate on hold until the Senate completed action on homeland security legislation that enacts recommendations of the 9-11 commission. That's likely to continue into next week.

That would give Senate Democrats more time to build consensus on how to proceed on Iraq. One option being discussed is rescinding the 2002 vote that authorized the use of force in Iraq. Another, Reid said, is legislation that changes the mission in Iraq.

Asked what his preference is, Reid said, "I have a preference of making sure that I have my arms around the entire caucus before I put my name on an amendment."

Senate Democrats Backtrack, Opt Not To Tackle Iraq In 9/11 Commission Bill (HILL)

By Elana Schor

The Hill, February 28, 2007

Senate Democrats reversed course yesterday and vowed to keep the Iraq war out of the ongoing 9/11 Commission bill debate, but the lack of a consensus approach exposed by the new majority's move risks alienating anti-war allies and giving political momentum to Republicans.

Democrats first began eyeing the 9/11 Commission measure as a vehicle for binding checks on President Bush's war strategy during debate on the non-binding resolution billed as their first step in repudiating the White House. Yet Democrats held off on their second step amid GOP insistence on a symbolic vote on troop funding and calls for a clean bill from Sen. Joe Lieberman (D-Conn.), who helps maintain their narrow hold on the Senate.

Senate Majority Leader Harry Reid (D-Nev.) reiterated yesterday that his members have not settled on an approach to reining in the raging conflict in Iraq, despite Foreign Relations Committee Chairman Joseph Biden (D-Del.) and Armed Services Committee Chairman Carl Levin (D-Mich.) openly pursuing a plan to replace the 2002 congressional authorization of force with a narrower mission.

"A lot of senators are working on this," Reid told reporters. "Nothing has been finalized."

The only certainty yesterday was that the 9/11 Commission bill would stay Iraq-free, for now. Senate Minority Leader Mitch McConnell (R-Ky.) echoed Democrats' intentions, but hinted that whether the 9/11 measure would stay scrubbed of war amendments depends on both leaderships reaching a deal on Iraq votes.

"Senator Reid and I have not yet reached an agreement about how and when to have the Iraq debate, but I think both sides are going to start the 9/11 debate with amendments that are more or less related to the 9/11 bill," McConnell told reporters.

Backing away from what early reports had implied was a caucus-wide plan to narrow the authorization, however, hampers Senate Democrats as they seek to stress their unity of opposition to the war.

"No one should be concerned about Democrats not sticking together," Reid said, even as Biden touted his and Levin's plan in a Boston Globe op-ed that earned a hammering from the Republican National Committee.

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One of Reid's most independent anti-war members strongly defended him: "The majority leader did not do this because the caucus was divided," Sen. Russ Feingold (D-Wis.) said. "That is factually false."

Yet Feingold stopped short of endorsing a retooled Iraq authorization, indicating that he would support a revocation of Bush's authority in Iraq with exceptions but not a "new mission" that would allow the administration to claim a new mandate.

Meanwhile, Rep. John Murtha's (D-Pa.) plan to place readiness conditions on Iraq deployments to tie the president's hands seeped across the Capitol and into the Senate's Iraq deliberations. Republican Conference Chairman Jon Kyl (R-Ariz.) referred to the Murtha plan, dubbed "slow-bleed" by House Republicans, during his criticism of Democrats yesterday, and one influential anti-war activist suggested that Democratic leaders were abandoning Murtha at their peril.

"There has been at best a tepid response from Democrats," said former Rep. Tom Andrews (D-Maine), president of Win Without War. "It's dangerous … you can't disregard someone as thoughtful and experienced as Jack Murtha, particularly when the American people are behind him."

House Majority Leader Steny Hoyer (D-Md.) came to his leadership rival's defense yesterday, reiterating his support for Murtha's readiness strategy while acknowledging that he has not yet seen specific language. Hoyer said Rep. Ike Skelton (D-Mo.), the House Armed Services Committee chairman, will examine Biden's and Levin's proposal to narrow the war authorization.

Of the four Senate GOP incumbents considered most vulnerable in 2008 by Democratic campaign chief Charles Schumer (N.Y.), two have already ruled out supporting a reworked war authorization: John Sununu (N.H.) and Norm Coleman (Minn.).

"They are looking for an alternative to cutting off funding. … It's not going to play," Coleman said yesterday.

Iraq Bill Vexes Democrats (WP)

By Jonathan Weisman And Shailagh Murray

The Washington Post, February 28, 2007

House Democratic leaders offered a full-throated defense last night of their plans to link Iraq war spending with rigorous standards for resting, training and equipping combat troops, saying that they would hold President Bush accountable for failing to meet those readiness tests.

But after a fractious meeting of the House Democratic caucus, Speaker Nancy Pelosi (Calif.) said Democratic members still have not united around the proposal.

More than a week after Rep. John P. Murtha (Pa.) detailed plans that he said would curtail deployments to Iraq, Pelosi and other Democratic leaders said the coming debate on war funding would be about forcing the administration to live up to existing military requirements. War funds would be redirected toward equipment, such as night-vision goggles, that some troops lack. Democrats would insist on giving combat troops a year off between deployments, and they could impose restrictions on Pentagon policies that extend combat tours.

They would also condition some war funding on benchmarks for the government of Iraqi Prime Minister Nouri al-Maliki, said House Democratic Caucus Chairman Rahm Emanuel (Ill.).

But some Democrats, especially those from conservative districts, remain wary. Rep. James P. Moran Jr. (Va.), who supports the plan, said many Democrats "want to make sure this is still President Bush's war. It's his war to manage, and it's his war to end."

Members of Congress are not "the only ones conflicted," said Rep. John Tanner (Tenn.). "The country's conflicted. We don't want to do the same thing we've been doing for 3 1/2 years that hasn't worked, but we don't want to pull the plug."

In the Senate, the Iraq debate may be on hold for a week or longer while Democrats address concerns about a new effort to limit Bush's war authority.

Senate Majority Leader Harry M. Reid (Nev.) had said that Iraq-related amendments may be considered on a homeland-security bill now before the Senate. But families of Sept. 11 victims fanned out across the Capitol yesterday, saying that a war debate could slow progress on the legislation, which would enact security recommendations by the bipartisan commission that studied the Sept. 11, 2001, terrorist attacks.

"We're going to do our utmost to finish the 9/11 [bill] before we move to Iraq again," Reid said.

Meanwhile, Democrats who have opposed the war from the start are protesting the language of the new Senate Iraq measure, which would repeal the 2002 resolution granting Bush the authority to invade, while limiting future military action and setting a March 31, 2008, goal for withdrawing combat troops. Its cosponsors are Foreign Relations Chairman Joseph R. Biden Jr. (Del.) and Armed Services Chairman Carl M. Levin (Mich.).

Sen. Russell Feingold (Wis.), a prominent war opponent, said he rejected a draft of the new resolution because it appeared to grant Bush too much leeway to continue the conflict. In effect, he said, Democrats would be reauthorizing a war while trying to end it. He was particularly bothered by a provision that suggested an open-ended U.S. commitment to providing border security.

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"It's crazy to create a new military mission in Iraq when we should be getting out of there," Feingold said. "I didn't vote for it in the first place. I'll be darned if I'm going to vote for it now."

Senate Democratic leaders said Feingold's concerns are not insurmountable. To the greatest extent possible, they are seeking to maintain public unity on Iraq, despite a wide range of views within the party.

Iraq Moves Unclear (RC)

By Jennifer Yachnin And John Stanton

Roll Call, February 28, 2007

Even as House Democrats said Tuesday they will continue to emphasize troop preparedness in the upcoming supplemental spending bill to fund the Iraq War, Democratic leaders appeared to be backing away from efforts that would drastically reduce troop deployments.

And in the Senate on Tuesday, leaders of both parties called a temporary truce in their increasingly bitter fight over the Iraq War, providing Majority Leader Harry Reid (D-Nev.) an opportunity to refocus the Democratic Caucus' messaging efforts as well as to build some sort of consensus on how to proceed.

House Appropriations Chairman David Obey (D-Wis.), Armed Services Chairman Ike Skelton (D-Mo.) and Rep. John Murtha (D-Pa.) late Tuesday afternoon tried to address their Democratic colleagues' concerns about how they intend to handle the expected $100 billion Iraq War spending bill, including putting the onus on President Bush to ensure troops are prepared and equipped before being deployed.

"We have to raise the standard of accountability," Democratic Caucus Chairman Rahm Emanuel (Ill.) said following a meeting of House Democrats, adding that the criteria would be applied to both Bush and the Iraqi government under the Democratic proposal.

Speaker Nancy Pelosi (D-Calif.) said additional funds could be dedicated to training and equipment for those troops, including National Guard personnel, who are assigned to the war.

"We're talking about focusing more of the funding on readiness," Pelosi said. The Speaker did not indicate whether those funds would be shifted from other areas in the spending bill or if overall spending would be increased.

While the proposal echoes a plan unveiled by Murtha last week via an anti-war Web site — that plan would use Congressional control over federal funds to require readiness guidelines are closely followed, and make it more difficult for Bush to execute his current war strategy, including an increase in troop levels — Democratic leaders insisted the strategy does not include more stringent rules.

"All we're saying is follow the policy that's in place," Pelosi said.

But Democrats did not indicate how they plan to enforce those guidelines — stating only that they will not cut off funding for troops in Iraq — asserting that the majority will continue to discuss those possibilities. The spending bill is expected in full committee next week and on the House floor the week of March 12.

"You'll see that as the language becomes apparent," Emanuel said. However, an aide to the Speaker suggested that the bill could include provisions requiring the president to sign off each time existing guidelines for readiness are waived, something the commander in chief is not currently required to do.

"We would like to see the war ended, but it's the president's war," Pelosi spokesman Brendan Daly said.

Democratic leaders also stressed a desire to refocus efforts on fighting the broader war on terror in Afghanistan. "If we are truly going to defeat terrorism, we have to refocus on Afghanistan," Pelosi said.

Aides said the House Democratic Caucus may hold a second meeting this week to further discuss the proposed spending bill.

Following the Tuesday meeting several Democratic lawmakers said they approved of the presentation by Murtha, but were careful to stress that they had yet to see a written copy of any proposal.

"I'm impressed with what I heard," Rep. Ellen Tauscher (Calif.), chairwoman of the centrist New Democrat Coalition. While declining to discuss details, Tauscher said the plan would establish "significant metrics" for the president to meet.

"I'm definitely open to Mr. Murtha's proposal," echoed Rep. Mike Michaud (D-Maine). Michaud acknowledged several of his colleagues in the fiscally conservative Blue Dog Coalition have opposed the plan, adding that he believes it is unlikely the group will take an official position. "We'll wait to see the details. This is the first chance we've really had to talk about it as a Caucus."

Despite polls showing continued public support for Congress forcing Bush's hand on his prosecution of the Iraq War, Democrats entered the week divided over how strongly to oppose the White House and without a clear plan for pursuing that opposition.

Senior Senate Democratic aides said they hope the truce with Senate Republicans will give Reid and other leaders time to bring their Caucus together and to develop a consensus proposal on how to move forward.

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Under pressure from the families of the Sept. 11, 2001, terrorist attack victims as well as members of their own parties, Reid and Minority Leader Mitch McConnell (R-Ky.) agreed Tuesday to move a pending Sept. 11 security bill free of Iraq amendments.

"Both sides are starting the 9/11 bill with the feeling that it will not be a repository for Iraq amendments," McConnell said Tuesday following the Republican Conference's weekly luncheon. Homeland Security Secretary Michael Chertoff urged Republicans at the luncheon to focus their efforts on passing a clean bill.

The decision likely pushes off a resumption of hostilities over Iraq until the end of next week at the earliest, but Reid told reporters Tuesday that he expects to make another attempt at passing some sort of legislation relating to Iraq. "I hope in the near future to be able to offer [legislation] on behalf of the Democratic Caucus" addressing Iraq, Reid said.

Senate Democratic leadership aides said Tuesday that it remains unclear when, or how, Democrats will take up Iraq again. According to these sources, during their weekly luncheon Democrats discussed a plan championed by Armed Services Chairman Carl Levin (D-Mich.) and presidential hopeful Sen. Joseph Biden (D-Del.) to move a new, narrower war authorization. But members emerged from the meeting with no final decision on whether the Caucus would back such a plan, and several lawmakers — most notably conservative Democratic Sen. Ben Nelson (Neb.) — said they would remain noncommittal until they have a chance to review the specifics of the proposal.

Despite the continuing uncertainty over the reauthorization strategy within their own party, Democratic leaders appear intent on moving forward with at least some sort of restrictions on how the White House conducts the war and already have begun ramping up their political machine to pressure wavering Republicans.

Specifically, as Democrats were heading into their luncheon, the Democratic Senatorial Campaign Committee sent an e-mail penned by Levin to its supporters on his proposal to rework the 2002 war authorization. Although the e-mail did not include a fundraising pitch, it did ask recipients to sign a petition the DSCC is circulating calling on lawmakers to take up the proposal.

While Reid was able to peel off several Republicans during the fight over a nonbinding resolution, it is unclear whether he will be able to convince any of his GOP colleagues to back a binding bill that limits Bush's authority. Sen. Norm Coleman (R-Minn.) — who has twice broken with his party over Iraq this year — said Tuesday he would oppose any effort to rewrite the war authorization. "It certainly doesn't have my support. I'm not interested in looking back," Coleman said, adding that "I doubt it's going to get very much support from many of my [GOP] colleagues."

Sen. Gordon Smith (R-Ore.), who, like Coleman, is expecting a strong challenge to his re-election in 2008, declined to discuss the issue, telling reporters Tuesday morning that he would withhold judgment until he saw an actual proposal from Levin.

Democrats Back Away From War Fund Plan (AP)

By Anne Flaherty

AP, February 28, 2007

House Democratic leaders are backing away from a plan to scale back U.S. involvement in the Iraq war by using Congress' most powerful tool — withholding money in the budget.

Instead, party officials said Tuesday, leaders are weighing a proposal that would attempt to embarrass Bush into abandoning his war strategy. Under a plan discussed behind closed doors, Democrats probably would fund President Bush's entire $93.4 billion request for war spending this year but require that any troops sent into battle that don't meet certain standards receive a presidential waiver and that Congress be notified of the shortcoming.

The compromise is an attempt to please members who want to end the war immediately by cutting funding and others who do not want to appear as though Democrats are turning their back on troops.

"I think it's a responsible approach," said Rep. Chet Edwards, D-Texas.

Democratic leaders also were considering adding money to help wounded troops, improve health care for veterans and speed funding assistance for hurricane-damaged communities.

The draft proposal, pitched to party members in a private caucus meeting, is considered by Democrats to be the next step in challenging the president's Iraq war policy. Emboldened by the Nov. 7 elections, House Democrats this month pushed through a nonbinding resolution denouncing Bush's decision to send 21,500 more troops to Iraq in addition to the some 130,000 already there.

But the next step has been a difficult one for a party divided on how far to go to end the war. Many Democrats favor the initial proposal by Rep. John Murtha to withhold money for war missions unless troops meet certain standards.

For example, Murtha, D-Pa., wants the military to adhere to its own goal of not extending a unit's combat tour beyond a year and allowing troops one full year before going back. Murtha, a Vietnam War veteran, also wanted the military to enforce its own traditional training and readiness requirements, such as training with the same equipment they would use in combat.

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With the war reaching its fourth anniversary this spring, military officials have said these goals have become unrealistic and the force stretched thin by repeated deployments.

The latest proposal is intended to put the pressure on Bush; if troops are sent into battle without meeting the military's prewar standards for battle, he would have to sign a waiver and notify Congress.

Democrats disagree on whether the latest proposal goes far enough. Murtha briefed party members, along with Reps. Ike Skelton, D-Mo., and David Obey, D-Wis.

If "we vote for the supplemental, I believe we own the war," said Rep. Lynn Woolsey, D-Calif., one of a group of liberal Democrats pushing for an immediate end to the war.

Bush "hasn't to date done anything we've asked him to do, so why we would think he would do anything in the future is beyond me," Woolsey said of the reporting requirements.

Rep. Elijah Cummings, D-Md., called the new plan "a weakened version of what it was" that could still allow troops to be sent into combat without the training and equipment they need.

Cummings suggested that Democrats had botched the issue by trumpeting Murtha's original plan to place strict deployment conditions on funding.

"I think that really kind of played into the Republicans' hands," Cummings said.

Whether the Senate would support the latest plan is unclear. Several key Democrats, including Majority Leader Harry Reid, D-Nev., are cool to the idea of restricting funds for the war but have said they want binding legislation to force a drawdown of troops.

A group of senior Senate Democrats are pushing to repeal the 2002 measure authorizing the war and pass a new resolution restricting the mission and ordering troop withdrawals to begin by this summer.

Reid, D-Nev., announced Tuesday he wants to put off votes on Iraq until the Senate passes a measure enacting the recommendations of the bipartisan 9/11 commission.

"Iraq is going to be there — it's just a question of when we get back to it," Reid said, predicting it would be "days, not weeks" before the Senate returned to the issue.

Divided Congress Prepares To Debate Financing And Strategy For Iraq War (NYT)

By Jeff Zeleny And Robin Toner

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — The Democratic-controlled Congress on Tuesday entered a critical five-week struggle over the financing of the war in Iraq and the overall mission there, divided over strategy, stymied by ideological divisions, but still hoping to escalate pressure on the White House to change the course of the war.

In the Senate, a proposal to repeal the 2002 Congressional war authorization faced skepticism on two fronts. Some liberal Democrats expressed unease at the prospect of approving a new military mission, even a narrower one, while moderate Republicans said they preferred to look ahead rather than revisit the past.

In the House, Democrats debated what conditions should be attached to the nearly $100 billion spending bill for military operations in Iraq and Afghanistan, scheduled for a floor vote in March. Democratic leaders convened a spirited meeting of their caucus to begin sorting out the lawmakers' varying views, hoping to defend against Republican charges that they were planning a cutoff in troop financing.

As members of Congress returned to Capitol Hill after a weeklong break at home, Democrats searched for a way to translate a tide of public sentiment against the war into legislation that makes practical — and political — sense.

"Personally, I don't believe there are any good alternatives in Iraq," said Representative Steny H. Hoyer of Maryland, the Democratic majority leader. Speaker Nancy Pelosi of California, Mr. Hoyer and other leaders met with their fellow Democrats for about an hour in a closed session on Tuesday evening. They emerged to say that the military spending bill would place a new emphasis on the war on terrorism and provide additional financing for the American effort in Afghanistan.

They also sought to rebut the Republican charge that the troops would suffer from their efforts to change the administration's troop buildup in Iraq.

"Let me be clear," Ms. Pelosi told reporters. "We will fund the troops."

While Democrats have yet to settle on a final spending plan, Ms. Pelosi spoke favorably of a proposal put forward by Representative John P. Murtha, Democrat of Pennsylvania, that would establish strict standards for the training, readiness and equipment of troops about to be deployed to Iraq. Mr. Murtha has said his legislation would protect American forces, yet make Mr. Bush's troop buildup impossible to sustain.

The new Democratic proposal would allow those standards to be waived, although they would require the president to do it. "He will have to have his name on that," said Representative Rahm Emanuel of Illinois, the Democratic conference chairman.

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The Murtha proposal had come under heavy fire from Republicans, who asserted that it would amount to a crippling financial drain if the Pentagon would fail to meet the standards. Representative John A. Boehner of Ohio, the Republican leader, scoffed at the new Democratic approach Tuesday night, saying, “Sounds like retreat to me.”

Democratic leaders said their plan would set new benchmarks for the Iraqi government and force the president to be accountable for the condition of the troops. Still, some Democrats pledged not to be silenced in their efforts to reduce military spending.

In the Senate, Democratic leaders temporarily set aside Iraq deliberations to consider a debate on implementing recommendations from the 9/11 Commission. Families of the victims persuaded Senate leaders not to bog down the debate with Iraq amendments.

New Lawmakers Seek War Debate (WT)

By Christina Bellantoni

The Washington Times, February 28, 2007

Congressional Democrats -- especially new members -- are clamoring for action on the Iraq war, citing polls showing that American voters want to change course, but leaders have delayed significant action.

Senate Democratic leaders announced yesterday that they will postpone for at least another week a debate on war policy, despite efforts by several senators pushing to hold a vote to repeal the 2002 war authorization.

"I would have liked to have done Iraq three weeks ago," said Sen. Jon Tester, Montana Democrat and one of the freshmen calling for a substantive Iraq debate.

During last week's recess, Mr. Tester found that people in his home state are irritated that nothing had been done yet on Iraq.

"My guess is [my constituents] are probably as frustrated as I am that we ought to quit debating about whether we are going to debate and let's debate the issue," he said. "I wanted to debate the escalation because that's what the president put on the floor to debate and that was not done. I don't know why."

Freshman Sen. Bernard Sanders said Mr. Tester -- and other Democrats who grumbled about the lack of debate as they left the Democratic Party's weekly luncheon yesterday -- are not alone in their frustration.

"The American people want us to debate it," said the Vermont independent, who caucuses with the Democrats. "We've got to bring our troops home as soon as we possibly can."

This week, the Senate instead will consider recommendations of the September 11 commission, a bill that passed the House last month. The White House said it will veto the measure if it allows airport screeners to unionize -- a move the administration says could delay the agency's ability to respond quickly to threats.

Republicans said they will try to strip that provision from the bill and, if their efforts fail, then they will support a Bush veto.

Senate Majority Leader Harry Reid of Nevada said he is working with Republican leaders to find the proper time to debate the war. Instead of attaching the 2002 revote to the pending September 11 bill, as several prominent party members wanted, Democrats are still in talks over the best way forward.

Mr. Reid said yesterday that he was persuaded by families of the victims of the September 11 terrorist attacks, who urged quick Senate action on a bill that was not complicated by Iraq amendments.

"There are a number of different ways we can go," Mr. Reid said. "The deauthorization [is] certainly one. The other is to change the mission, legislatively, of what's going on there. And we're working our way through that."

Mr. Reid would not say what he prefers but noted that the October 2002 resolution authorizing the war did not spell out what is happening in Iraq today.

"We never authorized fighting in a civil war," he said.

Senate Republicans, who have filibustered Democratic efforts to debate Mr. Bush's Iraq strategy, said they will fight for a vote on a measure promising continued funding for the troops.

Republican Conference Chairman Sen. Jon Kyl of Arizona said yesterday that he spoke with military leaders on his recent visit to Iraq and that they think Mr. Bush's new plan "is showing some early signs of success and can work if it is given an opportunity to work."

"That's why I say it's important that we not allow any kind of congressional action that would tie the hands of General Petraeus and our other commanders in carrying out this mission," Mr. Kyl said, referring to Gen. David Petraeus.

The House, which passed a nonbinding resolution disapproving of Mr. Bush's plan to send 21,500 more troops to Iraq earlier this month, also will take no action on Iraq this week.

Majority Leader Steny H. Hoyer said he is working with his fellow leaders "to determine what we believe is appropriate to offer."

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"We are currently working on suggesting alternatives," and building a consensus, the Maryland Democrat said early yesterday. "We're not there. We're working on that."

He criticized Republicans who accuse the Democrats of secret plans to cut funding for troops, saying: "That is not going to happen, period."

After huddling last night for a strategy session on the war, Democratic leaders told reporters what to expect next week when the Appropriations Committee considers Mr. Bush's supplemental spending request for Iraq. The leaders said they will include language in the supplemental bill attaching conditions to the billions in war spending. The conditions would include ensuring that U.S. troops deployed to Iraq are ready and have the needed equipment and training. The spending bill also would attach benchmarks for the Iraqi government.

Meanwhile, the Senate's floor time will be dominated by the September 11 commission bill.

The measure aims to beef up intelligence programs, improve security at the nation's airports and railways, and fund local emergency communications.

The bill would allow Transportation Security Administration screeners at airports to bargain collectively. Homeland Security Secretary Michael Chertoff yesterday briefed Republican senators and said a unionized screening force would slow down response times to terrorist threats.

"Marines don't collectively bargain over whether they're going to wind up, you know, being deployed in Anbar province or in Baghdad," he said, according to the Associated Press. "We can't negotiate over terms and conditions of work that goes to the heart of our ability to move rapidly in order to deal with the threats that are emerging."

Democrats Snipe At Senate Leaders Over Handling Of Iraq Issue (POL)

By John Bresnahan

The Politico, February 28, 2007

Senate Democrats are accusing their leaders of mismanaging the twin efforts to block President Bush's troop surge in Iraq and force a quicker end to the war.

Senate Majority Leader Harry Reid (D-Nev.) on Tuesday postponed for at least a week action on a Democratic plan to rewrite the 2002 congressional resolution authorizing the war, imposing new wartime restrictions on the administration.

Reid is facing criticism from both flanks of his party.

Sen. Ben Nelson, a conservative Democrat from Nebraska, said the new Democratic strategy could unfairly hamstring the president and military commanders. "I think it is very difficult to start changing things after the fact and still avoid micromanaging the war."

And Sen. Russ Feingold, a liberal Democrat from Wisconsin, criticized the latest Democratic strategy as too timid and toothless in stopping the war. Approving a new authorization resolution would be the same "as voting for a new Iraq war and that I am not going to do."

Senate Foreign Relations Committee Chairman Joseph R. Biden Jr., a Delaware Democrat seeking the presidency, and Armed Services Committee Chairman Carl Levin (D-Mich.) wrote the new plan. Senate insiders faulted Biden and, to a lesser extent, Levin, for telegraphing their plans to Republicans prematurely -- before most members were fully briefed on it.

"It was clearly a mistake," said a top Senate Democratic aide. "Presidential candidate Joe Biden wanted headlines and got them."

In the House, Speaker Nancy Pelosi (D-Calif.) is confronting a similar problem -- a caucus deeply divided over a plan, masterminded by anti-war Rep. Jack Murtha (D-Pa.), to limit Bush's options by placing new restrictions on troop deployments.

Compounding problems for Democrats, Pelosi and Reid have yet to agree on an overall strategy for ending the war without undermining the troops.

Senate Republicans blasted the Biden-Levin proposal as unworkable and dangerous for U.S. forces in Iraq. If Reid tried to bring the proposal up for debate, the GOP leaders vowed to offer their own resolution stating that Congress would never cut funds for troops engaged in combat.

Reid, who has been lobbied by families of 9/11 victims to avoid that particular legislative fight during consideration of a bill to implement the recommendations of the 9/11 Commission, backed down and, instead, promised Minority Leader Mitch McConnell (R-Ky.) that the Biden-Levin resolution will not be brought up for at least a week, possibly longer.

Reid and McConnell are now trying to work out the ground rules for an open debate on Iraq, one not tied to any other legislative matter, according to Democratic and GOP aides, although it's not clear if the two sides can work out such an agreement.

"We expect a freewheeling Senate-style debate on the 9/11 bill," McConnell said.

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Republican senators and aides said that Democrats had overreached by focusing on enacting a new authorization resolution. "This is one of the most dangerous things that Democrats could do," said Sen. Orrin G. Hatch (R-Utah).

While Hatch, a former chairman of the Senate Judiciary Committee, acknowledged that there was no constitutional prohibition to such a move, he said it "would infringe on inherently presidential powers" and jeopardize the safety of troops in the field by altering their mission while still engaged in combat.

Feingold, on the other hand, wants to cut off funding for the war, not an "intermediate step" such as adopting a new authorization resolution. Feingold promised to seek a vote on a funding cutoff soon, possibly when the Senate begins work on a $93 billion wartime supplemental in a few weeks.

"The next step is to start using our real power, which is the power of the purse," he said.

Feingold's comments show how difficult it will be for Reid to execute his preferred strategy of forcing Republicans to take votes on interim measures to limit, or scale back, the war before moving toward an up-or-down vote on cutting off funds.

Faced with these competing pressures, Reid admitted he was unsure of what his next step would be, but he was clearly not ready to throw his full weight behind the Biden-Levin plan.

"There has not been a determination by the Democratic Caucus as to how we finalize our legislative approach to this," Reid told reporters Tuesday. "There are a number of different ways we could go. You suggested the deauthorization (of the Iraq war) -- that is certainly one. The other is to change the mission legislatively, what's going on there. And we're working our way through that."

Asked his preference, Reid said, "I have a preference of making sure that I have my arms around the entire caucus before I put my name on an amendment."

Across the Capitol, Pelosi faced similar problems as she weighed whether to allow Murtha a vote on his proposal to restrict the flow of fresh troops to Iraq by imposing restrictions on their training and equipment. Republicans have dubbed it the "slow-bleed" policy, a phrase that has infuriated Democrats. But its constant repetition by GOP spinmeisters and their political allies has definitely weakened support for the plan.

Murtha, who oversees the Defense Appropriations Subcommittee, has planned to insert his proposed restrictions into the upcoming wartime spending bill. But The Wall Street Journal reported on Tuesday that Rep. Dave Obey (D-Wis.), chairman of the full committee, may now add waivers to the bill, which would allow the Pentagon to essentially ignore the Murtha language.

Murtha has been heavily criticized for unveiling his proposal weeks before he was readily to formally introduce it. And even though Pelosi issued a statement reiterating her call to make sure U.S. troops are properly equipped and trained before being sent to Iraq, the Murtha plan may have suffered too much damage to be politically viable anymore.

Top Democrats tried to play down the problems they face over the Murtha proposal, noting that House Democrats were divided leading up to the recent floor debate over Iraq but ended up backing Pelosi's lead.

"We didn't have that coalescence on the nonbinding resolution," said Rep. Michael E. Capuano (D-Mass.), a top Pelosi lieutenant. "We were all over the ballpark. It came together in two days. We tried to find language that was first of all clear, second of all brings people together. Jack's job is getting something out there. A few people being vocal about it is not a real problem."

Republican strategists, though, for the first time since their big loss in November, looked at the problems facing Reid and Pelosi and gloated, although only for a minute.

"We're at the best we've been since the election," said one senior Senate GOP aide. "It may not last, but this is definitely the best we've been in a while."

An Editor's Confession: I'm The Source Of 'Slow Bleed' (POL)

By John Harris

The Politico, February 28, 2007

With a mixture of pride and remorse, I have a confession: I am the author of the Democratic Party's "slow-bleed strategy" for ending the war in Iraq.

I had nothing to do with the details of the plan that Rep. John P. Murtha (D-Pa.) floated two weeks ago. His plan was crafted to use the appropriations process to limit President Bush's options for mobilizing more forces in Iraq, while trying to protect Democrats from the accusation that they were abandoning troops in the field. As it happens, Murtha's idea is itself bleeding support, hit by a barrage of denunciations from people who say it does indeed amount to abandoning the troops.

In retrospect, it probably has already occurred to Murtha and his supporters that from a public relations perspective, "slow-bleed" was not the most winning description. How could they have been so stupid?

That's where I come in. "Slow bleed" is my phrase. Murtha had nothing to do with it. Neither did John Bresnahan, the reporter whose name was on the Politico story in which the "slow-bleed strategy" made its debut.

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You can understand my pride of authorship. Editors labor in obscurity. Our job is to keep reporters from looking bad, and to let them take the credit when they look good. Rarely is there tangible evidence that we are having any impact. But in 20-plus years in the business, I can scarcely recall an instance when words typed on my keyboard have had such a loud and immediate echo.

For Continuing Coverage of Iraq Visit

If you Google "slow bleed" and "Murtha," you get nearly 200,000 hits. Nexis recorded more than a hundred stories in the days after Bresnahan's article that used the phrase "slow bleed."

"Slow bleed" was featured on CNN and on the editorial page of The Wall Street Journal. My former newspaper, The Washington Post, used the phrase the other day as if it were an established part of Washington lexicon, needing neither attribution nor explanation. "Slow bleed" also played a starring role in a parade of House floor speeches by Republicans denouncing Democrats, and in a fundraising letter from Republican National Committee Chairman Mike Duncan. "Slow-bleed is exactly the right name for this incredibly irresponsible and dangerous strategy," he wrote.

Like many others who weighed in, Duncan incorrectly stated that "slow-bleed" was the name that Democrats were using to describe their strategy.

Here is where remorse kicks in. As happens all the time in journalism, this was a decision -- made on the fly and under deadline -- that I would have taken back in the morning. It is Murtha's job to defend his own policies. But I'd prefer not to hand his opponents ammunition in the form of evocative but loaded language.

When my colleague Jim VandeHei and I started The Politico, we said we hoped to make the work of political journalists more transparent. So, in the name of transparency (and self-abasement), here is what happened.

Bresnahan, who has unparalleled sources and understanding of how Congress works, wrote an article that was the first to detail the emerging Democratic strategy of challenging Bush on Iraq. Here was the lead paragraph of the draft he submitted:

"Even as the House begins debate on a resolution opposing President Bush's plan to send 21,500 more U.S. combat troops to Iraq, leading anti-war groups are preparing a multi-million dollar TV ad campaign and grassroots lobbying blitz designed to pressure vulnerable incumbent lawmakers to end their support for the war."

VandeHei and I read the article and were impressed by the detail of Bresnahan's reporting. But, as editors always do, we had our quibbles. Like the lead paragraph: Too bulky, and too bland. The story was a good bit better than the introduction.

We rushed the patient to the operating table for emergency surgery. With VandeHei hovering over my shoulder, this is what I came up with:

"Top House Democrats, working in concert with anti-war groups, have decided against using congressional power to force a quick end to U.S. involvement in Iraq, and instead will pursue a slow-bleed strategy designed to gradually limit the administration's options."

That is not exactly prize-winning prose, but it seemed a little snappier to us -- and more on point. Please note the context: What is slowly bleeding away is the administration's political support to keep fighting the war. Republicans pounced on the phrase because of the ease with which that context could be shorn away, to give the impression that what Democrats were slow-bleeding were the bodies of troops in Iraq.

That willingness to wrest words from context -- and to attribute the phrase to Democrats even though it was not theirs -- was demagogic on the part of Republican operatives. But it was never my plan to make their work so easy.

A journalist's job is to clarify political debate, not further muddy it. In the two weeks since his original article, Bresnahan's reporting has continued to clarify the unfolding Iraq argument, even as his editors made life more difficult for him.

So there you have it -- how the sausage gets made in a newsroom. Not always the most appetizing sight.

Service Members Sign Appeal Calling For Troop Withdrawal (NYT)

By Lizette Alvarez

The New York Times, February 28, 2007

In a small but growing sign of dissent, a group of active-duty military personnel and reservists, including many who have served in Iraq, is denouncing the war and asking Congress for the prompt withdrawal of troops.

The service members, who number more than 1,600, have sent an Appeal for Redress to their Congressional representatives, a form of protest permitted by military rules. Most of those who signed the appeal, at www.appealforredress.org, are enlisted soldiers in the Army, from the lowest to the highest ranks.

“There is a sense of betrayal,” said Specialist Linsay Burnett, 26, who recently returned from Iraq with the First Brigade combat team of the 101st Airborne Division, based at Fort Campbell, on the border of Kentucky and Tennessee. The division is readying for its third deployment.

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"These soldiers stand up to fight, to protect their country, but we are now on the fifth reason as to why it is we are in Iraq," added Specialist Burnett, who has served as a public affairs specialist and as a military journalist focusing primarily on the infantry. "How many reasons are we going to come up with for keeping us over there?"

The Appeal for Redress reads: "As a patriotic American proud to serve the nation in uniform, I respectfully urge my political leaders in Congress to support the prompt withdrawal of all American military forces and bases from Iraq. Staying in Iraq will not work and is not worth the price. It is time for U.S. troops to come home."

The protest, which was started in October by two active-duty service members and is sponsored by three antiwar groups, initially drew 65 signatures, growing to more than 1,300 by February. This week, after the CBS News program "60 Minutes" reported on the appeal, about 300 more active-duty soldiers joined the campaign, said Petty Officer Third Class Jonathan Hutto of the Navy, a co-founder of the group behind the appeal.

While the 1,600 make up a tiny part of the armed services, the appeal is one of the first official signs of protest from people within the military. An estimated 70 percent of those who have signed it are on active duty; the rest are members of the Reserves or the National Guard, and about 100 officers have signed it.

Describing themselves as supporters of the military but critics of the Iraq war, leaders of the appeal say they believe it is their right and duty under the Constitution to question the war and its mission, a position not widely voiced in the military.

Their decision to speak out and take their opposition outside the chain of command has been criticized by some veterans' groups that argue that soldiers are obligated to follow orders, not change policy. Critics also say that while service members cannot choose where they will be deployed, they can choose to join the military or not.

When the group sent its first letter in October, the White House spokesman, Tony Snow, said it was "not unusual for soldiers in a time of war to have some misgivings," adding that the group constituted a small minority of service members.

In a phone call yesterday with three signatories, including Petty Officer Hutto, the service members said their decision to appeal had not been taken lightly. The military does not allow service members to organize and frowns on dissent.

"The Army has many ways to make your life very difficult," Specialist Burnett said, adding that she had come forward largely because "there are not many voices out there for the men on the ground."

Jeff Slocum, a chief master sergeant of the Air Force who is scheduled to deploy to Iraq next year, said his high rank was one reason he had signed the appeal. "I'm not antiwar, I'm not antimilitary," said Chief Master Sergeant Slocum, who added that the troops were feeling "used and abused."

That 1,600 service members have signed the appeal "shows just how much we are willing to risk," he said. "We are trying to raise awareness that we need people to be sticking up for us, because nobody else is."

Spy Chief Uses 'Civil War' To Describe Iraq (USAT)

By Jim Michaels

USA Today, February 28, 2007

WASHINGTON — The nation's spy chief said Tuesday that the violence in Iraq resembles a civil war and the Iraqi government has the "close to impossible" job of trying to end the violence.

The "term 'civil war' accurately describes key elements of the Iraqi conflict," Mike McConnell, the new director of national intelligence, said in a statement to the Senate Armed Services Committee.

Ethnic-sectarian violence has polarized politics and hardened the position of combatants, McConnell said, particularly since an attack by Sunni militants on a Shiite mosque in Samarra a year ago.

The Bush administration has avoided using the term civil war to describe the violence in Iraq. McConnell is the highest-ranking administration official to use the term to describe events in Iraq.

McConnell, a retired vice admiral who was confirmed as the top spy earlier this month, and Lt. Gen. Michael Maples, director of the Defense Intelligence Agency, described a worsening situation in Iraq in testimony at a hearing on global security threats.

If the trends in Iraq aren't reversed "we assess that the security situation will continue to deteriorate at a rate comparable to the latter half of 2006," McConnell said.

Maples said insurgent attacks reached an average of 180 per day last month, equal to the previous high in October 2006.

"I think the Iraqi political leaders have close to impossible tasks: one, the sectarian violence on the one hand; and, two, pressure to have progress," McConnell said.

Later, in response to a question, he revised the statement to say the Iraqi leaders face a "very difficult task."

McConnell cited achievements in Iraq, including efforts by Prime Minister Nouri al-Maliki to bridge sectarian divisions and an increase in the number and quality of Iraqi security forces.

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He said a rapid withdrawal of U.S. troops from Iraq would lead to an increase in sectarian violence and intensify Sunni resistance to the Shiite-dominated government.

Bush Administration To Join Iraqi-led Talks Attended By Iran, Syria (MCT)

By Warren P. Strobel, Jonathan S. Landay And Renee Schoof

McClatchy Newspapers, February 28, 2007

WASHINGTON - In a softening of its refusal to pursue direct diplomacy with two Middle East adversaries, the Bush administration announced Tuesday that it will participate in a series of international meetings on Iraq that will include representatives of Iran and Syria.

Secretary of State Condoleezza Rice announced the talks with Iraq and its neighbors as a "a new diplomatic offensive." She said she hoped that Iran and Syria would "seize the opportunity to improve their relations with Iraq - and to work for peace and stability in the region."

But her announcement at a hearing of the Senate Appropriations Committee - amid signs that the Iraqi army has failed to send the troops it promised to Baghdad - appeared to fall short of calls from Congress and the bipartisan Iraq Study Group to open direct negotiations with Tehran and Damascus.

Senate Majority Leader Harry Reid, D-Nev., called the talks a "first step," but said, "It is not enough on its own."

The White House has accused Tehran of developing nuclear weapons, Damascus of trying to undermine Lebanon's government, and both governments of aiding anti-American forces in Iraq. Until now, it had refused high-level talks with either country.

The first meeting is due to take place during the first half of March in Baghdad, hosted by the Iraqi government, and a second, in which Rice herself might participate, is tentatively set for April.

Meanwhile, top U.S. intelligence officials disclosed that the deployment of Iraqi forces into Baghdad under President Bush's new plan to stabilize Iraq is running behind schedule and that all of the units sent so far have arrived under strength, some by more than half.

Top military officials, speaking at the same hearing with Rice, gave a mixed review on the early implementation of the plan, which is aimed at ending carnage in the capital between Shiites and Sunni Muslims.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, said the Iraqi military was "good for the most part," but uneven. "The Iraqi military is coming on very well," he said, adding that the soldiers should be able to replace U.S. troops by late 2007. "We should have significant turnover this year," he said.

Defense Secretary Robert Gates testified that the Pentagon would send Congress a confidential report on the Iraqi military later this week. "I am watching to see how the Iraqis perform," he said. "So far, so good."

The plan, which Bush announced last month, calls for the deployment of an extra 17,500 American troops to Baghdad, along with thousands of additional Iraqi security forces. The Iraqis are to play the leading role in suppressing the violence and ending forced evictions, most of which are against minority Sunnis by militias linked to Shiite parties in the U.S.-backed coalition government.

But retired Vice Adm. John McConnell, the director of national intelligence, and Army Lt. Gen. Michael Maples, the head of the Defense Intelligence Agency, told the Senate Armed Services Committee in a separate hearing that the Iraqi army sent to Baghdad only two of the three additional brigades that were to have been in place by Feb. 15.

An Iraqi brigade is supposed to have 3,200 men.

"One of the problems was having fully manned units when they arrived in Baghdad," McConnell said. "A work in progress is how best to describe it. It's not there yet."

It was McConnell's first time testifying before a congressional committee since he became the nation's top intelligence officer on Feb. 13.

Maples, the military's top intelligence official, said that the strength of the Iraqi battalions that comprise the two brigades range from 43 percent to 82 percent.

The numbers were the most concise manpower figures that the U.S. military has given for the additional Iraqi units sent to Baghdad.

McConnell said one reason for the Iraqi shortfalls is that typically 25 percent of an Iraqi army unit is away on leave or on some other assignment. But U.S. and Iraqi officials also have cited high desertion rates as a serious problem.

On the positive side, McConnell said that Iraqi forces have begun taking leading roles in some parts of Baghdad, although he didn't specify which areas.

Several lawmakers expressed deep concern over the prospects for success for Bush's plan, including Sen. John Warner, R-Va.

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"I do not see evidence, strong evidence, that the Iraqi forces are measuring up in any amount to what the president laid down," he said.

The new diplomatic steps evoked skepticism from both sides of the aisle as well. Reid said in a statement that the decision to begin talks with Iran and Syria "should have been made long ago."

"Today's announcement is a first step, but it is not enough on its own. Our national security requires a robust diplomatic effort in the Middle East, and the Bush administration cannot again settle for mere half measures," he said.

Sen. Lamar Alexander, R-Tenn., said Bush shouldn't have taken so long to organize a diplomatic push.

"I think he missed an opportunity ... to increase popular support for a long-term U.S. interest in Iraq."

Car Bomb Near Soccer Field Kills 16 Children, 2 Women In Ramadi (WP)

By Ernesto Londoño

The Washington Post, February 28, 2007

BAGHDAD, Feb. 27 -- Sixteen children playing soccer and two women were killed Monday in a car bombing in the western Iraqi city of Ramadi, an Iraqi official said Tuesday, in an attack that Iraqi leaders decried as horrific.

The bomb, hidden under wood panels loaded on a Kia pickup truck, exploded in a residential area near a soccer field where the children were playing, according to Col. Tariq al-Alwani, the security supervisor in Anbar province.

"It's a tragedy that the kids are targeted," the colonel said. "The kids we consider as a message to the world." He said news of the bombing had emerged a day late because most reporters have left Ramadi out of concern for their safety.

The offices of President Jalal Talabani, who is hospitalized in Amman, Jordan, and Prime Minister Nouri al-Maliki, condemned the bombing. Maliki blamed "criminal gangs" for the "crime against children in their innocent playgrounds," the Los Angeles Times reported.

Ramadi, capital of Anbar province, is a stronghold of the Sunni insurgent group Al-Qaeda in Iraq. More than a quarter of the U.S. troops killed in Iraq have died in Anbar, where President Bush is sending 4,000 additional Marines as part of a temporary increase of U.S. forces in the country.

Nearly 24 hours after the car bombing, another explosion shook the city when U.S. troops sought to destroy 15 bags of seized explosives. U.S. military officials said they misjudged the strength of the explosives, which they detonated Tuesday evening inside the courtyard of an empty building, and the resulting blast injured at least 30 civilians, among them nine children and seven women.

None of the injuries were life-threatening, said Lt. Col. Josslyn Aberle, a military spokeswoman. Eight people were taken to medical facilities and the rest were treated at the scene, she said.

In Baghdad, U.S. and Iraqi forces continued implementing a security plan to pacify the capital, the second such effort in half a year. In a pre-dawn raid in the sprawling Shiite district of Sadr City, U.S. and Iraqi soldiers detained 16 leaders of the Mahdi Army, a powerful Shiite militia controlled by anti-American cleric Moqtada al-Sadr, the U.S. military said in a statement.

The military said the detained militia leaders "direct and perpetrate sectarian murder, torture and kidnapping."

Abdul Razzaq al-Nedawi, a Sadr aide, said that the detentions were unjustified and that the operation appeared to be an attempt to provoke the Mahdi Army, which has lain low since stricter security measures went into effect in Baghdad this month.

"The occupation forces want to drag Sadr [supporters] into war," Nedawi said.

Sadr criticized the plan in a statement on Sunday. "The security plan will not be good if it is controlled and ruled by our enemies, the occupiers," the statement said. The Shiite-led government of Prime Minister Maliki, whom Sadr has supported, has been criticized for failing to crack down on Shiite militias.

Lt. Gen. Raymond T. Odierno, the second-ranking U.S. general in Iraq, provided a cautiously optimistic assessment Tuesday of the first two weeks of the security plan, citing what he described as a decline in sectarian killings.

"Although we see some initial progress, we know the enemies we face will continue to attempt to disrupt the goals of the government by conducting attacks against innocent civilians," he said.

Odierno also said all the 21,500 additional troops who are part of the Bush administration's temporary increase will be in Iraq by May.

Also Tuesday, the U.S. military reported that four service members had been killed in two incidents. Three soldiers were killed by a roadside bomb Tuesday while conducting a route clearance mission southwest of Baghdad.

The fourth soldier was killed Monday night near the city of Diwaniyah, south of Baghdad. The soldier's Humvee struck an improvised explosive device.

The U.S. military also announced that a specialist has been convicted of negligent homicide for killing a soldier in June while cleaning his weapon. Spec. Daniel E. Turner was sentenced to 15 months' confinement and a bad conduct discharge.

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Iraq Bombers Target Ice Cream Shop, Restaurants (LAT)

By Tina Susman

The Los Angeles Times, February 28, 2007

BAGHDAD, Iraq -- Two weeks after a new U.S.-Iraqi security crackdown was launched here, bombers struck popular public gathering spots ranging from an ice cream parlor to a kebab shop Tuesday, causing at least eight deaths.

Police in the capital also reported discovering the bodies of 31 men who had been shot to death, apparent victims of Shiite death squads. And the U.S. military reported the deaths of five more American troops.

Rage and frustration in Baghdad over the continuing bloodshed was accompanied by a sense of confusion over an afternoon incident in Ramadi, where officials said a bomb explosion at a soccer field killed 18 children ranging in age from about 6 to 12 years old.

The reports, which could not be independently verified, led quickly to angry statements by officials including Prime Minister Nouri al-Maliki, who denounced the "crime against children in their innocent playgrounds" and blamed "criminal gangs."

Other reports, however, raised questions over whether anyone was killed in the Sunni-dominated city in Anbar province on Tuesday.

The U.S. military said it set off a controlled explosion in Ramadi in the afternoon that went awry, sending shrapnel and glass flying and injuring 31 people, including several children.

None of the injuries was life-threatening, said Lt. Col. Josslyn Aberle, a military spokeswoman.

"I know there are reports children were killed out there. Those are incorrect," Aberle said, adding that the military had no reports of any other blasts in Ramadi.

Whatever the case in Ramadi, attacks continue relentlessly across Iraq despite the launching Feb. 13 of the new security plan, with the deadliest striking benign civilian targets and bearing the hallmark of Sunni insurgents.

In the past week, bombers have hit a college campus, a Sunni mosque whose imam had spoken out against the insurgency, and a government building where the Shiite vice president, Adel Abdul-Mahdi, was due to speak.

The vice president escaped with minor injuries Monday, but the attacks, in addition to the slew of bombings Tuesday, have left some Iraqis despairing of the government's ability to provide adequate security.

Iraqi officials are portraying the bloodshed as a last gasp by militants trying to derail the plan, which aims to put thousands more troops on the streets of Baghdad and in neighboring Anbar province.

"It is expected that they would try to intensify their activities to abort the plan and make people say the plan is a failure," said Sami Askari, a Shiite lawmaker, who blamed the violence on Sunni radicals. "It is unrealistic to achieve a goal like controlling Baghdad over a short period of time. The terrorist groups will try with all their arsenal of weapons and explosives to make the plan fail."

Those words, however, were no comfort to Iraqis caught up in the bloodshed.

"Every place is now becoming dangerous," said Muaataz Jawad, a Shiite college student who survived a bombing at his university Sunday and who worked with the Iraqi commission that helped organize national elections in 2005.

"It was dangerous and we were the target of snipers, but I was enthusiastic at that time. I regret it now," he said Tuesday of his election work. "I am not seeing any achievements, only traffic jams and more explosions."

Haidar Muhamed, a Shiite shopkeeper who works near the scene of one of Tuesday's attacks in Baghdad, was not as pessimistic but said he did not expect to see much change anytime soon.

"I still have faith in the government, but many times they give promises that they cannot fulfill," he said. "The plan has some deficiencies, but I think it will succeed eventually."

The attacks in Baghdad began at about 1 p.m. when a bomb exploded outside the Faris chicken restaurant in Karada, a mainly Shiite neighborhood. At least two people died, four were injured, and several cars parked nearby were damaged.

In the next couple of hours, six more people died in bomb blasts targeting crowded public spots, including the Abu Ali restaurant in downtown Baghdad. Police said the bomber came into the restaurant to eat lunch and left behind a plastic sack containing the deadly explosives. Three people died there, and 13 were injured.

Three more people were killed when a suicide car bomber struck near an ice cream shop in the Karada neighborhood, and two people died when mortar shells landed in a mixed Sunni-Shiite neighborhood south of Baghdad.

In Mosul, north of Baghdad, a car bomb exploded outside a police station, killing six police officers. In Khaldiya, about 50 miles west of Baghdad in Anbar province, a mortar attack in a market killed eight people.

The 31 bodies found in Baghdad shot execution-style was the highest number in the past two weeks, according to a tally kept by the Los Angeles Times and based on police and morgue reports. The toll suggested a possible resurgence of death squad activity as Sunni Arab bombing attacks persist.

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Sunnis accuse the al-Maliki government of not doing enough to control Shiite militias and say the new security plan is focusing on Sunni neighborhoods while Shiite strongholds such as Sadr City are largely left alone. Iraqi police, backed by U.S. troops, apparently sought to counter that accusation with a predawn raid in Sadr City that brought angry protests from residents whose homes were searched.

Also Tuesday, police in Diwaniya, south of Baghdad, announced the arrests of 157 more suspected members of a Shiite cult whose followers had planned to attack the country's leading Shiite clergy last month in the belief it would hasten the dawn of a new age.

According to authorities, at least 263 members of the group, known as Heaven's Army or the Soldiers of Heaven, were killed in a fierce firefight with U.S. and Iraqi forces who got wind of the plot to attack religious leaders on Ashura, one of the holiest days on the Shiite calendar. This year, Ashura fell on Jan. 29, and the battle occurred over a period of about 24 hours in the firefight between the holy city of Najaf and Diwaniya.

Iraqi officials say the group's leader claimed to be a revered Shiite saint who would usher in a better world. He was killed in the fighting. Since then, police have continued to round up dozens of his alleged followers.

Times staff writers Saif Hameed and Raheem Salman, special correspondent Saad Fakhrildeen in Najaf, and special correspondents in Ramadi, Baghdad and Hillah contributed to this report.

Coming Soon, Maybe: An Iraqi Oil Law (NYT)

New York Times, February 28, 2007

It would be a big step forward if Iraq actually approved and carried out long-promised and never-delivered legislation equitably sharing the nation's oil revenues among all Iraqis. Unfortunately, the draft oil agreement approved by Iraq's cabinet on Monday is still a long way from that.

There are a host of political hurdles that must be overcome and no assurance that Iraq's Shiites and Kurds — who dominate the Parliament and happen to sit on most of Iraq's known reserves — are suddenly willing to share the wealth equitably with Iraq's Sunnis.

There's little surprise that the White House is trying to claim the draft oil law as progress. There is no other good news to report: no security from the security sweep in Baghdad, no visible movement to purge the Iraqi police of sectarian death squads and no effort by Washington to impose benchmarks on Iraq's leaders for achieving national unity. Washington is also not about to point to the bombing of a government office in Baghdad on Monday that wounded an Iraqi vice president and a cabinet minister, or the truck bombing outside a mosque in Falluja that killed 36 people on Saturday.

In a bow to the reality of a splintering Iraq, the administration says it is now ready to sit down with Iraq's neighbors, including Iran and Syria. That, too, is a long overdue step. We hope that American officials will use the meeting to explore ways of containing this mushrooming sectarian violence, not to engage in more accusations and posturing.

But the most important steps need to be taken by the Iraqi government itself. Prime Minister Nuri Kamal al-Maliki and his cabinet need to take responsibility for unifying a nation torn apart by decades of dictatorship and insurgency, rather than further inflaming those divisions by exacting vengeance on the formerly dominant Sunni Arab minority. The security forces have to be purged of sectarian fighters bent on revenge and transformed into national forces committed to protecting all Iraqis.

And oil, Iraq's principal resource, must be equitably shared without regard to geography, religion or ethnic group. An oil law should be one of the benchmarks Washington insists on as a condition of continued support. Cabinet agreement on a preliminary draft may be the only good news out of Iraq this week. But it isn't nearly enough.

Iran, Syria May Join Baghdad Talks (AP)

By Brian Murphy

AP, February 28, 2007

Envoys from the West and Islamic nations — including Iran, Syria and the United States — are expected to attend a conference next month on efforts to stabilize Iraq, a diplomatic adviser said Tuesday.

The meeting, planned for mid-March in the Iraqi capital, is an attempt by the U.S.-backed government to seek greater regional assistance in fighting insurgents and addressing tensions between Iraq's majority Shiite Muslims and Sunnis.

Some nations had expressed reservations about taking part in the conference because of security worries and political sensitivities. Some of Iraq's Sunni neighbors are wary about being seen as lending too much support to the Shiite-led government.

But Labed Abbawi, an adviser to Iraqi Foreign Minister Hoshyar Zebari, said "there has been positive responses" from nearly all the nations and groups invited, which include Iraq's neighbors, the Arab League and the five permanent U.N. Security Council members.

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"We believe all will attend," he said. No date has been set.

In Washington, White House deputy press secretary Dana Perino said the U.S. "would attend" a regional conference if invited. Abbawi said that the United States was among those asked to take part.

Perino said Secretary of State Condoleezza Rice would be "a logical attendee," but said she could not announce anything on Rice's behalf.

"Everyone in the region and interested parties has an interest and a stake in making sure that Iraq can become a thriving democracy," said Perino.

The gathering could offer a forum for Washington to amplify its concerns about Iranian involvement in Iraq. U.S. officials claim Shiite militia receive a steady flow of arms and aid from Iran, including parts for lethal roadside bombs used against U.S. troops. Iran denies the charges.

The United States also has complained that Syria is not doing enough to block aid routes for Sunni insurgents, including the group al-Qaida in Iraq.

U.S. Joins Regional Talks To Secure Iraq (AP)

By Robert Burns

AP, February 28, 2007

In a diplomatic turnabout, the Bush administration will join an Iraq-sponsored "neighbors meeting" with Iran and Syria, Secretary of State Condoleezza Rice said Tuesday.

It marked a change of approach by the United States, which has resisted calls by members of Congress and by a bipartisan Iraq review group to include Iran and Syria in talks designed to stabilize Iraq.

The move came amid growing discontent over the war, even as President Bush rushes an additional 21,500 U.S. troops to Iraq and congressional Democrats struggle to settle on their next steps to end U.S. participation.

The administration said its decision to take part in the Iraq conference did not represent a change of heart, although the White House has accused both Iran and Syria of deadly meddling in the war. "We've always been inclined to participate in an Iraqi-led conference," White House counselor Dan Bartlett said.

The administration in recent weeks has increased its criticism of Iran's role in Iraq, charging it with supplying advanced technologies for the most lethal form of roadside bombs. The administration has accused Syria of harboring anti-Iraqi government forces and allowing weapons to cross its border.

Rice announced U.S. support for the Iraq meeting, to be held in Baghdad next month, at a Senate hearing in which Democrats pressed her and Defense Secretary Robert Gates to explain what progress is being made in the Baghdad security crackdown and how soon U.S. troops will be coming home.

"There is no end, I say, no end in sight," exclaimed Sen. Robert Byrd, D-W.Va., the Appropriations Committee chairman. He decried the spending of $10 billion a month in Iraq and Afghanistan amid raging sectarian and insurgent violence.

Sen. Patrick Leahy, D-Vt., asked Gates to predict how soon Iraq would be stabilized.

"The honest answer to your question is: 'I don't know,'" Gates replied. He noted that Gen. David Petraeus had arrived in Baghdad as the new commander of U.S. forces and that Petraeus believes by early summer he will have a good idea of how the new Baghdad security plan, now getting under way, will work out.

Noting recent speculation about U.S. military action to destroy neighboring Iran's nuclear facilities, Byrd asked Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, whether it was true that the Pentagon was planning airstrikes against Iran.

"It is not true," Pace replied.

"Categorically?" Byrd pressed.

"Categorically, sir," Pace said.

Separately, Democrats' plans to limit Bush's war authority and force a change of course in Iraq were faltering amid party divisions over how quickly and aggressively they should act.

Officials said Sen. Russ Feingold, D-Wis., and other anti-war Democrats balked Tuesday at a draft measure that had circulated in recent days with the blessing of the leadership. The proposal would have repealed the 2002 law that authorized Bush to invade Iraq, and given the White House a goal of March 2008 to remove all combat troops from the country except for those carrying out limited missions.

"I will not vote for anything that the president could read as an authorization for continuing with a large military campaign in Iraq," Feingold said in a statement after a closed-door meeting. "Deauthorizing the president's failed Iraq policy may be an appropriate next step if done right, but the ultimate goal needs to be using our constitutionally granted power of the purse to bring this catastrophe to an end."

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Other Democrats said there was general agreement among the rank and file on legislation that would limit the mission of troops remaining in Iraq, but there was no consensus on a means for accomplishing that goal.

Meanwhile, House Democratic leaders are backing away from a proposal to scale back U.S. involvement in Iraq by withholding money for the war effort.

Rice, in announcing the "neighbors meeting" on Iraq, said a wide range of interested countries were being invited. She said it was the Iraqi government's initiative to ask Iran and Syria.

"We hope that all governments will seize this opportunity to improve their relations with Iraq and to work for peace and stability in the region," Rice said.

Her announcement was welcomed by Democrats and Republicans alike.

"Today's announcement is a first step, but it is not enough on its own," said Senate Majority Leader Harry Reid. "Our national security requires a robust diplomatic effort in the Middle East, and the Bush administration cannot again settle for mere half measures."

The bipartisan Iraq Study Group in December recommended U.S. dialogue with Iran and Syria, but until now the administration has resisted that course. Former Secretary of State James A. Baker III, Republican co-chairman of the panel, welcomed the shift in a speech Tuesday night. But he went further, urging the administration to include Syria in Mideast peacemaking with Israel and the Palestinians.

At the State Department, spokesman Sean McCormack said the agenda of the meeting would be set by the Iraqis.

"Security is clearly an important issue for the Iraqis. It's going to be at the top of the agenda," he said. "There are clearly issues that we have with respect to security in Iraq." He said roadside bombs, which are the leading killer of American troops and are in some cases linked to Iran, are "certainly at the top of our list."

McCormack said the Iraq meeting would not include any formal U.S.-Iran negotiations on Iran's nuclear program, but he did not rule out informal discussions. The Bush administration says Iran's nuclear program is aimed at developing nuclear weapons, but Tehran says it is for new sources of energy.

A U.N. Security Council deadline for Tehran to suspend uranium enrichment has just expired, and in response the U.S. wants the council to expand the limited sanctions the world body has imposed on Iran.

The Iraqi government announced in Baghdad that it was preparing the meeting for mid-March, and that invitees include members of the Arab League and the five permanent members of the U.N. Security Council — the U.S., Britain, France, China and Russia.

A second meeting involving the countries' foreign ministers — which administration officials said Rice would attend — would also be held, perhaps as soon as early April.

U.S. To Sit Down With Syria, Iran For Regional Conference On Iraq (USAT)

By Barbara Slavin

USA Today, February 28, 2007

WASHINGTON — The Bush administration said Tuesday that it will join Iran and Syria at a meeting of Iraq's "neighbors" next month — and it did not rule out one-on-one talks with either country.

The meeting, organized by the Iraqi government and aimed at finding ways to stabilize Iraq, would put the United States at the table with countries President Bush has sought to isolate.

"The Iraqi government has invited Syria and Iran to attend. … We hope these governments seize this opportunity to improve their relations with Iraq — and to work for peace and stability in the region," Secretary of State Condoleezza Rice told the Senate Appropriations Committee.

State Department spokesman Sean McCormack said the move was consistent with the administration's position that it would talk with Iran and Syria if discussions were confined to Iraq. Critics of the administration's policies called it a change of course.

The move comes as the administration is pushing for tougher United Nations sanctions on Iran for refusing to halt its nuclear program.

The administration has resisted calls for broader dialogue with Iran and Syria, which it says are prime sponsors of terrorism and are feeding instability in Iraq.

In December, a bipartisan panel reviewing U.S. options in Iraq urged the administration to open discussions with the two countries as part of an Iraq "support group " and also one-to-one.

James Baker, the former secretary of State who headed the commission, said that the administration's announcement was "a move in the right direction."

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In a Dec. 11 interview with Agence France-Presse, Rice suggested the United States was willing to talk about Iraq. "In the context of Iraq's neighbors and the international community, if Syria and Iran come to the table responsibly, ready to support Iraqi efforts with their neighbors, we have no problem with that," she said.

McCormack said administration officials wanted Iraq to take the lead organizing a regional conference but saw inviting Iran and Syria as "an interesting and good idea."

Zalmay Khalilzad, the departing U.S. ambassador to Iraq, will represent the United States.

McCormack said he could not "exclude the possibility" of conversations between U.S. and Iranian officials on the sidelines.

Critics of Bush's handling of Iraq said the move represents a new direction. Democratic Sen. Joseph Biden, chairman of the Senate Foreign Relations Committee, said in a statement, "The administration is right to reverse itself."

Ray Takeyh, an Iran expert at the Council on Foreign Relations, said, "I think the Americans are looking to cave" and begin talks without insisting that Iran give up its uranium enrichment program.

The United States and Iran have had no diplomatic relations since 1980 but held secret discussions about Afghanistan, al-Qaeda and Iraq from 2001 to 2003.

The Iraq conference "is one way some kind of engagement can take place without either side losing face," said Trita Parsi, president of the National Iranian American Council, a group advocating U.S. dialogue with Iran.

Earlier this month, the administration softened its stance toward North Korea, agreeing to provide oil and other aid if that country freezes its nuclear program.

U.S. Will Join Talks With Iran And Syria (WP)

By Glenn Kessler

The Washington Post, February 28, 2007

The United States agreed yesterday to join high-level talks with Iran and Syria on the future of Iraq, an abrupt shift in policy that opens the door to diplomatic dealings the White House had shunned in recent months despite mounting criticism.

The move was announced by Secretary of State Condoleezza Rice in testimony on Capitol Hill, after Iraq said it had invited neighboring states, the United States and other nations to a pair of regional conferences.

"I would note that the Iraqi government has invited all of its neighbors, including Syria and Iran, to attend both of these regional meetings," Rice told the Senate Appropriations Committee. "We hope that all governments will seize this opportunity to improve the relations with Iraq and to work for peace and stability in the region."

The first meeting, at the ambassadorial level, will be held next month. Then Rice herself will sit down at the table with the foreign ministers from Damascus and Tehran at a second meeting in April elsewhere in the region, possibly in Istanbul.

The Iraq Study Group, the bipartisan panel whose recommendations were largely ignored by the administration, had recommended such a regional meeting in its December report. Rice and other administration officials emphasized, however, that these conferences would be led and organized by the Iraqi government and not, as the study group suggested, the United States. Still, Democrats seized on the announcement as a long-overdue change in direction by the administration.

"Better late than never," said Leon E. Panetta, a onetime White House chief of staff who served on the panel, headed by former secretary of state James A. Baker III and former congressman Lee H. Hamilton. He said that the announcement was "an important step in trying to bring stability to Iraq" and that, combined with the recent nuclear agreement with North Korea and renewed efforts by Rice to promote Israeli-Palestinian peace, "the administration is finally recognizing that part of its arsenal is strong diplomacy."

In a statement, Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Foreign Relations Committee, said: "The administration is right to reverse itself and engage Iran and Syria on Iraq. Right now they're a big part of the problem, but they have an interest in becoming part of the solution to prevent chaos in Iraq."

Iraqi Prime Minister Nouri al-Maliki has long advocated a regional conference, though originally it was meant to include only Iraq's neighbors. The administration decided in recent weeks to attend the conference, but in an effort to avoid the spotlight it ensured that it will be joined at the table in March by other permanent members of the U.N. Security Council, U.S. officials said. The foreign ministers meeting in April will be further expanded to include representatives of the Group of Eight industrialized countries.

It was decided "relatively recently" to include the permanent Security Council members, and the G-8 was invited "as of last night," a senior administration official said. Rice's announcement appeared intended to assuage congressional concerns about the administration's Iraq policy, which have threatened to derail passage of a nearly $100 billion supplemental spending request for Iraq.

Administration officials noted that former secretary of state Colin L. Powell attended a regional conference on Iraq in 2004, where at one point he found himself seated next to the Iranian foreign minister and made idle chitchat. But that meeting took

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place in a different context, before Iran had started uranium enrichment and before Syria was implicated in the killing of a Lebanese political figure -- two reasons frequently cited by the administration for limited diplomatic engagement with Tehran and Damascus.

"The only reason to talk to us would be to extract a price, and that's not diplomacy, that's extortion," Rice told Der Spiegel, a German magazine, when asked last month about the international conference promoted by the Iraq Study Group.

Since the start of the year, in fact, Rice has rhetorically divided the region between "mainstream" actors, such as Saudi Arabia and Egypt, and "extremists" such as Iran and Syria. She suggested that rather than draw out Iran and Syria through diplomacy, the United States would seek to isolate them unless they changed their behavior on their own.

"We do have a regional approach," Rice told the Senate Foreign Relations Committee in January. "It is to work with those governments that share our view of where the Middle East should be going." She argued at the time that "the problem here is not a lack of engagement with Syrians but a lack of action by Syria. . . . If the government in Tehran wants to help stabilize the region -- as it now claims -- then it should end its support for violent extremists."

Yesterday, State Department spokesman Sean McCormack repeatedly declined to rule out the possibility of bilateral discussions between Rice and her Iranian and Syrian counterparts, except to note that the dispute over Iran's nuclear program is already being handled on a separate diplomatic track. "I'm not going to exclude any particular interaction at this point . . . on issues that are important to us, but the focus will be on Iraq," he said.

"Security is clearly an important issue for the Iraqis. It's going to be at the top of the agenda," McCormack added. Roadside bombs "are certainly at the top of our list," he said. "This isn't, however, our meeting." U.S. officials have charged that Iranian agents are suspected of supplying the devices -- aimed at armored vehicles -- to militias in Iraq.

Retired Vice Adm. John M. McConnell, the new director of national intelligence, appearing before the Senate Armed Services Committee, said yesterday that while Iran is contributing weapons to Iraqi militias that "raises the cost to the United States" of its fighting in Iraq, he did not see "any direct linkage from Iran dictating events inside Iraq."

Iraq Calls For Two Regional Summits (FT)

By Steve Negus

Financial Times, February 28, 2007

Condoleezza Rice, US secretary of state, on Tuesday welcomed a diplomatic initiative by the Iraqi government to call at least two international conferences on its future that would provide an opportunity for the US to tackle its disputes with Iran and Syria over the Iraqi insurgency.

“We hope that all governments will seize this opportunity to improve the relations with Iraq and to work for peace and stability in the region,” Ms Rice told a Senate hearing.

US officials did not exclude the possibility of bilateral discussions with Iran on the subject of Iraq, but would refuse to discuss the nuclear issue, where the US insists that Iran first suspend its nuclear fuel programme. At previous conferences called by the international community on Iraq, Ms Rice and Colin Powell, her predecessor, avoided direct meetings with their Iranian counterparts in Brussels and Egypt.

“In the conduct of diplomacy, you need to have a certain amount of flexibility if you are going to achieve the goals that you want to achieve,” Sean McCormack, State Department spokesman, told reporters.

The first conference is planned to be held in Baghdad at the level of ambassadors in mid-March, bringing together Iraq and its neighbours and the five permanent members of the United Nations Security Council.

A second meeting, to be attended by foreign ministers is scheduled for April outside Iraq. The Bush administration accuses Iran’s Revolutionary Guards of supplying weapons and explosives to Iraqi Shia militia. Syria has also been accused of destabilising Iraq by allowing Sunni insurgents to cross its border. Robert Gates, defence secretary, yesterday said it was “categorically” untrue that the US was preparing to launch air strikes against Iran.

U.S. Set To Join Iran And Syria In Talks On Iraq (NYT)

By Helene Cooper And Kirk Semple

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — American officials said Tuesday that they had agreed to hold the highest-level contact with the Iranian authorities in more than two years as part of an international meeting on Iraq.

The discussions, scheduled for the next two months, are expected to include Secretary of State Condoleezza Rice and her Iranian and Syrian counterparts.

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The announcement, first made in Baghdad and confirmed by Ms. Rice, that the United States would take part in two sets of meetings among Iraq and its neighbors, including Syria and Iran, is a shift in President Bush's avoidance of high-level contacts with the governments in Damascus and, especially, Tehran.

Critics of the administration have long said that it should do more to engage its regional rivals on a host of issues, including the Israeli-Palestinian conflict and Lebanon. That was the position of the Iraq Study Group, the high level commission that last year urged direct, unconditional talks that would include Iran and Syria.

While the newly scheduled meetings may not include direct negotiations between the United States and Iran, and are to focus strictly on stabilizing Iraq rather than other disputes, they could crack open a door to a diplomatic channel.

Iraqi officials had been pushing for such a meeting for several months, but Bush administration officials refused until the Iraqi government reached agreement on pressing domestic matters, including guidelines for nationwide distribution of oil revenue and foreign investment in the country's immense oil industry, administration officials said. The new government of Iraq maintains regular ties with Iran.

"I would note that the Iraqi government has invited Syria and Iran to attend both of these regional meetings," Ms. Rice told a Senate panel on Tuesday, in discussing the talks, which will include Britain, Russia, and a host of international organizations and Middle Eastern countries.

The first meeting — which will include senior Bush administration officials like the State Department Iraq envoy David Satterfield, will be in Baghdad in the first half of March, administration officials said. In early April, Ms. Rice will attend a ministerial level conference, presumably with her Iranian and Syrian counterparts, which will likely be somewhere else in the region, administration officials said.

A year ago, Iranian and American officials announced a planned meeting between the American ambassador to Baghdad and Iranian officials to help stabilize Iraq but the meeting never occurred.

The Iraqi foreign minister, Hoshyar Zebari, called America's anticipated face-to-face contact with Iran and Syria — two countries that the Bush administration has accused of destabilizing Iraq — "very significant."

"Iraq is becoming a divisive issue in the region," Mr. Zebari said in a telephone interview from Denmark, where he is traveling on business. But, he continued, "Iraq can be helpful to its neighbors also. It can provide a platform for them to work out their differences."

The United States has accused Iran of meddling in Iraq, including shipping lethal weapons to Shiite militias in Iraq which the Bush administration says have been used in attacks against American troops.

The new United States intelligence chief, Mike McConnell, told a Senate committee on Tuesday that Iran was training anti-American Iraqi Shiites at sites in Lebanon and Iran to use armor-piercing weapons against American troops. Mr. McConnell said it was "probable" that top Iranian leaders, including Ayatollah Ali Khamenei, were aware that weapons had been supplied by Iran.

A State Department spokesman, Sean McCormack, said the Iranian-made weapons would be "certainly at the top of our list" in the meetings.

The issue of whether the United States should talk to Iran and Syria has been a steady drumbeat in Washington for several months. When the Iraq Study Group raised it in December, it was quickly brushed off by Mr. Bush, who instead embarked on the more confrontational approach.

In addition to the accusations of Iranian meddling in Iraq, the United States has also been confronting Iran over its nuclear program, which Bush administration officials say is aimed at developing nuclear weapons, a charge that Tehran denies. Vice President Dick Cheney said last week that "all options are still on the table" for Washington to prevent Iran from acquiring nuclear weapons, a comment that has heightened fears that the administration is considering attacking Iran's nuclear sites.

Administration officials characterized the conflicting signals as part of a larger diplomatic strategy for dealing with Iran that verges on a high-level game of chicken. One senior administration official said that while some Bush officials have advocated looking for ways to talk to Iran and Syria, they did not want to appear to be talking to either country from a position of weakness. By ratcheting up the confrontational talk, the administration official said, the United States was in more of a driver's seat. He asked that his name not be used because he was not authorized to speak publicly about the issue.

"We became convinced that the Iranians were not taking us seriously," said Philip D. Zelikow, who until December was the top aide to Ms. Rice. "So we've done some things to get them to take us seriously, so now we can try diplomacy."

Senator Harry Reid of Nevada, the majority leader, called the announcement a "first step, but it is not enough on its own."

"Our national security requires a robust diplomatic effort in the Middle East, and the Bush administration cannot again settle for mere half measures," he said.

Still, administration officials made it clear that, at least for now, any engagement would be limited to talks about Iraq, and not larger issues like Iran's nuclear program.

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The United States broke off diplomatic relations with Iran after the 1979 Islamist revolution and the storming of the American Embassy in Tehran. America still has diplomatic relations with Syria, including a chargé d'affaires at the American Embassy in Damascus.

Ms. Rice and her deputies have, for several months, pointed to an international conference on Iraq that was established after the American invasion as an available channel to talk to Iran and Syria. Administration officials were working with the United Nations and the Iraqi government last fall to set up the next meeting of the conference, which is sometimes called the International Compact on Iraq. But American officials put off the meeting in part to press the Iraqi government to pass the oil law, administration officials said. The Iraqi government approved a draft of the law on Monday.

As of now, Ms. Rice has announced no plans to hold separate one-on-one talks with her Iranian counterpart, Foreign Minister Manouchehr Mottaki, at the planned April meeting.

In 2004, the first meeting of the International Compact on Iraq, held in the Egyptian resort of Sharm El Sheik, opened with chatter about whether then-Secretary of State Colin L. Powell would hold direct talks with his Iranian counterpart, Kamal Kharrazi.

Mr. Powell and Mr. Kharrazi did not hold a formal session. But the Egyptian hosts of the meeting made the two talk to each other, by seating them side-by-side at dinner. Afterward, an annoyed Mr. Powell said that he and Mr. Kharrazi stuck to polite diplomatic chitchat, discussing subjects like reconstruction after the earthquake in Bam, Iran, and avoiding sensitive topics like the disagreement over Iran's nuclear program.

U.S. To Enter Iraq Talks With Iran, Syria (WSJ)

By Neil King Jr. And Jay Solomon

The Wall Street Journal, February 28, 2007

WASHINGTON -- As criticism mounts over its Middle East policies, the Bush administration has agreed to join in regional talks with Iran and Syria over Iraq, while leaving to the margins the delicate questions of Iran's nuclear program and Syria's role in Lebanon.

The Bush administration's decision to join in the talks next month, which are being launched by the Iraqi government, shows how U.S. officials are now striving to become more engaged in the region diplomatically, whether in Lebanon or the Palestinian territories. It also represents a growing recognition among administration officials that the U.S. needs regional help to stabilize Iraq, even as the U.S. boosts its troop presence there.

· The Issue: The U.S. agrees to join regional talks on Iraq that will include Iran and Syria, amid growing criticism of the Bush administration's unwillingness to engage Mideast players.

· The Background: The White House has shunned the two Iraqi neighbors, accusing both of supporting insurgents and insisting that Iran retreat from its nuclear ambitions.

· The Bottom Line: The move signals growing recognition by administration officials that the U.S. needs regional help to stabilize Iraq, even as it sends more troops.

Two weeks after helping reach a deal to curb North Korea's nuclear program through regional talks, Secretary of State Condoleezza Rice and other administration officials are eager to commence a similar process with Iran, to tackle pressing issues like its alleged pursuit of nuclear weapons. But it remains unclear whether broader talks with Iran will take place, as the U.S. and United Nations Security Council insist it first agree to suspend its uranium work. Tehran has rejected such a precondition.

Ms. Rice's announcement came as many Arab leaders say they see some positive trends emerging in the region, despite the continuing carnage in Iraq. In Lebanon, attempts by the Iranian-backed Shiite militia and political party, Hezbollah, to overthrow the government of Prime Minister Fuad Siniora have waned. Last month, Saudi Arabia brokered the creation of a unity government in the Palestinian territories between Iranian-funded Hamas and Fatah, in a bid to avert civil war and kick-start a new round of Arab-Israeli peace talks.

Arab diplomats tie these developments to Saudi Arabia's recent diplomatic offensive, largely aimed at preventing the spread of Iraq's Sunni-Shiite violence across the region. In addition, they said, Tehran is taking a more conciliatory stance toward its Middle East neighbors, in part because of threats by the U.S., Saudi Arabia and other regional allies to try and contain its growing influence in the region.

Ms. Rice hailed the planned regional gathering as "a new diplomatic initiative." She said the administration's willingness to join in the talks shows it has a wide-ranging strategy on Iraq. "So far from just a military campaign, our efforts in Iraq are moving forward on all fronts at the same time: security, political, economic and diplomatic," she told a Senate panel yesterday.

But she and others cautioned that the U.S. didn't envision the session as a pretext to engage directly with Iran or Syria on issues beyond Iraq. State Department spokesman Sean McCormack said the U.S. wasn't excluding "any particular interaction at this point, in that forum, at the regional level, on issues that are important to us, but the focus will be on Iraq." Other U.S. officials

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said it was possible that U.S. officials could talk with Iranian or Syrian officials at the gathering, but only on ways to bring order to Iraq.

Ms. Rice's announcement before the Senate Appropriations Committee of U.S. participation appeared designed to ease the way for passage this spring of emergency funding for the Iraq war and related State Department operations in Iraq.

Sen. Arlen Specter (R., Pa.), one of seven Republicans who broke with the White House on a recent vote over its Iraq strategy, praised the decision.

He told Ms. Rice that it was "very important" because of the "the widespread sentiment in Congress that a resolution of the Iraq issue will require diplomacy."

The summit will be held initially at a subministerial level in Baghdad. If the first session goes well, the U.S. has agreed to attend a higher-level session, also hosted by Iraq, which would include the foreign ministers of these countries as well as of Japan, Canada, Italy and Germany.

The Iraqi government is eager to win support among neighboring states to help clamp down on insurgent groups and ease the deepening rift between the country's Sunni and Shiite factions. U.S. officials said they hope that the forum will help persuade Iran to stem the flow of weapons into Iraq. The U.S. has repeatedly accused Iran in recent weeks of aiding the sectarian violence in Iraq and providing particularly lethal explosive devices to Iraqi militias and militant groups. Iran has denied these allegations.

Washington's decision to join the meeting comes nearly three months after the Iraq Study Group, a bipartisan panel headed by former Secretary of State James Baker and former Rep. Lee Hamilton, recommended just such a session. The administration has ignored many of the panel's recommendations, including, up to now, the suggestion to hold talks with Iran and Syria. Prominent members of Congress from both parties have also urged the administration to sit down with Iran and Syria.

The U.S. and other Security Council members have just begun weighing a new resolution to impose another series of sanctions on Iran over its nuclear program.

Many Arab diplomats would like the U.S. to directly engage Iran in talks, while maintaining financial, military and diplomatic pressure aimed at containing its regional and nuclear ambitions. "Steps need to be taken to prevent the perfect political storm engulfing the Middle East," said one senior Arab diplomat in Washington. "What's needed is a more composite approach" involving diplomacy and coercion, he said.

U.S. To Attend Talks With Iraq, Neighbors (WT)

By David R. Sands

The Washington Times, February 28, 2007

The United States said yesterday it would attend a pair of Iraqi-sponsored regional conferences in Baghdad over the next two months that will also be attended by archfoes Syria and Iran.

The meetings, called by the government of Iraqi Prime Minister Nouri al-Maliki, would be a sharp break with the Bush administration's past refusal to engage with Syria and Iran over the troubled Iraq conflict and growing regional tensions. The U.S. government accuses both of Iraq's neighbors of fueling insurgent violence against U.S. and Iraqi forces.

Secretary of State Condoleezza Rice, scheduled to attend the second meeting in April with other regional foreign ministers, told a Senate hearing yesterday that Iraq was organizing the meeting and deciding whom to invite.

"We hope [Iran and Syria] seize this opportunity to improve their relations with Iraq -- and to work for peace and stability in the region," she said.

An Iraqi government spokesman said yesterday that Syria has confirmed it will participate in the first meeting, tentatively set for March 10 and 11.

There was no immediate comment from Iran, and U.S. officials insisted yesterday that the diplomatic drive to halt Tehran's nuclear programs would not be on the table in the Iraq meetings.

The meeting was billed as an opportunity to deal exclusively with Iraq's deteriorating security situation. Iraqi officials said they plan a preliminary gathering of lower-level envoys from all of the major Middle East powers, the United States and the four other permanent U.N. Security Council powers, and regional organizations such as the Arab League.

Miss Rice and other foreign ministers would then gather in April for a follow-up meeting, at a place still to be determined. The second meeting would also include the four G-8 countries not invited to the March meeting -- Canada, Italy, Germany and Japan.

Sami al-Askari, a spokesman for Mr. al-Maliki, told reporters in Baghdad, "We will ask all our neighboring countries to stop interfering in Iraqi affairs and to put pressure on armed groups with whom they have links to end the violence."

He singled out Iran and Syria, but also Saudi Arabia, a strong U.S. ally.

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U.S. officials stressed yesterday that the meeting was an Iraqi initiative. President Bush in December had rejected a similar proposal from the bipartisan Iraq Study Group headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton, Indiana Democrat.

State Department spokesman Sean McCormack would not rule out bilateral meetings between U.S. officials and their Syrian and Iranian counterparts in Baghdad. While Iraq is setting the agenda, he said the United States wants to discuss issues of security for U.S. troops in Iraq, particularly the threat from roadside bombs.

"I'm sure that there are going to be different kinds of discussions, meaning different groupings," Mr. McCormack said. "I'm not going to exclude any particular interaction at this point."

It is expected that outgoing U.S. Ambassador to Iraq Zalmay Khalilzad or his successor, Ryan Crocker, would represent the United States at the March meeting.

Even if direct contacts are limited, Syria can claim a diplomatic victory in attending the forum as an equal partner with Washington, according to University of Oklahoma Syrian scholar Joshua Landis. The Bush administration has spurned repeated requests by Syria for high-level direct talks.

The meetings come as U.S. and Iraqi forces have begun a major security push in Baghdad. U.S.-led forces yesterday conducted raids in the largely Shi'ite Sadr City slum, targeting death squads that have been killing Sunnis.

Violence continued to plague the country, with three U.S. soldiers reported killed by a roadside bomb in Baghdad and a fourth U.S. soldier killed in fighting in the town of Diwaniyah, 80 miles south of Baghdad.

And U.S. and Iraqi officials were trying to sort out confusing accounts of an explosion at a popular soccer field in the city of Ramadi, which killed 18 women and children. The U.S. military had conducted a "controlled detonation" of a weapons cache in the area, but U.S. officials said they think the explosion was not linked to the soccer-field bombing.

U.S. To Join Iran, Syria In Iraq Talks (LAT)

By Paul Richter

The Los Angeles Times, February 28, 2007

WASHINGTON — Secretary of State Condoleezza Rice said Tuesday that the United States would join high-level talks on Iraq with the country's neighbors, including Iran and Syria, in a move that may signal a new U.S. willingness to expand diplomacy with two adversaries.

U.S. officials said the negotiations could open the way to a broader dialogue with two nations the Bush administration has refused to meet one-on-one except under limited circumstances, but they also gave carefully couched responses to questions about how far Washington would be willing to go.

Asked about the U.S. refusal to negotiate with Iran about its nuclear program unless Tehran first suspends uranium enrichment, Sean McCormack, the chief State Department spokesman, told reporters, "Those conditions remain."

At the same time, he and others appeared to be trying to leave open the door to talks on other subjects of mutual interest. "I'm not going to try to predict what the course of those diplomatic interactions might be," McCormack said.

Another U.S. official said that though it seemed unlikely that bilateral talks would grow out of the meetings, "we're not going to rule anything out."

"Our diplomats need a certain amount of flexibility to do their work," said the official, who declined to be identified because of the sensitivity of the issues.

Administration officials do not want to cede any diplomatic advantage to Syria and Iran through talks, but they say they believe the two countries are in a position to help the beleaguered Baghdad government. They also may have concluded that appearing more enthusiastic about such diplomacy could ease criticism from the Democrats who control Congress.

Rice announced the U.S. participation in the talks while appearing before a Senate committee, and described it as part of a new "diplomatic offensive." She noted that many lawmakers and the advisory study group headed by former Secretary of State James A. Baker III and former Rep. Lee H. Hamilton (D-Ind.) had urged a regional approach to dealing with Iraq's problems.

"This is one of the key findings, of course, of the Iraq Study Group, and it is an important dimension that many in the … Congress have brought to our attention," Rice said. "We've listened, and I want you to know that."

The Iraqi government, which is organizing the event, plans one working-level meeting in Baghdad in March, and a second elsewhere in the region in April, which Rice is expected to attend. All five permanent members of the U.N. Security Council will be invited, as will other world powers, officials said. The meetings will focus on the challenges facing the war-torn country.

Rice's announcement that Washington would take part came as the Bush administration encounters mounting criticism for its hard-line stance toward Iran. President Bush has sent warships near Iran, is deploying the Air Force along the Iran-Iraq border and repeatedly has accused Tehran of supplying Iraqi militias with weapons used against U.S. troops. At the same time,

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administration officials have denied that they are preparing to attack Iran, although congressional critics are demanding to know more about White House plans.

U.S. officials, starting with Bush, have long argued that direct one-on-one negotiations with Iran and Syria would be unproductive, and could benefit only Tehran and Damascus unless those two governments changed their behavior. That stance has brought the administration criticism from both political parties, foreign governments and Washington's foreign policy establishment.

The issue has also produced splits within the administration. Some officials, including many in the State Department, have contended that the United States, even while holding a firm line, should talk to Syria and Iran. Others, in the Pentagon and White House, have argued that bilateral negotiations would hand the diplomatic advantage to the adversary.

But officials have also said for years that they were willing to meet with Iran and Syria as part of a group to work out the security, economic and political problems facing Iraq. Indeed, they have met repeatedly with representatives of the two governments in different forums since the invasion of Iraq nearly four years ago.

They met with representatives of Iran and Syria in New York in September, for example, to discuss aid to Iraq. In November 2004, then-Secretary of State Colin L. Powell sat next to Iran's foreign minister at a regional meeting in Egypt.

Rice's announcement brought positive reaction from lawmakers who have been trying to push the administration toward more dialogue.

"I hope this means that clearer heads in the administration are beginning to prevail," said Sen. Joseph R. Biden Jr. (D-Del.), chairman of the Senate Foreign Relations Committee.

The first, working-level session of the new talks will include "envoys," such as U.S. Ambassador to Iraq Zalmay Khalilzad and Rice's senior Iraq advisor, David Satterfield. The second meeting is to include foreign ministers of all the countries present for the first session, plus those of the G-8 group of largest industrial nations. That meeting probably will be held outside of Iraq because of the dangerous environment in Baghdad, officials said.

The agenda has not yet been set, but the Iraqi government has been pressing its neighbors to try to cut off the flow of arms, militants and money across its borders; as a result, the discussion could lead to an exchange of views on U.S. claims that Iran has been sending sophisticated explosive devices to Iraq.

Iraq has also been pushing its neighbors to provide more economic aid, and to fulfill pledges of aid that have been ignored for years. By including world powers in the discussion, the Iraqis may hope to bring in more aid as well as expertise from new sources.

Baghdad has also been eager for increased political and diplomatic support from its neighbors. Several do not have embassies or ambassadors in the country. Some Sunni Arab governments believe that Iraq has been captured by a Shiite bloc and seek to limit contacts with it, Iraqi officials complain.

Though some U.S. officials have high hopes for the meeting, they acknowledge that the Iranians and Syrians may not participate vigorously, as has been the case at several meetings the Iraqis have organized, a U.S. official said.

Iraqi leaders face a delicate task in handling neighboring Iran, at various times a cultural, political and military patron to many of the former exile groups running Iraq. Isolated from the rest of the Middle East, Iraqis have come to depend on Iran for trade and energy. Iran's non-energy exports to Iraq totaled $1.3 billion since last March, the Iran-Iraq Chamber of Commerce announced this week.

Iraq is eager to convince other neighbors, such as Syria, Saudi Arabia and Jordan, that they have a stake in the country's future.

Shiite and Kurdish leaders of Iraq long have advocated a regional conference to bolster diplomatic support for the fledgling government. Many Iraqi officials have suggested that all the tools that have been used to bring about an end to recent civil wars in various nations should be brought to bear to halt Iraq's sectarian violence. That includes international conferences such as the 1995 talks in Dayton, Ohio, that brought about an end to the civil war in the former Yugoslavia.

Al-Qaeda Will Come Back To Haunt US If It Fails In Iraq: Rice (AFP)

AFP, February 28, 2007

US Secretary of State Condoleezza Rice warned a doubting US Congress Tuesday that Al-Qaeda will "come back to haunt us" if the United States does not pursue its effort to stabilize Iraq.

"I believe that everyday -- and I don't want to be hyperbolic but frankly every hour of every day -- there are Al-Qaeda forces ... that are trying to figure out how to attack us," Rice told a Senate panel.

"If they have a safe haven, a sophisticated and central place like Iraq, I believe strongly that that's going to enhance their capability to do so," she said.

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Rice and Defense Secretary Robert Gates underwent a grilling Tuesday before the Senate Appropriations Committee which is considering Bush's request for an additional 99.6 billion dollars for the "global war on terrorism" -- including in Iraq and Afghanistan -- for the next six months.

The opposition-controlled Congress is considering several pieces of legislation designed to hasten a US pullout from Iraq nearly four years after President George W. Bush ordered the invasion of that country to topple Saddam Hussein.

At Tuesday's hearing, Senators repeatedly questioned the government's rationale for remaining in Iraq amid sectarian violence that borders on civil war.

Rice responded that a "premature" US withdrawal from Iraq would allow Al-Qaeda elements active in the country to take advantage of the violent chaos that would ensue.

"If you were to get the kind of instability in the region that might come from an Iraq that was unstable and unable to control its borders, unable to control its relationships with its neighbors," she said, it would create "a kind of breeding ground for the kind of terrorism that would come back to haunt us here at home".

"I think the link between the maturation of of Al-Qaeda in the center of the Middle East and our own security is clear, because Al-Qaeda is obviously the greatest threat to our homeland," she said.

Making Nice With Iraq's Neighbors (LAT)

The Los Angeles Times, February 28, 2007

IN WHAT AMOUNTS TO a welcome about-face for the Bush administration, the United States will sit down next month to discuss Iraqi security with Iran and Syria. The discussions, called by the Iraqi government and to be held in Baghdad, also will include Britain, Russia and other Middle Eastern countries. They will mark the first time U.S. diplomats have engaged their Syrian or Iranian counterparts in three years.

President Bush has been under increasing pressure to drop his refusal to talk to these adversaries, pressure that mounted with the release of the Iraq Study Group report in December. As group Co-Chairman James A. Baker III and others have repeatedly noted, Washington engaged the Soviet "evil empire" during the Cold War and these negotiations were no sign of U.S. weakness.

The Baghdad talks will hardly amount to high-powered summitry, though Secretary of State Condoleezza Rice will be attending a subsequent ministerial gathering elsewhere in the region. The Bush administration has been arguing that Iran is sending weapons and agents into Iraq, so it makes sense to have a forum in which to raise and resolve these concerns. It's fair to assume that the discussions with Tehran, much like the ongoing low-grade hostility between U.S. troops and Iranian agents, will initially be confined to Iraq. That is not necessarily a bad thing, especially if some basic understandings, and a reservoir of trust, can be established.

The administration clearly has little choice but to engage Iraq's neighbors on security. Especially now that the U.S. military is recommitting troops to the battle for Baghdad and U.S. allies are pulling out of the country, there are insufficient coalition forces to protect the Iraqi border. And regardless of how the "surge" strategy plays out, any future reduction in U.S. forces in Iraq will be more palatable if the nation's borders are secure and its neighbors feel invested in Iraq's stability.

Bush and Rice also may have felt that this was a good time to announce talks without appearing weak, given broader developments in the Persian Gulf region. Events within Iraq may not be going well, but the U.S. Navy has been flexing its muscles in the region. Moreover, U.S. diplomacy has helped to win a U.N. Security Council resolution denouncing Iran's nuclear program, and Iranian President Mahmoud Ahmadinejad appears to be in some political trouble with the ruling mullahs in Tehran, partly because of his perceived recklessness.

This would seem, then, a good time to explore whether Tehran might become a more constructive partner in bringing about stability in neighboring Iraq — a stability that would be in its own self-interest, after all. And such a development could lead to a constructive dialogue on other issues. There would be no harm in finding out.

Taliban Say Attack Aimed At Cheney (FT)

By Aunohita Mojumdar, Farhan Bokhari And Demetri Sevastopulo

Financial Times, February 28, 2007

Dick Cheney, the US vice-president, was on Tuesday rushed to a bomb shelter in Afghanistan after a suicide attack on the Bagram air force base where he was staying killed more than 20 people.

The Taliban claimed responsibility for the bombing outside Bagram base about 60km from the capital, Kabul, which claimed the lives of one US soldier, a South Korean soldier and a number of Afghans.

Mullah Hayat Khan, a -Taliban spokesman, told [a news agency] the attack was aimed at Mr Cheney. While his arrival on Monday was shrouded in secrecy, some experts questioned whether a one-day delay in meeting Hamid Karzai, the Afghan

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president, because of inclement weather had provoked a security breach. The White House said it could not confirm whether the Taliban had targeted Mr Cheney.

"I think it was about 10am this morning, I heard a loud boom," Mr Cheney told reporters travelling with him to Afghanistan.

"They clearly try to find ways to question the authority of the central government," said Mr Cheney. "Striking at Bagram with a suicide bomber, I suppose, is one way to do that. But it shouldn't affect our behaviour at all."

Mr Cheney was visiting Afghanistan to discuss the declining security situation in the country with Mr Karzai. The attack on the heavily fortified base underscored the growing strength of the Taliban, who are expected to wage a tough campaign against the US and Nato allies this spring.

Military officials stressed that a high level of security had been maintained and that Mr Cheney, who was inside the military compound when the attack happened, was never in danger.

"Our security measures were in place and the killer never had access to the base," said Lieutenant Colonel James Bonner, the Bagram base commander.

Mr Cheney came to Afghanistan from Pakistan where he met General Pervez Musharraf, the president. Mr Cheney went ahead with meeting Mr Karzai on Tuesday despite the attack but no details were released of their discussions.

In Pakistan, Mr Cheney told Gen Musharraf that the US wanted him to do more to combat the growing havens for Taliban and al-Qaeda operatives in the tribal areas of Waziristan in north-west Pakistan, bordering Afghanistan. US officials have raised concerns that an agreement with tribal leaders, under which the Pakistani military pulled back, has let extremists regroup.

A US official said Washington realised Gen Musharraf was hampered in his ability to clamp down on extremism in the tribal areas, which have been ungoverned for several -decades.

But he said the recent number of US visitors to Pakistan, including Robert Gates, the defence secretary, were aimed at impressing on Gen Musharraf US concerns about a resurgent Taliban and al-Qaeda.

Michael McConnell, the new US director for national intelligence, on Tuesday told Congress that while Pakistan was co-operating in the "war on terror", al-Qaeda had established a haven in the country. "Al-Qaeda...continue to maintain active connections and relationships that radiate outward from their leaders' hideout in Pakistan to affiliates throughout the Middle East, northern Africa and Europe," said Mr McConnell.

The US has increased its focus on Afghanistan as concerns grow that the coalition has started to lose ground. The US and UK have increased troop levels and are calling on other Nato allies to both step up involvement and ease their rules of engagement to provide greater combat ability.

Meanwhile, analysts said Gen Musharraf faced an increasing challenge as he braved the fall-out from the toughest message delivered by the US this week, urging him to intensify his hunt for members of al-Qaeda.

Pakistani officials acknowledged that Mr Cheney had delivered a firm message.

Cheney Escapes Harm In Blast (WT/AP)

By Alisa Tang

The Washington Times, February 28, 2007

BAGRAM, Afghanistan -- A suicide bomber attacked the entrance to the main U.S. military base in Afghanistan yesterday during a visit by Vice President Dick Cheney, killing up to 23 persons and wounding 20.

Mr. Cheney was not hurt in the attack, but was close enough to hear the explosion. Reporters covering his visit saw the resulting plume of smoke.

The Taliban claimed responsibility and said it was attempting to kill the vice president.

It was the closest that militants have come to a top U.S. official visiting Afghanistan. At least one U.S. soldier, an American contractor and a South Korean soldier were among the dead, NATO said.

Mr. Cheney said the attackers were trying "to find ways to question the authority of the central government."

About two hours after the blast, Mr. Cheney left on a military flight for Kabul to meet with President Hamid Karzai and other officials, then left Afghanistan.

The vice president had spent the night at the sprawling Bagram air base, ate breakfast with the troops, and met with Army Maj. Gen. David Rodriguez, the commander of U.S. troops in Afghanistan.

He was preparing to leave for a meeting with Mr. Karzai when the suicide bomber struck about 10 a.m. U.S. military officials declared a Red Alert at the base.

"I heard a loud boom," Mr. Cheney told reporters. "The Secret Service came in and told me there had been an attack on the main gate."

He said he was moved "for a brief period of time" to a bomb shelter on the base near his quarters. "As the situation settled down and they had a better sense of what was going on, I went back to my room," Mr. Cheney added.

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Asked whether the Taliban were trying to send a message with the attack, Mr. Cheney said: "I think they clearly try to find ways to question the authority of the central government.

"Striking at Bagram with a suicide bomber, I suppose, is one way to do that," he said. "But it shouldn't affect our behavior at all."

Maj. William Mitchell said the explosion did not appear to be intended as a threat to Mr. Cheney. "He wasn't near the site of the explosion," Maj. Mitchell said. "He was safely within the base at the time of the explosion."

Death toll reports were conflicting. Mr. Karzai's office said 23 persons were killed, including 20 Afghan workers at the base. Another 20 persons were injured, it said.

NATO's International Security Assistance Force said initial reports were that three persons were killed, including a U.S. soldier, an American contractor and a South Korean soldier. U.S. officials indicated that they planned to update that death toll.

Associated Press reporters at the scene saw 12 bodies being carried in black body bags and wooden coffins from the base entrance into a market area where hundreds of Afghans had gathered to mourn.

Friends and relatives cried and moaned as they took the bodies away from the base. Two men came to the base entrance crying and wringing their hands, one of them screaming, "My brother."

A message posted on a Web site used by militants said "a mujahid ... carried out a suicide attack in front of the second gate of the Bagram Air Base. ... The target was Bush's vice president, Dick Cheney."

A purported Taliban spokesman, Qari Yousef Ahmadi, said Mr. Cheney was the target of the attack, which Mr. Ahmadi said was carried out by an Afghan called Mullah Abdul Rahim, of Logar province.

"We knew that Dick Cheney would be staying inside the base," Mr. Ahmadi told AP by telephone from an undisclosed location. "The attacker was trying to reach Cheney."

Cheney, Karzai Discuss 'Problems From Pakistan' (USAT)

By Paul Wiseman

USA Today, February 28, 2007

KABUL, Afghanistan — Vice President Cheney left Afghanistan on Tuesday after talks on how to crush the threat posed by Islamic militants, a danger dramatized by a suicide bombing outside the U.S. air base Cheney was visiting.

Cheney met with President Hamid Karzai in Kabul before heading back to the USA via the Persian Gulf state of Oman.

During their private, hour-long meeting, Cheney and Karzai spoke about the "problems coming from Pakistan," according to an Afghan government official who spoke to the Associated Press on condition of anonymity because of the sensitivity of the matter. The United States has accused Pakistan of not doing enough to stop militants from crossing its border into Afghanistan.

On Monday, Cheney had a four-hour discussion with Pakistani President Pervez Musharraf about beefing up border security.

Musharraf's office said Cheney called for Pakistan to crack down on al-Qaeda forces regrouping in tribal areas along the border with Afghanistan. It said he also asked for help combating a possible offensive this spring by the Taliban, the radical Islamic group that was removed from power by a U.S.-led invasion in 2001.

The Taliban said it carried out the suicide attack outside the main gate of Bagram Air Base to target Cheney. The Afghan government said 23 people were killed, including 20 Afghan workers at the base. NATO put the deaths at nine, including a U.S. soldier, a U.S. contractor and a South Korean soldier.

VIDEO: Taliban calls it an assassination attempt

Cheney was about a mile from the blast. "I heard a loud boom," he told reporters accompanying him.

The U.S. military doubted the target was Cheney. The bomber walked into a group of Afghans outside the base and did not approach U.S.-manned checkpoints.

"To characterize this as a direct attempt on the life of the vice president is absurd," said Lt. Col. David Accetta, a U.S. military spokesman.

Taliban attacks have increased during the past year as the U.S.-led coalition has been moving closer to the militants' safe zones in southern Afghanistan.

Although the advances have resulted in the death or capture of hundreds of Taliban fighters, the Pentagon has said it expects a major attempt in the spring to damage the Karzai regime.

The United States wants Pakistan to help undercut the possible Taliban spring offensive.

"Cheney is believed to have delivered a tougher message to Musharraf than ever before," said former Pakistani diplomat Husain Haqqani, now director of Boston University's Center for International Relations. "The Bush administration is beginning to recognize that it has to combine some public pressure with its previous private remonstrations in dealing with Musharraf."

Seth Jones, a counterinsurgency specialist with the RAND Corp. think tank who recently visited Afghanistan, said the pressure has been growing in recent weeks as top U.S. officials — including Defense Secretary Robert Gates — have visited the region to assess the Taliban threat and its sanctuaries in Pakistan. "In my view, the failure to get a handle on the Taliban and al-Qaeda's sanctuary in Pakistan will cripple long-term efforts to stabilize and rebuild Afghanistan," Jones said.

A Mile From Cheney, Afghan Bomber Kills At Least 23 (NYT)

By Abdul Waheed Wafa And Carlotta Gall

The New York Times, February 28, 2007

KABUL, Afghanistan, Feb. 27 — A suicide bomber blew himself up on Tuesday morning outside the gate of the United States air base near Kabul where Vice President Dick Cheney was staying, killing at least 23 people. The vice president heard the blast from a mile away.

The dead included two Americans, a soldier and a contractor; a South Korean soldier with the American-led coalition forces; a 12-year-old Afghan boy; and a group of Afghan laborers waiting to enter at the security gate, Afghan officials said. Twenty-three people were also wounded in the explosion.

A Taliban spokesman claimed responsibility, and said in a telephone call to [a] news agency that the attack had been aimed at Mr. Cheney.

But while the attack laid bare the rising insecurity in Afghanistan as American and NATO forces battle a growing Taliban insurgency, Afghan and American officials said it fell well short of a serious assassination attempt.

At the time of the blast, the vice president was in his room at the Bagram Air Base, where heavy snow had forced him to stay overnight after arriving from Pakistan, postponing a visit to the capital, Kabul, about 40 miles away.

Though Mr. Cheney's schedule has been tightly guarded, his arrival and delay at Bagram were well reported.

The attack — one of more than 100 suicide attacks in Afghanistan over the past year — could have been coincidental, or just as likely arranged quickly, for its propaganda value.

"At 10 a.m. I heard a loud boom," Mr. Cheney told reporters aboard Air Force Two en route to Oman, according to The Associated Press. "The Secret Service came in and told me there had been an attack on the main gate." Mr. Cheney was immediately moved to a bunker.

"I think they clearly try to find ways to question the authority of the central government," Mr. Cheney added. "Striking at Bagram with a suicide bomber, I suppose, is one way to do that. But it shouldn't affect our behavior at all."

A United States military spokesman Lt. Col. David Accetta, said the bomber did not try to get past any United States-staffed security checkpoints and instead walked into a group of Afghans outside the base and detonated himself.

"To characterize this as a direct attempt on the life of the vice president is absurd," he said, according to The A.P.

Bashir Salangi, the deputy governor of Parwan Province, who visited the scene, said that the bomber was carrying the explosives on his body and that at least 20 people were killed.

He said that 23 others were wounded, but that the exact number remained uncertain because of the extent of the carnage and because some of those wounded were taken into the base and some to nearby hospitals.

"I think the aim was just the crowd of people who were gathered for checking," Mr. Salangi said.

Most of the Afghan casualties were truck drivers and workers lining up to get into the base. American soldiers guard the gate and search the workers and vehicles before allowing them to enter. Scores of people are usually milling around the parking lot outside the main gate, where fuel and gravel trucks park as they wait to unload their cargo.

Hundreds of day workers pass through on foot to go to work on the base. The bomber is thought to have passed through Afghan security with them or aboard a fuel truck. The Bagram area, which suffered under Taliban rule, is not generally sympathetic to the Taliban, but there have been attacks there, and Afghan intelligence broke a cell of bombers from the area last year, suggesting that the Taliban and its allies have sought to infiltrate the area.

After the explosion, Mr. Cheney flew to Kabul by helicopter to meet with President Hamid Karzai at midday Tuesday. The two men met alone for an hour before joining a larger gathering for lunch.

Mr. Cheney arrived in Afghanistan after meeting on Monday with Gen. Pervez Musharraf, the president of Pakistan. He pressed the Pakistani leader to do more to prevent Al Qaeda from regrouping in Pakistani's tribal areas and to prevent the Taliban from using the border areas as a sanctuary to carry out attacks in Afghanistan.

In Afghanistan, he praised the nation's progress, and voiced continued support for Mr. Karzai's government and specifically for its help in fighting terrorism and strengthening security and reconstruction in the country, according to an Afghan government statement.

"His visit showed that the United States is being more serious and demanding of Pakistan to put an end to terrorist resources and sanctuaries and to stop border crossing," said an Afghan government official, who asked not to be identified

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because of the critical nature of his remarks. “This is what the Afghan government has been repeatedly asking and demanding from Pakistan.”

He added: “His visit was very important. Now the United States realizes that peace will not come to Afghanistan unless Pakistan starts the real fight against terrorists.”

Bombing Near Cheney Displays Boldness Of Resurgent Taliban (WP)

By Griff Witte

The Washington Post, February 28, 2007

Vice President Cheney was inside the main U.S. air base in Afghanistan yesterday when a suicide bomber detonated his explosives just outside the gates, killing as many as 23 people and showcasing insurgents' growing capabilities in advance of a widely expected spring offensive.

Within hours, a purported Taliban spokesman asserted responsibility for the attack -- which killed a U.S. soldier and an American civilian contractor -- and said it was an attempt to assassinate Cheney. U.S. officials disputed the assertion that Cheney was the target, noting that his overnight stay at the sprawling Bagram air base had been unplanned and that he was well away from the blast.

"I heard a loud boom," Cheney told reporters later. "The Secret Service came in and told me there had been an attack on the main gate."

The attack prompted military officials to issue a "red alert" at the base. Cheney was briefly moved to a bomb shelter, before being allowed to continue with his schedule.

Regardless of the intent, the attack demonstrated that insurgents in Afghanistan are becoming increasingly bold, willing to attack a heavily fortified U.S. target in the face of unusually tight security. Additionally, the assault was carried out in a part of the country where the Taliban has relatively little support. The Islamic militia's traditional stronghold has been in the south; Bagram is in the country's central region, about an hour's drive north of Kabul.

"It's pretty striking that they're capable of planning and executing an attack on Bagram on fairly short notice and under changing circumstances. We haven't seen anything like this before," said Daniel Markey, a senior fellow at the Council on Foreign Relations who until last month worked on South Asia policy at the State Department. "Psychologically, this has to be seen as a serious blow."

Markey said the attack is also an ominous sign with the approach of spring, which is usually accompanied by a heavy escalation in violence as conditions for fighting improve. "Everyone agrees on both sides that this is going to be a bad spring," he said.

Until 18 months ago, suicide bombings had been a rarity in Afghanistan, despite more than two decades of war. Recently, however, they have become a favored tactic of insurgents who are trying to undermine the weak pro-Western government in Kabul and force NATO troops to leave.

Last year, there were 139 suicide attacks in Afghanistan, five times as many as in 2005. The shift in tactics has prompted concern that the Taliban, which lost power after a U.S.-led invasion in 2001, is adopting the methods of insurgents in Iraq.

"This attack is a reflection of their new capabilities, which they've developed in the last year or two through their connections with the transnational extremists," said Ali Ahmad Jalali, former interior minister of Afghanistan. "This will boost morale and will help them to recruit more fighters. This is the kind of violence that can have a major psychological impact."

Asked whether Taliban fighters were sending a message, Cheney indicated they were. "I think they clearly try to find ways to question the authority of the central government," he said. "Striking at Bagram with a suicide bomber, I suppose, is one way to do that. But it shouldn't affect our behavior at all."

The Bush administration has become increasingly concerned by the violence in Afghanistan, and Cheney's previously unannounced stops in Pakistan and Afghanistan during a trip to Asia were intended to signal the White House's commitment to countering insurgents there.

Meeting with Pakistan's president, Gen. Pervez Musharraf, in Islamabad on Monday, Cheney pushed the leader to do more to crack down on Taliban and al-Qaeda activity in semiautonomous frontier region. Afghan officials have blamed Pakistan for allowing the Taliban a haven to plan and train for attacks in Afghanistan. U.S. officials had long defended Pakistan as a valuable ally, but intelligence reports that al-Qaeda is reconstituting itself in Pakistan have prompted U.S. officials in recent months to publicly question whether Musharraf is doing all he can.

Following the meeting with Musharraf, Cheney flew to Bagram late Monday. He stayed at the base overnight because a storm delayed his meeting in Kabul with Afghan President Hamid Karzai until yesterday morning. The delay was reported publicly Monday night.

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Just before 10 a.m. yesterday, a suicide bomber driving a Toyota Corolla made it through a gate at the air base manned by Afghan police officers, according to Gen. Salem Ihsas, the police chief in Parwan province, where Bagram is located.

The assailant detonated his explosives before he was able to make it through a second gate, which is manned by U.S. personnel. Ihsas said that 19 people were killed in the blast and that 15 were wounded, mostly Afghan laborers who had reported for work at the base. Other estimates from Afghan officials put the death toll slightly higher, while U.S. authorities said nine people had been killed and 21 injured.

U.S. military officials said the bomber was on foot and did not get as close to the base as Ihsas suggested.

Ihsas said preliminary reports indicated the bomber was not Afghan but declined to say where he was from. "Once we are done with the investigation, we will know exactly," he said.

The dead in yesterday's blast included a South Korean soldier. South Korea is part of the 37-nation NATO-led International Security Assistance Force, which is responsible for security throughout Afghanistan.

The United States and Britain -- the two largest contributors of troops in Afghanistan -- both recently announced they would be increasing their force levels, with the U.S. total climbing to 27,000.

About 5,100 U.S. troops, plus 4,000 other coalition personnel and contractors, are stationed at the air base at Bagram.

Afghan Bombing Sends A Danger Signal To U.S. (NYT)

By David E. Sanger

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — The audacity of a suicide-bomb attack on Tuesday at the gates of the main American base in Afghanistan during a visit by Vice President Dick Cheney underscores why President Bush sent him there — a deepening American concern that the Taliban and Al Qaeda are resurgent.

American officials insisted that the importance of the attack, by a single suicide bomber who blew himself up a mile away from where the vice president was staying, was primarily symbolic. It was more successful at grabbing headlines and filling television screens with a scene of carnage than at getting anywhere near Mr. Cheney.

But the strike nonetheless demonstrated that Al Qaeda and the Taliban appear stronger and more emboldened in the region than at any time since the American invasion of the country five years ago, and since the Bush administration claimed to have decimated much of their middle management. And it fed directly into the debate over who is to blame.

The leaders with whom Mr. Cheney met on his mission to Pakistan and Afghanistan have appeared increasingly incapable of controlling the chaos, and have pointed fingers at one another.

Mr. Cheney said the attack was a reminder that terrorists seek “to question the authority of the central government,” and argued that it underscored the need for a renewed American effort.

His critics, on the other hand, said the strike was another reminder of how Iraq had diverted the Bush administration from finishing the job in Afghanistan.

The blast Mr. Cheney said he heard from his quarters deep inside Bagram Air Base took a terrible toll. At least 23 people were killed, including an American soldier and an American contractor, along with a South Korean soldier. [Page A9.]

About 20 Afghans died, including a 12-year-old boy. An additional two dozen or so were wounded.

By Tuesday evening, long after Mr. Cheney wrapped up his visit and headed home to the United States, it remained unclear whether the suicide bomber had known that Mr. Cheney was on the base at the time of the attack. One military official at United States Central Command, which oversees operations in Afghanistan, said he strongly believed that the bomber was unaware of Mr. Cheney’s presence.

In Washington, American officials said their intelligence had detected no specific threat against Mr. Cheney, whose entry into Afghanistan had been kept secret after an equally clandestine visit to Pakistan on Monday.

But word of his presence in Afghanistan leaked out on Monday after a snowstorm delayed his meeting with President Hamid Karzai, and Mr. Cheney decided to stay at Bagram Air Base overnight. That fact was widely reported on Internet sites and on radio programs that have significant audiences in Afghanistan. It was possible that the attack outside the gate at Bagram was arranged quickly, or redirected to the air base from another target.

The attack, which occurred between the perimeter of the base and the first American checkpoint, occurred at 10 a.m. Tuesday. An administration official said an initial American review had found that the attack “doesn’t look, at first pass, like something that was carefully planned out.”

The bomber appeared to have made his way past an Afghan-guarded gate. But American military officials in Afghanistan said the suicide bomber detonated his weapon before he got to the first United States checkpoint, at a point where fuel trucks and vehicles carrying other goods park outside the gates to await inspection before being sent in.

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Master Sergeant Chris Fletcher, a spokesman for the military operation in Afghanistan, said in a telephone interview that the bomber "did not penetrate the outer ring of security."

That account suggested that the security around the base had kept the bloodshed of an Afghanistan under attack by both Taliban and Qaeda forces outside the high walls of the base, the hub of American military activity in the country.

But it also suggested a widening spiral of insecurity in Afghanistan, which had nearly 140 suicide bombings last year, including in Kabul, making the conflict and tactics here increasingly reminiscent of the chaotic struggle in Iraq.

Critics have charged that the Iraq war has precluded the United States from sending sufficient forces to Afghanistan. Concerned about a spring Taliban offensive, the United States has increased its force in Afghanistan to about 26,000. More than 20,000 troops from other NATO nations are also deployed there.

The scenes that Mr. Cheney flew over on his way in and out of Bagram — the devastation outside the gate and the bombed-out landscape of Kabul — was a reminder of how far the reality of Afghanistan is from the goals that President Bush set just short of five years ago, in a speech at the Virginia Military Institute. At the time, Mr. Bush repeatedly invoked the memory of Gen. George C. Marshall, the man behind the reconstruction that followed World War II, in expressing confidence that a "stable government" and a "national army" would help to achieve peace in Afghanistan.

But in testimony on Tuesday in front of the Senate armed services committee, the new director of national intelligence, Mike McConnell, painted a grim picture of what he called a "pivotal year for Afghanistan," in which the country's leaders would have to "confront pervasive drug cultivation and trafficking, and, with NATO and the United States, arrest the resurgence of the Taliban."

Mr. Cheney's mission was to figure out how to bolster the Afghan president, Hamid Karzai, and the NATO force, and to try to ease an openly hostile relationship between Mr. Karzai and another American ally, Gen. Pervez Musharraf of Pakistan. Mr. Karzai has argued that many of the attacks in Afghanistan have been launched from Pakistan. Mr. Musharraf has said Mr. Karzai is looking for a scapegoat.

Mr. McConnell's assessment was grim: "Long-term prospects for eliminating the Taliban threat appear dim, so long as the sanctuary remains in Pakistan, and there are no encouraging signs that Pakistan is eliminating it. "

Cheney OK After Afghan Suicide Bombing (CHIT)

By Mark Silva And Bay Fang

Chicago Tribune, February 27, 2007

KABUL, Afghanistan -- A suicide bombing within earshot of Vice President Dick Cheney at the gate of Bagram Air Base underscored concerns Tuesday about the resurgence of Taliban militants and other Islamic radicals in Afghanistan—the very reason for Cheney's visit.

U.S. officials dismissed a Web site claim by the Taliban that Cheney was the target of the bombing, which killed a U.S. soldier, an American contractor and as many as 21 others. The explosion occurred about a mile across the base from the vice president, who was unhurt after briefly being escorted to a bomb shelter.

But the fact that the bomber could get so close to the base while the vice president was present raised questions about the Afghan government's control of the security situation and whether the insurgency has improved its ability to stage such attacks on the verge of its expected "spring offensive."

Cheney, in Afghanistan to reassure the government of President Hamid Karzai of U.S. support, said the attack was part of the insurgents' efforts to challenge Karzai. And he asserted that talk in the U.S. of withdrawing American forces from Iraq only emboldens terrorists in the region.

"I think they [the Taliban] clearly try to find ways to question the authority of the central government," Cheney said during a brief interview in a luxury cabin mounted in the cargo bay of his C-17 military transport.

"Striking at the Bagram base with a suicide bomber, I suppose, is one way to do that," Cheney said. "It shouldn't affect our behavior."

Terrorism experts said if it is true that the Taliban sent the suicide bomber to target the base while Cheney was there, it could mark a worrisome expansion of their capabilities. It also raised a question of how insurgents might have known about Cheney's visit, which was not announced in advance.

"They must have only had a few hours' notice, since the trip was kept secret. This implies a pool of willing suicide bombers available at a moment's notice," said Peter Bergen, terrorism analyst and author of "The Osama bin Laden I Know: An Oral History of Al Qaeda's Leader."

The Taliban, a radical Islamic movement that was driven from power by a U.S.-led coalition after the Sept. 11 terrorist attacks, are becoming tactically more like the Al Qaeda terrorists they once sheltered, analysts said.

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There were no suicide bombings in Afghanistan before 2001, when bombers disguised as Arab journalists assassinated a prominent anti-Taliban rebel, Ahmad Shah Massoud, leader of the so-called Northern Alliance. There were 27 suicide attacks in 2005 and 139 in 2006.

Seth Jones of the RAND Corp. said what amazes him is the speed with which the bombing was carried out. "It shows a very strong and well-developed infrastructure, that they could grab somebody, hand him to the handlers and carry it out in the time Cheney was there," he said.

The new concerns dovetailed with testimony Tuesday in Washington about the resurgent threat from Islamic radicals in the rugged and largely lawless borderlands between Afghanistan and Pakistan. Both the U.S. and Britain plan to increase their troops in the region in anticipation of a Taliban offensive in coming weeks.

In comments before the Senate Armed Services Committee, Director of National Intelligence Michael McConnell said Pakistan "remains a major source of Islamic extremism and the home for some top terrorist leaders."

McConnell said that while U.S. forces have killed or captured about three-quarters of Al Qaeda's leadership, equally determined militants have replaced them. He said that U.S. officials believe top Al Qaeda leaders, including Osama bin Laden and Ayman al-Zawahiri, are trying to set up an operational base for training in northwestern Pakistan, in an area outside the control of the current government.

Another intelligence official said the Taliban resurgence is being fueled in part by increased opium production—something that the Taliban cracked down on when they controlled the country.

"They now are enmeshed with opium producers with … local power brokers," said Thomas Fingar, the deputy director of National Intelligence for Analysis. "The production and the sale of opium is a major source of revenue."

The suicide bombing occurred as Cheney awoke at the vast air base nestled in the mountains outside Kabul, where he had unexpectedly spent the night because poor weather extended his planned one-day visit to Afghanistan by another day. The overnight made him the most senior member of the Bush administration to spend a night in either the Iraq or Afghanistan war zones.

At the time of the attack, the vice president was secure and deep inside the base. But the bombing sent a plume of smoke rising beyond where his military cargo jet was parked and prepared to take him to a meeting with Karzai in Kabul later Tuesday before returning to the U.S.

Cheney said he heard a "loud boom" sitting in his room at the base. The Secret Service moved him to a nearby bomb shelter, he said, but returned him to his room when "the situation settled down."

A Web site used by Islamic militants posted a message Tuesday saying that a "holy warrior" carried out a suicide attack at Bagram. "The target was [President] Bush's vice president, Dick Cheney," the message said. Separately, a purported Taliban spokesman told The Associated Press that Cheney was the target.

But U.S. military officials in Afghanistan rejected the claims and said the vice president's life was never in danger. The base has 5,100 troops, and its security perimeter includes land mines, gun turrets and razor wire.

The bomber did not attempt to get through one of the base's security checkpoints, which are manned by U.S. troops. Instead, he appeared to walk into a group of truck drivers and other Afghans who worked at the base.

"To characterize this as a direct attempt on the life of the vice president is absurd," Lt. Col. David Accetta, a spokesman for U.S. forces, told AP.

A senior administration official traveling with Cheney said the Afghan president was "upbeat" in his hourlong meeting with the vice president at the fortified presidential palace in Kabul. Cheney arrived there in an armored motorcade that weaved through the concrete-and-sandbag barriers erected in slalom fashion leading toward the palace.

The official also dismissed reports that Cheney had been dispatched to Pakistan before coming to Afghanistan in order to "beat up" on Pakistani President Pervez Musharraf for not doing more to prevent the resurgence of the militants along the border.

"Not so," he said. The idea that Cheney would "go in and threaten someone is not valid."

Tribune correspondent Aamer Madhani contributed from Washington, and Bay Fang reported from Washington.

Taliban Says It Targeted Cheney (LAT)

By Julian E. Barnes, Josh Meyer And Laura King

The Los Angeles Times, February 28, 2007

WASHINGTON — U.S. and Afghan officials are investigating whether Taliban fighters who have claimed responsibility for a suicide bombing Tuesday at Bagram air base were tipped off that Vice President Dick Cheney was visiting there.

Cheney, who was staying a mile from where the bomb exploded, was not injured in the attack at the gate of the sprawling base.

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A U.S. soldier and a South Korean soldier were among those killed. Reports of the death toll varied, with the U.S. military saying nine people died and the Afghan government reporting 23 dead and 24 injured. An American contractor also was reported killed.

The attack came as concern is growing about the increasing ability of the resurgent Taliban and the tenuous stability of the U.S.-backed government in Afghanistan. The possibility that insurgents knew of a secret visit by a top U.S. official and were able to launch an attack would cast the conflict with the militant movement in a troubling new light.

The Taliban claimed responsibility for the bombing. Mullah Hayat Khan, a Taliban commander, told [a] news agency that Cheney was the target.

Government and congressional officials expressed doubt that the Taliban could have learned of the vice president's presence on the base and devised an attack so quickly.

"At this point, it simply isn't clear that it was known that Cheney was there," said a U.S. intelligence official, who, like others, spoke on condition of anonymity in discussing the investigation.

American officials also suggested that the Taliban would have attempted a more aggressive attack had it known Cheney would be at Bagram, about 25 miles north of Kabul, the Afghan capital.

"If you were in the Taliban's sandals or shoes, wouldn't you have used rockets and mortars?" asked a second U.S. intelligence official. "If you knew that this thing was happening, that the vice president was going to be there at that time, couldn't you have just brought up 30 or 40 guys and a truck?"

Cheney told reporters traveling with him that he heard a "loud boom." After the explosion, he was briefly moved to a bomb shelter before returning to his quarters.

Cheney said he was not aware of the Taliban's claim of responsibility but said such attacks were aimed at undermining the Afghan government.

"I think they clearly try to find ways to question the authority of the central government," Cheney said. "Striking at Bagram with a suicide bomber, I suppose, is one way to do that, but it shouldn't affect our behavior at all."

Cheney, traveling with the CIA's No. 2 official, arrived at Bagram late Monday afternoon after talks with Pakistani President Pervez Musharraf in Islamabad.

Deputy CIA Director Stephen Kappes accompanied Cheney to Pakistan to ensure that the vice president "had all the current information" as he pressed Musharraf for greater cooperation in fighting Al Qaeda, Director of National Intelligence J. Michael McConnell said in Senate testimony Tuesday.

The stops in Islamabad and Kabul were unannounced for security reasons, and Cheney made no public statement or appearance in either capital. The suicide bombing occurred as the vice president was preparing for a meeting with Afghan President Hamid Karzai, which had been rescheduled because of weather.

The security situation in Afghanistan has been deteriorating over the last year. The number of suicide blasts nationwide rose to 140 in 2006 from 30 in 2005, and the number of roadside bombings grew to 1,600 from 780, military officials say.

Pentagon spokesman Bryan Whitman acknowledged that the Bagram blast was an "aggressive attack" and said military officials had not determined whether security had been breached.

The last time militants attacked Bagram's entrance was in July, when a roadside bomb exploded just outside the gate, said Sgt. James E. Wilt, a military spokesman in Afghanistan.

Security problems have arisen at the base before. Last year, The Times was able to purchase computer drives containing classified military information at local markets nearby. The drives had been stolen from the base.

White House Press Secretary Tony Snow said there were too few facts to be able speculate on what happened or how the attacker was able to get so close to the base.

Inside Politics (WT)

By Grep Pierce

The Washington Times, February 28, 2007

Gore's utility bills

Back home in Tennessee, safely ensconced in his suburban Nashville home, former Vice President Al Gore is no doubt basking in the Oscar awarded to "An Inconvenient Truth," the documentary he inspired and in which he starred. But a local free-market think tank is trying to make that very home emblematic of what it deems Mr. Gore's environmental hypocrisy, ABC News reports.

Armed with Mr. Gore's utility bills for the past two years, the Tennessee Center for Policy Research charged Monday that the gas and electric bills for the former vice president's 20-room home and pool house devoured nearly 221,000 kilowatt-hours last year, more than 20 times the national average of 10,656 kilowatt-hours.

"If this were any other person with $30,000-a-year in utility bills, I wouldn't care," says the center's 27-year-old president, Drew Johnson. "But he tells other people how to live, and he's not following his own rules."

Kalee Kreider, a spokeswoman for the Gores, did not dispute the center's figures, taken as they were from public records. But she pointed out that both Al and Tipper Gore work out of their home, and she argued that "the bottom line is that every family has a different carbon footprint. And what Vice President Gore has asked is for families to calculate that footprint and take steps to reduce and offset it."

Bush's example

In contrast to Al Gore's profligate use of energy at his Tennessee mansion, President Bush's 4,000-square-foot house in Crawford, Texas, is "a model of environmental rectitude," according to a 2001 article by Rob Sullivan in the Chicago Tribune.

"Geothermal heat pumps located in a central closet circulate water through pipes buried 300 feet deep in the ground where the temperature is a constant 67 degrees; the water heats the house in the winter and cools it in the summer. Systems such as the one in this 'eco-friendly' dwelling use about 25 percent of the electricity that traditional heating and cooling systems utilize," the writer said.

"A 25,000-gallon underground cistern collects rainwater gathered from roof runs; wastewater from sinks, toilets and showers goes into underground purifying tanks and is also funneled into the cistern. The water from the cistern is used to irrigate the landscaping surrounding the four-bedroom home. Plants and flowers native to the high prairie area blend the structure into the surrounding ecosystem.

"No, this is not the home of some eccentrically wealthy eco-freak trying to shame his fellow citizens into following the pristineness of his self-righteous example. And no, it is not the wilderness retreat of the Sierra Club or the Natural Resources Defense Council, a haven where tree-huggers plot political strategy.

"This is President George W. Bush's 'Texas White House' outside the small town of Crawford."

Marc Morano, an aide to Senate Environment and Public Works Committee ranking member Sen. James M. Inhofe, Oklahoma Republican, posted the Tribune article yesterday at www.epw.senate.gov.

'A dead loser'

Newt Gingrich says Republicans must avoid bland centrism and Hillary-bashing if they are to win in 2008.

"There are two big facts about the 2008 election," the former House speaker said in an e-mail inviting conservatives to the Conservative Political Action Conference, which begins tomorrow at the Omni Shoreham Hotel in Washington. "Fact No. 1: Running as a bland, business-as-usual Republican will be a dead loser. In 2006, the American people repudiated the GOP because the idea of Republicans' trying to manage the liberal welfare state they inherited from the Democrats was a dead loser. I am not sure many Republican consultants have come to understand this. ...

"Fact No. 2: Focusing on an anti-Hillary campaign will also be a dead loser," Mr. Gingrich said, referring to Democratic presidential front-runner Sen. Hillary Rodham Clinton of New York. "The Clintons are the most determined and intense politicians of our lifetime. ...

"If a campaign is going to degenerate into a mud-slinging contest, the Clintons will always win because they are vastly more ready to jump into the pit. The recent attacks over David Geffen and Barack Obama are just a sample of how quickly and fiercely the Clintons will attack if the campaign is simply about who can 'out negative' whom."

Al and Strom

The biracial daughter of the late Sen. Strom Thurmond defended the former segregationist yesterday and said the Rev. Al Sharpton "overreacted" when Mr. Sharpton learned he is a descendent of a slave owned by the senator's forebears.

"In spite of the fact he was a segregationist, he did many wonderful things for black people. ... I'm not sure that Reverend Sharpton is aware of all the things he did," said Essie Mae Washington-Williams, who was in Columbia, S.C., for a speech. "I kind of feel that there was an overreaction."

Professional genealogists working for Ancestry.com found that Mr. Sharpton's great-grandfather Coleman Sharpton was a slave owned by Julia Thurmond, whose grandfather was Strom Thurmond's great-great-grandfather. Coleman Sharpton was later freed, the Associated Press reports.

When Mr. Sharpton learned of the link, he said: "It was probably the most shocking thing in my life."

Mr. Thurmond's children have acknowledged that he fathered a biracial daughter. Mrs. Williams' mother was a housekeeper in the home of Mr. Thurmond's parents.

No 'wave' in '08

In an early preview of House races in 2008, election forecaster Stuart Rothenberg says "a huge political wave favoring one party is not very likely" next year.

Mr. Rothenberg still thinks Democrats will have "plenty of opportunities again next year, including almost a dozen districts they narrowly lost and a handful of districts where they unwisely failed to field a strong challenger."

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But with the White House held by Republicans and Democrats in charge of Congress, "voters aren't going to blame one party entirely for whatever problems exist," he says in his Rothenberg Political Report newsletter.

Even so, "many observers are expecting more than a couple of senior House Republicans to retire. That could create more opportunities for Democrats."

Hate speech

The liberal Huffington Post Web site (www.huffingtonpost.com) ran a wire story yesterday about the apparent attempt to assassinate Vice President Dick Cheney in Afghanistan. A number of its readers proceeded to make postings in which they expressed regret that the attack had not succeeded.

Radio talk-show host Rush Limbaugh read about a half-dozen of the foul postings on the air yesterday, and linked to the Huffington Post from his own Web site (www.rushlimbaugh.com). Not long afterward, the Huffington Post removed the most offensive of the missives.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, February 28, 2007

Talk About Your Serious Roles

We always said foreign policy was sexy, and now here's proof: Angelina Jolie is on the shortlist to join the power wonks at the Council on Foreign Relations, the exclusive New York think tank. The actress was nominated by council member Trevor Neilson, her pal and adviser on political and global matters. "There is no better way for someone who is involved in international relations to build a deep understanding of these issues," he told us yesterday.

Jolie's bid, which required two other letters of recommendation, was approved by the membership committee last week and is now "under consideration," said council spokeswoman Anya Schmemann. If she's voted in at the June board meeting, the 31-year-old Jolie will receive a five-year "term" membership (typical for younger applicants) and join 4,000 deep thinkers such as Bill Clinton, Dick Cheney, Condi Rice, Colin Powell, Madeleine Albright, Henry Kissinger, Alan Greenspan , George Soros, Barbara Walters and Lisa Ling.

You're asking yourself: Why? Jolie, currently a U.N. goodwill ambassador, can already meet with just about anyone on the planet. (And she's influential enough to have a piece about Darfur published today on The Post's op-ed page.) But at the council, she'll get a crash course in global policy from the experts. "She takes learning about these issues very seriously," said Neilson. And the wonks get a worldwide sex symbol who draws cameras every time she breathes.

We're guessing she gets in.

So Much Hobnobbing, So Little Time

So Vanessa Williams had your typical D.C. day -- you know, dropping by to see Barack Obama, then bumping into Rudy Giuliani at Charlie Palmer's.

"I live down the street from Hillary" in Chappaqua, N.Y., said the actress-singer-mom-of-four, "so I'm just a politician magnet." But no, she's not ready to endorse. "I'm impressed by so many," she demurred in that gracious VIP way.

Williams wrapped up her D.C. day in big style as well, mobbed by fans and friends at a premiere hosted by the Special Olympics (she sits on its board) for her new indie film, "My Brother." She plays the low-income mom of a disabled boy -- a part written just for her, she said. Quite a departure from her comically villainous turn on "Ugly Betty." So, what's harder -- comedy or drama? "What's harder is making bad material work." Alas, ever gracious, she didn't name names.

THIS JUST IN . . .

Â· Amanda Coluccio says that her best friend, "American Idol" contestant and Catholic U student Antonella Barba, posed for some of the PG-13 pictures flying around the Internet (as a present for a boyfriend) -- but not the X-rated shots. "It's not her nose," Coluccio told the Newark Star-Ledger after examining the naughty pix. "She's never had [acrylic nail] tips in her life. She's the least slutty person I know."

Â· James Brown is still not buried, but his trustees and partner agreed yesterday to collect DNA samples for a pending paternity battle. Brown, who died on Christmas Day, is sealed in a gold casket at an undisclosed location.

Â· The White House has named Coast Guard Adm. Stephen Rochon as chief usher -- apt, since the position requires keeping the executive mansion shipshape. He's the eighth person and first African American to hold the job.

Â· To evade detection by terrorists, Dick Cheney parked Air Force Two and flew to Pakistan and Afghanistan in a military cargo plane, the "Spirit of Strom Thurmond." (Make up your own joke. We're busy.)

HEY, ISN'T THAT . . . ?

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Â· Bill Clinton wandering around Georgetown Park mall yesterday with an army of security folk, wearing a nice navy suit. Stepped into a watch store and shook hands with a bunch of people. Just browsing? Unclear, but it was Chelsea's 27th birthday yesterday.

Â· Teddy Kennedy continuing Birthday Week festivities at Teatro Goldoni Monday night -- though this time it was apparently wife Vicki's big day. They chowed down on the lobster carpaccio, lobster risotto, foie gras -- and the just-turned-75 senator ordered an extra slice of chocolate cake.

Â· Larry King dining and drinking grappa Monday night with AOL rich guy Jim Kimsey at the new downtown restaurant Il Mulino. The CNN talker was apparently seeking world-traveler Kimsey's help in getting an interview with Cuba's Fidel Castro. Better move fast!

Qaeda Rebuilding In Pakistan, Intelligence Chief Tells Panel (NYT)

By Mark Mazzetti

The New York Times, February 28, 2007

WASHINGTON, Feb. 27 — The new director of national intelligence told members of Congress on Tuesday that senior leaders of Al Qaeda were steadily rebuilding the network's bases inside Pakistan and that future attacks against the United States could be planned from Pakistan's remote western mountains.

In his first testimony since taking office last month, Mike McConnell said Osama bin Laden and his deputy, Ayman al-Zawahri, were supervising the establishment of Qaeda camps in Pakistan similar to those that existed in Afghanistan before the Sept. 11 attacks, although he said the camps were not as fully developed as the former Afghan bases.

Mr. McConnell's appearance before the Senate Armed Services Committee followed a succession of meetings between top American officials and Pakistan's president, Gen. Pervez Musharraf, who officials in Washington have said was not doing enough to root out Islamist militants in Pakistan's tribal areas.

"It's something we're very worried about and very concerned about," Mr. McConnell said.

Intelligence and counterterrorism officials, speaking anonymously, have spoken in the past several weeks about the new camps in Pakistan and the gradual rebuilding of Al Qaeda's command and control apparatus, but Mr. McConnell is the most senior official in Washington to describe in public what he called a growing problem.

A day earlier, the White House spokesman, Tony Snow, sidestepped questions about whether the White House was unhappy with General Musharraf's government and reaffirmed President Bush's confidence in the Pakistani president.

The top intelligence officials assembled before the Senate panel on Tuesday issued a blunter assessment.

"We believe they could do more," said Mr. McConnell, who suggested that General Musharraf could have had his eye on elections later this year when he pledged to keep Pakistani troops from carrying out military operations in the tribal areas.

Sitting beside Mr. McConnell, Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, described the border region as a "haven for Al Qaeda's leadership." It is from that area, Mr. McConnell said, that any future attacks against the United States by Al Qaeda would most likely be planned.

General Musharraf has said repeatedly that he has done everything in his power to root out Taliban and Qaeda militants, but lawmakers were skeptical.

"Long-term prospects for eliminating the Taliban threat appear dim so long as the sanctuary remains in Pakistan, and there are no encouraging signs that Pakistan is eliminating it," said the committee's chairman, Senator Carl Levin, Democrat of Michigan.

The rebuilding of the Qaeda infrastructure in Pakistan has forced a debate within the Bush administration about how hard to press General Musharraf, and some officials have even advocated direct American airstrikes against the camps.

Administration officials said that for now the White House had ruled out any unilateral American military actions in Pakistan. Vice President Dick Cheney was said to have warned the Pakistani president during their meeting on Monday in Islamabad that Democratic members of Congress could move to cut military aid to Pakistan unless its government took stronger action against Islamist militants in the tribal areas.

The testimony before the Senate panel was intended to give lawmakers American intelligence officials' assessment of global threats. Speaking about Iraq, the officials were cautiously optimistic that the current plan to crack down on militants in Baghdad could succeed, but added that much of the plan's success would depend on the performance of the Iraqi troops.

General Maples said that two of the three Iraqi brigades designated to support the security plan had moved into Baghdad, but he said that estimates he had seen indicated that the brigades were at only 43 percent to 82 percent of their intended troop strength.

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Discussing the state of Iran's nuclear program, Mr. McConnell reaffirmed the assessment of American intelligence agencies that Iran could produce a nuclear weapon by the beginning of the next decade, but that the country more likely would not have such a weapon until 2015.

But Mr. McConnell said tough economic sanctions against Tehran could have a "dramatic" impact in getting Iran to abandon its nuclear program.

U.S. Sees New Al-Qaeda Threat (WP)

By Walter Pincus

The Washington Post, February 28, 2007

The new director of national intelligence said yesterday that the United States is "very concerned" that Osama bin Laden and the al-Qaeda leadership are attempting to rebuild their terrorist network and establish training camps in a region of northwest Pakistan "that has never been governed by any power."

"We inflicted a major blow, they retreated to another area, and they are going through a process to reestablish and rebuild, adapting to the seams or the weak spots as they might perceive them," retired Vice Adm. John M. McConnell told the Senate Armed Services Committee as he delivered his first global threat assessment to Capitol Hill.

While describing new al-Qaeda volunteers as "very committed individuals," McConnell also said they lack the experience of the old leadership, nearly three-quarters of which has been killed or captured. Without giving details, he said, "a number of [terrorist] plans and activities have been shut down or disrupted."

Sen. Jack Reed (D-R.I.) asked McConnell about the probability that al-Qaeda members in Pakistan or Iraq are organizing an attack on the United States -- a scenario that President Bush recently hinted at should U.S. forces withdraw from Iraq. The intelligence chief replied that an attack would "most likely" emerge from Pakistan, though he described Iraq as "a cause celebre for the jihadists in creating forces," and warned that al-Qaeda elements in Iraq, Syria and Europe are planning attacks.

McConnell also outlined some obstacles to a settlement in Iraq. The majority Shiites, he said, "are not confident of their position and . . . are worried that the Sunnis may come back and dominate the country." The Sunnis, he said, are unwilling "to admit that they are no longer in charge," and the Kurds are "biding their time to protect Kurdish interests." Overall, he said, "I think the Iraqi political leaders have close to impossible tasks."

Lt. Gen. Michael D. Maples, director of the Defense Intelligence Agency, confirmed for the committee that weapons training for Iraqi militia members is being provided in Iran as well as in Hezbollah camps in Lebanon. Sen. Joseph I. Lieberman (I-Conn.) called the Iranian training "a very serious act and one that we ought to consider taking steps to stop in defense of our soldiers."

Sen. Evan Bayh (Ind.) was one of several Democrats who questioned the decision to include an assessment of a "rapid withdrawal" of coalition forces from Iraq as part of the recent National Intelligence Estimate. The NIE judgment was that such a withdrawal would increase violence and hasten deterioration of the situation in Iraq -- a finding that has since been cited by Bush and others who support a troop increase and oppose withdrawal.

National Intelligence Council Chairman Thomas Fingar, who supervised production of the NIE, told the Senate panel that "unquestionably and categorically" there had been no political pressure to shape the estimate.

"I'm not criticizing your bona fides," Bayh told Fingar, "but I do care about the credibility of your work product . . . and when you start down that slippery slope, you just get into these kinds of arguments."

Lawmakers praised McConnell and his colleagues for their candid testimony. At one point, when asked about recent reports that Shiite leader Moqtada al-Sadr appeared to be both for and against the increase in troops in Baghdad, the president's chief intelligence adviser said, "I don't know what Sadr's position is. . . . I'd be guessing."

Spy Chief Pushes For Action In Pakistan (AP)

By Katherine Shrader

AP, February 28, 2007

More must be done to go after al-Qaida, which is trying to establish training camps and other operations in some of Pakistan's most ungoverned territory, the new U.S. spy chief said Tuesday.

"It's something we're very worried about and very concerned about," Mike McConnell told the Senate Armed Services Committee in a hearing on global threats.

McConnell said the U.S. believes al-Qaida's top two leaders — Osama bin Laden and Ayman al-Zawahri — are hiding in the rugged frontiers of northwestern Pakistan and are attempting to establish an operational base there. He noted that al-Qaida's camps are in an area that has never been governed by any state or outside power.

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McConnell's push for action along the Afghan-Pakistani border echoed concerns raised by Vice President Dick Cheney during a face-to-face meeting Monday with Pakistani President Gen. Pervez Musharraf. Cheney was accompanied by Deputy CIA Director Stephen Kappes — a sign that intelligence played a strong role in the case made to Musharraf.

Musharraf has insisted his forces have already "done the maximum" possible against extremists in their territory, and he said other allies also shoulder responsibility in the U.S.-led war on terrorism.

But U.S. officials have grown increasingly concerned about intelligence suggesting the Taliban and al-Qaida plan a spring offensive against allied forces in neighboring Afghanistan.

They are also worried about the autonomy of al-Qaida and Taliban operatives in Pakistan after the government signed a peace deal with the tribal leaders of the region, North Waziristan, in September.

In that agreement, tribal elders promised to respect the supremacy of the Pakistani government and curtail attacks in Afghanistan. In return, Musharraf gave back some of the tribes' weapons, released some prisoners and withdrew from posts inside North Waziristan.

At Tuesday's hearing, Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said the tribes have not abided by most of the agreement's terms. And McConnell said U.S. intelligence believes al-Qaida's training and related capabilities increased as a result of the deal.

Lawmakers were skeptical, too.

"Long-term prospects for eliminating the Taliban threat appear dim so long as the sanctuary remains in Pakistan, and there are no encouraging signs that Pakistan is eliminating it," said Senate Armed Services Committee Chairman Carl Levin, D-Mich.

In his first month as national intelligence director, McConnell said he's been briefed about al-Qaida's efforts to reconstitute itself in Pakistan's northwest frontier.

He said the group does not have the thousands of fighters, training in multiple camps, as they did in Afghanistan before the 2001 U.S.-led invasion. "That's gone," he said.

But McConnell said U.S. intelligence believes al-Qaida still has volunteers committed to carrying out "heinous attacks" akin to Sept. 11, 2001. And while three-quarters of al-Qaida's leaders have been taken out, they have been replaced by equally committed jihadists. The upside: McConnell said the new generation doesn't have as much experience.

Pressuring al-Qaida is not without its risks for Musharraf, who faces an election this fall. McConnell acknowledged that efforts to pursue the terror group must be balanced with the desire to keep Musharraf — a moderate and a U.S. ally — in charge of Pakistan and its nuclear arsenal.

The testimony from Maples and McConnell was part of the Senate panel's annual review of global threats, including the latest assessments on Iran, Iraq and North Korea. Touching on those hot spots, they said:

_Iraqi troops are taking the lead in securing parts of their country, but much work remains to improve the number and quality of those forces. "They are better today than they were a year ago, but they are still not where we need them to be," McConnell said.

Maples said two of the three brigades promised by Iraq have moved into Baghdad as part of the new security plan, but he acknowledged that those units have only 43 percent to 82 percent of their intended troops, according to ranges he has seen.

_On Iran, McConnell said that the regime could develop a nuclear weapon early in the next decade, but it will more likely take the country's scientists until 2015. But it's not clear whether the country will have a delivery system at the same time.

_Maples said the United States is seeing North Korea take initial steps to comply with the Feb. 13 agreement on its nuclear program, including inspection of its plutonium-producing Yongbyon nuclear facility. But there are other steps to which the U.S. will have to pay close attention, he said.

McConnell's top adviser on North Korea, Joseph DeTrani, said the U.S. continues to insist that North Korea declare all of its nuclear programs. But he backtracked a bit from a previous U.S. view of analysts, who had "high confidence" that North Korea was buying material for a uranium production program.

Now, he said, the U.S. believes the program exists "at the midconfidence level."

US Ramps Up Taliban Fight (CSM)

By Mark Sappenfield

The Christian Science Monitor, February 28, 2007

KABUL, AFGHANISTAN

Vice President Dick Cheney came to Afghanistan on an unannounced visit Tuesday to remind Americans of the importance of the first, and often forgotten, front in the war on terror. A Taliban suicide bomber who failed in an attempt to assassinate Mr. Cheney here helped to make a compelling case for him.

DOJ_NMG_0137911

Since last summer, when the Taliban seized entire districts in the southernmost provinces and attempted to encircle Kabul, the United States has refocused its attention on Afghanistan.

Recently, the Bush administration proposed $10.6 billion in aid, announced the overhaul of its diplomatic mission here, and increased the number of American troops to 27,000 – the highest level since the 2001 invasion.

It is, in part, an attempt to save what has been promoted as the administration's great overseas achievement, even as Iraq slips further into chaos. But Tuesday's events are indicative of the Taliban's eagerness to escalate the fight, and analysts question whether America's increased commitment to Afghanistan will be sufficient to make the country's democratic experiment successful.

"For so long, Afghanistan was held up as the success story," says Paul Fishstein, director of the Afghanistan Research and Evaluation Unit, an independent analysis organization. "Now it seems that much of what has been touted as building a pluralistic, open democracy is at risk."

Tuesday's attack comes at a time of relative peace around Kabul, which has not seen a suicide attack for months.

Mr. Cheney was staying at Bagram Air Base, about 40 miles north of the capital. When the bomber was unable to get beyond the front gate because of security, he blew himself up, according to coalition officials. At press time, casualty figures were uncertain, but at least 23 were killed. NATO reported that at least one US soldier, an American contractor, and a South Korean solder were among the dead. President Hamid Karzai's office said that some 20 Afghan workers at the base lost their lives.

Cheney said that the attackers were trying "to find ways to question the authority of the central government." The Taliban, who have claimed responsibility for the attack through a spokesman, say that Cheney was the intended target.

It is not yet clear whether this attack heralds an expansion of the Taliban offensive into the relatively stable north. The Taliban are strongest in Afghanistan's southern provinces, where they are widely believed to receive haven and support in neighboring Pakistan.

Their offensive in the region last year created lawless enclaves – with much of the area still controlled by neither the government nor the insurgents. The situation has jolted the West – and the US in particular – into action. "Last year seemed to wake the international community to the fact that this war was not a complete success," says a Western diplomat, who would discuss the issue only on condition of anonymity. "In fact, it was a potential failure."

The US has responded with the $10.6 billion aid package, with some $8 billion of that earmarked for the Afghan Army and police. The White House and Congress alike have increased pressure on Pakistan to control its borders. And a month ago, the US gave the Afghan Army 800 military vehicles and 12,000 guns, in hopes of gradually making it more self-sufficient.

In some respects, Afghanistan might benefit from America's mounting weariness with the Iraq war. Just after becoming Speaker of the House, Rep. Nancy Pelosi (D) of California traveled to Afghanistan and commented that the country needs "much more of an effort" from the US and NATO – in contrast to her position that the US should withdraw from Iraq.

While Mr. Bush has not shown any signs of lessening his commitment to Iraq, he has clearly made more room for Afghanistan on his foreign-policy platform. When the issue of the Iraq troop surge was recently before Congress, Bush took the opportunity to deliver a speech solely about Afghanistan.

It was more than just a diversion. Frustrated by most NATO nations' unwillingness to commit troops to the volatile south, the US this month decided to send a brigade to Afghanistan that was scheduled to go to Iraq. Britain has increased its troop levels in Afghanistan by 1,400 to 7,700 – meaning it will soon have more troops in Afghanistan than Iraq.

But in Italy, Prime Minister Romano Prodi resigned after dissension over Italy's involvement in Afghanistan, something he continued to defend as he opened a Senate debate ahead of a confidence vote on his government scheduled for Wednesday. Italy has about 1,800 troops in the country.

And in Canada, which has some 2,500 soldiers in Afghanistan, a fourth probe was opened Tuesday into whether soldiers knew about possible torture of detainees after they were handed over to Afghan authorities.

Most government officials and nongovernmental organizations welcome US help. But some analysts worry that the US will continue to throw money and manpower at effects, while ignoring the causes of Afghanistan's problems.

Top among those they say, is reforming the Afghan government, which is increasingly controlled by warlords and drug money from the illegal poppy trade.

As in Iraq, the United States rushed to install a democratic government in a place not prepared for it, they add, ignoring what were, perhaps, larger problems.

After the Taliban, "Afghans were not jumping up and down, saying, 'We want to vote for a president,' " says an aid expert who has worked in the region for decades but requested anonymity because he was not cleared to speak with the media. "They wanted jobs. They wanted services."

In the end, many say, it not only let in criminals and warlords but created unrealistic expectations, as both Afghans and the international community believed Afghanistan was further along than it was.

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"The excessive focus on the elections as an indictor for success was misleading," says Mr. Fishstein.

Even now, the notion of giving $10.6 billion to a government with neither the means nor the expertise to spend it strikes some as well-intentioned, but fruitless.

Regarding the Afghan government's ability to act, the aid expert says, "You're navigating glaciers here because they are so slow."

Advance warning?

While the attack on Bagram Air Base during Vice President Dick Cheney's Afghanistan visit could be a coincidence, analysts say, it's more likely that the attackers had advance notice that Mr. Cheney would be there.

The first wire-service report mentioning that the Vice President was at Bagram came an hour before the attack. But such assaults usually require more lead time. "They had to have many hours, or days, to plan this," says Rita Katz of the Site Institute in Washington, which tracks statements by jihad groups, including the Taliban claim that they were seeking to kill Cheney.

Ms. Katz says that it's likely the Taliban carried out the attack and that they had inside information.

The US military disagrees. Maj. William Mitchell told the Associated Press that speculation they were after Cheney is "far-fetched," noting that his travel plans changed at the last minute.

While suicide attacks more than quadrupled throughout Afghanistan last year, to 139, at Bagram they are rare. This was the first suicide attack at Bagram since last July.

Warning To Pakistan (WSJ)

The Wall Street Journal, February 28, 2007

On Monday, Vice President Dick Cheney met with Pakistan President Pervez Musharraf on what was billed as an "unannounced" visit to Islamabad. Yesterday, during what was also supposed to be a secret trip to Afghanistan, a suicide bomber killed himself and up to 23 others outside of Bagram Air Base, where Mr. Cheney was staying at the time.

There's no need to accuse Pakistani intelligence of tipping off the Taliban about Mr. Cheney's whereabouts to see a connection between decisions in Islamabad and terrorism in Bagram. Mr. Cheney reportedly delivered a stiff message to Mr. Musharraf about the need for Pakistan to deny the Taliban sanctuary along its frontier with Afghanistan. That's a message Islamabad needs to hear, even if an Islamabad spokeswoman did insist after Mr. Cheney's visit that "Pakistan does not accept dictation."

This is not to say the Musharraf government has done nothing in the fight against terror. Hundreds of Pakistani soldiers have died fighting Taliban elements, and Pakistani cooperation was essential in the killing or capture of such al Qaeda ringleaders as Khalid Sheikh Mohammed. General Musharraf has twice been the target of Islamist assassination attempts. But his government has been suspected of cutting deals of convenience with Islamist political groups, and it has formed alliances with pro-Taliban forces in Pakistan's parliament, in a common front against secular democrats who might come to power if the General allowed a truly free election.

Still worse, from the U.S. perspective, was the agreement Islamabad signed in September with the Taliban, tribal elders and "local mujahadeen" from North Waziristan. That agreement allowed the Taliban to operate unfettered in the province in exchange for a promise not to launch raids into Afghanistan. The number of raids has since more than doubled, say Afghan and U.S. military sources.

One immediate result is that Congressional Democrats, including House Foreign Affairs Chairman Tom Lantos, are floating measures to curb U.S. arms sales to Pakistan, an echo of the Pressler Amendment that took effect when the first Bush Administration de-certified Pakistan as a non-nuclear state.

Nobody should want to reprise that chapter of U.S.-Pakistan relations, which did nothing to stop Pakistan's nuclear ambitions (or, later, its support for the Taliban) while denying the U.S. the diplomatic leverage it previously had with Pakistan governments. But sanctions will only become more likely if the American public sees Pakistan as an enabler of the Taliban in its campaign to destabilize the Karzai government in Kabul and kill Americans, including the Vice President.

Policing its long and mountainous border with Afghanistan has exacted a high price in Pakistani lives and treasure. Failing to police it may exact a higher one.

DOJ:

Inside Bush's Prosecutor Purge (SALON)

By Mark Follman

Salon.com, February 28, 2007

DOJ_NMG_0137913

Why has the administration fired U.S. attorneys with sterling track records? To make room for its political loyalists, critics say, and exert its last shred of control.

Ever since the Bush administration shocked the legal community by dismissing eight U.S. attorneys in December, Justice Department leaders have vigorously denied that the firings were politically motivated. "I would never, ever make a change in the United States attorney position for political reasons," Attorney General Alberto Gonzales said in Senate testimony in early January. In a Feb. 6 hearing, Deputy Attorney General Paul McNulty told lawmakers, "When I hear you talk about the politicizing of the Department of Justice, it's like a knife in my heart."

But at least three of the eight fired attorneys were told by a superior they were being forced to resign to make jobs available for other Bush appointees, according to a former senior Justice Department official knowledgeable about their cases. That stands in contradiction to administration claims that the firings were related either to job performance or policy differences. A fourth U.S. attorney was told by a top Justice Department official that the dismissal in that attorney's case was not necessarily related to job performance. Meanwhile, U.S. Attorney David Iglesias in New Mexico -- who officially steps down from his post on Wednesday, and who says he was never told by superiors about any problems with his work -- plans to go public with documentation of the achievements of his office.

"I never received any indication at all of a problem" regarding performance or policy differences, Iglesias told Salon on Monday. "That only leaves a third option: politics."

Iglesias acknowledged that U.S. attorneys serve at the pleasure of the president and can be dismissed without cause. "But it's really been maddening," he said, that the administration is using job-performance issues to defend the firings. Iglesias, who took the job in 2001, noted that his office got a "very positive" evaluation in the Justice Department's own internal ratings system as recently as last fall and that he received a letter from the Executive Office of U.S. Attorneys in January 2006 commending him for his "exemplary leadership in the Department's priority programs," including antiterrorism, community crime prevention and law enforcement coordination.

"I was shocked by the call on Dec. 7" telling him to resign, Iglesias said. He added, "I think Americans need to have full confidence that their federal prosecutors are above politics."

Suspicions about the unusual purge of eight U.S. attorneys in December burst into the open within the legal community and on Capitol Hill after McNulty conceded in Senate testimony on Feb. 6 that the U.S. attorney in Arkansas, Bud Cummins, was pushed out for no reason other than to give someone else a shot at the job. Using a little-noticed provision in the Patriot Act allowing interim appointments, Gonzales gave the post to Timothy Griffin -- who had been both an operative for the Republican National Committee and a deputy to senior White House advisor Karl Rove -- in what many believe was a maneuver to sidestep the traditional Senate confirmation process for U.S. attorneys.

More recently, U.S. attorney Carole Lam, who is best known for nailing corrupt Republican Rep. Randy "Duke" Cunningham and his partners in crime, was replaced on Feb. 15 by Karen P. Hewitt, who according to a Justice Department press release, "will serve on an interim basis until a United States Attorney is nominated by the president and confirmed by the Senate." According to an Op-Ed in Monday's New York Times, Hewitt has a résumé with "almost no criminal law experience" and is a member of the Federalist Society, a conservative legal group.

While Cummins was first informed of his dismissal last June, it wasn't until Dec. 7 that Michael Battle, a top Justice Department official, informed the rest of the group of U.S. attorneys in phone calls that they would be required to step down. That group included Daniel Bogden in Nevada, Paul Charlton in Arizona, John McKay in Seattle, Carole Lam in San Diego, and David Iglesias in New Mexico -- all of whom had received positive job reviews before they were dismissed and some of whom are viewed by colleagues and law enforcement officials as exceptional leaders. Most of them have said publicly that they were never told of any management or policy problems by their superiors.

According to the former senior Justice Department official, one of the U.S. attorneys in the group was told by Battle on Dec. 7: "It's hard not to think you did something wrong when you get a call like this, but that's not always the case." Two other U.S. attorneys in the group, upon seeking clarification from superiors in Washington, were told by a different top Justice Department official that they were being pushed out to give other Bush appointees their posts. A current senior Justice Department official confirmed that one of those two was Bogden in Nevada. Bryan Roehrkasse, a public affairs spokesman for the Justice Department, declined to comment about "specific personnel matters."

Former officials, legal scholars and U.S. lawmakers from both parties have publicly questioned the administration's stated rationale for the firings and have suggested troubling theories about the real reasons for the housecleaning, which experts say is without precedent. Some former Justice Department officials say they believe the administration's moves are a politically driven power grab -- aimed not only at a tighter grip on policy from Washington, but also at creating openings with which to reward their friends and build up a bench of conservative loyalists positioned to serve in powerful posts in future administrations.

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"It's really remarkable to have a wholesale removal of an administration's own U.S. attorneys, particularly this deep into the term," said John Kroger, a federal prosecutor under Clinton and Bush who now teaches at Lewis & Clark Law School in Portland, Ore. "Clearly there was a concerted decision made to ask a bunch of them to leave. It suggests a desire to more tightly control policy. With the Democrats in control of Congress, perhaps it's because this is one of the few levers of government they have left."

Many point to the Cummins firing as proof that the administration is lying. "It is simply not believable that these were all performance-based dismissals, and everyone knows it," said a veteran prosecutor who served for a decade in the Justice Department until 2005. He also noted that he found it interesting that half of the posts cleared out are in the Southwest, where immigration is a key issue.

Kroger added that a stint as U.S. attorney is often a springboard to federal judgeships or other prestigious appointments. "Being a U.S. attorney is a huge credential, one a lot of people would like to have," he said. "It certainly looks like they're clearing out spots to reward loyalists in the last two years of the administration."

To support their claim that the dismissals were performance related, Bush officials have pointed to one among the fired U.S. attorneys, Kevin Ryan in San Francisco, who has been widely reported to be a focus of management complaints. The firing of Margaret Chiara in Michigan, the eighth U.S. attorney caught up in the December purge, was not made public until last Friday. To date, no explanation for her dismissal has been provided by Chiara or administration officials, but the former senior Justice Department official confirmed she was asked to resign in December and was in negotiations to stay in her post.

Realistically, federal appointments are never apolitical. But while U.S. attorneys serve at the pleasure of the president, they are traditionally recommended by federal judges and senators from the regions they serve, and are ultimately confirmed by the Senate. But thanks to a change put into the Patriot Act by Pennsylvania Republican Arlen Specter when it was reauthorized in late 2005, Gonzales and the White House gained the power to fill vacancies with interim appointees who can hold office for indefinite terms. Earlier this month, the Senate Judiciary Committee put forth legislation to restore limits for those terms (and thereby congressional vetting for long-term hires), but a full Senate vote on the bill was blocked by Republicans.

Incoming presidents are known to overhaul the corps of U.S. attorneys installed by prior administrations. Upon taking office, both Presidents Clinton and Bush replaced nearly all of the head prosecutors serving in the Justice Department's 94 districts nationwide. But it is rare for even one U.S. attorney to otherwise be dismissed during a president's term -- and in this case, all those dismissed by Bush were his own appointees.

Experts see a continuing pattern that began long ago: A Bush White House seizing greater executive power to the detriment of democratic principle.

"No doubt this is a threat to the independent stature that the Justice Department as an institution has enjoyed over the years," said Sam Buell, an associate professor at Washington University School of Law in St. Louis and a former federal prosecutor under the current President Bush. "It goes against the 'hands off' tradition, which has insulated U.S. attorneys from criticisms of politics influencing their choices and handling of cases. This doesn't look like a decision that's been made in the best interest of law enforcement."

Indeed, several of the fired attorneys had stellar track records. Like Iglesias in New Mexico, Daniel Bogden steps down Wednesday from the helm of a U.S. attorney's office in Nevada that saw unsurpassed achievements in law enforcement during his tenure. In a phone interview Monday, Bogden cited a record number of cases targeting guns, drugs, identity theft and sexual exploitation, among other criminal issues.

"To this day, I've never been told of any deficiencies in my performance or that of my office," he said. "I've never been called by anyone suggesting that I should do something differently on policy, or that I was going against their policy."

In Seattle, John McKay's record as U.S. attorney has left many observers baffled by his dismissal. The raison d'être of the Bush White House is supposed to be the war on terrorism -- and McKay, by many measures, was an invaluable lieutenant in that battle.

McKay was appointed by Bush shortly after terrorists struck the United States on Sept. 11, 2001. Over the next five years, in a major port city and a border region critical for antiterrorist operations, he personally handled high-profile prosecutions, including that of Ahmed Ressam, who had driven across the Canada-U.S. border with plans to bomb Los Angeles International Airport at the turn of the millennium. In 2004, at a time when poor coordination among law enforcement agencies had been judged at least partly to blame for the 9/11 attacks, McKay developed an innovative data-sharing system that continues to be rolled out today in law enforcement offices nationwide.

Just over five months ago, on Sept. 22, 2006, the Justice Department completed a comprehensive evaluation of McKay's office, filled with high marks on both criminal and counterterrorism matters, including McKay's efforts to build greater cooperation among law enforcement agencies in both the United States and Canada. McKay "has been responsible for major advances in a

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cooperative cross-border effort," the report said. "All involved in these efforts pointed to U.S. Attorney McKay as the individual most responsible for the dramatic increase in cooperation."

"The report says nothing about me with regard to management or policy differences," McKay said in an interview last week. "Counterterrorism was our No. 1 priority, and I put an enormous amount of my personal time into it." He added, "If there were performance issues of any kind, they didn't tell me about it, and to this day I'm unaware of any."

"This is a huge loss," said Gil Kerlikowske, Seattle's chief of police. "I've worked with a lot of U.S. attorneys in my time and John is absolutely at the top of the ladder, not only on issues of terrorism but on law enforcement in general. I can tell you that if they're saying John's dismissal was performance related ... I find that almost inconceivable." Kerlikowske noted that McKay had invaluable perspective, having served as a White House fellow at the FBI. "He knew how tough the barriers could be between law enforcement agencies, and he really helped break down those walls with information sharing."

"He was a champion with all the federal law enforcement agencies, but especially with ATF," said Kelvin Crenshaw, a 19-year veteran of the Bureau of Alcohol, Tobacco and Firearms and the special agent in charge of the Seattle field office. "He's one of the best U.S. attorneys I've ever worked with."

Administration officials have declined to provide further explanation for any of the attorneys' dismissals, including McKay's. On Feb. 14, McNulty, the deputy attorney general, gave a private briefing to the Senate Judiciary Committee, but afterward, Patty Murray, D-Wash., said, "I heard nothing from Department of Justice officials that changed my mind about John McKay's performance." Other senators who were present concurred with that view, according to a Democratic congressional aide briefed on the closed-door session.

Questions remain about how the Bush administration will seek to fill the newly vacant posts. Some former Justice Department officials say they believe that the Bush administration has since revised its plans to reward political loyalists with the jobs, due to the backlash against the decision to push out Cummins and hand his post to Griffin in Arkansas. Earlier this month, the administration withdrew Griffin's name from consideration for a permanent appointment, though he remains in office indefinitely.

If other recent appointees are an indication, the administration may be intent on installing conservatives with close ties to the White House. According to a Jan. 26 report by McClatchy Newspapers, since last March the administration has named at least nine U.S. attorneys who fit that profile, most of them hand-picked by Gonzales under the little-noticed provision of the Patriot Act that has since become law. They include Jeff Taylor, previously an aide to both Gonzales and former Attorney General John Ashcroft; Alexander Acosta, a protégé of conservative Supreme Court Justice Samuel Alito; and Edward McNally, a former senior associate counsel to President Bush.

And some critics expect that, despite the recent uproar over Cummins and the other attorneys' firings, the Bush White House will continue to find ways to erode the independence of the Justice Department.

"This is an administration that has not hesitated to discard conventional wisdom just because people say it's wrong," said Buell, the former federal prosecutor under Bush. "This is an administration that looks at the landscape and isn't afraid to rewrite the rules and say, 'We're going to do it our own way.'"

Justice Pilots Federated ID Broker (GCN)

By Joab Jackson, GCN Staff

Government Computer News, February 28, 2007

The Justice Department is piloting a federated identity management system that could be used to verify government online identities across different agencies.

The Law Enforcement Information Sharing Program, run by Justice's Office of the Chief Information Officer, could offer validated user credentials to multiple applications across multiple agencies, noted Boris Shur, a Justice IT manager who is working on the pilot. Shur outlined the project at the Collaborative Expedition Workshop, held today in Arlington, Va.

The system works by establishing a trust broker to act as a liaison between applications and providers of user credentials. With a trust broker in place, a user can request access to an application outside his or her own agency, and that application can request credentials from that broker, which has gathered such credentials from the identity providers.

Such a federated approach could cut the complexity that would ensue as more applications are opened to outside agencies. The trust broker could eliminate the need to establish individual handshakes between applications and identity providers. It could also cut down on the format headaches, as both applications and identity providers can communicate with the trusted broker in its own native format and protocol. It is up to the trusted broker to provide all the relevant protocols and formats, Shur said. At present, the LEISP system communicates credentials using the Public Key Infrastructure, the Security Assertion Markup Language and the Web Services Federation Language. It interacts with a number of applications as well as with a number of identity servers, such as the Sun One Identity Server and the Hewlett-Packard OpenView Select Federation.

The pilot will run until July, and the program managers plan to issue a report afterwards that assesses this federated approach.

"If [the pilot] is good enough, it is our intention to establish a trusted-broker infrastructure, within at least DOJ," Shur said.

CORPORATE SCANDALS:

Former McAfee GC Indicted Over Stock Options (LAW)

By Justin Scheck, The Recorder

California Recorder, February 28, 2007

Kent Roberts, the former chief counsel at McAfee Inc., on Tuesday became the first Silicon Valley lawyer charged in the stock options backdating debacle.

Roberts faces six counts of mail fraud, wire fraud and filing false SEC documents in connection with options grants given to himself and ex-McAfee CEO George Samenuk in 2000 and 2002.

The 11-page charging document (.pdf) tracks what Justice Department officials have repeatedly said they're looking for in deciding to charge in options cases: evidence of intentional fraud -- most importantly, concealing options manipulation.

The indictment says that in 2000, Roberts, who joined the company then called Network Associates in 1998, changed the grant date -- and thus lowered the price by nearly $10 a share -- on 20,000 options given to him by the board.

According to the charging document, Roberts was concerned that the original price of the options would not have benefited him since McAfee's share price was dropping at the time.

Months later, the indictment said, Roberts "caused the grant date to be changed to April 14, 2000, and he caused the exercise price to be changed to $19.75, which was the closing price of Network Associates' stock on the new, fabricated grant date," the indictment says.

While that may have been problematic, the indictment says Roberts exacerbated the situation in 2002, the year he became one of the three company officials on the "Ethics First Committee," which the company formed to root out internal problems that had resulted in past legal messes.

In that capacity, Roberts investigated the former controller, the indictment says, looking at allegations that the controller had manipulated options grant prices for employees of the company.

"As a result of the investigation, Roberts recommended, and Network Associates' management agreed, to remove the then-controller from his position in the finance department," the indictment says. It also accuses Roberts of covering up his own problematic grant during a subsequent audit.

The indictment's remaining charges involve a 2002 grant to then-CEO Samenuk, and the subsequent SEC filings relating to options awards.

Stephen Neal, the Cooley Godward Kronish partner representing Roberts, was traveling Tuesday and couldn't be reached for comment.

Wilson Sonsini Goodrich & Rosati partner Robert Feldman, whose firm represents McAfee, declined to comment.

HERE COMES TROUBLE

Roberts' problems first became clear in May when he was fired after an internal company probe determined that he was involved in troubling practices. Samenuk retired around the same time, and the SEC and San Francisco U.S. Attorney's Office began investigating.

In December, prosecutors were close to indicting Roberts when Assistant U.S. Attorney Christopher Steskal, the head of the investigation, announced he was leaving the office for Fenwick & West.

Assistant U.S. attorneys Eumi Choi and Timothy Lucey took over the probe, and earlier this month, the prosecutors decided to seek an indictment. But it was again delayed, this time by coordination problems with the Washington SEC lawyers also working on the case.

In the end, the U.S. Attorney's Office filed charges on its own without a corresponding SEC complaint.

Roberts is the first Silicon Valley general counsel to be accused of criminal fraud in connection with backdating, but he's not the first top legal officer indicted or forced to resign.

Last year, William Sorin, the GC of Comverse, was charged with securities fraud in New York; he later pleaded guilty.

Roberts is the third former executive in the past two weeks to be accused of illegally rigging stock options, joining the former CEO of video game maker Take-Two Interactive Software Inc. and a former senior vice president for Monster Worldwide. Both companies are based in New York.

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Last summer, Northern California prosecutors charged several former executives at San Jose, Calif.'s Brocade Communications Systems Inc. Brooklyn prosecutors indicted several Comverse Technology Inc. executives, including a general counsel, with felonies around the same time.

Other stock options cases appear to be looming. Prosecutors are looking closely at former executives at dozens of companies, including Apple Inc., KLA-Tencor and Broadcom Corp.

McAfee is well-known to federal prosecutors and SEC lawyers. In 2004, the company's former CFO was charged with falsely inflating revenues; he'll stand trial beginning next month. And last year, the company agreed to pay a $50 million fine for cooking its books.

Sources familiar with the case said the McAfee investigation will continue to look at options conduct.

Reporter Jessie Seyfer and The Associated Press contributed to this report.

Ex-McAfee Counsel Charged With Fraud (FT)

By Kevin Allison In San Francisco And Brooke Masters In New York

Financial Times, February 28, 2007

Federal prosecutors on Tuesday charged McAfee's former top lawyer with fraud for his role in a stock options backdating scheme at the anti-virus software group.

Kent Roberts, 50, stands accused of granting himself extra compensation by manipulating the grant dates of stock options awarded to himself and to other McAfee employees.

If found guilty, he could face up to 20 years in jail and a fine of up to $250,000.

Mr Roberts's lawyer could not be reached for comment on Tuesday.

The indictment marked the latest sign that federal prosecutors and the SEC are pressing forward quickly with their cases against individuals involved with stock options backdating.

Earlier this month, the former general counsel of Monster Worldwide, the online jobs site, pleaded guitly to separate backdating charges.

Federal authorities are probing options granting practices at dozens of other companies, including Apple and Broadcom.

In many cases, investigators may be running up against statutory deadlines which require prosecutors to bring securities fraud cases within five years. Much of the options backdating appears to have ceased after the SEC changed disclosure rules for options grants in 2002.

The progress on the cases against individuals stands in contrast to a growing logjam of corporate options cases. SEC commissioners have been unable to agree on how harshly to penalize companies involved in backdating.

The justice department said on Tuesday that Mr Roberts "fraudulently concealed and failed to disclose" changes to a 2000 options grant. The changes inflated the value of the grant by making it appear as if it was made on a date when the company's share price was lower.

Prosecutors also accused Mr Roberts of making a false entry in the minutes from a 2002 board meeting. The minutes concerned an options grant to McAfee's then-chief executive and chairman.

McAfee's Ex-Lawyer Indicted (NYT/AP)

By The Associated Press

The New York Times, February 28, 2007

SAN FRANCISCO, Feb. 27 (AP) — The former top lawyer of McAfee Inc. was charged on Tuesday with stock options tampering that muddied the finances of the computer security software maker.

A federal grand jury indicted the lawyer, Kent Roberts, nine months after McAfee fired him as its general counsel for "improper" handling of stock options issued in 2000.

The lawyer for Mr. Roberts, Stephen Neal, was not available for comment.

The indictment includes seven criminal counts of fraud, accusing Mr. Roberts of deceiving investors by filing false statements with the Securities and Exchange Commission and falsifying McAfee's books.

Besides shedding more light on the apparent misconduct of Mr. Roberts, the case provides the latest indication that the government crackdown on corporate America's widespread stock option abuses is progressing beyond the evidence-gathering stage.

Mr. Roberts became the third former executive in the last two weeks to be accused of illegally rigging stock options, joining the former chief executive of the video game maker Take-Two Interactive Software Inc. and a former senior vice president for the company that owns the online job search site Monster.com.

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The government's investigation, spanning more than 100 companies nationwide, is primarily focused on the practice of backdating stock options.

Backdating is not necessarily illegal, as long as it is properly disclosed and recorded on the books.

McAfee's Ex-general Counsel Indicted In Stock-option Backdating Case (USAT)

By Edward Iwata

USA Today, February 28, 2007

The former general counsel of security software giant McAfee in Silicon Valley was indicted Tuesday by a federal grand jury in San Francisco on charges of fraudulent dating of stock-option grants for himself and others.

The indictment alleges that Kent Roberts, 50, of Dallas caused a former controller at McAfee — then called Network Associates — to change the grant date and exercise price on Roberts' option of 20,000 shares of company stock so his grant would be "in the money."

Since the backdating scandal arose last year, criminal charges have been brought against former executives at Brocade Communications Systems, Comverse Technology and Take-Two Interactive Software. About 200 companies have disclosed internal or federal investigations of their options grants.

Several corporate general counsels have resigned or been fired as a result of those investigations.

General counsels are expected to monitor a company's legal and financial doings, so the spate of in-house attorneys involved in backdating cases is especially alarming to corporate-governance experts.

In the McAfee case, Roberts allegedly hid the fraudulent change from auditors, executives and directors at Network Associates even as he led an internal investigation into backdating at the company in 2002, the indictment says. The same year, Roberts made a false entry in board meeting minutes to backdate an option on 420,000 shares of Network Associates stock for former CEO and chairman George Samenuk, the indictment says. McAfee last fall announced Samenuk's retirement and also said former president Kevin Weiss had been fired. The company could record a charge of up to $150 million.

Roberts, who joined Network Associates in 1998, was fired in May after the company's finance department found the fraudulent change, according to prosecutors. He was charged with seven counts of mail and wire fraud, making false filings to the Securities and Exchange Commission and falsifying records. He could face up to 20 years in prison for each count, plus millions in fines. Roberts' attorney, Stephen Neal, said, "We intend to vigorously defend Mr. Roberts."

Last year, McAfee disclosed that the SEC was investigating its stock-option backdating practices.

In recent years, the SEC has filed four lawsuits alleging fraudulent accounting issues at McAfee. Last year, the SEC charged the company with a financial fraud from 1998 to 2000 that led to overstating revenue by $622 million.

Fired McAfee Executive Is Charged With Options Fraud (WP/AP)

By Michael Liedtke, Associated Press

The Washington Post, February 28, 2007

SAN FRANCISCO -- McAfee's former top lawyer was charged Tuesday with stock options tampering that muddied the finances of the computer security software maker.

A federal grand jury indicted Kent Roberts nine months after McAfee, based in Santa Clara, Calif., fired him as its general counsel for what it called "improper" handling of stock options issued in 2000.

Roberts's attorney, Stephen Neal, was traveling Tuesday and was unavailable for immediate comment.

The indictment includes seven criminal counts of fraud, alleging that Roberts deceived investors by filing false statements with the Securities and Exchange Commission and falsifying McAfee's books.

Roberts's indictment comes less than two weeks after two other former executives, Ryan Brant of Take-Two Interactive Software and Myron Olesnyckyj of Monster International, pleaded guilty to illegally rigging options in unrelated cases.

The government's investigation, spanning more than 100 companies nationwide, is primarily focused on the practice of backdating stock options, when company insiders retroactively pick an ebb in the stock price to determine an option's value, maximizing the potential windfall for the award's recipient.

Backdating isn't necessarily illegal, as long as it's properly disclosed and accounted for. As they sift through the backdating morass, the Justice Department, the SEC and state prosecutors in New York are trying to separate the instances of ignorant bungling from those involving calculated malfeasance.

MBC Managers Plead Guilty In $830 Million Securities Fraud (AP)

AP, February 28, 2007

DOJ_NMG_0137919

MIAMI - Two managers at Mutual Benefits Corp. pleaded guilty to securities fraud and agreed to pay about $830 million in restitution to investors, authorities said Tuesday.

Carol Traina and Bari Wiggins each pleaded guilty to one count of conspiracy to commit securities fraud in connection with Mutual Benefits' billion dollar securities offering, according to the U.S. Attorney's Office for the Southern District of Florida. Both face up to five years in prison.

Mutual Benefits, which was closed by federal regulators in May 2004, sold investment interests in life settlements. Investors would buy interest in life insurance policies at a discount from terminally ill or elderly people in need of cash. The investors collect the benefit when the insured person dies.

Traina, an office manager, misrepresented the safety and security of the investments and admitted to helping distribute false and misleading life expectancy, the U.S. Attorney's Office said in a statement.

Wiggins, who managed the policy services department, admitted that she acquired the insurance policies, knowing that sales agents were misleading investors, authorities said.

Telephone message left for Traina's attorney, Melvin Sidney Black, and Wiggins' attorney, Jane Serene Raskin, were not immediately returned Tuesday.

A sentencing was scheduled for May 8.

Former FDA Official Gets Three Years Probation, Fine (FLSUNSEN)

South Florida Sun-Sentinel, February 28, 2007

Former Food and Drug Administration Commissioner Lester Crawford was sentenced to three years probation and fined more than $89,000 for failing to disclose he owned shares in companies the agency regulated.

Crawford, 69, pleaded guilty in October to two misdemeanor charges of making false filings and violating federal conflict-of-interest laws.

Feds To List Witnesses In Nacchio Trial (DENP)

By Andy Vuong, Denver Post Staff Writer

Denver Post, February 28, 2007

Ex-Qwest execs Szeliga and Mohebbi could be key to the government case against their former boss.

Federal prosecutors will produce for the first time Thursday a list of witnesses they plan to call during the criminal insider-trading trial of former Qwest chief executive Joe Nacchio.

U.S. District Judge Edward Nottingham has ordered the government to compile the list for the defense. It's unclear whether it will be made public. The defense has to submit its witness list by March 16.

James Payne, former senior vice president of Qwest's Government Systems Division, said Tuesday that he expects to be called to testify during the trial, which is set to begin March 19 in federal court in Denver.

"I'm involved on both sides of the case," Payne told The Denver Post in a phone interview from Washington, D.C. "I'll be subpoenaed by one side or the other, and perhaps both."

Payne joined Qwest in August 1999 and worked directly with Nacchio on government contracts, including those with clandestine agencies that may play a key role in Nacchio's defense.

Former Qwest chief financial officer Robin Szeliga, former Qwest president Afshin Mohebbi and former board member Tom Stephens could be key witnesses for the government.

Payne is the first former Qwest official to publicly disclose that he expects to be involved during the trial. Payne said he has been contacted by prosecutors and defense attorneys a number of times. Court filings suggest he may be more helpful to the defense.

Asked whether he expects to play a big role in the case, Payne said: "I don't think I have a choice."

Nacchio is accused of selling $100.8 million in Qwest stock in early 2001 while he knew the company's finances were deteriorating. He has pleaded not guilty to 42 charges of illegal insider trading.

Nacchio's attorneys have said he had a positive outlook on Qwest during that time because he alone, among his inner circle of top executives, in Denver knew the company was in line to receive large top-secret government contracts.

Payne has verified Nacchio's contention that potential classified contracts were not included in Qwest's public statements about its prospects, according to court filings by Nacchio's attorneys. Specifically, in a November 2005 interview with the government, Payne said he did not include the contracts in his financial reports until they came to fruition because he saw them as speculative.

According to a separate court filing, Qwest received $200 million in 2000 and $322 million in 2001 in federal contracts, which represented about 1.5 percent of its overall revenue.

Payne left Qwest in May 2005 and now works for Bechtel, a government contractor based in San Francisco.

Although the Department of Justice hasn't disclosed its witnesses, it has compiled a list of people who are not allowed to be interviewed by attorneys in a separate Securities and Exchange Commission civil case that's pending against Nacchio and several former Qwest officials.

The government doesn't want these people interviewed in the civil case because they could be called as witnesses in the criminal case.

The list has 28 names, including Szeliga, Mohebbi and Stephens. The list hasn't changed since it was disclosed in court filings last year, said Forrest Lewis, attorney for former Qwest accountant Frank Noyes, a defendant in the civil case.

The SEC alleges in the civil suit that former Qwest officials fraudulently boosted revenues by $3 billion from 1999 to 2002. Qwest later restated much of that revenue.

Staff writer Andy Vuong can be reached at 303-954-1209 or avuong@denverpost.com.

Fine And Probation For Former F.D.A. Chief (NYT/AP)

By The Associated Press

The New York Times, February 28, 2007

The former commissioner of the Food and Drug Administration was ordered to pay about $90,000 in fines for lying about stock he owned in companies regulated by the agency. At his sentencing in federal court, the former official, Lester M. Crawford, was also given three years' supervised probation and ordered to perform 50 hours of community service. Dr. Crawford pleaded guilty last October to having a conflict of interest and false reporting of information about stock he and his wife owned.

CRIMINAL LAW:

House Leaders Reach Deal On Subpoenas (HILL)

By Susan Crabtree

The Hill, February 28, 2007

House leaders will not fight subpoenas for information from the U.S. Attorney's Office in San Diego stemming from a criminal investigation into activities related to the bribery case against Rep. Randy "Duke" Cunningham (R-Calif.), according to a release by Speaker Nancy Pelosi's (D-Calif.) office yesterday.

The chairmen of three committees involved, working with the House General Counsel's office, have been negotiating for the last two months about how to respond to subpoenas for documents the U.S. Attorney sent the House Appropriations, Armed Services and Intelligence panels late last year.

It was unclear at press time how much GOP ranking members of the committees were consulted about which documents to hand over.

A Democratic leadership aide insisted that Republicans were consulted because it involved "their documents."

But Brian Kennedy, spokesman for Minority Leader John Boehner (R-Ohio), said his boss was not kept in the loop during any part of the negotiation process.

"We were not party to or made aware of any of the agreements," he said.

That is a distinct departure to what happened last year after the FBI raided the office of Rep. William Jefferson (D-La.), when the leadership of both parties invoked the Speech Debate Clause of the Constitution.

"… Because all of the information being provided to the U.S. Attorney is privileged under the Speech and Debate Clause of the Constitution, the committees have agreed to decline to assert the privilege with respect to that information," the statement from Pelosi's office said.

"The agreements permit the committees to cooperate with the investigation in a manner that respects the constitutional prerogatives of the House and does not impair the committees' functioning or compromise their legislative and oversight responsibilities," the release said.

The negotiations went so smoothly that the U.S. attorney's office withdrew the subpoenas and the committees have already handed over some of the documents requested.

Elizabeth Phillips, an Appropriations staffer, and Rebecca Kuhn, who formerly worked as Cunningham's executive assistant, were also subpoenaed to testify. They are scheduled to testify tomorrow before a grand jury, according to the statement.

"Under the agreements, the five outstanding subpoenas – one to each of the three committees for documents, one to a current committee staffer for testimony, and one to a former committee staffer for testimony — have been withdrawn," said the

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statement. “The committee have agreed to voluntarily provide the Department [of Justice] with copies of some documents immediately (which has already happened), and to voluntarily provide the Department with access to other documents over the next several weeks.”

Pelosi also said although she was aware of the negotiations, she was not actively involved in them and that “all decisions were made by the committee themselves.”

“The current committee chairmen took the same cooperative approach toward the Office of the U.S. Attorney as did the committee chairmen in the last Congress,” she said.

Deal Reached On Cunningham Subpeonas (AP)

AP, February 28, 2007

Three House committees subpoenaed in connection with the bribery investigation into imprisoned former Rep. Randy "Duke" Cunningham and his associates reached an agreement with prosecutors Tuesday allowing the subpoenas to be withdrawn.

Under the agreement, five outstanding subpoenas will be withdrawn and the committees will voluntarily hand over documents in addition to material already provided, according to a statement released by Brendan Daly, a spokesman for House Speaker Nancy Pelosi.

Two committee staffers will appear March 1 before the federal grand jury in San Diego that has been considering evidence stemming from the Cunningham case, Daly said.

The subpoenas were sent in December and January to the Appropriations, Armed Services and Intelligence committees and the two staffers.

A spokeswoman for the U.S. attorney's office in San Diego did not immediately return a call for comment.

Cunningham, a San Diego-area Republican, was sentenced in March to more than eight years in prison for accepting $2.4 million in bribes in exchange for steering government business to defense contractors.

Earlier this month, the grand jury indicted a former top CIA official and a San Diego defense contractor on fraud and money laundering charges in an investigation that spun off from the Cunningham probe. The defense contractor, Brent Wilkes, was also charged in a separate indictment along with a New York mortgage banker on charges of bribing Cunningham.

The subpoena deal comes after nearly a year of negotiations over the documents that began while the House was still under Republican control.

"The agreements permit the committees to cooperate with the investigation in a manner that respects the constitutional prerogatives of the House and does not impair the committees' functioning or compromise their legislative and oversight responsibilities," Daly said.

The Justice Department has clashed with Congress in the past over its investigations of lawmakers. Republicans and Democrats alike were furious when the FBI raided the office of Democratic Rep. William Jefferson of Louisiana in May for evidence in a corruption investigation.

Group Asks Gonzales To Review Small's Conduct (WP)

By Jacqueline Trescott, Washington Post Staff Writer

The Washington Post, February 28, 2007

A Washington watchdog group yesterday asked the attorney general to investigate whether Smithsonian Secretary Lawrence M. Small violated the law by using federal money to pay for travel and other expenses.

The group also asked the Justice Department to determine whether the Smithsonian Board of Regents, which is chaired by John G. Roberts Jr., chief justice of the Supreme Court, broke the law by approving Small's expenses.

In a letter to Attorney General Alberto R. Gonzales, Citizens for Responsibility and Ethics in Washington said the $90,000 in unauthorized expenses that Small accumulated between 2000 and 2005 was "troubling." Questions raised by Smithsonian's inspector general about Small's expenses were first reported by The Washington Post on Sunday.

"Mr. Small's conduct not only diminishes the stature of the Smithsonian Institution, it smacks of self-dealing and self-enrichment at the expense of the general public. The Board of Regents failure to take action against Mr. Small -- incomprehensibly choosing to endorse his conduct instead -- is similarly distressing," said the letter, signed by Melanie Sloan, CREW's executive director, a former federal prosecutor. The group describes itself as nonpartisan; it has received funding from liberal Democratic sources.

Sen. Charles Grassley (R-Iowa), ranking member of the Senate Finance Committee, has asked Roberts, chancellor of the Smithsonian Regents, to review what Grassley has called "lavish expenditures" by Small. Grassley said the board appeared to be "rubber-stamping the actions of Secretary Small and turning a blind eye to very serious issues raised by the inspector

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general." The senator suggested this week that the Smithsonian's budget be cut because of excessive spending and proposed changing the composition of the Board of Regents.

"One idea is whether the upcoming federal budget resolution should limit or redirect Smithsonian funding," Grassley said. "Another idea is introducing legislation to improve governance from the Board of Regents, similar to my legislation on the Red Cross. As far as I can tell, Congress hasn't taken a serious look at the Smithsonian's governing statute in a hundred years."

The Smithsonian, the largest complex of museums in the world, receives 70 percent of its budget from the federal government.

Acting Smithsonian Inspector General A. Sprightley Ryan reviewed Small's expenses last month and in a confidential memo to the Regents said that "overall we saw no evidence of fraud or abuse associated with the expense transactions reviewed." However, she added, a number of transactions were "not properly documented or were not in accordance with Smithsonian policies."

After some of Small's expenditures were questioned, the Regents rewrote some of the rules governing him to make sure there were no violations.

Small said last night that he was proud to work with the Regents. "They have obviously come to their conclusions about the various reports that have come out. And I am perfectly comfortable with their conclusions," said Small, after attending a reception Tuesday evening on Capitol Hill for the 10th anniversary of the Smithsonian Latino Center. He said he didn't have any knowledge of the letter to Gonzales.

Deputy Sheriff Charged With Child Pornography (RMN)

Rocky Mountain News, February 28, 2007

A 53-year-old Arapahoe County sheriff's deputy has been indicted by a federal grand jury on child pornography charges.

Douglas Morrill Peek of Centennial is charged with transportation, possession, distribution and receipt of child pornography.

He was arrested by the FBI this morning without incident and made his initial appearance in U.S. District Court in Denver this afternoon.

Count one of the indictment alleges that Peek transported, via the Internet, a movie containing child pornography.

Count two charges Peek with possession of a desktop computer containing numerous images of child pornography, including images of toddlers being forced to engage in sexual activity.

Count three alleges that Peek used his computer to distribute an image containing child pornography via the Internet.

Count four charges that Peek knowingly received an e-mail containing child pornography.

If convicted he faces up to 20 years in a federal prison and up to a $250,000 fine.

"The Department of Justice will pursue and prosecute those who commit crimes involving the exploitation of children, no matter who they are, or what position they hold," said United States Attorney Troy Eid.

"This case is being brought as part of Project Safe Childhood.

More Jail Time For IC Man (ICPC)

By Mike McWilliams, Iowa City Press-Citizen

The Iowa City Press-Citizen, February 28, 2007

An Iowa City man already serving 10 years in prison for lascivious acts with a child received an additional seven-plus years behind bars for storing child pornography on his home computer.

Jackie Dean Burtlow, 40, pleaded guilty to receipt of child pornography. A federal judge initially sentenced Burtlow to 10 years and two months in prison but gave him credit for 33 months previously served for related state charges, which leaves seven years and five months.

According to a news release from the U.S Department of Justice:

The FBI started investigating Burtlow in May 2004 when agents in Cleveland found an e-mail that was later determined to have been sent from Burtlow's computer. Police searched Burtlow's Iowa City residence and seized a computer that contained numerous images, including video clips of children engaged in sexually explicit conduct.

When questioned, Burtlow admitted that he had child pornography stored on his computer and also said he had chatted and sent e-mails to other people about child pornography, according to the release.

Judge James Gritzner told Burtlow, "This is a very serious offense," according to the release. Gritzner also referred to Burtlow as having acted on his criminal desires by sexually assaulting a child and to the high degree of recidivism associated with the crime, the release states.

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In May 2004, a 13-year-old girl told interviewers that Burtlow had engaged in inappropriate sexual contact with her, and police arrested Burtlow for third-degree sexual abuse. He pleaded guilty to two counts of lascivious acts with a child, and a Johnson County judge sentenced him to 10 years in prison in November 2004.

FIU Couple Heading To Jail (MIH)

By Jay Weaver

Miami Herald, February 28, 2007

A federal judge slammed two former FIU employees with maximum prison sentences for their roles in an intelligence-gathering network for the Cuban government.

Convicted ex-Florida International University academics Carlos and Elsa Alvarez apologized Tuesday as a pair of tearful defendants, expressing regret for a secret life of informing on Miami's exile community for Cuba.

"Please accept my heartfelt apologies for all the wounds and pain caused by my actions," Carlos Alvarez, 62, said to a packed federal courtroom in Miami.

"I broke the law," said his wife, Elsa, 56. ``I take full responsibility. I'm very sorry."

The judge didn't buy any of it.

U.S. District Judge K. Michael Moore slammed Carlos Alvarez with the maximum five-year prison sentence for conspiring to act as an unregistered Cuban agent and Elsa Alvarez with the maximum three years' imprisonment for harboring her husband's illicit intelligence work and failing to report it to authorities.

The harsh sentences marked the closing chapter to the Alvarezes' life as once-accomplished Cuban exiles who are now viewed by many as "spies" for Cuban leader Fidel Castro.

The case shook Miami's exile community to its foundation because the couple's targets included their former boss, FIU president Modesto "Mitch" Maidique, and other Cuban-American leaders.

The Alvarezes entered guilty pleas to lesser charges in December, when the U.S. attorney's office agreed to drop allegations that the couple were unregistered Cuban agents -- offenses that could have carried up to 10 years in prison had they been convicted at trial. On Tuesday, prosecutors had recommended five years for Carlos Alvarez but only 21 months for Elsa Alvarez.

`FAMILY DEVASTATED'

"The family is absolutely devastated," attorney Steven Chaykin, who represented Carlos Alvarez, told reporters outside the courthouse. Elsa's lawyer, Jane Moscowitz, said their sentences were ``all too high."

The couple's five children, including a 13-year-old, told the judge how much the family has "suffered" since the Alvarezes' arrests early last year.

In sentencing them, Moore acknowledged the couple's supporters who testified about their honesty, integrity and spirituality as Catholics, but he condemned them for breaking federal law with their ``personal foreign policy."

"For all these years, they were in a sense leading a double life," Moore said, calling their crime a "deceit and betrayal" of the exile community.

He ordered the Alvarezes to surrender on April 27. Carlos Alvarez, a longtime FIU professor who resigned last year, has been in custody at the Federal Detention Center in downtown Miami since his arrest in January 2006. Elsa Alvarez, an FIU counselor on unpaid leave, was in custody through June, when the judge released her on a $400,000 bond.

During Tuesday's hearing, their attorneys tried to portray them as sympathetic exile figures who tried to bridge the Cold War chasm between Cuba and the United States through a dialogue of educational and cultural exchanges involving the Cuban Intelligence Service.

But the Alvarezes and their lawyers kept insisting the information passed along to Cuban agents was "innocuous" and "harmless gossip," causing "no harm" to the United States or the exile community.

"I reached out to people with power or who had access to power," Carlos Alvarez said in court Tuesday. ``It would require innocuous information . . . The method that I used was unfortunately wrong."

Elsa Alvarez said her husband's goal was to "help Cubans to become unified" on both sides of the Florida Straits. "I believe Carlos acted in good faith at all times," she added.

TALE OF BETRAYAL

Chaykin said Carlos Alvarez was betrayed by Cuban agents and FBI agents who coaxed a confession from him during three interviews in 2005. That was the basis for the indictment against him and his wife.

But prosecutors portrayed the couple's work as ``classic intelligence-gathering activity."

"They worked for the directorate of the Cuban Intelligence Services and provided ``sensitive information on the exile community's leaders," said U.S. Attorney R. Alexander Acosta. ``That is far from innocuous."

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At sentencing, prosecutor Matthew Axelrod said Carlos Alvarez began gathering intelligence for Cuba in 1977 and that Elsa Alvarez became aware of it in 1982, making some contacts with Cuban agents herself.

He said they both relied on shortwave radios, computers and encrypted information to correspond with their Cuban intelligence handlers and also traveled to Cuba and other countries to meet them.

Axelrod noted that Alvarezes' home computer contained files on:

· FIU president Modesto Maidique's personal finances and private business ventures.

· A "redacted" U.S. government study on the ``status of telecommunications in Cuba."

· Brothers to the Rescue leader José Basulto, including that "an investigation should continue" into ``the ties he has to the CIA, the Cuban American [National] Foundation and financial interests such as Bacardi."

· A personal contact who had met with Richard Nuccio, then-President Bill Clinton's special advisor for Cuba, who "was very depressed" by Cuba's shootdown of two Brothers to the Rescue planes killing three Cuban-American men and a Cuban exile and the subsequent Helms Burton law toughening the U.S. embargo against Cuba.

· Lula Rodriguez, a Miami-Dade Democrat who later became personal assistant to then-Attorney General Janet Reno and eventually deputy assistant secretary of state for public affairs in the Clinton administration.

ANOTHER REVELATION

Axelrod also revealed that Carlos Alvarez had informed two academic colleagues, Fordham University professor Orlando Rodriguez and Spaniard Miguel Escotet.

He had asked both men to write letters of support for leniency.

"He knows he's betrayed them, yet he's calling on them to support him," Axelrod said, adding that such a betrayal was ``astounding."

A moment later, Chaykin questioned Rodriguez in the courtroom, asking him if he wanted to withdraw his supportive letter as well his live statement to the court. "Nothing at all," Rodriguez said.

Hollywood Chief Defends Exposing Probe (AP)

By Wanda J. Demarzo

AP, February 28, 2007

Hollywood Police Chief James Scarberry, who admitted he leaked information about an ongoing federal probe of his department, defended his decision Tuesday, saying the FBI told him he could use his "discretion" in discussing the probe with others.

Scarberry told as many as eight city officials about the two-year undercover investigation, but insists that he did not tip off the targets of the probe.

Scarberry said he "has his suspicions" who leaked the information to those involved, but doesn't believe it came from within his department or City Hall.

On Thursday, three veteran Hollywood cops -- Kevin Companion, Stephen Harrison and Jeff Courtney -- were arrested, accused of a wide range of crimes, including extortion, bribe-taking, dealing in stolen property, protecting a rigged, high-stakes card game, cargo theft and transporting a big shipment of heroin.

A fourth officer, Thomas Simcox, 50, who is cooperating with authorities, is expected to appear for arraignment Wednesday in federal court in Fort Lauderdale.

FBI STING

The group was caught in a FBI sting in which agents posed as members of a New York mob family who wanted protection for its South Florida operations. Companion, who was the alleged ringleader, recruited the other three officers, authorities said.

But before the feds could identify whether other officers were involved, they were forced to shut down the probe because Courtney and Companion were tipped off.

Simcox is reputed to have approached a number of veteran officers hoping to hire them to work for the crime family, but the officers turned him down.

The department has launched an internal investigation into whether other officers knew about the corruption and failed to report it.

CASES AT RISK

The arrests could jeopardize more than 60 criminal cases handled by the four detectives. Prosecutors began sending letters to defense attorneys representing clients involved in the cases, advising them of the situation.

Among the more high-profile cases that could be affected is that of former state legislator Barry Kutun, who is accused of hiring an underage girl for sex. Simcox was the lead investigator in the case.

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But prosecutors say it's too early to say whether the arrests will taint pending criminal cases. In a recent scandal involving BSO sheriff's deputies, the state attorney's office sent out a list of 61 deputies -- some of them suspects -- whose cases were tied to falsification.

But in October, about 50 of the deputies received letters from the state attorney's office clearing them. Very few criminal cases handled by the deputies led to acquittals as a result of the scandal.

But Public Defender Howard Finklestein insists that criminal cases involving the Hollywood cops will be impacted.

"Those indictments will be very powerful and persuasive to a jury. I think if any of those detectives are the one who saw the person with the drugs or commit the crime, the case is lost," Finklestein said.

He added that his office is not only reviewing pending cases handled by the accused officers, but also older cases in which someone entered a plea or was convicted.

"I think we're going to see the prosecution dropping cases," Finklestein said.

Former Officer Pleads Guilty To Possessing Stolen Firearms (AP)

By Sue Lindsey, Associated Press Writer

AP, February 28, 2007

ROANOKE, Va. (AP) — A former officer charged in a federal investigation of corruption in a rural sheriff's department pleaded guilty Tuesday to one count of possessing stolen firearms.

Patrick Martin, who was a sergeant in the vice unit of the Henry County Sheriff's Department, faces a maximum sentence of 10 years in prison and a fine of $250,000. In exchange for his plea in U.S. District Court, prosecutors dropped two other weapons counts.

Martin was among 13 members of the department, including former sheriff H. Franklin Cassell, and seven civilians indicted last fall in a scheme to sell drugs and other evidence seized from criminals.

Thirteen other defendants named in the indictment have entered guilty pleas to charges that include racketeering conspiracy, narcotics distribution, weapons counts and obstruction of justice. Guilty pleas from two others are expected by next week, Assistant U.S. Attorney Thomas Bondurant said.

A trial for Cassell, who is charged with impeding federal officers' investigation and money laundering, is set for June.

Martin's case had been set for a jury trial but he decided Tuesday morning to plead guilty instead, his attorney, Art Strickland, said.

"His family was under so much stress," Strickland said.

During the court hearing, Bondurant played a recording from portions of a three-hour interview that an FBI agent and a state police officer conducted with Martin in which he said he was not aware of any drugs or guns stolen from the sheriff's department by officers.

"At the start of the interview, Martin flatly denied any knowledge of law enforcement misconduct," the prosecutor said.

He later acknowledged having "maybe three or four" guns at home, according to the recording.

Strickland said outside of court that the sheriff's department had limited storage space, and at one point officers were told to take weapons and other evidence home for safekeeping.

"He never used any of the guns," he said.

One shotgun that Martin returned to the department as the federal investigation of the department intensified last year was manufactured in 1904 and was considered a collector's item worth between $800 and $2,000, Bondurant said.

Ex-councilman's Conviction Tossed (MACOMBD)

By Jameson Cook, Macomb Daily Staff Writer

Macomb Daily, February 28, 2007

Secret communications between judge, government attorneys result in order for third trial

A federal appeals court reversed the conviction of a former Warren city councilman on fraud charges because of a federal judge's secret communication with government lawyers during jury deliberations in his first trial.

Advertisement

William Barnwell's convictions for theft, embezzlement and conspiracy were dismissed and the case was remanded back to the U.S. District Court, a Sixth Circuit Court of Appeals panel ruled Tuesday.

"I've said all along I'm innocent," an elated Barnwell said from his Warren home Tuesday afternoon shortly after the ruling was made public. "I believe in this country and I believe in the justice system. ... Now I can get my life back. My name is clear and I can get back to work."

Barnwell, 60, a city councilman from 1999 to 2003 and former director of the Michigan Regional Council of Carpenters, was convicted by a federal jury in 2004, along with co-defendants Sandra and David Williamson, for inducing union staffers to help build a house for the Williamsons in St. Clair County in the late 1990s. Sandra Williamson was the administrative assistant for the top official at the union.

An initial trial -- which included two other defendants who were later removed from the case -- ended in a hung jury in fall 2003. But Barnwell and the Williamsons were convicted in May 2004 in a second trial.

In a 2-1 decision, the appeals panel said that Barnwell's constitutional rights to due process and effective defense counsel were violated because Judge Bernard Friedman communicated with lawyers from the U.S. District Attorney's Office during jury deliberations for the first trial.

Assistant U.S. attorney Keith Corbett went to the judge after the FBI was conducting a telephone wiretap in an unrelated case and heard a reference to the Barnwell case -- the results of an informal jury vote, which is supposed to be done in secret. An FBI agent said that a juror was the sister of a subject in the unrelated case, and the judge and government lawyers discussed the potentially contaminated juror. The judge also met with the jury foreman.

The discussions were kept from the defense attorneys in the case, a move that the appeals court determined tainted the case not only for the first trial but also the second trial in which a new jury found Barnwell guilty.

The communications finally were revealed in March 2005, long after the second trial was over, by U.S. Attorney Walter Kozar.

The ruling revealed few details of the separate criminal investigation by the FBI.

"The defendants in the case were from Macomb County like the individuals captured by the wiretap," the ruling says. The investigation, according to oral arguments, involved illegal gambling, extortion and racketeering, and "public corruption," the panel says.

Judges Damon J. Keith and Gilbert S. Mettitt note that Friedman kept the discussions secret to protect the integrity of the FBI investigation, which FBI officials told the judge had been ongoing for 15 years. However, they noted that is not good enough reason to do so. They say that the only instances in which such a case should be kept out of an open courtroom is for a "compelling state interest" or in matters of "national security."

The appeals court decision is especially unusual not only because it could result in a third trial but that it overturns the conviction in the second trial for issues in the first trial, noted Larry Dubin, a law professor at University of Detroit Mercy.

The appeals judges do not specifically indicate how the secret communications in the first trial affected the second trial, only suggesting that the mere "appearance of impropriety" affected justice in the case.

"The effort by the trial judge and the prosecution to save a wiretap, which the same trial judge had authorized, at the expense of a fair trial, reeks of the type of impropriety we need to avoid," says the opinion, authored by Keith. "When we fail to protect a defendant's fundamental rights, we fail in our calling as judges.

"What strikes us as the most disconcerting is that the government and trial judge kept the communications from the defense counsel during the entire second trial."

Dubin said he understood Friedman's reasoning.

"The judge's motive was trying to balance two powerful competing interests," Dubin said. "I have sympathy for a judge who gets involved in a web of conflict that were not of his own doing."

In her dissenting opinion, Judge Martha Craig Daughtrey says there is no "controversy" to decide or "remedy" to issue regarding the constitutional arguments because the second trial cured any potential violations in the first trial.

A new trial "is exactly what the defendant received in this case, and there is no challenge whatever to the fairness of his second trial," Daughtrey says. "Hence, the majority should ask itself: What is to be gained by providing the defendant with a second fair trial?"

Barnwell's attorney, Arthur Weiss, said Tuesday afternoon he was pleased with the ruling but could not comment on the ruling because he had not read it.

Weiss commended U.S. attorney Kozar, despite being his adversary in the case, for "doing the ethical thing" and revealing the communications during the appeal process.

Weiss also would not criticize Friedman, saying he is an "outstanding judge" whom "I hold in the highest regard."

Gina Balay, spokeswoman for the U.S. Attorney's Office in Detroit, said officials were reviewing the case and could not comment on whether attorneys would seek a third trial against Barnwell.

During the trial, the defendants maintained their innocence. They said the actions by the union agents were charitable work after a company that the Williamsons hired to work on their home failed to complete the job and went out of business.

Defense attorneys also claimed it was a government attempt to target MRCC secretary-treasurer Ralph Mabry, Sandra Williamson's boss, through her.

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Mabry was convicted last year of illegally obtaining discounts from vendors to build his home in Grosse Pointe Park, according to a published report.

Barnwell was sentenced to two years probation, with the first six months to be served in home confinement. He also was ordered to pay a $10,000 fine and $9,188 in restitution, and serve 350 hours of community service.

Barnwell's conviction had no connection to his service as a councilman. He decided against running for re-election in 2003. He said Tuesday he may run for the council again.

Barnwell, who is married and has three adult sons, also said Tuesday that he and his family were enjoying the ruling.

"She stood by me like a soldier," he said of his wife, Sandra.

He said his status as a convicted felon has been difficult to deal with as he has felt ostracized.

"I feel like a convicted murderer," he said of society's view of him.

Mom Taught Children To Fake Retardation (AP)

AP, February 28, 2007

(AP) - TACOMA, Wash.-A woman admitted Monday that she coached her two children to fake retardation starting when they were 4 and 8 years old so she could collect Social Security benefits on their behalf.

Rosie Costello, 46, admitted in U.S. District Court that she collected more than $280,000 in benefits, beginning in the mid-1980s. Most was from Social Security, but the state social services agency paid $53,000.

Costello pleaded guilty to conspiracy to defraud the government and Social Security fraud. Her son, Pete, 26, pleaded guilty earlier this month. Federal prosecutors in Seattle said Monday authorities had not yet located her daughter, Marie.

According to the plea agreement, Costello began coaching her daughter at age 4, and later used the same ruse with her son. He feigned retardation into his mid-20s - picking at his face, slouching and appearing uncommunicative in meetings with Social Security officials.

Social Security workers became suspicious and uncovered a video of Pete Costello ably contesting a traffic ticket in a Vancouver courtroom.

Pete Costello is scheduled to be sentenced May 11 and faces from six months to a year in prison, as well as $59,000 in restitution.

Rosie Costello is scheduled for sentencing May 17. Her standard sentencing range was not immediately available, but in the plea agreement she agreed to repay the government.

Two Indianapolis Men Received Prison Terms Friday For Mortgage Scams. (INDYSTAR)

The Indianapolis Star, February 28, 2007

Federal judges sentenced John Wagner, 46, to 37 months in prison and Frankie Lamont Howard, 38, to 24 months.

Since a federal fraud task force was formed in 2002 to look into the area's rash of mortgage crimes, 58 people have been convicted, including Wagner and Howard, who each had pleaded guilty to charges of mail fraud and money laundering.

Wagner conspired with Promise Land Mortgage owner Romero Brice, who was sentenced Tuesday to 87 months in prison.

Wagner secured investors whom Brice used to defraud Michigan lender ABN Amro of $2.73 million by falsifying 53 loan applications, U.S. Attorney Susan Brooks reported.

Wagner also was ordered to make restitution of $1.8 million.

Real estate investor Howard rigged 31 loan applications and resold the houses at inflated prices to straw buyers he recruited, Brooks reported.

According to Brooks, Howard bought properties primarily in low-income neighborhoods in Indianapolis.

From April to October 2002, Howard obtained loans of about $1.7 million on properties worth about $439,300 by submitting fraudulent loan documents and inflated appraisals, the U.S. Attorney's Office said.

First Bank lost about $1.2 million in the scam.

The longest prison term in Central Indiana for mortgage fraud was a 170-month sentence received in 2003 by mortgage banker Jeffrey Neely, who authorities said was the mastermind of a $2.5 million scam.

3rd Person Charged In $4.2 Million Mortgage Fraud (AP)

AP, February 28, 2007

INDIANAPOLIS - Two men who authorities said lined up properties or investors in a multimillion dollar mortgage-fraud scheme were sentenced to prison.

Federal judges on Friday sentenced John Wagner, 46, to three years and a month in prison and Frankie Lamont Howard, 38, to two years. Both pleaded guilty to charges of money laundering and conspiracy to commit mail fraud, prosecutors said.

Wagner and Howard were involved a scheme that obtained more than $4 million in fraudulent mortgage loans on houses in low-income neighborhoods of Indianapolis.

Authorities said Wagner recruited investors for Romero Brice, the owner of Promise Land Mortgage in Indianapolis. Brice obtained houses at fair market values and then used the investors to buy back the houses at three to four times the price, authorities said.

Brice was sentenced on Tuesday to seven years in prison.

Prosecutors said Brice obtained at least 83 loans between late 2000 and early 2002 based upon false documents, with Wagner involved in 53 of the loans valued at about $2.65 million. Howard was charged with engaging in 31 fraudulent transactions for about $1.65 million.

The judges also ordered Wagner and Howard, both of Indianapolis, each to pay more than $1 million in restitution.

Ex-trooper Gets 5 Years For Soliciting Sex (BOS)

By Brian R. Ballou,

The Boston Globe, February 28, 2007

Boy he met via the Internet was actually an agent

A federal judge gave the minimum sentence to a former Massachusetts state trooper and decorated Army war veteran who admitted trying to solicit sex over the Internet from someone he thought was a 14-year-old boy.

Brian O'Hare, 46, of Lancaster was sentenced to the mandatory minimum of five years in prison yesterday in federal court in Boston after he pleaded guilty.

"The Internet has brought many wonderful things to the world, but it has also brought many vile things," US District Court Judge George A. O'Toole Jr. said moments before issuing the sentence to O'Hare, who had faced a maximum of 30 years in prison.

O'Hare, dressed in a black suit, walked into the courtroom with his brother, sister, and sister-in-law. Standing next to his lawyer, Richard Egbert, he gave a brief statement before the sentencing.

"I take full responsibility for my actions, and I want to apologize to my family for the embarrassment and shame I've caused." He also apologized to the Army National Guard and the Massachusetts State Police.

O'Hare told the judge he wanted to get this episode of his life behind him.

"I want to be a father again," he said. As he was led out of the courtroom, O'Hare waved to his relatives. His sister, tears running down her face, waved back.

The sentencing capped a dramatic fall from grace for O'Hare. He joined the Massachusetts National Guard in 1990 and rose to the rank of lieutenant colonel, leading the 211th Military Police Battalion, according to a Guard spokesman. He was the Battalion's executive officer at Bagram Air Force Base in Afghanistan from August 2002 to February 2003 and also served in Iraq, overseeing training of Iraqi police in Balad from April to September 2003.

O'Hare received two Bronze Stars for his service in Iraq and Afghanistan, as well as medals for good conduct, meritorious service, and achievement. He led military security at Logan International Airport after the Sept. 11, 2001, attacks and during the 2004 Democratic National Convention. He was a member of the Massachusetts State Police for 20 years, last assigned to the Holden barracks.

A State Police spokewoman said officials would not comment on the case, because O'Hare is no longer a trooper. O'Hare must now submit a DNA sample to a state database and register as a sex offender upon his release.

Prosecutors alleged that O'Hare, using the name Ranger 1777, struck up a conversation in August 2005 with someone he thought was a 14-year-old boy in an America Online chatroom titled "SCHOOLBOIS SHOWERSM4." But the person he was chatting with was actually FBI agent Jeremy Morrissey, working in an Internet sting operation.

O'Hare was arrested last February when he drove to Meadow Glen Mall on Route 16 in Medford for what he thought was a meeting with the boy.

Former State Trooper Sentenced To 5 Years In Prison In Internet Sex Case (BOS)

The Boston Globe, February 28, 2007

BOSTON --A former Massachusetts state trooper and Army war veteran who admitted to trying to solicit someone he thought was a teenage boy over the Internet for sex has been sentenced to five years in prison.

Brian O'Hare, 46, was given the mandatory minimum sentence Tuesday in U.S. District Court after pleading guilty. He faced up to 30 years in prison.

"The Internet has brought many wonderful things to the world, but it has also brought many vile things," Judge George A. O'Toole Jr. said at the sentencing.

O'Hare allegedly had several sexually explicit chats with an FBI agent who was posing as a 14-year-old high school boy, and the two arranged to meet at the Medford Mall, authorities said. O'Hare was arrested by FBI agents in February 2006 after he showed up.

O'Hare lived in Lancaster and was assigned to the Holden barracks. He served in the Massachusetts National Guard in Afghanistan and Iraq from August 2002 until December 2003.

"I take full responsibility for my actions, and I want to apologize to my family for the embarrassment and shame I've caused," said O'Hare, who also apologized to the Army and the Massachusetts State Police.

Police Probe Death In Organ Donation Case (LAT)

By Charles Ornstein And Tracy Weber

The Los Angeles Times, February 27, 2007

Police are investigating whether a Kaiser Permanente transplant surgeon attempted to hasten the death last February of a 26-year-old San Luis Obispo man on life support in order to harvest his organs more quickly.

The allegations, if true, would constitute a grave breach of the nation's organ transplant rules, as well as a public relations setback for those promoting organ donation, experts in transplantation said.

San Luis Obispo police and the Medical Board of California are looking into the conduct of Dr. Hootan Roozrokh, who was a surgeon at Kaiser's now-defunct kidney transplant program in San Francisco.

At issue is whether he ordered excessive doses of powerful pain medication to speed the death of Ruben Navarro, according to several sources familiar with the case who spoke on condition of anonymity because investigations are ongoing.

Roozrokh could not be reached for comment. His attorney, M. Gerald Schwartzbach, acknowledged that his client may have made some mistakes but said that "he certainly wasn't the only one."

"I just don't think that Dr. Roozrokh ought to be crucified as a result of this incident or his career destroyed," said Schwartzbach, who declined to address specific allegations.

Medical board spokeswoman Candis Cohen said her agency is also investigating the conduct of a second physician present during the incident. That person, Kaiser officials confirmed, is Dr. Arturo Martinez, who at the time was the surgical director of Kaiser's transplant program. Martinez declined to comment Tuesday.

Neither surgeon was attempting to recover the organs on behalf of Kaiser; rather, they were working on behalf of the group that procures and distributes organs in much of Northern and Central California. Transplant surgeons commonly perform such duties.

Dr. Timothy Pruett, president-elect of the United Network for Organ Sharing, called the allegations "horrific."

He worried that they could scare people away from donating organs to help the 95,000 people awaiting life-saving transplants nationwide. UNOS is the federal contractor charged with ensuring the safety and equity of the nation's transplant system.

"We have to guarantee to the public that we're not going to go out and kill people to get their organs," said Pruett, chief of transplant surgery at the University of Virginia. "That's the worst of those cheap sci-fi books: 'The ghoulish docs are out pulling the plugs on these poor defenseless people, trying to snatch their organs.' "

According to San Luis Obispo police, Navarro was near death after being found unresponsive at Casa de Vida, a long-term care facility. He was taken to nearby Sierra Vista Regional Medical Center and placed on life support. When it became clear he would not live, his family agreed to allow his organs to be harvested, and transplant surgeons were summoned Feb. 3, 2006.

State law specifies that transplant doctors cannot direct the treatment of potential organ donors before they are declared dead. This restriction is designed, in large part, to assuage concerns that organ retrieval might take priority over patient care.

In this case, however, Roozrokh entered the operating room at Sierra Vista and was directing the administration of drugs to Navarro, the sources said.

When the patient didn't die, Roozrokh allegedly told nurses: "Let's just give him some more candy," according to a person who was briefed on what took place but spoke on condition of anonymity because of the ongoing investigations.

Navarro was still alive about 30 minutes after being taken off life support — the time limit set to ensure the viability of the organs.

He was then returned to the intensive care unit, where he died early the following morning. His organs were not retrieved, police said in a statement.

Within days, nurses at the hospital — alarmed about what had taken place — alerted their superiors, Sierra Vista spokesman Ron Yukelson said. An investigation was immediately launched, and regulators and the coroner were notified.

Yukelson said that outside physicians are not authorized to treat patients at the 165-bed hospital. In this case, "the transplant surgeon began to direct care in the operating room," he said.

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Schwartzbach said Navarro's treating physician was also in the operating room at the time, along with a coordinator from the organ procurement group. Both could have asked Roozrokh and Martinez to leave, he said.

Doctors' Hospital Owner's Sentencing Rescheduled (SHRVTIMES)

By Michelle Mahfoufi

Shreveport (LA) Times, February 28, 2007

The same day Doctors' Hospital filed for bankruptcy last week, owner David LeBlanc's attorneys asked a federal judge to reschedule his sentencing on a charge of illegal campaign contributions.

It will be the third time LeBlanc, who is facing jail time and/or a fine, will have had his sentencing postponed.

"The defendant is cooperating in an ongoing criminal investigation, and the government cannot make an informed recommendation as to the defendant's sentence until the defendant completes his cooperation," the trial attorneys with the U.S. Department of Justice Criminal Division Public Integrity Section wrote in an earlier motion.

There was no reference to the ongoing investigation in the latest request to reschedule LeBlanc's sentencing to March 23.

A Department of Justice spokeswoman said she could not comment on the investigation.

LeBlanc pleaded guilty last March after an internal investigation by LifeCare -- the hospital chain he co-founded 15 years ago with two dozen leased beds within Doctors' Hospital -- found he and then-Government Relations Vice President Donald Boucher made federal political contributions in their and their wives' names.

LifeCare used corporate funds to reimburse LeBlanc and Boucher $50,000 through bonuses, salary increases and expense reimbursements. LeBlanc authorized the payments.

LeBlanc and Boucher, both fired by LifeCare, admitted to knowingly and willfully violating the law. LeBlanc agreed to pay a $100,000 civil penalty and Boucher agreed to pay a $50,000 penalty. Both also entered criminal plea agreements with the Department of Justice.

LeBlanc could receive up to one year in jail and/or a maximum fine of $25,000 or 300 percent of the corporate donations, whichever is greater.

Boucher faces five years in prison and a $250,000 fine. However, the government can recommend a lesser sentence based on a defendant's cooperation.

LifeCare agreed to pay a $50,000 civil penalty, strengthen corporate policies on the illegality of reimbursing political contributions and conduct an employee-training program.

The Federal Election Commission said there was no indication the candidates -- including Sen. Mary Landrieu, D-La.; Reps. Jim McCrery, R-Shreveport, and William Jefferson, D-New Orleans; and former Sen. John Breaux, D.-La. -- knew the contributions were illegal.

LeBlanc told The Times in December the contributions were a "silly mistake."

"I didn't understand the law at the time," he said. "The reality is it's a misdemeanor. It's like an expensive traffic ticket at the end of the day."

Last Wednesday, Doctors' Hospital filed for Chapter 11 bankruptcy in Texas, claiming it owes more than $10 million to nearly 1,000 creditors.

Three of those creditors filed an involuntary bankruptcy petition in Shreveport in an effort to keep the proceedings local.

No decision has been made in that case.

Roughing It, Senate Style (RC)

By Emily Heil

Roll Call, February 28, 2007

Members of Congress have been complaining for months that the White House has been keeping them in the dark. But on Monday night, at least one Senator couldn't blame the dim on the nefarious doings of that other branch of government.

An accident at a construction site Monday night caused a power outage in a portion of Northwest D.C. that includes the swanky Ritz-Carlton apartments in the West End neighborhood.

And that, in turn, left many of the building's well-heeled residents, including Sen. Frank Lautenberg (D-N.J.), stumbling around in the darkness. HOH overheard the toe-stubbing Senator admitting that he wasn't much of a Boy Scout (er, that is, he wasn't prepared), since he had only a flashlight and one candle — but nothing to light it with. (Lautenberg is a well-known anti-smoking crusader, so it's understandable that he doesn't keep a lighter around for the occasional stogie.)

In a scene surely out of a Jack London book, our hero tried bravely to use the stove to light the candle. Finally, he gave up in frustration and decamped to a nearby hotel. Where, presumably, he wouldn't have to rough it.

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But another of the building's Senatorial residents, Majority Leader Harry Reid (D-Nev.), showed he was of sterner stuff. A spokesman tells HOH that Reid remained home during the ordeal.

Evil Armies, Beware. We knew our favorite governor/action star was up to something here in Washington more blockbuster-worthy than discussing Medicare (snore) and getting Congressional briefings. Turns out, California Gov. Arnold Schwarzenegger (R) has much more exciting plans, like possibly destroying an alien force.

At a briefing in the Capitol on Tuesday, a reporter ribbed the governator about his photo, which appeared on the cover of that day's Roll Call. In the picture, Schwarzenegger is gesturing with an outstretched arm, a slightly demonic expression on his face. "Is there a worse picture of you?" the snarky scribe queried.

Schwarzenegger had a better assessment of the pic. "It actually looks more like I'm about to get ready to attack an evil army or something," he joked.

Look out, Democrats.

Co-Stars Unite? And in an odd coincidence, detected only by those with long memories and a taste for cheesy action movies, also in the Capitol on Tuesday was none other than Vanessa Williams, Schwarzenegger's co-star in the 1996 D.C.-themed flick "Eraser." Remember it? Yeah, neither do we.

The striking "Ugly Betty" star was in the Capitol to meet with Members, including House Majority Whip James Clyburn (D-S.C.), Senate Majority Whip Dick Durbin (D-Ill.) and Sen. Barack Obama (D-Ill.) to discuss the Special Olympics. Williams is on the board of the event and was in town for a movie screening.

Volz Meets the Press. Neil Volz, former aide to convicted ex-Rep. Bob Ney (R-Ohio), may have gotten some unwanted headlines when he pleaded guilty in May 2006 to federal conspiracy charges in the ongoing investigation into disgraced lobbyist Jack Abramoff's dealings on Capitol Hill.

But just a few weeks ago, Volz was mingling — voluntarily — with members of the Fourth Estate. An HOH spy belatedly tipped off HOH that Volz attended the after-party hosted by CQ following the Washington Press Club Foundation's dinner Feb. 6 at the Ritz-Carlton.

According to our fly on the wall, Volz was wearing a newly grown beard and a dark suit, which practically constituted a disguise since many of the aides and reporters in attendance didn't recognize him. An acquaintance jokingly asked what Volz was doing walking "into the lion's den," said the HOH tipster, who added that the disgraced aide who now faces prison time appeared to be in "good spirits."

Unlikely Love Match. Can a Democratic Senatorial Campaign Committee gal and a guy backin' Sen. Sam Brownback (R-Kan.) for president find love? We hope so, for the sake of the author of this Craigslist.org personal posted in the site's "missed connections" section. He had us at the title: "Pure Cap. Hill magic — meow!" And the message itself was winsome, if a little far-fetched, describing a chance meeting of two party-crossed, would-be lovers. "I saw you coming out of Dirksen. You were carrying your lunch back to the DSCC. You were having the chicken salawich [sic] from Cups ... extra pickles. I love pickles. We made eye contact. It was pure magic. I was wearing the 'Brownback 2008' shirt over my oxford. You had your jeans tucked into your boots and were wearing the most delightful tan sweater. Lambs wool? It looked so soft. Your golden hair glistened in the winter sun. What kind of conditioner do you use? If you find this, would you be up for some bipartisan action this weekend?"

Here's hoping love (or at least love of pickles) conquers all.

CIVIL LAW:

Church-state Question Before Justices (USAT)

By Joan Biskupic

USA Today, February 28, 2007

The Wisconsin-based Freedom From Religion Foundation has sued to get rid of crosses in city parks, to end Good Friday public holidays and, most vigorously, to thwart President Bush's faith-based initiative.

Now, the group that for 30 years has sought a firm divide between church and state will be at the Supreme Court on Wednesday in a case that could affect taxpayers' ability to challenge — and government's ability to defend — a multitude of public programs that involve groups with a religious affiliation.

The White House Office of Faith-Based and Community Initiatives was set up in 2001 to help religious groups compete with secular organizations for federal grants to provide social services.

The case before the justices focuses on regional conferences that promoted the initiative. The Freedom From Religion Foundation likened the conferences to "revival meetings" and said they boosted the grant prospects for religious groups "without similar advocacy for secular community-based organizations."

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The legal question is not whether those conferences violated the constitutional separation of church and state, but more fundamentally when a taxpayer may even get into court to challenge such mingling of government and religion.

It's a question that could have national significance. Numerous outside groups have joined both sides of the case. Twelve states, backing the Bush administration, are trying to block the lawsuit. On the other side are atheists and religious organizations such as the American Jewish Congress and the Baptist Joint Committee for Religious Liberty.

"If the Bush administration were to prevail," says Annie Laurie Gaylor, co-president of the Freedom From Religion Foundation, "nobody would be able to challenge these programs. We feel that our litigation and educational efforts have never been more important."

U.S. Solicitor General Paul Clement, representing the administration, counters that if the foundation wins, judges could end up scrutinizing "every government encounter with religion … at the behest of any one of the more than 180 million taxpayers in the United States."

Typically, taxpayers cannot sue over how the government spends money, but in a 1968 case known as Flast v. Cohen the justices carved out an exception for lawsuits based on the separation of church and state. The Constitution's First Amendment says government "shall make no law respecting an establishment of religion."

The Bush administration says the Flast case allows challenges to congressional spending but not to executive branch actions. The Bush faith-based initiative was created by executive orders, not specific congressional appropriations.

A U.S. trial court dismissed the foundation's lawsuit, but the U.S. Court of Appeals for the 7th Circuit reversed it in January 2006. "The line proposed by the government … would be artificial because there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause," that court said.

In the administration's appeal, Clement says Flast and other cases since 1968 connect taxpayers' right to sue with the legislative taxing and spending power.

Washington, D.C., lawyer Andrew Pincus, representing Freedom From Religion, says neither the 1968 case nor American history requires a distinction between legislative and executive actions. "The Framers (of the Constitution) were well aware of the potential for abuse of executive power in the area of religion. … There simply is no basis for concluding that they were less concerned about exercises of executive discretion than about the actions of Congress."

Supreme Court Takes Up Church-state Case (CSM)

By Warren Richey, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, February 28, 2007

A Wisconsin group says the president's faith-based initiative is illegal. But can taxpayers sue the government over funding?

President Bush's faith-based initiative is a signature program of his administration. But not all Americans share the president's belief that the government should work in close partnership with religious organizations willing to perform nonreligious public services, like running homeless shelters or drug counseling programs.

Wednesday, the US Supreme Court takes up a case that examines to what extent those opponents have legal standing to file federal lawsuits alleging that the White House's faith-based initiative amounts to unconstitutional entanglement of church and state.

The case stems from a 2002 lawsuit filed by a Wisconsin-based group called the Freedom From Religion Foundation. Members of the group filed the suit as taxpayers who objected to having their tax money used to support religion.

Although the case revolves around the esoteric issue of taxpayer standing to sue, analysts say the case could foreshadow a shift in the Supreme Court's church-state jurisprudence. It marks the first opportunity for the high court to rule in a major religion case since the retirement of key swing voter Sandra Day O'Connor and the addition of Chief Justice John Roberts and Associate Justice Samuel Alito.

"To evaluate the importance of the case you have to look at ... what might come out of it," says Ira Lupu, a professor at George Washington University Law School and church-state scholar.

In opposing the suit in 2002, government lawyers said the Freedom From Religion Foundation had no authority to wage such a legal battle since none of the plaintiffs were able to show that they had suffered a direct and personal injury. It wasn't enough to object as taxpayers.

Sharp divide over wall of separation

Friend-of-the-court briefs filed in the case highlight starkly different visions of religious liberty in America. On one side are those who favor less or no contact between government and religion. On the other side are those who believe that separation between church and state has gone too far, triggering government hostility toward religion and the religious.

In most instances taxpayers lack legal standing to sue the government merely because they object to how the government is spending tax dollars. Instead, the courts require that someone suffer a direct and personal injury that entitles them to sue. This

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requirement of legal standing helps prevent the courts from becoming a quasi-legislature where policy arguments are debated rather than a forum to decide specific legal disputes.

The same principle applies in most constitutional cases. If the government violates a constitutional right, like the Eighth Amendment's prohibition on cruel and unusual punishment, the injured individual can sue in court to hold the government accountable for its abuses.

But what happens when the alleged constitutional violation involves the First Amendment's establishment clause that prohibits the government from promoting religion?

"The establishment clause is different. It is designed to limit the government from doing things which tend to favor or help people without necessarily hurting anybody in any obvious material way," Professor Lupu says. "Because of that, the rules about who can sue to complain about alleged violations of the clause are unusually important."

If you follow the normal rules that you have to be injured in some direct way before you can complain about what the government has done, the establishment clause would never get enforced in the courts, Lupu says. "The government would put up crèches and crosses and menorahs and would spend money on religion, and nobody could challenge it because nobody is hurt in obvious ways by those kinds of activities."

Exception allows taxpayers to sue Congress

Had the courts consistently enforced the rule on standing, establishment-clause cases filed by ordinary Americans would be rare to nonexistent. But in 1968 the Supreme Court carved out an exception that allows taxpayers to file establishment-clause lawsuits challenging congressional spending that benefits religion.

It is that 1968 exception that is at the center of Hein v. Freedom From Religion Foundation. The Hein in the case is Jay Hein, director of the White House Office of Faith-Based and Community Initiatives.

The Bush administration is arguing that the 1968 exception only permits taxpayer lawsuits challenging appropriations by Congress that raise church-state concerns. The portion of the faith-based initiative under challenge is an activity of the executive branch that does not involve outlays of government money earmarked to religious groups.

The lawsuit challenges "executive branch activities, not a congressional program and not any financial disbursements to outside entities," writes US Solicitor General Paul Clement in his brief to the court.

"Only Congress can extract and spend 'tax money' in aid of religion, and only challenges to such exercises of congressional power will support taxpayer standing," Mr. Clement writes.

Can the executive branch be sued, too?

Lawyers for the Freedom From Religion Foundation counter that the 1968 exception applies to alleged establishment-clause violations by the government – not just Congress.

"Given their knowledge of English history, the framers [of the Constitution] were well aware of the potential for abuse of executive power in the area of religion, which included coerced payment of funds that were used by the monarch to aid religion," writes Richard Bolton of Madison, Wis., in his brief to the court on behalf of the Wisconsin group. "There simply is no basis for concluding that they were less concerned about exercises of executive discretion than about the actions of Congress."

A more freewheeling debate over the case takes place in friend-of-the-court briefs. Some urge the high court to eliminate the 1968 exception. Others want the court to expand the 1968 exception to foster greater public oversight and involvement in policing the ever-shifting line between church and state.

Government By Law, Not Faith (NYT)

The New York Times, February 28, 2007

The Supreme Court hears arguments today in a case that could have a broad impact on whether the courthouse door remains open to ordinary Americans who believe that the government is undermining the separation of church and state.

The question before the court is whether a group seeking to preserve the separation of church and state can mount a First Amendment challenge to the Bush administration's "faith based" initiatives. The arguments turn on a technical question of whether taxpayers have standing, or the right to initiate this kind of suit, but the real-world implications are serious. If the court rules that the group does not have standing, it will be much harder to stop government from giving unconstitutional aid to religion.

Soon after taking office, President Bush established the White House Office of Faith-Based and Community Initiatives, and faith-based offices in departments like Justice and Education. They were intended to increase the federal grant money going to religious organizations, and they seem to have been highly effective. The plaintiffs cited figures showing that from 2003 to 2005, the number of federal grants to religious groups increased 38 percent. The Freedom From Religion Foundation and several of its members sued. They say that because the faith-based initiatives favor religious applicants for grants over secular applicants, they violate the Establishment Clause of the First Amendment, which prohibits government support for religion.

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These are profound issues, but because the administration challenged the right of the foundation and its members to sue, the courts must decide whether the plaintiffs have the right to sue in this case before they can consider the constitutionality of the faith-based programs. An appeals court has ruled, correctly, that the plaintiffs have standing.

In many cases, taxpayers are not in fact allowed to sue to challenge government actions, but the Supreme Court has long held that they have standing to allege violations of the Establishment Clause. Without this sort of broad standing, many entanglements between church and state would never make it to court.

The Bush administration is pushing an incorrect view of standing as it tries to stop the courts from reaching the First Amendment issue. Taxpayers can challenge the financing of religious activity, the administration claims, only when a Congressional statute expressly authorizes the spending. There is no statute behind the faith-based initiative.

In his decision for the appeals court, Judge Richard Posner of the United States Court of Appeals for the Seventh Circuit, in Chicago, convincingly explained why this argument is inconsistent with the Supreme Court's precedents on the Establishment Clause.

Procedural issues like standing can have an enormous impact on the administration of justice if they close the courthouse door on people with valid legal claims. The Supreme Court has made it clear that taxpayers may challenge government assistance to religion. The justices should affirm Judge Posner's ruling so the courts can move on to the important question: Do the Bush administration's faith-based policies violate the Constitution?

Lawyer: FBI Knew Convicts Were Innocent (BSH)

By Denise Lavoie

Biloxi Sun Herald, February 28, 2007

BOSTON - The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit "acceptable collateral damage" in the fight against organized crime, a lawyer for the families of the men said Tuesday.

Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward "Teddy" Deegan are suing the federal government for malicious prosecution.

Lawyers have not specified the amount they are seeking, but have cited court decisions that show other plaintiffs were awarded $1 million for each year in prison.

In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph "The Animal" Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent "Jimmy" Flemmi, who was involved in Deegan's killing, Avery said.

The men were "acceptable collateral damage" in the FBI's priority at the time - taking down the Mafia through the use of criminal informants, Avery said.

The government has argued federal authorities had no duty to share information with state officials who prosecuted Limone, Salvati, Henry Tameleo and Louis Greco. Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution.

Lipscomb said the state investigated the case for eight months and had 10 investigators working on it.

"To the extent that Barboza lied, someone should have gleaned that lie out of all the investigation," she said.

Salvati and Limone were exonerated in 2001 after FBI memos dating back to the Deegan case surfaced, showing the men were framed by Barboza.

The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

Wrongly Convicted Say FBI Was At Fault (BOS)

By Shelley Murphy, Globe Staff

The Boston Globe, February 28, 2007

Compensation urged in closing arguments

Lawyers for four men wrongly convicted of a 1965 gangland slaying argued yesterday that the FBI was squarely to blame for withholding critical evidence during their trial and urged a federal judge to order the government to compensate them for the decades they spent in prison.

"It was more important for the FBI to protect their informants than to protect innocent people who had families," said Victor Garo, one of the lawyers, during closing arguments in a civil suit seeking more than $100 million in damages from the government on behalf of Joseph Salvati, Peter J. Limone, Henry Tameleo, Louis Greco, and their families. "Shame on our government for doing that."

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The discovery of secret FBI files that were never turned over during the men's 1968 trial prompted a state judge six years ago to overturn the murder convictions of Limone, who had served 33 years in prison, and Salvati, who was paroled in 1997 after serving 30 years. Exoneration came too late for Greco, who died in prison in 1995 at age 78, and for Tameleo, who died a decade earlier at age 84.

Yesterday, a Justice Department lawyer argued that the FBI had no duty to share internal documents with state prosecutors and insisted the state was responsible for convicting the men in the slaying of Edward "Teddy" Deegan in Chelsea.

"The United States is not liable to plaintiffs because they were convicted as a result of a state prosecution," Bridget Bailey Lipscomb said. "The FBI did not initiate this prosecution, and there is no duty of the FBI to submit to state or local governments any of its internal files."

She said the FBI had shared some information about Deegan's death with local police.

Three members of Congress who were involved in a two-year investigation of the FBI's mishandling of informants and had condemned the government's handling of the Deegan case were in court yesterday for final arguments, including Dan Burton, an Indiana Republican who spearheaded the probe and formerly chaired the House Committee on Government Reform. Also present were William D. Delahunt, a Quincy Democrat, and Stephen F. Lynch, a South Boston Democrat.

Burton said he believes that all four men were wrongly convicted. "We want to make sure justice is served," he said.

US District Judge Nancy Gertner said she expects to rule by late March or early April on whether the government is liable and, if so, how much it should pay.

The judge challenged Lipscomb's effort to distance the federal government from the state prosecution, saying that state authorities had been unable to solve Deegan's slaying until FBI agents recruited hit man Joseph "The Animal" Barboza as a witness against local Mafia leaders and turned him over to state authorities.

Lipscomb said that the FBI was focusing on Barboza's testimony against Raymond L.S. Patriarca, then the New England Mafia boss, in a federal murder conspiracy case and that there was no evidence they "were even paying attention" to the Deegan case.

Lawyers for Salvati, Limone, Greco, and Tameleo ridiculed the government's assertion, saying that now-retired FBI agent Dennis Condon and his late partner, H. Paul Rico, were aware of internal FBI documents that indicated that Barboza had falsely implicated the four men, yet Condon took the stand during the 1968 trial to vouch for Barboza's credibility.

The FBI didn't disclose that agents listening in on an illegal bug had overheard Barboza and another Boston gangster and FBI informant, Vincent "Jimmy" Flemmi, seeking Patriarca's permission to kill Deegan several days before the March 12, 1965 slaying.

Juliane Balliro, a lawyer for the Limones and the Tameleos, accused Rico and Condon of engaging in "criminal, dishonest, and disgraceful conduct."

Michael Avery, a lawyer who also represents the Limones and the Tameleos, called the government's arguments frivolous.

"They were aware of [Barboza's] perjury, and they delivered him to the state knowing full well what he was going to do," he said.

On his way out of the courthouse, Salvati, 74, of the North End, said: "We waited 42 years, and we're still waiting. But we had our day in court. . . . Now we just rely on the judge."

At What Price The FBI's Treachery? (BOSH)

By Peter Gelzinis, Boston Herald Columnist

Boston Herald, February 28, 2007

4 families abused by feds await some ju$tice

No one paid much attention 42 years ago when Edward "Teddy" Deegan, a very minor street gremlin, made his graceless exit from this vale of tears.

But then, back on the night of March 12, 1965, who could ever have imagined all who would die when this anonymous hood caught a couple of bullets in a Chelsea alley?

In a twist of fate more bizarre than ironic, the anniversary of Teddy's demise is likely to be memorialized with an epic judgment against the federal government in general - and the FBI in particular - that could exceed $100 million.

The question is not whether U.S. District Court Judge Nancy Gertner will find for the plaintiffs who were framed for the Deegan murder.

It is how much compensation she decides to award to Joseph Salvati and Peter Limone, who survived a total of 64 years in prison, as well as to relatives of Louis Greco and Henry Tameleo, who died behind bars.

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So far, they have received the sincere apologies of the governor(s) who vacated their wrongful convictions, along with the condolences of congressmen who gagged on the twisted tale of FBI treachery that left a trail of human wreckage in the wake of Teddy Deegan's innocuous death.

But not a penny for all the lost years, or what has been clinically referred to as the FBI's notion, "acceptable collateral damage."

Yesterday, a fleet of lawyers described that "collateral damage" in searing detail.

Michael Avery began by reminding a packed courtroom - where a trio of congressmen sat in the front row - that Joe Salvati and Peter Limone were not supposed to be there. Our government had intended for them die in prison, Avery said, describing how bolts of electricity were scheduled to burn through the flesh of Limone, Greco and Tameleo.

The story of how a ruthlessly ambitious pair of G-men, H. Paul Rico and Dennis Condon, conspired to protect a psychotic hit man and serial killer named Joe "The Animal" Barboza was laid out in linear fashion, with the FBI's own internal documents as road signs.

"When you hear the story presented like that," Bill Delahunt remarked, "you gain a real appreciation for the culture of treachery that existed." And still exists.

As sinister and sordid as this "liability" presentation was, the most haunting aspect of what occurred in Nancy Gertner's courtroom yesterday was when the "damages" inflicted upon wives, children, grandparents, brothers, sisters, grandchildren - all the so-called "acceptable collateral damage" - was spelled out.

Unlike the families of Joe Salvati and Peter Limone, which were held together by a pair of heroic wives, Louis Greco's family perished when what had been a conventional suburban life fell apart with his imprisonment.

Greco was a hero of Bataan who was awarded 12 medals, survived 10 operations and and was fearless enough to stare down a thug like Barboza in defense of a friend. And when Teddy Deegan was killed in that Chelsea alley, Louis Greco had taken his wife to a movie . . . in Florida.

Government Contractors Must Take Early Compliance Steps (LAW)

By Ronald Schechter, Martha Cochran And Jill Newell, Legal Times

Legal Times, February 28, 2007

As spending on federal contracting reached record levels in recent years -- a reported $400 billion in 2005 alone -- the risks, as well as the rewards, of doing business with the federal government have never been greater.

The U.S. government has vowed to crack down on procurement fraud and other fraud in government programs. Last year's $3.1 billion in settlements and judgments in cases involving fraud against the government was the largest amount ever recovered in a single year. It included $615 million paid by the Boeing Co. to resolve claims relating to its use of confidential competitor information and the hiring of a former Air Force acquisition chief who had responsibility for its contracts; it also included numerous other cases involving defense procurement fraud, health-care fraud and other fraud against the government.

Last fall, the Justice Department launched a National Procurement Fraud Task Force to focus "resources at all levels of government to increase criminal enforcement" in areas of procurement fraud. The stepped-up attention to this area throughout the government may signal that the $3.1 billion record in federal fraud recoveries in 2006 could soon be broken. More than 50 inspectors general from across all government departments and agencies also are actively pursuing thousands of investigations.

In addition, powerful newly installed Democratic committee and subcommittee chairs in Congress are launching dozens of oversight investigations of alleged government and contractor abuses, focusing on the reconstruction effort in Iraq and in the U.S. Gulf Coast following Hurricane Katrina, numerous areas of military and homeland-security procurement, the pricing of pharmaceuticals and other significant areas of federal contracting. For instance, House Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., in the first week of February began one set of hearings on alleged waste, fraud and abuse by government contractors in Iraq and another set of hearings on alleged overcharging by drug companies in federal health programs.

BROAD SWEEP

Contractors long have known that the government has a broad range of investigative and enforcement powers that can turn what would be a normal business dispute in a private commercial transaction into allegations of civil or criminal fraud, leading to massive fines and penalties, as well as disqualification from receiving new government contracts. Given the broad sweep of the government's investigative powers and the complexity of procurement rules, companies that are wholly innocent of an intent to fleece the feds may nonetheless find themselves under scrutiny. What is striking about the current environment is the scope and intensity of federal investigative and prosecutorial resources directed at this activity.

The added factor of a Democratic Congress -- with new committee chairs, frustrated in the past by what they viewed as their Republican colleagues' lack of effective oversight of the Bush administration and its perceived coziness with contractors,

and eager to use their newly acquired oversight and subpoena powers -- raises the stakes enormously. While no target of a government investigation can be comfortable or secure when dealing with an inspector general, the FBI or other government investigators, managing these investigations while under the spotlight of a high-profile congressional investigation can be even more daunting.

The procurement fraud initiative, created by Deputy Attorney General Paul McNulty, was modeled after his 2005 Procurement Fraud Working Group, begun when he served as the U.S. Attorney General for the Eastern District of Virginia and led the prosecution of former Air Force acquisition chief Darleen Druyun and Boeing for contract favoritism in exchange for job offers. The current initiative focuses on virtually all areas of alleged procurement fraud, from pricing irregularities and labor mischarging, to misuse of classified and procurement sensitive information, and ethics and conflict-of-interest violations.

Participants in the task force reflect the significant firepower of federal government investigatory and enforcement agencies. Chaired by Alice Fisher, the head of Justice's Criminal Division, the task force includes the FBI, the inspectors general of major federal agencies -- from the Departments of Defense, Homeland Security and Veterans Affairs, to the General Services Administration and the U.S. Postal Service -- as well as the Defense Criminal Investigative Service and other military criminal investigative organizations.

Perhaps to emphasize the seriousness of the effort, the Justice Department, on the day it announced the creation of the task force, also announced that Oracle Corp. had agreed to pay almost $100 million to settle False Claims Act allegations that a company it acquired had overcharged the government under its GSA Federal Supply Schedule Contract. The task force more recently announced a criminal case in which a former Defense Department contractor was sentenced to serve nine years in prison and ordered to pay a $3.6 million fine for his role in a bribery and fraud scheme flowing from contracts for the reconstruction of Iraq.

Beyond the work of the task force, the Justice Department has pursued numerous False Claims Act cases against pharmaceutical companies alleging mischarging under government drug contracts and benefit programs. Health-care fraud accounted for $2.2 billion in settlements and judgments recovered by the federal government last year -- a $1 billion increase over the prior year.

Agency inspectors general have become more powerful weapons in the government's procurement fraud arsenal in the almost 30 years since the enactment of the Inspector General Act of 1978. According to one report, more than 11,000 auditors, investigators and other professionals populate 57 Offices of Inspectors General throughout the federal government.

Inspector general investigations always present the risk that the matter under investigation will be referred to the Justice Department for criminal or civil prosecution. Each year, inspector general investigations lead to thousands of criminal indictments and successful prosecutions, as well as numerous Justice Department civil fraud claims, with fines and penalties totaling billions of dollars. The recent joining of forces of federal inspectors general with Justice in the Procurement Fraud Task Force signals that the level of inspector general referrals to Justice will only increase.

Moreover, because each inspector general reports semiannually to Congress, the reports have become a rich source for congressional inquiries and will continue to serve as such in the new Congress. For example, last year Congress extended the term of the Special Inspector General for Iraq Reconstruction until at least late 2008. By the end of 2006, the SIGIR had issued more than 125 audit and project assessment reports, many of them highly critical of contractor performance. In testimony before Congress in September 2006, the SIGIR said 89 criminal investigation cases were open and 25 cases had been referred to the Justice Department, four of which had resulted in convictions.

In another area that has received significant attention lately, the Homeland Security Department's Inspector General for Gulf Coast Hurricane Recovery has issued more than 40 reports, many of which deal with the Federal Emergency Management Agency's procurement activity. Several of these audits, as well as other government reports, address the failure and fraudulent actions of contractors responding to the Katrina recovery. The inspector general's Sept. 30, 2006, report to Congress reported 439 indictments related to Katrina and 255 convictions for hurricane-related allegations and crimes.

Although the Republican-led Congress held numerous oversight hearings on some of the same issues now targeted by Democrats, the pace is quickening in the new Congress. Oversight investigations into contractor waste, fraud and abuse have already begun; initial hearings have been launched, and more are on the way. Two major congressional oversight committees -- the House Committee on Oversight and Government Reform (which added the word "oversight" to its title in January) and the Senate Committee on Homeland Security and Governmental Affairs -- each took the step of adopting rules authorizing staff deposition authority, giving their large and growing staffs the ability to take testimony on the record and under oath outside the context of a formal congressional hearing. Although the House Oversight and Government Reform Committee's agenda is the broadest of any congressional committee, other House committees, such as Armed Services and Energy and Commerce, also have begun oversight hearings.

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Waxman also announced plans to reintroduce legislation he called the Clean Contracting Act to assist in curbing contract abuse. Bills relating to contracting for homeland security, Iraq and private security services already have been introduced in the House. In the Senate, Judiciary Committee Chairman Patrick Leahy, D-Vt., has introduced a bill called the War Profiteering Prevention Act of 2007, which would criminalize war profiteering acts, defined as "materially overvaluing any good or service with the specific intent to excessively profit from war and relief or reconstruction activities."

TAKE THE STEPS NOW

With all of this attention, contractors cannot afford to wait for a call from the Justice Department task force, an inspector general or Congress to take action. Companies must take steps now to prevent and detect improper procurement activity and potential fraud in government programs, to mitigate the damage if any such activity is found and to develop strategies to respond to government inquiries should they arise.

To begin, every contractor must have in place an effective compliance program that includes standards of conduct, as well as mechanisms for investigating potential violations and for taking prompt and appropriate remedial steps if violations are found. Contractors should conduct self-audits in areas of government business that the company believes may be considered high risk. If any information surfaces that suggests an employee or the company has committed wrongdoing, a contractor must thoroughly investigate the event and take appropriate action. The company's goals should be to understand the circumstances surrounding any alleged wrongdoing and to maintain the initiative during any government investigation.

A company must be prepared to respond promptly to inquiries from government investigators regarding its performance of government contracts. Most government contractors understand that Justice and agency inspectors general have far-reaching investigative authority and expect contractors to cooperate with their inquiries.

It is essential that, at the earliest stages of the investigation, the contractor develop an overall response strategy. That strategy will be guided by the contractor's assessment of its vulnerability on the issues being investigated. In some instances, it may make sense to seek a prompt, amicable resolution; in others, it may be better to seek an aggressive defense on the merits.

Counsel, in particular, should focus on key objectives during an investigation: maintaining contact with the investigators; gaining a thorough understanding of all of the facts and the government's key concerns; and presenting the facts in the best light for the company. Counsel should work cooperatively with government investigators, while ensuring that the client's rights are being protected and that its position is being vigorously represented. Counsel should insist that the company be permitted a chance to present its side of the story, as well as to understand the bases for the government's claims, before the government takes formal action. In most instances, Justice Department lawyers and inspectors general staff will agree to this type of exchange.

THE COMMITTEES

Of course, managing these investigations becomes much more complex when a congressional oversight committee takes an interest. Congressional committees have the power to conduct oversight investigations into any matter within their jurisdictions. They have the power to subpoena the testimony of witnesses and virtually all documents that may be relevant to the subject matter of their inquiries. An ongoing criminal or civil investigation generally will not convince a congressional committee to back off of an oversight investigation -- or even to delay issuing a subpoena for the testimony of an individual who is the target of a federal criminal investigation.

In these circumstances, counsel is faced with a delicate balancing act, requiring careful communication with each of the investigative bodies to ensure that the contractor's rights are protected. And in these circumstances, despite the very public nature of a congressional investigation, the overriding concern of counsel must be to assure that the individual's or organization's conduct in the investigation and the witnesses' testimony in a congressional hearing do not adversely impact ongoing criminal or civil investigations by other bodies or lead to further criminal exposure.

Ronald Schechter, a former Justice Department lawyer, is a partner in Arnold & Porter's government contracts practice group and represents clients in a variety of government investigations. Martha Cochran, also a partner at Arnold & Porter, formerly held senior counsel positions with committees of the House and Senate and for more than a decade in private practice has represented individuals and organizations in government investigations and congressional oversight matters. Jill Newell is an associate at Arnold & Porter, where her practice includes a variety of government contracts matters.

Lawyer: FBI Knew Convicts Were Innocent (AP)

By Denise Lavoie, Associated Press Writer

AP, February 28, 2007

The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit "acceptable collateral damage" in the fight against organized crime, a lawyer for the families of the men said Tuesday.

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Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward "Teddy" Deegan are suing the federal government for malicious prosecution.

Lawyers have not specified the amount they are seeking, but have cited court decisions that show other plaintiffs were awarded $1 million for each year in prison.

In closing arguments Tuesday, attorney Michael Avery said Boston agents knew that FBI informant Joseph "The Animal" Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI informant, Vincent "Jimmy" Flemmi, who was involved in Deegan's killing, Avery said.

The men were "acceptable collateral damage" in the FBI's priority at the time — taking down the Mafia through the use of criminal informants, Avery said.

The government has argued federal authorities had no duty to share information with state officials who prosecuted Limone, Salvati, Henry Tameleo and Louis Greco. Justice Department lawyer Bridge Bailey Lipscomb said Tuesday that federal authorities cannot be held responsible for the results of a state prosecution.

Lipscomb said the state investigated the case for eight months and had 10 investigators working on it.

"To the extent that Barboza lied, someone should have gleaned that lie out of all the investigation," she said.

Salvati and Limone were exonerated in 2001 after FBI memos dating back to the Deegan case surfaced, showing the men were framed by Barboza.

The memos were made public after they were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

CIVIL RIGHTS:

Justice Dept. Widens FBI Probe Of Deaths During Civil Rights Era (USAT)

By Kevin Johnson

USA Today, February 28, 2007

WASHINGTON — The Justice Department is expanding significantly its review of scores of civil-rights-era homicides that the FBI says may have never been fully investigated by local authorities.

The investigation by FBI agents will focus on about 100 deaths in 14 states allegedly caused by racial violence, FBI Director Robert Mueller said Tuesday.

The announcement came on a day when authorities in Mississippi announced that a grand jury declined to issue an indictment in the 1955 murder of Emmett Till, 14.

Till was visiting relatives in Mississippi from his home in Chicago when he was killed after whistling at a white woman.

The district attorney in Leflore County had recently sought a manslaughter charge against the woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy. The grand jury on Friday said it found insufficient evidence, according to documents made public Tuesday.

The FBI had turned over its files on the case to Mississippi in 2006 after the state closed its inquiry, which did not result in an arrest.

In Washington, Attorney General Alberto Gonzales, appearing with Mueller and national civil rights leaders, said the government's expanded review of suspicious deaths would include a nationwide plea for information on other "cold cases" that never have been resolved, were misidentified as accidental deaths or were never previously reported.

"We can't right these wrongs, but we can try to bring some measure of justice," Mueller said.

Mueller did not say which cases are being reviewed. Justice said 12 of the cases being worked on were further along in the investigative process and that some new inquiries are based on information unearthed from existing FBI files. Other cases were identified from information provided by civil rights groups.

Richard Cohen, president of the Southern Poverty Law Center, said the Alabama-based organization this month provided the Justice Department information on 76 people who died between 1952 and 1968. It said the deaths are believed to have been associated with racial violence.

The law center's files included:

·The 1963 death of Sylvester Maxwell in Canton, Miss. Maxwell was castrated and mutilated.

·In 1960, the body of Fred Robinson washed ashore on Edisto Island, S.C. His eyes had been gouged out.

·Marshall Scott Jr., was found dead in a New Orleans jail in 1965. The law center said Scott had not received medical attention before his death.

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John Jackson, the NAACP's national policy director, said the government's inquiry and its partial reliance on information provided by civil rights groups "continues the work of our civil rights soldiers."

The attorney general said information provided by the civil rights groups could be very valuable in the effort, but he also sought to temper expectations.

"In some cases, the perpetrators may already be dead," Gonzales said. "In some cases, we may find no federal jurisdiction. But these unsolved crimes remain on our radar, and through these expanded lines of communication we hope we can bring closure to some of these cases."

Justice Dept. To Revisit Civil-Rights-Era Killings (WP)

By Darryl Fears

The Washington Post, February 28, 2007

The Justice Department announced yesterday that it is partnering with civil rights groups to pursue the killers of scores of black men and women slain by white vigilantes in the South decades ago.

At a news conference, Attorney General Alberto R. Gonzales and FBI Director Robert S. Mueller III said the federal government's interest in 40 unsolved murder cases was renewed after several successful prosecutions of civil-rights-era murder suspects in recent years.

Gonzales said that witnesses who had been silent are now prepared to come forward and that technological advances can help authorities link suspects to crimes. Gonzales and Mueller said their agencies will soon open investigations into 12 cases, but they would not name the cases or give their locations.

With so many years gone by, the lawmen said, the task of closing the cases will be daunting as witnesses die and evidence disappears.

Yesterday's announcement came on the heels of news that a grand jury in Leflore County, Miss., declined to indict Carolyn Bryant, the wife of one of two men who admitted to killing teenager Emmett Till in 1955 after an all-white jury acquitted them.

In the Till case, federal authorities could only assist state authorities, because a five-year statue of limitations on federal investigations had expired. Federal officials said the statute does not apply in cases where a criminal enterprise such as the Ku Klux Klan was implicated in a crime and continues to exist.

Gonzales said he could not guarantee that cases would be solved. "In some cases, perpetrators may already be dead," he said. In others, he said, the federal government may have no jurisdiction to investigate.

"Many individuals have quite literally gotten away with murder," Mueller said. But the government has a message to killers who remain alive, he said: "You've not gotten away with anything. We're still on your trail."

The NAACP, the National Urban League and the Southern Poverty Law Center will share information with federal authorities as partners in a new Civil Rights Era Cold Case Initiative, Mueller said. The Southern Poverty Law Center has compiled a list of 76 unsolved cases, mostly in Mississippi, Alabama and Georgia.

Cases cited by the law center include those of Izell Henry, who was beaten to death in Greensburg, La., in 1954, a day after voting; James Brazier, who was beaten to death in front of his wife and children by police officers in Dawson City, Ga., in 1958; Sylvester Maxwell, whose castrated and mutilated body was found on a Canton, Miss., road in 1963; and Maybelle Mahone, who was killed in Molena, Ga., in 1956 by a white man who said Mahone had "sassed" him.

Similar unsolved lynchings were a Southern tradition well before the civil rights murders. Over a half-century starting in 1882, about 2,500 black people were killed, mostly by white men, for suspicious reasons, according to the book, "Festival of Violence," written by E.M. Beck and Stewart E. Tolnay.

"The history of lynching . . . has left a stain on the fabric of this country," Stephanie Jones, executive director of the National Urban League's Policy Institute, said at the news conference. "Removing that stain means working with law enforcement to bring justice."

Jones said the Urban League and other black civil rights groups had pressed the Justice Department to investigate for decades, with little result.

In recent years, three civil-rights-era murder cases have been solved.

In 2005, Edgar Ray Killen was convicted of manslaughter and sentenced to three 20-year sentences for his role in the deaths of three civil rights workers in Mississippi in 1964.

Ernest Avants was sentenced to life in prison in 2003 for the murder of Ben White, an elderly black farmworker, in 1966.

In 2001, Thomas Blanton Jr. and Bobby Frank Cherry were convicted of murder for the 1963 bombing of the Sixteenth Street Baptist Church in Birmingham, Ala.

Byron De La Beckwith died in prison at age 80 in 2001 after being convicted in 1994 for the 1963 murder of Mississippi civil rights leader Medgar Evers.

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The case of Till was reopened in 2004 after the airing of a PBS documentary, "The Murder of Emmett Till." His alleged killers, half brothers Roy Bryant and J.W. Milam, were long dead, but filmmakers found witnesses who say Bryant's wife, Carolyn, was in the truck that took Till away.

The grand jury's refusal to indict Bryant "is basically the end of the road, as far as anything happening," said Alvin Sykes, president of the Emmett Till Justice Campaign. "Most of the cases in the future will rely on second-generation witnesses, people who were told something by other people."

FBI, Justice Department To Reopen Nearly 100 Cases Of Unsolved Civil Rights-era Killings (MINNST)

By Dan Duray, Hearst Newspapers

Minneapolis Star Tribune, February 28, 2007

WASHINGTON - The Justice Department and the FBI announced Tuesday that federal investigators will reopen nearly 100 cases of unsolved civil rights-era deaths.

Of those cases, the FBI is currently investigating 10 to 12 involving slayings or disappearances from before 1969, occurring mostly in southern states, FBI Director Robert Mueller told a news conference.

"In too many instances, the truth has been hidden for too long," he said.

"... We cannot turn back the clock, we cannot right these wrongs, but we can try to bring a measure of justice to those who remain."

The new investigations involve collaboration between the FBI's 56 regional offices and civil rights organizations such as the NAACP and the Southern Poverty Law Center, according to Attorney General Alberto Gonzales.

Gonzales said at the same news conference that prosecuting the crimes would be tricky because of the passage of time since the crimes, the deaths of potential witnesses and the incorrect classification of some of the deaths as accidental.

"I want to emphasize that these are very, very difficult cases to make," Gonzales said. "We need as much help as we can to prosecute these cases, and that's why it's so significant that these groups have been willing to come forward and share information with us."

The Southern Poverty Law Center has already submitted 74 cases of possible murder to the FBI for examination. Richard Cohen, president and CEO of the center, praised the government's newly invigorated efforts.

"I don't know why it took so long," Cohen said. "Should these cases have been looked at earlier? Absolutely. Is that any reason not to look at them now? Absolutely not."

Cohen said that of the 40 people whose names appear on the Civil Rights Memorial in Montgomery, Ala., because they died in the struggle for equal rights, no arrests have been made in the deaths of 13.

Earlier this month, lawmakers in both the House and the Senate reintroduced legislation that would create an Unsolved Crimes Section within the Justice Department and an Unsolved Civil Rights Crime Investigative Office within the FBI.

Justice Officials Looking To Prosecute Old Civil Rights Murders (GANNETT)

By ANA RADELAT And JERRY MITCHELL, Gannett News Service

Gannett News Service, February 28, 2007

WASHINGTON - Federal officials plan to announce today they will expand the number of old civil rights murder cases reopened for investigation.

Seventeen FBI field offices are working with local law enforcement officials to determine which cases may be suitable for prosecution. The NAACP and the Southern Poverty Law Center are assisting the effort.

Federal officials already have prosecuted a 71-year-old reputed Ku Klux Klan member, James Seale, in the killings of two black teens in Mississippi almost 43 years ago. Seale has pleaded not guilty to kidnapping and conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of Henry Dee and Charles Moore, both 19.

Justice Department officials also were helping state officials in Mississippi reopen the Emmett Till case. Till, 14, of Chicago, was killed in 1955 after he reportedly wolf-whistled at a white woman. But a court official in Leflore County, Miss., confirmed Monday that a grand jury decided not to indict anyone in Till's killing.

A bill pending in Congress would create a cold-cases unit inside the Justice Department to re-investigate killings from the civil rights era. FBI field offices have uncovered 51 unresolved killings from that time period, and the Southern Poverty Law Center has a list of 127 race-related killings between 1954 and 1968 - a number it concedes could be much higher.

Since 1989, authorities in Mississippi and six other states have re-examined 29 killings from the civil rights era, leading to 28 arrests and 22 convictions.

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FBI, Justice Department To Revisit Civil Rights-Era Killings (BLOOM)

By Robert Schmidt

Bloomberg, February 28, 2007

Feb. 27 (Bloomberg) -- U.S. law enforcement authorities said they have reopened about 100 cases involving civil rights-era killings and are focusing on bringing charges in about a dozen.

FBI Director Robert Mueller and Attorney General Alberto Gonzales said the government is working with the NAACP and other civil rights groups to revive the investigations, mostly arising from attacks in the South dating back more than 40 years. It isn't clear how many cases will be brought, Gonzales said, because some may not fall under federal jurisdiction and some suspects and witnesses are dead.

``Much time has passed on these crimes. The wounds they left are deep, and many of them still have not healed," he told a news conference in Washington today. ``We are committed to re- examining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long."

Today's announcement is a result of a directive last year by the Federal Bureau of Investigation to its 56 field offices to revisit unsolved civil rights cases and identify hate crimes that occurred prior to 1969.

A number of the unsolved cases were referred to the bureau by the Southern Poverty Law Center, which will assist the government in the investigations, along with the National Association for the Advancement of Colored People and the National Urban League, officials said.

Helping Family Members

Leaders of those groups, appearing with Gonzales and Mueller today, said they hoped the revived probes would help provide closure to relatives of the victims. Many of the cases weren't investigated or were dropped or covered up because the victims were black and their killers white.

``There were incredible miscarriages of justice," said Richard Cohen, president of the Montgomery, Alabama-based law center. ``I think it would be wrong to give families false hope, but I think it would be right to say to them that people still care."

Federal and state law enforcement officials have brought several high-profile prosecutions of civil rights-era killings in recent years, winning convictions against Byron de la Beckwith for the 1963 murder of NAACP official Medgar Evers and former Ku Klux Klan leader Edgar Ray Killen for killing three volunteers registering black voters in 1964.

In January, the U.S. unsealed the indictment of James Ford Seale, a 71-year-old former Ku Klux Klan member in Mississippi who allegedly participated in the 1964 murder of two black teenagers. Seale has pleaded not guilty to kidnapping and conspiracy charges in federal court in Jackson, Mississippi.

Attorney General To Civil Rights Era Killers: 'We Are Still On Your Trail' (ABC)

By THERESA COOK And LAUREN GARBER

ABC News, February 28, 2007

Justice Department, FBI and Civil Rights Groups Team to 'Combat an Old Scourge'

Feb. 27, 2007 — Beatings. Lynchings. Murders. Cold cases still cast a shadow on the struggles of the civil rights era. Richard Cohen, president and CEO of the Southern Poverty Law Center, offers a story from 1959: "Mack Charles Parker — he was taken out of jail and lynched by eight people, including the jailer, a former deputy sheriff, and a preacher. No one was ever arrested for that crime."

"The history of lynchings and racial violence in this country has left a stain on the fabric of our country," says National Urban League Executive Director Stephanie Jones. "And it is up to all of us to work to eradicate that stain." Now, Jones' and Cohen's groups, along with the NAACP, are pooling resources with the Department of Justice and the FBI to cast a wider net for tips to solve some of these decades-old cases.

"And so we have joined together, forming these new partnerships to combat an old scourge," says FBI Director Robert Mueller. "Many trails ran cold, and many cases were effectively closed. But for the victims, and their parents, children, siblings, friends, the wounds are never closed."

The Next Step

This move is part of a broader FBI initiative started in February 2006. At that time, the FBI asked its 56 field offices to take a second look at many of these unsolved cases. During the past year, those offices worked with state and local law enforcement, civil rights organizations and community members to put together information on nearly 100 cases. "New information, sometimes an innocuous small bit of information," notes Attorney General Alberto Gonzales, "can be crucial to breaking these decades-old cases."

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This thought, echoed by Cohen, has guided him through his work. "Some of those cold cases turned out to have a few burning embers, and leads were pursued," he continues, "and we hope that some of the cases that are today still considered cold turn out to have some burning embers."

Rekindling Interest in Forgotten Cases

The <ahref="http://www.splcenter.org/index.jsp#http://www.splcenter.org/index.jsp">Southern Poverty Law Center is quite familiar with cold cases. The group started gathering names and cases for a civil rights memorial in the late 1980s. "And I think we realized at the time some names had been forgotten and names where justice had not been achieved," says Cohen, "so what we did was to build the civil rights memorial to try to rekindle interest in some of these cases." The memorial, dedicated in 1989, includes the names of 40 individuals who died during the tumultuous times. Since then, the SPLC has compiled information on 76 additional black men and women who died under suspicious circumstances between 1952 and 1968.

No Indictment In '55 Emmett Till Slaying (BVND)

By Jack Elliott Jr. And Allen G. Breed

The Belleville News Democrat, February 28, 2007

JACKSON, Miss. - All but closing the books on a crime that helped give rise to the civil rights movement, a grand jury has refused to bring any new charges in the 1955 slaying of Emmett Till, a black teenager who was beaten and shot after whistling at a white woman in the Mississippi Delta.

The district attorney in rural Leflore County had sought a manslaughter charge against the white woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy for what was a grave offense in the segregated South.

But the grand jury last Friday issued a "no bill," meaning it found insufficient evidence, according to documents made public Tuesday.

Federal authorities decided last year not to prosecute anyone, saying the statute of limitations for federal charges had run out. Mississippi authorities represented the last, best hope of bringing someone to justice. No one has ever been convicted in the slaying.

"You're looking at Mississippi. I guess it's about the same way it was 50 years ago," said a disappointed Simeon Wright, 64, a black man who heard his cousin whistle. "We had overwhelming evidence, and they came back with the same decision. Some of the people haven't changed from 50 years ago. Same attitude. The evidence speaks for itself."

He added: "I don't know how many years I have left on this Earth. We can leave this world and say, `Hey, we tried. We tried to get some justice in this, and we failed.'"

Till, a 14-year-old boy visiting from Chicago, was kidnapped from his uncle's home in the town of Money and killed after he wolf-whistled at Donham, a shopkeeper at the Bryant Grocery & Meat Market.

Three days later, his mutilated body was found in the muddy Tallahatchie River, weighted down with a cotton gin fan. His left eye was missing, and his right eye was dangling on his cheek. The body was identified only by a ring he was wearing.

His mother, Mamie Till-Mobley, who died in 2003, held an open-casket funeral in Chicago, and a photograph of Till's disfigured face in Jet Magazine had a powerful effect on public opinion, letting the world see what was happening in the South.

Roy Bryant, Donham's husband, and his half brother, J.W. Milam, were acquitted of the crime by an all-white jury in 1955. The two men later confessed in an interview with Look magazine. Both are now dead.

The FBI reopened the case in 2004 but decided in 2006 not to press charges. The case was turned over to local prosecutors, with the FBI suggesting they take a closer look at Donham. Some witnesses said a woman's voice could be heard at the scene of the abduction.

David Beito, a history professor at the University of Alabama who has researched the case extensively, said Tuesday there is probably no one else left to arrest in the case. He said it is hard to underestimate the importance of the Till case, which took place the same year as the Montgomery, Ala., bus boycott.

"It gave a jump-start to the civil rights movement," he said. "It did not create the civil rights movement, but it made it more into a mass movement. It really mobilized people."

Donham, who remarried, is now 73 and has declined interviews. A telephone number for her was disconnected Tuesday.

District Attorney Joyce Chiles, a black woman who grew up near where the killing took place, was in court Tuesday and not immediately available for comment.

Wright said: "J.W. Milam and Roy Bryant died with Emmett Till's blood on their hands. And it looks like everyone else who was involved is going to do the same. They had a chance to come clean. They will die with Emmett Till's blood on their hands."

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Horace Harned, 86, a former Mississippi legislator and member of the Sovereignty Commission, a state agency that worked clandestinely to preserve segregation, said he was glad to see no charges filed. He said the suggestions that Donham had a role in the crime are "a bunch of foolishness."

"Of course, I don't believe in murder. That's the wrong thing. It always backfires on you. That shouldn't have happened," he said. But he added: "You can't correct all the ills of the past. If we did, the Southerners were treated much worse than anybody back in the Civil War."

After Inquiry, Grand Jury Refuses To Issue New Indictments In Till Case (NYT)

By Shaila Dewan

The New York Times, February 28, 2007

ATLANTA, Feb. 27 — After a new investigation of the notorious 1955 killing of Emmett Till, a grand jury in Leflore County, Miss., has declined to issue any new indictments, effectively ending any further prosecution of a crime that fueled the civil rights movement.

Two men, now dead, admitted to the killing in 1956 after they were acquitted by an all-white jury in Sumner, Miss. But the Justice Department reopened the case in 2004 in search of others who had participated in the beating and shooting of Emmett, a black 14-year-old. By then, so much time had passed that the country store where the victim was said to have whistled at a white woman, Carolyn Bryant, was in ruins.

The new inquiry was conducted by the Federal Bureau of Investigation, which turned over a report of more than 8,000 pages to the district attorney, Joyce L. Chiles. Ms. Chiles sought a manslaughter charge against Ms. Bryant, 73, the last known living suspect in the case, but the grand jury decided last week not to issue an indictment, a court clerk said. The action was reported Tuesday in The Jackson Clarion-Ledger.

“If Carolyn Bryant is truly not guilty in being involved in the killing of Emmett Till or there is insufficient evidence to indict her, then the grand jury did the right thing,” said Alvin Sykes, the president of the Emmett Till Justice Campaign.

The grand jury’s decision illustrates the difficulty of prosecuting such old cases, even as the Justice Department has begun its first systematic effort to identify them. At a news conference on Tuesday in Washington, Attorney General Alberto R. Gonzales and Robert S. Mueller III, the director of the F.B.I., said about a dozen such cases had been selected, from a list of about 100, for immediate action.

“New information, sometimes an innocuous small bit of information, can be crucial to breaking these decades-old cases,” Mr. Gonzales said. “A secret harbored for many years can be the piece of evidence we need to make our case.”

Last month a federal grand jury in Jackson, Miss., indicted James F. Seale, 71, on kidnapping charges in connection with the 1964 killing of two black men near Meadville, Miss. Mr. Seale is in custody awaiting trial.

The Till case was reopened after Ms. Chiles and Justice Department officials met with Mr. Sykes; Keith Beauchamp, a filmmaker who made a 2005 documentary about the case; and Simeon Wright, the cousin who was sharing a bed with Emmett when white men came to the house and took him away in a pickup truck.

It is not clear how many people participated in what followed: Emmett was beaten, shot, weighted down and thrown in the Tallahatchie River. Some have speculated, based on a recollection by Mr. Wright’s father, Mose, that he heard a “lighter” voice, that Ms. Bryant was in the truck for all or part of the night.

Ms. Chiles declined to comment on the case, and grand jury proceedings are secret.

Mr. Sykes has repeatedly expressed hope that the investigation will ultimately be made subject to public scrutiny.

“We just want the truth,” he said, “and that’s all we want. As much as the truth can be told and gained.”

The FBI Is Reopening 70 Cold Cases From The Civil Rights Era. (WJTV)

WJTV-TV, February 28, 2007

The FBI says it hopes to solve dozens of cases that were racially based crimes.

Attorney General Alberto Gonzales syas the suspects have not gotten away with anything, and the government is still on their trail.

With the passage of time, some worry witnesses and evidence may now be unavailable.

Jerry Mitchell of the Clarion-Ledger says there is another concern with these cases, "one of the problem with these cases is they weren't adequately investigated at the time."

Mitchell also says, "these were cases where guys got away with murder and everybody knew they were getting away with murder, so its kind of injustice at its height." Bearly half of these murders happened in Mississippi.

Two Local Civil Rights Era Deaths Will Get FBI Review (WEDF)

DOJ_NMG_0137945

WDEF-TV, February 28, 2007

The F-B-I today announced they plan to review around a hundred unsolved deaths from the Civil Rights era in the South.

And that includes two cases here in the Tennessee Valley.

One involves a bombing in Ringgold in 19-60.

Mattie Greene died from the explosion under her house.

And the other is the death of a 15-year old boy in 19-58.

Larry Bolden was shot by a white police officer.

FBI Director Robert Mueller says"As you know all too well, many murders during the Civil Rights era were not fully investigated, were covered up or were mis-identified as an accidental death or disappearance."

The F-B-I will re-open about a dozen cases to begin with.. But they aren't saying which ones yet.

FBI To Reopen Memphis Civil-rights Era Cold Case (WMC)

WMC-TV, February 28, 2007

Nearly 50 years ago, 16-year-old Larry Payne was shot to death at what used to be a housing project.

Tonight, his death is one of dozens of unsolved civil rights cases the FBI will re-open.

The death of Larry Payne was overshadowed by the assassination of Doctor Martin Luther King.

"I remember the articles, I remember how we felt, but there was so much going on. It kind of got lost," said NAACP Executive Director Johnnie Turner, who walked in the sanitation worker march that led to Payne's death.

She's glad to know his is one of 76 civil rights cold cases the FBI has pledged to re-open.

"As long as those who perpetuated that crime are allowed to go free, then justice has not been served," she said.

Memphis historian G. Wayne Dowdy says records show Payne died at the hands of a Memphis Police officer after the officer accused him of looting. "Larry Payne was a high school student, an African American high school student in Memphis who participated in the March 28 demonstration led by Dr. King that eventually turned violent."

He says later that day the officer shot Payne outside his Fowler Holmes Housing Project, now a barren property.

"I pray that Larry Payne's family will get the justice and the closure that they so richly deserve," said Turner.

We spoke with the family's attorney. He says he hasn't been in recent contact with them, but he looks forward to hearing how this case unfolds.

"It's partly an attempt to come to grips with the events of the civil rights movement. Particularly the violence that ensued," said Dowdy.

Turner says it sends the message you can run, but you can't hide.

Local FBI officials say the office has not officially begun the new investigation.

Feds Probe Two Civil Rights Era Deaths Here (WCNC)

WCNC-TV, February 28, 2007

They are called "the forgotten". They are 76 people who died in from 1952 to 1968. Were their deaths racially motivated? Tuesday the FBI was pulling those case files and taking a second look at the information in them. Two of the cases are local.

Shelby, North Carolina – 1957: Dr. George Washington Singleton practiced medicine in Cleveland County. The story of his death is told by details in his death certificate and a letter from the Charlotte chapter of the NAACP obtained by WCNC.

"It was a predawn explosion," the letter reads. It happened on Hudson Street, "early Tuesday morning April 30, 1957." Dr. Singleton died instantly. The NAACP letter says "he was burned beyond recognition." The cause of the fire was never determined.

While the now 50-year-old letter says the Charlotte chapter of the NAACP did not think his death was civil rights related, Singleton's wife did. She worked for the Cleveland County NAACP chapter at the time of the explosion. She requested an investigation.

From Washington today, U.S. Attorney General Alberto Gonzales talked about these cases.

"Much time has passed on these crimes," he said. "The wounds they left are deep and many of them still have not healed."

Now, decades later, what happened to Dr. Singleton will be looked at one more time.

The other case under review is an inmate death from 1960 in Gaston county. A Department of Justice record says Clarence Cloninger suffered a heart attack in jail and was refused medical attention and died. But few records remain to provide much more detail. Still, the Department of Justice says they are determined to at least look at these old case files.

"We are committed to reexamining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long," Gonzales said. "Our message is clear: You have not gotten away with anything. We are still on your trail."

DOJ_NMG_0137946

No Indictment In '55 Emmett Till Slaying (AP)

By Jack Elliott Jr. And Allen G. Breed, Associated Press Writers

AP, February 28, 2007

All but closing the books on a crime that helped give rise to the civil rights movement, a grand jury has refused to bring any new charges in the 1955 slaying of Emmett Till, a black teenager who was beaten and shot after whistling at a white woman in the Mississippi Delta.

The district attorney in rural Leflore County had sought a manslaughter charge against the white woman, Carolyn Bryant Donham, who was suspected of pointing out Till to her husband to punish the boy for what was a grave offense in the segregated South.

But the grand jury last Friday issued a "no bill," meaning it found insufficient evidence, according to documents made public Tuesday.

Federal authorities decided last year not to prosecute anyone, saying the statute of limitations for federal charges had run out. Mississippi authorities represented the last, best hope of bringing someone to justice. No one has ever been convicted in the slaying.

"You're looking at Mississippi. I guess it's about the same way it was 50 years ago," said a disappointed Simeon Wright, 64, a black man who heard his cousin whistle. "We had overwhelming evidence, and they came back with the same decision. Some of the people haven't changed from 50 years ago. Same attitude. The evidence speaks for itself."

He added: "I don't know how many years I have left on this Earth. We can leave this world and say, `Hey, we tried. We tried to get some justice in this, and we failed.'"

Till, a 14-year-old boy visiting from Chicago, was kidnapped from his uncle's home in the town of Money and killed after he wolf-whistled at Donham, a shopkeeper at the Bryant Grocery & Meat Market.

Three days later, his mutilated body was found in the muddy Tallahatchie River, weighted down with a cotton gin fan. His left eye was missing, and his right eye was dangling on his cheek. The body was identified only by a ring he was wearing.

His mother, Mamie Till-Mobley, who died in 2003, held an open-casket funeral in Chicago, and a photograph of Till's disfigured face in Jet Magazine had a powerful effect on public opinion, letting the world see what was happening in the South.

Roy Bryant, Donham's husband, and his half brother, J.W. Milam, were acquitted of the crime by an all-white jury in 1955. The two men later confessed in an interview with Look magazine. Both are now dead.

The FBI reopened the case in 2004 but decided in 2006 not to press charges. The case was turned over to local prosecutors, with the FBI suggesting they take a closer look at Donham. Some witnesses said a woman's voice could be heard at the scene of the abduction.

David Beito, a history professor at the University of Alabama who has researched the case extensively, said Tuesday there is probably no one else left to arrest in the case. He said it is hard to underestimate the importance of the Till case, which took place the same year as the Montgomery, Ala., bus boycott.

"It gave a jump-start to the civil rights movement," he said. "It did not create the civil rights movement, but it made it more into a mass movement. It really mobilized people."

Donham, who remarried, is now 73 and has declined interviews. A telephone number for her was disconnected Tuesday.

District Attorney Joyce Chiles, a black woman who grew up near where the killing took place, was in court Tuesday and not immediately available for comment.

Wright said: "J.W. Milam and Roy Bryant died with Emmett Till's blood on their hands. And it looks like everyone else who was involved is going to do the same. They had a chance to come clean. They will die with Emmett Till's blood on their hands."

Horace Harned, 86, a former Mississippi legislator and member of the Sovereignty Commission, a state agency that worked clandestinely to preserve segregation, said he was glad to see no charges filed. He said the suggestions that Donham had a role in the crime are "a bunch of foolishness."

"Of course, I don't believe in murder. That's the wrong thing. It always backfires on you. That shouldn't have happened," he said. But he added: "You can't correct all the ills of the past. If we did, the Southerners were treated much worse than anybody back in the Civil War."

AP National Writer Allen G. Breed contributed to this story from Raleigh, N.C.

No Indictment In Emmett Till Slaying (LAT)

By Jenny Jarvie And Richard Fausset, Times Staff Writers

The Los Angeles Times, February 28, 2007

A Mississippi grand jury declines to charge a white shopkeeper in the 1955 killing.

DOJ_NMG_0137947

ATLANTA — The murder case of Emmett Till — one of the most infamous slayings of the civil rights era — appears to be drawing to a fruitless close 52 years after the black teenager whistled at a white woman, then turned up dead in Mississippi's Tallahatchie River.

It was disclosed Tuesday that a grand jury in Leflore County, Miss., had declined to bring a manslaughter indictment against Carolyn Bryant Donham, the white shopkeeper who witnesses said Till had admired one August afternoon in the rural community of Money, Miss.

Donham, 73, was suspected of pointing out Till to her then-husband, Roy Bryant. He and his half brother, J.W. Milam, were charged in the killing of the 14-year-old but were acquitted by an all-white jury in 1955 after a little more than an hour of deliberations. A year later they admitted in a magazine interview that they had killed Till.

Till's family has watched with hope in recent years as a parade of old and often recalcitrant Southerners have been dragged into court and found guilty of heinous crimes against blacks. But Tuesday, it felt like a door briefly open to the past — and, potentially, to justice — had been shut for good.

"This was our last hope — and it was dashed today," said Simeon Wright, 64, Till's cousin, who was with him at the grocery store and heard him whistle at Donham. "The Emmett Till case started with one person, and that person is still alive. She played a role in identifying Emmett, she participated in his kidnapping, and now she is getting away with murder."

Donham, who is thought to be a resident of Greenwood, Miss., could not be reached for comment. She has long maintained her innocence to the FBI, and chances of new charges, although possible, appear slim.

The Till case horrified and galvanized civil rights activists and reminded the public of the bloody suppression of blacks in the South — even as the old order of segregation and intimidation had begun to crumble.

The slaying took place a year after the Supreme Court handed down the Brown vs. Board of Education ruling and months before Rosa Parks, a 43-year-old seamstress, was arrested for refusing to give up her seat on an Alabama bus.

In August 1955, Till, who was from Chicago, was visiting relatives in the Mississippi Delta when he entered Bryant's grocery store to purchase bubble gum. Inside, he was alone with the shopkeeper's young wife, Carolyn, who later alleged that the boy had spoken lewdly to her. When she stepped out onto the porch, his cousins heard him whistle.

Three days later, Bryant and Milam allegedly forced their way into Till's grand-uncle's house in the middle of the night and snatched Till from his bed. His body was found by fisherman in the Tallahatchie River, with a cotton gin fan wrapped around his neck with barbed wire.

In 1956, in an interview with Look magazine, Bryant and Milam admitted they had repeatedly beaten Till before shooting him and tossing his body in the river.

Milam died in 1980, Bryant in 1990. No one else was indicted.

Till's mother, Mamie Till Mobley, who died in 2003, held an open-casket funeral for her son in Chicago. Thousands came to see his mutilated remains, and a photo of Till's disfigured face was printed in Jet magazine and seen around the world.

His fate became legend, recounted in songs by Bob Dylan and Kanye West and explored in plays by James Baldwin and Toni Morrison. In recent years, a highway in Mississippi and a school in Chicago have been named in Till's honor.

The Justice Department reopened an investigation into Till's death in 2004, after a documentary filmmaker, Keith Beauchamp, shared footage from his film, "The Untold Story of Emmett Louis Till." Beauchamp claimed as many as 14 people, some still living, were involved in Till's slaying.

But in 2006 the department decided not to bring charges, arguing that the five-year statute of limitation on federal civil rights violations had expired. The department turned its 8,000-page report over to prosecutors in Mississippi, recommending that they investigate Donham.

Some witnesses said a woman's voice was heard during Till's abduction.

Joyce Chiles, the district attorney in Leflore County, could not be reached for comment. In the past, she acknowledged that the case would be difficult to prosecute.

Aaron Condon, a professor emeritus of law at the University of Mississippi, said he was not surprised by the grand jury's rejection of the case.

"It's an extremely old case, and the evidence against Carolyn Bryant, from what I've understood, is extremely weak," he said. "The main people who would have been in a position to identify her are dead."

Cowboy Church Probe Dropped (LYNNA)

By Justin Faulconer

The Lynchburg (VA) News & Advance, February 28, 2007

The U.S. Department of Justice has decided to step out of a zoning dispute between a Moneta “cowboy” church and Bedford County officials.

DOJ_NMG_0137948

In letters this month to the Rev. Raymond Bell of the Cowboy Church of Virginia and Bedford's community development director George Nester, the federal department concluded no further action is warranted in deciding if Bedford zoning laws infringe upon a federal act that protects religious land use.

The Cowboy Church holds services in a large barn off Horseshoe Bend Road in Moneta.

Six months ago, the department began investigating if the Religious Land Use and Institutionalized Persons Act was violated. Bell has been against the county's requirement that a special use permit be obtained to hold religious services, claiming it violates the separation of church and state.

Nester said it's standard procedure that churches obtain a special use permit to hold religious services in newly constructed buildings or new additions to existing buildings.

He said Tuesday he is pleased and relieved that the investigation has been dropped, but some questions still remain. For instance, he doesn't know if the matter was dropped because the church asked it to be or because there is a violation. The letter doesn't state whether a violation took place.

"That's the question mark that was never answered," said Nester.

A spokesperson for the Department of Justice declined to comment Tuesday about the matter. Bell declined to comment also and said he would have more to say later this week.

The Cowboy Church started meeting about a year ago in the Moneta barn, on a farm owned by Garland Simmons. Since then, it has been involved in zoning red tape with the county.

The county originally said using the barn as a church violated building codes and was unsafe for large gatherings. That matter has since been resolved because it was determined the structure is not predominantly used as a church, Nester said.

The church is still holding services under the Cowboy Church name because of its part-time utilization of the barn, Nester said.

"We have no problem with it operating as it is," said Nester.

County officials currently are reviewing and amending the Comprehensive Plan. The next step then would be to review the zoning ordinance. Nester said the county should take a closer look at the language regarding religious land use to ensure there are no infringements on the federal act.

"We need to look at the ordinance from the view the act was written to make sure we are not being over restrictive on religious land use rights," he said. Subscribe to the Newspaper

Man Who Was Shot By Ex-EP Border Agents Is Arrested (EPT)

El Paso Times, February 28, 2007

The drug smuggler who was shot in the buttocks by two El Paso Border Patrol agents who went to prison for it was involved in another drug smuggling attempt, U.S. Rep. Dana Rohrabacher, R-Calif., said.

Rohrabacher said he would talk today in a news conference in Washington, D.C., about new evidence he said proves that Osvaldo Aldrete Davila was again involved in drug smuggling after the Feb. 17, 2005, shooting.

U.S. Attorney Johnny Sutton had repeatedly denied knowledge of a second arrest but Rohrabacher said Sutton's statements were misleading because Aldrete Davila was not arrested either time.

"Johnny Sutton's play on words to imply the second offense didn't occur or was not relevant to the case is dishonest. Only an unscrupulous lawyer would believe this is an acceptable tactic," Rohrabacher said in a written statement.

Rohrabacher said Sutton was briefed by the Drug Enforcement Administration about Aldrete Davila's "direct involvement" in a second offense. Officials with the U.S. Attorney's office said they can't comment

Advertisement

on sealed matters.

Aldrete was talked into coming back to the United States and testifying against the agents with the promise that he wouldn't be arrested for the marijuana found in his abandoned van.

Rohrabacher said Sutton's alleged omission was part of his attempt to "paint a benign picture of the drug smuggler" who was given immunity to testify against former agents Ignacio Ramos and Jose Alonso Compean. Ramos was sentenced to 11 years in prison and Compean to 12 for violating Aldrete Davila's civil rights and for tampering with evidence. Both are appealing.

S.B. Supervisors Back Ex-border Agents (IVDB)

Inland Valley Daily Bulletin, February 28, 2007

President Bush should consider pardoning two former Border Patrol agents convicted of shooting an alleged drug smuggler, according to a unanimous resolution by San Bernardino County's Board of Supervisors.

DOJ_NMG_0137949

"This case appears to be a highly unusual situation where law-enforcement agents were not supported or given due process by their own agency or by the courts," said Supervisor Brad Mitzelfelt, who proposed the resolution.

The agents, Ignacio Ramos (far right) and Jose Alonso Compean (left), were convicted last year of shooting Osbaldo Aldrete-Davila, who allegedly brought a van loaded with marijuana across the border from Mexico. The man survived and was granted immunity for his testimony against the agents.

In light of congressional outcry over the agents' convictions and the circumstances of the case, the county's resolution states, President Bush should "act quickly to conduct further investigation of the matter in order to consider a Presidential Pardon at the earliest opportunity possible."

After the meeting, Mitzelfelt conceded the request was unusual.

"Normally, state and federal investigations run their course and usually we don't interject our opinions into those proceedings," he said.

But, he said, "the residents of San Bernardino County have certainly made my office aware of their strong belief that the president should intercede."

Council To Draw New District Maps (FAYOBS)

By Don Worthington, Staff writer

The Fayetteville Observer, February 28, 2007

Residents will get their say March 29 on the boundaries for six Fayetteville City Council districts.

The City Council will hold a public hearing that evening at 7.

The council is drawing new maps in response to the Feb. 6 election. Residents voted in favor of a council with six members representing districts and three members elected at-large. The current council has nine members, all elected from districts.

The change must be approved by the U.S. Department of Justice. The city is trying to have the plan and map approved by April. The city hopes to have federal approval in time for the July filing date for the municipal elections.

City Council members met Tuesday with their redistricting lawyer, Michael Crowell, to discuss options for drawing the six districts.

The Department of Justice will look at the map to make sure it does not affect minority voting. Crowell has said he believes a map that has three districts where minorities constitute the majority of voters will pass federal review.

Councilman Curtis Worthy, said he wants to make sure the districts reflect the racial breakdown of the city — about 48 percent white and 42 percent black.

He said he didn't want a district where whites are an overwhelming majority.

Worthy, Mayor Pro Tem Robert Massey, and councilmen D.J. Haire and Charles Evans suggested several changes that affect neighborhoods with high black populations. The four councilmen are black.

The council asked Crowell to make minor changes to a proposed map to strengthen the minority representation in some districts and clean up the lines in other districts. The council asked Crowell not to split precincts between districts.

Ideally, each district will have about 29,000 residents.

Crowell will present the revised map to the council at a 5:30 p.m. meeting Tuesday.

Staff writer Don Worthington can be reached at worthingtond@fayobserver.com or 486-3511.

Bill Targets 'Don't Ask, Don't Tell' (USAT)

By Andrea Stone

USA Today, February 28, 2007

Brian Fricke, a former Marine sergeant who served nine months in Iraq's Anbar province, wasn't thrown out of the military for being gay. He left when his enlistment was up because he was tired of pretending he wasn't.

The "don't ask, don't tell" policy allows lesbians and gay men to serve if they keep quiet about their sex lives. Commanders are barred from asking subordinates about their sexual orientation.

"If people were talking about relationships, you'd have to play the pronoun game. 'He' became 'she.' You really just can't be yourself," says Fricke, 25, a government information technology specialist in Washington. "You'll never be able to tabulate" how many gay people have left the military voluntarily because of its "don't ask, don't tell" policy.

Fricke will be on Capitol Hill today when Democratic Rep. Marty Meehan of Massachusetts reintroduces his Military Readiness Enhancement Act.

The bill would repeal the policy President Clinton approved in 1993 as a compromise between ending a ban and gays serving openly. That would leave gays free to serve without limits.

Since the policy began, nearly 11,000 troops, the equivalent of an Army division, have been discharged.

DOJ_NMG_0137950

The measure had 122 co-sponsors last year but died in the Republican-controlled Congress. Now that Democrats are in charge, Meehan plans to hold hearings as early as April. He says the bill has more than 100 original co-sponsors and seven freshmen.

Three Republicans have signed on, including Rep. Ileana Ros-Lehtinen of Florida. She says her husband, Dexter, was cared for by a lesbian nurse when he was injured during combat in Vietnam.

Defense Department statistics released at the request of Congress and the Servicemembers Legal Defense Network, a gay advocacy group, show that nearly 7% of the 726 troops discharged under the policy in 2005 were medical personnel. That's the most in one year and brings to 334 the number of health care workers, including doctors, nurses and mental health specialists, dismissed since 1994.

"People in need of medical specialists couldn't care less about the sexual orientation" of those caring for them, Meehan says. "The policy is outdated and discriminatory."

Marine Maj. Stewart Upton, a Pentagon spokesman, says the number of ousted health workers is small given the nearly 11,000 in war zones. "We are enforcing the policy," he says. "We are not experiencing any problems with recruiting and retention."

A Government Accountability Office report in February 2005 found that at least 800 dismissed gay servicemembers had skills deemed "mission critical" by the Pentagon. Among them: 54 Arabic-language specialists.

Congress takes up the issue amid changes in:

·The legal landscape. A federal appeals court in Boston will hear arguments March 7 in the first legal challenge to the policy since the Supreme Court struck down a Texas sodomy law in 2003. The high court said the Constitution's guarantee of liberty bars government from targeting private, consensual sex practices.

·Public opinion. Polls indicate growing acceptance of gay troops. A Harris Poll this month found that 55% supported allowing gays to serve openly, up from 48% in 2000.

A Pew Research Center survey last year found that 60% favored gays serving openly, up from 52% in 1994. Support ran 3-to-1 among those younger than 30. In contrast, Pew found that 39% favored same-sex marriage.

·Military needs. The demand for more troops has led to lower recruiting standards as Congress vows to add 92,000 soldiers and Marines by 2012. "The war makes it easier to think about lifting the ban," says Clyde Wilcox, co-editor of The Politics of Gay Rights.

·Military thinking. John Shalikashvili, chairman of the Joint Chiefs of Staff under Clinton, once supported the policy but wrote in The New York Times in January that he believes gays should be allowed to serve openly.

Elaine Donnelly, whose Center for Military Readiness favors a ban on gays, calls Shalikashvili's column "very misinformed" and "part of a PR campaign" to overturn the policy.

Shalikashvili and other policy critics are taking a go-slow approach while fighting continues in Iraq.

John Hutson, once the Navy's top lawyer, calls "don't ask, don't tell" a transitional policy. "It bought us some time," he says, "but now I think that time has come and gone."

Defending His Country, But Not Its 'Don't Ask, Don't Tell' Policy (WP)

The Washington Post, February 28, 2007

Once a Marine, always a Marine. That pretty much sums up the life of retired Sgt. Eric Alva, who was sworn into the Marine Corps at 19, stationed in Somalia and Japan and lost his right leg when he stepped on a land mine on March 21, 2003, the first day of Operation Iraqi Freedom.

As the war's first injured soldier, Alva was an instant celebrity. He was on "Oprah." President Bush awarded him the Purple Heart. Donald Rumsfeld visited. And strangers in Alva's native San Antonio still insist on paying for his dinner at Chili's. Last fall Alva, 36, contacted the Human Rights Campaign, the gay rights group, and asked to be involved in its lobbying effort. Today he'll stand alongside Rep. Martin Meehan (D-Mass.) when he introduces a bill to repeal the military's "Don't ask, don't tell" policy on gay, lesbian and bisexual military personnel.

-- Jose Antonio Vargas

Q. Why didn't you come out sooner?

A.Eventually my notoriety -- "the injured soldier" -- will wear off. And I can almost hear it now -- "Oh, yeah, he's that gay Marine." I'm okay with that. The truth is, something's wrong with this ban. I have to say something. I mean, you're asking men and women to lie about their orientation, to keep their personal lives private, so they can defend the rights and freedoms of others in this country, and be told, "Well, oh, yeah, if you ever decide to really meet someone of the same sex and you want the same rights, sorry, buddy, you don't have the right." That's one factor. The other factor is, we're losing probably thousands of men and women that are skilled at certain types of jobs, from air traffic controllers to linguists, because of this broken policy.

DOJ_NMG_0137951

You come from a military family?

I come from a family of servicemen. My dad, Fidelis, is a Vietnam vet. My grandfather, also named Fidelis, was a World War II and Korean War veteran. I was named after them. My middle name is Fidelis. Fidelis means "always faithful."

What does sexual orientation -- gay, straight, bisexual -- have to do with being a soldier? A Marine?

First, thanks for recognizing that I am a Marine. Second, to answer your question, I have tons and tons of friends that were in the military at the time who knew I was gay because I confided in them. Everybody had the same reaction: "What's the big deal?" . . . The respect was still there. Your job is what you're doing at its best. Your personal life, your private life, is something you do after work. What's funny is, when I was based in San Diego, Calif., people would go to a gay club and everyone would have a haircut like mine. They had their dog tags on. But come Monday morning, nobody talked about it, nobody dealt with it, everybody was back to work.

So when you were applying to be a Marine in 1990, before "Don't ask, don't tell" was implemented, the application asked for your sexual orientation?

It did.

What did you put down?

I lied, I lied. The lying is what I hated most -- why I had to do it, why I had to keep on doing it, the toll it took on me.

You're wearing a wedding band. What do you tell people when they ask you about your wife?

That happens all the time. It just happened on my way here to Washington, waiting on the plank as I boarded a plane. This very nice woman next to me said she recognized me. She looked at my ring and asked about my wife. I told her I have a partner. His name is Darrell. She paused and said, "Good for you."

Texan Calls For Takeover Of State's Juvenile Schools (NYT)

By Ralph Blumenthal

The New York Times, February 28, 2007

A long-simmering scandal over sexual abuse of juveniles at schools for youthful offenders broke into the open on Tuesday with an outraged state senator calling for a takeover of the troubled Texas Youth Commission.

At a school in West Texas, a youth commission official acknowledged at a hearing of the State Senate Criminal Justice Committee, the school's superintendent was aware that two supervisors routinely awakened boys for late-night encounters behind closed doors in deserted offices.

The two supervisors — one of whom had been transferred from another state school after pornography was found on his work computer — were allowed to resign in 2005 without charges. One became the principal of a charter school in Midland, Tex., state officials said. The superintendent was promoted to director of juvenile corrections, a post he still holds, the youth commission confirmed.

"It's outrageous," said State Senator John Whitmire, chairman of the Criminal Justice Committee, who accused the commission of a cover-up.

Neil Nichols, the commission's general counsel and new acting executive director, named on Friday after the director, Dwight Harris, retired under pressure, voiced some contrition, saying at one point, "To say I'm disappointed about that is to say the least."

Mr. Whitmore, Democrat of Houston, was not mollified. "Why should this agency not be put in conservatorship and get a whole new management?" he asked.

He excoriated the commission board for not attending the hearing and canceled an appropriations session for the agency that had been scheduled for Wednesday.

Gov. Rick Perry, a Republican, called the revelations "absolutely reprehensible" and would not rule out a takeover, said a spokesman, Ted Royer. "The governor believes any time a very serious issue like this emerges, every option should be on the table," Mr. Royer said.

Accusations that staff members at the West Texas State School in Pyote (pronounced PIE-oht) were sexually preying on youths there were made to the youth commission as early as December 2003, according to a timeline presented at the hearing.

The complaints did not reach the Texas Rangers until February 2005 and remained largely secret until accounts began appearing in recent weeks on the Web site of the Texas Observer and the pages of The Dallas Morning News.

The problems were widespread at the agency, which annually places some 3,000 juveniles ages 10 to 17 at the time of their felonies in 13 secure schools, senators and witnesses said.

State Senator Juan Hinojosa, Democrat of McAllen, who investigated conditions at another school in his South Texas district in 2005, said, "We found out a lot of youths are kept seven or eight months longer than required, and we want to know why."

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Mr. Hinojosa added: “If a young person refuses to have sex with a supervisor, they deduct a point and are required to stay longer.”

At another state school in Brownwood in Central Texas, he said, “A supervisor was accused of having sex with a 15-year-old juvenile” — a girl, he said later. It was turned over to the Brownwood police, he said, “with no action — it was covered up.”

Mr. Nichols, the acting director, said the commission investigated 1,300 cases of reported wrongdoing last year, including 98 cases of reported sexual abuse. In 78 of the cases, he said, staff members were fired or resigned.

“How about prosecuted?” Mr. Hinojosa asked.

Mr. Nichols did not say. But he said a “large number” of the 78 cases involved female staff members of the commission who had improper sexual contact with students, male and female.

Senators questioned Mr. Nichols about the transfer in 2003 of one supervisor, Ray Brookins, to the West Texas State School from another school for juvenile offenders at San Saba, after pornography had been found on his computer. Mr. Brookins later became assistant superintendent at Pyote and was cited by the Texas Rangers for sexual contact with juveniles there, senators said.

Another supervisor at Pyote, John Paul Hernandez, was also reported by the Texas Rangers to have engaged in sexual contact with students, senators said.

Both supervisors left the youth agency and are under investigation, said the Ward County district attorney, Randall Reynolds.

Mr. Brookins was said at the hearing to be working at a bar in Austin.

Mr. Hernandez became principal at a charter school in Midland, the Richard Milburn Academy, said Norman Hall, the school’s superintendent. The school did not know of Mr. Hernandez’s history when it hired him, Mr. Hall said, and put him on leave several weeks ago.

Mr. Hernandez did not return a call to his mobile phone.

The superintendent at Pyote, Chip Harrison, who knew of the accusations against Mr. Brookins and Mr. Hernandez and kept them on the staff, senators said, is now director of juvenile corrections for the commission, in charge of several schools.

“That’s intolerable; that’s unacceptable,” Mr. Whitmire said.

Mr. Nichols called him “one of our most experienced superintendents,” setting off a gasp from parents.

Mr. Harrison did not return a call.

Randall Chance, a former inspector general at the Pyote school and the author of a self-published book, “Raped by the State,” said abuses were often covered up. “They’re not a problem at the T.Y.C. unless you bring it up” Mr. Chance said, “and then you’re the problem.”

ANTITRUST:

House Gets First Crack At XM-Sirius Proposal (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, February 28, 2007

Congress and federal regulators need to get with the times.

That's the message that Mel Karmazin, chief executive of Sirius Satellite Radio, plans to deliver today at the first public hearing on a proposal to merge the nation's two satellite radio companies, Sirius and XM Satellite Radio Holdings.

Karmazin, who will face skeptical members of the House Judiciary Committee's newly formed antitrust task force, says satellite radio is in stiff competition not only with free, over-the-air radio but also with such newer products as MP3 players, Internet radio and music-downloading cellphones. "What I need to do is lay out the realities of the marketplace as we see it," Karmazin said in a telephone interview yesterday.

He can expect resistance. "What I'm concerned about now is whether we're creating a monopolistic situation," Rep. John Conyers Jr. (D-Mich.), who will chair the task force hearing, said in an interview yesterday. "I don't think it will stimulate competition, and it could very well take away from the competition taking place now in the industry."

The Justice Department and Federal Communications Commission, not Congress, will decide whether to allow Washington-based XM and New York-based Sirius to merge. But today's hearing seems certain to introduce the chief arguments for and against the plan, whose outcome may not be decided for nearly a year.

Sharing a witness table with opponents from the broadcast industry and consumer groups, Karmazin said he will remind Congress that XM and Sirius charge customers about $13 a month and struggle to attract enough subscribers to make money. "It's a little hard for me to understand" the argument that a merged company would raise prices or reduce service, he said.

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Karmazin and his XM counterpart, Gary Parsons, have already visited with the five FCC members who will vote on the merger, and have combed the files of rival companies to buttress their claims that an array of audio services see the two satellite firms as competition. Consumers would benefit, not suffer, from having Howard Stern, Oprah Winfrey, the NFL and Major League Baseball on one radio network, rather than having them divided between the two satellite companies as they are now, Parsons said yesterday.

In 1997, the FCC granted licenses to XM and Sirius on the condition that no one owner control both. FCC Chairman Kevin J. Martin has said the merger-seekers must clear a high hurdle to persuade the commission to change the rule. Karmazin said yesterday: "Our sneakers are on, to be able to jump high."

With FCC hearings yet to be scheduled, the new Democratic-controlled Congress will get the first public whack at the debate. Conyers, a champion of liberal causes and a 42-year House veteran, called it "a great discussion, because it gets into the whole question of where the consumer comes in when these mergers take place. And too often recently, they've been taking place with too little concern for the people who are paying the freight."

As a sign of how complex the debate could become, Rep. John D. Dingell (D-Mich.), chairman of the Commerce and Energy Committee, yesterday addressed the National Association of Broadcasters, a chief critic of the proposed merger. Dingell made no reference to the XM-Sirius matter in his prepared remarks but nonetheless offered a tidbit that might underscore Karmazin's main point. Referring to rapidly changing technology, Dingell told the broadcasters: "Believe it or not, my favorite Gilbert and Sullivan tunes are delivered to me via iPod."

XM and Sirius have lost millions of dollars, signing multimillion-dollar contracts with Stern, Winfrey, sports leagues and others in their attempts to lure subscribers. Yesterday, Sirius reported a narrower loss for fourth quarter, as revenue rose substantially.

Revenue was $193.4 million, compared with $80 million in the fourth quarter of 2005. Sirius lost $245.6 million (17 cents a share), compared with $311.4 million (23 cents) a year earlier.

Sirius Radio Chief Urges Merger (NYT)

By Richard Siklos

The New York Times, February 28, 2007

The chief executive of Sirius Satellite Radio, Mel Karmazin, is taking the campaign to sell his company's proposed merger with XM Satellite Radio to Washington.

On Monday, Mr. Karmazin appeared on the often-bawdy Howard Stern show on Sirius. Today, he will speak at a hearing of the newly created House Antitrust Task Force in Washington.

"I absolutely welcome the opportunity because I think there is a lot of misinformation out there about the merger," Mr. Karmazin said of the hearing.

In particular the National Association of Broadcasters, which represents the commercial radio stations and has been an opponent of satellite radio, has warned that the merger announced last week would create a monopoly that would limit consumer choice and lead to higher prices.

Mr. Karmazin said yesterday that he would tell the task force that the opposite was true. Consumers will be more inclined to subscribe to a single service, he said, because XM and Sirius delivered exclusive programming — like Mr. Stern on Sirius and the Major League Baseball on XM — that the other service does not.

And he said he was willing to commit to the Federal Communications Commission that the merger would lower consumer prices below the $12.95 a month both charge, although he did not specify how much.

Mr. Karmazin also conceded that making all programming that was currently available exclusively to one service available on both, like sporting events, would require renegotiating those contracts.

Sirius also posted a fourth-quarter loss of $245.6 million, or 17 cents a share, compared with a loss of $311.4 million, or 23 cents a share, a year earlier. Revenue more than doubled to $193.4 million from $80 million in the quarter. For 2006, the company added 2.7 million subscribers to just over 6 million.

Satellite Radio Chief To Clear Political Air (FT)

By Stephanie Kirchgaessnerin Washington

Financial Times, February 28, 2007

Mel Karmazin, the chief executive of Sirius, is expected to receive a sceptical reception today when he appears before a congressional committee to defend the satellite radio company's proposed $11.4bn merger with rival XM.

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John Conyers, the Democratic chairman of the House judiciary committee, like legislators on both sides of the aisle, is suspicious not only about the benefits to the public of yet another mega-media merger. Mr Conyers is also unconvinced - so far - of the merits of the legal argument on which, lawyers agree, the fate of the entire deal rests.

To prove that the merger of the only two satellite radio companies in the US will not lead to a monopoly, Mr Karmazin and a team of antitrust attorneys and lobbyists will have to prove that other devices and media outlets - from terrestrial radio to iPods to mobile phones - will constrain the merged entity enough to prevent it from raising prices.

Ultimately Congress will not have a formal say on whether or not the deal will be approved, but political pressure can influence the two government agencies that will investigate the deal: the Department of Justice, the chief antitrust authority, and the Federal Communications Commission, the media regulator.

Lawyers working on the deal said this week the combined company's prices would also be constrained by the fact it would seek to attract the 90 per cent of the US population that does not subscribe to either group.

Yesterday the image of Sirius as a company that is fighting to be viable was underscored by the group's fourth-quarter results, which showed a net loss of $246m (€186m, £125m).

"You've seen our losses this year and seen what XM's losses were. You're dealing with companies that are losing hundreds of millions of dollars a year," Mr Karmazin said in a refrain he is likely to repeat before lawmakers today.

The biggest question now is whether the argument will resonate with Thomas Barnett, the chief of the antitrust division.

Jim Rill, the former head of the DoJ's antitrust division and a partner at Howrey, the legal firm, says the fact that satellite radio's offering is much broader than traditional radio means it will be "challenging" to prove that a device like the iPod could really compete.

The deal could also be complicated by other political considerations before the FCC, which, under the leadership of its chairman Kevin Martin, has shown a propensity to use merger reviews to press companies on other regulatory issues, including indecency standards.

Mr Martin would face legal constraints if he sought to enforce terrestrial radio standards on satellite radio as a condition of the deal, but the transaction will nevertheless give the FCC leverage to make programming-related demands on the combined company.

Additional reporting by Daniel Pimlott in New York

Sirius Narrows Loss On Subscriber Gains (WSJ)

By Ellen Sheng

The Wall Street Journal, February 28, 2007

Sirius Satellite Radio Inc., which recently agreed to merge with rival XM Satellite Holdings Inc., posted a narrower fourth-quarter net loss Tuesday as revenue more than doubled and subscriber growth continued.

Sirius, New York, which boasts a programming lineup that includes shock jock Howard Stern and National Football League games, also said it expects to end the year with eight million subscribers, up from its current 6.02 million, and to post total revenue of about $1 billion.

1 REPLY ALL

Is the XM-Sirius deal good for consumers? Should antitrust regulators approve it? Read an online debate2 between consumer advocate Mark Cooper and antitrust lawyer Donald Russell.

The country's second-largest satellite radio company behind XM Satellite, Sirius said the results pointed to its continued strength. Since adding Howard Stern and others to its lineup, the operator has enjoyed stronger retail sales growth than its rival.

Sirius added 905,247 net new subscribers during the quarter, down from 1.14 million a year ago. By contrast, XM Satellite said Monday it added 442,679 net new subscribers during the quarter, down from 898,315 the year earlier. Last year's fourth quarter was the first holiday season before the highly hyped Mr. Stern started airing exclusively on Sirius. The buzz around Mr. Stern last year helped boost subscriber additions at both satellite radio companies to record levels.

For the full year 2006, Sirius said it added 2.7 million, up from 2.17 million the year before. XM said Monday it added 1.7 million net new subscribers in 2006, compared with 2.2 million the year before.

Sirius posted a fourth-quarter loss of $245.6 million, or 17 cents a share, compared with a loss of $311.4 million, or 23 cents a share, in the year-earlier period.

Revenue more than doubled to $193.4 million from $80 million the year before due to steady subscriber growth and higher net advertising and equipment revenue.

SATELLITE SCRAMBLE

The proposed merger between XM and Sirius would bring together two rivals who have long tried to out-do each other in the battle for subscribers. See how the two companies compare3 in terms of financials and programming.

Rival XM Satellite Radio, which features Opie and Anthony and Oprah Winfrey, similarly reported a narrower a fourth-quarter loss Monday. The company said results were helped by a 45% increased in revenue. (See related article4.)

Sirius and XM announced a merger last Monday under which Sirius would distribute 4.6 of its shares for every XM share. The companies expect the $11.4 billion deal to close by the end of the year.

Regulatory approval is the biggest question mark hanging over the deal. There are only two satellite radio companies licensed to operate in the country and, under Federal Communications Commission rules, the two wouldn't be allowed to merge. The companies are arguing that competitive concerns shouldn't be an issue because the market includes Internet radio and MP3 players as well as traditional radio.

XM and Sirius have said the merger would ultimately cut costs by an estimated $5 billion to $6 billion. Executives have also said the merger would help the companies compete more effectively.

Sirius said that in the fourth quarter, subscriber acquisition costs fell to $121 million from $145.2 million a year earlier. Subscriber acquisition cost per gross subscriber fell 9% to $103 million from $113 million in the prior-year quarter.

Average revenue per subscriber, a closely watched measurement in the industry, rose to $10.39 from $9.02 a year earlier during the quarter. Churn, or the rate of monthly customer losses, was 2% compared with 1.5% a year ago. Churn is expected to come between 2.2% and 2.4% in 2007.

--Josee Rose contributed to this story.

Sirius Business (WSJ)

By David R. Henderson

The Wall Street Journal, February 28, 2007

In expressing its strong reservations about the proposed merger between Sirius and XM, the Federal Communications Commission seems to think that there are only two competitors and that a merger would reduce the number to one. But that's true only if the relevant market is the satellite broadcasting market.

In fact, the market is much larger, including at a minimum all existing radio stations. If you doubt that, ask yourself how you would decide whether or not to subscribe to Sirius or XM. Surely a big part of your decision is the quality and range of programming you can get on "free" radio.

That alone is strong enough evidence for allowing the merger. But there is even stronger evidence, and it has to do with how XM's and Sirius's "free-radio" competitors view the merger. Here we might draw upon the wisdom of MIT economist Morris Adelman, who wrote about 50 years ago: "A useful if not very precise index of the strength of competition . . . is the resentment of unsuccessful competitors."

In other words, if some competitors in an industry resent others and even end up going out of business, competition is alive and well. It's when the competitors get too cozy that we need to worry. It follows that if existing competitors oppose a merger, the merger is likely to be good for consumers.

Look at what the "free" broadcasters are saying about the XM-Sirius merger. As this newspaper recently reported, "The radio industry has loudly opposed the deal since it was announced, and broadcasters cite satellite-radio operators as major competitors in securities filings." Traditional radio broadcasters understand that they are competing with satellite radio. And they oppose the merger. This second fact has been underappreciated.

Suppose you buy regularly from a firm that wants to merge with another firm in the same industry. You might worry that the merged firm would use its increased market power to raise the price you pay. But imagine if you notice that these two firms' other competitors are among those clamoring for the government to prevent the merger.

Would these other competitors oppose the merger if they thought the merger would raise prices for what you bought? Not likely. If that is what they thought would happen, these other competitors would love the merger -- because it would allow them to raise their own prices somewhat, or to keep their prices the same but sell more.

If they oppose the merger, the reason is far more likely to be that they fear the net effect would be to lower the prices of the goods or services they sold -- which means that consumers would be better off with the merger than without.

How can a merger lead to lower prices? A larger firm might have increased market power, allowing it to raise prices; but the larger firm might have economies of scale, leading to reduced costs and lower prices.

Which effect the merger would create is of course uncertain -- but what competing firms think about the proposed merger is a very strong clue, as they typically have more information about the market than do the regulators. When competitors oppose a merger -- as is the case of "free radio" broadcasters with regard to Sirius and XM -- they must be making a judgment that the "economies-of-scale effect" outweighs the "market-power effect." The FCC should take them at their word.

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Of course, this is not a foolproof criterion. If competitors began to anticipate that regulators would take into account their opposition to, or support of, a merger, they might try to game the system. If they actually wanted the merger blocked, they would publicly support it. If they thought prices would rise after the merger to their benefit, they might publicly oppose it.

But we can trust that the FCC is not thinking that way, as it is still hung up on a fallaciously narrow definition of the market. This is the bottom line: If the FCC cares about consumers and not about making things cozy for traditional broadcasters, it should allow the XM-Sirius merger.

Mr. Henderson is a research fellow at the Hoover Institution and co-author of "Making Great Decisions in Business and Life" (Chicago Park Press, 2006).

TXU Profit Up 33%; Dynegy Posts Loss (AP)

AP, February 28, 2007

The Dallas-based utility TXU Corporation reported a 33 percent increase in profit yesterday, despite weak revenue caused by mild winter weather, but another Texas utility, Dynegy, swung to a loss of $58 million as revenue fell and it took charges for a revamping.

TXU, which has accepted an offer to be bought for $45 billion in what would be the largest leveraged buyout ever, said it earned $475 million, or $1.03 a share, up from $356 million, or 74 cents a share, in the fourth quarter a year earlier.

Excluding what TXU termed one-time charges, the company said it would have earned $1.20 a share, which matched the forecast of analysts, who usually exclude those items from their estimates.

For all of 2006, TXU said it earned $2.55 billion, or $5.46 a share, up from $1.71 billion, or $2.50 a share, in 2005.

Dynegy, a power producer based in Houston that flirted with bankruptcy a few years ago, said yesterday that its loss for the fourth quarter was 12 cents a share, in contrast to a profit of $293 million, or 74 cents a share, in the quarter a year ago, when income from discontinued operations lifted results.

Sales fell 36 percent, to $397 million, from $622 million in the year-ago period. For all of 2006, Dynegy said it lost $342 million, or 75 cents a share, as it incurred $343 million in after-tax charges related to its financial revamping.

The company said that it was positioning itself for growth, starting with the $4.1 billion acquisition of the generating power of a rival, the privately held LS Power Group; that deal is to be completed by the end of March.

The two companies also plan to become joint-venture partners in nine power plants under development.

Another utility, the AES Corporation, a power producer based in Arlington, Va., said yesterday that it had completed an agreement to sell its majority stake in La Electricidad de Caracas, a Venezuelan utility, to Petróleos de Venezuela, the state-owned oil company, for $739 million.

AES also announced that it was investigating the company's accounting for stock option grants and planned to restate earnings for the first nine months of 2006 and for the years 2005 and 2004. The company said the restatements were not likely to be material or to affect cash balances.

In California, Bloomberg News reported that an appeals court ruled that AES and Dynegy could not be sued in state court over claims that they manipulated power prices during the state's energy crisis in 2000 and 2001.

The California Court of Appeals in San Diego, upholding a lower court's dismissal of a group of lawsuits brought by California municipalities and consumers, said that the antitrust claims were pre-empted by federal laws regulating the wholesale electricity market and that a state court could not determine reasonable wholesale power rates.

The case was part of a multibillion-dollar fight between California and power companies stemming from brown-outs and a tenfold price increase during the crisis. AES, Dynegy, Sempra Energy and Morgan Stanley Capital Group were the remaining defendants in the case.

Next Step In TXU Deal Is Backdrop Of Conference (NYT)

By Andrew Ross Sorkin

New York Times, February 28, 2007

Will anyone dare to mount a rival bid for TXU?

That was the question being whispered yesterday in Frankfurt where many of the world's private equity chiefs were gathered for Super Return, one of the industry's best-attended gatherings.

Speakers included David Bonderman of the Texas Pacific Group, which helped to lead Monday's $45 billion TXU takeover; Todd Fisher of Kohlberg Kravis Roberts & Company, the other lead investor in the TXU deal; and Stephen A. Schwarzman of the Blackstone Group, considered one of the most likely candidates to try to crash the TXU sale.

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A private equity firm's effort to break up the TXU deal could be a crucial test of the intertwined relationships that so far have limited all-out brawls. Critics contend that the firms, which frequently partner with one another, have a gentleman's agreement not to start bidding wars once a deal is struck.

As an illustration of the clubbiness of the private equity business, no private equity firm to date has publicly tried to top an offer from one its rivals. The Justice Department started an informal inquiry into the possibility of collusion at at least four of the big firms — Kohlberg Kravis Roberts; the Carlyle Group; Silver Lake Partners; and Clayton, Dubilier & Rice — last fall.

It is an issue, among many, that has the buyout kings worried. Mr. Bonderman said during his keynote speech that the industry's image was "something that's probably on everybody's mind."

The industry may have begun to change that with its "green" deal for TXU — among other things, the buyers agreed to scuttle plans for several new coal-fired power plants. A bidding battle over a deal could further change its reputation for mutual back-scratching.

TXU has all the hallmarks of a prize in a private equity tug of war.

The price that Kohlberg Kravis and Texas Pacific agreed to pay — $69.25 a share, representing a 25 percent premium over the average closing price in the 20 days ending Feb. 22 — leaves room for a rival to top it and still make a 20 percent annual return on the deal, analysts said. Investors appear to be betting on a higher bid: shares of TXU closed yesterday at $67.03.

TXU's current deal allows the company to shop itself around for 50 days. The company was represented by Credit Suisse in its deal, and has hired Lazard to look for new buyers.

And then there is the issue of ego: private equity firms constantly talk about trying to outdo the other for the crown, however temporary, of mounting the largest deal ever.

Blackstone, which held that title until last week with its $39 billion acquisition of Equity Office Properties Trust, is planning to take a look at TXU, people close to the firm said. A spokesman for the firm declined to comment. Mr. Schwarzman did not answer questions about the matter in Frankfurt.

Blackstone appears to have been left out of the deal by Kohlberg Kravis and Texas Pacific. Those three firms, together with Hellman & Friedman, acquired Texas Genco Holdings together in 2004, for $3.65 billion.

The Carlyle Group, which has a long history in the energy sector, is also considering jumping into the process, people close to that firm said. Carlyle would have seemed like a natural buying partner for TXU. Former Secretary of State James A. Baker III, who once worked as an adviser to Carlyle, is advisory chairman to Kohlberg Kravis and Texas Pacific. A spokesman for Carlyle declined to comment.

Anyone considering a rival bid for TXU has some hurdles to clear. The buyers have an impressive roster of political relationships and endorsements from environmental groups.

"And I want to say, 'God bless this takeover of TXU by the private equity market this week,' " Jeremy Rifkin, president of the Foundation on Economic Trends, said yesterday at Super Returns, echoing a view that appears to be shared by regulators.

Just yesterday, Senator John Kerry praised the TXU deal even as he said he would hold a hearing on it, saying, "I'm pleased to see that TXU was open to working with the environmental community and I'd like to see similar cooperation extended in other parts of the country,"

Analysts say, however, that a buyer with a higher offer might win the same endorsements by agreeing to the same environmental plan.

Court Sides With N.C. Cigarette Maker In Wholesalers Dispute (AP)

By Duncan Mansfield, Associated Press Writer

AP, February 28, 2007

A federal appeals court on Tuesday rejected a lawsuit by 22 cigarette wholesalers claiming that R.J. Reynolds Co.'s discount pricing program was discriminatory.

The 6th U.S. Circuit Court of Appeals in Cincinnati affirmed a summary judgment in favor of the North Carolina-based tobacco company, a part of Reynolds American Inc., issued in 2005 by U.S. District Judge J. Ronnie Greer in Greeneville.

"Defendant's program is designed to promote its financial welfare at the expense of the wholesalers," the appeals court wrote. "Perhaps it is unfair, but it is not illegal."

"OK," plaintiffs attorney Paul Smith of Washington, D.C., said when told of the decision Tuesday by The Associated Press, declining further comment. Other plaintiffs' attorneys did not immediately return calls.

"Previously, the court upheld R.J. Reynolds' right to choose its own distributors, and today it confirmed the legality of our program, which rewards distributors for selling more of our brands," said Robert Stowe, Reynolds senior vice president of trade marketing.

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Smith Wholesale Co. Inc. of Johnson City and the other wholesalers claimed they experienced "millions of dollars in lost profits" when Reynolds instituted a discount program in 2000 to boost sales of its so-called second-tier nonpremium "savings" brands of cigarettes.

Reynolds, based in Winston-Salem, N.C., offered discounts and rebates to wholesalers selling the highest volume of Reynolds products. The plaintiffs, mostly smaller distributors in the Southeast, said that put them at a disadvantage because they had to cater to consumers demanding even cheaper cigarettes sold by other manufacturers.

"Plaintiffs allege that the (program) disfavors them because, unlike RJR's other distributors, they operate largely in rural 'low-end' segments of the market where their retail customers demand fourth-tier brands, and RJR does not price any of its brands at the fourth-tier price level," the court wrote.

The plaintiffs said that meant they had to "pay substantially more than their own competitors for the same RJR products," losing out on discounts ranging from as much as $1.12 a carton in 2003 to 74 cents a carton today.

The appeals court said in a 24-page opinion that even if the plaintiffs' allegations were found to be true, "we nonetheless conclude that summary judgment is warranted."

The three-judge panel concluded that Reynolds' market-share discount program "was offered to all wholesalers using a non-discriminatory formula. It was therefore functionally available to all wholesalers not only in theory, but in fact."

The plaintiffs' ability to qualify for the discounts "was a matter of marketing strategy and brand prioritization," the court wrote. Since "price discrimination has not been established," the judges said, "plaintiffs' claim therefore fails as a matter of law."

"Antitrust experts generally recommend market-share based discount programs like R.J. Reynolds' because they are 'size-blind,'" said Darryl Marsh, Reynolds' senior counsel. "This appellate ruling confirms that view."

The judges said the strategy might "ultimately cull the number of RJR's distributors," but the law "does not require a supplier to ensure the success of its customers."

"Whether this potential loss of participating wholesalers will ultimately benefit defendant remains to be seen," the court wrote.

VMware Fires Broadside At Microsoft (CNET)

By Stephen Shankland, Staff Writer, CNET News.com

CNET News.com, February 28, 2007

The up-and-coming virtualization specialist says Microsoft is using its Windows clout to restrict customers choice. Sound familiar?

VMware, the incumbent power in the blossoming realm of virtualization, has accused Microsoft of using foul play to promote its own competing products.

In a white paper published Friday, the EMC subsidiary said Microsoft is using Windows licensing terms to prevent customers from taking full advantage of virtualization.

"Microsoft is trying to restrict customers' flexibility and freedom to choose virtualization software by limiting who can run their software and how they can run it," VMware said.

The software giant rejected VMware's assertions.

"Microsoft believes the claims made in VMware's white paper contain several inaccuracies and misunderstandings of our current license and use policies, our support policy and our commitment to technology collaboration," Mike Neil, Microsoft's general manager of virtualization strategy, said in a statement Tuesday. "We believe that we are being progressive and fair with our existing licensing and use policies and creating a level playing field for partners and customers," he said

Neil added that he believes Microsoft and VMware will be able to settle their differences.

Virtualization lets a single computer run multiple operating systems simultaneously, in compartments called virtual machines. That sharing lets companies use their computers more efficiently. The ultimate promise of virtualization is broader than that, however: by moving virtual machines from one server to another, companies can create data centers that can automatically adjust to shifting work demands or hardware outages.

The Microsoft-VMware debate spotlights the difficult adjustments necessary, as the industry moves into a world where a new software layer breaks the hard link between operating systems and the hardware they use.

There are technical challenges. Software can't be as tightly tied to hardware such as hard drives or network cards, and an operating system might be moved from an overtaxed dual-processor server at one moment to a more powerful eight-processor machine the next.

And there are business challenges too, as companies such as Microsoft and VMware jockey for technology leadership and customer account control.

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It's easy to envision virtualization technology as part of the operating system, but VMware has made a strong business selling it as a separate component. Right now, it is moving to deliver higher-level management features that take on products from Microsoft and others.

But Microsoft is building virtualization into the next version of Windows Server, code-named Longhorn, and that could be a minefield for the software company. It has already faced antitrust challenges by building its Internet Explorer browser and Windows Media Player software into the operating system.

VMware stopped short of accusing Microsoft of violating antitrust law--which prohibits a company with a monopoly in one market from using that power to extend into another market--but it came close.

"Microsoft is leveraging its ownership of the market-leading operating system and numerous applications that are market leaders in their respective categories...to drive customers to use Microsoft virtualization products," VMware said. Microsoft needs make sure it's possible for Windows and Windows-based software "to be created, licensed, supported and distributed equivalently on Microsoft or non-Microsoft system virtualization stacks."

VMware leveled several charges at Microsoft:

· Microsoft shared hypervisor interface details at a hardware conference but isn't permitting other virtualization companies to use them. The exception is Novell, which signed a broad intellectual property partnership with Microsoft.

· "Microsoft licensing policies ask for permanent assignment of operating system licenses to hardware and then restrict the movement of those operating system licenses, even for virtualized environments that can be moved seamlessly from machine to machine," VMware said.

In particular, Microsoft permits Windows Server licenses to be moved only once every 90 days, VMware said. That breaks VMware's VMotion technology (which moves running virtual machines from one computer to another) and the higher-level Distributed Resource Manager (which balances software work with available hardware by moving virtual machines with VMotion).

· Virtual machines stored in Microsoft's VHD format may not be converted into other virtual machine formats, including VMware's.

· Microsoft provides support for virtualization only to customers with premier support contracts.

Neil also defended Microsoft's position in a statement and in a blog entry.

Is Windows getting more expensive?

Photos: Tinkerers treasure tiny motherboards

Newsmaker: Intel eyes future of Itanium

Extra: iPod goes to school

Video: Partying with ILM Oscar winners

"In the end, customers with mixed environments expect it all to work together," Neil said. For that reason, Microsoft is sharing interface details for its current Virtual Server 2005 product and has begun sharing preliminary details with its upcoming Windows Server virtualization technology, code-named Viridian, he said.

Mac users have been in for a tough haul with Windows Vista's virtualization policies. While Intel-based Macs have made it technically reasonable to run Windows through virtualization, and Parallels' software makes it relatively easy, Microsoft has made it expensive to do so legally. Running Vista on a Mac through virtualization requires a full, not an upgrade, version of Windows. Plus, only Vista Business and Ultimate are authorized for it, and not the far less pricy Home Basic or Home Premium varieties.

Neil, though, argued that most consumers just aren't ready for virtual machines.

"Virtualization is a new technology for consumers, and one that isn't mature enough yet from a security perspective for broad consumer adoption," he wrote. "Our security and data protection features can potentially be subverted by a malicious virtualization layer. We're working with the hardware and software industry to improve the security of virtualization technologies and we will evolve our licensing policies as virtualization becomes more widely used on client systems."

A Bit Of Movement In Antitrust Suit (KCS)

By Julius A. Karash

The Kansas City Star, February 28, 2007

The fight isn't over, but an olive branch has appeared in a local health-care antitrust controversy.

The case involves Heartland Spine & Specialty Hospital of Overland Park. In 2005 Heartland sued several area hospitals and health insurers, alleging a conspiracy to drive it out of business in violation of the Sherman Antitrust Act.

The lawsuit alleged a conspiracy that included insurers refusing managed-care contracts to Heartland. Heartland said being shut out of those networks caused it severe financial damage.

Mary Nan Holley, Heartland's chief executive officer, said last week that the hospital had worked out a settlement with one defendant, UnitedHealthcare, effective March 1. That means Heartland will become an in-network provider for about 350,000 UnitedHealthcare members in western Missouri and eastern Kansas.

Holley said UnitedHealthcare was the first defendant to settle and, as a result, will be the first major insurer in the area to allow Heartland in its network. The arrangement is expected to increase Heartland's patient volume 15 percent to 20 percent, she said. The hospital last year had 827 inpatient admissions and 8,142 outpatient encounters.

The settlement is confidential, but it is no secret that most of Heartland's 150 or so employees receive their health insurance through UnitedHealthcare.

"We're very pleased to be able to offer high-quality health care to United's insured, and very excited that our own employees, who are covered by UnitedHealthcare, can come to their own hospital on an in-network basis," Holley said.

Bill Tracy, the CEO of UnitedHealthcare's local operations, confirmed that his company had settled with Heartland.

The remaining defendants in the lawsuit are: HCA Midwest Division; St. Luke's Health System; Carondelet Health; Shawnee Mission Medical Center; North Kansas City Hospital; Blue Cross and Blue Shield of Kansas City; Coventry Health Care of Kansas; Humana Health Plan; Aetna; and Cigna HealthCare of Kansas/Missouri.

The case is scheduled to go to trial April 1, 2008, in federal court in Wichita.

Rural cuts

Sen. Pat Roberts of Kansas says the Bush administration's budget proposes to cut $143 million from the rural health-care delivery system.

"The proposed budget has drastic cuts in payments to rural physicians, hospitals and home health-care providers," Roberts, a Republican and member of the Senate Rural Health Care Caucus, said at a recent hearing of the Senate Finance Committee. "I don't see how these providers, often the sole provider in many communities, can sustain these cuts."

Roberts said 88 out of 105 Kansas counties are considered rural or frontier and that more than 75 percent of the state's community hospitals are in rural areas.

Roberts said the administration budget would eliminate or cut funding for programs such as clinician recruitment and health insurance for people who can't obtain coverage because of pre-existing medical conditions or lack of affordability.

"I agree that we need to return to a policy of fiscal responsibility and we must get a handle on the growth in Medicare and Medicaid spending so these programs are viable and sustainable for future generations," Roberts said. "However, I'm afraid of going down a path where in order to save a few bucks here or a few dollars there, we end up hurting the people these programs were created to serve."

Onex Gets U.S. Antitrust Clearance To Buy Kodak's X-Ray Unit (BLOOM)

By James Rowley

Bloomberg, February 28, 2007

Feb. 27 (Bloomberg) -- Onex Corp., Canada's largest buyout firm, won U.S. antitrust clearance to purchase Eastman Kodak Co.'s health-care imaging unit, including an X-ray business the world's largest photography company started in 1896

The transaction was on a list of completed merger reviews published by the Federal Trade Commission in Washington.

Kodak said in announcing the sale on Jan. 10 that it will be paid at least $2.35 billion in cash and up to $200 million more if certain milestones are met. The sale will allow Kodak, based in Rochester, New York, to pay down debt as it tries to build its digital photography business.

Qualcomm Lawsuit Against Nokia On Hold (WSJ)

The Wall Street Journal, February 28, 2007

Nokia Corp. said a U.S. judge overseeing a patent dispute initiated by Qualcomm Inc. has put the proceedings on hold until further notice.

Qualcomm, based in San Diego, has alleged the Finnish company violated several patents used to make U.S. cellphones running on the global system for mobile communications, or GSM, standard.

The patents were originally used for a rival technology called code division multiple access, or CDMA, which Qualcomm helped pioneer. Nokia maintains it hasn't infringed any of Qualcomm's patents. The administrative-law judge overseeing the International Trade Commission investigation has two options: dismiss the proceeding or resume the investigation.

Richard Windsor, an analyst at Nomura, said the decision is likely "about giving them more opportunity to reach an agreement." Nokia said that since Qualcomm filed its complaint, it has voluntarily withdrawn three of the six patents from the suit.

Qualcomm spokesman William Davidson said the company was awaiting more information from the ITC judge and that no decision on the merits of the case has been made. The trial was scheduled to begin March 5.

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ENVIRONMENT:

Nuclear Lab Operator Cited For Safety (AP)

AP, February 28, 2007

(AP) - LOS ALAMOS, N.M.-The National Nuclear Security Administration proposed a $1.1 million civil penalty against the former manager of a nuclear weapons lab for safety violations that included a researcher spreading radiological contamination to two other states and workers inhaling radioactive substances.

The agency announced the notice of violation Monday against the University of California for infractions that occurred in 2005, when UC was the sole manager of Los Alamos National Laboratory.

The notice spells out 15 separate incidents that violated the Department of Energy's nuclear safety rules.

The incidents include a Los Alamos researcher opening a package of slightly enriched uranium nitride pellets. The package was contaminated with americium 241, a radioactive decay product of plutonium.

The researcher unloaded the pellets without the help of a radiological control technician, and he spread the contamination to his home and places he visited in Colorado and Kansas.

Another incident involved workers who inhaled radioactive substances.

In both cases, the contamination was limited by "good fortune" but had the potential to be significantly greater, acting NNSA director Thomas P. D'Agostino wrote in a Feb. 16 letter to lab director Michael Anastasio.

The notice also referred to a November 2005 inspection that exposed "long-standing" deficiencies in the lab's safety, health and environmental programs.

Since federal law exempted the non-profit university from financial liability at the time of the violations, the UC will not have to pay the fine. But the agency warned the lab's new management team - installed less than a year ago, in part to reverse years of security and safety problems - that those days are over.

"Due both to the recent contract change and changes in the civil penalty provisions of the Atomic Energy Act, future monetary civil penalties imposed ... as part of a notice of violation will no longer be waived," D'Agostino wrote.

The lab is now managed by Los Alamos National Security LLC, which includes the university, Bechtel Corp., BWX Technologies Inc. and Washington Group International.

D'Agostino said he expects corrective actions to be one Anastasio's highest priorities as lab director.

UC spokesman Chris Harrington said in a statement Monday that the university has taken a number of steps to fix the problems outlined by the NNSA.

"The University of California takes safety and security issues very seriously as part of our commitment to managing the national laboratories," Harrington said.

The notice of violation is the latest in a rash of criticism against the lab. Just last month, members of a House oversight committee threatened to strip the lab of its security responsibilities - or even shut it down - to correct security lapses.

Study: 'Tipping Point' For Climate Is Near (USAT)

By Patrick O'driscoll

USA Today, February 28, 2007

Declaring there is "no more time for delay," an international panel of scientists urged the world's nations Tuesday to stave off climate-change "catastrophe" by boosting clean-energy research and sharply cutting industrial emissions that fuel global warming.

Otherwise, Earth this century could cross a climate threshold or "tipping point that could lead to intolerable impacts on human well-being," says the 166-page report prepared for the United Nations. It was written by 18 experts in climate, water, marine science, physics and other disciplines, seven of them Americans.

"It is still possible to avoid an unmanageable degree of climate change, but the time for action is now," says panelist John Holdren, a Harvard University professor of environmental policy.

Without action, the panel says, a litany of harmful consequences awaits: the spread of disease, less fresh water, more and worse droughts, more extreme storms and widespread economic damage to farming, fishing and forests. In the USA, which emits about 25% of the world's carbon dioxide, it could mean more intense hurricanes, heat waves and wildfires.

The two-year study, issued by the U.N. Foundation, says the risk of tipping over that climate threshold rises sharply if Earth's temperature increases 3.6 to 4.5 degrees above what it was in 1750 (it is 1.2 degrees above that point now). That year marked the start of the Industrial Revolution. It led to the widespread burning of coal, oil and other fossil fuels that generate carbon dioxide, the main heat-trapping "greenhouse gas" blamed for global warming.

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The scientists say a climate turnaround will take a huge effort. They call for the world's carbon emissions to level off by 2015-2020, then to be reduced by another one-third by the end of the century. Without action, they say, temperatures could rise 11 degrees by 2100.

The report comes three weeks after the Intergovernmental Panel on Climate Change laid out the latest evidence that human action — burning fossil fuels and deforesting the land — is mostly to blame for global warming.

Tuesday's report recommends a dramatic increase in development and use of "biofuels" such as ethanol to replace oil. It also calls for an immediate shift in power-plant construction away from traditional coal-burners to high-tech designs that capture and hold the carbon dioxide they produce.

The world should spend three to four times more on such advanced energy technology, the scientists add. The USA spends almost $3 billion a year now.

The report also suggests nations define a new category of "environmental refugee" to prepare for people who must flee the extreme effects of climate change, such as rising sea levels.

Conservation May Limit Global Warming (LAT)

By Robert Lee Hotz

The Los Angeles Times, February 28, 2007

UNITED NATIONS — Dramatic worldwide climate changes can no longer be avoided, but there is still time to stave off the worst consequences of global warming, an international research team said Tuesday.

The scientists from 11 countries urged sweeping conservation measures to hold the expected increase in temperatures to no more than an average of 3.6 degrees Fahrenheit — less than half the expected increase if emissions of greenhouse gas and soot continue unabated.

Based on two years of study, the scientists called for bold actions, including carbon taxes, a ban on conventional coal-fired power plants and an end to beachfront construction worldwide.

The researchers were financed by the nonprofit United Nations Foundation and the 60,000-member research society Sigma Xi.

"Unlike many reports from scientists, this report gives very clear recommendations for what the international community and nations themselves must do to mitigate and adapt to climate change," said biodiversity expert Peter Raven, director of the Missouri Botanical Garden, who helped prepare a Sigma Xi study.

With its emphasis on policy recommendations, the panel's effort marks a shift in the international politics of pollution and climate change, analysts said. Researchers are no longer debating whether human-induced global warming is genuine, but have begun the painstaking process of negotiating international agreement on what to do about it.

Their effort comes on the heels of a landmark United Nations report last month that concluded rising temperatures would continue to increase even if greenhouse gas emissions could be held to current levels.

Global temperatures have increased about 1.4 degrees Fahrenheit over pre-industrial levels, the researchers said. To meet the scientists' goal, global CO2 emissions must level off by 2015 and drop by two-thirds of that level by 2100.

They urged stricter fuel efficiency standards, as well as fuel taxes, registration fees and rebates that favor more efficient transportation, which today is responsible for 40% of the world's carbon emissions.

A 20-fold improvement in car efficiency is well within existing technology, they said. Moving freight by rail instead of truck could also cut emissions substantially.

The researchers also recommended the expanded use of biofuels to reduce dependence on the oil that accounts for one-quarter of the world's CO2 emissions. They endorsed broader use of nuclear power, if it can be made safer. Energy research budgets worldwide ought to triple, they said.

In addition, the scientists called for improved designs of energy-efficient appliances, office equipment and "greener" commercial and residential buildings. Taken together, the heating, cooling and lighting of buildings accounts for about 30% of the world's greenhouse gas emissions.

Most tellingly, the panel called for a ban on any new coal-fired power plants that cannot be equipped to capture and store the carbon dioxide they emit.

All told, the U.S., China and India plan to build about 850 coal-fired plants over the next decade, which by environmentalists' calculations would pump as much as five times more carbon dioxide into the atmosphere than international control measures aim to eliminate.

No matter what people do to reduce soot or curtail emissions of carbon dioxide and other greenhouse gases, the world will continue to warm somewhat, and people will have to adapt, the researchers said.

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To minimize the hazards of rising sea levels and more powerful storms, the group called for a worldwide ban on beachfront construction near existing high-tide lines.

To reduce the effects of climate-related disasters, such as floods or prolonged droughts, the panel urged better international emergency response measures, warning that there may be as many as 50 million environmental refugees by 2010.

Congress Needs A Marshall Plan In Climate-change Debate (HILL)

By Margo Thorning, Ph.d.

The Hill, February 28, 2007

The recent report released by the Intergovernmental Panel on Climate Change on the consequences of increasing greenhouse gases (GHG) is a valuable contribution to the ongoing debate in understanding climate science. However, policymakers need to have a clear understanding of the likely economic impacts of alternative approaches to slowing the growth or reducing the level of greenhouse gas emissions.

While President Bush outlined bold steps in his State of the Union address to slow the growth of U.S. greenhouse gas emissions, Democratic leaders on Capitol Hill appear aggressively set on their own track to tackle the issue. Speaker Nancy Pelosi (D-Calif.) has appointed a controversial special committee to study climate change. And, at the helm of the Committee on Environment and Public Works, Sen. Barbara Boxer (D-Calif.) is poised to push for emissions caps on greenhouse gases.

Al Gore's Oscar win for "An Inconvenient Truth" will no doubt become a centerpiece of the debate and generate even more demand for immediate action.

But before the nation is led down the path of the Kyoto protocol or the dramatic carbon dioxide emission reductions adopted in California, the home state of Pelosi and Boxer, a close look should be given to the high price tag of such "solutions."

The European Union's attempt to meet its Kyoto Protocol target is failing. The European Environmental Agency projects that the EU 15 will be 4 percent over its Kyoto target by 2010 without strong new measures to curb energy use. The EU's emission trading system is not working because only 40 percent of emissions are covered, and raising all energy prices enough to meet Kyoto targets would be political suicide.

Research with a variety of economic models show that the Kyoto Protocol targets would reduce U.S. GDP by 1 to 4 percent by 2010 and cost almost 2 million jobs. Less-stringent targets such as those in the McCain-Lieberman bill could reduce GDP by 1 percent by 2010 and cost almost 1 million jobs.

The real economic costs to the U.S. of mandatory carbon emission targets must be weighed against the environmental benefits. U.S. emissions are a falling share of global emissions; in fact, China's are now expected to exceed those of the U.S. by about 2009.

Unless the new majority in Congress looks at GHG reductions on a global scale, mandatory emission reductions in the U.S. would be all pain and little or no gain for the environment.

A good first step for Congress would be to approve the $52 million in seed money for the Asia Pacific Partnership on Clean Development and Climate (AP6) as prescribed by the 2005 energy bill. The goals of the AP6 agreement are to promote both global economic development and the use of cleaner, less-emitting energy technologies. The AP6 countries — China, India, Japan, Korea, the U.S. and Australia — have half of the world's population, use about half of the world's energy and emit about half of all global greenhouse gas emissions.

Unlike the Kyoto Protocol's mandatory GHG reduction, the AP6 partnership focuses on practical steps to promote cleaner, less-emitting technology for electricity generation from coal-fired plants, capturing and storing carbon dioxide as well as reducing emissions from steel, aluminum production, and coal mining in both developing as well as developed countries. Increasing energy efficiency for buildings and renewable energy supplies are also part of the AP6 agenda to promote economic growth and reductions in all types of emissions, including GHGs.

The partnership relies on sharing technology with developing countries, which is exactly what Sens. Mark Pryor (D-Ark.) and Chuck Hagel (R-Neb.) advocated in the Hagel-Pryor amendment. This piece of bi-partisan legislation promoted the adoption of technologies that reduce GHG intensity (amount of GHGs emitted per dollar of output) in the United States and in developing countries. It was a critical piece of the 2005 energy bill, which President Bush signed. The partnership also owes a great debt to Sen. Robert Byrd (D-W.Va.) for his leadership in the 2000 Clean Energy Technology Export Initiative, which focused on the commercial development and deployment of clean energy.

In practical terms, transferring the cleanest, most energy-efficient technologies to countries like China, India and other emerging economies whose emissions are growing rapidly will yield significant benefits. According to analysis conducted for ICCF, lowering the emissions intensity of developing countries to that currently associated with new investment in the U.S. would be roughly equal to what would be accomplished under the Kyoto Protocol by 2012 (assuming all 39 counties with targets met their goals).

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Facilitating the adoption of the newest technologies will require initiative and vision from government officials. Promoting a favorable investment climate is a key requirement. The Chinese and Indian governments have already taken farsighted steps to do that, but more could be done to minimize corruption and regulatory burdens, establish effective rule of law, recognize intellectual property rights and permit capital to flow freely in to and out of countries. Progress in these areas will bolster the climate for critical foreign direct investment.

But AP6 and other efforts like it cannot succeed without sustained cooperation between business and government. Only when governments are confident that foreign direct investment is likely to take place in the wake of politically risky reforms are they likely to act. As such, businesses and firms from the U.S., Europe, Japan, Korea and Australia that are already present in China and India and are familiar with the legal, political, cultural and economic terrain have a significant role to play.

Remembering the success of the Marshall Plan is helpful here. After World War II, European governments pledged various actions with the money provided by the U.S. government, working in concert with business interests. When Europeans made good on those pledges the plan was extended and broadened. AP6 could operate similarly. Future actions by Australia, Japan, Korea and the United States desired by China and India would be contingent on success in implementing near term reforms agreed to in the process.

Dr. Margo Thorning is managing director of the International Center for Capital Formation (www.ICCFglobal.org), a European think tank focused on public policies to promote savings and investment in the private sector. ICCF advocates the reductions of tax, regulatory, anti-trust, and trade barriers to promote business investment, strong job growth and competitiveness.

A Green Deal On Coal (NYT)

New York Times, February 28, 2007

People who worry about global warming and want the United States to do more to reduce greenhouse gas emissions received some very good news over the weekend from a very unlikely source. As part of an ambitious buyout deal, TXU, a Texas utility that has long been a target of environmentalists, will abandon plans to build eight old-style coal-burning power plants, which would have dumped huge amounts of carbon dioxide into the atmosphere.

The buyers — two private equity companies, Kohlberg Kravis Roberts and the Texas Pacific Group — also agreed to invest $400 million to help their customers use energy more efficiently, and to explore cleaner ways to burn coal. In a gesture of potentially broad political consequence, they pledged to join other forward-looking companies in backing federal legislation imposing mandatory limits on emissions of carbon dioxide, the main greenhouse gas.

The deal represents a shrewd reading of the political waters by the new owners. TXU had come under heavy fire from influential members of Congress, the courts and even the local citizenry. The companies also knew that plants using older technologies and producing heavy emissions could be severely penalized if Congress ever chose to regulate carbon dioxide. It also helped that Texas Pacific's co-founder, David Bonderman, is himself an ardent environmentalist who was willing to reach out to TXU's opponents, including influential environmental groups, for their help in negotiating a deal.

Though the deal could be trumped by another offer, it is already being hailed as a pivotal moment in the fight against global warming. We shall see. It is certainly further evidence that the capital markets are becoming increasingly sensitive to the climate change issue. But the country and the environment cannot depend on good sense or even good business sense to persuade other corporate leaders to follow Kohlberg Kravis Roberts and Texas Pacific. Congress needs to move briskly toward legislation that would put a price on carbon, either by taxing it or capping emissions.

The Energy Department says there are 159 new coal-fired power plants on the drawing boards; of these, only 32 are considering — though not committed to — technologies that could significantly reduce carbon dioxide emissions. What's needed is federal legislation that would drive them in the direction TXU's new owners have promised to take.

FBI/DEA/ATF/USMS:

Sen. Asks If FBI Will Punish Those Who Retaliated Against Agent (BVND)

By Frederic J. Frommer

The Belleville News Democrat, February 28, 2007

WASHINGTON - One of the Senate's most vocal defenders of government whistleblowers wants to know if the FBI plans to discipline agents who a court found had retaliated against a Minneapolis agent who filed a sexual-discrimination complaint.

Sen. Charles Grassley, R-Iowa, sent the letter to FBI Director Robert S. Mueller on Monday regarding the case of Minneapolis agent Jane Turner, who recently won a $565,000 judgment against the agency.

"Given that her allegations have now been substantiated, I am writing to you for information about how you intend to hold supervisors accountable for the acts of retaliation," Grassley wrote in a letter to Mueller. Grassley's office released the letter Tuesday.

FBI spokeswoman Cathy Milhoan would only say that the agency has received the letter and will prepare a response.

Turner, who retired in 2003, also had a separate dispute with the FBI after she accused colleagues of stealing a Tiffany crystal globe from the World Trade Center ruins. Grassley had rallied to Turner's side over that issue as well.

In this week's letter to Mueller, Grassley asked how many FBI supervisors have been disciplined for retaliation over the past five years and what discipline will be taken against those who were involved in the actions against Turner.

He also asks about the role of three specific supervisory special agents in the Turner case, and whether the FBI plans to discipline them.

"Now that a jury has substantiated retaliation by the FBI in this case, I am anxious to find out what the FBI will do to demonstrate that your commitment to protecting FBI whistleblowers is more than just words," Grassley wrote. "Unless retaliators are held accountable, the FBI culture will not change."

He asked for a response by March 7.

In a statement, Grassley said: "It's time for the supervisors who retaliated against Jane Turner, and any other whistle blower for that matter, (to) be held accountable."

On Feb. 5, a jury awarded Turner $60,000 in damages for lost wages and $505,000 for emotional distress. According to one of her attorneys, Robert Hill, a statutory cap on monetary damages will require the judge to reduce the $505,000 to $300,000 - so she will get $360,000.

Records show Turner was rated superior or exceptional in her job reviews until she filed a sex discrimination complaint against her supervisor.

"I'm deeply honored to have Sen. Grassley's strong and unwavering support," Turner said Tuesday. "Senior managers in the FBI, by feeling they are a law unto themselves, are losing the legal and moral authority for the FBI."

Accounting Sought From FBI Director (MINNST)

By Dan Browning,

Minneapolis Star Tribune, February 28, 2007

Iowa Sen. Grassley wants to know how many supervisors have been disciplined for retaliation, and if three in particular played a part in a St. Paul agent's case. agency plans to discipline supervisors who retaliated against a whistleblower in its Minneapolis office.

By Dan Browning, Star Tribune U.S. Sen. Chuck Grassley is demanding an explanation of the roles that several FBI supervisors played in the retaliation against a former agent who filed a sex-discrimination complaint against the agency.

Earlier this month, a federal jury in Minneapolis awarded $565,000 to Jane Turner of St. Paul, finding that the Federal Bureau of Investigation had retaliated against her in job reviews after she had filed a discrimination complaint.

Grassley, R-Iowa, has supported Turner since she filed a report in 2002 that some fellow FBI agents had taken items from the wreckage of the World Trade Center in New York after the Sept. 11 attacks.

On Tuesday, Grassley released a copy of a letter that he has sent to FBI Director Robert Mueller asking for an accounting of how many FBI supervisors have been disciplined for acts of retaliation in the past five years. And he asked what role, if any, three male supervisors played in the Turner case, and for an explanation as to whether each would be disciplined.

"It's time for the supervisors who retaliated against Jane Turner, and any other whistleblower for that matter, [to] be held accountable," Grassley wrote.

The agent who directly supervised Turner when she filed her discrimination complaint, Craig Welken, has since retired. But the other two agents Grassley inquired about -- James (Chip) Burrus and James Casey -- still work for the FBI.

Burrus is now assistant director of the agency's criminal division. He testified at Turner's trial that he supported Welken in his review of her work.

Casey is now section chief of the counterintelligence division. He testified that he conducted a review of Turner's files and recommended that she be transferred to Minneapolis from her preferred posting in Minot, N.D., to help get her work back on track.

An FBI spokeswoman said in an e-mail at 2 p.m. Tuesday that the agency was aware of Grassley's letter and was preparing a response, but did not issue a public comment. Mueller has said previously that he would not tolerate retaliation against FBI whistleblowers, a fact underscored by Grassley in his letter.

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"Actions speak louder than words," Grassley wrote. "Now that a jury has substantiated retaliation by the FBI in this case, I am anxious to find out what the FBI will do to demonstrate that your commitment to protecting FBI whistleblowers is more than just words."

Grassley asked for a written response by March 7.

Senator Presses FBI For Disciplining (WT)

By Jerry Seper

The Washington Times, February 18, 2007

A senior Republican on the Senate Judiciary Committee yesterday asked the FBI whether it planned to discipline senior supervisors after a ruling by a federal jury that the bureau retaliated against a former veteran agent.

Sen. Charles E. Grassley, Iowa Republican, said in a letter to FBI Director Robert S. Mueller III he was assured by the director on "many occasions" he would not tolerate retaliation against FBI whistleblowers and asked how he now intended to deal with the supervisors held accountable for the acts of retaliation.

Two weeks ago, a Minneapolis civil jury of six women and four men unanimously held that the FBI illegally retaliated against agent Jane Turner, a 25-year veteran of the FBI, by downgrading her performance reviews. The jury awarded her $60,000 in lost wages and $505,000 for punitive damages.

Ms. Turner had claimed in a lawsuit that FBI supervisors falsified negative performance reviews in retaliation for her filing of an equal-employment opportunity complaint and that she was subjected to "continued hostility" after reporting another agent's removal of a Tiffany crystal globe from ground zero at the World Trade Center.

"Given that her allegations have now been substantiated, I am writing to you to for information about how you intend to hold supervisors accountable for the acts of retaliation," Mr. Grassley wrote.

In the letter, he asked Mr. Mueller how many FBI supervisors had been disciplined for acts of retaliation over the past five years and what disciplinary actions, if any, would be taken against the FBI officials for their involvement in or approval of the acts of retaliation against Ms. Turner.

Mr. Grassley, a longtime FBI critic who also serves as ranking minority member of the Senate Finance Committee, also asked Mr. Mueller to explain what roles, if any, supervisory Special Agents Craig Welkin, James "Chip" Burrus and James Casey played in the Turner case.

Mr. Welkin, who directly supervised Ms. Turner when she filed her discrimination complaint, has since retired. Mr. Burrus is the assistant director of the FBI's criminal investigative division and Mr. Casey is chief of the bureau's counterterrorism section.

"Actions speak louder than words," Mr. Grassley said. "Now that a jury has substantiated retaliation by the FBI in this case, I am anxious to find out what the FBI will do to demonstrate that your commitment to protecting FBI whistleblowers is more than just words.

"Unless retaliators are held accountable, the FBI culture will not change," he said.

Mr. Grassley, who asked Mr. Mueller for a written response by March 7, has been an outspoken advocate for Ms. Turner since a report by the Justice Department's Office of Inspector General said agents improperly removed items from the site of the September 11 terrorist attack in New York City.

In a Feb. 26, 2004, letter to Mr. Mueller, the senator said Ms. Turner had a "duty and obligation to report such misconduct," adding that her "reward was continued hostility, and the FBI eventually initiated termination proceedings against her."

Athletes, Celebs Accused In Steroids Rap (AP)

AP, February 27, 2007

Athletes and celebrities were involved as customers of an illicit steroid sales network that produced arrests of four company officials on Tuesday, a New York prosecutor said.

However, Albany County District Attorney P. David Soares declined to name any consumers. He said his office was not investigating patients, but alleged producers and distributors, including doctors and pharmacists.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," Soares said. "Our focus here is to shut down distribution channels."

Soares was in Florida on Tuesday for two pharmacy raids conducted by federal and state agents at two Signature Pharmacy stores. Four company officials, including a married couple who are both pharmacists, were arrested. They were charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Soares refused to answer most questions about the case, which involves sealed indictments.

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"I cannot elaborate any more and I cannot provide you with any more details without compromising an investigation which even at this point is at a very sensitive stage," he said.

The Times Union of Albany, N.Y., first disclosed the steroid investigation in a report citing unidentified sources. The newspaper said investigators found evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to current and former Major League Baseball and NFL players, college athletes, high school coaches, a former Mr. Olympia champion and another top contender in the bodybuilding competition.

Customers include Angels outfielder Gary Matthews Jr., according to the Times Union, which cited unidentified sources with knowledge of the investigation.

Angels spokesman Tim Mead told The Associated Press the team was aware of the story, adding, "That's the only information we have."

Mead said manager Mike Scioscia told Matthews about it, and that general manager Bill Stoneman and Mead spoke to Matthews. An attempt by the AP to reach Matthews by phone Tuesday night was unsuccessful.

"We strongly recommended that Gary inform his agent and make sure he's aware as well," Mead said. "The information is sketchy at best."

The paper said a New York investigator flew to Pittsburgh last month to interview a physician for the Pittsburgh Steelers about why he allegedly used a personal credit card to purchase roughly $150,000 in testosterone and human growth hormone in 2006.

The physician, Richard A. Rydze, told the investigator the drugs were for his private patients, the paper said, citing an unidentified person briefed on the interview.

There are no allegations Rydze violated any laws.

Steelers spokesman Dave Lockett told the AP that Rydze works for the club mostly on game days. He is listed among the seven doctors under the "medical staff" designation on the official team employment roster.

"We can't comment any further because we are still gathering information," Lockett said.

A message was left seeking comment from Rydze.

Arrested on Tuesday were Stan and Naomi Loomis, who own the Signature Pharmacy in downtown Orlando, Stan's brother Mike Loomis and Kirk Calvert, Signature's marketing director. Soares' office identified Signature as a "producer" of the illegally distributed drugs.

Also arrested as a result of the New York investigation were three people Soares' office described as "distributors" from a Sugarland, Texas, company called Cellular Nucleonic Advantage.

Before the investigation is complete, Soares' office said, up to 24 people could face charges, including six doctors and three pharmacists.

The Loomis' downtown pharmacy contains a small retail store that sells bodybuilding supplements, a drug laboratory and executive offices.

Investigators loaded boxes into a truck and seized drugs, including anabolic steroids and human growth hormone, said Carl Metzger, narcotics commander for Orlando's Metropolitan Bureau of Investigation.

"I can't tell you what percentage of their business was legal and how much involved stacking steroids, but there was a mix," Metzger said.

Metzger said the search revealed a "raid card" at numerous Signature Pharmacy employees' desks with contact information for lawyers. The top of the documents identified it as a Food and Drug Administration/Drug Enforcement Agency telephone list, but only lawyers were on the card, Metzger said.

"We found that to be somewhat interesting," Metzger said. "Why would you need to have something entitled a phone call list for the DEA and FDA with lawyers' names if you have nothing to hide?"

Soares' office alleges that Signature filled prescriptions, in some cases from unlicensed doctors, knowing they had not met patients. The office said at least $250,000 in illegal and controlled substances were sold directly into Albany County, and New York state sales exceeded $10 million.

Soares said his investigation began after an Albany doctor was arrested for allegedly trafficking in narcotics online.

Albany DA Raids Fla. Steroids Center (ALBANYTU)

By Brendan J. Lyons Senior Writer Click Byline For More Stories By Writer.

Albany Times Union, February 28, 2007

Yearlong investigation of Internet drug sales may expose use by pro athletes

DOJ_NMG_0137968

ORLANDO, Fla. -- A downtown pharmacy was raided by a law enforcement task force on Tuesday, the climax of a large New York state grand jury investigation into Internet drug sales that could expose widespread illicit steroid use by professional athletes and thousands of people across the nation.

The unprecedented inquiry, led by Albany County's district attorney, has taken New York narcotics agents and an Orlando-based federal task force deep inside a maze of shadowy pharmacies and Web sites that have reaped millions of dollars in profit by allegedly exploiting federal and state prescription laws, according to court records.

More than two dozen doctors, pharmacists and business owners have been, or will be, arrested in the coming days in Alabama, Texas, Florida and New York on sealed indictments charging them with various felonies for unlawfully distributing steroids and other controlled substances, records show.

The Times Union has learned that investigators in the year-old case, which has been kept quiet until now, uncovered evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to current and former Major League Baseball players, National Football League players, college athletes, high school coaches, a former Mr. Olympia champion and another leading contender in the bodybuilding competition.

The customers include Los Angeles Angels center fielder Gary Matthews Jr., according to sources with knowledge of the investigation.

Sources also said investigators from the New York Bureau of Narcotics Enforcement, which is part of the state Department of Health, recently interviewed a top physician for the Pittsburgh Steelers about his alleged purchase last year of roughly $150,000 of testosterone and human growth hormone.

In the past several years, Internet-based pharmacies have become the new drug delivery system for tens of thousands of customers nationwide, displacing smugglers, overseas mail-order companies and so-called ``gym rat'' dealers who sell steroids from the trunks of their cars, according to state and federal investigators.

Tuesday's raid of Signature Pharmacy, an Orlando business that collected an estimated $36 million in revenue last year, could expose a long list of sports figures, celebrities and others who have turned to Internet pharmacies for illegal drugs such as steroids, authorities said.

``I don't know the names of a lot of the athletes,'' Lt. Carl Metzger, commander of the Orlando Metropolitan Bureau of Enforcement, said during Tuesday's raid.

``This is a criminal investigation, not an administative investigation,'' Metzger told a gaggle of TV reporters at the scene. ``I think that some of their business was legitimate,'' he said, adding that ``much of it was illegal.''

In a press release, Orlando police said the raid targeted steroids and human growth hormone. ``People forget about the damage steroids can cause,'' Metzger said. ``It goes all the way down to the high school level.''

Albany County District Attorney David Soares said his office pursued the case, in part, because New York has some of the strictest prescription drug laws in the country. In addition, Signature Pharmacy last year did an estimated $10 million in business in New York, he said.

Soares said that his critics will probably question why a local New York prosecutor is pursuing the case. ``We're arresting young men on street corners every day for selling drugs,'' he said. ``Signature did $30 million last year ... $250,000 in Albany County.''

Corruption in the Internet pharmaceutical industry, which has received lax oversight from federal authorities, has been organized and systemic, prompting Congressional hearings on the issue and a crackdown in recent months by federal agencies.

Some companies have enlisted unethical doctors who blindly write prescriptions for as little as $25 each, giving pharmacies the authorization they need to dole out thousands of illegal prescriptions, according to court documents filed in Albany, Orlando and in a related federal case in Rhode Island.

Customers usually have to pay high retail prices for their drugs, in part because many purchasers avoid seeking reimbursement from insurance carriers to escape detection. Mostly, they use cash, checks and credit cards to pay for the drugs.

``It's a complete perversion of the medical system,'' said Christopher Baynes, an Albany County prosecutor assigned exclusively to the case for almost a year.

Some federal agents have complained that until recently the Drug Enforcement Agency and other federal agencies had rarely filed criminal charges in such cases. Instead, they were content to revoke the operating permits of pharmacies that have doled out controlled substances, including addictive painkillers, to customers who have not been properly evaluated by a physician.

In part, an agent said, the unwillingness to prosecute the cases criminally has been a result of federal prosecutors in certain areas of the country being reluctant to take on the complex and time-consuming investigations.

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While cases involving heroin, cocaine and other addictive street drugs receive enormous federal resources, law enforcement has been slow to catch on to the Internet pharmacies practices, said the agent, who spoke on condition he not be identified.

In New York, investigators have interviewed numerous suspected steroids buyers, including physicians who prescribed or bought large quantities, an Albany narcotics detective, a top Mr. Olympia bodybuilder and the host of a popular cable television program, sources said.

Last month, a New York investigator who has been tracking suspicious purchases from Signature Pharmacy flew to Pittsburgh to interview a top physician for the NFL's Pittsburgh Steelers about why he allegedly used a personal credit card to purchase roughly $150,000 in testosterone and human growth hormone in 2006.

The physician, Richard A. Rydze, who won a silver medal in platform diving in the 1972 Olympics, told the investigator the drugs were for his private patients, according to a person briefed on the interview. Rydze is an internist at the University of Pittsburgh Medical Center. He also is a consulting physician for the FBI and the Federal Aviation Administration.

There are no allegations Rydze violated any laws. Many doctors are allowed under Pennsylvania rules to order and dispense prescription drugs. But investigators in New York said his orders of testosterone piqued their interest because of the large volume, his position with an NFL team and because he allegedly used a personal credit card.

``The doctors pretty much have reign to do anything they want," said Carmen Catizone, executive director of the National Association of Boards of Pharmacy.

But Catizone, who has served as an expert witness for the DEA and other law enforcement agencies in criminal trials, said the credit card purchases raised questions.

``I've never seen a doctor pull out his or her own credit card ... it just doesn't make sense," Catizone said. ``Unless you are trying to build frequent-flyer miles on a credit card, I'm not sure why they'd be using a personal credit card."

Rydze and two spokesmen for the Steelers' organization declined repeated requests for comment over the past two weeks. Pennsylvania state medical board officials also declined to comment. NFL officials were taken by surprise as news of the case swept through the sports world on the Internet.

``We just became aware of this, and we will look into it." NFL spokesman Greg Aiello said. The retail value of the drugs allegedly purchased by Rydze, who tends to Steelers' players during their home and away games, is about $750,000, according to an investigator in the case.

In a related case in Mobile, Ala., two owners of Applied Pharmacy Services have been indicted by an Albany County grand jury. Their customer list allegedly includes former professional boxer and heavyweight champion Evander Holyfield, Los Angeles Angels centerfielder Gary Matthews Jr., and retired baseball star Jose Canseco, an admitted steroid user.

A law enforcement source involved in that investigation said authorities have not identified what types of products allegedly were ordered by Matthews or Holyfield, whom they said used the name ``Evan Fields" when placing orders.

Matthews was informed of his name appearing in a Times Union news report before his spring training game Tuesday. ``There's nothing much to say. A name is mentioned. It's sketchy at best," said Los Angeles Angels Vice President of Communications Tim Mead.

``Certainly as we acquire more information, we'll look into it." Mead said.

Holyfield himself did not comment.

``Evander was asked about this by another member of the media and he said he never heard of the company," Donald Tremblay, public relations director at Main Events, a company promoting Holyfield's upcoming fight against Vinny Maddaline, said.

Still, Holyfield and other alleged high-profile customers represent just a fraction of pharmacies' business, which law enforcement authorities said is centered largely on dispensing performance-enhancing drugs.

The Orlando pharmacy is owned and operated by a Florida couple, Stan and Naomi Loomis, who are both licensed pharmacists. Both were arrested Tuesday on indictments from Albany and led in handcuffs from their business.

In 2002, their company reported revenue of about $500,000. Then, driven by a booming Internet prescription market, and the referral business Signature received from various Web sites, revenue topped $35 million last year, authorities in the case said.

Also arrested at Signature on Tuesday on Albany indictments were Kenneth Michael Loomis, also a pharmacist, and Kirk Calvert, Signature's marketing director.

Among Signature's customers was Jason Grimsley, the former Arizona Diamondbacks pitcher who left baseball last year after mail-order steroids were seized at his Scottsdale home by federal agents from San Francisco involved in an ongoing investigation targeting steroid use in professional sports. Grimsley has not been charged with any crimes, but federal agents said he told them about widespread use of performance-enhancing drugs by Major League Baseball players.

In an affidavit from a federal agent who questioned Grimsley, the agent said Grimsley claimed another player, later identified in an ESPN report as former Baltimore Orioles first baseman David Segui, had advised Grimsley on how to obtain human growth hormone from a ``wellness center'' in Florida.

But authorities said they believe Signature's steroid and human growth hormone customers extend beyond baseball to other sports.

During surveillance of the pharmacy last year, investigators said they saw a Philadelphia Eagles football player enter the pharmacy, though they are not certain why he was there. They also identified a member of the Washington Redskins as being a Signature customer, according to an agent in the case.

The pharmacy is located in a two-story, $3.2 million facility on Kuhl Avenue in the heart of Orlando. It contains a small retail store that sells mostly bodybuilding supplements, a high-tech drug-manufacturing laboratory and executive offices on the second floor. A mix of federal and state agents spent Tuesday removing computers and records from Signature's offices.

In the past year, investigators have closely monitored the business through wiretaps. An Orlando investigator also has sifted through the pharmacy's discarded records, removing customer lists and other records, sources in the case said.

People expected to be arrested Tuesday were to be arraigned on sealed felony indictments in New York. They will face extradition hearings over the next several days unless they waive those hearings and agree to appear in Albany on the charges, authorities said.

4 Tied To Pharmacy Are Arrested In Inquiry Into Steroid Sales (NYT)

By Nicholas Confessore

The New York Times, February 28, 2007

ALBANY, Feb. 27 — Federal and state investigators on Tuesday arrested four people with ties to a pharmacy in Orlando, Fla., that law enforcement officials said accounted for a large part of the national market in steroids and other performance enhancers that are sold illegally online.

The arrests followed a two-year investigation by the Albany County district attorney into Internet drug sales in New York State. The investigation spanned at least three states, and included numerous people reported to be customers of the pharmacy, including current and former Major League Baseball players, National Football League players, college athletes, coaches and doctors.

At least two dozen other individuals are expected to face indictment in New York, according to P. David Soares, the district attorney for Albany County, including several doctors and pharmacists. At a news conference in Orlando on Tuesday, he said that three people from Texas whom he described as distributors in the operation had been arrested earlier, and that five other doctors would face professional disciplinary charges.

The pharmacy, Signature Pharmacy, filled prescriptions written by licensed and unlicensed doctors who had never met their purported patients, as required by New York law, Mr. Soares said. The pharmacy sold at least $10 million worth of controlled substances in New York, including $250,000 worth of drugs sold and shipped directly to Albany County, according to Mr. Soares.

Mr. Soares said that “there are celebrities involved in the case as consumers,” but declined to name any of the pharmacy’s customers, saying his investigation had centered on “the manufacturing, the distribution, the physicians who are taking part in this.”

The four people arrested yesterday were Naomi Loomis and Robert Loomis, the husband and wife who own the pharmacy; Mr. Loomis’s brother, Kenneth Michael Loomis, a pharmacist at the company; and Kirk Calvert, the company’s marketing director.

All four face charges of criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud, The Associated Press reported. Mr. Soares’s investigation was disclosed Tuesday by The Times Union of Albany on that newspaper’s Web site.

The Times Union named several professional athletes as having been customers of Signature or other online pharmacies that were subjects of the two-year investigation, though Mr. Soares would not confirm any of those names, saying he could not reveal more information “without compromising an investigation.”

One of those named in the Times Union story was Gary Matthews Jr., a center fielder for the Angels. Scott Leventhal, Mr. Matthews’s agent, did not return messages left for him on Tuesday.

Tim Mead, the Angels’ vice president of communications, said yesterday that the team had become aware of the story on Tuesday morning, and that Angels officials met with Mr. Matthews the same day to show him the story.

“It’s a very general story. There are a lot of things in it that are kind of sketchy,” Mr. Mead said. “But we made Gary aware of it, and there will be more down the road.”

Before the 2006 season with the Texas Rangers, Mr. Matthews, 32, had played for six teams in seven seasons and was considered a journeyman outfielder, unable to impress teams enough for them to want to retain him.

But Mr. Matthews's modest stature changed when he had a breakout season with the Rangers, batting .313 with 19 homers and 79 runs batted in. The timing was good for Mr. Matthews, who became a free agent after his increased production in 2006 and signed a 5-year, $50 million contract with the Angels.

A spokesman for the National Football League said that officials with the district attorney's office had not contacted the league and that they had become aware of the investigation only on Tuesday.

A spokesman for Major League Baseball also said that the organization had learned of the investigation only through media reports and had no comment on it.

Another customer was Dr. Richard A. Rydze, 56, of Pittsburgh, a physician who tends to members of the Pittsburgh Steelers as well as private patients.

Mr. Rydze said on Tuesday that he was first approached by federal agents from New York in December, who told him during a brief meeting that he had been "caught in the line of fire" of the investigation into Signature.

They urged him to stop using Signature immediately and to switch to a local distributor, he said in a telephone interview. Mr. Rydze said he obliged, severed ties with the firm, and didn't hear from anyone else associated with the investigation again.

He began using Signature, he said, after meeting company representatives at a booth during an anti-aging conference in Las Vegas in late 2005. For more than a year, he said, he paid the company $90,000 to $100,000 for growth hormone drugs, prescribing them to patients in his private practice who suffered from orthopedic ailments, tendon injuries or growth hormone deficiencies.

But he said he never prescribed the drugs to any members of the Steelers.

"I never have, never would and never will," he said. "My involvement was not abusive. I was doing things by the rules."

Anabolic steroids, human growth hormone and other performance-enhancing drugs have proliferated on the Internet just as legitimate business has. A prescription can be approved by a doctor in any country, based on as little as an online questionnaire, with no face-to-face contact.

The state and federal laws against illegal prescriptions are rarely enforced, as drug agencies focus on heroin, cocaine and methamphetamine.

At least seven different federal and state agencies worked with Mr. Soares's office on the investigation, including New York State health, insurance, and drug enforcement officials, the Florida attorney general, and the United States Justice Department and Internal Revenue Service.

According to an individual with direct knowledge of the investigation, the raids are part of a national effort aimed at pharmacies and doctors — the primary suppliers of performance-enhancing drugs — rather than the trainers and coaches who use them.

That individual, who spoke on the condition of anonymity because the investigations are still under way, said that investigators found more steroids and human growth hormone at the Florida pharmacy than they had originally expected.

The individual also said the raids were related to the arrests of two doctors and the owner of a pharmaceutical distribution company on Feb. 23 in Rhode Island.

In that case, according to The Associated Press, the owner of a New Jersey pharmaceutical company and two doctors from New York were charged in an alleged scheme to illegally prescribe anabolic steroids and human growth hormone to bodybuilders in several states, the United States Attorney's Office in Rhode Island said on Feb. 23.

Daniel McGlone, 54, owner of American Pharmaceutical Group, and Ana Maria Santi, a former doctor who has been stripped of her license to practice medicine, were charged in an 80-count indictment handed up last week by a federal grand jury in Providence, R.I., according to The Associated Press. Victor Mariani, a licensed physician with a practice in New York City, was charged separately and has agreed to plead guilty, prosecutors said.

Investigation Of Steroids And HGH Produces Arrests In Three States (WP)

By Amy Shipley, Washington Post Staff Writer

The Washington Post, February 27, 2007

MIAMI -- State and federal agents raided an Orlando pharmacy Tuesday as part of a long-term investigation into illegal steroid and human growth hormone sales, the Metropolitan Bureau of Investigation in Orlando said.

The raid of Signature Pharmacy was first reported on the Web site of the Albany (N.Y.) Times-Union, which said it stemmed from a year-long investigation led by Albany County's district attorney, and involved New York Bureau of Narcotics Enforcement agents and the Orlando-based federal task force.

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The newspaper said the pharmacy might have supplied prescriptions of testosterone and other performance-enhancing drugs to current and former Major League Baseball and NFL players, high school and college athletes, and bodybuilders. Albany County District Attorney P. David Soares said Tuesday night that athletes and "celebrities" were involved but declined to identify them. He also said his office was targeting doctors, pharmacists and distributors, not individual patients.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," Soares said, according to the Associated Press. "Our focus here is to shut down distribution channels." ...

Several professional athletes were clients of another pharmacy in Mobile, Ala., that might have provided illicit drugs to professional athletes. The owners of that pharmacy recently were indicted in Albany County, the Times-Union reported. An attorney for that pharmacy, Applied Pharmacy Services, did not respond to a request for comment.

Both of the pharmacies offered prescriptions over the Internet, which federal investigators believe has become a primary source for illicit sales of performance-enhancing drugs in recent years as pharmacists skirt lenient laws governing the industry.

A baseball trainer told The Washington Post in 2003 that he had watched one player order a performance-enhancing drug from an Internet pharmacy without an appointment, medical evaluation or prescription.

Twelve agencies participated in the raids of two Signature Pharmacy locations, the Orlando task force reported.

Soares has led the year-long investigation, which he said began after an Albany doctor was arrested on drug charges last year. Investigators collected dozens of boxes of computer equipment, files and drugs during the raid, placing them in a U-Haul truck.

The Times-Union said an NFL team physician used a personal credit card to purchase $150,000 in testosterone and human growth hormone last year but told investigators they were for legitimate prescriptions.

Gene Upshaw, the executive director of the NFL Players Association, said Tuesday night his only knowledge of the case had come through media reports. "I can't really say anything because I have not spoken to anyone about it," Upshaw said.

Staff writer Mark Maske contributed to this report from Washington.

Drug Agents Raid Downtown Pharmacy After Steroid Probe (ORS)

The Orlando Sentinel, February 27, 2007

Federal and state narcotics agents arrested the owners of an Orlando pharmacy Tuesday as part of a New York state investigation into the sale of steroids and other performance enhancers to professional and college athletes over the Internet.

Stan and Naomi Loomis, both licensed pharmacists who own the Signature Pharmacy in downtown Orlando and another nearby, and Stan's brother, Mike Loomis, were arrested before a crowd of reporters. The three said "no comment" as a throng of reporters crowded their path to waiting police cars.

Later Tuesday, Kirk Calvert, who was identified as a manager at the pharmacy, also was arrested, but authorities did not immediately disclose the charges against him. All four have been charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Authorities said other arrests had been made, but they did not immediately disclose details.

The Albany, N.Y., Times Union, which first disclosed the investigation, reported that investigators expected to arrest more than two dozen doctors, pharmacists and business owners on sealed New York indictments charging them with various felonies for unlawfully distributing steroids and other controlled substances, court records show.

The Times Union reported that investigators in the year-old case uncovered evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed over the Internet to current and former major league baseball and NFL players, college athletes, high school coaches, a former Mr. Olympia champion and another top contender in the bodybuilding competition.

The Loomis' downtown pharmacy contains a small retail store that sells mostly bodybuilding supplements, a high-tech drug-manufacturing laboratory and executive offices on the second floor.

Carl Metzger, narcotics commander for Orlando's metropolitan bureau of investigation, said the Loomises were arrested on a New York warrant, but could not give details. He said Albany County District Attorney David Soares was in Loomis' pharmacy, but Soares was not immediately available for comment.

Investigators loaded boxes into a truck. Metzger said anabolic steroids were among the confiscated items, but he said the legality of them was still being investigated.

"I can't tell you what percentage of their business was legal and how much involved stacking steroids, but there was a mix," Metzger said.

Metzger said authorities found a phone list at numerous employees' desks with contact information for lawyers and representatives with the Drug Enforcement Administration and the Food and Drug Administration.

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"We found that to be somewhat interesting," Metzger said. "Why would you need to have something entitled a phone call list for the DEA and FDA with lawyers' names if you have nothing to hide?"

Tuesday's raids of two locations for Signature Pharmacy, which did about $36 million in business last year, could expose a long list of sports figures, celebrities and others who have turned to Internet pharmacies for illegal drugs such as steroids, law enforcement authorities told the newspaper.

In 2002, Signature Pharmacy reported revenue of about $500,000. Revenue topped $35 million last year, authorities told the newspaper.

Soares told the Times Union his office pursued the case, in part, because New York has some of the strictest prescription drug laws in the country. In addition, Signature Pharmacy last year did an estimated $6 million in business in New York, he said.

"We're arresting young men on street corners every day for selling drugs," he told the newspaper. "Signature did $30 million last year ... $250,000 in Albany County."

Steroid purchasers usually have to pay high retail prices for their drugs, in part because many avoid seeking reimbursement from insurance carriers to avoid detection. Mostly, they use cash, checks and credit cards to pay for the drugs.

"It's a complete perversion of the medical system," Christopher Baynes, an Albany County prosecutor assigned exclusively to the case for almost a year, told the Times Union.

Some companies have enlisted unethical doctors who blindly write prescriptions for as little as $25 each, according to court documents filed in Albany and in a related federal case in Rhode Island.

Pro Athletes Received Steroids From Drug Ring, Prosecutor Says (BLOOM)

By Erik Matuszewski

Bloomberg, February 28, 2007

(Bloomberg) -- Professional athletes were among the customers who bought steroids and human-growth hormone from an illegal Internet drug distribution ring, according to a New York prosecutor involved in a yearlong investigation.

Albany County District Attorney P. David Soares didn't identify customers at a news conference yesterday in front of a Signature Pharmacy in Orlando, Florida. The pharmacy was one of two raided in Florida as a result of the probe.

The raids by a task force of federal and state law enforcement personnel led to the arrests of four Signature Pharmacy officials, including Chief Executive Naomi Loomis, the Albany District Attorney's Office said in an e-mailed statement. A phone message left at Signature Pharmacy for Loomis wasn't immediately returned.

As many as 24 people, including six doctors and three pharmacists, face felony charges for unlawfully distributing anabolic steroids and other controlled substances, according to the statement. The businesses shut by yesterday's arrests are believed to supply a large portion of the national market of the on-line sale of steroids, human-growth hormone and other illegal substances, Soares said.

Statewide sales in New York totaled more than $10 million. The Times Union of Albany, New York, reported the network may have illegally prescribed performance-enhancing drugs and testosterone over the Internet to current and former Major League Baseball and National Football League players, as well as college athletes, high school coaches and a former bodybuilding champion.

Possible Customers?

The customers include Los Angeles Angels center fielder Gary Matthews Jr. and a Pittsburgh Steelers doctor who last year purchased about $150,000 of testosterone and human-growth hormone, the newspaper reported, citing unidentified people familiar with the investigation.

There's no phone listing for Matthews. His agent, Scott Leventhal, and Tim Mead, a spokesman for the Angels, didn't immediately return telephone messages. Steelers' spokesman Dave Lockett also didn't immediately return telephone messages.

``I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you, we are not concerned with the celebrity factor," Soares said yesterday. ``Our focus here is to shut down distribution channels."

Among the participants in ``Operation Which Doctor" were the Albany District Attorney's Office, the U.S. Justice Department, the New York Bureau of Narcotics Enforcement, the U.S. Drug Enforcement Agency and the Florida Attorney General.

SI Reporters Witness Raid (SI/CNN)

Sports Illustrated/CNN, February 27, 2007

Florida Steroid Sweep Could Implicate More Athletes

As part of a broad operation to crack down on the sale of performance-enhancing drugs over the Internet, authorities raided an Orlando pharmacy and a Jupiter, Fla., "anti-aging" clinic Tuesday morning. Sports Illustrated reporters Luis Fernando

Llosa and L. Jon Wertheim accompanied investigators on the Jupiter raid, which authorities believe will reveal a trove of athletes as clients. SI.com caught up with Llosa and Wertheim in South Florida on Tuesday night.

SI.com: What did you witness?

Llosa/Wertheim: This sweep was part of an ongoing operation that involves a number of agencies at both a federal and state level. A really wide net has been cast here.

Shortly before noon, a team -- equipped with a battering ram and bulletproof vests -- descended on Palm Beach Rejuvenation Center. The name of the place is a lot sexier than reality. The offices were on the third floor of a nondescript, mustard-colored building -- the kind of place people drive by and pay no mind to -- a mile or so from the Atlantic Ocean. We saw arrests being made, but clearly investigators were more interested in what material evidence they might find.

SI.com: What do investigators allege?

Llosa/Wertheim: Authorities are concerned about how easy it is to get steroids and human growth hormone (HGH) over the Internet. As an investigator explained it to us, a client using a credit card can "visit" an anti-aging clinic or wellness center on-line, such as Palm Beach Rejuvenation. The customer fills out a brief questionnaire, indicating he'd like to buy such-and-such products. An operator -- and we spoke with several Palm Beach employees Tuesday who likened their office to "a call center" -- speaks with the consumer, takes down some cursory information, and basically takes an order, often for a controlled substance, according to investigators. The operator processes a prescription with a doctor, who is often in a different state (and often being paid, we're told, as much as $50 per script to rubber stamp each order). The signed prescriptions get faxed to the compound pharmacies that know from the very beginning that there is no doctor-patient relationship. The pharmacy then sends the product to the customer. In short, it all makes for a sort of pharmacological Ponzi scheme.

One name that has caught the interest of investigators was that of Richard Rydze, a Pittsburgh internist who also happens to be a team physician with the Steelers for the past 21 years. Investigators allege that Rydze purchased $150,000 worth of HGH with his personal business credit card. The drugs were supplied by Signature. HGH is not only a banned drug in the NFL but the league has committed $450,000 to researching HGH testing.

We interviewed Rydze earlier this month in Pittsburgh about this matter. He confirmed making the purchases but asserted that he uses the HGH to treat elderly patients who are "deficient in growth hormone," and require tendon repair. "[It's] not for athletes, never," says Rydze. "I don't give it to people who want to come in here and look pretty and look young and build up their muscles. I will not do that."

SI.com: What is the Steelers' take on one of their team doctors being questioned by investigators for buying HGH?

Llosa/Wertheim: Team sources told us that they heard about this investigation for the first time Tuesday and "still need to gather information before we can make any comment." Greg Aiello, NFL spokesman, also told us the league had no previous knowledge and "will certainly be looking into it." Interestingly, Rydze told us that: "The Rooneys [the Steelers' owners] are aware that I do this ... I mean, they have my trust that I would never do this with an athlete."

Owners Of Local Pharmacy Arrested Following RaidsRaids Stem From New York Investigation (WESH)

WESH-TV, February 27, 2007

ORLANDO, Fla. -- A task force of local, state and federal agents raided two Central Florida pharmacies on Tuesday and arrested four people.

Search warrants were executed at the Signature Compounding Pharmacies at 1200 Kuhl Ave. in downtown Orlando and at 2304 Aloma Ave. in Winter Park, WESH 2 News reported.

The owners of Signature Compounding Pharmacy were arrested and officials said they could be sent to New York state, where the whole case began.

Naomi and Stan Loomis and Stan Loomis' brother, Michael Loomis, are expected to face charges connected to the illegal distribution of steroids, human-growth hormones and other drugs, officials said.

"We've not done anything wrong," Naomi Loomis said.

Kirk Calvert, who is believed to be he company's marketing manager, was also arrested.

The Florida Metropolitan Bureau of Investigation said some of agencies involved with the investigation include the Orlando Police Department, the U.S. Drug Enforcement Administration, the Florida Department of Law Enforcement, the Florida Department of Health, the IRS, the Food and Drug Administration and the Florida Attorney General's Office.

"They're New York charges, and it's all part of an investigation into steroids and human-growth hormones. I can't be more specific than that at this time," said Lt. Carl Metzger, an MBI agent.

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At both pharmacies, boxes and computer files from Signature Pharmacy were loaded into trucks by federal and state agents.

The pharmacy, which makes specialized prescription medicine, was named in a New York grand jury investigation and other legal documents in a case involving the Internet sale of illegal performance-enhancing drugs, some to professional baseball and football athletes, according to reporter Brendan Lyons with the Albany Times-Union, which is owned by the same company that owns WESH 2 News.

"There are pharmaceutical companies in multiple states and physicians in multiple states who are being looked at as far as this case," Lyons said.

Officials said the Naomi, Stan and Michael Loomis will face charges of criminal diversion of prescription drugs and insurance fraud.

The Loomis family and Calvert will have their first appearances in an Orange County courtroom on Wednesday.

After that time, New York officials will move to have them extradited.

According to Russ Scala, who is associated with Signature Pharmacy, the pharmacy sells bioidenticals -- customized, hormone-replacement therapy.

He said the FDA is telling companies like his that when they make customized, hormone replacements, the companies are creating new drugs, which need to be regulated by the government.

Internet companies have made it easier for athletes from high school to the pros to get illegal steroids, and Tuesday's raid could potentially expose a long list of sports figures that have turned to companies like this to supply them with performance-enhancing drugs, officials said.

One athlete named as a Signature Pharmacy customer in published reports is Gary Matthews Jr. of the Los Angeles Angels of Anaheim.

Matthews had a break-out season last year with Texas, which lead to a five-year, $50 million contract with the Angels.

WESH 2 sports anchor Guy Rawlings called the Angels on Tuesday and made them aware of the situation. They have since notified Matthews and his agent, who were also unaware of the situation in Orlando.

The Angels couldn't say much at this early stage other than their player has not been found guilty of any wrongdoing.

Other names popping up in association with the investigation include former heavyweight Evander Holyfield and admitted steroid user Jose Canseco.

Again, at this point, none of these athletes have been charged with anything, but the investigation is continuing.

Steelers' Doctor Questioned In Steroids Investigation (WTAE)

WTAE-TV, February 27, 2007

On Tuesday, a report that surfaced said a doctor who works with the Pittsburgh Steelers was questioned in a steroids investigation.

A reporter with the Albany Times Union said Dr. Richard Rydze was questioned about $150,000 in steroids purchases on his personal credit card.

Brendan Lyons reported a New York state health department investigator, last month, flew to Pittsburgh as part of a wide-scale investigation into the online sale of steroids.

Lyons said investigators questioned Rydze about his alleged purchase of steroids and a human growth hormone.

Lyons said his sources in New York told him Rydze is not a target in the investigation, and in fact, New York authorities have no jurisdiction over him.

Team 4 left a message for Rydze's Downtown office, but he did not return our call.

Steelers President Art Rooney II said he doesn't know anything about the case.

Rydze isn't breaking any laws or rules by buying HGH and testosterone online. However, the NFL has a clear policy banning the use of testosterone by players.

Steelers' Doctor Questioned In Steroids Probe (KDKA)

KDKA-TV, February 27, 2007

Authorities in New York have questioned a top Steelers' physician in an investigation involving steroids and other performance enhancing drugs.

An Albany newspaper is reporting that a task force raided a pharmacy in Orlando, Florida this morning after a grand jury investigation into a group of pharmacies and websites that allegedly profited from exploiting federal and state prescription laws.

Among those questioned was Steelers' team doctor Richard Rydze.

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Authorities say Rydze used a personal credit card to buy $150,000 worth of testosterone and humane growth hormone from an internet-based pharmacy in 2006.

Rydze told investigators the drugs were for his private patients.

There are no allegations that Rydze broke any laws but investigators say they were curious given the volume of the purchase and that he used a personal credit card.

The newspaper says neither the Steelers nor Rydze would comment on the investigation.

Steelers Doctor Questioned In Steroid Probe (PTR)

Pittsburgh Tribune-Review, February 28, 2007

Authorities have questioned an associate team physician for the Steelers as part of a yearlong investigation into illegal Internet sales of anabolic steroids, according to a published report.

Dr. Richard A. Rydze, an internal medicine specialist at the University of Pittsburgh Medical Center, was questioned last month about a $150,000 purchase of testosterone and human growth hormone, according to a report published Tuesday in the Times Union in Albany, N.Y.

There is no indication that Rydze has done anything wrong, and a spokeswoman for Albany County District Attorney P. David Soares would not say if he is a target of the investigation.

The Times Union story said the investigation could expose widespread illicit steroid use by professional athletes and thousands of others nationwide, including current and former Major League Baseball and National Football League players, bodybuilders and college and high school athletes.

Soares led a task force of 12 state, local and federal agencies in a raid yesterday at two Signature Pharmacy locations in Orlando, Fla., where several people were arrested.

"There are celebrities involved in the case as consumers," said Soares, who refused to identify them or answer most questions about the investigation, which involves sealed indictments.

Pharmacy officials are accused of repeatedly filling prescriptions written by doctors, some of them not licensed, for patients they hadn't met, according to a statement released by Soares' office.

At least $250,000 worth of illegal and controlled substances were sold and shipped to Albany with sales in New York alone totaling more than $10 million, according to the statement.

The Times Union report states that a New York investigator who has been tracking purchases from Signature flew to Pittsburgh to ask Rydze why he used a personal credit card to purchase some $150,000 worth of testosterone and human growth hormone last year.

The newspaper quotes unnamed sources as saying Rydze told investigators that the drugs were for his private patients. The retail value of the drugs, according to the Times Union report, is about $750,000.

Physicians are allowed to order and dispense prescription drugs, but investigators told the Times Union that the orders placed by Rydze drew interest because of the volume, his position with an NFL team and his use of a personal credit card.

A young man who answered the door last night at the Rydze home in Mt. Lebanon said the doctor would have no comment and referred all questions to the Steelers. A Steelers spokesman had no comment last night.

"UPMC has just learned about this from the newspaper article today and we don't have any more information," said UPMC spokeswoman Susan Manko. "We're not making any more comment at this time."

Federal officials in Pittsburgh said they learned of the investigation yesterday after getting calls from the media.

Rydze, who won a silver medal in the platform diving competition at the 1972 Olympics in Munich, is medical director of the FBI's Pittsburgh office, the Little Sisters of the Poor nursing home and Community College of Allegheny County.

Greg Aiello, spokesman for the NFL, and Carl Francis, spokesman for the NFL Players Association, said they only became aware of the story late yesterday afternoon.

"We will very definitely be looking into it," Aiello said.

Francis said executive director Gene Upshaw and other NFLPA officials plan to discuss the matter.

Arrested during yesterday's raids were the Signature Pharmacy owners, a pharmacist and the company's marketing director.

The four are charged with criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Three people, identified by Soares' office as distributors from a Sugarland, Texas, company called Cellular Nucleonic Advantages, were arrested on felony counts and extradited to Albany.

Dr. Anna Maria Santi, whose age and address were not released, was identified by Soares' office as a "dealer" and charged with 13 felonies.

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"The New York component of this case will result in felony charges against up to 24 individuals, including six doctors and three pharmacists," according to the statement from Soares' office.

"An additional five New York doctors will be facing professional disciplinary charges."

Woman, 49, Pleads Guilty To Money Laundering (CCCT)

Corpus Christi Caller Times, February 27, 2007

A Corpus Christi woman on Monday pleaded guilty to federal charges in connection with a money laundering and drug distribution operation out of Country Meat Market, which she and her husband own.

Rosalinda Perez, 49, pleaded guilty to money laundering in U.S. District Judge Hayden Head Jr.'s courtroom. Her husband, 46-year-old Alfredo Garcia, pleaded guilty on Feb. 15. to conspiring to distribute cocaine out of the meat market.

Garcia remained in the Victoria County Jail Monday on a $500,000 bond. Perez, who was out of jail on a $30,000 bond, was rearrested Monday and will remain in custody until Head decides the punishment for her and her husband on May 31.

Each faces as many as 20 years in prison, officials said.

Investigation into the couple began in September 2005, when authorities in New York notified Drug Enforcement Administration agents in Corpus Christi that a vehicle registered to Alfredo Garcia had been found in New York with a small quantity of cocaine inside, according to officials with the U.S. Attorney's Office.

DEA agents set up surveillance and, through undercover work, saw Garcia selling cocaine from the Country Meat Market in the 2300 block of Airline Road and his residence in the 2400 block of Songbird Lane, according to U.S. Attorney Don DeGabrielle.

According to arrest affidavits, Garcia on two separate days sold large quantities of cocaine to confidential sources with the DEA. Perez deposited the money into bank accounts, which the couple shared.

The couple was arrested Dec. 18, 2006. Authorities found drugs and weapons, including silencers, at the home and business, officials said. Perez told Head on Monday that she had taken part in the crime.

"I helped," she said.

She said she supported her husband's illegal activity by depositing money into their account. The money was used to pay utility bills, car notes and mortgages on a condominium on Ocean Drive.

She said she often threatened to leave her husband and Head asked her why she never had.

"I didn't want to kick him while he was down," Perez said.

Nationwide Study: Drug Use Dips, But Alcohol Use On Rise (USAT)

By Donna Leinwand

USA Today, February 28, 2007

Seven states in the South and Midwest are driving an increase in the percentage of people nationwide who drink alcohol regularly, a new study shows.

Alaska for the third year in a row has the highest rate of illegal drug use in the nation, the study found.

The study, being released today by the Substance Abuse and Mental Health Services Administration (SAMHSA), found rates of illicit drug use significantly higher than the national average in nine other states — Rhode Island, Vermont, Colorado, Montana, Oregon, Maine, Massachusetts, New York and Connecticut — plus Washington, D.C.

SAMHSA used data from interviews with 136,100 people 12 and older, collected as part of the National Surveys of Drug Use and Health in 2004 and 2005. Illicit drugs include marijuana, cocaine, heroin, non-medical use of prescriptions, inhalants and hallucinogens.

Nationally, 51.1% of Americans reported drinking alcohol in the past month, up from 50.2% in the previous study.

"We see a clear red flag around alcohol use," SAMHSA Administrator Terry Cline said.

Those who said they drank alcohol in the past month ranged from a low of 30.1% in Utah to a high of 65.3% in Wisconsin, the study found.

"We've been at the top of all the states in terms of risky drinking, heavy drinking for a long time. It's part of the culture here," said Richard Brown, an associate professor at the University of Wisconsin School of Medicine and Public Health.

Brown said Wisconsin has a $12.6 million grant over five years to screen people for risky drinking habits. He said the Legislature is considering raising beer taxes.

"We know one of the best ways to curtail drinking among young people is to raise the price, because they just can't afford it," he said.

Wisconsin also showed a significant increase in drinking, along with six other states: Alabama, Arizona, Kansas, Minnesota, Tennessee and Texas.

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North Dakotans reported the highest rate of binge drinking, with 31.5% having five or more drinks at one time in the previous month. The national rate is 22.7%, the study found.

Drug use nationwide dipped slightly from 8.1% to 8.02% in the previous study, while drug use in Alaska rose from 11.79% to 12.16%. One in 10 Alaskans said they smoked marijuana. Iowa had the lowest rate of illicit drug use, at 5.88%.

Stacy Toner, acting director of Alaska's Division of Behavioral Health, said the agency's annual report attributed the state's drug problems to a lack of services in isolated communities and poverty.

Bribery Wrecks Drive To Root Out Opium (TEL)

Telegraph, February 28, 2007

The British-backed campaign to eradicate opium poppy growing in Afghanistan has fallen behind schedule and is threatened by corruption, The Daily Telegraph has learned.

Afghan police guard a poppy field in Kandahar province

The operation was designed by the British to end record levels of cultivation in the southern province of Helmand.

A 500-man Afghan police force backed by American private security contractors and two helicopter gunships began work in the drug heartlands two weeks ago aiming to destroy 22,000 hectares before April's harvest. In two weeks, only 1,200 have been ploughed.

A policeman provided a detailed account of systematic corruption within the force. "The only people [whose crops are] being eradicated are those without money or connections," said the man, who cannot be named for his own safety. "On the eradication force, this is being called 'the season to make money'."

Powerful local landowners were bribing officials at a rate of about £500 per hectare. A hectare produces about £3,500 worth of opium.

advertisement

Western counter-narcotics officials said bribery allegations were being investigated. "As with every year, there are allegations of corruptions," said one official who declined to be named.

He said aerial and satellite photographs would be used to verify that eradication had taken place. However, the interior ministry spokesman, Zmarai Bashiri, said he was unaware of the charges of corruption and did not believe them.

This year's effort is regarded as a crucial test of the Kabul government's ability to tackle the drug problem after previous years ended in disaster amid similar tales of corruption.

If the campaign fails in Helmand, which produced 40 per cent of the country's opium last year, then British officials admit that US-led pressure for a radical campaign of aerial spraying of poppy next year will become irresistible.

British and Afghan officials as well as the UN have opposed spraying as a blunt instrument that risks destroying legitimate crops.

The eradication force was recruited in Kabul to blunt the impact of corruption among local officials and police from Helmand's tight-knit tribal society. The strategy appears to have failed.

"The local police are worse than us at taking bribes," said the police officer, who was recruited in Kabul. "But every officer from the highest to the lowest is doing their best to take bribes."

He claimed two battalion commanders and high-level district and provincial government officials were involved. On wages of around £30 a month, the eradication force receives a £5-a-day bonus to try to curb the temptation to take bribes.

Total poppy cultivation in Helmand is thought to be around 70,000 hectares this year, similar to last year's when only 5,000 hectares were destroyed. At the current rate, eradication this year would not exceed that though western officials insist that the rate of destruction has increased.

Western officials were initially encouraged by the campaifgn. on the first day of operations as fleets of tractors tore up fields in Nad Ali district, west of the provincial capital Lashkargar. Attempts at bribery were appeared to be resisted.

Military commanders fear that eradication, delivereed corruptly and unfairly, could increase support for the Taliban.

Bloomington Explosives Case Expands With Munitions Find (MINNST)

By Chao Xiong

Minneapolis Star Tribune, February 28, 2007

Military-grade ammunition was found Tuesday at a south Minneapolis building linked to a man jailed the day before on suspicion of having military explosives at his home, Minneapolis police said.

A federal investigation that remains closely guarded by authorities became public Monday during a search of the man's Bloomington house. The investigation continued Tuesday at a commercial retail building at 5200 47th Av. S., which is owned by

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the man's wife, said Minneapolis Police Deputy Chief Rob Allen. The findings in Minneapolis are not as worrisome as those in Bloomington, he said.

"There's nothing that's raised our concern to the degree they were at in Bloomington," Allen said. "She's [the wife] being very cooperative."

Authorities would not speak in further detail about what was found in the Minneapolis building's garage. The building houses a convenience store, a massage center, a hair salon run by the suspect's wife and a second-floor apartment. No one was arrested Tuesday.

Allen said the man -- described by one acquaintance as a gun-show regular -- stored items on the property. Tenants said he was also the building's repairman. A Minneapolis police bomb squad was called to the scene, and a block was taped off.

The man, who hasn't been charged with a crime, was arrested Monday after authorities found "small quantities" of explosive materials and "quite a few" firearms at his home in the 1700 block of W. 84th Street, said Steve Bogdalek, assistant special agent in charge of the Bureau of Alcohol, Tobacco and Firearms.

Authorities from the ATF, the FBI and the state Bureau of Criminal Apprehension wouldn't say why or for how long the man was being investigated for possessing the materials. They refused to say whether his cache of detonation cords, blasting caps, guns and explosive materials was part of a larger operation. FBI special agent Paul McCabe said there is no public safety risk at this point.

The suspect has no criminal record in Hennepin County. He is being held at the Hennepin County jail without bond. Authorities have said the case could be presented for federal charges.

Most of the firearms recovered were legally owned by the man, Bogdalek said. All of the explosive materials recovered can be obtained legally -- some by permit and others without -- he added, refusing to say whether the man complied with the law in obtaining the materials.

Arlene Fernandes, who owns the massage center, said she was surprised with the search in Minneapolis because the suspect's wife is "prim and proper."They have all these little old ladies with blue hair that come in" to her salon, Fernandes said.

Canines Help Search For Gun In Road-rage Case (ORS)

The Orlando Sentinel, February 28, 2007

Road-rage killing horrifies race fans

DELAND -- Four specially-trained canines are being sent out today to help deputies look for the gun used in a road-rage incident that killed a race fan on Interstate 4.

The canines and their handlers are from the Bureau of Alcohol, Tobacco, Firearms and Explosives. They will team up with the Volusia County Sheriff's Office to search a large area along I-4 where Erik Houk, 36, was shot and killed while driving back to Land O'Lakes from the Daytona 500, ATF officials said.

Houk was transported to Florida Hospital DeLand after the Feb. 18 shooting, where he was pronounced dead.

Three men -- David P. Edwards, 21, Ronlee Harvin, 21, and Charles Onasanya, 18 -- were arrested in Sanford after the shooting and told police they threw the gun somewhere along I-4 after they left the scene, officials said. Deputies have been looking for the weapon ever since.

The ATF bureau is the Department of Justice's lead agency for training dogs to detect explosives. Its canines are certified to detect 19,000 odors, including gunpowder and explosives, Davidson said. Officials will also use a portable Raytheon Thermal Imaging device to look for the gun.

Agent Says He Discussed Buying Arms From Man (ELPT)

By Darren Meritz, El Paso Times

El Paso Times, February 28, 2007

A federal agent testified Tuesday that he discussed purchasing firearms, in addition to explosive devices, from one of the two men accused of making and possessing pipe bombs that authorities discovered in a sting earlier this month.

Meanwhile, lawyers for the defendants argued Tuesday before U.S. District Court Magistrate Judge Michael McDonald that the government had not established that the suspected pipe bombs actually could have exploded and caused a danger to the public.

Alfredo Rubio, 23, of San Elizario, along with Juan Ortiz, 22, of Socorro, are accused of conspiring to make and possess 15 pipe bombs that Bureau of Alcohol, Tobacco, Firearms and Explosives undercover agents discovered Feb. 21 during a meeting in Canutillo.

Frank Henderson, a special agent with ATF, said in court Tuesday that he was working to arrange a purchase of weapons as well, including a MAC-10 assault rifle, rocket launchers and a machine gun.

Henderson testified that the Feb. 21 meeting was the second between him and Rubio. The agent said that during the first meeting, on Jan. 20 at a parking lot in the Northeast, he paid Rubio $2,000 for seven pipe bombs, then transported them in the front seat of his truck. Henderson also testified that law enforcement had not tested the devices to determine whether they would explode as designed.

"We would assume they explode," he said.

The judge allowed each defendant free on $10,000 bonds. Rubio was ordered to wear an electronic monitoring device.

Darren Meritz may be reached at dmeritz@elpasotimes.com; 546-6127.

IMMIGRATION:

5 Plead Guilty In Illegal Workers Case (AP)

By Michael Virtanen, Associated Press Writer

AP, February 28, 2007

(AP) - ALBANY, N.Y.-Five former managers from a major crate and pallet manufacturer that employed illegal immigrants pleaded guilty Tuesday, 10 months after federal agents staged sweeping raids at company sites in 26 states.

James Rice, 37, of Houston, an executive regional general manager of IFCO Systems, pleaded guilty to conspiring to employ illegal workers. Robert Belvin, 43, of Stuart, Fla., a former general manager of the Albany IFCO plant, pleaded guilty to two felony conspiracy charges.

The two executives could face up to two years in prison and a $250,000 fine, Assistant U.S. Attorney Tina Sciocchetti said.

Netherlands-based IFCO Systems NV describes itself as the leading pallet services company in America. It reported $108 million in profits in 2006 on revenues of $647 million.

In April, more than 1,100 people were arrested on administrative immigration charges at more than 40 IFCO sites. More than half of IFCO Systems' roughly 5,800 employees during 2005 had invalid or mismatched Social Security numbers, the government said at the time.

U.S. Department of Homeland Security officials said the raids were part of a stepped-up effort to target employers of illegal immigrants.

Defense lawyers said they reviewed prosecution material that included taped conversations involving their clients.

"Under the circumstances, we thought the only rational thing to do was to plead guilty," said Belvin's lawyer, Terence Kindlon.

Rice's lawyer declined to comment.

Three local plant officials, Dario Salvano, 36, of Amsterdam, N.Y., Scott Dodge, 44, of Elmira, N.Y., and Michael Ames, 44, of Shrewsbury, Mass., each pleaded guilty Tuesday to one misdemeanor.

They could face up to six months in jail and $3,000 fines for each illegal alien employed, though they likely will get reduced terms because they cooperated, Sciocchetti said.

Charges were pending against two other IFCO managers in Houston and Cincinnati.

White House Pushes Immigration Overhaul (LAT)

By Nicole Gaouette

The Los Angeles Times, February 28, 2007

For weeks, Homeland Security Secretary Michael Chertoff has waged a clandestine charm offensive on behalf of an immigration overhaul. He consulted with supportive lawmakers, listened to adversarial congressmen and slipped into the private offices of wary senators, the only sign of his presence the beefy security men waiting outside.

Last week, Chertoff took skeptical members of Congress on a helicopter tour of the southern U.S. border to promote the administration's stepped-up enforcement measures.

They gave chase to illegal immigrants, and at one stop the lawmakers picked up a welder and — with a spray of sparks — helped build the solid-steel barrier rising along parts of the border with Mexico.

Today, Chertoff launches a higher-profile effort to win enough votes to pass a comprehensive overhaul when he testifies at the first Capitol Hill hearing on immigration legislation since Democrats took over.

Chertoff's campaign has impressed some lawmakers who may be crucial to the fate of his effort, but it's not clear whether they have been swayed enough to support it.

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"It's remarkable how much progress they are making," said Sen. Johnny Isakson (R-Ga.), a staunch opponent of the administration's immigration policies who visited the border with Chertoff. But the trip "reaffirms to me that what we tried to do last year was right — that is, delineate the need for security and require its completion first."

The campaign comes as the White House is working hard to sell its domestic legislative priorities to Democrats. An immigration overhaul is one area where President Bush's agenda closely matches that of the Democratic leadership.

In addition to confronting stubborn opposition, the administration is contending with a tight schedule and volatile politics. Bush has two years left to cement his legacy, but presidential campaign politics will make complicated legislation difficult to tackle.

"I think we've made a lot of progress on the border, but we need to address all the elements of the problem," Chertoff told reporters Tuesday. "We want to work with Congress. That's the whole point of being in government — to get stuff done."

Chertoff will testify with Commerce Secretary Carlos M. Gutierrez, who has accompanied him on Capitol Hill to promote Bush's vision for legislation that would bolster border security and workplace enforcement, create a program to allow for guest workers, and give most of the estimated 12 million illegal immigrants living in the U.S. a way to earn citizenship.

The House has passed an immigration enforcement bill, but it is unclear how much support there is for broader legislation.

Debate will probably start in the Senate, with Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.) expected to introduce a bill next month that resembles the legislation the Senate passed last year, 62 to 36.

To pass, the bill would need the support of at least the 21 Senate Republicans who voted for it last year. It may even need a few more, because some freshman Democrats campaigned against "amnesty" for illegal immigrants.

The administration is upbeat about the prospects and has started to aggressively lobby Republicans who say enforcement must come first.

The White House hopes that if GOP lawmakers see improvements in border security and workplace enforcement, they may be inclined to support a comprehensive overhaul. Raids last week on restaurants across the country, including several in Los Angeles County, contributed to that effort. So did Chertoff's border tour with at least 10 lawmakers.

At one stop, in San Luis, Ariz., Chertoff held a news conference at the new steel fence — part of a 28-mile test section — to promote border security.

Since Bush ordered 6,000 National Guard troops to the border in May, administration officials say they have seen a dramatic drop in the number of arrests, a sign that fewer people are trying to cross.

As of Jan. 31, arrests were down 27% from last year, with the largest drop, 62%, occurring along a part of the Arizona border where the administration has doubled the number of agents to 850, installed fencing and more than 500 ground sensors, and added five helicopters for a fleet of eight.

The Homeland Security Department also has increased the number of detention facilities to hold illegal immigrants arrested at the border.

"This is the kind of tangible indication of progress that the American people have been waiting for," Chertoff said during the border tour.

The message was also directed at the lawmakers, a carefully chosen group that included members of the House and Senate judiciary committees, which oversee and shape immigration legislation, and long-standing foes of a comprehensive overhaul.

Chertoff and Gutierrez visited Isakson to discuss the legislation he recently introduced that would require the administration to certify that border security was complete before any new overhaul measures could begin.

Chertoff briefed Sen. Ben Nelson (D-Neb.) on border security before the Arizona trip. Nelson opposed the Senate legislation last year, citing concerns that Americans could lose jobs to immigrants.

Chertoff also brought along Rep. Steve King (R-Iowa), the ranking Republican on the immigration subcommittee and an opponent of the administration's immigration policy. Two House Judiciary Committee members on the trip, Rep. Mike Pence (R-Ind.) and Rep. Chris Cannon (R-Utah), support the White House on immigration, and a third, freshman Rep. Jim Jordan (R-Ohio), is new to the debate.

"It eased my worries that we weren't having enough enforcement, because inadequate enforcement over the last few years allowed this problem to grow," Nelson said of the Arizona visit, his first to the border. Nelson said he thought more security was needed before other changes were tackled.

King, one of the strongest backers of a 854-mile fence along the border, was unmoved. "This is not what you'd call a real good start, but at least it's a beginning," he said.

King said Chertoff requested a private meeting, but it "just identified how tenacious each of us might be."

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"Chertoff is a pretty good listener, but he works for the White House, and they have a different goal," King said. "We have a working relationship and we'll be able to talk about this policy, but my position is that until we stop bleeding at the border we can't have a discussion about the 12 million who are here."

Low Pay And Broken Promises Greet Guest Workers (NYT)

By Steven Greenhouse

The New York Times, February 28, 2007

To a rice farmer from Thailand making $500 a year, the recruiter's pitch was hard to resist — three years of farm work in North Carolina that would pay more than 30 times as much as he earned at home.

The pitch was so persuasive that the farmer, Worawut Khansamrit, put his farm up as collateral to pay the recruiter $11,000 to become a guest worker. "The amount of money they promised was very attractive," said Mr. Khansamrit, a slight, soft-spoken 40-year-old with a 15-year-old daughter he wants to send to college.

But after he arrived in North Carolina with 30 other Thai workers, he found there was only about a month's work. He was then taken to New Orleans to remove debris from a hotel damaged by Hurricane Katrina — work he says he was never paid for. This month, he and other Thai workers filed a federal lawsuit asserting that they were victims of illegal trafficking.

Mr. Khansamrit's tale highlights the abuses that many guest workers face at a time when President Bush and many in Congress are pushing to expand the guest worker program as part of an overhaul of the nation's immigration laws.

Each year 120,000 foreign workers receive visas to do farm work or other low-skilled labor, usually for three to nine months. These programs grew out of the World War II bracero program, in which hundreds of thousands of Mexicans worked on farms and railroads, often in deplorable conditions.

Labor experts say employers abuse guest workers far more than other workers because employers know they can ship them home the moment they complain. They also know these workers cannot seek other jobs if they are unhappy.

"I'd say a substantial majority of U.S. guest workers experience some abuses with their paycheck," said David Griffith, a professor in the anthropology department at East Carolina University and author of the new book "American Guestworkers: Jamaicans and Mexicans in the U.S. Labor Market." "It's the recruitment process especially where they get cheated."

The abuses take many forms. Guest workers often pay exorbitant fees and are frequently given fewer weeks of work and lower wages than promised. Many employers fail to make good on their commitment to pay transportation costs. The Thai workers, who were supposed to be paid $16,000 a year for three years, ended up earning a total of just $1,400 to $2,400. Most of the Thai workers had their passports taken away after they arrived, leaving them trapped.

"The program has been rife with abuses, even during the best of times," said Cindy Hahamovitch, a history professor at the College of William and Mary, who is writing a book about guest workers. "There will never be enough inspectors to check every labor camp, contract and field."

For decades, farmers, tree-planting companies, and hotel and restaurant owners have argued that they need guest workers, citing a shortage of Americans willing to fill jobs in their industries. In Washington, many supporters of an expanded guest worker program say they want to strengthen protections to curb abusive treatment.

"The business community supports the idea that these temporary workers should have the exact same employment protections as American workers," said Randel Johnson, co-chairman of the Essential Worker Immigration Coalition, a business group lobbying to expand the guest worker program. "When an employer can't find an American worker to fill a job, the economy is helped if the employer can find someone else."

Critics, including many labor unions and immigrant groups, say employers exaggerate the labor shortage because they are eager for cheap, docile, temporary labor from abroad. The critics say there would not be such a shortage of American workers if employers offered a living wage for these jobs.

In Congress, proposals to expand protections for guest workers include a provision to bar employers from retaliating when these workers protest and one that would let them sue in federal court over contract violations.

Earlier this month, Mr. Khansamrit and 21 other guest workers sued several labor contractors and farmers in federal court in North Carolina, accusing them of fraud, breach of contract, minimum wage violations and illegal trafficking.

The lawsuit, brought by Legal Aid of North Carolina, asserts that the contractors received recruitment fees that are illegal under Thai law, provided far less work than promised, and violated federal law by not paying transportation costs from abroad and not paying three-fourths of the wages promised.

"None of them gave us what they promised," said Pradit Wiangkham, 42, a Thai electrician turned guest worker. Mr. Wiangkham also worked unpaid in New Orleans, where he said the contractor ordered the workers to sleep in a foul-smelling hotel that had no electricity, lights, hot water or potable water. In North Carolina, the living arrangements were not much better; at times 33 Thai workers slept in a storage shed behind the labor contractor's house, the workers said.

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The workers' lawyers say federal officials should have detected that something was awry because the contractors were applying to bring in so many Asian workers to work just three months.

"Why would someone want to bring workers from Asia all the way to the East Coast for such a short-term, low-wage job?" said Lori Elmer, a lawyer for the workers. "They couldn't break even unless there was fraud."

Seo Homsombath, the president of Million Express Manpower, a small labor contracting company that works closely with recruiters overseas, did not respond to faxes and a letter to his home in North Carolina. Roy Raynor, another principal, declined comment.

But in a separate lawsuit, Mr. Raynor testified that Mr. Homsombath and he were supposed to receive payments from the recruiters in Thailand. He said he was to receive $1,200 for each worker, ostensibly for training them to pick cucumbers.

David James, a Labor Department spokesman, said the department was investigating whether the contractor failed to provide adequate wages and housing and failed to pay for transportation. He said the department had no rules regarding the payment of recruitment fees overseas.

Advocates say the Labor Department should require employers to repay recruitment fees and transportation costs from abroad when such costs effectively bring the workers' wages below the minimum wage.

The Thai guest workers are not alone in their complaints. Legal Aid of North Carolina has also sued on behalf of three Indonesians.

Several of the Indonesians and Thais have applied for special visas available to workers who have been trafficked illegally. With such visas, they hope to work in the United States to repay their debts.

"I felt completely defrauded," said Indra Budiawan, who had been a waiter in Indonesia. "They never gave me any work after I arrived."

Mr. Budiawan, 28, paid $6,000 — 10 times his annual pay — putting up his in-laws' ancestral land as collateral after a recruiter showed him a brochure about farm work in North Carolina and about the good housing and food that guest workers receive. "When I was at the airport in Jakarta, I felt very happy," he said. "I felt extremely proud about the job I would have in America, given that there is so much poverty and unemployment in Indonesia."

But when he arrived, the head of the GTN Employment Agency, Leeta Kang, told him there were no farm jobs. He was taken to a sign-making store that was the contractor's main business. There, Mr. Budiawan slept on the storage room floor, waiting for work that never materialized.

Mr. Budiawan told Ms. Kang that he wanted to leave. But he said she demanded $2,000 for a return ticket and for the passport she had taken from him. After two weeks without work, Mr. Budiawan fled. He is now living in Miami with two other Indonesian guest workers.

Mr. Budiawan called his father-in-law, whose land was used as collateral, to explain his predicament. "I felt very ashamed," he said. "Everyone was depending on me. And now the bank has taken steps to repossess our ancestral land."

Ms. Kang insisted that it was not her fault there was no work for Mr. Budiawan. "He showed up way behind schedule," she said. "By the time he arrived, the farm owner had already canceled everything."

Ms. Kang said a squash farmer had completed his harvest and no longer needed Mr. Budiawan. She said she had tried in vain to contact the recruiters in Indonesia to alert them that she no longer needed Mr. Budiawan and several others.

"The agents in Indonesia were obviously just trying to get money out of them," Ms. Kang said. "Whatever these people paid, none of it went to us."

Mike Moore, the squash farmer, said Ms. Kang had asked him to apply for far more guest workers than he needed. "She told me to take 50," he said. "I told her, 'I might need five. I might need 25.' She said, 'That's no problem. Even if you don't need them, we have plenty of work for them in other places.' "

Some experts say abuses are more likely when contractors, rather than farmers, bring in guest workers.

"The guest worker program is not for contractors who feel they might be able to find work for other people," said Mary Bauer, director of the Immigrant Justice Project at the Southern Poverty Law Center. "It's for people who have a compelling need to bring in workers from abroad. There's an enormous incentive for contractors to bring in as many people as possible, even when there isn't enough work, because they often make money from recruitment fees."

Experts say that in some states, contractors bring in less than 10 percent of the guest workers, while in other states, they bring in half.

Like the other Thai guest workers, Chinnawat Kompeemay, who ran a grocery store near Bangkok, is in limbo, living in temporary housing in Virginia.

"All I wanted was to provide my children with a better education and living standards," he said. "If my children get the education I want them to have, they won't be tricked the same way. They won't be taken advantage of like their father."

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Immigrants Boost Pay, Not Prison Populations, New Studies Show (LAT)

By Teresa Watanabe

The Los Angeles Times, February 28, 2007

Two new studies by California researchers counter negative perceptions that immigrants increase crime and job competition, showing that they are incarcerated at far lower rates than native-born citizens and actually help boost their wages.

A study released Tuesday by the Public Policy Institute of California found that immigrants who arrived in the state between 1990 and 2004 increased wages for native workers by an average 4%.

UC Davis economist Giovanni Peri, who conducted the study, said the benefits were shared by all native-born workers, from high school dropouts to college graduates, because immigrants generally perform complementary rather than competitive work.

As immigrants filled lower-skilled jobs, they pushed natives up the economic ladder into employment that required more English or know-how of the U.S. system, he said.

"The big message is that there is no big loss from immigration," Peri said. "There are gains, and these are enjoyed by a much bigger share of the population than is commonly believed."

Another study released Monday by the Washington-based Immigration Policy Center showed that immigrant men ages 18 to 39 had an incarceration rate five times lower than native-born citizens in every ethnic group examined. Among men of Mexican descent, for instance, 0.7% of those foreign-born were incarcerated compared to 5.9% of native-born, according to the study, co-written by UC Irvine sociologist Ruben G. Rumbaut.

Both studies are based on U.S. census data, which includes both legal and illegal immigrants. They were released just days before the U.S. Congress is to restart debate on major immigration reform legislation and as numerous states, including Texas, consider harsh measures against illegal migrants.

The authors say their work shows that immigrants clearly benefit U.S. residents and are being unfairly scapegoated for problems they do not cause.

"There are grossly distorted perceptions between what people think about immigrants and the reality," Rumbaut said. "The old bromide that education is the way to reduce prejudice comes into play here."

Immigration hawks, however, took issue with both studies.

Steven Camarota of the Washington-based Center for Immigration Studies said the wage study, by examining immigrants only in California, failed to consider their effect on the rest of the country. Immigrants working for lower wages in a California factory, for instance, could keep wages down in a competing enterprise staffed by native-born citizens in another state, he said.

Immigrants, who make up one-third of California's labor force, could also be discouraging natives from moving to the state and taking advantage of higher-paying job opportunities, Camarota said.

And, by examining only wage effects, the study failed to address the declining rate of native-born adults working in California, Camarota said. Their percentage in the workforce declined from 65% in 2000 to 62% in 2005, one of the lowest rates in the country that could be caused by competition from immigrants, he said.

"The idea that immigrants compete only with other immigrants is absurd on its face," he said, adding that no industry in America employs only immigrants.

Peri said, however, that his study's more detailed analysis of California's employment trends showed no displacement of native-born workers. Other studies have shown that immigration has had a negative effect on African American high school dropouts. But those conclusions were rooted in different assessments of whether blacks performed identical work as immigrants, he said.

Of the crime study, Camarota said the U.S. government had failed to systematically collect 2000 Census data on immigration status from prisons and other institutions. The study's foundational data are therefore flawed, he argued.

But Rumbaut defended his study, saying the results were consistent with other research stretching back a century. They include national immigration studies conducted in 1911 and 1994, work by two Princeton economists examining 1980 and 1990 census data and more recent analyses of homicide rates in three border cities.

The co-author of the crime study was Walter A. Ewing, a research associate at the Immigration Policy Center. Among other findings, the study showed that the gap in incarceration rates between native-born and foreign-born men was wider in California. Incarceration rates, which rose the longer an immigrant was in the country, were highest among high school dropouts. Those of Asian descent generally showed lower incarceration rates and higher educational levels than Latinos.

Despite the data, Rumbaut said, many continue to perpetuate images of crime-prone immigrants. Last year, the study says, President Bush blamed illegal immigrants for bringing crime to their communities, as did the city of Hazleton, Penn., in passing an ordinance barring them from renting homes or working.

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"The problem of crime in American society today is overwhelmingly a problem of natives, not immigrants," Rumbaut said.

In the wage study, Peri examined immigration flows and wages of California workers between 1960 and 2004 using U.S. Census data. It found that immigrants did not worsen the job opportunities of natives with similar education and experience during the entire period.

The benefit for native-born workers ranged from a 0.2% wage increase for high school dropouts to 6.7% for those with some college, the study showed.

However, the study found that other immigrants suffered wage declines by as much as 20%.

"The findings would seem to defuse one of the most inflammatory issues for those who advocate measures aimed at 'protecting the livelihood of American citizens,' " the study said.

Family Second (NYT)

By Michele Wucker

The New York Times, February 28, 2007

THE Senate's expected introduction this week of a revamped education bill will draw needed attention to the question of who may live and work in the United States. Making sure that the workers we need can come here legally should be a priority — but it's not. Of the permanent-resident visas (green cards) awarded in 2005, 58 percent went to foreign-born relatives of United States citizens; only 22 percent were connected to employment.

Family ties are profound, and we should continue to admit spouses, minor children and parents of naturalized and native-born American citizens without quotas. But it makes no sense that roughly as many green cards are available to adult siblings and adult children of citizens — with no regard for their job abilities — as for skilled workers.

There are shortages of both temporary and permanent visas for scientists, engineers, mathematicians, doctors and nurses. I've interviewed dozens of talented people who gave up waiting and took their skills elsewhere. Meanwhile, family chain migration is common: an immigrant becomes a citizen, then invites his brother, who brings in his children and his wife, who eventually can sponsor her parents and her sister, who can bring her children and husband and his parents. As a result, the foreign-born population in the United States has increased to record numbers since the current system was created in 1965.

Our economy depends heavily on skilled immigration. Half of research and development workers, one-quarter of doctors and nurses, and a quarter of all doctoral degree holders were born in other countries. Government and trade groups estimate that we need some 20,000 more doctors and 300,000 more nurses. Yet because only 140,000 employment-based visas are available each year, skilled workers can wait five years or more for a green card. Annual per-country visa caps make the wait even longer for high-migration countries like India and China, which send us many engineers and scientists, or the Philippines, which sends many nurses.

Skilled workers with professional careers are less likely than unskilled, low-wage workers to risk working under the table. A few lucky ones obtain visas when they marry American citizens. Even those who get green cards can find their spouses and children entangled in the system; there's a six-year wait to reunite the nuclear family of a Mexican green card holder.

Phasing out family-based preferences for adult siblings and adult children would free up 138,066 green cards a year, nearly doubling the size of the job-based category and making space for green card holders to bring wives and younger children. Adult siblings and adult children could still immigrate under more readily available job-based visas.

As adult-relative visas are phased out, we must address the plight of roughly a million extended adult relatives waiting for visas because of country or category caps. Still, eliminating the system's false promise would be fairer for all concerned.

New laws could make it easier for the workers we need to come in the front door instead of sneaking through the back door — or going elsewhere. Even those who so far have opposed increasing work visas ought to see the value of doing so in return for a solution that eases chain-migration pressures and reflects demographic and economic reality.

Report: Immigrants Do Not Commit Most Crimes (NCT)

By Edward Sifuentes, Staff Writer

North County Times, February 28, 2007

NORTH COUNTY -- A common perception that immigrants are responsible for much of the nation's crime is not supported by evidence, according to a study released Monday by an immigrant rights group.

Violent and property crime rates have dropped 34 percent and 26 percent respectively since 1994. At the same time, the illegal immigrant population doubled to an estimated 12 million, according to the study, called the Myth of Immigrant Criminality and the Paradox of Assimilation.

But critics said the study is biased and based on incomplete Census data.

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The authors, sociologists Ruben Rumbaut and Walter Ewing, said immigrants have faced similar perceptions throughout the nation's history. Previous waves of immigrants, such as Italians and Irish, were often viewed as more inclined to crime than native-born people, they said.

Similar views are now thrust upon the newest immigrants, who are predominantly from Latin America, the authors said.

"This myth is not supported by the data and is refuted by empirical data," said Rumbaut, a professor of sociology at UC Irvine.

Researchers said they did not analyze legal and illegal immigrant populations separately, because the U.S. Census data does not ask whether immigrants are in the country legally or illegally.

Based on 2000 Census information, the study concludes that the problem of crime in the United States is not caused or aggravated by immigrants, regardless of their legal status. The study was released by the Immigration Policy Center, a research organization that focuses on the contributions immigrants make the country.

The policy center is a division of the American Immigration Law Foundation, a Washington, D.C.-based nonprofit focusing on immigration.

One of the key findings the study cites is that U.S.-born men, ages 18-39, are five times more likely to be incarcerated than foreign-born men in the same age group. However, the "paradox of assimilation" is that the children of immigrants tend to have higher incarceration rates than their parents, according to the study.

"Their children are another story," said Robert Sampson, a professor of sociology at Harvard University. "They become acculturated. They don't look back at the conditions in Mexico, El Salvador or Vietnam."

Critics of the study said the report is based on faulty data.

Steven Camarota, research director for the Washington D.C.-based Center for Immigration Studies, said 2000 Census data for the immigrant prison population was not reliable because of problems in collecting the information. The center advocates stricter immigration laws.

"The process of collecting information from institutions completely broke down" during the 2000 Census, Camarota said.

That doesn't necessarily mean that the study's conclusions are wrong, Camarota added.

"I think it's probably correct that the foreign-born are less likely to commit crimes," Camarota said. But, "It is the children of illegal immigrants (that are likely to commit more crimes) not the illegal immigrants themselves."

Census officials could not be reached for comment Monday.

Gary Walker, who cofounded the North County-based group Predatory Aliens Stop Killing Our Police!, also said the study released Monday is not credible. His group focuses on raising awareness about crimes committed by illegal immigrants.

"It's a very agenda-driven type of report to spin the facts," Walker said.

The facts paint a very different picture, Walker said. He points to a Government Accountability Office report that says 27 percent of the federal prison population is made up of immigrants and other sources that he says point to a larger crime problem, including anti-illegal immigration Web sites, local news and police blotters.

In recent months, many local governments, including the Escondido City Council and the City of Hazleton, Pa., have adopted laws targeting illegal immigration in part due to the perception that immigrants bring more crime to cities.

Bill Flores, a North County civil rights activist and retired San Diego County assistant sheriff, said the study's conclusions are similar to a study he conducted on bookings between 1997 and 1999 at San Diego County jails run by the sheriff's department.

"They only surprise that I saw was the fact that the local picture was such an accurate reflection of the national scene," Flores said.

That study, called "Bookings -- A Study of Persons Detained in the San Diego County Jail System," looked at about 100,000 bookings a year.

The study suggested that immigrants' place of birth had little to do with the type of crime being committed. About 28 percent of the crimes of all the crimes committed by those incarcerated in county jails were violent, regardless of whether they were born in San Diego County, elsewhere in the U.S. or in another country, the study showed.

Activists on the other side of the immigration debate say that the illegal immigrant crime wave is no myth.

Researcher Rumbaut said anecdotal evidence used by some anti-illegal immigration groups is part of an emotional and political response to immigration, but it is not based on scientific research.

"There's not a single authoritative source for those numbers," he said. "Those numbers seem to be pulled out of thin air."

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TAX:

Real-Estate Professionals Say IRS Snares Them By Mistake (WSJ)

By Kemba J. Dunham

The Wall Street Journal, February 28, 2007

Some real-estate professionals say they are being mistaken for sometime investors by the Internal Revenue Service, and that could prohibit them from taking advantage of certain tax and economic benefits.

Consider the case of David Friedman, a real-estate broker and property owner in Los Angeles. Like many professionals in the business, he not only sells homes to consumers, he also buys and sells undeveloped land and owns single-family homes that he rents out. He says he works every day and has amassed holdings in Southern California and Oklahoma that are valued at $20 million.

Yet after 20 years in the business, Mr. Friedman finds himself in a battle with the IRS, which is auditing his past tax returns over whether he is really a full-time real-estate professional or one of the many part-time real-estate investors who have sprung up across the country in the past decade.

"Real estate is all that I do, I'm not a contractor or a doctor who does real estate on the side," Mr. Friedman says. "I just think that the IRS has some issues believing that someone truly does this full time."

The distinction is important because full-time real-estate professionals, defined as someone who spends more than half of his working hours in real estate and more than 750 hours a year tending to real-estate activities, can fully deduct losses -- including depreciation, interest expense on loans and property taxes.

But those who don't fit into that category are typically considered to be "passive" real-estate investors with a limited ability to deduct their losses, says Alan Weiner, a CPA and tax partner at the firm of Holtz Rubenstein Reminick LLP in Melville, N.Y.

Robert Marvin, a spokesman for the IRS, said the tax agency can't comment on individual taxpayer cases. However, he indicated that the agency is paying more attention to real-estate activity because it is one of the areas where research shows there is a large tax gap, meaning taxpayers are underreporting income to the IRS. The tax gap in income from rents and royalties is about $13 billion and $11 billion for capital gains. (Income from real-estate activity is included in, but not exclusive to, both categories.) Mr. Marvin said that several thousand returns of real-estate professionals have been audited since last year and approximately 3,000 are under audit now.

But some tax attorneys say these professionals are being unfairly scrutinized. "Unfortunately, real-estate professionals are being caught in a broad net that is intended to catch investors," says Philip Panitz, a federal tax litigator in Westlake Village, Calif., who represents Mr. Friedman. "My clients are real-estate professionals, although the IRS disagrees and they're saying 'prove it.' "

Of the eleven cases Mr. Panitz has pending in the U.S. Tax Court, five involve people who say they are full-time real-estate professionals whom the IRS is trying to reclassify as passive investors. Two years ago, none of his cases involved this issue. "Whenever I see this kind of trend going on, I know some sort of sweep is happening," Mr. Panitz says.

The "passive loss" rule goes back to 1986, when Congress added the measure to stop real-estate investors who were receiving paper-loss deductions, such as depreciation, and using these paper losses to shelter real income from other jobs, Mr. Panitz says.

Real-estate professionals were excluded from this act because real-estate was their job. "If that person had a deduction related to the buying and selling of property, those deductions directly correlated to what they did for a living," Mr. Panitz adds.

Since he has been audited for 2002, Mr. Friedman is now struggling to prove that real estate is his profession. He says he has provided the IRS auditor with every receipt and canceled check related to his business. But they always ask for more proof, he adds, including detailed logs of how he spends his time, a listing of all projects in which he is involved and all the people he talks to on any given day.

"It takes hundreds and hundreds of hours out of my time to provide all these details," he sighs. "I just feel like I'm being harassed."

It has been financially draining as well. Mr. Friedman says that in the past few years, he has spent about $20,000 in fees to his accountant and tax attorney, who are helping him prove his professional status. Because his case is ongoing, those costs could reach $100,000. If the IRS does conclude that Mr. Friedman isn't a real-estate professional, his tax returns for the years in question would have to be adjusted and if one factors in penalties, interest and tax liabilities, he could end up owning the government hundreds of thousands of dollars.

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CONGRESS-ADMINISTRATION:

Bush To Visit Floyd School (LCJ)

By James R. Carroll

Louisville Courier-Journal, February 28, 2007

Silver St. Elementary one of several stops

President Bush will visit New Albany's Silver Street Elementary School on Friday, in addition to attending a campaign fundraiser in Louisville.

He also plans to meet with University of Louisville students, according to the White House and Senate Minority Leader Mitch McConnell, R-Ky.

Bush is scheduled to visit Silver Street Elementary, 2023 Ekin Ave., at 2:15 p.m., according to a schedule the White House released last night.

He will discuss his "No Child Left Behind" program, which holds states accountable for student performance. Schools are required to test students each year in reading and math in grades three through eight, and those that fail to make progress face sanctions.

Silver Street, which has 264 students, has made "adequate yearly progress" each of the four years since the law went into effect, according to the state Department of Education.

Silver Street "has done very well" since Bush signed the act in early 2002, Superintendent Dennis Brooks of New Albany-Floyd County Schools said last night.

He called the president's visit an "unexpected opportunity" for students and teachers at the school.

Teachers likely will spend the next few days working on social studies lessons, explaining what the president does and the importance of the job, Brooks said.

The children also will learn how to behave in front of such a distinguished guest, he said.

"Our students will be prepared," Brooks said.

McConnell told reporters yesterday that the president also will meet privately with about 40 scholars from U of L's McConnell Center.

The time and place of that session are not on the White House schedule, and neither McConnell nor U of L would provide details. A call to the White House was not returned.

The White House announced last week that Bush will speak at a McConnell for Senate reception at the Seelbach Hilton Louisville.

The scheduled time for the president's remarks has been changed slightly, to 5:35 p.m. instead of 5:45 p.m., as announced last week.

Asked yesterday whether a presidential visit might hurt his re-election prospects next year, McConnell said he is not worried.

"Kentuckians by and large understand the need to be strong in the war on terror, and I'm not at all concerned about defending my position of support for the president," McConnell said.

Reporter James R. Carroll can be reached at (202) 906-8141.

Reporter Charlie White contributed to this story.

President Bush To Visit New Albany School (AP)

AP, February 28, 2007

President Bush will visit an elementary school in New Albany on Friday and will speak about reauthorizing the five-year-old No Child Left Behind law.

The White House said Monday Bush will visit Silver Street Elementary School about 2:00pm. Friday and is expected to make remarks about No Child Left Behind at 2:40pm at the school.

The president will be stopping by the school on his way to a fund-raiser in nearby Louisville, Kentucky, for Senate Minority Leader Mitch McConnell.

President Bush To Visit Southern Indiana School (WDRB)

WDRB-TV Louisville, Kentucky, February 27, 2007

President Bush is coming back to Kentuckiana. The president will be in town on Friday for a fundraiser for Kentucky Senator Mitch McConnell -- but he's also making a stop in Indiana.

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President Bush will visit a New Albany school on Friday. And right now, students and faculty members are sprucing things up for their special guest. 4th Grader Jacob Domalewski tells Fox 41, "I'd probably scream once I saw him."

It is a big week for everyone at Silver Street Elementary School in New Albany. School Superintendent Dennis Brooks refers to the "Great excitement here this morning." The great excitement is about a visit from President George W. Bush.

Principal Tony Duffy says, "It's such an honor. It's a once in a lifetime opportunity for our students and our teachers and everyone involved in our school."

Duffy found out about the visit on Monday and shared it with his staff: "It was kind of the moment when people look at you in disbelief." In fact, Duffy had some disbelief of his own when he received the phone call from the White House. "I asked her, okay, I'm sure you're from the White House and I said, who put you up to this?"

After recovering from the shock, staff and students started preparing for the president's visit. Duffy says, "We are cleaning, and that is something that we need to do, and we're making space for the folks that are coming in."

The president is expected to update the school on No Child Left Behind. School officials suspect he chose Silver Street because of its success with the initiative.

Superintendent Brooks says, "This is a school that has worked very hard to improve student outcomes and that certainly is, I'm sure, part of the reason."

Silver street has 264 students. The few we talked to knew a little bit about the president. 4th Grader Jacob Domalewski says, "I know he's in charge of the country." And he said, "I know he has two twin daughters who I think are in 7th grade." The Bush twins are actually in college. But students will know that and much more about the president by Friday. Principal Duffy says, "Each individual teacher is going to be working with that all week."

The president is expected to arrive at Silver Street at about 2 o'clock on Friday.

Bush To Visit Silver Street Elementary (WLKY)

WLKY-TV Louisville, Kentucky, February 27, 2007

The White House has released more details on President George W. Bush's pending March 2 visit. His itinerary includes a stop at Silver Street Elementary School in New Albany, where he'll talk about reauthorizing the five-year-old No Child Left Behind law.

Afterward, he'll attend a fundraiser for Sen. Mitch McConnell (R-Kentucky). McConnell, the current Senate Minority Leader and a 24-year senator, is raising money for re-election.

Democrats seized control of the Senate by the slimmest of margins after last year's election, preventing McConnell from becoming Senate majority leader.

McConnell, the Senate minority leader, has been an unwavering Bush supporter on the Iraq war and the president's domestic policies. McConnell has said he'll seek a fifth term next year.

No Democrat had announced plans to challenge him.

Labor Rides Political-Wind Shift (WSJ)

By Kris Maher

The Wall Street Journal, February 28, 2007

Organized labor aims to use the House's expected passage tomorrow of a pro-union bill to further the rest of its legislative agenda, even though the bill, under heated industry opposition, faces likely defeat in the Senate.

The Employee Free Choice Act would make it easier to organize workers by giving them the right to unionize as soon as a majority signs cards in favor of a union, a process known as "card check" that can take a few weeks. The typical secret-ballot election can drag on for months and is often slowed further by charges of labor-law violations. Union officials see the bill as a key to stemming a decline in membership and correcting a perceived weakening of workers' rights under the Bush administration. Today, unions represent 7.4% of the nation's private-sector work force, down from 35% in the 1950s.

· The Situation: Tomorrow the House will likely pass legislation that would make it easier for unions to organize workers.

· What's at Stake: Unions hope the bill will help reverse a decline in membership, while business groups argue the bill takes away workers' rights.

· What's Next: The bill is expected to stall in the Senate, but unions are using their current momentum to push the rest of their legislative agenda.

Although passage is expected in the House, where it has 234 co-sponsors, the bill is expected to face a filibuster in the Senate, in large part because of intensifying objections from employer and industry groups.

In the past two days, the National Association of Manufacturers sent two letters to members of Congress, saying that the association would use tomorrow's vote in determining its future support for lawmakers. The association argues the bill "further

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erodes the competitive capabilities of American manufacturers." A coalition representing more than 300 state and local employer groups also is lobbying against the bill, and the U.S. Chamber of Commerce said it has sent more than 24,000 emails to members of Congress to oppose it.

The last-minute flurry of opposition also is an attempt to discourage a potential compromise that could involve dropping the card-check provision while keeping provisions that make arbitration mandatory if a first contract isn't reached between a union and an employer, and assess stiffer penalties to employers who violate labor law during organizing drives.

"There's always the danger that someone in the Senate will see themselves as a deal maker and do something like that," said Randel Johnson, vice president for labor policy at the U.S. Chamber of Commerce. The Chamber and other business groups would fight the binding-arbitration portion of the bill just as hard as the card-check rule, he said.

Beyond the pending vote, the increasing resistance from business groups also indicates their concern about labor's closer ties to lawmakers since the fall election. Democratic lawmakers are planning to propose efforts in coming months to expand sick-leave coverage, introduce bills on workplace safety, on retirement security, and a bill that would effectively reverse a National Labor Relations Board decision last year on the supervisory status of workers. These measures have been on labor's legislative agenda and opposed by business groups. "It's going to be a long two years," said Mr. Johnson.

Organized labor isn't expected to give up on the Employee Free Choice Act, and the fact the measure is up for a vote at all, and likely to receive approval from a full House, is a victory for organized labor. A year ago, a House vote on the measure was unthinkable to many union officials. Now, the campaign represents one of labor's biggest pushes in decades. Many union leaders are looking ahead to the presidential race and saying that in 2008 they will only back candidates who supported the bill.

At the same time, labor wants to move quickly on other measures while it has the limelight and momentum from an expected House victory.

Anna Burger, secretary treasurer of the Service Employees International Union, said it is crucial to get Congress to act on issues such as health care and immigration reform now. "I think there's a move both in the House and the Senate to get something done [on immigration reform] by June," she said. "I think that this is the moment."

Next week, leaders of the AFL-CIO's 54 affiliate unions plan to announce details on a bankruptcy-overhaul bill, which would make it harder for companies to walk away from wage and benefit obligations when filing for bankruptcy-court protection, as well as a strategy to deny renewal of the president's fast-track authority on trade agreements when they meet at their winter conference in Las Vegas.

Meanwhile, many individual unions are seeking more specialized legislation. The International Brotherhood of Teamsters, for example, is seeking a legislative fix to stop a pilot program started last week that gives Mexican trucks greater freedom to travel throughout the U.S. The union is demanding hearings on the program. "We're going to do everything we can to get this ridiculous pilot program stopped," said Leigh Strope, a Teamsters spokeswoman. There also will be a renewed push by labor to get the stalled minimum-wage increase signed into law.

Labor leaders have tried to position the Employee Free Choice Act as helping to bridge the widening income gap, which they said is connected to the steep decline in union membership. "The single best opportunity for working women and men to get ahead economically is to come together with their co-workers to form a union," said John Sweeney, president of the AFL-CIO.

Yet business groups have called the bill undemocratic because it gives workers the option of skipping a secret-ballot election and could lead to unfair pressure by unions. They have also attacked the unions for having a double standard, noting that unions want to keep a secret-ballot process when it comes to the process of decertifying a union.

Some labor experts have said the employer argument is misleading because it doesn't take into account the context in which many union elections are held, as workers may be pressured by employers. "Cuba has secret-ballot elections. If you think those are democratic then you might think these union elections are democratic," said Harley Shaiken, a labor expert at the University of California at Berkeley who testified in favor of the bill in recent congressional hearings.

Despite the battle over this legislation, there may be areas, including health care and immigration reform, where business and labor may be willing to compromise on legislation. A bill on immigration is expected to reach the Senate in March. While a number of business and union leaders have joined together to work to reduce the number of uninsured Americans, there is little consensus at the federal level on what approach to take.

Labor Looks To Score First Big Win In Years (HILL)

By Ian Swanson

The Hill, February 28, 2007

A coalition of business groups has launched a massive effort to defeat legislation under House consideration this week that is organized labor's No. 1 priority for the 110th Congress.

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The U.S. Chamber of Commerce is leading this drive, whose magnitude rivals the 2001 campaign supporting President Bush's tax cuts. As of last week, the Chamber alone had directed more than 24,000 letters, phone calls and e-mails to House members in opposition to H.R. 800, the Employee Free Choice Act of 2007.

The effort has continued this week with advertising in 60 conservative-leaning blogs and e-mail blasts to House chiefs of staff and legislative assistants on labor. Along with the Chamber of Commerce, the business coalition includes dozens of national and local business groups. Together, they are targeting 51 congressional districts with radio advertisements and phone calls urging constituents to press their representative to oppose H.R. 800.

These districts cover 29 Democrats and 22 Republicans, including freshman Reps. Heath Shuler (D-N.C.), Tim Mahoney (D-Fla.), Ron Klein (D-Fla.), Joe Courtney (D-Conn.), David Loebsack (D-Iowa), Jerry McNerney (D-Calif.), Vern Buchanan (R-Fla.), Steve Kagen (D-Wis.), and Carol Shea-Porter (D-N.H.). All but Mahoney and Buchanan are cosponsors of the bill.

Veteran Republicans targeted by the campaign include Reps. Charlie Dent (R-Pa.), Tom Reynolds (R-N.Y.) and Randy Kuhl (R-N.Y.).

In terms of the effort, "we're beating what we saw for the tax coalition in 2001," said Bruce Josten, executive vice president of government affairs for the Chamber. Bill Miller, the chamber's vice president for congressional affairs, said his group is also outpacing its work in the 2001 "prize fight" that it won over labor when Congress approved legislation rolling back the Clinton administration's ergonomic rules.

Organized labor's effort is just as intense. The AFL-CIO has sent more than 4.7 million messages to union members, their friends and family, and other allies, who have responded by sending 257,000 messages as of last week to members of Congress, sources with the group said.

The AFL-CIO last week organized 90 events across the country with various members of Congress, including House Speaker Nancy Pelosi (D-Calif.), to raise awareness of the bill. It is also running newspaper advertisements in support of the bill.

Despite these efforts, sources on both sides acknowledge the bill is unlikely to become law this year. While the House will likely approve the measure this week, the Senate will probably not to be able to muster the 60 votes necessary to break an expected GOP filibuster on the legislation.

The tough Senate fight is illustrated by Sen. Arlen Specter (R-Pa.), the only GOP senator to cosponsor identical legislation last year. This year, Specter, whose business groups have lobbied on the issue, has taken no position, according to his office.

"It might not happen in this Congress," said Kelly Ross, a legislative representative of the AFL-CIO. "But we'll try to make it happen in this Congress, and if it doesn't, we'll try the next Congress."

Debate over the bill's "card check" or "secret ballot" provision has dominated both sides' campaigns. The bill's main section would effectively rewrite U.S. law so that workers would no longer be required to use a secret ballot when voting on whether to unionize.

If the legislation becomes law, workers could form unions as long as a majority of employees sign cards designating a labor group as their bargaining representative. Business groups charge that such an open system with no secret ballot would allow union supporters to bully and intimidate workers into joining unions. Union representatives counter that the present system allows employers to get rid of union organizers and threaten and intimidate workers into voting against forming a union.

But the two sides do agree that the bill would generally make it easier for workers to unionize, which could have enormous implications in the political world. Organized labor is a consistent financial backer of Democratic campaigns.

The House bill includes two other contentious sections besides the card-check provision, and some business sources say they could accept them only if the Senate removed the card-check section. According to the Chamber's Josten, one of those is a provision requiring that employees and employer go to binding arbitration if they cannot agree on a contract through mediation. That idea is as bad and onerous to business as the card-check rule, Josten said.

The other disputed section of the bill would impose stiff civil penalties, up to $20,000, on employers who commit unfair labor practices while the initial collective bargaining contract is being negotiated.

One group that has taken aim at the binding-arbitration provision is the National Association of Manufacturers, which warns that some members may not even be aware of key parts of the bill.

"There are members of Congress who aren't fully up to speed on the bill," said Jason Straczewski, the group's director of human resources policy. He said his group is sending the message that the binding-arbitration provision is just as much of a problem as the card-check measure.

Meanwhile, Ross said the AFL-CIO would oppose moving through a bill with only parts of H.R. 800, especially if that means the removal of the card-check provision. She said the three sections of the bill are intertwined and meant to act together. Stripping the card-check provision from the bill would therefore help defeat the bill's purpose.

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Speaking from the opposite side, a business source also said that it would make sense for labor to demand that the entire bill be approved. That would hurt the bill's chances of final passage in both chambers, after which labor might ease its position and support moving only a stripped-down bill, the source explained.

Business Group Raps Freshmen (RC)

By David M. Drucker

Roll Call, February 28, 2007

With the House expected to vote Thursday on a measure that would make it easier for workers to unionize, a business coalition launched a six-figure radio ad campaign late Tuesday in an attempt to convince three Democratic freshmen who represent conservative districts to defy organized labor and vote against the bill.

Reps. Nancy Boyda (Kan.), Tim Mahoney (Fla.) and Heath Shuler (N.C.) were all elected in Republican-leaning districts in November, and the business group Coalition for a Democratic Workplace — saying these Members ran as "pro-business" Democrats — is urging their constituents to call them and register displeasure with H.R. 800. The bill would give workers the option of checking a card to indicate their desire to unionize, as opposed to current regulations that mandate secret-ballot elections.

"All three of these Members ran as pro-business Democrats, and we want to make sure that every single freshman Democrat who ran as a new kind of Democrat votes like one," said Todd Harris, a Republican operative who is serving as a spokesman for the business coalition.

The coalition's effort joins a U.S. Chamber of Commerce radio campaign already under way in opposition to the labor legislation. At a cost of roughly $500,000, it is targeting 51 Members, including 22 Republicans who represent labor-heavy districts or are seen as possibly inclined to support H.R. 800.

Neither Boyda, Mahoney nor Shuler seem particularly worried that supporting H.R. 800 will cause them re-election problems next year, as all three plan to vote in favor of the bill. In fact, Boyda and Shuler are co-sponsors.

Boyda said the mail she's received from constituents has been overwhelmingly supportive of her position on H.R. 800. Although Kansas' 2nd district was represented by Republicans from 1994 to 2006, it was held by Democrats for 24 years before that, and Boyda said her district is more pragmatic than conservative.

"We're not wealthy people in the 2nd district. It's a district of working families," Boyda said Tuesday in a telephone interview. "They may be sorry that they spent their money to tear me down on this one. They may be sorry, but we'll see."

The 60-second radio ad targeting the three freshman Democrats is scheduled to run for almost a week on all of the major news-radio stations in their districts, as well as on some highly rated country and mainstream music stations. The linchpin of the coalition's campaign, as referenced in the ad, is that Democrats have demanded the Mexican government mandate secret ballots for Mexican workers who want to unionize, while they oppose them for American workers.

The bill, dubbed the Employee Free Choice Act, would allow workers the option of checking a publicly viewable card indicating their desire to unionize, eliminating the current method that mandates secret-ballot voting supervised by the federal government.

Supporters say the bill would eliminate corporate coercion against unionizing and make it easier for workers to organize; opponents claim the bill would subject workers to intimidation by union officials, discouraging those who are against unionization from voting that way.

House Republicans leaders, making a concerted push to defeat the bill, met Tuesday with members of the Coalition for a Democratic Workplace to strategize on coordinating opposition to H.R. 800, as well as minimizing the number of Republicans who might vote for the bill.

The six House GOP leaders who met with the coalition included Minority Leader John Boehner (Ohio), Minority Whip Roy Blunt (Mo.) and Chief Deputy Minority Whip Eric Cantor (Va.). Among the coalition's members are the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business.

"Anyone who thinks [Thursday] is going to be the only vote is kidding themselves. The message was, don't give up the fight, we have our work cut out for us over the next couple of days," said Danielle Ringwood, a spokeswoman for Associated Builders and Contractors, another coalition member.

Ringwood did not want to speculate on the outcome of Thursday's scheduled floor vote, but said House Members of both parties tend to oppose the bill — if not at least question its merits — once they're educated on what it would do. But she said organized labor has drummed up support practicing an effective game of "coercive lobbying."

The AFL-CIO, which held events in 90 Congressional districts with 150 House Members over the Presidents Day recess, is cautiously optimistic that H.R. 800 will pass the House.

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Bill Samuel, the union's spokesman, said many Democrats from Republican-minded districts are unlikely to face reprisals at the ballot box for supporting the bill, because they represent areas that are culturally conservative but labor-friendly.

That is why freshmen like Boyda and Shuler, who represent districts that tend to vote for Republican presidential candidates, are co-sponsoring the bill and do not fear a political backlash in next year's elections, Samuel said. The same goes for Mahoney, who is one of just seven or eight Democrats who is not co-sponsoring H.R. 800.

Samuel predicted that as many as two dozen Republicans could ultimately vote for the bill.

"What does it mean to be a red-leaning district where you have a large labor population?" Samuel asked rhetorically. "They may be culturally conservative, but they line up very closely with organized labor."

The business coalition argues that the option of "card-check" unionization — or "majority sign-up," as organized labor prefers — will lead to intimidation by union officials, as workers who oppose forming a union will be loath to do so using the publicly viewable card-check or sign-up forms.

Additionally, the coalition claims, 16 Democratic Members have publicly demanded that the Mexican government preserve secret balloting as the only means by which its workers can vote for unionization. Business groups say American workers should not be given any fewer protections than Mexican workers, and they believe this argument will resonate with the public if they can get the message out.

The coalition uses an August 2001 letter that liberal Democratic House Members wrote to Mexican officials encouraging them to "use the secret ballot in all union recognition elections." The coalition's radio ad tries to make the point.

"Your vote. In America it's as sacred as the Constitution. And it's cast in private," the ad's voice-over begins. "But union bosses want to change that. They want you to choose in public. Yes public."

After some additional rhetoric, the ad concludes: "What's worse? The same liberal leaders want to protect private ballot elections for workers in Mexico. Private ballots for Mexico and open ballots for Americans. That's crazy."

Walter Reed Puts Congress In Bipartisan 'foul Mood' (HILL)

By Jonathan E. Kaplan

The Hill, February 28, 2007

The poor conditions and bureaucratic mazes facing wounded soldiers and Marines at the Walter Reed Army Medical Center have sparked condemnation from Democratic and Republican lawmakers as they prepare for a hearing next Monday at the hospital.

Rep. John Tierney (D-Mass.), chairman of the Oversight and Government Reform national security subcommittee, with support from Republican Reps. Tom Davis (Va.) and Christopher Shays (Conn.), announced earlier this week that he would conduct a hearing at Walter Reed, located in northwest Washington, D.C.

The Washington Post reported earlier this month that some wounded soldiers and Marines lived in moldy and rodent-infested housing complexes, while others were financially strapped or physically harmed by bureaucratic inefficiency.

The anecdotes in the Post have spurred an array of responses from lawmakers, generating headlines in local newspapers. Several committees will hold hearings starting this week and several lawmakers, such as Rep. Joe Donnelly (D-Ind.), created a veterans' advisory board.

Donnelly, who sits on the Veterans Affairs Committee, told the South Bend Tribune yesterday that "Everybody's in a very foul mood right now" with respect to the media accounts.

That includes Republicans. A day after the Washington Post story appeared on Feb. 20, Davis, the ranking Republican on the Oversight and Government Reform Committee, asked chairman Henry Waxman (D-Calif.) to conduct a hearing at Walter Reed's Mologne House, one of the outpatient buildings.

Davis noted past hearings he conducted as chairman that examined the medical care National Guardsmen and Reservists received. He said in his letter that "The investigative series that appeared in the Washington Post … is in part based on three years of work by our Committee's investigative staff."

Shays followed up with his own letter one day later, writing, "The conditions described, which included mold, rodent and insect infestation and dilapidated walls and ceilings, are outrageous and deserve swift remediation."

He asked Waxman to "immediately schedule a hearing at Walter Reed to investigate the circumstances that led to the current conditions and conduct oversight of the repairs."

The Oversight and Government Reform panel, the main investigative committee in the House, is stacked with partisans and freshman Democrats —Reps. John Yarmuth (Ky.), Bruce Braley (Iowa), Paul Hodes (N.H.) and Peter Welch (Vt.) — who ran on holding the Bush administration accountable.

Republican lawmakers on the panel include Reps. Dan Burton (Ind.), Kenny Marchant (Texas), Lynn Westmoreland (Ga.) and Patrick McHenry (N.C.).

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While media accounts have noted that the Army has worked to improve the physical conditions at some of the residences and outpatient facilities, lawmakers have taken little comfort.

"You could put all of the wounded soldiers in the Ritz-Carlton and it wouldn't fix the personnel, management and record-keeping problems that keep wounded Guard and Reserve soldiers languishing in outpatient limbo," said David Marin, the Republican staff director on the Oversight and Government Reform Committee.

Congress Reevaluates High-cost Defense Programs As Budget Ax Looms (HILL)

By Roxana Tiron

The Hill, February 28, 2007

Congress is grappling with how to fix a number of high-profile defense programs that are costing taxpayers billions of dollars yet have poor records of success.

Congress traditionally has been averse to canceling defense programs that grow strong constituencies. However, with a defense procurement budget that in recent years has experienced exponential year-over-year growth but that now could be flattening — or even facing cuts — Congress may be forced to quash several technologically complicated programs still in development, according to both congressional sources and outside observers.

Programs in danger may include the Army's Future Combat Systems and the Joint Tactical Radio System; the Air Force's Joint Strike Fighter and several satellite programs; and the Navy's Littoral Combat Ship.

While outright cancellations do not appear imminent in the 2008 defense budget, defense authorizers and appropriators will focus on reevaluating, in some cases redirecting and reprogramming funds.

Defense committees have begun to focus on somewhat less complex and less challenging systems. Too often, congressional sources say, the Pentagon embarks on ambitious programs with even more ambitious deadlines, and as a result forgoes critical early testing and evaluation on technologies.

When the programs enter operational testing and so-called low-rate production, problems crop up, forcing the services to return to the drawing board and incurring cost overruns and delays.

The Army's Future Combat Systems, which bears a $160 billion price tag, is one example of an ambitious program that is facing intense congressional scrutiny. Lawmakers consistently have criticized the development of the technologies and cut money for the program during the last three years (about $825 million).

"FCS has to be pretty ruthlessly vetted, and we'll see whether we'll get all these complicated systems," the chairman of the Air and Land Forces subcommittee of the Armed Services Committee, Neil Abercrombie (D-Hawaii), said.

He said the Pentagon is focusing too much on "Star Trek"-type military programs and too little on figuring out how to defeat improvised explosive devices, commonly known as road bombs.

"We need to do a little more training and equipping and concentrate on the basics rather than the razzle-dazzle technologies," Abercrombie said in an interview.

The Department of Defense has plans for "systems that are high-tech and are pushing the envelope, and whenever you do that you take on risk and cost," said a congressional source who asked not to be quoted by name.

"If you do hard development programs in a short time you have to take smaller bites of the apple, and that would help you with the money problem."

Former Secretary of Defense Donald Rumsfeld's aggressive push for transformation across the services could leave the Pentagon with more troubles, according to the congressional source.

This year the Navy had to stop work on the General Dynamics-Lockheed Martin built Littoral Combat Ship after learning that the price of the first LCS (built by Lockheed) would total $420 million, well above the $220 million the service expects to pay for future ships.

Chief of Naval Operations Adm. Michael Mullen told House defense appropriators that the Navy did not adequately oversee the program and has set ambitious goals for it, putting pressure on the program's costs and schedule. The Navy plans to buy 51 Littoral Combat Ships.

Meanwhile, the Marine Corps is seeking new contractors to develop the Expeditionary Fighting Vehicle (EFV), an all-capable amphibious armored vehicle, which now is prone to breakdowns and technical glitches.

The Marine Corps so far has spent $1.7 billion on the EFV while the total cost of the program rose to about $12 billion from $8 billion, leading to more Pentagon oversight. Contractor General Dynamics received about $80 million in bonuses on the contract.

A Navy study faulted the company for wanting to rush into production rather than troubleshoot the problems. Navy Secretary Donald Winter said the EFV will be reworked, with the focus on improving its reliability.

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The EFV program is critical to the Marine Corps. "It would be a very unhappy prospect to have to cancel the EFV," the congressional source said.

The setbacks with the EFV and the LCS indicate systemic problems in the Pentagon procurement system, said House defense appropriator Sanford Bishop Jr. (D-Ga.) at a recent industry conference.

"Low-ball estimates by contractors, approved by the department, engineering changes by the military and poor contractor performance — all play a role in the LCS situation and, generally, pervade the procurement and contract fulfillment process," he said.

Bishop also conveyed a message from House defense subcommittee Chairman John Murtha (D-Pa.):

"Low-balling by industry, acquiescence by the Pentagon, poor performance by contractors and little, if any, oversight by Congress will come to a screeching halt! There is a new sheriff in town! The committee is done with rewarding bad behavior and reckless spending that takes away money for other needed programs."

Defense appropriators said that they want to be supportive of the defense industry. Murtha plans to increase the ship buys to 12 per year and increase the Air Force's aircraft purchases in 2008 by 100.

The defense industry often complains that program requirements change constantly and details are added after a contract is awarded, increasing the scope of the programs, as well as the cost.

The requirements process is a good place to start to rein in costs and control potential failures, said the congressional source. The Armed Services panels will examine the requirements process — plagued by overambitious requirements or requirements that keep growing.

"A 10-page requirement become a 100-page requirement," the source said.

The strategy is to focus on the first steps of the acquisition process so that "you do not get into crunch-time in the endgame," the source said.

Defense insiders say program costs are driven by decisions made as the initial 10 to 15 percent of the work is being completed. The government lacks the technical expertise required to oversee complex programs, and often the testing-and-evaluation community does not see the technologies until they enter low-rate production and so-called operational testing.

Often, developmental testing is skipped. Moreover, weapons-systems testers do not have the authority to halt systems.

Even if the testing is done early, "unfortunately, people do not pay attention to what happens and sometimes they cut the testing short to stay on schedule," a former Pentagon official who dealt with the issue said.

"There is a lack of discipline in the process and things go ahead when people know that it is not going to work and it is not going to cost that little."

The Marine Corps V-22 Osprey is a costly and tragic example. The Marine Corps bought more than 60 of the vertical take-off and landing aircraft in low-rate production, running the risk of needing additional funding to incorporate fixes to problems uncovered after their procurement. 30 Marines died while testing the V-22.

The Department of Defense invested about $15 billion in the program during the last 25 years.

"Congress will have to cancel programs," said Jeff Green, a former House Armed Services Committee professional staff member and former staff director of the readiness subcommittee who recently opened a lobby firm.

"Politically, the corner that the new majority painted itself into" will force it to cancel those programs that will not make it through systems development and demonstration. "The list of programs that are not vulnerable is much shorter," Green said. He counts the multi-national Joint Strike Fighter as an endangered program as its price tag is increasing; its capabilities are too close to another high-priced fighter, the F-22, and the defense budgets are getting tighter.

House Democrats Angling On Domestic Issues (POL)

By Jeanne Cummings

The Politico, February 28, 2007

Even as Iraq dominates the headlines, congressional Democrats are moving swiftly on key domestic issues aimed at improving their 2008 reelection chances and splitting Republicans.

This week's House debates on easing union organizing and giving Congress more say in foreign purchases of critical domestic infrastructure are cases in point. One makes good on a campaign promise to an important ally. The other reminds voters about the Bush administration's controversial approval of port purchases by a United Arab Emirates firm and potentially casts doubts on Republican stewardship of homeland security issues.

Coming next are scheduled hearings and debates on health care, education, prescription drugs, stem-cell research and immigration reform, all issues that Democrats campaigned on during the 2006 midterms. This runup to the Easter break is just a sneak peak at the broader agenda Democrats are planning to put in place for the rest of the year. What it shows is that House

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Speaker Nancy Pelosi (Calif.) and Senate Majority Leader Harry Reid (Nev.) are in a hurry to pocket some key domestic victories and avoid the "do nothing" label they gave Republicans last year.

"It's clear that 2007 is a critical year for Congress," said Democratic political adviser Geoff Garin. "It's pretty certain that the spotlight will turn from Capitol Hill to presidential politics early and that the Congress's ability to get a lot done will be eclipsed in some significant measure."

Congressional wariness about the fast-paced 2008 presidential campaign is evident in the aggressive schedule set for the immigration reform law. Reid has set a goal of having the measure in a conference committee by August, "lest presidential politics overtake it," said spokesman Jim Manley.

But in the footrace to get things done, Democrats could stumble.

The ineffectual rollout of Pennsylvania Rep. John Murtha's strategy to tie war funding to troop training and service rotations is a reminder that the skills of even some veterans in the Democratic caucus are rusty.

Pelosi and Reid also face the hurdle of maintaining unity in caucuses with muscular conservative and liberal wings.

Thursday's debate on union organizing is a case in point. The issue moved like lightning through the House committee headed by labor ally California Rep. George Miller and is supported by the vast majority of the caucus. But the early timing of the legislation, so soon after the minimum wage increase vote, is creating some angst among newly elected and some veteran conservative and moderate Democrats.

Democratic strategists say those challenges are outweighed by a need to fulfill their campaign promises. Indeed, any early domestic victories could prove even more vital if Democrats are unable to reverse course in Iraq.

"You don't want the agenda to be consumed by one issue that sucks all the oxygen out of the room and nothing else can survive," said Ross Baker, a political scientist at Rutgers University.

Some of the issues up for action in the next few weeks are emerging early because of independent deadlines for action. The president's signature education legislation, No Child Left Behind, is in need of a tardy reauthorization, and a clean water measure is being pressed to provide critical funding for states to improve sewer systems and other infrastructure.

But others are plucked from a Democratic playbook that sets as priorities the middle-class economic squeeze, child health and safety, energy and environment, as well as conducting oversight of the war, wasteful spending on Iraq reconstruction and the Katrina cleanup in New Orleans. Republicans are largely stuck playing defense, although their numbers in the Senate give them a chance to cut off debate on some legislation or insist on modifying others. More broadly, though, their chances of shaping the 2008 debate depend largely on Democratic missteps.

Bill McInturff, a Republican adviser, said this strategy isn't far-fetched. He recalled the heady days of the 1994 Republican revolution when members remained disciplined in pushing through the Contract with America agenda. A year later, however, attitudes changed as Republicans wound up shutting down the government in a disastrous showdown for them with President Bill Clinton over the budget.

"I think there is every possibility that the Democrats will overreach in over-investigations, too much spending and taxes, and by responding too much to their own primary voters on Iraq and not the public," McInturff said.

Until then, Republicans must tiptoe through political minefields laid by their adversaries. The stem-cell debate expected soon on the Senate floor is a prime example of an issue that tends to unite Democrats and split the Republican Party. In the 2006 Missouri Senate race, for instance, the state's normally pro-Republican business community lined up behind a ballot initiative that promoted stem-cell research. The initiative was opposed by incumbent Republican Sen. Jim Talent, who was defeated by Democrat Claire McCaskill, who backed the measure.

Immigration is another divisive issue for Republicans, although Democrats are likely to suffer their own defections. The proposal that Massachusetts Democrat Sen. Edward M. Kennedy and Arizona Republican Sen. John McCain are expected to introduce will hew closely to a measure debated last year that called for a guest worker program and tougher enforcement. That proposal was modeled after reforms proposed by President Bush. Democrats plan to pressure him to use the full White House arsenal to get the reform proposal through, even if it means driving a wedge between the president and his party.

Blue Dogs Believe Their Day Is Here (RC)

By Jennifer Yachnin

Roll Call, February 28, 2007

While there are plenty of indications that the fiscally conservative Blue Dog Coalition's cache is expanding on Capitol Hill — an invitation to the White House, regular meetings with the Speaker, plum committee assignments — one lawmaker found perhaps the most telling affirmation far from Capitol Hill and closer to the produce aisle.

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"I've been in grocery stores and people come up and say, 'I see you belong to that Blue Dog group,' and I had no idea they would even know what the group is, but it really has taken on some added importance," said Rep. Dennis Moore (D-Kan.), the coalition's policy chairman.

In fact, members of the Blue Dogs are anything but reticent about their growing influence within the new Democratic majority, as the moderate lawmakers — who now number nearly four dozen, the largest contingent in the group's 12-year history — seek to maximize their impact in the House following the power switch in the 110th Congress.

On a recent weekday afternoon, leaders of the moderate group gathered in the office of Rep. Mike Ross (D-Ark.), the coalition's communications chairman, to discuss their place in the new majority, as well as their aims for the 110th Congress. In addition to Ross and Moore, the group included Democratic Reps. Allen Boyd (Fla.), the group's administration chairman, Stephanie Herseth (S.D.), the group's whip, and John Tanner (Tenn.), a co-founder of the Blue Dogs and a current co-chairman of its political action committee.

"I think one of the things that's different now, I think there was a time when Blue Dogs were looked at by some Democrats as though perhaps they weren't really Democrats and I think that's no longer the case," Ross said.

"I think people are recognizing that not only do we represent the middle, which is where we believe the American people are and certainly where we are, I think people within our own Caucus now recognize that we have created the majority and that we have done some pretty heavy lifting as a group to ensure that Democrats did regain a majority."

Pointing to their own growth since the 1996 elections, the Blue Dogs note that their members have captured 24 seats from incumbent Republicans, including those now held by Moore, Ross and Herseth — a tactic the group saw magnified in the 2006 cycle when House Democrats won contests in a number of moderate and conservative districts, handing the party control of the chamber for the first time in a dozen years.

The Blue Dogs themselves added nine freshman lawmakers, raising their own count to 44 members.

"We think it should be obvious to everybody what our role has been in helping us win the majority," Boyd said.

The coalition's leaders assert those efforts already have begun to pay dividends. In particular, Ross pointed to the House adoption of "pay-as-you-go" spending rules — one of the Blue Dogs' top priorities — at the outset of the new Congress.

"We do think that the fact that, not in the first 100 legislative hours, but the first 24 hours of the 110th session of Congress, PAYGO rules being reinstituted on the floor of the House was a significant milestone and demonstrates that we are being taken seriously," he said.

In addition, Boyd asserted that Democratic leadership has "been very inclusive when it comes to the committee assignments. They have been very inclusive when it comes to consulting us on legislation. We meet with them on a regular basis.

"We think this is the group that represents where the greatest bloc of Americans are — toward that big middle. Not far left, not far right, but that big middle, that's going to be able to get things done," he added. "And it's going to have to be done on a bipartisan basis."

Even as the Blue Dogs acknowledge their own potential to serve as a bridge to their moderate Republican colleagues, however, the Democratic lawmakers seek to tamp down expectations that any formal bipartisan efforts are under way, noting that their own group has only recently completed its internal organization.

"I think we're trying to find our way in the majority. The Republicans are trying to find their way in the minority. And both of us are having growing pains. That will come, but it's been so busy and so hectic," Tanner said. He added: "We want to be a complement to the Democratic Caucus and a vehicle if necessary to the Republican Conference to try to make that happen."

While members of both the Blue Dogs and the moderate Republican Tuesday Group previously have suggested the organizations could work together in the new session, for now the Democrats suggest those efforts are limited to one-on-one sessions or the committee level.

"We're still very early in this new Congress, and while we were having discussions throughout the last Congress, particularly before the election and after the election, as we've now moved into majority status our focus has been on our cohesiveness — adding nine new members to our organization — influencing the policy decisions and the direction and agenda of the Democratic majority," Herseth said.

Nonetheless, the Democrats did make time in December to accept an invitation to the White House, along with the centrist New Democrat Coalition, to meet with President Bush.

"I appreciate the president's reaching out to us, and I'm hopeful for the next two years we can start to work together for the American people, because that's what they want," Moore said.

Despite that gesture, however, Democrats said they remain hesitant about working with the Bush administration, citing not only a lack of comity in recent years but also more specific concerns about the president's budget proposal and accounting methods.

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"If the administration continues to reach out to us as they have, on their ideas and the desire to get serious about entitlement reform, you'd have a pretty receptive group of folks here that would want to undertake that difficult task," Herseth acknowledged. "But it's a little bit hard for us given some of the distrust that has evolved over the last few years because of the unwillingness to really reach out to us."

Moreover, Ross emphasized that pursuing bipartisanship does not mean the Blue Dogs will turn against their own party.

"We're a lot more interested in affecting Democratic policy and moving Democratic ideas to the middle than we are into defeating Democratic proposals," Ross said. "We want to help and influence [the Caucus] and not be an obstructionist, but we're not going to be a rubber stamp either."

Although the Blue Dogs face some philosophical differences within their own party, most notably with Speaker Nancy Pelosi (D-Calif.), whose San Francisco-based district trends more liberal than many of the rural districts represented in the coalition, the Members sought to downplay any potential divide.

"Let's face it, we all know that both parties, in large part, are controlled by extremes that in some cases are different from what we might represent in the middle," Boyd said. "We don't think the Speaker's philosophy or her particular district's philosophy is important. What we think is important is the management style she uses. How she is inclusive with us, how she acts."

Emphasizing that the relationship remains positive thus far, the Blue Dogs cite the House's initial efforts to reinstitute PAYGO rules, as well as conversations with the Speaker to pursue a statutory version of that law covering tax cuts as well as spending programs.

"We have talked and talked and talked about the importance of reinstituting the PAYGO rules," Moore said. "The Democratic Caucus has now done that, and we're looking at statuary PAYGO. To her credit, Speaker Pelosi and the leadership in our Caucus are also saying we need to look at this and see if we can go do that."

In addition, Ross noted that the House leadership has offered to pursue a vote on the Blue Dog-backed proposal to implement new accountability standards on government spending on the Iraq War. During remarks on the House floor prior to the Presidents Day recess, Pelosi cited the legislation, authored by Reps. Jane Harman (D-Calif.) and Patrick Murphy (D-Pa.).

"I think we're going to play an important role in continuing to push this accountability of our government," Ross said. "It's our duty and obligation to provide oversight, and the last six years this Congress hasn't been doing it."

In the meantime, the coalition's members are preparing to take on the upcoming budget debate and developing potential legislation in other areas as well as via their internal task forces, including: budget and fiscal policy; business and technology; energy and natural resources; government accountability; health care; immigration reform and border security; national and homeland security; and retirement security.

Much as with the full Democratic Caucus, the Blue Dogs also will give attention to maintaining their majority in the 2008 cycle, notably the defense of their freshman lawmakers.

During the 2006 cycle, the coalition's political arm raised more than $1 million, and according to Ross, Blue Dog lawmakers contributed more than $20 million in combined dues and funds raised to the Democratic Congressional Campaign Committee.

"We will support, of course, all the members financially, to the extent that we're successful in fundraising," Tanner said, adding that the Blue Dogs also will advise their members to "exert their independence" on votes.

"That's not a slap at the leadership," Tanner explained. "One of the philosophies of the Blue Dogs when we started was that the voting card that we all carry should belong to the people that hired us. ... When it comes down to votes affecting the country's future we think it's entirely appropriate for Members to behave as representatives and not as parliamentarians. All that entails is voting the district. ... That usually takes care of any problems."

Lobbying Law Misses Some K St. Numbers (HILL)

By Jim Snyder And Jeffrey Young

The Hill, February 28, 2007

February includes an annual Washington ritual apart from the Presidents Day recess: the tallying of lobbying revenue totals. In the highly competitive world of K Street, firms anxiously await to see how they did in relation to their rivals.

But while firms act like ambitious law students checking class rank, some critics believe that the Lobbying Disclosure Act (LDA), the law that defines what activities a firm must report annually to Congress, hasn't kept pace with the industry's evolution. Firms now have public relations, strategic consulting, grassroots and federal marketing arms — all of which have the potential to influence public officials, but which often take place outside the public eye.

"The Lobbying Disclosure Act is a good starting point to understand how much money is being spent," said Alex Knott, a political editor at the Center for Public Integrity, which maintains several lobbying databases. "But there are huge amounts of money that don't get reported."

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The firms themselves are sympathetic to complaints about the limitations of the LDA, albeit for different reasons. Believing annual revenue rankings are a potential marketing tool for their own businesses, firms are quick to note other revenue streams that aren't included in LDA figures — particularly if it's been a bad year for lobbying.

The Senate has passed a bill to update the LDA, enacted in 1995, but — aside from a new requirement that lobbyists detail fundraising activities — the changes do not include expanding what type of activity should be reported.

The LDA defines "lobbying activities" to include lobbying contact with anyone working for Congress and certain high-ranking executive-branch officials. The definition includes activities to support such contacts, like research and "planning activities," when the intention is to influence the formulation of legislation.

The statue's lack of specificity makes for varied interpretations, said Larry Noble, the former executive director for the Center for Responsive Politics.

"You do have a real need out there for some bright lines and education," said Noble, now a lawyer at Skadden, Arps, Slate, Meagher & Flom.

"There's always a question of where an activity falls along these lines. When you have room for interpretation, some people are going to read the law more strictly than others."

It is not clear under the LDA, for example, how much an association or firm spends on "issue advertising" (of the type found in this publication or on local television), even though it is intended to influence policy.

Associations that pay for such advertising would include it on expenses in tax forms, but these forms do not make plain what the issue is or which legislation the ad was trying to affect.

Federal marketing efforts — the pitching of a client's product to a federal agency — are also undisclosed.

Lobbying at federal agencies should be included on LDA forms, but federal marketing activities are often not required by disclosure rules unless, said Pam Gavin, superintendent of Public Records, the firm is making a pitch to a senior political figure within the administration.

Meetings with procurement officials probably don't fall under the LDA's purview. While this activity is regulated by government procurement rules, agencies have different policies that determine, for example, whether public comments to proposed rules are posted online.

Grassroots efforts, too, are not reported on an LDA form. An effort in Congress to force greater disclosure of grassroots activity did not make the Senate's LDA reform bill.

The Senate bill would require firms and other lobbying entities to file lobbying reports quarterly rather than semiannually. The bill also would require lobbyists to report campaign fundraising.

Gavin, who oversees LDA compliance, said the law was intended to provide the public with a general look at lobbying activities.

Requiring too-specific information presents a forest-and-trees problem, she said. Lobbying efforts could be obscured in an itemized list that includes a $10 cab ride to Capitol Hill.

"The whole idea is if my 16-year-old son wanted to do a report on who was lobbying [on an FDA bill], he should be able to go on the Internet and find out who is doing that," Gavin said.

But government watchdogs contend that imprecise rules about what activities must be disclosed lead to less valuable information being reported on how special interests try to influence policy.

"There's a lot of gray areas and, certainly, people who are willing to exploit it," said Steve Ellis, vice president for programs at Taxpayers for Common Sense.

Lobbying firms are not necessarily hiding what they do. But firms often have different definitions of what to include in an LDA form. Some firms over-report.

"The firms ... have an incentive to inflate their numbers" to impress clients and chasten competitors, said Tim LaPira, of the Center for Responsive Politics.

If LDA numbers are down, firm representatives often point to the other areas of their public-policy business that are up.

Akin Gump Strauss Hauer & Feld's lobbying revenues dipped nearly 9 percent last year from 2005, but its overall public-policy practice grew by 10 percent. The difference came from undertaking regulatory work that falls outside the LDA and from helping clients prepare for congressional oversight and investigations, a growth area for several firms under a new Democratic majority.

Cassidy & Associates made $24.6 million on lobbying in 2006, a drop of more than 11 percent year to year. (Its affiliate, The Rhoads Group, made another $4.8 million.)

But Cassidy also made nearly $1 million in what gets lumped as "other revenue" that is not included in LDA numbers. That includes money from its strategic-communications practice as well as its federal marketing work.

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While all the firm's revenues should be considered to get a picture of Cassidy's business, however, lobbyists there don't believe disclosure rules should be toughened.

"If you help them market to a federal agency, you are not advocating, you are marketing," said Gregg Hartley, Cassidy vice chairman and chief operating officer.

Another big source of revenue for firms trying to influence public policy is lobbying on behalf of foreign governments. Firms report these revenues largely under the Foreign Agents Registration Act. But the reports are not as readily available online as LDA reports are, and there can be months-long lags between when a firm registers to lobby for a client and when the public could know.

"The LDA is just the tip of the iceberg," the Center for Public Integrity's Knott said.

Kerry Puts GOP Donor On Defensive (WP)

By Mary Ann Akers

The Washington Post, February 28, 2007

Not that Sen. John F. Kerry (D-Mass.) was out for revenge or anything. But he did seem to enjoy at least a small measure of satisfaction in making mega-GOP-donor Sam Fox squirm during yesterday's Senate Foreign Relations Committee hearing to consider Fox's nomination to be ambassador to Belgium.

Fox contributed $50,000 to fund the infamous Swift Boat Veterans for Truth ads that sought to smear Kerry's Vietnam War record in the 2004 presidential campaign.

The panel did not vote on Fox yesterday, but committee member Kerry got in his say. He walked in a bit late and explained that he did not intend "to play some sort of 'gotcha' game," but he wanted to know: How does the nominee feel about the level of "personal destruction" in politics these days?

Fox replied that he was "very concerned" that politics have become too "mean and destructive," especially with the participation of independent "527" groups such as Swift Boat Veterans. He tried not so subtly to redirect Kerry's line of questioning by saying, "Sir, you're a hero," adding that no 527 group "can take that away from you."

Why then, given Fox's dim views of 527s, did he give such a large chunk of money to help Swift Boat? Kerry asked.

Fox explained that he and his wife donate generously to GOP political causes. "When we're asked, we generally give," he said. He said he could not recall who asked for the Swift Boat donation but explained that he thought it was important to give to a 527 working on behalf of Republicans because a 527 "on the other side" was stooping to such low levels as comparing President Bush to Adolf Hitler.

"So two wrongs make a right?" Kerry asked.

Fox said he thought the dirty work of 527 ads was "disgraceful," but "that's the world we live in."

HUD Gets New View Of Who's Homeless (USAT)

By Wendy Koch

USA Today, February 28, 2007

A groundbreaking survey of homelessness being released today found that 704,000 people nationwide sought shelter at least once in a three-month period.

Families with children accounted for one-third of those seeking emergency shelter or transitional housing between February and April 2005, the most recent period studied, according to the report by the Department of Housing and Urban Development. The rest were individuals, mostly adult men. Nearly half were black.

The count covered only those seeking shelter, not people living on the street, so the total number of homeless people would be higher.

"This first-of-its-kind study is a huge leap forward in our understanding of not only how many people are homeless, but also what their needs are," HUD Secretary Alphonso Jackson says. The report says, for example, that at least a quarter are disabled.

HUD, which briefed USA TODAY on the report Monday, says it is the most comprehensive government estimate ever of homelessness. Previous counts looked only at the number of people homeless on a given day or week.

The three-month figure — equal to the population of South Dakota — is an estimate based on a sample of 80 communities. It will serve as a baseline for annual reports to Congress and may be expanded to include people living on the street.

Martha Burt, a homelessness scholar at the Urban Institute, says the new database has shortcomings. For example, it has limited information about the health of those seeking shelter, and she thinks future versions will have trouble tracking those living on the street.

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HUD's report also cites a previously reported one-night survey of hundreds of communities in January 2005. That survey found 754,000 homeless people, including 45% who were living on the street. USA TODAY published its own estimate of 727,000 in October 2005, based on earlier tallies.

The three-month count found that on an average day, 335,000 people sought shelter, but more than twice that number sought shelter at least once during the entire period.

Dennis Culhane, a professor of social policy at the University of Pennsylvania who co-wrote the HUD report, says it's unclear whether homelessness has increased or declined, because past estimates were done differently.

He says poverty among blacks, who are more likely to live in urban areas, runs deeper than for other groups.

Culhane says families with kids have remained a steady one-third of the homeless, and he says government needs to do more to provide housing, such as expanding rent subsidies.

One of every three homeless kids has a diagnosable psychiatric disorder, such as post-traumatic stress, by age 8, says Ellen Bassuk, a psychiatrist who is president of the National Center on Family Homelessness.

"They have trouble sitting still and learning in school," she says.

Nine of 10 homeless mothers have been victims of violence, often domestic, she says.

Michael Stoops, director of the National Coalition for the Homeless welcomes the new count but says more housing and shelters are needed as well as a focus on the root causes of the problem. He says homelessness "can happen to everyone."

Democracy 21 Renews Calls For Doolittle Probe (HILL)

By Susan Crabtree

The Hill, February 28, 2007

Government watchdog group Democracy 21 singled out Rep. John Doolittle (R-Calif.) for special scrutiny yesterday, renewing its call for the ethics committee to conduct an investigation into multiple potential ethics violations by the lawmaker.

Democracy 21 President Fred Wertheimer said there is no evidence that the committee had taken any action about Doolittle in the last Congress even though his group and a series of press reports raised serious questions about whether Doolittle violated House ethics rules. Now that all of the new committee members have been named, Wertheimer wrote in a letter to the panel, it's time the committee conduct an investigation on its own authority into the lawmaker's actions and ties to former lobbyist Jack Abramoff, who is now serving time in jail.

Specifically, Wertheimer points to Doolittle's practice of paying his wife's company a 15 percent commission on all contributions that the company raised for Doolittle's campaign committee and leadership political action committee (PAC) and whether it violated House ethics rules. He also called on the committee to look into whether fees paid to Doolittle's wife, Julie Doolittle, on contributions indicted defense contractor Brent Wilkes and his associates made to his campaign committee and PAC were linked or appeared to be linked to any official action Doolittle took to help Wilkes's company obtain millions of dollars in government earmarks.

Wilkes was recently indicted in connection with the investigation stemming from former Rep. Randy "Duke" Cunningham's (R-Calif.) bribery conviction and jailing.

Doolittle spokesman Richard Robinson said, "This is a phony, left-wing group that is admittedly recycling the same baseless allegations that it has already raised numerous times with the ethics committee to no avail. We don't expect this latest partisan attack to yield any different result because it remains completely without merit."

Wertheimer wants the panel to probe media reports that claim that Doolittle intervened in support of Abramoff's tribal clients in matters involving gambling licenses pending at the Department of the Interior.

Senator's Railway Lobby Link May Have Helped Derail Loan (WP)

By Elizabeth Williamson

The Washington Post, February 28, 2007

The federal government killed a $2.3 billion railway loan after opponents attacked Sen. John Thune (R-S.D.), because he was the railway's lobbyist before winning election and backing legislation favoring the loan to his former client.

The privately held Dakota, Minnesota & Eastern Railroad wanted the money for an 860-mile Midwestern rail-line renovation and expansion project. The Federal Railroad Administration said its denial was based on financial factors. But project backers and detractors said the loan sank after opponents, led by the Mayo Clinic, based in Rochester, Minn., ginned up congressional heat on the agency. The key to that was Thune's role: The Republican did nothing illegal, but his seamless transition from the railway's lobbyist to its Senate champion handed ammunition to opponents and their own lobbyists.

"The legislation that I introduced . . . had been introduced in three previous congresses," Thune said yesterday. Mayo, he said, "had their lobbyists come in and tell me to my face that they were going to go after me."

His previous work for DM&E, as the company is known, "gave them something to attack."

Mayo Clinic chief executive Glenn Forbes disputes that. "Our real interest is in serving patients," he said. "This project put us definitely in a corner with no interest on anybody else's side to understand our concerns. So yes, we certainly confronted the issue."

The local battle over the rail line has raged for nearly a decade. A Mayo-led coalition of opponents says the project would bring increased rail traffic, which could endanger the safety of clinic patients, staff and the Rochester community.

DM&E chief executive Kevin Schieffer and project backers say the line is vital for the region's corn and coal industries. The track running through Rochester was there before Mayo was, Schieffer said, and renovating it would enhance its safety. Schieffer vows to pursue the project, which has surmounted several court and regulatory challenges over the years.

Chris Gade, spokesman for both Mayo and the opponent group known as the Rochester Coalition, said that before the rail-line project gained traction, Mayo had never hired Washington-based lobbyists.

Thune's role in the railroad project was a topic during November elections, and after Democrats won a majority, opposition gathered steam on the Hill.

Thune worked as a DM&E lobbyist for two years, earning more than $200,000 from the company, before winning his Senate seat in 2004. In 2005, he helped write legislation expanding a federal railroad loan pool from $3.5 billion to $35 billion. DM&E was not mentioned in the legislation, but the expanded funding enabled it to apply for $2.3 billion, about one-third of the project's $6 billion price tag.

While DM&E applied for the loan about one year ago, last month the process entered a 90-day period during which the railroads agency must approve or reject it. Opponents and their lobbyists went into high gear. The loan, one PR firm's e-mail read, "is a deal being done in near complete secrecy -- the loan was inserted into the Transportation Appropriations Bill by former DM&E lobbyist turned Senator John Thune, who was paid $160,000 by DM&E the year he ran for the Senate."

Opponents drummed up opposition from a bipartisan group of three dozen legislators, 18 of whom wrote Transportation Secretary Mary Peters questioning the loan. "Asking the taxpayers to fund one of the largest government-funded loans to a private business in our country's history is unjustified, particularly given the lack of transparency," the letter read.

Rep. Tim Walz (D-Minn.), whose opposition to the project helped him win his seat in November, sponsored legislation to assert congressional oversight of the loan. "It's just appalling to me how it was done," he said. "I want to see rail expanded, too, but I want it done correctly. It's about the system and the transparency of government."

On Monday, the railroads administration sent a letter to Schieffer denying the loan. "I read a lot of things for the first time in the official denial letter," he said. "The list is long and deep with supporters, and we are committed to doing everything we can to see it through."

Mayo's Forbes vowed further challenges: "Our commitment would be unwavering," he said.

Looking back, Thune has no regrets, except: "The railroad probably could have done a lot better job on the PR front."

OTHER NEWS:

Wall St. Slide Fuels Worries On Economy (NYT)

By Floyd Norris And Jeremy W. Peters

The New York Times, February 28, 2007

Stock markets around the world plummeted yesterday in a wave of selling set off by a plunge in China that was reinforced by worries of weakening economies. The falling prices continued in early Asian trading today, but by midday the Chinese market seemed to be stabilizing.

While China was the first market to tumble, it was not clear what set off the selling. But once it began, it spread first to other Asian countries, then to Europe and the United States.

“It was sort of one of those days where somebody snaps their fingers, and the market’s hypnotic trance is over,” said Stuart Hoffman, chief economist of PNC Financial.

In China, where the stock market had been soaring, the government had warned banks about improper loans to finance stock speculation.

In America, the selling seemed to add to worries that a decline in the housing market, and problems in particular with loans to risky borrowers, could spill over. And a report yesterday indicating that orders for durable goods — items like washing machines and computers — were surprisingly weak in January revived doubts about the strength of the American economy.

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Alan Greenspan, the former chairman of the Federal Reserve, in a speech transmitted to a business conference in Hong Kong on Monday, said that he could not rule out a recession in the United States later this year. In so doing, he seemed to distance himself from Ben S. Bernanke, the current Fed chairman, who has been much more upbeat.

Noting that global markets have been strong for years, Mr. Hoffman said: "We've had this 'What me worry?' mentality. And this is a little bit of a wake-up call."

The Dow Jones industrial average fell as much as 546 points yesterday afternoon, before closing down 416.02 points, or 3.29 percent. In percentage terms, it was the worst day for the market since March 2003. In terms of points, it was the steepest slide since the first day the market resumed trading after the Sept. 11 terrorist attacks in 2001.

The Standard & Poor's 500-stock index, the benchmark index for many investors, slid 3.47 percent, and the technology-heavy Nasdaq composite index fell 3.86 percent. All three major indexes erased their gains for the year.

The sell-off left almost every major stock lower, including all 30 stocks in the Dow industrials and all but two in the S.& P. 500 and one in the Nasdaq 100. As the 4 p.m. closing bell finally rang at the New York Stock Exchange, traders on the floor erupted with hearty boos.

At the close, said Howard Silverblatt, an index analyst with Standard & Poor's, the S.& P. 500 had lost $452 billion in market value, and other American stocks had shed an additional $180 billion.

After steady declines in all markets, panic seemed to hit the American market just before 3 p.m., perhaps caused by sell programs that went off at 2:52 p.m., when the S.& P. 500 fell to the point where it was down 3 percent for the day. Within 10 minutes, it had fallen to its low for the day, down 4.3 percent. It ended with a loss of 3.5 percent.

Investors once took such big falls in stride, but in recent years no such thing has happened as volatility has largely evaporated from the market.

There were some technological problems yesterday. Dow Jones, which calculates the Dow industrials, said its system fell behind shortly before 3 p.m., and that a big fall was shown when the backup system came on. But Standard & Poor's, which calculates the S.& P. 500, said it knew of no similar problems with its calculations.

Despite the tumble, the Dow is down only 4.4 percent from its record high reached last week. And the sell-off was not severe enough to set off any of the circuit breakers the New York Stock Exchange has put in place to help minimize big losses.

One sign of the nature of the sell-off was what went up. United States Treasury prices soared, and yields fell, as some investors sought safety.

"Treasuries rally, the stock market sells," said Ethan Harris, chief United States economist for Lehman Brothers. "It's kind of a classic risk-aversion reaction."

If the rout in the markets is sustained, it will be the first major test for Mr. Bernanke. Two weeks ago, he said the Fed saw inflation as a greater threat than economic weakness.

"You've got a certain cavalierness about market-driven economic signals from the new academic-driven Fed," said Robert Barbera, the chief economist of ITG, an advisory firm.

Mr. Barbera said that Mr. Greenspan gave more attention to market indicators than Mr. Bernanke has.

The selling yesterday began in Shanghai, which had hit a record on Monday. But in tumultuous trading yesterday, the Shanghai composite index plunged nearly 9 percent.

Stephen Green, a senior economist and stock market analyst working in Shanghai for Standard Chartered Bank, said the market fundamentals had not changed drastically in recent weeks, adding that the stock markets in China tended to be volatile, particularly after reaching record highs.

"People are just on edge," he said. "It's very possible in two weeks we'll be right back up there."

The sell-off in China started a few hours before an explosion was reported at an American base in Afghanistan. It killed several people but did not injure Vice President Dick Cheney, who was inside the base at the time.

Chinese markets stabilized in Wednesday morning trading, with the main Shanghai market index up a quarter of a percent and the main Shenzhen market index up 4 hundredths of a percent.

Other Asian markets — Singapore, Australia, New Zealand, the Philippines and Indonesia — which had all shrugged off Tuesday's decline in Shanghai, dropped sharply on Wednesday morning in response to the heavy selling in Europe and New York.

The Topix index in Tokyo fell 3.45 percent on Wednesday morning while the Hang Seng Index fell 3.37 percent in Hong Kong.

Of Tuesday's trading, Mr. Barbera of ITG said, "People are unwinding the carry trade." In that trade, which has been very popular with hedge funds, traders borrowed yen, at very low interest rates, and then invested the money in assets in other countries.

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"Now you try to get closer to shore," said Mr. Barbera, saying that traders had sold investments and used the proceeds to repay their yen borrowings.

From Shanghai, Tremors Heard Around The World (NYT)

By David Barboza

The New York Times, February 28, 2007

SHANGHAI, Feb. 27 — In China's wild cowboy stock market, record-breaking run-ups have been followed by mini-crashes that have been largely confined within this country's borders.

But on Tuesday, China's worst one-day tumble in a decade set off a tumult that rolled through markets around the globe, from Tokyo to Frankfurt to Brazil to Wall Street.

Speculative frenzy had lifted the Shanghai composite index above the 3,000-point milestone on Monday and then gave way to a tumultuous sell-off on Tuesday that sent shares plummeting nearly 9 percent.

The downturn shattered all sorts of records, and analysts said there was no clear reason for Tuesday's severe drop in Shanghai, equivalent to a 1,100-point drop in the Dow Jones industrial average. But the Chinese stock market was rife with rumors that the government was considering new measures to tame the world's hottest stock market before a bubble developed.

To many investors and analysts here, however, the extensive sell-off was just the latest indication that share prices in China had often become unhinged from the broader economy. Millions of everyday investors rushed blindly into stocks, emptying out their savings account to "play the market," as many of them say.

Perhaps the most remarkable sign of the recent irrational exuberance underpinning China's stock markets was that during the last year, when a company announced bad news, its stock price shot through the roof.

Early this year, for instance, when a group of 17 Chinese companies was cited by regulators for misappropriating corporate funds, their stock prices all skyrocketed. When the Tianjin Global Magnetic Card Company failed to report quarterly earnings last April, its stock doubled.

Tuesday was different, though. With shares in Shanghai tumbling, stocks listed in Shenzhen also collapsed, falling 9.3 percent. In Hong Kong, the benchmark Hang Seng index fell 1.76 percent, and in Japan, the Nikkei dropped about half a point, to 18,119.92.

The volatility of Shanghai sometimes produced unusual results. Shares of the Industrial and Commercial Bank of China, which went public simultaneously on the Shanghai and Hong Kong stock markets last October, performed very differently on the two markets, for example. I.C.B.C. shares dropped 8 percent on Tuesday in Shanghai but just 1.8 percent in Hong Kong.

But with stocks in Hong Kong reacting on Wednesday morning to the global sell-off, I.C.B.C. shares dropped 3.7 percent on Wednesday morning in Hong Kong but rose two-tenths of a percent in Shanghai.

None of the world's major stock markets have been as volatile as that of China, where people refer to the stock market as "dubo ji," or the slot machine. The gyrations have become almost commonplace for a stock market that suffered through a five-year depression until 2006, when it rose more than 130 percent, the world's best performance.

The Chinese government, however, is worried about an over-reaction that could produce a bubble and then a crash that could send bankrupt investors into the streets in protest.

Analysts say that at least in some cases, the stocks of tainted companies have risen because the companies were viewed as shedding old problems and starting anew. Still, some of those problems reflect deep cultural attitudes and are unlikely to be fixed overnight.

Analysts also argue that the market has been running up because of stronger fundamentals, rising profits, improved regulation and oversight by officials, and confidence in the market's long-term prospects.

But in this current run of market mania, even corruption appears to be a buy signal. That was the case for the Shanghai Bailian Group, which reported on Dec. 29 that its chairman was under investigation for fraud. The company's shares have climbed 45 percent since then.

Two weeks ago, after the chairman of the Shanghai Hai Niao Enterprise Development Company was detained, his company's shares rose 15 percent.

"There's just too much liquidity out there, too much," says Chang Chun, a financial reform expert at the China Europe International Business School in Shanghai. "This is a psychological thing."

China's stock market system is still relatively immature, and trustworthy information about a company's performance is still hard to come by. So the average investor does little or no research.

Just to find names of stocks to buy is a task for new investors. So if they see even a mention in the press, positive or negative, they start buying. If alert investors are lucky, they might get a tip. If state television mentions a company, it must be worth something, and if they don't catch the full story, they at least have a name.

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"If I hear a stock mentioned on the TV news I will pay attention to it," says Xu Xiaochen, a 55-year-old retiree.

In any case, many investors here seem to believe that the secret to picking stocks is luck and confidence in the government, not the fundamentals of any particular company.

"I don't know how to choose a stock," says a 61-year-old retiree who gave her name as Miss Hou at a local brokerage house a few weeks ago. "But I trust those technology companies. Maybe the names of some companies sound lucky to me, so I choose to buy these stocks."

Government officials began cautioning several weeks ago against "blind optimism" in the stock market. Banks were ordered to stop making loans to people who were speculating in the market. Trading volumes have been so high that the Shanghai Stock Exchange recently warned that the country's electronic trading system could be destabilized.

Stock prices fell sharply for four straight days in early February as investors seemed to contemplate the possibility of an overheated market.

After a brief pause, they rushed in again. Foreign money is also piling in, according to JPMorgan, and hardly an analyst is willing to bet against the stock market.

"You can't be a fundamental investor in China," said Michael Pettis, a professor of finance at Peking University. "You can only speculate."

Mr. Pettis, who has long been a market skeptic here, is now raising a fund to invest in Chinese stocks, based on his projections of the inflow that will push up prices.

"There's a huge amount of money in the banking system with nowhere to go," he said. "I think you're going to see that money getting out of the banking system."

Mutual funds are also helping some individual investors, while others are scrambling into initial offerings, which over the last year have had a strong opening-day track record.

Of the 15 companies that went public on the Shanghai Stock Exchange, 12 of them experienced opening-day rises of more than 10 percent.

Now, regulators are seeing a growing number of stock frauds directed at small investors. And Chinese officials worry that investors are still relying on a welfare state — which is increasingly disappearing — to take care of them.

As for the companies that are seeing their stock prices climb despite their troubles, they may be hard pressed for explanations, but nonetheless defend the phenomenon.

"The stock is the stock, and the C.E.O. is the C.E.O.," said a woman working in the executive office at Shanghai Haixin Group after she acknowledged that the chief executive was under investigation. "As for our C.E.O.'s bad news, yes, it happened. But it is outdated and not newsworthy at all. As for the stock price, we don't know either."

China Volatility Sparks U.S. Sell-off (USAT)

By Adam Shell And John Waggoner

USA Today, February 28, 2007

NEW YORK — If stock investors were complacent, they're not anymore.

U.S. stocks, overdue for a nasty fall after seven months of uninterrupted gains, got their comeuppance Tuesday amid a global sell-off that began in China, spread to Europe and ended with a minicrash on Wall Street that left investors nursing their biggest losses since 9/11 — and wondering if the worst is over.

For weeks, stock gurus have warned that the Dow Jones industrial average's longest run without a 2% correction since 1954 was worrisome: Some negative catalyst was bound to spook investors and start a selling frenzy.

The selling spark came Tuesday across the globe in China, a highflying market with a speculative zeal rivaling the '90s dot-com stock gold rush. Shanghai's benchmark index plunged nearly 9% amid fears the Chinese government is moving to squash speculation in stocks.

The Dow swooned in response, falling as much as 546 points at one point, before closing down 416.02 points, or 3.3%, at 12,216.24. It was the Dow's seventh-worst point decline and worst since Sept. 17, 2001, the day U.S. markets reopened after the Sept. 11 attacks.

Chinese share prices were up slightly in afternoon training today. Shares in Japan, Australia and Seoul, meanwhile, fell more than 3%.

There was no shortage of theories on Wall Street as to the sell-off's cause.

New York-based investment manager Michael Holland said, "The China story was a great excuse to sell. Down 9% was a number the market could focus on."

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Chris Orndorff, a portfolio manager at Payden & Rygel, called it a "self-fulfilling prophecy. … Everyone was expecting a pullback, so when it came, a lot of people sold into the downdraft." Orndorff says investors with cash on the sidelines might want to start looking to buy stocks that are now selling at lower prices.

Hugh Johnson, chief investment officer at Johnson Illington Advisors, says scary declines anywhere in the world cause panic selling: "The transmission mechanism for selling is clearly psychological."

Mark Headley, portfolio manager of Matthews Pacific Tiger fund, says it's not all about China. "This is more about the vulnerability of the U.S. economy," he says: A 9% decline in an index that was up 44% in 2007 on top of a 110% gain in 2006, was not surprising and, therefore, should not have warranted such a big sell-off here.

The rapid cooling of the Chinese market, coupled with a U.S. report showing a bigger-than-expected drop in orders of durable goods, raised fears that two of the world's best-performing economies were in danger of slowing. It also added credence to a statement made a day earlier by former Federal Reserve chairman Alan Greenspan that a recession could not be ruled out in the USA.

Says Milton Ezrati, senior strategist at money management firm Lord Abbett: "When the two engines of world growth look like they might disappoint, that is enough to scare most investors."

Wall Street economists have also warned that serious economic dislocations could result from the fallout from the weak housing market. Similarly, signs of mounting distress in the subprime mortgage market could also pose a danger to stocks.

Still, Bush administration officials Tuesday reiterated that the U.S. economy is in good shape. Treasury Secretary Henry Paulson briefed President Bush on the market decline, the White House said.

"The president's economic advisers are keeping an eye on the markets. We believe that the economic fundamentals in the U.S. economy are sound," said White House spokesman Tony Fratto.

Despite the reassuring words, many investors are no doubt wondering if Tuesday's free fall is the beginning of something more serious, such as a 1987-style crash.

"No," says James Stack, editor of InvesTech Research, in Whitefish, Mont. "We don't have the triggers for a crash."

In the 1987 stock market crash, for example, the Dow fell 508 points, or 23%, in a single day. But events leading up to the crash were far more unpleasant: The yield on the 10-year Treasury note rose to 10.23% in October 1987 from 8.83% at the start of the year. Short-term interest rates were rising at the fastest pace in four years, and the dollar was falling on international currency markets. "We don't have those pressures today," Stack says.

Valuations today are almost 50% below the sky-high price-earnings ratios (company's stock price divided by its earnings per share) in early 2000 — the last time the market plunged — with stocks trading at less than 16 times estimated earnings. The 10-year T-note yields fell to 4.52% Tuesday from 4.63% Monday. Gross domestic product grew at a robust 3.5% pace in the fourth quarter of 2006 and 3.4% for the entire year. Inflation remains tame at 2.1%.

Stack is still cautious. Tuesday's decline "is simply bringing investor expectations back to reality." Adds Joseph Quinlan, chief market strategist at Bank of America: "I don't think we are set up for something dramatic, like a 10% correction."

Investors should get used to more sharp up-and-down swings, says Tim Swanson, chief investment officer for the National City Private Client Group.

Tuesday's "market action has no doubt left many asking, 'Is this the beginning of the end?' The short answer is: We don't think so, … but rather (it was) an important reminder that volatility won't stay low forever. After a very long period of low volatility, it is easy to get lulled into a false sense of security."

Swanson says investors shouldn't be surprised if there is more volatility. He's sticking with his moderately bullish stance because he doesn't believe the underlying fundamentals have changed.

The prime mover in the Chinese meltdown was the market reserved primarily for the Chinese, known as A shares.

"Those were the ones going crazy," says Raymond Mui, senior portfolio manager for Acadian Asset Management in Boston. The Chinese A shares rocketed 128% last year. "Chinese citizens were borrowing to buy into the stock market, and the government was clamping down on that," Mui says. "That's why you see the drop."

The National People's Congress, which meets next week, is widely expected to pass measures to dampen speculation. This week, the Chinese government required banks to increase their reserves to 10%, up from 9.5%, which makes less money available for loans.

The Chinese weren't the only ones pouring money into their local stock market. Investors poured a record $23 billion into U.S. emerging-markets funds last year, about half of which went to China funds. So far this year, an additional $6.8 billion has gone into emerging-markets funds, $715 million of which went to China funds, says EmergingPortfolio.com, which tracks fund flows.

The rush to emerging markets reflects a worldwide reach for higher returns than developed markets could offer, says Jerry Webman, chief economist at OppenheimerFunds. With those higher returns comes higher risks.

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Big international funds took a hit Tuesday: American Funds EuroPacific Growth, which has $99 billion in assets, fell 3.2%. China-focused funds fell more. Fidelity China Region dropped 3.7%, and Dreyfus Premier Greater China Growth A fell 4.9%. Specialty exchange-traded funds really took it on the chin. IShares FTSE/Xinhua China 25 index fund fell 9.9%.

The Dow's decline of 3.3% wasn't nearly as severe. But that's not to say there weren't scary moments. Around 3 p.m. ET, the Dow appeared to drop 151 points in one minute. It happened with incredible swiftness because of a computer glitch that kept some trades in the Dow's 30 stocks from being immediately reflected.

Dow Jones, the media company that manages the flagship index, said that around 2 p.m. it discovered computers were not properly calculating trades. The company blamed the problem on heavy volume and switched to a backup computer. The result: a massive swoon in the index that happened in the seconds it took Dow Jones to switch to its secondary computers.

Measured by percentage loss, Tuesday's Dow decline looks much less threatening. It was the 37th-largest percentage loss since 1950, Stack says, and ranks at 237 since 1900. "In historical terms, it's pretty mild," he says.

One money manager who specializes in Chinese stocks says investors must put the decline in perspective. "If you want a guide to what's going on in China, the Chinese stock market is the last place to look," says Edmund Harriss, portfolio manager of the Guinness Atkinson Asia Focus fund. "It's a very thin market." Investors there tend to buy and sell according to price movements, not fundamentals, Harriss says. "We're seeing a technical pullback which, while significant, has to be seen in the context of the market more than doubling in the past 12 months."

Hu Xingdou, professor of economics at Beijing Institute of Technology, agrees: "The forecast for the stock market looks good over the next year. The Chinese economy is still growing, the state-owned companies are changing for the better, and stock prices remain relatively low."

The scary plunge did remind people that stocks don't go up in a straight line forever. "We'll get a sudden renewal of appreciation for risk," says Jack Ablin, chief investment officer at Harris Private Bank.

So where do we go from here? Orndorff won't rule out a "relief rally," but he advises monitoring how Asian markets react today to the heavy selling on Wall Street.

"The whole world is watching," says Headley.

US Durable Goods Orders Slide (FT)

By Eoin Callan In Washington A

Financial Times, February 28, 2007

US industrial investment appeared to have slowed at the start of this year as figures released on Tuesday showed a steep fall in demand for capital goods.

There was an unexpected drop in orders of durable goods across industry sectors as demand slid by a record 8 per cent to $204bn in January. The biggest monthly fall ever recorded underlined the continued risks to US economic growth from weak domestic business demand, which has lagged behind consumer spending.

The sluggish industrial activity highlights the US economy's reliance on consumers to sustain the growth of 2.5-3 per cent expected by the Federal Reserve this year.

The central bank has a fundamentally benign analysis of the US economy that sees growth recovering and inflation moderating, with interest rates on hold at 5.25 per cent for some time.

But the surprisingly cool demand for industrial goods revealed on Tuesday added to a chill that swept through global markets, as investors priced in an increasing likelihood that the Fed would be forced to cut interest rates.

The thin order books also prompted Wall Street economists to revisit their forecasts for growth for the first quarter, following already severely reduced expectations for growth last quarter.

Haseeb Ahmed, an economist at JPMorgan, said: "The weakness in orders points to softness ahead for manufacturing and sluggish capital spending. The weakness was broad-based and points to clear risk to our forecasts."

The fall in orders was led by big drops in demand in volatile sectors such as aircraft, which fell 59 per cent.

Demand for capital goods excluding defence and aircraft orders fell 6 per cent, while orders for motor vehicles and parts dropped 5.1 per cent. However, there were signs of renewed vigour among American consumers, who defied expectations and saw increased confidence this month, according to a private survey by the Conference Board.

There were signs of tentative stability in the housing market as sales of existing homes rose by 3 per cent last month, the biggest rise in two years.

Sales increased to 6.46m last month from 6.27m the previous month, according to the National Association of Realtors. But the median price of a home fell by 3.1 per cent to $210,600 from a year ago. The Fed is cautiously optimistic that the housing market is levelling out.

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Durable-Goods Orders Plunged 7.8% In January (WSJ)

By Christopher Conkey

The Wall Street Journal, February 28, 2007

WASHINGTON -- Orders for computers, machinery and other durable goods plunged in January, an indication that this year's outlook for modest economic growth may be making businesses cautious about their capital-spending plans.

Meanwhile, existing-home sales rose last month as lower prices and generous incentives lured some buyers back into the market. But economists say it will be tough to determine whether the housing market has reached a bottom before the spring selling season arrives.

The Commerce Department said new orders for durable goods fell 7.8% in January following a 2.8% increase in December, largely because there were fewer orders for transportation equipment. Boeing Co., for example, received 39 orders for new planes in January, down from an unusually large 212 in December. After two exceptionally strong years in which it secured more than 1,000 new orders per year, the Chicago-based aerospace giant expects to receive roughly half that number this year.

Economists tend to ignore transportation-led fluctuations in overall durable goods orders as long as underlying measures are solid. But that wasn't the case with yesterday's data.

Orders excluding transportation fell 3.1%, and orders for non-defense capital goods excluding aircraft -- a closely watched proxy for future business investment -- dropped 6.0% last month, the second decline in three months. The data suggest many companies are hesitant to plow their profits into such growth-enabling investments as structures and equipment, a trend that emerged late last year and appears to be continuing.

"We started to see some signs late in 2006 that the momentum in business equipment investment wasn't as bullish as it was earlier in the year," said Brian Bethune, U.S. economist at consulting firm Global Insight. "Now the momentum has diminished."

After increasing at an inflation-adjusted annual rate of 7.7% in the third quarter last year, business investment in equipment and software fell at a 1.8% rate in the fourth quarter. Today, the government will release its updated estimate of the economy's fourth-quarter growth, and economists expect the initial tally of a 3.5% inflation-adjusted growth rate to be lowered to between 2% and 2.5%, mostly because of weaker-than-expected inventory accumulation and higher imports.

John J. Castellani, president of the Business Roundtable, whose members are big-company chief executives, said concerns over the future course of economic growth are making some companies cautious. These worries have been reflected in the group's quarterly surveys of CEOs. In December, 39% of CEOs surveyed said their company's capital spending would increase over the next six months, down from 56% a year earlier.

If sustained, weak business spending would impose another drag on the economy at a time when pullbacks in residential investment and manufacturing production are already weighing on growth. It would also come as a surprise to economists since most have assumed businesses will spend freely after a year of record-breaking profit margins. Federal Reserve policy makers are also forecasting solid gains in capital spending this year.

Meanwhile, the National Association of Realtors said existing-home sales rose 3.0% in January to a rate of 6.46 million units, or 4.3% below year-ago levels. The median sales price was $210,600 last month, down 3.1% from a year earlier. The inventory of unsold homes on the market was unchanged last month at a 6.6-month supply.

The combination of lower prices, reasonable interest rates and warm weather spurred home buying activity in January, and a cold spell in February could depress sales. The key question is whether buyers will come out in force this spring, enabling sellers to lift prices and builders to reduce unsold inventories without further production cuts.

"We shouldn't be surprised to see a near-term sales dip, but that will be followed by continuing recovery in home sales," predicted David Lereah, the Realtors' chief economist.

Separately, the Conference Board, a New York-based research group, said its index of consumer confidence rose to 112.5 this month from 110.2 in January, as consumers' assessments of economic conditions, including the availability of jobs, improved.

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Economists Worry As Businesses Tighten Spending (USAT)

By Barbara Hagenbaugh

USA Today, February 28, 2007

WASHINGTON — Businesses are showing little appetite for investment in items such as heavy machinery and computers, a trend that is likely acting as a drag on the economy.

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A proxy for business investment fell at the fastest rate in three years in January, according to a report out Tuesday. New orders for capital goods, excluding defense and aircraft, fell 6% in January after adjusting for seasonal variations. That was the third drop in four months and the biggest since January 2004, the Commerce Department said.

While the numbers are notoriously volatile, the sharp drop last month raised concern among investors and economists that businesses are stepping on the brakes.

"This trend is not something that makes one comfortable about the strength of the economy," Naroff Economic Advisors President Joel Naroff said in a note to clients.

The data follow other reports that have shown businesses may be growing more cautious.

Business investment fell in the fourth quarter for the first time since early 2003, according to government data. A survey of 446 chief financial officers in November showed businesses expected to increase investment by less than 5% in the next year, a drop from a 7.5% gain they forecast in June, according to the study by Duke University and CFO magazine. A survey of CEOs by the Business Roundtable also has shown a decline in spending expectations.

And while more than 40% of manufacturers said in a Federal Reserve Bank of Philadelphia survey in January that they expected to increase investment, 21.7% said they planned to reduce investment, the biggest number since the question was first asked in January 2004.

A number of factors are making businesses scale back spending, says John Graham, a finance professor and director of the CFO survey at Duke University's business school. Interest rates have increased and energy costs, although off the record highs hit last year, are still elevated. Businesses are also watching how the slowdown in housing affects consumers.

Companies "are just going to be cautious in that environment," Graham says. "The last thing they want to do is build the extra capacity and they (later) find it is not needed."

The caution comes even though business balance sheets are in good shape, according to the Federal Reserve. Companies' financial assets were up 4% in the third quarter from the prior year, the latest data.

Business investment accounts for about 11% of U.S. economic activity vs. 70% for consumer spending. But business investment is still important to watch as a barometer of how company owners are feeling about the economy, which can influence hiring, salaries and other factors that can affect consumers, Union Bank of California senior economist Keitaro Matsuda says.

"Their sentiment is reflected in their buying and purchasing patterns," he says.

Recession Unlikely This Year, Many Economists Say (LAT)

By Molly Hennessy-Fiske And Lisa Girion

The Los Angeles Times, February 28, 2007

WASHINGTON — The dreaded R-word — recession — is back in play, contributing to Tuesday's stock market plunge.

But is recession a real possibility?

Many analysts say recession is unlikely this year, that Tuesday's market sell-off was long anticipated and would be short-lived as the economy rebounds from a housing slump. Also helping the economy are renewed consumer and business spending, a strong but not overheated labor market and possible intervention by the Federal Reserve, analysts say.

"The economy is percolating along pretty well except for the housing sector," said Edward Leamer, director of the UCLA Anderson Forecast, adding, "We don't see anything in the data that we monitor that suggests the economy is having any real trouble."

Stanford University economist John Taylor said that Tuesday's stock market drop might restore some volatility to what has been an unusually stable stock market, but that it was not a reflection of economic troubles.

"If you look at the overall economy, both U.S. and global, you see continued growth," Taylor said.

Former Federal Reserve Chairman Alan Greenspan brought the R-word back Monday, suggesting a recession could come by year's end. And recent data, including a surprisingly weak durable-goods report Tuesday, suggest the economy has not rebounded as strongly as some analysts had expected.

Nouriel Roubini, chairman of Roubini Global Economics in New York and a professor of economics at New York University, had predicted a recession to begin in the first or second quarter of this year and said Tuesday's market downturn provided more evidence of impending trouble. The government today is also expected to sharply lower its estimate for growth in last year's fourth quarter, down to 2.5% from 3.5% last month.

"We have lousy economic news," said Roubini, a former White House and Treasury Department economist. "It's just the beginning of much worse things to come."

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With the recovery now 5 years old — long in the tooth by most economic standards — such warnings are not easily dismissed. But other analysts drew a distinction Tuesday between the slow growth they're seeing and conditions that could tip the economy into recession.

"Recession is becoming in my opinion a rather rare event, because the government has learned to manage the economy better," said Keitaro Matsuda, senior economist at Union Bank of California in San Francisco.

Matsuda said he didn't see the economy slipping into negative growth "any time soon."

"We don't see that happening in our forecast," said Kenneth Beauchemin, U.S. economist with Global Insight in Lexington, Mass. "Productivity growth has slowed down, but it hasn't been terrible and we expect it to pick up again. And there's still some slack in labor markets."

Beauchemin said that although unemployment remained a low 4.6% nationally, employers had been posting openings more slowly.

And Tuesday's data showed signs that the housing slump might be ending. The National Assn. of Realtors reported that sales of previously owned homes rose 3% since January, the largest gain in two years.

Beauchemin expects growth to post a "decent" 3% this year.

A recent decline in interest rates, helped by Tuesday's sharp bond market rally, raises another possibility: that the Fed might come to the slowing economy's rescue and cut rates. Concerns about possible blowups in the sub-prime mortgage market also could encourage the Fed to cut rates after pausing last summer in its two-year campaign of raising interest rates to fight inflation.

"There's going to be more and more talk about the economy being weak and the prospects for the Fed lowering interest rates," said Ed Yardeni, president of Yardeni Research in New York.

Yardeni said recession talk "has been brewing" among analysts this year, and Greenspan simply brought it to the fore, catching markets by surprise. Yardeni expects the government to report today that fourth-quarter growth fell to 2% but said it would rebound to 3% by year's end as consumers continue to spend, making a recession "not possible" this year.

Consumer confidence rose to a 5 1/2 -year high this month, with the Conference Board's index up to 112.5 from 110.2 in January.

"My view is, so far the economy continues to demonstrate that it's remarkably resilient," Yardeni said.

Although the Commerce Department reported Tuesday that new orders for durable goods fell by 7.8% in January after a December gain of 2.8%, Yardeni called the data "volatile" — not enough to stake a recession on.

Businesses have been dialing back spending, attempting to sell existing inventories, said Bernard Baumohl, managing director of Economic Outlook Group in Princeton Junction, N.J.

"That is not necessarily an indication that the economy is in trouble," Baumohl said.

Financial Experts Say Investors Shouldn't Panic (LAT)

By Martin Zimmerman

The Los Angeles Times, February 28, 2007

Don't panic. That's what financial planners were advising clients today as they tried to cope with the worst day for the stock market in almost four years.

It seemed the perfect day to hit the "sell" button. Stock markets around the world were tumbling and safe havens such as gold were taking a beating. But dumping stocks in the heat of the moment -- even one this hot -- wouldn't be prudent, financial advisors say.

"It's best to try to take the emotions out of market decisions," said financial planner Victoria Collins of the Keller Group in Irvine. "If your assets allocation is clear and you're confident about it, you should be able to ride out market fluctuations like this."

Of course, that assumes you have a clear asset allocation plan. Market meltdowns are painful reminders that an investment mix of stocks and bonds that matches an investor's risk profile and savings needs is crucial, pros said. Indeed, while stocks were suffering around the world today, U.S. government bond investors were enjoying a banner day.

"Days like today can be scary for people, but the focus on the long term and building a portfolio is still important," said Paul Herbert, senior mutual fund analyst at Morningstar Inc. "And on days like this, people get a reminder of just how important they are."

As a general rule, advisors tell their clients to lighten up on stocks as they get closer to retirement and move more money into bonds.

Fixed-income investments typically are less volatile than stocks, making it less likely that investors will suffer a blow that can't be recouped within the shorter time frame of their retirement years. Bonds can also provide a steady stream of income for retirees suddenly without a regular paycheck.

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But advisors caution that forsaking stocks completely would be a mistake -- even for older investors and even on days like today. With people living longer and retirement expenses such as health care growing, the added boost that stocks can give a portfolio is essential, even for investors well into their 60s.

"The old rule of thumb of switching to 100% fixed income when you retire doesn't make any sense these days," Collins said.

Anatomy Of A Wall Street Freefall (WP)

By Tomoeh Murakami Tse

The Washington Post, February 28, 2007

The dramatic drop in U.S. stocks began yesterday when sharp declines in the Chinese market triggered a global equities sell-off. News of a larger-than-expected drop in durable-goods orders heightened skittishness, even before the U.S. markets opened.

By the end of the day, the Dow Jones industrial average had suffered its largest one-day decline in percentage since 2003, dropping 416.02, or 3.3 percent, to 12,216.24. The sharpest decline occurred shortly before 3 p.m., when the Dow dropped 200 points -- triggered by a technological glitch that caused a backlog of trades to be calculated at nearly the same time.

The Nasdaq composite index dropped 96.66, or 3.9 percent, to 2407.86. The broader Standard & Poor's 500-stock index lost 50.33, or 3.5 percent, to 1399.04.

The slide in U.S. shares erased about $600 billion in market value. Following losses last week, the blue-chip average erased all its gains for the year so far.

In early trading, even as the Dow dropped 100 points, many analysts shrugged off the decline, saying such fluctuations were not surprising and were relatively small, given that the Dow has gained 10,000 points since the Black Monday crash of 1987.

But after the rapid descent that put the Dow down more than 540 points, the tension increased, and traders speculated about what had caused the afternoon plunge.

"You have to figure . . . there must have been someone very large who got out," said Chris Low, chief economist with FTN Financial. "Every single market is down. I've rarely seen such a sell-off."

Analysts and economists said a number of factors contributed to the market's slide. "It starts out with the Chinese government saying they're going to crack down on speculators," Low said.

Every sector was affected, but among the hardest hit were commodities, which were riding high based on the belief that demand from China would only grow. The materials, energy and technology sectors were also knocked down, while emerging-market companies and riskier small-cap stocks took a hit as investors fled to safer turf, such as bonds.

The Russell 2000 index of smaller companies fell 3.8 percent, to close at 792.66.

With the markets awash in cash, investors have been willing to venture out to riskier investments, a trend that had to reverse at some point, analysts said. Yesterday, they were turning to safer investments. "Treasuries were up, large-cap stocks are off 1 percent, emerging markets are down several percent," said Jerry A. Webman, chief economist at OppenheimerFunds. "By the time you get to Shanghai, you're off 8.5 percent. There is a flight to quality."

Declining stocks outnumbered winners by more than 6 to 1 on the New York Stock Exchange; 4.3 billion shares were traded, compared with 2.8 billion Monday.

Some market strategists said they were holding off on buying, seeing a potential for larger drops. Others characterized the retreat as a long-overdue correction and good for a market still fundamentally strong. They said recent increases in oil prices, geopolitical events in the Mideast and growing concern about the subprime-mortgage market combined to set off the market downturn.

"The trick is for real investors not to overreact," Webman said. "The last thing people want to do in this kind of environment is get off their long-term financial plans."Movers

U.S. Steel shares dropped $7.39, to $86.51.

Apple fell $4.72, to $83.93, after delaying the launch of Apple TV.

Caterpilla r dropped $2.43, to $64.83.

Walt Disney Co. fell $2.01, to $33.10.

Credit Correction (WSJ)

The Wall Street Journal, February 28, 2007

Any equity selloff as large as yesterday's will produce a multitude of explanations. Among other culprits, we heard about "overbought" Chinese stocks that were due for a correction, a weak durable goods report, the Kabul explosion aimed at Vice

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President Dick Cheney (see below), and former Federal Reserve Chairman Alan Greenspan for declaring Monday that a "recession" was possible later this year.

Our own "whodunit" contribution would point to the mortgage-related markets, which sold off nearly as much as stocks. This reflects the cracks appearing in the housing credit markets, especially in subprime loans but with some damage up the income chain as well. Along with emerging markets such as China, this is where the excesses have been most notable. And when Adam Smith does a house cleaning like yesterday's, he sweeps the dirtiest corners first.

The question is whether this is a forecast or merely a correction. As evidence of the latter, we'd point to Mr. Greenspan, whose Monday remarks seem to have been over-interpreted as a recession prediction. In the same discussion, we're told, he called the world economy "benign and stable." Nonetheless, we'd also note that Mr. Greenspan's predecessor as Fed Chairman, Paul Volcker, didn't muse about recession dangers after he left office in the 1980s. He didn't want to complicate Mr. Greenspan's monetary task at the time.

We also wouldn't make too much of one month's decline in durable goods. These are notoriously volatile, especially in transportation, which was way down in January. Today's report on fourth quarter GDP is also widely expected to be revised downward from the original 3.5%. But much of that revision may be due to an inventory work off, which bodes better for growth going forward. The labor market remains strong, if slowing from the rapid pace of job growth in 2006.

The bigger risks continue to be political and monetary. The era of tax cutting has ended with the arrival of the Democratic Congress, and other policy errors are possible (see further below). As for the Fed, we'd feel better if current Chairman Ben Bernanke had been running a tighter monetary policy for the last year; it might have left him with more policy room if the economy does turn sour. As it is, any easing now runs the risk of a dollar rout, which could lead to an even larger loss of confidence and selloff.

The current problems in the housing credit markets owe a great deal already to the Fed's mistake in keeping monetary policy too easy for too long during the late Greenspan era. We now have to ride them out, and Mr. Bernanke shouldn't make them worse with a panicky, premature easing.

Economy Appears Headed For A Period Of Turbulence (MCT)

By Kevin G. Hall

McClatchy Newspapers, February 28, 2007

WASHINGTON - Tuesday's stock market plunge shows the start of a "correction," the age-old euphemism for a steep drop in stock prices, but it may also signal worse news than that.

A steady stream of recent data shows mixed signals about where the U.S. economy is headed. The old sage himself, Alan Greenspan, suggests recession could be looming.

Fasten your seat belts - some economic chop could be coming.

The Dow Jones industrial index fell more than 416 points, or 3.29 percent, in trading Tuesday. The tech-heavy Nasdaq composite was off by 3.86 percent, and the S&P 500 was off by 3.47 percent. It was the largest one-day drop for markets since Sept. 17, 2001, the first day trading resumed after the Sept. 11 terror attacks

Tuesday's drops mirrored a global decline in stock markets as the investor mood turned bearish. Investors, who have been murmuring about a coming "correction" for weeks, are concerned that the U.S. and Chinese economies may be entering a period of cooling.

The drop underscores how connected the U.S. economy is now with the broader global economy. U.S. exchanges sank following a nearly 9 percent drop Tuesday on China's Shanghai Composite Index. It was the Shanghai's biggest one-day drop in a decade, and investors worried that interest rates may soon rise to douse China's sizzling economic growth.

Higher lending rates in China matter to average Americans. Most large American corporations either manufacture there or purchase from Chinese contract manufacturers. Higher lending rates in China would slow economic activity there and raise the cost of doing business. The costs could be passed back to Americans as pricier imported goods.

Adding to the economic uncertainty, oil prices are climbing again, due in part to the Bush administration's escalating war of words with Iran. Just weeks ago, some analysts projected a return to $40-a-barrel oil, but it now trades around $60 a barrel. AAA reports that unleaded gasoline averaged $2.37 a gallon nationwide on Tuesday, compared with $2.14 a month ago.

Other economic data are sending, at best, mixed signals.

The Commerce Department reported on Tuesday a 7.8 percent decline for orders of durable goods in January. It was the biggest dip in demand for business equipment in three years. The Manufacturers Alliance/MAPI said the drop was felt across industries such as transportation, high tech and industrial metals.

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"There is no escaping the observation ... that growth in the manufacturing sector ground to a halt in September 2006 and continues to struggle as consumers rethink big-ticket spending and businesses turn risk adverse in their capital spending," said Daniel J. Meckstroth, the trade association's chief economist.

But the Conference Board reported Tuesday that consumer confidence in January jumped unexpectedly to its highest level since August 2001. And in another surprising announcement, the National Association of Realtors reported that existing home sales in January rose by 3 percent, the largest monthly jump in two years.

That good housing news, however, was tempered by concern about delinquent mortgages. The Mortgage Bankers Association reports that 3.8 percent of all adjustable-rate sub-prime mortgages are in foreclosure proceedings, up from about 3 percent in 2005.

"It's not a great number, but it's enough to make a dent on the sales numbers, so we'll see (home) sales continue to drop through the end of this year," said Patrick Newport, an economist with consultancy Global Insight in Lexington, Mass. "So far what we've seen is a lot of this has been contained to the mortgage market and particularly to the sub-prime market (of riskier borrowers). No one has a sense of whether this will spread to other markets, like the prime mortgage market. So far it hasn't."

John Silvia sees the U.S. economy as being "on the edge of a knife." He's the chief economist for Wachovia, a large national bank based in Charlotte, N.C. He sees below-trend economic growth, corporate profits leveling off and short-term lending rates higher than longer-term rates. This phenomenon, called the inverted yield curve, historically has been a harbinger of recession.

"When you go into a fog, it's hard to make commitments as an investor," Silvia said. "It's not the time to make big bets."

That cautious view sounds remarkably like former Federal Reserve Chairman Alan Greenspan, who told businessmen in Hong Kong on Monday that a U.S. recession was possible late this year or early next year.

While the "r" word got the headlines, Greenspan also warned that risk premiums are unusually low, meaning that lenders aren't demanding higher returns for riskier investments as they should.

"Risk is no longer perceived as major risk, at least as it was in years past, and that, I must say, I find disturbing," Greenspan said, according to The Wall Street Journal. "We do not and cannot look into history without being very concerned when you see the absence of awareness and concern about risk that we see today."

The concern sounded remarkably like Greenspan's warning in the 1990s that stock market investors were suffering from "irrational exuberance," a warning of the bubble that eventually burst and brought recession in 2001.

A Recession That Arrived On Cats' Paws (NYT)

By David Leonhardt

The New York Times, February 28, 2007

The nation's manufacturing sector managed to slip into a recession with almost nobody seeming to notice. Well, until yesterday.

Wall Street was caught off guard when the Commerce Department reported yesterday morning that orders for durable goods — big items like home computers and factory machines — plunged almost 8 percent last month. That's a big number, but it really shouldn't have come as too much of a surprise. In two of the last three months, the manufacturing sector has shrunk, according to surveys by the Institute for Supply Management that have been out for weeks.

But the new report seemed to focus investors' attention on the problems in manufacturing and became one more reason for people to sell stocks. By the time the market opened in New York, stocks in almost every industrialized country had already fallen sharply.

The trouble began in Asia, where the Chinese stock market plummeted, before spreading to Europe and finally this country. The Standard & Poor's 500-stock index ended up with a loss of 3.4 percent, its fifth straight daily decline and its worst since 2003.

All of which raises a question that would have sounded strange even a month ago. Is the entire United States economy in danger of going the way of the manufacturing sector? Is it possible that we're headed for a real recession?

For months now, the economy seemed to shrug off the forces weighing on it and just kept on growing. But those forces never went away. If anything, a number of them have gotten stronger. And that's the most worrisome part of the bad news from the nation's factories: it fits into a larger story.

As stocks were dropping yesterday morning, an economist named Ian Shepherdson wrote one of his regular e-mail messages to clients: "Manuf is in recession; Fed please take note." Mr. Shepherdson, it's important to mention, is not one of Wall Street's perma-bears. When manufacturing last shrank, back in 2003, he correctly insisted that it was a false harbinger.

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But this time, the manufacturing downturn stems from a couple of larger economic problems. One, of course, is the housing slump, which has caused a big drop in new construction and much less demand for doors, windows, countertops and a lot of other things that kept factories busy in recent years.

In recent weeks, the troubles in housing have spilled into the financial sector. Big lenders like NovaStar Financial are paying the price for extending credit to people who couldn't actually afford the homes they bought during the real estate boom. With many of those homeowners falling behind on their mortgage payments, lenders are making it tougher to get loans.

That's a sensible, and overdue, move. But it will hurt economic growth in the months ahead. The second big problem for manufacturers is the series of interest rate increases that the Federal Reserve has imposed since 2004.

They may seem like old news, because the last of them came eight months ago, but it typically takes a year to a year and a half for a rate increase to have its full impact. A lot of the big decisions affected by interest rates, like whether to buy a new car or a new piece of factory equipment, aren't everyday decisions. Only now are some families and businesses starting to react to the higher rates.

The economic news certainly isn't all bad. The housing problems still haven't turned into a crisis, thanks in part to interest rates that are still not high by historical standards. So the most likely situation is not a full-blown recession (often defined as two consecutive quarters of a shrinking economy).

The forecasters at the Economic Cycle Research Institute in New York, who have accurately predicted each of the last three recessions, argue that the current slowdown won't amount to much more than a lull. By the middle of the year, they say, low interest rates and healthy corporate spending will have the economy growing nicely once again.

Lakshman Achuthan, the institute's managing director, told me yesterday that he thought the odds of a recession over the next year were less than 20 percent. Mr. Shepherdson — the chief United States economist at High Frequency Economics, who's more bearish than most forecasters right now — still puts the odds at only 30 percent.

But for all the attention that formal recessions get on Wall Street, they are not really the benchmark that matters to most people. A significant slowdown that falls short of a recession can do a lot of damage to stock prices, profits and wages.

Only in the last few months, for example, has the current expansion grown strong enough to give most American workers pay increases that outpace inflation. Those raises would be endangered if the economy were to slow from last year's growth rate of 3.4 percent to even 2 percent.

"This is going to get worse before it gets better," Mr. Shepherdson argues. "We're in danger of slipping into something very like a recession, if not necessarily hitting the technical definition. It would be big enough to hurt, that's for sure."

The main message of yesterday's worldwide stock sell-off — as well as the stealth manufacturing downturn — is that the economy is facing bigger risks than we imagined just a few weeks ago.

In mid-February, Ben S. Bernanke, the Federal Reserve chairman, told members of Congress that he was worried about inflation taking off. The clear implication was that the Fed's next move might be to raise rates yet again to keep the economy from overheating.

Until yesterday, that seemed plausible. It doesn't this morning. Like stocks, the price of a futures contract tied to Fed policy shifted sharply yesterday.

Before the day began, investors expected the Fed to hold its benchmark rate steady through the end of the summer. Now they are betting that the rate will be cut once before July and again by the end of the year. If that's all that is necessary to keep the economy healthy, it will be a relief.

Plunge Leads To Predictions (CHIT)

By Bill Barnhart

Chicago Tribune, February 28, 2007

After watching the biggest one-day plunge in U.S. stocks in nearly four years on Tuesday, investors face two scenarios.

One is that Tuesday's market action, including a critical error by Dow Jones & Co. in calculating the Dow Jones industrial average, represented a catharsis in market sentiment and mechanics unlikely to be repeated.

"This was a flash point, a reality check," said Pat O'Hare, manager of investor content at Briefing.com, an online investor information service.

Noting that the day's decline began in China, O'Hare said, "Does a 9 percent decline in the Shanghai stock market really disrupt the economic order? The answer is no. We still anticipate the Standard & Poor's 500 index to gain 5 percent this year."

The second is that Tuesday's trading exposed long-simmering vulnerabilities in world markets, arising from investor exuberance, especially in Asia, and a wave of debt-financed speculation. Working through those issues could mean days, weeks or months of weak stock markets.

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"This market has been compressed like a spring, and when you get a combination of events, that spring will explode on you," said trader Fane Lozman of Scanshift. "If something really happens, the market will get spooked. At some point, the Dow will get back to 10,000."

The Dow closed at 12,216.24, down 416.02, or 3.3 percent, after falling as much as 543 points, the biggest drop since the first day of trading after the Sept. 11 attacks. The S&P 500 tumbled 50.33, or 3.5 percent, to 1399.04. It was the worst day for both indexes since March 2003.

Analysts on both sides agree on several points. Major economies are strong. Interest rates are low. Even with Tuesday's blow to the China outlook, oil prices closed higher in U.S. futures trading.

Moreover, Tuesday's market sell-off virtually wiped out fear of an interest-rate increase by the Federal Reserve anytime soon. Treasury securities rallied strongly, sending 10-year Treasury yields to their lowest level since early December. The decline in 10-year yields, to 4.5 percent from nearly 5 percent in late January, is a godsend to the embattled U.S. housing market.

Given the economic fundamentals, it's hard to make a case for a sustained and significant drop in stock market values, even though the pace of U.S. corporate profit growth is expected to slow.

"The economic outlook remains reasonable in the U.S. It's supported by stronger growth in Europe and Asia," said James MacDonald, director of equity research at Northern Trust. Tuesday's sell-off "is just a deflation of people's view that we can just keep marching on without interruption."

Indeed, until Tuesday the stock market had put on a bullish run not seen since the 1950s. There were 228 days without a 2 percent pullback in the benchmark S&P 500, the longest such streak since a 293-day run in 1953-54.

Investor optimism, especially in Asia, suffered a big hit. The Chinese government signaled that it wishes to curtail speculative stock buying that had prompted a 140 percent gain in the Shanghai stock market composite index in the past 12 months. It worked.

At the end of New York trading Tuesday, the question was not whether U.S. stock prices would ease but whether the correction would be orderly and not turn into a self-fulfilling cascade.

To see the crosscurrents influencing the outlook, you need to take a global view.

Stocks continued to swoon in early Asian trading Wednesday, reflecting the enormity of the surprise U.S. sell-off. Sustained declines in the stock markets of developing economies and Asia could sour U.S. investors on one of the most popular ideas of recent years: emerging-market stocks.

For example, the iShares exchange-traded fund that tracks an index of emerging-market stocks sank more than 8 percent, back to its level in late November. For months, U.S. investors have been turning away from domestic equity-mutual funds in favor of international funds. A shift in sentiment could bolster U.S. stocks.

Slightly higher interest rates in Japan, implemented earlier this month by the Bank of Japan, reflect optimism about Japan's economy after years of economic stagnation.

But the prospect of still-higher Japanese interest rates has disrupted the so-called carry trade, by which speculators borrow in Japan to make higher-returning investments elsewhere. Traders said Tuesday's rally in the yen meant this strategy was unwinding.

Many analysts fear that threats to this sort of debt-financed speculation could prompt a severe reversal of financial markets around the world.

The fact that the price of gold sank along with stocks supports the view that the market action was a speculative blow-off, not a fear of economic stress. Gold, which is viewed by many investors as a safe haven, had advanced steadily since early January, nearly reaching $700 an ounce, before falling 3 percent Tuesday.

Separately, so-called margin debt, representing loans to investors issued by brokers and secured by stock, rose last year to the highest level since the peak of the U.S. stock market in early 2000. A sudden collapse of stock prices could prompt a wave of margin calls, forcing investors to sell to raise cash.

SUDDEN RETREAT Markets' Slide Spotlights Risks (WSJ)

By E.s. Browning And Craig Karmin In New York, James T. Areddy In Shanghai, And Greg Ip

The Wall Street Journal, February 28, 2007

Yesterday's plunge in stock prices around the world, including the steepest percentage decline in the Dow Jones Industrial Average in nearly four years, signals that investors may finally be re-evaluating their insatiable appetite for risky investments.

The catalyst was Tuesday's nearly 9% fall in stock prices in Shanghai, one of the hottest and most volatile markets in the world. That helped send U.S. stocks on a roller coaster that ended with the DJIA down 416.02 points, or 3.3%, to 12216.24.

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For a moment yesterday it was even worse. Starting just before 3 p.m. Eastern time, the Dow plunged more than 200 points in minutes, to a low of 12086.86, after a technical glitch delayed the reporting of its true value. 1

For months, global stock markets had been pointing almost straight up, ignoring admonitions that investors were excessively complacent. The amount of compensation, in the form of higher yields, that investors usually demand for lending money to riskier companies or countries had been shrinking steadily. And with credit plentiful and cheap, private pools of capital have been borrowing to buy up bigger and bigger companies. Even prices of art and wine have soared.

The mood changed sharply yesterday. U.S. Treasury bonds rallied in a flight to safety by suddenly nervous investors. The 10-year Treasury note's yield -- which falls when the note's price rises -- sank to 4.47% at one point. The Treasury note's yield ended the day at a two-month closing low of 4.515%.

The atmosphere first began to shift Sunday night, New York time, when former Federal Reserve Chairman Alan Greenspan, speaking by satellite to a Hong Kong audience, used the word "recession" and appeared to question the widespread notion that the current expansion will last all decade. "We do not and cannot look into history without being very concerned when you see the absence of awareness and concern about risk that we see today," Mr. Greenspan said.

Stocks didn't flinch at first. But on Tuesday, a day after hitting a record high, the Shanghai Composite Index fell 8.8% for no obvious reason, its biggest drop since jitters in 1997 about the death of Communist Party elder Deng Xiaoping. Analysts suggested investors wanted to get out of the soaring market before Beijing made any moves to cool it, such as new trading taxes.

GLOBAL SPIN

· The News: A selloff in China stocks triggered market declines around the globe yesterday.

· The Background: Investors around the world have been blasé about risk in recent months.

· What's Happening: Investors may finally be tempering their appetite for risky investments of all sorts.

Then in the U.S., the Commerce Department made Mr. Greenspan appear prophetic yesterday with its report that orders for big-ticket factory goods fell sharply in January. That raised questions about the strength of capital spending, a force that many have been counting on to offset housing-market weakness.

About the same time, mortgage lender Freddie Mac said it was tightening standards on subprime loans. It was one more sign the market for loans to the least creditworthy borrowers was deteriorating rapidly. Defaults are up. Lenders' shares are down. The prospect that lenders will grow increasingly tightfisted has raised concerns that the worst isn't yet over for the housing sector, which has been showing some signs of stabilizing.

A weaker-than-expected U.S. economy could undermine many assumptions that have been underlying investors' embrace of risk. It could lead to higher defaults among companies that have taken on large amounts of debt. And it could undermine the outlook for foreign markets, which tend to depend far more on the U.S. economy than the U.S. depends on theirs.

The remarkably low concern about risk has been the most striking feature of markets world-wide in recent years. Stocks have risen, and the riskiest markets have risen furthest. Yields on bonds from the riskiest countries, companies and mortgages have fallen the most. These trends have had powerful effects on businesses and economies. They have sparked a wave of private-equity buyouts of companies such as the big bid for utility TXU Corp. this week.

There are several reasons for investors' appetite for risk: Growth has been steady and inflation low world-wide for several years. China, oil-rich countries and other emerging economies are generating savings far in excess of their domestic needs, and need to invest it somewhere. The concern has been that investors have extrapolated such trends too far.

Despite yesterday's financial-market turmoil, there is little sign the prognosis for the U.S. economy has changed much. Strong readings on home sales in January and consumer confidence in February suggested that the U.S. economy may be growing at about a modest 2% annual rate. "The growth situation is not great, but I don't think it's much different from what the Fed has been anticipating for a while," said Stephen Stanley, chief economist at RBS Greenwich Capital.

Still, corporate-profit growth, in double digits for more than three years, is showing signs of falling back to single digits this year. In the fifth year of a bull market, money managers increasingly have been worrying that stocks are overdue for a significant pullback. So they've been poised to sell at the first sign of trouble.

Many central banks maintain relatively low interest rates. But the shift in market sentiment comes amid increasing signs central bankers are ready to tighten the credit spigot.

The Chinese central bank has been trying to cool lending. Japan's central bank recently raised interest rates -- albeit to just 0.5% from 0.25% -- in part to discourage speculative borrowing in its markets. The European Central Bank yesterday reported that money supply grew at its fastest rate in 17 years in January in countries that use the euro, a trend that could argue for higher European rates.

The major exception is the U.S. Fed, which appears to be on hold for the foreseeable future. Though it has a bias to raise rates again if inflation worsens, futures markets are betting the next rate move is a cut.

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The market setbacks were broad yesterday. Major stock-market indexes in France and Germany fell 3% each, Britain's fell 2.3%, Turkey was down 4.5% and Brazil plunged 6.6%.

WALL STREET JOURNAL VIDEO

18 · WSJ's David Wessel discusses19 Tuesday's big selloff and whether this is a reflection that something is amiss in the global economy.

· Barron's associate editor Michael Santoli says20 eight straight months of pent-up selling combined with China's volatility helped spur Tuesday's market drama.

Investors dumped bonds of developing countries, sharply widening their yields compared with safe U.S. Treasurys. This so-called "spread" widened by 0.14 percentage point -- a major increase -- as investors demanded higher returns for owning the riskier assets. Some investors in these emerging markets believe a correction is long overdue. "We need to be paid a lot more for the additional risk we are taking," said Andrew Feltus, a bond-fund manager at Pioneer Investments in Boston.

In another sign of risk aversion, the Japanese yen strengthened more than 2% against the U.S. dollar, its biggest jump in about a year. Global speculators have for years been borrowing yen, taking advantage of Japan's low interest rates, and then investing in markets that promised higher returns. The practice, known as the carry trade, has been an emblem of investors' seemingly limitless appetite for risky strategies.

Yesterday's tumult spurred some traders who used this strategy to begin reversing it. That meant closing out some of their riskier bets and putting the money back into yen -- thus giving the yen a boost. These sales by investors in the carry trade apparently contributed directly to the global stock declines.

Yesterday was the heaviest trading day ever for stocks listed on the New York Stock Exchange: 4.07 billion shares. One trader said he was unable to fill all his orders on the NYSE trading floor in the last 15 minutes of the trading day. Instead, he was rerouting orders to alternative electronic venues away from the Big Board. "We just hit a brick wall," said Stephen Porpora, an NYSE floor broker with William O'Neil. "These markets move faster than anyone can."

With increased electronic trading -- in which stocks are bought and sold by computer instead of on a traditional trading floor -- traders "can't slow things down" as they used to when a crush loomed, Mr. Porpora said. At around 3 p.m. he saw the Dow slip by more than 100 points in seconds as he tried to trade a large, volatile stock. One order entered around 3:58 p.m. took 10 minutes to process, even though the market officially closes at 4 p.m., he said. Usually, trades are processed in less than a minute.

Volatility, which has been tame for months, soared yesterday, as measured by the CBOE Volatility Index.

China's impact on the day's events is remarkable on several counts. Shanghai's so-called A-share market is largely closed to foreign investors, and local speculators who make up its primary investors typically pay little attention to factors outside of China.

Chinese share prices, after years in the doldrums, have soared for much of the past 20 months -- a rally that has prompted millions of Chinese to take up stock trading. Officials have expressed concern about the pace of the runup, after the benchmark index surged 130% in 2006.

Traders said the index's close above 3,000 earlier this week made them nervous that the government would have added reason to adopt new taxes or other measures to apply brakes to the market when China's legislature convenes next week for its annual session. The government yesterday denied rumors it was considering a 20% capital-gains tax on stock investments, the state-run Shanghai Securities News reported.

The long rally has made China's stock market more important globally. Many of the world's best-performing mutual funds last year targeted stocks of Chinese companies listed overseas. China's stock market long has been divorced from the underlying economy, with share prices undergoing several boom and bust cycles even as growth has hummed along with remarkable consistency. As China's economic boom made many of its citizens wealthier in recent years, most Chinese ignored stocks and instead spent money on apartments, new cars, and new businesses.

The market's rapid rise since mid-2005 has made stocks an increasingly important part of the lives of many Chinese. The gains have been fueled by millions of new investors -- from retirees to college students -- who have poured into street-level brokerage outlets to sign up for trading accounts. Online trading is gaining in popularity too. Since Chinese stocks rarely sell for more than a few pennies a piece, barriers to entry are low and as many as 90,000 accounts have been opened per day in recent weeks.

Chinese have plenty more money to invest. In total, individuals in China still sit on about $2 trillion in bank deposits -- far more than the $1.4 trillion in combined market capitalization for China's two stock exchanges, in Shanghai and Shenzhen.

In Chicago yesterday, at Harris Private Bank, chief investment officer Jack Ablin was sitting in the waiting room of his doctor's office waiting for a stress test when his trader sent an urgent email: "The market is down 500 points."

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Mr. Ablin, who manages $50 billion, said he looked at the email and thought, "What am I missing?" The news from China "went from a blip to a tidal wave" in a matter of moments, catching Mr. Ablin by surprise. After receiving good news from his doctor after the test, Mr. Ablin returned to his office and began compiling a list of blue-chip stocks that he planned to begin buying today, he said.

In early trading Wednesday in Tokyo, the benchmark Nikkei 225 Stock Average was off 3.6%, and Hong Kong's Hang Seng Index dropped 3.8% shortly after opening. Shanghai also started with a fall in Wednesday trading, but began to rebound after about 10 minutes.

Stock Sell-Off In China Hits Wall Street (WP)

By David Cho And Tomoeh Murakami Tse

The Washington Post, February 28, 2007

A plunge in Chinese stocks rippled across global markets yesterday, triggering a massive wave of selling in the United States that sent the Dow Jones industrial average down 3.3 percent, or 416 points, its biggest decline since March 2003.

The news from Asia sparked the initial sell-off, but a confluence of other events, including news of rising real estate loan delinquencies, a surprisingly weak manufacturing report and a bombing near Vice President Cheney in Afghanistan, made an already difficult day worse.

For most of the morning the Dow declined steadily until it had fallen 300 points. Then, just before 3 p.m., it plummeted another 200 points before recovering slightly because of a trading glitch that led to a backlog of sell orders clearing at once. The Standard and Poor's 500-stock index, a broader measure of stock prices, also lost more than 3 percent by the close of the trading day, its biggest drop in 3 1/2 years.

By midday Wednesday, Japan's Nikkei 225-stock index was down 3.1 percent, to 17,557.65 and Hong Kong's Hang Seng index was down 3.1 percent, to 19,523.69. But the Shanghai Composite index, whose drop precipitated yesterday's sell-off on Wall Street, was up 0.15 percent, to 2775.82.

From currency markets to blue-chip companies to international stock exchanges, no sector was left unscathed yesterday. The day was reminiscent of when the Internet bubble burst several years ago -- traders and investors around the world stared at electronic boards and televisions showing markets falling deeper into the red.

Todd Leone, head of trading at Cowen & Co., said he saw "nothing but sellers. My whole screen is red. Every group is down."

Adding to the market's woes, former Federal Reserve chairman Alan Greenspan warned in a speech Monday that the U.S. economy might slip into recession by year's end. "It didn't help that Greenspan used the 'R-word,' " said Al Goldman, chief market strategist at A.G. Edwards. "People overreacted to that. He's still an icon."

Some analysts said, however, that it was about time for the market to cool after a breathless run-up in share prices.

"I don't think a one-day [sell-off] is going to do justice for what's been going on," said John O'Donoghue, co-head of equity trading at Cowen. "It wouldn't surprise me to see a total 5 percent correction and even more from here."

A major long-term concern among analysts is whether the heady days of "cheap debt" are coming to an end. The ability to borrow money at low rates and with favorable terms has fueled much of the world economy in the past few years, including the record-topping leveraged buyouts on Wall Street, the global run-up in real estate prices and the surge of investments in emerging markets overseas.

Signs surfaced yesterday that the easy availability of debt may be ending.

The mortgage company Freddie Mac announced tougher standards for its subprime mortgages, saying it would not buy such risky loans that are linked to a high number of delinquencies and defaults.

Moreover, investors fled emerging markets and took safe positions in the currencies of Japan and other countries where borrowing costs are among the lowest in the world. As emerging markets took it on the chin yesterday, the yen climbed 2.3 percent against the dollar, the most in nearly a year.

This occurred because investors sought to protect their money in case of a sustained downturn. In a growing global economy, these investors can take more risks and obtain higher returns by borrowing money and pouring it into emerging economies like China and India.

To many investors, yesterday's events were a stark demonstration of the vulnerabilities of the global economy, not just that of the United States. That a sell-off in China could have such serious reverberations around the world was noteworthy, said Joseph E. Stiglitz, a Nobel Prize winner and former chief economist at the World Bank.

"China has been the engine for global growth," Stiglitz said. "And a significant slowdown in China would have fundamental implications for commodity prices around the world. . . . Oil prices have been sustained by high Chinese demand. Just think of what would happen if there's a significant part of China that had a slowdown."

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Analysts in China blamed yesterday's plunge, which at 9 percent was the largest single-day drop in a decade, on the news of a crackdown by the State Council, the Chinese cabinet, on illegal activities related to securities trading. According to a statement on the government's Web site, a special task force would be convened to provide recommendations for how to "repair" illegal securities activities.

On Wednesday morning, Chinese regulators denied rumors of plans for a 20 percent capital gains tax on stock investments, one factor that had sent markets lower.

China's stock markets began their surge upward in June 2006, after the government again allowed domestic initial public offerings after a long hiatus. There were a number of other securities milestones last year. The government took $200 billion of stock it owned and allowed it to be traded publicly. And several of the country's largest state-owned companies, including the Industrial and Commercial Bank of China, were dual-listed on the Shanghai and Hong Kong stock exchanges.

The Shanghai Stock Exchange rose 130 percent in 2006, and it was up 12 percent from Jan. 1 to mid-February. Just before the Chinese New Year holiday, the Shanghai Stock Exchange broke the 3,000-point mark for the first time.

Signs that China's two domestic stock markets, in Shanghai and Shenzhen, may be over-inflated began to show up in early February after Cheng Siwei, vice chairman of the Nation's People Congress, said publicly that he worried about a "bubble." The stock market fell 11 percent that week but quickly made up the losses and continued to hit new highs.

Then came China's Black Tuesday, which yesterday wiped out $100 billion of market value.

Feng Yu, a broker at China Galaxy Securities in the southeastern city of Ningbo, said he believed yesterday's drop was only a "technical correction" to make up for the unprecedented rise in recent months.

"At the beginning it was just banking stocks," Feng said. "Then it affected all shares," Feng said he believed the drop was precipitated by signals from the government that it wanted to slow down the explosive growth, which has prompted individual investors to line up for hours to open brokerage accounts.

Another piece of troubling news was released yesterday: The Commerce Department reported that durable-goods orders fell 7.8 percent in January, to a seasonally adjusted $204 billion. The decline, including in such large-order items as airplanes, semiconductors and appliances, surprised Wall Street, which had expected a 3.2 percent drop.

In Washington, the confluence of world economic events got the attention of the White House. "The president's economic advisers are paying attention to the markets," spokesman Tony Fratto said. "We continue to believe that the U.S. economy is sound."

The Federal Reserve, meanwhile, was silent, indicating that it did not view the market's drop as a threat to the abilities of U.S. financial firms to function.

This was in contrast to the Fed's response to the much sharper stock price declines of the October 1987 crash and after the Sept. 11, 2001, terrorist attacks, when the central bank issued statements reassuring the markets and investors that it would provide ample funds to the financial system to ensure transactions could be completed.

But analysts said Fed Chairman Ben S. Bernanke would probably be asked to comment on the global financial gyrations this morning when he is scheduled to testify before the House Budget Committee.

Biggest Loss Since Sept. 11 For Wall Street (LAT)

By Walter Hamilton

The Los Angeles Times, February 28, 2007

The Dow Jones industrial average suffered its worst loss in six years today as an overnight plunge in Chinese stocks and fears about slowing economic growth sent investors into a worldwide dash for the exits.

The Dow, which at one point was down more than 500 points, finished with a loss of 416.02 points to close at 12216.24. It was the Dow's biggest loss since September 2001, when it fell following the terrorist attacks in New York and at the Pentagon.

The decline stirred memories of the Dow's historic 508-point drop in October 1987. But with the market so much higher today, the drop was far lower in percentage terms than 20 years ago. While the 1987 slide was a 22.6% plunge, Tuesday's was a 3.3% fall.

"Not to make light of 400 or 500 points, but this is a natural market correction," said Robert W. Bissell, president of Wells Capital Management in Los Angeles.

At the heart of the sell-off were long-simmering fears that economic growth, particularly in the U.S., may be slowing from its torrid pace of the last year.

"The fear is that economic growth is slowing and, more important, that [corporate] profits are slowing," said Diane Swonk, chief economist at Mesirow Financial in Chicago.

The immediate catalyst was an almost 9% drop in the Chinese market, which was triggered by the Chinese government taking steps to rein in the rampant market speculation that had sent its shares soaring in recent months.

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Selling pressure increased steadily throughout most of the day in the U.S. and was fed by several other factors, including disappointing economic news and comments from former Federal Reserve chief Alan Greenspan that it is possible the U.S. could slip into a recession this year.

All that came at a time when the U.S. had gone an unusually long period without a deep sell-off, and some market veterans said investors were looking for a reason to unload their stocks.

"At least for the last three years, everybody's been waiting for the other shoe to drop, or for both shoes to drop," said Brian Wesbury, chief economist at First Trust Advisors in Lisle, Ill.

Several experts said the sell-off was overdone, and that the U.S. economy remains on solid footing.

"I don't think the typical investor will look back and say, 'the Chinese sell-off was a major event in my investing life,'" said John Bollinger, head of Bollinger Capital Management in Manhattan Beach.

Doubts Trigger 416-point Dow Dive (WT)

By Patrice Hill

The Washington Times, February 28, 2007

The Dow Jones Industrial Average plunged 416 points yesterday, the most since the September 11, 2001, terrorist attacks, as worries about the U.S. economy suddenly surged and sent inflated stock markets tumbling around the world.

The chain reaction started in China, where a 9 percent drop in the main stock index, the worst in 10 years, was triggered by government moves to quell stock speculation and a speech by former Federal Reserve chairman Alan Greenspan pointing out that profits in the U.S. have peaked and the business cycle may be drawing to a close with a recession possible -- though not likely -- by year-end.

After reverberating in trading in Asia and Europe on Monday night, doubts about the U.S. economy were reinforced by fresh data yesterday raising fears that the U.S. housing and manufacturing sectors are headed back into recession as a result of sharply tighter credit conditions and the end of a capital spending boom.

"It's a mood swing to more concern about the economy," said Alexander P. Paris, analyst at Barrington Research Associates Inc. He noted that the darker outlook likely will be underscored by news today that economic growth slowed to 2.5 percent or less at the end of last year.

"Superimposed on that you have this China thing. That's the powder that ignited it," he said. Like many economists, Mr. Paris says the economy is fundamentally healthy and that the market is overreacting to the weak points.

In a frenzied day of trading, every stock sector posted big losses. The market started out the day with a mild downturn, but the sheer volume of trading caused a computer glitch that turned the downdraft into what looked like a free fall about 2:30 p.m., when the Dow dropped suddenly by about 300 points.

Dow Jones & Co. Inc. said it discovered its computers were not properly calculating trades and it had to switch to a backup computer, which caused the massive swoon in the index.

The Dow fell 546 points, or 4.3 percent, to 12,086 before recovering some ground in the last hour of trading to close down 3.29 percent to 12,216. Because the worst of the plunge on the Dow and the Standard & Poor's 500 Index did not exceed 5 percent, the New York Stock Exchange's trading limits, designed to halt the most precipitous moves, were not activated.

Nevertheless, in terms of points, the Dow's drop was the worst since Sept. 17, 2001, the first trading day after the terrorist attacks, when the blue chips closed down 685, or 7 percent. Just a week ago, the Dow had reached a new high of 12,796.

The broader S&P 500 lost 50 points, or 3.47 percent, to end at 1,399, while the tech-dominated Nasdaq Composite Index fell 97 points, or 3.86 percent, to 2,408.

Before the Wall Street drubbing, European markets fell from 1 percent to 3 percent on the Chinese news. Hong Kong's benchmark Hang Seng Index dropped a relatively mild 1.8 percent.

Traders expect Wall Street's losses to reverberate in markets overnight and possibly lead to more selling in the U.S. today.

Bryan Piskorowski, stock analyst at Wachovia Securities, said the market's "nasty little sell-off" was due to "good old-fashioned profit-taking" after seven straight months of market gains in the U.S. that had left most stocks at lofty price levels.

"The market was due for a pullback. We're getting it," he said. "The size and scale was somewhat surprising," he added, but he expects the market to resume its upward trend after reaching a bottom in the next few days.

Mr. Piskorowski noted that the drop was less than 5 percent on Wall Street, and even the 9 percent drop in the Shanghai Composite Index looked minor against the backdrop of a 130-percent gain in Chinese stocks in the past year and a 13 percent run-up in the previous six sessions.

Still, the economic outlook has dimmed in the past month. A Commerce Department report yesterday of a 7.8 percent drop in orders for big-ticket goods from U.S. factories in January showed that "growth in the manufacturing sector ground to a halt in

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September 2006 and continues to struggle as consumers rethink big-ticket spending and businesses turn risk averse in their capital spending," said Daniel J. Meckstroth, chief economist for the Manufacturers Alliance.

But the biggest change of fortunes has been the collapse in housing. After stabilizing somewhat at the end of last year, a plunge in home building resumed last month, and a potentially destabilizing fall in home prices got deeper. A report from the National Association of Realtors yesterday showed a 3.5 percent drop in the median home price nationwide -- and prices have fallen even further in big cities such as Boston and San Diego.

Economists expect the housing downturn to worsen before it gets better as increasing defaults on mortgages for the purchase of overpriced homes are starting to pinch home lenders and prompt them to close the spigot of easy money that fueled the housing boom.

Mortgage giant Freddie Mac announced yesterday it will no longer buy high-risk home mortgages prone to foreclosure, such as loans made with little or no documentation of a borrower's income and job status.

"The housing market is in the middle of a far-reaching adjustment," said Roger M. Kubarych, economist at Unicredit Markets. While consumer confidence and spending has been holding up well, the downturns in housing and manufacturing will slow growth in the first half of the year to the weakest pace since the 2001 recession, he said.

Markets Find It Hard To Break The Greenspan Habit (WSJ)

By Greg Ip

The Wall Street Journal, February 28, 2007

WASHINGTON -- As chairman of the Federal Reserve, Alan Greenspan had 200 Ph.D. economists at his disposal to help decipher economic and market trends. Now, in the year since retiring from the job he held for 18 years, he relies on less than a half-dozen staffers to analyze the same economic trends.

The last 48 hours have made clear, though, that investors can be just as devoted to what he has to say about those trends -- a devotion some say makes it harder to concentrate on what his successor, Ben Bernanke, has to say.

Mr. Greenspan told an audience via satellite early Monday, Hong Kong time, that a U.S. recession was possible. "When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," he said, according to Dow Jones Newswires. "For example, in the U.S., profit margins ... have begun to stabilize, which is an early sign we are in the later stages of a cycle."

Mr. Greenspan didn't say a recession was likely. Indeed, he said most forecasters don't see one, the global environment is "benign" and there has been no "significant spillover" from the contraction in housing activity. His comments appeared more aimed at questioning the conviction of many investors that because each of the last two expansions lasted a decade, this one, now five years old, will, too.

But the perceived pessimism of the remarks grew as headlines made their way around trading rooms and were blamed for helping contribute to a two-day, world-wide selloff in stocks, a plunge in bond yields as bond prices rallied, and increased market expectations of a cut in interest rates by the Fed.

In a widely distributed email yesterday, Stan Jonas of hedge fund Dutch Book Partners LLC wrote, "MR. GSPAN SAYS A RECESSION IS LIKELY."

The power of Mr. Greenspan's remarks both awed and frustrated some in the markets. "Somehow, he's still the maestro," said Thomas Joseph Marta, a fixed-income strategist at RBC Capital Markets. "Even though Bernanke is the one calling the shots, Greenspan's crystal ball is somehow given more weight."

He compared it with a retired general commenting on military matters on cable television. "They're loose cannons and can do a lot more damage than good, and I see Greenspan the same way."

Alan Blinder, who served as vice chairman of the Fed under Mr. Greenspan in the mid-1990s, said, "From the Fed's point of view, it's a little off message. What Greenspan said was noticeably more pessimistic than the Fed's outlook."

Keeping Quiet

There are no formal prohibitions on what a Fed official talks about after he leaves the Fed, other than confidential Fed deliberations. Upon retiring, though, Mr. Greenspan went further and said he would follow the example of his predecessor, Paul Volcker, and not comment on his successor's monetary policy. By most accounts he has stuck to that commitment.

In an interview yesterday, Mr. Greenspan said, "I have been scrupulous not to respond to any questions which refer directly to monetary policy, what the Fed is doing, or what it should do."

He added: "What I do talk about are the global forces that are functioning, how the world is running and how the economy is developing in a manner that I used to do when I was an economic consultant. The only difference is back then I'd discuss what the Fed was going to do as a consequence of all this. Now, I just don't do that."

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But Mr. Greenspan's observations on economic and market developments have been inevitably interpreted for their significance toward interest rates.

Barely a week after he left office a year ago, he appeared at a private event for fewer than a dozen clients of Lehman Brothers, mostly prominent hedge-fund managers. Reports of his remarks filtered out the next day, roiling markets.

At the time, some in the market and some of his former colleagues questioned his judgment for hitting the speech circuit so soon after leaving office.

Yesterday, that criticism was largely absent, in part because Mr. Bernanke is widely considered to have established himself as a credible Fed chairman in his own right. "You can't expect him to be quiet forever," said Mr. Blinder, who now teaches at Princeton University but also analyzes Fed policy for fee-paying clients.

Market Overreaction?

Adds Robert Parry, former president of the San Francisco Fed: "It's hard for me to blame him for what could turn out to be an overreaction by markets."

Yesterday, Mr. Greenspan said, "I recognize there is no way I can fully insulate myself, but I do my best."

As chairman from 1987 to 2006, Mr. Greenspan became famous for his carefully crafted, often opaque remarks.

When he spoke clearly, it often took markets by surprise -- triggering an outsize reaction, and, often, a later re-examination of what he really said.

'Irrational Exuberance'

In 1996, he asked if stock investors were seized with "irrational exuberance," triggering a brief stock selloff.

In 2003, he said the Fed needed a "firebreak" against deflation, triggering a plunge in bond yields on expectations of steep rate cuts that ultimately didn't come.

Since leaving office he has become a more relaxed speaker, willing to say things in language that a Fed chairman usually avoids, such as the possibility of recession.

"An entire niche within the market was dedicated over the period of two decades to interpreting the musings of the oracle," said Joseph Brusuelas, chief U.S. economist for IDEAglobal, a financial advisory service.

Since leaving the Fed, Mr. Greenspan has set up shop in a plush, sun-drenched office in downtown Washington with a Bloomberg terminal and a handful of staffers, including two research associates.

That, along with the Internet, gives him the ability to study most economic data with the same intensity he did at the Fed.

He is also continuing to work, with Fed economist James Kennedy, on a project the two began at the Fed: building a database to examine the flows of money through the housing and mortgage market.

The two have published one paper on the subject and another is forthcoming. Other than that, he has little contact with his former colleagues except at social occasions.

Book Release

Other than his speaking engagements, for which media reports and clients say Mr. Greenspan is usually paid $150,000, his main activity is completing his book, with some fact-checking help from a few retired Fed economists. Titled "The Age of Turbulence," it is due to be released by Penguin Group on Sept. 17.

A central theme of the book, according to people with whom he has spoken, is a theme he addressed Monday: The U.S. and global economies are far more resilient now to economic and financial shocks.

But, in a telling note, he also warned his audience,

"We do not and cannot look into history without being very concerned when you see the absence of awareness and concern about risk that we see today."

As for how Mr. Bernanke feels about Mr. Greenspan's comments, Al Broaddus, who served with Mr. Bernanke on the Fed, says he can't imagine the chairman being ruffled by his predecessor's remarks or their impact on markets.

"He's just going to do what he feels he needs to do. The first year of his tenure has shown that ... he keeps his eye on the ball. Recently, the perceptions of [the Fed] in markets seem very favorable."

Greenspan Comments Helped Grease Markets' Skid (USAT)

By Barbara Hagenbaugh

USA Today, February 28, 2007

WASHINGTON - He's baaaack.

More than a year after leaving the Federal Reserve, former chairman Alan Greenspan is again grabbing headlines, this time for saying the U.S. economy could fall into recession later this year.

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Greenspan's comments, made via satellite to a group in Hong Kong on Monday, were partly blamed for a sell-off in world financial markets Tuesday. That suggests the former Fed chief, whose every utterance was parsed by investors during his more than 18 years at the Fed, still holds sway over markets.

"Greenspan is probably feeling awful today. He's probably thinking, 'How do I get out there and clarify things without making it worse,' " Wachovia senior economist Mark Vitner says.

The Associated Press quoted Greenspan as saying it is "possible" the USA could slide into recession in 2007. But he noted most forecasters are predicting the economy will expand into 2008.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," Greenspan said, according to the AP.

Vitner and others say Greenspan's words were not that extreme. He didn't predict an imminent recession. In fact, he said it was "very precarious" to make forecasts months ahead.

Investors were already on edge and used Greenspan's comments as one excuse to sell, Putnam chief economist David Kelly says. "If it wasn't Alan Greenspan who upset the markets, something else would have," Kelly says.

A spokeswoman for Greenspan said he would have no comment Tuesday.

But Greenspan should be a bit more careful, knowing investors continue to follow his every word, says Global Insight chief economist Nariman Behravesh. "Ex-Fed chairmen should exercise more circumspection," he says.

Greenspan, 80, began making public and private speeches almost immediately after he left the Fed in January 2006. That drew criticism from some, including Sen. Jim Bunning, R-Ky., who expressed his concern when Greenspan's successor, Ben Bernanke, testified before Congress in February 2006.

Bernanke is scheduled to testify before Congress today on budget issues.

Recently Greenspan drew attention after saying the downturn in the U.S. housing market was likely over.

Greenspan started an economic consulting firm and has a book coming out in September, The Age of Turbulence: Adventures in a New World, according to BookExpo America. The group says Greenspan will be interviewed by his wife, NBC correspondent Andrea Mitchell, at their conference on June 1.

As Ethics Panels Expand Grip, No Field Is Off Limits (NYT)

By Patricia Cohen

The New York Times, February 28, 2007

Ever since the gross mistreatment of poor black men in the Tuskegee Syphilis Study came to light three decades ago, the federal government has required ethics panels to protect people from being used as human lab rats in biomedical studies. Yet now, faculty and graduate students across the country increasingly complain that these panels have spun out of control, curtailing academic freedom and interfering with research in history, English and other subjects that poses virtually no danger to anyone.

The panels, known as Institutional Review Boards, are required at all institutions that receive research money from any one of 17 federal agencies and are charged with signing off in advance on almost all studies that involve a living person, whether a former president of the United States or your own grandmother. This results, critics say, in unnecessary and sometimes absurd demands.

Among the incidents cited in recent report by the American Association of University Professors are a review board asking a linguist studying a preliterate tribe to “have the subjects read and sign a consent form,” and a board forbidding a white student studying ethnicity to interview African-American Ph.D. students “because it might be traumatic for them.”

“It drives historians crazy,” said Joshua Freeman, the director of the City University’s graduate history program. “It’s a medical model, it’s inappropriate and ignorant.” One student currently waiting for a board to approve his study of a strike in the 1970s, Mr. Freeman said, had to submit a list of questions he was going to ask workers and union officials, file signed consent forms, describe the locked location where he would keep all his notes, take a test to certify he understood the standards.

Review boards, first created in 1974, were initially restricted to biomedical research. In 1981 the regulations were revised to cover all research that involves “human subjects” and is designed to contribute to “generalizable knowledge.”

Yet precisely how to interpret these rules has largely been left to each review board — 5,564 in all. And while the regulations apply specifically to research that gets federal dollars, many colleges use Institutional Review Boards to monitor all research, no matter where the funds come from. This system of helter-skelter enforcement, critics say, has no meaningful oversight and no appeal process.

Debbie S. Dougherty and Michael W. Kramer, two former members of a review board at the University of Missouri, Columbia, who wanted to study review boards, had to first get their own board’s O.K. Although they thought their project was

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exempt from board approval, the only entity authorized to make that decision is the board itself, and the only appeal if the researchers had rejected the ruling is also the board.

Bernard A. Schwetz, director of the federal Office for Human Research Protections, which administers the regulations, acknowledges that the guidelines covering the boards' actions have not been clear enough and says he intends to make public new proposed guidelines before the end of the year. Still, he said the priority is to protect human subjects and dismissed the notion that most nonmedical research carries few dangers. "Obviously the balance is very subtle," he said. "I think it's naïve to say there isn't any risk."

But to many faculty and graduate students, review boards are like a blister that gets worse with every step. Those outside of the hard sciences say the legitimate concerns over ethics and safety are largely irrelevant to most of their research.

According to a stack of reports, symposiums and studies by academic associations and scholars, the system's "mission creep" is having a pernicious and widespread effect on humanities and social science research. Legal scholars also argue the boards violate the First Amendment.

The growing number of complaints in recent years apparently stems from an overall crackdown after a series of medical-research blunders beginning with the death of an 18-year-old in a gene-therapy trial at the University of Pennsylvania in 1999.

A board is required to have a minimum of five members, including one nonscientist and one person unaffiliated with the institution, said Pat El-Hinnawy, spokeswoman for the Office for Human Research Protections. Larger universities often have several boards. Members are generally appointed for limited terms.

When Robert L. Johnson, the review board administrator for Appalachian State University, talks to students, he said he starts off by asking, "If you were going to participate in a study, what are the things you would like to know?"

The usual responses, he said, are: What are you doing? Will you use my name? Who's responsible if I get hurt? What's in it for me? Making sure those questions get answered, said Mr. Johnson, "that's the purpose of the I.R.B."

Mr. Johnson said his board met monthly and reviewed approximately 200 projects a year; most are routine, require what he called minor changes and get approved within two weeks. About 30 to 40 require full board review, which takes at least six weeks.

Timothy Wilson, a social psychologist at the University of Virginia, now in his second term as a member of Virginia's nonmedical review board, said that "I.R.B.'s naturally become cautious," but that given the constraints, "I think our board works extremely well."

In the past year, discussions about what some call the "I.R.B. wars" have sprung up in specialty publications like The Chronicle of Higher Education, conferences, scholarly journals and blogs. Although research proposals are rarely rejected, scholars argue that the requested changes in the wording of questions and consent forms can alter the nature of the study and scare off participants.

Bernadette McCauley, a historian at Hunter College, said she ran into trouble a couple of years ago when she tried to help students working with the Museum of the City of New York on an exhibition about Washington Heights. She asked if a few nuns who had grown up in that neighborhood and whom she knew from her research would talk to the students. And that, Ms. McCauley said, was "when things went haywire."

The review board discovered the request and lambasted Ms. McCauley for failing to consult with it, she said. The board also demanded proof that previous research for a completed book did not use any archival material involving living people and banned her from doing any research.

Michael Arena, the director of communications at City University, said in an e-mail message that Ms. McCauley initially refused to send in a "brief description" of her research so that board members could determine whether federal regulations covered her work. Ms. McCauley hired a lawyer and after six months of negotiations, the board agreed that her research was exempt.

Ms. Dougherty, an associate professor of communications at Missouri, said review boards were needed because "historically, social science has done things abhorrent to human subjects." Unfortunately the current process "obliterates a lot of research," she said, because untenured faculty and graduate students on a timetable cannot afford to spend months waiting for approval. So, for example, "instead of talking to people who are victims of violence, you might look at newspaper articles," she said, echoing a common complaint that the requirements cause academics to steer clear of controversial topics. Research decisions "should be guided by science," she said, "not whether or not it's going to get through the board."

Ms. Dougherty said she was willing to speak openly, unlike many graduate students and faculty, because she had tenure.

Professors also say that some board directives, like destroying interview recordings and notes after publication to ensure confidentiality, violate accepted scholarly practices. "There probably will be litigation," predicted Philip Hamburger, a professor at Columbia Law School who argues that prior approval violates the First Amendment. "There are potentially hundreds of thousands of plaintiffs."

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Mr. Schwetz said there was no chance that some subjects like oral history and journalism would be altogether excluded from review, as some academic organizations have urged. “If we were just to say, ‘Assume you don’t have to take them before an I.R.B.,’ I think we would regret that,” he said. But he said the new guidelines “will give a lot of examples and will give more guidance on how to make the decision on what is research and what is not.”

Some critics fault the universities, placing blame either with overzealous panels or with university administrations that have not done enough to differentiate between research that receives federal money and research that does not.

Mr. Freeman of City University said that within the humanities “most faculty members don’t know these rules exist.” He added, “If they in fact followed these rules, the whole I.R.B. system would grind to a halt.”

Panel Finds Flawed Data In A Major Stem Cell Report (NYT)

By Nicholas Wade

The New York Times, February 28, 2007

An inquiry panel has found what it called “significantly flawed” data in a major stem cell paper published in Nature in 2002.

The article, which claimed stem cells isolated from an adult could change into all the major tissue types of the body, was seized on by opponents of abortion as showing that embryonic stem cell research was unnecessary since adult stem cells could provide all the predicted benefits.

The lead author of the article, Catherine Verfaillie, said yesterday that she had sent a letter to Nature stating that the flawed data should not be relied on but that they did not affect the article’s conclusions. She said the journal was resubmitting the article to the original referees for them to make their own assessment.

Problems with the article were first reported this month by New Scientist. Two writers for that magazine, Peter Aldhous and Eugenie Samuel Reich, noticed last year that a set of graphs in the Nature article was the same as that in an article by Dr. Verfaillie published in a different journal but ascribed to different mice.

Timothy Mulcahy, vice president for research at the University of Minnesota, where Dr. Verfaillie had led the stem cell institute, said an inquiry panel was set up after Dr. Verfaillie asked the university to look into the issue of the duplicated graphs, which she attributed that to a mix-up when preparing two papers for publication at the same time.

The panel confirmed Dr. Verfaillie’s account, Dr. Mulcahy said, and concluded that there was no issue of scientific misconduct. But it found another problem besides the duplication, involving inconsistencies in the data describing the proteins on the cells’ surface.

The university then sent both articles to stem cell experts to assess whether the conclusions would still hold if the inconsistent data were to be eliminated. Three experts said that conclusions would still stand, one that they would be weakened. Because of this lack of complete agreement, the university believed that the scientific community should be informed of the situation, through Dr. Verfaillie’s letter to the journal editors, and make its own evaluation, Dr. Mulcahy said.

Dr. Verfaillie is now at the Catholic University of Leuven in Belgium but still holds a part-time appointment at Minnesota. “I have no idea how this could have happened or why it happened,” she said, referring to the inconsistencies described by the panel.

Other laboratories have had difficulty repeating Dr. Verfaillie’s results, but recently some have succeeded, Dr. Verfaillie said, although they often gave the cells different names.

Recently she wrote an article with Irving Weissman of Stanford University, a stem cell expert renowned for his rigorous methods. But that article confirmed only that her cells could make blood, not that they would transform into other tissue types.

“I think he is still not totally convinced they can make all the other cell types,” Dr. Verfaillie said.

Dr. Weissman did not respond to e-mail messages asking for his assessment.

This is the second time that a major stem cell paper has come under criticism, the previous episode involving the collapse last year of Hwang Woo-suk’s claims to have generated embryonic stem cell lines from adults. Although Dr. Hwang’s case involved fraud and belongs in a different category, the problems with the two papers underline the difficulty of working with stem cells and the immaturity of the field, despite the large sums of money being invested in it.

“Working with stem cells is pretty tricky,” Dr. Mulcahy said.

Document Shows Romney's Strategies (BOS)

By Scott Helman

The Boston Globe, February 28, 2007

Here are some views of Mitt Romney causing concern inside his campaign: His hair looks too perfect, he's not a tough war time leader, and he has earned a reputation as "Slick Dancing Mitt" or "Flip-Flop Mitt."

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Romney and his advisers have identified those perceptions as threats to his bid for the 2008 Republican presidential nomination, according to an exhaustive internal campaign document obtained by the Globe.

The 77-slide PowerPoint presentation offers a revealing look at Romney's pursuit of the White House, outlining a plan for branding himself, framing his competitors, and allaying voter concerns about his record, his Mormon faith, and his shifts on key issues like abortion.

Dated Dec. 11, the blueprint is wide-ranging and analyzes in detail the strengths and weaknesses of Romney and his two main Republican rivals, Senator John McCain of Arizona and Rudolph W. Giuliani, former mayor of New York. The plan, which top Romney strategist Alex Castellanos helped to draft, charts a course for Romney to emerge as the nominee, but acknowledges that the "electorate is not where it needs to be for us to succeed."

It is unclear how the campaign is using the document. However, its expansiveness, level of detail and the involvement of Castellanos suggest that it is a significant strategic blueprint. On the campaign trail, Romney is sounding some of the themes outlined in it.

Romney spokesman Kevin Madden would not confirm or deny the plan's authenticity, saying only that the former governor has received an "overly abundant" amount of input on how to run his campaign. Asked specifically about the contents, Madden said: "If anything, it's a compilation of political conventional wisdom."

"We're obviously very, very focused on introducing Mitt Romney and his vision for leading the country into the future," Madden said. "And everybody recognizes that he's somebody with a lot of energy and a lot of ideas."

Campaign blueprints analyzing a candidate and the competition are not unusual; earlier this year, the New York Daily News obtained and wrote about a similar dossier from Giuliani's campaign. And the Romney presentation lacks any big bombshells. Still, it provides a window into the challenges and opportunities Romney and his advisors envision as he tries to win the Republican primary.

The plan, for instance, indicates that Romney will define himself in part by focusing on and highlighting enemies and adversaries, such common political targets as "jihadism," the "Washington establishment," and taxes, but also Democratic presidential candidate Hillary Clinton, "European-style socialism," and, specifically, France. Even Massachusetts, where Romney has lived for almost 40 years, is listed as one of those "bogeymen," alongside liberalism and Hollywood values.

Indeed, a page titled "Primal Code for Brand Romney" said that Romney should define himself as a foil to Bay State Democrats such as Senators Edward M. Kennedy and John Kerry and former governor Michael Dukakis. Romney should position himself as "the anti-Kerry," the presentation says. But elsewhere in the plan, it's clear that Romney and his aides are aware he's open to the same charge that helped derail Kerry's presidential campaign in 2004: that he is a flip-flopper who has changed positions out of political expediency.

Because he is attempting to capture the conservative vote, Romney is facing persistent questions about his relatively recent shifts to more conservative positions on issues such as abortion, gay rights, and gun control. One page of the plan cites Kerry and says Romney doesn't want to spend 2007 facing skepticism about his conservative message.

The blueprint also describes political assets and vulnerabilities of McCain and Giuliani, who lead Romney in the polls.

McCain is described as a war hero and maverick with a compelling narrative and a reputation for wit, authenticity, and straight talk. But he's also seen as "too Washington," "too close to [Democratic] Left," an "uncertain, erratic, unreliable leader in uncertain times." "Does he fit The Big Chair?" the document asks. The plan calls McCain, 70, a "mature brand" and raises questions about whether he could handle the rigors of leading the free world.

Giuliani is called an outside-the-Beltway rock star and truth teller who earned the nation's trust for his leadership of New York City's response to the Sept. 11, 2001, terrorist attacks. But he is described as a one-dimensional Lone Ranger whose social views -- he supports abortion rights and civil unions for gay couples -- could destroy the "GOP brand." "We can't disqualify Dems like Hillary on social issues ever again" if Giuliani is the nominee, the document states.

The plan also touches on what it calls Giuliani's ethical issues, including his relationship with Bernard Kerik , former New York police commissioner who withdrew from consideration to become US homeland security secretary amid allegations of improprieties. It raises Giuliani's "personal political liabilities," an apparent reference to his three marriages and bitter public divorce from his second wife, Donna Hanover.

It is clear that Romney's campaign operatives plan to make sure that voters are familiar with the perceived weaknesses of McCain and Giuliani and conduct opposition research on the candidates. But the campaign, according to the blueprint, also wants to avoid attacking either man too directly or harshly, in part because Romney wants their supporters to ultimately shift to him. At a campaign stop in New Hampshire last week, he called McCain and Giuliani friends and national heroes.

The plan concedes that, with McCain and Giuliani in the race, Romney is unlikely to be the top pick for those voters looking for a "war/strong leader." His goal appears to be establishing himself as a credible second choice for those voters, but the first

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pick for voters looking for an energetic, optimistic, and innovative chief executive. (A page titled "Own the future" dubs McCain the past, Giuliani the present, and Romney the future.)

The case for Romney, according to the plan, is this: "Mitt Romney, tested, intelligent, get-it-done, turnaround CEO Governor and strong leader from outside Washington, is a better candidate than McCain & Giuliani to ensure that America's strength is maintained so we can meet a new generation of global challenges."

The document underscores Romney's aim to become the "only electable choice" for socially conservative voters. But the plan anticipates that Romney could face a serious threat if Newt Gingrich, the former House speaker who is considered one of the GOP's leading conservative intellectuals, decides to enter the race.

Romney's sensitivity to his Mormon faith as a campaign issue is apparent throughout the plan.

It acknowledges that some view Mormonism as weird and lists ways Romney should defend his faith, from highlighting the way he has lived his life, rather than which church he attends, to acknowledging theological differences with mainline Christian denominations while refusing to be drawn into an extensive discussion of Mormon doctrine and practices. It also suggests Romney might soon need to address the issue head-on, perhaps as John F. Kennedy did in a 1960 speech amid concerns about his relationship to the Catholic Church.

The document appears to raise the possibility of Romney delivering such an address at George H.W. Bush's presidential library outside Houston, the same city where Kennedy gave his.

Enmity toward France, where Romney did his Mormon mission during college, is a recurring theme of the document. The European Union, it says at one point, wants to "drag America down to Europe's standards," adding: "That's where Hillary and Dems would take us. Hillary = France." The plan even envisions "First, not France" bumper stickers.

In addition, the document provides a Romney roadmap for the early primaries, suggesting that he hopes to emerge as a credible "alternative to frontrunner" in Iowa, win New Hampshire, show strength in South Carolina, and be dominant in states, such as Michigan, that are eyeing early primary dates. The plan suggests Romney make full use of new media to reach voters, from feeding videos to YouTube to perhaps creating his own radio programming.

Like every Republican in the race, Romney faces the delicate task of how to talk about President Bush, whom the country gives low job-approval ratings .

But the plan lists two ways Romney can set himself apart from Bush. The first says, simply, "Intelligence."

Internal Romney Document Airs Concerns (AP)

AP, February 28, 2007

An internal document shows Mitt Romney's presidential campaign is concerned about his vulnerability to charges of flip-flopping, while suggesting he can differentiate from President Bush with a single word: "intelligence."

Campaign advisers even fret that the former Massachusetts governor has too perfect hair, according to the 77-slide PowerPoint presentation, a copy of which was obtained by The Boston Globe.

The document also outlines plans for positively branding the Republican contender, negatively framing rivals John McCain and Rudy Giuliani, and allaying voter concerns about his record and Mormon faith.

One idea for dealing with the religious question is to address it head-on, perhaps as John F. Kennedy did in a 1960 speech amid concerns about his relationship to the Catholic Church.

The document appears to raise the possibility of Romney speaking at the presidential library of Bush's father, George H.W. Bush. It is located outside Houston, the same city where Kennedy delivered his speech.

The blueprint, dated Dec. 11, was drafted in part by Alex Castellanos, Romney's media adviser. It is similar to one for GOP rival Rudy Giuliani that was recently obtained and published by the New York Daily News.

McCain is described as a war hero and maverick with a compelling narrative and a reputation for wit, authenticity, and straight talk. But he's also seen as "too Washington," "too close to (Democratic) Left," an "uncertain, erratic, unreliable leader in uncertain times." "Does he fit The Big Chair?" the document asks.

Giuliani is called an outside-the-Beltway rock star and truth teller who earned the nation's trust for his leadership of New York City's response to the Sept. 11, 2001, terrorist attacks. But he is also described as a one-dimensional Lone Ranger whose social views — he supports abortion rights and civil unions for gay couples — could destroy the "GOP brand."

"We can't disqualify Dems like Hillary (Rodham Clinton) on social issues ever again" if Giuliani is the nominee, the document states.

Romney spokesman Kevin Madden declined to verify the document's authenticity in response to a request from The Associated Press.

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"Outside consultants routinely offer input and analysis — both solicited and unsolicited — on the dynamics of a political campaign all the time," Madden said. "But we cannot and will not verify any documents that are not marked Romney for President, Inc."

Romney Latest To See Internal Critique Leaked (WP)

By Chris Cillizza And Michael D. Shear

The Washington Post, February 28, 2007

Former Massachusetts governor and Republican presidential hopeful Mitt Romney has hair that is too perfect, a flip-flop reputation and a particular antagonism toward France.

That information comes not from an adversary but from a 77-page internal PowerPoint presentation about Romney's strategy obtained by the Boston Globe and published yesterday. Former New York mayor Rudolph W. Giuliani experienced a similar leak last month when his self-critical strategy briefing ended up in the hands of the New York Daily News.

In the Romney document, which his campaign declined to confirm as authentic, advisers confront the challenges that the former governor faces as he seeks the Republican nomination. Among them, the document says, are his newly conservative positions on social issues and his belief in the Mormon faith, which is viewed skeptically by many members of other Christian denominations.

The document notes that Sen. John McCain (R-Ariz.) is seen as a war hero but also as an inside-the-Beltway politician, the Globe reported. It sees Giuliani's political strength emanating from his post-Sept. 11, 2001, actions as mayor, but touches on his "personal political liabilities" -- a reference, perhaps, to his nasty and public divorce from his second wife, Donna Hanover.

It also contemplates using antipathy toward France as a campaign tool, suggesting that comparing Sen. Hillary Clinton (D-N.Y.) to that country might earn Romney votes.Date Set to Fill Ga. House Seat

Mark June 19 on your calendars. That is the day that Gov. Sonny Perdue (R-Ga.) has chosen for the special election to fill the vacancy created when Rep. Charlie Norwood (R) died on Feb. 13.

The two leading Republican candidates to replace him are state senators. Ralph Hudgens is making his second try at the seat after losing to Norwood in a 1994 primary. In that race, Hudgens led on the initial ballot but lost 51 percent to 49 percent to Norwood in a runoff.

Hudgens's primary challenge will come from Jim Whitehead, who is seeking to tie himself to Norwood's legacy.

Several other Republicans are either running or contemplating the race, raising the possibility that no one will claim a majority in the primary. In that case, the two top vote-getters would advance to a July 17 runoff.

Democrats are not expected to seriously contest the northeastern Georgia district, where President Bush won 65 percent of the vote in 2004.

Edwards Apologizes For 2002 War Vote (AP)

By Beth Fouhy

AP, February 28, 2007

Democrat John Edwards said Tuesday that honesty and openness were essential qualities for a president, and that he was proud to acknowledge his 2002 vote authorizing the invasion of Iraq was a mistake.

Trolling for campaign cash on a three-day visit to New York — home of his chief Democratic rival, Sen. Hillary Rodham Clinton — Edwards spoke to reporters after attending a union-sponsored workshop on eradicating poverty.

Asked whether his repeated apologies for his vote would be a turnoff to voters over time, the 2004 vice presidential nominee said that after six years of President Bush, voters craved a president willing to acknowledge errors and change course if necessary.

"If you asked me what I think the most important personal characteristics of the next president are, I would say honesty, openness and decency," he said. "There's not a single voter in America who doesn't understand that their president is human, and their president will sometimes makes mistakes."

At a voter forum in Carson City, Nev., last week, Edwards said Clinton's decision not to disavow her vote was "between her and her conscience." He didn't mention her Wednesday, taking a swipe at President Bush instead.

Voters, the former North Carolina senator said, "want you to be willing to change course when something's not working. We've had six-plus years now of a president who is completely unwilling to do that."

For her part, Clinton's also had a busy fundraising week — thanks in part to an online effort by her husband, Bill Clinton.

In an e-mail to his wife's supporters last Wednesday, the former president launched a fundraising drive aimed at raising $1 million in a week. As of Tuesday afternoon, the campaign said it had brought in nearly $890,000.

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Blacks Shift To Obama, Poll Finds (WP)

By Dan Balz And Jon Cohen

The Washington Post, February 28, 2007

The opening stages of the campaign for the 2008 Democratic presidential nomination have produced a noticeable shift in sentiment among African American voters, who little more than a month ago heavily supported Sen. Hillary Rodham Clinton but now favor the candidacy of Sen. Barack Obama.

Clinton, of New York, continues to lead Obama and other rivals in the Democratic contest, according to the latest Washington Post-ABC News poll. But her once-sizable margin over the freshman senator from Illinois was sliced in half during the past month largely because of Obama's growing support among black voters.

In the Republican race, former New York mayor Rudolph W. Giuliani, who recently made clear his intentions to seek the presidency, has expanded his lead over Sen. John McCain of Arizona. Giuliani holds a 2 to 1 advantage over McCain among Republicans, according to the poll, more than tripling his margin of a month ago.

The principal reason was a shift among white evangelical Protestants, who now clearly favor Giuliani over McCain. Giuliani is doing well among this group of Americans despite his support of abortion rights and gay rights, two issues of great importance to religious conservatives. McCain opposes abortion rights.

Among Democrats, Clinton still enjoys many of the advantages of a traditional front-runner. Pitted against Obama and former senator John Edwards of North Carolina, she was seen by Democrats as the candidate with the best experience to be president, as the strongest leader, as having the best chance to get elected, as the closest to voters on the issues and as the candidate who best understands the problems "of people like you." Obama was seen as the most inspirational.

The Post-ABC News poll was completed days after aides to the two leading Democrats engaged in a testy exchange over comments critical of Clinton and her husband, former president Bill Clinton, by Hollywood mogul David Geffen, a former friend and financial backer of the Clintons who held a fundraiser for Obama last week in Los Angeles.

Early national polls are not always good predictors for presidential campaigns, but the Post-ABC poll offers clues to the competition ahead.

On the January weekend when she announced her candidacy, Clinton led the Democratic field with 41 percent. Obama was second at 17 percent, Edwards was third at 11 percent and former vice president Al Gore, who has said he has no plans to run, was fourth at 10 percent.

The latest poll put Clinton at 36 percent, Obama at 24 percent, Gore at 14 percent and Edwards at 12 percent. None of the other Democrats running received more than 3 percent. With Gore removed from the field, Clinton would gain ground on Obama, leading the Illinois senator 43 percent to 27 percent. Edwards ran third at 14 percent. The poll was completed the night Gore's documentary film "An Inconvenient Truth" won an Academy Award.

Clinton's and Obama's support among white voters changed little since December, but the shifts among black Democrats were dramatic. In December and January Post-ABC News polls, Clinton led Obama among African Americans by 60 percent to 20 percent. In the new poll, Obama held a narrow advantage among blacks, 44 percent to 33 percent. The shift came despite four in five blacks having a favorable impression of the New York senator.

African Americans view Clinton even more positively than they see Obama, but in the time since he began his campaign, his favorability rating rose significantly among blacks. In the latest poll, 70 percent of African Americans said they had a favorable impression of Obama, compared with 54 percent in December and January.

Overall, Clinton's favorability ratings dipped slightly from January, with 49 percent of Americans having a favorable impression and 48 percent an unfavorable impression. Obama's ratings among all Americans improved over the past month, with 53 percent saying they have a favorable impression and 30 percent saying they have an unfavorable impression.

Her position on the war in Iraq does not appear to be hurting Clinton among Democrats, even though she has faced hostile questioning from some voters about her 2002 vote authorizing President Bush to go to war. Some Democrats have demanded that she apologize for the vote, which she has declined to do.

The Post-ABC News poll found that 52 percent of Democrats said her vote was the right thing to do at the time, while 47 percent said it was a mistake. Of those who called it a mistake, however, 31 percent said she should apologize. Among Democrats who called the war the most important issue in deciding their 2008 candidate preference, Clinton led Obama 40 to 26 percent.

In the Republican contest, McCain was once seen as the early, if fragile, front-runner for his party's nomination, but Giuliani's surge adds a new dimension to the race. In the latest poll, the former New York mayor led among Republicans with 44 percent to McCain's 21 percent. Last month, Giuliani led with 34 percent to McCain's 27 percent.

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Former House speaker Newt Gingrich of Georgia ran third in the latest poll with 15 percent, while former Massachusetts governor Mitt Romney was fourth with 4 percent. Gingrich has not said he definitely plans to run, and without him, Giuliani's lead would increase even more, to 53 percent compared with McCain's 23 percent.

When Republicans were asked to rate Giuliani, McCain and Romney on a series of attributes, Giuliani was seen as the strongest leader, the most inspiring, the candidate with the best chance of winning the general election, the most honest and trustworthy and the one closest to them on the issues. McCain was seen as having the best experience to be president, but only by a narrow margin.

Giuliani faces potential problems because of his views on abortion and gay rights. More than four in 10 Republicans said they were less likely to support him because of those views. More than two in 10 Republicans said there was "no chance" they would vote for him.

With Clinton and Obama as possible barrier-breakers in this presidential campaign, Americans were asked how a candidate's race or sex would affect their vote. What the poll showed is that Americans indicated they were less likely to support a candidate older than 72 or a candidate who is a Mormon than a female or black candidate.

Those findings could affect McCain, who is 70, and Romney, who is a Mormon. Nearly six in 10 said they would be less likely to vote for someone older than 72, while three in 10 said they would be less likely to support a Mormon.

The Post-ABC News poll was conducted by telephone Feb. 22-25 among a random sample of 1,082 adults, including an oversample of 86 black respondents. The margin of sampling error for the poll was plus or minus three percentage points; it is higher for the sub-samples.

Pardons Reemerge As Issue In Clinton Run (BOS)

By Michael Kranish

The Boston Globe, February 28, 2007

WASHINGTON -- Six years ago, the launch of Hillary Clinton's career in the US Senate was marred by allegations that her brothers had received payments from people pardoned by President Bill Clinton in the waning months of his presidency.

Now, in the wake of the launch of her presidential campaign, the pardon controversy has reemerged in an obscure court case in which Senator Clinton's brother Tony is battling an order to repay more than $100,000 he received from a couple pardoned by President Clinton.

Tony Rodham, who acknowledged approaching the president about a pardon for the couple, is the second of Hillary Clinton's brothers to receive money from people who were eventually pardoned by President Clinton. Hugh Rodham received $400,000 from two people, one of whom was pardoned and one whose sentence was commuted.

But while Hillary Clinton immediately expressed chagrin over the news in 2001 that Hugh received the money -- and asked him to return it -- she said Tony was "not paid," according to a congressional report. The Clinton campaign yesterday declined to comment on the case involving Tony Rodham.

Clinton critics have been seeking to revive an array of controversies, from the Whitewater land deal to the Monica Lewinsky case. The Clinton campaign has sought to depict them as old or moot cases. But the Tony Rodham case could be different because it is in court just as Senator Clinton's campaign reaches full speed.

Yesterday, US Bankruptcy Court Judge Marian Harrison of Nashville ordered Tony Rodham to respond by March 16 to the allegation that he failed to repay a loan of $107,000 from the couple pardoned by Clinton, according to attorneys involved in the case.

President Clinton's pardons have been a political issue for Hillary Clinton because of her ties to a number of the cases. In addition to the people who paid her brothers, those receiving pardons included commodities trader Marc Rich, a fugitive who was prosecuted for tax evasion by then-US Attorney Rudolph Giuliani and fled to Switzerland. Rich was pardoned after his former wife, Denise Rich, contributed heavily to Hillary Clinton's Senate campaign.

Controversy over the pardons was reignited last week after Hollywood mogul and former Clinton supporter David Geffen criticized the Clintons for the Rich pardon.

"It is a legitimate campaign issue," said Stephen Gillers, professor of legal ethics at New York University School of Law. He said that Hillary Clinton should answer questions about her brothers' and her own involvement in the pardons because "the stench of the Marc Rich pardon still stinks and it has never been adequately explained. "

The Tony Rodham lawsuit revolves around his work for a carnival company, United Shows of America, which was owned by Edgar and Vonna Jo Gregory. The couple, who had been convicted of bank fraud, hired Tony Rodham as a business consultant and paid him $244,769 in salary over 2 1/2 years, according to a congressional report.

President Clinton pardoned the couple in March 2000. The Republican-controlled House Government Reform Committee issued a 2002 report that said Rodham had helped the couple obtain the pardon.

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Edgar Gregory has since died, and his company is now bankrupt. The lawsuit against Tony Rodham, brought by the bankruptcy trustee, revolves around whether the Gregorys loaned Rodham $107,000, or whether that money was part of his salary. The trustee for the bankrupt estate says it was a loan that was never repaid and that, with interest, it would now be $153,000.

When Tony Rodham's involvement with the Gregorys first became public in early 2001, Hillary Clinton said that her brother had known the couple "for some time . . . he has a personal relationship with them. He was not paid."

The House Government Reform Committee report the next year, noting that Rodham had worked as a consultant to the Gregorys, said a further review should be conducted to determine whether Hillary Clinton "knew of the financial relationship between Tony Rodham and the Gregorys when Rodham was lobbying the President for pardons." The report said Hillary Clinton's "statement that Tony Rodham 'was not paid' is not accurate."

Rodham yesterday did not respond to a request for comment. In 2001, he said on CNN that he had worked as a consultant for the Gregorys but that "on the pardon issue, I never received a dime from them."

Rodham also said that he mentioned the pardon application to then-President Clinton. "Yes, I did," Rodham said. "And I have no problem saying I mentioned it to the president."

Attorneys for Rodham and the bankrupt estate said they have no plans to involve the Clintons in the case and declined to comment on the pardon.

"We are dealing with a bankrupt estate, so we are not going to be spending a lot of money to flesh out the pardon issues that are related to this," Michael Collins, the attorney for the bankrupt estate, said.

Rodham's attorney, Samuel Crocker, said in an interview yesterday that he believed the case would be settled. Crocker said he had "no interest" in involving the Clintons in the proceeding or delving into the pardon.

Groups critical of the Clintons have tied the case to questions about the pardons. Judicial Watch, a group that has targeted the Clintons for years, said the bankruptcy proceeding should prompt the Justice Department to review the circumstances of the pardon.

But a Justice Department official wrote to Judicial Watch on Jan. 16 that "it is likely that any new allegations would be outside of the five-year statute of limitations period."

Judicial Watch last year tried to obtain unredacted documents related to the pardon of the Gregorys but were rebuffed by the Bush administration, which said releasing them would violate executive privilege.

The Clinton pardons were a major scandal in early 2001, as Hillary was beginning her term. She said she and the president did not know her brother Hugh had received $400,000 in fees from two people, one of whom received a commutation and one a pardon. Hugh Rodham has said he returned the money.

The Rich pardon received the most attention. Rich had been indicted in 1983 on charges of tax evasion and illegal trading with Iran. Rich fled to Switzerland and never stood trial.

Before Rich received the pardon in January 2001, his former wife, Denise Rich, contributed $70,000 to a fund supporting Hillary Clinton's Senate bid, and also made a large contribution to the Clinton presidential library.

President Clinton has said he pardoned Rich at the behest of Israeli officials, and has denied any wrongdoing.

Clinton Foundation Not Listed On Senator's Disclosure Reports (NYT)

By Patrick Healy

The New York Times, February 28, 2007

The charitable family foundation that Senator Hillary Rodham Clinton and former President Bill Clinton have operated since 2001 has not been listed on Mrs. Clinton's annual Senate financial disclosure reports for five years.

Aides to the Clintons said that the omission was a clerical error and that it was corrected immediately after The Washington Post brought it to their attention on Monday. The Post published an article on the foundation on Tuesday.

"It was inadvertently omitted from her Senate filing, an oversight that has since been corrected," said Philippe Reines, a spokesman for Mrs. Clinton.

Details about the foundation have been on an Internal Revenue Service Web site for years.

According to the I.R.S. filings, the Clintons have contributed $5 million to the charity, the Clinton Family Foundation, and it has made grants to Yale University, where they both attended law school, and to other charities that have personal meaning for the Clintons. They and their daughter, Chelsea, are officers of the charity, but they do not receive compensation. All the money goes to other charities, the advisers said.

As a result of the foundation, Clinton advisers say, the couple receive the standard tax benefits for philanthropy.

"The Clinton Family Foundation was created solely for their personal charitable giving, and it represents only a fraction of their overall charitable giving," said Jay Carson, a spokesman for the former president.

Mr. Clinton's personal foundation directs millions of dollars to charities each year, and he has raised billions in corporate funds to fight AIDS, disease and poverty through his annual Clinton Global Initiative conference.

Feb. 5 National Primary (HILL)

By Alexander Bolton

The Hill, February 28, 2007

Pressure from the leading presidential candidates has set the stage for a Feb. 5 national primary that will likely include 20 states, possibly more.

Working behind the scenes and mostly through surrogates, Democratic Sens. Barack Obama (Ill.) and Hillary Rodham Clinton (N.Y.), and Republicans Sen. John McCain (Ariz.), former Gov. Mitt Romney (Mass.) and former New York City Mayor Rudy Giuliani have fueled a rush of states to hold primary elections on Feb. 5 next year, or earlier. As many as 23 states are in the frame to hold primary elections on that date.

Delaware, Missouri, New Mexico and Oklahoma in 2004 held their nominating contests on the first Tuesday of February, and are likely be joined this time by such big states as California, Illinois, Michigan, New Jersey, New York and Texas. They may be joined also by smaller states including Tennessee, Arkansas, Arizona, Alabama, Georgia, North Dakota, Utah, Kansas, Colorado and (for the GOP only) West Virginia and Nevada. The legislatures of Pennsylvania and North Carolina are holding hearings on the issue but the outcomes of these are uncertain.

Allies of candidates who expect to do well in these states are taking lead roles in moving primaries there to early February. By holding primaries soon after the Iowa caucuses, the first contest of the year, such states will have a bigger impact than before on who becomes the Republican and Democratic presidential nominees.

Clinton's allies in New York and New Jersey will be instrumental should those states move their primary dates to Feb. 5.

In recent weeks, buzz over a Feb. 5 primary date has picked up noticeably in New York. Those who could make it happen are Democratic state assembly speaker Sheldon Silver, who supports Clinton, and state senate majority leader Joseph Bruno, who says he is neutral at this point.

In New Jersey, legislators are moving ahead with a bill to create a Feb. 5 primary with the approval of Gov. Jon Corzine (D), who has signaled to state Clinton supporters that he will soon endorse her.

Clinton's advantage in New York, where she recently won re-election with 67 percent of the vote, is obvious. But she is also expected to have a significant advantage over her rivals in New Jersey, where much of the population is part of New York City's media market.

In Illinois, Obama's allies have been outspoken about helping their favorite by establishing an early primary date.

"Sen. Obama offers real hope for the American people and I am proud to give him my support," said Democratic Gov. Rod Blagojevich on the day of Obama's official presidential announcement, "I want to take this opportunity on this historic day to urge the legislature to immediately send me a bill to move our state's primary from March 18, 2008 to February 5, 2008. That will give Illinois voters an opportunity to send an early message in support of Sen. Obama and send him to victory."

Obama is expected to win the state because he represents it in Congress, even though Clinton was born in Chicago.

New Mexico Gov. Bill Richardson has also been active. He has worked personally to move Nevada and Utah, Western states where he is expected to have an advantage, up in the process.

"There was certainly cooperation between Gov. Richardson and Sen. [Harry] Reid [D-Nev.] to move Nevada up, in the overall belief that Nevada is the makeweight of the 2008 presidential race," said Mike Stratton, who formerly served on the Democratic National Committee's (DNC) scheduling and nominating commission.

Stratton, who advocated for a Western regional primary while on the commission, said Richardson also worked with Utah Gov. Jon Huntsman (R) to advance the Utah primary to Feb. 5.

Richardson is expected to do well in both states because issues important to New Mexico, such as water rights and federal land management, are also important in Utah. Being Hispanic could also help him in Nevada because perhaps 20 percent of its population is Hispanic. Supporters of Romney, a Mormon, and McCain, a westerner, have also pushed for an early Utah primary, a state GOP official said.

Richardson has also pressed to move California's primary to Feb. 5. During a speech in Washington yesterday, Richardson joked that he would like to see the California primary "with all those Latino voters" take place earlier, adding that he had spoken with Gov. Arnold Schwarzenegger (R-Calif.) about it during this week's National Governors Association conference.

The candidates' influence over the state primary calendars has drawn criticism.

"On the one hand, the Republican Party supports any effort to make it more relevant [in the presidential nomination process]," said Jason Heffley, deputy executive director of the Illinois Republican Party, in reference to efforts by Blagojevich and

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House Speaker Michael Madigan to move the primary up, "but it's very unfortunate that the Democratic leadership in the state is doing it to help the political ambitions of one person."

Republican White House hopefuls and their allies have also worked to move up primary dates in states where they have an advantage.

McCain won the Michigan presidential primary in 2000 and has a well-coordinated campaign there. His supporters pressed for an early February primary, which is in the process of being made official.

"McCain won here and it's thought he has good chances," said Michigan GOP party chairman Saul Anuzis, who has pledged to stay neutral.

"Last year the McCain folks were all in favor of" an early primary, said Anuzis. "They were the only ones organized. I think they were the ones last year who were most up front and center in pushing for an open primary system and having it early. His partisans were key players on the process committees and the ones pushing for the current proposal in front of the legislature."

A strategist with a rival Republican campaign said Romney's people were pushing for a Jan. 29, 2008 primary for Florida, where the former governor has invested much time and effort.

In Florida, one of the first and most influential advocates of an earlier primary was former state Republican chairman Al Cardenas, now a member of Romney's Florida statewide steering committee.

Cardenas noted that when he began pushing for an earlier primary, he was not yet committed to Romney.

Republican leaders in the state House are pushing for an earlier primary, and Cardenas said that while they are neutral right now, there is a good chance they will side with Romney. Three former Florida House speakers are on Romney's steering committee: Allan Bense, John Thrasher, and Rep. Tom Feeney (R-Fla.).

Cardenas said Romney's advantage in Florida is revealed by the fact that "more than half of the Republican major donors and fundraisers" have committed to Romney. But one GOP strategist countered that an early Florida primary may not be in Romney's interest because Giuliani is far better known in the state.

Giuliani's allies have been active in trying to move up the GOP primaries in California and New Jersey, according to a source close to his campaign. The source said former California gubernatorial candidate Bill Simon has worked behind the scenes to build support for a Feb. 5 primary. Simon did not respond to a request for an interview.

The source said Giuliani's allies are also part of the effort to advance the New Jersey primary. A strategist with a rival campaign made the same assertion.

Giuliani is expected to do well in California because his relatively liberal record on social issues is likely to be more palatable to GOP voters there. And many voters in New Jersey in the New York media market followed his exploits while he was mayor of the Big Apple, including his heroics on Sept. 11, 2001.

Only Strong Will Survive This Big Bang (HILL)

The Hill, February 28, 2007

Nineteen states or more, with half of America's population, are moving to hold their presidential nominating primaries on Feb. 5, 2008, a mere three weeks after the Iowa caucuses and two weeks after the New Hampshire primary. In effect, we will now have a national primary and the presidential nominating season will last only three weeks from start to finish.

The effect of this gigantic sea change will be that whoever is the frontrunner in each party by the fall of 2007 will be virtually certain to win the nomination because only the frontrunner can possibly hope to amass enough money to compete in half the country at once. Nobody but the likely winner in each party will be able to compete at that level on Feb. 5.

Money will now be king. Nothing else will count very much. If you can afford to run a national campaign three weeks after the first caucus, you will win. If you can't, you're doomed. And the polling that designates a frontrunner now will do much to determine the nominee.

Big states, including California, Florida, Georgia, Illinois, Michigan, New Jersey, and North Carolina, are moving their primaries up to Feb. 5. They are going to be joined by a dozen smaller states: Alabama, Arizona, Arkansas, Colorado, Delaware, Kansas, Missouri, Nevada (GOP only), New Mexico, Oklahoma, Tennessee, and Utah. With half of the country — these states have a combined population of 145 million — voting on Feb. 5, many other states are sure to join the move and vote on that early date. After all, which state legislature wants to consign its voters to political irrelevance by voting in April or May? Before we are done, we will have America's first national primary on Feb. 5.

The financial demands of competing in each of these states are so onerous that only the richest of candidates can hope to win. That kind of money only goes to frontrunners. As a result, the process will be sufficiently top-heavy that the candidates who enjoy clear leads in the polls after the summer of 2007 will have a virtual lock on the nomination before anybody has cast a vote on anything in any state!

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The danger, of course, is that the frontrunner will have been anointed without ever actually holding a primary. The effect will be to strip the primary process of its power — for the first time since it became the central way of selecting candidates in the aftermath of the 1972 reforms — and give the power to designate candidates to national public-opinion polls conducted among random representative samples of the voters. It is the triumph of the pollsters and fundraisers.

So how will we choose who are the frontrunners before anyone has voted? How will candidates impact the polls in order to swell their coffers? The early primary date means that the virtual primaries that will designate the frontrunners will be held on cable television, the Internet, and talk radio. The Republican Virtual Primary will be held on Fox News, the Limbaugh, Hannity, and other conservative talk radio shows, and the right-wing websites. The Democratic Virtual Primary will be held on National Public Radio, PBS, a handful of liberal talk shows, the network news programs, and websites like MoveOn.org where liberals congregate.

But what happens if the candidate chosen by this instant virtual lottery has feet of clay that only become evident when he or she actually runs for office in a real election? The testing, seasoning, vetting, and whittling-down of the field, which used to take five or six months, cannot now take place at all. We will never know how the candidates of each party will perform in an actual election. Voters in each party will be buying a car without being able to take it for a drive.

In 2004, when the process was so truncated that Kerry was chosen as the nominee in March, the Democratic Party found itself saddled with a deeply flawed candidate whose shortcomings were not evident until after the Democratic Convention had nominated him. Throughout the fall of 2004, Kerry's inability as a candidate became so glaringly obvious that Democrats didn't give him a second look when he sought their nomination again this year.

The early primary dates would seem, at the moment, to confer an enormous advantage on the frontrunners in each party: Hillary Clinton and Rudy Giuliani. Their current leads in the polls and their consequent fundraising advantage make them stronger favorites than they might be if they had to run in a succession of primaries week after week.

So the new process, bequeathed to us by the advancing of the primary dates, will reward the rich, the pollsters, and the talk shows. And politics will never be the same again.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race. To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Competing In The Money Marathon (NYT)

The New York Times, February 28, 2007

If nothing else, the disheartening frenzy to raise huge campaign donations in this front-loaded presidential race is making money — lots and lots of money — a public issue. In the cross-fire, federal election regulators are expected to approve Senator Barack Obama's clever but cagey attempt to claim a reformer's mantle: he wants to let the nominees keep bagging unlimited private donations in the run-up to the primaries, then have the choice of returning a chunk of it after the conventions and accepting limited public financing for the general election.

Of course, Mr. Obama is proposing to adopt the even-money truce — should he win the nomination — only if the Republican nominee does the same.

Behind this shadowboxing is the fact that the post-Watergate public financing of presidential elections has not kept pace with inflation. This failure, which a conscientious Congress would repair in time for the 2012 election, has put private fund-raisers back at the wheel. All major candidates, including Mr. Obama, are rejecting the $65 million possible through the public money route for the primaries as a trifle.

Mr. Obama may be scoring political points in the reformers' image race with Senator Hillary Clinton, who lately yielded and agreed to disclose who her fund-raising megabrokers are. But voters should not get their hopes too high. The Obama and Clinton campaigns did not hesitate to upstage the Oscars with a hissy fit over who can best beg before Hollywood's deep-pocketed political sages. The candidates' mix of furious money-seeking and ritual umbrage at its excesses evokes St. Augustine's self-reform: "Make me chaste, oh Lord, but not yet."

Group Says Gore's Home Overuses Electricity (USAT/AP)

USA Today, February 28, 2007

NASHVILLE (AP) — Al Gore, a leading voice in the fight against global warming, is being called a hypocrite by a conservative group that claims his Nashville mansion uses too much electricity.

A spokeswoman for Gore said the former vice president invests in enough renewable energy to make up for the home's power consumption.

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Gore's documentary filmAn Inconvenient Truth, which chronicled his campaign against global warming, won an Academy Award on Sunday.

The next day, the Tennessee Center for Policy Research put out a news release saying Gore was not doing enough to reduce his own consumption of electricity. The group disputes whether global warming is a serious problem.

"We wanted to see if he was living by his own recommendations and walking the walk," said Drew Johnson, president of the think tank, which pushes for conservative economic issues.

Utility records show the Gore family paid an average monthly electric bill of about $1,200 last year for its 10,000-square-foot home.

The Gores used about 191,000 kilowatt hours in 2006, according to bills reviewed by The Associated Press spanning the period from Feb. 3, 2006, to Jan. 5. That is far more than the typical Nashville household, which uses about 15,600 kilowatt-hours per year.

His Nashville home is more than four times larger than the average new American home built last year — about 2,400 square feet, according to the National Association of Home Builders.

A spokeswoman for Gore said he purchases enough "green power" — renewable energy sources such as solar, wind and methane gas — to balance 100% of his electricity costs.

"Sometimes when people don't like the message, in this case that global warming is real, it's convenient to attack the messenger," Gore spokeswoman Kalee Kreider said.

Gore participates in a utility program that sells blocks of "green power" for an extra $4 a month. Gore purchases 108 such blocks every month, covering 16,200 kilowatt-hours and helping subsidize renewable energy sources.

Johnson said it's unclear whether global warming is caused by humans, and he said the threat outlined in Gore's documentary is exaggerated.

The think tank said that Gore used nearly 221,000 kilowatt hours last year and that his average monthly electric bill was $1,359. Johnson said his group got its figures from Nashville Electric Service.

But electric company spokeswoman Laurie Parker said the utility never got a request from the policy center and never provided them with any information.

Parker said Gore has been purchasing the "green power" for $432 a month since November. The Gore home is also under renovation to add solar panels, Kreider said.

Gore also owns homes in Carthage, Tenn., and in the Washington area.

Gore has said he leads a "carbon-neutral lifestyle." To balance out other carbon emissions, the Gores invest money in projects to reduce energy consumption around the globe, Kreider said.

"For every ton of carbon they emit, he offsets that by doing investments in renewable energy sources," Kreider said.

Johnson said those efforts were unconvincing.

"In general, I applaud his efforts to reduce energy consumption, but if he is going to be a spokesman for global warming, he has to be willing to make the same sacrifices," Johnson said.

Johnson said Gore's home has gas lamps lining the driveway, a heated pool and an electric gate, all of which would be easy to do without.

Kreider confirmed that Gore's home has a heated pool and an electric gate, but noted that the gate is important for security and that the driveway has only one gas lamp.

Focusing on Gore's personal electricity consumption misses the point of An Inconvenient Truth, Kreider said, which is that governments and the public can work together to reduce emissions.

Politicians' Flights Called Wasteful (LAT)

By Paul Pringle

The Los Angeles Times, February 28, 2007

Sen. Dianne Feinstein offers plenty of tips on how California households can combat global warming, such as carpooling and running only a full dishwasher.

But one bit of information Feinstein declines to share is the number of times that she flew last year on her husband's Gulfstream jet, which burns much more fuel per passenger-mile than commercial airliners.

Gov. Arnold Schwarzenegger also has asked constituents to do their part to conserve energy — including cutting summertime power consumption — even though he takes to the skies on leased executive jets.

Aides say there is nothing contradictory between the pro-green pronouncements and the flying habits of the Democratic senator and Republican governor.

Some environmentalists aren't so sure.

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"There appears to be a discrepancy between calling on people to make personal reductions and using a private jet that exacerbates the problem," Clean Air Watch President Frank O'Donnell said.

Flying on a Gulfstream rather than an airliner is like driving a sport utility vehicle instead of riding a bus, O'Donnell and others say.

A single cross-country round trip on a Gulfstream IV, or GIV, the model owned by Feinstein's husband, churns out about 83,000 to 90,000 pounds of carbon dioxide, experts say. By contrast, on a per capita basis, the average American produces 50,000 pounds from all activities in an entire year.

Nonetheless, Feinstein and Schwarzenegger intend to continue their noncommercial flying ways because their jobs demand a flexibility the airlines can't match, spokesmen say.

Schwarzenegger's office said he and a jet-leasing company are establishing a "carbon offset" program for the governor and fellow customers, retroactive to Jan. 1. Carbon offsets are bought from organizations that plant trees and support renewable energy enterprises, among other measures, to offset greenhouse gases produced by the buyers.

"This is big news," Schwarzenegger spokesman Bill Maile said of the governor's undertaking with NetJets, the leasing firm.

Feinstein, however, got the jump on Schwarzenegger. She began buying carbon offsets last year to partially cover the travel on the GIV, and will purchase enough offsets this year to compensate for all the trips, spokesman Scott Gerber said.

He added that Feinstein took "numerous" commercial flights in 2006, but flew mostly on the GIV. He balked at disclosing the tally of her Gulfstream journeys.

"We're not going to get into specifics," he said.

Noncommercial aircraft and other carbon-related indulgences have caused politicians considerable turbulence recently.

A conservative group has condemned Al Gore for racking up an average monthly electricity bill of $1,200 at his Nashville mansion last year while championing the anti-global warming cause. A Gore spokeswoman said the former vice president invests in renewable energy to offset his electricity use.

As part of an ethics push, the House and Senate are toughening restrictions on lawmakers who fly private jets, though exceptions for members and spouses who own planes are under consideration.

Earlier this month, Republicans accused House Speaker Nancy Pelosi of requesting a large military jet to fly her and family members between the capital and her San Francisco district.

Security protocols grant Pelosi occasional military flights because she is second in line to the presidency. Her office said she had only inquired about an aircraft with enough fuel capacity to make the trip nonstop, and would fly commercial if necessary.

Pelosi flew on private jets seven times in 2006, her spokesman said. "She made every effort to travel commercially whenever possible," Drew Hammill said.

Sen. Barbara Boxer says she took four trips on private aircraft last year, one with multiple stops over 2 1/2 days.

"If you can take a commercial plane to get where you need to go at the time you need to be there, you should do it," she said in an e-mail. "If not, you have to look at alternatives such as trains, fuel-efficient vehicles, buses, and in some cases, private planes."

For that last option, Feinstein reimburses her husband, Richard Blum, for use of the jet, Gerber said. Blum bought the GIV for about $23 million in 1999. The reimbursements are based on a first-class commercial fare, with more than 90% of the money coming from Feinstein's personal funds and the rest from campaign coffers, the spokesman said. Last year, the reimbursements to Blum totaled about $73,000, he said.

But a GIV's operating expenses are much higher than a first-class booking. A round-trip Los Angeles-Washington flight on the Gulfstream burns about 4,500 to 5,000 gallons of fuel at a cost of roughly $20,000, depending on local pump prices, said Jeff Beck, a veteran corporate pilot. And that doesn't include pilot fees, maintenance and parking bills.

"It's the least environmental thing that politicians can do," Beck said. He said Gulfstreams devour so much fossil fuel per passenger that "it's like they're throwing dinosaur bones out of the tailpipe."

A coast-to-coast, first-class ticket on a major airline goes for about $1,200 to $2,500, round trip, according to a sampling of three airlines' prices Tuesday.

A Boeing 767-200 airliner burns about 1,550 gallons an hour — three times as much as a GIV. But the larger plane typically can seat about 180 passengers, as opposed to a GIV's 12 to 14.

Eric Carlson, executive director of Carbonfund.org, a nonprofit that sells offsets, said it would charge $229 to cover the emissions from the GIV round trip.

Schwarzenegger flies a variety of leased jets, which cost his campaign $733,000 during the three months ending last September. Maile said the governor digs into his own pockets for some flights.

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He also said Schwarzenegger has converted one of his Hummers to biodiesel fuel, and plans to install solar panels on his house. His other three Hummers remain gas hogs.

For her part, Feinstein drives a hybrid Lexus sport utility vehicle when she is home in San Francisco, Gerber said. But she drives a Lincoln Town Car in Washington.

Not that the eco-crowd is eager to criticize Feinstein and Schwarzenegger, who are generally viewed as key supporters of the growing movement to curb emissions.

Representatives of some environmental groups either would not comment on the two politicians' penchant for private jets, or suggested that allowances could be made in their circumstances.

"Given the exigencies of the campaign trail, if not the demands of governing of a large state, it may not be realistic to expect elective officials to fly commercial all the time," said Jon Coifman, spokesman for the Natural Resources Defense Council.

But O'Donnell, of Clean Air Watch, invoked a loftier ideal:

"It is fair to hope that our political leaders will lead by example."

Ozone Man Sequel (NYT)

By Maureen Dowd

The New York Times, February 28, 2007

HOLLYWOOD

Al Gore now has a movie with an Oscar and a grandson named Oscar.

Who could ask for anything more?

Al Gore could.

The best ex-president who was never president could make one of the most interesting campaigns in American history even more interesting. Will he use his green moment on the red carpet in black tie to snag blue states and win the White House?

Only the Goracle knows the answer.

The man who was prescient on climate change, the Internet, terrorism and Iraq admitted that maybe his problem had been that he was too far ahead of the curve. He realized at a conference that “there’re ideas that are mature, ideas that are maturing, ideas that are past their prime ... and a category called ‘predawn.’

“And all of a sudden it hit me,” he told John Heilemann of New York magazine last year. “Most of my political career was spent investing in predawn ideas! I thought, Oh, that’s where I went wrong.”

As Mr. Gore basked Sunday night in the adoration of Leo, Laurie David and the rest of the Hollywood hybrid-drivers, Democrats wondered: Is this chubby guy filling out the Ralph Lauren three-piece tuxedo a mature idea or an idea that’s past its prime?

With Hillary overproduced and Barack Obama an unfinished script, maybe it’s time to bring the former vice president out of turnaround.

Hillary’s henchmen try to prognosticate the Goracle’s future by looking at his waistline, according to Newsday; they think if he’s going to run, he’ll get back to fighting weight.

With her own talent for checking the weathervane, Hillary co-opted Mr. Gore’s eco-speak right after the Oscars, talking environment throughout upstate New York. Given his past competition with Hillary, Mr. Gore must have delighted in seeing his star rise in Hollywood as hers dimmed.

If he waits long enough to get into the race, all the usual-suspect-consultants will be booked — which would be a boon for Mr. Gore, since his Hessian strategists in 2000 made him soft-pedal the environment, the very issue that makes him seem most passionate and authentic. The same slides about feedback loops and the interconnectedness of weather patterns that made his image-makers yawn just won his movie an Academy Award.

But what’s going on in his head? Like Jeb Bush, Al Gore was the good son groomed by a famous pol to be president, only to have it snatched away by a black sheep who didn’t even know the name of the general running Pakistan (the same one he just sent Vice to try to push into line.) It must be excruciating not only to lose a presidency you’ve won because the Supreme Court turned partisan and stopped the vote, but to then watch the madness of King George and Tricky Dick II as they misled their way into serial catastrophes.

Even though Chickenhawk Cheney finally got close to combat in Afghanistan, his explosive brush with a suicide bomber has not served as a wake-up call about the danger of Osama bin Laden’s staying on the lam, and Afghanistan’s slipping back into the claws of the Taliban and Al Qaeda while we are shackled to Iraq.

A reporter asked Tony Snow yesterday what the attack on the Bagram Air Base that targeted the vice president and killed at least 23 people said about the Taliban’s strength. “I’m not sure it says anything,” he replied.

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Mr. Gore must be pleased that he's been vindicated on so many fronts, yet it still must rankle the Nobel Peace Prize nominee to hear the White House spouting such dangerous nonsense. He must sometimes imagine how much safer the world would be if he were president.

The Bush-Cheney years have been all about dragging the country into the past, getting back the presidential powers yanked away after Watergate, settling scores from Poppy Bush's old war, and suppressing scientific and environmental advances. Instead of aiming for the stars, the greatest power on earth is bogged down in poorly navigated conflicts with ancient tribes and brutes in caves.

Surely the Goracle, an aficionado of futurism, must stew about all the time and money and good will that has been wasted with a Vietnam replay and a scolding social policy designed to expunge the Age of Aquarius.

When he's finished Web surfing, tweaking his PowerPoint and BlackBerrying, what goes through his head? Does he blame himself? Does he blame the voting machines? Ralph Nader? Robert Shrum? Naomi Wolf? How about Bush Inc. and Clinton Inc.?

With the red carpet rolled up, the tux at the cleaner's, and the gold statuette on the director's mantle, not his, the Goracle is at his Nashville mansion, contemplating how to broker his next deal. Will he cast himself as the savior of the post-Bush era, or will the first Gore in the Oval Office be Karenna, mother of Oscar?

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, February 28, 2007

Spoons kill people

Thanks to the Gun Owners of America for sending us their nifty new T-Shirt, bearing the message:

"If guns kill people, then ...

— Pencils miss spel words

— Cars make people drive drunk

— Spoons make Rosie O'Donnell fat

Too much popcorn

Who isn't talking about the exhibit of obesity that Al Gore unveiled at his Oscar-winning appearance this week?

Now, Inside the Beltway may have discovered why Mr. Gore is so suddenly rotund: "An Inconvenient Truth."

Iain Murray, senior fellow for global climate change and environmental science at the Competitive Enterprise Institute, forwards speculation that Mr. Gore's Oscar-winning movie could be hazardous to the former vice president's health, and everybody else's for that matter.

The Scotsman, Scotland's national newspaper, is claiming that half of the children between the ages of 7 and 11 in that country are now so anxious about global warming that they're losing sleep over it.

"A quarter of them blame politicians for the problem, and 1 in 7 believes their parents aren't doing enough to save the earth," Mr. Murray notes. Furthermore, Science Daily is reporting that children who don't get enough sleep are more prone to obesity.

"And this article points out that kids who sleep better learn better," he adds. "One has to wonder just how much damage to civilization that Gore and company will do to impose their climate-control regime on the world."

Eye on Freedom

What's with the telescope in the 10th floor office of Christopher Cox, the former congressman-turned-chairman of the U.S. Securities and Exchange Commission, overlooking the U.S. Capitol dome?

"Sometimes I jokingly refer to this as my legislative affairs operation — using the telescope I can just read the memos on their desks," the chairman noted in recent remarks. "But I don't have the telescope focused on the offices, but rather on the Statue of Freedom on top of the dome."

Mr. Cox observed that the statue was placed on its prestigious perch in 1863, during the height of the Civil War.

"She stands on a globe encircled with our national motto, E Pluribus Unum: Out of Many, One," he said. "And she was cast in bronze by a former slave, Philip Reid, who along with other D.C. residents gained his freedom ahead of the Emancipation Proclamation by act of Congress."

Man on the moon

NASA says it plans for astronauts to be "camping" on the moon as early as 2020.

A future lunar outpost, says a new NASA posting, would be used to make preparations for a journey to Mars. Initial missions to the pressurized camp — inflatable habitats, with connecting tunnels to crew quarters and the lunar surface — would last several days for the initial construction period, then be extended to two weeks, then two months and ultimately to 180 days.

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Puffs of pink

Yes, Virginia, there will be cherry blossoms this spring.

Barely a month ago everybody from Washington to Tokyo was worried because cherry blossoms were blooming in the unseasonably warm weather. Not to worry, says the National Cherry Blossom Festival, which quotes Rob DeFeo, chief horticulturist of the National Park Service, as saying that the variety of trees that were in bloom in January are sometimes referred to as the "winter-blossoming cherry."

They will often bloom during a warm spell, even if spring is still months away. Mr. DeFeo says the famous cherry trees around the Tidal Basin are of a different variety — the Yoshino — and they will blossom as usual come spring.

The National Cherry Blossom Festival's 95th Anniversary Dinner & Silent Auction will be held this evening.

Hurricane hand

Sister Sledge, Ciara, Patti LaBelle and Brian McKnight are among the artists whose previously unreleased recordings are featured in a new "We Are Family 2007" CD put together by the Washington-based Points of Light Foundation to help victims of recent hurricanes.

Produced by Grammy Award winner Rodney Jerkins, the CD centers on Sister Sledge's 1970s hit, "We Are Family," which is the title song. The CD is available through stores, online music providers, or WeAreFamily2007.com.

Up In The Air (RC)

By Tory Newmyer And Kate Ackley

Roll Call, February 28, 2007

Experiencing some professional turbulence? At least you're not Robert Land.

As JetBlue's only man inside the Beltway, Land has had the unenviable task of single-handedly explaining the discount flier's recent meltdowns to lawmakers while trying to beat back their attempts to impose new regulations on the industry.

The trouble started Feb. 14, when an ice storm in the Northeast scrambled travel schedules. At New York's JFK International Airport, JetBlue's hub, nine of the carrier's planes got pinned down on the tarmac, forcing some passengers to sit on the runway for more than 10 hours. The trouble spilled into the following week, with JetBlue forced to cancel more than 1,000 flights to get back on schedule.

Land went to work Feb. 15, the morning after the crisis erupted, paying visits to the Transportation committees and also calling on officials at the Department of Transportation. He walked staffers through a chronology of what had happened the day before — explaining how JetBlue, relying on what proved to be erroneous weather reports that showed the storm clearing, kept planes queued in the hopes of getting them off the ground. And, like other executives at the airline, he piled on the apologies.

"Looking back, we were a little too aggressive trying to get our customers where they wanted to go," said Land, who served as assistant Transportation secretary under former President Bill Clinton before joining JetBlue at its outset eight years ago.

JetBlue has pledged to spend $30 million in vouchers, refunds and other costs to recover from the events and has issued its own passenger bill of rights to guarantee there will not be a repeat performance.

But the controversy already has prompted lawmakers to action, with Sen. Barbara Boxer (D-Calif.) introducing a measure setting mandatory guidelines for airlines and Rep. Mike Thompson (D-Calif.) to follow suit this week. Industry sources said some version is likely to be included in the Federal Aviation Administration reauthorization set to move this year.

Land, like others hoping to head off the legislation, stressed the airline already has taken corrective steps and is best equipped to handle future problems on its own.

"We think we know how best to make up for our mistakes," he said. "That's the message we've been sending to the Hill: No one has more to lose than we do, because regardless of what Congress does or doesn't do, people have a choice to make when they fly."

Several airline lobbyists said K Streeters, smelling blood, have been hurling themselves at JetBlue since its problems erupted. Land, officially the company's senior vice president for government affairs, said that while JetBlue "has been looking for key people to join our team in different positions on an ongoing basis," it has not made any moves yet to add lobbying muscle, either internally or externally.

Lift Off? Speaking of canceled flights, lobbyists and other supporters of Rep. Nick Lampson (D-Texas) who had hoped to join the freshman for a viewing of a space shuttle launch in Florida will have to rearrange their schedules.

A hail storm earlier this week damaged an external tank on the shuttle Atlantis and NASA officials are expected to delay the planned March 15 launch as a result.

For $2,300 for an individual, or $5,000 from a political action committee, trip participants were set to fly to the Sunshine State in two weeks for a three-day jaunt that included the launch. For the occasion, Lampson's team had rented the Indian River Queen, a paddle-wheel boat that was set to cruise up the Banana River to within about five miles of the launch site.

(Aside from the novel view, the boat placed the event within the law. The official viewing area for Kennedy Space Center launches is on federal land, making it off-limits for political fundraisers).

In case of any last-minute problems with the launch, the crew had the boat reserved for two more morning cruises.

For those less enthusiastic about space flight, or paddle boats, trip organizers bought a package of tickets for a spring training game between the Houston Astros and the New York Yankees.

"It's a relatively portable event," said a source close to the event who spoke on condition of anonymity. "Everybody knows not to plan too far ahead for it."

The source said final decisions on the trip will be made once NASA announces its plan for the launch.

Coming Out. Add one more name to the long list of politicians that want some K Street cash. Former Health and Human Services Secretary Tommy Thompson, who is mulling whether he wants to give up his plush office at Akin Gump Strauss Hauer & Feld for the Oval Office, is having his first Washington, D.C., fundraiser next week. The money goes to his coffers at the Thompson Presidential Exploratory Committee — 2008.

The event is sponsored by Barbour Griffith & Rogers lobbyist Robert Wood, who was Thompson's chief of staff at HHS, and others around town, said Darrin Schmitz of the committee, known as "Tommy 2008."

"This is really a way for friends, colleagues and former staff to show their support," Schmitz said, adding that the former Wisconsin governor expects to raise about $50,000 from 75 attendees.

Thompson, a Republican, will hold court at The Caucus Room on March 8. "Gold level" contributions cost $500, while joining the "green level" will set you back $1,000, according to an invitation.

K Street Moves. The Livingston Group, the firm founded by former Rep. Robert Livingston (R-La.), has followed the trend of hiring Democrats. Stacie Walters, a former legislative aide to Rep. Vic Snyder (D-Ark.), has joined the firm as a principal. "At a time when there are new Democrat members of Congress, who are dealing with multiple issues, her expertise on several matters, along with her relationships on the Hill, will be a tremendous asset to our clients," Livingston said in a statement.

· Another Democrat has landed at Artemis Strategies: Ryan Modlin, a one-time staffer for House Energy and Commerce Chairman John Dingell (D-Mich.), has signed on as vice president. Modlin also has worked in the government affairs division for Chrysler and with the American Automotive Manufacturers Association.

Some Push For Huckabee To Run For Senate, Not President (HILL)

By Aaron Blake

The Hill, February 28, 2007

Though his long-shot presidential campaign is still in its early stages, some wish former Arkansas Gov. Mike Huckabee would drop his national aspirations and return home to wage what they see as a vital campaign against Sen. Mark Pryor (D-Ark.) in 2008 instead.

Arkansas is often listed among the top Republican pickup opportunities in the country, but Huckabee is the only Republican who matches up to Pryor and there are no comparable alternatives, observers say.

Although those close to Huckabee chalk up the Senate talk to overanxious bloggers and speculation, some see Huckabee-for-Senate as a real possibility and most Republicans make it clear they would welcome him home.

One state GOP source familiar with Huckabee's campaign said a Senate bid could indeed materialize and that it's something Huckabee has considered and analyzed. Huckabee ran for Senate in 1992.

Huckabee couldn't wait too long to abandon the presidential bid, the source said, and the Aug. 11 Republican straw poll in Ames, Iowa, could be a fork in the road.

"If he's knocked out by the straw poll, then, yes, that's a credible scenario," the source said. "If he's still around, I think, timeline-wise, it would add to the baggage that he already has in the state to drop a presidential [campaign] and come back and run for Senate."

Huckabee's presidential campaign said a Senate bid is not in the works and that it's not something he's looking at right now.

"At the moment, he has absolutely no plans to run for Senate," spokeswoman Kirsten Fedewa said. "He's on one track, and that's to explore the presidential bid. He has no Plan B."

Even if Huckabee were to enter the Senate race, Republicans see the 10-year governor as an underdog. Despite his long tenure in state government's top office, he was reelected with just 53 percent of the vote in 2002, which was less than Pryor's 54 percent in a good year for Republicans nationally.

Yet unlike other underdogs, Huckabee would have a reasonable chance at victory. He's seen as a better national than state figure, but he hasn't raised the kind of money required of a presidential candidate. At the same time, some see him competing with Sen. Sam Brownback (R-Kan.) for the "true social conservative" niche.

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Operatives around the state struggle to think of other potential candidates. Nobody has expressed interest publicly yet, and there aren't any Republican statewide office holders.

Sen. Blanche Lincoln's (D-Ark.) 2004 opponent, former state legislator Jim Holt, took 44 percent against her in a presidential year despite spending less than $150,000 on the race. He called a repeat bid a "slim possibility" and said he would need to be promised $8 million to $10 million to finance it.

Banking executive J. French Hill, an appointee of the first President Bush, and 2006 lieutenant governor candidate Chuck Banks have been in talks with the National Republican Senatorial Committee (NRSC), as has fourth-term Rep. John Boozman, the only Republican in the Arkansas delegation.

Boozman's chief of staff, Matt Sagely, however, said Friday that Boozman has "zero interest" in the job and completely ruled it out: "He considers himself lucky to be in the 3rd congressional district … That's about as far as it goes as far as running for another office in Arkansas."

The NRSC wouldn't comment on any communications with Huckabee but made it clear the committee would embrace his candidacy.

"Certainly, we would welcome a run by Gov. Huckabee if that was something he decided to do," spokeswoman Rebecca Fisher said. "But it's not our only option in that state."

Huckabee is, however, by far the best option. Aside from Boozman, none of the other potential candidates currently holds office, few have run campaigns, and there aren't many potential self-funders in the mold of a Pete Ricketts, the wealthy former Ameritrade executive who financed his unsuccessful bid against Sen. Ben Nelson (D-Neb.) in 2006.

Banks failed to force a primary runoff in the lieutenant governor's race. Holt won the nomination but performed slightly worse than he did in his 2004 Senate bid.

Pryor, meanwhile, is the son of a well-known former senator and has maintained an approval rating above 50 percent throughout his four years in office. He's been a relatively quiet figure, but he also hasn't provided Republicans with much ammunition to use against him.

"My gut is: Huckabee will either do it or not do it, and they're probably not going to win this race with anybody else," a politics professor at Hendrix College, Jay Barth, said.

The lack of candidates is mostly a symptom of the Arkansas Republican Party's state of disarray. An anomaly among Southern states, Arkansas remains solidly Democratic. At the same time, it chose President Bush by nine points in 2004.

With Huckabee replaced by Democratic Gov. Mike Beebe, the Democrats now hold all seven constitutional offices and three-quarters of the state legislature.

After the election, Arkansas GOP Executive Director Clint Reed posted a message on the party's website about its wounded state and its need to bounce back. This month, he left to become a regional director for the Republican National Committee, setting the party back another step.

"Look at what [Republicans] have — they got their clocks cleaned," Holt said. "There's not a lot of Republicans, even if they were very well established like a Huckabee, that would have the interest in taking on a Pryor in this state."

Republicans in Arkansas are a small yet factionalized group, split between the religious base, which controls the nominating process, and the moderates. The divisions have been both personal and ideological.

Part of the Republicans' challenge is finding someone who will rally both of those sects, an Arkansas GOP consultant, Bill Vickery, said. Other than Huckabee, few fit that mold.

"I think the Republican Party in Arkansas is searching for that one candidate who can unite their social conservatives and yet appeal to broad, moderate business conservatives in the state," Vickery said. "That's what the search is now."

NRSC Donates Funds From Terror Suspect (CCT)

The Contra Costa Times, February 28, 2007

WASHINGTON - A Republican Party campaign committee that received $20,000 in 2003 from a man now accused of helping terrorists has donated the money to a foundation that comforts families of wounded soldiers.

The National Republican Senatorial Committee, the campaign arm for Republican senators, renounced the contribution after news reports identified Abdul Tawala Ibn Ali Alishtari as an NRSC "Inner Circle Member for Life."

Federal prosecutors charged Alishtari two weeks ago in New York with terrorism financing, material support of terrorism and money laundering. Alishtari pleaded not guilty in U.S. District Court in Manhattan.

"In light of the recent charges filed against a former donor, the National Republican Senatorial Committee will donate the sum total of the former donor's contributions to a charitable organization," NRSC spokeswoman Rebecca Fisher said.

The committee gave $20,000 last week to the Fisher House Foundation, which provides housing for families on the grounds of military and Veterans' Administration hospitals.

Alishtari also donated more than $15,000 to the National Republican Congressional Committee, the campaign arm for Republican House members.

Jessica Boulanger, a spokeswoman for the NRCC, said the committee is awaiting the outcome of Alishtari's case. If found guilty, she said, the money would be donated to charity.

Corporate Execs' Names Should Be Disclosed, Lawmakers Tell Governors (USAT)

USA Today, February 28, 2007

Three influential members of Congress' Democratic majority urged the National Governors Association Tuesday to support proposed legislation aimed at anonymously-controlled companies involved in crime.

"The central problem is that the 50 states are currently forming nearly 2 million companies in the United States each year with little to no information about who is behind those companies," wrote Sen. Carl Levin, of Michigan, and Sen. Barack Obama and Rep. Rahm Emanuel, both of Illinois.

STORY: Corporate owners hide assets, identities

While acknowledging that most of those companies operate legally, the lawmakers warned that some instead function "as conduits for organized crime, money laundering, terrorist financing securities fraud, tax evasion and other misconduct."

They asked the governors to back proposed federal legislation that would require those who register new companies in the 50 states to first gather information about their clients' identities. The proposal would also include company formation agents in federal anti-money laundering regulations.

The nation's governors, who ended their winter meeting in Washington Tuesday, are examining the issue, said Jay Hyde, communications director for organization.

The request for support followed a USA TODAY computer-aided review that showed a mini-industry has capitalized on weaknesses in incorporation laws and virtually non-existent oversight to promote some U.S. states as secrecy rivals of offshore havens. The USA TODAY story was published Friday.

The newspaper's review among other things showed that a promoter with a suspended law license has teamed with a convicted felon in a business that promoted forming Nevada corporations to shield assets "from 'capricious federal judges and any government agency.' "

Court records in a Federal Trade Commission lawsuit showed that two Nevada corporations formed through the business had been involved in what appeared to be money laundering for a suspected identity theft ring in Virginia.

Perry's 'Bizarre' Moves Vex Conservatives (WT)

By Hugh Aynesworth

The Washington Times, February 28, 2007

DALLAS -- Texas Gov. Rick Perry, elected with strong conservative support in November, has taunted that political base recently and could face serious opposition in the state Legislature amid a developing power struggle.

Mr. Perry, a Republican, has begun to assert himself on several hot-button issues after a relatively quiet six years in office in a state where the constitution gives its governor little formal power. His executive order earlier this month ordering all Texas girls entering the sixth grade to be immunized against a venereal disease that causes cervical cancer provided the most heat and criticism from conservatives.

But another Perry edict, to speed up state review of proposed coal-fired power plants, was checked by a state judge last week. And another Perry suggestion, that the state should sell its lottery to help fund cancer research and care, hasn't caught on.

Richard Murray, director of the University of Houston Center for Public Policy, said Mr. Perry's latest moves constituted "bizarre behavior" in view of his courting of conservatives last year when, for a time, it appeared Sen. Kay Bailey Hutchison, a Republican, might return to Texas and run for governor.

"He solidified himself with the social conservatives then, and now he's just totally ignoring them on this issue, which they are to very sensitive to," said Mr. Murray. "It suggests he's not planning to run in any Republican primaries in the future."

But a spokesman for Mr. Perry denied that his boss has usurped too much power, and Mr. Perry has argued that the Texas Constitution gives him the power to lead "as the chief executive officer of the state."

"To ask the governor to stop directing agencies would be tantamount to asking him to stop leading," said his press secretary, Robert Black.

Mr. Black also said accusations against his boss as invalid. He said Mr. Perry showed strong leadership in 2001 with his Trans Texas Corridor plan, a massive proposal to build 4,000 miles of superhighways and railroads across rural Texas from the Mexican border to the Red River. He said his boss stood tall in 2003 when he strongly resisted efforts to raise taxes in the state and later led "the most sweeping tort reform legislation" in the United States.

"If you're going to throw big ideas out on table," said Mr. Black, "somebody's going to get mad at you."

But it was the HPV edict that bounced the hardest and loudest. Mr. Perry did not inform most of the legislative leadership of his plan before he announced it.

Almost immediately, some of the state's leading conservatives berated the idea, claiming that the human papillomavirus (HPV) vaccine, marketed under the name Gardasil, might also increase preteen promiscuity. Some opposed the edict for its mandatory nature, and others criticized it as neither needed nor helpful.

They combined to fllod the airwaves and the Internet in opposition. Last week in Austin, a legislative committee passed a resolution to rescind Mr. Perry's order, with a full-scale bill predictably not far behind.

Also last week, a group of Texans filed a lawsuit in district court in Austin, challenging Mr. Perry's authority to issue the order and seeking to block any state money from being spent on the vaccine until that question is resolved, said Kenneth Chaiken, the attorney representing the families.

"The school-age girls of Texas are not guinea pigs who may be subjected to medial procedures at the apparent whim of Texas' governor," according to the lawsuit, which was filed Thursday.

The best bet, said Cal Jillson, a Southern Methodist University political science professor, is that a bill to rescind the Perry executive order will pass. Then he sees a strong possibility that Mr. Perry will veto that, and a miffed Legislature then will override his veto and kill the program.

Mr. Black, the governor's spokesman, said yesterday Mr. Perry will "stand firm" on his belief the HPV plan is "morally right," and he added, "Legislators will have to determine what they stand for."

Others should not have been surprised at the HPV overture, he added, because Mr. Perry mentioned his support for it in his re-election campaign last summer.

"Evidently, someone wasn't listening," said Mr. Black.

Advocates Hopeful On Gun Ban (BSUN)

By Jennifer Skalka

The Baltimore Sun, February 28, 2007

With the support of a new Democratic governor, advocates for a state assault weapons ban said Tuesday that they have the legislative backing and momentum to pass a bill this session.

"We are hopeful that the new political landscape will make a difference this year," said Sen. Michael G. Lenett, the Montgomery County Democrat sponsoring the proposal.

Gov. Martin O'Malley and state Attorney General Douglas F. Gansler are behind a proposal that would forbid the transport, sale, posses sion or purchase of military-style assault weapons. The 11-member Senate Judicial Proceedings Committee, which heard hours of testimony Tuesday on the proposal, appears split on the matter. If the bill were defeated in committee, it would take 16 senators to petition the initiative to the floor; the bill has 21 co-sponsors.

A proposed state ban died last year in the General Assembly. Then-Gov. Robert L. Ehrlich Jr., a Republican who had voted in 1996 while a member of Congress to repeal the federal assault weapons ban, didn't push for tougher state legislation.

The proposed assault weapons ban is the latest issue that had fizzled under Ehrlich to be resurrected with O'Malley at the helm. Tougher emissions standards for automobiles is another. Stem cell research will benefit from an additional $10 million commitment from O'Malley, a promise he made since being sworn in last month. And the governor lobbied last week for repeal of the death penalty.

O'Malley submitted a letter of support to the Senate committee Tuesday, urging passage of the assault weapons ban, which designates 45 firearms as assault weapons.

"More than 600 people die in Maryland each year from gun violence -- on average, more than 50 victims every month," the governor said in a statement. "Assault weapons are so frequently used in crime that one assault rifle is traced back to a Maryland crime every 48 hours. This legislation will help prevent these guns from reaching Maryland streets and will therefore assist law enforcement efforts to keep our communities safe."

Gansler, a Democrat and former Montgomery County prosecutor, provided the committee with his endorsement as well. "Weapons optimized for killing large numbers of people as quickly and efficiently as possible have no place on the streets of our communities," he wrote in a letter.

In addition to the ban, the bill would impose a registration re quirement and give gun owners a 60-day period, effective Oct. 1, to file the required information with the secretary of the state police.

Opponents, who packed the committee room and adjoining lounge wearing buttons with a slash through the bill number, testified Tuesday that their Second Amendment rights would be violated should the bill be passed.

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"We as abiding citizens will not be controlled by criminals," said John Hutchinson, a Montgomery County hunter and competitive marksman.

Clyde Lutter, a Gaithersburg engineer, said the proposed ban would "make us all less safe."

"The Second Amendment is not about hunting. It's not about sport. It's about self-defense," he said. Supporters of the ban testified that it would keep dangerous weapons off the streets and out of criminals' hands, that civilians have no need for weapons that are used in warfare in Iraq and Afghanistan.

Dale Miller, a 20-year-old from Calvert County, tearfully told the committee about her father, a former FBI agent who was murdered in Washington police headquarters in 1997. The shooter was carrying a compact assault weapon, according to news reports.

"No little girl should have to grow up without her father, should have to walk down the aisle alone on her wedding day," she said.

Proponents also lauded Maryland for the 1994 passage of a ban on assault pistols but urged that the law be expanded to prevent tragedies such as the 2002 Washington-area sniper shootings.

Paul Helmke, president and CEO of the Brady Campaign to Prevent Gun Violence, said most big-city mayors and police chiefs around the country are supportive.

"Maryland's doing a lot better than most states, but it could be doing better," said Helmke.

Representatives of the Maryland State Police testified in favor of the Maryland ban, saying it would help keep officers safe. A spokesman for the Fraternal Order of Police lobbied against it, however, arguing that it would be difficult to enforce.

Changing The Constitution (WP)

The Washington Post, February 28, 2007

MARYLAND VOTERS will probably get to decide whether the state constitution should be amended to allow early voting. Let's hope they show more discernment and judgment than the Democratic-controlled legislature that is muscling an ill-defined measure onto the ballot.

Both houses of the General Assembly have approved a constitutional amendment to permit early voting, making it almost certain there will be a referendum in 2008. The action follows a rancorous two-year fight in which Democrats rammed through measures that gave them a clear advantage over Republicans. For instance, the only places where people would have been able to vote ahead of time just happened to be in heavily Democratic precincts. Republicans were right to think the effort was more about helping Democrats than helping voters. The Democratic effort was thwarted when the Court of Appeals rejected the law, saying the constitution does not authorize voting on any day other than Election Day.

So the Democrats are back with a bid to amend the constitution, arguing that early voting is a civic good because, by making it easier to vote, it boosts turnout. Too bad that's not really true. The experience of other states has shown that early voting does not increase turnout in any significant way. It's important that any decision about whether to allow early voting be framed by the facts -- not politics. There are arguments pro and con. Voters like having the choice and convenience of early voting, and ballot counting is more accurate under the system. On the other hand, there are increased costs associated with maintaining extended polling places and more opportunities for fraud. Plus, Maryland already allows no-excuse absentee voting, so early voting may be duplicative.

Still, we would be inclined to favor anything that makes it easier for people to vote. The Democrats are right that a constitutional amendment should not be encumbered by operational details such as where polling places would be located; changing the constitution is the first step. But the lack of a mechanism to ensure fair implementation of early voting is worrisome -- particularly given the Democrats' record of playing politics with the issue.

The House and Senate still must work out the differences between their respective bills. It's only fair that they also set up a system whereby voter approval of the amendment would trigger establishment of a bipartisan commission charged with working out the details of early voting. If they refuse to do that, voters should realize they are being asked to hand out a blank check.

States' Pension Shortfalls Widen Amid An Increase In Tax Receipts (WSJ)

By Christopher Cooper

The Wall Street Journal, February 28, 2007

State governments' unfunded pension liabilities continue to increase despite a recent rise in tax receipts, in a continuation of a spiral that began in the late 1990s, according to a Standard & Poor's analysis to be released today.

The report says states collectively had about $330 billion in unfunded pension obligations in fiscal 2005, the last period for which complete data are available. That is $46 billion more than in fiscal 2004. For the purposes of the report, a state's fiscal year is assumed to end in June.

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Pension shortfalls have been building and could increase borrowing costs for some states, but the ratings firm said it expects the ratio to improve slightly in the next few years as states begin recording improved investment gains in fiscal 2006 and perhaps 2007. Better investment gains mean states can make smaller cash contributions to pension funds, which frees up money for other government obligations.

Parry Young, one of the report's authors, said in an interview that while the mean funded ratio for fiscal 2005 continued to widen, he expects a stable "investment atmosphere" will halt the trend. In fiscal 2000, he said, state pensions on average were funded at slightly more than 100% of obligations; a subsequent market slowdown has left the ratio at roughly 82% of projected liabilities. For fiscal 2004, S&P pegged that ratio at 83.5%.

The gap is the unfunded amount of projected liabilities, based on the current work force and benefit levels.

Among the states with the biggest unfunded obligations were Connecticut, Illinois and Oklahoma, the report said, all of which had gaps in the lower 40% range. West Virginia had the biggest gap, with an unfunded liability of more than 50%.

By contrast, the state in the best shape was Florida, with obligations funded at 107.3%, followed by North Carolina, with a 106.5% ratio. Oregon, Delaware and Georgia notched positive funding ratios as well.

Besides pension costs, states have been grappling with spiraling expenses in other areas, such as health care for the poor. States also are carrying an enormous and increasing amount of debt: The S&P report said pension liability and tax-supported borrowing in states reached 6.8% of money available to pay back such obligations. In fiscal 2004, the ratio stood at 6.3%.

While state revenue has been strong in recent years, this hasn't generally translated into healthier pension funds. The stock market was responsible for most of the gains states made in pension funding in the 1990s, but when the bubble burst in the early part of this decade it caused much of the unfunded gap.

Outsize investment returns have the greatest effect on pension reserves. Mr. Young said investment income accounts for about 60% to 70% of a typical state pension fund. Much of the remaining balance is made up by contributions from local and state governments. The report said such government contributions rose by about 50% over a two-year period beginning in fiscal 2002. Contributions declined about 7% in fiscal 2005.

The Cost Of Coverage (WSJ)

By Amy Finkelstein

The Wall Street Journal, February 28, 2007

Thanks to widespread concern about the millions of Americans without health insurance, several states have recently mandated universal coverage for their residents. Massachusetts enacted legislation last spring; other proposals are brewing in California, Pennsylvania and elsewhere. Such reforms are likely to affect health-care spending, which has been growing faster than the overall economy for decades. It makes up approximately 16% of GDP, and is a prime area of policy concern, right up there with the number of uninsured.

For evidence of how such programs can lead to increased spending, just look at the effects of the introduction of Medicare in 1966. Medicare provides health-insurance coverage to virtually all Americans aged 65 and over. Prior to its enactment, only about one-quarter of these individuals had any meaningful health insurance. As a result of Medicare's introduction, about three-quarters of the elderly, or about 7.5% of the total U.S. population, gained health-insurance coverage. (For perspective, this is a similar increase in the share of the population with insurance coverage as what will happen in Massachusetts under its new universal coverage program.)

Research I conducted shows that Medicare had a substantial effect on the health-care sector. By 1970, the program caused a 37% increase in hospital spending. This is an enormous number. If I extrapolate from the Medicare experience to compute the effect of the overall spread of insurance -- both public and private -- between 1950 and 1990, it suggests that it is responsible for about half of the sixfold growth in real per capita health-care spending during this period.

Why does increased health insurance lead to increased health spending? One factor is that when individuals have insurance, they tend to consume more health care. This makes sense: If you only have to pay some fraction of the cost, you are more likely to go for an extra doctor's visit or get an additional diagnostic test than when you have to pay the full cost out of pocket.

Another reason is that hospitals and doctors respond to the increased demand for health care by changing some of the ways in which they practice medicine. For example, hospitals were more likely to adopt new medical technologies after Medicare was introduced because now, with greater insurance coverage, there were more people who could afford these new technologies. This in turn may have encouraged the development of a new generation of health-care innovations. All of this contributes to higher health-care spending.

Of course, the effect of health insurance on health spending tells us only of the costs of expanding health insurance coverage. We can also ask, what are the benefits? And once again, we can learn something from the Medicare experience.

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Robin McKnight of the University of Oregon and I have examined the data, and as best we can tell, Medicare did not have any effect at reducing elderly mortality in its first 10 years of existence. Of course, mortality is only one measure of health, and it is possible that other aspects of health improved. It is also possible that in the long run, the new technologies adopted (and perhaps developed) because of Medicare had important health benefits that our 10-year analysis would not capture.

While the health benefits from Medicare therefore remain uncertain, we found clear evidence of a different type of benefit: It provided substantial financial protection to the elderly. Prior to Medicare, they faced the risk of large out-of-pocket medical expenditures. About one in 10 of elderly individuals spent one-fifth of their annual income on medical expenses that were subsequently covered by Medicare. By 1970, we estimate that Medicare had reduced this risk of extremely large out-of-pocket medical expenditures by half.

What all this means is that, as best we can tell, the elderly were not foregoing life-saving treatments prior to Medicare. Rather, they were getting these treatments, albeit at large or even enormous personal financial cost. But overall Medicare did not so much save lives as it did provide financial security. This is the goal of insurance -- not to prevent an awful event from occurring, but to make sure that if it does occur you are not devastated financially.

The Medicare experience offers valuable lessons for today. Recent state efforts to create universal health-insurance coverage would reduce the fraction of the population in a state without insurance by similar amounts as did the introduction of Medicare nationwide. And if that program is any guide, we may perhaps see changes in the structure of the health-care system, such as the development and adoption of new medical technologies. We are likely to witness an improvement in the financial security of the currently uninsured. There are also likely to be increases in health-care spending -- quite possibly substantial ones.

Ms. Finkelstein is an assistant professor of economics at MIT and a faculty research fellow at the National Bureau of Economic Research.

Add Roads, Not Tolls (USAT)

By Bill Graves

USA Today, February 28, 2007

Congestion pricing, touted as a cure for gridlock, is unfair, ineffective and ignores the transportation needs of Americans.

The several forms of congestion pricing all rely on giving motorists better highway access for a price. In many uses, it does not markedly reduce congestion, but merely raises revenues — taxes, in other words. Congestion pricing increases cargo transportation costs and hurts the economy. Higher manufacturers' and retailers' operating costs mean higher costs to consumers for everything from gasoline and clothing to food.

Congestion pricing is unfair, because motorists have already paid for highways with taxes, and fuel taxes are a much more efficient way to fund new infrastructure that effectively reduces congestion. Toll booth islands decrease speeds and increase congestion. Research shows that a toll system consumes more of the revenue than does fuel tax administration.

Proponents of congestion pricing say those who don't want to pay or cannot afford to pay increased commuting costs have other choices. But many low-income motorists cannot change their work hours or child-care needs. Not everyone has access to public transit, which can take longer and is less reliable than traveling by car. The motorist's alternative to paying more at the toll booth is to find another route that is time-consuming and merely shifts congestion to other roads and neighborhoods.

London's model urban congestion pricing scheme spends on overhead about half of the $14 charged a vehicle for entering the city's center. Motorists complain of invasion of privacy from video cameras and tracking devices, and residents of neighborhoods near the city complain of increased congestion.

The U.S. Environmental Protection Agency has called congestion pricing "relatively risky to implement" because people pay for a service they were getting for free, many people would rather have congestion than pay more, and it's hard to predict how much emissions would be reduced.

Congestion pricing comes at a cost to motorists, businesses and the economy. Motorists also lose a bit of their right to travel freely. Adding capacity with new infrastructure funded by fuel taxes is a better solution.

Bill Graves, president and CEO of the American Trucking Associations, served eight years as governor of Kansas.

Legal Imperialism (WSJ)

By Joseph G. Finnerty III And John Merrigan

The Wall Street Journal, February 28, 2007

The media recently has been writing the obituary of the tort lawyers. "The power of the plaintiffs bar is on the wane," argued the American Lawyer; a cover story in Business Week promised to reveal "How Business Trounced the Trial Lawyers." With apologies to Mark Twain, the reports of the trial lawyers' demise are greatly exaggerated.

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While asbestos and tobacco litigation bonanzas are winding down, America's most aggressive contingency-fee law firms still have in place a fee structure in search of an investment strategy. And so, faced with shrinking domestic opportunities, these firms have gone global.

Consider one class-action lawsuit, in which a plaintiffs firm sued Deutsche Bank on behalf of an African tribe which suffered atrocities committed by imperial Germany in the 19th century. Or another, consolidating 10 complaints filed around the country on behalf of all South Africans injured by the former apartheid regime from 1948 to the present.

One of the South African complaints was on behalf of a class including 32,000 plaintiffs; the class in another was estimated to encompass "millions of individuals." The defendants, almost 100 multinational corporations that did business in South Africa after 1948, were alleged to be liable for injuries on the theory that they had aided and abetted the apartheid regime. Purported damages in just one of the consolidated actions total $400 billion.

The law used to lodge these massive foreign class actions in the U.S. is the Alien Tort Statute (ATS). This obscure piece of legislation adopted in 1789 gave federal district courts jurisdiction in civil cases brought by an alien for a tort committed in violation of the law of nations, or of a U.S. treaty. The law was passed primarily to assure a hearing for cases involving offenses against foreign ambassadors, violations of safe conduct and piracy.

The ATS was virtually dormant for two centuries. Then relatives of a Paraguayan citizen who had been kidnapped and tortured to death by a Paraguayan police official -- on Paraguayan soil -- brought a civil suit against the police official. Plaintiffs and defendants happened to be in the U.S., the police official illegally. In 1980 a U.S. court of appeals allowed the suit to go forward under the ATS, on the grounds that the police official violated international law, including various U.N provisions. From that acorn a mighty oak has grown.

Even by American standards the size of recent ATS class actions is extraordinary. Cases involving wholly foreign events routinely consist of tens or hundreds of thousands of "John Doe" plaintiffs who reside in remote locations as distant as Sudan and Pakistan. The size of the class of defendants has also grown to 500 or more deep-pocketed individuals or companies.

The fact that these lawsuits appear in U.S. courts at all defies common sense. Imagine our justifiable indignation if courts in Japan, France or Russia determined they had jurisdiction over alleged wrongdoing by Americans, in America, against other Americans. It takes a thoroughly arrogant view of the world -- call it legal imperialism -- to presume that our courts should be the arbiter of problems everywhere, whether or not the problem had anything whatsoever to do with the U.S.

Nevertheless, our tort lawyers presume just that, demanding that our court system sit in judgment over alleged conduct occurring completely within the borders of other sovereign nations, regardless of the effect this may have on U.S. foreign relations. Huge ATS cases have been filed against classes of unnamed defendants in Saudi Arabia, the United Arab Emirates, Qatar and other countries in the Middle East where vital, and delicate, U.S. national security interests are at stake.

Of course, it ultimately will be impractical for U.S. courts to police these monster ATS class actions if they are allowed to proliferate; they dwarf in size the asbestos cases that currently plague the U.S. courts. Congress could have amended the ATS to limit the damage, and in 2005, Democratic Sen. Dianne Feinstein proposed to do so, without success.

Fortunately, the Supreme Court weighed in. In Sosa v. Alvarez-Machain, a Mexican doctor suspected to have participated in the torture and murder of a U.S. DEA agent was apprehended in Mexico by Jose Sosa, a Mexican national hired by U.S. law enforcement. Mr. Sosa brought the Mexican doctor to the U.S., where he was arrested. The doctor sued Mr. Sosa for unlawful detention. In 2004, the Supreme Court dismissed the action and imposed a "high bar" against innovative ATS lawsuits. As a result of Sosa, several ATS suits have been rejected because of the potential for interference with U.S. foreign policy.

In one case, the D.C. circuit dismissed an ATS case seeking reparations from Japan for crimes committed during World War II because the suit interfered with state-to-state negotiations and threatened to "disrupt Japan's delicate relations with China and Korea, thereby creating serious implications for stability in the region."

In another, a federal court dismissed a case brought after the Israeli Defense Forces used heavy equipment to demolish buildings in the Palestinian territory. Plaintiffs sought damages from the manufacturer, Caterpillar, along with an order to stop supplying products to the Israeli armed forces. The court noted that the plaintiffs improperly sought to challenge the acts of an existing government in a region "where diplomacy is delicate and U.S. interests are great."

Trial lawyers nevertheless continue to test the outer limits of ATS liability, "high bar" or not, by filing an array of increasingly ambitious ATS class actions. In one pending case, Wal-Mart has been sued on behalf of residents of China, Bangladesh, Indonesia, Swaziland and Nicaragua. Plaintiffs seek to hold the company vicariously liable for the labor policies of its overseas suppliers. The improvement of labor policies in other countries is certainly a worthy goal. But it is the province of the executive branch and Congress under the foreign affairs and treaty-making powers, not that of attorneys looking for contingency fees.

The corporations named in the South African case -- including IBM, General Motors, Ford, Xerox, Coca-Cola and Citigroup -- were legally doing business in South Africa pursuant to the official U.S. policy of "constructive engagement" that sought to

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encourage positive changes in South Africa through economic investment. Recognizing this, the federal court in the Southern District of New York dismissed all 10 of the cases.

That dismissal, along with the dismissals of several other ATS cases, is now pending on appeal before the Second and Ninth Circuits. As these and other ATS cases ripen for appellate review, the era of post-Sosa ATS jurisprudence is entering a critical phase.

The executive branch has promoted strict conformance with Sosa: Both the Clinton and Bush administrations have filed progressively stronger "Statement of Interest" briefs urging that federal courts dismiss ATS cases that could interfere with U.S. foreign policy.

Still, leading class-action law firms such as Motley Rice, Milberg Weiss and Cohen Milstein have launched exploratory ATS cases to test the waters, trying to maneuver around sovereign immunity, which prevents lawsuits against foreign governments. Instead, the plaintiffs lawyers claim that U.S. corporations doing business abroad are vicariously liable for the purely overseas acts of foreign governments, or other actors, in jurisdictions where the U.S. companies do business. And pressured by the massive exposure involved in ATS class actions, defendants in some early cases have opted to settle rather than undertake the risks of litigation.

These plaintiffs firms are flush with cash, experts in the business of creating cases, and undeterred by setbacks. In fact, contingency-fee lawyers take each rejection as a lesson in which tactics work and which do not. They know that if they can weather dismissal motions in a single case, they can proliferate a succession of copycat ATS class actions.

Once they do, you can be sure that a torrent of global ATS class actions will follow -- to the detriment of the U.S. court system, foreign policy and U.S. standing around the world.

Mr. Finnerty heads the New York Litigation Practice Group for DLA Piper, which represents defendants in ATS cases. Mr. Merrigan, a partner at DLA Piper, is former chairman of the Democratic National Committee's Business Council.

American Insourcing (WSJ)

The Wall Street Journal, February 28, 2007

The House of Representatives takes up a foreign investment bill today, so it's time to hold your breath. In the best case scenario, the Members will do their Lou Dobbs riff on "the selling of America," and then pass largely symbolic legislation. But the debate is taking place with an "open rule" on the House floor, which means protectionists could yet do real harm.

For their part, the voters have long ago moved past last year's Dubai Ports fiasco, with polls showing that most Americans understand the benefits of foreign investment. They can see it every day. Only this week, Toyota announced its latest plans to make cars in the U.S., creating some 2,000 jobs in Mississippi. Hyundai is locating an R&D headquarters in Michigan. And Governor Ed Rendell, a Democrat, recently boasted that Pennsylvania "has almost 400,000 people employed by foreign owned companies."

In 2005 alone, foreigners increased their investment in the U.S. by $1.4 trillion, an amount larger than the entire GDP of all but seven nations. Foreigners like our giant market, its rapid growth and, especially since the 2003 tax cuts, our higher returns on capital investment. According to Commerce Department data, last year foreigners invested roughly $500 billion more in the U.S. than Americans invested abroad.

"The United States derives substantial benefits from open trade and investment flows," concludes the latest Economic Report of the President. Net foreign direct investment "accounts for a disproportionately high share of U.S. exports" (19%), physical capital expenditures (10%), and R&D spending (13%). This investment also accounts for five million American jobs paying well above the national average.

Open U.S. capital markets allow Americans to invest in growing foreign companies as well. From 1997-2005, American shareholders have tripled the net value of their ownership of foreign firms, to more than $3 trillion. Nokia may be based in Finland, but some 55% of the cellular phone company's shares are owned by Americans. Capital Group, a U.S. asset management company, recently became the largest single Nokia shareholder. Limits on foreign investment here will only invite retaliation abroad.

The protectionists can't really rebut any of this, so instead they play up the "security" angle. And there is no denying that some foreign takeovers deserve to be scrutinized on national security grounds. That's precisely what the executive branch now does via the Committee on Foreign Investment in the United States, or CFIUS, an interagency group that has up to 75 days to inspect transactions. A handful are changed or disapproved, but 94% of all foreign investment in the U.S. is made by European and other OECD nations that are hardly a threat.

In the wake of the Dubai Ports debacle, the Bush Administration is already making CFIUS review too stringent. A new study by the National Foundation for American Policy finds that in the last year the "process for securing approvals within CFIUS

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has grown more difficult and uncertain for foreign investors" with a tripling in the number of investigations and a doubling in the number of withdrawn mergers.

A dangerous precedent was set last year in the $11.6 billion sale of Lucent Technologies to France's Alcatel, when the Administration asserted an authority to revisit a deal even after it was approved and the merger had taken place. Perhaps Administration officials should read their own White House economic report.

As for this week's House vote, the Democratic bill does less damage than Republicans threatened to do last year. On the good side, it would restrict an Administration's ability to re-open CFIUS reviews after they've been closed, reducing the chances of political double jeopardy. On the bad, the bill would require more careful regulatory scrutiny when U.S. assets are sold to foreign enterprises that are government-owned. That involves only about 5% of all such sales, however. More Congressional scrutiny or longer delays were wisely dropped from the bill.

The real danger is the threat of floor amendments from protectionists in both parties. California Republican Duncan Hunter has one of the worst ideas with his proposal to prohibit the sale of any "critical infrastructure" to foreigners. That's a definition so elastic it could include just about everything -- which is what Mr. Hunter wants. If any such provisions get through the House, they deserve a veto.

U.S., N. Korea To Normalize Ties (WT)

By Andrew Salmon

The Washington Times, February 28, 2007

SEOUL -- North Korea's top nuclear negotiator was on his way to the United States yesterday for talks on issues that a State Department official said would include the first steps toward the normalization of diplomatic relations.

The trip, which coincides with the first high-level talks between North Korea and South Korea in more than four months, reflects the rapid easing of tensions with President Kim Jong-il's regime since North Korea agreed this month to freeze its nuclear program in exchange for heavy fuel oil and other concessions.

Kim Kye-gwan, North Korea's vice minister of foreign affairs, arrived in Beijing yesterday and was expected in San Francisco tomorrow, a State Department official told The Washington Times. He will continue to New York for talks with his U.S. negotiating counterpart, Christopher Hill, which will likely begin early next week.

At a State Department briefing yesterday, spokesman Sean McCormack said the two would begin a process of normalization described in the nuclear deal concluded with Pyongyang on Feb. 13 in Beijing.

That agreement calls for the two countries to open bilateral talks "aimed at resolving pending bilateral issues and moving toward full diplomatic relations."

Asked yesterday to confirm that diplomatic normalization would be a part of the New York talks, a State Department official said yes. Normal diplomatic relations typically involve an exchange of ambassadors and related courtesies.

The process to be started in New York also calls for the United States to "begin the process of removing the designation of [North Korea] as a state-sponsor of terrorism and advance the process of terminating the application of the Trading With the Enemy Act with respect to [North Korea]."

Before traveling to New York, Mr. Kim is expected to deliver a speech and meet with private organizations in the San Francisco Bay Area. The State Department official was not certain how long he would be there.

Travel by North Korean diplomats at the United Nations normally is restricted to a 25-mile radius of Manhattan, although exceptions have been made with State Department permission.

The United States still maintains it does not talk to North Korea outside the context of the six-party negotiations, which involve China, Russia, South Korea and Japan. But the outlines of the Beijing deal were worked out in advance during three days of one-on-one meetings between Mr. Kim and Mr. Hill in Berlin.

The breakthrough was also preceded by negotiations between North Korea and the U.S. Treasury Department, which in September 2005 successfully pressured a bank in Macao to freeze $24 million of Pyongyang's overseas holdings.

"Changes are being made to lift the sanctions in the Office of Foreign Assets Control," a source familiar with the U.S. financial community told The Washington Times yesterday. The Office of Foreign Assets Control is tasked with tracking the assets of the United States' enemies.

"Officials there are saying, 'If you look at our documents, North Korea, Iran and Cuba were the enemies of the United States,' " the source said. " 'Going forward, we are looking at Iran and Cuba.' "

A South Korean delegation led by Unification Minister Lee Jae-joung, meanwhile, arrived in Pyongyang for what was expected to be four days of talks. It was the first such meeting since North Korea conducted a nuclear weapons test in October.

The talks were expected to deal with the implementation of the Feb. 13 accord as well as a resumption of South Korean aid and other North-South economic projects.

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The delegates could also discuss South Korean President Roh Moo-hyun's call this month for a peace treaty to replace the armistice that halted fighting in the Korean War in 1953.

"The meeting is to create the future of the Korean people and the hope of the Korean Peninsula," Mr. Lee said before leaving Seoul. "We will also focus on normalizing the framework of inter-Korean dialogue and discuss ways of establishing a lasting peace on the Korean Peninsula."

In the North Korean capital, Pyongyang, the group was welcomed by Prime Minister Pak Pong-ju and treated to a gala dinner at the flagship Yanggakdo Hotel.

"Now is the time for the two Koreas to step on a springboard planted on firmer ground," Mr. Pak said, according to pool reports.

McConnell Fears Iran Nukes By 2015 (WT)

By Bill Gertz

The Washington Times, February 28, 2007

Iran's development of nuclear arms is "very dangerous," and Tehran could deploy the weapons within the next several years, the nation's most senior intelligence official told the Senate yesterday.

"We assess that Tehran seeks to develop nuclear weapons and has shown greater interest in drawing out the negotiations rather than reaching an acceptable diplomatic solution," said retired Vice Adm. Michael McConnell, the new director of national intelligence.

"This is a very dangerous situation, as a nuclear Iran could prompt destabilizing countermoves by other states in this volatile region," he told members of the Senate Armed Services Committee.

Iran could have the capability to build nuclear weapons by 2015 and about the same time will be able to mount a nuclear warhead on a missile, Mr. McConnell said in response to a question from Sen. Hillary Rodham Clinton, New York Democrat.

Asked whether Iran would use a nuclear weapon against Israel, Mr. McConnell said: "They've stated that they would consider that, that Israel shouldn't exist, should be wiped off the map. I don't know that I would conclude that they would use it in a prescribed period of time, but that risk would be there."

Mr. McConnell said Iran poses a threat to the United States beyond its nuclear weapons program and is seeking to project military power "with the goal of dominating the Gulf region." Iran is working to disrupt U.S. military operations and the reinforcement of U.S. forces in the region, "thereby raising the political, financial and human cost of our presence," he said.

"To this end, Tehran views its mounting inventory of ballistic missiles as an integral part of its strategy to deter and, if necessary, retaliate against forces in the region, to include United States forces," Mr. McConnell said.

Tehran's power projection capabilities include "terrorist operations" that are aimed at regime preservation, deterring U.S. or Israeli attacks and driving the United States out of the Middle East, he said.

The Lebanese terrorist group Hezbollah is a key element of Iran's strategic goals, and the group could carry out attacks against the United States if it or Iran is threatened, Mr. McConnell said.

He also described Iran's role in Iraq, saying the United States has evidence that Iran is training insurgents at sites outside Iraq to use explosively formed penetrators against U.S. troops.

"If Iran is training Iraqi militants in the use of Iranian weapons, which are then being used to kill Americans in Iraq, I think that's a very serious act, and one that we ought to consider taking steps to stop," said Sen. Joe Lieberman, Connecticut independent.

Army Lt. Gen. Michael Maples, director of the Defense Intelligence Agency (DIA), was asked during the hearing whether China will pose a threat to the United States because of its weapons buildup.

"China, today, could be a military threat," he said. "They have intercontinental ballistic missiles and nuclear warheads and so on, so it's a matter of they're building their military, in my view, to reach some state of parity with the United States. So, in a threat sense, it becomes intentions. So they're a threat today, they would become an increasing threat over time."

But Tom Fingar, the deputy director of national intelligence for analysis, said China has had nuclear capability for decades and that Beijing "appeared to have decided that we are not an enemy" and wants a peaceful global environment to better address its "very severe social problems."

Gen. Maples also told the Senate panel that North Korea is taking "initial steps" to comply with the Feb. 13 Beijing agreement by allowing international inspections of the Yongbyon nuclear facility. The DIA will be watching "a number of successive steps" that North Korea needs to take under the agreement, Gen. Maples said.

Joseph DeTrani, the mission manager for North Korea in the Office of the Director of National Intelligence, disclosed during the hearing that U.S. intelligence agencies have information that Pyongyang acquired "material sufficient for a production-scale

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capability of enriching uranium" in violation of agreements to denuclearize. It was the first time a senior U.S. intelligence official had discussed the covert North Korean uranium-enrichment program publicly.

"They were confronted with that information in October 2002, and at that time they admitted to having such a program," Mr. DeTrani said. "And immediately thereafter, that's when they pulled out of the [nonproliferation treaty], they asked the [International Atomic Energy Agency] to leave and so forth."

Iran Worries US Officials Beyond Its Nuclear Plans (CSM)

By Peter Grier

The Christian Science Monitor, February 28, 2007

WASHINGTON

The consensus view of US intelligence agencies is that Iran is a power on the rise in the Middle East, eager to expand its military might and committed to the development of nuclear weapons.

If it forges ahead with its current program Tehran could produce an atomic bomb by the early or middle years of the next decade, said the new Director of National Intelligence, retired Vice Adm. Michael McConnell, at a Senate Armed Services Committee hearing Tuesday on future threats to the United States.

"Iran is growing in its ability to project military power with the goal of dominating the Gulf region," said Admiral McConnell.

This warning comes at a time when the US has charged that Iranian forces are sending deadly weapons to Shiite militias inside Iraq. In addition, US officials have cited the potential threat of long-range Iranian missiles as a reason why Europe might need US-made missile defenses.

Critics of the White House say that the US may be misusing intelligence information to create a pretext for conflict with Iran, in a manner similar to the run-up to the Iraq war.

Intelligence officials appearing before the Senate Armed Services panel said that they were calling Iranian intentions as they saw them.

McConnell said that as part of the learning process for his new job he recently reviewed intelligence about the position of Iran's hard-line president, Mahmoud Ahmadinejad and was disappointed with what he found.

"He remains popular," McConnell said. "He has staffed his cabinet and [positions] around him with hard-liners. The economy is strong because of oil revenues."

Iran's ballistic missiles currently can reach only as far as Israel, said Lt. Gen. Michael Maples, director of the Defense Intelligence Agency. Iranian scientists might perfect longer range models by 2015, he said.

"We are seeing them develop some space launch capability," said Mr. Maples.

In addition, it is "probable" that Iran's leadership knows that the Iranian Qods Force, an elite unit of the Revolutionary Guards, is shipping sophisticated anti-armor explosives to Iraqi Shiite militias, according to US intelligence.

"There is no direct link," said McConnell. "I am comfortable saying it is 'probable'."

Meanwhile, on Tuesday the White House said that it would be willing to attend a regional conference in Iraq next month that could include Iran and Syria.

The conference would be aimed at ways to stabilize Iraq. The administration has ruled out any direct talks with Tehran unless it suspends its uranium-enrichment program.

But if Iraq puts together a multilateral meeting, "[and] if we were invited to participate, we certainly would," said White House spokeswoman Dana Perino.

At the Senate Armed Services threat briefing, intelligence officials also presented a mixed view about the prospects and implementation of the president's plan to push for more security in Baghdad.

President Bush presented the effort as one in which Iraqi troops would be in the lead, with US forces serving in a supporting capacity.

To this point, Iraqi units are not fully at the point of the spear in Baghdad, but "are in the process of taking the lead," McConnell said.

Iraqi brigades moved into Baghdad have had anywhere from 43 to 82 percent of their approved manpower, he said. "It is a work in progress."

Military success will not occur without progress toward political reconciliation, said intelligence officials. Yet that remains a difficult challenge.

The Shiites are not confident of their position in the majority, and remain worried about a Sunni resurgence, said the officials. The Sunnis, for their part, are not yet willing to admit they are no longer in charge.

"The question is, will leadership emerge and be capable of taking the country to the next level," McConnell said.

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US Military Chief "Categorically" Denies Plans For Iran Air Strikes (AFP)

AFP, February 28, 2007

The head of the US military declared "categorically" Tuesday that the United States is not planning air strikes against Iran.

"It is not true," said General Peter Pace, chairman of the joint chiefs of staff, when asked during an appearance in Congress about suggestions that the US military was preparing to launch air strikes on Iran.

Asked by Senator Robert Byrd if he was categorically denying the reports, Pace replied: "Categorically sir".

US Vice President Dick Cheney fueled concerns about possible US military strikes against Iran over the weekend by saying that "all options are still on the table" to deal with Iran's suspected nuclear weapons program.

There have also been reports in the US media that the Pentagon has been doing contingency planning for military action, possibly including air strikes on nuclear sites around Iran.

But senior officials have stressed publicly that Washington remains committed to using diplomacy to convince Iran to comply with a UN resolution calling on it to suspend uranium enrichment activities some believe are a precursor to producing atomic weapons.

Hezbollah Warns U.S. Against Iran Attack (AP)

By Scheherezade Faramarzi

AP, February 28, 2007

The deputy chief of Hezbollah warned Tuesday that any "military adventure" by the United States and Israel against Iran would have dangerous consequences across the Mideast.

Sheik Naim Kassem suggested his pro-Iranian group would not get involved if the U.S. attacks Iran, but he raised the possibility that Israel might attack Lebanon as part of such an assault — in which case, he said, Hezbollah would "definitely" respond.

He said Hezbollah guerrillas were making plans in case Israel, like last summer, attacks Lebanon again.

"The resistance is taking all the necessary measures to be ready and prepared," Kassem said in an interview with the Associated Press. He would not elaborate but said Hezbollah is constantly changing its fighting tactics so the Israelis would not know its capabilities.

"We've evaluated the experience of the war and learned lessons from it and are taking steps to accommodate them with new realities," he said. "We are making sure the enemy will be in the dark in the future. This is the strength of the resistance and the secret of its success."

The United States insists it is not planning to attack Iran and is trying to persuade Tehran to suspend uranium enrichment, as demanded by the United Nations. But fear of a strike is growing throughout the Middle East.

Kassem, a Shiite Muslim cleric, warned that an assault on Iran could expand across the region.

"It remains to be seen what the level of an American aggression on Iran would be," he said. "Is it going to be limited or an all-out war? Will other countries become involved? Will it spread to the entire region?"

Asked if the U.S. attacked Iran, Hezbollah would retaliate by striking Israel, Kassem said Iran is capable of defending itself because it "possesses the means, a tenacious populace and a wise leadership."

Iran has threatened to attack the hundreds of thousands of U.S. forces based in the Persian Gulf and in Iraq if America launches a strike.

Kassem warned, "we will definitely respond and defend ourselves" if Israel attacks Lebanon.

Kassem's comments aimed to counter speculation that Hezbollah may stir up trouble in the region — including attacking Israel — if Iran is attacked: "They have to know that any military adventure, if widened and involves several countries in the region, would have dangerous consequences for everyone."

In Lebanon, Hezbollah has been locked in a power-struggle for months with the U.S.-backed government of Prime Minister Fuad Saniora. The Shiite group and its allies are demanding a new government in which they would have greater power. Washington has dramatically beefed up support for Saniora, who has rejected the opposition's demands.

Kassem blamed the United States for the deadlock, saying it is pressuring Saniora to refuse a compromise. Washington's goal is to undermine Hezbollah's resistance against Israel, he said.

Kassem, who is the deputy of Hezbollah's charismatic leader, Sheik Hassan Nasrallah, dismissed Lebanese and American government charges that Hezbollah was a tool of Iran and Syria. In contrast, he said, "the (Saniora) government is directly dictated by the Americans."

US Targets Iran's Financial Underbelly (FT)

By Guy Dinmore In Washington

DOJ_NMG_0138053

Financial Times, February 28, 2007

Encouraged by what it sees as the success of financial sanctions imposed on North Korea, the Bush administration is embarking on an aggressive policy of raising the cost to Iran of its alleged nuclear and terrorist activities by targeting non-US private sector ties to Tehran.

Officials say the policy has support from "hawks" in the administration who see actions against financing as a key component in the "war on terror".

However, there is still debate over whether the financial pressure on North Korea ultimately forced it to agree two weeks ago to a freeze of its Yongbyon nuclear facility, or whether the measures wasted a crucial 17 months while Pyongyang boycotted talks and continued producing plutonium for its growing nuclear arsenal.

North Korea's frozen accounts in Banco Delta Asia, a small Macao bank that was designated a "primary money laundering concern" in September 2005, remain an issue that could still have an impact on the February 13 agreement to freeze Yongbyon.

US Treasury officials are in Macao this week to discuss the fate of the accounts with the monetary authority there. Chris Hill, the senior State Department official who negotiated the nuclear suspension, reached an understanding with North Korea that the issue would be "resolved" within 30 days.

Daniel Glaser, the Treasury official leading the Macao talks, on Monday said the US wanted to take "specific steps" to resolve the issue as soon as possible. But he also said the US, having investigated 300,000 documents, had confirmed its "suspicions and concerns".

The White House said it saw the actions taken against North Korea as a model for its Iran policy. "Concerted diplomatic activity and pressure on the government of North Korea did bring the North Koreans back to the six-party talks. And we look at that as a possible template," Tony Snow, the spokesman, said in reference to Iran.

Other officials and US bankers note, however, that the financial sanctions hurt North Korea mainly because Chinese banks took part, in a reflection of how seriously Beijing regarded its neighbour's nuclear -programme.

Although the US is starting to make progress in persuading European banks to cut ties with Iran, diplomats are less confident that China and other big customers for Iranian oil will follow suit at this stage.

Trita Parsi, an Iran analyst who advocates dialogue between the US and Iran, argues that Washington's "euphoria" over the perceived success of its financial sanctions is severely flawed. He says the dwindling popularity of Mahmoud Ahmadi-Nejad, Iran's hardline president, is more due to his own failed economic policies and the exaggerated expectations raised by his populist promises.

Matthew Levitt, who until last month was a senior official in the US Treasury's terrorism and financial intelligence branch, said: "The most exciting tool we are experimenting with is private sector investment."

The Treasury was looking at ways to raise the cost to Iran, he told a meeting hosted by the Washington Institute of Near East Policy where he is now a senior analyst.

Mr Levitt said foreign banks were responding to US pressure by considering the risk to their reputation from dealing with Tehran, following sanctions imposed on two Iranian commercial banks. However, while "engaging" the private sector was proving beneficial, he said some banks were doing the "minimum to keep out of trouble" with the US by halting dollar transactions with Iran but not transactions in other currencies.

U.S. Sanctions With Teeth (WP)

By David Ignatius

The Washington Post, February 28, 2007

Everybody knows that economic sanctions don't work. Just look at the decades of fruitless pressure on Cuba. But guess what? In the recent cases of North Korea and Iran, a new variety of U.S. Treasury sanctions is having a potent effect, suggesting that the conventional wisdom may be wrong.

These new, targeted financial measures are to traditional sanctions what Super Glue is to Elmer's Glue-All. That is, they really stick. Deputy Treasury Secretary Robert Kimmitt doesn't even like to call them sanctions, preferring the term "law enforcement measures." Explains Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence: "Sanctions are scoffed at. They have a bad history."

Authority for the new sanctions, as with so many other policy weapons, comes from the USA Patriot Act, which in Section 311 authorizes Treasury to designate foreign financial institutions that are of "primary money laundering concern." Once a foreign bank is so designated, it is effectively cut off from the U.S. financial system. It can't clear dollars; it can't have transactions with U.S. financial institutions; it can't have correspondent relationships with American banks.

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The new measures work thanks to the hidden power of globalization: Because all the circuits of the global financial system are inter-wired, the U.S. quarantine effectively extends to all major banks around the world. As Levey observed in a recent speech, the impact of this little-noticed provision of the Patriot Act "has been more powerful than many thought possible."

Treasury applied the new tools to North Korea in September 2005, when it put a bank in Macao called Banco Delta Asia on the blacklist. There was no legal proceeding -- just a notice in the Federal Register summarizing the evidence: Banco Delta Asia had been providing illicit financial services to North Korean government agencies and front companies for more than 20 years, according to the Treasury notice. The little Macao bank had helped the North Koreans feed counterfeit $100 bills into circulation, had laundered money from drug deals and had financed cigarette smuggling. North Korea "pays a fee to Banco Delta Asia for financial access to the banking system with little oversight or control," Treasury alleged.

Wham! The international payments window shut almost instantly on Pyongyang's pet bank. Transactions with U.S. entities stopped, but the Treasury announcement also put other countries on notice to beware of Banco Delta Asia. The Macao banking authorities, realizing that they needed the oxygen of the international financial system to survive, took regulatory action on their own and froze the bank's roughly $24 million in North Korean assets. And around Asia, banks began looking for possible links to North Korean front companies -- and shutting them down.

A similar financial squeeze is being applied to Iran. Here again, the impact has come from the way private financial institutions have reacted to public pressure from Treasury. "As banks do their risk-reward analysis, they must now take into account the very serious risk of doing business in Iran, and what the risks would be if they were found to be part of a terrorist or proliferation transaction," says Kimmitt.

Treasury began squeezing Iran last September, when it accused Bank Saderat, one of the largest government-owned banks, of financing terrorism by funneling $50 million to Hezbollah and Hamas since 2001. The Treasury order cut the bank off from any access to the U.S financial system, direct or indirect. A similar ban was imposed in January on Bank Sepah, which Treasury alleged was a key intermediary for Iran's Aerospace Industries Organization, the agency that oversees the country's ballistic missile program.

Meanwhile, top Treasury officials began visiting with bankers and finance ministers around the world, warning them to be careful about their dealings with Iranian companies that might covertly be supporting terrorism or weapons proliferation. This whispering campaign was enough to convince most big foreign banks in Europe and Japan to back away from Iran.

The new sanctions are toxic because they effectively limit a country's access to the global ATM. In that sense, they impose -- at last -- a real price on countries such as North Korea and Iran that have blithely defied U.N. resolutions on proliferation. "What's the goal?" asks Levey. "To create an internal debate about whether these policies [of defiance] make sense. And that's happening in Iran. People with business sense realize that this conduct makes it hard to continue normal business relationships."

The writer co-hosts, with Newsweek's Fareed Zakaria, PostGlobal, an online discussion of international issues athttp://blog.washingtonpost.com/postglobal. His e-mail address isdavidignatius@washpost.com.

GLOBAL POSITIONING Russian Deals In Middle East Snarl U.S. Strategy On Iran (WSJ)

By Gregory L. White And Neil King Jr.

The Wall Street Journal, February 28, 2007

As the U.S. struggles to contain Iran and its nuclear program, it is bumping into a new impediment: an assertive Russia bent on regaining leverage -- and markets -- in the Middle East.

While the U.S. and Russia tussled last autumn over a United Nations resolution to rein in Iran's nuclear program, Moscow quietly moved ahead on another front. It delivered more than $700 million worth of air-defense systems to help protect Iran's nuclear enrichment and research sites from attack, Russian officials confirmed in December. The Russian military then started training Iranian officers to use the new systems.

"We don't think Iran should feel itself encircled by enemies," President Vladimir Putin told al-Jazeera television earlier this month, after Tehran successfully tested the weaponry. "The Iranian people and the Iranian leadership should feel that they have friends in the world."

Pumped up by surging oil revenues and a rebounding economy, the Kremlin now is keen to reclaim a prominent global role and help offset the perceived might of the U.S., especially in the Middle East. Under broad pressure to engage Tehran and other adversaries diplomatically, the U.S. yesterday agreed to join in with both Iran and Syria in regionwide talks about Iraq, though Washington said the scope of the talks would stay narrow.

In its campaign to recapture its sway in the region, Moscow has forgiven billions of dollars in Soviet-era debts and lined up lucrative energy and arms deals, causing heightened concern for Washington. U.S. and Israeli officials say there also are signs that Russian antitank missiles are finding their way back into the hands of Lebanon's Hezbollah militia via Syria, even after the

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Kremlin promised to cut off any flow after the war last summer between Israel and Hezbollah. Russia also has broken with the U.S. by nurturing contacts with the Palestinian militant group Hamas, which the U.S. regards as a terrorist group.

Stark Example

But the starkest example of Russia's new assertiveness is toward Iran. For months, the Bush administration had tried to get Moscow to stop the arms sale, Russia's biggest to Iran in years. For the White House and much of the Arab world, last summer's war in Lebanon served as a wake-up call on Iran's growing role in supporting radical groups such as Hezbollah. The U.S. since then has bulked up its forces in the Persian Gulf and declined to rule out an attack on Iran. It has led a financial crackdown against Iran's banks and other financial entities, along with the U.N. effort to curb Iran's nuclear program.

Russia has taken a far different tack. For four months last autumn Moscow used its U.N. veto power to fight successfully against U.S. and European efforts to impose tough sanctions on Iran's nuclear program. Russia finally agreed in December to a much more narrowly tailored resolution that targeted only parts of Iran's nuclear and ballistic-missile programs.

In January, while the U.S. and Europe were working to isolate Iran and U.S. forces were detaining Iranian officials in Iraq, Mr. Putin reacted warmly to an Iranian proposal for Russia and Iran, two countries with the world's largest reserves of natural gas, to form an OPEC-style alliance. The idea drew a swift negative response from Washington and Europe. Earlier this month, in a speech in Germany that raised fears in the West of a new Cold War, Mr. Putin said American military aggressiveness was the reason countries like Iran are seeking nuclear weapons.

"Russia is a huge problem on the Iran front," says John Bolton, who frequently wrestled with Moscow as President Bush's ambassador to the U.N. until December. "When it comes to Russia and Iran, it is hard to say who is whose client state."

Current administration officials who work closely with Russia aren't quite so harsh, but concerns over Moscow's intentions in the Middle East -- as well as its overall foreign policy -- are rising. "When it comes to Iran, the Russians want to have their cake and eat it, too," said one senior U.S. official. "They want to look tough in working to keep Iran from getting nuclear weapons, while also standing in as Iran's friend and weapons provider."

Tensions are likely to sharpen again, after the U.N. International Atomic Energy Agency found last week that Iran was adding hundreds of new centrifuges at its main nuclear research site at Natanz and accelerating efforts there to enrich uranium. The work is a sign to many in the West that Tehran -- despite its protestations to the contrary -- is seeking to develop nuclear weapons. The U.S., France and Britain immediately called for another sanctions resolution, but Russia warned that it would resist any moves to hit Iran's economy. Diplomats met in London Monday but have yet to negotiate details.

Russian officials insist they share the U.S. goal of preventing a nuclear-armed Iran. But Russia has argued that the Bush administration's confrontational approach to Iran won't work, and could pave the way for another war in the region. The Kremlin also looks at Iran as an important customer for its weapons and civil nuclear technology and says economic ties give it much-needed leverage over Tehran.

Softer Approach

Moscow's much softer, carrot-and-stick approach toward Iran also serves Russia's other goals. It allows Moscow to wield its leverage within the U.N. Security Council, where Russia is one of just five countries with veto power. Fending off tough economic sanctions also allows Russia to continue expanding trade ties with Iran, while showing other regimes in the region that friendship with Moscow pays geopolitical dividends.

The Middle East is a key target market for Russia's nuclear-power and arms exports, industries that Mr. Putin is counting on to help diversify its oil-dependent economy. Russia's global arms exports are expected to hit a record $7.5 billion in 2007, and they are growing fast in the Middle East, though still far behind the U.S. and Europe. Russia is also building Iran's only nuclear power plant, which is now unopposed by the U.S. and European leaders, at the southern port city of Bushehr under a contract signed in 1992. Mr. Putin dismisses U.S. sanctions on Russian arms and nuclear exporters that do business with Iran as efforts by the U.S. to engage in "unfair competition." He says the Kremlin won't sell any weapons that would change the balance of power in the region.

With its economy growing and its foreign debts paid, the Kremlin is in a much stronger position to push its view and make the U.S. listen. "Russia is not claiming the role of a superpower," Mr. Putin told al-Jazeera. "But Russia knows its own worth and we will strive to make the world multipolar."

Russian officials argue that harsh sanctions would only cause Iran to speed up its nuclear-weapons program. Iran's nuclear sites are too well dispersed and concealed for an air attack to be successful, Russian officials say, an assessment shared by many in Washington and Europe. A failed assault, they warn, would trigger a wave of violence and instability across the entire region, dwarfing the chaos in Iraq and reaching into Russia's southern border regions, already riven by separatism. "We cannot subscribe to the notion that the best path to finding a long-lasting and comprehensive solution lies through isolation and confrontation," says Russia's ambassador to the U.S., Yuri Ushakov.

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Moscow and Washington have split over thorny Middle East issues in the past, but until recently the conflicts didn't go far. As the U.S. prepared to invade Iraq in 2003, for example, the Kremlin warned that Washington's confrontational approach would prove counterproductive. But in the end, Moscow limited itself to sounding off in public.

As recently as 2005, after U.S. and Israeli warnings the weapons could fall into the hands of Hezbollah, Moscow shelved plans to sell sophisticated portable antiaircraft missiles to Syria, signing a deal with Washington to disclose sales of those weapons in the future.

'Difficult Partner'

But now, talk of a "strategic partnership" between Washington and Moscow has been scrapped. Russian officials bristle at U.S. criticism of Mr. Putin's crackdown on opposition at home, as well as Washington's courting of Russia's former-Soviet neighbors and moves to counter efforts by Kremlin-controlled energy giants to expand internationally.

After a visit to Washington this month, Russian Foreign Minister Sergei Lavrov told Russian TV that the U.S. is Moscow's "most difficult partner."

Then Moscow stirred a furor in Washington by vehemently opposing U.S. plans to build a rudimentary missile-defense network in Europe to counteract future threats from Iran. Moscow's top military brass, in language smacking of the Cold War, threatened to target planned U.S. installations in Poland and the Czech Republic. Secretary of State Condoleezza Rice called the threat "extremely unfortunate."

Russian officials from Mr. Putin on down barely disguise their relish when they highlight setbacks for U.S. policy in the Middle East and recount Moscow's prewar warnings that the invasion of Iraq was a bad idea. "Today, America is viewed as the great loser in the eyes of the Russian establishment," says Yevgeny Satanovsky, president of the Institute of Middle Eastern Studies in Moscow.

At the same time, years of careful courting of Iran and the Arab countries of the Middle East are paying off for the Kremlin as political and economic ties to the region flower in a way not seen even during the Cold War.

Russia is unencumbered by the communist dogma that made the Soviet Union anathema in large swaths of the Middle East. "There are no countries in the Arab world left that we have any differences with," Mr. Putin told al-Jazeera before his recent trip to the region.

As on his other visits, his delegation was packed with representatives of big Russian companies looking for deals in areas like energy, arms and nuclear power. While Western capitals routinely criticize the Kremlin for rolling back democratic institutions, Middle Eastern leaders have publicly called for Mr. Putin to defy a constitutional ban and remain in office when his term ends next year.

"There's no more ideology, there's just business," says Mr. Satanovsky.

Just how much has changed has become clear over the last year. In June, Russia finally agreed to let the fight over Iran's nuclear program spill into the U.N. Security Council, signing onto an incentives package that promised Iran a range of trade and other concessions -- including direct talks with the U.S. -- if Tehran suspended its uranium enrichment work. But Russia also made clear that it would not endorse any moves to target Iran's economy or to lay the ground for possible military action.

Two weeks later at the G-8 summit of leading nations in St. Petersburg, Mr. Putin, hosting the summit for the first time, took the floor as leaders struggled to come up with a joint response to the war then raging in Lebanon. According to people familiar with the meeting, he recalled that in 2000 when he took office he faced what the Kremlin saw as an Islamist uprising in Chechnya and a moribund economy. Promises of support from G-8 partners proved largely empty, overshadowed by criticism of Russian brutality in the Chechen war. Middle Eastern countries were ultimately more supportive, sending observers to vet elections after fighting subsided. Noting Russia's big Muslim population and vulnerable borders near the Middle East, Mr. Putin gave his bottom line: He was only ready to sign on to a G-8 statement on the Middle East if it didn't hurt Moscow's relations with the Islamic world "by one iota."

Things got testier in September when Russia, China, France, Britain and the U.S., along with Germany, began trying to draft a U.N. resolution on Iran. Russia was adamant that any sanctions be finely tuned to limit the inflow of sensitive nuclear technology, and not try to hit Iran's economy in a broader way. Moscow also insisted that nothing hamper its work at the Bushehr nuclear plant.

Tougher Punishments

The Bush administration initially wanted to push for a much tougher package of economic punishments, even if it meant that both Russia and China abstained from the measure. Russia in the end succeeded in keeping the U.N. measures as minimal as possible to win its support, and left the work at Bushehr unscathed.

Despite the view of the U.S. and most European capitals, the Kremlin frequently argues that Iran isn't necessarily seeking to build nuclear weapons. Russian officials also say they carefully restrict what kinds of weapons to sell to Iran, for example, refusing requests for shoulder-mounted antiaircraft missiles that are a favorite among terrorists.

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The Kremlin also is partly using the Bushehr project as a tool to prod Tehran over the nuclear program, according to some Western diplomats. Though Russian officials publicly deny any connection, as Iran has dug in its heels on its uranium-enrichment efforts, Moscow has repeatedly put off shipment of the fuel for the reactor. Just last week, Russian officials said problems with payments from Iran -- which Tehran denies -- would lead to further hang-ups.

After the Kremlin last year offered a compromise in which Iran would do sensitive work with uranium fuel only with Russia, Tehran stalled and then ignored the offer. That fueled Russia's U.N. vote for sanctions, which surprised Tehran. "They hoped until the end that Russia would block or veto," says Rajab Safarov, director of the Russian-Iranian Business Council in Moscow. "They were horrified."

Yet just as swiftly, Russia moved to repair its ties to Tehran, exchanging high-level visits and delivering the air-defense missiles.

Russia: Hamas To End Attacks Against Israel (USAT)

USA Today, February 28, 2007

Hamas supreme leader Khaled Mashaal promised during a meeting Tuesday with Russian Foreign Minister Sergey Lavrov in Moscow that the militant Palestinian group will end missile attacks and other violence against Israel, Lavrov said.

However, Mashaal said his group is not ready to recognize the Jewish state. Renouncing violence and recognizing Israel are key demands of international peace negotiators before ending a financial aid boycott of the Hamas-led Palestinian government.

Sudan rejects chargesof war crimes in Darfur

Sudan Justice Minister Mohammed Ali al-Mardi rejected on Tuesday the International Criminal Court's allegations against a government minister and a militia leader accused of war crimes in Darfur.

"All the evidence the prosecutor referred to is lies," he said. He said the ICC "has no jurisdiction to try any Sudanese" and the suspects would not be handed over for trial.

The court accused Ahmed Muhammed Harun, junior minister for humanitarian affairs, and militia commander Ali Mohammed Ali Abd-al-Rahman, also known as Ali Kushayb, of 51 counts of crimes against humanity and war crimes in 2003 and 2004. Harun was junior interior minister during the worst Darfur fighting.

Since 2003, at least 200,000 people have been killed and 2.5 million displaced in fighting between the Sudanese army and its Arab militia allies against a tribal uprising.

Two Canadian anti-terror laws will not be renewed

Canada's Parliament scrapped two anti-terrorism measures adopted after the 9/11 attacks in 2001. One allows three-day detention without charges of anyone suspected of planning an imminent attack. The second allows a judge at investigative hearings to force witnesses to testify about alleged terrorist activities.

The House of Commons voted 159-12 not to renew the measures. They expire March 1.

Liberal Party leader Stephane Dion said the laws have never been used and "represent a risk to individual rights." Prime Minister Stephen Harper, whose Conservatives won power in January 2006, says the Liberals are soft on terrorism.

U.S., Italian envoys injuredin Sri Lanka rebel attack

U.S. Ambassador Robert Blake and Italian envoy Pio Mariani were slightly wounded when Sri Lankan military helicopters carrying them came under fire from ethnic Tamil rebels. The helicopters had landed in Batticaloa when mortars exploded, government minister Mahinda Samarasinghe said. The U.S. Embassy said Blake was "all right," but it did not elaborate.

Ex-official, Militia Chief Charged With War Crimes (WT)

By Betsy Pisik

The Washington Times, February 28, 2007

NEW YORK -- The International Criminal Court yesterday charged a former Sudanese official and the leader of the government-backed Janjaweed militia with committing war crimes in Darfur, the first of many anticipated attempts to punish participants in the bloody ethnic conflict.

The nascent court, which has been collecting evidence on Darfur for 20 months, accused Ahmad Mohammed Harun, formerly the junior interior minister in charge of the western Sudanese region, and Janjaweed commander Ali Kushayb of being involved in war crimes and crimes against humanity between August 2003 and March 2004.

The Bush administration, until recently a foe of the ICC because of claims it lacks safeguards to protect U.S. soldiers and civilians in conflict zones, praised the court action.

"We fully support bringing to justice those responsible for crimes and atrocities that have occurred in Darfur," State Department spokesman Sean McCormack told reporters in Washington.

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Prosecutors at tribunal based in The Hague made the charges public yesterday morning.

"The prosecution has concluded there are reasonable grounds to believe that Ahmad Harun and Ali Kushayb ... bear criminal responsibility in relation to 51 counts of alleged crimes against humanity and war crimes," said ICC prosecutor Luis Moreno-Ocampo.

"The evidence shows they acted together, and with others, with the common purpose of carrying out attacks against the civilian populations," he said.

The two men were largely responsible for carrying out a campaign of 51 specific counts of war crimes and crimes against humanity, including rape, murder, torture, forcible transfer, destruction of property, pillaging, inhumane acts, outrage upon personal dignity, attacks against the civilian population, and unlawful imprisonment or severe deprivation of liberty, the court said.

Human rights groups welcomed the action, but warned that a meaningful international military intervention is still necessary to save the remaining survivors and stabilize nearby Chad, temporary home to some 230,000 Sudanese refugees displaced by four years of fighting and attacks that are thought to have killed more than 200,000 people.

The Sudanese government yesterday rejected the ICC's authority as "illegitimate" and said it would not turn over the suspects for trial.

"The court has no jurisdiction to try any Sudanese for any alleged crimes," Justice Minister Mohammed Ali al-Mardi told reporters in Khartoum, according to wire service accounts.

"[Our] stance is not limited to those who fight on the government's side, but applies to all Sudanese, including those who still bear arms and fight the government. They are Sudanese, and we will not let them be tried by any court outside Sudan."

He dismissed the court's evidence, but also noted that one of the two suspects, Mr. Kushayb, had been in government custody since November on charges relating to the killings in Darfur.

The Sudanese government, which has grudgingly allowed an ill-equipped African Union peacekeeping force to police specific areas, has rejected a more robust U.N. peacekeeping force.

The charges announced yesterday at The Hague describe a direct link between the Interior Ministry and Mr. Kushayb, who is referred to as "the colonel of colonels" in charge of Darfur.

An estimated 2.5 million people have been driven from their homes since 2003, when ethnic African rebels took up arms against the government, claiming decades of discrimination and neglect.

Outside observers, including officials from the United Nations and African Union, blame pro-government militias for the worst atrocities.

Sudan Official Accused In Darfur Atrocities (LAT)

The Los Angeles Times, February 28, 2007

UNITED NATIONS -- A top Sudanese government official colluded with militias to commit atrocities against civilians in the Darfur region, the International Criminal Court's chief prosecutor said Tuesday.

Prosecutor Luis Moreno-Ocampo presented results of a 21-month investigation that he said showed "reasonable evidence" that Ahmed Haroun, then state minister for the interior, and imprisoned militia leader Ali Kushayb, "bear criminal responsibility" for mass executions, rapes and the forcible removal of thousands of people from their homes.

The allegations, which are not an indictment, are a first step that could lead to arrests and prosecutions by the court at The Hague, and they come amid an international campaign to halt the violence in Darfur, which has killed more than 200,000 people and displaced 2.5 million in the last four years.

Prosecution, however, will not be easy. Sudan's justice minister immediately rejected the allegations and said the suspects would not be handed over for trial.

Haroun is Sudan's state minister for humanitarian affairs. Kushayb, whose real name is Ali Mohammed Ali Abdalrahman, has been under arrest in Khartoum, the capital, since November, on unspecified charges.

"The court has no jurisdiction to try any Sudanese for any alleged crimes," Justice Minister Mohamed Ali Mardi said. Sudan is not a signatory to the treaty that created the International Criminal Court and says it will not respect the court's decisions.

If the Sudanese government refuses to cooperate with the ICC, Tuesday's announcement could be the beginning of a long judicial process for the fledgling international court. Its judges can issue a warrant for the men's arrest, but if Sudan decides to prosecute them for the same crimes under its own judicial system, the international court would no longer have jurisdiction.

"I have no assurance of cooperation," Moreno-Ocampo said in a conference call with journalists. "We know it is a difficult challenge."

He added that in previous cases, a summons was sufficient to get the suspects to appear in court.

Human rights groups have pressed the court to assign blame with the president and army chiefs.

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Moreno-Ocampo said that additional suspects could be named later but that his team for now had gone after those they could clearly link to crimes against humanity.

The investigation focused on militia attacks on four towns in Darfur, in western Sudan, from August 2003 to March 2004.

As head of the "Darfur security desk," Haroun coordinated the recruitment, arming and funding of militiamen known as janjaweed, the prosecution document says. It quotes Haroun as saying during a public meeting that he had been given "all the power and authority to kill or forgive whoever in Darfur for the sake of peace and security," and shows that he directed the militiamen to attack villages.

A member of Haroun's office said the state minister was in Khartoum but unavailable for comment.

Ali Kushayb, a commander of thousands of militia fighters in Darfur, issued orders "to victimize the civilian populations" through mass rapes, killings, torture, looting and the displacement of residents, the court said in a statement.

Moreno-Ocampo said witnesses had testified that Kushayb personally participated in the execution of 32 men in Mukjar, and that his fighters tied women to trees and raped them repeatedly.

Sudanese government officials called the ICC accusations politically motivated and were preparing to organize mass demonstrations.

"The whole thing is counterproductive," a senior official in Khartoum said. "They are just trying to put pressure on the government. The rebels committed atrocities. The government committed atrocities. But we are still in the situation of war. All other tribunals like this took place after the war was over. The issue of justice should come after the peace."

The pending indictments have been a factor in ongoing talks with Khartoum about whether United Nations peacekeeping troops will be allowed in Darfur. Sudan's negotiators have questioned whether U.N. troops would be used to enforce court arrest warrants or to pursue suspects.

Cameron Hume, the U.S. charge d'affaires in Sudan, urged all sides to not allow the court's accusations to interfere with efforts to resolve the crisis. Like Sudan, the U.S. does not recognize the authority of the ICC.

"The urgent thing is improving the humanitarian situation and protecting the humanitarian operations, and having a political dialogue that leads to peace," Hume said.

In an attempt to appease the international community, Sudan created a special court in 2005 to try suspects accused of war crimes in Darfur.

A handful were put on trial in Nyala, accused of being militia members.

"It was a mockery," said Adam Azzain Mohammed, head of the University of Khartoum's Institute for the Studies of Public Administration and Federal Governance. "They only tried ordinary people who had nothing to do with the real clashes."

Justice Ministry officials have suggested that additional prosecutions are imminent, and Khartoum newspapers have reported that trials will start next week.

Some local humanitarian groups expressed frustration that the international court did not list more names or higher-ranking suspects.

"This is very disappointing," said Salih Osman, a human rights attorney in Darfur. "People were expecting more than a list of two men. It's not going to satisfy the victims."

Osman said that both men were "deeply implicated" in the Darfur crisis but that neither was a major orchestrator of the violence. He said Haroun did not hold much political or tribal power in Khartoum and might easily be "sacrificed" by the government.

Nevertheless, he expressed hope that the case would help end the crisis in Darfur.

"Justice and accountability are very important elements to stopping the violence," he said. "The ICC can be a deterrent for government officials who are continuing to commit crimes."

2 Face Trials At The Hague Over Darfur Atrocities (NYT)

By Marlise Simons

The New York Times, February 28, 2007

THE HAGUE, Feb. 27 — International prosecutors on Tuesday designated their first suspects in atrocities in the Sudanese region of Darfur, selecting a government minister and a militia commander to bring to trial.

Luis Moreno-Ocampo, the chief prosecutor of the International Criminal Court, said he had presented close to 100 pages of evidence and asked the judges to issue summonses for the two men, Ahmad Harun and Ali Muhammad Ali Abd-al-Rahman.

Mr. Harun, currently Sudan's deputy minister for humanitarian affairs, was a senior government official in charge of the military and police and intelligence forces in Darfur as civilians were killed, raped and chased from their homes in the region, the prosecutors said.

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His “unlimited” budget, the prosecutors said, allowed him to arm and finance Mr. Rahman, also known as Ali Kushayb, the militia leader who led fighters in a brutal campaign of violence against civilians. “We have focused on some of the most serious incidents,” Mr. Moreno-Ocampo said.

The announcement came after 20 months of criminal investigation into Darfur’s enormous bloodshed and humanitarian disaster. Human rights activists described the two suspects as powerful but not among Sudan’s top leaders.

At a news conference in The Hague, Mr. Moreno-Ocampo declined to say whether the most important figures in Sudan’s political or military hierarchy would be held accountable for the mass killing, looting, rape and general devastation in Darfur, which has uprooted more than two and a half million people, according to the United Nations.

The prosecution is believed to be investigating crimes by the government, the militias aligned with the government and the rebel forces they oppose.

Court officials said the prosecutor favored a strategy of focusing on specific events to which he can link individuals, rather than pursuing broad, ambitious indictments. He may also be following the path of other war crimes tribunals, building a base of evidence with lesser cases before moving up the chain of command. But the arrival of any Sudanese suspects at the court is far from assured.

In Khartoum, the Sudanese minister of justice immediately said the nation did not recognize the court’s jurisdiction, did not intend to hand over anyone and would try any cases itself. Sudan has told Mr. Moreno-Ocampo that it has already arrested 14 people for human rights violations, including Mr. Rahman. Even so, human rights groups said most of those arrested in Sudan have been low-level fighters.

The prosecutors’ decision, and the reaction from Khartoum, raised the basic difficulty the court faces: how to investigate, let alone put on trial, officials from sitting governments.

The International Criminal Court, embraced by 104 countries but independent from the United Nations, has a broad mandate to investigate war crimes and crimes against humanity. But it has no police to enforce its summonses or arrest warrants, leaving it dependent on the very governments it may be investigating, as in the case of Sudan.

Such issues have confronted United Nations war crimes tribunals for a decade, with prosecutors for Uganda’s genocide and the wars in the Balkans still begging for the arrests of important suspects.

For the first Darfur case — the court is handling cases in three other African nations — the prosecution has focused on violence in four villages and towns, starting in the summer of 2003.

In April of that year, Mr. Moreno-Ocampo said, rebels attacked Al Fasher airport in Darfur, destroying planes, killing government soldiers and kidnapping the Sudanese air force commander. That was a turning point in the conflict, the prosecutor said, and led to intense recruiting of Arab militiamen, or janjaweed, who have been aligned with the Arab-dominated government.

The janjaweed focused on the civilian population, he said, on the rationale that they were supporters of the rebels.

“This strategy became the justification for the mass murder, summary execution and mass rape of civilians,” Mr. Moreno-Ocampo said.

At the time, Mr. Harun was the minister of state for the interior, and oversaw the Darfur Security Desk.

Mr. Harun was seen traveling with well guarded boxes of cash and was observed distributing money, weapons and ammunition throughout Darfur, according to the prosecutor’s statement, and worked closely with the militia leader, Mr. Rahman.

On one occasion, in early August 2003, Mr. Harun arrived by helicopter in the Darfur town of Mukjar as janjaweed militia were moving in and gave a public speech. According to the prosecutor, Mr. Harun said that since the children of the Fur tribe had become rebels, the Fur people and their possessions had become booty for the militia. Immediately upon his departure, the janjaweed “looted the entire town,” the prosecution statement said.

Mr. Rahman personally led the attack on Mukjar and three other villages and towns, the statement said. By mid-2003 he was commanding thousands of janjaweed. His forces pillaged and burned homes and shops, killed hundreds of people and tied women to trees and repeatedly raped them. According to the prosecution, Mr. Rahman took part in a number of summary executions.

He was arrested in Sudan in November and is being held on a different set of human rights violations.

Mr. Moreno-Ocampo said his staff tried to meet with him, and with Mr. Harun, in recent weeks, but the Sudanese government prevented it.

World Court's Big Move On Darfur (CSM)

By Robert Marquand

The Christian Science Monitor, February 28, 2007

THE HAGUE

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After 20 months, more than 100 formal witness statements, and visits to 17 countries, the chief prosecutor of the International Criminal Court (ICC) Tuesday indicted a high-ranking Sudanese interior minister and a janjaweed militia leader on 51 counts of war crimes and crimes against humanity in the ongoing crisis in Sudan's troubled Darfur region.

The naming of Ahmed Haroun, a former deputy interior minister, and a janjaweed leader known as Ali Kushayb, is considered a bold move for the young ICC and its chief prosecutor Luis Moreno-Ocampo. Despite Sudan's rejection of the indictments, most experts hailed them as an international censure that could help end the four-year-old crisis that has killed more than 200,000 people, and displaced more than 2 million.

"The ICC did the right job at getting individuals who can be sacrificed by the Sudanese government, but who at the same time have a significant degree of culpability," says Alex de Waal, a Darfur expert and program director at the Social Science Research Council in New York.

Prosecutor Moreno-Ocampo intrinsically linked the Sudanese government and the feared janjaweed arguing that after Mr. Haroun took charge of the Darfur security desk in April 2003, he oversaw the "staffing, funding, and arming of the [janjaweed]," which grew by 10,000 soldiers and conducted atrocities in Darfur under Haroun's direct authority.

Darfur is widely regarded as the highest profile case in international justice circles, and a possible turning point in efforts to establish a global criminal tribunal – though ICC investigations into Darfur have proceeded during the conflict, and without cooperation by Sudan.

The "Sudanese Armed Forces" conducted a systematic campaign of "underlying operational" support for the janjaweed, the indictment argues, saying that Haroun and Mr. Kushayb met frequently. Janjaweed militiamen told villagers they had the backing of the state, including "the power to kill or forgive." Haroun visited Darfur towns so often he was "known as 'the official' from Khartoum," in west Darfur, Moreno-Campo charged, saying Haroun provided funds from "an unlimited budget...that was not audited."

Significantly for the war crimes and crimes against humanity charges, the janjaweed attackers "targeted no rebel peasants, but civilian residents, based on the idea that they supported the opposition rebels," Moreno-Campo said, and conducted "mass murder, summary executions, and rape."

The ICC has often been termed a "court of the future" for its prospective role as an arbiter of international justice. It was conceived in 1998 as a "court of last resort," and has built its legal approach and validity on the example of the UN Yugoslavia and Rwanda criminal tribunals also housed at The Hague. The ICC has not prosecuted anyone, though it is preparing a trial for Thomas Lubanga Dyilo for enlisting child soldiers in the Congo war of 2002-03.

Still, Tuesday's Darfur indictment is considered crucial in international legal circles since it is the first such case to be referred by the United Nations Security Council. Neither China, which has close ties to the Sudanese regime, Russia, or the US blocked the Darfur case.

Washington's tacit approval is significant, experts say, since the US has not participated in the ICC since it was established in 1998.

"The US position [to allow Darfur investigations to go forward] is a turning point institutionally," says Diane Orentlicher of American University's Washington College of Law, "since it reflects a willingness of the US to accept the jurisdiction of the court."

"All the NGO reports, the UN reports, the State Department, and the commissions, point to a pattern of crimes committed by the janjaweed as a proxy of the Sudanese government," says a source with close ties to the prosecutor. "The pattern is one of aerial attack by government planes and helicopters followed by janjaweed on the ground, sometimes supplemented by government troops."

Sudan says it will not extradite those indicted at The Hague. Still war crimes experts argue that international courts such as the Rwanda and Yugoslavia tribunals eventually proved to build moral and strategic arguments against those charged, which eventually limited their ill-doings and provided a basis for rebuilding the society.

International tribunals, which rarely have much clout, have faced a steady uphill climb over the years, with skepticism if not cynicism about their effectiveness a widely shared feeling among politicians and powerbrokers.

Yet they have continued to develop.

"Some people may never be brought to trial," says Anne Heindel, assistant director of war crimes research at American University in Washington. "But restricting their movements has an overall effect, making it harder [for them] to operate."

The inability of the court to travel in Darfur worries some international human rights legal scholars, who say the evidence should be gathered from the site of the war crimes themselves. Others have argued eloquently that charges of genocide should be brought in Darfur.

Yet most experts seem to agree that the ICC should simply proceed with as much professionalism and investigation as possible. "With this submission, the ICC Chief Prosecutor has stood up for the victims of the mass atrocities in Darfur and awakened the hope for justice in the region. He has also warned all parties to the conflict that they will pay a heavy price for any

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further attacks on civilians," said Maureen Byrnes, executive director of Human Rights First in New York, in a press release Tuesday.

"The first submission should not be the last," Byrnes adds. "The Chief Prosecutor should pursue evidence of criminal responsibility up the chain of command, no matter how high it takes him." The ICC prosecutor will submit his indictment to judges at The Hague court, after which the judges will decide how and whether to conduct a trial.

Most wanted

A look at the ICC's main targets since it began issuing arrest warrants in 2005:

Ahmed Muhammed Harun (Sudan): Former head of Khartoum's Darfur Security Desk; currently junior minister for humanitarian affairs

Ali Mohammed Ali Abd-al-Rahman, aka Ali Kushayb (Sudan): Janjaweed militia leader

Thomas Lubanga (DR Congo): Militia leader accused of recruitingchild soldiers during 2002-03 conflict; first person put in ICCcustody; ordered last month to stand trial

Joseph Kony (Uganda): Head of fearsome rebel group, the Lord's Resistance Army

Justice For Darfur (WP)

By Angelina Jolie

The Washington Post, February 28, 2007

BAHAI, Chad -- Here, at this refugee camp on the border of Sudan, nothing separates us from Darfur but a small stretch of desert and a line on a map. All the same, it's a line I can't cross. As a representative of the United Nations High Commissioner for Refugees, I have traveled into Darfur before, and I had hoped to return. But the UNHCR has told me that this camp, Oure Cassoni, is as close as I can get.

Sticking to this side of the Sudanese border is supposed to keep me safe. By every measure -- killings, rapes, the burning and looting of villages -- the violence in Darfur has increased since my last visit, in 2004. The death toll has passed 200,000; in four years of fighting, Janjaweed militia members have driven 2.5 million people from their homes, including the 26,000 refugees crowded into Oure Cassoni.

Attacks on aid workers are rising, another reason I was told to stay out of Darfur. By drawing attention to their heroic work -- their efforts to keep refugees alive, to keep camps like this one from being consumed by chaos and fear -- I would put them at greater risk.

I've seen how aid workers and nongovernmental organizations make a difference to people struggling for survival. I can see on workers' faces the toll their efforts have taken. Sitting among them, I'm amazed by their bravery and resilience. But humanitarian relief alone will never be enough.

Until the killers and their sponsors are prosecuted and punished, violence will continue on a massive scale. Ending it may well require military action. But accountability can also come from international tribunals, measuring the perpetrators against international standards of justice.

Accountability is a powerful force. It has the potential to change behavior -- to check aggression by those who are used to acting with impunity. Luis Moreno-Ocampo, chief prosecutor of the International Criminal Court (ICC), has said that genocide is not a crime of passion; it is a calculated offense. He's right. When crimes against humanity are punished consistently and severely, the killers' calculus will change.

On Monday I asked a group of refugees about their needs. Better tents, said one; better access to medical facilities, said another. Then a teenage boy raised his hand and said, with powerful simplicity, "Nous voulons une Ã©preuve." We want a trial. He is why I am encouraged by the ICC's announcement yesterday that it will prosecute a former Sudanese minister of state and a Janjaweed leader on charges of crimes against humanity.

Some critics of the ICC have said indictments could make the situation worse. The threat of prosecution gives the accused a reason to keep fighting, they argue. Sudanese officials have echoed this argument, saying that the ICC's involvement, and the implication of their own eventual prosecution, is why they have refused to allow U.N. peacekeepers into Darfur.

It is not clear, though, why we should take Khartoum at its word. And the notion that the threat of ICC indictments has somehow exacerbated the problem doesn't make sense, given the history of the conflict. Khartoum's claims aside, would we in America ever accept the logic that we shouldn't prosecute murderers because the threat of prosecution might provoke them to continue killing?

When I was in Chad in June 2004, refugees told me about systematic attacks on their villages. It was estimated then that more than 1,000 people were dying each week.

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In October 2004 I visited West Darfur, where I heard horrific stories, including accounts of gang-rapes of mothers and their children. By that time, the UNHCR estimated, 1.6 million people had been displaced in the three provinces of Darfur and 200,000 others had fled to Chad.

It wasn't until June 2005 that the ICC began to investigate. By then the campaign of violence was well underway.

As the prosecutions unfold, I hope the international community will intervene, right away, to protect the people of Darfur and prevent further violence. The refugees don't need more resolutions or statements of concern. They need follow-through on past promises of action.

There has been a groundswell of public support for action. People may disagree on how to intervene -- airstrikes, sending troops, sanctions, divestment -- but we all should agree that the slaughter must be stopped and the perpetrators brought to justice.

In my five years with UNHCR, I have visited more than 20 refugee camps in Sierra Leone, Congo, Kosovo and elsewhere. I have met families uprooted by conflict and lobbied governments to help them. Years later, I have found myself at the same camps, hearing the same stories and seeing the same lack of clean water, medicine, security and hope.

It has become clear to me that there will be no enduring peace without justice. History shows that there will be another Darfur, another exodus, in a vicious cycle of bloodshed and retribution. But an international court finally exists. It will be as strong as the support we give it. This might be the moment we stop the cycle of violence and end our tolerance for crimes against humanity.

What the worst people in the world fear most is justice. That's what we should deliver.

The writer is a goodwill ambassador for the United Nations High Commission for Refugees.

US Sees Repression 'worsening In Cuba' (FT)

By Guy Dinmore

Financial Times, February 28, 2007

The Bush administration official whose job is to hasten the end of communism in Cuba on Tuesday claimed the Castro government was stepping up its internal repression in response to an increasingly active opposition movement.

Caleb McCarry, the US State Department's Cuba transition co-ordinator, cited "independent Cuban journalists" as saying civil society had become more active, especially in the provinces, since Fidel Castro temporarily passed power to his brother Raúl last July.

Cubans were starting to speak up in defence of their neighbours from attacks by government-orchestrated mobs, Mr McCarry told the conservative American Enterprise Institute (AEI) policy group. His assessment contrasted with that of analysts and members of Congress who recently returned from Cuba with reports of a smooth transition of power.

"What you see is an uneasy version of the status quo," said Dan Erikson, analyst with the Inter-American Dialogue think-tank. What was remarkable since last July was the level of caution and lack of new thinking displayed by all sides – the government in Havana, the Bush administration and the exiled Cuban community.

The no-change in US policy was underlined by Carlos Gutierrez, the US commerce secretary, in a speech to the AEI. He indicated no intention to relax the travel ban or the partial trade embargo as members of Congress have proposed. He also reiterated the administration's rejection of dialogue offered by Raúl Castro.

"The problem is the repressive communist system. The only solution is to change the system," Mr Gutierrez said.

While Mr Gutierrez stressed the US had "no imperialist intentions" or military plans to occupy Cuba, Roger Noriega, a former Bush administration official, said "international intervention" could be necessary if the regime used "deadly force" to survive.

Asked if the US would intervene to stop such an outcome, Mr McCarry said he did not answer hypothetical questions.

Mr McCarry heads an inter-agency office which has been planning for the "day after" Fidel Castro's death. His mandate is to "accelerate the demise of Castro's tyranny" with a more proactive approach that would undermine the regime's survival strategies.

McConnell: Repression In Cuba Increases (AP)

By Barry Schweid

AP, February 28, 2007

Repression is increasing in Cuba under the control of Raul Castro, and the domination of the government by his brother, Fidel, is nearing an end, Bush administration officials said Tuesday.

"In Cuba, this year will mark the end of the long domination of that country by Fidel Castro," Mike McConnell, the nation's new spy chief, told Congress.

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McConnell, who did not explain his remark, told the Senate Armed Services Committee that significant positive change immediately after Fidel Castro's death was unlikely. He said Raul Castro has had the opportunity to solidify his control in the seven months since his brother's incapacitating illness last July.

Separately, the Bush administration official who oversees a White House effort to promote transition to democracy in Cuba said he has seen no indication that the government is getting ready to make any changes.

"What has increased is repression," Caleb Charles McCarry said at a seminar at the American Enterprise Institute.

Security forces have stepped up harassment of dissidents and have kept closer track of reporters since Fidel Castro transferred control of Cuba's government to his brother after undergoing intestinal surgery, the U.S. official said.

McCarry said the White House Commission for Assistance for a Free Cuba does "what it can to hasten the day when they can enjoy freedom again."

He spoke primarily of broadcasts to Cuba and expressions of support for human rights, and said only peaceful means are used by the United States.

On the job since July 2005, McCarry dismissed any suggestion of U.S. dialogue with Cuba to prepare for transition to democracy. "The dialogue that needs to take place is between Cuban authorities and the Cuban people," he said.

The fall of Castro's 48-year-old government has long been predicted by U.S. officials since the 1959 revolution on the island.

New United Nations Chief Tackles The Agency's Tradition Of Patronage Jobs (NYT)

By Warren Hoge

The New York Times, February 28, 2007

UNITED NATIONS, Feb. 27 — Secretary General Ban Ki-moon is installing tough new requirements for hundreds of jobs at the United Nations that he hopes will begin to dispel the reputation for inaction and bloat that has long dogged the institution, according to officials in his office.

He is adopting the changes, which include increasing internal competition for jobs and removing some job guarantees, first in his own office, and is calling on others to follow suit or leave the organization. Mr. Ban has found that approach necessary because the powers of a secretary general to force change outside his own office are limited, and the barriers to change in patronage procedures erected by the 192-member General Assembly are substantial.

"From Day 1, he wanted to change the working culture of the United Nations by leading by example," said Kim Won-soo, a Korean associate regarded at the United Nations as Mr. Ban's most influential adviser.

"He says, 'I do it myself and I expect my senior members to do it,' " Mr. Kim said. "He's keen on that."

Among the new procedures, which have already started to agitate the organization, are strict annual performance reviews and term limits for new hires, the opening of high-level jobs at headquarters to United Nations workers in the field and strong pressure for all top officials to make public their confidential financial disclosures.

He is also removing what are known as "reversion options" under which officials ending their service at a high level automatically have the right to revert to their previous level and stay in United Nations service. All appointees will now be told they must give up this option or the job offer will be withdrawn.

High-level officials will be reviewed at the end of their first two years, and all positions will be considered five-year appointments. The secretary general's term is five years, and aides say Mr. Ban believes that other officials should pass through the same reappraisal process he will face if he runs for a second term.

Another innovation Mr. Ban hopes will expand through the executive ranks is what he calls "opening the floor" — making all top deputy positions available to candidates from throughout the United Nations system. The offer of job opportunities in New York has provoked a big response from workers in the field who previously had little hope of landing a coveted headquarters job. More than 1,200 applications have come in for 12 such positions on the 38th floor, which houses Mr. Ban and his top executives.

"Everybody thinks this is the secretary general's floor and the secretary general can put into office whoever he wants," said an official who said he could not discuss policy changes for attribution. "But he wants to show that he has no hidden agenda or any person in mind, he just wants to get the best qualified."

An official who worked on the new arrangement said it had been received well in United Nations offices in Geneva, Vienna and Nairobi, but less so in New York, where, he said, people were likely to want the protection of patronage to enable them to stay put.

Overhauling United Nations management has been a long-thwarted goal.

Last year, reform was aggressively pushed by Ambassador John R. Bolton, then the United States delegate, but the effort ended in confrontation with ambassadors from the developing world and little achievement. The present plan has had only limited input from the United States, according to Mr. Ban's aides and American observers.

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Outside experts give Mr. Ban's approach higher odds for working than past efforts.

"This is real change," said Edward C. Luck, a professor of international affairs at Columbia who has followed the United Nations for more than three decades. "This is a way to make top management accountable in ways that have never been tried before."

John G. Ruggie, a professor of international relations at Harvard and former under secretary general for planning, said: "There's a big cultural change under way here that is more than just an institutional change agenda. Ban understands that it's not enough just to move boxes around the organization charts."

Kathy A. Bushkin, chief operating officer of the United Nations Foundation, said: "It's very much like what very modern companies do by changing culture at the top and driving it through the organization. It's a significant move in the direction of the kind of real reform that people have been calling for."

The End Of The Affair? (WSJ)

By Kim R. Holmes And Nile Gardiner

The Wall Street Journal, February 28, 2007

For over half a century the Anglo-American "special relationship" has been a dominant force in world affairs. Today it is the engine of the global war on terror, and its enduring strength continues to confound and even infuriate leaders in continental Europe. Britain is the only nation the U.S. truly trusts as an ally; it is the British prime minister and not the German chancellor, the French president or the U.N. secretary-general, to whom the U.S. president looks first for partnership in addressing the big international security matters of the day.

Most Americans automatically think of Winston Churchill and Margaret Thatcher when conversation turns to the Anglo-American alliance, and Britain's Conservative Party is traditionally viewed in Washington as the U.K. home of the special relationship. Tony Blair, a steadfast support for America since 9/11, is acknowledged as an exception to the rule, a pro-American leader of a traditionally America-skeptic Labour Party.

There are, however, growing doubts among American policy makers that the resurgent Conservative Party led by David Cameron remains fully committed to the special relationship. There is now discussion in the White House, State Department and Pentagon of the possibility of dealing with a future Conservative-led British government that seeks to distance itself from the U.S. But the issue is also of concern on Capitol Hill -- among Republicans and Democrats. The notion that the special relationship could be heading for the rocks is no longer a fantasy, but a distinct political reality.

Shadow Foreign Secretary William Hague's Jan. 31 speech to the Royal Institute of International Affairs -- Chatham House -- spoke of a "solid but not slavish" alliance, and called for "the effective management of the relationship with the United States of America." These controversial words caused significant political damage here. It echoed Mr. Cameron's "liberal conservative" speech given on the fifth anniversary of 9/11, where he spoke of the need for "humility and patience" in conducting foreign policy.

Mr. Hague's carefully chosen description of America's and Britain's "loss of moral authority," and the need for Britain to shift more political weight to "the relationships of the Asia-Pacific region," is viewed in Washington as a fundamental reassessment of the special relationship, with far-reaching implications for both the U.S. and the U.K.

What was missing from the speech was any display of solidarity with the U.S. when thousands of British soldiers are fighting alongside their American counterparts in Iraq and Afghanistan, a stunning omission at a time of war. British forces have played an extraordinarily successful role in maintaining security in the southern third of Iraq in the face of Iranian interference and extreme provocation from Shia militias. In Afghanistan, British forces have been in the vanguard of NATO operations to defeat the Taliban and al Qaeda in the south of the country.

Perhaps the greatest benefit that Britain derives from the special relationship, and Tony Blair's close tie to George W. Bush, is the almost invisible security embrace, and close intelligence cooperation, that Washington gives only to its closest ally. U.S. intelligence, after all, helped thwart a series of large-scale al Qaeda attacks on British targets, including Heathrow Airport and Canary Wharf, which had been planned by 9/11 architect Khalid Sheikh Mohammed. Standing shoulder to shoulder with the U.S. may not be the most popular policy in Britain, with few votes to be gained, but it is fundamentally in Britain's interest.

The special relationship is a two-way street that significantly enhances Britain's ability to act as a major player on the world stage. For London, any downgrading of the Anglo-American alliance would significantly harm British strategic interests, and result in the loosening of defense and intelligence ties, the further loss of national sovereignty within the European Union, the diminution of British global power, and a weakening of the two nations' close-knit financial, trade and investment relationships.

Unfortunately, in its public statements the Conservative Party's leadership appears increasingly to be following the rise of anti-Americanism in the polls, rather than leading public opinion. There is a very real danger the Conservatives will make the same mistake that Gerhard Schröder did in the 2002 German elections, exploiting widespread anti-U.S. sentiment for short-term

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political gain. The consequences for U.S.-German relations were disastrous, with a virtual "cold war" between Washington and Berlin until Mr. Schröder's exit in 2005.

If the Conservatives take office in 2009 or 2010, the relationship between the White House and Downing Street could well be a tense one whether the Republicans or Democrats are in power, with a great deal of bad blood generated in advance. Despite President Bush's departure in January 2009, the fundamentals of U.S. foreign policy and America's approach to winning the war on terror are unlikely to dramatically change. Both sides of the political spectrum in Washington would balk at the kind of negative language being used by British Conservative politicians with regard to the Anglo-American alliance.

It is not too late, though, for the Conservatives to adopt a more traditional and pragmatic foreign-policy position, one that recognizes the huge stakes involved in maintaining the alliance. British and American leaders should advance a strongly pro-Atlanticist agenda that emphasizes Anglo-American global leadership.

The U.S. and Britain are committed to many of the same values and ideals on the world stage: the defense of national sovereignty, the projection of military power to confront tyranny and threats to international security, the advancement of free trade, and the protection of human rights.

With the threat of a nuclear-armed Iran just two to three years away, and the continuing war against al Qaeda raging across the globe, it is vital that Britain and America stand together.The future of the free world depends on it.

Messrs. Holmes and Gardiner are, respectively, vice president for foreign policy and director of the Margaret Thatcher Center for Freedom, at the Heritage Foundation.

Blogger On Ice (WP)

The Washington Post, February 28, 2007

THE BUSH administration has tolerated Egypt's brutal crackdown on domestic dissent and the broader reversal of its democratic spring of 2005 in part because President Hosni Mubarak argues that his adversaries are dangerous Islamic extremists. It's true that the largest opposition movement in Egypt is the Muslim Brotherhood; how dangerous it is can be debated. But what is overlooked is that Mr. Mubarak reserves his most relentless repression not for the Islamists -- who hold a fifth of the seats in parliament -- but for the secular democrats who fight for free elections, a free press, rights for women and religious tolerance.

The latest case in point is a blogger named Abdel Kareem Nabil Soliman, who was sentenced to four years in prison last week on charges of religious incitement, disrupting public order and "insulting the president." A brave and provocative 22-year-old student, Mr. Soliman first achieved notice with postings that denounced riots in Alexandria directed at Egypt's Christian Copt minority. He said the brutality he witnessed was the result of extremist Islamic teachings, in part by his own university, Al-Azhar, which he called "the other face of al-Qaeda." He compared the prophet Muhammad to Israel's Ariel Sharon. And he said Mr. Mubarak was a "symbol of tyranny."

Setting aside the hyperbole, there was considerable truth in many of the blogger's charges. Right or wrong, he certainly would seem to deserve the same freedom of speech as Egypt's government-owned newspapers, which regularly publish vile anti-Semitic screeds. But Mr. Soliman was one of several Egyptian bloggers arrested last year. While others were released after being beaten -- and in one case, raped -- by police, Mr. Soliman was brought to trial by Mr. Mubarak's prosecutors in what seemed a clear attempt to freeze what had been a growing space for free expression.

"This verdict sets a legal precedent for prosecuting someone for what they write on the Internet, on charges that are not easily defined or defended against," wrote another Egyptian blogger known as Sandmonkey. "This could be used to prosecute any blogger the government feels like punishing and serves as a huge blow to freedom of speech in Egypt."

As a political prisoner, Mr. Soliman will join Ayman Nour, who was sentenced a year ago on fabricated charges after he ran for president against Mr. Mubarak on a liberal democratic platform. As many as 800 members of the Muslim Brotherhood have also been jailed in the past year. This by a government that continues to be one of the largest recipients in the world of U.S. aid, collecting more than $2 billion a year. What do American subsidies support? Not least, the elimination of what would otherwise be the strongest secular democratic movement in the Arab Middle East.

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From: Miller, Charles S
Sent: Wednesday, February 28, 2007 10:51 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M.; Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 2/28/07 Civil Division News

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Government Contractors Must Take Early Compliance Steps

Essay: A Federal Appeals Court Upholds the Jurisdiction-Stripping Provisions of the MilitaryCommissions Act of 2006, But Overlooks the Possibility of an Evolving Conception of Habeas Corpus

Bush administration's faith-based initiatives at issue Wednesday in Supreme Court

Editorial: Government by Law, Not Faith

San Francisco Chronicle

February 28, 2007

Suit demands details on secret court's wiretap ruling; Group seeks to learn if program requires individual warrants

Bob Egelko, Chronicle Staff Writer

Wednesday, February 28, 2007

A privacy rights group sued the Justice Department on Tuesday to try to pry loose a ruling by a secret court that the Bush administration says approved its clandestine wiretapping program.

The suit, if it succeeds, should answer an important question about the future of the program: whether the court will require individual warrants, with specific evidence, before allowing the government to intercept phone calls and e-mails between Americans and alleged terrorists in foreign countries.

In December 2005, President Bush confirmed a New York Times report that he had authorized the National Security Agency four years earlier to eavesdrop on such communications without obtaining warrants from the Foreign Intelligence Surveillance Court, as required by a 1978 law.

A federal judge in Detroit declared the program unconstitutional in August, a ruling the administration has appealed. In San Francisco, another judge is considering more than 40 lawsuits accusing telecommunications companies of illegally collaborating with the program by allowing the National Security Agency to intercept messages and examine customer records.

The Electronic Frontier Foundation, a San Francisco organization that represents AT&T customers in one of the lawsuits, sued Tuesday in Washington, D.C., seeking disclosure of a pivotal Jan. 10 ruling by a judge of the Foreign Intelligence Surveillance Court.

The ruling's existence was disclosed Jan. 17 by Attorney General Alberto Gonzales, who told the Senate Judiciary Committee that the judge had approved the surveillance, after lengthy negotiations, and that the program was now operating under authority of the foreign intelligence court.

Gonzales did not say, however, whether the judge was requiring a warrant in each case or instead had given overall approval to the program. The attorney general has refused to make the order public, although the Justice Department sent copies to the federal judge in San Francisco and the appeals court reviewing the Detroit ruling.

The department also disclosed the order to selected members of Congress, including leaders of the House and Senate judiciary committees. Tracy Schmaler, spokeswoman for Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., said Leahy would like to see a declassified version made public and is exploring the subject with the Justice Department and the White House.

In Tuesday's lawsuit, the Electronic Frontier Foundation argued that the public was entitled to learn details of the order under the Freedom of Information Act.

"While national security and law enforcement demand a limited amount of secrecy, Americans have the right to know the government's basic guidelines for this kind of invasive electronic surveillance of their personal communications," said David Sobel, a lawyer for the organization.

By random draw, the case was assigned to U.S. District Judge James Robertson, who resigned from the foreign intelligence court after the December 2005 disclosure that the administration had been conducting surveillance without court review.

Justice Department spokesman Dean Boyd said he couldn't comment on the suit, but noted that orders of the foreign intelligence court have historically been classified. The Jan. 10 order "contains very sensitive information, including sources and methods" of intelligence, Boyd said.

But Sobel said federal law prohibits agencies from keeping entire documents secret if parts of them could be released safely. Whether the foreign intelligence court will require wiretaps for each surveillance is "the kind of question that could be answered without compromising any national security interest," he said.

END

Boston Globe

February 28, 2007

Wrongly convicted say FBI was at fault; Compensation urged in closing arguments

By Shelley Murphy, Globe Staff

Lawyers for four men wrongly convicted of a 1965 gangland slaying argued yesterday that the FBI was squarely to blame for withholding critical evidence during their trial and urged a federal judge to order the government to compensate them for the decades they spent in prison.

"It was more important for the FBI to protect their informants than to protect innocent people who had families," said Victor Garo, one of the lawyers, during closing arguments in a civil suit seeking more than $100 million in damages from the government on behalf of Joseph Salvati, Peter J. Limone, Henry Tameleo, Louis Greco, and their families. "Shame on our government for doing that."

The discovery of secret FBI files that were never turned over during the men's 1968 trial prompted a state judge six years ago to overturn the murder convictions of Limone, who had served 33 years in prison, and Salvati, who was paroled in 1997 after serving 30 years. Exoneration came too late for Greco, who died in prison in 1995 at age 78, and for Tameleo, who died a decade earlier at age 84.

Yesterday, a Justice Department lawyer argued that the FBI had no duty to share internal documents with state prosecutors and insisted the state was responsible for convicting the men in the slaying of Edward "Teddy" Deegan in Chelsea.

"The United States is not liable to plaintiffs because they were convicted as a result of a state prosecution," Bridget Bailey Lipscomb said. "The FBI did not initiate this prosecution, and there is no duty of the FBI to submit to state or local governments any of its internal files."

She said the FBI had shared some information about Deegan's death with local police.

Three members of Congress who were involved in a two-year investigation of the FBI's mishandling of informants and had condemned the government's handling of the Deegan case were in court yesterday for final arguments, including Dan Burton, an Indiana Republican who spearheaded the probe and formerly chaired the House Committee on Government Reform. Also present were William D. Delahunt, a Quincy Democrat, and Stephen F. Lynch, a South Boston Democrat.

Burton said he believes that all four men were wrongly convicted. "We want to make sure justice is served," he said.

US District Judge Nancy Gertner said she expects to rule by late March or early April on whether the government is liable and, if so, how much it should pay.

The judge challenged Lipscomb's effort to distance the federal government from the state prosecution, saying that state authorities had been unable to solve Deegan's slaying until FBI agents recruited hit man Joseph "The Animal" Barboza as a witness against local Mafia leaders and turned him over to state authorities.

Lipscomb said that the FBI was focusing on Barboza's testimony against Raymond L.S. Patriarca, then the New England Mafia boss, in a federal murder conspiracy case and that there was no evidence they "were even paying attention" to the Deegan case.

Lawyers for Salvati, Limone, Greco, and Tameleo ridiculed the government's assertion, saying that now-retired FBI agent Dennis Condon and his late partner, H. Paul Rico, were aware of internal FBI documents that indicated that Barboza had falsely implicated the four men, yet Condon took the stand during the 1968 trial to vouch for Barboza's credibility.

The FBI didn't disclose that agents listening in on an illegal bug had overheard Barboza and another Boston gangster and FBI informant, Vincent "Jimmy" Flemmi, seeking Patriarca's permission to kill Deegan several days before the March 12, 1965 slaying.

Juliane Balliro, a lawyer for the Limones and the Tameleos, accused Rico and Condon of engaging in "criminal, dishonest, and disgraceful conduct."

Michael Avery, a lawyer who also represents the Limones and the Tameleos, called the government's arguments frivolous.

"They were aware of [Barboza's] perjury, and they delivered him to the state knowing full well what he was going to do," he said.

On his way out of the courthouse, Salvati, 74, of the North End, said: "We waited 42 years, and we're still waiting. But we had our day in court. . . . Now we just rely on the judge."

END

AP

February 28, 2007

Lawyer: FBI let innocents rot

Associated Press

BOSTON **-** The FBI considered the lives of four men who spent decades in prison for a murder they didn't commit "acceptable collateral damage" in the fight against organized crime, an attorney for the men's families said yesterday.

Peter Limone, Joseph Salvati and the families of two other men who died in prison after being convicted in the 1965 gangland killing of Edward "Teddy" Deegan are suing the federal government for malicious prosecution.

In closing arguments yesterday, attorney Michael Avery said Boston agents had known that FBI informant Joseph "The Animal" Barboza lied when he named the four men as Deegan's killers. Barboza wanted to protect a fellow FBI snitch, Vincent "Jimmy" Flemmi, who was involved in Deegan's killing, Avery said.

The men were "acceptable collateral damage" in the FBI's priority at the time - taking down the Mafia through the use of criminal informants, Avery said.

The government has argued that federal authorities had no duty to share information with state officials who prosecuted Limone, Salvati, Henry Tameleo and Louis Greco. Justice Department lawyer Bridge Bailey Lipscomb said yesterday that federal authorities cannot be held responsible for the results of a state prosecution.

Salvati and Limone were exonerated in 2001 after FBI memos surfaced.

The memos were discovered by a Justice Department task force probing the FBI's relationship with gangsters and FBI informants James "Whitey" Bulger and Stephen "The Rifleman" Flemmi.

END

AP

February 28, 2007

Judge: US can deny federal funding to AIDS groups that don't disavow sex trafficking

LARA JAKES JORDAN

Associated Press Writer

WASHINGTON_A federal appeals court ruled that the Bush administration can deny funding to nonprofit AIDS groups that do not publicly disavow prostitution and sex trafficking.

Overturning a lower court's decision, the U.S. Court of Appeals for the District of Columbia said Tuesday that the AIDS groups' free speech rights would not be violated if the money was linked to a pledge to uphold government policy.

At issue is the case of DKT International Inc., which provides family planning and HIV/AIDS prevention programs in 11 countries. The group, which helps distribute condoms to prostitutes and other sex workers in Vietnam, has refused to sign a pledge to support the Bush administration policies.

In 2005, DKT sued the U.S. Agency for International Development, contending its free speech rights were violated by a 2003 law requiring groups to explicitly oppose prostitution and sex trafficking in order to qualify for part of a $15 billion (euro11.34 billion) AIDS program. A U.S. District Court ruling last year agreed, saying the funding conditions insist that groups "parrot" the U.S. government's position on prostitution.

But U.S. Circuit Judge A. Raymond Randolph said Congress has authorized the Bush administration to assist non-governmental organizations like DKT "on such terms and conditions as the president may determine."

"The act does not compel DKT to advocate the government's position on prostitution and sex trafficking; it requires only that if DKT wishes to receive funds it must communicate the message the government chooses to fund," Randolph wrote in a 10-page decision reversing the lower court's ruling. "This does not violate the First Amendment."

Calls for comment to DKT's offices in Washington were not immediately returned Tuesday.

END

AP

February 28, 2007

Guantanamo detainees look to Supreme Court for quick ruling on their legal rights

MARK SHERMAN

Associated Press Writer

WASHINGTON_Foreigners imprisoned at a U.S. Navy base at Guantanamo Bay, Cuba, want the U.S . Supreme Court to rule quickly on their legal rights, before the justices go off on their summer break.

Lawyers for two men who face military trials as early as this summer asked the court Tuesday to hear their cases on a rare fast track. Their request was even more unusual because a federal appeals court has yet to rule whether Omar Khadr and Salim Ahmed Hamdan can be tried by a military tribunal or whether they even have the right to mount their challenge in U.S. courts.

Khadr is a Canadian accused of killing a U.S. soldier in Afghanistan and Hamdan is a Yemeni accused of supporting al-Qaida operatives. The Supreme Court last year voided Bush administration plans to try Hamdan before a military commission, but a new law restored those plans and stripped detainees of their right to seek their freedom through the courts.

Other detainees plan to file their appeals with the court by Monday, requesting expedited review of the same law, the Military Commissions Act, which limits their ability to challenge their confinement.

Last week, a panel of federal appeals judges ruled, 2-1, that the nearly 400 detainees still at Guantanamo are prohibited from using the U.S. court system.

The court should consider the cases together and quickly, said a team of lawyers led by Neal Katyal, who argued Hamdan's case before the Supreme Court. Doing so would allow the justices to rule, in one decision, on the legality of the jurisdiction-stripping provisions of the military commissions law both for detainees facing military trials and those who have not been charged but are being held indefinitely as "enemy combatants," the lawyers argued.

The last time the court acted so promptly was in a 1997 case on the line-item veto in which the justices held a special argument session and rendered a decision by late June.

END

Government Executive Magazine

February 27, 2007

Watch list dispute highlights U.S.-Canadian tensions

By Shane Harris, National Journal

The U.S. government believes that Maher Arar, a Canadian telecommunications engineer, has ties to terrorists, and it has placed his name on a U.S. watch list that bars him from entering the country.

That alone would be unremarkable because U.S. watch lists contain thousands of names -- except that the Canadian government, after a highly publicized inquiry last year, concluded that there is no basis for believing that Arar is connected to Islamic radicals. The inquiry also determined that, based on all of the evidence collected by Canadian officials, there is nothing to indicate that Arar committed a crime or that he poses a threat.

This U.S.-Canada dispute, in and of itself, might also be unremarkable, except that in September 2002, U.S. officials detained Arar at John F. Kennedy International Airport in New York and then sent him to Syria, the country of his birth, after receiving intelligence from the Canadians that indicated Arar was connected to terrorism.

Arar says, and the Ottawa inquiry confirmed, that he was interrogated in Syria for almost a year and tortured. In October 2003, Arar was returned to Canada, where he has become a cause celebre and a potent symbol for critics of the Bush administration's practice of sending suspected terrorists to third countries that employ torture.

Now, U.S. and Canadian officials find themselves in a standoff over whether Arar remains a threat and should be on the watch list. The dispute has shone a light on the deeply rooted suspicions each country has of the other when it comes to the gray and secretive world of intelligence.

Despite having a wealth of potential terrorist targets, Canada has no foreign-intelligence service; information about outside threats comes from other governments. Indeed, the tips that first led Canadian officials to suspect that Arar had terrorist connections came from Syria.

The Canadian inquiry found that Ottawa's handling of his case was deeply flawed and was based on false information. The Canadian government has agreed to pay Arar nearly $10 million in compensation and has asked that the Americans clear his name. The Bush administration has refused.

Current and former U.S. national security officials said that the United States and Canada have maintained good political relations but that American intelligence officials don't consider Canada an especially strong partner in the war on terrorism because the country doesn't gather its own foreign intelligence.

The Arar inquiry, which focused on internal Canadian law enforcement processes, hasn't changed U.S. opinions.

"They didn't have the ability to look at [Arar's] past activities," said Christopher Sands, a senior associate with the Canada Project at the Center for Strategic and International Studies in Washington. One source from which the Canadians could have received that information, the United States, wouldn't cooperate with the inquiry.

The Arar dispute is now straining political relations. Last month, Canadian Minister of Public Safety Stockwell Day visited Washington and met with his counterpart, Homeland Security Secretary Michael Chertoff, and Attorney General Alberto Gonzales.

In that and subsequent meetings among lower-level officials, the United States showed Canada the information it has that keeps Arar on the watch list. In a letter to Day, Chertoff and Gonzales wrote that the information was developed independently of what the Canadians used to conclude that Arar was innocent.

The Canadians remain unmoved by the U.S. claims; the Americans won't take Canada's conclusions as definitive. Hence, the stalemate.

"We're both playing to our type," Sands said. "Canadian nationalism ... from the very beginning has had this sense of superiority to the Americans. The Americans were richer and had more toys, but in the end the Canadians were smarter."

Meanwhile, Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., is investigating what information prompted the United States to send Arar to Syria and says that Gonzales and Justice officials have repeatedly stonewalled him in that effort. Maria LaHood, Arar's attorney at the Center for Constitutional Rights in New York City, said that keeping her client on a list of suspected terrorists adds "insult to injury."

But a U.S. government counter-terrorism official, who requested anonymity because the Arar matter has become a political issue, said the feud over Arar's guilt or innocence stems from that uneven intelligence relationship.

The Canadians "continue to view this case, and the information they have about this case, in a rather open-and-shut manner, meaning they have assessed what they have and made a decision, and they seem rooted in that decision, which is certainly their prerogative." But the official added, "We have our own information, as well."

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2/28/07

U.S. joins false claims suit against drug company

The U.S. has intervened in a whistleblower suit originally filed almost ten years ago by a Florida home infusion company against an Ohio-based pharmaceutical manufacturer, alleging violations of the False Claims Act (FCA), the Department of Justice announced on January 29, 2007. The government's complaint alleges that Boehringer Ingelheim Roxane, Inc. (Roxane) engaged in a scheme to report fraudulent and inflated prices for several pharmaceutical products, knowing that federal health care programs established reimbursement rates based on those reported prices.

Price inflation. According to the government's complaint, Roxane artificially inflated spreads to market, promote, and sell generic drugs that are reimbursed by Medicare and Medicaid. The "spread" is the difference between the government reimbursement rate and the actual price paid by health care providers for a drug. Accordingly, the larger the spread on a drug, the larger the profit for the provider.

The government's complaint alleges that from at least on or before January 1, 1996, Roxane reported prices that, in some instances, exceeded 1,000 percent of the actual sales prices on some of the drugs it manufactures. The U.S. alleges that Medicare and Medicaid have reimbursed Roxane's customers more than $500 million for the drugs that are the subject of the complaint.

Possible money judgment. Under the FCA, if it is determined that Roxane submitted or caused others to submit false or fraudulent claims to the federal health care programs, the government can recover treble damages plus statutory penalties of $5,500 to $11,000 for each false or fraudulent claim filed. In addition, if the government is successful in

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litigating its claims, the whistleblower who initiated the action can receive between 15 and 25 percent of the amount recovered.

END

Washington Post

February 28, 2007

Federal bidders find protests often succeed

KIM HART and RENAE MERLE, THE WASHINGTON POST

After losing a competition last year to build helicopters for the Air Force, Lockheed Martin and Sikorsky Aircraft did what hundreds of companies do when lucrative contracts don't go their way.

They protested the decision. And this week, they won.

The Government Accountability Office ruled the Air Force was "inconsistent" when judging the competition and said the losing bidders should be allowed to vie for the work again.

Lockheed Martin and Sikorsky thus became the latest companies to prevail in appeals, a strategy that is paying off for government contractors.

Contractors filed 1,327 protests with the GAO in 2006 and the number of firms taking their cases to court has risen 50 percent. Companies' chances of winning such appeals have doubled, to nearly 30 percent.

As the government outsources work to private companies, experts say the rise in successful protests, while not huge, suggests problems with the procurement process. Many agencies have lost workers trained to evaluate contracts through retirement, creating more opportunities for mistakes and appeals. Even when they are not successful, protests can double or triple the time it takes to hire companies, delaying crucial work.

The battle over who should build 141 Air Force search-and-rescue helicopters will set back a contract awarded to Boeing three months ago. The criteria the Air Force used to judge the competitors did not match the provisions in the solicitation, the GAO said. If Boeing does not emerge as the top choice, the company's contract should be terminated, the decision says.

If the Air Force follows the GAO's recommendation and reopens the competition, as is customary, Boeing can file a protest of its own or take the case to the U.S. Court of Federal Claims.

The initial contract is worth $712 million, but the program's budget would grow to as much as $15 billion as the winner begins building aircraft, a significant loss for Boeing if it loses the deal.

Similar bid protests have delayed dozens of contracts for months, even years. Experts say the trend is largely driven by the government's effort to consolidate smaller deals into mega-contracts. Losing a contract could mean missing out on nearly a decade of work and billions of dollars.

"Many of these procurements have become must-win situations for companies to survive," said Ray Bjorklund, senior vice president of Federal Sources, a consulting firm. "There's more at stake, so they're willing to take more risks to ensure they stay viable."

Contractor protests

Here is the number of successful protests by contractors:

2002: 193 (16 percent of 1,204 filed)

2003: 230

2004: 312

2005: 312

2006: 385 (29 percent of 1,327 filed)

ACCOUNTABILITY OFFICE

END

Legal Times
February 28, 2007

Government Contractors Must Take Early Compliance Steps

Ronald Schechter, Martha Cochran and Jill Newell

As spending on federal contracting reached record levels in recent years -- a reported $400 billion in 2005 alone -- the risks, as well as the rewards, of doing business with the federal government have never been greater.

The U.S. government has vowed to crack down on procurement fraud and other fraud in government programs. Last year's $3.1 billion in settlements and judgments in cases involving fraud against the government was the largest amount ever recovered in a single year. It included $615 million paid by the Boeing Co. to resolve claims relating to its use of confidential competitor information and the hiring of a former Air Force acquisition chief who had responsibility for its contracts; it also included numerous other cases involving defense procurement fraud, health-care fraud and other fraud against the government.

Last fall, the Justice Department launched a National Procurement Fraud Task Force to focus "resources at all levels of government to increase criminal enforcement" in areas of procurement fraud. The stepped-up attention to this area throughout the government may signal that the $3.1 billion record in federal fraud recoveries in 2006 could soon be broken. More than 50 inspectors general from across all government departments and agencies also are actively pursuing thousands of investigations.

In addition, powerful newly installed Democratic committee and subcommittee chairs in Congress are launching dozens of oversight investigations of alleged government and contractor abuses, focusing on the reconstruction effort in Iraq and in the U.S. Gulf Coast following Hurricane Katrina, numerous areas of military and homeland-security procurement, the pricing of pharmaceuticals and other significant areas of federal contracting. For instance, House Oversight and Government Reform Committee Chairman Henry Waxman, D-Calif., in the first week of February began one set of hearings on alleged waste, fraud and abuse by government contractors in Iraq and another set of hearings on alleged overcharging by drug companies in federal health programs.

BROAD SWEEP

Contractors long have known that the government has a broad range of investigative and enforcement powers that can turn what would be a normal business dispute in a private commercial transaction into allegations of civil or criminal fraud, leading to massive fines and penalties, as well as disqualification from receiving new government contracts. Given the broad sweep of the government's investigative powers and the complexity of procurement rules, companies that are wholly innocent of an intent to fleece the feds may nonetheless find themselves under scrutiny. What is striking about the current environment is the scope and intensity of federal investigative and prosecutorial resources directed at this activity.

The added factor of a Democratic Congress -- with new committee chairs, frustrated in the past by what they viewed as their Republican colleagues' lack of effective oversight of the Bush administration and its perceived coziness with contractors, and eager to use their newly acquired oversight and subpoena powers -- raises the stakes enormously. While no target of a government investigation can be comfortable or secure when dealing with an inspector general, the FBI or other government investigators, managing these investigations while under the spotlight of a high-profile congressional investigation can be even more daunting.

The procurement fraud initiative, created by Deputy Attorney General Paul McNulty, was modeled after his 2005 Procurement Fraud Working Group, begun when he served as the U.S. Attorney General for the Eastern District of Virginia and led the prosecution of former Air Force acquisition chief Darleen Druyun and Boeing for contract favoritism in

exchange for job offers. The current initiative focuses on virtually all areas of alleged procurement fraud, from pricing irregularities and labor mischarging, to misuse of classified and procurement sensitive information, and ethics and conflict-of-interest violations.

Participants in the task force reflect the significant firepower of federal government investigatory and enforcement agencies. Chaired by Alice Fisher, the head of Justice's Criminal Division, the task force includes the FBI, the inspectors general of major federal agencies -- from the Departments of Defense, Homeland Security and Veterans Affairs, to the General Services Administration and the U.S. Postal Service -- as well as the Defense Criminal Investigative Service and other military criminal investigative organizations.

Perhaps to emphasize the seriousness of the effort, the Justice Department, on the day it announced the creation of the task force, also announced that Oracle Corp. had agreed to pay almost $100 million to settle False Claims Act allegations that a company it acquired had overcharged the government under its GSA Federal Supply Schedule Contract. The task force more recently announced a criminal case in which a former Defense Department contractor was sentenced to serve nine years in prison and ordered to pay a $3.6 million fine for his role in a bribery and fraud scheme flowing from contracts for the reconstruction of Iraq.

Beyond the work of the task force, the Justice Department has pursued numerous False Claims Act cases against pharmaceutical companies alleging mischarging under government drug contracts and benefit programs. Health-care fraud accounted for $2.2 billion in settlements and judgments recovered by the federal government last year -- a $1 billion increase over the prior year.

Agency inspectors general have become more powerful weapons in the government's procurement fraud arsenal in the almost 30 years since the enactment of the Inspector General Act of 1978. According to one report, more than 11,000 auditors, investigators and other professionals populate 57 Offices of Inspectors General throughout the federal government.

Inspector general investigations always present the risk that the matter under investigation will be referred to the Justice Department for criminal or civil prosecution. Each year, inspector general investigations lead to thousands of criminal indictments and successful prosecutions, as well as numerous Justice Department civil fraud claims, with fines and penalties totaling billions of dollars. The recent joining of forces of federal inspectors general with Justice in the Procurement Fraud Task Force signals that the level of inspector general referrals to Justice will only increase.

Moreover, because each inspector general reports semiannually to Congress, the reports have become a rich source for congressional inquiries and will continue to serve as such in the new Congress. For example, last year Congress extended the term of the Special Inspector General for Iraq Reconstruction until at least late 2008. By the end of 2006, the SIGIR had issued more than 125 audit and project assessment reports, many of them highly critical of contractor performance. In testimony before Congress in September 2006, the SIGIR said 89 criminal investigation cases were open and 25 cases had been referred to the Justice Department, four of which had resulted in convictions.

In another area that has received significant attention lately, the Homeland Security Department's Inspector General for Gulf Coast Hurricane Recovery has issued more than 40 reports, many of which deal with the Federal Emergency Management Agency's procurement activity. Several of these audits, as well as other government reports, address the failure and fraudulent actions of contractors responding to the Katrina recovery. The inspector general's Sept. 30, 2006, report to Congress reported 439 indictments related to Katrina and 255 convictions for hurricane-related allegations and crimes.

Although the Republican-led Congress held numerous oversight hearings on some of the same issues now targeted by Democrats, the pace is quickening in the new Congress. Oversight investigations into contractor waste, fraud and abuse have already begun; initial hearings have been launched, and more are on the way. Two major congressional oversight committees -- the House Committee on Oversight and Government Reform (which added the word "oversight" to its title in January) and the Senate Committee on Homeland Security and Governmental Affairs -- each took the step of adopting rules authorizing staff deposition authority, giving their large and growing staffs the ability to take testimony on the record and under oath outside the context of a formal congressional hearing. Although the House Oversight and Government Reform Committee's agenda is the broadest of any congressional committee, other House committees, such as Armed Services and Energy and Commerce, also have begun oversight hearings.

Waxman also announced plans to reintroduce legislation he called the Clean Contracting Act to assist in curbing contract abuse. Bills relating to contracting for homeland security, Iraq and private security services already have been introduced in the House. In the Senate, Judiciary Committee Chairman Patrick Leahy, D-Vt., has introduced a bill called the War

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Profiteering Prevention Act of 2007, which would criminalize war profiteering acts, defined as "materially overvaluing any good or service with the specific intent to excessively profit from war and relief or reconstruction activities."

TAKE THE STEPS NOW

With all of this attention, contractors cannot afford to wait for a call from the Justice Department task force, an inspector general or Congress to take action. Companies must take steps now to prevent and detect improper procurement activity and potential fraud in government programs, to mitigate the damage if any such activity is found and to develop strategies to respond to government inquiries should they arise.

To begin, every contractor must have in place an effective compliance program that includes standards of conduct, as well as mechanisms for investigating potential violations and for taking prompt and appropriate remedial steps if violations are found. Contractors should conduct self-audits in areas of government business that the company believes may be considered high risk. If any information surfaces that suggests an employee or the company has committed wrongdoing, a contractor must thoroughly investigate the event and take appropriate action. The company's goals should be to understand the circumstances surrounding any alleged wrongdoing and to maintain the initiative during any government investigation.

A company must be prepared to respond promptly to inquiries from government investigators regarding its performance of government contracts. Most government contractors understand that Justice and agency inspectors general have far-reaching investigative authority and expect contractors to cooperate with their inquiries.

It is essential that, at the earliest stages of the investigation, the contractor develop an overall response strategy. That strategy will be guided by the contractor's assessment of its vulnerability on the issues being investigated. In some instances, it may make sense to seek a prompt, amicable resolution; in others, it may be better to seek an aggressive defense on the merits.

Counsel, in particular, should focus on key objectives during an investigation: maintaining contact with the investigators; gaining a thorough understanding of all of the facts and the government's key concerns; and presenting the facts in the best light for the company. Counsel should work cooperatively with government investigators, while ensuring that the client's rights are being protected and that its position is being vigorously represented. Counsel should insist that the company be permitted a chance to present its side of the story, as well as to understand the bases for the government's claims, before the government takes formal action. In most instances, Justice Department lawyers and inspectors general staff will agree to this type of exchange.

THE COMMITTEES

Of course, managing these investigations becomes much more complex when a congressional oversight committee takes an interest. Congressional committees have the power to conduct oversight investigations into any matter within their jurisdictions. They have the power to subpoena the testimony of witnesses and virtually all documents that may be relevant to the subject matter of their inquiries. An ongoing criminal or civil investigation generally will not convince a congressional committee to back off of an oversight investigation -- or even to delay issuing a subpoena for the testimony of an individual who is the target of a federal criminal investigation.

In these circumstances, counsel is faced with a delicate balancing act, requiring careful communication with each of the investigative bodies to ensure that the contractor's rights are protected. And in these circumstances, despite the very public nature of a congressional investigation, the overriding concern of counsel must be to assure that the individual's or organization's conduct in the investigation and the witnesses' testimony in a congressional hearing do not adversely impact ongoing criminal or civil investigations by other bodies or lead to further criminal exposure.

END

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February 28, 2007

Essay: A Federal Appeals Court Upholds the Jurisdiction-Stripping Provisions of the MilitaryCommissions Act of 2006, But Overlooks the Possibility of an Evolving Conception of Habeas Corpus

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By MICHAEL C. DORF

Last week, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit dismissed the habeas corpus petitions of aliens detained at the Guantanamo Bay Naval Base. The court in *Boumediene v. Bush* unanimously found that the Military Commissions Act (MCA) of 2006 eliminated federal court jurisdiction to entertain habeas petitions or other federal lawsuits for such detainees. By a 2-1 vote, the panel also held that Congress had not violated the Constitution in eliminating habeas for Guantanamo Bay detainees.

Now the case will undoubtedly go to the Supreme Court. Again. The Justices have already issued two landmark rulings regarding the treatment of foreign detainees.

In the 2004 case of *Rasul v. Bush*, the Court held that the habeas corpus statute, as it then stood, permitted an alien held at Guantanamo Bay to sue in a federal district court, because the statute, as construed by the Court, only required that there be jurisdiction over the custodian holding the detainee, which there undoubtedly was.

Congress responded by passing the Detainee Treatment Act (DTA) of 2005, which appeared to strip the federal courts of the jurisdiction the *Rasul* Court had found to exist. But last year, in *Hamdan v. Rumsfeld*, the Justices said that the DTA did not apply to pending cases, only to future filings. Then, on the merits, the *Hamdan* Court found that the procedures the Bush Administration had adopted for the detention and trial of enemy combatants violated the Geneva Conventions, which were made enforceable via the Uniform Code of Military Justice.

By deciding the jurisdictional issue in *Rasul* and *Hamdan* on statutory grounds, the Supreme Court managed to duck a hard constitutional question: What is the scope of Congress's power to adjust the habeas jurisdiction of the federal courts without formally suspending the privilege of the writ under Article I, Section 9 of the Constitution?

The Constitution states: "The privilege of the writ of habeas corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it." But what exactly is the scope of the writ that shall not be suspended?

In last week's D.C. Circuit ruling, Judge A. Raymond Randolph gave the following answer for the majority: The Constitution requires that habeas corpus (or its equivalent) must be available in only those circumstances in which it was available when the Constitution was ratified in 1789. The court decided that, at the Founding, habeas was not available for aliens who were neither present in, nor the owners of property in, the country. Thus, it concluded that the MCA worked no constitutional violation.

That conclusion is not obviously wrong, although it was vigorously contested by Judge Judith Rogers in dissent. The scope of Congressional power over habeas corpus is quite unclear. But here, as in many other areas, ambiguity does not warrant an interpretive method that gives controlling weight to the original understanding: There is no reason to assume that the Constitution's meaning was frozen in 1789.

Column continues below ↓

The Statutory Non-Issue

Lawyers for the detainees in *Boumediene* gamely argued that, contrary to what was obvious to everyone who observed the debate over the MCA, the Act was not meant to eliminate habeas corpus jurisdiction for their clients. Citing the Supreme Court's decision in the 2001 case of *INSv. St. Cyr*, they noted that a clear statement by Congress is required to eliminate habeas jurisdiction. The relevant provision of the MCA, they contended, does not mention habeas, and thus is not a sufficiently clear statement.

However, as Judge Randolph noted, the intended effect of the MCA on this point is impossible to mistake. The statute says that the "amendment made by subsection (a) shall take effect on the date of the enactment of this Act, and shall apply to all cases, without exception, pending on or after the date of the enactment of this Act which relate to any aspect of the detention, transfer, treatment, trial, or conditions of detention of an alien detained by the United States since September 11, 2001." It's true that this provision itself does not use the word "habeas," but it's equally true that the "amendment made by subsection (a)" is an amendment that reads as follows: "No court, justice, or judge shall have jurisdiction to hear or consider an application for a writ of habeas corpus filed by or on behalf of an alien detained by the United States who has been determined by the United States to have been properly detained as an enemy combatant or is awaiting such determination."

Accordingly, the DC Circuit was right to reject the statutory argument, and the Supreme Court will not be able to duck the constitutional question a third time by relying on statutory grounds for its decision.

The Scope of the Writ in 1789

The real bone of contention in *Boumediene* concerned the question whether Congress had violated the Suspension Clause by eliminating habeas for foreign detainees without first finding that because of a "rebellion or invasion," the suspension of habeas was required by "the public safety."

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If the Guantanamo petitioners are not among the people who have a right to habeas, then Congress did not need to suspend habeas in order to deny it to them. Thus, the disagreement in *Boumediene* centered around the scope of the constitutional right to habeas, in circumstances where it has not been suspended: Does that right apply to persons in situations like those foreign detainees occupy today?

To answer that question, the D.C. Circuit investigated the scope of habeas corpus as it existed when the Constitution was adopted. Both the majority and dissent accepted British precedents--which would have been well-known to the Framers--as highly relevant.

The crucial point for the majority was that English courts had never granted a writ of habeas corpus for an alien detained outside the territory of the crown. Concluding that the de facto control that the United States exercises over Guantanamo does not rise to the level of sovereignty, the majority determined that the present petitions go beyond the historic office of the writ as it was conceived in 1789.

Even on its own terms, this argument has difficulties. As Judge Rogers noted in her dissent, absence of evidence is not necessarily evidence of absence: Just as the detainees' lawyers could point to no case in which a British court granted a writ of habeas corpus on behalf of an alien held beyond British sovereign land, so the government had pointed to no case in which such a petition was made to a British court and denied on that basis.

Although the far-flung British Empire did imprison people around the globe, the state of communications and transportation in the Eighteenth Century may have prevented such detainees or their kin from finding legal counsel to represent them back in England. Accordingly, the absence of decisions granting habeas petitions of external aliens may simply reflect the absence of petitions seeking writs of habeas for such persons.

From the Eighteenth Century to the Twenty-First

The panel majority's historical argument also proves too much. Judge Randolph quoted a leading English treatise which states that even British subjects held in "remote islands, garrisons, and other places" could not file for habeas relief. Yet the majority of the panel itself acknowledged that, today, Congress could not authorize detention of a U.S. citizen abroad without access to habeas or its equivalent. So it appears that the scope of the writ is not fully defined by Eighteenth Century understandings, after all.

Indeed, as the Supreme Court explained as recently as 2001 in the *St. Cyr* case, "at the absolute minimum, the Suspension Clause protects the writ as it existed in 1789." (Emphasis added.) That language suggests that today the Suspension Clause protects more than it protected in 1789. Significantly, all five members of the *St. Cyr* majority--Justices Stevens, Kennedy, Souter, Ginsburg, and Breyer--remain on the Court today. Thus, a majority of the Court appears to be open to the argument that the constitutionally mandated scope of the writ is greater now than in 1789.

Nor should that be surprising, for many constitutional provisions mean something different today from what they meant when they were was first adopted. Modern conceptions of free speech, equal protection, interstate commerce, and a host of other constitutional provisions reflect both changed circumstances and changed values. While the text and original understanding of the Constitution are almost always the starting point for analysis of the meaning of any constitutional provision, they are rarely the end point.

From a Territorial to a Functional Understanding of the Suspension Clause

Perhaps the distinction between U.S. (or British) territory and foreign territory once made sense as a means of parceling out the jurisdiction of Eighteenth Century courts, but given modern methods of transportation and communication, it makes little sense today. Accordingly, there is no good reason to limit the scope of habeas--absent its valid suspension--to persons held within the borders of the United States or its territories. Yet the *Boumediene* majority treats the scope of the writ in 1789 as reflecting the full modern understanding.

Those who favor reading the Constitution to mean exactly what it was generally understood to mean at its adoption frequently complain that, if judges depart from the original understanding, then they have no fixed standard by which to ascertain constitutional meaning. The charge, however, is doubly misleading.

First, as the disagreement in *Boumediene* itself illustrates, discerning guidance for modern controversies from Eighteenth Century sources that were contested even in their day, is hardly a determinate exercise that leads to a single incontrovertible result. Second, one can find functional guideposts for modern understandings that also effectively constrain conscientious judges' decisionmaking.

With respect to the Suspension Clause, we might begin with the core function of habeas--to prevent arbitrary deprivations of liberty--and the exigencies of warfare. Justice Kennedy zeroed in on these two factors in a separate opinion in the *Rasul* case. He wrote: "Perhaps, where detainees are taken from a zone of hostilities, detention without proceedings or trial would be justified by military necessity for a matter of weeks; but as the period of detention stretches from months to years, the case for continued detention to meet military exigencies becomes weaker."

To be sure, Justice Kennedy also thought it significant in *Rasul* that Guantanamo Bay was, in all relevant respects, part of the United States. And while that continues to be true for the Guantanamo Bay detainees, it is difficult to see why this

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particular fact should matter more generally. Suppose that the government were to move the Guantanamo Bay detainees to a U.S.-operated military prison on foreign land over which it exercised fewer of the incidents of sovereignty--a military base in eastern Europe or central Asia, say. From a practical perspective--and certainly from the perspective of the detainees--such formal matters would not make any readily perceptible difference. They would still be held by the United States at a place chosen solely by the United States.

What Substantive Rights Do Alien Detainees Have?

To say that alien detainees have a constitutional right to habeas does not mean that their detention is unlawful. It only means that the federal courts have jurisdiction to examine the lawfulness of their custody. Because she believed that there was jurisdiction over the case, Judge Rogers thought it necessary to address the further question of lawfulness.

On this question, Judge Rogers concluded that Congress, in approving "combatant status review tribunals" (CSRTs) in the MCA, had not provided an adequate substitute for habeas. Nor did she think that D.C. Circuit review of CSRT determinations--for which the DTA and MCA also provide--was a sufficient check on the power of the CSRTs, because judicial review is limited to legal questions, not factual ones.

As to the procedures used by CSRTs, Judge Rogers would have found them lacking for a variety of reasons, including the following: the detainee, rather than the government, bears the burden of proof; the government need not inform a detainee of the charges against him; there are strict limits on a detainee's ability to obtain and introduce rebuttal evidence; the detainee is not entitled to his own lawyer; and evidence obtained by torture is not categorically barred. Whether these limitations will prove decisive, should the Supreme Court address them, remains unclear. In the 2004 case of *Hamdi v. Rumsfeld*, the lead opinion by Justice O'Connor suggested that at least some such limitations would be permissible even in a proceeding to determine the combatant status of a citizen. The constitutional minimum cannot be any higher for a non-citizen.

Of course, CSRTs may well be unlawful because they violate the Geneva Conventions. But Congress has closed that door in the MCA by rendering unenforceable the rights conferred by the Geneva Conventions themselves.

Thus, the Suspension Clause appears to be the alpha and omega of limits on the procedures Congress may establish for holding those whom it deems to be alien unlawful enemy combatants. That provision is almost maddeningly ambiguous: It prohibits suspension of the privilege of the writ, but neither the clause itself, nor any other provision of the Constitution, states what scope the writ has absent suspension.

The constitutional scope of the writ absent suspension is a legitimately difficult question. Whatever answer the Supreme Court gives, one can hope, at a minimum, that it does not simply rely on precedents and materials from the Eighteenth Century.

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END

AP

February 28, 2007

Bush administration's faith-based initiatives at issue Wednesday in Supreme Court

PETE YOST

Associated Press Writer

WASHINGTON_The White House is turning to the Supreme Court for help as the administration fights a challenge to its aggressive promotion of federal financial aid for religious charities.

Last year, a federal appeals court allowed a group of atheists to pursue a lawsuit alleging the Bush administration gives faith-based programs an inside track on federal grant programs.

Instead of going through Congress, Bush issued executive orders to create the White House Office of Faith-Based and Community Initiatives and similar centers in 10 federal agencies during his first term.

One of the goals Bush set for these offices was to help religious and community groups compete for federal funding to fight poverty, substance abuse and other social problems.

This assistance is being challenged by Freedom From Religion Foundation Inc., a Wisconsin-based group of atheists and agnostics which characterizes the White House's initiative as a singling out of faith-based organizations to the exclusion of other organizations.

The issue before the justices is whether the atheists have the right _ called standing _ by virtue of their being taxpayers to bring their complaint in the federal court system.

The 7th Circuit U.S. Court of Appeals in Chicago sided with the anti-religion group, and the Justice Department wants the Supreme Court to overturn the lower court.

The appeals court ruling "would transform the doctrine of taxpayer standing into a roving license" on church-state issues, says the Justice Department solicitor general's office.

The case may turn on a 1968 Supreme Court decision that created an exception to the general prohibition on taxpayer challenges to the government spending of tax revenue. In an 8-1 decision by Chief Justice Earl Warren, the court allowed taxpayers to challenge congressional spending for private religious schools.

In the current case, the Bush administration organizes conferences where faith-based organizations are allegedly singled out as being particularly worthy of receiving federal money.

The administration says spending for speeches and meetings of executive branch officials does not involve spending federal money outside the government and therefore taxpayers are not entitled to challenge it.

Taxpayer standing is not restricted to grants outside the government, lawyers for the group of atheists argued.

The case is Hein v. Freedom From Religion Foundation Inc., 06-157.

END

New York Times

February 28, 2007

Editorial: Government by Law, Not Faith

The Supreme Court hears arguments today in a case that could have a broad impact on whether the courthouse door remains open to ordinary Americans who believe that the government is undermining the separation of church and state.

The question before the court is whether a group seeking to preserve the separation of church and state can mount a First Amendment challenge to the Bush administration's "faith based" initiatives. The arguments turn on a technical question of whether taxpayers have standing, or the right to initiate this kind of suit, but the real-world implications are serious. If the court rules that the group does not have standing, it will be much harder to stop government from giving unconstitutional aid to religion.

Soon after taking office, President Bush established the White House Office of Faith-Based and Community Initiatives, and faith-based offices in departments like Justice and Education. They were intended to increase the federal grant money going to religious organizations, and they seem to have been highly effective. The plaintiffs cited figures showing that from 2003 to 2005, the number of federal grants to religious groups increased 38 percent. The Freedom From Religion Foundation and several of its members sued. They say that because the faith-based initiatives favor religious applicants for grants over secular applicants, they violate the Establishment Clause of the First Amendment, which prohibits government support for religion.

These are profound issues, but because the administration challenged the right of the foundation and its members to sue, the courts must decide whether the plaintiffs have the right to sue in this case before they can consider the constitutionality of the faith-based programs. An appeals court has ruled, correctly, that the plaintiffs have standing.

In many cases, taxpayers are not in fact allowed to sue to challenge government actions, but the Supreme Court has long held that they have standing to allege violations of the Establishment Clause. Without this sort of broad standing, many entanglements between church and state would never make it to court.

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The Bush administration is pushing an incorrect view of standing as it tries to stop the courts from reaching the First Amendment issue. Taxpayers can challenge the financing of religious activity, the administration claims, only when a Congressional statute expressly authorizes the spending. There is no statute behind the faith-based initiative.

In his decision for the appeals court, Judge Richard Posner of the United States Court of Appeals for the Seventh Circuit, in Chicago, convincingly explained why this argument is inconsistent with the Supreme Court's precedents on the Establishment Clause.

Procedural issues like standing can have an enormous impact on the administration of justice if they close the courthouse door on people with valid legal claims. The Supreme Court has made it clear that taxpayers may challenge government assistance to religion. The justices should affirm Judge Posner's ruling so the courts can move on to the important question: Do the Bush administration's faith-based policies violate the Constitution?

END

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TERRORISM NEWS:

Judge Rules Padilla Competent To Stand Trial. The New York Times (3/1, Sontag, 1.16M) reports Federal District Court Judge Marcia Cooke has found Jose Padilla "competent to stand trial on terrorism conspiracy charges Wednesday, granting a significant victory to the government in the high-profile criminal case" of a US citizen "initially designated an 'enemy combatant' and held without charges." Cooke ruled after "three and a half days of an intensely argued hearing," rejecting the argument of Padilla's attorneys that their client should be "sent to a hospital for psychiatric treatment so that he could be 'healed' from what they said was post-traumatic stress disorder caused during his three years and eight months in military detention."

The AP (3/1, Anderson) reports, "Padilla's lawyers had asked Cooke to order that their client be treated for post-traumatic stress disorder, which they contend stems from years of isolation and interrogation while in military custody. … Cooke said testimony in the competency hearing showed that Padilla understands 'legal nuances' of pretrial motions and noted that he had signed a document verifying the truth of allegations made by the defense that he was tortured and mistreated during his years in a Navy brig in Charleston, South Carolina. … 'At some time, the defendant was able to discuss some things with his lawyers,' Cooke said. 'The defendant's situation is unique. He understands that.'" The AP adds, "Bush administration officials vehemently deny that Padilla was mistreated, and Cooke said her decision on competency should not be read as a ruling on those claims. 'That discussion is for another day,' she said."

The Washington Post (3/1, A3, Whoriskey, 690K) reports the ruling "leaves aside for now the question of whether Padilla, accused of being an al-Qaeda operative, was mistreated during his 3 1/2 -year confinement in the Navy brig in Charleston, S.C. … Instead, the ruling found that whether or not he was abused, Padilla is currently capable of understanding the legal proceedings and their consequences, and that he can assist his attorneys. That is enough under legal standards to find him fit for trial." The Los Angeles Times (3/1, Williams, 850K) adds that Cooke "prefaced her ruling by saying she might conduct another hearing at which she would take testimony on the torture allegations before Padilla's trial, set to begin April 16."

NYTimes Condemns US Behavior In Padilla Case. The New York Times (3/1, 1.16M) editorializes, "There were so many reasons to be appalled by President Bush's decision to detain people illegally and subject them to mental and physical abuse. The unfolding case of Jose Padilla reminds us of one of the most important: mistreating a prisoner makes it hard, if not impossible, for a real court to judge whether he has committed real crimes. … The government's arguments at the hearing sounded ridiculous and shameful. Prosecutors said Mr. Padilla always seemed fine to his jailers, but it was his jailers who did things like standing on his bare feet with boots so they could shackle him. … When a psychologist testified for the defense that Mr. Padilla was 'an anxiety-ridden, broken individual,' the prosecution said her tests were invalid -- because the jailers had kept Mr. Padilla handcuffed throughout. … So far, this trial has been a reminder of how Mr. Bush's policy on prisoners has compromised the judicial process. And it has confirmed the world's suspicions of the United States' stooping to the very behavior it once stood against."

Bush Convenes Bipartisan Terror Working Group. The Washington Post/AP (3/1, A7) reports, "Despite initial wariness from Democrats, President Bush finally convened a bipartisan working group to advise him on terrorism, sitting down at the White House yesterday to discuss the deteriorating conditions in Afghanistan with senior lawmakers from both parties." In January, when he unveiled his new Iraq policy, the President "mentioned his interest in forming such a group as a way of improving relations with Congress. Democrats initially balked out of concern that Bush would be dictating the subject and the people present, congressional aides said. What now appears to have emerged is a plan to have regular meetings to discuss key national security issues with an evolving cast of participants from Capitol Hill, according to congressional and White House aides."

Judge Denies Request To Declassify FBI Evidence On Muslim Charity. The Los Angeles Times (3/1, Krikorian, 850K) reports US District Judge A. Joe Fish of Dallas "has denied a request to declassify thousands of pages of FBI evidence in the prosecution of a Muslim

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charity, but said it was disturbing that a recently unsealed document falsely accused charity officials of anti-Jewish slurs. In his ruling against lawyers for the Holy Land Foundation for Relief and Development," Fish "concluded there was insufficient evidence to show the inaccuracies were part of a 'widespread problem' with the government's evidence. At the same time, Fish advised defense lawyers to return to court if they found more government summaries that were 'significantly inaccurate or misleading.' The now-defunct Muslim charity and seven former officials face criminal charges alleging financial ties to the Islamic militant group Hamas."

The Dallas Morning News (3/1, 500K) adds that Fish "said there was no justification for a defense request to declassify almost 10 years' of surveillance based on the apparent fabrications found in the government's April 15, 1996, surveillance summary. The document claimed that two of the Holy Land officials now facing trial made remarks that are not in the actual transcripts of surveillance. The alleged remarks included one Holy Land official calling Israel 'the government of the demons' and telling a colleague: 'Even Jesus Christ had called the Jews and their high priests…the sons of snakes and scorpions.' The judge said he found it 'disturbing' that the government summary included inflammatory language not found in the transcript. Defense attorneys, like prosecutors, had no comment on Tuesday's ruling. But in their original motion, defense attorneys said they only recently had received declassified summaries representing about 10 percent of the conversations recorded by the government in court-authorized surveillance. They signaled that additional discrepancies might exist."

US Will Not Send CIA Defendants To Italy. The Washington Post (3/1, A12, Whitlock, 690K) reports State Department legal adviser John B. Bellinger III Wednesday said the US "would refuse to extradite CIA officers who face kidnapping charges in Italy, warning that European criminal prosecutions of US agents were harming transatlantic counterterrorism efforts." Although the Italian government has not made a final decision on whether to ask Washington to extradite the agents, Bellinger said, "If we got an extradition request from Italy, we would not extradite US officials to Italy."

The Financial Times (3/1, Laitner) notes that last month the European parliament "accused some European governments of turning a blind eye to the illegal transportation of alleged terrorists through their countries to face possible torture." However, Bellinger "branded" that report "unbalanced, inaccurate and unfair," and cautioned that European probes into US officials "can harm intelligence cooperation."

PATRIOT ACT:

EFF Suit Seeks Details On FISA Wiretap Ruling. The San Francisco Chronicle (2/28, A-6, Egelko) reports, "A privacy rights group sued the Justice Department on Tuesday to try to pry loose a ruling by a secret court that the Bush administration says approved its clandestine wiretapping program." The Chronicle continues, "The suit, if it succeeds, should answer an important question about the future of the program: whether the court will require individual warrants, with specific evidence, before allowing the government to intercept phone calls and e-mails between Americans and alleged terrorists in foreign countries." The Chronicle adds, "In December 2005, President Bush confirmed a New York Times report that he had authorized the National Security Agency four years earlier to eavesdrop on such communications without obtaining warrants from the Foreign Intelligence Surveillance Court, as required by a 1978 law. … A federal judge in Detroit declared the program unconstitutional in August, a ruling the administration has appealed. In San Francisco, another judge is considering more than 40 lawsuits accusing telecommunications companies of illegally collaborating with the program by allowing the National Security Agency to intercept messages and examine customer records." The Chronicle notes, "The Electronic Frontier Foundation, a San Francisco organization that represents AT&T customers in one of the lawsuits, sued Tuesday in Washington, D.C., seeking disclosure of a pivotal Jan. 10 ruling by a judge of the Foreign Intelligence Surveillance Court. … The ruling's existence was disclosed Jan. 17 by Attorney General Alberto Gonzales, who told the Senate Judiciary Committee that the judge had approved the surveillance, after lengthy negotiations, and that the program was now operating under authority of the foreign intelligence court. … Gonzales did not say, however, whether the judge was requiring a warrant in each case or instead had given overall approval to the program. The attorney general has refused to make the order public, although the Justice Department sent copies to the federal judge in San Francisco and the appeals court reviewing the Detroit ruling. … The department also disclosed the order to selected members of

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Congress, including leaders of the House and Senate judiciary committees. Tracy Schmaler, spokeswoman for Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., said Leahy would like to see a declassified version made public and is exploring the subject with the Justice Department and the White House."

HOMELAND RESPONSE:

White House, Democrats Clash Over TSA Unionization Effort. USA Today (3/1, Frank, 2.27M) reports efforts by congressional Democrats "to let airport screeners unionize for the first time since the government took over aviation security after the 9/11 attacks" have "provoked a clash with the Bush administration and Republican lawmakers that could scuttle attempts to enact one of the broadest homeland security bills since 9/11." While labor leaders say unionizing Transportation Security Administration screeners "would strengthen security by improving working conditions and reducing high attrition and injury rates, which cause staffing shortages," TSA says "security would suffer because the agency could not quickly reassign screeners to counter new threats. President Bush might veto any bill that would let TSA screeners unionize."

States To Be Given More Time On Real ID Act. The Washington Post (3/1, A4, Hsu, Barr, 690K) reports "congressional and Department of Homeland Security officials said yesterday" that the Bush administration will allow states to delay implementation of the Real ID Act. "The retreat came as the White House and the Democratic Congress headed for a showdown over a broad counterterrorism bill to implement many of the remaining recommendations of the Sept. 11 commission." Eight senators debating the bill yesterday "supported a push by Sen. Susan M. Collins (R-Maine) to postpone the driver's license program by two years. They blamed the administration for failing until a scheduled announcement today to spell out what states must do to comply with the law, which was passed nearly two years ago." A senior official at the Department of Homeland Security, "speaking on the condition of anonymity pending the official release, said that although the Real ID law set a May 2008 deadline, the administration is interpreting that as requiring states to be able to begin issuing compliant IDs by that time. They will be allowed to replace all 245 million licenses held by Americans on a 'reasonably prompt basis' over five years."

"Strategy Of Chaos" Seen As Best Way To Thwart Rail Attacks. Frank J. Cilluffo, director of the George Washington University Homeland Security Policy Institute, a non-partisan think tank, and Laura P. Keith, a policy analyst at HSPI, in an op-ed in USA Today (3/1, 13A, 2.27M) write that with their "low security measures, high numbers of passengers, and mass transit's critical economic significance," terrorist attacks on trains and subways "potentially have the biggest impact for the lowest cost." However, while most subway systems in the US "have implemented some" security measures, "the US government has not formalized rail security standards, identified 'best practices,' or completed an overall rail security strategy, three things Congress has called on it to do." Cilluffo and Keith continue that one way to "prevent what appears to be inevitable" may be to "create security plans that can be executed with a high level of unpredictability and flexibility — a strategy of chaos." The writers call for an increased "investment in the nation's surface transportation security plans" and state that with a "strategy of chaos" and "greater public awareness…we can beat the terrorists at their own game."

9/11 Victim's Family Member Says Senate Democrats Snubbed Him. The Washington Times (3/1, Pierce, 88K) reports in its "Inside Politics" column, "A family member of a September 11 victim says Senate Democrats invited him to Washington then snubbed him yesterday after he criticized a bill adopting 9/11 commission recommendations. 'They made me sit in the hallway for 40 minutes for nothing,' said Bruce DeCell, a former New York City police officer whose son-in-law was killed at the World Trade Center on September 11." He "was invited by the Senate Democratic Steering and Outreach Committee to represent victims' family members at a lunch and press conference that included Senate Majority Leader Harry Reid of Nevada, Sen. Hillary Rodham Clinton of New York and Sen. Frank R. Lautenberg of New Jersey. … Thomas Russell, director of the steering committee, later called and apologized, saying he was 'being pulled in too many directions and he forgot to come and get me,' Mr. DeCell said." DeCell "called the explanation 'disingenuous.'"

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Terror-Linked Inmates Being Moved To Indiana Prison. The Terre Haute Tribune-Star (3/1, Loughlin) reports, "The U.S. Justice Department has opened a new unit at the medium-security prison in Terre Haute to monitor communications of its inmates more closely, which could include lower-risk offenders convicted of or associated with terrorism, a Bureau of Prisons spokeswoman said." The Tribune-Star continues, "The Washington Post has reported that the unit houses "a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted." … The self-contained unit opened in December and has about 17 inmates, although that number eventually could expand to 90, said Traci Billingsley, Bureau of Prisons spokeswoman. … The so-called 'Communications Management Unit,' or CMU, 'isn't a terrorist unit,' she said. … The purpose of the CMU 'is to provide increased monitoring of inmate communication in a self-contained unit. It assists in regulating and monitoring communication between inmates and those in the community,' she said." The Tribune-Star adds, "Those convicted of or associated with domestic or international terrorism 'may be candidates for this unit,' Billingsley said. … It eventually will house a variety of inmates, including sex offenders who try to communicate with victims or inmates who try to conduct illegal activity by phone or mail. … The unit is located in an area that formerly served as death row. Death row has been moved to the new high-security facility in the Federal Correctional Complex." The Tribune-Star notes, "Prisoner advocates are raising concerns that most of the inmates in CMU so far are of Middle Eastern descent or Muslim faith, which could represent racial profiling. … Billingsley said she didn't know inmates' race or religion, and 'that would not be a factor in placement,' she said. … The most dangerous, high-risk terrorists in the federal system likely would be housed at the ADMax or 'supermax' facility in Florence, Colo., she said. According to the Washington Post article, the supermax facility houses al-Qaeda operative Zacarias Moussaoui."

New Orleans Residents Turn Out To File Claims Against Army Corps Of Engineers. USA Today (3/1, Gomez, 2.27M) reports that in the face of a Thursday deadline, thousands of New Orleans residents showed up at the Army Corps of Engineers office Wednesday "to file claims that accuse the corps of being responsible for levee failures that flooded New Orleans. … Joseph Bruno, one of several attorneys representing victims, says he expects more than 100,000 to file claims. Debbie Simon, a corps spokeswoman, said it expects the total to be around 60,000 claims." USA Today notes that those who miss the deadline may be spared "if a judge grants an extension to the deadline at a court hearing scheduled for Friday. Lawyers representing victims in the lawsuit are asking for a 6-month extension."

Judge Hears Arguments On State Farm Katrina Claims Settlement. The New York Times (3/1, Treaster, 1.16M) reports lawyers appeared before Judge L. T. Senter Jr. of Federal District Court in Gulfport, Mississippi Wednesday "to argue the merits of a settlement with State Farm that would reopen 36,000 previously closed claims of Mississippi homeowners whose homes were damaged" by Hurricane Katrina. "The central issue has been whether the insurers are responsible for damage caused by extensive flooding. The insurers say their policies never provided coverage for any kind of flooding. In many cases, storm victims say, the insurers, especially State Farm, refused to pay claims if the damage was done by a combination of wind and water." Wednesday's hearing, which featured "homeowners who have complaints about State Farm," became "raw and emotional" at times. "The judge, saying he had a duty to protect storm victims, had been unwilling to endorse the settlement because of concerns that it favored State Farm."

WPost Says Bush Must Use "Bully Pulpit" To Accelerate New Orleans Recovery. The Washington Post (3/1, 690K) editorializes, "A month after neglecting to mention New Orleans or the Gulf Coast in his State of the Union address, President Bush heads today to the city crippled by Hurricane Katrina." The president is "certain to get an earful during his listening tour of the region," but for New Orleans' recovery "to go from a crawl to a gallop, Bush must use the bully pulpit of the presidency to energize all levels of government." The Post sees wisdom in Bush's insistence "that local officials plan and control their own destiny," but says "that does not absolve him of any role in fulfilling a vow he made to New Orleans in his speech in Jackson Square: 'This great city will rise again.' … One specific way Mr. Bush could show leadership is by directing the Federal Emergency Management Agency to waive the requirement that Louisiana contribute 10 percent to meeting disaster recovery costs; the federal government has issued similar waivers to other jurisdictions, including New York City after the attacks of Sept.

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11, 2001. Cutting that bit of red tape would allow the freed-up money to be used for other rebuilding purposes."

WAR NEWS:

Democrats To Add Up To $10 Billion In Non-War Items To Iraq Spending Bill. The AP (3/1, Taylor) reports, "While Democrats try to restrict how President Bush can spend the $100 billion he wants for Iraq, they also hope to load his measure up with $10 billion in add-ons -- from aid for avocado growers to help for children lacking health insurance. Lawmakers also hope to add money for drought relief in the Great Plains, better levees in New Orleans and development of military bases that are closing down." The "expected battle with the White House over the add-ons is getting far less attention than debate over Iraq," but "it could reveal a lot about how much Democrats will be able to rewrite the Republican president's budget later this year." Bush "has yet to veto a spending bill, and Democrats are gambling he'll sign the Iraq measure despite objections to spending he didn't seek. Republicans, meanwhile, may be reluctant to vote against the package since it contains funds for U.S. troops overseas."

The Politico (3/1) also says "House Democrats plan to pick a fresh fight with the White House with an unannounced plan to add billions of dollars in spending for their domestic priorities to…Bush's $99.6 billion emergency war spending bill." The programs "being eyed by Democratic leaders, including $700 million for health care for poor children, could boost Bush's war proposal by 10 percent or more, sources in both parties said." The White House "wants Congress to stick with what Bush requested -- money for ongoing military operations in Iraq and Afghanistan, repair and replacement of damaged equipment and an increase in the size of the nation's deployable military force." But "Democrats plan to follow the same strategy Bush has used for years to get his priorities funded: packaging appropriations for key projects separately from the overall budget and tying them to money for troops in the field. … 'He has competition now,' said one Democratic leadership aide."

The Hill (3/1, Bolton) reports Rep. Collin Peterson, chairman of the House Agriculture Committee and "a senior member of the Blue Dog Coalition of some 45 conservative Democrats," said, "I don't think the supplemental will pass if we don't" add "disaster-relief funds. Without farm-relief funds the Iraq-Afghanistan bill would lose 'quite a few' Blue Dog votes, said Peterson. 'They'd lose mine,' he added." The Hill adds, "Republican House leaders anticipated such sweeteners. At yesterday's weekly meeting of the House Republican Conference," House Minority Leader John Boehner "urged colleagues not to be lured by money for agriculture and health insurance, said two lawmakers who attended the meeting." Boehner "warned his colleagues to remember the bigger picture of troop funding."

House Democrats Could Face Inner Turmoil Over New Anti-War Strategy. The AP (3/1, Flaherty) reports, "House Democratic leaders are developing an anti-war proposal that wouldn't cut off money for US troops in Iraq but would require President Bush to acknowledge problems with an overburdened military." The plan "could draw bipartisan support but is expected to be a tough sell to members who say they don't think it goes far enough to assuage voters angered by the four-year conflict. Bush 'hasn't to date done anything we've asked him to do, so why we would think he would do anything in the future is beyond me,' said Rep. Lynn Woolsey, D-Calif., one of a group of liberal Democrats pushing for an immediate end to the war." The AP adds, "Democratic protests to the war grew louder in January after they took control of Congress and Bush announced he planned to send 21,500 more troops to Iraq." Rep. John Murtha, who sponsored a plan to restrict funding for the war, "is extending his support to the revised proposal," a "tactic…more likely to embarrass Bush politically than force his hand on the war. He would have to sign repeated waivers for units and report to Congress those units with equipment shortfalls and other problems."

Local TV devoted significantly less attention to the Congressional debate than it had in previous days. Some examples: WSIL-TV Paducah, KY (2/28, 10:13 pm) broadcast, "Democrats continue to work on ways to scale back the war in Iraq without cutting off funding. Some House Democrats have taken up a plan that would require…Bush to sign a waiver for troops sent into battle that don't meet certain standards. Congress would then be notified. Meanwhile, Senate Democrats are working on repealing the 2002 measure that authorized the war. The new legislation could restrict the mission in Iraq and order troop withdrawals by the summer. Senate Majority Leader Harry Reid says it could be brought up in a matter of days."

WDRB-TV Louisville (2/28, 10:34 pm) said that in Congress, "House Democrats are trying to figure out what to do with Congressman Jack Murtha's proposal to attach

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conditions to war funding. Democratic leaders may go ahead with the idea, but also give the President the option of waving those funding restrictions. Republicans say Democrats are backpedaling. Democrats say they're looking for a workable plan." KION-TV Monterey (2/28, 6:07 pm) and WPBF-TV West Palm Beach, FL (2/28, 6:13 pm) aired similar reports.

The Politico (3/1) reports, "To put it bluntly, as the former Marine is wont to do…Murtha is rankling some of his fellow Democrats who worry his outspokenness sometimes upstages even…Pelosi. … A day before the House voted on a resolution disapproving of the president's troop 'surge' plan last month, Murtha turned to a liberal Web site to preview his plans to block the president's deployment of an additional 21,500 troops into Iraq. And his statements overshadowed the ongoing floor debate and fueled Republican charges that Democrats were laying a foundation to cut off war funding." Murtha's plan "was 'overexposed before it was exposed,' said Rep. Earl Pomeroy (D-N.D.), a member of the conservative Blue Dog Coalition. … Rep. Jim Cooper (D-Tenn.), another Blue Dog, was similarly annoyed. 'I was not keen on him stepping on Nancy's message,' Cooper said."

The Washington Post (3/1, A15, Romano, 690K), meanwhile, profiles Rep. Patrick Murphy, who "normally would have fallen into the category of unknown freshman legislator elbowing to make a name for himself. But attracting attention has been no problem for Murphy." He "happens to be the only member of Congress who is a veteran of the war in Iraq, a distinction that has swiftly catapulted him to Washington's front lines of politics and policy with little effort. Senior members turn to the 33-year-old for policy guidance. Generals are eager to brief him one-on-one. Murphy delivers moving speeches on the floor about the 19 paratroopers he served with who died in Iraq. And he stood shoulder to shoulder with…Pelosi at a news conference, emotionally talking about flawed US policy."

McCain Says Petraeus Deserves A Chance. On CBS' Late Show (2/28, Letterman), Sen. John McCain said of the surge, "I think it's really our last chance to salvage a very difficult war which has been badly mismanaged, and we've got a very good general over there, a guy named Gen. Petraeus. … I've known him well enough to know he's really an outstanding general. Generals alone don't do it, but he does. I think we can hopefully bring about a period of stability so that you can have economic and political development and stop this terrible bloodletting which is, as you know, sectarian violence, terrible things are happening. Showing a little progress. Let's hope and pray that it works."

Odierno Says US Needs "A Minimum Of Six To Nine Months" To Secure Baghdad. Lt. Gen. Raymond Odierno, introduced by Wolf Blitzer as the "number two US commander in Iraq," said on CNN's The Situation Room (2/28), "We could maintain security here. We could have things look good for one or two weeks. That's what we've done in the past. But when we've done that, we've always had some problems in not maintaining it. So the key to this is being able to show that we can maintain the security in Baghdad over a long period of time -- six, seven months -- which enables the Iraqi government to mature, it enables the Iraqi security forces to continue to mature and take control of this. … I think that will take some time. I don't want to put an exact time on it, but a minimum of six to nine months."

Brownback Calls For "Three-State" Solution. Sen. Sam Brownback said on Fox News' Your World (2/28, Asman), "I think what we've got to do is push toward a political solution in Iraq. We cannot cut and run and we need to stay there to move this process on forward. … I think we need to move this towards a three-state, one country solution of a Kurdish area, a Sunni area, and a Shia area, with Baghdad as a federal city."

Baker, Christopher To Chair Panel On War Powers. The AP (3/1) reports, "Former Secretaries of State James A. Baker III and Warren Christopher will head a private, bipartisan panel to study a lingering and gnawing national question: Who does the Constitution say has the power to begin, conduct and end wars? The dispute over the authority to wage war has historically divided presidents, members of Congress and scholars." The war powers study "is sponsored by the private Miller Center of Public Affairs at the University of Virginia."

The Washington Post (3/1, A15, Abramowitz, 690K) notes Lee Hamilton will also part of the committee, in addition to "another veteran of the Iraq Study Group, former attorney general Edwin Meese III." It also "includes another member of the Sept. 11 commission, former senator Slade Gorton (R-Wash.). Baker will co-chair the new commission with former secretary of state Warren Christopher, who is a commission veteran himself, having chaired the blue-ribbon group that looked into the Los Angeles Police Department after the Rodney King riots."

Sen. Arlen Specter said on CNN's The Situation Room (2/28, Blitzer) yesterday, "I believe we need substantially more

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study to understand where the congressional constitutional authority ends on the power of the purse on appropriations, contrasted with the President's power as commander in chief. I do not believe, for example, that Congress can micromanage the war. We can cut off funding, although nobody would even consider that to jeopardize the troops. So these are complex issues. … We are in very deep water. And we oughtn't to go off halfcocked. And we ought to be very careful that we don't set a precedent now which will bind some future president to the detriment of the country. It's a matter which requires a lot more thought than has been given to it so far. And that's why I want the hearings with the experts to study the precedence and to get very deeply involved so that we know what we are doing."

Chafee Says Senators Should Be Called To Task For Opposing Levin Measure In 2002. Former Sen. Lincoln Chafee, in today's New York Times (3/1, 1.16M), writes about the 2002 debate on the Iraq war resolution. Says Chafee, "A mere 10 hours before the roll was called on the administration-backed Iraq war resolution, the Senate had an opportunity to prevent the current catastrophe in Iraq and to salvage the United States' international standing. Carl Levin, Democrat of Michigan, offered a substitute to the war resolution, the Multilateral Use of Force Authorization Act of 2002." Levin's amendment "called for United Nations approval before force could be authorized. It was unambiguous and compatible with international law." The amendment "was defeated by a 75 to 24 vote. Later that night, the Iraq War Resolution was approved, 77 to 23." Levin adds, "We must not sidestep the fact that a sensible alternative did exist, but it was rejected. Candidates -- Democrat and Republican -- should be called to account for their vote on the Levin amendment."

Congress Urged To Give "Surge" A Chance. Michael O'Hanlon, senior fellow at the Brookings Institution, writes in the Wall Street Journal (3/1, A13, 2.04M), "Despite the earlier pledge of congressional Democrats not to challenge funding for the war in Iraq this year, key members of the House and Senate are considering robust and binding responses to the conflict -- most specifically to…Bush's surge strategy. Congress is within its constitutional rights to do so. But in its understandable response to a failing mission and an impatient American public, its approach is unproductive. Rather than force a showdown with Mr. Bush this winter and spring, Congress should give his surge strategy a chance -- while preparing for the real fight this fall." Hanlon adds, "Patience makes sense, for now. Congressional critics should, whether they personally support the surge or not, tolerate it for a few more months."

Iraqi Military Official Says Security Crackdown Working. The Los Angeles Times (3/1, Berthelsen, 850K) reports a top Iraqi military official "announced today that authorities have killed more than two dozen militants, arrested hundreds of others and seized huge caches of weaponry in the last week, declaring that a 3-week-old security crackdown was working even as car bombs, mortar attacks and shootings continued to claim lives around the country." Brig. Gen. Qassim Atta Musawi's announcement "comes as many Iraqis are expressing a growing impatience with the U.S.-Iraqi security push. Iraqis overwhelmingly want the plan to work and are frustrated by multiple daily attacks that have continued even as they have put up with neighborhood raids, house-to-house searches and vehicle stops."

US Soldiers Dispersing To Smaller Outposts In Baghdad. The Washington Post (3/1, A1, Partlow, 690K) reports in a front pages story that American soldiers "are leaving their sprawling fortress-cities and establishing many small outposts in the capital's most violent neighborhoods in a major tactical shift under the two-week-old Baghdad security plan." Informed by "counterinsurgency theory that calls for placing units full-time among the people they want to sway, U.S. troops are using their new bases to work with their Iraqi counterparts, uncover more battlefield intelligence and reinforce, by their sustained presence, the message that they will not allow militants unfettered freedom of movement." But along "with these advantages, American soldiers say these outposts pose new risks to their own safety and require pulling soldiers off patrols to protect their lodgings. The threats became apparent this month when a car bomb exploded at a U.S. outpost in Tarmiyah, north of Baghdad, killing two U.S. soldiers and wounding 29 others."

Saddam-Era Munitions Used For IEDs. USA Today (3/1, 1A, Brook, 2.27M) reports in a front page story that four years "after the Iraq war began, the country remains awash in Saddam-era munitions that provide key ingredients for homemade bombs used against U.S. troops, according to administration documents and military officials." More than $1 billion "has been spent to clear about 15,000 sites of the unsecured weapons. To clear the remaining 3,391 sites, the Pentagon says it needs a portion of a $1.2 billion request for

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items to protect U.S. troops in Iraq." Defense Secretary Robert Gates "estimates that 70% of U.S. casualties in Iraq stem from IEDs."

Ramadi Sheikh Corroborates Story Of Car Bombing. The Washington Post (3/1, A13, Londono, Mehdawi, 690K) reports, "A community leader in the western Iraqi city of Ramadi provided additional information Wednesday about a deadly car bombing earlier this week that U.S. officials said did not occur." Raad Sabah al-Mukeilef, "a sheik who said he lives about 500 yards from where the bomb exploded Monday, said in a telephone interview Wednesday that he believes members of the Sunni insurgent group al-Qaeda in Iraq set off the bomb near a playground after being unable to get past a checkpoint that leads to his house, which is near a government building." Mukeilef's account "corroborated information provided Tuesday by Col. Tariq al-Alwani, the security supervisor in Anbar province in western Iraq. Both men said the blast killed 16 children and three women, one of whom died Wednesday from her wounds. Ramadi is the provincial capital."

Sunni Insurgents Still Greatest Threat To US In Iraq. McClatchy (3/1, Brown) reports Sunni Muslim insurgents "remain by far the biggest threat to American troops in Iraq, despite recent U.S. claims that Iran is providing Shiite Muslim militia groups with a new type of roadside bomb, a review of American casualty reports shows." While US military officials "have held briefings to publicize their concerns about the potent bombs known as explosively formed projectiles (EFPs) or penetrators, casualty reports suggest that such weapons in the hands of Shiite militias are responsible for a relatively small number of American deaths." US officials have "said that attacks with such weapons increased 150 percent in the past year. But a review of bombings by location shows that less than 10 percent of attacks that killed at least two American service members in the past 14 months were in areas where Shiite militias are dominant."

Carney Calls US Post-Iraq Invasion Policies "Incompetent."

AFP (3/1) reports Ambassador Timothy Carney, the new US coordinator for Iraq's economic development, Wednesday said the US policy in Iraq following the 2003 invasion was "incompetent, foolish, dubious." In an interview with NPR, Carney said the US policy to exclude Iraqis from governing the country in the two years following the invasion was "an enormous foolishness" which contributed to the deterioration of security and lengthened the conflict in the country. "We don't need to go into detail on that, but I think words such as incompetent, foolish, dubious in all of its aspects are the most charitable way to look at that period," he said.

However, NPR (3/1, Garrels) reports Carney says the situation in Iraq is improving. "The big difference now is that Iraqis are inviting us into their councils to try to help use our resources to actually get things done," Carney said. But "with American reconstruction money drying up,' Carney's "biggest job will be to help Iraqis spend their own money, primarily from oil revenues." In part, Carney will "rely on the State Department's provincial reconstruction teams, known as PRTs."

UN Official Says Saddam Execution Prompted Reevaluation Of Death Penalty.

The Washington Times (3/1, Pisik, 88K) reports Louise Arbour, the U.N. high commissioner for human rights, yesterday "said she senses a global interest in revising the death penalty, triggered in part by the public execution of former Iraqi strongman Saddam Hussein." Arbour said she does not expect to see a "spontaneous uprising or outcry" against capital punishment, but the executions in Iraq of Saddam and two of his associates "may have created an environment in which people are asking a lot of serious question" about the need for a review of capital punishment.

NATO Officials Had Intelligence Of Afghan Bombing Threat.

ABC World News (2/28, story 2, :20, Gibson, 8.78M) reported, "Officials in Afghanistan said today, the attack outside the military base where Vice President Cheney was staying, did not come as a total surprise. NATO's top spokesman in Afghanistan said there has been recent intelligence to suggest there was a threat of a bombing in the Bagram area."

The New York Times (3/1, Wafa, Gall, 1.16M) reports the NATO spokesman, Col. Tom Collins, said "NATO and American forces knew that a suicide bomber was at large in the Bagram area before the suicide bomb attack on Tuesday that killed 23 people at the main gate of the United States air base where Vice President Dick Cheney was staying." But despite "the vice president's presence, the Afghan police chief in the area said he had not been informed of the possible threat." The Afghan "police chief of Bagram district, Muhammad Salem Ehsas, said Wednesday that he had been

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unaware of any threat of a suicide bomber in the area, suggesting a lack of coordination between the security forces on the ground even while Mr. Cheney was present."

The Washington Post/AP (3/1, A14, Straziuso) reports intelligence reports "indicated that the Taliban had the ability to carry out suicide attacks near the main U.S. base in Afghanistan even before a deadly bombing during a visit by Vice President Cheney, NATO said Wednesday." The attacker "never tried to penetrate even the first of several U.S.-manned security checkpoints at Bagram, instead detonating his explosives among a group of Afghan workers outside the base." Collins said, "The Taliban's claims that they were going after the vice president were absurd."

On MSNBC's Hardball (2/28, Matthews), Michael Sheehan, a former State Department coordinator for counterterrorism, said the suicide bombing at Bagram Air Base was an attempt to assassinate Vice President Cheney: "I don't think it was a coincidence they attacked the gate on that particular day. It was a well-timed quick operation, which shows a lot of capability by the Taliban and al Qaeda to launch a suicide terrorist on very short notice. They probably knew the Vice President was there, but they weren't good enough to really get a good shot at him." Asked if Pakistan was an ally in the war on terrorism, Sheehan said, "Pakistan is definitely our ally, but a troubled ally. Pakistan has a long history of meddling with some of the wrong folks in that area. The army's intelligence, known as the ISI, has supported the Taliban previously, prior to 9/11. They support Kashmiri separatist groups that are intertwined with al Qaeda. So they're playing a dangerous game in that area. Musharraf would like to control it, but it's very difficult for him to do politically and militarily. They're an ally but they're in a lot of trouble in that region."

Video Documents Afghan Suicide Bomber's Preparations. ABC World News (2/28, lead story, 3:10, Ross, 8.78M) reported a newly released video "does provide a rare look at who the enemy is for US troops" in Afghanistan, and "how easy it seems to be for them, to mount a deadly attack. This is the suicide bomber. A young Afghan man in a beat-up Toyota loaded with explosives. The ease with which his bomb was prepared is documented on the tape, released on the internet by Al Qaeda's propaganda arm this week." The tape "shows the suicide bomber building his own bomb, arranging the mortars and land mines in a metal chest." Alexis Debat, Senior Fellow, The Nixon Center: "This is a very, very compelling statement for how simple it is for the Taliban to hurt us in Afghanistan. The child is making the bomb, that is about to kill him. And yet he has such an amazing, peaceful look on his face." Ross: "The number of such attacks in Afghanistan is up almost five-fold in the last few months. While the Army says no one attack means much strategically, the cumulative impact is enormous and growing."

NBC Nightly News (2/28, story 3, 2:10, Miklaszewski, 9.87M) reported, "The Al Qaeda video dated last October but recently posted on the Internet shows the young Taliban fighter chanting in preparation for his own death. The video appears to show him assembling the bomb before it is loaded into a car and driving off for his mission. Complete with English subtitles, the video also shows the Taliban's most ruthless commander, Mohamed Dadullah, claiming the Americans are defenseless against the new wave of young suicide bombers. Suicide bombs, usually the weapon of choice for al Qaeda, have taken a deadly toll in Afghanistan, nearly 140, up five fold in the past year. For the first time, Dadullah claims he is preparing to send thousands of Taliban suicide bombers against US troops in the upcoming spring offensive in Afghanistan."

Pakistan Rejects US Claim It Hosts Bin Laden, Al Qaeda Camps. The AP (3/1, Ahmad) reports Pakistan Wednesday "rejected a claim by the US intelligence chief that Osama bin Laden and his deputy were hiding in northwestern Pakistan, and that al-Qaeda was setting up camps near the Afghan border." President Gen. Pervez Musharraf, however, "acknowledged that foreign militants were in Pakistan's tribal regions along the Afghan border and warned them to leave," the state-run news agency reported. Musharraf's remarks follow statements made by DNI Mike McConnell Tuesday that al-Qaeda is trying to set up training camps and other operations in Pakistan tribal areas near Afghanistan. In an interview with the AP, Pakistani Interior Minister Aftab Khan Sherpao said, "We deny it," referring to McConnell's remarks.

Taliban Official Says Bin Laden Alive. The AP (3/1) reports a senior Taliban commander says Osama bin Laden is "alive and in contact with leaders of Afghanistan's Taliban insurgents," according to an interview aired on British television. Mullah Dadullah said he had not met bin Laden since the U.S.-led invasion of Afghanistan in 2001, but "we know he's still alive." Dadullah, commander of Taliban operations in eastern and southeastern Afghanistan, told the

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UK's Channel 4, "Only his comrades see him," but "we exchange messages with each other to share plans."

LATimes Says US Should Keep Pressure Up On Musharraf. The Los Angeles Times (3/1, 850K) says in an editorial, "Since 9/11, the United States has been trapped in an increasingly loveless marriage with Pakistani President Pervez Musharraf. Like many a miserable mate, the Bush administration has been known to rue the failings of its partner in private. Yet it has always defended Musharraf in public, arguing that whatever his shortcomings, the alternative is far worse." But "such forbearance may be changing. For the first time, the Bush administration this week let Islamabad know, through Vice President Dick Cheney, that it is unhappy with Pakistan's performance in fighting the resurgent Taliban. And it hinted that if things don't improve, the White House might not be able to keep the Democratic-controlled Congress from cutting U.S. aid to Pakistan. This burst of candor is long overdue — and so is an overhaul of U.S. policy toward Pakistan."

US Troops In Philippines "Defy Old Stereotypes." The Christian Science Monitor (3/1, Montlake, 59K) reports when US troops arrived in the Philippines in December 2001, "critics assailed the move," predicting "a return of permanent US camps in its former colony, and a repeat of the sleazy bars and clubs still surrounding its former bases near Manila." And "more alarming to US ears were dire warnings of resistance from Muslims." However, "Today, these warnings mostly ring false." About 450 US soldiers are still based in the Philippines, "but the expected nightlife boom hasn't happened. Nor have militants taken the fight to the foreigners deployed here."

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Democrats To Seek Testimony From Fired US Attorneys As Controversy Widens. The AP (3/1, Kellman) reports, "Democrats are moving to compel some of the eight U.S. attorneys who have been ousted to tell their stories publicly, under oath, after a federal prosecutor claimed he was fired for political reasons." The AP continues, "A House subcommittee is slated to vote Thursday on subpoenas for four of the eight dismissed U.S. attorneys. The Senate Judiciary Committee, meanwhile, will send letters to those fired before voting next week on compelling their testimony, according to officials with both panels. … The prosecutors have privately told both committees that they would not testify voluntarily but would honor a congressional subpoena, according to Sen. Charles Schumer, D-N.Y., and an official close to the House subcommittee on commercial and administrative law." The AP adds, "House subcommittee Chairwoman Linda Sanchez said her panel will vote on subpoenas for fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Washington. … 'In order to get the full picture of why these U.S. attorneys were fired, we need to hear from the Justice Department and the U.S. attorneys themselves,' said House Judiciary Committee Chairman John Conyers, D-Mich." The AP notes, "Schumer, in a telephone interview Wednesday with The Associated Press, said: 'If they say they won't come voluntarily, Senator Leahy will authorize subpoenas.' The Senate panel is expected to vote on whether to issue the subpoenas next week, said Tracy Schmaler, spokeswoman for Chairman Patrick Leahy, D-Vt. … Spurring the developments was a new report that one of the eight, New Mexico's David Iglesias, claims to have been forced out after refusing a request by two congressmen to rush an indictment that might have helped Republicans in the 2006 election. In the story and a subsequent interview with the AP, Iglesias refused to identify the members of Congress. … The Justice Department staunchly denied the charge that Iglesias or any of the eight federal prosecutors were dismissed for political reasons. … 'The suggestion that David Iglesias was asked to resign because he failed to bring an indictment ... is flatly false,' Justice Department spokesman Brian Roehrkasse said in a statement. 'This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation.' … As to why Iglesias was dismissed, Roehrkasse said: 'We made our decision not to further extend his service based on performance-related concerns.'"

The New York Times (3/1, Johnston) reports, "David C. Iglesias, who was dismissed as the United States attorney in New Mexico, has said he believes that he was ousted because he resisted pressure before the 2006 elections to bring corruption charges against a Democrat in his state, a Democratic senator said on Wednesday." The Times continues, "Mr. Iglesias has told Congressional aides that two federal lawmakers had separately called him in mid-October asking about the status of an inquiry involving a statehouse construction contract and a former Democratic state

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lawmaker, Senator Charles E. Schumer of New York said in a statement Wednesday on the Senate floor. … Mr. Schumer did not identify the lawmakers who made the calls either by name or party affiliation, but he suggested that they wanted Mr. Iglesias to move quickly with indictments before the November elections to help Republicans." The Times adds, "Mr. Iglesias's account of the calls was first reported on Wednesday by the McClatchy Newspapers, which said the prosecutor would not identify the lawmakers because he feared retaliation. But in that report, he described the contacts as 'appalling.' … The former United States attorneys were not given explanations for their dismissals at the time of their removals, but senior Justice Department officials have said that most were asked to step aside because of job performance problems — an accusation that has angered several and that some have publicly denied. … Mr. Iglesias could not be reached on Wednesday. But The Associated Press reported that at a news conference in Albuquerque on Wednesday, his last day in office, Mr. Iglesias said his dismissal was unrelated to his office's work. … 'I know it's not performance-related,' Mr. Iglesias told The Associated Press. 'I know it's not misconduct. What does that leave? Politics.'"

The Washington Post (3/1, A10, Eggen) reports, "A political tempest over the mass firing of federal prosecutors escalated yesterday with allegations from the departing U.S. attorney in New Mexico, who said that two members of Congress attempted to pressure him to speed up a probe of Democrats just before the November elections." The Post continues that Iglesias "said he received the calls in October and believes that complaints from the lawmakers may have led the Justice Department to fire him late last year. … Iglesias also responded to allegations from Justice officials that he had performed poorly and was too often absent, citing positive job reviews and data showing increasing numbers of prosecutions. He also noted that he is required to serve 40 days a year in the Navy Reserve." The Post adds, "Iglesias declined to name the lawmakers who called him, but he said in an interview: 'I didn't give them what they wanted. That was probably a political problem that caused them to go to the White House or whomever and complain that I wasn't a team player.'" The Post notes, "Spokesmen for Rep. Steve Pearce (R-N.M.) and the state's two Democratic lawmakers, Sen. Jeff Bingaman and Rep. Tom Udall, said the lawmakers and their staffs had no contact with Iglesias about the case. The offices of New Mexico's two other Republican lawmakers, Sen. Pete V. Domenici and Rep. Heather A. Wilson, did not respond to repeated requests for comment. … In briefings about the firings on Capitol Hill, Justice Department officials had said that Iglesias was the target of complaints from members of Congress, according to several sources familiar with the meetings, who spoke on the condition of anonymity because they are not authorized to discuss personnel issues. The Justice briefers did not specify the nature of those complaints, the sources said."

McClatchy Newspapers (3/1, Taylor) reports, "Democrats in both the House of Representatives and the Senate vowed to hold a new round of hearings to determine if partisan politics played a role in the firings of eight U.S. attorneys across the country. The House is set to vote Thursday on whether to issue subpoenas to four of the prosecutors. The Senate Judiciary Committee plans to ask the U.S. attorneys to testify voluntarily before it decides whether to subpoena them." McClatchy continues, "Justice Department officials have defended the firings of the U.S. attorneys as legitimate administrative decisions meant to improve the workings of the attorneys' offices. Deputy Attorney General Paul McNulty told the Senate last month that most of the forced resignations were motivated by 'performance-related' reasons. … However, McClatchy Newspapers reported last month that five out of the six attorneys that McNulty mentioned had received positive job evaluations." McClatchy adds, "Iglesias acknowledged that he had no proof that the pressure from the members of Congress prompted his forced resignation. But he said the contact violated one of the most important tenets of a U.S. attorney's office: Don't mix politics with prosecutions. … 'I was appalled by the inappropriateness of those contacts,' Iglesias said of the calls." USA Today (3/1, 8A, 2.27M) briefly mentions the story.

More Commentary. In a column for the Las Vegas Review-Journal (3/1), John L. Smith writes, "For no good reason any credible source can name, (Nevada US Attorney Daniel) Bogden was unceremoniously sacked a few weeks ago in an apparent bit of nervous housecleaning by the Department of Justice." Smith continues, "Beyond a respectable win-loss record in prosecuting some of the biggest federal cases in recent Las Vegas history, Bogden can take solace in the fact that he's not alone. Six other Western U.S. attorneys were also notified that their services were no longer needed. … Because the Department of Justice and the Bush administration have done such a terrible job spinning this case, the terminations have given rise to

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several theories, all of them unflattering to the suits in Washington." Smith adds, "There's the belief that some of those being ousted weren't willing enough to use the death penalty. … And there's the hypothesis that they were terminated because they failed to carry the anti-illegal immigration banner high enough to suit the administration. … Then there's the one about letting those solid veteran prosecutor/administrators go to bring in a group of well-connected neophytes whose resumes would benefit from a line stating 'U.S. Attorney.'" Smith adds, "As of Monday, federal sources still had heard nothing about a possible replacement for Bogden. Will Attorney General Alberto Gonzales wait until the day Bogden leaves to name his replacement? … Through it all, Bogden has taken the high road, maintained his composure, and commented little on the turn of events. … For now, the real reason behind the decision to let him go remains unclear."

CORPORATE SCANDALS:

US To File Charges In Insider Trading Probe. The Washington Post (3/1, D3, Johnson) reports, "Federal authorities plan to file criminal and civil charges as early as today against one or more UBS employees for providing traders with advance notice of stock-rating adjustments in exchange for cash payments, according to sources familiar with the case." The Post continues, "The charges mark the latest attempt by the Justice Department and the Securities and Exchange Commission to stanch the flow of improper tips to traders, including hedge funds and private equity firms, who seek to collect information that helps them profit in advance of notable corporate announcements." The Post adds, "Representatives for the U.S. Attorney's Office in the Southern District of New York and the SEC declined to comment yesterday on the months-long probe, as did a spokesman for UBS. The possible charges were reported by the online editions of BusinessWeek. … Sources briefed on the case spoke on condition of anonymity because the charges had yet to be publicly filed. The sources said at least one UBS worker had provided multiple traders with tips that UBS analysts had decided to upgrade or depress their ratings on a stock. Access to such information before it is disseminated to the public could allow a favored group of traders to profit at the expense of average investors."

Former McGuire Woods Partner Charged With Securities Fraud. The New York Law Journal (3/1, Lin) reports, "A former New York law firm partner who allegedly made almost $18 million trading in the securities of his clients has been arrested on fraud charges." The Journal continues, "Louis W. Zehil, until Feb. 16 a partner in the New York office of Richmond, Va.'s McGuireWoods, allegedly used his position as issuer's counsel in seven private placement transactions occurring between January 2006 and last month to accumulate millions of discounted shares, absent the sale restrictions such discounts generally entail. He allegedly sold the stocks at a vast profit." The Journal adds, "Zehil, 41, now faces up to 20 years in prison and millions in fines on fraud charges brought by the Southern District U.S. Attorney's Office. He is also facing a civil suit brought by the Securities and Exchange Commission, which is seeking disgorgement of his allegedly ill-gotten gains. … The ex-partner was arraigned Wednesday before Southern District of New York Magistrate Judge Henry Pitman but not required to enter a plea. He was released on a $250,000 personal recognizance bond. Andrew M. Lawler, Zehil's lawyer, declined to comment on the case Wednesday." The Journal notes, "The case has unfolded swiftly. According to the criminal complaint issued Wednesday, Zehil's actions were first uncovered by a McGuireWoods associate, who reported them to firm management on Feb. 9. The firm then conducted an internal investigation, contacted clients, sought Zehil's resignation and referred the matter to the SEC. … 'The actions described in today's filings are totally inconsistent with the high standards of ethics and integrity that are the very foundation of our firm,' McGuireWoods chairman Richard Cullen said in a statement Wednesday. He added that Zehil had apparently acted on his own benefit and that the 750-lawyer firm would continue to cooperate with authorities in the matter."

DOJ To Appeal Dismissal Of Enron Broadband Charge. The Houston Chronicle (3/1, Hays) reports, "The Justice Department will seek to preserve through an appeal one of five jury convictions won last year against the former finance chief of Enron's broadband division, according to a court filing." The Chronicle continues, "Prosecutors filed a notice this week saying they will appeal U.S. District Judge Vanessa Gilmore's late January decision to erase Kevin Howard's conviction of falsifying books. That appeal would go before the 5th U.S. Circuit Court of Appeals,

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which already tossed out convictions in a separate Enron case because of the same issue that prompted Gilmore to wipe Howard's record clean. … Justice Department spokeswoman Jaclyn Lesch declined comment beyond the filing. Jack Zimmermann, one of Howard's attorneys, declined to comment." The Chronicle adds, "Gilmore threw out all five convictions that prosecutors won against Howard in a retrial last year. His first trial alongside four other ex-broadband executives ended in 2005 with a few acquittals and jurors hung on dozens of other counts. … Last year, the government conceded that Howard's four convictions of conspiracy and wire fraud should be erased because they were unlikely to stand up on appeal. … Prosecutors based that concession on an August 2-1 ruling from a 5th Circuit panel that overturned most convictions of four former Merrill Lynch & Co. executives in a 2004 Enron-related trial. … In that ruling, the panel said prosecutors improperly presented jurors with a theory that the executives deprived Enron of their honest services when they helped push through a deal that the government said was a loan disguised as an asset sale."

SEC Complaint Details McAfee Options Plan. The Wall Street Journal (3/1, A11, Forelle, Hughes) reports, "The former chief executive of McAfee Inc., George Samenuk, knew about a change to a 2002 stock-option grant made in his favor by a subordinate, according to a Securities and Exchange Commission complaint filed yesterday in federal court." The Journal continues, "The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in options manipulations at the computer-security software vendor. It follows a criminal indictment of Mr. Roberts handed up Tuesday. … The complaint notes that Mr. Samenuk, who wasn't charged by either the grand jury or the SEC and wasn't identified by name in either complaint, participated in email traffic in which the manipulated grant was discussed. … 'George Samenuk hasn't been charged, and we don't expect him to be,' Elliot Peters, Mr. Samenuk's lawyer, said in a statement." The Journal adds, "On Jan. 15, 2002, the compensation committee of McAfee's board approved a grant of 420,000 options to purchase shares at that day's closing price, $27.19, the SEC complaint says. That day, Mr. Roberts sent an email to Mr. Samenuk and another executive confirming the grant and its price, it says. … The next day, the SEC charges, shares of the Santa Clara, Calif., company fell, and Mr. Roberts sent a note to Mr. Samenuk and the second executive: 'Let's price the 420,000 option shares at today's closing price of $25.43.' That change would have a big effect, increasing Mr. Samenuk's potential profit from the grant by $739,200. (Mr. Samenuk was paid $714,922 in salary in 2001.) … The next week, according to the SEC, Mr. Samenuk wrote back to the two executives: 'On January 16 it appears that the stock price finished at $25.43...is this the price that the new options will be set at?? Is that the low for those days after the Board Meeting??' … Mr. Roberts, the SEC said, replied that the figure was 'the right price.' According to the agency, Mr. Roberts wrote up false board minutes saying that the grant was intended to be made Jan. 16. … Mr. Roberts' lawyer, Stephen Neal, wrote in a statement that he intends to 'vigorously defend against the charges against Mr. Roberts,' but he didn't comment further."

Cox's Views Said To Be Shifting Away From Those Of Investor Groups. The New York Times (3/1, Labaton, 1.16M) reports, "In his first year as chairman of the Securities and Exchange Commission, Christopher Cox confounded both supporters and detractors by taking a more moderate and nuanced position than they had predicted on a variety of regulatory issues, based on his record as a conservative Republican lawmaker. In recent weeks, however, Mr. Cox has begun to send signals, both directly and through aides, that he may be swinging the pendulum more toward business and Wall Street interests and against investor groups." The Times adds, "Some investor advocates and securities law experts say that Mr. Cox, by not pushing for tighter regulation of hedge funds and by urging the Supreme Court to adopt a tougher standard for investors in lawsuits, has begun moving closer to the business view that the administration overreacted to the corporate scandals that began with the collapse of Enron in 2001." They "have also criticized his recent decision to appear at the Chamber of Commerce in two weeks just as it is to issue a report criticizing the Bush administration and the S.E.C. for being too hard on companies." Cox "strongly disputes that view, noting, for instance, that his appearance before the chamber should not be perceived as a change in the tilt of the agency."

CRIMINAL LAW:

Libby Jurors Continue To Deliberate. Jurors continuing to deliberate in the perjury trial of I. Lewis "Scooter" Libby sent their first question to the judge, prompting "a lot of

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head-scratching" but shedding "little light on their progress," the AP (3/1) reports. The jurors "had sent a note" to US District Judge Reggie Walton late Tuesday, seeking clarification, and Walton "and nearly a score of defense lawyers and prosecutors spent part of Tuesday evening in their offices and a portion of Wednesday morning in court puzzling over what the jurors were asking and how to respond. Judge Walton remained uncertain, so he sent the jurors a note late Wednesday morning asking them to clarify their question. By that time, the jurors had resolved their difficulty on their own and moved on. 'After further discussion, we are clear on what we need to do,' the jury wrote back. 'No further clarification needed. Thank you. We apologize.'" The episode "set off a welter of speculation among lawyers and reporters over what it might reveal about the jurors' deliberations since they got the case at midday last Wednesday. Only one thing could be said for certain: They had not told the court they were deadlocked."

USA Today (3/1, Willing, 2.27M) says that in the note "jurors asked whether the lying charge referred to the 'content' of Libby's statement or the fact that the statement was made." The Washington Post (3/1, A3, Goldstein, Leonnig, 690K) adds that the jury "completed its sixth day of deliberation without reaching a verdict." The New York Times (3/1, Lewis, 1.16M) also summarizes the episode.

Federal Officials Cracking Down On "Sex Tourists." USA Today (3/1, Leinwand) reports, "U.S. travelers who book trips to countries that are hot spots for child prostitution will begin this month to see ads, brochures and billboards warning that sexual adventures abroad could land them in prison here." USA continues, "The warnings, written and distributed by religious organizations, child-welfare groups and the federal government, are a sign of a new assault by the Bush administration on the international child sex trade. They also reflect a new law intended to catch U.S. residents who engage in or promote sex with children overseas. … 'People assume they can go out of the country and get away with exploiting children in this horrific way,' says Mike Garcia, assistant secretary of the Bureau of Immigration and Customs Enforcement. 'We're sending a message. We have the power to (arrest them), and we have the will.'" USA notes, "In the past six months, U.S. authorities have arrested two men from Washington state who are accused of having sex in Cambodia with underage boys, and an 85-year-old Los Angeles man is accused of trying to fly to the Philippines for sex with two preteen girls. … Another man, Richard Schmidt, 61, of Baltimore, arrives in the USA today to face charges that he traveled to Cambodia and the Philippines for sex with children. An indictment unsealed Wednesday charges him with molesting eight boys. Schmidt, a former teacher, has been convicted three times of molesting children in the USA. He was released from prison in July 2000. Schmidt fled to the Philippines in June 2002 after Maryland authorities issued an arrest warrant for parole violations, U.S. Department of Justice officials said Wednesday. … Investigators from Immigration and Customs Enforcement have more than 20 other cases underway, including 11 American men who were arrested by Mexican authorities and are awaiting extradition. … The arrests were made under a child-protection law President Bush signed April 30. It includes a provision that U.S. law enforcement officials say gives them a new tool to prosecute hard-core pedophiles and 'sex tourists' who want to engage in sex with children. … Although it had been illegal since 1986 to go abroad with the intent to have sex with someone under 18, prosecutors say the crime was difficult to prove in court. To get a conviction under the new law, prosecutors do not have to prove that U.S. residents left the country specifically to have illegal sex — only that they had illegal sex or tried to do so."

US Attorney Subpoenas New Jersey Governor's Office. The Philadelphia Inquirer (3/1, Ung, Moroz, 385K) reports New Jersey US Attorney Christopher Christie subpoenaed records from the office of Gov. Jon Corzine, "part of a widening investigation into whether lawmakers personally profited by steering money to certain causes. The subpoenas delivered to the offices of the governor and his chief counsel demand all documents regarding grants that legislators have put in state budgets since 2004." An attached letter from Christie "requests, in particular, e-mail relating to 'grants and assistance, popularly known as 'Christmas Tree items.' That phrase refers to last-minute grants secured as officials finalize the state budget each year," also "commonly called 'pork.'" The investigation into the"closed-door, late-night budget process grew out of a federal criminal probe of State Sen. Wayne Bryant." The US Attorney's Office "is investigating whether Bryant was paid a part-time salary at the University of Medicine and Dentistry of New Jersey to do nothing other than use his chairmanship of the Budget and Appropriations Committee to steer money to the school."

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The Newark Star-Ledger (3/1, Whelan) reports the period under the subpoena "spans the administrations of governors James E. McGreevey, Richard Codey, and Corzine, who are all Democrats. While the grants are initiated by lawmakers in a secretive process, the governor must approve them or use his line-item veto to strike them from the budget or reduce them." The AP (2/28) also reports on the subpoenas.

WNBC-TV New York (2/28, 6:02 p.m.) reported, "A rare move by federal investigators today: Subpoenas were served on the office of Gov. Jon Corzine as part of an ongoing corruption probe. A single FBI agent served the papers earlier today. … An unidentified FBI agent having just served a subpoena on the governor's lawyer walks across the state house hall way to serve another subpoena in the governor's main office. It is a shockwave in an investigation that began with the financial dealings" of Bryant.

"Volley Of Subpoenas" Hit New Jersey Lawmakers Last Month. Newhouse News Service (3/1) says the "volley of subpoenas" that were "served on both Democratic and Republican leaders in the Senate and Assembly" two weeks ago "were reportedly part of a rapidly expanding corruption investigation into the Statehouse" by Christie. The subpoenas, "delivered by FBI agents as lawmakers were heading home" on Friday, February 16, "left many in Trenton thunderstruck. 'Trenton is on fire,' declared Assemblyman Kevin O'Toole, R-Wayne, as news of the subpoenas broke. 'This is equivalent to Rome burning.'"

State Senator's Fraud Trial Postponed Following DUI Charge. The AP (2/28) reports US District Judge Curtis Collier "has delayed state Sen. Jerry Cooper's fraud trial two months, agreeing to give the Morrison Democrat until June 4 to recover from a wreck that got him charged with driving under the influence." Before the February 7 "single-vehicle accident," Collier "had refused Cooper's request to delay the March 5 trial until after the legislative session ends in May. Cooper was seriously injured when his sport utility vehicle overturned several times on Interstate 24 in Rutherford County after he attended three legislative receptions in Nashville. The DUI charge follows a blood-alcohol test by the Tennessee Bureau of Investigation lab." The Chattanoogan (3/1) also reports on the delay.

Tennessee Highway Patrol Denies Favoritism In Handling Of Case. The AP (3/1, Poovey) reports that when Cooper "overturned his sport utility vehicle after attending three legislative receptions, the Tennessee highway patrol commander rushed to the wreck behind working patrol officers and emergency responders. A Department of Safety spokesman initially said preliminary reports showed no alcohol in the Morrison Democrat's vehicle, but at least one witness who stopped on Interstate 24 the evening of Feb. 7 said there was an empty Jack Daniel's bottle nearby." TBI "rushed Cooper's blood-alcohol test and gave the results to the Department of Safety" and Cooper "was charged with driving under the influence and speeding," but "three weeks after the wreck, the results of the test still haven't been released to the public. The department also has refused to say how fast Cooper was driving." The handling of the "wreck and subsequent DUI charge has raised questions about whether the lawmaker got special treatment because of political favoritism." Tennessee Highway Patrol Commander Col. Mike Walker, who is "still trying to shake off a political favoritism scandal," said Cooper "has received no preferential treatment from him or the Highway Patrol."

Philadelphia Imam Sentenced On Weapons Charges. The Philadelphia Inquirer (3/1, Shiffman, 385K) reports, "A West Philadelphia imam who argued that he was entrapped by federal agents investigating unfounded terrorism suspicions was sentenced yesterday to eight years and four months in prison on weapons charges. Wayne Hogue, who is also known as Imam Wadir and Shaheed Bay, was secretly recorded selling 11 guns, including three assault rifles, to an FBI informant working for the Joint Terrorism Task Force. In early 2002, terrorism task-force agents had asked the informant, Hezekiah Salone, to keep 'his ears and eyes open' for trouble at Hogue's mosque, at 52d and Chestnut Streets in West Philadelphia, said Assistant U.S. Attorney Thomas Zaleski. Salone did not find evidence of terrorism or drug-dealing." US District Judge Timothy Savage, "who has privately reviewed secret FBI files in the case, said yesterday that the mosque was not suspected of any wrongdoing. However, after spending more than a year developing Hogue's confidence, the informant was able to record 11 gun sales in a 10-month period."

Two Plead Guilty In Trash-Hauling Racketeering Scheme. The Westchester Journal News (3/1, O'Connor) reports, "Two former managers at a Mount Kisco trash transfer station have pleaded guilty to their part in a reputed mob-backed racketeering effort to control

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the garbage-hauling industry in southern Connecticut and parts of the Lower Hudson Valley." Scott McGowan and Jeremy Everett "pleaded guilty in U.S. District Court in New Haven, Conn., to conspiring to commit racketeering. The crime carries a maximum penalty of 20 years in prison. But federal sentencing guidelines will likely call for a much lesser sentence." Last June, a New Haven federal grand jury indicted 29 people "in what federal prosecutors said was a scheme by some trash haulers to carve up territory, inflate prices, and not compete against each other for contracts. The alleged conspiracy was backed by mob muscle, federal authorities said, as a means to persuade haulers to play by the scheme's rules."

Alleged Florida Mobster Pleads Guilty To Racketeering. The Miami Herald (3/1, Waller) reports, "Albert Facchiano, a 96-year-old Miami man believed to be the oldest person ever indicted by federal authorities, pleaded guilty Wednesday to charges of racketeering, loan sharking and intimidating a witness who was poised to testify against the Genovese crime family." The Herald continues, "Facchiano appeared in federal court in Fort Lauderdale and used headphones to hear the judge and his attorneys. … Because of back troubles, he sat, instead of standing, to enter his guilty plea." The Herald adds, "He could face up to 20 years for federal conspiracy and racketeering charges filed in Florida, and up to 10 more for federal charges of witness tampering filed in New York. … Facchiano, who turns 97 this month, sees a doctor four times a week and 'couldn't have withstood two trials,' said his lawyer, Brian McComb. … Prosecutors said Facchiano, nicknamed 'The Old Man,' supervised associates who committed crimes including extortion, robberies, money laundering and bank fraud. … Federal prosecutors in both states, along with the U.S. Department of Justice, have recommended that Facchiano be sentenced to house arrest."

Witness Intimidation Keeps Prosecutors From Bringing Charges. The New York Times (3/1, Kocieniewski) reports from Newark, NJ, "When Yusef Johnson, a 15-year-old honors student, was killed outside an apartment complex here so gang-infested it is known as Crazyville, a witness came forward within days and told the police she knew the man she had seen fire the fatal shots. … In another case three months later, in November 2005, officers found two people who identified a street gang leader as the man they saw kill a marijuana dealer named Valterez Coley during a dispute over a woman. … And when Isaiah Stewart, a 17-year-old wearing an electronic monitoring bracelet from a recent brush with the law, was gunned down that December, another Newark teenager sketched a diagram of the crime scene, correctly identified the murder weapon and named a former classmate as the person he had watched commit the crime." The Times continues, "They seem like slam-dunk cases, but none of the three suspects have been arrested. It is not that detectives are unsure of their identity or cannot find them. Rather, it is because so many recent cases here have been scuttled when witnesses were scared silent that the Essex County prosecutor has established an unwritten rule discouraging pursuit of cases that rely on a single witness, and those in which witness statements are not extensively corroborated by forensic evidence." The Times adds, "The 3 are among at least 14 recent murders in Newark in which witnesses have clearly identified the killers but no charges have been filed, infuriating local police commanders and victims' relatives. … In 8 of the 14 cases, according to court documents and police reports, there was more than one witness; in two of them, off-duty police officers were among those identifying the suspects. But in a DNA era, these are cases with little or no physical evidence, and they often involve witnesses whose credibility could be compromised by criminal history or drug problems, or both. … The tension between the police and prosecutors here over the evolving standards of evidence required to authorize arrest warrants is a stark example of the profound effect witness intimidation is having on the criminal justice system in New Jersey and across the country." The Times notes, "Surveys conducted by the National Youth Gang Center, which is financed by the federal Department of Justice, have found that 88 percent of urban prosecutors describe witness intimidation as a serious problem. … In both Baltimore and Boston, where "stop snitching" campaigns by rap artists and gang leaders have urged city residents not to cooperate with the authorities, prosecutors estimate that witnesses face some sort of intimidation in 80 percent of all homicide cases."

Maryland Prosecutor Wants To Emulate Federal Approach To Securing Witness Testimony. The Washington Post (3/1, T03, Castaneda) reports that Maryland "State's Attorney Glenn F. Ivey said he is considering emulating the methods federal prosecutors used to obtain the testimony of fearful witnesses. Ivey said he distributed copies

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of a news article about the convictions to prosecutors in his office to get them to start thinking about using the federal approach." The Post examines examples of witness intimidation in a recent federal drug trial and reports that "federal prosecutors overcame that with a straightforward approach and some old-school technology, said Maryland U.S. Attorney Rod J. Rosenstein. … When his office wins an indictment, a lead prosecutor and a case agent (from the FBI, in this instance) are assigned, and it is their responsibility to stay in touch with witnesses and make sure they appear in court, Rosenstein said." The Post adds, "Federal prosecutors also make it clear to witnesses that they can face legal consequences if they do not appear for court. … 'We are very aggressive in assuring that witnesses show up,' Rosenstein said. 'If they don't show, we get an arrest warrant, and they can be prosecuted for contempt of court or obstruction. If they take the stand and testify falsely, they can be prosecuted for perjury.' … To guard against witnesses who at trial suffer sudden memory loss or deviate from their grand jury testimony, federal prosecutors often record the grand jury testimony of government witnesses, Rosenstein said."

Ney, En Route To Prison, Thanks Friends For Support. The Hill (3/1, Kucinich) reports former Rep. Bob Ney (R-Ohio), "who will report today to federal prison in West Virginia, issued an emotional goodbye e-mail yesterday to friends and colleagues. He thanked them for their support over the past six months and told them he had 'gained a higher power' to help him through his incarceration." The e-mail "closed with a quote from Garth Brooks's "The Dance": 'And now I'm glad I didn't know/ The way it all would end, the way it all would go/ Our lives are better left to chance/ I could have missed the pain/ But I'd have had to miss the dance.'" Ney "will serve a sentence of 30 months on federal bribery charges. He resigned from Congress in November after pleading guilty to one count of conspiracy and making false statements."

New Jersey Lawmakers Consider Bill Targeting Online Sex Offenders. The AP (3/1, Hester) reports from Trenton, NJ, "Amid growing concern about child safety on the computer, New Jersey lawmakers are considering a measure to prohibit released sex offenders from using the Internet and to impose new rules for online dating sites. … 'We're living in some very scary times,' said Senate President Richard J. Codey, who is spearheading New Jersey's effort. 'No matter how much you trust your kids, no matter how much you think you know what they're doing, there are some sick people out there who will stop at nothing to prey on them.'" The AP adds, "Released sex offenders caught using the Internet would face up to 18 months in jail and fines of up to $10,000. Sex offenders caught using the Internet to solicit a child would face a mandatory five years in jail, rather than the three years they face under the current law. … The measure also requires online dating sites to tell New Jersey residents whether they do background checks. … No federal law imposes Internet restrictions on convicted sex offenders, though Florida and Nevada have laws imposing computer restrictions on sex offenders. … The plan is to be considered soon by the state Senate, but already has raised constitutional questions. Internet companies like Yahoo!, AOL, eHarmony and Match.com are also concerned about the online dating rule." The AP notes, "A 2000 U.S. Department of Justice survey of youths ages 10 to 17 found that about one in five received a sexual solicitation or approach over the Internet in the prior year. The concern has prompted several states to take steps against child solicitation through the Internet. … The New Jersey proposal would apply to sex offenders subject to Megan's Law registration, community supervision for life and those on probation or parole."

SCOTUS Rules Cross-Examination Rule Not Retroactive. The AP (3/1, Sherman) reports, "The Supreme Court unanimously reinstated a Nevada child molester's conviction Wednesday in a decision that continued the justices' refusal to apply recent rulings on criminal procedure to older cases." The AP continues, "Marvin Bockting was convicted in 1988 on the strength of his stepdaughter's statements to police. But then-6-year-old Autumn Bockting did not testify at Bockting's trial, so his lawyers never had the opportunity to question the child." The AP adds, " In 2004, the Court ruled that defendants have a constitutional right to cross-examine witnesses against them. … The question in this case was whether that rule would apply to older cases like Bockting's. Justice Samuel Alito, writing for the Court, said it would not. The 2004 case 'did not effect a change of this magnitude,' Alito said." The AP notes, "The Supreme Court has refused a dozen times over 17 years to apply new rules of criminal procedure to older cases. … Alone among federal appeals courts, however, the 9th U.S. Circuit Court of Appeals said the rule should apply

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retroactively and overturned Bockting's conviction. … Nevada and the Bush administration urged the justices to conclude that the San Francisco-based court got it wrong. Among other things, they said courts would be burdened by defendants whose convictions depended on out-of-court statements that were not subject to cross-examination."

LAPD "Most-Wanted" Gang Suspect Arrested In Guatemala. The Los Angeles Times (3/1, Winton, McGreevy) reports, "An alleged 18th Street gang member named three weeks ago as one of the Los Angeles Police Department's 10 most wanted gang members has been captured in Guatemala and deported back to Texas, officials said today." The Times continues, "Angel Zevallos, an alleged 18th Street Westside member who goes by the name 'Spanky,' was captured last week and deported by Guatemalan authorities, said Chief Inspector John Clark of the U.S. Marshals Service in Los Angeles. … Zevallos will appear before a judge in Texas and then face extradition back to California to face an attempted murder charge, Clark said." The Times adds, "Police Chief William J. Bratton confirmed the arrest as the first success of a new program in which the department released a list of its 10 most wanted gang members. … The listing of gang fugitives and of the 11 worst gangs is part of a new campaign to reduce gang violence, which increased more than 15% citywide last year. Bratton has redeployed more than 200 officers to the crackdown on gangs. … Zevallos allegedly wounded a man in a bar fight in Los Angeles."

Two Picasso Painting Stolen In Paris. The New York Times (3/1, Riding) reports from Paris, "Two important paintings by Picasso estimated by the police to be worth a total of about $66 million have been stolen from the Left Bank home of his granddaughter Diana Widmaier-Picasso, the authorities announced Wednesday." The Times continues, "Paris police officials said the two oils, 'Maya With Doll' from 1938 and 'Portrait of Jacqueline' from 1961, were taken from Ms. Widmaier-Picasso's house on the Rue de Grenelle in the city's chic Seventh Arrondissement sometime overnight between Monday and Tuesday. … The police said that two drawings, one by Picasso, were also stolen, but this could not be confirmed by the Picasso family lawyer, Céline Astolfe." The Times adds, "In a telephone interview Ms. Astolfe said that Ms. Widmaier-Picasso and her mother, Maya, the daughter of Picasso's longtime mistress Marie-Thérèse Walter, were asleep in the house when the theft occurred. … The lawyer said the theft appeared to be the work of professionals because the home's alarms were neutralized and there were no signs of a break-in. … Although the paintings formed part of the Picasso family's private collection, they are nonetheless well known and, art experts said, would be difficult to sell on the open market. Ms. Astolfe said their value might exceed the police estimate."

$80 Million Sought For DC Law Enforcement Museum. The Washington Post (3/1, B1, Ruane) reports, "You're a cop. You've been summoned to an alley behind a strip mall that's a known drug hangout. You hail a man and two women lounging by an old car. … The man, a beefy guy in a plaid work shirt, gets belligerent and starts toward you. One of the women grabs his arm to hold him back, and as you focus on them, the other woman slips a pistol from her pocket and opens fire. … Bang. You're dead." The Post continues, "This big-screen interactive simulation of an eight-second slice in the virtual life of an everyday cop was demonstrated yesterday as the National Law Enforcement Officers Memorial Fund kicked off the money-raising campaign for a new museum, planned to open in 2011 near Judiciary Square. … Nearly $30 million has been raised for the museum, which is designed to showcase police work and the history of American law enforcement. Yesterday's event began a drive to raise the rest of the $80 million cost, with officials previewing some of the attractions. … The police training simulation, in which participants must make snap shoot-or-don't-shoot decisions, is one of several interactive features. Visitors also will be able to attend a simulated autopsy -- which will be 'instructive, not gross' -- do realistic forensic and detective work, and see a word-class collection of police memorabilia, according to museum officials." The Post notes, "The fundraising drive was launched at the National Press Club with a boost from former presidents Bill Clinton and George H. W. Bush, who spoke via video recording, and former U.S. attorneys general John D. Ashcroft, Dick Thornburgh and Edwin A. Meese, who spoke in person. Several local officials also attended, including D.C. Mayor Adrian M. Fenty, D.C. Police Chief Cathy L. Lanier, Prince George's County Police Chief Melvin C. High and Fairfax County Police Chief David M. Rohrer."

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CIVIL LAW:

High Court Hears Arguments On Faith-Based Initiative Legal Challenges. USA Today (3/1, Biskupic, 2.27M) reports, "Supreme Court justices appeared ready Wednesday to limit taxpayers' ability to challenge government funding of groups with religious affiliations. Several justices were skeptical of a lower court decision allowing a Wisconsin group, the Freedom From Religion Foundation, to sue the White House Office of Faith-Based and Community Initiatives." The foundation "says the White House office -- created by President Bush to help religious groups compete with secular ones for federal social services grants -- aims to support an unconstitutional government endorsement of religion." Some justices, including Chief Justice John Roberts and Antonin Scalia, "suggested that if the lower court's decision were affirmed, taxpayers would bring frivolous lawsuits challenging government spending that touches religion. … More sympathetic to the challengers, Justice Stephen Breyer said that 'people become terribly upset when they see some other religion getting the money from the state.'"

The Financial Times (3/1, Washington) says "a federal appeals court in Chicago sided with the atheist group but the US Justice Department says the ruling should be overturned on the grounds that it could lead to a flood of taxpayer lawsuits challenging all sorts of government spending."

The Los Angeles Times (3/1, Savage, 850K) reports, "US Solicitor General Paul Clement said taxpayers who believe the White House is unconstitutionally promoting religion should not be accorded legal "standing" to sue in court. It would be too 'intrusive on the executive branch' to permit lawsuits contesting how the president and his advisers conduct their affairs, he said." The Times adds, "Overall, the nine justices seemed split during the hour-long argument. If they adopt the administration's view, the ruling could make it harder for critics to sue officials who use public money in ways that support religion. If the justices rule in favor of Freedom From Religion, the group would still have to prove its case in court."

The Wall Street Journal (3/1, Anderson, 2.04M) also describes the courts as "sharply divided…along conservative and liberal lines, with Justice Anthony Kennedy, a moderate conservative, controlling the outcome. … A wild card in the outcome could be…Scalia, who appeared troubled with Supreme Court precedents limiting when Establishment Clause suits could be brought and concerned with making it easy to challenge a variety of government activities."

The Washington Post (3/1, A6, Barnes, 690K) notes Roberts "wondered whether opponents of the administration's initiatives would extend their concerns to the court itself, which opened yesterday's session, as it always does, with a marshal appealing for God to 'save the United States and this honorable court.'" Alito, Scalia and Roberts "seemed most sympathetic to the government's argument, and Justice Anthony M. Kennedy worried about the courts 'supervising the White House.'" Justice Clarence Thomas did not ask questions, but has written in the past that he does not think that the establishment clause gives rise to individual complaints."

The New York Times (3/1, Greenhouse, 1.16M) says that for Clement, "the most helpful hand was that of Justice Samuel A. Alito Jr. As the solicitor general batted back tricky hypothetical questions, Justice Alito asked him whether the lines he was drawing 'make a lot of sense in an abstract sense' or were 'the best that can be done' under existing precedents. 'The latter, Justice Alito,' Mr. Clement said, evoking laughter. 'I appreciate the question.'"

The AP (3/1, Frommer) reports, "At issue is whether a Wisconsin-based group of atheists and agnostics have legal standing, by virtue of being taxpayers, to bring their complaint in the federal court system. … Taking one extreme, Justice Stephen Breyer asked a lawyer for the White House whether a taxpayer would be able to challenge a law in which Congress sets up a church at Plymouth Rock. … ' would say no,'responded Solicitor General Paul D. Clement, but he added that such a church could be challenged in other ways — just not on the basis that a taxpayer has been injured. Clement is representing the Bush administration, which is trying to prevent the taxpayer suit over its aggressive promotion, through the White House Office of Faith-Based and Community Initiatives, of federal financial aid for religious charities. … Taking the opposite extreme, Justice Antonin Scalia asked a lawyer for the Wisconsin group, Andrew Pincus, whether taxpayers would be able to sue over the use of security money for a presidential trip where religion is discussed. … Pincus said that taxpayers would not have standing to do so, arguing that in such a case the money spent would be "incidental," and not central to the issue."

The Legal Times (3/1, Mauro) reports, "Supreme Court Justice Stephen Breyer looked skyward Wednesday as he

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tried to come up with a 'more amazing' hypothetical during arguments in a key church-state case. With or without divine intervention, he found one: Could the federal government fund churches and ministers of a single religion nationwide 'dedicated to the proposition that this particular sect is the true sect,' without fear of taxpayer lawsuits against it? … 'Horrible hypothetical,' growled Solicitor General Paul Clement, but he went on to say yes. 'The bottom line is that there would not be taxpayer standing.' With a helpful suggestion from Chief Justice John Roberts Jr., Clement qualified his point by asserting that adherents of other religions could file suit against such a program on the basis that they were being discriminated against. But Clement held firm on the point that taxpayers, merely as taxpayers, could not challenge a network of government-funded churches." The Times adds, "That exchange may prove crucial in determining the outcome of the case before the Court, Hein v. Freedom From Religion Foundation. The Wisconsin-based foundation filed a taxpayer lawsuit against the Bush administration's funding of faith-based initiatives, claiming that conferences sponsored under the funding program favor religious groups. The government defended the program, claiming the plaintiffs did not have standing, but the 7th U.S. Circuit Court of Appeals said the foundation could continue with its suit. … The case is an important test not only for the faith-based initiative but also for a 39-year-old precedent that has treated First Amendment establishment-clause cases differently when it comes to standing. … In other contexts, taxpayers can't challenge government programs in court solely on the grounds that their tax dollars are being misused. To prevent trivial lawsuits, the high court has required plaintiffs to show a more direct injury or a bigger stake, such as a violation of rights or a denial of benefits. … But in the 1968 case of Flast v. Cohen, the Court made an exception. It ruled that taxpayer status alone was enough to achieve standing when the claim is that a congressional expenditure violates the First Amendment's bar against establishment of religion."

The Milwaukee Journal Sentinel (3/1, Skiba) reports, "Anne Gaylor, Wisconsin's best-known atheist, has fought to keep church and state separate for almost 30 years. But the 80-year-old Gaylor marked a first Wednesday when a lawsuit she brought was heard by the United States Supreme Court." The Sentinel continues, "Attorneys said the case, the subject of hourlong arguments Wednesday, is the first challenge to the Bush administration's faith-based initiatives to reach the high court. … The separation-of-church-and-state case, also the first of its type to be heard under Chief Justice John Roberts, hinges on a narrow but key legal question: Can the average taxpayer allege violations of the First Amendment's Establishment Clause, which states: 'Congress shall make no law respecting an establishment of religion . . . '" The Sentinel adds, "Gaylor, who lives in Madison, was on hand with other officials of the Freedom from Religion Foundation, which she founded in 1978. The dispute arose when Gaylor and her foundation filed suit against the Bush program in federal court in Wisconsin in 2004. … A judge tossed out the case, saying the plaintiffs lacked standing, which is a legal concept establishing whether someone has the right to appear in court to pursue his or her claims. The judge said the case failed a test established by the Supreme Court in that the plaintiffs' case involved the executive branch, not Congress' taxing and spending powers. … The Chicago-based 7th U.S. Circuit Court of Appeals disagreed with the lower court. Its 2-1 majority said the foundation's suit should go forward because 'there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause.' … That prompted the director of the White House Office of Faith-Based and Community Initiatives to ask the Supreme Court to weigh in. "

FEC Fines Anti-Kerry 527 Group. The Washington Post (3/1, A8, Cillizza, Mosk, 690K) reports, "The Federal Election Commission levied one of its largest fines ever yesterday against the Progress for America Voter Fund, a conservative group that raised $44 million to help undermine Democrat John Kerry's 2004 presidential bid." The fine "was the latest in a series of FEC penalties imposed on high-profile independent groups that operated on both sides of the 2004 presidential elections. The FEC is trying to send a message to the '527' organizations, FEC Chairman Robert Lenhard said in a statement." Progress for America "agreed to pay the $750,000 fine as part of the deal, which did not require the group to admit wrongdoing."

CIVIL RIGHTS:

FBI May Reopen 1968 South Carolina Civil Rights Slayings. The (SC) State (3/1, Brundrett) reports, "The FBI might reopen an investigation into the 1968 slayings by police of three black students at S.C. State College — known as the Orangeburg Massacre — and two

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other civil rights-era deaths in South Carolina." The State continues, "The S.C. cases are among about 100 death cases nationwide the FBI said it will re-examine in partnership with the National Association for the Advancement of Colored People, National Urban League and the Southern Poverty Law Center. … U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller on Tuesday announced the 'Civil Rights-Era Cold Case Initiative' with leaders of the civil rights organizations." The State adds, "Cleveland Sellers, who was among 30 people shot during the Feb. 8, 1968, incident at the S.C. State College campus, said Wednesday an investigation of the Orangeburg case is 'certainly overdue.' … 'The Orangeburg Massacre is, in fact, a litmus test for racial relations in South Carolina,' said Sellers, 63, now head of the African-American studies department at the University of South Carolina. 'I want the incident to be thoroughly investigated and the truth to come out.'" The State adds, "Lonnie Randolph, president of the state NAACP conference, said his organization recommended the Orangeburg case to the FBI after polling member branches statewide. … 'Our goal always is for justice to prevail,' he said. 'To kill three people — it's hard to think justice has been served when individuals are shot in the back.' … Former Gov. Robert McNair, who has been criticized by black leaders for his handling of the incident, said Wednesday in a prepared statement that any decision by the FBI and U.S. Department of Justice to reopen their investigation is 'certainly up to them.' … 'Immediately after the tragedy at Orangeburg, we requested that the FBI and Department of Justice conduct a full and comprehensive investigation of all of the events surrounding this incident since we felt very strongly that the state of South Carolina could not investigate itself,' said McNair." The State notes, "The initial FBI probe led to federal charges against eight state troopers and another police officer. They were acquitted later by a mostly white jury. … Besides that incident, the FBI said this week it also will re-examine the death of a 13-year-old Edisto Island boy whose body washed ashore in Charleston County in 1960, and the 1965 shooting death of a man in an area of Allendale County where civil rights demonstrations were held. Both victims were black. … Most of the cases referred to the FBI are from the South. Georgia, for example, has 13 cases, and North Carolina, three. … Thom O'Neill, spokesman at the FBI office in Columbia, said Wednesday the decision whether to formally reopen any of the three S.C. cases will be made by Brian Lamkin, special agent in charge of the FBI's S.C. operations. No deadlines have been set to complete investigations, he said."

Louisiana Victims Among Civil Rights Cold Cases To Be Reopened. The Shreveport Times (3/1) reports, "Nine Louisianans are included in a list of 76 suspicious or criminal deaths in the 1950s and 1960s that spurred the FBI to reopen investigations into possible civil rights abuses from that turbulent time." The Times continues, "Bureau officials on Tuesday announced the investigations amid a Justice Department focus on cracking unsolved cases from the nation's civil rights era. … The high-priority cases, which FBI Director Robert S. Mueller described as numbering between 10 and 12, are among an estimated 100 that investigators nationwide are looking at as possible civil rights-related murders." The Times adds, "None of the nine Louisiana cases in the list maintained by the Alabama-based Southern Poverty Law Center occurred in the immediate Northwest Louisiana area. But several did take place in Ruston and Monroe, including one 1960 shooting rampage where four people were killed. … Attorney General Alberto Gonzales acknowledged that many of the cases may be beyond the boundaries of what the federal government can legally prosecute. But they "remain on our radar," he said. … 'Much time has passed on these crimes,' Gonzales told reporters in Washington. 'The wounds they left are deep, and still many of them have not healed. But we are committed to re-examining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long.' … Addressing civil rights violators, Gonzales said: 'You have not gotten away with anything — we are still on your trail.'"

More Commentary. The Jackson Clarion-Ledger (3/1) editorializes, "The LeFlore County (MS) grand jury has decided not to issue any indictments in the 1955 slaying of Emmett Till. That may be disappointing to those who have worked to bring justice in this case. But the grand jury did its job. The tragedy is that it took so long for the case to be fully considered." The Clarion-Ledger continues, "District Attorney Joyce Chiles of Greenville should be commended for reviewing the 8,000 pages of evidence and presenting it. Only time seems to have killed chances for prosecution, not lack of diligence today. … The Aug. 28, 1955, slaying of Till remains a pivotal moment in the civil rights movement. Till was killed after he reportedly whistled at a white woman, Carolyn Bryant, the last known living suspect. Her then-husband, Roy, and his half-brother, J.W. Milam, admitted they killed Till after an all-white jury had acquitted them. Both have since died. … But

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the case is also noteworthy, since it: … Is one of 29 killings from the civil rights era since 1989 reopened, leading to 28 arrests and 22 convictions; … Should spur a 'cold case' unit of the Justice Department to investigate unsolved civil rights killings in a bill before Congress. … Justice can come still."

DOJ Meets With NAACP, Connecticut Officials. The Connecticut Post (3/1, Mason) reports from Ansonia, CT, "For the second time in as many months, city officials and officers with the National Association for the Advancement of Colored People met with staff from the U.S. Department of Justice. … As was the case after a similar January meeting, attendees were vague about what was discussed with officials from the Department of Justice's Community Relations Service, designed for resolving conflicts dealing with race, color and national origin. … The two-hour meeting, held in the Erlingheuser Room at City Hall, was closed to the public and the media." The Post continues, "Attending Wednesday's session were Mayor Jim Della Volpe, Police Chief Kevin Hale, Corporation Counsel Kevin Blake, local NAACP President Greg Johnson, Housing Authority Executive Director Jim Finnucan, former alderwoman Ralphine Ford and Riverside Apartments tenant leader Naomi Wallace. Johnson did not elaborate on concerns brought up at the meeting; he only said that he thought the meeting offered plenty of positives. … 'It was to discuss strategies and ways to improve the quality of life for all citizens of Ansonia,' Johnson said. 'It was a very productive meeting.' … He said 'a gamut of things' was discussed. … Johnson said the group will meet again, but he did not say when."

Justices To Hear Case Regarding Schools' Powers To Limit Student Speech. USA Today (3/1, Biskupic, 2.27M) reports the U.S. Supreme Court will hear on March 19, a case involving "students' speech rights" and the ability of schools to limit "such rights to try to maintain order in schools." The case involves Joseph Frederick, who as a high school senior in Juneau, Alaska produced a sign reading "Bong Hits 4 Jesus" in an attempt to get TV coverage while the Olympic torch was traveling through the city. He was suspended for ten days by Juneau-Douglas High School Principal Deborah Morse for being in violation of the "school's anti-drug policy." School officials are expected to be "watching for signs of whether the justices will make it more difficult to enforce a range of campus speech regulations that have been imposed in recent years." The National School Boards Association argues in a brief supporting Morse that "it's important for administrators to be able to regulate slogans dealing with particularly controversial issues." Morse "is appealing a federal appeals court's ruling that she is liable for money damages to Frederick because past rulings 'clearly established' that she was not entitled to tear down the 'Bong Hits' sign."

Meehan Proposes Repeal Of "Don't Ask, Don't Tell." The Washington Times (3/1, Pfeiffer, 88K) reports Democratic Rep. Martin T. Meehan "yesterday said he will introduce legislation repealing the military's 'Don't Ask, Don't Tell' policy that allows homosexuals to serve in the armed forces." Meehan said "public opinion has changed since the policy began 14 years ago under the Clinton administration, and that allowing homosexuals to openly serve will help the military retain specialized members, including linguists fluent in Arabic." A 2005 Government Accountability Office report "says more than 10,000 members of the armed services, including 750 service members with specialties 'critical' to the war on terror, have been discharged since the policy was implemented." Meehan said, "It will still be an uphill climb. But the November election can only mean good things for my bill."

Longtime Black Residents Stay Separate From Latino Newcomers In Maryland Neighborhood. The Washington Post (3/1, B1, Parker) reports, "Ask older residents of historic North Brentwood their recollections of the town, and they go into a reverie about kids playing house-to-house and about how the town was self-contained with businesses and shops. Mostly, it was black, and the generations who had lived there gave the place its essence. … But 'change comes,' said Eleanor Traynham, 71, who was born and raised in the town, in Prince George's County, and returned in 1992. And 'you have to be able to adapt to change.'" The Post continues, "On a late afternoon, children run across the lawns of modest three-bedroom homes, young mothers carry groceries, and fathers in coveralls arrive home from work. These families are Latino. A few yards away, much older residents are checking mail or working on their cars or greeting each other with late-day banter. They are black. … In a town changing without overt rancor, they are neighbors without the neighborliness, separate groups leading lives that don't touch, even though their property lines do. It's a new challenge for this historic

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place -- re-creating community." The Post adds, "It's a challenge that plays out against a backdrop of seismic demographic shifts. In 2003, Latinos overtook African Americans as the nation's most populous minority. Fueled by a boom in construction and low-wage service jobs, the Washington region had the ninth-largest Latino population gain in the country from 2000 to 2004. … In Prince George's, most of the Latino population, which doubled from 1990 to 2000, is concentrated inside the Beltway in the northwestern part of the county. As more Latinos graduate to homeownership, the relative affordability of housing in communities there has accelerated the pace of change. … In North Brentwood, population nearly 500, off Rhode Island Avenue just outside the District line, these shifts play out door-to-door. Since 2000, the historically black town has become 25 percent Hispanic." The Post notes, "Some black residents are concerned about what these changes mean for their community, even as they worry about seeming intolerant. Newer Hispanic residents say they get along with everyone, and if there is subtle awkwardness to their brief hello-goodbye exchanges with black neighbors, they're too busy working and raising their families to notice."

Sharpton Revelation Said To Show Relevance Of Slavery. In his New York Times column (3/1), Bob Herbert says that as the Rev. Al Sharpton's revelation that his family was owned by relatives of the late Sen. Strom Thurmond shows, "The days of slavery are closer than we tend to think, and they were crueler than we tend to realize. Mr. Sharpton's great-grandfather, Coleman Sharpton, was sent with his wife and two children from South Carolina to Florida so a woman named Julia Thurmond Sharpton could send them out as laborers to pay off debts left by her late husband." Slavery is "such an uncomfortable subject that the temptation is to relegate it to the distant past and move on. But the long tentacles of that evil institution are still with us. Slavery was the foundation of the thriving consumer society that we have today and the wellspring of the racism that still poisons so many white attitudes and black lives."

In a Los Angeles Times op-ed (3/1), the Rev. Al Sharpton says, "Words cannot fully describe the feelings I had when I learned the awful truth. Not only am I the descendant of slaves, but my family had to endure the particular agony of being slaves to the Thurmonds, the symbol of everything about America that I have fought to change. I felt humiliated and prideful; reflective and angry; oppressed and uplifted." America's "shame is that I am the heir of those who were property to the Thurmond family."

ANTITRUST:

Sirius Chief Takes Push For Radio Merger To Capitol Hill. The Wall Street Journal (3/1, C8, Boles) reports, "Sirius Satellite Radio Inc.'s chief executive, Mel Karmazin, told lawmakers the company would cut consumer prices if federal authorities approve its merger with XM Satellite Radio Holdings Inc." The Journal continues, "Mr. Karmazin tried to allay concerns that subscribers' costs would rise after the $11.4 billion merger of the two struggling satellite-radio operators, telling the House Judiciary Committee's antitrust task force the merger would lead to a decline in prices. For basic monthly service, subscribers to both radio operations pay $12.95 a month. 'The idea of raising prices to compete with free radio is bizarre and doesn't work," he said. "We are committed to not raising prices and, in fact, are committed to lowering prices.'" The Journal adds, "Rep. John Conyers (D., Mich.), chairman of both the Judiciary Committee and the task force, was skeptical. 'We don't have too good a record of satellite companies keeping their promises,' Mr. Conyers said. '"Trust me" isn't going to work here, not just today, but in the longer-term examinations you will be going through.'" The Journal notes, "Democratic Rep. Rick Boucher of Virginia said the merger should get a green light as long as the companies agree to a series of conditions and to freeze prices. . … The conditions he suggested were outlined by Gigi Sohn, president of Public Knowledge, a public-interest group with a focus on communications. In her testimony before the task force, Ms. Sohn said the companies would have to allow consumers to subscribe on a channel-by-channel basis or tiered programming. She added they should agree to make 5% of capacity available to noncommercial, educational purposes and freeze prices for three years once the merger is approved."

The Washington Post (3/1, D4, Babington) reports, "The nation's two satellite-radio companies promised yesterday to refrain from raising prices, for a time at least, if they are allowed to merge. But some lawmakers and consumer groups appeared dubious." The Post continues, "Mel Karmazin, chief executive of Sirius Satellite Radio, told the House Judiciary Committee's antitrust task force that consumers would benefit if the government allowed his

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company to merge with rival XM Satellite Radio Holdings. 'We are committed to not raising prices, and we are committed to lowering prices,' said Karmazin, who would be chief executive of the new company." The Post adds, "Karmazin said Sirius and XM might accept conditions if the Federal Communications Commission and Justice Department were to approve the merger. But he declined to say how long they might agree to cap subscription prices, now set at $12.95 a month by both companies. XM and Sirius have said a merged company would offer various levels of content, presumably at varying prices, but they have declined to provide details. … Owners of free, over-the-air radio stations strongly oppose the merger, and the president of their association sharply challenged Karmazin at the hearing. The government cannot trust XM's and Sirius's promises, 'given their long track record of breaking FCC rules,' including causing signal interference with local radio stations, said David K. Rehr, president of the National Association of Broadcasters."

USA Today (3/1, 2B, Davidson) reports, "To win approval of their blockbuster merger, the nation's two satellite radio companies would accept government-mandated conditions guaranteeing consumers lower prices and more channels, the head of Sirius Satellite Radio told lawmakers Wednesday. … 'We will give people more choice than they had before and lower prices and less confusion,' Sirius CEO Mel Karmazin told the House Judiciary Committee's new antitrust task force." USA adds, "The hearing served up the first public airing of the proposed link-up between Sirius and XM Satellite Radio since it was announced last week. Wednesday's debate underscored the complexities of the merger, with divisions within the ranks of public-interest advocates and each political party on whether consumers would be helped or hurt. … Critics such as the National Association of Broadcasters say the merger, which requires approval from the Justice Department and Federal Communications Commission, would forge a monopoly satellite radio provider that would raise prices and limit choice. Karmazin says that would never happen because satellite radio competes with traditional radio, Internet radio, iPods, music on cellphones and digital radio. … Noting that there are some 10 million subscribers to both services, Karmazin said, 'Why would people who don't subscribe at $12.95 subscribe at $14.95?' … The companies, which each charge about $13 a month for more than 100 channels, have lost billions of dollars between them while competing to sign up high-priced talent such as Howard Stern and Oprah Winfrey. By combining, Karmazin said, customers could get both Major League Baseball and the NFL, for instance, on the same radio service. And the new giant could use cost savings to cut prices."

The Washington Times (3/1, Rowland) reports, "Federal lawmakers, kicking off their probe of the proposed $13 billion merger of rivals XM Satellite Radio Inc. and Sirius Satellite Radio Inc., yesterday quizzed both Sirius Chief Executive Mel Karmazin and one of the deal's most vocal opponents. … 'We've come to this hearing with an open mind, but we also recognize that the companies have the obligation to convince Congress, regulators and most importantly, the American people that this combination will improve the competitive playing field and benefit consumers,' said House Judiciary Chairman John Conyers Jr., Michigan Democrat." The Times adds, "Mr. Karmazin said a combined entity would be open to government-imposed conditions, including an agreement not to raise subscription prices for a certain period of time. … 'If in order to get the deal done we have to make a concession, we're prepared to make a concession,' he said. … But David Rehr, president of the National Association of Broadcasters and an outspoken critic of the deal, said the merger would create a 'government-sanctioned monopoly.' … 'Two companies that have a pattern and practice of violating their FCC licenses cannot be trusted with monopoly power,' said Mr. Rehr, whose organization represents traditional AM/FM radio stations."

The Los Angeles Times (3/1, Puzzanghera) reports, "Karmazin, who would run the new company if federal regulators approve Sirius' proposed merger with XM Satellite Radio Holdings Inc., tried to overcome those hurdles by promising not to hike for an unspecified period the $12.95 monthly subscription rate that both companies charge. … The reason for the concession is simple, Karmazin said, and is the heart of the case Sirius and XM are trying to make: They now compete with a host of technologies that don't charge a cent — including broadcast radio, iPods and music that streams over the Internet." The Times adds, "Price is a major concern for several members of the committee's antitrust task force. Congress doesn't have to approve the deal, but its views could influence officials at the Department of Justice and the Federal Communications Commission, which must bless the merger. … 'Why would we eliminate one of the two competitors here?' said Rep. Robert W. Goodlatte (R-Va.). 'I believe prices are going up if you are the

only one.' … His fears were echoed by Mark Cooper, director of research at the Consumer Federation of America. … 'Competition is the consumer's best friend,' Cooper told the committee, warning that 'a tsunami of mergers will ripple through the digital space' if regulators agree to the market definition urged by Sirius and XM." The Times notes, "Conyers also questioned what effect the potential deal might have on future mergers. … But some lawmakers agreed with Karmazin that the marketplace had changed and indicated they would support the merger with certain conditions, such as requiring a lower-priced option for a limited number of channels. … 'Music is music, and it really doesn't matter much the source of it,' said Rep. Rick Boucher (D-Va.) "

The New York Times (3/1, Labaton) reports, "Karmazin…repeatedly and angrily contested charges by opponents, including the major trade group for broadcasters, that merging his company with XM Satellite Radio Holdings would simply transform a duopoly into a monopoly. … 'There is no monopoly or duopoly,' he said. 'That's the most bizarre thing I have ever heard.'" The Times adds,. "He maintained that the relevant market for the services offered by the two satellite radio companies includes all terrestrial broadcasters, Internet radio and other popular listening devices, including iPods and other portable music players. … With so much competition from other sources, he said, satellite radio lacks the sway of a dominant industry power. … But as he tried to sell the proposed deal to Washington, he also acknowledged the major challenges he faced in persuading policy makers that it would not be anticompetitive. He made it clear that he was willing to embark on the same kind of deal-making with the regulators that has been a hallmark of his career as a broadcast executive."

Dow Jones Newswires (3/1) reports, "The Department of Justice's antitrust task force would have to approve the merger and FCC rules would have to be changed to allow the deal before it could get final approval." Dow Jones continues, "The NAB, which represents mainly smaller radio and television broadcasters across the U.S., fiercely opposes the deal. … 'The proposed merger must be rejected,' said Rehr in his opening statement. 'Public policy should never allow one entity to acquire state-sanctioned, monopoly control over the 25 megahertz of spectrum allocated to satellite-radio service.' … Taking a somewhat less strident view was Gigi B. Sohn, the president of public-interest group Public Knowledge. … In her opening statement, she said that the merger should be given the green light only if it meets three conditions. … It must make available pricing choices such as channel-by-channel subscriptions or tiered programming; it must hand over 5 percent of its capacity to noncommercial educational programming; and it should agree to not raise prices for three years after the merger is granted approval."

CNET News (3/1, Broache) reports, "Karmazin said a combination of the sole two satellite radio players would lower, or at least cap, its prices and provide more programming choices. … For example, one network carries Major League Baseball games, and the other carries the National Football League games, but neither carries both. Sports fans would no longer have to pay to subscribe to both services or buy two different radio receivers if the entities merged, he said. Karmazin also pledged that existing radio receivers for each service would continue to work after the melding of the companies. … 'We are absolutely convinced that this merger is going to be in the consumer's best interest,' said the Sirius chief and former Viacom president." CNET adds, "Attitudes toward the proposed deal, worth about $13 billion, did not appear to be split along party lines among members of the newly created House task force, which has 10 Democrats and nine Republicans. Many opened their questioning on Wednesday with vows to keep an "open mind" about the deal but went on to question the deal's necessity and its benefits to consumers. … One hurdle already lies in the licenses granted to the companies by the Federal Communications Commission. In hopes of ensuring competition, the FCC stipulated at the time that there had to continue to be more than one licensee in the satellite radio sphere. XM and Sirius would have to persuade the regulators to waive that decision." CNET notes, "Citing the FCC's policy decision, Rep. James Sensenbrenner (R-Wis.), the former chairman of the House Judiciary Committee, challenged XM and Sirius executives' repeated assertions that the merged entity would not constitute a monopoly. … 'What you appear to be advocating is to make your merged company somewhat akin to an old regulated gas company, and I don't see where the consumer ends up benefiting in that,' Sensenbrenner said. … He also questioned how the XM-Sirius plan was any different than a proposed merger between EchoStar Communications' Dish Network and Hughes Electronics' DirectTV that the FCC blocked on the grounds that it amounted to a 'regulated monopoly.' … Karmazin said his companies' situation was different because the satellite TV business competes with cable and not with free services like terrestrial and Internet radio. Throughout the hearing, he

repeatedly challenged any suggestion that the merged companies would have incentive to raise their prices by saying, 'We compete with free.'"

Bloomberg (3/1, Rowley, Stern) reports, "The companies contend there is more competition for listeners now than when the original satellite licenses were granted, from devices such as Apple Inc.'s iPod, terrestrial radio and new high-definition stations. … 'We are going to have to convince them that it is not anticompetitive,' Karmazin said, referring to Justice Department and U.S. Federal Communications Commission regulators. He was speaking on behalf of XM as well as Sirius." Bloomberg adds, "Rehr drew his own critics, including Democrats Anthony Weiner from New York and Rick Boucher from Virginia. … 'I would like the panel to oblige me by stop throwing around the word monopoly,' Weiner said. … Boucher agreed with XM and Sirius's contention that the companies compete in a broad audio entertainment market that includes broadcast radio. … 'The very presence of Mr. Rehr here happens to confirm the argument that the relevant market is all of radio,' Boucher said." Bloomberg notes, "Lawmakers and regulators have promised to look closely at the deal because of concerns that it would create a satellite radio monopoly. House Commerce Committee Chairman John Dingell, a Democrat from Michigan, said yesterday that he planned his own inquiry in to the deal. The Senate Judiciary Committee's Antitrust Subcommittee also may to hold a hearing."

The Politico (3/1, By:, Glass) reports, "An overflow crowd of industry executives, lawyers and lobbyists packed the hearing room in the House Rayburn Office Building as Karmazin, one of five witnesses, debated the merits of letting his money-losing company combine with XM Radio in a deal that has been valued at $13 billion. … The two firms contend there is more competition for listeners now than when the original satellite licenses were granted. Whether or not the merger goes through, he added, satellite radio, with its 14 million customers, will continue to compete with an increasing array of audio outlets, including AM, FM and multi-channel HD radio, the Internet and a host of download-based music players, such as Apple's iPod." The Politico adds, "Rep. Lamar Smith (R-Tex.), the ranking member on the full committee, noted that 'we are at the beginning of a long process,' a point echoed by Karmazin during his own remarks." The Politico adds, "Some of the most pointed exchanges occurred not with the members but at the long witness table between Karmazin and Mark Cooper, research director of the Consumer Federation of America, an advocacy group. Cooper held that, 'The argument that consumers will be better off with a benevolent monopolist than competition is absurd. Cost savings will not be passed to consumers. It is competition that is the driver of innovation in this economy, and competition is the best form of protection for consumers.' … Karmazin said his people had told him not to get excited and to keep his hands folded at the table. But Cooper, he felt, had gone too far. The monopoly charge, he said, 'is the most bizarre thing I've ever heard… We are not looking to bankrupt our companies. We are not doing anything that stupid. And we'll give back some of that saving (to our customers)'"

The AP (3/1) reports, "When satellite radio was licensed a decade ago, Sirius and XM were granted the only two licenses. In exchange, Federal Communications Commission rules stated that the two wouldn't be allowed to merge in the future. … Sirius and XM have argued that in the ensuing 10 years, the market has changed substantially and they are no longer just competing against each other."

Corporate Attorneys Seek More Clarity In Antitrust Law. The Legal Times (3/1) reports, "Top lawyers for General Electric Co. and Eastman Kodak Co. told federal regulators last month that companies need more clarity in antitrust laws when it comes to the sale of products bundled in a discounted package deal, and to the sale of services and parts for a product. … 'Companies are concerned that the rules aren't clear,' Ronald Stern, vice president and senior counsel for antitrust at General Electric, said in an interview after the hearing." The Times continues, "Testifying in Chicago at a panel organized by the Federal Trade Commission and the Department of Justice's Antitrust Division, the attorneys said regulators should help companies better understand when they might be stepping over the antitrust line in the two areas. … Previous court rulings have left the law ambiguous on when corporate behavior may violate Section 2 of the Sherman Antitrust Act and make companies vulnerable to lawsuits by competitors, the lawyers said. … They encouraged the agencies to file amicus briefs in court cases or to issue additional guidelines to make the law clearer. … 'These two areas are a clear problem for companies like Kodak,' Patrick Sheller, the chief compliance officer at Eastman Kodak, said in an interview after the hearing." The Times notes< "David Balto, a former Federal Trade Commission policy director and a lawyer in Washington, agreed that amicus briefs could shed light on

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how companies are expected to follow the law, especially because most antitrust decisions occur in lower courts. … The price-bundling issue has come up in the courts more frequently than the aftermarket issue and therefore has created greater potential for liability, said Herbert Hovenkamp, an antitrust professor at University of Iowa College of Law. … Sheller told the panel that the line between the legal 'bundling' of products and the illegal 'tying' of products has been blurred."

House Bill Would Stiffen Penalties For Gas Price Gouging. The AP (3/1, Hebert) reports, "Although gasoline prices have dropped sharply from last summer, 79 lawmakers sought to send a message Wednesday, introducing a bill that would impose stiff penalties on oil and gas companies for price gouging." The AP continues, "With prices at the pump rebounding in recent weeks, Rep. Bart Stupak, D-Mich., said he's worried 'this summer prices may once again exceed $3 a gallon.' … The bill introduced by Stupak and 78 other members of the House would establish the first federal law against price gouging by oil and gas companies, imposing criminal penalties and fines of up to $150 million for corporations and $2 million on individuals. … The House passed a similar bill last year, but it died in the Senate." The AP adds, "The Federal Trade Commission would be given authority to investigate price gouging in the sale of crude oil, home heating oil, propane and natural gas. … 'The FTC has never brought a gas price gouging case to court,' said Stupak. … In fact, the agency has no authority to do so since there is no federal energy price gouging law. FTC investigations into crude oil or gasoline pricing have focused on whether companies have colluded in violation of antitrust laws." The AP notes, "Last year, FTC Chairwoman Deborah Platt Majoras said a federal law against oil company price gouging would be difficult to enforce and could hurt consumers by causing fuel shortages. … She said price gouging is difficult to define and courts have refused to address the question of what is a "reasonable" price in a free market. She maintained it may be difficult to determine what price hikes are legitimate."

DOJ Subpoenas Genworth Financial Unit In Bid-Rigging Probe. Market Watch (3/1, Boessenkool) reports, "Genworth Financial Inc. disclosed Wednesday that a subsidiary received two subpoenas in November related to probes into the sale of guaranteed investment contracts to municipalities." Market Watch continues, "The subpoenas, a grand jury subpoena from the Antitrust Division of the U.S. Justice Department and a subpoena from the Securities and Exchange Commission, require the unit to turn over information related to investigations into alleged bid-rigging involving the sale of the investment contracts, according to Genworth's annual report filed with the SEC. … Genworth said it doesn't issue these contracts to municipalities. But the insurance company said that from January 2004 to December 2006, the subsidiary provided management and administrative services to a third party that does issue the contracts to municipalities. … Genworth said it plans to cooperate fully with the investigations."

Terex Receives DOJ Subpoena On Equipment Pricing. Market Watch (3/1, Kowsmann) reports, "Terex Corp. disclosed Wednesday that it received subpoenas from the U.S. Department of Justice over some equipment pricing." Market Watch continues, "In its annual report filed with the Securities and Exchange Commission, the Westport, Conn., the manufacturer said the subpoenas relate to the DOJ's investigation into pricing practices in the rock crushing and screening equipment industry. … Terex said it cooperating fully with the investigation. It didn't provide further information."

Marks & Spencer's CEO Mulls Sainsbury Bid. Bloomberg (3/1, Craven, Couch) reports, "Marks & Spencer Group Plc Chief Executive Officer Stuart Rose said he's considering bidding for J Sainsbury Plc, Britain's third-biggest supermarket chain." Bloomberg continues, "Rose, who runs the U.K.'s largest clothing retailer, said he was speaking to customers about an offer for Sainsbury, which has a market value of 8.8 billion pounds ($17 billion). 'You do get quite an interesting response,' he said in a presentation to a London conference held by Retail Week magazine today." Bloomberg adds, "His remarks follow three weeks of speculation that Marks may seek to buy Sainsbury to create a retailer with more than 1,000 outlets. An offer may spark a bidding war with CVC Capital Partners Ltd., Blackstone Group LP and Kohlberg Kravis Roberts & Co., which said Feb. 2 they were considering an offer for Sainsbury in what would be Europe's biggest buyout. … 'Assets like this don't come on the market very often,' Rose said today. 'The company is effectively in play. Your shareholders would think you were an idiot if you didn't consider it. Watch this space.'" Bloomberg notes, "Marks said in an e-mailed statement following Rose's remarks that its board had considered bidding for Sainsbury

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and didn't intend to make an offer 'at this time.' The retailer said it reserved the right to announce a bid or possible bid within the next six months if Sainsbury's board recommends an offer or if a 'firm' approach by the CVC group or another suitor is made."

A&P Parent Negotiating Pathmark Purchase. Market Watch (3/1, Moore) reports, "Great Atlantic & Pacific Tea Co. said it is negotiating to acquire smaller rival Pathmark Stores Inc., as A&P looks to expand its footprint in the competitive supermarket industry. … Under the terms of the proposed deal, announced Tuesday, Pathmark shareholders would receive $12.50 a share in cash and stock." Market Watch continues, "Shares of both companies fell in midday trading Wednesday, after moving sharply higher ahead of the announcement. Pathmark shares were down 2% at $11.71, while A&P saw its shares drop 3.4% to $32.03. … The Montvale, N.J., company , which operates A&P, Waldbaum's and Food Emporium, said no final agreement has been reached. The sale would require shareholder and regulatory approvals, including federal and state antitrust clearances. … 'We have long held that consolidation in the market was necessary and that Pathmark and A&P made the most logical choice for a combination,' Bear Stearns analyst Westcott Rochette wrote in a note to clients, after raising the year-end price target on A&P to $40." Market Watch adds, "Based on the number of shares outstanding when Pathmark reported its third-quarter results, the deal is valued at about $651 million. … Goldman Sachs analyst John Heinbockel said the proposed deal makes sense, but warned against too much optimism. … 'We continue to believe that the combination, while likely to unlock significant cost take-out synergies, carries certain risks,' Heinbockel said. 'These would include systems conversions, banner changes, and the execution of a much-needed, stepped-up capital program.' … News of the negotiations comes as grocery stores are struggling to compete with high-end specialty operators, including Whole Foods Markets Inc. , Trader Joe's and Wegman's, as well as discount giants such as Wal-Mart Stores Inc. Last week, Wild Oats Markets Inc. agreed to be acquired by larger rival Whole Foods. See archived story."

Oracle Expected To Announce Acquisition Of Hyperion. The New York Times (3/1, Sorkin, De La Merced) reports, "Oracle is near a deal to acquire Hyperion Solutions, which makes software that allows corporations to analyze and track their performance, for more than $3.1 billion, according to people briefed on the deal. … The acquisition is expected to be announced as early as today, these people said." The Times continues, "The deal would be the latest trophy in a lengthy string of acquisitions by Oracle, the database software giant that has been struggling to grow from within … In December, Oracle posted strong earnings growth for its second fiscal quarter, but its growth in license sales disappointed investors. The company said at the time that it had failed to close some crucial licensing deals during the quarter. License sales rose 28 percent in the quarter, but that was down from 80 percent growth in the previous quarter." The Times adds, "Oracle has long been known as one of the most aggressive acquirers of technology companies. … Led by Lawrence J. Ellison, who sees acquisitions as a tool for growth, the company has at times seemed on the verge of gobbling nearly every rival in the business software market. In the last three years, Oracle spent more than $20 billion on acquisitions, including buying two of its most formidable competitors, PeopleSoft and Siebel. … PeopleSoft, the company Oracle fought over for nearly two years, was its most notable deal. … In December 2004, after a battle for control that grew nasty, Oracle finally acquired PeopleSoft for about $10.3 billion, becoming the second-largest maker of business-management software. … The day after completing the deal, Oracle fired four top officers of PeopleSoft. … Since that deal, Oracle's appetite has been unsatiated. In 2005, the company bought a stake in I-flex Solutions, a maker of financial software based in Mumbai, India, for a reported $909 million."

Record Industry Targets College Students In Piracy Crackdown. The Los Angeles Times (3/1, Chmielewski, Puzzanghera) reports, "If they don't quit illegally downloading music, some USC students may end up having to fight on … in court." The Times continues, "The record industry's main trade group said Wednesday that it was mailing letters to 20 of the school's students whom it had identified as bootleggers. … The letters warn that an expensive lesson awaits if the students don't stop the practice. Settle, the dispatches say, or be sued." The Times adds, "The mailings are part of a stepped-up legal fight by the Recording Industry Assn. of America against music downloading amid indications of a dramatic increase in the number of songs exchanged illegally via the Internet. … The association said that overall it was sending 400 warning

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letters to students at 13 universities and that it expected to sue several thousand students. … 'We'd rather not be doing these lawsuits … but the fact remains that the college environment is one that has rampant piracy,' said association Chairman Mitch Bainwol."

The Wall Street Journal/AP (3/1, B5) reports, "The move comes as the industry seeks to stamp out what it is says is rampant music piracy on campuses. … The group intends to send hundreds of such pre-litigation letters to university computer users every month. … 'The theft of music remains unacceptably high and undermines the industry's ability to invest in new music,' said Mitch Bainwol, chairman and CEO of the association. 'This is especially the case on college campuses.' … The letters targeted students at Arizona State University, Marshall University, North Carolina State University, North Dakota State University, Northern Illinois University, Ohio University, Syracuse University, University of Massachusetts, Amherst, University of Nebraska, Lincoln, University of South Florida, University of Southern California, University of Tennessee, Knoxville, and University of Texas, Austin."

Northeast Power Producers To Merge. Bloomberg (3/1, Polson) reports, "Astoria Generating Co. and EBG Holdings, closely held owners of power plants in New York City and Boston, said they will merge in a move designed to capitalize on rising regional power demand and limited supply." Bloomberg continues, "The newly formed entity, U.S. Power Generating Co., will be run from New York by Astoria Chief Executive Officer Jacob Worenklein, the companies said today. Hedge funds that own EBG will get 54 percent of the closely held company. Astoria owners, including Madison Dearborn Partners LP and the Hunt Oil family, will get 46 percent. Other details of the agreement weren't disclosed. … The combined value of the plants held by the two companies may be worth $4.25 billion to $5 billion, analysts said. Combined output will be about 5,000 megawatts." Bloomberg notes, "Astoria Generating's three plants supply 20 percent of New York City's power supply and EBG's five plants meet half the electricity needs of Boston, the companies said. U.S. Power Generating expects to benefit from tariffs regulators plan to impose on power customers to encourage costly construction of plants and power lines as both metropolitan areas grow. … Rising electricity demand and planned plant retirements may leave the New York City area short of generating capacity needed to meet demand on the hottest days as early as next year, the New York Independent System Operator, which runs the state's power grid, said in August."

EU To Probe European Central Bank Settlement Platform. The Financial Times (3/1, Buck) reports, "A controversial plan by the European Central Bank to set up and operate a new system for settling share and bond trades in the European Union will come under close scrutiny by the region's top antitrust watchdog." The Times continues, "In an unusual move that adds to the uncertainty surrounding the new regime, the European Commission told EU finance ministers this month that the central bank was not exempt from antitrust laws. … It also told them that the Commission's competition department would carefully examine the so-called Target 2 Securities system - a process that could delay the introduction of the new platform." The Times adds, "Though the Commission does not have concrete concerns at this stage, a probe would most likely focus on whether the ECB system constituted a restrictive business practice or an abuse of monopoly power in violation of EU antitrust rules. … 'Economic activities are subject to competition law irrespective of whether they are undertaken by private companies or by public authorities and other institutions,' the spokesman for Neelie Kroes, EU competition commissioner, said. 'We have informed the financial services committee [the body that prepares meetings of EU finance ministers] that the ECB is not exempt from competition rules.' … He added: 'The ECB proposal has not been finalised, and we would not necessarily find the system incompatible with EU competition rules. It could turn out to be pro-competitive. But we would want to examine it carefully.'"

EU Clears Sale Of BAWAG To Cerberus Group. The AP (3/1) reports, "EU regulators on Wednesday cleared the sale of Austria's BAWAG, the troubled bank linked to collapsed commodities broker Refco, to a consortium headed by private equity fund Cerberus Capital Management." The AP continues, "The European Commission automatically cleared the deal after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days. … Cerberus and others agreed in December to pay 3.2 billion euros ($4.23 billion) for the bank, Austria's fifth largest." The AP adds, "The bank's current owner, trade union federation OeGB, will get 2.6 billion euros ($3.44 billion) of that with the rest serving as an

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injection of capital for BAWAG P.S.K. … The consortium -- which includes Wuestenrot, the Austrian branch of Assicurazioni Generali SpA, Oesterreichische Post and a small group of industrialists linked to Hannes Androsch, a former Austrian finance minister -- plans to expand the bank throughout Europe. … BAWAG, formally known as the Bank Fuer Arbeit und Wirtschaft AG, lost more than a billion dollars in soured currency speculation deals in the Caribbean and has been under investigation for loaning Phillip Bennet, the former CEO of Refco Inc., several hundred million dollars just before the brokerage filed for bankruptcy protection last year."

Patent Dispute Between Broadcom And Qualcomm Continues. The Orange County (CA) Register (3/1, Gittelsohn) reports, "The semiconductor giants settled four patent disputes out of court last week, but are far from resolving other property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday." The Register continues, "Broadcom Corp. and Qualcomm Inc. settled four patent disputes out of court last week, but the Southern California semiconductor giants are far from resolving their antitrust and intellectual property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday. … 'That was just a piecemeal separate peace,' said Lou Lupin, executive vice president and general counsel for Qualcomm, the San Diego telecom chipmaker." The Register adds, "Broadcom and Qualcomm still have five outstanding patent infringement cases and three antitrust actions in U.S. federal courts, the European Community and South Korea. One of the next cases is scheduled for opening arguments in federal court in Santa Ana in May. … In addition, Broadcom still has 12 patent disputes against Qualcomm, and Qualcomm still has six against Broadcom, said David Rosmann, Broadcom's vice president for intellectual property litigation. 'It's just a paring down,' he said." The Register notes, "Irvine-based Broadcom launched the legal war in 2005 amid frustration over negotiating licensing agreements for technology in 3G or WCDMA mobile phones, a new generation of phones that perform multiple tasks such as transmitting high speed video. Qualcomm pioneered the technology that became the industry standard. … In its antitrust cases, Broadcom argues that Qualcomm wants to monopolize the next generation of mobile phones by charging excessive royalties. Broadcom's attorneys say Qualcomm employed the same tactic to control more than 90 percent of the chips in the current generation of mobile phones used by such companies as AT&T, Sprint and Verizon."

Writer Argues Against "Big Is Bad" Attitude In Antitrust Law. In an op-ed in the Wall Street Journal (3/1), Cécile Philippe, director general of Institut économique Molinari, a think tank in Brussels and Paris, writes, "The world's No. 1 chipmaker, Intel, has been the target of a series of antitrust probes and lawsuits around the globe. Among them is a five-year investigation by the European Commission that has included raids on the company's European offices and may yet lead to formal legal proceedings. Japan's Fair Trade Commission has already condemned Intel for 'unfair' practices and urged it to change its ways. Authorities in South Korea and the U.S. are also probing the California-based company. … The concomitant nature of these cases owes nothing to serendipity. They were all triggered following antitrust complaints filed by Intel's arch-rival, Advanced Micro Devices Inc. AMD alleges that Intel's practice of inviting its major customers to sign exclusive contracts in exchange for significant rebates and discounts is anticompetitive. In the European Commission, AMD has an audience that has been sympathetic to such accusations before, as in the cases of the pharmaceutical firm Hoffmann-Roche in 1979 or the tire manufacturer Michelin in 2003." Philippe continues, "These commercial tactics are actually common practice. Intel's case, however, is allegedly different in that the firm enjoys a 'dominant position' in the market for microprocessors, with 80% of sales by unit volume. It is because of this 'dominant' status that competition regulators might regard Intel's practices with suspicion and ordain that it end them. … The legal premise is that a company with such a large market share can use its size to put competitors out of business, perhaps by lowering its prices to a point at which they cannot compete, and then foist higher prices upon helpless customers. The soundness of this theory is debatable even on philosophical grounds -- if the new monopolist suddenly raises prices, why would its old competitors not get back into the game? -- but there is empirical evidence that Intel's practices have not made it immune to competition." Philippe argues that "there's an inherent contradiction in this 'big is bad' application of competition law. Firms are allowed to use certain practices in order to grow their business and reach the top of their industry. But then, suddenly, these practices become illegal once their goal has been achieved. How can this be right? From an economic point of view, the intensity of

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competition should not be measured by market share alone. The most important thing is to see that entry into the market remains free -- that is, that regulatory measures do not impede companies from joining the fray. … In weighing Intel's business model and practices, it is vital that regulators leave room for the free play of competition and, even more important, let the market judge the management decisions of the different players in a given industry. There is no guarantee that Intel's strategy will prove to be the best one, especially if AMD or other firms provide better value to consumers. What is anticompetitive is the worrying trend of companies' asking regulators to level the playing field, rather than trying to win in the marketplace."

ENVIRONMENT:

Federal Suit Seeks To Block Arizona Marina. The Arizona Republic (3/1, Wong) reports, "The owner of the lone marina at Lake Pleasant sued two high-ranking federal officials in U.S. District Court Tuesday in an effort to halt construction of a new marina at the far north Peoria lake." The Republic continues, "Paradise Valley businessman David Maule-Ffinch and his Pensus Group filed suit against Robert W. Johnson, commissioner of the U.S. Bureau of Reclamation, and Dirk Kempthorne, secretary of the U.S. Department of the Interior. … The lawsuit came on the same day the $20 million marina cleared its largest bureaucratic hurdle. Reclamation officials on Tuesday said they determined Scorpion Bay Marina & Yacht Harbor would have no significant impact on the environment and that the agency would not undertake a complete environmental review of the project." The Republic adds, "In his 13-page suit, Maule-Ffinch claimed that Reclamation — the arm of the Interior Department that owns Lake Pleasant and other waterways — broke federal law when it failed to require that Maricopa County conduct a competitive bidding process for the construction and management of the new marina. … A provision in a 2002 request for proposal banned Pensus and other potential bidders that had any business interests next to or around Lake Pleasant Regional Park, which the county manages. … 'The Bureau of Reclamation has an independent duty to make sure a federal asset is given out to a profit-making organization who has complied with all of the rules,' Andrew Federhar, an attorney for Maule-Ffinch and Pensus, said Wednesday. 'We don't believe (Reclamation) ensured this federal asset is being appropriately used.'" The Republic notes, "Maule-Ffinch filed a similar suit last April in Maricopa County Superior Court against the county and Lake Pleasant Marina Partners, a limited liability group of investors in the project. The court decided not to hear the case; neither did the state appellate court upon appeal. … Bruce Ellis, who heads the Reclamation division that issued a draft environmental review of Scorpion Bay, said he had no comment about the federal suit. A spokesman for the U.S. Department of Justice said the agency has not been served and would not have any comment until it reviews the matter."

Judge Approves Settlement Over Texas Coal-Fires Power Plant. The Austin American-Statesman (3/1, Price) reports, "A long-challenged Central Texas coal-fired power plant appeared to get a green light for construction from a federal judge Tuesday." The A-S continues, "The plant had been held up by legal challenges from environmental groups and, for a period, the federal Department of Justice. … But in November, the federal government offered a settlement that would allow Alcoa Inc. and TXU Corp. to use an old permit at the site instead of having to apply for a new, stricter permit." The A-S adds, "The settlement offer, approved by U.S. District Judge Sam Sparks in Austin late Tuesday, eases a deal between the aluminum giant and the state's largest energy company for control of the plant, which powers an aluminum smelting operation in Rockdale, about 60 miles northeast of Austin. … The plant's new unit, known as Sandow 5, is one of three coal-fired units TXU proposes to build. Plans for eight other units were withdrawn after the company was approached in a $45 billion buyout deal last week. … The unit, slated to come online in 2009, will have 581 megawatts of capacity, or enough to power 300,000 homes." The A-S notes, "Citizens and environmental groups accused Alcoa in a lawsuit of illegally releasing more than 1 million tons of air pollution from the plant during a 17-year period. … As part of the settlement reached in 2003, Alcoa was required to pay a $1.5 million fine, spend $2.5 million on environmental mitigation projects in Central Texas and replace its three coal-powered generating units at the plant with a single cleaner-burning, coal-powered unit by 2007."

The AP (3/1) reports, "The Justice Department had joined environmental and citizen groups in challenging plans for the new plant. But the government came to terms with Alcoa and TXU in November, and on Tuesday, U.S. District Judge Sam Sparks approved the settlement. … The

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Rockdale plant is one of three Texas coal-fired units proposed by TXU. Private equity firms working to buy TXU said earlier this week that they would scrap plans for eight other proposed coal plants." The AP adds, "Opponents of the Rockdale plant had sued Alcoa alleging the company released illegal amounts of air pollution from the plant during a 17-year period. … Alcoa reached a settlement with the groups in 2003 that required Alcoa to pay fines, spend millions on environmental cleanup and replace its three coal units with a single cleaner unit by 2007."

EPA IG Says Defunct Nonprofit Should Return Federal Funds. Bloomberg (2/28, Roland) reports a government audit has concluded that the nonprofit America's Clean Water Foundation, which "sponsored national clean-water events with the Smithsonian Institution before shutting down over accounting irregularities," should return $25.2 million in EPA grant funds. The EPA Inspector General said the group "overstated costs" on EPA grants and "failed to keep appropriate records." EPA Grants Administrator Richard Kuhlman said the foundation "failed for years to detect an employee's $500,000 embezzlement of its funds." The FBI "has been investigating the crime, he said. FBI spokeswoman Debbie Weierman declined to comment. It also failed to document its expenses, didn't have its books audited for three years, and awarded all its contracts without competition among potential bidders, the audit said."

Energy Department Launches Cellulosic Ethanol Effort. The Wall Street Journal (3/1, Fialka, 2.04M) reports, "The Department of Energy has kicked off a technological horse race to see which among six companies can produce a transportation fuel that is an alternative to corn-based ethanol, in commercial quantities, at a cost of around $1 a gallon. Companies successful in producing low-cost ethanol could have first crack at a new fuel market that offers a domestic alternative to gasoline." Until then, DOE "says it will pony up as much as $385 million to help the competitors ... . 'This effort is a big deal,' said Energy Secretary Samuel Bodman, who estimated that the companies will commit a total of at least $1.2 billion to their ventures." Because "Congress has been slow in appropriating the agency's budget, an additional prize, promised by a $2 billion loan-guarantee program, has yet to be established." Congress "approved aiding makers of so-called cellulosic ethanol in the Energy Policy Act of 2005. ... President Bush has since made the program part of his goal to introduce 35 billion gallons of alternative fuels into the transportation sector."

The New York Times (3/1, Barrionuevo, 1.16M) reports, "Dozens of ethanol refineries that use corn are planned for construction over the next two years. But Mr. Bodman acknowledged yesterday that corn alone would not be enough to achieve the ambitious goal of taming what Mr. Bush has called America's 'oil addiction.'" The Times adds, "Ethanol made from corn has a small effect on greenhouse gases, but ethanol from cellulose cuts those gases sharply."

FBI/DEA/ATF/USMS:

"Operation Imperial Emperor" Nets Dozens Of Arrests, Tons Of Drugs. There are nearly 200 media references to arrests and drug seizures made in connection with Operation Imperial Emperor. Most reports cite the AP story. The AP (3/1) reports that dozens of people "accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana. At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz.," according to authorities. … The 20-month sting, code-named 'Operation Imperial Emperor,' so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois." The AP adds, "Among the cache collected by the Drug Enforcement Administration were 27,229 pounds of marijuana; 9,512 pounds of cocaine; 705 pounds of methamphetamine; 227 pounds of pure methamphetamine, or 'ice;' 11 pounds of heroin; $6.1 million in property and assets; and an estimated 100 weapons and 94 vehicles." FOX News, the New York Times, Washington Post, Houston Chronicle, Denver Post, Kansas City Star, and Boston Globe are among the news outlets that used the AP story.

The Washington Times (3/1, Seper) reports, "A long-term federal investigation into a Mexican drug-trafficking organization and its U.S.-based distribution cells has resulted in more than 400 arrests nationwide, including 66 who were taken into custody yesterday in California, Arizona, New York and Illinois." Rusty Payne said the investigation "accounted for $6.1 million in property and assets, as well as 100 weapons and 94 vehicles." The Times reports Karen Tandy

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said, "The Cazares-Gastellum drug empire that rose to such heights of power in only two years, fell today at the hands of DEA and our partners. This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country."

USA Today (3/1, Leinwand) reports federal agents "arrested 66 people Wednesday in a multi-city sweep of an alleged drug ring that is accused of bringing five tons of cocaine a month into the USA. The Drug Enforcement Administration said leaders of the Cazares drug operation, headquartered in Mexico, have been indicted on charges of laundering money and trafficking in massive amounts of cocaine, marijuana and methamphetamine from Colombia, Venezuela and Mexico." The investigation "began in 2005 when federal agents in Imperial County, Calif., stopped a pickup packed with marijuana, the DEA said. The find led federal agents to Victor Cazares-Gastellum, DEA spokesman Steve Robertson said." USA Today reports court papers indicate Cazares and his operatives "moved cocaine from Venezuela and Colombia through Central America and into Mexicali."

Bloomberg (3/1, Schmidt) reports the investigation "targeted the Victor Emilio Cazares-Gastellum cartel, which supplied cocaine, methamphetamine and marijuana across the U.S." Bloomberg reports Karen Tandy said, "Today we ripped out this empire's U.S. infrastructure."

The AP (3/1, Spagat) reports, "Dozens of people accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana, federal officials said." The AP continues, "At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said. All the narcotics were sneaked into the country through the porous Southwest border exploited by cartel kingpin Victor Emilio Cazares-Gastellum, they said. … The 20-month sting, code-named 'Operation Imperial Emperor,' so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois. … 'Today's operation is a serious blow to one of the largest and most significant trafficking organizations,' said Attorney General Alberto Gonzales at a news conference in San Diego." The AP adds, "Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but remains in Mexico and was not arrested, officials said. … Authorities said the cartel employed U.S. citizens and Mexican nationals, who distributed the drugs in 23 states. They will face either federal or state charges."

Fox News (3/1, Porteus) reports, "The organization has also laundered millions of dollars generated from this illegal activity, according to the Justice Department. … 'Today's actions deal a significant blow to the Victor Emilio Cazares-Gastellum drug trafficking organization, whose members are accused of importing and distributing multi-ton quantities of cocaine and other illicit drugs to communities across the country on a monthly basis,' Gonzales said. 'These arrests demonstrate what can be achieved when domestic and international law enforcement partners team up against a common foe.'" Fox News notes, "Federal or state charges were unsealed Wednesday morning against 139 defendants in California, Arizona, Illinois and New York. … The 20-month investigation led by the Drug Enforcement Administration and aided by more than 100 federal, state, local and foreign law enforcement agencies, has so far resulted in the seizure of approximately $45.2 million, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine or 'ice,' and 11 pounds of heroin. … The investigation has also netted $6.1 million in property and assets, as well as roughly 100 weapons and 94 vehicles. The drug ring is based in Sinaloa, Mexico."

California Newspaper Coverage. The San Diego Union-Tribune (2/28, Martinez) reported the ring "supplied cocaine, methamphetamine and marijuana monthly to its distributors by air, land and sea. Officials said it also laundered millions of dollars profited from the drug trafficking. … The investigation resulted in the federal indictment of 19 individuals in federal court in San Diego. Those indicted include Mexican nationals and others with residences in Calexico and El Centro, officials said." The Union-Tribune says the organization "acquired drugs from Colombia and Venezuela to Central America, then smuggled them into the United States from Mexico. Once in the U.S., the drugs were broken down into smaller shipments in such cities as Los Angeles and San Diego and disseminated to distribution cells in various states."

The San Diego Union-Tribune (3/1) today reports, "A little-known Mexican drug trafficking organization, which operated without the notoriety of more violent rivals like the Arellano Félix gang, was taken down yesterday during a multistate bust announced in San Diego." The Union-

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Tribune quotes Karen Tandy saying, "Today we ripped out this empire's U.S. infrastructure ... and tossed it into the dustbin of history." The Union-Tribune adds, "In San Diego – the base of the drug distribution network – five suspected Cazares cartel members were arrested yesterday in Otay Mesa and Paradise Hills at homes and a business, and agents seized three guns and five vehicles, said DEA Special Agent Dan Simmons. Fourteen others were taken into custody in the Imperial Valley, with $50,000 and 17 vehicles seized, Simmons said."

The San Francisco Chronicle (2/28) reported, "The investigation -- spearheaded by the DEA's Oakland office and dubbed 'Operation Imperial Emperor' -- targeted drug distribution cells and money-laundering networks of an organization led by Victor Emilio Cazares-Salazar of Mexico, the DEA said. … The case began in February 2006 when DEA agents identified a number of Bay Area residents as having ties to an international ring. … Investigators served search warrants in Tracy, King City, Modesto, Fairfield, Pinole, Hayward and San Leandro."

The Contra Costa Times (2/28) reported a Pinole man "was among dozens arrested in a nationwide investigation of a Mexico-based drug cartel in which more than $45 million worth cocaine, methamphetamine, heroin, and marijuana were seized. Luis Manuel Sanchez-Aceves, 26, of Pinole, was among nine people arrested statewide, according to the Drug Enforcement Administration."

Arizona Newspaper Coverage. The Arizona Republic (3/1) reports seven drug-smuggling suspects "were arrested and about $12 million worth of narcotics was seized in Arizona as part of a nationwide crackdown aimed at a Mexican smuggling cartel that crisscrossed the sand dunes near Yuma and built a submerged bridge across the Colorado River to avoid law enforcement. Ramona Sanchez, a Drug Enforcement Administration spokeswoman in Phoenix, said seizures in the Yuma area included 28,000 pounds of marijuana, 93 pounds of cocaine, 4 pounds of methamphetamine and about 2 pounds of heroin. … The enforcement in Arizona was tied to a nationwide campaign known as Operation Imperial Emperor, directed against a cartel headed by Victor Emilio Cazares-Gastellum, identified by the Justice Department as an international drug kingpin."

The Yuma (AZ) Sun (3/1) reports forty agents "executed eight search warrants at residences in Yuma, Somerton and San Luis, Ariz., arresting five people on federal charges and two on state charges. The seven men operated in two separate distribution cells here for the Victor Emilio Cazares-Gastellum drug trafficking organization, according to Assistant U.S. Attorney Liz Barrick. … The DEA was proclaiming victory over the drug ring after Wednesday's operation, known as Operation Imperial Emperor."

TV Coverage. On its Web site, ABC News (2/28) reports investigators "claim the smugglers stashed drugs and money in hidden compartments in cars and trucks, as well as in toys and musical instruments. In an aggressive move, the smugglers built a bridge made of sand bags across the Colorado River near Yuma, Ariz., which allowed them to simply drive across the waterway. … Tandy said the Cazares Organization rose to power quickly, but by attacking the agency where it hurt the most, the government was able to cripple the cartel."

On its Web site, Fox News (2/28, Porteus) reports, "Justice special agent-in-charge Steven Robertson told FOXNews.com. 'This organization had cells, which are little distribution sub-groups based throughout the U.S.' Robertson, who said the bust is the largest in about a decade in terms of amount of drugs and assets seized, as well as number of arrests, said law enforcement is seeing a disturbing new trend in the world of narcotics. In the past, meth was cooked in small toxic labs here in the United States, 'where literally you could cook it on a hotplate in your apartment,' Robertson said. … Drug cartels are cooking meth in what are called 'super labs' outside of the country, then smuggling the drugs into the United States through regular smuggling routes along the southern border."

CNN's Lou Dobbs Tonight (2/28, 6:00 p.m.) aired, "We have an exclusive look at an early-morning raid by drug enforcement agents in Los Angeles. The targets are members a vicious drug cartel based in Mexico." Reporter: "As the city of angels sleep, the DEA is gearing up. Final preparations for an early-morning raid on a suspected U.S. Branch of a lethal Mexican drug cartel. CNN was granted exclusive access." Reporter: "Silently the team moves in. Surrounds a house in East L.A. It's a scenario simultaneously playing out in 15 cities from southern California to Chicago. The culmination of nearly two years of investigative work. … Including today's raid, the DEA says this investigation has netted more than 700 pounds of meth, 4,000 kilograms of cocaine, 27,000 of pounds of marijuana, and more than $45 million in cold hard cash. The man allegedly responsible for getting those drugs into the United States, Victor Emilio

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Salazar. Indicted by a grand jury, he's believed to be in Mexico."

NBC SanDiego.com (2/28) reports, "Feds targeted the Victor Emilio Cazares-Gastellum drug trafficking organization, a rival to the Arellano Felix Cartel. Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but not arrested. … The DEA believes most of the drugs were smuggled across the border from Mexicali using vehicles with hidden compartments as opposed to drug tunnels."

KPBS, San Diego (2/28) reports on its Web site that federal authorities "arrested 66 people in California and other states Wednesday in connection with a Mexican drug-smuggling cartel. Law enforcement authorities say the alleged cartel leader remains at large. … Federal court documents say the cocaine-smuggling cartel rose to power in Mexico during the last two years."

BBC News (3/1) reports, "The authorities in the United States say they have arrested more than 400 people and seized 18 tons of drugs. … The news comes as the United Nations reported that Mexican cartels now dominate drugs trafficking in the US."

Pharmacists, Athletes, Celebrities Accused In Investigation Of Fraudulent Internet Drug Sales. Reporting on an Orlando pharmacy raid continues, now with more than 650 media references to the raid reported to be linked to a long-term investigation into illegal steroid and human growth hormone sales. The New York Times (3/1) today reports the "arrests of four people in Florida on Tuesday and the indictments of at least six doctors around the country linked to a pharmacy in Orlando, Fla., present striking evidence that authorities in several states have opened a new front in the war against illegal online sales of steroids and other performance-enhancing drugs. Albany County prosecutors, working with federal investigators and Florida officials, have linked 11 doctors to the pharmacy. Six face felony charges that they wrote prescriptions to patients they had never met." The arrests in Florida, which "involved at least 20 branch offices of state, local and federal law enforcement agencies, were only one prong of a series of overlapping investigations into the underworld of Internet drug sales."

The Albany (NY) Times Union (2/28, Iorizzo) reported Tuesday's raid of an Orlando, Fla., pharmacy "accused of trafficking performance-enhancing drugs over the Internet may prove to be one of the most significant steroids busts in history," according to a leading expert. Sources "said the investigation…revealed that Signature Pharmacy customers included several former and current professional athletes. Among those linked to the company were former Arizona Diamondbacks pitcher Jason Grimsley and a team doctor for the Pittsburgh Steelers."

The Orlando Sentinel (2/28) reported the four people "arrested as part of a raid on two Orlando pharmacies face a court appearance on Thursday morning." The Sentinel adds, "Central Florida's Metropolitan Bureau of Investigation, the U.S. Drug Enforcement Administration, Internal Revenue Service, New York State Bureau of Narcotic Enforcement and other federal and state health and law-enforcement agencies participated in the daylong search at Signature Compounding Pharmacy."

In Orlando, McClatchy Newspapers (2/28) reported, "With BALCO still churning on the West Coast, a new front on the steroid war opened in the East on Tuesday when law-enforcement officers raided two Orlando pharmacies and seized steroids, human growth hormone and records that could connect those drugs to dozens of athletes. In a raid led by the Albany (N.Y.) County District Attorney's office, officers from several Florida and national agencies arrested four employees of Signature Compounding Pharmacies Tuesday and charged them in an alleged scheme to provide steroids and growth hormone over the Internet. … Several raids and arrests were pending, one source close to the investigation said, adding, 'This is really the first of two waves.'"

In a widely reported story, the AP (3/1) writes, "The West Coast had BALCO. Now the East Coast could be in the midst of its own steroid scandal. An illicit steroid distribution network, which may be responsible for Internet sales of performance-enhancing drugs nationwide, has been targeted by an upstate New York prosecutor. Customers reportedly included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield and former baseball star Jose Canseco."

In a separate story, the AP (3/1) writes, "Testing for performance-enhancing drugs can only go so far -- and nab so many people. Bring state and federal law-enforcement officials in, and it could change the landscape of the anti-doping fight. Illicit steroid distribution networks, which may be responsible for Internet sales of performance-enhancing drugs nationwide, have been targeted by prosecutors in upstate New York and Rhode Island." Testing may "expose

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athletes who cheat, but it does little to punish those who make, market and distribute performance-enhancing substances, let alone stop the flow of drugs. That's why these new investigations have the potential to be so significant." Authorities "are targeting those who supply steroids to big-name and no-name users alike across the country."

Sports Illustrated (3/1) writes, "Ironically, Holyfield's name does not appear in the law enforcement documents we reviewed. However, a patient by the name of 'Evan Fields' caught investigators' attention. 'Fields' shares the same birth date as Holyfield -- Oct. 19, 1962. … When we called the phone number that, according to the documents, was associated with the 'Fields' prescription, Holyfield answered." Sports Illustrated continues, "Rather than using the Internet and receiving the prescriptions through the mail, 'Fields' allegedly picked them up from a private Georgia urologist whose offices were raided as part of this ongoing investigation. But authorities tell us the drugs came from Applied Pharmacy, the Mobile, Ala., compound pharmacy the DEA raided last fall."

Report: Abuse Of Prescription Drugs Expected To Exceed Use Of Street Drugs. The Pittsburgh Post-Gazette (3/1, Fuoco) reports, "After treating more than 2,000 people for OxyContin addiction since 2000, Dr. Neil A. Capretto, Gateway Rehabilitation Center's medical director, wasn't surprised by the findings of the United Nations-affiliated International Narcotics Control Board that abuse of prescription drugs is about to exceed the use of illicit narcotics worldwide. … In a report yesterday, the International Narcotics Control Board said abuse of prescription drugs is about to exceed the use of illicit street narcotics worldwide. The shift has spawned a lethal new trade in counterfeit painkillers, sedatives and other medicines potent enough to kill."

The AP (3/1) reports, "In the United States alone, the abuse of painkillers, stimulants, tranquilizers and other prescription medications has gone beyond 'practically all illicit drugs with the exception of cannabis,' with users increasingly turning to them first, the Vienna-based group said. And unregulated markets in many countries make it easy for traffickers to peddle a wide variety of counterfeit drugs through courier services, ordinary mail and the Internet."

ATF Expands Bomb Training For Military Technicians. The Chicago Tribune (2/28, Zajac) reports, "Struggling for more effective responses to the suicide and roadside bombings that have wreaked havoc in Iraq and increasingly in Afghanistan, the Defense Department has beefed up an explosives training program with the Bureau of Alcohol, Tobacco, Firearms and Explosives." The Tribune continues, "Military bomb technicians will receive additional training in countering homemade explosives and in identifying bomb components after a blast, under the expanded program to be run in six sessions annually at the ATF's training center in Ft. A.P. Hill in Virginia." The Tribune adds, "About 180 technicians from all branches of the armed forces will be trained in a course that has been expanded to one week, according to Steven Beggs, ATF chief of explosives training. Previously, about 90 technicians, mostly from the Army, received three days of training." The Tribune notes, "Homemade roadside bombs, also called improvised explosive devices, have exacted a devastating toll on American troops in Iraq and Afghanistan. This month the government alleged that sophisticated variants of the devices used in Iraq are being supplied by a branch of Iran's armed forces. … Suicide bombs have been employed against both military forces and civilians. … A suicide bombing Tuesday at the gates of Bagram Air Base in Afghanistan killed at least 23 people, including two Americans. Vice President Dick Cheney was on the base at the time but was unharmed."

US Files New Charges Against Alabama Bomb Suspect. The Mobile Press-Register (AL) (2/28, Kirby) reports, "A Flomaton (AL) man whose federal trial on bomb charges ended in a hung jury last month faces new charges under an indictment handed down last week by a grand jury in Mobile." The Press-Register continues, "At the January trial in U.S. District Court in Mobile, jurors could not agree about whether Gregory Wendell Nichols was guilty of possessing a bomb. The new federal indictment accuses him of two bomb-related charges formally known as possession of an unregistered firearm and making a firearm. … Nichols is scheduled to be arraigned on the charges today. … 'It is a separate offense to actually make a firearm,' said Assistant U.S. Attorney Vicki Davis, who has taken over as lead prosecutor in the case." The Press-Register adds, "During Nichols' trial, senior federal appeals Judge Emmett 'Rip' Cox, who presided over the trial, dismissed one of two counts against the defendant -- possession of a firearm in violation of law -- on grounds that it duplicated the other charge, possession of an unregistered firearm. … 'They're

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just retreading the indictment,' said Assistant Federal Defender Peter Madden, who added that his client intends to plead not guilty. 'A count was dismissed. Now, they're trying to add another one.'" The Press-Register notes, "Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his pickup truck; they reported finding five homemade explosive devices. … Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape, and attached a firecracker fuse."

Federal Judge Blasts Role Of Politics In Marshals Selection. The Boston Globe (3/1, Murphy) reports, "A federal judge in Boston has blasted the US Marshals Service as a "second rate" agency because it is headed by a patronage appointee, and called on Congress to 'professionalize' the law enforcement agency." The Globe continues, "Judge William G. Young , in an unusual addendum to a ruling in an employment discrimination case last week, went out of his way to criticize the way marshals are appointed throughout the country. … The appointees 'are all direct political patronage appointments. These are not executive department policy-making positions; they are vital law enforcement positions,' Young wrote. … 'Surely here in America direct command of law enforcement officers in harm's way could never be entrusted to political patronage appointees,' he wrote. 'How smug we are -- and how wrong.'" The Globe adds, "Young's remarks were striking, in part because federal judges work closely with the marshals, who are responsible for securing courthouses, protecting judges, juries, witnesses, and other court officials. They also play a role in capturing fugitives and transporting prisoners. … Young wrote that it was unimaginable that another federal law enforcement agency, such as the FBI or the Drug Enforcement Agency, would put a political appointee in charge of a regional office. He said Congress has professionalized those agencies. … 'Until Congress does the same for the Marshals Service, it will always be considered a second rate political agency in the eyes of true professionals,' Young wrote." The Globe notes, "Traditionally, the marshal's job has gone to a prominent political figure from the same political party of the president in office. The White House has usually allowed local political figures in the 94 marshal districts to reach a consensus on a candidate for the job. … Reed Hillman , last year's unsuccessful Republican candidate for lieutenant governor and a former State Police commander, is expected to be nominated for the presidential appointment."

IMMIGRATION:

Rep. Rohrabacher Presents New Evidence In Shooting Involving Former Border Patrol Agents. The El Paso (TX) Times (2/28) reported, "Eight months after he was shot...by two former El Paso Border Patrol agents, a Mexican drug smuggler delivered $1 million worth of marijuana to a stash house in El Paso County, according to an investigative report by the Drug Enforcement Administration now in possession of a California congressman. U.S. Rep. Dana Rohrabacher, R-Calif., held a news conference in Washington, D.C. … and held a redacted copy of the document up for reporters." The Times says it "is not clear what the DEA report will mean for the agents as it is not directly related to the February shooting, but Rohrabacher said he smeared the character of the smuggler as the prosecution's star witness. Rohrabacher said that prosecutors ignored the DEA report to 'promote the false image of the smuggler' during trial."

The Fort Worth (TX) Star-Telegram (2/28, Montgomery) reported the "disclosure of the report, dated Oct. 25, 2005, sparked new demands for a congressional inquiry into the prosecution of agents Ignacio Ramos and Jose Compean. Each of the agents was sentenced to more than a decade in prison for shooting Mexican national Osvaldo Aldrete-Davila in the buttocks after he abandoned a van loaded with marijuana near Fabens, outside El Paso. According to the previously sealed DEA report, Aldrete-Davila came to the attention of federal agents after being granted limited immunity to testify as the key witness against the two agents. … The DEA report, which began circulating on Capitol Hill on Wednesday, raised new questions about the government's handling of the case — particularly why Aldrete-Davila remained free after being tied to further trafficking activities."

The Washington Times (3/1, Seper) reports DEA documents, which "remain under seal, show that Osbaldo Aldrete-Davila was the focus of a drug investigation into his

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reported stashing of 750 pounds of marijuana in a van at a house in Clint, Texas, in November 2005 -- nine months after he was shot in the buttocks near Fabens, Texas, while running from agents Ignacio Ramos and Jose Alonso Compean. … Mr. Rohrabacher's spokeswoman, Tara Setmayer, confirmed yesterday that her boss had a copy of the reports but said he had no intention of disclosing information from them that could be damaging to an ongoing investigation. She said he sought only to establish Aldrete-Davila's suspected involvement in a second drug-smuggling incident."

Fox News (3/1) reports on its Web site that the DEA "found that Aldrete-Davila brought in another vanload of drugs into the United States while he waited to testify against the agents. Some reports say he stashed up to 750 pounds of marijuana at a house in Clint, Texas."

Gutierrez, Chertoff Say Bush Committed To Reforming Nation's Immigration System. The Los Angeles Times (3/1, Schreck, 850K) reports, "President Bush is committed to working with Congress on an overhaul of immigration laws, two Cabinet officials told a Senate panel Wednesday, but they hedged on the contentious issue of whether people who come to the US illegally have a right to citizenship." Commerce Secretary Carlos M. Gutierrez told the Senate Judiciary Committee that "the administration's priority is to secure the nation's borders and convince the estimated 12 million illegal immigrants to 'come out of the shadows.'" Meanwhile, Homeland Security Secretary Michael Chertoff "stressed that any changes in the law should not amount to amnesty. 'We cannot give those who are here illegally because they've broken the law a leg up and an advantage over those who have played by the rules,' he said." The hearing "follows a renewed behind-the-scenes push by the White House to pass a comprehensive overhaul before 2008 presidential and congressional campaigning swings into high gear. At least in broad terms, Bush agrees with congressional Democrats that the immigration laws -- last revised on a large scale in 1986 -- need significant retooling."

Reporting on the testimony by Gutierrez and Chertoff, USA Today (3/1, Kiely, 2.27M) says Bush "waded gingerly back into the debate over immigration Wednesday," adding that "last year's election improved the bill's chances for passage by putting Democrats in charge of both the House and Senate and ousting several leading Republican critics of the Senate immigration bill, such as J.D. Hayworth of Arizona and John Hostettler of Indiana."

The New York Times (3/1, Swarns, 1.16M) notes that "last year, the Senate passed bipartisan immigration legislation that would have provided citizenship to most illegal immigrants who paid fines and back taxes and learned English. … But on Wednesday, Mr. Gutierrez and Mr. Chertoff declined to endorse the measure. Mr. Gutierrez said many illegal immigrants might prefer working here for several years and returning home," and Chertoff "noted that only about a third of the illegal immigrants granted legal status as a result of legislation passed in 1986 actually ended up applying for citizenship." The Times adds, "It was unclear whether the officials were simply trying to ease conservative concerns about the citizenship question or whether Mr. Bush had actually shifted his position." Scott Stanzel, a White House spokesman, "said Mr. Bush still supported a path to citizenship that would include payments of fines back taxes and a requirement to learn English, among other things. But it seemed unlikely that the two cabinet secretaries would make such remarks without first consulting the White House."

The CBS Evening News (2/28, story 7, 2:40, Couric, 7.66M) reported GOP Sen. John McCain and Democrat Ted Kennedy "could unveil comprehensive new immigration bill as early as next week."

Reporting on that bill, The Hill (3/1, Schor, Swanson) says it "exposes a minefield of political hazards for the six senators chasing their parties' presidential nominations. Senate leaders on both sides of the aisle have expressed readiness to restart the debate over combining border enforcement with a path to earned citizenship for illegal immigrants in the country." But "Democrats now face high expectations on immigration after campaigning on last year's failure to reach a conference on comprehensive reform, and the Senate GOP's two 2008 candidates face their own backlash over backing the bill last year." The Hill adds, "The White House contender most openly staking his electoral fortunes on immigration" is McCain, "who is putting the finishing touches on this year's edition of the reform bill he offered last year with…Kennedy."

Kennedy "Secret Work" Said To Threaten Chances For Immigration Reform's Passage. The Washington Times (3/1, Dinan, 88K) reports that "Kennedy's secret work on an immigration bill threatens the chance of passing any guest-worker program this year, warned Sen. Arlen Specter, the top Republican on the Judiciary Committee." Specter

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"cautioned" Kennedy and McCain, "saying Mr. Kennedy has broken a promise to consult with other senators' staffs on a new bill. That bill, details of which were first reported by The Washington Times, would grant citizenship rights to most illegal aliens already in the US"

Immigration Fees To Increase. USA Today (3/1, Welch, 2.27M) reports the Citizenship and Immigration Service has proposed a "set of fee increases," which it says "will allow it to hire more staff and upgrade its creaky system so applications can be approved faster. Among its proposals is to raise the application fee for citizenship from $330 to $595 and the fee for legal permanent residency from $325 to $905. Advocates for immigrants say the cost may price out the poor from becoming citizens."

Colorado May Use Convicts To Fill Immigrant Labor Shortage. The Los Angeles Times (3/1, Riccardi, 850K) reports, "Ever since passing what its Legislature promoted as the nation's toughest laws against illegal immigration last summer, Colorado has struggled with a labor shortage as migrants fled the state. This week, officials announced a novel solution: Use convicts as farmworkers." Under a pilot program that may be launched this month, low security risk prisoners "may choose to work in the fields, earning 60 cents a day." They "will be watched by prison guards, who will be paid by the farms. The cost is subject to negotiations, but farmers say they expect to pay more for the inmate labor and its associated costs than for their traditional workers. Advocates on both sides of the immigration debate said they were stunned by the proposal. … Farmers said they weren't happy with the solution, but their livelihoods are on the verge of collapse."

TAX:

IRS Finds Errors In Nonprofit Tax Reports. The New York Times (3/1, Strom) reports, "Some 600 charities and foundations have had to file amended tax forms after an Internal Revenue Service study found flaws in the way they reported payments to executives and other employees." The Times continues, "The I.R.S. has also asked 40 individuals to pay a total of $20 million in excise taxes, which is the penalty it imposes when it determines a nonprofit executive has been paid excessively. … 'We found some problems,' said Steven T. Miller, the commissioner in charge of the I.R.S. division overseeing tax-exempt and government entities. 'Whether they were due to confusion, poor design of the tax forms used by these organizations or something more nefarious, I can't tell you.'" The Times adds, "He said the results of the inquiry, which found flaws in the tax forms of a third of the 1,800 charities and foundations examined, convinced the agency that it needed to do more in the area of compensation at nonprofits. … The names of the affected organizations and executives were not released. … Organizations that had to file amended returns either failed to report, or reported incorrectly, perquisites like an executive's personal use of an organization's vehicles, travel payments for spouses of executives or other payments and reimbursements, I.R.S. officials said. … Those whose executives have been asked to pay penalties may have failed to use comparable figures from similar organizations in setting compensation or otherwise failed to justify executive pay levels."

Telephone Excise Tax Refund Scam Tops IRS List. The Washington Post (3/1, D2, Singletary) reports, "Every year the Internal Revenue Service announces the top 12 tax scams. This tax season, topping the latest Dirty Dozen are fraudulent schemes connected with the one-time telephone excise tax refund available to most taxpayers." The Post continues, "The excise tax refund is available only on your 2006 federal income tax return and is intended to refund the tax collected on long distance telephone service. It's available for anyone who paid such taxes on a land line, fax, computer or cellphone for the period following Feb. 28, 2003, and before Aug. 1, 2006. … To make it easier for taxpayers, the IRS set a standard refund amount ranging from $30 to $60, based on the number of exemptions claimed on your return. … You don't need to present proof to take the standard refund amount. However, you can figure the refund using the actual amount of tax paid, based on your phone bills and other records." The Post adds, "Because taxpayers can request a refund for the exact amount of the taxes collected, unscrupulous tax preparers have persuaded people to claim a higher refund than they are entitled to. In some cases people are asking for thousands of dollars. Others are requesting what looks to be the entire amount of their phone bills for the period in question. In the most egregious cases, some individuals have asked for a refund of $30,000, which means they would have had a long-distance bill of $1 million from the end of February 2003 until the beginning of August last year. That 41-month period covers the time the 3 percent excise tax was collected. … To stop the abusive use of the

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telephone excise tax refund, the IRS is conducting site visits with tax preparers across the country to stop inflated requests. The visits started with 22 tax preparers who have handled more than 1,500 returns. … 'We are taking this unusual step to confront blatant abuse of this important refund program,' said IRS Commissioner Mark W. Everson. 'We want tax preparers to prepare accurate tax returns. If they don't, we will move swiftly to impose civil penalties and, where warranted, seek criminal sanctions.' … Everson said individuals requesting what appear to be inflated refunds will have those refunds frozen and they may be subject to an audit."

CONGRESS-ADMINISTRATION:

Jefferson Seeks Records Seized In Probe. The AP (3/1, Jordan) reports, "Attorneys for Democratic Rep. William Jefferson asked a federal appeals court Wednesday to force the Bush administration to return all documents that were seized during an FBI raid last year on the congressman's office." The AP continues, "In their 52-page request, lawyers for Jefferson, D-La., argued that the Justice Department violated Congress' right to withhold certain information from the executive branch when it conducted the unprecedented 18-hour search last May 20-21. … The raid was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman — $90,000 of which was later recovered in a freezer in the congressman's Louisiana home." The AP adds, "Jefferson's attorneys said nearly 19,000 pages of documents and electronic files seized by prosecutors and the FBI are covered by Congress' separation of powers privilege to shield certain legislative material from executive review. … But the FBI 'inspected every document in the office suite and copied every computer hard drive or other electronic storage device they could find,' the attorneys wrote in their request filed Wednesday with the U.S. Court of Appeals in the District of Columbia. 'Once that occurs, the privilege is breached.' … 'Because this case involves the first time in United States history that a search warrant has been executed on a congressional office, it is vital that the remedy imposed be sufficiently stringent to deter future searches that exceed constitutional boundaries,' Jefferson's team concluded. 'The only remedy that will vindicate and protect the fundamental principles of separations of powers and legislative independence ... is return of all of the seized materials.' … The Justice Department had no immediate comment."

House GOP Seeks Floor Vote On Jefferson Appointment. The Washington Post (3/1, A4, Layton) reports, "House Republicans plan to force a floor vote on the appointment of Rep. William J. Jefferson (D-La.), who is the subject of a federal bribery investigation, to a seat on the Homeland Security Committee." The Post continues, "0The decision to put Jefferson on the panel was made by Speaker Nancy Pelosi (Calif.), and House Democrats endorsed the move at a private meeting Tuesday night, but his appointment must be confirmed by a vote on the House floor. Such an action would normally be a formality, but Republicans said yesterday that they would pursue a rarely used maneuver to force a recorded vote on the matter. … 'This is a terrible mistake by the Democratic leadership, to take someone with serious ethical allegations against him and put him on one of the most sensitive and important committees in Congress,' said Rep. Peter T. King (N.Y.), the ranking Republican on the committee." The Post adds, "Pelosi ousted Jefferson from his seat on the powerful Ways and Means Committee in June after federal investigators raided his Capitol Hill office. In an earlier search of his home, $90,000 was found in a freezer. The money allegedly was accepted in a bribery sting involving an African technology company. Jefferson, who has not been charged, has maintained his innocence and was elected to a ninth term in December after a runoff election. … A spokesman for Pelosi said she opted to place Jefferson on Homeland Security because the panel oversees the Federal Emergency Management Agency. Jefferson had been a vocal critic of FEMA's performance during Hurricane Katrina, which affected thousands of his constituents. … But his appointment must be formally approved by the House, and Republicans said they would take the rare step of challenging the vote and requiring members to record their votes so Democrats will be forced to go on the record in their support of Jefferson."

Roll Call (3/1, Davis, Yachnin) says Republicans are "breaking with longstanding but unwritten rules of comity in the House." In a statement Wednesday evening, "Jefferson said the GOP's tactics were simply 'politics as usual' and that his district 'desperately needs a voice' on the Homeland panel."

White House Confirms Bush Would Veto Labor Bill. The AP (3/1, Abrams) reports, "President Bush

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would veto legislation championed by Democrats and labor groups that would make it easier to organize unions by eliminating employer rights to demand secret-ballot elections, the White House said Wednesday." The House "is to vote on the legislation Thursday and, with help from pro-labor Republicans from the Northeast, it is almost certain to pass. But the margin of support is expected to fall well short of the two-thirds needed to overturn a presidential veto." The Employee Free Choice Act, "also known as the card check bill, is the top legislative goal of labor groups eager to reassert themselves with the emergence of the Democratic majority." The White House, in a statement, said "the measure 'would strip workers of the fundamental democratic right to a supervised private ballot election.' Substituting a card check mechanism under which unions would get bargaining rights as soon as a majority of workers at a plant sign approval cards, 'would turn back the clock 60 years and return us to a failed system.'"

LATimes Opposes Bill. The Los Angeles Times (3/1, 850K) editorializes that the legislation "would do away with a secret ballot in so-called organizing elections, making it easier for union leaders to pressure co-workers in what should be a free choice. Instead of having the option of insisting on a secret ballot election, employers would have to accept a union formed on the basis of authorization cards signed by workers -- not by a secret process." Unions "once supported the secret ballot for organization elections. They were right then and are wrong now. Unions have every right to a fair hearing, and the National Labor Relations Board should be more vigilant about attempts by employers to game the system. In the end, however, whether to unionize is up to the workers. A secret ballot ensures that their choice will be a free one."

WSJournal Says Bill "Strips Away" Democrat's Moderate "Mask." In an editorial, the Wall Street Journal (3/1, 2.04M) says, "Big Labor has been agitating to ease union-formation requirements for more than a decade. And prior to last year's election, the AFL-CIO, AFSCME and their allies made it clear to Democrats that this vote would be the most important return they expected on their investment in a Nancy Pelosi Speakership. This is payback day. … So far this Congress, Democrats have been trying to present themselves as 'moderates' who won't return to their bad special-interest selves pre-1994. But this union-enabling bill strips away that mask and exposes an anti-business animus out of the 1970s, if not the 1930s. Even if it fails this Congress, this week's vote is a warning about what could become law if Democrats and their union backers hold all the levers of power after 2008."

Price Blasts Democrats, Unions. GOP Rep. Tom Price, a member of the House Education and Labor Committee, writes in the Washington Times (3/1, 88K), "Not even two months into the new Congress, the bipartisan facade of the highly poll-tested, heavily orchestrated first 100 hours is a distant memory. The real agenda of the new Democratic majority is coming to light, and many of the special interests that helped rally support for Democratic candidates during the last election cycle are lining up to cash in. At the front of the line: Big Labor." Price adds that "faced with plummeting membership and an ever-loosening stranglehold on American workers, organized labor isn't about to let bad policy -- or blatant hypocrisy -- get in their way. They're ready for their payback. And congressional Democrats stand ready to deliver. Indeed, it appears that democratic principles and the sanctity of the secret ballot are not the concerns of the new majority party."

Administration, Democrats Seek Trade Deal.

The Wall Street Journal (3/1, A4, Hitt, 2.04M) reports, "The Bush administration and congressional Democrats are attempting to negotiate a grand compromise on trade that would allow several deals to move forward by elevating the importance of labor rights in those agreements." The Journal adds that "after Democrats won control of Congress in November, in part by attacking free-trade agreements, President Bush's globalization agenda seemed all but dead for the rest of his term. Among priorities were bilateral deals with Peru, Panama and Colombia; the Doha round of multilateral talks; as well as renewal of a broad presidential authority to negotiate agreements and push them through Congress, which expires in June." But "the White House and lawmakers have decided to try to find common ground, as Mr. Bush has signaled flexibility on labor standards after years of resisting." The talks "are being led by US Trade Representative Susan Schwab, House Ways and Means Chairman Charles Rangel of New York and Rep. Jim McCrery of Louisiana, the ranking Republican on the committee. Much of the negotiations have been at the staff level, but the three principals have played a role, conferring in face-to-face meetings on Capitol Hill or over the phone."

Meanwhile, another Wall Street Journal story (3/1, A1, Solomon) reports that "a common political compromise in

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Washington involves keeping trade barriers low in exchange for programs compensating those hurt by imports. Free-trade advocates are generally happy to make such a compromise. They figure the winners from trade -- principally consumers who save money on imported goods -- can afford, through the government, to help compensate the losers." But "compensation programs often add bureaucracy without helping many people. Even if the health-insurance assistance program were working well, it would aid only a fraction of those who lose their jobs. The Labor Department must certify that workers have lost their jobs to imports from certain countries or to a shift in production there. Most workers in call centers or other service industries whose jobs are sent overseas don't qualify." The Journal adds, "Another struggling program is wage insurance, designed for workers over 50 who lose their jobs because of trade and then take a lower-paying job."

Democrats See Signs Of New Life In The Administration. The White House Bulletin/US News (2/28) reported Democratic strategists "see some new life in the Bush administration. The strategists had been dismissive of President Bush's ability to revive his political fortunes amid the problems in Iraq and in the aftermath of the Republican drubbing in the mid-term elections last year. But now some Democratic insiders are singing a different tune." They are "impressed with the Administration's new willingness to join the Baghdad government in talks with Iran and Syria, which Bush's spokesmen have rejected in the past. They are pleasantly surprised by all the outreach that the White House has been conducting on domestic issues such as health care, immigration, energy, and education. But is it too late to get compromises with the resurgent Democrats on Capitol Hill?" A senior Democratic strategist who is advising a major presidential candidate told the Bulletin, "President Bush should have done these things a long time ago. Many Americans and many members of Congress don't think he cares about issues other than Iraq, so his credibility is very low."

Top Army Officials Heard Years Of Complaints About Walter Reed. The Washington Post (3/1, A1, Hull, Priest, 690K) reports in a front page story that top officials at Walter Reed Army Medical Center, "including the Army's surgeon general, have heard complaints about outpatient neglect from family members, veterans groups and members of Congress for more than three years." Although a "procession of Pentagon and Walter Reed officials expressed surprise last week about the living conditions and bureaucratic nightmares faced by wounded soldiers staying at the D.C. medical facility," as far back 'as 2003, the commander of Walter Reed, Lt. Gen. Kevin C. Kiley, who is now the Army's top medical officer, was told that soldiers who were wounded in Iraq and Afghanistan were languishing and lost on the grounds, according to interviews." According to interviews, Kiley, "his successive commanders at Walter Reed and various top noncommissioned officers in charge of soldiers' lives have heard a stream of complaints about outpatient treatment over the past several years. The complaints have surfaced at town hall meetings for staff and soldiers, at commanders' 'sensing sessions' in which soldiers or officers are encouraged to speak freely, and in several inspector general's reports detailing building conditions, safety issues and other matters."

Cheney Blew Own Cover When Speaking On Background. McClatchy (3/1, Hutcheson) reports, "Ever wonder about the identities of those 'senior administration officials' who always seem to get quoted talking about President Bush's policies?" It "wasn't hard to figure out who was doing the talking when the White House released a transcript of a question-and-answer session this week aboard Air Force 2, Vice President Dick Cheney's plane. One big clue: The unnamed official used the pronoun 'I' when discussing Cheney's visit to Afghanistan and Pakistan." The official said, "I would describe my sessions both in Pakistan and Afghanistan as very productive." McClatchy added that even after Cheney "blew his own cover, White House spokesman Tony Snow declined to lift the prohibition against identifying the unnamed speaker." Snow said, "I have spoken with the vice president's office, and the ground rules that were laid out are going to remain in effect." McClatchy adds, "The exchange during Cheney's flight to Oman on Wednesday highlighted the absurdity of a practice that's damaged the credibility of journalists and government officials alike. It's much easier to believe what people say when their names are attached to their words."

The Washington Post (3/1, A2, Kurtz, 690K) also reports on Cheney's press briefing as a "Senior Administration Official": "'Let me just make one editorial comment here,' the SAO said about the vice president's talks with Pakistan's leader. 'I've seen some press reporting says, 'Cheney went in

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to beat up on them, threaten them.' That's not the way I work. I don't know who writes that, or maybe somebody gets it from some source who doesn't know what I'm doing, or isn't involved in it. But the idea that I'd go in and threaten someone is an invalid misreading of the way I do business.'" The SAO "also said that 'I was very careful' in choosing words to criticize House Speaker Nancy Pelosi (D-Calif.) on Iraq strategy." The Post adds, "The first-person pronoun gave away the game. But it also raised the question: Why did Cheney feel the need to speak on a not-for-attribution basis, and why did the seven journalists on the trip go along?"

Sen. McConnell Seen As Bush's "Political Field General." The Washington Times (3/1, Ward, 88K) reports President Bush on Friday "will raise money for his political field general, Senate Minority Leader Mitch McConnell, who has stymied Democrats at almost every turn of the Iraq war debate." White House spokesman Tony Snow, "who declined to comment on how Democrats have fared in their attempts to halt the president's surge of troops to Iraq," said, "We think Mitch McConnell is a terrific and able minority leader." The Times adds, "feigning ignorance," Snow said, "You say Democrats are in disarray?" The Times adds with the "congressional debate over the war at fever pitch, Democratic leaders who rode to victory last fall on the promise of bringing the troops home are under fire from virtually every direction. The far left is growing impatient with the lack of progress, while more conservative Democrats are unhappy with the ideas proposed so far." McConnell, "who looks more like a bookkeeper than a power broker, is 'savagely political,' according to one high-placed Democratic source. The Kentucky Republican has twice defeated Majority Leader Harry Reid's attempts to push through an anti-war measure that would have shut out Republican amendments." But McConnell's "effectiveness has drawn attention from far-left Web loggers, as well as calls for the four-term senator to be targeted for defeat in 2008."

Spratt To Unveil Budget Plan The Week Of March 12. The Washington Post (3/1, A15, Kane, 690K) profiles Democratic Rep. John Spratt, the House Budget Committee chairman, who is "in charge of drafting a budget plan that will close a deficit of more than $200 billion within five years. And, as Spratt explained, he has to 'squirrel away a little money' for up to a dozen key Democratic priorities, including big increases for education and children's health care. And he's not supposed to raise taxes to cover the additional spending and eliminate the deficit." Spratt "will unveil his first budget the week of March 12 and submit it for passage by his committee. It's a prospect he's looking forward to with some trepidation: 'Beware the ides of March'" he warned, half joking."

Reports Find Few Schools Show Great Improvement Under NCLB. The Christian Science Monitor (3/1, Teicher, Ben Arnoldy, 59K) reports on a study by the Center on Education Policy which it describes as "a new and cautionary assessment of how challenging it is to reform public schools" under NCLB. The study found that "most schools" that are required to undergo restructuring under the No Child Left Behind Act "have not yet found a way to get out." NCLB "allows several restructuring options: turning the school over to the state or a management company, reopening as a charter, replacing much of the staff, or any other major action that will significantly change school governance." The "any other option" is "too often used as a loophole to avoid significant reforms." The U.S. Department Of Education "proposes taking the 'any other' option off the table."

Chamber Of Commerce Criticizes States' Educational Efforts. The Washington Times (3/1, Fagan, 88K) reports, "US Chamber of Commerce leaders yesterday said states are doing a poor job educating America's children for the future, citing a new report by the chamber that graded each state in areas from academic achievement and teacher quality to how wisely a state is spending its education dollars." The study was "conducted with help from the Center for American Progress (CAP) and the American Enterprise Institute" using "data from other research, the National Assessment of Educational Progress (NAEP) and a national survey of teachers." The leading states were Massachusetts, Minnesota and New Hampshire while the lowest were New Mexico, Mississippi and Washington, D.C. CAP President John Podesta pointed out that Massachusetts "showed only 44 percent of fourth-graders proficient in reading and 49 percent proficient in math -- numbers he called 'unconscionable.'" The study also contained recommendations for improving schools including "higher starting salaries for teachers, removing ineffective educators and giving principals more control over budget and personnel."

Brooks Urges Greater Attention To Early Childhood Attachments In Education Policy. David

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Brooks writes in his column for the New York Times (3/1, 1.16M), "All the presidential candidates this year will talk about education. The conventional ones will talk about improving the schools. The creative ones will talk about improving the lives of students." These creative candidates will "emphasize that education is a cumulative process that begins at the dawn of life and builds early in life as children learn how to learn" and "students make the most of their natural dispositions when they have a secure emotional base from which to explore." Brooks favors "programs that do work to help young and stressed mothers establish healthier attachments."

Consumer Advocates Call For Hearings On FERC Oversight Of Power Markets. The Hill (3/1, Snyder) reports, "Consumer advocacy groups are pushing Democrats to step up oversight of a federal energy panel that oversees electricity markets and to take a fresh look at electricity-deregulation policies that they argue have raised consumer prices. Deregulation critics sponsored a Washington conference Monday on the health of wholesale power markets that included officials in deregulated states where prices have jumped significantly." The critics asked for "hearings on how effective the Federal Energy Regulatory Commission...is in overseeing wholesale power markets. Tyson Slocum, who directs Public Citizen's energy program, said deregulation has not led to competition in wholesale markets and that FERC has done a poor job of ensuring consumer rates are 'just and reasonable.'" The Hill adds, "Utilities, large commercial energy users and financial giants have formed their own coalition, called Compete, to counter anti-deregulation arguments."

House Measure Would Increase Scrutiny Of Foreign Business Deals. The Wall Street Journal (3/1, A3, Hitt, 2.04M) reports, "The House approved legislation that would strengthen U.S. scrutiny of overseas-led business deals, underscoring lawmakers' angst over the frictions caused by the international-investment boom." The measure, "approved yesterday on a vote of 423-0, would require the administration to conduct an extended, 45-day investigation of most deals involving foreign governments, give intelligence agencies a formal role in the review process and increase disclosure to Congress, among other things." The "bipartisan legislation was written in consultation with the White House." The Washington Post (3/1, D3, Abrams, 690K), among other newspapers, also reports the story this morning.

Groups Look To Craft Better Government Proposals For Next Administration. The Washington Post's (3/1, D4, Barr) "Federal Diary" column reports, "With the presidential campaign field taking shape, think tanks and public-service and business groups are preparing to develop policy proposals and ideas for the winning candidate," to help "improve the government's management practices," and the Post notes several such efforts, including the "IBM Center for the Business of Government," which plans "to launch an 'interactive conversation'" today to help find ideas for the next White House." Also, "the Government Performance Coalition," which is sponsoring "a Transitions in Governance 2008 Web site, in hopes of helping shape the agenda for 2008 and beyond." The adds, "Thinking up new ideas for improving government could be challenge, after almost 16 years of 'reinventing government' by the" Clinton-Gore and Bush-Cheney "teams' 'president's management agenda.' Those initiatives were met with some resistance from Congress and were greeted skeptically by many federal employees who perceived them as efforts to downsize and outsource government operations."

Lack Of Attention Given Crandall Medal Award Criticized. In the Wall Street Journal's "Wonder Land" column (3/1), Daniel Henninger says that amid the "mad jumble that makes the news in our time, the White House on Monday held a ceremony for a Medal of Honor recipient," Bruce Crandall, who "earned his medal as a major, flying a Huey helicopter in 1965 in the Vietnam War." But the "Medal of Honor does not occupy the place in the nation's cultural life that it once did. This has much to do with the ambivalent place of the military in our angry politics." In a "less doubtful culture, Maj. Crandall's magnificent medal would have been on every front page, if only a photograph. It was on no one's front page Tuesday." All nations "celebrate personal icons, and ours now tend to be doers of good. That's fine. But if we suppress the martial feats of a Bruce Crandall, we distance ourselves further from our military. And in time, we will change. At some risk."

WPost Criticizes Smithsonian's Board Of Regents. The Washington Post (3/1, A16, 690K) says in

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an editorial, "A report by the Smithsonian inspector general questioned nearly $90,000 in unauthorized spending by" director Lawrence Small "from 2000 to 2005. Included were charges for private planes, the tab for his wife to go to Cambodia, catered meals and gifts. There was no evidence of fraud or abuse and no denying that many expenditures were related to Smithsonian business. Yet, as The Post's James V. Grimaldi reported, many transactions lacked documentation, violated Smithsonian policies and, in the words of the inspector general, 'might be considered lavish or extravagant.' The 17-member Board of Regents brushed the findings aside; in instances where the spending ran afoul of policy, the board just changed its rules. It's also disturbing that there were efforts to keep the report secret." As "distressing as Mr. Small's actions were, the real problem lies with a board that opted to be more lap dog than watchdog."

OTHER NEWS:

Stocks Rebound, Bernanke Says Economy In Good Shape. ABC World News (2/28, story 3, 2:40, Gibson, 8.78M) reported, "If you own stock, mutual funds or a 401(k), you can breathe a bit easier today." A day "after a precipitous drop on Wall Street, it was a calm day in the markets." ABC (Stark) added, "At a budget meeting, lawmakers tried to get Federal Reserve Chairman, Ben Bernanke to explain the plunge." Bernanke was shown saying, "There isn't didn't seem to be any one trigger of the correction we saw yesterday." Bernanke also "declared the stock market working normally. And tried to reassure investors the big sell-off was not a harbinger of dark days to come. The economy remains in good shape."

The CBS Evening News (2/28, lead story, 3:05, Couric, 7.66M) reported, "Well, after the markets closed last night, everyone was wondering was that huge drop in prices the beginning of a downturn? Today we got the answer. It looks like it may have been a one-day wonder."

NBC Nightly News (2/28, lead story, 1:45, Williams, 9.87M) reported the Dow "finished the day up more than 52 points [to close at 12,268.63] and NASDAQ gained over eight points [to close at 2,426.13]." The AP (3/1) notes the Standard & Poor's 500 index "climbed 7.78, or 0.56 percent, to 1,406.82."

The Financial Times (3/1, Guha) reports Bernanke "made no reference to the comments" by former Fed chairman Alan Greenspan, "who told investors in Hong Kong early on Monday morning that it was 'possible' the US would end the year in recession." Bernanke "repeated the Fed view that growth was likely to pick up in the second half of this year as the drag from housing and manufacturing fades." USA Today (3/1, Kirchhoff, 2.27M), McClatchy (3/1, Hall), New York Times (3/1, Andrews, 1.16M), Washington Post (3/1, A1, Henderson, Cho, 690K), Washington Times (3/1, Hill, 88K) and Wall Street Journal (3/1, Blackstone, Ives-Halperin, 2.04M) run similar reports.

In his "Washington Sketch" in the Washington Post (3/1, A2, 690K), Dana Milbank notes Bernanke "could not have sounded the alarm any clearer if he had carried a bullhorn and a gong. 'This expansion of debt would spark a fiscal crisis. … The US economy could be seriously weakened. … This is sort of like a snowball rolling down the hill. … This can really get out of control.'" Although his comments about the stock declines on Tuesday received almost all the attention, Bernanke had gone before Congress "not to prop up markets but to scold lawmakers about the need to do head off the coming fiscal crisis. Lawmakers, however, reacted like addicts, either denying their problem or promising to give up the spending habit another day."

The New York Times (3/1, Anderson, Bajaj, 1.16M) credits the market numbers to Bernanke's comments and "a bounce-back in the Chinese markets," while USA Today (3/1, 4B, Krantz, 2.27M) reports, "Giving investors' the biggest dose of relief was the fact that the Chinese stock market, which triggered the whole mess with its 9% plunge Tuesday, bounced back strongly with a 4% gain Wednesday."

McClatchy (3/1, Hall) says the US and Chinese stock exchanges "returned to a semblance of normalcy Wednesday, but concerns about both economies linger following the worst global sell-off of stocks in more than five years." Bernanke "brought a temporary reprieve, telling lawmakers that financial markets 'seem to be working well.'"

The Wall Street Journal (3/1, C1, Browning, 2.04M) reports that although "investors crept cautiously back into the stock market," the "mild recovery didn't calm the market's jitters or come close to recovering Tuesday's 416-point plunge in the Dow Jones Industrial Average. … Typically, a bull market doesn't end quite as abruptly as this, said Phil Roth, chief technical market analyst at New York brokerage firm Miller Tabak. Mr. Roth himself is in the bearish camp, viewing recent market moves as a 'topping' process that will lead to a longer-running decline." But "he doesn't see the decline happening just yet."

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The Wall Street Journal (3/1, A2, lp, Whitehouse, 2.04M) says "some economists see a turning point" in Tuesday's market drop. John Lonski, chief economist at Moody's Investors Service, said, "This is a wake-up call. … Unfortunately, if there is an increase in risk aversion, it's taking place exactly when business-investment spending has been much lower than anticipated." The Journal adds, "One of the first places this is showing up is in the market for subprime mortgage loans, those made to less-creditworthy borrowers. As defaults on such loans have risen sharply, investment banks and other financial firms have sharply reduced the creation of new collateralized debt obligations backed by subprime loans. Such CDOs have become a popular way to pool baskets of loans, then redistribute slices with varying degrees of risk and return to a spectrum of investors."

Technological Glitch May Have Contributed To Tuesday's Market Drop. The Washington Post (3/1, D1, Tse, Day, 690K) reports, "It was unclear Wednesday whether the delays were related to a technological glitch that caused the Dow to plummet 200 points in a matter of minutes shortly before 3 p.m. Tuesday. The drop was caused when the system that calculates the average recorded a backlog of trades after the process was switched to a backup computer. Down the street, traders at the American Stock Exchange complained of similar problems, and large brokerage firms also said they had trouble executing trades." Traders "said that generally, when they send buy or sell requests via a handheld device, those orders are reflected almost instantly on trading-floor screens. That was not the case Tuesday. … Because they could not see whether their orders had registered, some traders sent the same order twice, which meant they ended up buying or selling twice as many shares than they wanted."

The Wall Street Journal (3/1, C1, Lucchetti, Scannell, 2.04M) reports "trading problems grew more serious after an error in the calculation in the Dow Jones Industrial Average caused a sudden point drop, which the NYSE says led to a 50% spike in orders. 'It was a mess,' says Steve Swanson, head of Automated Trading Desk LLC, a large brokerage firm based in Mount Pleasant, S.C. 'There was a lack of information. No one was telling us what was going on. The hybrid is new, and we're seeing record volumes, and it's not holding up well.'"

Hubbard Says Economy Remains Strong. On MSNBC's Hardball (2/28, Matthews), host Chris Matthews spoke with Alan Hubbard, director of the National Economic Council. Asked about the 3% decline in the Dow on Tuesday, Hubbard said, "The President feels that the fundamentals of the economy continue to be very, very strong. … You know, we don't get into figuring out whether stocks are overvalued or undervalued. What we care about is, Is this economy creating jobs? Yes, it is. It's created over seven million since the middle of '03, over a half million in the last three months, over 100,000 most months. Unemployment rate's at 4.6 percent, which is lower than it was."

First Quarter GDP Revised Downward To 2.2%. The New York Times (3/1, Porter, 1.16M) reports, "Analysts have been stumped by the apparent resilience of the American economy, which seemed to be bounding ahead at a 3.5 percent pace in the final quarter of last year even as the housing market fell and the Federal Reserve raised interest rates. The paradox has been solved: the economy was not bounding." The Commerce Department "reported yesterday that economic growth inched ahead by 2.2 percent in the fourth quarter of last year, only slightly faster than the 2 percent growth recorded in the third quarter and substantially below the economy's long-term trend rate of growth The downward revision, by 1.3 percentage points, in the preliminary estimate of gross domestic product was almost three times the average adjustment since the early 1980s, which is 0.5 percentage point."

USA Today (3/1, Hagenbaugh, 2.27M) reports, "With the latest revision, GDP rose 3.3% in 2006, up from 3.2% in 2005 but lower than the 3.9% in 2004." The economy "could grow below 2% in the first quarter, warns David Rosenberg, North American economist at Merrill Lynch."

The Christian Science Monitor (3/1, Scherer, 59K) says the economy "is entering spring with less wind at its back than it has had for the past four years." Although "the slowdown is still not a big concern of most economists," they "warn that an economy that is moving more like a tortoise than a hare is at greater risk of being overrun by some outside event – perhaps one that causes a recession or a period of very slow growth. But a sustainable slow-growth economy does have a bright side: Inflationary pressure is likely to ease, keeping the Federal Reserve from raising interest rates for borrowers."

Likewise, the Wall Street Journal (3/1, A2, Conkey, Aeppel, 2.04M) reports the economy "was considerably weaker than previously thought in the fourth quarter of 2006," and its "growth may remain moderate until the manufacturing sector solves its inventory problems and businesses step up their capital spending."

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The Financial Times (3/1, Callan) reports Drew Matus, an economist at Lehman Brothers, said, "The figures suggest the economy is playing out largely as the Fed expected, with a little bit of worrisome weakness in the housing market."

New Home Sales Down 17% In February. The Financial Times (3/1, Callan) reports, "Americans bought far fewer new homes last month, according to government data released on Wednesday that showed sales fell at the fastest rate in 13 years." Sales of newly built homes "fell 17 percent as the backlog of houses standing empty remained stubbornly high, figures from the Commerce Department showed." The drop "was greater than even the most pessimistic Wall Street economists predicted and sent shares in housebuilders tumbling. Home Depot shares also slipped as the DIY store said it expected anaemic sales and lower profits this year." The Wall Street Journal (3/1, A3, Conkey, Lloyd, 2.04M) also reports the story under the headline "Drag From Housing Could Persist."

More Commentary. Lawrence Kudlow, host of CNBC's "Kudlow & Company," writes in the Wall Street Journal (3/1, A13, 2.04M), "The US stock markets were looking for a correction for some time now and on Tuesday they found it: a 3.5% sell-off across the board. The plunge follows a 20% run-up that began last summer, and some analysts believe it was overdue. Indeed, 3% corrections are normal and healthy. … The high-tech, productivity-driven US economy is more durable and flexible than its liberal-left critics will ever admit. It is a private-sector free-enterprise economy, not a government-planned one. Innovation is strong and entrepreneurial spirits are high. The four prosperity killers, a paradigm coined by Arthur Laffer many years ago, all look dormant: inflation, taxes and regulatory burdens are low, while free trade keeps expanding."

The New York Times (3/1, 1.16M) editorializes that Bernanke "managed to calm the market, saying that one could reasonably hope for a stronger economy by midyear if housing stabilized soon, and if manufacturing strengthened. But those are big ifs. The torrent of bad news on housing is only worsening."

In an editorial, the Wall Street Journal (3/1, A12, 2.04M) says, "One benefit of Tuesday's rout in equities is that it is causing everyone to learn more about the Chinese financial system." According to the Journal, "The lesson here is that the performance of the Shanghai index bears little correlation to China's underlying economic growth." The "far larger threat" from China, its says, "is from US protectionism or lobbying for Beijing to revalue its currency. Either one of those could send the real Chinese economy -- not just the Shanghai stock casino -- into slower growth or deflation or both." However, 'Efforts to impose standardized accounting rules and crack down on corruption help. But the best way to develop China's stock markets is to impose market discipline -- and especially to let average Chinese put their $4 trillion of savings where they may."

Landrieu Expected To Face "Tough Race" If Challenged By "Legitimate Republican." Roll Call (3/1, Duran) reports that with Sen. Mary Landrieu's "narrow victories, the state's displaced, mostly Democratic voters, and the relatively high popularity of President Bush compared with his standing in the rest of the country," Republicans "see a chance to flip yet another Southern Democratic Senate seat in a presidential election year." However, "some Democratic operatives believe that Landrieu is in good shape as she begins her bid for a third term." The senator is "voting center-right, pushing for hurricane relief funds' and reaching out to other parts of the state beyond New Orleans," said "one knowledgeable Democratic strategist who did not want to be named." Roll Call continues, "Undoubtedly Landrieu's biggest coup to date — her involvement in opening a huge swath of the Gulf of Mexico to oil and gas production — should earn her plaudits across the state. … Still, even loyal Democrats…concede that any legitimate Republican, including Rep. Richard Baker, who is contemplating running, will give her a tough race."

Draft Issue Could Prove Troublesome In Giuliani's Quest For President. The Washington (DC) Examiner (3/1, Sammon) reports, "If this presidential campaign is anything like the last, John McCain's Vietnam service will inevitably be contrasted with GOP rival Rudy Giuliani's avoidance of a war that he opposed. 'Any suggestion that he was dodging the draft is totally, factually inaccurate,' said a senior Giuliani campaign adviser who spoke on the condition of anonymity. … 'He opposed the war on tactical and strategic grounds.' But as far back as 1993, when he successfully ran for mayor of New York, Giuliani has been dogged by accusations that he pulled strings to avoid the draft. By contrast, McCain has long been feted as a bona fide war hero for his harrowing stint in a Vietnamese prison. … Giuliani, who once said of the Vietnam war, 'I disagreed with it,' obtained an occupational deferment in 1969, when he was

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a law clerk. Although critics say such deferments were rare, the Giuliani campaign disagrees. 'He wanted an occupational deferment, which was very common at the time, because he wanted to be a lawyer,' the Giuliani adviser said. When Giuliani's deferment expired in 1970, he drew draft number 308, which was never called. His campaign suggests this proves he was not a draft dodger." But "Giuliani has always been politically sensitive to the issue. During his 1993 mayoral campaign, he commissioned a 'vulnerability study' that listed 'draft dodger' as one of the epithets that might be hurled against him."

As Mayor, Giuliani Appointed Numerous Left-Leaning Judges. The Politico (3/1, Smith) reports, "When Rudy Giuliani faces Republicans concerned about his support of gay rights and legal abortion, he reassures them that he is a conservative on the decisions that matter most. 'I would want judges who are strict constructionists because I am,' he told South Carolina Republicans last month. 'Those are the kinds of justices I would appoint -- Scalia, Alito and Roberts.' But most of Giuliani's judicial appointments during his eight years as mayor of New York were hardly in the model of Chief Justice John Roberts or Samuel Alito -- much less aggressive conservatives in the mold of Antonin Scalia. A Politico review of the 75 judges Giuliani appointed to three of New York state's lower courts found that Democrats outnumbered Republicans by more than 8 to 1. One of his appointments was an officer of the International Association of Lesbian and Gay Judges. Another ruled that the state law banning liquor sales on Sundays was unconstitutional because it was insufficiently secular. A third, an abortion-rights supporter, later made it to the federal bench in part because" New York Sen. Chuck Schumer (D) "said he liked her ideology. Cumulatively, Giuliani's record was enough to win applause from people like Kelli Conlin, the head of NARAL Pro-Choice New York, the state's leading abortion-rights group. 'They were decent, moderate people,' she said."

McCain Makes "Preannouncement" Of 2008 Intentions On Letterman. The CBS Evening News (2/28, story 6, :25, Couric, 7.66M) reported, "Well, we've been expecting it for some time but today Senator John McCain made it official." Sen. John McCain: "I am announcing that I will be a candidate for President of the United States." Couric: "The Arizona Republican made the announcement during the taping of tonight's Late Show with David Letterman. This will be his second run for the White House. He lost the republican nomination to George W. Bush in 2000."

On CBS' Late Show (2/28, Letterman), McCain said, "The last time we were on this program, I'm sure you remember everything very clearly. … You asked me if I would come back on this show if I was going to announce. I am announcing that I will be a candidate for President of the United States. … I'll be making a formal announcement in April." Letterman: "This is not the formal announcement." McCain: "This is the announcement. You drag this out as long as you can. You don't just have one rendition." Letterman: "You're saying this was not the formal announcement." McCain: "This is the announcement preceding the formal announcement." Letterman: "How do you think that makes me feel?" McCain: "You were first."

The AP (3/1, Franklin, Sidoti) reports McCain "will officially enter the presidential race" with "a formal announcement in early April after a trip to Iraq." McCain "discussed the timing of the long-expected announcement with reporters at an awards reception Wednesday evening a few hours after taping an appearance" on Letterman. He "later told reporters that he would visit Iraq first and that his campaign would be about 'whether I have the vision, experience and knowledge to lead the nation.'" Former New York Gov. George Pataki "introduced McCain to reporters before the Irish-American 10th Annual Awards reception Wednesday night. Asked about polls showing him trailing former New York Mayor Rudy Giuliani, McCain said: 'We keep doing the best we can. We're very happy with the way things are going.'" The Chicago Tribune (3/1, 617K) also runs the AP story.

The New York Times (3/1, Nagourney, 1.16M) reports McCain's "remarks erased entirely whatever doubt could have existed about his ambitions for the Republican nomination." McCain is "known as something of a free spirit, and his aides suggested that his remarks to Mr. Letterman were, if formal-sounding, extemporaneous rather than a result of careful planning by his campaign. Nonetheless, aides said, his appearance clearly fit into the campaign's effort to stir as much excitement and interest as possible in his plans — a point Mr. McCain himself made as he and Mr. Letterman bantered on."

The Washington Post (3/1, A1, Balz, 690K) reports in a front page story that McCain's "decision to use the program to declare his intentions followed a pattern increasingly common in this presidential contest, as candidates have

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used multi-step announcement schedules to garner maximum attention for their bids." But McCain "may have additional motives for using the late-night comedian's show, as he tries to rekindle some of the spontaneity and unpredictability from his first campaign." McCain advisers "said the decision to declare that he will join the Republican race was not a direct result of concern that Giuliani has gained ground in the past two months but rather part of a long-planned strategy to make his intentions known around this time."

Ridge To Serve As National Co-Chair For McCain Committee. The AP (3/1) reports former Homeland Security Secretary Tom Ridge "will serve as national co-chair of Republican John McCain's presidential exploratory committee, the campaign said Wednesday." Ridge "praised McCain's leadership in a statement announcing his support for the Arizona senator's bid for the White House 'What sets John apart is his ability to form coalitions around a common, principled cause. Our country is at a crossroads and John McCain is the leader who fundamentally knows what it takes to move us forward and keep us safe,' Ridge said."

McCain Finance Committee Dominated By Californians, New Yorkers. The Los Angeles Times (3/1, Morain, 850K) reports McCain "unveiled a presidential campaign finance committee Wednesday dominated by Californians and New Yorkers, including some of the biggest donors to Gov. Arnold Schwarzenegger and President Bush." McCain's 13 national finance committee "co-chairmen include five Californians: Orange County billionaire Donald Bren; investor George Argyros; Univision Chairman A. Jerrold Perenchio; Cisco Systems Chief Executive John Chambers; and San Francisco venture capitalist J. Gary Shansby." Altogether, McCain "named 70 Californians, 68 of them men, to his finance team. They will be expected to raise $100,000 or more for the campaign." Shansby said, "I'd be very disappointed if I didn't raise over $2 million." The Times adds McCain's California list "includes executives in the entertainment, investment, banking, telecommunications, real estate, gambling and alcohol industries, and current and retired politicians." Other co-chairmen "include New York Stock Exchange Chairman John A. Thain; JP Morgan Vice Chairman James B. Lee; New Jersey banker Lawrence E. Bathgate; GOP fundraiser Lewis M. Eisenberg of New York; and former New Jersey Rep. James A. Courter, chairman of the telecommunications firm IDT Corp."

McCain Said To Have "Dissed" CPAC. The Washington Times (3/1, Hallow, 88K) reports Sen. John McCain "is the only major Republican presidential candidate who will not address the nation's premier gathering of conservatives this year." Sponsors of the Conservative Political Action Conference "say the Arizona Republican has 'dissed' organizers by attempting to schedule a private reception for attendees after rejecting invitations to speak at the event." William J. Lauderback, executive vice president of the American Conservative Union, said, "It was a classical McCain move, dissing us by going behind our backs." The Times adds, "Conservative activists have speculated that Mr. McCain did not want to be seen on television 'pandering' to Republican 'right-wingers' but wanted to court those same activists at a reception in the same hotel."

Romney Seeking Bundlers To Raise $250,000 For LA Event. The AP (3/1) reports former Massachusetts Gov. Mitt Romney "wants to sign up supporters who can raise as much as $250,000 for his presidential campaign at a Los Angeles fundraiser in March." The event, "at the home of developer Rick Caruso on March 27, is being co-hosted by California venture capitalist Brad Freeman, a major fundraiser for President Bush, and money manager Robert A. Day." An invitation "for the 'Los Angeles Kick Off' notes that the maximum individual donation for an election is $2,300, but supporters can be named co-chair and 'national founder' by agreeing to raise $250,000 for the event."

In '08 GOP Race, Novak Sees Conservative "Void" Among Frontrunners. In his column in the Washington Post (3/1, A17, 690K) Robert D. Novak relates, "New York-based political consultant Kieran Mahoney's survey of probable Republican participants in the 2008 Iowa presidential caucuses showed this support for the 'big three' candidates: John McCain, 20.5 percent; Rudy Giuliani, 16.3 percent; Mitt Romney, 3.5 percent. Astonishingly, they all trailed" ex-Virginia Gov. James Gilmore, "who had 31 percent. How could that be? Because it was not a legitimate survey but a 'push poll,' normally a clandestine effort to rig the results by telling respondents negative things about some of the candidates. But Mahoney makes no secret that the voters he sampled were told of liberal deviations by McCain, Giuliani and Romney, as well as true-blue conservatism by Gilmore, who is Mahoney's client. Mahoney is trying to prove

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a point widely accepted in Republican ranks. None of the three front-line candidates is a natural fit for the nation's right-of-center party. Without question, there is a void. The question is whether Gilmore or anyone else can fill it."

Obama Proposes Changes To Homeland Security Funding. The AP (3/1, Pickler) reports, "Democratic presidential candidate Barack Obama wants to change the government's formula for giving states money for homeland security, with the early voting states getting a little extra. Obama wants states that have a bigger risk from the terrorist threat to get more of federal homeland security dollars -- also a recommendation from the commission that investigated the Sept. 11 attacks. … Currently, each state gets at least a .75 percent share of the roughly $900 million in the state homeland security grant program. The Senate bill would lower that to .45 percent, and Obama, the Illinois senator, is offering an amendment that would cut it to .25 percent. His office said it expects the Senate to consider the measure next week. A memo by Obama's staff says the senator wants to 'ensure the funding is allocated based on the threats states face, not politics.' But states with big political influence need not worry that they will get short shrift from the candidate's amendment. The biggest benefactors would be Obama's Illinois and other heavily populated states, including White House rival Hillary Rodham Clinton's New York, which would each get more than $1 million in extra funding under Obama's plan versus another Senate proposal." However, "even though they have much smaller populations, the leadoff Democratic primary states of Iowa, New Hampshire, Nevada and South Carolina would not be harmed under Obama's plan. Iowa would get an additional $119,824; Nevada would get $86,222 more; and South Carolina would receive $175,027 extra."

Polls Show African-American Support Helping Obama Eat Into Clinton's Lead. The Christian Science Monitor (3/1, Feldmann, 59K) reports that Illinois Sen. Barack Obama's (D) "dramatic rise in support among African-Americans signals a shift in the race for the 2008 Democratic presidential nomination that is larger than just the black vote." New York Sen. Hillary Clinton (D) "is still on top, but her lead is shrinking. And polls show" Obama "has more room for growth than she does, because of her high negatives. … 'We have a real horserace,' says John Zogby, an independent pollster whose latest data show that Obama leads Clinton among black Democratic voters 36 percent to 27 percent. A Washington Post/ABC News poll released Tuesday showed a similar trend: Obama leads Clinton among black Democratic voters 44 to 30. In both December and January, the Post/ABC poll had Clinton beating Obama among African-Americans 60 to 20. Overall, the latest Post/ABC poll shows Clinton beating Obama 36 to 24, down from a 41-17 split in January. The Post attributes the gains of Obama, who is black, to his rise in support among African-Americans."

On MSNBC's Hardball (2/28, Matthews), host Chris Matthews, Eugene Robinson of the Washington Post, and Kate O'Beirne of the National Review discussed Sen. Barak Obama's increased support among African American voters in the latest Post/ABC News poll. Robinson said that in an appearance at Claflin College in Orangeburg, South Carolina, a historically black college: "This was in an African-American crowd. And is he black enough? That's what all the reporters wanted to ask everybody, and people looked at them as if they were crazy. And it was not really an issue for most people. It's interesting. His heritage is interesting. And he's a fascinating guy. He spoke very well. He had the crowd."

Spitzer Not Ready To Endorse Clinton. The AP (3/1) reports New York Gov. Eliot Spitzer "broke bread with Sen. Hillary Rodham Clinton on Wednesday, but unlike other Democrats at the breakfast table, he's not ready to give her a morsel of an endorsement." On a trip to Washington, Spitzer "met with the state delegation — including Clinton, his party's early front-runner in the 2008 presidential race — but when asked later about who he's supporting for president, he kept a professional distance." Spitzer said, "At this point it's premature to be even thinking about questions like that. I'm focused on the state and the budget."

Gore Criticized For Home Energy Use. The Washington Post (3/1, A8, Cillizza, Mosk, 690K) reports, "Fresh off his victory lap at the Academy Awards, former vice president Al Gore -- who has not closed the door on a 2008 bid -- found himself in a more familiar position: on the receiving end of a political attack." The barb "came via the Tennessee Center for Policy Research, a Nashville-based think tank that advocates 'limited government through policy solutions,' according to its Web site." Drew Johnson, in a "release alleging that Gore's house in the Volunteer State uses 20 times as much electricity as the average household nationwide," said, "As the spokesman of choice for the global warming movement, Al Gore has to be willing to walk the

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walk, not just talk the talk, when it comes to home energy use."

WSJournal Criticizes Gore's Energy "Indulgences." The Wall Street Journal (3/1, A12, 2.04M) says in an editorial, "There is an irresistible quality to the story about Al Gore's energy-hungry Tennessee home, replete with a heated poolhouse that burns more natural gas -- $500 a month worth -- than most of us can afford to use while heating houses that shelter people, as opposed to swimming lanes. Did you know that Mr. Gore's house uses more electricity in a month than the average household does in a year?" Gore is "rich and fortunate enough to be able to afford the 'carbon offset' for his energy indulgences. The middle-class parents who need a gas-guzzling SUV to haul the kids to soccer practice might not be so lucky. They might even settle for an unheated pool."

Gore, Gingrich Seen As "Phantom" Loves Of Respective Parties. On MSNBC's Hardball (2/28, Matthews), host Chris Matthews, Eugene Robinson of the Washington Post, and Kate O'Beirne of the National Review discussed what Matthews called "the love of the phantom in both" the Republican and Democratic parties – non-candidates Al Gore and Newt Gingrich, who had reached double digits in the latest Washington Post/ABC News poll. O'Beirne said, "Except in both cases, both Al Gore and Newt Gingrich, I mean, they tend to trail sort of in single digits as long as their candidacies are not real." O'Beirne later added Gore has "now become this really popular Hollywood figure, and as a colleague of mine said, Hollywood is like a voter repellent to people." Robinson said, "I'm not sure Hollywood hurts him that much, but I don't see him coming back in this race. I don't see him getting it."

Perry Ousts Texas Youth Commission Chairman. The New York Times (3/1, Blumenthal, 1.16M) reports, "Gov. Rick Perry removed the chairman of the Texas Youth Commission on Wednesday over charges that the agency covered up the sexual abuse of incarcerated juveniles." Perry also "called for the ouster of the acting executive director, the appointment of an independent inspector general and a shake-up throughout the commission, which runs 13 schools housing 3,000 felons under age 21." The dismissed chairman, Pete C. Alfaro, "is a former mayor of Baytown who was first named to the commission in 1995 by Gov. George W. Bush and was appointed chairman by Mr. Perry in 2004. Mr. Alfaro did not respond to messages seeking comment. His latest five-year term expires in August."

Public Said To Want Partisan Government. In a Washington Post op-ed (3/1, A17), Emory University Professor Alan Abramowitz and Austin journalist Bill Bishop say after the midterm elections, "bipartisanship was all the buzz, and moderation the wave of the future. But something happened on the way to the evening campfire and s'mores. House Republicans started complaining about Democrats riding roughshod into the majority, refusing to consider their amendments to legislation. President Bush announced that he wasn't going to let the opposition of congressional Democrats stop him from sending 21,500 more U.S. troops to Iraq. Meanwhile, Democratic leaders trashed most of Bush's domestic policy proposals as soon as they were announced in his State of the Union address." One "explanation for all this is that politicians are acting against the will of their compromise-loving constituents. Another is that Republicans and Democrats are simply being good representatives. We think the evidence supports the second interpretation." It may "be comforting to believe our problems could be solved if only those vile politicians in Washington would learn to get along. The source of the country's division, however, is nestled much closer to home."

Schwarzenegger's "Post-Partisanship" Seen As Model For Washington. In his Roll Call column (3/1), Morton Kondracke says, "It used to be said that every American social, political and fashion trend started in California. Let's hope that's true again with Gov. Arnold Schwarzenegger's concept of 'post-partisanship.'" Now, Schwarzenegger is "in the process of trying to put post-partisanship to work to achieve environmental cleanup, road and prison construction -- and, most creatively, a mandatory health insurance plan to cover all Californians, including illegal immigrants." The effort "and the concept behind it -- shared responsibility on the part of individuals, employers, health providers and government -- is one that could achieve a consensus here." But "beyond that, whether it's called post-partisanship or just old-fashioned bipartisanship, what Schwarzenegger is selling philosophically is what every poll indicates the public wants -- an end to partisan combat and attention to problem solving." There is "evidence that some people in Washington have caught the mood. Last week, 10 Senators — five of each party, including some pretty conservative Republicans -- called on President Bush to

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begin working on health care reform that would 'ensure that all Americans have affordable, quality private health coverage.'"

Government Report Says As Many As 750,000 People Are Homeless. ABC World News (2/28, story 4, :25, Gibson, 8.78M) reported, "The Federal Government…released a sweeping, new report on homelessness. A notoriously difficult problem to track. The latest estimate finds there are more than 750,000 homeless people, in transitional shelters or housing or living on the street. On any given night, there are about 300,000 more homeless people than there are beds for the homeless."

The CBS Evening News (2/28, story 3, 2:15, Couric, 7.66M) reported, "On any given day, as many as 754,000 people in this country are homeless," and "one-third of the homeless are families with children." CBS (Bowers) added, "This may be the most heart breaking face of today's findings -- the homeless children in America."

The Washington Post (3/1, A6, Brubaker, 690K) says HUD Secretary Alphonso Jackson "trumpeted the study -- the first of its kind by the agency -- as a 'huge leap forward in our understanding of not only how many people are homeless but also what their needs are.'" Jackson "called this report 'a powerful tool to help all of us at the federal, state and local level design more effective responses to homelessness and better help those who are living in shelters and on our streets.'" But "Michael Stoops, acting director of the National Coalition for the Homeless, criticized the government for 'spending more time on counting homeless people than finding housing for them.'"

Mehlman Joins Akin Gump. The Wall Street Journal (3/1, A5A, Harwood, Mullins, 2.04M) reports, "President Bush's 2004 campaign manager has a new client, and it isn't one of the 2008 White House hopefuls courting the Republican Right." Ken Mehlman, "most recently chairman of the Republican National Committee, is setting out to advise US businesses on coping with political winds shifting against his party. And the challenges he sees looming are hardly touchstones of the Bush political agenda." Moving to the Washington law firm of Akin Gump Strauss Hauer & Feld LLP, Mehlman "becomes the latest political figure to enter a niche in the capital's influence business. Instead of traditional lobbying centered on relationships with officeholders, many former officials pursue careers counseling business about political trends and helping them meet challenges with quasipolitical campaigns that blend strategic advice, public relations and mobilization of targeted constituencies."

Iran, Syria Agree To Attend Iraq Summit. NBC Nightly News (2/28, story 4, 1:35, Williams, 9.87M) reported, "Iran, Syria and the US have all apparently agreed to sit at the same table at a regional security conference on Iraq hosted by the Iraqis." Tehran accepted the invitation "very cautiously" to what "could be a diplomatic game changer." Iran, however, "will be there if it is in the best interest of Iraq," but "want to avoid" the summit "turning into a session of finger pointing, accusations relating to their arming of Shi'ia militias."

The CBS Evening News (2/28, story 4, 1:20, Axelrod, 7.66M) reported the date has been set for the conference, and "it looks now like this conference is going to take place in two stages. The first one will be in Baghdad. And as you say, ambassadors from Syria, Iran and the US, among others, will meet March 10. Ambassador Zalmay Khalilzad will represent the US." Meanwhile, a second meeting could take place "as soon as mid-April somewhere in the region, but outside Iraq, that would involve Secretary of State Condoleezza Rice and foreign ministers."

The New York Times (3/1, A12, Oppel, 1.16M) reports Iranian national security official, Ali Larijani, "indicated Wednesday that Iranian officials would take part in a regional security conference on Iraq, setting the stage for the highest-level contact between American and Iranian officials in more than two years." The "willingness of American officials" to attend the conference with Syrian and Iranian officials "has been widely seen as reflecting a decision by the Bush administration to yield to critics who have argued that it should no longer avoid high-level contacts with Tehran."

The Financial Times (3/1, Dinmore, Smyth) reports when asked if Tehran "ran any risks in meeting the Americans," Larijani replied, "One should not commit suicide because one is afraid of death." The Los Angeles Times (3/1, Mostaghim, 850K) also report Larijani's comments.

In an interview with the AP (3/1, Abdul-Zahra, Lederer), Iraqi Foreign Minister Hoshyar Zebari said Wednesday the Iranians agreed to participate in a meeting with the other neighbors but "they have some questions" about a separate session that would be held the same day with the five permanent council members. His comments "seemed to indicate that Iran was at least partly unhappy with the

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arrangements for the conference, and weighing the extent of its own participation."

The Christian Science Monitor (3/1, Murphy, 59K) says the Bush administration's decision to participate in the summit "indicates that the days of working from an 'our-way-or-the-highway' stance may be over." Meanwhile, analysts say that Iran "won't miss the chance to sit down with the US" as "America's apparent belief that Iran can help fix the problems of its neighbor opens up the slight possibility of a quid pro quo -- less pressure on nukes in exchange for more help on Iraq." Like Iran, Syria "will see the meeting as a chance to get a 'foot in the door' with the US."

Washington Rules Out Direct Talks With Iran. The Washington Times (3/1, Sands, 88K) says US officials yesterday "were at pains to reject the idea that the decision to sit down with Syria and Iran reflected an about-face in US policy." The Financial Times (3/1, Dinmore, Smyth) reports the Bush administration Wednesday "dismissed suggestions that it might engage directly with Iran or Syria" at the conference. While "European allies and domestic critics have broadly welcomed" the announcement by Secretary Rice Tuesday, the White House Wednesday "stepped in to 'clarify' the situation and explicitly ruled out" direct talks with Tehran. White House spokesman Tony Snow said, "There will not be bilateral talks between the United States and Iran or the United States and Syria, within the context of these meetings." Some analysts interpreted the "mixed signals" as "evidence that the Bush administration was more interested in using the appearance of diplomacy to appease domestic critics and get its supplemental Iraq war budget through Congress, rather than adopt one of the key findings of the Iraq Study Group." However, other analysts believed that Rice "was in fact trying to shift the US position in the direction of engagement with Iran, as has happened in recent weeks with North Korea."

In an analysis, the AP (3/1, Gearan) says although the Bush administration "says it's not going soft on Iran," the summit in Iraq "could crack the door for other discussions with the last holdout among President Bush's old axis of evil." The announcement Tuesday "wasn't exactly an olive branch, but Rice's mild overture looked dramatic after escalating US allegations that Iran is contributing to the spreading chaos in Iraq and a calculated show of US military might in the Persian Gulf."

McCain Urges Talks With Iran. Sen. John McCain said on CBS' Late Show (2/28, Letterman), "I think it's terrible that the Iranians are" assisting the Iraq insurgency, and "we've also got another problem with the Iranians, and that is that they're building nuclear weapons. … As a country and as two parties, we've got to sit down together and work out some of these strategies together in a bipartisan fashion."

US Participation In Summit Welcomed. In an editorial, the Washington Post (3/1, A16, 690K) welcomes the Administration's decision to participate in the summit as "a welcome way to strengthen US diplomacy at a crucial moment in the Middle East." Although the talks "aren't likely to settle any of" the regional "crises," the Post says "they are a necessary part of any solutions." By "participating and opening the way for conversations with the Syrian and Iranian governments, the Administration will extract itself from a diplomatic corner and gain some fresh opportunities."

Similarly, Victor Davis Hanson, a senior fellow at the Hoover Institution, writes in a USA Today (3/1, 12A, 2.27M) op-ed that the US "should attend regional talks," but warns that it "should not negotiate directly" with Iran and Syria "until they cooperate with ongoing United Nations investigations and cease trying to destroy neighboring democracies."

Russian FM Warns US Against Striking Iran. The AP (3/1, Isachenkov) reports Russian Foreign Minister Sergey Lavrov "warned Washington not to use force against Iran and criticized what he described as the United States' unilateral approach to other global crises" in an interview published Wednesday. The Russian daily Rossiyskaya Gazeta report Lavrov said Russia was worried about Vice President Cheney's recent comment that "all options are on the table" to stop Tehran from becoming a nuclear power. Lavrov was quoted as saying, "We are concerned about the possibility of a military scenario. We are observing a US military buildup in the Persian Gulf. Such a buildup of forces always threatens to trigger a military conflict, even by accident."

New UN Sanctions May Target Iranian Bank. The Financial Times (3/1, Dombey) reports diplomats are "debating whether to increase pressure on Tehran's nuclear program by targeting Bank Sepah, a leading Iranian bank," with new U.N. sanctions. Such a move "would follow a campaign by the US to persuade European nations to follow its example and take steps against Sepah that would exclude it from international markets."

US Intelligence Officials Express Uncertainty Over Scope Of Pyongyang's Nuclear Program. On its front page, the New York Times (3/1, A1,

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Sanger, Broad, 1.16M) reports that "for nearly five years, though, the Bush administration, based on intelligence estimates, has accused North Korea of also pursuing a secret, parallel path to a bomb, using enriched uranium." But now, American intelligence officials "are publicly softening their position, admitting to doubts about how much progress the uranium enrichment program has actually made," leading to "new questions about the Bush administration's decision to confront North Korea in 2002." The "public revelation" of the intelligence agencies' doubts, "which have been brewing for some time, came almost by happenstance." In "a little-noticed exchange" Tuesday at a hearing at the Senate Armed Services Committee, Joseph DeTrani, the DNI's mission manager for North Korea, told Senator Jack Reed of Rhode Island that "we still have confidence that the program is in existence -- at the mid-confidence level." DeTrani's disclosure "underscores broader questions about the ability of intelligence agencies to discern the precise status of foreign weapons programs."

In a similar report, the Washington Post (3/1, A1, Kessler, 690K) says the Bush administration is "backing away from its long-held assertions that North Korea has an active clandestine program to enrich uranium, leading some experts to believe that the original US intelligence that started the crisis over Pyongyang's nuclear ambitions may have been flawed." In addition to DeTrani's remarks Tuesday, the Post notes Assistant Secretary of State Christopher Hill, "told a conference last week in Washington that it is unclear whether North Korea ever mastered the production techniques necessary for such a program."

US Discusses Release Of Frozen North Korean Funds. The New York Times (3/1, A13, Weisman, Greenlees, 1.16M) reports China and the US "are close to an accord to let North Korea regain some of the $25 million in its funds frozen in a bank in Macao now that it has agreed to start dismantling its nuclear arms program," American officials said Wednesday. The officials said arrangements for North Korea "to get a portion of the funds frozen at Banco Delta Asia," could be announced "in the next few weeks." Meanwhile, Assistant Secretary of State Christopher Hill Wednesday told the House Foreign Affairs Committee he had "no doubt that freezing the funds compelled North Korea to negotiate."

US, North Korea Talks Set For March. The AP (3/1) reports the State Department announced Wednesday Assistant Secretary of State Christopher Hill will meet with North Korean Vice Foreign Minister Kim Kye Gwan in New York on March 5-6 "to discuss initial steps toward normalizing relations."

The Washington Times (3/1, A1, Kralev, 88K) reports on its front page that the State Department yesterday "ruled out 'immediate results' from" next week's talks. In confirming the date of the talks, State Department spokesman Sean McCormack yesterday warned, "I would caution you that this meeting is just a first step. … Don't look at it as a meeting that is going to produce immediate results."

Latest US Diplomatic Overtures Said To Reveal "New Respect For Pragmatism." In a front-page analysis piece titled "In US Overtures to Foes, New Respect for Pragmatism," the New York Times (3/1, A1, Cooper, 1.16M) notes that "in the span of just two weeks," the US "has agreed to hold high-level contacts with Iran and Syria, and to start down the path toward formal diplomatic recognition of North Korea," leading to the question, "Has the Bush administration gone soft on its foes?" Although Administration officials "insisted Wednesday that the new overtures…did not mean there had been a change" in policy, "foreign policy experts, administration critics on Capitol Hill and former diplomats disagreed, saying the Administration appeared to have recognized the extent to which it had tied its own hands by insisting on talking only to friends." Even Secretary Rice, it notes, called the opening to Tehran and Damascus a "diplomatic initiative."

Diplomacy May Define Bush's Second Term. USA Today (3/1, 10A, 2.27M) reports, "It happened to Ronald Reagan, and it is happening to George W. Bush. With less than two years left in office, Bush is talking to countries he once shunned." Bush's "new flexibility" is seen as a result "of his desire to salvage his Iraq policy and tamp down other crises around the globe," says Richard Haass, head of the Council on Foreign Relations. In addition, personnel changes, including the departure of Defense Secretary Donald Rumsfeld, within the Administration might also have "smoothed the way."

Egyptian Governance Seen Stifling Opposition. On its front page, the New York Times (3/1, A1, Slackman, 1.16M) reports, "Cairo is home to 15 million and often described as the center of the Arab world, an incubator of culture and ideas. But it is also a collection of villages, a ruralized metropolis where people live by their wits

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and devices, cut off from the authorities, the law and often each other." This "social reality" also plays a role "in the nation's style of governance," which many residents say "is not there to better their lives; advancement is based on connections and bribes; the central authority is at best a benign force to be avoided." The system has also "stifled political opposition and allowed a small group to remain in power for decades."

Sarkozy Outlines Foreign Policy. The New York Times (3/1, A8, Sciolino, 1.16M) reports French presidential candidate Nicolas Sarkozy "wants to toughen sanctions against Iran, keep Turkey out of the European Union, create an independent European defense strategy and have a friendly but not a submissive relationship with the United States." In an unveiling his foreign policy Wednesday, Sarkozy, who is the interior minister, called the US-led invasion of Iraq a "historic mistake" and thanked President Jacques Chirac for his "lucidity" in keeping France out of it. At the same time, Sarkozy was "vague" about what the US should do in Iraq, warning that withdrawing American troops too soon would "lead to chaos," while avoiding a withdrawal would lead the Iraqis to "react with more violence, and that would benefit the terrorists."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Influential Historian, Intellectual And Aide To President Kennedy."
"This Repo Man Drives Off With Ocean Freighters."
"Chinese Market A New Equation For Investors."
"Memories Of North Hollywood Shootout Remain Vivid 10 Years Later."
"Colorado To Use Inmates To Fill Migrant Shortage."
"California Lottery Sees A Downturn In Sales."

USA Today:

"Saddam Ammo Still Kills Troops."
"Linked To Athletes, HGH Has Bigger Draw."
"High Court Case Tests Limits Of Student Speech Rights."

New York Times:

"U.S. Concedes Uncertainty On North Korean Uranium Effort."
"In U.S. Overtures To Foes, New Respect For Pragmatism."
"In Arab Hub, Poor Left To Their Fate."
"With Witnesses at Risk, Murder Suspects Go Free."
"NBC May Oust Evening News Executive."
"New Options (and Risks) In Home Care For Elderly."
"Arthur Schlesinger, Historian Of Power, Dies At 89."

Washington Post:

"Hospital Officials Knew Of Neglect."
"Soldiers Shift To Baghdad Outposts."
"Markets 'Working Well,' Says Fed Chief."
"McCain Says He'll Seek Presidency, Plans To Make It Official In April."
"Alexandria's End Run On Public Smoking."
"New Doubts On Nuclear Efforts By North Korea."
"Fired U.S. Attorney Says Lawmakers Pressured Him."

Washington Times:

"Bernanke Coaxes Market Rebound."
"McCain Rejects CPAC Invite."
"GE Machines Used To Break Law."
"N. Korea US Talks 'Just A First Step.'"
"Secrecy Could Kill Immigration Reform."
"Ice Cream Induces Arrival Of The Stork."

Detroit Free Press:

"U-M, MSU, Wayne: Help US, Help State."
"Fuel Plan To Hurt In Detroit."
"If A Car Rattles, Magazine tattles."

Atlanta Journal-Constitution:

"Girls Next Door heist Captivates nation."
"New Tax Sought For Road Projects."
"Family Struggles Amid Conflict."
"Controlled Fire Leaves Atlanta Area Wheezing."
"Gwinnett Arena Hits The Big Time As An A-List Venue."

Houston Chronicle:

"TYC Shake-Up Comes 2 Years After Probe."
"A Smile Was Met With Fatal Gunshot."
"A Little Spit Shine."
"Historic Buildings Could Be Free From City Tax."
"In Mexico, Your Loved One's Ashes Can Be Set In Stone."

Story Lineup From Last Night's Network News:

ABC: Suicide Bomber-Afghanistan; NATO Intelligence Before Bombing; Stock Market; Homelessness Report; South Korean Reunion; A Soldier's Recovery; AIDS Research; Teenage Drivers; Tsunami Victims; Investing Habits.
CBS: Stock Markets; Stock Markets-Main Street; Homelessness; Iraq-Regional Conference; In Utero Surgery;

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McCain Announcement; Illegal Immigration-Border Security; Self-Help Book.

NBC: Stock Market; Stock Market-Analysis; Suicide Bombers-Afghanistan; US, Iran & Syria Summit; Combat Medicine; Firefighter Safety; Medical Tragedy; First Class Bathrooms; North Korean Reunion.

Story Lineup From This Morning's Radio News Broadcasts:

ABC: Anna Nicole Smith's Body Scheduled For Burial In Bahamas; Wall Street; University Of Iowa-Bird Flu Futures; Scientists Researching Bird Flu Want To Exhume Body Of British Diplomat Who Died Of Spanish Flu In 1919; Arthur Schlesinger Obit; NY City Council-Ban On N-Word; Recording Industry-Warning On Illegal Downloads.

CBS: Anna Nicole Smith's Body Scheduled For Burial In Bahamas; Arthur Schlesinger Obit; Iraq-Reported Emergency Landing Of Blackhawk In Northern Iraq; Asian Stock Markets; Wall Street; Bernanke-Congress; Proposed Satellite Radio Merger; Libby Trial; Ford Motor Company Buyouts; Empire State Building Observation Deck Hours.

NPR: US Midwest-Tornadoes; CA-E-Coli Spinach Outbreak Source Pinpointed; Wall Street; Asian Stock Markets; Arthur Schlesinger Obit; France-Stolen Picasso Paintings; CompUSA Closing Half Its Stores; Hertz-Job Cuts; Oil Futures Up.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Visits the Mississippi Gulf Coast grant recipients; meets with Mississippi elected officials and community leaders, Biloxi City Hall; has lunch with Louisiana state and local officials, New Orleans; visits Samuel Green Charter School, New Orleans; speaks at Samuel Green Charter School.

VICE PRESIDENT CHENEY — Speaks at the Conservative Political Action Conference dinner, Omni Shoreham Hotel.

LAURA BUSH — Attends a naming cereony for the Northwestern Hawaiian Islands Marine National Monument, Honolulu; visits Midway Atoll.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on Afghanistan. Eric S. Edelman, ndersecretary of Defense for policy; Lt. Gen. Douglas E. Lute, director, The Joint Staff; Gen. James L. Jones Jr., former commander, U.S. European Command and Supreme Allied Commander, Europe; Barnett R. Rubin - director of studies and senior fellow, Center on International Cooperation, New York University. Location: Room 216, Hart.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the Energy Information Administration's energy outlook for 2007. Administrator Guy Caruso. Location: Room 366, Dirksen.

9:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the adjudication process at the VA. Location: Room 418, Russell.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science and Related Agencies Subcommittee. Hearing on the FY08 Commerce Department budget. Secretary Gutierrez; NIST Director William Jeffrey; Patent and Trademark Office Director Jon Dudas. Location: Room 102, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on the defense budget and war costs. Deputy Defense Secretary Gordon England; Vice Chairman Adm. Edmund Giambastiani, Jr. of the Joint Chiefs of Staff; DoD Comptroller Tina Jonas. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on universal telephone service. FCC Commissiones Michael J. Copps and Deborah Taylor Tate; Larry Landis, commissioner, Indiana Utility Regulatory Commission; John Burke, member, Vermont Public Service Board; Billy Jack Gregg, Public Service Commission of West Virginia; David Crothers, North Dakota Association of Telecommunications Cooperatives; Brian Staihr, Embarq Corp.; Richard Massey, Alltel Corp.; Tom Tauke, Verizon; W. Tom Simmons, Midcontinent Communications. Location: Room 253, Russell.

10 a.m. ENVIORNMENT AND PUBLIC WORKS _ Hearing on perspectives on global warming from the state, local and regional perspective. New Jersey Gov. Jon Corzine; Fabian Nunez, speaker, California Assembly; Don Perata, president pro tempore, California Senate; Frank Cownie, mayor, Des Moines, Iowa; Dennis Adkins, member, Oklahoma House of Representatives; Richard P. Homrighausen, mayor, Dover, Ohio; Ted Harvey, member, Colorado State Senate. Location: Room 406, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on Medicare payments for physician services. Glenn Hackbarth, Chairman, Medicare Payment Advisory Commission: CBO

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Director Peter Orszag; Byron Thames, AARP; Cecil Wilson, Chairman, AMA. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Employment and Workplace Safety Subcommittee. Hearing on health protections for workers against asbestos. Location: Room 430, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Votes on judicial nominations and markups. Location: Room 226, Dirksen.

2 p.m. ENERGY AND NATURAL RESOURCES _ Subcommittee on Public Lands and Forests. Hearing on S.380, a bill to reauthorize the Secure Rural Schools and Community Self-Determination Act of 2000. Agriculture Undersecretary Mark Rey; Sierra Institute Director Jonathan Kusel; Michael Francis of the Wilderness Society; and Doug Robertson of the Douglas County, Ore. Board of Commissioners. Location: Room 366, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Defense Department programs. Location: Room 219, Hart.

3 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, Federal Services and International Security Subcommittee. Hearing on federal financial management. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 800 - Worker Intimidation Act.

9 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on EPA budget for FY08. Administrator Stephen Johnson. Location: Room B-308, Rayburn.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 budget for the Navy and Marine Corps. Navy Secretary Donald Winter; CNO Adm. Michael Mullen; Marine Corps Commandant Gen. James Conway. Location: Room 2118, Rayburn.

10 a.m. APPROPRIATIONS _ State, Foreign Operations and Related Agencies Subcommittee. Hearing on the FY08 budget for global HIV-AIDS, TB and Malaria programs. Global AIDS Coordinator Mark Dybul. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the Architect of the Capitol budget. Location: Room H-144, Capitol.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing ona the Bureau of Reclamation budget. Deputy Interior Secretary Lynn Scarlett; BR Commissioner Robert Johnson. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on the HUD budget. Secretary Jackson. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Agvriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on the Agriculture Dept. budget. Inspector General Phyllis Fong. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ financial Services and General Government Subcommittee. Hearing on services for disadvantaged communities in the FY08 budget. Kimberly A. Reed, director, Community Development Financial Institutions Fund, Department of the Treasury; JoAnn M. Johnson, chairwoman, National Credit Union Administration; Joy Cousminer - president and CEO, Bethex Federal Credit Union. Location: Room 2220, Rayburn.

10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on SAMHA, NIDA, NIMH, NIAA budget. Location: Room 2325, Rayburn.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the National Science Foundation budget. Director Arden Bement, Jr. Location: Room 2237, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the VA budget for FY08. Secretary Nicholson. Location: Room 210, Cannon.

10 a.m. FOREIGN AFFAIRS _ Western Hemisphere Subcommittee. Hearing on U.S. policy toward Latin America. Assistant Secretary of State Thomas Shannon, Peter Hakim, Inter-American Dialogue; Arturo Valenzuela, Georgetown University. Location: Room 2172, Rayburn.

10 a.m. HOMELAND SECURITY _ Transportation Security and Infrastructure Protection Subcommittee. Markup of the Rail and Public Transportation Security Act of 2007. Location: Room 1539, Longworth.

10 a.m. JUDICIARY _ Constitution, Civil Rights and Civil Liberties Subcommittee. Hearing on S.1 - Legislative Transparency and Accoauntability Act of 2007. Location: Room 2141, Rayburn.

10 a.m. NATURAL RESOURCES _ Water and Power Subcommittee. Hearing on H.R. 24 - San Joaquin River Restoration Settlement Act. Location: Room 1334, Longworth.

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10 a.m. NATURAL RESOURCES _ National Parks, Forests and Public Lands Subcommittee. Oversight hearing on the FY08 budget for the National Park Service. NPS Director Mary Bomar. Location: Room 1324, Longworth.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on allegation of political interference with the work of government climate change scientists. Location: Room 2154, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on increasing access to capital for small businesses. Location: Room 2360, Rayburn.

10:30 a.m. ENERGY AND COMMERCE _ Telecommunications and Internet Subcommittee. Hearing on the future of the World Wide Web. Location: Room 2123, Rayburn.

10:30 a.m. ENERGY AND COMMERCE _ Environment and Hazardous Material Subcommittee. Hearing on the EPA budget for FY08. Christian Bollwage, Mayor of Elizabeth, New Jersey; Bill A. Roderick, Acting Inspector General, Environmental Protection Agency; Andrew Langer, Manager of Regulatory Affairs, National Federation of Independent Business; Maurice McTigue, Director, Government Accountability Project and Vice President, Mercatus Center at George Mason University; Robert W. King, Jr., President of the Environmental Council of the States and Deputy Commissioner, South Carolina Department of Health and Environmental Control; and Patrice Simms, Senior Attorney for the Natural Resources Defense Council. Location: Room 2322, Rayburn.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of pending legislation. Location: Room 2167, Rayburn.

1 p.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Hearing on FY08 budget for long term and overview. Defense Undersecretary Tina Jonas; Deputy Undersecretary of Defense Phil Grone; Principal Deputy Undersecretary Ryan Henry. Location: Room H-143, Capitol.

1 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending business. Closed. Location: Room H-405, Capitol.

2 p.m. AGRICULTURE _ Full Committee. Hearing on adoption of budget views and estimates for FY08. Location: Room 1302, Longworth.

2 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on ``Covering the Uninsured Through the Eyes of a Child." Lolita M. McDavid, medical director, Child Advocacy and Protection, Cleveland; Jay E. Berkelhamer, president, American Academy of Pediatrics; Joseph F. Vitale, chairman, Health, Human Services and Senior Citizens Committee, New Jersey Senate; Kathryn G. Allen, GAO. Location: Room 2123, Rayburn.

2 p.m. HOMELAND SECURITY _ Management, Investigations and Oversight Subcommittee. Hearing on the DHS Management Directorate's goals and objectives. Location: Room 311, Cannon.

2 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Information Policy, Census and National Archives Subcommittee. Hearing on the Presidential Records Act. Location: Room 2154, Rayburn.

4 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Vote on issuing subpoenas for certain former U.S. Attorneys who were recently fired by the Bush Administration. Location: Room 2141, Rayburn.

Other: HOMELAND SECURITY _ AFCEA hosts its 6th annual Homeland Security Conference, ``Intelligence and Information-Fusion Beyond Sharing." Highlights: 8 a.m. Keynote Address by RADM Jay Cohen, USN (Ret.), Under Secretary for Science and Technology, Department of Homeland Security. 10 a.m. Panel 3 - Enabling Fusion: Survivable/Interoperable Communications, with Robert Zitz, Deputy Under Secretary for Preparedness, Department of Homeland Security. 12 p.m. Luncheon Address by George Foresman, Under Secretary for Preparedness, Department of Homeland Security. 1:45 p.m. Cyber-Security Overview with Gregory Garcia, Assistant Secretary of Cyber Security and Telecommunications, Department of Homeland Security. 2:15 p.m. Panel 4 - Cyber Fusion: National Cyber Defense, with Ms. Sallie McDonald, Director, NCS, Department of Homeland Security.

AGRICULTURE _ The US Department of Agriculture hosts its 83rd annual Agricultural Outlook Forum, ``Agriculture at the Crossroads: Energy, Farm and Rural Policy." Highlights: 8 a.m. Opening plenary welcome by Deputy Secretary of Agriculture Chuck Conner. 8:45 a.m. Agriculture Secretary Mike Johanns delivers keynote address. Note: Media availability at 9:45 a.m. 10:15 a.m. Plenary panel on ``Renewable Energy -- Inroads to Agriculture," moderated by Scott Kilman, Wall Street Journal. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington, Va.

CONSERVATIVES _ The Conservative Political Action Caucus holds its annual conference. Highlights: 10:05 a.m.

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Sen. Jim DeMint. 10:45 a.m. Session on ``Strategies for a Bold Conservative Future," with Phyllis Schlafly, Eagle Forum; J. Kenneth Blackwell; Richard Viguerie, ConservativesBetrayed.com. 11:45 a.m. Session on ``Beyond Our Pocketbooks: Social Issues and the Conservative Movement," with Wendy Wright, Concerned Women for America; Robert Knight, Media Research Center; others. 11:45 a.m. Session on ``What Happened to the Fight Against Big Government?" with Sen. Kay Bailey Hutchison; Michael Tanner, Cato Institute; Rep. Jeff Flake. 12:45 p.m. Rep. Jeb Hensarling. 1:15 p.m. Sen. Mitch McConnell. 1:45 p.m. White House Pres Secretary Tony Snow. 2:15 p.m. Session on ``Why Are Liberals Hell-Bent on Raising Our Taxes?" with John Berthoud, National Taxpayers Union; Todd Spencer, Owner-Operator Independent Driver Association; Grover Norquist, Americans for Tax Reform; Scott Hodge, Tax Foundation. 3:15 p.m. Labor Secretary Chao. 3:45 p.m. Session on ``Are Conservative Judicial Nominees DOA in the Democrat-Controlled Senate?" with Sen. Arlen Specter. 5:30 p.m. Presentation of the Reed Irving Accuracy in Media award with Michelle Malin and Mark Alexander. 7:30 p.m. Banquet, with Vice President Cheney, Amb. John Bolton, others. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

DAVIS _ 7:30 a.m. Rep. Tom Davis speaks to the Association of Government Accountants. Location: National Press Club.

FREE TRADE _ 8 a.m. - 10 a.m. The Embassy of Sweden hosts a Trade Policy Breakfast Seminar titled, ``Challenging Times for Free Trade. Speakers: Sten Tolgfors, Swedens Minister for Foreign Trade; Ambassador John Veroneau, Deputy U.S. Trade Representative; and John Murphy, Vice President, International Affairs, United States Chamber of Commerce. Moderator: Gary Horlick of Wilmer Hale. Location: Alfred Nobel Hall, House of Sweden, 2900 K St. NW.

HEALTH INFORMATION _ 9:30 a.m. Rep. Patrick Kennedy holds a news conference to introduce a new version of the Personalized Health Information Act. Location: Room 122, Cannon.

PENTAGON-IRAQ RECONSTRUCTION _ 9:30 a.m. Ambassador Joseph Saloom, director of the Iraq Reconstruction Management Office, and Army Brig. Gen. Michael Walsh, commander of Gulf Region Division, U.S. Army Corps of Engineers and director, project contracting office in Baghdad, will brief live from Iraq to provide an update on the reconstruction effort in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

GEOTHERMAL ENERGY _ 9:30 a.m. - 11 a.m. The Geothermal Energy Association (GEA) and the Environmental and Energy Study Institute hosts a panel, ``Geothermal Energy: Latest Developments for this 'Hot' Contributor to U.S. Energy Production. Featured speakers include: Bernie Karl, Owner and Renewable Energy Advocate, Chena Hot Springs Resort, Alaska; Karl Gawell, Geothermal Energy Association (GEA), Washington D.C.; Jeff Tester, Professor, Massachusetts Institute of Technology (MIT), Massachusetts, and Chair of MIT assessment report: ``The Future of Geothermal Energy; and Roy Mink, U.S. Geothermal, Idaho and former DOE Geothermal Program Director. Location: Room 2203, Rayburn House Office Building.

NATIONAL GUARD _ 10 a.m. Commission on the National Guard and Reserves Chairman Arnold L. Punaro and Commissioners Patty Lewis and Stanton address a National Press Club newsmaker. Topic: Commission recommendations that that will be made to Congress on March 1, 2007, on legislative proposals related to the stature, authority, and resources of the National Guard. Location: National Press Club.

LEBANON-ECONOMIC REFORM _ 10 a.m. - 11:30 a.m. Lebanese Minister of Economy and Trade Sami Haddad discusses the status of economic reform in Lebanon, the challenges facing the Lebanese government, and U.S. and international assistance policies and directions in Lebanon. He will be joined by moderator Patricia Karam, US Institute of Peace. Location: US Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

CHERTOFF-REAL ID _ 11 a.m. Department of Homeland Security Secretary Michael Chertoff will lead a press conference on REAL ID. Location: Ronald Reagan Building, Press Briefing Room, 1300 Pennsylvania Ave. NW.

ENERGY EFFICIENCY _ 11 a.m. Democrats on the Committee on Energy and Commerce hold a press conference to release a General Accountability Office report entitled ``Long-Standing Problems with the Department of Energy's Program for Setting Efficiency Standards Continue to Result in Foregone Energy Savings." Location: Room 2218, Rayburn.

INJURED SOLDIERS _ 11:30 a.m. Sens. Barack Obama and Claire McCaskill announce a bill to protect injured soldiers returning from war. Location: Senate Radio-TV Gallery.

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HOMELAND SECURITY _ 12 p.m. Homeland Security Undersecretaries Jay Cohen and George Foresman speak at the Armed Forces Communications and Electronics Association International Annual Homeland Security Conference. Location: Reagan Trade Center.

INTEGRITY-GOVERNMENT _ 12 p.m. The Center for International Private Enterprise holds a discussion, ``Measuring Integrity and Improving Governance," with Nathaniel Heller of Global Integrity and Bradley Parks of the Millennium Challenge Corporation. Location: Suite 700, 1155 15th St. NW.

PAULSON _ 12 p.m. Treasury Secretary Paulson speaks to the Economic Club of Washington. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

PRIMUS-ECONOMISTS _ 12 p.m. The National Economists Club hosts a luncheon with an address by Wendell Primus, senior adviser to Speaker of the House Nancy Pelosi. Topic: ``A Briefing on the Congressional Outlook." Location: Chinatown Garden Restaurant, 618 H St. NW.

RABBI-IRAN _ 12 p.m. Rabbi Shmuel Herzfeld of the National Synagogue holds a news conference to criticize the regime in Iran. Location: In front of the Iranian Interest Section, 2209 Wisconsin Ave. NW.

IRAN-IRAQ _ 12:15 p.m. The New America Foundation holds an event on new divisions in the Mideast and the potential for the U.S. to regain influence in the region, with Edward Luttwak of CSIS, others. Location: 7th floor, 1630 Connecticut Ave. NW.

NARCOTICS REPORT _ 12:30 p.m. The State Department holds a briefing to release the 2007 International Narcotics Control Strategy Report. Location: State Department briefing room.

VEHICLES-GLOBAL WARMING _ 12:30 p.m. The Union of Concerned Scientists holds a telephone briefing to unveil a vehicle design that shows an affordable car can be built with existing technology that meets new global warming emission standards. Notes: Callin number: 866-244-4635; passcode: Union of Concerned Scientists.

UGANDA _ 1 p.m. - 2:30 p.m. Senators Feingold and Brownback will address the faltering peace talks in Juba and the landmark truce between the Ugandan government and the Lord's Resistance Army (LRA) as it passes its February 28th expiration. Efforts to consolidate peace in Uganda remain on shaky groun and rebel forces now appear to be planning a return to war. Speakers include: Featured Speakers include: Betty Bigombe, Senior Fellow, United States Institute of Peace; John Prendergast, Senior Adviser, the International Crisis Group and Co-Founder of ENOUGH; and Michael Poffenberger, Executive Director of Resolve Uganda. Location: Room 562, Dirksen Senate Office Building.

HOMELAND SECURITY WASTE _ 1:15 p.m. Reps. Anthony Weiner, D-N.Y., and Jeff Flake, R-Ariz., hold a news conference to release a report detailing what they say are some of the most outrageous homeland security spending boondoggles from coast to coast. The Congressmen also will also announce the Homeland Security Transparency Act, which would require public disclosure of all anti-terror spending by cities and states. Location: Room B-318, Rayburn House Office Building.

ENERGY INDEPENDENCE _ 1:30 p.m. House Majority Leader Steny Hoyer, others, hold a news conference to announce an energy independence bill. Location: House Radio-TV Gallery.

LANDRIEU-BUSH TRIP _ 2 p.m. Sen. Mary L. Landrieu, D-La., holds a press conference to comment on President Bushs scheduled visit to the Gulf Coast. She also will also discuss the state of recovery following Hurricanes Katrina and Rita and the failure of the Federal levee system, and will identify critical areas of need she hopes to see addressed in the next Supplemental Appropriations bill. Location: Senate Radio-Television Gallery Studio, Room S-325, Capitol.

DISSATIFACTION WITH GOVERNMENT _ 2 p.m. - 4 p.m. Brookings hosts a discussion featuring Elaine Kamarck, a public policy lecturer at Harvard University's John F. Kennedy School of Government; Brookings Senior Fellow William Galston; and Nonresident Senior Fellow Donald Kettl, who will discuss dissatisfaction with government. Location: The Brookings Institution, Stein Room, 1775 Massachusetts Ave. NW.

CHECHNYA _ 3 p.m. The Congressional Human Rights Caucus holds a briefing on the human rights situation in Chechnya. Location: Room 2255, Rayburn.

GATES-SENATORS _ 3 p.m. Defense Secretary Gates will brief Senators on Iraq. Location: Room S-407, Capitol.

GATES-ARMED SERVICES _ 5 p.m. Stakeout for media opportunity with members of the House Armed Services Committee, who will have had a closed, members-only briefing with Defense Secretary Gates. Location: Rayburn horseshoe.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Judge Rules Padilla Competent To Stand Trial. The New York Times (3/1, Sontag, 1.16M) reports Federal District Court Judge Marcia Cooke has found Jose Padilla "competent to stand trial on terrorism conspiracy charges Wednesday, granting a significant victory to the government in the high-profile criminal case" of a US citizen "initially designated an 'enemy combatant' and held without charges." Cooke ruled after "three and a half days of an intensely argued hearing," rejecting the argument of Padilla's attorneys that their client should be "sent to a hospital for psychiatric treatment so that he could be 'healed' from what they said was post-traumatic stress disorder caused during his three years and eight months in military detention."

The AP (3/1, Anderson) reports, "Padilla's lawyers had asked Cooke to order that their client be treated for post-traumatic stress disorder, which they contend stems from years of isolation and interrogation while in military custody. … Cooke said testimony in the competency hearing showed that Padilla understands 'legal nuances' of pretrial motions and noted that he had signed a document verifying the truth of allegations made by the defense that he was tortured and mistreated during his years in a Navy brig in Charleston, South Carolina. … 'At some time, the defendant was able to discuss some things with his lawyers,' Cooke said. 'The defendant's situation is unique. He understands that.'" The AP adds, "Bush administration officials vehemently deny that Padilla was mistreated, and Cooke said her decision on competency should not be read as a ruling on those claims. 'That discussion is for another day,' she said."

The Washington Post (3/1, A3, Whoriskey, 690K) reports the ruling "leaves aside for now the question of whether Padilla, accused of being an al-Qaeda operative, was mistreated during his 3 1/2 -year confinement in the Navy brig in Charleston, S.C. … Instead, the ruling found that whether or not he was abused, Padilla is currently capable of understanding the legal proceedings and their consequences, and that he can assist his attorneys. That is enough under legal standards to find him fit for trial." The Los Angeles Times (3/1, Williams, 850K) adds that Cooke "prefaced her ruling by saying she might conduct another hearing at which she would take testimony on the torture allegations before Padilla's trial, set to begin April 16."

NYTimes Condemns US Behavior In Padilla Case. The New York Times (3/1, 1.16M) editorializes, "There were so many reasons to be appalled by President Bush's decision to detain people illegally and subject them to mental and physical abuse. The unfolding case of Jose Padilla reminds us of one of the most important: mistreating a prisoner makes it hard, if not impossible, for a real court to judge whether he has committed real crimes. … The government's arguments at the hearing sounded ridiculous and shameful. Prosecutors said Mr. Padilla always seemed fine to his jailers, but it was his jailers who did things like standing on his bare feet with boots so they could shackle him. … When a psychologist testified for the defense that Mr. Padilla was 'an anxiety-ridden, broken individual,' the prosecution said her tests were invalid -- because the jailers had kept Mr. Padilla handcuffed throughout. … So far, this trial has been a reminder of how Mr. Bush's policy on prisoners has compromised the judicial process. And it has confirmed the world's suspicions of the United States' stooping to the very behavior it once stood against."

Bush Convenes Bipartisan Terror Working Group. The Washington Post/AP (3/1, A7) reports, "Despite initial wariness from Democrats, President Bush finally convened a bipartisan working group to advise him on terrorism, sitting down at the White House yesterday to discuss the deteriorating conditions in Afghanistan with senior lawmakers from both parties." In January, when he unveiled his new Iraq policy, the President "mentioned his interest in forming such a group as a way of improving relations with Congress. Democrats initially balked out of concern that Bush would be dictating the subject and the people present, congressional aides said. What now appears to have emerged is a plan to have regular meetings to discuss key national security issues with an evolving cast of participants from Capitol Hill, according to congressional and White House aides."

Judge Denies Request To Declassify FBI Evidence On Muslim Charity. The Los Angeles Times (3/1, Krikorian, 850K) reports US District Judge A. Joe Fish of Dallas "has denied a request to declassify thousands of pages of FBI evidence in the prosecution of a Muslim charity, but said it was disturbing that a recently unsealed document falsely accused charity officials of anti-Jewish slurs. In his ruling against lawyers for the Holy Land Foundation for Relief and Development," Fish "concluded there was insufficient evidence to show the inaccuracies were part of a 'widespread problem' with the government's evidence. At the same time, Fish advised defense lawyers to return to court if they found more government summaries that were 'significantly inaccurate or misleading.' The now-defunct Muslim charity and seven former officials face criminal charges alleging financial ties to the Islamic militant group Hamas."

The Dallas Morning News (3/1, 500K) adds that Fish "said there was no justification for a defense request to

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declassify almost 10 years' of surveillance based on the apparent fabrications found in the government's April 15, 1996, surveillance summary. The document claimed that two of the Holy Land officials now facing trial made remarks that are not in the actual transcripts of surveillance. The alleged remarks included one Holy Land official calling Israel 'the government of the demons' and telling a colleague: 'Even Jesus Christ had called the Jews and their high priests…the sons of snakes and scorpions.' The judge said he found it 'disturbing' that the government summary included inflammatory language not found in the transcript. Defense attorneys, like prosecutors, had no comment on Tuesday's ruling. But in their original motion, defense attorneys said they only recently had received declassified summaries representing about 10 percent of the conversations recorded by the government in court-authorized surveillance. They signaled that additional discrepancies might exist."

US Will Not Send CIA Defendants To Italy. The Washington Post (3/1, A12, Whitlock, 690K) reports State Department legal adviser John B. Bellinger III Wednesday said the US "would refuse to extradite CIA officers who face kidnapping charges in Italy, warning that European criminal prosecutions of US agents were harming transatlantic counterterrorism efforts." Although the Italian government has not made a final decision on whether to ask Washington to extradite the agents, Bellinger said, "If we got an extradition request from Italy, we would not extradite US officials to Italy."

The Financial Times (3/1, Laitner) notes that last month the European parliament "accused some European governments of turning a blind eye to the illegal transportation of alleged terrorists through their countries to face possible torture." However, Bellinger "branded" that report "unbalanced, inaccurate and unfair," and cautioned that European probes into US officials "can harm intelligence cooperation."

PATRIOT ACT:

EFF Suit Seeks Details On FISA Wiretap Ruling. The San Francisco Chronicle (2/28, A - 6, Egelko) reports, "A privacy rights group sued the Justice Department on Tuesday to try to pry loose a ruling by a secret court that the Bush administration says approved its clandestine wiretapping program." The Chronicle continues, "The suit, if it succeeds, should answer an important question about the future of the program: whether the court will require individual warrants, with specific evidence, before allowing the government to intercept phone calls and e-mails between Americans and alleged terrorists in foreign countries." The Chronicle adds, "In December 2005, President Bush confirmed a New York Times report that he had authorized the National Security Agency four years earlier to eavesdrop on such communications without obtaining warrants from the Foreign Intelligence Surveillance Court, as required by a 1978 law. … A federal judge in Detroit declared the program unconstitutional in August, a ruling the administration has appealed. In San Francisco, another judge is considering more than 40 lawsuits accusing telecommunications companies of illegally collaborating with the program by allowing the National Security Agency to intercept messages and examine customer records." The Chronicle notes, "The Electronic Frontier Foundation, a San Francisco organization that represents AT&T customers in one of the lawsuits, sued Tuesday in Washington, D.C., seeking disclosure of a pivotal Jan. 10 ruling by a judge of the Foreign Intelligence Surveillance Court. … The ruling's existence was disclosed Jan. 17 by Attorney General Alberto Gonzales, who told the Senate Judiciary Committee that the judge had approved the surveillance, after lengthy negotiations, and that the program was now operating under authority of the foreign intelligence court. … Gonzales did not say, however, whether the judge was requiring a warrant in each case or instead had given overall approval to the program. The attorney general has refused to make the order public, although the Justice Department sent copies to the federal judge in San Francisco and the appeals court reviewing the Detroit ruling. … The department also disclosed the order to selected members of Congress, including leaders of the House and Senate judiciary committees. Tracy Schmaler, spokeswoman for Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., said Leahy would like to see a declassified version made public and is exploring the subject with the Justice Department and the White House."

HOMELAND RESPONSE:

White House, Democrats Clash Over TSA Unionization Effort. USA Today (3/1, Frank, 2.27M) reports efforts by congressional Democrats "to let airport screeners unionize for the first time since the government took over aviation security after the 9/11 attacks" have "provoked a clash with the Bush administration and Republican lawmakers that could scuttle attempts to enact one of the broadest homeland security bills since 9/11." While labor leaders say unionizing Transportation Security Administration screeners "would strengthen security by improving working conditions and reducing high attrition and injury rates, which cause staffing shortages," TSA says "security would suffer because the agency could not quickly reassign screeners to counter new threats. President Bush might veto any bill that would let TSA screeners unionize."

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States To Be Given More Time On Real ID Act. The Washington Post (3/1, A4, Hsu, Barr, 690K) reports "congressional and Department of Homeland Security officials said yesterday" that the Bush administration will allow states to delay implementation of the Real ID Act. "The retreat came as the White House and the Democratic Congress headed for a showdown over a broad counterterrorism bill to implement many of the remaining recommendations of the Sept. 11 commission." Eight senators debating the bill yesterday "supported a push by Sen. Susan M. Collins (R-Maine) to postpone the driver's license program by two years. They blamed the administration for failing until a scheduled announcement today to spell out what states must do to comply with the law, which was passed nearly two years ago." A senior official at the Department of Homeland Security, "speaking on the condition of anonymity pending the official release, said that although the Real ID law set a May 2008 deadline, the administration is interpreting that as requiring states to be able to begin issuing compliant IDs by that time. They will be allowed to replace all 245 million licenses held by Americans on a 'reasonably prompt basis' over five years."

"Strategy Of Chaos" Seen As Best Way To Thwart Rail Attacks. Frank J. Cilluffo, director of the George Washington University Homeland Security Policy Institute, a non-partisan think tank, and Laura P. Keith, a policy analyst at HSPI, in an op-ed in USA Today (3/1, 13A, 2.27M) write that with their "low security measures, high numbers of passengers, and mass transit's critical economic significance," terrorist attacks on trains and subways "potentially have the biggest impact for the lowest cost." However, while most subway systems in the US "have implemented some" security measures, "the US government has not formalized rail security standards, identified 'best practices,' or completed an overall rail security strategy, three things Congress has called on it to do." Cilluffo and Keith continue that one way to "prevent what appears to be inevitable" may be to "create security plans that can be executed with a high level of unpredictability and flexibility — a strategy of chaos." The writers call for an increased "investment in the nation's surface transportation security plans" and state that with a "strategy of chaos" and "greater public awareness…we can beat the terrorists at their own game."

9/11 Victim's Family Member Says Senate Democrats Snubbed Him. The Washington Times (3/1, Pierce, 88K) reports in its "Inside Politics" column, "A family member of a September 11 victim says Senate Democrats invited him to Washington then snubbed him yesterday after he criticized a bill adopting 9/11 commission recommendations. 'They made me sit in the hallway for 40 minutes for nothing,' said Bruce DeCell, a former New York City police officer whose son-in-law was killed at the World Trade Center on September 11." He "was invited by the Senate Democratic Steering and Outreach Committee to represent victims' family members at a lunch and press conference that included Senate Majority Leader Harry Reid of Nevada, Sen. Hillary Rodham Clinton of New York and Sen. Frank R. Lautenberg of New Jersey. … Thomas Russell, director of the steering committee, later called and apologized, saying he was 'being pulled in too many directions and he forgot to come and get me,' Mr. DeCell said." DeCell "called the explanation 'disingenuous.'"

Terror-Linked Inmates Being Moved To Indiana Prison. The Terre Haute Tribune-Star (3/1, Loughlin) reports, "The U.S. Justice Department has opened a new unit at the medium-security prison in Terre Haute to monitor communications of its inmates more closely, which could include lower-risk offenders convicted of or associated with terrorism, a Bureau of Prisons spokeswoman said." The Tribune-Star continues, "The Washington Post has reported that the unit houses "a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted." … The self-contained unit opened in December and has about 17 inmates, although that number eventually could expand to 90, said Traci Billingsley, Bureau of Prisons spokeswoman. … The so-called 'Communications Management Unit,' or CMU, 'isn't a terrorist unit,' she said. … The purpose of the CMU 'is to provide increased monitoring of inmate communication in a self-contained unit. It assists in regulating and monitoring communication between inmates and those in the community,' she said." The Tribune-Star adds, "Those convicted of or associated with domestic or international terrorism 'may be candidates for this unit,' Billingsley said. … It eventually will house a variety of inmates, including sex offenders who try to communicate with victims or inmates who try to conduct illegal activity by phone or mail. … The unit is located in an area that formerly served as death row. Death row has been moved to the new high-security facility in the Federal Correctional Complex." The Tribune-Star notes, "Prisoner advocates are raising concerns that most of the inmates in CMU so far are of Middle Eastern descent or Muslim faith, which could represent racial profiling. … Billingsley said she didn't know inmates' race or religion, and 'that would not be a factor in placement,' she said. … The most dangerous, high-risk terrorists in the federal system likely would be housed at the ADMax or 'supermax' facility in Florence, Colo., she said. According to the Washington Post article, the supermax facility houses al-Qaeda operative Zacarias Moussaoui."

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New Orleans Residents Turn Out To File Claims Against Army Corps Of Engineers. USA Today (3/1, Gomez, 2.27M) reports that in the face of a Thursday deadline, thousands of New Orleans residents showed up at the Army Corps of Engineers office Wednesday "to file claims that accuse the corps of being responsible for levee failures that flooded New Orleans. … Joseph Bruno, one of several attorneys representing victims, says he expects more than 100,000 to file claims. Debbie Simon, a corps spokeswoman, said it expects the total to be around 60,000 claims." USA Today notes that those who miss the deadline may be spared "if a judge grants an extension to the deadline at a court hearing scheduled for Friday. Lawyers representing victims in the lawsuit are asking for a 6-month extension."

Judge Hears Arguments On State Farm Katrina Claims Settlement. The New York Times (3/1, Treaster, 1.16M) reports lawyers appeared before Judge L. T. Senter Jr. of Federal District Court in Gulfport, Mississippi Wednesday "to argue the merits of a settlement with State Farm that would reopen 36,000 previously closed claims of Mississippi homeowners whose homes were damaged" by Hurricane Katrina. "The central issue has been whether the insurers are responsible for damage caused by extensive flooding. The insurers say their policies never provided coverage for any kind of flooding. In many cases, storm victims say, the insurers, especially State Farm, refused to pay claims if the damage was done by a combination of wind and water." Wednesday's hearing, which featured "homeowners who have complaints about State Farm," became "raw and emotional" at times. "The judge, saying he had a duty to protect storm victims, had been unwilling to endorse the settlement because of concerns that it favored State Farm."

WPost Says Bush Must Use "Bully Pulpit" To Accelerate New Orleans Recovery. The Washington Post (3/1, 690K) editorializes, "A month after neglecting to mention New Orleans or the Gulf Coast in his State of the Union address, President Bush heads today to the city crippled by Hurricane Katrina." The president is "certain to get an earful during his listening tour of the region," but for New Orleans' recovery "to go from a crawl to a gallop, Bush must use the bully pulpit of the presidency to energize all levels of government." The Post sees wisdom in Bush's insistence "that local officials plan and control their own destiny," but says "that does not absolve him of any role in fulfilling a vow he made to New Orleans in his speech in Jackson Square: 'This great city will rise again.' … One specific way Mr. Bush could show leadership is by directing the Federal Emergency Management Agency to waive the requirement that Louisiana contribute 10 percent to meeting disaster recovery costs; the federal government has issued similar waivers to other jurisdictions, including New York City after the attacks of Sept. 11, 2001. Cutting that bit of red tape would allow the freed-up money to be used for other rebuilding purposes."

WAR NEWS:

Democrats To Add Up To $10 Billion In Non-War Items To Iraq Spending Bill. The AP (3/1, Taylor) reports, "While Democrats try to restrict how President Bush can spend the $100 billion he wants for Iraq, they also hope to load his measure up with $10 billion in add-ons -- from aid for avocado growers to help for children lacking health insurance. Lawmakers also hope to add money for drought relief in the Great Plains, better levees in New Orleans and development of military bases that are closing down." The "expected battle with the White House over the add-ons is getting far less attention than debate over Iraq," but "it could reveal a lot about how much Democrats will be able to rewrite the Republican president's budget later this year." Bush "has yet to veto a spending bill, and Democrats are gambling he'll sign the Iraq measure despite objections to spending he didn't seek. Republicans, meanwhile, may be reluctant to vote against the package since it contains funds for U.S. troops overseas."

The Politico (3/1) also says "House Democrats plan to pick a fresh fight with the White House with an unannounced plan to add billions of dollars in spending for their domestic priorities to…Bush's $99.6 billion emergency war spending bill." The programs "being eyed by Democratic leaders, including $700 million for health care for poor children, could boost Bush's war proposal by 10 percent or more, sources in both parties said." The White House "wants Congress to stick with what Bush requested -- money for ongoing military operations in Iraq and Afghanistan, repair and replacement of damaged equipment and an increase in the size of the nation's deployable military force." But "Democrats plan to follow the same strategy Bush has used for years to get his priorities funded: packaging appropriations for key projects separately from the overall budget and tying them to money for troops in the field. … 'He has competition now,' said one Democratic leadership aide."

The Hill (3/1, Bolton) reports Rep. Collin Peterson, chairman of the House Agriculture Committee and "a senior member of the Blue Dog Coalition of some 45 conservative Democrats," said, "I don't think the supplemental will pass if we don't" add "disaster-relief funds. Without farm-relief funds the Iraq-Afghanistan bill would lose 'quite a few' Blue Dog votes, said Peterson. 'They'd lose mine,' he added." The Hill adds, "Republican House leaders anticipated such sweeteners. At yesterday's weekly meeting of the House Republican Conference," House Minority Leader John Boehner "urged colleagues not to be lured by money for agriculture and health insurance, said two lawmakers who

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attended the meeting." Boehner "warned his colleagues to remember the bigger picture of troop funding."

House Democrats Could Face Inner Turmoil Over New Anti-War Strategy. The AP (3/1, Flaherty) reports, "House Democratic leaders are developing an anti-war proposal that wouldn't cut off money for US troops in Iraq but would require President Bush to acknowledge problems with an overburdened military." The plan "could draw bipartisan support but is expected to be a tough sell to members who say they don't think it goes far enough to assuage voters angered by the four-year conflict. Bush 'hasn't to date done anything we've asked him to do, so why we would think he would do anything in the future is beyond me,' said Rep. Lynn Woolsey, D-Calif., one of a group of liberal Democrats pushing for an immediate end to the war." The AP adds, "Democratic protests to the war grew louder in January after they took control of Congress and Bush announced he planned to send 21,500 more troops to Iraq." Rep. John Murtha, who sponsored a plan to restrict funding for the war, "is extending his support to the revised proposal," a "tactic…more likely to embarrass Bush politically than force his hand on the war. He would have to sign repeated waivers for units and report to Congress those units with equipment shortfalls and other problems."

Local TV devoted significantly less attention to the Congressional debate than it had in previous days. Some examples: WSIL-TV Paducah, KY (2/28, 10:13 pm) broadcast, "Democrats continue to work on ways to scale back the war in Iraq without cutting off funding. Some House Democrats have taken up a plan that would require…Bush to sign a waiver for troops sent into battle that don't meet certain standards. Congress would then be notified. Meanwhile, Senate Democrats are working on repealing the 2002 measure that authorized the war. The new legislation could restrict the mission in Iraq and order troop withdrawals by the summer. Senate Majority Leader Harry Reid says it could be brought up in a matter of days."

WDRB-TV Louisville (2/28, 10:34 pm) said that in Congress, "House Democrats are trying to figure out what to do with Congressman Jack Murtha's proposal to attach conditions to war funding. Democratic leaders may go ahead with the idea, but also give the President the option of waving those funding restrictions. Republicans say Democrats are backpedaling. Democrats say they're looking for a workable plan." KION-TV Monterey (2/28, 6:07 pm) and WPBF-TV West Palm Beach, FL (2/28, 6:13 pm) aired similar reports.

The Politico (3/1) reports, "To put it bluntly, as the former Marine is wont to do…Murtha is rankling some of his fellow Democrats who worry his outspokenness sometimes upstages even…Pelosi. … A day before the House voted on a resolution disapproving of the president's troop 'surge' plan last month, Murtha turned to a liberal Web site to preview his plans to block the president's deployment of an additional 21,500 troops into Iraq. And his statements overshadowed the ongoing floor debate and fueled Republican charges that Democrats were laying a foundation to cut off war funding." Murtha's plan "was 'overexposed before it was exposed,' said Rep. Earl Pomeroy (D-N.D.), a member of the conservative Blue Dog Coalition. … Rep. Jim Cooper (D-Tenn.), another Blue Dog, was similarly annoyed. 'I was not keen on him stepping on Nancy's message,' Cooper said."

The Washington Post (3/1, A15, Romano, 690K), meanwhile, profiles Rep. Patrick Murphy, who "normally would have fallen into the category of unknown freshman legislator elbowing to make a name for himself. But attracting attention has been no problem for Murphy." He "happens to be the only member of Congress who is a veteran of the war in Iraq, a distinction that has swiftly catapulted him to Washington's front lines of politics and policy with little effort. Senior members turn to the 33-year-old for policy guidance. Generals are eager to brief him one-on-one. Murphy delivers moving speeches on the floor about the 19 paratroopers he served with who died in Iraq. And he stood shoulder to shoulder with…Pelosi at a news conference, emotionally talking about flawed US policy."

McCain Says Petraeus Deserves A Chance. On CBS' Late Show (2/28, Letterman), Sen. John McCain said of the surge, "I think it's really our last chance to salvage a very difficult war which has been badly mismanaged, and we've got a very good general over there, a guy named Gen. Petraeus. … I've known him well enough to know he's really an outstanding general. Generals alone don't do it, but he does. I think we can hopefully bring about a period of stability so that you can have economic and political development and stop this terrible bloodletting which is, as you know, sectarian violence, terrible things are happening. Showing a little progress. Let's hope and pray that it works."

Odierno Says US Needs "A Minimum Of Six To Nine Months" To Secure Baghdad. Lt. Gen. Raymond Odierno, introduced by Wolf Blitzer as the "number two US commander in Iraq," said on CNN's The Situation Room (2/28), "We could maintain security here. We could have things look good for one or two weeks. That's what we've done in the past. But when we've done that, we've always had some problems in not maintaining it. So the key to this is being able to show that we can maintain the security in Baghdad over a long period of time -- six, seven months -- which enables the Iraqi government to mature, it enables the Iraqi security forces to continue to mature and take control of this. … I think that will take some time. I don't want to put an exact time on it, but a minimum of six to nine months."

Brownback Calls For "Three-State" Solution. Sen. Sam Brownback said on Fox News' Your World (2/28, Asman), "I think what we've got to do is push toward a political solution in Iraq. We cannot cut and run and we need to stay there to move this process on forward. … I think we

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need to move this towards a three-state, one country solution of a Kurdish area, a Sunni area, and a Shia area, with Baghdad as a federal city."

Baker, Christopher To Chair Panel On War Powers. The AP (3/1) reports, "Former Secretaries of State James A. Baker III and Warren Christopher will head a private, bipartisan panel to study a lingering and gnawing national question: Who does the Constitution say has the power to begin, conduct and end wars? The dispute over the authority to wage war has historically divided presidents, members of Congress and scholars." The war powers study "is sponsored by the private Miller Center of Public Affairs at the University of Virginia."

The Washington Post (3/1, A15, Abramowitz, 690K) notes Lee Hamilton will also part of the committee, in addition to "another veteran of the Iraq Study Group, former attorney general Edwin Meese III." It also "includes another member of the Sept. 11 commission, former senator Slade Gorton (R-Wash.). Baker will co-chair the new commission with former secretary of state Warren Christopher, who is a commission veteran himself, having chaired the blue-ribbon group that looked into the Los Angeles Police Department after the Rodney King riots."

Sen. Arlen Specter said on CNN's The Situation Room (2/28, Blitzer) yesterday, "I believe we need substantially more study to understand where the congressional constitutional authority ends on the power of the purse on appropriations, contrasted with the President's power as commander in chief. I do not believe, for example, that Congress can micromanage the war. We can cut off funding, although nobody would even consider that to jeopardize the troops. So these are complex issues. … We are in very deep water. And we oughtn't to go off halfcocked. And we ought to be very careful that we don't set a precedent now which will bind some future president to the detriment of the country. It's a matter which requires a lot more thought than has been given to it so far. And that's why I want the hearings with the experts to study the precedence and to get very deeply involved so that we know what we are doing."

Chafee Says Senators Should Be Called To Task For Opposing Levin Measure In 2002. Former Sen. Lincoln Chafee, in today's New York Times (3/1, 1.16M), writes about the 2002 debate on the Iraq war resolution. Says Chafee, "A mere 10 hours before the roll was called on the administration-backed Iraq war resolution, the Senate had an opportunity to prevent the current catastrophe in Iraq and to salvage the United States' international standing. Carl Levin, Democrat of Michigan, offered a substitute to the war resolution, the Multilateral Use of Force Authorization Act of 2002." Levin's amendment "called for United Nations approval before force could be authorized. It was unambiguous and compatible with international law." The amendment "was defeated by a 75 to 24 vote. Later that night, the Iraq War Resolution was approved, 77 to 23." Levin adds, "We must not sidestep the fact that a sensible alternative did exist, but it was rejected. Candidates -- Democrat and Republican -- should be called to account for their vote on the Levin amendment."

Congress Urged To Give "Surge" A Chance. Michael O'Hanlon, senior fellow at the Brookings Institution, writes in the Wall Street Journal (3/1, A13, 2.04M), "Despite the earlier pledge of congressional Democrats not to challenge funding for the war in Iraq this year, key members of the House and Senate are considering robust and binding responses to the conflict -- most specifically to…Bush's surge strategy. Congress is within its constitutional rights to do so. But in its understandable response to a failing mission and an impatient American public, its approach is unproductive. Rather than force a showdown with Mr. Bush this winter and spring, Congress should give his surge strategy a chance -- while preparing for the real fight this fall." Hanlon adds, "Patience makes sense, for now. Congressional critics should, whether they personally support the surge or not, tolerate it for a few more months."

Iraqi Military Official Says Security Crackdown Working. The Los Angeles Times (3/1, Berthelsen, 850K) reports a top Iraqi military official "announced today that authorities have killed more than two dozen militants, arrested hundreds of others and seized huge caches of weaponry in the last week, declaring that a 3-week-old security crackdown was working even as car bombs, mortar attacks and shootings continued to claim lives around the country." Brig. Gen. Qassim Atta Musawi's announcement "comes as many Iraqis are expressing a growing impatience with the U.S.-Iraqi security push. Iraqis overwhelmingly want the plan to work and are frustrated by multiple daily attacks that have continued even as they have put up with neighborhood raids, house-to-house searches and vehicle stops."

US Soldiers Dispersing To Smaller Outposts In Baghdad. The Washington Post (3/1, A1, Partlow, 690K) reports in a front pages story that American soldiers "are leaving their sprawling fortress-cities and establishing many small outposts in the capital's most violent neighborhoods in a major tactical shift under the two-week-old Baghdad security plan." Informed by "counterinsurgency theory that calls for placing units full-time among the people they want to sway, U.S. troops are using their new bases to work with their Iraqi counterparts, uncover more battlefield intelligence and reinforce, by their sustained presence, the message that they will not allow militants unfettered freedom of movement." But along "with these advantages, American soldiers say these outposts pose new risks to their own safety and require pulling soldiers off patrols to protect their lodgings. The threats became apparent this month when a car bomb

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exploded at a U.S. outpost in Tarmiyah, north of Baghdad, killing two U.S. soldiers and wounding 29 others."

Saddam-Era Munitions Used For IEDs. USA Today (3/1, 1A, Brook, 2.27M) reports in a front page story that four years "after the Iraq war began, the country remains awash in Saddam-era munitions that provide key ingredients for homemade bombs used against U.S. troops, according to administration documents and military officials." More than $1 billion "has been spent to clear about 15,000 sites of the unsecured weapons. To clear the remaining 3,391 sites, the Pentagon says it needs a portion of a $1.2 billion request for items to protect U.S. troops in Iraq." Defense Secretary Robert Gates "estimates that 70% of U.S. casualties in Iraq stem from IEDs."

Ramadi Sheikh Corroborates Story Of Car Bombing. The Washington Post (3/1, A13, Londono, Mehdawi, 690K) reports, "A community leader in the western Iraqi city of Ramadi provided additional information Wednesday about a deadly car bombing earlier this week that U.S. officials said did not occur." Raad Sabah al-Mukeilef, "a sheik who said he lives about 500 yards from where the bomb exploded Monday, said in a telephone interview Wednesday that he believes members of the Sunni insurgent group al-Qaeda in Iraq set off the bomb near a playground after being unable to get past a checkpoint that leads to his house, which is near a government building." Mukeilef's account "corroborated information provided Tuesday by Col. Tariq al-Alwani, the security supervisor in Anbar province in western Iraq. Both men said the blast killed 16 children and three women, one of whom died Wednesday from her wounds. Ramadi is the provincial capital."

Sunni Insurgents Still Greatest Threat To US In Iraq. McClatchy (3/1, Brown) reports Sunni Muslim insurgents "remain by far the biggest threat to American troops in Iraq, despite recent U.S. claims that Iran is providing Shiite Muslim militia groups with a new type of roadside bomb, a review of American casualty reports shows." While US military officials "have held briefings to publicize their concerns about the potent bombs known as explosively formed projectiles (EFPs) or penetrators, casualty reports suggest that such weapons in the hands of Shiite militias are responsible for a relatively small number of American deaths." US officials have "said that attacks with such weapons increased 150 percent in the past year. But a review of bombings by location shows that less than 10 percent of attacks that killed at least two American service members in the past 14 months were in areas where Shiite militias are dominant."

Carney Calls US Post-Iraq Invasion Policies "Incompetent." AFP (3/1) reports Ambassador Timothy Carney, the new US coordinator for Iraq's economic development, Wednesday said the US policy in Iraq following the 2003 invasion was "incompetent, foolish, dubious." In an interview with NPR, Carney said the US policy to exclude Iraqis from governing the country in the two years following the invasion was "an enormous foolishness" which contributed to the deterioration of security and lengthened the conflict in the country. "We don't need to go into detail on that, but I think words such as incompetent, foolish, dubious in all of its aspects are the most charitable way to look at that period," he said.

However, NPR (3/1, Garrels) reports Carney says the situation in Iraq is improving. "The big difference now is that Iraqis are inviting us into their councils to try to help use our resources to actually get things done," Carney said. But "with American reconstruction money drying up,' Carney's "biggest job will be to help Iraqis spend their own money, primarily from oil revenues." In part, Carney will "rely on the State Department's provincial reconstruction teams, known as PRTs."

UN Official Says Saddam Execution Prompted Reevaluation Of Death Penalty. The Washington Times (3/1, Pisik, 88K) reports Louise Arbour, the U.N. high commissioner for human rights, yesterday "said she senses a global interest in revising the death penalty, triggered in part by the public execution of former Iraqi strongman Saddam Hussein." Arbour said she does not expect to see a "spontaneous uprising or outcry" against capital punishment, but the executions in Iraq of Saddam and two of his associates "may have created an environment in which people are asking a lot of serious question" about the need for a review of capital punishment.

NATO Officials Had Intelligence Of Afghan Bombing Threat. ABC World News (2/28, story 2, :20, Gibson, 8.78M) reported, "Officials in Afghanistan said today, the attack outside the military base where Vice President Cheney was staying, did not come as a total surprise. NATO's top spokesman in Afghanistan said there has been recent intelligence to suggest there was a threat of a bombing in the Bagram area."

The New York Times (3/1, Wafa, Gall, 1.16M) reports the NATO spokesman, Col. Tom Collins, said "NATO and American forces knew that a suicide bomber was at large in the Bagram area before the suicide bomb attack on Tuesday that killed 23 people at the main gate of the United States air base where Vice President Dick Cheney was staying." But despite "the vice president's presence, the Afghan police chief in the area said he had not been informed of the possible threat." The Afghan "police chief of Bagram district, Muhammad Salem Ehsas, said Wednesday that he had been unaware of any threat of a suicide bomber in the area,

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suggesting a lack of coordination between the security forces on the ground even while Mr. Cheney was present."

The Washington Post/AP (3/1, A14, Straziuso) reports intelligence reports "indicated that the Taliban had the ability to carry out suicide attacks near the main U.S. base in Afghanistan even before a deadly bombing during a visit by Vice President Cheney, NATO said Wednesday." The attacker "never tried to penetrate even the first of several U.S.-manned security checkpoints at Bagram, instead detonating his explosives among a group of Afghan workers outside the base." Collins said, "The Taliban's claims that they were going after the vice president were absurd."

On MSNBC's Hardball (2/28, Matthews), Michael Sheehan, a former State Department coordinator for counterterrorism, said the suicide bombing at Bagram Air Base was an attempt to assassinate Vice President Cheney: "I don't think it was a coincidence they attacked the gate on that particular day. It was a well-timed quick operation, which shows a lot of capability by the Taliban and al Qaeda to launch a suicide terrorist on very short notice. They probably knew the Vice President was there, but they weren't good enough to really get a good shot at him." Asked if Pakistan was an ally in the war on terrorism, Sheehan said, "Pakistan is definitely our ally, but a troubled ally. Pakistan has a long history of meddling with some of the wrong folks in that area. The army's intelligence, known as the ISI, has supported the Taliban previously, prior to 9/11. They support Kashmiri separatist groups that are intertwined with al Qaeda. So they're playing a dangerous game in that area. Musharraf would like to control it, but it's very difficult for him to do politically and militarily. They're an ally but they're in a lot of trouble in that region."

Video Documents Afghan Suicide Bomber's Preparations. ABC World News (2/28, lead story, 3:10, Ross, 8.78M) reported a newly released video "does provide a rare look at who the enemy is for US troops" in Afghanistan, and "how easy it seems to be for them, to mount a deadly attack. This is the suicide bomber. A young Afghan man in a beat-up Toyota loaded with explosives. The ease with which his bomb was prepared is documented on the tape, released on the internet by Al Qaeda's propaganda arm this week." The tape "shows the suicide bomber building his own bomb, arranging the mortars and land mines in a metal chest." Alexis Debat, Senior Fellow, The Nixon Center: "This is a very, very compelling statement for how simple it is for the Taliban to hurt us in Afghanistan. The child is making the bomb, that is about to kill him. And yet he has such an amazing, peaceful look on his face." Ross: "The number of such attacks in Afghanistan is up almost five-fold in the last few months. While the Army says no one attack means much strategically, the cumulative impact is enormous and growing."

NBC Nightly News (2/28, story 3, 2:10, Miklaszewski, 9.87M) reported, "The Al Qaeda video dated last October but recently posted on the Internet shows the young Taliban fighter chanting in preparation for his own death. The video appears to show him assembling the bomb before it is loaded into a car and driving off for his mission. Complete with English subtitles, the video also shows the Taliban's most ruthless commander, Mohamed Dadullah, claiming the Americans are defenseless against the new wave of young suicide bombers. Suicide bombs, usually the weapon of choice for al Qaeda, have taken a deadly toll in Afghanistan, nearly 140, up five fold in the past year. For the first time, Dadullah claims he is preparing to send thousands of Taliban suicide bombers against US troops in the upcoming spring offensive in Afghanistan."

Pakistan Rejects US Claim It Hosts Bin Laden, Al Qaeda Camps. The AP (3/1, Ahmad) reports Pakistan Wednesday "rejected a claim by the US intelligence chief that Osama bin Laden and his deputy were hiding in northwestern Pakistan, and that al-Qaeda was setting up camps near the Afghan border." President Gen. Pervez Musharraf, however, "acknowledged that foreign militants were in Pakistan's tribal regions along the Afghan border and warned them to leave," the state-run news agency reported. Musharraf's remarks follow statements made by DNI Mike McConnell Tuesday that al-Qaeda is trying to set up training camps and other operations in Pakistan tribal areas near Afghanistan. In an interview with the AP, Pakistani Interior Minister Aftab Khan Sherpao said, "We deny it," referring to McConnell's remarks.

Taliban Official Says Bin Laden Alive. The AP (3/1) reports a senior Taliban commander says Osama bin Laden is "alive and in contact with leaders of Afghanistan's Taliban insurgents," according to an interview aired on British television. Mullah Dadullah said he had not met bin Laden since the U.S.-led invasion of Afghanistan in 2001, but "we know he's still alive." Dadullah, commander of Taliban operations in eastern and southeastern Afghanistan, told the UK's Channel 4, "Only his comrades see him," but "we exchange messages with each other to share plans."

LATimes Says US Should Keep Pressure Up On Musharraf. The Los Angeles Times (3/1, 850K) says in an editorial, "Since 9/11, the United States has been trapped in an increasingly loveless marriage with Pakistani President Pervez Musharraf. Like many a miserable mate, the Bush administration has been known to rue the failings of its partner in private. Yet it has always defended Musharraf in public, arguing that whatever his shortcomings, the alternative is far worse." But "such forbearance may be changing. For the first time, the Bush administration this week let Islamabad know, through Vice President Dick

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Cheney, that it is unhappy with Pakistan's performance in fighting the resurgent Taliban. And it hinted that if things don't improve, the White House might not be able to keep the Democratic-controlled Congress from cutting U.S. aid to Pakistan. This burst of candor is long overdue — and so is an overhaul of U.S. policy toward Pakistan."

US Troops In Philippines "Defy Old Stereotypes." The Christian Science Monitor (3/1, Montlake, 59K) reports when US troops arrived in the Philippines in December 2001, "critics assailed the move," predicting "a return of permanent US camps in its former colony, and a repeat of the sleazy bars and clubs still surrounding its former bases near Manila." And "more alarming to US ears were dire warnings of resistance from Muslims." However, "Today, these warnings mostly ring false." About 450 US soldiers are still based in the Philippines, "but the expected nightlife boom hasn't happened. Nor have militants taken the fight to the foreigners deployed here."

DOJ:

Democrats To Seek Testimony From Fired US Attorneys As Controversy Widens. The AP (3/1, Kellman) reports, "Democrats are moving to compel some of the eight U.S. attorneys who have been ousted to tell their stories publicly, under oath, after a federal prosecutor claimed he was fired for political reasons." The AP continues, "A House subcommittee is slated to vote Thursday on subpoenas for four of the eight dismissed U.S. attorneys. The Senate Judiciary Committee, meanwhile, will send letters to those fired before voting next week on compelling their testimony, according to officials with both panels. … The prosecutors have privately told both committees that they would not testify voluntarily but would honor a congressional subpoena, according to Sen. Charles Schumer, D-N.Y., and an official close to the House subcommittee on commercial and administrative law." The AP adds, "House subcommittee Chairwoman Linda Sanchez said her panel will vote on subpoenas for fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Washington. … 'In order to get the full picture of why these U.S. attorneys were fired, we need to hear from the Justice Department and the U.S. attorneys themselves,' said House Judiciary Committee Chairman John Conyers, D-Mich." The AP notes, "Schumer, in a telephone interview Wednesday with The Associated Press, said: 'If they say they won't come voluntarily, Senator Leahy will authorize subpoenas.' The Senate panel is expected to vote on whether to issue the subpoenas next week, said Tracy Schmaler, spokeswoman for Chairman Patrick Leahy, D-Vt. … Spurring the developments was a new report that one of the eight, New Mexico's David Iglesias, claims to have been forced out after refusing a request by two congressmen to rush an indictment that might have helped Republicans in the 2006 election. In the story and a subsequent interview with the AP, Iglesias refused to identify the members of Congress. … The Justice Department staunchly denied the charge that Iglesias or any of the eight federal prosecutors were dismissed for political reasons. … 'The suggestion that David Iglesias was asked to resign because he failed to bring an indictment ... is flatly false,' Justice Department spokesman Brian Roehrkasse said in a statement. 'This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation.' … As to why Iglesias was dismissed, Roehrkasse said: 'We made our decision not to further extend his service based on performance-related concerns.'"

The New York Times (3/1, Johnston) reports, "David C. Iglesias, who was dismissed as the United States attorney in New Mexico, has said he believes that he was ousted because he resisted pressure before the 2006 elections to bring corruption charges against a Democrat in his state, a Democratic senator said on Wednesday." The Times continues, "Mr. Iglesias has told Congressional aides that two federal lawmakers had separately called him in mid-October asking about the status of an inquiry involving a statehouse construction contract and a former Democratic state lawmaker, Senator Charles E. Schumer of New York said in a statement Wednesday on the Senate floor. … Mr. Schumer did not identify the lawmakers who made the calls either by name or party affiliation, but he suggested that they wanted Mr. Iglesias to move quickly with indictments before the November elections to help Republicans." The Times adds, "Mr. Iglesias's account of the calls was first reported on Wednesday by the McClatchy Newspapers, which said the prosecutor would not identify the lawmakers because he feared retaliation. But in that report, he described the contacts as 'appalling.' … The former United States attorneys were not given explanations for their dismissals at the time of their removals, but senior Justice Department officials have said that most were asked to step aside because of job performance problems — an accusation that has angered several and that some have publicly denied. … Mr. Iglesias could not be reached on Wednesday. But The Associated Press reported that at a news conference in Albuquerque on Wednesday, his last day in office, Mr. Iglesias said his dismissal was unrelated to his office's work. … 'I know it's not performance-related,' Mr. Iglesias told The Associated Press. 'I know it's not misconduct. What does that leave? Politics.'"

The Washington Post (3/1, A10, Eggen) reports, "A political tempest over the mass firing of federal prosecutors

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escalated yesterday with allegations from the departing U.S. attorney in New Mexico, who said that two members of Congress attempted to pressure him to speed up a probe of Democrats just before the November elections." The Post continues that Iglesias "said he received the calls in October and believes that complaints from the lawmakers may have led the Justice Department to fire him late last year. … Iglesias also responded to allegations from Justice officials that he had performed poorly and was too often absent, citing positive job reviews and data showing increasing numbers of prosecutions. He also noted that he is required to serve 40 days a year in the Navy Reserve." The Post adds, "Iglesias declined to name the lawmakers who called him, but he said in an interview: 'I didn't give them what they wanted. That was probably a political problem that caused them to go to the White House or whomever and complain that I wasn't a team player.'" The Post notes, "Spokesmen for Rep. Steve Pearce (R-N.M.) and the state's two Democratic lawmakers, Sen. Jeff Bingaman and Rep. Tom Udall, said the lawmakers and their staffs had no contact with Iglesias about the case. The offices of New Mexico's two other Republican lawmakers, Sen. Pete V. Domenici and Rep. Heather A. Wilson, did not respond to repeated requests for comment. … In briefings about the firings on Capitol Hill, Justice Department officials had said that Iglesias was the target of complaints from members of Congress, according to several sources familiar with the meetings, who spoke on the condition of anonymity because they are not authorized to discuss personnel issues. The Justice briefers did not specify the nature of those complaints, the sources said."

McClatchy Newspapers (3/1, Taylor) reports, "Democrats in both the House of Representatives and the Senate vowed to hold a new round of hearings to determine if partisan politics played a role in the firings of eight U.S. attorneys across the country. The House is set to vote Thursday on whether to issue subpoenas to four of the prosecutors. The Senate Judiciary Committee plans to ask the U.S. attorneys to testify voluntarily before it decides whether to subpoena them." McClatchy continues, "Justice Department officials have defended the firings of the U.S. attorneys as legitimate administrative decisions meant to improve the workings of the attorneys' offices. Deputy Attorney General Paul McNulty told the Senate last month that most of the forced resignations were motivated by 'performance-related' reasons. … However, McClatchy Newspapers reported last month that five out of the six attorneys that McNulty mentioned had received positive job evaluations." McClatchy adds, "Iglesias acknowledged that he had no proof that the pressure from the members of Congress prompted his forced resignation. But he said the contact violated one of the most important tenets of a U.S. attorney's office: Don't mix politics with prosecutions. … 'I was appalled by the inappropriateness of those contacts,' Iglesias said of the calls." USA Today (3/1, 8A, 2.27M) briefly mentions the story.

More Commentary. In a column for the Las Vegas Review-Journal (3/1), John L. Smith writes, "For no good reason any credible source can name, (Nevada US Attorney Daniel) Bogden was unceremoniously sacked a few weeks ago in an apparent bit of nervous housecleaning by the Department of Justice." Smith continues, "Beyond a respectable win-loss record in prosecuting some of the biggest federal cases in recent Las Vegas history, Bogden can take solace in the fact that he's not alone. Six other Western U.S. attorneys were also notified that their services were no longer needed. … Because the Department of Justice and the Bush administration have done such a terrible job spinning this case, the terminations have given rise to several theories, all of them unflattering to the suits in Washington." Smith adds, "There's the belief that some of those being ousted weren't willing enough to use the death penalty. … And there's the hypothesis that they were terminated because they failed to carry the anti-illegal immigration banner high enough to suit the administration. … Then there's the one about letting those solid veteran prosecutor/administrators go to bring in a group of well-connected neophytes whose resumes would benefit from a line stating 'U.S. Attorney.'" Smith adds, "As of Monday, federal sources still had heard nothing about a possible replacement for Bogden. Will Attorney General Alberto Gonzales wait until the day Bogden leaves to name his replacement? … Through it all, Bogden has taken the high road, maintained his composure, and commented little on the turn of events. … For now, the real reason behind the decision to let him go remains unclear."

CORPORATE SCANDALS:

US To File Charges In Insider Trading Probe.

The Washington Post (3/1, D3, Johnson) reports, "Federal authorities plan to file criminal and civil charges as early as today against one or more UBS employees for providing traders with advance notice of stock-rating adjustments in exchange for cash payments, according to sources familiar with the case." The Post continues, "The charges mark the latest attempt by the Justice Department and the Securities and Exchange Commission to stanch the flow of improper tips to traders, including hedge funds and private equity firms, who seek to collect information that helps them profit in advance of notable corporate announcements." The Post adds, "Representatives for the U.S. Attorney's Office in the Southern District of New York and the SEC declined to comment yesterday on the months-long probe, as did a spokesman for UBS. The possible charges were reported by the online editions of BusinessWeek. … Sources briefed on

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the case spoke on condition of anonymity because the charges had yet to be publicly filed. The sources said at least one UBS worker had provided multiple traders with tips that UBS analysts had decided to upgrade or depress their ratings on a stock. Access to such information before it is disseminated to the public could allow a favored group of traders to profit at the expense of average investors."

Former McGuire Woods Partner Charged With Securities Fraud. The New York Law Journal (3/1, Lin) reports, "A former New York law firm partner who allegedly made almost $18 million trading in the securities of his clients has been arrested on fraud charges." The Journal continues, "Louis W. Zehil, until Feb. 16 a partner in the New York office of Richmond, Va.'s McGuireWoods, allegedly used his position as issuer's counsel in seven private placement transactions occurring between January 2006 and last month to accumulate millions of discounted shares, absent the sale restrictions such discounts generally entail. He allegedly sold the stocks at a vast profit." The Journal adds, "Zehil, 41, now faces up to 20 years in prison and millions in fines on fraud charges brought by the Southern District U.S. Attorney's Office. He is also facing a civil suit brought by the Securities and Exchange Commission, which is seeking disgorgement of his allegedly ill-gotten gains. … The ex-partner was arraigned Wednesday before Southern District of New York Magistrate Judge Henry Pitman but not required to enter a plea. He was released on a $250,000 personal recognizance bond. Andrew M. Lawler, Zehil's lawyer, declined to comment on the case Wednesday." The Journal notes, "The case has unfolded swiftly. According to the criminal complaint issued Wednesday, Zehil's actions were first uncovered by a McGuireWoods associate, who reported them to firm management on Feb. 9. The firm then conducted an internal investigation, contacted clients, sought Zehil's resignation and referred the matter to the SEC. … 'The actions described in today's filings are totally inconsistent with the high standards of ethics and integrity that are the very foundation of our firm,' McGuireWoods chairman Richard Cullen said in a statement Wednesday. He added that Zehil had apparently acted on his own benefit and that the 750-lawyer firm would continue to cooperate with authorities in the matter."

DOJ To Appeal Dismissal Of Enron Broadband Charge. The Houston Chronicle (3/1, Hays) reports, "The Justice Department will seek to preserve through an appeal one of five jury convictions won last year against the former finance chief of Enron's broadband division, according to a court filing." The Chronicle continues, "Prosecutors filed a notice this week saying they will appeal U.S. District Judge Vanessa Gilmore's late January decision to erase Kevin Howard's conviction of falsifying books. That appeal would go before the 5th U.S. Circuit Court of Appeals, which already tossed out convictions in a separate Enron case because of the same issue that prompted Gilmore to wipe Howard's record clean. … Justice Department spokeswoman Jaclyn Lesch declined comment beyond the filing. Jack Zimmermann, one of Howard's attorneys, declined to comment." The Chronicle adds, "Gilmore threw out all five convictions that prosecutors won against Howard in a retrial last year. His first trial alongside four other ex-broadband executives ended in 2005 with a few acquittals and jurors hung on dozens of other counts. … Last year, the government conceded that Howard's four convictions of conspiracy and wire fraud should be erased because they were unlikely to stand up on appeal. … Prosecutors based that concession on an August 2-1 ruling from a 5th Circuit panel that overturned most convictions of four former Merrill Lynch & Co. executives in a 2004 Enron-related trial. … In that ruling, the panel said prosecutors improperly presented jurors with a theory that the executives deprived Enron of their honest services when they helped push through a deal that the government said was a loan disguised as an asset sale."

SEC Complaint Details McAfee Options Plan. The Wall Street Journal (3/1, A11, Forelle, Hughes) reports, "The former chief executive of McAfee Inc., George Samenuk, knew about a change to a 2002 stock-option grant made in his favor by a subordinate, according to a Securities and Exchange Commission complaint filed yesterday in federal court." The Journal continues, "The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in options manipulations at the computer-security software vendor. It follows a criminal indictment of Mr. Roberts handed up Tuesday. … The complaint notes that Mr. Samenuk, who wasn't charged by either the grand jury or the SEC and wasn't identified by name in either complaint, participated in email traffic in which the manipulated grant was discussed. … 'George Samenuk hasn't been charged, and we don't expect him to be,' Elliot Peters, Mr. Samenuk's lawyer, said in a statement." The Journal adds, "On Jan. 15, 2002, the compensation committee of McAfee's board approved a grant of 420,000 options to purchase shares at that day's closing price, $27.19, the SEC complaint says. That day, Mr. Roberts sent an email to Mr. Samenuk and another executive confirming the grant and its price, it says. … The next day, the SEC charges, shares of the Santa Clara, Calif., company fell, and Mr. Roberts sent a note to Mr. Samenuk and the second executive: 'Let's price the 420,000 option shares at today's closing price of $25.43.' That change would have a big effect, increasing Mr. Samenuk's potential profit from the grant by $739,200. (Mr. Samenuk was paid $714,922 in salary in 2001.) … The next week, according to the SEC, Mr.

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Samenuk wrote back to the two executives: 'On January 16 it appears that the stock price finished at $25.43...is this the price that the new options will be set at?? Is that the low for those days after the Board Meeting??' … Mr. Roberts, the SEC said, replied that the figure was 'the right price.' According to the agency, Mr. Roberts wrote up false board minutes saying that the grant was intended to be made Jan. 16. … Mr. Roberts' lawyer, Stephen Neal, wrote in a statement that he intends to 'vigorously defend against the charges against Mr. Roberts,' but he didn't comment further."

Cox's Views Said To Be Shifting Away From Those Of Investor Groups. The New York Times (3/1, Labaton, 1.16M) reports, "In his first year as chairman of the Securities and Exchange Commission, Christopher Cox confounded both supporters and detractors by taking a more moderate and nuanced position than they had predicted on a variety of regulatory issues, based on his record as a conservative Republican lawmaker. In recent weeks, however, Mr. Cox has begun to send signals, both directly and through aides, that he may be swinging the pendulum more toward business and Wall Street interests and against investor groups." The Times adds, "Some investor advocates and securities law experts say that Mr. Cox, by not pushing for tighter regulation of hedge funds and by urging the Supreme Court to adopt a tougher standard for investors in lawsuits, has begun moving closer to the business view that the administration overreacted to the corporate scandals that began with the collapse of Enron in 2001." They "have also criticized his recent decision to appear at the Chamber of Commerce in two weeks just as it is to issue a report criticizing the Bush administration and the S.E.C. for being too hard on companies." Cox "strongly disputes that view, noting, for instance, that his appearance before the chamber should not be perceived as a change in the tilt of the agency."

CRIMINAL LAW:

Libby Jurors Continue To Deliberate. Jurors continuing to deliberate in the perjury trial of I. Lewis "Scooter" Libby sent their first question to the judge, prompting "a lot of head-scratching" but shedding "little light on their progress," the AP (3/1) reports. The jurors "had sent a note" to US District Judge Reggie Walton late Tuesday, seeking clarification, and Walton "and nearly a score of defense lawyers and prosecutors spent part of Tuesday evening in their offices and a portion of Wednesday morning in court puzzling over what the jurors were asking and how to respond. Judge Walton remained uncertain, so he sent the jurors a note late Wednesday morning asking them to clarify their question. By that time, the jurors had resolved their difficulty on their own and moved on. 'After further discussion, we are clear on what we need to do,' the jury wrote back. 'No further clarification needed. Thank you. We apologize.'" The episode "set off a welter of speculation among lawyers and reporters over what it might reveal about the jurors' deliberations since they got the case at midday last Wednesday. Only one thing could be said for certain: They had not told the court they were deadlocked."

USA Today (3/1, Willing, 2.27M) says that in the note "jurors asked whether the lying charge referred to the 'content' of Libby's statement or the fact that the statement was made." The Washington Post (3/1, A3, Goldstein, Leonnig, 690K) adds that the jury "completed its sixth day of deliberation without reaching a verdict." The New York Times (3/1, Lewis, 1.16M) also summarizes the episode.

Federal Officials Cracking Down On "Sex Tourists." USA Today (3/1, Leinwand) reports, "U.S. travelers who book trips to countries that are hot spots for child prostitution will begin this month to see ads, brochures and billboards warning that sexual adventures abroad could land them in prison here." USA continues, "The warnings, written and distributed by religious organizations, child-welfare groups and the federal government, are a sign of a new assault by the Bush administration on the international child sex trade. They also reflect a new law intended to catch U.S. residents who engage in or promote sex with children overseas. … 'People assume they can go out of the country and get away with exploiting children in this horrific way,' says Mike Garcia, assistant secretary of the Bureau of Immigration and Customs Enforcement. 'We're sending a message. We have the power to (arrest them), and we have the will.'" USA notes, "In the past six months, U.S. authorities have arrested two men from Washington state who are accused of having sex in Cambodia with underage boys, and an 85-year-old Los Angeles man is accused of trying to fly to the Philippines for sex with two preteen girls. … Another man, Richard Schmidt, 61, of Baltimore, arrives in the USA today to face charges that he traveled to Cambodia and the Philippines for sex with children. An indictment unsealed Wednesday charges him with molesting eight boys. Schmidt, a former teacher, has been convicted three times of molesting children in the USA. He was released from prison in July 2000. Schmidt fled to the Philippines in June 2002 after Maryland authorities issued an arrest warrant for parole violations, U.S. Department of Justice officials said Wednesday. … Investigators from Immigration and Customs Enforcement have more than 20 other cases underway, including 11 American men who were arrested by Mexican authorities and are awaiting extradition. … The arrests were made under a child-protection law President Bush signed April 30. It includes a provision that U.S. law enforcement officials say gives them a new tool to prosecute hard-core pedophiles and 'sex tourists' who want

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to engage in sex with children. … Although it had been illegal since 1986 to go abroad with the intent to have sex with someone under 18, prosecutors say the crime was difficult to prove in court. To get a conviction under the new law, prosecutors do not have to prove that U.S. residents left the country specifically to have illegal sex — only that they had illegal sex or tried to do so."

US Attorney Subpoenas New Jersey Governor's Office. The Philadelphia Inquirer (3/1, Ung, Moroz, 385K) reports New Jersey US Attorney Christopher Christie subpoenaed records from the office of Gov. Jon Corzine, "part of a widening investigation into whether lawmakers personally profited by steering money to certain causes. The subpoenas delivered to the offices of the governor and his chief counsel demand all documents regarding grants that legislators have put in state budgets since 2004." An attached letter from Christie "requests, in particular, e-mail relating to 'grants and assistance, popularly known as 'Christmas Tree items.' That phrase refers to last-minute grants secured as officials finalize the state budget each year," also "commonly called 'pork.'" The investigation into the"closed-door, late-night budget process grew out of a federal criminal probe of State Sen. Wayne Bryant." The US Attorney's Office "is investigating whether Bryant was paid a part-time salary at the University of Medicine and Dentistry of New Jersey to do nothing other than use his chairmanship of the Budget and Appropriations Committee to steer money to the school."

The Newark Star-Ledger (3/1, Whelan) reports the period under the subpoena "spans the administrations of governors James E. McGreevey, Richard Codey, and Corzine, who are all Democrats. While the grants are initiated by lawmakers in a secretive process, the governor must approve them or use his line-item veto to strike them from the budget or reduce them." The AP (2/28) also reports on the subpoenas.

WNBC-TV New York (2/28, 6:02 p.m.) reported, "A rare move by federal investigators today: Subpoenas were served on the office of Gov. Jon Corzine as part of an ongoing corruption probe. A single FBI agent served the papers earlier today. … An unidentified FBI agent having just served a subpoena on the governor's lawyer walks across the state house hall way to serve another subpoena in the governor's main office. It is a shockwave in an investigation that began with the financial dealings" of Bryant.

"Volley Of Subpoenas" Hit New Jersey Lawmakers Last Month. Newhouse News Service (3/1) says the "volley of subpoenas" that were "served on both Democratic and Republican leaders in the Senate and Assembly" two weeks ago "were reportedly part of a rapidly expanding corruption investigation into the Statehouse" by Christie. The subpoenas, "delivered by FBI agents as lawmakers were heading home" on Friday, February 16, "left many in Trenton thunderstruck. 'Trenton is on fire,' declared Assemblyman Kevin O'Toole, R-Wayne, as news of the subpoenas broke. 'This is equivalent to Rome burning.'"

State Senator's Fraud Trial Postponed Following DUI Charge. The AP (2/28) reports US District Judge Curtis Collier "has delayed state Sen. Jerry Cooper's fraud trial two months, agreeing to give the Morrison Democrat until June 4 to recover from a wreck that got him charged with driving under the influence." Before the February 7 "single-vehicle accident," Collier "had refused Cooper's request to delay the March 5 trial until after the legislative session ends in May. Cooper was seriously injured when his sport utility vehicle overturned several times on Interstate 24 in Rutherford County after he attended three legislative receptions in Nashville. The DUI charge follows a blood-alcohol test by the Tennessee Bureau of Investigation lab." The Chattanoogan (3/1) also reports on the delay.

Tennessee Highway Patrol Denies Favoritism In Handling Of Case. The AP (3/1, Poovey) reports that when Cooper "overturned his sport utility vehicle after attending three legislative receptions, the Tennessee highway patrol commander rushed to the wreck behind working patrol officers and emergency responders. A Department of Safety spokesman initially said preliminary reports showed no alcohol in the Morrison Democrat's vehicle, but at least one witness who stopped on Interstate 24 the evening of Feb. 7 said there was an empty Jack Daniel's bottle nearby." TBI "rushed Cooper's blood-alcohol test and gave the results to the Department of Safety" and Cooper "was charged with driving under the influence and speeding," but "three weeks after the wreck, the results of the test still haven't been released to the public. The department also has refused to say how fast Cooper was driving." The handling of the "wreck and subsequent DUI charge has raised questions about whether the lawmaker got special treatment because of political favoritism." Tennessee Highway Patrol Commander Col. Mike Walker, who is "still trying to shake off a political favoritism scandal," said Cooper "has received no preferential treatment from him or the Highway Patrol."

Philadelphia Imam Sentenced On Weapons Charges. The Philadelphia Inquirer (3/1, Shiffman, 385K) reports, "A West Philadelphia imam who argued that he was entrapped by federal agents investigating unfounded terrorism suspicions was sentenced yesterday to eight years and four months in prison on weapons charges. Wayne Hogue, who is also known as Imam Wadir and Shaheed Bay, was secretly recorded selling 11 guns, including three assault rifles, to an FBI informant working for the Joint Terrorism Task

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Force. In early 2002, terrorism task-force agents had asked the informant, Hezekiah Salone, to keep 'his ears and eyes open' for trouble at Hogue's mosque, at 52d and Chestnut Streets in West Philadelphia, said Assistant U.S. Attorney Thomas Zaleski. Salone did not find evidence of terrorism or drug-dealing." US District Judge Timothy Savage, "who has privately reviewed secret FBI files in the case, said yesterday that the mosque was not suspected of any wrongdoing. However, after spending more than a year developing Hogue's confidence, the informant was able to record 11 gun sales in a 10-month period."

Two Plead Guilty In Trash-Hauling Racketeering Scheme. The Westchester Journal News (3/1, O'Connor) reports, "Two former managers at a Mount Kisco trash transfer station have pleaded guilty to their part in a reputed mob-backed racketeering effort to control the garbage-hauling industry in southern Connecticut and parts of the Lower Hudson Valley." Scott McGowan and Jeremy Everett "pleaded guilty in U.S. District Court in New Haven, Conn., to conspiring to commit racketeering. The crime carries a maximum penalty of 20 years in prison. But federal sentencing guidelines will likely call for a much lesser sentence." Last June, a New Haven federal grand jury indicted 29 people "in what federal prosecutors said was a scheme by some trash haulers to carve up territory, inflate prices, and not compete against each other for contracts. The alleged conspiracy was backed by mob muscle, federal authorities said, as a means to persuade haulers to play by the scheme's rules."

Alleged Florida Mobster Pleads Guilty To Racketeering. The Miami Herald (3/1, Waller) reports, "Albert Facchiano, a 96-year-old Miami man believed to be the oldest person ever indicted by federal authorities, pleaded guilty Wednesday to charges of racketeering, loan sharking and intimidating a witness who was poised to testify against the Genovese crime family." The Herald continues, "Facchiano appeared in federal court in Fort Lauderdale and used headphones to hear the judge and his attorneys. … Because of back troubles, he sat, instead of standing, to enter his guilty plea." The Herald adds, "He could face up to 20 years for federal conspiracy and racketeering charges filed in Florida, and up to 10 more for federal charges of witness tampering filed in New York. … Facchiano, who turns 97 this month, sees a doctor four times a week and 'couldn't have withstood two trials,' said his lawyer, Brian McComb. … Prosecutors said Facchiano, nicknamed 'The Old Man,' supervised associates who committed crimes including extortion, robberies, money laundering and bank fraud. … Federal prosecutors in both states, along with the U.S. Department of Justice, have recommended that Facchiano be sentenced to house arrest."

Witness Intimidation Keeps Prosecutors From Bringing Charges. The New York Times (3/1, Kocieniewski) reports from Newark, NJ, "When Yusef Johnson, a 15-year-old honors student, was killed outside an apartment complex here so gang-infested it is known as Crazyville, a witness came forward within days and told the police she knew the man she had seen fire the fatal shots. … In another case three months later, in November 2005, officers found two people who identified a street gang leader as the man they saw kill a marijuana dealer named Valterez Coley during a dispute over a woman. … And when Isaiah Stewart, a 17-year-old wearing an electronic monitoring bracelet from a recent brush with the law, was gunned down that December, another Newark teenager sketched a diagram of the crime scene, correctly identified the murder weapon and named a former classmate as the person he had watched commit the crime." The Times continues, "They seem like slam-dunk cases, but none of the three suspects have been arrested. It is not that detectives are unsure of their identity or cannot find them. Rather, it is because so many recent cases here have been scuttled when witnesses were scared silent that the Essex County prosecutor has established an unwritten rule discouraging pursuit of cases that rely on a single witness, and those in which witness statements are not extensively corroborated by forensic evidence." The Times adds, "The 3 are among at least 14 recent murders in Newark in which witnesses have clearly identified the killers but no charges have been filed, infuriating local police commanders and victims' relatives. … In 8 of the 14 cases, according to court documents and police reports, there was more than one witness; in two of them, off-duty police officers were among those identifying the suspects. But in a DNA era, these are cases with little or no physical evidence, and they often involve witnesses whose credibility could be compromised by criminal history or drug problems, or both. … The tension between the police and prosecutors here over the evolving standards of evidence required to authorize arrest warrants is a stark example of the profound effect witness intimidation is having on the criminal justice system in New Jersey and across the country." The Times notes, "Surveys conducted by the National Youth Gang Center, which is financed by the federal Department of Justice, have found that 88 percent of urban prosecutors describe witness intimidation as a serious problem. … In both Baltimore and Boston, where "stop snitching" campaigns by rap artists and gang leaders have urged city residents not to cooperate with the authorities, prosecutors estimate that witnesses face some sort of intimidation in 80 percent of all homicide cases."

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Maryland Prosecutor Wants To Emulate Federal Approach To Securing Witness Testimony. The Washington Post (3/1, T03, Castaneda) reports that Maryland "State's Attorney Glenn F. Ivey said he is considering emulating the methods federal prosecutors used to obtain the testimony of fearful witnesses. Ivey said he distributed copies of a news article about the convictions to prosecutors in his office to get them to start thinking about using the federal approach." The Post examines examples of witness intimidation in a recent federal drug trial and reports that "federal prosecutors overcame that with a straightforward approach and some old-school technology, said Maryland U.S. Attorney Rod J. Rosenstein. … When his office wins an indictment, a lead prosecutor and a case agent (from the FBI, in this instance) are assigned, and it is their responsibility to stay in touch with witnesses and make sure they appear in court, Rosenstein said." The Post adds, "Federal prosecutors also make it clear to witnesses that they can face legal consequences if they do not appear for court. … 'We are very aggressive in assuring that witnesses show up,' Rosenstein said. 'If they don't show, we get an arrest warrant, and they can be prosecuted for contempt of court or obstruction. If they take the stand and testify falsely, they can be prosecuted for perjury.' … To guard against witnesses who at trial suffer sudden memory loss or deviate from their grand jury testimony, federal prosecutors often record the grand jury testimony of government witnesses, Rosenstein said."

Ney, En Route To Prison, Thanks Friends For Support. The Hill (3/1, Kucinich) reports former Rep. Bob Ney (R-Ohio), "who will report today to federal prison in West Virginia, issued an emotional goodbye e-mail yesterday to friends and colleagues. He thanked them for their support over the past six months and told them he had 'gained a higher power' to help him through his incarceration." The e-mail "closed with a quote from Garth Brooks's "The Dance": 'And now I'm glad I didn't know/ The way it all would end, the way it all would go/ Our lives are better left to chance/ I could have missed the pain/ But I'd have had to miss the dance.'" Ney "will serve a sentence of 30 months on federal bribery charges. He resigned from Congress in November after pleading guilty to one count of conspiracy and making false statements."

New Jersey Lawmakers Consider Bill Targeting Online Sex Offenders. The AP (3/1, Hester) reports from Trenton, NJ, "Amid growing concern about child safety on the computer, New Jersey lawmakers are considering a measure to prohibit released sex offenders from using the Internet and to impose new rules for online dating sites. … 'We're living in some very scary times,' said Senate President Richard J. Codey, who is spearheading New Jersey's effort. 'No matter how much you trust your kids, no matter how much you think you know what they're doing, there are some sick people out there who will stop at nothing to prey on them.'" The AP adds, "Released sex offenders caught using the Internet would face up to 18 months in jail and fines of up to $10,000. Sex offenders caught using the Internet to solicit a child would face a mandatory five years in jail, rather than the three years they face under the current law. … The measure also requires online dating sites to tell New Jersey residents whether they do background checks. … No federal law imposes Internet restrictions on convicted sex offenders, though Florida and Nevada have laws imposing computer restrictions on sex offenders. … The plan is to be considered soon by the state Senate, but already has raised constitutional questions. Internet companies like Yahoo!, AOL, eHarmony and Match.com are also concerned about the online dating rule." The AP notes, "A 2000 U.S. Department of Justice survey of youths ages 10 to 17 found that about one in five received a sexual solicitation or approach over the Internet in the prior year. The concern has prompted several states to take steps against child solicitation through the Internet. … The New Jersey proposal would apply to sex offenders subject to Megan's Law registration, community supervision for life and those on probation or parole."

SCOTUS Rules Cross-Examination Rule Not Retroactive. The AP (3/1, Sherman) reports, "The Supreme Court unanimously reinstated a Nevada child molester's conviction Wednesday in a decision that continued the justices' refusal to apply recent rulings on criminal procedure to older cases." The AP continues, "Marvin Bockting was convicted in 1988 on the strength of his stepdaughter's statements to police. But then-6-year-old Autumn Bockting did not testify at Bockting's trial, so his lawyers never had the opportunity to question the child." The AP adds, " In 2004, the Court ruled that defendants have a constitutional right to cross-examine witnesses against them. … The question in this case was whether that rule would apply to older cases like Bockting's. Justice Samuel Alito, writing for the Court, said it would not. The 2004 case 'did not effect a change of this magnitude,' Alito said." The AP notes, "The Supreme Court has refused a dozen times over 17 years to apply new rules of criminal procedure to older cases. … Alone among federal appeals courts, however, the 9th U.S. Circuit Court of Appeals said the rule should apply retroactively and overturned Bockting's conviction. … Nevada and the Bush administration urged the justices to conclude that the San Francisco-based court got it wrong. Among other things, they said courts would be burdened by

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defendants whose convictions depended on out-of-court statements that were not subject to cross-examination."

LAPD "Most-Wanted" Gang Suspect Arrested In Guatemala. The Los Angeles Times (3/1, Winton, McGreevy) reports, "An alleged 18th Street gang member named three weeks ago as one of the Los Angeles Police Department's 10 most wanted gang members has been captured in Guatemala and deported back to Texas, officials said today." The Times continues, "Angel Zevallos, an alleged 18th Street Westside member who goes by the name 'Spanky,' was captured last week and deported by Guatemalan authorities, said Chief Inspector John Clark of the U.S. Marshals Service in Los Angeles. … Zevallos will appear before a judge in Texas and then face extradition back to California to face an attempted murder charge, Clark said." The Times adds, "Police Chief William J. Bratton confirmed the arrest as the first success of a new program in which the department released a list of its 10 most wanted gang members. … The listing of gang fugitives and of the 11 worst gangs is part of a new campaign to reduce gang violence, which increased more than 15% citywide last year. Bratton has redeployed more than 200 officers to the crackdown on gangs. … Zevallos allegedly wounded a man in a bar fight in Los Angeles."

Two Picasso Painting Stolen In Paris. The New York Times (3/1, Riding) reports from Paris, "Two important paintings by Picasso estimated by the police to be worth a total of about $66 million have been stolen from the Left Bank home of his granddaughter Diana Widmaier-Picasso, the authorities announced Wednesday." The Times continues, "Paris police officials said the two oils, 'Maya With Doll' from 1938 and 'Portrait of Jacqueline' from 1961, were taken from Ms. Widmaier-Picasso's house on the Rue de Grenelle in the city's chic Seventh Arrondissement sometime overnight between Monday and Tuesday. … The police said that two drawings, one by Picasso, were also stolen, but this could not be confirmed by the Picasso family lawyer, Céline Astolfe." The Times adds, "In a telephone interview Ms. Astolfe said that Ms. Widmaier-Picasso and her mother, Maya, the daughter of Picasso's longtime mistress Marie-Thérèse Walter, were asleep in the house when the theft occurred. … The lawyer said the theft appeared to be the work of professionals because the home's alarms were neutralized and there were no signs of a break-in. … Although the paintings formed part of the Picasso family's private collection, they are nonetheless well known and, art experts said, would be difficult to sell on the open market. Ms. Astolfe said their value might exceed the police estimate."

$80 Million Sought For DC Law Enforcement Museum. The Washington Post (3/1, B1, Ruane) reports, "You're a cop. You've been summoned to an alley behind a strip mall that's a known drug hangout. You hail a man and two women lounging by an old car. … The man, a beefy guy in a plaid work shirt, gets belligerent and starts toward you. One of the women grabs his arm to hold him back, and as you focus on them, the other woman slips a pistol from her pocket and opens fire. … Bang. You're dead." The Post continues, "This big-screen interactive simulation of an eight-second slice in the virtual life of an everyday cop was demonstrated yesterday as the National Law Enforcement Officers Memorial Fund kicked off the money-raising campaign for a new museum, planned to open in 2011 near Judiciary Square. … Nearly $30 million has been raised for the museum, which is designed to showcase police work and the history of American law enforcement. Yesterday's event began a drive to raise the rest of the $80 million cost, with officials previewing some of the attractions. … The police training simulation, in which participants must make snap shoot-or-don't-shoot decisions, is one of several interactive features. Visitors also will be able to attend a simulated autopsy -- which will be 'instructive, not gross' -- do realistic forensic and detective work, and see a word-class collection of police memorabilia, according to museum officials." The Post notes, "The fundraising drive was launched at the National Press Club with a boost from former presidents Bill Clinton and George H. W. Bush, who spoke via video recording, and former U.S. attorneys general John D. Ashcroft, Dick Thornburgh and Edwin A. Meese, who spoke in person. Several local officials also attended, including D.C. Mayor Adrian M. Fenty, D.C. Police Chief Cathy L. Lanier, Prince George's County Police Chief Melvin C. High and Fairfax County Police Chief David M. Rohrer."

CIVIL LAW:

High Court Hears Arguments On Faith-Based Initiative Legal Challenges. USA Today (3/1, Biskupic, 2.27M) reports, "Supreme Court justices appeared ready Wednesday to limit taxpayers' ability to challenge government funding of groups with religious affiliations. Several justices were skeptical of a lower court decision allowing a Wisconsin group, the Freedom From Religion Foundation, to sue the White House Office of Faith-Based and Community Initiatives." The foundation "says the White House office -- created by President Bush to help religious groups compete with secular ones for federal social services grants -- aims to support an unconstitutional government endorsement of religion." Some justices, including Chief Justice John Roberts and Antonin Scalia, "suggested that if the lower court's decision were affirmed, taxpayers would bring frivolous lawsuits challenging government spending that touches religion. … More sympathetic to the challengers,

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Justice Stephen Breyer said that 'people become terribly upset when they see some other religion getting the money from the state.'"

The Financial Times (3/1, Washington) says "a federal appeals court in Chicago sided with the atheist group but the US Justice Department says the ruling should be overturned on the grounds that it could lead to a flood of taxpayer lawsuits challenging all sorts of government spending."

The Los Angeles Times (3/1, Savage, 850K) reports, "US Solicitor General Paul Clement said taxpayers who believe the White House is unconstitutionally promoting religion should not be accorded legal "standing" to sue in court. It would be too 'intrusive on the executive branch' to permit lawsuits contesting how the president and his advisers conduct their affairs, he said." The Times adds, "Overall, the nine justices seemed split during the hour-long argument. If they adopt the administration's view, the ruling could make it harder for critics to sue officials who use public money in ways that support religion. If the justices rule in favor of Freedom From Religion, the group would still have to prove its case in court."

The Wall Street Journal (3/1, Anderson, 2.04M) also describes the courts as "sharply divided…along conservative and liberal lines, with Justice Anthony Kennedy, a moderate conservative, controlling the outcome. … A wild card in the outcome could be…Scalia, who appeared troubled with Supreme Court precedents limiting when Establishment Clause suits could be brought and concerned with making it easy to challenge a variety of government activities."

The Washington Post (3/1, A6, Barnes, 690K) notes Roberts "wondered whether opponents of the administration's initiatives would extend their concerns to the court itself, which opened yesterday's session, as it always does, with a marshal appealing for God to 'save the United States and this honorable court.'" Alito, Scalia and Roberts "seemed most sympathetic to the government's argument, and Justice Anthony M. Kennedy worried about the courts 'supervising the White House.'" Justice Clarence Thomas did not ask questions, but has written in the past that he does not think that the establishment clause gives rise to individual complaints."

The New York Times (3/1, Greenhouse, 1.16M) says that for Clement, "the most helpful hand was that of Justice Samuel A. Alito Jr. As the solicitor general batted back tricky hypothetical questions, Justice Alito asked him whether the lines he was drawing 'make a lot of sense in an abstract sense' or were 'the best that can be done' under existing precedents. 'The latter, Justice Alito,' Mr. Clement said, evoking laughter. 'I appreciate the question.'"

The AP (3/1, Frommer) reports, "At issue is whether a Wisconsin-based group of atheists and agnostics have legal standing, by virtue of being taxpayers, to bring their complaint in the federal court system. … Taking one extreme, Justice Stephen Breyer asked a lawyer for the White House whether a taxpayer would be able to challenge a law in which Congress sets up a church at Plymouth Rock. … ' would say no,'responded Solicitor General Paul D. Clement, but he added that such a church could be challenged in other ways — just not on the basis that a taxpayer has been injured. Clement is representing the Bush administration, which is trying to prevent the taxpayer suit over its aggressive promotion, through the White House Office of Faith-Based and Community Initiatives, of federal financial aid for religious charities. … Taking the opposite extreme, Justice Antonin Scalia asked a lawyer for the Wisconsin group, Andrew Pincus, whether taxpayers would be able to sue over the use of security money for a presidential trip where religion is discussed. … Pincus said that taxpayers would not have standing to do so, arguing that in such a case the money spent would be "incidental," and not central to the issue."

The Legal Times (3/1, Mauro) reports, "Supreme Court Justice Stephen Breyer looked skyward Wednesday as he tried to come up with a 'more amazing' hypothetical during arguments in a key church-state case. With or without divine intervention, he found one: Could the federal government fund churches and ministers of a single religion nationwide 'dedicated to the proposition that this particular sect is the true sect,' without fear of taxpayer lawsuits against it? … 'Horrible hypothetical,' growled Solicitor General Paul Clement, but he went on to say yes. 'The bottom line is that there would not be taxpayer standing.' With a helpful suggestion from Chief Justice John Roberts Jr., Clement qualified his point by asserting that adherents of other religions could file suit against such a program on the basis that they were being discriminated against. But Clement held firm on the point that taxpayers, merely as taxpayers, could not challenge a network of government-funded churches." The Times adds, "That exchange may prove crucial in determining the outcome of the case before the Court, Hein v. Freedom From Religion Foundation. The Wisconsin-based foundation filed a taxpayer lawsuit against the Bush administration's funding of faith-based initiatives, claiming that conferences sponsored under the funding program favor religious groups. The government defended the program, claiming the plaintiffs did not have standing, but the 7th U.S. Circuit Court of Appeals said the foundation could continue with its suit. … The case is an important test not only for the faith-based initiative but also for a 39-year-old precedent that has treated First Amendment establishment-clause cases differently when it comes to standing. … In other contexts, taxpayers can't challenge government programs in court solely on the grounds that their tax dollars are being misused. To prevent trivial lawsuits, the high court has required plaintiffs to show a more direct injury or a bigger stake, such as a violation of rights or a denial of benefits. … But in the 1968 case of Flast v. Cohen, the Court made an exception. It

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ruled that taxpayer status alone was enough to achieve standing when the claim is that a congressional expenditure violates the First Amendment's bar against establishment of religion."

The Milwaukee Journal Sentinel (3/1, Skiba) reports, "Anne Gaylor, Wisconsin's best-known atheist, has fought to keep church and state separate for almost 30 years. But the 80-year-old Gaylor marked a first Wednesday when a lawsuit she brought was heard by the United States Supreme Court." The Sentinel continues, "Attorneys said the case, the subject of hourlong arguments Wednesday, is the first challenge to the Bush administration's faith-based initiatives to reach the high court. … The separation-of-church-and-state case, also the first of its type to be heard under Chief Justice John Roberts, hinges on a narrow but key legal question: Can the average taxpayer allege violations of the First Amendment's Establishment Clause, which states: 'Congress shall make no law respecting an establishment of religion . . . '" The Sentinel adds, "Gaylor, who lives in Madison, was on hand with other officials of the Freedom from Religion Foundation, which she founded in 1978. The dispute arose when Gaylor and her foundation filed suit against the Bush program in federal court in Wisconsin in 2004. … A judge tossed out the case, saying the plaintiffs lacked standing, which is a legal concept establishing whether someone has the right to appear in court to pursue his or her claims. The judge said the case failed a test established by the Supreme Court in that the plaintiffs' case involved the executive branch, not Congress' taxing and spending powers. … The Chicago-based 7th U.S. Circuit Court of Appeals disagreed with the lower court. Its 2-1 majority said the foundation's suit should go forward because 'there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause.' … That prompted the director of the White House Office of Faith-Based and Community Initiatives to ask the Supreme Court to weigh in. "

FEC Fines Anti-Kerry 527 Group. The Washington Post (3/1, A8, Cillizza, Mosk, 690K) reports, "The Federal Election Commission levied one of its largest fines ever yesterday against the Progress for America Voter Fund, a conservative group that raised $44 million to help undermine Democrat John Kerry's 2004 presidential bid." The fine "was the latest in a series of FEC penalties imposed on high-profile independent groups that operated on both sides of the 2004 presidential elections. The FEC is trying to send a message to the '527' organizations, FEC Chairman Robert Lenhard said in a statement." Progress for America "agreed to pay the $750,000 fine as part of the deal, which did not require the group to admit wrongdoing."

CIVIL RIGHTS:

FBI May Reopen 1968 South Carolina Civil Rights Slayings. The (SC) State (3/1, Brundrett) reports, "The FBI might reopen an investigation into the 1968 slayings by police of three black students at S.C. State College — known as the Orangeburg Massacre — and two other civil rights-era deaths in South Carolina." The State continues, "The S.C. cases are among about 100 death cases nationwide the FBI said it will re-examine in partnership with the National Association for the Advancement of Colored People, National Urban League and the Southern Poverty Law Center. … U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller on Tuesday announced the 'Civil Rights-Era Cold Case Initiative' with leaders of the civil rights organizations." The State adds, "Cleveland Sellers, who was among 30 people shot during the Feb. 8, 1968, incident at the S.C. State College campus, said Wednesday an investigation of the Orangeburg case is 'certainly overdue.' … 'The Orangeburg Massacre is, in fact, a litmus test for racial relations in South Carolina,' said Sellers, 63, now head of the African-American studies department at the University of South Carolina. 'I want the incident to be thoroughly investigated and the truth to come out.'" The State adds, "Lonnie Randolph, president of the state NAACP conference, said his organization recommended the Orangeburg case to the FBI after polling member branches statewide. … 'Our goal always is for justice to prevail,' he said. 'To kill three people — it's hard to think justice has been served when individuals are shot in the back.' … Former Gov. Robert McNair, who has been criticized by black leaders for his handling of the incident, said Wednesday in a prepared statement that any decision by the FBI and U.S. Department of Justice to reopen their investigation is 'certainly up to them.' … 'Immediately after the tragedy at Orangeburg, we requested that the FBI and Department of Justice conduct a full and comprehensive investigation of all of the events surrounding this incident since we felt very strongly that the state of South Carolina could not investigate itself,' said McNair." The State notes, "The initial FBI probe led to federal charges against eight state troopers and another police officer. They were acquitted later by a mostly white jury. … Besides that incident, the FBI said this week it also will re-examine the death of a 13-year-old Edisto Island boy whose body washed ashore in Charleston County in 1960, and the 1965 shooting death of a man in an area of Allendale County where civil rights demonstrations were held. Both victims were black. … Most of the cases referred to the FBI are from the South. Georgia, for example, has 13 cases, and North Carolina, three. … Thom O'Neill, spokesman at the FBI office in Columbia, said Wednesday the decision whether to

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formally reopen any of the three S.C. cases will be made by Brian Lamkin, special agent in charge of the FBI's S.C. operations. No deadlines have been set to complete investigations, he said."

Louisiana Victims Among Civil Rights Cold Cases To Be Reopened. The Shreveport Times (3/1) reports, "Nine Louisianans are included in a list of 76 suspicious or criminal deaths in the 1950s and 1960s that spurred the FBI to reopen investigations into possible civil rights abuses from that turbulent time." The Times continues, "Bureau officials on Tuesday announced the investigations amid a Justice Department focus on cracking unsolved cases from the nation's civil rights era. … The high-priority cases, which FBI Director Robert S. Mueller described as numbering between 10 and 12, are among an estimated 100 that investigators nationwide are looking at as possible civil rights-related murders." The Times adds, "None of the nine Louisiana cases in the list maintained by the Alabama-based Southern Poverty Law Center occurred in the immediate Northwest Louisiana area. But several did take place in Ruston and Monroe, including one 1960 shooting rampage where four people were killed. … Attorney General Alberto Gonzales acknowledged that many of the cases may be beyond the boundaries of what the federal government can legally prosecute. But they "remain on our radar," he said. … 'Much time has passed on these crimes,' Gonzales told reporters in Washington. 'The wounds they left are deep, and still many of them have not healed. But we are committed to re-examining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long.' … Addressing civil rights violators, Gonzales said: 'You have not gotten away with anything — we are still on your trail.'"

More Commentary. The Jackson Clarion-Ledger (3/1) editorializes, "The LeFlore County (MS) grand jury has decided not to issue any indictments in the 1955 slaying of Emmett Till. That may be disappointing to those who have worked to bring justice in this case. But the grand jury did its job. The tragedy is that it took so long for the case to be fully considered." The Clarion-Ledger continues, "District Attorney Joyce Chiles of Greenville should be commended for reviewing the 8,000 pages of evidence and presenting it. Only time seems to have killed chances for prosecution, not lack of diligence today. … The Aug. 28, 1955, slaying of Till remains a pivotal moment in the civil rights movement. Till was killed after he reportedly whistled at a white woman, Carolyn Bryant, the last known living suspect. Her then-husband, Roy, and his half-brother, J.W. Milam, admitted they killed Till after an all-white jury had acquitted them. Both have since died. … But the case is also noteworthy, since it: … Is one of 29 killings from the civil rights era since 1989 reopened, leading to 28 arrests and 22 convictions; … Should spur a 'cold case' unit of the Justice Department to investigate unsolved civil rights killings in a bill before Congress. … Justice can come still."

DOJ Meets With NAACP, Connecticut Officials.

The Connecticut Post (3/1, Mason) reports from Ansonia, CT, "For the second time in as many months, city officials and officers with the National Association for the Advancement of Colored People met with staff from the U.S. Department of Justice. … As was the case after a similar January meeting, attendees were vague about what was discussed with officials from the Department of Justice's Community Relations Service, designed for resolving conflicts dealing with race, color and national origin. … The two-hour meeting, held in the Erlingheuser Room at City Hall, was closed to the public and the media." The Post continues, "Attending Wednesday's session were Mayor Jim Della Volpe, Police Chief Kevin Hale, Corporation Counsel Kevin Blake, local NAACP President Greg Johnson, Housing Authority Executive Director Jim Finnucan, former alderwoman Ralphine Ford and Riverside Apartments tenant leader Naomi Wallace. Johnson did not elaborate on concerns brought up at the meeting; he only said that he thought the meeting offered plenty of positives. … 'It was to discuss strategies and ways to improve the quality of life for all citizens of Ansonia,' Johnson said. 'It was a very productive meeting.' … He said 'a gamut of things' was discussed. … Johnson said the group will meet again, but he did not say when."

Justices To Hear Case Regarding Schools' Powers To Limit Student Speech.

USA Today (3/1, Biskupic, 2.27M) reports the U.S. Supreme Court will hear on March 19, a case involving "students' speech rights" and the ability of schools to limit "such rights to try to maintain order in schools." The case involves Joseph Frederick, who as a high school senior in Juneau, Alaska produced a sign reading "Bong Hits 4 Jesus" in an attempt to get TV coverage while the Olympic torch was traveling through the city. He was suspended for ten days by Juneau-Douglas High School Principal Deborah Morse for being in violation of the "school's anti-drug policy." School officials are expected to be "watching for signs of whether the justices will make it more difficult to enforce a range of campus speech regulations that have been imposed in recent years." The National School Boards Association argues in a brief supporting Morse that "it's important for administrators to be able to regulate slogans dealing with particularly controversial issues." Morse "is appealing a federal appeals court's ruling that she is liable for money damages to Frederick because past rulings 'clearly established' that she was not entitled to tear down the 'Bong Hits' sign."

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Meehan Proposes Repeal Of "Don't Ask, Don't Tell." The Washington Times (3/1, Pfeiffer, 88K) reports Democratic Rep. Martin T. Meehan "yesterday said he will introduce legislation repealing the military's 'Don't Ask, Don't Tell' policy that allows homosexuals to serve in the armed forces." Meehan said "public opinion has changed since the policy began 14 years ago under the Clinton administration, and that allowing homosexuals to openly serve will help the military retain specialized members, including linguists fluent in Arabic." A 2005 Government Accountability Office report "says more than 10,000 members of the armed services, including 750 service members with specialties 'critical' to the war on terror, have been discharged since the policy was implemented." Meehan said, "It will still be an uphill climb. But the November election can only mean good things for my bill."

Longtime Black Residents Stay Separate From Latino Newcomers In Maryland Neighborhood. The Washington Post (3/1, B1, Parker) reports, "Ask older residents of historic North Brentwood their recollections of the town, and they go into a reverie about kids playing house-to-house and about how the town was self-contained with businesses and shops. Mostly, it was black, and the generations who had lived there gave the place its essence. … But 'change comes,' said Eleanor Traynham, 71, who was born and raised in the town, in Prince George's County, and returned in 1992. And 'you have to be able to adapt to change.'" The Post continues, "On a late afternoon, children run across the lawns of modest three-bedroom homes, young mothers carry groceries, and fathers in coveralls arrive home from work. These families are Latino. A few yards away, much older residents are checking mail or working on their cars or greeting each other with late-day banter. They are black. … In a town changing without overt rancor, they are neighbors without the neighborliness, separate groups leading lives that don't touch, even though their property lines do. It's a new challenge for this historic place -- re-creating community." The Post adds, "It's a challenge that plays out against a backdrop of seismic demographic shifts. In 2003, Latinos overtook African Americans as the nation's most populous minority. Fueled by a boom in construction and low-wage service jobs, the Washington region had the ninth-largest Latino population gain in the country from 2000 to 2004. … In Prince George's, most of the Latino population, which doubled from 1990 to 2000, is concentrated inside the Beltway in the northwestern part of the county. As more Latinos graduate to homeownership, the relative affordability of housing in communities there has accelerated the pace of change. … In North Brentwood, population nearly 500, off Rhode Island Avenue just outside the District line, these shifts play out door-to-door. Since 2000, the historically black town has become 25 percent Hispanic." The Post notes, "Some black residents are concerned about what these changes mean for their community, even as they worry about seeming intolerant. Newer Hispanic residents say they get along with everyone, and if there is subtle awkwardness to their brief hello-goodbye exchanges with black neighbors, they're too busy working and raising their families to notice."

Sharpton Revelation Said To Show Relevance Of Slavery. In his New York Times column (3/1), Bob Herbert says that as the Rev. Al Sharpton's revelation that his family was owned by relatives of the late Sen. Strom Thurmond shows, "The days of slavery are closer than we tend to think, and they were crueler than we tend to realize. Mr. Sharpton's great-grandfather, Coleman Sharpton, was sent with his wife and two children from South Carolina to Florida so a woman named Julia Thurmond Sharpton could send them out as laborers to pay off debts left by her late husband." Slavery is "such an uncomfortable subject that the temptation is to relegate it to the distant past and move on. But the long tentacles of that evil institution are still with us. Slavery was the foundation of the thriving consumer society that we have today and the wellspring of the racism that still poisons so many white attitudes and black lives."

In a Los Angeles Times op-ed (3/1), the Rev. Al Sharpton says, "Words cannot fully describe the feelings I had when I learned the awful truth. Not only am I the descendant of slaves, but my family had to endure the particular agony of being slaves to the Thurmonds, the symbol of everything about America that I have fought to change. I felt humiliated and prideful; reflective and angry; oppressed and uplifted." America's "shame is that I am the heir of those who were property to the Thurmond family."

ANTITRUST:

Sirius Chief Takes Push For Radio Merger To Capitol Hill. The Wall Street Journal (3/1, C8, Boles) reports, "Sirius Satellite Radio Inc.'s chief executive, Mel Karmazin, told lawmakers the company would cut consumer prices if federal authorities approve its merger with XM Satellite Radio Holdings Inc." The Journal continues, "Mr. Karmazin tried to allay concerns that subscribers' costs would rise after the $11.4 billion merger of the two struggling satellite-radio operators, telling the House Judiciary Committee's antitrust task force the merger would lead to a decline in prices. For basic monthly service, subscribers to both radio operations pay $12.95 a month. 'The idea of raising prices to compete with free radio is bizarre and doesn't work," he said. "We are committed to not raising prices and, in fact, are committed to lowering prices.'" The Journal adds, "Rep. John Conyers (D., Mich.), chairman of

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both the Judiciary Committee and the task force, was skeptical. 'We don't have too good a record of satellite companies keeping their promises,' Mr. Conyers said. '"Trust me" isn't going to work here, not just today, but in the longer-term examinations you will be going through.'" The Journal notes, "Democratic Rep. Rick Boucher of Virginia said the merger should get a green light as long as the companies agree to a series of conditions and to freeze prices. . … The conditions he suggested were outlined by Gigi Sohn, president of Public Knowledge, a public-interest group with a focus on communications. In her testimony before the task force, Ms. Sohn said the companies would have to allow consumers to subscribe on a channel-by-channel basis or tiered programming. She added they should agree to make 5% of capacity available to noncommercial, educational purposes and freeze prices for three years once the merger is approved."

The Washington Post (3/1, D4, Babington) reports, "The nation's two satellite-radio companies promised yesterday to refrain from raising prices, for a time at least, if they are allowed to merge. But some lawmakers and consumer groups appeared dubious." The Post continues, "Mel Karmazin, chief executive of Sirius Satellite Radio, told the House Judiciary Committee's antitrust task force that consumers would benefit if the government allowed his company to merge with rival XM Satellite Radio Holdings. 'We are committed to not raising prices, and we are committed to lowering prices,' said Karmazin, who would be chief executive of the new company." The Post adds, "Karmazin said Sirius and XM might accept conditions if the Federal Communications Commission and Justice Department were to approve the merger. But he declined to say how long they might agree to cap subscription prices, now set at $12.95 a month by both companies. XM and Sirius have said a merged company would offer various levels of content, presumably at varying prices, but they have declined to provide details. … Owners of free, over-the-air radio stations strongly oppose the merger, and the president of their association sharply challenged Karmazin at the hearing. The government cannot trust XM's and Sirius's promises, 'given their long track record of breaking FCC rules,' including causing signal interference with local radio stations, said David K. Rehr, president of the National Association of Broadcasters."

USA Today (3/1, 2B, Davidson) reports, "To win approval of their blockbuster merger, the nation's two satellite radio companies would accept government-mandated conditions guaranteeing consumers lower prices and more channels, the head of Sirius Satellite Radio told lawmakers Wednesday. … 'We will give people more choice than they had before and lower prices and less confusion,' Sirius CEO Mel Karmazin told the House Judiciary Committee's new antitrust task force." USA adds, "The hearing served up the first public airing of the proposed link-up between Sirius and XM Satellite Radio since it was announced last week. Wednesday's debate underscored the complexities of the merger, with divisions within the ranks of public-interest advocates and each political party on whether consumers would be helped or hurt. … Critics such as the National Association of Broadcasters say the merger, which requires approval from the Justice Department and Federal Communications Commission, would forge a monopoly satellite radio provider that would raise prices and limit choice. Karmazin says that would never happen because satellite radio competes with traditional radio, Internet radio, iPods, music on cellphones and digital radio. … Noting that there are some 10 million subscribers to both services, Karmazin said, 'Why would people who don't subscribe at $12.95 subscribe at $14.95?' … The companies, which each charge about $13 a month for more than 100 channels, have lost billions of dollars between them while competing to sign up high-priced talent such as Howard Stern and Oprah Winfrey. By combining, Karmazin said, customers could get both Major League Baseball and the NFL, for instance, on the same radio service. And the new giant could use cost savings to cut prices."

The Washington Times (3/1, Rowland) reports, "Federal lawmakers, kicking off their probe of the proposed $13 billion merger of rivals XM Satellite Radio Inc. and Sirius Satellite Radio Inc., yesterday quizzed both Sirius Chief Executive Mel Karmazin and one of the deal's most vocal opponents. … 'We've come to this hearing with an open mind, but we also recognize that the companies have the obligation to convince Congress, regulators and most importantly, the American people that this combination will improve the competitive playing field and benefit consumers,' said House Judiciary Chairman John Conyers Jr., Michigan Democrat." The Times adds, "Mr. Karmazin said a combined entity would be open to government-imposed conditions, including an agreement not to raise subscription prices for a certain period of time. … 'If in order to get the deal done we have to make a concession, we're prepared to make a concession,' he said. … But David Rehr, president of the National Association of Broadcasters and an outspoken critic of the deal, said the merger would create a 'government-sanctioned monopoly.' … 'Two companies that have a pattern and practice of violating their FCC licenses cannot be trusted with monopoly power,' said Mr. Rehr, whose organization represents traditional AM/FM radio stations."

The Los Angeles Times (3/1, Puzzanghera) reports, "Karmazin, who would run the new company if federal regulators approve Sirius' proposed merger with XM Satellite Radio Holdings Inc., tried to overcome those hurdles by promising not to hike for an unspecified period the $12.95 monthly subscription rate that both companies charge. … The reason for the concession is simple, Karmazin said, and

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is the heart of the case Sirius and XM are trying to make: They now compete with a host of technologies that don't charge a cent — including broadcast radio, iPods and music that streams over the Internet." The Times adds, "Price is a major concern for several members of the committee's antitrust task force. Congress doesn't have to approve the deal, but its views could influence officials at the Department of Justice and the Federal Communications Commission, which must bless the merger. … 'Why would we eliminate one of the two competitors here?' said Rep. Robert W. Goodlatte (R-Va.). 'I believe prices are going up if you are the only one.' … His fears were echoed by Mark Cooper, director of research at the Consumer Federation of America. … 'Competition is the consumer's best friend,' Cooper told the committee, warning that 'a tsunami of mergers will ripple through the digital space' if regulators agree to the market definition urged by Sirius and XM." The Times notes, "Conyers also questioned what effect the potential deal might have on future mergers. … But some lawmakers agreed with Karmazin that the marketplace had changed and indicated they would support the merger with certain conditions, such as requiring a lower-priced option for a limited number of channels. … 'Music is music, and it really doesn't matter much the source of it,' said Rep. Rick Boucher (D-Va.) "

The New York Times (3/1, Labaton) reports, "Karmazin…repeatedly and angrily contested charges by opponents, including the major trade group for broadcasters, that merging his company with XM Satellite Radio Holdings would simply transform a duopoly into a monopoly. … 'There is no monopoly or duopoly,' he said. 'That's the most bizarre thing I have ever heard.'" The Times adds,. "He maintained that the relevant market for the services offered by the two satellite radio companies includes all terrestrial broadcasters, Internet radio and other popular listening devices, including iPods and other portable music players. … With so much competition from other sources, he said, satellite radio lacks the sway of a dominant industry power. … But as he tried to sell the proposed deal to Washington, he also acknowledged the major challenges he faced in persuading policy makers that it would not be anticompetitive. He made it clear that he was willing to embark on the same kind of deal- making with the regulators that has been a hallmark of his career as a broadcast executive."

Dow Jones Newswires (3/1) reports, "The Department of Justice's antitrust task force would have to approve the merger and FCC rules would have to be changed to allow the deal before it could get final approval." Dow Jones continues, "The NAB, which represents mainly smaller radio and television broadcasters across the U.S., fiercely opposes the deal. … 'The proposed merger must be rejected,' said Rehr in his opening statement. 'Public policy should never allow one entity to acquire state-sanctioned, monopoly control over the 25 megahertz of spectrum allocated to satellite-radio service.' … Taking a somewhat less strident view was Gigi B. Sohn, the president of public-interest group Public Knowledge. … In her opening statement, she said that the merger should be given the green light only if it meets three conditions. … It must make available pricing choices such as channel-by-channel subscriptions or tiered programming; it must hand over 5 percent of its capacity to noncommercial educational programming; and it should agree to not raise prices for three years after the merger is granted approval."

CNET News (3/1, Broache) reports, "Karmazin said a combination of the sole two satellite radio players would lower, or at least cap, its prices and provide more programming choices. … For example, one network carries Major League Baseball games, and the other carries the National Football League games, but neither carries both. Sports fans would no longer have to pay to subscribe to both services or buy two different radio receivers if the entities merged, he said. Karmazin also pledged that existing radio receivers for each service would continue to work after the melding of the companies. … 'We are absolutely convinced that this merger is going to be in the consumer's best interest,' said the Sirius chief and former Viacom president." CNET adds, "Attitudes toward the proposed deal, worth about $13 billion, did not appear to be split along party lines among members of the newly created House task force, which has 10 Democrats and nine Republicans. Many opened their questioning on Wednesday with vows to keep an "open mind" about the deal but went on to question the deal's necessity and its benefits to consumers. … One hurdle already lies in the licenses granted to the companies by the Federal Communications Commission. In hopes of ensuring competition, the FCC stipulated at the time that there had to continue to be more than one licensee in the satellite radio sphere. XM and Sirius would have to persuade the regulators to waive that decision." CNET notes, "Citing the FCC's policy decision, Rep. James Sensenbrenner (R-Wis.), the former chairman of the House Judiciary Committee, challenged XM and Sirius executives' repeated assertions that the merged entity would not constitute a monopoly. … 'What you appear to be advocating is to make your merged company somewhat akin to an old regulated gas company, and I don't see where the consumer ends up benefiting in that,' Sensenbrenner said. … He also questioned how the XM-Sirius plan was any different than a proposed merger between EchoStar Communications' Dish Network and Hughes Electronics' DirectTV that the FCC blocked on the grounds that it amounted to a 'regulated monopoly.' … Karmazin said his companies' situation was different because the satellite TV business competes with cable and not with free services like terrestrial and Internet radio. Throughout the hearing, he repeatedly challenged any suggestion that the merged

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companies would have incentive to raise their prices by saying, 'We compete with free.'"

Bloomberg (3/1, Rowley, Stern) reports, "The companies contend there is more competition for listeners now than when the original satellite licenses were granted, from devices such as Apple Inc.'s iPod, terrestrial radio and new high-definition stations. … 'We are going to have to convince them that it is not anticompetitive,' Karmazin said, referring to Justice Department and U.S. Federal Communications Commission regulators. He was speaking on behalf of XM as well as Sirius." Bloomberg adds, "Rehr drew his own critics, including Democrats Anthony Weiner from New York and Rick Boucher from Virginia. … 'I would like the panel to oblige me by stop throwing around the word monopoly,' Weiner said. … Boucher agreed with XM and Sirius's contention that the companies compete in a broad audio entertainment market that includes broadcast radio. … 'The very presence of Mr. Rehr here happens to confirm the argument that the relevant market is all of radio,' Boucher said." Bloomberg notes, "Lawmakers and regulators have promised to look closely at the deal because of concerns that it would create a satellite radio monopoly. House Commerce Committee Chairman John Dingell, a Democrat from Michigan, said yesterday that he planned his own inquiry in to the deal. The Senate Judiciary Committee's Antitrust Subcommittee also may to hold a hearing."

The Politico (3/1, By:, Glass) reports, "An overflow crowd of industry executives, lawyers and lobbyists packed the hearing room in the House Rayburn Office Building as Karmazin, one of five witnesses, debated the merits of letting his money-losing company combine with XM Radio in a deal that has been valued at $13 billion. … The two firms contend there is more competition for listeners now than when the original satellite licenses were granted. Whether or not the merger goes through, he added, satellite radio, with its 14 million customers, will continue to compete with an increasing array of audio outlets, including AM, FM and multi-channel HD radio, the Internet and a host of download-based music players, such as Apple's iPod." The Politico adds, "Rep. Lamar Smith (R-Tex.), the ranking member on the full committee, noted that 'we are at the beginning of a long process,' a point echoed by Karmazin during his own remarks." The Politico adds, "Some of the most pointed exchanges occurred not with the members but at the long witness table between Karmazin and Mark Cooper, research director of the Consumer Federation of America, an advocacy group. Cooper held that, 'The argument that consumers will be better off with a benevolent monopolist than competition is absurd. Cost savings will not be passed to consumers. It is competition that is the driver of innovation in this economy, and competition is the best form of protection for consumers.' … Karmazin said his people had told him not to get excited and to keep his hands folded at the table. But Cooper, he felt, had gone too far. The monopoly charge, he said, 'is the most bizarre thing I've ever heard… We are not looking to bankrupt our companies. We are not doing anything that stupid. And we'll give back some of that saving (to our customers)'"

The AP (3/1) reports, "When satellite radio was licensed a decade ago, Sirius and XM were granted the only two licenses. In exchange, Federal Communications Commission rules stated that the two wouldn't be allowed to merge in the future. … Sirius and XM have argued that in the ensuing 10 years, the market has changed substantially and they are no longer just competing against each other."

Corporate Attorneys Seek More Clarity In Antitrust Law. The Legal Times (3/1) reports, "Top lawyers for General Electric Co. and Eastman Kodak Co. told federal regulators last month that companies need more clarity in antitrust laws when it comes to the sale of products bundled in a discounted package deal, and to the sale of services and parts for a product. … 'Companies are concerned that the rules aren't clear,' Ronald Stern, vice president and senior counsel for antitrust at General Electric, said in an interview after the hearing." The Times continues, "Testifying in Chicago at a panel organized by the Federal Trade Commission and the Department of Justice's Antitrust Division, the attorneys said regulators should help companies better understand when they might be stepping over the antitrust line in the two areas. … Previous court rulings have left the law ambiguous on when corporate behavior may violate Section 2 of the Sherman Antitrust Act and make companies vulnerable to lawsuits by competitors, the lawyers said. … They encouraged the agencies to file amicus briefs in court cases or to issue additional guidelines to make the law clearer. … 'These two areas are a clear problem for companies like Kodak,' Patrick Sheller, the chief compliance officer at Eastman Kodak, said in an interview after the hearing." The Times notes< "David Balto, a former Federal Trade Commission policy director and a lawyer in Washington, agreed that amicus briefs could shed light on how companies are expected to follow the law, especially because most antitrust decisions occur in lower courts. … The price-bundling issue has come up in the courts more frequently than the aftermarket issue and therefore has created greater potential for liability, said Herbert Hovenkamp, an antitrust professor at University of Iowa College of Law. … Sheller told the panel that the line between the legal 'bundling' of products and the illegal 'tying' of products has been blurred."

House Bill Would Stiffen Penalties For Gas Price Gouging. The AP (3/1, Hebert) reports, "Although gasoline prices have dropped sharply from last summer, 79 lawmakers sought to send a message Wednesday,

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introducing a bill that would impose stiff penalties on oil and gas companies for price gouging." The AP continues, "With prices at the pump rebounding in recent weeks, Rep. Bart Stupak, D-Mich., said he's worried 'this summer prices may once again exceed $3 a gallon.' … The bill introduced by Stupak and 78 other members of the House would establish the first federal law against price gouging by oil and gas companies, imposing criminal penalties and fines of up to $150 million for corporations and $2 million on individuals. … The House passed a similar bill last year, but it died in the Senate." The AP adds, "The Federal Trade Commission would be given authority to investigate price gouging in the sale of crude oil, home heating oil, propane and natural gas. … 'The FTC has never brought a gas price gouging case to court,' said Stupak. … In fact, the agency has no authority to do so since there is no federal energy price gouging law. FTC investigations into crude oil or gasoline pricing have focused on whether companies have colluded in violation of antitrust laws." The AP notes, "Last year, FTC Chairwoman Deborah Platt Majoras said a federal law against oil company price gouging would be difficult to enforce and could hurt consumers by causing fuel shortages. … She said price gouging is difficult to define and courts have refused to address the question of what is a "reasonable" price in a free market. She maintained it may be difficult to determine what price hikes are legitimate."

DOJ Subpoenas Genworth Financial Unit In Bid-Rigging Probe. Market Watch (3/1, Boessenkool) reports, "Genworth Financial Inc. disclosed Wednesday that a subsidiary received two subpoenas in November related to probes into the sale of guaranteed investment contracts to municipalities." Market Watch continues, "The subpoenas, a grand jury subpoena from the Antitrust Division of the U.S. Justice Department and a subpoena from the Securities and Exchange Commission, require the unit to turn over information related to investigations into alleged bid-rigging involving the sale of the investment contracts, according to Genworth's annual report filed with the SEC. … Genworth said it doesn't issue these contracts to municipalities. But the insurance company said that from January 2004 to December 2006, the subsidiary provided management and administrative services to a third party that does issue the contracts to municipalities. … Genworth said it plans to cooperate fully with the investigations."

Terex Receives DOJ Subpoena On Equipment Pricing. Market Watch (3/1, Kowsmann) reports, "Terex Corp. disclosed Wednesday that it received subpoenas from the U.S. Department of Justice over some equipment pricing." Market Watch continues, "In its annual report filed with the Securities and Exchange Commission, the Westport, Conn., the manufacturer said the subpoenas relate to the DOJ's investigation into pricing practices in the rock crushing and screening equipment industry. … Terex said it cooperating fully with the investigation. It didn't provide further information."

Marks & Spencer's CEO Mulls Sainsbury Bid. Bloomberg (3/1, Craven, Couch) reports, "Marks & Spencer Group Plc Chief Executive Officer Stuart Rose said he's considering bidding for J Sainsbury Plc, Britain's third-biggest supermarket chain." Bloomberg continues, "Rose, who runs the U.K.'s largest clothing retailer, said he was speaking to customers about an offer for Sainsbury, which has a market value of 8.8 billion pounds ($17 billion). 'You do get quite an interesting response,' he said in a presentation to a London conference held by Retail Week magazine today." Bloomberg adds, "His remarks follow three weeks of speculation that Marks may seek to buy Sainsbury to create a retailer with more than 1,000 outlets. An offer may spark a bidding war with CVC Capital Partners Ltd., Blackstone Group LP and Kohlberg Kravis Roberts & Co., which said Feb. 2 they were considering an offer for Sainsbury in what would be Europe's biggest buyout. … 'Assets like this don't come on the market very often,' Rose said today. 'The company is effectively in play. Your shareholders would think you were an idiot if you didn't consider it. Watch this space.'" Bloomberg notes, "Marks said in an e-mailed statement following Rose's remarks that its board had considered bidding for Sainsbury and didn't intend to make an offer 'at this time.' The retailer said it reserved the right to announce a bid or possible bid within the next six months if Sainsbury's board recommends an offer or if a 'firm' approach by the CVC group or another suitor is made."

A&P Parent Negotiating Pathmark Purchase. Market Watch (3/1, Moore) reports, "Great Atlantic & Pacific Tea Co. said it is negotiating to acquire smaller rival Pathmark Stores Inc., as A&P looks to expand its footprint in the competitive supermarket industry. … Under the terms of the proposed deal, announced Tuesday, Pathmark shareholders would receive $12.50 a share in cash and stock." Market Watch continues, "Shares of both companies fell in midday trading Wednesday, after moving sharply higher ahead of the announcement. Pathmark shares were down 2% at $11.71, while A&P saw its shares drop 3.4% to $32.03. … The Montvale, N.J., company , which operates A&P, Waldbaum's and Food Emporium, said no final agreement has been reached. The sale would require shareholder and regulatory approvals, including federal and state antitrust clearances. … 'We have long held that consolidation in the market was necessary and that Pathmark and A&P made the most logical choice for a combination,' Bear Stearns analyst Westcott Rochette wrote in a note to clients, after raising the year-end price target on A&P to $40." Market Watch adds,

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"Based on the number of shares outstanding when Pathmark reported its third-quarter results, the deal is valued at about $651 million. … Goldman Sachs analyst John Heinbockel said the proposed deal makes sense, but warned against too much optimism. … 'We continue to believe that the combination, while likely to unlock significant cost take-out synergies, carries certain risks,' Heinbockel said. 'These would include systems conversions, banner changes, and the execution of a much-needed, stepped-up capital program.' … News of the negotiations comes as grocery stores are struggling to compete with high-end specialty operators, including Whole Foods Markets Inc. , Trader Joe's and Wegman's, as well as discount giants such as Wal-Mart Stores Inc. Last week, Wild Oats Markets Inc. agreed to be acquired by larger rival Whole Foods. See archived story."

Oracle Expected To Announce Acquisition Of Hyperion. The New York Times (3/1, Sorkin, De La Merced) reports, "Oracle is near a deal to acquire Hyperion Solutions, which makes software that allows corporations to analyze and track their performance, for more than $3.1 billion, according to people briefed on the deal. … The acquisition is expected to be announced as early as today, these people said." The Times continues, "The deal would be the latest trophy in a lengthy string of acquisitions by Oracle, the database software giant that has been struggling to grow from within … In December, Oracle posted strong earnings growth for its second fiscal quarter, but its growth in license sales disappointed investors. The company said at the time that it had failed to close some crucial licensing deals during the quarter. License sales rose 28 percent in the quarter, but that was down from 80 percent growth in the previous quarter." The Times adds, "Oracle has long been known as one of the most aggressive acquirers of technology companies. … Led by Lawrence J. Ellison, who sees acquisitions as a tool for growth, the company has at times seemed on the verge of gobbling nearly every rival in the business software market. In the last three years, Oracle spent more than $20 billion on acquisitions, including buying two of its most formidable competitors, PeopleSoft and Siebel. … PeopleSoft, the company Oracle fought over for nearly two years, was its most notable deal. … In December 2004, after a battle for control that grew nasty, Oracle finally acquired PeopleSoft for about $10.3 billion, becoming the second-largest maker of business-management software. … The day after completing the deal, Oracle fired four top officers of PeopleSoft. … Since that deal, Oracle's appetite has been unsatiated. In 2005, the company bought a stake in I-flex Solutions, a maker of financial software based in Mumbai, India, for a reported $909 million."

Record Industry Targets College Students In Piracy Crackdown. The Los Angeles Times (3/1, Chmielewski, Puzzanghera) reports, "If they don't quit illegally downloading music, some USC students may end up having to fight on … in court." The Times continues, "The record industry's main trade group said Wednesday that it was mailing letters to 20 of the school's students whom it had identified as bootleggers. … The letters warn that an expensive lesson awaits if the students don't stop the practice. Settle, the dispatches say, or be sued." The Times adds, "The mailings are part of a stepped-up legal fight by the Recording Industry Assn. of America against music downloading amid indications of a dramatic increase in the number of songs exchanged illegally via the Internet. … The association said that overall it was sending 400 warning letters to students at 13 universities and that it expected to sue several thousand students. … 'We'd rather not be doing these lawsuits … but the fact remains that the college environment is one that has rampant piracy,' said association Chairman Mitch Bainwol."

The Wall Street Journal/AP (3/1, B5) reports, "The move comes as the industry seeks to stamp out what it is says is rampant music piracy on campuses. … The group intends to send hundreds of such pre-litigation letters to university computer users every month. … 'The theft of music remains unacceptably high and undermines the industry's ability to invest in new music,' said Mitch Bainwol, chairman and CEO of the association. 'This is especially the case on college campuses.' … The letters targeted students at Arizona State University, Marshall University, North Carolina State University, North Dakota State University, Northern Illinois University, Ohio University, Syracuse University, University of Massachusetts, Amherst, University of Nebraska, Lincoln, University of South Florida, University of Southern California, University of Tennessee, Knoxville, and University of Texas, Austin."

Northeast Power Producers To Merge. Bloomberg (3/1, Polson) reports, "Astoria Generating Co. and EBG Holdings, closely held owners of power plants in New York City and Boston, said they will merge in a move designed to capitalize on rising regional power demand and limited supply." Bloomberg continues, "The newly formed entity, U.S. Power Generating Co., will be run from New York by Astoria Chief Executive Officer Jacob Worenklein, the companies said today. Hedge funds that own EBG will get 54 percent of the closely held company. Astoria owners, including Madison Dearborn Partners LP and the Hunt Oil family, will get 46 percent. Other details of the agreement weren't disclosed. … The combined value of the plants held by the two companies may be worth $4.25 billion to $5 billion, analysts said. Combined output will be about 5,000 megawatts." Bloomberg

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notes, "Astoria Generating's three plants supply 20 percent of New York City's power supply and EBG's five plants meet half the electricity needs of Boston, the companies said. U.S. Power Generating expects to benefit from tariffs regulators plan to impose on power customers to encourage costly construction of plants and power lines as both metropolitan areas grow. … Rising electricity demand and planned plant retirements may leave the New York City area short of generating capacity needed to meet demand on the hottest days as early as next year, the New York Independent System Operator, which runs the state's power grid, said in August."

EU To Probe European Central Bank Settlement Platform. The Financial Times (3/1, Buck) reports, "A controversial plan by the European Central Bank to set up and operate a new system for settling share and bond trades in the European Union will come under close scrutiny by the region's top antitrust watchdog." The Times continues, "In an unusual move that adds to the uncertainty surrounding the new regime, the European Commission told EU finance ministers this month that the central bank was not exempt from antitrust laws. … It also told them that the Commission's competition department would carefully examine the so-called Target 2 Securities system - a process that could delay the introduction of the new platform." The Times adds, "Though the Commission does not have concrete concerns at this stage, a probe would most likely focus on whether the ECB system constituted a restrictive business practice or an abuse of monopoly power in violation of EU antitrust rules. … 'Economic activities are subject to competition law irrespective of whether they are undertaken by private companies or by public authorities and other institutions,' the spokesman for Neelie Kroes, EU competition commissioner, said. 'We have informed the financial services committee [the body that prepares meetings of EU finance ministers] that the ECB is not exempt from competition rules.' … He added: 'The ECB proposal has not been finalised, and we would not necessarily find the system incompatible with EU competition rules. It could turn out to be pro-competitive. But we would want to examine it carefully.'"

EU Clears Sale Of BAWAG To Cerberus Group. The AP (3/1) reports, "EU regulators on Wednesday cleared the sale of Austria's BAWAG, the troubled bank linked to collapsed commodities broker Refco, to a consortium headed by private equity fund Cerberus Capital Management." The AP continues, "The European Commission automatically cleared the deal after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days. … Cerberus and others agreed in December to pay 3.2 billion euros ($4.23 billion) for the bank, Austria's fifth largest." The AP adds, "The bank's current owner, trade union federation OeGB, will get 2.6 billion euros ($3.44 billion) of that with the rest serving as an injection of capital for BAWAG P.S.K. … The consortium -- which includes Wuestenrot, the Austrian branch of Assicurazioni Generali SpA, Oesterreichische Post and a small group of industrialists linked to Hannes Androsch, a former Austrian finance minister -- plans to expand the bank throughout Europe. … BAWAG, formally known as the Bank Fuer Arbeit und Wirtschaft AG, lost more than a billion dollars in soured currency speculation deals in the Caribbean and has been under investigation for loaning Phillip Bennet, the former CEO of Refco Inc., several hundred million dollars just before the brokerage filed for bankruptcy protection last year."

Patent Dispute Between Broadcom And Qualcomm Continues. The Orange County (CA) Register (3/1, Gittelsohn) reports, "The semiconductor giants settled four patent disputes out of court last week, but are far from resolving other property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday." The Register continues, "Broadcom Corp. and Qualcomm Inc. settled four patent disputes out of court last week, but the Southern California semiconductor giants are far from resolving their antitrust and intellectual property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday. … 'That was just a piecemeal separate peace,' said Lou Lupin, executive vice president and general counsel for Qualcomm, the San Diego telecom chipmaker." The Register adds, "Broadcom and Qualcomm still have five outstanding patent infringement cases and three antitrust actions in U.S. federal courts, the European Community and South Korea. One of the next cases is scheduled for opening arguments in federal court in Santa Ana in May. … In addition, Broadcom still has 12 patent disputes against Qualcomm, and Qualcomm still has six against Broadcom, said David Rosmann, Broadcom's vice president for intellectual property litigation. 'It's just a paring down,' he said." The Register notes, "Irvine-based Broadcom launched the legal war in 2005 amid frustration over negotiating licensing agreements for technology in 3G or WCDMA mobile phones, a new generation of phones that perform multiple tasks such as transmitting high speed video. Qualcomm pioneered the technology that became the industry standard. … In its antitrust cases, Broadcom argues that Qualcomm wants to monopolize the next generation of mobile phones by charging excessive royalties. Broadcom's attorneys say Qualcomm employed the same tactic to control more than 90 percent of the chips in the current generation of mobile phones used by such companies as AT&T, Sprint and Verizon."

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Writer Argues Against "Big Is Bad" Attitude In Antitrust Law. In an op-ed in the Wall Street Journal (3/1), Cécile Philippe, director general of Institut économique Molinari, a think tank in Brussels and Paris, writes, "The world's No. 1 chipmaker, Intel, has been the target of a series of antitrust probes and lawsuits around the globe. Among them is a five-year investigation by the European Commission that has included raids on the company's European offices and may yet lead to formal legal proceedings. Japan's Fair Trade Commission has already condemned Intel for 'unfair' practices and urged it to change its ways. Authorities in South Korea and the U.S. are also probing the California-based company. … The concomitant nature of these cases owes nothing to serendipity. They were all triggered following antitrust complaints filed by Intel's arch-rival, Advanced Micro Devices Inc. AMD alleges that Intel's practice of inviting its major customers to sign exclusive contracts in exchange for significant rebates and discounts is anticompetitive. In the European Commission, AMD has an audience that has been sympathetic to such accusations before, as in the cases of the pharmaceutical firm Hoffmann-Roche in 1979 or the tire manufacturer Michelin in 2003." Philippe continues, "These commercial tactics are actually common practice. Intel's case, however, is allegedly different in that the firm enjoys a 'dominant position' in the market for microprocessors, with 80% of sales by unit volume. It is because of this 'dominant' status that competition regulators might regard Intel's practices with suspicion and ordain that it end them. … The legal premise is that a company with such a large market share can use its size to put competitors out of business, perhaps by lowering its prices to a point at which they cannot compete, and then foist higher prices upon helpless customers. The soundness of this theory is debatable even on philosophical grounds -- if the new monopolist suddenly raises prices, why would its old competitors not get back into the game? -- but there is empirical evidence that Intel's practices have not made it immune to competition." Philippe argues that "there's an inherent contradiction in this 'big is bad' application of competition law. Firms are allowed to use certain practices in order to grow their business and reach the top of their industry. But then, suddenly, these practices become illegal once their goal has been achieved. How can this be right? From an economic point of view, the intensity of competition should not be measured by market share alone. The most important thing is to see that entry into the market remains free -- that is, that regulatory measures do not impede companies from joining the fray. … In weighing Intel's business model and practices, it is vital that regulators leave room for the free play of competition and, even more important, let the market judge the management decisions of the different players in a given industry. There is no guarantee that Intel's strategy will prove to be the best one, especially if AMD or other firms provide better value to consumers. What is anticompetitive is the worrying trend of companies' asking regulators to level the playing field, rather than trying to win in the marketplace."

ENVIRONMENT:

Federal Suit Seeks To Block Arizona Marina. The Arizona Republic (3/1, Wong) reports, "The owner of the lone marina at Lake Pleasant sued two high-ranking federal officials in U.S. District Court Tuesday in an effort to halt construction of a new marina at the far north Peoria lake." The Republic continues, "Paradise Valley businessman David Maule-Ffinch and his Pensus Group filed suit against Robert W. Johnson, commissioner of the U.S. Bureau of Reclamation, and Dirk Kempthorne, secretary of the U.S. Department of the Interior. … The lawsuit came on the same day the $20 million marina cleared its largest bureaucratic hurdle. Reclamation officials on Tuesday said they determined Scorpion Bay Marina & Yacht Harbor would have no significant impact on the environment and that the agency would not undertake a complete environmental review of the project." The Republic adds, "In his 13-page suit, Maule-Ffinch claimed that Reclamation — the arm of the Interior Department that owns Lake Pleasant and other waterways — broke federal law when it failed to require that Maricopa County conduct a competitive bidding process for the construction and management of the new marina. … A provision in a 2002 request for proposal banned Pensus and other potential bidders that had any business interests next to or around Lake Pleasant Regional Park, which the county manages. … 'The Bureau of Reclamation has an independent duty to make sure a federal asset is given out to a profit-making organization who has complied with all of the rules,' Andrew Federhar, an attorney for Maule-Ffinch and Pensus, said Wednesday. 'We don't believe (Reclamation) ensured this federal asset is being appropriately used.'" The Republic notes, "Maule-Ffinch filed a similar suit last April in Maricopa County Superior Court against the county and Lake Pleasant Marina Partners, a limited liability group of investors in the project. The court decided not to hear the case; neither did the state appellate court upon appeal. … Bruce Ellis, who heads the Reclamation division that issued a draft environmental review of Scorpion Bay, said he had no comment about the federal suit. A spokesman for the U.S. Department of Justice said the agency has not been served and would not have any comment until it reviews the matter."

Judge Approves Settlement Over Texas Coal-Fires Power Plant. The Austin American-Statesman (3/1, Price) reports, "A long-challenged Central Texas coal-

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fired power plant appeared to get a green light for construction from a federal judge Tuesday." The A-S continues, "The plant had been held up by legal challenges from environmental groups and, for a period, the federal Department of Justice. … But in November, the federal government offered a settlement that would allow Alcoa Inc. and TXU Corp. to use an old permit at the site instead of having to apply for a new, stricter permit." The A-S adds, "The settlement offer, approved by U.S. District Judge Sam Sparks in Austin late Tuesday, eases a deal between the aluminum giant and the state's largest energy company for control of the plant, which powers an aluminum smelting operation in Rockdale, about 60 miles northeast of Austin. … The plant's new unit, known as Sandow 5, is one of three coal-fired units TXU proposes to build. Plans for eight other units were withdrawn after the company was approached in a $45 billion buyout deal last week. … The unit, slated to come online in 2009, will have 581 megawatts of capacity, or enough to power 300,000 homes." The A-S notes, "Citizens and environmental groups accused Alcoa in a lawsuit of illegally releasing more than 1 million tons of air pollution from the plant during a 17-year period. … As part of the settlement reached in 2003, Alcoa was required to pay a $1.5 million fine, spend $2.5 million on environmental mitigation projects in Central Texas and replace its three coal-powered generating units at the plant with a single cleaner-burning, coal-powered unit by 2007."

The AP (3/1) reports, "The Justice Department had joined environmental and citizen groups in challenging plans for the new plant. But the government came to terms with Alcoa and TXU in November, and on Tuesday, U.S. District Judge Sam Sparks approved the settlement. … The Rockdale plant is one of three Texas coal-fired units proposed by TXU. Private equity firms working to buy TXU said earlier this week that they would scrap plans for eight other proposed coal plants." The AP adds, "Opponents of the Rockdale plant had sued Alcoa alleging the company released illegal amounts of air pollution from the plant during a 17-year period. … Alcoa reached a settlement with the groups in 2003 that required Alcoa to pay fines, spend millions on environmental cleanup and replace its three coal units with a single cleaner unit by 2007."

EPA IG Says Defunct Nonprofit Should Return Federal Funds. Bloomberg (2/28, Roland) reports a government audit has concluded that the nonprofit America's Clean Water Foundation, which "sponsored national clean-water events with the Smithsonian Institution before shutting down over accounting irregularities," should return $25.2 million in EPA grant funds. The EPA Inspector General said the group "overstated costs" on EPA grants and "failed to keep appropriate records." EPA Grants Administrator Richard Kuhlman said the foundation "failed for years to detect an employee's $500,000 embezzlement of its funds." The FBI "has been investigating the crime, he said. FBI spokeswoman Debbie Weierman declined to comment. It also failed to document its expenses, didn't have its books audited for three years, and awarded all its contracts without competition among potential bidders, the audit said."

Energy Department Launches Cellulosic Ethanol Effort. The Wall Street Journal (3/1, Fialka, 2.04M) reports, "The Department of Energy has kicked off a technological horse race to see which among six companies can produce a transportation fuel that is an alternative to corn-based ethanol, in commercial quantities, at a cost of around $1 a gallon. Companies successful in producing low-cost ethanol could have first crack at a new fuel market that offers a domestic alternative to gasoline." Until then, DOE "says it will pony up as much as $385 million to help the competitors ... . 'This effort is a big deal,' said Energy Secretary Samuel Bodman, who estimated that the companies will commit a total of at least $1.2 billion to their ventures." Because "Congress has been slow in appropriating the agency's budget, an additional prize, promised by a $2 billion loan-guarantee program, has yet to be established." Congress "approved aiding makers of so-called cellulosic ethanol in the Energy Policy Act of 2005. ... President Bush has since made the program part of his goal to introduce 35 billion gallons of alternative fuels into the transportation sector."

The New York Times (3/1, Barrionuevo, 1.16M) reports, "Dozens of ethanol refineries that use corn are planned for construction over the next two years. But Mr. Bodman acknowledged yesterday that corn alone would not be enough to achieve the ambitious goal of taming what Mr. Bush has called America's 'oil addiction.'" The Times adds, "Ethanol made from corn has a small effect on greenhouse gases, but ethanol from cellulose cuts those gases sharply."

FBI/DEA/ATF/USMS:

"Operation Imperial Emperor" Nets Dozens Of Arrests, Tons Of Drugs. There are nearly 200 media references to arrests and drug seizures made in connection with Operation Imperial Emperor. Most reports cite the AP story. The AP (3/1) reports that dozens of people "accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana. At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz.," according to authorities. … The 20-month sting, code-named 'Operation

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Imperial Emperor,' so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois." The AP adds, "Among the cache collected by the Drug Enforcement Administration were 27,229 pounds of marijuana; 9,512 pounds of cocaine; 705 pounds of methamphetamine; 227 pounds of pure methamphetamine, or 'ice;' 11 pounds of heroin; $6.1 million in property and assets; and an estimated 100 weapons and 94 vehicles." FOX News, the New York Times, Washington Post, Houston Chronicle, Denver Post, Kansas City Star, and Boston Globe are among the news outlets that used the AP story.

The Washington Times (3/1, Seper) reports, "A long-term federal investigation into a Mexican drug-trafficking organization and its U.S.-based distribution cells has resulted in more than 400 arrests nationwide, including 66 who were taken into custody yesterday in California, Arizona, New York and Illinois." Rusty Payne said the investigation "accounted for $6.1 million in property and assets, as well as 100 weapons and 94 vehicles." The Times reports Karen Tandy said, "The Cazares-Gastellum drug empire that rose to such heights of power in only two years, fell today at the hands of DEA and our partners. This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country."

USA Today (3/1, Leinwand) reports federal agents "arrested 66 people Wednesday in a multi-city sweep of an alleged drug ring that is accused of bringing five tons of cocaine a month into the USA. The Drug Enforcement Administration said leaders of the Cazares drug operation, headquartered in Mexico, have been indicted on charges of laundering money and trafficking in massive amounts of cocaine, marijuana and methamphetamine from Colombia, Venezuela and Mexico." The investigation "began in 2005 when federal agents in Imperial County, Calif., stopped a pickup packed with marijuana, the DEA said. The find led federal agents to Victor Cazares-Gastellum, DEA spokesman Steve Robertson said." USA Today reports court papers indicate Cazares and his operatives "moved cocaine from Venezuela and Colombia through Central America and into Mexicali."

Bloomberg (3/1, Schmidt) reports the investigation "targeted the Victor Emilio Cazares-Gastellum cartel, which supplied cocaine, methamphetamine and marijuana across the U.S." Bloomberg reports Karen Tandy said, "Today we ripped out this empire's U.S. infrastructure."

The AP (3/1, Spagat) reports, "Dozens of people accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana, federal officials said." The AP continues, "At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said. All the narcotics were sneaked into the country through the porous Southwest border exploited by cartel kingpin Victor Emilio Cazares-Gastellum, they said. … The 20-month sting, code-named 'Operation Imperial Emperor,' so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois. … 'Today's operation is a serious blow to one of the largest and most significant trafficking organizations,' said Attorney General Alberto Gonzales at a news conference in San Diego." The AP adds, "Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but remains in Mexico and was not arrested, officials said. … Authorities said the cartel employed U.S. citizens and Mexican nationals, who distributed the drugs in 23 states. They will face either federal or state charges."

Fox News (3/1, Porteus) reports, "The organization has also laundered millions of dollars generated from this illegal activity, according to the Justice Department. … 'Today's actions deal a significant blow to the Victor Emilio Cazares-Gastellum drug trafficking organization, whose members are accused of importing and distributing multi-ton quantities of cocaine and other illicit drugs to communities across the country on a monthly basis,' Gonzales said. 'These arrests demonstrate what can be achieved when domestic and international law enforcement partners team up against a common foe.'" Fox News notes, "Federal or state charges were unsealed Wednesday morning against 139 defendants in California, Arizona, Illinois and New York. … The 20-month investigation led by the Drug Enforcement Administration and aided by more than 100 federal, state, local and foreign law enforcement agencies, has so far resulted in the seizure of approximately $45.2 million, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine or 'ice,' and 11 pounds of heroin. … The investigation has also netted $6.1 million in property and assets, as well as roughly 100 weapons and 94 vehicles. The drug ring is based in Sinaloa, Mexico."

California Newspaper Coverage. The San Diego Union-Tribune (2/28, Martinez) reported the ring "supplied cocaine, methamphetamine and marijuana monthly to its distributors by air, land and sea. Officials said it also laundered millions of dollars profited from the drug trafficking. … The investigation resulted in the federal indictment of 19 individuals in federal court in San Diego. Those indicted include Mexican nationals and others with residences in Calexico and El Centro, officials said." The Union-Tribune says the organization "acquired drugs from Colombia and Venezuela to Central America, then smuggled them into the United States from Mexico. Once in the U.S., the drugs were broken down into smaller shipments in such cities as Los

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Angeles and San Diego and disseminated to distribution cells in various states."

The San Diego Union-Tribune (3/1) today reports, "A little-known Mexican drug trafficking organization, which operated without the notoriety of more violent rivals like the Arellano Félix gang, was taken down yesterday during a multistate bust announced in San Diego." The Union-Tribune quotes Karen Tandy saying, "Today we ripped out this empire's U.S. infrastructure ... and tossed it into the dustbin of history." The Union-Tribune adds, "In San Diego – the base of the drug distribution network – five suspected Cazares cartel members were arrested yesterday in Otay Mesa and Paradise Hills at homes and a business, and agents seized three guns and five vehicles, said DEA Special Agent Dan Simmons. Fourteen others were taken into custody in the Imperial Valley, with $50,000 and 17 vehicles seized, Simmons said."

The San Francisco Chronicle (2/28) reported, "The investigation -- spearheaded by the DEA's Oakland office and dubbed 'Operation Imperial Emperor' -- targeted drug distribution cells and money-laundering networks of an organization led by Victor Emilio Cazares-Salazar of Mexico, the DEA said. … The case began in February 2006 when DEA agents identified a number of Bay Area residents as having ties to an international ring. … Investigators served search warrants in Tracy, King City, Modesto, Fairfield, Pinole, Hayward and San Leandro."

The Contra Costa Times (2/28) reported a Pinole man "was among dozens arrested in a nationwide investigation of a Mexico-based drug cartel in which more than $45 million worth cocaine, methamphetamine, heroin, and marijuana were seized. Luis Manuel Sanchez-Aceves, 26, of Pinole, was among nine people arrested statewide, according to the Drug Enforcement Administration."

Arizona Newspaper Coverage. The Arizona Republic (3/1) reports seven drug-smuggling suspects "were arrested and about $12 million worth of narcotics was seized in Arizona as part of a nationwide crackdown aimed at a Mexican smuggling cartel that crisscrossed the sand dunes near Yuma and built a submerged bridge across the Colorado River to avoid law enforcement. Ramona Sanchez, a Drug Enforcement Administration spokeswoman in Phoenix, said seizures in the Yuma area included 28,000 pounds of marijuana, 93 pounds of cocaine, 4 pounds of methamphetamine and about 2 pounds of heroin. … The enforcement in Arizona was tied to a nationwide campaign known as Operation Imperial Emperor, directed against a cartel headed by Victor Emilio Cazares-Gastellum, identified by the Justice Department as an international drug kingpin."

The Yuma (AZ) Sun (3/1) reports forty agents "executed eight search warrants at residences in Yuma, Somerton and San Luis, Ariz., arresting five people on federal charges and two on state charges. The seven men operated in two separate distribution cells here for the Victor Emilio Cazares-Gastellum drug trafficking organization, according to Assistant U.S. Attorney Liz Barrick. … The DEA was proclaiming victory over the drug ring after Wednesday's operation, known as Operation Imperial Emperor."

TV Coverage. On its Web site, ABC News (2/28) reports investigators "claim the smugglers stashed drugs and money in hidden compartments in cars and trucks, as well as in toys and musical instruments. In an aggressive move, the smugglers built a bridge made of sand bags across the Colorado River near Yuma, Ariz., which allowed them to simply drive across the waterway. … Tandy said the Cazares Organization rose to power quickly, but by attacking the agency where it hurt the most, the government was able to cripple the cartel."

On its Web site, Fox News (2/28, Porteus) reports, "Justice special agent-in-charge Steven Robertson told FOXNews.com. 'This organization had cells, which are little distribution sub-groups based throughout the U.S.' Robertson, who said the bust is the largest in about a decade in terms of amount of drugs and assets seized, as well as number of arrests, said law enforcement is seeing a disturbing new trend in the world of narcotics. In the past, meth was cooked in small toxic labs here in the United States, 'where literally you could cook it on a hotplate in your apartment,' Robertson said. … Drug cartels are cooking meth in what are called 'super labs' outside of the country, then smuggling the drugs into the United States through regular smuggling routes along the southern border."

CNN's Lou Dobbs Tonight (2/28, 6:00 p.m.) aired, "We have an exclusive look at an early-morning raid by drug enforcement agents in Los Angeles. The targets are members a vicious drug cartel based in Mexico." Reporter: "As the city of angels sleep, the DEA is gearing up. Final preparations for an early-morning raid on a suspected U.S. Branch of a lethal Mexican drug cartel. CNN was granted exclusive access." Reporter: "Silently the team moves in. Surrounds a house in East L.A. It's a scenario simultaneously playing out in 15 cities from southern California to Chicago. The culmination of nearly two years of investigative work. … Including today's raid, the DEA says this investigation has netted more than 700 pounds of meth, 4,000 kilograms of cocaine, 27,000 of pounds of marijuana, and more than $45 million in cold hard cash. The man allegedly responsible for getting those drugs into the United States, Victor Emilio Salazar. Indicted by a grand jury, he's believed to be in Mexico."

NBC SanDiego.com (2/28) reports, "Feds targeted the Victor Emilio Cazares-Gastellum drug trafficking organization, a rival to the Arellano Felix Cartel. Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but not arrested. … The DEA believes most of the drugs were smuggled across the border from Mexicali using

vehicles with hidden compartments as opposed to drug tunnels."

KPBS, San Diego (2/28) reports on its Web site that federal authorities "arrested 66 people in California and other states Wednesday in connection with a Mexican drug-smuggling cartel. Law enforcement authorities say the alleged cartel leader remains at large. … Federal court documents say the cocaine-smuggling cartel rose to power in Mexico during the last two years."

BBC News (3/1) reports, "The authorities in the United States say they have arrested more than 400 people and seized 18 tons of drugs. … The news comes as the United Nations reported that Mexican cartels now dominate drugs trafficking in the US."

Pharmacists, Athletes, Celebrities Accused In Investigation Of Fraudulent Internet Drug Sales.

Reporting on an Orlando pharmacy raid continues, now with more than 650 media references to the raid reported to be linked to a long-term investigation into illegal steroid and human growth hormone sales. The New York Times (3/1) today reports the "arrests of four people in Florida on Tuesday and the indictments of at least six doctors around the country linked to a pharmacy in Orlando, Fla., present striking evidence that authorities in several states have opened a new front in the war against illegal online sales of steroids and other performance-enhancing drugs. Albany County prosecutors, working with federal investigators and Florida officials, have linked 11 doctors to the pharmacy. Six face felony charges that they wrote prescriptions to patients they had never met." The arrests in Florida, which "involved at least 20 branch offices of state, local and federal law enforcement agencies, were only one prong of a series of overlapping investigations into the underworld of Internet drug sales."

The Albany (NY) Times Union (2/28, Iorizzo) reported Tuesday's raid of an Orlando, Fla., pharmacy "accused of trafficking performance-enhancing drugs over the Internet may prove to be one of the most significant steroids busts in history," according to a leading expert. Sources "said the investigation…revealed that Signature Pharmacy customers included several former and current professional athletes. Among those linked to the company were former Arizona Diamondbacks pitcher Jason Grimsley and a team doctor for the Pittsburgh Steelers."

The Orlando Sentinel (2/28) reported the four people "arrested as part of a raid on two Orlando pharmacies face a court appearance on Thursday morning." The Sentinel adds, "Central Florida's Metropolitan Bureau of Investigation, the U.S. Drug Enforcement Administration, Internal Revenue Service, New York State Bureau of Narcotic Enforcement and other federal and state health and law-enforcement agencies participated in the daylong search at Signature Compounding Pharmacy."

In Orlando, McClatchy Newspapers (2/28) reported, "With BALCO still churning on the West Coast, a new front on the steroid war opened in the East on Tuesday when law-enforcement officers raided two Orlando pharmacies and seized steroids, human growth hormone and records that could connect those drugs to dozens of athletes. In a raid led by the Albany (N.Y.) County District Attorney's office, officers from several Florida and national agencies arrested four employees of Signature Compounding Pharmacies Tuesday and charged them in an alleged scheme to provide steroids and growth hormone over the Internet. … Several raids and arrests were pending, one source close to the investigation said, adding, 'This is really the first of two waves.'"

In a widely reported story, the AP (3/1) writes, "The West Coast had BALCO. Now the East Coast could be in the midst of its own steroid scandal. An illicit steroid distribution network, which may be responsible for Internet sales of performance-enhancing drugs nationwide, has been targeted by an upstate New York prosecutor. Customers reportedly included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield and former baseball star Jose Canseco."

In a separate story, the AP (3/1) writes, "Testing for performance-enhancing drugs can only go so far -- and nab so many people. Bring state and federal law-enforcement officials in, and it could change the landscape of the anti-doping fight. Illicit steroid distribution networks, which may be responsible for Internet sales of performance-enhancing drugs nationwide, have been targeted by prosecutors in upstate New York and Rhode Island." Testing may "expose athletes who cheat, but it does little to punish those who make, market and distribute performance-enhancing substances, let alone stop the flow of drugs. That's why these new investigations have the potential to be so significant." Authorities "are targeting those who supply steroids to big-name and no-name users alike across the country."

Sports Illustrated (3/1) writes, "Ironically, Holyfield's name does not appear in the law enforcement documents we reviewed. However, a patient by the name of 'Evan Fields' caught investigators' attention. 'Fields' shares the same birth date as Holyfield -- Oct. 19, 1962. … When we called the phone number that, according to the documents, was associated with the 'Fields' prescription, Holyfield answered." Sports Illustrated continues, "Rather than using the Internet and receiving the prescriptions through the mail, 'Fields' allegedly picked them up from a private Georgia urologist whose offices were raided as part of this ongoing investigation. But authorities tell us the drugs came from Applied Pharmacy, the Mobile, Ala., compound pharmacy the DEA raided last fall."

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Report: Abuse Of Prescription Drugs Expected To Exceed Use Of Street Drugs. The Pittsburgh Post-Gazette (3/1, Fuoco) reports, "After treating more than 2,000 people for OxyContin addiction since 2000, Dr. Neil A. Capretto, Gateway Rehabilitation Center's medical director, wasn't surprised by the findings of the United Nations-affiliated International Narcotics Control Board that abuse of prescription drugs is about to exceed the use of illicit narcotics worldwide. … In a report yesterday, the International Narcotics Control Board said abuse of prescription drugs is about to exceed the use of illicit street narcotics worldwide. The shift has spawned a lethal new trade in counterfeit painkillers, sedatives and other medicines potent enough to kill."

The AP (3/1) reports, "In the United States alone, the abuse of painkillers, stimulants, tranquilizers and other prescription medications has gone beyond 'practically all illicit drugs with the exception of cannabis,' with users increasingly turning to them first, the Vienna-based group said. And unregulated markets in many countries make it easy for traffickers to peddle a wide variety of counterfeit drugs through courier services, ordinary mail and the Internet."

ATF Expands Bomb Training For Military Technicians. The Chicago Tribune (2/28, Zajac) reports, "Struggling for more effective responses to the suicide and roadside bombings that have wreaked havoc in Iraq and increasingly in Afghanistan, the Defense Department has beefed up an explosives training program with the Bureau of Alcohol, Tobacco, Firearms and Explosives." The Tribune continues, "Military bomb technicians will receive additional training in countering homemade explosives and in identifying bomb components after a blast, under the expanded program to be run in six sessions annually at the ATF's training center in Ft. A.P. Hill in Virginia." The Tribune adds, "About 180 technicians from all branches of the armed forces will be trained in a course that has been expanded to one week, according to Steven Beggs, ATF chief of explosives training. Previously, about 90 technicians, mostly from the Army, received three days of training." The Tribune notes, "Homemade roadside bombs, also called improvised explosive devices, have exacted a devastating toll on American troops in Iraq and Afghanistan. This month the government alleged that sophisticated variants of the devices used in Iraq are being supplied by a branch of Iran's armed forces. … Suicide bombs have been employed against both military forces and civilians. … A suicide bombing Tuesday at the gates of Bagram Air Base in Afghanistan killed at least 23 people, including two Americans. Vice President Dick Cheney was on the base at the time but was unharmed."

US Files New Charges Against Alabama Bomb Suspect. The Mobile Press-Register (AL) (2/28, Kirby) reports, "A Flomaton (AL) man whose federal trial on bomb charges ended in a hung jury last month faces new charges under an indictment handed down last week by a grand jury in Mobile." The Press-Register continues, "At the January trial in U.S. District Court in Mobile, jurors could not agree about whether Gregory Wendell Nichols was guilty of possessing a bomb. The new federal indictment accuses him of two bomb-related charges formally known as possession of an unregistered firearm and making a firearm. … Nichols is scheduled to be arraigned on the charges today. … 'It is a separate offense to actually make a firearm,' said Assistant U.S. Attorney Vicki Davis, who has taken over as lead prosecutor in the case." The Press-Register adds, "During Nichols' trial, senior federal appeals Judge Emmett 'Rip' Cox, who presided over the trial, dismissed one of two counts against the defendant -- possession of a firearm in violation of law -- on grounds that it duplicated the other charge, possession of an unregistered firearm. … 'They're just retreading the indictment,' said Assistant Federal Defender Peter Madden, who added that his client intends to plead not guilty. 'A count was dismissed. Now, they're trying to add another one.'" The Press-Register notes, "Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his pickup truck; they reported finding five homemade explosive devices. … Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape, and attached a firecracker fuse."

Federal Judge Blasts Role Of Politics In Marshals Selection. The Boston Globe (3/1, Murphy) reports, "A federal judge in Boston has blasted the US Marshals Service as a "second rate" agency because it is headed by a patronage appointee, and called on Congress to 'professionalize' the law enforcement agency." The Globe continues, "Judge William G. Young , in an unusual addendum to a ruling in an employment discrimination case last week, went out of his way to criticize the way marshals are appointed throughout the country. … The appointees 'are all direct political patronage appointments. These are not executive department policy-making positions; they are vital law enforcement positions,' Young wrote. … 'Surely here in America direct command of law enforcement officers in harm's way could never be entrusted to political patronage appointees,' he wrote. 'How smug we are -- and how wrong.'"

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The Globe adds, "Young's remarks were striking, in part because federal judges work closely with the marshals, who are responsible for securing courthouses, protecting judges, juries, witnesses, and other court officials. They also play a role in capturing fugitives and transporting prisoners. … Young wrote that it was unimaginable that another federal law enforcement agency, such as the FBI or the Drug Enforcement Agency, would put a political appointee in charge of a regional office. He said Congress has professionalized those agencies. … 'Until Congress does the same for the Marshals Service, it will always be considered a second rate political agency in the eyes of true professionals,' Young wrote." The Globe notes, "Traditionally, the marshal's job has gone to a prominent political figure from the same political party of the president in office. The White House has usually allowed local political figures in the 94 marshal districts to reach a consensus on a candidate for the job. … Reed Hillman , last year's unsuccessful Republican candidate for lieutenant governor and a former State Police commander, is expected to be nominated for the presidential appointment."

IMMIGRATION:

Rep. Rohrabacher Presents New Evidence In Shooting Involving Former Border Patrol Agents. The El Paso (TX) Times (2/28) reported, "Eight months after he was shot...by two former El Paso Border Patrol agents, a Mexican drug smuggler delivered $1 million worth of marijuana to a stash house in El Paso County, according to an investigative report by the Drug Enforcement Administration now in possession of a California congressman. U.S. Rep. Dana Rohrabacher, R-Calif., held a news conference in Washington, D.C. … and held a redacted copy of the document up for reporters." The Times says it "is not clear what the DEA report will mean for the agents as it is not directly related to the February shooting, but Rohrabacher said he smeared the character of the smuggler as the prosecution's star witness. Rohrabacher said that prosecutors ignored the DEA report to 'promote the false image of the smuggler' during trial."

The Fort Worth (TX) Star-Telegram (2/28, Montgomery) reported the "disclosure of the report, dated Oct. 25, 2005, sparked new demands for a congressional inquiry into the prosecution of agents Ignacio Ramos and Jose Compean. Each of the agents was sentenced to more than a decade in prison for shooting Mexican national Osvaldo Aldrete-Davila in the buttocks after he abandoned a van loaded with marijuana near Fabens, outside El Paso. According to the previously sealed DEA report, Aldrete-Davila came to the attention of federal agents after being granted limited immunity to testify as the key witness against the two agents. … The DEA report, which began circulating on Capitol Hill on Wednesday, raised new questions about the government's handling of the case — particularly why Aldrete-Davila remained free after being tied to further trafficking activities."

The Washington Times (3/1, Seper) reports DEA documents, which "remain under seal, show that Osbaldo Aldrete-Davila was the focus of a drug investigation into his reported stashing of 750 pounds of marijuana in a van at a house in Clint, Texas, in November 2005 -- nine months after he was shot in the buttocks near Fabens, Texas, while running from agents Ignacio Ramos and Jose Alonso Compean. … Mr. Rohrabacher's spokeswoman, Tara Setmayer, confirmed yesterday that her boss had a copy of the reports but said he had no intention of disclosing information from them that could be damaging to an ongoing investigation. She said he sought only to establish Aldrete-Davila's suspected involvement in a second drug-smuggling incident."

Fox News (3/1) reports on its Web site that the DEA "found that Aldrete-Davila brought in another vanload of drugs into the United States while he waited to testify against the agents. Some reports say he stashed up to 750 pounds of marijuana at a house in Clint, Texas."

Gutierrez, Chertoff Say Bush Committed To Reforming Nation's Immigration System. The Los Angeles Times (3/1, Schreck, 850K) reports, "President Bush is committed to working with Congress on an overhaul of immigration laws, two Cabinet officials told a Senate panel Wednesday, but they hedged on the contentious issue of whether people who come to the US illegally have a right to citizenship." Commerce Secretary Carlos M. Gutierrez told the Senate Judiciary Committee that "the administration's priority is to secure the nation's borders and convince the estimated 12 million illegal immigrants to 'come out of the shadows.'" Meanwhile, Homeland Security Secretary Michael Chertoff "stressed that any changes in the law should not amount to amnesty. 'We cannot give those who are here illegally because they've broken the law a leg up and an advantage over those who have played by the rules,' he said." The hearing "follows a renewed behind-the-scenes push by the White House to pass a comprehensive overhaul before 2008 presidential and congressional campaigning swings into high gear. At least in broad terms, Bush agrees with congressional Democrats that the immigration laws -- last revised on a large scale in 1986 -- need significant retooling."

Reporting on the testimony by Gutierrez and Chertoff, USA Today (3/1, Kiely, 2.27M) says Bush "waded gingerly back into the debate over immigration Wednesday," adding that "last year's election improved the bill's chances for

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passage by putting Democrats in charge of both the House and Senate and ousting several leading Republican critics of the Senate immigration bill, such as J.D. Hayworth of Arizona and John Hostettler of Indiana."

The New York Times (3/1, Swarns, 1.16M) notes that "last year, the Senate passed bipartisan immigration legislation that would have provided citizenship to most illegal immigrants who paid fines and back taxes and learned English. … But on Wednesday, Mr. Gutierrez and Mr. Chertoff declined to endorse the measure. Mr. Gutierrez said many illegal immigrants might prefer working here for several years and returning home," and Chertoff "noted that only about a third of the illegal immigrants granted legal status as a result of legislation passed in 1986 actually ended up applying for citizenship." The Times adds, "It was unclear whether the officials were simply trying to ease conservative concerns about the citizenship question or whether Mr. Bush had actually shifted his position." Scott Stanzel, a White House spokesman, "said Mr. Bush still supported a path to citizenship that would include payments of fines back taxes and a requirement to learn English, among other things. But it seemed unlikely that the two cabinet secretaries would make such remarks without first consulting the White House."

The CBS Evening News (2/28, story 7, 2:40, Couric, 7.66M) reported GOP Sen. John McCain and Democrat Ted Kennedy "could unveil comprehensive new immigration bill as early as next week."

Reporting on that bill, The Hill (3/1, Schor, Swanson) says it "exposes a minefield of political hazards for the six senators chasing their parties' presidential nominations. Senate leaders on both sides of the aisle have expressed readiness to restart the debate over combining border enforcement with a path to earned citizenship for illegal immigrants in the country." But "Democrats now face high expectations on immigration after campaigning on last year's failure to reach a conference on comprehensive reform, and the Senate GOP's two 2008 candidates face their own backlash over backing the bill last year." The Hill adds, "The White House contender most openly staking his electoral fortunes on immigration" is McCain, "who is putting the finishing touches on this year's edition of the reform bill he offered last year with…Kennedy."

Kennedy "Secret Work" Said To Threaten Chances For Immigration Reform's Passage. The Washington Times (3/1, Dinan, 88K) reports that "Kennedy's secret work on an immigration bill threatens the chance of passing any guest-worker program this year, warned Sen. Arlen Specter, the top Republican on the Judiciary Committee." Specter "cautioned" Kennedy and McCain, "saying Mr. Kennedy has broken a promise to consult with other senators' staffs on a new bill. That bill, details of which were first reported by The Washington Times, would grant citizenship rights to most illegal aliens already in the US"

Immigration Fees To Increase. USA Today (3/1, Welch, 2.27M) reports the Citizenship and Immigration Service has proposed a "set of fee increases," which it says "will allow it to hire more staff and upgrade its creaky system so applications can be approved faster. Among its proposals is to raise the application fee for citizenship from $330 to $595 and the fee for legal permanent residency from $325 to $905. Advocates for immigrants say the cost may price out the poor from becoming citizens."

Colorado May Use Convicts To Fill Immigrant Labor Shortage. The Los Angeles Times (3/1, Riccardi, 850K) reports, "Ever since passing what its Legislature promoted as the nation's toughest laws against illegal immigration last summer, Colorado has struggled with a labor shortage as migrants fled the state. This week, officials announced a novel solution: Use convicts as farmworkers." Under a pilot program that may be launched this month, low security risk prisoners "may choose to work in the fields, earning 60 cents a day." They "will be watched by prison guards, who will be paid by the farms. The cost is subject to negotiations, but farmers say they expect to pay more for the inmate labor and its associated costs than for their traditional workers. Advocates on both sides of the immigration debate said they were stunned by the proposal. … Farmers said they weren't happy with the solution, but their livelihoods are on the verge of collapse."

TAX:

IRS Finds Errors In Nonprofit Tax Reports. The New York Times (3/1, Strom) reports, "Some 600 charities and foundations have had to file amended tax forms after an Internal Revenue Service study found flaws in the way they reported payments to executives and other employees." The Times continues, "The I.R.S. has also asked 40 individuals to pay a total of $20 million in excise taxes, which is the penalty it imposes when it determines a nonprofit executive has been paid excessively. … 'We found some problems,' said Steven T. Miller, the commissioner in charge of the I.R.S. division overseeing tax-exempt and government entities. 'Whether they were due to confusion, poor design of the tax forms used by these organizations or something more nefarious, I can't tell you.'" The Times adds, "He said the results of the inquiry, which found flaws in the tax forms of a third of the 1,800 charities and foundations examined, convinced the agency that it needed to do more in the area of compensation at nonprofits. … The names of the affected organizations and executives were not released. … Organizations that had to file amended returns either failed to report, or reported incorrectly, perquisites like an executive's personal use of an organization's vehicles, travel payments for spouses of executives or other payments and reimbursements, I.R.S.

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officials said. … Those whose executives have been asked to pay penalties may have failed to use comparable figures from similar organizations in setting compensation or otherwise failed to justify executive pay levels."

Telephone Excise Tax Refund Scam Tops IRS List. The Washington Post (3/1, D2, Singletary) reports, "Every year the Internal Revenue Service announces the top 12 tax scams. This tax season, topping the latest Dirty Dozen are fraudulent schemes connected with the one-time telephone excise tax refund available to most taxpayers." The Post continues, "The excise tax refund is available only on your 2006 federal income tax return and is intended to refund the tax collected on long distance telephone service. It's available for anyone who paid such taxes on a land line, fax, computer or cellphone for the period following Feb. 28, 2003, and before Aug. 1, 2006. … To make it easier for taxpayers, the IRS set a standard refund amount ranging from $30 to $60, based on the number of exemptions claimed on your return. … You don't need to present proof to take the standard refund amount. However, you can figure the refund using the actual amount of tax paid, based on your phone bills and other records." The Post adds, "Because taxpayers can request a refund for the exact amount of the taxes collected, unscrupulous tax preparers have persuaded people to claim a higher refund than they are entitled to. In some cases people are asking for thousands of dollars. Others are requesting what looks to be the entire amount of their phone bills for the period in question. In the most egregious cases, some individuals have asked for a refund of $30,000, which means they would have had a long-distance bill of $1 million from the end of February 2003 until the beginning of August last year. That 41-month period covers the time the 3 percent excise tax was collected. … To stop the abusive use of the telephone excise tax refund, the IRS is conducting site visits with tax preparers across the country to stop inflated requests. The visits started with 22 tax preparers who have handled more than 1,500 returns. … 'We are taking this unusual step to confront blatant abuse of this important refund program,' said IRS Commissioner Mark W. Everson. 'We want tax preparers to prepare accurate tax returns. If they don't, we will move swiftly to impose civil penalties and, where warranted, seek criminal sanctions.' … Everson said individuals requesting what appear to be inflated refunds will have those refunds frozen and they may be subject to an audit."

CONGRESS-ADMINISTRATION:

Jefferson Seeks Records Seized In Probe. The AP (3/1, Jordan) reports, "Attorneys for Democratic Rep. William Jefferson asked a federal appeals court Wednesday to force the Bush administration to return all documents that were seized during an FBI raid last year on the congressman's office." The AP continues, "In their 52-page request, lawyers for Jefferson, D-La., argued that the Justice Department violated Congress' right to withhold certain information from the executive branch when it conducted the unprecedented 18-hour search last May 20-21. … The raid was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman — $90,000 of which was later recovered in a freezer in the congressman's Louisiana home." The AP adds, "Jefferson's attorneys said nearly 19,000 pages of documents and electronic files seized by prosecutors and the FBI are covered by Congress' separation of powers privilege to shield certain legislative material from executive review. … But the FBI 'inspected every document in the office suite and copied every computer hard drive or other electronic storage device they could find,' the attorneys wrote in their request filed Wednesday with the U.S. Court of Appeals in the District of Columbia. 'Once that occurs, the privilege is breached.' … 'Because this case involves the first time in United States history that a search warrant has been executed on a congressional office, it is vital that the remedy imposed be sufficiently stringent to deter future searches that exceed constitutional boundaries,' Jefferson's team concluded. 'The only remedy that will vindicate and protect the fundamental principles of separations of powers and legislative independence ... is return of all of the seized materials.' … The Justice Department had no immediate comment."

House GOP Seeks Floor Vote On Jefferson Appointment. The Washington Post (3/1, A4, Layton) reports, "House Republicans plan to force a floor vote on the appointment of Rep. William J. Jefferson (D-La.), who is the subject of a federal bribery investigation, to a seat on the Homeland Security Committee." The Post continues, "0The decision to put Jefferson on the panel was made by Speaker Nancy Pelosi (Calif.), and House Democrats endorsed the move at a private meeting Tuesday night, but his appointment must be confirmed by a vote on the House floor. Such an action would normally be a formality, but Republicans said yesterday that they would pursue a rarely used maneuver to force a recorded vote on the matter. … 'This is a terrible mistake by the Democratic leadership, to take someone with serious ethical allegations against him and put him on one of the most sensitive and important committees in Congress,' said Rep. Peter T. King (N.Y.), the ranking Republican on the committee." The Post adds, "Pelosi ousted Jefferson from his seat on the powerful Ways and Means Committee in June after federal investigators raided his Capitol Hill office. In an earlier search of his home, $90,000 was found in a freezer. The money allegedly was accepted in a bribery sting involving an African technology

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company. Jefferson, who has not been charged, has maintained his innocence and was elected to a ninth term in December after a runoff election. … A spokesman for Pelosi said she opted to place Jefferson on Homeland Security because the panel oversees the Federal Emergency Management Agency. Jefferson had been a vocal critic of FEMA's performance during Hurricane Katrina, which affected thousands of his constituents. … But his appointment must be formally approved by the House, and Republicans said they would take the rare step of challenging the vote and requiring members to record their votes so Democrats will be forced to go on the record in their support of Jefferson."

Roll Call (3/1, Davis, Yachnin) says Republicans are "breaking with longstanding but unwritten rules of comity in the House." In a statement Wednesday evening, "Jefferson said the GOP's tactics were simply 'politics as usual' and that his district 'desperately needs a voice' on the Homeland panel."

White House Confirms Bush Would Veto Labor Bill. The AP (3/1, Abrams) reports, "President Bush would veto legislation championed by Democrats and labor groups that would make it easier to organize unions by eliminating employer rights to demand secret-ballot elections, the White House said Wednesday." The House "is to vote on the legislation Thursday and, with help from pro-labor Republicans from the Northeast, it is almost certain to pass. But the margin of support is expected to fall well short of the two-thirds needed to overturn a presidential veto." The Employee Free Choice Act, "also known as the card check bill, is the top legislative goal of labor groups eager to reassert themselves with the emergence of the Democratic majority." The White House, in a statement, said "the measure 'would strip workers of the fundamental democratic right to a supervised private ballot election.' Substituting a card check mechanism under which unions would get bargaining rights as soon as a majority of workers at a plant sign approval cards, 'would turn back the clock 60 years and return us to a failed system.'"

LATimes Opposes Bill. The Los Angeles Times (3/1, 850K) editorializes that the legislation "would do away with a secret ballot in so-called organizing elections, making it easier for union leaders to pressure co-workers in what should be a free choice. Instead of having the option of insisting on a secret ballot election, employers would have to accept a union formed on the basis of authorization cards signed by workers -- not by a secret process." Unions "once supported the secret ballot for organization elections. They were right then and are wrong now. Unions have every right to a fair hearing, and the National Labor Relations Board should be more vigilant about attempts by employers to game the system. In the end, however, whether to unionize is up to the workers. A secret ballot ensures that their choice will be a free one."

WSJournal Says Bill "Strips Away" Democrat's Moderate "Mask." In an editorial, the Wall Street Journal (3/1, 2.04M) says, "Big Labor has been agitating to ease union-formation requirements for more than a decade. And prior to last year's election, the AFL-CIO, AFSCME and their allies made it clear to Democrats that this vote would be the most important return they expected on their investment in a Nancy Pelosi Speakership. This is payback day. … So far this Congress, Democrats have been trying to present themselves as 'moderates' who won't return to their bad special-interest selves pre-1994. But this union-enabling bill strips away that mask and exposes an anti-business animus out of the 1970s, if not the 1930s. Even if it fails this Congress, this week's vote is a warning about what could become law if Democrats and their union backers hold all the levers of power after 2008."

Price Blasts Democrats, Unions. GOP Rep. Tom Price, a member of the House Education and Labor Committee, writes in the Washington Times (3/1, 88K), "Not even two months into the new Congress, the bipartisan facade of the highly poll-tested, heavily orchestrated first 100 hours is a distant memory. The real agenda of the new Democratic majority is coming to light, and many of the special interests that helped rally support for Democratic candidates during the last election cycle are lining up to cash in. At the front of the line: Big Labor." Price adds that "faced with plummeting membership and an ever-loosening stranglehold on American workers, organized labor isn't about to let bad policy -- or blatant hypocrisy -- get in their way. They're ready for their payback. And congressional Democrats stand ready to deliver. Indeed, it appears that democratic principles and the sanctity of the secret ballot are not the concerns of the new majority party."

Administration, Democrats Seek Trade Deal. The Wall Street Journal (3/1, A4, Hitt, 2.04M) reports, "The Bush administration and congressional Democrats are attempting to negotiate a grand compromise on trade that would allow several deals to move forward by elevating the importance of labor rights in those agreements." The Journal adds that "after Democrats won control of Congress in November, in part by attacking free-trade agreements, President Bush's globalization agenda seemed all but dead for the rest of his term. Among priorities were bilateral deals with Peru, Panama and Colombia; the Doha round of multilateral talks; as well as renewal of a broad presidential authority to negotiate agreements and push them through Congress, which expires in June." But "the White House and lawmakers have decided to try to find common ground, as Mr. Bush has signaled flexibility on labor standards after

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years of resisting." The talks "are being led by US Trade Representative Susan Schwab, House Ways and Means Chairman Charles Rangel of New York and Rep. Jim McCrery of Louisiana, the ranking Republican on the committee. Much of the negotiations have been at the staff level, but the three principals have played a role, conferring in face-to-face meetings on Capitol Hill or over the phone."

Meanwhile, another Wall Street Journal story (3/1, A1, Solomon) reports that "a common political compromise in Washington involves keeping trade barriers low in exchange for programs compensating those hurt by imports. Free-trade advocates are generally happy to make such a compromise. They figure the winners from trade -- principally consumers who save money on imported goods -- can afford, through the government, to help compensate the losers." But "compensation programs often add bureaucracy without helping many people. Even if the health-insurance assistance program were working well, it would aid only a fraction of those who lose their jobs. The Labor Department must certify that workers have lost their jobs to imports from certain countries or to a shift in production there. Most workers in call centers or other service industries whose jobs are sent overseas don't qualify." The Journal adds, "Another struggling program is wage insurance, designed for workers over 50 who lose their jobs because of trade and then take a lower-paying job."

Democrats See Signs Of New Life In The Administration. The White House Bulletin/US News (2/28) reported Democratic strategists "see some new life in the Bush administration. The strategists had been dismissive of President Bush's ability to revive his political fortunes amid the problems in Iraq and in the aftermath of the Republican drubbing in the mid-term elections last year. But now some Democratic insiders are singing a different tune." They are "impressed with the Administration's new willingness to join the Baghdad government in talks with Iran and Syria, which Bush's spokesmen have rejected in the past. They are pleasantly surprised by all the outreach that the White House has been conducting on domestic issues such as health care, immigration, energy, and education. But is it too late to get compromises with the resurgent Democrats on Capitol Hill?" A senior Democratic strategist who is advising a major presidential candidate told the Bulletin, "President Bush should have done these things a long time ago. Many Americans and many members of Congress don't think he cares about issues other than Iraq, so his credibility is very low."

Top Army Officials Heard Years Of Complaints About Walter Reed. The Washington Post (3/1, A1, Hull, Priest, 690K) reports in a front page story that top officials at Walter Reed Army Medical Center, "including the Army's surgeon general, have heard complaints about outpatient neglect from family members, veterans groups and members of Congress for more than three years." Although a "procession of Pentagon and Walter Reed officials expressed surprise last week about the living conditions and bureaucratic nightmares faced by wounded soldiers staying at the D.C. medical facility," as far back 'as 2003, the commander of Walter Reed, Lt. Gen. Kevin C. Kiley, who is now the Army's top medical officer, was told that soldiers who were wounded in Iraq and Afghanistan were languishing and lost on the grounds, according to interviews." According to interviews, Kiley, "his successive commanders at Walter Reed and various top noncommissioned officers in charge of soldiers' lives have heard a stream of complaints about outpatient treatment over the past several years. The complaints have surfaced at town hall meetings for staff and soldiers, at commanders' 'sensing sessions' in which soldiers or officers are encouraged to speak freely, and in several inspector general's reports detailing building conditions, safety issues and other matters."

Cheney Blew Own Cover When Speaking On Background. McClatchy (3/1, Hutcheson) reports, "Ever wonder about the identities of those 'senior administration officials' who always seem to get quoted talking about President Bush's policies?" It "wasn't hard to figure out who was doing the talking when the White House released a transcript of a question-and-answer session this week aboard Air Force 2, Vice President Dick Cheney's plane. One big clue: The unnamed official used the pronoun 'I' when discussing Cheney's visit to Afghanistan and Pakistan." The official said, "I would describe my sessions both in Pakistan and Afghanistan as very productive." McClatchy added that even after Cheney "blew his own cover, White House spokesman Tony Snow declined to lift the prohibition against identifying the unnamed speaker." Snow said, "I have spoken with the vice president's office, and the ground rules that were laid out are going to remain in effect." McClatchy adds, "The exchange during Cheney's flight to Oman on Wednesday highlighted the absurdity of a practice that's damaged the credibility of journalists and government officials alike. It's much easier to believe what people say when their names are attached to their words."

The Washington Post (3/1, A2, Kurtz, 690K) also reports on Cheney's press briefing as a "Senior Administration Official": "'Let me just make one editorial comment here,' the SAO said about the vice president's talks with Pakistan's leader. 'I've seen some press reporting says, 'Cheney went in to beat up on them, threaten them.' That's not the way I work. I don't know who writes that, or maybe somebody gets it from some source who doesn't know what

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I'm doing, or isn't involved in it. But the idea that I'd go in and threaten someone is an invalid misreading of the way I do business.'" The SAO "also said that 'I was very careful' in choosing words to criticize House Speaker Nancy Pelosi (D-Calif.) on Iraq strategy." The Post adds, "The first-person pronoun gave away the game. But it also raised the question: Why did Cheney feel the need to speak on a not-for-attribution basis, and why did the seven journalists on the trip go along?"

Sen. McConnell Seen As Bush's "Political Field General." The Washington Times (3/1, Ward, 88K) reports President Bush on Friday "will raise money for his political field general, Senate Minority Leader Mitch McConnell, who has stymied Democrats at almost every turn of the Iraq war debate." White House spokesman Tony Snow, "who declined to comment on how Democrats have fared in their attempts to halt the president's surge of troops to Iraq," said, "We think Mitch McConnell is a terrific and able minority leader." The Times adds, "feigning ignorance," Snow said, "You say Democrats are in disarray?" The Times adds with the "congressional debate over the war at fever pitch, Democratic leaders who rode to victory last fall on the promise of bringing the troops home are under fire from virtually every direction. The far left is growing impatient with the lack of progress, while more conservative Democrats are unhappy with the ideas proposed so far." McConnell, "who looks more like a bookkeeper than a power broker, is 'savagely political,' according to one high-placed Democratic source. The Kentucky Republican has twice defeated Majority Leader Harry Reid's attempts to push through an anti-war measure that would have shut out Republican amendments." But McConnell's "effectiveness has drawn attention from far-left Web loggers, as well as calls for the four-term senator to be targeted for defeat in 2008."

Spratt To Unveil Budget Plan The Week Of March 12. The Washington Post (3/1, A15, Kane, 690K) profiles Democratic Rep. John Spratt, the House Budget Committee chairman, who is "in charge of drafting a budget plan that will close a deficit of more than $200 billion within five years. And, as Spratt explained, he has to 'squirrel away a little money' for up to a dozen key Democratic priorities, including big increases for education and children's health care. And he's not supposed to raise taxes to cover the additional spending and eliminate the deficit." Spratt "will unveil his first budget the week of March 12 and submit it for passage by his committee. It's a prospect he's looking forward to with some trepidation: 'Beware the ides of March'" he warned, half joking."

Reports Find Few Schools Show Great Improvement Under NCLB. The Christian Science Monitor (3/1, Teicher, Ben Arnoldy, 59K) reports on a study by the Center on Education Policy which it describes as "a new and cautionary assessment of how challenging it is to reform public schools" under NCLB. The study found that "most schools" that are required to undergo restructuring under the No Child Left Behind Act "have not yet found a way to get out." NCLB "allows several restructuring options: turning the school over to the state or a management company, reopening as a charter, replacing much of the staff, or any other major action that will significantly change school governance." The "any other option" is "too often used as a loophole to avoid significant reforms." The U.S. Department Of Education "proposes taking the 'any other' option off the table."

Chamber Of Commerce Criticizes States' Educational Efforts. The Washington Times (3/1, Fagan, 88K) reports, "US Chamber of Commerce leaders yesterday said states are doing a poor job educating America's children for the future, citing a new report by the chamber that graded each state in areas from academic achievement and teacher quality to how wisely a state is spending its education dollars." The study was "conducted with help from the Center for American Progress (CAP) and the American Enterprise Institute" using "data from other research, the National Assessment of Educational Progress (NAEP) and a national survey of teachers." The leading states were Massachusetts, Minnesota and New Hampshire while the lowest were New Mexico, Mississippi and Washington, D.C. CAP President John Podesta pointed out that Massachusetts "showed only 44 percent of fourth-graders proficient in reading and 49 percent proficient in math -- numbers he called 'unconscionable.'" The study also contained recommendations for improving schools including "higher starting salaries for teachers, removing ineffective educators and giving principals more control over budget and personnel."

Brooks Urges Greater Attention To Early Childhood Attachments In Education Policy. David Brooks writes in his column for the New York Times (3/1, 1.16M), "All the presidential candidates this year will talk about education. The conventional ones will talk about improving the schools. The creative ones will talk about improving the lives of students." These creative candidates will "emphasize that education is a cumulative process that begins at the dawn of life and builds early in life as children learn how to learn" and "students make the most of their natural dispositions when they have a secure emotional base from which to explore." Brooks favors "programs that do work to help young and stressed mothers establish healthier attachments."

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Consumer Advocates Call For Hearings On FERC Oversight Of Power Markets. The Hill (3/1, Snyder) reports, "Consumer advocacy groups are pushing Democrats to step up oversight of a federal energy panel that oversees electricity markets and to take a fresh look at electricity-deregulation policies that they argue have raised consumer prices. Deregulation critics sponsored a Washington conference Monday on the health of wholesale power markets that included officials in deregulated states where prices have jumped significantly." The critics asked for "hearings on how effective the Federal Energy Regulatory Commission...is in overseeing wholesale power markets. Tyson Slocum, who directs Public Citizen's energy program, said deregulation has not led to competition in wholesale markets and that FERC has done a poor job of ensuring consumer rates are 'just and reasonable.'" The Hill adds, "Utilities, large commercial energy users and financial giants have formed their own coalition, called Compete, to counter anti-deregulation arguments."

House Measure Would Increase Scrutiny Of Foreign Business Deals. The Wall Street Journal (3/1, A3, Hitt, 2.04M) reports, "The House approved legislation that would strengthen U.S. scrutiny of overseas-led business deals, underscoring lawmakers' angst over the frictions caused by the international-investment boom." The measure, "approved yesterday on a vote of 423-0, would require the administration to conduct an extended, 45-day investigation of most deals involving foreign governments, give intelligence agencies a formal role in the review process and increase disclosure to Congress, among other things." The "bipartisan legislation was written in consultation with the White House." The Washington Post (3/1, D3, Abrams, 690K), among other newspapers, also reports the story this morning.

Groups Look To Craft Better Government Proposals For Next Administration. The Washington Post's (3/1, D4, Barr) "Federal Diary" column reports, "With the presidential campaign field taking shape, think tanks and public-service and business groups are preparing to develop policy proposals and ideas for the winning candidate," to help "improve the government's management practices," and the Post notes several such efforts, including the "IBM Center for the Business of Government," which plans "to launch an 'interactive conversation'" today to help find ideas for the next White House." Also, "the Government Performance Coalition," which is sponsoring "a Transitions in Governance 2008 Web site, in hopes of helping shape the agenda for 2008 and beyond." The adds, "Thinking up new ideas for improving government could be challenge, after almost 16 years of 'reinventing government' by the" Clinton-Gore and Bush-Cheney "teams' 'president's management agenda.' Those initiatives were met with some resistance from Congress and were greeted skeptically by many federal employees who perceived them as efforts to downsize and outsource government operations."

Lack Of Attention Given Crandall Medal Award Criticized. In the Wall Street Journal's "Wonder Land" column (3/1), Daniel Henninger says that amid the "mad jumble that makes the news in our time, the White House on Monday held a ceremony for a Medal of Honor recipient," Bruce Crandall, who "earned his medal as a major, flying a Huey helicopter in 1965 in the Vietnam War." But the "Medal of Honor does not occupy the place in the nation's cultural life that it once did. This has much to do with the ambivalent place of the military in our angry politics." In a "less doubtful culture, Maj. Crandall's magnificent medal would have been on every front page, if only a photograph. It was on no one's front page Tuesday." All nations "celebrate personal icons, and ours now tend to be doers of good. That's fine. But if we suppress the martial feats of a Bruce Crandall, we distance ourselves further from our military. And in time, we will change. At some risk."

WPost Criticizes Smithsonian's Board Of Regents. The Washington Post (3/1, A16, 690K) says in an editorial, "A report by the Smithsonian inspector general questioned nearly $90,000 in unauthorized spending by" director Lawrence Small "from 2000 to 2005. Included were charges for private planes, the tab for his wife to go to Cambodia, catered meals and gifts. There was no evidence of fraud or abuse and no denying that many expenditures were related to Smithsonian business. Yet, as The Post's James V. Grimaldi reported, many transactions lacked documentation, violated Smithsonian policies and, in the words of the inspector general, 'might be considered lavish or extravagant.' The 17-member Board of Regents brushed the findings aside; in instances where the spending ran afoul of policy, the board just changed its rules. It's also disturbing that there were efforts to keep the report secret." As "distressing as Mr. Small's actions were, the real problem lies with a board that opted to be more lap dog than watchdog."

OTHER NEWS:

Stocks Rebound, Bernanke Says Economy In Good Shape. ABC World News (2/28, story 3, 2:40, Gibson, 8.78M) reported, "If you own stock, mutual funds or a 401(k), you can breathe a bit easier today." A day "after a precipitous drop on Wall Street, it was a calm day in the

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markets." ABC (Stark) added, "At a budget meeting, lawmakers tried to get Federal Reserve Chairman, Ben Bernanke to explain the plunge." Bernanke was shown saying, "There isn't didn't seem to be any one trigger of the correction we saw yesterday." Bernanke also "declared the stock market working normally. And tried to reassure investors the big sell-off was not a harbinger of dark days to come. The economy remains in good shape."

The CBS Evening News (2/28, lead story, 3:05, Couric, 7.66M) reported, "Well, after the markets closed last night, everyone was wondering was that huge drop in prices the beginning of a downturn? Today we got the answer. It looks like it may have been a one-day wonder."

NBC Nightly News (2/28, lead story, 1:45, Williams, 9.87M) reported the Dow "finished the day up more than 52 points [to close at 12,268.63] and NASDAQ gained over eight points [to close at 2,426.13]." The AP (3/1) notes the Standard & Poor's 500 index "climbed 7.78, or 0.56 percent, to 1,406.82."

The Financial Times (3/1, Guha) reports Bernanke "made no reference to the comments" by former Fed chairman Alan Greenspan, "who told investors in Hong Kong early on Monday morning that it was 'possible' the US would end the year in recession." Bernanke "repeated the Fed view that growth was likely to pick up in the second half of this year as the drag from housing and manufacturing fades." USA Today (3/1, Kirchhoff, 2.27M), McClatchy (3/1, Hall), New York Times (3/1, Andrews, 1.16M), Washington Post (3/1, A1, Henderson, Cho, 690K), Washington Times (3/1, Hill, 88K) and Wall Street Journal (3/1, Blackstone, Ives-Halperin, 2.04M) run similar reports.

In his "Washington Sketch" in the Washington Post (3/1, A2, 690K), Dana Milbank notes Bernanke "could not have sounded the alarm any clearer if he had carried a bullhorn and a gong. 'This expansion of debt would spark a fiscal crisis. … The US economy could be seriously weakened. … This is sort of like a snowball rolling down the hill. … This can really get out of control.'" Although his comments about the stock declines on Tuesday received almost all the attention, Bernanke had gone before Congress "not to prop up markets but to scold lawmakers about the need to do head off the coming fiscal crisis. Lawmakers, however, reacted like addicts, either denying their problem or promising to give up the spending habit another day."

The New York Times (3/1, Anderson, Bajaj, 1.16M) credits the market numbers to Bernanke's comments and "a bounce-back in the Chinese markets," while USA Today (3/1, 4B, Krantz, 2.27M) reports, "Giving investors' the biggest dose of relief was the fact that the Chinese stock market, which triggered the whole mess with its 9% plunge Tuesday, bounced back strongly with a 4% gain Wednesday."

McClatchy (3/1, Hall) says the US and Chinese stock exchanges "returned to a semblance of normalcy Wednesday, but concerns about both economies linger following the worst global sell-off of stocks in more than five years." Bernanke "brought a temporary reprieve, telling lawmakers that financial markets 'seem to be working well.'"

The Wall Street Journal (3/1, C1, Browning, 2.04M) reports that although "investors crept cautiously back into the stock market," the "mild recovery didn't calm the market's jitters or come close to recovering Tuesday's 416-point plunge in the Dow Jones Industrial Average. … Typically, a bull market doesn't end quite as abruptly as this, said Phil Roth, chief technical market analyst at New York brokerage firm Miller Tabak. Mr. Roth himself is in the bearish camp, viewing recent market moves as a 'topping' process that will lead to a longer-running decline." But "he doesn't see the decline happening just yet."

The Wall Street Journal (3/1, A2, Ip, Whitehouse, 2.04M) says "some economists see a turning point" in Tuesday's market drop. John Lonski, chief economist at Moody's Investors Service, said, "This is a wake-up call. … Unfortunately, if there is an increase in risk aversion, it's taking place exactly when business-investment spending has been much lower than anticipated." The Journal adds, "One of the first places this is showing up is in the market for subprime mortgage loans, those made to less-creditworthy borrowers. As defaults on such loans have risen sharply, investment banks and other financial firms have sharply reduced the creation of new collateralized debt obligations backed by subprime loans. Such CDOs have become a popular way to pool baskets of loans, then redistribute slices with varying degrees of risk and return to a spectrum of investors."

Technological Glitch May Have Contributed To Tuesday's Market Drop. The Washington Post (3/1, D1, Tse, Day, 690K) reports, "It was unclear Wednesday whether the delays were related to a technological glitch that caused the Dow to plummet 200 points in a matter of minutes shortly before 3 p.m. Tuesday. The drop was caused when the system that calculates the average recorded a backlog of trades after the process was switched to a backup computer. Down the street, traders at the American Stock Exchange complained of similar problems, and large brokerage firms also said they had trouble executing trades." Traders "said that generally, when they send buy or sell requests via a handheld device, those orders are reflected almost instantly on trading-floor screens. That was not the case Tuesday. … Because they could not see whether their orders had registered, some traders sent the same order twice, which meant they ended up buying or selling twice as many shares than they wanted."

The Wall Street Journal (3/1, C1, Lucchetti, Scannell, 2.04M) reports "trading problems grew more serious after an error in the calculation in the Dow Jones Industrial Average caused a sudden point drop, which the NYSE says led to a

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50% spike in orders. 'It was a mess,' says Steve Swanson, head of Automated Trading Desk LLC, a large brokerage firm based in Mount Pleasant, S.C. 'There was a lack of information. No one was telling us what was going on. The hybrid is new, and we're seeing record volumes, and it's not holding up well.'"

Hubbard Says Economy Remains Strong. On MSNBC's Hardball (2/28, Matthews), host Chris Matthews spoke with Alan Hubbard, director of the National Economic Council. Asked about the 3% decline in the Dow on Tuesday, Hubbard said, "The President feels that the fundamentals of the economy continue to be very, very strong. … You know, we don't get into figuring out whether stocks are overvalued or undervalued. What we care about is, Is this economy creating jobs? Yes, it is. It's created over seven million since the middle of '03, over a half million in the last three months, over 100,000 most months. Unemployment rate's at 4.6 percent, which is lower than it was."

First Quarter GDP Revised Downward To 2.2%. The New York Times (3/1, Porter, 1.16M) reports, "Analysts have been stumped by the apparent resilience of the American economy, which seemed to be bounding ahead at a 3.5 percent pace in the final quarter of last year even as the housing market fell and the Federal Reserve raised interest rates. The paradox has been solved: the economy was not bounding." The Commerce Department "reported yesterday that economic growth inched ahead by 2.2 percent in the fourth quarter of last year, only slightly faster than the 2 percent growth recorded in the third quarter and substantially below the economy's long-term trend rate of growth The downward revision, by 1.3 percentage points, in the preliminary estimate of gross domestic product was almost three times the average adjustment since the early 1980s, which is 0.5 percentage point."

USA Today (3/1, Hagenbaugh, 2.27M) reports, "With the latest revision, GDP rose 3.3% in 2006, up from 3.2% in 2005 but lower than the 3.9% in 2004." The economy "could grow below 2% in the first quarter, warns David Rosenberg, North American economist at Merrill Lynch."

The Christian Science Monitor (3/1, Scherer, 59K) says the economy "is entering spring with less wind at its back than it has had for the past four years." Although "the slowdown is still not a big concern of most economists," they "warn that an economy that is moving more like a tortoise than a hare is at greater risk of being overrun by some outside event – perhaps one that causes a recession or a period of very slow growth. But a sustainable slow-growth economy does have a bright side: Inflationary pressure is likely to ease, keeping the Federal Reserve from raising interest rates for borrowers."

Likewise, the Wall Street Journal (3/1, A2, Conkey, Aeppel, 2.04M) reports the economy "was considerably weaker than previously thought in the fourth quarter of 2006," and its "growth may remain moderate until the manufacturing sector solves its inventory problems and businesses step up their capital spending."

The Financial Times (3/1, Callan) reports Drew Matus, an economist at Lehman Brothers, said, "The figures suggest the economy is playing out largely as the Fed expected, with a little bit of worrisome weakness in the housing market."

New Home Sales Down 17% In February. The Financial Times (3/1, Callan) reports, "Americans bought far fewer new homes last month, according to government data released on Wednesday that showed sales fell at the fastest rate in 13 years." Sales of newly built homes "fell 17 percent as the backlog of houses standing empty remained stubbornly high, figures from the Commerce Department showed." The drop "was greater than even the most pessimistic Wall Street economists predicted and sent shares in housebuilders tumbling. Home Depot shares also slipped as the DIY store said it expected anaemic sales and lower profits this year." The Wall Street Journal (3/1, A3, Conkey, Lloyd, 2.04M) also reports the story under the headline "Drag From Housing Could Persist."

More Commentary. Lawrence Kudlow, host of CNBC's "Kudlow & Company," writes in the Wall Street Journal (3/1, A13, 2.04M), "The US stock markets were looking for a correction for some time now and on Tuesday they found it: a 3.5% sell-off across the board. The plunge follows a 20% run-up that began last summer, and some analysts believe it was overdue. Indeed, 3% corrections are normal and healthy. … The high-tech, productivity-driven US economy is more durable and flexible than its liberal-left critics will ever admit. It is a private-sector free-enterprise economy, not a government-planned one. Innovation is strong and entrepreneurial spirits are high. The four prosperity killers, a paradigm coined by Arthur Laffer many years ago, all look dormant: inflation, taxes and regulatory burdens are low, while free trade keeps expanding."

The New York Times (3/1, 1.16M) editorializes that Bernanke "managed to calm the market, saying that one could reasonably hope for a stronger economy by midyear if housing stabilized soon, and if manufacturing strengthened. But those are big ifs. The torrent of bad news on housing is only worsening."

In an editorial, the Wall Street Journal (3/1, A12, 2.04M) says, "One benefit of Tuesday's rout in equities is that it is causing everyone to learn more about the Chinese financial system." According to the Journal, "The lesson here is that the performance of the Shanghai index bears little correlation to China's underlying economic growth." The "far larger threat" from China, its says, "is from US protectionism or lobbying for Beijing to revalue its currency. Either one of those could send the real Chinese economy -- not just the Shanghai stock casino -- into slower growth or deflation or

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both." However, 'Efforts to impose standardized accounting rules and crack down on corruption help. But the best way to develop China's stock markets is to impose market discipline -- and especially to let average Chinese put their $4 trillion of savings where they may."

Landrieu Expected To Face "Tough Race" If Challenged By "Legitimate Republican." Roll Call (3/1, Duran) reports that with Sen. Mary Landrieu's "narrow victories, the state's displaced, mostly Democratic voters, and the relatively high popularity of President Bush compared with his standing in the rest of the country," Republicans "see a chance to flip yet another Southern Democratic Senate seat in a presidential election year." However, "some Democratic operatives believe that Landrieu is in good shape as she begins her bid for a third term." The senator is "voting center-right, pushing for hurricane relief funds' and reaching out to other parts of the state beyond New Orleans," said "one knowledgeable Democratic strategist who did not want to be named." Roll Call continues, "Undoubtedly Landrieu's biggest coup to date — her involvement in opening a huge swath of the Gulf of Mexico to oil and gas production — should earn her plaudits across the state. … Still, even loyal Democrats…concede that any legitimate Republican, including Rep. Richard Baker, who is contemplating running, will give her a tough race."

Draft Issue Could Prove Troublesome In Giuliani's Quest For President. The Washington (DC) Examiner (3/1, Sammon) reports, "If this presidential campaign is anything like the last, John McCain's Vietnam service will inevitably be contrasted with GOP rival Rudy Giuliani's avoidance of a war that he opposed. 'Any suggestion that he was dodging the draft is totally, factually inaccurate,' said a senior Giuliani campaign adviser who spoke on the condition of anonymity. … 'He opposed the war on tactical and strategic grounds.' But as far back as 1993, when he successfully ran for mayor of New York, Giuliani has been dogged by accusations that he pulled strings to avoid the draft. By contrast, McCain has long been feted as a bona fide war hero for his harrowing stint in a Vietnamese prison. … Giuliani, who once said of the Vietnam war, 'I disagreed with it,' obtained an occupational deferment in 1969, when he was a law clerk. Although critics say such deferments were rare, the Giuliani campaign disagrees. 'He wanted an occupational deferment, which was very common at the time, because he wanted to be a lawyer,' the Giuliani adviser said. When Giuliani's deferment expired in 1970, he drew draft number 308, which was never called. His campaign suggests this proves he was not a draft dodger." But "Giuliani has always been politically sensitive to the issue. During his 1993 mayoral campaign, he commissioned a 'vulnerability study' that listed 'draft dodger' as one of the epithets that might be hurled against him."

As Mayor, Giuliani Appointed Numerous Left-Leaning Judges. The Politico (3/1, Smith) reports, "When Rudy Giuliani faces Republicans concerned about his support of gay rights and legal abortion, he reassures them that he is a conservative on the decisions that matter most. 'I would want judges who are strict constructionists because I am,' he told South Carolina Republicans last month. 'Those are the kinds of justices I would appoint -- Scalia, Alito and Roberts.' But most of Giuliani's judicial appointments during his eight years as mayor of New York were hardly in the model of Chief Justice John Roberts or Samuel Alito -- much less aggressive conservatives in the mold of Antonin Scalia. A Politico review of the 75 judges Giuliani appointed to three of New York state's lower courts found that Democrats outnumbered Republicans by more than 8 to 1. One of his appointments was an officer of the International Association of Lesbian and Gay Judges. Another ruled that the state law banning liquor sales on Sundays was unconstitutional because it was insufficiently secular. A third, an abortion-rights supporter, later made it to the federal bench in part because" New York Sen. Chuck Schumer (D) "said he liked her ideology. Cumulatively, Giuliani's record was enough to win applause from people like Kelli Conlin, the head of NARAL Pro-Choice New York, the state's leading abortion-rights group. 'They were decent, moderate people,' she said."

McCain Makes "Preannouncement" Of 2008 Intentions On Letterman. The CBS Evening News (2/28, story 6, :25, Couric, 7.66M) reported, "Well, we've been expecting it for some time but today Senator John McCain made it official." Sen. John McCain: "I am announcing that I will be a candidate for President of the United States." Couric: "The Arizona Republican made the announcement during the taping of tonight's Late Show with David Letterman. This will be his second run for the White House. He lost the republican nomination to George W. Bush in 2000."

On CBS' Late Show (2/28, Letterman), McCain said, "The last time we were on this program, I'm sure you remember everything very clearly. … You asked me if I would come back on this show if I was going to announce. I am announcing that I will be a candidate for President of the United States. … I'll be making a formal announcement in April." Letterman: "This is not the formal announcement." McCain: "This is the announcement. You drag this out as long as you can. You don't just have one rendition." Letterman: "You're saying this was not the formal announcement." McCain: "This is the announcement

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preceding the formal announcement." Letterman: "How do you think that makes me feel?" McCain: "You were first."

The AP (3/1, Franklin, Sidoti) reports McCain "will officially enter the presidential race" with "a formal announcement in early April after a trip to Iraq." McCain "discussed the timing of the long-expected announcement with reporters at an awards reception Wednesday evening a few hours after taping an appearance" on Letterman. He "later told reporters that he would visit Iraq first and that his campaign would be about 'whether I have the vision, experience and knowledge to lead the nation.'" Former New York Gov. George Pataki "introduced McCain to reporters before the Irish-American 10th Annual Awards reception Wednesday night. Asked about polls showing him trailing former New York Mayor Rudy Giuliani, McCain said: 'We keep doing the best we can. We're very happy with the way things are going.'" The Chicago Tribune (3/1, 617K) also runs the AP story.

The New York Times (3/1, Nagourney, 1.16M) reports McCain's "remarks erased entirely whatever doubt could have existed about his ambitions for the Republican nomination." McCain is "known as something of a free spirit, and his aides suggested that his remarks to Mr. Letterman were, if formal-sounding, extemporaneous rather than a result of careful planning by his campaign. Nonetheless, aides said, his appearance clearly fit into the campaign's effort to stir as much excitement and interest as possible in his plans — a point Mr. McCain himself made as he and Mr. Letterman bantered on."

The Washington Post (3/1, A1, Balz, 690K) reports in a front page story that McCain's "decision to use the program to declare his intentions followed a pattern increasingly common in this presidential contest, as candidates have used multi-step announcement schedules to garner maximum attention for their bids." But McCain "may have additional motives for using the late-night comedian's show, as he tries to rekindle some of the spontaneity and unpredictability from his first campaign." McCain advisers "said the decision to declare that he will join the Republican race was not a direct result of concern that Giuliani has gained ground in the past two months but rather part of a long-planned strategy to make his intentions known around this time."

Ridge To Serve As National Co-Chair For McCain Committee. The AP (3/1) reports former Homeland Security Secretary Tom Ridge "will serve as national co-chair of Republican John McCain's presidential exploratory committee, the campaign said Wednesday." Ridge "praised McCain's leadership in a statement announcing his support for the Arizona senator's bid for the White House 'What sets John apart is his ability to form coalitions around a common, principled cause. Our country is at a crossroads and John McCain is the leader who fundamentally knows what it takes to move us forward and keep us safe,' Ridge said."

McCain Finance Committee Dominated By Californians, New Yorkers. The Los Angeles Times (3/1, Morain, 850K) reports McCain "unveiled a presidential campaign finance committee Wednesday dominated by Californians and New Yorkers, including some of the biggest donors to Gov. Arnold Schwarzenegger and President Bush." McCain's 13 national finance committee "co-chairmen include five Californians: Orange County billionaire Donald Bren; investor George Argyros; Univision Chairman A. Jerrold Perenchio; Cisco Systems Chief Executive John Chambers; and San Francisco venture capitalist J. Gary Shansby." Altogether, McCain "named 70 Californians, 68 of them men, to his finance team. They will be expected to raise $100,000 or more for the campaign." Shansby said, "I'd be very disappointed if I didn't raise over $2 million." The Times adds McCain's California list "includes executives in the entertainment, investment, banking, telecommunications, real estate, gambling and alcohol industries, and current and retired politicians." Other co-chairmen "include New York Stock Exchange Chairman John A. Thain; JP Morgan Vice Chairman James B. Lee; New Jersey banker Lawrence E. Bathgate; GOP fundraiser Lewis M. Eisenberg of New York; and former New Jersey Rep. James A. Courter, chairman of the telecommunications firm IDT Corp."

McCain Said To Have "Dissed" CPAC. The Washington Times (3/1, Hallow, 88K) reports Sen. John McCain "is the only major Republican presidential candidate who will not address the nation's premier gathering of conservatives this year." Sponsors of the Conservative Political Action Conference "say the Arizona Republican has 'dissed' organizers by attempting to schedule a private reception for attendees after rejecting invitations to speak at the event." William J. Lauderback, executive vice president of the American Conservative Union, said, "It was a classical McCain move, dissing us by going behind our backs." The Times adds, "Conservative activists have speculated that Mr. McCain did not want to be seen on television 'pandering' to Republican 'right-wingers' but wanted to court those same activists at a reception in the same hotel."

Romney Seeking Bundlers To Raise $250,000 For LA Event. The AP (3/1) reports former Massachusetts Gov. Mitt Romney "wants to sign up supporters who can raise as much as $250,000 for his presidential campaign at a Los Angeles fundraiser in March." The event, "at the home of developer Rick Caruso on March 27, is being co-hosted by California venture capitalist Brad Freeman, a major fundraiser for President Bush, and money manager Robert A. Day." An invitation "for the 'Los Angeles Kick Off' notes that the maximum individual donation for an election is $2,300, but supporters can be named co-chair and

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'national founder' by agreeing to raise $250,000 for the event."

In '08 GOP Race, Novak Sees Conservative "Void" Among Frontrunners. In his column in the Washington Post (3/1, A17, 690K) Robert D. Novak relates, "New York-based political consultant Kieran Mahoney's survey of probable Republican participants in the 2008 Iowa presidential caucuses showed this support for the 'big three' candidates: John McCain, 20.5 percent; Rudy Giuliani, 16.3 percent; Mitt Romney, 3.5 percent. Astonishingly, they all trailed" ex-Virginia Gov. James Gilmore, "who had 31 percent. How could that be? Because it was not a legitimate survey but a 'push poll,' normally a clandestine effort to rig the results by telling respondents negative things about some of the candidates. But Mahoney makes no secret that the voters he sampled were told of liberal deviations by McCain, Giuliani and Romney, as well as true-blue conservatism by Gilmore, who is Mahoney's client. Mahoney is trying to prove a point widely accepted in Republican ranks. None of the three front-line candidates is a natural fit for the nation's right-of-center party. Without question, there is a void. The question is whether Gilmore or anyone else can fill it."

Obama Proposes Changes To Homeland Security Funding. The AP (3/1, Pickler) reports, "Democratic presidential candidate Barack Obama wants to change the government's formula for giving states money for homeland security, with the early voting states getting a little extra. Obama wants states that have a bigger risk from the terrorist threat to get more of federal homeland security dollars -- also a recommendation from the commission that investigated the Sept. 11 attacks. … Currently, each state gets at least a .75 percent share of the roughly $900 million in the state homeland security grant program. The Senate bill would lower that to .45 percent, and Obama, the Illinois senator, is offering an amendment that would cut it to .25 percent. His office said it expects the Senate to consider the measure next week. A memo by Obama's staff says the senator wants to 'ensure the funding is allocated based on the threats states face, not politics.' But states with big political influence need not worry that they will get short shrift from the candidate's amendment. The biggest benefactors would be Obama's Illinois and other heavily populated states, including White House rival Hillary Rodham Clinton's New York, which would each get more than $1 million in extra funding under Obama's plan versus another Senate proposal." However, "even though they have much smaller populations, the leadoff Democratic primary states of Iowa, New Hampshire, Nevada and South Carolina would not be harmed under Obama's plan. Iowa would get an additional $119,824; Nevada would get $86,222 more; and South Carolina would receive $175,027 extra."

Polls Show African-American Support Helping Obama Eat Into Clinton's Lead. The Christian Science Monitor (3/1, Feldmann, 59K) reports that Illinois Sen. Barack Obama's (D) "dramatic rise in support among African-Americans signals a shift in the race for the 2008 Democratic presidential nomination that is larger than just the black vote." New York Sen. Hillary Clinton (D) "is still on top, but her lead is shrinking. And polls show" Obama "has more room for growth than she does, because of her high negatives. … 'We have a real horserace,' says John Zogby, an independent pollster whose latest data show that Obama leads Clinton among black Democratic voters 36 percent to 27 percent. A Washington Post/ABC News poll released Tuesday showed a similar trend: Obama leads Clinton among black Democratic voters 44 to 30. In both December and January, the Post/ABC poll had Clinton beating Obama among African-Americans 60 to 20. Overall, the latest Post/ABC poll shows Clinton beating Obama 36 to 24, down from a 41-17 split in January. The Post attributes the gains of Obama, who is black, to his rise in support among African-Americans."

On MSNBC's Hardball (2/28, Matthews), host Chris Matthews, Eugene Robinson of the Washington Post, and Kate O'Beirne of the National Review discussed Sen. Barak Obama's increased support among African American voters in the latest Post/ABC News poll. Robinson said that in an appearance at Claflin College in Orangeburg, South Carolina, a historically black college: "This was in an African-American crowd. And is he black enough? That's what all the reporters wanted to ask everybody, and people looked at them as if they were crazy. And it was not really an issue for most people. It's interesting. His heritage is interesting. And he's a fascinating guy. He spoke very well. He had the crowd."

Spitzer Not Ready To Endorse Clinton. The AP (3/1) reports New York Gov. Eliot Spitzer "broke bread with Sen. Hillary Rodham Clinton on Wednesday, but unlike other Democrats at the breakfast table, he's not ready to give her a morsel of an endorsement." On a trip to Washington, Spitzer "met with the state delegation — including Clinton, his party's early front-runner in the 2008 presidential race — but when asked later about who he's supporting for president, he kept a professional distance." Spitzer said, "At this point it's premature to be even thinking about questions like that. I'm focused on the state and the budget."

Gore Criticized For Home Energy Use. The Washington Post (3/1, A8, Cillizza, Mosk, 690K) reports, "Fresh off his victory lap at the Academy Awards, former vice president Al Gore -- who has not closed the door on a 2008 bid -- found himself in a more familiar position: on the receiving end of a political attack." The barb "came via the

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Tennessee Center for Policy Research, a Nashville-based think tank that advocates 'limited government through policy solutions,' according to its Web site." Drew Johnson, in a "release alleging that Gore's house in the Volunteer State uses 20 times as much electricity as the average household nationwide," said, "As the spokesman of choice for the global warming movement, Al Gore has to be willing to walk the walk, not just talk the talk, when it comes to home energy use."

WSJournal Criticizes Gore's Energy "Indulgences." The Wall Street Journal (3/1, A12, 2.04M) says in an editorial, "There is an irresistible quality to the story about Al Gore's energy-hungry Tennessee home, replete with a heated poolhouse that burns more natural gas -- $500 a month worth -- than most of us can afford to use while heating houses that shelter people, as opposed to swimming lanes. Did you know that Mr. Gore's house uses more electricity in a month than the average household does in a year?" Gore is "rich and fortunate enough to be able to afford the 'carbon offset' for his energy indulgences. The middle-class parents who need a gas-guzzling SUV to haul the kids to soccer practice might not be so lucky. They might even settle for an unheated pool."

Gore, Gingrich Seen As "Phantom" Loves Of Respective Parties. On MSNBC's Hardball (2/28, Matthews), host Chris Matthews, Eugene Robinson of the Washington Post, and Kate O'Beirne of the National Review discussed what Matthews called "the love of the phantom in both" the Republican and Democratic parties – non-candidates Al Gore and Newt Gingrich, who had reached double digits in the latest Washington Post/ABC News poll. O'Beirne said, "Except in both cases, both Al Gore and Newt Gingrich, I mean, they tend to trail sort of in single digits as long as their candidacies are not real." O'Beirne later added Gore has "now become this really popular Hollywood figure, and as a colleague of mine said, Hollywood is like a voter repellent to people." Robinson said, "I'm not sure Hollywood hurts him that much, but I don't see him coming back in this race. I don't see him getting it."

Perry Ousts Texas Youth Commission Chairman. The New York Times (3/1, Blumenthal, 1.16M) reports, "Gov. Rick Perry removed the chairman of the Texas Youth Commission on Wednesday over charges that the agency covered up the sexual abuse of incarcerated juveniles." Perry also "called for the ouster of the acting executive director, the appointment of an independent inspector general and a shake-up throughout the commission, which runs 13 schools housing 3,000 felons under age 21." The dismissed chairman, Pete C. Alfaro, "is a former mayor of Baytown who was first named to the commission in 1995 by Gov. George W. Bush and was appointed chairman by Mr. Perry in 2004. Mr. Alfaro did not respond to messages seeking comment. His latest five-year term expires in August."

Public Said To Want Partisan Government. In a Washington Post op-ed (3/1, A17), Emory University Professor Alan Abramowitz and Austin journalist Bill Bishop say after the midterm elections, "bipartisanship was all the buzz, and moderation the wave of the future. But something happened on the way to the evening campfire and s'mores. House Republicans started complaining about Democrats riding roughshod into the majority, refusing to consider their amendments to legislation. President Bush announced that he wasn't going to let the opposition of congressional Democrats stop him from sending 21,500 more U.S. troops to Iraq. Meanwhile, Democratic leaders trashed most of Bush's domestic policy proposals as soon as they were announced in his State of the Union address." One "explanation for all this is that politicians are acting against the will of their compromise-loving constituents. Another is that Republicans and Democrats are simply being good representatives. We think the evidence supports the second interpretation." It may "be comforting to believe our problems could be solved if only those vile politicians in Washington would learn to get along. The source of the country's division, however, is nestled much closer to home."

Schwarzenegger's "Post-Partisanship" Seen As Model For Washington. In his Roll Call column (3/1), Morton Kondracke says, "It used to be said that every American social, political and fashion trend started in California. Let's hope that's true again with Gov. Arnold Schwarzenegger's concept of 'post-partisanship.'" Now, Schwarzenegger is "in the process of trying to put post-partisanship to work to achieve environmental cleanup, road and prison construction -- and, most creatively, a mandatory health insurance plan to cover all Californians, including illegal immigrants." The effort "and the concept behind it -- shared responsibility on the part of individuals, employers, health providers and government -- is one that could achieve a consensus here." But "beyond that, whether it's called post-partisanship or just old-fashioned bipartisanship, what Schwarzenegger is selling philosophically is what every poll indicates the public wants -- an end to partisan combat and attention to problem solving." There is "evidence that some people in Washington have caught the mood. Last week, 10 Senators — five of each party, including some pretty conservative Republicans -- called on President Bush to begin working on health care reform that would 'ensure that all Americans have affordable, quality private health coverage.'"

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Government Report Says As Many As 750,000 People Are Homeless. ABC World News (2/28, story 4, :25, Gibson, 8.78M) reported, "The Federal Government…released a sweeping, new report on homelessness. A notoriously difficult problem to track. The latest estimate finds there are more than 750,000 homeless people, in transitional shelters or housing or living on the street. On any given night, there are about 300,000 more homeless people than there are beds for the homeless."

The CBS Evening News (2/28, story 3, 2:15, Couric, 7.66M) reported, "On any given day, as many as 754,000 people in this country are homeless," and "one-third of the homeless are families with children." CBS (Bowers) added, "This may be the most heart breaking face of today's findings -- the homeless children in America."

The Washington Post (3/1, A6, Brubaker, 690K) says HUD Secretary Alphonso Jackson "trumpeted the study -- the first of its kind by the agency -- as a 'huge leap forward in our understanding of not only how many people are homeless but also what their needs are.'" Jackson "called this report 'a powerful tool to help all of us at the federal, state and local level design more effective responses to homelessness and better help those who are living in shelters and on our streets.'" But "Michael Stoops, acting director of the National Coalition for the Homeless, criticized the government for 'spending more time on counting homeless people than finding housing for them.'"

Mehlman Joins Akin Gump. The Wall Street Journal (3/1, A5A, Harwood, Mullins, 2.04M) reports, "President Bush's 2004 campaign manager has a new client, and it isn't one of the 2008 White House hopefuls courting the Republican Right." Ken Mehlman, "most recently chairman of the Republican National Committee, is setting out to advise US businesses on coping with political winds shifting against his party. And the challenges he sees looming are hardly touchstones of the Bush political agenda." Moving to the Washington law firm of Akin Gump Strauss Hauer & Feld LLP, Mehlman "becomes the latest political figure to enter a niche in the capital's influence business. Instead of traditional lobbying centered on relationships with officeholders, many former officials pursue careers counseling business about political trends and helping them meet challenges with quasipolitical campaigns that blend strategic advice, public relations and mobilization of targeted constituencies."

Iran, Syria Agree To Attend Iraq Summit. NBC Nightly News (2/28, story 4, 1:35, Williams, 9.87M) reported, "Iran, Syria and the US have all apparently agreed to sit at the same table at a regional security conference on Iraq hosted by the Iraqis." Tehran accepted the invitation "very cautiously" to what "could be a diplomatic game changer." Iran, however, "will be there if it is in the best interest of Iraq," but "want to avoid" the summit "turning into a session of finger pointing, accusations relating to their arming of Shi'ia militias."

The CBS Evening News (2/28, story 4, 1:20, Axelrod, 7.66M) reported the date has been set for the conference, and "it looks now like this conference is going to take place in two stages. The first one will be in Baghdad. And as you say, ambassadors from Syria, Iran and the US, among others, will meet March 10. Ambassador Zalmay Khalilzad will represent the US." Meanwhile, a second meeting could take place "as soon as mid-April somewhere in the region, but outside Iraq, that would involve Secretary of State Condoleezza Rice and foreign ministers."

The New York Times (3/1, A12, Oppel, 1.16M) reports Iranian national security official, Ali Larijani, "indicated Wednesday that Iranian officials would take part in a regional security conference on Iraq, setting the stage for the highest-level contact between American and Iranian officials in more than two years." The "willingness of American officials" to attend the conference with Syrian and Iranian officials "has been widely seen as reflecting a decision by the Bush administration to yield to critics who have argued that it should no longer avoid high-level contacts with Tehran."

The Financial Times (3/1, Dinmore, Smyth) reports when asked if Tehran "ran any risks in meeting the Americans," Larijani replied, "One should not commit suicide because one is afraid of death." The Los Angeles Times (3/1, Mostaghim, 850K) also report Larijani's comments.

In an interview with the AP (3/1, Abdul-Zahra, Lederer), Iraqi Foreign Minister Hoshyar Zebari said Wednesday the Iranians agreed to participate in a meeting with the other neighbors but "they have some questions" about a separate session that would be held the same day with the five permanent council members. His comments "seemed to indicate that Iran was at least partly unhappy with the arrangements for the conference, and weighing the extent of its own participation."

The Christian Science Monitor (3/1, Murphy, 59K) says the Bush administration's decision to participate in the summit "indicates that the days of working from an 'our-way-or-the-highway' stance may be over." Meanwhile, analysts say that Iran "won't miss the chance to sit down with the US" as "America's apparent belief that Iran can help fix the problems of its neighbor opens up the slight possibility of a quid pro quo -- less pressure on nukes in exchange for more help on Iraq." Like Iran, Syria "will see the meeting as a chance to get a 'foot in the door' with the US."

Washington Rules Out Direct Talks With Iran. The Washington Times (3/1, Sands, 88K) says US officials yesterday "were at pains to reject the idea that the decision to sit down with Syria and Iran reflected an about-face in US policy." The Financial Times (3/1, Dinmore, Smyth) reports the Bush administration Wednesday "dismissed suggestions

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that it might engage directly with Iran or Syria" at the conference. While "European allies and domestic critics have broadly welcomed" the announcement by Secretary Rice Tuesday, the White House Wednesday "stepped in to 'clarify' the situation and explicitly ruled out" direct talks with Tehran. White House spokesman Tony Snow said, "There will not be bilateral talks between the United States and Iran or the United States and Syria, within the context of these meetings." Some analysts interpreted the "mixed signals" as "evidence that the Bush administration was more interested in using the appearance of diplomacy to appease domestic critics and get its supplemental Iraq war budget through Congress, rather than adopt one of the key findings of the Iraq Study Group." However, other analysts believed that Rice "was in fact trying to shift the US position in the direction of engagement with Iran, as has happened in recent weeks with North Korea."

In an analysis, the AP (3/1, Gearan) says although the Bush administration "says it's not going soft on Iran," the summit in Iraq "could crack the door for other discussions with the last holdout among President Bush's old axis of evil." The announcement Tuesday "wasn't exactly an olive branch, but Rice's mild overture looked dramatic after escalating US allegations that Iran is contributing to the spreading chaos in Iraq and a calculated show of US military might in the Persian Gulf."

McCain Urges Talks With Iran. Sen. John McCain said on CBS' Late Show (2/28, Letterman), "I think it's terrible that the Iranians are" assisting the Iraq insurgency, and "we've also got another problem with the Iranians, and that is that they're building nuclear weapons. … As a country and as two parties, we've got to sit down together and work out some of these strategies together in a bipartisan fashion."

US Participation In Summit Welcomed. In an editorial, the Washington Post (3/1, A16, 690K) welcomes the Administration's decision to participate in the summit as "a welcome way to strengthen US diplomacy at a crucial moment in the Middle East." Although the talks "aren't likely to settle any of" the regional "crises," the Post says "they are a necessary part of any solutions." By "participating and opening the way for conversations with the Syrian and Iranian governments, the Administration will extract itself from a diplomatic corner and gain some fresh opportunities."

Similarly, Victor Davis Hanson, a senior fellow at the Hoover Institution, writes in a USA Today (3/1, 12A, 2.27M) op-ed that the US "should attend regional talks," but warns that it "should not negotiate directly" with Iran and Syria "until they cooperate with ongoing United Nations investigations and cease trying to destroy neighboring democracies."

Russian FM Warns US Against Striking Iran. The AP (3/1, Isachenkov) reports Russian Foreign Minister Sergey Lavrov "warned Washington not to use force against Iran and criticized what he described as the United States' unilateral approach to other global crises" in an interview published Wednesday. The Russian daily Rossiyskaya Gazeta report Lavrov said Russia was worried about Vice President Cheney's recent comment that "all options are on the table" to stop Tehran from becoming a nuclear power. Lavrov was quoted as saying, "We are concerned about the possibility of a military scenario. We are observing a US military buildup in the Persian Gulf. Such a buildup of forces always threatens to trigger a military conflict, even by accident."

New UN Sanctions May Target Iranian Bank. The Financial Times (3/1, Dombey) reports diplomats are "debating whether to increase pressure on Tehran's nuclear program by targeting Bank Sepah, a leading Iranian bank," with new U.N. sanctions. Such a move "would follow a campaign by the US to persuade European nations to follow its example and take steps against Sepah that would exclude it from international markets."

US Intelligence Officials Express Uncertainty Over Scope Of Pyongyang's Nuclear Program.

On its front page, the New York Times (3/1, A1, Sanger, Broad, 1.16M) reports that "for nearly five years, though, the Bush administration, based on intelligence estimates, has accused North Korea of also pursuing a secret, parallel path to a bomb, using enriched uranium." But now, American intelligence officials "are publicly softening their position, admitting to doubts about how much progress the uranium enrichment program has actually made," leading to "new questions about the Bush administration's decision to confront North Korea in 2002." The "public revelation" of the intelligence agencies' doubts, "which have been brewing for some time, came almost by happenstance." In "a little-noticed exchange" Tuesday at a hearing at the Senate Armed Services Committee, Joseph DeTrani, the DNI's mission manager for North Korea, told Senator Jack Reed of Rhode Island that "we still have confidence that the program is in existence -- at the mid-confidence level." DeTrani's disclosure "underscores broader questions about the ability of intelligence agencies to discern the precise status of foreign weapons programs."

In a similar report, the Washington Post (3/1, A1, Kessler, 690K) says the Bush administration is "backing away from its long-held assertions that North Korea has an active clandestine program to enrich uranium, leading some experts to believe that the original US intelligence that started the crisis over Pyongyang's nuclear ambitions may have been flawed." In addition to DeTrani's remarks Tuesday, the Post notes Assistant Secretary of State Christopher Hill, "told a conference last week in Washington that it is unclear whether North Korea ever mastered the production techniques necessary for such a program."

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US Discusses Release Of Frozen North Korean Funds. The New York Times (3/1, A13, Weisman, Greenlees, 1.16M) reports China and the US "are close to an accord to let North Korea regain some of the $25 million in its funds frozen in a bank in Macao now that it has agreed to start dismantling its nuclear arms program," American officials said Wednesday. The officials said arrangements for North Korea "to get a portion of the funds frozen at Banco Delta Asia," could be announced "in the next few weeks." Meanwhile, Assistant Secretary of State Christopher Hill Wednesday told the House Foreign Affairs Committee he had "no doubt that freezing the funds compelled North Korea to negotiate."

US, North Korea Talks Set For March. The AP (3/1) reports the State Department announced Wednesday Assistant Secretary of State Christopher Hill will meet with North Korean Vice Foreign Minister Kim Kye Gwan in New York on March 5-6 "to discuss initial steps toward normalizing relations."

The Washington Times (3/1, A1, Kralev, 88K) reports on its front page that the State Department yesterday "ruled out 'immediate results' from" next week's talks. In confirming the date of the talks, State Department spokesman Sean McCormack yesterday warned, "I would caution you that this meeting is just a first step. … Don't look at it as a meeting that is going to produce immediate results."

Latest US Diplomatic Overtures Said To Reveal "New Respect For Pragmatism." In a front-page analysis piece titled "In US Overtures to Foes, New Respect for Pragmatism," the New York Times (3/1, A1, Cooper, 1.16M) notes that "in the span of just two weeks," the US "has agreed to hold high-level contacts with Iran and Syria, and to start down the path toward formal diplomatic recognition of North Korea," leading to the question, "Has the Bush administration gone soft on its foes?" Although Administration officials "insisted Wednesday that the new overtures…did not mean there had been a change" in policy, "foreign policy experts, administration critics on Capitol Hill and former diplomats disagreed, saying the Administration appeared to have recognized the extent to which it had tied its own hands by insisting on talking only to friends." Even Secretary Rice, it notes, called the opening to Tehran and Damascus a "diplomatic initiative."

Diplomacy May Define Bush's Second Term. USA Today (3/1, 10A, 2.27M) reports, "It happened to Ronald Reagan, and it is happening to George W. Bush. With less than two years left in office, Bush is talking to countries he once shunned." Bush's "new flexibility" is seen as a result "of his desire to salvage his Iraq policy and tamp down other crises around the globe," says Richard Haass, head of the Council on Foreign Relations. In addition, personnel changes, including the departure of Defense Secretary Donald Rumsfeld, within the Administration might also have "smoothed the way."

Egyptian Governance Seen Stifling Opposition. On its front page, the New York Times (3/1, A1, Slackman, 1.16M) reports, "Cairo is home to 15 million and often described as the center of the Arab world, an incubator of culture and ideas. But it is also a collection of villages, a ruralized metropolis where people live by their wits and devices, cut off from the authorities, the law and often each other." This "social reality" also plays a role "in the nation's style of governance," which many residents say "is not there to better their lives; advancement is based on connections and bribes; the central authority is at best a benign force to be avoided." The system has also "stifled political opposition and allowed a small group to remain in power for decades."

Sarkozy Outlines Foreign Policy. The New York Times (3/1, A8, Sciolino, 1.16M) reports French presidential candidate Nicolas Sarkozy "wants to toughen sanctions against Iran, keep Turkey out of the European Union, create an independent European defense strategy and have a friendly but not a submissive relationship with the United States." In an unveiling his foreign policy Wednesday, Sarkozy, who is the interior minister, called the US-led invasion of Iraq a "historic mistake" and thanked President Jacques Chirac for his "lucidity" in keeping France out of it. At the same time, Sarkozy was "vague" about what the US should do in Iraq, warning that withdrawing American troops too soon would "lead to chaos," while avoiding a withdrawal would lead the Iraqis to "react with more violence, and that would benefit the terrorists."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Influential Historian, Intellectual And Aide To President Kennedy."
"This Repo Man Drives Off With Ocean Freighters."
"Chinese Market A New Equation For Investors."
"Memories Of North Hollywood Shootout Remain Vivid 10 Years Later."
"Colorado To Use Inmates To Fill Migrant Shortage."
"California Lottery Sees A Downturn In Sales."

USA Today:

"Saddam Ammo Still Kills Troops."
"Linked To Athletes, HGH Has Bigger Draw."
"High Court Case Tests Limits Of Student Speech Rights."

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New York Times:
"U.S. Concedes Uncertainty On North Korean Uranium Effort."
"In U.S. Overtures To Foes, New Respect For Pragmatism."
"In Arab Hub, Poor Left To Their Fate."
"With Witnesses at Risk, Murder Suspects Go Free."
"NBC May Oust Evening News Executive."
"New Options (and Risks) In Home Care For Elderly."
"Arthur Schlesinger, Historian Of Power, Dies At 89."

Washington Post:
"Hospital Officials Knew Of Neglect."
"Soldiers Shift To Baghdad Outposts."
"Markets 'Working Well,' Says Fed Chief."
"McCain Says He'll Seek Presidency, Plans To Make It Official In April."
"Alexandria's End Run On Public Smoking."
"New Doubts On Nuclear Efforts By North Korea."
"Fired U.S. Attorney Says Lawmakers Pressured Him."

Washington Times:
"Bernanke Coaxes Market Rebound."
"McCain Rejects CPAC Invite."
"GE Machines Used To Break Law."
"N. Korea US Talks 'Just A First Step.'"
"Secrecy Could Kill Immigration Reform."
"Ice Cream Induces Arrival Of The Stork."

Detroit Free Press:
"U-M, MSU, Wayne: Help US, Help State."
"Fuel Plan To Hurt In Detroit."
"If A Car Rattles, Magazine tattles."

Atlanta Journal-Constitution:
"Girls Next Door heist Captivates nation."
"New Tax Sought For Road Projects."
"Family Struggles Amid Conflict."
"Controlled Fire Leaves Atlanta Area Wheezing."
"Gwinnett Arena Hits The Big Time As An A-List Venue."

Houston Chronicle:
"TYC Shake-Up Comes 2 Years After Probe."
"A Smile Was Met With Fatal Gunshot."
"A Little Spit Shine."
"Historic Buildings Could Be Free From City Tax."
"In Mexico, Your Loved One's Ashes Can Be Set In Stone."

Story Lineup From Last Night's Network News:
ABC: Suicide Bomber-Afghanistan; NATO Intelligence Before Bombing; Stock Market; Homelessness Report; South Korean Reunion; A Soldier's Recovery; AIDS Research; Teenage Drivers; Tsunami Victims; Investing Habits.
CBS: Stock Markets; Stock Markets-Main Street; Homelessness; Iraq-Regional Conference; In Utero Surgery; McCain Announcement; Illegal Immigration-Border Security; Self-Help Book.
NBC: Stock Market; Stock Market-Analysis; Suicide Bombers-Afghanistan; US, Iran & Syria Summit; Combat Medicine; Firefighter Safety; Medical Tragedy; First Class Bathrooms; North Korean Reunion.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Anna Nicole Smith's Body Scheduled For Burial In Bahamas; Wall Street; University Of Iowa-Bird Flu Futures; Scientists Researching Bird Flu Want To Exhume Body Of British Diplomat Who Died Of Spanish Flu In 1919; Arthur Schlesinger Obit; NY City Council-Ban On N-Word; Recording Industry-Warning On Illegal Downloads.
CBS: Anna Nicole Smith's Body Scheduled For Burial In Bahamas; Arthur Schlesinger Obit; Iraq-Reported Emergency Landing Of Blackhawk In Northern Iraq; Asian Stock Markets; Wall Street; Bernanke-Congress; Proposed Satellite Radio Merger; Libby Trial; Ford Motor Company Buyouts; Empire State Building Observation Deck Hours.
NPR: US Midwest-Tornadoes; CA-E-Coli Spinach Outbreak Source Pinpointed; Wall Street; Asian Stock Markets; Arthur Schlesinger Obit; France-Stolen Picasso Paintings; CompUSA Closing Half Its Stores; Hertz-Job Cuts; Oil Futures Up.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Visits the Mississippi Gulf Coast grant recipients; meets with Mississippi elected officials and community leaders, Biloxi City Hall; has lunch with Louisiana state and local officials, New Orleans; visits Samuel Green Charter School, New Orleans; speaks at Samuel Green Charter School.

VICE PRESIDENT CHENEY — Speaks at the Conservative Political Action Conference dinner, Omni Shoreham Hotel.

LAURA BUSH — Attends a naming cereony for the Northwestern Hawaiian Islands Marine National Monument, Honolulu; visits Midway Atoll.

US Senate: 9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on Afghanistan. Eric S. Edelman, ndersecretary of Defense for policy; Lt. Gen. Douglas E. Lute, director, The Joint Staff; Gen. James L. Jones Jr., former commander, U.S. European Command and Supreme Allied Commander, Europe; Barnett R. Rubin - director of studies and senior fellow, Center on International Cooperation, New York University. Location: Room 216, Hart.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on the Energy Information

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Administration's energy outlook for 2007. Administrator Guy Caruso. Location: Room 366, Dirksen.

9:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the adjudication process at the VA. Location: Room 418, Russell.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science and Related Agencies Subcommittee. Hearing on the FY08 Commerce Department budget. Secretary Gutierrez; NIST Director William Jeffrey; Patent and Trademark Office Director Jon Dudas. Location: Room 102, Dirksen.

10 a.m. BUDGET _ Full Committee. Hearing on the defense budget and war costs. Deputy Defense Secretary Gordon England; Vice Chairman Adm. Edmund Giambastiani, Jr. of the Joint Chiefs of Staff; DoD Comptroller Tina Jonas. Location: Room 608, Dirksen.

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on universal telephone service. FCC Commissiones Michael J. Copps and Deborah Taylor Tate; Larry Landis, commissioner, Indiana Utility Regulatory Commission; John Burke, member, Vermont Public Service Board; Billy Jack Gregg, Public Service Commission of West Virginia; David Crothers, North Dakota Association of Telecommunications Cooperatives; Brian Staihr, Embarq Corp.; Richard Massey, Alltel Corp.; Tom Tauke, Verizon; W. Tom Simmons, Midcontinent Communications. Location: Room 253, Russell.

10 a.m. ENVIORNMENT AND PUBLIC WORKS _ Hearing on perspectives on global warming from the state, local and regional perspective. New Jersey Gov. Jon Corzine; Fabian Nunez, speaker, California Assembly; Don Perata, president pro tempore, California Senate; Frank Cownie, mayor, Des Moines, Iowa; Dennis Adkins, member, Oklahoma House of Representatives; Richard P. Homrighausen, mayor, Dover, Ohio; Ted Harvey, member, Colorado State Senate. Location: Room 406, Dirksen.

10 a.m. FINANCE _ Full Committee. Hearing on Medicare payments for physician services. Glenn Hackbarth, Chairman, Medicare Payment Advisory Commission: CBO Director Peter Orszag; Byron Thames, AARP; Cecil Wilson, Chairman, AMA. Location: Room 215, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Employment and Workplace Safety Subcommittee. Hearing on health protections for workers against asbestos. Location: Room 430, Dirksen.

10 a.m. JUDICIARY _ Full Committee. Votes on judicial nominations and markups. Location: Room 226, Dirksen.

2 p.m. ENERGY AND NATURAL RESOURCES _ Subcommittee on Public Lands and Forests. Hearing on S.380, a bill to reauthorize the Secure Rural Schools and Community Self-Determination Act of 2000. Agriculture Undersecretary Mark Rey; Sierra Institute Director Jonathan Kusel; Michael Francis of the Wilderness Society; and Doug Robertson of the Douglas County, Ore. Board of Commissioners. Location: Room 366, Dirksen.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Defense Department programs. Location: Room 219, Hart.

3 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Federal Financial Management, Government Information, Federal Services and International Security Subcommittee. Hearing on federal financial management. Location: Room 342, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets for legislative business. Highlights: H.R. 800 - Worker Intimidation Act.

9 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on EPA budget for FY08. Administrator Stephen Johnson. Location: Room B-308, Rayburn.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 budget for the Navy and Marine Corps. Navy Secretary Donald Winter; CNO Adm. Michael Mullen; Marine Corps Commandant Gen. James Conway. Location: Room 2118, Rayburn.

10 a.m. APPROPRIATIONS _ State, Foreign Operations and Related Agencies Subcommittee. Hearing on the FY08 budget for global HIV-AIDS, TB and Malaria programs. Global AIDS Coordinator Mark Dybul. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Legislative Branch Subcommittee. Hearing on the Architect of the Capitol budget. Location: Room H-144, Capitol.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. Hearing ona the Bureau of Reclamation budget. Deputy Interior Secretary Lynn Scarlett; BR Commissioner Robert Johnson. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on the HUD budget. Secretary Jackson. Location: Room 2358, Rayburn.

10 a.m. APPROPRIATIONS _ Agvriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on the Agriculture Dept. budget. Inspector General Phyllis Fong. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ financial Services and General Government Subcommittee. Hearing on services for disadvantaged communities in the FY08 budget. Kimberly A. Reed, director, Community Development Financial Institutions Fund, Department of the Treasury; JoAnn M. Johnson, chairwoman, National Credit Union Administration; Joy Cousminer - president and CEO, Bethex Federal Credit Union. Location: Room 2220, Rayburn.

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10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on SAMHA, NIDA, NIMH, NIAA budget. Location: Room 2325, Rayburn.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the National Science Foundation budget. Director Arden Bement, Jr. Location: Room 2237, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the VA budget for FY08. Secretary Nicholson. Location: Room 210, Cannon.

10 a.m. FOREIGN AFFAIRS _ Western Hemisphere Subcommittee. Hearing on U.S. policy toward Latin America. Assistant Secretary of State Thomas Shannon, Peter Hakim, Inter-American Dialogue; Arturo Valenzuela, Georgetown University. Location: Room 2172, Rayburn.

10 a.m. HOMELAND SECURITY _ Transportation Security and Infrastructure Protection Subcommittee. Markup of the Rail and Public Transportation Security Act of 2007. Location: Room 1539, Longworth.

10 a.m. JUDICIARY _ Constitution, Civil Rights and Civil Liberties Subcommittee. Hearing on S.1 - Legislative Transparency and Accoauntability Act of 2007. Location: Room 2141, Rayburn.

10 a.m. NATURAL RESOURCES _ Water and Power Subcommittee. Hearing on H.R. 24 - San Joaquin River Restoration Settlement Act. Location: Room 1334, Longworth.

10 a.m. NATURAL RESOURCES _ National Parks, Forests and Public Lands Subcommittee. Oversight hearing on the FY08 budget for the National Park Service. NPS Director Mary Bomar. Location: Room 1324, Longworth.

10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ Full Committee. Hearing on allegation of political interference with the work of government climate change scientists. Location: Room 2154, Rayburn.

10 a.m. SMALL BUSINESS _ Full Committee. Hearing on increasing access to capital for small businesses. Location: Room 2360, Rayburn.

10:30 a.m. ENERGY AND COMMERCE _ Telecommunications and Internet Subcommittee. Hearing on the future of the World Wide Web. Location: Room 2123, Rayburn.

10:30 a.m. ENERGY AND COMMERCE _ Environment and Hazardous Material Subcommittee. Hearing on the EPA budget for FY08. Christian Bollwage, Mayor of Elizabeth, New Jersey; Bill A. Roderick, Acting Inspector General, Environmental Protection Agency; Andrew Langer, Manager of Regulatory Affairs, National Federation of Independent Business; Maurice McTigue, Director, Government Accountability Project and Vice President, Mercatus Center at George Mason University; Robert W. King, Jr., President of the Environmental Council of the States and Deputy Commissioner, South Carolina Department of Health and Environmental Control; and Patrice Simms, Senior Attorney for the Natural Resources Defense Council. Location: Room 2322, Rayburn.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Full Committee. Markup of pending legislation. Location: Room 2167, Rayburn.

1 p.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Hearing on FY08 budget for long term and overview. Defense Undersecretary Tina Jonas; Deputy Undersecretary of Defense Phil Grone; Principal Deputy Undersecretary Ryan Henry. Location: Room H-143, Capitol.

1 p.m. SELECT INTELLIGENCE _ Full Committee. Hearing on pending business. Closed. Location: Room H-405, Capitol.

2 p.m. AGRICULTURE _ Full Committee. Hearing on adoption of budget views and estimates for FY08. Location: Room 1302, Longworth.

2 p.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on ``Covering the Uninsured Through the Eyes of a Child." Lolita M. McDavid, medical director, Child Advocacy and Protection, Cleveland; Jay E. Berkelhamer, president, American Academy of Pediatrics; Joseph F. Vitale, chairman, Health, Human Services and Senior Citizens Committee, New Jersey Senate; Kathryn G. Allen, GAO. Location: Room 2123, Rayburn.

2 p.m. HOMELAND SECURITY _ Management, Investigations and Oversight Subcommittee. Hearing on the DHS Management Directorate's goals and objectives. Location: Room 311, Cannon.

2 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Information Policy, Census and National Archives Subcommittee. Hearing on the Presidential Records Act. Location: Room 2154, Rayburn.

4 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Vote on issuing subpoenas for certain former U.S. Attorneys who were recently fired by the Bush Administration. Location: Room 2141, Rayburn.

Other: HOMELAND SECURITY _ AFCEA hosts its 6th annual Homeland Security Conference, ``Intelligence and Information-Fusion Beyond Sharing." Highlights: 8 a.m. Keynote Address by RADM Jay Cohen, USN (Ret.), Under Secretary for Science and Technology, Department of Homeland Security. 10 a.m. Panel 3 - Enabling Fusion: Survivable/Interoperable Communications, with Robert Zitz, Deputy Under Secretary for Preparedness, Department of Homeland Security. 12 p.m. Luncheon Address by George Foresman, Under Secretary for Preparedness, Department of Homeland Security. 1:45 p.m. Cyber-Security Overview with Gregory Garcia, Assistant Secretary of Cyber Security and Telecommunications, Department of Homeland Security. 2:15 p.m. Panel 4 - Cyber Fusion: National Cyber Defense,

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with Ms. Sallie McDonald, Director, NCS, Department of Homeland Security.

AGRICULTURE _ The US Department of Agriculture hosts its 83rd annual Agricultural Outlook Forum, ``Agriculture at the Crossroads: Energy, Farm and Rural Policy." Highlights: 8 a.m. Opening plenary welcome by Deputy Secretary of Agriculture Chuck Conner. 8:45 a.m. Agriculture Secretary Mike Johanns delivers keynote address. Note: Media availability at 9:45 a.m. 10:15 a.m. Plenary panel on ``Renewable Energy -- Inroads to Agriculture," moderated by Scott Kilman, Wall Street Journal. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington, Va.

CONSERVATIVES _ The Conservative Political Action Caucus holds its annual conference. Highlights: 10:05 a.m. Sen. Jim DeMint. 10:45 a.m. Session on ``Strategies for a Bold Conservative Future," with Phyllis Schlafly, Eagle Forum; J. Kenneth Blackwell; Richard Viguerie, ConservativesBetrayed.com. 11:45 a.m. Session on ``Beyond Our Pocketbooks: Social Issues and the Conservative Movement," with Wendy Wright, Concerned Women for America; Robert Knight, Media Research Center; others. 11:45 a.m. Session on ``What Happened to the Fight Against Big Government?" with Sen. Kay Bailey Hutchison; Michael Tanner, Cato Institute; Rep. Jeff Flake. 12:45 p.m. Rep. Jeb Hensarling. 1:15 p.m. Sen. Mitch McConnell. 1:45 p.m. White House Pres Secretary Tony Snow. 2:15 p.m. Session on ``Why Are Liberals Hell-Bent on Raising Our Taxes?" with John Berthoud, National Taxpayers Union; Todd Spencer, Owner-Operator Independent Driver Association; Grover Norquist, Americans for Tax Reform; Scott Hodge, Tax Foundation. 3:15 p.m. Labor Secretary Chao. 3:45 p.m. Session on ``Are Conservative Judicial Nominees DOA in the Democrat-Controlled Senate?" with Sen. Arlen Specter. 5:30 p.m. Presentation of the Reed Irving Accuracy in Media award with Michelle Malin and Mark Alexander. 7:30 p.m. Banquet, with Vice President Cheney, Amb. John Bolton, others. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

DAVIS _ 7:30 a.m. Rep. Tom Davis speaks to the Association of Government Accountants. Location: National Press Club.

FREE TRADE _ 8 a.m. - 10 a.m. The Embassy of Sweden hosts a Trade Policy Breakfast Seminar titled, ``Challenging Times for Free Trade. Speakers: Sten Tolgfors, Swedens Minister for Foreign Trade; Ambassador John Veroneau, Deputy U.S. Trade Representative; and John Murphy, Vice President, International Affairs, United States Chamber of Commerce. Moderator: Gary Horlick of Wilmer Hale. Location: Alfred Nobel Hall, House of Sweden, 2900 K St. NW.

HEALTH INFORMATION _ 9:30 a.m. Rep. Patrick Kennedy holds a news conference to introduce a new version of the Personalized Health Information Act. Location: Room 122, Cannon.

PENTAGON-IRAQ RECONSTRUCTION _ 9:30 a.m. Ambassador Joseph Saloom, director of the Iraq Reconstruction Management Office, and Army Brig. Gen. Michael Walsh, commander of Gulf Region Division, U.S. Army Corps of Engineers and director, project contracting office in Baghdad, will brief live from Iraq to provide an update on the reconstruction effort in Iraq. Location: DOD Briefing Studio, Pentagon 2E579.

GEOTHERMAL ENERGY _ 9:30 a.m. - 11 a.m. The Geothermal Energy Association (GEA) and the Environmental and Energy Study Institute hosts a panel, ``Geothermal Energy: Latest Developments for this 'Hot' Contributor to U.S. Energy Production. Featured speakers include: Bernie Karl, Owner and Renewable Energy Advocate, Chena Hot Springs Resort, Alaska; Karl Gawell, Geothermal Energy Association (GEA), Washington D.C.; Jeff Tester, Professor, Massachusetts Institute of Technology (MIT), Massachusetts, and Chair of MIT assessment report: ``The Future of Geothermal Energy; and Roy Mink, U.S. Geothermal, Idaho and former DOE Geothermal Program Director. Location: Room 2203, Rayburn House Office Building.

NATIONAL GUARD _ 10 a.m. Commission on the National Guard and Reserves Chairman Arnold L. Punaro and Commissioners Patty Lewis and Stanton address a National Press Club newsmaker. Topic: Commission recommendations that that will be made to Congress on March 1, 2007, on legislative proposals related to the stature, authority, and resources of the National Guard. Location: National Press Club.

LEBANON-ECONOMIC REFORM _ 10 a.m. - 11:30 a.m. Lebanese Minister of Economy and Trade Sami Haddad discusses the status of economic reform in Lebanon, the challenges facing the Lebanese government, and U.S. and international assistance policies and directions in Lebanon. He will be joined by moderator Patricia Karam, US Institute of Peace. Location: US Institute of Peace, 2nd Floor Conference Room, 1200 17th St. NW.

CHERTOFF-REAL ID _ 11 a.m. Department of Homeland Security Secretary Michael Chertoff will lead a press conference on REAL ID. Location: Ronald Reagan Building, Press Briefing Room, 1300 Pennsylvania Ave. NW.

ENERGY EFFICIENCY _ 11 a.m. Democrats on the Committee on Energy and Commerce hold a press conference to release a General Accountability Office report entitled ``Long-Standing Problems with the Department of Energy's Program for Setting Efficiency Standards Continue to Result in Foregone Energy Savings." Location: Room 2218, Rayburn.

INJURED SOLDIERS _ 11:30 a.m. Sens. Barack Obama and Claire McCaskill announce a bill to protect

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injured soldiers returning from war. Location: Senate Radio-TV Gallery.

HOMELAND SECURITY _ 12 p.m. Homeland Security Undersecretaries Jay Cohen and George Foresman speak at the Armed Forces Communications and Electronics Association International Annual Homeland Security Conference. Location: Reagan Trade Center.

INTEGRITY-GOVERNMENT _ 12 p.m. The Center for International Private Enterprise holds a discussion, ``Measuring Integrity and Improving Governance," with Nathaniel Heller of Global Integrity and Bradley Parks of the Millennium Challenge Corporation. Location: Suite 700, 1155 15th St. NW.

PAULSON _ 12 p.m. Treasury Secretary Paulson speaks to the Economic Club of Washington. Location: Renaissance Mayflower Hotel, 1127 Connecticut Ave. NW.

PRIMUS-ECONOMISTS _ 12 p.m. The National Economists Club hosts a luncheon with an address by Wendell Primus, senior adviser to Speaker of the House Nancy Pelosi. Topic: ``A Briefing on the Congressional Outlook." Location: Chinatown Garden Restaurant, 618 H St. NW.

RABBI-IRAN _ 12 p.m. Rabbi Shmuel Herzfeld of the National Synagogue holds a news conference to criticize the regime in Iran. Location: In front of the Iranian Interest Section, 2209 Wisconsin Ave. NW.

IRAN-IRAQ _ 12:15 p.m. The New America Foundation holds an event on new divisions in the Mideast and the potential for the U.S. to regain influence in the region, with Edward Luttwak of CSIS, others. Location: 7th floor, 1630 Connecticut Ave. NW.

NARCOTICS REPORT _ 12:30 p.m. The State Department holds a briefing to release the 2007 International Narcotics Control Strategy Report. Location: State Department briefing room.

VEHICLES-GLOBAL WARMING _ 12:30 p.m. The Union of Concerned Scientists holds a telephone briefing to unveil a vehicle design that shows an affordable car can be built with existing technology that meets new global warming emission standards. Notes: Callin number: 866-244-4635; passcode: Union of Concerned Scientists.

UGANDA _ 1 p.m. - 2:30 p.m. Senators Feingold and Brownback will address the faltering peace talks in Juba and the landmark truce between the Ugandan government and the Lord's Resistance Army (LRA) as it passes its February 28th expiration. Efforts to consolidate peace in Uganda remain on shaky groun and rebel forces now appear to be planning a return to war. Speakers include: Featured Speakers include: Betty Bigombe, Senior Fellow, United States Institute of Peace; John Prendergast, Senior Adviser, the International Crisis Group and Co-Founder of ENOUGH; and Michael Poffenberger, Executive Director of Resolve Uganda. Location: Room 562, Dirksen Senate Office Building.

HOMELAND SECURITY WASTE _ 1:15 p.m. Reps. Anthony Weiner, D-N.Y., and Jeff Flake, R-Ariz., hold a news conference to release a report detailing what they say are some of the most outrageous homeland security spending boondoggles from coast to coast. The Congressmen also will also announce the Homeland Security Transparency Act, which would require public disclosure of all anti-terror spending by cities and states. Location: Room B-318, Rayburn House Office Building.

ENERGY INDEPENDENCE _ 1:30 p.m. House Majority Leader Steny Hoyer, others, hold a news conference to announce an energy independence bill. Location: House Radio-TV Gallery.

LANDRIEU-BUSH TRIP _ 2 p.m. Sen. Mary L. Landrieu, D-La., holds a press conference to comment on President Bushs scheduled visit to the Gulf Coast. She also will also discuss the state of recovery following Hurricanes Katrina and Rita and the failure of the Federal levee system, and will identify critical areas of need she hopes to see addressed in the next Supplemental Appropriations bill. Location: Senate Radio-Television Gallery Studio, Room S-325, Capitol.

DISSATIFACTION WITH GOVERNMENT _ 2 p.m. - 4 p.m. Brookings hosts a discussion featuring Elaine Kamarck, a public policy lecturer at Harvard University's John F. Kennedy School of Government; Brookings Senior Fellow William Galston; and Nonresident Senior Fellow Donald Kettl, who will discuss dissatisfaction with government. Location: The Brookings Institution, Stein Room, 1775 Massachusetts Ave. NW.

CHECHNYA _ 3 p.m. The Congressional Human Rights Caucus holds a briefing on the human rights situation in Chechnya. Location: Room 2255, Rayburn.

GATES-SENATORS _ 3 p.m. Defense Secretary Gates will brief Senators on Iraq. Location: Room S-407, Capitol.

GATES-ARMED SERVICES _ 5 p.m. Stakeout for media opportunity with members of the House Armed Services Committee, who will have had a closed, members-only briefing with Defense Secretary Gates. Location: Rayburn horseshoe.

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TERRORISM NEWS:

U.S. Judge Finds Padilla Competent To Face Trial (NYT)

By Deborah Sontag

The New York Times, March 1, 2007

MIAMI, Feb. 28 — A federal judge found Jose Padilla competent to stand trial on terrorism conspiracy charges Wednesday, granting a significant victory to the government in the high-profile criminal case of a United States citizen who was initially designated an "enemy combatant" and held without charges.

After three and a half days of an intensely argued hearing, Judge Marcia G. Cooke of Federal District Court rejected the defense lawyers' request that Mr. Padilla be sent to a hospital for psychiatric treatment so that he could be "healed" from what they said was post-traumatic stress disorder caused during his three years and eight months in military detention.

"This defendant clearly has the capacity to assist his attorneys," Judge Cooke said, adding that Mr. Padilla's case was "unique" and that "he understands that."

Judge Cooke, who allowed limited testimony from brig officials during the competency hearing, said that her ruling should not be construed as a finding on Mr. Padilla's claims of mistreatment during his detention and interrogations at a military brig in South Carolina.

"Those claims are for another day," she said, referring to another pending motion by Mr. Padilla that the charges against him be dismissed because of "outrageous government conduct."

The threshold for legal competency is low, requiring a criminal defendant to have the capacity, on a basic level, both to understand the proceedings and to communicate with his lawyers. Most incompetency claims in federal court are denied, said Christopher Slobogin, an expert in law and psychiatry at the University of Florida, and most defendants found incompetent are clearly psychotic.

Mr. Padilla is not. Throughout the competency hearing, Mr. Padilla, wearing a tan prison jumpsuit and wire-rimmed glasses, appeared alert. When the brig officials testified Monday, he dropped his head and "hunkered down," as one of his lawyers described it, but at all others times he sat erectly and calmly, without displaying the tics and grimaces that his lawyers described as manifestations of his disorder.

Judge Cooke remarked on Mr. Padilla's attentiveness in court and noted that "everyone discussed that Mr. Padilla is polite almost to a fault."

His comportment, Mr. Padilla's lawyers argued, is not the problem. Rather, they said, the trauma of his interrogations — at least 87 videotaped interrogations have been turned over to them, indicating a substantial amount of questioning — had rendered him incapable to assist in his own defense. He refuses, they said, to discuss the facts of his cases, insisting that he has already told them everything when, they said, he has told them nothing.

Before she ruled this afternoon, Judge Cooke asked the government about that. "If the defendant refuses to discuss vast sections of his case, is that in and of itself not inability to assist counsel?" she said.

But prosecutors maintained that Mr. Padilla was capable of consulting with his lawyers and that any failure to do so was willful. John C. Shipley, an assistant United States attorney, said that Mr. Padilla was a principal source of information for his lawyers' accusations of mistreatment in military detention.

"It doesn't make sense that if the root of the defendant's hesitancy to talk" was his treatment in the brig, Mr. Shipley said, that the brig would be the only thing he discussed with his lawyers.

Mr. Padilla's lawyers said that they and their mental health experts only slowly elicited information about his time in military detention, largely by asking him yes and no questions.

The defense lawyers also said that Mr. Padilla opposed their efforts to have him found incompetent to stand trial, which they said was further evidence of his irrationality. He would rather spend his life in prison than spend a few months in a psychiatric hospital, they said.

DOJ_NMG_0138211

With a trial scheduled for mid-April, Mr. Padilla and two other defendants are accused of participating in a “North American support cell” that provided money, goods and recruits abroad to assist “global jihad.”

Suspected Al-Qaida Operative Competent To Stand Trial, U.S. Judge Rules (AP)

By Curt Anderson, Associated Press Writer

AP, March 1, 2007

(AP) - MIAMI-A federal judge ruled Wednesday that suspected al-Qaida operative Jose Padilla is competent to stand trial on terrorism support charges, rejecting arguments that he was severely damaged by 3 1/2 years of interrogation and isolation in a military brig.

Padilla was in court when U.S. District Judge Marcia Cooke announced her decision, but he showed no reaction.

"This defendant clearly has the capacity to assist his attorneys," Cooke said just hours after she finished four days of competency hearings.

Padilla, a 36-year-old U.S. citizen and Muslim convert, was arrested in 2002 in Chicago in what U.S. authorities initially claimed was a mission to set off a radioactive "dirty bomb" in a major city. He was held without criminal charge after President George W. Bush declared him an enemy combatant.

Amid a legal clash over Bush's wartime detention powers, Padilla was added to a Miami terrorism support case in late 2005. That indictment does not mention the "dirty bomb" plot.

Defense attorneys and federal prosecutors declined to immediately comment on the judge's ruling.

Padilla's lawyers had asked Cooke to order that their client be treated for post-traumatic stress disorder, which they contend stems from years of isolation and interrogation while in military custody.

Cooke said testimony in the competency hearing showed that Padilla understands "legal nuances" of pretrial motions and noted that he had signed a document verifying the truth of allegations made by the defense that he was tortured and mistreated during his years in a Navy brig in Charleston, South Carolina.

"At some time, the defendant was able to discuss some things with his lawyers," Cooke said. "The defendant's situation is unique. He understands that."

Bush administration officials vehemently deny that Padilla was mistreated, and Cooke said her decision on competency should not be read as a ruling on those claims. "That discussion is for another day," she said.

Padilla is charged along with two co-defendants with being part of a North American terror support cell that provided money, recruits and supplies to Islamic extremists around the world. All three have pleaded not guilty and face possible life imprisonment.

A trial is set to begin April 16.

Anthony Natale, one of Padilla's court-appointed lawyers, had asked Cooke to send Padilla to a mental health center for at least three months.

"Give him nothing more than any defendant deserves and receives in this country," Natale said.

A court-appointed psychologist who works for the U.S. Bureau of Prisons rejected the defense's claim that post-traumatic stress disorder impaired Padilla's ability to assist his lawyers. The psychologist concluded Padilla is competent, even if he has some anxiety and anti-social personality problems.

Prosecutors contended that Padilla, a Muslim convert, attended an al-Qaida camp in Afghanistan that included indoctrination on resistance if captured. Assistant U.S. Attorney John Shipley suggested that indoctrination was behind his choice not to cooperate on some issues.

"That is a decision made by this defendant. That doesn't mean he's incompetent," Shipley said. "The issue is whether the defendant has the capacity to assist." 2007-02-28T21:36:27Z

Judge Rules Padilla Is Competent To Stand Trial (WP)

By Peter Whoriskey

The Washington Post, March 1, 2007

DOJ_NMG_0138212

MIAMI, Feb. 28 -- A federal judge ruled Wednesday that Jose Padilla is competent to stand trial on terrorism charges, rejecting lawyers' allegations that torture inflicted during his military incarceration has rendered him psychologically unable to mount a defense.

The ruling leaves aside for now the question of whether Padilla, accused of being an al-Qaeda operative, was mistreated during his 3 1/2 -year confinement in the Navy brig in Charleston, S.C., after being declared an "enemy combatant" by President Bush.

Instead, the ruling found that whether or not he was abused, Padilla is currently capable of understanding the legal proceedings and their consequences, and that he can assist his attorneys. That is enough under legal standards to find him fit for trial.

"This defendant is a knowing participant" in the proceedings, U.S. District Judge Marcia G. Cooke said.

Neither the defense attorneys nor prosecutors would comment afterward.

In legal pleadings and an affidavit filed by Padilla's attorneys on his behalf, the defense has asserted that during his stay at the brig, the 36-year-old was subject to isolation in a 7-by-9-foot cell with no view to the outside world, was deprived of sleep, a clock and reading materials, and was hooded and forced to assume "stress positions" for long periods of time. He was also, they alleged, threatened with imminent execution.

While U.S. officials say Padilla was treated humanely, a pending defense motion asks that the charges against him be thrown out because of mistreatment.

"Through its illegal conduct, the government has forfeited its right to prosecute," according to the motion.

In ruling, Cooke said explicitly that the competency decision leaves open the questions raised by those allegations. "That discussion is for another day," she said.

The defense had argued that Padilla was unfit for trial because the alleged mistreatment made him too fearful or too distracted to assist in his own defense -- a defect that could render him legally incompetent.

Defense attorney Andrew Patel took the stand to testify that Padilla has consistently refused to review the taped conversations that are at the core of the prosecution case.

"We have gotten no useful information from Mr. Padilla, directly," he said.

A forensic psychiatrist and a forensic psychologist hired by the defense had depicted Padilla as "broken man" who suffered from post-traumatic stress disorder. Questions about the brig provoked sweating and involuntary facial grimaces, they said.

The technical director for the brig, while denying any knowledge of physical abuse, testified that at times Padilla has been deprived of a clock, a mattress and windows, and that on two occasions he was weeping.

All in all, the defense argued, Padilla is now unable to assist his attorneys.

In her ruling, however, Cooke disagreed, citing both his courtroom demeanor -- he appears attentive -- and his role in signing an affidavit alleging the torture. A Bureau of Prisons psychologist who spoke with Padilla also noted that he seemed very knowledgeable about key developments in the case and could discuss them.

Padilla appears "keenly aware" of motions in court, Cooke said, and "clearly has the capacity to assist his attorneys."

Legal experts noted that it is very difficult for defendants to make the case that they are incompetent to stand trial.

"The hurdle that a defendant has to overcome in a competency hearing is very high," said Carl Tobias, a professor of constitutional law at the University of Richmond who has studied terrorism cases since the Sept. 11, 2001, attacks. "Those motions are rarely granted and it shouldn't be a surprise that it wasn't granted here."

Terror Suspect Padilla OK To Stand Trial, Judge Rules (LAT)

By Carol J. Williams

The Los Angeles Times, March 1, 2007

MIAMI -- Suspected al-Qaida operative Jose Padilla is competent to stand trial on terrorism charges because he understands the case against him and has shown himself capable of assisting in his own defense, a federal judge ruled Wednesday.

DOJ_NMG_0138213

The decision by U.S. District Judge Marcia Cooke was a victory for the government, which has alleged in a three-count indictment that Padilla was part of a North American terror cell that recruited, trained and supported Islamic militants seeking to carry out acts of violence.

Anthony Natale, lead attorney on Padilla's four-man public defender team, had argued a few hours earlier at the conclusion of a four-day hearing that Cooke should find his client unfit to proceed. Natale urged Cooke to send Padilla to a mental hospital where he could be treated for what the defense claimed are debilitating anxiety and Post-Traumatic Stress Disorder.

The defense had contended Padilla, a 36-year-old former Chicago gang member, was mentally damaged by the 3 1/2 years he was held without charges at the Navy brig in Charleston, S.C. The lawyers say Padilla was deprived of human contact and subjected to dehumanizing stresses that amounted to torture.

Cooke prefaced her ruling by saying she might conduct another hearing at which she would take testimony on the torture allegations before Padilla's trial, set to begin April 16. The defense has moved for dismissal of the case on the grounds of "outrageous government conduct" during Padilla's time in the brig.

"That discussion is for another day," she said of the allegations of mistreatment. She also said her ruling Wednesday did not prejudice her potential consideration of Padilla's brig experiences.

The judge pointed to the October 2006 defense motion detailing the alleged abuses in military custody as evidence that the defendant comprehends the legal proceedings and can provide his lawyers meaningful information when he wants to.

"This defendant clearly has the capacity to assist his attorneys," she said. "He had to communicate something to his lawyers in order for counsel to file that motion."

Cooke also appeared to fault Padilla for failing to cooperate fully with three mental health professionals who attempted to conduct mental fitness tests. Two experts hired by the defense diagnosed Padilla with Post-Traumatic Stress Disorder, while the court-ordered psychological evaluator said the defendant was fit for trial and that any failure to collaborate with his lawyers was "volitional."

Padilla, in tan cotton prison garb, sandals and shackles, stood impassively as Cooke read her decision. He shook hands with Natale and gave him a rueful smile.

Padilla, a U.S. citizen of Puerto Rican ancestry who converted to Islam during a previous prison sentence, was arrested at Chicago's O'Hare International Airport in May 2002, when he returned from at least six years abroad, including time in Egypt, Pakistan and Afghanistan.

Then-Attorney General John Ashcroft accused Padilla of being part of a plot to detonate a radioactive "dirty bomb" on a U.S. city, and President Bush declared Padilla an enemy combatant. Padilla was sent to the brig, where he reportedly endured months of sensory deprivation followed by alternating extremes of light and darkness, silence and noise.

As the Supreme Court was pondering a ruling on the extent of the president's powers to hold a U.S. citizen indefinitely without charges, the government indicted Padilla for conspiracy and material support to terrorism in November 2005. He was transferred two months later from the brig to the federal court system.

The Jose Padilla Trial (NYT)

The New York Times, March 1, 2007

There were so many reasons to be appalled by President Bush's decision to detain people illegally and subject them to mental and physical abuse. The unfolding case of Jose Padilla reminds us of one of the most important: mistreating a prisoner makes it hard, if not impossible, for a real court to judge whether he has committed real crimes.

Mr. Padilla is a former Chicago gang member whose arrest in 2002 was touted by the Bush administration as the disruption of a high-level plot by Al Qaeda to set off a "dirty bomb" in the United States. Mr. Padilla was held without charge for three years and eight months in a Navy brig, his windows blackened, his every move watched. Then, rather than defend its actions before the Supreme Court, the White House declared a year ago that Mr. Padilla was no longer an illegal combatant, transferred him to civilian custody and filed conspiracy charges that have nothing to do with dirty bombs.

DOJ_NMG_0138214

Yesterday, Judge Marcia Cooke of the Federal District Court in Miami ruled against Mr. Padilla's defense lawyers, who argued that his abusive confinement was so traumatic that he could not assist them in a trial. They had wanted to send Mr. Padilla to a hospital for treatment first.

That still leaves the far bigger question of whether Mr. Padilla was tortured, as he has claimed. For there to be a trial, Judge Cooke will have to rule that Mr. Padilla was not tortured, and she made a point of saying yesterday that her ruling on his competence was not a judgment on the torture claim.

At one point in the mental competency hearing, a prosecutor wanted to introduce what he said was a Qaeda manual instructing captured operatives to claim torture even if none had occurred. Judge Cooke refused, pointing out that there was no evidence that Mr. Padilla had ever heard of the manual, much less studied it. The government has yet to show evidence that Mr. Padilla was even a member of Al Qaeda.

The government's arguments at the hearing sounded ridiculous and shameful. Prosecutors said Mr. Padilla always seemed fine to his jailers, but it was his jailers who did things like standing on his bare feet with boots so they could shackle him. The brig psychologist testified that he had spoken to Mr. Padilla only twice, once when he was first detained, and two years later — through a slit in his cell door.

When a psychologist testified for the defense that Mr. Padilla was "an anxiety-ridden, broken individual," the prosecution said her tests were invalid — because the jailers had kept Mr. Padilla handcuffed throughout.

We will probably never know if Mr. Padilla was a would-be terrorist. So far, this trial has been a reminder of how Mr. Bush's policy on prisoners has compromised the judicial process. And it has confirmed the world's suspicions of the United States' stooping to the very behavior it once stood against.

President Convenes Bipartisan Terror Panel (WP/AP)

Associated Press

The Washington Post, March 1, 2007

Despite initial wariness from Democrats, President Bush finally convened a bipartisan working group to advise him on terrorism, sitting down at the White House yesterday to discuss the deteriorating conditions in Afghanistan with senior lawmakers from both parties.

When he unveiled his new Iraq policy in January, Bush mentioned his interest in forming such a group as a way of improving relations with Congress. Democrats initially balked out of concern that Bush would be dictating the subject and the people present, congressional aides said.

What now appears to have emerged is a plan to have regular meetings to discuss key national security issues with an evolving cast of participants from Capitol Hill, according to congressional and White House aides. The first subject to be taken up was Afghanistan, where a resurgent Taliban movement is posing a strong challenge to the government led by Hamid Karzai and the American and European forces trying to help it stabilize the country.

As described by people present yesterday, the initial meeting lasted more than an hour and included presentations from Secretary of State Condoleezza Rice and Vice President Cheney, who briefed lawmakers on his just-completed trip to Pakistan and Afghanistan.

Judge Rejects Request By Muslim Charity (LAT)

By Greg Krikorian

The Los Angeles Times, March 1, 2007

A federal judge in Dallas has denied a request to declassify thousands of pages of FBI evidence in the prosecution of a Muslim charity, but said it was disturbing that a recently unsealed document falsely accused charity officials of anti-Jewish slurs.

In his ruling against lawyers for the Holy Land Foundation for Relief and Development, U.S. District Judge A. Joe Fish concluded there was insufficient evidence to show the inaccuracies were part of a "widespread problem" with the government's evidence.

At the same time, Fish advised defense lawyers to return to court if they found more government summaries that were "significantly inaccurate or misleading."

DOJ_NMG_0138215

The now-defunct Muslim charity and seven former officials face criminal charges alleging financial ties to the Islamic militant group Hamas, which the U.S. considers a terrorist organization.

Fish, agreeing with the government, said there was no justification for a defense request to declassify about 10 years' worth of surveillance based on the apparent fabrications found in the government's April 15, 1996, surveillance summary.

The document claimed that two Holy Land officials now facing trial made anti-Jewish remarks. But their supposed comments are not in the transcripts.

The alleged remarks included one Holy Land official calling Israel "the government of the demons" and telling a colleague, "Even Jesus Christ had called the Jews and their high priests … the sons of snakes and scorpions."

The judge said he found it disturbing that the government's summary included inflammatory language not found in the transcripts.

Defense lawyers and prosecutors had no comment Wednesday on the ruling.

In their motion, defense lawyers said they had recently received declassified summaries representing about 10% of the conversations recorded by the government in court-authorized surveillance. They worried that additional discrepancies could exist in the documents.

"During the limited period that [we have] had access to declassified transcripts, we have discovered other errors both technical and contextual," defense lawyers wrote in their motion.

They said additional errors included a document that was "summarized inaccurately" and misled them in assessing whether potential witnesses were likely to help or hurt the defense.

The Holy Land Foundation, once the nation's largest Muslim charity, was closed by the government five years ago. Its former officials are accused of providing money to overseas charities controlled by Hamas.

The defendants deny any links to terrorism or knowledge that charities they funded had ties to Hamas.

The defendants also noted that some of the overseas charities linked in the indictment to terrorists had been supported by numerous groups, including the U.S. Agency for International Development.

FBI Evidence On Holy Land To Stay Classified (DMN)

From Wire Reports

The Dallas Morning News, March 1, 2007

Judge denies request to unseal records but calls discrepancy 'disturbing'

A federal judge in Dallas has denied a request to declassify thousands of pages of FBI evidence in the prosecution of a Muslim charity but called it "disturbing" that one recently unsealed document falsely accused charity officials of anti-Jewish slurs.

In his ruling against lawyers for the Holy Land Foundation for Relief and Development, U.S. District Judge Joe Fish concluded there was insufficient evidence to show the inaccuracies were part of a "widespread problem" with the government's evidence.

At the same time, Judge Fish advised defense lawyers to return to court if they find more government summaries that are "significantly inaccurate or misleading."

The now-defunct Muslim charity and seven former officials face criminal charges alleging financial ties to Hamas, which has been designated a foreign terrorist organization by the U.S.

Agreeing with the government, Judge Fish said there was no justification for a defense request to declassify almost 10 years' of surveillance based on the apparent fabrications found in the government's April 15, 1996, surveillance summary. The document claimed that two of the Holy Land officials now facing trial made remarks that are not in the actual transcripts of surveillance.

The alleged remarks included one Holy Land official calling Israel "the government of the demons" and telling a colleague: "Even Jesus Christ had called the Jews and their high priests ... the sons of snakes and scorpions."

The judge said he found it "disturbing" that the government summary included inflammatory language not found in the transcript.

Defense attorneys, like prosecutors, had no comment on Tuesday's ruling.

But in their original motion, defense attorneys said they only recently had received declassified summaries representing about 10 percent of the conversations recorded by the government in court-authorized surveillance. They signaled that additional discrepancies might exist.

"During the limited period that [we have] had access to declassified transcripts, we have discovered other errors both technical and contextual," Holy Land lawyers wrote in their earlier motion.

The Holy Land foundation was closed by the government five years ago for allegedly serving as a fundraising front for Hamas. The defendants have denied any links to terrorism or knowledge that other charities they funded had ties to Hamas.

U.S. Won't Send CIA Defendants To Italy (WP)

By Craig Whitlock

The Washington Post, March 1, 2007

BERLIN, Feb. 28 -- The State Department's top lawyer said Wednesday that the United States would refuse to extradite CIA officers who face kidnapping charges in Italy, warning that European criminal prosecutions of U.S. agents were harming transatlantic counterterrorism efforts.

An Italian court issued indictments against 25 CIA operatives and a U.S. Air Force officer Feb. 16, charging them with kidnapping a radical Muslim cleric in Milan four years ago. Although the Italian government has not made a final decision on whether to ask the United States to extradite the defendants, John B. Bellinger III, legal adviser to Secretary of State Condoleezza Rice, said the request would be rejected regardless.

"If we got an extradition request from Italy, we would not extradite U.S. officials to Italy," Bellinger told reporters in Brussels, where he was meeting with European Union officials.

Bellinger's statement was the first time that a U.S. government official has directly addressed the Italian criminal investigation, which is expected to produce the first overseas trial of CIA officers involved in a covert counterterrorism operation.

The trial is scheduled to open June 8 in Milan. Italian prosecutors say they will try the American defendants in absentia, if necessary. Five Italian spies, including the former head of military intelligence, have also been charged.

In a separate case, a German court issued arrest warrants Jan. 31 for 13 CIA operatives accused of kidnapping a German citizen in Macedonia in December 2003. German authorities have said they are unlikely to make a formal extradition request to the U.S. government or go to trial. But the ongoing European criminal investigations and other probes into CIA activity on the Continent have soured relations with the Bush administration.

"I do think these continuing investigations can harm intelligence cooperation -- that's simply a fact of life," Bellinger said Wednesday. He also criticized a recent investigation by the European Parliament into CIA counterterrorism operations, calling the legislature's findings "unbalanced, inaccurate and unfair."

Many European lawmakers and human rights groups have accused the CIA of violating European sovereignty and international law by covertly apprehending and detaining terrorism suspects on the Continent. They have also criticized European intelligence services for taking part in the operations or failing to stop them.

"Instead of stonewalling investigations into its and other governments' illegal renditions activities, the United States should support its allies' efforts to bring perpetrators to justice," Jumana Musa, Amnesty International's U.S. advocacy director for domestic human rights and international justice, said in a statement. "The United States must recognize that it has obligations under U.S. and international law to seek accountability for agents who participated in activities that led to torture."

US 'will Not Hand Over CIA Agents To Italy' (FT)

By Sarah Laitner

Financial Times, March 1, 2007

Washington would refuse any demand by Rome to give up alleged Central Intelligence Agency operatives to face criminal trial on charges that the agency abducted terror suspects, a leading US official said.

John Bellinger, legal adviser to the US secretary of state Condoleezza Rice, said in Brussels: "We have not gotten that extradition request from Italy. If we got an extradition request from Italy, we would not extradite US officials to Italy."

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An Italian judge last month ordered 25 alleged CIA operatives and the former head of Italy's military intelligence service to go on trial on charges of kidnapping an Egyptian iman in Milan in 2003 and taking him to Egypt for interrogation.

Mr Bellinger, who was in Brussels to meet European legal advisers, is the first senior US official to say publicly that CIA agents would not be sent for trial abroad.

The US faces continued criticism from many Europeans over its contentious practice of kidnapping terrorist suspects on foreign soil after the September 11 attacks on America. In January, prosecutors in Germany issued arrest warrants for 13 alleged CIA operatives in connection with allegations that a German citizen was abducted and then detained in a secret Afghan prison.

Last month the European parliament accused some European governments of turning a blind eye to the illegal transportation of alleged terrorists through their countries to face possible torture. The Strasbourg chamber said that the UK, Germany, Poland and some other member states allowed CIA flights to stop over without proper controls.

Mr Bellinger branded that study "unbalanced, inaccurate and unfair", and cautioned that European probes into US officials could be damaging. "I do think that these continuing investigations can harm intelligence co-operation," he said.

Mr Bellinger did not address details of the Italian case. Romano Prodi, Italy's prime minister, is unwilling to agree to prosecutors' demands to seek extradition of the Americans.

PATRIOT ACT:

Suit Demands Details On Secret Court's Wiretap Ruling (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, February 28, 2007

Group seeks to learn if program requires individual warrants

A privacy rights group sued the Justice Department on Tuesday to try to pry loose a ruling by a secret court that the Bush administration says approved its clandestine wiretapping program.

The suit, if it succeeds, should answer an important question about the future of the program: whether the court will require individual warrants, with specific evidence, before allowing the government to intercept phone calls and e-mails between Americans and alleged terrorists in foreign countries.

In December 2005, President Bush confirmed a New York Times report that he had authorized the National Security Agency four years earlier to eavesdrop on such communications without obtaining warrants from the Foreign Intelligence Surveillance Court, as required by a 1978 law.

A federal judge in Detroit declared the program unconstitutional in August, a ruling the administration has appealed. In San Francisco, another judge is considering more than 40 lawsuits accusing telecommunications companies of illegally collaborating with the program by allowing the National Security Agency to intercept messages and examine customer records.

The Electronic Frontier Foundation, a San Francisco organization that represents AT&T customers in one of the lawsuits, sued Tuesday in Washington, D.C., seeking disclosure of a pivotal Jan. 10 ruling by a judge of the Foreign Intelligence Surveillance Court.

The ruling's existence was disclosed Jan. 17 by Attorney General Alberto Gonzales, who told the Senate Judiciary Committee that the judge had approved the surveillance, after lengthy negotiations, and that the program was now operating under authority of the foreign intelligence court.

Gonzales did not say, however, whether the judge was requiring a warrant in each case or instead had given overall approval to the program. The attorney general has refused to make the order public, although the Justice Department sent copies to the federal judge in San Francisco and the appeals court reviewing the Detroit ruling.

The department also disclosed the order to selected members of Congress, including leaders of the House and Senate judiciary committees. Tracy Schmaler, spokeswoman for Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., said Leahy would like to see a declassified version made public and is exploring the subject with the Justice Department and the White House.

DOJ_NMG_0138218

In Tuesday's lawsuit, the Electronic Frontier Foundation argued that the public was entitled to learn details of the order under the Freedom of Information Act.

"While national security and law enforcement demand a limited amount of secrecy, Americans have the right to know the government's basic guidelines for this kind of invasive electronic surveillance of their personal communications," said David Sobel, a lawyer for the organization.

By random draw, the case was assigned to U.S. District Judge James Robertson, who resigned from the foreign intelligence court after the December 2005 disclosure that the administration had been conducting surveillance without court review.

Justice Department spokesman Dean Boyd said he couldn't comment on the suit, but noted that orders of the foreign intelligence court have historically been classified. The Jan. 10 order "contains very sensitive information, including sources and methods" of intelligence, Boyd said.

But Sobel said federal law prohibits agencies from keeping entire documents secret if parts of them could be released safely. Whether the foreign intelligence court will require wiretaps for each surveillance is "the kind of question that could be answered without compromising any national security interest," he said.

E-mail Bob Egelko at begelko@sfchronicle.com.

HOMELAND RESPONSE:

TSA Union Fight Threatens Anti-terror Bill (USAT)

By Thomas Frank

USA Today, March 1, 2007

WASHINGTON — Democrats in Congress are pushing to let airport screeners unionize for the first time since the government took over aviation security after the 9/11 attacks.

Their effort has provoked a clash with the Bush administration and Republican lawmakers that could scuttle attempts to enact one of the broadest homeland security bills since 9/11.

Labor leaders say unionizing Transportation Security Administration (TSA) screeners would strengthen security by improving working conditions and reducing high attrition and injury rates, which cause staffing shortages.

TSA leaders say security would suffer because the agency could not quickly reassign screeners to counter new threats.

President Bush might veto any bill that would let TSA screeners unionize. Spokesman Scott Stanzel said senior Bush advisers in the White House and Homeland Security Department, which oversees the TSA, would recommend a veto of such a bill.

A White House statement expressed strong opposition to union rights for screeners, saying unionization could jeopardize the agency's ability to give screeners new assignments.

Thirty-six Republican senators signed a letter Tuesday saying they would support a presidential veto. That's enough senators to uphold a veto.

The showdown comes as the Senate begins debate on proposals to improve aviation and rail security and terrorism prevention by enacting some recommendations of the 9/11 Commission.

Democrats who control the Senate want to pass a broad anti-terrorism bill in coming weeks that includes a provision that would allow the nation's 43,000 airport screeners union representation.

The Democratic-controlled House of Representatives included an identical provision in a 277-page homeland security bill that passed last month. The 9/11 Commission did not address unionization.

Screeners have been barred from collective bargaining since the TSA was created shortly after 9/11.

Most civilian federal employees can be represented by a union, and many TSA sister agencies in the Homeland Security Department have unions.

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TSA Administrator Kip Hawley said he would lose flexibility if he needed union approval before changing screener duties or if he had to fight a union to fire a negligent screener. "If we want to bring in new (security) equipment or move equipment, that's subject to negotiation and delay," Hawley said.

Hawley said unionization would cost the agency $160 million to hire labor lawyers and set up collective bargaining.

The nation's largest federal labor union says the TSA's scenario is a misleading scare tactic. A union would not block security procedures or training requirements but would ensure they were implemented fairly, said Mark Roth, a lawyer for the 600,000-member American Federation of Government Employees, which wants to represent screeners. "They can change screener duties, but we can make sure people get a fair opportunity to be trained to meet new qualifications," Roth said.

Roth said union representation could improve morale and reduce TSA injury and turnover rates, which are among the highest in the federal government.

Federal labor unions negotiate working conditions and are generally barred from negotiating pay and benefits, which are set by law. Federal law allows agencies to "take whatever actions may be necessary to carry out the agency mission during emergency."

States Get Extra Time On Launch Of 'Real ID' (WP)

By Spencer S. Hsu And Stephen Barr

The Washington Post, March 1, 2007

The Bush administration will allow states to postpone the planned May 2008 launch of a program to toughen security requirements for driver's licenses by up to 19 months, in response to complaints about the projected $11 billion cost and potential disruptions, congressional and Department of Homeland Security officials said yesterday.

The retreat came as the White House and the Democratic Congress headed for a showdown over a broad counterterrorism bill to implement many of the remaining recommendations of the Sept. 11 commission, which called for ways to make it more difficult to obtain fraudulent identification. President Bush threatened to veto the overall bill if the Senate joined the House in extending union protection to 45,000 federal airport screeners.

"The Administration vigorously disagrees with these provisions . . . which were not recommended by the 9/11 Commission," the White House said in a statement. Reducing the Transportation Security Administration's flexibility to deploy workers and meet new threats "would reduce travelers' security," the statement said.

As the Senate began debate on the bill yesterday, eight senators supported a push by Sen. Susan M. Collins (R-Maine) to postpone the driver's license program by two years. They blamed the administration for failing until a scheduled announcement today to spell out what states must do to comply with the law, which was passed nearly two years ago.

Sen. Lamar Alexander (R-Tenn.) said the program, known as Real ID, was an unfunded federal mandate that would force governors and legislatures into unpopular choices such as raising taxes or tuition, or diverting money from education or health initiatives.

"We are for the first time in history creating a national ID card, with all the ramifications of that," Alexander said. "Let's make sure we know what we're doing."

Homeland Security Secretary Michael Chertoff is expected this morning to lay out long-awaited requirements for states to standardize information to be included on licenses, verify applicants' citizenship status, and check information such as birth certificates and driver histories with other state and federal databases.

Only IDs that meet the new standard will be acceptable for federal purposes such as boarding airplanes or entering courthouses.

A senior Homeland Security official, speaking on the condition of anonymity pending the official release, said that although the Real ID law set a May 2008 deadline, the administration is interpreting that as requiring states to be able to begin issuing compliant IDs by that time. They will be allowed to replace all 245 million licenses held by Americans on a "reasonably prompt basis" over five years.

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States that could justify their requests for more time would be granted waivers, the official said. Although details were still being worked out and could change, two congressional GOP sources said DHS would in effect set a start date at the end of 2009, similar to Collins's proposal.

The fight presaged a difficult two-week debate over reforms backed by the panel that investigated the Sept. 11, 2001, attacks.

Earlier this week, 36 Republican senators lined up behind Bush's veto threat, enough to defeat any override attempt. A similar battle in 2002 delayed creation of the Homeland Security Department.

Addressing reporters, sponsor Sen. Joseph I. Lieberman (I-Conn.) noted that the bill included $3.3 billion for emergency communications, $3.1 billion a year for five years for risk-based grants to states, and stronger rail, aviation and port security measures.

"Is it worth stopping all the improvements of homeland security, adopting the recommendations of the 9/11 commission that have such bipartisan support . . . for one provision that gives quite moderate to weak employee rights, frankly, to people who work every day as screeners?" Lieberman said.

Sen. Claire McCaskill (D-Mo.) proposed a deal to give TSA workers "very basic" rights, such as whistle-blower protections, a spokeswoman said, which TSA chief Kip Hawley said could be acceptable.

But John Gage, president of the American Federation of Government Employees, said workers would not settle for such changes.

Border Patrol officers and customs agents within the Homeland Security Department, and Capitol Police and state and local police and firefighters, enjoy collective bargaining rights, Gage said. Workers from TSA reported injury and illness rates in 2006 that were six times the 5 percent average for all federal employees, and an attrition rate 10 times the 2.2 percent average for federal civilians, he said.

Transit Security Requires Chaotic Approach (USAT)

By Frank J. Cilluffo And Laura P.

USA Today, March 1, 2007

From Moscow, Madrid and Mumbai to London, Tokyo and Paris, trains and subways have provided ideal targets for terrorists. Given the low security measures, high numbers of passengers, and mass transit's critical economic significance, attacks on these transport systems potentially have the biggest impact for the lowest cost.

In response to the 2005 attacks on the London Underground and buses that killed 52 people, British authorities enhanced their security. The measures include evacuation plans for all 275 stations; regular multiagency emergency drills; staff training in evacuation and safety procedures; and randomly screening passengers and their packages.

Most U.S. subways have implemented some measures such as closing public restrooms and removing trash bins, and more than two thirds of rail systems have completed risk assessment exercises. But the U.S. government has not formalized rail security standards, identified "best practices," or completed an overall rail security strategy, three things Congress has called on it to do.

How do we prevent what appears to be inevitable? One possible solution is to create security plans that can be executed with a high level of unpredictability and flexibility — a strategy of chaos. Rather than copy the air transport model by imposing a police presence on all trains or screening all passengers and packages, rail security plans should emphasize random and frequent security searches. Chaotic tactics could thwart terrorists' attempts to plan and execute attacks.

No number of screenings, canine teams, special security teams, cameras or sensors will prevent terrorists from devising ways to circumvent security measures. Besides creating a lumbering security regime that would result in commuter gridlock, any such scheme imposed on rail systems would require an infinite amount of funding. There is no such thing as zero risk, but we can certainly displace risk by using a strategy of chaos.

A strategy of chaos does not mean security "on the cheap." House homeland security committee Chairman Rep. Bennie Thompson, D-Miss., notes that for every $9 we spend per passenger we spend on aviation security, we spend only one cent per passenger on rail security. The 2008 federal budget request doesn't improve the picture. The president's proposal for securing

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subways and all other U.S. rail transit is less than a quarter of the amount of money requested for air security. We must increase our investment in the nation's surface transportation security plans.

Even with more funding, though, we will never have an ironclad guarantee that our 11.3 million daily commuters will remain out of harm's way. This is where the commuting public can become a strategic asset. We must redouble efforts toward a public awareness campaign that will educate riders on how to spot suspicious behavior — and what to do about it.

Congress is right to highlight the need to increase funding for our rail security, but it takes more than money to protect everyone all the time. A strategy of chaos would transform our security efforts from reactive to proactive — deterring predictable attacks on our subways and trains.

Add to that a greater public awareness, and we can beat the terrorists at their own game.

Frank J. Cilluffo is director of the George Washington University Homeland Security Policy Institute, a non-partisan think tank. Laura P. Keith is a policy analyst at HSPI.

Inside Politics (WT)

By Greg Pierce

The Washington Times, March 1, 2007

Left out

A family member of a September 11 victim says Senate Democrats invited him to Washington then snubbed him yesterday after he criticized a bill adopting 9/11 commission recommendations.

"They made me sit in the hallway for 40 minutes for nothing," said Bruce DeCell, a former New York City police officer whose son-in-law was killed at the World Trade Center on September 11.

He was invited by the Senate Democratic Steering and Outreach Committee to represent victims' family members at a lunch and press conference that included Senate Majority Leader Harry Reid of Nevada, Sen. Hillary Rodham Clinton of New York and Sen. Frank R. Lautenberg of New Jersey.

Mr. DeCell, a board member of the World Trade Center United Family Group and vice president of the 9/11 Families for a Secure America, said he was asked to wait in the hall for his turn at a press conference but ended up waiting until it was over.

"I personally don't care if I'm at the press conference or not," he said. "If they don't want me, they could tell me, and I would just go home."

Thomas Russell, director of the steering committee, later called and apologized, saying he was "being pulled in too many directions and he forgot to come and get me," Mr. DeCell said.

Mr. DeCell called the explanation "disingenuous."

"If there were 20 of us and he forgot one, I'd understand it," he said. "I was the only family member who traveled down here for this."

Opting out

Rep. Peter Hoekstra, Michigan Republican, said yesterday he will advance a bill that will let states opt out of President Bush's No Child Left Behind education law.

"We're going to provide an alternative" to the five-year-old-law, Mr. Hoekstra said at a Heritage Foundation forum. "We think this is the direction to go."

Mr. Hoekstra said Republicans sold out their principles by allowing No Child Left Behind to become law in the first place, because now that it's in place it will only grow in both funding and regulations. "We are on the doorstep of having a national federal curriculum," he said, calling this possibility "devastating."

The act — which Mr. Bush and some top lawmakers are working to renew this year — aims to have all students proficient in reading and math by 2014 by requiring states to test children annually and to set standards that schools must meet each year.

Mr. Hoekstra's bill, to be introduced next week, would allow state leaders to declare that their state is responsible for educating its own children, thereby freeing the state from No Child Left Behind mandates.

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Mr. Hoekstra said it's needed, since there's already pressure to expand the law. He noted that even a conservative — Rep. Zach Wamp, Tennessee Republican — teamed up with fitness guru Richard Simmons yesterday to advocate adding physical education to No Child Left Behind.

Ridge and McCain

Former Homeland Security Secretary Tom Ridge will serve as national co-chairman of Republican John McCain's presidential exploratory committee, the campaign said yesterday.

Mr. Ridge, a former two-term Pennsylvania governor, served as first head of the Department of Homeland Security from 2003 to 2005.

"What sets John apart is his ability to form coalitions around a common, principled cause. Our country is at a crossroads, and John McCain is the leader who fundamentally knows what it takes to move us forward and keep us safe," Mr. Ridge said.

Campus crusade

Conservative activist David Horowitz continues fighting political correctness on America's college campuses, and will bring the battle to Washington this weekend with his second annual Academic Freedom Conference.

The conference Saturday and Sunday at the Omni Shoreham Hotel, sponsored by Students for Academic Freedom (SAF), will follow on the heels of the three-day Conservative Political Action Conference, which begins today at the same location.

Former Sen. Rick Santorum, Pennsylvania Republican, will give Saturday's keynote address at the SAF conference, which also will feature panel discussions with student activists from across the country.

On Sunday, Mr. Horowitz — whose new book, "Indoctrination U.," chronicles his campaign for fairness in academia — will debate Cary Nelson, president of the American Association of University Professors, on the topic, "Political Indoctrination and Harassment on Campus: Is There a Problem?"

"In the past year, we have succeeded in persuading two universities, Pennsylvania State University and Temple University, to adopt new academic freedom protections, which — for the first time — give students explicit academic rights," Mr. Horowitz said. "These are major victories, but it is crucial that we address not only how far we have come, but how far we have yet to go."

Group fined

A conservative independent group that ran millions of dollars in ads against Democratic presidential candidate John Kerry in 2004 will pay $750,000 to settle charges that it violated federal campaign laws.

The penalty, announced yesterday by the Federal Election Commission (FEC), is the third-largest in the history of the commission, which regulates election money. The FEC's six commissioners approved the settlement unanimously, the Associated Press reports.

The group, Progress for America Voter Fund, raised nearly $45 million in 2004, making it the best-financed Republican-oriented group in that campaign. The FEC said that it "failed to register and file disclosure reports as a federal political committee and accepted contributions in violation of federal limits."

Benjamin Ginsburg, an attorney for the Progress for America Voter Fund, said the group was not admitting guilt. He blamed the FEC for not setting clearer guidelines for independent groups that seek to influence elections.

In December, the FEC settled cases against three similar groups — liberal and conservative — that acted in a like fashion.

Award winners

Accuracy in Media (AIM) will honor Michelle Malkin and Mark M. Alexander for outstanding contributions to journalism in a ceremony today during the American Conservative Union's 2007 Conservative Political Action Conference.

The Reed Irvine Accuracy in Media Award is named for AIM's founder, Reed Irvine, who was America's first media watchdog.

Mrs. Malkin is a syndicated columnist, author, Fox News Channel contributor and a blogger. Mr. Alexander is executive editor and publisher of the Patriot Post (www.patriotpost.us).

Mrs. Malkin will receive the Reed Irvine Accuracy in Media Award for Investigative Journalism in recognition of her work in three 2006 columns on illegal immigration — "Racism gets a whitewash," "Reconquista is real" and "'La Raza' schools: Your tax dollars at work."

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Mr. Alexander's May 12, 2006, piece, "Pollaganda — media polls as instruments of propaganda," earned him the Reed Irvine Accuracy in Media Award for Grassroots Journalism.

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Terrorists Being Moved To Terre Haute Federal Prision Complex (THTS)

By Sue Loughlin, The Tribune-Star

Terre Haute Tribune-Star, March 1, 2007

Unit opened last year, currently has 17 inmates

TERRE HAUTE — The U.S. Justice Department has opened a new unit at the medium-security prison in Terre Haute to monitor communications of its inmates more closely, which could include lower-risk offenders convicted of or associated with terrorism, a Bureau of Prisons spokeswoman said.

The Washington Post has reported that the unit houses "a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted."

The self-contained unit opened in December and has about 17 inmates, although that number eventually could expand to 90, said Traci Billingsley, Bureau of Prisons spokeswoman.

The so-called "Communications Management Unit," or CMU, "isn't a terrorist unit," she said.

The purpose of the CMU "is to provide increased monitoring of inmate communication in a self-contained unit. It assists in regulating and monitoring communication between inmates and those in the community," she said.

Those convicted of or associated with domestic or international terrorism "may be candidates for this unit," Billingsley said.

It eventually will house a variety of inmates, including sex offenders who try to communicate with victims or inmates who try to conduct illegal activity by phone or mail.

The unit is located in an area that formerly served as death row. Death row has been moved to the new high-security facility in the Federal Correctional Complex.

Prisoner advocates are raising concerns that most of the inmates in CMU so far are of Middle Eastern descent or Muslim faith, which could represent racial profiling.

Billingsley said she didn't know inmates' race or religion, and "that would not be a factor in placement," she said.

The most dangerous, high-risk terrorists in the federal system likely would be housed at the ADMax or "supermax" facility in Florence, Colo., she said. According to the Washington Post article, the supermax facility houses al-Qaeda operative Zacarias Moussaoui.

The Washington Post article and another Internet publication say that among those housed in the CMU are five members of the so-called Lackawanna Six, a group of Yemeni-Americans from upstate New York who attended an al-Qaeda training camp. They pleaded guilty to charges of providing material support to al-Qaeda, according to a U.S. Department of Justice news release.

The defendants were sentenced to terms ranging from seven to 10 years in prison, according to the 2006 news release.

Billingsley said she could not confirm identities of prison inmates in the unit.

Telephone, mail and in-person communications of CMU inmates are closely monitored, and some advocates say the measures are too restrictive and perhaps unconstitutional. All inmate conversations, both by telephone and in-person, must be conducted in English unless otherwise negotiated.

Under the CMU program, telephone communications must be conducted using monitored phone lines, be live-monitored by staff, are subject to recording and must be in English. All letters must be reviewed by staff prior to delivery or sending; those written in non-English are subject to delays because they first must be read and translated.

Visits must be non-contact only, live-monitored, subject to recording and English only. If either party speaks non-English without prior approval, the call or visit will be terminated.

The only exception to the procedures is for privileged attorney-client communication, which cannot be monitored.

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Communication is far more restricted than in the inmates' previous prison facilities, critics say. Visits are limited to two-hour visits twice a month, they say. Telephone might be limited to perhaps two, 10-minute calls per week, whereas before, inmates may have been allowed up to 300 minutes per month.

A Bureau of Prisons document states that "in no event will the frequency or duration of telephone calls placed by D-Unit inmates be limited to less than one telephone call per month of at least three minutes' duration."

According to the Washington Post article, the bureau has come under criticism in recent months for failing to monitor terrorist inmates' communications adequately.

The Post article refers to a Justice Department inspector general report in October that found "three terrorists imprisoned for the 1993 World Trade Center bombing had sent nearly 100 letters to alleged terrorists overseas from the maximum-security facility in Colorado."

Meanwhile, the National Prison Project at the American Civil Liberties Union is monitoring what is happening in the CMU unit, said David Fathi, staff counsel.

Right now, the Prison Project has only limited information about the CMU, who is housed there and how it operates, he said.

"Any time people of a certain ethnic or religious group are singled out for unfavorable treatment, obviously it's cause for concern," Fathi said.

The Bureau of Prisons legally is allowed to monitor communications between prisoners and family, friends or other outsiders, all except for attorney-client communication, he said.

But if that monitoring instead "turns into restricting or cutting off communication, it could violate the First Amendment rights of prisoners and those on the outside who want to communicate with them," Fathi said.

Howard Kieffer, a Santa Ana, Calif., defense attorney, said he has a client in the CMU unit whose communications have been severely limited.

Kieffer is executive director of Federal Defense Associates, a legal group that assists inmates in post-conviction defense matters. He also has an Internet-based listserv focused on federal prisons.

The CMU inmates are being treated differently than other inmates, Kieffer contends, and, "There is no legal authority for it whatsoever," he said.

He maintains the CMU was not implemented through a process that calls for public notice and an opportunity for public comment.

Billingsley said the bureau does have the authority to monitor communications of inmates and she disagreed that any violations of procedures or law have occurred.

In the case of CMU inmates, greater monitoring of their communication with the community is necessary "to protect the safety, security and orderly operation of the bureau facilities, and protect the public," she said.

Kieffer suggests the inmates have been denied the rights of due process and equal protection. Most of the inmates are of Middle Eastern descent, and many also are American citizens, he said.

In the Post article, he suggested the unit "screams racial profiling."

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New Orleans Residents Rush To Join Lawsuit (USAT)

By Alan Gomez

USA Today, March 1, 2007

New Orleans residents who were hurt or whose homes were damaged by Hurricane Katrina are scrambling to beat a deadline today to file claims against the Army Corps of Engineers.

Thousands of people descended on the corps' office Wednesday in New Orleans to file claims that accuse the corps of being responsible for levee failures that flooded New Orleans.

If the claims are denied, the victims then can take part in a lawsuit demanding compensation for losses. Joseph Bruno, one of several attorneys representing victims, says he expects more than 100,000 to file claims.

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Debbie Simon, a corps spokeswoman, said it expects the total to be around 60,000 claims.

Bruno said the sudden rush to file is due to several factors. It's been difficult to inform people of the deadline because so many New Orleans residents are displaced around the country. Many still in New Orleans are living in trailers or new locations. And many others held off until they realized their insurance companies and government agencies were not paying them what they felt they were entitled to.

"It's been sheer, unmitigated hell," Bruno said.

Victims who miss today's deadline could be spared, however, if a judge grants an extension to the deadline at a court hearing scheduled for Friday. Lawyers representing victims in the lawsuit are asking for a 6-month extension.

Bruno says that there are two acts under which Katrina victims can sue the corps: a maritime law and a federal torts claim.

The deadline for the tort claim is Aug. 29 — the two-year anniversary of Katrina. A claim under the maritime law must be submitted by today.

Bruno is requesting the extension because of the confusion leading up to today's deadline. He said he didn't realize the corps was going to enforce today's deadline until he received a letter from the corps dated Feb. 20, Mardi Gras.

He said he realizes that people must understand their legal rights. "But this is different," he said. "This is a disaster of incredible proportion."

Charles Brown, 47, turned in his claim earlier this week after learning about the deadline Sunday.

"A lot of people aren't going to get their claims in," said Brown, who has been living in a government-issued trailer since his Gentilly home was damaged by the storm.

Judge Is Urged To Back Deal On Hurricane Damage Claims (NYT)

By Joseph B. Treaster

The New York Times, March 1, 2007

GULFPORT, Miss., Feb. 28 — Addressing a skeptical federal judge, Mike Moore, a lawyer who helped engineer a settlement with State Farm, argued Wednesday that the deal should be approved partly because it could put hundreds of millions of dollars into the hands of victims of Hurricane Katrina by the end of the year.

The alternative, Mr. Moore and other proponents of the settlement told Judge L. T. Senter Jr. of Federal District Court, would be individual trials, which could stretch out several years with the outcomes far from certain.

“This is real,” Mr. Moore said of the settlement. “This is not illusive.”

Lawyers involved in the settlement were before Judge Senter on Wednesday to argue the merits of a settlement with State Farm that would reopen 36,000 previously closed claims of Mississippi homeowners whose homes were damaged by the hurricane.

The central issue has been whether the insurers are responsible for damage caused by extensive flooding. The insurers say their policies never provided coverage for any kind of flooding. In many cases, storm victims say, the insurers, especially State Farm, refused to pay claims if the damage was done by a combination of wind and water.

Judge Senter, saying he wanted to learn more about the details of the settlement and to hear from homeowners who have complaints about State Farm, had convened what he called a “hybrid hearing” that had some of the flavor of a town meeting. At times it was raw and emotional.

One woman, Sheron Weiss, said she had been so distressed at the loss of her home and the refusal of State Farm to pay her that she had “contemplated suicide more than once.”

The judge, saying he had a duty to protect storm victims, had been unwilling to endorse the settlement because of concerns that it favored State Farm.

A lawyer for State Farm, W. Scott Welch, a partner in a firm in Jackson, Miss., said the agreement was a result of “months of arms-length negotiations.”

Some lawyers questioned whether the negotiators for policyholders, led by Richard F. Scruggs, had gone easy on State Farm. They pointed out that the settlement was part of a two-part arrangement.

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In the first segment, Mr. Scruggs settled 640 lawsuits against the insurance company for $80 million. Then, he and the others began negotiating for the reopening of the 36,000 closed claims. The deal provides for State Farm to pay a minimum of $50 million to the policyholders. Some lawyers suggested that Mr. Scruggs was more concerned about the 640 lawsuits than the larger group.

Mr. Scruggs said, "We felt we had tilted the playing field greatly in favor of the policyholders."

Mr. Scruggs and Mr. Moore have been friends for years. When Mr. Moore was the attorney general in Mississippi, he worked with Mr. Scruggs in the 1990s to start litigation against tobacco companies that led to a $248 billion settlement involving 29 states. In the negotiations with State Farm, Mr. Moore served as intermediary between Mr. Scruggs's group, State Farm and the current attorney general, Jim Hood. He recently joined the Scruggs team.

Mr. Scruggs and Mr. Moore estimated that the settlement could result in payments of up to $600 million.

Most of the 36,000 who requested that their claims be reopened, Mr. Moore said, would receive additional money. He said he had calculated increases on several individual policies, including those on the homes of two of his sisters.

During the negotiations, some participants said State Farm insisted upon working out the settlement involving 36,000 policyholders after they had concluded the deal closing the 640 lawsuits. The insurer's concern, participants said, was that once the $80 million payment on the lawsuits became public, the 36,000 storm victims might try to overwhelm State Farm with new lawsuits.

In court on Wednesday, Mr. Moore said that publicity about State Farm's handling of claims had given it "a credibility problem" and he was confident State Farm would pay what arbitrators decided was fair for policyholders.

Lawyers for State Farm insisted that the company had worked to resolve claims fairly.

Under the agreement, State Farm will make new offers of payment to those who ask for a review of the claim. If the policyholder is not satisfied, the policyholder can request binding arbitration, which will be paid for by the insurance company.

Return To New Orleans (editorial) (WP)

The Washington Post, March 1, 2007

AMONTH after neglecting to mention New Orleans or the Gulf Coast in his State of the Union address, President Bush heads today to the city crippled by Hurricane Katrina. He's certain to get an earful during his listening tour of the region, which will start in Mississippi. But if the Crescent City's revival is to go from a crawl to a gallop, Bush must use the bully pulpit of the presidency to energize all levels of government. Despite $89 billion from the federal government to rebuild the devastated Gulf Coast, New Orleans's recovery has been slow. Painfully slow.

According to "The Katrina Index: Tracking Recovery of New Orleans & the Metro Area," a monthly report from the Brookings Institution and the Greater New Orleans Community Data Center, public transportation is stagnant, "with only 17 percent of pre-Katrina buses in operation." More than half of the city's schools -- 56 percent -- remain closed. And rebuilding money from Baton Rouge under Louisiana's "Road Home" program seems to be distributed one coin at a time. Only 632 applications had been approved out of the 107,739 on file as of Feb. 12. Guarding against fraud is commendable, but it does not excuse the continual delay in helping those who lost everything and are eager to get on with their lives.

That's just the beginning of the challenges facing New Orleans. Murders, robberies and carjackings are some of the horrors visited upon a people who have suffered enough. Fear and uncertainty about the future have contributed to the acceleration of the departure of the middle class and educated professionals, who were already bidding the city adieu before Katrina blew ashore in 2005. And the population that has been left behind -- half of what it once was -- needs meaningful employment.

Solving these problems not only takes vision, it takes leadership. From the beginning, Mr. Bush wisely insisted that local officials plan and control their own destiny. Yet that does not absolve him of any role in fulfilling a vow he made to New Orleans in his speech in Jackson Square: "This great city will rise again." A presidential push is needed to tamp down partisan bickering and old rivalries among local, state and federal officials and to quash conspiracy theories that the decision not to rebuild flooded housing projects is an attempt to ethnically cleanse New Orleans.

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One specific way Mr. Bush could show leadership is by directing the Federal Emergency Management Agency to waive the requirement that Louisiana contribute 10 percent to meeting disaster recovery costs; the federal government has issued similar waivers to other jurisdictions, including New York City after the attacks of Sept. 11, 2001. Cutting that bit of red tape would allow the freed-up money to be used for other rebuilding purposes.

WAR NEWS:

Democrats To Attach Add-ons To Iraq Bill (AP)

By Andrew Taylor

AP, March 1, 2007

While Democrats try to restrict how President Bush can spend the $100 billion he wants for Iraq, they also hope to load his measure up with $10 billion in add-ons — from aid for avocado growers to help for children lacking health insurance.

Lawmakers also hope to add money for drought relief in the Great Plains, better levees in New Orleans and development of military bases that are closing down.

The expected battle with the White House over the add-ons is getting far less attention than debate over Iraq, but it could reveal a lot about how much Democrats will be able to rewrite the Republican president's budget later this year.

Bush has yet to veto a spending bill, and Democrats are gambling he'll sign the Iraq measure despite objections to spending he didn't seek. Republicans, meanwhile, may be reluctant to vote against the package since it contains funds for U.S. troops overseas.

Lawmakers from the Great Plains are pressing for about $4 billion in disaster aid for farmers suffering under drought conditions.

The California delegation is demanding help for citrus, avocado and other Central Valley farmers facing $1.2 billion in losses from a devastating January freeze. House Speaker Nancy Pelosi, D-Calif., is a powerful ally in the effort to win the region unemployment, food and housing aid.

Gulf Coast lawmakers want $1.3 billion above the $3.4 billion requested by Bush for hurricane relief. Northwest lawmakers are desperate for about $400 million to extend payments to rural counties hurt by cutbacks in federal logging.

And governors are pressing for $745 million to address a shortfall in the State Children's Health Insurance Program that threatens to deny health coverage for about 500,000 children in 14 states. House Appropriations Committee Chairman David Obey, D-Wis., promised Tuesday that SCHIP money will be added to the Iraq bill.

Obey also has promised to add $3.1 billion for local communities affected by military base closings and for redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases. To free funds for Democratic initiatives, that money was left out of a spending bill approved earlier in February.

Both Democrats and Republicans are pushing extra spending into the war funding bill as they seek to advance domestic priorities that would probably stall if advanced on their own.

That's not what the White House says should happen.

"This supplemental is about emergency spending for the global war on terror and we need to make sure we stay on that track," said budget office spokesman Sean Kevelighan.

Added House Minority Leader John Boehner, R-Ohio: "Our focus must be on supporting our troops in harm's way — without strings attached — not on using a military spending bill as an excuse to fund pork-barrel projects and other unrelated projects."

Bush and GOP leaders on Capitol Hill managed to keep prior war funding bills largely free of such budgetary add-ons when Republicans controlled Congress. Now that Democrats are in charge, the party's leaders are eager to use the cost of the war as leverage to force Bush to accept spending — such as aid to farmers — that he has successfully killed in the past.

"It's starting to become a train onto which a lot of baggage is being thrown that has got nothing to do with the war or really legitimate emergencies," said Sen. Judd Gregg, R-N.H.

Countered Obey: "We will only fund what is necessary."

Whatever is added to the bill in the House is likely to grow in the freer-spending Senate.

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Democrats Plan To Fund Domestic Agenda In War Bill (POL)

By Mike Allen

The Politico, March 1, 2007

House Democrats plan to pick a fresh fight with the White House with an unannounced plan to add billions of dollars in spending for their domestic priorities to President Bush's $99.6 billion emergency war spending bill.

The programs being eyed by Democratic leaders, including $700 million for health care for poor children, could boost Bush's war proposal by 10 percent or more, sources in both parties said.

The White House wants Congress to stick with what Bush requested -- money for ongoing military operations in Iraq and Afghanistan, repair and replacement of damaged equipment and an increase in the size of the nation's deployable military force.

But Democrats plan to follow the same strategy Bush has used for years to get his priorities funded: packaging appropriations for key projects separately from the overall budget and tying them to money for troops in the field.

Democratic leaders also see this emerging strategy as a way to encourage their liberal members to vote for the supplemental budget bill, rather than risk the party being portrayed as anti-military, and to remind the president that Congress is an equal branch of government.

"He has competition now," said one Democratic leadership aide.

The House Appropriations Committee will take up the bill next week, with a floor vote scheduled for the following week. The likely additions, which two sources said could run from $10 billion or more, include funds to help states pay for the State Children's Health Insurance Program to provide low-cost health insurance for families and children. A shortfall in federal funding for the program was one of the biggest complaints of the nation's governors who met at the White House on Monday.

The Center on Budget and Policy Priorities says 14 states face a total deficit for the program of $700 million. The states are Alaska, Georgia, Illinois, Iowa, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, Rhode Island and Wisconsin.

Funds for relief from crop disasters may also be included in the Democratic package. Most of the add-ons are directly related to the military and homeland security, such as money to help with the fallout from base closings and for veterans' hospitals to pay for traumatic brain injuries, a Democratic aide said. Such injuries have been unparalleled in this war, in part because of advanced field hospitals that keep soldiers alive when otherwise they would have died.

Democrats said they would pay for the new funding priorities with cuts or revenue enhancements elsewhere, but would give no specifics.

Sean Kevelighan, a spokesman for the Office of Management and Budget, said the White House will urge Democrats not to try the additions.

"To include non-related add-ins in what is clearly designed to provide troops with the resources they need, when they need them, would only delay the process and in turn delay these vital resources," he said. "These types of things would create debate and take us off the overall intention of the supplemental."

$4B To Sweeten Iraq Bill (HILL)

By Alexander Bolton

The Hill, March 1, 2007

House Democratic leaders will add nearly $4 billion for farmers to a bill funding military operations in Iraq and Afghanistan to attract conservative Democrats concerned that the measure would wrongly constrict President Bush's power as commander in chief.

Democrats may also add money for children's health insurance in the hope of winning the votes of Republicans such as Illinois Reps. Mark Kirk (R) and Judy Biggert (R), whose home state faces a $240 million deficit in its State Children's Health Insurance Program (SCHIP).

Rep. Collin Peterson (D-Minn.), chairman of the House Agriculture Committee and a senior member of the Blue Dog Coalition of some 45 conservative Democrats, said, "I don't think the supplemental will pass if we don't" add disaster-relief funds.

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Without farm-relief funds the Iraq-Afghanistan bill would lose "quite a few" Blue Dog votes, said Peterson. "They'd lose mine," he added.

Republican House leaders anticipated such sweeteners. At yesterday's weekly meeting of the House Republican Conference, Minority Leader John Boehner (R-Ohio) urged colleagues not to be lured by money for agriculture and health insurance, said two lawmakers who attended the meeting.

Boehner warned his colleagues to remember the bigger picture of troop funding.

A lawmaker who attended a meeting of Blue Dogs Tuesday said half of the conservative Democrats who were there raised concerns about language that Defense Appropriations subcommittee Chairman John Murtha (D-Pa.) said he would include in the supplemental.

Murtha said he would include several requirements: giving soldiers returning from the war at least a year of rest before redeployment; limiting the Pentagon's ability to extend enlistments, the so-called stop-loss policy; and stopping the Pentagon from extending combat tours.

Murtha also said his bill would enforce equipment and training standards for troops.

Conservative Democrats met before the whole House Democratic Caucus convened to discuss war funding. Lawmakers at the second meeting failed to reach agreement because liberal lawmakers demanded that strict conditions be attached to funding while conservatives argued against interfering with Bush's powers of command.

"I don't think we should be interfering with military strategy," said Rep. John Tanner (D-Tenn.), a leading Blue Dog, when asked about Murtha's proposed restrictions.

House Appropriations Committee Chairman David Obey (D-Wis.) has said he may add waivers to the military bill that would allow the Department of Defense to circumvent Murtha's proposed restrictions, according to press reports.

But Murtha has not yet agreed to including these.

Rep. Bill Young (R-Fla.), ranking Republican on the Defense Appropriations subcommittee, said he and Murtha discussed the details of the supplemental funding bill Tuesday. Murtha said he would include his restrictions and did not mention waivers, Young said. Young told Murtha he opposed the restrictions.

If Republican members of the Appropriations Committee and a significant number of Blue Dogs oppose the bill, it may not pass the House, seriously embarrassing the Democratic leadership.

Additional agriculture spending could make it harder for conservative Democrats from rural districts to oppose the war-funding bill. Murtha and Peterson said farm-relief funds would be added.

Peterson cited $4 billion to pay for disasters such as droughts, floods, frosts and snowstorms that affected farmers in about half of all states in 2005 and 2006. In California, farmers lost four-fifths of their orange crop to frost, he said. But farmers could only apply for relief for one of the two years, he added.

Murtha said Blue Dogs have not told him directly of their concerns, but extra agriculture funds could keep them from defecting. Another senior Democrat on Appropriations agreed that "it would help."

Murtha said he and Young reached agreement on military funding levels. The supplemental would include at least $93.7 billion for troops in Iraq and Afghanistan. Appropriators may grant requests to allocate an extra billion for Afghanistan, which would boost the defense total to $94.7 billion, he added.

Prospects for extra children's health insurance funding were less certain, Murtha said. Appropriators may also include $3.4 billion Bush has requested for Hurricane Katrina recovery costs.

Murtha, Obey, Speaker Nancy Pelosi (D-Calif,), Majority Leader Steny Hoyer (D-Md.) and other Democrats met yesterday in an office off the House floor to discuss the supplemental.

As reporters converged on Murtha after the meeting, Democratic Caucus Chairman Rahm Emanuel (D-Ill.) waved his arms at the lawmaker to remind him of the new watchword: "Consensus."

"Don't talk to the press," said Emanuel half-jokingly as he tried to catch Murtha's attention.

But Murtha has remained steadfast about putting restrictions on the president.

"We will have three restrictive amendments," he said.

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Democratic Leaders Revamp Anti-war Plan (AP)

By Anne Flaherty

AP, March 1, 2007

House Democratic leaders are developing an anti-war proposal that wouldn't cut off money for U.S. troops in Iraq but would require President Bush to acknowledge problems with an overburdened military.

The plan could draw bipartisan support but is expected to be a tough sell to members who say they don't think it goes far enough to assuage voters angered by the four-year conflict.

Bush "hasn't to date done anything we've asked him to do, so why we would think he would do anything in the future is beyond me," said Rep. Lynn Woolsey, D-Calif., one of a group of liberal Democrats pushing for an immediate end to the war.

Democratic protests to the war grew louder in January after they took control of Congress and Bush announced he planned to send 21,500 more troops to Iraq. Earlier this month, House Democrats pushed through a nonbinding resolution opposing the buildup.

Since then, Democrats have been trying to decide what to do next. Some worried that a plan by Rep. John Murtha to restrict funding for the war would go too far. Murtha, D-Pa., is extending his support to the revised proposal.

The tactic is more likely to embarrass Bush politically than force his hand on the war. He would have to sign repeated waivers for units and report to Congress those units with equipment shortfalls and other problems.

In the Senate, a group of senior Democrats wants to repeal the 2002 measure authorizing the war and write a new resolution restricting the mission and ordering troop withdrawals to begin by this summer. But Majority Leader Harry Reid, D-Nev., said Iraq would have to wait until the Senate finishes work to improve homeland security.

"That would mean we would hold off the Iraq legislation for a matter of days, not weeks," he said.

The House Democratic proposal brought a sharp response from Republicans on Wednesday.

Rep. Adam Putnam, R-Fla., called the plan a "fig leaf" to distract the public from what he said was Democrats' ultimate goal of cutting off funds for troops in combat.

"We support full funding for our troops who are in harms way — without strings attached," said Putnam, R-Fla., after emerging from a closed-door conference meeting.

As Democrats met behind closed doors to discuss their options Tuesday, Secretary of State Condoleezza Rice said the Bush administration would talk to leaders from Iran and Syria on stabilizing Iraq.

Rice announced U.S. support for the Iraq meeting, to be held in Baghdad next month, at a Senate hearing in which Democrats pressed her and Defense Secretary Robert Gates to explain what progress is being made in the Baghdad security crackdown and how soon U.S. troops will be coming home.

The decision to engage Iran and Syria on the war in Iraq is a major departure for U.S. policy. The bipartisan Iraq Study Group in December recommended U.S. dialogue with Iran and Syria, but until now the administration has resisted that course.

Former Secretary of State James A. Baker III, Republican co-chairman of the panel, welcomed the shift in a speech Tuesday night. But he went further, urging the administration to include Syria in Mideast peacemaking with Israel and the Palestinians.

Baker and his Iraq Study Group co-chair Lee Hamilton, a Democrat, are expected this spring to participate in a new study on constitutional war powers. Baker will co-chair the independent panel along with Warren Christopher, who was President Clinton's secretary of State.

Dennis Ross, a former U.S. Middle East negotiator, noted that Rice and other officials had taken pains to stress that the talks were an Iraqi initiative, which he said the administration might be using as cover to downplay suggestions of a major policy shift.

"This is a way for the administration to have discussions under a different umbrella but in a way in which they can say that they are not changing course," said Ross, a senior fellow at the Washington Institute for Near East policy.

The administration said its decision to take part in the Iraq conference did not represent a change of heart, although the White House has accused both Iran and Syria of deadly meddling in the war.

"We've always been inclined to participate in an Iraqi-led conference," White House counselor Dan Bartlett said.

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Dems: Murtha Upstaging Pelosi (POL)

By Josephine Hearn

The Politico, March 1, 2007

To put it bluntly, as the former Marine is wont to do, Rep. John Murtha is rankling some of his fellow Democrats who worry his outspokenness sometimes upstages even Speaker Nancy Pelosi.

The Pennsylvania Democrat has long charted his own course in dealings with the press and congressional leaders. But now after three decades in the House, he's a national figure and his independent streak and sometimes fiery rhetoric are causing wider rifts for Democrats.

A day before the House voted on a resolution disapproving of the president's troop "surge" plan last month, Murtha turned to a liberal Web site to preview his plans to block the president's deployment of an additional 21,500 troops into Iraq. And his statements overshadowed the ongoing floor debate and fueled Republican charges that Democrats were laying a foundation to cut off war funding.

Murtha's plan was "overexposed before it was exposed," said Rep. Earl Pomeroy (D-N.D.), a member of the conservative Blue Dog Coalition. "It was grist for talk shows even before the members knew about it. It made it very difficult for that plan to get off the ground now."

Rep. Jim Cooper (D-Tenn.), another Blue Dog, was similarly annoyed.

"I was not keen on him stepping on Nancy's message," Cooper said. "The headline was not what we do here (in Congress) but what he was doing there" on the Web site.

The speaker, a California Democrat, and other members of her leadership team had carefully crafted their public relations strategy to depict the House war vote as a simple repudiation of the president's surge strategy, not a harbinger of future intentions to scrub funding for the war.

But Murtha's comments to the liberal MoveCongress.org, done without the leaders' knowledge, undermined the approach, drew attention away from the Democrats' message and ultimately gave Republicans a reason to vote against the resolution.

"It was a big blunder. People are galvanized against the Democratic plan without even knowing what it is," said a former Democratic aide.

Tuesday night, Murtha formally presented his plan, as provisions for the $93 billion emergency wartime spending bill, to an increasingly divisive Democratic caucus.

His allies call his approach straightforward, contending the former Marine is doing what he's always done: speaking plainly and letting the chips fall where they may.

"Jack marches to his own drummer, yet he's a great member of Pelosi's team, as everybody knows," said Rep. Michael E. Capuano (D-Mass.), a Murtha ally.

"I'm glad that some of my friends aren't involved in such a Kabuki dance," Capuano said. "If that's what people want, that the only things that get done are fully scripted. I've never witnessed a democracy that works that way …The legislative process is messy."

Murtha raised eyebrows in another instance last May when, during a routine news conference on Iraq, he launched into a tirade about an incident in Haditha, Iraq, in which he charged that Marines had "killed innocent civilians in cold blood." The comments provoked a media frenzy that made some of his Democratic colleagues uneasy.

"Yeah, he's unvarnished and sometimes gets out there first, but it doesn't mean he's wrong," said a Democratic aide sympathetic to Murtha.

When Murtha does get out ahead of other Democrats, Pelosi is usually able to rein him in. For instance, he called off his public campaign for majority leader last summer after Pelosi suggested to him that it would be distracting.

"There's one person who can manage Murtha and that's Nancy Pelosi, but a lot of times it's after the fact," the aide said. "He doesn't do nuance very well."

Murtha and Pelosi work well together in spite of his mixed record on party loyalty. Both have enthusiastically backed each other in leadership races: Murtha supported Pelosi in her 2001 bid for Democratic whip, and Pelosi memorably endorsed Murtha for majority leader in November.

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The two often confer on strategy, but Murtha can still veer off script.

His detractors say that Murtha's style is too headstrong for today's partisan political climate. At the very least, they say, he should consult leaders before creating a splash in the press.

"A huge part of the problem is lack of communication," said a Democratic aide.

Murtha, though, has never been one to blindly defer to leadership. When Democrats were in the minority, he was known for cutting appropriations deals with former Republican Rep. Tom DeLay (Texas), so enraging Rep. Dave Obey (D-Wis.), then ranking member on the appropriations panel, that Obey would storm into leaders' offices fuming that Murtha had "gone and made a deal with the devil," according to a former Democratic aide.

Some political observers say that Murtha's style hearkens back to another political era -- one in which lawmakers spent less time framing their actions for the press, and individual members, especially committee chairmen, enjoyed more autonomy. Members did not rely so much on press secretaries nor did they formulate elaborate messaging plans.

Indeed, Murtha, chairman of the Defense Appropriations Subcommittee, spends little time consulting his staff. Inquiries to appropriations aides will often elicit the same response that members sometimes utter: "Only Jack Murtha knows that."

"He's an old bull, remember that," said the former Democratic aide. "He comes from the old school when members did everything from one to another. He's also a military guy; he leads and everyone follows."

War Debate Keeps The House's Only Iraq Veteran Front And Center (WP)

By Lois Romano

The Washington Post, March 1, 2007

Fresh-faced and young, Patrick Murphy normally would have fallen into the category of unknown freshman legislator elbowing to make a name for himself.

But attracting attention has been no problem for Murphy.

The Pennsylvania Democrat happens to be the only member of Congress who is a veteran of the war in Iraq, a distinction that has swiftly catapulted him to Washington's front lines of politics and policy with little effort.

Senior members turn to the 33-year-old for policy guidance. Generals are eager to brief him one-on-one. Murphy delivers moving speeches on the floor about the 19 paratroopers he served with who died in Iraq. And he stood shoulder to shoulder with Speaker Nancy Pelosi at a news conference, emotionally talking about flawed U.S. policy.

"Sometimes I feel like the weight of the United States military in Iraq is on my shoulders," Murphy said in an interview in his office this week. "I really have to push myself to focus on my district, this is so consuming."

On Monday, he returned from his first trip back to the Iraq since his 2003-2004 tour, and he said he found conditions there painfully similar or worse. "It feels like Groundhog Day all over again there," he said. "Before it was like, 'It'll take time, it'll take time.' Well, now we're four years later and everyone was unanimous: We need a political and economic solution, and all we have is a military solution."

Murphy was among a dozen veterans of the Iraq war who ran for Congress last year, but only he won a seat. Murphy, a captain, was a paratrooper with the Army's 82nd Airborne Division. He has co-sponsored legislation calling for a 12-month timeline for redeploying U.S. troops from Iraq and allowing for some troops to remain to provide basic force protection and training of Iraqis.

He said he repeatedly heard from officers and soldiers that the United States isn't doing enough to get the Iraqis to step up and assume more responsibility for their country's defense and for combating insurgents.

"I asked one of my former students what's going on, and he said, 'Sir, if the Iraqis don't get off the sidelines, we'll be here forever,' " Murphy said. "They are frustrated because they know what it takes to win there. We are not putting appropriate pressure on the Iraqis."

Asked whether any of the troops were skeptical of him because of his stance on the war, he said those he encountered were nothing but encouraging.

"I'm not necessarily antiwar. I'm anti-failure," he said. "There's a difference."Lose a Member, Gain $5 Million?

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There's much chatter in the House halls these days about the possible departure of Rep. Marty Meehan, an eight-term Massachusetts Democrat who is on a list of three finalists to become chancellor of his alma mater, the University of Massachusetts at Lowell.

Although the well-liked Meehan would be missed by many of his colleagues, the vultures are circling -- and not just for his seat. The real buzz is over what he would do with his bulging campaign war chest, which, as the saying goes, he can't take with him. Well, certainly not for himself.

Federal reports show that Meehan had a handsome $5,119,677 cash on hand as of December -- a figure that caught the eye of those who would certainly like to put it to use for Democratic causes. At one point, Meehan was mentioned as a possible successor to Sen. John F. Kerry, which would account for the stout bankroll. According to the Center for Responsive Politics, money from lawyers, lobbyist and business interests made up the lion's share of his contributions last year.

One thing is fairly certain, though: If Meehan does retire, whatever he decides to do with the money will be very public, given that one of his signature issues has been campaign finance reform.

Meehan would have three options to move the money as a chunk: give the $5 million to the Democratic National Committee, give it to a charity, or create a personal political action committee. Any other political destinations for the money would be subject to campaign finance restrictions.

A spokesman for Meehan said the House member hasn't thought about the future of the money because his own future is undecided. He hasn't been offered the university post and he hasn't decided whether he would accept the job.

Meanwhile, more people are lining up for Meehan's seat than are advising Hillary Clinton. Among them: Niki Tsongas -- wife of the late U.S. senator Paul Tsongas, who once represented the district in the House.

But like we said, Marty hasn't even gotten the job yet.Better Care Sought for 'Wounded Warriors'

Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) and Rep. Rahm Emanuel (D-Ill.) will today introduce a Dignity for Wounded Warriors Act to mandate that wounded soldiers receive proper treatment at decent facilities when they return from war. The legislation comes after a Washington Post series on deplorable conditions for veterans at Walter Reed Army Medical Center.

Among other things, the bill calls for a Wounded Warrior Oversight Board appointed by Congress, 24-hour bilingual hotlines, federal protections for the jobs of family members who are caring for recovering service members, and establishment of a zero-tolerance policy for pest infestation at medical facilities.Ted Stevens: In Shape but 'Out of Luck'

Yes, that was Sen. Ted Stevens at National Airport on Sunday taking charge and flinging bags off a stalled conveyor belt to help other passengers and, of course, find his own bag. "He looked quite good and in shape for a man of 83 in the middle of the night lifting bags," said fellow traveler Joe Mendelson, who worked alongside Stevens.

When the music stopped, however, neither man had a bag. "Well, I guess we're [expletive] out of luck," the senator said.

Baker, Christopher To Head War Power Panel (USAT/AP)

USA Today, March 1, 2007

WASHINGTON (AP) — Former Secretaries of State James A. Baker III and Warren Christopher will head a private, bipartisan panel to study a lingering and gnawing national question: Who does the Constitution say has the power to begin, conduct and end wars?

The dispute over the authority to wage war has historically divided presidents, members of Congress and scholars. Through the years, the White House gradually has assumed increased control of U.S. war-making, and it has arisen again amid the shrill debate in the new Democratic-controlled Congress over President Bush's war buildup in Iraq.

Baker and former Rep. Lee Hamilton, D-Ind., headed the Iraq Study Group that made recommendations last December to the Bush administration on Iraq war policy.

The Iraq panel, which was authorized by Congress, achieved wide notice as Bush was considering how to reshape the U.S. role in Iraq, and its findings have been embraced by many members of both parties. Bush ended up deciding to send extra troops to the war zone — essentially ignoring the panel's recommendation that the U.S. remove its combat troops by early next year.

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The war powers study is sponsored by the private Miller Center of Public Affairs at the University of Virginia.

Among its 12 members are Baker, who served under the first President Bush; Christopher, who was in the Clinton administration; Hamilton; former Attorney General Edwin Meese, who was also on the Iraq Study Group; and Brent Scowcroft, a former national security adviser.

Commission Will Consider Conflict Over War Powers (WP)

By Michael Abramowitz

The Washington Post, March 1, 2007

Jim Baker and Lee Hamilton are not out of the commission business yet.

After having tried to sort out the Iraq war, the former secretary of state and the former Indiana congressman are turning to another seemingly intractable conflict -- the more-than-two-century-old battle between the White House and Congress over who should take responsibility for starting and stopping wars.

The two elder statesmen, who co-chaired the Iraq Study Group last year, were named yesterday to a new panel being sponsored by the Miller Center of Public Affairs at the University of Virginia. The National War Powers Commission intends to come up with recommendations for how Congress and presidents can best exercise their respective war powers granted by the Constitution.

The list of other panelists offered up by the Miller Center was further evidence of the revolving-door nature of commission life in Washington. In addition to Hamilton and Baker, the new panel includes another veteran of the Iraq Study Group, former attorney general Edwin Meese III.

It also includes another member of the Sept. 11 commission, former senator Slade Gorton (R-Wash.). Baker will co-chair the new commission with former secretary of state Warren Christopher, who is a commission veteran himself, having chaired the blue-ribbon group that looked into the Los Angeles Police Department after the Rodney King riots.

In a brief interview yesterday, Hamilton said he thinks lawmakers are looking more and more to former officials serving on such commissions because of their inability to find common ground on thorny public issues. "The extreme partisanship of the environment leads former officials to try to build consensus," he said. "We are hopeful we can still make a contribution."

"And of course," Hamilton added. "we work cheap."

The Senate's Forgotten Iraq Choice (NYT)

By Lincoln D. Chafee

The New York Times, March 1, 2007

Providence, R.I.

AS the presidential primary campaigns begin in earnest, the Iraq war is overshadowing all other issues, as it did during the midterm elections. Presidential candidates who were in the Senate in October 2002 are particularly under the microscope, as they are being called upon to justify their votes for going to war.

As someone who was in the Senate at the time, I have been struck by the contours of the debate. The situation facing the candidates who cast war votes has, to my surprise, often been presented as a binary one — they could either vote for the war, or not. There was no middle ground.

On the contrary. There was indeed a third way, which Senator James Jeffords, independent of Vermont, hailed at the time as "one of the most important votes we will cast in this process." And it was opposed by every single senator at the time who now seeks higher office.

A mere 10 hours before the roll was called on the administration-backed Iraq war resolution, the Senate had an opportunity to prevent the current catastrophe in Iraq and to salvage the United States' international standing. Carl Levin, Democrat of Michigan, offered a substitute to the war resolution, the Multilateral Use of Force Authorization Act of 2002.

Senator Levin's amendment called for United Nations approval before force could be authorized. It was unambiguous and compatible with international law. Acutely cognizant of the dangers of the time, and the reality that diplomatic options could at some point be exhausted, Senator Levin wrote an amendment that was nimble: it affirmed that Congress would stand at the ready to reconsider the use of force if, in the judgment of the president, a United Nations resolution was not "promptly adopted" or

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enforced. Ceding no rights or sovereignty to an international body, the amendment explicitly avowed America's right to defend itself if threatened.

An opponent of the Levin amendment said that the debate was not over objectives, but tactics. And he was right. To a senator, we all had as our objectives the safety of American citizens, the security of our country and the disarming of Saddam Hussein in compliance with United Nations resolutions. But there was a steadfast core of us who believed that the tactics should be diplomacy and multilateralism, not the "go it alone" approach of the Bush doctrine.

Those of us who supported the Levin amendment argued against a rush to war. We asserted that the Iraqi regime, though undeniably heinous, did not constitute an imminent threat to United States security, and that our campaign to renew weapons inspections in Iraq — whether by force or diplomacy — would succeed only if we enlisted a broad coalition that included Arab states.

We also urged our colleagues to take seriously the admonitions of our allies in the region — Egypt, Jordan, Kuwait, Pakistan, Saudi Arabia and Turkey. As King Abdullah of Jordan warned, "A miscalculation in Iraq would throw the whole area into turmoil."

Unfortunately, these arguments fell on deaf ears in that emotionally charged, hawkish, post-9/11 moment, less than four weeks before a midterm election. The Levin amendment was defeated by a 75 to 24 vote. Later that night, the Iraq War Resolution was approved, 77 to 23. It was clear that most senators were immune to persuasion because the two votes were almost mirror images of each other — no to the Levin amendment, aye to war. Their minds were made up.

It was incomprehensible to me at the time that the Levin amendment received only 24 votes. However, there were some heroes, like Paul Wellstone, Democrat of Minnesota, who even in the midst of a very difficult re-election campaign voted to slow the march to war. And then there was the moving statement by Robert Byrd, Democrat of West Virginia, in support of the Levin amendment and against the administration-backed resolution: "This is an unprecedented and unfounded interpretation of the president's authority under the Constitution of the United States — not to mention the fact that it stands the charter of the United Nations on its head."

Americans are gravely concerned about Iraq, and yearn for leadership to stabilize the situation there and gradually end United States involvement. Calling on presidential hopefuls to justify or recant their vote authorizing the president to take us to war almost misses the point.

The Senate had the opportunity to support a more deliberate, multilateral approach, one that still would have empowered the United States to respond to any imminent threat posed by Saddam Hussein. We must not sidestep the fact that a sensible alternative did exist, but it was rejected. Candidates — Democrat and Republican — should be called to account for their vote on the Levin amendment.

Lincoln D. Chafee, a Republican senator from Rhode Island from 1999 to 2006, is a visiting fellow at the Watson Institute for International Studies at Brown University.

Iraq Deserves One More Chance (WSJ)

By Michael O'Hanlon

The Wall Street Journal, March 1, 2007

Despite the earlier pledge of congressional Democrats not to challenge funding for the war in Iraq this year, key members of the House and Senate are considering robust and binding responses to the conflict -- most specifically to President Bush's surge strategy. Congress is within its constitutional rights to do so. But in its understandable response to a failing mission and an impatient American public, its approach is unproductive. Rather than force a showdown with Mr. Bush this winter and spring, Congress should give his surge strategy a chance -- while preparing for the real fight this fall.

The House has expressed its disapproval of the decision to increase American forces in Iraq by up to 30,000 troops as implied by the president's new strategy. The Senate, despite a majority in favor of taking a similar approach, has been unable to do so due to procedural rules that have allowed the minority to impede a vote.

More significant, however, are the new ideas in the works. Jack Murtha, a military veteran and longstanding pro-defense Democrat, is considering using his perch as chairman of the defense subcommittee on appropriations to make it very hard for

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Mr. Bush to send more troops to Iraq. Mr. Murtha would demand they have every element of their proper equipment inventory, training preparation, and proper rest between deployments before being sent abroad, allowing no cutting of corners despite the state of emergency in Iraq.

A number of key senators would revoke the authorization Congress gave Mr. Bush to confront Saddam in 2002, replacing the original war resolution with a new mandate permitting only a much more constrained American effort, focused on training Iraqis and getting our own forces home. Some of these U.S. officials may be further emboldened by the Blair government's recent decision to reduce British forces in Basra -- and to return them home rather than redeploy to Baghdad.

Mr. Murtha's approach may be good for those troops not yet deployed or redeployed to Iraq, but much less so for those already there who need help -- not to mention for the prospects of the overall mission, with all of its important implications for regional and American security. Furthermore, the proposal to rescind the war authorization seems, almost five years after the fact, largely irrelevant. Members of Congress had access to much the same classified intelligence on Iraq as did the administration prior to the 2003 invasion. The claim that Mr. Bush misled them and the country while making the case for war (even if partly true) does not seem reason enough to justify such a measure.

But the larger question here is of what our policy should be today. By that measure, the congressional debate is off tune. Many of the main themes now being discussed guarantee a dialogue of the deaf between the Congress and the president, with each side jockeying for political position and public support rather than working together to devise a game plan for Iraq for the crucial next year.

In fairness to the Democrats and a number of their Republican congressional colleagues, they have every reason to feel bold. Politics is a contact sport, after all. And with the nation's uniformed men and women in peril, waging a losing fight, there is every reason to play rough. After six years of being largely shut out of policy making by the Bush administration, and suffering the consequences of Karl Rove's zero-sum approach to politics and patriotism, they have had enough.

The Democratic plans are defensible if one concludes that Iraq is already irrevocably and completely lost. On this assumption, the administration's desire to try and salvage something from the situation -- even if just to mitigate the degree of our defeat -- is no longer realistic. Furthermore, any legislative maneuver that can embarrass Mr. Bush or even start forcing him to reduce our commitment seems justifiable.

Nevertheless, Congress's overall efforts are misguided for one fundamental reason: We cannot yet be sure that the situation in Iraq is totally hopeless. It is indeed bad, very bad, and the Bush administration has done a poor job with a war that it chose to launch at a time and place of its choosing. But there still may be a glimmer of hope -- if not to "win," then at least to achieve some minimum level of stability.

While those claiming that Iraq is already destined for all-out civil war, genocide and disintegration may in the end have their predictions confirmed, that does not mean such an outcome is inevitable. There is still hope of preventing a war with millions killed, the establishment of a major al Qaeda sanctuary in western Iraq, and a regional conflagration going beyond the country's borders.

There are good reasons to give the war effort, now almost four years old, another six to nine months before concluding that the current strategy should be discarded and a much different one -- involving far fewer (if any) foreign forces -- adopted. First, the new surge strategy being implemented by Gen. David Petraeus, while still insufficiently resourced, is much more consonant with classic counterinsurgency doctrine than anything the coalition has tried to date. Second, Iraq's Nouri al-Maliki government, while disappointing on balance, is less than a year old and may still improve. Third, and relatedly, the Democratic victory in the U.S. last fall is still fresh -- meaning that Iraqi political leaders are still digesting its significance. Some of them may be shocked into a greater sense of urgency now that they realize the American commitment to their country is finite and waning.

Robert Gates, Condoleezza Rice and Gen. Petraeus have all indicated that the new strategy should show progress by this summer if it has any chance to be successful. While there will likely be considerable debate over how much progress would be enough to warrant its continuation at that point, we should be able to agree that the violence must decline substantially. Currently, with 4,000 civilians killed and another 100,000 fleeing their homes per month, the country is being torn apart. If these numbers do not drop substantially within six months or so, it will then be time to move on.

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Patience makes sense, for now. Congressional critics should, whether they personally support the surge or not, tolerate it for a few more months. It would be better to spend their time evaluating its progress, developing proposed "Plan B" options (such as Sen. Joseph Biden's plan for federalism), and contemplating proper political and legislative strategies to force a fight with Mr. Bush if necessary come the fall, when a new fiscal year begins and a new budget for the war will again be needed. But for now, war critics should, however begrudgingly, watch and wait.

Mr. O'Hanlon is a senior fellow at the Brookings Institution.

Security Crackdown Nets Insurgents, Weapons, Iraqi Officials Say (LAT)

By Christian Berthelsen

The Los Angeles Times, March 1, 2007

A top Iraqi military official announced today that authorities have killed more than two dozen militants, arrested hundreds of others and seized huge caches of weaponry in the last week, declaring that a 3-week-old security crackdown was working even as car bombs, mortar attacks and shootings continued to claim lives around the country.

The announcement by Brig. Gen. Qassim Atta Musawi comes as many Iraqis are expressing a growing impatience with the U.S.-Iraqi security push. Iraqis overwhelmingly want the plan to work and are frustrated by multiple daily attacks that have continued even as they have put up with neighborhood raids, house-to-house searches and vehicle stops. Government officials say the effort is still in its early stages.

"We are sensing that the trust of the people has started increasing with the Iraqi forces and they are cooperating better now," Musawi said at a news conference to announce results and new safety measures. "The level of the terrorists' activities in general witnesses a noticeable decrease."

A car bomb at a wholesale market in the mixed south Baghdad neighborhood of Bayaa killed 10 people and injured 21 others this morning.

In downtown Baghdad, two police officers were killed and four injured in a gun battle with attackers after a suicide bomber tried to drive a pick-up truck loaded with propane tanks into a police station.

Five civilians were killed in south Baghdad by mortar and roadside bomb attacks.

Outside the capital, insurgents continued attacks on police and military installations, with a mortar attack on a checkpoint critically injuring two police officers near Hilla and a roadside bomb detonation injuring four Iraqi soldiers near Kirkuk on Tuesday.

Musawi, the Iraqi military official, said authorities were introducing further security precautions, including precluding motorists from parking cars along main streets, and said 24-hour hotlines were being established for citizens to report suspicious activity. He said the government would soon receive sonar imaging equipment that would help authorities detect bombs planted in cars.

Since the new plan began two weeks ago, he said, authorities have killed 70 militants and arrested 450 known militants and 370 suspects. The effort has also resulted in the rescue and release of 17 kidnapping victims, he said.

While supporting the plan, some Iraqi leaders say it will not work unless it is carried out in combination with more comprehensive efforts at economic stimulation and political reconciliation.

Security enforcement "will not be successful if it is done alone, because it needs the other two sides to be successful," said Izzat Shabandar, a member of the secular Iraqi National Slate party in parliament.

Soldiers Shift To Baghdad Outposts (WP)

By Joshua Partlow

The Washington Post, March 1, 2007

BAGHDAD, Feb. 28 -- American soldiers are leaving their sprawling fortress-cities and establishing many small outposts in the capital's most violent neighborhoods in a major tactical shift under the two-week-old Baghdad security plan.

Informed by counterinsurgency theory that calls for placing units full-time among the people they want to sway, U.S. troops are using their new bases to work with their Iraqi counterparts, uncover more battlefield intelligence and reinforce, by their sustained presence, the message that they will not allow militants unfettered freedom of movement.

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But along with these advantages, American soldiers say these outposts pose new risks to their own safety and require pulling soldiers off patrols to protect their lodgings. The threats became apparent this month when a car bomb exploded at a U.S. outpost in Tarmiyah, north of Baghdad, killing two U.S. soldiers and wounding 29 others.

At a new U.S.-Iraqi base in the Jamiyah neighborhood of western Baghdad, a platoon of American soldiers guards the front gate and watches from the rooftop.

"These little combat outposts, they are more exposed: Your routes in here are very limited, and they're definitely watching us," Staff Sgt. Marcel Weaver, 35, said of the insurgents operating in the neighborhood around the base. A grenade "attack is coming, I can guarantee that."

U.S. soldiers have opened 15 of about 30 planned "joint security stations" in the capital. They have also set up an unspecified number of smaller "combat outposts." U.S. military spokesmen did not respond to requests for information about how many such outposts are operating in Baghdad or how many times they have been attacked.

Early Sunday, the U.S. Army battalion commander for the Jamiyah base gathered his top staff inside the station's control room, in what used to be a wedding hall, and discussed the distressing trend of violence just outside their base. The day before, a few hundred yards from the front gate, insurgents blasted rocket-propelled grenades at an Iraqi-guarded checkpoint, followed the barrage with small-arms fire, then detonated two car bombs when American troops rushed to respond.

"What is it about this checkpoint that makes it such a magnet?" asked Lt. Col. Dale Kuehl, the battalion commander, studying a large aerial map of western Baghdad. "Why does it always get attacked?" he asked again, prodding his staff.

His soldiers answered that the recent arrival of Iraqi and U.S. soldiers in the embattled Sunni neighborhood had created an enticing target for insurgents. Kuehl agreed that the ambush may have been designed to draw out the Americans. "Yes, they probably have determined that we are here, and this would have been the route we would have taken to get out," he said.

Later that day, two mortar rounds landed about 50 yards outside another outpost the battalion had set up in a defunct shopping mall in the Adil neighborhood. The blasts struck a Humvee, deflating three tires. At a third new post, in a police station in the al-Khadraa neighborhood, soldiers have faced gunfire and a series of roadside bombs planted amid the trash along the one route to the base.

"I'm sure we're under surveillance, and I'm sure they're looking for our weak points, and that's for every one of these outposts," said Kuehl, who commands the 1st Battalion, 5th Cavalry Regiment, attached to the 1st Infantry Division. "We will never finish building the force protection around this place. It's got to be thought through every day and rehearsed."

The soldiers planned to erect new concrete blast walls on the northern and southern flanks of the two-story headquarters this week. Kuehl has instructed his soldiers to assume the perspective of the enemy and practice, or "red-team," ways to attack the compound. Up on the rooftop, soldiers are stationed at four sandbagged machine-gun turrets every hour of the day.

"I guess it is a little scary," said Pvt. Peter Lahoda, 22, as he gripped an M240 belt-fed machine gun in a turret that has been shot at three times from the street below. Positioned next to him was a life-size mannequin dressed in U.S. military fatigues, its middle fingers extended, that is used as a decoy for gunmen on the street. He said the attacks are often drive-by shootings, fired from a car's back seat or from holes punched in the trunk. "Up here, you're definitely organic to what's going on. You see VBIEDs, you see explosions like 200 meters away," he said, using a military abbreviation for car bombs.

The concern over security at the station imposes limits on one of its central missions: cooperating with Iraqi security forces. Iraqi soldiers at the station are prohibited from entering an operations room where U.S. soldiers discuss classified information. They are not allowed on the roof where Americans watch over the neighborhood. They live on the first floor while Americans inhabit the second. While certain information is shared with the Iraqi army leadership, the lower-ranking soldiers are kept out of briefing sessions, largely because the Americans are suspicious that information will be passed on to insurgents.

"There's a potential for a leak," said Capt. Ramiro Roldan, 25. "We tell them we're going to set up our vehicles at this location to cordon and search an area, there's a potential that we might get a VBEID attack there."

"We just came here, and we can't trust them so much," said Sgt. Freddie Torres.

It has been only a month since the battalion moved into the building, which had been occupied by Iraqi security forces. The Americans cleaned up a horrid tableau of human feces, trash and dead cats littering the premises.

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Some American soldiers say the days patrolling the streets and nights drinking tea and playing dominoes with the Iraqis have fashioned a fledgling camaraderie. The Americans also have grown closer to one another while enduring the spartan lodgings -- sleeping on cots, living without showers or toilets, burning their waste -- that feel far removed from the buffet dinners and air-conditioned gyms on the Camp Liberty base, near the Baghdad airport, they left behind.

"Liberty's like being in Kuwait," Torres said. "If we stayed at Liberty the whole time, then we're not bringing the fight to them. This at least gives us an intimidation factor, knowing we're out here on the grind ready to take it to them."

Kuehl said he believes that over time, operating out of smaller bases will be safer for his soldiers as the neighbors grow to appreciate their backyard policemen and act as an alarm system about impending trouble.

"We're going to get more information, and when we get that information, we can target better, and if we target better, we can get more bad guys off the street and we don't hurt the locals while we do it," he said. "And the other part of getting out here, and I think it's something we've missed in the mission for a while . . . is our purpose to protect the people."

U.S. commanders say they choose the location of the security stations and combat outposts based on where soldiers can most disrupt the insurgency. Kuehl said he moved a platoon into the second floor of the al-Khadraa outpost to stop insurgent weapons traffic through the area.

In the first 10 days since soldiers moved in, drive-by shooters have taken potshots and at least four bombs have exploded on the road outside the entrance, said Lt. Brian Larsen, 23, the platoon leader.

"As far as force protection measures go, this place needs improvement," said Sgt. 1st Class Kenneth Chaney.

The soldiers have stacked sandbags in their bedroom windows and draped green netting over their gun positions, and they are making plans to install light fixtures outside and raise the exterior walls by several feet to limit the risk from gunfire.

Sitting on his bunk inside the police station, Sgt. James Simpson, 30, of Atlanta, said grunts like him are prepared for the threats surrounding them.

"It's definitely more exposed, but that's the risk we take," he said. "The safest thing for everybody is to hurry up and beat these guys."

Saddam Ammo Still Kills Troops (USAT)

By Tom Vanden Brook

USA Today, March 1, 2007

WASHINGTON — Four years after the Iraq war began, the country remains awash in Saddam-era munitions that provide key ingredients for homemade bombs used against U.S. troops, according to administration documents and military officials.

More than $1 billion has been spent to clear about 15,000 sites of the unsecured weapons. To clear the remaining 3,391 sites, the Pentagon says it needs a portion of a $1.2 billion request for items to protect U.S. troops in Iraq.

Improvised explosive devices that use the munitions have killed or wounded thousands of U.S. troops. Defense Secretary Robert Gates estimates that 70% of U.S. casualties in Iraq stem from IEDs.

"Insurgents use munitions from stolen caches to construct IEDs," according to the Pentagon's budget request released last month.

Hundreds of buildings, in-ground bunkers, warehouses and buried caches also contain uncleared ammunition, the Pentagon budget request shows. The Army Corps of Engineers runs the munitions-clearance program.

The problem of unsecured munitions was obvious soon after the fall of Saddam Hussein in spring 2003, Sen. Jack Reed, D-R.I. said.

Reed, a member of the Senate Armed Services Committee and former Army officer, said there weren't enough U.S. troops in Iraq to destroy the weapons. The munitions include bullets, artillery shells and missiles.

"It should have been taken care of immediately," Reed said.

Eliminating the munitions is a huge task, said Bill Sargent, who runs the munitions-clearance program for the Army Corps of Engineers.

More than 400,000 tons of weapons have been destroyed, and 19,000 tons have been set aside for the Iraqi army, he said.

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"There's no telling how many soldiers and Iraqi civilians that we've saved by the amount of stuff we're taking off the streets," Sargent said.

Munitions experts plan to have all major weapons sites in Iraq secured by April, Sargent said. They'll then move to smaller sites.

Allied troops find new ammunition sites in Iraq every day, Sargent said, which makes it hard to get exact details on how much loose ammunition remains.

It might be impossible to stem the supply of materials for IEDs because Iraq has so many weapons, said John Pike, director of military think tank GlobalSecurity.org.

Saddam "never wanted to run out of bullets," Pike said. "And he never did."

Local Sheik In Ramadi Adds Detail On Attack (WP)

By Ernesto Londoño And Naseer Mehdawi

The Washington Post, March 1, 2007

BAGHDAD, Feb. 28 -- A community leader in the western Iraqi city of Ramadi provided additional information Wednesday about a deadly car bombing earlier this week that U.S. officials said did not occur.

Raad Sabah al-Mukeilef, a sheik who said he lives about 500 yards from where the bomb exploded Monday, said in a telephone interview Wednesday that he believes members of the Sunni insurgent group al-Qaeda in Iraq set off the bomb near a playground after being unable to get past a checkpoint that leads to his house, which is near a government building.

Children, ages 4 to 17, were playing soccer when a man at the wheel of a small truck pulled up next to the checkpoint, he said.

"He came in a pickup," Mukeilef said. "Instead of coming in my street, he did it in a small park for children." Mukeilef said he has participated in a U.S.-backed group of sheiks opposed to Sunni insurgents.

Mukeilef's account corroborated information provided Tuesday by Col. Tariq al-Alwani, the security supervisor in Anbar province in western Iraq. Both men said the blast killed 16 children and three women, one of whom died Wednesday from her wounds. Ramadi is the provincial capital.

A U.S. military official denied on Wednesday that children had been killed in a bombing in Ramadi. The U.S. military said it detonated a seized cache of explosives Tuesday elsewhere in Ramadi, injuring at least 30 civilians who were struck by flying glass and debris because military officials misjudged the power of the explosives. Some initial news reports indicated that children playing soccer at that location had been killed.

"We ran this down," said Rear Adm. Mark Fox, a top military spokesman in Iraq, at a briefing Wednesday. "There was no second blast and there were not 18 children killed. The soccer field that was touted in the erroneous report was across the street from the structure that was in the controlled detonation."

Mukeilef and Alwani said the detonation and the truck bombing occurred in separate parts of the city.

Another military official responded Wednesday night to an inquiry about the new accounts of Monday's bombing by reissuing the news release about Tuesday's "controlled" cache detonation.

Mukeilef said no U.S. military personnel responded to the bombing scene. News of Monday's blast traveled slowly because most reporters have fled Ramadi, a Sunni insurgent stronghold, fearing for their safety.

"We are very isolated," he said. "We don't have any media."

On Wednesday morning, another car bomb killed 10 people in southwest Baghdad in the Bayya district, according to Lt. Col. Salam Hanoun, a spokesman for the Iraqi Interior Ministry. The blast also wounded at least nine people and set cars and shops on fire.

Also Wednesday, the U.S. military said an American soldier was fatally shot Tuesday in western Baghdad.

Meanwhile, Syrian and Iranian officials confirmed they will attend a regional security conference in Baghdad on March 10, the Associated Press reported. The conference will include American representatives. U.S. officials have accused Syria and Iran of exacerbating violence in Iraq. The conference opens a door to diplomatic talks between Washington and representatives of those two countries.

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Sunnis - Not Shiites - Biggest Threat To U.S. Troops (MCT)

By Drew Brown

McClatchy Newspapers, March 1, 2007

WASHINGTON - Sunni Muslim insurgents remain by far the biggest threat to American troops in Iraq, despite recent U.S. claims that Iran is providing Shiite Muslim militia groups with a new type of roadside bomb, a review of American casualty reports shows.

While U.S. military officials have held briefings to publicize their concerns about the potent bombs known as explosively formed projectiles (EFPs) or penetrators, casualty reports suggest that such weapons in the hands of Shiite militias are responsible for a relatively small number of American deaths.

U.S. officials have said that attacks with such weapons increased 150 percent in the past year. But a review of bombings by location shows that less than 10 percent of attacks that killed at least two American service members in the past 14 months were in areas where Shiite militias are dominant.

Those reports show that fewer than half the bomb attacks on heavily armored U.S. vehicles such as Abrams tanks and Bradley Fighting Vehicles were in areas where Shiite militias dominate.

While it's difficult to know which armed group planted a bomb, analysts say the casualty numbers show that U.S. officials are exaggerating the importance of EFPs, which military officials say have been used only by Shiites.

"There were relatively few American deaths from explosively formed penetrators until recently, but you can say the same thing about attacks on helicopters or chlorine attacks," said Loren Thompson, a defense analyst with the Lexington Institute, a policy research group in Arlington, Va. "The fact of the matter is that the insurgents, both Sunni and Shiite, are becoming a lot more sophisticated in their tactics. Explosively formed penetrators are only one part of that, and they are not a particularly important part."

Pentagon officials say the issue is important because the Iranian government appears to be involved.

"I think the issue is not whether or not materials and supplies are coming from Iran - they are - but rather how far up the Iranian leadership is involved," said Bryan Whitman, the Pentagon's chief spokesman.

U.S. military officials accuse Iran of supplying Shiite militants with EFPs, which fire a molten slug of metal that can punch through the thickest American armor, including tanks and other vehicles designed to withstand heavy blasts. The officials say the bombs have killed at least 170 U.S. and allied service members and wounded more than 620 since they were first discovered on the battlefield in mid-2004.

Those officials have declined to provide other information about the bombs' use, including when and where the explosions that killed Americans took place. They say that such information would tip off the enemy to its successes.

Roadside bombs have killed at least 1,150 Americans since the war began, according to Coalition Casualty Count, a Web site that tracks coalition casualties in Iraq and Afghanistan. Of those, 496 died from Dec. 1, 2005, through Jan. 31 of this year.

U.S. military officials point to the discovery of a weapons cache in a Shiite village near Baqouba, about 40 miles from Baghdad, as the latest evidence that Iran is supplying Shiite militants with weapons.

On Monday, the Defense Department posted a video of the discovery on the Web and American officers in Baghdad displayed weapons seized in the raid, including rocket-propelled grenades, 120 mm mortars and 122 mm rockets that they said bore markings that proved the weapons were made in Iran last year.

The find also included artillery rounds, land mines, detonation cord, triggering devices, C-4 explosives and more than 140 metal discs, which U.S. military officers said were components for making EFPs.

Lt. Gen. Ray Odierno, the No. 2 commander of U.S. forces in Iraq, said earlier this week that the weapons clearly were linked to Iran.

"The mortar tubes were made in Iran," he said. "We know that the pieces of the explosively formed projectiles, the machine pieces, were made in Iran. So we know they're being developed and brought into Iraq."

Odierno said on CNN this week that he was convinced that the EFP materials were coming from Iran.

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"We have tried to see people replicate them here in Iraq, and they have not been able to do it," he said. "The machining required, the materials that are required, we think absolutely are coming from Iran, and you saw the big cache we found just the other day - almost 140 of these could be produced from that cache that we found."

Odierno said Iran's al Quds commando force was involved either in training or supplying Shiite groups, but the full extent of the Iranian government's involvement remains unclear.

Analysts say the evidence is far from clear that Iran could be the only source for the bomb components.

"Explosively formed penetrators are not some exclusive franchise for the Iranians," Thompson said. "They are fairly common around the world."

Explosively formed penetrators are also known as shaped charges. The warheads were developed after World War I to penetrate tanks and other armored vehicles. Rocket-propelled grenades and antitank missiles are conventional examples. Shaped charges also are used in the oil and gas industry.

John Pike, the executive director of GlobalSecurity.org, an online clearinghouse for military, intelligence and homeland-security information, said that while designing a shaped charge would require expertise, fabricating the devices was simpler, requiring only skill in using metal-machining tools.

"These are not factory-produced munitions," he said.

Asked who'd have the expertise to manufacture a shaped charge, Pike cited "people who had worked with explosives in the petroleum industry." In Iraq, he said, "there would be a fair number of those."

Roadside bombs have been the No. 1 killer of U.S. service members in Iraq for years, though the numbers were dropping last year compared with the year before until October, when they shot up sharply, according to the Coalition Casualty Count Web site. December was the deadliest month of the war for roadside bombs, with 67 American deaths, nearly half of which were in Baghdad.

Overall, however, the number of U.S. deaths from IEDs in 2006 was up less than 6 percent from the year before; 419 last year compared with 397 in 2005, according to Coalition Casualty Count.

The spike in the last quarter of the year corresponded with an increased use of explosively formed projectiles during the same period, according to American defense officials. Sen. John Kerry, D-Mass., said on the Senate floor recently that 90 percent of the EFPs detonated in Iraq had been used in Baghdad.

U.S. military officials say EFPs are more dangerous than other types of roadside bombs because they typically produce more casualties.

American casualty reports show that the deadliest roadside-bomb attacks of the war have occurred in predominantly Sunni areas or areas with mixed ethnic and religious populations.

Of the 81 roadside bomb attacks that killed two or more soldiers from December 2005 through January 2007, one-quarter occurred in western Iraq, which is predominantly Sunni, and nearly two-thirds took place in Baghdad and other ethnically and religiously mixed areas, the reports show. Fewer than 10 percent were in predominantly Shiite areas.

Of the 10 fatal bomb attacks on M1 Abrams tanks in the same period, four were in Baghdad and four in Anbar province, a mostly Sunni area. One each occurred in Balad and Taji, which have large Sunni populations and big U.S. bases.

Of the 11 fatal attacks on Bradley Fighting Vehicles during that period, four were in Baghdad. Four were in Taji, and one each occurred in Ramadi, Balad and al Muqdadiyah, all of which have large concentrations of Sunnis.

The three worst attacks on Bradleys were in Taji: Three American soldiers died in a roadside bombing Feb. 22, three in an attack last April 11 and four in a bombing Aug. 27.

US Post-Iraq Invasion Policies 'Incompetent': US Diplomat (AFP)

AFP, March 1, 2007

The US policy in Iraq following the 2003 invasion was "incompetent, foolish, dubious," the new US coordinator for Iraq's economic development said Wednesday.

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Ambassador Timothy Carney told NPR radio that the US policy to exclude Iraqis from governing the country in the two years following the invasion was "an enormous foolishness" which contributed to the deterioration of security and lengthened the conflict in the country.

"We don't need to go into detail on that, but I think words such as incompetent, foolish, dubious in all of its aspects are the most charitable way to look at that period," he said.

Carney went to Iraq shortly after the March 2003 invasion to manage the country's industry and minerals ministry, but quit after two months and became an outspoken critic of US occupation policy.

"The major failing of policy and operations in 2003 was the failure to invite Iraqis into our councils. We actually thought we could govern this country," he told NPR.

"It was enormously costly in terms of time, and consequently in terms of our and Iraqi blood and the blood of many of our allies."

"What an enormous foolishness that was."

Carney, recently named by the White House to return to oversee rebuilding of the country, said he was appalled by the deterioration in the security situation since he was first there.

But he said he thought the United States still had a chance to achieve some if not all of its policy goals in the country.

"The Iraqis I've met with remain the very same smart, imaginative, creative and impatient people whom I met in 2003.

"It's for those reasons that I continue to believe that this effort can come out to the benefit of Iraq, perhaps not realizing all of the policy goals the United States seeks here, but certainly far more than we deserve, given the way we approached this in 2003 and 2004."

Iraq Carney Finds New Role: Reconstructing Iraq (NPR)

By Anne Garrels

NPR, March 1, 2007

Iraqi General Manager Saad Salman of the Sharq Dijlah Water Treatment Plant in Baghdad during a tour of the facility with members of USAID in July 2006. USAID is one of the agencies diplomat Tim Carney now oversees in his new position as America's economic coordinator in Iraq. AFP/Getty Images

Morning Edition, February 28, 2007 · Diplomat Tim Carney left Iraq three years ago — angry and outspoken about United States policy there. Now the administration has asked him to return as the economic coordinator.

It's a surprise invitation for an official who has said that the U.S. was not listening to Iraqis after the invasion, and formulating policy in isolation from the people it affected.

Carney is a veteran diplomat; over the last three decades, he has served in Cambodia, Haiti and Sudan, among other posts. In his return Baghdad news conference, he stood by his earlier criticism of administration policy in Iraq.

"In 2003, the coalition, notably the United States, failed to invite Iraqis into our councils," Carney said. "And that failure is what has led to the situation in which the country finds itself today."

It's a situation where U.S. federal oversight agencies say billions of dollars in aid was wasted. But Carney says the situation is improving.

"The big difference now is that Iraqis are inviting us into their councils to try to help use our resources to actually get things done," Carney said.

As economic coordinator, Carney will juggle a dizzying, and often overlapping, list of U.S. funding organizations, including USAID, the U.S. Treasury, the U.S. Army Corp of Engineers and others.

But with American reconstruction money drying up, Carney's biggest job will be to help Iraqis spend their own money, primarily from oil revenues.

Despite the deteriorating state of the country's electricity system, road networks and other public services, the ministries have managed to spend as little as 15 percent of their budgets.

The reasons are numerous, including problems finding companies to work under dangerous conditions, a lack of skilled contracting officers and U.S. anti-corruption programs that have intimidated bureaucrats.

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"This is still a relatively new government. This government needs to demonstrate convincingly to the Iraqi people that they are governing for the benefit of all Iraqis," Carney said.

In part, Carney will rely on the State Department's "provincial reconstruction teams," known as PRTs.

The PRT program was launched a year ago to help the Iraqi government function better. There are 10 branch offices around the country.

Because of security concerns, the Baghdad PRT is a well-guarded office inside the heavily fortified Green Zone. If getting into the office is difficult, getting out to meet the Iraqi officials they want to help is even more so.

Each time he wants to leave, Deputy Director Bob Ruck has to organize an elaborate security convoy.

"We're trying to teach governance right now two hours at a time," Ruck said. "You get in a convoy, you drive down there, you meet with them, you leave; it's frustrating."

Ruck wants to place staff full time in key government offices. But security is an issue standing in the way of staff integration.

The program has also been criticized for not having people with the right backgrounds on staff. Baghdad PRT Director Joe Gregoire admits the State Department has had trouble hiring skilled people to work on PRTs.

"The problems is finding people who are very specific to certain subject matters," Gregoire said. "[Like] real business development [people], as you would expect from people who might be working for the Department of Commerce."

President Bush proposed last month doubling the number of teams, saying such civilians are now central to American efforts.

But just filling the jobs of the original PRTs is a challenge. U.S. officials say expanding them will take until the end of the year, at least. By then officials hope the risks will not be as great as they are now.

Death Penalty Gets A 2nd Global Look (WT)

By Betsy Pisik, The Washington Times

The Washington Times, March 1, 2007

NEW YORK -- The senior U.N. human rights official yesterday said she senses a global interest in revising the death penalty, triggered in part by the public execution of former Iraqi strongman Saddam Hussein.

Louise Arbour, the U.N. high commissioner for human rights, said she does not expect to see a "spontaneous uprising or outcry" against capital punishment, but she does perceive a willingness among governments to consider restricting the death penalty -- or at least opening up the opaque process.

"I sense that this year there is an opportunity to move towards abolition in some countries, moratorium in others and transparency in some which still surround the application of the death penalty with secrecy," Mrs. Arbour told reporters here yesterday.

"The call for abolition is rarely the result of a spontaneous enlightenment. It is usually triggered by an event in countries that have the courage to face their own shortcomings," she said. "This event is sometimes a demonstrated wrongful conviction."

The executions in Iraq of Saddam and two of his associates "may have created an environment in which people are asking a lot of serious questions" about the need for a review of capital punishment, she said.

Saddam was hanged in December. Shouting and jeering by Shi'ites at the execution, which was caught on a cell-phone camera, drew condemnation from President Bush and other world leaders. When Saddam's half brother Barazan Ibrahim was hanged in January, his head was severed.

Mrs. Arbour was pragmatic on whether her agency could make inroads in the United States, where capital punishment is administered by states and appears to have popular support.

She indicated that she would not be bringing up the matter with the U.S. government or courts the same way her office does in other, more receptive countries.

"If the courts are willing to listen to us, we are not going to shy away," Mrs. Arbour said. "It depends on our own capacity to make a contribution in a case where the advocacy of international standards are not likely to be advanced by others."

Mrs. Arbour, a former Canadian justice and a prosecutor for the international criminal tribunals for Rwanda and Yugoslavia, is a tough-minded and plain-spoken advocate for what she sees as basic human rights.

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The official U.N. position is that it respects the domestic laws of member states. However, Mrs. Arbour and others in the human rights sphere say that all people have the right to life, a de facto repudiation of capital punishment.

The Web site of the U.N. special rapporteur for extrajudicial, summary and arbitrary executions, Philip Alston, notes, in part: "Given that the loss of life is irreparable, the Special Rapporteur ... emphasizes that the abolition of capital punishment is most desirable in order fully to respect the right to life. He also wishes to mention that, while there is a fundamental right to life, there is no such right to capital punishment."

According to Amnesty International, 88 nations and territories have explicitly outlawed the death penalty, while 69 permit capital punishment for crimes of varying degrees of severity from rape to treason.

The European Union has shelved capital punishment, while the United States, Iran, Iraq, China and South Korea are among those that impose it.

U.S. Knew Of Threats As Cheney Visited Base (NYT)

By Abdul Waheed Wafa And Carlotta Gall

The New York Times, March 1, 2007

KABUL, Afghanistan, Feb. 28 — NATO and American forces knew that a suicide bomber was at large in the Bagram area before the suicide bomb attack on Tuesday that killed 23 people at the main gate of the United States air base where Vice President Dick Cheney was staying, a NATO spokesman said Wednesday. But despite the vice president's presence, the Afghan police chief in the area said he had not been informed of the possible threat.

"We know for a fact that there has been recent intelligence to suggest that there was the threat of a bombing in the Bagram area," the spokesman, Col. Tom Collins, said at a news briefing in Kabul.

"It is clear there are suicide bombers' cells operating in this country," he said. "There are some operating in the city of Kabul and, as our intelligence suggests, they had the capability in the Bagram area."

The Afghan police chief of Bagram district, Muhammad Salem Ehsas, said Wednesday that he had been unaware of any threat of a suicide bomber in the area, suggesting a lack of coordination between the security forces on the ground even while Mr. Cheney was present.

Afghan police officers guard the outer gate at the Bagram air base, and it is possible that they let the bomber through to the second gate, which is operated by American soldiers and other members of the international military force. Commander Ehsas said it was also possible that the bomber gained access to the American gate through the residential areas near the base.

At least 19 Afghan workers, including a 12-year-old boy, were killed in the blast, as were a South Korean soldier, an American soldier, an American civilian contractor and the bomber, the military said in a statement. Many of the workers were lined up outside the gate, waiting to clear the security checkpoint before going to work inside.

Mr. Cheney spent the night at Bagram unexpectedly after heavy snow prevented him from getting to a meeting with President Hamid Karzai at the presidential palace in Kabul. Mr. Cheney was at the base when the bomber struck at 10 a.m. Tuesday, but he continued on to Kabul to meet President Karzai at midday as planned.

The Taliban claimed responsibility for the blast and said it had been aimed at Mr. Cheney, and even named the bomber, saying he came from Logar, a province south of the capital, Kabul. But Colonel Collins said that their claim was "absurd" and that the timing of the bombing could have been just a coincidence.

"Their claim is simply going for more psychological impact on the population," he said. "Clearly what they have done here is simply killing more innocent people."

Afghanistan has been hit by more than 100 suicide bombings in the past year, and many have appeared to be opportunistic attacks, where the bombers had been walking, loitering or driving around looking for a target, usually a foreign military convoy. Others have approached military bases and government buildings on foot and set off their explosion at an entrance.

The American military is conducting the investigation of the bomb blast, said Colonel Collins, the spokesman for the NATO-led International Security Assistance Force, or ISAF.

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"Unfortunately, we do expect more attacks," he said. "And the enemy knows that they cannot defeat Afghan National Security Forces and ISAF forces in the conventional sense, so we do expect them increasingly to go after soft targets, which means civilians."

Mr. Ehsas said he also believed that it was more likely that the bombing was an opportunistic attack against the civilians lined up at the gate. "I don't think it was connected to Cheney's visit," he said. "The aim was the people in the crowd."

Threat To Bagram Was Known (WP)

By Jason Straziuso

The Washington Post, March 1, 2007

KABUL, Feb. 28 -- Intelligence reports indicated that the Taliban had the ability to carry out suicide attacks near the main U.S. base in Afghanistan even before a deadly bombing during a visit by Vice President Cheney, NATO said Wednesday.

Col. Tom Collins, the top spokesman for NATO's force in Afghanistan, said suicide bomb cells were present in the capital, Kabul, just 30 miles south of Bagram air base.

A policeman helps a relative of one of at least 23 people who were killed in a suicide bombing Tuesday near Bagram air base, the main U.S. installation in Afghanistan. The blast occurred when Vice President Cheney was inside.

"We know for a fact that there has been recent intelligence to suggest that there was the threat of a bombing in the Bagram area," Collins said. "It's clear that there are suicide bomber cells operating in this country. There are some in the city of Kabul."

Tuesday's bombing killed at least 23 people, including two Americans, outside Bagram while Cheney was meeting with officials inside. The Taliban, an Islamic militia that ruled most of Afghanistan until the U.S.-led invasion in 2001, said the attack was aimed at Cheney, but officials said it posed no real threat to the vice president.

The attacker never tried to penetrate even the first of several U.S.-manned security checkpoints at Bagram, instead detonating his explosives among a group of Afghan workers outside the base.

"The Taliban's claims that they were going after the vice president were absurd," Collins said.

Collins said it was unclear whether the Taliban had really known of Cheney's visit, or if the timing of the attack was a coincidence. The last suicide bombing at Bagram was in June 2006, when an attack aimed at a U.S. convoy wounded two Afghans near a market area outside the base.

U.S. Ambassador Ronald E. Neumann said he did not believe that the Taliban had responded to Cheney's presence, given that he arrived on Monday and stayed the night only because bad weather forced him to postpone a meeting with Afghan President Hamid Karzai.

"I just have not seen the ability to react that quickly, to grab your handy-dandy latest suicide candidate, who is usually not your brightest fellow around, and get him mobilized and get him up to the gate," Neumann said. "It strains credulity for me."

Pakistan Denies Hosting Bin Laden, Camps (AP)

By Munir Ahmad

AP, March 1, 2007

Pakistan on Wednesday rejected a claim by the U.S. intelligence chief that Osama bin Laden and his deputy were hiding in northwestern Pakistan, and that al-Qaida was setting up camps near the Afghan border.

President Gen. Pervez Musharraf, however, acknowledged that foreign militants were in Pakistan's tribal regions along the Afghan border and warned them to leave, the state-run news agency reported. It was not clear from the report whether Musharraf named any particular militants.

Musharraf spoke a day after new U.S. intelligence chief Mike McConnell told a Senate Armed Services Committee hearing that al-Qaida is trying to set up training camps and other operations in Pakistan tribal areas near Afghanistan.

"It's something we're very worried about and very concerned about," McConnell said. U.S. intelligence officials believe that bin Laden and his deputy, Ayman al-Zawahri, were trying to establish an al-Qaida base in the region, he said. McConnell noted the camps are in an area that has never been governed by any state or outside power.

"We deny it," Interior Minister Aftab Khan Sherpao told The Associated Press, referring to McConnell's remarks.

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Sherpao told The Associated Press there were no al-Qaida training camps in his country and U.S. officials had not provided any intelligence suggesting there were.

On a visit to Pakistan on Monday, Vice President Dick Cheney met with Musharraf to seek his aid in foiling an anticipated spring offensive by the Taliban and al-Qaida against coalition forces in Afghanistan.

Cheney was accompanied by Deputy CIA Director Stephen Kappes, suggesting that the U.S. officials were prepared to buttress their allegations about al-Qaida operations with intelligence data.

Musharraf told Cheney that Pakistan was already doing all it could to fight the militants, his office said.

Musharraf vowed Wednesday to take "stiff action" to expel foreign militants from Pakistan's mountainous border regions, the Associated Press of Pakistan news agency reported.

"People have come there from outside. They are living in our mountains and spreading terrorism not just in Pakistan but in the entire world," APP quoted Musharraf as saying at a public meeting in the southern Sindh province.

"These people are putting Pakistan in danger. These people should leave and go, otherwise we will have to deal with them and we are dealing with them," APP quoted him as saying.

U.S. officials are concerned about a peace deal Pakistan signed with tribal leaders of the North Waziristan region in September. In that agreement, the tribes promised to respect the authority of the Pakistani government and curtail cross-border attacks by militants.

In return, Musharraf returned some of the tribes' weapons, released some prisoners and withdrew from posts inside North Waziristan.

At Tuesday's hearing, Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said the tribes have not abided by most terms of the agreement. McConnell added U.S. intelligence believes al-Qaida's training and related capabilities increased as a result of the deal.

Musharraf's office confirmed that during the meeting, Cheney expressed concern that al-Qaida was "regrouping" in the tribal areas and that the vice president "called for concerted efforts in countering the threat."

Sherpao insisted Pakistan was "fighting the scourge of terrorism in the best interest of Pakistan."

Musharraf is a key ally of the United States in its fight against Islamic militants.

Taliban Official: Bin Laden Is Alive (AP)

AP, March 1, 2007

A senior Taliban commander says Osama bin Laden is alive and in contact with leaders of Afghanistan's Taliban insurgents, according to an interview aired on British television.

Mullah Dadullah said he had not met bin Laden since the fall of the Taliban regime after the U.S.-led invasion of Afghanistan in 2001, but said "we know he's still alive."

"He's not yet martyred. Such information would be easy to get — his comrades stand shoulder to shoulder with us. They keep us informed," Dadullah said in an interview broadcast Wednesday by Channel 4 News.

The authenticity of the information could not be confirmed. Channel 4 did not say how it had obtained the footage, and it was not known when or where Dadullah made the comments, which were translated into English.

Dadullah, commander of Taliban operations in eastern and southeastern Afghanistan and a trusted associate of Taliban leader Mullah Omar, said bin Laden met outsiders rarely. Dadullah did not comment on bin Laden's whereabouts.

"Only his comrades see him; we exchange messages with each other to share plans," Dadullah said. "We also go to the battlefield together. We actually meet very rarely, just for important consultations. It's hard for anyone to meet Bin Laden himself now, but we know he's still alive."

Dadullah said the Taliban had "hundreds more" suicide bombers ready to attack NATO forces in Afghanistan. NATO commanders have said they believe the Taliban plans a spring offensive against alliance troops in the country.

Keep Pressuring Musharraf (LAT)

The Los Angeles Times, March 1, 2007

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SINCE 9/11, THE United States has been trapped in an increasingly loveless marriage with Pakistani President Pervez Musharraf. Like many a miserable mate, the Bush administration has been known to rue the failings of its partner in private. Yet it has always defended Musharraf in public, arguing that whatever his shortcomings, the alternative is far worse.

Such forbearance may be changing. For the first time, the Bush administration this week let Islamabad know, through Vice President Dick Cheney, that it is unhappy with Pakistan's performance in fighting the resurgent Taliban. And it hinted that if things don't improve, the White House might not be able to keep the Democratic-controlled Congress from cutting U.S. aid to Pakistan.

This burst of candor is long overdue — and so is an overhaul of U.S. policy toward Pakistan. Musharraf, who ousted an elected government in a 1999 coup, has received between $8 billion and $10 billion in direct U.S. aid since 9/11 (and perhaps almost as much in covert aid) yet shows no signs of winning the war against Islamic extremism or of advancing democracy in Pakistan. On the contrary, his hold on power exists in part because of his unholy alliance with Islamist legislators.

President Bush and Congress have been willing to ignore these problems so long as Pakistan was seen as an indispensable ally in the struggle against Al Qaeda and the Taliban, was rolling up the Abdul Qadeer Khan black-market nuclear operation and appeared to be improving relations with India. But Islamabad's failed peace deal in North Waziristan, an escalation in cross-border attacks into Afghanistan and reports of Taliban bases in the tribal areas on Pakistani territory have made that bargain less satisfying. Congress is considering placing conditions on aid.

Meanwhile, the Pakistanis are having their own doubts about the marriage. They believe that the U.S. is just using them in the war on terror and will dump them as soon as they're no longer needed. And they say they are being blamed for NATO's failure to curb the Taliban inside Afghanistan — a weakness highlighted by the suicide bombing Tuesday outside Bagram air base during Cheney's visit.

The U.S. has a profound interest in the welfare of this strategic Muslim state with nuclear weapons. But what is the purpose of sending $80 million a month in "coalition support" to a Pakistani military that is not willing to fight in the tribal areas? Some conditions need to be imposed on U.S. aid, and some of the aid needs to be redirected to education, development and the building of democracy, including political parties, so that popular alternatives to Musharraf can one day emerge.

Supporters of the status quo say pressuring the politically fragile Musharraf risks his fall and the rise to power of a radical Islamic regime with nuclear weapons. This is unlikely. The Islamists have never gotten more than 11% of the vote, and fared badly in the last (albeit rigged) municipal elections. But the U.S. could increase the likelihood of Islamist success if it continues to allow Musharraf to repress the moderate opposition while making deals with the Islamists.

The U.S. may well be destined for a long marriage of convenience with Pakistan. But its spouse need not necessarily be named Musharraf.

US Troops In Philippines Defy Old Stereotype (CSM)

By Simon Montlake

The Christian Science Monitor, March 1, 2007

ZAMBOANGA, PHILIPPINES

When US troops arrived in the southern islands in December 2001, a decade after closing its bases in the Philippines, critics assailed the move. They predicted a return of permanent US camps in its former colony, and a repeat of the sleazy bars and clubs still surrounding its former bases near Manila.

More alarming to US ears were dire warnings of resistance from Muslims whose island communities were to be rid of militants by US-assisted Philippine troops. Observers warned that the foreign presence could inflame the situation, as well as revive memories of a bloody US military campaign in the early 1900s to subdue Muslim-inhabited Mindanao.

Today, these warnings mostly ring false. About 450 US soldiers are still here, based inside Philippine military command centers in Zamboanga and the nearby island of Jolo. But the expected nightlife boom hasn't happened. Nor have militants taken the fight to the foreigners deployed here, though a US serviceman died in a bomb attack on a restaurant in 2002.

US officers say their small footprint in Mindanao, as well as a focus on joint development projects and counterinsurgency training of the Philippine Army, have smoothed their path. But further challenges lie ahead as US troop, and their Philippine counterparts who are notorious for human rights abuses, continue pursuing Muslim insurgent cells on the islands.

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One measure of the US approach can be found on Basilan, where US troops first deployed in 2002. At the time, the extremist group Abu Sayyaf had turned the island, a 30-minute ferry ride from Zamboanga, into a no-go zone with a string of abductions, bombings, and beheadings.

Commander Steve Kelley, a naval engineering reservist, says it was a tough mission. "It wasn't a warm welcome," he recalls. But humanitarian projects, including the construction of an 80- kilometer (50-mile) coastal road and a series of mobile clinics, won residents over. "It was a huge turnaround," he says. Local officials say the improved security has restored normalcy.

Muchtar Muarip, a contractor who worked on the US-funded road, says that the civil outreach convinced some Muslims of their benign intentions. "The US troops promoted development projects that awakened the mind of people in Basilan. It showed that if other people were concerned [about them], they should be concerned," he says.

Still, suspicions die hard.

Mr. Muarip says that his brother, a Muslim who favors adoption of sharia Islamic law in Mindanao, is skeptical of US largesse and rejects the deployment in the Philippines. Other critics say that the arrival of US troops, whatever their intentions, stirs anxiety among Muslims.

"The face of the US in our area is the face of an American soldier, so any good that they do is neutralized by fear of the American military," says Amina Rasul, co-founder of the Philippine Council for Islam and Democracy and scion of a prominent royal family here.

National hackles were also raised by a highly publicized trial of a US marine convicted on Dec. 4 of raping a Philippine woman in 2005. After Lance Cpl. Daniel Smith was sentenced to 40 years in prison, a row erupted over US insistence that he remain in their custody pending an appeal. When the court balked, the embassy vowed to cancel a joint military exercise. Ultimately, the Philippines caved; the exercise begins this week.

Lawyers for the victim protested the handover, and the blunt wielding of US leverage, such as military aid that has totaled more than $300 million since 2002. US officials argue, however, that their request was explicitly ensured in a treaty.

While US forces reaped a degree of goodwill in Basilan through their civil-outreach programs, Jolo may prove more testing. Denied sanctuary on Basilan, Abu Sayyaf has since regrouped on this island, where a US-backed Philippine military offensive against the group is now under way. Also on the run in Jolo are Indonesian militants whom US officials have linked to the 2002 Bali nightclub bombings. The jungle-clad hills hold bitter memories of a US occupation in 1898 that met fierce resistance for more than a decade.

Zain Jali, a spiritual adviser to an insurgent group that signed a 1996 peace deal, says distrust of the Philippine Army and its US advisers runs deep. "In the mind of the people, Americans are their enemy, their historical enemy," he warns.

US officers deployed on Jolo say such attitudes appear to be softening, as humanitarian programs with the Philippine Army and civilian-aid projects bear fruit. USAID has funneled $300 million into Mindanao since 1996.

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Dems Seek Testimony From Fired Attorneys (AP)

By Laurie Kellman, Associated Press Writer

AP, March 1, 2007

Democrats are moving to compel some of the eight U.S. attorneys who have been ousted to tell their stories publicly, under oath, after a federal prosecutor claimed he was fired for political reasons.

A House subcommittee is slated to vote Thursday on subpoenas for four of the eight dismissed U.S. attorneys. The Senate Judiciary Committee, meanwhile, will send letters to those fired before voting next week on compelling their testimony, according to officials with both panels.

The prosecutors have privately told both committees that they would not testify voluntarily but would honor a congressional subpoena, according to Sen. Charles Schumer, D-N.Y., and an official close to the House subcommittee on commercial and administrative law.

House subcommittee Chairwoman Linda Sanchez said her panel will vote on subpoenas for fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Washington.

"In order to get the full picture of why these U.S. attorneys were fired, we need to hear from the Justice Department and the U.S. attorneys themselves," said House Judiciary Committee Chairman John Conyers, D-Mich.

Schumer, in a telephone interview Wednesday with The Associated Press, said: "If they say they won't come voluntarily, Senator Leahy will authorize subpoenas." The Senate panel is expected to vote on whether to issue the subpoenas next week, said Tracy Schmaler, spokeswoman for Chairman Patrick Leahy, D-Vt.

Senate Majority Leader Harry Reid, D-Nev., said the positions are "too important to be politicized." One of the dismissed U.S. attorneys is from Reid's home state.

Spurring the developments was a new report that one of the eight, New Mexico's David Iglesias, claims to have been forced out after refusing a request by two congressmen to rush an indictment that might have helped Republicans in the 2006 election. In the story and a subsequent interview with the AP, Iglesias refused to identify the members of Congress.

The Justice Department staunchly denied the charge that Iglesias or any of the eight federal prosecutors were dismissed for political reasons.

"The suggestion that David Iglesias was asked to resign because he failed to bring an indictment ... is flatly false," Justice Department spokesman Brian Roehrkasse said in a statement. "This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation."

As to why Iglesias was dismissed, Roehrkasse said: "We made our decision not to further extend his service based on performance-related concerns."

Federal prosecutors serve at the pleasure of the president and can be fired for any reason — or none at all.

But Democrats say the eight firings — some without cause, according to the Justice Department — indicate the Bush administration is using a new provision in the Patriot Act to reward political allies with coveted jobs as U.S. attorneys.

The new provision, enacted a year ago with the reauthorization of the Patriot Act, removes a time limit within which appointees to such posts must be confirmed by the Senate. Democrats say that's a Bush administration effort to get around the confirmation process.

Attorney General Alberto Gonzales has said he intends to submit the name of every nominee to vacant U.S. attorney posts to the Senate for confirmation.

Still, Democrats tried to revive a bill Wednesday that would reimpose the time limit. An objection by Sen. Jon Kyl, R-Ariz., killed the measure. On Wednesday, its sponsor, Sen. Dianne Feinstein, D-Calif., tried to attach it as an amendment to an omnibus bill to tighten the nation's homeland security. Kyl was again expected to block the measure, his spokesman said.

The Justice Department says a 120-day limit isn't enough time for an appointee to be recommended by home-state senators, nominated and confirmed.

But raising the issue on the Senate floor allowed Feinstein to read a news story into the record that fueled the matter anew Wednesday.

In Wednesday's editions, McClatchy Newspapers quoted Iglesias as claiming that two members of Congress contacted him in the weeks before the 2006 election to ask about an investigation of a kickback scheme. He said the members, whom he refused to identify, appeared eager to see an indictment just before the elections.

Corruption charges against two previous state New Mexico treasurers — both Democrats — became an issue during the election; further charges could have helped the Republicans. Iglesias, a Republican, refused to name the members of Congress in the report because he feared retaliation, according to McClatchy Newspapers. Contacted by the AP, Iglesias said: "I've got nothing further to say about that."

The Justice Department's Roeherkasse said that the U.S. Attorneys Manual calls on federal prosecutors to notify the agency of any calls from members of Congress.

"We are unaware that anyone in Main Justice (department headquarters) was notified of any conversations between U.S. Attorney Iglesias and members of the New Mexico Congressional delegation," Roehrkasse said.

Earlier Wednesday, Iglesias' last day on the job, he told reporters at a news conference in Albuquerque, N.M., that the Bush administration's call for his resignation came without warning and was rooted in politics — not performance.

"This episode came like a thief in the night," he said of the Dec. 7 request for him to step down. He added, "Obviously, I tripped some wire."

Associated Press writers Jennifer Talhelm in Washington and Sue Major Holmes in Albuquerque contributed to this report.

Ex-Prosecutor Says Politics Was Motive For Dismissal (NYT)

By David Johnston

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — David C. Iglesias, who was dismissed as the United States attorney in New Mexico, has said he believes that he was ousted because he resisted pressure before the 2006 elections to bring corruption charges against a Democrat in his state, a Democratic senator said on Wednesday.

Mr. Iglesias has told Congressional aides that two federal lawmakers had separately called him in mid-October asking about the status of an inquiry involving a statehouse construction contract and a former Democratic state lawmaker, Senator Charles E. Schumer of New York said in a statement Wednesday on the Senate floor.

Mr. Schumer did not identify the lawmakers who made the calls either by name or party affiliation, but he suggested that they wanted Mr. Iglesias to move quickly with indictments before the November elections to help Republicans.

Mr. Iglesias is one of eight United States attorneys known to have been dismissed in recent months by the Justice Department. Each had been appointed by President Bush during his first term, but Democrats have criticized the removals as politically motivated. Senator Dianne Feinstein, Democrat of California, said in a floor statement that the firings represented an effort "to bring political operatives into these offices."

Mr. Iglesias's account of the calls was first reported on Wednesday by the McClatchy Newspapers, which said the prosecutor would not identify the lawmakers because he feared retaliation. But in that report, he described the contacts as "appalling."

Justice Department officials said politics was not a factor in Mr. Iglesias's ouster. "The suggestion that David Iglesias was asked to resign because he failed to bring an indictment over a courthouse construction contract is flatly false," said Brian Roehrkasse, a Justice Department spokesman. Mr. Roehrkasse added, "This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation."

The former United States attorneys were not given explanations for their dismissals at the time of their removals, but senior Justice Department officials have said that most were asked to step aside because of job performance problems — an accusation that has angered several and that some have publicly denied.

Mr. Iglesias could not be reached on Wednesday. But The Associated Press reported that at a news conference in Albuquerque on Wednesday, his last day in office, Mr. Iglesias said his dismissal was unrelated to his office's work.

"I know it's not performance-related," Mr. Iglesias told The Associated Press. "I know it's not misconduct. What does that leave? Politics."

Democrats on the House Judiciary Committee said they would invite Mr. Iglesias and some of the other ousted prosecutors to appear before the panel, even though some have said privately that they would not testify unless they were subpoenaed. Democratic lawmakers have questioned the Justice Department's motives because such dismissals are unusual and because six of the eight prosecutors, including Mr. Iglesias, had received favorable job evaluations.

A Justice Department review of Mr. Iglesias's job performance, dated November 2005, concluded that he was "respected by the judiciary, agencies and staff" and had a strategic plan that "complied with the department's priorities."

Other ousted prosecutors had similarly positive evaluations. A March 2006 performance review of John McKay, who was removed from the United States attorney's office in Seattle, found him to be "an effective, well regarded and capable leader." A December 2003 review of Paul K. Charlton, who was ousted as the top federal prosecutor in Arizona, concluded that he was "well respected" by his staff, American Indian nations, local law enforcement and the judiciary "regarding his integrity, professionalism and competence."

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Fired U.S. Attorney Says Lawmakers Pressured Him (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, March 1, 2007

A political tempest over the mass firing of federal prosecutors escalated yesterday with allegations from the departing U.S. attorney in New Mexico, who said that two members of Congress attempted to pressure him to speed up a probe of Democrats just before the November elections.

David C. Iglesias, who left yesterday after more than five years in office, said he received the calls in October and believes that complaints from the lawmakers may have led the Justice Department to fire him late last year.

Iglesias also responded to allegations from Justice officials that he had performed poorly and was too often absent, citing positive job reviews and data showing increasing numbers of prosecutions. He also noted that he is required to serve 40 days a year in the Navy Reserve.

Iglesias declined to name the lawmakers who called him, but he said in an interview: "I didn't give them what they wanted. That was probably a political problem that caused them to go to the White House or whomever and complain that I wasn't a team player."

Iglesias's allegations were met with strong denials from the Justice Department yesterday but prompted the Democratic-controlled House and Senate judiciary committees to announce that they would issue subpoenas for testimony from Iglesias and other fired prosecutors if necessary. Iglesias said he would not testify unless subpoenaed.

Spokesmen for Rep. Steve Pearce (R-N.M.) and the state's two Democratic lawmakers, Sen. Jeff Bingaman and Rep. Tom Udall, said the lawmakers and their staffs had no contact with Iglesias about the case. The offices of New Mexico's two other Republican lawmakers, Sen. Pete V. Domenici and Rep. Heather A. Wilson, did not respond to repeated requests for comment.

Justice Department spokesman Brian Roehrkasse called Iglesias's allegations "flatly false." Roehrkasse said that Iglesias should have reported any calls from lawmakers, as required under department guidelines.

"The administration has never removed a U.S. attorney in an effort to retaliate against him or inappropriately interfere with a public-integrity investigation," Roehrkasse said.

In briefings about the firings on Capitol Hill, Justice Department officials had said that Iglesias was the target of complaints from members of Congress, according to several sources familiar with the meetings, who spoke on the condition of anonymity because they are not authorized to discuss personnel issues. The Justice briefers did not specify the nature of those complaints, the sources said.

Iglesias, 49 and the son of a Baptist minister, is a Navy Reserve commander whose role as a defense lawyer in a famous military hazing case was the basis for the Tom Cruise character in the movie "A Few Good Men." He held a news conference in Albuquerque yesterday, in which he said that he was fired for political reasons.

Iglesias was among seven U.S. attorneys notified by phone on Dec. 7 that they were being fired without explanation. An eighth prosecutor, in Little Rock, also was removed in December, to make room for a former aide to presidential adviser Karl Rove.

The charges by Iglesias added a new dimension to the ongoing controversy over the fired prosecutors, at least four of whom were presiding over major public-corruption probes. Although other fired prosecutors have publicly defended their records, they have never alleged that political pressure related to an ongoing criminal investigation played a role in their dismissals.

In addition to Iglesias's probe of Democrats, fired prosecutors in Arizona, Nevada and California were conducting corruption probes involving Republicans at the time of their dismissals.

"These are extremely serious and very troubling allegations coming from a man of great integrity," said Charles E. Schumer (D-N.Y.), who has been leading a Senate Judiciary Committee inquiry into the firings. "They call into question every other firing. We will continue to pursue this until we get to the bottom of what happened and pass legislation to prevent it from ever happening again."

The dismissals have angered Democrats and some Republicans on Capitol Hill, in part because they followed a little-noticed change in federal law that lets Attorney General Alberto R. Gonzales appoint interim prosecutors indefinitely. Legislation has been introduced in both houses to repeal the provision.

Justice officials have acknowledged that they did not fire Bud Cummins from his Little Rock post for cause but have said the others were ousted for "performance-related" reasons. Records show, however, that at least six of the prosecutors, including Iglesias and Cummins, received mostly positive job evaluations before they were forced out.

In an interview Tuesday, Iglesias said the two lawmakers called him about a well-known criminal investigation involving a Democratic legislator. He declined to provide their party affiliation, but his comments indicated the callers were Republicans.

New Mexico media outlets reported last year that the FBI and the U.S. attorney's office in Albuquerque had opened a probe into allegations involving former Democratic state senator Manny Aragon and government construction projects in Bernalillo County. No charges have been filed in the case.

Iglesias said the lawmakers who called him seemed focused on whether charges would be filed before the November elections. He said the calls made him feel "pressured to hurry the subsequent cases and prosecutions" but said he did not receive similar contacts from anyone in the executive branch. He acknowledged he made a mistake by not reporting the calls to the Justice Department.

Referring to the calls, Iglesias said: "I suspect that was the reason I was asked to step down, but I don't know that I'll ever know."

Iglesias said other criticisms of his performance by the Justice Department "are demonstrably untrue statements." He added: "We all have a right to defend our honor. I felt like my honor and the honor of my office was attacked."

Iglesias produced statistics showing that his office's immigration prosecutions had risen more than 78 percent during his tenure and said the office prosecuted record numbers of narcotics and firearms cases as well.

Iglesias cited a January 2006 letter from Michael A. Battle -- the Justice official who fired him -- commending him for "exemplary leadership in the department's priority programs." A November 2005 evaluation obtained by The Washington Post also said Iglesias was "experienced in legal, management and community relations work and was respected by the judiciary, agencies and staff."

Former deputy attorney general James B. Comey, now general counsel for Lockheed Martin, this week praised Iglesias as "one of our finest and someone I had a lot of confidence in as deputy attorney general."

But Roehrkasse said Justice "had a lengthy record from which to evaluate his performance as a manager, and we made our decision not to further extend his service based on performance-related concerns."

Political Interference Is Alleged In The Sacking Of A U.S. Attorney (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, March 1, 2007

WASHINGTON - Congressional leaders said Wednesday that they'd seek testimony from several U.S. attorneys who were summarily fired by the Bush administration, hours after the top federal prosecutor in New Mexico alleged that he was fired because of political interference.

Democrats in both the House of Representatives and the Senate vowed to hold a new round of hearings to determine if partisan politics played a role in the firings of eight U.S. attorneys across the country. The House is set to vote Thursday on whether to issue subpoenas to four of the prosecutors. The Senate Judiciary Committee plans to ask the U.S. attorneys to testify voluntarily before it decides whether to subpoena them.

The controversy flared up early Wednesday afternoon after David Iglesias, the departing U.S. attorney from New Mexico, told McClatchy Newspapers that he believes he was forced out because he refused to speed up an indictment of local Democrats a month before November's congressional elections.

Iglesias said that two members of Congress called separately in mid-October to inquire about the timing of a federal probe of a kickback scheme. They appeared eager, he said, for an indictment to be issued before the elections in order to benefit the Republicans. He refused to name the members of Congress because, he said, he feared retaliation.

Two months later, on Dec. 7, Iglesias became one of six U.S. attorneys who've been ordered to step down for what administration officials have called "performance-related issues." Two other U.S. attorneys also were asked to resign.

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Iglesias, however, had received a positive performance review before he was fired and said that he suspected he was forced out because he resisted the pressure and didn't indict anyone before the election.

"I believe that because I didn't play ball, so to speak, I was asked to resign," Iglesias, who stepped down Wednesday, told McClatchy.

A Justice Department spokesman denied hearing of any congressional interference in the investigation and said Iglesias wasn't fired because of the case.

"The suggestion that David Iglesias was asked to resign because he failed to bring an indictment over a courthouse construction contract is flatly false," said Brian Roehrkasse, a Justice Department spokesman. "This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation."

Roehrkasse said the department has encouraged federal prosecutors to go after corruption cases leading to a number of high-profile corruption indictments.

Justice Department officials have defended the firings of the U.S. attorneys as legitimate administrative decisions meant to improve the workings of the attorneys' offices. Deputy Attorney General Paul McNulty told the Senate last month that most of the forced resignations were motivated by "performance-related" reasons.

However, McClatchy Newspapers reported last month that five out of the six attorneys that McNulty mentioned had received positive job evaluations.

Iglesias acknowledged that he had no proof that the pressure from the members of Congress prompted his forced resignation. But he said the contact violated one of the most important tenets of a U.S. attorney's office: Don't mix politics with prosecutions.

"I was appalled by the inappropriateness of those contacts," Iglesias said of the calls.

U.S. attorneys are appointed by the president in a political process that includes Senate confirmation. But as soon as they assume office, they're expected to refrain from being politically active and to resist the urge to allow their political leanings to affect the outcomes of cases.

Iglesias said the two members of Congress not only contacted him directly, but also tried to wrest details of the case from him. Iglesias wouldn't comment on the case to McClatchy, but the local media have reported on aspects of the investigation, including allegations that a former Democratic state senator took money to ensure that an $82 million courthouse contract would go to a specific company.

Congressional questions about ongoing cases are supposed to go through the Justice Department's Office of Legislative Affairs to avoid the appearance of impropriety.

Local media had reported that Iglesias' office might issue an indictment before the elections.

Iglesias said he refused to tell the lawmakers when any indictment would be issued, although he'd decided that the investigation needed more time.

He said he now regrets that he didn't report the calls to the Justice Department, as required by policy.

"I thought it would blow over," he said. "But I was wrong."

Democrats have described the midterm firings of the Republican-appointed U.S. attorneys as unprecedented and questioned whether the firings were politically motivated to root out moderates and install candidates loyal to the administration.

"I called this meeting because we pledged to do everything we can to get to the truth of what could be brazen abuse of power by the Bush administration," said Rep. Linda Sanchez, D-Calif., the chairwoman of the House judiciary subcommittee that'll vote on the subpoenas.

Sen. Dianne Feinstein, D-Calif., took to the Senate floor Wednesday afternoon to question the Bush administration's rationale for the firings.

"Clearly, the performance of these U.S. attorneys was not a reason to fire them," Feinstein said.

The decision to fire the U.S. attorneys first came under scrutiny earlier this year after Senate Democrats discovered that Attorney General Alberto Gonzales could use a little-noticed change in the Patriot Act to fill vacancies with interim U.S. attorneys for indefinite terms without Senate approval.

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Iglesias and former U.S. attorneys Carol Lam in San Diego, John McKay in Seattle and Bud Cummins in Arkansas could be subpoenaed to testify before the House subcommittee. Iglesias said he would testify only if he were subpoenaed.

Iglesias' allegation raises new questions about the firings and appears to undermine the theory that the administration singled out moderate Republicans. Iglesias, a former military lawyer whose work helped inspire the Tom Cruise character in the movie "A Few Good Men," describes himself as a social conservative who strove to implement the administration's policies. Iglesias also was the first Hispanic to serve as U.S. attorney in his state in decades.

"I represent three huge voting blocks of the Republican party," he said. "I don't know why they would let someone go with those political credentials who has demonstratively done a good job."

Jude McCartin, a spokeswoman for Sen. Jeff Bingaman, D-N.M., said she hadn't heard of the allegations and couldn't comment on them.

"It wasn't us - that's all I can say," she said.

Rep. Steve Pearce, R-N.M., didn't contact Iglesias about the courthouse investigation, Pearce spokesman David Host said.

Rep. Tom Udall, D-N.M., also didn't call about the case, said Marissa Padilla, Udall's spokeswoman.

Sen. Pete Domenici and Rep. Heather Wilson, both Republicans, didn't return phone calls.

Domenici wasn't facing re-election in November, but the state's two other Republicans, Pearce and Wilson, were up for election. Both won, but Wilson beat her opponent by only 875 votes out of nearly 211,000.

Senators Seek Testimony Of Ex-prosecutors (USAT)

By Traci Watson

USA Today, March 1, 2007

The Senate Judiciary Committee plans to compel some of the eight U.S. attorneys who have been ousted to tell their stories publicly under oath after a federal prosecutor claimed he was fired for political reasons, Sen. Charles Schumer, D-N.Y., said. He said some of the prosecutors have privately said they won't testify voluntarily but would honor a congressional subpoena. The panel will vote on subpoenas next week, said Tracy Schmaler, a spokeswoman for Chairman Patrick Leahy, D-Vt.

One of the eight, David Iglesias of New Mexico, said he was forced out after refusing a request by two congressmen to rush an indictment that might have helped Republicans in the election in 2006.

Justice Department spokesman Brian Roehrkasse said the Bush administration has never removed a prosecutor "to retaliate against them or inappropriately interfere with a public integrity investigation." Iglesias was let go "based on performance-related concerns," Roehrkasse said.

House Republicans want La.'s Jefferson off panel

House Republicans are challenging Speaker Nancy Pelosi's appointment of Rep. William Jefferson, D-La., to the Homeland Security Committee. Republicans cite an FBI report that says agents who raided Jefferson's home found $90,000 in alleged bribe money in his freezer.

House Republican Leader John Boehner said Democrats booted Jefferson off the tax-writing Ways and Means Committee, "so it is difficult to comprehend how they can approve" of him being on a committee "with access to America's most sensitive and closely guarded intelligence information."

Brian Kennedy, spokesman for Boehner, quoted federal security clearance guidelines that say "conditions that could raise a security concern and may be disqualifying" include an "allegation or admission of criminal conduct," regardless of whether the person was charged.

New NASA space vehicle will be delayed for months

NASA chief Michael Griffin said the vehicle to replace the aging space shuttle would be delayed four to six months because of budget problems. Its earliest launch would be in 2015, he told a Senate subcommittee on space. President Bush ordered NASA to retire the shuttle in 2010 and launch a successor ship no later than 2014, creating a four-year span in which the United States would have no means for sending humans into space.

JOHN L. SMITH: Let's Hope U.S. Attorney Toasts Few More Indictments For Road (LVRJ)

Las Vegas Review-Journal, March 1, 2007

Beyond packing boxes and a pat on the back, it's hard to know what to give a U.S. attorney who's getting the shove from his superiors.

There's the obligatory rubber chicken farewell lunch and a plaque. And the folks around the office can take up a collection for some golf balls or a Target gift certificate. But I'm guessing that nothing would bring a smile to the face of a federal prosecution chief on his last day in office like an indictment on a juicy case-fixing scheme involving doctors and lawyers.

Advertisement

At least, that's the sense I get on this, the final day on the job for U.S. Attorney Daniel Bogden.

Not only have witnesses recently been invited to answer questions in front of the grand jury, but the word is the doctor-lawyer investigation has reached a turning point -- coincidentally at the time Bogden can use an appropriate send-off.

In recent weeks, the names of legal/medical consultant Howard Awand and personal injury attorneys Robert Vannah and Robert Eglet have surfaced in the local media as subjects of interest in the FBI inquiry. Sourced speculation has placed a second set of physicians in the government's camp as politically penitent cooperating witnesses.

A well-placed insurance industry source said he expected movement in the case this week.

With multimillion-dollar jury awards and suspicious coziness between the players and some local judges, the case holds a world of intrigue.

But it's by no means the only bell-ringing business to emanate during Bogden's tenure. The public corruption investigation involving former topless bar mogul Michael Galardi, the charges stemming from the deadly Hells Angels-Mongols brawl at the Laughlin River Run, and the Crazy Horse Too investigation are three of the more notorious cases handled by his office.

There have been mixed results and a few embarrassments, but no one can say the U.S. attorney's office under Bogden failed to take a swing at the ball. Even his enemies and critics in the legal community give him that.

For no good reason any credible source can name, Bogden was unceremoniously sacked a few weeks ago in an apparent bit of nervous housecleaning by the Department of Justice.

Beyond a respectable win-loss record in prosecuting some of the biggest federal cases in recent Las Vegas history, Bogden can take solace in the fact that he's not alone. Six other Western U.S. attorneys were also notified that their services were no longer needed.

Because the Department of Justice and the Bush administration have done such a terrible job spinning this case, the terminations have given rise to several theories, all of them unflattering to the suits in Washington.

There's the belief that some of those being ousted weren't willing enough to use the death penalty.

And there's the hypothesis that they were terminated because they failed to carry the anti-illegal immigration banner high enough to suit the administration.

Although San Diego U.S. Attorney Carol Lam's office handled fewer illegal immigration cases than it previously had, it was also her office that scored devastating convictions of corrupt Congressman Randy "Duke" Cunningham and the San Diego phase of the Galardi political fixing case.

Then there's the one about letting those solid veteran prosecutor/administrators go to bring in a group of well-connected neophytes whose resumes would benefit from a line stating "U.S. Attorney."

It's an intriguing thought, and when Karl Rove intimate Tim Griffin recently replaced H.E. "Bud" Cummins in the Eastern District of Arkansas, Senate Democrats roared charges of political cronyism. Senate Majority Leader Harry Reid, who said Bogden had done a "remarkably good job," had a field day with the issue.

Those Republican appointees will have to be confirmed by a Senate committee dominated by Democrats. The cronies could end up looking like kamikaze pilots.

As of Monday, federal sources still had heard nothing about a possible replacement for Bogden. Will Attorney General Alberto Gonzales wait until the day Bogden leaves to name his replacement?

Through it all, Bogden has taken the high road, maintained his composure, and commented little on the turn of events.

For now, the real reason behind the decision to let him go remains unclear.

An indictment in the doctors-lawyers case would be the best parting present Bogden could receive.

It's harder to gift-wrap, but it sure beats golf balls.

John L. Smith's column appears Sunday, Tuesday, Wednesday and Friday. E-mail him at Smith@reviewjournal.com or call 383-0295.

CORPORATE SCANDALS:

U.S. To Charge At Least 1 In Trading Probe (WP)

By Carrie Johnson

The Washington Post, March 1, 2007

Federal authorities plan to file criminal and civil charges as early as today against one or more UBS employees for providing traders with advance notice of stock-rating adjustments in exchange for cash payments, according to sources familiar with the case.

The charges mark the latest attempt by the Justice Department and the Securities and Exchange Commission to stanch the flow of improper tips to traders, including hedge funds and private equity firms, who seek to collect information that helps them profit in advance of notable corporate announcements.

Representatives for the U.S. Attorney's Office in the Southern District of New York and the SEC declined to comment yesterday on the months-long probe, as did a spokesman for UBS. The possible charges were reported by the online editions of BusinessWeek.

Sources briefed on the case spoke on condition of anonymity because the charges had yet to be publicly filed. The sources said at least one UBS worker had provided multiple traders with tips that UBS analysts had decided to upgrade or depress their ratings on a stock. Access to such information before it is disseminated to the public could allow a favored group of traders to profit at the expense of average investors.

Earlier this year, the SEC's Office of Compliance Inspections and Examinations requested a wide batch of trading data from investment banks and brokerage firms from the third quarter of last year in an effort to determine whether brokers may be passing inside information to hedge funds, which pay steep fees.

Former McGuireWoods Partner Arrested On Fraud Charges (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, March 1, 2007

A former New York law firm partner who allegedly made almost $18 million trading in the securities of his clients has been arrested on fraud charges.

Louis W. Zehil, until Feb. 16 a partner in the New York office of Richmond, Va.'s McGuireWoods, allegedly used his position as issuer's counsel in seven private placement transactions occurring between January 2006 and last month to accumulate millions of discounted shares, absent the sale restrictions such discounts generally entail. He allegedly sold the stocks at a vast profit.

Zehil, 41, now faces up to 20 years in prison and millions in fines on fraud charges brought by the Southern District U.S. Attorney's Office. He is also facing a civil suit brought by the Securities and Exchange Commission, which is seeking disgorgement of his allegedly ill-gotten gains.

The ex-partner was arraigned Wednesday before Southern District of New York Magistrate Judge Henry Pitman but not required to enter a plea. He was released on a $250,000 personal recognizance bond. Andrew M. Lawler, Zehil's lawyer, declined to comment on the case Wednesday.

The case has unfolded swiftly. According to the criminal complaint issued Wednesday, Zehil's actions were first uncovered by a McGuireWoods associate, who reported them to firm management on Feb. 9. The firm then conducted an internal investigation, contacted clients, sought Zehil's resignation and referred the matter to the SEC.

"The actions described in today's filings are totally inconsistent with the high standards of ethics and integrity that are the very foundation of our firm," McGuireWoods chairman Richard Cullen said in a statement Wednesday. He added that Zehil had apparently acted on his own benefit and that the 750-lawyer firm would continue to cooperate with authorities in the matter.

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A onetime Navy lieutenant, Zehil joined McGuireWoods' 35-lawyer New York office as a partner in 2004. He had previously been an associate in the New York office of Jones Day. A 1995 Columbia Law School graduate, Zehil also previously worked in New York for Hale and Dorr and White & Case.

Zehil specialized in representing small companies in so-called reverse mergers and PIPE (private investment in public equity) transactions. In the former, small companies go public by merging into publicly traded shell corporations. Reverse mergers are often financed through PIPE transactions in which investors in the new entity are allotted blocks of discounted shares, the sale of which are restricted for a period of time.

Such shares are supposed to bear a restrictive legend. But Zehil, hired as counsel to seven companies participating in PIPE transactions, allegedly sent opinion letters to the companies' stock transfer agents directing them to issue shares without such legends to two investment groups, Strong Branch Ventures IV and Chestnut Capital Partners II.

According to prosecutors, the sole shareholders in these two entities were Zehil and his wife. When confronted by McGuireWoods, Zehil allegedly admitted issuing the opinion letter but denied ownership of either the Strong or Chestnut groups. But prosecutors say Zehil was the only person authorized to trade their securities and that he had personally directed the transfer of millions of dollars for his personal benefit, including the purchase of real estate and jewelry, the services of an interior decorator and a country club membership.

Through Strong and Chestnut, Zehil allegedly purchased large blocs of discounted shares, which he was then free to sell immediately. According to the SEC, the partner netted about $17.8 million from a series of stock sales, the most recent of which took place earlier this month. The SEC claims Zehil still had almost 3 million unsold shares at the time he was caught.

The seven small companies Zehil was representing were Gran Tierra Energy Inc.; Foothills Resources Inc.; MMC Energy Inc.; Alternative Energy Sources Inc.; Ethanex Energy Inc.; GoFish Corp.; and Kreido Biofuels Inc. Most were involved with either energy exploration or the development of renewable energy sources. GoFish operates a video Web site similar to the more well-known YouTube.

McGuireWoods spokesman William Allcott said Wednesday that the firm had discussed the matter at length with all of the companies.

"We have been very gratified by the support of our clients who recognize this was a complete aberration," he said.

Though previously listed on the firm's Web site as a partner in its New York office and only admitted to practice in New York, Zehil was a resident of Ponte Vedra Beach, Fla., who also frequently worked out of McGuireWoods' Jacksonville, Fla., office.

The SEC charges that the Strong and Chestnut investment groups both used Zehil's Florida address.

Enron Broadband Charge Will Be Pursued By Justice Department (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, March 1, 2007

The Justice Department will seek to preserve through an appeal one of five jury convictions won last year against the former finance chief of Enron's broadband division, according to a court filing.

Prosecutors filed a notice this week saying they will appeal U.S. District Judge Vanessa Gilmore's late January decision to erase Kevin Howard's conviction of falsifying books. That appeal would go before the 5th U.S. Circuit Court of Appeals, which already tossed out convictions in a separate Enron case because of the same issue that prompted Gilmore to wipe Howard's record clean.

Justice Department spokeswoman Jaclyn Lesch declined comment beyond the filing. Jack Zimmermann, one of Howard's attorneys, declined to comment.

Gilmore threw out all five convictions that prosecutors won against Howard in a retrial last year. His first trial alongside four other ex-broadband executives ended in 2005 with a few acquittals and jurors hung on dozens of other counts.

Last year, the government conceded that Howard's four convictions of conspiracy and wire fraud should be erased because they were unlikely to stand up on appeal.

Prosecutors based that concession on an August 2-1 ruling from a 5th Circuit panel that overturned most convictions of four former Merrill Lynch & Co. executives in a 2004 Enron-related trial.

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In that ruling, the panel said prosecutors improperly presented jurors with a theory that the executives deprived Enron of their honest services when they helped push through a deal that the government said was a loan disguised as an asset sale.

Prosecutors in Howard's case used the same honest services theory in a case about the sale of future profits in a video-on-demand deal from which Enron booked immediate earnings. But they argued the fifth conviction of falsifying books was unspoiled by using the theory and should stand.

Gilmore tossed out that conviction along with the others because she said an instruction she gave to jurors — at prosecutors' request — tied it to one of the tainted counts.

SEC Details McAfee Plan For Options (WSJ)

By Charles Forelle And Siobhan Hughes

The Wall Street Journal, March 1, 2007

The former chief executive of McAfee Inc., George Samenuk, knew about a change to a 2002 stock-option grant made in his favor by a subordinate, according to a Securities and Exchange Commission complaint filed yesterday in federal court.

The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in options manipulations at the computer-security software vendor. It follows a criminal indictment of Mr. Roberts handed up Tuesday.

The complaint notes that Mr. Samenuk, who wasn't charged by either the grand jury or the SEC and wasn't identified by name in either complaint, participated in email traffic in which the manipulated grant was discussed.

"George Samenuk hasn't been charged, and we don't expect him to be," Elliot Peters, Mr. Samenuk's lawyer, said in a statement.

On Jan. 15, 2002, the compensation committee of McAfee's board approved a grant of 420,000 options to purchase shares at that day's closing price, $27.19, the SEC complaint says. That day, Mr. Roberts sent an email to Mr. Samenuk and another executive confirming the grant and its price, it says.

The next day, the SEC charges, shares of the Santa Clara, Calif., company fell, and Mr. Roberts sent a note to Mr. Samenuk and the second executive: "Let's price the 420,000 option shares at today's closing price of $25.43." That change would have a big effect, increasing Mr. Samenuk's potential profit from the grant by $739,200. (Mr. Samenuk was paid $714,922 in salary in 2001.)

The next week, according to the SEC, Mr. Samenuk wrote back to the two executives: "On January 16 it appears that the stock price finished at $25.43...is this the price that the new options will be set at?? Is that the low for those days after the Board Meeting??"

Mr. Roberts, the SEC said, replied that the figure was "the right price." According to the agency, Mr. Roberts wrote up false board minutes saying that the grant was intended to be made Jan. 16.

Mr. Roberts' lawyer, Stephen Neal, wrote in a statement that he intends to "vigorously defend against the charges against Mr. Roberts," but he didn't comment further.

In his statement, Mr. Samenuk's lawyer, Mr. Peters, said: "The Company's General Counsel determined what was the 'right price.' The paperwork Mr. Samenuk signed relating to this grant (which was not exercised) showed the higher price of $27.19." It isn't clear why the paperwork would show a higher price. The company's securities filings record the lower one.

The McAfee case is one of about 140 being investigated by federal authorities who are probing whether companies retroactively picked favorable stock-option-grant dates to enrich their executives.

Mr. Samenuk left McAfee in October 2006 in the wake of an internal probe of the options troubles, and McAfee late last year repriced his grant to the Jan. 15 closing price of $27.19.

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Is The S.E.C. Changing Course? (NYT)

By Stephen Labaton

The New York Times, March 1, 2007

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WASHINGTON, Feb. 28 — In his first year as chairman of the Securities and Exchange Commission, Christopher Cox confounded both supporters and detractors by taking a more moderate and nuanced position than they had predicted on a variety of regulatory issues, based on his record as a conservative Republican lawmaker.

In recent weeks, however, Mr. Cox has begun to send signals, both directly and through aides, that he may be swinging the pendulum more toward business and Wall Street interests and against investor groups.

Some investor advocates and securities law experts say that Mr. Cox, by not pushing for tighter regulation of hedge funds and by urging the Supreme Court to adopt a tougher standard for investors in lawsuits, has begun moving closer to the business view that the administration overreacted to the corporate scandals that began with the collapse of Enron in 2001.

They have also criticized his recent decision to appear at the Chamber of Commerce in two weeks just as it is to issue a report criticizing the Bush administration and the S.E.C. for being too hard on companies.

"You look at a parade of items and it begins to look to me like this commission is starting to take an historic shift away from investor interests," said James D. Cox, a law professor at Duke University.

The S.E.C. chairman strongly disputes that view, noting, for instance, that his appearance before the chamber should not be perceived as a change in the tilt of the agency.

"The United States government has an agency that services business and it is the Department of Commerce," he said. "Our role is to be the investors' advocate. I want to make sure that every company understands that so long as they treat their investors well, the S.E.C. will be friendly to them.

"And if they attempt to drive a wedge between the interests of investors and the interests of management," Mr. Cox added, "we will be their relentless adversaries."

It has not been easy to pigeonhole Mr. Cox. As an influential congressman from Orange County in California, he sponsored a measure to loosen accounting standards for stock options granted to senior executives and another making it harder for investors to sue companies.

But soon after he arrived at the commission in the summer of 2005, Mr. Cox advanced investor-friendly rules to make executive pay packages more transparent. He announced that he would continue to support the initiatives of his predecessor, William H. Donaldson, who ran up against a powerful Wall Street constituency with a great deal of clout in the Bush administration when he sought to regulate hedge funds and mutual funds more tightly.

And Mr. Cox initially disappointed some business groups that had urged him to dilute the force of the Sarbanes-Oxley Act, the post-Enron legislation that tightened accounting and governance rules, on small companies.

In an hourlong interview this week, Mr. Cox challenged the criticism that he is retrenching from any of that, saying that he has responded to court decisions and budget constraints but that he remains committed to protecting investors.

Moreover, he said that he sharply disagreed with the view, put forward by several business groups in recent months, that tough regulation was making American markets less competitive and driving companies issuing stock to overseas exchanges.

"The inference that some have drawn that this competition is caused by regulation is wrong," Mr. Cox said. "Some have made the case that our strong regulation and enforcement are indeed the cause of the opposite, of our strength. At the Securities and Exchange Commission it is our intent to make those observations true."

But his critics still contend that signs of back-pedaling have begun to emerge.

After the commission suffered a legal setback on tightening hedge fund regulation, Mr. Cox decided to neither appeal the decision nor seek to overturn it. Instead, he abandoned the effort begun by Mr. Donaldson to force all of the firms in the $1 trillion hedge fund industry to be registered and open their books to government examiners. The commission has embarked on a more modest effort to raise the financial qualifications for investing in such funds.

After a second court opinion that questioned the commission's decision to require mutual funds to have independent chairmen, officials said they did not expect the agency to resurrect the proposal.

Earlier this month, the commission filed a brief with the Supreme Court asking the justices to adopt a legal standard that would make it significantly more difficult for investors to sue corporations for fraud.

And it was announced this week that Mr. Cox will be a keynote speaker when the United States Chamber of Commerce holds a daylong conference to issue a long-awaited report recommending that the government relax its criminal pursuit of

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corporations, limit the civil liability of accounting firms, and water down the corporate and accounting rules that were written in response to the collapse of Enron and other scandals.

Senior Democratic and Republican lawmakers will be at the event, but for the commission, it will represent an awkward appearance.

Over the last five years, the chamber has been a powerful nemesis of the agency, viewing it as a major impediment to its antiregulatory agenda, repeatedly suing the S.E.C. over its rules and heavily lobbying Congress to overturn them.

But to some investor groups and corporate law experts, Mr. Cox's appearance is reflective of a broader political dynamic at the commission, created 73 years ago in the depths of the Depression to police the nation's stock markets, protect investors and keep corporate America honest.

"His presence before the chamber is appalling, and you are beginning to see a real shift into a new high gear," said Barbara Roper, director of investor protection at the Consumer Federation of America.

Lately, Ms. Roper said, the tide has begun to turn as the Bush administration enters its final years in office and business groups have complained that the administration had overreacted to a series of corporate scandals that have now faded from the headlines.

It is possible "that we simply misread him," Ms. Roper added, but "as you know, there has been enormous pressure from the business community for some kind of life as they know it pre-Enron and the way it is supposed to look in a Republican administration."

Mr. Cox promised an active pro-investor agenda for the coming year. He said it would include a rewriting of one set of regulations to make fees of 401(k) programs more transparent. In response to local financing scandals, most recently in San Diego, he also plans to begin rewriting the disclosure and accounting rules governing the way cities raise money through bond offerings.

He seemed uncomfortable when asked about his decision to appear before the Chamber of Commerce as it prepared to lobby for less regulation, although he noted that the conference would include the participation of a number of other senior S.E.C. officials, along with Democratic and Republican lawmakers.

He also said that his appearance should not be seen as an endorsement of the chamber's broadly deregulatory set of recommendations, which he said he had not seen.

Mr. Cox, 54, was appointed by President Bush in June 2005 to replace Mr. Donaldson, who abruptly resigned after alienating powerful Wall Street and business interests by embracing some investor causes. Mr. Donaldson sought unsuccessfully to overhaul the way mutual funds are governed, force greater disclosure of hedge fund operations and give institutional shareholders more of a say in the election of directors.

Signaling the prospect of some significantly divisive votes in the coming months, Mr. Cox said that he was not driven to seek consensus or unanimity among the commission's polarized members. Asked about the observations by some that he is driven by consensus, he replied: "That has been oft repeated, but it's not my approach."

He said that after listening to one another, "there is no requirement that we all have to agree," suggesting that he was girding for some policy differences to become public.

Indeed, that seems almost inevitable if the agency is to advance a new agenda.

The agency's longest-serving member, Paul S. Atkins, is a libertarian who has been critical of some rules and has fought both in public and behind the scenes with the agency's two Democrats, Annette L. Nazareth and Roel C. Campos. The fifth commissioner, Kathleen L. Casey, recently joined the agency. Even though she has little record, officials say she has emerged as an important ally of Mr. Atkins.

CRIMINAL LAW:

Libby Jury Withdraws Question As Deliberations Continue (WSJ/AP)

Associated Press

The Wall Street Journal, March 1, 2007

DOJ_NMG_0138262

WASHINGTON -- The first question from jurors at the perjury trial of ex-White House aide I. Lewis "Scooter" Libby prompted a lot of head-scratching Wednesday but shed little light on their progress.

The jury, now down to seven women and four men, stumbled briefly over legal language in one of the five counts against the former chief of staff to Vice President Dick Cheney but resolved the issue quickly and continued deliberating. They went home Wednesday evening without a verdict.

The jurors had sent a note to the judge seeking clarification late Tuesday at the end of their fifth day of deliberations.

U.S. District Judge Reggie Walton and nearly a score of defense lawyers and prosecutors spent part of Tuesday evening in their offices and a portion of Wednesday morning in court puzzling over what the jurors were asking and how to respond. Judge Walton remained uncertain, so he sent the jurors a note late Wednesday morning asking them to clarify their question.

By that time, the jurors had resolved their difficulty on their own and moved on. "After further discussion, we are clear on what we need to do," the jury wrote back. "No further clarification needed. Thank you. We apologize."

This episode set off a welter of speculation among lawyers and reporters over what it might reveal about the jurors' deliberations since they got the case at midday last Wednesday.

Only one thing could be said for certain: They had not told the court they were deadlocked.

Mr. Libby is accused of obstruction of justice and of lying to the FBI and a grand jury in 2003 about how he learned the identity of CIA operative Valerie Plame and what he said to reporters about the woman, who is married to prominent Iraq war critic Joseph Wilson.

The jurors asked about the third of five counts, leading some observers to speculate they might be halfway through their work. Others, however, suggested the jurors might have reviewed testimony and exhibits before considering specific charges, and then begun with the third count because it is the least complex.

Jurors asked about the charge that Mr. Libby lied to the FBI about his conversation with Time magazine's Matthew Cooper. Mr. Cooper testified that Mr. Libby confirmed for him that Ms. Plame worked for the CIA. Mr. Libby told the FBI he had only told Mr. Cooper he'd heard that from reporters but didn't know if it was true.

Most observers thought the jurors wanted to know if they were to decide whether Mr. Libby's or Mr. Cooper's account of the conversation was correct or whether what Mr. Libby claimed to have told Mr. Cooper was true.

Some, noting that the defense questioned the accuracy of FBI note-taking, thought the jurors wanted to know if they were to decide whether Mr. Libby even gave the FBI that account of the conversation.

All the while, the jurors never emerged from their deliberation room.

Mr. Libby faces up to 30 years in prison if convicted, though he would be likely to get far less time under federal sentencing guidelines.

Libby Jury Asks, Then Figures It Out (USAT)

By Richard Willing

USA Today, March 1, 2007

WASHINGTON — Jurors in the perjury and obstruction trial of Lewis "Scooter" Libby got back to work late Wednesday morning, after resolving a question about the wording of one of the five charges against the former vice presidential aide.

As court adjourned Tuesday, jurors had passed U.S. District Judge Reggie Walton a note asking for "clarification" of count three of the Libby indictment.

That count charges that Libby lied to FBI investigators about his conversation with Time magazine reporter Matthew Cooper. Cooper testified that Libby told him that Valerie Plame, who is married to Iraq war critic Joseph Wilson, worked for the CIA. Libby said he only told Cooper he'd heard that but didn't know if it was true.

In their note, jurors asked whether the lying charge referred to the "content" of Libby's statement or the fact that the statement was made.

On Wednesday morning, Walton asked jurors to "clarify" their question.

Instead, jurors sent back a note indicating that they had resolved their confusion and that "no further clarification (was) needed."

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The notes were the first communication from jurors since they asked for Post-It notes, an easel, masking tape and pictures of witnesses last Wednesday and early last Thursday, shortly after deliberations began.

The notes offered few clues as to how deliberations were proceeding, other than confirming that jurors had not reached a decision on at least one count.

Jurors may have already decided counts one and two, though there is no guarantee that they took up the charges in numerical order.

Through mid-afternoon Wednesday, jurors had deliberated more than 33 hours since getting the case Feb. 21. The jury is now down to seven women and four men after one juror was dismissed Monday.

Libby, the former chief of staff to Vice President Cheney, is charged with lying about conversations he had with Cooper and NBC reporter Tim Russert about the CIA affiliation of Plame.

Special prosecutor Patrick Fitzgerald argued that Libby's wife's name was leaked as part of an attempt to undercut former ambassador Wilson, who accused the Bush administration of "twisting" pre-war intelligence about Iraq's nuclear program after making a CIA-sponsored trip to Africa.

Libby's defense team, led by attorney Theodore Wells, has countered that there was no leak campaign and that Libby is guilty at worst of a faulty memory.

Libby Jury Hits Short-Term Snag On Sixth Day (WP)

By Amy Goldstein And Carol D. Leonnig

The Washington Post, March 1, 2007

A week into deliberations in the perjury trial of I. Lewis "Scooter" Libby, jurors yesterday provided the first glimpse of the issues they are weighing by signaling confusion over how to interpret one of the five felony counts against the vice president's former top aide.

According to that charge, Libby lied to the FBI about a conversation with a Time magazine reporter.

The jury's confusion, relayed in a note to the presiding judge and released by the court yesterday, proved short-lived. When U.S. District Judge Reggie B. Walton asked them to clarify their question, the jury members swiftly sent him an apologetic second note, saying they had talked further and "now are clear on what we had to do."

The jury completed its sixth day of deliberation without reaching a verdict.

Libby, 56, is charged with lying to the FBI and a grand jury during a federal investigation into the Bush administration's 2003 leak of undercover CIA officer Valerie Plame's identity, and of trying to obstruct the probe. Prosecutors allege that Libby lied about how he learned about Plame and whom he told about her.

Plame is the wife of former ambassador Joseph C. Wilson IV, who was sent by the CIA in 2002 to determine whether Iraq was seeking nuclear material in Niger. He found the claims groundless and later accused the Bush administration of twisting his conclusions to justify the war in Iraq. Prosecutors say administration officials disclosed Plame's identity to discredit Wilson by insinuating he was sent on the mission because of nepotism.

Libby's attorneys say their client has a bad memory and inaccurately remembered conversations he had about the couple with colleagues and journalists. Libby is not charged with the leak itself.

The jury's temporary confusion revolved around a false-statement charge that outside legal experts have described as potentially the most difficult of the five counts to prove. It stems from Libby's account to FBI agents of his July 12, 2003, telephone conversation with Matthew Cooper, then a White House reporter for Time magazine.

The outside prosecutors and defense lawyers said there are fewer conflicts between Libby's and Cooper's versions of events than there are in the facts of a second false-statements charge, which arises from a conversation Libby had with NBC News's Washington bureau chief, Tim Russert. They also said defense attorneys had raised doubts during the trial about the FBI's precision and the accuracy of Cooper's note-taking.

FBI agents say Libby told them that in his conversation with Cooper he merely relayed scuttlebutt from other reporters that Wilson's wife worked at the CIA, adding that he did not know whether that was true. Cooper testified he had asked Libby whether

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Wilson's wife worked at the CIA and that Libby responded to the effect of "I've heard that, too," without mentioning other reporters or his uncertainty about the truth.

In a three-sentence note sent to the judge late Tuesday afternoon, the jury asked: "Is the charge that the statement was made or is it about the content of the statement itself?"

Yesterday morning, Walton told lawyers for both sides that he was not certain he understood what the jury was asking. The lead defense attorney, Theodore Wells Jr., told the judge the parties believed they understood it.

Deliberations Continue In Libby Case (NYT)

By Neil A. Lewis

The New York Times, March 1, 2007

A question sent to the judge by the jury that is deciding the perjury case of I. Lewis Libby Jr. created a stir but did not provide any clarity about the status of the deliberations. The message was received late Tuesday, after the jury had deliberated for more than four days, and was confusing enough for Judge Reggie B. Walton to respond Wednesday morning that he did not fully understand the question. When he asked for clarification, the jurors sent back a second message: Never mind. “We are clear on what we need to do,” the second message read. “No further clarification needed. We apologize.” After the exchange, the jurors continued discussing the case through the day, departing without a verdict.

'Sex Tourists' Warned: Law Is Watching (USAT)

By Donna Leinwand, USA TODAY

USA Today, March 1, 2007

U.S. travelers who book trips to countries that are hot spots for child prostitution will begin this month to see ads, brochures and billboards warning that sexual adventures abroad could land them in prison here.

The warnings, written and distributed by religious organizations, child-welfare groups and the federal government, are a sign of a new assault by the Bush administration on the international child sex trade. They also reflect a new law intended to catch U.S. residents who engage in or promote sex with children overseas.

"People assume they can go out of the country and get away with exploiting children in this horrific way," says Mike Garcia, assistant secretary of the Bureau of Immigration and Customs Enforcement. "We're sending a message. We have the power to (arrest them), and we have the will."

In the past six months, U.S. authorities have arrested two men from Washington state who are accused of having sex in Cambodia with underage boys, and an 85-year-old Los Angeles man is accused of trying to fly to the Philippines for sex with two preteen girls.

Another man, Richard Schmidt, 61, of Baltimore, arrives in the USA today to face charges that he traveled to Cambodia and the Philippines for sex with children. An indictment unsealed Wednesday charges him with molesting eight boys. Schmidt, a former teacher, has been convicted three times of molesting children in the USA. He was released from prison in July 2000. Schmidt fled to the Philippines in June 2002 after Maryland authorities issued an arrest warrant for parole violations, U.S. Department of Justice officials said Wednesday.

Investigators from Immigration and Customs Enforcement have more than 20 other cases underway, including 11 American men who were arrested by Mexican authorities and are awaiting extradition.

Effects of new law

The arrests were made under a child-protection law President Bush signed April 30. It includes a provision that U.S. law enforcement officials say gives them a new tool to prosecute hard-core pedophiles and "sex tourists" who want to engage in sex with children.

Although it had been illegal since 1986 to go abroad with the intent to have sex with someone under 18, prosecutors say the crime was difficult to prove in court. To get a conviction under the new law, prosecutors do not have to prove that U.S. residents left the country specifically to have illegal sex — only that they had illegal sex or tried to do so.

The law doubles the penalties to a mandatory 30 years in prison for each offense. Authorities can use it to arrest owners of travel websites and travel agencies that promote sex tours or arrange for clients to have sex with children.

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The law was a result of pressure on Bush and Congress from conservative religious groups to be more aggressive in fighting the sexual exploitation of children worldwide.

The administration has joined with religious groups to promote the crackdown. And it is getting help from groups with missions in countries where the sex trade is rampant.

Child-advocacy groups estimate that 2 million children worldwide are working in the sex trade. The Internet is rife with tour companies that pitch travel for legal prostitution and make veiled references to sex with children. There are chat rooms in which participants discuss the best locations to find the prettiest girls, the cleanest rooms and the cheapest prices. And the Web allows people to make arrangements to travel to countries, such as Cambodia, Thailand, Costa Rica, Mexico and the Philippines, where child sex is plentiful and law enforcement has been lax.

One destination is Svay Pak, a small town about 7 miles outside the Cambodian capital of Phnom Penh. There, about 30 ramshackle brothels line the streets.

Joe Mettimano, director of the child sex tourism prevention project for World Vision, an international Christian relief organization, visited Svay Pak last year.

"I got 5 feet down the dirt road and I was approached by a young boy asking if I want young girls. He said, 'I can get you 9, 10 years old,' " Mettimano says. For an hour, he observed men going in and out of the brothels. "You hear very distinct Australian, American and European accents."

World Vision is one of several organizations working with the U.S. government to devise pop-up ads on travel websites, posters and pamphlets in airports, and billboards in destination countries that warn of the new penalties. World Vision has received a $500,000 State Department grant for its part of the project.

Because hard-core pedophiles may not be deterred by the ads, they serve more as a warning to "sex tourists." These are the "businessmen and holiday travelers who see the sex trade happening all around them and decide to experiment," Mettimano says.

"Some of these men actually believe that when they go abroad it is acceptable and that they are helping poor people support their families," says Carol Smolenski, executive director of End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes USA. "If you are really concerned about them, then just give them money and don't ask for sex."

Joint enforcement efforts

Travelers who fail to heed the warnings could get nabbed overseas in a joint enforcement effort involving missionaries, social workers, local police and the federal government. Employees and members of charity and religious groups overseas watch for Americans who engage in sex with children. They will turn over names, photos and other evidence to local police, who can arrest offenders and turn them over for prosecution in the USA.

When Cambodian authorities arrested Gary Jackson, 56, of Bainbridge Island, Wash., in September and accused him of having sex with three boys under 16, the charges were based on evidence collected by a social-service organization in Cambodia.

The Cambodian government turned Jackson over to U.S. authorities on Nov. 20 after a federal grand jury in Seattle charged him.

Jackson's defense attorney did not return phone calls. Jackson, who was convicted of a sex offense in Washington in 1981 and sentenced to 10 years in prison, is being held in jail until trial in March.

Records Sought From Corzine (PHI)

By Elisa Ung, Jennifer Moroz

The Philadelphia Inquirer, March 1, 2007

TRENTON - The U.S. attorney yesterday subpoenaed records from Gov. Corzine's office, part of a widening investigation into whether lawmakers personally profited by steering money to certain causes.

The subpoenas delivered to the offices of the governor and his chief counsel demand all documents regarding grants that legislators have put in state budgets since 2004.

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An attached letter from U.S. Attorney Christopher J. Christie requests, in particular, e-mail relating to "grants and assistance, popularly known as 'Christmas Tree items.' "

That phrase refers to last-minute grants secured as officials finalize the state budget each year. Also commonly called "pork," they are a tradition for the ruling party in Trenton, and have gone to such pet projects as a flagpole, park improvements, and community center expansions.

Last month, the U.S. Attorney's Office subpoenaed six Assembly and Senate leaders and Democratic and Republican legislative offices for similar information.

Corzine spokesman Anthony Coley said that the administration would cooperate fully and that the governor had asked Attorney General Stuart Rabner, who previously headed the U.S. attorney's criminal division, to oversee compliance along with the chief counsel's office. The information is due at a grand jury hearing on March 8.

Michael Drewniak, a spokesman for the U.S. Attorney's Office, declined to comment.

The investigation into the closed-door, late-night budget process grew out of a federal criminal probe of State Sen. Wayne Bryant (D., Camden).

The U.S. Attorney's Office is investigating whether Bryant was paid a part-time salary at the University of Medicine and Dentistry of New Jersey to do nothing other than use his chairmanship of the Budget and Appropriations Committee to steer money to the school. Bryant is no longer chairman.

Though the Legislature decides which grants get added, the governor must approve them when he signs the final state budget. Last year, Corzine cut $52 million from the last-minute additions before signing it.

The information demanded yesterday would also include the administrations of former Govs. Jim McGreevey and Richard J. Codey, who still serves as president of the state Senate. McGreevey did not return a request for comment.

Yesterday, Codey (D., Essex) said much of the paperwork would have already been collected from a subpoena to the Treasury Department last fall. Otherwise, there's not much of a paper trail, he said. "I think we all know that these items are added verbally," Codey said.

Codey is leading an effort to make the grant process more transparent, including a requirement that legislators put their funding requests in writing, names attached, for public review. "I've said before that 95 percent of them go for great causes," he said of the grants. "The other 5 percent can be debated."

While the investigation into Bryant has not yet concluded, Codey said: "I have no knowledge of anybody else who would have traded off putting something in the budget for monetary gain."

Codey said he believed Corzine would fully comply. "I'm sure it wasn't aimed at him," Codey said.

Edwin Stier, a former federal prosecutor and former head of the New Jersey Division of Criminal Justice, said it wasn't unusual for prosecutors to ask for a wide range of information to determine whether a pattern existed. If prosecutors were investigating a zoning board member for bribery, for example, they might ask for other documents to review the conduct of other zoning board members, too.

But while "there have been investigations of high-level officials in both the legislative and executive branches over the years," he said, "I don't recall any situations ever having occurred... where such broad subpoenas are being served on the legislature and now on the governor's office."

Rider University political science professor David Rebovich called the subpoena flurry "a public-relations disaster."

"This ethics investigation could certainly hurt the party in power," Rebovich said, though he added that it would give Corzine "a stick to swing at lawmakers to get through his ethics reform."

Both parties have participated in the process of stuffing last-minute grants into budgets. But Republicans have been quick to note that Democrats ruled the Legislature during the years now under investigation.

"This is the first time I can remember that both the Legislature and the governor's office has the FBI and the U.S. attorney looking into it," said Assembly Minority Leader Alex DeCroce (R., Morris), a legislator since 1989. "So, obviously, something's wrong with the way they [the Democrats] are operating the system."

Subpoenas Delivered To Corzine's Office Seek Budget Documents (NSL)

By Jeff Whelan

Newark Star-Ledger, March 1, 2007

Federal investigators delivered a subpoena to Gov. Jon Corzine's office this afternoon, demanding budget documents in the latest development of a widening corruption probe into millions of dollars in special interest grants.

In an effort to determine what the governor's office knew about the grants, federal prosecutors are seeking budget records, e-mails and other documents for the budget years 2004, 2005 and 2006.

That period spans the administrations of governors James E. McGreevey, Richard Codey, and Corzine, who are all Democrats. While the grants are initiated by lawmakers in a secretive process, the governor must approve them or use his line-item veto to strike them from the budget or reduce them.

Today's move came less than two weeks after U.S. Attorney Christopher Christie served similar subpoenas on both the Democratic and Republican leadership in both the Senate and the Assembly, seeking information on how millions in public funds were handed out over the past three years.

The governor's office confirmed FBI agents delivered the subpoena to the governor's counsel's office this afternoon.

A spokesman for the U.S. Attorney's office declined comment.

At issue is more than $1.2 billion in secretive, last-minute budget additions that the Legislature has tacked on to the budget over the past five years. The grants - typically earmarked for pet projects in legislators' home districts - have long been known in Trenton as "Christmas tree items," and have been utilized by lawmakers from both parties for things like road construction, ball fields, school or non-profit programs.

The money has usually been disproportionately distributed in the districts of whatever party controls the Statehouse, records have shown. Sources with direct knowledge of the probe have said that prosecutors are exploring whether any lawmakers sought to steer money to organizations that would have directly benefited them or their families.

Treasury Department records related to the Christmas tree grants have already been subpoenaed by the U.S. Attorney, indicating a growing interest in the matter by prosecutors as far back as November.

The investigation grew out of an ongoing inquiry into Sen. Wayne Bryant (D-Camden).

Corzine's Office Subpoenaed By U.S. Attorney On Budget Documents (AP)

AP, February 28, 2007

TRENTON, N.J. (AP) -- Gov. Jon S. Corzine's office was subpoenaed Wednesday by the U.S. Attorney's Office, a spokesman confirmed.

"We have received them," Corzine spokesman Anthony Coley said.

It's the latest round of subpoenas from federal investigators looking into how the state budget has been developed since 2004.

The records requested from the governor's office span the administrations of Democrats James E. McGreevey, Richard J. Codey and Corzine.

On Feb. 16, the U.S. attorney subpoenaed documents from legislative leaders and their staff offices on grants that have been placed in the budget without public review just before the budget is adopted.

The grants stem from lawmakers, but the governor approves them when signing the budget legislation.

The U.S. Attorney's Office subpoenaed documents from the state Treasury Department and Senate Democrats last year, along with various public agencies where Sen. Wayne Bryant, the former Senate budget chairman, has worked.

Michael Drewniak, spokesman for U.S. Attorney Christopher Christie, declined to comment on Wednesday.

FBI Serves Subpoenas To State Lawmakers (NEWHOUSE)

Newhouse News Service, March 1, 2007

State Sen. Majority Leader Bernard Kenny, D-Hoboken, was among a number of state lawmakers hit with federal subpoenas Feb. 16, authorities said.

The volley of subpoenas, served on both Democratic and Republican leaders in the Senate and Assembly, were reportedly part of a rapidly expanding corruption investigation into the Statehouse by U.S. Attorney Christopher Christie.

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The subpoenas, delivered by FBI agents as lawmakers were heading home that Friday, left many in Trenton thunderstruck.

"Trenton is on fire," declared Assemblyman Kevin O'Toole, R-Wayne, as news of the subpoenas broke. "This is equivalent to Rome burning."

It was the latest development in a federal probe that began last April with an investigation into state Sen. Wayne Bryant, D-Camden. The matter has now expanded into an inquiry into how lawmakers divvy up public funds.

Lawmakers and other Statehouse veterans could not recall a federal probe ever going as deeply into the state's budget process.

In addition to Kenny, subpoenas were delivered to Senate President Richard Codey, D-West Orange; Senate Minority Leader Leonard Lance, R-Flemington; and Assembly Speaker Joseph Roberts, D-Camden, among others.

Michael Drewniak, spokesman for the U.S. Attorney's Office, had no comment and would neither confirm nor deny the issuance of subpoenas.

Sources with direct knowledge of the probe have said that prosecutors are exploring whether some lawmakers have sought, through the state budget process, to steer money to nonprofit organizations that would have directly benefited them or their families.

Codey said lawmakers would provide the information being sought.

"We will comply 100 percent, in every way, shape and form," he said.

State Sen. Jerry Cooper's Trial Reset To June 4 (AP)

AP, February 28, 2007

CHATTANOOGA, Tenn. (AP) -- A federal judge in Chattanooga has delayed state Sen. Jerry Cooper's fraud trial two months, agreeing to give the Morrison Democrat until June 4 to recover from a wreck that got him charged with driving under the influence.

Before Cooper's February 7th single-vehicle accident, U.S. District Judge Curtis L. Collier had refused Cooper's request to delay the March 5 trial until after the legislative session ends in May.

Cooper was seriously injured when his sport utility vehicle overturned several times on Interstate 24 in Rutherford County after he attended three legislative receptions in Nashville.

The DUI charge follows a blood-alcohol test by the Tennessee Bureau of Investigation lab.

Cooper is recovering at home and District Attorney William Whitesell has withheld results of the DUI test while allowing the senator to surrender on the charge when he feels well enough.

In the pending federal case, the senator has pleaded not guilty to charges of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. The charges involve a land deal.

Cooper Fraud Trial Delayed Until June 4 (CHAT)

The Chattanoogan, March 1, 2007

The fraud trial of Sen. Jerry Cooper has been delayed until June 4 due to the single-vehicle crash he was involved in on Feb. 7.

The accident left Cooper with a cerebral concussion, multiple fractured ribs and other serious injuries, making it impossible for the politician to assist in preparing for a federal fraud trial that had been scheduled to begin on March 5, prosecution and defense attorneys in the case had agreed.

Judge Curtis Collier set the new trial date.

He declined a prosecution motion for a hearing to determine if Sen. Cooper was healing quicker than expected.

Cooper, who federal authorities say used his political influence to get a fraudulent appraisal on a lumber mill that he was selling to an Alabama couple, is charged with bank fraud, mail fraud, and conspiracy to commit bank and mail fraud.

Cooper also faces DUI and speeding charges in connection with the wreck.

THP Chief Says Sen. Cooper Hasn't Been Given Favoritism (AP)

By Bill Poovey

DOJ_NMG_0138269

AP, February 28, 2007

CHATTANOOGA - When state Sen. Jerry Cooper overturned his sport utility vehicle after attending three legislative receptions, the Tennessee highway patrol commander rushed to the wreck behind working patrol officers and emergency responders.

A Department of Safety spokesman initially said preliminary reports showed no alcohol in the Morrison Democrat's vehicle, but at least one witness who stopped on Interstate 24 the evening of Feb. 7 said there was an empty Jack Daniel's bottle nearby.

The Tennessee Bureau of Investigation rushed Cooper's blood-alcohol test and gave the results to the Department of Safety.

Cooper was charged with driving under the influence and speeding.

But three weeks after the wreck, the results of the test still haven't been released to the public. The department also has refused to say how fast Cooper was driving.

At the time of the accident, Cooper was free on a federal bond, a court-ordered agreement requiring him to obey all state laws pending a bank fraud and mail fraud trial. Cooper's injuries have prompted a federal judge in Chattanooga to delay the trial two months, to June 4. The delay order Tuesday did not mention the DUI charge or the bond.

The handling of Cooper's single-vehicle wreck and subsequent DUI charge has raised questions about whether the lawmaker got special treatment because of political favoritism.

Col. Mike Walker - commander of the Tennessee Highway Patrol, still trying to shake off a political favoritism scandal - said this week that Cooper has received no preferential treatment from him or the Highway Patrol.

Walker said he lives close to the wreck site in Rutherford County and went to assist, partly because Cooper was saying in the moments after the accident that his wife was with him.

"People can question a lot of things about me but not my professionalism or my integrity," said Walker, who was promoted to commander last year after an overhaul of the troopers' top brass. "I did not get into the investigation."

Tennessee Department of Safety Commissioner David Mitchell said there were "absolutely not" any favors by the Highway Patrol.

After two weeks of recovering at home, Cooper was back in a hospital Tuesday, scheduled for surgery that will likely keep him there for a week.

Imam Gets 8 Years On Weapons Charges (PHI)

By John Shiffman

The Philadelphia Inquirer, March 1, 2007

A West Philadelphia imam who argued that he was entrapped by federal agents investigating unfounded terrorism suspicions was sentenced yesterday to eight years and four months in prison on weapons charges.

Wayne Hogue, who is also known as Imam Wadir and Shaheed Bay, was secretly recorded selling 11 guns, including three assault rifles, to an FBI informant working for the Joint Terrorism Task Force.

In early 2002, terrorism task-force agents had asked the informant, Hezekiah Salone, to keep "his ears and eyes open" for trouble at Hogue's mosque, at 52d and Chestnut Streets in West Philadelphia, said Assistant U.S. Attorney Thomas Zaleski.

Salone did not find evidence of terrorism or drug-dealing.

U.S. District Judge Timothy Savage, who has privately reviewed secret FBI files in the case, said yesterday that the mosque was not suspected of any wrongdoing.

However, after spending more than a year developing Hogue's confidence, the informant was able to record 11 gun sales in a 10-month period. Zaleski said Hogue initiated the purchases.

Hogue's lawyer, Paul J. Hetznecker, said that the informant was the one who initiated them.

At trial, public defenders Dina Chavar and Catherine Henry portrayed the informant, who called himself Rocky, as an untrustworthy opportunist who was paid $46,000 by the FBI and targeted Hogue to keep himself in the agents' good graces.

Hogue, a street vendor who is well known for running a neighborhood chess game, yesterday told the judge that he had tried to help Salone because he believed he was a wayward drug dealer.

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"But as I was trying to pull him out, he was pulling me in," Hogue said.

"If it wasn't for the bionic rat," he said, referring to Salone, "I wouldn't be here... . These people hoodwinked and bamboozled me... . The money was good... . He was good. I was sucked in."

Savage replied: "You knew better. Someone could have been seriously hurt or killed... . You not only betrayed your family, you betrayed your faith... . You betrayed your ideals."

Two More Plead Guilty In Reputed Mob Trash-hauling Scheme (WESTJN)

By Timothy O'Connor

Westchester Journal News, March 1, 2007

Two former managers at a Mount Kisco trash transfer station have pleaded guilty to their part in a reputed mob-backed racketeering effort to control the garbage-hauling industry in southern Connecticut and parts of the Lower Hudson Valley.

Scott McGowan, 37, of 2 Morningside Ave., Yonkers, and Jeremy Everett, 31, of Shelton, Conn., pleaded guilty in U.S. District Court in New Haven, Conn., to conspiring to commit racketeering. The crime carries a maximum penalty of 20 years in prison. But federal sentencing guidelines will likely call for a much lesser sentence.

Twenty-nine people were indicted in June by a federal grand jury in New Haven in what federal prosecutors said was a scheme by some trash haulers to carve up territory, inflate prices, and not compete against each other for contracts. The alleged conspiracy was backed by mob muscle, federal authorities said, as a means to persuade haulers to play by the scheme's rules.

The pleas by McGowan and Everett bring to 13 the number of people who have been convicted in connection with the plot.

In December, Matthew "Matty the Horse" Ianniello, 86, of Long Island, the reputed former head of the Genovese Crime Family, pleaded guilty to taking part in the scheme. Authorities charged that Ianniello received a quarterly "mob tax" of $30,000 from the conspiracy's participants. James Galante, a trash magnate from Danbury, Conn., and his reputed silent partner, Thomas Milo of Mamaroneck, were accused of being leaders of the plot. Milo's daughter, Anna Priskie, 45, of Cortlandt, was sentenced two weeks ago to six months' house arrest and probation after admitting she had a no-show job at Galante's companies in Danbury.

McGowan was Allied Waste's manager of the Westchester County Transfer Station in Mount Kisco. Everett was the sales manager. In one secretly recorded telephone conversation, the two men were heard agreeing to ban another hauler from using the transfer station to help another co-conspirator punish the hauler for not participating in the "property rights" scheme.

Allied Waste has since sold its Mount Kisco operation to Regus Industries.

Everett is expected to be sentenced May 16. McGowan will be sentenced May 17. Neither man could be reached for comment.

'Old Man' Pleads Guilty To Racketeering (MIH)

By Nikki Waller

Miami Herald, March 1, 2007

Reputed mobster Albert Facchiano, 96, will likely get house arrest for charges that, if not for his age, could have meant 20 years in prison.

Albert Facchiano, a 96-year-old Miami man believed to be the oldest person ever indicted by federal authorities, pleaded guilty Wednesday to charges of racketeering, loan sharking and intimidating a witness who was poised to testify against the Genovese crime family.

Facchiano appeared in federal court in Fort Lauderdale and used headphones to hear the judge and his attorneys.

Because of back troubles, he sat, instead of standing, to enter his guilty plea.

He could face up to 20 years for federal conspiracy and racketeering charges filed in Florida, and up to 10 more for federal charges of witness tampering filed in New York.

Facchiano, who turns 97 this month, sees a doctor four times a week and "couldn't have withstood two trials," said his lawyer, Brian McComb.

Prosecutors said Facchiano, nicknamed "The Old Man," supervised associates who committed crimes including extortion, robberies, money laundering and bank fraud.

Federal prosecutors in both states, along with the U.S. Department of Justice, have recommended that Facchiano be sentenced to house arrest.

McComb, said he believes U.S. District Judge James Cohn will go along with those recommendations at sentencing in May.

"The judge is cognizant of his medical condition and his age," McComb said.

With Witnesses At Risk, Murder Suspects Go Free (NYT)

By David Kocieniewski

The New York Times, March 1, 2007

NEWARK, Feb. 27 — When Yusef Johnson, a 15-year-old honors student, was killed outside an apartment complex here so gang-infested it is known as Crazyville, a witness came forward within days and told the police she knew the man she had seen fire the fatal shots.

In another case three months later, in November 2005, officers found two people who identified a street gang leader as the man they saw kill a marijuana dealer named Valterez Coley during a dispute over a woman.

And when Isaiah Stewart, a 17-year-old wearing an electronic monitoring bracelet from a recent brush with the law, was gunned down that December, another Newark teenager sketched a diagram of the crime scene, correctly identified the murder weapon and named a former classmate as the person he had watched commit the crime.

They seem like slam-dunk cases, but none of the three suspects have been arrested. It is not that detectives are unsure of their identity or cannot find them. Rather, it is because so many recent cases here have been scuttled when witnesses were scared silent that the Essex County prosecutor has established an unwritten rule discouraging pursuit of cases that rely on a single witness, and those in which witness statements are not extensively corroborated by forensic evidence.

The 3 are among at least 14 recent murders in Newark in which witnesses have clearly identified the killers but no charges have been filed, infuriating local police commanders and victims' relatives.

In 8 of the 14 cases, according to court documents and police reports, there was more than one witness; in two of them, off-duty police officers were among those identifying the suspects. But in a DNA era, these are cases with little or no physical evidence, and they often involve witnesses whose credibility could be compromised by criminal history or drug problems, or both.

"No one wants to solve these cases and lock up the killers in these cases more than we do," the county prosecutor, Paula T. Dow, said in a recent interview. "But we have to weigh the evidence and move forward only if we believe that the witnesses are credible and that they'll be there to testify at trial."

The tension between the police and prosecutors here over the evolving standards of evidence required to authorize arrest warrants is a stark example of the profound effect witness intimidation is having on the criminal justice system in New Jersey and across the country.

Surveys conducted by the National Youth Gang Center, which is financed by the federal Department of Justice, have found that 88 percent of urban prosecutors describe witness intimidation as a serious problem.

In both Baltimore and Boston, where "stop snitching" campaigns by rap artists and gang leaders have urged city residents not to cooperate with the authorities, prosecutors estimate that witnesses face some sort of intimidation in 80 percent of all homicide cases.

In Essex County, prosecutors report that witnesses in two-thirds of their homicides receive overt threats not to testify, with defendants and their supporters sometimes canvassing witnesses' neighborhoods wearing T-shirts printed with the witnesses' photographs or distributing copies of their statements to the police.

Dozens of New Jersey murder cases have been undone over the past five years after witnesses were killed, disappeared before trial or changed their stories.

In 2004, the Newark police determined that four people found dead in a vacant lot had been killed to silence a witness to a murder; a witness to that quadruple homicide was later shot to death as well.

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Ms. Dow, who was appointed in 2003 amid criticism of county prosecutors' ability to close cases, said she was simply adapting to the evolving code on the streets, where gang violence and widespread distrust of law enforcement have deprived prosecutors of one of the legal system's most crucial components: dependable witnesses.

The state's attorney in Baltimore, where witness intimidation is a notorious problem, has taken an even more rigid stand, refusing to file charges in any single-witness case without extensive forensic corroboration.

But that approach differs sharply from those of prosecutors in many other urban areas, like Brooklyn, where the district attorney, Charles J. Hynes, has in recent years taken to reviewing all single-witness cases personally.

In Newark, where the homicide rate has risen in the past few years, the police, local politicians and victims' relatives are all questioning why prosecutors are holding detectives to a higher standard than the law requires — and letting dangerous criminals remain on the streets.

"How can they leave him out there?" asked Yusef's mother, Tosha Braswell, referring to the man who shot him. "Are they waiting for him to kill someone else's son?"

Tension Between Officials

Newark's mayor, Cory A. Booker, who was elected last year on a promise to reduce crime in the city, recently met with Ms. Dow to ask her to be more aggressive in filing charges. In recent years Newark police officials have accused the prosecutor of being reluctant to take on cases that could be difficult to win because her office was criticized after losing a succession of high-profile trials.

The police director, Garry F. McCarthy, worries that the prosecutor's approach undermines his crime-fighting strategy of focusing on the small group of criminals responsible for a disproportionate amount of crime.

"The law states the standard for arrest is probable cause, which is different than what is required for conviction beyond a reasonable doubt," Mr. McCarthy said. "Our goal is to arrest quickly to avoid the potential for additional crime. An arrest does not prevent an ongoing investigation from proceeding."

Ms. Dow declined to discuss details of any open cases. But she said that she was proud of her office's performance, and that she hoped her rigorous standards for filing charges would lead investigators to work harder at getting corroboration.

"It's easy for the police to point fingers when they haven't done enough detective work to get a conviction," she said.

In Essex County, the conviction rate for homicides, which includes plea agreements, was 79 percent in 2006, up from 74 percent when Ms. Dow took over three years earlier (but down from 86 percent in 2005 and 83 percent in 2004).

In Baltimore, prosecutors under Patricia C. Jessamy, the state's attorney, obtained convictions in 65 percent of homicide cases last year, up from 59 percent in 2005 and 52 percent in 2004.

While prosecutors are often measured by such conviction rates, it is difficult to tell through statistics whether they are shying from hard-to-win cases.

What most irks the police is the failure to even file charges in cases in which witnesses have solidly identified a suspect, like the 14 here in Newark over the past three years in which Ms. Dow has declined to authorize arrest warrants. Six of these cases rely on a single witness, including the slayings of Yusef Johnson and Valterez Coley.

Yusef was a football star with a 3.7 grade-point average before he was killed in August 2005. According to police reports, a woman told detectives she had seen the shooting from 30 feet away and was well acquainted with the gunman, a member of the Crips street gang, because he frequently sold cocaine to her.

The case helps illustrate why prosecutors may shy away from single-witness cases: Given the suspect's status as both a gang member and the witness's drug supplier, even detectives have their doubts about whether the woman would ultimately testify at trial — or be believed.

On the night Mr. Coley was gunned down near a porch in Newark's Central Ward, two men told the police they had seen the gunman, whom they identified as a leader of the 252 Bloods street gang. The witnesses said the gunman was looking to settle a score with a young man who had a relationship with his girlfriend, and mistook Mr. Coley for his rival.

But one of the men soon fled the state, leaving the police with a lone witness — and thus no charges have been brought.

Danger in Cooperation

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Gregory DeMattia, chief of the Essex County prosecutor's homicide division, said his investigators saw fallout from witness intimidation every day. When they arrive at a crime scene, he said, bystanders scatter so neighbors will not think they are cooperating with the police.

Those who do help often do so surreptitiously — leaving detectives a note in a trash can or asking to be taken away in handcuffs "so that neighbors will think they're in trouble with the police and not cooperating," Mr. DeMattia said.

Prosecutors in other cities tell similar stories about their witnesses being pressured, and say they are cautious about pursuing cases based on lone witnesses because of worries about faulty memory, ulterior motives and, as in the Yusef Johnson case, credibility.

That is part of why Ms. Jessamy, in Baltimore, has all but refused to file charges in single-witness situations.

But across Maryland in Prince George's County, where there is also a serious gang problem, State's Attorney Glenn F. Ivey has taken the opposite tack. He insists on pursuing single-witness cases even though he was criticized publicly for losing 4 of them in 13 months.

"If you have a single witness and you believe their story, I believe you've got to go forward, even if it's a case you might lose," said Mr. Ivey, whose office's conviction rate on homicides is more than 80 percent. "I'm not going to give the gang members, the murderers and the rapists an easy out. And if they know that all they have to do is get your case down to one witness, I think it would encourage them to use even more intimidation." Here in Newark, even in cases with multiple witnesses — and occasionally even when one of those witnesses is a police officer — the prosecutor has sometimes been unwilling to authorize arrests.

Take the case of Lloyd Shears, an Army veteran killed during a robbery in December. A man told the police he had seen his neighbor fire the fatal shots. A woman who had been standing next to him told detectives she heard the shots, and then turned to see the neighbor running from the scene. But the neighbor has not been charged.

Or consider the killing of Shamid Wallace, an 18-year-old found face down in the street last August with several gunshot wounds in his torso. Detectives found two witnesses who identified the man they said they saw kill Mr. Wallace. An off-duty Newark police officer heard the gunshots, saw a man fleeing with a gun and later picked the suspect out of a photo array. The suspect has not been arrested.

Then there is Farad Muhammad, who was stabbed to death last July. One witness told the police she had seen someone she knew running away from Mr. Muhammad's body. An off-duty police officer from neighboring East Orange identified the same man, saying he had seen the suspect chasing Mr. Muhammad with a knife. Again, no charges were filed.

Yusef's parents, who keep a shrine of photographs surrounding his school sports trophies, still hope that his suspected killer will be arrested soon.

"It's like they don't care enough," said his father, Scottie Edwards, a delivery truck driver.

Wielding Fear Like a Weapon

But to those who suggest Ms. Dow is overreacting to the problem of witness intimidation, her supporters point to the death of Steven Edwards, who was shot and killed in a car on South Eighth Street in January 2006. Within a month, detectives had three witnesses identifying the gunman.

One of the witnesses, a gang member, quickly announced he would never testify for fear he would be ostracized for helping the police — or wind up murdered himself. Six months later, another witness was himself charged in two homicides, shattering any credibility.

The third witness picked the suspect out of a photo array, but immediately began to waver when asked about testifying in open court.

"She would not say she was 100 percent sure," said a police report on the case, "because she was afraid of retaliation."

Prosecutors Help The Fearful Be Good Witnesses (WP)

By Ruben Castaneda

The Washington Post, March 1, 2007

In their Forestville neighborhood, Lionel D. Gilliam and his criminal cohorts trafficked in cocaine and fear.

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Between July and October 2002, Gilliam, then a teenager, killed four men as he spearheaded a crack cocaine ring.

Gilliam killed two of his victims because he thought they were providing information about him and his accomplices to police, according to testimony in U.S. District Court in Greenbelt. On Feb. 8, after a six-week trial, a federal jury convicted Gilliam of four murders and other crimes.

Gilliam, now 23, fatally gunned down a longtime friend, Donald "Tweedy" Twitty, July 16, 2002. Gilliam thought Twitty was providing police with information about his criminal activities, according to testimony.

Three months later, Gilliam fatally shot Juan J. Clark 11 times with an AK-47. One government witness testified that in the moments before the killing, Gilliam accused Clark of talking to police.

Gilliam was also convicted of a slew of other violent crimes and drug offenses. Sean A. Simpson, 24, was convicted of one count of murder in one of the four killings. Norberto Quinones, 24, was convicted of conspiracy to distribute controlled substances and other offenses.

The violence committed by Gilliam and Simpson made them feared figures in their neighborhood, federal prosecutors said.

At least five government witnesses testified they were reluctant to take the stand, and some said they feared for their safety. Nonetheless, by keeping in contact with their witnesses -- and recording their grand jury testimony -- federal prosecutors succeeded in getting them to appear at the trial, providing important testimony for the government.

State's Attorney Glenn F. Ivey said he is considering emulating the methods federal prosecutors used to obtain the testimony of fearful witnesses. Ivey said he distributed copies of a news article about the convictions to prosecutors in his office to get them to start thinking about using the federal approach.

He has reason to look at other ways to win convictions.

In the 13 months beginning in January 2006, cases against 12 defendants charged with murder in Prince George's County Circuit Court never made it to a jury, primarily because of problems with witnesses.

Circuit Court judges dropped charges against two defendants, and prosecutors dropped charges against the other 10. In cases involving six defendants, prosecutors couldn't find vital witnesses as trials were about to start. In one case involving two defendants, a key prosecution witness stopped cooperating on the eve of trial. In two other cases, prosecutors determined that their lone, uncorroborated witness was unreliable.

Although he could not point to specific attacks on state witnesses, Ivey said he thinks many witnesses made themselves scarce because they were fearful of retaliation.

In the Gilliam trial, federal prosecutors overcame that with a straightforward approach and some old-school technology, said Maryland U.S. Attorney Rod J. Rosenstein.

When his office wins an indictment, a lead prosecutor and a case agent (from the FBI, in this instance) are assigned, and it is their responsibility to stay in touch with witnesses and make sure they appear in court, Rosenstein said.

Federal prosecutors also make it clear to witnesses that they can face legal consequences if they do not appear for court.

"We are very aggressive in assuring that witnesses show up," Rosenstein said. "If they don't show, we get an arrest warrant, and they can be prosecuted for contempt of court or obstruction. If they take the stand and testify falsely, they can be prosecuted for perjury."

To guard against witnesses who at trial suffer sudden memory loss or deviate from their grand jury testimony, federal prosecutors often record the grand jury testimony of government witnesses, Rosenstein said.

In the case involving Gilliam and his drug ring, government witness Iesha Nicole Johnson of Prince George's County, 20, testified at the trial that she did not remember testifying before the grand jury. U.S. District Judge Roger W. Titus allowed federal prosecutors to play an audiotape of Johnson's grand jury testimony, in which Johnson said Gilliam had admitted to killing Twitty and someone else.

Ivey said he is considering taping the grand jury testimony of state witnesses who might be subject to intimidation. Typically, such testimony is recorded by a court reporter.

"That's something we're looking to do," Ivey said. "I think it's absolutely a great way to go."

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Channeling Garth Brooks, Ney Sends Farewell E-mail (HILL)

By Jackie Kucinich

The Hill, March 1, 2007

Former Rep. Bob Ney (R-Ohio), who will report today to federal prison in West Virginia, issued an emotional goodbye e-mail (see below) yesterday to friends and colleagues. He thanked them for their support over the past six months and told them he had "gained a higher power" to help him through his incarceration.

The e-mail closed with a quote from Garth Brooks's "The Dance": "And now I'm glad I didn't know/ The way it all would end, the way it all would go/ Our lives are better left to chance/ I could have missed the pain/ But I'd have had to miss the dance."

Ney will serve a sentence of 30 months on federal bribery charges. He resigned from Congress in November after pleading guilty to one count of conspiracy and making false statements.

In his letter, Ney expressed a mixture of hope and regret.

"Someone asked me the other day, if I wish I had never ran for office," he wrote. "I answered that I am glad that I did ... Nothing can erase the wonderful memories, thoughts, constituents, and changes that we, working together with the Republicans and Democrats, have been able to do."

He expressed sorrow for the crimes he had committed and said he was willing to accept the consequences of his actions.

"My family and I have lost everything on an economical basis, house, health care, possessions, but so have other people, people in the district, many, have lost all," he wrote. "And yes, that is painful for anyone that has gone through it, but, I am so fortunate to have my wife and children, we are so rich with family, friends like you, loved ones that are there for us, and full of hope for a good future.

"The darkest days are not ahead, I have gained a higher power, the god of my understanding, is with all of us and that allows me to view tomorrow, although as a day of loss of freedom, as a day of enlightenment and of life to come," concluded Ney.

Ellen Ratner, a close friend of Ney's, said the former congressman is particularly grateful that he is sober. Before his sentencing, Ney completed a month in an alcohol treatment facility.

"He has thanked me numerous times for helping him achieve his sobriety," Ratner said. "I'm just mad at myself for not doing it earlier."

Ratner said she dined last week with Ney and that she comforted the lawmaker and told him that his incarceration could be a positive experience.

"Obviously he is scared, but he believes he is going to get through this," she said. "I think he has learned and knows that it can be an extremely positive experience, by using it as a time to reflect."

"Bob made some serious mistakes, and he and his family are paying a steep price for them," said another Ney associate, who did not want to be named. "But he's taken responsibility for his actions and he still has many people who care deeply for him. Over the course of his long career, Bob helped countless people and thousands of lives were improved because of his hard work and compassionate spirit."

The associate added, "It's very sad that all of that will be overshadowed for the foreseeable future, but hopefully one day more people will look back and recognize that this is a decent man who did a lot of good and who is determined to make amends for his terrible mistakes in judgment."

Ratner agreed. "I don't think we have seen the last of Bob Ney," she said. "I think people are going to see that he is a very good person. It may take some time, but they will."

Ney first signaled the problems that lay ahead when he resigned from his chairmanship on the powerful House Administration Committee last August and announced he would not run for reelection. Ney later admitted he accepted thousands of dollars of gifts from lobbyists in exchange for legislative favors, and he formally confessed his wrongdoings in November. On Jan. 19, he became the first lawmaker sentenced for involvement in the scandal surrounding former lobbyist Jack Abramoff.

His ex-chief of staff, Will Heaton, was sentenced on Monday for his role in the scandal, which included concealing thousands of dollars in gifts from lobbyists for himself and Ney.

N.J.: Sex Offender Internet Use Targeted (AP)

DOJ_NMG_0138276

By Tom Hester Jr., Associated Press Writer

AP, March 1, 2007

New Jersey Targets Sex Offenders' Internet Use, Online Dating Site Rules

TRENTON, N.J. (AP) -- Amid growing concern about child safety on the computer, New Jersey lawmakers are considering a measure to prohibit released sex offenders from using the Internet and to impose new rules for online dating sites.

"We're living in some very scary times," said Senate President Richard J. Codey, who is spearheading New Jersey's effort. "No matter how much you trust your kids, no matter how much you think you know what they're doing, there are some sick people out there who will stop at nothing to prey on them."

Released sex offenders caught using the Internet would face up to 18 months in jail and fines of up to $10,000. Sex offenders caught using the Internet to solicit a child would face a mandatory five years in jail, rather than the three years they face under the current law.

The measure also requires online dating sites to tell New Jersey residents whether they do background checks.

No federal law imposes Internet restrictions on convicted sex offenders, though Florida and Nevada have laws imposing computer restrictions on sex offenders.

The plan is to be considered soon by the state Senate, but already has raised constitutional questions. Internet companies like Yahoo!, AOL, eHarmony and Match.com are also concerned about the online dating rule.

Bill Ashworth, director of state government affairs at Yahoo!, said background checks are unreliable because of fraud and problems getting information from states with different laws on what information is available.

"Criminal background checks provide users of online dating with a false sense of security," he said. "The last thing we want users to do is let their guard down."

A 2000 U.S. Department of Justice survey of youths ages 10 to 17 found that about one in five received a sexual solicitation or approach over the Internet in the prior year. The concern has prompted several states to take steps against child solicitation through the Internet.

Last year, Colorado banned any person from using a computer to talk to an unrelated child under age 15 without parental permission if the person if at least four years older than the child. Kansas and Oklahoma have made electronic solicitation of a child a crime.

"People have to worry about people preying on their kids even when they're in the safety of their own home," said Codey, D-Essex.

The New Jersey proposal would apply to sex offenders subject to Megan's Law registration, community supervision for life and those on probation or parole.

Under the plan, convicted sex offenders would have to submit to periodic, unannounced examinations of their computer equipment, install equipment on their computer so its use could be monitored and inform law enforcement if they have access to a computer.

But Parry Aftab, a lawyer, author and executive director of WiredSafety.org, an online safety and education group based in Bergen County, said Internet restrictions for sex offenders may not survive a court challenge. She said the idea makes her "child protection hat conflict with my Internet privacy lawyer hat."

"So many human services and educational services are available online that I think they may not have access to services that they should have access to," Aftab said.

She said keeping sex offenders off the Internet would be difficult to enforce, but that monitoring equipment would help put people back in jail when they violate it.

"(The measure) is going to be ignored by anyone who's predatorial," Aftab said.

Tom Rosenthal, of the New Jersey Office of the Public Defender, said the office will look into the constitutional ramifications of the proposal and expressed concern that barring juvenile sex offenders from the Internet would deny them educational opportunities.

He said it may also be best to rely on parole officers' vigilance to decide whether computers need to be checked after finding probable cause.

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"We think it's best to leave discretion in the hands of professional law enforcement," he said.

Aftab also questioned whether the law regarding background checks for online dating sites, which she thought would be a first, would be effective.

Both Ashworth and Aftab said emphasizing safety tips on meeting people through the computer was the better approach.

Supreme Court Says Cross-Examination Rule Not Retroactive (LAW/AP)

By Mark Sherman, The Associated Press

AP, March 1, 2007

The Supreme Court unanimously reinstated a Nevada child molester's conviction Wednesday in a decision that continued the justices' refusal to apply recent rulings on criminal procedure to older cases.

Marvin Bockting was convicted in 1988 on the strength of his stepdaughter's statements to police. But then-6-year-old Autumn Bockting did not testify at Bockting's trial, so his lawyers never had the opportunity to question the child.

In 2004, the Court ruled that defendants have a constitutional right to cross-examine witnesses against them.

The question in this case was whether that rule would apply to older cases like Bockting's. Justice Samuel Alito, writing for the Court, said it would not. The 2004 case "did not effect a change of this magnitude," Alito said.

The Supreme Court has refused a dozen times over 17 years to apply new rules of criminal procedure to older cases.

Alone among federal appeals courts, however, the 9th U.S. Circuit Court of Appeals said the rule should apply retroactively and overturned Bockting's conviction.

Nevada and the Bush administration urged the justices to conclude that the San Francisco-based court got it wrong. Among other things, they said courts would be burdened by defendants whose convictions depended on out-of-court statements that were not subject to cross-examination.

Franny Forsman, the federal public defender who represented Bockting, said the right to confront a witness was so important to the integrity of the trial that it deserved the same consideration as, say, the Court's landmark ruling in the 1960s that guaranteed a lawyer to defendants in criminal trials.

The Court, however, disagreed. Alito said the decision on cross-examination "is much more limited in scope" than the Court's ruling in Gideon v. Wainwright assuring representation for defendants.

Forsman had also discounted the argument that many convictions would be imperiled by a ruling favorable to her client.

The case is Whorton v. Bockting, 05-595.

An L.A. 'most-wanted' Gang Suspect Caught In Guatemala (LAT)

By Richard Winton And Patrick McGreevy

The Los Angeles Times, March 1, 2007

An alleged 18th Street gang member named three weeks ago as one of the Los Angeles Police Department's 10 most wanted gang members has been captured in Guatemala and deported back to Texas, officials said today.

Angel Zevallos, an alleged 18th Street Westside member who goes by the name "Spanky," was captured last week and deported by Guatemalan authorities, said Chief Inspector John Clark of the U.S. Marshals Service in Los Angeles.

Zevallos will appear before a judge in Texas and then face extradition back to California to face an attempted murder charge, Clark said.

Police Chief William J. Bratton confirmed the arrest as the first success of a new program in which the department released a list of its 10 most wanted gang members.

The listing of gang fugitives and of the 11 worst gangs is part of a new campaign to reduce gang violence, which increased more than 15% citywide last year. Bratton has redeployed more than 200 officers to the crackdown on gangs.

Zevallos allegedly wounded a man in a bar fight in Los Angeles.

"He was captured in Guatemala," Bratton said. "This is part of what we discussed at a recent conference about improving relationships with those countries. He is an attempted murder suspect, so they don't have problems about giving him back to us because there is no death penalty involved."

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Bratton said further coordination with the U.S. Marshals Service will be required for others on the top 10 list, "a lot of these people, we believe, are out of this country, and those not wanted for murder we have the ability to get back."

Many countries will not extradite suspects to the United States if they face the death penalty.

Bratton said Zevallos' place on the list will not be empty long.

"We will be putting a new person on the list," the chief said.

2 Paintings By Picasso Are Stolen In Paris (NYT)

By Alan Riding

The New York Times, March 1, 2007

PARIS, Feb. 28 — Two important paintings by Picasso estimated by the police to be worth a total of about $66 million have been stolen from the Left Bank home of his granddaughter Diana Widmaier-Picasso, the authorities announced Wednesday.

Paris police officials said the two oils, "Maya With Doll" from 1938 and "Portrait of Jacqueline" from 1961, were taken from Ms. Widmaier-Picasso's house on the Rue de Grenelle in the city's chic Seventh Arrondissement sometime overnight between Monday and Tuesday.

The police said that two drawings, one by Picasso, were also stolen, but this could not be confirmed by the Picasso family lawyer, Céline Astolfe.

In a telephone interview Ms. Astolfe said that Ms. Widmaier-Picasso and her mother, Maya, the daughter of Picasso's longtime mistress Marie-Thérèse Walter, were asleep in the house when the theft occurred.

"They heard a noise, went downstairs and saw nothing," Ms. Astolfe said. "They went to bed and the following morning they saw that two paintings were missing."

The lawyer said the theft appeared to be the work of professionals because the home's alarms were neutralized and there were no signs of a break-in. "They blocked the alarm, and they had either the code or keys," she said.

Although the paintings formed part of the Picasso family's private collection, they are nonetheless well known and, art experts said, would be difficult to sell on the open market. Ms. Astolfe said their value might exceed the police estimate.

"Maya With Doll" is a colorful Cubist portrait of Picasso's daughter as a child clutching a doll, while "Portrait of Jacqueline" is a black, gray and white Cubist oil of Jacqueline Roque, Picasso's second wife, whom he married in 1961.

Thefts of works by Picasso have become relatively common, not least because he was so prolific. London's Art Loss Register lists 444 missing Picassos in its database, including paintings, lithographs, drawings and ceramics. There is also an active industry making and selling fake Picassos.

The artist's descendants have had artworks stolen before. One famous theft involved pieces worth about $17 million, taken from the Cannes home of Marina Picasso, another of his granddaughters, in 1989. Those were later recovered. Seven Picasso oils stolen from a gallery in Zurich in 1994 have yet to be found.

Neither Diana Widmaier-Picasso nor her mother could be reached on Wednesday.

Like other members of the family they are active in studying and overseeing the artist's legacy. Maya Widmaier-Picasso is often called on to verify questionable works attributed to Picasso, while her daughter, an art historian, recently published an illustrated book of Picasso's erotic works called "Art Can Only Be Erotic."

A Museum To Honor Law Enforcers (WP)

By Michael E. Ruane

The Washington Post, March 1, 2007

You're a cop. You've been summoned to an alley behind a strip mall that's a known drug hangout. You hail a man and two women lounging by an old car.

The man, a beefy guy in a plaid work shirt, gets belligerent and starts toward you. One of the women grabs his arm to hold him back, and as you focus on them, the other woman slips a pistol from her pocket and opens fire.

Bang. You're dead.

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This big-screen interactive simulation of an eight-second slice in the virtual life of an everyday cop was demonstrated yesterday as the National Law Enforcement Officers Memorial Fund kicked off the money-raising campaign for a new museum, planned to open in 2011 near Judiciary Square.

Nearly $30 million has been raised for the museum, which is designed to showcase police work and the history of American law enforcement. Yesterday's event began a drive to raise the rest of the $80 million cost, with officials previewing some of the attractions.

The police training simulation, in which participants must make snap shoot-or-don't-shoot decisions, is one of several interactive features. Visitors also will be able to attend a simulated autopsy -- which will be "instructive, not gross" -- do realistic forensic and detective work, and see a word-class collection of police memorabilia, according to museum officials.

The fundraising drive was launched at the National Press Club with a boost from former presidents Bill Clinton and George H. W. Bush, who spoke via video recording, and former U.S. attorneys general John D. Ashcroft, Dick Thornburgh and Edwin A. Meese, who spoke in person. Several local officials also attended, including D.C. Mayor Adrian M. Fenty, D.C. Police Chief Cathy L. Lanier, Prince George's County Police Chief Melvin C. High and Fairfax County Police Chief David M. Rohrer.

Also present was Jean Hill, president of Concerns of Police Survivors, which supports families and friends of slain police officers. Hill is the mother of Barry Hill, a 38-year-old Harris County, Tex., deputy sheriff, who was shot seven times and killed while trying to arrest a car thief Dec. 4, 2000.

"It's a matter of honor that we not forget the sacrifice of the living or the dead, and with the construction of the National Law Enforcement Museum we will forever be honoring all men and women who have taken the oath to protect and to serve," she said.

Her son was among numerous slain or wounded law enforcement officers remembered yesterday. Among them were J.D. Tippit, the Dallas police officer who was killed by Lee Harvey Oswald on Nov. 22, 1963, and Fairfax County's Vicky O. Armel and Michael E. Garbarino, who were fatally shot by a disturbed teenager last May.

Plans call for the 90,000-square-foot museum to be built mostly underground in the 400 block of E Street NW, across from the National Law Enforcement Officers Memorial, according to the fund's chairman, Craig W. Floyd.

A sampling of museum artifacts on display yesterday included historic handcuffs and badges, some collectible crime cards, featuring the likes of Machine Gun Kelly and John Dillinger, and an original "Wanted" poster from the 1932 kidnapping of the son of famed aviator Charles Lindbergh.

Among other things, the museum will enable visitors to practice being a 911 operator, enter actual prison cells the museum hopes to acquire from New York's Sing Sing prison, and enter a hall of remembrance honoring the country's 17,500 fallen police officers.

Officials said the autopsy will feature a table bearing a manikin on which a simulated post mortem will be projected from overhead cameras. It won't be too graphic, exhibits designer Christopher Chadbourne said. But a sign will be posted outside to warn the squeamish.

CIVIL LAW:

Court Leery Of Suits By Taxpayers (USAT)

By Joan Biskupic

USA Today, March 1, 2007

WASHINGTON — Supreme Court justices appeared ready Wednesday to limit taxpayers' ability to challenge government funding of groups with religious affiliations.

Several justices were skeptical of a lower court decision allowing a Wisconsin group, the Freedom From Religion Foundation, to sue the White House Office of Faith-Based and Community Initiatives. The foundation says the White House office — created by President Bush to help religious groups compete with secular ones for federal social services grants — aims to support an unconstitutional government endorsement of religion.

Some justices, including Chief Justice John Roberts and Antonin Scalia, suggested that if the lower court's decision were affirmed, taxpayers would bring frivolous lawsuits challenging government spending that touches religion.

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Roberts told Andrew Pincus, representing the Wisconsin group, "I don't understand, under your theory, why any taxpayer couldn't sue our marshal for … saying (as is customary at the start of a court session), 'God save the United States and this honorable court.' Her salary comes from Congress."

Taxpayers typically cannot sue over how the government spends money, based on the theory that the link between the expenditure and an individual taxpayer is remote. In a 1968 case, Flast v. Cohen, the court made an exception for lawsuits alleging a breach of the separation of church and state.

At issue now is the breadth of that exception. U.S. Solicitor General Paul Clement, defending the administration, called it narrow and suggested at the close of his argument that the court abandon the exception. Twelve states have urged the court to bar all such lawsuits by taxpayers.

Wednesday's case does not involve a specific grant. It focuses on Bush's executive order that led to a series of regional conferences that promoted the administration's faith-based initiative. Freedom From Religion says the conferences boosted the funding prospects for religion-based groups over secular community-based organizations.

Clement said taxpayers may not challenge a program unless it is funded through a congressional appropriation and the expenditure itself led to a constitutional violation. The First Amendment says government "shall make no law respecting an establishment of religion."

Pincus argued that it should not matter whether the funding comes through the legislative or executive branch. He said an expenditure may be challenged if it is "discrete and identifiable" and "arises with respect to religious activities."

Justice Anthony Kennedy said: "It seems to me unduly intrusive for the courts to tell the president that (he) cannot talk to specific groups … to make sure that all of their energies are used properly."

More sympathetic to the challengers, Justice Stephen Breyer said that "people become terribly upset when they see some other religion getting the money from the state."

Top Court To Rule On Aid For Religious Charities (FT)

By Patti Waldmeirin Washington

Financial Times, March 1, 2007

A case that could test whether the Bush administration has crossed the constitutional line between church and state by channelling federal aid to religious charities was brought before the US Supreme Court yesterday.

The case was brought by taxpayers looking for a way to challenge the White House's "faith-based initiative", which tries to increase the role of religious groups in fighting poverty, drug addiction and other social problems.

The Freedom from Religion Foundation, a group of atheists and agnostics, says they should be allowed to sue to prove that the White House violated the constitution by spending money on conferences designed to give religious organisations an inside track in obtaining federal grants.

The issue is whether the courthouse door should be open to any taxpayer who wants to challenge such spending on the basis that it violates the constitution, or whether only religious opponents who have been discriminated against directly should be allowed to sue.

A federal appeals court in Chicago sided with the atheist group but the US Justice Department says the ruling should be overturned on the grounds that it could lead to a flood of taxpayer lawsuits challenging all sorts of government spending.

Justice Antonin Scalia said that if the suit was allowed to proceed, taxpayers could challenge White House spending on security for President George W. Bush when he attended religious events, as he often does. Justice Anthony Kennedy said: "We'd be supervising the White House in . . . who it can talk to."

The case provoked angry exchanges between several justices and lawyers. Justice Stephen Breyer said: "There are strong feelings when government spends money on one religion and not another. We see that in the world today."

Mr Breyer appeared concerned that if taxpayers could not bring such suits, they could not rein in excessive government involvement with religion - even if government went so far as to build a network of state churches around the country to promote a particularreligion.

Sureme Court Takes Up Bush's 'faith-based Initiative' (LAT)

DOJ_NMG_0138281

By David G. Savage

The Los Angeles Times, March 1, 2007

WASHINGTON -- In a closely watched church-state separation case, a Bush administration lawyer urged the Supreme Court Wednesday to shield the president's "faith-based initiative" from legal challenges in court.

U.S. Solicitor General Paul Clement said taxpayers who believe the White House is unconstitutionally promoting religion should not be accorded legal "standing" to sue in court. It would be too "intrusive on the executive branch" to permit lawsuits contesting how the president and his advisers conduct their affairs, he said.

The case involves a Wisconsin group called Freedom From Religion that sued in 2004 to challenge the "faith-based initiative" on First Amendment grounds. The group said the White House officials were using public money to help church-based groups win grants and contracts.

It is the first major religion case to come before the Supreme Court since President Bush's two appointees took their seats. In their questions Wednesday, both Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. sounded as though they sided with the administration.

Overall, the nine justices seemed split during the hour-long argument. If they adopt the administration's view, the ruling could make it harder for critics to sue officials who use public money in ways that support religion. If the justices rule in favor of Freedom From Religion, the group would still have to prove its case in court.

Roberts made clear he thought the group's claims should be thrown out of court. If taxpayers can sue the government whenever an official invokes God or religion, why couldn't anyone "sue our marshal for standing up and saying 'God save the United States and this is honorable court'?" asked Roberts, citing the invocation heard each day when the justices enter the court.

Justice Antonin Scalia appeared to agree. Otherwise, he said, taxpayers could sue the president for having spent tax money to promote religion simply because he flew across the country to give a speech to a religious group. "The whole trip is about religion," Scalia said, but "it really doesn't make any sense" to permit lawsuits challenging this spending.

Taking up the opposite view, Justice Stephen G. Breyer said courts and lawsuits are needed to enforce the separation of church and state. "People become terribly upset when they see some other religion getting the money from the state" to subsidize their faith, he said.

"We have a pretty clear, simple rule," he said, that allows lawsuits "when the government spends money in violation of the establishment clause." The First Amendment says "Congress shall make no law respecting an establishment of religion."

The issue of who has standing is technical, but crucial. It can determine when and whether the government's conduct can be challenged in court.

Normally, persons must say they have suffered a personal injury of some sort before they can sue in court. For example, taxpayers cannot sue to stop the war in Iraq simply because they disagree with it.

But nearly 40 years ago, the court under then-Chief Justice Earl Warren made an exception for challenges to government spending that promotes religion.

In Wednesday's argument, Clement urged the court to narrow that exception considerably. In one exchange, he said taxpayers should not be allowed to sue even if officials use tax money to build a church.

The Bush administration said Freedom From Religion's suit should be thrown out on the grounds that the challengers did not have standing to sue in court. However, the U.S. appeals court in Chicago allowed the suit to go forward. In a 2-1 ruling, Judge Richard Posner said plaintiffs sought to show the White House-sponsored meetings were "propaganda vehicles for religion."

But before it could be heard, the Supreme Court agreed to hear the administration's appeal filed on behalf of Jay Hein, who directs the White House Office of Faith-based and Community Initiatives.

Clement said the government should be shielded from suits over how officials use general tax money. He agreed taxpayers could sue if Congress passed a law that distributed money directly to churches or religious groups. But it is different matter if the White House uses general funds to encourage religious groups to do charitable work, he argued.

A coalition of liberal groups filed a friend-of-the-court brief that urged the court to reject the administration's argument.

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"Tax dollars may not be used to subsidize religious activity," said Steven Shapiro, the American Civil Liberties Union's legal director. "Barring taxpayers from enforcing this fundamental principle in court would effectively license the government to violate the Constitution."

The case will be decided in several months.

Court Spars Over Faith-Based Office (WSJ/AP)

By Mark H. Anderson

The Wall Street Journal, March 1, 2007

WASHINGTON -- A sharply divided U.S. Supreme Court on Wednesday sparred over the ability of an atheist organization to, as taxpayers, challenge the activities of President Bush's faith-based initiative office.

The high court appeared torn over whether its precedents allowed the court challenge, which alleges the White House initiative violates the freedom of religion Establishment Clause in the U.S. Constitution. A lower court allowed the lawsuit to proceed. But at the oral arguments, the federal government doggedly argued the group didn't satisfy the required test to sue as a taxpayer upset about how the government is spending money.

"The court of appeals decision below substantially expanded the scope of taxpayer standing," U.S. Solicitor General Paul Clement said.

Washington, D.C. attorney Walter Pincus, representing the Wisconsin-based Freedom From Religion Foundation, accused the Bush administration of trying to improperly bar taxpaying citizens from suing over religious initiatives by the government. "We think there's no basis for drawing the arbitrary line suggested by the government."

As with many other social issues before the high court, the justices appeared to divide along conservative and liberal lines, with Justice Anthony Kennedy, a moderate conservative, controlling the outcome.

Chief Justice John Roberts Jr. led the charge for finding in the government's favor, arguing that allowing the lawsuit could open the government up to a flurry of challenges whenever religion is raised, even trivially. He cited the Supreme Court marshal's opening statement -- "God save the United States and this honorable court" -- as a possible violation that could trigger a lawsuit under the legal standard proposed by Mr. Pincus. Justice Roberts also wondered whether the White House could spend money on security and food at a presidential speech before a religious prayer breakfast or other event.

Mr. Pincus said a taxpayer challenge for a constitutional Establishment Clause violation requires that the government action spend money specifically promoting a particular religion over another, as opposed to "incidental" spending. "The injury is the expenditure of funds that violates the Establishment Clause," Mr. Pincus said.

Justice Roberts wasn't convinced, however, and made it clear he thinks drawing the line at "incidental" costs is a problem. "That shows how totally manipulable your incidental test is," Justice Roberts told Mr. Pincus at one point.

Justice Kennedy was also troubled by the group's arguments, remarking at one point that "I'm not sure that this make sense."

Justice Stephen Breyer said he was searching for a standard that lets taxpayers, who provide the funds the government spends, have an appropriate check on the government's involvement in religious activities.

A wild card in the outcome could be Justice Antonin Scalia, who appeared troubled with Supreme Court precedents limiting when Establishment Clause suits could be brought and concerned with making it easy to challenge a variety of government activities.

President Bush created an office for religious-based community initiatives in 2001. The aim of the office is to make it easier for religious groups to win contracts and get federal funding for programs such as social-services aid.

Freedom From Religion Foundation Inc., an atheist and agnostics group from Madison, Wis., sued the government, alleging the program violates the freedom of religion Establishment Clause in the U.S. Constitution.

The 7th U.S. Circuit Court of Appeals in Chicago in May 2006 ordered a federal trial court to reopen the lawsuit after a U.S. District Court judge had dismissed the group's claims.

The case is Hein v. Freedom From Religion.

Court Reinstates Conviction

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Also Wednesday, the high court unanimously reinstated a Nevada child molester's conviction in a decision that continued the justices' refusal to apply recent rulings on criminal procedure to older cases.

Marvin Bockting was convicted in 1988 on the strength of his stepdaughter's statements to police. But then-6-year-old Autumn Bockting did not testify at Mr. Bockting's trial so his lawyers never had the opportunity to question the child.

In 2004, the court ruled that defendants have a constitutional right to cross-examine witnesses against them. The question in this case was whether that rule would apply to older cases like Mr. Bockting's. Justice Samuel Alito, writing for the court, said it would not. The 2004 case "did not effect a change of this magnitude," Justice Alito said.

The Supreme Court has refused a dozen times over 17 years to apply new rules of criminal procedure to older cases.

Alone among federal appeals courts, however, the 9th U.S. Circuit Court of Appeals said the rule should apply retroactively and overturned Mr. Bockting's conviction.

Nevada and the Bush administration urged the justices to conclude that the San Francisco-based court got it wrong. Among other things, they said courts would be burdened by defendants whose convictions depended on out-of-court statements that were not subject to cross-examination.

Franny Forsman, the federal public defender who represented Mr. Bockting, said the right to confront a witness was so important to the integrity of the trial that it deserved the same consideration as, say, the court's landmark ruling in the 1960s that guaranteed a lawyer to defendants in criminal trials.

The court, however, disagreed. Justice Alito said the decision on cross-examination "is much more limited in scope" than the court's ruling in Gideon v. Wainwright assuring representation for defendants.

Ms. Forsman had also discounted the argument that many convictions would be imperiled by a ruling favorable to her client.

The case is Whorton v. Bockting.

Justices Weigh Right To Sue Over Church-State Separation (WP)

By Robert Barnes

The Washington Post, March 1, 2007

The Supreme Court, for the first time under Chief Justice John G. Roberts Jr., confronted yesterday the devilishly complicated issue of church-state separation, and whether ordinary taxpayers have the right to sue over the Bush administration's embrace of faith-based organizations.

With Roberts and newest member Samuel A. Alito Jr. active in the discussion, the justices bombarded the lawyers before them with questions about what kinds of government action could warrant a taxpayer suit. A church built by the government? The number of times a president appears at prayer breakfasts?

Roberts even wondered whether opponents of the administration's initiatives would extend their concerns to the court itself, which opened yesterday's session, as it always does, with a marshal appealing for God to "save the United States and this honorable court."

Constitutional scholars and some justices say that the First Amendment's religion clauses present some of the most difficult questions to interpret. Justices must balance the establishment clause -- Congress shall make no law respecting an establishment of religion-- with the free-exercise clause -- or prohibiting the free exercise thereof-- which immediately follows.

The case before the court involves a lawsuit that the Freedom From Religion Foundation, a Wisconsin-based group of agnostics and atheists, brought against the White House Office of Faith-Based and Community Initiatives. President Bush established the office in 2001 because, he said, he wanted to level the playing field between religious-based and secular groups vying for grants to provide social services. But the foundation said conferences held by the office favored the religious groups over the secular groups.

The question before the justices, though, is whether the complaints can even be brought to court.

The Supreme Court decided decades ago that taxpayers generally do not have the right, or "standing," to challenge government spending decisions simply because they do not agree with them. But it carved out an exception in 1968, in a case called Flast v. Cohen, for taxpayers to challenge congressional spending that violated the establishment clause.

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A lower court said the Freedom From Religion Foundation's suit did not meet the Flast test, because it involved the executive branch, not Congress's taxing and spending powers. But the U.S. Court of Appeals for the 7th Circuit disagreed.

The court's 2 to 1 majority opinion said the suit should go forward because "there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause."

Solicitor General Paul D. Clement, who represents the Bush administration, said in a brief asking the Supreme Court to review the case that that decision would "create a roving license for any one of the more than 180 million taxpayers in the United States to challenge any action of the executive branch that offends that individual's own view" of church-state separation.

Conservative groups and 12 states, including Virginia, that support the government would like to see the Flast exception overturned. And while Clement stopped just short of that, he told the court yesterday that the right to sue established in Flast was a very narrow one. Fielding hypotheticals from the justices, he found few instances in which he thought taxpayers would have a standing.

But with helpful commentary from Roberts, he said that citizens who believed that they had been specifically harmed -- for instance, members of one denomination who thought that the government was discriminating against them -- could have the right to sue.

"I think it's important to emphasize that if this Court recognizes that there is not taxpayer standing, that does not mean that there won't be lawsuits, that there won't be directly injured plaintiffs that can bring claims," Clement said.

Alito, Justice Antonin Scalia and Roberts -- whom Clements three times said was "exactly right" in his view of the case -- seemed most sympathetic to the government's argument, and Justice Anthony M. Kennedy worried about the courts "supervising the White House." Justice Clarence Thomas did not ask questions, but has written in the past that he does not think that the establishment clause gives rise to individual complaints.

Justice Stephen G. Breyer seemed most skeptical of the government's position that only congressional action involving taxing and spending was open to taxpayer challenge. "What's wrong with just saying that Flast stands for the proposition that when the government spends money in violation of the establishment clause, a taxpayer -- after all, the money comes from the taxpayer -- can bring a lawsuit?" he asked.

The foundation's lawyer, Andrew Pincus, agreed. "There's no basis in history . . . for the government's claim that executive branch decisions are somehow different and insulated with respect to spending," he said.

Court Hears Arguments Linking Right To Sue And Spending On Religion (NYT)

By Linda Greenhouse

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — The question for the Supreme Court on Wednesday was a jurisdictional one: whether taxpayers who object to the way the White House Office of Faith-Based and Community Initiatives spends its money can get into federal court to make their case.

Whether the office or its programs actually run afoul of the Constitution was not before the justices.

But any notion that this jurisdictional question was the sort of arcane, technical issue that only a law professor could love was quickly dispelled by the intensity of the argument, one of the liveliest of the term.

The fast-paced hour ended with the clear impression that the Roberts court will soon put its own stamp on the law of taxpayer standing, with potentially significant implications for the relationship between government and religion.

The real question by the end of the argument was whether a majority would be content simply to scale back a Warren court precedent that allows taxpayers to challenge the use of public money for religious purposes or whether the court would disavow the precedent altogether and keep such suits out of federal court.

Solicitor General Paul D. Clement revealed his hand slowly, bringing his argument to a pinpoint landing at the precise close of a three-minute rebuttal. If the justices could not see their way to applying the precedent narrowly, Mr. Clement said, the court should simply overrule it. “If something has to go in this area,” he said, “I think it’s an easy choice.”

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Under either option the administration advocated, the court would reject a suit that the federal appeals court in Chicago reinstated last year, a challenge to conferences that Bush administration officials have held to advise religious groups on how to apply for federal grants as part of the effort to bolster the role of such groups in social service programs.

The plaintiff is the Freedom From Religion Foundation Inc. of Madison, Wis., which advocates strict separation of church and state. In a complaint filed initially in 2004, the organization argued that officials who convened and addressed the conferences used congressionally appropriated money in a way that "violated the fundamental principle of the separation of church and state."

Under the ordinary doctrine of "standing," which defines who may bring a suit, people who object to a government policy but who cannot claim a concrete injury from that policy have no right to sue. But in a 1968 decision, the court carved out an exception for religion cases. The case, Flast v. Cohen, gave taxpayers standing to challenge federal laws that authorized expenditures for purposes alleged to violate the First Amendment prohibition against the "establishment" of religion.

The administration position in the case argued on Wednesday, Hein v. Freedom From Religion Foundation Inc., No. 06-157, is that the Flast decision should be understood to include two limitations. First, Mr. Clement said, taxpayers should be limited to challenging Congressional statutes, not executive branch programs like that in this suit. Second, the solicitor general argued, taxpayers should be able to challenge only spending outside the government, not internal spending like that cited by the Freedom From Religion Foundation.

Did that mean, Justice Antonin Scalia asked Mr. Clement, taxpayers could challenge a statute that gave money to outside groups to build churches, but not one that directed the government to build its own church?

It was a "horrible hypothetical," Mr. Clement replied, but Justice Scalia had understood him correctly: taxpayers should not have standing to challenge "an internal government church."

Andrew J. Pincus, representing the foundation, told the court there was "no basis for drawing the arbitrary lines that the government suggests." The Flast decision did not include such limitations, he said.

Mr. Clement was unruffled as the justices tossed various hypothetical questions his way. Could a taxpayer challenge a law that commemorated the Pilgrims "by building a government church at Plymouth Rock where we will have the regular worship in the Puritan religion?" Justice Stephen G. Breyer asked.

"I would say no," Mr. Clement said.

Justice Breyer persisted, asking about a law requiring the government to build churches "all over America" dedicated to one particular sect. "Nobody could challenge it?" he asked.

"There would not be taxpayer standing," Mr. Clement replied.

Chief Justice John G. Roberts Jr. observed that members of other denominations would not need taxpayer standing and that as victims of government discrimination, they could sue under ordinary principles of standing. This was one of the times the chief justice intervened to make the point that in practical application the government's position was perhaps not as extreme as it sounded.

His interventions in the other side's argument seemed to have the opposite goal, rejecting Mr. Pincus's effort to depict his client's position as modest. When Mr. Pincus said taxpayers should not be permitted to challenge merely "incidental" spending, the chief justice said that was no real limitation because it would ensnare the courts in deciding "whether the activity you're challenging is incidental or not."

Mr. Pincus denied that this initial inquiry would make much work for the courts. For example, he began, "if someone's claim is that people in the White House have five meetings in the course of a year that they're upset about — — "

Chief Justice Roberts cut him off, saying, "Well, then, five meetings isn't enough. How many?"

"What about 10?" Justice Scalia offered.

"Twenty?" the chief justice asked.

"We'll litigate it," Justice Scalia said. "We'll figure out a number eventually, I'm sure."

For Mr. Clement, the most helpful hand was that of Justice Samuel A. Alito Jr. As the solicitor general batted back tricky hypothetical questions, Justice Alito asked him whether the lines he was drawing "make a lot of sense in an abstract sense" or were "the best that can be done" under existing precedents.

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"The latter, Justice Alito," Mr. Clement said, evoking laughter. "I appreciate the question."

High Court Mulls Faith-based Initatives (AP)

By Frederic J. Frommer, Associated Press Writer

AP, March 1, 2007

The Supreme Court wrestled Wednesday with the question of whether taxpayers have the right to challenge the White House's aggressive promotion of federal financial aid for religious charities.

At issue is whether a Wisconsin-based group of atheists and agnostics have legal standing, by virtue of being taxpayers, to bring their complaint in the federal court system.

Taking one extreme, Justice Stephen Breyer asked a lawyer for the White House whether a taxpayer would be able to challenge a law in which Congress sets up a church at Plymouth Rock.

"I would say no," responded Solicitor General Paul D. Clement, but he added that such a church could be challenged in other ways — just not on the basis that a taxpayer has been injured. Clement is representing the Bush administration, which is trying to prevent the taxpayer suit over its aggressive promotion, through the White House Office of Faith-Based and Community Initiatives, of federal financial aid for religious charities.

Taking the opposite extreme, Justice Antonin Scalia asked a lawyer for the Wisconsin group, Andrew Pincus, whether taxpayers would be able to sue over the use of security money for a presidential trip where religion is discussed.

Pincus said that taxpayers would not have standing to do so, arguing that in such a case the money spent would be "incidental," and not central to the issue.

The case may turn on a 1968 Supreme Court decision that created an exception to the general prohibition on taxpayer challenges to the government spending of tax revenue. In an 8-1 decision by Chief Justice Earl Warren, the court allowed taxpayers to challenge congressional spending for private religious schools.

But the Bush administration says spending for speeches and meetings of executive branch officials does not involve spending federal money outside the government and therefore taxpayers are not entitled to challenge it.

In the current case, the Bush administration organizes conferences where faith-based organizations are allegedly singled out as being particularly worthy of receiving federal money.

The group challenging the Bush administration, called the Freedom From Religion Foundation Inc., characterizes the White House's initiative as a singling out of faith-based organizations to the exclusion of other organizations.

Last year, a federal appeals court allowed the group to pursue its lawsuit. Instead of going through Congress, President Bush issued executive orders to create the White House office and similar centers in 10 federal agencies during his first term.

One of the goals Bush set for these offices was to help religious and community groups compete for federal funding to fight poverty, substance abuse and other social problems.

The 7th Circuit U.S. Court of Appeals in Chicago sided with the anti-religion group, and the Justice Department wants the Supreme Court to overturn the lower court.

The case is Hein v. Freedom From Religion Foundation Inc., 06-157.

High Court Debates Suit Against White House's Faith-Based Initiative (LAW)

By Tony Mauro, Legal Times

Legal Times, March 1, 2007

Supreme Court Justice Stephen Breyer looked skyward Wednesday as he tried to come up with a "more amazing" hypothetical during arguments in a key church-state case. With or without divine intervention, he found one: Could the federal government fund churches and ministers of a single religion nationwide "dedicated to the proposition that this particular sect is the true sect," without fear of taxpayer lawsuits against it?

"Horrible hypothetical," growled Solicitor General Paul Clement, but he went on to say yes. "The bottom line is that there would not be taxpayer standing." With a helpful suggestion from Chief Justice John Roberts Jr., Clement qualified his point by asserting that adherents of other religions could file suit against such a program on the basis that they were being discriminated

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against. But Clement held firm on the point that taxpayers, merely as taxpayers, could not challenge a network of government-funded churches.

That exchange may prove crucial in determining the outcome of the case before the Court, Hein v. Freedom From Religion Foundation. The Wisconsin-based foundation filed a taxpayer lawsuit against the Bush administration's funding of faith-based initiatives, claiming that conferences sponsored under the funding program favor religious groups. The government defended the program, claiming the plaintiffs did not have standing, but the 7th U.S. Circuit Court of Appeals said the foundation could continue with its suit.

The case is an important test not only for the faith-based initiative but also for a 39-year-old precedent that has treated First Amendment establishment-clause cases differently when it comes to standing.

In other contexts, taxpayers can't challenge government programs in court solely on the grounds that their tax dollars are being misused. To prevent trivial lawsuits, the high court has required plaintiffs to show a more direct injury or a bigger stake, such as a violation of rights or a denial of benefits.

But in the 1968 case of Flast v. Cohen, the Court made an exception. It ruled that taxpayer status alone was enough to achieve standing when the claim is that a congressional expenditure violates the First Amendment's bar against establishment of religion. In making the exception, the Flast Court hearkened back to the framers' reason for creating the Establishment Clause in the first place: to prevent government from taxing and spending to favor one religion over another, even if only "three pence" of the taxpayer's money is used for that purpose, in the words of James Madison.

Madison's formulation was invoked often on Wednesday -- Justice David Souter quaintly pronounced it "thruppence" -- as the justices struggled to figure out how and whether to honor that Madisonian goal.

Clement argued that the Flast exception allows taxpayer standing only to those challenging congressional spending that benefits an outside party or church -- not in cases like the faith-based initiatives, in which the executive branch, acting on its own, has done something that the taxpayer dislikes. Broadening the exception to cover executive-branch activities, Clement said, would threaten the separation of powers and invite lawsuits every time a government official makes a religious reference.

Several justices seemed to think that was an artificial distinction and taxpayers might have standing whether a congressional or executive-branch activity is involved. Clement struggled to define the difference, and when Breyer pinned him down with his hypothetical, it appeared that Clement may have taken his point too far by suggesting that taxpayers could not challenge even such an overtly religious program.

But both Roberts and Justice Samuel Alito Jr. threw Clement lifelines. At one point, as justices tried to follow Clement's answers, Alito pointedly asked him, "Are you arguing that these lines that you are drawing make a lot of sense ... or are you just arguing that this is the best that can be done ... within the body of precedent that the Court has handed down in this area?"

Clement replied, "The latter, Justice Alito. And I appreciate the question."

Amid laughter, Scalia said, "I've been trying to make sense out of what you're saying." Clement shot back, "And I've been trying to make sense out of this Court's precedents." At which point Stevens chimed in, "Do we think we have a duty to follow precedents that don't make any sense?"

But as much as the justices seemed troubled with Clement's position, they also seemed troubled about siding with the foundation.

Washington, D.C., lawyer Andrew Pincus, representing the foundation, said Clement had drawn "arbitrary lines" that did not conform to Court precedent or to the First Amendment's history. Pincus is a partner at Mayer, Brown, Rowe & Maw.

Roberts, nodding toward the Court's marshal, Pamela Talkin, asked whether, under the foundation's theory, a taxpayer could sue her for saying "God save this honorable Court" at the start of Court sessions.

Scalia offered another hypothetical, asking whether taxpayers could sue when Air Force One and Secret Service agents are used in the course of a presidential trip to a religious event.

Pincus said taxpayer standing would not extend to religious activities that are "incidental" to government expenditures, and he served up his own hypothetical: government funds "paying for bagels at a prayer breakfast" would not, he suggested, trigger a valid lawsuit. Scalia later skewered that hypothetical, arguing that if the bagels went only to prayer breakfasts for evangelical

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groups, someone who is Jewish might feel that is not incidental or trivial at all: "You know, what could be worse than not buying bagels for a Jewish prayer breakfast?"

High Court Takes On Faith-based Initiatives (MJS)

By Katherine M. Skiba

Milwaukee Journal Sentinel, March 1, 2007

Wisconsin woman leads charge against Bush programs

Washington - Anne Gaylor, Wisconsin's best-known atheist, has fought to keep church and state separate for almost 30 years. But the 80-year-old Gaylor marked a first Wednesday when a lawsuit she brought was heard by the United States Supreme Court.

Attorneys said the case, the subject of hourlong arguments Wednesday, is the first challenge to the Bush administration's faith-based initiatives to reach the high court.

The separation-of-church-and-state case, also the first of its type to be heard under Chief Justice John Roberts, hinges on a narrow but key legal question: Can the average taxpayer allege violations of the First Amendment's Establishment Clause, which states: "Congress shall make no law respecting an establishment of religion . . . "

Gaylor, who lives in Madison, was on hand with other officials of the Freedom from Religion Foundation, which she founded in 1978. The dispute arose when Gaylor and her foundation filed suit against the Bush program in federal court in Wisconsin in 2004.

A judge tossed out the case, saying the plaintiffs lacked standing, which is a legal concept establishing whether someone has the right to appear in court to pursue his or her claims. The judge said the case failed a test established by the Supreme Court in that the plaintiffs' case involved the executive branch, not Congress' taxing and spending powers.

The Chicago-based 7th U.S. Circuit Court of Appeals disagreed with the lower court. Its 2-1 majority said the foundation's suit should go forward because "there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause."

That prompted the director of the White House Office of Faith-Based and Community Initiatives to ask the Supreme Court to weigh in. Created in 2001

It was 2001, early in his presidency, that Bush used an executive order to create the faith-based initiatives office. It helps fund religious and community groups so they may fight crime, addiction, poverty and other social woes. The money is for social programs - not for proselytizing or purely religious activities. Under Bush, similar initiatives have been launched in a host of federal agencies, such as the Department of Health and Human Services.

Gaylor and her side said conferences put on under the banner of faith-based initiatives favored religious groups over secular organizations.

Two others from Wisconsin have high-profile roles in the litigation.

Jay F. Hein of Shawano has directed the White House's faith-based initiatives office since August. He, too, was in court, but let the Justice Department do the talking.

Doing that was Paul D. Clement, the U.S. solicitor general, who grew up in Cedarburg.

Clement told the nine justices on Wednesday that it was important to emphasize that if the high court found that Gaylor and her group did not have legal standing, that won't rule out lawsuits brought by "directly injured plaintiffs."

Washington lawyer Andrew Pincus, who is representing Gaylor and her group on a pro bono basis, drew a question from the chief justice. Roberts asked whether, under Pincus' theory, a taxpayer might be able to sue the high court's marshal for the words used to open sessions of the court: "God save the United States and this honorable court."

Pincus disagreed, saying legal precedents require a taxpayer to identify discrete, identifiable and non-incidental expenditures.

Roberts and several of the justices peppered counsel with questions, seemingly split on the issue.

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Observers say the case could have tremendous significance since it might limit the number of establishment clause challenges from taxpayers, even before the court considers the underlying issue: Do Bush's faith-based initiatives violate the Constitution?

The case is expected to be decided before the court begins its summer recess, expected in June. Women's rights was start

Gaylor is president emeritus of her foundation, led by her daughter, Annie Laurie Gaylor, 51, and her husband, Dan Barker, 57, both of Madison. They, too, were on hand.

The daughter put the foundation's membership at 9,000 and called the members a mix of "atheists, agnostics, rationalists, skeptics and free-thinkers."

The elder Gaylor said her fight to keep religion out of the public square flowed from earlier battles for women's rights and abortion rights. She said the realized in those campaigns, "the enemy was the same: organized religion, specifically the Catholic religion and fundamentalist sects."

"You really couldn't grow up in Wisconsin without feeling the heavy hand of religion," said Gaylor, who grew up in Tomah and graduated with an English degree from the University of Wisconsin in 1949.

This longtime crusader has had deaths threats because of her beliefs; once she was attacked on the set of a TV program in Philadelphia by a woman who said she "was going to drive the devil" out of her.

She won't venture a guess how the case will be decided, but is hopeful.

"I don't see how there should be any doubt: We are talking about the expenditure of billions of dollars, taxpayer money. Billions." Key points

• President Bush's faith-based initiatives give money to religious and community groups so they may fight crime, addiction, poverty and other social woes.

• The issue: It's a narrow one - Can the average taxpayer allege violations of the First Amendment's Establishment Clause, which states: "Congress shall make no law respecting an establishment of religion . . . "

• This is the first case involving separation of church and state to be heard under Chief Justice John Roberts (above).

War On Warming Begins At (Al Gore's) Home (WP)

By Chris Cillizza And Matthew Mosk

The Washington Post, March 1, 2007

Fresh off his victory lap at the Academy Awards, former vice president Al Gore -- who has not closed the door on a 2008 bid -- found himself in a more familiar position: on the receiving end of a political attack.

The barb came via the Tennessee Center for Policy Research, a Nashville-based think tank that advocates "limited government through policy solutions," according to its Web site.

"As the spokesman of choice for the global warming movement, Al Gore has to be willing to walk the walk, not just talk the talk, when it comes to home energy use," said the group's president, Drew Johnson, in a release alleging that Gore's house in the Volunteer State uses 20 times as much electricity as the average household nationwide.

Kalee Kreider, a spokeswoman for Gore, called the statement misleading.

"The power coming into their residence is green, renewable power," she said, explaining that the Gores participate in a program called Green Power Switch, which is run through the public Tennessee Valley Authority. Green Power Switch supplies energy from renewable sources to its members.

Kreider added that a renovation of the Gores' house is underway to make it more energy efficient, an update that will include the addition of solar panels.

Johnson was unimpressed. "The energy he receives into his house is no different than what I receive into my house," he said. "He doesn't have a green power line hooked to his house."FEC Fines Anti-Kerry 527 Group

The Federal Election Commission levied one of its largest fines ever yesterday against the Progress for America Voter Fund, a conservative group that raised $44 million to help undermine Democrat John Kerry's 2004 presidential bid.

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The fine was the latest in a series of FEC penalties imposed on high-profile independent groups that operated on both sides of the 2004 presidential elections. The FEC is trying to send a message to the "527" organizations, FEC Chairman Robert Lenhard said in a statement.

"It should now be clear to organizations that want to be active in the 2008 cycle that the activities we saw in this case are prohibited under the law," Lenhard said.

Progress for America agreed to pay the $750,000 fine as part of the deal, which did not require the group to admit wrongdoing. The group took issue with the penalty, arguing that the FEC had not clarified how the newly enacted McCain-Feingold provisions would affect 527s and had not explained what campaign-related activities 527s were allowed to perform.

FEC commissioners have said the penalties should serve as guidelines for what will and will not be permitted. In the case of Progress for America, the FEC noted that the group made clear "through its public statements, activities, and solicitations for contributions" that it should have registered as a traditional political committee.Daley Cruises to Sixth Term

Chicago Mayor Richard M. Daley (D) crushed two little-known opponents Tuesday to win a sixth term in his post, putting him on the verge of a historic achievement.

Daley received roughly 71 percent of the vote. Cook County Circuit Court Clerk Dorothy Brown (20 percent) and activist William "Dock" Walls III (9 percent) split the remaining votes.

With the win, Daley is positioned to break his father's record for consecutive years of service as mayor. Richard J. Daley held the post from 1955 until his death in 1976. Richard M. Daley was first elected in 1989.

CIVIL RIGHTS:

FBI Plans To Revisit Orangeburg Massacre (TSSC)

By Rick Brundrett

The State, March 1, 2007

The FBI might reopen an investigation into the 1968 slayings by police of three black students at S.C. State College — known as the Orangeburg Massacre — and two other civil rights-era deaths in South Carolina.

The S.C. cases are among about 100 death cases nationwide the FBI said it will re-examine in partnership with the National Association for the Advancement of Colored People, National Urban League and the Southern Poverty Law Center.

U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller on Tuesday announced the “Civil Rights-Era Cold Case Initiative” with leaders of the civil rights organizations.

Cleveland Sellers, who was among 30 people shot during the Feb. 8, 1968, incident at the S.C. State College campus, said Wednesday an investigation of the Orangeburg case is “certainly overdue.”

“The Orangeburg Massacre is, in fact, a litmus test for racial relations in South Carolina,” said Sellers, 63, now head of the African-American studies department at the University of South Carolina. “I want the incident to be thoroughly investigated and the truth to come out.”

Lonnie Randolph, president of the state NAACP conference, said his organization recommended the Orangeburg case to the FBI after polling member branches statewide.

“Our goal always is for justice to prevail, “ he said. “To kill three people — it’s hard to think justice has been served when individuals are shot in the back.”

Former Gov. Robert McNair, who has been criticized by black leaders for his handling of the incident, said Wednesday in a prepared statement that any decision by the FBI and U.S. Department of Justice to reopen their investigation is “certainly up to them.”

“Immediately after the tragedy at Orangeburg, we requested that the FBI and Department of Justice conduct a full and comprehensive investigation of all of the events surrounding this incident since we felt very strongly that the state of South Carolina could not investigate itself,” said McNair.

McNair, in a biography released last year, said he accepts responsibility for the tragedy — his strongest statement to date about the matter.

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The initial FBI probe led to federal charges against eight state troopers and another police officer. They were acquitted later by a mostly white jury.

Besides that incident, the FBI said this week it also will re-examine the death of a 13-year-old Edisto Island boy whose body washed ashore in Charleston County in 1960, and the 1965 shooting death of a man in an area of Allendale County where civil rights demonstrations were held. Both victims were black.

Most of the cases referred to the FBI are from the South. Georgia, for example, has 13 cases, and North Carolina, three.

Thom O'Neill, spokesman at the FBI office in Columbia, said Wednesday the decision whether to formally reopen any of the three S.C. cases will be made by Brian Lamkin, special agent in charge of the FBI's S.C. operations. No deadlines have been set to complete investigations, he said.

O'Neill acknowledged the cases could be difficult to investigate, depending, for example on what records exist and how easy it will be to track down witnesses. The Orangeburg case could raise constitutional questions because the charged officers were acquitted.

"That one's a little sticky," O'Neill said.

Sellers, then a young civil rights activist who was the only person sent to prison in the incident, said he's not interested in seeing new charges brought against officers involved in the shooting. Sellers was convicted of inciting a riot and served seven months in prison but received a full pardon from the state in 1993.

Instead, Sellers said, he wants state lawmakers to create a special commission to investigate the case. Previous bills aimed at doing that have died in the Legislature.

"I am hopeful that the state, through the Legislature, will step forward and raise the veil of secrecy and silence," said Sellers, whose son, Bakari Sellers, D-Bamberg, was elected to the S.C. House in November. "They (authorities) have created culprits and placed the blame for what happened on innocent victim-citizens."

Like Sellers, U.S. Rep. Jim Clyburn, D-S.C., who graduated from S.C. State in 1961, experienced firsthand what it was like to be a civil rights protester in those days.

"There was a tension hanging all over Orangeburg that went back to the 1950s," Clyburn said Wednesday. "We were protesting policies, procedures and laws that were unjust."

In 1960, Clyburn was charged with breach of the peace during a demonstration in Columbia. His conviction later was overturned by the U.S. Supreme Court.

Louisiana Victims Helped Move FBI To Reopen Cold Cases (SHREVET)

Shreveport Times, March 1, 2007

WASHINGTON — Nine Louisianans are included in a list of 76 suspicious or criminal deaths in the 1950s and 1960s that spurred the FBI to reopen investigations into possible civil rights abuses from that turbulent time.

Bureau officials on Tuesday announced the investigations amid a Justice Department focus on cracking unsolved cases from the nation's civil rights era.

The high-priority cases, which FBI Director Robert S. Mueller described as numbering between 10 and 12, are among an estimated 100 that investigators nationwide are looking at as possible civil rights-related murders.

None of the nine Louisiana cases in the list maintained by the Alabama-based Southern Poverty Law Center occurred in the immediate Northwest Louisiana area. But several did take place in Ruston and Monroe, including one 1960 shooting rampage where four people were killed.

Attorney General Alberto Gonzales acknowledged that many of the cases may be beyond the boundaries of what the federal government can legally prosecute. But they "remain on our radar," he said.

"Much time has passed on these crimes," Gonzales told reporters in Washington. "The wounds they left are deep, and still many of them have not healed. But we are committed to re-examining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long."

Addressing civil rights violators, Gonzales said: "You have not gotten away with anything — we are still on your trail."

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Officials declined to release details about which cases have been reopened, or where, but said that nearly all are located in 14 states in the South. Investigators later confirmed, for example, that the unsolved 1946 lynching of four sharecroppers on Moore's Ford Bridge near Monroe, Ga., was among those being investigated.

But they declined to comment on whether another high-profile case was being included — that of Maceo Snipes, a black World War II veteran who in 1946 was shot in the back by four white men a day after he voted for the first time. No one was ever arrested in that killing in rural Georgia, about 90 miles south of Atlanta, and there is no evidence a criminal probe in the case was ever opened.

Richard Cohen, president of the Southern Poverty Law Center, said the government's renewed focus on the cold cases could help uncover what he called "a few burning embers.

"There are a lot of stones to turn over," Cohen said. "I think it would be wrong to give families false hope, but I think it would be right to say that people still care."

Mueller said the FBI began re-examining its old case files more than a year ago amid a spate of civil rights cases that investigators and prosecutors successfully solved.

Most recently, the Justice Department brought kidnapping and conspiracy charges last month against James Ford Seale, 71, in the 1964 abductions and murders of Charles Eddie Moore and Henry Hezekiah Dee in southwest Mississippi. Seale has pleaded not guilty and is due for trial in April.

Horace Harned, 86, a former Mississippi legislator and member of the segregationist Sovereignty Commission, said he'd prefer that authorities leave the past in the past and not reopen the cases, but "I don't think there's anything we can do to stop it.

"I think we shouldn't dig up too much of these things," Harned said.

He added: "We'll have to let justice prevail. I believe in the jury system. As long as the jury system is maintained properly, we should go to it and let justice prevail."

— The Associated Press contributed to this story.

Editorial: Till Case: Time Takes Its Toll On 1955 Case (JCL)

Jackson Clarion-Ledger, March 1, 2007

The LeFlore County grand jury has decided not to issue any indictments in the 1955 slaying of Emmett Till. That may be disappointing to those who have worked to bring justice in this case. But the grand jury did its job. The tragedy is that it took so long for the case to be fully considered.

District Attorney Joyce Chiles of Greenville should be commended for reviewing the 8,000 pages of evidence and presenting it. Only time seems to have killed chances for prosecution, not lack of diligence today.

The Aug. 28, 1955, slaying of Till remains a pivotal moment in the civil rights movement. Till was killed after he reportedly whistled at a white woman, Carolyn Bryant, the last known living suspect. Her then-husband, Roy, and his half-brother, J.W. Milam, admitted they killed Till after an all-white jury had acquitted them. Both have since died.

But the case is also noteworthy, since it:

Is one of 29 killings from the civil rights era since 1989 reopened, leading to 28 arrests and 22 convictions;

Should spur a "cold case" unit of the Justice Department to investigate unsolved civil rights killings in a bill before Congress.

Justice can come still.

City, Justice Dept. Meet With NAACP (CTPOST)

By Melvin Mason

Connecticut Post, March 1, 2007

ANSONIA — For the second time in as many months, city officials and officers with the National Association for the Advancement of Colored People met with staff from the U.S. Depa

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As was the case after a similar January meeting, attendees were vague about what was discussed with officials from the Department of Justice's Community Relations Service, designed for resolving conflicts dealing with race, color and national origin.

The two-hour meeting, held in the Erlingheuser Room at City Hall, was closed to the public and the media.

Attending Wednesday's session were Mayor Jim Della Volpe, Police Chief Kevin Hale, Corporation Counsel Kevin Blake, local NAACP President Greg Johnson, Housing Authority Executive Director Jim Finnucan, former alderwoman Ralphine Ford and Riverside Apartments tenant leader Naomi Wallace. Johnson did not elaborate on concerns brought up at the meeting; he only said that he thought the meeting offered plenty of positives.

"It was to discuss strategies and ways to improve the quality of life for all citizens of Ansonia," Johnson said. "It was a very productive meeting."

He said "a gamut of things" was discussed.

Della Volpe was brief in his post-meeting comments, saying the group "had a very good discussion and a healthy discussion of the issues."

Francesco Amoroso, the regional director of the Community Relations Service, offered no comment, saying agency officials are not permitted to comment when called in to mediate.

Johnson said the group will meet again, but he did not say when.

Tenants at Riverside Apartments on Olson Drive have voiced concerns about their housing complex.

The city housing authority is in the middle of an 18-month plan to clear out three buildings slated for demolition, moving Riverside residents to other apartments in the complex or providing them with Section 8 vouchers to live elsewhere.

The authority has hired Mapplan Associates to create a possible new development on the Riverside site.

Housing authority officials say the existing Riverside complex is too expensive to maintain because it receives less money from the U.S. Department of Housing and Urban Development.

Some residents and local groups have criticized the demolition project, saying it is taking affordable housing away from people who need it.

Melvin Mason, who covers the Naugatuck Valley, can be reached at 736-5440.

High Court Case Tests Limits Of Student Speech Rights (USAT)

By Joan Biskupic

USA Today, March 1, 2007

When the Olympic torch passed through Juneau, Alaska, in 2002, high school senior Joseph Frederick thought it would be fun to get on TV. As the torch relay passed by his school, Frederick led his friends in unfurling a banner that read, "Bong Hits 4 Jesus."

It was, Frederick said later, an attempt to get attention with a nonsensical message.

Deborah Morse, the principal at Juneau-Douglas High School, saw something more. She tore down the banner and suspended Frederick for 10 days, saying that because "bong" was a reference to marijuana, the sign violated the school's anti-drug policy.

Five years later, the spat in Juneau has become a significant legal test of students' speech rights — and of how far school officials can go in limiting such rights to try to maintain order in schools. On March 19, when the U.S. Supreme Court hears arguments in Morse v. Frederick, school officials nationwide will be watching for signs of whether the justices will make it more difficult to enforce a range of campus speech regulations that have been imposed in recent years.

Such policies — many inspired by the slayings of a dozen students and a teacher by two outcasts at Colorado's Columbine High School in 1999 — have banned students from wearing clothing or posting signs that focus on drugs, guns or incendiary topics such as homosexuality, abortion and religion.

The Juneau case will be the first major dispute over student speech rights to come before the high court in nearly two decades. It requires the justices to revisit a landmark ruling from 1969, when the court decided a dispute involving three Iowa

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students who wore black armbands to school to protest the Vietnam War. They were suspended and went to court, saying their First Amendment speech rights had been violated.

The Supreme Court ruled for the teenagers, saying, "It can hardly be argued that either students or teachers shed their constitutional rights to freedom of speech or expression at the schoolhouse gate."

Since then, that view has been somewhat diluted by rulings that have allowed schools to ban "plainly offensive" speech of a sexual nature, and to have wide latitude over control of school-sponsored speech, such as articles in school newspapers. However, lower courts have not been consistent in determining what kind of messages are "plainly offensive" and what types of student speech can be punished.

The court's ruling in the current case, like the decisions in the earlier disputes, would not be likely to affect the rights of college students. In middle and high schools, where nearly all of the students are minors and administrators adopt a parent-like role, administrators have a stronger legal hand to maintain discipline and set rules for student speech.

In a court brief filed in support of Morse and the Juneau school board, attorneys for the National School Boards Association say that as schools grapple with increased violence and drug use, it's important for administrators to be able to regulate slogans dealing with particularly controversial issues.

"We are counting on this case to give us clarity," says Peggy Cowan, superintendent of the Juneau school district. "It was important (for Morse) to take the sign down. Leaving it up would have communicated that it was OK to promote the use of illegal drugs."

Frederick, who is traveling abroad, says through his attorney that school limits on student speech have gotten out of hand. Now 23, he says that "schools use 'zero tolerance' policies to cloak their abuse of authority and disregard for student rights."

Morse v. Frederick also is drawing attention from school officials because it raises another provocative question: whether a principal can be held personally liable for infringing on student speech rights.

Morse is appealing a federal appeals court's ruling that she is liable for money damages to Frederick because past rulings "clearly established" that she was not entitled to tear down the "Bong Hits" sign.

Principals should be shielded from such financial responsibility, Morse's attorney, Kenneth Starr, argues in court papers. Starr — known to many Americans as the independent prosecutor whose investigation led to the impeachment of President Clinton — calls the appeals court's decision "deeply alarming to school administrators across the country."

Students score court victories

David Hudson, a lawyer at the First Amendment Center at Vanderbilt University in Nashville, says the legal landscape for student speech has changed significantly since the armband case in 1969.

He says some judges have been particularly influenced by Columbine and have cited it "explicitly in their opinions" supporting school officials, while others have more broadly interpreted student rights under the 1969 ruling.

In recent years, students who claimed their speech rights were violated by school policies have won some court decisions. Among them:

•In Vermont, middle school student Zachary Guiles was suspended in 2003 for wearing a T-shirt to school that derided President Bush as the "Chicken-Hawk-In-Chief." Guiles, now a junior at the Interlochen arts boarding school in Michigan, says he wore the shirt to school because he wanted his classmates to question the Iraq war.

After he was suspended, Guiles — with help from the Vermont chapter of the American Civil Liberties Union — took the school system to court. A trial court agreed with school officials, saying the T-shirt — which portrayed Bush as a chicken with a martini in one wing and a cocaine straw in the other — was "plainly offensive" under the Supreme Court's standards.

Guiles took the case to an appeals court, which said that "without question," the shirt "uses harsh rhetoric and imagery to express disagreement with the president's policies and to impugn his character." However, the appeals court said, "because Guiles' T-shirt did not cause any disruption, censorship was unwarranted."

Guiles says that when he wore the shirt, "there wasn't much of a backlash at the school. The kids weren't really pro-Bush as much as they were apathetic."

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•In 2002, Alan Newsom, a 12-year-old middle school student in Albemarle County, Va., was reprimanded by a vice principal after wearing a National Rifle Association T-shirt that depicted three silhouettes of men with firearms. Newsom had attended an NRA camp to improve his shooting skills, says his father, Fred Newsom.

After being confronted by the vice principal, Alan turned the shirt inside out. Later, with the help of NRA lawyers, Newsom and his family successfully sued to change the school's dress code, which had prohibited "messages on clothing, jewelry and personal belongings that relate to … weapons."

Newsom claimed the policy was discriminatory and violated his First Amendment rights. The case was dismissed by a trial court, but a U.S. appeals court sided with Newsom, saying the policy was too vaguely worded and could include clothing with slogans that were not disruptive in schools.

Going to court "was a difficult thing for the family," Fred Newsom says. "But if you can't stand up for the Constitution, what can you stand up for?"

When the U.S. Court of Appeals for the 9th Circuit ruled in favor of Frederick last year in the Juneau case, it cited the Newsom decision, among others. It said that "our sister circuits have similarly held that student speech that is neither plainly offensive nor school-sponsored can be prohibited only where the school district demonstrated a risk of substantial disruption."

Frederick says the words on his "Bong Hits" sign were merely nonsense, meant to attract TV cameras. In siding with him, the appeals court said that even if the message was pro-drugs, officials should not have censored such "non-disruptive" speech.

A complicating factor in the case — one that has made judges sympathetic to Frederick's case to this point — is that the incident occurred across the street from Juneau-Douglas High School, rather than on its grounds.

School officials say that shouldn't matter because the torch parade, a prelude to the Winter Olympics in Salt Lake City, was co-sponsored by the school. They note that the school's pep band played as the torch passed, its cheerleaders were in uniform to cheer the parade, and teachers supervised the event.

Morse says in court papers that if she had not taken down the banner, it would have amounted to the school district approving of its message. That, she says, would have been "inconsistent with the district's responsibility to teach students the boundaries of socially appropriate behavior."

Questions of defiance

Frederick says his actions were about free speech. "I was just trying to assert my right," he says through his attorney, Douglas Mertz. Mertz says that in an earlier incident at the school, an assistant principal threatened to suspend Frederick because he did not stand during the Pledge of Allegiance.

Superintendent Cowan says the school has no record of such an incident. Starr's brief on behalf of the school system says that a school official had observed that Frederick had "a history of defiant behavior."

In his court filing, Mertz tells the justices, "There is no dispute that schools have an important message to deliver regarding the perils of drug abuse. But the First Amendment recognizes a critical distinction between delivering that message to students and imposing an enforced orthodoxy that tramples on free speech."

Mertz says that in displaying the sign, Frederick was not trying to promote illegal behavior. The attorney also notes that in Alaska and elsewhere, marijuana laws have been a subject of political debate.

Starr counters that the appeals court that ruled in Frederick's favor substituted "its own unforgivingly libertarian world view" for school officials' efforts to "encourage a drug-free student lifestyle." Starr says Frederick's message was far beyond what the Supreme Court sought to protect in the 1969 ruling.

Cowan says the district encourages students to speak out on controversial issues. "We do not restrict serious speech," Cowan says. She called Frederick's sign "nonsensical promotion of drugs," rather than part of a serious discussion or debate.

"Up to this point, we thought that a principal enforcing an anti-drug policy was safe to do so," she says. "Now school administrators are walking on eggshells."

'Don't Ask, Don't Tell' Repeal Eyed (WT)

By Eric Pfeiffer

The Washington Times, March 1, 2007

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Democratic Rep. Martin T. Meehan yesterday said he will introduce legislation repealing the military's "Don't Ask, Don't Tell" policy that allows homosexuals to serve in the armed forces.

Mr. Meehan said public opinion has changed since the policy began 14 years ago under the Clinton administration, and that allowing homosexuals to openly serve will help the military retain specialized members, including linguists fluent in Arabic.

A 2005 Government Accountability Office report says more than 10,000 members of the armed services, including 750 service members with specialties "critical" to the war on terror, have been discharged since the policy was implemented.

"It will still be an uphill climb," said Mr. Meehan of Massachusetts. "But the November election can only mean good things for my bill."

The bill, "Military Readiness Enhancement Act," has 109 co-sponsors, including three Republicans. Nonetheless, it faces opposition from many lawmakers, including House Armed Services Chairman Ike Skelton, Missouri Democrat.

"It's not going anywhere," said Elaine Donnelly, president of the Center for Military Readiness, a group that opposes allowing homosexuals to serve in the military.

"Even the Democrats I've talked to don't want to touch this bill. It's very straight-forward, people who are homosexual are not compatible with the military's standards of service."

During the 1992 presidential campaign, Bill Clinton promised to change military policy by allowing homosexuals to openly serve. However, he reversed course after facing strong bipartisan opposition.

The policy says: "Sexual orientation will not be a bar to service unless manifested by homosexual conduct. The military will discharge members who engage in homosexual conduct. ..."

Tony Snow, White House spokesman, said the President Bush supports the military policy.

"We will see what happens if Congress comes up with something," Mr. Snow said.

Marine Staff Sgt. Eric Alva, the first solider injured during the Iraq war, joined Mr. Meehan during his Capitol Hill press conference yesterday and announced he is homosexual. He said he is leaving the Marines after 13 years to work for the Human Rights Campaign, a lobbying organization that supports gay rights.

"I'm an American who fought for his country and for the rights of all Americans, not just some of them," Sgt. Alva said.

Public and military opposition to homosexuals openly serving in the military has decreased in recent years.

A December 2006 Zogby International poll found that 73 percent of military service members were "comfortable" serving with homosexuals.

"I hope we get beyond this foolish policy, and one that I think is cruel," said Rep. Christopher Shays, one of the three House Republicans who has co-sponsored Mr. Meehan's bill.

"The military isn't saying gays can't serve, they're saying they can't tell," he said. "So, military commanders know there are gays in the military."

Same Town, Different Communities (WP)

By Lonnae O'neal Parker

The Washington Post, March 1, 2007

Ask older residents of historic North Brentwood their recollections of the town, and they go into a reverie about kids playing house-to-house and about how the town was self-contained with businesses and shops. Mostly, it was black, and the generations who had lived there gave the place its essence.

But "change comes," said Eleanor Traynham, 71, who was born and raised in the town, in Prince George's County, and returned in 1992. And "you have to be able to adapt to change."

On a late afternoon, children run across the lawns of modest three-bedroom homes, young mothers carry groceries, and fathers in coveralls arrive home from work. These families are Latino. A few yards away, much older residents are checking mail or working on their cars or greeting each other with late-day banter. They are black.

In a town changing without overt rancor, they are neighbors without the neighborliness, separate groups leading lives that don't touch, even though their property lines do. It's a new challenge for this historic place -- re-creating community.

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It's a challenge that plays out against a backdrop of seismic demographic shifts. In 2003, Latinos overtook African Americans as the nation's most populous minority. Fueled by a boom in construction and low-wage service jobs, the Washington region had the ninth-largest Latino population gain in the country from 2000 to 2004.

In Prince George's, most of the Latino population, which doubled from 1990 to 2000, is concentrated inside the Beltway in the northwestern part of the county. As more Latinos graduate to homeownership, the relative affordability of housing in communities there has accelerated the pace of change.

In North Brentwood, population nearly 500, off Rhode Island Avenue just outside the District line, these shifts play out door-to-door. Since 2000, the historically black town has become 25 percent Hispanic.

Some black residents are concerned about what these changes mean for their community, even as they worry about seeming intolerant. Newer Hispanic residents say they get along with everyone, and if there is subtle awkwardness to their brief hello-goodbye exchanges with black neighbors, they're too busy working and raising their families to notice.

Originally settled by black Civil War troops, North Brentwood became the first incorporated black town in Prince George's -- and one of the first in the state -- in 1924, a thriving hamlet of single-family homes and businesses.

It had a tavern with a dance floor where such stars as Pearl Bailey performed. In 2003, the town was put on the National Register of Historic Places. Today, along leafy streets, small cottages border towering home construction and wide new additions.

One recent late afternoon, Santos Benitez, 27, a construction worker, was caring for his four children, ranging from 3 months to 10 years old, while his wife worked. The Salvadoran immigrant moved from a house in Northeast Washington two months ago. "This house is a lot bigger," said Diego Benitez, 10, who was skating in the driveway with his brothers Jonathan, 6, and Brian, 7. Santos Benitez said his neighbors didn't talk much, except when one came over to complain about his dog.

Hiawatha Crank, 55, a plumber and diesel mechanic originally from South Carolina who moved to North Brentwood in 1980, said the community feel reminded him of home. He noticed the first Latino family five years ago. "Man, it seemed like after that happened, the sky broke loose, and they came from everywhere," he said.

His Latino neighbors seem all right and don't bother his family, he said. Still, he said that a spike in the price of homes, which now sell from $200,000 to $400,000, is putting Brentwood out of reach for many working-class blacks. Crank attributes the price spike to the Latino influx, even though property values across the county have risen sharply in the past five years.

He pointed out single-family homes he said housed multiple Latino families. Recent data for the number of residents per household were not available for North Brentwood. Nationally in 2005, Hispanics composed about 11 percent of U.S. households but made up more than 50 percent of households deemed crowded (more than one person per room), according to the Census Bureau's American Housing Survey.

Nearby, Crank's buddy Charles Cuffie, 62, a retired bus driver, voiced a commonly held suspicion among black residents that Latinos sometimes pretend not to speak English to avoid conversation.

"Things change," said Crank's daughter, Tammi Crank, 20, a security officer with the federal Department of Homeland Security. "I just never thought it would happen in my neighborhood."

The influx is driven by housing prices that are cheaper than in Fairfax and Montgomery counties and real estate agents who steer Latinos into certain neighborhoods, said Audrey Singer, an immigration fellow at the Brookings Institution.

Decades ago, the county was roiled as it shifted from majority-white to majority-black. Peter Shapiro, a former Town Council member and County Council chairman, who is white, has seen friction between blacks and Latinos in other Prince George's neighborhoods. Perhaps because of its strong sense of identity, Shapiro said, North Brentwood seems determined not to repeat those mistakes.

Lillian K. Beverly, 77, who has lived in North Brentwood most of her life and been mayor since 1995, said she had fielded complaints about Latino residents parking on lawns or growing corn in their front yards -- relatively small problems that have been fixed. She knows that some residents feel wistful for bygone days but asked, "How can we as black folks always complain about being discriminated against if we're going to do the same?" She said the North Brentwood Memorial Garden and the planned Prince George's African American Museum and Cultural Center in North Brentwood will ensure that their legacy survives, even if their numbers continue to dwindle.

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William A. Campos (D-Hyattsville), 32, who moved with his family from El Salvador to Hyattsville when he was 9 and represents North Brentwood on the County Council, said: "We're still learning one another in this area. It will take some time."

Campos said Latino residents don't always recognize that parking on the grass doesn't play well with neighbors. "The norm in a residential area here is not the norm for what we were doing back home," he said.

He said the notion of Latinos feigning ignorance of English was often a misunderstanding. Newcomers often pick up only a few words at a time, Campos said. "Why would you purposely not speak or want to understand the world that you live in? Sometimes you don't have that ability," he said.

Campos agreed that Latinos often pool resources. "It becomes very natural to help each other sustain the house and at the same time be with the family," he said. It's an arrangement that he said some African Americans have told him they recognize from their own family histories.

Traynham, the North Brentwood resident, who is black, concurred. "Basically they are only doing the same thing African Americans did years ago. When African Americans migrated from the South, they always had a place where family members could come and stay," she said.

ValentÃ-n PeÃ±a, originally from El Salvador, said, speaking in Spanish, that blacks often wave, but neither group ever starts a conversation.

PeÃ±a said he understood that black residents might feel threatened, but his nephew, who wouldn't give his name, disagreed, in English. "I listen to Martin [Luther King]; he had a dream."

When Ever Diaz opened his auto repair shop in 1990, he spoke English, introduced himself to residents and attended community functions. It's a model for other newcomers, he said. "I didn't quit, and I didn't get angry," he said.

On a cold afternoon, Diaz introduced himself to Ramondo Lara, 38, a maintenance engineer who is married with two young sons and moved to North Brentwood three years ago. "Everybody says, 'Hi. How are you? I am fine,' " Lara said in halting English. Lara and Diaz joked that they should open a Salvadoran embassy. People have to get used to Latinos being here, Diaz said.

"Like everyone else, they are just looking to move up," he said.

Staff researchers Magda Jean-Louis and Meg Smith and El Tiempo Latino reporter Luz Lazo contributed to this report.

Slavery Is Not Dead. It's Not Even Past. (NYT)

By Bob Herbert

The New York Times, March 1, 2007

The Rev. Al Sharpton seemed subdued, quiet, reflective — which was unusual.

Just when we thought the news couldn't get any weirder, we learned this week, via The Daily News, that Mr. Sharpton's great-grandfather was a slave who was owned by relatives of Senator Strom Thurmond, the longtime archsegregationist who ran for president as a Dixiecrat in 1948.

"There's not enough troops in the Army," Mr. Thurmond told a screaming crowd during that campaign, "to force the Southern people to break down segregation and admit the nigra race into our theaters, into our swimming pools, into our schools and into our homes."

Mr. Sharpton seemed a little shaken by the revelation. "You're always kind of thinking that your ancestors were slaves," he said. "But this was my grandfather's father. I knew my grandfather. It's eerie when it becomes so personal."

The days of slavery are closer than we tend to think, and they were crueler than we tend to realize. Mr. Sharpton's great-grandfather, Coleman Sharpton, was sent with his wife and two children from South Carolina to Florida so a woman named Julia Thurmond Sharpton could send them out as laborers to pay off debts left by her late husband.

Julia Sharpton was a first cousin, twice removed, of Strom Thurmond.

"They were sent there solely for that reason," Mr. Sharpton said. "To make money to pay her debt. It was just so clear that they were nothing but property. The complete dehumanization — I don't think I fully understood it until this hit home."

There's a great deal that Americans don't fully understand about slavery. It's such an uncomfortable subject that the temptation is to relegate it to the distant past and move on. But the long tentacles of that evil institution are still with us. Slavery was

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the foundation of the thriving consumer society that we have today and the wellspring of the racism that still poisons so many white attitudes and black lives.

The sheer size of the phenomenon of slavery, which was woven into the very being of the early Americas, is not well known today. The historian David Brion Davis, in his book "Inhuman Bondage," tells us:

"By 1820 nearly 8.7 million slaves had departed from Africa for the New World, as opposed to only 2.6 million whites, many of them convicts or indentured servants, who had left Europe. Thus by 1820 African slaves constituted almost 77 percent of the enormous population that had sailed toward the Americas, and from 1760 to 1820 this emigrating flow included 5.6 African slaves for every European."

For most of the time between the Revolutionary War and the Civil War, the United States was governed by presidents who owned slaves.

One of the points Mr. Davis stressed was that the commodities produced in such tremendous volume by slaves — sugar, tobacco, coffee, chocolate, cotton — were crucial to the formation of the world's first global mass market.

"From the very beginnings," wrote Mr. Davis, "America was part black, and indebted to the appalling sacrifices of millions of individual blacks who cleared the forests and tilled the soil. Yet even the ardent opponents of slaveholding could seldom if ever acknowledge this basic fact."

Instead of reaping rewards for this seminal role in the creation of a rich and powerful nation, blacks have been relentlessly vilified by a profoundly racist society and frozen out of most of the nation's bounty. Consigned to the bottom of the caste heap after emancipation, and denied some of the most basic human rights, blacks became the convenient depository of whatever blame and negative stereotypes whites chose to cast their way.

The abject state ruthlessly imposed upon blacks for so long became, perversely, proof of their inferiority. Blacks gave whites of all classes someone to look down upon.

Slavery, like the past, as Faulkner reminded us, is not dead. It's not even past. It's not something that you can wish away.

The other night Reverend Sharpton flew into Miami to attend a conference. At the airport someone asked for his autograph.

"It was the first time in my life that I thought about why my name is Sharpton," he said. "I mean this whole thing is as personal as why your name is what it is. You're named after someone who owned your great-grandparents."

My Link To Strom Thurmond (LAT)

By Al Sharpton Jr.

The Los Angeles Times, March 1, 2007

LAST WEEK, I received the shock of my life. I found out that my family was enslaved by the family of the leading segregationist of our time, the late Sen. Strom Thurmond of South Carolina. I don't know whether Thurmond himself was my blood relative; there has been no DNA testing yet. What I do know now is the horrific details of how my great-grandfather and family were slaves, directly owned and leased out like chattel animals. This revelation about my ancestors has made slavery real to me. It is no longer an abstract horror. It is my family history — and the Thurmonds'.

Sen. Thurmond's hatred for blacks was so strong that, in 1948, he walked out of the Democratic National Convention and ran for president on a segregationist ticket. Words cannot fully describe the feelings I had when I learned the awful truth. Not only am I the descendant of slaves, but my family had to endure the particular agony of being slaves to the Thurmonds, the symbol of everything about America that I have fought to change. I felt humiliated and prideful; reflective and angry; oppressed and uplifted. I thought about what it must have been like to be a slave, and then what my great-grandfather would have thought about me and about my strengths, my weaknesses. Am I doing enough in my life to make him proud? It also made me reach out to my father, someone I have not really spoken to often because he left my family when I was just 10 years old.

My great-grandfather, Coleman Sharpton Sr., and his family were owned by a white woman named Julia Ann Thurmond shortly before the Civil War. They lived in, of all places, Liberty, Fla. Before that, they were the property of the white slave owner Alexander Sharpton of South Carolina. Sharpton's son, Jefferson, had married Miss Thurmond, and died in debt, so Sharpton sent my great-grandfather, Coleman Sharpton, and his family to Liberty in 1861 to work off the debts. Julia Thurmond Sharpton inherited my great-grandfather. Julia Thurmond's grandfather was also Strom Thurmond's great-grandfather.

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When Coleman Sharpton finally shook off the chains of slavery, he became a turpentine dipper — work so awful that, when you finished a day's work, you had to wash yourself in gasoline to get the stickiness off your body. But the grim reality of my ancestry, and the ancestry of millions of African Americans, is that I am sure even the torturous job of turpentine dipping gave my great-grandfather joy because he was finally free and recognized as a man, no longer the property of someone else.

Every day from now on, when I write my name, I will think about how I got that name. I will think about how Al Sharpton, the white slave owner, sent my family to Strom Thurmond's relatives to work off Thurmond debts. America's shame is that I am the heir of those who were property to the Thurmond family.

In the end, it is irrelevant whether Strom Thurmond and I are related by blood. Of course, so many African Americans have had to deal with the knowledge that they are the relatives of the whites who enslaved them. Still, I want to know the truth.

Obviously, the temptation here is to fall into the caldron of anger that swirls when you visualize your flesh and blood, most assuredly proud and strong, waking up every day enslaved. You have to hope they realized that they suffered so that one day their descendants could live the life that was stolen from them.

But rage will do no good for Coleman Sharpton's descendants or the Thurmond descendants. My family and the Thurmond family must rise above the ugly, shameful past that binds us, just as America must come out of denial and seek to repair the damage that slavery has done and to eliminate the bigotry that still lingers.

The news of my own past was brought to me unsolicited. But I hope all African Americans will seek their family history so we can dignify the memories of our forefathers and change the America of the future. And, if we can take that step, certainly all Americans, black and white, can join us.

ANTITRUST:

Sirius CEO Vows Postmerger Price Cuts (WSJ)

By Corey Boles

The Wall Street Journal, March 1, 2007

WASHINGTON -- Sirius Satellite Radio Inc.'s chief executive, Mel Karmazin, told lawmakers the company would cut consumer prices if federal authorities approve its merger with XM Satellite Radio Holdings Inc.

Mr. Karmazin tried to allay concerns that subscribers' costs would rise after the $11.4 billion merger of the two struggling satellite-radio operators, telling the House Judiciary Committee's antitrust task force the merger would lead to a decline in prices. For basic monthly service, subscribers to both radio operations pay $12.95 a month. "The idea of raising prices to compete with free radio is bizarre and doesn't work," he said. "We are committed to not raising prices and, in fact, are committed to lowering prices."

Rep. John Conyers (D., Mich.), chairman of both the Judiciary Committee and the task force, was skeptical. "We don't have too good a record of satellite companies keeping their promises," Mr. Conyers said. "'Trust me' isn't going to work here, not just today, but in the longer-term examinations you will be going through."

Democratic Rep. Rick Boucher of Virginia said the merger should get a green light as long as the companies agree to a series of conditions and to freeze prices.

The conditions he suggested were outlined by Gigi Sohn, president of Public Knowledge, a public-interest group with a focus on communications. In her testimony before the task force, Ms. Sohn said the companies would have to allow consumers to subscribe on a channel-by-channel basis or tiered programming. She added they should agree to make 5% of capacity available to noncommercial, educational purposes and freeze prices for three years once the merger is approved.

"I would think that if those conditions are reached, the merger should be allowed to proceed," said Mr. Boucher, who sits on both the antitrust task force and the Commerce Committee's telecommunications panel.

Mr. Karmazin ruled out channel-by-channel subscriptions, saying the companies' technology wouldn't allow it, and said he would be reluctant to offer tiers of channels at reduced rates, as it would likely mean a "loss of revenue." Nor would he be pinned down on how long a merged company would cut or freeze rates. He suggested the maximum would be four years.

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In response to questioning from the ranking Republican member of the task force, Rep. Steve Chabot of Ohio, Mr. Karmazin said Sirius and XM weren't making a "failing company argument" and said the merger between the two companies wasn't necessary. He emphasized that it would be in the best interests of consumers for the merger to be allowed.

Write to Corey Boles at corey.boles@dowjones.com3

Skeptics Question XM-Sirius Merger Plan (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, March 1, 2007

The nation's two satellite-radio companies promised yesterday to refrain from raising prices, for a time at least, if they are allowed to merge. But some lawmakers and consumer groups appeared dubious.

Mel Karmazin, chief executive of Sirius Satellite Radio, told the House Judiciary Committee's antitrust task force that consumers would benefit if the government allowed his company to merge with rival XM Satellite Radio Holdings. "We are committed to not raising prices, and we are committed to lowering prices," said Karmazin, who would be chief executive of the new company.

The panel's chairman, Rep. John Conyers Jr. (D-Mich.), responded: "How do we enforce promises? . . . 'Trust me' isn't going to work here."

Karmazin said Sirius and XM might accept conditions if the Federal Communications Commission and Justice Department were to approve the merger. But he declined to say how long they might agree to cap subscription prices, now set at $12.95 a month by both companies. XM and Sirius have said a merged company would offer various levels of content, presumably at varying prices, but they have declined to provide details.

Owners of free, over-the-air radio stations strongly oppose the merger, and the president of their association sharply challenged Karmazin at the hearing. The government cannot trust XM's and Sirius's promises, "given their long track record of breaking FCC rules," including causing signal interference with local radio stations, said David K. Rehr, president of the National Association of Broadcasters.

Sirius CEO Says He'd OK Price Caps (USAT)

By Paul Davidson

USA Today, March 1, 2007

To win approval of their blockbuster merger, the nation's two satellite radio companies would accept government-mandated conditions guaranteeing consumers lower prices and more channels, the head of Sirius Satellite Radio told lawmakers Wednesday.

"We will give people more choice than they had before and lower prices and less confusion," Sirius CEO Mel Karmazin told the House Judiciary Committee's new antitrust task force.

The hearing served up the first public airing of the proposed link-up between Sirius and XM Satellite Radio since it was announced last week. Wednesday's debate underscored the complexities of the merger, with divisions within the ranks of public-interest advocates and each political party on whether consumers would be helped or hurt.

Critics such as the National Association of Broadcasters say the merger, which requires approval from the Justice Department and Federal Communications Commission, would forge a monopoly satellite radio provider that would raise prices and limit choice. Karmazin says that would never happen because satellite radio competes with traditional radio, Internet radio, iPods, music on cellphones and digital radio.

Noting that there are some 10 million subscribers to both services, Karmazin said, "Why would people who don't subscribe at $12.95 subscribe at $14.95?"

The companies, which each charge about $13 a month for more than 100 channels, have lost billions of dollars between them while competing to sign up high-priced talent such as Howard Stern and Oprah Winfrey. By combining, Karmazin said, customers could get both Major League Baseball and the NFL, for instance, on the same radio service. And the new giant could use cost savings to cut prices.

Rep. John Conyers, D-Mich., committee chairman, was skeptical. " 'Trust me' isn't going to work here."

"I'm prepared to work with Congress, work with regulators to do what you need to do to have something beyond 'Trust me,' " Karmazin said.

He would not commit to a term for any conditions, except to say "between two weeks and four years."

Consumer advocates were split. Mark Cooper of the Consumer Federation of America argued that traditional radio, the Internet and other services don't compete directly with satellite radio, which is nationwide and ad-free. Any conditions would be "short-term," he said. "Competition is the consumer's best friend."

But Gigi Sohn of Public Knowledge said that by scrapping duplicate channels, a merged company could air more niche channels, though she called for strict conditions.

Some typically merger-wary Democrats supported the deal while some Republicans were skeptical. " Stop throwing around the word 'monopoly,' " said Rep. Anthony Weiner, D-N.Y. "The competition they have is with radio stations charging zero dollars for the same or a similar product."

Radio Merger Gets Hill Scrutiny (WT)

By Kara Rowland, The Washington Times

The Washington Times, March 1, 2007

Federal lawmakers, kicking off their probe of the proposed $13 billion merger of rivals XM Satellite Radio Inc. and Sirius Satellite Radio Inc., yesterday quizzed both Sirius Chief Executive Mel Karmazin and one of the deal's most vocal opponents.

"We've come to this hearing with an open mind, but we also recognize that the companies have the obligation to convince Congress, regulators and most importantly, the American people that this combination will improve the competitive playing field and benefit consumers," said House Judiciary Chairman John Conyers Jr., Michigan Democrat.

The proposed XM-Sirius marriage faces regulatory scrutiny from both the Justice Department and the Federal Communications Commission. Yesterday's hearing was held before a new Judiciary Committee Antitrust Task Force established earlier this week to look at the deal and other antitrust issues.

Mr. Karmazin made the case for merging the two companies, arguing that times have changed since the competitors received their licenses from the FCC in 1997.

"Consumers will get more choice, lower prices and the ability to have less confusion and more content," he said.

Mr. Karmazin said a combined entity would be open to government-imposed conditions, including an agreement not to raise subscription prices for a certain period of time.

"If in order to get the deal done we have to make a concession, we're prepared to make a concession," he said.

But David Rehr, president of the National Association of Broadcasters and an outspoken critic of the deal, said the merger would create a "government-sanctioned monopoly."

"Two companies that have a pattern and practice of violating their FCC licenses cannot be trusted with monopoly power," said Mr. Rehr, whose organization represents traditional AM/FM radio stations.

The hearing, like the regulatory reviews to come, largely turned on which services compete with District-based XM and Sirius of New York.

Supporters of the deal define the market widely to include traditional terrestrial radio, IPods, high-definition radio, Internet radio and cell phones that stream music.

Opponents say satellite radio is unique, and that the two companies price their services based on competition with each other.

"Right now, we don't have all the facts necessary to determine the legality of the merger," said antitrust analyst Charles Biggio, the only person to testify who did not take a position on the deal.

"My recommendation is that no firm conclusions be formed about this merger until the agencies have done their review."

Most members of the antitrust panel said they were approaching the merger with an open mind. However, proponents of the deal found allies in Rep. Rick Boucher, Virginia Democrat, who supports its approval, and Rep. Anthony Weiner, New York Democrat, who said to describe the merger as giving rise to a monopoly has "no foundation in the realities of the world today."

"Sometimes mergers serve to help an industry and help choice move forward," Mr. Weiner said.

The hearing also featured testimony from the Consumer Federation of America, which opposes the deal, and the digital rights group Public Knowledge, which supports it with conditions.

The XM-Sirius deal will be the subject of a congressional hearing next week before the House Energy and Commerce telecommunications and the Internet subcommittee.

The companies, which announced their deal last week, expect it to be approved by the end of the year.

Sirius CEO Argues For Radio Merger (LAT)

By Jim Puzzanghera, Times Staff Writer

The Los Angeles Times, March 1, 2007

WASHINGTON — Despite vowing not to raise their prices, the nation's only two satellite radio providers found their proposed merger to be a tough sell Wednesday on Capitol Hill.

"You've got some high hurdles to overcome, don't you think?" House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) told Mel Karmazin, chief executive of Sirius Satellite Radio Inc.

Karmazin, who would run the new company if federal regulators approve Sirius' proposed merger with XM Satellite Radio Holdings Inc., tried to overcome those hurdles by promising not to hike for an unspecified period the $12.95 monthly subscription rate that both companies charge.

The reason for the concession is simple, Karmazin said, and is the heart of the case Sirius and XM are trying to make: They now compete with a host of technologies that don't charge a cent — including broadcast radio, iPods and music that streams over the Internet.

"The idea of raising prices to compete with free is bizarre," Karmazin said. But he didn't say how long prices would remain unchanged.

Price is a major concern for several members of the committee's antitrust task force. Congress doesn't have to approve the deal, but its views could influence officials at the Department of Justice and the Federal Communications Commission, which must bless the merger.

"Why would we eliminate one of the two competitors here?" said Rep. Robert W. Goodlatte (R-Va.). "I believe prices are going up if you are the only one."

His fears were echoed by Mark Cooper, director of research at the Consumer Federation of America.

"Competition is the consumer's best friend," Cooper told the committee, warning that "a tsunami of mergers will ripple through the digital space" if regulators agree to the market definition urged by Sirius and XM.

Conyers also questioned what effect the potential deal might have on future mergers.

But some lawmakers agreed with Karmazin that the marketplace had changed and indicated they would support the merger with certain conditions, such as requiring a lower-priced option for a limited number of channels.

"Music is music, and it really doesn't matter much the source of it," said Rep. Rick Boucher (D-Va.)

Karmazin said the merger would give listeners more choices because they would have access to both systems' exclusive programs, such as National Football League and Major League Baseball broadcasts, and current subscribers would not have to purchase new radios.

But David Rehr, chief executive and president of the National Assn. of Broadcasters, told the committee the deal would create a "government-sanctioned monopoly" and also would violate an FCC rule prohibiting a merger, instituted in 1997 to promote competition.

The FCC can change the rule, though Chairman Kevin J. Martin said last week that Sirius and XM faced a "high" hurdle.

Sirius Chief Talks Of Ways To Get XM Deal Approved (NYT)

By Stephen Labaton

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Facing skeptical lawmakers, Mel Karmazin, the architect of a proposed merger of the nation's two satellite radio companies, announced at a hearing in Congress on Wednesday that the companies would agree to government-imposed price controls and other unspecified measures to gain regulatory approval for the deal.

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Appearing before an antitrust task force of the House Judiciary Committee, Mr. Karmazin, the chief executive of Sirius Satellite Radio, repeatedly and angrily contested charges by opponents, including the major trade group for broadcasters, that merging his company with XM Satellite Radio Holdings would simply transform a duopoly into a monopoly.

"There is no monopoly or duopoly," he said. "That's the most bizarre thing I have ever heard."

He maintained that the relevant market for the services offered by the two satellite radio companies includes all terrestrial broadcasters, Internet radio and other popular listening devices, including iPods and other portable music players.

With so much competition from other sources, he said, satellite radio lacks the sway of a dominant industry power.

But as he tried to sell the proposed deal to Washington, he also acknowledged the major challenges he faced in persuading policy makers that it would not be anticompetitive. He made it clear that he was willing to embark on the same kind of deal- making with the regulators that has been a hallmark of his career as a broadcast executive.

"We're prepared to make concessions, and we're willing to work with the F.C.C. on doing it," he said, speaking about the discussions the two companies will have with regulators at the Justice Department's antitrust division and the Federal Communications Commission.

When a Republican lawmaker, Representative Ric Keller of Florida, pressed Mr. Karmazin over whether the company would agree to price controls, Mr. Karmazin said yes, adding, "We believe we need to show you this is in the public interest and price is important."

"We should be held accountable for everything we say," he told another Republican lawmaker, Representative J. Randy Forbes of Virginia, in response to a question about how to enforce the commitments Mr. Karmazin was making for more programming and better services at lower prices.

"I'll leave it to the regulators," he added. "This isn't about 'Trust me.' We should be able to be accountable."

But toward the end of the hearing, when a Democratic lawmaker, Representative Sheila Jackson-Lee of Texas, complained that there was too much concentration in the broadcasting industry and a lack of adequate diversity in both programming and ownership, Mr. Karmazin appeared to hedge about making any further commitments.

"I don't want to make promises to suggest I'll do anything to get the merger done," he said. "You can be damned if you do, and damned if you don't."

The specific commitments that Mr. Karmazin sought to make did not assuage some of the proposed merger's more vociferous critics.

Representative F. James Sensenbrenner Jr., the Wisconsin Republican who until this year had headed the Judiciary Committee, said Mr. Karmazin's proposal reminded him of "an old regulated gas company" or some other highly regulated utility with rates set by the government.

"I don't think that's the policy we want to promote," Mr. Sensenbrenner said.

"What you said is so far from the truth," Mr. Karmazin replied.

"But you are a monopoly," Mr. Sensenbrenner said.

"We are absolutely not a monopoly," Mr. Karmazin responded.

The generally hostile reception to Mr. Karmazin reflected the fact that the political forces all seem to be leaning in one direction regarding the proposed merger. A powerful alliance of broadcasters and consumer groups has challenged the deal as a violation of antitrust laws and contrary to the "public interest" standards applied by regulators when they consider whether to approve radio mergers.

The National Association of Broadcasters, with powerful members in every Congressional district, has waged a political and public relations campaign attacking the deal.

By contrast, the two satellite networks have no significant industry allies on their side. They were warmly embraced at the hearing by only one Democratic lawmaker, Representative Anthony Weiner of New York.

Sirius and XM point to the opposition from broadcasters as proof that the deal would make satellite radio still more competitive with the rest of the radio industry.

The unanswered question after the hearing is what resonance the Congressional reaction would have with lawyers at the Justice Department and policy makers at the F.C.C.

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Government officials are not expected to reach their conclusions about the deal for many months, although Kevin J. Martin, the chairman of the Federal Communications Commission, has expressed skepticism. A commission rule forbidding the merger of the satellite companies would have to be waived for the deal to be completed.

At the Justice Department, XM and Sirius have more reason to be optimistic, in large part because the Bush administration has been more permissive on antitrust issues than any administration in modern times.

The consumer groups and broadcasters — political opponents on other issues — have struck a fragile alliance as they have gone about challenging the satellite radio deal.

On Wednesday, one consumer group, Public Knowledge, called for the regulators to heavily condition the deal with price controls and free airwaves for alternative voices before approving it.

The group also said that broadcasters opposing the deal on antitrust grounds were hypocritical because they were simultaneously trying to ease rules that have prevented more consolidation in their industry.

XM Merger Won't Hurt Consumers, Sirius Says (DOWJ)

Dow Jones Newswires, March 1, 2007

Deal would be monopoly sanctioned by the state, opposition group says

A merger between Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. wouldn't lead to less choice or higher costs for listeners, the chief executive of Sirius told Congress yesterday.

In his written testimony submitted to the Antitrust Task Force, a body made up of House Judiciary Committee members, Sirius Chief Executive Mel Karmazin pledged that consumers would not lose out as a result of the $13 billion merger.

"We operate in an intensely competitive environment that will continue to intensify post-merger — and continue to provide an inherent check on programming as well as pricing," said Karmazin's statement.

In his opening remarks, Rep. John Conyers, D-Mich., the chairman of the Judiciary Committee and the head of the task force, said that though he is approaching the matter with an open mind, the burden of proof lies with the companies to convince Congress of the merits of the deal.

He said that the "critical threshold" is whether the market that the two satellite companies compete in is "all forms of digital and retail music and radio, or simply satellite radio."

Conyers' statement went on to say that from one perspective, the merger "can be said to turn a duopoly into a monopoly."

When satellite radio was licensed 19 years ago, Sirius and XM were granted the only two licenses. In exchange, Federal Communications Commission rules stated that the two wouldn't be allowed to merge in the future.

Sirius and XM have argued that in the ensuing 10 years, the market has changed substantially and they are no longer just competing against each other.

The Department of Justice's antitrust task force would have to approve the merger and FCC rules would have to be changed to allow the deal before it could get final approval.

Karmazin was appearing before the first hearing of the task force with David Rehr, the chief executive of the National Association of Broadcasters, and representatives of consumer groups.

The NAB, which represents mainly smaller radio and television broadcasters across the U.S., fiercely opposes the deal.

"The proposed merger must be rejected," said Rehr in his opening statement. "Public policy should never allow one entity to acquire state-sanctioned, monopoly control over the 25 megahertz of spectrum allocated to satellite-radio service."

Taking a somewhat less strident view was Gigi B. Sohn, the president of public-interest group Public Knowledge.

In her opening statement, she said that the merger should be given the green light only if it meets three conditions.

It must make available pricing choices such as channel-by-channel subscriptions or tiered programming; it must hand over 5 percent of its capacity to noncommercial educational programming; and it should agree to not raise prices for three years after the merger is granted approval.

House Panel Grills Sirius Chief On XM Merger (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, March 1, 2007

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Politicians say they want to keep an open mind but indicate the deal may have high hurdles to leap.

WASHINGTON--Sirius Satellite Radio CEO Mel Karmazin on Wednesday defended the proposed union of his company with XM Satellite Radio before a panel of politicians with varying degrees of concern about the deal's potential impact on consumers.

Appearing at the first hearing convened here by the House Judiciary Committee Antitrust Task Force, Karmazin said a combination of the sole two satellite radio players would lower, or at least cap, its prices and provide more programming choices.

For example, one network carries Major League Baseball games, and the other carries the National Football League games, but neither carries both. Sports fans would no longer have to pay to subscribe to both services or buy two different radio receivers if the entities merged, he said. Karmazin also pledged that existing radio receivers for each service would continue to work after the melding of the companies.

"We are absolutely convinced that this merger is going to be in the consumer's best interest," said the Sirius chief and former Viacom president.

Attitudes toward the proposed deal, worth about $13 billion, did not appear to be split along party lines among members of the newly created House task force, which has 10 Democrats and nine Republicans. Many opened their questioning on Wednesday with vows to keep an "open mind" about the deal but went on to question the deal's necessity and its benefits to consumers.

Task Force Chairman John Conyers (D-Mich.) pressed Karmazin to explain how he planned to persuade federal regulators that the companies will follow through on their promises.

"'Trust me' isn't going to work here, not just today, but in the longer-term examinations that you will be going through," Conyers said. "You've got some high hurdles to overcome, don't you think?"

One hurdle already lies in the licenses granted to the companies by the Federal Communications Commission. In hopes of ensuring competition, the FCC stipulated at the time that there had to continue to be more than one licensee in the satellite radio sphere. XM and Sirius would have to persuade the regulators to waive that decision.

Citing the FCC's policy decision, Rep. James Sensenbrenner (R-Wis.), the former chairman of the House Judiciary Committee, challenged XM and Sirius executives' repeated assertions that the merged entity would not constitute a monopoly.

"What you appear to be advocating is to make your merged company somewhat akin to an old regulated gas company, and I don't see where the consumer ends up benefiting in that," Sensenbrenner said.

He also questioned how the XM-Sirius plan was any different than a proposed merger between EchoStar Communications' Dish Network and Hughes Electronics' DirectTV that the FCC blocked on the grounds that it amounted to a "regulated monopoly."

Karmazin said his companies' situation was different because the satellite TV business competes with cable and not with free services like terrestrial and Internet radio. Throughout the hearing, he repeatedly challenged any suggestion that the merged companies would have incentive to raise their prices by saying, "We compete with free."

One key question in assessing the deal's impact lies in defining the satellite radio's competitors. If satellite radio is viewed as an entirely separate market, then the proposed deal would seem to amount to a situation in which a monopoly is created--at least until the next satellite player emerges. By contrast, if regulators decide it should be considered part of a broader market that includes all forms of digital and retail music, such as Internet-based and terrestrial radio, then the competitive implications would change drastically.

Sirius and XM argue the union of their two companies will not amount to a monopoly, as critics have suggested. They maintain the deal will instead allow them to compete more effectively with Internet-based and traditional broadcast radio. According to analysts' estimates, the combination could save the companies $300 million or more each year, Karmazin said.

But opponents like the National Association of Broadcasters maintain the situation is no different from the satellite TV merger situation and would create a "government-sanctioned monopoly." Speaking alongside Karmazin and representatives from consumer advocacy groups, NAB CEO David Rehr told the task force that such an arrangement would violate federal rules and would "undermine audio content competition, not enhance it."

Rep. Anthony Weiner (D-N.Y.) took issue with that characterization of the proposed deal. He said it was clear that satellite and traditional radio operators offered similar and competing services and that NAB's fight against the deal only reinforced that traditional radio operators are concerned about new competition.

The term monopoly "might serve to send shivers into the spine of regulators, but it doesn't have much effect if it has no foundation in the realities of the world today," he said.

Consumer groups' perceptions have been mixed. Mark Cooper, director of research for the Consumer Federation of America, voiced strident opposition to the deal, saying the groups he represented "remain unconvinced by the excuses we have heard to justify this merger." He said he was convinced only "head-to-head competition" would lower prices for consumers in the long run.

Gigi Sohn, president of the advocacy group Public Knowledge, told the panel that the merger could lead to consumer benefits if certain conditions are imposed. She suggested requiring the company to make a la carte or tiered programming available, agreeing not to raise prices for three years after the merger is approved, and making 5 percent of its capacity available to independently controlled, non-commercial educational and informational programming.

Rep. Rick Boucher (D-Va.) endorsed Sohn's recommendations. "This merger is very much in the public interest and should be approved with those conditions," he said.

The FCC and the U.S. Department of Justice share the ultimate responsibility of to deciding whether the deal should go through and what restrictions must be placed upon it. It's unclear how the congressional task force will fit in, although Rep. Lamar Smith (R-Texas) said he hoped the agencies will consider its findings when making their assessments.

Smith, the top-ranking Republican on the Judiciary Committee, also urged his colleagues not to "prejudge" the proposed merger. "We are at the beginning of a very long process," he said.

Sirius's Karmazin Agrees To Price Caps In XM Buy (Update3) (BLOOM)

By James Rowley And Christopher Stern

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- Sirius Satellite Radio Inc. Chief Executive Officer Mel Karmazin told skeptical lawmakers he would agree to freeze prices to gain approval of the proposed $4.51 billion purchase of XM Satellite Radio Holdings Inc.

Karmazin, testifying today at a House Judiciary Committee hearing, pledged to offer choices for consumers to lower their bills and agreed to price caps for an undetermined period.

``We are willing to talk to people about it," Karmazin said. ``If the idea of the merger is conditioned on certain restrictions, we would be open to the conditions."

Karmazin and XM Chairman Gary Parsons are trying to convince U.S. regulators that joining the only satellite radio services won't harm consumers. He drew doubts from legislators including committee Chairman Michigan Democrat John Conyers, who pointed out that past promises, such as making radios that work with both services, haven't been fulfilled.

```Trust me' isn't going to work here," Conyers, 77, said to Karmazin, who is 63. ``You've got some high hurdles to overcome, don't you think?"

The companies contend there is more competition for listeners now than when the original satellite licenses were granted, from devices such as Apple Inc.'s iPod, terrestrial radio and new high-definition stations.

``We are going to have to convince them that it is not anticompetitive," Karmazin said, referring to Justice Department and U.S. Federal Communications Commission regulators. He was speaking on behalf of XM as well as Sirius.

Broadcaster Opposition

Shares of Washington-based XM are trading 17 percent below the offer value of $16.82 in Sirius stock, an indication investors are unsure the deal will be completed. Under the agreement announced Feb. 19, each XM share would be exchanged for 4.6 shares of New York-based Sirius.

XM shares gained 4 cents to $14.36 at 4 p.m. New York time in Nasdaq Stock Market trading. Sirius was unchanged at $3.65.

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The proposal is opposed by the Washington-based National Association of Broadcasters, the industry group for free AM-FM radio.

XM and Sirius are a duopoly seeking to become a ``government-sanctioned monopoly," NAB President and Chief Executive Officer David Rehr testified today.

``They want the ability to set subscription prices for national satellite radio service without constraint from a competing service," Rehr said. ``They want to eliminate the need to compete with another national service provider to acquire programming."

`Monopoly' Debate

Rehr drew his own critics, including Democrats Anthony Weiner from New York and Rick Boucher from Virginia.

``I would like the panel to oblige me by stop throwing around the word monopoly," Weiner said.

Boucher agreed with XM and Sirius's contention that the companies compete in a broad audio entertainment market that includes broadcast radio.

``The very presence of Mr. Rehr here happens to confirm the argument that the relevant market is all of radio," Boucher said.

Lawmakers and regulators have promised to look closely at the deal because of concerns that it would create a satellite radio monopoly. House Commerce Committee Chairman John Dingell, a Democrat from Michigan, said yesterday that he planned his own inquiry in to the deal. The Senate Judiciary Committee's Antitrust Subcommittee also may to hold a hearing.

The ``critical issue is whether the relevant market is all forms of digital music or simply satellite radio," Conyers said in an opening statement. ``If we were to define the market as broadly as merger supporters advocate, what kind of precedent are we setting?"

Congress's Role

Congress doesn't have the power to block the deal, which will be formally reviewed by the Department of Justice and the Federal Communications Commission.

The companies don't need the merger to survive, Karmazin said. ``We aren't making a failing company argument," he said. Such an argument can be used to defend government charges a combination is anticompetitive.

The purchase would bring consumers lower prices and ``less confusion" amid an expansion of content, Karmazin said. He said the companies hope that ``based on the efficiencies of the merger, we could lower prices."

Critics have seized on XM and Sirius's failure to follow through on past commitments.

Conyers, who said he came to the meeting with an open mind, said the companies hadn't offered consumers radios that work with both services as they had promised, which makes it harder to switch providers. He also brought up the companies' run-ins with the FCC over receiver interference with traditional radio and with terrestrial repeaters that don't comply with designs.

To allow a satellite monopoly ``is antithetical to the antitrust laws, perhaps the worst offense against the basic principle that competition is the consumer's best friend," said Mark Cooper, director of research for the Consumer Federation of America, as part of his testimony. He said the companies could get more business by lowering prices.

Satellite Radio Merger To Create A Monopoly? (POL)

By By: Andrew Glass

Politico, March 1, 2007

If federal regulators allow the nation's two satellite radio services to merge, they will not raise prices and even try to lower them.

That pledge came Wednesday from Sirius Satellite Radio chief executive officer Mel Karmazin during a series of often sharp exchanges with members of Congress. Karmazin, the former chief of Viacom, testified for nearly two-and-a-half hours before the newly formed Antitrust Task Force of the House Judiciary Committee.

An overflow crowd of industry executives, lawyers and lobbyists packed the hearing room in the House Rayburn Office Building as Karmazin, one of five witnesses, debated the merits of letting his money-losing company combine with XM Radio in a deal that has been valued at $13 billion.

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Judiciary Committee Chairman John Conyers Jr. (D-Mich.) opened the hearing by raising concerns over what kind of precedent the government would be setting if it defined the market for satellite radio as all sources of music entertainment. However, Conyers added, “we came here with an open mind.”

Nonetheless, “`Trust me' isn't going to work here," the 77-year-old Conyers said to Karmazin, who is 63. ``You've got some high hurdles to overcome, don't you think?"

``We are going to have to convince them (the regulators) that it is not anti-competitive," Karmazin responded. While XM Chairman Gary Parsons was in the hearing room, Karmazin said he was speaking on behalf of both companies.

The two firms contend there is more competition for listeners now than when the original satellite licenses were granted. Whether or not the merger goes through, he added, satellite radio, with its 14 million customers, will continue to compete with an increasing array of audio outlets, including AM, FM and multi-channel HD radio, the Internet and a host of download-based music players, such as Apple’s iPod.

Rep. Lamar Smith (R-Tex.), the ranking member on the full committee, noted that "we are at the beginning of a long process," a point echoed by Karmazin during his own remarks.

“We are absolutely not a monopoly,” Karmazin said heatedly at one point. “We are absolutely convinced this merger will be in the best interest of consumers,” he maintained. “This merger will give consumers more choice at a lower price and more importantly, less confusion.”

Some of the most pointed exchanges occurred not with the members but at the long witness table between Karmazin and Mark Cooper, research director of the Consumer Federation of America, an advocacy group. Cooper held that, “The argument that consumers will be better off with a benevolent monopolist than competition is absurd. Cost savings will not be passed to consumers. It is competition that is the driver of innovation in this economy, and competition is the best form of protection for consumers."

Karmazin said his people had told him not to get excited and to keep his hands folded at the table. But Cooper, he felt, had gone too far. The monopoly charge, he said, “is the most bizarre thing I’ve ever heard… We are not looking to bankrupt our companies. We are not doing anything that stupid. And we’ll give back some of that saving (to our customers)”

Karmazin also “guaranteed” that current receivers would remain operable after a merger because each service had spare channels in the spectrum allocated to them by the Federal Communications Commission (FCC) a decade ago. He stopped short, however, of guaranteeing for how long the merged company would forbear raising prices, suggesting they would look to the commission and to the antitrust division of the Justice Department for guidance on that score.

Currently, the two firms currently both charge a monthly fee of $12.95 for their nationwide packages of music, talk, and sports programming than span more than 100 channels.

Karmazin also said he was not asking for a bailout on the basis of a “failed company argument,” despite combined losses exceeding $7 billion. Life, he added, would go on for Sirius and XM if the government turned them down.

During the hearing, David Rehr, president of the National Association of Broadcasters, referred to the possibility of a combined Sirius and XM several times as a "government-sanctioned monopoly." The radio satellite firms have long had a testy relationship with the NAB over such issues as whether they could offer their customers local real-time traffic and weather information. (The FCC had ruled that they could so long as that information remained universally accessible.)

Charles Biggio, a partner in antitrust and trade regulation with law firm Wilson Sonsini Goodrich and Rosati, said the amalgamation could be deemed legal under the antitrust laws, even if it controls 100 percent of the satellite market, as long as there is no anti-competitive effect. But he added it remained to be seen whether this is the case.

Gigi Sohn, president and co-founder of Public Knowledge, a Washington D.C.-based advocacy group, said that competition between XM and Sirius has left both companies financially drained and that a merger could benefit consumers.

Sirius CEO Pledges To Congress On Prices (AP)

AP, March 1, 2007

Sirius CEO Makes Pledges to Congress on Service, Prices

WASHINGTON (AP) -- A merger between Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. wouldn't lead to less choice or higher costs for listeners, the chief executive of Sirius told Congress Wednesday.

In his written testimony submitted to the Antitrust Task Force, a body comprised of House Judiciary Committee members, Sirius Chief Executive Mel Karmazin pledged that consumers would not lose out as a result of the $13 billion merger.

"We operate in an intensely competitive environment that will continue to intensify post-merger -- and continue to provide an inherent check on programming as well as pricing," said Karmazin's statement.

In his opening remarks, Judiciary Committee Chairman and head of the task force, Rep. John Conyers, D-Mich., said that while he was approaching the matter with an open mind, the burden of proof lay with the companies to convince Congress of the merits of the deal.

He said the "critical threshold" was whether the market that the two satellite companies compete in is "all forms of digital and retail music and radio, or simply satellite radio."

Conyers' statement went on to say that from one perspective, the merger "can be said to turn a duopoly into a monopoly."

When satellite radio was licensed a decade ago, Sirius and XM were granted the only two licenses. In exchange, Federal Communications Commission rules stated that the two wouldn't be allowed to merge in the future.

Sirius and XM have argued that in the ensuing 10 years, the market has changed substantially and they are no longer just competing against each other.

The Department of Justice's antitrust task force would have to approve the merger and FCC rules would have to be changed to allow the deal before it could receive final approval.

Karmazin was appearing before the inaugural hearing of the task force alongside David Rehr, chief executive of the National Association of Broadcasters, and representatives of consumer groups.

The NAB, which represents mainly smaller radio and television broadcasters across the U.S., is a fierce opponent of the deal.

"The proposed merger must be rejected," said Rehr in his opening statement. "Public policy should never allow one entity to acquire state-sanctioned, monopoly control over the 25 megahertz of spectrum allocated to satellite radio service."

Taking a somewhat less strident view was Gigi B. Sohn, president of public interest group Public Knowledge.

In her opening statement, she said that the merger should be given the green light only if it met three conditions.

It must make available pricing choices such as channel-by-channel subscriptions or tiered programming; it must hand over 5 percent of its capacity to noncommercial educational programming; and it should agree to not raise prices for three years after the merger was granted approval.

Corporate Lawyers Urge Clarity In Antitrust Law (LAW)

Legal Times, March 1, 2007

Bundled products, sales of services are the focus

Top lawyers for General Electric Co. and Eastman Kodak Co. told federal regulators last month that companies need more clarity in antitrust laws when it comes to the sale of products bundled in a discounted package deal, and to the sale of services and parts for a product.

"Companies are concerned that the rules aren't clear," Ronald Stern, vice president and senior counsel for antitrust at General Electric, said in an interview after the hearing.

Testifying in Chicago at a panel organized by the Federal Trade Commission and the Department of Justice's Antitrust Division, the attorneys said regulators should help companies better understand when they might be stepping over the antitrust line in the two areas.

Previous court rulings have left the law ambiguous on when corporate behavior may violate Section 2 of the Sherman Antitrust Act and make companies vulnerable to lawsuits by competitors, the lawyers said.

AMICUS ENCOURAGED

They encouraged the agencies to file amicus briefs in court cases or to issue additional guidelines to make the law clearer.

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"These two areas are a clear problem for companies like Kodak," Patrick Sheller, the chief compliance officer at Eastman Kodak, said in an interview after the hearing.

David Balto, a former Federal Trade Commission policy director and a lawyer in Washington, agreed that amicus briefs could shed light on how companies are expected to follow the law, especially because most antitrust decisions occur in lower courts.

BUNDLING CONFUSION

The price-bundling issue has come up in the courts more frequently than the aftermarket issue and therefore has created greater potential for liability, said Herbert Hovenkamp, an antitrust professor at University of Iowa College of Law.

"The courts have been all over the place on bundling," Hovenkamp said.

Sheller told the panel that the line between the legal "bundling" of products and the illegal "tying" of products has been blurred.

In bundling, a seller will offer a discounted price on the sale of two different products together, while in tying the seller requires the purchase of one product in order to get another product.

Much of the confusion stems from the 3rd U.S. Circuit Court of Appeals' 2003 decision in LePage's v. 3M, nos. 00-1368, 00-1473, in which 3M Co. was found to have violated Section 2 by bundling its transparent tape with other products.

The decision "didn't leave a clear standard," Sheller said. "Plaintiffs lawyers will try to take advantage of it."

The key questions are: What legal test is there for determining when bundled pricing violates antitrust law? And in which market situations would it apply?, Stern said.

He suggested to the panel that perhaps bundling shouldn't be considered problematic in markets where sellers engage in competitive bidding or negotiations.

Lawmakers Take Aim At Gas Price Gouging (AP)

By H. Josef Hebert, Associated Press Writer

AP, March 1, 2007

Although gasoline prices have dropped sharply from last summer, 79 lawmakers sought to send a message Wednesday, introducing a bill that would impose stiff penalties on oil and gas companies for price gouging.

With prices at the pump rebounding in recent weeks, Rep. Bart Stupak, D-Mich., said he's worried "this summer prices may once again exceed $3 a gallon."

The bill introduced by Stupak and 78 other members of the House would establish the first federal law against price gouging by oil and gas companies, imposing criminal penalties and fines of up to $150 million for corporations and $2 million on individuals.

The House passed a similar bill last year, but it died in the Senate.

The Federal Trade Commission would be given authority to investigate price gouging in the sale of crude oil, home heating oil, propane and natural gas.

"The FTC has never brought a gas price gouging case to court," said Stupak.

In fact, the agency has no authority to do so since there is no federal energy price gouging law. FTC investigations into crude oil or gasoline pricing have focused on whether companies have colluded in violation of antitrust laws.

Last year, FTC Chairwoman Deborah Platt Majoras said a federal law against oil company price gouging would be difficult to enforce and could hurt consumers by causing fuel shortages.

She said price gouging is difficult to define and courts have refused to address the question of what is a "reasonable" price in a free market. She maintained it may be difficult to determine what price hikes are legitimate.

Twenty-nine states have price gouging statutes, but they vary widely and some go into effect only in an emergency.

Retail gasoline prices have increased 13 cents a gallon on average nationwide in the past two weeks as the price of crude oil also has been rising. The oil industry has repeatedly disputed allegations of price gouging, saying prices at the pump reflect supply and demand, and mostly the cost of crude oil.

Genworth Financial Unit Gets 2 Subpoenas (MRKTWTCH)

DOJ_NMG_0138312

By Antonie Boessenkool

Market Watch, March 1, 2007

Genworth Financial Inc. disclosed Wednesday that a subsidiary received two subpoenas in November related to probes into the sale of guaranteed investment contracts to municipalities.

The subpoenas, a grand jury subpoena from the Antitrust Division of the U.S. Justice Department and a subpoena from the Securities and Exchange Commission, require the unit to turn over information related to investigations into alleged bid-rigging involving the sale of the investment contracts, according to Genworth's annual report filed with the SEC.

Genworth said it doesn't issue these contracts to municipalities. But the insurance company said that from January 2004 to December 2006, the subsidiary provided management and administrative services to a third party that does issue the contracts to municipalities.

Genworth said it plans to cooperate fully with the investigations.

Terex Gets Subpoenas From Justice Department On Equipment Pricing (MRKTWTCH)

By Patricia Kowsmann

Market Watch, March 1, 2007

Terex Corp. disclosed Wednesday that it received subpoenas from the U.S. Department of Justice over some equipment pricing.

In its annual report filed with the Securities and Exchange Commission, the Westport, Conn., the manufacturer said the subpoenas relate to the DOJ's investigation into pricing practices in the rock crushing and screening equipment industry.

Terex said it cooperating fully with the investigation. It didn't provide further information.

Shares of the company closed Wednesday at $65.88, up 78 cents.

Marks & Spencer's Rose Is Considering Sainsbury Bid (Update3) (BLOOM)

By Neil Craven And Angharad Couch

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- Marks & Spencer Group Plc Chief Executive Officer Stuart Rose said he's considering bidding for J Sainsbury Plc, Britain's third-biggest supermarket chain.

Rose, who runs the U.K.'s largest clothing retailer, said he was speaking to customers about an offer for Sainsbury, which has a market value of 8.8 billion pounds ($17 billion). ``You do get quite an interesting response," he said in a presentation to a London conference held by Retail Week magazine today.

His remarks follow three weeks of speculation that Marks may seek to buy Sainsbury to create a retailer with more than 1,000 outlets. An offer may spark a bidding war with CVC Capital Partners Ltd., Blackstone Group LP and Kohlberg Kravis Roberts & Co., which said Feb. 2 they were considering an offer for Sainsbury in what would be Europe's biggest buyout.

``Assets like this don't come on the market very often," Rose said today. ``The company is effectively in play. Your shareholders would think you were an idiot if you didn't consider it. Watch this space."

Marks said in an e-mailed statement following Rose's remarks that its board had considered bidding for Sainsbury and didn't intend to make an offer ``at this time." The retailer said it reserved the right to announce a bid or possible bid within the next six months if Sainsbury's board recommends an offer or if a ``firm" approach by the CVC group or another suitor is made.

Property Partner

Sainsbury shares have surged 15 percent since the private- equity companies said they were interested in the retailer. Spokeswoman Pip Wood declined to comment to Bloomberg today.

For a transaction to work, Marks would need a partner to buy Sainsbury's property, enabling the company to acquire the operating grocery business relatively cheaply, Numis Securities' Steve Davies has said. Marks might achieve 300 million pounds of cost savings from a deal, according to Davies, who estimates Sainsbury's property is worth 7.5 billion pounds.

Sainsbury Chief Executive Officer Justin King has cut prices and added fresh food to halt three years of declining profit and stem a loss of market share to larger rival Tesco Plc, which has more than 3,000 U.K. outlets.

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London-based Marks & Spencer is 18 months into a recovery that followed two years of declining same-store sales. Rose has also expanded his company's range of fresh food, as well as commissioned renovated stores and revamped women's fashions.

`Glass of Wine'

``Stuart Rose has got to think where the next leg of his growth is going to come from," Chris Gower, an analyst at Man Securities in London, said today. ``It's a good strategic fit. They have a fairly similar customer base as Sainsbury, and a fairly strong brand in the middle market."

Marks & Spencer would also have to overcome hurdles from antitrust regulators if it were to buy Sainsbury, analysts including Gower have said. William Morrison Supermarkets Plc, which bought Safeway Plc in 2004 to become Britain's fourth-largest food retailer, was forced by regulators to sell stores.

``It's one thing talking about something over a glass of wine," Rose said today of a possible bid. ``It's another thing going down that road."

Combination Risks

Some analysts have said a combination between the two brands could be risky. The different product offerings and images may alienate customers, Deutsche Bank AG's James Collins said in a Feb. 22 report to investors. Sainsbury offers a full food range at competitive prices, while Marks's food is limited and highly priced, he said.

``Marks & Spencer shoppers might feel their brand would be cheapened," he wrote. ``Sainsbury shoppers would be quick to accuse it of becoming too expensive whenever it pushed through any price rises."

Marks & Spencer, which owns more than 400 stores across the U.K., has added stand-alone food outlets known as Simply Food and delicatessen bars and cafes in other stores. Food makes up about 50 percent of the company's total sales.

Marks controls 11 percent of the U.K. clothing market, with Wal-Mart Stores Inc.'s Asda in second place at 8.2 percent, followed by Tesco at 8.1 percent, according to Taylor Nelson Sofres Plc. Sainsbury's share is about 1 percent.

A takeover of Sainsbury by private equity companies would probably top the 11.8 billion-euro acquisition of Danish phone company TDC A/S in November 2005, currently the biggest European private-equity purchase. It would also be the first buyout of a company in Britain's benchmark FTSE-100 index.

Marks & Spencer held internal talks about a possible bid for Sainsbury, London's Times newspaper reported Feb. 7, citing unidentified people within the retailer. The Sunday Telegraph newspaper said Feb. 18 Marks had discussed jointly bidding with funds backed by the Persian Gulf state of Qatar.

Marks shares fell less than 0.1 percent to 675 pence today, giving the company a value of 11.5 billion pounds. Sainsbury shares fell 6.25 pence, or 1.2 percent, to 511.25 pence.

A&P Parent Negotiates To Buy Pathmark (MRKTWTCH)

By Angela Moore, Marketwatch

Market Watch, March 1, 2007

NEW YORK (MarketWatch) -- Great Atlantic & Pacific Tea Co. said it is negotiating to acquire smaller rival Pathmark Stores Inc., as A&P looks to expand its footprint in the competitive supermarket industry.

Under the terms of the proposed deal, announced Tuesday, Pathmark shareholders would receive $12.50 a share in cash and stock.

Shares of both companies fell in midday trading Wednesday, after moving sharply higher ahead of the announcement. Pathmark shares were down 2% at $11.71, while A&P saw its shares drop 3.4% to $32.03.

The Montvale, N.J., company , which operates A&P, Waldbaum's and Food Emporium, said no final agreement has been reached. The sale would require shareholder and regulatory approvals, including federal and state antitrust clearances.

"We have long held that consolidation in the market was necessary and that Pathmark and A&P made the most logical choice for a combination," Bear Stearns analyst Westcott Rochette wrote in a note to clients, after raising the year-end price target on A&P to $40.

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Based on the number of shares outstanding when Pathmark reported its third-quarter results, the deal is valued at about $651 million.

Goldman Sachs analyst John Heinbockel said the proposed deal makes sense, but warned against too much optimism.

"We continue to believe that the combination, while likely to unlock significant cost take-out synergies, carries certain risks," Heinbockel said. "These would include systems conversions, banner changes, and the execution of a much-needed, stepped-up capital program."

News of the negotiations comes as grocery stores are struggling to compete with high-end specialty operators, including Whole Foods Markets Inc. , Trader Joe's and Wegman's, as well as discount giants such as Wal-Mart Stores Inc. Last week, Wild Oats Markets Inc. agreed to be acquired by larger rival Whole Foods. See archived story.

The grocery store category is also highly competitive, and rivals such as Safeway Inc. and Kroger Co.have been remodeling and updating stores.

Pathmark, Carteret, N.J., operates 141 supermarkets, mostly in the New York, New Jersey and Philadelphia metropolitan areas. A&P operates 410 stores in nine states.

Ron Burkle's investment vehicle, Yucaipa Cos., holds a large stake in Pathmark, as well as an 18% stake in Wild Oats. Before the Whole Foods and Wild Oats deal was announced last week, there had been market talk that Pathmark and Wild Oats might merge.

Oracle Deal For Hyperion Is Expected (NYT)

By Andrew Ross Sorkin And Michael J. De La Merced

The New York Times, March 1, 2007

Oracle is near a deal to acquire Hyperion Solutions, which makes software that allows corporations to analyze and track their performance, for more than $3.1 billion, according to people briefed on the deal.

The acquisition is expected to be announced as early as today, these people said.

The deal would be the latest trophy in a lengthy string of acquisitions by Oracle, the database software giant that has been struggling to grow from within.

In December, Oracle posted strong earnings growth for its second fiscal quarter, but its growth in license sales disappointed investors. The company said at the time that it had failed to close some crucial licensing deals during the quarter. License sales rose 28 percent in the quarter, but that was down from 80 percent growth in the previous quarter.

Exact terms of the deal could not be learned last night.

Shares of Hyperion slipped 25 cents yesterday in regular trading, to $42.84, giving it a market value of about $2.5 billion. Oracle shares closed at $16.43, up 14 cents. Representatives for Oracle, which is based in Redwood City, Calif., and Hyperion, with headquarters in Santa Clara, Calif., could not be reached for comment.

Oracle has long been known as one of the most aggressive acquirers of technology companies.

Led by Lawrence J. Ellison, who sees acquisitions as a tool for growth, the company has at times seemed on the verge of gobbling nearly every rival in the business software market. In the last three years, Oracle spent more than $20 billion on acquisitions, including buying two of its most formidable competitors, PeopleSoft and Siebel.

PeopleSoft, the company Oracle fought over for nearly two years, was its most notable deal.

In December 2004, after a battle for control that grew nasty, Oracle finally acquired PeopleSoft for about $10.3 billion, becoming the second-largest maker of business-management software.

The day after completing the deal, Oracle fired four top officers of PeopleSoft.

Since that deal, Oracle’s appetite has been unsatiated. In 2005, the company bought a stake in I-flex Solutions, a maker of financial software based in Mumbai, India, for a reported $909 million.

Within the last year, Oracle has struck a series of deals, including a $5.9 billion acquisition of Siebel Systems and a $440 million purchase of Stellent last year.

Hyperion would be one of the last pieces to complete Oracle’s strategy. Founded in 1981 as IMRS, Hyperion has grown into one of the biggest makers of business analysis software through its Hyperion System 9 suite.

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For the 2006 fiscal year, the company reported $765 million in revenue.

Hyperion itself has grown through a series of deals, notably a 1998 merger with Arbor Software that brought the popular Essbase database software program into its fold.

Hyperion has long been speculated about as a merger partner with Business Objects, another business analysis software maker, according to analysts.

Indeed, the two companies held talks this year, but those negotiations collapsed over price and other issues, people briefed on them said.

Oracle has talked to half a dozen companies recently about acquiring them, according to people familiar with those talks. Hyperion has long been on that list.

Last year, The Mercury News in San Jose ranked Hyperion's executive chairman, Jeffrey R. Rodek, as No. 49 among the highest-paid executives in Silicon Valley.

Mr. Rodek, who became chairman and chief executive in 1999 and executive chairman in 2004, received $11.01 million in compensation in 2005, including salary and stock options.

Record Labels Go After USC Downloaders (LAT)

By Dawn C. Chmielewski And Jim Puzzanghera, Times Staff Writers

The Los Angeles Times, March 1, 2007

If they don't quit illegally downloading music, some USC students may end up having to fight on … in court.

The record industry's main trade group said Wednesday that it was mailing letters to 20 of the school's students whom it had identified as bootleggers.

The letters warn that an expensive lesson awaits if the students don't stop the practice. Settle, the dispatches say, or be sued.

The mailings are part of a stepped-up legal fight by the Recording Industry Assn. of America against music downloading amid indications of a dramatic increase in the number of songs exchanged illegally via the Internet.

The association said that overall it was sending 400 warning letters to students at 13 universities and that it expected to sue several thousand students.

"We'd rather not be doing these lawsuits … but the fact remains that the college environment is one that has rampant piracy," said association Chairman Mitch Bainwol.

Omar Riza, 21, a USC student from Aliso Viejo, said a friend of his was one of more than two dozen USC students sued by the trade group in 2005 for using file-sharing site i2hub. The industry demanded $21,000 in compensation for the downloaded songs, but later reduced that amount to $3,000, Riza said.

"This is an intellectual property issue," Riza said. "This isn't a crime of murder."

But others, such as Christina Carey, 19, believe that the industry has the right to go after students who illegally download.

"They're getting robbed," said Carey.

She said she never illegally downloaded music, but acknowledged there was a thin line between sharing and pirating. Carey makes CDs for friends, she said, but some of them won't accept copies of CDs even as gifts.

The mailings, which the industry calls "pre-litigation settlement letters," are being sent to each student's school. They warn that a suit might be filed against one of the school's students or employees and asks that the letter be immediately forwarded.

The student or employee then can settle for a smaller payment than the industry would seek in a lawsuit. The association says it will continue sending out 400 letters a month to universities where illegal downloading occurs on the schools' computer systems.

"We heard often from those who were caught in a lawsuit they wanted a way to settle earlier and wanted a way to avoid having anything part of a record in federal court," said Steven Marks, the industry group's general counsel.

The settlements would require the person to agree not to illegally download music in the future and pay an undisclosed amount that is "substantially less than people are paying now," Marks said.

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USC received an e-mail Wednesday from the the trade group about the notices but hasn't received any yet, university counsel Kelly Bendell said.

In the past the industry would issue a subpoena to USC seeking to learn the name of the person corresponding with the numeric Internet address of a suspected downloader, Bendell said. The school would notify the student that it had received a subpoena, and alert the student that he or she could file a motion seeking to quash it. Otherwise, the school would disclose the person's name.

Now, it appears that the industry wants the school to notify the student that it would like to negotiate a settlement before a suit is filed, Bendell said.

"I don't know yet how we'll handle that," said Bendell. "Most likely, we would go ahead and notify the student. Obviously, we would not turn over their names without receiving a subpoena."

Other universities getting the letters include Arizona State, Syracuse, Nebraska, Tennessee, Texas and Massachusetts.

Students Face RIAA Lawsuits (WSJ/AP)

Associated Press

The Wall Street Journal, March 1, 2007

LOS ANGELES -- The recording industry's trade group said Wednesday it will give hundreds of college students suspected of illegally sharing music online a chance to reach settlements before being sued for copyright infringement.

The move comes as the industry seeks to stamp out what it is says is rampant music piracy on campuses.

The Recording Industry Association of America said it was sending letters offering discounted settlements to 400 computer users at 13 universities. The group intends to send hundreds of such pre-litigation letters to university computer users every month.

"The theft of music remains unacceptably high and undermines the industry's ability to invest in new music," said Mitch Bainwol, chairman and CEO of the association. "This is especially the case on college campuses."

The letters targeted students at Arizona State University, Marshall University, North Carolina State University, North Dakota State University, Northern Illinois University, Ohio University, Syracuse University, University of Massachusetts, Amherst, University of Nebraska, Lincoln, University of South Florida, University of Southern California, University of Tennessee, Knoxville, and University of Texas, Austin.

Privately Held New York, Boston Power Producers Merge (Update4) (BLOOM)

By Jim Polson

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- Astoria Generating Co. and EBG Holdings, closely held owners of power plants in New York City and Boston, said they will merge in a move designed to capitalize on rising regional power demand and limited supply.

The newly formed entity, U.S. Power Generating Co., will be run from New York by Astoria Chief Executive Officer Jacob Worenklein, the companies said today. Hedge funds that own EBG will get 54 percent of the closely held company. Astoria owners, including Madison Dearborn Partners LP and the Hunt Oil family, will get 46 percent. Other details of the agreement weren't disclosed.

The combined value of the plants held by the two companies may be worth $4.25 billion to $5 billion, analysts said. Combined output will be about 5,000 megawatts.

``You've got two great, growing and constrained metropolitan areas, so they are both very attractive generation markets," said Barry Sullivan, vice chairman of New York-based K Road Power, which has run the Boston plants since Dec. 31, 2005. ``This gives a bigger platform to operate both sets of assets and others we'd hope that will become available over time."

Astoria Generating's three plants supply 20 percent of New York City's power supply and EBG's five plants meet half the electricity needs of Boston, the companies said. U.S. Power Generating expects to benefit from tariffs regulators plan to impose on power customers to encourage costly construction of plants and power lines as both metropolitan areas grow. Power demand in New York and Boston probably will rise 2 percent a year, Sullivan said.

Regional Demand Growth

DOJ_NMG_0138317

Rising electricity demand and planned plant retirements may leave the New York City area short of generating capacity needed to meet demand on the hottest days as early as next year, the New York Independent System Operator, which runs the state's power grid, said in August.

The deal may be worth $4.25 billion to $4.5 billion based on recent power plant sales, said Steve Thumb, principal at Energy Ventures Analysis Inc. in Arlington, Virginia, a consultant to companies that buy and sell power plants.

U.S. Power valued the deal at $5 billion, or $1,000 a kilowatt of capacity. That would be among the highest prices paid for gas-fueled plants with contracts that lock in fuel costs and power sales, said Jeff Bodington, Chief Executive Officer at Bodington & Co., a San Francisco-based investment bank that specializes in power-plant deals.

Contract details on the plants will not be released, Sullivan said.

Little Golden Apples

``There's an argument to put these in the top half by value because they are little golden apples," Thumb said. ``You have a pretty good market up there because they use the damn plants unlike other areas where they were overbuilt. And those cities are so landlocked those plants will be there forever. They're not going to be replaced by the next new technology."

The combination needs approval of EBG shareholders, the New York Public Service Commission, the Federal Energy Regulatory Commission, and federal antitrust approval, Sullivan said. The deal is expected to close by midyear, Sullivan said.

Credit Suisse Group advised Astoria and Lehman Brothers Holdings Inc. advised EBG.

Days After TXU Deal

The merger comes two days after TXU Corp., the largest electricity supplier in Texas, agreed to be purchased by a private investor group led by Kohlberg Kravis Roberts & Co. and Texas Pacific Group for $45 billion, a record leveraged buyout.

Astoria owns Astoria Generation Station, Gowanus Gas Turbine Facility and Narrows Gas Turbine Facility, divested by utility owner Consolidated Edison Inc. under a state law opening power markets to competition and purchased from Reliant Energy Inc. in 2005.

EBG owns Boston-area plants that Chicago-based Exelon Corp. handed over to banks in 2004 after problems with their completion and financing. Sithe Energies Inc. had begun the projects before it was purchased, by Exelon.

``Hedge funds began to take pieces of the equity and we ultimately made a deal to buy a minority piece and the management, Sullivan said.

EBG has 75 shareholders, and 15 of those would control 75 percent of the company, he said. He declined to name EGB's owners.

Antitrust Probe For ECB Settlement Platform (FT)

By Tobias Buck In Brussels

Financial Times, March 1, 2007

A controversial plan by the European Central Bank to set up and operate a new system for settling share and bond trades in the European Union will come under close scrutiny by the region's top antitrust watchdog.

In an unusual move that adds to the uncertainty surrounding the new regime, the European Commission told EU finance ministers this month that the central bank was not exempt from antitrust laws.

It also told them that the Commission's competition department would carefully examine the so-called Target 2 Securities system - a process that could delay the introduction of the new platform.

Though the Commission does not have concrete concerns at this stage, a probe would most likely focus on whether the ECB system constituted a restrictive business practice or an abuse of monopoly power in violation of EU antitrust rules.

"Economic activities are subject to competition law irrespective of whether they are undertaken by private companies or by public authorities and other institutions," the spokesman for Neelie Kroes, EU competition commissioner, said. "We have informed the financial services committee [the body that prepares meetings of EU finance ministers] that the ECB is not exempt from competition rules."

He added: "The ECB proposal has not been finalised, and we would not necessarily find the system incompatible with EU competition rules. It could turn out to be pro-competitive. But we would want to examine it carefully."

DOJ_NMG_0138318

The Frankfurt-based central bank is already facing criticism for its proposal to set up and operate a system that would compete directly with private-sector settlement providers such as Euroclear and Clearstream.

The ECB's regime is intended to provide a central platform for settling trades in Euro-denominated securities. The bank argues that it would be cheaper and easier to use than the patchwork of different national settlement systems.

But in a move that highlighted growing concern about the project's implications for Europe's capital market, EU finance ministers on Wednesday called on the bank to provide more information on the expected costs and benefits of the project.

Though the ECB does not need the governments' approval to move ahead with Target 2 Securities, it confirmed on Wednesday that it would conduct further work on the scheme and report back to ministers. The bank had originally hoped to reach a final decision on the system next month - a target date it has now abandoned.

Ms Kroes' intention to examine the regime's compatibility with antitrust rules may turn out to sit uncomfortably with the Commission's general support for a more integrated clearing and settlement regime in the EU. Brussels last year published a report that identified the high cost of cross-border clearing and settlement as a crucial obstacle for the creation of more integrated European capital market.

Stock exchanges and settlement providers reacted by agreeing to make their regimes work together more smoothly and to "unbundle" clearing and settlement services from other activities such as trading.

EU Clears BAWAG Sale To Cerberus Group (AP)

AP, March 1, 2007

EU Clears Sale of Austria's Troubled BAWAG Bank to Cerberus-Led Group

BRUSSELS, Belgium (AP) -- EU regulators on Wednesday cleared the sale of Austria's BAWAG, the troubled bank linked to collapsed commodities broker Refco, to a consortium headed by private equity fund Cerberus Capital Management.

The European Commission automatically cleared the deal after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days.

Cerberus and others agreed in December to pay 3.2 billion euros ($4.23 billion) for the bank, Austria's fifth largest.

The bank's current owner, trade union federation OeGB, will get 2.6 billion euros ($3.44 billion) of that with the rest serving as an injection of capital for BAWAG P.S.K.

The consortium -- which includes Wuestenrot, the Austrian branch of Assicurazioni Generali SpA, Oesterreichische Post and a small group of industrialists linked to Hannes Androsch, a former Austrian finance minister -- plans to expand the bank throughout Europe.

BAWAG, formally known as the Bank Fuer Arbeit und Wirtschaft AG, lost more than a billion dollars in soured currency speculation deals in the Caribbean and has been under investigation for loaning Phillip Bennet, the former CEO of Refco Inc., several hundred million dollars just before the brokerage filed for bankruptcy protection last year.

It agreed in June to pay at least 530 million euros ($675 million) to avoid prosecution and to settle bankruptcy claims after admitting its role in Refco's collapse.

In October, the Vienna public prosecutor's office said it had filed charges against nine people connected to BAWAG, including Helmut Elsner and Johann Zwettler, both former heads of the bank, as well as investment banker Wolfgang Floettl and Robert Reiter, a former auditor.

Broadcom V. Qualcomm Battles Wage On (OCR)

By John Gittelsohn, The Orange County Register

Orange County (CA) Register, March 1, 2007

The semiconductor giants settled four patent disputes out of court last week, but are far from resolving other property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday.

Broadcom Corp. and Qualcomm Inc. settled four patent disputes out of court last week, but the Southern California semiconductor giants are far from resolving their antitrust and intellectual property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday.

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"That was just a piecemeal separate peace," said Lou Lupin, executive vice president and general counsel for Qualcomm, the San Diego telecom chipmaker.

Broadcom and Qualcomm still have five outstanding patent infringement cases and three antitrust actions in U.S. federal courts, the European Community and South Korea. One of the next cases is scheduled for opening arguments in federal court in Santa Ana in May.

In addition, Broadcom still has 12 patent disputes against Qualcomm, and Qualcomm still has six against Broadcom, said David Rosmann, Broadcom's vice president for intellectual property litigation. "It's just a paring down," he said.

Irvine-based Broadcom launched the legal war in 2005 amid frustration over negotiating licensing agreements for technology in 3G or WCDMA mobile phones, a new generation of phones that perform multiple tasks such as transmitting high speed video. Qualcomm pioneered the technology that became the industry standard.

In its antitrust cases, Broadcom argues that Qualcomm wants to monopolize the next generation of mobile phones by charging excessive royalties. Broadcom's attorneys say Qualcomm employed the same tactic to control more than 90 percent of the chips in the current generation of mobile phones used by such companies as AT&T, Sprint and Verizon.

"Broadcom didn't like the way (the royalty negotiation) was going so it instituted litigation and Qualcomm responded with litigation of its own," Lupin said.

In its patent-infringement cases, Broadcom argues that Qualcomm has refused to pay for using its technology. In its countersuits, Qualcomm contends that Broadcom is trying to enter a field plowed by Qualcomm without paying a fair price.

Rosmann noted that Broadcom prevailed over Qualcomm in a U.S. International Trade Commission patent infringement ruling and a patent infringement case in U.S. District Court in San Diego.

"We're 2-0," he said.

Qualcomm has set aside $200 million for all of its litigation in 2007. Broadcom's attorneys declined to specify the cost of litigation. Qualcomm also hired former U.S. attorney Carol Lam to head up its litigation process against Broadcom and cell phone maker Nokia, which has also filed separate antitrust claims against Qualcomm.

"The litigation is all about posturing for market position," Lupin said. "I would not characterize it as par for the course. We have 140 to 150 licensing agreements, almost all without litigation. This is the exception – a rare exception – to the rule."

Mark Nelson, a Washington, D.C., attorney who represents Broadcom in its antitrust cases, said a lot of companies do business with Qualcomm because they have no choice.

"It's not surprising companies feel compelled to deal with a monopolist, he said. "It doesn't mean they're satisfied."

By challenging Qualcomm, Broadcom's attorneys said, other companies – and consumers – will have more choice in their future phones.

Contact the writer: 714-796-7969 or jgittelsohn@ocregister.com

Why Big Isn't Bad (WSJ)

By Cécile Philippe

The Wall Street Journal, March 1, 2007

The world's No. 1 chipmaker, Intel, has been the target of a series of antitrust probes and lawsuits around the globe. Among them is a five-year investigation by the European Commission that has included raids on the company's European offices and may yet lead to formal legal proceedings. Japan's Fair Trade Commission has already condemned Intel for "unfair" practices and urged it to change its ways. Authorities in South Korea and the U.S. are also probing the California-based company.

The concomitant nature of these cases owes nothing to serendipity. They were all triggered following antitrust complaints filed by Intel's arch-rival, Advanced Micro Devices Inc. AMD alleges that Intel's practice of inviting its major customers to sign exclusive contracts in exchange for significant rebates and discounts is anticompetitive. In the European Commission, AMD has an audience that has been sympathetic to such accusations before, as in the cases of the pharmaceutical firm Hoffmann-Roche in 1979 or the tire manufacturer Michelin in 2003.

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These commercial tactics are actually common practice. Intel's case, however, is allegedly different in that the firm enjoys a "dominant position" in the market for microprocessors, with 80% of sales by unit volume. It is because of this "dominant" status that competition regulators might regard Intel's practices with suspicion and ordain that it end them.

The legal premise is that a company with such a large market share can use its size to put competitors out of business, perhaps by lowering its prices to a point at which they cannot compete, and then foist higher prices upon helpless customers. The soundness of this theory is debatable even on philosophical grounds -- if the new monopolist suddenly raises prices, why would its old competitors not get back into the game? -- but there is empirical evidence that Intel's practices have not made it immune to competition.

Sure, Intel has gained ground in Japan thanks in part to the discount and rebate practices in began there in 2002. Its market share there rose to 89% in 2004 from 76% a year earlier. World-wide, though, Intel is losing ground to AMD, whose market share grew to 25.3% at the end of 2006, compared with 23.3% in 2005. The company announced that it would have to reduce its global staff by 10,000 workers by the middle of this year.

In any case, there's an inherent contradiction in this "big is bad" application of competition law. Firms are allowed to use certain practices in order to grow their business and reach the top of their industry. But then, suddenly, these practices become illegal once their goal has been achieved. How can this be right? From an economic point of view, the intensity of competition should not be measured by market share alone. The most important thing is to see that entry into the market remains free -- that is, that regulatory measures do not impede companies from joining the fray.

Intel has chosen to engage in drastic price cuts in order to win more business, and in some cases it has conditioned these price cuts on exclusivity agreements. However, it's important to note that a customer won't agree to such arrangements unless it sees a benefit for itself as well as Intel. The purchasing firm's decision is partly a function of competing offers, but in the end it will opt for those products that it expects to be attractive to its own consumers. This is certainly the reason why, despite Intel's offers and market dominance, the world's leading PC distributor, Dell, recently ended a 7-year-old exclusive contract with Intel, deciding instead to to distribute AMD's opteron chip. Moreover, server makers Hewlett-Packard, Sun and IBM, among others, increasingly are rolling out new products with AMD, not Intel, inside. At the end of the day, the success of Intel or AMD depends on their ability to meet the needs and expectations of their customers, whether they favor innovative products or cheaper products.

The market for microprocessors is regarded as one of the most dynamic in the economy. For several decades, it has been characterized by dazzling innovations and no less spectacular price cuts. Today's chips can process up to 50 billion instructions per second; just a decade ago, they could handle only 500. (The evolution for the number of transistors inside has been similar.) All this has occurred even though there are only two major players on the stage today.

In weighing Intel's business model and practices, it is vital that regulators leave room for the free play of competition and, even more important, let the market judge the management decisions of the different players in a given industry. There is no guarantee that Intel's strategy will prove to be the best one, especially if AMD or other firms provide better value to consumers. What is anticompetitive is the worrying trend of companies' asking regulators to level the playing field, rather than trying to win in the marketplace.

Ms. Philippe is director general of Institut économique Molinari, a think tank in Brussels and Paris.

ENVIRONMENT:

Lawsuit Aims To Block 2nd Marina At Lake Pleasant (AZREP)

By Scott Wong, The Arizona Republic

Arizona Republic, March 1, 2007

The owner of the lone marina at Lake Pleasant sued two high-ranking federal officials in U.S. District Court Tuesday in an effort to halt construction of a new marina at the far north Peoria lake.

Paradise Valley businessman David Maule-Ffinch and his Pensus Group filed suit against Robert W. Johnson, commissioner of the U.S. Bureau of Reclamation, and Dirk Kempthorne, secretary of the U.S. Department of the Interior.

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The lawsuit came on the same day the $20 million marina cleared its largest bureaucratic hurdle. Reclamation officials on Tuesday said they determined Scorpion Bay Marina & Yacht Harbor would have no significant impact on the environment and that the agency would not undertake a complete environmental review of the project.

advertisement

In his 13-page suit, Maule-Ffinch claimed that Reclamation — the arm of the Interior Department that owns Lake Pleasant and other waterways — broke federal law when it failed to require that Maricopa County conduct a competitive bidding process for the construction and management of the new marina.

A provision in a 2002 request for proposal banned Pensus and other potential bidders that had any business interests next to or around Lake Pleasant Regional Park, which the county manages.

"The Bureau of Reclamation has an independent duty to make sure a federal asset is given out to a profit-making organization who has complied with all of the rules," Andrew Federhar, an attorney for Maule-Ffinch and Pensus, said Wednesday. "We don't believe (Reclamation) ensured this federal asset is being appropriately used."

Maule-Ffinch filed a similar suit last April in Maricopa County Superior Court against the county and Lake Pleasant Marina Partners, a limited liability group of investors in the project. The court decided not to hear the case; neither did the state appellate court upon appeal.

Bruce Ellis, who heads the Reclamation division that issued a draft environmental review of Scorpion Bay, said he had no comment about the federal suit. A spokesman for the U.S. Department of Justice said the agency has not been served and would not have any comment until it reviews the matter.

The planned Scorpion Bay Marina would be constructed on about 164 acres of land on the western shore of Lake Pleasant Regional Park. It would feature 800 wet slips, parking for 800 vehicles, a boating supply store, and a boat launch ramp, among other amenities.

Reach the reporter at scott.wong@arizonarepublic.com or (602) 444-6914.

Coal-fired Power Plant Gets Go-ahead (AAS)

By Asher Price, AMERICAN-STATESMAN STAFF

Austin American-Statesman, March 1, 2007

Federal judge OKs a settlement between government and companies for generator at Rockdale smelter.

A long-challenged Central Texas coal-fired power plant appeared to get a green light for construction from a federal judge Tuesday.

The plant had been held up by legal challenges from environmental groups and, for a period, the federal Department of Justice.

But in November, the federal government offered a settlement that would allow Alcoa Inc. and TXU Corp. to use an old permit at the site instead of having to apply for a new, stricter permit.

The settlement offer, approved by U.S. District Judge Sam Sparks in Austin late Tuesday, eases a deal between the aluminum giant and the state's largest energy company for control of the plant, which powers an aluminum smelting operation in Rockdale, about 60 miles northeast of Austin.

The plant's new unit, known as Sandow 5, is one of three coal-fired units TXU proposes to build. Plans for eight other units were withdrawn after the company was approached in a $45 billion buyout deal last week.

The unit, slated to come online in 2009, will have 581 megawatts of capacity, or enough to power 300,000 homes.

TXU said it will start construction immediately. Once the new unit is operational, the plant will employ about 1,370 people, the company said.

Citizens and environmental groups accused Alcoa in a lawsuit of illegally releasing more than 1 million tons of air pollution from the plant during a 17-year period.

As part of the settlement reached in 2003, Alcoa was required to pay a $1.5 million fine, spend $2.5 million on environmental mitigation projects in Central Texas and replace its three coal-powered generating units at the plant with a single cleaner-burning, coal-powered unit by 2007.

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But Alcoa was unable to find a partner to build the generator until TXU stepped forward last year.

To sweeten the deal for TXU, Alcoa has tried to loosen the emissions controls in the 2003 settlement and continued operating the plant under the company's existing air permit.

Environmentalists had argued that because the new plant won't be complete by the 2007 deadline, the judge should require a stricter air permit.

Under the new settlement, Alcoa will pay the U.S. government $859,000 in penalties from the 2003 settlement, and Alcoa and TXU Sandow are supposed to cut emission rates for nitrogen oxide by 20 percent from the rate called for in the 2003 settlement.

The judge found arguments by the citizens groups that the order would relax pollution controls to be "simply incorrect."

At least one group involved in the case said it was thinking of appealing the judgment.

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Judge OKs Settlement For Central Texas Coal Plant (AP)

The Associated Press

AP, March 1, 2007

AUSTIN — A federal judge has approved a settlement between Alcoa, TXU and the U.S. Department of Justice that would allow TXU to build a new coal-fired power plant in Central Texas.

A spokeswoman said TXU will start construction as soon as possible on the plant at Alcoa's aluminum smelter in Rockdale, about 60 miles northeast of Austin. The new unit, known as Sandow 5, will replace three old coal-fired generators.

The Justice Department had joined environmental and citizen groups in challenging plans for the new plant. But the government came to terms with Alcoa and TXU in November, and on Tuesday, U.S. District Judge Sam Sparks approved the settlement.

The Rockdale plant is one of three Texas coal-fired units proposed by TXU. Private equity firms working to buy TXU said earlier this week that they would scrap plans for eight other proposed coal plants.

Opponents of the Rockdale plant had sued Alcoa alleging the company released illegal amounts of air pollution from the plant during a 17-year period.

Alcoa reached a settlement with the groups in 2003 that required Alcoa to pay fines, spend millions on environmental cleanup and replace its three coal units with a single cleaner unit by 2007.

Alcoa had trouble finding a partner to build the new generator. To help attract TXU, Alcoa has tried to loosen the emissions controls in the 2003 settlement and continued operating the plant under the company's existing air permit.

Environmentalists argued that the judge should require a stricter air permit because the plant won't be built by 2007.

Under the settlement, Alcoa won't have to apply for a new permit. But it must pay the U.S. government $859,000 in penalties from the 2003 settlement, and Alcoa and TXU are supposed to cut emission rates for nitrogen oxide by 20 percent from the rate called for in the 2003 settlement.

Jim Marston, regional director of plaintiff Environmental Defense, said he's had talks with the firms buying TXU about limiting sulfur dioxide emissions from the Sandow unit.

Marston said the groups have not decided whether to appeal the judge's ruling.

Group Should Return $25 Million, U.S. Audit Says (BLOOM)

By Neil Roland

Bloomberg, February 28, 2007

Feb. 28 (Bloomberg) -- An environmental group that sponsored national clean-water events with the Smithsonian Institution before shutting down over accounting irregularities should return $25 million in government grant funds, a U.S. audit said.

The nonprofit America's Clean Water Foundation, formed in 1989 with a board headed by then-Senators Edmund Muskie and Howard Baker, overstated costs on U.S. Environmental Protection Agency grants and failed to keep appropriate records, an audit by the EPA's inspector general said.

``This was a highly visible group with lax internal controls," EPA Grants Administrator Richard Kuhlman said in an interview today. ``There aren't many groups like this that go under, and this amount is by far the most we've considered trying to recover since I've been here."

The Washington-based foundation got three EPA grants for a total of $25.2 million since 1998, with most of the money for on-site environmental reviews of pork farms, the audit said.

Auditors recommended trying to recover the money unless the group reconstructed its accounting records. The foundation closed its doors last July when the EPA shut off funds because of the accounting problems.

``The vast majority of the money went to proper projects with a lot of environmental benefit," Kuhlman said. ``But it's difficult for us to provide funds to them when there are so many questions about how they're handling funds."

Closed Doors

The foundation failed for years to detect an employee's $500,000 embezzlement of its funds, Kuhlman said. The Federal Bureau of Investigation has been investigating the crime, he said. FBI spokeswoman Debbie Weierman declined to comment.

It also failed to document its expenses, didn't have its books audited for three years, and awarded all its contracts without competition among potential bidders, the audit said.

``The foundation did not comply with the financial and program management standards and the procurement standards promulgated" in federal regulations, according to the report made available Feb. 23.

America's Clean Water Foundation also violated conflict-of- interest rules by awarding a $50,000 contract without competition to the vice president of the board, the 32-page audit said.

The board member, Charles Grizzle, a Washington lobbyist who also was a fund-raiser for President George W. Bush's 2004 presidential campaign, said he didn't influence the award and recused himself from discussions of it. The contract was to set up a program for states to audit hog farms.

Books Not Audited

``I should have said, `You all find someone else to put this program together,'" Grizzle said in an interview today. ``Where it looks inappropriate, and I regret that, is that I don't recall filing a formal letter of recusal."

A lawyer for the group, Christopher Rissetto of the Reed Smith law firm in Washington, said he wouldn't discuss the audit findings because the EPA hasn't made a final decision on what to do about the recommendations.

``It's obvious we have different views," he said in an interview today. ``The public record is full of the foundation's fine" work.

Rissetto also declined to comment about the performance of the group's former president and executive director, Roberta H. Savage, who made $149,000 a year, according to filings with the Internal Revenue Service.

`Positive or Negative'

``I'm not going to say anything positive or negative about Roberta," he said. Savage couldn't be reached for comment and Rissetto declined to provide her phone number or address.

The EPA has until June to decide whether to pursue any of the funds, Kuhlman said. The agency is likely to forward the issue to the U.S. Department of the Treasury, which will decide whether to pursue retrieval of the $25.2 million or write it off. One question that Treasury officials might have to address is from whom it would seek to collect the money, he said.

Since 2003, when Kuhlman began his job, the largest previous amount of grant money that the EPA has tried to recover for rule violations was about $1 million, he said. Auditors recommended that the EPA try to recover all $25.2 million awarded by the agency.

EPA told the group last year that it wouldn't get any more money until it documented its expenses, Kuhlman said. When America's Clean Water Foundation didn't provide documentation, the agency halted funding, and the group shut down.

95 Percent of Revenue

The grants accounted for 95 percent of the group's revenue, Kuhlman said.

America's Clean Water Foundation, which had revenue of $6.9 million in 2003, according to filings with the IRS, sponsored national commemorations of the 20th and 30th anniversaries of the 1972 Clean Water Act.

DOJ_NMG_0138324

It also joined with the Smithsonian to celebrate annual National Water Monitoring Days, which got about 75,000 Americans to test their local water in 2002 and participate in other programs, according to a U.S. State Department announcement the next year.

Savage later got the United Nations to join in celebrating a World Water Monitoring Day, which drew people from 35 countries in 2004, according to an EPA announcement. Then-EPA Administrator Mike Leavitt helped celebrate the event by speaking at a Smithsonian facility in the Washington area.

DOE Sets Ethanol-Fuel Effort (WSJ)

By John J. Fialka

Wall Street Journal, March 1, 2007

WASHINGTON -- The Department of Energy has kicked off a technological horse race to see which among six companies can produce a transportation fuel that is an alternative to corn-based ethanol, in commercial quantities, at a cost of around $1 a gallon.

Companies successful in producing low-cost ethanol could have first crack at a new fuel market that offers a domestic alternative to gasoline. Until then, the agency says it will pony up as much as $385 million to help the competitors, but how much each company gets will be negotiated later, based on their progress.

"This effort is a big deal," said Energy Secretary Samuel Bodman, who estimated that the companies will commit a total of at least $1.2 billion to their ventures.

Since Congress has been slow in appropriating the agency's budget, an additional prize, promised by a $2 billion loan-guarantee program, has yet to be established. Most of the six companies, which will make ethanol from materials such as wood chips, orange peels, corn stalks and municipal garbage, have also applied to participate in that effort.

Congress approved aiding makers of so-called cellulosic ethanol in the Energy Policy Act of 2005. Cellulosic ethanol is made by extracting and distilling sugars from the woody fibers of plants, rather than from corn kernels, which makes the process much more difficult. President Bush has since made the program part of his goal to introduce 35 billion gallons of alternative fuels into the transportation sector to lessen U.S. dependence on imported oil.

Currently the U.S. produces about six billion gallons of ethanol. Mr. Bodman estimated that corn-based production could increase to 12 to 15 billion gallons, but farm experts worry that soaring demand for corn by ethanol refineries will push food and meat prices up to politically unacceptable levels.

DOE scientists and officials will determine who gets what portion of the funding. One competitor is the agency's National Renewable Energy Laboratory. It is teamed up with Broin Cos., of Sioux Falls, S.D., which plans to use enzymes to make ethanol out of corncobs and corn stalks at a plant near Emmetsburg, Iowa. Another partner in the venture is DuPont Co.

The other selected companies are:

-- Abengoa Bioenergy, a St. Louis, Mo., affiliate of Abengoa SA, a Spanish conglomerate that is the leading ethanol producer in Europe. The company has selected a Colwich, Kan., site for a plant that would use enzymes to make ethanol from corn stalks and wheat straw.

-- Alico Inc., a producer of citrus products and minerals. It plans to build a facility near its headquarters at LaBelle, Fla., which will use heat and chemicals to produce ethanol from orange peels and wood wastes.

-- BlueFire Ethanol Inc., an Irvine, Calif., company that is teamed with Waste Management Inc., to make ethanol out of selected garbage from municipal landfills, using sulfuric acid and steam. The company's first facility will be at a landfill in Corona, Calif.

-- Iogen Biorefinery Partners LLC, an Arlington, Va., affiliate of Ottawa-based Iogen Corp. It is teamed with Goldman Sachs Group Inc. and Royal Dutch Shell PLC to use an enzyme-based process to make ethanol from wheat and barley straw and other farm wastes at a site near Shelley, Idaho.

-- Range Fuels Inc., Broomfield, Colo., which has picked a site near Soperton, Ga., for a facility that will use heat and steam to make ethanol out of various forest wastes.

6 Get Grants From U.S. To Support Bio-Refineries (NYT)

DOJ_NMG_0138325

By Alexei Barrionuevo

New York Times, March 1, 2007

Seeking to encourage motor fuel production from materials that are cheaper and more abundant than corn, the Energy Department said yesterday that it would provide up to $385 million in six bio-refinery projects that would produce cellulosic ethanol, a type of ethanol that can be made from nonfood crops and agricultural waste.

The awards, to be made over four years, are called for under the 2005 Energy Policy Act. They will advance President Bush's goals of making the cost of cellulosic ethanol competitive with gasoline by 2012 and of reducing America's gasoline consumption by 20 percent in 10 years, Energy Secretary Samuel W. Bodman said at a news conference in Washington.

Dozens of ethanol refineries that use corn are planned for construction over the next two years. But Mr. Bodman acknowledged yesterday that corn alone would not be enough to achieve the ambitious goal of taming what Mr. Bush has called America's "oil addiction."

Because of constraints on farmland and the need for corn in the food supply, corn-based ethanol can produce only up to 15 billion gallons of ethanol, less than half of the 35 billion gallons of renewable and alternative fuels the president set as a goal by 2017 in his State of the Union speech in January.

"Corn-based ethanol is already playing a key part in reducing our dependence on fossil fuels and mitigating the growth of greenhouse gases, but we cannot increase our use of corn grain indefinitely," Mr. Bodman said.

Ethanol made from corn has a small effect on greenhouse gases, but ethanol from cellulose cuts those gases sharply.

But cellulosic ethanol is still twice as expensive as corn-based ethanol, which has relied for many years on a 51-cent-a-gallon subsidy to be competitive with gasoline. For that reason, no company has yet to construct a commercial-scale cellulosic plant.

Mike Muston, executive vice president of Broin Companies, which won one of the awards, said Broin could produce cellulosic ethanol for $2.25 to $2.50 a gallon and expected to cut those costs to under $2 a gallon when it started its plant around 2010. Mr. Bodman said the long-range goal was to get costs down to $1 a gallon, which he said would put cellulosic ethanol in position to compete with "any technology in the world."

Yesterday's grants will help accelerate the nascent cellulosic industry, Mr. Muston said, allowing Broin, which is based in Sioux Falls, S.D., and its partner, DuPont, to push up construction on an expansion to its Emmetsburg, Iowa, plant by two to three years.

Lawrence J. Goldstein, an energy consultant and critic of corn-based ethanol, said the administration had no choice but to push hard to commercialize cellulosic ethanol. "They are throwing money where they ought to be throwing it because they know they can't get within shouting distance of their goal without a major, quick breakthrough in cellulosic," said Mr. Goldstein, a board member at the Energy Policy Research Foundation.

The awards will finance up to 40 percent of the projects, which are expected to total more than $1.2 billion. The projects, which are scattered from Florida to Kansas to California, aim to produce more than 120 million gallons of cellulosic ethanol a year.

The winning companies, in addition to Broin, are a Spanish company, Abengoa Bioenergy; Alico Inc., of LaBelle, Fla.; BlueFire Ethanol, based in Irvine, Calif.; the logen Corporation, of Canada; and Range Fuels, of Broomfield, Colo. Range Fuels is partly financed by Khosla Ventures, the Silicon Valley venture capital firm run by Vinod Khosla, an influential voice on ethanol in Washington.

The plants would use low-value materials like switch grass, wheat straw and wood chips.

Even with the new push by the Energy Department, Mr. Bodman said ethanol's future was not assured.

"We are unclear whether ethanol will be the winner," he said yesterday, referring to the search for a renewable energy source to replace petroleum. Bio-butanol, a crop-based fuel that is to be commercialized later this year by DuPont and the oil giant BP, "is an inherently better fuel," he said, because, unlike ethanol, it has as much energy for each gallon as gasoline does.

FBI/DEA/ATF/USMS:

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Bust Nets Drugs, $45 Million From Cartel (AP)

AP, March 1, 2007

SAN DIEGO — Dozens of people accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana, federal officials said.

At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said. All the narcotics were sneaked into the country through the porous Southwest border exploited by cartel kingpin Victor Emilio Cazares-Gastellum, they said.

The 20-month sting, code-named "Operation Imperial Emperor," so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois.

"Today's operation is a serious blow to one of the largest and most significant trafficking organizations," said Attorney General Alberto Gonzales at a news conference in San Diego.

Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but remains in Mexico and was not arrested, officials said.

Authorities said the cartel employed U.S. citizens and Mexican nationals, who distributed the drugs in 23 states. They will face either federal or state charges.

(Story continues below)

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Among the cache collected by the Drug Enforcement Administration were 27,229 pounds of marijuana; 9,512 pounds of cocaine; 705 pounds of methamphetamine; 227 pounds of pure methamphetamine, or "ice"; 11 pounds of heroin; $6.1 million in property and assets; and an estimated 100 weapons and 94 vehicles.

Authorities said the cartel shipped or drove metric tons of the drugs from Colombia and Venezuela to Mexico. From there, they were taken over the southwest border and broken down in Los Angeles, San Diego and other cities before being distributed nationwide.

The drugs were distributed in Nevada, Arizona, New York, New Jersey, Ohio, Colorado, Georgia, Alabama, Arkansas, Kentucky, Connecticut, Massachusetts, Maryland, Texas, Missouri, Oklahoma, Illinois, Kansas, Florida, Georgia, North Carolina, Washington and Oregon.

Multiagency Probe Nets Over 400 In Mexican Drug Ring (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 1, 2007

A long-term federal investigation into a Mexican drug-trafficking organization and its U.S.-based distribution cells has resulted in more than 400 arrests nationwide, including 66 who were taken into custody yesterday in California, Arizona, New York and Illinois.

Attorney General Alberto R. Gonzales said the multiagency probe known as "Operation Imperial Emperor" targeted the Mexico-based Victor Emilio Cazares-Gastellum drug cartel, which has been responsible for supplying multiton quantities of cocaine, methamphetamine and marijuana monthly throughout the United States.

Mr. Gonzales said during a press conference in San Diego to announce the operation that the gang laundered millions of dollars of illicit profits.

"Today's actions deal a significant blow to the Victor Emilio Cazares-Gastellum drug-trafficking organization," Mr. Gonzales said. "These arrests demonstrate what can be achieved when domestic and international law-enforcement partners team up against a common foe."

The 20-month probe, led by the U.S. Drug Enforcement Administration, has netted $45.2 million in U.S. currency, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine and 11 pounds of heroin, said DEA spokesman Rusty Payne.

The investigation also accounted for $6.1 million in property and assets, as well as 100 weapons and 94 vehicles, Mr. Payne said.

Federal or state charges were unsealed against 139 defendants in California, Arizona, Illinois and New York. With the 66 arrests yesterday, the total number of arrests during the course of the investigation rose to 400.

According to court papers, the Cazares-Gastellum organization contracted the transportation of narcotics to the United States by land, air and sea and metric-ton shipments were transported out of Colombia and Venezuela, through Central America to Mexico, by tractor-trailer, noncommercial vehicles and aircraft.

Once in Mexico, the papers said, the narcotics were transported into the United States through various points of entry on the Southwest border and broken down in Los Angeles and San Diego for later shipment across the country.

"The Cazares-Gastellum drug empire that rose to such heights of power in only two years, fell today at the hands of DEA and our partners," said DEA Administrator Karen P. Tandy. "This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country."

DEA Busts Ring Accused Of Sending Tons Of Drugs To USA (USAT)

By Donna Leinwand, Usa Today

USA Today, March 1, 2007

Federal agents arrested 66 people Wednesday in a multi-city sweep of an alleged drug ring that is accused of bringing five tons of cocaine a month into the USA, Attorney General Alberto Gonzales announced.

The Drug Enforcement Administration said leaders of the Cazares drug operation, headquartered in Mexico, have been indicted on charges of laundering money and trafficking in massive amounts of cocaine, marijuana and methamphetamine from Colombia, Venezuela and Mexico.

The drugs were sneaked into the USA via the southwest border with Mexico, the DEA said. The latest arrests bring to 402 the number of people charged in connection with the drug ring, the agency said.

The DEA said its nearly two-year investigation has resulted in the seizure of $45 million and thousands of pounds of marijuana and cocaine and hundreds of pounds of methamphetamine. Wednesday's arrests occurred in cities in California as well as Phoenix and Chicago.

The investigation began in 2005 when federal agents in Imperial County, Calif., stopped a pickup packed with marijuana, the DEA said. The find led federal agents to Victor Cazares-Gastellum, DEA spokesman Steve Robertson said.

Cazares and his operatives moved cocaine from Venezuela and Colombia through Central America and into Mexicali, court papers said. Traffickers drove the cocaine and other drugs over the border in tractor-trailers outfitted with secret compartments, according to the court papers.

The drugs were stashed in houses in California until they could be repackaged and moved to distributors throughout the country, court papers said.

Cazares controlled regional and street-level trafficking cells in Alabama, Arkansas, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Kansas, Kentucky, Maryland, Massachusetts, Missouri, Nevada, New York, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Texas and Washington, the DEA said.

"Not only are they moving large amounts of cocaine, but also methamphetamine," Robertson said. "We've been seeing meth sources changing from local labs to Mexican superlabs."

Cazares remains in Mexico and has not been arrested, Robertson said. U.S. authorities will ask Mexican officials to execute a provisional arrest warrant, he said.

U.S. Seizes 18 Tons Of Drugs, Arrests 400 In Sweep (Update1) (BLOOM)

By Robert Schmidt

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- U.S. authorities arrested more than 400 people and seized 18 tons of illegal drugs over the course of a 20-month investigation into a Mexican smuggling cartel, officials said.

Authorities arrested 66 people today, and they unsealed federal and state charges against 139 defendants in California, New York, Arizona and Illinois in connection with the probe, dubbed ``Operation Evil Emperor.'' The investigation targeted the

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Victor Emilio Cazares-Gastellum cartel, which supplied cocaine, methamphetamine and marijuana across the U.S., Attorney General Alberto Gonzales said in San Diego.

``This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country," Drug Enforcement Administration chief Karen Tandy said in a statement. ``Today we ripped out this empire's U.S. infrastructure."

The operation, led by the DEA, netted $45.2 million in U.S. currency, 27,229 pounds of marijuana, 9,512 pounds of cocaine and 705 pounds of methamphetamine, officials said. Also seized were about 100 weapons and 94 vehicles.

According to court filings, Cazares-Gastellum's organization shipped tons of narcotics from Columbia and Venezuela to Mexico. The drugs were then smuggled across the Southwestern border of the U.S. by land, sea and air.

Drugs from the cartel were sold in at least 23 states, prosecutors said.

More than 100 federal, state and local law enforcement agencies participated in the sweep.

Bust Nets Drugs, $45 Million From Cartel (AP)

By Elliot Spagat, Associated Press Writer

AP, March 1, 2007

Dozens of people accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana, federal officials said.

At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said. All the narcotics were sneaked into the country through the porous Southwest border exploited by cartel kingpin Victor Emilio Cazares-Gastellum, they said.

The 20-month sting, code-named "Operation Imperial Emperor," so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois.

"Today's operation is a serious blow to one of the largest and most significant trafficking organizations," said Attorney General Alberto Gonzales at a news conference in San Diego.

Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but remains in Mexico and was not arrested, officials said.

Authorities said the cartel employed U.S. citizens and Mexican nationals, who distributed the drugs in 23 states. They will face either federal or state charges.

Among the cache collected by the Drug Enforcement Administration were 27,229 pounds of marijuana; 9,512 pounds of cocaine; 705 pounds of methamphetamine; 227 pounds of pure methamphetamine, or "ice"; 11 pounds of heroin; $6.1 million in property and assets; and an estimated 100 weapons and 94 vehicles.

Authorities said the cartel shipped or drove metric tons of the drugs from Colombia and Venezuela to Mexico. From there, they were taken over the southwest border and broken down in Los Angeles, San Diego and other cities before being distributed nationwide.

The drugs were distributed in Nevada, Arizona, New York, New Jersey, Ohio, Colorado, Georgia, Alabama, Arkansas, Kentucky, Connecticut, Massachusetts, Maryland, Texas, Missouri, Oklahoma, Illinois, Kansas, Florida, Georgia, North Carolina, Washington and Oregon.

Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

Justice Department Announces $45 Million Multi-Ton Drug Bust Targeting Mexican Organization (FOX)

By Liza Porteus

Fox News, March 1, 2007

Feb. 28: DEA workers display roughly $3.5 million in money grabbed during the Justice Department's drug bust.

The Justice Department on Wednesday announced the largest drug bust in 10 years as it rounded up more than 400 members of a Mexico-based cartel distributing tons of cocaine, marijuana and methamphetamines in the United States.

U.S. Attorney General Alberto Gonzales announced the roundup Wednesday during a press conference in San Diego.

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"Operation Imperial Emperor" targeted the Mexico-based Victor Emilio Cazares-Gastellum, a.k.a. "Victor Emilio Cazares-Salazar," drug trafficking organization, which Justice says has been responsible for supplying multi-ton quantities of cocaine, as well as large amounts of methamphetamine and marijuana, monthly to distribution cells throughout the United States.

The organization has also laundered millions of dollars generated from this illegal activity, according to the Justice Department.

"Today's actions deal a significant blow to the Victor Emilio Cazares-Gastellum drug trafficking organization, whose members are accused of importing and distributing multi-ton quantities of cocaine and other illicit drugs to communities across the country on a monthly basis," Gonzales said. "These arrests demonstrate what can be achieved when domestic and international law enforcement partners team up against a common foe."

Federal or state charges were unsealed Wednesday morning against 139 defendants in California, Arizona, Illinois and New York.

The 20-month investigation led by the Drug Enforcement Administration and aided by more than 100 federal, state, local and foreign law enforcement agencies, has so far resulted in the seizure of approximately $45.2 million, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine or "ice," and 11 pounds of heroin.

The investigation has also netted $6.1 million in property and assets, as well as roughly 100 weapons and 94 vehicles. The drug ring is based in Sinaloa, Mexico.

"What's key about this organization is they obviously were dealing in all types of drugs, which means their customers, their victims, were throughout the whole spectrum of U.S. society — rich, poor, old, young, the methamphetamine especially and what we've seen here is a new trend in past couple of years," Justice special agent-in-charge Steven Robertson told FOXNews.com. "This organization had cells, which are little distribution sub-groups based throughout the U.S."

Robertson, who said the bust is the largest in about a decade in terms of amount of drugs and assets seized, as well as number of arrests, said law enforcement is seeing a disturbing new trend in the world of narcotics.

In the past, meth was cooked in small toxic labs here in the United States, "where literally you could cook it on a hotplate in your apartment," Robertson said.

Some of the products being used to make meth — like ephedrine and pseudoephedrine products found in cold medicines — are normally ground up and put through a filtering and cooking process.

But The Combat Meth Act restricted the number of tablets a person can buy in one day, thus resulting in some regular cold medications to now be behind the counter at your local pharmacy.

The amount one person can buy is now limited to 3.6 grams, which is 146 30-milligram tablets during a 30-day period.

It's because of that restriction that makes making meth harder here in the United States, so, Mexican drug rings have seized that opportunity.

"Mexican drug trafficking organizations have realized 'ok, there's a new need,'" Robertson said.

So, drug cartels are cooking meth in what are called 'super labs' outside of the country, then smuggling the drugs into the United States through regular smuggling routes along the southern border.

"This organization branched out and was in fact moving significant amounts of meth, in addition to cocaine and marijuana," Robertson said.

According to court papers unsealed Wednesday, the Mexico-based organization contracted the transportation of drugs to the United States by land, air and sea. Metric ton shipments were transported out of Colombia and Venezuela, through Central America to Mexico, by tractor trailer, non-commercial vehicles, and aircraft.

Once in Mexico, the narcotics were transported into the United States through various border entries in the Southwest.

After arriving in the United States, the drug shipments would be broken down further in cities like Los Angeles and San Diego for further distribution in Nevada, Arizona, New York, New Jersey, Ohio, Colorado, Georgia, Alabama, Arkansas, Kentucky, Connecticut, Massachusetts, Maryland, Texas, Missouri, Oklahoma, Illinois, Kansas, Florida, Georgia, North Carolina, Washington and Oregon.

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"The Cazares-Gastellum drug empire that rose to such heights of power in only two years, fell today at the hands of DEA and our partners," said DEA Administrator Karen P. Tandy. "This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country. Today we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country, stripped it of $45 million in cash, and tossed it into the dustbin of history."

Feds Announce Drug-cartel Bust, Seize 18 Tons Of Drugs (SDUT)

By By Angelica Martinez, Union-tribune Breaking News Team

The San Diego Union-Tribune, February 28, 2007

SAN DIEGO – Federal authorities Wednesday arrested dozens of individuals across the country suspected of bringing 18 tons of illegal drugs into the United States, Attorney General Alberto R. Gonzales said in an afternoon news conference here.

Members of the Victor Emilio Cazares-Gastellum drug trafficking ring were awakened in the early morning hours by federal, state and local law enforcement agencies who served simultaneous arrest warrants as part of a 20-month-long investigation into the ring's operations, Gonzales and other federal officials said.

Gonzales said the Mexico-based organization acquired drugs from Colombia and Venezuela to Central America, then smuggled them into the United States from Mexico. Once in the U.S., the drugs were broken down into smaller shipments in such cities as Los Angeles and San Diego and disseminated to distribution cells in various states.

The ring supplied cocaine, methamphetamine and marijuana monthly to its distributors by air, land and sea. Officials said it also laundered millions of dollars profited from the drug trafficking.

“The war on drugs is an ongoing challenge not just for the United States but for our neighbors and the rest of the hemisphere as well,” Gonzales said. He added that “the drug smugglers we are fighting have no respect for national borders.”

Advertisement The investigation resulted in the federal indictment of 19 individuals in federal court in San Diego. Those indicted include Mexican nationals and others with residences in Calexico and El Centro, officials said.

So far, nine of the 19 indicted defendants have been arrested. Gonzales said the head of the cartel was not among those arrested.

According to the indictments unsealed Wednesday, Cazares-Gastellum, who competed with the Arellano Felix cartel, was the head of the drug trafficking organization.

Defendants Jose Oscar Del Castillo-Gallardo, Carlos Cuevas Jr. and Sergio Kaiser-Chavez are accused of heading the transportation operations of cocaine between Mexico and the United States.

Other defendants are charged with conspiring to import and distribute the drugs.

Through the course of the investigation, officials made more than 400 arrests across the country – including the 66 people arrested Wednesday morning in California, Arizona, New York and Illinois, Gonzales said.

Authorities said they also seized

More than $45 million in U.S. currency;

9,400 pounds of cocaine;

8 pounds of heroin;

226 pounds of pure methamphetamine, also known as “ice,”;

27,218 pounds marijuana ;

465 marijuana plants;

$5.3 million in non-cash assets, primarily real property;

61 vehicles;

83 firearms.

More than 100 agencies and foreign law enforcement officials participated in the investigation, called “Operation Imperial Emperor.”

Obscure Mexican Cartel Busted Up (SDUT)

The San Diego Union-Tribune, March 1, 2007

DOJ_NMG_0138331

A little-known Mexican drug trafficking organization, which operated without the notoriety of more violent rivals like the Arellano Félix gang, was taken down yesterday during a multistate bust announced in San Diego by Attorney General Alberto Gonzales.

Investigators discovered the Cazares Gastellum cartel about two years ago in the border towns of the Imperial Valley. It was first thought to be a small operation but turned out to be a massive ring that moved a large portion of the U.S. cocaine supply from South America to a distribution center in San Diego to at least 23 states, officials said.

Sixty-six people were arrested in a predawn sting yesterday in San Diego, Calexico, El Centro, Brawley and elsewhere in California, Arizona and Illinois.

The 22-month sting, code-named "Operation Imperial Emperor," has netted 402 people suspected of working for the cartel, more than $45 million in cash and tons of cocaine, heroin and marijuana, said Gonzales, flanked by recently installed interim San Diego U.S. Attorney Karen Hewitt.

"Today's operation is a serious blow to one of the largest and most significant trafficking organizations," Gonzales said. "These arrests demonstrate what can be achieved when domestic and international law enforcement partners team up against a common foe."

Victor Emilio Cazares Gastellum, the alleged kingpin of the family-run cartel, was indicted by a San Diego grand jury Feb. 23 along with 18 of his suspected lieutenants and foot soldiers on drug, conspiracy and money laundering charges. Cazares remains in Mexico and has not been arrested; U.S. officials said they will immediately seek extradition of Cazares and others.

"The Cazares Gastellum drug empire that rose to such heights of power in only two years, fell today," said Karen P. Tandy, head of the Drug Enforcement Administration, the lead agency in the investigation. "This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country. Today we ripped out this empire's U.S. infrastructure ... and tossed it into the dustbin of history."

Cazares' top lieutenant and son-in-law, Jose Oscar Del Castillo Gallardo, from Sinaloa, was arrested Jan. 20 during a ski trip to Big Bear Lake, said San Diego prosecutor Michael Kaplan.

Castillo acted as a liaison between his father-in-law, the drug supplier and the head of the transportation arm, Carlos Cuevas Jr., of Calexico, who also was arrested Jan. 20, Kaplan said. Both were indicted in San Diego as well.

Officials said the group is an Arellano Félix rival that is aligned with traffickers Ismael "El Mayo" Zambada and Joaquin "El Chapo" Guzman.

Guzman, based in Sinaloa, is alleged to be the country's most powerful drug leader. He escaped from a maximum-security prison in 2001 and is at large.

In San Diego – the base of the drug distribution network – five suspected Cazares cartel members were arrested yesterday in Otay Mesa and Paradise Hills at homes and a business, and agents seized three guns and five vehicles, said DEA Special Agent Dan Simmons. Fourteen others were taken into custody in the Imperial Valley, with $50,000 and 17 vehicles seized, Simmons said.

According to the indictment, Cazares' organization shipped tons of drugs from Colombia and Venezuela through Central America to Mexico. The narcotics were then smuggled across the Southwestern border.

The organization shared the hallmarks of other large cartels – operating as a corporation, using subcontractors to move the drugs via land, air and sea. They often hid drugs in sophisticated compartments in Chevrolet Avalanche pickups or tractor-trailers and drove them through border crossings in Calexico, Kaplan said.

But the group was unique for taking circuitous routes through the backcountry to move drugs, officials said. They crossed the border through the Imperial Sand Dunes, a popular spot with off-roaders, Kaplan said.

In one instance, traffickers carried drugs over the U.S.-Mexico border on a bridge created with sandbags submerged in the Colorado River outside Yuma, Ariz.

The group also behaved more like a business with cells that carried out specific tasks and were insulated from the other cells in case they were discovered. For instance, one lieutenant ran the transportation aspects, another the distribution.

It's difficult to say how long the cartel has operated, or when it began to dominate the trafficking market, Kaplan said.

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"They're definitely a very sophisticated trafficking organization that moved overwhelmingly significant quantities of narcotics," he said. "It's not like they suddenly emerged yesterday. They've probably been around for a while, just undetected."

Kaplan said no evidence exists that the Cazares cartel used the violent methods of other groups. "But I'm not telling you it doesn't occur."

The investigation was so complex, with so many targets and so many agencies involved across the country, that it was coordinated by DEA headquarters in Washington, D.C. More than 100 federal, state and local law enforcement agencies participated in the sweep.

"This case went from a very small case to an enormous case with national implications," said Simmons of the San Diego DEA office. "A very small office in the Imperial Valley made a heck of a case with DEA."

9 Arrested In Drug Bust (SFC)

San Francisco Chronicle, February 28, 2007

Nine suspects from Northern California -- including Pinole, Hayward and Fairfield -- have been arrested in connection with an international drug trafficking and money-laundering ring, Drug Enforcement Administration officials said today.

The investigation -- spearheaded by the DEA's Oakland office and dubbed "Operation Imperial Emperor" -- targeted drug distribution cells and money-laundering networks of an organization led by Victor Emilio Cazares-Salazar of Mexico, the DEA said.

Agents seized $1 million, 25 kilograms of cocaine, 21 pounds of "ice" methamphetamine, a ballistic vest, several assault weapons and four vehicles, including a Hummer and a Cadillac Escalade, authorities said.

The drugs had a street value of about $2.5 million, and Bay Area drug cells distributed as far as Atlanta, the DEA said.

The case began in February 2006 when DEA agents identified a number of Bay Area residents as having ties to an international ring, authorities said. Investigators kept track of suspects through electronic surveillance.

Investigators served search warrants in Tracy, King City, Modesto, Fairfield, Pinole, Hayward and San Leandro.

The Northern California suspects were identified as Edi Camacho, 33, his brother Juan Camacho, 35, their cousin, Misael Camacho, 31, all of Tracy; Aurielo Beltran-Leon, 33, of King City; his brother, Rene Beltran-Leon, 33, of Modesto; Veider Miguel Rodriguez, 40, of Hayward; Luis Manuel Sanchez-Aceves, 26, of Pinole; Cristobal Navarro, 42, of Fairfield; and Jesus Fernando Vega, 34, of Bakersfield.

Juan Camacho, Vega and Rodriquez already were in custody on unrelated drug charges.

Across the nation, 400 suspects were arrested as part of the investigation, including 66 people who were taken into custody today in California, Arizona and Illinois.

Investigators said the Cazares-Salazar organization contracted the transportation of drugs to the United States by land, air and sea.

The drugs were taken from Colombia and Venezuela and through Central America to Mexico. From there, the drugs were transported into the United States through various ports of entry on the Southwest border, authorities said.

Nationwide Drug Cartel Arrests Include Pinole Man (CCT)

By Scott Marshall

Contra Costa Times, February 28, 2007

PINOLE - A Pinole man was among dozens arrested in a nationwide investigation of a Mexico-based drug cartel in which more than $45 million worth cocaine, methamphetamine, heroin, and marijuana were seized, federal authorities announced today.

Luis Manuel Sanchez-Aceves, 26, of Pinole, was among nine people arrested statewide, according to the Drug Enforcement Administration.

In the California phase of the investigation, agents seized $1 million in cash; 25 kilograms, or 55 pounds, of cocaine; 21 pounds of "ice" methamphetamine; assault weapons; and four vehicles, including a Hummer and a Cadillac Escalade. The street value of the drugs was $2.5 million.

The 20-month investigation, code-named "Operation Imperial Emperor," has led to 402 arrests of the cartel's alleged lieutenants and foot soldiers, including 66 who were arrested today in California, Arizona, New York and Illinois.

The drugs were shipped or driven from Colombia to Venezuela and then to Mexico for distribution in 23 states.

Yuma Raids Target Mexico Drug Ring, Yield 7 Arrests, $12 Mil In Narcotics (AR)

The Arizona Republic, March 1, 2007

Seven drug-smuggling suspects were arrested and about $12 million worth of narcotics was seized in Arizona as part of a nationwide crackdown aimed at a Mexican smuggling cartel that crisscrossed the sand dunes near Yuma and built a submerged bridge across the Colorado River to avoid law enforcement.

Ramona Sanchez, a Drug Enforcement Administration spokeswoman in Phoenix, said seizures in the Yuma area included 28,000 pounds of marijuana, 93 pounds of cocaine, 4 pounds of methamphetamine and about 2 pounds of heroin.

"We got that much dope off the streets, and more importantly we disrupted the organization," Sanchez added. "They're out that much money, and it really does cripple them."

The enforcement in Arizona was tied to a nationwide campaign known as Operation Imperial Emperor, directed against a cartel headed by Victor Emilio Cazares-Gastellum, identified by the Justice Department as an international drug kingpin.

All told, there have been more than 400 arrests, including 66 that occurred Wednesday in four states.

In Yuma County, authorities launched a pair of investigations beginning in December 2005. One of those, dubbed Operation Cut Throat, targeted a cell that used motorcycles and dune buggies to cross the border through the Imperial Dunes area, mixing in with recreational riders.

The other sting, Operation River Warriors, focused on a group that built sandbag bridges beneath the surface of the Colorado River so that off-road vehicles could cross.

Investigators merged the probes after discovering they were dealing with a single cartel that also moved giant marijuana loads through border checkpoints in vehicles with hidden compartments.

Sanchez said the list of Arizona suspects includes two leaders of the River Warriors group who remain at large: Macedonio "Lolo" Guerrero, 33, and Francisco "Flaco" Olivarez Arvizu, age unknown. Both men have criminal histories, and are believed to be in Mexico.

Forty investigators took part in Wednesday's raids in the Yuma area.

When it was over, Timothy J. Landrum, the DEA's special agent in charge, said, "Arizona citizens are now safer as this organization lies in a shambles."

According to the Justice Department, the national crackdown netted $45 million in cash, 18 tons of narcotics and $6 million in assets. Indictments were unsealed in Arizona, California and Illinois. Defendants are charged with conspiracy, drug trafficking and other crimes.

In court papers, the Justice Department said Cazares-Gastellum's organization transported drugs from Colombia and Venezuela through Central America to Mexico by land, air and sea. The narcotics were then funneled into the United States, mostly via the Yuma area, before reaching transnational shipment points in Phoenix and Los Angeles.

More than 100 federal, state, local and foreign investigators took part in the task force. While the government has conducted successful drug-war crackdowns in the past, federal authorities were almost giddy about the success of Operation Imperial Emperor. In the words of DEA administrator Karen Tandy, "We ripped out this empire's U.S. infrastructure . . . and tossed it into the dustbin of history."

Seven Arrested Here In Nationwide Drug-smuggling Crackdown (YSUN)

By Jeffret Gautreaux

Yuma Sun, March 1, 2007

Seven people in the Yuma area were arrested Wednesday as part of what the federal government called the nationwide dismantling of an enormous Mexican narcotics operation.

Sixty-six people across the country were arrested Wednesday in the culmination of a 20-month investigation by the U.S. Drug Enforcement Administration and other law enforcement, according to the U.S. Attorney's Office.

Forty agents executed eight search warrants at residences in Yuma, Somerton and San Luis, Ariz., arresting five people on federal charges and two on state charges. The seven men operated in two separate distribution cells here for the Victor Emilio Cazares-Gastellum drug trafficking organization, according to Assistant U.S. Attorney Liz Barrick.

Both cells smuggled large amounts of cocaine, methamphetamine and marijuana into the United States during the past 14 months and likely longer, said Barrick. "The seizures alone indicate that they moved enormous quantities."

Barrick said many of the large drug seizures made by the Border Patrol were Cazares-Gastellum shipments. In most cases, the drugs would be brought into Yuma and kept at stash houses before being moved on to Phoenix or Los Angeles for further transport across the country.

The unique environmental conditions of the Imperial Sand Dunes and the Colorado River allowed the cells to successfully smuggle drugs by using 4-by-4 vehicles, sandbag bridges and hired lookouts, Barrick said. The ring also paid people to carry drugs through local ports of entry.

Barrick said since law enforcement has identified the techniques the cells used, their efforts in the future should be hampered. She said the arrests Wednesday certainly will curtail its operations. "There was no indication that they knew this takedown was coming," she said.

Those arrested and indicted on federal charges were Arnulfo Romero-Caro, 26; Ramces Urias-Valenzuela, 27; Aureliano Armando Martinez, 28; Isaac Ramirez-Valenzuela, 28; and Joise Guadalupe Ayala, 23. Fabriel Luna and Luis Mayorquin were arrested on state warrants.

Barrick said they will be taken to Phoenix to be arraigned on drug conspiracy charges in federal court.

The DEA was proclaiming victory over the drug ring after Wednesday's operation, known as Operation Imperial Emperor.

"The Cazares-Gastellum drug empire that rose to such heights of power in only two years fell today at the hands of DEA and our partners," said DEA Administrator Karen P. Tandy in a news release.

As part of the operation Wednesday in Yuma, agents seized five cellular phones, six vehicles, more than $8,000 in cash and money orders, various documents and small amounts of marijuana and cocaine.

During the full 14-month investigation in Arizona, authorities seized more than 28,000 pounds of marijuana, 93 pounds of cocaine, four pounds of methamphetamine, and more than two pounds of heroin, according to the U.S. Attorney's Office.

Investigators searched for but did not find Macedonio Guerrero, 33, and Francisco Olivarez Arvizu, who have oustanding federal warrants. They are believed to be hiding in Mexico, according to the U.S. Attorney's Office.

Agencies involved in the operation included Immigration and Customs Enforcement, Arizona Department of Public Safety, U.S. Border Patrol, Federal Bureau of Investigation, U.S. Attorney's Office, Yuma County Attorney's Office, Yuma Police Department, Yuma County Sheriff's Office and La Paz County Sheriff's Office.

Drug Ring Busted: 'Operation Imperial Emperor' Seizes Cash, Drugs (ABC)

ABC News, February 28, 2007

It was quite a haul: $45.2 million in cash, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine, also known as "ice," and 11 pounds of heroin — that's what the government said it seized during a nearly two-year investigation into a massive drug operation based in the southwestern United States.

In addition to the drugs, the government said it confiscated $6.1 million in property and assets, approximately 100 weapons, and 94 vehicles during the investigation.

The Department of Justice investigation, headed by the Drug Enforcement Agency in cooperation with more than 100 local, state, federal and foreign law enforcement agencies, conducted Operation Imperial Emperor, which resulted in more than 400 arrests nationwide, including the 66 made today.

An indictment unsealed today charges that Victor Cazares-Gastellum, believed to be on the run in Mexico as "the head of a large-scale distribution organization [Cazares Organization] that sends metric ton quantities of cocaine from Mexico into the United States."

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A grand jury also handed down indictments to alleged members of the Cazares Organization, to drivers, lookouts, recruiters and those who loaded the vehicles on conspiracy charges relating to importing and distributing the drugs, as well as money laundering.

Investigators claim the smugglers stashed drugs and money in hidden compartments in cars and trucks, as well as in toys and musical instruments. In an aggressive move, the smugglers built a bridge made of sand bags across the Colorado River near Yuma, Ariz., which allowed them to simply drive across the waterway.

Authorities say the drugs, after being transported to the United States by land, air and sea, were distributed to at least 23 states after they were processed by the drug ring in California.

DEA administrator Karen P. Tandy said the Cazares Organization rose to power quickly, but by attacking the agency where it hurt the most, the government was able to cripple the cartel.

"This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country," said Tandy. "Today we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country, stripped it of $45 million in cash, and tossed it into the dustbin of history."

Feds Arrest Hundreds, Seize Cash, Drugs In Raid (NBCSD)

NBC SanDiego.com, February 28, 2007

SAN DIEGO -- Federal agents have broken up a suspected Mexican drug cartel, resulting in the seizure of tens of millions of dollars in cash, thousands of pounds of drugs and hundreds of arrests, the U.S. attorney general announced Wednesday

Images: Drugs Seized In Federal Bust

Watch Video:Feds Arrest Hundreds, Seize Cash, Drugs In Raid

Images: Can You Identify Illegal Drugs?

Federal agents have broken up a suspected Mexican drug cartel, resulting in the seizure or tens of millions of dollars in cash, thousands of pounds of drugs and hundreds of arrests, the U.S. attorney general announced Wednesday.

At a news conference in San Diego, Attorney General Alberto Gonzalez said the multistate bust netted more than $45 million worth of cocaine, heroin, marijuana and methamphetamine.

The 20-month sting, code-named "Operation Imperial Emperor," began in June 2005 by targeting a cocaine distribution network based in San Diego and Imperial county, Gonzalez said.

Feds targeted the Victor Emilio Cazares-Gastellum drug trafficking organization, a rival to the Arellano Felix Cartel.

Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but not arrested, officials said.

The bust swept up 402 of the cartel's alleged lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois. Agents targeted two houses in El Centro and raided homes in El Centro and Calexico.

The DEA believes most of the drugs were smuggled across the border from Mexicali using vehicles with hidden compartments as opposed to drug tunnels.

Officials said the drugs were broken into smaller shipments in San Diego and Los Angeles, where they were then transported across the country.

At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said.

The totals of drugs seized in the bust include 27,000 pounds of marijuana, 95,000 pounds of cocaine, more than 700 pounds of meth, 227 pounds of ice or pure meth, 11 pounds of heroin, and $6.1 million in property and assets.

Feds Arrest 66 In Connection With Mexican Drug Cartel (KPBS)

KPBS, February 28, 2007

Federal authorities arrested 66 people in California and other states Wednesday in connection with a Mexican drug smuggling cartel. Law enforcement authorities say the alleged cartel leader remains at large. KPBS Reporter Amy Isackson has the story.

Federal court documents say the cocaine smuggling cartel rose to power in Mexico during the last two years. Attorney General Alberto Gonzales, who was in San Diego, says the Cazares Cartel transported tons of cocaine from Columbia and

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Venezuela through Mexico, and then across the border to California. He says the group then broke the shipments down into more manageable loads for distribution to 23 U.S. states. Gonzales believes the leader, Victor Emilio Cazares, is still in Mexico.

Gonzales: We're hopeful that there will be an arrest in the future and when that occurs, we of course will be seeking an extradition from the Mexican authorities.

Gonzales says they seized $45 million, 27,000 pounds of marijuana and more than 9,000 pounds of cocaine. He says the Cazares Cartel competed with the Arellano-Felix cartel. Four hundred people have been arrested in connection with the Cazares organization during the 20-month-long investigation.

US Announces Major Drug Arrests (BBC)

BBC News, March 1, 2007

The authorities in the United States say they have arrested more than 400 people and seized 18 tonnes of drugs.

The operation targeted a major Mexican drugs trafficking network.

US Attorney General Alberto Gonzales said the arrests had been carried out over a 20-month period throughout the country, in Operation Imperial Emperor.

He said the network had been successfully dismantled and added that the success of the operation showed what co-operation could achieve.

Mr Gonzales said the ring - allegedly run by Victor Emilio Cazares Gastellum - distributed cocaine, marijuana and other drugs throughout the United States.

Mexico has been fighting drugs-related violence

Speaking in San Diego, he said that the US authorities had made 66 arrests in recent days across four states.

The US authorities say that some of the drugs were transported into the US across a bridge made of sandbags, partly submerged in the Colorado River near Yuma, Arizona.

As well the drugs Operation Imperial Emperor seized $6.1m in property and assets, about 100 weapons and 94 vehicles.

The news comes as the United Nations reported that Mexican cartels now dominate drugs trafficking in the US.

Last year, Mexico saw more than 2,000 people die in violence relating to drugs cartels. Some of the victims were tortured or beheaded.

Arrests Reflect A New Focus On Fighting Steroid Sales (NYT)

By Nicholas Confessore, Serge F. Kovaleski And Duff Wilson

The New York Times, March 1, 2007

ALBANY, Feb. 28 — The arrests of four people in Florida on Tuesday and the indictments of at least six doctors around the country linked to a pharmacy in Orlando, Fla., present striking evidence that authorities in several states have opened a new front in the war against illegal online sales of steroids and other performance-enhancing drugs.

Albany County prosecutors, working with federal investigators and Florida officials, have linked 11 doctors to the pharmacy. Six face felony charges that they wrote prescriptions to patients they had never met.

The pharmacy, Signature Pharmacy, has dispensed thousands of prescriptions in recent years and has sold tens of millions of dollars' worth of controlled substances nationwide, including at least $10 million in New York State, the authorities said.

Signature sold a variety of medications and supplements, some of them prescribed or provided legally, according to the officials. They described the typical Signature customer as a well-off man in early middle age, but confirmed that the clientele included people whom the Albany County district attorney described only as "celebrities."

It remains unclear who those people were or what they bought, although The Times Union of Albany has reported that professional athletes were among the customers of Signature and at least one other online pharmacy that is under investigation.

Law enforcement officials said that investigators were still sorting through thousands of prescription orders for customers in Albany County and elsewhere, part of a vast haul of evidence taken Tuesday during the raids at two Signature offices in Florida and during the investigation.

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The Albany County district attorney, P. David Soares, emphasized in a news conference on Tuesday that his investigation would focus on doctors and pharmacists — the suppliers and distributors for the illegal drug network — rather than on buyers.

"A business like this doesn't work unless you have other participants, including doctors, who have parted company with their oath," Mr. Soares said.

One of the doctors indicted, Anna Maria Santi, 68, of Queens, lost her medical license eight years ago after a string of offenses, including drinking while practicing and giving anesthesia to a patient who died during a procedure. But she continued providing prescriptions to Signature and other Internet pharmacies for years, under variations of her name and those of at least one other doctor, before her arraignment in Albany in February, the authorities said.

The names of the other doctors are in sealed indictments and have not been made public. But a law enforcement official with knowledge of the investigation said the remaining doctors — who live in New York and other states — would be arrested in the coming days, along with pharmacists and other people connected to the ring. The goal, the official said, is to shut down the entire drug network connected to Signature.

Meanwhile, two officials of a Mobile, Ala.-based pharmacy services firm have been indicted by an Albany County grand jury, according to one of the law enforcement officials with knowledge of the investigation. It was unclear on Wednesday whether those officials or the company were linked to Signature.

Travis T. Tygart, general counsel for the United States Anti-Doping Agency, described the investigation and arrests as "the logical next step in getting at these drugs."

"It is a natural outgrowth of BALCO and stiffer sentencing guidelines involving the illegal distribution of these performance-enhancing drugs," Mr. Tygart said, referring to the Bay Area Laboratory Co-Operative case, in which six people were convicted of helping distribute anabolic steroids to athletes.

A track coach, Trevor Graham, and an Olympic cyclist, Tammy Thomas, have been charged with making false statements, and a grand jury is continuing to investigate whether the baseball player Barry Bonds committed perjury.

Mr. Tygart added, "Many people have seen these as professional athlete drugs, but they are also middle America, white-collar, feel-good and get-buff drugs."

The arrests in Florida, which involved at least 20 branch offices of state, local and federal law enforcement agencies, were only one prong of a series of overlapping investigations into the underworld of Internet drug sales. Law enforcement officials described the investigations as cooperative, with different agencies keeping in regular contact and assisting each other as local investigations sprouted leads in other states.

In 2005, in the largest steroid enforcement action in United States history, charges were filed against 23 people and eight Mexican manufacturers and veterinary companies that federal prosecutors said were responsible for 80 percent of the steroids illegally used in the United States.

Since then, the authorities say, more illegal performance drugs have been coming to the United States from China and Eastern Europe. More are finding their way to users through pharmacies, often operating on the Internet, and through doctors who find ways to write prescriptions to skirt the law.

Anabolic steroids are illegal for any human use. While human growth hormone is legal for only a handful of medical uses, violations of the law have rarely been punished.

Mr. Soares's investigation into Internet drug sales began two years ago in Albany County, but quickly became linked to inquiries in other states.

In November 2005, law enforcement officials from several states, including New York and Florida, and federal authorities held a pivotal meeting to discuss ways to better coordinate the investigations into illegal online sales of steroids and other performance-enhancing drugs.

In Rhode Island, for instance, a task force within the Food and Drug Administration's office of criminal investigations began an examination in August 2005 into whether two New York doctors and the owner of a pharmaceutical company in New Jersey had illegally prescribed anabolic steroids and human growth hormones. A significant percentage of the business's customers were in Rhode Island.

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Soon after the November meeting, a knowledgeable law enforcement official said, the Metropolitan Bureau of Investigation, a multi-agency task force in Florida made up of federal, state and local authorities, was assigned to help the federal Drug Enforcement Administration and the state in their inquiry into Signature Pharmacy in Orlando. About six months later, Florida investigators and law enforcement from New York State learned that they were all investigating Signature and linked up.

"The M.B.I. and a group of agents from the D.E.A. were conducting a separate investigation into the online sales of steroids and human growth hormones, and at some point the investigators crossed paths with their New York counterparts," Lt. Carl Metzger of the Metropolitan Bureau of Investigation's Orlando office said in a telephone interview Wednesday.

More than half a year after that, New York law enforcement authorities and investigators with the Metropolitan Bureau of Investigation carried out Tuesday's raid on Signature, along with the D.E.A. and representatives of the New York Bureau of Narcotics, among others.

Mr. Metzger and other law enforcement officials said that the arrests were led by New York investigators because Mr. Soares's investigation was more advanced than local inquiries, and because New York, unlike most states, punishes illegal prescription sales as felonies.

"New York was in a position to make the arrests since they were a little further along and more advanced in their investigation, and we were in a position to issue the search warrants," Mr. Metzger said.

Ms. Santi was also indicted in February in Rhode Island on charges of illegal drug distribution, health care fraud and money laundering, along with Daniel McGlone, 54, of North Brunswick, N.J. Victor Mariani, a New York doctor, is named in the indictment but is charged separately with participating in the same conspiracy. The three are accused of running a scheme to illegally prescribe anabolic steroids and human growth hormones.

Steroids' Reach Grows (ALBANYTU)

By Pete Iorizzo, Staff Writer

Albany Times Union, February 28, 2007

Link to athletes not a surprise

Clarification: An earlier version of this story incorrectly reported several athletes were linked to Signature Pharmacy in Orlando. In fact, the names of former professional boxer and heavyweight champion Evander Holyfield, Los Angeles Angels center fielder Gary Matthews Jr., and retired baseball star Jose Canseco, an admitted steroid user, were allegedly included on customer lists for Applied Pharmacy Services in Mobile, Ala., whose two owners have been indicted by an Albany County grand jury.

Tuesday's raid of an Orlando, Fla., pharmacy accused of trafficking performance-enhancing drugs over the Internet may prove to be one of the most significant steroids busts in history, a leading expert said.

Sources said the investigation, led by Albany County District Attorney David Soares' office, revealed that Signature Pharmacy customers included several former and current professional athletes.

Among those linked to the company were former Arizona Diamondbacks pitcher Jason Grimsley and a team doctor for the Pittsburgh Steelers.

In a related case in Mobile, Ala., two owners of Applied Pharmacy Services have been indicted by an Albany County grand jury. Their customer list allegedly includes former professional boxer and heavyweight champion Evander Holyfield, Los Angeles Angels center fielder Gary Matthews Jr., and retired baseball star Jose Canseco, an admitted steroid user.

More names of professional athletes, college athletes and even high school coaches may surface as the investigation continues.

"This has the potential to be a huge story," said Gary Wadler, a physician and member of the World Anti-Doping Agency's prohibited list and methods committee. "The question is, will it result in actions that try to deal with this problem?"

Steroids long has been a salient issue in sports, from stories in the 1950s about weightlifters using testosterone to the 2005 congressional hearings about performance-enhancing drugs in baseball. But rare is the instance when so many high-profile athletes across different sports are connected to an accused steroids provider.

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Representatives for the athletes alleged to be customers of the pharmacy said they only learned about the investigation Tuesday.

Tim Mead, the Angels' vice president for communications, said he informed Matthews Jr. about the Times Union report before a spring training game Tuesday.

"There's nothing much to say," Mead said. "A name is mentioned. It's sketchy at best. Certainly as we acquire more information, we'll look into it."

Matthews Jr., a 32-year-old veteran, signed a $50 million contract with the Angels this past off-season. He enjoyed a career year in 2006, batting .313 and hitting 19 home runs for the Texas Rangers.

The agents for Matthews Jr. and Grimsley declined comment, as did a spokesman for Major League Baseball.

Representatives from the Steelers, as well as the doctor, repeatedly declined comment when contacted over the past two weeks.

NFL spokesman Greg Aiello said, "We just became aware of this, and we will look into it."

A spokesman for Holyfield said when the former heavyweight champion was asked about Signature Pharmacy, Holyfield said he never heard of the company.

Holyfield, 44, is slated to fight Vinny Maddalone on March 17 in Corpus Christi, Texas.

Wadler, an associate professor at the New York University School of Medicine and lead author of the book "Drugs and the Athlete," said he wasn't taken aback by the revelations. He said because of poor testing standards in professional sports, athletes only tend to be caught when their names surface in connection with trafficking stings.

"Does this surprise me? No," Wadler said. "It's almost an inevitability."

Links between steroids and sports can be traced to the world's first organized competitions, when ancient Greek wrestlers ate meat for weeks to build muscle. By the 1950s, athletes experimented with testosterone. And during the 1980s, a black market for performance-enhancing drugs ballooned, leading to some of the first anti-doping policies in professional and Olympic sports.

Today, both the NFL and MLB test for some performance-enhancing drugs and outline penalties for those caught doping. But even with stricter rules and more public awareness, questions shroud some of the sports world's predominant figures.

Wadler said he believes more athletes than the public might guess use performance-enhancing drugs.

"I'm very sad to say, none of this surprises me anymore," he said.

Steroid Raids Net 4 In Orlando (OS)

Orlando Sentinel, February 28, 2007

The four people arrested as part of a raid on two Orlando pharmacies face a court appearance on Thursday morning, officials said today.

Authorities raided the pharmacies Tuesday and arrested the four as part of a nationwide probe into the illegal distribution of steroids. A hearing is scheduled for 9 a.m.

The case, being led by a prosecutor in New York, involves doctors, pharmacists and business owners who have been, or will be, arrested in Florida, New York and Texas. Sealed indictments charge them with various felonies on suspicion of unlawfully distributing steroids and other drugs, according to Albany County District Attorney David Soares.

At a brief news conference Tuesday evening, Soares repeatedly refused to say whether professional athletes were involved as consumers of the drugs.

Ultimately, he conceded: "There are celebrities involved in this case. They are not our priority." Arrested in Orlando were Naomi Loomis, 33, of Windermere, founder and chief executive officer of Signature Compounding Pharmacy; her husband, Robert "Stan" Loomis, 55, chief operating officer; Kenneth "Mike" Loomis, 59, of Orlando, head compounding pharmacist and Stan Loomis' brother; and Kirk Calvert, 37, of Winter Park, director of business development for the pharmacy. All four were charged with 20 identical felony counts, including insurance fraud and criminal diversion of prescription medications. They are being held without bail at the Orange County Jail.

Soares said the Orlando raids were part of a two-year probe of drug trafficking over the Web.

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Here's how it worked: Customers would search the Internet for Web sites that would put them in touch with doctors who prescribed drugs ranging from oxycodone to anabolic steroids without a doctor's visit. Soares said pharmacies such as Signature helped fill the prescriptions.

The prosecution of a doctor in Albany County who wrote some of the illegal prescriptions helped authorities track illicit prescription and steroid dealing, he said.

"A business like this doesn't work unless you have other participants, including doctors who have parted company with their oath, doctors who will, in fact, prescribe drugs, steroids without ever visiting with a patient. It requires that kind of participation," Soares said.

Soares said court records remain sealed in the case, that it was at a "sensitive stage" and more arrests were expected in Florida and elsewhere. A hearing on extradition is not yet set.

Central Florida's Metropolitan Bureau of Investigation, the U.S. Drug Enforcement Administration, Internal Revenue Service, New York State Bureau of Narcotic Enforcement and other federal and state health and law-enforcement agencies participated in the daylong search at Signature Compounding Pharmacy. Agents raided the Signature locations at 1200 Kuhl Ave. in Orlando and 2304 Aloma Ave. in Winter Park, seizing drugs and dozens of boxes of documents.

There were no court documents available in New York or Florida on Tuesday to give more insight into the case. But on its Web site Tuesday, the Times Union of Albany, which first reported the story, described the case as one that could expose widespread steroid use by athletes, celebrities and thousands of people across the nation.

The newspaper cited some court records unavailable to other media and had a reporter and photographer in Orlando when the raid took place.

Numerous calls to the Albany County District Attorney's Office were not returned Tuesday.

Florida Chief Assistant Statewide Prosecutor Rick Bogle on Tuesday said his Orlando office along with MBI and other federal agencies were merely "assisting" New York authorities and had not filed any Florida criminal charges against the defendants. Bogle said a local state judge signed the two sealed search warrants that were used to raid Signature locations.

Compounding pharmacies make customized prescription medicines that are not available at traditional drugstores. According to its Web site, which had been taken down by Tuesday, Signature Compounding Pharmacy claimed it is leading the way in the "timeless search for a true fountain of youth."

Stan, Naomi and Mike Loomis are listed as licensed pharmacists on the company Web site. Stan Loomis' biography also states he served as director of pharmacy for the "prestigious" Orlando Regional Healthcare System for some time.

Mike Loomis is described as the "head compounding pharmacist" and "director of laboratory services." The brothers once owned and operated Loomis Drugs, a local drugstore chain that they sold in 1989.

Calvert, according to Signature's Web site, is director of business development.

Stan Loomis talked about the company on an American Academy of Anti-Aging Medicine Web site.

"We focus primarily on age management products and services that relate primarily to hormones for both men and women," he said. "We work with a physician to tailor a dose or specific product for a patient."

Although affidavits in the arrests have not been made public, Signature Pharmacy was mentioned in a federal indictment filed last week in Rhode Island.

The document charges two people with conspiracy, illegal distribution of human-growth hormone and other steroids as well as health-care fraud. It also states Daniel McGlone of American Pharmaceutical Group in New Jersey peddled the drugs to bodybuilders and used Signature to fill prescriptions written by unlicensed or retired physicians.

"McGlone would forward these prescriptions via facsimile or mail to various large compounding pharmacies, including primarily Signature Pharmacy . . . to deliver human growth hormone, anabolic steroids and other prescription medications to customers all over the United States," the indictment reads.

While agents sealed off the building, several unsuspecting customers were turned away as they tried to fill prescriptions.

An Orlando couple, whose premature son was born three weeks ago, said their doctor sent them to Signature on Tuesday.

"We need the prescription and [to] learn how to use it before we can take him home," said Erik Garbus, 29, the father.

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Steroids, HGH And Records Seized In Orlando Raid (MCT)

McClatchy Newspapers, February 28, 2007

ORLANDO, Fla. - With BALCO still churning on the West Coast, a new front on the steroid war opened in the East on Tuesday when law-enforcement officers raided two Orlando pharmacies and seized steroids, human growth hormone and records that could connect those drugs to dozens of athletes.

In a raid led by the Albany (N.Y.) County District Attorney's office, officers from several Florida and national agencies arrested four employees of Signature Compounding Pharmacies Tuesday and charged them in an alleged scheme to provide steroids and growth hormone over the Internet.

A source told the Daily News that another pharmacy outside of Florida will be raided in the near future, and that Tuesday's action was related to recent arrests at a Mobile, Ala., pharmacy.

The Albany Times-Union, which broke news of the raids Tuesday, reported that drugs from the Mobile lab were allegedly received by former heavyweight boxing champion Evander Holyfield, Los Angeles Angels outfielder Gary Matthews Jr., former slugger and best-selling author Jose Canseco and former major league pitcher Jason Grimsley, whose home was raided last year by IRS agents.

The paper also said an investigator flew to Pittsburgh last month to ask a Steelers physician why, in 2006, he allegedly used a personal credit card to buy $150,000 in testosterone and human growth hormone.

"I think this is going to put a significant dent in distribution," Albany DA David Soares said.

When agents raided Signature's primary pharmacy, a three-story building a block from the Orlando Regional Medical Center, at about 9:30 a.m. Tuesday, employees had cards at their desks instructing them to call a number of lawyers in the event of a DEA or FDA raid.

"Apparently they were expecting it," said Lt. Carl Metzger of the Florida Metropolitan Bureau of Investigation. "If they're truly innocent and just going about their business, it's a strange thing to have."

Several raids and arrests were pending, one source close to the investigation said, adding, "This is really the first of two waves."

Clients included MLB and NFL players, as well as bodybuilders and celebrities, the source said.

According to the source, as many as 50 doctors and pharmacists may be indicted by the time the case is complete, but the professional clients who received drugs are not targets, Soares said. Three "distributors" from Sugarland, Tex., were also arrested, he said.

"The involvement of athletes and celebrities makes this a sexy story, but I assure you at this point that that is not our focus," he said.

Soares would not say how many targets there were in the investigation, but when asked if it could be "scores," he said, "scores is a safe word."

Approached by a Daily News reporter in New York, Holyfield shook his head when asked about the report. Pat English, the attorney for Holyfield's promotion company Main Events, called the accusation "bull----."

"I've known Evander 20-something years. Plain bull----," English said. "And by the way, he's been regularly tested (for steroids) when he fights in Vegas."

Matthews' agent, Scott Leventhal, did not return several calls for comment. Canseco's attorney, Robert Saunooke, said his client obviously has admitted his steroid use, but doubts he ever ordered anything over the Internet.

"My understanding is every time Jose did steroids, he got them through either a teammate or somewhere at the gym or a doctor. All his (prescriptions) he's had in recent years have been through doctors.

"He does take testosterone now because one side effect of taking them so long is that he's got low testosterone levels," Saunooke said. "I would doubt very seriously that Jose bought any prescriptions online. The reason I would doubt that is because he doesn't know how to use a computer. Just getting him to check my E-mails is next to impossible."

At Signature's Orlando location Tuesday, police arrested pharmacy founder Stan Loomis, his wife, pharmacy CEO Naomi Loomis, Loomis' brother, Michael and Kirk Calvert, an officer in the company. The three Loomises are licensed pharmacists.

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Law-enforcement agents spent the day cataloging, packing and loading boxes of files onto a U-Haul truck parked in front of the building. Several large metal filing cabinets were loaded, as well as a computer hard drive that a source described as "crucial" to the investigation.

All four defendants will be arraigned Wednesday while Soares seeks to have them extradited to New York for prosecution on felony charges of criminal diversion of prescription medication and prescriptions, criminal sale of controlled substances and insurance fraud.

Under the alleged scheme, they were part of a system in which clients would log onto a Web site, request drugs, then have their requests forwarded to a physician who would write a prescription for whatever the client wanted.

That prescription was then allegedly filled by Signature or other pharmacies under investigation.

"That's illegal," Soares said.

Soares said the investigation began two years ago, when his officer prosecuted a Rome, N.Y., emergency room physician named David W. Stephenson. Stephenson, who was sent to the Albany County Correctional Facility, received drugs from Signature, Soares said.

A source said that investigators worked closely with the U.S. Anti-Doping Agency over the past two years.

USADA legal director Travis Tygart would not comment on whether his organization was involved, but speaking generally, he said, "We have always known that doctors, coaches and even companies illegally prey on our athletes to use drugs in order to win at all costs."

First BALCO, Now An East Coast Steroid Scandal (AP)

AP, March 1, 2007

The West Coast had BALCO. Now the East Coast could be in the midst of its own steroid scandal.

An illicit steroid distribution network, which may be responsible for Internet sales of performance-enhancing drugs nationwide, has been targeted by an upstate New York prosecutor. Customers reportedly included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield and former baseball star Jose Canseco.

"We have investigated, and are prosecuting, one of the largest narcotics and steroid distributors in the nation," P. David Soares, district attorney of Albany County, N.Y., said in a statement Wednesday.

His comments came a day after federal and state agents raided two pharmacies in Orlando, Fla. So far, eight people in three states have been arrested, and prosecutors say 24 could face felony charges by the time their investigation is over.

Former Arizona Diamondbacks pitcher Jason Grimsley and a doctor for the Pittsburgh Steelers were reportedly linked to Signature Pharmacy in Orlando, according to the Times Union of Albany, which first disclosed the widespread investigation.

The paper also said Matthews, Canseco and Holyfield were allegedly on the customer list of Applied Pharmacy Services in Mobile, Ala., whose two owners have been indicted by an Albany County grand jury.

SI.com, meanwhile, reported that Matthews allegedly was sent Genotropin, a brand of synthetic growth hormone, in August 2004. The drug, which came from Applied Pharmacy, was sent to the address in Mansfield, Texas, of one of Matthews' former minor league teammates, according to the Internet site.

Matthews, speaking to reporters at the Angels' spring training camp in Mesa, Ariz., said he wasn't "in a position to answer any specific questions."

"I do expect it to resolve itself here in the near future. ... Until we get more information, I just can't comment on it," he said.

Canseco's attorney, Robert Saunooke, told The Associated Press he would be surprised if the former slugger had been a client.

"I would find it highly unlikely," he said. "All the steroids that he got were prescribed to him or were from people in the gym. There's never been anything he's gotten online."

A message left with Holyfield was not immediately returned. Grimsley's agent, Joe Bick, declined comment, and his attorney did not return a phone call.

Investigators say they've found evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed to users who included professional and college athletes.

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"We've known for a long time that coaches, doctors, even companies prey and enable our athletes to use drugs against the rules," Travis Tygart, counsel for the U.S. Anti-Doping Agency, said. "It's these types of national law enforcement efforts that will be most successful in bringing the manufacturers and distributors of these drugs to their knees.

"And that's good for all of sports and our athletes."

Soares has refused to answer most questions about the case, which involves sealed indictments. But he did say his two-year investigation began after an Albany doctor was arrested for allegedly trafficking in narcotics online.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," Soares said Tuesday in Orlando, where federal and state agents raided two Signature Pharmacy stores and arrested four company officials.

"Our focus here is to shut down distribution channels."

And that's what makes this latest steroid investigation so significant, doping officials said.

BALCO involved some of the biggest names in sports — Barry Bonds, Marion Jones and Jason Giambi — as well as "designer" steroids, performance-enhancing drugs concocted specifically for elite athletes. But its scope largely has been limited to the Bay Area Laboratory Co-Operative, those who worked there and those got performance-enhancing drugs from there.

The Albany investigation, though — coupled with federal charges filed last week in a similar probe in Providence, R.I. — is targeting the distribution networks that supply steroids to big-name and no-name users throughout the country. And it's focusing squarely on operations that peddle their illegal wares over the Internet.

According to Albany prosecutors, Signature Pharmacy repeatedly filled prescriptions even though it knew they were not the result of face-to-face meetings between doctor and patient, a violation of New York law.

"Historically, people who abuse these things were fearful of drug testing," said Dr. Gary Wadler, a member of the World Anti-Doping Agency. "Now they've got to be fearful not only of drug testing, they've got to be fearful of law enforcement. ... `Are the persons I'm getting it from under some federal investigation and am I going to get snagged?'

"I'm quite confident that this had nothing to do with the investigation of athletes," Wadler added. "It happened to deal with an investigation of a doctor or pharmacist and, lo and behold, there were people's names. They weren't targets. They're collateral, if you will."

Officials from the Food and Drug Administration questioned the doctor for the Pittsburgh Steelers about hormone purchases from the Orlando pharmacy.

The Times Union reported that Dr. Richard Rydze was asked about his purchase last year of about $150,000 in testosterone and human growth hormone. The purchase was made on Rydze's personal credit card.

"There is no evidence that Dr. Rydze prescribed or provided any hormone treatments to any of our players," Steelers president Art Rooney II said. "Dr. Rydze has assured me that this has never happened and will never happen."

Meanwhile, the University of Pittsburgh Medical Center said it was investigating the purchase made by Rydze, who works there.

"We have initiated an internal review and at this time we have no further factual information or comment," said Susan Manko, a UPMC spokeswoman.

During the raid in Orlando, investigators seized drugs, including anabolic steroids and human growth hormone, said Carl Metzger, narcotics commander for Orlando's Metropolitan Bureau of Investigation.

Steroid Scandal Shifts To East Coast (AP)

AP, March 1, 2007

Testing for performance-enhancing drugs can only go so far -- and nab so many people. Bring state and federal law-enforcement officials in, and it could change the landscape of the anti-doping fight.

Illicit steroid distribution networks, which may be responsible for Internet sales of performance-enhancing drugs nationwide, have been targeted by prosecutors in upstate New York and Rhode Island. Customers reportedly included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield and former baseball star Jose Canseco, as well as a doctor for the Pittsburgh Steelers.

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"We've known for a long time that coaches, doctors, even companies prey and enable our athletes to use drugs against the rules," Travis Tygart, general counsel for the U.S. Anti-Doping Agency, said Wednesday. "It's these types of national law enforcement efforts that will be most successful in bringing the manufacturers and distributors of these drugs to their knees.

"And that's good for all of sports and our athletes."

Testing may expose athletes who cheat, but it does little to punish those who make, market and distribute performance-enhancing substances, let alone stop the flow of drugs. That's why these new investigations have the potential to be so significant.

Instead of the stars and designer drugs in the BALCO scandal, authorities are targeting those who supply steroids to big-name and no-name users alike across the country.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," said P. David Soares, district attorney of Albany County, N.Y.

"Our focus here is to shut down distribution channels."

Federal and state agents raided two pharmacies in Orlando, Fla., on Tuesday in connection with an investigation by Soares' office. Eight people in three states have been arrested, and prosecutors say 24 could face felony charges by the time their investigation is over.

An Albany County grand jury also has indicted the two owners of a pharmacy in Mobile, Ala., according to the Times Union of Albany, which first disclosed the widespread investigation. An attorney for Applied Pharmacy Services told Mobile's WALA-TV that federal authorities raided the company last August.

And last week, federal prosecutors in Rhode Island announced charges in an alleged scheme to illegally prescribe anabolic steroids and human growth hormone to bodybuilders in several states.

"Historically, people who abuse these things were fearful of drug testing," said Dr. Gary Wadler, a member of the World Anti-Doping Agency. "Now they've got to be fearful not only of drug testing, they've got to be fearful of law enforcement. ... `Are the persons I'm getting it from under some federal investigation and am I going to get snagged?'

"I'm quite confident that this had nothing to do with the investigation of athletes," Wadler added. "It happened to deal with an investigation of a doctor or pharmacist and, lo and behold, there were people's names. They weren't targets. They're collateral, if you will."

Former Arizona Diamondbacks pitcher Jason Grimsley and a doctor for the Pittsburgh Steelers were linked to Signature Pharmacy in Orlando, according to the Times Union. Grimsley's agent, Joe Bick, declined comment, and his attorney did not return a phone call.

The paper also said Matthews, Canseco and Holyfield were allegedly on Applied Pharmacy's customer list. SI.com reported that Matthews allegedly was sent Genotropin, a brand of synthetic growth hormone, in August 2004.

The drug, which came from Applied Pharmacy, was sent to the address in Mansfield, Texas, of one of Matthews' former minor league teammates, according to the Internet site.

Matthews, speaking to reporters at the Angels' spring training camp in Mesa, Ariz., said he wasn't "in a position to answer any specific questions."

"I do expect it to resolve itself here in the near future. ... Until we get more information, I just can't comment on it," he said.

A message left with Holyfield on Wednesday was not returned. Canseco's attorney, Robert Saunooke, told The Associated Press he would be surprised if the former slugger had been a client.

"I would find it highly unlikely," he said. "All the steroids that he got were prescribed to him or were from people in the gym. There's never been anything he's gotten online."

Soares has refused to answer most questions about the case, which involves sealed indictments. But Albany prosecutors allege Signature Pharmacy repeatedly filled prescriptions even though it knew they were not the result of face-to-face meetings between doctor and patient, a violation of New York law.

During the raid in Orlando, investigators seized drugs, including anabolic steroids and human growth hormone, said Carl Metzger, narcotics commander for Orlando's Metropolitan Bureau of Investigation.

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"We have initiated an internal review and at this time we have no further factual information or comment," said Susan Manko, a UPMC spokeswoman.

Holyfield Allegedly Received Steroids, HGH Via Alias (SI/CNN)

Sports Illustrated/CNN, February 28, 2007

Sports Illustrated reporters Luis Fernando Llosa and L. Jon Wertheim are tracking the investigation of an illegal steroid distribution network that has implicated pro athletes. On Tuesday, they accompanied agents on a coordinated raid of an Orlando compound pharmacy and a Jupiter, Fla., "anti-aging" clinic that investigators allege conspired to fraudulently prescribe steroids, human growth hormone and other performance enhancing drugs over the Internet.

SI.com: In addition to major league outfielder Gary Matthews Jr., another prominent athlete whose name has surfaced in media reports is Evander Holyfield, the four-time heavyweight boxing champ. What do you know about his situation?

Llosa/Wertheim: Ironically, Holyfield's name does not appear in the law enforcement documents we reviewed. However, a patient by the name of "Evan Fields" caught investigators' attention. "Fields" shares the same birth date as Holyfield -- Oct. 19, 1962. The listed address for "Fields" was 794 Evander, Fairfield, Ga. 30213. Holyfield has a very similar address. When we called the phone number that, according to the documents, was associated with the "Fields" prescription, Holyfield answered.

SI.com: Is he tied to raids of compound pharmacies and "anti-aging" clinics as well?

Llosa/Wertheim: This case appears to be a little different. Rather than using the internet and receiving the prescriptions through the mail, "Fields" allegedly picked them up from a private Georgia urologist whose offices were raided as part of this ongoing investigation. But authorities tell us the drugs came from Applied Pharmacy, the Mobile, Ala., compound pharmacy the DEA raided last fall.

SI.com: Do you know which drugs were involved?

Llosa/Wertheim: According the records we reviewed, in June 2004, the individual that authorities believe to be Holyfield picked up three vials of testosterone, two vials of Glukor (a drug believed to be used during and after steroid cycles) and injection supplies. Less than a week later, according to the document, he picked up five vials of Saizen, a brand of human growth hormone (HGH), and related supplies. In Sept. 2004, he returned for a follow-up visit for hypogonadism.

SI.com: Does Holyfield have an explanation?

Llosa/Wertheim: We contacted him today. He denied knowledge and offered to get back to us, which he never did. He did, however, release a statement through Main Events, the boxing promotion company. "I do not use steroids. I have never used steroids. I resent that my name has been linked to known steroid users by sources who refuse to be identified in order to generate publicity for their investigation. I'm disappointed that certain members of the media fell for this ploy and chose to use my name in headlines and publish my photo alongside stories ... about an investigation into a practice that has nothing to do with me or what I stand for."

SI.com: At 44, Holyfield is still fighting. What is boxing's policy with respect to steroids and HGH?

Llosa/Wertheim: Most commissions do ban steroids and HGH. But again -- and we can't stress this enough -- this investigation is about the chain of supply and this network. It's not about which athletes are or aren't using performance-enhancing drugs. The document makes no assertion that Holyfield used the drugs that he is alleged to have received.

Boxing is not like other sports where there is a league and union that agrees on standard policies such as drug testing. In boxing, anti-doping rules can vary by state commission. We spoke with several officials with the Nevada Athletic Commission,

and while HGH is on a list of banned substances, boxers are not tested for it. Marc Ratner, the former head of the Nevada commission, also told us that boxers are only tested when they fight -- not out of competition. Still, a number of fighters in recent years, including James Toney and Fernando Vargas, have been sanctioned for using performance-enhancing drugs, serving suspensions of 90 days and nine months, respectively.

SI.com: Has Holyfield's name come up before?

Llosa/Wertheim: He has never tested positive. However Dr. Margaret Goodman, chairman of the medical advisory board of Nevada Athletic Commission, says that as early as 1994, when Holyfield fought Michael Moorer and suffered heart problems, the medical arm of the Commission questioned Holyfield about possible HGH use. "There were questions [because] the abnormalities Evander had with his heart were findings that could have been consistent with growth hormone use. The problem was there was no test and Evander denied any use of growth hormone."

Goodman went on to say that she believes that use of HGH is widespread in the sport. "I think it's readily available and used in boxing," she says. "I think we should have adopted the World Anti-Doping Agency (WADA) standards years ago. Boxing continues to hide its head in the sand that there's a problem with anabolic steroids and drugs like growth hormone -- and also substances like clenbuterol that guys are using in combination with growth hormone and anabolic steroids to give them an unfair advantage."

Abuse Of Prescribed Medicines About To Eclipse That Of Illicit Drugs (PPG)

By Michael A. Fuoco

Pittsburgh Post-Gazette, March 1, 2007

After treating more than 2,000 people for OxyContin addiction since 2000, Dr. Neil A. Capretto, Gateway Rehabilitation Center's medical director, wasn't surprised by the findings of the United Nations-affiliated International Narcotics Control Board that abuse of prescription drugs is about to exceed the use of illicit narcotics worldwide.

"There's just been a growing, nonmedical, addictive use of prescription drugs," he said, particularly opioid drugs like OxyContin, codeine, morphine, Percocet, Vicodin and Dilaudid. Opioids possess some properties characteristic of opiate narcotics like heroin and morphine but are not derived from the opium poppy.

"The good news is we're treating pain better than we did 10 years ago," Dr. Capretto said. "The bad news is there are more people abusing and misusing [prescription drugs]. Unfortunately, from our end, I'm really afraid it's going to get worse before it gets better."

In a report yesterday, the International Narcotics Control Board said abuse of prescription drugs is about to exceed the use of illicit street narcotics worldwide. The shift has spawned a lethal new trade in counterfeit painkillers, sedatives and other medicines potent enough to kill.

Prescription drug abuse already has outstripped traditional illegal drugs like heroin, cocaine and Ecstasy in parts of Europe, Africa and South Asia, the board said in its annual report for 2006.

In the United States alone, abuse of painkillers, stimulants, tranquilizers and other prescription medications has gone beyond "practically all illicit drugs with the exception of cannabis," with users increasingly turning to them first, said the group, based in Vienna, Austria.

Unregulated markets in many countries make it easy for traffickers to peddle a wide variety of counterfeit drugs using courier services, the mail and the Internet.

"Gains over the past years in international drug control may be seriously undermined by this ominous development if it remains unchecked," Narcotics Control Board President Philip O. Emafo said.

The problem is compounded in Western Pennsylvania, Dr. Capretto said, because it is "one of the OxyContin epicenters of the world." The powerful drug is prescribed here more than in other areas because of the region's large elderly population and large number of former industrial workers who suffered work-related injuries.

Since 2000, Gateway has experienced a 600 percent increase in admissions for addictions to opioids, both prescription pills and heroin, he said.

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The prescription and heroin addictions are often linked, Dr. Capretto noted, because abuse of OxyContin has led many addicts to heroin for economic reasons. While an 80-milligram OxyContin pill can sell for up to $80 on the street, a stamp bag of heroin has dropped to $10, even as purity levels have reached 90 percent.

"Someone spending hundreds of dollars a day on OxyContin can buy heroin for one-third, one-fourth that amount now," he said. "You have suburban kids who never thought they'd stick a needle in their arm shooting up.

Richard Goldberg, Allegheny County deputy district attorney in charge of the narcotics unit, agreed that OxyContin users are turning to heroin because dealers of both drugs are reacting to market forces of "supply and demand" in a price war.

Dr. Capretto said he's treated OxyContin abusers who enlisted others to stand outside of doctors' offices to buy partial prescriptions from elderly patients.

"They'd buy half a prescription for $200 and sell it for 10 times that much," he said.

He said he knows of high school students from an upper-middle-class school district who broke into a fellow student's home to steal his father's OxyContin, prescribed for a car accident; of addicts who go to real estate open houses to go through medicine cabinets; and addicts who go from doctor to doctor with fake medical records, knowing just how to act and just what to say.

Mr. Goldberg said prosecutions in Allegheny County involving prescription drugs peaked about two years ago when they made up about 30 percent of nearly 6,000 drug cases. Now, that number has dropped back to the 20 percent range where it was previously, he said.

After an upswing involving OxyContin prosecutions several years ago, the pendulum has swung back to Vicodin, he said.

"Vicodin has been there and will always be there. It's one drug doctors are more comfortable in prescribing," he said.

The number of Americans abusing prescription drugs went from 7.8 million in 1992 to 15.1 million in 2003, nearly doubling, the Narcotics Control Board said. Among their prescription drugs of choice: the painkillers oxycodone, sold under the trade name OxyContin, and hydrocodone, sold as Vicodin and used by 7.4 percent of college students in 2005.

Although the number of U.S. high school and college students abusing illicit drugs declined in 2006 for a fourth consecutive year, "the high and increasing level of abuse of prescription drugs by both adolescents and adults is a serious cause for concern," it said.

Counterfeiters are exploiting intense demand for prescription drugs that can give a "high" comparable to cocaine, heroin or methamphetamine, the watchdog group said.

It singled out Scandinavia, where demand for flunitrazepam -- a sedative sold as Rohypnol and widely known as a "date rape drug" -- increasingly is being met by unauthorized production, and North America, where widespread abuse of prescription drugs, including the narcotic fentanyl -- 80 times as potent as heroin -- has been blamed for a spike in deaths.

"The very high potency of some of the synthetic narcotic drugs available as prescription drugs presents, in fact, a higher overdose risk than the abuse of illicit drugs," Dr. Emafo said.

Prescription Drug Abuse Set To Exceed Use Of Illicit Narcotics Globally (AP)

AP, March 1, 2007

Abuse of prescription drugs is about to exceed the use of illicit street narcotics worldwide â€"Â and the shift has spawned a lethal new trade inÂ counterfeit painkillers,Â sedatives and other medicines potent enough to kill, a global watchdog warned Wednesday.

Already, prescription drug abuse has outstripped traditional illegal drugs such as heroin, cocaine andÂ Ecstasy in parts of Europe, Africa and South Asia,Â the UN-affiliated International Narcotics Control Board said in its annual report for 2006.

In the United States alone, the abuse ofÂ painkillers, stimulants, tranquilizers and otherÂ prescription medications has gone beyond "practically all illicit drugs with the exception of cannabis,"Â with users increasingly turning to them first, theÂ Vienna-based group said.

And unregulated markets in many countries make it easy for traffickers to peddle a wide variety ofÂ counterfeit drugs through courier services, ordinary mail and the internet.

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"Gains over the past years in international drugÂ control may be seriously undermined by this ominousÂ development if it remains unchecked," INCB presidentÂ Philip Emafo said.

Discount medications that seem to be authenticÂ often turn out to be cheap but powerful knockoffs concocted from recipes posted on the web, Emafo added.

"Instead of healing, they can take lives," he said, characterizing the danger as "real and sizable."

Up to 50 per cent of all drugs taken in developing countries are believed to be counterfeit, the boardÂ said, citing estimates from the World HealthÂ Organization.

Buprenorphine, an analgesic, is now the mainÂ injection drug in most of India, and it is also trafficked and abused in tablet form in France, where the INCB estimates 20 to 25 per cent of the drug sold commercially as Subutex is being diverted to theÂ black market. Canadians ditching heroin for prescription narcotics

A study published in November 2006Â in the CanadianÂ Medical Association Journal found that heroin was no longer the opiate of choice among many substance abusers in Canada â€" prescription narcotics such asÂ morphine and OxyContin were taking its place.

Researchers studied street users in seven cities across the country in 2005, and found that heroinÂ remained the No. 1 illicit opiate only in Vancouver and Montreal. In the five other cities â€" Edmonton,Â Toronto, Quebec City, Fredericton and Saint John â€" more often than not, getting high meant taking prescription opioids like Percodan.

When the study was released, lead author BenediktÂ Fischer, an addiction researcher at the University ofÂ Victoria, said the switch to highly addictiveÂ prescription narcotics among street users likelyÂ represents just the tip of the iceberg

HeÂ said he suspected the numbers would be much higher ifÂ the general population was factored in.

The INCB said the number of Americans abusing prescription drugs nearly doubled from 7.8 million in 1992 to 15.1 million in 2003. Among theirÂ prescription drugs of choice: the painkillers oxycodone, sold under the trade name OxyContin, andÂ hydrocodone, sold as Vicodin and used by 7.4 per centÂ of college students in 2005.

Although the number of U.S. high school and college students abusing illicit drugs declined in 2006 for a fourth consecutive year, "the high andÂ increasing level of abuse of prescription drugs byÂ both adolescents and adults is a serious cause for concern," it said.

Counterfeiters are exploiting intense demand forÂ prescription drugs that can give a "high" comparableÂ to cocaine, heroin or methamphetamine, the watchdog group said.

Military, ATF Expand Bomb Training (CHIT)

By Andrew Zajac, Washington Bureau

Chicago Tribune, February 28, 2007

WASHINGTON -- Struggling for more effective responses to the suicide and roadside bombings that have wreaked havoc in Iraq and increasingly in Afghanistan, the Defense Department has beefed up an explosives training program with the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Military bomb technicians will receive additional training in countering homemade explosives and in identifying bomb components after a blast, under the expanded program to be run in six sessions annually at the ATF's training center in Ft. A.P. Hill in Virginia.

About 180 technicians from all branches of the armed forces will be trained in a course that has been expanded to one week, according to Steven Beggs, ATF chief of explosives training. Previously, about 90 technicians, mostly from the Army, received three days of training.

Homemade roadside bombs, also called improvised explosive devices, have exacted a devastating toll on American troops in Iraq and Afghanistan. This month the government alleged that sophisticated variants of the devices used in Iraq are being supplied by a branch of Iran's armed forces.

Suicide bombs have been employed against both military forces and civilians.

A suicide bombing Tuesday at the gates of Bagram Air Base in Afghanistan killed at least 23 people, including two Americans. Vice President Dick Cheney was on the base at the time but was unharmed.

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Military bomb technicians traditionally have focused on disarming or detonating a bomb, but increasingly they are trying to use physical evidence, such as a bomb's remains, to trace the weapon to its source.

"What they've been asked more and more to do is collect evidence, or intelligence," which is the ATF's strength, Beggs said.

The goal of the expanded training is to allow bomb technicians to glean whatever information they can about a bomb's components--switches, timers and the nature of the explosive --in less than 30 minutes, Beggs said.

Understanding how a bomb is built can provide clues about who made it and enable the military to take countermeasures.

"It affects the way we build our vehicles, the way we go down the road," Beggs said.

Feds Charge Suspected Bomb-maker Anew (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), February 28, 2007

A Flomaton man whose federal trial on bomb charges ended in a hung jury last month faces new charges under an indictment handed down last week by a grand jury in Mobile.

At the January trial in U.S. District Court in Mobile, jurors could not agree about whether Gregory Wendell Nichols was guilty of possessing a bomb. The new federal indictment accuses him of two bomb-related charges formally known as possession of an unregistered firearm and making a firearm.

Nichols is scheduled to be arraigned on the charges today.

"It is a separate offense to actually make a firearm," said Assistant U.S. Attorney Vicki Davis, who has taken over as lead prosecutor in the case.

During Nichols' trial, senior federal appeals Judge Emmett "Rip" Cox, who presided over the trial, dismissed one of two counts against the defendant -- possession of a firearm in violation of law -- on grounds that it duplicated the other charge, possession of an unregistered firearm.

"They're just retreading the indictment," said Assistant Federal Defender Peter Madden, who added that his client intends to plead not guilty. "A count was dismissed. Now, they're trying to add another one."

Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his pickup truck; they reported finding five homemade explosive devices.

Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape, and attached a firecracker fuse.

Nichols testified that he made the devices -- which he called "firecrackers" -- to drop into a river to watch the explosions. He said he and his fiancée did this with a batch of devices he had made in June and planned to do it again before ATF agents arrested him.

Prosecutors offered testimony from a ballistics expert who conducted tests he said proved the devices were dangerous. A defense expert witness told jurors that the devices were weak explosives.

Jurors could never agree whether those devices were firecrackers -- and thus legal -- or illegal firearms.

Davis said she has discussed a possible plea deal with defense lawyers, but Madden said he expects the case to go to trial again next month.

"We're going full speed ahead," Madden said. "I'm assuming it will go pretty much the same. But I'll do it better this time. The government doesn't have any more evidence."

Judge Hits Politics In Choice Of Marshals (BOS)

By Sean P. Murphy, Globe Staff

The Boston Globe, March 1, 2007

A rare rebuke from US bench

DOJ_NMG_0138350

A federal judge in Boston has blasted the US Marshals Service as a "second rate" agency because it is headed by a patronage appointee, and called on Congress to "professionalize" the law enforcement agency.

Judge William G. Young , in an unusual addendum to a ruling in an employment discrimination case last week, went out of his way to criticize the way marshals are appointed throughout the country.

The appointees "are all direct political patronage appointments. These are not executive department policy-making positions; they are vital law enforcement positions," Young wrote.

"Surely here in America direct command of law enforcement officers in harm's way could never be entrusted to political patronage appointees," he wrote. "How smug we are -- and how wrong."

Young's remarks were striking, in part because federal judges work closely with the marshals, who are responsible for securing courthouses, protecting judges, juries, witnesses, and other court officials. They also play a role in capturing fugitives and transporting prisoners.

Young wrote that it was unimaginable that another federal law enforcement agency, such as the FBI or the Drug Enforcement Agency, would put a political appointee in charge of a regional office. He said Congress has professionalized those agencies.

"Until Congress does the same for the Marshals Service, it will always be considered a second rate political agency in the eyes of true professionals," Young wrote.

Traditionally, the marshal's job has gone to a prominent political figure from the same political party of the president in office. The White House has usually allowed local political figures in the 94 marshal districts to reach a consensus on a candidate for the job.

Reed Hillman , last year's unsuccessful Republican candidate for lieutenant governor and a former State Police commander, is expected to be nominated for the presidential appointment.

In a story published Monday, the Globe quoted two unnamed Massachusetts Republican officials who said that the White House has decided to give Hillman the job.

If President Bush nominates him, Hillman may face opposition in the Senate, which must confirm presidential nominations.

Senator Edward M. Kennedy has long advocated for professionalizing the Marshals Service, and last year added a provision to the Patriot Act establishing criteria for marshals, including four years of "command-level law enforcement management duties" and experience in courts or protecting court personnel.

Ask whether Kennedy intended to try to block Hillman's appointment, Melissa Wagoner , Kennedy's spokeswoman, pointed out that the White House has not submitted a nomination to the Senate.

Bush's previous appointee for US marshal in Boston was Anthony Dichio, a former state trooper later dismissed by the president for neglect of duty. Former governor Paul Cellucci, a Republican like Bush, nominated Dichio, who had spent several years at Cellucci's side as part of a State Police detail assigned to drive the governor to appointments and provide security for him.

Bush dismissed Dichio in 2005, after two Globe reporters documented Dichio's lax work habits and use of his government-owned vehicle for personal errands. An investigation by the US Justice Department, prompted by the Globe report, confirmed the newspaper's findings.

Dichio was named to the $130,000-a-year job over objections from the state's two US senators and from nine of its 10 House members, all of them Democrats. Critics said Dicho lacked experience in antiterrorism and management. The Marshals Service in Massachusetts includes a staff of about 120.

Nancy McGillivray, who served as marshal from 1994 to 2002, was an anomaly in the Marshals Service because she rose through the agency's ranks to get the top job. Yesterday, she echoed Young's assessment.

"You don't have the luxury of a learning curve as marshal," McGillivray said yesterday. "It's a demanding, professional law enforcement job."

Young's comments on the Marshals Service came at the end of a ruling in which he denied the claims of a deputy marshal who alleged that Dichio passed her over for a promotion due to gender bias.

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In his ruling, Young wrote that Dichio's actions were a result of personal hostility toward the deputy marshal, not gender discrimination.

Dichio could not be reached for comment last night.

IMMIGRATION:

Report: Man Shot By Agents Smuggled Pot Again (EPT)

El Paso Times, February 28, 2007

Eight months after he was shot in the buttocks by two former El Paso Border Patrol agents, a Mexican drug smuggler delivered $1 million worth of marijuana to a stash house in El Paso County, according to an investigative report by the Drug Enforcement Administration now in possession of a California congressman.

U.S. Rep. Dana Rohrabacher, R-Calif., held a news conference in Washington, D.C., today and held a redacted copy of the document up for reporters but did not pass out copies. Rohrabacher said he had been asked by the Justice Department not to do so because the report contained sensitive information.

U.S. Attorney Johnny Sutton had repeatedly denied that the smuggler, Osvaldo Aldrete Davila, had been arrested again after he was shot in the buttocks by agents Ignacio Ramos and Jose Alonso Compean in February 2005 during a botched smuggling attempt near Fabens. Rohrabacher said it was technically correct because Davila was not arrested but said Sutton was playing with words.

"They call that lying when you're not a lawyer," he said.

Ramos and Compean were convicted last year of violating Davila's civil rights and of tampering with evidence because they did not report the shooting and because Compean picked up his shell casings.

Ramos was sentenced to 11 years in prison and Compean of 12 years in prison. They started serving their time in January and are appealing the conviction. Their cause has been picked up by conservative activists, such as Minutemen groups, and elected officials.

It is not clear what the DEA report will mean for the agents as it is not directly related to the February shooting, but Rohrabacher said he smeared the character of the smuggler as the prosecution's star witness.

Rohrabacher said that prosecutors ignored the DEA report to "promote the false image of the smuggler" during trial. Prosecutors said that Davila was smuggling drugs because he didn't have enough money to renew his commercial driver's license in Mexico.

The second smuggling incident allegedly occurred Oct. 9, 2005, during a sting operation at a stash house where occupants identified Davila as the man who had just driven a load of marijuana to the house. Davila was gone by then but "They used his name, all the way down to his colostomy bag. How many smugglers carry a colostomy bag?" Rohrabacher said.

The bullet that hit Davila in February severed his urethra.

U.S. Attorney's officials issued a written statement, saying "The U.S. Attorney's office cannot comment about matters that are under seal or ongoing investigations. This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it."

Davila's lawyer, Walter Boyaki, couldn t be reached for comment today. Davila is in Mexico and hasn't been back to El Paso since his court testimony.

Asked whether the publicity around the second incident could jeopardize possible efforts to prosecute Davila for the second offense, Rohrabacher said his focus was on freeing Compean and Ramos.

Davila was offered immunity in exchange for his testimony for the first incident, but not the second.

The DEA report was sealed evidence during the trial, according to trial transcripts in which lawyers refer to the incident as "the October load," and to the witness against Davila as Cipriano Ortiz. The defense's motion to unseal it was denied by a federal judge. But the evidence will be passed, sealed, to the Fifth Circuit Court of Appeals.

During the trial, Mary Stillinger, one of Ramos' attorneys, tried to introduce the evidence to the jurors.

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"My opinion is, your honor, that he's trying to portray himself as a very innocent person, and would not have any clue how marijuana is packaged. And I would like to ask, You didn't have any other experience with how marijuana was packaged?" she said according to official transcripts posted at www.usdoj.gov/usao/txw.

Her request was denied and Davila was allowed to plead the Fifth on any questions about his illegal activities before or after the shooting.

Smuggler Given Immunity Is Tied To New Drug Case (FWST)

By Dave Montgomery

The Fort Worth Star-Telegram, March 1, 2007

WASHINGTON — A Mexican drug smuggler who testified under immunity that he was shot by two now-imprisoned Border Patrol agents was linked to a second drug-smuggling case in Texas that happened nearly eight months after the shooting, according to a Drug Enforcement Administration report.

The disclosure of the report, dated Oct. 25, 2005, sparked new demands for a congressional inquiry into the prosecution of agents Ignacio Ramos and Jose Compean.

Each of the agents was sentenced to more than a decade in prison for shooting Mexican national Osvaldo Aldrete-Davila in the buttocks after he abandoned a van loaded with marijuana near Fabens, outside El Paso.

According to the previously sealed DEA report, Aldrete-Davila came to the attention of federal agents after being granted limited immunity to testify as the key witness against the two agents.

The occupant of a "stash house" in Clint, also near El Paso, identified "Osvaldo Davila" as the person who dropped off a 1990 Chevrolet Astro van containing six bundles of marijuana, the report said.

Agents seized 752.8 pounds of marijuana, valued at $602,240, from the van and a storage shed after an informant's tip led them to the house Oct. 23, 2005.

Cipriano Ortiz-Hernandez, who lived in the house, told agents that "Osvaldo Davila" had delivered the van a day earlier.

"Ortiz-Hernandez stated that he did not know that the van contained marijuana," the report said.

Davila was identified in the report as an illegal immigrant "who has a colostomy bag." Aldrete-Davila was forced to wear a colostomy bag after being treated in the United States for the wound inflicted in the shooting.

During his testimony Feb. 22-23, 2006, Aldrete-Davila acknowledged that he had been given limited immunity to testify against the two agents, but the government stressed that the immunity applied to his actions only on the day of the shooting.

He also said he planned to sue the government for $5 million to compensate for his injuries.

The DEA report, which began circulating on Capitol Hill on Wednesday, raised new questions about the government's handling of the case — particularly why Aldrete-Davila remained free after being tied to further trafficking activities.

Conservative lawmakers who have rallied behind the two agents also intensified their criticism of U.S. Attorney Johnny Sutton of San Antonio, whose office prosecuted the case.

"We cannot comment about matters that are under seal or ongoing investigations," Sutton's office said in a statement. "This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it.

"We have clearly stated that the immunity necessarily afforded to Aldrete-Davila in the investigation and trial of Ramos and Compean for the [Feb. 17] incident would not extend to any subsequent or future criminal activity that may be alleged."

The Inland Valley Daily Bulletin in Ontario, Calif., reported this week that DEA investigators believed that they had sufficient evidence to indict Aldrete-Davila in the second case, but their requests to do so were denied by prosecutors.

Rep. Ted Poe, R-Humble, a former district judge and prosecutor, called for a new trial for the two agents since the allegations in the DEA report were kept from jurors in the El Paso trial.

"I want to know why the federal government was so relentless in prosecuting the Border Patrol agents and not prosecuting a drug smuggler," Poe said. "He smuggled drugs on at least two occasions and he's more than just some mule."

More than 30 Republican House members, including Poe, urged House Speaker Nancy Pelosi, D-Calif., and three key committee chairmen to open immediate hearings "into all aspects of this case."

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“Numerous and repeated attempts by members of Congress to ascertain the facts of this case with relevant federal agencies have been unsuccessful,” the lawmakers said in a letter released late Wednesday.

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Man Shot By Agents Stashed Drugs After He Got Immunity (WT)

By Jerry Seper

The Washington Times, March 1, 2007

A Mexican national who was shot by U.S. Border Patrol agents after abandoning 743 pounds of marijuana on the Texas border brought a second drug load into the United States while waiting to testify under a grant of immunity against the now-imprisoned agents, according to unreleased federal documents.

U.S. Drug Enforcement Administration (DEA) documents, which remain under seal, show that Osbaldo Aldrete-Davila was the focus of a drug investigation into his reported stashing of 750 pounds of marijuana in a van at a house in Clint, Texas, in November 2005 -- nine months after he was shot in the buttocks near Fabens, Texas, while running from Agents Ignacio Ramos and Jose Alonso Compean.

The agents have since been sentenced to 11 and 12 years, respectively, in prison. Clint is eight miles northwest of Fabens in what law-enforcement authorities describe as a popular drug smuggling corridor.

The DEA's investigative reports, according to law-enforcement authorities and others, said a witness identified Aldrete-Davila as the van's driver, and that the owner of the house, Cipriano Ortiz-Hernandez, picked Aldrete-Davila from a display of several photos.

The authorities also said the reports show that the homeowner's brother, Jose Ortiz, told agents that Aldrete-Davila had brought the marijuana into the country from Juarez, Mexico, and identified him as "the person who was shot by Border Patrol agents."

Rep. Dana Rohrabacher, California Republican, said the DEA reports show that prosecutors misled the public about their "star witness" in the transport of a second load of drugs, adding that U.S. Attorney Johnny Sutton knowingly presented a false picture of the drug smuggler "to justify his ruthless prosecution."

He said that under Mr. Sutton's direction, prosecutors characterized the smuggler as an innocent victim, "which is clearly not the case," and when Mr. Sutton's office was told by the DEA of Aldrete-Davila's involvement in a second offense, "chose to disregard the information."

"Sutton's continuous attempts to paint a benign picture of the drug smuggler is not only disingenuous, but amounts to misleading the jury and the public when questioned about the second offense," he said. "Only an unscrupulous lawyer would believe this is an acceptable tactic."

Shana Jones, spokeswoman for Mr. Sutton, told The Washington Times yesterday that the prosecutor's office could not comment about matters under seal or on ongoing investigations.

"This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it," Ms. Jones said. "We have clearly stated that the immunity necessarily afforded to Aldrete-Davila in the investigation and trial of Ramos and Compean for the February 17 incident would not extend to any subsequent or future criminal activity that may be alleged.

"It is truly unfortunate that some members of Congress have inaccurately implied that such immunity would be extended beyond the scope of this trial," she said.

Mr. Rohrabacher's spokeswoman, Tara Setmayer, confirmed yesterday that her boss had a copy of the reports but said he had no intention of disclosing information from them that could be damaging to an ongoing investigation. She said he sought only to establish Aldrete-Davila's suspected involvement in a second drug-smuggling incident.

Ramos, 37, and Compean, 28, were sentenced in October in federal court in El Paso, Texas, on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after Aldrete-Davila was located in Mexico by Homeland Security investigators and given immunity by Mr. Sutton's office in exchange for his testimony against the agents. The immunity agreement protected Aldrete-Davila from being charged in this country with drug smuggling.

Aldrete-Davila was shot after he ignored orders by the agents to stop his vehicle. Court records show he jumped from his van and ran south to the Rio Grande, where he was confronted on foot by Compean. Although wounded, Aldrete-Davila crossed the border and escaped in a waiting van.

Both agents testified that they thought Aldrete-Davila had a gun in his hand and feared for their lives when they fired shots at him.

Official: Mexican Drug Runner Shot By Border Agents Smuggled More Drugs Into U.S. (FOX)

Fox News, February 28, 2007

The Mexican drug runner whose testimony sent two Border Patrol agents to prison for shooting him in the buttocks brought drugs into the United States more than once, thereby diminishing his credibility as a witness in the investigation, according to a California congressman.

Rep. Dana Rohrabacher, R-Calif., presented new evidence in a Capitol Hill press conference Wednesday that revealed what he says was U.S. Attorney Johnny Sutton's deliberate attempt to mislead the public about Osbaldo Aldrete-Davila's involvement in the transport of a second load of drugs in October 2005.

Aldrete-Davila testified before a jury that former Border Patrol Agents Jose Compean and Ignacio Ramos shot him in February 2005 as he tried to run away from them near the U.S.-Mexico border in Texas. He was given immunity from prosecution in March 2005 for his cooperation in that investigation and subsequent trial, which culminated last year.

The Mexican was smuggling more than 700 pounds of marijuana into the United States at the time. Compean and Ramos were convicted last year and are serving 11 and 12 years, respectively, in separate federal prisons for the non-fatal shooting.

But the Drug Enforcement Agency found that Aldrete-Davila brought in another vanload of drugs into the United States while he waited to testify against the agents. Some reports say he stashed up to 750 pounds of marijuana at a house in Clint, Texas.

Rohrabacher said Sutton knowingly presented a false picture of the primary witness in the case.

"The U.S. Attorney's Office presented to the jury and presented to the public as if this guy Davila was a benign, hapless Mexican man who had just been recruited to drive a truck in order to raise money for medical expenses for his mother," Rohrabacher told FOXNews.com.

"Had the jury known that there were indications that he was a professional and he lied to his handlers even after they had granted him immunity for the first time, his testimony would have been worthless and it also suggests that he was more likely to have been carrying a weapon."

One of the border agents claimed they may have seen a weapon in Aldrete-Davila's hand during the incident. But the prosecutor said there was no evidence that he had a gun.

Aldrete-Davila was given immunity by the U.S. government and also received a border crossing card to come to and from Mexico to get free medical care in the United States for a bullet lodged in his body. Rohrabacher's office said it's unsure how many times Aldrete-Davila crossed the border during this time.

But the congressman says evidence has emerged that Sutton's office was notified by the DEA of Aldrete-Davila's direct involvement in the second offense but that it was ignored.

"The second offense goes just to the heart of the credibility of the Justice Department's primary witness against Compean and Ramos," Rohrabacher told FOXNews.com.

The documents Rohrabacher has is the report of investigation completed by the DEA.

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"Our purpose here is not to endanger any agents" or reveal any information that may hurt the government's case, the congressman's spokeswoman, Tara Setmayer, told FOXNews.com on Wednesday. "But we do want people to understand we are in possession of documents that support the reports about Davila's involvement in a second drug-smuggling incident."

The DEA directed calls regarding what's known as the 'October load' investigation to Sutton, who represents the Western District of Texas. A prosecutor under Sutton handled the Compean-Ramos case.

"We cannot comment about matters that are under seal or ongoing investigations. This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it," Sutton said in a statement.

"We have clearly stated that the immunity necessarily afforded to Aldrete-Davila in the investigation and trial of Ramos and Compean for the Feb. 17 incident would not extend to any subsequent or future criminal activity that may be alleged. It is truly unfortunate that some members of Congress have inaccurately implied that such immunity would be extended beyond the scope of this trial."

Some lawmakers in Congress, as well as Border Patrol activist groups, claim Sutton failed to prosecute the "real" criminal in the matter — the drug runner — and instead went after two Border Patrol agents just doing their jobs. Sutton, for his part, has argued that the law clearly states the mandatory sentences for such a shooting, and that there is no exemption for law enforcement. He has acknowledged to FOXNews.com, however, that 11 and 12 years in prison for such a crime may be extreme.

Champions of Ramos and Compean have asked President Bush to pardon the two agents, but to no avail.

A Justice Department lawyer on Wednesday told FOXNews.com that so far, the agency had not received any petition for clemency for either of the agents.

But in order to be eligible for a pardon approved by the Justice Department — which makes pardon recommendations to the president — five years must have elapsed from the day an individual was released from prison. Commutation is a shortening of one's sentence, but in order to be eligible for that, the person serving the sentence cannot be legally challenging his case.

However, the president can also make either decision on his own, regardless of the Justice recommendation.

Friends of the Border Patrol on Wednesday called for the firing of Sutton, along with other assistant U.S. attorneys who helped prosecute Compean and Ramos for what it calls "the malicious prosecution" of the two ex-agents and for "hiding key evidence from and lying to the American people, as well as harboring, aiding and providing comfort to a known drug smuggler, Osbaldo Aldrete-Davila, who illegally entered the U.S. from Mexico, assaulted Agent Compean, brandished a firearm towards two federal agents, resisted arrest and transported narcotics across international boundaries on multiple occasions."

The prosecution in the case says Aldrete-Davila did not have a gun, even though at least one of the agents thought he saw what could have been a weapon in his hand at the time of the shooting.

Friends of the Border Patrol also called for the resignation of Judge Kathleen Cardone, who it says "did everything possible to aid the prosecution in this witch-hunt, including sealing evidence and testimony that clearly would have damaged the credibility of the government's case and their alleged 'victim.'"

Fresh Start On Immigration Overhaul (LAT)

By Adam Schreck

The Los Angeles Times, March 1, 2007

WASHINGTON — President Bush is committed to working with Congress on an overhaul of immigration laws, two Cabinet officials told a Senate panel Wednesday, but they hedged on the contentious issue of whether people who come to the U.S. illegally should have a path to citizenship.

The administration's priority is to secure the nation's borders and convince the estimated 12 million illegal immigrants to "come out of the shadows," Commerce Secretary Carlos M. Gutierrez told the Senate Judiciary Committee.

"I'm not sure that everyone wants to be a U.S. citizen. Many just want to be able to work, and if they can work legally, one day they would like to go back home," he said. "So I don't think that citizenship is what will make them come out of the shadows."

In the first hearing on immigration policy since the Democrats took over Congress, Homeland Security Secretary Michael Chertoff emphasized that any changes in the law should not amount to amnesty.

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"We cannot give those who are here illegally because they've broken the law a leg up and an advantage over those who have played by the rules," he said.

Many Republicans, particularly in the House, broke with Bush last year over his support for what the White House has called "comprehensive immigration reform."

"I don't believe that House Republicans would support a bill that creates a path to citizenship for people who came to the country illegally," said Amos Snead, a spokesman for House Minority Whip Roy Blunt (R-Mo.).

In his testimony, Chertoff emphasized the need for tighter border security and tougher workplace enforcement measures. Praising a workplace crackdown last week in California and 16 other states, he said harsher penalties were needed to prevent workers from entering the country illegally.

But under questioning by committee Chairman Patrick J. Leahy (D-Vt.), Chertoff and Gutierrez conceded that, for the most part, illegal workers were not taking jobs away from Americans. Asked about the likelihood of rounding up everyone here illegally, Chertoff acknowledged that "it would be a gargantuan task to try to locate, detain and deport 12 million people."

The hearing follows a renewed behind-the-scenes push by the White House to get a comprehensive overhaul passed before 2008 presidential and congressional campaigning swings into high gear. At least in broad terms, Bush agrees with congressional Democrats that the immigration laws — last revised on a large scale in 1986 — need significant retooling.

Last year, the Senate, then under GOP control, approved legislation that hewed closely to Bush's proposals. The bill, passed by a vote of 62 to 36, would have given many illegal immigrants a chance to pursue citizenship, created a guest worker program, tightened sanctions on companies employing illegal workers and authorized hundreds of miles of fencing along the U.S.-Mexico border.

But the House refused to consider anything beyond a tight focus on border security and enforcement, dooming the wider approach.

Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.), who drafted last year's bill, plan to introduce a new version soon. Reps. Jeff Flake (R-Ariz.) and Luis V. Gutierrez (D-Ill.) are working on similar legislation on the House side. Flake said in a written statement that the issue offered a rare chance for the president and Congress "to come together and enact meaningful, substantive legislation."

"Republicans as a whole aren't that much different than Democrats as a whole — they want some type of comprehensive reform," he said in a telephone interview.

Not everyone is on the same page, however. Sen. Dianne Feinstein (D-Calif.) suggested during Wednesday's hearing that senators "may have reached too far in the comprehensive bill" last year and would be better off tackling the issue piece by piece.

Leahy warned that whatever the approach, the road ahead wouldn't be easy.

"This is going to be a long process," he said. "The most important point in this whole thing is where the president is going to be, and where he's going to be publicly on this."

White House Renews Effort To Overhaul Laws (USAT)

By Kathy Kiely

USA Today, March 1, 2007

WASHINGTON — President Bush waded gingerly back into the debate over immigration Wednesday, as two of his top lieutenants urged Congress to grant "legal status" to an estimated 12 million people now living in the country illegally.

Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff stopped short, however, of endorsing a plan to give illegal immigrants a chance at citizenship. "I believe what people want first and foremost is to have legal status," Gutierrez said. "I don't think everyone wants to be a citizen."

RELATED: Fee increase could curb citizenship applications

The two men's appearance before the Senate Judiciary Committee marks the beginning of an effort to revive a sweeping overhaul of the nation's immigration laws — a debate that last year set off a wave of demonstrations across the country. Legislation bogged down late in the last Congress when House Republican leaders refused to take up a Senate-passed bill that won Bush's public stamp of approval.

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The Senate bill provided for improved border security, tougher penalties for employers who hire illegal aliens, a tamper-proof Social Security card, an expanded "guest worker" program to allow foreigners to work in the USA and a chance at citizenship for those living and working in the country illegally. But some Republican critics, such as Rep. F. James Sensenbrenner, R-Wis., said the bill was too lenient, equating the citizenship provision to amnesty.

Last year's election improved the bill's chances for passage by putting Democrats in charge of both the House and Senate and ousting several leading Republican critics of the Senate immigration bill, such as J.D. Hayworth of Arizona and John Hostettler of Indiana. Voters were "clearly rejecting … the hard-line, tough-guy posture," said Cecilia Muñoz of the National Council of La Raza, a Hispanic advocacy group that backed the legislation. Muñoz said this year — a non-election year — is "the best window we're going to have" for passage of legislation that "could be a, if not the, major piece of the president's domestic legacy."

Bush seems to agree. At a press conference last month, the president said he sees "an interesting opportunity" to work with Democrats to enact legislation he has sought since his first term.

Once again, the chief sticking point appears likely to be fate of the nation's illegal population. "We can't kick them out of our country," Bush said at his press conference in February. At the Senate hearing, Chertoff said deporting all of them would be "a gargantuan task."

Democrats argue that offering an eventual chance at citizenship is the only way to guarantee the elimination of an exploitable underclass of workers. "We need to establish a path to citizenship that is fair and predictable," House Speaker Nancy Pelosi, D-Calif., was to have said in remarks scheduled for delivery Wednesday night to the Mexican American Legal Defense and Education Fund. "It may be a path of many steps, but the endpoint must be clear and attainable."

Under last year's Senate bill, illegal immigrants could seek citizenship if they hold a job, pay taxes, take English classes, pay a fine for their illegal entry and have not committed any felonies. "This is not amnesty," said Sen. Arlen Specter, R-Pa.

Sen. Jon Kyl, R-Ariz., who was one of the leading opponents of the Senate bill and who is now the third-ranking member of the Senate Republican leadership, said in an interview outside the hearing that the two Cabinet secretaries refusal to commit to the citizenship approach was deliberate.

"Everybody's being cautious about being very specific there because clearly that's where the final compromises have to come if there's going to be legislation," Kyl said. The senator said that Republican opponents of last year's Senate bill might be willing to go along with a deal that offers some, but not all, illegal immigrants a chance to gain legal status "if there are other factors put into the mix." He put the chances of enacting a bill this year at "better than 50-50."

Senate Judiciary Chairman Patrick Leahy, D-Vt., warned that enacting a bill "is not going to be an easy process." That cheers Ira Mehlman of the Federation for American Immigration Reform, which opposed last year's Senate-passed bill. He predicted that lawmakers will remain split over the immigration bills most controversial provisions. "There aren't very many Republicans left who are prepared to go marching off a cliff with George Bush anymore," Mehlman said.

On the other end of the spectrum, Sonia Ramirez of the AFL-CIO said labor won't back an immigration bill unless it contains safeguards that protect foreign workers from abuse and domestic workers from job loss. She also said the unions favor "a path to citizenship" for those who have been living and working in the country illegally.

Bush Aides Pledge Work For Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Two senior Bush administration officials vowed on Wednesday to work with Congress to ensure passage of immigration legislation this year but publicly distanced themselves from proposals that would place most illegal immigrants on a path to citizenship.

Commerce Secretary Carlos M. Gutierrez and Homeland Security Secretary Michael Chertoff suggested that offering temporary legal status, instead of citizenship, to illegal immigrants would be enough to persuade them to emerge from the shadows and register with the government, which has been a key national security goal.

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The officials were testifying before the Senate Judiciary Committee as lawmakers worked out the final details of a broad immigration bill that could be introduced in the Senate as early as next week. Last year, the Senate passed bipartisan immigration legislation that would have provided citizenship to most illegal immigrants who paid fines and back taxes and learned English.

That legislation stalled in the face of fierce opposition from House Republicans, but this year's bill is expected to include a similar proposal. Democrats and Republicans believe that prospects for passage are far better in this Democratic-controlled Congress, but the contentious debate over citizenship underscores the difficulties ahead.

The citizenship measure has been derided by conservatives as amnesty and hailed by some Democrats, Republicans and immigrant advocates as a provision that will encourage millions of illegal immigrants to come forward. In August, President Bush suggested that he supported such proposals, saying they sounded like "a reasonable way to treat people with respect."

But on Wednesday, Mr. Gutierrez and Mr. Chertoff declined to endorse the measure. Mr. Gutierrez said many illegal immigrants might prefer working here for several years and returning home.

"That is something we need to discuss, we need to think through," Mr. Gutierrez said. "There is a path today to citizenship, so it is not as if we need to create a new path to citizenship."

"What people want first and foremost is legal status," he said. "I'm not sure everybody wants to be a U.S. citizen. Many just want to be able to work. And if they can work legally, one day they would like to go back home."

Mr. Chertoff noted that only about a third of the illegal immigrants granted legal status as a result of legislation passed in 1986 actually ended up applying for citizenship. "A significant majority did not become citizens," he said.

It was unclear whether the officials were simply trying to ease conservative concerns about the citizenship question or whether Mr. Bush had actually shifted his position. Scott Stanzel, a White House spokesman, said Mr. Bush still supported a path to citizenship that would include payments of fines back taxes and a requirement to learn English, among other things. But it seemed unlikely that the two cabinet secretaries would make such remarks without first consulting the White House.

But advocates for immigrants warned that legislation without a path to citizenship would be unacceptable to many Democrats and some Republicans. They also objected to another proposal suggested by Mr. Chertoff, which would limit judicial review of decisions made by immigration officials determining eligibility for the legalization program.

"Without the inclusion of a path to citizenship in a legalization program, you are essentially creating a permanent underclass in our country," said Bishop Gerald Barnes of the United States Conference of Catholic Bishops Committee on Migration.

Lawmakers also highlighted other concerns. Senator Arlen Specter, the Pennsylvania Republican who was a key architect of last year's bill, complained that he and other Republicans were being shut out of negotiations over the new legislation.

Meanwhile, Senator Dianne Feinstein, a California Democrat who supported the bill last year, said she now believed it was overly broad and susceptible to fraud.

Senator Patrick J. Leahy, the Vermont Democrat who is chairman of the Judiciary Committee, said Mr. Bush would have to ensure that lawmakers came together. "It's not going to be an easy process," Mr. Leahy said.

Immigration Minefield For '08 Hopefuls (HILL)

By Elana Schor And Ian Swanson

The Hill, March 1, 2007

The imminent release of a new Senate immigration bill exposes a minefield of political hazards for the six senators chasing their parties' presidential nominations.

Senate leaders on both sides of the aisle have expressed readiness to restart the debate over combining border enforcement with a path to earned citizenship for illegal immigrants in the country. Yet Democrats now face high expectations on immigration after campaigning on last year's failure to reach a conference on comprehensive reform, and the Senate GOP's two 2008 candidates face their own backlash over backing the bill last year.

The White House contender most openly staking his electoral fortunes on immigration is Sen. John McCain (R-Ariz.), who is putting the finishing touches on this year's edition of the reform bill he offered last year with Sen. Edward Kennedy (D-Mass.).

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Their measure could emerge as quickly as next week, with McCain helping corral Republican conference members who are wary of sitting down with newly empowered Democrats.

At a Judiciary Committee hearing yesterday that kick-started the immigration debate, ranking Republican Arlen Specter (Pa.) reflected the concerns of some members and aides that McCain and Kennedy were not bringing their colleagues to the table early on.

"I have been concerned about reading what is happening behind the scenes in the newspapers," Specter said, adding that he had told Kennedy twice of the lack of staff-level communication.

Kennedy spokeswoman Laura Capps disputed the notion that members were on the sidelines, citing informal talks that have occurred off the floor. One key Republican not present at those talks, however, was Sen. Sam Brownback (R-Kan.), now among McCain's presidential primary foes.

Brownback is as conscious as McCain of the conservative base's discontent with last year's Senate immigration bill, and any changes seen as left-leaning — such as the elimination of the three-tiered path to citizenship in last year's legislation — could sway the Kansan to vote no this time around.

One Senate GOP aide noted that Republicans were more willing to swallow unsavory elements of the dense immigration bill because they knew their leadership was ultimately in control: "Even if they somehow come up with a bill that's where it was last year, the conferees are going to be Democrats, not Republicans."

Another Republican staffer agreed that McCain has much to lose in this year's run at immigration reform.

"[For conservatives], the fight is going to be multiplied this year because of concerns that [Speaker Nancy] Pelosi (D-Calif.) and Ted Kennedy and McCain will be in charge," the aide said. "This is definitely a strange timing for this in [McCain's] courtship of conservatives."

Meanwhile, Sen. Dianne Feinstein (D-Calif.) voiced grievances of her own that could haunt presidentially inclined Democrats. Feinstein said earlier this week that she had seen no details of the Kennedy-McCain draft, adding plainly that she has "no investment" in that bill.

Feinstein, whose state boasts the highest number of electoral votes in the nation, said yesterday that she favored pursuing two narrower immigration plans instead of comprehensive reform: AgJobs, which would provide temporary worker visas to agricultural workers; and the DREAM Act, which calls for children of illegal immigrants to achieve legal status while seeking college degrees.

Four 2008 candidates already have cosponsored Feinstein's AgJobs bill this year: Sens. Hillary Rodham Clinton (D-N.Y.), Barack Obama (D-Ill.), Joseph Biden (D-Del.) and McCain. Potential candidate Sen. Chuck Hagel (R-Neb.) has also signed on. All five have been sponsors since 2005, and Democratic candidate John Edwards was also a sponsor during his time in the Senate.

Democrats like Clinton and Obama are caught between groups representing Hispanics, the fastest-growing voting bloc in the U.S., and traditional allies in organized labor who want to ensure an immigration bill does not hurt U.S. workers.

Labor organizations took different positions on last year's bill. Unite Here! which represents textile workers, and the Service Employees International Union supported the Kennedy-McCain bill, but the nation's broadest union, the AFL-CIO, opposed it, as did the Teamsters.

AFL-CIO legislative representative Sonya Ramirez described this as "more of a fracture than a split" and said it would be a mischaracterization to think labor was not fully engaged in last year's debate.

"I think that's a convenient notion," she said. "Because we refused to actively oppose bills in the last cycle, people think we had disagreements and kept them to ourselves."

She said the AFL-CIO's engagement on the issue resulted in amendments added to the Kennedy-McCain bill by Obama, which Ramirez said are likely to be included in the bill Kennedy and McCain are preparing.

Amendments introduced by the Illinois senator last year were approved by voice vote and required that temporary workers be paid a "prevailing wage." Obama also would have restricted the use of a new visa for low-skilled workers in areas with unemployment rates above 9 percent.

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This year, however, Ramirez said there is no guarantee that the group won't actively oppose immigration-reform legislation. For example, the AFL-CIO did not support any of the major immigration bills considered in the upper chamber last year, and has clear policies stating that temporary-worker programs would be disastrous to U.S. labor standards, Ramirez said.

Angela Kelley, deputy director of the National Immigration Forum, acknowledged that Democratic presidential candidates will want to show they are not soft on immigration. Still, she added, it will be difficult for presidential candidates not to support immigration reform because of the burgeoning engagement of Latino voters.

The Democrats' dilemma was illustrated earlier this year, when Hispanic-American radio host and blogger Mario Solis-Marich seized upon an interview with former national party chairman and Clinton ally Terry McAuliffe. Solis-Marich launched McAuliffe's comment that "you've got to shut the borders down" around the blogosphere, reminding Clinton that "Latinos have a choice in '08." The Clinton campaign promptly noted that McAuliffe did not speak for the senator.

Secrecy Could Kill Immigration Reform (WT)

By Stephen Dinan

The Washington Times, March 1, 2007

Sen. Edward M. Kennedy's secret work on an immigration bill threatens the chance of passing any guest-worker program this year, warned Sen. Arlen Specter, the top Republican on the Judiciary Committee.

"If you want to be in at the landing, you have to be in at the takeoff," Mr. Specter of Pennsylvania yesterday cautioned Mr. Kennedy, Massachusetts Democrat, and Sen. John McCain, Arizona Republican, saying Mr. Kennedy has broken a promise to consult with other senators' staffs on a new bill. That bill, details of which were first reported by The Washington Times, would grant citizenship rights to most illegal aliens already in the U.S.

President Bush dispatched two Cabinet secretaries to testify to the Judiciary Committee yesterday as the Senate restarted the immigration debate, which stalled last year because of a deep split among Republicans on the issue.

But Commerce Secretary Carlos Gutierrez undercut Mr. Bush's own rationale for supporting citizenship rights for illegal aliens. Mr. Gutierrez said a temporary-worker program alone would be enough to encourage illegal aliens to come forward, even without the prospect of citizenship.

"I don't think that citizenship is what will make them come out of the shadows, it's just the opportunity to have legal status so they don't have to be in the shadows," Mr. Gutierrez said.

Mr. Specter's warning and Mr. Gutierrez's comments underscore how even with a Democratic majority, which is in line with Mr. Bush on immigration, Congress will struggle to pass a bill this year.

The Senate last year passed a bill that created a path to citizenship for illegal aliens for those who have lived here the longest, while denying it to recent arrivals. It also boosted homeland security and created a new foreign worker program that included a path to citizenship for future workers.

That had the support of Mr. Bush, who called it "a good immigration bill."

But House Republicans said it amounted to an amnesty for most illegal aliens, and they refused to bring it up, instead forcing the Senate to pass an enforcement bill that includes building hundreds of miles of double-tier fence along the U.S.-Mexico border.

Judiciary Committee Chairman Patrick V. Leahy, Vermont Democrat, called the barrier a "Potemkin fence" and said the money would be "wasted" in building it.

Yesterday, he and other senators bristled at the "amnesty" label. Some of them pleaded with the secretaries to help them come up with a way to avoid the label.

"This amnesty question will dominate this debate," said Sen. Lindsey Graham, South Carolina Republican, who supports citizenship rights for most illegal aliens.

Even as Mr. Kennedy and Mr. McCain work in private, they appear to have lost one key Democratic supporter. Sen. Dianne Feinstein, California Democrat, said that bill was too broad, that the guest-worker program for future workers was too big and that splitting illegal aliens based on their time here was too open to fraud.

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"I am now of the opinion that we may have reached too far in the comprehensive bill and that we ought to take a look at doing this" in stages, she said.

Three years after Mr. Bush proposed his own guest-worker plan -- at the time it included a temporary guest-worker program but not a path to citizenship for illegal aliens -- the administration still does not have specifics on cost or even how long it would take to get a program up and running.

Under questioning by Mr. Kennedy, Homeland Security Secretary Michael Chertoff could not say how much time it would take to create and issue tamperproof identity cards or create the infrastructure for businesses to check on workers' identities. But Mr. Chertoff said the administration has made big strides on immigration law enforcement.

"I want to emphasize we're not done, but we're moving in the right direction," he said. "I think it's beginning to earn some credibility with the public."

Also at yesterday's hearing, Mr. Chertoff said the federal government will insist that states adopt secure driver's licenses that can weed out illegal aliens and identity fraud, turning back moves by several states to opt out of the requirements of the Real ID Act.

"Secure driver's licenses was maybe the top recommendation made by the 9/11 commission. It's not only critical for national security and homeland security; it also happens to be a very big step forward in protecting privacy," he said.

Mr. Chertoff also said he expects today to announce the rules to implement the 2005 law.

Fee Increase Could Curb Citizenship Applications (USAT)

By William M. Welch

USA Today, March 1, 2007

Construction worker Martin Delgado paid $845 to the U.S. government to have the chance for his wife and children join him as citizens in Arizona.

Under a proposed set of fee increases, Delgado would have had to pay nearly three times as much, or $2,595. The Tucson resident said citizenship for his family is worth the higher price.

"I'm willing to sacrifice to give my family the opportunity to live here legally," says Delgado, 41, a native of Mexico who has worked in the USA since 2000.

RELATED: White House renews effort to overhaul laws

The Citizenship and Immigration Service says the fee hikes will allow it to hire more staff and upgrade its creaky system so applications can be approved faster. Among its proposals is to raise the application fee for citizenship from $330 to $595 and the fee for legal permanent residency from $325 to $905.

Advocates for immigrants say the cost may price out the poor from becoming citizens.

Patricia Mejia, a Tucson immigration attorney, calls the increases "frightening."

"I've never seen an increase like that. It's outrageous," she says.

Emilio Gonzalez, director of the Citizenship and Immigration Service, says he knows some people may have to save more to become U.S. citizens. But Gonzalez says most people seeking residency here are, like the Delgados, able to afford the higher fees and consider their families worth the price.

According to agency records, the vast majority of people who apply for the required first step of permanent legal residency (commonly referred to as having a "green card") have jobs in the USA or are joining their spouses or parents as citizens.

In 2005, 1.1 million people received legal permanent resident status. Of those:

•649,000 are applications to unify with family members

•220,000 were people working and seeking entry based on their professions, job skills, or because they had jobs considered a priority by the U.S. government.

Of those, 134,861 had jobs in management or similar positions.

•160,000 people had sales, service, farming or similar jobs.

"This is a user fee, and the people benefiting from the service should be the ones to foot the bill," says Ira Mehlman, spokesman for the Federation for American Immigration Reform in Los Angeles.

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Mehlman's group, which seeks to improve border security and reduce immigration levels to about 300,000 people a year, says the proposed new fees are still a bargain for U.S. residency. "When you compare value to cost, it is fairly insignificant," he says.

Covering agency costs

The fee for the most commonly filed application, permanent residency or "green card," will increase $580 under Gonzalez's proposal. Other fees will be reduced and some will rise even more.

The fee for an investor (someone who qualifies as having the means to create jobs) seeking a green card would go from $475 to $2,850. About 45 applications a year fall in that category, says Rendell Jones, chief financial officer of the agency.

Gonzalez says the impact of the proposed increase for a green card is not as steep as it sounds.

He says under the current system, many people periodically pay $180 for work permits while waiting for permanent residency. Under the proposed fee structure, those work permit fees will disappear, Gonzalez said.

The law makes provision for fees to be waived in some cases, and 6% of green cards are granted without fee, according to the agency. Most waivers are for refugees and those seeking political asylum.

All of the fee increases proposed are undergoing a 60-day period of public comment. That ends April 2. And if all goes as planned, Gonzalez says he hopes the agency can implement the fees in June. "Any time you raise fees, it's going to affect people. That's a given," he says. Even so, higher fees are "something we feel is not onerous," especially given what the money will do.

The Citizenship and Immigration Service gets its entire budget from its fees. The increases will add an estimated $1 billion a year to its annual budget of close to $2 billion, says Michael Aytes, associate director for operations.

Aytes says higher fees will allow the agency to digitize applications and hopefully reduce waiting times for applicants by 20% by 2009.

"It's far more important that we charge a fee to cover the necessary cost of processing cases in the right way, in the right amount of time, than to lowball fees" and have poorer services, Aytes says.

Long waits, system glitches

Wait times for processing average six months. The agency says applicants sometimes complain that they become lost in the system. That happened to the Delgados, whose original applications were lost by the agency and had to be refiled, says Mejia, their lawyer.

Some in Congress such as Rep. Zoe Lofgren, D-Calif., chairwoman of a House Judiciary subcommittee on immigration, questions whether the fee increases will prevent impoverished people from trying to become Americans.

The agency says it grants waivers to those who can show they can't afford to pay fees. But to get a green card, immigrants must make enough income to support themselves or have a financial sponsor. Pleading poverty to get a fee waiver could make one ineligible.

Gonzalez admitted "there is an inconsistency" in the policy. Mejia said people who can't pay the higher costs may choose to do something both sides of the debate dislike: remain in the country illegally.

Delgado, who brought carpentry skills with him from Mexico, makes about $32,000 a year and considers himself fortunate to have a job that allows him to bring his family here. As good a life is not possible where he is from, he says. He, his wife Ana Maria, and their sons Daniel, 11, and Luis, 13, are all here from Mexico under temporary permits.

For him, almost no price seems too high to pay.

"It's something I'm willing to do because it will give my family more stability, more opportunities here in the United States," Delgado says.

Colorado To Use Inmates To Fill Migrant Shortage (LAT)

By Nicholas Riccardi

The Los Angeles Times, March 1, 2007

DENVER — Ever since passing what its Legislature promoted as the nation's toughest laws against illegal immigration last summer, Colorado has struggled with a labor shortage as migrants fled the state. This week, officials announced a novel solution: Use convicts as farmworkers.

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The Department of Corrections hopes to launch a pilot program this month — thought to be the first of its kind — that would contract with more than a dozen farms to provide inmates who will pick melons, onions and peppers.

Crops were left to spoil in the fields after the passage of legislation that required state identification to get government services and allowed police to check suspects' immigration status.

"The reason this [program] started is to make sure the agricultural industry wouldn't go out of business," state Rep. Dorothy Butcher said. Her district includes Pueblo, near the farmland where the inmates will work.

Prisoners who are a low security risk may choose to work in the fields, earning 60 cents a day. They also are eligible for small bonuses.

The inmates will be watched by prison guards, who will be paid by the farms. The cost is subject to negotiation, but farmers say they expect to pay more for the inmate labor and its associated costs than for their traditional workers.

Advocates on both sides of the immigration debate said they were stunned by the proposal.

"If they can't get slaves from Mexico, they want them from the jails," said Mark Krikorian of the Center for Immigration Studies in Washington, which favors restrictions on immigration.

Ricardo Martinez of the Denver immigrant rights group Padres Unidos asked: "Are we going to pull in inmates to work in the service industry too? You won't have enough inmates — unless you start importing them from Texas."

Farmers said they weren't happy with the solution, but their livelihoods are on the verge of collapse.

"This prison labor is not a cure for the immigration problem; it's just a Band-Aid," farmer Joe Pisciotta said.

He said he needed to be sure he would have enough workers for the harvest this fall before he planted watermelons, onions and pumpkins on his 700-acre farm in Avondale. But he's not thrilled with the idea of criminals working his fields.

"I've got young kids," he said. "It's something I've got to think about."

Pisciotta said he hoped the program highlighted what he viewed as the absurdity of Colorado's position — dependent on immigrant labor but trying to chase migrants away. He said the people leaving were not just those who entered the country illegally.

"Some of them have said, 'We think our paperwork is in order, but how about if it's not and we get caught on a glitch,' " he said.

Ever since the Democratic-controlled Legislature took a tough turn on immigration, the new requirements have worried those in the country legally and illegally.

Immigrant advocates allege that some sheriffs have authorized deputies to pull over Latino drivers on supposed speeding violations and ask them whether they are in the country legally.

And more stringent requirements put into effect last year made it harder to get a driver's license. Numerous U.S. citizens, including the daughter of a state legislator, were refused licenses because they lacked proper proof of citizenship. A judge has since ruled that the requirements must be revised.

Social service agencies say they have discovered few illegal immigrants on public assistance since the laws were passed.

Immigrant and business groups agree that the heated rhetoric has led to an exodus of Latinos — though no one is sure how many. Businesses including carwashes and construction firms have complained of a worker shortage.

"It's like, 'Don't go visit that house, there's a guy with a shotgun at the door,' " said state Rep. Rafael Gallegos, who represents a heavily Latino agricultural district in south-central Colorado. He voted against most of the legislation.

Farmers on Monday met with state officials at the Capitol here to discuss using inmate labor. The Department of Corrections expects to begin sending about 100 prisoners to work on farms near Pueblo this month.

Some of the state's 22,000 prisoners have agricultural experience. Convicts can participate in programs on prison grounds to break wild horses and grow crops. About 700 inmates work in other jobs outside prison, such as on fire crews.

Ari Zavaras, the executive director of the Department of Corrections, said he knew of no other prison system in the nation using convicts to fill agricultural labor shortages.

In California, where growers also have complained about a lack of workers, inmates have not labored in private fields since the 1940s. Prisoners then were used as farmhands while laborers were fighting in World War II, said Terry Thornton, a spokeswoman for the California Department of Corrections.

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"The idea [of using prisoners on farms] has been floated before, but these are not unskilled jobs. They're jobs that require a lot of training and supervision," said David Kranz, a spokesman for the California Farm Bureau Federation. "It doesn't seem like a very practical alternative."

Krikorian, of the Center for Immigration Studies, said the Colorado prison experiment was "a sign that there are solutions other than importing foreign labor."

He said "ultimately they're going to have to improve the wages and working conditions" to attract legal workers, as well as to mechanize parts of their farming operations.

Colorado's experience shows that hard-line measures have an effect on illegal immigrants, Krikorian added, noting that arrests had dropped along the U.S.-Mexico border since security was increased last year.

"We're seeing enforcement work, not just in Colorado," he said, "but all over the country."

TAX:

I.R.S. Finds Tax Errors In Reports Of Nonprofits (NYT)

By Stephanie Strom

The New York Times, March 1, 2007

Some 600 charities and foundations have had to file amended tax forms after an Internal Revenue Service study found flaws in the way they reported payments to executives and other employees.

The I.R.S. has also asked 40 individuals to pay a total of $20 million in excise taxes, which is the penalty it imposes when it determines a nonprofit executive has been paid excessively.

“We found some problems,” said Steven T. Miller, the commissioner in charge of the I.R.S. division overseeing tax-exempt and government entities. “Whether they were due to confusion, poor design of the tax forms used by these organizations or something more nefarious, I can’t tell you.”

He said the results of the inquiry, which found flaws in the tax forms of a third of the 1,800 charities and foundations examined, convinced the agency that it needed to do more in the area of compensation at nonprofits.

The names of the affected organizations and executives were not released.

Organizations that had to file amended returns either failed to report, or reported incorrectly, perquisites like an executive’s personal use of an organization’s vehicles, travel payments for spouses of executives or other payments and reimbursements, I.R.S. officials said.

Those whose executives have been asked to pay penalties may have failed to use comparable figures from similar organizations in setting compensation or otherwise failed to justify executive pay levels.

“That shouldn’t be read to mean that high compensation wasn’t paid in the other cases,” Mr. Miller cautioned. “What it means is that in some cases where we found high compensation — and we did find it — the organization has done a good job of using comparables and establishing a procedure to determine it.”

The results of the study highlight problems with what many regard as primary tools for assessing nonprofits, the forms they file with the I.R.S. and many state governments, which become public record.

“For better or for worse, the tax form is the nonprofit disclosure instrument,” said Peter Swords, an expert on nonprofit tax reporting and the former head of the New York Nonprofit Coordinating Committee. “It is to nonprofits what the whole S.E.C. regime is to regulated companies, and it is something that ought to be taken very seriously.”

Last week, Dan Prives, a blogger and former finance director at World Relief, questioned the way Yale University completes parts of its tax forms.

Mr. Prives noted on his blog, www.wheremostneeded.org, that the university, which has one of the largest endowments in the nation, does not fully report on its securities transactions, nor does it describe what portion of specific expenses were spent on its programs, administration and fund-raising. In contrast, Harvard provides that information in its tax forms.

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"It surprised me because usually A-list nonprofits like Yale are pretty accurate in their reporting," Mr. Prives said in a telephone interview. "It threw a whole monkey wrench into my thinking about what's being achieved by publishing these forms. You can have errors in plain sight and nobody's picking it up."

Tom Conroy, a Yale spokesman, said the university did not break down specific expenses but did report totals spent on administration and fund-raising. "We believe we follow an option that's provided for in the instructions that accompany the form," Mr. Conroy said.

Mr. Swords said reporting about compensation, in particular, is fraught with problems.

"For obvious, human reasons, people are reluctant to have salaries disclosed," he said. "It's one of the biggest topics of gossip, so there's been a tendency to underreport it or not to report it at all."

Many charities simply do not adequately understand the reporting requirement, experts say. For example, the Buckley School, a private boys school in New York City, stopped listing compensation for its headmaster and other top officials several years ago. Its tax forms stated that "compensation information can be obtained at the school."

"That's not adequate, flatly not adequate," Mr. Swords said.

Ogden N. Lewis, a Buckley board member, said the school had just filed an amended 2005 tax form spelling out the compensation of its five highest-paid employees.

Mr. Lewis said a parent had brought the problem to his attention in a letter. "I checked on the rules when I received that information and learned that we needed to report compensation differently," he said. "Once I was aware of it, it seemed clear, very clear."

The I.R.S. study, the largest ever undertaken by the exempt organizations division, began in 2004 amid heightened interest in the issue of nonprofit compensation in the news media and Congress. It involved two new units, one devoted to monitoring tax law compliance among nonprofit groups and the other focused on data analysis.

Among its aims were to identify and stop excessive compensation to nonprofit executives and other insiders through audits and questionnaires and to help nonprofits better understand laws governing reporting and payments to senior employees.

Mr. Miller said the exercise had spawned further ideas for I.R.S. inquiries. The agency has already begun a deeper inquiry into loans made to insiders at charities and foundations, contacting 200 organizations by letter and starting audits at 50 others, he said.

The potential for recovering additional revenue challenges what current and former I.R.S. officials describe as a long-held belief at the agency that policing nonprofits produces little reward, unlike scrutiny of individuals and for-profit companies. Mr. Miller said that with 70 audits still open, he expects the I.R.S. to recoup more than $20 million in excise taxes.

"There are penalties, too, for incomplete returns, and one of the things we need to look at is are we assessing those penalties in the right circumstances," he said.

Don't Get Pulled In By Tax Scams (WP)

By Michelle Singletary

The Washington Post, March 1, 2007

Every year the Internal Revenue Service announces the top 12 tax scams. This tax season, topping the latest Dirty Dozen are fraudulent schemes connected with the one-time telephone excise tax refund available to most taxpayers.

The excise tax refund is available only on your 2006 federal income tax return and is intended to refund the tax collected on long distance telephone service. It's available for anyone who paid such taxes on a land line, fax, computer or cellphone for the period following Feb. 28, 2003, and before Aug. 1, 2006.

To make it easier for taxpayers, the IRS set a standard refund amount ranging from $30 to $60, based on the number of exemptions claimed on your return.

You don't need to present proof to take the standard refund amount. However, you can figure the refund using the actual amount of tax paid, based on your phone bills and other records.

Because taxpayers can request a refund for the exact amount of the taxes collected, unscrupulous tax preparers have persuaded people to claim a higher refund than they are entitled to. In some cases people are asking for thousands of dollars.

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Others are requesting what looks to be the entire amount of their phone bills for the period in question. In the most egregious cases, some individuals have asked for a refund of $30,000, which means they would have had a long-distance bill of $1 million from the end of February 2003 until the beginning of August last year. That 41-month period covers the time the 3 percent excise tax was collected.

To stop the abusive use of the telephone excise tax refund, the IRS is conducting site visits with tax preparers across the country to stop inflated requests. The visits started with 22 tax preparers who have handled more than 1,500 returns.

"We are taking this unusual step to confront blatant abuse of this important refund program," said IRS Commissioner Mark W. Everson. "We want tax preparers to prepare accurate tax returns. If they don't, we will move swiftly to impose civil penalties and, where warranted, seek criminal sanctions."

Everson said individuals requesting what appear to be inflated refunds will have those refunds frozen and they may be subject to an audit.

This year's Dirty Dozen list features five new scams. You can get the full list by going to IRS.gov. Here are a few that caught my attention:

Â· Zero Wages. In this scam, the intent is to dispute income reported on a W-2 form. A person will file a Form 4852 (Substitute Form W-2) or a "corrected" Form 1099 showing zero or little income. The IRS says the individual may include some reference that his employer refused to issue a corrected W-2 for fear of retaliation from the IRS.

Â· American Indian Employment Credit. This scam reminds me of a scheme in which African Americans were persuaded they were entitled to a slavery tax credit. Thousands of African Americans were duped into filing for refunds for a nonexistent "slave reparations" tax credit. Now the schemers are moving on to Native Americans, who are encouraged to submit returns claiming their taxable income should be reduced because of an American Indian employment or treaty credit. It's a lie. It might sound believable because there is an "Indian Employment Credit." The intent of this credit is to give businesses an incentive to hire certain individuals who live on or near an Indian reservation. This credit is available for businesses that employ Native Americans or their spouses. In a somewhat similar scam, unscrupulous promoters have informed Native Americans that they are not subject to federal income taxation.

Â· Trust Misuse. This is a tried-and-true tax scam in which promoters get taxpayers to transfer assets into trusts. They promise reduction of income subject to tax, deductions for personal expenses and reduced estate or gift taxes. However, some trusts do not deliver the promised tax benefits. There are more than 150 abusive trust investigations underway, and 49 injunctions have been obtained against promoters since 2001, according to the IRS. The IRS has been aggressive in cracking down on these types of illegal trusts.

In all these cases, don't try to play innocent when it comes to a fraudulent tax return. "If you sign your return, you are liable," says Edward Smith, a tax partner in the Boston accounting firm BDO Seidman.

"You should carefully go through and make sure every item that relates to your tax return is true," Smith said.

You would think this advice is obvious. But looking at the Dirty Dozen, it is clear that many people don't mind cheating.

Â· On the air: Michelle Singletary discusses personal finance Tuesdays on NPR's "Day to Day" program and online athttp://www.npr.org.

Â· By mail: Readers can write to her at The Washington Post, 1150 15th St. NW, Washington, D.C. 20071.

CONGRESS-ADMINISTRATION:

Congressman In Probe Wants Papers Back (AP)

By Lara Jakes Jordan, Associated Press Writer

AP, March 1, 2007

Attorneys for Democratic Rep. William Jefferson asked a federal appeals court Wednesday to force the Bush administration to return all documents that were seized during an FBI raid last year on the congressman's office.

In their 52-page request, lawyers for Jefferson, D-La., argued that the Justice Department violated Congress' right to withhold certain information from the executive branch when it conducted the unprecedented 18-hour search last May 20-21.

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The raid was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman — $90,000 of which was later recovered in a freezer in the congressman's Louisiana home.

Jefferson's attorneys said nearly 19,000 pages of documents and electronic files seized by prosecutors and the FBI are covered by Congress' separation of powers privilege to shield certain legislative material from executive review.

But the FBI "inspected every document in the office suite and copied every computer hard drive or other electronic storage device they could find," the attorneys wrote in their request filed Wednesday with the U.S. Court of Appeals in the District of Columbia. "Once that occurs, the privilege is breached."

"Because this case involves the first time in United States history that a search warrant has been executed on a congressional office, it is vital that the remedy imposed be sufficiently stringent to deter future searches that exceed constitutional boundaries," Jefferson's team concluded. "The only remedy that will vindicate and protect the fundamental principles of separations of powers and legislative independence ... is return of all of the seized materials."

The Justice Department had no immediate comment.

Last summer, the appeals court agreed to delay the Justice Department's review — and therefore, the bulk of its investigation — of more than a dozen computer hard drives, several floppy discs and two boxes of documents that were seized as he challenges the legality of the raid.

Jefferson was re-elected to Congress last year.

House GOP Pushes Floor Vote For Rep. Jefferson Appointment (WP)

By Lyndsey Layton

The Washington Post, March 1, 2007

House Republicans plan to force a floor vote on the appointment of Rep. William J. Jefferson (D-La.), who is the subject of a federal bribery investigation, to a seat on the Homeland Security Committee.

The decision to put Jefferson on the panel was made by Speaker Nancy Pelosi (Calif.), and House Democrats endorsed the move at a private meeting Tuesday night, but his appointment must be confirmed by a vote on the House floor. Such an action would normally be a formality, but Republicans said yesterday that they would pursue a rarely used maneuver to force a recorded vote on the matter.

"This is a terrible mistake by the Democratic leadership, to take someone with serious ethical allegations against him and put him on one of the most sensitive and important committees in Congress," said Rep. Peter T. King (N.Y.), the ranking Republican on the committee.

Pelosi ousted Jefferson from his seat on the powerful Ways and Means Committee in June after federal investigators raided his Capitol Hill office. In an earlier search of his home, $90,000 was found in a freezer. The money allegedly was accepted in a bribery sting involving an African technology company. Jefferson, who has not been charged, has maintained his innocence and was elected to a ninth term in December after a runoff election.

"You gotta wonder where Jefferson's gonna store all those homeland security secrets," said Rep. Patrick T. McHenry (N.C.), a deputy Republican whip. Other Republicans said Pelosi's decision contradicted her promise to create "the most ethical Congress in history." Said King: "It shows hypocrisy. Before the election, they made a big point of pulling him from Ways and Means and after the election, they put him on Homeland Security."

A spokesman for Pelosi said she opted to place Jefferson on Homeland Security because the panel oversees the Federal Emergency Management Agency. Jefferson had been a vocal critic of FEMA's performance during Hurricane Katrina, which affected thousands of his constituents.

But his appointment must be formally approved by the House, and Republicans said they would take the rare step of challenging the vote and requiring members to record their votes so Democrats will be forced to go on the record in their support of Jefferson.

Such appointments usually are ratified on the House floor by unanimous consent.

"I have a hard time seeing how the Democrats will vote in the open to put a person with serious ethical charges against him on Homeland Security," King said. "If he was too unethical to be writing tax law, he certainly shouldn't be on Homeland Security

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where he has access to intelligence materials and ongoing operations. Even with FEMA, we're going to be looking into allegations of corruption related to contracting around Hurricane Katrina."

Brendan Daly, a spokesman for Pelosi, said that if Republicans follow through on their threat, they would set a "dangerous precedent. A number of their own members are under investigation," he said, referring to Republicans allegedly under scrutiny by the Justice Department.

Jefferson called the Republican criticism "politics as usual."

"Speaker Pelosi did the right thing by placing the congressional member who represents hurricane-ravaged New Orleans on this committee," he said. "My district desperately needs a voice on this panel."

Jefferson Seat Sparks Battle (RC)

By Susan Davis And Jennifer Yachnin

Roll Call, March 1, 2007

Breaking with longstanding but unwritten rules of comity in the House, Republican leaders plan to object to a Democratic resolution to seat embattled Rep. William Jefferson (D-La.) on the Homeland Security Committee, arguing that Jefferson is ethically unsuited for the assignment.

Rarely, if ever, do the parties attempt to intervene on each other's committee assignments or internal party business. Yet Minority Whip Roy Blunt (Mo.) told reporters Wednesday following the weekly Republican Conference meeting that they would object to the unanimous consent request usually granted to approve mundane House business such as committee assignments. Republicans argue that because Jefferson is under federal investigation, he should not be given access to national security information.

Democrats could offer the resolution on the floor as early as today to formally assign Jefferson to the panel, but since it is a privileged resolution Democrats can bring it to the floor at any time without notice and may opt to hold off until next week. The Democratic Steering Committee and the full Democratic Caucus already have approved the assignment without opposition. Homeland Security Chairman Bennie Thompson (D-Miss.) said Wednesday he had no objection to the decision.

"Not as far as I'm concerned ... I have not heard any," Thompson said, adding that no one has brought up the matter to him and that Jefferson "is a Member of Congress, who, like every other American, is innocent until proven guilty."

Jefferson already has taken part in committee business and attended a Wednesday hearing on reforming the Federal Emergency Management Agency, which played a widely criticized role in the aftermath of Hurricane Katrina that devastated Jefferson's New Orleans-based district.

At the hearing, Rep. Henry Cuellar (D-Texas) made a unanimous consent request to allow Jefferson and three other Members who do not sit on the subcommittee to join the panel and question the witnesses. No one objected.

Jefferson was the only one of the four to show up and he took part in the questioning of FEMA Director David Paulison and other Homeland Security Department officials regarding reforms the DHS is making in response to last year's FEMA overhaul legislation.

Furthermore, Jefferson is scheduled to travel with President Bush on Air Force One today to tour the Gulf Coast along with other lawmakers from the Katrina-affected area.

The GOP's objection will force a roll call vote on Jefferson's assignment designed to put Democrats on record supporting Jefferson, but that effort is not expected to change the outcome as it is likely to fall on party lines.

Blunt could not recall a time in his career when one party objected to the other's committee assignments, but he said there was no doubt Republicans were going to draw attention to Jefferson. "I don't think we ever seriously discussed not having a vote," Blunt said.

In a statement, House Minority Leader John Boehner (R-Ohio) said the decision to seat Jefferson on Homeland Security conflicted with Democrats' earlier decision to remove him from Ways and Means.

"The Democrats previously determined Congressman Jefferson is unfit to serve on the Ways and Means Committee, which oversees the nation's finances and trade, so it is difficult to comprehend how they can approve of Congressman Jefferson's fitness for a seat on the Homeland Security Committee, with access to America's most sensitive and closely guarded intelligence

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information," Boehner said. "House Democrats and their leaders should immediately reconsider this baffling and troubling decision."

In his own statement Wednesday evening, Jefferson said the GOP's tactics were simply "politics as usual" and that his district "desperately needs a voice" on the Homeland panel.

The Louisiana lawmaker had served on the exclusive Ways and Means committee until June, when the House removed him from that post after the Democratic Caucus voted 99-58 to strip him of his assignment in light of the ongoing investigation.

Although he has not been indicted, at the time of the Caucus' decision in June, the FBI asserted it had videotaped Jefferson allegedly accepting $100,000 in marked bills from an informant last year. A subsequent search of the lawmaker's home reportedly turned up $90,000 of the marked cash in Jefferson's freezer.

Jefferson has denied any wrongdoing, but indictments have been handed down in the case that have implicated him in a business scheme to benefit a Kentucky-based technology company that also involved officials in African nations.

House Majority Leader Steny Hoyer (D-Md.) said Wednesday morning that he was unaware of Blunt's comments, but suggested that GOP leaders should consider applying the suggestion equally to those members of their delegation who currently are under investigation by the Justice Department.

"Is [Blunt] going to ask them to step aside?" Hoyer asked.

Democrats point to what they see as Republican hypocrisy on the issue because while they are taking the partisan step to oppose Jefferson's assignment, they have chosen to seat Members such as Appropriations Committee ranking member Jerry Lewis (R-Calif.), who also is under investigation by the FBI and has paid nearly $1 million in legal bills in the past year.

A spokesman for Boehner declined to comment on Lewis, deferring to Boehner's statement. However, a GOP leadership aide said the situations were not comparable. "There's a big difference," the aide said. "There have been no indictments or convictions surrounding the allegations against Congressman Lewis. This is not the case with Mr. Jefferson. He was caught on FBI video surveillance accepting a $100,000 bribe, found with $90,000 of it in his freezer, and the authorities have made several convictions that directly implicate him in a crime."

House Democrats approved Jefferson's new committee assignment by voice vote at their weekly Caucus meeting Tuesday, during which no objections were raised, Hoyer said.

Jefferson, who also serves on the Small Business Committee, won his re-election bid in December, defeating state Rep. Karen Carter (D) by a resounding 57 percent to 43 percent in a runoff election in the 2nd district.

Hoyer acknowledged that the victory played a significant role in handing Jefferson an additional committee assignment: "He needs to be able to serve on their behalf," Hoyer said.

"Mr. Jefferson was taken off Ways and Means ... in recognition of the issues he is confronting," Hoyer added, noting that Jefferson's seat could be returned to him pending the outcome of the corruption probe.

Ways and Means has jurisdiction over international trade issues, and one of the allegations against Jefferson is that he may have taken bribes to help win a Nigerian telecommunications contract for an American company.

House Democratic leaders had announced in December that Jefferson would remain on "suspension" from the Ways and Means panel in the 110th Congress.

Rep. Alcee Hastings (D-Fla.) criticized the suggestion that the House would be asked to confirm Jefferson's new assignment, stating: "I consider it ridiculous."

Hastings, a member of the Intelligence Committee, also decried suggestions that Jefferson would receive greater access to classified information as a member of the Homeland Security panel, calling such statements untrue.

Paul Singer contributed to this report.

Veto Threat Looms Over House Labor Bill (AP)

By Jim Abrams

AP, March 1, 2007

President Bush would veto legislation championed by Democrats and labor groups that would make it easier to organize unions by eliminating employer rights to demand secret-ballot elections, the White House said Wednesday.

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The House is to vote on the legislation Thursday and, with help from pro-labor Republicans from the Northeast, it is almost certain to pass. But the margin of support is expected to fall well short of the two-thirds needed to overturn a presidential veto.

The Employee Free Choice Act, also known as the card check bill, is the top legislative goal of labor groups eager to reassert themselves with the emergence of the Democratic majority.

The current system is broken because employers can coerce and intimidate workers into rejecting unionization, AFL-CIO President John Sweeney said in a phone interview this week. The House bill, he said, is "the most important improvement in labor law in many decades."

But the White House, in a statement, said the measure "would strip workers of the fundamental democratic right to a supervised private ballot election." Substituting a card check mechanism under which unions would get bargaining rights as soon as a majority of workers at a plant sign approval cards, "would turn back the clock 60 years and return us to a failed system."

Rep. George Miller, D-Cal., chairman of the House Education and Labor Committee, urged the president to reconsider the threatened veto. "The administration's statement ignores the fact that it is employers, not unions, who routinely harass, intimidate, fire and reassign workers who try to form a union," he said.

Under the bill a company would no longer have the right to demand a secret-ballot election, overseen by the National Labor Relations Board, before a union can be certified.

The legislation also imposes tougher penalties on companies that violate the rights of workers trying to organize and sets up a binding arbitration process to prevent companies from thwarting a new union by bargaining in bad faith on an initial contract.

Unions see obstacles to organizing as a major reason union membership has dropped from 20 percent of waged and salary workers in 1983 to 12 percent in 2006. Discounting civil servants, that percentage is 7.4 percent, the Labor Department says.

Both business groups opposed to the bill and organized labor have launched major ad and lobbying campaigns. The Coalition for a Democratic Workplace, an anti-bill business coalition, said it would run radio ads in three formerly Republican districts captured by Democratic freshmen Tim Mahoney of Florida, Nancy Boyda of Kansas and Heath Shuler of North Carolina.

"We want to put members of the House and Senate on notice that we are watching how they vote on this issue," said coalition spokesman Todd Harris.

Democrats shrugged off GOP charges that the bill was payback for union financial support that helped put them in the majority.

For the past 12 years when Republicans controlled the House, Rep. Robert Andrews, D-N.J., told workers at a news conference Wednesday, oil companies, pharmaceutical companies and defense contractors profiting in Iraq had their day. "Tomorrow is your day," he said.

Unions and their Democratic allies say employers use the time before elections to pressure workers. The labor rights group American Rights at Work said 80 percent of employers hire union-busting consultants and 90 percent force employees to attend one-on-one anti-union meetings with their supervisors.

John Schmitt, senior economist for the Center for Economic and Policy Research, says that about one out of five union activists can expect to be fired as part of organizing activities.

But opponents argue that eliminating elections would allow the hard-sell tactics of organizers to go unchecked. People trying to get workers to sign cards "are not going to tell workers about the downsides of organizing. They are not going to talk about how expensive the dues are," said James Sherk, policy analyst at the Heritage Foundation.

Bush has issued only one veto so far in his presidency, to kill a bill expanding federal backing for stem cell research. It's unclear if this bill will ever reach his desk: Democrats in the Senate would need 60 votes to overcome a likely GOP-led filibuster.

Keep Union Ballots Secret (LAT)

The Los Angeles Times, March 1, 2007

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THE HOUSE of Representatives is expected today to approve a bill, favored by organized labor, whose stated purpose is glaringly at odds with its key provision. The Employee Free Choice Act is portrayed by its supporters as a way to allow workers to choose whether to join a union.

Unfortunately, the legislation would do away with a secret ballot in so-called organizing elections, making it easier for union leaders to pressure co-workers in what should be a free choice. Instead of having the option of insisting on a secret ballot election, employers would have to accept a union formed on the basis of authorization cards signed by workers — not by a secret process.

Unions and their supporters in the Democratic-controlled Congress say the so-called card-check system is the only way to overcome aggressive (and sometimes illegal) anti-union tactics by employers. In announcing support for the bill, Rep. George Miller (D-Martinez) complained that employers often fire workers who seek to organize. Such reprisals are illegal, and part of the Employee Free Choice Act increases the sanctions for employer violations.

Unfair labor practices deserve tougher penalties. But improper influence can work both ways. As a rule, union membership improves worker prosperity and safety. Even so, the bedrock of federal labor law is not unionism under any conditions, but the right of workers to choose whether they want to affiliate with a union.

Obviously, employers shouldn't punish workers for wanting to join a union, float falsehoods in trying to influence an organization election or bar union representatives from the workplace. Just as obviously, the penalties they face for doing so are laughable and need to be strengthened. By the same token, however, supporters of unionization shouldn't be able to pressure unwilling or hesitant employees to join a union. And you don't have to be a critic of unions to recognize that the card-check system invites such abuses.

Unions once supported the secret ballot for organization elections. They were right then and are wrong now. Unions have every right to a fair hearing, and the National Labor Relations Board should be more vigilant about attempts by employers to game the system. In the end, however, whether to unionize is up to the workers. A secret ballot ensures that their choice will be a free one.

Walter Reuther's Ghost (WSJ)

The Wall Street Journal, March 1, 2007

The House of Representatives has scheduled a vote as early as today on a bill that strips 140 million U.S. workers of the right to decide in private whether to unionize. Naturally, it's called the Employee Free Choice Act.

Big Labor has been agitating to ease union-formation requirements for more than a decade. And prior to last year's election, the AFL-CIO, AFSCME and their allies made it clear to Democrats that this vote would be the most important return they expected on their investment in a Nancy Pelosi Speakership. This is payback day.

The union claim is that employers are engaging in rampant unfair labor practices to prevent employees from exercising their right to organize. But data from the National Labor Relations Board, which oversees union elections, show no rise in such activities. The reality is that union membership has been in decline for decades, and labor leaders are desperate to rig the rules in order to reverse the trend. In the 1950s, 35% of private-sector workers were unionized. By the early 1980s the number had fallen to 20%, and today it stands at just 7.4%.

The reason for this decline isn't illegal management meddling in organizing efforts. The problem is that unions haven't been able to persuade the workers themselves. Our own, longstanding position is that when a company is organized it is almost always the company's fault. But workers of all classes and skills can also read the news and understand that unions no longer provide job security, if they ever did. The most heavily unionized industries -- such as airlines and Detroit carmakers -- are typically those that are financially beleaguered and shedding jobs. Workers know that unions often provide short-term wage gains at the cost of longer-term job insecurity.

All of which explains the drive to rewrite the rules and do away with secret-ballot elections administered by the NLRB, a procedure in place since the 1935 Wagner Act. Under current rules, once 30% of employees at a workplace express interest in unionizing by signing an authorization card, organizers can go to management and demand voluntary "card-check" recognition. The employer then has the option of recognizing the union or demanding an election.

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It shouldn't be surprising that many workers who sign these cards later have second thoughts after getting the employer's side of the story. Workers sign cards for all kinds of reasons, including peer pressure and intimidation. It's not uncommon for an organizer to approach an employer with cards that show 90% of the workforce wants to unionize, only to have the percentage plummet once employees hear about the downside of a union shop and have a chance to vote by secret ballot. So Big Labor wants to dispense with these petty elections and make union recognition mandatory as soon as a simple majority of workers sign a card.

Notably, nearly every American business group is united in opposing this affront to worker freedom. They understand this will make organizing that much easier, thus making their own businesses that much less competitive. One business response would surely be to hire fewer workers -- the opposite of what the unions claim to want.

The bill nonetheless has 234 co-sponsors, including seven Republicans, mostly from blue Northeast states such as New York, New Jersey and Connecticut. Because the Senate is expected to filibuster the bill and the White House is threatening a veto, these Republicans may figure they can have it both ways: Score points with the unions by supporting a measure that isn't going anywhere. But Members who go on record opposing secret-ballot elections will also have some explaining to do the next time they ask for business support.

So far this Congress, Democrats have been trying to present themselves as "moderates" who won't return to their bad special-interest selves pre-1994. But this union-enabling bill strips away that mask and exposes an anti-business animus out of the 1970s, if not the 1930s. Even if it fails this Congress, this week's vote is a warning about what could become law if Democrats and their union backers hold all the levers of power after 2008.

Big Labor's Payback (WT)

By Tom Price

The Washington Times, March 1, 2007

Not even two months into the new Congress, the bipartisan facade of the highly poll-tested, heavily orchestrated first 100 hours is a distant memory. The real agenda of the new Democratic majority is coming to light, and many of the special interests that helped rally support for Democratic candidates during the last election cycle are lining up to cash in.

At the front of the line: Big Labor.

According to the Center for Responsive Politics, organized labor gave nearly $60 million in hard-dollar PAC contributions to Democratic candidates in the last election cycle — with tens of millions more for "get out the vote" efforts piled on top. So what are they getting for their efforts? Nothing less than an unabashed attempt to destroy one of democracy's most sacred rights.

The fact is, organized labor has seen its best days. It's hemorrhaging members at a steady pace — losing 325,000 members last year, down to 12 percent nationwide. That's quite a fall from 20 percent a quarter-century ago and a 35 percent high-water mark in the 1950s. But even last year's dismal number is inflated by the sole bright spot for unions — government employees, 36 percent of whom are unionized. In the private sector alone, where Big Labor's bread was buttered for decades, union membership has dropped to a meager 7.4 percent.

Faced with this reality, union bosses have reverted to full panic mode. And after they helped usher into Congress a new Democratic majority, they see a small window of opportunity; one final, desperate attempt to stop the bleeding.

That window has taken the form of the cleverly worded Employee Free Choice Act, which strips workers of their right to a secret ballot in union recognition elections. Instead, it would force workers to submit to a "card check" — a process that places them at risk of intimidation, coercion and threats from labor bosses, all to get them to sign a card to demonstrate their "support" for unionization.

The card-check legislation is the No. 1 priority of unions — and considering the bill's quick committee action and hastily scheduled appearance on the House floor this week, Big Labor has succeeded in making it a top priority for Democrats as well. After all, Big Labor shouldn't have to wait too long for a return on their staggering investment in last year's campaign, should it?

What's truly amazing about the Big Labor and congressional Democratic push for the card check bill is the absolute hypocrisy of it all. The labor bosses behind the effort to strip workers of their rights to a private ballot in union organization elections are the very same people who have argued passionately for such rights in union decertification elections. In fact, using

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quite stirring language, Big Labor once told the National Labor Relations Board that the secret ballot election is a "solemn" occasion, imperative to preserving "privacy and independence."

But Big Labor doesn't have a monopoly on hypocrisy in this debate. Congressional Democrats are giving them a run for their money. Consider this: Writing to Mexican — yes, Mexican — officials in August 2001 in advance of an election between two competing labor unions in that country, 16 House Democrats — 11 of whom remain in the House and sponsor the card-check bill, including the bill's lead sponsor himself, Rep. George Miller of California — plainly stated: "We understand that the secret ballot is allowed for, but not required by Mexican labor law. We feel that the secret ballot is absolutely necessary in order to ensure workers are not intimidated into voting for a union they may otherwise not choose." Not only do Democratic card-check proponents seem to support rights for Mexican workers that they aren't even willing to protect for their own constituents, but they also have admitted that the process is deeply flawed and prone to intimidation.

Usually, what's good for the goose is good for the gander, but not when Big Labor and their allies in Congress are involved. The fact is, whether in Mexico or the United States, in decertification or recognition elections, the card check takes free choice away from workers and leaves them completely exposed to coercion.

But, faced with plummeting membership and an ever-loosening stranglehold on American workers, organized labor isn't about to let bad policy — or blatant hypocrisy — get in their way. They're ready for their payback. And congressional Democrats stand ready to deliver. Indeed, it appears that democratic principles and the sanctity of the secret ballot are not the concerns of the new majority party.

Rep. Tom Price, Georgia Republican, is a member of the House Education and Labor Committee.

Bush And Democrats Talk Trade (WSJ)

By Greg Hitt

The Wall Street Journal, March 1, 2007

WASHINGTON -- The Bush administration and congressional Democrats are attempting to negotiate a grand compromise on trade that would allow several deals to move forward by elevating the importance of labor rights in those agreements.

After Democrats won control of Congress in November, in part by attacking free-trade agreements, President Bush's globalization agenda seemed all but dead for the rest of his term. Among priorities were bilateral deals with Peru, Panama and Colombia; the Doha round of multilateral talks; as well as renewal of a broad presidential authority to negotiate agreements and push them through Congress, which expires in June.

But the White House and lawmakers have decided to try to find common ground, as Mr. Bush has signaled flexibility on labor standards after years of resisting. The talks are being led by U.S. Trade Representative Susan Schwab, House Ways and Means Chairman Charles Rangel of New York and Rep. Jim McCrery of Louisiana, the ranking Republican on the committee. Much of the negotiations have been at the staff level, but the three principals have played a role, conferring in face-to-face meetings on Capitol Hill or over the phone.

It isn't clear a deal will be reached soon, if at all, given the bitter history surrounding the issue. The Democrats' main demand is to incorporate into trade agreements a requirement that other countries embrace the basic principles for workplace rights outlined by the Geneva-based International Labor Organization. These ban forced labor and child labor, limit workplace discrimination and reserve for workers the right to organize and bargain with employers.

Negotiators are struggling to find a way to translate those general goals into specific language that works for the U.S. and would-be partners in free-trade agreements, especially for developing countries where labor rights vary widely. They are also discussing ways to craft wording that would prevent the agreements from being used to challenge the U.S.'s own labor standards.

A successful agreement could clear passage of the Latin America deals and help jump-start the stalled Doha round. It could also presage bipartisan cooperation on other fronts, such as climate change, middle-class taxes and immigration.

"If you're serious about addressing problems, you've got to be serious about working with the other party," said Mr. McCrery of Ways and Means, which has jurisdiction over health and tax policy as well as trade.

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Democratic critics of Mr. Bush, pushed by organized labor, want to elevate the importance of labor rights, according them the same status as business priorities such as patent protections that U.S. negotiators pursue on behalf of drug makers. Mr. Bush so far has preferred to deal with labor rights outside any actual pact. Critics say that strategy has made it difficult to enforce labor commitments, since they aren't subject to the same sanctions that back up business priorities.

A few weeks after the November elections, Ms. Schwab signaled in a U.S. Chamber of Commerce appearance that she wanted to deal with those concerns.

For Democrats, Mr. Rangel said, the goal is "not to do damage to trade" but to find a compromise that shows "this great country is at least concerned" with minimum labor-rights standards.

The issue of labor rights began to take on broader significance in the mid-1990s, when nations moved to lower trade barriers and integrate their economies. Critics worried that workers would suffer and pushed for enhanced protections. These efforts culminated in a U.S. trade pact with Jordan at the end of the Clinton presidency that affirmed the ILO standards. Critics say securing similar protections under Mr. Bush has been difficult.

In the current talks, one challenge vexing negotiators is how in concrete terms to carry out any agreement. The Panama pact, which was concluded recently, was left open to accommodate any labor commitments the administration might agree to with Congress. But the details of the Peru and Colombia deals have been settled since last year, and it remains uncertain whether they would be reopened or whether Democrats would agree to address their concerns in side commitments.

A problem that especially worries Republicans and the administration is how to ensure new labor commitments don't unintentionally rebound at home, where American businesses already have high workplace standards under U.S. law. Some officials fret about the limits imposed by U.S. law on the ability of government workers to organize and worry that putting ILO principles in a bilateral trade deal might lead to legal actions over whether the U.S. itself fully complies with the basic international rights.

"What we're trying to do is make sure everyone else lifts their game up, but not do it in a way that would affect U.S. law," said Schwab spokesman Sean Spicer.

Of course, other hurdles, from environmental concerns to port security, could arise. And a labor-rights deal between Democrats and the White House wouldn't likely be supported by the AFL-CIO, given its concerns with globalization.

But the Bush team is betting that a deal backed by Mr. Rangel and Michigan Democratic Rep. Sander Levin, a senior Ways and Means member, would strengthen support for trade among House Democrats and perhaps begin to rebuild the bipartisan coalition for free trade that existed for much of the 1990s.

For Democrats, the issue is fraught. After years of being frozen out of trade policy, Messrs. Rangel and Levin want to show they are players. But their ability to compromise may be limited, since trade was an election-turning factor last fall.

"If Rangel and Levin can't achieve a large amount of change, they can't move," said Lori Wallach, head of Public Citizen's Trade Watch, a labor-backed advocacy group. She said Democrats need to demonstrate for voters that they have made real changes to Mr. Bush's trade agenda. "If they do more of the same, they will not be in the majority after 2008."

OFF THE JOB Federal Aid Does Little For Free Trade's Losers (WSJ)

By Deborah Solomon

The Wall Street Journal, March 1, 2007

GALAX, Va. -- For more than 80 years, the people of Webb Furniture crafted wooden dressers and other furniture here at the foot of the Blue Ridge Mountains. In January, under pressure from Chinese imports, Webb shuttered its Galax plant and fired all 309 employees.

Tonya Graber lost more than her job painting furniture. The single mother also lost health insurance for herself and her 12-year-old son. Under a government program aimed at helping workers harmed by trade, Ms. Graber was eligible for federally subsidized health insurance, but she couldn't afford it.

She isn't alone. The Health Coverage Tax Credit, tucked into a 2002 trade bill to win support in Congress, is supposed to cushion the blow to factory workers hurt by imports by paying 65% of the cost of health insurance. (The subsidy is also available to workers whose companies have dumped their pension plans on the government's pension insurer.) More than four years after

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the program began, just 11% of those potentially eligible for the subsidy are taking it -- or about 28,000 of the roughly 250,000 people the government estimates may qualify in a given year.

"It's just not realistic to say that a laid-off worker who's uninsured is going to come up with 35% of the premium," says Stan Dorn, who has studied the program at the Urban Institute think tank. Even those who can find the money say they're struggling to figure out the rules and deal with as many as five state and federal agencies.

The troubles illustrate the shortcomings of a program pivotal to the debate over free trade and the globalization of business. A common political compromise in Washington involves keeping trade barriers low in exchange for programs compensating those hurt by imports. Free-trade advocates are generally happy to make such a compromise. They figure the winners from trade -- principally consumers who save money on imported goods -- can afford, through the government, to help compensate the losers. (See related article.3)

The problem is that compensation programs often add bureaucracy without helping many people. Even if the health-insurance assistance program were working well, it would aid only a fraction of those who lose their jobs. The Labor Department must certify that workers have lost their jobs to imports from certain countries or to a shift in production there. Most workers in call centers or other service industries whose jobs are sent overseas don't qualify.

Another struggling program is wage insurance, designed for workers over 50 who lose their jobs because of trade and then take a lower-paying job. The government makes up half the difference in wages, up to $10,000 a year, but it requires that workers prove they don't have "easily transferable skills." Some can't do that.

The issue: Should Washington give up on such programs, or should it expand them and try to make them work better? For the moment, people on both sides on Capitol Hill say President Bush will need to beef up programs for those hurt by imports if he wants congressional backing for new trade legislation.

Mr. Bush wants Congress to extend his authority to negotiate trade deals and put them to an up-or-down vote in Congress. The administration also is trying to restart the Doha Round of global trade talks.

The White House has promised to offer legislation to "extend and improve" the Trade Adjustment Assistance program, which includes both the health-insurance assistance and wage insurance. However, it didn't include many specifics in its budget for the year beginning in October. Several Democrats and Republicans in Congress are proposing to expand TAA to cover more workers, including those in service industries.

"There has to be more cushioning for people caught in the maws of free trade," says Sen. Charles Schumer, a New York Democrat who has criticized China's trade policy. "The fact that TAA has not done the job gives those who want to build walls around the U.S. greater currency."

Town's Lost Jobs

The issue is on vivid display in Galax, population 6,800. More than 2,000 jobs in this western Virginia town have been eliminated over the past two years as several furniture manufacturers and textile plants either closed or reduced their work forces in the face of cheaper imports, mostly from China.

Almost all of the displaced workers were eligible for the federal health-insurance subsidy, yet only about 100 have signed up, says Linda Nuckolls, who works in Galax for the Virginia Employment Commission. "These people have worked in a furniture factory for $7 or $9 an hour and they just don't have the money," she says.

Results were similar in a January 2006 survey by the Government Accountability Office, the investigative arm of Congress. The GAO looked at five trade-related plant closures and found that no more than 12% of workers at any site were taking the credit. Among those who knew of the program but didn't use it, the most common complaint was that they couldn't afford to pay their part of the premium, the GAO said.

Laid-off employees usually can buy insurance through their old employers, who are required by federal law to offer it temporarily but not to pay for it. Another option in many states is to buy insurance through a health plan arranged by the state. On average, according to the Internal Revenue Service, the insurance costs $720 a month, with the federal government picking up $468, or 65%, of the cost and the former employee paying the $252 remainder. Although the program is officially called a tax credit and is run by the IRS, in practice it works like a federal subsidy.

Law's Constraints

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David Williams, who oversees the program at the IRS, says the agency is working hard to make eligible people aware of it. He notes that the law Congress passed includes constraints that mean some of the 250,000 or so people reported each year as potentially eligible actually aren't. "Some may be ineligible if they may be entitled to Medicare, may not meet the age requirements, may be using a spouse's insurance or may be in a plan that doesn't qualify," he says.

The administration acknowledges problems. The White House Office of Management and Budget has called the program "not performing," and cited as a reason "the affordability of coverage to potential recipients." Mr. Bush's budget for fiscal 2008 proposes several changes to the program, though none to make it cheaper.

Ms. Graber, 32 years old, followed her family into the furniture mills. Factory jobs, like the hardwood used in furniture, were long plentiful here. Ms. Graber says it was hot and dirty work, but the $7.66-an-hour job came with health benefits, which were a big draw since her son has asthma and needs medication. "The reason I held on to that job was because of the health insurance," she says.

At Webb, Ms. Graber paid about $200 a month for insurance, which included dental and vision care. She looked into the tax credit and discovered that coverage for herself and her son would run about $400 a month, not including dental or vision. After the government picked up 65% of the tab, her portion would have been $140 a month -- plus a $500 annual deductible and $20 co-payments for doctor's office visits and medication.

"It was way too much with what I was drawing in unemployment," she says. She gets an unemployment check of $404 every two weeks, meaning her monthly income is under $900.

She enrolled her son in a children's health program that falls under Medicaid, the state-federal program for low-income families. She didn't qualify for Medicaid herself -- she says she was told her income is too high -- so she goes without health insurance. "I just pray to God and try not to get sick," says Ms. Graber, who is training at Wytheville Community College near Galax to become a respiratory therapist. Her tuition is paid through the TAA program.

Larry Kenny of Galax was making $45,000 a year as a maintenance mechanic at National Textiles LLC when he was laid off in May 2006. Mr. Kenny, 61, took the tax credit, in large part because his wife has lupus. His portion of the insurance bill takes $240 of the $1,200 a month he draws in unemployment benefits.

"I told my wife the only way we could afford it is if we don't owe anything to anyone," Mr. Kenny says. He cashed out $43,000 in his 401(k) retirement plan, sold his truck for $6,000 and used the money to pay off his mortgage and his car loan. "It's kind of scary because I was always used to having $20,000 in my savings account and now when I look there's just $200, if that much," he says.

Some in Congress argue it's unreasonable to expect someone who lost a job to pay 35% of his health-insurance bill. Those who get health coverage on the job typically pay closer to 15% to 25% of the total cost of their insurance. The Senate Finance Committee chairman, Max Baucus of Montana, says he plans to introduce legislation this year "to make this benefit work better."

Workers who seek the health-care tax credit must bear upfront costs. The federal subsidy often doesn't begin until 60 days after they lose their jobs because of a government-imposed waiting period before they are eligible to apply for benefits, so any insurance they hold in the interim is their responsibility.

Also, IRS paperwork often holds up final approval until well after the 60-day period. While waiting for the official sign-off, people must continue to pay the full cost of insurance. Some states have received grants from the Labor Department to help people with the upfront costs.

If laid-off workers decide to let the dust settle for a few months before doing anything about their health care, they may lose out. Forty-three states offer group plans that may have better terms than the insurance available from the former employer, but workers must apply for the state plans quickly. Under the Bush administration's interpretation of the law, workers applying for the new insurance must have three months of continuous health coverage prior to enrolling in the tax credit, with no more than a 63-day gap. Otherwise they can be rejected for pre-existing health conditions.

Applicants 'Overwhelmed'

The health-care tax credit "is a program you can be overwhelmed by," says Ms. Nuckolls of the Virginia Employment Commission. "The people we deal with don't have the education level to understand it."

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Last April, Virginia Gov. Tim Kaine established the Galax Strike Force to help displaced workers navigate the bureaucracy. On a recent Monday morning, dozens of people crammed into the Strike Force's office in a strip mall with questions about the tax credit.

John and Barbara Farmer, who both lost jobs at National Textile, said they got a letter informing them their premiums would be increasing in 2007 and asking them to fill out a form they didn't understand. Ralph Ellis, who lost his job at Webb Furniture in January 2006, said the Strike Force helped him each of the three times his tax credit was canceled and when he was denied coverage because of earlier heart surgery.

However, privacy rules prevent state officials from talking directly to the IRS about individual clients. Ms. Nuckolls says she'll often dial the IRS from her desk and then put the client on the phone to relay information.

"On more than one occasion I've wanted to pull my hair out because the IRS would say, 'We can't tell you that,' " says Anna Rice-Wright, who oversaw administration of the health coverage tax credit in Virginia. "I would ask something as simple as, 'Can you tell me when their packages are going to be mailed out?' and they'd say, 'No.' " The IRS says it needs strict rules to ensure the confidentiality of financial information.

Other states offer less assistance. John Lewia, 62, was laid off in August 2004 from his job at the Eastern Paper Mill in Brewer, Maine. His wife, Sheila, says she got plenty of information from state and federal agencies but could make little sense of it, and had nowhere to get help. Her husband, who worked in the mill for 23 years, isn't able to read, she says.

The couple is going without health insurance for now, although Ms. Lewia suffers from diabetes and recently battled breast cancer. They try to avoid going to the doctor, and pay out of pocket when they do. "I think we paid $300 or something like that the last time we went," she says.

Hospital Officials Knew Of Neglect (WP)

By Anne Hull And Dana Priest

The Washington Post, March 1, 2007

Top officials at Walter Reed Army Medical Center, including the Army's surgeon general, have heard complaints about outpatient neglect from family members, veterans groups and members of Congress for more than three years.

A procession of Pentagon and Walter Reed officials expressed surprise last week about the living conditions and bureaucratic nightmares faced by wounded soldiers staying at the D.C. medical facility. But as far back as 2003, the commander of Walter Reed, Lt. Gen. Kevin C. Kiley, who is now the Army's top medical officer, was told that soldiers who were wounded in Iraq and Afghanistan were languishing and lost on the grounds, according to interviews.

Steve Robinson, director of veterans affairs at Veterans for America, said he ran into Kiley in the foyer of the command headquarters at Walter Reed shortly after the Iraq war began and told him that "there are people in the barracks who are drinking themselves to death and people who are sharing drugs and people not getting the care they need."

"I met guys who weren't going to appointments because the hospital didn't even know they were there," Robinson said. Kiley told him to speak to a sergeant major, a top enlisted officer.

A recent Washington Post series detailed conditions at Walter Reed, including those at Building 18, a dingy former hotel on Georgia Avenue where the wounded were housed among mice, mold, rot and cockroaches.

Kiley lives across the street from Building 18. From his quarters, he can see the scrappy building and busy traffic the soldiers must cross to get to the 113-acre post. At a news conference last week, Kiley, who declined several requests for interviews for this article, said that the problems of Building 18 "weren't serious and there weren't a lot of them." He also said they were not "emblematic of a process of Walter Reed that has abandoned soldiers and their families."

But according to interviews, Kiley, his successive commanders at Walter Reed and various top noncommissioned officers in charge of soldiers' lives have heard a stream of complaints about outpatient treatment over the past several years. The complaints have surfaced at town hall meetings for staff and soldiers, at commanders' "sensing sessions" in which soldiers or officers are encouraged to speak freely, and in several inspector general's reports detailing building conditions, safety issues and other matters.

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Retired Maj. Gen. Kenneth L. Farmer Jr., who commanded Walter Reed for two years until last August, said that he was aware of outpatient problems and that there were "ongoing reviews and discussions" about how to fix them when he left. He said he shared many of those issues with Kiley, his immediate commander. Last summer when he turned over command to Maj. Gen. George W. Weightman, Farmer said, "there were a variety of things we identified as opportunities for continued improvement."

In 2004, Rep. C.W. Bill Young (R-Fla.) and his wife stopped visiting the wounded at Walter Reed out of frustration. Young said he voiced concerns to commanders over troubling incidents he witnessed but was rebuffed or ignored. "When Bev or I would bring problems to the attention of authorities of Walter Reed, we were made to feel very uncomfortable," said Young, who began visiting the wounded recuperating at other facilities.

Beverly Young said she complained to Kiley several times. She once visited a soldier who was lying in urine on his mattress pad in the hospital. When a nurse ignored her, Young said, "I went flying down to Kevin Kiley's office again, and got nowhere. He has skirted this stuff for five years and blamed everyone else."

Young said that even after Kiley left Walter Reed to become the Army's surgeon general, "if anything could have been done to correct problems, he could have done it."

Soldiers and family members say their complaints have been ignored by commanders at many levels.

More than a year ago, Chief Warrant Officer Jayson Kendrick, an outpatient, attended a sensing session, the Army's version of a town hall meeting where concerns are raised in front of the chain of command. Kendrick spoke about the deterioration and crowded conditions of the outpatient administrative building, which had secondhand computers and office furniture shoved into cubicles, creating chaos for family members. An inspector general attending the meeting "chuckled and said, 'What do you want, pool tables and Ping-Pong tables in there?' " Kendrick recalled.

Army officials have been at other meetings in which outpatient problems were detailed.

On Feb. 17, 2005, Kiley sat in a congressional hearing room as Sgt. 1st Class John Allen, injured in Afghanistan in 2002, described what he called a "dysfunctional system" at Walter Reed in which "soldiers go months without pay, nowhere to live, their medical appointments canceled." Allen added: "The result is a massive stress and mental pain causing further harm. It would be very easy to correct the situation if the command element climate supported it. The command staff at Walter Reed needs to show their care."

In 2006, Joe Wilson, a clinical social worker in the department of psychiatry, briefed several colonels at Walter Reed about problems and steps that could be taken to improve living conditions at Building 18. Last March, he also shared the findings of a survey his department had conducted.

It found that 75 percent of outpatients said their experience at Walter Reed had been "stressful" and that there was a "significant population of unsatisfied, frustrated, disenfranchised patients." Military commanders played down the findings.

"These people knew about it," Wilson said. "The bottom line is, people knew about it but the culture of the Army didn't allow it to be addressed."

Last October, Joyce Rumsfeld, the wife of then-Defense Secretary Donald H. Rumsfeld, was taken to Walter Reed by a friend concerned about outpatient treatment. She attended a weekly meeting, called Girls Time Out, at which wives, girlfriends and mothers of soldiers exchange stories and offer support.

According to three people who attended the gathering, Rumsfeld listened quietly. Some of the women did not know who she was. At the end of the meeting, Rumsfeld asked one of the staff members whether she thought that the soldiers her husband was meeting on his visits had been handpicked to paint a rosy picture of their time there. The answer was yes.

When Walter Reed officials found out that Rumsfeld had visited, they told the friend who brought her -- a woman who had volunteered there many times -- that she was no longer welcome on the grounds.

Last week, the Army relieved of duty several low-ranking soldiers who managed outpatients. This week, in a move that some soldiers viewed as reprisal for speaking to the media, the wounded troops were told that early-morning room inspections would be held and that further contact with reporters is prohibited.

Yesterday, Walter Reed received an unscheduled inspection by a hospital accreditation agency. Members of the Joint Commission, formerly the Joint Commission on Accreditation of Healthcare Organizations, began a two-day visit "for cause" to

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examine discharge practices that have allowed soldiers to go missing or unaccounted for after they are released from the hospital.

'Senior Administration Official' Sounds A Lot Like Dick Cheney (MCT)

By Ron Hutcheson

McClatchy Newspapers, March 1, 2007

WASHINGTON - Ever wonder about the identities of those "senior administration officials" who always seem to get quoted talking about President Bush's policies?

It wasn't hard to figure out who was doing the talking when the White House released a transcript of a question-and-answer session this week aboard Air Force 2, Vice President Dick Cheney's plane. One big clue: The unnamed official used the pronoun "I" when discussing Cheney's visit to Afghanistan and Pakistan.

"I would describe my sessions both in Pakistan and Afghanistan as very productive," the official said.

Even after Cheney blew his own cover, White House spokesman Tony Snow declined to lift the prohibition against identifying the unnamed speaker.

"I have spoken with the vice president's office, and the ground rules that were laid out are going to remain in effect," Snow told reporters Wednesday.

The exchange during Cheney's flight to Oman on Wednesday highlighted the absurdity of a practice that's damaged the credibility of journalists and government officials alike. It's much easier to believe what people say when their names are attached to their words. Statements from unidentified people invite readers to doubt that the speakers exist outside of the reporter's imagination. If anonymity is designed to promote candor, it's difficult to find in the anonymous official's quote.

The Bush administration's use of anonymous sources has become a sore spot for reporters in the wake of a series of journalistic scandals involving fabricated quotes. Yet sometimes the need for anonymity is obvious: Some sources could lose their jobs or even their lives if their identities were disclosed.

So there may be a good reason to protect sources in Iraq, but in Washington, anonymity is too often a cloak for cheap shots and self-serving comments. Some officials insist on anonymity to minimize damage if they misspeak or say something that might be embarrassing. Reporters play along to maintain good relations or out of fear that they might miss something if they refuse to participate.

The Air Force 2 transcript was unusual only because it was so easy to identify the unnamed official.

"This has definitely achieved absurdity," said Lucy Dalglish, executive director of The Reporters Committee for Freedom of the Press, an organization that helps journalists protect their sources. "I don't look at this as anonymous sourcing. I look at this as big-time game playing. The only way to describe it is stupid."

The White House has cut back on anonymous briefings in recent years in response to reporters' objections, but some officials still insist on anonymity, especially when discussing foreign policy. Snow defended the practice, saying that anonymity allows administration officials to be more open with reporters.

Cheney is particularly press-shy when traveling overseas. Mark Silva of The Chicago Tribune reported that he and other journalists on the vice president's nine-day, seven-country tour got a total of 18 minutes to speak with Cheney on the record. (Cheney did offer two exclusive interviews to ABC during the trip.)

In a blog about the trip, Silva adhered to the Air Force 2 ground rules even as he vented his frustration over "facing someone important with something meaningful to talk about, but insisting on anonymity as the condition for a conversation."

Cheney seemed to have some frustrations of his own. He objected to press reports that suggested he'd demanded more action from Pakistani officials against terrorism. Some of the press accounts relied on unnamed officials.

"I've seen some reporting that says, 'Cheney went in to beat up on them, threaten them.' That's not the way I work," the "senior administration official" said. "I don't know who writes that, or maybe somebody gets it from some source who doesn't know what I'm doing or isn't involved in it. But the idea that I'd go in and threaten someone is an invalid reading of the way I do business."

But don't quote him on that.

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Cheney's Trip Renews Debate Over Attribution In News Accounts (WP)

By Howard Kurtz

The Washington Post, March 1, 2007

The reporters traveling with Vice President Cheney as he flew from Afghanistan to Oman yesterday were granted an interview with someone who would be identified only as a "senior administration official." But the official's identity would not remain a state secret for long.

"Let me just make one editorial comment here," the SAO said about the vice president's talks with Pakistan's leader. "I've seen some press reporting says, 'Cheney went in to beat up on them, threaten them.' That's not the way I work. I don't know who writes that, or maybe somebody gets it from some source who doesn't know what I'm doing, or isn't involved in it. But the idea that I'd go in and threaten someone is an invalid misreading of the way I do business."

The SAO also said that "I was very careful" in choosing words to criticize House Speaker Nancy Pelosi (D-Calif.) on Iraq strategy.

The first-person pronoun gave away the game. But it also raised the question: Why did Cheney feel the need to speak on a not-for-attribution basis, and why did the seven journalists on the trip go along?

Lee Anne McBride, Cheney's press secretary, could not, under the ground rules, confirm the obvious. But, she said, "it was important to provide the press and public with briefings on these meetings, and it was determined that a more comprehensive readout could be provided on a background basis."

Administration officials concluded that, for diplomatic reasons, Cheney could not publicly discuss private conversations with Pakistani President Pervez Musharraf and Afghan President Hamid Karzai.

Mark Silva, a Chicago Tribune reporter who made the trip, was among those pressing Cheney's staff for an on-the-record briefing, saying the vice president has been elected twice.

"At the start of our meeting with a senior administration official, in which he advised us that he insisted this talk be on background, we asked him, too, to go on the record," Silva said. Cheney agreed to be identified only while discussing the suicide bombing at Bagram air base in Afghanistan that occurred while he was there.

Silva credited the White House with releasing an accurate transcript despite numerous "I" references. "But it's also a measure of how absurd the entire business of speaking as an SAO is."

Holly Bailey, a Newsweek correspondent, said she was "very surprised at how quickly the SAO laid out the ground rules," adding that "it was done so quickly that we didn't have a lot of chance to object." She said the trip was frustrating because reporters had no more than 20 minutes' access to the vice president on the nine-day trip.

Cheney's backgrounder took place as a federal jury is weighing perjury charges against his former chief of staff, I. Lewis "Scooter" Libby, related to his role in telling reporters about covert CIA operative Valerie Plame without being identified. Libby testified that the vice president directed him to conduct the background discussions with Judith Miller, then a New York Times reporter.

Senior U.S. officials have been briefing reporters without their names attached since Henry A. Kissinger was engaged in Middle East shuttle diplomacy. Sometimes these officials appear in the White House briefing room. President Bush and several of his predecessors have conducted such background sessions with, for example, network anchors and friendly columnists.

Journalists have occasionally objected to the ground rules in these sessions, but for the most part they have become an accepted ritual.

Time magazine blogger Ana Marie Cox called the senior official's Air Force Two transcript "as blatant as birdshot in the face," adding: "The willingness of the press corps to go along with this not-even-trying level of deception is especially embarrassing."

McConnell Fighting Bush's Battles In Senate (WT)

By Jon Ward

The Washington Times, March 1, 2007

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President Bush tomorrow will raise money for his political field general, Senate Minority Leader Mitch McConnell, who has stymied Democrats at almost every turn of the Iraq war debate.

"We think Mitch McConnell is a terrific and able minority leader," said White House spokesman Tony Snow, who declined to comment on how Democrats have fared in their attempts to halt the president's surge of troops to Iraq.

"You say Democrats are in disarray?" Mr. Snow said, feigning ignorance.

With the congressional debate over the war at fever pitch, Democratic leaders who rode to victory last fall on the promise of bringing the troops home are under fire from virtually every direction. The far left is growing impatient with the lack of progress, while more conservative Democrats are unhappy with the ideas proposed so far.

Mr. McConnell, 65, who looks more like a bookkeeper than a power broker, is "savagely political," according to one high-placed Democratic source. The Kentucky Republican has twice defeated Majority Leader Harry Reid's attempts to push through an anti-war measure that would have shut out Republican amendments.

"I don't think there's anybody in the Senate who is better than he is at managing the Senate and using the Senate rules," said Sen. Judd Gregg, New Hampshire Republican.

"I think that's what Senator McConnell principally has been trying to do, to make sure that all sides get a hearing," Mr. Snow said.

But Mr. McConnell's effectiveness has drawn attention from far-left Web loggers, as well as calls for the four-term senator to be targeted for defeat in 2008.

"When Reid can't get anything through the Senate, like ... the minimum wage or a vote on Iraq, the reason is Mitch McConnell," Matt Stoller wrote at MyDD.com this week. "It's time to do to Mitch McConnell what the GOP did to [former Majority Leader] Tom Daschle -- make him the symbol of everything that is wrong and get rid of him in a presidential year."

The latest polls show that more Kentucky voters approve of Mr. McConnell's performance than disapprove. However, a poll by the Louisville Courier-Journal last month showed that while 54 percent approved of Mr. McConnell, 52 percent said he should oppose Mr. Bush's surge plan.

Kentucky Democratic Party Chairman Jerry Lundergan said it would be hard to unseat Mr. McConnell, "but I do believe that if he has ever been vulnerable, it is now."

Mr. McConnell has more than $3 million in his campaign war chest, spokesman Don Stewart said. He would not comment on how much the campaign expects to raise at the fundraiser Mr. Bush will headline tomorrow in Louisville to kick off the senator's 2008 re-election campaign.

The most prominent likely challenger to Mr. McConnell is wealthy Louisville businessman Charlie Owen, who ran for the Senate in 2002 but lost in the primary.

"I just don't see anything materializing as a serious challenge to him. He's just done too good of a job," said Darrell Brock, chairman of the Kentucky Republican Party.

This Year's Toughest Balancing Act (WP)

By Paul Kane

The Washington Post, March 1, 2007

Rep. John Spratt's wife grew angry with him. He repeatedly fumbled a simple question in the spate of interviews he's given since becoming the new House Budget Committee chairman: What are his hobbies?

"You better . . . figure out how you're going to answer that question," his wife, Jane, yelled, as the South Carolina Democrat recollected the scolding.

The self-described bookworm has no other hobbies. His idea of fun at the beach is burrowing into the latest 10-year estimates from a Congressional Budget Office report. After a dozen years on the sidelines in the minority, Spratt has been thrust into the role he's longed for, as committee chairman. But now comes the hard part.

Spratt is in charge of drafting a budget plan that will close a deficit of more than $200 billion within five years. And, as Spratt explained, he has to "squirrel away a little money" for up to a dozen key Democratic priorities, including big increases for

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education and children's health care. And he's not supposed to raise taxes to cover the additional spending and eliminate the deficit.

"We want to do it [eliminate the deficit], and be able to meet our priorities," Spratt said in a recent interview.

Unlike his colleagues, Spratt cut short his congressional recess to return to Washington last week to work on trial runs of various budget proposals. Spratt will unveil his first budget the week of March 12 and submit it for passage by his committee. It's a prospect he's looking forward to with some trepidation: "Beware the ides of March," he warned, half joking.

But Democrats say he's the perfect fit for such a delicate task. A lawyer by training -- Yale Law School -- Spratt, 64, became a small-town banker in South Carolina's northernmost county before winning election to Congress in 1982. A Southern gentleman, Spratt has engendered some of the most loyal staff members on Capitol Hill. Thomas S. Kahn, his committee staff director, has worked for him for 21 years, and a handful of staffers in his personal office have worked with Spratt even longer.

By virtue of his state's prominent presidential primary placement, Spratt and Rep. Jim Clyburn (D-S.C.) are two of the most sought-after endorsements in the nonstop White House race. He's tried to push off the campaigners with a neutrality pledge, but that hasn't stopped the calls. The morning she announced her campaign via a Web video, Sen. Hillary Rodham Clinton (D-N.Y.) caught a surprised Spratt on the phone.

"I didn't even know she had announced," he said.

Despite the respect Spratt has engendered on both sides of the aisle, Republicans relish the chance to pounce on anything Spratt produces remotely resembling a tax increase to help reduce the deficit. "They'll call it revenue-enhancement measures. We'll call it tax increases," said Rep. Thomas M. Davis III (R-Va.), the former party campaign operative who otherwise praises Spratt for the "certain consistency" in his legislative dealings.

Democrats are adamant that won't happen. "We are not talking about tax increases," Kahn said.

To help with the heavy lifting, Majority Leader Steny H. Hoyer (D-Md.) has sat in on meetings with top committee chairmen and leaders of the key coalitions within the Democratic caucus. It's part of an effort to measure which programs are most essential, trying to build consensus in advance and send a warning that some constituencies won't necessarily like what they see in two weeks.

Regardless of the assist from leadership, Spratt said he expects some credit or all of the blame to fall on his shoulders, depending on how things work out.

"I know what my marching orders are," he said.

Hard Recovery For Failed US Schools (CSM)

By Stacy A. Teicher And Ben Arnoldy

The Christian Science Monitor, March 1, 2007

BOSTON AND OAKLAND, CALIF.

Something had to change at Sobrante Park. Year after year, the elementary school in the poor flatlands of Oakland failed to meet test-score targets that, under state and federal laws, have consequences attached.

Sobrante Park overhauled the curriculum, turned over staff, moved the school schedule later, and rolled back bilingual education. After a difficult five years, the school now tests above Oakland's average and has freed itself from government intervention.

Yet Sobrante Park is a rare bright spot in a new and cautionary assessment of how challenging it is to reform public schools under the most sweeping national school reform in decades. A new study of California's public schools found that the number identified as chronically struggling has risen 75 percent in one year. Those schools now account for nearly 8 percent of the state's public schools. Just as noteworthy, most schools who fall into that category have not yet found a way to get out again.

California is a harbinger of the magnified problems that public schools around the country will face as the last phase of the reform timeline outlined by No Child Left Behind (NCLB) kicks in this year.

That is why experts are studying schools like Sobrante Park to understand which reforms work.

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Under the mandates of the five-year-old NCLB, low-performing schools undergo a series of interventions. The last phase is "restructuring." After five years of not meeting targets for adequate yearly progress (AYP) on test scores, schools must plan for significant reform and implement it the following year.

But a few states, such as California, put accountability measures into place prior to NCLB. Out of 245 California schools that restructured in 2005-06, just 11 percent met AYP targets, said the new report, released Wednesday by the Center on Education Policy (CEP) in Washington. The center has also studied Michigan, another early adopter of accountability reforms.

"What we're finding is that school districts that implement a variety of changes are more likely to improve their test scores than those that implement only one change, such as changing [a school's] staff," says CEP's president and CEO Jack Jennings. It's good that NCLB is no longer allowing officials to turn a blind eye to low-performing schools, he says, but improving schools "is a very challenging task ... and we should have a little bit of humility when it comes to telling schools how to bring about changes."

NCLB allows several restructuring options: turning the school over to the state or a management company, reopening as a charter, replacing much of the staff, or any other major action that will significantly change school governance.

In California, that last option – "any other" major action – is what 89 percent of schools in restructuring have opted for. The first options are a way for Congress to "sound tough" about reform, Mr. Jennings says, "but when you're running a school, they don't make a lot of sense."

But some others say the "any other" option is too often used as a loophole to avoid significant reforms. As NCLB reauthorization is debated this year, various proposals are on the table for how to make restructuring requirements more effective.

The Department of Education (DOE) proposes taking the "any other" option off the table. They would also give superintendents the opportunity to suspend collective-bargaining agreements in order to bring highly qualified staff to troubled schools to target students' needs.

At Sobrante Park, Principal Marco Franco opted for the "any other" option and changed four out of 14 staff members – a smaller percentage than the district wanted. "I knew the staff and I knew I wanted to keep them," Mr. Franco says. "If I lost the proportion the district wanted me to lose, I don't know if we would be in the same place."

Staff changes in Oakland's restructuring efforts are mostly a matter of moving teachers between schools in the district, with principals' hiring options limited by teacher contracts.

CEP found that 30 percent of schools in restructuring in California opted to change their staff, but only 5 percent of these schools went on to meet AYP.

Jennings acknowledges that the research is still too new to draw broad conclusions about what works.

Giving superintendents flexibility to bring better teachers into schools with the highest needs is a good proposal on the part of the DOE, says Amy Wilkins of The Education Trust, a group in Washington, D.C., which advocates for closing achievement gaps. But such moves need to go hand in hand with measuring teachers' effectiveness, she says. "Just getting different faces in the classroom is not the point."

After a year of hearings in communities around the United States, the nonpartisan Commission on No Child Left Behind came out last month with a set of recommendations. On the subject of restructuring, there was agreement that "when a school is struggling consistently, they need to take more aggressive action," says Gary Huggins, the commission's director.

The commission suggests, as does the CEP report, that schools be required to choose a comprehensive set of actions rather than a single intervention. But it also says they should have more time to show results once changes are made.

But it's unfair to mandate restructuring options when "none has any track record of success," says Bob Schaeffer of the National Center for Fair & Open Testing in Cambridge, Mass., which opposes NCLB.

The Oakland Unified School District, run by a state-appointed administrator since 2003 due to financial difficulties, decides case by case how much latitude to give schools in choosing restructuring plans. This year it says it might intervene in 14 schools, possibly closing four.

The plan drawn up by Franco and his staff had many components, but he sums up the philosophy this way: "If something is not working, toss it, man."

That got Franco, a Latino, into hot water with parents when he ended the bilingual program in the upper grades. The complaints tapered off after parents saw test scores improve, he says.

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The teachers adopted a more scripted and uniform curriculum, making it easier for them to collaborate and for the principal to evaluate them. The school day was changed to allow teachers time to work with individual students. Franco hired a writing coach and used some money to reopen the school library, which had been converted to storage.

California school update

Here are statistics on California schools forced to restructure under No Child Left Behind (NCLB):

401 – The number of schools required to plan or implement NCLB restructuring in 2005-06.

701 – The number of such schools in 2006-07.

207 – The number of schools in restructuring that have failed to make adequate yearly progress on tests for seven consecutive years.

10 – The number in restructuring that improved enough between 2005-06 and 2006-07 to have that label removed.

Source: Beyond the Mountains: An Early Look at Restructuring Results in California, by the Center on Education Policy.

Poor Education Found In States (WT)

By Amy Fagan, The Washington Times

The Washington Times, March 1, 2007

U.S. Chamber of Commerce leaders yesterday said states are doing a poor job educating America's children for the future, citing a new report by the chamber that graded each state in areas from academic achievement and teacher quality to how wisely a state is spending its education dollars.

"This is an effort to do what is responsible for America's youth," said chamber President Thomas J. Donohue. "Our study has found that when it comes to education, the states aren't making the grade."

The study, conducted with help from the Center for American Progress (CAP) and the American Enterprise Institute, compiled and analyzed data from other research, the National Assessment of Educational Progress (NAEP) and a national survey of teachers. States received letter grades in nine categories but no overall rankings.

Arthur Rothkopf, senior vice president of the chamber, said the report identifies "leaders and laggards."

Massachusetts, Minnesota and New Hampshire topped the list of 10 states that received A's for academic achievement. New Mexico, Mississippi and the District took the three lowest slots among the 10 that received F's. Grades were based on an analysis of the 2005 NAEP, a test given to a sampling of students nationwide.

John Podesta, president and chief executive officer of CAP, pointed out variations. He said Massachusetts, the top state for academic achievement, showed only 44 percent of fourth-graders proficient in reading and 49 percent proficient in math -- numbers he called "unconscionable."

The study also examined whether states presented accurate information or overstated student performance. Massachusetts, Maine, South Carolina, Wyoming and Missouri received A's for honesty. Oklahoma and Tennessee received F's, and 15 other states that were deemed to be sugarcoating performance got D's.

Most states received A's or B's on teacher quality. Six received D's, and Rhode Island got an F. The scores were based largely on whether states test teachers in both basic and subject-specific areas, and whether they recruit and test non-teaching professionals.

In a comparison of education spending with student performance, 10 states -- including Utah, North Carolina and Washington -- received A's. The District and nine states -- including Hawaii and New Mexico -- failed.

The report was issued as the National Governors Association ended its winter meeting. Governors considered a federal framework to help states, institutions of higher learning and the private sector work together on innovations to improve proficiency in math and science, increase the number of science and engineering students, among other goals.

The chamber yesterday suggested higher starting salaries for teachers, removing ineffective educators and giving principals more control over budget and personnel. Chamber officials said the business community can give schools examples of management improvements, data collection and innovation.

"We want the business community at the table at every state," Mr. Rothkopf said.

A Critique Of Pure Reason (NYT)

DOJ_NMG_0138385

By David Brooks

The New York Times, March 1, 2007

All the presidential candidates this year will talk about education. The conventional ones will talk about improving the schools. The creative ones will talk about improving the lives of students.

The conventional ones, though they don't know it, are prisoners of the dead husk of behaviorism. They will speak of education as if children were blank slates waiting to have ideas inputted into their brains with some efficient delivery mechanism.

The creative ones will finally absorb the truth found in decades of research: the relationships children have outside school shape their performance inside the school.

The conventional candidates will give the same old education reform speeches, trumpeting this or that bureaucratic reshuffle. The creative ones will give speeches like the one David Cameron, who is reviving the British Tory party, gave last month. They will talk, as Cameron did, about the mushy things, like love and attachment, and will say, as Cameron did, "Family relationships matter more than anything else."

They will understand that schools filled with students who can't control their impulses, who can't focus their attention and who can't regulate their emotions will not succeed, no matter how many reforms are made by governors, superintendents or presidents.

These candidates will emphasize that education is a cumulative process that begins at the dawn of life and builds early in life as children learn how to learn. These candidates will point out that powerful social trends — the doubling of single-parent families over the past generation, the rise of divorce rates — mean that government has to rethink its role. They'll note that if we want to have successful human capital policies, we have to get over the definition of education as something that takes place in schools between the hours of 8 and 3, between the months of September and June, and between the ages of 5 and 18.

As Bob Marvin of the University of Virginia points out, there is a mountain of evidence demonstrating that early childhood attachments shape lifelong learning competence.

Children do have inborn temperaments and intelligence. Nevertheless, students make the most of their natural dispositions when they have a secure emotional base from which to explore, and even the brightest children stumble when there is chaos inside.

Research over the past few decades impressively shows that children who emerge from attentive, attuned parental relationships do better in school and beyond. They tend to choose friends wisely. They handle frustration better. They're more resilient in the face of setbacks. They grow up to become more productive workers.

On the other hand, as Martha Farah of the University of Pennsylvania has found, students who do not feel emotionally safe tend not to develop good memories (which is consistent with cortisol experiments in animals). Students from less stimulating environments have worse language skills.

The question, of course, is, What can government do about any of this? The answer is that there are programs that do work to help young and stressed mothers establish healthier attachments. These programs usually involve having nurses or mature women make a series of home visits to give young mothers the sort of cajoling and practical wisdom that in other times would have been delivered by grandmothers or elders.

The Circle of Security program has measurably improved attachments and enhanced social skills. The Nurse-Family Partnerships program, founded by David Olds, has produced rigorously examined, impressive results. Children who have been in this program had 59 percent fewer arrests at age 15. (Presidential candidates are commanded to read Katherine Boo's Feb. 6, 2006, New Yorker article to get a feel for how these programs work.)

It's important not to get carried away. "Enhancing Early Attachments," a review of the literature edited by Lisa Berlin and others, is filled with phrases like "marginal success" and "modest but significant benefits." But these programs can be expanded.

And one thing is clear: It's crazy to have educational policies that, in effect, chop up children's brains into the rational cortex, which the government ministers to in schools, and the emotional limbic system, which the government ignores. In nature there is no neat division. Emotional engagement is the essence of information processing and learning.

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In Britain, where both David Cameron and Gordon Brown have grappled with this reality, policy is catching up with the research. In the United States, we are forever behind. But that won't last. This year, some smart presidential candidate will help us catch up.

Consumer Groups Call For More Oversight Of Energy Regulation (HILL)

By Jim Snyder

The Hill, March 1, 2007

Consumer advocacy groups are pushing Democrats to step up oversight of a federal energy panel that oversees electricity markets and to take a fresh look at electricity-deregulation policies that they argue have raised consumer prices.

Deregulation critics sponsored a Washington conference Monday on the health of wholesale power markets that included officials in deregulated states where prices have jumped significantly.

On Capitol Hill, these critics have asked the new Democratic chairmen of the Senate Energy and Natural Resources and the House Energy and Commerce committees, Sen. Jeff Bingaman of New Mexico and Rep. John Dingell of Michigan, to hold hearings on how effective the Federal Energy Regulatory Commission (FERC) is in overseeing wholesale power markets.

Tyson Slocum, who directs Public Citizen's energy program, said deregulation has not led to competition in wholesale markets and that FERC has done a poor job of ensuring consumer rates are "just and reasonable."

Utilities, large commercial energy users and financial giants have formed their own coalition, called Compete, to counter anti-deregulation arguments.

Compete has hired the Nickles Group, founded by former Sen. Don Nickles (R-Okla.), Wexler Walker Public Policy Advocates, and Covington & Burling to lobby Congress and federal agencies on energy policy.

Electricity deregulation is not a hot topic in Congress. But in states that deregulated only to see prices rise and at FERC, which regulates wholesale power markets, the issue is a subject of significant debate; hence the formation of the lobby groups.

FERC itself waded again into the mix with its own conference Tuesday. Panel Chairman Joseph Kelliher acknowledged that competitive markets "face challenges." But he said the policy of a mix of competition and government oversight was made national by the Energy Policy Act of 2005.

"The fact that we are holding this conference shows that we have heard the criticism of stakeholders and market participants, and that we take these concerns seriously," Kelliher said.

Utilities say higher rates are the result of high natural-gas prices, not deregulation. They generally offer technical changes to the structure of the markets themselves rather than a return to the old days where regulators set rates based on the cost of generation plus a set fee.

Advocates once hoped that by bringing the same competitive pressures that reduced telephone rates and airline ticket prices, power prices would fall too. Under deregulation, vertically integrated utilities that produced the power and then transmitted it and sold it to consumers were broken up. Generation was separated from transmission and distribution.

Twelve states have fully deregulated their electricity markets, Slocum said. Those states pay higher electricity prices than the others. One reason these states embraced deregulation, however, was their power prices were higher than other regions to begin with. But rates have increased nearly 9 percent over the past four years in the 12 states, versus a 5 percent growth rate in the other 38 states, according to information Slocum cites from the Energy Information Administration, which collects a variety of energy data.

Advocates of deregulation had originally promised lower rates .

Joel Malina, a Wexler Walker lobbyist representing Compete, said rates in states that remain regulated have seen some of the sharpest increases in power prices in recent years. That means, he said, that rising price of fuels is to blame, not deregulation.

But he added that "no market is perfect." Deregulated markets are "evolving," he said.

Consumer groups seem split on the issue, based on whether they represent residential electricity users or large companies. The Electricity Consumers Resource Council, which represents large industrial users, says the current deregulation attempts have fallen short of promises.

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But the group issued a paper in December rejecting calls to return to the old system because utilities had “little incentive to seek more efficient, lower-priced generation options or pursue innovative product offerings.” The group said less regulation of so-called competitive markets was needed, not more.

The powerful senior lobby, AARP, meanwhile, has “serious concerns” about the rising electricity rates in markets that have been deregulated, said Debra Berlyn, a senior legislative representative for the group who attended the Monday conference.

“We’ve been active on the state level and now we are looking at what we can do to complement [that activity] on the federal level.”

House Bill Boosts Scrutiny Of Foreign Deals (WSJ)

By Greg Hitt

The Wall Street Journal, March 1, 2007

WASHINGTON -- The House approved legislation that would strengthen U.S. scrutiny of overseas-led business deals, underscoring lawmakers' angst over the frictions caused by the international-investment boom.

The measure, approved yesterday on a vote of 423-0, would require the administration to conduct an extended, 45-day investigation of most deals involving foreign governments, give intelligence agencies a formal role in the review process and increase disclosure to Congress, among other things.

The bipartisan legislation was written in consultation with the White House, which has tried to balance the dual goals of protecting national security and ensuring an open investment environment. While raising concern about some details of the bill, the White House moved ahead of the vote to welcome the House efforts to "strengthen" the investment-review process.

The depth of the vote underscores the broader difficulties ahead for the White House, which is striving to put the president's trade and economic agenda back on track. Voted in on a tide of antiglobalization sentiment, many lawmakers are concerned that U.S. workers and companies aren't getting a fair shake in the global marketplace.

The vote is sure to increase pressure on the Senate to take up the issue, and Senate Banking Chairman Chris Dodd of Connecticut said he intends to act "in the coming weeks." Mr. Dodd vowed to embrace a "balanced approach" that carves a greater role for the intelligence community in investment reviews and gives Congress "a far greater oversight role to prevent the recurrence of Dubai Ports World episodes."

DP World -- which is owned by the government of Dubai, a Persian Gulf emirate -- touched off a political furor on Capitol Hill last year after moving to acquire control of several U.S. ports operations as part of a broader deal. The Bush administration approved the ports deal following a standard, 30-day review, but lawmakers alleged administration officials had failed to grasp the post-Sept. 11 danger of giving an Arab firm access to American ports, where lax security is a concern. Amid the uproar, DP World agreed to sell off its U.S. holdings.

House Financial Services Chairman Barney Frank of Massachusetts said yesterday's measure would reassure investors that the U.S. remains a secure place to do business by making clear the rules controlling U.S. scrutiny of foreign deals.

At the center of the issue is the Committee on Foreign Investment in the U.S., or CFIUS, a secretive panel that reviews the national-security implications of overseas deals. Twelve government agencies are represented on CFIUS, which is led by the Treasury Department.

The House bill would require greater disclosure to Congress of CFIUS actions and senior-level sign-off within the government on certain deals. It would also codify the administration's authority to reopen, and even unwind, deals after they have been cleared by the U.S. government. Moving on its own, the administration recently began to using such a limit as a way to enforce other conditions that the government has imposed on transactions.

The U.S. business community, by and large, has swung behind the House bill. This week, a broad business coalition, including the U.S. Chamber of Commerce and the Securities Industry and Financial Markets Association, circulated a letter on Capitol Hill urging passage, saying the bill would "enhance confidence" in the CFIUS process.

Bill On Foreign Investment Advances (WP/AP)

By Jim Abrams

The Washington Post, March 1, 2007

DOJ_NMG_0138388

The House agreed yesterday to give the government broader powers to review foreign investments in U.S. power plants, ports and other facilities that could be vulnerable to terrorist attacks.

The legislation, passed 423 to 0, would give legal muscle to a once-obscure federal office that gained attention a year ago when a Dubai company planned to manage six large U.S. ports.

The deal fell through after lawmakers from both parties said the Committee on Foreign Investment in the United States, or CFIUS, ignored serious national security concerns in signing off on the transaction.

The legislation, which moves to the Senate, would expand the definition of transactions that require CFIUS review to include those involving homeland security and critical infrastructures, and would take steps to ensure that high-level officials would be involved in decisions by the multi-agency group.

"This bill contains very tough provisions to protect national security, including the ability for CFIUS to reopen reviews when companies don't comply with mitigation agreements designed to reduce security risks," said Rep. Carolyn B. Maloney (D-N.Y.), a sponsor.

The legislation would ensure that Congress is notified when investigations are complete. Lawmakers' complaints that they were left out of the process were a major factor in the anger engendered by the proposed Dubai Ports World deal.

It would require a 45-day investigation, after the initial 30-day review, of any deal involving companies controlled by foreign governments.

Last year, with Congress under Republican control, the House and Senate approved legislation to revamp the CFIUS process, but the two chambers were unable to compromise on a common bill.

The Bush administration said in a statement that it supported the House bill but expressed some reservations, including that extending the investigations to 45 days "may discourage foreign investment by generating uncertainty and delay."

Todd Malan, president of the Organization for International Investment, an association representing U.S. subsidiaries of foreign companies, said he was pleased.

"From a business standpoint, it doesn't screw anything up," Malan said. "It maintains CFIUS's role as a screening process, not as a barrier to foreign investment."

Federal Diary: Looking For A Route To Better Government (WP)

By Stephen Barr

Washington Post, March 1, 2007

It's apparently not too early to start thinking up ideas for how the next administration can improve the government's management practices.

With the presidential campaign field taking shape, think tanks and public-service and business groups are preparing to develop policy proposals and ideas for the winning candidate.

The IBM Center for the Business of Government, for example, plans to launch an "interactive conversation" today to help find ideas for the next White House.

To start the conversation, the District-based IBM Center hopes to prompt an online discussion on issues raised in a new report, "Reflections on 21st Century Management," written by professors Donald F. Kettl of the University of Pennsylvania and Steven Kelman of Harvard University. The Web address is http://www.businessofgovernment.org/transition2008.

The Government Performance Coalition, a group of organizations interested in management issues, is sponsoring a Transitions in Governance 2008 Web site, in hopes of helping shape the agenda for 2008 and beyond.

The group's steering committee envisions the Web site (http://www. http://transitionsingov http://.org) as a way to get political campaigns, federal managers and the public involved in defining management issues for the next administration. A "transitions blog" is scheduled to go live today.

Jonathan D. Breul, a former Office of Management and Budget executive, will be heading up the Performance Coalition. In a bit of a coincidence, he takes over the position of executive director at the IBM Center today, replacing Mark. A. Abramson, who will continue as a consultant to the center and reopen his own company.

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Other organizations, such as the Council for Excellence in Government, also are making plans for the next presidential transition. Patricia McGinnis, that group's president, said the council plans to take its "Prune Book," an analysis of the plum jobs in government that require experienced leadership, and move it to the Internet. "We want to push out and reach a lot of people across the country," she said.

The council plans to sponsor a series of discussions for career managers to prepare them for what to expect during a transition, when a crop of new political appointees arrive in Washington.

Thinking up new ideas for improving government could be challenge, after almost 16 years of "reinventing government" by the Clinton-Gore administration and the Bush-Cheney team's "president's management agenda." Those initiatives were met with some resistance from Congress and were greeted skeptically by many federal employees who perceived them as efforts to downsize and outsource government operations.

In recent months, the government's efforts to improve the performance of programs and the delivery of services has been overshadowed by the controversy over the Iraq war, allegations of contract waste and fraud, and the sluggish response by federal officials to Hurricane Katrina.

Still, the federal government has taken what Kelman calls a "performance turn," driven by a 1993 law, the Government Performance and Results Act, that has prodded agencies to show the public what it is getting for its tax dollars. Efforts to link budgets to program performance measures also have become more common, Kelman says.

The next president, Kelman suggests, will take steps to increase the use of performance management techniques, improve management of federal contracts, and look at public-private partnerships and interagency collaborations as ways of improving service to taxpayers.

But Kelman says more research is needed to show that some of these efforts are more than just a management fad and can make a difference in how agencies and programs perform.

Kettl believes the next president will face pressure to reshape the government so that it can more quickly respond to what he calls "non-routine problems," such as terrorism, natural disasters and health emergencies.

The government's most important problems "refuse to stay within the boundaries of the government agencies established to solve them," Kettl writes.

"New agencies created to tackle the new generation of problems, like the federal Department of Homeland Security, have struggled to find their footing." he argues. "Even more important, they tend to be backward looking, focused on solving the last set of problems rather than scanning the environment for the next set of problems that must be solved."

The Real American Idol (WSJ)

By Daniel Henninger

The Wall Street Journal, March 1, 2007

Daniel Henninger is deputy editor of The Wall Street Journal's editorial page. Mr. Henninger joined Dow Jones in 1971 as a staff writer for the National Observer. He became an editorial-page writer for the Journal in 1977, arts editor in 1978 and editorial features editor in 1980. He was appointed assistant editor of the editorial page in 1983 and chief editorial writer and senior assistant editor in October 1986, with daily responsibility for the "Review & Outlook" columns. In November 1989 he became deputy editor of the editorial page.

Mr. Henninger was a finalist for a Pulitzer Prize in editorial writing in 1987 and 1996, and shared in the Journal's Pulitzer Prize in 2002 for the paper's coverage of the attacks on September 11. He won the Gerald Loeb Award for commentary in 1985. In 1998 he received the Scripps Howard Foundation's Walker Stone Award for editorial writing, for editorials on a range of issues, including the International Monetary Fund, presidential politics and cloning. He won the 1995 American Society of Newspaper Editors' Distinguished Writing Award for editorial writing, and he was a finalist in that award in 1985, 1986 and 1993. A native of Cleveland, Mr. Henninger graduated from Georgetown University with a bachelor's degree from the School of Foreign Service.

Mr. Henninger invites comments to henninger@wsj.com1.

The Real American Idol

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Amid the mad jumble that makes the news in our time, the White House on Monday held a ceremony for a Medal of Honor recipient. His name is Bruce Crandall. Mr. Crandall is 74 now, and earned his medal as a major, flying a Huey helicopter in 1965 in the Vietnam War.

The Medal of Honor is conferred only for bravery in combat. It is a military medal, and it is still generally regarded as the highest public tribute this nation can bestow. It is also very rare.

Still, the Medal of Honor does not occupy the place in the nation's cultural life that it once did. This has much to do with the ambivalent place of the military in our angry politics.

The Medal of Honor

In the House debate just ended on a "non-binding" resolution to thwart the sending of more troops to Iraq, its most noted element was the Democratic formulation to "support the troops" but oppose the war. We will hear more of this when the members of the Senate debate their own symbolic resolution.

In last November's congressional election, the Democrats picked several military veterans as candidates to mitigate the notion, a burden since Vietnam, that an endemic hostility toward things military runs through the party's veins. Those Democratic veterans won. Notwithstanding the bitter divide over Iraq, the presence of these veterans in Congress should be a good thing, if one thinks that the oft-publicized "divide" between the professional military and American civilians is not in this country's interest. It surely cannot be in the country's interest if over time more Americans come to regard the life of U.S. soldiers at war and in combat as an abstraction -- as say, mainly Oscar nominees or as newspaper photographs of scenes of utter loss at arms.

Two men have received the Medal of Honor for service in Iraq: Army Sgt. First Class Paul R. Smith, who died defending some 100 fellow soldiers, allowing their withdrawal; and Marine Cpl. Jason L. Dunham, who died after he dove atop a live grenade to protect his squad. (Cpl. Dunham's act was the subject of a 2004 Wall Street Journal story by reporter Michael M. Phillips and later a book, "The Gift of Valor.")

Bruce Crandall's Medal of Honor, at an emotional remove of 42 years, offers a chance to ponder just where the military stands now in the nation's life. The particulars of Lt. Col. Crandall's act of heroism, and what others said of it at the awarding of the medal on Monday, offers we civilians a chance to understand not merely the risks of combat but what animates those who embrace those risks.

Mr. Crandall, then a major, commanded a company with the 229th Assault Helicopter Battalion, carrying soldiers to a landing zone, called X-ray, in the Ia Drang Valley. An assault from the North Vietnamese army erupted, as described at the White House ceremony Monday. Three soldiers on Maj. Crandall's helicopter were killed. He kept it on the ground while four wounded were taken aboard. Back at base, he asked for a volunteer to return with him to X-ray. Capt. Ed Freeman came forward. Through smoke and bullets, they flew in and out 14 times, spent 14 hours in the air and used three helicopters. They evacuated 70 wounded. The battalion survived.

A Medal of Honor requires eyewitness accounts, and an officer there attested, "Maj. Crandall's actions were without question the most valorous I've observed of any helicopter pilot in Vietnam."

Gen. Peter Schoomaker, the Army chief of staff, spoke at the ceremony of what he called "the warrior ethos." Look at his words and consider whether they still stand today, or whether as a matter of the nation's broader ethos of commonly accepted beliefs, they are under challenge. Gen. Schoomaker said: "The words of the warrior ethos that we have today -- I will always place the mission first; I will never accept defeat; I will never quit; and I will never leave a fallen comrade -- were made real that day in the Ia Drang Valley."

At issue today is the question: Is that ethos worth it, worth the inevitable sacrifice? And not only in Iraq but in whatever may lie beyond Iraq?

The secretary of the Army, Francis Harvey, went on in this vein: "The courage and fortitude of America's soldiers in combat exemplified by these individuals is, without question, the highest level of human behavior. It demonstrates the basic goodness of mankind as well as the inherent kindness and patriotism of American soldiers."

An American soldier in combat demonstrates "the basic goodness of mankind"? And the highest level of human behavior? This was not thought to be true at the moment Maj. Crandall was flying those choppers in Vietnam. Nor is it now.

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To embrace the thoughts of Gen. Schoomaker and of Secretary Harvey is to risk being accused of defending notions of American triumphalism and an overly strong martial spirit thought inappropriate to the realities of a multilateral world. This is a debate worth having. But we are not having it. We are hiding from it.

In a less doubtful culture, Maj. Crandall's magnificent medal would have been on every front page, if only a photograph. It was on no one's front page Tuesday. The New York Times, the culture's lodestar, had a photograph on its front page of President Bush addressing governors about an insurance plan. Maj. Crandall's Medal of Honor was on page 15, in a round-up, three lines from the bottom. Other big-city dailies also ran it in their news summaries; some -- the Washington Post, USA Today -- ran full accounts inside.

Most school children once knew the names of the nation's heroes in war -- Ethan Allen, John Paul Jones, Stephen Decatur, the Swamp Fox Francis Marion, Ulysses S. Grant, Clara Barton, Billy Mitchell, Alvin York, Lee Ann Hester. Lee Ann who? She's the first woman to win a Silver Star for direct combat with the enemy. Did it in a trench in Iraq. Her story should be in schools, but it won't be.

All nations celebrate personal icons, and ours now tend to be doers of good. That's fine. But if we suppress the martial feats of a Bruce Crandall, we distance ourselves further from our military. And in time, we will change. At some risk.

Smithsonian Spending (WP)

The Washington Post, March 1, 2007

"MR. SMALL is not going to talk about his own compensation," says the spokeswoman for Smithsonian head Lawrence M. Small. Who can blame him, seeing how he doesn't seem to have to answer to anyone for his spending, no matter how extravagant? The Smithsonian board, which is supposed to oversee the wise use of public dollars, instead defends questionable expenditures by Mr. Small and even changes its rules to excuse his conduct after the fact.

A report by the Smithsonian inspector general questioned nearly $90,000 in unauthorized spending by Mr. Small from 2000 to 2005. Included were charges for private planes, the tab for his wife to go to Cambodia, catered meals and gifts. There was no evidence of fraud or abuse and no denying that many expenditures were related to Smithsonian business. Yet, as The Post's James V. Grimaldi reported, many transactions lacked documentation, violated Smithsonian policies and, in the words of the inspector general, "might be considered lavish or extravagant." The 17-member Board of Regents brushed the findings aside; in instances where the spending ran afoul of policy, the board just changed its rules. It's also disturbing that there were efforts to keep the report secret.

Mr. Small is handsomely compensated (this year's package will be $915,698), so it's both inexplicable and offensive that he found it necessary to push the boundaries of what is allowed. Was it really necessary, for instance, to pay $14,509 to rent a jet for a round trip to San Antonio when commercial flights were available? Most striking was the way Mr. Small interpreted terms of a housing allowance, dispensing with filing monthly documentation and using a "hypothetical" calculation to collect $1.15 million over seven years. Never mind that Mr. Small owns his home free and clear.

As distressing as Mr. Small's actions were, the real problem lies with a board that opted to be more lap dog than watchdog. The Smithsonian receives 70 percent of its budget from taxpayers and also relies on tax-exempt donations. It's the board's job to ensure that those resources are not wasted or misused. Sen. Charles E. Grassley (R-Iowa), who has been attacking the practices of tax-exempt organizations, is asking whether the Smithsonian's governance system, established in 1846, is outdated. Mr. Grassley might have a point, given that his concerns were directed to a Smithsonian chancellor who also happens to be chief justice of the U.S. Supreme Court and presumably has other issues occupying his time.

At least the Smithsonian board knows that it has its work cut out for it in restoring public trust. Roger Sant, chairman of the regents' executive committee, put the word out to Smithsonian staff members that the regents take seriously the issues that have been raised and are determining how best to proceed.

OTHER NEWS:

Dow Ends Up 52, Nasdaq Up 8 After Plunge (CHIT/AP)

DOJ_NMG_0138392

By Tim Paradis

Chicago Tribune, March 1, 2007

NEW YORK -- Wall Street rebounded fitfully Wednesday from the previous session's 416-point plunge in the Dow industrials as investors took comfort from comments by Federal Reserve Chairman Ben Bernanke but still showed signs of unease about the economy.

Bernanke's remarks to Congress that he still expects moderate economic growth gave some investors confidence to look for bargains. A recovery in some overseas markets following a worldwide selloff Tuesday also lent some support to U.S stocks, but the advance lacked some conviction -- the major indexes fluctuated throughout the day, with the Dow rising as much as 137 points before pulling back and advancing again several times.

The Dow ended the day up 52.39, or 0.43 percent, at 12,268.63.

The market's broader indicators also managed gains. The Standard & Poor's 500 index climbed 7.78, or 0.56 percent, to 1,406.82, and the Nasdaq composite index rose 8.29, or 0.34 percent, to 2,416.15.

Bernanke allayed some of the fears about a slowdown in the U.S. and Chinese economies that fed Tuesday's drop; remarks earlier in the week from former Fed Chairman Alan Greenspan warning that a U.S. recession could take hold later this year contributed to Tuesday's declines.

Investors parsed a series of economic reports out Wednesday, hoping to glean a sense of where stocks were headed. Bernanke's comments and a gross domestic product reading that mostly met expectations helped bring out some buyers. Nevertheless, investors remained cautious and didn't rush headlong into stocks and discount the possibility of a further shakeout.

"It's typical that you get a bounceback the next day," said Joseph V. Battipaglia, chief investment officer at Ryan Beck & Co. "Now we're essentially flat on the year. Can we go up from here or down? That sorting-out process will continue now."

A recovery in China's Shanghai Composite Index, which had fallen nearly 9 percent Tuesday, also helped boost U.S. stocks, although other Asian markets and European exchanges saw declines of more than 1 percent.

Tuesday's decline, which was the largest point drop in the Dow industrials in more than five years, made February an unwelcome month for the 30-stock index. The Dow had its worst monthly percentage drop since April 2005 and the worst monthly point decline since December of 2002.

For the S&P, February was the worst percentage and point decline since May last year. And for Nasdaq, the month marked the worst percentage and point decline since July.

Bonds fell Wednesday as stocks tried to recoup some losses. The yield on the benchmark 10-year Treasury note rose to 4.57 percent from its low for the year of 4.47 percent late Tuesday.

The dollar was mixed against other major currencies, while gold prices fell.

Light, sweet crude settled up 33 cents to $61.79 per barrel on the New York Mercantile Exchange as investors brushed off concerns about falling demand from China.

The market took some solace from the Commerce Department report that the U.S. economy grew at an annual rate of 2.2 percent in the fourth quarter. The gross domestic product reading was slightly below expectations, but wasn't as weak as some investors had feared. The figure was more than a percentage point below the initial estimate of 3.5 percent made a month ago.

In other economic news, the National Association of Purchasing Management-Chicago index of business conditions in the Midwest showed a weaker-than-expected reading. The February figure fell to 47.9 from 48.8 in January. The report is often viewed as a bellwether for the Institute for Supply Management's index of manufacturing activity for February, which is due Thursday.

Also, a Commerce Department report found new-home sales fell by 16.6 percent in January from the previous month, the largest drop in 13 years.

"People are still more worried than they were two days ago but at the same time they seemed to take a little bit of comfort about today's comments," said Drew Matus, senior economist at Lehman Brothers Holdings Inc. "What we saw was about right," he said, referring to Wednesday's trading.

"It showed that Bernanke has come into his own as a central banker. He passed his first crisis-management exam."

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While some observers had warned that stocks had grown overvalued after the strong gains logged in 2006, Tuesday's pullback nonetheless came as a surprise on Wall Street, which had gone 45 months without a decline of more than 2 percent in single session.

In the bumpy trading that occurred Wednesday, particularly as fresh economic data emerged, investors appeared to be still calculating the ramifications of Tuesday's losses, which erased $632 billion in shareholder equity, according to Standard & Poor's.

Amid another heavy volume day Wednesday, the New York Stock Exchange instructed specialists, who match buyers and sellers, to keep their stock posts open longer than normal to catch any trades that might still be filtering through the system. The enormous volume of orders Tuesday led to a bottleneck in the Big Board's trading system.

In corporate news, Merck & Co. regained some ground after the drugmaker issued a first-quarter profit forecast that surpassed estimates of Wall Street analysts and raised its profit target for the year. The company rose 97 cents, or 2.3 perc ent, to $44.15.

Sprint Nextel Corp. rose 85 cents, or 4.6 percent, to $19.30 after the nation's third largest wireless carrier said fourth-quarter profit rose 33 percent on stronger revenue.

While many sectors saw buyers sniffing for deals, homebuilders saw additional selling, due in large part to the Commerce Department report that new-home sales plunged in January by the largest amount in 13 years.

Toll Brothers Inc. fell 72 cents, or 2.4 percent, to $29.86, while KB Home fell 56 cents to $49.53.

Advancing issues outpaced decliners by about 2 to 1 on the New York Stock Exchange, where consolidated volume came to a heavy 3.93 billion. Volume was lighter than the enormous 4.56 billion seen Tuesday, however.

The Russell 2000 index of smaller companies rose 0.64, or 0.08 percent, to 793.30.

Overseas, Japan's Nikkei stock average fell 2.85 percent, while Hong Kong's Heng Seng index ended down 2.46 percent. The benchmark Shanghai Composite Index rose 3.94 percent. Britain's FTSE 100 closed down 1.82 percent, Germany's DAX index finished down 1.53 percent, and France's CAC-40 was down 1.29 percent.

Fed Chief Seeks To Reassure Markets (FT)

By Krishna Guha

Financial Times, March 1, 2007

Ben Bernanke moved to calm the markets on Wednesday, one day after reports of bearish comments by his predecessor, Alan Greenspan, helped fuel a global sell-off in equities.

The Federal Reserve chairman told the House Budget committee: “Taking all the new data into account, there is really no material change in our expectations for the US economy since I last reported to Congress a couple of weeks ago in the Humphrey-Hawkins hearings.”

At those earlier hearings, Mr Bernanke presented new Fed forecasts showing that policymakers expect the US economy to grow at a rate of 2.5 per cent – 3 per cent this year.

Since then, US durable goods orders and monthly new home sales figures have come in sharply lower than expected and fourth-quarter growth has been revised down.

The Fed chairman’s remarks suggest he believes this new information will have little impact on the forward-looking forecasts that form the basis of the Fed’s interest rate decisions. Mr Bernanke made no reference to the comments by Mr Greenspan, who told investors in Hong Kong early on Monday morning that it was “possible” the US would end the year in recession.

“There did not seem to be any single trigger of the market correction we saw yesterday,” Mr Bernanke said, adding: “I do not think it would be useful for me to try to parse the movement into the components associated with different pieces of news or pieces of information.”

It is not the first time that market participants have cited comments by Mr Greenspan to help explain sudden market moves.

However, under Mr Bernanke, the Fed has consistently taken the position that it is not Mr Greenspan’s fault if investors pay excessive attention to what he has to say.

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In any event, the former Fed chairman's actual remarks were more measured than early market reports suggested, and the timing of their release makes it difficult to attribute a direct causal connection to the sell-off on Tuesday.

Rather than try to explain why the markets fell yesterday, Mr Bernanke focused on the broad economic outlook, painting a reassuring picture. "We expect moderate growth going forward," the Fed chairman said.

Mr Bernanke dismissed the suggestion that the downward revision to fourth-quarter growth estimates challenged the Fed's relatively benign outlook.

He told the House committee that the revision was "actually more consistent with our overall view of the economy than were the original numbers". By this, he probably meant the Fed no longer had to worry quite as much that the economy was in danger of overheating, while it also had to worry less about payback from unduly high inventory accumulation in the last quarter of 2006.

Mr Bernanke also repeated the Fed view that growth was likely to pick up in the second half of this year as the drag from housing and manufacturing fades.

He said: "If the housing sector begins to stabilise and if some of the inventory corrections that are still going on in manufacturing begin to be completed, there is a reasonable possibility that we will see some strengthening of the economy sometime during the middle of the year."

Mr Bernanke played down fears of a spillover from the crisis in the high-risk subprime mortgage market, adding that the mainstream mortgage market "still seems to be healthy and the lending side of that still seems to be healthy".

Bernanke Helps Investors Chill Out (USAT)

By Sue Kirchhoff

USA Today, March 1, 2007

WASHINGTON — Federal Reserve Chairman Ben Bernanke reassured shaky investors Wednesday, saying there didn't seem to be a single "trigger" for the previous day's stock market plunge and reaffirming the central bank's earlier forecast for "moderate" economic growth this year.

Bernanke told the House Budget Committee the Fed and other regulators are closely monitoring financial markets, which "seem to be working well."

The Dow Jones industrial average, after plunging 416.02 points Tuesday, the largest point decline in more than five years, closed up 52 points Wednesday to 12,269.

"There is really no material change in our expectations for the U.S. economy," Bernanke told lawmakers.

"If the housing sector begins to stabilize and if some of the inventory corrections that are still going on in manufacturing begin to be completed … there's a reasonable possibility that we'll see strengthening of the economy sometime during the middle of the year," he said.

The Fed's semiannual forecast, issued in mid-February, predicts that the economy will grow at a muted 2.5% to 3% rate in 2007, with unemployment near the current, low 4.6% rate. The slower growth — the economy grew 3.3% in 2006 — should reduce inflation.

Economic data in recent days, however, have tended to the weak side. The Commerce Department on Wednesday said the economy grew at a 2.2% annual rate in the fourth quarter, down from an earlier 3.5% estimate. New-home sales and housing starts plunged in January, and orders for long-lasting durable goods had the sharpest fall in three years, reflecting factory weakness.

Bernanke told lawmakers the lower estimates for fourth-quarter growth were in line with the Fed outlook.

Bernanke has called the housing market a big question mark in Fed forecasts. The central bank is closely watching escalating defaults in the subprime mortgage sector. Spreading weakness among subprime lenders, who make higher-priced loans to borrowers with poor credit, was a factor in the market fall.

The central banker said the Fed would soon issue tighter guidelines for mortgage loans, adding that while the subprime sector is a worry, "At this point, we don't see it as being a broad financial concern."

Over the longer term, Bernanke warned lawmakers that a sharp rise in Social Security and Medicare spending threatened growth and living standards. Without action, the economy could be "seriously weakened."

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Fed Chief Calms Markets, Saying The Economy Is Sound (MCT)

By Kevin G. Hall

McClatchy Newspapers, March 1, 2007

Federal Reserve Chairman Ben S. Bernanke tried to sooth jittery financial markets on Wednesday, saying the fundamentals of the U.S. economy remain strong and that he expects growth to pick up by midyear rather than sink toward recession.

Testifying before the House Budget Committee the morning after a global stock sell-off, Bernanke downplayed chances of a financial meltdown. He said financial markets "seem to be working well," and said revised economic growth numbers published Wednesday confirmed consensus expectations among economists.

"My view is, taking all the new data into account, there is really no material change in our expectations for the U.S. economy," said Bernanke, painting a largely positive economic picture, including an expected rebound in housing.

Bernanke's testimony gave Wall Street a temporary shot in the arm. The Dow Jones industrial average had gained back nearly 200 points in early morning trading, but by midday slumped anew and was up by only 56 points, or about half of one percent. The trend was similar on the tech-heavy Nasdaq and the S&P 500.

Wall Street was attempting to claw back after Tuesday's unusual and unexpected drop. The Dow closed down more than 416 points Tuesday, and the Nasdaq and S&P 500 also plunged precipitously.

Bernanke also addressed to two of the major concerns that have contributed to market anxieties _ a rise in defaults on risky sub-prime adjustable-rate mortgages, and a nearly 8 percent drop in the purchase of business equipment by major manufacturers and industries.

"We believe that if the housing sector begins to stabilize, and if some of the inventory corrections that are still going on in manufacturing begin to be completed, that there is a reasonable possibility that we'll see some strengthening in the economy sometime during the middle of the year," the chairman said.

That positive view stood in sharp contrast to his predecessor Alan Greenspan, whose Monday comments that a recession could loom late this year or early next year contributed to Tuesday's global stock-market slide.

There didn't appear to be "any single trigger" to Tuesday's global stock sell-off, Bernanke said, pointing to a number of lingering concerns that all contributed to panic selling. Tuesday's global sell-off began in China, where the Shanghai Composite Index fell nearly 9 percent. Stock exchanges of important emerging markets like Brazil and Mexico were also hammered, as investors everywhere took money off the table following a year of strong gains.

But fears of a global crash eased Wednesday morning. China's benchmark index, the Shanghai, rebounded by nearly 4 percent, gaining back almost half of Tuesday's losses.

The picture wasn't nearly as bright for the rest of Asia, where economies are very dependent on China for their own economic health, and where worries remain about a potential slowdown in China's booming economy.

Asian stock exchanges slumped again Wednesday. Australia, Japan, Hong Kong and South Korea all closed down, with losses in a range of 2-3 percent. Smaller economies like the Philippines and Malaysia closed down nearly 8 percent and 7 percent, respectively. India, an important emerging economy that's helped drive global growth, saw its exchange close down 4 percent.

During a lengthy question-and-answer session, Bernanke elaborated on the Fed's view of rising foreclosures on homes sold to riskier borrowers.

"We've seen the increasing rates of default, we've seen the financial distress on the part of lenders and this is a concern," he said. "Our assessment though … is that there is not much indication at this point that the sub-prime mortgage issues have spread into the broader mortgage market, which still seems to be healthy and the lending side still seems to be healthy. It's a concern, but at this point we don't see it as a broad financial concern."

The Commerce Department on Wednesday revised economic growth numbers for the fourth quarter of 2006, showing the economy grew by 2.2 percent in that three-month period instead of 3.5 percent, as first reported. Because the revised figure came in around the consensus expectation, it served to calm markets. Bernanke called the revised growth numbers "more consistent of our overall view of the economy than were the original numbers."

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The Fed for months has held off on raising interest rates, despite the nagging presence of higher-than-desired inflation, because it believes the economy is slowing enough to eventually bring inflation down without further rate hikes that could further slow the economy. The new GDP number confirmed that trend and eased market concerns that the Fed might hike rates again soon, helping to steady investor nerves. The higher growth numbers first reported for the last quarter of 2006, taken at face value, would have argued for further rate hikes, since strong growth eventually fuels inflation.

Bernanke Not Worried About Market Drop (NYT)

By Edmund L. Andrews

The New York Times, March 1, 2007

WASHINGTON, Feb. 27 — Ben S. Bernanke, the chairman of the Federal Reserve, said on Wednesday that he saw little cause for alarm in either the previous day's stock market plunge or new evidence of slowing economic growth.

Mr. Bernanke's soothing comments helped lift share prices and recapture some of the ground they lost on Tuesday. His remarks contrasted with the more pessimistic tone of his predecessor, Alan Greenspan, who cautioned on Monday that a recession was a possibility.

"We are looking for moderate growth in the U.S. economy going forward," Mr. Bernanke told a Congressional hearing, adding that "there's a reasonable possibility that we'll see some strengthening of the economy" toward the middle of the year.

Though Mr. Greenspan did not go so far as to predict a recession, the mere fact that he mentioned the word was enough to aggravate a global market downswing that began in Shanghai.

Mr. Bernanke expressed little alarm about the plunge, telling lawmakers that "there didn't seem to be any single trigger" for Tuesday's market rout and that markets "seem to be working well, normally."

Nor did Mr. Bernanke betray any worry about a new report by the Commerce Department, which sharply lowered its estimate of growth during the final quarter of 2006 to 2.2 percent from its earlier estimate of 3.5 percent.

The downward revision, which stemmed in part from new changes in estimates of inventory-building activities by businesses, were roughly in line with predictions by Wall Street analysts.

But Mr. Bernanke went further, saying the downward revision had actually bolstered the Federal Reserve's view that the economy was poised for mildly slower growth as well as a slight decline in inflationary pressures.

"My view is that — taking all the new data into account — that there is really no material change in our expectations about the U.S. economy," he said. "I would add parenthetically that the downward revision of the fourth-quarter G.D.P. numbers we got this morning is actually more consistent with our overall view of the economy than were the original numbers."

The Federal Reserve's forecast calls for the economy to expand by 2.5 to 3 percent in 2007, down from about 3 percent last year, and for the unemployment rate to remain below 5 percent — a level that many economists say is roughly equal to full employment.

Fed officials are hoping to achieve a soft landing for the economy, with the underlying pace of inflation slowing to about 2 percent over the next year from about 2.6 percent over the last 12 months.

Mr. Bernanke's sanguine comments on Wednesday seemed at odds with those of Mr. Greenspan, who spoke by satellite on Monday to a conference in Hong Kong. Though he stepped down as Fed chairman more than a year ago, Mr. Greenspan's remarks can still move markets.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," he said, according to The Associated Press.

But Mr. Greenspan stopped short of predicting a recession, saying that he could not rule out the possibility even though forecasters were not predicting one. His point seemed to be to caution investors against being too complacent, a theme he stressed in the months before he stepped down last year.

Timothy Geithner, president of the Federal Reserve Bank of New York, echoed Mr. Bernanke's calm about the economy. "The U.S. economy has demonstrated and continues to demonstrate remarkable resilience," Mr. Geithner said in a speech at a conference on risk management.

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Many economists agree with Mr. Bernanke that the economy is likely to keep expanding, though probably at a pace of less than 3 percent for at least the first half of this year.

In general, the government's sharp downward revision of growth in the final months of last year came as little surprise. Almost half of the revision reflected data showing that companies increased their inventories less than had been assumed. But that can actually spur growth in subsequent quarters, as manufacturers increase production to restock.

More disturbing was a bigger-than-expected drop in spending on capital goods, which declined 3.2 percent rather than the 1.8 percent originally estimated. Lower capital spending could be an indicator of a slowdown in business investment, at a time when Fed officials are counting on business investment to offset the sharp drop in home building.

In a separate report, the Commerce Department reported that sales of new homes fell 16.6 percent in January — the biggest drop since 1994.

Fed officials have expressed cautious optimism that the housing market is beginning to stabilize after a big decline. But the central bank is steering through a delicate transition, with inventories of unsold houses at high levels and rising anxiety about the volume of subprime mortgages granted to people with comparatively low incomes and weak credit ratings.

Mr. Bernanke acknowledged concern about the subprime market, where several lenders have closed and others have been forced to increase reserves for bad loans.

But the Fed chairman said he saw no sign yet that problems with subprime mortgages were leading to problems in the broader economy.

Nariman Behravesh, chief economist for Global Insight in Lexington, Mass., said that Mr. Bernanke appeared to have had a calming effect on investors.

"The measure of Bernanke's effect was that on a day when the economic news was not particularly good, the market was up," Mr. Behravesh said. "His message was that we seem to be on track, don't overreact and don't panic."

Markets 'Working Well,' Says Fed Chief (WP)

By Nell Henderson And David Cho

The Washington Post, March 1, 2007

Federal Reserve Chairman Ben S. Bernanke told Congress yesterday that the markets were "working well" and the outlook for the U.S. economy was upbeat a day after Wall Street suffered its steepest decline in nearly four years.

Bernanke said his view of the economy was unchanged. "We are looking for moderate growth in the economy going forward," he said at a previously scheduled hearing on the budget. His comments helped the Dow Jones industrial average recover 52 of the 416 points it lost on Tuesday.

Two days earlier, Alan Greenspan, the man Bernanke replaced a year ago, had expressed a strikingly different view about the economy. The former Fed chairman said signs were emerging that a recession was possible later this year.

The dueling viewpoints of both men, perhaps the two most influential voices on the markets, reflected the broader uncertainty over where the U.S. economy is heading and left some investors debating which oracle of Wall Street has the greater insight.

Greenspan's remarks were not welcomed by some inside the Fed who viewed them as possibly contributing to the market turmoil.

"It's not right to expect the former Fed chairman to take an oath of silence after he leaves office, but I bet his successors wish he'd stick to writing his memoirs," said Thomas Schlesinger, executive director of the nonprofit Financial Markets Center, which monitors the Fed.

Three economic reports released yesterday added to concerns on Wall Street.

The U.S. economy expanded at a sluggish annual rate of 2.2 percent in the last three months of 2006, the Commerce Department said, far below its original estimate of 3.5 percent.

The department also said new-home sales fell by 16.6 percent in January from the previous month, the steepest drop in 13 years.

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A regional economic report showed a weaker-than-expected reading on business purchases in the Midwest. The data are viewed as a bellwether of manufacturing activity nationwide.

Bernanke, who spent his career in academia before joining the government, has attributed the slowdown primarily to the housing slump and welcomed slower growth as a way to dampen price pressures. The Fed believes inflation is too high and worries it may quicken if the economy grows faster.

Greenspan's perspective draws on his years as a business consultant before joining the Fed in 1987. At a business conference in Hong Kong on Monday, he said he saw signs that the current expansion, which began in 2001, was aging.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," Greenspan said. "For example, in the U.S., profit margins . . . have begun to stabilize, which is an early sign we are in the later stages of a cycle.

"Yes, it is possible we can get a recession in the latter months of 2007," Greenspan said. He added, however, that most analysts were not forecasting a recession.

Greenspan's comments elicited no significant reaction in financial markets when they were reported Monday morning. But his words loomed larger in many traders' minds during Tuesday's stock sell-off and after the latest weak economic data was released yesterday.

Robert Barbera, chief economist of ITG, a financial advisory firm, said it is hard to ignore what Greenspan says.

"Bernanke speaks as a top-elite economist," he said. "But . . . Greenspan is a creature of the markets, and as a fellow creature of the markets, I tend to agree with him."

Alfred E. Goldman, a senior market strategist for A.G. Edwards, said he's learned to trust Bernanke.

"Who is the better forecaster? If you held a vote people would say Greenspan because he was an icon for so long," he said. "But remember he doesn't have access to as much information as Bernanke has now."

Some observers questioned Greenspan's judgment in commenting on a possible recession, knowing well that his views are still closely followed.

"I do think it was somewhat inappropriate," said Kenneth H. Thomas, a finance professor at the Wharton School of the University of Pennsylvania, who has written extensively on the Fed and Greenspan. "Bernanke is still relatively new. Greenspan had 18 years as Fed chairman and is an icon of sort. . . . He still has a tremendous impact on the markets. It makes life harder for Bernanke."

Beyond concerns about a possible recession in the United States, analysts saw other troubling signs in Tuesday's frenzied sell-off. They said they were less worried about stock prices, which seemed ripe for a correction after a breathless run-up, than that the global economy showed signs of vulnerability.

Tuesday's stock-market fall was triggered by a 9 percent sell-off in China. Some economists were alarmed that China's markets, which are prone to rampant speculation and wild swings, could have such an impact on the world stage.

"It is interesting to note that all of this started in China," said Charles M. Jones, a finance professor at Columbia Business School. "If you went back 10 years . . . China was just not on the global economic map. This time when China sneezed, everybody else took notice."

A slowdown in the West could have a severe impact on China's economy since it relies heavily on exports to the United States, other economists said.

"Over the longer term there is a question of how long the United States can run massive foreign-account deficits that are funded by the willingness of the Chinese to produce a lot and not consume as much as they produce," said Richard F. Syron, chairman and chief executive of Freddie Mac.

Others said they are monitoring whether the U.S. housing slump cools consumer spending. Of particular concern is whether the easy availability of "cheap debt," which has fueled record-topping leveraged buyouts on Wall Street and riskier mortgage lending, is coming to an end.

The new-home sales report also fed fears of more market turbulence. Investors have grown jittery in recent weeks as the rate of delinquencies and defaults on high-risk mortgage loans have climbed, raising the prospect that lenders will tighten credit.

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But Bernanke said that the central bank sees "no indication" that the turmoil in the market for riskier loans to home buyers with poor credit histories is spreading into other financial markets or affecting the housing market yet.

He said the Fed is "monitoring that situation closely," and added, "I don't see it as a broad financial concern."

To some analysts, the home-sales report boosted the odds that the housing downturn would be a bigger drag on the economy this year than the Fed expects, possibly raising unemployment and rippling through other industries.

More optimistic analysts noted that the report followed one on Tuesday that showed sales of previously owned homes, which account for 85 percent of the market, rose 3 percent in January, possibly signaling a stabilizing of the housing market.

Bernanke said that if housing does stabilize and manufacturers such as automakers work off their excess inventories, "there's a reasonable possibility that we'll see some strengthening of the economy sometime during the middle of the year."

Bernanke Coaxes Market Rebound (WT)

By Patrice Hill

The Washington Times, March 1, 2007

Stocks rallied moderately yesterday, helped by assurances from Federal Reserve Chairman Ben S. Bernanke that the economy remains solid and could strengthen later this year despite a warning from his predecessor about the possibility of recession.

Mr. Bernanke, calmly and deliberately confronting his first major market test since taking office a year ago, appeared to pass as Wall Street regained composure from the drubbing Tuesday that sent the Dow Jones Industrial Average plummeting 416 points.

The Dow, in posting a 52-point gain yesterday, also shrugged off fresh evidence of weak economic growth and the biggest plunge in new-home sales in 13 years. Major markets in Europe and Asia did not fare as well and posted further losses yesterday.

"We are looking for moderate growth in the U.S. economy going forward," Mr. Bernanke told the House Budget Committee. "There has been no material change in our expectations for the U.S. economy since I last reported to Congress" in an optimistic assessment two weeks ago.

Mr. Bernanke added that the markets continue to function well. While he is "concerned" about a meltdown in the subprime mortgage market, and the Fed is monitoring the situation "very carefully," he said he doesn't see any impact yet on the broader credit markets or the economy. He said he thinks interest rates overall remain low and credit conditions remain liquid for both consumers and investors.

"It's a concern, but at this point we don't see it as being a broad financial concern or a major factor in assessing the course of the economy."

Assuming the subprime credit crunch stays contained and the housing market stabilizes, Mr. Bernanke said he expects growth to rebound from subpar levels by the end of the year. The Commerce Department reported yesterday that growth clocked in at a subdued 2.2 percent pace in the final quarter of 2006 -- far below the 3.5 percent originally estimated -- and most economists expect it to stay that low or fall further in the first half of this year.

Mr. Bernanke said the report of sluggish growth is "consistent with our overall view of the economy," but "there's a reasonable possibility that we'll see some strengthening of the economy sometime during the middle of the year."

By contrast, former Fed chairman Alan Greenspan had contributed to the sell-off in the markets on Tuesday by telling Hong Kong investors that U.S. profits have peaked in a sign that the business cycle is winding down and could end in recession by year-end.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," Mr. Greenspan said in response to a question. "While, yes, it is possible we can get a recession in the latter months of 2007, most forecasters are not making that judgment."

Mr. Bernanke appeared to exonerate Mr. Greenspan by noting "there didn't seem to be any single trigger" of the market rout, which reverberated worldwide after starting in China on Tuesday.

New York Fed President Timothy Geithner also sought to soothe the markets yesterday, noting the "remarkable resilience" of the U.S. economy and the "exceptional liquidity" that continues to fuel growth.

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A second Commerce Department report yesterday that new-home sales plunged by 16.6 percent to a 937,000 annual rate -- the lowest in four years -- did not shake the Fed's official posture of confidence that the economy will skirt recession despite a marked slowdown in growth since the summer.

Some economists are not as optimistic and predict that further evidence of a deep downturn in housing and anemic growth in other sectors such as capital spending will force the Fed to reconsider and cut rates later this year.

Bernard Baumohl, managing director of the Economic Outlook Group, an economic advisory firm in Princeton Junction, N.J., agreed with Mr. Bernanke that the economy is fundamentally sound and worries about recession are overblown.

"The chance of a recession this year is no higher than 20 percent," he said. "What triggered the drop in equity prices had little to do with economic fundamentals and more to do with what happens when investors get complacent about financial risk."

The loose lending practices that led to record defaults on subprime mortgages and the crunch in that market are an example of the misjudgment of risks by investors who provided funding for such loans, he said. Other investors are taking risks by borrowing heavily to invest in stocks -- driving margin debt levels to $285.6 billion in January -- the highest level since the dot-com boom in March 2000.

"It was the classic 'don't worry, be happy' market environment," Mr. Baumohl said. "Clearly, the market was ripe for a correction."

Bernanke Says Markets Working Well, Reiterates Growth Forecasts For Year (WSJ)

By Brian Blackstone And Benton Ives-halperin

The Wall Street Journal, March 1, 2007

WASHINGTON -- U.S. Federal Reserve Chairman Ben Bernanke said Wednesday his outlook for "moderate growth" in the U.S. hasn't changed despite Tuesday's steep decline in global stock markets, calming fears about the sustainability of the U.S. expansion.

"There didn't seem to be any single trigger" for the sharp drop in equity prices Tuesday, Mr. Bernanke said in response to questions from the House Budget Committee, where he testified about the long-term budget outlook. He added that the Fed is closely monitoring U.S. financial markets, and they seem to be "working well."

"My view is that ... there is really no material change in our expectations for the economy" since he last testified before Congress in mid-February, Mr. Bernanke added.

"We are looking for moderate growth in the economy going forward," he said, repeating the Fed's assessment in its semiannual monetary report to Congress released earlier this month. Equity markets climbed following Mr. Bernanke's remarks, recouping some of Tuesday's 416-point drop in the Dow Jones Industrial average.

Earlier Wednesday, the government revised down its estimate of fourth quarter gross domestic product growth to 2.2% from 3.5%. Mr. Bernanke said that downward revision "is more consistent with our view of the economy than the original numbers."

Earlier this week, Mr. Bernanke's predecessor, Alan Greenspan, caused a stir when he told a conference in Hong Kong, "Yes, it is possible we can get a recession in the latter months of 2007." He added, though, that "most forecasters are not making that judgment and indeed are projecting forward into 2008 ... with some slowdown."

Mr. Greenspan's remarks, coupled with a 7.8% slump in durable goods orders and the steep global equity sell-off Tuesday reignited concerns over the U.S. economy and boosted investor odds that Mr. Bernanke and the Fed will cut rates by midyear.

See Federal Reserve Chairman Ben Bernanke's opening speech2 before the House Budget Committee. (16:02)

Yet in contrast to Mr. Greenspan's remarks about the possibility of recession or slowdown in the latter months of the year, Mr. Bernanke said "there is a reasonable chance we will see some strengthening in the economy by the middle of the year," especially if housing and inventories stabilize.

The Fed has kept the federal funds rate unchanged at 5.25% since last summer, a stretch covering five Federal Open Market Committee meetings. Mr. Bernanke said Wednesday that there don't appear to be any liquidity problems in financial markets and real interest rates remain fairly low globally.

Mr. Bernanke also said the Fed is closely monitoring the subprime mortgage market, where delinquencies have risen, and while trends in that sector are a concern, there doesn't appear to be any spillover to broader financial markets.

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"We are concerned about the subprime mortgage sector, there has been some bad underwriting. We have attempted to provide some guidance to lenders about proper procedures for underwriting," he said.

However, "our assessment is that there's not much indication that subprime issues have spread into the broader mortgage market," and there's little evidence that overall housing demand has been affected, Mr. Bernanke added.

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Asked whether traditional economic gauges like the Phillips Curve and noninflationary rate of unemployment, or NAIRU -- which suggest a tradeoff between economic growth, joblessness and inflation -- still apply, Mr. Bernanke said "it is true that the critical evidence suggests the link is looser" between unemployment and inflation than in past decades. (See related article5.)

He also said it is difficult to pinpoint what the NAIRU rate is at any given time. The U.S. jobless rate currently sits at 4.6%, which is quite low by historical standards and below many economists' NAIRU estimates. "My own view is that we should take a very eclectic approach" in assessing the economy, Mr. Bernanke said, including whether overall demand appears to be exceeding supply.

In his prepared remarks, Mr. Bernanke said that while the U.S. budget deficit may "stabilize or moderate further" in the next few years, the long-term picture is worrisome due to steeply climbing entitlement obligations. "Unfortunately, we are experiencing what seems likely to be the calm before the storm," Mr. Bernanke said. "In particular, spending on entitlement programs will begin to climb quickly during the next decade." (Read the prepared testimony6)

Mr. Bernanke's comments mirrored those he made last month to the Senate Budget Committee, when he said that unless "early and meaningful" action is taken on entitlement programs like Social Security and Medicare, "the U.S. economy could be seriously weakened, with future generations bearing much of the cost."

From The Fed Chairman, Red Flags And Brown Socks (WP)

By Dana Milbank

The Washington Post, March 1, 2007

Federal Reserve Chairman Ben Bernanke could not have sounded the alarm any clearer if he had carried a bullhorn and a gong. "This expansion of debt would spark a fiscal crisis. . . . The U.S. economy could be seriously weakened. . . . This is sort of like a snowball rolling down the hill. . . . This can really get out of control."

Before Bernanke began his testimony to the House Budget Committee yesterday, the Dow Jones Industrials stood at 12,200. In the half-hour it took him to issue those dire warnings, the index climbed 150 points.

Investors, of course, weren't reacting to Bernanke's wailing and gnashing of teeth about a looming fiscal crisis; the projected collapse of Medicare and Social Security is still a few years away. After Tuesday's worldwide stock sell-off, the markets -- and the lawmakers -- wanted Bernanke's short-term forecasts for the economy, which were mostly sunny.

Chairman John Spratt (D-S.C.) fretted about the "severe disruption in the stock markets." The ranking Republican, Paul Ryan (Wis.), also wanted to hear about the "precipitous drop."

Bernanke, who said nothing about the stock market in his opening testimony, obliged. "There is really no material change in our expectations for the U.S. economy," he assured the lawmakers. "We are looking for moderate growth in the U.S. economy going forward."

The hearing had been billed as a discussion about "Fiscal Challenges and the Economy in the Long Term." But then came Tuesday's stock swoon -- caused in part by Bernanke's famous predecessor at the Fed, Alan Greenspan, who said on Monday that he saw signs of recession coming late this year. That forced Bernanke into the role of market soother.

"Do you believe or agree that there is a liquidity problem in the world today?" Ryan asked him.

"No, I don't think so," Bernanke answered.

"Some also have been pointing to a concern about subprime lending," Ryan continued.

"We don't see it as being a broad financial concern."

The wires rushed out bulletins:

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"Fed Economic View Unfazed by Stocks Drop"

"Wall St Rebounds as Bernanke Calms Nerves"

The requisite calming accomplished, Bernanke relaxed, stretching out his legs under the witness table.

Showmanship is not something that comes naturally to the white-bearded academic. He testified yesterday with a large band-aid on the tip of his index finger, and his suit jacket was bunched up around his neck like a life vest, causing one sleeve to hike up on his forearm. Though his suit was gray and his shoes were black, his socks were brown (President Bush once ridiculed him for wearing tan hosiery).

Bernanke had come not to prop up markets but to scold lawmakers about the need to do head off the coming fiscal crisis. Lawmakers, however, reacted like addicts, either denying their problem or promising to give up the spending habit another day.

"I beg to disagree," said Rep. Marcy Kaptur (D-Ohio). While Bernanke may believe "we've got too many people getting older," Kaptur informed him that "what's happening is that capital investors have figured out how to make egregious profit by outsourcing."

Rep. Lloyd Doggett (D-Tex.), likewise, quarreled with the view that "all we need to be concerned about is that Grandma's Social Security check is too big."

Rep. Rodney Alexander (R-La.) identified the problem: Medicare's electric wheelchairs. "Going back a long way, I think 1965," he said, "I could have bought absolutely the best car on the lot for $4,000. And today we have a system that's spending that much or more for medical devices, motorized wheelchairs or whatever."

Other lawmakers struggled to wrap their arms around the crisis Bernanke was describing. "We're just, kind of, whistling past the graveyard?" asked Rep. Marion Berry (D-Ark).

"Yes, sir," said the chairman.

"And hoping that the tooth fairy comes and bails us out of this deal?"

"I don't know about the metaphors there, Mr. Congressman," Bernanke replied.

Rep. Jeb Hensarling (R-Tex.) had a different metaphor to run by the chairman. He asked if "we are debating how to mop up six inches of water in the stateroom of the captain of the Titanic when we should be focused upon the gaping hole in the hull of the ship."

"The heart of the problem are the entitlement programs," Bernanke affirmed.

Rep. Darlene Hooley (D-Ore.) had an idea. "If you were in a class of fifthgraders, how would you explain to them the consequences of our national debt and deficit?" she asked.

"I would say that our economy needs machines and new factories and new buildings and so on in order for us to have a strong and growing economy," he answered patiently. "If the government doesn't cover all its expenses, it has to take out the money that would otherwise be used to build those."

Bernanke reflected. "That probably wouldn't work for a fifth-grader," he said. Nor, apparently, for members of Congress.

Calm Returns To Market, But Worries Persist Over Subprime Loans (NYT)

By Jenny Anderson And Vikas Bajaj

The New York Times, March 1, 2007

Calm returned to Wall Street yesterday.

Encouraged by comments from Ben S. Bernanke, the chairman of the Federal Reserve, and a bounce-back in the Chinese markets where Tuesday's global sell-off began, stocks rose modestly in the United States.

The Dow Jones industrial average, which tumbled as much 545 points on Tuesday, closed yesterday up 52.39 points, or 0.4 percent. The Standard & Poor's 500-stock index closed up 0.56 percent, and the Nasdaq, 0.34 percent. Asian and European markets ended the day lower, but the Shanghai market climbed 3.9 percent. Shanghai opened slightly lower today. [C4]

Yet one important concern — that Wall Street's bet on home loans to people with weak, or subprime, credit is souring quickly as defaults rise and home prices weaken — has not gone away.

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Wall Street executives and analysts acknowledged that the subprime segment of the mortgage business has faltered because of the performance of loans issued in 2006, but many contend that the problems are well contained and do not yet pose a significant threat to investment banks or the broader global financial system.

Cracks have become more visible lately, however. Insurance premiums on the potential default of Wall Street bonds have risen sharply, indicating possible concern among bond traders about potential exposure.

"It is impossible to get a number" on big investment bank's exposure to subprime loans, said Richard X. Bove, an analyst with Punk Ziegel & Company. "And I don't think they even know."

The cost of insurance against potential bond default on Bear Stearns's debt, for example, increased 40 percent recently, from about 22 basis points in mid-January to more than 31 on Tuesday, according to Lehman Brothers data.

Insurance costs for major firms with exposure to the subprime market, like Lehman Brothers, Morgan Stanley, Goldman Sachs and Merrill Lynch increased similarly. Brad Hintz, an analyst with Sanford Bernstein, said investors are increasingly concerned about Wall Street's exposure to that market.

Investors, while heartened yesterday by Mr. Bernanke's prediction of moderate economic growth, have had a revolving list of concerns: a slowing economy, oil prices and accelerating inflation. But now a major concern is whether the problems of subprime lending will spill over into the broader mortgage market, which at $6.5 trillion at the end of 2006 is the biggest bond market.

During the housing boom, Wall Street developed a series of profitable connections to the subprime market that included providing financing to companies that made loans to homeowners, buying finished mortgages, packaging them into bonds and then trading them. Last year, the subprime business generated $600 billion in loans, about 20 percent of all mortgages written, according to Inside Mortgage Finance. While down slightly from 2005, that is up from $120 billion in 2001.

Wall Street now faces risks on two fronts. First, it stands to earn less from originating, packaging and trading mortgage-backed securities. Second, it will have to absorb more of the losses from loans when borrowers are no longer making payments.

In the past, it could demand that mortgage companies buy back defaulted loans, but such large "put back" requests have driven many lenders out of business, and big investment banks are making many more loans through subsidiaries they own. As a result, the banks retain more of the risk in the form of "residual" interest in the loans they bundle into negotiable securities, a process known as securitization.

"The brokerage firms have done something curious: they are not abandoning subprime mortgage origination; they are taking positions," Mr. Hintz said.

In December, Merrill Lynch completed a $1.3 billion acquisition of First Franklin, which was among the 10 biggest subprime lenders last year, and Morgan Stanley bought Saxon Capital for $706 million.

Bank executives say they anticipated the problems in subprime and they have been buying lenders because they want to better control lending standards in the industry.

"Saxon was a long-term strategic decision," said Anthony Tufariello, who heads the securitized product group at Morgan Stanley. "And we are happy we made that decision because we bought it as a servicing platform with the expectation that the market would undergo dislocation."

And the deal-making continues. Citigroup said that it would provide working capital and a credit line to ACC Capital Holdings, which owns Ameriquest and Argent Mortgage. Although the terms were not disclosed, it includes an option for Citigroup to acquire Argent, which lends through mortgage brokers.

By some estimates, the potential risks to the big banks are relatively modest. Mr. Hintz, of Sanford Bernstein, calculates that Lehman Brothers had $7.3 billion in residual risks at the end of 2006, $2 billion of it in noninvestment grade mortgages. If the noninvestment grade residuals decline by 20 percent, Lehman's earnings would decline 3.2 percent after taking into account compensation costs and taxes; Bear Stearns's income would fall about 4.1 percent.

A Lehman spokeswoman declined to comment on her company's mortgage business.

Not all analysts are as sanguine.

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Guy Moszkowski, an analyst with Merrill Lynch, downgraded Goldman Sachs, Bear Stearns and Lehman based on the erosion of risk appetite among its customers and because he believes the problems of subprime lending are spreading to "Alt-A" mortgages, which fall between subprime and prime and accounted for about 13 percent of loans written last year.

Investment banks entered the subprime market because the loans generated high yields, making them popular among pension funds, insurance companies, hedge funds and foreign investors. On the other side of the food chain, small mortgage companies and brokers stood ready to feed Wall Street with loans. The banks supplied the cash for the loans, and agreed to buy the loans from them.

The business generated multiple lines of income for Wall Street, including underwriting and trading. By 2005, the residential mortgage-backed securities market was generating 15 percent of fixed income revenues, and the subprime sector was bringing in 3 percent to 4 percent of fixed income revenues, Mr. Hintz said.

Lehman, RBS Greenwich Capital Markets, Morgan Stanley and Merrill Lynch were the biggest underwriters of mortgage-backed securities in 2006, with Lehman controlling 10.7 percent of the market and underwriting $51.8 billion worth of mortgage-backed securities, according to Inside Mortgage Finance.

For some analysts, the bigger risk to Wall Street is simply that the spigot has been turned off.

"Does the flow of mortgages to the securitization machine slow?" asked Jeffrey Harte, an analyst with Sandler O'Neill. "That's what I'm most worried about."

Volume is falling. Production of nonagency mortgage securities fell almost 50 percent between January and February, according to preliminary numbers compiled by Inside Mortgage Finance. The data indicate that new subprime and Alt-A loans fell significantly in February.

But Wall Street seems to believe it will come out on top, surviving where smaller players lacked the resources. "The economics of the business are moving in favor of well-capitalized entities who don't have to go outside" for other services, said Gyan Sinha, who heads asset-backed securities research at Bear Stearns.

One gauge of the subprime business is an index that tracks bonds backed by subprime loans, the ABX.HE. The index for loans issued in 2006 has fallen sharply in two months. Its price is used to calculate the cost of insuring the bonds from losses.

On Tuesday, the cost to insure a low-rated, "BBB-" portion of the bonds jumped to nearly $1,983 for $10,000 of bonds, from $1,641 on Monday and $410 at the end of December, according to the Markit and CDS IndexCo. The index, which was little changed yesterday, tracks the performance of 20 mortgage bonds, or pools, and provides a snapshot of complex market.

Each mortgage pool is broken into a number of tranches, which carry different risks and rewards for investors. Portions rated "AAA," for instance, carry the least risk and provide the smallest return; investors in these pools also get paid off first when borrowers repay their loans. The riskiest portions of the debt, or the residuals, are often held by the mortgage companies that issued the loans or the Wall Street firms that underwrote the bond.

The big banks' optimism is based in large part on the structure of these bonds. For one thing, most bonds collect more in interest payments than they are obligated to pay out. They also include a cash reserve, or residual, that can be dipped into if interest payments fall short because of defaulting borrowers.

"You can have a pretty long period of stress before you start to see actual write-downs," said Anthony V. Thompson, who heads research of asset-backed securities at Deutsche Bank Securities.

Much depends on the strength of these bonds' structure, which is determined largely by agencies like Moody's Investors Service, Standard & Poor's and Fitch Ratings.

Skeptics say that Wall Street's faith in complexity has proved wrong before, most recently in the meltdown of the manufactured housing, or trailer home, market. The business boomed in the early and mid-1990s before collapsing in the late '90s when many buyers of the homes defaulted.

"These credit corrections are not unexpected," Mr. Thomson said. "What's harder to predict is the precise moment when the market decides to reprice the risk."

The Markets: Dow Recovers A Bit, Investors Learn (USAT)

By Matt Krantz

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USA Today, March 1, 2007

Stocks recovered a bit Wednesday from Tuesday's bloodbath, giving investors hope that the two-day selling panic that rattled global markets finally calmed by the time it reached U.S. shores.

After a tumultuous day complete with a 167-point swing, the Dow Jones industrial average closed 52 points higher, erasing an eighth of Tuesday's 416-point loss.

The Standard & Poor's 500 and Nasdaq composite indexes also bounced back slightly, posting 0.6% and 0.3% gains, respectively.

Giving investors' the biggest dose of relief was the fact that the Chinese stock market, which triggered the whole mess with its 9% plunge Tuesday, bounced back strongly with a 4% gain Wednesday.

"The market is getting a sense of normalcy," says Amo Sahota, currency strategist at HiFX. "There is a sense of calm developing."

Even so, investors now have a brutal reminder that corrections are severe and can come with little warning. Markets in Europe and Asia outside of China were still reeling from the selling, posting losses of 1% to 3%.

Domestic markets weren't unscathed. The S&P 500's 2.2% fall in February broke the market's streak of eight-straight months of gains.

Despite the recovery, the worst one-day point loss since Sept. 11 delivered several lasting lessons to investors, including:

•Chinese stocks don't predict economic activity. Investors look to U.S. stocks as a gauge of economic activity. But doing the same with Chinese stocks is almost laughable, says Donald Straszheim of Roth Capital Partners. Individuals who buy stocks practically for sport dominate the Chinese stock market.

"Chinese investors are highly unsophisticated," he says. Valuations "are not really important considerations."

Instead, investors should watch movements of commodity prices and money supply in China, says Edmund Harriss, portfolio manager at Guinness Atkinson. So far, none of those measures show the Chinese economy is slowing, he says.

•Emerging markets are risky. Investors had been piling into emerging markets for years, figuring they're the source of the best returns in a bull market, says Russ Koesterich of Barclays Global Investors.

But they forgot that emerging markets are very risky, says Joseph Quinlan of Bank of America. "That was a tip-off something was going to happen," he says.

•Big U.S. stocks have been ignored. It's time to pick up cheap shares of U.S. large-company stocks that international-crazy investors have ignored, says Robert Maltbie of Millennium Asset Management. Chinese stocks have price-earnings ratios of 18, making them expensive given their risk compared with leading U.S. companies with P-Es of 17 or less, Maltbie says. "If you're overallocated on emerging markets, take a little off the table."

Stocks Recover, But Experts Warn Of Volatility Ahead (MCT)

By Kevin G. Hall

McClatchy Newspapers, March 1, 2007

WASHINGTON - The U.S. and Chinese stock exchanges returned to a semblance of normalcy Wednesday, but concerns about both economies linger following the worst global sell-off of stocks in more than five years.

Wall Street's rebound Wednesday was quickly dubbed the Bernanke Rally, after Federal Reserve Chairman Ben Bernanke. His relaxed, almost professorial, testimony before the House Budget Committee calmed jittery markets.

Bernanke told lawmakers that he expects a mid-year return to solid economic growth, despite new data showing that the U.S. economy has entered slow-growth mode. The Commerce Department on Wednesday revised economic growth for the fourth quarter of 2006 to a 2.2 percent annual rate, much slower than the 3.5 percent rate initially estimated last month.

"My view is, taking all the new data into account, there is really no material change in our expectations for the U.S. economy," Bernanke said. He painted a largely positive economic picture, including an expected rebound in housing.

That sparked a morning rally on Wall Street before investors backed off later Wednesday, as the Dow Jones industrial average closed up 52.07 points, or 0.43 percent. The tech-heavy Nasdaq and S&P 500 also finished the day up, but none gained significant ground after the markets' worst single day since trading after the 9/11 terrorist attacks resumed on Sept. 17, 2001.

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U.S. investor sentiment was aided by a rebound in China's Shanghai Composite Index. On Wednesday it clawed back nearly half of its 8.8 percent drop of a day earlier.

However, one day doesn't a trend make on Wall Street

"Even when the earthquake is over, you see some aftershocks. So I think we can expect some volatility for a while now," said David A. Wyss, chief economist for the rating agency Standard & Poors. "We're coming off of a period of exceptionally low volatility, so you shouldn't be shocked. It had only one way to go."

Bernanke brought a temporary reprieve, telling lawmakers that financial markets "seem to be working well." He added that the fundamentals of the U.S. economy remain strong and that he expected a pickup in growth by midyear.

The Fed chairman acknowledged but didn't fret over a rise in defaults on risky sub-prime adjustable-rate mortgages and January's nearly 8 percent drop in the purchase of business equipment by major manufacturers and industries.

"We believe that if the housing sector begins to stabilize, and if some of the inventory corrections that are still going on in manufacturing begin to be completed, that there is a reasonable possibility that we'll see some strengthening in the economy sometime during the middle of the year," Bernanke said.

That positive view stood in sharp contrast to that of his predecessor, Alan Greenspan, whose Monday comments that a recession could loom late this year or early next contributed to Tuesday's global stock-market slide.

Adding to the uncertainty, the Commerce Department reported Wednesday a 16.6 percent drop in new-home sales for January, compared with December. That was the worst single-month showing in about 13 years. But that sour news was partially offset by a National Association of Realtors report Tuesday showing an unexpectedly strong 3 percent jump in existing home sales for the same month.

Financial experts now say that with hindsight, this week's stock market correction was inevitable.

"What triggered the drop in equity prices had little to do with economic fundamentals and more to do with what happens when investors get complacent about financial risk," independent analyst Bernard Baumohl wrote in a note to investors.

By early February, he said, analysts had begun noting that the Dow hadn't seen a correction of 2 percent or greater since May 2003, the longest such streak in half a century. That made investors nervous. Many were on hair-trigger alerts to pull money out of stocks at the first sign of bad news in order to take profits.

"We'd been expecting a correction in the market. But when it happens it's obviously a surprise," added Wyss of Standard & Poors.

So what did the stock slide signal about the U.S. economy?

"Frankly, not much," insisted Baumohl. "The economy itself is sound and growing, and we still believe the chance of a recession this year is no higher than 20 percent."

But the economy clearly isn't growing as fast as first thought, and that ushers in market volatility.

Financial markets welcomed the fourth-quarter GDP revision as evidence that the slowing economy would likely reduce inflation so the Fed won't have to raise interest rates again to do so.

Bernanke also sought to ease fears of rising foreclosures on homes sold to riskier borrowers.

"We've seen the increasing rates of default, we've seen the financial distress on the part of lenders and this is a concern," he said. "Our assessment though ... is that there is not much indication at this point that the sub-prime mortgage issues have spread into the broader mortgage market, which still seems to be healthy, and the lending side still seems to be healthy. It's a concern, but at this point we don't see it as a broad financial concern."

While U.S. and Chinese exchanges rebounded Wednesday, emerging markets didn't, particularly in Asia. Exchanges in Australia, Japan, Hong Kong and South Korea all closed down Wednesday in a range of 2 percent to 3 percent. Smaller economies such as the Philippines and Malaysia closed down nearly 8 percent and 7 percent, respectively. And India, an important emerging economy that's helped drive global growth, saw its exchange close down 4 percent.

Investors Tiptoe Back To Markets (WSJ)

By E.s. Browning

The Wall Street Journal, March 1, 2007

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Investors crept cautiously back into the stock market, but the mild recovery didn't calm the market's jitters or come close to recovering Tuesday's 416-point plunge in the Dow Jones Industrial Average.

Following reassuring remarks by Federal Reserve Chairman Ben Bernanke in testimony to Congress, investors nibbled cautiously. They sought out larger, safer-seeming stocks such as those that populate the 30-stock Dow industrials.

The Dow finished the day ahead 52.39 points, or 0.43%, at 12268.63, still more than 500 points down from the record 12786.64 hit last week.

Procter & Gamble and Walt Disney both gained more than 3%, and American Express, Merck and Verizon rose more than 2%.

The industrials are down 1.6% since the year began. They fell 2.8% in February -- the first monthly decline in eight months and the Dow's biggest monthly decline in almost two years.

In Asia, where this week's market rout began with a tumble in Shanghai, Japan's Nikkei Stock Average fell nearly 3% yesterday, and in Hong Kong, the Hang Seng slid 2.5%. The Shanghai Composite Index rebounded 3.9%. In Europe, London's FTSE 100 slipped 1.8%, the Frankfurt Xetra DAX fell 1.5% and the CAC-40 in Paris was down 1.3%.

Analysts and traders in the U.S. spent the day debating whether the modest recovery was the first, cautious step in a rebuilding process, or a temporary, technical recovery that presages more declines.

"We expected a little bit of a recovery. The bulls would have liked to see a little bit more," said stock trader Larry Peruzzi at Boston CompanyAsset Management.

It is a truism on Wall Street that stocks never go straight up or straight down. Regardless of whether the market is headed for another record or for more pain, the short-term outlook is likely to feature more up-and-down swings as traders "test" the market's limits.

Some nervous investors are booking profits by selling winners that they think could suffer in the coming weeks. Others, with more confidence, are buying some of those same stocks on the grounds that the economy, corporate profits and interest rates all are just fine, believing that Tuesday's decline was overdone.

Until it becomes clearer which side is in the driver's seat, the swings could be sharp.

Typically, a bull market doesn't end quite as abruptly as this, said Phil Roth, chief technical market analyst at New York brokerage firm Miller Tabak. Mr. Roth himself is in the bearish camp, viewing recent market moves as a "topping" process that will lead to a longer-running decline. But he doesn't see the decline happening just yet.

Before Tuesday's collapse, he notes, just about every major index had been at or near a long-term high. The Dow industrials, transports and utilities all had recently hit records, as had indexes of small stocks and middle-sized stocks. Stocks don't typically just collapse after showing that kind of broad strength. Instead, they bounce up and down. He expects to see them bounce back up before the bull market ends.

"We may not have seen the final high for some of the averages," Mr. Roth said, although "we may have seen the final high for lots of individual stocks."

Several analysts including Mr. Roth pointed out that a 3.3% decline, such as the Dow industrials recorded Tuesday, isn't as rare an event as it might seem. It hadn't happened to the Dow in nearly four years, but since 1926 it has happened 131 times -- an average of more than once a year, according to research by quantitative analyst Marc Reinganum of OppenheimerFunds.

It is perfectly normal for an index like the Dow occasionally to fall 4% over a five-day period, even during a bull market, as it has just done, added Tim Hayes, chief investment strategist at Ned Davis Research, in a report to clients.

"The bottom line is that it would be premature to conclude that a bear market has started," Mr. Hayes wrote.

Mr. Bernanke's comments to Congress yesterday helped soothe investors' jitters. In previously scheduled testimony to the House Budget Committee, the Fed chief said financial markets "seem to be working well." He reiterated his view that the economy could pick up steam later this year, and said he saw no reason for China or Japan to "dump" U.S. Treasury bonds. Stocks, which had been down before he began speaking, rose as he delivered his testimony.

Given that Mr. Bernanke's predecessor, Alan Greenspan, had helped roil markets with a remark early this week about the possibility of a recession, Mr. Bernanke's remarks were seen as reassuring.

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At the same time, there were clear signs that the economy is weaker than it appeared just two weeks ago. Government economists revised sharply down their estimate of fourth-quarter economic growth, to 2.2% from 3.5%. A report on manufacturing activity in the Chicago region came in weak, as did the latest home-sales figures. None of that was reassuring.

In addition, oil futures kept climbing, up 33 cents to $61.79 a barrel on the day, and up 6.3% for February.

The prices of Treasury bonds and of gold, both of which had risen sharply on Tuesday as investors fled to their relative safety, pulled back as markets calmed.

The Standard & Poor's 500-stock index rose 0.56%, or 7.78 points, to 1406.82. It was down 2.2% for February, and is off almost 1% for 2007.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 2.01%, or 5.04 points, to 246.30.

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 3.80 billion shares, as 2,099 stocks rose and 1,245 fell.

Bond prices declined2. The 10-year Treasury note fell 10/32, or $3.13 for each $1,000 invested, pushing the yield up to 4.552%. The 30-year bond was down 20/32 to yield 4.669%.

The dollar strengthened3. Late in New York, it traded at 118.41 yen, up from 117.98, while the euro fell against the dollar to $1.3234 from $1.3236.

Market's Fall May Augur A Waning Appetite For Risk (WSJ)

By Greg Ip And Mark Whitehouse

The Wall Street Journal, March 1, 2007

This week's plunge in stocks and the prices of risky debt raises the possibility that investors, who had been displaying an unusual appetite for risk, are becoming risk-averse. Such a development could have big consequences for the U.S. and world economies.

In recent years, investors have poured money into risky investments from subprime mortgages and emerging-market debt to Chinese stocks. In the process, they have accepted ever-narrower returns, or "risk premiums." That has helped distressed companies avoid bankruptcy, financed a record leveraged-buyout spree, fueled surging profits on Wall Street, enabled poor countries to finance domestic spending and even made insurance easier for consumers to obtain.

INVESTOR SHIFT?

• The Issue: This week's gyrations in financial markets suggest that investors might be losing their appetite for risk.

• What's at Stake: In recent years, investors' willingness to buy risky stocks, bonds and derivatives has made it easy and cheap for people and companies to borrow money, fueling economic growth.

• The Bottom Line: A sharp pullback from risky investments could have significant knock-on effects for the broader economy.

Recent events, primarily Tuesday's plunge in Chinese stocks and a continuing collapse in the demand for subprime mortgages in the U.S., suggest that could be changing. "If you see a widespread change in investor risk appetites, it does make a big difference for the economy," said Stephen Stanley, chief economist for RBS Greenwich Capital. "It becomes more expensive for businesses and households to get money."

So far, the reversal has been tiny and may prove to be a hiccup. Federal Reserve Chairman Ben Bernanke told Congress yesterday: "There is really no material change in our expectations for the U.S. economy." The Dow finished the day ahead 52.39 points. (See related article on page C1.)

Yet some economists see a turning point. "This is a wake-up call," said John Lonski, chief economist at Moody's Investors Service. "Unfortunately, if there is an increase in risk aversion, it's taking place exactly when business-investment spending has been much lower than anticipated."

One of the first places this is showing up is in the market for subprime mortgage loans, those made to less-creditworthy borrowers. As defaults on such loans have risen sharply, investment banks and other financial firms have sharply reduced the

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creation of new collateralized debt obligations backed by subprime loans. Such CDOs have become a popular way to pool baskets of loans, then redistribute slices with varying degrees of risk and return to a spectrum of investors.

"It affects everyone up the chain," said Greg Miller, a portfolio manager at hedge fund Saye Capital, which is active in the subprime market. "It's certainly harder to get a loan today than it was a month or two months ago for certain borrowers." Still, he said the lenders' pullback is likely to affect only a small slice of homeowners.

Corporate debt may feel the pain, too. As the gap between corporate bonds, including those with junk-rated status, and those of safe Treasury bills has fallen to near-record lows, global issuance of junk-rated bonds rose to $354 billion last year from $145 billion in 2002, according to Dealogic.

Money also has poured into exotic forms of corporate debt such as credit default swaps and collateralized debt obligations. Among other things, that money helped fuel a surge in U.S. leveraged-buyout deals to $418 billion in 2006, more than triple the level of 2005. The total this year is $84 billion, according to data provider Thomson Financial.

Louise Purtle, a strategist at research firm CreditSights, said waning investor risk appetites will make it more difficult for buyout firms and companies of all kinds to borrow money.

"All of the LBO deals, particularly the big deals, have been highly dependent on the excessive level of risk appetite," she said, in particular this week's proposed private-equity takeover of Texas utility TXU Corp. Less appetite for risk could mean constraints in how much new equipment such companies can buy and how many new employees they can hire.

Another ripple could be felt on companies carrying large debt loads or in distress. Such companies have found it easier to obtain new financing in recent years. More recently, the percentage of companies that renege on their debts has held at extremely low levels, despite predictions that it will rise eventually. According to Standard & Poor's, the corporate-default rate stood at only 1.4% at the end of January, below the 25-year average of 4.5%. 1

Many companies, though, have managed to avoid trouble largely because investors have been so willing to make fresh loans. "Investors' willingness to take on risk has allowed a lot of companies to stay afloat that would otherwise not have stayed afloat," said RayKennedy, a high-yield-portfolio manager at Pacific Investment Management Co. in Newport Beach, Calif.

Charter Communications Inc., one of the nation's largest cable companies, managed to get billions of dollars in new financing last year despite that it was losing money and was saddled with massive debts. "That has allowed it to buy itself time while it improves its operations," said Mr. Kennedy. "If that were 2002, they never would have been able to get that financing."

In the fall of 2005, money manager ForstmannLeff was plunged into crisis when its controlling shareholder, Refco Inc. Chief Executive Phillip Bennett, was arrested. Investors began to pull money out of the firm. Investment banker Miller Mathis & Co. talked to other money managers about investing in the company, but they weren't interested, and lenders were offering only short-term financing. Instead, Angelo Gordon & Co., a $10 billion alternative-investment manager specializing in distressed debt, decided to make an equity investment, buying control of the company and preserving its 120 jobs.

When a company is in financial straits, "the conventional sources of capital are not as interested in taking the risks," said Sean Mathis, managing director at Miller Mathis. The willingness of alternative investors to make risky investments has helped keep companies out of bankruptcy protection. "This definitely could change with greater risk aversion, and more defaults will lead to greater aversion."

Other beneficiaries of investors' appetite for risk have been emerging-market countries, which raised $319 billion on global bond markets last year, compared with $122 billion in 2002. NWI Management LP, a hedge fund specializing in emerging-market debt, has seen its assets triple since 2002 to about $5 billion. Chief Executive Hari Hariharan said the shrinking risk premiums are "well deserved." Yields on Brazilian three-year local-currency bonds, for instance, have fallen to 12% from 19% in the past few years because the central bank has reduced inflation to 4% from 5%.

Still, Raghuram Rajan, former chief International Monetary Fund economist, said many countries had begun to loosen their budgets thanks to the ease of borrowing from abroad. A rise in investor risk aversion could force a return to austerity. "The question," he said, "is at what pace will it force change?"

Many economists argue the recent decline in risk premiums reflects fundamental changes in the economy. That, they said, should limit the extent of any reversal, limiting the impact on the broad economy. Fluctuations in economic activity have become much less pronounced in the past few decades, one reason corporate defaults have decreased.

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There also is the possibility that the decline in risk premiums was self-reinforcing, and so a reversal might be, as well. Before Tuesday, the price volatility of stocks, bonds and even currencies had fallen to unprecedented low levels. The lack of volatility, in turn, drastically reduces sophisticated investors' estimates of how much money they could lose on any given day. As a result, those investors -- largely banks and hedge funds -- often feel comfortable taking on still more risk by using borrowed money.

Markets Recover As Calm Prevails (WP)

By Tomoeh Murakami Tse And Kathleen Day

The Washington Post, March 1, 2007

NEW YORK, Feb. 28 -- Just like the previous day, the opening of the U.S. markets Wednesday was preceded by disappointing economic news.

The markets did not blink, however, as the federal government reported that the economy was growing at a slower rate, and that sales of new homes plunged more than 16 percent in January, the biggest monthly percentage decline in 13 years.

Investors, analysts said, were instead more focused on Federal Reserve Chairman Ben S. Bernanke's congressional testimony and signs of stabilization in global markets, as the benchmark stock indexes in Shanghai and Shenzhen rose about 4 percent after their dramatic 9 percent drop Tuesday.

The Dow Jones industrial average, which fell 3.3 percent Tuesday, regained ground in fits and starts before closing at 12,268.63, up 52.39, or 0.43 percent.

The Nasdaq composite index closed at 2416.15, up 8.29, or 0.34 percent. The Standard & Poor's 500-stock index closed at 1406.82, up 7.78, or 0.56 percent.

The relative calm was palpable on the floor of the New York Stock Exchange, where traders watched the Dow inch up in early trading.

"So far so good," a trader said, flashing a colleague a smile before dashing off.

Others monitored screens that were no longer flashing bright red as the did the day before, and took a wait-and-see approach as prices fluctuated.

"It seems to be okay. But things can change any minute," said Doreen Mogavero of the brokerage Mogavero, Lee & Co., who placed orders on a transportation stock for a client who wanted 25,000 shares. "When we open like this, I want to wait to see if they come back a little bit."

Outside, a cluster of traders taking cigarette breaks grumbled about the technological difficulties in making trades quickly. They said that for about a 20-minute span Tuesday, from 3:40 to 4 p.m., the orders they had placed for customers were stuck in a queue.

It was unclear Wednesday whether the delays were related to a technological glitch that caused the Dow to plummet 200 points in a matter of minutes shortly before 3 p.m. Tuesday. The drop was caused when the system that calculates the average recorded a backlog of trades after the process was switched to a backup computer.

Down the street, traders at the American Stock Exchange complained of similar problems, and large brokerage firms also said they had trouble executing trades.

Traders said that generally, when they send buy or sell requests via a handheld device, those orders are reflected almost instantly on trading-floor screens. That was not the case Tuesday.

"We were just sitting on our hands," said a trader who requested anonymity because he was not authorized by his firm to speak to the press. "I kept going back to the specialist, asking, 'Did you get it? Did you get it yet?' But nothing was showing up."

Because they could not see whether their orders had registered, some traders sent the same order twice, which meant they ended up buying or selling twice as many shares than they wanted.

Some of that frustration eased Wednesday after stocks got a noticeable bump before 11 a.m., as TV screens flashed images of Bernanke speaking before Congress. The Dow recovered more than 100 points after Bernanke said the U.S. economy remained stable and he addressed the growth of high-risk mortgage loans known as subprime mortgages, one of the biggest

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concerns in the market. Troubles in that part of the lending industry, he said, were unlikely to spill over to the larger lending industry.

"There is really no material change in our expectations for the U.S. economy since I last reported to Congress a couple weeks ago," Bernanke said.

Although investors seeking shelter in stable investments bid up the price of Treasury bonds Tuesday, those bonds fell Wednesday as stocks recovered some losses. The yield on the benchmark 10-year treasuries, which falls as prices rise, reversed more than half of Tuesday's declines.

The rally in stocks was led by health care, consumer staples and other defensive stocks that tend to fare better during a market downturn.

"I think that's what's putting a floor underneath the market today," said Joseph Quinlan, chief market strategist at Bank of America.

Many analysts said it would take at least several days for the market to settle, and cautioned investors from making hasty decisions.

"There's been some improvement, but I wouldn't expect to have an immediate sense of clarity," said Steven Wieting, an economist with Citigroup.

For now, some money managers said their investment view remained unchanged from the day before the market dropped.

Chad Peterson, spokesman for TIAA-CREF, a financial company that manages more than $400 billion, said that portfolio mangers there were "sticking to existing stock-picking strategies."

M. Steve Yoakum, head of the Public School and Education Employee Retirement System of Missouri, said: "We think it was a technical correction. It won't cause us to change any of our strategies."

Yoakum said he and his staff were in constant contact with the several dozen money managers he parcels out control of the pension fund to, and they agree that "stocks continue to be relatively cheap to bonds" and promise a bigger return long-term.

John Linehan, portfolio manager for the T. Rowe Price Value Fund, said he entered the market late in the day, snapping up $40 million worth of large, blue-chip companies across the board, including some in the health-care, technology and industrial sectors.

"You have a lot of market participants including a few investment professionals who had never lived through something like this," Linehan said. "There were desperate sellers, and we went in and took advantage of that and got some good prices."

Shortly before markets closed Wednesday, Sal Morreale, a trader at Cantor Fitzgerald, said that the technological delays of the previous day seemed to be behind them and that market fears had been quelled, at least temporarily.

"You had a couple of times where you saw some sell pressure," he said. "I thought, 'jeez, now we're really on the tightrope' . . . but it sort of went right back up. It didn't cave. I think today is sort of the day when people take a deep breath."

Day reported from Washington.

NYSE's Trading Overload Draws Attention Of The SEC (WSJ)

By Aaron Lucchetti And Kara Scannell

The Wall Street Journal, March 1, 2007

The New York Stock Exchange's move into the electronic age happened almost overnight. Now the Securities and Exchange Commission is looking into whether it happened too fast and contributed to this week's trading troubles.

Over the past year or so, the Big Board has shifted much of its trading away from its floor and onto an electronic platform, a move that many investors have embraced because it promises faster execution times in a business where time is money. In November, the NYSE announced it would close one of its five trading rooms, citing the potential to cut costs and because electronic trading requires fewer floor traders.

The SEC is examining whether the NYSE's shrinking of the floor affected the NYSE's ability to handle a surge in trading volume such as occurred during Tuesday's market slide, according to a person familiar with the matter. The regulators are concerned that capacity issues may have exacerbated the Big Board's woes this week.

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The NYSE doesn't believe floor consolidation played any role in the trading problems this week, and a spokesman said they have not received an inquiry from the SEC related to floor consolidation and this week's trading woes.

The NYSE's system for delivering trades to its so-called hybrid platform -- a combination of electronic and human-based trading -- overloaded and frantic traders couldn't process thousands of orders.

On Tuesday, the market experienced one of the biggest point drops in five years and record volume, with 4.07 billion shares trading in Big Board-listed stocks. Trading problems grew more serious after an error in the calculation in the Dow Jones Industrial Average caused a sudden point drop, which the NYSE says led to a 50% spike in orders.

"It was a mess," says Steve Swanson, head of Automated Trading Desk LLC, a large brokerage firm based in Mount Pleasant, S.C. "There was a lack of information. No one was telling us what was going on. The hybrid is new, and we're seeing record volumes, and it's not holding up well."

The stakes are high for the Big Board's parent, NYSE Group, which became a publicly traded for-profit company last year. The exchange, formerly a not-for-profit membership club, is counting on its new electronic system to boost trading revenue and profit, all while making trading easier for investors. The SEC is talking to a number of firms and exchanges to determine whether other structural problems contributed to the trading issues.

Tuesday's trading problems attracted attention on Capitol Hill yesterday, where two Republicans on the House Financial Services Committee, Rep. Spencer Bachus of Alabama and Rep. Deborah Pryce of Ohio, asked the chief executives of NYSE Group and Dow Jones & Co. -- publisher of The Wall Street Journal and of Dow Jones Industrial Average and other market indexes -- for a "full explanation of what caused the systems failure." (Read the Bachus-Pryce letter1.)

"We are conducting a detailed review of yesterday's events and do not believe the calculation delay nor the subsequent catch up in the calculation in the Dow Jones Industrial Average exacerbated the market decline, as the market was down sharply during the 70-minute period and rebounded strongly soon after the DJIA was brought current," Dow Jones said in a statement. An NYSE spokesman said it was also reviewing the situation. NYSE officials met with Rep. Bachus's staff yesterday and plan to respond to the letter, he added.

So far, investors are cutting the NYSE some slack. NYSE Group fell 6.2%, or $5.56, Tuesday to close at $84.45 in Big Board trading, but rallied yesterday with the broader market to close at $84.90 a share, up 0.5%, or 45 cents.

The NYSE blames the problem on its Designated Order Turnaround, or DOT, system. DOT is an electronic pipeline that routes certain orders to the exchange. NYSE said the system was working better yesterday, with the company's daily market share in NYSE listed trading rising to about 70%, behind increased usage of floor brokers and NYSE's Arca electronic platform. The exchange adjusted the capacity of its pipeline and is working on further improvements.

The NYSE wasn't the only exchange that experienced problems this week. Nasdaq Stock Market and others had problems keeping up with the flood of orders. Problems elsewhere weren't as severe as those at the Big Board.

Sam Lek, chief executive of Lek Securities, spent much of yesterday fielding calls from frustrated investors trying to sort garbled trades that got caught in Tuesday's market crunch. One investor sold 10,000 shares of a stock at a price that was 90 cents below the best bid available when he placed the order Tuesday, effectively shortchanging the investor $9,000.

On Tuesday, things got worse after the Dow suddenly dropped at about 3 p.m., when the delay in calculating the average was fixed -- and the index reflected the big drop that occurred during the previous hour or so.

"Within a nanosecond, people were flying blind," said Andy Brooks, head of equity trading at T. Rowe Price Group in Baltimore. "We were all asking each other, 'What just happened? Does anybody have any ideas of what could have happened?' " With no communication from the New York Stock Exchange, he says, "we scrambled to figure out what was causing this."

He says it didn't help matters that the Nasdaq also was having some reporting problems. Trades, he said, were appearing out of sequence, making it harder to make decisions. A Nasdaq official said the market saw some slowness, with delays of seconds in reporting some trades in NYSE-listed stocks.

--Peter A. McKay, Ianthe Jeanne Dugan and Scott Patterson contributed to this article.

Commerce Department Says U.S. Economy Is Weaker Than Expected (NYT)

By Eduardo Porter

DOJ_NMG_0138413

The New York Times, March 1, 2007

Analysts have been stumped by the apparent resilience of the American economy, which seemed to be bounding ahead at a 3.5 percent pace in the final quarter of last year even as the housing market fell and the Federal Reserve raised interest rates.

The paradox has been solved: the economy was not bounding. The Commerce Department reported yesterday that economic growth inched ahead by 2.2 percent in the fourth quarter of last year, only slightly faster than the 2 percent growth recorded in the third quarter and substantially below the economy's long-term trend rate of growth

The downward revision, by 1.3 percentage points, in the preliminary estimate of gross domestic product was almost three times the average adjustment since the early 1980s, which is 0.5 percentage point.

Coupled with a 17 percent decline in new-home sales in January and a 7.8 percent drop last month in orders of durable goods like computers and washing machines, the new data indicated the economy was much weaker than it seemed.

"I think we are going to discover that the economy is softer than the Fed thinks," said Robert Barbera, chief economist at ITG Hoenig.

In Congressional testimony, the chairman of the Federal Reserve, Ben S. Bernanke, offered a sanguine view. He said the revised numbers were "more consistent with our view of the economy" than the prior estimates. He said the Fed expected "moderate growth" going forward, which could pick up by midyear if housing managed to break its fall.

But concerns over the prospects of a slowing economy were heightened by the steep declines in equity markets around the globe on Tuesday, which came after a near 9 percent drop in the Shanghai market. Investors were also given the jitters by comments made to a business conference in Hong Kong on Monday by the former Fed chairman, Alan Greenspan. Mr. Greenspan warned that the American economy could be in recession by the end of the year.

Not many economists agree that a recession is in sight. Still, the slowing economy, economists say, should eventually take its toll on jobs. "It virtually guarantees labor market deterioration in the form of a higher unemployment rate," said Jan Hatzius, chief United States economist at Goldman Sachs.

While the statement of the Fed's interest-rate-setting committee in January expressed more concern about inflation than about growth, warning "inflation risks remain," economists say evidence of slower growth is likely to refocus the Fed's attention. "They are going to discover in the next 90 days that they are leaning the wrong way," Mr. Barbera added.

Not all of the economic news was bad. Inflation appeared tamer in the revised G.D.P. report than earlier estimates indicated. The price index for consumer goods excluding food and energy, the inflation gauge most favored by the Fed, rose at an annual rate of only 1.9 percent in the last three months of 2006, less than the 2.1 percent originally reported.

Moreover, about half of the revision to gross domestic product was because of lower inventory accumulation than the government had previously estimated. This means that companies have lower stocks of unsold goods in their warehouses, which would force them to increase production quicker to respond to consumer demand.

Also, the consumer confidence index of the Conference Board reached a five-year high in January.

But there are more signs of economic weakness. Trade, which had been thought to add 1.64 percentage points to growth in the quarter, added only 1.5 percentage points, according to the revised data.

The growth in consumer spending in the fourth quarter of last year was brought down a notch in the revised report, to 4.2 percent from 4.4 percent. And much of this growth was merely because of a fall in prices. In nominal dollars, consumer spending slowed markedly.

Housing, it seems, still has a way to fall. The Commerce Department reported that builders faced a growing glut of unsold homes in January as the pace of new-home sales slowed 16.6 percent — the most in 13 years.

The seasonally adjusted annual sales rate fell to 937,000 last month from 1.1 million in December. Compared with a year earlier, January's rate was down 20.1 percent. Since the housing market hit its peak in the summer of 2005, new-home sales have fallen by nearly a third.

But perhaps the more troubling adjustment in the G.D.P. report was to investment by businesses. Capital investment growth had been one of the sunnier components of economic activity in the second half of last year, picking up some slack from the collapse in residential construction — which declined 19 percent in the final quarter of last year.

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Yet according to the revised figures, nonresidential investment in things like factories and computers declined by 2.4 percent in the fourth quarter, much more than the original estimate of a 0.4 percent decline.

"Corporations have become a little more risk averse," said Nariman Behravesh, chief economist at Global Insight in Lexington, Mass. The economic outlook could deteriorate further if Tuesday's financial turbulence intensifies. Yesterday, American equity markets recovered some of their Tuesday loss. But many markets in Asia and Europe fell for a second consecutive day. And there are weak points in the American financial system — mortgage-backed bonds, for instance.

Yet, barring a financial disaster, many economists say they believe that a recession will be averted. This is contingent on proper action by the Fed. "There is substantial downward pressure on growth," Mr. Hatzius said. "But with little to worry about inflation pressures, there is no reason that monetary policy couldn't provide enough support to stabilize things."

Fourth-quarter GDP Revised Down To 2.2% Annual Rate (USAT)

By Barbara Hagenbaugh

USA Today, March 1, 2007

WASHINGTON — The economy grew at a much slower pace in the fourth quarter than originally thought while inflation eased, the government said Wednesday, in a report that showed the economy was somewhat soft heading into 2007.

Gross Domestic Product, the broadest measure of U.S. economic activity, rose 2.2% at a seasonally adjusted annual rate in the October-December period. That was up slightly from 2% in the third quarter, but down from the initial estimate of a 3.5% gain, the Commerce Department said.

AUDIO: Bernanke sees "moderate growth."

The revision stemmed from new data that showed slower spending on the part of businesses, higher imports and slightly weaker consumer spending.

"Business hesitancy will likely keep growth slow in the first quarter as well," Wachovia financial economist Gina Martin said in a note to clients. But business spending will likely pick up later in the year as firms build inventories, she said.

With the latest revision, GDP rose 3.3% in 2006, up from 3.2% in 2005 but lower than the 3.9% in 2004.

The economy could grow below 2% in the first quarter, warns David Rosenberg, North American economist at Merrill Lynch.

"This would then mark the fourth quarter in a row of below-potential growth, and at this point it is only a matter of time before this begins to show through in the labor market," he told clients Wednesday morning.

There was some good news in the government's report. The Federal Reserve's favorite inflation gauge, based on actual spending excluding volatile food and energy costs, was 1.9% in the fourth quarter. That was down from 2.2% in the third quarter and lower than the initial estimate of 2.1%.

Fed officials, including chairman Ben Bernanke, have said they would like to see inflation below 2%.

"Inflation is receding," Moody's Economy.com economist Augustine Faucher says. "The moderation in energy prices and below-potential growth in the first half of this year should keep inflationary pressures in check."

Although the government said Americans spent a bit less than initially thought, consumers continued to pull the economy in the fourth quarter. Consumer spending, which accounts for 70% of U.S. economic activity, rose 4.2% at the end of 2006, up from a 2.8% gain in the third quarter and the biggest increase since the first quarter.

Housing investment fell.

With spending strong, the U.S. personal saving rate remained in negative territory at the end of 2006. The personal saving rate was -1.2% in the fourth quarter, a bit better than the -1.4% seen in the second and third quarters, according to the Commerce Department.

The department's figure, however, does not include a number of popular saving vehicles, such as 401(k)s and stocks.

Economy Slowed, Not Stalled (CSM)

By Ron Scherer

The Christian Science Monitor, March 1, 2007

NEW YORK

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The US economy is entering spring with less wind at its back than it has had for the past four years.

Although the slowdown is still not a big concern of most economists, they warn that an economy that is moving more like a tortoise than a hare is at greater risk of being overrun by some outside event – perhaps one that causes a recession or a period of very slow growth.

But a sustainable slow-growth economy does have a bright side: Inflationary pressure is likely to ease, keeping the Federal Reserve from raising interest rates for borrowers.

One sign of economic slowdown came Wednesday when the government revised downward – from 3.5 percent to 2.2 percent – its estimate for the fourth-quarter gross domestic product (GDP). The new number marks the largest revision in quarterly GDP in at least 15 years. That news followed a tumultuous Tuesday, when the Dow Jones Industrial Average plunged 416.02 points, one of its most volatile moves in years. As of midday Wednesday, the market seemed to have stabilized.

Most economic forecasters say the market's acrobatic moves aren't the kind of exogenous event that would trigger a downturn in the economy. Wednesday, Federal Reserve Chairman Ben Bernanke, appearing before Congress, said there is "no material change" in the outlook from the last time he testified two weeks ago. The downward revision in the GDP, he added, was consistent with the central bank's outlook for "moderate growth." If the economy can work through its current problems, especially in the housing market, it could strengthen later this year, said Mr. Bernanke.

Wednesday, however, the housing sector received another shot of bad news. Sales of new homes fell 16.6 percent in January over the same time last year, the steepest percentage drop in more than a decade, the US Commerce Department reported. The number of unsold new homes continued to rise, and the median price fell 2.1 percent as developers dropped prices to attract buyers.

Durable goods droop

Housing is not the only sector that's bogged down. Orders of durable goods fell 7.8 percent in January after rising 3.6 percent in December, the Commerce Department reported Tuesday. Durable goods are big-ticket items such as airplanes and construction equipment.

"It's a mystery, in a way. The fundamentals should be positive for capital expenditures. It should be booming," says Dan Meckstroth, chief economist for Manufacturers Alliance/MAPI in Arlington. Va. "Corporate profits are at an all-time high. Companies have so much cash they are buying back their shares because they say they can't find a better use of their money in their own business, and factories are running at a relatively high rate."

The negative economic reports come on the heels of some recession warnings. Former Fed Chairman Alan Greenspan, speaking Monday in Hong Kong, noted that corporate profit margins were starting to shrink – a possible sign of the end of a business cycle. As the business cycle ends, he cautioned, the US economy could be moving closer to a recession, perhaps by year's end.

A recession by year's end or early in 2008 is a scenario that makes sense to Hugh Moore of Guerite Advisors in Greenville, S.C. He has been bearish on the economy and the stock market for some time, saying the determining factor will be the "popping asset bubble" in the real estate market. "It will take away a lot of the impetus for consumer spending," says Mr. Moore.

Only a 'soft spot' in business cycle?

Other Wall Street advisers, however, are more sanguine. Jeff Kleintop, chief investment strategist at PNC Wealth Management in Philadelphia, notes that Mr. Greenspan had also predicted a downturn in 1995. "We had another five years of economic expansion," says Mr. Kleintop.

Kleintop, who has been bullish on the markets and the economy, sees several years of life left to the current business cycle. "We are at the midpoint of the expansion," he asserts. "We are just having a soft spot."

Despite the downturn in housing and durable goods, some other sectors – such as information technology, telecommunications, and nonresidential construction – continue to perform well, says Richard DeKaser, chief economist at National City Corp. in Cleveland.

"Whenever you get this kind of moderate growth, you end up with a mixed bag, with some sectors performing well and others poorly," he says.

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One thing on which many economists agree is that Tuesday's stock-market slide came at a time of investor complacency. That complacency was shaken when the Chinese stock markets plunged 9 percent amid rumors that Chinese authorities were planning to crack down on speculation in their markets. Some commentators termed it "the Shanghai surprise." Wednesday, the Chinese markets recouped about half their losses.

However, the selling in China spread quickly on Tuesday to the European markets and then to the United States. The Standard & Poor's 500 index fell 3.47 percent. In an indication of how stable the markets have been recently, it was the first time since May 2003 that the index had fallen by more than 2 percent in one day.

"We can expect in the next week or two [that] the markets will be jittery or unstable, as investors come to terms with what happened," says Bob Brusca of Fact and Opinion Economics in New York. But, he adds, "the Shanghai market is not a bellwether for the rest of the world."

Market volatility can be a good thing, says Axel Merk of Merk Investments in Palo Alto, Calif. "People are just too confident," he says. "With greater volatility they will have to pare down their bets."

Outlook For Growth Hinges On Inventories, Investment (WSJ)

By Christopher Conkey And Timothy Aeppel

The Wall Street Journal, March 1, 2007

The U.S. economy was considerably weaker than previously thought in the fourth quarter of 2006, and its growth may remain moderate until the manufacturing sector solves its inventory problems and businesses step up their capital spending.

Gross domestic product, or the value of goods and services produced, expanded at an inflation-adjusted annual rate of 2.2% in the fourth quarter, the Commerce Department said, well short of its initial estimate of 3.5%. It was the third consecutive quarter the economy has expanded at less than its optimal noninflationary rate of around 3%. The performance capped the slowest three-quarter stretch of economic growth in nearly four years.

Behind the unusually large downward revision to fourth-quarter growth was an overhang of unsold goods, which caused many manufacturers to slash their production, trimming inventory faster than the government had expected. The inventory problem has been particularly acute for the home-building and auto industries. Reduced home and auto construction shaved a combined 2.4 percentage points from GDP growth in the fourth quarter, the Commerce Department said.

But the GDP report also showed why the economy has been resilient despite the manufacturing crunch. Consumer spending and government outlays surged during the quarter, and rising exports also contributed to growth. Meanwhile, inflationary pressures receded somewhat late last year.

Testifying on Capitol Hill yesterday, Federal Reserve Chairman Ben Bernanke said the "downward revision to the fourth-quarter GDP number was more consistent with our overall view of the economy than" the prior estimate. Mr. Bernanke said recent events, such as Tuesday's stock-market selloff and weaker readings on durable-goods orders and home building in January, haven't altered his view that the economy is poised for a modest expansion this year. "We are looking for moderate growth in the U.S. economy going forward," he said.

In the near term, the outlook for economic growth hinges partly on the ailing manufacturing sector, which is struggling under the impact of inventory reductions, the slumping housing market and the strength of equipment buying by businesses, which has been sluggish lately. Most economists still expect the manufacturing sector to show growth for the year, but there are concerns that the slump at the nation's factories could be deeper and more prolonged than expected, and that it might even be a warning sign of recession.

"Manufacturing stopped growing in September and has been on a moderate downtrend since then," said Daniel Meckstroth, an economist at the Manufacturers Alliance/MAPI, a public policy and research group in Arlington, Va.

David Hensley, an economist at J.P. Morgan Chase & Co., says manufacturing production will register a small increase in the current quarter, but not by much. The bigger questions, he says, are why businesses seem so hesitant to invest in capital equipment -- and will that hesitancy extend to cutbacks in hiring? If it does, the factory sector could exert a stronger-than-expected drag on the economy.

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Parker Hannifin Corp., which makes motion and control equipment used in everything from aircraft to amusement-park rides, illustrates why capital spending growth is decelerating at many companies. The Cleveland company's performance is often viewed as an indicator of the broader industrial economy.

In the past, Parker Hannifin typically spent 4.5% to 5.5% of sales on new plants and machinery. Like many companies, however, it has slashed spending through efficiency moves, such as buying smaller, more flexible machines and eliminating inventories, which has freed up factory space. The company now spends about 2% to 2.5% of sales on capital expenditures and doesn't anticipate returning to the higher levels of the past, says Chief Executive Donald Washkewicz.

Business Caution Slows US Growth (FT)

By Eoin Callan In Washington

Financial Times, March 1, 2007

The US economy expanded at a much slower rate than expected last quarter as business caution grew and fresh weakness emerged in the housing market.

The economy grew at a rate of 2.2 per cent compared with an initial estimate of 3.5 per cent. Government figures released yesterday showed prices cooled as core inflation slowed from an estimate of 2.1 per cent to 1.9 per cent.

Ben Bernanke, Federal Reserve chairman, said the lower growth figures were in line with expectations as he reiterated a benign outlook.

The central bank is forecasting moderate economic expansion and stabilising prices this year. The risk to that forecast from a slowdown in the housing sector was underlined yesterday by a 17 per cent drop in sales of new homes last month.

Drew Matus, an economist at Lehman Brothers, said: "The figures suggest the eco-nomy is playing out largely as the Fed expected, with a little bit of worrisome weakness in the housing market."

The fall in home sales was the biggest in 13 years and left the backlog of new homes standing empty at an elevated level of 537,000.

Stephen Stanley, chief economist at RBS Greenwich Capital, said: "Builders will probably have to continue to work off bloated stocks of finished homes for most of 2007."

The median price of a new home fell 2.1 per cent in January to $239,800 (£122,130) from $244,900 a year earlier.

Shares in construction companies fell but US stocks largely regained their poise after panic selling earlier in the week.

Sharp Falls In Sales Of New US Homes (FT)

By Eoin Callan

Financial Times, March 1, 2007

Americans bought far fewer new homes last month, according to government data released on Wednesday that showed sales fell at the fastest rate in 13 years.

Sales of newly built homes fell 17 per cent as the backlog of houses standing empty remained stubbornly high, figures from the Commerce Department showed.

The drop was greater than even the most pessimistic Wall Street economists predicted and sent shares in housebuilders tumbling. Home Depot shares also slipped as the DIY store said it expected anaemic sales and lower profits this year.

The slowdown prolongs uncertainty over the duration and depth of the construction sector slump and underlines the risk to economic growth from the weak housing market.

House prices also eased as the median cost of a new home fell 2.1 per cent from a year ago to $239,800. The pace of sales fell to 937,000 from a rate of 1.1m the previous month, while inventories of unsold homes stood at 537,000. The biggest drop was in the west, where sales fell 37 per cent to an annual rate of 166,000.

Stephen Stanley, chief economist at RBS Greenwich Capital, said: “Builders will probably have to continue to work off bloated stocks of finished homes for most of 2007.’’

The Federal Reserve views the overhang of unsold homes as cause for concern but remains cautiously optimistic the sector is stabilising and will not derail the economy. The central bank on Wednesday continued to forecast moderate economic expansion this year after fresh figures showed the economy grew at a much slower rate than previously thought last quarter.

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Drew Matus, an economist at Lehman Brothers, said: “The figures suggest the eco-nomy is playing out largely as the Fed expected, with a little bit of worrisome weakness in the housing market.”

The economy grew at a rate of 2.2 per cent in the fourth quarter against an estimate of 3.5 per cent. Government figures released on Wednesday also showed prices cooled as core inflation slowed to 1.9 per cent from an estimate of 2.1 per cent.

Peter Kretzmer, an analyst at Bank of America, said Wednesday’s data pointed to growth “well below” trend this quarter.

Drag From Housing Could Persist (WSJ)

By Christopher Conkey And Mary Ellen Lloyd

The Wall Street Journal, March 1, 2007

WASHINGTON -- New-home sales plummeted in January, an indication that turbulence in the housing market will continue weighing on the nation's economic growth and housing-related businesses in the months ahead.

Sales of new homes plunged 16.6% to an annual pace of 937,000 units, the Commerce Department said. That rate was 20% below a year earlier, and the median sales price of $239,800 was down 2.1%.

Monthly readings are volatile and prone to weather-related distortions, but the January decline adds to the uncertainty as to whether demand for housing is stabilizing. Home builders have been lowering prices or beefing up incentives in an effort to jump-start sales, but cancellation rates remain high. That has forced many builders to slash production, which has limited economic growth and damped earnings for building-material and home-furnishing suppliers. Home Depot Inc. warned yesterday1 that 2007 earnings will drop a sharper-than-expected 4% to 9% as it spends $2.2 billion on renovating its retail operations and grapples with a challenging business environment. The outlook is more cautious than that of smaller rival Lowe's Cos., which last week projected same-store sales would be flat to up 2% in 2007.

Lowe's forecast was based on the view that sales of new and existing homes will flatten as 2007 wears on. "I hope they're right about the market," Home Depot Chief Executive Frank Blake said. "I tend to the more cautious side on that."

Longer term, the Atlanta home-improvement chain said its per-share earnings should increase 10% or more annually as the investments in its core business boost productivity. That view assumes the housing and residential construction markets improve late in the second half of 2007 or early 2008.

"While the current home-improvement market remains challenging, the long-term fundamentals of our company are strong, and we believe we can improve our performance and grow at, or faster than, the market beyond 2007," Mr. Blake said.

Economists say the threat of further deterioration in the housing market is the biggest risk to economic growth this year. A recent rise in default rates for subprime mortgages has raised the prospect of a broader credit crunch, and the biggest fear is consumers will curtail their spending if the housing slump becomes prolonged. (See related article on auto sales.2)

On the other hand, a housing market at or near its bottom would pave the way for a resumption of home building this year. In January, though, the slower sales pace raised the inventory. The inventory of unsold new homes on the market rose to the equivalent of a 6.8-month supply, up from a 5.7-month supply in December.

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The Prosperity Boom (WSJ)

By Lawrence Kudlow

The Wall Street Journal, March 1, 2007

The U.S. stock markets were looking for a correction for some time now and on Tuesday they found it: a 3.5% sell-off across the board. The plunge follows a 20% run-up that began last summer, and some analysts believe it was overdue. Indeed, 3% corrections are normal and healthy. Legendary financier J.P. Morgan knew this a hundred years ago when he told a congressional panel that prices fluctuate. But the trigger for Tuesday's drop undoubtedly came from China.

The Chinese have sent a Shanghai flu across the globe. There is talk in China's government circles of slowing its boom and the "speculative" stock rise that has taken place over the past 18 months. Higher reserve requirements for banks, tighter interest rates, stricter implementation of a capital-gains land tax, and perhaps some form of capital controls are all in the rumor mill. This sounds like root-canal advice from the U.S. Treasury and the IMF, which somehow are dissatisfied with 10% growth and 2% inflation in China. France, Germany, Japan or Latin America should have it so bad.

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At home in the U.S., there are still housing-slump worries and concerns about an inventory correction in autos and factories. Former Federal Reserve Chairman Alan Greenspan this week even predicted a recession, naming the budget deficit as the cause. Huh? The deficit is evaporating as record tax revenues are being generated by a solid economy, itself a function of the low marginal tax rates put in place by President Bush.

Current Fed Chairman Ben Bernanke is looking for a soft economic landing, and I agree.

A quick tour of the data: Consumer incomes keep rising amidst low unemployment and record job creation. Ditto for business profits -- the mother's milk of the economy and rising stocks. Exports are strong. An inventory correction, which helped knock fourth-quarter GDP down to 2.2% from 3.5%, will pass. As yet there is no evidence that a sub-prime mortgage lending problem is spreading. There is no economy-wide credit crunch. And bond rates are a low 4.5%, adding more value to stocks. The prosperity boom is alive and well.

In fact, using a modest 8% growth estimate for 2007 earnings, and capitalizing that profits forecast with a 4.5% bond yield, shares appear to be anywhere from 15% to 25% undervalued today. Put another way, the 6.7% forward earnings yield of the S&P 500 compares very favorably to a 4.5% Treasury bond or a 5.7% A-rated corporate bond.

The high-tech, productivity-driven U.S. economy is more durable and flexible than its liberal-left critics will ever admit. It is a private-sector free-enterprise economy, not a government-planned one. Innovation is strong and entrepreneurial spirits are high. The four prosperity killers, a paradigm coined by Arthur Laffer many years ago, all look dormant: inflation, taxes and regulatory burdens are low, while free trade keeps expanding.

One of the most underrated aspects of this bull-market economy is the sharp drop in marginal tax rates on capital formation. After the levies on capital gains and dividends were reduced to a scant 15% in 2003, the supply of easy capital surged, holding down real interest rates and expanding internally generated liquidity. This, plus record profits, has been the major source of the new-liquidity generation that has fueled stock markets at home and abroad.

This is good noninflationary liquidity. It is not bad liquidity, such as occurred in the 1970s when the Federal Reserve and other central banks gunned the printing presses and created the excess money expansion that drove inflation and interest rates sky-high.

Although gold prices are a concern today, the bigger bond market is sending a noninflationary signal. Future inflation spreads are predicting price-level increases of only 2%. The Fed is targeting inflation even more than unemployment. The core consumer deflator increased only 1.9% at an annual rate in last year's fourth quarter, while year-on-year inflation is a low 2.2%. We must keep an eye on gold -- which has a long history as an inflation barometer -- but right now the bond message seems closer to the truth. Additionally, consumer survey expectations of future inflation have come down markedly.

As for stocks, we're back to the stalwart supply-side adage: tax something less, get more of it. The low tax cost of capital has helped create a boom in private-equity buyouts and share buybacks, which pay out to investors in cash, thus adding to abundant liquidity that recycles into higher prices for a shrinking supply of stocks.

All that said, there are threats to growth. For starters there is the union attack on business, where "card checks" would substitute for secret ballots. Jack Welch, the former CEO of General Electric, thinks the unions are aiming at Silicon Valley -- America's most innovative high-tech area -- in a misbegotten attempt to turn the clock back to the 1960s and 1970s when competitiveness and entrepreneurship were at a low ebb. Tax threats associated with fixing the alternative minimum tax also are problematic. But the president has pledged to use his veto pen to prevent higher tax rates and will, according to the vice president, veto any card-check legislation (a.k.a. the misnamed Employee Free Choice Act).

Overall, Washington politics have taken a decidedly anti-growth turn ever since the new Democratic Congress went into session. Carbon caps and protectionist trade threats are the new battle cries. But the leftward moves of the Democrats on both the war and the economy may doom them in 2008. Neither statism nor galloping McGovernism is a prescription for taking the White House, especially with investor-class stockowners casting two out of every three votes in recent elections.

This is why I continue to believe that the prosperity boom is not over, either in the U.S. or around the globe. The spread of free-market capitalism, and its record wealth creation for both the rich and the unrich, is unstoppable. Liberal seers have been predicting the downfall of U.S. stocks and the economy several times a year since the Bush boom began back in 2003. Yet at comparable points in the business cycle, wages and wealth have outperformed during the current expansion.

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My advice to investors is to remain optimistic and stay in stocks for the long term, since economic freedom is the tried and true path to growth and prosperity. Isaiah Berlin wrote many years ago that hedgehogs always win the long-term race against foxes. Message to the investor class: Hold that thought.

Mr. Kudlow is host of CNBC's "Kudlow & Company."

EDITORIAL: After The Sell-Off (NYT)

The New York Times, March 1, 2007

In a way, the stock market's rebound yesterday was as troubling as Tuesday's rout.

Ben Bernanke, the chairman of the Federal Reserve, managed to calm the market, saying that one could reasonably hope for a stronger economy by midyear if housing stabilized soon, and if manufacturing strengthened. But those are big ifs.

The torrent of bad news on housing is only worsening, with a report yesterday that new home sales for January had their steepest slide in 13 years. And as David Leonhardt pointed out in yesterday's Times, manufacturing has already slipped into a recession, with activity contracting in two of the last three months. How is it then that investors took Mr. Bernanke's words as a "buy" signal?

The short answer is that investors have a proclivity to hear what they want to hear. On Tuesday, warning bells were simply too loud to ignore, including the steep sell-off in stocks in Shanghai, downbeat reports on the United States economy and an attempt in Afghanistan on the life of Vice President Dick Cheney. Yesterday, investors needed only the slightest prod to revert to "hear no evil" form.

The more complete answer is also more troubling. In recent years, as housing and stock markets surged, even highly speculative investors have been encouraged to an unusual degree by their bankers and regulators, who are supposed to restrain investors' more maniacal bents, but instead have done little to quell or question excessive risk-taking.

Just last week, Treasury Secretary Henry Paulson Jr. and top financial regulators said the government need not — and should not — provide greater oversight for the $1.4 trillion hedge fund industry, or, by extension, the trillions of dollars more in complex derivative transactions spawned by the industry. That stance is mostly free-market ideology run amok. But it is also based on the unproven assumption that unregulated investing, which dispersed risk and reduced volatility as markets surged, will continue to do so when markets tank.

The upshot is a one-sided bet for investors. They have explicit assurances from regulators and policy makers that almost anything goes when the markets are hot, and implicit assurances — based on past experience — that the Fed would lower interest rates to contain a financial crisis should one erupt. Unfortunately, there is no guarantee that easing up on rates would have the same powerful effect in a future crisis as it had in the past.

The next crisis appears to be building around weakness in the United States, not in Russia or Asia or South America. That means money could flow out of the country if markets were rattled. That would weaken the dollar and require speedy and complex remedial action by the world's central banks — not just a rate cut by the Fed. Tuesday's stock market decline could turn out to have been a garden-variety correction. But major market participants would be wise to rethink their assumptions.

A Shanghai Education (WSJ)

The Wall Street Journal, March 1, 2007

One benefit of Tuesday's rout in equities is that it is causing everyone to learn more about the Chinese financial system. To wit, despite all the talk of "contagion" emanating from China, that country's domestic stock markets don't have all that much to do with the rest of the world financial system. Welcome to the reality of a closed capital account.

Consider Tuesday's 8.8% Shanghai slide, which is said by many to have triggered the global stomp out of equities. Perhaps the fall spooked some investors in New York who are easily spooked, or were worried about other things too.

But the truth is that the causes of the Shanghai plunge were mainly local. Mainland investors woke up Saturday to headlines warning that Beijing would soon set up a task force to investigate illegal stock brokerage practices and bank loans to punters. Then on Monday morning, the Shanghai exchange crossed the psychologically important 3000 marker for the first time. So China's punters took profits, and when the market fell far enough, they bought back the cheap stocks. On Wednesday, the Shanghai bourse bounced back 3.9% even as other Asian markets kept falling.

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A little perspective helps. Prior to last year, China's investors mostly stayed away from shares, preferring to stash their money in banks. Poor corporate governance, untransparent financial statements and rampant speculation made the market more of a roulette wheel than a proper exchange. And with no pension savings to speak of, why risk your hard-earned savings?

However, in 2005 Beijing started selling down its state-owned shareholdings. Part of that game included giving goodies such as cash and free shares to diluted investors. Around the same time, Beijing put the screws on property speculation, concerned about rapidly upward spiraling prices. This made a powerful case for playing the stock market, all the more so because mainland investors aren't allowed to invest abroad.

The lesson here is that the performance of the Shanghai index bears little correlation to China's underlying economic growth. HSBC even finds a negative correlation. China's economic engine has motored along officially at around 9% growth each year over the past few years, and unofficially at rates several percentage points higher than that. Yet Shanghai's A share market -- shares of Chinese companies only available to mainland investors -- sank 15% in 2004 and 8% in 2005. Only last year did it start to soar. So it doesn't make sense for world markets to fall merely because Shanghai has a bad day.

The far larger threat of "contagion" from China is from U.S. protectionism or lobbying for Beijing to revalue its currency. Either one of those could send the real Chinese economy -- not just the Shanghai stock casino -- into slower growth or deflation or both. And that surely would echo around the world, given the growing integration of the real Chinese economy with America's. What isn't integrated yet is the Chinese financial system.

China's markets won't act this way forever if Beijing manages to clean up the way mainland companies do business. Efforts to impose standardized accounting rules and crack down on corruption help. But the best way to develop China's stock markets is to impose market discipline -- and especially to let average Chinese put their $4 trillion of savings where they may. Then a Chinese stock selloff really would mean something to the world.

Can Landrieu Find Her Voters? (RC)

By Nicole Duran

Roll Call, March 1, 2007

Hurricane Katrina may have decimated New Orleans, the political base of Sen. Mary Landrieu (D-La.), but she and her advisers think they have a winning strategy for her 2008 re-election bid — even if the Big Easy never fully regains its population.

Republicans look at Landrieu's narrow victories, the state's displaced, mostly Democratic voters, and the relatively high popularity of President Bush compared with his standing in the rest of the country, and they see a chance to flip yet another Southern Democratic Senate seat in a presidential election year.

No Republican has declared his or her candidacy yet, but several top-tier recruits are considering the race.

Metropolitan New Orleans had roughly 1.4 million residents before Katrina hit in late August 2005. More than 900,000 people have returned to the area but the city of New Orleans, which once boasted close to 500,000 inhabitants, remains only about half of its pre-Katrina size.

Landrieu recently released a poll she commissioned in January showing that she had a 64 percent job approval rating statewide. The survey also asked the more than 1,000 Louisiana residents polled if they thought Landrieu deserved re-election and pitted her against several Republicans who are considering challenging her. But a Landrieu spokesman declined to release those results.

Still, some Democratic operatives believe that Landrieu is in good shape as she begins her bid for a third term.

"Mary's actually doing the right thing now," said one knowledgeable Democratic strategist who did not want to be named. "She's voting center-right, pushing for hurricane relief funds" and reaching out to other parts of the state beyond New Orleans.

Landrieu's efforts to prove her commitment to the rest of the state are evident in her news releases.

Last week she announced that Louisiana will get $22.5 million in grants from the Housing and Urban Development Department. The release highlighted several projects, including one for a women's center in northwest Louisiana.

Undoubtedly Landrieu's biggest coup to date — her involvement in opening a huge swath of the Gulf of Mexico to oil and gas production — should earn her plaudits across the state.

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"Just bringing money to the state will have a ripple effect," the Democratic strategist said. "The state will benefit overall; there will be more employment."

The deal signed by Bush last year splits 37.5 percent of the new revenues among Texas, Mississippi, Alabama and Louisiana.

Ray Strother, a longtime Democratic consultant and Louisiana native whose firm has worked for Landrieu before, said the daughter of former New Orleans Mayor Moon Landrieu made in-roads with voters outside of the Big Easy even before hurricanes Katrina and Rita hit the state.

"Since she's been in the Senate almost 12 years, her base is growing," Strother said. In Shreveport in northwestern Louisiana, for example, "she's won their affection," he said.

Still, even loyal Democrats such as Strother concede that any legitimate Republican, including Rep. Richard Baker, who is contemplating running, will give her a tough race.

"She's a Southern Democrat — of course it's going to be close," Strother said.

Landrieu won a second term in 2002 with just 52 percent of the vote against a relatively unknown Republican opponent — and that was in a nonpresidential year. Outside of Orleans Parish, Suzanne Haik Terrell (R) earned 53 percent of the vote to Landrieu's 47 percent.

But the statistics are not as dire for Landrieu as they may seem, Landrieu spokesman Adam Sharp said.

New Orleans was emptied after Katrina and residents were bused to Houston, Atlanta and beyond. But a sizable number — some estimates say it was as much as 85,000 people — simply relocated within the state.

Former New Orleans residents already are flexing their political muscle in their new communities, Sharp said. For instance, Shreveport elected its first black mayor, a Democrat, last year.

And registered voters still living outside the state's borders will be allowed to vote absentee in this year's gubernatorial election as well as next year's federal elections. Some 43,000 Louisianans already informed state election officials that they are registered to vote in the Pelican State even though they are living elsewhere.

The New Orleans mayoral race last year, which featured Landrieu's brother, Lt. Gov. Mitch Landrieu (D), saw the candidates buying air time in Houston and Atlanta and holding "town hall" meetings beyond Louisiana's borders.

Sharp predicted that trend will continue.

"I think you're going to see a lot of that again in the gubernatorial race," he said. "We're watching that race closely to see what the new dynamic is going to be for statewide campaigns."

Only 20,000 displaced New Orleans residents voted absentee in the mayoral race, though no one knows how many returned to vote in person.

Sharp said Landrieu's campaign, once it's up and running, will devise a system for locating and targeting those eligible out-of-state voters. TV commercials airing in neighboring states, direct mail sent to households without Louisiana ZIP codes, e-mail newsletters and fundraising pleas sent far and wide likely will be an integral part of the 2008 Senate race.

"It's unprecedented," Sharp said.

Questions About The Draft May Cloud Giuliani's 2008 Hopes (WEX)

By Bill Sammon

Washington (DC) Examiner, March 1, 2007

WASHINGTON - If this presidential campaign is anything like the last, John McCain's Vietnam service will inevitably be contrasted with GOP rival Rudy Giuliani's avoidance of a war that he opposed.

"Any suggestion that he was dodging the draft is totally, factually inaccurate," said a senior Giuliani campaign adviser who spoke on the condition of anonymity because of the sensitivity of the topic. "He opposed the war on tactical and strategic grounds."

But as far back as 1993, when he successfully ran for mayor of New York, Giuliani has been dogged by accusations that he pulled strings to avoid the draft. By contrast, McCain has long been feted as a bona fide war hero for his harrowing stint in a Vietnamese prison.

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Anyone who dismisses the significance of Vietnam as a potential issue in the 2008 campaign is forgetting how surprisingly potent it proved in 2004, when there was enormous interest in the military records of both President Bush and Sen. John Kerry of Massachusetts. Four years later, with the nation still at war, Americans likely are to again scrutinize the military records of those who seek the job of commander in chief.

Giuliani, who once said of the Vietnam war, "I disagreed with it," obtained an occupational deferment in 1969, when he was a law clerk. Although critics say such deferments were rare, the Giuliani campaign disagrees.

"He wanted an occupational deferment, which was very common at the time, because he wanted to be a lawyer," the Giuliani adviser said.

When Giuliani's deferment expired in 1970, he drew draft number 308, which was never called. His campaign suggests this proves he was not a draft dodger.

"This is an important point: After his deferment, his name was entered into the lottery — at least once — and he had a high number," the adviser said.

Still, Giuliani has always been politically sensitive to the issue. During his 1993 mayoral campaign, he commissioned a "vulnerability study" that listed "draft dodger" as one of the epithets that might be hurled against him.

In blunt language, the consultants who prepared the study articulated how adversaries might frame the issue.

"Giuliani received special treatment from a friendly federal judge to avoid military service during the Vietnam war, when thousands of less fortunate people were dying," they wrote. "Then, as a member of the Justice Department, he hypocritically prosecuted draft dodgers."

Mark Salter, McCain's chief of staff, said he had "no idea" whether Giuliani's deferment would become a presidential campaign issue.

"Who knows?" he told The Examiner. "One assumes just about everything these days gets examined."

He added: "I don't think McCain would want it to be an issue. I know that sort of suggests a false modesty, but I really don't."

The "false modesty" remark was an allusion to the Arizona senator's extensive military background. The son and grandson of admirals, McCain graduated from the Naval Academy and served 22 years in the Navy, including five and a half as a prisoner of war in Hanoi.

Thus, if Vietnam becomes an issue in the 2008 campaign, McCain might find himself in the role that Kerry had hoped to play in 2004 — unassailable war hero. That status eluded Kerry when his combat record was challenged by Swift Boat Veterans for the Truth, who also denounced the Democrat for accusing fellow Vietnam veterans of war crimes.

Giuliani, on the other hand — who had a 2-to-1 advantage over McCain in an ABC poll of Republicans this week — could find his record subjected to the sort of intense scrutiny that Bush experienced in 2004. Some of that scrutiny came from Kerry himself, who questioned whether Bush had fulfilled his stateside duties in the National Guard.

CBS News raised similar questions in a "60 Minutes" broadcast that backfired because the network used documents that could not be authenticated. The ensuing scandal, known as "Memogate," ended up inoculating Bush against further attacks on his military record.

Swift Boats co-founder John O'Neill said the only reason Vietnam became a major issue in 2004 was that Kerry kept bringing it up.

"I do think Kerry was a special case," O'Neill said. "Whatever Rudy Giuliani or the rest of these people did or didn't do in terms of the Vietnam War, I don't think that's a legitimate issue in the presidential campaign of 2008."

During an interview with The Examiner last fall, when he was mounting a second bid for the White House, Kerry said of the Swift Boat Veterans: "I'm prepared to kick their ass from one end of America to the other." But the senator from Massachusetts later dropped out of the race.

Kerry spokeswoman Amy Brundage said this week that "2008 should be a choice between candidates' visions on ending the war in Iraq." She added: "That conversation must not be stolen by partisan front groups [that use] lying, despicable attack ads to smear the records of those who have served in uniform."

During the Vietnam War, Romney divided his time between college and overseas work for the Mormon church.

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“A younger Mitt Romney became eligible for the draft in 1970, but his number was not called in the military draft,” Romney spokesman Kevin Madden said. “During that time, he did spend several years as a missionary for his church in France.”

Illinois Sen. Barack Obama was only 14 when the Vietnam War ended. New York Sen. Hillary Rodham Clinton, as a woman, was not subject to the draft that would complicate her future husband’s White House bid.

John Edwards, who is also running for president, didn’t get many questions about his military record when he was Kerry’s running mate in 2004, thanks to all the focus being on Kerry and Bush.

“I did not serve in the military,” Edwards said in an April 2004 interview with Katie Couric, who then asked if he had a high lottery number.

“I did, and I came after the time that they were actually drafting from the lottery,” he said. “And because [of] the time I came along and graduated from high school and then went to college, I was not drafted.”

Giuliani-Appointed Judges Tend To Lean To The Left (POL)

By Ben Smith

The Politico, March 1, 2007

When Rudy Giuliani faces Republicans concerned about his support of gay rights and legal abortion, he reassures them that he is a conservative on the decisions that matter most.

"I would want judges who are strict constructionists because I am," he told South Carolina Republicans last month. "Those are the kinds of justices I would appoint -- Scalia, Alito and Roberts."

But most of Giuliani's judicial appointments during his eight years as mayor of New York were hardly in the model of Chief Justice John Roberts or Samuel Alito -- much less aggressive conservatives in the mold of Antonin Scalia.

A Politico review of the 75 judges Giuliani appointed to three of New York state's lower courts found that Democrats outnumbered Republicans by more than 8 to 1. One of his appointments was an officer of the International Association of Lesbian and Gay Judges. Another ruled that the state law banning liquor sales on Sundays was unconstitutional because it was insufficiently secular.

A third, an abortion-rights supporter, later made it to the federal bench in part because New York Sen. Charles E. Schumer, a liberal Democrat, said he liked her ideology.

Cumulatively, Giuilani's record was enough to win applause from people like Kelli Conlin, the head of NARAL Pro-Choice New York, the state's leading abortion-rights group. "They were decent, moderate people," she said.

"I don't think he was looking for someone who was particularly conservative," added Barry Kamins, a Democrat who chaired the panel of the Bar Association of the City of New York, which reviewed Giuliani's appointments. "He picked a variety from both sides of the spectrum. They were qualified, even-tempered, academically strong."

That is the kind of praise that will amount to damnation (not necessarily faint) among some of the people Giuliani will be trying to impress in Washington on Friday, when he addresses the Conservative Political Action Conference. The group is filled with social conservatives, for whom the effort to recast the ideological orientation of the federal judiciary has been a generation-long project. Giuliani already faced a high threshold of skepticism from many of these activists because of his comparatively liberal record on such hot-button issues as abortion rights, tolerance of gays and gun control.

Giuliani's judicial appointments continue to win good reviews in New York legal circles for being what conservatives sometimes say they want: competent lawyers selected with no regard to "litmus tests" on hot-button social issues. Many of these people were in the mode of Giuliani himself: tough-on-crime former prosecutors with reformist streaks and muted ideologies.

"He took it very seriously -- he spent a lot of time with these candidates," recalled Paul Curran, a Republican and former U.S. attorney who chaired Giuliani's Commission on Judicial Nominations. "He was looking for judges who were willing to enforce the laws."

The mayor of New York appoints judges to three of the state's lowest courts, the Criminal Court and Family Court, which deal with lower-grade crimes than the state's Supreme Court, the main trial court and the Civil Court, which deals in relatively small financial disputes.

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When Giuliani took office in 1994, he inherited a system of judicial appointments created by one of his predecessors, Ed Koch, and designed to insulate the courts from political influence. Under the system, the mayor appoints members of an independent panel. Aspiring judges apply to the panel, which recommends three candidates for each vacancy. The mayor chooses among the three.

Giuliani, a former U.S. attorney, and top aides who remain close to him, Dennison Young and Michael Hess, reviewed the applications.

Giuliani cast himself in New York not as a conservative (he had actually run on the Liberal Party line) but as a reformer. Though at least 50 of his 75 appointees were registered Democrats (only six were registered Republicans), Giuliani also won praise for, some say, appointing fewer judges with ties to local Democratic politics than his predecessors.

"It was not people coming out of the clubhouses, which is what I'd seen earlier," said Charles Moerdler, a member of the Commission on Judicial Nominations who had served other mayors in the same capacity. "I did not support Rudy (the first time he ran) because he was too conservative for me, so I was very alert to that, but I didn't see any litmus tests on his part," he said.

Giuliani's judges serve across New York's courts, where they're more likely to encounter misdemeanant celebrities -- Boy George and Naomi Campbell have appeared recently in front of his appointees -- than they are to tangle with the Establishment Clause. Some, like a Family Court judge who ruled that an unmarried couple couldn't adopt, would please national conservatives. But many of their occasional forays into jurisprudence would likely make Scalia wince.

Charles Posner, a Brooklyn judge appointed by Giuliani, made the kind of decision that keeps conservatives up nights when he was asked to levy a fine against a shopkeeper, Abdulsam Yafee, who had illegally sold beer at 3:30 a.m. on a Sunday. In an unusual, lengthy 2004 ruling, Posner found that "there is no secular reason why beer cannot be sold on Sunday morning as opposed to any other morning."

Noting that Sunday is only the Christian Sabbath, Posner continued, "Other than this entanglement with religion, there is no rational basis for mandating Sunday as a day of rest as opposed to any other day."

Giuliani was out of office at the time of the decision and, in any case, had no say over his appointees' rulings. His spokeswoman, Maria Comella, declined to comment on the difference between the judges he appointed and those he promises to appoint.

Another Giuliani appointee reached a socially conservative verdict by a means that might not please strict constructionists. Judge Michael Sonberg denied a motion by two Bronx strip-club owners to dismiss prostitution charges against them that were based on dancers' offering "lap dances" to an undercover officer.

Sonberg ruled that the changing "cultural and sexual practices" of the previous two decades permitted him to alter the definition of prostitution.

"Statutory construction cannot remain static while entrepreneurial creativity brings forth heretofore unimagined sexual 'diversions,' " he wrote in a ruling that would have pleased social conservatives while, perhaps, alarming strict constructionists and strippers alike.

More troubling to some of the social conservatives Giuliani is courting, however, would have been Sonberg's other affiliation: When he was appointed in 1995, he was already an officer of the International Association of Lesbian and Gay Judges, a professional group. After his appointment, he became the group's president.

Laboring in the state's lower courts, few of Giuliani's other appointees show signs of ideological leanings. Two, however, were appointed to federal district courts -- one of them, Richard Berman, by President Bill Clinton. The other, Dora Irizarry, was a Bush nominee considered so liberal that Schumer pushed her nomination through.

Irizarry, appointed by Giuliani to the Bronx Criminal Court in 1996, had disclosed that she considers herself "pro-choice" during her 2002 campaign for New York state attorney general. Her appointment to the federal bench was almost derailed when the American Bar Association ruled her "not qualified" on the grounds that as a state judge, she had been "gratuitously rude and abrasive" and "flew off the handle in a rage."

But to Schumer, who led the fight against Bush's appellate judges, Irizarry was a Republican he could live with.

"Temperament is not at the top of my list," Schumer explained at the time, when asked why he supported the former Giuliani appointee. "Ideology is key."

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McCain To Formally Announce Bid In April (AP)

By Marcus Franklin And Liz Sidoti

AP, March 1, 2007

Republican Sen. John McCain will officially enter the presidential race — his second run after a bitter loss to George W. Bush in 2000 — with a formal announcement in early April after a trip to Iraq.

The Arizona senator discussed the timing of the long-expected announcement with reporters at an awards reception Wednesday evening a few hours after taping an appearance on CBS' "Late Show With David Letterman."

McCain told Letterman: "The last time we were on this program, I'm sure you remember everything very clearly that we say, but you asked me if I would come back on this show if I was going to announce. ... I am announcing that I will be a candidate for president of the United States."

McCain said he would make a formal announcement in early April. He later told reporters that he would visit Iraq first and that his campaign would be about "whether I have the vision, experience and knowledge to lead the nation."

Former New York Gov. George Pataki introduced McCain to reporters before the Irish-American 10th Annual Awards reception Wednesday night. Asked about polls showing him trailing former New York Mayor Rudy Giuliani, McCain said: "We keep doing the best we can. We're very happy with the way things are going."

There had been no doubt that McCain would eventually become a full-fledged White House candidate, and he had been expected to make his candidacy official in the spring.

The 2006 midterm campaign had just ended when McCain took the first formal step toward a presidential run in November. He formed an exploratory committee and gave a speech casting himself as a "common-sense conservative" in the vein of Ronald Reagan who could lead the party back to dominance after a dreadful election season by returning to the GOP's core principles.

A political celebrity, McCain is considered a top contender for the nomination.

However, he faces strong challenges from Giuliani, who has widened his lead over McCain in popularity polls in recent weeks, and former Massachusetts Gov. Mitt Romney, who is little-known nationally but is drawing notice for his deft fundraising.

The other two have spent the past two months mostly campaigning while McCain largely has been tied to Capitol Hill in his role as the highest-ranking Republican on the Senate Armed Services Committee, which is focused largely on the unpopular Iraq war.

McCain, a former Navy pilot who was a prisoner of war in Vietnam, has emerged as the Senate's go-to guy on Iraq. He has become President Bush's most outspoken supporter of sending 21,500 additional U.S. troops to Iraq, a position that could endear him to GOP primary voters but anger much of the rest of the electorate.

A four-term senator, McCain unsuccessfully ran for president in 2000 against Bush and has been laying the groundwork for a second run for more than a year.

Since losing that race, McCain has alternately challenged and embraced the president, building an independent reputation as one who isn't afraid to speak his mind. At the same time, he's sought to mend fences with conservatives he alienated in his first presidential run.

Should he win this nomination and then the presidency, McCain, 70, would be the oldest president ever sworn into office for a first term. Only Reagan, who was 73 at the start of his second term, was older.

Asked by Letterman if he would consider being a vice presidential candidate, McCain repeated an answer he gave in 2004 when he was mentioned as a possible running mate: "You know, I spent all those years in a North Vietnamese prison camp, kept in the dark, fed scraps — why the heck would I want to do that all over again?"

Politicians often turn to late-night talk shows, watched by millions and popular with younger viewers, to try to display a sense of humor and otherwise broaden their appeal.

In 2003 actor Arnold Schwarzenegger used NBC's "Tonight Show With Jay Leno" as the forum to announce he would run for governor in California's recall election.

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John Edwards, then a little-known Democratic senator from North Carolina, previewed his 2004 presidential bid on Comedy Central's "The Daily Show With Jon Stewart" the night before his official announcement. Texas businessman Ross Perot launched his 1992 campaign for president on CNN's "Larry King Live."

McCain To Formally Announce Bid In April (CHIT)

By MARCUS FRANKLIN And LIZ SIDOTI

Chicago Tribune, March 1, 2007

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In discussing the war in Iraq with Letterman, McCain repeated his assertion that U.S. troops must remain in Iraq rather than withdrawing early even though the war has been mismanaged.

"Americans are very frustrated, and they have every right to be," McCain said. "We've wasted a lot of our most precious treasure, which is American lives."

In February, Democratic presidential candidate Barack Obama described the lives of troops in Iraq as having been "wasted" but then apologized a day later for making what he called "a slip of the tongue" that he said was not meant to diminish their sacrifice.

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Since losing that race, McCain has alternately challenged and embraced the president, building an independent reputation as one who isn't afraid to speak his mind. At the same time, he's sought to mend fences with conservatives he alienated in his first presidential run.

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Should he win this nomination and then the presidency, McCain, 70, would be the oldest president ever sworn into office for a first term. Only Reagan, who was 73 at the start of his second term, was older.

Asked by Letterman if he would consider being a vice presidential candidate, McCain repeated an answer he gave in 2004 when he was mentioned as a possible running mate: "You know, I spent all those years in a North Vietnamese prison camp, kept in the dark, fed scraps -- why the heck would I want to do that all over again?"

In Newly Usual Way, McCain Says He'll Run (NYT)

By Adam Nagourney

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Senator John McCain of Arizona took the platform of a late-night talk show Wednesday and said he would formally announce his campaign for the presidency in early April. His remarks erased entirely whatever doubt could have existed about his ambitions for the Republican nomination.

"The last time we were on this program — I'm sure you remember everything very clearly that we say — but you asked me if I would come back on this show if I was going to announce," Mr. McCain told David Letterman. "I am announcing that I will be a candidate for president of the United States."

"Oh," Mr. Letterman replied with what seemed at least a glimmer of surprise.

Mr. McCain is known as something of a free spirit, and his aides suggested that his remarks to Mr. Letterman were, if formal-sounding, extemporaneous rather than a result of careful planning by his campaign. Nonetheless, aides said, his appearance clearly fit into the campaign's effort to stir as much excitement and interest as possible in his plans — a point Mr. McCain himself made as he and Mr. Letterman bantered on.

"By the way, I'll be making a formal announcement in April," Mr. McCain said. By way of explanation, he added: "This is the announcement preceding the formal announcement. You know you drag this out as long as you can. You don't just have one rendition. You've got to do it over and over."

Acting a bit downcast, Mr. Letterman responded, "How do you think that makes me feel?"

The exchange was the latest example of how the customs of presidential campaigns are changing. Not all that long ago, an announcement was a defining moment in the evolution of candidates, in which they truly opened their campaigns. For 2008, on the other hand, candidates have been not only announcing but also preannouncing on Web sites and various television shows and in random interviews.

In truth, Mr. McCain has been running for the White House for nearly two years and, ever since forming a presidential exploratory committee in November, has repeatedly told interviewers that there are no circumstances he can foresee in which he would not run.

He has assembled a full campaign staff, and his organization has been churning out nearly daily pronouncements of the latest political figure to endorse him. In Iowa two weeks ago, he talked at three events about what he would do as president. And he is going to the West Coast this weekend to raise money.

Mr. McCain's aides said Wednesday that they would not disclose any details about the announcement tour until later, no doubt in anticipation of drawing yet another round of publicity. "Details on the formal announcement will be forthcoming," said Brian Jones, campaign spokesman.

McCain Says He'll Seek Presidency, Plans To Make It Official In April (WP)

By Dan Balz

The Washington Post, March 1, 2007

Sen. John McCain of Arizona declared last night that he will join the 2008 race for the White House and will formally announce his candidacy in April.

McCain used an appearance on CBS's "Late Show With David Letterman" to say what has been clear for many months, erasing whatever doubts may have existed that he intends to battle for the Republican nomination, which eluded him in 2000.

"I am announcing that I will be a candidate for president of the United States," the former Navy pilot and Vietnam War prisoner told Letterman.

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McCain's decision to use the program to declare his intentions followed a pattern increasingly common in this presidential contest, as candidates have used multi-step announcement schedules to garner maximum attention for their bids.

In this case, however, McCain, 70, may have additional motives for using the late-night comedian's show, as he tries to rekindle some of the spontaneity and unpredictability from his first campaign. He cast himself as an insurgent politician in 2000, but this time, weighed down by a supportive position on the Iraq war that is out of step with the public even as he methodically woos the GOP establishment, he has struggled to project the buoyant personality of his first effort.

McCain lost a bitter contest for the Republican nomination to George W. Bush in 2000. But he emerged as the early leader in the race for the 2008 GOP nod, in part because of his support for the president's leadership on the Iraq war but also because he has spent months courting Bush loyalists and the Republican establishment that had spurned him.

In recent months, however, his star has been eclipsed somewhat by that of former New York mayor Rudolph W. Giuliani, who now leads McCain in many national and some state polls testing the Republican field. A Washington Post-ABC News poll released Tuesday showed Giuliani leading McCain 44 percent to 21 percent. A month ago, Giuliani's advantage was much narrower, at 34 percent to 27 percent for McCain.

McCain advisers said the decision to declare that he will join the Republican race was not a direct result of concern that Giuliani has gained ground in the past two months but rather part of a long-planned strategy to make his intentions known around this time.

McCain is one of the leading congressional advocates for Bush's troop increase in Iraq, a position that has tied his presidential aspirations to progress in the conflict there. McCain has been highly critical of the administration's management of the war, describing what has taken place over the past few years as a "train wreck" and calling Donald H. Rumsfeld "one of the worst secretaries of defense in history."

In addition to McCain and Giuliani, former Massachusetts governor Mitt Romney is seen as a potentially strong candidate for the GOP nomination. The McCain and Romney camps have been circling each other for months, attempting to corral activists and major fundraisers both nationally and in states with early contests next year.

Other Republicans already in the race or contemplating running include former Arkansas governor Mike Huckabee, Sen. Sam Brownback of Kansas, Rep. Duncan Hunter of California, former Wisconsin governor Tommy G. Thompson, former Virginia governor James Gilmore and Rep. Tom Tancredo of Colorado.

Former House speaker Newt Gingrich (Ga.) may also join the race, although he appears likely to wait until at least late summer before deciding.

McCain was one of the first Republicans to establish a presidential exploratory committee, filing papers with the Federal Election Commission weeks after the GOP drubbing in the midterm elections last November. At that time, McCain also filed a statement of candidacy, in essence a declaration of his intentions to run.

He recently made his first trip to Iowa as a prospective candidate and made clear that he would run hard for the Republican nomination.

The 2000 race was hard-fought and highly negative. Bush entered as the dominant front-runner, while McCain, who had often parted company with the GOP, was seen as a dark horse.

McCain chose to skip the Iowa caucuses that year and concentrate on New Hampshire, where independents play a more significant role in the process. His maverick style and "Straight Talk Express" theme caught fire and he soundly defeated Bush in the nation's first primary.

That set up what turned into a nasty clash in South Carolina, where McCain was the subject of scurrilous attacks. His advisers blamed the Bush camp for the attacks, but Bush advisers said they were not responsible. Bush won the primary and McCain and his team emerged angry and bitter.

McCain would later find himself in conflict with religious conservatives after he delivered a speech sharply critical of the influence of Rev. Jerry Falwell and the Rev. Pat Robertson, among others, describing them as "agents of intolerance."

Those kinds of remarks have soured some conservatives on McCain as a potential party standard-bearer. Some doubt his commitment to social issues, despite a long record opposing abortion rights, and others believe he has not been a strong

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advocate for supply-side tax cuts, which have been at the heart of GOP economic philosophy since the administration of President Ronald Reagan.

Some Republicans who opposed McCain in the past have warmed to the prospect of his candidacy, in part because they see him as a potentially strong candidate. But those moves to court conservatives have cost some support among independent voters, and the issue of the war has further complicated McCain's ability to project himself as a nominee who could attract Democrats and left-leaning independents.

Ridge To Serve On McCain's '08 Bid Board (AP)

AP, March 1, 2007

Former Homeland Security Secretary Tom Ridge will serve as national co-chair of Republican John McCain's presidential exploratory committee, the campaign said Wednesday.

Ridge, a former two-term Pennsylvania governor, served as first head of the nation's newly created Department of Homeland Security from 2003 to 2005. He praised McCain's leadership in a statement announcing his support for the Arizona senator's bid for the White House:

"What sets John apart is his ability to form coalitions around a common, principled cause. Our country is at a crossroads and John McCain is the leader who fundamentally knows what it takes to move us forward and keep us safe," Ridge said.

McCain, who said Wednesday that he will formally enter the race for the 2008 GOP nomination in April, said that Ridge's "expertise as an innovative governor and national leader ... is invaluable and I'm grateful for his support."

McCain, once seen as the Republican front-runner, has been leading the GOP presidential field in endorsements, but increasingly lags behind former New York City Mayor Rudy Giuliani in polls of Republican voters.

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WASHINGTON (AP) — New York Gov. Eliot Spitzer broke bread with Sen. Hillary Rodham Clinton on Wednesday, but unlike other Democrats at the breakfast table, he's not ready to give her a morsel of an endorsement.

On a trip to the nation's capital, Spitzer met with the state delegation — including Clinton, his party's early front-runner in the 2008 presidential race — but when asked later about who he's supporting for president, he kept a professional distance.

"At this point it's premature to be even thinking about questions like that," Spitzer said in an interview with the Associated Press.

"I'm focused on the state and the budget," he said, adding that in his meetings with Clinton, "presidential politics didn't come up, because we have jobs to do."

The state's congressional delegation, including Sen. Charles Schumer, overwhelmingly lined up behind Clinton, even before she declared her candidacy.

And on the same day the Democratic governor said it was too early to think about it, his lieutenant governor, David Paterson, told Albany radio station WROW that his candidate was "Hillary Clinton. No question."

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LOS ANGELES (AP) — Former Massachusetts Gov. Mitt Romney wants to sign up supporters who can raise as much as $250,000 for his presidential campaign at a Los Angeles fundraiser in March.

The event, at the home of developer Rick Caruso on March 27, is being co-hosted by California venture capitalist Brad Freeman, a major fundraiser for President Bush, and money manager Robert A. Day.

An invitation for the "Los Angeles Kick Off" notes that the maximum individual donation for an election is $2,300, but supporters can be named co-chair and "national founder" by agreeing to raise $250,000 for the event.

A "national statesman" agrees to raise $100,000, and a "national patriot" raises $50,000.

The bigger price tags come with a later dinner at Freeman's home, along with photos with the candidate.

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Associated Press Writer Devlin Barrett in Washington contributed to this report.

Big Calif. Names On McCain's Campaign Finance Team (LAT)

By Dan Morain

DOJ_NMG_0138431

The Los Angeles Times, March 1, 2007

Sen. John McCain (R-Ariz.) unveiled a presidential campaign finance committee Wednesday dominated by Californians and New Yorkers, including some of the biggest donors to Gov. Arnold Schwarze-negger and President Bush.

McCain's 13 national finance committee co-chairmen include five Californians: Orange County billionaire Donald Bren; investor George Argyros; Univision Chairman A. Jerrold Perenchio; Cisco Systems Chief Executive John Chambers; and San Francisco venture capitalist J. Gary Shansby.

Altogether, McCain named 70 Californians, 68 of them men, to his finance team. They will be expected to raise $100,000 or more for the campaign.

"I'd be very disappointed if I didn't raise over $2 million," said Shansby, former chairman of Shaklee Corp., who helps runs an investment fund.

The California list includes executives in the entertainment, investment, banking, telecommunications, real estate, gambling and alcohol industries, and current and retired politicians.

Other co-chairmen include New York Stock Exchange Chairman John A. Thain; JP Morgan Vice Chairman James B. Lee; New Jersey banker Lawrence E. Bathgate; GOP fundraiser Lewis M. Eisenberg of New York; and former New Jersey Rep. James A. Courter, chairman of the telecommunications firm IDT Corp.

Though McCain hasn't officially announced his candidacy, he said in a taping of the "Late Show With David Letterman" on Wednesday that he was running and would "announce" it in April.

The release of his finance committee is aimed at showing other candidates the depth of his support and convincing donors that he is the front-runner.

Perenchio is one of at least eight Californians on McCain's list identified as a Bush "pioneer," meaning he raised in excess of $100,000 for the president's campaigns.

Perenchio is Schwarzenegger's largest single donor, at $4.8 million. McCain also tapped Schwarzenegger's lead fundraiser, Marty Wilson, as part of his California finance committee.

Argyros, Bush's first ambassador to Spain, has spent more than $960,000 on federal campaigns since 1997, including $200,000 to Bush's 2005 inaugural.

Chambers has given more than $1 million to federal campaigns since 1997, and his company has accounted for $1.6 million during the last four years.

Bren and his wife, Brigitte, have given $267,000 to federal campaigns since 2003. Bren's Irvine Co. has accounted for $250,000 to Schwarzenegger.

Shansby has been a relatively small federal donor in the last decade, giving $35,000, Federal Election Commission records show. But as managing director and chairman of TSG Consumer Partners, a San Francisco-based fund that invests in consumer products, he has the potential to raise significant sums.

McCain Rejects CPAC Invite (WT)

By Ralph Z. Hallow, The Washington Times

The Washington Times, March 1, 2007

Sen. John McCain is the only major Republican presidential candidate who will not address the nation's premier gathering of conservatives this year.

Sponsors of the Conservative Political Action Conference, which begins today in Washington and brings together thousands of conservative leaders and grass-roots activists, say the Arizona Republican has "dissed" organizers by attempting to schedule a private reception for attendees after rejecting invitations to speak at the event.

"It was a classical McCain move, dissing us by going behind our backs," said William J. Lauderback, executive vice president of the American Conservative Union.

Convening through Saturday at a sold-out Omni Shoreham Hotel, the 34th annual CPAC will feature personal appearances and nationally televised speeches by every Republican presidential hopeful except Mr. McCain, said David A. Keene, chairman of the ACU, which, along with Young America's Foundation and Human Events, is a principal sponsor of CPAC.

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Conservative activists have speculated that Mr. McCain did not want to be seen on television "pandering" to Republican "right-wingers" but wanted to court those same activists at a reception in the same hotel.

"He turned down repeated CPAC offers to speak but then tried to get around us by having his office call the hotel to rent a room for a reception for CPAC attendees -- without first seeking approval of CPAC organizers," said Mr. Lauderback.

By contrast, he said, other Republican presidential aspirants have called ACU to seek permission to hold receptions at the hotel during CPAC. Each of those candidates -- including Sen. Sam Brownback of Kansas, former Arkansas Gov. Mike Huckabee, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney -- "called us a long time ago to arrange for a hospitality reception he will give for CPAC attendees," Mr. Lauderback said.

"We would have still allowed McCain to do something at CPAC, but by the time his folks approached the hotel, everything was in concrete and there was no facility available for what he wanted," Mr. Keene said.

Former House Speaker Newt Gingrich, a possible contender who is considered his party's one-man think tank, and Vice President Dick Cheney, still a crowd favorite for the conservative faithful, will also address the conference.

When an attempt was made to ask why Mr. McCain declined to address CPAC, top campaign advisers John Weaver and Terry Nelson were said to be "unreachable."

But a spokesman for Mr. McCain -- who is running an average of 13 percentage points behind former New York Mayor Rudolph W. Giuliani in the latest national polls -- said the candidate's conservative credentials are well-known.

"The senator has run, been elected and served as a conservative and looks forward to talking about his conservative record throughout the course of this campaign," said Brian Jones, communications director for the McCain campaign.

CPAC has been considered a key event for conservative candidates since the Reagan era.

"Reagan attended every CPAC from the first one in 1974 -- when he gave his famous 'City Upon a Hill' speech -- until his last year in office in 1988," said Craig Shirley, a longtime Republican activist and Reagan historian. "The exceptions were 1976 and 1980, when he was campaigning in New Hampshire for the GOP nomination."

Mr. Shirley recalled that at "the very first CPAC, Reagan brought as his guest a young, severely wounded Navy pilot who had been a POW in Hanoi: John McCain III."

Organizers say they expect more than 5,000 people -- including busloads of college students from across the country -- at what is being billed as the largest CPAC ever. This year's conference features 36 panel discussions (twice the number as last year) in two ballrooms over three days, and more than 40 private receptions held by candidates and advocacy groups.

CPAC attendees "are the people who knock on doors for candidates they support and make up the core of the ground troops on whom any candidate has to rely," Mr. Keene said. "By simply dismissing them, as Senator McCain has done, he is telling them more about himself than perhaps he wants them to know."

Mr. McCain's conservative supporters, from Minnesota Gov. Tim Pawlenty to veteran conservative consultants such as Becky Donatelli, have told friends that they tried hard to get the senator to accept the invitation to speak at CPAC.

"It makes no sense," Mr. Lauderback said. "McCain alienates the left by calling for the repeal of the Roe v. Wade decision ... but he then alienates the right by dissing their organizations -- refusing to speak at the recent National Review conference, the House Republican Study Committee retreat and now CPAC."

Mr. Shirley said skipping CPAC is a mistake for any Republican candidate.

"Any GOP politician who doesn't understand this and the importance of this conference doesn't understand conservatism," he said.

Some candidates who originally hesitated about attending CPAC, including Mr. Giuliani, changed their minds. He is scheduled to be introduced by commentator George F. Will for a noon speech on Friday.

Nevertheless, Mr. Keene said he thought Mr. McCain would have been warmly welcomed at CPAC.

"Most conservatives disagree with his positions on a number of issues like campaign-finance reform, gun-show loopholes, taxes and global warming," said Mr. Keene. "But many like his stand on earmarks and his support of President Bush on Iraq and almost all respect the sacrifices he made for his country during the Vietnam era."

For GOP, A Void On The Right (WP)

DOJ_NMG_0138433

By Robert D. Novak

The Washington Post, March 1, 2007

New York-based political consultant Kieran Mahoney's survey of probable Republican participants in the 2008 Iowa presidential caucuses showed this support for the "big three" candidates: John McCain, 20.5 percent; Rudy Giuliani, 16.3 percent; Mitt Romney, 3.5 percent. Astonishingly, they all trailed James Gilmore, the former governor of Virginia, who had 31 percent.

How could that be? Because it was not a legitimate survey but a "push poll," normally a clandestine effort to rig the results by telling respondents negative things about some of the candidates. But Mahoney makes no secret that the voters he sampled were told of liberal deviations by McCain, Giuliani and Romney, as well as true-blue conservatism by Gilmore, who is Mahoney's client.

Mahoney is trying to prove a point widely accepted in Republican ranks. None of the three front-line candidates is a natural fit for the nation's right-of-center party. Without question, there is a void. The question is whether Gilmore or anyone else can fill it.

The most commonly mentioned potential void-filler is not Gilmore but Newt Gingrich. A straw poll by the right-wing organization Citizens United of its political contributors showed Gingrich leading with 31 percent (followed by Giuliani at 25 percent, Romney at 10 percent and McCain at 8 percent). But based on his actions as speaker of the House, Gingrich's conservative record is far from flawless.

Mahoney did not include Gingrich in his poll of Iowa Republicans likely to vote in next year's caucuses. His survey first showed McCain leading with 33 percent, followed by Giuliani at 31.5 percent and Romney at 8.8 percent (and the unknown Gilmore at 1.3 percent). Seventy percent of those polled described themselves as conservative, and 68 percent said they were pro-life; they also gave President Bush an astounding 76 percent favorable rating.

The poll-takers then "pushed" -- providing information about the front-runners that could alienate conservatives. McCain was said to have opposed tax cuts, favored "amnesty" for illegal immigrants and opposed a ban on same-sex marriage. Romney: "refused to ban" abortion in Massachusetts, committed to "full equality" for gays and lesbians, put health care in the hands of bureaucrats. Giuliani: supported Democratic Gov. Mario Cuomo's reelection in New York, is pro-gay rights and pro-choice, supports gun control.

That information dropped Giuliani by nine percentage points, to 22.3 percent, and Romney by five points, to 3.8 percent. McCain rose two points, to 35.3 percent. Gilmore remained at 1.3 percent.

Then the pushers described Gilmore as a tax-cutting, jobs-creating governor of Virginia, the head of a congressionally appointed commission on terrorism, a former chairman of the Republican National Committee and a National Rifle Association member who opposes gun control. With that buildup, Gilmore finished first, well ahead of the field.

That suggests at least the theoretical success of a campaign to knock down the conservative credentials of the big three and build up Gilmore's. "I have the best track record of any of the candidates," Gilmore told me, adding that McCain and Giuliani are "not conservative" while Romney was a "liberal governor of Massachusetts."

With Gilmore a latecomer to the presidential fundraising game, it is doubtful he could find sufficient money to tear down his opponents and build up himself nationally, or even in Iowa. But he will have plenty of help.

At the Conservative Political Action Conference (CPAC), which is attracting right-wingers from across the nation to Washington this weekend, Citizens United will distribute a 23-page attack on McCain. "He's no Ronald Reagan," it begins, and concludes: "John McCain is not a conservative." (McCain is the only announced Republican presidential hopeful not scheduled to speak at CPAC.) Simultaneously, McCain operatives are putting out material that depicts Giuliani riding into City Hall on the shoulders of the New York Liberal Party as a throwback to the old Tammany Hall Democratic machine.

It is hardly too late for such negative campaigning to bring down Republican front-runners because of inadequate conservative credentials. At this point in the 2000 election cycle, Bush was far in front with about 45 percent in the polls, with Elizabeth Dole second at 29 percent. McCain was at a mere 3 percent, behind Dan Quayle and Steve Forbes, before making the run that nearly won the nomination. The GOP race for 2008 may still be open, considering the conservative void.

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Obama Wants To Change Security Funding (WP/AP)

By Nedra Pickler

The Washington Post, March 1, 2007

WASHINGTON -- Democratic presidential candidate Barack Obama wants to change the government's formula for giving states money for homeland security, with the early voting states getting a little extra.

Obama wants states that have a bigger risk from the terrorist threat to get more of federal homeland security dollars _ also a recommendation from the commission that investigated the Sept. 11 attacks. That's an unpopular idea among lawmakers from smaller states who would lose funding on the switch.

Currently, each state gets at least a .75 percent share of the roughly $900 million in the state homeland security grant program. The Senate bill would lower that to .45 percent, and Obama, the Illinois senator, is offering an amendment that would cut it to .25 percent. His office said it expects the Senate to consider the measure next week.

A memo by Obama's staff says the senator wants to "ensure the funding is allocated based on the threats states face, not politics."

But states with big political influence need not worry that they will get short shrift from the candidate's amendment.

The biggest benefactors would be Obama's Illinois and other heavily populated states, including White House rival Hillary Rodham Clinton's New York, which would each get more than $1 million in extra funding under Obama's plan versus another Senate proposal. Clinton and other members of the New York congressional delegation have been trying to change the formula for years.

"Every state gets two votes in the Senate so we're facing the challenge of convincing people they should give up what they think is their rightful claim on some of this money to do what the 9/11 commission and everybody who has studied it has said, which is have the money follow the risk," Clinton said Wednesday.

But even though they have much smaller populations, the leadoff Democratic primary states of Iowa, New Hampshire, Nevada and South Carolina would not be harmed under Obama's plan. Iowa would get an additional $119,824; Nevada would get $86,222 more; and South Carolina would receive $175,027 extra.

Obama spokesman Ben LaBolt points out that Obama doesn't determine which states have higher risk and therefore would get more money. Those calculations are made by the Department of Homeland Security, which won't reveal its methods or say just what makes Iowa more vulnerable than, say, New Hampshire.

New Hampshire would have had a drop in funding if Obama's proposal was simply based on risk. But Obama has a provision to ensure that states with an international border would stay at the .45 percent minimum, and New Hampshire's 58-mile dividing line with Canada qualifies it to keep the same amount that it would get in the current Senate bill.

In all, 34 states would get more money under Obama's amendment. That comes largely at the expense of eight smaller population states and the District of Columbia, which would lose more than $1.8 million each under the formula.

Black Voters Help Obama Gain Ground On Clinton (CSM)

By Linda Feldmann

The Christian Science Monitor, March 1, 2007

WASHINGTON

Sen. Barack Obama's dramatic rise in support among African-Americans signals a shift in the race for the 2008 Democratic presidential nomination that is larger than just the black vote. Overall, Sen. Hillary Rodham Clinton is still on top, but her lead is shrinking. And polls show Senator Obama of Illinois has more room for growth than she does, because of her high negatives.

In short, if Senator Clinton of New York thought the primaries would result in her coronation as the Democratic nominee, she should think again.

"We have a real horserace," says John Zogby, an independent pollster whose latest data show that Obama leads Clinton among black Democratic voters 36 percent to 27 percent.

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A Washington Post/ABC News poll released Tuesday showed a similar trend: Obama leads Clinton among black Democratic voters 44 to 30. In both December and January, the Post/ABC poll had Clinton beating Obama among African-Americans 60 to 20. Overall, the latest Post/ABC poll shows Clinton beating Obama 36 to 24, down from a 41-17 split in January. The Post attributes the gains of Obama, who is black, to his rise in support among African-Americans.

Of course, it's early; the first caucuses and primaries are almost 11 months away. But Obama has the momentum and buzz, and is drawing phenomenal crowds. Last Friday, 20,000 people came to see him speak in Austin, Texas. Between 15,000 and 17,000 people showed up in frigid temperatures for his announcement speech Feb. 10 in Springfield, Ill.

Analysts say Obama's bounce in the polls is due in part to his formal announcement, which has led growing numbers of voters to tune in to who he is and what he is saying. But, says Mr. Zogby, Clinton is losing some of her luster for other reasons: First is her refusal to apologize for her vote in 2002 that gave President Bush a green light to launch the Iraq war. Democratic activists – those most likely to show up in primaries and caucuses – are more in sync with Obama, who has opposed the war from the beginning.

Second, Clinton faces questions about electability in the general election. Obama also faces such questions, but there is firmer opposition to her candidacy in the electorate than there is against Obama.

"Her third problem is that she has the misfortune of running against Jack and Bobby in one year," says Zogby, referring to President Kennedy and his brother Bobby, in a loose comparison to Obama and the third top contender in the Democratic race, former Sen. John Edwards of North Carolina. "They are not to be taken lightly at all. As we see, Barack in particular right now is cutting into a very solid Clinton constituency."

Indeed, the Clinton camp had been counting on holding onto the rock-solid support among African-Americans for Clinton's husband, former President Bill Clinton. Initially, some blacks had expressed reservations about supporting Obama, citing concerns about his own electability in a country with persistent racial issues.

But in dramatic fashion, some black Democrats are now changing their allegiance. In the primaries, the black vote is crucial: Nationwide, one-fourth of primary voters are black, and in some of the early primary states, that number rises much higher. The very first nominating states – Iowa and New Hampshire – have few minority voters, but in South Carolina, the second state to hold a primary, the Democratic electorate is 47 percent black. Many other states are considering holding their primaries early, and the African-American vote could be key in those as well.

"New York, Illinois, and New Jersey are all talking about moving up, and they all have significant black populations," says David Bositis, an expert on the black vote at the Joint Center for Political and Economic Studies in Washington.

Then there's the Edwards factor. Former Senator Edwards drew strong support in South Carolina when he ran for president four years ago, and could cause problems for Clinton and Obama in 2008. In this cycle, Edwards has carved out strong support in particular among union members and the working class.

"There's no doubt that Edwards is the wild card here," says Ron Lester, a black Democratic pollster not affiliated with any 2008 candidates.

In a way, Edwards could save Clinton from a head-to-head matchup against Obama. In a three-way nomination race, Clinton may well successfully divide and conquer the other two. But if it's head to head against Obama, Clinton may find that her advantage in political experience and organization is not enough. Already, Obama is tapping into the big Democratic money centers – Hollywood and New York – that Clinton may have assumed that she would rule. Obama is also beating Clinton with the youth vote – a constituency notorious for low turnout, but the Iraq war may keep turnout higher than usual this time.

The next faceoff between Clinton and Obama will come this Sunday, when both appear in Selma, Ala., for the annual bridge-crossing, a major civil-rights commemoration. For a while, the debate around Obama centered on whether he was "black enough," given his biracial heritage. Now, the Clinton camp faces its own "black question" – can the senator hold onto the support of the voters who showed unfailing devotion to her husband?

An Inconvenient Pool (WSJ)

Wall Street Journal, March 1, 2007

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There is an irresistible quality to the story about Al Gore's energy-hungry Tennessee home, replete with a heated poolhouse that burns more natural gas -- $500 a month worth -- than most of us can afford to use while heating houses that shelter people, as opposed to swimming lanes. Did you know that Mr. Gore's house uses more electricity in a month than the average household does in a year?

The climate-change activist and former vice president insists, through a spokesperson, that this is not as simple as it sounds. The Oscar winner has a clear conscience because he makes sure he pays a premium for electricity from "renewable" sources and claims that he purchases "carbon offsets" to make up for his rampant energy use.

To "do the carbon offset," as his spokesperson put it, is to fund projects elsewhere that may reduce the total carbon dioxide emitted into the atmosphere. So, one might burn up hundreds of dollars worth of natural gas to keep one's poolhouse toasty, but then do penance for this carbon sin by paying someone else to put up solar panels. Drew Johnson of the Tennessee Center for Policy Research, the think tank that broke the story, called these offsets a way of "buying his way out of his guilt."

We don't begrudge Mr. Gore his Tennessee spread or his pool, but his energetic energy use does underscore the complicated nature of modern economic life and the real costs of "doing something" about global warming. The pleasures of affluence take energy, whether they be relaxing in a hot tub after a long day of predicting the end of the Greenland ice sheet, or flying in a private jet to talk political strategy with Leo DiCaprio. You never know where you're going to leave your next carbon footprint.

Mr. Gore is rich and fortunate enough to be able to afford the "carbon offset" for his energy indulgences. The middle-class parents who need a gas-guzzling SUV to haul the kids to soccer practice might not be so lucky. They might even settle for an unheated pool.

Citing Abuses, Texas Governor Ousts Leader Of Youth Agency (NYT)

By Ralph Blumenthal

The New York Times, March 1, 2007

AUSTIN, Tex., Feb. 28 — Gov. Rick Perry removed the chairman of the Texas Youth Commission on Wednesday over charges that the agency covered up the sexual abuse of incarcerated juveniles.

Mr. Perry also called for the ouster of the acting executive director, the appointment of an independent inspector general and a shake-up throughout the commission, which runs 13 schools housing 3,000 felons under age 21.

“Leadership starts at the top,” a spokesman for Mr. Perry, Ted Royer, said. “And the governor believes the very top leadership has failed.”

Late Wednesday, the State Senate voted unanimously to demand that the governor appoint a conservator to take over the commission temporarily.

On Tuesday, the Senate Criminal Justice Committee disclosed details of long-secret investigations by the commission and the Texas Rangers showing that two supervisors at the West Texas State School in remote Pyote routinely roused boys from their beds for sexual encounters that were reported but went unpunished by the school superintendent, who now has a top leadership position at the commission. The supervisors were allowed to resign without facing criminal charges, but are now under investigation.

The dismissed chairman, Pete C. Alfaro, is a former mayor of Baytown who was first named to the commission in 1995 by Gov. George W. Bush and was appointed chairman by Mr. Perry in 2004. Mr. Alfaro did not respond to messages seeking comment. His latest five-year term expires in August.

Hours after the governor’s spokesman said that Mr. Alfaro had been told by phone that he was being replaced by his vice chairman, Donald R. Bethel, a spokesman for the Texas Youth Commission, Tim Savoy, said the agency had received no notice of the action. The board has a meeting scheduled for Tuesday.

Mr. Perry, a Republican, also called on the board to replace the acting executive director, Neil Nichols, who is the general counsel and a 33-year veteran of the agency. Mr. Nichols took over last Friday upon the sudden retirement of the executive director, Dwight Harris, who started as a caseworker in 1981.

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The governor said Ed Owens, deputy executive director of the Texas Department of Criminal Justice, had agreed to serve as the commission's acting executive director.

Though the governor makes appointments to the seven-member board, he has the power by himself only to remove the chairman, legal experts said. He can fire members upon a finding of gross fiscal mismanagement by a legislative audit committee made up of the lieutenant governor, who is the president of the Senate; the House speaker; and two other members from each chamber.

Lt. Gov. David Dewhurst on Wednesday demanded sweeping changes in the commission.

Senator John Whitmire, a Houston Democrat and chairman of the Criminal Justice Committee, said Wednesday that he had "no confidence in the board" but that Mr. Perry was not yet ready to seek its ouster.

The Myth Of The Middle (WP)

By Alan Abramowitz And Bill Bishop

The Washington Post, March 1, 2007

The story of 2006 was that regular Americans were sick of partisan divisions in Washington. The vast and consensus-hungry middle asserted itself in November, the narrative went, finally ordering the parties and their childish politicians to stop fighting and to work together.

After the vote, bipartisanship was all the buzz, and moderation the wave of the future. But something happened on the way to the evening campfire and s'mores. House Republicans started complaining about Democrats riding roughshod into the majority, refusing to consider their amendments to legislation. President Bush announced that he wasn't going to let the opposition of congressional Democrats stop him from sending 21,500 more U.S. troops to Iraq. Meanwhile, Democratic leaders trashed most of Bush's domestic policy proposals as soon as they were announced in his State of the Union address.

One explanation for all this is that politicians are acting against the will of their compromise-loving constituents. Another is that Republicans and Democrats are simply being good representatives. We think the evidence supports the second interpretation.

The Cooperative Congressional Election Study (CCES) surveyed more than 24,000 Americans who voted in 2006. The Internet-based survey compiled by researchers at 30 universities produced a sample that almost perfectly matched the national House election results: 54 percent of the respondents reported voting for a Democrat, while 46 percent said they voted for a Republican. The demographic characteristics of the voters surveyed also closely matched those in the 2006 national exit poll. If anything, the CCES respondents claimed they were more "independent" than those in the exit poll.

The CCES survey asked about 14 national issues: the war in Iraq (the invasion and the troops), abortion (and partial birth abortion), stem cell research, global warming, health insurance, immigration, the minimum wage, liberalism and conservatism, same-sex marriage, privatizing Social Security, affirmative action, and capital gains taxes. Not surprisingly, some of the largest differences between Democrats and Republicans were over the Iraq war. Fully 85 percent of those who voted for Democratic House candidates felt that it had been a mistake to invade Iraq, compared with only 18 percent of voters who cast ballots for Republicans.

But the divisions between the parties weren't limited to Iraq. They extended to every issue in the survey. For example, 69 percent of Democratic voters chose the most strongly pro-choice position on the issue of abortion, compared with 20 percent of Republican voters; only 16 percent of Democratic voters supported a constitutional amendment to ban same-sex marriage, while 80 percent of Republican voters did; and 91 percent of Democratic voters favored governmental action to reduce global warming, compared with 27 percent of Republican voters.

When we combined voters' answers to the 14 issue questions to form a liberal-conservative scale (answers were divided into five equivalent categories based on overall liberalism vs. conservatism), 86 percent of Democratic voters were on the liberal side of the scale while 80 percent of Republican voters were on the conservative side. Only 10 percent of all voters were in the center. The visual representation of the nation's voters isn't a nicely shaped bell, with most voters in the moderate middle. It's a sharp V.

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The evidence from this survey isn't surprising; nor are the findings new. For the past three decades, the major parties and the electorate have grown more divided -- in what they think, where they live and how they vote. It may be comforting to believe our problems could be solved if only those vile politicians in Washington would learn to get along. The source of the country's division, however, is nestled much closer to home.

Alan Abramowitz is a political science professor at Emory University. Bill Bishop is a journalist in Austin who is writing a book on political segregation.

Schwarzenegger's 'Post-Partisanship' Is Model For D.C. (RC)

By Morton M. Kondracke

Roll Call, March 1, 2007

SACRAMENTO, Calif. — It used to be said that every American social, political and fashion trend started in California. Let's hope that's true again with Gov. Arnold Schwarzenegger's concept of "post-partisanship."

The idea doesn't have to sweep the nation like Hula-Hoops or counter-culturalism. It just has to take hold in Washington, D.C.

As Schwarzenegger declared in his second inaugural address on Jan. 5, "we have the opportunity to move past partisanship, past bi-partisanship to post-partisanship.

"Post-partisanship is not simply Republicans and Democrats each bringing their proposals to the table and working out differences.

"[It] is Republicans and Democrats actively giving birth to new ideas together. I believe it would promote a new centrism and a new trust in our political system," he said.

Having stopped calling Democratic legislators "girlie men" and having dramatically turned around his political fortunes after an epic ballot-initiative defeat in 2005, Schwarzenegger was triumphantly re-elected in 2006 with nearly 60 percent of the vote.

In this bright-blue state, he carried 93 percent of the Republican vote, 22 percent of the Democratic and 59 percent of the independent vote against liberal former state Treasurer Phil Angelides.

Now, Schwarzenegger is in the process of trying to put post-partisanship to work to achieve environmental cleanup, road and prison construction — and, most creatively, a mandatory health insurance plan to cover all Californians, including illegal immigrants.

The effort and the concept behind it — shared responsibility on the part of individuals, employers, health providers and government — is one that could achieve a consensus here.

But beyond that, whether it's called post-partisanship or just old-fashioned bipartisanship, what Schwarzenegger is selling philosophically is what every poll indicates the public wants — an end to partisan combat and attention to problem solving.

In fact, there is evidence that some people in Washington have caught the mood. Last week, 10 Senators — five of each party, including some pretty conservative Republicans — called on President Bush to begin working on health care reform that would "ensure that all Americans have affordable, quality private health coverage."

The organizer of the letter was Sen. Ron Wyden (D-Ore.), author of another mandatory insurance plan that is actually more radical than Schwarzenegger's.

Wyden proposes to detach health coverage from private employment and make individuals responsible for buying their own insurance, with tax breaks from the government and subsidies for low-income persons.

Bush administration officials say they are encouraged by some aspects of the plan — especially tax reform similarities to Bush's own proposal — and they were impressed by the 10 Senators' letter, especially participation by conservative Republicans Jim DeMint (S.C.), Bob Bennett (Utah), Trent Lott (Miss.), Mike Crapo (Idaho) and John Thune (S.D.).

However, Wyden told me in an interview that the administration is balking at the idea of universal coverage. He cited a Bush speech last week in Tennessee, in which the president said "We need to make sure that ... quality care is given to as many Americans as possible."

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"That will not be acceptable to Senate Democrats," Wyden said. "You've got to be for covering everybody because if you don't cover everybody, you will constantly have cost-shifting," whereby providers charge those who have insurance to cover the costs of treating those who don't.

Wyden's demand that Bush publicly support universal coverage is akin to some of his colleagues' requirement that he agree to consider raising taxes as a prelude to negotiations about America's long-term fiscal woes. Everybody's got a precondition for talks, so there are no talks.

On Monday, Schwarzenegger appeared at the National Press Club to scold Washington politicians for failing to follow his example.

He confessed that "in 2003, I contributed to the polarization. I tried to push through some initiatives the wrong way — us-versus-them. I'm not a person to get all introspective about my failures, but I do know when something doesn't work. Dividing people does not work."

"Division," he said, "is what Washington has come to represent." After an initial flurry of bipartisan talk after the 2006 elections, he said, "It doesn't look as though anything has changed here in Washington."

"All this energy spent on bitterness, all this effort spent on maneuvering — imagine if that same energy were put into working together to build a consensus. The wings of each party say, 'but we have our principles!' Why is being principled reserved for extremists?

"The left and right don't have a monopoly on conscience. We should not let them get away with that. You can be centrist and be principled. ... What is more principled than giving up some part of your position to advance the greater good of the people?"

Schwarzenegger advised Bush to adapt a version of his cigar-smoking tent here — a venue for post-partisan negotiation.

It's sad that the Constitution prevents the Austrian-born Schwarzenegger from running for president. But we'd all be better off if politicians in Washington would follow his lead. And, as the California election returns last year indicate, so would they.

HUD Study Of Homeless Quantifies The Problem (WP)

By Bill Brubaker

The Washington Post, March 1, 2007

An estimated 754,000 people -- most of them minorities -- are homeless on any given night in the United States, according to a government survey presented to Congress yesterday.

The Department of Housing and Urban Development based its estimate on the number of people who lived in shelters and on the streets on a single night in January 2005.

The report made it clear there are more homeless people in the nation than beds in shelters and transitional housing.

In early 2005, there were 438,300 beds in such sites, the report said. However, HUD said there are an additional 209,000 beds in permanent houses for formerly homeless people.

HUD Secretary Alphonso Jackson trumpeted the study -- the first of its kind by the agency -- as a "huge leap forward in our understanding of not only how many people are homeless but also what their needs are."

Jackson called this report"a powerful tool to help all of us at the federal, state and local level design more effective responses to homelessness and better help those who are living in shelters and on our streets."

Michael Stoops, acting director of the National Coalition for the Homeless, criticized the government for "spending more time on counting homeless people than finding housing for them."

"But we hope these figures will make Americans aware we are not doing as much as we can for homeless people," Stoops said in an interview.

The HUD survey of 80 areas also reported that 704,000 people used emergency shelters or transitional housing between February and April 2005.

About 65 percent of these people were men, and 19 percent were military veterans. Fifty-nine percent of those surveyed were racial minorities; 45 percent were black. A third of the people who sought shelter during that three-month period had families with children, and a quarter had a disabilities.

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Bush's Ex-Campaign Manager To Give Firms Political Advice (WSJ)

By John Harwood And Brody Mullins

The Wall Street Journal, March 1, 2007

WASHINGTON -- President Bush's 2004 campaign manager has a new client, and it isn't one of the 2008 White House hopefuls courting the Republican Right.

Ken Mehlman, most recently chairman of the Republican National Committee, is setting out to advise U.S. businesses on coping with political winds shifting against his party. And the challenges he sees looming are hardly touchstones of the Bush political agenda.

"We are moving toward universal access to health care," Mr. Mehlman says. To respond to climate change, he adds, there will be "increased scrutiny of the emission of carbon." And powerful corporations -- as Wal-Mart Stores Inc. has discovered in recent years -- face the threat of Web-based public relations warfare from opponents who need relatively few resources to have an impact.

The bottom line, he says: "The 212 miles between New York and Washington is shorter than it's ever been."

Moving to the Washington law firm of Akin Gump Strauss Hauer & Feld LLP, Mr. Mehlman becomes the latest political figure to enter a niche in the capital's influence business. Instead of traditional lobbying centered on relationships with officeholders, many former officials pursue careers counseling business about political trends and helping them meet challenges with quasipolitical campaigns that blend strategic advice, public relations and mobilization of targeted constituencies.

A Harvard-trained lawyer who practiced at Akin Gump previously, Mr. Mehlman plans to provide "political intelligence" to hedge funds trying to gauge developments in their investment strategies. In private equity, he cites as a model the decision by buyout firms to pledge cancellation of some pending coal-fired power plants to win environmentalists' support for their purchase of TXU Corp. in Texas.

"What you want are people who are creative at building coalitions...in a bipartisan way at the nexus of business and politics," he says.

In 2004, Mr. Mehlman earned plaudits for mobilizing fellow Republicans with sophisticated "microtargeting." But even some allies lament Bush-era failures to deliver on the president's 2000 pledge to be "a uniter, not a divider."

One of the city's largest law-and-lobbying firms, Akin Gump boasts such prominent Democrats as Robert Strauss, the firm's co-founder and later chairman of the Democratic National Committee, and Vernon Jordan, a close adviser to President Clinton. After Republicans won control of Congress in 1994, Akin Gump diversified by adding prominent Republicans.

Mr. Mehlman has a longstanding relationship with his Harvard Law classmate Sen. Barack Obama (D., Ill.). Having left the Republicans' employ, he embraces a change in what many see as Washington's Bush-era culture of ferocity.

"How do we get back to the time when you argued during the day and had a beer after work?" Mr. Mehlman says. "That's something I look forward to -- particularly if someone else is paying."

Iran To Join Iraq Talks In Highest Contact With U.S. In 2 Years (NYT)

By Richard A. Oppel Jr.

The New York Times, March 1, 2007

BAGHDAD, Feb. 28 — The top Iranian national security official, Ali Larijani, indicated Wednesday that Iranian officials would take part in a regional security conference on Iraq, setting the stage for the highest-level contact between American and Iranian officials in more than two years.

A day after the Bush administration said it had agreed to such talks, Prime Minister Nuri Kamal al-Maliki of Iraq announced Wednesday that the first stage of the conference would be held March 10 in Baghdad, the capital. The agenda will be how to rescue Iraq from a civil war that claimed about two dozen more lives on Wednesday, and that is likely to require the American military to maintain a greatly enlarged force in Baghdad until at least fall, a top United States commander said.

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In the deadliest attack on Wednesday, a car bomb exploded in a marketplace in the Bayaa district of Baghdad, killing 10 people and wounding 27 others, officials from the Interior Ministry and Yarmouk Hospital said. In central Baghdad, two Iraqi policemen died when a suicide bomber struck the entrance to the Bab al-Sheik police station.

Also on Wednesday the American military command said a soldier was killed by small-arms fire in an unspecified western district of Baghdad on Tuesday while on patrol with the Iraqi national police.

North of the capital in Diyala Province, where Sunni Arab insurgents and foreign fighters have been waging a deadly struggle for control against Shiite militias and death squads, two brothers of a prominent Sunni Arab member of the Iraqi national Parliament, Dr. Salim Abdullah, were shot to death on Wednesday, security officials there said.

Also on Wednesday, mortar attacks killed at least six people and wounded 14 in Shurta, a neighborhood in western Baghdad, an Interior Ministry official said. Other mortar barrages have killed at least four people in the past two days near Iskandariya, a town south of Baghdad, the local police said.

In Salahuddin Province north of Baghdad, two Iraqi policemen were killed in a drive-by shooting near Baiji. Farther north, in Mosul, a police colonel and his driver were shot dead in their car.

Two weeks have passed since American forces began large-scale operations as part of the Baghdad security plan. Iraqi officials have called the plan a success, but American commanders are much more measured. Some American officers have said they believe many death squad and militia leaders fled the capital to avoid stepped up American patrols and will return once the Baghdad security plan is completed.

The plan, which calls for 17,000 additional troops in Baghdad, will continue until at least this fall, the second-ranking commander in Iraq, Lt. Gen. Raymond T. Odierno, told CNN on Wednesday.

“I don’t want to put an exact time on it, but a minimum of six to nine months,” General Odierno said. He also said that Sunni militants were responsible for about 70 percent of the attacks on American troops.

The willingness of American officials to attend the March 10 security conference with Syrian and Iranian officials has been widely seen as reflecting a decision by the Bush administration to yield to critics who have argued that it should no longer avoid high-level contacts with Tehran.

Mr. Larijani, in a statement translated into English on the official Iranian news agency Web site, said that the Iranian foreign minister, Manouchehr Mottaki, had received a formal invitation from his Iraqi counterpart, Hoshyar Zebari.

“We will participate in the conference of Iraqi neighboring states in Baghdad in March, if it will be of help to Baghdad,” Mr. Larijani said. “We will carry out everything necessary to advance Iraqi interests. Iraqi leaders have a great potential for administering the country’s affairs.”

Iraqi officials have also said that Syria has agreed to attend.

Iran Agrees To Take Part In Iraq Security Conference (FT)

By Guy Dinmore And Gareth Smyth

Financial Times, March 1, 2007

Iran's top security official, Ali Larijani, indicated yesterday that Tehran would take part in a Baghdad conference this month on Iraq's future, but the White House insisted that the meeting would not be an occasion for bilateral talks between the US and Iran.

Iraq's prime minister, Nouri al-Maliki, has invited all Iraq's neighbours as well as Egypt, the five permanent members of the UN Security Council, the Arab League and the Organisation of the Islamic Conference. Iraqi television reported last night that the conference would take place on March 10.

"We hope the meeting will bring political backing for the national unity government in providing security and stability that will help national reconciliation in Iraq," his office said.

Condoleezza Rice, secretary of state, said on Tuesday the conference, to be attended by ambassadors and senior officials, was to be followed by a meeting at foreign minister level in April, outside Iraq.

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The State Department spokesman Sean McCormack raised the possibility that Ms Rice would meet directly with Manouchehr Mottaki, her Iranian counterpart, but not to discuss the nuclear issue. However just hours later Tony Snow, the White House spokesman, ruled out any bilateral talks between the US and Iran and the US and Syria.

While the State Department was signalling a possible shift in policy, the White House was eager to insist that US policy had not changed and that the conditions for talks with Iran had not changed - the suspension of its nuclear fuel development programme.

This week the US is drafting a second UN Security Council resolution that would tighten sanctions on Iran over its nuclear programme.

Iran has rejected accusations by the US that it is arming and equipping Shia militia in Iraq and providing explosives used against US forces. In an interview in January, Ms Rice did not rule out the option of meetings over Iraq in an international context but fretted that Iran would raise the nuclear issue and Syria that of Lebanon.

"Of course the only reason to talk to us would be to extract a price. And that's not diplomacy, that's extortion," she told Der Spiegel in Berlin.

Iran and the US last held a high-level bilateral meeting in Geneva in May 2003. Egypt tried to move the process forward at a conference on Iraq in November 2004 by seating Colin Powell, the secretary of state, next to Iran's Kamal Kharrazi. But neither had the green light from their capitals and little more than polite small talk came out of it.

The Maliki government is anxious that Iraq is not turned into a proxy battleground for a US-Iranian conflict.

Mr Larijani said Tehran's participation in the Baghdad conference would be designed to help the Iraqi government.

"We will carry out everything necessary to advance Iraqi interests. Iraqi leaders have a great potential for administering the country's affairs," he told reporters.

Asked if Tehran ran any risks in meeting the Americans, Mr Larijani replied: "One should not commit suicide because one is afraid of death."

Diplomats in Washington said widely held concerns that the US and Iran were stumbling towards conflict, whether over Iraq or the nuclear dispute, had driven the Bush administration to try to calm the situation.

Cliff Kupchan, analyst with the Eurasia Group consultancy, said it was possible the meetings would lead to broader discussions, including the nuclear issue.

Iraq Neighbors Agree To Security Summit (AP)

By Qassim Abdul-Zahra And Edith M. Lederer

AP, March 1, 2007

Iraq's neighbors including Iran and Syria have agreed to join U.S. and British representatives to discuss the Iraqi security crisis at a regional conference March 10 in Baghdad, the government said Wednesday.

Iraqi Foreign Minister Hoshyar Zebari said he will be issuing formal invitations shortly to the neighboring countries and the five permanent U.N. Security Council members — the U.S., Britain, France, Russia and China — to send deputy foreign ministers or senior officials to the conference.

Zebari, in a telephone interview with The Associated Press from Sweden, said the Iranians agreed to participate in a meeting with the other neighbors but "they have some questions" about a separate session that would be held the same day with the five permanent council members.

His words seemed to indicate that Iran was at least partly unhappy with the arrangements for the conference, and weighing the extent of its own participation.

Iran has had little public comment on the conference so far. But in the past, Iranian leaders have been vocal in accusing the United States of trying to use the U.N. as a way to "gang up" on it, and the presence of the key Security Council countries at the Iraq conference might give Iran pause.

For their part, Sunni Arab countries like Egypt still hold grave concerns about the direction taken by Iraq's Shiite-led government, raising concerns the conference will make little headway on key issues like security.

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Iraq's relations with its Arab neighbors have been rocky because of fears that the Shiite-led government is falling under Iran's influence. Originally, the Iraqi government had been reluctant to endorse the regional conference, fearing pressure from Sunni-dominated regimes, but it dropped those objections last year so long as the gathering was held on Iraqi soil.

Two Arab diplomats in Cairo said Wednesday that the U.S. recently increased pressure on some Arab governments to press them to attend the conference, after they initially had turned down invitations from the Iraqi government. They spoke on condition of anonymity because of the issue's sensitivity.

The March conference got a big boost Tuesday when Washington said it would attend, leading to the possibility it could discuss Iraq's security with adversaries Syria and Iran.

The Bush administration had waited to embrace the idea until Iraq made progress on a deal governing national distribution of oil revenue. The difficulty in getting such a deal is symbolic of Iraq's regional, factional and political divisions, and the deal was seen by the United States as a key marker of the government's will to work across divides.

"They thought the timing was right for them to hold the conference, and so we encouraged them to move forward with it," State Department spokesman Sean McCormack said Wednesday.

U.N. Secretary-General Ban Ki-moon is sending the U.N. envoy in Iraq, Ashraf Qazi, to attend the conference as an observer, U.N. spokeswoman Michele Montas said.

"The secretary-general hopes that the participants in the preparatory meeting will focus on urgently needed steps to reduce violence in Iraq and help stabilize the situation in the region," Montas said.

Iraqi Deputy Foreign Minister Labid Abawi said the United States, Britain, China, Saudi Arabia and Iran said they will attend.

"The conference will be important. It will prove that Iraq is politically capable of holding such a conference. It will send a message to the world," said Prime Minister Nouri al-Maliki's adviser, Sami al-Askari.

Syria and Egypt confirmed separately they would attend, but there was no immediate comment from Jordan or Saudi Arabia. Bahrain, Turkey and Kuwait were also invited, along with the Arab League and the Organization of the Islamic Conference.

Arab countries had been reluctant to accept an invitation previously, because of Iraqi security issues as well as their hesitancy to be seen as supporting the Baghdad government by attending the gathering there, Arab diplomats said.

Iraq and its neighbors have held nine meetings, Zebari said. At the last meeting, in Tehran in July 2006, Zebari said "I demanded that the next meeting should be in Iraq. ... I told them we are capable, we are confident, we can ensure your security."

Asked about Iran's participation in the conference, a spokesman for Iran's U.N. Mission sidestepped the question:

"We believe if the United States really wants to reach a solution there is hope that they can achieve that," the spokesman said on condition of anonymity because he was not authorized to speak publicly.

Ali Larijani, the head of Iran's Supreme National Security Council, said it was important to involve Iraq's neighbors.

"We believe Iraq's security is related to all its neighboring countries, and they have to help settle the situation," Larijani said.

But Mustafa Alani, an expert in Iraqi affairs at the Gulf Research Center in Dubai, said while the conference will officially focus on Iraq's security, neighboring Sunni Arab countries and the U.S. will use it to convey their disquiet at Iranian influence.

Each side has accused another of being responsible for the spiraling violence in Iraq. The U.S. claims Iran is sending weapons and money to Shiite extremists in Iraq. Iraqi officials, meanwhile, have complained that Syria harbors former Saddam Hussein loyalists and allows weapons and foreign fighters to slip into the country, while Sunni countries believe the fault lies with Iraq's Shiite-led government.

America's New Path On Iraq: Talk To Iran (CSM)

By Dan Murphy

The Christian Science Monitor, March 1, 2007

BOSTON

The United States has agreed to do what it once insisted it wouldn't do: Talk directly to Iran about Iraq, without preconditions.

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After an initial meeting in two weeks, Secretary of State Condoleezza Rice plans to sit down in April with the foreign ministers of some 20 countries, including two that the US considers key troublemakers in the region: Iran and Syria.

Though the meeting will be confined to the goal of stabilizing Iraq – not the dispute over Iran's nuclear program – the Bush administration's decision to participate indicates that the days of working from an "our-way-or-the-highway" stance may be over.

Still, the sprawling nature of the regional talks means that understanding what key players want will be crucial to meaningful progress. The key players and their likely goals:

United States

In recent months, US officials have tried to convince the world that Iran is providing explosives and training to militias in Iraq that are attacking US forces. The US also alleges that Syria is failing to prevent Sunni Arab jihadis from crossing its border into Iraq. But most analysts are skeptical that either country plays a crucial role in Iraq's ongoing civil war.

The two countries have also roundly denied the charges, which could set the stage for explosive exchanges across the negotiating table.

Holding the conference reflects an effort to build the Iraqi government's legitimacy in the region. "This initiative is about normalizing the new Iraqi government's relations with the rest of the world," says Patrick Clawson, deputy director of the Washington Institute for Near East Policy. "It's part of a process of the government taking on more authority, and part of that is developing better relations with its neighbors."

To be sure, Ms. Rice's announcement does not necessarily mean the administration has wholeheartedly jumped on the "talking with the enemy" bandwagon.

"The administration is still skeptical, but they were not going to be the skunk at the garden party and say we are not going at all," says Jon Alterman, a Middle East expert at the Center for Strategic and International Studies in Washington.

Noting that Iraq's neighbors all have an interest in Iraq's stability, Geoffrey Kemp of the Nixon Center in Washington says that the open-to-all talks make sense. The US may be interested in addressing what it sees as Iranian interference, he says, but the Iranians are worried about Iraq-originating Kurdish interference in its territory, while Turkey also is concerned about Kurdish elements.

Mr. Clawson says that such a broad conference is unlikely to be the venue for negotiating specific issues like the flow of Iranian pilgrims or smuggling across the Iranian border. It's more likely that the process will serve to encourage more international assistance for Iraq.

Iran

Iraqi officials say the Iranians have confirmed they will participate, but Ali Larijani, the head of Iran's national security council, said Wednesday that the country would attend if it was "expedient." Analysts say that Iran won't miss the chance to sit down with the US. It remains angry at US allegations that it's running a secret nuclear-weapons program, but America's apparent belief that Iran can help fix the problems of its neighbor opens up the slight possibility of a quid pro quo – less pressure on nukes in exchange for more help on Iraq.

Iran has been making overtures for more bilateral diplomacy for years, but has been consistently rebuffed by the US, which has demanded that Iran meet preconditions like suspending its uranium enrichment program first. The Iranians will see this as a golden opportunity to get the ball rolling to a more normal relationship, analysts say.

"The Iranians have been signaling they want to do this forever," says Bill Beeman, a professor at the University of Minnesota whose recent book, "The Great Satan vs. the Mad Mullahs," explores the two country's tempestuous relationship. "The thing that the Iranians will value above all about this is that they're sitting down in a situation with the US in which the parties are equals," he says. "They get to sit together on an equal playing field without having to kowtow to the US. In the past, "the US has insisted the Iranians somehow have to do penance before the US will talk to them," Beeman says.

Iran will also be seeking to make it clear that its shared interests with Iraq over both oil and the flow of Shiite pilgrims across the border make close relations crucial and inevitable, and that efforts to isolate the two countries could backfire.

Britain

Britain's interests and perspectives on Iraq are roughly aligned with America's, but it has been much more open to diplomacy with Iraq's neighbors in recent years.

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Britain has argued that as neighbors, Iran and Syria can be part of the solution rather than part of the problem. When the Iraq Study Group – a US government panel that issued a report urging a change in the Bush administration's course earlier this year – recommended that the two countries be drawn into dialog, Britain welcomed its report. At the time, the Bush administration rejected that advice.

Still, Downing Street is skeptical about how constructive the talks with Tehran and Damascus will prove. "Meeting is good but results have to flow from meetings," says a British foreign office spokesman.

Syria

Like Iran, Syria will see the meeting as a chance to get a "foot in the door" with the US which has cold-shouldered Damascus for the past two years. Despite Washington's icy relations with Damascus, the Syria regime of President Bashar al-Assad has repeatedly said it wants to resume full dialog with the US and that it's willing to revive peace talks with Israel.

Analysts say Syria will seek to use the meeting to advance its interests outside of Iraq. "Probably the immediate priority is Lebanon, followed by the Palestinian and Israeli issue," says Andrew Tabler, a Damascus-based fellow with the Institute of Current World Affairs.

A United Nations probe into the killing of former Lebanese premier Rafik Hariri has implicated Syria. Damascus denies any involvement. The US has backed demands that those involved with the killing be prosecuted, even if they're found to be Syrian officials. Syria is worried that a proposed international tribunal to try Hariri's killers will be used as a political tool by the US to weaken the regime. It's seeking to persuade the Americans to ease the pressure.

Syria also wants to resume peace talks with Israel, and says it is willing to agree to a full peace with the Jewish state in exchange for the Golan Heights, captured by Israel in 1967. But Israel has been split over the Syrian overtures. The Syrians are hoping to improve their image as potentially serious partners for peace and thereby ease America's pressure.

In exchange, Syria could help in Iraq, Mr. Tabler says, by encouraging the Sunni tribes of eastern Syria to try to convince their cross-border tribesmen to stop supporting the insurgency, and by tightening security along its porous 400-mile frontier with Iraq.

Russia

The Russians are intensely worried about how Middle East destabilization might affect Russia's neighbors in the Caucasus and Central Asia, as well as attitudes among their own population of 20 million Muslims.

Russia wants to reestablish its credentials as a big-power player in the region, analysts say, and more engagement on Iraq creates an opportunity to do that. President Vladimir Putin has been seeking to hold Russia up as an alternative, more accommodating pole to what is now often seen as a brash and bullying America. It also has major business interests in Iran and Syria.

"Russia has repeatedly said it wants to see the Iraq problem solved with the involvement of Iraq's neighbors and the entire world community, through engagement and dialog and not through the use of force," says Yevgeny Bazhanov, vice rector of the government's Diplomatic Academy, which trains Russian diplomats. "Without Russian involvement you couldn't have this dialog ... because Russia can play the role of mediator at that table."

Iraq

Iraq, of course, wants peace and stability, as well as to be treated as an equal by its neighbors, particularly by Sunni Arab states like Jordan, Saudi Arabia, and Egypt that are uncomfortable with the Shiite political ascendancy inside the country. The Iraqi government also worries that these neighbors, the US, and Iran are turning the country into a proxy battleground for their own disputes and are eager to see all sides sit down together and tensions defused.

Tehran May Take Part In Iraq Talks (WT)

By David R. Sands

The Washington Times, March 1, 2007

Iran said yesterday it is likely to attend a regional conference this month -- with the United States and Syria -- to address the violence in neighboring Iraq, while the Bush administration insisted its decision to participate did not signal a softening of its hard line against the two foes.

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Ali Larijani, Iran's top national security official, said Tehran was still reviewing the invitation for the March 10 gathering of lower-level ministers in Baghdad. The government of Iraqi Prime Minister Nouri al-Maliki has planned a follow-up meeting of foreign ministers, possibly in April.

"We support solving the problems of Iraq by all means and we will attend the conference if it is expedient," Mr. Larijani, head of Iran's Supreme National Security Council, told reporters.

Syria has already agreed to attend the conference.

Iraqi Foreign Minister Hoshyar Zebari, in an interview with the Associated Press from Sweden, said Iran had agreed to meet with other regional powers, but "they have some questions" about a separate meeting to be held the same day in Baghdad that would include the United States and the four other permanent members of the U.N. Security Council.

Diplomats expected in Baghdad on March 10 also include U.N. Iraq envoy Ashraf Qazi and representatives from Egypt, the Arab League and the Organization of the Islamic Conference. An Iraqi official said yesterday no one had yet turned down the invitation.

U.S. officials yesterday were at pains to reject the idea that the decision to sit down with Syria and Iran reflected an about-face in U.S. policy. The administration has been sharply critical of both countries, charging them with backing insurgent forces and militias in Iraq that have attacked U.S. troops.

White House spokesman Tony Snow said it was Mr. al-Maliki's government that organized the gathering and issued the invitations. Mr. Snow said issues like Iran's suspect nuclear programs would not on the table in Baghdad.

"If you're suddenly expecting chummy new relations, you've created a scenario that is not justified by the facts on the ground or by precedent," Mr. Snow said.

But critics in Congress and in the Middle East noted that President Bush in December had dismissed a suggestion by the bipartisan Iraq Study Group for just such a regional conference on Iraq.

The Daily Star, an influential Lebanese daily, said in its lead editorial yesterday that the most significant thing about the conference may be that Iraq took the lead in organizing it.

"The Iraqi-led conference may the first sign that the Iraqis are rising up from under a mountain of American mistakes and setting their own security agenda," the paper said.

There were signs that Mr. al-Maliki's government was coordinating with Syria and Iran in planning the meeting.

An Iranian press agency reported Monday that Syrian Foreign Minister Walid al-Moallem spoke with Iranian Foreign Minister Manouchehr Mottaki and Mr. Zebari to discuss the proposed conference. Syria and Iran restored full diplomatic relations with Iraq in November after a break of 25 years.

Washington Rules Out Dir-ect Talks With Iran (FT)

By Guy Dinmore And Gareth Smyth

Financial Times, March 1, 2007

The Bush administration on Wednesday dismissed suggestions that it might engage dir-ectly with Iran or Syria at an international conference on Iraq to be held in Baghdad next week.

European allies and dom-estic critics have broadly welcomed the announcement by Condoleezza Rice, the secretary of state, that the US would take part in the conference alongside Iran and Syria. She also noted that such a diplomatic initiative had been recommended by the bipartisan Iraq Study Group last year.

Ms Rice's statement at a Senate hearing on Tuesday prompted reports in the US media of a dramatic shift in policy. It was fuelled in part by the State Department, which pointedly declined to rule out the possibility of bilateral talks between Ms Rice and Iranian officials at a follow-up conference on Iraq to be held in April.

But on Wednesday the White House stepped in to "clarify" the situation and explicitly ruled out such a move.

"There will not be bilateral talks between the United States and Iran or the United States and Syria, within the context of these meetings," said Tony Snow, the White House spokesman. The US precondition re-mained unchanged, he said, that Iran first suspend its uranium enrichment programme as called for by the United Nations Security Council.

"We want to make sure those waters don't get muddied," he said.

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Some analysts interpreted the mixed signals as evidence that the Bush administration was more interested in using the appearance of diplomacy to appease domestic critics and get its supplemental Iraq war budget through Congress, rather than adopt one of the key findings of the Iraq Study Group, which was to engage Iran and Syria directly. However, other analysts believed that Ms Rice was in fact trying to shift the US position in the direction of engagement with Iran, as has happened in recent weeks with North Korea, culminating with the nuc-lear freeze agreement reached in Beijing last month.

"It creates confusion, and when the Iranians are confused they are paralysed," commented Ray Takeyh, an analyst with the Council on Foreign Relations think-tank who believes Ms Rice is anxious to engage Iran in talks.

In Tehran, Iran's top security official, Ali Larijani, indicated that Iran would take part in the Baghdad conference.

Nouri al-Maliki, Iraq's prime minister, has invited all Iraq's neighbours as well as Egypt, the five permanent members of the Security Council, the Arab League and the Organisation of the Islamic Conference. Officials said it would take place on March 10. The US is expec-ted to send a senior official below the rank of minister.

"We hope the meeting will bring political backing for the national unity government in providing security and stability that will help national reconciliation in Iraq," Mr Maliki's office said.

The Maliki government is anxious that Iraq is not turned into a proxy battleground for a US-Iranian conflict. Mr Larijani said Teh-ran's participation in the Bag-hdad conference would be designed to help the Iraqi government.

Iran has rejected accusations by the US that it is arming and equipping Shia militia in Iraq and providing explosives used against US forces. Asked if Tehran ran any risks in meeting the Americans, Mr Larijani replied: "One should not commit suicide because one is afraid of death."

The US last held direct high-level talks with Iran in Geneva in May 2003.

Analysis: Iraq Talks May Open New Doors (AP)

By Anne Gearan

AP, March 1, 2007

The Bush administration says it's not going soft on Iran, but Washington's new agreement to talk to the clerical regime about violence in Iraq could crack the door for other discussions with the last holdout among President Bush's old axis of evil.

Iraq said Wednesday that its neighbors, including U.S. adversaries Iran and Syria, will attend a March 10 session on the country's security crisis. Secretary of State Condoleezza Rice made the surprise announcement Tuesday that a U.S. diplomat will also be there and that she herself will go to a later session.

It wasn't exactly an olive branch, but Rice's mild overture looked dramatic after escalating U.S. allegations that Iran is contributing to the spreading chaos in Iraq and a calculated show of U.S. military might in the Persian Gulf.

Bush administration spokesmen were quick to note that the talks are at Iraq's invitation, not Washington's. And the sessions are supposed to be about Iraq, not Iran.

"The Iraqis are putting together a meeting, and it's going to be a businesslike meeting," White House spokesman Tony Snow told reporters. "If you're expecting, suddenly, new chummy relations, you've created a scenario that is not justified by the facts on the ground or the precedents."

"Going wobbly, shift, turnabout, change," State Department spokesman Sean McCormack mocked, using several terms pulled from the morning newspapers. "Look, the administration has continued to act on a certain set of principles that it has outlined," and will keep doing so, he said.

Yet there were hints that the administration is testing Iranian, and domestic American, willingness to go further. In the diplomatic world, tough talk can sometimes be a cover for more conciliatory gestures.

"While I'm not going to point you in the direction of any particular engagement with any particular delegation ..., I'm also not going to exclude any particular diplomatic interaction," McCormack said when asked about prospects for U.S.-Iranian contact at the meetings.

The subject of sophisticated homemade bombs might come up, McCormack said. The Bush administration claims that at least one element of the Iranian regime is supplying Iraqi insurgents with especially lethal bombs that kill U.S. troops.

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As for Iran's disputed nuclear program, the subject of U.S.-backed efforts to apply punishing international sanctions on Tehran, the United States won't bring it up, McCormack said.

If the Iranians want to talk about it?

"I'm sure that people would listen politely," McCormack offered, before adding that the United States is not backing off its insistence that Iran drop its uranium enrichment program as a price for escaping sanctions.

Ahmad Bakhshayesh, a Tehran Allameh University teacher in politics, said the nuclear issue probably sinks any chance of a short-term improvement in U.S.-Iranian relations from the upcoming Iraq conferences.

"However, it may lead to a broader path for negotiations between the two countries," said Bakhshayesh.

Although the United States directly accuses Iran of supporting militants in Iraq, "Iran attends the conference to indicate to the U.S., Iraq and the region that Tehran supports stability in Iraq," he said.

The United Nations Security Council has begun to consider a second, tougher round of sanctions on Iran, including a ban on travel abroad by officials involved in the nuclear program.

Rice made a bigger overture to Iran on that point last year.

If Iran shelved activities the West feared could lead to a bomb, Rice said the United States would join Europe in face-to-face talks with Tehran. That amounted to a U.S. proposal for rapprochement after more than 25 years of estrangement, but at a price Iran's hard-line leaders were unwilling to pay.

The gambit was popular in Europe but unpopular in some quarters of Bush's own government. The administration has since toughened its rhetoric on Iran, flexed its muscles at the U.N. and sent two carrier battle groups to the Persian Gulf.

The White House had dismissed the recommendation from the bipartisan Iraq Study Group in December that it reach out to Syria and Iran to try to stabilize Iraq, saying both nations would try to use the opportunity as leverage in unrelated confrontations with the West.

Syria would want a free pass on allegations it is behind the assassination of a Lebanese politician, Washington said, while Iran would make cooperation in Iraq part of discussions about the nuclear program.

So, is the administration now becoming more flexible? After a separate diplomatic overture to North Korea, does the latest shift on Iran portend a retreat from the Bush administration's famously hard line against unsavory regimes?

The State Department's McCormack rolled his eyes.

"This just didn't happen overnight. This happened as a result of careful policy and diplomatic ground work that has been laid over the course of the years of this administration," but only now bearing fruit, he said.

A Diplomatic Avenue (WP)

The Washington Post, March 1, 2007

THE BUSH administration's decision to participate in a regional conference on Iraq that could include Iran and Syria is a welcome way to strengthen U.S. diplomacy at a crucial moment in the Middle East. Iraq teeters between civil war and steps toward a political settlement; so do Lebanon and the Palestinian Authority. Regional talks aren't likely to settle any of these crises, but they are a necessary part of any solutions. By participating and opening the way for conversations with the Syrian and Iranian governments, the administration will extract itself from a diplomatic corner and gain some fresh opportunities.

It's quite possible that neither Syria nor Iran will prove cooperative on Iraq -- Tehran has yet to say whether it will attend the conference -- but there are some positive signs. Iran's hard-line president, Mahmoud Ahmadinejad, has come under attack at home for his confrontational style. In recent weeks, Ali Larijani, Iran's national security adviser, who reports to supreme leader Ayatollah Ali Khamenei, has been quietly negotiating with senior Saudi officials on Lebanon and Iraq. Though there have been no breakthroughs, the talks helped to stop street fighting in Lebanon; Iran seems to be interested in heading off a regional conflict between Sunni and Shiite movements. Syria, desperate to end its own isolation, has been advertising its willingness to help calm Iraq and to open peace talks with Israel.

Mr. Larijani and other Iranian officials have also been hinting that Iran is interested in striking a deal to end its confrontation with the U.N. Security Council over its nuclear program. It's at least possible that Tehran is looking for a way, without appearing to be capitulating, to accept the U.N. demand that it end uranium enrichment. That's why administration officials were wise not to

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rule out side talks between U.S. and Iranian officials at the upcoming Baghdad meetings, while sticking to the administration's position that formal negotiations with Iran will depend on an enrichment suspension.

Success with Iran will require a careful mix of diplomacy, economic sanctions and the threat of force. Since the beginning of the year the United States has strengthened its military position in the Persian Gulf and arrested Iranian agents in Iraq. Now it has matched those necessary measures with a new diplomatic avenue. What's needed next is a continued show of determination by the U.N. Security Council, whose latest deadline for an Iranian freeze on enrichment expired last week. Britain and the United States have begun seeking a new resolution strengthening the mostly symbolic sanctions that the Security Council approved in December. Russia and European governments that have been urging more dialogue with Iran have just witnessed a rare show of flexibility by the Bush administration, but the dialogue will lead nowhere unless it is accompanied by continued and escalating pressure from a united Security Council.

Don't Negotiate With Pariahs (USAT)

By Victor Davis Hanson

USA Today, March 1, 2007

America should attend regional talks that may include Syria and Iran, in support of stabilizing the democracy in Iraq.

But the United States should not negotiate directly with these terrorist states until they cooperate with ongoing United Nations investigations and cease trying to destroy neighboring democracies.

Syria has engaged in serial assassination in Lebanon to overturn that constitutional government. It blocks U.N. inquiries into the murders of prominent Lebanese. And Syrian money and agents foment unrest in democratic Iraq, even as they seek to aid Hamas in attacking democratic Israel.

Iranian theocracy violates international nonproliferation accords. Its president has promised to wipe Israel off the map. In chilling fashion, Iran has hosted an international conference to deny the Holocaust, as if proof were needed that its threats derive from an existential hatred of the Jewish state.

Like Syria, Iran wants to end the democratic experiment in Iraq. Iranian money, weapons and expertise are used by terrorists in kill Americans in Iraq, and through Hamas to disrupt Palestinian peace efforts. Hezbollah, a group also backed by Iran and Syria, seeks to destabilize Lebanese democracy and restart a border war with Israel.

Such aggression is not symptomatic, as is often asserted, of confident regimes on the rise. Iranian oil production is declining. Billions in food and fuel subsidies are proving unsustainable, and scarce funds are siphoned off to foreign terrorists and nuclear proliferation. Beset by unsound economies and rising domestic unpopularity, the Iranian theocracy and Syrian dictatorship have become pariahs at odds with European diplomats, other Arab states and the United Nations.

Only the continued American policy of ostracizing Iran and Syria, galvanizing the international community to enforce U.N. compliance, supporting Iranian and Syrian reformers, and keeping a high-profile military presence in the area offers any hope that either nation will cease their subversion.

We need to keep the pressure up — without bombing, without bombast and without talking directly with these rogue and increasingly desperate states that have caused themselves and the world so much trouble.

Victor Davis Hanson is a senior fellow in classics and military history at the Hoover Institution, Stanford University.

Russia Warns U.S. Against Striking Iran (AP)

By Vladimir Isachenkov

AP, March 1, 2007

Russia's foreign minister warned Washington not to use force against Iran and criticized what he described as the United States' unilateral approach to other global crises in an interview published Wednesday.

Russia was worried about Vice President Dick Cheney's recent comment that "all options are on the table" to stop Tehran from becoming a nuclear power, Foreign Minister Sergey Lavrov said.

"We are concerned about the possibility of a military scenario," Lavrov was quoted as saying, in the government daily Rossiyskaya Gazeta. "We are observing a U.S. military buildup in the Persian Gulf. Such a buildup of forces always threatens to trigger a military conflict, even by accident."

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Iran has ignored a U.N. deadline to halt the enrichment of uranium, which the U.S. says is part of a secret effort to build nuclear weapons. Enriched to a low level, uranium is used to produce nuclear fuel but highly enriched uranium can be used in an atomic bomb.

Russia has repeatedly spoken out against the use of military force against Iran, and has warned that harsh punishment would be counterproductive.

In December, Russia supported a U.N. Security Council resolution that imposed limited sanctions against Iran over its refusal to halt enrichment, but only after the council dropped an initial proposal to impose curbs on a nuclear power plant Russia is building in Iran.

Senior diplomats from the five permanent Security Council members and Germany met Monday in London to discuss ways to pressure Iran to suspend enrichment. Officials in London and Washington said new measures would likely include incremental restrictions on trade and arms.

Lavrov asserted that the talks on the Iranian issue were deadlocked, saying both the United States and Iran were unwilling to compromise.

"It would be unforgivable to miss a chance to use every opportunity to start such talks because of a false notion of prestige, because of the unyielding stance taken by both parties," he was quoted as saying.

Echoing recent comments made by President Vladimir Putin, Lavrov also assailed Washington for what he called a unilateralist approach to global issues.

"When they offer us a unilateral strategy and urge us to express solidarity in combating one or another evil ... that's not the behavior of a partner," he was quoted as saying.

Lavrov added that Putin's harsh criticism of U.S. policy earlier this month voiced an opinion many other nations shared, but were afraid to express publicly.

Putin told a security conference in Munich Feb. 10 that the United States "has overstepped its national borders in every way" and accused it of triggering a global arms race.

Lavrov praised Putin's blunt talk: "Someone had to say it ... to show the need for candid talk about how to deal with global affairs."

Russia can speak independently, he said, because of its resurgence following the troubled years after the 1991 Soviet collapse.

"There are those who cannot say 'no' to the United States," he said, according to the newspaper. "But we can allow ourselves to tell the truth, and not just reject unilateral calls for support but offer concrete constructive alternatives."

In a bid to increase its role in Middle East peace efforts, Russia this week hosted Khaled Mashaal, leader of the militant Palestinian group Hamas. Lavrov said Tuesday the Hamas chief pledged to end missile attacks and violence against Israel, although Mashaal reaffirmed his group's refusal to recognize Israel.

Lavrov also called for lifting the financial aid blockade of the Hamas-led Palestinian Authority.

The United States, the Europeans and Israel consider Hamas a terrorist group. Hamas' renunciation of violence and recognition of Israel are key demands of the Quartet of Middle East peace brokers — Russia, the United States, the European Union and the United Nations.

In the newspaper interview, Lavrov said Russia will continue to support the Quartet's demand that Hamas recognize Israel. But he warned the West's refusal to deal with the militant group could undermine a fragile accord among the Palestinians.

"It's wrong and shortsighted not to see the real progress that already has been made," he said.

Iran Sanctions May Target Bank (FT)

By Daniel Dombey

Financial Times, March 1, 2007

The world's big powers are debating whether to increase pressure on Tehran's nuclear programme by targeting Bank Sepah, a leading Iranian bank, with United Nations sanctions.

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Such a move, against Iran's oldest bank, would follow a campaign by the US to persuade European nations to follow its example and take steps against Sepah that would exclude it from international markets.

In January, Washington barred US banks from doing business with Sepah because of what the Bush administration said was the institution's connections with Iran's missile programme. The decision effectively stopped Sepah from carrying out dollar transactions.

But moves in other jurisdictions would have a greater effect. Bank Sepah's wholly owned subsidiary Bank Sepah International claims it has "relationships in over 45 countries worldwide" as well as offices in London, Paris, Frankfurt and Rome.

To date, European Union countries have resisted taking action against Sepah, despite a campaign waged by Robert Kimmitt, deputy US treasury secretary, and Stuart Levey, Treasury under secretary for terrorism and financial intelligence.

States such as Germany and Sweden say that imposing measures against the bank would be legally difficult unless Sepah is specifically named by a UN Security Council resolution. Bank Sepah itself denounces what it says are Washington's "fabricated statements and unfounded allegations," adding that it "will spare no effort to seek righteous remedies in the near future".

Yesterday, however, European diplomats said they were discussing whether to include measures against Bank Sepah in a new resolution. The issue will be addressed by top diplomats from the permanent five members of the Security Council and Germany, who are due to discuss possible Iran sanctions in a telephone call today.

The diplomats said no decision had yet been made about Sepah. But, in line with the policy of exercising incremental pressure on Tehran, which missed a deadline to curb its nuclear programme last week, the US and the EU want to strengthen measures set out by a previous resolution agreed last December.

That resolution targeted seven organisations the UN said were involved in Iran's nuclear programme, three involved in its missile programme, and 12 people connected with either or both programmes.

As well as adding new names to the lists, the EU and US want a new resolution to impose a travel ban on the people identified in the previous measure – previously only subject to softer travel restrictions.

In addition, the six countries are discussing whether to impose limited restrictions on arms dealings with Iran – a measure Russia is very likely to resist – and whether to include language that would deter countries from subsidising trade with Iran.

U.S. Concedes Uncertainty On North Korean Uranium Effort (NYT)

By David E. Sanger And William J. Broad

New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Last October, the North Koreans tested their first nuclear device, the fruition of decades of work to make a weapon out of plutonium.

For nearly five years, though, the Bush administration, based on intelligence estimates, has accused North Korea of also pursuing a secret, parallel path to a bomb, using enriched uranium. That accusation, first leveled in the fall of 2002, resulted in the rupture of an already tense relationship: The United States cut off oil supplies, and the North Koreans responded by throwing out international inspectors, building up their plutonium arsenal and, ultimately, producing that first plutonium bomb.

But now, American intelligence officials are publicly softening their position, admitting to doubts about how much progress the uranium enrichment program has actually made. The result has been new questions about the Bush administration's decision to confront North Korea in 2002.

"The question now is whether we would be in the position of having to get the North Koreans to give up a sizable arsenal if this had been handled differently," a senior administration official said this week.

The disclosure underscores broader questions about the ability of intelligence agencies to discern the precise status of foreign weapons programs. The original assessment about North Korea came during the same period that the administration was building its case about Iraq's unconventional weapons programs, which turned out to be based on flawed intelligence. And the new North Korea assessment comes amid debate over intelligence about Iran's weapons.

The public revelation of the intelligence agencies' doubts, which have been brewing for some time, came almost by happenstance. In a little-noticed exchange on Tuesday at a hearing at the Senate Armed Services Committee, Joseph DeTrani,

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a longtime intelligence official, told Senator Jack Reed of Rhode Island that "we still have confidence that the program is in existence — at the mid-confidence level." Under the intelligence agencies' own definitions, that level "means the information is interpreted in various ways, we have alternative views" or it is not fully corroborated.

"The administration appears to have made a very costly decision that has resulted in a fourfold increase in the nuclear weapons of North Korea," Senator Reed said in an interview on Wednesday. "If that was based in part on mixing up North Korea's ambitions with their accomplishments, it's important."

Two administration officials, who declined to be identified, suggested that if the administration harbored the same doubts in 2002 that it harbored now, the negotiating strategy for dealing with North Korea might have been different — and the tit-for-tat actions that led to October's nuclear test could, conceivably, have been avoided.

The strongest evidence for the original assessment was Pakistan's sale to North Korea of upwards of 20 centrifuges, machines that spin fast to convert uranium gas into highly enriched uranium, a main fuel for atom bombs. Officials feared that the North Koreans would use those centrifuges as models to build a vast enrichment complex. But in interviews this week, experts inside and outside the government said that since then, little or no evidence of Korean procurements had emerged to back up those fears.

The continuing doubts prompted the Office of the Director of National Intelligence on Wednesday to declassify a portion of the most recent, one-page update circulated to top national security officials about the status of North Korea's uranium program. The assessment, read by two senior intelligence officials, speaking on the condition of anonymity in a joint interview, said the intelligence community still had "high confidence that North Korea has pursued a uranium enrichment capability, which we assess is for a weapon."

It added, they said, that all the government's intelligence agencies "judge — most with moderate confidence — that this effort continues. The degree of progress towards producing enriched uranium remains unknown, however."

In other words, while the agencies were certain of the initial purchases, confidence in the program's overall existence appears to have dropped over the years — apparently from high to moderate.

It is unclear why the new assessment is being disclosed now. But some officials suggested that the timing could be linked to North Korea's recent agreement to reopen its doors to international arms inspectors. As a result, these officials have said, the intelligence agencies are facing the possibility that their assessments will once again be compared to what is actually found on the ground. "This may be preventative," one American diplomat said.

American intelligence agencies had long known of North Korea's nuclear program employing plutonium, which can make compact weapons but requires large, easily detected reactors. By contrast, uranium warheads tend to be larger, but the technology for enriching uranium is much smaller and easier to hide.

Secretary of State Condoleezza Rice and the national security adviser, Stephen J. Hadley, declined to discuss the decisions to confront North Korea in 2002 or the quality of the intelligence behind that decision, though both have noted previously that North Korea purchased equipment from Pakistan that could only have been intended for use in producing weapons fuel. One former official said that it was Ms. Rice, in a meeting at the C.I.A. in 2004, who encouraged intelligence officials to soften their assessments of how quickly the North Koreans could produce weapons-usable uranium.

"She asked, how did we know about the timing, and they didn't have answers," said the former official. "Did they have Russians and Chinese helping them? No one was sure. It was really a guesstimate about timing."

Different players in the 2002 debate have different memories. John R. Bolton, the former American ambassador to the United Nations, who headed the State Department's proliferation office at the time of the 2002 declaration, said in an interview on Wednesday evening that "there was no dissent at the time, because in the face of the evidence the disputes evaporated." Mr. Bolton, one of the most hawkish voices in the administration and a vocal critic of its recent deal with North Korea, recalled that even the State Department's own intelligence arm, which was the most skeptical of the Iraq evidence, "agreed with the consensus opinion."

But David A. Kay, a nuclear expert and former official who in 2003 and 2004 led the American hunt for unconventional arms in Iraq, said he had found the administration's claims about the North Korean uranium program unpersuasive. "They were driving

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it way further than the evidence indicated it should go," he said in an interview. The leap of logic, Dr. Kay added, turned evidence of equipment purchases into "a significant production capability."

But the doubts were on full display on Wednesday, when Christopher R. Hill, the chief American negotiator with North Korea, testified on Capitol Hill. "If we determine that there is a program, it's got to go," Mr. Hill said, words that were far more tentative than American policy makers have used about the program in the past. Expressing his resolve to get to the bottom of the mystery, he added: "We cannot have a situation where we — you know, they pretend to disarm and we pretend to believe them. We need to run this into the ground." He said that while there was no doubt that North Korea had bought centrifuges from Abdul Qadeer Khan, the rogue Pakistani engineer, there was doubt about "how far they've gotten."

John E. McLaughlin, a former director of central intelligence and the deputy C.I.A. director in 2002, defended the initial North Korean findings as accurate. "At the time we reported this, we had confidence that they were acquiring materials that could give them the capability to do this down the road," he said in an interview. But no one, he added, "said they had anything up and running. We also made clear that we did not have a confident understanding of how far along they were."

That confidence has dropped further because inspectors have been banned from North Korea for four years, nearly as long as they were out of Iraq before their readmittance just before the 2003 invasion. In Iraq's case, intelligence analysts extrapolated from the last information they had to assess what kind of weapons Iraq might be producing.

Outside experts, including David Albright, president of the Institute for Science and International Security, a private group in Washington that tracks nuclear arms, have suggested in recent days that something similar happened in North Korea's case. "The evidence doesn't support the extrapolation" to the judgment that North Korea was making crucial strides in its uranium program, Mr. Albright said in an interview. "The extrapolation went too far."

He said administration analysts were right in thinking that Dr. Khan had sold North Korea about 20 centrifuges. Gen. Pervez Musharraf, the Pakistani president, confirmed that in a memoir published last year. But, Mr. Albright said, intelligence agencies overstated whether North Korea had used those few machines as models to construct row upon row of carbon copies.

His report zeroed in on thousands of aluminum tubes that the North Koreans bought and tried to buy in the early 2000s. The C.I.A. and the Bush administration, the report said, pointed to these tubes as the "smoking gun" for construction of a large-scale North Korean plant for the enriching of uranium. It was assessments about the purpose of aluminum tubes that were at the center of the flawed Iraq intelligence.

In the North Korea case, intelligence analysts saw the tubes as ideal for centrifuges. But Mr. Albright said the relatively weak aluminum tubes were suitable only for stationary outer casings — not central rotors, which have to be very strong to keep from flying apart while spinning at tremendous speeds.

Moreover, he added, the aluminum tubes were "very easy to get and not controlled" by global export authorities because of their potentially harmless nature. So that purchase, by itself, Mr. Albright added, was "not an indicator" of clandestine use for nuclear arms.

New Doubts On Nuclear Efforts By North Korea (WP)

By Glenn Kessler

The Washington Post, March 1, 2007

The Bush administration is backing away from its long-held assertions that North Korea has an active clandestine program to enrich uranium, leading some experts to believe that the original U.S. intelligence that started the crisis over Pyongyang's nuclear ambitions may have been flawed.

The chief intelligence officer for North Korea, Joseph R. DeTrani, told Congress on Tuesday that while there is "high confidence" North Korea acquired materials that could be used in a "production-scale" uranium program, there is only "mid-confidence" such a program exists. Meanwhile, Assistant Secretary of State Christopher R. Hill, the chief negotiator for disarmament talks, told a conference last week in Washington that it is unclear whether North Korea ever mastered the production techniques necessary for such a program.

If the materials North Korea bought "did not go into a highly enriched uranium program, maybe they went somewhere else," Hill said. "Fine. We can have a discussion about where they are and where they've gone."

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The administration's stance today stands in sharp contrast to the certainty expressed by top officials in 2002, when the administration accused Pyongyang of running a secret uranium program -- and demanded it be dismantled at once. President Bush told a news conference that November: "We discovered that, contrary to an agreement they had with the United States, they're enriching uranium, with a desire of developing a weapon."

The accusation about the alleged uranium program backfired, sparking a series of events that ultimately led to North Korea's first nuclear test -- using another material, plutonium -- nearly five months ago.

In 2002, the United States led a drive to suspend shipments of fuel oil promised to Pyongyang under a 1994 accord that froze a North Korean plutonium facility. The collapse of the 1994 agreement freed North Korea to build up a stockpile of plutonium for as many as a dozen nuclear weapons. Pyongyang conducted its test with some of that plutonium -- while the alleged uranium facility faded in importance.

Plutonium and highly enriched uranium provide different routes to building nuclear weapons. The North Koreans were able to reprocess spent fuel rods -- which had been monitored by U.N. inspectors under the 1994 agreement -- to obtain the weapons-grade plutonium for a nuclear test last year. A uranium-enrichment program would have required Pyongyang to build a facility with thousands of uranium-spinning centrifuges to obtain the highly enriched uranium needed for a weapon. Iran's nuclear program, which the United States alleges is intended for weapons, involves enriched uranium.

When Bush took office in 2001, a number of top administration officials openly expressed grave doubts about the 1994 accord, which was negotiated by the Clinton administration, and they seized on the intelligence about the uranium facility to terminate the agreement. The CIA provided an unclassified estimate to Congress in November 2002 that North Korea had begun constructing a plant that would produce enough "weapons-grade uranium for two or more nuclear weapons per year . . . as soon as mid-decade."

David Albright, a respected former U.N. inspector and president of the Institute for Science and International Security, issued a report last week in which he likened the intelligence on North Korea's uranium facility to the discredited intelligence before the invasion of Iraq that Baghdad was building a nuclear program. "The analysis about North Korea's program also appears to be flawed," he wrote.

In the upcoming issue of the Washington Quarterly, Joel S. Wit, a former State Department official who, with Albright, recently met with North Korean officials in Pyongyang, also raises questions about the intelligence estimate.

Administration officials insist they had valid suspicions at the time about North Korean purchases -- including 150 tons of aluminum tubes from Russia in June 2002 -- to halt any possible cooperative talks with Pyongyang. Officials also say that a senior North Korean official admitted to the program in October 2002, when Hill's predecessor, James Kelly, confronted North Korean officials over the U.S. intelligence findings at a meeting in Pyongyang. North Korea subsequently denied that any such admission took place.

Kelly told reporters at the time he had informed the North Koreans that "this was a big problem and that they needed to dismantle it right away, before we could fully engage in a whole range of things that might well be mutually beneficial."

U.S. participants at the meeting said in interviews there was little dispute at the time North Korea appeared to be admitting the program, though one said the admission was more "tonal" -- such as the North Korean official's belligerent attitude -- than would appear in the transcript of the discussion.

During the early years of the crisis, the United States took a firm stand that North Korea must first admit to the uranium facility, rejecting proposals from other nations that it was more important to freeze the plutonium facility in order to halt North Korea's production. In May 2004, DeTrani -- then with the State Department -- was dispatched to give the North Koreans a detailed, 90-minute presentation of all the materials that Pyongyang had procured overseas, including aluminum tubes, chemicals and even a centrifuge kit from a Pakistani nuclear smuggling network, a U.S. official said.

The North Koreans have consistently denied having a uranium-enrichment program, and U.S. officials say suspected procurement activities have largely ceased in the past two years for unknown reasons. Some speculate that Pyongyang found a uranium program too difficult, especially since the plutonium facility was active. Others say DeTrani's presentation spooked them and they either ended the purchases or became more discreet.

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Hill has said he has raised the uranium program at every meeting with the North Koreans, but the recent deal struck with Pyongyang focuses on the plutonium program. Under the agreement, North Korea will close and "seal" its plutonium nuclear reactor at Yongbyon within 60 days in return for 50,000 tons of fuel oil.

Pyongyang must eventually disclose and dismantle its programs in order to receive significant aid and other benefits, including normalizing relations with the United States.

U.S. Discusses Releasing North Korean Funds (NYT)

By Steven R. Weisman And Donald Greenlees

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — China and the United States are close to an accord to let North Korea regain some of the $25 million in its funds frozen in a bank in Macao now that it has agreed to start dismantling its nuclear arms program, American officials said Wednesday.

The American officials said arrangements for North Korea to get a portion of the funds frozen at Banco Delta Asia, a small family-owned bank accused of money laundering, have been the subject of intense discussions this week in China. A deal could be announced in the next few weeks, they said.

The issue of the funds, frozen a year and a half ago, was a major factor in the off-again-on-again six-party negotiations with North Korea over its nuclear program. North Korea angrily boycotted the talks for most of the last year, charging that the bank action was based on false charges and was an example of economic coercion.

The intention to ease the freeze on the North Korean funds was not announced at the time of the North Korea accord reached on Feb. 13, but officials said at the time that they expected the issue to be resolved. Daniel Glaser, a deputy under secretary of the Treasury, has been in China this week for discussions about the subject.

Mr. Glaser said this week that the United States had gone through more than 300,000 documents from Banco Delta Asia and consulted on them with both North Korea and China. The effort, American officials said, was meant to determine which of the North Korean funds were tainted by illegal activities and which were legitimate.

“All of this work that we’ve done has put us in a position where we can begin to take steps to resolve the Banco Delta Asia matter,” Mr. Glaser told reporters in Hong Kong on Monday. He said the resolution of the matter would be completed “in a timely fashion” and “as quickly as possible.”

The expected return of some of the frozen funds to North Korea — officials involved in the discussions say the sum could exceed $12 million — offers a striking case study of how the United States has used its financial laws to extend its reach to foreign banks and isolate a country from the international financial system.

Christopher R. Hill, the assistant secretary of state who negotiated the nuclear deal with North Korea, said Wednesday that he had no doubt that freezing the funds compelled North Korea to negotiate.

“I think they were concerned about the fact that we were able to go after an important note of their financing,” he said, testifying before the House Foreign Affairs Committee.

Mr. Hill added that the agreement on nuclear matters meant no easing of American concerns over North Korea’s illicit activities on drugs, weapons or counterfeiting. “I can assure you that we have not, and will not, trade progress on denuclearization by turning a blind eye to some of these other activities,” he said.

The Bush administration hopes to replicate the North Korean experience with Iran, but American officials involved in the planning acknowledge that this might be more difficult because Iran has a web of banking relationships throughout Europe and the Middle East.

Sanctions against Iran approved by the United Nations Security Council in December have contributed to Iran’s economic isolation, administration officials say. In addition, Treasury steps similar to those against Banco Delta Asia have forced Iranian banks to carry out transactions, including the sale of oil, in currencies other than the dollar.

These steps have complicated business deals and the willingness of some foreign companies to invest in Iran, energy experts say. Recently, for example, Russia said it was slowing its investment in an Iranian civilian nuclear plant, saying that it objected to being paid in euros.

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Banco Delta Asia was seen in financial circles as an early test case of American efforts to use such sanctions against not only North Korea but also other countries charged with supporting terrorism or illegal weapons proliferation. In 2005, for example, the Bush administration labeled Banco Delta Asia a "primary money laundering concern" and charged that it was helping North Korea carry out counterfeiting, narcotics trafficking and other illicit activities.

North Korea denied the accusations, and Banco Delta Asia, in filings with the Treasury Department, said it had no evidence of such activities for North Korea.

Nevertheless, the bank and the Chinese government closed accounts of 20 North Korean banks, 11 North Korean trading companies, 9 North Korean citizens and 8 Macao-based companies that do business with North Korea, according to bank records. The bank also promised to cease any further business with North Korea or its business partners.

American officials have suggested that some of these accounts helped North Korea's leader, Kim Jong-il, maintain a lavish lifestyle in Pyongyang, the capital.

While the $25 million in Banco Delta Asia is believed to be a small part of North Korea's financial activities with the outside world, it reflects only the amount of money in the bank at the time the funds were frozen. The volume of transactions conducted by the bank for North Korea could involve many times that amount of money, according to people close to the investigation into the bank.

The main enforcement tool by the United States was an announcement that it was considering a step barring American banks from doing business in dollars with Banco Delta Asia, effectively threatening to shut it out of the international banking system. To protect themselves, American banks then stopped doing business with Banco Delta Asia.

Those steps, in turn, forced the bank to shut itself down, hand itself over to the Chinese government and freeze all funds linked to North Korea.

US-North Korea Talks Set For March (AP)

AP, March 1, 2007

U.S. and North Korean officials will meet in New York on March 5-6 to discuss initial steps toward normalizing relations, the State Department said Wednesday.

Spokesman Sean McCormack said U.S. Assistant Secretary of State Christopher Hill will meet with North Korean Vice Foreign Minister Kim Kye Gwan.

Talks on establishing normal relations after decades of hostility were called for in the six-party nuclear disarmament agreement signed in China on Feb. 13.

McCormack said Hill and Kim will spent a lot of time working on the agenda for the normalization process.

"It's not a meeting that will produce immediate results," McCormack said.

Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said Tuesday that officials had seen North Korea take preliminary steps toward shutting down its main nuclear reactor, which the North pledged to close and seal in return for an initial load of fuel oil. More aid would follow once North Korean technicians had disabled its nuclear programs.

"There are parts of this nuclear program that we have to pay a lot of attention to, to see if we have the kind of disclosure and the inspection capabilities that we're looking for," Maples said.

Hill is scheduled to appear at a House Foreign Affairs Committee hearing today.

N. Korea, U.S. Talks 'Just A First Step' (WT)

By Nicholas Kralev

The Washington Times, March 1, 2007

The State Department yesterday ruled out "immediate results" from U.S.-North Korea talks on establishing full diplomatic relations, which officials said will take place on Monday and Tuesday in New York.

U.S. intelligence officials, meanwhile, said the North has taken preliminary steps to shut down its main nuclear reactor, as required by a Feb. 13 agreement under which it would scrap its atomic programs in exchange for about $300 million in aid.

The deal, signed in Beijing by the United States, North and South Korea, China, Japan and Russia, also calls for a "working group" to begin work on several bilateral issues -- including diplomatic relations -- within the next two weeks.

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State Department spokesman Sean McCormack yesterday confirmed a report in The Washington Times that the normalization of relations would figure prominently in the New York talks.

"I would caution you that this meeting is just a first step; it's an initial conversation," he said. "Don't look at it as a meeting that is going to produce immediate results. Nobody is going to come out the front door and wave a piece of paper with some agreement on it."

The talks will be conducted by the two countries' chief nuclear negotiators, Christopher Hill and Kim Kye-gwan. Mr. Kim is expected to arrive in San Francisco today and meet with nongovernmental groups in the San Francisco Bay Area before heading to New York tomorrow.

North Korea has also invited Mohamed ElBaradei, director-general of the International Atomic Energy Agency, to Pyongyang for talks on dismantling the North's nuclear facilities.

On Capitol Hill, Army Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said on Tuesday that recent information and analysis show the North has taken initial steps to close its main nuclear reactor at Yongbyon.

"There are parts of this nuclear program that we have to pay a lot of attention to, to see if we have the kind of disclosure and the inspection capabilities that we are looking for," he told the Senate Armed Services Committee.

Joseph DeTrani, mission manager for North Korea in the Office of the Director of National Intelligence, said the United States will continue to insist that the North declare all of its nuclear programs, including the suspected enrichment of uranium.

Pyongyang has never admitted publicly to having such a program, though U.S. officials insist the North Koreans acknowledged it when confronted with evidence in 2002.

Mr. DeTrani said the U.S. has "high confidence" that North Korea was acquiring materials for a production-scale enrichment program in 2002. The assessment of the program's continued existence is "at the mid-confidence level," he said.

The six-party talks, which produced the Feb. 13 agreement, began in 2003 but were dogged by repeated North Korean boycotts. The last one followed Washington's successful effort in 2005 to persuade a Macau bank to freeze about $24 million in North Korean assets.

Mr. Hill, assistant secretary of state for East Asian and Pacific affairs, indicated yesterday that the Treasury Department may be ready to ease those restrictions, saying that such a development "will not solve all of North Korea's problems with the international financial system."

"It must stop its illicit conduct and improve its international financial reputation in order to do that," Mr. Hill told the House Committee on Foreign Affairs.

In Pyongyang yesterday, senior officials from the two Koreas held their first formal negotiating session in seven months.

The South's chief delegate, Unification Minister Lee Jae-joung, criticized the North for conducting missile and nuclear weapons tests last year and urged it to "quickly implement the Feb. 13 agreement," said spokesman Lee Kwan-se.

North Korea's senior Cabinet councilor, Kwon Ho-ung, defended his country's missile tests as a "legitimate right for self-defense as a sovereign nation," but remained silent on the nuclear issue.

The North will hold talks with Japan on establishing diplomatic relations and resolving other disputes March 7 and 8 in Vietnam, Japan's Chief Cabinet Secretary Yasuhisa Shiozaki said yesterday.

In U.S. Overtures To Foes, New Respect For Pragmatism (NYT)

By Helene Cooper

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — In the span of just two weeks, the United States has agreed to hold high-level contacts with Iran and Syria, and to start down the path toward formal diplomatic recognition of North Korea.

Has the Bush administration gone soft on its foes?

As recently as Jan. 12, Secretary of State Condoleezza Rice repeated what has been a constant of Bush foreign policy: a refusal to bestow on Iran, Syria and North Korea the legitimacy of diplomatic engagement as long as they refuse to bend on disputed issues.

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"That's not diplomacy," Ms. Rice said before a Senate panel, in defending the administration's stand on Iran and Syria. "That's extortion."

Administration officials insisted Wednesday that the new overtures, including an agreement to join Iran and Syria in talks on Iraq, did not mean there had been a change in policy. "There is no crack," the White House spokesman, Tony Snow, said. "A number of people have been characterizing U.S. participation in a regional meeting as a change in policy; it is nothing of the sort."

But foreign policy experts, administration critics on Capitol Hill and former diplomats disagreed, saying the administration appeared to have recognized the extent to which it had tied its own hands by insisting on talking only to friends. Even Ms. Rice had called the opening to Tehran and Damascus a "diplomatic initiative."

"The question isn't whether the axis of evil is dead; it's alive as it was yesterday," said Daniel P. Serwer, a vice president at the United States Institute of Peace and a former diplomat who served as executive director of the bipartisan Iraq Study Group. "The question is whether the concept, as it was applied, is dead. And it's absolutely clear to me that you have to talk to who you have to talk to, in order to get things done."

Within the administration, there has long been a tug of war between advocates of engagement, represented by the diplomats at the State Department and sometimes led by Ms. Rice, and those who have sought to isolate enemies, a group led by Vice President Dick Cheney and defended by the former United Nations ambassador, John R. Bolton.

In the period leading up to the start of the Iraq war in 2003 and in the years immediately after, those pushing for isolation appeared to have the upper hand.

But last November's election results, along with the morass in Iraq and a yearning for some foreign-policy home runs as the clock winds down on the Bush administration, have made room for proponents of engagement.

A senior administration official who advocates at least limited contacts with America's enemies said, "There wasn't one big 'Aha!' moment, when suddenly we were being heard."

But, he said, "there seems to be more of a recognition of the limited success" of the approach.

At a dinner and lecture on Tuesday night at the Library of Congress, it looked like a reunion of the pro-engagement crowd. Seated at the front was former Secretary of State Henry A. Kissinger, along with the new deputy secretary of state, John D. Negroponte; also in attendance was Robert L. Gallucci, the former chief United States negotiator during the North Korean nuclear crisis of 1994.

It was a veritable bevy of advocates of realpolitik, headlined by former Secretary of State James A. Baker III, who told the audience, "America must be prepared to talk to our enemies."

Ms. Rice has come under criticism from conservative hard-liners, both in and out of the administration. So far, her close relationship with President Bush has allowed her to prod the administration toward more engagement, while at the same time taking pains not to push Mr. Bush further than he is willing to go, administration officials said.

In the North Korea case, Ms. Rice pressed for United Nations Security Council sanctions after it exploded a nuclear device in October. Then, three months later, she telephoned Mr. Bush directly from Berlin, where she was traveling, to get his approval for the United States to pursue an accord with North Korea on nuclear issues. In doing so, she bypassed layers of government policy review that had derailed past efforts to negotiate an agreement, administration officials said.

The State Department announced Wednesday that as part of the agreement, in which North Korea agreed to shut its main nuclear reactor in exchange for food and fuel aid, the United States and North Korea would hold "working group talks" on Monday and Tuesday on the normalization of relations.

In the case of Iran and Syria, Ms. Rice followed a similar strategy. In the weeks leading up to Tuesday's shift, she joined the rest of the Bush administration in increasingly confrontational oratory toward Iran. She accused Iran of aiding Shiite militias in attacks against American troops. She referred to "increasing lethality" in those attacks, which she said the United States would not stand for.

One senior administration official said the hard line helped Ms. Rice answer critics who accused her of being too soft. It also allowed the United States to sit at the table with Iran and Syria from a position of strength, the official said.

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“The government of the U.S. now feels as though it has leverage,” another senior administration official said. “People ask, ‘What’s changed?’ That’s what’s changed.”

It remains unclear whether an administration that has been committed for so long to not talking to its enemies can make a sincere about-face. At this point, administration officials caution that they have no plans to negotiate one-on-one with Iran or Syria.

But they said the same thing about talks with North Korea, maintaining that Washington was willing to talk to the North only within the context of six-nation talks, while American officials were actually meeting one-on-one with their North Korean counterparts.

Still, there are not many people in the administration who believe that Vice President Cheney has suddenly changed his mind, and now favors engagement.

That means that Ms. Rice will be under pressure to show results quickly, a tall task. “You can’t expect miracles here,” said Lee H. Hamilton, a co-chairman, with Mr. Baker, of the Iraq Study Group, which advised the United States to engage Syria and Iran.

“There has to be a sustained effort,” Mr. Hamilton said. “Successful diplomacy requires very careful preparation and very extensive follow-through.”

Diplomacy Could Define End Of Bush's Term (USAT)

USA Today, March 1, 2007

WASHINGTON — It happened to Ronald Reagan, and it is happening to George W. Bush.

With less than two years left in office, Bush is talking to countries he once shunned.

This week, the administration agreed to sit down with Iran and Syria at a conference on stabilizing Iraq. Two weeks ago, Bush agreed to provide aid to North Korea if it freezes its nuclear program. In February, the administration stepped in to revive peace talks between Israel and the Palestinians — something it declined to do for six years.

IRAQ CONFERENCE: U.S. may meet with Iran, Syria

The Bush administration has "come to the conclusion that there are limits to military power and that in diplomacy, it's often more necessary to talk to your opponents than your friends," says Richard Armitage, deputy secretary of State during Bush's first term.

On Wednesday, White House spokesman Tony Snow said Bush isn't changing positions.

"This is not a crack in the wall," he said of plans to meet with Iran and Syria. "It is another example, though, of the United States working diplomatically."

Bush's moves recall Reagan in 1986 after his administration was damaged by revelations it secretly sold weapons to Iran and used the money to fund anti-communist guerrillas in Nicaragua. Weakened by the Iran-contra scandal, Reagan shuffled his Cabinet and intensified arms-control talks with the Soviet Union.

Foreign policy experts say they see a new pragmatism in the Bush administration.

Bush's new flexibility is a result of his desire to salvage his Iraq policy and tamp down other crises around the globe, says Richard Haass, head of the Council on Foreign Relations. "It's ironic that what was a war of choice (in Iraq) has narrowed the administration's choices and forced it to adopt a more traditional foreign policy."

Personnel changes might have smoothed the way. When Donald Rumsfeld was Defense secretary, the Pentagon took on foreign policy roles that traditionally went to State Department diplomats. Now, "you have more of a team player" in Robert Gates, Rumsfeld's successor, says Bruce Riedel, a former National Security Council official. Gates "recognizes the importance of diplomacy and (sees) how overstretched his resources are," Riedel says.

Anne-Marie Slaughter, dean of the Woodrow Wilson School of Public and International Affairs at Princeton University, says Vice President Cheney and the Pentagon have seen their influence wane. "The State Department is once again running foreign policy," she says.

In an interview Wednesday on CNN, Cheney dismissed that idea: "I get to give (Bush) my advice. And sometimes he takes it, sometimes he doesn't. That's always been the deal."

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Conservatives say the administration's recent moves could embolden U.S. foes. North Korea's behavior has "gotten worse," and Iran is likely to speed efforts to build nuclear weapons, says Danielle Pletka, vice president at the American Enterprise Institute, a conservative think tank.

Recent administration moves include:

•North Korea. The United States and four other countries agreed to give North Korea fuel oil if it shuts down a program that has produced plutonium for nuclear weapons. The accord is similar to a 1994 pact Bush criticized when he came into office. Also, U.S. and North Korean officials meet next week to discuss steps toward normal ties after decades of hostility.

•Iran. The administration says it will join Iran and Syria at the Iraq conference this month. It has resisted talks with both and pushed sanctions and banking restrictions to isolate Iran.

•Middle East peace. Bush sought to isolate Palestinian leader Yasser Arafat and declined calls to try to broker Israeli-Palestinian peace. U.S. Secretary of State Condoleezza Rice now says Bush is determined to see progress toward a Middle East peace deal before leaving office.

"In the last two years of an administration, … you focus on what's doable," says Kenneth Duberstein, Reagan's last chief of staff. "You all of a sudden get realistic and pragmatic."

In Arab Hub, Poor Left To Their Fate (NYT)

By Michael Slackman

The New York Times, March 1, 2007

CAIRO, Feb. 23 — Ali Mezar has spent his life fishing a narrow, muddy patch of the Nile in this, one of the most crowded cities in the world. But Mr. Mezar has little contact with urban civilization. He sleeps in his boat, makes tea from the dirty Nile water and on good days earns a few dollars.

Not far away, on the shoulder of a busy avenue, Karim Sayed, 21, herds sheep and goats matted with urban filth. He spends his days staring into oncoming traffic, hoping to make a sale before the police move him or confiscate a sheep.

At the city's edge, in a packed neighborhood built entirely by its residents, Mina Fathy and his neighbors fix sewerage, water and electricity problems on their own because they say the government offers them virtually no service in such functions.

Cairo is home to 15 million and often described as the center of the Arab world, an incubator of culture and ideas. But it is also a collection of villages, a ruralized metropolis where people live by their wits and devices, cut off from the authorities, the law and often each other.

That social reality does not just speak to the quality and style of life for millions of Egyptians. It also plays a role in the nation's style of governance.

The fisherman on the Nile, the shepherd in the road and residents of so-called informal communities say their experiences navigating city life have taught them the same lessons: the government is not there to better their lives; advancement is based on connections and bribes; the central authority is at best a benign force to be avoided.

"Everything is from God," said Mr. Mezar, the fisherman, who was speaking practically, not theologically. "There is no such thing as government. The government is one thing, and we are something else. What am I going to get from the government?"

Cairo has been the capital of Egypt for more than 1,000 years, and sits where the dry sands of the desert lead to the fertile Nile Delta. Egyptian officials like to say that this is where modern bureaucracy was invented, where the mechanics of governance first took shape.

While the Egyptian government is the country's largest employer, it is by all accounts an utterly unreliable source of help for the average citizen. That combination, social scientists say, helps create a system that has stifled political opposition and allowed a small group to remain in power for decades.

One brick in the foundation of single-party rule has been public resignation. There is no widespread expectation that the authorities will give the common man a voice, and so there is rarely any outrage when they do not. The fisherman, the shepherd and Mr. Fathy all said that the most they could hope for from the government was that it stay out of their lives.

"We hope God keeps the municipality away from us," Mr. Sayed said as he sat in a wooden chair, surveying his fetid flock of goats and sheep with headlights streaming by.

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Such a feeling of separation is one reason that the leadership has been able to clamp down on opposition political activities without incurring widespread public wrath, political analysts say.

"People see the government as something quite foreign or removed from their lives," said Diane Singerman, a professor in government at American University in Washington who has written extensively about Cairo. "Commuters to the city, or poor peddlers and working people, do not see the government as particularly interested in their lives, and they also see politics as quite elite and risky and something to stay away from."

Officials say part of the disillusionment comes from unrealistic expectations, a holdover from the heady days of Gamal Abdel Nasser, Egypt's leader from 1954 to 1970, when government jobs were deemed a right and cradle-to-grave care a promise.

Mr. Mezar and his cousin Muhammad Hassan fish the Nile just as their parents and their grandparents did, living in the bottom of their small wooden boats. Dark from the sun, hands callused from their oars, they are the image of Egypt, and they often smile and wave dutifully as tour boats motor up the river, with tourists snapping their pictures.

They dock their boats beneath a busy overpass, waking each morning at 6, filling their glasses with tea made from water scooped directly from the Nile. They worry that despite their fishing licenses, the police will demand their fish or write a ticket for some invented infraction.

"There is only despair," Mr. Hassan said as he slowly rowed while his son, Rageb, 22, stood barefoot on the front of the boat putting out the net. "It is all about connections. If you know someone, you get 20 jobs. If not, you get nothing."

He said they knew about bilharzia, the life-threatening parasite in the slow-moving waters on the edge of the Nile, but their priority is catching fish.

"We get checked for bilharzia," he said.

"Really?" he was asked.

"No, never," he replied, shaking his head.

There were four boats working the river one morning, including Mr. Hassan's. The crews were all relatives of his. No one expressed anger — or depression. Only resignation.

"I am sick of Egypt," Mr. Mezar said. "I like fishing, but you see, are there any fish? I would give all of this if the government gave me a job."

Cairo has grown like a living organism, swallowing up agricultural lands and villages as its population has ballooned. Nearly three-quarters of the population live like Mr. Fathy, in informal communities.

Mr. Fathy comes from Manshiet Nasser, a sprawling labyrinth of brick apartment buildings along trash-strewn dirt roads that is home to hundreds of thousands of people. Informal communities are not shantytowns, but neighborhoods that grew organically, without any urban planning. People simply built homes, some buying agricultural land, some squatting on desert land.

The nature of these communities has bred a sense of distance and alienation from the government, experts in Cairo's life say. The government only provided services when the neighborhoods reached a critical mass, when the numbers of people could no longer be ignored. Few have schools. Roads are so narrow that police trucks cannot enter. Electricity is pirated. Order is established by the community, independent from the authorities.

"My impression is that they think they are something different from the rest of the city," said Abdel Halim Ibrahim Abdel Halim, an urban planner and architect. "They feel like they provided housing for themselves, they control that housing."

Residents of Manshiet Nasser, which is on a plateau, often refer to those in the formal center of the city as "people who come from under," as Salah Ibrahim, 40, meant when he said, "People who come from under never listen to us." He said a road in front of his house had been flooded with sewage for days until, finally, the neighbors all donated money to have it repaired.

"Every house is on its own," said Mr. Fathy, who said he had paid a bribe of 2,000 pounds, about $350, when inspectors insisted that he tear down the third-floor apartment he was building on top of his parents' building. "Every house has to solve its own problems."

Sarkozy Outlines Foreign Policy For France (NYT)

By Elaine Sciolino

The New York Times, March 1, 2007

PARIS, Feb. 28 — The center-right presidential candidate Nicolas Sarkozy wants to toughen sanctions against Iran, keep Turkey out of the European Union, create an independent European defense strategy and have a friendly but not a submissive relationship with the United States.

Unveiling his foreign policy on Wednesday, Mr. Sarkozy, who is the interior minister and head of the governing party, the Union for a Popular Movement, called the American-led invasion of Iraq a "historic mistake" and thanked President Jacques Chirac for his "lucidity" in keeping France out of it.

But Mr. Sarkozy was vague about what the United States should do in Iraq. He warned that withdrawing American troops too soon would "lead to chaos" but said avoiding a withdrawal would lead the Iraqis to "react with more violence, and that would benefit the terrorists."

With a speech and a news conference on Wednesday, Mr. Sarkozy sharpened his message, subtly portraying himself as tougher and more reliable on national security than his main rival, the Socialist candidate Ségolène Royal.

He defined Iran as the most urgent issue he would face if elected, saying, "The idea of an Iran with nuclear weapons is unacceptable."

But he parted company with Ms. Royal, who has said Iran must be denied even a civilian nuclear program. Mr. Sarkozy branded her position as irresponsible, adding that France should help other countries build nuclear power plants, beginning with Algeria, its former colony.

Mr. Sarkozy enjoys a slight lead over Ms. Royal in the first round of the French presidential election on April 22, according to some opinion polls. Even so, a high level of voters have expressed only tepid support for either of them.

In addition, a recent surge of support for the centrist candidate François Bayrou and the candidacy of the far-right National Front leader Jean-Marie Le Pen make the outcome of the first round even more uncertain.

Without mentioning Ms. Royal by name, Mr. Sarkozy sought to create distance between them. He pledged to keep French military spending at 2 percent of the gross domestic product, suggesting that it was unfair that France and Britain were the only two members of the European Union to spend enough and make sacrifices for defense. He called it important, for example, for France to build a second aircraft carrier.

Ms. Royal, by contrast, said this month that France should take the money earmarked for the carrier and spend it on education and research instead.

At the time, Mr. Sarkozy criticized her proposal as a "curious idea," and Defense Minister Michèle Alliot-Marie, a Sarkozy supporter, called it "irresponsible."

In his remarks on Wednesday, Mr. Sarkozy said human rights would be a cornerstone of his foreign policy, adding that the president of France should speak out against abuses in China and Russia.

Ms. Royal, during a recent trip to China, seemed to compliment her hosts in saying, "Sometimes the justice is swifter than in France." The period between arrest and execution can be only weeks in China's repressive justice system, and she was criticized by human rights advocates and her political foes as naïve.

Since Mr. Sarkozy's trip last September to the United States, where he lavished praise on the country and was granted — at his request — a meeting and a photo session with President Bush, Mr. Sarkozy has sought to assure French voters that he will not bend to the will of America.

"I ask our American friends to let us be free, free to be their friends," he said Wednesday.

To underscore his independence from the United States, he cited his opposition to Turkey's entry into the 27-country European Union, which the Bush administration has strongly promoted.

"President Bush is very attached to the idea that Turkey become a member of the E.U.," Mr. Sarkozy said. "So you will judge my capacity for independence from the U.S. For me, it's no. Turkey is not meant to join the E.U., because Turkey is not a European country."

Ms. Royal has yet to devote an entire speech and news conference to foreign policy. Instead, she has found herself on the defensive for a number of offhand remarks in that field.

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Last month, for example, she created a diplomatic firestorm when she shifted some of her positions along the way and suggested that she was sympathetic to independence for Quebec. Her comment was sharply criticized by Canada's prime minister, Stephen Harper, who said, "Experience teaches that it is highly inappropriate for a foreign leader to interfere in the democratic affairs of another country."

A few days later, a well-known French comedian and prankster, Gérald Dahan, trapped Ms. Royal by tape-recording a telephone call with her in which he feigned a Quebec accent and posed as the province's premier, Jean Charest. Mr. Dahan said Ms. Royal's comments on Quebec would be as damaging as if he were to support independence for the French Mediterranean island of Corsica.

"The French would not be against this, by the way," Ms. Royal responded in the recording, which was played on the radio. "Don't repeat that. It will create another incident in France. It's a secret."

Mr. Sarkozy pounced on her words, saying: "For me, Corsica is not a joke. It is the Republic."

Ms. Royal was also widely criticized during a trip to the Middle East in December in which she did not speak out when a Hezbollah member of the Lebanese Parliament compared Israel to Nazi Germany.

Mr. Sarkozy came under fire this week, not on foreign policy, but an issue much closer to home.

The satirical investigative weekly Le Canard Enchaîné reported in its current issue that Mr. Sarkozy had received close to $400,000 in rebates on the 1997 purchase and renovation of his apartment in Neuilly, an upscale Paris suburb, where he was mayor from 1983 to 2002.

The paper, citing local property transaction records, said Mr. Sarkozy had paid 12 to 35 percent less per square meter than his neighbors to Lasserre, the real estate development company that sold him the apartment and was granted a number of real estate permits in Neuilly over the years.

Mr. Sarkozy denied the allegation on Tuesday, adding that the regional tax department confirmed in 1997 that the purchase had been made at the market price.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

U.S. Judge Finds Padilla Competent To Face Trial (NYT)

By Deborah Sontag

The New York Times, March 1, 2007

MIAMI, Feb. 28 — A federal judge found Jose Padilla competent to stand trial on terrorism conspiracy charges Wednesday, granting a significant victory to the government in the high-profile criminal case of a United States citizen who was initially designated an "enemy combatant" and held without charges.

After three and a half days of an intensely argued hearing, Judge Marcia G. Cooke of Federal District Court rejected the defense lawyers' request that Mr. Padilla be sent to a hospital for psychiatric treatment so that he could be "healed" from what they said was post-traumatic stress disorder caused during his three years and eight months in military detention.

"This defendant clearly has the capacity to assist his attorneys," Judge Cooke said, adding that Mr. Padilla's case was "unique" and that "he understands that."

Judge Cooke, who allowed limited testimony from brig officials during the competency hearing, said that her ruling should not be construed as a finding on Mr. Padilla's claims of mistreatment during his detention and interrogations at a military brig in South Carolina.

"Those claims are for another day," she said, referring to another pending motion by Mr. Padilla that the charges against him be dismissed because of "outrageous government conduct."

The threshold for legal competency is low, requiring a criminal defendant to have the capacity, on a basic level, both to understand the proceedings and to communicate with his lawyers. Most incompetency claims in federal court are denied, said Christopher Slobogin, an expert in law and psychiatry at the University of Florida, and most defendants found incompetent are clearly psychotic.

Mr. Padilla is not. Throughout the competency hearing, Mr. Padilla, wearing a tan prison jumpsuit and wire-rimmed glasses, appeared alert. When the brig officials testified Monday, he dropped his head and "hunkered down," as one of his lawyers described it, but at all others times he sat erectly and calmly, without displaying the tics and grimaces that his lawyers described as manifestations of his disorder.

Judge Cooke remarked on Mr. Padilla's attentiveness in court and noted that "everyone discussed that Mr. Padilla is polite almost to a fault."

His comportment, Mr. Padilla's lawyers argued, is not the problem. Rather, they said, the trauma of his interrogations — at least 87 videotaped interrogations have been turned over to them, indicating a substantial amount of questioning — had rendered him incapable to assist in his own defense. He refuses, they said, to discuss the facts of his cases, insisting that he has already told them everything when, they said, he has told them nothing.

Before she ruled this afternoon, Judge Cooke asked the government about that. "If the defendant refuses to discuss vast sections of his case, is that in and of itself not inability to assist counsel?" she said.

But prosecutors maintained that Mr. Padilla was capable of consulting with his lawyers and that any failure to do so was willful. John C. Shipley, an assistant United States attorney, said that Mr. Padilla was a principal source of information for his lawyers' accusations of mistreatment in military detention.

"It doesn't make sense that if the root of the defendant's hesitancy to talk" was his treatment in the brig, Mr. Shipley said, that the brig would be the only thing he discussed with his lawyers.

Mr. Padilla's lawyers said that they and their mental health experts only slowly elicited information about his time in military detention, largely by asking him yes and no questions.

The defense lawyers also said that Mr. Padilla opposed their efforts to have him found incompetent to stand trial, which they said was further evidence of his irrationality. He would rather spend his life in prison than spend a few months in a psychiatric hospital, they said.

With a trial scheduled for mid-April, Mr. Padilla and two other defendants are accused of participating in a "North American support cell" that provided money, goods and recruits abroad to assist "global jihad."

Suspected Al-Qaida Operative Competent To Stand Trial, U.S. Judge Rules (AP)

By Curt Anderson, Associated Press Writer

AP, March 1, 2007

DOJ_NMG_0138469

(AP) - MIAMI-A federal judge ruled Wednesday that suspected al-Qaida operative Jose Padilla is competent to stand trial on terrorism support charges, rejecting arguments that he was severely damaged by 3 1/2 years of interrogation and isolation in a military brig.

Padilla was in court when U.S. District Judge Marcia Cooke announced her decision, but he showed no reaction.

"This defendant clearly has the capacity to assist his attorneys," Cooke said just hours after she finished four days of competency hearings.

Padilla, a 36-year-old U.S. citizen and Muslim convert, was arrested in 2002 in Chicago in what U.S. authorities initially claimed was a mission to set off a radioactive "dirty bomb" in a major city. He was held without criminal charge after President George W. Bush declared him an enemy combatant.

Amid a legal clash over Bush's wartime detention powers, Padilla was added to a Miami terrorism support case in late 2005. That indictment does not mention the "dirty bomb" plot.

Defense attorneys and federal prosecutors declined to immediately comment on the judge's ruling.

Padilla's lawyers had asked Cooke to order that their client be treated for post-traumatic stress disorder, which they contend stems from years of isolation and interrogation while in military custody.

Cooke said testimony in the competency hearing showed that Padilla understands "legal nuances" of pretrial motions and noted that he had signed a document verifying the truth of allegations made by the defense that he was tortured and mistreated during his years in a Navy brig in Charleston, South Carolina.

"At some time, the defendant was able to discuss some things with his lawyers," Cooke said. "The defendant's situation is unique. He understands that."

Bush administration officials vehemently deny that Padilla was mistreated, and Cooke said her decision on competency should not be read as a ruling on those claims. "That discussion is for another day," she said.

Padilla is charged along with two co-defendants with being part of a North American terror support cell that provided money, recruits and supplies to Islamic extremists around the world. All three have pleaded not guilty and face possible life imprisonment.

A trial is set to begin April 16.

Anthony Natale, one of Padilla's court-appointed lawyers, had asked Cooke to send Padilla to a mental health center for at least three months.

"Give him nothing more than any defendant deserves and receives in this country," Natale said.

A court-appointed psychologist who works for the U.S. Bureau of Prisons rejected the defense's claim that post-traumatic stress disorder impaired Padilla's ability to assist his lawyers. The psychologist concluded Padilla is competent, even if he has some anxiety and anti-social personality problems.

Prosecutors contended that Padilla, a Muslim convert, attended an al-Qaida camp in Afghanistan that included indoctrination on resistance if captured. Assistant U.S. Attorney John Shipley suggested that indoctrination was behind his choice not to cooperate on some issues.

"That is a decision made by this defendant. That doesn't mean he's incompetent," Shipley said. "The issue is whether the defendant has the capacity to assist." 2007-02-28T21:36:27Z

Judge Rules Padilla Is Competent To Stand Trial (WP)

By Peter Whoriskey

The Washington Post, March 1, 2007

MIAMI, Feb. 28 -- A federal judge ruled Wednesday that Jose Padilla is competent to stand trial on terrorism charges, rejecting lawyers' allegations that torture inflicted during his military incarceration has rendered him psychologically unable to mount a defense.

The ruling leaves aside for now the question of whether Padilla, accused of being an al-Qaeda operative, was mistreated during his 3 1/2 -year confinement in the Navy brig in Charleston, S.C., after being declared an "enemy combatant" by President Bush.

Instead, the ruling found that whether or not he was abused, Padilla is currently capable of understanding the legal proceedings and their consequences, and that he can assist his attorneys. That is enough under legal standards to find him fit for trial.

"This defendant is a knowing participant" in the proceedings, U.S. District Judge Marcia G. Cooke said.

Neither the defense attorneys nor prosecutors would comment afterward.

In legal pleadings and an affidavit filed by Padilla's attorneys on his behalf, the defense has asserted that during his stay at the brig, the 36-year-old was subject to isolation in a 7-by-9-foot cell with no view to the outside world, was deprived of sleep, a

clock and reading materials, and was hooded and forced to assume "stress positions" for long periods of time. He was also, they alleged, threatened with imminent execution.

While U.S. officials say Padilla was treated humanely, a pending defense motion asks that the charges against him be thrown out because of mistreatment.

"Through its illegal conduct, the government has forfeited its right to prosecute," according to the motion.

In ruling, Cooke said explicitly that the competency decision leaves open the questions raised by those allegations. "That discussion is for another day," she said.

The defense had argued that Padilla was unfit for trial because the alleged mistreatment made him too fearful or too distracted to assist in his own defense -- a defect that could render him legally incompetent.

Defense attorney Andrew Patel took the stand to testify that Padilla has consistently refused to review the taped conversations that are at the core of the prosecution case.

"We have gotten no useful information from Mr. Padilla, directly," he said.

A forensic psychiatrist and a forensic psychologist hired by the defense had depicted Padilla as "broken man" who suffered from post-traumatic stress disorder. Questions about the brig provoked sweating and involuntary facial grimaces, they said.

The technical director for the brig, while denying any knowledge of physical abuse, testified that at times Padilla has been deprived of a clock, a mattress and windows, and that on two occasions he was weeping.

All in all, the defense argued, Padilla is now unable to assist his attorneys.

In her ruling, however, Cooke disagreed, citing both his courtroom demeanor -- he appears attentive -- and his role in signing an affidavit alleging the torture. A Bureau of Prisons psychologist who spoke with Padilla also noted that he seemed very knowledgeable about key developments in the case and could discuss them.

Padilla appears "keenly aware" of motions in court, Cooke said, and "clearly has the capacity to assist his attorneys."

Legal experts noted that it is very difficult for defendants to make the case that they are incompetent to stand trial.

"The hurdle that a defendant has to overcome in a competency hearing is very high," said Carl Tobias, a professor of constitutional law at the University of Richmond who has studied terrorism cases since the Sept. 11, 2001, attacks. "Those motions are rarely granted and it shouldn't be a surprise that it wasn't granted here."

Terror Suspect Padilla OK To Stand Trial, Judge Rules (LAT)

By Carol J. Williams

The Los Angeles Times, March 1, 2007

MIAMI -- Suspected al-Qaida operative Jose Padilla is competent to stand trial on terrorism charges because he understands the case against him and has shown himself capable of assisting in his own defense, a federal judge ruled Wednesday.

The decision by U.S. District Judge Marcia Cooke was a victory for the government, which has alleged in a three-count indictment that Padilla was part of a North American terror cell that recruited, trained and supported Islamic militants seeking to carry out acts of violence.

Anthony Natale, lead attorney on Padilla's four-man public defender team, had argued a few hours earlier at the conclusion of a four-day hearing that Cooke should find his client unfit to proceed. Natale urged Cooke to send Padilla to a mental hospital where he could be treated for what the defense claimed are debilitating anxiety and Post-Traumatic Stress Disorder.

The defense had contended Padilla, a 36-year-old former Chicago gang member, was mentally damaged by the 3 1/2 years he was held without charges at the Navy brig in Charleston, S.C. The lawyers say Padilla was deprived of human contact and subjected to dehumanizing stresses that amounted to torture.

Cooke prefaced her ruling by saying she might conduct another hearing at which she would take testimony on the torture allegations before Padilla's trial, set to begin April 16. The defense has moved for dismissal of the case on the grounds of "outrageous government conduct" during Padilla's time in the brig.

"That discussion is for another day," she said of the allegations of mistreatment. She also said her ruling Wednesday did not prejudice her potential consideration of Padilla's brig experiences.

The judge pointed to the October 2006 defense motion detailing the alleged abuses in military custody as evidence that the defendant comprehends the legal proceedings and can provide his lawyers meaningful information when he wants to.

"This defendant clearly has the capacity to assist his attorneys," she said. "He had to communicate something to his lawyers in order for counsel to file that motion."

Cooke also appeared to fault Padilla for failing to cooperate fully with three mental health professionals who attempted to conduct mental fitness tests. Two experts hired by the defense diagnosed Padilla with Post-Traumatic Stress Disorder, while the

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court-ordered psychological evaluator said the defendant was fit for trial and that any failure to collaborate with his lawyers was "volitional."

Padilla, in tan cotton prison garb, sandals and shackles, stood impassively as Cooke read her decision. He shook hands with Natale and gave him a rueful smile.

Padilla, a U.S. citizen of Puerto Rican ancestry who converted to Islam during a previous prison sentence, was arrested at Chicago's O'Hare International Airport in May 2002, when he returned from at least six years abroad, including time in Egypt, Pakistan and Afghanistan.

Then-Attorney General John Ashcroft accused Padilla of being part of a plot to detonate a radioactive "dirty bomb" on a U.S. city, and President Bush declared Padilla an enemy combatant. Padilla was sent to the brig, where he reportedly endured months of sensory deprivation followed by alternating extremes of light and darkness, silence and noise.

As the Supreme Court was pondering a ruling on the extent of the president's powers to hold a U.S. citizen indefinitely without charges, the government indicted Padilla for conspiracy and material support to terrorism in November 2005. He was transferred two months later from the brig to the federal court system.

The Jose Padilla Trial (NYT)

The New York Times, March 1, 2007

There were so many reasons to be appalled by President Bush's decision to detain people illegally and subject them to mental and physical abuse. The unfolding case of Jose Padilla reminds us of one of the most important: mistreating a prisoner makes it hard, if not impossible, for a real court to judge whether he has committed real crimes.

Mr. Padilla is a former Chicago gang member whose arrest in 2002 was touted by the Bush administration as the disruption of a high-level plot by Al Qaeda to set off a "dirty bomb" in the United States. Mr. Padilla was held without charge for three years and eight months in a Navy brig, his windows blackened, his every move watched. Then, rather than defend its actions before the Supreme Court, the White House declared a year ago that Mr. Padilla was no longer an illegal combatant, transferred him to civilian custody and filed conspiracy charges that have nothing to do with dirty bombs.

Yesterday, Judge Marcia Cooke of the Federal District Court in Miami ruled against Mr. Padilla's defense lawyers, who argued that his abusive confinement was so traumatic that he could not assist them in a trial. They had wanted to send Mr. Padilla to a hospital for treatment first.

That still leaves the far bigger question of whether Mr. Padilla was tortured, as he has claimed. For there to be a trial, Judge Cooke will have to rule that Mr. Padilla was not tortured, and she made a point of saying yesterday that her ruling on his competence was not a judgment on the torture claim.

At one point in the mental competency hearing, a prosecutor wanted to introduce what he said was a Qaeda manual instructing captured operatives to claim torture even if none had occurred. Judge Cooke refused, pointing out that there was no evidence that Mr. Padilla had ever heard of the manual, much less studied it. The government has yet to show evidence that Mr. Padilla was even a member of Al Qaeda.

The government's arguments at the hearing sounded ridiculous and shameful. Prosecutors said Mr. Padilla always seemed fine to his jailers, but it was his jailers who did things like standing on his bare feet with boots so they could shackle him. The brig psychologist testified that he had spoken to Mr. Padilla only twice, once when he was first detained, and two years later — through a slit in his cell door.

When a psychologist testified for the defense that Mr. Padilla was "an anxiety-ridden, broken individual," the prosecution said her tests were invalid — because the jailers had kept Mr. Padilla handcuffed throughout.

We will probably never know if Mr. Padilla was a would-be terrorist. So far, this trial has been a reminder of how Mr. Bush's policy on prisoners has compromised the judicial process. And it has confirmed the world's suspicions of the United States' stooping to the very behavior it once stood against.

President Convenes Bipartisan Terror Panel (WP/AP)

Associated Press

The Washington Post, March 1, 2007

Despite initial wariness from Democrats, President Bush finally convened a bipartisan working group to advise him on terrorism, sitting down at the White House yesterday to discuss the deteriorating conditions in Afghanistan with senior lawmakers from both parties.

When he unveiled his new Iraq policy in January, Bush mentioned his interest in forming such a group as a way of improving relations with Congress. Democrats initially balked out of concern that Bush would be dictating the subject and the people present, congressional aides said.

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What now appears to have emerged is a plan to have regular meetings to discuss key national security issues with an evolving cast of participants from Capitol Hill, according to congressional and White House aides. The first subject to be taken up was Afghanistan, where a resurgent Taliban movement is posing a strong challenge to the government led by Hamid Karzai and the American and European forces trying to help it stabilize the country.

As described by people present yesterday, the initial meeting lasted more than an hour and included presentations from Secretary of State Condoleezza Rice and Vice President Cheney, who briefed lawmakers on his just-completed trip to Pakistan and Afghanistan.

Judge Rejects Request By Muslim Charity (LAT)

By Greg Krikorian

The Los Angeles Times, March 1, 2007

A federal judge in Dallas has denied a request to declassify thousands of pages of FBI evidence in the prosecution of a Muslim charity, but said it was disturbing that a recently unsealed document falsely accused charity officials of anti-Jewish slurs.

In his ruling against lawyers for the Holy Land Foundation for Relief and Development, U.S. District Judge A. Joe Fish concluded there was insufficient evidence to show the inaccuracies were part of a "widespread problem" with the government's evidence.

At the same time, Fish advised defense lawyers to return to court if they found more government summaries that were "significantly inaccurate or misleading."

The now-defunct Muslim charity and seven former officials face criminal charges alleging financial ties to the Islamic militant group Hamas, which the U.S. considers a terrorist organization.

Fish, agreeing with the government, said there was no justification for a defense request to declassify about 10 years' worth of surveillance based on the apparent fabrications found in the government's April 15, 1996, surveillance summary.

The document claimed that two Holy Land officials now facing trial made anti-Jewish remarks. But their supposed comments are not in the transcripts.

The alleged remarks included one Holy Land official calling Israel "the government of the demons" and telling a colleague, "Even Jesus Christ had called the Jews and their high priests … the sons of snakes and scorpions."

The judge said he found it disturbing that the government's summary included inflammatory language not found in the transcripts.

Defense lawyers and prosecutors had no comment Wednesday on the ruling.

In their motion, defense lawyers said they had recently received declassified summaries representing about 10% of the conversations recorded by the government in court-authorized surveillance. They worried that additional discrepancies could exist in the documents.

"During the limited period that [we have] had access to declassified transcripts, we have discovered other errors both technical and contextual," defense lawyers wrote in their motion.

They said additional errors included a document that was "summarized inaccurately" and misled them in assessing whether potential witnesses were likely to help or hurt the defense.

The Holy Land Foundation, once the nation's largest Muslim charity, was closed by the government five years ago. Its former officials are accused of providing money to overseas charities controlled by Hamas.

The defendants deny any links to terrorism or knowledge that charities they funded had ties to Hamas.

The defendants also noted that some of the overseas charities linked in the indictment to terrorists had been supported by numerous groups, including the U.S. Agency for International Development.

FBI Evidence On Holy Land To Stay Classified (DMN)

From Wire Reports

The Dallas Morning News, March 1, 2007

Judge denies request to unseal records but calls discrepancy 'disturbing'

A federal judge in Dallas has denied a request to declassify thousands of pages of FBI evidence in the prosecution of a Muslim charity but called it "disturbing" that one recently unsealed document falsely accused charity officials of anti-Jewish slurs.

In his ruling against lawyers for the Holy Land Foundation for Relief and Development, U.S. District Judge Joe Fish concluded there was insufficient evidence to show the inaccuracies were part of a "widespread problem" with the government's evidence.

At the same time, Judge Fish advised defense lawyers to return to court if they find more government summaries that are "significantly inaccurate or misleading."

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The now-defunct Muslim charity and seven former officials face criminal charges alleging financial ties to Hamas, which has been designated a foreign terrorist organization by the U.S.

Agreeing with the government, Judge Fish said there was no justification for a defense request to declassify almost 10 years' of surveillance based on the apparent fabrications found in the government's April 15, 1996, surveillance summary. The document claimed that two of the Holy Land officials now facing trial made remarks that are not in the actual transcripts of surveillance.

The alleged remarks included one Holy Land official calling Israel "the government of the demons" and telling a colleague: "Even Jesus Christ had called the Jews and their high priests ... the sons of snakes and scorpions."

The judge said he found it "disturbing" that the government summary included inflammatory language not found in the transcript.

Defense attorneys, like prosecutors, had no comment on Tuesday's ruling.

But in their original motion, defense attorneys said they only recently had received declassified summaries representing about 10 percent of the conversations recorded by the government in court-authorized surveillance. They signaled that additional discrepancies might exist.

"During the limited period that [we have] had access to declassified transcripts, we have discovered other errors both technical and contextual," Holy Land lawyers wrote in their earlier motion.

The Holy Land foundation was closed by the government five years ago for allegedly serving as a fundraising front for Hamas. The defendants have denied any links to terrorism or knowledge that other charities they funded had ties to Hamas.

U.S. Won't Send CIA Defendants To Italy (WP)

By Craig Whitlock

The Washington Post, March 1, 2007

BERLIN, Feb. 28 -- The State Department's top lawyer said Wednesday that the United States would refuse to extradite CIA officers who face kidnapping charges in Italy, warning that European criminal prosecutions of U.S. agents were harming transatlantic counterterrorism efforts.

An Italian court issued indictments against 25 CIA operatives and a U.S. Air Force officer Feb. 16, charging them with kidnapping a radical Muslim cleric in Milan four years ago. Although the Italian government has not made a final decision on whether to ask the United States to extradite the defendants, John B. Bellinger III, legal adviser to Secretary of State Condoleezza Rice, said the request would be rejected regardless.

"If we got an extradition request from Italy, we would not extradite U.S. officials to Italy," Bellinger told reporters in Brussels, where he was meeting with European Union officials.

Bellinger's statement was the first time that a U.S. government official has directly addressed the Italian criminal investigation, which is expected to produce the first overseas trial of CIA officers involved in a covert counterterrorism operation.

The trial is scheduled to open June 8 in Milan. Italian prosecutors say they will try the American defendants in absentia, if necessary. Five Italian spies, including the former head of military intelligence, have also been charged.

In a separate case, a German court issued arrest warrants Jan. 31 for 13 CIA operatives accused of kidnapping a German citizen in Macedonia in December 2003. German authorities have said they are unlikely to make a formal extradition request to the U.S. government or go to trial. But the ongoing European criminal investigations and other probes into CIA activity on the Continent have soured relations with the Bush administration.

"I do think these continuing investigations can harm intelligence cooperation -- that's simply a fact of life," Bellinger said Wednesday. He also criticized a recent investigation by the European Parliament into CIA counterterrorism operations, calling the legislature's findings "unbalanced, inaccurate and unfair."

Many European lawmakers and human rights groups have accused the CIA of violating European sovereignty and international law by covertly apprehending and detaining terrorism suspects on the Continent. They have also criticized European intelligence services for taking part in the operations or failing to stop them.

"Instead of stonewalling investigations into its and other governments' illegal renditions activities, the United States should support its allies' efforts to bring perpetrators to justice," Jumana Musa, Amnesty International's U.S. advocacy director for domestic human rights and international justice, said in a statement. "The United States must recognize that it has obligations under U.S. and international law to seek accountability for agents who participated in activities that led to torture."

US 'will Not Hand Over CIA Agents To Italy' (FT)

By Sarah Laitner

Financial Times, March 1, 2007

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Washington would refuse any demand by Rome to give up alleged Central Intelligence Agency operatives to face criminal trial on charges that the agency abducted terror suspects, a leading US official said.

John Bellinger, legal adviser to the US secretary of state Condoleezza Rice, said in Brussels: "We have not gotten that extradition request from Italy. If we got an extradition request from Italy, we would not extradite US officials to Italy."

An Italian judge last month ordered 25 alleged CIA operatives and the former head of Italy's military intelligence service to go on trial on charges of kidnapping an Egyptian iman in Milan in 2003 and taking him to Egypt for interrogation.

Mr Bellinger, who was in Brussels to meet European legal advisers, is the first senior US official to say publicly that CIA agents would not be sent for trial abroad.

The US faces continued criticism from many Europeans over its contentious practice of kidnapping terrorist suspects on foreign soil after the September 11 attacks on America. In January, prosecutors in Germany issued arrest warrants for 13 alleged CIA operatives in connection with allegations that a German citizen was abducted and then detained in a secret Afghan prison.

Last month the European parliament accused some European governments of turning a blind eye to the illegal transportation of alleged terrorists through their countries to face possible torture. The Strasbourg chamber said that the UK, Germany, Poland and some other member states allowed CIA flights to stop over without proper controls.

Mr Bellinger branded that study "unbalanced, inaccurate and unfair", and cautioned that European probes into US officials could be damaging. "I do think that these continuing investigations can harm intelligence co-operation," he said.

Mr Bellinger did not address details of the Italian case. Romano Prodi, Italy's prime minister, is unwilling to agree to prosecutors' demands to seek extradition of the Americans.

PATRIOT ACT:

Suit Demands Details On Secret Court's Wiretap Ruling (SFC)

By Bob Egelko, Chronicle Staff Writer

San Francisco Chronicle, February 28, 2007

Group seeks to learn if program requires individual warrants

A privacy rights group sued the Justice Department on Tuesday to try to pry loose a ruling by a secret court that the Bush administration says approved its clandestine wiretapping program.

The suit, if it succeeds, should answer an important question about the future of the program: whether the court will require individual warrants, with specific evidence, before allowing the government to intercept phone calls and e-mails between Americans and alleged terrorists in foreign countries.

In December 2005, President Bush confirmed a New York Times report that he had authorized the National Security Agency four years earlier to eavesdrop on such communications without obtaining warrants from the Foreign Intelligence Surveillance Court, as required by a 1978 law.

A federal judge in Detroit declared the program unconstitutional in August, a ruling the administration has appealed. In San Francisco, another judge is considering more than 40 lawsuits accusing telecommunications companies of illegally collaborating with the program by allowing the National Security Agency to intercept messages and examine customer records.

The Electronic Frontier Foundation, a San Francisco organization that represents AT&T customers in one of the lawsuits, sued Tuesday in Washington, D.C., seeking disclosure of a pivotal Jan. 10 ruling by a judge of the Foreign Intelligence Surveillance Court.

The ruling's existence was disclosed Jan. 17 by Attorney General Alberto Gonzales, who told the Senate Judiciary Committee that the judge had approved the surveillance, after lengthy negotiations, and that the program was now operating under authority of the foreign intelligence court.

Gonzales did not say, however, whether the judge was requiring a warrant in each case or instead had given overall approval to the program. The attorney general has refused to make the order public, although the Justice Department sent copies to the federal judge in San Francisco and the appeals court reviewing the Detroit ruling.

The department also disclosed the order to selected members of Congress, including leaders of the House and Senate judiciary committees. Tracy Schmaler, spokeswoman for Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., said Leahy would like to see a declassified version made public and is exploring the subject with the Justice Department and the White House.

In Tuesday's lawsuit, the Electronic Frontier Foundation argued that the public was entitled to learn details of the order under the Freedom of Information Act.

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"While national security and law enforcement demand a limited amount of secrecy, Americans have the right to know the government's basic guidelines for this kind of invasive electronic surveillance of their personal communications," said David Sobel, a lawyer for the organization.

By random draw, the case was assigned to U.S. District Judge James Robertson, who resigned from the foreign intelligence court after the December 2005 disclosure that the administration had been conducting surveillance without court review.

Justice Department spokesman Dean Boyd said he couldn't comment on the suit, but noted that orders of the foreign intelligence court have historically been classified. The Jan. 10 order "contains very sensitive information, including sources and methods" of intelligence, Boyd said.

But Sobel said federal law prohibits agencies from keeping entire documents secret if parts of them could be released safely. Whether the foreign intelligence court will require wiretaps for each surveillance is "the kind of question that could be answered without compromising any national security interest," he said.

E-mail Bob Egelko at begelko@sfchronicle.com.

HOMELAND RESPONSE:

TSA Union Fight Threatens Anti-terror Bill (USAT)

By Thomas Frank

USA Today, March 1, 2007

WASHINGTON — Democrats in Congress are pushing to let airport screeners unionize for the first time since the government took over aviation security after the 9/11 attacks.

Their effort has provoked a clash with the Bush administration and Republican lawmakers that could scuttle attempts to enact one of the broadest homeland security bills since 9/11.

Labor leaders say unionizing Transportation Security Administration (TSA) screeners would strengthen security by improving working conditions and reducing high attrition and injury rates, which cause staffing shortages.

TSA leaders say security would suffer because the agency could not quickly reassign screeners to counter new threats.

President Bush might veto any bill that would let TSA screeners unionize. Spokesman Scott Stanzel said senior Bush advisers in the White House and Homeland Security Department, which oversees the TSA, would recommend a veto of such a bill.

A White House statement expressed strong opposition to union rights for screeners, saying unionization could jeopardize the agency's ability to give screeners new assignments.

Thirty-six Republican senators signed a letter Tuesday saying they would support a presidential veto. That's enough senators to uphold a veto.

The showdown comes as the Senate begins debate on proposals to improve aviation and rail security and terrorism prevention by enacting some recommendations of the 9/11 Commission.

Democrats who control the Senate want to pass a broad anti-terrorism bill in coming weeks that includes a provision that would allow the nation's 43,000 airport screeners union representation.

The Democratic-controlled House of Representatives included an identical provision in a 277-page homeland security bill that passed last month. The 9/11 Commission did not address unionization.

Screeners have been barred from collective bargaining since the TSA was created shortly after 9/11.

Most civilian federal employees can be represented by a union, and many TSA sister agencies in the Homeland Security Department have unions.

TSA Administrator Kip Hawley said he would lose flexibility if he needed union approval before changing screener duties or if he had to fight a union to fire a negligent screener. "If we want to bring in new (security) equipment or move equipment, that's subject to negotiation and delay," Hawley said.

Hawley said unionization would cost the agency $160 million to hire labor lawyers and set up collective bargaining.

The nation's largest federal labor union says the TSA's scenario is a misleading scare tactic. A union would not block security procedures or training requirements but would ensure they were implemented fairly, said Mark Roth, a lawyer for the 600,000-member American Federation of Government Employees, which wants to represent screeners. "They can change screener duties, but we can make sure people get a fair opportunity to be trained to meet new qualifications," Roth said.

Roth said union representation could improve morale and reduce TSA injury and turnover rates, which are among the highest in the federal government.

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Federal labor unions negotiate working conditions and are generally barred from negotiating pay and benefits, which are set by law. Federal law allows agencies to "take whatever actions may be necessary to carry out the agency mission during emergency."

States Get Extra Time On Launch Of 'Real ID' (WP)

By Spencer S. Hsu And Stephen Barr

The Washington Post, March 1, 2007

The Bush administration will allow states to postpone the planned May 2008 launch of a program to toughen security requirements for driver's licenses by up to 19 months, in response to complaints about the projected $11 billion cost and potential disruptions, congressional and Department of Homeland Security officials said yesterday.

The retreat came as the White House and the Democratic Congress headed for a showdown over a broad counterterrorism bill to implement many of the remaining recommendations of the Sept. 11 commission, which called for ways to make it more difficult to obtain fraudulent identification. President Bush threatened to veto the overall bill if the Senate joined the House in extending union protection to 45,000 federal airport screeners.

"The Administration vigorously disagrees with these provisions . . . which were not recommended by the 9/11 Commission," the White House said in a statement. Reducing the Transportation Security Administration's flexibility to deploy workers and meet new threats "would reduce travelers' security," the statement said.

As the Senate began debate on the bill yesterday, eight senators supported a push by Sen. Susan M. Collins (R-Maine) to postpone the driver's license program by two years. They blamed the administration for failing until a scheduled announcement today to spell out what states must do to comply with the law, which was passed nearly two years ago.

Sen. Lamar Alexander (R-Tenn.) said the program, known as Real ID, was an unfunded federal mandate that would force governors and legislatures into unpopular choices such as raising taxes or tuition, or diverting money from education or health initiatives.

"We are for the first time in history creating a national ID card, with all the ramifications of that," Alexander said. "Let's make sure we know what we're doing."

Homeland Security Secretary Michael Chertoff is expected this morning to lay out long-awaited requirements for states to standardize information to be included on licenses, verify applicants' citizenship status, and check information such as birth certificates and driver histories with other state and federal databases.

Only IDs that meet the new standard will be acceptable for federal purposes such as boarding airplanes or entering courthouses.

A senior Homeland Security official, speaking on the condition of anonymity pending the official release, said that although the Real ID law set a May 2008 deadline, the administration is interpreting that as requiring states to be able to begin issuing compliant IDs by that time. They will be allowed to replace all 245 million licenses held by Americans on a "reasonably prompt basis" over five years.

States that could justify their requests for more time would be granted waivers, the official said. Although details were still being worked out and could change, two congressional GOP sources said DHS would in effect set a start date at the end of 2009, similar to Collins's proposal.

The fight presaged a difficult two-week debate over reforms backed by the panel that investigated the Sept. 11, 2001, attacks.

Earlier this week, 36 Republican senators lined up behind Bush's veto threat, enough to defeat any override attempt. A similar battle in 2002 delayed creation of the Homeland Security Department.

Addressing reporters, sponsor Sen. Joseph I. Lieberman (I-Conn.) noted that the bill included $3.3 billion for emergency communications, $3.1 billion a year for five years for risk-based grants to states, and stronger rail, aviation and port security measures.

"Is it worth stopping all the improvements of homeland security, adopting the recommendations of the 9/11 commission that have such bipartisan support . . . for one provision that gives quite moderate to weak employee rights, frankly, to people who work every day as screeners?" Lieberman said.

Sen. Claire McCaskill (D-Mo.) proposed a deal to give TSA workers "very basic" rights, such as whistle-blower protections, a spokeswoman said, which TSA chief Kip Hawley said could be acceptable.

But John Gage, president of the American Federation of Government Employees, said workers would not settle for such changes.

Border Patrol officers and customs agents within the Homeland Security Department, and Capitol Police and state and local police and firefighters, enjoy collective bargaining rights, Gage said. Workers from TSA reported injury and illness rates in

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2006 that were six times the 5 percent average for all federal employees, and an attrition rate 10 times the 2.2 percent average for federal civilians, he said.

Transit Security Requires Chaotic Approach (USAT)

By Frank J. Cilluffo And Laura P.

USA Today, March 1, 2007

From Moscow, Madrid and Mumbai to London, Tokyo and Paris, trains and subways have provided ideal targets for terrorists. Given the low security measures, high numbers of passengers, and mass transit's critical economic significance, attacks on these transport systems potentially have the biggest impact for the lowest cost.

In response to the 2005 attacks on the London Underground and buses that killed 52 people, British authorities enhanced their security. The measures include evacuation plans for all 275 stations; regular multiagency emergency drills; staff training in evacuation and safety procedures; and randomly screening passengers and their packages.

Most U.S. subways have implemented some measures such as closing public restrooms and removing trash bins, and more than two thirds of rail systems have completed risk assessment exercises. But the U.S. government has not formalized rail security standards, identified "best practices," or completed an overall rail security strategy, three things Congress has called on it to do.

How do we prevent what appears to be inevitable? One possible solution is to create security plans that can be executed with a high level of unpredictability and flexibility — a strategy of chaos. Rather than copy the air transport model by imposing a police presence on all trains or screening all passengers and packages, rail security plans should emphasize random and frequent security searches. Chaotic tactics could thwart terrorists' attempts to plan and execute attacks.

No number of screenings, canine teams, special security teams, cameras or sensors will prevent terrorists from devising ways to circumvent security measures. Besides creating a lumbering security regime that would result in commuter gridlock, any such scheme imposed on rail systems would require an infinite amount of funding. There is no such thing as zero risk, but we can certainly displace risk by using a strategy of chaos.

A strategy of chaos does not mean security "on the cheap." House homeland security committee Chairman Rep. Bennie Thompson, D-Miss., notes that for every $9 we spend per passenger we spend on aviation security, we spend only one cent per passenger on rail security. The 2008 federal budget request doesn't improve the picture. The president's proposal for securing subways and all other U.S. rail transit is less than a quarter of the amount of money requested for air security. We must increase our investment in the nation's surface transportation security plans.

Even with more funding, though, we will never have an ironclad guarantee that our 11.3 million daily commuters will remain out of harm's way. This is where the commuting public can become a strategic asset. We must redouble efforts toward a public awareness campaign that will educate riders on how to spot suspicious behavior — and what to do about it.

Congress is right to highlight the need to increase funding for our rail security, but it takes more than money to protect everyone all the time. A strategy of chaos would transform our security efforts from reactive to proactive — deterring predictable attacks on our subways and trains.

Add to that a greater public awareness, and we can beat the terrorists at their own game.

Frank J. Cilluffo is director of the George Washington University Homeland Security Policy Institute, a non-partisan think tank. Laura P. Keith is a policy analyst at HSPI.

Inside Politics (WT)

By Greg Pierce

The Washington Times, March 1, 2007

Left out

A family member of a September 11 victim says Senate Democrats invited him to Washington then snubbed him yesterday after he criticized a bill adopting 9/11 commission recommendations.

"They made me sit in the hallway for 40 minutes for nothing," said Bruce DeCell, a former New York City police officer whose son-in-law was killed at the World Trade Center on September 11.

He was invited by the Senate Democratic Steering and Outreach Committee to represent victims' family members at a lunch and press conference that included Senate Majority Leader Harry Reid of Nevada, Sen. Hillary Rodham Clinton of New York and Sen. Frank R. Lautenberg of New Jersey.

Mr. DeCell, a board member of the World Trade Center United Family Group and vice president of the 9/11 Families for a Secure America, said he was asked to wait in the hall for his turn at a press conference but ended up waiting until it was over.

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"I personally don't care if I'm at the press conference or not," he said. "If they don't want me, they could tell me, and I would just go home."

Thomas Russell, director of the steering committee, later called and apologized, saying he was "being pulled in too many directions and he forgot to come and get me," Mr. DeCell said.

Mr. DeCell called the explanation "disingenuous."

"If there were 20 of us and he forgot one, I'd understand it," he said. "I was the only family member who traveled down here for this."

Opting out

Rep. Peter Hoekstra, Michigan Republican, said yesterday he will advance a bill that will let states opt out of President Bush's No Child Left Behind education law.

"We're going to provide an alternative" to the five-year-old-law, Mr. Hoekstra said at a Heritage Foundation forum. "We think this is the direction to go."

Mr. Hoekstra said Republicans sold out their principles by allowing No Child Left Behind to become law in the first place, because now that it's in place it will only grow in both funding and regulations. "We are on the doorstep of having a national federal curriculum," he said, calling this possibility "devastating."

The act — which Mr. Bush and some top lawmakers are working to renew this year — aims to have all students proficient in reading and math by 2014 by requiring states to test children annually and to set standards that schools must meet each year.

Mr. Hoekstra's bill, to be introduced next week, would allow state leaders to declare that their state is responsible for educating its own children, thereby freeing the state from No Child Left Behind mandates.

Mr. Hoekstra said it's needed, since there's already pressure to expand the law. He noted that even a conservative — Rep. Zach Wamp, Tennessee Republican — teamed up with fitness guru Richard Simmons yesterday to advocate adding physical education to No Child Left Behind.

Ridge and McCain

Former Homeland Security Secretary Tom Ridge will serve as national co-chairman of Republican John McCain's presidential exploratory committee, the campaign said yesterday.

Mr. Ridge, a former two-term Pennsylvania governor, served as first head of the Department of Homeland Security from 2003 to 2005.

"What sets John apart is his ability to form coalitions around a common, principled cause. Our country is at a crossroads, and John McCain is the leader who fundamentally knows what it takes to move us forward and keep us safe," Mr. Ridge said.

Campus crusade

Conservative activist David Horowitz continues fighting political correctness on America's college campuses, and will bring the battle to Washington this weekend with his second annual Academic Freedom Conference.

The conference Saturday and Sunday at the Omni Shoreham Hotel, sponsored by Students for Academic Freedom (SAF), will follow on the heels of the three-day Conservative Political Action Conference, which begins today at the same location.

Former Sen. Rick Santorum, Pennsylvania Republican, will give Saturday's keynote address at the SAF conference, which also will feature panel discussions with student activists from across the country.

On Sunday, Mr. Horowitz — whose new book, "Indoctrination U.," chronicles his campaign for fairness in academia — will debate Cary Nelson, president of the American Association of University Professors, on the topic, "Political Indoctrination and Harassment on Campus: Is There a Problem?"

"In the past year, we have succeeded in persuading two universities, Pennsylvania State University and Temple University, to adopt new academic freedom protections, which — for the first time — give students explicit academic rights," Mr. Horowitz said. "These are major victories, but it is crucial that we address not only how far we have come, but how far we have yet to go."

Group fined

A conservative independent group that ran millions of dollars in ads against Democratic presidential candidate John Kerry in 2004 will pay $750,000 to settle charges that it violated federal campaign laws.

The penalty, announced yesterday by the Federal Election Commission (FEC), is the third-largest in the history of the commission, which regulates election money. The FEC's six commissioners approved the settlement unanimously, the Associated Press reports.

The group, Progress for America Voter Fund, raised nearly $45 million in 2004, making it the best-financed Republican-oriented group in that campaign. The FEC said that it "failed to register and file disclosure reports as a federal political committee and accepted contributions in violation of federal limits."

Benjamin Ginsburg, an attorney for the Progress for America Voter Fund, said the group was not admitting guilt. He blamed the FEC for not setting clearer guidelines for independent groups that seek to influence elections.

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In December, the FEC settled cases against three similar groups — liberal and conservative — that acted in a like fashion.

Award winners

Accuracy in Media (AIM) will honor Michelle Malkin and Mark M. Alexander for outstanding contributions to journalism in a ceremony today during the American Conservative Union's 2007 Conservative Political Action Conference.

The Reed Irvine Accuracy in Media Award is named for AIM's founder, Reed Irvine, who was America's first media watchdog.

Mrs. Malkin is a syndicated columnist, author, Fox News Channel contributor and a blogger. Mr. Alexander is executive editor and publisher of the Patriot Post (www.patriotpost.us).

Mrs. Malkin will receive the Reed Irvine Accuracy in Media Award for Investigative Journalism in recognition of her work in three 2006 columns on illegal immigration — "Racism gets a whitewash," "Reconquista is real" and "'La Raza' schools: Your tax dollars at work."

Mr. Alexander's May 12, 2006, piece, "Pollaganda — media polls as instruments of propaganda," earned him the Reed Irvine Accuracy in Media Award for Grassroots Journalism.

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Terrorists Being Moved To Terre Haute Federal Prision Complex (THTS)

By Sue Loughlin, The Tribune-Star

Terre Haute Tribune-Star, March 1, 2007

Unit opened last year, currently has 17 inmates

TERRE HAUTE — The U.S. Justice Department has opened a new unit at the medium-security prison in Terre Haute to monitor communications of its inmates more closely, which could include lower-risk offenders convicted of or associated with terrorism, a Bureau of Prisons spokeswoman said.

The Washington Post has reported that the unit houses “a hodgepodge of second-tier terrorism inmates, most of them Arab Muslims, whose ability to communicate with the outside world has been tightly restricted.”

The self-contained unit opened in December and has about 17 inmates, although that number eventually could expand to 90, said Traci Billingsley, Bureau of Prisons spokeswoman.

The so-called “Communications Management Unit,” or CMU, “isn’t a terrorist unit,” she said.

The purpose of the CMU “is to provide increased monitoring of inmate communication in a self-contained unit. It assists in regulating and monitoring communication between inmates and those in the community,” she said.

Those convicted of or associated with domestic or international terrorism “may be candidates for this unit,” Billingsley said.

It eventually will house a variety of inmates, including sex offenders who try to communicate with victims or inmates who try to conduct illegal activity by phone or mail.

The unit is located in an area that formerly served as death row. Death row has been moved to the new high-security facility in the Federal Correctional Complex.

Prisoner advocates are raising concerns that most of the inmates in CMU so far are of Middle Eastern descent or Muslim faith, which could represent racial profiling.

Billingsley said she didn’t know inmates’ race or religion, and “that would not be a factor in placement,” she said.

The most dangerous, high-risk terrorists in the federal system likely would be housed at the ADMax or “supermax” facility in Florence, Colo., she said. According to the Washington Post article, the supermax facility houses al-Qaeda operative Zacarias Moussaoui.

The Washington Post article and another Internet publication say that among those housed in the CMU are five members of the so-called Lackawanna Six, a group of Yemeni-Americans from upstate New York who attended an al-Qaeda training camp. They pleaded guilty to charges of providing material support to al-Qaeda, according to a U.S. Department of Justice news release.

The defendants were sentenced to terms ranging from seven to 10 years in prison, according to the 2006 news release.

Billingsley said she could not confirm identities of prison inmates in the unit.

Telephone, mail and in-person communications of CMU inmates are closely monitored, and some advocates say the measures are too restrictive and perhaps unconstitutional. All inmate conversations, both by telephone and in-person, must be conducted in English unless otherwise negotiated.

Under the CMU program, telephone communications must be conducted using monitored phone lines, be live-monitored by staff, are subject to recording and must be in English. All letters must be reviewed by staff prior to delivery or sending; those written in non-English are subject to delays because they first must be read and translated.

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Visits must be non-contact only, live-monitored, subject to recording and English only. If either party speaks non-English without prior approval, the call or visit will be terminated.

The only exception to the procedures is for privileged attorney-client communication, which cannot be monitored.

Communication is far more restricted than in the inmates' previous prison facilities, critics say. Visits are limited to two-hour visits twice a month, they say. Telephone might be limited to perhaps two, 10-minute calls per week, whereas before, inmates may have been allowed up to 300 minutes per month.

A Bureau of Prisons document states that "in no event will the frequency or duration of telephone calls placed by D-Unit inmates be limited to less than one telephone call per month of at least three minutes' duration."

According to the Washington Post article, the bureau has come under criticism in recent months for failing to monitor terrorist inmates' communications adequately.

The Post article refers to a Justice Department inspector general report in October that found "three terrorists imprisoned for the 1993 World Trade Center bombing had sent nearly 100 letters to alleged terrorists overseas from the maximum-security facility in Colorado."

Meanwhile, the National Prison Project at the American Civil Liberties Union is monitoring what is happening in the CMU unit, said David Fathi, staff counsel.

Right now, the Prison Project has only limited information about the CMU, who is housed there and how it operates, he said.

"Any time people of a certain ethnic or religious group are singled out for unfavorable treatment, obviously it's cause for concern," Fathi said.

The Bureau of Prisons legally is allowed to monitor communications between prisoners and family, friends or other outsiders, all except for attorney-client communication, he said.

But if that monitoring instead "turns into restricting or cutting off communication, it could violate the First Amendment rights of prisoners and those on the outside who want to communicate with them," Fathi said.

Howard Kieffer, a Santa Ana, Calif., defense attorney, said he has a client in the CMU unit whose communications have been severely limited.

Kieffer is executive director of Federal Defense Associates, a legal group that assists inmates in post-conviction defense matters. He also has an Internet-based listserv focused on federal prisons.

The CMU inmates are being treated differently than other inmates, Kieffer contends, and, "There is no legal authority for it whatsoever," he said.

He maintains the CMU was not implemented through a process that calls for public notice and an opportunity for public comment.

Billingsley said the bureau does have the authority to monitor communications of inmates and she disagreed that any violations of procedures or law have occurred.

In the case of CMU inmates, greater monitoring of their communication with the community is necessary "to protect the safety, security and orderly operation of the bureau facilities, and protect the public," she said.

Kieffer suggests the inmates have been denied the rights of due process and equal protection. Most of the inmates are of Middle Eastern descent, and many also are American citizens, he said.

In the Post article, he suggested the unit "screams racial profiling."

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New Orleans Residents Rush To Join Lawsuit (USAT)

By Alan Gomez

USA Today, March 1, 2007

New Orleans residents who were hurt or whose homes were damaged by Hurricane Katrina are scrambling to beat a deadline today to file claims against the Army Corps of Engineers.

Thousands of people descended on the corps' office Wednesday in New Orleans to file claims that accuse the corps of being responsible for levee failures that flooded New Orleans.

If the claims are denied, the victims then can take part in a lawsuit demanding compensation for losses. Joseph Bruno, one of several attorneys representing victims, says he expects more than 100,000 to file claims.

Debbie Simon, a corps spokeswoman, said it expects the total to be around 60,000 claims.

Bruno said the sudden rush to file is due to several factors. It's been difficult to inform people of the deadline because so many New Orleans residents are displaced around the country. Many still in New Orleans are living in trailers or new locations.

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And many others held off until they realized their insurance companies and government agencies were not paying them what they felt they were entitled to.

"It's been sheer, unmitigated hell," Bruno said.

Victims who miss today's deadline could be spared, however, if a judge grants an extension to the deadline at a court hearing scheduled for Friday. Lawyers representing victims in the lawsuit are asking for a 6-month extension.

Bruno says that there are two acts under which Katrina victims can sue the corps: a maritime law and a federal torts claim.

The deadline for the tort claim is Aug. 29 — the two-year anniversary of Katrina. A claim under the maritime law must be submitted by today.

Bruno is requesting the extension because of the confusion leading up to today's deadline. He said he didn't realize the corps was going to enforce today's deadline until he received a letter from the corps dated Feb. 20, Mardi Gras.

He said he realizes that people must understand their legal rights. "But this is different," he said. "This is a disaster of incredible proportion."

Charles Brown, 47, turned in his claim earlier this week after learning about the deadline Sunday.

"A lot of people aren't going to get their claims in," said Brown, who has been living in a government-issued trailer since his Gentilly home was damaged by the storm.

Judge Is Urged To Back Deal On Hurricane Damage Claims (NYT)

By Joseph B. Treaster

The New York Times, March 1, 2007

GULFPORT, Miss., Feb. 28 — Addressing a skeptical federal judge, Mike Moore, a lawyer who helped engineer a settlement with State Farm, argued Wednesday that the deal should be approved partly because it could put hundreds of millions of dollars into the hands of victims of Hurricane Katrina by the end of the year.

The alternative, Mr. Moore and other proponents of the settlement told Judge L. T. Senter Jr. of Federal District Court, would be individual trials, which could stretch out several years with the outcomes far from certain.

“This is real,” Mr. Moore said of the settlement. “This is not illusive.”

Lawyers involved in the settlement were before Judge Senter on Wednesday to argue the merits of a settlement with State Farm that would reopen 36,000 previously closed claims of Mississippi homeowners whose homes were damaged by the hurricane.

The central issue has been whether the insurers are responsible for damage caused by extensive flooding. The insurers say their policies never provided coverage for any kind of flooding. In many cases, storm victims say, the insurers, especially State Farm, refused to pay claims if the damage was done by a combination of wind and water.

Judge Senter, saying he wanted to learn more about the details of the settlement and to hear from homeowners who have complaints about State Farm, had convened what he called a “hybrid hearing” that had some of the flavor of a town meeting. At times it was raw and emotional.

One woman, Sheron Weiss, said she had been so distressed at the loss of her home and the refusal of State Farm to pay her that she had “contemplated suicide more than once.”

The judge, saying he had a duty to protect storm victims, had been unwilling to endorse the settlement because of concerns that it favored State Farm.

A lawyer for State Farm, W. Scott Welch, a partner in a firm in Jackson, Miss., said the agreement was a result of “months of arms-length negotiations.”

Some lawyers questioned whether the negotiators for policyholders, led by Richard F. Scruggs, had gone easy on State Farm. They pointed out that the settlement was part of a two-part arrangement.

In the first segment, Mr. Scruggs settled 640 lawsuits against the insurance company for $80 million. Then, he and the others began negotiating for the reopening of the 36,000 closed claims. The deal provides for State Farm to pay a minimum of $50 million to the policyholders. Some lawyers suggested that Mr. Scruggs was more concerned about the 640 lawsuits than the larger group.

Mr. Scruggs said, “We felt we had tilted the playing field greatly in favor of the policyholders.”

Mr. Scruggs and Mr. Moore have been friends for years. When Mr. Moore was the attorney general in Mississippi, he worked with Mr. Scruggs in the 1990s to start litigation against tobacco companies that led to a $248 billion settlement involving 29 states. In the negotiations with State Farm, Mr. Moore served as intermediary between Mr. Scruggs’s group, State Farm and the current attorney general, Jim Hood. He recently joined the Scruggs team.

Mr. Scruggs and Mr. Moore estimated that the settlement could result in payments of up to $600 million.

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Most of the 36,000 who requested that their claims be reopened, Mr. Moore said, would receive additional money. He said he had calculated increases on several individual policies, including those on the homes of two of his sisters.

During the negotiations, some participants said State Farm insisted upon working out the settlement involving 36,000 policyholders after they had concluded the deal closing the 640 lawsuits. The insurer's concern, participants said, was that once the $80 million payment on the lawsuits became public, the 36,000 storm victims might try to overwhelm State Farm with new lawsuits.

In court on Wednesday, Mr. Moore said that publicity about State Farm's handling of claims had given it "a credibility problem" and he was confident State Farm would pay what arbitrators decided was fair for policyholders.

Lawyers for State Farm insisted that the company had worked to resolve claims fairly.

Under the agreement, State Farm will make new offers of payment to those who ask for a review of the claim. If the policyholder is not satisfied, the policyholder can request binding arbitration, which will be paid for by the insurance company.

Return To New Orleans (editorial) (WP)

The Washington Post, March 1, 2007

AMONTH after neglecting to mention New Orleans or the Gulf Coast in his State of the Union address, President Bush heads today to the city crippled by Hurricane Katrina. He's certain to get an earful during his listening tour of the region, which will start in Mississippi. But if the Crescent City's revival is to go from a crawl to a gallop, Bush must use the bully pulpit of the presidency to energize all levels of government. Despite $89 billion from the federal government to rebuild the devastated Gulf Coast, New Orleans's recovery has been slow. Painfully slow.

According to "The Katrina Index: Tracking Recovery of New Orleans & the Metro Area," a monthly report from the Brookings Institution and the Greater New Orleans Community Data Center, public transportation is stagnant, "with only 17 percent of pre-Katrina buses in operation." More than half of the city's schools -- 56 percent -- remain closed. And rebuilding money from Baton Rouge under Louisiana's "Road Home" program seems to be distributed one coin at a time. Only 632 applications had been approved out of the 107,739 on file as of Feb. 12. Guarding against fraud is commendable, but it does not excuse the continual delay in helping those who lost everything and are eager to get on with their lives.

That's just the beginning of the challenges facing New Orleans. Murders, robberies and carjackings are some of the horrors visited upon a people who have suffered enough. Fear and uncertainty about the future have contributed to the acceleration of the departure of the middle class and educated professionals, who were already bidding the city adieu before Katrina blew ashore in 2005. And the population that has been left behind -- half of what it once was -- needs meaningful employment.

Solving these problems not only takes vision, it takes leadership. From the beginning, Mr. Bush wisely insisted that local officials plan and control their own destiny. Yet that does not absolve him of any role in fulfilling a vow he made to New Orleans in his speech in Jackson Square: "This great city will rise again." A presidential push is needed to tamp down partisan bickering and old rivalries among local, state and federal officials and to quash conspiracy theories that the decision not to rebuild flooded housing projects is an attempt to ethnically cleanse New Orleans.

One specific way Mr. Bush could show leadership is by directing the Federal Emergency Management Agency to waive the requirement that Louisiana contribute 10 percent to meeting disaster recovery costs; the federal government has issued similar waivers to other jurisdictions, including New York City after the attacks of Sept. 11, 2001. Cutting that bit of red tape would allow the freed-up money to be used for other rebuilding purposes.

WAR NEWS:

Democrats To Attach Add-ons To Iraq Bill (AP)

By Andrew Taylor

AP, March 1, 2007

While Democrats try to restrict how President Bush can spend the $100 billion he wants for Iraq, they also hope to load his measure up with $10 billion in add-ons — from aid for avocado growers to help for children lacking health insurance.

Lawmakers also hope to add money for drought relief in the Great Plains, better levees in New Orleans and development of military bases that are closing down.

The expected battle with the White House over the add-ons is getting far less attention than debate over Iraq, but it could reveal a lot about how much Democrats will be able to rewrite the Republican president's budget later this year.

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Bush has yet to veto a spending bill, and Democrats are gambling he'll sign the Iraq measure despite objections to spending he didn't seek. Republicans, meanwhile, may be reluctant to vote against the package since it contains funds for U.S. troops overseas.

Lawmakers from the Great Plains are pressing for about $4 billion in disaster aid for farmers suffering under drought conditions.

The California delegation is demanding help for citrus, avocado and other Central Valley farmers facing $1.2 billion in losses from a devastating January freeze. House Speaker Nancy Pelosi, D-Calif., is a powerful ally in the effort to win the region unemployment, food and housing aid.

Gulf Coast lawmakers want $1.3 billion above the $3.4 billion requested by Bush for hurricane relief. Northwest lawmakers are desperate for about $400 million to extend payments to rural counties hurt by cutbacks in federal logging.

And governors are pressing for $745 million to address a shortfall in the State Children's Health Insurance Program that threatens to deny health coverage for about 500,000 children in 14 states. House Appropriations Committee Chairman David Obey, D-Wis., promised Tuesday that SCHIP money will be added to the Iraq bill.

Obey also has promised to add $3.1 billion for local communities affected by military base closings and for redeployment of 12,000 troops stationed in Germany and South Korea to domestic bases. To free funds for Democratic initiatives, that money was left out of a spending bill approved earlier in February.

Both Democrats and Republicans are pushing extra spending into the war funding bill as they seek to advance domestic priorities that would probably stall if advanced on their own.

That's not what the White House says should happen.

"This supplemental is about emergency spending for the global war on terror and we need to make sure we stay on that track," said budget office spokesman Sean Kevelighan.

Added House Minority Leader John Boehner, R-Ohio: "Our focus must be on supporting our troops in harm's way — without strings attached — not on using a military spending bill as an excuse to fund pork-barrel projects and other unrelated projects."

Bush and GOP leaders on Capitol Hill managed to keep prior war funding bills largely free of such budgetary add-ons when Republicans controlled Congress. Now that Democrats are in charge, the party's leaders are eager to use the cost of the war as leverage to force Bush to accept spending — such as aid to farmers — that he has successfully killed in the past.

"It's starting to become a train onto which a lot of baggage is being thrown that has got nothing to do with the war or really legitimate emergencies," said Sen. Judd Gregg, R-N.H.

Countered Obey: "We will only fund what is necessary."

Whatever is added to the bill in the House is likely to grow in the freer-spending Senate.

Democrats Plan To Fund Domestic Agenda In War Bill (POL)

By Mike Allen

The Politico, March 1, 2007

House Democrats plan to pick a fresh fight with the White House with an unannounced plan to add billions of dollars in spending for their domestic priorities to President Bush's $99.6 billion emergency war spending bill.

The programs being eyed by Democratic leaders, including $700 million for health care for poor children, could boost Bush's war proposal by 10 percent or more, sources in both parties said.

The White House wants Congress to stick with what Bush requested -- money for ongoing military operations in Iraq and Afghanistan, repair and replacement of damaged equipment and an increase in the size of the nation's deployable military force.

But Democrats plan to follow the same strategy Bush has used for years to get his priorities funded: packaging appropriations for key projects separately from the overall budget and tying them to money for troops in the field.

Democratic leaders also see this emerging strategy as a way to encourage their liberal members to vote for the supplemental budget bill, rather than risk the party being portrayed as anti-military, and to remind the president that Congress is an equal branch of government.

"He has competition now," said one Democratic leadership aide.

The House Appropriations Committee will take up the bill next week, with a floor vote scheduled for the following week. The likely additions, which two sources said could run from $10 billion or more, include funds to help states pay for the State Children's Health Insurance Program to provide low-cost health insurance for families and children. A shortfall in federal funding for the program was one of the biggest complaints of the nation's governors who met at the White House on Monday.

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The Center on Budget and Policy Priorities says 14 states face a total deficit for the program of $700 million. The states are Alaska, Georgia, Illinois, Iowa, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, Rhode Island and Wisconsin.

Funds for relief from crop disasters may also be included in the Democratic package. Most of the add-ons are directly related to the military and homeland security, such as money to help with the fallout from base closings and for veterans' hospitals to pay for traumatic brain injuries, a Democratic aide said. Such injuries have been unparalleled in this war, in part because of advanced field hospitals that keep soldiers alive when otherwise they would have died.

Democrats said they would pay for the new funding priorities with cuts or revenue enhancements elsewhere, but would give no specifics.

Sean Kevelighan, a spokesman for the Office of Management and Budget, said the White House will urge Democrats not to try the additions.

"To include non-related add-ins in what is clearly designed to provide troops with the resources they need, when they need them, would only delay the process and in turn delay these vital resources," he said. "These types of things would create debate and take us off the overall intention of the supplemental."

$4B To Sweeten Iraq Bill (HILL)

By Alexander Bolton

The Hill, March 1, 2007

House Democratic leaders will add nearly $4 billion for farmers to a bill funding military operations in Iraq and Afghanistan to attract conservative Democrats concerned that the measure would wrongly constrict President Bush's power as commander in chief.

Democrats may also add money for children's health insurance in the hope of winning the votes of Republicans such as Illinois Reps. Mark Kirk (R) and Judy Biggert (R), whose home state faces a $240 million deficit in its State Children's Health Insurance Program (SCHIP).

Rep. Collin Peterson (D-Minn.), chairman of the House Agriculture Committee and a senior member of the Blue Dog Coalition of some 45 conservative Democrats, said, "I don't think the supplemental will pass if we don't" add disaster-relief funds. Without farm-relief funds the Iraq-Afghanistan bill would lose "quite a few" Blue Dog votes, said Peterson. "They'd lose mine," he added.

Republican House leaders anticipated such sweeteners. At yesterday's weekly meeting of the House Republican Conference, Minority Leader John Boehner (R-Ohio) urged colleagues not to be lured by money for agriculture and health insurance, said two lawmakers who attended the meeting.

Boehner warned his colleagues to remember the bigger picture of troop funding.

A lawmaker who attended a meeting of Blue Dogs Tuesday said half of the conservative Democrats who were there raised concerns about language that Defense Appropriations subcommittee Chairman John Murtha (D-Pa.) said he would include in the supplemental.

Murtha said he would include several requirements: giving soldiers returning from the war at least a year of rest before redeployment; limiting the Pentagon's ability to extend enlistments, the so-called stop-loss policy; and stopping the Pentagon from extending combat tours.

Murtha also said his bill would enforce equipment and training standards for troops.

Conservative Democrats met before the whole House Democratic Caucus convened to discuss war funding. Lawmakers at the second meeting failed to reach agreement because liberal lawmakers demanded that strict conditions be attached to funding while conservatives argued against interfering with Bush's powers of command.

"I don't think we should be interfering with military strategy," said Rep. John Tanner (D-Tenn.), a leading Blue Dog, when asked about Murtha's proposed restrictions.

House Appropriations Committee Chairman David Obey (D-Wis.) has said he may add waivers to the military bill that would allow the Department of Defense to circumvent Murtha's proposed restrictions, according to press reports.

But Murtha has not yet agreed to including these.

Rep. Bill Young (R-Fla.), ranking Republican on the Defense Appropriations subcommittee, said he and Murtha discussed the details of the supplemental funding bill Tuesday. Murtha said he would include his restrictions and did not mention waivers, Young said. Young told Murtha he opposed the restrictions.

If Republican members of the Appropriations Committee and a significant number of Blue Dogs oppose the bill, it may not pass the House, seriously embarrassing the Democratic leadership.

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Additional agriculture spending could make it harder for conservative Democrats from rural districts to oppose the war-funding bill. Murtha and Peterson said farm-relief funds would be added.

Peterson cited $4 billion to pay for disasters such as droughts, floods, frosts and snowstorms that affected farmers in about half of all states in 2005 and 2006. In California, farmers lost four-fifths of their orange crop to frost, he said. But farmers could only apply for relief for one of the two years, he added.

Murtha said Blue Dogs have not told him directly of their concerns, but extra agriculture funds could keep them from defecting. Another senior Democrat on Appropriations agreed that "it would help."

Murtha said he and Young reached agreement on military funding levels. The supplemental would include at least $93.7 billion for troops in Iraq and Afghanistan. Appropriators may grant requests to allocate an extra billion for Afghanistan, which would boost the defense total to $94.7 billion, he added.

Prospects for extra children's health insurance funding were less certain, Murtha said. Appropriators may also include $3.4 billion Bush has requested for Hurricane Katrina recovery costs.

Murtha, Obey, Speaker Nancy Pelosi (D-Calif,), Majority Leader Steny Hoyer (D-Md.) and other Democrats met yesterday in an office off the House floor to discuss the supplemental.

As reporters converged on Murtha after the meeting, Democratic Caucus Chairman Rahm Emanuel (D-Ill.) waved his arms at the lawmaker to remind him of the new watchword: "Consensus."

"Don't talk to the press," said Emanuel half-jokingly as he tried to catch Murtha's attention.

But Murtha has remained steadfast about putting restrictions on the president.

"We will have three restrictive amendments," he said.

Democratic Leaders Revamp Anti-war Plan (AP)

By Anne Flaherty

AP, March 1, 2007

House Democratic leaders are developing an anti-war proposal that wouldn't cut off money for U.S. troops in Iraq but would require President Bush to acknowledge problems with an overburdened military.

The plan could draw bipartisan support but is expected to be a tough sell to members who say they don't think it goes far enough to assuage voters angered by the four-year conflict.

Bush "hasn't to date done anything we've asked him to do, so why we would think he would do anything in the future is beyond me," said Rep. Lynn Woolsey, D-Calif., one of a group of liberal Democrats pushing for an immediate end to the war.

Democratic protests to the war grew louder in January after they took control of Congress and Bush announced he planned to send 21,500 more troops to Iraq. Earlier this month, House Democrats pushed through a nonbinding resolution opposing the buildup.

Since then, Democrats have been trying to decide what to do next. Some worried that a plan by Rep. John Murtha to restrict funding for the war would go too far. Murtha, D-Pa., is extending his support to the revised proposal.

The tactic is more likely to embarrass Bush politically than force his hand on the war. He would have to sign repeated waivers for units and report to Congress those units with equipment shortfalls and other problems.

In the Senate, a group of senior Democrats wants to repeal the 2002 measure authorizing the war and write a new resolution restricting the mission and ordering troop withdrawals to begin by this summer. But Majority Leader Harry Reid, D-Nev., said Iraq would have to wait until the Senate finishes work to improve homeland security.

"That would mean we would hold off the Iraq legislation for a matter of days, not weeks," he said.

The House Democratic proposal brought a sharp response from Republicans on Wednesday.

Rep. Adam Putnam, R-Fla., called the plan a "fig leaf" to distract the public from what he said was Democrats' ultimate goal of cutting off funds for troops in combat.

"We support full funding for our troops who are in harms way — without strings attached," said Putnam, R-Fla., after emerging from a closed-door conference meeting.

As Democrats met behind closed doors to discuss their options Tuesday, Secretary of State Condoleezza Rice said the Bush administration would talk to leaders from Iran and Syria on stabilizing Iraq.

Rice announced U.S. support for the Iraq meeting, to be held in Baghdad next month, at a Senate hearing in which Democrats pressed her and Defense Secretary Robert Gates to explain what progress is being made in the Baghdad security crackdown and how soon U.S. troops will be coming home.

The decision to engage Iran and Syria on the war in Iraq is a major departure for U.S. policy. The bipartisan Iraq Study Group in December recommended U.S. dialogue with Iran and Syria, but until now the administration has resisted that course.

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Former Secretary of State James A. Baker III, Republican co-chairman of the panel, welcomed the shift in a speech Tuesday night. But he went further, urging the administration to include Syria in Mideast peacemaking with Israel and the Palestinians.

Baker and his Iraq Study Group co-chair Lee Hamilton, a Democrat, are expected this spring to participate in a new study on constitutional war powers. Baker will co-chair the independent panel along with Warren Christopher, who was President Clinton's secretary of State.

Dennis Ross, a former U.S. Middle East negotiator, noted that Rice and other officials had taken pains to stress that the talks were an Iraqi initiative, which he said the administration might be using as cover to downplay suggestions of a major policy shift.

"This is a way for the administration to have discussions under a different umbrella but in a way in which they can say that they are not changing course," said Ross, a senior fellow at the Washington Institute for Near East policy.

The administration said its decision to take part in the Iraq conference did not represent a change of heart, although the White House has accused both Iran and Syria of deadly meddling in the war.

"We've always been inclined to participate in an Iraqi-led conference," White House counselor Dan Bartlett said.

Dems: Murtha Upstaging Pelosi (POL)

By Josephine Hearn

The Politico, March 1, 2007

To put it bluntly, as the former Marine is wont to do, Rep. John Murtha is rankling some of his fellow Democrats who worry his outspokenness sometimes upstages even Speaker Nancy Pelosi.

The Pennsylvania Democrat has long charted his own course in dealings with the press and congressional leaders. But now after three decades in the House, he's a national figure and his independent streak and sometimes fiery rhetoric are causing wider rifts for Democrats.

A day before the House voted on a resolution disapproving of the president's troop "surge" plan last month, Murtha turned to a liberal Web site to preview his plans to block the president's deployment of an additional 21,500 troops into Iraq. And his statements overshadowed the ongoing floor debate and fueled Republican charges that Democrats were laying a foundation to cut off war funding.

Murtha's plan was "overexposed before it was exposed," said Rep. Earl Pomeroy (D-N.D.), a member of the conservative Blue Dog Coalition. "It was grist for talk shows even before the members knew about it. It made it very difficult for that plan to get off the ground now."

Rep. Jim Cooper (D-Tenn.), another Blue Dog, was similarly annoyed.

"I was not keen on him stepping on Nancy's message," Cooper said. "The headline was not what we do here (in Congress) but what he was doing there" on the Web site.

The speaker, a California Democrat, and other members of her leadership team had carefully crafted their public relations strategy to depict the House war vote as a simple repudiation of the president's surge strategy, not a harbinger of future intentions to scrub funding for the war.

But Murtha's comments to the liberal MoveCongress.org, done without the leaders' knowledge, undermined the approach, drew attention away from the Democrats' message and ultimately gave Republicans a reason to vote against the resolution.

"It was a big blunder. People are galvanized against the Democratic plan without even knowing what it is," said a former Democratic aide.

Tuesday night, Murtha formally presented his plan, as provisions for the $93 billion emergency wartime spending bill, to an increasingly divisive Democratic caucus.

His allies call his approach straightforward, contending the former Marine is doing what he's always done: speaking plainly and letting the chips fall where they may.

"Jack marches to his own drummer, yet he's a great member of Pelosi's team, as everybody knows," said Rep. Michael E. Capuano (D-Mass.), a Murtha ally.

"I'm glad that some of my friends aren't involved in such a Kabuki dance," Capuano said. "If that's what people want, that the only things that get done are fully scripted. I've never witnessed a democracy that works that way …The legislative process is messy."

Murtha raised eyebrows in another instance last May when, during a routine news conference on Iraq, he launched into a tirade about an incident in Haditha, Iraq, in which he charged that Marines had "killed innocent civilians in cold blood." The comments provoked a media frenzy that made some of his Democratic colleagues uneasy.

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"Yeah, he's unvarnished and sometimes gets out there first, but it doesn't mean he's wrong," said a Democratic aide sympathetic to Murtha.

When Murtha does get out ahead of other Democrats, Pelosi is usually able to rein him in. For instance, he called off his public campaign for majority leader last summer after Pelosi suggested to him that it would be distracting.

"There's one person who can manage Murtha and that's Nancy Pelosi, but a lot of times it's after the fact," the aide said. "He doesn't do nuance very well."

Murtha and Pelosi work well together in spite of his mixed record on party loyalty. Both have enthusiastically backed each other in leadership races: Murtha supported Pelosi in her 2001 bid for Democratic whip, and Pelosi memorably endorsed Murtha for majority leader in November.

The two often confer on strategy, but Murtha can still veer off script.

His detractors say that Murtha's style is too headstrong for today's partisan political climate. At the very least, they say, he should consult leaders before creating a splash in the press.

"A huge part of the problem is lack of communication," said a Democratic aide.

Murtha, though, has never been one to blindly defer to leadership. When Democrats were in the minority, he was known for cutting appropriations deals with former Republican Rep. Tom DeLay (Texas), so enraging Rep. Dave Obey (D-Wis.), then ranking member on the appropriations panel, that Obey would storm into leaders' offices fuming that Murtha had "gone and made a deal with the devil," according to a former Democratic aide.

Some political observers say that Murtha's style hearkens back to another political era -- one in which lawmakers spent less time framing their actions for the press, and individual members, especially committee chairmen, enjoyed more autonomy. Members did not rely so much on press secretaries nor did they formulate elaborate messaging plans.

Indeed, Murtha, chairman of the Defense Appropriations Subcommittee, spends little time consulting his staff. Inquiries to appropriations aides will often elicit the same response that members sometimes utter: "Only Jack Murtha knows that."

"He's an old bull, remember that," said the former Democratic aide. "He comes from the old school when members did everything from one to another. He's also a military guy; he leads and everyone follows."

War Debate Keeps The House's Only Iraq Veteran Front And Center (WP)

By Lois Romano

The Washington Post, March 1, 2007

Fresh-faced and young, Patrick Murphy normally would have fallen into the category of unknown freshman legislator elbowing to make a name for himself.

But attracting attention has been no problem for Murphy.

The Pennsylvania Democrat happens to be the only member of Congress who is a veteran of the war in Iraq, a distinction that has swiftly catapulted him to Washington's front lines of politics and policy with little effort.

Senior members turn to the 33-year-old for policy guidance. Generals are eager to brief him one-on-one. Murphy delivers moving speeches on the floor about the 19 paratroopers he served with who died in Iraq. And he stood shoulder to shoulder with Speaker Nancy Pelosi at a news conference, emotionally talking about flawed U.S. policy.

"Sometimes I feel like the weight of the United States military in Iraq is on my shoulders," Murphy said in an interview in his office this week. "I really have to push myself to focus on my district, this is so consuming."

On Monday, he returned from his first trip back to the Iraq since his 2003-2004 tour, and he said he found conditions there painfully similar or worse. "It feels like Groundhog Day all over again there," he said. "Before it was like, 'It'll take time, it'll take time.' Well, now we're four years later and everyone was unanimous: We need a political and economic solution, and all we have is a military solution."

Murphy was among a dozen veterans of the Iraq war who ran for Congress last year, but only he won a seat. Murphy, a captain, was a paratrooper with the Army's 82nd Airborne Division. He has co-sponsored legislation calling for a 12-month timeline for redeploying U.S. troops from Iraq and allowing for some troops to remain to provide basic force protection and training of Iraqis.

He said he repeatedly heard from officers and soldiers that the United States isn't doing enough to get the Iraqis to step up and assume more responsibility for their country's defense and for combating insurgents.

"I asked one of my former students what's going on, and he said, 'Sir, if the Iraqis don't get off the sidelines, we'll be here forever,' " Murphy said. "They are frustrated because they know what it takes to win there. We are not putting appropriate pressure on the Iraqis."

Asked whether any of the troops were skeptical of him because of his stance on the war, he said those he encountered were nothing but encouraging.

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"I'm not necessarily antiwar. I'm anti-failure," he said. "There's a difference."Lose a Member, Gain $5 Million?

There's much chatter in the House halls these days about the possible departure of Rep. Marty Meehan, an eight-term Massachusetts Democrat who is on a list of three finalists to become chancellor of his alma mater, the University of Massachusetts at Lowell.

Although the well-liked Meehan would be missed by many of his colleagues, the vultures are circling -- and not just for his seat. The real buzz is over what he would do with his bulging campaign war chest, which, as the saying goes, he can't take with him. Well, certainly not for himself.

Federal reports show that Meehan had a handsome $5,119,677 cash on hand as of December -- a figure that caught the eye of those who would certainly like to put it to use for Democratic causes. At one point, Meehan was mentioned as a possible successor to Sen. John F. Kerry, which would account for the stout bankroll. According to the Center for Responsive Politics, money from lawyers, lobbyist and business interests made up the lion's share of his contributions last year.

One thing is fairly certain, though: If Meehan does retire, whatever he decides to do with the money will be very public, given that one of his signature issues has been campaign finance reform.

Meehan would have three options to move the money as a chunk: give the $5 million to the Democratic National Committee, give it to a charity, or create a personal political action committee. Any other political destinations for the money would be subject to campaign finance restrictions.

A spokesman for Meehan said the House member hasn't thought about the future of the money because his own future is undecided. He hasn't been offered the university post and he hasn't decided whether he would accept the job.

Meanwhile, more people are lining up for Meehan's seat than are advising Hillary Clinton. Among them: Niki Tsongas-- wife of the late U.S. senator Paul Tsongas, who once represented the district in the House.

But like we said, Marty hasn't even gotten the job yet.Better Care Sought for 'Wounded Warriors'

Sens. Barack Obama (D-Ill.) and Claire McCaskill (D-Mo.) and Rep. Rahm Emanuel (D-Ill.) will today introduce a Dignity for Wounded Warriors Act to mandate that wounded soldiers receive proper treatment at decent facilities when they return from war. The legislation comes after a Washington Post series on deplorable conditions for veterans at Walter Reed Army Medical Center.

Among other things, the bill calls for a Wounded Warrior Oversight Board appointed by Congress, 24-hour bilingual hotlines, federal protections for the jobs of family members who are caring for recovering service members, and establishment of a zero-tolerance policy for pest infestation at medical facilities.Ted Stevens: In Shape but 'Out of Luck'

Yes, that was Sen. Ted Stevens at National Airport on Sunday taking charge and flinging bags off a stalled conveyor belt to help other passengers and, of course, find his own bag. "He looked quite good and in shape for a man of 83 in the middle of the night lifting bags," said fellow traveler Joe Mendelson, who worked alongside Stevens.

When the music stopped, however, neither man had a bag. "Well, I guess we're [expletive] out of luck," the senator said.

Baker, Christopher To Head War Power Panel (USAT/AP)

USA Today, March 1, 2007

WASHINGTON (AP) — Former Secretaries of State James A. Baker III and Warren Christopher will head a private, bipartisan panel to study a lingering and gnawing national question: Who does the Constitution say has the power to begin, conduct and end wars?

The dispute over the authority to wage war has historically divided presidents, members of Congress and scholars. Through the years, the White House gradually has assumed increased control of U.S. war-making, and it has arisen again amid the shrill debate in the new Democratic-controlled Congress over President Bush's war buildup in Iraq.

Baker and former Rep. Lee Hamilton, D-Ind., headed the Iraq Study Group that made recommendations last December to the Bush administration on Iraq war policy.

The Iraq panel, which was authorized by Congress, achieved wide notice as Bush was considering how to reshape the U.S. role in Iraq, and its findings have been embraced by many members of both parties. Bush ended up deciding to send extra troops to the war zone — essentially ignoring the panel's recommendation that the U.S. remove its combat troops by early next year.

The war powers study is sponsored by the private Miller Center of Public Affairs at the University of Virginia.

Among its 12 members are Baker, who served under the first President Bush; Christopher, who was in the Clinton administration; Hamilton; former Attorney General Edwin Meese, who was also on the Iraq Study Group; and Brent Scowcroft, a former national security adviser.

Commission Will Consider Conflict Over War Powers (WP)

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By Michael Abramowitz
The Washington Post, March 1, 2007
Jim Baker and Lee Hamilton are not out of the commission business yet.

After having tried to sort out the Iraq war, the former secretary of state and the former Indiana congressman are turning to another seemingly intractable conflict -- the more-than-two-century-old battle between the White House and Congress over who should take responsibility for starting and stopping wars.

The two elder statesmen, who co-chaired the Iraq Study Group last year, were named yesterday to a new panel being sponsored by the Miller Center of Public Affairs at the University of Virginia. The National War Powers Commission intends to come up with recommendations for how Congress and presidents can best exercise their respective war powers granted by the Constitution.

The list of other panelists offered up by the Miller Center was further evidence of the revolving-door nature of commission life in Washington. In addition to Hamilton and Baker, the new panel includes another veteran of the Iraq Study Group, former attorney general Edwin Meese III.

It also includes another member of the Sept. 11 commission, former senator Slade Gorton (R-Wash.). Baker will co-chair the new commission with former secretary of state Warren Christopher, who is a commission veteran himself, having chaired the blue-ribbon group that looked into the Los Angeles Police Department after the Rodney King riots.

In a brief interview yesterday, Hamilton said he thinks lawmakers are looking more and more to former officials serving on such commissions because of their inability to find common ground on thorny public issues. "The extreme partisanship of the environment leads former officials to try to build consensus," he said. "We are hopeful we can still make a contribution."

"And of course," Hamilton added. "we work cheap."

The Senate's Forgotten Iraq Choice (NYT)

By Lincoln D. Chafee
The New York Times, March 1, 2007
Providence, R.I.

AS the presidential primary campaigns begin in earnest, the Iraq war is overshadowing all other issues, as it did during the midterm elections. Presidential candidates who were in the Senate in October 2002 are particularly under the microscope, as they are being called upon to justify their votes for going to war.

As someone who was in the Senate at the time, I have been struck by the contours of the debate. The situation facing the candidates who cast war votes has, to my surprise, often been presented as a binary one — they could either vote for the war, or not. There was no middle ground.

On the contrary. There was indeed a third way, which Senator James Jeffords, independent of Vermont, hailed at the time as "one of the most important votes we will cast in this process." And it was opposed by every single senator at the time who now seeks higher office.

A mere 10 hours before the roll was called on the administration-backed Iraq war resolution, the Senate had an opportunity to prevent the current catastrophe in Iraq and to salvage the United States' international standing. Carl Levin, Democrat of Michigan, offered a substitute to the war resolution, the Multilateral Use of Force Authorization Act of 2002.

Senator Levin's amendment called for United Nations approval before force could be authorized. It was unambiguous and compatible with international law. Acutely cognizant of the dangers of the time, and the reality that diplomatic options could at some point be exhausted, Senator Levin wrote an amendment that was nimble: it affirmed that Congress would stand at the ready to reconsider the use of force if, in the judgment of the president, a United Nations resolution was not "promptly adopted" or enforced. Ceding no rights or sovereignty to an international body, the amendment explicitly avowed America's right to defend itself if threatened.

An opponent of the Levin amendment said that the debate was not over objectives, but tactics. And he was right. To a senator, we all had as our objectives the safety of American citizens, the security of our country and the disarming of Saddam Hussein in compliance with United Nations resolutions. But there was a steadfast core of us who believed that the tactics should be diplomacy and multilateralism, not the "go it alone" approach of the Bush doctrine.

Those of us who supported the Levin amendment argued against a rush to war. We asserted that the Iraqi regime, though undeniably heinous, did not constitute an imminent threat to United States security, and that our campaign to renew weapons inspections in Iraq — whether by force or diplomacy — would succeed only if we enlisted a broad coalition that included Arab states.

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We also urged our colleagues to take seriously the admonitions of our allies in the region — Egypt, Jordan, Kuwait, Pakistan, Saudi Arabia and Turkey. As King Abdullah of Jordan warned, "A miscalculation in Iraq would throw the whole area into turmoil."

Unfortunately, these arguments fell on deaf ears in that emotionally charged, hawkish, post-9/11 moment, less than four weeks before a midterm election. The Levin amendment was defeated by a 75 to 24 vote. Later that night, the Iraq War Resolution was approved, 77 to 23. It was clear that most senators were immune to persuasion because the two votes were almost mirror images of each other — no to the Levin amendment, aye to war. Their minds were made up.

It was incomprehensible to me at the time that the Levin amendment received only 24 votes. However, there were some heroes, like Paul Wellstone, Democrat of Minnesota, who even in the midst of a very difficult re-election campaign voted to slow the march to war. And then there was the moving statement by Robert Byrd, Democrat of West Virginia, in support of the Levin amendment and against the administration-backed resolution: "This is an unprecedented and unfounded interpretation of the president's authority under the Constitution of the United States — not to mention the fact that it stands the charter of the United Nations on its head."

Americans are gravely concerned about Iraq, and yearn for leadership to stabilize the situation there and gradually end United States involvement. Calling on presidential hopefuls to justify or recant their vote authorizing the president to take us to war almost misses the point.

The Senate had the opportunity to support a more deliberate, multilateral approach, one that still would have empowered the United States to respond to any imminent threat posed by Saddam Hussein. We must not sidestep the fact that a sensible alternative did exist, but it was rejected. Candidates — Democrat and Republican — should be called to account for their vote on the Levin amendment.

Lincoln D. Chafee, a Republican senator from Rhode Island from 1999 to 2006, is a visiting fellow at the Watson Institute for International Studies at Brown University.

Iraq Deserves One More Chance (WSJ)

By Michael O'Hanlon

The Wall Street Journal, March 1, 2007

Despite the earlier pledge of congressional Democrats not to challenge funding for the war in Iraq this year, key members of the House and Senate are considering robust and binding responses to the conflict -- most specifically to President Bush's surge strategy. Congress is within its constitutional rights to do so. But in its understandable response to a failing mission and an impatient American public, its approach is unproductive. Rather than force a showdown with Mr. Bush this winter and spring, Congress should give his surge strategy a chance -- while preparing for the real fight this fall.

The House has expressed its disapproval of the decision to increase American forces in Iraq by up to 30,000 troops as implied by the president's new strategy. The Senate, despite a majority in favor of taking a similar approach, has been unable to do so due to procedural rules that have allowed the minority to impede a vote.

More significant, however, are the new ideas in the works. Jack Murtha, a military veteran and longstanding pro-defense Democrat, is considering using his perch as chairman of the defense subcommittee on appropriations to make it very hard for Mr. Bush to send more troops to Iraq. Mr. Murtha would demand they have every element of their proper equipment inventory, training preparation, and proper rest between deployments before being sent abroad, allowing no cutting of corners despite the state of emergency in Iraq.

A number of key senators would revoke the authorization Congress gave Mr. Bush to confront Saddam in 2002, replacing the original war resolution with a new mandate permitting only a much more constrained American effort, focused on training Iraqis and getting our own forces home. Some of these U.S. officials may be further emboldened by the Blair government's recent decision to reduce British forces in Basra -- and to return them home rather than redeploy to Baghdad.

Mr. Murtha's approach may be good for those troops not yet deployed or redeployed to Iraq, but much less so for those already there who need help -- not to mention for the prospects of the overall mission, with all of its important implications for regional and American security. Furthermore, the proposal to rescind the war authorization seems, almost five years after the fact, largely irrelevant. Members of Congress had access to much the same classified intelligence on Iraq as did the administration prior to the 2003 invasion. The claim that Mr. Bush misled them and the country while making the case for war (even if partly true) does not seem reason enough to justify such a measure.

But the larger question here is of what our policy should be today. By that measure, the congressional debate is off tune. Many of the main themes now being discussed guarantee a dialogue of the deaf between the Congress and the president, with each side jockeying for political position and public support rather than working together to devise a game plan for Iraq for the crucial next year.

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In fairness to the Democrats and a number of their Republican congressional colleagues, they have every reason to feel bold. Politics is a contact sport, after all. And with the nation's uniformed men and women in peril, waging a losing fight, there is every reason to play rough. After six years of being largely shut out of policy making by the Bush administration, and suffering the consequences of Karl Rove's zero-sum approach to politics and patriotism, they have had enough.

The Democratic plans are defensible if one concludes that Iraq is already irrevocably and completely lost. On this assumption, the administration's desire to try and salvage something from the situation -- even if just to mitigate the degree of our defeat -- is no longer realistic. Furthermore, any legislative maneuver that can embarrass Mr. Bush or even start forcing him to reduce our commitment seems justifiable.

Nevertheless, Congress's overall efforts are misguided for one fundamental reason: We cannot yet be sure that the situation in Iraq is totally hopeless. It is indeed bad, very bad, and the Bush administration has done a poor job with a war that it chose to launch at a time and place of its choosing. But there still may be a glimmer of hope -- if not to "win," then at least to achieve some minimum level of stability.

While those claiming that Iraq is already destined for all-out civil war, genocide and disintegration may in the end have their predictions confirmed, that does not mean such an outcome is inevitable. There is still hope of preventing a war with millions killed, the establishment of a major al Qaeda sanctuary in western Iraq, and a regional conflagration going beyond the country's borders.

There are good reasons to give the war effort, now almost four years old, another six to nine months before concluding that the current strategy should be discarded and a much different one -- involving far fewer (if any) foreign forces -- adopted. First, the new surge strategy being implemented by Gen. David Petraeus, while still insufficiently resourced, is much more consonant with classic counterinsurgency doctrine than anything the coalition has tried to date. Second, Iraq's Nouri al-Maliki government, while disappointing on balance, is less than a year old and may still improve. Third, and relatedly, the Democratic victory in the U.S. last fall is still fresh -- meaning that Iraqi political leaders are still digesting its significance. Some of them may be shocked into a greater sense of urgency now that they realize the American commitment to their country is finite and waning.

Robert Gates, Condoleezza Rice and Gen. Petraeus have all indicated that the new strategy should show progress by this summer if it has any chance to be successful. While there will likely be considerable debate over how much progress would be enough to warrant its continuation at that point, we should be able to agree that the violence must decline substantially. Currently, with 4,000 civilians killed and another 100,000 fleeing their homes per month, the country is being torn apart. If these numbers do not drop substantially within six months or so, it will then be time to move on.

Patience makes sense, for now. Congressional critics should, whether they personally support the surge or not, tolerate it for a few more months. It would be better to spend their time evaluating its progress, developing proposed "Plan B" options (such as Sen. Joseph Biden's plan for federalism), and contemplating proper political and legislative strategies to force a fight with Mr. Bush if necessary come the fall, when a new fiscal year begins and a new budget for the war will again be needed. But for now, war critics should, however begrudgingly, watch and wait.

Mr. O'Hanlon is a senior fellow at the Brookings Institution.

Security Crackdown Nets Insurgents, Weapons, Iraqi Officials Say (LAT)

By Christian Berthelsen

The Los Angeles Times, March 1, 2007

A top Iraqi military official announced today that authorities have killed more than two dozen militants, arrested hundreds of others and seized huge caches of weaponry in the last week, declaring that a 3-week-old security crackdown was working even as car bombs, mortar attacks and shootings continued to claim lives around the country.

The announcement by Brig. Gen. Qassim Atta Musawi comes as many Iraqis are expressing a growing impatience with the U.S.-Iraqi security push. Iraqis overwhelmingly want the plan to work and are frustrated by multiple daily attacks that have continued even as they have put up with neighborhood raids, house-to-house searches and vehicle stops. Government officials say the effort is still in its early stages.

"We are sensing that the trust of the people has started increasing with the Iraqi forces and they are cooperating better now," Musawi said at a news conference to announce results and new safety measures. "The level of the terrorists' activities in general witnesses a noticeable decrease."

A car bomb at a wholesale market in the mixed south Baghdad neighborhood of Bayaa killed 10 people and injured 21 others this morning.

In downtown Baghdad, two police officers were killed and four injured in a gun battle with attackers after a suicide bomber tried to drive a pick-up truck loaded with propane tanks into a police station.

Five civilians were killed in south Baghdad by mortar and roadside bomb attacks.

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Outside the capital, insurgents continued attacks on police and military installations, with a mortar attack on a checkpoint critically injuring two police officers near Hilla and a roadside bomb detonation injuring four Iraqi soldiers near Kirkuk on Tuesday.

Musawi, the Iraqi military official, said authorities were introducing further security precautions, including precluding motorists from parking cars along main streets, and said 24-hour hotlines were being established for citizens to report suspicious activity. He said the government would soon receive sonar imaging equipment that would help authorities detect bombs planted in cars.

Since the new plan began two weeks ago, he said, authorities have killed 70 militants and arrested 450 known militants and 370 suspects. The effort has also resulted in the rescue and release of 17 kidnapping victims, he said.

While supporting the plan, some Iraqi leaders say it will not work unless it is carried out in combination with more comprehensive efforts at economic stimulation and political reconciliation.

Security enforcement "will not be successful if it is done alone, because it needs the other two sides to be successful," said Izzat Shabandar, a member of the secular Iraqi National Slate party in parliament.

Soldiers Shift To Baghdad Outposts (WP)

By Joshua Partlow

The Washington Post, March 1, 2007

BAGHDAD, Feb. 28 -- American soldiers are leaving their sprawling fortress-cities and establishing many small outposts in the capital's most violent neighborhoods in a major tactical shift under the two-week-old Baghdad security plan.

Informed by counterinsurgency theory that calls for placing units full-time among the people they want to sway, U.S. troops are using their new bases to work with their Iraqi counterparts, uncover more battlefield intelligence and reinforce, by their sustained presence, the message that they will not allow militants unfettered freedom of movement.

But along with these advantages, American soldiers say these outposts pose new risks to their own safety and require pulling soldiers off patrols to protect their lodgings. The threats became apparent this month when a car bomb exploded at a U.S. outpost in Tarmiyah, north of Baghdad, killing two U.S. soldiers and wounding 29 others.

At a new U.S.-Iraqi base in the Jamiyah neighborhood of western Baghdad, a platoon of American soldiers guards the front gate and watches from the rooftop.

"These little combat outposts, they are more exposed: Your routes in here are very limited, and they're definitely watching us," Staff Sgt. Marcel Weaver, 35, said of the insurgents operating in the neighborhood around the base. A grenade "attack is coming, I can guarantee that."

U.S. soldiers have opened 15 of about 30 planned "joint security stations" in the capital. They have also set up an unspecified number of smaller "combat outposts." U.S. military spokesmen did not respond to requests for information about how many such outposts are operating in Baghdad or how many times they have been attacked.

Early Sunday, the U.S. Army battalion commander for the Jamiyah base gathered his top staff inside the station's control room, in what used to be a wedding hall, and discussed the distressing trend of violence just outside their base. The day before, a few hundred yards from the front gate, insurgents blasted rocket-propelled grenades at an Iraqi-guarded checkpoint, followed the barrage with small-arms fire, then detonated two car bombs when American troops rushed to respond.

"What is it about this checkpoint that makes it such a magnet?" asked Lt. Col. Dale Kuehl, the battalion commander, studying a large aerial map of western Baghdad. "Why does it always get attacked?" he asked again, prodding his staff.

His soldiers answered that the recent arrival of Iraqi and U.S. soldiers in the embattled Sunni neighborhood had created an enticing target for insurgents. Kuehl agreed that the ambush may have been designed to draw out the Americans. "Yes, they probably have determined that we are here, and this would have been the route we would have taken to get out," he said.

Later that day, two mortar rounds landed about 50 yards outside another outpost the battalion had set up in a defunct shopping mall in the Adil neighborhood. The blasts struck a Humvee, deflating three tires. At a third new post, in a police station in the al-Khadraa neighborhood, soldiers have faced gunfire and a series of roadside bombs planted amid the trash along the one route to the base.

"I'm sure we're under surveillance, and I'm sure they're looking for our weak points, and that's for every one of these outposts," said Kuehl, who commands the 1st Battalion, 5th Cavalry Regiment, attached to the 1st Infantry Division. "We will never finish building the force protection around this place. It's got to be thought through every day and rehearsed."

The soldiers planned to erect new concrete blast walls on the northern and southern flanks of the two-story headquarters this week. Kuehl has instructed his soldiers to assume the perspective of the enemy and practice, or "red-team," ways to attack the compound. Up on the rooftop, soldiers are stationed at four sandbagged machine-gun turrets every hour of the day.

"I guess it is a little scary," said Pvt. Peter Lahoda, 22, as he gripped an M240 belt-fed machine gun in a turret that has been shot at three times from the street below. Positioned next to him was a life-size mannequin dressed in U.S. military

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fatigues, its middle fingers extended, that is used as a decoy for gunmen on the street. He said the attacks are often drive-by shootings, fired from a car's back seat or from holes punched in the trunk. "Up here, you're definitely organic to what's going on. You see VBIEDs, you see explosions like 200 meters away," he said, using a military abbreviation for car bombs.

The concern over security at the station imposes limits on one of its central missions: cooperating with Iraqi security forces. Iraqi soldiers at the station are prohibited from entering an operations room where U.S. soldiers discuss classified information. They are not allowed on the roof where Americans watch over the neighborhood. They live on the first floor while Americans inhabit the second. While certain information is shared with the Iraqi army leadership, the lower-ranking soldiers are kept out of briefing sessions, largely because the Americans are suspicious that information will be passed on to insurgents.

"There's a potential for a leak," said Capt. Ramiro Roldan, 25. "We tell them we're going to set up our vehicles at this location to cordon and search an area, there's a potential that we might get a VBEID attack there."

"We just came here, and we can't trust them so much," said Sgt. Freddie Torres.

It has been only a month since the battalion moved into the building, which had been occupied by Iraqi security forces. The Americans cleaned up a horrid tableau of human feces, trash and dead cats littering the premises.

Some American soldiers say the days patrolling the streets and nights drinking tea and playing dominoes with the Iraqis have fashioned a fledgling camaraderie. The Americans also have grown closer to one another while enduring the spartan lodgings -- sleeping on cots, living without showers or toilets, burning their waste -- that feel far removed from the buffet dinners and air-conditioned gyms on the Camp Liberty base, near the Baghdad airport, they left behind.

"Liberty's like being in Kuwait," Torres said. "If we stayed at Liberty the whole time, then we're not bringing the fight to them. This at least gives us an intimidation factor, knowing we're out here on the grind ready to take it to them."

Kuehl said he believes that over time, operating out of smaller bases will be safer for his soldiers as the neighbors grow to appreciate their backyard policemen and act as an alarm system about impending trouble.

"We're going to get more information, and when we get that information, we can target better, and if we target better, we can get more bad guys off the street and we don't hurt the locals while we do it," he said. "And the other part of getting out here, and I think it's something we've missed in the mission for a while . . . is our purpose to protect the people."

U.S. commanders say they choose the location of the security stations and combat outposts based on where soldiers can most disrupt the insurgency. Kuehl said he moved a platoon into the second floor of the al-Khadraa outpost to stop insurgent weapons traffic through the area.

In the first 10 days since soldiers moved in, drive-by shooters have taken potshots and at least four bombs have exploded on the road outside the entrance, said Lt. Brian Larsen, 23, the platoon leader.

"As far as force protection measures go, this place needs improvement," said Sgt. 1st Class Kenneth Chaney.

The soldiers have stacked sandbags in their bedroom windows and draped green netting over their gun positions, and they are making plans to install light fixtures outside and raise the exterior walls by several feet to limit the risk from gunfire.

Sitting on his bunk inside the police station, Sgt. James Simpson, 30, of Atlanta, said grunts like him are prepared for the threats surrounding them.

"It's definitely more exposed, but that's the risk we take," he said. "The safest thing for everybody is to hurry up and beat these guys."

Saddam Ammo Still Kills Troops (USAT)

By Tom Vanden Brook

USA Today, March 1, 2007

WASHINGTON — Four years after the Iraq war began, the country remains awash in Saddam-era munitions that provide key ingredients for homemade bombs used against U.S. troops, according to administration documents and military officials.

More than $1 billion has been spent to clear about 15,000 sites of the unsecured weapons. To clear the remaining 3,391 sites, the Pentagon says it needs a portion of a $1.2 billion request for items to protect U.S. troops in Iraq.

Improvised explosive devices that use the munitions have killed or wounded thousands of U.S. troops. Defense Secretary Robert Gates estimates that 70% of U.S. casualties in Iraq stem from IEDs.

"Insurgents use munitions from stolen caches to construct IEDs," according to the Pentagon's budget request released last month.

Hundreds of buildings, in-ground bunkers, warehouses and buried caches also contain uncleared ammunition, the Pentagon budget request shows. The Army Corps of Engineers runs the munitions-clearance program.

The problem of unsecured munitions was obvious soon after the fall of Saddam Hussein in spring 2003, Sen. Jack Reed, D-R.I. said.

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Reed, a member of the Senate Armed Services Committee and former Army officer, said there weren't enough U.S. troops in Iraq to destroy the weapons. The munitions include bullets, artillery shells and missiles.

"It should have been taken care of immediately," Reed said.

Eliminating the munitions is a huge task, said Bill Sargent, who runs the munitions-clearance program for the Army Corps of Engineers.

More than 400,000 tons of weapons have been destroyed, and 19,000 tons have been set aside for the Iraqi army, he said.

"There's no telling how many soldiers and Iraqi civilians that we've saved by the amount of stuff we're taking off the streets," Sargent said.

Munitions experts plan to have all major weapons sites in Iraq secured by April, Sargent said. They'll then move to smaller sites.

Allied troops find new ammunition sites in Iraq every day, Sargent said, which makes it hard to get exact details on how much loose ammunition remains.

It might be impossible to stem the supply of materials for IEDs because Iraq has so many weapons, said John Pike, director of military think tank GlobalSecurity.org.

Saddam "never wanted to run out of bullets," Pike said. "And he never did."

Local Sheik In Ramadi Adds Detail On Attack (WP)

By Ernesto Londoño And Naseer Mehdawi

The Washington Post, March 1, 2007

BAGHDAD, Feb. 28 -- A community leader in the western Iraqi city of Ramadi provided additional information Wednesday about a deadly car bombing earlier this week that U.S. officials said did not occur.

Raad Sabah al-Mukeilef, a sheik who said he lives about 500 yards from where the bomb exploded Monday, said in a telephone interview Wednesday that he believes members of the Sunni insurgent group al-Qaeda in Iraq set off the bomb near a playground after being unable to get past a checkpoint that leads to his house, which is near a government building.

Children, ages 4 to 17, were playing soccer when a man at the wheel of a small truck pulled up next to the checkpoint, he said.

"He came in a pickup," Mukeilef said. "Instead of coming in my street, he did it in a small park for children." Mukeilef said he has participated in a U.S.-backed group of sheiks opposed to Sunni insurgents.

Mukeilef's account corroborated information provided Tuesday by Col. Tariq al-Alwani, the security supervisor in Anbar province in western Iraq. Both men said the blast killed 16 children and three women, one of whom died Wednesday from her wounds. Ramadi is the provincial capital.

A U.S. military official denied on Wednesday that children had been killed in a bombing in Ramadi. The U.S. military said it detonated a seized cache of explosives Tuesday elsewhere in Ramadi, injuring at least 30 civilians who were struck by flying glass and debris because military officials misjudged the power of the explosives. Some initial news reports indicated that children playing soccer at that location had been killed.

"We ran this down," said Rear Adm. Mark Fox, a top military spokesman in Iraq, at a briefing Wednesday. "There was no second blast and there were not 18 children killed. The soccer field that was touted in the erroneous report was across the street from the structure that was in the controlled detonation."

Mukeilef and Alwani said the detonation and the truck bombing occurred in separate parts of the city.

Another military official responded Wednesday night to an inquiry about the new accounts of Monday's bombing by reissuing the news release about Tuesday's "controlled" cache detonation.

Mukeilef said no U.S. military personnel responded to the bombing scene. News of Monday's blast traveled slowly because most reporters have fled Ramadi, a Sunni insurgent stronghold, fearing for their safety.

"We are very isolated," he said. "We don't have any media."

On Wednesday morning, another car bomb killed 10 people in southwest Baghdad in the Bayya district, according to Lt. Col. Salam Hanoun, a spokesman for the Iraqi Interior Ministry. The blast also wounded at least nine people and set cars and shops on fire.

Also Wednesday, the U.S. military said an American soldier was fatally shot Tuesday in western Baghdad.

Meanwhile, Syrian and Iranian officials confirmed they will attend a regional security conference in Baghdad on March 10, the Associated Press reported. The conference will include American representatives. U.S. officials have accused Syria and Iran of exacerbating violence in Iraq. The conference opens a door to diplomatic talks between Washington and representatives of those two countries.

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Sunnis - Not Shiites - Biggest Threat To U.S. Troops (MCT)

By Drew Brown

McClatchy Newspapers, March 1, 2007

WASHINGTON - Sunni Muslim insurgents remain by far the biggest threat to American troops in Iraq, despite recent U.S. claims that Iran is providing Shiite Muslim militia groups with a new type of roadside bomb, a review of American casualty reports shows.

While U.S. military officials have held briefings to publicize their concerns about the potent bombs known as explosively formed projectiles (EFPs) or penetrators, casualty reports suggest that such weapons in the hands of Shiite militias are responsible for a relatively small number of American deaths.

U.S. officials have said that attacks with such weapons increased 150 percent in the past year. But a review of bombings by location shows that less than 10 percent of attacks that killed at least two American service members in the past 14 months were in areas where Shiite militias are dominant.

Those reports show that fewer than half the bomb attacks on heavily armored U.S. vehicles such as Abrams tanks and Bradley Fighting Vehicles were in areas where Shiite militias dominate.

While it's difficult to know which armed group planted a bomb, analysts say the casualty numbers show that U.S. officials are exaggerating the importance of EFPs, which military officials say have been used only by Shiites.

"There were relatively few American deaths from explosively formed penetrators until recently, but you can say the same thing about attacks on helicopters or chlorine attacks," said Loren Thompson, a defense analyst with the Lexington Institute, a policy research group in Arlington, Va. "The fact of the matter is that the insurgents, both Sunni and Shiite, are becoming a lot more sophisticated in their tactics. Explosively formed penetrators are only one part of that, and they are not a particularly important part."

Pentagon officials say the issue is important because the Iranian government appears to be involved.

"I think the issue is not whether or not materials and supplies are coming from Iran - they are - but rather how far up the Iranian leadership is involved," said Bryan Whitman, the Pentagon's chief spokesman.

U.S. military officials accuse Iran of supplying Shiite militants with EFPs, which fire a molten slug of metal that can punch through the thickest American armor, including tanks and other vehicles designed to withstand heavy blasts. The officials say the bombs have killed at least 170 U.S. and allied service members and wounded more than 620 since they were first discovered on the battlefield in mid-2004.

Those officials have declined to provide other information about the bombs' use, including when and where the explosions that killed Americans took place. They say that such information would tip off the enemy to its successes.

Roadside bombs have killed at least 1,150 Americans since the war began, according to Coalition Casualty Count, a Web site that tracks coalition casualties in Iraq and Afghanistan. Of those, 496 died from Dec. 1, 2005, through Jan. 31 of this year.

U.S. military officials point to the discovery of a weapons cache in a Shiite village near Baqouba, about 40 miles from Baghdad, as the latest evidence that Iran is supplying Shiite militants with weapons.

On Monday, the Defense Department posted a video of the discovery on the Web and American officers in Baghdad displayed weapons seized in the raid, including rocket-propelled grenades, 120 mm mortars and 122 mm rockets that they said bore markings that proved the weapons were made in Iran last year.

The find also included artillery rounds, land mines, detonation cord, triggering devices, C-4 explosives and more than 140 metal discs, which U.S. military officers said were components for making EFPs.

Lt. Gen. Ray Odierno, the No. 2 commander of U.S. forces in Iraq, said earlier this week that the weapons clearly were linked to Iran.

"The mortar tubes were made in Iran," he said. "We know that the pieces of the explosively formed projectiles, the machine pieces, were made in Iran. So we know they're being developed and brought into Iraq."

Odierno said on CNN this week that he was convinced that the EFP materials were coming from Iran.

"We have tried to see people replicate them here in Iraq, and they have not been able to do it," he said. "The machining required, the materials that are required, we think absolutely are coming from Iran, and you saw the big cache we found just the other day - almost 140 of these could be produced from that cache that we found."

Odierno said Iran's al Quds commando force was involved either in training or supplying Shiite groups, but the full extent of the Iranian government's involvement remains unclear.

Analysts say the evidence is far from clear that Iran could be the only source for the bomb components.

"Explosively formed penetrators are not some exclusive franchise for the Iranians," Thompson said. "They are fairly common around the world."

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Explosively formed penetrators are also known as shaped charges. The warheads were developed after World War I to penetrate tanks and other armored vehicles. Rocket-propelled grenades and antitank missiles are conventional examples. Shaped charges also are used in the oil and gas industry.

John Pike, the executive director of GlobalSecurity.org, an online clearinghouse for military, intelligence and homeland-security information, said that while designing a shaped charge would require expertise, fabricating the devices was simpler, requiring only skill in using metal-machining tools.

"These are not factory-produced munitions," he said.

Asked who'd have the expertise to manufacture a shaped charge, Pike cited "people who had worked with explosives in the petroleum industry." In Iraq, he said, "there would be a fair number of those."

Roadside bombs have been the No. 1 killer of U.S. service members in Iraq for years, though the numbers were dropping last year compared with the year before until October, when they shot up sharply, according to the Coalition Casualty Count Web site. December was the deadliest month of the war for roadside bombs, with 67 American deaths, nearly half of which were in Baghdad.

Overall, however, the number of U.S. deaths from IEDs in 2006 was up less than 6 percent from the year before; 419 last year compared with 397 in 2005, according to Coalition Casualty Count.

The spike in the last quarter of the year corresponded with an increased use of explosively formed projectiles during the same period, according to American defense officials. Sen. John Kerry, D-Mass., said on the Senate floor recently that 90 percent of the EFPs detonated in Iraq had been used in Baghdad.

U.S. military officials say EFPs are more dangerous than other types of roadside bombs because they typically produce more casualties.

American casualty reports show that the deadliest roadside-bomb attacks of the war have occurred in predominantly Sunni areas or areas with mixed ethnic and religious populations.

Of the 81 roadside bomb attacks that killed two or more soldiers from December 2005 through January 2007, one-quarter occurred in western Iraq, which is predominantly Sunni, and nearly two-thirds took place in Baghdad and other ethnically and religiously mixed areas, the reports show. Fewer than 10 percent were in predominantly Shiite areas.

Of the 10 fatal bomb attacks on M1 Abrams tanks in the same period, four were in Baghdad and four in Anbar province, a mostly Sunni area. One each occurred in Balad and Taji, which have large Sunni populations and big U.S. bases.

Of the 11 fatal attacks on Bradley Fighting Vehicles during that period, four were in Baghdad. Four were in Taji, and one each occurred in Ramadi, Balad and al Muqdadiyah, all of which have large concentrations of Sunnis.

The three worst attacks on Bradleys were in Taji: Three American soldiers died in a roadside bombing Feb. 22, three in an attack last April 11 and four in a bombing Aug. 27.

US Post-Iraq Invasion Policies 'Incompetent': US Diplomat (AFP)

AFP, March 1, 2007

The US policy in Iraq following the 2003 invasion was "incompetent, foolish, dubious," the new US coordinator for Iraq's economic development said Wednesday.

Ambassador Timothy Carney told NPR radio that the US policy to exclude Iraqis from governing the country in the two years following the invasion was "an enormous foolishness" which contributed to the deterioration of security and lengthened the conflict in the country.

"We don't need to go into detail on that, but I think words such as incompetent, foolish, dubious in all of its aspects are the most charitable way to look at that period," he said.

Carney went to Iraq shortly after the March 2003 invasion to manage the country's industry and minerals ministry, but quit after two months and became an outspoken critic of US occupation policy.

"The major failing of policy and operations in 2003 was the failure to invite Iraqis into our councils. We actually thought we could govern this country," he told NPR.

"It was enormously costly in terms of time, and consequently in terms of our and Iraqi blood and the blood of many of our allies."

"What an enormous foolishness that was."

Carney, recently named by the White House to return to oversee rebuilding of the country, said he was appalled by the deterioration in the security situation since he was first there.

But he said he thought the United States still had a chance to achieve some if not all of its policy goals in the country.

"The Iraqis I've met with remain the very same smart, imaginative, creative and impatient people whom I met in 2003.

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"It's for those reasons that I continue to believe that this effort can come out to the benefit of Iraq, perhaps not realizing all of the policy goals the United States seeks here, but certainly far more than we deserve, given the way we approached this in 2003 and 2004."

Iraq Carney Finds New Role: Reconstructing Iraq (NPR)

By Anne Garrels

NPR, March 1, 2007

Iraqi General Manager Saad Salman of the Sharq Dijlah Water Treatment Plant in Baghdad during a tour of the facility with members of USAID in July 2006. USAID is one of the agencies diplomat Tim Carney now oversees in his new position as America's economic coordinator in Iraq. AFP/Getty Images

Morning Edition, February 28, 2007 · Diplomat Tim Carney left Iraq three years ago — angry and outspoken about United States policy there. Now the administration has asked him to return as the economic coordinator.

It's a surprise invitation for an official who has said that the U.S. was not listening to Iraqis after the invasion, and formulating policy in isolation from the people it affected.

Carney is a veteran diplomat; over the last three decades, he has served in Cambodia, Haiti and Sudan, among other posts. In his return Baghdad news conference, he stood by his earlier criticism of administration policy in Iraq.

"In 2003, the coalition, notably the United States, failed to invite Iraqis into our councils," Carney said. "And that failure is what has led to the situation in which the country finds itself today."

It's a situation where U.S. federal oversight agencies say billions of dollars in aid was wasted. But Carney says the situation is improving.

"The big difference now is that Iraqis are inviting us into their councils to try to help use our resources to actually get things done," Carney said.

As economic coordinator, Carney will juggle a dizzying, and often overlapping, list of U.S. funding organizations, including USAID, the U.S. Treasury, the U.S. Army Corp of Engineers and others.

But with American reconstruction money drying up, Carney's biggest job will be to help Iraqis spend their own money, primarily from oil revenues.

Despite the deteriorating state of the country's electricity system, road networks and other public services, the ministries have managed to spend as little as 15 percent of their budgets.

The reasons are numerous, including problems finding companies to work under dangerous conditions, a lack of skilled contracting officers and U.S. anti-corruption programs that have intimidated bureaucrats.

"This is still a relatively new government. This government needs to demonstrate convincingly to the Iraqi people that they are governing for the benefit of all Iraqis," Carney said.

In part, Carney will rely on the State Department's "provincial reconstruction teams," known as PRTs.

The PRT program was launched a year ago to help the Iraqi government function better. There are 10 branch offices around the country.

Because of security concerns, the Baghdad PRT is a well-guarded office inside the heavily fortified Green Zone. If getting into the office is difficult, getting out to meet the Iraqi officials they want to help is even more so.

Each time he wants to leave, Deputy Director Bob Ruck has to organize an elaborate security convoy.

"We're trying to teach governance right now two hours at a time," Ruck said. "You get in a convoy, you drive down there, you meet with them, you leave; it's frustrating."

Ruck wants to place staff full time in key government offices. But security is an issue standing in the way of staff integration.

The program has also been criticized for not having people with the right backgrounds on staff. Baghdad PRT Director Joe Gregoire admits the State Department has had trouble hiring skilled people to work on PRTs.

"The problems is finding people who are very specific to certain subject matters," Gregoire said. "[Like] real business development [people], as you would expect from people who might be working for the Department of Commerce."

President Bush proposed last month doubling the number of teams, saying such civilians are now central to American efforts.

But just filling the jobs of the original PRTs is a challenge. U.S. officials say expanding them will take until the end of the year, at least. By then officials hope the risks will not be as great as they are now.

Death Penalty Gets A 2nd Global Look (WT)

By Betsy Pisik, The Washington Times

DOJ_NMG_0138498

The Washington Times, March 1, 2007

NEW YORK -- The senior U.N. human rights official yesterday said she senses a global interest in revising the death penalty, triggered in part by the public execution of former Iraqi strongman Saddam Hussein.

Louise Arbour, the U.N. high commissioner for human rights, said she does not expect to see a "spontaneous uprising or outcry" against capital punishment, but she does perceive a willingness among governments to consider restricting the death penalty -- or at least opening up the opaque process.

"I sense that this year there is an opportunity to move towards abolition in some countries, moratorium in others and transparency in some which still surround the application of the death penalty with secrecy," Mrs. Arbour told reporters here yesterday.

"The call for abolition is rarely the result of a spontaneous enlightenment. It is usually triggered by an event in countries that have the courage to face their own shortcomings," she said. "This event is sometimes a demonstrated wrongful conviction."

The executions in Iraq of Saddam and two of his associates "may have created an environment in which people are asking a lot of serious questions" about the need for a review of capital punishment, she said.

Saddam was hanged in December. Shouting and jeering by Shi'ites at the execution, which was caught on a cell-phone camera, drew condemnation from President Bush and other world leaders. When Saddam's half brother Barazan Ibrahim was hanged in January, his head was severed.

Mrs. Arbour was pragmatic on whether her agency could make inroads in the United States, where capital punishment is administered by states and appears to have popular support.

She indicated that she would not be bringing up the matter with the U.S. government or courts the same way her office does in other, more receptive countries.

"If the courts are willing to listen to us, we are not going to shy away," Mrs. Arbour said. "It depends on our own capacity to make a contribution in a case where the advocacy of international standards are not likely to be advanced by others."

Mrs. Arbour, a former Canadian justice and a prosecutor for the international criminal tribunals for Rwanda and Yugoslavia, is a tough-minded and plain-spoken advocate for what she sees as basic human rights.

The official U.N. position is that it respects the domestic laws of member states. However, Mrs. Arbour and others in the human rights sphere say that all people have the right to life, a de facto repudiation of capital punishment.

The Web site of the U.N. special rapporteur for extrajudicial, summary and arbitrary executions, Philip Alston, notes, in part: "Given that the loss of life is irreparable, the Special Rapporteur ... emphasizes that the abolition of capital punishment is most desirable in order fully to respect the right to life. He also wishes to mention that, while there is a fundamental right to life, there is no such right to capital punishment."

According to Amnesty International, 88 nations and territories have explicitly outlawed the death penalty, while 69 permit capital punishment for crimes of varying degrees of severity from rape to treason.

The European Union has shelved capital punishment, while the United States, Iran, Iraq, China and South Korea are among those that impose it.

U.S. Knew Of Threats As Cheney Visited Base (NYT)

By Abdul Waheed Wafa And Carlotta Gall

The New York Times, March 1, 2007

KABUL, Afghanistan, Feb. 28 — NATO and American forces knew that a suicide bomber was at large in the Bagram area before the suicide bomb attack on Tuesday that killed 23 people at the main gate of the United States air base where Vice President Dick Cheney was staying, a NATO spokesman said Wednesday. But despite the vice president's presence, the Afghan police chief in the area said he had not been informed of the possible threat.

"We know for a fact that there has been recent intelligence to suggest that there was the threat of a bombing in the Bagram area," the spokesman, Col. Tom Collins, said at a news briefing in Kabul.

"It is clear there are suicide bombers' cells operating in this country," he said. "There are some operating in the city of Kabul and, as our intelligence suggests, they had the capability in the Bagram area."

The Afghan police chief of Bagram district, Muhammad Salem Ehsas, said Wednesday that he had been unaware of any threat of a suicide bomber in the area, suggesting a lack of coordination between the security forces on the ground even while Mr. Cheney was present.

Afghan police officers guard the outer gate at the Bagram air base, and it is possible that they let the bomber through to the second gate, which is operated by American soldiers and other members of the international military force. Commander Ehsas said it was also possible that the bomber gained access to the American gate through the residential areas near the base.

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At least 19 Afghan workers, including a 12-year-old boy, were killed in the blast, as were a South Korean soldier, an American soldier, an American civilian contractor and the bomber, the military said in a statement. Many of the workers were lined up outside the gate, waiting to clear the security checkpoint before going to work inside.

Mr. Cheney spent the night at Bagram unexpectedly after heavy snow prevented him from getting to a meeting with President Hamid Karzai at the presidential palace in Kabul. Mr. Cheney was at the base when the bomber struck at 10 a.m. Tuesday, but he continued on to Kabul to meet President Karzai at midday as planned.

The Taliban claimed responsibility for the blast and said it had been aimed at Mr. Cheney, and even named the bomber, saying he came from Logar, a province south of the capital, Kabul. But Colonel Collins said that their claim was "absurd" and that the timing of the bombing could have been just a coincidence.

"Their claim is simply going for more psychological impact on the population," he said. "Clearly what they have done here is simply killing more innocent people."

Afghanistan has been hit by more than 100 suicide bombings in the past year, and many have appeared to be opportunistic attacks, where the bombers had been walking, loitering or driving around looking for a target, usually a foreign military convoy. Others have approached military bases and government buildings on foot and set off their explosion at an entrance.

The American military is conducting the investigation of the bomb blast, said Colonel Collins, the spokesman for the NATO-led International Security Assistance Force, or ISAF.

"Unfortunately, we do expect more attacks," he said. "And the enemy knows that they cannot defeat Afghan National Security Forces and ISAF forces in the conventional sense, so we do expect them increasingly to go after soft targets, which means civilians."

Mr. Ehsas said he also believed that it was more likely that the bombing was an opportunistic attack against the civilians lined up at the gate. "I don't think it was connected to Cheney's visit," he said. "The aim was the people in the crowd."

Threat To Bagram Was Known (WP)

By Jason Straziuso

The Washington Post, March 1, 2007

KABUL, Feb. 28 -- Intelligence reports indicated that the Taliban had the ability to carry out suicide attacks near the main U.S. base in Afghanistan even before a deadly bombing during a visit by Vice President Cheney, NATO said Wednesday.

Col. Tom Collins, the top spokesman for NATO's force in Afghanistan, said suicide bomb cells were present in the capital, Kabul, just 30 miles south of Bagram air base.

A policeman helps a relative of one of at least 23 people who were killed in a suicide bombing Tuesday near Bagram air base, the main U.S. installation in Afghanistan. The blast occurred when Vice President Cheney was inside.

"We know for a fact that there has been recent intelligence to suggest that there was the threat of a bombing in the Bagram area," Collins said. "It's clear that there are suicide bomber cells operating in this country. There are some in the city of Kabul."

Tuesday's bombing killed at least 23 people, including two Americans, outside Bagram while Cheney was meeting with officials inside. The Taliban, an Islamic militia that ruled most of Afghanistan until the U.S.-led invasion in 2001, said the attack was aimed at Cheney, but officials said it posed no real threat to the vice president.

The attacker never tried to penetrate even the first of several U.S.-manned security checkpoints at Bagram, instead detonating his explosives among a group of Afghan workers outside the base.

"The Taliban's claims that they were going after the vice president were absurd," Collins said.

Collins said it was unclear whether the Taliban had really known of Cheney's visit, or if the timing of the attack was a coincidence. The last suicide bombing at Bagram was in June 2006, when an attack aimed at a U.S. convoy wounded two Afghans near a market area outside the base.

U.S. Ambassador Ronald E. Neumann said he did not believe that the Taliban had responded to Cheney's presence, given that he arrived on Monday and stayed the night only because bad weather forced him to postpone a meeting with Afghan President Hamid Karzai.

"I just have not seen the ability to react that quickly, to grab your handy-dandy latest suicide candidate, who is usually not your brightest fellow around, and get him mobilized and get him up to the gate," Neumann said. "It strains credulity for me."

Pakistan Denies Hosting Bin Laden, Camps (AP)

By Munir Ahmad

AP, March 1, 2007

DOJ_NMG_0138500

Pakistan on Wednesday rejected a claim by the U.S. intelligence chief that Osama bin Laden and his deputy were hiding in northwestern Pakistan, and that al-Qaida was setting up camps near the Afghan border.

President Gen. Pervez Musharraf, however, acknowledged that foreign militants were in Pakistan's tribal regions along the Afghan border and warned them to leave, the state-run news agency reported. It was not clear from the report whether Musharraf named any particular militants.

Musharraf spoke a day after new U.S. intelligence chief Mike McConnell told a Senate Armed Services Committee hearing that al-Qaida is trying to set up training camps and other operations in Pakistan tribal areas near Afghanistan.

"It's something we're very worried about and very concerned about," McConnell said. U.S. intelligence officials believe that bin Laden and his deputy, Ayman al-Zawahri, were trying to establish an al-Qaida base in the region, he said. McConnell noted the camps are in an area that has never been governed by any state or outside power.

"We deny it," Interior Minister Aftab Khan Sherpao told The Associated Press, referring to McConnell's remarks.

Sherpao told The Associated Press there were no al-Qaida training camps in his country and U.S. officials had not provided any intelligence suggesting there were.

On a visit to Pakistan on Monday, Vice President Dick Cheney met with Musharraf to seek his aid in foiling an anticipated spring offensive by the Taliban and al-Qaida against coalition forces in Afghanistan.

Cheney was accompanied by Deputy CIA Director Stephen Kappes, suggesting that the U.S. officials were prepared to buttress their allegations about al-Qaida operations with intelligence data.

Musharraf told Cheney that Pakistan was already doing all it could to fight the militants, his office said.

Musharraf vowed Wednesday to take "stiff action" to expel foreign militants from Pakistan's mountainous border regions, the Associated Press of Pakistan news agency reported.

"People have come there from outside. They are living in our mountains and spreading terrorism not just in Pakistan but in the entire world," APP quoted Musharraf as saying at a public meeting in the southern Sindh province.

"These people are putting Pakistan in danger. These people should leave and go, otherwise we will have to deal with them and we are dealing with them," APP quoted him as saying.

U.S. officials are concerned about a peace deal Pakistan signed with tribal leaders of the North Waziristan region in September. In that agreement, the tribes promised to respect the authority of the Pakistani government and curtail cross-border attacks by militants.

In return, Musharraf returned some of the tribes' weapons, released some prisoners and withdrew from posts inside North Waziristan.

At Tuesday's hearing, Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said the tribes have not abided by most terms of the agreement. McConnell added U.S. intelligence believes al-Qaida's training and related capabilities increased as a result of the deal.

Musharraf's office confirmed that during the meeting, Cheney expressed concern that al-Qaida was "regrouping" in the tribal areas and that the vice president "called for concerted efforts in countering the threat."

Sherpao insisted Pakistan was "fighting the scourge of terrorism in the best interest of Pakistan."

Musharraf is a key ally of the United States in its fight against Islamic militants.

Taliban Official: Bin Laden Is Alive (AP)

AP, March 1, 2007

A senior Taliban commander says Osama bin Laden is alive and in contact with leaders of Afghanistan's Taliban insurgents, according to an interview aired on British television.

Mullah Dadullah said he had not met bin Laden since the fall of the Taliban regime after the U.S.-led invasion of Afghanistan in 2001, but said "we know he's still alive."

"He's not yet martyred. Such information would be easy to get — his comrades stand shoulder to shoulder with us. They keep us informed," Dadullah said in an interview broadcast Wednesday by Channel 4 News.

The authenticity of the information could not be confirmed. Channel 4 did not say how it had obtained the footage, and it was not known when or where Dadullah made the comments, which were translated into English.

Dadullah, commander of Taliban operations in eastern and southeastern Afghanistan and a trusted associate of Taliban leader Mullah Omar, said bin Laden met outsiders rarely. Dadullah did not comment on bin Laden's whereabouts.

"Only his comrades see him; we exchange messages with each other to share plans," Dadullah said. "We also go to the battlefield together. We actually meet very rarely, just for important consultations. It's hard for anyone to meet Bin Laden himself now, but we know he's still alive."

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Dadullah said the Taliban had "hundreds more" suicide bombers ready to attack NATO forces in Afghanistan. NATO commanders have said they believe the Taliban plans a spring offensive against alliance troops in the country.

Keep Pressuring Musharraf (LAT)

The Los Angeles Times, March 1, 2007

SINCE 9/11, THE United States has been trapped in an increasingly loveless marriage with Pakistani President Pervez Musharraf. Like many a miserable mate, the Bush administration has been known to rue the failings of its partner in private. Yet it has always defended Musharraf in public, arguing that whatever his shortcomings, the alternative is far worse.

Such forbearance may be changing. For the first time, the Bush administration this week let Islamabad know, through Vice President Dick Cheney, that it is unhappy with Pakistan's performance in fighting the resurgent Taliban. And it hinted that if things don't improve, the White House might not be able to keep the Democratic-controlled Congress from cutting U.S. aid to Pakistan.

This burst of candor is long overdue — and so is an overhaul of U.S. policy toward Pakistan. Musharraf, who ousted an elected government in a 1999 coup, has received between $8 billion and $10 billion in direct U.S. aid since 9/11 (and perhaps almost as much in covert aid) yet shows no signs of winning the war against Islamic extremism or of advancing democracy in Pakistan. On the contrary, his hold on power exists in part because of his unholy alliance with Islamist legislators.

President Bush and Congress have been willing to ignore these problems so long as Pakistan was seen as an indispensable ally in the struggle against Al Qaeda and the Taliban, was rolling up the Abdul Qadeer Khan black-market nuclear operation and appeared to be improving relations with India. But Islamabad's failed peace deal in North Waziristan, an escalation in cross-border attacks into Afghanistan and reports of Taliban bases in the tribal areas on Pakistani territory have made that bargain less satisfying. Congress is considering placing conditions on aid.

Meanwhile, the Pakistanis are having their own doubts about the marriage. They believe that the U.S. is just using them in the war on terror and will dump them as soon as they're no longer needed. And they say they are being blamed for NATO's failure to curb the Taliban inside Afghanistan — a weakness highlighted by the suicide bombing Tuesday outside Bagram air base during Cheney's visit.

The U.S. has a profound interest in the welfare of this strategic Muslim state with nuclear weapons. But what is the purpose of sending $80 million a month in "coalition support" to a Pakistani military that is not willing to fight in the tribal areas? Some conditions need to be imposed on U.S. aid, and some of the aid needs to be redirected to education, development and the building of democracy, including political parties, so that popular alternatives to Musharraf can one day emerge.

Supporters of the status quo say pressuring the politically fragile Musharraf risks his fall and the rise to power of a radical Islamic regime with nuclear weapons. This is unlikely. The Islamists have never gotten more than 11% of the vote, and fared badly in the last (albeit rigged) municipal elections. But the U.S. could increase the likelihood of Islamist success if it continues to allow Musharraf to repress the moderate opposition while making deals with the Islamists.

The U.S. may well be destined for a long marriage of convenience with Pakistan. But its spouse need not necessarily be named Musharraf.

US Troops In Philippines Defy Old Stereotype (CSM)

By Simon Montlake

The Christian Science Monitor, March 1, 2007

ZAMBOANGA, PHILIPPINES

When US troops arrived in the southern islands in December 2001, a decade after closing its bases in the Philippines, critics assailed the move. They predicted a return of permanent US camps in its former colony, and a repeat of the sleazy bars and clubs still surrounding its former bases near Manila.

More alarming to US ears were dire warnings of resistance from Muslims whose island communities were to be rid of militants by US-assisted Philippine troops. Observers warned that the foreign presence could inflame the situation, as well as revive memories of a bloody US military campaign in the early 1900s to subdue Muslim-inhabited Mindanao.

Today, these warnings mostly ring false. About 450 US soldiers are still here, based inside Philippine military command centers in Zamboanga and the nearby island of Jolo. But the expected nightlife boom hasn't happened. Nor have militants taken the fight to the foreigners deployed here, though a US serviceman died in a bomb attack on a restaurant in 2002.

US officers say their small footprint in Mindanao, as well as a focus on joint development projects and counterinsurgency training of the Philippine Army, have smoothed their path. But further challenges lie ahead as US troop, and their Philippine counterparts who are notorious for human rights abuses, continue pursuing Muslim insurgent cells on the islands.

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One measure of the US approach can be found on Basilan, where US troops first deployed in 2002. At the time, the extremist group Abu Sayyaf had turned the island, a 30-minute ferry ride from Zamboanga, into a no-go zone with a string of abductions, bombings, and beheadings.

Commander Steve Kelley, a naval engineering reservist, says it was a tough mission. "It wasn't a warm welcome," he recalls. But humanitarian projects, including the construction of an 80- kilometer (50-mile) coastal road and a series of mobile clinics, won residents over. "It was a huge turnaround," he says. Local officials say the improved security has restored normalcy.

Muchtar Muarip, a contractor who worked on the US-funded road, says that the civil outreach convinced some Muslims of their benign intentions. "The US troops promoted development projects that awakened the mind of people in Basilan. It showed that if other people were concerned [about them], they should be concerned," he says.

Still, suspicions die hard.

Mr. Muarip says that his brother, a Muslim who favors adoption of sharia Islamic law in Mindanao, is skeptical of US largesse and rejects the deployment in the Philippines. Other critics say that the arrival of US troops, whatever their intentions, stirs anxiety among Muslims.

"The face of the US in our area is the face of an American soldier, so any good that they do is neutralized by fear of the American military," says Amina Rasul, co-founder of the Philippine Council for Islam and Democracy and scion of a prominent royal family here.

National hackles were also raised by a highly publicized trial of a US marine convicted on Dec. 4 of raping a Philippine woman in 2005. After Lance Cpl. Daniel Smith was sentenced to 40 years in prison, a row erupted over US insistence that he remain in their custody pending an appeal. When the court balked, the embassy vowed to cancel a joint military exercise. Ultimately, the Philippines caved; the exercise begins this week.

Lawyers for the victim protested the handover, and the blunt wielding of US leverage, such as military aid that has totaled more than $300 million since 2002. US officials argue, however, that their request was explicitly ensured in a treaty.

While US forces reaped a degree of goodwill in Basilan through their civil-outreach programs, Jolo may prove more testing. Denied sanctuary on Basilan, Abu Sayyaf has since regrouped on this island, where a US-backed Philippine military offensive against the group is now under way. Also on the run in Jolo are Indonesian militants whom US officials have linked to the 2002 Bali nightclub bombings. The jungle-clad hills hold bitter memories of a US occupation in 1898 that met fierce resistance for more than a decade.

Zain Jali, a spiritual adviser to an insurgent group that signed a 1996 peace deal, says distrust of the Philippine Army and its US advisers runs deep. "In the mind of the people, Americans are their enemy, their historical enemy," he warns.

US officers deployed on Jolo say such attitudes appear to be softening, as humanitarian programs with the Philippine Army and civilian-aid projects bear fruit. USAID has funneled $300 million into Mindanao since 1996.

DOJ:

Dems Seek Testimony From Fired Attorneys (AP)

By Laurie Kellman, Associated Press Writer

AP, March 1, 2007

Democrats are moving to compel some of the eight U.S. attorneys who have been ousted to tell their stories publicly, under oath, after a federal prosecutor claimed he was fired for political reasons.

A House subcommittee is slated to vote Thursday on subpoenas for four of the eight dismissed U.S. attorneys. The Senate Judiciary Committee, meanwhile, will send letters to those fired before voting next week on compelling their testimony, according to officials with both panels.

The prosecutors have privately told both committees that they would not testify voluntarily but would honor a congressional subpoena, according to Sen. Charles Schumer, D-N.Y., and an official close to the House subcommittee on commercial and administrative law.

House subcommittee Chairwoman Linda Sanchez said her panel will vote on subpoenas for fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Washington.

"In order to get the full picture of why these U.S. attorneys were fired, we need to hear from the Justice Department and the U.S. attorneys themselves," said House Judiciary Committee Chairman John Conyers, D-Mich.

Schumer, in a telephone interview Wednesday with The Associated Press, said: "If they say they won't come voluntarily, Senator Leahy will authorize subpoenas." The Senate panel is expected to vote on whether to issue the subpoenas next week, said Tracy Schmaler, spokeswoman for Chairman Patrick Leahy, D-Vt.

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Senate Majority Leader Harry Reid, D-Nev., said the positions are "too important to be politicized." One of the dismissed U.S. attorneys is from Reid's home state.

Spurring the developments was a new report that one of the eight, New Mexico's David Iglesias, claims to have been forced out after refusing a request by two congressmen to rush an indictment that might have helped Republicans in the 2006 election. In the story and a subsequent interview with the AP, Iglesias refused to identify the members of Congress.

The Justice Department staunchly denied the charge that Iglesias or any of the eight federal prosecutors were dismissed for political reasons.

"The suggestion that David Iglesias was asked to resign because he failed to bring an indictment ... is flatly false," Justice Department spokesman Brian Roehrkasse said in a statement. "This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation."

As to why Iglesias was dismissed, Roehrkasse said: "We made our decision not to further extend his service based on performance-related concerns."

Federal prosecutors serve at the pleasure of the president and can be fired for any reason — or none at all.

But Democrats say the eight firings — some without cause, according to the Justice Department — indicate the Bush administration is using a new provision in the Patriot Act to reward political allies with coveted jobs as U.S. attorneys.

The new provision, enacted a year ago with the reauthorization of the Patriot Act, removes a time limit within which appointees to such posts must be confirmed by the Senate. Democrats say that's a Bush administration effort to get around the confirmation process.

Attorney General Alberto Gonzales has said he intends to submit the name of every nominee to vacant U.S. attorney posts to the Senate for confirmation.

Still, Democrats tried to revive a bill Wednesday that would reimpose the time limit. An objection by Sen. Jon Kyl, R-Ariz., killed the measure. On Wednesday, its sponsor, Sen. Dianne Feinstein, D-Calif., tried to attach it as an amendment to an omnibus bill to tighten the nation's homeland security. Kyl was again expected to block the measure, his spokesman said.

The Justice Department says a 120-day limit isn't enough time for an appointee to be recommended by home-state senators, nominated and confirmed.

But raising the issue on the Senate floor allowed Feinstein to read a news story into the record that fueled the matter anew Wednesday.

In Wednesday's editions, McClatchy Newspapers quoted Iglesias as claiming that two members of Congress contacted him in the weeks before the 2006 election to ask about an investigation of a kickback scheme. He said the members, whom he refused to identify, appeared eager to see an indictment just before the elections.

Corruption charges against two previous state New Mexico treasurers — both Democrats — became an issue during the election; further charges could have helped the Republicans. Iglesias, a Republican, refused to name the members of Congress in the report because he feared retaliation, according to McClatchy Newspapers. Contacted by the AP, Iglesias said: "I've got nothing further to say about that."

The Justice Department's Roeherkasse said that the U.S. Attorneys Manual calls on federal prosecutors to notify the agency of any calls from members of Congress.

"We are unaware that anyone in Main Justice (department headquarters) was notified of any conversations between U.S. Attorney Iglesias and members of the New Mexico Congressional delegation," Roehrkasse said.

Earlier Wednesday, Iglesias' last day on the job, he told reporters at a news conference in Albuquerque, N.M., that the Bush administration's call for his resignation came without warning and was rooted in politics — not performance.

"This episode came like a thief in the night," he said of the Dec. 7 request for him to step down. He added, "Obviously, I tripped some wire."

Associated Press writers Jennifer Talhelm in Washington and Sue Major Holmes in Albuquerque contributed to this report.

Ex-Prosecutor Says Politics Was Motive For Dismissal (NYT)

By David Johnston

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — David C. Iglesias, who was dismissed as the United States attorney in New Mexico, has said he believes that he was ousted because he resisted pressure before the 2006 elections to bring corruption charges against a Democrat in his state, a Democratic senator said on Wednesday.

Mr. Iglesias has told Congressional aides that two federal lawmakers had separately called him in mid-October asking about the status of an inquiry involving a statehouse construction contract and a former Democratic state lawmaker, Senator Charles E. Schumer of New York said in a statement Wednesday on the Senate floor.

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Mr. Schumer did not identify the lawmakers who made the calls either by name or party affiliation, but he suggested that they wanted Mr. Iglesias to move quickly with indictments before the November elections to help Republicans.

Mr. Iglesias is one of eight United States attorneys known to have been dismissed in recent months by the Justice Department. Each had been appointed by President Bush during his first term, but Democrats have criticized the removals as politically motivated. Senator Dianne Feinstein, Democrat of California, said in a floor statement that the firings represented an effort "to bring political operatives into these offices."

Mr. Iglesias's account of the calls was first reported on Wednesday by the McClatchy Newspapers, which said the prosecutor would not identify the lawmakers because he feared retaliation. But in that report, he described the contacts as "appalling."

Justice Department officials said politics was not a factor in Mr. Iglesias's ouster. "The suggestion that David Iglesias was asked to resign because he failed to bring an indictment over a courthouse construction contract is flatly false," said Brian Roehrkasse, a Justice Department spokesman. Mr. Roehrkasse added, "This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation."

The former United States attorneys were not given explanations for their dismissals at the time of their removals, but senior Justice Department officials have said that most were asked to step aside because of job performance problems — an accusation that has angered several and that some have publicly denied.

Mr. Iglesias could not be reached on Wednesday. But The Associated Press reported that at a news conference in Albuquerque on Wednesday, his last day in office, Mr. Iglesias said his dismissal was unrelated to his office's work.

"I know it's not performance-related," Mr. Iglesias told The Associated Press. "I know it's not misconduct. What does that leave? Politics."

Democrats on the House Judiciary Committee said they would invite Mr. Iglesias and some of the other ousted prosecutors to appear before the panel, even though some have said privately that they would not testify unless they were subpoenaed. Democratic lawmakers have questioned the Justice Department's motives because such dismissals are unusual and because six of the eight prosecutors, including Mr. Iglesias, had received favorable job evaluations.

A Justice Department review of Mr. Iglesias's job performance, dated November 2005, concluded that he was "respected by the judiciary, agencies and staff" and had a strategic plan that "complied with the department's priorities."

Other ousted prosecutors had similarly positive evaluations. A March 2006 performance review of John McKay, who was removed from the United States attorney's office in Seattle, found him to be "an effective, well regarded and capable leader." A December 2003 review of Paul K. Charlton, who was ousted as the top federal prosecutor in Arizona, concluded that he was "well respected" by his staff, American Indian nations, local law enforcement and the judiciary "regarding his integrity, professionalism and competence."

Fired U.S. Attorney Says Lawmakers Pressured Him (WP)

By Dan Eggen, Washington Post Staff Writer

The Washington Post, March 1, 2007

A political tempest over the mass firing of federal prosecutors escalated yesterday with allegations from the departing U.S. attorney in New Mexico, who said that two members of Congress attempted to pressure him to speed up a probe of Democrats just before the November elections.

David C. Iglesias, who left yesterday after more than five years in office, said he received the calls in October and believes that complaints from the lawmakers may have led the Justice Department to fire him late last year.

Iglesias also responded to allegations from Justice officials that he had performed poorly and was too often absent, citing positive job reviews and data showing increasing numbers of prosecutions. He also noted that he is required to serve 40 days a year in the Navy Reserve.

Iglesias declined to name the lawmakers who called him, but he said in an interview: "I didn't give them what they wanted. That was probably a political problem that caused them to go to the White House or whomever and complain that I wasn't a team player."

Iglesias's allegations were met with strong denials from the Justice Department yesterday but prompted the Democratic-controlled House and Senate judiciary committees to announce that they would issue subpoenas for testimony from Iglesias and other fired prosecutors if necessary. Iglesias said he would not testify unless subpoenaed.

Spokesmen for Rep. Steve Pearce (R-N.M.) and the state's two Democratic lawmakers, Sen. Jeff Bingaman and Rep. Tom Udall, said the lawmakers and their staffs had no contact with Iglesias about the case. The offices of New Mexico's two other Republican lawmakers, Sen. Pete V. Domenici and Rep. Heather A. Wilson, did not respond to repeated requests for comment.

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Justice Department spokesman Brian Roehrkasse called Iglesias's allegations "flatly false." Roehrkasse said that Iglesias should have reported any calls from lawmakers, as required under department guidelines.

"The administration has never removed a U.S. attorney in an effort to retaliate against him or inappropriately interfere with a public-integrity investigation," Roehrkasse said.

In briefings about the firings on Capitol Hill, Justice Department officials had said that Iglesias was the target of complaints from members of Congress, according to several sources familiar with the meetings, who spoke on the condition of anonymity because they are not authorized to discuss personnel issues. The Justice briefers did not specify the nature of those complaints, the sources said.

Iglesias, 49 and the son of a Baptist minister, is a Navy Reserve commander whose role as a defense lawyer in a famous military hazing case was the basis for the Tom Cruise character in the movie "A Few Good Men." He held a news conference in Albuquerque yesterday, in which he said that he was fired for political reasons.

Iglesias was among seven U.S. attorneys notified by phone on Dec. 7 that they were being fired without explanation. An eighth prosecutor, in Little Rock, also was removed in December, to make room for a former aide to presidential adviser Karl Rove.

The charges by Iglesias added a new dimension to the ongoing controversy over the fired prosecutors, at least four of whom were presiding over major public-corruption probes. Although other fired prosecutors have publicly defended their records, they have never alleged that political pressure related to an ongoing criminal investigation played a role in their dismissals.

In addition to Iglesias's probe of Democrats, fired prosecutors in Arizona, Nevada and California were conducting corruption probes involving Republicans at the time of their dismissals.

"These are extremely serious and very troubling allegations coming from a man of great integrity," said Charles E. Schumer (D-N.Y.), who has been leading a Senate Judiciary Committee inquiry into the firings. "They call into question every other firing. We will continue to pursue this until we get to the bottom of what happened and pass legislation to prevent it from ever happening again."

The dismissals have angered Democrats and some Republicans on Capitol Hill, in part because they followed a little-noticed change in federal law that lets Attorney General Alberto R. Gonzales appoint interim prosecutors indefinitely. Legislation has been introduced in both houses to repeal the provision.

Justice officials have acknowledged that they did not fire Bud Cummins from his Little Rock post for cause but have said the others were ousted for "performance-related" reasons. Records show, however, that at least six of the prosecutors, including Iglesias and Cummins, received mostly positive job evaluations before they were forced out.

In an interview Tuesday, Iglesias said the two lawmakers called him about a well-known criminal investigation involving a Democratic legislator. He declined to provide their party affiliation, but his comments indicated the callers were Republicans.

New Mexico media outlets reported last year that the FBI and the U.S. attorney's office in Albuquerque had opened a probe into allegations involving former Democratic state senator Manny Aragon and government construction projects in Bernalillo County. No charges have been filed in the case.

Iglesias said the lawmakers who called him seemed focused on whether charges would be filed before the November elections. He said the calls made him feel "pressured to hurry the subsequent cases and prosecutions" but said he did not receive similar contacts from anyone in the executive branch. He acknowledged he made a mistake by not reporting the calls to the Justice Department.

Referring to the calls, Iglesias said: "I suspect that was the reason I was asked to step down, but I don't know that I'll ever know."

Iglesias said other criticisms of his performance by the Justice Department "are demonstrably untrue statements." He added: "We all have a right to defend our honor. I felt like my honor and the honor of my office was attacked."

Iglesias produced statistics showing that his office's immigration prosecutions had risen more than 78 percent during his tenure and said the office prosecuted record numbers of narcotics and firearms cases as well.

Iglesias cited a January 2006 letter from Michael A. Battle -- the Justice official who fired him -- commending him for "exemplary leadership in the department's priority programs." A November 2005 evaluation obtained by The Washington Post also said Iglesias was "experienced in legal, management and community relations work and was respected by the judiciary, agencies and staff."

Former deputy attorney general James B. Comey, now general counsel for Lockheed Martin, this week praised Iglesias as "one of our finest and someone I had a lot of confidence in as deputy attorney general."

But Roehrkasse said Justice "had a lengthy record from which to evaluate his performance as a manager, and we made our decision not to further extend his service based on performance-related concerns."

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Political Interference Is Alleged In The Sacking Of A U.S. Attorney (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, March 1, 2007

WASHINGTON - Congressional leaders said Wednesday that they'd seek testimony from several U.S. attorneys who were summarily fired by the Bush administration, hours after the top federal prosecutor in New Mexico alleged that he was fired because of political interference.

Democrats in both the House of Representatives and the Senate vowed to hold a new round of hearings to determine if partisan politics played a role in the firings of eight U.S. attorneys across the country. The House is set to vote Thursday on whether to issue subpoenas to four of the prosecutors. The Senate Judiciary Committee plans to ask the U.S. attorneys to testify voluntarily before it decides whether to subpoena them.

The controversy flared up early Wednesday afternoon after David Iglesias, the departing U.S. attorney from New Mexico, told McClatchy Newspapers that he believes he was forced out because he refused to speed up an indictment of local Democrats a month before November's congressional elections.

Iglesias said that two members of Congress called separately in mid-October to inquire about the timing of a federal probe of a kickback scheme. They appeared eager, he said, for an indictment to be issued before the elections in order to benefit the Republicans. He refused to name the members of Congress because, he said, he feared retaliation.

Two months later, on Dec. 7, Iglesias became one of six U.S. attorneys who've been ordered to step down for what administration officials have called "performance-related issues." Two other U.S. attorneys also were asked to resign.

Iglesias, however, had received a positive performance review before he was fired and said that he suspected he was forced out because he resisted the pressure and didn't indict anyone before the election.

"I believe that because I didn't play ball, so to speak, I was asked to resign," Iglesias, who stepped down Wednesday, told McClatchy.

A Justice Department spokesman denied hearing of any congressional interference in the investigation and said Iglesias wasn't fired because of the case.

"The suggestion that David Iglesias was asked to resign because he failed to bring an indictment over a courthouse construction contract is flatly false," said Brian Roehrkasse, a Justice Department spokesman. "This administration has never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a public integrity investigation."

Roehrkasse said the department has encouraged federal prosecutors to go after corruption cases leading to a number of high-profile corruption indictments.

Justice Department officials have defended the firings of the U.S. attorneys as legitimate administrative decisions meant to improve the workings of the attorneys' offices. Deputy Attorney General Paul McNulty told the Senate last month that most of the forced resignations were motivated by "performance-related" reasons.

However, McClatchy Newspapers reported last month that five out of the six attorneys that McNulty mentioned had received positive job evaluations.

Iglesias acknowledged that he had no proof that the pressure from the members of Congress prompted his forced resignation. But he said the contact violated one of the most important tenets of a U.S. attorney's office: Don't mix politics with prosecutions.

"I was appalled by the inappropriateness of those contacts," Iglesias said of the calls.

U.S. attorneys are appointed by the president in a political process that includes Senate confirmation. But as soon as they assume office, they're expected to refrain from being politically active and to resist the urge to allow their political leanings to affect the outcomes of cases.

Iglesias said the two members of Congress not only contacted him directly, but also tried to wrest details of the case from him. Iglesias wouldn't comment on the case to McClatchy, but the local media have reported on aspects of the investigation, including allegations that a former Democratic state senator took money to ensure that an $82 million courthouse contract would go to a specific company.

Congressional questions about ongoing cases are supposed to go through the Justice Department's Office of Legislative Affairs to avoid the appearance of impropriety.

Local media had reported that Iglesias' office might issue an indictment before the elections.

Iglesias said he refused to tell the lawmakers when any indictment would be issued, although he'd decided that the investigation needed more time.

He said he now regrets that he didn't report the calls to the Justice Department, as required by policy.

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"I thought it would blow over," he said. "But I was wrong."

Democrats have described the midterm firings of the Republican-appointed U.S. attorneys as unprecedented and questioned whether the firings were politically motivated to root out moderates and install candidates loyal to the administration.

"I called this meeting because we pledged to do everything we can to get to the truth of what could be brazen abuse of power by the Bush administration," said Rep. Linda Sanchez, D-Calif., the chairwoman of the House judiciary subcommittee that'll vote on the subpoenas.

Sen. Dianne Feinstein, D-Calif., took to the Senate floor Wednesday afternoon to question the Bush administration's rationale for the firings.

"Clearly, the performance of these U.S. attorneys was not a reason to fire them," Feinstein said.

The decision to fire the U.S. attorneys first came under scrutiny earlier this year after Senate Democrats discovered that Attorney General Alberto Gonzales could use a little-noticed change in the Patriot Act to fill vacancies with interim U.S. attorneys for indefinite terms without Senate approval.

Iglesias and former U.S. attorneys Carol Lam in San Diego, John McKay in Seattle and Bud Cummins in Arkansas could be subpoenaed to testify before the House subcommittee. Iglesias said he would testify only if he were subpoenaed.

Iglesias' allegation raises new questions about the firings and appears to undermine the theory that the administration singled out moderate Republicans. Iglesias, a former military lawyer whose work helped inspire the Tom Cruise character in the movie "A Few Good Men," describes himself as a social conservative who strove to implement the administration's policies. Iglesias also was the first Hispanic to serve as U.S. attorney in his state in decades.

"I represent three huge voting blocks of the Republican party," he said. "I don't know why they would let someone go with those political credentials who has demonstratively done a good job."

Jude McCartin, a spokeswoman for Sen. Jeff Bingaman, D-N.M., said she hadn't heard of the allegations and couldn't comment on them.

"It wasn't us - that's all I can say," she said.

Rep. Steve Pearce, R-N.M., didn't contact Iglesias about the courthouse investigation, Pearce spokesman David Host said.

Rep. Tom Udall, D-N.M., also didn't call about the case, said Marissa Padilla, Udall's spokeswoman.

Sen. Pete Domenici and Rep. Heather Wilson, both Republicans, didn't return phone calls.

Domenici wasn't facing re-election in November, but the state's two other Republicans, Pearce and Wilson, were up for election. Both won, but Wilson beat her opponent by only 875 votes out of nearly 211,000.

Senators Seek Testimony Of Ex-prosecutors (USAT)

By Traci Watson

USA Today, March 1, 2007

The Senate Judiciary Committee plans to compel some of the eight U.S. attorneys who have been ousted to tell their stories publicly under oath after a federal prosecutor claimed he was fired for political reasons, Sen. Charles Schumer, D-N.Y., said. He said some of the prosecutors have privately said they won't testify voluntarily but would honor a congressional subpoena. The panel will vote on subpoenas next week, said Tracy Schmaler, a spokeswoman for Chairman Patrick Leahy, D-Vt.

One of the eight, David Iglesias of New Mexico, said he was forced out after refusing a request by two congressmen to rush an indictment that might have helped Republicans in the election in 2006.

Justice Department spokesman Brian Roehrkasse said the Bush administration has never removed a prosecutor "to retaliate against them or inappropriately interfere with a public integrity investigation." Iglesias was let go "based on performance-related concerns," Roehrkasse said.

House Republicans want La.'s Jefferson off panel

House Republicans are challenging Speaker Nancy Pelosi's appointment of Rep. William Jefferson, D-La., to the Homeland Security Committee. Republicans cite an FBI report that says agents who raided Jefferson's home found $90,000 in alleged bribe money in his freezer.

House Republican Leader John Boehner said Democrats booted Jefferson off the tax-writing Ways and Means Committee, "so it is difficult to comprehend how they can approve" of him being on a committee "with access to America's most sensitive and closely guarded intelligence information."

Brian Kennedy, spokesman for Boehner, quoted federal security clearance guidelines that say "conditions that could raise a security concern and may be disqualifying" include an "allegation or admission of criminal conduct," regardless of whether the person was charged.

New NASA space vehiclewill be delayed for months

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NASA chief Michael Griffin said the vehicle to replace the aging space shuttle would be delayed four to six months because of budget problems. Its earliest launch would be in 2015, he told a Senate subcommittee on space. President Bush ordered NASA to retire the shuttle in 2010 and launch a successor ship no later than 2014, creating a four-year span in which the United States would have no means for sending humans into space.

JOHN L. SMITH: Let's Hope U.S. Attorney Toasts Few More Indictments For Road (LVRJ)

Las Vegas Review-Journal, March 1, 2007

Beyond packing boxes and a pat on the back, it's hard to know what to give a U.S. attorney who's getting the shove from his superiors.

There's the obligatory rubber chicken farewell lunch and a plaque. And the folks around the office can take up a collection for some golf balls or a Target gift certificate. But I'm guessing that nothing would bring a smile to the face of a federal prosecution chief on his last day in office like an indictment on a juicy case-fixing scheme involving doctors and lawyers.

Advertisement

At least, that's the sense I get on this, the final day on the job for U.S. Attorney Daniel Bogden.

Not only have witnesses recently been invited to answer questions in front of the grand jury, but the word is the doctor-lawyer investigation has reached a turning point -- coincidentally at the time Bogden can use an appropriate send-off.

In recent weeks, the names of legal/medical consultant Howard Awand and personal injury attorneys Robert Vannah and Robert Eglet have surfaced in the local media as subjects of interest in the FBI inquiry. Sourced speculation has placed a second set of physicians in the government's camp as politically penitent cooperating witnesses.

A well-placed insurance industry source said he expected movement in the case this week.

With multimillion-dollar jury awards and suspicious coziness between the players and some local judges, the case holds a world of intrigue.

But it's by no means the only bell-ringing business to emanate during Bogden's tenure. The public corruption investigation involving former topless bar mogul Michael Galardi, the charges stemming from the deadly Hells Angels-Mongols brawl at the Laughlin River Run, and the Crazy Horse Too investigation are three of the more notorious cases handled by his office.

There have been mixed results and a few embarrassments, but no one can say the U.S. attorney's office under Bogden failed to take a swing at the ball. Even his enemies and critics in the legal community give him that.

For no good reason any credible source can name, Bogden was unceremoniously sacked a few weeks ago in an apparent bit of nervous housecleaning by the Department of Justice.

Beyond a respectable win-loss record in prosecuting some of the biggest federal cases in recent Las Vegas history, Bogden can take solace in the fact that he's not alone. Six other Western U.S. attorneys were also notified that their services were no longer needed.

Because the Department of Justice and the Bush administration have done such a terrible job spinning this case, the terminations have given rise to several theories, all of them unflattering to the suits in Washington.

There's the belief that some of those being ousted weren't willing enough to use the death penalty.

And there's the hypothesis that they were terminated because they failed to carry the anti-illegal immigration banner high enough to suit the administration.

Although San Diego U.S. Attorney Carol Lam's office handled fewer illegal immigration cases than it previously had, it was also her office that scored devastating convictions of corrupt Congressman Randy "Duke" Cunningham and the San Diego phase of the Galardi political fixing case.

Then there's the one about letting those solid veteran prosecutor/administrators go to bring in a group of well-connected neophytes whose resumes would benefit from a line stating "U.S. Attorney."

It's an intriguing thought, and when Karl Rove intimate Tim Griffin recently replaced H.E. "Bud" Cummins in the Eastern District of Arkansas, Senate Democrats roared charges of political cronyism. Senate Majority Leader Harry Reid, who said Bogden had done a "remarkably good job," had a field day with the issue.

Those Republican appointees will have to be confirmed by a Senate committee dominated by Democrats. The cronies could end up looking like kamikaze pilots.

As of Monday, federal sources still had heard nothing about a possible replacement for Bogden. Will Attorney General Alberto Gonzales wait until the day Bogden leaves to name his replacement?

Through it all, Bogden has taken the high road, maintained his composure, and commented little on the turn of events.

For now, the real reason behind the decision to let him go remains unclear.

An indictment in the doctors-lawyers case would be the best parting present Bogden could receive.

It's harder to gift-wrap, but it sure beats golf balls.

John L. Smith's column appears Sunday, Tuesday, Wednesday and Friday. E-mail him at Smith@reviewjournal.com or call 383-0295.

CORPORATE SCANDALS:

U.S. To Charge At Least 1 In Trading Probe (WP)

By Carrie Johnson

The Washington Post, March 1, 2007

Federal authorities plan to file criminal and civil charges as early as today against one or more UBS employees for providing traders with advance notice of stock-rating adjustments in exchange for cash payments, according to sources familiar with the case.

The charges mark the latest attempt by the Justice Department and the Securities and Exchange Commission to stanch the flow of improper tips to traders, including hedge funds and private equity firms, who seek to collect information that helps them profit in advance of notable corporate announcements.

Representatives for the U.S. Attorney's Office in the Southern District of New York and the SEC declined to comment yesterday on the months-long probe, as did a spokesman for UBS. The possible charges were reported by the online editions of BusinessWeek.

Sources briefed on the case spoke on condition of anonymity because the charges had yet to be publicly filed. The sources said at least one UBS worker had provided multiple traders with tips that UBS analysts had decided to upgrade or depress their ratings on a stock. Access to such information before it is disseminated to the public could allow a favored group of traders to profit at the expense of average investors.

Earlier this year, the SEC's Office of Compliance Inspections and Examinations requested a wide batch of trading data from investment banks and brokerage firms from the third quarter of last year in an effort to determine whether brokers may be passing inside information to hedge funds, which pay steep fees.

Former McGuireWoods Partner Arrested On Fraud Charges (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, March 1, 2007

A former New York law firm partner who allegedly made almost $18 million trading in the securities of his clients has been arrested on fraud charges.

Louis W. Zehil, until Feb. 16 a partner in the New York office of Richmond, Va.'s McGuireWoods, allegedly used his position as issuer's counsel in seven private placement transactions occurring between January 2006 and last month to accumulate millions of discounted shares, absent the sale restrictions such discounts generally entail. He allegedly sold the stocks at a vast profit.

Zehil, 41, now faces up to 20 years in prison and millions in fines on fraud charges brought by the Southern District U.S. Attorney's Office. He is also facing a civil suit brought by the Securities and Exchange Commission, which is seeking disgorgement of his allegedly ill-gotten gains.

The ex-partner was arraigned Wednesday before Southern District of New York Magistrate Judge Henry Pitman but not required to enter a plea. He was released on a $250,000 personal recognizance bond. Andrew M. Lawler, Zehil's lawyer, declined to comment on the case Wednesday.

The case has unfolded swiftly. According to the criminal complaint issued Wednesday, Zehil's actions were first uncovered by a McGuireWoods associate, who reported them to firm management on Feb. 9. The firm then conducted an internal investigation, contacted clients, sought Zehil's resignation and referred the matter to the SEC.

"The actions described in today's filings are totally inconsistent with the high standards of ethics and integrity that are the very foundation of our firm," McGuireWoods chairman Richard Cullen said in a statement Wednesday. He added that Zehil had apparently acted on his own benefit and that the 750-lawyer firm would continue to cooperate with authorities in the matter.

A onetime Navy lieutenant, Zehil joined McGuireWoods' 35-lawyer New York office as a partner in 2004. He had previously been an associate in the New York office of Jones Day. A 1995 Columbia Law School graduate, Zehil also previously worked in New York for Hale and Dorr and White & Case.

Zehil specialized in representing small companies in so-called reverse mergers and PIPE (private investment in public equity) transactions. In the former, small companies go public by merging into publicly traded shell corporations. Reverse

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mergers are often financed through PIPE transactions in which investors in the new entity are allotted blocks of discounted shares, the sale of which are restricted for a period of time.

Such shares are supposed to bear a restrictive legend. But Zehil, hired as counsel to seven companies participating in PIPE transactions, allegedly sent opinion letters to the companies' stock transfer agents directing them to issue shares without such legends to two investment groups, Strong Branch Ventures IV and Chestnut Capital Partners II.

According to prosecutors, the sole shareholders in these two entities were Zehil and his wife. When confronted by McGuireWoods, Zehil allegedly admitted issuing the opinion letter but denied ownership of either the Strong or Chestnut groups. But prosecutors say Zehil was the only person authorized to trade their securities and that he had personally directed the transfer of millions of dollars for his personal benefit, including the purchase of real estate and jewelry, the services of an interior decorator and a country club membership.

Through Strong and Chestnut, Zehil allegedly purchased large blocs of discounted shares, which he was then free to sell immediately. According to the SEC, the partner netted about $17.8 million from a series of stock sales, the most recent of which took place earlier this month. The SEC claims Zehil still had almost 3 million unsold shares at the time he was caught.

The seven small companies Zehil was representing were Gran Tierra Energy Inc.; Foothills Resources Inc.; MMC Energy Inc.; Alternative Energy Sources Inc.; Ethanex Energy Inc.; GoFish Corp.; and Kreido Biofuels Inc. Most were involved with either energy exploration or the development of renewable energy sources. GoFish operates a video Web site similar to the more well-known YouTube.

McGuireWoods spokesman William Allcott said Wednesday that the firm had discussed the matter at length with all of the companies.

"We have been very gratified by the support of our clients who recognize this was a complete aberration," he said.

Though previously listed on the firm's Web site as a partner in its New York office and only admitted to practice in New York, Zehil was a resident of Ponte Vedra Beach, Fla., who also frequently worked out of McGuireWoods' Jacksonville, Fla., office.

The SEC charges that the Strong and Chestnut investment groups both used Zehil's Florida address.

Enron Broadband Charge Will Be Pursued By Justice Department (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, March 1, 2007

The Justice Department will seek to preserve through an appeal one of five jury convictions won last year against the former finance chief of Enron's broadband division, according to a court filing.

Prosecutors filed a notice this week saying they will appeal U.S. District Judge Vanessa Gilmore's late January decision to erase Kevin Howard's conviction of falsifying books. That appeal would go before the 5th U.S. Circuit Court of Appeals, which already tossed out convictions in a separate Enron case because of the same issue that prompted Gilmore to wipe Howard's record clean.

Justice Department spokeswoman Jaclyn Lesch declined comment beyond the filing. Jack Zimmermann, one of Howard's attorneys, declined to comment.

Gilmore threw out all five convictions that prosecutors won against Howard in a retrial last year. His first trial alongside four other ex-broadband executives ended in 2005 with a few acquittals and jurors hung on dozens of other counts.

Last year, the government conceded that Howard's four convictions of conspiracy and wire fraud should be erased because they were unlikely to stand up on appeal.

Prosecutors based that concession on an August 2-1 ruling from a 5th Circuit panel that overturned most convictions of four former Merrill Lynch & Co. executives in a 2004 Enron-related trial.

In that ruling, the panel said prosecutors improperly presented jurors with a theory that the executives deprived Enron of their honest services when they helped push through a deal that the government said was a loan disguised as an asset sale.

Prosecutors in Howard's case used the same honest services theory in a case about the sale of future profits in a video-on-demand deal from which Enron booked immediate earnings. But they argued the fifth conviction of falsifying books was unspoiled by using the theory and should stand.

Gilmore tossed out that conviction along with the others because she said an instruction she gave to jurors — at prosecutors' request — tied it to one of the tainted counts.

SEC Details McAfee Plan For Options (WSJ)

By Charles Forelle And Siobhan Hughes

The Wall Street Journal, March 1, 2007

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The former chief executive of McAfee Inc., George Samenuk, knew about a change to a 2002 stock-option grant made in his favor by a subordinate, according to a Securities and Exchange Commission complaint filed yesterday in federal court.

The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in options manipulations at the computer-security software vendor. It follows a criminal indictment of Mr. Roberts handed up Tuesday.

The complaint notes that Mr. Samenuk, who wasn't charged by either the grand jury or the SEC and wasn't identified by name in either complaint, participated in email traffic in which the manipulated grant was discussed.

"George Samenuk hasn't been charged, and we don't expect him to be," Elliot Peters, Mr. Samenuk's lawyer, said in a statement.

On Jan. 15, 2002, the compensation committee of McAfee's board approved a grant of 420,000 options to purchase shares at that day's closing price, $27.19, the SEC complaint says. That day, Mr. Roberts sent an email to Mr. Samenuk and another executive confirming the grant and its price, it says.

The next day, the SEC charges, shares of the Santa Clara, Calif., company fell, and Mr. Roberts sent a note to Mr. Samenuk and the second executive: "Let's price the 420,000 option shares at today's closing price of $25.43." That change would have a big effect, increasing Mr. Samenuk's potential profit from the grant by $739,200. (Mr. Samenuk was paid $714,922 in salary in 2001.)

The next week, according to the SEC, Mr. Samenuk wrote back to the two executives: "On January 16 it appears that the stock price finished at $25.43...is this the price that the new options will be set at?? Is that the low for those days after the Board Meeting??"

Mr. Roberts, the SEC said, replied that the figure was "the right price." According to the agency, Mr. Roberts wrote up false board minutes saying that the grant was intended to be made Jan. 16.

Mr. Roberts' lawyer, Stephen Neal, wrote in a statement that he intends to "vigorously defend against the charges against Mr. Roberts," but he didn't comment further.

In his statement, Mr. Samenuk's lawyer, Mr. Peters, said: "The Company's General Counsel determined what was the 'right price.' The paperwork Mr. Samenuk signed relating to this grant (which was not exercised) showed the higher price of $27.19." It isn't clear why the paperwork would show a higher price. The company's securities filings record the lower one.

The McAfee case is one of about 140 being investigated by federal authorities who are probing whether companies retroactively picked favorable stock-option-grant dates to enrich their executives.

Mr. Samenuk left McAfee in October 2006 in the wake of an internal probe of the options troubles, and McAfee late last year repriced his grant to the Jan. 15 closing price of $27.19.

Write to Charles Forelle at charles.forelle@wsj.com3 and Siobhan Hughes at siobhan.hughes@dowjones.com4

Is The S.E.C. Changing Course? (NYT)

By Stephen Labaton

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — In his first year as chairman of the Securities and Exchange Commission, Christopher Cox confounded both supporters and detractors by taking a more moderate and nuanced position than they had predicted on a variety of regulatory issues, based on his record as a conservative Republican lawmaker.

In recent weeks, however, Mr. Cox has begun to send signals, both directly and through aides, that he may be swinging the pendulum more toward business and Wall Street interests and against investor groups.

Some investor advocates and securities law experts say that Mr. Cox, by not pushing for tighter regulation of hedge funds and by urging the Supreme Court to adopt a tougher standard for investors in lawsuits, has begun moving closer to the business view that the administration overreacted to the corporate scandals that began with the collapse of Enron in 2001.

They have also criticized his recent decision to appear at the Chamber of Commerce in two weeks just as it is to issue a report criticizing the Bush administration and the S.E.C. for being too hard on companies.

“You look at a parade of items and it begins to look to me like this commission is starting to take an historic shift away from investor interests,” said James D. Cox, a law professor at Duke University.

The S.E.C. chairman strongly disputes that view, noting, for instance, that his appearance before the chamber should not be perceived as a change in the tilt of the agency.

“The United States government has an agency that services business and it is the Department of Commerce,” he said. “Our role is to be the investors’ advocate. I want to make sure that every company understands that so long as they treat their investors well, the S.E.C. will be friendly to them.

“And if they attempt to drive a wedge between the interests of investors and the interests of management,” Mr. Cox added, “we will be their relentless adversaries.”

It has not been easy to pigeonhole Mr. Cox. As an influential congressman from Orange County in California, he sponsored a measure to loosen accounting standards for stock options granted to senior executives and another making it harder for investors to sue companies.

But soon after he arrived at the commission in the summer of 2005, Mr. Cox advanced investor-friendly rules to make executive pay packages more transparent. He announced that he would continue to support the initiatives of his predecessor, William H. Donaldson, who ran up against a powerful Wall Street constituency with a great deal of clout in the Bush administration when he sought to regulate hedge funds and mutual funds more tightly.

And Mr. Cox initially disappointed some business groups that had urged him to dilute the force of the Sarbanes-Oxley Act, the post-Enron legislation that tightened accounting and governance rules, on small companies.

In an hourlong interview this week, Mr. Cox challenged the criticism that he is retrenching from any of that, saying that he has responded to court decisions and budget constraints but that he remains committed to protecting investors.

Moreover, he said that he sharply disagreed with the view, put forward by several business groups in recent months, that tough regulation was making American markets less competitive and driving companies issuing stock to overseas exchanges.

"The inference that some have drawn that this competition is caused by regulation is wrong," Mr. Cox said. "Some have made the case that our strong regulation and enforcement are indeed the cause of the opposite, of our strength. At the Securities and Exchange Commission it is our intent to make those observations true."

But his critics still contend that signs of back-pedaling have begun to emerge.

After the commission suffered a legal setback on tightening hedge fund regulation, Mr. Cox decided to neither appeal the decision nor seek to overturn it. Instead, he abandoned the effort begun by Mr. Donaldson to force all of the firms in the $1 trillion hedge fund industry to be registered and open their books to government examiners. The commission has embarked on a more modest effort to raise the financial qualifications for investing in such funds.

After a second court opinion that questioned the commission's decision to require mutual funds to have independent chairmen, officials said they did not expect the agency to resurrect the proposal.

Earlier this month, the commission filed a brief with the Supreme Court asking the justices to adopt a legal standard that would make it significantly more difficult for investors to sue corporations for fraud.

And it was announced this week that Mr. Cox will be a keynote speaker when the United States Chamber of Commerce holds a daylong conference to issue a long-awaited report recommending that the government relax its criminal pursuit of corporations, limit the civil liability of accounting firms, and water down the corporate and accounting rules that were written in response to the collapse of Enron and other scandals.

Senior Democratic and Republican lawmakers will be at the event, but for the commission, it will represent an awkward appearance.

Over the last five years, the chamber has been a powerful nemesis of the agency, viewing it as a major impediment to its antiregulatory agenda, repeatedly suing the S.E.C. over its rules and heavily lobbying Congress to overturn them.

But to some investor groups and corporate law experts, Mr. Cox's appearance is reflective of a broader political dynamic at the commission, created 73 years ago in the depths of the Depression to police the nation's stock markets, protect investors and keep corporate America honest.

"His presence before the chamber is appalling, and you are beginning to see a real shift into a new high gear," said Barbara Roper, director of investor protection at the Consumer Federation of America.

Lately, Ms. Roper said, the tide has begun to turn as the Bush administration enters its final years in office and business groups have complained that the administration had overreacted to a series of corporate scandals that have now faded from the headlines.

It is possible "that we simply misread him," Ms. Roper added, but "as you know, there has been enormous pressure from the business community for some kind of life as they know it pre-Enron and the way it is supposed to look in a Republican administration."

Mr. Cox promised an active pro-investor agenda for the coming year. He said it would include a rewriting of one set of regulations to make fees of 401(k) programs more transparent. In response to local financing scandals, most recently in San Diego, he also plans to begin rewriting the disclosure and accounting rules governing the way cities raise money through bond offerings.

He seemed uncomfortable when asked about his decision to appear before the Chamber of Commerce as it prepared to lobby for less regulation, although he noted that the conference would include the participation of a number of other senior S.E.C. officials, along with Democratic and Republican lawmakers.

He also said that his appearance should not be seen as an endorsement of the chamber's broadly deregulatory set of recommendations, which he said he had not seen.

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Mr. Cox, 54, was appointed by President Bush in June 2005 to replace Mr. Donaldson, who abruptly resigned after alienating powerful Wall Street and business interests by embracing some investor causes. Mr. Donaldson sought unsuccessfully to overhaul the way mutual funds are governed, force greater disclosure of hedge fund operations and give institutional shareholders more of a say in the election of directors.

Signaling the prospect of some significantly divisive votes in the coming months, Mr. Cox said that he was not driven to seek consensus or unanimity among the commission's polarized members. Asked about the observations by some that he is driven by consensus, he replied: "That has been oft repeated, but it's not my approach."

He said that after listening to one another, "there is no requirement that we all have to agree," suggesting that he was girding for some policy differences to become public.

Indeed, that seems almost inevitable if the agency is to advance a new agenda.

The agency's longest-serving member, Paul S. Atkins, is a libertarian who has been critical of some rules and has fought both in public and behind the scenes with the agency's two Democrats, Annette L. Nazareth and Roel C. Campos. The fifth commissioner, Kathleen L. Casey, recently joined the agency. Even though she has little record, officials say she has emerged as an important ally of Mr. Atkins.

CRIMINAL LAW:

Libby Jury Withdraws Question As Deliberations Continue (WSJ/AP)

Associated Press

The Wall Street Journal, March 1, 2007

WASHINGTON -- The first question from jurors at the perjury trial of ex-White House aide I. Lewis "Scooter" Libby prompted a lot of head-scratching Wednesday but shed little light on their progress.

The jury, now down to seven women and four men, stumbled briefly over legal language in one of the five counts against the former chief of staff to Vice President Dick Cheney but resolved the issue quickly and continued deliberating. They went home Wednesday evening without a verdict.

The jurors had sent a note to the judge seeking clarification late Tuesday at the end of their fifth day of deliberations.

U.S. District Judge Reggie Walton and nearly a score of defense lawyers and prosecutors spent part of Tuesday evening in their offices and a portion of Wednesday morning in court puzzling over what the jurors were asking and how to respond. Judge Walton remained uncertain, so he sent the jurors a note late Wednesday morning asking them to clarify their question.

By that time, the jurors had resolved their difficulty on their own and moved on. "After further discussion, we are clear on what we need to do," the jury wrote back. "No further clarification needed. Thank you. We apologize."

This episode set off a welter of speculation among lawyers and reporters over what it might reveal about the jurors' deliberations since they got the case at midday last Wednesday.

Only one thing could be said for certain: They had not told the court they were deadlocked.

Mr. Libby is accused of obstruction of justice and of lying to the FBI and a grand jury in 2003 about how he learned the identity of CIA operative Valerie Plame and what he said to reporters about the woman, who is married to prominent Iraq war critic Joseph Wilson.

The jurors asked about the third of five counts, leading some observers to speculate they might be halfway through their work. Others, however, suggested the jurors might have reviewed testimony and exhibits before considering specific charges, and then begun with the third count because it is the least complex.

Jurors asked about the charge that Mr. Libby lied to the FBI about his conversation with Time magazine's Matthew Cooper. Mr. Cooper testified that Mr. Libby confirmed for him that Ms. Plame worked for the CIA. Mr. Libby told the FBI he had only told Mr. Cooper he'd heard that from reporters but didn't know if it was true.

Most observers thought the jurors wanted to know if they were to decide whether Mr. Libby's or Mr. Cooper's account of the conversation was correct or whether what Mr. Libby claimed to have told Mr. Cooper was true.

Some, noting that the defense questioned the accuracy of FBI note-taking, thought the jurors wanted to know if they were to decide whether Mr. Libby even gave the FBI that account of the conversation.

All the while, the jurors never emerged from their deliberation room.

Mr. Libby faces up to 30 years in prison if convicted, though he would be likely to get far less time under federal sentencing guidelines.

Libby Jury Asks, Then Figures It Out (USAT)

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By Richard Willing
USA Today, March 1, 2007

WASHINGTON — Jurors in the perjury and obstruction trial of Lewis "Scooter" Libby got back to work late Wednesday morning, after resolving a question about the wording of one of the five charges against the former vice presidential aide.

As court adjourned Tuesday, jurors had passed U.S. District Judge Reggie Walton a note asking for "clarification" of count three of the Libby indictment.

That count charges that Libby lied to FBI investigators about his conversation with Time magazine reporter Matthew Cooper. Cooper testified that Libby told him that Valerie Plame, who is married to Iraq war critic Joseph Wilson, worked for the CIA. Libby said he only told Cooper he'd heard that but didn't know if it was true.

In their note, jurors asked whether the lying charge referred to the "content" of Libby's statement or the fact that the statement was made.

On Wednesday morning, Walton asked jurors to "clarify" their question.

Instead, jurors sent back a note indicating that they had resolved their confusion and that "no further clarification (was) needed."

The notes were the first communication from jurors since they asked for Post-It notes, an easel, masking tape and pictures of witnesses last Wednesday and early last Thursday, shortly after deliberations began.

The notes offered few clues as to how deliberations were proceeding, other than confirming that jurors had not reached a decision on at least one count.

Jurors may have already decided counts one and two, though there is no guarantee that they took up the charges in numerical order.

Through mid-afternoon Wednesday, jurors had deliberated more than 33 hours since getting the case Feb. 21. The jury is now down to seven women and four men after one juror was dismissed Monday.

Libby, the former chief of staff to Vice President Cheney, is charged with lying about conversations he had with Cooper and NBC reporter Tim Russert about the CIA affiliation of Plame.

Special prosecutor Patrick Fitzgerald argued that Libby's wife's name was leaked as part of an attempt to undercut former ambassador Wilson, who accused the Bush administration of "twisting" pre-war intelligence about Iraq's nuclear program after making a CIA-sponsored trip to Africa.

Libby's defense team, led by attorney Theodore Wells, has countered that there was no leak campaign and that Libby is guilty at worst of a faulty memory.

Libby Jury Hits Short-Term Snag On Sixth Day (WP)

By Amy Goldstein And Carol D. Leonnig
The Washington Post, March 1, 2007

A week into deliberations in the perjury trial of I. Lewis "Scooter" Libby, jurors yesterday provided the first glimpse of the issues they are weighing by signaling confusion over how to interpret one of the five felony counts against the vice president's former top aide.

According to that charge, Libby lied to the FBI about a conversation with a Time magazine reporter.

The jury's confusion, relayed in a note to the presiding judge and released by the court yesterday, proved short-lived. When U.S. District Judge Reggie B. Walton asked them to clarify their question, the jury members swiftly sent him an apologetic second note, saying they had talked further and "now are clear on what we had to do."

The jury completed its sixth day of deliberation without reaching a verdict.

Libby, 56, is charged with lying to the FBI and a grand jury during a federal investigation into the Bush administration's 2003 leak of undercover CIA officer Valerie Plame's identity, and of trying to obstruct the probe. Prosecutors allege that Libby lied about how he learned about Plame and whom he told about her.

Plame is the wife of former ambassador Joseph C. Wilson IV, who was sent by the CIA in 2002 to determine whether Iraq was seeking nuclear material in Niger. He found the claims groundless and later accused the Bush administration of twisting his conclusions to justify the war in Iraq. Prosecutors say administration officials disclosed Plame's identity to discredit Wilson by insinuating he was sent on the mission because of nepotism.

Libby's attorneys say their client has a bad memory and inaccurately remembered conversations he had about the couple with colleagues and journalists. Libby is not charged with the leak itself.

The jury's temporary confusion revolved around a false-statement charge that outside legal experts have described as potentially the most difficult of the five counts to prove. It stems from Libby's account to FBI agents of his July 12, 2003, telephone conversation with Matthew Cooper, then a White House reporter for Time magazine.

The outside prosecutors and defense lawyers said there are fewer conflicts between Libby's and Cooper's versions of events than there are in the facts of a second false-statements charge, which arises from a conversation Libby had with NBC News's Washington bureau chief, Tim Russert. They also said defense attorneys had raised doubts during the trial about the FBI's precision and the accuracy of Cooper's note-taking.

FBI agents say Libby told them that in his conversation with Cooper he merely relayed scuttlebutt from other reporters that Wilson's wife worked at the CIA, adding that he did not know whether that was true. Cooper testified he had asked Libby whether Wilson's wife worked at the CIA and that Libby responded to the effect of "I've heard that, too," without mentioning other reporters or his uncertainty about the truth.

In a three-sentence note sent to the judge late Tuesday afternoon, the jury asked: "Is the charge that the statement was made or is it about the content of the statement itself?"

Yesterday morning, Walton told lawyers for both sides that he was not certain he understood what the jury was asking. The lead defense attorney, Theodore Wells Jr., told the judge the parties believed they understood it.

Deliberations Continue In Libby Case (NYT)

By Neil A. Lewis

The New York Times, March 1, 2007

A question sent to the judge by the jury that is deciding the perjury case of I. Lewis Libby Jr. created a stir but did not provide any clarity about the status of the deliberations. The message was received late Tuesday, after the jury had deliberated for more than four days, and was confusing enough for Judge Reggie B. Walton to respond Wednesday morning that he did not fully understand the question. When he asked for clarification, the jurors sent back a second message: Never mind. “We are clear on what we need to do,” the second message read. “No further clarification needed. We apologize.” After the exchange, the jurors continued discussing the case through the day, departing without a verdict.

'Sex Tourists' Warned: Law Is Watching (USAT)

By Donna Leinwand, USA TODAY

USA Today, March 1, 2007

U.S. travelers who book trips to countries that are hot spots for child prostitution will begin this month to see ads, brochures and billboards warning that sexual adventures abroad could land them in prison here.

The warnings, written and distributed by religious organizations, child-welfare groups and the federal government, are a sign of a new assault by the Bush administration on the international child sex trade. They also reflect a new law intended to catch U.S. residents who engage in or promote sex with children overseas.

"People assume they can go out of the country and get away with exploiting children in this horrific way," says Mike Garcia, assistant secretary of the Bureau of Immigration and Customs Enforcement. "We're sending a message. We have the power to (arrest them), and we have the will."

In the past six months, U.S. authorities have arrested two men from Washington state who are accused of having sex in Cambodia with underage boys, and an 85-year-old Los Angeles man is accused of trying to fly to the Philippines for sex with two preteen girls.

Another man, Richard Schmidt, 61, of Baltimore, arrives in the USA today to face charges that he traveled to Cambodia and the Philippines for sex with children. An indictment unsealed Wednesday charges him with molesting eight boys. Schmidt, a former teacher, has been convicted three times of molesting children in the USA. He was released from prison in July 2000. Schmidt fled to the Philippines in June 2002 after Maryland authorities issued an arrest warrant for parole violations, U.S. Department of Justice officials said Wednesday.

Investigators from Immigration and Customs Enforcement have more than 20 other cases underway, including 11 American men who were arrested by Mexican authorities and are awaiting extradition.

Effects of new law

The arrests were made under a child-protection law President Bush signed April 30. It includes a provision that U.S. law enforcement officials say gives them a new tool to prosecute hard-core pedophiles and "sex tourists" who want to engage in sex with children.

Although it had been illegal since 1986 to go abroad with the intent to have sex with someone under 18, prosecutors say the crime was difficult to prove in court. To get a conviction under the new law, prosecutors do not have to prove that U.S. residents left the country specifically to have illegal sex — only that they had illegal sex or tried to do so.

The law doubles the penalties to a mandatory 30 years in prison for each offense. Authorities can use it to arrest owners of travel websites and travel agencies that promote sex tours or arrange for clients to have sex with children.

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The law was a result of pressure on Bush and Congress from conservative religious groups to be more aggressive in fighting the sexual exploitation of children worldwide.

The administration has joined with religious groups to promote the crackdown. And it is getting help from groups with missions in countries where the sex trade is rampant.

Child-advocacy groups estimate that 2 million children worldwide are working in the sex trade. The Internet is rife with tour companies that pitch travel for legal prostitution and make veiled references to sex with children. There are chat rooms in which participants discuss the best locations to find the prettiest girls, the cleanest rooms and the cheapest prices. And the Web allows people to make arrangements to travel to countries, such as Cambodia, Thailand, Costa Rica, Mexico and the Philippines, where child sex is plentiful and law enforcement has been lax.

One destination is Svay Pak, a small town about 7 miles outside the Cambodian capital of Phnom Penh. There, about 30 ramshackle brothels line the streets.

Joe Mettimano, director of the child sex tourism prevention project for World Vision, an international Christian relief organization, visited Svay Pak last year.

"I got 5 feet down the dirt road and I was approached by a young boy asking if I want young girls. He said, 'I can get you 9, 10 years old,' " Mettimano says. For an hour, he observed men going in and out of the brothels. "You hear very distinct Australian, American and European accents."

World Vision is one of several organizations working with the U.S. government to devise pop-up ads on travel websites, posters and pamphlets in airports, and billboards in destination countries that warn of the new penalties. World Vision has received a $500,000 State Department grant for its part of the project.

Because hard-core pedophiles may not be deterred by the ads, they serve more as a warning to "sex tourists." These are the "businessmen and holiday travelers who see the sex trade happening all around them and decide to experiment," Mettimano says.

"Some of these men actually believe that when they go abroad it is acceptable and that they are helping poor people support their families," says Carol Smolenski, executive director of End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes USA. "If you are really concerned about them, then just give them money and don't ask for sex."

Joint enforcement efforts

Travelers who fail to heed the warnings could get nabbed overseas in a joint enforcement effort involving missionaries, social workers, local police and the federal government. Employees and members of charity and religious groups overseas watch for Americans who engage in sex with children. They will turn over names, photos and other evidence to local police, who can arrest offenders and turn them over for prosecution in the USA.

When Cambodian authorities arrested Gary Jackson, 56, of Bainbridge Island, Wash., in September and accused him of having sex with three boys under 16, the charges were based on evidence collected by a social-service organization in Cambodia.

The Cambodian government turned Jackson over to U.S. authorities on Nov. 20 after a federal grand jury in Seattle charged him.

Jackson's defense attorney did not return phone calls. Jackson, who was convicted of a sex offense in Washington in 1981 and sentenced to 10 years in prison, is being held in jail until trial in March.

Records Sought From Corzine (PHI)

By Elisa Ung, Jennifer Moroz

The Philadelphia Inquirer, March 1, 2007

TRENTON - The U.S. attorney yesterday subpoenaed records from Gov. Corzine's office, part of a widening investigation into whether lawmakers personally profited by steering money to certain causes.

The subpoenas delivered to the offices of the governor and his chief counsel demand all documents regarding grants that legislators have put in state budgets since 2004.

An attached letter from U.S. Attorney Christopher J. Christie requests, in particular, e-mail relating to "grants and assistance, popularly known as 'Christmas Tree items.' "

That phrase refers to last-minute grants secured as officials finalize the state budget each year. Also commonly called "pork," they are a tradition for the ruling party in Trenton, and have gone to such pet projects as a flagpole, park improvements, and community center expansions.

Last month, the U.S. Attorney's Office subpoenaed six Assembly and Senate leaders and Democratic and Republican legislative offices for similar information.

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Corzine spokesman Anthony Coley said that the administration would cooperate fully and that the governor had asked Attorney General Stuart Rabner, who previously headed the U.S. attorney's criminal division, to oversee compliance along with the chief counsel's office. The information is due at a grand jury hearing on March 8.

Michael Drewniak, a spokesman for the U.S. Attorney's Office, declined to comment.

The investigation into the closed-door, late-night budget process grew out of a federal criminal probe of State Sen. Wayne Bryant (D., Camden).

The U.S. Attorney's Office is investigating whether Bryant was paid a part-time salary at the University of Medicine and Dentistry of New Jersey to do nothing other than use his chairmanship of the Budget and Appropriations Committee to steer money to the school. Bryant is no longer chairman.

Though the Legislature decides which grants get added, the governor must approve them when he signs the final state budget. Last year, Corzine cut $52 million from the last-minute additions before signing it.

The information demanded yesterday would also include the administrations of former Govs. Jim McGreevey and Richard J. Codey, who still serves as president of the state Senate. McGreevey did not return a request for comment.

Yesterday, Codey (D., Essex) said much of the paperwork would have already been collected from a subpoena to the Treasury Department last fall. Otherwise, there's not much of a paper trail, he said. "I think we all know that these items are added verbally," Codey said.

Codey is leading an effort to make the grant process more transparent, including a requirement that legislators put their funding requests in writing, names attached, for public review. "I've said before that 95 percent of them go for great causes," he said of the grants. "The other 5 percent can be debated."

While the investigation into Bryant has not yet concluded, Codey said: "I have no knowledge of anybody else who would have traded off putting something in the budget for monetary gain."

Codey said he believed Corzine would fully comply. "I'm sure it wasn't aimed at him," Codey said.

Edwin Stier, a former federal prosecutor and former head of the New Jersey Division of Criminal Justice, said it wasn't unusual for prosecutors to ask for a wide range of information to determine whether a pattern existed. If prosecutors were investigating a zoning board member for bribery, for example, they might ask for other documents to review the conduct of other zoning board members, too.

But while "there have been investigations of high-level officials in both the legislative and executive branches over the years," he said, "I don't recall any situations ever having occurred... where such broad subpoenas are being served on the legislature and now on the governor's office."

Rider University political science professor David Rebovich called the subpoena flurry "a public-relations disaster."

"This ethics investigation could certainly hurt the party in power," Rebovich said, though he added that it would give Corzine "a stick to swing at lawmakers to get through his ethics reform."

Both parties have participated in the process of stuffing last-minute grants into budgets. But Republicans have been quick to note that Democrats ruled the Legislature during the years now under investigation.

"This is the first time I can remember that both the Legislature and the governor's office has the FBI and the U.S. attorney looking into it," said Assembly Minority Leader Alex DeCroce (R., Morris), a legislator since 1989. "So, obviously, something's wrong with the way they [the Democrats] are operating the system."

Subpoenas Delivered To Corzine's Office Seek Budget Documents (NSL)

By Jeff Whelan

Newark Star-Ledger, March 1, 2007

Federal investigators delivered a subpoena to Gov. Jon Corzine's office this afternoon, demanding budget documents in the latest development of a widening corruption probe into millions of dollars in special interest grants.

In an effort to determine what the governor's office knew about the grants, federal prosecutors are seeking budget records, e-mails and other documents for the budget years 2004, 2005 and 2006.

That period spans the administrations of governors James E. McGreevey, Richard Codey, and Corzine, who are all Democrats. While the grants are initiated by lawmakers in a secretive process, the governor must approve them or use his line-item veto to strike them from the budget or reduce them.

Today's move came less than two weeks after U.S. Attorney Christopher Christie served similar subpoenas on both the Democratic and Republican leadership in both the Senate and the Assembly, seeking information on how millions in public funds were handed out over the past three years.

The governor's office confirmed FBI agents delivered the subpoena to the governor's counsel's office this afternoon.

A spokesman for the U.S. Attorney's office declined comment.

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At issue is more than $1.2 billion in secretive, last-minute budget additions that the Legislature has tacked on to the budget over the past five years. The grants - typically earmarked for pet projects in legislators' home districts - have long been known in Trenton as "Christmas tree items," and have been utilized by lawmakers from both parties for things like road construction, ball fields, school or non-profit programs.

The money has usually been disproportionately distributed in the districts of whatever party controls the Statehouse, records have shown. Sources with direct knowledge of the probe have said that prosecutors are exploring whether any lawmakers sought to steer money to organizations that would have directly benefited them or their families.

Treasury Department records related to the Christmas tree grants have already been subpoenaed by the U.S. Attorney, indicating a growing interest in the matter by prosecutors as far back as November.

The investigation grew out of an ongoing inquiry into Sen. Wayne Bryant (D-Camden).

Corzine's Office Subpoenaed By U.S. Attorney On Budget Documents (AP)

AP, February 28, 2007

TRENTON, N.J. (AP) -- Gov. Jon S. Corzine's office was subpoenaed Wednesday by the U.S. Attorney's Office, a spokesman confirmed.

"We have received them," Corzine spokesman Anthony Coley said.

It's the latest round of subpoenas from federal investigators looking into how the state budget has been developed since 2004.

The records requested from the governor's office span the administrations of Democrats James E. McGreevey, Richard J. Codey and Corzine.

On Feb. 16, the U.S. attorney subpoenaed documents from legislative leaders and their staff offices on grants that have been placed in the budget without public review just before the budget is adopted.

The grants stem from lawmakers, but the governor approves them when signing the budget legislation.

The U.S. Attorney's Office subpoenaed documents from the state Treasury Department and Senate Democrats last year, along with various public agencies where Sen. Wayne Bryant, the former Senate budget chairman, has worked.

Michael Drewniak, spokesman for U.S. Attorney Christopher Christie, declined to comment on Wednesday.

FBI Serves Subpoenas To State Lawmakers (NEWHOUSE)

Newhouse News Service, March 1, 2007

State Sen. Majority Leader Bernard Kenny, D-Hoboken, was among a number of state lawmakers hit with federal subpoenas Feb. 16, authorities said.

The volley of subpoenas, served on both Democratic and Republican leaders in the Senate and Assembly, were reportedly part of a rapidly expanding corruption investigation into the Statehouse by U.S. Attorney Christopher Christie.

The subpoenas, delivered by FBI agents as lawmakers were heading home that Friday, left many in Trenton thunderstruck.

"Trenton is on fire," declared Assemblyman Kevin O'Toole, R-Wayne, as news of the subpoenas broke. "This is equivalent to Rome burning."

It was the latest development in a federal probe that began last April with an investigation into state Sen. Wayne Bryant, D-Camden. The matter has now expanded into an inquiry into how lawmakers divvy up public funds.

Lawmakers and other Statehouse veterans could not recall a federal probe ever going as deeply into the state's budget process.

In addition to Kenny, subpoenas were delivered to Senate President Richard Codey, D-West Orange; Senate Minority Leader Leonard Lance, R-Flemington; and Assembly Speaker Joseph Roberts, D-Camden, among others.

Michael Drewniak, spokesman for the U.S. Attorney's Office, had no comment and would neither confirm nor deny the issuance of subpoenas.

Sources with direct knowledge of the probe have said that prosecutors are exploring whether some lawmakers have sought, through the state budget process, to steer money to nonprofit organizations that would have directly benefited them or their families.

Codey said lawmakers would provide the information being sought.

"We will comply 100 percent, in every way, shape and form," he said.

State Sen. Jerry Cooper's Trial Reset To June 4 (AP)

AP, February 28, 2007

DOJ_NMG_0138519

CHATTANOOGA, Tenn. (AP) -- A federal judge in Chattanooga has delayed state Sen. Jerry Cooper's fraud trial two months, agreeing to give the Morrison Democrat until June 4 to recover from a wreck that got him charged with driving under the influence.

Before Cooper's February 7th single-vehicle accident, U.S. District Judge Curtis L. Collier had refused Cooper's request to delay the March 5 trial until after the legislative session ends in May.

Cooper was seriously injured when his sport utility vehicle overturned several times on Interstate 24 in Rutherford County after he attended three legislative receptions in Nashville.

The DUI charge follows a blood-alcohol test by the Tennessee Bureau of Investigation lab.

Cooper is recovering at home and District Attorney William Whitesell has withheld results of the DUI test while allowing the senator to surrender on the charge when he feels well enough.

In the pending federal case, the senator has pleaded not guilty to charges of bank fraud, mail fraud and conspiracy to commit bank and mail fraud. The charges involve a land deal.

Cooper Fraud Trial Delayed Until June 4 (CHAT)

The Chattanoogan, March 1, 2007

The fraud trial of Sen. Jerry Cooper has been delayed until June 4 due to the single-vehicle crash he was involved in on Feb. 7.

The accident left Cooper with a cerebral concussion, multiple fractured ribs and other serious injuries, making it impossible for the politician to assist in preparing for a federal fraud trial that had been scheduled to begin on March 5, prosecution and defense attorneys in the case had agreed.

Judge Curtis Collier set the new trial date.

He declined a prosecution motion for a hearing to determine if Sen. Cooper was healing quicker than expected.

Cooper, who federal authorities say used his political influence to get a fraudulent appraisal on a lumber mill that he was selling to an Alabama couple, is charged with bank fraud, mail fraud, and conspiracy to commit bank and mail fraud.

Cooper also faces DUI and speeding charges in connection with the wreck.

THP Chief Says Sen. Cooper Hasn't Been Given Favoritism (AP)

By Bill Poovey

AP, February 28, 2007

CHATTANOOGA - When state Sen. Jerry Cooper overturned his sport utility vehicle after attending three legislative receptions, the Tennessee highway patrol commander rushed to the wreck behind working patrol officers and emergency responders.

A Department of Safety spokesman initially said preliminary reports showed no alcohol in the Morrison Democrat's vehicle, but at least one witness who stopped on Interstate 24 the evening of Feb. 7 said there was an empty Jack Daniel's bottle nearby.

The Tennessee Bureau of Investigation rushed Cooper's blood-alcohol test and gave the results to the Department of Safety.

Cooper was charged with driving under the influence and speeding.

But three weeks after the wreck, the results of the test still haven't been released to the public. The department also has refused to say how fast Cooper was driving.

At the time of the accident, Cooper was free on a federal bond, a court-ordered agreement requiring him to obey all state laws pending a bank fraud and mail fraud trial. Cooper's injuries have prompted a federal judge in Chattanooga to delay the trial two months, to June 4. The delay order Tuesday did not mention the DUI charge or the bond.

The handling of Cooper's single-vehicle wreck and subsequent DUI charge has raised questions about whether the lawmaker got special treatment because of political favoritism.

Col. Mike Walker - commander of the Tennessee Highway Patrol, still trying to shake off a political favoritism scandal - said this week that Cooper has received no preferential treatment from him or the Highway Patrol.

Walker said he lives close to the wreck site in Rutherford County and went to assist, partly because Cooper was saying in the moments after the accident that his wife was with him.

"People can question a lot of things about me but not my professionalism or my integrity," said Walker, who was promoted to commander last year after an overhaul of the troopers' top brass. "I did not get into the investigation."

Tennessee Department of Safety Commissioner David Mitchell said there were "absolutely not" any favors by the Highway Patrol.

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After two weeks of recovering at home, Cooper was back in a hospital Tuesday, scheduled for surgery that will likely keep him there for a week.

Imam Gets 8 Years On Weapons Charges (PHI)

By John Shiffman

The Philadelphia Inquirer, March 1, 2007

A West Philadelphia imam who argued that he was entrapped by federal agents investigating unfounded terrorism suspicions was sentenced yesterday to eight years and four months in prison on weapons charges.

Wayne Hogue, who is also known as Imam Wadir and Shaheed Bay, was secretly recorded selling 11 guns, including three assault rifles, to an FBI informant working for the Joint Terrorism Task Force.

In early 2002, terrorism task-force agents had asked the informant, Hezekiah Salone, to keep "his ears and eyes open" for trouble at Hogue's mosque, at 52d and Chestnut Streets in West Philadelphia, said Assistant U.S. Attorney Thomas Zaleski.

Salone did not find evidence of terrorism or drug-dealing.

U.S. District Judge Timothy Savage, who has privately reviewed secret FBI files in the case, said yesterday that the mosque was not suspected of any wrongdoing.

However, after spending more than a year developing Hogue's confidence, the informant was able to record 11 gun sales in a 10-month period. Zaleski said Hogue initiated the purchases.

Hogue's lawyer, Paul J. Hetznecker, said that the informant was the one who initiated them.

At trial, public defenders Dina Chavar and Catherine Henry portrayed the informant, who called himself Rocky, as an untrustworthy opportunist who was paid $46,000 by the FBI and targeted Hogue to keep himself in the agents' good graces.

Hogue, a street vendor who is well known for running a neighborhood chess game, yesterday told the judge that he had tried to help Salone because he believed he was a wayward drug dealer.

"But as I was trying to pull him out, he was pulling me in," Hogue said.

"If it wasn't for the bionic rat," he said, referring to Salone, "I wouldn't be here... . These people hoodwinked and bamboozled me... . The money was good... . He was good. I was sucked in."

Savage replied: "You knew better. Someone could have been seriously hurt or killed... . You not only betrayed your family, you betrayed your faith... . You betrayed your ideals."

Two More Plead Guilty In Reputed Mob Trash-hauling Scheme (WESTJN)

By Timothy O'Connor

Westchester Journal News, March 1, 2007

Two former managers at a Mount Kisco trash transfer station have pleaded guilty to their part in a reputed mob-backed racketeering effort to control the garbage-hauling industry in southern Connecticut and parts of the Lower Hudson Valley.

Scott McGowan, 37, of 2 Morningside Ave., Yonkers, and Jeremy Everett, 31, of Shelton, Conn., pleaded guilty in U.S. District Court in New Haven, Conn., to conspiring to commit racketeering. The crime carries a maximum penalty of 20 years in prison. But federal sentencing guidelines will likely call for a much lesser sentence.

Twenty-nine people were indicted in June by a federal grand jury in New Haven in what federal prosecutors said was a scheme by some trash haulers to carve up territory, inflate prices, and not compete against each other for contracts. The alleged conspiracy was backed by mob muscle, federal authorities said, as a means to persuade haulers to play by the scheme's rules.

The pleas by McGowan and Everett bring to 13 the number of people who have been convicted in connection with the plot.

In December, Matthew "Matty the Horse" Ianniello, 86, of Long Island, the reputed former head of the Genovese Crime Family, pleaded guilty to taking part in the scheme. Authorities charged that Ianniello received a quarterly "mob tax" of $30,000 from the conspiracy's participants. James Galante, a trash magnate from Danbury, Conn., and his reputed silent partner, Thomas Milo of Mamaroneck, were accused of being leaders of the plot. Milo's daughter, Anna Priskie, 45, of Cortlandt, was sentenced two weeks ago to six months' house arrest and probation after admitting she had a no-show job at Galante's companies in Danbury.

McGowan was Allied Waste's manager of the Westchester County Transfer Station in Mount Kisco. Everett was the sales manager. In one secretly recorded telephone conversation, the two men were heard agreeing to ban another hauler from using the transfer station to help another co-conspirator punish the hauler for not participating in the "property rights" scheme.

Allied Waste has since sold its Mount Kisco operation to Regus Industries.

Everett is expected to be sentenced May 16. McGowan will be sentenced May 17. Neither man could be reached for comment.

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'Old Man' Pleads Guilty To Racketeering (MIH)

By Nikki Waller

Miami Herald, March 1, 2007

Reputed mobster Albert Facchiano, 96, will likely get house arrest for charges that, if not for his age, could have meant 20 years in prison.

Albert Facchiano, a 96-year-old Miami man believed to be the oldest person ever indicted by federal authorities, pleaded guilty Wednesday to charges of racketeering, loan sharking and intimidating a witness who was poised to testify against the Genovese crime family.

Facchiano appeared in federal court in Fort Lauderdale and used headphones to hear the judge and his attorneys.

Because of back troubles, he sat, instead of standing, to enter his guilty plea.

He could face up to 20 years for federal conspiracy and racketeering charges filed in Florida, and up to 10 more for federal charges of witness tampering filed in New York.

Facchiano, who turns 97 this month, sees a doctor four times a week and "couldn't have withstood two trials," said his lawyer, Brian McComb.

Prosecutors said Facchiano, nicknamed "The Old Man," supervised associates who committed crimes including extortion, robberies, money laundering and bank fraud.

Federal prosecutors in both states, along with the U.S. Department of Justice, have recommended that Facchiano be sentenced to house arrest.

McComb, said he believes U.S. District Judge James Cohn will go along with those recommendations at sentencing in May.

"The judge is cognizant of his medical condition and his age," McComb said.

With Witnesses At Risk, Murder Suspects Go Free (NYT)

By David Kocieniewski

The New York Times, March 1, 2007

NEWARK, Feb. 27 — When Yusef Johnson, a 15-year-old honors student, was killed outside an apartment complex here so gang-infested it is known as Crazyville, a witness came forward within days and told the police she knew the man she had seen fire the fatal shots.

In another case three months later, in November 2005, officers found two people who identified a street gang leader as the man they saw kill a marijuana dealer named Valterez Coley during a dispute over a woman.

And when Isaiah Stewart, a 17-year-old wearing an electronic monitoring bracelet from a recent brush with the law, was gunned down that December, another Newark teenager sketched a diagram of the crime scene, correctly identified the murder weapon and named a former classmate as the person he had watched commit the crime.

They seem like slam-dunk cases, but none of the three suspects have been arrested. It is not that detectives are unsure of their identity or cannot find them. Rather, it is because so many recent cases here have been scuttled when witnesses were scared silent that the Essex County prosecutor has established an unwritten rule discouraging pursuit of cases that rely on a single witness, and those in which witness statements are not extensively corroborated by forensic evidence.

The 3 are among at least 14 recent murders in Newark in which witnesses have clearly identified the killers but no charges have been filed, infuriating local police commanders and victims' relatives.

In 8 of the 14 cases, according to court documents and police reports, there was more than one witness; in two of them, off-duty police officers were among those identifying the suspects. But in a DNA era, these are cases with little or no physical evidence, and they often involve witnesses whose credibility could be compromised by criminal history or drug problems, or both.

"No one wants to solve these cases and lock up the killers in these cases more than we do," the county prosecutor, Paula T. Dow, said in a recent interview. "But we have to weigh the evidence and move forward only if we believe that the witnesses are credible and that they'll be there to testify at trial."

The tension between the police and prosecutors here over the evolving standards of evidence required to authorize arrest warrants is a stark example of the profound effect witness intimidation is having on the criminal justice system in New Jersey and across the country.

Surveys conducted by the National Youth Gang Center, which is financed by the federal Department of Justice, have found that 88 percent of urban prosecutors describe witness intimidation as a serious problem.

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In both Baltimore and Boston, where "stop snitching" campaigns by rap artists and gang leaders have urged city residents not to cooperate with the authorities, prosecutors estimate that witnesses face some sort of intimidation in 80 percent of all homicide cases.

In Essex County, prosecutors report that witnesses in two-thirds of their homicides receive overt threats not to testify, with defendants and their supporters sometimes canvassing witnesses' neighborhoods wearing T-shirts printed with the witnesses' photographs or distributing copies of their statements to the police.

Dozens of New Jersey murder cases have been undone over the past five years after witnesses were killed, disappeared before trial or changed their stories.

In 2004, the Newark police determined that four people found dead in a vacant lot had been killed to silence a witness to a murder; a witness to that quadruple homicide was later shot to death as well.

Ms. Dow, who was appointed in 2003 amid criticism of county prosecutors' ability to close cases, said she was simply adapting to the evolving code on the streets, where gang violence and widespread distrust of law enforcement have deprived prosecutors of one of the legal system's most crucial components: dependable witnesses.

The state's attorney in Baltimore, where witness intimidation is a notorious problem, has taken an even more rigid stand, refusing to file charges in any single-witness case without extensive forensic corroboration.

But that approach differs sharply from those of prosecutors in many other urban areas, like Brooklyn, where the district attorney, Charles J. Hynes, has in recent years taken to reviewing all single-witness cases personally.

In Newark, where the homicide rate has risen in the past few years, the police, local politicians and victims' relatives are all questioning why prosecutors are holding detectives to a higher standard than the law requires — and letting dangerous criminals remain on the streets.

"How can they leave him out there?" asked Yusef's mother, Tosha Braswell, referring to the man who shot him. "Are they waiting for him to kill someone else's son?"

Tension Between Officials

Newark's mayor, Cory A. Booker, who was elected last year on a promise to reduce crime in the city, recently met with Ms. Dow to ask her to be more aggressive in filing charges. In recent years Newark police officials have accused the prosecutor of being reluctant to take on cases that could be difficult to win because her office was criticized after losing a succession of high-profile trials.

The police director, Garry F. McCarthy, worries that the prosecutor's approach undermines his crime-fighting strategy of focusing on the small group of criminals responsible for a disproportionate amount of crime.

"The law states the standard for arrest is probable cause, which is different than what is required for conviction beyond a reasonable doubt," Mr. McCarthy said. "Our goal is to arrest quickly to avoid the potential for additional crime. An arrest does not prevent an ongoing investigation from proceeding."

Ms. Dow declined to discuss details of any open cases. But she said that she was proud of her office's performance, and that she hoped her rigorous standards for filing charges would lead investigators to work harder at getting corroboration.

"It's easy for the police to point fingers when they haven't done enough detective work to get a conviction," she said.

In Essex County, the conviction rate for homicides, which includes plea agreements, was 79 percent in 2006, up from 74 percent when Ms. Dow took over three years earlier (but down from 86 percent in 2005 and 83 percent in 2004).

In Baltimore, prosecutors under Patricia C. Jessamy, the state's attorney, obtained convictions in 65 percent of homicide cases last year, up from 59 percent in 2005 and 52 percent in 2004.

While prosecutors are often measured by such conviction rates, it is difficult to tell through statistics whether they are shying from hard-to-win cases.

What most irks the police is the failure to even file charges in cases in which witnesses have solidly identified a suspect, like the 14 here in Newark over the past three years in which Ms. Dow has declined to authorize arrest warrants. Six of these cases rely on a single witness, including the slayings of Yusef Johnson and Valterez Coley.

Yusef was a football star with a 3.7 grade-point average before he was killed in August 2005. According to police reports, a woman told detectives she had seen the shooting from 30 feet away and was well acquainted with the gunman, a member of the Crips street gang, because he frequently sold cocaine to her.

The case helps illustrate why prosecutors may shy away from single-witness cases: Given the suspect's status as both a gang member and the witness's drug supplier, even detectives have their doubts about whether the woman would ultimately testify at trial — or be believed.

On the night Mr. Coley was gunned down near a porch in Newark's Central Ward, two men told the police they had seen the gunman, whom they identified as a leader of the 252 Bloods street gang. The witnesses said the gunman was looking to settle a score with a young man who had a relationship with his girlfriend, and mistook Mr. Coley for his rival.

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But one of the men soon fled the state, leaving the police with a lone witness — and thus no charges have been brought.

Danger in Cooperation

Gregory DeMattia, chief of the Essex County prosecutor's homicide division, said his investigators saw fallout from witness intimidation every day. When they arrive at a crime scene, he said, bystanders scatter so neighbors will not think they are cooperating with the police.

Those who do help often do so surreptitiously — leaving detectives a note in a trash can or asking to be taken away in handcuffs "so that neighbors will think they're in trouble with the police and not cooperating," Mr. DeMattia said.

Prosecutors in other cities tell similar stories about their witnesses being pressured, and say they are cautious about pursuing cases based on lone witnesses because of worries about faulty memory, ulterior motives and, as in the Yusef Johnson case, credibility.

That is part of why Ms. Jessamy, in Baltimore, has all but refused to file charges in single-witness situations.

But across Maryland in Prince George's County, where there is also a serious gang problem, State's Attorney Glenn F. Ivey has taken the opposite tack. He insists on pursuing single-witness cases even though he was criticized publicly for losing 4 of them in 13 months.

"If you have a single witness and you believe their story, I believe you've got to go forward, even if it's a case you might lose," said Mr. Ivey, whose office's conviction rate on homicides is more than 80 percent. "I'm not going to give the gang members, the murderers and the rapists an easy out. And if they know that all they have to do is get your case down to one witness, I think it would encourage them to use even more intimidation." Here in Newark, even in cases with multiple witnesses — and occasionally even when one of those witnesses is a police officer — the prosecutor has sometimes been unwilling to authorize arrests.

Take the case of Lloyd Shears, an Army veteran killed during a robbery in December. A man told the police he had seen his neighbor fire the fatal shots. A woman who had been standing next to him told detectives she heard the shots, and then turned to see the neighbor running from the scene. But the neighbor has not been charged.

Or consider the killing of Shamid Wallace, an 18-year-old found face down in the street last August with several gunshot wounds in his torso. Detectives found two witnesses who identified the man they said they saw kill Mr. Wallace. An off-duty Newark police officer heard the gunshots, saw a man fleeing with a gun and later picked the suspect out of a photo array. The suspect has not been arrested.

Then there is Farad Muhammad, who was stabbed to death last July. One witness told the police she had seen someone she knew running away from Mr. Muhammad's body. An off-duty police officer from neighboring East Orange identified the same man, saying he had seen the suspect chasing Mr. Muhammad with a knife. Again, no charges were filed.

Yusef's parents, who keep a shrine of photographs surrounding his school sports trophies, still hope that his suspected killer will be arrested soon.

"It's like they don't care enough," said his father, Scottie Edwards, a delivery truck driver.

Wielding Fear Like a Weapon

But to those who suggest Ms. Dow is overreacting to the problem of witness intimidation, her supporters point to the death of Steven Edwards, who was shot and killed in a car on South Eighth Street in January 2006. Within a month, detectives had three witnesses identifying the gunman.

One of the witnesses, a gang member, quickly announced he would never testify for fear he would be ostracized for helping the police — or wind up murdered himself. Six months later, another witness was himself charged in two homicides, shattering any credibility.

The third witness picked the suspect out of a photo array, but immediately began to waver when asked about testifying in open court.

"She would not say she was 100 percent sure," said a police report on the case, "because she was afraid of retaliation."

Prosecutors Help The Fearful Be Good Witnesses (WP)

By Ruben Castaneda

The Washington Post, March 1, 2007

In their Forestville neighborhood, Lionel D. Gilliam and his criminal cohorts trafficked in cocaine and fear.

Between July and October 2002, Gilliam, then a teenager, killed four men as he spearheaded a crack cocaine ring.

Gilliam killed two of his victims because he thought they were providing information about him and his accomplices to police, according to testimony in U.S. District Court in Greenbelt. On Feb. 8, after a six-week trial, a federal jury convicted Gilliam of four murders and other crimes.

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Gilliam, now 23, fatally gunned down a longtime friend, Donald "Tweedy" Twitty, July 16, 2002. Gilliam thought Twitty was providing police with information about his criminal activities, according to testimony.

Three months later, Gilliam fatally shot Juan J. Clark 11 times with an AK-47. One government witness testified that in the moments before the killing, Gilliam accused Clark of talking to police.

Gilliam was also convicted of a slew of other violent crimes and drug offenses. Sean A. Simpson, 24, was convicted of one count of murder in one of the four killings. Norberto Quinones, 24, was convicted of conspiracy to distribute controlled substances and other offenses.

The violence committed by Gilliam and Simpson made them feared figures in their neighborhood, federal prosecutors said.

At least five government witnesses testified they were reluctant to take the stand, and some said they feared for their safety. Nonetheless, by keeping in contact with their witnesses -- and recording their grand jury testimony -- federal prosecutors succeeded in getting them to appear at the trial, providing important testimony for the government.

State's Attorney Glenn F. Ivey said he is considering emulating the methods federal prosecutors used to obtain the testimony of fearful witnesses. Ivey said he distributed copies of a news article about the convictions to prosecutors in his office to get them to start thinking about using the federal approach.

He has reason to look at other ways to win convictions.

In the 13 months beginning in January 2006, cases against 12 defendants charged with murder in Prince George's County Circuit Court never made it to a jury, primarily because of problems with witnesses.

Circuit Court judges dropped charges against two defendants, and prosecutors dropped charges against the other 10. In cases involving six defendants, prosecutors couldn't find vital witnesses as trials were about to start. In one case involving two defendants, a key prosecution witness stopped cooperating on the eve of trial. In two other cases, prosecutors determined that their lone, uncorroborated witness was unreliable.

Although he could not point to specific attacks on state witnesses, Ivey said he thinks many witnesses made themselves scarce because they were fearful of retaliation.

In the Gilliam trial, federal prosecutors overcame that with a straightforward approach and some old-school technology, said Maryland U.S. Attorney Rod J. Rosenstein.

When his office wins an indictment, a lead prosecutor and a case agent (from the FBI, in this instance) are assigned, and it is their responsibility to stay in touch with witnesses and make sure they appear in court, Rosenstein said.

Federal prosecutors also make it clear to witnesses that they can face legal consequences if they do not appear for court.

"We are very aggressive in assuring that witnesses show up," Rosenstein said. "If they don't show, we get an arrest warrant, and they can be prosecuted for contempt of court or obstruction. If they take the stand and testify falsely, they can be prosecuted for perjury."

To guard against witnesses who at trial suffer sudden memory loss or deviate from their grand jury testimony, federal prosecutors often record the grand jury testimony of government witnesses, Rosenstein said.

In the case involving Gilliam and his drug ring, government witness Iesha Nicole Johnson of Prince George's County, 20, testified at the trial that she did not remember testifying before the grand jury. U.S. District Judge Roger W. Titus allowed federal prosecutors to play an audiotape of Johnson's grand jury testimony, in which Johnson said Gilliam had admitted to killing Twitty and someone else.

Ivey said he is considering taping the grand jury testimony of state witnesses who might be subject to intimidation. Typically, such testimony is recorded by a court reporter.

"That's something we're looking to do," Ivey said. "I think it's absolutely a great way to go."

Channeling Garth Brooks, Ney Sends Farewell E-mail (HILL)

By Jackie Kucinich

The Hill, March 1, 2007

Former Rep. Bob Ney (R-Ohio), who will report today to federal prison in West Virginia, issued an emotional goodbye e-mail (see below) yesterday to friends and colleagues. He thanked them for their support over the past six months and told them he had “gained a higher power” to help him through his incarceration.

The e-mail closed with a quote from Garth Brooks’s “The Dance”: “And now I’m glad I didn’t know/ The way it all would end, the way it all would go/ Our lives are better left to chance/ I could have missed the pain/ But I’d have had to miss the dance.”

Ney will serve a sentence of 30 months on federal bribery charges. He resigned from Congress in November after pleading guilty to one count of conspiracy and making false statements.

In his letter, Ney expressed a mixture of hope and regret.

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"Someone asked me the other day, if I wish I had never ran for office," he wrote. "I answered that I am glad that I did ... Nothing can erase the wonderful memories, thoughts, constituents, and changes that we, working together with the Republicans and Democrats, have been able to do."

He expressed sorrow for the crimes he had committed and said he was willing to accept the consequences of his actions.

"My family and I have lost everything on an economical basis, house, health care, possessions, but so have other people, people in the district, many, have lost all," he wrote. "And yes, that is painful for anyone that has gone through it, but, I am so fortunate to have my wife and children, we are so rich with family, friends like you, loved ones that are there for us, and full of hope for a good future.

"The darkest days are not ahead, I have gained a higher power, the god of my understanding, is with all of us and that allows me to view tomorrow, although as a day of loss of freedom, as a day of enlightenment and of life to come," concluded Ney.

Ellen Ratner, a close friend of Ney's, said the former congressman is particularly grateful that he is sober. Before his sentencing, Ney completed a month in an alcohol treatment facility.

"He has thanked me numerous times for helping him achieve his sobriety," Ratner said. "I'm just mad at myself for not doing it earlier."

Ratner said she dined last week with Ney and that she comforted the lawmaker and told him that his incarceration could be a positive experience.

"Obviously he is scared, but he believes he is going to get through this," she said. "I think he has learned and knows that it can be an extremely positive experience, by using it as a time to reflect."

"Bob made some serious mistakes, and he and his family are paying a steep price for them," said another Ney associate, who did not want to be named. "But he's taken responsibility for his actions and he still has many people who care deeply for him. Over the course of his long career, Bob helped countless people and thousands of lives were improved because of his hard work and compassionate spirit."

The associate added, "It's very sad that all of that will be overshadowed for the foreseeable future, but hopefully one day more people will look back and recognize that this is a decent man who did a lot of good and who is determined to make amends for his terrible mistakes in judgment."

Ratner agreed. "I don't think we have seen the last of Bob Ney," she said. "I think people are going to see that he is a very good person. It may take some time, but they will."

Ney first signaled the problems that lay ahead when he resigned from his chairmanship on the powerful House Administration Committee last August and announced he would not run for reelection. Ney later admitted he accepted thousands of dollars of gifts from lobbyists in exchange for legislative favors, and he formally confessed his wrongdoings in November. On Jan. 19, he became the first lawmaker sentenced for involvement in the scandal surrounding former lobbyist Jack Abramoff.

His ex-chief of staff, Will Heaton, was sentenced on Monday for his role in the scandal, which included concealing thousands of dollars in gifts from lobbyists for himself and Ney.

N.J.: Sex Offender Internet Use Targeted (AP)

By Tom Hester Jr., Associated Press Writer

AP, March 1, 2007

New Jersey Targets Sex Offenders' Internet Use, Online Dating Site Rules

TRENTON, N.J. (AP) -- Amid growing concern about child safety on the computer, New Jersey lawmakers are considering a measure to prohibit released sex offenders from using the Internet and to impose new rules for online dating sites.

"We're living in some very scary times," said Senate President Richard J. Codey, who is spearheading New Jersey's effort. "No matter how much you trust your kids, no matter how much you think you know what they're doing, there are some sick people out there who will stop at nothing to prey on them."

Released sex offenders caught using the Internet would face up to 18 months in jail and fines of up to $10,000. Sex offenders caught using the Internet to solicit a child would face a mandatory five years in jail, rather than the three years they face under the current law.

The measure also requires online dating sites to tell New Jersey residents whether they do background checks.

No federal law imposes Internet restrictions on convicted sex offenders, though Florida and Nevada have laws imposing computer restrictions on sex offenders.

The plan is to be considered soon by the state Senate, but already has raised constitutional questions. Internet companies like Yahoo!, AOL, eHarmony and Match.com are also concerned about the online dating rule.

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Bill Ashworth, director of state government affairs at Yahoo!, said background checks are unreliable because of fraud and problems getting information from states with different laws on what information is available.

"Criminal background checks provide users of online dating with a false sense of security," he said. "The last thing we want users to do is let their guard down."

A 2000 U.S. Department of Justice survey of youths ages 10 to 17 found that about one in five received a sexual solicitation or approach over the Internet in the prior year. The concern has prompted several states to take steps against child solicitation through the Internet.

Last year, Colorado banned any person from using a computer to talk to an unrelated child under age 15 without parental permission if the person if at least four years older than the child. Kansas and Oklahoma have made electronic solicitation of a child a crime.

"People have to worry about people preying on their kids even when they're in the safety of their own home," said Codey, D-Essex.

The New Jersey proposal would apply to sex offenders subject to Megan's Law registration, community supervision for life and those on probation or parole.

Under the plan, convicted sex offenders would have to submit to periodic, unannounced examinations of their computer equipment, install equipment on their computer so its use could be monitored and inform law enforcement if they have access to a computer.

But Parry Aftab, a lawyer, author and executive director of WiredSafety.org, an online safety and education group based in Bergen County, said Internet restrictions for sex offenders may not survive a court challenge. She said the idea makes her "child protection hat conflict with my Internet privacy lawyer hat."

"So many human services and educational services are available online that I think they may not have access to services that they should have access to," Aftab said.

She said keeping sex offenders off the Internet would be difficult to enforce, but that monitoring equipment would help put people back in jail when they violate it.

"(The measure) is going to be ignored by anyone who's predatorial," Aftab said.

Tom Rosenthal, of the New Jersey Office of the Public Defender, said the office will look into the constitutional ramifications of the proposal and expressed concern that barring juvenile sex offenders from the Internet would deny them educational opportunities.

He said it may also be best to rely on parole officers' vigilance to decide whether computers need to be checked after finding probable cause.

"We think it's best to leave discretion in the hands of professional law enforcement," he said.

Aftab also questioned whether the law regarding background checks for online dating sites, which she thought would be a first, would be effective.

Both Ashworth and Aftab said emphasizing safety tips on meeting people through the computer was the better approach.

Supreme Court Says Cross-Examination Rule Not Retroactive (LAW/AP)

By Mark Sherman, The Associated Press

AP, March 1, 2007

The Supreme Court unanimously reinstated a Nevada child molester's conviction Wednesday in a decision that continued the justices' refusal to apply recent rulings on criminal procedure to older cases.

Marvin Bockting was convicted in 1988 on the strength of his stepdaughter's statements to police. But then-6-year-old Autumn Bockting did not testify at Bockting's trial, so his lawyers never had the opportunity to question the child.

In 2004, the Court ruled that defendants have a constitutional right to cross-examine witnesses against them.

The question in this case was whether that rule would apply to older cases like Bockting's. Justice Samuel Alito, writing for the Court, said it would not. The 2004 case "did not effect a change of this magnitude," Alito said.

The Supreme Court has refused a dozen times over 17 years to apply new rules of criminal procedure to older cases.

Alone among federal appeals courts, however, the 9th U.S. Circuit Court of Appeals said the rule should apply retroactively and overturned Bockting's conviction.

Nevada and the Bush administration urged the justices to conclude that the San Francisco-based court got it wrong. Among other things, they said courts would be burdened by defendants whose convictions depended on out-of-court statements that were not subject to cross-examination.

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Franny Forsman, the federal public defender who represented Bockting, said the right to confront a witness was so important to the integrity of the trial that it deserved the same consideration as, say, the Court's landmark ruling in the 1960s that guaranteed a lawyer to defendants in criminal trials.

The Court, however, disagreed. Alito said the decision on cross-examination "is much more limited in scope" than the Court's ruling in Gideon v. Wainwright assuring representation for defendants.

Forsman had also discounted the argument that many convictions would be imperiled by a ruling favorable to her client.

The case is Whorton v. Bockting, 05-595.

An L.A. 'most-wanted' Gang Suspect Caught In Guatemala (LAT)

By Richard Winton And Patrick McGreevy

The Los Angeles Times, March 1, 2007

An alleged 18th Street gang member named three weeks ago as one of the Los Angeles Police Department's 10 most wanted gang members has been captured in Guatemala and deported back to Texas, officials said today.

Angel Zevallos, an alleged 18th Street Westside member who goes by the name "Spanky," was captured last week and deported by Guatemalan authorities, said Chief Inspector John Clark of the U.S. Marshals Service in Los Angeles.

Zevallos will appear before a judge in Texas and then face extradition back to California to face an attempted murder charge, Clark said.

Police Chief William J. Bratton confirmed the arrest as the first success of a new program in which the department released a list of its 10 most wanted gang members.

The listing of gang fugitives and of the 11 worst gangs is part of a new campaign to reduce gang violence, which increased more than 15% citywide last year. Bratton has redeployed more than 200 officers to the crackdown on gangs.

Zevallos allegedly wounded a man in a bar fight in Los Angeles.

"He was captured in Guatemala," Bratton said. "This is part of what we discussed at a recent conference about improving relationships with those countries. He is an attempted murder suspect, so they don't have problems about giving him back to us because there is no death penalty involved."

Bratton said further coordination with the U.S. Marshals Service will be required for others on the top 10 list, "a lot of these people, we believe, are out of this country, and those not wanted for murder we have the ability to get back."

Many countries will not extradite suspects to the United States if they face the death penalty.

Bratton said Zevallos' place on the list will not be empty long.

"We will be putting a new person on the list," the chief said.

2 Paintings By Picasso Are Stolen In Paris (NYT)

By Alan Riding

The New York Times, March 1, 2007

PARIS, Feb. 28 — Two important paintings by Picasso estimated by the police to be worth a total of about $66 million have been stolen from the Left Bank home of his granddaughter Diana Widmaier-Picasso, the authorities announced Wednesday.

Paris police officials said the two oils, “Maya With Doll” from 1938 and “Portrait of Jacqueline” from 1961, were taken from Ms. Widmaier-Picasso’s house on the Rue de Grenelle in the city’s chic Seventh Arrondissement sometime overnight between Monday and Tuesday.

The police said that two drawings, one by Picasso, were also stolen, but this could not be confirmed by the Picasso family lawyer, Céline Astolfe.

In a telephone interview Ms. Astolfe said that Ms. Widmaier-Picasso and her mother, Maya, the daughter of Picasso’s longtime mistress Marie-Thérèse Walter, were asleep in the house when the theft occurred.

“They heard a noise, went downstairs and saw nothing,” Ms. Astolfe said. “They went to bed and the following morning they saw that two paintings were missing.”

The lawyer said the theft appeared to be the work of professionals because the home’s alarms were neutralized and there were no signs of a break-in. “They blocked the alarm, and they had either the code or keys,” she said.

Although the paintings formed part of the Picasso family’s private collection, they are nonetheless well known and, art experts said, would be difficult to sell on the open market. Ms. Astolfe said their value might exceed the police estimate.

“Maya With Doll” is a colorful Cubist portrait of Picasso’s daughter as a child clutching a doll, while “Portrait of Jacqueline” is a black, gray and white Cubist oil of Jacqueline Roque, Picasso’s second wife, whom he married in 1961.

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Thefts of works by Picasso have become relatively common, not least because he was so prolific. London's Art Loss Register lists 444 missing Picassos in its database, including paintings, lithographs, drawings and ceramics. There is also an active industry making and selling fake Picassos.

The artist's descendants have had artworks stolen before. One famous theft involved pieces worth about $17 million, taken from the Cannes home of Marina Picasso, another of his granddaughters, in 1989. Those were later recovered. Seven Picasso oils stolen from a gallery in Zurich in 1994 have yet to be found.

Neither Diana Widmaier-Picasso nor her mother could be reached on Wednesday.

Like other members of the family they are active in studying and overseeing the artist's legacy. Maya Widmaier-Picasso is often called on to verify questionable works attributed to Picasso, while her daughter, an art historian, recently published an illustrated book of Picasso's erotic works called "Art Can Only Be Erotic."

A Museum To Honor Law Enforcers (WP)

By Michael E. Ruane

The Washington Post, March 1, 2007

You're a cop. You've been summoned to an alley behind a strip mall that's a known drug hangout. You hail a man and two women lounging by an old car.

The man, a beefy guy in a plaid work shirt, gets belligerent and starts toward you. One of the women grabs his arm to hold him back, and as you focus on them, the other woman slips a pistol from her pocket and opens fire.

Bang. You're dead.

This big-screen interactive simulation of an eight-second slice in the virtual life of an everyday cop was demonstrated yesterday as the National Law Enforcement Officers Memorial Fund kicked off the money-raising campaign for a new museum, planned to open in 2011 near Judiciary Square.

Nearly $30 million has been raised for the museum, which is designed to showcase police work and the history of American law enforcement. Yesterday's event began a drive to raise the rest of the $80 million cost, with officials previewing some of the attractions.

The police training simulation, in which participants must make snap shoot-or-don't-shoot decisions, is one of several interactive features. Visitors also will be able to attend a simulated autopsy -- which will be "instructive, not gross" -- do realistic forensic and detective work, and see a word-class collection of police memorabilia, according to museum officials.

The fundraising drive was launched at the National Press Club with a boost from former presidents Bill Clinton and George H. W. Bush, who spoke via video recording, and former U.S. attorneys general John D. Ashcroft, Dick Thornburgh and Edwin A. Meese, who spoke in person. Several local officials also attended, including D.C. Mayor Adrian M. Fenty, D.C. Police Chief Cathy L. Lanier, Prince George's County Police Chief Melvin C. High and Fairfax County Police Chief David M. Rohrer.

Also present was Jean Hill, president of Concerns of Police Survivors, which supports families and friends of slain police officers. Hill is the mother of Barry Hill, a 38-year-old Harris County, Tex., deputy sheriff, who was shot seven times and killed while trying to arrest a car thief Dec. 4, 2000.

"It's a matter of honor that we not forget the sacrifice of the living or the dead, and with the construction of the National Law Enforcement Museum we will forever be honoring all men and women who have taken the oath to protect and to serve," she said.

Her son was among numerous slain or wounded law enforcement officers remembered yesterday. Among them were J.D. Tippit, the Dallas police officer who was killed by Lee Harvey Oswald on Nov. 22, 1963, and Fairfax County's Vicky O. Armel and Michael E. Garbarino, who were fatally shot by a disturbed teenager last May.

Plans call for the 90,000-square-foot museum to be built mostly underground in the 400 block of E Street NW, across from the National Law Enforcement Officers Memorial, according to the fund's chairman, Craig W. Floyd.

A sampling of museum artifacts on display yesterday included historic handcuffs and badges, some collectible crime cards, featuring the likes of Machine Gun Kelly and John Dillinger, and an original "Wanted" poster from the 1932 kidnapping of the son of famed aviator Charles Lindbergh.

Among other things, the museum will enable visitors to practice being a 911 operator, enter actual prison cells the museum hopes to acquire from New York's Sing Sing prison, and enter a hall of remembrance honoring the country's 17,500 fallen police officers.

Officials said the autopsy will feature a table bearing a manikin on which a simulated post mortem will be projected from overhead cameras. It won't be too graphic, exhibits designer Christopher Chadbourne said. But a sign will be posted outside to warn the squeamish.

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CIVIL LAW:

Court Leery Of Suits By Taxpayers (USAT)

By Joan Biskupic

USA Today, March 1, 2007

WASHINGTON — Supreme Court justices appeared ready Wednesday to limit taxpayers' ability to challenge government funding of groups with religious affiliations.

Several justices were skeptical of a lower court decision allowing a Wisconsin group, the Freedom From Religion Foundation, to sue the White House Office of Faith-Based and Community Initiatives. The foundation says the White House office — created by President Bush to help religious groups compete with secular ones for federal social services grants — aims to support an unconstitutional government endorsement of religion.

Some justices, including Chief Justice John Roberts and Antonin Scalia, suggested that if the lower court's decision were affirmed, taxpayers would bring frivolous lawsuits challenging government spending that touches religion.

Roberts told Andrew Pincus, representing the Wisconsin group, "I don't understand, under your theory, why any taxpayer couldn't sue our marshal for … saying (as is customary at the start of a court session), 'God save the United States and this honorable court.' Her salary comes from Congress."

Taxpayers typically cannot sue over how the government spends money, based on the theory that the link between the expenditure and an individual taxpayer is remote. In a 1968 case, Flast v. Cohen, the court made an exception for lawsuits alleging a breach of the separation of church and state.

At issue now is the breadth of that exception. U.S. Solicitor General Paul Clement, defending the administration, called it narrow and suggested at the close of his argument that the court abandon the exception. Twelve states have urged the court to bar all such lawsuits by taxpayers.

Wednesday's case does not involve a specific grant. It focuses on Bush's executive order that led to a series of regional conferences that promoted the administration's faith-based initiative. Freedom From Religion says the conferences boosted the funding prospects for religion-based groups over secular community-based organizations.

Clement said taxpayers may not challenge a program unless it is funded through a congressional appropriation and the expenditure itself led to a constitutional violation. The First Amendment says government "shall make no law respecting an establishment of religion."

Pincus argued that it should not matter whether the funding comes through the legislative or executive branch. He said an expenditure may be challenged if it is "discrete and identifiable" and "arises with respect to religious activities."

Justice Anthony Kennedy said: "It seems to me unduly intrusive for the courts to tell the president that (he) cannot talk to specific groups … to make sure that all of their energies are used properly."

More sympathetic to the challengers, Justice Stephen Breyer said that "people become terribly upset when they see some other religion getting the money from the state."

Top Court To Rule On Aid For Religious Charities (FT)

By Patti Waldmeirin Washington

Financial Times, March 1, 2007

A case that could test whether the Bush administration has crossed the constitutional line between church and state by channelling federal aid to religious charities was brought before the US Supreme Court yesterday.

The case was brought by taxpayers looking for a way to challenge the White House's "faith-based initiative", which tries to increase the role of religious groups in fighting poverty, drug addiction and other social problems.

The Freedom from Religion Foundation, a group of atheists and agnostics, says they should be allowed to sue to prove that the White House violated the constitution by spending money on conferences designed to give religious organisations an inside track in obtaining federal grants.

The issue is whether the courthouse door should be open to any taxpayer who wants to challenge such spending on the basis that it violates the constitution, or whether only religious opponents who have been discriminated against directly should be allowed to sue.

A federal appeals court in Chicago sided with the atheist group but the US Justice Department says the ruling should be overturned on the grounds that it could lead to a flood of taxpayer lawsuits challenging all sorts of government spending.

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Justice Antonin Scalia said that if the suit was allowed to proceed, taxpayers could challenge White House spending on security for President George W. Bush when he attended religious events, as he often does. Justice Anthony Kennedy said: "We'd be supervising the White House in . . . who it can talk to."

The case provoked angry exchanges between several justices and lawyers. Justice Stephen Breyer said: "There are strong feelings when government spends money on one religion and not another. We see that in the world today."

Mr Breyer appeared concerned that if taxpayers could not bring such suits, they could not rein in excessive government involvement with religion - even if government went so far as to build a network of state churches around the country to promote a particularreligion.

Sureme Court Takes Up Bush's 'faith-based Initiative' (LAT)

By David G. Savage

The Los Angeles Times, March 1, 2007

WASHINGTON -- In a closely watched church-state separation case, a Bush administration lawyer urged the Supreme Court Wednesday to shield the president's "faith-based initiative" from legal challenges in court.

U.S. Solicitor General Paul Clement said taxpayers who believe the White House is unconstitutionally promoting religion should not be accorded legal "standing" to sue in court. It would be too "intrusive on the executive branch" to permit lawsuits contesting how the president and his advisers conduct their affairs, he said.

The case involves a Wisconsin group called Freedom From Religion that sued in 2004 to challenge the "faith-based initiative" on First Amendment grounds. The group said the White House officials were using public money to help church-based groups win grants and contracts.

It is the first major religion case to come before the Supreme Court since President Bush's two appointees took their seats. In their questions Wednesday, both Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. sounded as though they sided with the administration.

Overall, the nine justices seemed split during the hour-long argument. If they adopt the administration's view, the ruling could make it harder for critics to sue officials who use public money in ways that support religion. If the justices rule in favor of Freedom From Religion, the group would still have to prove its case in court.

Roberts made clear he thought the group's claims should be thrown out of court. If taxpayers can sue the government whenever an official invokes God or religion, why couldn't anyone "sue our marshal for standing up and saying 'God save the United States and this is honorable court'?" asked Roberts, citing the invocation heard each day when the justices enter the court.

Justice Antonin Scalia appeared to agree. Otherwise, he said, taxpayers could sue the president for having spent tax money to promote religion simply because he flew across the country to give a speech to a religious group. "The whole trip is about religion," Scalia said, but "it really doesn't make any sense" to permit lawsuits challenging this spending.

Taking up the opposite view, Justice Stephen G. Breyer said courts and lawsuits are needed to enforce the separation of church and state. "People become terribly upset when they see some other religion getting the money from the state" to subsidize their faith, he said.

"We have a pretty clear, simple rule," he said, that allows lawsuits "when the government spends money in violation of the establishment clause." The First Amendment says "Congress shall make no law respecting an establishment of religion."

The issue of who has standing is technical, but crucial. It can determine when and whether the government's conduct can be challenged in court.

Normally, persons must say they have suffered a personal injury of some sort before they can sue in court. For example, taxpayers cannot sue to stop the war in Iraq simply because they disagree with it.

But nearly 40 years ago, the court under then-Chief Justice Earl Warren made an exception for challenges to government spending that promotes religion.

In Wednesday's argument, Clement urged the court to narrow that exception considerably. In one exchange, he said taxpayers should not be allowed to sue even if officials use tax money to build a church.

The Bush administration said Freedom From Religion's suit should be thrown out on the grounds that the challengers did not have standing to sue in court. However, the U.S. appeals court in Chicago allowed the suit to go forward. In a 2-1 ruling, Judge Richard Posner said plaintiffs sought to show the White House-sponsored meetings were "propaganda vehicles for religion."

But before it could be heard, the Supreme Court agreed to hear the administration's appeal filed on behalf of Jay Hein, who directs the White House Office of Faith-based and Community Initiatives.

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Clement said the government should be shielded from suits over how officials use general tax money. He agreed taxpayers could sue if Congress passed a law that distributed money directly to churches or religious groups. But it is different matter if the White House uses general funds to encourage religious groups to do charitable work, he argued.

A coalition of liberal groups filed a friend-of-the-court brief that urged the court to reject the administration's argument.

"Tax dollars may not be used to subsidize religious activity," said Steven Shapiro, the American Civil Liberties Union's legal director. "Barring taxpayers from enforcing this fundamental principle in court would effectively license the government to violate the Constitution."

The case will be decided in several months.

Court Spars Over Faith-Based Office (WSJ/AP)

By Mark H. Anderson

The Wall Street Journal, March 1, 2007

WASHINGTON -- A sharply divided U.S. Supreme Court on Wednesday sparred over the ability of an atheist organization to, as taxpayers, challenge the activities of President Bush's faith-based initiative office.

The high court appeared torn over whether its precedents allowed the court challenge, which alleges the White House initiative violates the freedom of religion Establishment Clause in the U.S. Constitution. A lower court allowed the lawsuit to proceed. But at the oral arguments, the federal government doggedly argued the group didn't satisfy the required test to sue as a taxpayer upset about how the government is spending money.

"The court of appeals decision below substantially expanded the scope of taxpayer standing," U.S. Solicitor General Paul Clement said.

Washington, D.C. attorney Walter Pincus, representing the Wisconsin-based Freedom From Religion Foundation, accused the Bush administration of trying to improperly bar taxpaying citizens from suing over religious initiatives by the government. "We think there's no basis for drawing the arbitrary line suggested by the government."

As with many other social issues before the high court, the justices appeared to divide along conservative and liberal lines, with Justice Anthony Kennedy, a moderate conservative, controlling the outcome.

Chief Justice John Roberts Jr. led the charge for finding in the government's favor, arguing that allowing the lawsuit could open the government up to a flurry of challenges whenever religion is raised, even trivially. He cited the Supreme Court marshal's opening statement -- "God save the United States and this honorable court" -- as a possible violation that could trigger a lawsuit under the legal standard proposed by Mr. Pincus. Justice Roberts also wondered whether the White House could spend money on security and food at a presidential speech before a religious prayer breakfast or other event.

Mr. Pincus said a taxpayer challenge for a constitutional Establishment Clause violation requires that the government action spend money specifically promoting a particular religion over another, as opposed to "incidental" spending. "The injury is the expenditure of funds that violates the Establishment Clause," Mr. Pincus said.

Justice Roberts wasn't convinced, however, and made it clear he thinks drawing the line at "incidental" costs is a problem. "That shows how totally manipulable your incidental test is," Justice Roberts told Mr. Pincus at one point.

Justice Kennedy was also troubled by the group's arguments, remarking at one point that "I'm not sure that this make sense."

Justice Stephen Breyer said he was searching for a standard that lets taxpayers, who provide the funds the government spends, have an appropriate check on the government's involvement in religious activities.

A wild card in the outcome could be Justice Antonin Scalia, who appeared troubled with Supreme Court precedents limiting when Establishment Clause suits could be brought and concerned with making it easy to challenge a variety of government activities.

President Bush created an office for religious-based community initiatives in 2001. The aim of the office is to make it easier for religious groups to win contracts and get federal funding for programs such as social-services aid.

Freedom From Religion Foundation Inc., an atheist and agnostics group from Madison, Wis., sued the government, alleging the program violates the freedom of religion Establishment Clause in the U.S. Constitution.

The 7th U.S. Circuit Court of Appeals in Chicago in May 2006 ordered a federal trial court to reopen the lawsuit after a U.S. District Court judge had dismissed the group's claims.

The case is Hein v. Freedom From Religion.

Court Reinstates Conviction

Also Wednesday, the high court unanimously reinstated a Nevada child molester's conviction in a decision that continued the justices' refusal to apply recent rulings on criminal procedure to older cases.

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Marvin Bockting was convicted in 1988 on the strength of his stepdaughter's statements to police. But then-6-year-old Autumn Bockting did not testify at Mr. Bockting's trial so his lawyers never had the opportunity to question the child.

In 2004, the court ruled that defendants have a constitutional right to cross-examine witnesses against them. The question in this case was whether that rule would apply to older cases like Mr. Bockting's. Justice Samuel Alito, writing for the court, said it would not. The 2004 case "did not effect a change of this magnitude," Justice Alito said.

The Supreme Court has refused a dozen times over 17 years to apply new rules of criminal procedure to older cases.

Alone among federal appeals courts, however, the 9th U.S. Circuit Court of Appeals said the rule should apply retroactively and overturned Mr. Bockting's conviction.

Nevada and the Bush administration urged the justices to conclude that the San Francisco-based court got it wrong. Among other things, they said courts would be burdened by defendants whose convictions depended on out-of-court statements that were not subject to cross-examination.

Franny Forsman, the federal public defender who represented Mr. Bockting, said the right to confront a witness was so important to the integrity of the trial that it deserved the same consideration as, say, the court's landmark ruling in the 1960s that guaranteed a lawyer to defendants in criminal trials.

The court, however, disagreed. Justice Alito said the decision on cross-examination "is much more limited in scope" than the court's ruling in Gideon v. Wainwright assuring representation for defendants.

Ms. Forsman had also discounted the argument that many convictions would be imperiled by a ruling favorable to her client.

The case is Whorton v. Bockting.

Justices Weigh Right To Sue Over Church-State Separation (WP)

By Robert Barnes

The Washington Post, March 1, 2007

The Supreme Court, for the first time under Chief Justice John G. Roberts Jr., confronted yesterday the devilishly complicated issue of church-state separation, and whether ordinary taxpayers have the right to sue over the Bush administration's embrace of faith-based organizations.

With Roberts and newest member Samuel A. Alito Jr. active in the discussion, the justices bombarded the lawyers before them with questions about what kinds of government action could warrant a taxpayer suit. A church built by the government? The number of times a president appears at prayer breakfasts?

Roberts even wondered whether opponents of the administration's initiatives would extend their concerns to the court itself, which opened yesterday's session, as it always does, with a marshal appealing for God to "save the United States and this honorable court."

Constitutional scholars and some justices say that the First Amendment's religion clauses present some of the most difficult questions to interpret. Justices must balance the establishment clause -- Congress shall make no law respecting an establishment of religion-- with the free-exercise clause -- or prohibiting the free exercise thereof-- which immediately follows.

The case before the court involves a lawsuit that the Freedom From Religion Foundation, a Wisconsin-based group of agnostics and atheists, brought against the White House Office of Faith-Based and Community Initiatives. President Bush established the office in 2001 because, he said, he wanted to level the playing field between religious-based and secular groups vying for grants to provide social services. But the foundation said conferences held by the office favored the religious groups over the secular groups.

The question before the justices, though, is whether the complaints can even be brought to court.

The Supreme Court decided decades ago that taxpayers generally do not have the right, or "standing," to challenge government spending decisions simply because they do not agree with them. But it carved out an exception in 1968, in a case called Flast v. Cohen, for taxpayers to challenge congressional spending that violated the establishment clause.

A lower court said the Freedom From Religion Foundation's suit did not meet the Flast test, because it involved the executive branch, not Congress's taxing and spending powers. But the U.S. Court of Appeals for the 7th Circuit disagreed.

The court's 2 to 1 majority opinion said the suit should go forward because "there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause."

Solicitor General Paul D. Clement, who represents the Bush administration, said in a brief asking the Supreme Court to review the case that that decision would "create a roving license for any one of the more than 180 million taxpayers in the United States to challenge any action of the executive branch that offends that individual's own view" of church-state separation.

Conservative groups and 12 states, including Virginia, that support the government would like to see the Flast exception overturned. And while Clement stopped just short of that, he told the court yesterday that the right to sue established in Flast was

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a very narrow one. Fielding hypotheticals from the justices, he found few instances in which he thought taxpayers would have a standing.

But with helpful commentary from Roberts, he said that citizens who believed that they had been specifically harmed -- for instance, members of one denomination who thought that the government was discriminating against them -- could have the right to sue.

"I think it's important to emphasize that if this Court recognizes that there is not taxpayer standing, that does not mean that there won't be lawsuits, that there won't be directly injured plaintiffs that can bring claims," Clement said.

Alito, Justice Antonin Scalia and Roberts -- whom Clements three times said was "exactly right" in his view of the case -- seemed most sympathetic to the government's argument, and Justice Anthony M. Kennedy worried about the courts "supervising the White House." Justice Clarence Thomas did not ask questions, but has written in the past that he does not think that the establishment clause gives rise to individual complaints.

Justice Stephen G. Breyer seemed most skeptical of the government's position that only congressional action involving taxing and spending was open to taxpayer challenge. "What's wrong with just saying that Flast stands for the proposition that when the government spends money in violation of the establishment clause, a taxpayer -- after all, the money comes from the taxpayer -- can bring a lawsuit?" he asked.

The foundation's lawyer, Andrew Pincus, agreed. "There's no basis in history . . . for the government's claim that executive branch decisions are somehow different and insulated with respect to spending," he said.

Court Hears Arguments Linking Right To Sue And Spending On Religion (NYT)

By Linda Greenhouse

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — The question for the Supreme Court on Wednesday was a jurisdictional one: whether taxpayers who object to the way the White House Office of Faith-Based and Community Initiatives spends its money can get into federal court to make their case.

Whether the office or its programs actually run afoul of the Constitution was not before the justices.

But any notion that this jurisdictional question was the sort of arcane, technical issue that only a law professor could love was quickly dispelled by the intensity of the argument, one of the liveliest of the term.

The fast-paced hour ended with the clear impression that the Roberts court will soon put its own stamp on the law of taxpayer standing, with potentially significant implications for the relationship between government and religion.

The real question by the end of the argument was whether a majority would be content simply to scale back a Warren court precedent that allows taxpayers to challenge the use of public money for religious purposes or whether the court would disavow the precedent altogether and keep such suits out of federal court.

Solicitor General Paul D. Clement revealed his hand slowly, bringing his argument to a pinpoint landing at the precise close of a three-minute rebuttal. If the justices could not see their way to applying the precedent narrowly, Mr. Clement said, the court should simply overrule it. “If something has to go in this area,” he said, “I think it’s an easy choice.”

Under either option the administration advocated, the court would reject a suit that the federal appeals court in Chicago reinstated last year, a challenge to conferences that Bush administration officials have held to advise religious groups on how to apply for federal grants as part of the effort to bolster the role of such groups in social service programs.

The plaintiff is the Freedom From Religion Foundation Inc. of Madison, Wis., which advocates strict separation of church and state. In a complaint filed initially in 2004, the organization argued that officials who convened and addressed the conferences used congressionally appropriated money in a way that “violated the fundamental principle of the separation of church and state.”

Under the ordinary doctrine of “standing,” which defines who may bring a suit, people who object to a government policy but who cannot claim a concrete injury from that policy have no right to sue. But in a 1968 decision, the court carved out an exception for religion cases. The case, Flast v. Cohen, gave taxpayers standing to challenge federal laws that authorized expenditures for purposes alleged to violate the First Amendment prohibition against the “establishment” of religion.

The administration position in the case argued on Wednesday, Hein v. Freedom From Religion Foundation Inc., No. 06-157, is that the Flast decision should be understood to include two limitations. First, Mr. Clement said, taxpayers should be limited to challenging Congressional statutes, not executive branch programs like that in this suit. Second, the solicitor general argued, taxpayers should be able to challenge only spending outside the government, not internal spending like that cited by the Freedom From Religion Foundation.

Did that mean, Justice Antonin Scalia asked Mr. Clement, taxpayers could challenge a statute that gave money to outside groups to build churches, but not one that directed the government to build its own church?

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It was a “horrible hypothetical,” Mr. Clement replied, but Justice Scalia had understood him correctly: taxpayers should not have standing to challenge “an internal government church.”

Andrew J. Pincus, representing the foundation, told the court there was “no basis for drawing the arbitrary lines that the government suggests.” The Flast decision did not include such limitations, he said.

Mr. Clement was unruffled as the justices tossed various hypothetical questions his way. Could a taxpayer challenge a law that commemorated the Pilgrims “by building a government church at Plymouth Rock where we will have the regular worship in the Puritan religion?” Justice Stephen G. Breyer asked.

“I would say no,” Mr. Clement said.

Justice Breyer persisted, asking about a law requiring the government to build churches “all over America” dedicated to one particular sect. “Nobody could challenge it?” he asked.

“There would not be taxpayer standing,” Mr. Clement replied.

Chief Justice John G. Roberts Jr. observed that members of other denominations would not need taxpayer standing and that as victims of government discrimination, they could sue under ordinary principles of standing. This was one of the times the chief justice intervened to make the point that in practical application the government’s position was perhaps not as extreme as it sounded.

His interventions in the other side’s argument seemed to have the opposite goal, rejecting Mr. Pincus’s effort to depict his client’s position as modest. When Mr. Pincus said taxpayers should not be permitted to challenge merely “incidental” spending, the chief justice said that was no real limitation because it would ensnare the courts in deciding “whether the activity you’re challenging is incidental or not.”

Mr. Pincus denied that this initial inquiry would make much work for the courts. For example, he began, “if someone’s claim is that people in the White House have five meetings in the course of a year that they’re upset about — — ”

Chief Justice Roberts cut him off, saying, “Well, then, five meetings isn’t enough. How many?”

“What about 10?” Justice Scalia offered.

“Twenty?” the chief justice asked.

“We’ll litigate it,” Justice Scalia said. “We’ll figure out a number eventually, I’m sure.”

For Mr. Clement, the most helpful hand was that of Justice Samuel A. Alito Jr. As the solicitor general batted back tricky hypothetical questions, Justice Alito asked him whether the lines he was drawing “make a lot of sense in an abstract sense” or were “the best that can be done” under existing precedents.

“The latter, Justice Alito,” Mr. Clement said, evoking laughter. “I appreciate the question.”

High Court Mulls Faith-based Initatives (AP)

By Frederic J. Frommer, Associated Press Writer

AP, March 1, 2007

The Supreme Court wrestled Wednesday with the question of whether taxpayers have the right to challenge the White House's aggressive promotion of federal financial aid for religious charities.

At issue is whether a Wisconsin-based group of atheists and agnostics have legal standing, by virtue of being taxpayers, to bring their complaint in the federal court system.

Taking one extreme, Justice Stephen Breyer asked a lawyer for the White House whether a taxpayer would be able to challenge a law in which Congress sets up a church at Plymouth Rock.

"I would say no," responded Solicitor General Paul D. Clement, but he added that such a church could be challenged in other ways — just not on the basis that a taxpayer has been injured. Clement is representing the Bush administration, which is trying to prevent the taxpayer suit over its aggressive promotion, through the White House Office of Faith-Based and Community Initiatives, of federal financial aid for religious charities.

Taking the opposite extreme, Justice Antonin Scalia asked a lawyer for the Wisconsin group, Andrew Pincus, whether taxpayers would be able to sue over the use of security money for a presidential trip where religion is discussed.

Pincus said that taxpayers would not have standing to do so, arguing that in such a case the money spent would be "incidental," and not central to the issue.

The case may turn on a 1968 Supreme Court decision that created an exception to the general prohibition on taxpayer challenges to the government spending of tax revenue. In an 8-1 decision by Chief Justice Earl Warren, the court allowed taxpayers to challenge congressional spending for private religious schools.

But the Bush administration says spending for speeches and meetings of executive branch officials does not involve spending federal money outside the government and therefore taxpayers are not entitled to challenge it.

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In the current case, the Bush administration organizes conferences where faith-based organizations are allegedly singled out as being particularly worthy of receiving federal money.

The group challenging the Bush administration, called the Freedom From Religion Foundation Inc., characterizes the White House's initiative as a singling out of faith-based organizations to the exclusion of other organizations.

Last year, a federal appeals court allowed the group to pursue its lawsuit. Instead of going through Congress, President Bush issued executive orders to create the White House office and similar centers in 10 federal agencies during his first term.

One of the goals Bush set for these offices was to help religious and community groups compete for federal funding to fight poverty, substance abuse and other social problems.

The 7th Circuit U.S. Court of Appeals in Chicago sided with the anti-religion group, and the Justice Department wants the Supreme Court to overturn the lower court.

The case is Hein v. Freedom From Religion Foundation Inc., 06-157.

High Court Debates Suit Against White House's Faith-Based Initiative (LAW)

By Tony Mauro, Legal Times

Legal Times, March 1, 2007

Supreme Court Justice Stephen Breyer looked skyward Wednesday as he tried to come up with a "more amazing" hypothetical during arguments in a key church-state case. With or without divine intervention, he found one: Could the federal government fund churches and ministers of a single religion nationwide "dedicated to the proposition that this particular sect is the true sect," without fear of taxpayer lawsuits against it?

"Horrible hypothetical," growled Solicitor General Paul Clement, but he went on to say yes. "The bottom line is that there would not be taxpayer standing." With a helpful suggestion from Chief Justice John Roberts Jr., Clement qualified his point by asserting that adherents of other religions could file suit against such a program on the basis that they were being discriminated against. But Clement held firm on the point that taxpayers, merely as taxpayers, could not challenge a network of government-funded churches.

That exchange may prove crucial in determining the outcome of the case before the Court, Hein v. Freedom From Religion Foundation. The Wisconsin-based foundation filed a taxpayer lawsuit against the Bush administration's funding of faith-based initiatives, claiming that conferences sponsored under the funding program favor religious groups. The government defended the program, claiming the plaintiffs did not have standing, but the 7th U.S. Circuit Court of Appeals said the foundation could continue with its suit.

The case is an important test not only for the faith-based initiative but also for a 39-year-old precedent that has treated First Amendment establishment-clause cases differently when it comes to standing.

In other contexts, taxpayers can't challenge government programs in court solely on the grounds that their tax dollars are being misused. To prevent trivial lawsuits, the high court has required plaintiffs to show a more direct injury or a bigger stake, such as a violation of rights or a denial of benefits.

But in the 1968 case of Flast v. Cohen, the Court made an exception. It ruled that taxpayer status alone was enough to achieve standing when the claim is that a congressional expenditure violates the First Amendment's bar against establishment of religion. In making the exception, the Flast Court hearkened back to the framers' reason for creating the Establishment Clause in the first place: to prevent government from taxing and spending to favor one religion over another, even if only "three pence" of the taxpayer's money is used for that purpose, in the words of James Madison.

Madison's formulation was invoked often on Wednesday -- Justice David Souter quaintly pronounced it "thruppence" -- as the justices struggled to figure out how and whether to honor that Madisonian goal.

Clement argued that the Flast exception allows taxpayer standing only to those challenging congressional spending that benefits an outside party or church -- not in cases like the faith-based initiatives, in which the executive branch, acting on its own, has done something that the taxpayer dislikes. Broadening the exception to cover executive-branch activities, Clement said, would threaten the separation of powers and invite lawsuits every time a government official makes a religious reference.

Several justices seemed to think that was an artificial distinction and taxpayers might have standing whether a congressional or executive-branch activity is involved. Clement struggled to define the difference, and when Breyer pinned him down with his hypothetical, it appeared that Clement may have taken his point too far by suggesting that taxpayers could not challenge even such an overtly religious program.

But both Roberts and Justice Samuel Alito Jr. threw Clement lifelines. At one point, as justices tried to follow Clement's answers, Alito pointedly asked him, "Are you arguing that these lines that you are drawing make a lot of sense ... or are you just arguing that this is the best that can be done ... within the body of precedent that the Court has handed down in this area?"

Clement replied, "The latter, Justice Alito. And I appreciate the question."

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Amid laughter, Scalia said, "I've been trying to make sense out of what you're saying." Clement shot back, "And I've been trying to make sense out of this Court's precedents." At which point Stevens chimed in, "Do we think we have a duty to follow precedents that don't make any sense?"

But as much as the justices seemed troubled with Clement's position, they also seemed troubled about siding with the foundation.

Washington, D.C., lawyer Andrew Pincus, representing the foundation, said Clement had drawn "arbitrary lines" that did not conform to Court precedent or to the First Amendment's history. Pincus is a partner at Mayer, Brown, Rowe & Maw.

Roberts, nodding toward the Court's marshal, Pamela Talkin, asked whether, under the foundation's theory, a taxpayer could sue her for saying "God save this honorable Court" at the start of Court sessions.

Scalia offered another hypothetical, asking whether taxpayers could sue when Air Force One and Secret Service agents are used in the course of a presidential trip to a religious event.

Pincus said taxpayer standing would not extend to religious activities that are "incidental" to government expenditures, and he served up his own hypothetical: government funds "paying for bagels at a prayer breakfast" would not, he suggested, trigger a valid lawsuit. Scalia later skewered that hypothetical, arguing that if the bagels went only to prayer breakfasts for evangelical groups, someone who is Jewish might feel that is not incidental or trivial at all: "You know, what could be worse than not buying bagels for a Jewish prayer breakfast?"

High Court Takes On Faith-based Initiatives (MJS)

By Katherine M. Skiba

Milwaukee Journal Sentinel, March 1, 2007

Wisconsin woman leads charge against Bush programs

Washington - Anne Gaylor, Wisconsin's best-known atheist, has fought to keep church and state separate for almost 30 years. But the 80-year-old Gaylor marked a first Wednesday when a lawsuit she brought was heard by the United States Supreme Court.

Attorneys said the case, the subject of hourlong arguments Wednesday, is the first challenge to the Bush administration's faith-based initiatives to reach the high court.

The separation-of-church-and-state case, also the first of its type to be heard under Chief Justice John Roberts, hinges on a narrow but key legal question: Can the average taxpayer allege violations of the First Amendment's Establishment Clause, which states: "Congress shall make no law respecting an establishment of religion . . . "

Gaylor, who lives in Madison, was on hand with other officials of the Freedom from Religion Foundation, which she founded in 1978. The dispute arose when Gaylor and her foundation filed suit against the Bush program in federal court in Wisconsin in 2004.

A judge tossed out the case, saying the plaintiffs lacked standing, which is a legal concept establishing whether someone has the right to appear in court to pursue his or her claims. The judge said the case failed a test established by the Supreme Court in that the plaintiffs' case involved the executive branch, not Congress' taxing and spending powers.

The Chicago-based 7th U.S. Circuit Court of Appeals disagreed with the lower court. Its 2-1 majority said the foundation's suit should go forward because "there is so much that executive officials could do to promote religion in ways forbidden by the establishment clause."

That prompted the director of the White House Office of Faith-Based and Community Initiatives to ask the Supreme Court to weigh in. Created in 2001

It was 2001, early in his presidency, that Bush used an executive order to create the faith-based initiatives office. It helps fund religious and community groups so they may fight crime, addiction, poverty and other social woes. The money is for social programs - not for proselytizing or purely religious activities. Under Bush, similar initiatives have been launched in a host of federal agencies, such as the Department of Health and Human Services.

Gaylor and her side said conferences put on under the banner of faith-based initiatives favored religious groups over secular organizations.

Two others from Wisconsin have high-profile roles in the litigation.

Jay F. Hein of Shawano has directed the White House's faith-based initiatives office since August. He, too, was in court, but let the Justice Department do the talking.

Doing that was Paul D. Clement, the U.S. solicitor general, who grew up in Cedarburg.

Clement told the nine justices on Wednesday that it was important to emphasize that if the high court found that Gaylor and her group did not have legal standing, that won't rule out lawsuits brought by "directly injured plaintiffs."

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Washington lawyer Andrew Pincus, who is representing Gaylor and her group on a pro bono basis, drew a question from the chief justice. Roberts asked whether, under Pincus' theory, a taxpayer might be able to sue the high court's marshal for the words used to open sessions of the court: "God save the United States and this honorable court."

Pincus disagreed, saying legal precedents require a taxpayer to identify discrete, identifiable and non-incidental expenditures.

Roberts and several of the justices peppered counsel with questions, seemingly split on the issue.

Observers say the case could have tremendous significance since it might limit the number of establishment clause challenges from taxpayers, even before the court considers the underlying issue: Do Bush's faith-based initiatives violate the Constitution?

The case is expected to be decided before the court begins its summer recess, expected in June. Women's rights was start

Gaylor is president emeritus of her foundation, led by her daughter, Annie Laurie Gaylor, 51, and her husband, Dan Barker, 57, both of Madison. They, too, were on hand.

The daughter put the foundation's membership at 9,000 and called the members a mix of "atheists, agnostics, rationalists, skeptics and free-thinkers."

The elder Gaylor said her fight to keep religion out of the public square flowed from earlier battles for women's rights and abortion rights. She said the realized in those campaigns, "the enemy was the same: organized religion, specifically the Catholic religion and fundamentalist sects."

"You really couldn't grow up in Wisconsin without feeling the heavy hand of religion," said Gaylor, who grew up in Tomah and graduated with an English degree from the University of Wisconsin in 1949.

This longtime crusader has had deaths threats because of her beliefs; once she was attacked on the set of a TV program in Philadelphia by a woman who said she "was going to drive the devil" out of her.

She won't venture a guess how the case will be decided, but is hopeful.

"I don't see how there should be any doubt: We are talking about the expenditure of billions of dollars, taxpayer money. Billions." Key points

· President Bush's faith-based initiatives give money to religious and community groups so they may fight crime, addiction, poverty and other social woes.

· The issue: It's a narrow one - Can the average taxpayer allege violations of the First Amendment's Establishment Clause, which states: "Congress shall make no law respecting an establishment of religion . . . "

· This is the first case involving separation of church and state to be heard under Chief Justice John Roberts (above).

War On Warming Begins At (Al Gore's) Home (WP)

By Chris Cillizza And Matthew Mosk

The Washington Post, March 1, 2007

Fresh off his victory lap at the Academy Awards, former vice president Al Gore -- who has not closed the door on a 2008 bid -- found himself in a more familiar position: on the receiving end of a political attack.

The barb came via the Tennessee Center for Policy Research, a Nashville-based think tank that advocates "limited government through policy solutions," according to its Web site.

"As the spokesman of choice for the global warming movement, Al Gore has to be willing to walk the walk, not just talk the talk, when it comes to home energy use," said the group's president, Drew Johnson, in a release alleging that Gore's house in the Volunteer State uses 20 times as much electricity as the average household nationwide.

Kalee Kreider, a spokeswoman for Gore, called the statement misleading.

"The power coming into their residence is green, renewable power," she said, explaining that the Gores participate in a program called Green Power Switch, which is run through the public Tennessee Valley Authority. Green Power Switch supplies energy from renewable sources to its members.

Kreider added that a renovation of the Gores' house is underway to make it more energy efficient, an update that will include the addition of solar panels.

Johnson was unimpressed. "The energy he receives into his house is no different than what I receive into my house," he said. "He doesn't have a green power line hooked to his house."FEC Fines Anti-Kerry 527 Group

The Federal Election Commission levied one of its largest fines ever yesterday against the Progress for America Voter Fund, a conservative group that raised $44 million to help undermine Democrat John Kerry's 2004 presidential bid.

The fine was the latest in a series of FEC penalties imposed on high-profile independent groups that operated on both sides of the 2004 presidential elections. The FEC is trying to send a message to the "527" organizations, FEC Chairman Robert Lenhard said in a statement.

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"It should now be clear to organizations that want to be active in the 2008 cycle that the activities we saw in this case are prohibited under the law," Lenhard said.

Progress for America agreed to pay the $750,000 fine as part of the deal, which did not require the group to admit wrongdoing. The group took issue with the penalty, arguing that the FEC had not clarified how the newly enacted McCain-Feingold provisions would affect 527s and had not explained what campaign-related activities 527s were allowed to perform.

FEC commissioners have said the penalties should serve as guidelines for what will and will not be permitted. In the case of Progress for America, the FEC noted that the group made clear "through its public statements, activities, and solicitations for contributions" that it should have registered as a traditional political committee.Daley Cruises to Sixth Term

Chicago Mayor Richard M. Daley (D) crushed two little-known opponents Tuesday to win a sixth term in his post, putting him on the verge of a historic achievement.

Daley received roughly 71 percent of the vote. Cook County Circuit Court Clerk Dorothy Brown (20 percent) and activist William "Dock" Walls III (9 percent) split the remaining votes.

With the win, Daley is positioned to break his father's record for consecutive years of service as mayor. Richard J. Daley held the post from 1955 until his death in 1976. Richard M. Daley was first elected in 1989.

CIVIL RIGHTS:

FBI Plans To Revisit Orangeburg Massacre (TSSC)

By Rick Brundrett

The State, March 1, 2007

The FBI might reopen an investigation into the 1968 slayings by police of three black students at S.C. State College — known as the Orangeburg Massacre — and two other civil rights-era deaths in South Carolina.

The S.C. cases are among about 100 death cases nationwide the FBI said it will re-examine in partnership with the National Association for the Advancement of Colored People, National Urban League and the Southern Poverty Law Center.

U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller on Tuesday announced the “Civil Rights-Era Cold Case Initiative” with leaders of the civil rights organizations.

Cleveland Sellers, who was among 30 people shot during the Feb. 8, 1968, incident at the S.C. State College campus, said Wednesday an investigation of the Orangeburg case is “certainly overdue.”

“The Orangeburg Massacre is, in fact, a litmus test for racial relations in South Carolina,” said Sellers, 63, now head of the African-American studies department at the University of South Carolina. “I want the incident to be thoroughly investigated and the truth to come out.”

Lonnie Randolph, president of the state NAACP conference, said his organization recommended the Orangeburg case to the FBI after polling member branches statewide.

“Our goal always is for justice to prevail, “ he said. “To kill three people — it’s hard to think justice has been served when individuals are shot in the back.”

Former Gov. Robert McNair, who has been criticized by black leaders for his handling of the incident, said Wednesday in a prepared statement that any decision by the FBI and U.S. Department of Justice to reopen their investigation is “certainly up to them.”

“Immediately after the tragedy at Orangeburg, we requested that the FBI and Department of Justice conduct a full and comprehensive investigation of all of the events surrounding this incident since we felt very strongly that the state of South Carolina could not investigate itself,” said McNair.

McNair, in a biography released last year, said he accepts responsibility for the tragedy — his strongest statement to date about the matter.

The initial FBI probe led to federal charges against eight state troopers and another police officer. They were acquitted later by a mostly white jury.

Besides that incident, the FBI said this week it also will re-examine the death of a 13-year-old Edisto Island boy whose body washed ashore in Charleston County in 1960, and the 1965 shooting death of a man in an area of Allendale County where civil rights demonstrations were held. Both victims were black.

Most of the cases referred to the FBI are from the South. Georgia, for example, has 13 cases, and North Carolina, three.

Thom O’Neill, spokesman at the FBI office in Columbia, said Wednesday the decision whether to formally reopen any of the three S.C. cases will be made by Brian Lamkin, special agent in charge of the FBI’s S.C. operations. No deadlines have been set to complete investigations, he said.

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O'Neill acknowledged the cases could be difficult to investigate, depending, for example on what records exist and how easy it will be to track down witnesses. The Orangeburg case could raise constitutional questions because the charged officers were acquitted.

"That one's a little sticky," O'Neill said.

Sellers, then a young civil rights activist who was the only person sent to prison in the incident, said he's not interested in seeing new charges brought against officers involved in the shooting. Sellers was convicted of inciting a riot and served seven months in prison but received a full pardon from the state in 1993.

Instead, Sellers said, he wants state lawmakers to create a special commission to investigate the case. Previous bills aimed at doing that have died in the Legislature.

"I am hopeful that the state, through the Legislature, will step forward and raise the veil of secrecy and silence," said Sellers, whose son, Bakari Sellers, D-Bamberg, was elected to the S.C. House in November. "They (authorities) have created culprits and placed the blame for what happened on innocent victim-citizens."

Like Sellers, U.S. Rep. Jim Clyburn, D-S.C., who graduated from S.C. State in 1961, experienced firsthand what it was like to be a civil rights protester in those days.

"There was a tension hanging all over Orangeburg that went back to the 1950s," Clyburn said Wednesday. "We were protesting policies, procedures and laws that were unjust."

In 1960, Clyburn was charged with breach of the peace during a demonstration in Columbia. His conviction later was overturned by the U.S. Supreme Court.

Louisiana Victims Helped Move FBI To Reopen Cold Cases (SHREVET)

Shreveport Times, March 1, 2007

WASHINGTON — Nine Louisianans are included in a list of 76 suspicious or criminal deaths in the 1950s and 1960s that spurred the FBI to reopen investigations into possible civil rights abuses from that turbulent time.

Bureau officials on Tuesday announced the investigations amid a Justice Department focus on cracking unsolved cases from the nation's civil rights era.

The high-priority cases, which FBI Director Robert S. Mueller described as numbering between 10 and 12, are among an estimated 100 that investigators nationwide are looking at as possible civil rights-related murders.

None of the nine Louisiana cases in the list maintained by the Alabama-based Southern Poverty Law Center occurred in the immediate Northwest Louisiana area. But several did take place in Ruston and Monroe, including one 1960 shooting rampage where four people were killed.

Attorney General Alberto Gonzales acknowledged that many of the cases may be beyond the boundaries of what the federal government can legally prosecute. But they "remain on our radar," he said.

"Much time has passed on these crimes," Gonzales told reporters in Washington. "The wounds they left are deep, and still many of them have not healed. But we are committed to re-examining these cases and doing all we can to bring justice to the criminals who may have avoided punishment for so long."

Addressing civil rights violators, Gonzales said: "You have not gotten away with anything — we are still on your trail."

Officials declined to release details about which cases have been reopened, or where, but said that nearly all are located in 14 states in the South. Investigators later confirmed, for example, that the unsolved 1946 lynching of four sharecroppers on Moore's Ford Bridge near Monroe, Ga., was among those being investigated.

But they declined to comment on whether another high-profile case was being included — that of Maceo Snipes, a black World War II veteran who in 1946 was shot in the back by four white men a day after he voted for the first time. No one was ever arrested in that killing in rural Georgia, about 90 miles south of Atlanta, and there is no evidence a criminal probe in the case was ever opened.

Richard Cohen, president of the Southern Poverty Law Center, said the government's renewed focus on the cold cases could help uncover what he called "a few burning embers.

"There are a lot of stones to turn over," Cohen said. "I think it would be wrong to give families false hope, but I think it would be right to say that people still care."

Mueller said the FBI began re-examining its old case files more than a year ago amid a spate of civil rights cases that investigators and prosecutors successfully solved.

Most recently, the Justice Department brought kidnapping and conspiracy charges last month against James Ford Seale, 71, in the 1964 abductions and murders of Charles Eddie Moore and Henry Hezekiah Dee in southwest Mississippi. Seale has pleaded not guilty and is due for trial in April.

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Horace Harned, 86, a former Mississippi legislator and member of the segregationist Sovereignty Commission, said he'd prefer that authorities leave the past in the past and not reopen the cases, but "I don't think there's anything we can do to stop it.

"I think we shouldn't dig up too much of these things," Harned said.

He added: "We'll have to let justice prevail. I believe in the jury system. As long as the jury system is maintained properly, we should go to it and let justice prevail."

— The Associated Press contributed to this story.

Editorial: Till Case: Time Takes Its Toll On 1955 Case (JCL)

Jackson Clarion-Ledger, March 1, 2007

The LeFlore County grand jury has decided not to issue any indictments in the 1955 slaying of Emmett Till. That may be disappointing to those who have worked to bring justice in this case. But the grand jury did its job. The tragedy is that it took so long for the case to be fully considered.

District Attorney Joyce Chiles of Greenville should be commended for reviewing the 8,000 pages of evidence and presenting it. Only time seems to have killed chances for prosecution, not lack of diligence today.

The Aug. 28, 1955, slaying of Till remains a pivotal moment in the civil rights movement. Till was killed after he reportedly whistled at a white woman, Carolyn Bryant, the last known living suspect. Her then-husband, Roy, and his half-brother, J.W. Milam, admitted they killed Till after an all-white jury had acquitted them. Both have since died.

But the case is also noteworthy, since it:

Is one of 29 killings from the civil rights era since 1989 reopened, leading to 28 arrests and 22 convictions;

Should spur a "cold case" unit of the Justice Department to investigate unsolved civil rights killings in a bill before Congress.

Justice can come still.

City, Justice Dept. Meet With NAACP (CTPOST)

By Melvin Mason

Connecticut Post, March 1, 2007

ANSONIA — For the second time in as many months, city officials and officers with the National Association for the Advancement of Colored People met with staff from the U.S. Depa

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As was the case after a similar January meeting, attendees were vague about what was discussed with officials from the Department of Justice's Community Relations Service, designed for resolving conflicts dealing with race, color and national origin.

The two-hour meeting, held in the Erlingheuser Room at City Hall, was closed to the public and the media.

Attending Wednesday's session were Mayor Jim Della Volpe, Police Chief Kevin Hale, Corporation Counsel Kevin Blake, local NAACP President Greg Johnson, Housing Authority Executive Director Jim Finnucan, former alderwoman Ralphine Ford and Riverside Apartments tenant leader Naomi Wallace. Johnson did not elaborate on concerns brought up at the meeting; he only said that he thought the meeting offered plenty of positives.

"It was to discuss strategies and ways to improve the quality of life for all citizens of Ansonia," Johnson said. "It was a very productive meeting."

He said "a gamut of things" was discussed.

Della Volpe was brief in his post-meeting comments, saying the group "had a very good discussion and a healthy discussion of the issues."

Francesco Amoroso, the regional director of the Community Relations Service, offered no comment, saying agency officials are not permitted to comment when called in to mediate.

Johnson said the group will meet again, but he did not say when.

Tenants at Riverside Apartments on Olson Drive have voiced concerns about their housing complex.

The city housing authority is in the middle of an 18-month plan to clear out three buildings slated for demolition, moving Riverside residents to other apartments in the complex or providing them with Section 8 vouchers to live elsewhere.

The authority has hired Mapplan Associates to create a possible new development on the Riverside site.

Housing authority officials say the existing Riverside complex is too expensive to maintain because it receives less money from the U.S. Department of Housing and Urban Development.

Some residents and local groups have criticized the demolition project, saying it is taking affordable housing away from people who need it.

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Melvin Mason, who covers the Naugatuck Valley, can be reached at 736-5440.

High Court Case Tests Limits Of Student Speech Rights (USAT)

By Joan Biskupic

USA Today, March 1, 2007

When the Olympic torch passed through Juneau, Alaska, in 2002, high school senior Joseph Frederick thought it would be fun to get on TV. As the torch relay passed by his school, Frederick led his friends in unfurling a banner that read, "Bong Hits 4 Jesus."

It was, Frederick said later, an attempt to get attention with a nonsensical message.

Deborah Morse, the principal at Juneau-Douglas High School, saw something more. She tore down the banner and suspended Frederick for 10 days, saying that because "bong" was a reference to marijuana, the sign violated the school's anti-drug policy.

Five years later, the spat in Juneau has become a significant legal test of students' speech rights — and of how far school officials can go in limiting such rights to try to maintain order in schools. On March 19, when the U.S. Supreme Court hears arguments in Morse v. Frederick, school officials nationwide will be watching for signs of whether the justices will make it more difficult to enforce a range of campus speech regulations that have been imposed in recent years.

Such policies — many inspired by the slayings of a dozen students and a teacher by two outcasts at Colorado's Columbine High School in 1999 — have banned students from wearing clothing or posting signs that focus on drugs, guns or incendiary topics such as homosexuality, abortion and religion.

The Juneau case will be the first major dispute over student speech rights to come before the high court in nearly two decades. It requires the justices to revisit a landmark ruling from 1969, when the court decided a dispute involving three Iowa students who wore black armbands to school to protest the Vietnam War. They were suspended and went to court, saying their First Amendment speech rights had been violated.

The Supreme Court ruled for the teenagers, saying, "It can hardly be argued that either students or teachers shed their constitutional rights to freedom of speech or expression at the schoolhouse gate."

Since then, that view has been somewhat diluted by rulings that have allowed schools to ban "plainly offensive" speech of a sexual nature, and to have wide latitude over control of school-sponsored speech, such as articles in school newspapers. However, lower courts have not been consistent in determining what kind of messages are "plainly offensive" and what types of student speech can be punished.

The court's ruling in the current case, like the decisions in the earlier disputes, would not be likely to affect the rights of college students. In middle and high schools, where nearly all of the students are minors and administrators adopt a parent-like role, administrators have a stronger legal hand to maintain discipline and set rules for student speech.

In a court brief filed in support of Morse and the Juneau school board, attorneys for the National School Boards Association say that as schools grapple with increased violence and drug use, it's important for administrators to be able to regulate slogans dealing with particularly controversial issues.

"We are counting on this case to give us clarity," says Peggy Cowan, superintendent of the Juneau school district. "It was important (for Morse) to take the sign down. Leaving it up would have communicated that it was OK to promote the use of illegal drugs."

Frederick, who is traveling abroad, says through his attorney that school limits on student speech have gotten out of hand. Now 23, he says that "schools use 'zero tolerance' policies to cloak their abuse of authority and disregard for student rights."

Morse v. Frederick also is drawing attention from school officials because it raises another provocative question: whether a principal can be held personally liable for infringing on student speech rights.

Morse is appealing a federal appeals court's ruling that she is liable for money damages to Frederick because past rulings "clearly established" that she was not entitled to tear down the "Bong Hits" sign.

Principals should be shielded from such financial responsibility, Morse's attorney, Kenneth Starr, argues in court papers. Starr — known to many Americans as the independent prosecutor whose investigation led to the impeachment of President Clinton — calls the appeals court's decision "deeply alarming to school administrators across the country."

Students score court victories

David Hudson, a lawyer at the First Amendment Center at Vanderbilt University in Nashville, says the legal landscape for student speech has changed significantly since the armband case in 1969.

He says some judges have been particularly influenced by Columbine and have cited it "explicitly in their opinions" supporting school officials, while others have more broadly interpreted student rights under the 1969 ruling.

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In recent years, students who claimed their speech rights were violated by school policies have won some court decisions. Among them:

·In Vermont, middle school student Zachary Guiles was suspended in 2003 for wearing a T-shirt to school that derided President Bush as the "Chicken-Hawk-In-Chief." Guiles, now a junior at the Interlochen arts boarding school in Michigan, says he wore the shirt to school because he wanted his classmates to question the Iraq war.

After he was suspended, Guiles — with help from the Vermont chapter of the American Civil Liberties Union — took the school system to court. A trial court agreed with school officials, saying the T-shirt — which portrayed Bush as a chicken with a martini in one wing and a cocaine straw in the other — was "plainly offensive" under the Supreme Court's standards.

Guiles took the case to an appeals court, which said that "without question," the shirt "uses harsh rhetoric and imagery to express disagreement with the president's policies and to impugn his character." However, the appeals court said, "because Guiles' T-shirt did not cause any disruption, censorship was unwarranted."

Guiles says that when he wore the shirt, "there wasn't much of a backlash at the school. The kids weren't really pro-Bush as much as they were apathetic."

·In 2002, Alan Newsom, a 12-year-old middle school student in Albemarle County, Va., was reprimanded by a vice principal after wearing a National Rifle Association T-shirt that depicted three silhouettes of men with firearms. Newsom had attended an NRA camp to improve his shooting skills, says his father, Fred Newsom.

After being confronted by the vice principal, Alan turned the shirt inside out. Later, with the help of NRA lawyers, Newsom and his family successfully sued to change the school's dress code, which had prohibited "messages on clothing, jewelry and personal belongings that relate to … weapons."

Newsom claimed the policy was discriminatory and violated his First Amendment rights. The case was dismissed by a trial court, but a U.S. appeals court sided with Newsom, saying the policy was too vaguely worded and could include clothing with slogans that were not disruptive in schools.

Going to court "was a difficult thing for the family," Fred Newsom says. "But if you can't stand up for the Constitution, what can you stand up for?"

When the U.S. Court of Appeals for the 9th Circuit ruled in favor of Frederick last year in the Juneau case, it cited the Newsom decision, among others. It said that "our sister circuits have similarly held that student speech that is neither plainly offensive nor school-sponsored can be prohibited only where the school district demonstrated a risk of substantial disruption."

Frederick says the words on his "Bong Hits" sign were merely nonsense, meant to attract TV cameras. In siding with him, the appeals court said that even if the message was pro-drugs, officials should not have censored such "non-disruptive" speech.

A complicating factor in the case — one that has made judges sympathetic to Frederick's case to this point — is that the incident occurred across the street from Juneau-Douglas High School, rather than on its grounds.

School officials say that shouldn't matter because the torch parade, a prelude to the Winter Olympics in Salt Lake City, was co-sponsored by the school. They note that the school's pep band played as the torch passed, its cheerleaders were in uniform to cheer the parade, and teachers supervised the event.

Morse says in court papers that if she had not taken down the banner, it would have amounted to the school district approving of its message. That, she says, would have been "inconsistent with the district's responsibility to teach students the boundaries of socially appropriate behavior."

Questions of defiance

Frederick says his actions were about free speech. "I was just trying to assert my right," he says through his attorney, Douglas Mertz. Mertz says that in an earlier incident at the school, an assistant principal threatened to suspend Frederick because he did not stand during the Pledge of Allegiance.

Superintendent Cowan says the school has no record of such an incident. Starr's brief on behalf of the school system says that a school official had observed that Frederick had "a history of defiant behavior."

In his court filing, Mertz tells the justices, "There is no dispute that schools have an important message to deliver regarding the perils of drug abuse. But the First Amendment recognizes a critical distinction between delivering that message to students and imposing an enforced orthodoxy that tramples on free speech."

Mertz says that in displaying the sign, Frederick was not trying to promote illegal behavior. The attorney also notes that in Alaska and elsewhere, marijuana laws have been a subject of political debate.

Starr counters that the appeals court that ruled in Frederick's favor substituted "its own unforgivingly libertarian world view" for school officials' efforts to "encourage a drug-free student lifestyle." Starr says Frederick's message was far beyond what the Supreme Court sought to protect in the 1969 ruling.

Cowan says the district encourages students to speak out on controversial issues. "We do not restrict serious speech," Cowan says. She called Frederick's sign "nonsensical promotion of drugs," rather than part of a serious discussion or debate.

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"Up to this point, we thought that a principal enforcing an anti-drug policy was safe to do so," she says. "Now school administrators are walking on eggshells."

'Don't Ask, Don't Tell' Repeal Eyed (WT)

By Eric Pfeiffer

The Washington Times, March 1, 2007

Democratic Rep. Martin T. Meehan yesterday said he will introduce legislation repealing the military's "Don't Ask, Don't Tell" policy that allows homosexuals to serve in the armed forces.

Mr. Meehan said public opinion has changed since the policy began 14 years ago under the Clinton administration, and that allowing homosexuals to openly serve will help the military retain specialized members, including linguists fluent in Arabic.

A 2005 Government Accountability Office report says more than 10,000 members of the armed services, including 750 service members with specialties "critical" to the war on terror, have been discharged since the policy was implemented.

"It will still be an uphill climb," said Mr. Meehan of Massachusetts. "But the November election can only mean good things for my bill."

The bill, "Military Readiness Enhancement Act," has 109 co-sponsors, including three Republicans. Nonetheless, it faces opposition from many lawmakers, including House Armed Services Chairman Ike Skelton, Missouri Democrat.

"It's not going anywhere," said Elaine Donnelly, president of the Center for Military Readiness, a group that opposes allowing homosexuals to serve in the military.

"Even the Democrats I've talked to don't want to touch this bill. It's very straight-forward, people who are homosexual are not compatible with the military's standards of service."

During the 1992 presidential campaign, Bill Clinton promised to change military policy by allowing homosexuals to openly serve. However, he reversed course after facing strong bipartisan opposition.

The policy says: "Sexual orientation will not be a bar to service unless manifested by homosexual conduct. The military will discharge members who engage in homosexual conduct. ..."

Tony Snow, White House spokesman, said the President Bush supports the military policy.

"We will see what happens if Congress comes up with something," Mr. Snow said.

Marine Staff Sgt. Eric Alva, the first solider injured during the Iraq war, joined Mr. Meehan during his Capitol Hill press conference yesterday and announced he is homosexual. He said he is leaving the Marines after 13 years to work for the Human Rights Campaign, a lobbying organization that supports gay rights.

"I'm an American who fought for his country and for the rights of all Americans, not just some of them," Sgt. Alva said.

Public and military opposition to homosexuals openly serving in the military has decreased in recent years.

A December 2006 Zogby International poll found that 73 percent of military service members were "comfortable" serving with homosexuals.

"I hope we get beyond this foolish policy, and one that I think is cruel," said Rep. Christopher Shays, one of the three House Republicans who has co-sponsored Mr. Meehan's bill.

"The military isn't saying gays can't serve, they're saying they can't tell," he said. "So, military commanders know there are gays in the military."

Same Town, Different Communities (WP)

By Lonnae O'neal Parker

The Washington Post, March 1, 2007

Ask older residents of historic North Brentwood their recollections of the town, and they go into a reverie about kids playing house-to-house and about how the town was self-contained with businesses and shops. Mostly, it was black, and the generations who had lived there gave the place its essence.

But "change comes," said Eleanor Traynham, 71, who was born and raised in the town, in Prince George's County, and returned in 1992. And "you have to be able to adapt to change."

On a late afternoon, children run across the lawns of modest three-bedroom homes, young mothers carry groceries, and fathers in coveralls arrive home from work. These families are Latino. A few yards away, much older residents are checking mail or working on their cars or greeting each other with late-day banter. They are black.

In a town changing without overt rancor, they are neighbors without the neighborliness, separate groups leading lives that don't touch, even though their property lines do. It's a new challenge for this historic place -- re-creating community.

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It's a challenge that plays out against a backdrop of seismic demographic shifts. In 2003, Latinos overtook African Americans as the nation's most populous minority. Fueled by a boom in construction and low-wage service jobs, the Washington region had the ninth-largest Latino population gain in the country from 2000 to 2004.

In Prince George's, most of the Latino population, which doubled from 1990 to 2000, is concentrated inside the Beltway in the northwestern part of the county. As more Latinos graduate to homeownership, the relative affordability of housing in communities there has accelerated the pace of change.

In North Brentwood, population nearly 500, off Rhode Island Avenue just outside the District line, these shifts play out door-to-door. Since 2000, the historically black town has become 25 percent Hispanic.

Some black residents are concerned about what these changes mean for their community, even as they worry about seeming intolerant. Newer Hispanic residents say they get along with everyone, and if there is subtle awkwardness to their brief hello-goodbye exchanges with black neighbors, they're too busy working and raising their families to notice.

Originally settled by black Civil War troops, North Brentwood became the first incorporated black town in Prince George's -- and one of the first in the state -- in 1924, a thriving hamlet of single-family homes and businesses.

It had a tavern with a dance floor where such stars as Pearl Bailey performed. In 2003, the town was put on the National Register of Historic Places. Today, along leafy streets, small cottages border towering home construction and wide new additions.

One recent late afternoon, Santos Benitez, 27, a construction worker, was caring for his four children, ranging from 3 months to 10 years old, while his wife worked. The Salvadoran immigrant moved from a house in Northeast Washington two months ago. "This house is a lot bigger," said Diego Benitez, 10, who was skating in the driveway with his brothers Jonathan, 6, and Brian, 7. Santos Benitez said his neighbors didn't talk much, except when one came over to complain about his dog.

Hiawatha Crank, 55, a plumber and diesel mechanic originally from South Carolina who moved to North Brentwood in 1980, said the community feel reminded him of home. He noticed the first Latino family five years ago. "Man, it seemed like after that happened, the sky broke loose, and they came from everywhere," he said.

His Latino neighbors seem all right and don't bother his family, he said. Still, he said that a spike in the price of homes, which now sell from $200,000 to $400,000, is putting Brentwood out of reach for many working-class blacks. Crank attributes the price spike to the Latino influx, even though property values across the county have risen sharply in the past five years.

He pointed out single-family homes he said housed multiple Latino families. Recent data for the number of residents per household were not available for North Brentwood. Nationally in 2005, Hispanics composed about 11 percent of U.S. households but made up more than 50 percent of households deemed crowded (more than one person per room), according to the Census Bureau's American Housing Survey.

Nearby, Crank's buddy Charles Cuffie, 62, a retired bus driver, voiced a commonly held suspicion among black residents that Latinos sometimes pretend not to speak English to avoid conversation.

"Things change," said Crank's daughter, Tammi Crank, 20, a security officer with the federal Department of Homeland Security. "I just never thought it would happen in my neighborhood."

The influx is driven by housing prices that are cheaper than in Fairfax and Montgomery counties and real estate agents who steer Latinos into certain neighborhoods, said Audrey Singer, an immigration fellow at the Brookings Institution.

Decades ago, the county was roiled as it shifted from majority-white to majority-black. Peter Shapiro, a former Town Council member and County Council chairman, who is white, has seen friction between blacks and Latinos in other Prince George's neighborhoods. Perhaps because of its strong sense of identity, Shapiro said, North Brentwood seems determined not to repeat those mistakes.

Lillian K. Beverly, 77, who has lived in North Brentwood most of her life and been mayor since 1995, said she had fielded complaints about Latino residents parking on lawns or growing corn in their front yards -- relatively small problems that have been fixed. She knows that some residents feel wistful for bygone days but asked, "How can we as black folks always complain about being discriminated against if we're going to do the same?" She said the North Brentwood Memorial Garden and the planned Prince George's African American Museum and Cultural Center in North Brentwood will ensure that their legacy survives, even if their numbers continue to dwindle.

William A. Campos (D-Hyattsville), 32, who moved with his family from El Salvador to Hyattsville when he was 9 and represents North Brentwood on the County Council, said: "We're still learning one another in this area. It will take some time."

Campos said Latino residents don't always recognize that parking on the grass doesn't play well with neighbors. "The norm in a residential area here is not the norm for what we were doing back home," he said.

He said the notion of Latinos feigning ignorance of English was often a misunderstanding. Newcomers often pick up only a few words at a time, Campos said. "Why would you purposely not speak or want to understand the world that you live in? Sometimes you don't have that ability," he said.

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Campos agreed that Latinos often pool resources. "It becomes very natural to help each other sustain the house and at the same time be with the family," he said. It's an arrangement that he said some African Americans have told him they recognize from their own family histories.

Traynham, the North Brentwood resident, who is black, concurred. "Basically they are only doing the same thing African Americans did years ago. When African Americans migrated from the South, they always had a place where family members could come and stay," she said.

ValentÃ-n PeÃ±a, originally from El Salvador, said, speaking in Spanish, that blacks often wave, but neither group ever starts a conversation.

PeÃ±a said he understood that black residents might feel threatened, but his nephew, who wouldn't give his name, disagreed, in English. "I listen to Martin [Luther King]; he had a dream."

When Ever Diaz opened his auto repair shop in 1990, he spoke English, introduced himself to residents and attended community functions. It's a model for other newcomers, he said. "I didn't quit, and I didn't get angry," he said.

On a cold afternoon, Diaz introduced himself to Ramondo Lara, 38, a maintenance engineer who is married with two young sons and moved to North Brentwood three years ago. "Everybody says, 'Hi. How are you? I am fine,' " Lara said in halting English. Lara and Diaz joked that they should open a Salvadoran embassy. People have to get used to Latinos being here, Diaz said.

"Like everyone else, they are just looking to move up," he said.

Staff researchers Magda Jean-Louis and Meg Smith and El Tiempo Latino reporter Luz Lazo contributed to this report.

Slavery Is Not Dead. It's Not Even Past. (NYT)

By Bob Herbert

The New York Times, March 1, 2007

The Rev. Al Sharpton seemed subdued, quiet, reflective — which was unusual.

Just when we thought the news couldn't get any weirder, we learned this week, via The Daily News, that Mr. Sharpton's great-grandfather was a slave who was owned by relatives of Senator Strom Thurmond, the longtime archsegregationist who ran for president as a Dixiecrat in 1948.

"There's not enough troops in the Army," Mr. Thurmond told a screaming crowd during that campaign, "to force the Southern people to break down segregation and admit the nigra race into our theaters, into our swimming pools, into our schools and into our homes."

Mr. Sharpton seemed a little shaken by the revelation. "You're always kind of thinking that your ancestors were slaves," he said. "But this was my grandfather's father. I knew my grandfather. It's eerie when it becomes so personal."

The days of slavery are closer than we tend to think, and they were crueler than we tend to realize. Mr. Sharpton's great-grandfather, Coleman Sharpton, was sent with his wife and two children from South Carolina to Florida so a woman named Julia Thurmond Sharpton could send them out as laborers to pay off debts left by her late husband.

Julia Sharpton was a first cousin, twice removed, of Strom Thurmond.

"They were sent there solely for that reason," Mr. Sharpton said. "To make money to pay her debt. It was just so clear that they were nothing but property. The complete dehumanization — I don't think I fully understood it until this hit home."

There's a great deal that Americans don't fully understand about slavery. It's such an uncomfortable subject that the temptation is to relegate it to the distant past and move on. But the long tentacles of that evil institution are still with us. Slavery was the foundation of the thriving consumer society that we have today and the wellspring of the racism that still poisons so many white attitudes and black lives.

The sheer size of the phenomenon of slavery, which was woven into the very being of the early Americas, is not well known today. The historian David Brion Davis, in his book "Inhuman Bondage," tells us:

"By 1820 nearly 8.7 million slaves had departed from Africa for the New World, as opposed to only 2.6 million whites, many of them convicts or indentured servants, who had left Europe. Thus by 1820 African slaves constituted almost 77 percent of the enormous population that had sailed toward the Americas, and from 1760 to 1820 this emigrating flow included 5.6 African slaves for every European."

For most of the time between the Revolutionary War and the Civil War, the United States was governed by presidents who owned slaves.

One of the points Mr. Davis stressed was that the commodities produced in such tremendous volume by slaves — sugar, tobacco, coffee, chocolate, cotton — were crucial to the formation of the world's first global mass market.

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"From the very beginnings," wrote Mr. Davis, "America was part black, and indebted to the appalling sacrifices of millions of individual blacks who cleared the forests and tilled the soil. Yet even the ardent opponents of slaveholding could seldom if ever acknowledge this basic fact."

Instead of reaping rewards for this seminal role in the creation of a rich and powerful nation, blacks have been relentlessly vilified by a profoundly racist society and frozen out of most of the nation's bounty. Consigned to the bottom of the caste heap after emancipation, and denied some of the most basic human rights, blacks became the convenient depository of whatever blame and negative stereotypes whites chose to cast their way.

The abject state ruthlessly imposed upon blacks for so long became, perversely, proof of their inferiority. Blacks gave whites of all classes someone to look down upon.

Slavery, like the past, as Faulkner reminded us, is not dead. It's not even past. It's not something that you can wish away.

The other night Reverend Sharpton flew into Miami to attend a conference. At the airport someone asked for his autograph.

"It was the first time in my life that I thought about why my name is Sharpton," he said. "I mean this whole thing is as personal as why your name is what it is. You're named after someone who owned your great-grandparents."

My Link To Strom Thurmond (LAT)

By Al Sharpton Jr.

The Los Angeles Times, March 1, 2007

LAST WEEK, I received the shock of my life. I found out that my family was enslaved by the family of the leading segregationist of our time, the late Sen. Strom Thurmond of South Carolina. I don't know whether Thurmond himself was my blood relative; there has been no DNA testing yet. What I do know now is the horrific details of how my great-grandfather and family were slaves, directly owned and leased out like chattel animals. This revelation about my ancestors has made slavery real to me. It is no longer an abstract horror. It is my family history — and the Thurmonds'.

Sen. Thurmond's hatred for blacks was so strong that, in 1948, he walked out of the Democratic National Convention and ran for president on a segregationist ticket. Words cannot fully describe the feelings I had when I learned the awful truth. Not only am I the descendant of slaves, but my family had to endure the particular agony of being slaves to the Thurmonds, the symbol of everything about America that I have fought to change. I felt humiliated and prideful; reflective and angry; oppressed and uplifted. I thought about what it must have been like to be a slave, and then what my great-grandfather would have thought about me and about my strengths, my weaknesses. Am I doing enough in my life to make him proud? It also made me reach out to my father, someone I have not really spoken to often because he left my family when I was just 10 years old.

My great-grandfather, Coleman Sharpton Sr., and his family were owned by a white woman named Julia Ann Thurmond shortly before the Civil War. They lived in, of all places, Liberty, Fla. Before that, they were the property of the white slave owner Alexander Sharpton of South Carolina. Sharpton's son, Jefferson, had married Miss Thurmond, and died in debt, so Sharpton sent my great-grandfather, Coleman Sharpton, and his family to Liberty in 1861 to work off the debts. Julia Thurmond Sharpton inherited my great-grandfather. Julia Thurmond's grandfather was also Strom Thurmond's great-grandfather.

When Coleman Sharpton finally shook off the chains of slavery, he became a turpentine dipper — work so awful that, when you finished a day's work, you had to wash yourself in gasoline to get the stickiness off your body. But the grim reality of my ancestry, and the ancestry of millions of African Americans, is that I am sure even the torturous job of turpentine dipping gave my great-grandfather joy because he was finally free and recognized as a man, no longer the property of someone else.

Every day from now on, when I write my name, I will think about how I got that name. I will think about how Al Sharpton, the white slave owner, sent my family to Strom Thurmond's relatives to work off Thurmond debts. America's shame is that I am the heir of those who were property to the Thurmond family.

In the end, it is irrelevant whether Strom Thurmond and I are related by blood. Of course, so many African Americans have had to deal with the knowledge that they are the relatives of the whites who enslaved them. Still, I want to know the truth.

Obviously, the temptation here is to fall into the caldron of anger that swirls when you visualize your flesh and blood, most assuredly proud and strong, waking up every day enslaved. You have to hope they realized that they suffered so that one day their descendants could live the life that was stolen from them.

But rage will do no good for Coleman Sharpton's descendants or the Thurmond descendants. My family and the Thurmond family must rise above the ugly, shameful past that binds us, just as America must come out of denial and seek to repair the damage that slavery has done and to eliminate the bigotry that still lingers.

The news of my own past was brought to me unsolicited. But I hope all African Americans will seek their family history so we can dignify the memories of our forefathers and change the America of the future. And, if we can take that step, certainly all Americans, black and white, can join us.

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ANTITRUST:

Sirius CEO Vows Postmerger Price Cuts (WSJ)

By Corey Boles

The Wall Street Journal, March 1, 2007

WASHINGTON -- Sirius Satellite Radio Inc.'s chief executive, Mel Karmazin, told lawmakers the company would cut consumer prices if federal authorities approve its merger with XM Satellite Radio Holdings Inc.

Mr. Karmazin tried to allay concerns that subscribers' costs would rise after the $11.4 billion merger of the two struggling satellite-radio operators, telling the House Judiciary Committee's antitrust task force the merger would lead to a decline in prices. For basic monthly service, subscribers to both radio operations pay $12.95 a month. "The idea of raising prices to compete with free radio is bizarre and doesn't work," he said. "We are committed to not raising prices and, in fact, are committed to lowering prices."

Rep. John Conyers (D., Mich.), chairman of both the Judiciary Committee and the task force, was skeptical. "We don't have too good a record of satellite companies keeping their promises," Mr. Conyers said. "'Trust me' isn't going to work here, not just today, but in the longer-term examinations you will be going through."

Democratic Rep. Rick Boucher of Virginia said the merger should get a green light as long as the companies agree to a series of conditions and to freeze prices.

The conditions he suggested were outlined by Gigi Sohn, president of Public Knowledge, a public-interest group with a focus on communications. In her testimony before the task force, Ms. Sohn said the companies would have to allow consumers to subscribe on a channel-by-channel basis or tiered programming. She added they should agree to make 5% of capacity available to noncommercial, educational purposes and freeze prices for three years once the merger is approved.

"I would think that if those conditions are reached, the merger should be allowed to proceed," said Mr. Boucher, who sits on both the antitrust task force and the Commerce Committee's telecommunications panel.

Mr. Karmazin ruled out channel-by-channel subscriptions, saying the companies' technology wouldn't allow it, and said he would be reluctant to offer tiers of channels at reduced rates, as it would likely mean a "loss of revenue." Nor would he be pinned down on how long a merged company would cut or freeze rates. He suggested the maximum would be four years.

In response to questioning from the ranking Republican member of the task force, Rep. Steve Chabot of Ohio, Mr. Karmazin said Sirius and XM weren't making a "failing company argument" and said the merger between the two companies wasn't necessary. He emphasized that it would be in the best interests of consumers for the merger to be allowed.

Write to Corey Boles at corey.boles@dowjones.com3

Skeptics Question XM-Sirius Merger Plan (WP)

By Charles Babington, Washington Post Staff Writer

The Washington Post, March 1, 2007

The nation's two satellite-radio companies promised yesterday to refrain from raising prices, for a time at least, if they are allowed to merge. But some lawmakers and consumer groups appeared dubious.

Mel Karmazin, chief executive of Sirius Satellite Radio, told the House Judiciary Committee's antitrust task force that consumers would benefit if the government allowed his company to merge with rival XM Satellite Radio Holdings. "We are committed to not raising prices, and we are committed to lowering prices," said Karmazin, who would be chief executive of the new company.

The panel's chairman, Rep. John Conyers Jr. (D-Mich.), responded: "How do we enforce promises? . . . 'Trust me' isn't going to work here."

Karmazin said Sirius and XM might accept conditions if the Federal Communications Commission and Justice Department were to approve the merger. But he declined to say how long they might agree to cap subscription prices, now set at $12.95 a month by both companies. XM and Sirius have said a merged company would offer various levels of content, presumably at varying prices, but they have declined to provide details.

Owners of free, over-the-air radio stations strongly oppose the merger, and the president of their association sharply challenged Karmazin at the hearing. The government cannot trust XM's and Sirius's promises, "given their long track record of breaking FCC rules," including causing signal interference with local radio stations, said David K. Rehr, president of the National Association of Broadcasters.

Sirius CEO Says He'd OK Price Caps (USAT)

DOJ_NMG_0138548

By Paul Davidson
USA Today, March 1, 2007

To win approval of their blockbuster merger, the nation's two satellite radio companies would accept government-mandated conditions guaranteeing consumers lower prices and more channels, the head of Sirius Satellite Radio told lawmakers Wednesday.

"We will give people more choice than they had before and lower prices and less confusion," Sirius CEO Mel Karmazin told the House Judiciary Committee's new antitrust task force.

The hearing served up the first public airing of the proposed link-up between Sirius and XM Satellite Radio since it was announced last week. Wednesday's debate underscored the complexities of the merger, with divisions within the ranks of public-interest advocates and each political party on whether consumers would be helped or hurt.

Critics such as the National Association of Broadcasters say the merger, which requires approval from the Justice Department and Federal Communications Commission, would forge a monopoly satellite radio provider that would raise prices and limit choice. Karmazin says that would never happen because satellite radio competes with traditional radio, Internet radio, iPods, music on cellphones and digital radio.

Noting that there are some 10 million subscribers to both services, Karmazin said, "Why would people who don't subscribe at $12.95 subscribe at $14.95?"

The companies, which each charge about $13 a month for more than 100 channels, have lost billions of dollars between them while competing to sign up high-priced talent such as Howard Stern and Oprah Winfrey. By combining, Karmazin said, customers could get both Major League Baseball and the NFL, for instance, on the same radio service. And the new giant could use cost savings to cut prices.

Rep. John Conyers, D-Mich., committee chairman, was skeptical. " 'Trust me' isn't going to work here."

"I'm prepared to work with Congress, work with regulators to do what you need to do to have something beyond 'Trust me,' " Karmazin said.

He would not commit to a term for any conditions, except to say "between two weeks and four years."

Consumer advocates were split. Mark Cooper of the Consumer Federation of America argued that traditional radio, the Internet and other services don't compete directly with satellite radio, which is nationwide and ad-free. Any conditions would be "short-term," he said. "Competition is the consumer's best friend."

But Gigi Sohn of Public Knowledge said that by scrapping duplicate channels, a merged company could air more niche channels, though she called for strict conditions.

Some typically merger-wary Democrats supported the deal while some Republicans were skeptical. " Stop throwing around the word 'monopoly,' " said Rep. Anthony Weiner, D-N.Y. "The competition they have is with radio stations charging zero dollars for the same or a similar product."

Radio Merger Gets Hill Scrutiny (WT)

By Kara Rowland, The Washington Times
The Washington Times, March 1, 2007

Federal lawmakers, kicking off their probe of the proposed $13 billion merger of rivals XM Satellite Radio Inc. and Sirius Satellite Radio Inc., yesterday quizzed both Sirius Chief Executive Mel Karmazin and one of the deal's most vocal opponents.

"We've come to this hearing with an open mind, but we also recognize that the companies have the obligation to convince Congress, regulators and most importantly, the American people that this combination will improve the competitive playing field and benefit consumers," said House Judiciary Chairman John Conyers Jr., Michigan Democrat.

The proposed XM-Sirius marriage faces regulatory scrutiny from both the Justice Department and the Federal Communications Commission. Yesterday's hearing was held before a new Judiciary Committee Antitrust Task Force established earlier this week to look at the deal and other antitrust issues.

Mr. Karmazin made the case for merging the two companies, arguing that times have changed since the competitors received their licenses from the FCC in 1997.

"Consumers will get more choice, lower prices and the ability to have less confusion and more content," he said.

Mr. Karmazin said a combined entity would be open to government-imposed conditions, including an agreement not to raise subscription prices for a certain period of time.

"If in order to get the deal done we have to make a concession, we're prepared to make a concession," he said.

But David Rehr, president of the National Association of Broadcasters and an outspoken critic of the deal, said the merger would create a "government-sanctioned monopoly."

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"Two companies that have a pattern and practice of violating their FCC licenses cannot be trusted with monopoly power," said Mr. Rehr, whose organization represents traditional AM/FM radio stations.

The hearing, like the regulatory reviews to come, largely turned on which services compete with District-based XM and Sirius of New York.

Supporters of the deal define the market widely to include traditional terrestrial radio, IPods, high-definition radio, Internet radio and cell phones that stream music.

Opponents say satellite radio is unique, and that the two companies price their services based on competition with each other.

"Right now, we don't have all the facts necessary to determine the legality of the merger," said antitrust analyst Charles Biggio, the only person to testify who did not take a position on the deal.

"My recommendation is that no firm conclusions be formed about this merger until the agencies have done their review."

Most members of the antitrust panel said they were approaching the merger with an open mind. However, proponents of the deal found allies in Rep. Rick Boucher, Virginia Democrat, who supports its approval, and Rep. Anthony Weiner, New York Democrat, who said to describe the merger as giving rise to a monopoly has "no foundation in the realities of the world today."

"Sometimes mergers serve to help an industry and help choice move forward," Mr. Weiner said.

The hearing also featured testimony from the Consumer Federation of America, which opposes the deal, and the digital rights group Public Knowledge, which supports it with conditions.

The XM-Sirius deal will be the subject of a congressional hearing next week before the House Energy and Commerce telecommunications and the Internet subcommittee.

The companies, which announced their deal last week, expect it to be approved by the end of the year.

Sirius CEO Argues For Radio Merger (LAT)

By Jim Puzzanghera, Times Staff Writer

The Los Angeles Times, March 1, 2007

WASHINGTON — Despite vowing not to raise their prices, the nation's only two satellite radio providers found their proposed merger to be a tough sell Wednesday on Capitol Hill.

"You've got some high hurdles to overcome, don't you think?" House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) told Mel Karmazin, chief executive of Sirius Satellite Radio Inc.

Karmazin, who would run the new company if federal regulators approve Sirius' proposed merger with XM Satellite Radio Holdings Inc., tried to overcome those hurdles by promising not to hike for an unspecified period the $12.95 monthly subscription rate that both companies charge.

The reason for the concession is simple, Karmazin said, and is the heart of the case Sirius and XM are trying to make: They now compete with a host of technologies that don't charge a cent — including broadcast radio, iPods and music that streams over the Internet.

"The idea of raising prices to compete with free is bizarre," Karmazin said. But he didn't say how long prices would remain unchanged.

Price is a major concern for several members of the committee's antitrust task force. Congress doesn't have to approve the deal, but its views could influence officials at the Department of Justice and the Federal Communications Commission, which must bless the merger.

"Why would we eliminate one of the two competitors here?" said Rep. Robert W. Goodlatte (R-Va.). "I believe prices are going up if you are the only one."

His fears were echoed by Mark Cooper, director of research at the Consumer Federation of America.

"Competition is the consumer's best friend," Cooper told the committee, warning that "a tsunami of mergers will ripple through the digital space" if regulators agree to the market definition urged by Sirius and XM.

Conyers also questioned what effect the potential deal might have on future mergers.

But some lawmakers agreed with Karmazin that the marketplace had changed and indicated they would support the merger with certain conditions, such as requiring a lower-priced option for a limited number of channels.

"Music is music, and it really doesn't matter much the source of it," said Rep. Rick Boucher (D-Va.)

Karmazin said the merger would give listeners more choices because they would have access to both systems' exclusive programs, such as National Football League and Major League Baseball broadcasts, and current subscribers would not have to purchase new radios.

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But David Rehr, chief executive and president of the National Assn. of Broadcasters, told the committee the deal would create a "government-sanctioned monopoly" and also would violate an FCC rule prohibiting a merger, instituted in 1997 to promote competition.

The FCC can change the rule, though Chairman Kevin J. Martin said last week that Sirius and XM faced a "high" hurdle.

Sirius Chief Talks Of Ways To Get XM Deal Approved (NYT)

By Stephen Labaton

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Facing skeptical lawmakers, Mel Karmazin, the architect of a proposed merger of the nation's two satellite radio companies, announced at a hearing in Congress on Wednesday that the companies would agree to government-imposed price controls and other unspecified measures to gain regulatory approval for the deal.

Appearing before an antitrust task force of the House Judiciary Committee, Mr. Karmazin, the chief executive of Sirius Satellite Radio, repeatedly and angrily contested charges by opponents, including the major trade group for broadcasters, that merging his company with XM Satellite Radio Holdings would simply transform a duopoly into a monopoly.

"There is no monopoly or duopoly," he said. "That's the most bizarre thing I have ever heard."

He maintained that the relevant market for the services offered by the two satellite radio companies includes all terrestrial broadcasters, Internet radio and other popular listening devices, including iPods and other portable music players.

With so much competition from other sources, he said, satellite radio lacks the sway of a dominant industry power.

But as he tried to sell the proposed deal to Washington, he also acknowledged the major challenges he faced in persuading policy makers that it would not be anticompetitive. He made it clear that he was willing to embark on the same kind of deal- making with the regulators that has been a hallmark of his career as a broadcast executive.

"We're prepared to make concessions, and we're willing to work with the F.C.C. on doing it," he said, speaking about the discussions the two companies will have with regulators at the Justice Department's antitrust division and the Federal Communications Commission.

When a Republican lawmaker, Representative Ric Keller of Florida, pressed Mr. Karmazin over whether the company would agree to price controls, Mr. Karmazin said yes, adding, "We believe we need to show you this is in the public interest and price is important."

"We should be held accountable for everything we say," he told another Republican lawmaker, Representative J. Randy Forbes of Virginia, in response to a question about how to enforce the commitments Mr. Karmazin was making for more programming and better services at lower prices.

"I'll leave it to the regulators," he added. "This isn't about 'Trust me.' We should be able to be accountable."

But toward the end of the hearing, when a Democratic lawmaker, Representative Sheila Jackson-Lee of Texas, complained that there was too much concentration in the broadcasting industry and a lack of adequate diversity in both programming and ownership, Mr. Karmazin appeared to hedge about making any further commitments.

"I don't want to make promises to suggest I'll do anything to get the merger done," he said. "You can be damned if you do, and damned if you don't."

The specific commitments that Mr. Karmazin sought to make did not assuage some of the proposed merger's more vociferous critics.

Representative F. James Sensenbrenner Jr., the Wisconsin Republican who until this year had headed the Judiciary Committee, said Mr. Karmazin's proposal reminded him of "an old regulated gas company" or some other highly regulated utility with rates set by the government.

"I don't think that's the policy we want to promote," Mr. Sensenbrenner said.

"What you said is so far from the truth," Mr. Karmazin replied.

"But you are a monopoly," Mr. Sensenbrenner said.

"We are absolutely not a monopoly," Mr. Karmazin responded.

The generally hostile reception to Mr. Karmazin reflected the fact that the political forces all seem to be leaning in one direction regarding the proposed merger. A powerful alliance of broadcasters and consumer groups has challenged the deal as a violation of antitrust laws and contrary to the "public interest" standards applied by regulators when they consider whether to approve radio mergers.

The National Association of Broadcasters, with powerful members in every Congressional district, has waged a political and public relations campaign attacking the deal.

By contrast, the two satellite networks have no significant industry allies on their side. They were warmly embraced at the hearing by only one Democratic lawmaker, Representative Anthony Weiner of New York.

Sirius and XM point to the opposition from broadcasters as proof that the deal would make satellite radio still more competitive with the rest of the radio industry.

The unanswered question after the hearing is what resonance the Congressional reaction would have with lawyers at the Justice Department and policy makers at the F.C.C.

Government officials are not expected to reach their conclusions about the deal for many months, although Kevin J. Martin, the chairman of the Federal Communications Commission, has expressed skepticism. A commission rule forbidding the merger of the satellite companies would have to be waived for the deal to be completed.

At the Justice Department, XM and Sirius have more reason to be optimistic, in large part because the Bush administration has been more permissive on antitrust issues than any administration in modern times.

The consumer groups and broadcasters — political opponents on other issues — have struck a fragile alliance as they have gone about challenging the satellite radio deal.

On Wednesday, one consumer group, Public Knowledge, called for the regulators to heavily condition the deal with price controls and free airwaves for alternative voices before approving it.

The group also said that broadcasters opposing the deal on antitrust grounds were hypocritical because they were simultaneously trying to ease rules that have prevented more consolidation in their industry.

XM Merger Won't Hurt Consumers, Sirius Says (DOWJ)

Dow Jones Newswires, March 1, 2007

Deal would be monopoly sanctioned by the state, opposition group says

A merger between Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. wouldn't lead to less choice or higher costs for listeners, the chief executive of Sirius told Congress yesterday.

In his written testimony submitted to the Antitrust Task Force, a body made up of House Judiciary Committee members, Sirius Chief Executive Mel Karmazin pledged that consumers would not lose out as a result of the $13 billion merger.

"We operate in an intensely competitive environment that will continue to intensify post-merger — and continue to provide an inherent check on programming as well as pricing," said Karmazin's statement.

In his opening remarks, Rep. John Conyers, D-Mich., the chairman of the Judiciary Committee and the head of the task force, said that though he is approaching the matter with an open mind, the burden of proof lies with the companies to convince Congress of the merits of the deal.

He said that the "critical threshold" is whether the market that the two satellite companies compete in is "all forms of digital and retail music and radio, or simply satellite radio."

Conyers' statement went on to say that from one perspective, the merger "can be said to turn a duopoly into a monopoly."

When satellite radio was licensed 19 years ago, Sirius and XM were granted the only two licenses. In exchange, Federal Communications Commission rules stated that the two wouldn't be allowed to merge in the future.

Sirius and XM have argued that in the ensuing 10 years, the market has changed substantially and they are no longer just competing against each other.

The Department of Justice's antitrust task force would have to approve the merger and FCC rules would have to be changed to allow the deal before it could get final approval.

Karmazin was appearing before the first hearing of the task force with David Rehr, the chief executive of the National Association of Broadcasters, and representatives of consumer groups.

The NAB, which represents mainly smaller radio and television broadcasters across the U.S., fiercely opposes the deal.

"The proposed merger must be rejected," said Rehr in his opening statement. "Public policy should never allow one entity to acquire state-sanctioned, monopoly control over the 25 megahertz of spectrum allocated to satellite-radio service."

Taking a somewhat less strident view was Gigi B. Sohn, the president of public-interest group Public Knowledge.

In her opening statement, she said that the merger should be given the green light only if it meets three conditions.

It must make available pricing choices such as channel-by-channel subscriptions or tiered programming; it must hand over 5 percent of its capacity to noncommercial educational programming; and it should agree to not raise prices for three years after the merger is granted approval.

House Panel Grills Sirius Chief On XM Merger (CNET)

By Anne Broache, Staff Writer, CNET News.com

CNET News, March 1, 2007

Politicians say they want to keep an open mind but indicate the deal may have high hurdles to leap.

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WASHINGTON--Sirius Satellite Radio CEO Mel Karmazin on Wednesday defended the proposed union of his company with XM Satellite Radio before a panel of politicians with varying degrees of concern about the deal's potential impact on consumers.

Appearing at the first hearing convened here by the House Judiciary Committee Antitrust Task Force, Karmazin said a combination of the sole two satellite radio players would lower, or at least cap, its prices and provide more programming choices.

For example, one network carries Major League Baseball games, and the other carries the National Football League games, but neither carries both. Sports fans would no longer have to pay to subscribe to both services or buy two different radio receivers if the entities merged, he said. Karmazin also pledged that existing radio receivers for each service would continue to work after the melding of the companies.

"We are absolutely convinced that this merger is going to be in the consumer's best interest," said the Sirius chief and former Viacom president.

Attitudes toward the proposed deal, worth about $13 billion, did not appear to be split along party lines among members of the newly created House task force, which has 10 Democrats and nine Republicans. Many opened their questioning on Wednesday with vows to keep an "open mind" about the deal but went on to question the deal's necessity and its benefits to consumers.

Task Force Chairman John Conyers (D-Mich.) pressed Karmazin to explain how he planned to persuade federal regulators that the companies will follow through on their promises.

"'Trust me' isn't going to work here, not just today, but in the longer-term examinations that you will be going through," Conyers said. "You've got some high hurdles to overcome, don't you think?"

One hurdle already lies in the licenses granted to the companies by the Federal Communications Commission. In hopes of ensuring competition, the FCC stipulated at the time that there had to continue to be more than one licensee in the satellite radio sphere. XM and Sirius would have to persuade the regulators to waive that decision.

Citing the FCC's policy decision, Rep. James Sensenbrenner (R-Wis.), the former chairman of the House Judiciary Committee, challenged XM and Sirius executives' repeated assertions that the merged entity would not constitute a monopoly.

"What you appear to be advocating is to make your merged company somewhat akin to an old regulated gas company, and I don't see where the consumer ends up benefiting in that," Sensenbrenner said.

He also questioned how the XM-Sirius plan was any different than a proposed merger between EchoStar Communications' Dish Network and Hughes Electronics' DirectTV that the FCC blocked on the grounds that it amounted to a "regulated monopoly."

Karmazin said his companies' situation was different because the satellite TV business competes with cable and not with free services like terrestrial and Internet radio. Throughout the hearing, he repeatedly challenged any suggestion that the merged companies would have incentive to raise their prices by saying, "We compete with free."

One key question in assessing the deal's impact lies in defining the satellite radio's competitors. If satellite radio is viewed as an entirely separate market, then the proposed deal would seem to amount to a situation in which a monopoly is created--at least until the next satellite player emerges. By contrast, if regulators decide it should be considered part of a broader market that includes all forms of digital and retail music, such as Internet-based and terrestrial radio, then the competitive implications would change drastically.

Sirius and XM argue the union of their two companies will not amount to a monopoly, as critics have suggested. They maintain the deal will instead allow them to compete more effectively with Internet-based and traditional broadcast radio. According to analysts' estimates, the combination could save the companies $300 million or more each year, Karmazin said.

But opponents like the National Association of Broadcasters maintain the situation is no different from the satellite TV merger situation and would create a "government-sanctioned monopoly." Speaking alongside Karmazin and representatives from consumer advocacy groups, NAB CEO David Rehr told the task force that such an arrangement would violate federal rules and would "undermine audio content competition, not enhance it."

Rep. Anthony Weiner (D-N.Y.) took issue with that characterization of the proposed deal. He said it was clear that satellite and traditional radio operators offered similar and competing services and that NAB's fight against the deal only reinforced that traditional radio operators are concerned about new competition.

The term monopoly "might serve to send shivers into the spine of regulators, but it doesn't have much effect if it has no foundation in the realities of the world today," he said.

Consumer groups' perceptions have been mixed. Mark Cooper, director of research for the Consumer Federation of America, voiced strident opposition to the deal, saying the groups he represented "remain unconvinced by the excuses we have heard to justify this merger." He said he was convinced only "head-to-head competition" would lower prices for consumers in the long run.

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Gigi Sohn, president of the advocacy group Public Knowledge, told the panel that the merger could lead to consumer benefits if certain conditions are imposed. She suggested requiring the company to make a la carte or tiered programming available, agreeing not to raise prices for three years after the merger is approved, and making 5 percent of its capacity available to independently controlled, non-commercial educational and informational programming.

Rep. Rick Boucher (D-Va.) endorsed Sohn's recommendations. "This merger is very much in the public interest and should be approved with those conditions," he said.

The FCC and the U.S. Department of Justice share the ultimate responsibility of to deciding whether the deal should go through and what restrictions must be placed upon it. It's unclear how the congressional task force will fit in, although Rep. Lamar Smith (R-Texas) said he hoped the agencies will consider its findings when making their assessments.

Smith, the top-ranking Republican on the Judiciary Committee, also urged his colleagues not to "prejudge" the proposed merger. "We are at the beginning of a very long process," he said.

Sirius's Karmazin Agrees To Price Caps In XM Buy (Update3) (BLOOM)

By James Rowley And Christopher Stern

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- Sirius Satellite Radio Inc. Chief Executive Officer Mel Karmazin told skeptical lawmakers he would agree to freeze prices to gain approval of the proposed $4.51 billion purchase of XM Satellite Radio Holdings Inc.

Karmazin, testifying today at a House Judiciary Committee hearing, pledged to offer choices for consumers to lower their bills and agreed to price caps for an undetermined period.

``We are willing to talk to people about it," Karmazin said. ``If the idea of the merger is conditioned on certain restrictions, we would be open to the conditions."

Karmazin and XM Chairman Gary Parsons are trying to convince U.S. regulators that joining the only satellite radio services won't harm consumers. He drew doubts from legislators including committee Chairman Michigan Democrat John Conyers, who pointed out that past promises, such as making radios that work with both services, haven't been fulfilled.

```Trust me' isn't going to work here," Conyers, 77, said to Karmazin, who is 63. ``You've got some high hurdles to overcome, don't you think?"

The companies contend there is more competition for listeners now than when the original satellite licenses were granted, from devices such as Apple Inc.'s iPod, terrestrial radio and new high-definition stations.

``We are going to have to convince them that it is not anticompetitive," Karmazin said, referring to Justice Department and U.S. Federal Communications Commission regulators. He was speaking on behalf of XM as well as Sirius.

Broadcaster Opposition

Shares of Washington-based XM are trading 17 percent below the offer value of $16.82 in Sirius stock, an indication investors are unsure the deal will be completed. Under the agreement announced Feb. 19, each XM share would be exchanged for 4.6 shares of New York-based Sirius.

XM shares gained 4 cents to $14.36 at 4 p.m. New York time in Nasdaq Stock Market trading. Sirius was unchanged at $3.65.

The proposal is opposed by the Washington-based National Association of Broadcasters, the industry group for free AM-FM radio.

XM and Sirius are a duopoly seeking to become a ``government-sanctioned monopoly," NAB President and Chief Executive Officer David Rehr testified today.

``They want the ability to set subscription prices for national satellite radio service without constraint from a competing service," Rehr said. ``They want to eliminate the need to compete with another national service provider to acquire programming."

`Monopoly' Debate

Rehr drew his own critics, including Democrats Anthony Weiner from New York and Rick Boucher from Virginia.

``I would like the panel to oblige me by stop throwing around the word monopoly," Weiner said.

Boucher agreed with XM and Sirius's contention that the companies compete in a broad audio entertainment market that includes broadcast radio.

``The very presence of Mr. Rehr here happens to confirm the argument that the relevant market is all of radio," Boucher said.

Lawmakers and regulators have promised to look closely at the deal because of concerns that it would create a satellite radio monopoly. House Commerce Committee Chairman John Dingell, a Democrat from Michigan, said yesterday that he planned his own inquiry in to the deal. The Senate Judiciary Committee's Antitrust Subcommittee also may to hold a hearing.

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The ``critical issue is whether the relevant market is all forms of digital music or simply satellite radio," Conyers said in an opening statement. ``If we were to define the market as broadly as merger supporters advocate, what kind of precedent are we setting?"

Congress's Role

Congress doesn't have the power to block the deal, which will be formally reviewed by the Department of Justice and the Federal Communications Commission.

The companies don't need the merger to survive, Karmazin said. ``We aren't making a failing company argument," he said. Such an argument can be used to defend government charges a combination is anticompetitive.

The purchase would bring consumers lower prices and ``less confusion" amid an expansion of content, Karmazin said. He said the companies hope that ``based on the efficiencies of the merger, we could lower prices."

Critics have seized on XM and Sirius's failure to follow through on past commitments.

Conyers, who said he came to the meeting with an open mind, said the companies hadn't offered consumers radios that work with both services as they had promised, which makes it harder to switch providers. He also brought up the companies' run-ins with the FCC over receiver interference with traditional radio and with terrestrial repeaters that don't comply with designs.

To allow a satellite monopoly ``is antithetical to the antitrust laws, perhaps the worst offense against the basic principle that competition is the consumer's best friend," said Mark Cooper, director of research for the Consumer Federation of America, as part of his testimony. He said the companies could get more business by lowering prices.

Satellite Radio Merger To Create A Monopoly? (POL)

By By: Andrew Glass

Politico, March 1, 2007

If federal regulators allow the nation's two satellite radio services to merge, they will not raise prices and even try to lower them.

That pledge came Wednesday from Sirius Satellite Radio chief executive officer Mel Karmazin during a series of often sharp exchanges with members of Congress. Karmazin, the former chief of Viacom, testified for nearly two-and-a-half hours before the newly formed Antitrust Task Force of the House Judiciary Committee.

An overflow crowd of industry executives, lawyers and lobbyists packed the hearing room in the House Rayburn Office Building as Karmazin, one of five witnesses, debated the merits of letting his money-losing company combine with XM Radio in a deal that has been valued at $13 billion.

Judiciary Committee Chairman John Conyers Jr. (D-Mich.) opened the hearing by raising concerns over what kind of precedent the government would be setting if it defined the market for satellite radio as all sources of music entertainment. However, Conyers added, "we came here with an open mind."

Nonetheless, "`Trust me' isn't going to work here," the 77-year-old Conyers said to Karmazin, who is 63. ``You've got some high hurdles to overcome, don't you think?"

``We are going to have to convince them (the regulators) that it is not anti-competitive," Karmazin responded. While XM Chairman Gary Parsons was in the hearing room, Karmazin said he was speaking on behalf of both companies.

The two firms contend there is more competition for listeners now than when the original satellite licenses were granted. Whether or not the merger goes through, he added, satellite radio, with its 14 million customers, will continue to compete with an increasing array of audio outlets, including AM, FM and multi-channel HD radio, the Internet and a host of download-based music players, such as Apple's iPod.

Rep. Lamar Smith (R-Tex.), the ranking member on the full committee, noted that "we are at the beginning of a long process," a point echoed by Karmazin during his own remarks.

"We are absolutely not a monopoly," Karmazin said heatedly at one point. "We are absolutely convinced this merger will be in the best interest of consumers," he maintained. "This merger will give consumers more choice at a lower price and more importantly, less confusion."

Some of the most pointed exchanges occurred not with the members but at the long witness table between Karmazin and Mark Cooper, research director of the Consumer Federation of America, an advocacy group. Cooper held that, "The argument that consumers will be better off with a benevolent monopolist than competition is absurd. Cost savings will not be passed to consumers. It is competition that is the driver of innovation in this economy, and competition is the best form of protection for consumers."

Karmazin said his people had told him not to get excited and to keep his hands folded at the table. But Cooper, he felt, had gone too far. The monopoly charge, he said, "is the most bizarre thing I've ever heard… We are not looking to bankrupt our companies. We are not doing anything that stupid. And we'll give back some of that saving (to our customers)"

Karmazin also “guaranteed” that current receivers would remain operable after a merger because each service had spare channels in the spectrum allocated to them by the Federal Communications Commission (FCC) a decade ago. He stopped short, however, of guaranteeing for how long the merged company would forbear raising prices, suggesting they would look to the commission and to the antitrust division of the Justice Department for guidance on that score.

Currently, the two firms currently both charge a monthly fee of $12.95 for their nationwide packages of music, talk, and sports programming than span more than 100 channels.

Karmazin also said he was not asking for a bailout on the basis of a “failed company argument,” despite combined losses exceeding $7 billion. Life, he added, would go on for Sirius and XM if the government turned them down.

During the hearing, David Rehr, president of the National Association of Broadcasters, referred to the possibility of a combined Sirius and XM several times as a "government-sanctioned monopoly." The radio satellite firms have long had a testy relationship with the NAB over such issues as whether they could offer their customers local real-time traffic and weather information. (The FCC had ruled that they could so long as that information remained universally accessible.)

Charles Biggio, a partner in antitrust and trade regulation with law firm Wilson Sonsini Goodrich and Rosati, said the amalgamation could be deemed legal under the antitrust laws, even if it controls 100 percent of the satellite market, as long as there is no anti-competitive effect. But he added it remained to be seen whether this is the case.

Gigi Sohn, president and co-founder of Public Knowledge, a Washington D.C.-based advocacy group, said that competition between XM and Sirius has left both companies financially drained and that a merger could benefit consumers.

Sirius CEO Pledges To Congress On Prices (AP)

AP, March 1, 2007

Sirius CEO Makes Pledges to Congress on Service, Prices

WASHINGTON (AP) -- A merger between Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. wouldn't lead to less choice or higher costs for listeners, the chief executive of Sirius told Congress Wednesday.

In his written testimony submitted to the Antitrust Task Force, a body comprised of House Judiciary Committee members, Sirius Chief Executive Mel Karmazin pledged that consumers would not lose out as a result of the $13 billion merger.

"We operate in an intensely competitive environment that will continue to intensify post-merger -- and continue to provide an inherent check on programming as well as pricing," said Karmazin's statement.

In his opening remarks, Judiciary Committee Chairman and head of the task force, Rep. John Conyers, D-Mich., said that while he was approaching the matter with an open mind, the burden of proof lay with the companies to convince Congress of the merits of the deal.

He said the "critical threshold" was whether the market that the two satellite companies compete in is "all forms of digital and retail music and radio, or simply satellite radio."

Conyers' statement went on to say that from one perspective, the merger "can be said to turn a duopoly into a monopoly."

When satellite radio was licensed a decade ago, Sirius and XM were granted the only two licenses. In exchange, Federal Communications Commission rules stated that the two wouldn't be allowed to merge in the future.

Sirius and XM have argued that in the ensuing 10 years, the market has changed substantially and they are no longer just competing against each other.

The Department of Justice's antitrust task force would have to approve the merger and FCC rules would have to be changed to allow the deal before it could receive final approval.

Karmazin was appearing before the inaugural hearing of the task force alongside David Rehr, chief executive of the National Association of Broadcasters, and representatives of consumer groups.

The NAB, which represents mainly smaller radio and television broadcasters across the U.S., is a fierce opponent of the deal.

"The proposed merger must be rejected," said Rehr in his opening statement. "Public policy should never allow one entity to acquire state-sanctioned, monopoly control over the 25 megahertz of spectrum allocated to satellite radio service."

Taking a somewhat less strident view was Gigi B. Sohn, president of public interest group Public Knowledge.

In her opening statement, she said that the merger should be given the green light only if it met three conditions.

It must make available pricing choices such as channel-by-channel subscriptions or tiered programming; it must hand over 5 percent of its capacity to noncommercial educational programming; and it should agree to not raise prices for three years after the merger was granted approval.

Corporate Lawyers Urge Clarity In Antitrust Law (LAW)

Legal Times, March 1, 2007

DOJ_NMG_0138556

Bundled products, sales of services are the focus

Top lawyers for General Electric Co. and Eastman Kodak Co. told federal regulators last month that companies need more clarity in antitrust laws when it comes to the sale of products bundled in a discounted package deal, and to the sale of services and parts for a product.

"Companies are concerned that the rules aren't clear," Ronald Stern, vice president and senior counsel for antitrust at General Electric, said in an interview after the hearing.

Testifying in Chicago at a panel organized by the Federal Trade Commission and the Department of Justice's Antitrust Division, the attorneys said regulators should help companies better understand when they might be stepping over the antitrust line in the two areas.

Previous court rulings have left the law ambiguous on when corporate behavior may violate Section 2 of the Sherman Antitrust Act and make companies vulnerable to lawsuits by competitors, the lawyers said.

AMICUS ENCOURAGED

They encouraged the agencies to file amicus briefs in court cases or to issue additional guidelines to make the law clearer.

"These two areas are a clear problem for companies like Kodak," Patrick Sheller, the chief compliance officer at Eastman Kodak, said in an interview after the hearing.

David Balto, a former Federal Trade Commission policy director and a lawyer in Washington, agreed that amicus briefs could shed light on how companies are expected to follow the law, especially because most antitrust decisions occur in lower courts.

BUNDLING CONFUSION

The price-bundling issue has come up in the courts more frequently than the aftermarket issue and therefore has created greater potential for liability, said Herbert Hovenkamp, an antitrust professor at University of Iowa College of Law.

"The courts have been all over the place on bundling," Hovenkamp said.

Sheller told the panel that the line between the legal "bundling" of products and the illegal "tying" of products has been blurred.

In bundling, a seller will offer a discounted price on the sale of two different products together, while in tying the seller requires the purchase of one product in order to get another product.

Much of the confusion stems from the 3rd U.S. Circuit Court of Appeals' 2003 decision in LePage's v. 3M, nos. 00-1368, 00-1473, in which 3M Co. was found to have violated Section 2 by bundling its transparent tape with other products.

The decision "didn't leave a clear standard," Sheller said. "Plaintiffs lawyers will try to take advantage of it."

The key questions are: What legal test is there for determining when bundled pricing violates antitrust law? And in which market situations would it apply?, Stern said.

He suggested to the panel that perhaps bundling shouldn't be considered problematic in markets where sellers engage in competitive bidding or negotiations.

Lawmakers Take Aim At Gas Price Gouging (AP)

By H. Josef Hebert, Associated Press Writer

AP, March 1, 2007

Although gasoline prices have dropped sharply from last summer, 79 lawmakers sought to send a message Wednesday, introducing a bill that would impose stiff penalties on oil and gas companies for price gouging.

With prices at the pump rebounding in recent weeks, Rep. Bart Stupak, D-Mich., said he's worried "this summer prices may once again exceed $3 a gallon."

The bill introduced by Stupak and 78 other members of the House would establish the first federal law against price gouging by oil and gas companies, imposing criminal penalties and fines of up to $150 million for corporations and $2 million on individuals.

The House passed a similar bill last year, but it died in the Senate.

The Federal Trade Commission would be given authority to investigate price gouging in the sale of crude oil, home heating oil, propane and natural gas.

"The FTC has never brought a gas price gouging case to court," said Stupak.

In fact, the agency has no authority to do so since there is no federal energy price gouging law. FTC investigations into crude oil or gasoline pricing have focused on whether companies have colluded in violation of antitrust laws.

Last year, FTC Chairwoman Deborah Platt Majoras said a federal law against oil company price gouging would be difficult to enforce and could hurt consumers by causing fuel shortages.

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She said price gouging is difficult to define and courts have refused to address the question of what is a "reasonable" price in a free market. She maintained it may be difficult to determine what price hikes are legitimate.

Twenty-nine states have price gouging statutes, but they vary widely and some go into effect only in an emergency.

Retail gasoline prices have increased 13 cents a gallon on average nationwide in the past two weeks as the price of crude oil also has been rising. The oil industry has repeatedly disputed allegations of price gouging, saying prices at the pump reflect supply and demand, and mostly the cost of crude oil.

Genworth Financial Unit Gets 2 Subpoenas (MRKTWTCH)

By Antonie Boessenkool

Market Watch, March 1, 2007

Genworth Financial Inc. disclosed Wednesday that a subsidiary received two subpoenas in November related to probes into the sale of guaranteed investment contracts to municipalities.

The subpoenas, a grand jury subpoena from the Antitrust Division of the U.S. Justice Department and a subpoena from the Securities and Exchange Commission, require the unit to turn over information related to investigations into alleged bid-rigging involving the sale of the investment contracts, according to Genworth's annual report filed with the SEC.

Genworth said it doesn't issue these contracts to municipalities. But the insurance company said that from January 2004 to December 2006, the subsidiary provided management and administrative services to a third party that does issue the contracts to municipalities.

Genworth said it plans to cooperate fully with the investigations.

Terex Gets Subpoenas From Justice Department On Equipment Pricing (MRKTWTCH)

By Patricia Kowsmann

Market Watch, March 1, 2007

Terex Corp. disclosed Wednesday that it received subpoenas from the U.S. Department of Justice over some equipment pricing.

In its annual report filed with the Securities and Exchange Commission, the Westport, Conn., the manufacturer said the subpoenas relate to the DOJ's investigation into pricing practices in the rock crushing and screening equipment industry.

Terex said it cooperating fully with the investigation. It didn't provide further information.

Shares of the company closed Wednesday at $65.88, up 78 cents.

Marks & Spencer's Rose Is Considering Sainsbury Bid (Update3) (BLOOM)

By Neil Craven And Angharad Couch

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- Marks & Spencer Group Plc Chief Executive Officer Stuart Rose said he's considering bidding for J Sainsbury Plc, Britain's third-biggest supermarket chain.

Rose, who runs the U.K.'s largest clothing retailer, said he was speaking to customers about an offer for Sainsbury, which has a market value of 8.8 billion pounds ($17 billion). ``You do get quite an interesting response," he said in a presentation to a London conference held by Retail Week magazine today.

His remarks follow three weeks of speculation that Marks may seek to buy Sainsbury to create a retailer with more than 1,000 outlets. An offer may spark a bidding war with CVC Capital Partners Ltd., Blackstone Group LP and Kohlberg Kravis Roberts & Co., which said Feb. 2 they were considering an offer for Sainsbury in what would be Europe's biggest buyout.

``Assets like this don't come on the market very often," Rose said today. ``The company is effectively in play. Your shareholders would think you were an idiot if you didn't consider it. Watch this space."

Marks said in an e-mailed statement following Rose's remarks that its board had considered bidding for Sainsbury and didn't intend to make an offer ``at this time." The retailer said it reserved the right to announce a bid or possible bid within the next six months if Sainsbury's board recommends an offer or if a ``firm" approach by the CVC group or another suitor is made.

Property Partner

Sainsbury shares have surged 15 percent since the private- equity companies said they were interested in the retailer. Spokeswoman Pip Wood declined to comment to Bloomberg today.

For a transaction to work, Marks would need a partner to buy Sainsbury's property, enabling the company to acquire the operating grocery business relatively cheaply, Numis Securities' Steve Davies has said. Marks might achieve 300 million pounds of cost savings from a deal, according to Davies, who estimates Sainsbury's property is worth 7.5 billion pounds.

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Sainsbury Chief Executive Officer Justin King has cut prices and added fresh food to halt three years of declining profit and stem a loss of market share to larger rival Tesco Plc, which has more than 3,000 U.K. outlets.

London-based Marks & Spencer is 18 months into a recovery that followed two years of declining same-store sales. Rose has also expanded his company's range of fresh food, as well as commissioned renovated stores and revamped women's fashions.

`Glass of Wine'

``Stuart Rose has got to think where the next leg of his growth is going to come from," Chris Gower, an analyst at Man Securities in London, said today. ``It's a good strategic fit. They have a fairly similar customer base as Sainsbury, and a fairly strong brand in the middle market."

Marks & Spencer would also have to overcome hurdles from antitrust regulators if it were to buy Sainsbury, analysts including Gower have said. William Morrison Supermarkets Plc, which bought Safeway Plc in 2004 to become Britain's fourth-largest food retailer, was forced by regulators to sell stores.

``It's one thing talking about something over a glass of wine," Rose said today of a possible bid. ``It's another thing going down that road."

Combination Risks

Some analysts have said a combination between the two brands could be risky. The different product offerings and images may alienate customers, Deutsche Bank AG's James Collins said in a Feb. 22 report to investors. Sainsbury offers a full food range at competitive prices, while Marks's food is limited and highly priced, he said.

``Marks & Spencer shoppers might feel their brand would be cheapened," he wrote. ``Sainsbury shoppers would be quick to accuse it of becoming too expensive whenever it pushed through any price rises."

Marks & Spencer, which owns more than 400 stores across the U.K., has added stand-alone food outlets known as Simply Food and delicatessen bars and cafes in other stores. Food makes up about 50 percent of the company's total sales.

Marks controls 11 percent of the U.K. clothing market, with Wal-Mart Stores Inc.'s Asda in second place at 8.2 percent, followed by Tesco at 8.1 percent, according to Taylor Nelson Sofres Plc. Sainsbury's share is about 1 percent.

A takeover of Sainsbury by private equity companies would probably top the 11.8 billion-euro acquisition of Danish phone company TDC A/S in November 2005, currently the biggest European private-equity purchase. It would also be the first buyout of a company in Britain's benchmark FTSE-100 index.

Marks & Spencer held internal talks about a possible bid for Sainsbury, London's Times newspaper reported Feb. 7, citing unidentified people within the retailer. The Sunday Telegraph newspaper said Feb. 18 Marks had discussed jointly bidding with funds backed by the Persian Gulf state of Qatar.

Marks shares fell less than 0.1 percent to 675 pence today, giving the company a value of 11.5 billion pounds. Sainsbury shares fell 6.25 pence, or 1.2 percent, to 511.25 pence.

A&P Parent Negotiates To Buy Pathmark (MRKTWTCH)

By Angela Moore, Marketwatch

Market Watch, March 1, 2007

NEW YORK (MarketWatch) -- Great Atlantic & Pacific Tea Co. said it is negotiating to acquire smaller rival Pathmark Stores Inc., as A&P looks to expand its footprint in the competitive supermarket industry.

Under the terms of the proposed deal, announced Tuesday, Pathmark shareholders would receive $12.50 a share in cash and stock.

Shares of both companies fell in midday trading Wednesday, after moving sharply higher ahead of the announcement. Pathmark shares were down 2% at $11.71, while A&P saw its shares drop 3.4% to $32.03.

The Montvale, N.J., company , which operates A&P, Waldbaum's and Food Emporium, said no final agreement has been reached. The sale would require shareholder and regulatory approvals, including federal and state antitrust clearances.

"We have long held that consolidation in the market was necessary and that Pathmark and A&P made the most logical choice for a combination," Bear Stearns analyst Westcott Rochette wrote in a note to clients, after raising the year-end price target on A&P to $40.

Based on the number of shares outstanding when Pathmark reported its third-quarter results, the deal is valued at about $651 million.

Goldman Sachs analyst John Heinbockel said the proposed deal makes sense, but warned against too much optimism.

"We continue to believe that the combination, while likely to unlock significant cost take-out synergies, carries certain risks," Heinbockel said. "These would include systems conversions, banner changes, and the execution of a much-needed, stepped-up capital program."

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News of the negotiations comes as grocery stores are struggling to compete with high-end specialty operators, including Whole Foods Markets Inc. , Trader Joe's and Wegman's, as well as discount giants such as Wal-Mart Stores Inc. Last week, Wild Oats Markets Inc. agreed to be acquired by larger rival Whole Foods. See archived story.

The grocery store category is also highly competitive, and rivals such as Safeway Inc. and Kroger Co.have been remodeling and updating stores.

Pathmark, Carteret, N.J., operates 141 supermarkets, mostly in the New York, New Jersey and Philadelphia metropolitan areas. A&P operates 410 stores in nine states.

Ron Burkle's investment vehicle, Yucaipa Cos., holds a large stake in Pathmark, as well as an 18% stake in Wild Oats. Before the Whole Foods and Wild Oats deal was announced last week, there had been market talk that Pathmark and Wild Oats might merge.

Oracle Deal For Hyperion Is Expected (NYT)

By Andrew Ross Sorkin And Michael J. De La Merced

The New York Times, March 1, 2007

Oracle is near a deal to acquire Hyperion Solutions, which makes software that allows corporations to analyze and track their performance, for more than $3.1 billion, according to people briefed on the deal.

The acquisition is expected to be announced as early as today, these people said.

The deal would be the latest trophy in a lengthy string of acquisitions by Oracle, the database software giant that has been struggling to grow from within.

In December, Oracle posted strong earnings growth for its second fiscal quarter, but its growth in license sales disappointed investors. The company said at the time that it had failed to close some crucial licensing deals during the quarter. License sales rose 28 percent in the quarter, but that was down from 80 percent growth in the previous quarter.

Exact terms of the deal could not be learned last night.

Shares of Hyperion slipped 25 cents yesterday in regular trading, to $42.84, giving it a market value of about $2.5 billion. Oracle shares closed at $16.43, up 14 cents. Representatives for Oracle, which is based in Redwood City, Calif., and Hyperion, with headquarters in Santa Clara, Calif., could not be reached for comment.

Oracle has long been known as one of the most aggressive acquirers of technology companies.

Led by Lawrence J. Ellison, who sees acquisitions as a tool for growth, the company has at times seemed on the verge of gobbling nearly every rival in the business software market. In the last three years, Oracle spent more than $20 billion on acquisitions, including buying two of its most formidable competitors, PeopleSoft and Siebel.

PeopleSoft, the company Oracle fought over for nearly two years, was its most notable deal.

In December 2004, after a battle for control that grew nasty, Oracle finally acquired PeopleSoft for about $10.3 billion, becoming the second-largest maker of business-management software.

The day after completing the deal, Oracle fired four top officers of PeopleSoft.

Since that deal, Oracle's appetite has been unsatiated. In 2005, the company bought a stake in I-flex Solutions, a maker of financial software based in Mumbai, India, for a reported $909 million.

Within the last year, Oracle has struck a series of deals, including a $5.9 billion acquisition of Siebel Systems and a $440 million purchase of Stellent last year.

Hyperion would be one of the last pieces to complete Oracle's strategy. Founded in 1981 as IMRS, Hyperion has grown into one of the biggest makers of business analysis software through its Hyperion System 9 suite.

For the 2006 fiscal year, the company reported $765 million in revenue.

Hyperion itself has grown through a series of deals, notably a 1998 merger with Arbor Software that brought the popular Essbase database software program into its fold.

Hyperion has long been speculated about as a merger partner with Business Objects, another business analysis software maker, according to analysts.

Indeed, the two companies held talks this year, but those negotiations collapsed over price and other issues, people briefed on them said.

Oracle has talked to half a dozen companies recently about acquiring them, according to people familiar with those talks. Hyperion has long been on that list.

Last year, The Mercury News in San Jose ranked Hyperion's executive chairman, Jeffrey R. Rodek, as No. 49 among the highest-paid executives in Silicon Valley.

Mr. Rodek, who became chairman and chief executive in 1999 and executive chairman in 2004, received $11.01 million in compensation in 2005, including salary and stock options.

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Record Labels Go After USC Downloaders (LAT)

By Dawn C. Chmielewski And Jim Puzzanghera, Times Staff Writers

The Los Angeles Times, March 1, 2007

If they don't quit illegally downloading music, some USC students may end up having to fight on … in court.

The record industry's main trade group said Wednesday that it was mailing letters to 20 of the school's students whom it had identified as bootleggers.

The letters warn that an expensive lesson awaits if the students don't stop the practice. Settle, the dispatches say, or be sued.

The mailings are part of a stepped-up legal fight by the Recording Industry Assn. of America against music downloading amid indications of a dramatic increase in the number of songs exchanged illegally via the Internet.

The association said that overall it was sending 400 warning letters to students at 13 universities and that it expected to sue several thousand students.

"We'd rather not be doing these lawsuits … but the fact remains that the college environment is one that has rampant piracy," said association Chairman Mitch Bainwol.

Omar Riza, 21, a USC student from Aliso Viejo, said a friend of his was one of more than two dozen USC students sued by the trade group in 2005 for using file-sharing site i2hub. The industry demanded $21,000 in compensation for the downloaded songs, but later reduced that amount to $3,000, Riza said.

"This is an intellectual property issue," Riza said. "This isn't a crime of murder."

But others, such as Christina Carey, 19, believe that the industry has the right to go after students who illegally download.

"They're getting robbed," said Carey.

She said she never illegally downloaded music, but acknowledged there was a thin line between sharing and pirating. Carey makes CDs for friends, she said, but some of them won't accept copies of CDs even as gifts.

The mailings, which the industry calls "pre-litigation settlement letters," are being sent to each student's school. They warn that a suit might be filed against one of the school's students or employees and asks that the letter be immediately forwarded.

The student or employee then can settle for a smaller payment than the industry would seek in a lawsuit. The association says it will continue sending out 400 letters a month to universities where illegal downloading occurs on the schools' computer systems.

"We heard often from those who were caught in a lawsuit they wanted a way to settle earlier and wanted a way to avoid having anything part of a record in federal court," said Steven Marks, the industry group's general counsel.

The settlements would require the person to agree not to illegally download music in the future and pay an undisclosed amount that is "substantially less than people are paying now," Marks said.

USC received an e-mail Wednesday from the the trade group about the notices but hasn't received any yet, university counsel Kelly Bendell said.

In the past the industry would issue a subpoena to USC seeking to learn the name of the person corresponding with the numeric Internet address of a suspected downloader, Bendell said. The school would notify the student that it had received a subpoena, and alert the student that he or she could file a motion seeking to quash it. Otherwise, the school would disclose the person's name.

Now, it appears that the industry wants the school to notify the student that it would like to negotiate a settlement before a suit is filed, Bendell said.

"I don't know yet how we'll handle that," said Bendell. "Most likely, we would go ahead and notify the student. Obviously, we would not turn over their names without receiving a subpoena."

Other universities getting the letters include Arizona State, Syracuse, Nebraska, Tennessee, Texas and Massachusetts.

Students Face RIAA Lawsuits (WSJ/AP)

Associated Press

The Wall Street Journal, March 1, 2007

LOS ANGELES -- The recording industry's trade group said Wednesday it will give hundreds of college students suspected of illegally sharing music online a chance to reach settlements before being sued for copyright infringement.

The move comes as the industry seeks to stamp out what it is says is rampant music piracy on campuses.

The Recording Industry Association of America said it was sending letters offering discounted settlements to 400 computer users at 13 universities. The group intends to send hundreds of such pre-litigation letters to university computer users every month.

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"The theft of music remains unacceptably high and undermines the industry's ability to invest in new music," said Mitch Bainwol, chairman and CEO of the association. "This is especially the case on college campuses."

The letters targeted students at Arizona State University, Marshall University, North Carolina State University, North Dakota State University, Northern Illinois University, Ohio University, Syracuse University, University of Massachusetts, Amherst, University of Nebraska, Lincoln, University of South Florida, University of Southern California, University of Tennessee, Knoxville, and University of Texas, Austin.

Privately Held New York, Boston Power Producers Merge (Update4) (BLOOM)

By Jim Polson

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- Astoria Generating Co. and EBG Holdings, closely held owners of power plants in New York City and Boston, said they will merge in a move designed to capitalize on rising regional power demand and limited supply.

The newly formed entity, U.S. Power Generating Co., will be run from New York by Astoria Chief Executive Officer Jacob Worenklein, the companies said today. Hedge funds that own EBG will get 54 percent of the closely held company. Astoria owners, including Madison Dearborn Partners LP and the Hunt Oil family, will get 46 percent. Other details of the agreement weren't disclosed.

The combined value of the plants held by the two companies may be worth $4.25 billion to $5 billion, analysts said. Combined output will be about 5,000 megawatts.

``You've got two great, growing and constrained metropolitan areas, so they are both very attractive generation markets," said Barry Sullivan, vice chairman of New York-based K Road Power, which has run the Boston plants since Dec. 31, 2005. ``This gives a bigger platform to operate both sets of assets and others we'd hope that will become available over time."

Astoria Generating's three plants supply 20 percent of New York City's power supply and EBG's five plants meet half the electricity needs of Boston, the companies said. U.S. Power Generating expects to benefit from tariffs regulators plan to impose on power customers to encourage costly construction of plants and power lines as both metropolitan areas grow. Power demand in New York and Boston probably will rise 2 percent a year, Sullivan said.

Regional Demand Growth

Rising electricity demand and planned plant retirements may leave the New York City area short of generating capacity needed to meet demand on the hottest days as early as next year, the New York Independent System Operator, which runs the state's power grid, said in August.

The deal may be worth $4.25 billion to $4.5 billion based on recent power plant sales, said Steve Thumb, principal at Energy Ventures Analysis Inc. in Arlington, Virginia, a consultant to companies that buy and sell power plants.

U.S. Power valued the deal at $5 billion, or $1,000 a kilowatt of capacity. That would be among the highest prices paid for gas-fueled plants with contracts that lock in fuel costs and power sales, said Jeff Bodington, Chief Executive Officer at Bodington & Co., a San Francisco-based investment bank that specializes in power-plant deals.

Contract details on the plants will not be released, Sullivan said.

Little Golden Apples

``There's an argument to put these in the top half by value because they are little golden apples," Thumb said. ``You have a pretty good market up there because they use the damn plants unlike other areas where they were overbuilt. And those cities are so landlocked those plants will be there forever. They're not going to be replaced by the next new technology."

The combination needs approval of EBG shareholders, the New York Public Service Commission, the Federal Energy Regulatory Commission, and federal antitrust approval, Sullivan said. The deal is expected to close by midyear, Sullivan said.

Credit Suisse Group advised Astoria and Lehman Brothers Holdings Inc. advised EBG.

Days After TXU Deal

The merger comes two days after TXU Corp., the largest electricity supplier in Texas, agreed to be purchased by a private investor group led by Kohlberg Kravis Roberts & Co. and Texas Pacific Group for $45 billion, a record leveraged buyout.

Astoria owns Astoria Generation Station, Gowanus Gas Turbine Facility and Narrows Gas Turbine Facility, divested by utility owner Consolidated Edison Inc. under a state law opening power markets to competition and purchased from Reliant Energy Inc. in 2005.

EBG owns Boston-area plants that Chicago-based Exelon Corp. handed over to banks in 2004 after problems with their completion and financing. Sithe Energies Inc. had begun the projects before it was purchased, by Exelon.

``Hedge funds began to take pieces of the equity and we ultimately made a deal to buy a minority piece and the management, Sullivan said.

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EBG has 75 shareholders, and 15 of those would control 75 percent of the company, he said. He declined to name EGB's owners.

Antitrust Probe For ECB Settlement Platform (FT)

By Tobias Buck In Brussels

Financial Times, March 1, 2007

A controversial plan by the European Central Bank to set up and operate a new system for settling share and bond trades in the European Union will come under close scrutiny by the region's top antitrust watchdog.

In an unusual move that adds to the uncertainty surrounding the new regime, the European Commission told EU finance ministers this month that the central bank was not exempt from antitrust laws.

It also told them that the Commission's competition department would carefully examine the so-called Target 2 Securities system - a process that could delay the introduction of the new platform.

Though the Commission does not have concrete concerns at this stage, a probe would most likely focus on whether the ECB system constituted a restrictive business practice or an abuse of monopoly power in violation of EU antitrust rules.

"Economic activities are subject to competition law irrespective of whether they are undertaken by private companies or by public authorities and other institutions," the spokesman for Neelie Kroes, EU competition commissioner, said. "We have informed the financial services committee [the body that prepares meetings of EU finance ministers] that the ECB is not exempt from competition rules."

He added: "The ECB proposal has not been finalised, and we would not necessarily find the system incompatible with EU competition rules. It could turn out to be pro-competitive. But we would want to examine it carefully."

The Frankfurt-based central bank is already facing criticism for its proposal to set up and operate a system that would compete directly with private-sector settlement providers such as Euroclear and Clearstream.

The ECB's regime is intended to provide a central platform for settling trades in Euro-denominated securities. The bank argues that it would be cheaper and easier to use than the patchwork of different national settlement systems.

But in a move that highlighted growing concern about the project's implications for Europe's capital market, EU finance ministers on Wednesday called on the bank to provide more information on the expected costs and benefits of the project.

Though the ECB does not need the governments' approval to move ahead with Target 2 Securities, it confirmed on Wednesday that it would conduct further work on the scheme and report back to ministers. The bank had originally hoped to reach a final decision on the system next month - a target date it has now abandoned.

Ms Kroes' intention to examine the regime's compatibility with antitrust rules may turn out to sit uncomfortably with the Commission's general support for a more integrated clearing and settlement regime in the EU. Brussels last year published a report that identified the high cost of cross-border clearing and settlement as a crucial obstacle for the creation of more integrated European capital market.

Stock exchanges and settlement providers reacted by agreeing to make their regimes work together more smoothly and to "unbundle" clearing and settlement services from other activities such as trading.

EU Clears BAWAG Sale To Cerberus Group (AP)

AP, March 1, 2007

EU Clears Sale of Austria's Troubled BAWAG Bank to Cerberus-Led Group

BRUSSELS, Belgium (AP) -- EU regulators on Wednesday cleared the sale of Austria's BAWAG, the troubled bank linked to collapsed commodities broker Refco, to a consortium headed by private equity fund Cerberus Capital Management.

The European Commission automatically cleared the deal after identifying no antitrust problems and receiving no complaints from rivals within a deadline of 25 working days.

Cerberus and others agreed in December to pay 3.2 billion euros ($4.23 billion) for the bank, Austria's fifth largest.

The bank's current owner, trade union federation OeGB, will get 2.6 billion euros ($3.44 billion) of that with the rest serving as an injection of capital for BAWAG P.S.K.

The consortium -- which includes Wuestenrot, the Austrian branch of Assicurazioni Generali SpA, Oesterreichische Post and a small group of industrialists linked to Hannes Androsch, a former Austrian finance minister -- plans to expand the bank throughout Europe.

BAWAG, formally known as the Bank Fuer Arbeit und Wirtschaft AG, lost more than a billion dollars in soured currency speculation deals in the Caribbean and has been under investigation for loaning Phillip Bennet, the former CEO of Refco Inc., several hundred million dollars just before the brokerage filed for bankruptcy protection last year.

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It agreed in June to pay at least 530 million euros ($675 million) to avoid prosecution and to settle bankruptcy claims after admitting its role in Refco's collapse.

In October, the Vienna public prosecutor's office said it had filed charges against nine people connected to BAWAG, including Helmut Elsner and Johann Zwettler, both former heads of the bank, as well as investment banker Wolfgang Floettl and Robert Reiter, a former auditor.

Broadcom V. Qualcomm Battles Wage On (OCR)

By John Gittelsohn, The Orange County Register

Orange County (CA) Register, March 1, 2007

The semiconductor giants settled four patent disputes out of court last week, but are far from resolving other property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday.

Broadcom Corp. and Qualcomm Inc. settled four patent disputes out of court last week, but the Southern California semiconductor giants are far from resolving their antitrust and intellectual property battles, attorneys for both companies said in interviews with the Orange County Register on Tuesday.

"That was just a piecemeal separate peace," said Lou Lupin, executive vice president and general counsel for Qualcomm, the San Diego telecom chipmaker.

Broadcom and Qualcomm still have five outstanding patent infringement cases and three antitrust actions in U.S. federal courts, the European Community and South Korea. One of the next cases is scheduled for opening arguments in federal court in Santa Ana in May.

In addition, Broadcom still has 12 patent disputes against Qualcomm, and Qualcomm still has six against Broadcom, said David Rosmann, Broadcom's vice president for intellectual property litigation. "It's just a paring down," he said.

Irvine-based Broadcom launched the legal war in 2005 amid frustration over negotiating licensing agreements for technology in 3G or WCDMA mobile phones, a new generation of phones that perform multiple tasks such as transmitting high speed video. Qualcomm pioneered the technology that became the industry standard.

In its antitrust cases, Broadcom argues that Qualcomm wants to monopolize the next generation of mobile phones by charging excessive royalties. Broadcom's attorneys say Qualcomm employed the same tactic to control more than 90 percent of the chips in the current generation of mobile phones used by such companies as AT&T, Sprint and Verizon.

"Broadcom didn't like the way (the royalty negotiation) was going so it instituted litigation and Qualcomm responded with litigation of its own," Lupin said.

In its patent-infringement cases, Broadcom argues that Qualcomm has refused to pay for using its technology. In its countersuits, Qualcomm contends that Broadcom is trying to enter a field plowed by Qualcomm without paying a fair price.

Rosmann noted that Broadcom prevailed over Qualcomm in a U.S. International Trade Commission patent infringement ruling and a patent infringement case in U.S. District Court in San Diego.

"We're 2-0," he said.

Qualcomm has set aside $200 million for all of its litigation in 2007. Broadcom's attorneys declined to specify the cost of litigation. Qualcomm also hired former U.S. attorney Carol Lam to head up its litigation process against Broadcom and cell phone maker Nokia, which has also filed separate antitrust claims against Qualcomm.

"The litigation is all about posturing for market position," Lupin said. "I would not characterize it as par for the course. We have 140 to 150 licensing agreements, almost all without litigation. This is the exception – a rare exception – to the rule."

Mark Nelson, a Washington, D.C., attorney who represents Broadcom in its antitrust cases, said a lot of companies do business with Qualcomm because they have no choice.

"It's not surprising companies feel compelled to deal with a monopolist, he said. "It doesn't mean they're satisfied."

By challenging Qualcomm, Broadcom's attorneys said, other companies – and consumers – will have more choice in their future phones.

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Why Big Isn't Bad (WSJ)

By Cécile Philippe

The Wall Street Journal, March 1, 2007

The world's No. 1 chipmaker, Intel, has been the target of a series of antitrust probes and lawsuits around the globe. Among them is a five-year investigation by the European Commission that has included raids on the company's European offices and may yet lead to formal legal proceedings. Japan's Fair Trade Commission has already condemned Intel for "unfair" practices and urged it to change its ways. Authorities in South Korea and the U.S. are also probing the California-based company.

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The concomitant nature of these cases owes nothing to serendipity. They were all triggered following antitrust complaints filed by Intel's arch-rival, Advanced Micro Devices Inc. AMD alleges that Intel's practice of inviting its major customers to sign exclusive contracts in exchange for significant rebates and discounts is anticompetitive. In the European Commission, AMD has an audience that has been sympathetic to such accusations before, as in the cases of the pharmaceutical firm Hoffmann-Roche in 1979 or the tire manufacturer Michelin in 2003.

These commercial tactics are actually common practice. Intel's case, however, is allegedly different in that the firm enjoys a "dominant position" in the market for microprocessors, with 80% of sales by unit volume. It is because of this "dominant" status that competition regulators might regard Intel's practices with suspicion and ordain that it end them.

The legal premise is that a company with such a large market share can use its size to put competitors out of business, perhaps by lowering its prices to a point at which they cannot compete, and then foist higher prices upon helpless customers. The soundness of this theory is debatable even on philosophical grounds -- if the new monopolist suddenly raises prices, why would its old competitors not get back into the game? -- but there is empirical evidence that Intel's practices have not made it immune to competition.

Sure, Intel has gained ground in Japan thanks in part to the discount and rebate practices in began there in 2002. Its market share there rose to 89% in 2004 from 76% a year earlier. World-wide, though, Intel is losing ground to AMD, whose market share grew to 25.3% at the end of 2006, compared with 23.3% in 2005. The company announced that it would have to reduce its global staff by 10,000 workers by the middle of this year.

In any case, there's an inherent contradiction in this "big is bad" application of competition law. Firms are allowed to use certain practices in order to grow their business and reach the top of their industry. But then, suddenly, these practices become illegal once their goal has been achieved. How can this be right? From an economic point of view, the intensity of competition should not be measured by market share alone. The most important thing is to see that entry into the market remains free -- that is, that regulatory measures do not impede companies from joining the fray.

Intel has chosen to engage in drastic price cuts in order to win more business, and in some cases it has conditioned these price cuts on exclusivity agreements. However, it's important to note that a customer won't agree to such arrangements unless it sees a benefit for itself as well as Intel. The purchasing firm's decision is partly a function of competing offers, but in the end it will opt for those products that it expects to be attractive to its own consumers. This is certainly the reason why, despite Intel's offers and market dominance, the world's leading PC distributor, Dell, recently ended a 7-year-old exclusive contract with Intel, deciding instead to to distribute AMD's opteron chip. Moreover, server makers Hewlett-Packard, Sun and IBM, among others, increasingly are rolling out new products with AMD, not Intel, inside. At the end of the day, the success of Intel or AMD depends on their ability to meet the needs and expectations of their customers, whether they favor innovative products or cheaper products.

The market for microprocessors is regarded as one of the most dynamic in the economy. For several decades, it has been characterized by dazzling innovations and no less spectacular price cuts. Today's chips can process up to 50 billion instructions per second; just a decade ago, they could handle only 500. (The evolution for the number of transistors inside has been similar.) All this has occurred even though there are only two major players on the stage today.

In weighing Intel's business model and practices, it is vital that regulators leave room for the free play of competition and, even more important, let the market judge the management decisions of the different players in a given industry. There is no guarantee that Intel's strategy will prove to be the best one, especially if AMD or other firms provide better value to consumers. What is anticompetitive is the worrying trend of companies' asking regulators to level the playing field, rather than trying to win in the marketplace.

Ms. Philippe is director general of Institut économique Molinari, a think tank in Brussels and Paris.

ENVIRONMENT:

Lawsuit Aims To Block 2nd Marina At Lake Pleasant (AZREP)

By Scott Wong, The Arizona Republic

Arizona Republic, March 1, 2007

The owner of the lone marina at Lake Pleasant sued two high-ranking federal officials in U.S. District Court Tuesday in an effort to halt construction of a new marina at the far north Peoria lake.

Paradise Valley businessman David Maule-Ffinch and his Pensus Group filed suit against Robert W. Johnson, commissioner of the U.S. Bureau of Reclamation, and Dirk Kempthorne, secretary of the U.S. Department of the Interior.

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The lawsuit came on the same day the $20 million marina cleared its largest bureaucratic hurdle. Reclamation officials on Tuesday said they determined Scorpion Bay Marina & Yacht Harbor would have no significant impact on the environment and that the agency would not undertake a complete environmental review of the project.

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In his 13-page suit, Maule-Ffinch claimed that Reclamation — the arm of the Interior Department that owns Lake Pleasant and other waterways — broke federal law when it failed to require that Maricopa County conduct a competitive bidding process for the construction and management of the new marina.

A provision in a 2002 request for proposal banned Pensus and other potential bidders that had any business interests next to or around Lake Pleasant Regional Park, which the county manages.

"The Bureau of Reclamation has an independent duty to make sure a federal asset is given out to a profit-making organization who has complied with all of the rules," Andrew Federhar, an attorney for Maule-Ffinch and Pensus, said Wednesday. "We don't believe (Reclamation) ensured this federal asset is being appropriately used."

Maule-Ffinch filed a similar suit last April in Maricopa County Superior Court against the county and Lake Pleasant Marina Partners, a limited liability group of investors in the project. The court decided not to hear the case; neither did the state appellate court upon appeal.

Bruce Ellis, who heads the Reclamation division that issued a draft environmental review of Scorpion Bay, said he had no comment about the federal suit. A spokesman for the U.S. Department of Justice said the agency has not been served and would not have any comment until it reviews the matter.

The planned Scorpion Bay Marina would be constructed on about 164 acres of land on the western shore of Lake Pleasant Regional Park. It would feature 800 wet slips, parking for 800 vehicles, a boating supply store, and a boat launch ramp, among other amenities.

Reach the reporter at scott.wong@arizonarepublic.com or (602) 444-6914.

Coal-fired Power Plant Gets Go-ahead (AAS)

By Asher Price, AMERICAN-STATESMAN STAFF

Austin American-Statesman, March 1, 2007

Federal judge OKs a settlement between government and companies for generator at Rockdale smelter.

A long-challenged Central Texas coal-fired power plant appeared to get a green light for construction from a federal judge Tuesday.

The plant had been held up by legal challenges from environmental groups and, for a period, the federal Department of Justice.

But in November, the federal government offered a settlement that would allow Alcoa Inc. and TXU Corp. to use an old permit at the site instead of having to apply for a new, stricter permit.

The settlement offer, approved by U.S. District Judge Sam Sparks in Austin late Tuesday, eases a deal between the aluminum giant and the state's largest energy company for control of the plant, which powers an aluminum smelting operation in Rockdale, about 60 miles northeast of Austin.

The plant's new unit, known as Sandow 5, is one of three coal-fired units TXU proposes to build. Plans for eight other units were withdrawn after the company was approached in a $45 billion buyout deal last week.

The unit, slated to come online in 2009, will have 581 megawatts of capacity, or enough to power 300,000 homes.

TXU said it will start construction immediately. Once the new unit is operational, the plant will employ about 1,370 people, the company said.

Citizens and environmental groups accused Alcoa in a lawsuit of illegally releasing more than 1 million tons of air pollution from the plant during a 17-year period.

As part of the settlement reached in 2003, Alcoa was required to pay a $1.5 million fine, spend $2.5 million on environmental mitigation projects in Central Texas and replace its three coal-powered generating units at the plant with a single cleaner-burning, coal-powered unit by 2007.

But Alcoa was unable to find a partner to build the generator until TXU stepped forward last year.

To sweeten the deal for TXU, Alcoa has tried to loosen the emissions controls in the 2003 settlement and continued operating the plant under the company's existing air permit.

Environmentalists had argued that because the new plant won't be complete by the 2007 deadline, the judge should require a stricter air permit.

Under the new settlement, Alcoa will pay the U.S. government $859,000 in penalties from the 2003 settlement, and Alcoa and TXU Sandow are supposed to cut emission rates for nitrogen oxide by 20 percent from the rate called for in the 2003 settlement.

The judge found arguments by the citizens groups that the order would relax pollution controls to be "simply incorrect."

At least one group involved in the case said it was thinking of appealing the judgment.

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Judge OKs Settlement For Central Texas Coal Plant (AP)

The Associated Press

AP, March 1, 2007

AUSTIN — A federal judge has approved a settlement between Alcoa, TXU and the U.S. Department of Justice that would allow TXU to build a new coal-fired power plant in Central Texas.

A spokeswoman said TXU will start construction as soon as possible on the plant at Alcoa's aluminum smelter in Rockdale, about 60 miles northeast of Austin. The new unit, known as Sandow 5, will replace three old coal-fired generators.

The Justice Department had joined environmental and citizen groups in challenging plans for the new plant. But the government came to terms with Alcoa and TXU in November, and on Tuesday, U.S. District Judge Sam Sparks approved the settlement.

The Rockdale plant is one of three Texas coal-fired units proposed by TXU. Private equity firms working to buy TXU said earlier this week that they would scrap plans for eight other proposed coal plants.

Opponents of the Rockdale plant had sued Alcoa alleging the company released illegal amounts of air pollution from the plant during a 17-year period.

Alcoa reached a settlement with the groups in 2003 that required Alcoa to pay fines, spend millions on environmental cleanup and replace its three coal units with a single cleaner unit by 2007.

Alcoa had trouble finding a partner to build the new generator. To help attract TXU, Alcoa has tried to loosen the emissions controls in the 2003 settlement and continued operating the plant under the company's existing air permit.

Environmentalists argued that the judge should require a stricter air permit because the plant won't be built by 2007.

Under the settlement, Alcoa won't have to apply for a new permit. But it must pay the U.S. government $859,000 in penalties from the 2003 settlement, and Alcoa and TXU are supposed to cut emission rates for nitrogen oxide by 20 percent from the rate called for in the 2003 settlement.

Jim Marston, regional director of plaintiff Environmental Defense, said he's had talks with the firms buying TXU about limiting sulfur dioxide emissions from the Sandow unit.

Marston said the groups have not decided whether to appeal the judge's ruling.

Group Should Return $25 Million, U.S. Audit Says (BLOOM)

By Neil Roland

Bloomberg, February 28, 2007

Feb. 28 (Bloomberg) -- An environmental group that sponsored national clean-water events with the Smithsonian Institution before shutting down over accounting irregularities should return $25 million in government grant funds, a U.S. audit said.

The nonprofit America's Clean Water Foundation, formed in 1989 with a board headed by then-Senators Edmund Muskie and Howard Baker, overstated costs on U.S. Environmental Protection Agency grants and failed to keep appropriate records, an audit by the EPA's inspector general said.

``This was a highly visible group with lax internal controls," EPA Grants Administrator Richard Kuhlman said in an interview today. ``There aren't many groups like this that go under, and this amount is by far the most we've considered trying to recover since I've been here."

The Washington-based foundation got three EPA grants for a total of $25.2 million since 1998, with most of the money for on-site environmental reviews of pork farms, the audit said.

Auditors recommended trying to recover the money unless the group reconstructed its accounting records. The foundation closed its doors last July when the EPA shut off funds because of the accounting problems.

``The vast majority of the money went to proper projects with a lot of environmental benefit," Kuhlman said. ``But it's difficult for us to provide funds to them when there are so many questions about how they're handling funds."

Closed Doors

The foundation failed for years to detect an employee's $500,000 embezzlement of its funds, Kuhlman said. The Federal Bureau of Investigation has been investigating the crime, he said. FBI spokeswoman Debbie Weierman declined to comment.

It also failed to document its expenses, didn't have its books audited for three years, and awarded all its contracts without competition among potential bidders, the audit said.

``The foundation did not comply with the financial and program management standards and the procurement standards promulgated'' in federal regulations, according to the report made available Feb. 23.

America's Clean Water Foundation also violated conflict-of- interest rules by awarding a $50,000 contract without competition to the vice president of the board, the 32-page audit said.

The board member, Charles Grizzle, a Washington lobbyist who also was a fund-raiser for President George W. Bush's 2004 presidential campaign, said he didn't influence the award and recused himself from discussions of it. The contract was to set up a program for states to audit hog farms.

Books Not Audited

``I should have said, `You all find someone else to put this program together,'" Grizzle said in an interview today. ``Where it looks inappropriate, and I regret that, is that I don't recall filing a formal letter of recusal."

A lawyer for the group, Christopher Rissetto of the Reed Smith law firm in Washington, said he wouldn't discuss the audit findings because the EPA hasn't made a final decision on what to do about the recommendations.

``It's obvious we have different views," he said in an interview today. ``The public record is full of the foundation's fine'' work.

Rissetto also declined to comment about the performance of the group's former president and executive director, Roberta H. Savage, who made $149,000 a year, according to filings with the Internal Revenue Service.

`Positive or Negative'

``I'm not going to say anything positive or negative about Roberta," he said. Savage couldn't be reached for comment and Rissetto declined to provide her phone number or address.

The EPA has until June to decide whether to pursue any of the funds, Kuhlman said. The agency is likely to forward the issue to the U.S. Department of the Treasury, which will decide whether to pursue retrieval of the $25.2 million or write it off. One question that Treasury officials might have to address is from whom it would seek to collect the money, he said.

Since 2003, when Kuhlman began his job, the largest previous amount of grant money that the EPA has tried to recover for rule violations was about $1 million, he said. Auditors recommended that the EPA try to recover all $25.2 million awarded by the agency.

EPA told the group last year that it wouldn't get any more money until it documented its expenses, Kuhlman said. When America's Clean Water Foundation didn't provide documentation, the agency halted funding, and the group shut down.

95 Percent of Revenue

The grants accounted for 95 percent of the group's revenue, Kuhlman said.

America's Clean Water Foundation, which had revenue of $6.9 million in 2003, according to filings with the IRS, sponsored national commemorations of the 20th and 30th anniversaries of the 1972 Clean Water Act.

It also joined with the Smithsonian to celebrate annual National Water Monitoring Days, which got about 75,000 Americans to test their local water in 2002 and participate in other programs, according to a U.S. State Department announcement the next year.

Savage later got the United Nations to join in celebrating a World Water Monitoring Day, which drew people from 35 countries in 2004, according to an EPA announcement. Then-EPA Administrator Mike Leavitt helped celebrate the event by speaking at a Smithsonian facility in the Washington area.

DOE Sets Ethanol-Fuel Effort (WSJ)

By John J. Fialka

Wall Street Journal, March 1, 2007

WASHINGTON -- The Department of Energy has kicked off a technological horse race to see which among six companies can produce a transportation fuel that is an alternative to corn-based ethanol, in commercial quantities, at a cost of around $1 a gallon.

Companies successful in producing low-cost ethanol could have first crack at a new fuel market that offers a domestic alternative to gasoline. Until then, the agency says it will pony up as much as $385 million to help the competitors, but how much each company gets will be negotiated later, based on their progress.

"This effort is a big deal," said Energy Secretary Samuel Bodman, who estimated that the companies will commit a total of at least $1.2 billion to their ventures.

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Since Congress has been slow in appropriating the agency's budget, an additional prize, promised by a $2 billion loan-guarantee program, has yet to be established. Most of the six companies, which will make ethanol from materials such as wood chips, orange peels, corn stalks and municipal garbage, have also applied to participate in that effort.

Congress approved aiding makers of so-called cellulosic ethanol in the Energy Policy Act of 2005. Cellulosic ethanol is made by extracting and distilling sugars from the woody fibers of plants, rather than from corn kernels, which makes the process much more difficult. President Bush has since made the program part of his goal to introduce 35 billion gallons of alternative fuels into the transportation sector to lessen U.S. dependence on imported oil.

Currently the U.S. produces about six billion gallons of ethanol. Mr. Bodman estimated that corn-based production could increase to 12 to 15 billion gallons, but farm experts worry that soaring demand for corn by ethanol refineries will push food and meat prices up to politically unacceptable levels.

DOE scientists and officials will determine who gets what portion of the funding. One competitor is the agency's National Renewable Energy Laboratory. It is teamed up with Broin Cos., of Sioux Falls, S.D., which plans to use enzymes to make ethanol out of corncobs and corn stalks at a plant near Emmetsburg, Iowa. Another partner in the venture is DuPont Co.

The other selected companies are:

-- Abengoa Bioenergy, a St. Louis, Mo., affiliate of Abengoa SA, a Spanish conglomerate that is the leading ethanol producer in Europe. The company has selected a Colwich, Kan., site for a plant that would use enzymes to make ethanol from corn stalks and wheat straw.

-- Alico Inc., a producer of citrus products and minerals. It plans to build a facility near its headquarters at LaBelle, Fla., which will use heat and chemicals to produce ethanol from orange peels and wood wastes.

-- BlueFire Ethanol Inc., an Irvine, Calif., company that is teamed with Waste Management Inc., to make ethanol out of selected garbage from municipal landfills, using sulfuric acid and steam. The company's first facility will be at a landfill in Corona, Calif.

-- Iogen Biorefinery Partners LLC, an Arlington, Va., affiliate of Ottawa-based Iogen Corp. It is teamed with Goldman Sachs Group Inc. and Royal Dutch Shell PLC to use an enzyme-based process to make ethanol from wheat and barley straw and other farm wastes at a site near Shelley, Idaho.

-- Range Fuels Inc., Broomfield, Colo., which has picked a site near Soperton, Ga., for a facility that will use heat and steam to make ethanol out of various forest wastes.

6 Get Grants From U.S. To Support Bio-Refineries (NYT)

By Alexei Barrionuevo

New York Times, March 1, 2007

Seeking to encourage motor fuel production from materials that are cheaper and more abundant than corn, the Energy Department said yesterday that it would provide up to $385 million in six bio-refinery projects that would produce cellulosic ethanol, a type of ethanol that can be made from nonfood crops and agricultural waste.

The awards, to be made over four years, are called for under the 2005 Energy Policy Act. They will advance President Bush's goals of making the cost of cellulosic ethanol competitive with gasoline by 2012 and of reducing America's gasoline consumption by 20 percent in 10 years, Energy Secretary Samuel W. Bodman said at a news conference in Washington.

Dozens of ethanol refineries that use corn are planned for construction over the next two years. But Mr. Bodman acknowledged yesterday that corn alone would not be enough to achieve the ambitious goal of taming what Mr. Bush has called America's "oil addiction."

Because of constraints on farmland and the need for corn in the food supply, corn-based ethanol can produce only up to 15 billion gallons of ethanol, less than half of the 35 billion gallons of renewable and alternative fuels the president set as a goal by 2017 in his State of the Union speech in January.

"Corn-based ethanol is already playing a key part in reducing our dependence on fossil fuels and mitigating the growth of greenhouse gases, but we cannot increase our use of corn grain indefinitely," Mr. Bodman said.

Ethanol made from corn has a small effect on greenhouse gases, but ethanol from cellulose cuts those gases sharply.

But cellulosic ethanol is still twice as expensive as corn-based ethanol, which has relied for many years on a 51-cent-a-gallon subsidy to be competitive with gasoline. For that reason, no company has yet to construct a commercial-scale cellulosic plant.

Mike Muston, executive vice president of Broin Companies, which won one of the awards, said Broin could produce cellulosic ethanol for $2.25 to $2.50 a gallon and expected to cut those costs to under $2 a gallon when it started its plant around 2010. Mr. Bodman said the long-range goal was to get costs down to $1 a gallon, which he said would put cellulosic ethanol in position to compete with "any technology in the world."

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Yesterday's grants will help accelerate the nascent cellulosic industry, Mr. Muston said, allowing Broin, which is based in Sioux Falls, S.D., and its partner, DuPont, to push up construction on an expansion to its Emmetsburg, Iowa, plant by two to three years.

Lawrence J. Goldstein, an energy consultant and critic of corn-based ethanol, said the administration had no choice but to push hard to commercialize cellulosic ethanol. "They are throwing money where they ought to be throwing it because they know they can't get within shouting distance of their goal without a major, quick breakthrough in cellulosic," said Mr. Goldstein, a board member at the Energy Policy Research Foundation.

The awards will finance up to 40 percent of the projects, which are expected to total more than $1.2 billion. The projects, which are scattered from Florida to Kansas to California, aim to produce more than 120 million gallons of cellulosic ethanol a year.

The winning companies, in addition to Broin, are a Spanish company, Abengoa Bioenergy; Alico Inc., of LaBelle, Fla.; BlueFire Ethanol, based in Irvine, Calif.; the logen Corporation, of Canada; and Range Fuels, of Broomfield, Colo. Range Fuels is partly financed by Khosla Ventures, the Silicon Valley venture capital firm run by Vinod Khosla, an influential voice on ethanol in Washington.

The plants would use low-value materials like switch grass, wheat straw and wood chips.

Even with the new push by the Energy Department, Mr. Bodman said ethanol's future was not assured.

"We are unclear whether ethanol will be the winner," he said yesterday, referring to the search for a renewable energy source to replace petroleum. Bio-butanol, a crop-based fuel that is to be commercialized later this year by DuPont and the oil giant BP, "is an inherently better fuel," he said, because, unlike ethanol, it has as much energy for each gallon as gasoline does.

FBI/DEA/ATF/USMS:

Bust Nets Drugs, $45 Million From Cartel (AP)

AP, March 1, 2007

SAN DIEGO — Dozens of people accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana, federal officials said.

At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said. All the narcotics were sneaked into the country through the porous Southwest border exploited by cartel kingpin Victor Emilio Cazares-Gastellum, they said.

The 20-month sting, code-named "Operation Imperial Emperor," so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois.

"Today's operation is a serious blow to one of the largest and most significant trafficking organizations," said Attorney General Alberto Gonzales at a news conference in San Diego.

Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but remains in Mexico and was not arrested, officials said.

Authorities said the cartel employed U.S. citizens and Mexican nationals, who distributed the drugs in 23 states. They will face either federal or state charges.

(Story continues below)

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Among the cache collected by the Drug Enforcement Administration were 27,229 pounds of marijuana; 9,512 pounds of cocaine; 705 pounds of methamphetamine; 227 pounds of pure methamphetamine, or "ice"; 11 pounds of heroin; $6.1 million in property and assets; and an estimated 100 weapons and 94 vehicles.

Authorities said the cartel shipped or drove metric tons of the drugs from Colombia and Venezuela to Mexico. From there, they were taken over the southwest border and broken down in Los Angeles, San Diego and other cities before being distributed nationwide.

The drugs were distributed in Nevada, Arizona, New York, New Jersey, Ohio, Colorado, Georgia, Alabama, Arkansas, Kentucky, Connecticut, Massachusetts, Maryland, Texas, Missouri, Oklahoma, Illinois, Kansas, Florida, Georgia, North Carolina, Washington and Oregon.

Multiagency Probe Nets Over 400 In Mexican Drug Ring (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 1, 2007

A long-term federal investigation into a Mexican drug-trafficking organization and its U.S.-based distribution cells has resulted in more than 400 arrests nationwide, including 66 who were taken into custody yesterday in California, Arizona, New York and Illinois.

Attorney General Alberto R. Gonzales said the multiagency probe known as "Operation Imperial Emperor" targeted the Mexico-based Victor Emilio Cazares-Gastellum drug cartel, which has been responsible for supplying multiton quantities of cocaine, methamphetamine and marijuana monthly throughout the United States.

Mr. Gonzales said during a press conference in San Diego to announce the operation that the gang laundered millions of dollars of illicit profits.

"Today's actions deal a significant blow to the Victor Emilio Cazares-Gastellum drug-trafficking organization," Mr. Gonzales said. "These arrests demonstrate what can be achieved when domestic and international law-enforcement partners team up against a common foe."

The 20-month probe, led by the U.S. Drug Enforcement Administration, has netted $45.2 million in U.S. currency, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine and 11 pounds of heroin, said DEA spokesman Rusty Payne.

The investigation also accounted for $6.1 million in property and assets, as well as 100 weapons and 94 vehicles, Mr. Payne said.

Federal or state charges were unsealed against 139 defendants in California, Arizona, Illinois and New York. With the 66 arrests yesterday, the total number of arrests during the course of the investigation rose to 400.

According to court papers, the Cazares-Gastellum organization contracted the transportation of narcotics to the United States by land, air and sea and metric-ton shipments were transported out of Colombia and Venezuela, through Central America to Mexico, by tractor-trailer, noncommercial vehicles and aircraft.

Once in Mexico, the papers said, the narcotics were transported into the United States through various points of entry on the Southwest border and broken down in Los Angeles and San Diego for later shipment across the country.

"The Cazares-Gastellum drug empire that rose to such heights of power in only two years, fell today at the hands of DEA and our partners," said DEA Administrator Karen P. Tandy. "This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country."

DEA Busts Ring Accused Of Sending Tons Of Drugs To USA (USAT)

By Donna Leinwand, Usa Today

USA Today, March 1, 2007

Federal agents arrested 66 people Wednesday in a multi-city sweep of an alleged drug ring that is accused of bringing five tons of cocaine a month into the USA, Attorney General Alberto Gonzales announced.

The Drug Enforcement Administration said leaders of the Cazares drug operation, headquartered in Mexico, have been indicted on charges of laundering money and trafficking in massive amounts of cocaine, marijuana and methamphetamine from Colombia, Venezuela and Mexico.

The drugs were sneaked into the USA via the southwest border with Mexico, the DEA said. The latest arrests bring to 402 the number of people charged in connection with the drug ring, the agency said.

The DEA said its nearly two-year investigation has resulted in the seizure of $45 million and thousands of pounds of marijuana and cocaine and hundreds of pounds of methamphetamine. Wednesday's arrests occurred in cities in California as well as Phoenix and Chicago.

The investigation began in 2005 when federal agents in Imperial County, Calif., stopped a pickup packed with marijuana, the DEA said. The find led federal agents to Victor Cazares-Gastellum, DEA spokesman Steve Robertson said.

Cazares and his operatives moved cocaine from Venezuela and Colombia through Central America and into Mexicali, court papers said. Traffickers drove the cocaine and other drugs over the border in tractor-trailers outfitted with secret compartments, according to the court papers.

The drugs were stashed in houses in California until they could be repackaged and moved to distributors throughout the country, court papers said.

Cazares controlled regional and street-level trafficking cells in Alabama, Arkansas, Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Kansas, Kentucky, Maryland, Massachusetts, Missouri, Nevada, New York, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Texas and Washington, the DEA said.

"Not only are they moving large amounts of cocaine, but also methamphetamine," Robertson said. "We've been seeing meth sources changing from local labs to Mexican superlabs."

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Cazares remains in Mexico and has not been arrested, Robertson said. U.S. authorities will ask Mexican officials to execute a provisional arrest warrant, he said.

U.S. Seizes 18 Tons Of Drugs, Arrests 400 In Sweep (Update1) (BLOOM)

By Robert Schmidt

Bloomberg, March 1, 2007

Feb. 28 (Bloomberg) -- U.S. authorities arrested more than 400 people and seized 18 tons of illegal drugs over the course of a 20-month investigation into a Mexican smuggling cartel, officials said.

Authorities arrested 66 people today, and they unsealed federal and state charges against 139 defendants in California, New York, Arizona and Illinois in connection with the probe, dubbed ``Operation Evil Emperor.'' The investigation targeted the Victor Emilio Cazares-Gastellum cartel, which supplied cocaine, methamphetamine and marijuana across the U.S., Attorney General Alberto Gonzales said in San Diego.

``This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country,'' Drug Enforcement Administration chief Karen Tandy said in a statement. ``Today we ripped out this empire's U.S. infrastructure.''

The operation, led by the DEA, netted $45.2 million in U.S. currency, 27,229 pounds of marijuana, 9,512 pounds of cocaine and 705 pounds of methamphetamine, officials said. Also seized were about 100 weapons and 94 vehicles.

According to court filings, Cazares-Gastellum's organization shipped tons of narcotics from Columbia and Venezuela to Mexico. The drugs were then smuggled across the Southwestern border of the U.S. by land, sea and air.

Drugs from the cartel were sold in at least 23 states, prosecutors said.

More than 100 federal, state and local law enforcement agencies participated in the sweep.

Bust Nets Drugs, $45 Million From Cartel (AP)

By Elliot Spagat, Associated Press Writer

AP, March 1, 2007

Dozens of people accused of working for a Mexican drug cartel were arrested Wednesday in a multistate bust that has netted more than $45 million in cash and tons of cocaine, heroin and marijuana, federal officials said.

At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said. All the narcotics were sneaked into the country through the porous Southwest border exploited by cartel kingpin Victor Emilio Cazares-Gastellum, they said.

The 20-month sting, code-named "Operation Imperial Emperor," so far has swept up 402 of the cartel's suspected lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois.

"Today's operation is a serious blow to one of the largest and most significant trafficking organizations," said Attorney General Alberto Gonzales at a news conference in San Diego.

Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but remains in Mexico and was not arrested, officials said.

Authorities said the cartel employed U.S. citizens and Mexican nationals, who distributed the drugs in 23 states. They will face either federal or state charges.

Among the cache collected by the Drug Enforcement Administration were 27,229 pounds of marijuana; 9,512 pounds of cocaine; 705 pounds of methamphetamine; 227 pounds of pure methamphetamine, or "ice"; 11 pounds of heroin; $6.1 million in property and assets; and an estimated 100 weapons and 94 vehicles.

Authorities said the cartel shipped or drove metric tons of the drugs from Colombia and Venezuela to Mexico. From there, they were taken over the southwest border and broken down in Los Angeles, San Diego and other cities before being distributed nationwide.

The drugs were distributed in Nevada, Arizona, New York, New Jersey, Ohio, Colorado, Georgia, Alabama, Arkansas, Kentucky, Connecticut, Massachusetts, Maryland, Texas, Missouri, Oklahoma, Illinois, Kansas, Florida, Georgia, North Carolina, Washington and Oregon.

Associated Press writer Lara Jakes Jordan in Washington contributed to this report.

Justice Department Announces $45 Million Multi-Ton Drug Bust Targeting Mexican Organization (FOX)

By Liza Porteus

Fox News, March 1, 2007

Feb. 28: DEA workers display roughly $3.5 million in money grabbed during the Justice Department's drug bust.

The Justice Department on Wednesday announced the largest drug bust in 10 years as it rounded up more than 400 members of a Mexico-based cartel distributing tons of cocaine, marijuana and methamphetamines in the United States.

U.S. Attorney General Alberto Gonzales announced the roundup Wednesday during a press conference in San Diego.

"Operation Imperial Emperor" targeted the Mexico-based Victor Emilio Cazares-Gastellum, a.k.a. "Victor Emilio Cazares-Salazar," drug trafficking organization, which Justice says has been responsible for supplying multi-ton quantities of cocaine, as well as large amounts of methamphetamine and marijuana, monthly to distribution cells throughout the United States.

The organization has also laundered millions of dollars generated from this illegal activity, according to the Justice Department.

"Today's actions deal a significant blow to the Victor Emilio Cazares-Gastellum drug trafficking organization, whose members are accused of importing and distributing multi-ton quantities of cocaine and other illicit drugs to communities across the country on a monthly basis," Gonzales said. "These arrests demonstrate what can be achieved when domestic and international law enforcement partners team up against a common foe."

Federal or state charges were unsealed Wednesday morning against 139 defendants in California, Arizona, Illinois and New York.

The 20-month investigation led by the Drug Enforcement Administration and aided by more than 100 federal, state, local and foreign law enforcement agencies, has so far resulted in the seizure of approximately $45.2 million, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine or "ice," and 11 pounds of heroin.

The investigation has also netted $6.1 million in property and assets, as well as roughly 100 weapons and 94 vehicles. The drug ring is based in Sinaloa, Mexico.

"What's key about this organization is they obviously were dealing in all types of drugs, which means their customers, their victims, were throughout the whole spectrum of U.S. society — rich, poor, old, young, the methamphetamine especially and what we've seen here is a new trend in past couple of years," Justice special agent-in-charge Steven Robertson told FOXNews.com. "This organization had cells, which are little distribution sub-groups based throughout the U.S."

Robertson, who said the bust is the largest in about a decade in terms of amount of drugs and assets seized, as well as number of arrests, said law enforcement is seeing a disturbing new trend in the world of narcotics.

In the past, meth was cooked in small toxic labs here in the United States, "where literally you could cook it on a hotplate in your apartment," Robertson said.

Some of the products being used to make meth — like ephedrine and pseudoephedrine products found in cold medicines — are normally ground up and put through a filtering and cooking process.

But The Combat Meth Act restricted the number of tablets a person can buy in one day, thus resulting in some regular cold medications to now be behind the counter at your local pharmacy.

The amount one person can buy is now limited to 3.6 grams, which is 146 30-milligram tablets during a 30-day period.

It's because of that restriction that makes making meth harder here in the United States, so, Mexican drug rings have seized that opportunity.

"Mexican drug trafficking organizations have realized 'ok, there's a new need,'" Robertson said.

So, drug cartels are cooking meth in what are called 'super labs' outside of the country, then smuggling the drugs into the United States through regular smuggling routes along the southern border.

"This organization branched out and was in fact moving significant amounts of meth, in addition to cocaine and marijuana," Robertson said.

According to court papers unsealed Wednesday, the Mexico-based organization contracted the transportation of drugs to the United States by land, air and sea. Metric ton shipments were transported out of Colombia and Venezuela, through Central America to Mexico, by tractor trailer, non-commercial vehicles, and aircraft.

Once in Mexico, the narcotics were transported into the United States through various border entries in the Southwest.

After arriving in the United States, the drug shipments would be broken down further in cities like Los Angeles and San Diego for further distribution in Nevada, Arizona, New York, New Jersey, Ohio, Colorado, Georgia, Alabama, Arkansas, Kentucky, Connecticut, Massachusetts, Maryland, Texas, Missouri, Oklahoma, Illinois, Kansas, Florida, Georgia, North Carolina, Washington and Oregon.

"The Cazares-Gastellum drug empire that rose to such heights of power in only two years, fell today at the hands of DEA and our partners," said DEA Administrator Karen P. Tandy. "This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country. Today we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country, stripped it of $45 million in cash, and tossed it into the dustbin of history."

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Feds Announce Drug-cartel Bust, Seize 18 Tons Of Drugs (SDUT)

By By Angelica Martinez, Union-tribune Breaking News Team

The San Diego Union-Tribune, February 28, 2007

SAN DIEGO – Federal authorities Wednesday arrested dozens of individuals across the country suspected of bringing 18 tons of illegal drugs into the United States, Attorney General Alberto R. Gonzales said in an afternoon news conference here.

Members of the Victor Emilio Cazares-Gastellum drug trafficking ring were awakened in the early morning hours by federal, state and local law enforcement agencies who served simultaneous arrest warrants as part of a 20-month-long investigation into the ring's operations, Gonzales and other federal officials said.

Gonzales said the Mexico-based organization acquired drugs from Colombia and Venezuela to Central America, then smuggled them into the United States from Mexico. Once in the U.S., the drugs were broken down into smaller shipments in such cities as Los Angeles and San Diego and disseminated to distribution cells in various states.

The ring supplied cocaine, methamphetamine and marijuana monthly to its distributors by air, land and sea. Officials said it also laundered millions of dollars profited from the drug trafficking.

"The war on drugs is an ongoing challenge not just for the United States but for our neighbors and the rest of the hemisphere as well," Gonzales said. He added that "the drug smugglers we are fighting have no respect for national borders."

Advertisement The investigation resulted in the federal indictment of 19 individuals in federal court in San Diego. Those indicted include Mexican nationals and others with residences in Calexico and El Centro, officials said.

So far, nine of the 19 indicted defendants have been arrested. Gonzales said the head of the cartel was not among those arrested.

According to the indictments unsealed Wednesday, Cazares-Gastellum, who competed with the Arellano Felix cartel, was the head of the drug trafficking organization.

Defendants Jose Oscar Del Castillo-Gallardo, Carlos Cuevas Jr. and Sergio Kaiser-Chavez are accused of heading the transportation operations of cocaine between Mexico and the United States.

Other defendants are charged with conspiring to import and distribute the drugs.

Through the course of the investigation, officials made more than 400 arrests across the country – including the 66 people arrested Wednesday morning in California, Arizona, New York and Illinois, Gonzales said.

Authorities said they also seized

More than $45 million in U.S. currency;

9,400 pounds of cocaine;

8 pounds of heroin;

226 pounds of pure methamphetamine, also known as "ice,";

27,218 pounds marijuana ;

465 marijuana plants;

$5.3 million in non-cash assets, primarily real property;

61 vehicles;

83 firearms.

More than 100 agencies and foreign law enforcement officials participated in the investigation, called "Operation Imperial Emperor."

Obscure Mexican Cartel Busted Up (SDUT)

The San Diego Union-Tribune, March 1, 2007

A little-known Mexican drug trafficking organization, which operated without the notoriety of more violent rivals like the Arellano Félix gang, was taken down yesterday during a multistate bust announced in San Diego by Attorney General Alberto Gonzales.

Investigators discovered the Cazares Gastellum cartel about two years ago in the border towns of the Imperial Valley. It was first thought to be a small operation but turned out to be a massive ring that moved a large portion of the U.S. cocaine supply from South America to a distribution center in San Diego to at least 23 states, officials said.

Sixty-six people were arrested in a predawn sting yesterday in San Diego, Calexico, El Centro, Brawley and elsewhere in California, Arizona and Illinois.

The 22-month sting, code-named "Operation Imperial Emperor," has netted 402 people suspected of working for the cartel, more than $45 million in cash and tons of cocaine, heroin and marijuana, said Gonzales, flanked by recently installed interim San Diego U.S. Attorney Karen Hewitt.

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"Today's operation is a serious blow to one of the largest and most significant trafficking organizations," Gonzales said. "These arrests demonstrate what can be achieved when domestic and international law enforcement partners team up against a common foe."

Victor Emilio Cazares Gastellum, the alleged kingpin of the family-run cartel, was indicted by a San Diego grand jury Feb. 23 along with 18 of his suspected lieutenants and foot soldiers on drug, conspiracy and money laundering charges. Cazares remains in Mexico and has not been arrested; U.S. officials said they will immediately seek extradition of Cazares and others.

"The Cazares Gastellum drug empire that rose to such heights of power in only two years, fell today," said Karen P. Tandy, head of the Drug Enforcement Administration, the lead agency in the investigation. "This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country. Today we ripped out this empire's U.S. infrastructure ... and tossed it into the dustbin of history."

Cazares' top lieutenant and son-in-law, Jose Oscar Del Castillo Gallardo, from Sinaloa, was arrested Jan. 20 during a ski trip to Big Bear Lake, said San Diego prosecutor Michael Kaplan.

Castillo acted as a liaison between his father-in-law, the drug supplier and the head of the transportation arm, Carlos Cuevas Jr., of Calexico, who also was arrested Jan. 20, Kaplan said. Both were indicted in San Diego as well.

Officials said the group is an Arellano Félix rival that is aligned with traffickers Ismael "El Mayo" Zambada and Joaquin "El Chapo" Guzman.

Guzman, based in Sinaloa, is alleged to be the country's most powerful drug leader. He escaped from a maximum-security prison in 2001 and is at large.

In San Diego – the base of the drug distribution network – five suspected Cazares cartel members were arrested yesterday in Otay Mesa and Paradise Hills at homes and a business, and agents seized three guns and five vehicles, said DEA Special Agent Dan Simmons. Fourteen others were taken into custody in the Imperial Valley, with $50,000 and 17 vehicles seized, Simmons said.

According to the indictment, Cazares' organization shipped tons of drugs from Colombia and Venezuela through Central America to Mexico. The narcotics were then smuggled across the Southwestern border.

The organization shared the hallmarks of other large cartels – operating as a corporation, using subcontractors to move the drugs via land, air and sea. They often hid drugs in sophisticated compartments in Chevrolet Avalanche pickups or tractor-trailers and drove them through border crossings in Calexico, Kaplan said.

But the group was unique for taking circuitous routes through the backcountry to move drugs, officials said. They crossed the border through the Imperial Sand Dunes, a popular spot with off-roaders, Kaplan said.

In one instance, traffickers carried drugs over the U.S.-Mexico border on a bridge created with sandbags submerged in the Colorado River outside Yuma, Ariz.

The group also behaved more like a business with cells that carried out specific tasks and were insulated from the other cells in case they were discovered. For instance, one lieutenant ran the transportation aspects, another the distribution.

It's difficult to say how long the cartel has operated, or when it began to dominate the trafficking market, Kaplan said.

"They're definitely a very sophisticated trafficking organization that moved overwhelmingly significant quantities of narcotics," he said. "It's not like they suddenly emerged yesterday. They've probably been around for a while, just undetected."

Kaplan said no evidence exists that the Cazares cartel used the violent methods of other groups. "But I'm not telling you it doesn't occur."

The investigation was so complex, with so many targets and so many agencies involved across the country, that it was coordinated by DEA headquarters in Washington, D.C. More than 100 federal, state and local law enforcement agencies participated in the sweep.

"This case went from a very small case to an enormous case with national implications," said Simmons of the San Diego DEA office. "A very small office in the Imperial Valley made a heck of a case with DEA."

9 Arrested In Drug Bust (SFC)

San Francisco Chronicle, February 28, 2007

Nine suspects from Northern California -- including Pinole, Hayward and Fairfield -- have been arrested in connection with an international drug trafficking and money-laundering ring, Drug Enforcement Administration officials said today.

The investigation -- spearheaded by the DEA's Oakland office and dubbed "Operation Imperial Emperor" -- targeted drug distribution cells and money-laundering networks of an organization led by Victor Emilio Cazares-Salazar of Mexico, the DEA said.

Agents seized $1 million, 25 kilograms of cocaine, 21 pounds of "ice" methamphetamine, a ballistic vest, several assault weapons and four vehicles, including a Hummer and a Cadillac Escalade, authorities said.

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The drugs had a street value of about $2.5 million, and Bay Area drug cells distributed as far as Atlanta, the DEA said.

The case began in February 2006 when DEA agents identified a number of Bay Area residents as having ties to an international ring, authorities said. Investigators kept track of suspects through electronic surveillance.

Investigators served search warrants in Tracy, King City, Modesto, Fairfield, Pinole, Hayward and San Leandro.

The Northern California suspects were identified as Edi Camacho, 33, his brother Juan Camacho, 35, their cousin, Misael Camacho, 31, all of Tracy; Aurielo Beltran-Leon, 33, of King City; his brother, Rene Beltran-Leon, 33, of Modesto; Veider Miguel Rodriguez, 40, of Hayward; Luis Manuel Sanchez-Aceves, 26, of Pinole; Cristobal Navarro, 42, of Fairfield; and Jesus Fernando Vega, 34, of Bakersfield.

Juan Camacho, Vega and Rodriquez already were in custody on unrelated drug charges.

Across the nation, 400 suspects were arrested as part of the investigation, including 66 people who were taken into custody today in California, Arizona and Illinois.

Investigators said the Cazares-Salazar organization contracted the transportation of drugs to the United States by land, air and sea.

The drugs were taken from Colombia and Venezuela and through Central America to Mexico. From there, the drugs were transported into the United States through various ports of entry on the Southwest border, authorities said.

Nationwide Drug Cartel Arrests Include Pinole Man (CCT)

By Scott Marshall

Contra Costa Times, February 28, 2007

PINOLE - A Pinole man was among dozens arrested in a nationwide investigation of a Mexico-based drug cartel in which more than $45 million worth cocaine, methamphetamine, heroin, and marijuana were seized, federal authorities announced today.

Luis Manuel Sanchez-Aceves, 26, of Pinole, was among nine people arrested statewide, according to the Drug Enforcement Administration.

In the California phase of the investigation, agents seized $1 million in cash; 25 kilograms, or 55 pounds, of cocaine; 21 pounds of "ice" methamphetamine; assault weapons; and four vehicles, including a Hummer and a Cadillac Escalade. The street value of the drugs was $2.5 million.

The 20-month investigation, code-named "Operation Imperial Emperor," has led to 402 arrests of the cartel's alleged lieutenants and foot soldiers, including 66 who were arrested today in California, Arizona, New York and Illinois.

The drugs were shipped or driven from Colombia to Venezuela and then to Mexico for distribution in 23 states.

Yuma Raids Target Mexico Drug Ring, Yield 7 Arrests, $12 Mil In Narcotics (AR)

The Arizona Republic, March 1, 2007

Seven drug-smuggling suspects were arrested and about $12 million worth of narcotics was seized in Arizona as part of a nationwide crackdown aimed at a Mexican smuggling cartel that crisscrossed the sand dunes near Yuma and built a submerged bridge across the Colorado River to avoid law enforcement.

Ramona Sanchez, a Drug Enforcement Administration spokeswoman in Phoenix, said seizures in the Yuma area included 28,000 pounds of marijuana, 93 pounds of cocaine, 4 pounds of methamphetamine and about 2 pounds of heroin.

"We got that much dope off the streets, and more importantly we disrupted the organization," Sanchez added. "They're out that much money, and it really does cripple them."

The enforcement in Arizona was tied to a nationwide campaign known as Operation Imperial Emperor, directed against a cartel headed by Victor Emilio Cazares-Gastellum, identified by the Justice Department as an international drug kingpin.

All told, there have been more than 400 arrests, including 66 that occurred Wednesday in four states.

In Yuma County, authorities launched a pair of investigations beginning in December 2005. One of those, dubbed Operation Cut Throat, targeted a cell that used motorcycles and dune buggies to cross the border through the Imperial Dunes area, mixing in with recreational riders.

The other sting, Operation River Warriors, focused on a group that built sandbag bridges beneath the surface of the Colorado River so that off-road vehicles could cross.

Investigators merged the probes after discovering they were dealing with a single cartel that also moved giant marijuana loads through border checkpoints in vehicles with hidden compartments.

Sanchez said the list of Arizona suspects includes two leaders of the River Warriors group who remain at large: Macedonio "Lolo" Guerrero, 33, and Francisco "Flaco" Olivarez Arvizu, age unknown. Both men have criminal histories, and are believed to be in Mexico.

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Forty investigators took part in Wednesday's raids in the Yuma area.

When it was over, Timothy J. Landrum, the DEA's special agent in charge, said, "Arizona citizens are now safer as this organization lies in a shambles."

According to the Justice Department, the national crackdown netted $45 million in cash, 18 tons of narcotics and $6 million in assets. Indictments were unsealed in Arizona, California and Illinois. Defendants are charged with conspiracy, drug trafficking and other crimes.

In court papers, the Justice Department said Cazares-Gastellum's organization transported drugs from Colombia and Venezuela through Central America to Mexico by land, air and sea. The narcotics were then funneled into the United States, mostly via the Yuma area, before reaching transnational shipment points in Phoenix and Los Angeles.

More than 100 federal, state, local and foreign investigators took part in the task force. While the government has conducted successful drug-war crackdowns in the past, federal authorities were almost giddy about the success of Operation Imperial Emperor. In the words of DEA administrator Karen Tandy, "We ripped out this empire's U.S. infrastructure . . . and tossed it into the dustbin of history."

Seven Arrested Here In Nationwide Drug-smuggling Crackdown (YSUN)

By Jeffret Gautreaux

Yuma Sun, March 1, 2007

Seven people in the Yuma area were arrested Wednesday as part of what the federal government called the nationwide dismantling of an enormous Mexican narcotics operation.

Sixty-six people across the country were arrested Wednesday in the culmination of a 20-month investigation by the U.S. Drug Enforcement Administration and other law enforcement, according to the U.S. Attorney's Office.

Forty agents executed eight search warrants at residences in Yuma, Somerton and San Luis, Ariz., arresting five people on federal charges and two on state charges. The seven men operated in two separate distribution cells here for the Victor Emilio Cazares-Gastellum drug trafficking organization, according to Assistant U.S. Attorney Liz Barrick.

Both cells smuggled large amounts of cocaine, methamphetamine and marijuana into the United States during the past 14 months and likely longer, said Barrick. "The seizures alone indicate that they moved enormous quantities."

Barrick said many of the large drug seizures made by the Border Patrol were Cazares-Gastellum shipments. In most cases, the drugs would be brought into Yuma and kept at stash houses before being moved on to Phoenix or Los Angeles for further transport across the country.

The unique environmental conditions of the Imperial Sand Dunes and the Colorado River allowed the cells to successfully smuggle drugs by using 4-by-4 vehicles, sandbag bridges and hired lookouts, Barrick said. The ring also paid people to carry drugs through local ports of entry.

Barrick said since law enforcement has identified the techniques the cells used, their efforts in the future should be hampered. She said the arrests Wednesday certainly will curtail its operations. "There was no indication that they knew this takedown was coming," she said.

Those arrested and indicted on federal charges were Arnulfo Romero-Caro, 26; Ramces Urias-Valenzuela, 27; Aureliano Armando Martinez, 28; Isaac Ramirez-Valenzuela, 28; and Joise Guadalupe Ayala, 23. Fabriel Luna and Luis Mayorquin were arrested on state warrants.

Barrick said they will be taken to Phoenix to be arraigned on drug conspiracy charges in federal court.

The DEA was proclaiming victory over the drug ring after Wednesday's operation, known as Operation Imperial Emperor.

"The Cazares-Gastellum drug empire that rose to such heights of power in only two years fell today at the hands of DEA and our partners," said DEA Administrator Karen P. Tandy in a news release.

As part of the operation Wednesday in Yuma, agents seized five cellular phones, six vehicles, more than $8,000 in cash and money orders, various documents and small amounts of marijuana and cocaine.

During the full 14-month investigation in Arizona, authorities seized more than 28,000 pounds of marijuana, 93 pounds of cocaine, four pounds of methamphetamine, and more than two pounds of heroin, according to the U.S. Attorney's Office.

Investigators searched for but did not find Macedonio Guerrero, 33, and Francisco Olivarez Arvizu, who have oustanding federal warrants. They are believed to be hiding in Mexico, according to the U.S. Attorney's Office.

Agencies involved in the operation included Immigration and Customs Enforcement, Arizona Department of Public Safety, U.S. Border Patrol, Federal Bureau of Investigation, U.S. Attorney's Office, Yuma County Attorney's Office, Yuma Police Department, Yuma County Sheriff's Office and La Paz County Sheriff's Office.

Drug Ring Busted: 'Operation Imperial Emperor' Seizes Cash, Drugs (ABC)

DOJ_NMG_0138577

ABC News, February 28, 2007

It was quite a haul: $45.2 million in cash, 27,229 pounds of marijuana, 9,512 pounds of cocaine, 705 pounds of methamphetamine, 227 pounds of pure methamphetamine, also known as "ice," and 11 pounds of heroin — that's what the government said it seized during a nearly two-year investigation into a massive drug operation based in the southwestern United States.

In addition to the drugs, the government said it confiscated $6.1 million in property and assets, approximately 100 weapons, and 94 vehicles during the investigation.

The Department of Justice investigation, headed by the Drug Enforcement Agency in cooperation with more than 100 local, state, federal and foreign law enforcement agencies, conducted Operation Imperial Emperor, which resulted in more than 400 arrests nationwide, including the 66 made today.

An indictment unsealed today charges that Victor Cazares-Gastellum, believed to be on the run in Mexico as "the head of a large-scale distribution organization [Cazares Organization] that sends metric ton quantities of cocaine from Mexico into the United States."

A grand jury also handed down indictments to alleged members of the Cazares Organization, to drivers, lookouts, recruiters and those who loaded the vehicles on conspiracy charges relating to importing and distributing the drugs, as well as money laundering.

Investigators claim the smugglers stashed drugs and money in hidden compartments in cars and trucks, as well as in toys and musical instruments. In an aggressive move, the smugglers built a bridge made of sand bags across the Colorado River near Yuma, Ariz., which allowed them to simply drive across the waterway.

Authorities say the drugs, after being transported to the United States by land, air and sea, were distributed to at least 23 states after they were processed by the drug ring in California.

DEA administrator Karen P. Tandy said the Cazares Organization rose to power quickly, but by attacking the agency where it hurt the most, the government was able to cripple the cartel.

"This sprawling drug domain, headquartered in Mexico, penetrated deep into all corners of this country," said Tandy. "Today we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country, stripped it of $45 million in cash, and tossed it into the dustbin of history."

Feds Arrest Hundreds, Seize Cash, Drugs In Raid (NBCSD)

NBC SanDiego.com, February 28, 2007

SAN DIEGO -- Federal agents have broken up a suspected Mexican drug cartel, resulting in the seizure of tens of millions of dollars in cash, thousands of pounds of drugs and hundreds of arrests, the U.S. attorney general announced Wednesday

Images: Drugs Seized In Federal Bust

Watch Video:Feds Arrest Hundreds, Seize Cash, Drugs In Raid

Images: Can You Identify Illegal Drugs?

Federal agents have broken up a suspected Mexican drug cartel, resulting in the seizure or tens of millions of dollars in cash, thousands of pounds of drugs and hundreds of arrests, the U.S. attorney general announced Wednesday.

At a news conference in San Diego, Attorney General Alberto Gonzalez said the multistate bust netted more than $45 million worth of cocaine, heroin, marijuana and methamphetamine.

The 20-month sting, code-named "Operation Imperial Emperor," began in June 2005 by targeting a cocaine distribution network based in San Diego and Imperial county, Gonzalez said.

Feds targeted the Victor Emilio Cazares-Gastellum drug trafficking organization, a rival to the Arellano Felix Cartel.

Cazares-Gastellum, also known as Victor Emilio Cazares-Salazar, was indicted in the sting but not arrested, officials said.

The bust swept up 402 of the cartel's alleged lieutenants and foot soldiers, including 66 on Wednesday who were arrested in California, Arizona and Illinois. Agents targeted two houses in El Centro and raided homes in El Centro and Calexico.

The DEA believes most of the drugs were smuggled across the border from Mexicali using vehicles with hidden compartments as opposed to drug tunnels.

Officials said the drugs were broken into smaller shipments in San Diego and Los Angeles, where they were then transported across the country.

At least some of the drugs were carried over the U.S.-Mexico border on a bridge made from sandbags partially submerged in the Colorado River outside of Yuma, Ariz., authorities said.

The totals of drugs seized in the bust include 27,000 pounds of marijuana, 95,000 pounds of cocaine, more than 700 pounds of meth, 227 pounds of ice or pure meth, 11 pounds of heroin, and $6.1 million in property and assets.

DOJ_NMG_0138578

Feds Arrest 66 In Connection With Mexican Drug Cartel (KPBS)

KPBS, February 28, 2007

Federal authorities arrested 66 people in California and other states Wednesday in connection with a Mexican drug smuggling cartel. Law enforcement authorities say the alleged cartel leader remains at large. KPBS Reporter Amy Isackson has the story.

Federal court documents say the cocaine smuggling cartel rose to power in Mexico during the last two years. Attorney General Alberto Gonzales, who was in San Diego, says the Cazares Cartel transported tons of cocaine from Columbia and Venezuela through Mexico, and then across the border to California. He says the group then broke the shipments down into more manageable loads for distribution to 23 U.S. states. Gonzales believes the leader, Victor Emilio Cazares, is still in Mexico.

Gonzales: We're hopeful that there will be an arrest in the future and when that occurs, we of course will be seeking an extradition from the Mexican authorities.

Gonzales says they seized $45 million, 27,000 pounds of marijuana and more than 9,000 pounds of cocaine. He says the Cazares Cartel competed with the Arellano-Felix cartel. Four hundred people have been arrested in connection with the Cazares organization during the 20-month-long investigation.

US Announces Major Drug Arrests (BBC)

BBC News, March 1, 2007

The authorities in the United States say they have arrested more than 400 people and seized 18 tonnes of drugs.

The operation targeted a major Mexican drugs trafficking network.

US Attorney General Alberto Gonzales said the arrests had been carried out over a 20-month period throughout the country, in Operation Imperial Emperor.

He said the network had been successfully dismantled and added that the success of the operation showed what co-operation could achieve.

Mr Gonzales said the ring - allegedly run by Victor Emilio Cazares Gastellum - distributed cocaine, marijuana and other drugs throughout the United States.

Mexico has been fighting drugs-related violence

Speaking in San Diego, he said that the US authorities had made 66 arrests in recent days across four states.

The US authorities say that some of the drugs were transported into the US across a bridge made of sandbags, partly submerged in the Colorado River near Yuma, Arizona.

As well the drugs Operation Imperial Emperor seized $6.1m in property and assets, about 100 weapons and 94 vehicles.

The news comes as the United Nations reported that Mexican cartels now dominate drugs trafficking in the US.

Last year, Mexico saw more than 2,000 people die in violence relating to drugs cartels. Some of the victims were tortured or beheaded.

Arrests Reflect A New Focus On Fighting Steroid Sales (NYT)

By Nicholas Confessore, Serge F. Kovaleski And Duff Wilson

The New York Times, March 1, 2007

ALBANY, Feb. 28 — The arrests of four people in Florida on Tuesday and the indictments of at least six doctors around the country linked to a pharmacy in Orlando, Fla., present striking evidence that authorities in several states have opened a new front in the war against illegal online sales of steroids and other performance-enhancing drugs.

Albany County prosecutors, working with federal investigators and Florida officials, have linked 11 doctors to the pharmacy. Six face felony charges that they wrote prescriptions to patients they had never met.

The pharmacy, Signature Pharmacy, has dispensed thousands of prescriptions in recent years and has sold tens of millions of dollars' worth of controlled substances nationwide, including at least $10 million in New York State, the authorities said.

Signature sold a variety of medications and supplements, some of them prescribed or provided legally, according to the officials. They described the typical Signature customer as a well-off man in early middle age, but confirmed that the clientele included people whom the Albany County district attorney described only as "celebrities."

It remains unclear who those people were or what they bought, although The Times Union of Albany has reported that professional athletes were among the customers of Signature and at least one other online pharmacy that is under investigation.

Law enforcement officials said that investigators were still sorting through thousands of prescription orders for customers in Albany County and elsewhere, part of a vast haul of evidence taken Tuesday during the raids at two Signature offices in Florida and during the investigation.

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The Albany County district attorney, P. David Soares, emphasized in a news conference on Tuesday that his investigation would focus on doctors and pharmacists — the suppliers and distributors for the illegal drug network — rather than on buyers.

"A business like this doesn't work unless you have other participants, including doctors, who have parted company with their oath," Mr. Soares said.

One of the doctors indicted, Anna Maria Santi, 68, of Queens, lost her medical license eight years ago after a string of offenses, including drinking while practicing and giving anesthesia to a patient who died during a procedure. But she continued providing prescriptions to Signature and other Internet pharmacies for years, under variations of her name and those of at least one other doctor, before her arraignment in Albany in February, the authorities said.

The names of the other doctors are in sealed indictments and have not been made public. But a law enforcement official with knowledge of the investigation said the remaining doctors — who live in New York and other states — would be arrested in the coming days, along with pharmacists and other people connected to the ring. The goal, the official said, is to shut down the entire drug network connected to Signature.

Meanwhile, two officials of a Mobile, Ala.-based pharmacy services firm have been indicted by an Albany County grand jury, according to one of the law enforcement officials with knowledge of the investigation. It was unclear on Wednesday whether those officials or the company were linked to Signature.

Travis T. Tygart, general counsel for the United States Anti-Doping Agency, described the investigation and arrests as "the logical next step in getting at these drugs."

"It is a natural outgrowth of BALCO and stiffer sentencing guidelines involving the illegal distribution of these performance-enhancing drugs," Mr. Tygart said, referring to the Bay Area Laboratory Co-Operative case, in which six people were convicted of helping distribute anabolic steroids to athletes.

A track coach, Trevor Graham, and an Olympic cyclist, Tammy Thomas, have been charged with making false statements, and a grand jury is continuing to investigate whether the baseball player Barry Bonds committed perjury.

Mr. Tygart added, "Many people have seen these as professional athlete drugs, but they are also middle America, white-collar, feel-good and get-buff drugs."

The arrests in Florida, which involved at least 20 branch offices of state, local and federal law enforcement agencies, were only one prong of a series of overlapping investigations into the underworld of Internet drug sales. Law enforcement officials described the investigations as cooperative, with different agencies keeping in regular contact and assisting each other as local investigations sprouted leads in other states.

In 2005, in the largest steroid enforcement action in United States history, charges were filed against 23 people and eight Mexican manufacturers and veterinary companies that federal prosecutors said were responsible for 80 percent of the steroids illegally used in the United States.

Since then, the authorities say, more illegal performance drugs have been coming to the United States from China and Eastern Europe. More are finding their way to users through pharmacies, often operating on the Internet, and through doctors who find ways to write prescriptions to skirt the law.

Anabolic steroids are illegal for any human use. While human growth hormone is legal for only a handful of medical uses, violations of the law have rarely been punished.

Mr. Soares's investigation into Internet drug sales began two years ago in Albany County, but quickly became linked to inquiries in other states.

In November 2005, law enforcement officials from several states, including New York and Florida, and federal authorities held a pivotal meeting to discuss ways to better coordinate the investigations into illegal online sales of steroids and other performance-enhancing drugs.

In Rhode Island, for instance, a task force within the Food and Drug Administration's office of criminal investigations began an examination in August 2005 into whether two New York doctors and the owner of a pharmaceutical company in New Jersey had illegally prescribed anabolic steroids and human growth hormones. A significant percentage of the business's customers were in Rhode Island.

Soon after the November meeting, a knowledgeable law enforcement official said, the Metropolitan Bureau of Investigation, a multi-agency task force in Florida made up of federal, state and local authorities, was assigned to help the federal Drug Enforcement Administration and the state in their inquiry into Signature Pharmacy in Orlando. About six months later, Florida investigators and law enforcement from New York State learned that they were all investigating Signature and linked up.

"The M.B.I. and a group of agents from the D.E.A. were conducting a separate investigation into the online sales of steroids and human growth hormones, and at some point the investigators crossed paths with their New York counterparts," Lt. Carl Metzger of the Metropolitan Bureau of Investigation's Orlando office said in a telephone interview Wednesday.

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More than half a year after that, New York law enforcement authorities and investigators with the Metropolitan Bureau of Investigation carried out Tuesday's raid on Signature, along with the D.E.A. and representatives of the New York Bureau of Narcotics, among others.

Mr. Metzger and other law enforcement officials said that the arrests were led by New York investigators because Mr. Soares's investigation was more advanced than local inquiries, and because New York, unlike most states, punishes illegal prescription sales as felonies.

"New York was in a position to make the arrests since they were a little further along and more advanced in their investigation, and we were in a position to issue the search warrants," Mr. Metzger said.

Ms. Santi was also indicted in February in Rhode Island on charges of illegal drug distribution, health care fraud and money laundering, along with Daniel McGlone, 54, of North Brunswick, N.J. Victor Mariani, a New York doctor, is named in the indictment but is charged separately with participating in the same conspiracy. The three are accused of running a scheme to illegally prescribe anabolic steroids and human growth hormones.

Steroids' Reach Grows (ALBANYTU)

By Pete Iorizzo, Staff Writer

Albany Times Union, February 28, 2007

Link to athletes not a surprise

Clarification: An earlier version of this story incorrectly reported several athletes were linked to Signature Pharmacy in Orlando. In fact, the names of former professional boxer and heavyweight champion Evander Holyfield, Los Angeles Angels center fielder Gary Matthews Jr., and retired baseball star Jose Canseco, an admitted steroid user, were allegedly included on customer lists for Applied Pharmacy Services in Mobile, Ala., whose two owners have been indicted by an Albany County grand jury.

Tuesday's raid of an Orlando, Fla., pharmacy accused of trafficking performance-enhancing drugs over the Internet may prove to be one of the most significant steroids busts in history, a leading expert said.

Sources said the investigation, led by Albany County District Attorney David Soares' office, revealed that Signature Pharmacy customers included several former and current professional athletes.

Among those linked to the company were former Arizona Diamondbacks pitcher Jason Grimsley and a team doctor for the Pittsburgh Steelers.

In a related case in Mobile, Ala., two owners of Applied Pharmacy Services have been indicted by an Albany County grand jury. Their customer list allegedly includes former professional boxer and heavyweight champion Evander Holyfield, Los Angeles Angels center fielder Gary Matthews Jr., and retired baseball star Jose Canseco, an admitted steroid user.

More names of professional athletes, college athletes and even high school coaches may surface as the investigation continues.

"This has the potential to be a huge story," said Gary Wadler, a physician and member of the World Anti-Doping Agency's prohibited list and methods committee. "The question is, will it result in actions that try to deal with this problem?"

Steroids long has been a salient issue in sports, from stories in the 1950s about weightlifters using testosterone to the 2005 congressional hearings about performance-enhancing drugs in baseball. But rare is the instance when so many high-profile athletes across different sports are connected to an accused steroids provider.

Representatives for the athletes alleged to be customers of the pharmacy said they only learned about the investigation Tuesday.

Tim Mead, the Angels' vice president for communications, said he informed Matthews Jr. about the Times Union report before a spring training game Tuesday.

"There's nothing much to say," Mead said. "A name is mentioned. It's sketchy at best. Certainly as we acquire more information, we'll look into it."

Matthews Jr., a 32-year-old veteran, signed a $50 million contract with the Angels this past off-season. He enjoyed a career year in 2006, batting .313 and hitting 19 home runs for the Texas Rangers.

The agents for Matthews Jr. and Grimsley declined comment, as did a spokesman for Major League Baseball.

Representatives from the Steelers, as well as the doctor, repeatedly declined comment when contacted over the past two weeks.

NFL spokesman Greg Aiello said, "We just became aware of this, and we will look into it."

A spokesman for Holyfield said when the former heavyweight champion was asked about Signature Pharmacy, Holyfield said he never heard of the company.

Holyfield, 44, is slated to fight Vinny Maddalone on March 17 in Corpus Christi, Texas.

Wadler, an associate professor at the New York University School of Medicine and lead author of the book "Drugs and the Athlete," said he wasn't taken aback by the revelations. He said because of poor testing standards in professional sports, athletes only tend to be caught when their names surface in connection with trafficking stings.

"Does this surprise me? No," Wadler said. "It's almost an inevitability."

Links between steroids and sports can be traced to the world's first organized competitions, when ancient Greek wrestlers ate meat for weeks to build muscle. By the 1950s, athletes experimented with testosterone. And during the 1980s, a black market for performance-enhancing drugs ballooned, leading to some of the first anti-doping policies in professional and Olympic sports.

Today, both the NFL and MLB test for some performance-enhancing drugs and outline penalties for those caught doping. But even with stricter rules and more public awareness, questions shroud some of the sports world's predominant figures.

Wadler said he believes more athletes than the public might guess use performance-enhancing drugs.

"I'm very sad to say, none of this surprises me anymore," he said.

Steroid Raids Net 4 In Orlando (OS)

Orlando Sentinel, February 28, 2007

The four people arrested as part of a raid on two Orlando pharmacies face a court appearance on Thursday morning, officials said today.

Authorities raided the pharmacies Tuesday and arrested the four as part of a nationwide probe into the illegal distribution of steroids. A hearing is scheduled for 9 a.m.

The case, being led by a prosecutor in New York, involves doctors, pharmacists and business owners who have been, or will be, arrested in Florida, New York and Texas. Sealed indictments charge them with various felonies on suspicion of unlawfully distributing steroids and other drugs, according to Albany County District Attorney David Soares.

At a brief news conference Tuesday evening, Soares repeatedly refused to say whether professional athletes were involved as consumers of the drugs.

Ultimately, he conceded: "There are celebrities involved in this case. They are not our priority." Arrested in Orlando were Naomi Loomis, 33, of Windermere, founder and chief executive officer of Signature Compounding Pharmacy; her husband, Robert "Stan" Loomis, 55, chief operating officer; Kenneth "Mike" Loomis, 59, of Orlando, head compounding pharmacist and Stan Loomis' brother; and Kirk Calvert, 37, of Winter Park, director of business development for the pharmacy. All four were charged with 20 identical felony counts, including insurance fraud and criminal diversion of prescription medications. They are being held without bail at the Orange County Jail.

Soares said the Orlando raids were part of a two-year probe of drug trafficking over the Web.

Here's how it worked: Customers would search the Internet for Web sites that would put them in touch with doctors who prescribed drugs ranging from oxycodone to anabolic steroids without a doctor's visit. Soares said pharmacies such as Signature helped fill the prescriptions.

The prosecution of a doctor in Albany County who wrote some of the illegal prescriptions helped authorities track illicit prescription and steroid dealing, he said.

"A business like this doesn't work unless you have other participants, including doctors who have parted company with their oath, doctors who will, in fact, prescribe drugs, steroids without ever visiting with a patient. It requires that kind of participation," Soares said.

Soares said court records remain sealed in the case, that it was at a "sensitive stage" and more arrests were expected in Florida and elsewhere. A hearing on extradition is not yet set.

Central Florida's Metropolitan Bureau of Investigation, the U.S. Drug Enforcement Administration, Internal Revenue Service, New York State Bureau of Narcotic Enforcement and other federal and state health and law-enforcement agencies participated in the daylong search at Signature Compounding Pharmacy. Agents raided the Signature locations at 1200 Kuhl Ave. in Orlando and 2304 Aloma Ave. in Winter Park, seizing drugs and dozens of boxes of documents.

There were no court documents available in New York or Florida on Tuesday to give more insight into the case. But on its Web site Tuesday, the Times Union of Albany, which first reported the story, described the case as one that could expose widespread steroid use by athletes, celebrities and thousands of people across the nation.

The newspaper cited some court records unavailable to other media and had a reporter and photographer in Orlando when the raid took place.

Numerous calls to the Albany County District Attorney's Office were not returned Tuesday.

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Florida Chief Assistant Statewide Prosecutor Rick Bogle on Tuesday said his Orlando office along with MBI and other federal agencies were merely "assisting" New York authorities and had not filed any Florida criminal charges against the defendants. Bogle said a local state judge signed the two sealed search warrants that were used to raid Signature locations.

Compounding pharmacies make customized prescription medicines that are not available at traditional drugstores. According to its Web site, which had been taken down by Tuesday, Signature Compounding Pharmacy claimed it is leading the way in the "timeless search for a true fountain of youth."

Stan, Naomi and Mike Loomis are listed as licensed pharmacists on the company Web site. Stan Loomis' biography also states he served as director of pharmacy for the "prestigious" Orlando Regional Healthcare System for some time.

Mike Loomis is described as the "head compounding pharmacist" and "director of laboratory services." The brothers once owned and operated Loomis Drugs, a local drugstore chain that they sold in 1989.

Calvert, according to Signature's Web site, is director of business development.

Stan Loomis talked about the company on an American Academy of Anti-Aging Medicine Web site.

"We focus primarily on age management products and services that relate primarily to hormones for both men and women," he said. "We work with a physician to tailor a dose or specific product for a patient."

Although affidavits in the arrests have not been made public, Signature Pharmacy was mentioned in a federal indictment filed last week in Rhode Island.

The document charges two people with conspiracy, illegal distribution of human-growth hormone and other steroids as well as health-care fraud. It also states Daniel McGlone of American Pharmaceutical Group in New Jersey peddled the drugs to bodybuilders and used Signature to fill prescriptions written by unlicensed or retired physicians.

"McGlone would forward these prescriptions via facsimile or mail to various large compounding pharmacies, including primarily Signature Pharmacy . . . to deliver human growth hormone, anabolic steroids and other prescription medications to customers all over the United States," the indictment reads.

While agents sealed off the building, several unsuspecting customers were turned away as they tried to fill prescriptions.

An Orlando couple, whose premature son was born three weeks ago, said their doctor sent them to Signature on Tuesday.

"We need the prescription and [to] learn how to use it before we can take him home," said Erik Garbus, 29, the father.

Steroids, HGH And Records Seized In Orlando Raid (MCT)

McClatchy Newspapers, February 28, 2007

ORLANDO, Fla. - With BALCO still churning on the West Coast, a new front on the steroid war opened in the East on Tuesday when law-enforcement officers raided two Orlando pharmacies and seized steroids, human growth hormone and records that could connect those drugs to dozens of athletes.

In a raid led by the Albany (N.Y.) County District Attorney's office, officers from several Florida and national agencies arrested four employees of Signature Compounding Pharmacies Tuesday and charged them in an alleged scheme to provide steroids and growth hormone over the Internet.

A source told the Daily News that another pharmacy outside of Florida will be raided in the near future, and that Tuesday's action was related to recent arrests at a Mobile, Ala., pharmacy.

The Albany Times-Union, which broke news of the raids Tuesday, reported that drugs from the Mobile lab were allegedly received by former heavyweight boxing champion Evander Holyfield, Los Angeles Angels outfielder Gary Matthews Jr., former slugger and best-selling author Jose Canseco and former major league pitcher Jason Grimsley, whose home was raided last year by IRS agents.

The paper also said an investigator flew to Pittsburgh last month to ask a Steelers physician why, in 2006, he allegedly used a personal credit card to buy $150,000 in testosterone and human growth hormone.

"I think this is going to put a significant dent in distribution," Albany DA David Soares said.

When agents raided Signature's primary pharmacy, a three-story building a block from the Orlando Regional Medical Center, at about 9:30 a.m. Tuesday, employees had cards at their desks instructing them to call a number of lawyers in the event of a DEA or FDA raid.

"Apparently they were expecting it," said Lt. Carl Metzger of the Florida Metropolitan Bureau of Investigation. "If they're truly innocent and just going about their business, it's a strange thing to have."

Several raids and arrests were pending, one source close to the investigation said, adding, "This is really the first of two waves."

Clients included MLB and NFL players, as well as bodybuilders and celebrities, the source said.

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According to the source, as many as 50 doctors and pharmacists may be indicted by the time the case is complete, but the professional clients who received drugs are not targets, Soares said. Three "distributors" from Sugarland, Tex., were also arrested, he said.

"The involvement of athletes and celebrities makes this a sexy story, but I assure you at this point that that is not our focus," he said.

Soares would not say how many targets there were in the investigation, but when asked if it could be "scores," he said, "scores is a safe word."

Approached by a Daily News reporter in New York, Holyfield shook his head when asked about the report. Pat English, the attorney for Holyfield's promotion company Main Events, called the accusation "bull----."

"I've known Evander 20-something years. Plain bull----," English said. "And by the way, he's been regularly tested (for steroids) when he fights in Vegas."

Matthews' agent, Scott Leventhal, did not return several calls for comment. Canseco's attorney, Robert Saunooke, said his client obviously has admitted his steroid use, but doubts he ever ordered anything over the Internet.

"My understanding is every time Jose did steroids, he got them through either a teammate or somewhere at the gym or a doctor. All his (prescriptions) he's had in recent years have been through doctors.

"He does take testosterone now because one side effect of taking them so long is that he's got low testosterone levels," Saunooke said. "I would doubt very seriously that Jose bought any prescriptions online. The reason I would doubt that is because he doesn't know how to use a computer. Just getting him to check my E-mails is next to impossible."

At Signature's Orlando location Tuesday, police arrested pharmacy founder Stan Loomis, his wife, pharmacy CEO Naomi Loomis, Loomis' brother, Michael and Kirk Calvert, an officer in the company. The three Loomises are licensed pharmacists.

Law-enforcement agents spent the day cataloging, packing and loading boxes of files onto a U-Haul truck parked in front of the building. Several large metal filing cabinets were loaded, as well as a computer hard drive that a source described as "crucial" to the investigation.

All four defendants will be arraigned Wednesday while Soares seeks to have them extradited to New York for prosecution on felony charges of criminal diversion of prescription medication and prescriptions, criminal sale of controlled substances and insurance fraud.

Under the alleged scheme, they were part of a system in which clients would log onto a Web site, request drugs, then have their requests forwarded to a physician who would write a prescription for whatever the client wanted.

That prescription was then allegedly filled by Signature or other pharmacies under investigation.

"That's illegal," Soares said.

Soares said the investigation began two years ago, when his officer prosecuted a Rome, N.Y., emergency room physician named David W. Stephenson. Stephenson, who was sent to the Albany County Correctional Facility, received drugs from Signature, Soares said.

A source said that investigators worked closely with the U.S. Anti-Doping Agency over the past two years.

USADA legal director Travis Tygart would not comment on whether his organization was involved, but speaking generally, he said, "We have always known that doctors, coaches and even companies illegally prey on our athletes to use drugs in order to win at all costs."

First BALCO, Now An East Coast Steroid Scandal (AP)

AP, March 1, 2007

The West Coast had BALCO. Now the East Coast could be in the midst of its own steroid scandal.

An illicit steroid distribution network, which may be responsible for Internet sales of performance-enhancing drugs nationwide, has been targeted by an upstate New York prosecutor. Customers reportedly included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield and former baseball star Jose Canseco.

"We have investigated, and are prosecuting, one of the largest narcotics and steroid distributors in the nation," P. David Soares, district attorney of Albany County, N.Y., said in a statement Wednesday.

His comments came a day after federal and state agents raided two pharmacies in Orlando, Fla. So far, eight people in three states have been arrested, and prosecutors say 24 could face felony charges by the time their investigation is over.

Former Arizona Diamondbacks pitcher Jason Grimsley and a doctor for the Pittsburgh Steelers were reportedly linked to Signature Pharmacy in Orlando, according to the Times Union of Albany, which first disclosed the widespread investigation.

The paper also said Matthews, Canseco and Holyfield were allegedly on the customer list of Applied Pharmacy Services in Mobile, Ala., whose two owners have been indicted by an Albany County grand jury.

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SI.com, meanwhile, reported that Matthews allegedly was sent Genotropin, a brand of synthetic growth hormone, in August 2004. The drug, which came from Applied Pharmacy, was sent to the address in Mansfield, Texas, of one of Matthews' former minor league teammates, according to the Internet site.

Matthews, speaking to reporters at the Angels' spring training camp in Mesa, Ariz., said he wasn't "in a position to answer any specific questions."

"I do expect it to resolve itself here in the near future. ... Until we get more information, I just can't comment on it," he said.

Canseco's attorney, Robert Saunooke, told The Associated Press he would be surprised if the former slugger had been a client.

"I would find it highly unlikely," he said. "All the steroids that he got were prescribed to him or were from people in the gym. There's never been anything he's gotten online."

A message left with Holyfield was not immediately returned. Grimsley's agent, Joe Bick, declined comment, and his attorney did not return a phone call.

Investigators say they've found evidence that testosterone and other performance-enhancing drugs may have been fraudulently prescribed to users who included professional and college athletes.

"We've known for a long time that coaches, doctors, even companies prey and enable our athletes to use drugs against the rules," Travis Tygart, counsel for the U.S. Anti-Doping Agency, said. "It's these types of national law enforcement efforts that will be most successful in bringing the manufacturers and distributors of these drugs to their knees.

"And that's good for all of sports and our athletes."

Soares has refused to answer most questions about the case, which involves sealed indictments. But he did say his two-year investigation began after an Albany doctor was arrested for allegedly trafficking in narcotics online.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," Soares said Tuesday in Orlando, where federal and state agents raided two Signature Pharmacy stores and arrested four company officials.

"Our focus here is to shut down distribution channels."

And that's what makes this latest steroid investigation so significant, doping officials said.

BALCO involved some of the biggest names in sports — Barry Bonds, Marion Jones and Jason Giambi — as well as "designer" steroids, performance-enhancing drugs concocted specifically for elite athletes. But its scope largely has been limited to the Bay Area Laboratory Co-Operative, those who worked there and those got performance-enhancing drugs from there.

The Albany investigation, though — coupled with federal charges filed last week in a similar probe in Providence, R.I. — is targeting the distribution networks that supply steroids to big-name and no-name users throughout the country. And it's focusing squarely on operations that peddle their illegal wares over the Internet.

According to Albany prosecutors, Signature Pharmacy repeatedly filled prescriptions even though it knew they were not the result of face-to-face meetings between doctor and patient, a violation of New York law.

"Historically, people who abuse these things were fearful of drug testing," said Dr. Gary Wadler, a member of the World Anti-Doping Agency. "Now they've got to be fearful not only of drug testing, they've got to be fearful of law enforcement. ... `Are the persons I'm getting it from under some federal investigation and am I going to get snagged?'

"I'm quite confident that this had nothing to do with the investigation of athletes," Wadler added. "It happened to deal with an investigation of a doctor or pharmacist and, lo and behold, there were people's names. They weren't targets. They're collateral, if you will."

Officials from the Food and Drug Administration questioned the doctor for the Pittsburgh Steelers about hormone purchases from the Orlando pharmacy.

The Times Union reported that Dr. Richard Rydze was asked about his purchase last year of about $150,000 in testosterone and human growth hormone. The purchase was made on Rydze's personal credit card.

"There is no evidence that Dr. Rydze prescribed or provided any hormone treatments to any of our players," Steelers president Art Rooney II said. "Dr. Rydze has assured me that this has never happened and will never happen."

Meanwhile, the University of Pittsburgh Medical Center said it was investigating the purchase made by Rydze, who works there.

"We have initiated an internal review and at this time we have no further factual information or comment," said Susan Manko, a UPMC spokeswoman.

During the raid in Orlando, investigators seized drugs, including anabolic steroids and human growth hormone, said Carl Metzger, narcotics commander for Orlando's Metropolitan Bureau of Investigation.

Steroid Scandal Shifts To East Coast (AP)

DOJ_NMG_0138585

AP, March 1, 2007

Testing for performance-enhancing drugs can only go so far -- and nab so many people. Bring state and federal law-enforcement officials in, and it could change the landscape of the anti-doping fight.

Illicit steroid distribution networks, which may be responsible for Internet sales of performance-enhancing drugs nationwide, have been targeted by prosecutors in upstate New York and Rhode Island. Customers reportedly included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield and former baseball star Jose Canseco, as well as a doctor for the Pittsburgh Steelers.

"We've known for a long time that coaches, doctors, even companies prey and enable our athletes to use drugs against the rules," Travis Tygart, general counsel for the U.S. Anti-Doping Agency, said Wednesday. "It's these types of national law enforcement efforts that will be most successful in bringing the manufacturers and distributors of these drugs to their knees.

"And that's good for all of sports and our athletes."

Testing may expose athletes who cheat, but it does little to punish those who make, market and distribute performance-enhancing substances, let alone stop the flow of drugs. That's why these new investigations have the potential to be so significant.

Instead of the stars and designer drugs in the BALCO scandal, authorities are targeting those who supply steroids to big-name and no-name users alike across the country.

"I understand that the involvement of athletes and celebrities makes this a sexy story, but I assure you we are not, at this point, we are not concerned with the celebrity factor," said P. David Soares, district attorney of Albany County, N.Y.

"Our focus here is to shut down distribution channels."

Federal and state agents raided two pharmacies in Orlando, Fla., on Tuesday in connection with an investigation by Soares' office. Eight people in three states have been arrested, and prosecutors say 24 could face felony charges by the time their investigation is over.

An Albany County grand jury also has indicted the two owners of a pharmacy in Mobile, Ala., according to the Times Union of Albany, which first disclosed the widespread investigation. An attorney for Applied Pharmacy Services told Mobile's WALA-TV that federal authorities raided the company last August.

And last week, federal prosecutors in Rhode Island announced charges in an alleged scheme to illegally prescribe anabolic steroids and human growth hormone to bodybuilders in several states.

"Historically, people who abuse these things were fearful of drug testing," said Dr. Gary Wadler, a member of the World Anti-Doping Agency. "Now they've got to be fearful not only of drug testing, they've got to be fearful of law enforcement. ... `Are the persons I'm getting it from under some federal investigation and am I going to get snagged?'

"I'm quite confident that this had nothing to do with the investigation of athletes," Wadler added. "It happened to deal with an investigation of a doctor or pharmacist and, lo and behold, there were people's names. They weren't targets. They're collateral, if you will."

Former Arizona Diamondbacks pitcher Jason Grimsley and a doctor for the Pittsburgh Steelers were linked to Signature Pharmacy in Orlando, according to the Times Union. Grimsley's agent, Joe Bick, declined comment, and his attorney did not return a phone call.

The paper also said Matthews, Canseco and Holyfield were allegedly on Applied Pharmacy's customer list. SI.com reported that Matthews allegedly was sent Genotropin, a brand of synthetic growth hormone, in August 2004.

The drug, which came from Applied Pharmacy, was sent to the address in Mansfield, Texas, of one of Matthews' former minor league teammates, according to the Internet site.

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A message left with Holyfield on Wednesday was not returned. Canseco's attorney, Robert Saunooke, told The Associated Press he would be surprised if the former slugger had been a client.

"I would find it highly unlikely," he said. "All the steroids that he got were prescribed to him or were from people in the gym. There's never been anything he's gotten online."

Soares has refused to answer most questions about the case, which involves sealed indictments. But Albany prosecutors allege Signature Pharmacy repeatedly filled prescriptions even though it knew they were not the result of face-to-face meetings between doctor and patient, a violation of New York law.

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"We have initiated an internal review and at this time we have no further factual information or comment," said Susan Manko, a UPMC spokeswoman.

Holyfield Allegedly Received Steroids, HGH Via Alias (SI/CNN)

Sports Illustrated/CNN, February 28, 2007

Sports Illustrated reporters Luis Fernando Llosa and L. Jon Wertheim are tracking the investigation of an illegal steroid distribution network that has implicated pro athletes. On Tuesday, they accompanied agents on a coordinated raid of an Orlando compound pharmacy and a Jupiter, Fla., "anti-aging" clinic that investigators allege conspired to fraudulently prescribe steroids, human growth hormone and other performance enhancing drugs over the Internet.

SI.com: In addition to major league outfielder Gary Matthews Jr., another prominent athlete whose name has surfaced in media reports is Evander Holyfield, the four-time heavyweight boxing champ. What do you know about his situation?

Llosa/Wertheim: Ironically, Holyfield's name does not appear in the law enforcement documents we reviewed. However, a patient by the name of "Evan Fields" caught investigators' attention. "Fields" shares the same birth date as Holyfield -- Oct. 19, 1962. The listed address for "Fields" was 794 Evander, Fairfield, Ga. 30213. Holyfield has a very similar address. When we called the phone number that, according to the documents, was associated with the "Fields" prescription, Holyfield answered.

SI.com: Is he tied to raids of compound pharmacies and "anti-aging" clinics as well?

Llosa/Wertheim: This case appears to be a little different. Rather than using the internet and receiving the prescriptions through the mail, "Fields" allegedly picked them up from a private Georgia urologist whose offices were raided as part of this ongoing investigation. But authorities tell us the drugs came from Applied Pharmacy, the Mobile, Ala., compound pharmacy the DEA raided last fall.

SI.com: Do you know which drugs were involved?

Llosa/Wertheim: According the records we reviewed, in June 2004, the individual that authorities believe to be Holyfield picked up three vials of testosterone, two vials of Glukor (a drug believed to be used during and after steroid cycles) and injection supplies. Less than a week later, according to the document, he picked up five vials of Saizen, a brand of human growth hormone (HGH), and related supplies. In Sept. 2004, he returned for a follow-up visit for hypogonadism.

SI.com: Does Holyfield have an explanation?

Llosa/Wertheim: We contacted him today. He denied knowledge and offered to get back to us, which he never did. He did, however, release a statement through Main Events, the boxing promotion company. "I do not use steroids. I have never used steroids. I resent that my name has been linked to known steroid users by sources who refuse to be identified in order to generate publicity for their investigation. I'm disappointed that certain members of the media fell for this ploy and chose to use my name in headlines and publish my photo alongside stories ... about an investigation into a practice that has nothing to do with me or what I stand for."

SI.com: At 44, Holyfield is still fighting. What is boxing's policy with respect to steroids and HGH?

Llosa/Wertheim: Most commissions do ban steroids and HGH. But again -- and we can't stress this enough -- this investigation is about the chain of supply and this network. It's not about which athletes are or aren't using performance-enhancing drugs. The document makes no assertion that Holyfield used the drugs that he is alleged to have received.

Boxing is not like other sports where there is a league and union that agrees on standard policies such as drug testing. In boxing, anti-doping rules can vary by state commission. We spoke with several officials with the Nevada Athletic Commission, and while HGH is on a list of banned substances, boxers are not tested for it. Marc Ratner, the former head of the Nevada commission, also told us that boxers are only tested when they fight -- not out of competition. Still, a number of fighters in recent years, including James Toney and Fernando Vargas, have been sanctioned for using performance-enhancing drugs, serving suspensions of 90 days and nine months, respectively.

SI.com: Has Holyfield's name come up before?

Llosa/Wertheim: He has never tested positive. However Dr. Margaret Goodman, chairman of the medical advisory board of Nevada Athletic Commission, says that as early as 1994, when Holyfield fought Michael Moorer and suffered heart problems, the

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medical arm of the Commission questioned Holyfield about possible HGH use. "There were questions [because] the abnormalities Evander had with his heart were findings that could have been consistent with growth hormone use. The problem was there was no test and Evander denied any use of growth hormone."

Goodman went on to say that she believes that use of HGH is widespread in the sport. "I think it's readily available and used in boxing," she says. "I think we should have adopted the World Anti-Doping Agency (WADA) standards years ago. Boxing continues to hide its head in the sand that there's a problem with anabolic steroids and drugs like growth hormone -- and also substances like clenbuterol that guys are using in combination with growth hormone and anabolic steroids to give them an unfair advantage."

Abuse Of Prescribed Medicines About To Eclipse That Of Illicit Drugs (PPG)

By Michael A. Fuoco

Pittsburgh Post-Gazette, March 1, 2007

After treating more than 2,000 people for OxyContin addiction since 2000, Dr. Neil A. Capretto, Gateway Rehabilitation Center's medical director, wasn't surprised by the findings of the United Nations-affiliated International Narcotics Control Board that abuse of prescription drugs is about to exceed the use of illicit narcotics worldwide.

"There's just been a growing, nonmedical, addictive use of prescription drugs," he said, particularly opioid drugs like OxyContin, codeine, morphine, Percocet, Vicodin and Dilaudid. Opioids possess some properties characteristic of opiate narcotics like heroin and morphine but are not derived from the opium poppy.

"The good news is we're treating pain better than we did 10 years ago," Dr. Capretto said. "The bad news is there are more people abusing and misusing [prescription drugs]. Unfortunately, from our end, I'm really afraid it's going to get worse before it gets better."

In a report yesterday, the International Narcotics Control Board said abuse of prescription drugs is about to exceed the use of illicit street narcotics worldwide. The shift has spawned a lethal new trade in counterfeit painkillers, sedatives and other medicines potent enough to kill.

Prescription drug abuse already has outstripped traditional illegal drugs like heroin, cocaine and Ecstasy in parts of Europe, Africa and South Asia, the board said in its annual report for 2006.

In the United States alone, abuse of painkillers, stimulants, tranquilizers and other prescription medications has gone beyond "practically all illicit drugs with the exception of cannabis," with users increasingly turning to them first, said the group, based in Vienna, Austria.

Unregulated markets in many countries make it easy for traffickers to peddle a wide variety of counterfeit drugs using courier services, the mail and the Internet.

"Gains over the past years in international drug control may be seriously undermined by this ominous development if it remains unchecked," Narcotics Control Board President Philip O. Emafo said.

The problem is compounded in Western Pennsylvania, Dr. Capretto said, because it is "one of the OxyContin epicenters of the world." The powerful drug is prescribed here more than in other areas because of the region's large elderly population and large number of former industrial workers who suffered work-related injuries.

Since 2000, Gateway has experienced a 600 percent increase in admissions for addictions to opioids, both prescription pills and heroin, he said.

The prescription and heroin addictions are often linked, Dr. Capretto noted, because abuse of OxyContin has led many addicts to heroin for economic reasons. While an 80-milligram OxyContin pill can sell for up to $80 on the street, a stamp bag of heroin has dropped to $10, even as purity levels have reached 90 percent.

"Someone spending hundreds of dollars a day on OxyContin can buy heroin for one-third, one-fourth that amount now," he said. "You have suburban kids who never thought they'd stick a needle in their arm shooting up.

Richard Goldberg, Allegheny County deputy district attorney in charge of the narcotics unit, agreed that OxyContin users are turning to heroin because dealers of both drugs are reacting to market forces of "supply and demand" in a price war.

Dr. Capretto said he's treated OxyContin abusers who enlisted others to stand outside of doctors' offices to buy partial prescriptions from elderly patients.

"They'd buy half a prescription for $200 and sell it for 10 times that much," he said.

He said he knows of high school students from an upper-middle-class school district who broke into a fellow student's home to steal his father's OxyContin, prescribed for a car accident; of addicts who go to real estate open houses to go through medicine cabinets; and addicts who go from doctor to doctor with fake medical records, knowing just how to act and just what to say.

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Mr. Goldberg said prosecutions in Allegheny County involving prescription drugs peaked about two years ago when they made up about 30 percent of nearly 6,000 drug cases. Now, that number has dropped back to the 20 percent range where it was previously, he said.

After an upswing involving OxyContin prosecutions several years ago, the pendulum has swung back to Vicodin, he said.

"Vicodin has been there and will always be there. It's one drug doctors are more comfortable in prescribing," he said.

The number of Americans abusing prescription drugs went from 7.8 million in 1992 to 15.1 million in 2003, nearly doubling, the Narcotics Control Board said. Among their prescription drugs of choice: the painkillers oxycodone, sold under the trade name OxyContin, and hydrocodone, sold as Vicodin and used by 7.4 percent of college students in 2005.

Although the number of U.S. high school and college students abusing illicit drugs declined in 2006 for a fourth consecutive year, "the high and increasing level of abuse of prescription drugs by both adolescents and adults is a serious cause for concern," it said.

Counterfeiters are exploiting intense demand for prescription drugs that can give a "high" comparable to cocaine, heroin or methamphetamine, the watchdog group said.

It singled out Scandinavia, where demand for flunitrazepam -- a sedative sold as Rohypnol and widely known as a "date rape drug" -- increasingly is being met by unauthorized production, and North America, where widespread abuse of prescription drugs, including the narcotic fentanyl -- 80 times as potent as heroin -- has been blamed for a spike in deaths.

"The very high potency of some of the synthetic narcotic drugs available as prescription drugs presents, in fact, a higher overdose risk than the abuse of illicit drugs," Dr. Emafo said.

Prescription Drug Abuse Set To Exceed Use Of Illicit Narcotics Globally (AP)

AP, March 1, 2007

Abuse of prescription drugs is about to exceed the use of illicit street narcotics worldwide â€"Â and the shift has spawned a lethal new trade inÂ counterfeit painkillers,Â sedatives and other medicines potent enough to kill, a global watchdog warned Wednesday.

Already, prescription drug abuse has outstripped traditional illegal drugs such as heroin, cocaine andÂ Ecstasy in parts of Europe, Africa and South Asia,Â the UN-affiliated International Narcotics Control Board said in its annual report for 2006.

In the United States alone, the abuse ofÂ painkillers, stimulants, tranquilizers and otherÂ prescription medications has gone beyond "practically all illicit drugs with the exception of cannabis,"Â with users increasingly turning to them first, theÂ Vienna-based group said.

And unregulated markets in many countries make it easy for traffickers to peddle a wide variety ofÂ counterfeit drugs through courier services, ordinary mail and the internet.

"Gains over the past years in international drugÂ control may be seriously undermined by this ominousÂ development if it remains unchecked," INCB presidentÂ Philip Emafo said.

Discount medications that seem to be authenticÂ often turn out to be cheap but powerful knockoffs concocted from recipes posted on the web, Emafo added.

"Instead of healing, they can take lives," he said, characterizing the danger as "real and sizable."

Up to 50 per cent of all drugs taken in developing countries are believed to be counterfeit, the boardÂ said, citing estimates from the World HealthÂ Organization.

Buprenorphine, an analgesic, is now the mainÂ injection drug in most of India, and it is also trafficked and abused in tablet form in France, where the INCB estimates 20 to 25 per cent of the drug sold commercially as Subutex is being diverted to theÂ black market. Canadians ditching heroin for prescription narcotics

A study published in November 2006Â in the CanadianÂ Medical Association Journal found that heroin was no longer the opiate of choice among many substance abusers in Canada â€" prescription narcotics such asÂ morphine and OxyContin were taking its place.

Researchers studied street users in seven cities across the country in 2005, and found that heroinÂ remained the No. 1 illicit opiate only in Vancouver and Montreal. In the five other cities â€" Edmonton,Â Toronto, Quebec City, Fredericton and Saint John â€" more often than not, getting high meant taking prescription opioids like Percodan.

When the study was released, lead author BenediktÂ Fischer, an addiction researcher at the University ofÂ Victoria, said the switch to highly addictiveÂ prescription narcotics among street users likelyÂ represents just the tip of the iceberg

HeÂ said he suspected the numbers would be much higher ifÂ the general population was factored in.

The INCB said the number of Americans abusing prescription drugs nearly doubled from 7.8 million in 1992 to 15.1 million in 2003. Among theirÂ prescription drugs of choice: the painkillers oxycodone, sold under the trade name OxyContin, andÂ hydrocodone, sold as Vicodin and used by 7.4 per centÂ of college students in 2005.

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Although the number of U.S. high school and college students abusing illicit drugs declined in 2006 for a fourth consecutive year, "the high andÂ increasing level of abuse of prescription drugs byÂ both adolescents and adults is a serious cause for concern," it said.

Counterfeiters are exploiting intense demand forÂ prescription drugs that can give a "high" comparableÂ to cocaine, heroin or methamphetamine, the watchdog group said.

Military, ATF Expand Bomb Training (CHIT)

By Andrew Zajac, Washington Bureau

Chicago Tribune, February 28, 2007

WASHINGTON -- Struggling for more effective responses to the suicide and roadside bombings that have wreaked havoc in Iraq and increasingly in Afghanistan, the Defense Department has beefed up an explosives training program with the Bureau of Alcohol, Tobacco, Firearms and Explosives.

Military bomb technicians will receive additional training in countering homemade explosives and in identifying bomb components after a blast, under the expanded program to be run in six sessions annually at the ATF's training center in Ft. A.P. Hill in Virginia.

About 180 technicians from all branches of the armed forces will be trained in a course that has been expanded to one week, according to Steven Beggs, ATF chief of explosives training. Previously, about 90 technicians, mostly from the Army, received three days of training.

Homemade roadside bombs, also called improvised explosive devices, have exacted a devastating toll on American troops in Iraq and Afghanistan. This month the government alleged that sophisticated variants of the devices used in Iraq are being supplied by a branch of Iran's armed forces.

Suicide bombs have been employed against both military forces and civilians.

A suicide bombing Tuesday at the gates of Bagram Air Base in Afghanistan killed at least 23 people, including two Americans. Vice President Dick Cheney was on the base at the time but was unharmed.

Military bomb technicians traditionally have focused on disarming or detonating a bomb, but increasingly they are trying to use physical evidence, such as a bomb's remains, to trace the weapon to its source.

"What they've been asked more and more to do is collect evidence, or intelligence," which is the ATF's strength, Beggs said.

The goal of the expanded training is to allow bomb technicians to glean whatever information they can about a bomb's components--switches, timers and the nature of the explosive --in less than 30 minutes, Beggs said.

Understanding how a bomb is built can provide clues about who made it and enable the military to take countermeasures.

"It affects the way we build our vehicles, the way we go down the road," Beggs said.

Feds Charge Suspected Bomb-maker Anew (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), February 28, 2007

A Flomaton man whose federal trial on bomb charges ended in a hung jury last month faces new charges under an indictment handed down last week by a grand jury in Mobile.

At the January trial in U.S. District Court in Mobile, jurors could not agree about whether Gregory Wendell Nichols was guilty of possessing a bomb. The new federal indictment accuses him of two bomb-related charges formally known as possession of an unregistered firearm and making a firearm.

Nichols is scheduled to be arraigned on the charges today.

"It is a separate offense to actually make a firearm," said Assistant U.S. Attorney Vicki Davis, who has taken over as lead prosecutor in the case.

During Nichols' trial, senior federal appeals Judge Emmett "Rip" Cox, who presided over the trial, dismissed one of two counts against the defendant -- possession of a firearm in violation of law -- on grounds that it duplicated the other charge, possession of an unregistered firearm.

"They're just retreading the indictment," said Assistant Federal Defender Peter Madden, who added that his client intends to plead not guilty. "A count was dismissed. Now, they're trying to add another one."

Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his pickup truck; they reported finding five homemade explosive devices.

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Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape, and attached a firecracker fuse.

Nichols testified that he made the devices -- which he called "firecrackers" -- to drop into a river to watch the explosions. He said he and his fiancée did this with a batch of devices he had made in June and planned to do it again before ATF agents arrested him.

Prosecutors offered testimony from a ballistics expert who conducted tests he said proved the devices were dangerous. A defense expert witness told jurors that the devices were weak explosives.

Jurors could never agree whether those devices were firecrackers -- and thus legal -- or illegal firearms.

Davis said she has discussed a possible plea deal with defense lawyers, but Madden said he expects the case to go to trial again next month.

"We're going full speed ahead," Madden said. "I'm assuming it will go pretty much the same. But I'll do it better this time. The government doesn't have any more evidence."

Judge Hits Politics In Choice Of Marshals (BOS)

By Sean P. Murphy, Globe Staff

The Boston Globe, March 1, 2007

A rare rebuke from US bench

A federal judge in Boston has blasted the US Marshals Service as a "second rate" agency because it is headed by a patronage appointee, and called on Congress to "professionalize" the law enforcement agency.

Judge William G. Young , in an unusual addendum to a ruling in an employment discrimination case last week, went out of his way to criticize the way marshals are appointed throughout the country.

The appointees "are all direct political patronage appointments. These are not executive department policy-making positions; they are vital law enforcement positions," Young wrote.

"Surely here in America direct command of law enforcement officers in harm's way could never be entrusted to political patronage appointees," he wrote. "How smug we are -- and how wrong."

Young's remarks were striking, in part because federal judges work closely with the marshals, who are responsible for securing courthouses, protecting judges, juries, witnesses, and other court officials. They also play a role in capturing fugitives and transporting prisoners.

Young wrote that it was unimaginable that another federal law enforcement agency, such as the FBI or the Drug Enforcement Agency, would put a political appointee in charge of a regional office. He said Congress has professionalized those agencies.

"Until Congress does the same for the Marshals Service, it will always be considered a second rate political agency in the eyes of true professionals," Young wrote.

Traditionally, the marshal's job has gone to a prominent political figure from the same political party of the president in office. The White House has usually allowed local political figures in the 94 marshal districts to reach a consensus on a candidate for the job.

Reed Hillman , last year's unsuccessful Republican candidate for lieutenant governor and a former State Police commander, is expected to be nominated for the presidential appointment.

In a story published Monday, the Globe quoted two unnamed Massachusetts Republican officials who said that the White House has decided to give Hillman the job.

If President Bush nominates him, Hillman may face opposition in the Senate, which must confirm presidential nominations.

Senator Edward M. Kennedy has long advocated for professionalizing the Marshals Service, and last year added a provision to the Patriot Act establishing criteria for marshals, including four years of "command-level law enforcement management duties" and experience in courts or protecting court personnel.

Ask whether Kennedy intended to try to block Hillman's appointment, Melissa Wagoner , Kennedy's spokeswoman, pointed out that the White House has not submitted a nomination to the Senate.

Bush's previous appointee for US marshal in Boston was Anthony Dichio, a former state trooper later dismissed by the president for neglect of duty. Former governor Paul Cellucci, a Republican like Bush, nominated Dichio, who had spent several years at Cellucci's side as part of a State Police detail assigned to drive the governor to appointments and provide security for him.

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Bush dismissed Dichio in 2005, after two Globe reporters documented Dichio's lax work habits and use of his government-owned vehicle for personal errands. An investigation by the US Justice Department, prompted by the Globe report, confirmed the newspaper's findings.

Dichio was named to the $130,000-a-year job over objections from the state's two US senators and from nine of its 10 House members, all of them Democrats. Critics said Dicho lacked experience in antiterrorism and management. The Marshals Service in Massachusetts includes a staff of about 120.

Nancy McGillivray, who served as marshal from 1994 to 2002, was an anomaly in the Marshals Service because she rose through the agency's ranks to get the top job. Yesterday, she echoed Young's assessment.

"You don't have the luxury of a learning curve as marshal," McGillivray said yesterday. "It's a demanding, professional law enforcement job."

Young's comments on the Marshals Service came at the end of a ruling in which he denied the claims of a deputy marshal who alleged that Dichio passed her over for a promotion due to gender bias.

In his ruling, Young wrote that Dichio's actions were a result of personal hostility toward the deputy marshal, not gender discrimination.

Dichio could not be reached for comment last night.

IMMIGRATION:

Report: Man Shot By Agents Smuggled Pot Again (EPT)

El Paso Times, February 28, 2007

Eight months after he was shot in the buttocks by two former El Paso Border Patrol agents, a Mexican drug smuggler delivered $1 million worth of marijuana to a stash house in El Paso County, according to an investigative report by the Drug Enforcement Administration now in possession of a California congressman.

U.S. Rep. Dana Rohrabacher, R-Calif., held a news conference in Washington, D.C., today and held a redacted copy of the document up for reporters but did not pass out copies. Rohrabacher said he had been asked by the Justice Department not to do so because the report contained sensitive information.

U.S. Attorney Johnny Sutton had repeatedly denied that the smuggler, Osvaldo Aldrete Davila, had been arrested again after he was shot in the buttocks by agents Ignacio Ramos and Jose Alonso Compean in February 2005 during a botched smuggling attempt near Fabens. Rohrabacher said it was technically correct because Davila was not arrested but said Sutton was playing with words.

"They call that lying when you're not a lawyer," he said.

Ramos and Compean were convicted last year of violating Davila's civil rights and of tampering with evidence because they did not report the shooting and because Compean picked up his shell casings.

Ramos was sentenced to 11 years in prison and Compean of 12 years in prison. They started serving their time in January and are appealing the conviction. Their cause has been picked up by conservative activists, such as Minutemen groups, and elected officials.

It is not clear what the DEA report will mean for the agents as it is not directly related to the February shooting, but Rohrabacher said he smeared the character of the smuggler as the prosecution's star witness.

Rohrabacher said that prosecutors ignored the DEA report to "promote the false image of the smuggler" during trial. Prosecutors said that Davila was smuggling drugs because he didn't have enough money to renew his commercial driver's license in Mexico.

The second smuggling incident allegedly occurred Oct. 9, 2005, during a sting operation at a stash house where occupants identified Davila as the man who had just driven a load of marijuana to the house. Davila was gone by then but "They used his name, all the way down to his colostomy bag. How many smugglers carry a colostomy bag?" Rohrabacher said.

The bullet that hit Davila in February severed his urethra.

U.S. Attorney's officials issued a written statement, saying "The U.S. Attorney's office cannot comment about matters that are under seal or ongoing investigations. This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it."

Davila's lawyer, Walter Boyaki, couldn t be reached for comment today. Davila is in Mexico and hasn't been back to El Paso since his court testimony.

Asked whether the publicity around the second incident could jeopardize possible efforts to prosecute Davila for the second offense, Rohrabacher said his focus was on freeing Compean and Ramos.

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Davila was offered immunity in exchange for his testimony for the first incident, but not the second.

The DEA report was sealed evidence during the trial, according to trial transcripts in which lawyers refer to the incident as "the October load," and to the witness against Davila as Cipriano Ortiz. The defense's motion to unseal it was denied by a federal judge. But the evidence will be passed, sealed, to the Fifth Circuit Court of Appeals.

During the trial, Mary Stillinger, one of Ramos' attorneys, tried to introduce the evidence to the jurors.

"My opinion is, your honor, that he's trying to portray himself as a very innocent person, and would not have any clue how marijuana is packaged. And I would like to ask, You didn't have any other experience with how marijuana was packaged?" she said according to official transcripts posted at www.usdoj.gov/usao/txw.

Her request was denied and Davila was allowed to plead the Fifth on any questions about his illegal activities before or after the shooting.

Smuggler Given Immunity Is Tied To New Drug Case (FWST)

By Dave Montgomery

The Fort Worth Star-Telegram, March 1, 2007

WASHINGTON — A Mexican drug smuggler who testified under immunity that he was shot by two now-imprisoned Border Patrol agents was linked to a second drug-smuggling case in Texas that happened nearly eight months after the shooting, according to a Drug Enforcement Administration report.

The disclosure of the report, dated Oct. 25, 2005, sparked new demands for a congressional inquiry into the prosecution of agents Ignacio Ramos and Jose Compean.

Each of the agents was sentenced to more than a decade in prison for shooting Mexican national Osvaldo Aldrete-Davila in the buttocks after he abandoned a van loaded with marijuana near Fabens, outside El Paso.

According to the previously sealed DEA report, Aldrete-Davila came to the attention of federal agents after being granted limited immunity to testify as the key witness against the two agents.

The occupant of a “stash house” in Clint, also near El Paso, identified “Osvaldo Davila” as the person who dropped off a 1990 Chevrolet Astro van containing six bundles of marijuana, the report said.

Agents seized 752.8 pounds of marijuana, valued at $602,240, from the van and a storage shed after an informant’s tip led them to the house Oct. 23, 2005.

Cipriano Ortiz-Hernandez, who lived in the house, told agents that “Osvaldo Davila” had delivered the van a day earlier.

“Ortiz-Hernandez stated that he did not know that the van contained marijuana,” the report said.

Davila was identified in the report as an illegal immigrant “who has a colostomy bag.” Aldrete-Davila was forced to wear a colostomy bag after being treated in the United States for the wound inflicted in the shooting.

During his testimony Feb. 22-23, 2006, Aldrete-Davila acknowledged that he had been given limited immunity to testify against the two agents, but the government stressed that the immunity applied to his actions only on the day of the shooting.

He also said he planned to sue the government for $5 million to compensate for his injuries.

The DEA report, which began circulating on Capitol Hill on Wednesday, raised new questions about the government’s handling of the case — particularly why Aldrete-Davila remained free after being tied to further trafficking activities.

Conservative lawmakers who have rallied behind the two agents also intensified their criticism of U.S. Attorney Johnny Sutton of San Antonio, whose office prosecuted the case.

“We cannot comment about matters that are under seal or ongoing investigations,” Sutton’s office said in a statement. “This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it.

“We have clearly stated that the immunity necessarily afforded to Aldrete-Davila in the investigation and trial of Ramos and Compean for the [Feb. 17] incident would not extend to any subsequent or future criminal activity that may be alleged.”

The Inland Valley Daily Bulletin in Ontario, Calif., reported this week that DEA investigators believed that they had sufficient evidence to indict Aldrete-Davila in the second case, but their requests to do so were denied by prosecutors.

Rep. Ted Poe, R-Humble, a former district judge and prosecutor, called for a new trial for the two agents since the allegations in the DEA report were kept from jurors in the El Paso trial.

“I want to know why the federal government was so relentless in prosecuting the Border Patrol agents and not prosecuting a drug smuggler,” Poe said. “He smuggled drugs on at least two occasions and he’s more than just some mule.”

More than 30 Republican House members, including Poe, urged House Speaker Nancy Pelosi, D-Calif., and three key committee chairmen to open immediate hearings “into all aspects of this case.”

“Numerous and repeated attempts by members of Congress to ascertain the facts of this case with relevant federal agencies have been unsuccessful,” the lawmakers said in a letter released late Wednesday.

Star-Telegram researcher Adam Barth contributed to this report. Dave Montgomery, 202-383-6016

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Man Shot By Agents Stashed Drugs After He Got Immunity (WT)

By Jerry Seper
The Washington Times, March 1, 2007

A Mexican national who was shot by U.S. Border Patrol agents after abandoning 743 pounds of marijuana on the Texas border brought a second drug load into the United States while waiting to testify under a grant of immunity against the now-imprisoned agents, according to unreleased federal documents.

U.S. Drug Enforcement Administration (DEA) documents, which remain under seal, show that Osbaldo Aldrete-Davila was the focus of a drug investigation into his reported stashing of 750 pounds of marijuana in a van at a house in Clint, Texas, in November 2005 -- nine months after he was shot in the buttocks near Fabens, Texas, while running from Agents Ignacio Ramos and Jose Alonso Compean.

The agents have since been sentenced to 11 and 12 years, respectively, in prison. Clint is eight miles northwest of Fabens in what law-enforcement authorities describe as a popular drug smuggling corridor.

The DEA's investigative reports, according to law-enforcement authorities and others, said a witness identified Aldrete-Davila as the van's driver, and that the owner of the house, Cipriano Ortiz-Hernandez, picked Aldrete-Davila from a display of several photos.

The authorities also said the reports show that the homeowner's brother, Jose Ortiz, told agents that Aldrete-Davila had brought the marijuana into the country from Juarez, Mexico, and identified him as "the person who was shot by Border Patrol agents."

Rep. Dana Rohrabacher, California Republican, said the DEA reports show that prosecutors misled the public about their "star witness" in the transport of a second load of drugs, adding that U.S. Attorney Johnny Sutton knowingly presented a false picture of the drug smuggler "to justify his ruthless prosecution."

He said that under Mr. Sutton's direction, prosecutors characterized the smuggler as an innocent victim, "which is clearly not the case," and when Mr. Sutton's office was told by the DEA of Aldrete-Davila's involvement in a second offense, "chose to disregard the information."

"Sutton's continuous attempts to paint a benign picture of the drug smuggler is not only disingenuous, but amounts to misleading the jury and the public when questioned about the second offense," he said. "Only an unscrupulous lawyer would believe this is an acceptable tactic."

Shana Jones, spokeswoman for Mr. Sutton, told The Washington Times yesterday that the prosecutor's office could not comment about matters under seal or on ongoing investigations.

"This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it," Ms. Jones said. "We have clearly stated that the immunity necessarily afforded to Aldrete-Davila in the investigation and trial of Ramos and Compean for the February 17 incident would not extend to any subsequent or future criminal activity that may be alleged.

"It is truly unfortunate that some members of Congress have inaccurately implied that such immunity would be extended beyond the scope of this trial," she said.

Mr. Rohrabacher's spokeswoman, Tara Setmayer, confirmed yesterday that her boss had a copy of the reports but said he had no intention of disclosing information from them that could be damaging to an ongoing investigation. She said he sought only to establish Aldrete-Davila's suspected involvement in a second drug-smuggling incident.

Ramos, 37, and Compean, 28, were sentenced in October in federal court in El Paso, Texas, on charges of causing serious bodily injury, assault with a deadly weapon, discharge of a firearm in relation to a crime of violence and a civil rights violation.

The conviction came after Aldrete-Davila was located in Mexico by Homeland Security investigators and given immunity by Mr. Sutton's office in exchange for his testimony against the agents. The immunity agreement protected Aldrete-Davila from being charged in this country with drug smuggling.

Aldrete-Davila was shot after he ignored orders by the agents to stop his vehicle. Court records show he jumped from his van and ran south to the Rio Grande, where he was confronted on foot by Compean. Although wounded, Aldrete-Davila crossed the border and escaped in a waiting van.

Both agents testified that they thought Aldrete-Davila had a gun in his hand and feared for their lives when they fired shots at him.

Official: Mexican Drug Runner Shot By Border Agents Smuggled More Drugs Into U.S. (FOX)

Fox News, February 28, 2007

The Mexican drug runner whose testimony sent two Border Patrol agents to prison for shooting him in the buttocks brought drugs into the United States more than once, thereby diminishing his credibility as a witness in the investigation, according to a California congressman.

Rep. Dana Rohrabacher, R-Calif., presented new evidence in a Capitol Hill press conference Wednesday that revealed what he says was U.S. Attorney Johnny Sutton's deliberate attempt to mislead the public about Osbaldo Aldrete-Davila's involvement in the transport of a second load of drugs in October 2005.

Aldrete-Davila testified before a jury that former Border Patrol Agents Jose Compean and Ignacio Ramos shot him in February 2005 as he tried to run away from them near the U.S.-Mexico border in Texas. He was given immunity from prosecution in March 2005 for his cooperation in that investigation and subsequent trial, which culminated last year.

The Mexican was smuggling more than 700 pounds of marijuana into the United States at the time. Compean and Ramos were convicted last year and are serving 11 and 12 years, respectively, in separate federal prisons for the non-fatal shooting.

But the Drug Enforcement Agency found that Aldrete-Davila brought in another vanload of drugs into the United States while he waited to testify against the agents. Some reports say he stashed up to 750 pounds of marijuana at a house in Clint, Texas.

Rohrabacher said Sutton knowingly presented a false picture of the primary witness in the case.

"The U.S. Attorney's Office presented to the jury and presented to the public as if this guy Davila was a benign, hapless Mexican man who had just been recruited to drive a truck in order to raise money for medical expenses for his mother," Rohrabacher told FOXNews.com.

"Had the jury known that there were indications that he was a professional and he lied to his handlers even after they had granted him immunity for the first time, his testimony would have been worthless and it also suggests that he was more likely to have been carrying a weapon."

One of the border agents claimed they may have seen a weapon in Aldrete-Davila's hand during the incident. But the prosecutor said there was no evidence that he had a gun.

Aldrete-Davila was given immunity by the U.S. government and also received a border crossing card to come to and from Mexico to get free medical care in the United States for a bullet lodged in his body. Rohrabacher's office said it's unsure how many times Aldrete-Davila crossed the border during this time.

But the congressman says evidence has emerged that Sutton's office was notified by the DEA of Aldrete-Davila's direct involvement in the second offense but that it was ignored.

"The second offense goes just to the heart of the credibility of the Justice Department's primary witness against Compean and Ramos," Rohrabacher told FOXNews.com.

The documents Rohrabacher has is the report of investigation completed by the DEA.

"Our purpose here is not to endanger any agents" or reveal any information that may hurt the government's case, the congressman's spokeswoman, Tara Setmayer, told FOXNews.com on Wednesday. "But we do want people to understand we are in possession of documents that support the reports about Davila's involvement in a second drug-smuggling incident."

The DEA directed calls regarding what's known as the 'October load' investigation to Sutton, who represents the Western District of Texas. A prosecutor under Sutton handled the Compean-Ramos case.

"We cannot comment about matters that are under seal or ongoing investigations. This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it," Sutton said in a statement.

"We have clearly stated that the immunity necessarily afforded to Aldrete-Davila in the investigation and trial of Ramos and Compean for the Feb. 17 incident would not extend to any subsequent or future criminal activity that may be alleged. It is truly unfortunate that some members of Congress have inaccurately implied that such immunity would be extended beyond the scope of this trial."

Some lawmakers in Congress, as well as Border Patrol activist groups, claim Sutton failed to prosecute the "real" criminal in the matter — the drug runner — and instead went after two Border Patrol agents just doing their jobs. Sutton, for his part, has argued that the law clearly states the mandatory sentences for such a shooting, and that there is no exemption for law enforcement. He has acknowledged to FOXNews.com, however, that 11 and 12 years in prison for such a crime may be extreme.

Champions of Ramos and Compean have asked President Bush to pardon the two agents, but to no avail.

A Justice Department lawyer on Wednesday told FOXNews.com that so far, the agency had not received any petition for clemency for either of the agents.

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But in order to be eligible for a pardon approved by the Justice Department — which makes pardon recommendations to the president — five years must have elapsed from the day an individual was released from prison. Commutation is a shortening of one's sentence, but in order to be eligible for that, the person serving the sentence cannot be legally challenging his case.

However, the president can also make either decision on his own, regardless of the Justice recommendation.

Friends of the Border Patrol on Wednesday called for the firing of Sutton, along with other assistant U.S. attorneys who helped prosecute Compean and Ramos for what it calls "the malicious prosecution" of the two ex-agents and for "hiding key evidence from and lying to the American people, as well as harboring, aiding and providing comfort to a known drug smuggler, Osbaldo Aldrete-Davila, who illegally entered the U.S. from Mexico, assaulted Agent Compean, brandished a firearm towards two federal agents, resisted arrest and transported narcotics across international boundaries on multiple occasions."

The prosecution in the case says Aldrete-Davila did not have a gun, even though at least one of the agents thought he saw what could have been a weapon in his hand at the time of the shooting.

Friends of the Border Patrol also called for the resignation of Judge Kathleen Cardone, who it says "did everything possible to aid the prosecution in this witch-hunt, including sealing evidence and testimony that clearly would have damaged the credibility of the government's case and their alleged 'victim.'"

Fresh Start On Immigration Overhaul (LAT)

By Adam Schreck

The Los Angeles Times, March 1, 2007

WASHINGTON — President Bush is committed to working with Congress on an overhaul of immigration laws, two Cabinet officials told a Senate panel Wednesday, but they hedged on the contentious issue of whether people who come to the U.S. illegally should have a path to citizenship.

The administration's priority is to secure the nation's borders and convince the estimated 12 million illegal immigrants to "come out of the shadows," Commerce Secretary Carlos M. Gutierrez told the Senate Judiciary Committee.

"I'm not sure that everyone wants to be a U.S. citizen. Many just want to be able to work, and if they can work legally, one day they would like to go back home," he said. "So I don't think that citizenship is what will make them come out of the shadows."

In the first hearing on immigration policy since the Democrats took over Congress, Homeland Security Secretary Michael Chertoff emphasized that any changes in the law should not amount to amnesty.

"We cannot give those who are here illegally because they've broken the law a leg up and an advantage over those who have played by the rules," he said.

Many Republicans, particularly in the House, broke with Bush last year over his support for what the White House has called "comprehensive immigration reform."

"I don't believe that House Republicans would support a bill that creates a path to citizenship for people who came to the country illegally," said Amos Snead, a spokesman for House Minority Whip Roy Blunt (R-Mo.).

In his testimony, Chertoff emphasized the need for tighter border security and tougher workplace enforcement measures. Praising a workplace crackdown last week in California and 16 other states, he said harsher penalties were needed to prevent workers from entering the country illegally.

But under questioning by committee Chairman Patrick J. Leahy (D-Vt.), Chertoff and Gutierrez conceded that, for the most part, illegal workers were not taking jobs away from Americans. Asked about the likelihood of rounding up everyone here illegally, Chertoff acknowledged that "it would be a gargantuan task to try to locate, detain and deport 12 million people."

The hearing follows a renewed behind-the-scenes push by the White House to get a comprehensive overhaul passed before 2008 presidential and congressional campaigning swings into high gear. At least in broad terms, Bush agrees with congressional Democrats that the immigration laws — last revised on a large scale in 1986 — need significant retooling.

Last year, the Senate, then under GOP control, approved legislation that hewed closely to Bush's proposals. The bill, passed by a vote of 62 to 36, would have given many illegal immigrants a chance to pursue citizenship, created a guest worker program, tightened sanctions on companies employing illegal workers and authorized hundreds of miles of fencing along the U.S.-Mexico border.

But the House refused to consider anything beyond a tight focus on border security and enforcement, dooming the wider approach.

Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.), who drafted last year's bill, plan to introduce a new version soon. Reps. Jeff Flake (R-Ariz.) and Luis V. Gutierrez (D-Ill.) are working on similar legislation on the House side. Flake said in a written statement that the issue offered a rare chance for the president and Congress "to come together and enact meaningful, substantive legislation."

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"Republicans as a whole aren't that much different than Democrats as a whole — they want some type of comprehensive reform," he said in a telephone interview.

Not everyone is on the same page, however. Sen. Dianne Feinstein (D-Calif.) suggested during Wednesday's hearing that senators "may have reached too far in the comprehensive bill" last year and would be better off tackling the issue piece by piece.

Leahy warned that whatever the approach, the road ahead wouldn't be easy.

"This is going to be a long process," he said. "The most important point in this whole thing is where the president is going to be, and where he's going to be publicly on this."

White House Renews Effort To Overhaul Laws (USAT)

By Kathy Kiely

USA Today, March 1, 2007

WASHINGTON — President Bush waded gingerly back into the debate over immigration Wednesday, as two of his top lieutenants urged Congress to grant "legal status" to an estimated 12 million people now living in the country illegally.

Commerce Secretary Carlos Gutierrez and Homeland Security Secretary Michael Chertoff stopped short, however, of endorsing a plan to give illegal immigrants a chance at citizenship. "I believe what people want first and foremost is to have legal status," Gutierrez said. "I don't think everyone wants to be a citizen."

RELATED: Fee increase could curb citizenship applications

The two men's appearance before the Senate Judiciary Committee marks the beginning of an effort to revive a sweeping overhaul of the nation's immigration laws — a debate that last year set off a wave of demonstrations across the country. Legislation bogged down late in the last Congress when House Republican leaders refused to take up a Senate-passed bill that won Bush's public stamp of approval.

The Senate bill provided for improved border security, tougher penalties for employers who hire illegal aliens, a tamper-proof Social Security card, an expanded "guest worker" program to allow foreigners to work in the USA and a chance at citizenship for those living and working in the country illegally. But some Republican critics, such as Rep. F. James Sensenbrenner, R-Wis., said the bill was too lenient, equating the citizenship provision to amnesty.

Last year's election improved the bill's chances for passage by putting Democrats in charge of both the House and Senate and ousting several leading Republican critics of the Senate immigration bill, such as J.D. Hayworth of Arizona and John Hostettler of Indiana. Voters were "clearly rejecting … the hard-line, tough-guy posture," said Cecilia Muñoz of the National Council of La Raza, a Hispanic advocacy group that backed the legislation. Muñoz said this year — a non-election year — is "the best window we're going to have" for passage of legislation that "could be a, if not the, major piece of the president's domestic legacy."

Bush seems to agree. At a press conference last month, the president said he sees "an interesting opportunity" to work with Democrats to enact legislation he has sought since his first term.

Once again, the chief sticking point appears likely to be fate of the nation's illegal population. "We can't kick them out of our country," Bush said at his press conference in February. At the Senate hearing, Chertoff said deporting all of them would be "a gargantuan task."

Democrats argue that offering an eventual chance at citizenship is the only way to guarantee the elimination of an exploitable underclass of workers. "We need to establish a path to citizenship that is fair and predictable," House Speaker Nancy Pelosi, D-Calif., was to have said in remarks scheduled for delivery Wednesday night to the Mexican American Legal Defense and Education Fund. "It may be a path of many steps, but the endpoint must be clear and attainable."

Under last year's Senate bill, illegal immigrants could seek citizenship if they hold a job, pay taxes, take English classes, pay a fine for their illegal entry and have not committed any felonies. "This is not amnesty," said Sen. Arlen Specter, R-Pa.

Sen. Jon Kyl, R-Ariz., who was one of the leading opponents of the Senate bill and who is now the third-ranking member of the Senate Republican leadership, said in an interview outside the hearing that the two Cabinet secretaries refusal to commit to the citizenship approach was deliberate.

"Everybody's being cautious about being very specific there because clearly that's where the final compromises have to come if there's going to be legislation," Kyl said. The senator said that Republican opponents of last year's Senate bill might be willing to go along with a deal that offers some, but not all, illegal immigrants a chance to gain legal status "if there are other factors put into the mix." He put the chances of enacting a bill this year at "better than 50-50."

Senate Judiciary Chairman Patrick Leahy, D-Vt., warned that enacting a bill "is not going to be an easy process." That cheers Ira Mehlman of the Federation for American Immigration Reform, which opposed last year's Senate-passed bill. He predicted that lawmakers will remain split over the immigration bills most controversial provisions. "There aren't very many Republicans left who are prepared to go marching off a cliff with George Bush anymore," Mehlman said.

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On the other end of the spectrum, Sonia Ramirez of the AFL-CIO said labor won't back an immigration bill unless it contains safeguards that protect foreign workers from abuse and domestic workers from job loss. She also said the unions favor "a path to citizenship" for those who have been living and working in the country illegally.

Bush Aides Pledge Work For Immigration Bill (NYT)

By Rachel L. Swarns

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Two senior Bush administration officials vowed on Wednesday to work with Congress to ensure passage of immigration legislation this year but publicly distanced themselves from proposals that would place most illegal immigrants on a path to citizenship.

Commerce Secretary Carlos M. Gutierrez and Homeland Security Secretary Michael Chertoff suggested that offering temporary legal status, instead of citizenship, to illegal immigrants would be enough to persuade them to emerge from the shadows and register with the government, which has been a key national security goal.

The officials were testifying before the Senate Judiciary Committee as lawmakers worked out the final details of a broad immigration bill that could be introduced in the Senate as early as next week. Last year, the Senate passed bipartisan immigration legislation that would have provided citizenship to most illegal immigrants who paid fines and back taxes and learned English.

That legislation stalled in the face of fierce opposition from House Republicans, but this year's bill is expected to include a similar proposal. Democrats and Republicans believe that prospects for passage are far better in this Democratic-controlled Congress, but the contentious debate over citizenship underscores the difficulties ahead.

The citizenship measure has been derided by conservatives as amnesty and hailed by some Democrats, Republicans and immigrant advocates as a provision that will encourage millions of illegal immigrants to come forward. In August, President Bush suggested that he supported such proposals, saying they sounded like "a reasonable way to treat people with respect."

But on Wednesday, Mr. Gutierrez and Mr. Chertoff declined to endorse the measure. Mr. Gutierrez said many illegal immigrants might prefer working here for several years and returning home.

"That is something we need to discuss, we need to think through," Mr. Gutierrez said. "There is a path today to citizenship, so it is not as if we need to create a new path to citizenship."

"What people want first and foremost is legal status," he said. "I'm not sure everybody wants to be a U.S. citizen. Many just want to be able to work. And if they can work legally, one day they would like to go back home."

Mr. Chertoff noted that only about a third of the illegal immigrants granted legal status as a result of legislation passed in 1986 actually ended up applying for citizenship. "A significant majority did not become citizens," he said.

It was unclear whether the officials were simply trying to ease conservative concerns about the citizenship question or whether Mr. Bush had actually shifted his position. Scott Stanzel, a White House spokesman, said Mr. Bush still supported a path to citizenship that would include payments of fines back taxes and a requirement to learn English, among other things. But it seemed unlikely that the two cabinet secretaries would make such remarks without first consulting the White House.

But advocates for immigrants warned that legislation without a path to citizenship would be unacceptable to many Democrats and some Republicans. They also objected to another proposal suggested by Mr. Chertoff, which would limit judicial review of decisions made by immigration officials determining eligibility for the legalization program.

"Without the inclusion of a path to citizenship in a legalization program, you are essentially creating a permanent underclass in our country," said Bishop Gerald Barnes of the United States Conference of Catholic Bishops Committee on Migration.

Lawmakers also highlighted other concerns. Senator Arlen Specter, the Pennsylvania Republican who was a key architect of last year's bill, complained that he and other Republicans were being shut out of negotiations over the new legislation.

Meanwhile, Senator Dianne Feinstein, a California Democrat who supported the bill last year, said she now believed it was overly broad and susceptible to fraud.

Senator Patrick J. Leahy, the Vermont Democrat who is chairman of the Judiciary Committee, said Mr. Bush would have to ensure that lawmakers came together. "It's not going to be an easy process," Mr. Leahy said.

Immigration Minefield For '08 Hopefuls (HILL)

By Elana Schor And Ian Swanson

The Hill, March 1, 2007

The imminent release of a new Senate immigration bill exposes a minefield of political hazards for the six senators chasing their parties' presidential nominations.

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Senate leaders on both sides of the aisle have expressed readiness to restart the debate over combining border enforcement with a path to earned citizenship for illegal immigrants in the country. Yet Democrats now face high expectations on immigration after campaigning on last year's failure to reach a conference on comprehensive reform, and the Senate GOP's two 2008 candidates face their own backlash over backing the bill last year.

The White House contender most openly staking his electoral fortunes on immigration is Sen. John McCain (R-Ariz.), who is putting the finishing touches on this year's edition of the reform bill he offered last year with Sen. Edward Kennedy (D-Mass.). Their measure could emerge as quickly as next week, with McCain helping corral Republican conference members who are wary of sitting down with newly empowered Democrats.

At a Judiciary Committee hearing yesterday that kick-started the immigration debate, ranking Republican Arlen Specter (Pa.) reflected the concerns of some members and aides that McCain and Kennedy were not bringing their colleagues to the table early on.

"I have been concerned about reading what is happening behind the scenes in the newspapers," Specter said, adding that he had told Kennedy twice of the lack of staff-level communication.

Kennedy spokeswoman Laura Capps disputed the notion that members were on the sidelines, citing informal talks that have occurred off the floor. One key Republican not present at those talks, however, was Sen. Sam Brownback (R-Kan.), now among McCain's presidential primary foes.

Brownback is as conscious as McCain of the conservative base's discontent with last year's Senate immigration bill, and any changes seen as left-leaning — such as the elimination of the three-tiered path to citizenship in last year's legislation — could sway the Kansan to vote no this time around.

One Senate GOP aide noted that Republicans were more willing to swallow unsavory elements of the dense immigration bill because they knew their leadership was ultimately in control: "Even if they somehow come up with a bill that's where it was last year, the conferees are going to be Democrats, not Republicans."

Another Republican staffer agreed that McCain has much to lose in this year's run at immigration reform.

"[For conservatives], the fight is going to be multiplied this year because of concerns that [Speaker Nancy] Pelosi (D-Calif.) and Ted Kennedy and McCain will be in charge," the aide said. "This is definitely a strange timing for this in [McCain's] courtship of conservatives."

Meanwhile, Sen. Dianne Feinstein (D-Calif.) voiced grievances of her own that could haunt presidentially inclined Democrats. Feinstein said earlier this week that she had seen no details of the Kennedy-McCain draft, adding plainly that she has "no investment" in that bill.

Feinstein, whose state boasts the highest number of electoral votes in the nation, said yesterday that she favored pursuing two narrower immigration plans instead of comprehensive reform: AgJobs, which would provide temporary worker visas to agricultural workers; and the DREAM Act, which calls for children of illegal immigrants to achieve legal status while seeking college degrees.

Four 2008 candidates already have cosponsored Feinstein's AgJobs bill this year: Sens. Hillary Rodham Clinton (D-N.Y.), Barack Obama (D-Ill.), Joseph Biden (D-Del.) and McCain. Potential candidate Sen. Chuck Hagel (R-Neb.) has also signed on. All five have been sponsors since 2005, and Democratic candidate John Edwards was also a sponsor during his time in the Senate.

Democrats like Clinton and Obama are caught between groups representing Hispanics, the fastest-growing voting bloc in the U.S., and traditional allies in organized labor who want to ensure an immigration bill does not hurt U.S. workers.

Labor organizations took different positions on last year's bill. Unite Here! which represents textile workers, and the Service Employees International Union supported the Kennedy-McCain bill, but the nation's broadest union, the AFL-CIO, opposed it, as did the Teamsters.

AFL-CIO legislative representative Sonya Ramirez described this as "more of a fracture than a split" and said it would be a mischaracterization to think labor was not fully engaged in last year's debate.

"I think that's a convenient notion," she said. "Because we refused to actively oppose bills in the last cycle, people think we had disagreements and kept them to ourselves."

She said the AFL-CIO's engagement on the issue resulted in amendments added to the Kennedy-McCain bill by Obama, which Ramirez said are likely to be included in the bill Kennedy and McCain are preparing.

Amendments introduced by the Illinois senator last year were approved by voice vote and required that temporary workers be paid a "prevailing wage." Obama also would have restricted the use of a new visa for low-skilled workers in areas with unemployment rates above 9 percent.

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This year, however, Ramirez said there is no guarantee that the group won't actively oppose immigration-reform legislation. For example, the AFL-CIO did not support any of the major immigration bills considered in the upper chamber last year, and has clear policies stating that temporary-worker programs would be disastrous to U.S. labor standards, Ramirez said.

Angela Kelley, deputy director of the National Immigration Forum, acknowledged that Democratic presidential candidates will want to show they are not soft on immigration. Still, she added, it will be difficult for presidential candidates not to support immigration reform because of the burgeoning engagement of Latino voters.

The Democrats' dilemma was illustrated earlier this year, when Hispanic-American radio host and blogger Mario Solis-Marich seized upon an interview with former national party chairman and Clinton ally Terry McAuliffe. Solis-Marich launched McAuliffe's comment that "you've got to shut the borders down" around the blogosphere, reminding Clinton that "Latinos have a choice in '08." The Clinton campaign promptly noted that McAuliffe did not speak for the senator.

Secrecy Could Kill Immigration Reform (WT)

By Stephen Dinan

The Washington Times, March 1, 2007

Sen. Edward M. Kennedy's secret work on an immigration bill threatens the chance of passing any guest-worker program this year, warned Sen. Arlen Specter, the top Republican on the Judiciary Committee.

"If you want to be in at the landing, you have to be in at the takeoff," Mr. Specter of Pennsylvania yesterday cautioned Mr. Kennedy, Massachusetts Democrat, and Sen. John McCain, Arizona Republican, saying Mr. Kennedy has broken a promise to consult with other senators' staffs on a new bill. That bill, details of which were first reported by The Washington Times, would grant citizenship rights to most illegal aliens already in the U.S.

President Bush dispatched two Cabinet secretaries to testify to the Judiciary Committee yesterday as the Senate restarted the immigration debate, which stalled last year because of a deep split among Republicans on the issue.

But Commerce Secretary Carlos Gutierrez undercut Mr. Bush's own rationale for supporting citizenship rights for illegal aliens. Mr. Gutierrez said a temporary-worker program alone would be enough to encourage illegal aliens to come forward, even without the prospect of citizenship.

"I don't think that citizenship is what will make them come out of the shadows, it's just the opportunity to have legal status so they don't have to be in the shadows," Mr. Gutierrez said.

Mr. Specter's warning and Mr. Gutierrez's comments underscore how even with a Democratic majority, which is in line with Mr. Bush on immigration, Congress will struggle to pass a bill this year.

The Senate last year passed a bill that created a path to citizenship for illegal aliens for those who have lived here the longest, while denying it to recent arrivals. It also boosted homeland security and created a new foreign worker program that included a path to citizenship for future workers.

That had the support of Mr. Bush, who called it "a good immigration bill."

But House Republicans said it amounted to an amnesty for most illegal aliens, and they refused to bring it up, instead forcing the Senate to pass an enforcement bill that includes building hundreds of miles of double-tier fence along the U.S.-Mexico border.

Judiciary Committee Chairman Patrick V. Leahy, Vermont Democrat, called the barrier a "Potemkin fence" and said the money would be "wasted" in building it.

Yesterday, he and other senators bristled at the "amnesty" label. Some of them pleaded with the secretaries to help them come up with a way to avoid the label.

"This amnesty question will dominate this debate," said Sen. Lindsey Graham, South Carolina Republican, who supports citizenship rights for most illegal aliens.

Even as Mr. Kennedy and Mr. McCain work in private, they appear to have lost one key Democratic supporter. Sen. Dianne Feinstein, California Democrat, said that bill was too broad, that the guest-worker program for future workers was too big and that splitting illegal aliens based on their time here was too open to fraud.

"I am now of the opinion that we may have reached too far in the comprehensive bill and that we ought to take a look at doing this" in stages, she said.

Three years after Mr. Bush proposed his own guest-worker plan -- at the time it included a temporary guest-worker program but not a path to citizenship for illegal aliens -- the administration still does not have specifics on cost or even how long it would take to get a program up and running.

Under questioning by Mr. Kennedy, Homeland Security Secretary Michael Chertoff could not say how much time it would take to create and issue tamperproof identity cards or create the infrastructure for businesses to check on workers' identities. But Mr. Chertoff said the administration has made big strides on immigration law enforcement.

"I want to emphasize we're not done, but we're moving in the right direction," he said. "I think it's beginning to earn some credibility with the public."

Also at yesterday's hearing, Mr. Chertoff said the federal government will insist that states adopt secure driver's licenses that can weed out illegal aliens and identity fraud, turning back moves by several states to opt out of the requirements of the Real ID Act.

"Secure driver's licenses was maybe the top recommendation made by the 9/11 commission. It's not only critical for national security and homeland security; it also happens to be a very big step forward in protecting privacy," he said.

Mr. Chertoff also said he expects today to announce the rules to implement the 2005 law.

Fee Increase Could Curb Citizenship Applications (USAT)

By William M. Welch

USA Today, March 1, 2007

Construction worker Martin Delgado paid $845 to the U.S. government to have the chance for his wife and children join him as citizens in Arizona.

Under a proposed set of fee increases, Delgado would have had to pay nearly three times as much, or $2,595. The Tucson resident said citizenship for his family is worth the higher price.

"I'm willing to sacrifice to give my family the opportunity to live here legally," says Delgado, 41, a native of Mexico who has worked in the USA since 2000.

RELATED: White House renews effort to overhaul laws

The Citizenship and Immigration Service says the fee hikes will allow it to hire more staff and upgrade its creaky system so applications can be approved faster. Among its proposals is to raise the application fee for citizenship from $330 to $595 and the fee for legal permanent residency from $325 to $905.

Advocates for immigrants say the cost may price out the poor from becoming citizens.

Patricia Mejia, a Tucson immigration attorney, calls the increases "frightening."

"I've never seen an increase like that. It's outrageous," she says.

Emilio Gonzalez, director of the Citizenship and Immigration Service, says he knows some people may have to save more to become U.S. citizens. But Gonzalez says most people seeking residency here are, like the Delgados, able to afford the higher fees and consider their families worth the price.

According to agency records, the vast majority of people who apply for the required first step of permanent legal residency (commonly referred to as having a "green card") have jobs in the USA or are joining their spouses or parents as citizens.

In 2005, 1.1 million people received legal permanent resident status. Of those:

·649,000 are applications to unify with family members

·220,000 were people working and seeking entry based on their professions, job skills, or because they had jobs considered a priority by the U.S. government.

Of those, 134,861 had jobs in management or similar positions.

·160,000 people had sales, service, farming or similar jobs.

"This is a user fee, and the people benefiting from the service should be the ones to foot the bill," says Ira Mehlman, spokesman for the Federation for American Immigration Reform in Los Angeles.

Mehlman's group, which seeks to improve border security and reduce immigration levels to about 300,000 people a year, says the proposed new fees are still a bargain for U.S. residency. "When you compare value to cost, it is fairly insignificant," he says.

Covering agency costs

The fee for the most commonly filed application, permanent residency or "green card," will increase $580 under Gonzalez's proposal. Other fees will be reduced and some will rise even more.

The fee for an investor (someone who qualifies as having the means to create jobs) seeking a green card would go from $475 to $2,850. About 45 applications a year fall in that category, says Rendell Jones, chief financial officer of the agency.

Gonzalez says the impact of the proposed increase for a green card is not as steep as it sounds.

He says under the current system, many people periodically pay $180 for work permits while waiting for permanent residency. Under the proposed fee structure, those work permit fees will disappear, Gonzalez said.

The law makes provision for fees to be waived in some cases, and 6% of green cards are granted without fee, according to the agency. Most waivers are for refugees and those seeking political asylum.

All of the fee increases proposed are undergoing a 60-day period of public comment. That ends April 2. And if all goes as planned, Gonzalez says he hopes the agency can implement the fees in June. "Any time you raise fees, it's going to affect

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people. That's a given," he says. Even so, higher fees are "something we feel is not onerous," especially given what the money will do.

The Citizenship and Immigration Service gets its entire budget from its fees. The increases will add an estimated $1 billion a year to its annual budget of close to $2 billion, says Michael Aytes, associate director for operations.

Aytes says higher fees will allow the agency to digitize applications and hopefully reduce waiting times for applicants by 20% by 2009.

"It's far more important that we charge a fee to cover the necessary cost of processing cases in the right way, in the right amount of time, than to lowball fees" and have poorer services, Aytes says.

Long waits, system glitches

Wait times for processing average six months. The agency says applicants sometimes complain that they become lost in the system. That happened to the Delgados, whose original applications were lost by the agency and had to be refiled, says Mejia, their lawyer.

Some in Congress such as Rep. Zoe Lofgren, D-Calif., chairwoman of a House Judiciary subcommittee on immigration, questions whether the fee increases will prevent impoverished people from trying to become Americans.

The agency says it grants waivers to those who can show they can't afford to pay fees. But to get a green card, immigrants must make enough income to support themselves or have a financial sponsor. Pleading poverty to get a fee waiver could make one ineligible.

Gonzalez admitted "there is an inconsistency" in the policy. Mejia said people who can't pay the higher costs may choose to do something both sides of the debate dislike: remain in the country illegally.

Delgado, who brought carpentry skills with him from Mexico, makes about $32,000 a year and considers himself fortunate to have a job that allows him to bring his family here. As good a life is not possible where he is from, he says. He, his wife Ana Maria, and their sons Daniel, 11, and Luis, 13, are all here from Mexico under temporary permits.

For him, almost no price seems too high to pay.

"It's something I'm willing to do because it will give my family more stability, more opportunities here in the United States," Delgado says.

Colorado To Use Inmates To Fill Migrant Shortage (LAT)

By Nicholas Riccardi

The Los Angeles Times, March 1, 2007

DENVER — Ever since passing what its Legislature promoted as the nation's toughest laws against illegal immigration last summer, Colorado has struggled with a labor shortage as migrants fled the state. This week, officials announced a novel solution: Use convicts as farmworkers.

The Department of Corrections hopes to launch a pilot program this month — thought to be the first of its kind — that would contract with more than a dozen farms to provide inmates who will pick melons, onions and peppers.

Crops were left to spoil in the fields after the passage of legislation that required state identification to get government services and allowed police to check suspects' immigration status.

"The reason this [program] started is to make sure the agricultural industry wouldn't go out of business," state Rep. Dorothy Butcher said. Her district includes Pueblo, near the farmland where the inmates will work.

Prisoners who are a low security risk may choose to work in the fields, earning 60 cents a day. They also are eligible for small bonuses.

The inmates will be watched by prison guards, who will be paid by the farms. The cost is subject to negotiation, but farmers say they expect to pay more for the inmate labor and its associated costs than for their traditional workers.

Advocates on both sides of the immigration debate said they were stunned by the proposal.

"If they can't get slaves from Mexico, they want them from the jails," said Mark Krikorian of the Center for Immigration Studies in Washington, which favors restrictions on immigration.

Ricardo Martinez of the Denver immigrant rights group Padres Unidos asked: "Are we going to pull in inmates to work in the service industry too? You won't have enough inmates — unless you start importing them from Texas."

Farmers said they weren't happy with the solution, but their livelihoods are on the verge of collapse.

"This prison labor is not a cure for the immigration problem; it's just a Band-Aid," farmer Joe Pisciotta said.

He said he needed to be sure he would have enough workers for the harvest this fall before he planted watermelons, onions and pumpkins on his 700-acre farm in Avondale. But he's not thrilled with the idea of criminals working his fields.

"I've got young kids," he said. "It's something I've got to think about."

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Pisciotta said he hoped the program highlighted what he viewed as the absurdity of Colorado's position — dependent on immigrant labor but trying to chase migrants away. He said the people leaving were not just those who entered the country illegally.

"Some of them have said, 'We think our paperwork is in order, but how about if it's not and we get caught on a glitch,' " he said.

Ever since the Democratic-controlled Legislature took a tough turn on immigration, the new requirements have worried those in the country legally and illegally.

Immigrant advocates allege that some sheriffs have authorized deputies to pull over Latino drivers on supposed speeding violations and ask them whether they are in the country legally.

And more stringent requirements put into effect last year made it harder to get a driver's license. Numerous U.S. citizens, including the daughter of a state legislator, were refused licenses because they lacked proper proof of citizenship. A judge has since ruled that the requirements must be revised.

Social service agencies say they have discovered few illegal immigrants on public assistance since the laws were passed.

Immigrant and business groups agree that the heated rhetoric has led to an exodus of Latinos — though no one is sure how many. Businesses including carwashes and construction firms have complained of a worker shortage.

"It's like, 'Don't go visit that house, there's a guy with a shotgun at the door,' " said state Rep. Rafael Gallegos, who represents a heavily Latino agricultural district in south-central Colorado. He voted against most of the legislation.

Farmers on Monday met with state officials at the Capitol here to discuss using inmate labor. The Department of Corrections expects to begin sending about 100 prisoners to work on farms near Pueblo this month.

Some of the state's 22,000 prisoners have agricultural experience. Convicts can participate in programs on prison grounds to break wild horses and grow crops. About 700 inmates work in other jobs outside prison, such as on fire crews.

Ari Zavaras, the executive director of the Department of Corrections, said he knew of no other prison system in the nation using convicts to fill agricultural labor shortages.

In California, where growers also have complained about a lack of workers, inmates have not labored in private fields since the 1940s. Prisoners then were used as farmhands while laborers were fighting in World War II, said Terry Thornton, a spokeswoman for the California Department of Corrections.

"The idea [of using prisoners on farms] has been floated before, but these are not unskilled jobs. They're jobs that require a lot of training and supervision," said David Kranz, a spokesman for the California Farm Bureau Federation. "It doesn't seem like a very practical alternative."

Krikorian, of the Center for Immigration Studies, said the Colorado prison experiment was "a sign that there are solutions other than importing foreign labor."

He said "ultimately they're going to have to improve the wages and working conditions" to attract legal workers, as well as to mechanize parts of their farming operations.

Colorado's experience shows that hard-line measures have an effect on illegal immigrants, Krikorian added, noting that arrests had dropped along the U.S.-Mexico border since security was increased last year.

"We're seeing enforcement work, not just in Colorado," he said, "but all over the country."

TAX:

I.R.S. Finds Tax Errors In Reports Of Nonprofits (NYT)

By Stephanie Strom

The New York Times, March 1, 2007

Some 600 charities and foundations have had to file amended tax forms after an Internal Revenue Service study found flaws in the way they reported payments to executives and other employees.

The I.R.S. has also asked 40 individuals to pay a total of $20 million in excise taxes, which is the penalty it imposes when it determines a nonprofit executive has been paid excessively.

“We found some problems,” said Steven T. Miller, the commissioner in charge of the I.R.S. division overseeing tax-exempt and government entities. “Whether they were due to confusion, poor design of the tax forms used by these organizations or something more nefarious, I can’t tell you.”

He said the results of the inquiry, which found flaws in the tax forms of a third of the 1,800 charities and foundations examined, convinced the agency that it needed to do more in the area of compensation at nonprofits.

The names of the affected organizations and executives were not released.

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Organizations that had to file amended returns either failed to report, or reported incorrectly, perquisites like an executive's personal use of an organization's vehicles, travel payments for spouses of executives or other payments and reimbursements, I.R.S. officials said.

Those whose executives have been asked to pay penalties may have failed to use comparable figures from similar organizations in setting compensation or otherwise failed to justify executive pay levels.

"That shouldn't be read to mean that high compensation wasn't paid in the other cases," Mr. Miller cautioned. "What it means is that in some cases where we found high compensation — and we did find it — the organization has done a good job of using comparables and establishing a procedure to determine it."

The results of the study highlight problems with what many regard as primary tools for assessing nonprofits, the forms they file with the I.R.S. and many state governments, which become public record.

"For better or for worse, the tax form is the nonprofit disclosure instrument," said Peter Swords, an expert on nonprofit tax reporting and the former head of the New York Nonprofit Coordinating Committee. "It is to nonprofits what the whole S.E.C. regime is to regulated companies, and it is something that ought to be taken very seriously."

Last week, Dan Prives, a blogger and former finance director at World Relief, questioned the way Yale University completes parts of its tax forms.

Mr. Prives noted on his blog, www.wheremostneeded.org, that the university, which has one of the largest endowments in the nation, does not fully report on its securities transactions, nor does it describe what portion of specific expenses were spent on its programs, administration and fund-raising. In contrast, Harvard provides that information in its tax forms.

"It surprised me because usually A-list nonprofits like Yale are pretty accurate in their reporting," Mr. Prives said in a telephone interview. "It threw a whole monkey wrench into my thinking about what's being achieved by publishing these forms. You can have errors in plain sight and nobody's picking it up."

Tom Conroy, a Yale spokesman, said the university did not break down specific expenses but did report totals spent on administration and fund-raising. "We believe we follow an option that's provided for in the instructions that accompany the form," Mr. Conroy said.

Mr. Swords said reporting about compensation, in particular, is fraught with problems.

"For obvious, human reasons, people are reluctant to have salaries disclosed," he said. "It's one of the biggest topics of gossip, so there's been a tendency to underreport it or not to report it at all."

Many charities simply do not adequately understand the reporting requirement, experts say. For example, the Buckley School, a private boys school in New York City, stopped listing compensation for its headmaster and other top officials several years ago. Its tax forms stated that "compensation information can be obtained at the school."

"That's not adequate, flatly not adequate," Mr. Swords said.

Ogden N. Lewis, a Buckley board member, said the school had just filed an amended 2005 tax form spelling out the compensation of its five highest-paid employees.

Mr. Lewis said a parent had brought the problem to his attention in a letter. "I checked on the rules when I received that information and learned that we needed to report compensation differently," he said. "Once I was aware of it, it seemed clear, very clear."

The I.R.S. study, the largest ever undertaken by the exempt organizations division, began in 2004 amid heightened interest in the issue of nonprofit compensation in the news media and Congress. It involved two new units, one devoted to monitoring tax law compliance among nonprofit groups and the other focused on data analysis.

Among its aims were to identify and stop excessive compensation to nonprofit executives and other insiders through audits and questionnaires and to help nonprofits better understand laws governing reporting and payments to senior employees.

Mr. Miller said the exercise had spawned further ideas for I.R.S. inquiries. The agency has already begun a deeper inquiry into loans made to insiders at charities and foundations, contacting 200 organizations by letter and starting audits at 50 others, he said.

The potential for recovering additional revenue challenges what current and former I.R.S. officials describe as a long-held belief at the agency that policing nonprofits produces little reward, unlike scrutiny of individuals and for-profit companies. Mr. Miller said that with 70 audits still open, he expects the I.R.S. to recoup more than $20 million in excise taxes.

"There are penalties, too, for incomplete returns, and one of the things we need to look at is are we assessing those penalties in the right circumstances," he said.

Don't Get Pulled In By Tax Scams (WP)

By Michelle Singletary

The Washington Post, March 1, 2007

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Every year the Internal Revenue Service announces the top 12 tax scams. This tax season, topping the latest Dirty Dozen are fraudulent schemes connected with the one-time telephone excise tax refund available to most taxpayers.

The excise tax refund is available only on your 2006 federal income tax return and is intended to refund the tax collected on long distance telephone service. It's available for anyone who paid such taxes on a land line, fax, computer or cellphone for the period following Feb. 28, 2003, and before Aug. 1, 2006.

To make it easier for taxpayers, the IRS set a standard refund amount ranging from $30 to $60, based on the number of exemptions claimed on your return.

You don't need to present proof to take the standard refund amount. However, you can figure the refund using the actual amount of tax paid, based on your phone bills and other records.

Because taxpayers can request a refund for the exact amount of the taxes collected, unscrupulous tax preparers have persuaded people to claim a higher refund than they are entitled to. In some cases people are asking for thousands of dollars. Others are requesting what looks to be the entire amount of their phone bills for the period in question. In the most egregious cases, some individuals have asked for a refund of $30,000, which means they would have had a long-distance bill of $1 million from the end of February 2003 until the beginning of August last year. That 41-month period covers the time the 3 percent excise tax was collected.

To stop the abusive use of the telephone excise tax refund, the IRS is conducting site visits with tax preparers across the country to stop inflated requests. The visits started with 22 tax preparers who have handled more than 1,500 returns.

"We are taking this unusual step to confront blatant abuse of this important refund program," said IRS Commissioner Mark W. Everson. "We want tax preparers to prepare accurate tax returns. If they don't, we will move swiftly to impose civil penalties and, where warranted, seek criminal sanctions."

Everson said individuals requesting what appear to be inflated refunds will have those refunds frozen and they may be subject to an audit.

This year's Dirty Dozen list features five new scams. You can get the full list by going to IRS.gov. Here are a few that caught my attention:

Â· Zero Wages. In this scam, the intent is to dispute income reported on a W-2 form. A person will file a Form 4852 (Substitute Form W-2) or a "corrected" Form 1099 showing zero or little income. The IRS says the individual may include some reference that his employer refused to issue a corrected W-2 for fear of retaliation from the IRS.

Â· American Indian Employment Credit. This scam reminds me of a scheme in which African Americans were persuaded they were entitled to a slavery tax credit. Thousands of African Americans were duped into filing for refunds for a nonexistent "slave reparations" tax credit. Now the schemers are moving on to Native Americans, who are encouraged to submit returns claiming their taxable income should be reduced because of an American Indian employment or treaty credit. It's a lie. It might sound believable because there is an "Indian Employment Credit." The intent of this credit is to give businesses an incentive to hire certain individuals who live on or near an Indian reservation. This credit is available for businesses that employ Native Americans or their spouses. In a somewhat similar scam, unscrupulous promoters have informed Native Americans that they are not subject to federal income taxation.

Â· Trust Misuse. This is a tried-and-true tax scam in which promoters get taxpayers to transfer assets into trusts. They promise reduction of income subject to tax, deductions for personal expenses and reduced estate or gift taxes. However, some trusts do not deliver the promised tax benefits. There are more than 150 abusive trust investigations underway, and 49 injunctions have been obtained against promoters since 2001, according to the IRS. The IRS has been aggressive in cracking down on these types of illegal trusts.

In all these cases, don't try to play innocent when it comes to a fraudulent tax return. "If you sign your return, you are liable," says Edward Smith, a tax partner in the Boston accounting firm BDO Seidman.

"You should carefully go through and make sure every item that relates to your tax return is true," Smith said.

You would think this advice is obvious. But looking at the Dirty Dozen, it is clear that many people don't mind cheating.

Â· On the air: Michelle Singletary discusses personal finance Tuesdays on NPR's "Day to Day" program and online athttp://www.npr.org.

Â· By mail: Readers can write to her at The Washington Post, 1150 15th St. NW, Washington, D.C. 20071.

CONGRESS-ADMINISTRATION:

Congressman In Probe Wants Papers Back (AP)

By Lara Jakes Jordan, Associated Press Writer

DOJ_NMG_0138605

AP, March 1, 2007

Attorneys for Democratic Rep. William Jefferson asked a federal appeals court Wednesday to force the Bush administration to return all documents that were seized during an FBI raid last year on the congressman's office.

In their 52-page request, lawyers for Jefferson, D-La., argued that the Justice Department violated Congress' right to withhold certain information from the executive branch when it conducted the unprecedented 18-hour search last May 20-21.

The raid was part of a 16-month international bribery investigation of Jefferson, who allegedly accepted $100,000 from a telecommunications businessman — $90,000 of which was later recovered in a freezer in the congressman's Louisiana home.

Jefferson's attorneys said nearly 19,000 pages of documents and electronic files seized by prosecutors and the FBI are covered by Congress' separation of powers privilege to shield certain legislative material from executive review.

But the FBI "inspected every document in the office suite and copied every computer hard drive or other electronic storage device they could find," the attorneys wrote in their request filed Wednesday with the U.S. Court of Appeals in the District of Columbia. "Once that occurs, the privilege is breached."

"Because this case involves the first time in United States history that a search warrant has been executed on a congressional office, it is vital that the remedy imposed be sufficiently stringent to deter future searches that exceed constitutional boundaries," Jefferson's team concluded. "The only remedy that will vindicate and protect the fundamental principles of separations of powers and legislative independence ... is return of all of the seized materials."

The Justice Department had no immediate comment.

Last summer, the appeals court agreed to delay the Justice Department's review — and therefore, the bulk of its investigation — of more than a dozen computer hard drives, several floppy discs and two boxes of documents that were seized as he challenges the legality of the raid.

Jefferson was re-elected to Congress last year.

House GOP Pushes Floor Vote For Rep. Jefferson Appointment (WP)

By Lyndsey Layton

The Washington Post, March 1, 2007

House Republicans plan to force a floor vote on the appointment of Rep. William J. Jefferson (D-La.), who is the subject of a federal bribery investigation, to a seat on the Homeland Security Committee.

The decision to put Jefferson on the panel was made by Speaker Nancy Pelosi (Calif.), and House Democrats endorsed the move at a private meeting Tuesday night, but his appointment must be confirmed by a vote on the House floor. Such an action would normally be a formality, but Republicans said yesterday that they would pursue a rarely used maneuver to force a recorded vote on the matter.

"This is a terrible mistake by the Democratic leadership, to take someone with serious ethical allegations against him and put him on one of the most sensitive and important committees in Congress," said Rep. Peter T. King (N.Y.), the ranking Republican on the committee.

Pelosi ousted Jefferson from his seat on the powerful Ways and Means Committee in June after federal investigators raided his Capitol Hill office. In an earlier search of his home, $90,000 was found in a freezer. The money allegedly was accepted in a bribery sting involving an African technology company. Jefferson, who has not been charged, has maintained his innocence and was elected to a ninth term in December after a runoff election.

"You gotta wonder where Jefferson's gonna store all those homeland security secrets," said Rep. Patrick T. McHenry (N.C.), a deputy Republican whip. Other Republicans said Pelosi's decision contradicted her promise to create "the most ethical Congress in history." Said King: "It shows hypocrisy. Before the election, they made a big point of pulling him from Ways and Means and after the election, they put him on Homeland Security."

A spokesman for Pelosi said she opted to place Jefferson on Homeland Security because the panel oversees the Federal Emergency Management Agency. Jefferson had been a vocal critic of FEMA's performance during Hurricane Katrina, which affected thousands of his constituents.

But his appointment must be formally approved by the House, and Republicans said they would take the rare step of challenging the vote and requiring members to record their votes so Democrats will be forced to go on the record in their support of Jefferson.

Such appointments usually are ratified on the House floor by unanimous consent.

"I have a hard time seeing how the Democrats will vote in the open to put a person with serious ethical charges against him on Homeland Security," King said. "If he was too unethical to be writing tax law, he certainly shouldn't be on Homeland Security where he has access to intelligence materials and ongoing operations. Even with FEMA, we're going to be looking into allegations of corruption related to contracting around Hurricane Katrina."

Brendan Daly, a spokesman for Pelosi, said that if Republicans follow through on their threat, they would set a "dangerous precedent. A number of their own members are under investigation," he said, referring to Republicans allegedly under scrutiny by the Justice Department.

Jefferson called the Republican criticism "politics as usual."

"Speaker Pelosi did the right thing by placing the congressional member who represents hurricane-ravaged New Orleans on this committee," he said. "My district desperately needs a voice on this panel."

Jefferson Seat Sparks Battle (RC)

By Susan Davis And Jennifer Yachnin

Roll Call, March 1, 2007

Breaking with longstanding but unwritten rules of comity in the House, Republican leaders plan to object to a Democratic resolution to seat embattled Rep. William Jefferson (D-La.) on the Homeland Security Committee, arguing that Jefferson is ethically unsuited for the assignment.

Rarely, if ever, do the parties attempt to intervene on each other's committee assignments or internal party business. Yet Minority Whip Roy Blunt (Mo.) told reporters Wednesday following the weekly Republican Conference meeting that they would object to the unanimous consent request usually granted to approve mundane House business such as committee assignments. Republicans argue that because Jefferson is under federal investigation, he should not be given access to national security information.

Democrats could offer the resolution on the floor as early as today to formally assign Jefferson to the panel, but since it is a privileged resolution Democrats can bring it to the floor at any time without notice and may opt to hold off until next week. The Democratic Steering Committee and the full Democratic Caucus already have approved the assignment without opposition. Homeland Security Chairman Bennie Thompson (D-Miss.) said Wednesday he had no objection to the decision.

"Not as far as I'm concerned ... I have not heard any," Thompson said, adding that no one has brought up the matter to him and that Jefferson "is a Member of Congress, who, like every other American, is innocent until proven guilty."

Jefferson already has taken part in committee business and attended a Wednesday hearing on reforming the Federal Emergency Management Agency, which played a widely criticized role in the aftermath of Hurricane Katrina that devastated Jefferson's New Orleans-based district.

At the hearing, Rep. Henry Cuellar (D-Texas) made a unanimous consent request to allow Jefferson and three other Members who do not sit on the subcommittee to join the panel and question the witnesses. No one objected.

Jefferson was the only one of the four to show up and he took part in the questioning of FEMA Director David Paulison and other Homeland Security Department officials regarding reforms the DHS is making in response to last year's FEMA overhaul legislation.

Furthermore, Jefferson is scheduled to travel with President Bush on Air Force One today to tour the Gulf Coast along with other lawmakers from the Katrina-affected area.

The GOP's objection will force a roll call vote on Jefferson's assignment designed to put Democrats on record supporting Jefferson, but that effort is not expected to change the outcome as it is likely to fall on party lines.

Blunt could not recall a time in his career when one party objected to the other's committee assignments, but he said there was no doubt Republicans were going to draw attention to Jefferson. "I don't think we ever seriously discussed not having a vote," Blunt said.

In a statement, House Minority Leader John Boehner (R-Ohio) said the decision to seat Jefferson on Homeland Security conflicted with Democrats' earlier decision to remove him from Ways and Means.

"The Democrats previously determined Congressman Jefferson is unfit to serve on the Ways and Means Committee, which oversees the nation's finances and trade, so it is difficult to comprehend how they can approve of Congressman Jefferson's fitness for a seat on the Homeland Security Committee, with access to America's most sensitive and closely guarded intelligence information," Boehner said. "House Democrats and their leaders should immediately reconsider this baffling and troubling decision."

In his own statement Wednesday evening, Jefferson said the GOP's tactics were simply "politics as usual" and that his district "desperately needs a voice" on the Homeland panel.

The Louisiana lawmaker had served on the exclusive Ways and Means committee until June, when the House removed him from that post after the Democratic Caucus voted 99-58 to strip him of his assignment in light of the ongoing investigation.

Although he has not been indicted, at the time of the Caucus' decision in June, the FBI asserted it had videotaped Jefferson allegedly accepting $100,000 in marked bills from an informant last year. A subsequent search of the lawmaker's home reportedly turned up $90,000 of the marked cash in Jefferson's freezer.

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Jefferson has denied any wrongdoing, but indictments have been handed down in the case that have implicated him in a business scheme to benefit a Kentucky-based technology company that also involved officials in African nations.

House Majority Leader Steny Hoyer (D-Md.) said Wednesday morning that he was unaware of Blunt's comments, but suggested that GOP leaders should consider applying the suggestion equally to those members of their delegation who currently are under investigation by the Justice Department.

"Is [Blunt] going to ask them to step aside?" Hoyer asked.

Democrats point to what they see as Republican hypocrisy on the issue because while they are taking the partisan step to oppose Jefferson's assignment, they have chosen to seat Members such as Appropriations Committee ranking member Jerry Lewis (R-Calif.), who also is under investigation by the FBI and has paid nearly $1 million in legal bills in the past year.

A spokesman for Boehner declined to comment on Lewis, deferring to Boehner's statement. However, a GOP leadership aide said the situations were not comparable. "There's a big difference," the aide said. "There have been no indictments or convictions surrounding the allegations against Congressman Lewis. This is not the case with Mr. Jefferson. He was caught on FBI video surveillance accepting a $100,000 bribe, found with $90,000 of it in his freezer, and the authorities have made several convictions that directly implicate him in a crime."

House Democrats approved Jefferson's new committee assignment by voice vote at their weekly Caucus meeting Tuesday, during which no objections were raised, Hoyer said.

Jefferson, who also serves on the Small Business Committee, won his re-election bid in December, defeating state Rep. Karen Carter (D) by a resounding 57 percent to 43 percent in a runoff election in the 2nd district.

Hoyer acknowledged that the victory played a significant role in handing Jefferson an additional committee assignment: "He needs to be able to serve on their behalf," Hoyer said.

"Mr. Jefferson was taken off Ways and Means ... in recognition of the issues he is confronting," Hoyer added, noting that Jefferson's seat could be returned to him pending the outcome of the corruption probe.

Ways and Means has jurisdiction over international trade issues, and one of the allegations against Jefferson is that he may have taken bribes to help win a Nigerian telecommunications contract for an American company.

House Democratic leaders had announced in December that Jefferson would remain on "suspension" from the Ways and Means panel in the 110th Congress.

Rep. Alcee Hastings (D-Fla.) criticized the suggestion that the House would be asked to confirm Jefferson's new assignment, stating: "I consider it ridiculous."

Hastings, a member of the Intelligence Committee, also decried suggestions that Jefferson would receive greater access to classified information as a member of the Homeland Security panel, calling such statements untrue.

Paul Singer contributed to this report.

Veto Threat Looms Over House Labor Bill (AP)

By Jim Abrams

AP, March 1, 2007

President Bush would veto legislation championed by Democrats and labor groups that would make it easier to organize unions by eliminating employer rights to demand secret-ballot elections, the White House said Wednesday.

The House is to vote on the legislation Thursday and, with help from pro-labor Republicans from the Northeast, it is almost certain to pass. But the margin of support is expected to fall well short of the two-thirds needed to overturn a presidential veto.

The Employee Free Choice Act, also known as the card check bill, is the top legislative goal of labor groups eager to reassert themselves with the emergence of the Democratic majority.

The current system is broken because employers can coerce and intimidate workers into rejecting unionization, AFL-CIO President John Sweeney said in a phone interview this week. The House bill, he said, is "the most important improvement in labor law in many decades."

But the White House, in a statement, said the measure "would strip workers of the fundamental democratic right to a supervised private ballot election." Substituting a card check mechanism under which unions would get bargaining rights as soon as a majority of workers at a plant sign approval cards, "would turn back the clock 60 years and return us to a failed system."

Rep. George Miller, D-Cal., chairman of the House Education and Labor Committee, urged the president to reconsider the threatened veto. "The administration's statement ignores the fact that it is employers, not unions, who routinely harass, intimidate, fire and reassign workers who try to form a union," he said.

Under the bill a company would no longer have the right to demand a secret-ballot election, overseen by the National Labor Relations Board, before a union can be certified.

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The legislation also imposes tougher penalties on companies that violate the rights of workers trying to organize and sets up a binding arbitration process to prevent companies from thwarting a new union by bargaining in bad faith on an initial contract.

Unions see obstacles to organizing as a major reason union membership has dropped from 20 percent of waged and salary workers in 1983 to 12 percent in 2006. Discounting civil servants, that percentage is 7.4 percent, the Labor Department says.

Both business groups opposed to the bill and organized labor have launched major ad and lobbying campaigns. The Coalition for a Democratic Workplace, an anti-bill business coalition, said it would run radio ads in three formerly Republican districts captured by Democratic freshmen Tim Mahoney of Florida, Nancy Boyda of Kansas and Heath Shuler of North Carolina.

"We want to put members of the House and Senate on notice that we are watching how they vote on this issue," said coalition spokesman Todd Harris.

Democrats shrugged off GOP charges that the bill was payback for union financial support that helped put them in the majority.

For the past 12 years when Republicans controlled the House, Rep. Robert Andrews, D-N.J., told workers at a news conference Wednesday, oil companies, pharmaceutical companies and defense contractors profiting in Iraq had their day. "Tomorrow is your day," he said.

Unions and their Democratic allies say employers use the time before elections to pressure workers. The labor rights group American Rights at Work said 80 percent of employers hire union-busting consultants and 90 percent force employees to attend one-on-one anti-union meetings with their supervisors.

John Schmitt, senior economist for the Center for Economic and Policy Research, says that about one out of five union activists can expect to be fired as part of organizing activities.

But opponents argue that eliminating elections would allow the hard-sell tactics of organizers to go unchecked. People trying to get workers to sign cards "are not going to tell workers about the downsides of organizing. They are not going to talk about how expensive the dues are," said James Sherk, policy analyst at the Heritage Foundation.

Bush has issued only one veto so far in his presidency, to kill a bill expanding federal backing for stem cell research. It's unclear if this bill will ever reach his desk: Democrats in the Senate would need 60 votes to overcome a likely GOP-led filibuster.

Keep Union Ballots Secret (LAT)

The Los Angeles Times, March 1, 2007

THE HOUSE of Representatives is expected today to approve a bill, favored by organized labor, whose stated purpose is glaringly at odds with its key provision. The Employee Free Choice Act is portrayed by its supporters as a way to allow workers to choose whether to join a union.

Unfortunately, the legislation would do away with a secret ballot in so-called organizing elections, making it easier for union leaders to pressure co-workers in what should be a free choice. Instead of having the option of insisting on a secret ballot election, employers would have to accept a union formed on the basis of authorization cards signed by workers — not by a secret process.

Unions and their supporters in the Democratic-controlled Congress say the so-called card-check system is the only way to overcome aggressive (and sometimes illegal) anti-union tactics by employers. In announcing support for the bill, Rep. George Miller (D-Martinez) complained that employers often fire workers who seek to organize. Such reprisals are illegal, and part of the Employee Free Choice Act increases the sanctions for employer violations.

Unfair labor practices deserve tougher penalties. But improper influence can work both ways. As a rule, union membership improves worker prosperity and safety. Even so, the bedrock of federal labor law is not unionism under any conditions, but the right of workers to choose whether they want to affiliate with a union.

Obviously, employers shouldn't punish workers for wanting to join a union, float falsehoods in trying to influence an organization election or bar union representatives from the workplace. Just as obviously, the penalties they face for doing so are laughable and need to be strengthened. By the same token, however, supporters of unionization shouldn't be able to pressure unwilling or hesitant employees to join a union. And you don't have to be a critic of unions to recognize that the card-check system invites such abuses.

Unions once supported the secret ballot for organization elections. They were right then and are wrong now. Unions have every right to a fair hearing, and the National Labor Relations Board should be more vigilant about attempts by employers to game the system. In the end, however, whether to unionize is up to the workers. A secret ballot ensures that their choice will be a free one.

Walter Reuther's Ghost (WSJ)

DOJ_NMG_0138609

The Wall Street Journal, March 1, 2007

The House of Representatives has scheduled a vote as early as today on a bill that strips 140 million U.S. workers of the right to decide in private whether to unionize. Naturally, it's called the Employee Free Choice Act.

Big Labor has been agitating to ease union-formation requirements for more than a decade. And prior to last year's election, the AFL-CIO, AFSCME and their allies made it clear to Democrats that this vote would be the most important return they expected on their investment in a Nancy Pelosi Speakership. This is payback day.

The union claim is that employers are engaging in rampant unfair labor practices to prevent employees from exercising their right to organize. But data from the National Labor Relations Board, which oversees union elections, show no rise in such activities. The reality is that union membership has been in decline for decades, and labor leaders are desperate to rig the rules in order to reverse the trend. In the 1950s, 35% of private-sector workers were unionized. By the early 1980s the number had fallen to 20%, and today it stands at just 7.4%.

The reason for this decline isn't illegal management meddling in organizing efforts. The problem is that unions haven't been able to persuade the workers themselves. Our own, longstanding position is that when a company is organized it is almost always the company's fault. But workers of all classes and skills can also read the news and understand that unions no longer provide job security, if they ever did. The most heavily unionized industries -- such as airlines and Detroit carmakers -- are typically those that are financially beleaguered and shedding jobs. Workers know that unions often provide short-term wage gains at the cost of longer-term job insecurity.

All of which explains the drive to rewrite the rules and do away with secret-ballot elections administered by the NLRB, a procedure in place since the 1935 Wagner Act. Under current rules, once 30% of employees at a workplace express interest in unionizing by signing an authorization card, organizers can go to management and demand voluntary "card-check" recognition. The employer then has the option of recognizing the union or demanding an election.

It shouldn't be surprising that many workers who sign these cards later have second thoughts after getting the employer's side of the story. Workers sign cards for all kinds of reasons, including peer pressure and intimidation. It's not uncommon for an organizer to approach an employer with cards that show 90% of the workforce wants to unionize, only to have the percentage plummet once employees hear about the downside of a union shop and have a chance to vote by secret ballot. So Big Labor wants to dispense with these petty elections and make union recognition mandatory as soon as a simple majority of workers sign a card.

Notably, nearly every American business group is united in opposing this affront to worker freedom. They understand this will make organizing that much easier, thus making their own businesses that much less competitive. One business response would surely be to hire fewer workers -- the opposite of what the unions claim to want.

The bill nonetheless has 234 co-sponsors, including seven Republicans, mostly from blue Northeast states such as New York, New Jersey and Connecticut. Because the Senate is expected to filibuster the bill and the White House is threatening a veto, these Republicans may figure they can have it both ways: Score points with the unions by supporting a measure that isn't going anywhere. But Members who go on record opposing secret-ballot elections will also have some explaining to do the next time they ask for business support.

So far this Congress, Democrats have been trying to present themselves as "moderates" who won't return to their bad special-interest selves pre-1994. But this union-enabling bill strips away that mask and exposes an anti-business animus out of the 1970s, if not the 1930s. Even if it fails this Congress, this week's vote is a warning about what could become law if Democrats and their union backers hold all the levers of power after 2008.

Big Labor's Payback (WT)

By Tom Price

The Washington Times, March 1, 2007

Not even two months into the new Congress, the bipartisan facade of the highly poll-tested, heavily orchestrated first 100 hours is a distant memory. The real agenda of the new Democratic majority is coming to light, and many of the special interests that helped rally support for Democratic candidates during the last election cycle are lining up to cash in.

At the front of the line: Big Labor.

According to the Center for Responsive Politics, organized labor gave nearly $60 million in hard-dollar PAC contributions to Democratic candidates in the last election cycle — with tens of millions more for "get out the vote" efforts piled on top. So what are they getting for their efforts? Nothing less than an unabashed attempt to destroy one of democracy's most sacred rights.

The fact is, organized labor has seen its best days. It's hemorrhaging members at a steady pace — losing 325,000 members last year, down to 12 percent nationwide. That's quite a fall from 20 percent a quarter-century ago and a 35 percent high-water mark in the 1950s. But even last year's dismal number is inflated by the sole bright spot for unions — government

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employees, 36 percent of whom are unionized. In the private sector alone, where Big Labor's bread was buttered for decades, union membership has dropped to a meager 7.4 percent.

Faced with this reality, union bosses have reverted to full panic mode. And after they helped usher into Congress a new Democratic majority, they see a small window of opportunity; one final, desperate attempt to stop the bleeding.

That window has taken the form of the cleverly worded Employee Free Choice Act, which strips workers of their right to a secret ballot in union recognition elections. Instead, it would force workers to submit to a "card check" — a process that places them at risk of intimidation, coercion and threats from labor bosses, all to get them to sign a card to demonstrate their "support" for unionization.

The card-check legislation is the No. 1 priority of unions — and considering the bill's quick committee action and hastily scheduled appearance on the House floor this week, Big Labor has succeeded in making it a top priority for Democrats as well. After all, Big Labor shouldn't have to wait too long for a return on their staggering investment in last year's campaign, should it?

What's truly amazing about the Big Labor and congressional Democratic push for the card check bill is the absolute hypocrisy of it all. The labor bosses behind the effort to strip workers of their rights to a private ballot in union organization elections are the very same people who have argued passionately for such rights in union decertification elections. In fact, using quite stirring language, Big Labor once told the National Labor Relations Board that the secret ballot election is a "solemn" occasion, imperative to preserving "privacy and independence."

But Big Labor doesn't have a monopoly on hypocrisy in this debate. Congressional Democrats are giving them a run for their money. Consider this: Writing to Mexican — yes, Mexican — officials in August 2001 in advance of an election between two competing labor unions in that country, 16 House Democrats — 11 of whom remain in the House and sponsor the card-check bill, including the bill's lead sponsor himself, Rep. George Miller of California — plainly stated: "We understand that the secret ballot is allowed for, but not required by Mexican labor law. We feel that the secret ballot is absolutely necessary in order to ensure workers are not intimidated into voting for a union they may otherwise not choose." Not only do Democratic card-check proponents seem to support rights for Mexican workers that they aren't even willing to protect for their own constituents, but they also have admitted that the process is deeply flawed and prone to intimidation.

Usually, what's good for the goose is good for the gander, but not when Big Labor and their allies in Congress are involved. The fact is, whether in Mexico or the United States, in decertification or recognition elections, the card check takes free choice away from workers and leaves them completely exposed to coercion.

But, faced with plummeting membership and an ever-loosening stranglehold on American workers, organized labor isn't about to let bad policy — or blatant hypocrisy — get in their way. They're ready for their payback. And congressional Democrats stand ready to deliver. Indeed, it appears that democratic principles and the sanctity of the secret ballot are not the concerns of the new majority party.

Rep. Tom Price, Georgia Republican, is a member of the House Education and Labor Committee.

Bush And Democrats Talk Trade (WSJ)

By Greg Hitt

The Wall Street Journal, March 1, 2007

WASHINGTON -- The Bush administration and congressional Democrats are attempting to negotiate a grand compromise on trade that would allow several deals to move forward by elevating the importance of labor rights in those agreements.

After Democrats won control of Congress in November, in part by attacking free-trade agreements, President Bush's globalization agenda seemed all but dead for the rest of his term. Among priorities were bilateral deals with Peru, Panama and Colombia; the Doha round of multilateral talks; as well as renewal of a broad presidential authority to negotiate agreements and push them through Congress, which expires in June.

But the White House and lawmakers have decided to try to find common ground, as Mr. Bush has signaled flexibility on labor standards after years of resisting. The talks are being led by U.S. Trade Representative Susan Schwab, House Ways and Means Chairman Charles Rangel of New York and Rep. Jim McCrery of Louisiana, the ranking Republican on the committee. Much of the negotiations have been at the staff level, but the three principals have played a role, conferring in face-to-face meetings on Capitol Hill or over the phone.

It isn't clear a deal will be reached soon, if at all, given the bitter history surrounding the issue. The Democrats' main demand is to incorporate into trade agreements a requirement that other countries embrace the basic principles for workplace rights outlined by the Geneva-based International Labor Organization. These ban forced labor and child labor, limit workplace discrimination and reserve for workers the right to organize and bargain with employers.

Negotiators are struggling to find a way to translate those general goals into specific language that works for the U.S. and would-be partners in free-trade agreements, especially for developing countries where labor rights vary widely. They are also

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discussing ways to craft wording that would prevent the agreements from being used to challenge the U.S.'s own labor standards.

A successful agreement could clear passage of the Latin America deals and help jump-start the stalled Doha round. It could also presage bipartisan cooperation on other fronts, such as climate change, middle-class taxes and immigration.

"If you're serious about addressing problems, you've got to be serious about working with the other party," said Mr. McCrery of Ways and Means, which has jurisdiction over health and tax policy as well as trade.

Democratic critics of Mr. Bush, pushed by organized labor, want to elevate the importance of labor rights, according them the same status as business priorities such as patent protections that U.S. negotiators pursue on behalf of drug makers. Mr. Bush so far has preferred to deal with labor rights outside any actual pact. Critics say that strategy has made it difficult to enforce labor commitments, since they aren't subject to the same sanctions that back up business priorities.

A few weeks after the November elections, Ms. Schwab signaled in a U.S. Chamber of Commerce appearance that she wanted to deal with those concerns.

For Democrats, Mr. Rangel said, the goal is "not to do damage to trade" but to find a compromise that shows "this great country is at least concerned" with minimum labor-rights standards.

The issue of labor rights began to take on broader significance in the mid-1990s, when nations moved to lower trade barriers and integrate their economies. Critics worried that workers would suffer and pushed for enhanced protections. These efforts culminated in a U.S. trade pact with Jordan at the end of the Clinton presidency that affirmed the ILO standards. Critics say securing similar protections under Mr. Bush has been difficult.

In the current talks, one challenge vexing negotiators is how in concrete terms to carry out any agreement. The Panama pact, which was concluded recently, was left open to accommodate any labor commitments the administration might agree to with Congress. But the details of the Peru and Colombia deals have been settled since last year, and it remains uncertain whether they would be reopened or whether Democrats would agree to address their concerns in side commitments.

A problem that especially worries Republicans and the administration is how to ensure new labor commitments don't unintentionally rebound at home, where American businesses already have high workplace standards under U.S. law. Some officials fret about the limits imposed by U.S. law on the ability of government workers to organize and worry that putting ILO principles in a bilateral trade deal might lead to legal actions over whether the U.S. itself fully complies with the basic international rights.

"What we're trying to do is make sure everyone else lifts their game up, but not do it in a way that would affect U.S. law," said Schwab spokesman Sean Spicer.

Of course, other hurdles, from environmental concerns to port security, could arise. And a labor-rights deal between Democrats and the White House wouldn't likely be supported by the AFL-CIO, given its concerns with globalization.

But the Bush team is betting that a deal backed by Mr. Rangel and Michigan Democratic Rep. Sander Levin, a senior Ways and Means member, would strengthen support for trade among House Democrats and perhaps begin to rebuild the bipartisan coalition for free trade that existed for much of the 1990s.

For Democrats, the issue is fraught. After years of being frozen out of trade policy, Messrs. Rangel and Levin want to show they are players. But their ability to compromise may be limited, since trade was an election-turning factor last fall.

"If Rangel and Levin can't achieve a large amount of change, they can't move," said Lori Wallach, head of Public Citizen's Trade Watch, a labor-backed advocacy group. She said Democrats need to demonstrate for voters that they have made real changes to Mr. Bush's trade agenda. "If they do more of the same, they will not be in the majority after 2008."

OFF THE JOB Federal Aid Does Little For Free Trade's Losers (WSJ)

By Deborah Solomon

The Wall Street Journal, March 1, 2007

GALAX, Va. -- For more than 80 years, the people of Webb Furniture crafted wooden dressers and other furniture here at the foot of the Blue Ridge Mountains. In January, under pressure from Chinese imports, Webb shuttered its Galax plant and fired all 309 employees.

Tonya Graber lost more than her job painting furniture. The single mother also lost health insurance for herself and her 12-year-old son. Under a government program aimed at helping workers harmed by trade, Ms. Graber was eligible for federally subsidized health insurance, but she couldn't afford it.

She isn't alone. The Health Coverage Tax Credit, tucked into a 2002 trade bill to win support in Congress, is supposed to cushion the blow to factory workers hurt by imports by paying 65% of the cost of health insurance. (The subsidy is also available to workers whose companies have dumped their pension plans on the government's pension insurer.) More than four years after

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the program began, just 11% of those potentially eligible for the subsidy are taking it -- or about 28,000 of the roughly 250,000 people the government estimates may qualify in a given year.

"It's just not realistic to say that a laid-off worker who's uninsured is going to come up with 35% of the premium," says Stan Dorn, who has studied the program at the Urban Institute think tank. Even those who can find the money say they're struggling to figure out the rules and deal with as many as five state and federal agencies.

The troubles illustrate the shortcomings of a program pivotal to the debate over free trade and the globalization of business. A common political compromise in Washington involves keeping trade barriers low in exchange for programs compensating those hurt by imports. Free-trade advocates are generally happy to make such a compromise. They figure the winners from trade -- principally consumers who save money on imported goods -- can afford, through the government, to help compensate the losers. (See related article.3)

The problem is that compensation programs often add bureaucracy without helping many people. Even if the health-insurance assistance program were working well, it would aid only a fraction of those who lose their jobs. The Labor Department must certify that workers have lost their jobs to imports from certain countries or to a shift in production there. Most workers in call centers or other service industries whose jobs are sent overseas don't qualify.

Another struggling program is wage insurance, designed for workers over 50 who lose their jobs because of trade and then take a lower-paying job. The government makes up half the difference in wages, up to $10,000 a year, but it requires that workers prove they don't have "easily transferable skills." Some can't do that.

The issue: Should Washington give up on such programs, or should it expand them and try to make them work better? For the moment, people on both sides on Capitol Hill say President Bush will need to beef up programs for those hurt by imports if he wants congressional backing for new trade legislation.

Mr. Bush wants Congress to extend his authority to negotiate trade deals and put them to an up-or-down vote in Congress. The administration also is trying to restart the Doha Round of global trade talks.

The White House has promised to offer legislation to "extend and improve" the Trade Adjustment Assistance program, which includes both the health-insurance assistance and wage insurance. However, it didn't include many specifics in its budget for the year beginning in October. Several Democrats and Republicans in Congress are proposing to expand TAA to cover more workers, including those in service industries.

"There has to be more cushioning for people caught in the maws of free trade," says Sen. Charles Schumer, a New York Democrat who has criticized China's trade policy. "The fact that TAA has not done the job gives those who want to build walls around the U.S. greater currency."

Town's Lost Jobs

The issue is on vivid display in Galax, population 6,800. More than 2,000 jobs in this western Virginia town have been eliminated over the past two years as several furniture manufacturers and textile plants either closed or reduced their work forces in the face of cheaper imports, mostly from China.

Almost all of the displaced workers were eligible for the federal health-insurance subsidy, yet only about 100 have signed up, says Linda Nuckolls, who works in Galax for the Virginia Employment Commission. "These people have worked in a furniture factory for $7 or $9 an hour and they just don't have the money," she says.

Results were similar in a January 2006 survey by the Government Accountability Office, the investigative arm of Congress. The GAO looked at five trade-related plant closures and found that no more than 12% of workers at any site were taking the credit. Among those who knew of the program but didn't use it, the most common complaint was that they couldn't afford to pay their part of the premium, the GAO said.

Laid-off employees usually can buy insurance through their old employers, who are required by federal law to offer it temporarily but not to pay for it. Another option in many states is to buy insurance through a health plan arranged by the state. On average, according to the Internal Revenue Service, the insurance costs $720 a month, with the federal government picking up $468, or 65%, of the cost and the former employee paying the $252 remainder. Although the program is officially called a tax credit and is run by the IRS, in practice it works like a federal subsidy.

Law's Constraints

David Williams, who oversees the program at the IRS, says the agency is working hard to make eligible people aware of it. He notes that the law Congress passed includes constraints that mean some of the 250,000 or so people reported each year as potentially eligible actually aren't. "Some may be ineligible if they may be entitled to Medicare, may not meet the age requirements, may be using a spouse's insurance or may be in a plan that doesn't qualify," he says.

The administration acknowledges problems. The White House Office of Management and Budget has called the program "not performing," and cited as a reason "the affordability of coverage to potential recipients." Mr. Bush's budget for fiscal 2008 proposes several changes to the program, though none to make it cheaper.

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Ms. Graber, 32 years old, followed her family into the furniture mills. Factory jobs, like the hardwood used in furniture, were long plentiful here. Ms. Graber says it was hot and dirty work, but the $7.66-an-hour job came with health benefits, which were a big draw since her son has asthma and needs medication. "The reason I held on to that job was because of the health insurance," she says.

At Webb, Ms. Graber paid about $200 a month for insurance, which included dental and vision care. She looked into the tax credit and discovered that coverage for herself and her son would run about $400 a month, not including dental or vision. After the government picked up 65% of the tab, her portion would have been $140 a month -- plus a $500 annual deductible and $20 co-payments for doctor's office visits and medication.

"It was way too much with what I was drawing in unemployment," she says. She gets an unemployment check of $404 every two weeks, meaning her monthly income is under $900.

She enrolled her son in a children's health program that falls under Medicaid, the state-federal program for low-income families. She didn't qualify for Medicaid herself -- she says she was told her income is too high -- so she goes without health insurance. "I just pray to God and try not to get sick," says Ms. Graber, who is training at Wytheville Community College near Galax to become a respiratory therapist. Her tuition is paid through the TAA program.

Larry Kenny of Galax was making $45,000 a year as a maintenance mechanic at National Textiles LLC when he was laid off in May 2006. Mr. Kenny, 61, took the tax credit, in large part because his wife has lupus. His portion of the insurance bill takes $240 of the $1,200 a month he draws in unemployment benefits.

"I told my wife the only way we could afford it is if we don't owe anything to anyone," Mr. Kenny says. He cashed out $43,000 in his 401(k) retirement plan, sold his truck for $6,000 and used the money to pay off his mortgage and his car loan. "It's kind of scary because I was always used to having $20,000 in my savings account and now when I look there's just $200, if that much," he says.

Some in Congress argue it's unreasonable to expect someone who lost a job to pay 35% of his health-insurance bill. Those who get health coverage on the job typically pay closer to 15% to 25% of the total cost of their insurance. The Senate Finance Committee chairman, Max Baucus of Montana, says he plans to introduce legislation this year "to make this benefit work better."

Workers who seek the health-care tax credit must bear upfront costs. The federal subsidy often doesn't begin until 60 days after they lose their jobs because of a government-imposed waiting period before they are eligible to apply for benefits, so any insurance they hold in the interim is their responsibility.

Also, IRS paperwork often holds up final approval until well after the 60-day period. While waiting for the official sign-off, people must continue to pay the full cost of insurance. Some states have received grants from the Labor Department to help people with the upfront costs.

If laid-off workers decide to let the dust settle for a few months before doing anything about their health care, they may lose out. Forty-three states offer group plans that may have better terms than the insurance available from the former employer, but workers must apply for the state plans quickly. Under the Bush administration's interpretation of the law, workers applying for the new insurance must have three months of continuous health coverage prior to enrolling in the tax credit, with no more than a 63-day gap. Otherwise they can be rejected for pre-existing health conditions.

Applicants 'Overwhelmed'

The health-care tax credit "is a program you can be overwhelmed by," says Ms. Nuckolls of the Virginia Employment Commission. "The people we deal with don't have the education level to understand it."

Last April, Virginia Gov. Tim Kaine established the Galax Strike Force to help displaced workers navigate the bureaucracy. On a recent Monday morning, dozens of people crammed into the Strike Force's office in a strip mall with questions about the tax credit.

John and Barbara Farmer, who both lost jobs at National Textile, said they got a letter informing them their premiums would be increasing in 2007 and asking them to fill out a form they didn't understand. Ralph Ellis, who lost his job at Webb Furniture in January 2006, said the Strike Force helped him each of the three times his tax credit was canceled and when he was denied coverage because of earlier heart surgery.

However, privacy rules prevent state officials from talking directly to the IRS about individual clients. Ms. Nuckolls says she'll often dial the IRS from her desk and then put the client on the phone to relay information.

"On more than one occasion I've wanted to pull my hair out because the IRS would say, 'We can't tell you that,' " says Anna Rice-Wright, who oversaw administration of the health coverage tax credit in Virginia. "I would ask something as simple as, 'Can you tell me when their packages are going to be mailed out?' and they'd say, 'No.' " The IRS says it needs strict rules to ensure the confidentiality of financial information.

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Other states offer less assistance. John Lewia, 62, was laid off in August 2004 from his job at the Eastern Paper Mill in Brewer, Maine. His wife, Sheila, says she got plenty of information from state and federal agencies but could make little sense of it, and had nowhere to get help. Her husband, who worked in the mill for 23 years, isn't able to read, she says.

The couple is going without health insurance for now, although Ms. Lewia suffers from diabetes and recently battled breast cancer. They try to avoid going to the doctor, and pay out of pocket when they do. "I think we paid $300 or something like that the last time we went," she says.

Hospital Officials Knew Of Neglect (WP)

By Anne Hull And Dana Priest

The Washington Post, March 1, 2007

Top officials at Walter Reed Army Medical Center, including the Army's surgeon general, have heard complaints about outpatient neglect from family members, veterans groups and members of Congress for more than three years.

A procession of Pentagon and Walter Reed officials expressed surprise last week about the living conditions and bureaucratic nightmares faced by wounded soldiers staying at the D.C. medical facility. But as far back as 2003, the commander of Walter Reed, Lt. Gen. Kevin C. Kiley, who is now the Army's top medical officer, was told that soldiers who were wounded in Iraq and Afghanistan were languishing and lost on the grounds, according to interviews.

Steve Robinson, director of veterans affairs at Veterans for America, said he ran into Kiley in the foyer of the command headquarters at Walter Reed shortly after the Iraq war began and told him that "there are people in the barracks who are drinking themselves to death and people who are sharing drugs and people not getting the care they need."

"I met guys who weren't going to appointments because the hospital didn't even know they were there," Robinson said. Kiley told him to speak to a sergeant major, a top enlisted officer.

A recent Washington Post series detailed conditions at Walter Reed, including those at Building 18, a dingy former hotel on Georgia Avenue where the wounded were housed among mice, mold, rot and cockroaches.

Kiley lives across the street from Building 18. From his quarters, he can see the scrappy building and busy traffic the soldiers must cross to get to the 113-acre post. At a news conference last week, Kiley, who declined several requests for interviews for this article, said that the problems of Building 18 "weren't serious and there weren't a lot of them." He also said they were not "emblematic of a process of Walter Reed that has abandoned soldiers and their families."

But according to interviews, Kiley, his successive commanders at Walter Reed and various top noncommissioned officers in charge of soldiers' lives have heard a stream of complaints about outpatient treatment over the past several years. The complaints have surfaced at town hall meetings for staff and soldiers, at commanders' "sensing sessions" in which soldiers or officers are encouraged to speak freely, and in several inspector general's reports detailing building conditions, safety issues and other matters.

Retired Maj. Gen. Kenneth L. Farmer Jr., who commanded Walter Reed for two years until last August, said that he was aware of outpatient problems and that there were "ongoing reviews and discussions" about how to fix them when he left. He said he shared many of those issues with Kiley, his immediate commander. Last summer when he turned over command to Maj. Gen. George W. Weightman, Farmer said, "there were a variety of things we identified as opportunities for continued improvement."

In 2004, Rep. C.W. Bill Young (R-Fla.) and his wife stopped visiting the wounded at Walter Reed out of frustration. Young said he voiced concerns to commanders over troubling incidents he witnessed but was rebuffed or ignored. "When Bev or I would bring problems to the attention of authorities of Walter Reed, we were made to feel very uncomfortable," said Young, who began visiting the wounded recuperating at other facilities.

Beverly Young said she complained to Kiley several times. She once visited a soldier who was lying in urine on his mattress pad in the hospital. When a nurse ignored her, Young said, "I went flying down to Kevin Kiley's office again, and got nowhere. He has skirted this stuff for five years and blamed everyone else."

Young said that even after Kiley left Walter Reed to become the Army's surgeon general, "if anything could have been done to correct problems, he could have done it."

Soldiers and family members say their complaints have been ignored by commanders at many levels.

More than a year ago, Chief Warrant Officer Jayson Kendrick, an outpatient, attended a sensing session, the Army's version of a town hall meeting where concerns are raised in front of the chain of command. Kendrick spoke about the deterioration and crowded conditions of the outpatient administrative building, which had secondhand computers and office furniture shoved into cubicles, creating chaos for family members. An inspector general attending the meeting "chuckled and said, 'What do you want, pool tables and Ping-Pong tables in there?' " Kendrick recalled.

Army officials have been at other meetings in which outpatient problems were detailed.

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On Feb. 17, 2005, Kiley sat in a congressional hearing room as Sgt. 1st Class John Allen, injured in Afghanistan in 2002, described what he called a "dysfunctional system" at Walter Reed in which "soldiers go months without pay, nowhere to live, their medical appointments canceled." Allen added: "The result is a massive stress and mental pain causing further harm. It would be very easy to correct the situation if the command element climate supported it. The command staff at Walter Reed needs to show their care."

In 2006, Joe Wilson, a clinical social worker in the department of psychiatry, briefed several colonels at Walter Reed about problems and steps that could be taken to improve living conditions at Building 18. Last March, he also shared the findings of a survey his department had conducted.

It found that 75 percent of outpatients said their experience at Walter Reed had been "stressful" and that there was a "significant population of unsatisfied, frustrated, disenfranchised patients." Military commanders played down the findings.

"These people knew about it," Wilson said. "The bottom line is, people knew about it but the culture of the Army didn't allow it to be addressed."

Last October, Joyce Rumsfeld, the wife of then-Defense Secretary Donald H. Rumsfeld, was taken to Walter Reed by a friend concerned about outpatient treatment. She attended a weekly meeting, called Girls Time Out, at which wives, girlfriends and mothers of soldiers exchange stories and offer support.

According to three people who attended the gathering, Rumsfeld listened quietly. Some of the women did not know who she was. At the end of the meeting, Rumsfeld asked one of the staff members whether she thought that the soldiers her husband was meeting on his visits had been handpicked to paint a rosy picture of their time there. The answer was yes.

When Walter Reed officials found out that Rumsfeld had visited, they told the friend who brought her -- a woman who had volunteered there many times -- that she was no longer welcome on the grounds.

Last week, the Army relieved of duty several low-ranking soldiers who managed outpatients. This week, in a move that some soldiers viewed as reprisal for speaking to the media, the wounded troops were told that early-morning room inspections would be held and that further contact with reporters is prohibited.

Yesterday, Walter Reed received an unscheduled inspection by a hospital accreditation agency. Members of the Joint Commission, formerly the Joint Commission on Accreditation of Healthcare Organizations, began a two-day visit "for cause" to examine discharge practices that have allowed soldiers to go missing or unaccounted for after they are released from the hospital.

'Senior Administration Official' Sounds A Lot Like Dick Cheney (MCT)

By Ron Hutcheson

McClatchy Newspapers, March 1, 2007

WASHINGTON - Ever wonder about the identities of those "senior administration officials" who always seem to get quoted talking about President Bush's policies?

It wasn't hard to figure out who was doing the talking when the White House released a transcript of a question-and-answer session this week aboard Air Force 2, Vice President Dick Cheney's plane. One big clue: The unnamed official used the pronoun "I" when discussing Cheney's visit to Afghanistan and Pakistan.

"I would describe my sessions both in Pakistan and Afghanistan as very productive," the official said.

Even after Cheney blew his own cover, White House spokesman Tony Snow declined to lift the prohibition against identifying the unnamed speaker.

"I have spoken with the vice president's office, and the ground rules that were laid out are going to remain in effect," Snow told reporters Wednesday.

The exchange during Cheney's flight to Oman on Wednesday highlighted the absurdity of a practice that's damaged the credibility of journalists and government officials alike. It's much easier to believe what people say when their names are attached to their words. Statements from unidentified people invite readers to doubt that the speakers exist outside of the reporter's imagination. If anonymity is designed to promote candor, it's difficult to find in the anonymous official's quote.

The Bush administration's use of anonymous sources has become a sore spot for reporters in the wake of a series of journalistic scandals involving fabricated quotes. Yet sometimes the need for anonymity is obvious: Some sources could lose their jobs or even their lives if their identities were disclosed.

So there may be a good reason to protect sources in Iraq, but in Washington, anonymity is too often a cloak for cheap shots and self-serving comments. Some officials insist on anonymity to minimize damage if they misspeak or say something that might be embarrassing. Reporters play along to maintain good relations or out of fear that they might miss something if they refuse to participate.

The Air Force 2 transcript was unusual only because it was so easy to identify the unnamed official.

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"This has definitely achieved absurdity," said Lucy Dalglish, executive director of The Reporters Committee for Freedom of the Press, an organization that helps journalists protect their sources. "I don't look at this as anonymous sourcing. I look at this as big-time game playing. The only way to describe it is stupid."

The White House has cut back on anonymous briefings in recent years in response to reporters' objections, but some officials still insist on anonymity, especially when discussing foreign policy. Snow defended the practice, saying that anonymity allows administration officials to be more open with reporters.

Cheney is particularly press-shy when traveling overseas. Mark Silva of The Chicago Tribune reported that he and other journalists on the vice president's nine-day, seven-country tour got a total of 18 minutes to speak with Cheney on the record. (Cheney did offer two exclusive interviews to ABC during the trip.)

In a blog about the trip, Silva adhered to the Air Force 2 ground rules even as he vented his frustration over "facing someone important with something meaningful to talk about, but insisting on anonymity as the condition for a conversation."

Cheney seemed to have some frustrations of his own. He objected to press reports that suggested he'd demanded more action from Pakistani officials against terrorism. Some of the press accounts relied on unnamed officials.

"I've seen some reporting that says, 'Cheney went in to beat up on them, threaten them.' That's not the way I work," the "senior administration official" said. "I don't know who writes that, or maybe somebody gets it from some source who doesn't know what I'm doing or isn't involved in it. But the idea that I'd go in and threaten someone is an invalid reading of the way I do business."

But don't quote him on that.

Cheney's Trip Renews Debate Over Attribution In News Accounts (WP)

By Howard Kurtz

The Washington Post, March 1, 2007

The reporters traveling with Vice President Cheney as he flew from Afghanistan to Oman yesterday were granted an interview with someone who would be identified only as a "senior administration official." But the official's identity would not remain a state secret for long.

"Let me just make one editorial comment here," the SAO said about the vice president's talks with Pakistan's leader. "I've seen some press reporting says, 'Cheney went in to beat up on them, threaten them.' That's not the way I work. I don't know who writes that, or maybe somebody gets it from some source who doesn't know what I'm doing, or isn't involved in it. But the idea that I'd go in and threaten someone is an invalid misreading of the way I do business."

The SAO also said that "I was very careful" in choosing words to criticize House Speaker Nancy Pelosi (D-Calif.) on Iraq strategy.

The first-person pronoun gave away the game. But it also raised the question: Why did Cheney feel the need to speak on a not-for-attribution basis, and why did the seven journalists on the trip go along?

Lee Anne McBride, Cheney's press secretary, could not, under the ground rules, confirm the obvious. But, she said, "it was important to provide the press and public with briefings on these meetings, and it was determined that a more comprehensive readout could be provided on a background basis."

Administration officials concluded that, for diplomatic reasons, Cheney could not publicly discuss private conversations with Pakistani President Pervez Musharraf and Afghan President Hamid Karzai.

Mark Silva, a Chicago Tribune reporter who made the trip, was among those pressing Cheney's staff for an on-the-record briefing, saying the vice president has been elected twice.

"At the start of our meeting with a senior administration official, in which he advised us that he insisted this talk be on background, we asked him, too, to go on the record," Silva said. Cheney agreed to be identified only while discussing the suicide bombing at Bagram air base in Afghanistan that occurred while he was there.

Silva credited the White House with releasing an accurate transcript despite numerous "I" references. "But it's also a measure of how absurd the entire business of speaking as an SAO is."

Holly Bailey, a Newsweek correspondent, said she was "very surprised at how quickly the SAO laid out the ground rules," adding that "it was done so quickly that we didn't have a lot of chance to object." She said the trip was frustrating because reporters had no more than 20 minutes' access to the vice president on the nine-day trip.

Cheney's backgrounder took place as a federal jury is weighing perjury charges against his former chief of staff, I. Lewis "Scooter" Libby, related to his role in telling reporters about covert CIA operative Valerie Plame without being identified. Libby testified that the vice president directed him to conduct the background discussions with Judith Miller, then a New York Times reporter.

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Senior U.S. officials have been briefing reporters without their names attached since Henry A. Kissinger was engaged in Middle East shuttle diplomacy. Sometimes these officials appear in the White House briefing room. President Bush and several of his predecessors have conducted such background sessions with, for example, network anchors and friendly columnists.

Journalists have occasionally objected to the ground rules in these sessions, but for the most part they have become an accepted ritual.

Time magazine blogger Ana Marie Cox called the senior official's Air Force Two transcript "as blatant as birdshot in the face," adding: "The willingness of the press corps to go along with this not-even-trying level of deception is especially embarrassing."

McConnell Fighting Bush's Battles In Senate (WT)

By Jon Ward

The Washington Times, March 1, 2007

President Bush tomorrow will raise money for his political field general, Senate Minority Leader Mitch McConnell, who has stymied Democrats at almost every turn of the Iraq war debate.

"We think Mitch McConnell is a terrific and able minority leader," said White House spokesman Tony Snow, who declined to comment on how Democrats have fared in their attempts to halt the president's surge of troops to Iraq.

"You say Democrats are in disarray?" Mr. Snow said, feigning ignorance.

With the congressional debate over the war at fever pitch, Democratic leaders who rode to victory last fall on the promise of bringing the troops home are under fire from virtually every direction. The far left is growing impatient with the lack of progress, while more conservative Democrats are unhappy with the ideas proposed so far.

Mr. McConnell, 65, who looks more like a bookkeeper than a power broker, is "savagely political," according to one high-placed Democratic source. The Kentucky Republican has twice defeated Majority Leader Harry Reid's attempts to push through an anti-war measure that would have shut out Republican amendments.

"I don't think there's anybody in the Senate who is better than he is at managing the Senate and using the Senate rules," said Sen. Judd Gregg, New Hampshire Republican.

"I think that's what Senator McConnell principally has been trying to do, to make sure that all sides get a hearing," Mr. Snow said.

But Mr. McConnell's effectiveness has drawn attention from far-left Web loggers, as well as calls for the four-term senator to be targeted for defeat in 2008.

"When Reid can't get anything through the Senate, like ... the minimum wage or a vote on Iraq, the reason is Mitch McConnell," Matt Stoller wrote at MyDD.com this week. "It's time to do to Mitch McConnell what the GOP did to [former Majority Leader] Tom Daschle -- make him the symbol of everything that is wrong and get rid of him in a presidential year."

The latest polls show that more Kentucky voters approve of Mr. McConnell's performance than disapprove. However, a poll by the Louisville Courier-Journal last month showed that while 54 percent approved of Mr. McConnell, 52 percent said he should oppose Mr. Bush's surge plan.

Kentucky Democratic Party Chairman Jerry Lundergan said it would be hard to unseat Mr. McConnell, "but I do believe that if he has ever been vulnerable, it is now."

Mr. McConnell has more than $3 million in his campaign war chest, spokesman Don Stewart said. He would not comment on how much the campaign expects to raise at the fundraiser Mr. Bush will headline tomorrow in Louisville to kick off the senator's 2008 re-election campaign.

The most prominent likely challenger to Mr. McConnell is wealthy Louisville businessman Charlie Owen, who ran for the Senate in 2002 but lost in the primary.

"I just don't see anything materializing as a serious challenge to him. He's just done too good of a job," said Darrell Brock, chairman of the Kentucky Republican Party.

This Year's Toughest Balancing Act (WP)

By Paul Kane

The Washington Post, March 1, 2007

Rep. John Spratt's wife grew angry with him. He repeatedly fumbled a simple question in the spate of interviews he's given since becoming the new House Budget Committee chairman: What are his hobbies?

"You better . . . figure out how you're going to answer that question," his wife, Jane, yelled, as the South Carolina Democrat recollected the scolding.

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The self-described bookworm has no other hobbies. His idea of fun at the beach is burrowing into the latest 10-year estimates from a Congressional Budget Office report. After a dozen years on the sidelines in the minority, Spratt has been thrust into the role he's longed for, as committee chairman. But now comes the hard part.

Spratt is in charge of drafting a budget plan that will close a deficit of more than $200 billion within five years. And, as Spratt explained, he has to "squirrel away a little money" for up to a dozen key Democratic priorities, including big increases for education and children's health care. And he's not supposed to raise taxes to cover the additional spending and eliminate the deficit.

"We want to do it [eliminate the deficit], and be able to meet our priorities," Spratt said in a recent interview.

Unlike his colleagues, Spratt cut short his congressional recess to return to Washington last week to work on trial runs of various budget proposals. Spratt will unveil his first budget the week of March 12 and submit it for passage by his committee. It's a prospect he's looking forward to with some trepidation: "Beware the ides of March," he warned, half joking.

But Democrats say he's the perfect fit for such a delicate task. A lawyer by training -- Yale Law School -- Spratt, 64, became a small-town banker in South Carolina's northernmost county before winning election to Congress in 1982. A Southern gentleman, Spratt has engendered some of the most loyal staff members on Capitol Hill. Thomas S. Kahn, his committee staff director, has worked for him for 21 years, and a handful of staffers in his personal office have worked with Spratt even longer.

By virtue of his state's prominent presidential primary placement, Spratt and Rep. Jim Clyburn (D-S.C.) are two of the most sought-after endorsements in the nonstop White House race. He's tried to push off the campaigners with a neutrality pledge, but that hasn't stopped the calls. The morning she announced her campaign via a Web video, Sen. Hillary Rodham Clinton (D-N.Y.) caught a surprised Spratt on the phone.

"I didn't even know she had announced," he said.

Despite the respect Spratt has engendered on both sides of the aisle, Republicans relish the chance to pounce on anything Spratt produces remotely resembling a tax increase to help reduce the deficit. "They'll call it revenue-enhancement measures. We'll call it tax increases," said Rep. Thomas M. Davis III (R-Va.), the former party campaign operative who otherwise praises Spratt for the "certain consistency" in his legislative dealings.

Democrats are adamant that won't happen. "We are not talking about tax increases," Kahn said.

To help with the heavy lifting, Majority Leader Steny H. Hoyer (D-Md.) has sat in on meetings with top committee chairmen and leaders of the key coalitions within the Democratic caucus. It's part of an effort to measure which programs are most essential, trying to build consensus in advance and send a warning that some constituencies won't necessarily like what they see in two weeks.

Regardless of the assist from leadership, Spratt said he expects some credit or all of the blame to fall on his shoulders, depending on how things work out.

"I know what my marching orders are," he said.

Hard Recovery For Failed US Schools (CSM)

By Stacy A. Teicher And Ben Arnoldy

The Christian Science Monitor, March 1, 2007

BOSTON AND OAKLAND, CALIF.

Something had to change at Sobrante Park. Year after year, the elementary school in the poor flatlands of Oakland failed to meet test-score targets that, under state and federal laws, have consequences attached.

Sobrante Park overhauled the curriculum, turned over staff, moved the school schedule later, and rolled back bilingual education. After a difficult five years, the school now tests above Oakland's average and has freed itself from government intervention.

Yet Sobrante Park is a rare bright spot in a new and cautionary assessment of how challenging it is to reform public schools under the most sweeping national school reform in decades. A new study of California's public schools found that the number identified as chronically struggling has risen 75 percent in one year. Those schools now account for nearly 8 percent of the state's public schools. Just as noteworthy, most schools who fall into that category have not yet found a way to get out again.

California is a harbinger of the magnified problems that public schools around the country will face as the last phase of the reform timeline outlined by No Child Left Behind (NCLB) kicks in this year.

That is why experts are studying schools like Sobrante Park to understand which reforms work.

Under the mandates of the five-year-old NCLB, low-performing schools undergo a series of interventions. The last phase is "restructuring." After five years of not meeting targets for adequate yearly progress (AYP) on test scores, schools must plan for significant reform and implement it the following year.

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But a few states, such as California, put accountability measures into place prior to NCLB. Out of 245 California schools that restructured in 2005-06, just 11 percent met AYP targets, said the new report, released Wednesday by the Center on Education Policy (CEP) in Washington. The center has also studied Michigan, another early adopter of accountability reforms.

"What we're finding is that school districts that implement a variety of changes are more likely to improve their test scores than those that implement only one change, such as changing [a school's] staff," says CEP's president and CEO Jack Jennings. It's good that NCLB is no longer allowing officials to turn a blind eye to low-performing schools, he says, but improving schools "is a very challenging task ... and we should have a little bit of humility when it comes to telling schools how to bring about changes."

NCLB allows several restructuring options: turning the school over to the state or a management company, reopening as a charter, replacing much of the staff, or any other major action that will significantly change school governance.

In California, that last option – "any other" major action – is what 89 percent of schools in restructuring have opted for. The first options are a way for Congress to "sound tough" about reform, Mr. Jennings says, "but when you're running a school, they don't make a lot of sense."

But some others say the "any other" option is too often used as a loophole to avoid significant reforms. As NCLB reauthorization is debated this year, various proposals are on the table for how to make restructuring requirements more effective.

The Department of Education (DOE) proposes taking the "any other" option off the table. They would also give superintendents the opportunity to suspend collective-bargaining agreements in order to bring highly qualified staff to troubled schools to target students' needs.

At Sobrante Park, Principal Marco Franco opted for the "any other" option and changed four out of 14 staff members – a smaller percentage than the district wanted. "I knew the staff and I knew I wanted to keep them," Mr. Franco says. "If I lost the proportion the district wanted me to lose, I don't know if we would be in the same place."

Staff changes in Oakland's restructuring efforts are mostly a matter of moving teachers between schools in the district, with principals' hiring options limited by teacher contracts.

CEP found that 30 percent of schools in restructuring in California opted to change their staff, but only 5 percent of these schools went on to meet AYP.

Jennings acknowledges that the research is still too new to draw broad conclusions about what works.

Giving superintendents flexibility to bring better teachers into schools with the highest needs is a good proposal on the part of the DOE, says Amy Wilkins of The Education Trust, a group in Washington, D.C., which advocates for closing achievement gaps. But such moves need to go hand in hand with measuring teachers' effectiveness, she says. "Just getting different faces in the classroom is not the point."

After a year of hearings in communities around the United States, the nonpartisan Commission on No Child Left Behind came out last month with a set of recommendations. On the subject of restructuring, there was agreement that "when a school is struggling consistently, they need to take more aggressive action," says Gary Huggins, the commission's director.

The commission suggests, as does the CEP report, that schools be required to choose a comprehensive set of actions rather than a single intervention. But it also says they should have more time to show results once changes are made.

But it's unfair to mandate restructuring options when "none has any track record of success," says Bob Schaeffer of the National Center for Fair & Open Testing in Cambridge, Mass., which opposes NCLB.

The Oakland Unified School District, run by a state-appointed administrator since 2003 due to financial difficulties, decides case by case how much latitude to give schools in choosing restructuring plans. This year it says it might intervene in 14 schools, possibly closing four.

The plan drawn up by Franco and his staff had many components, but he sums up the philosophy this way: "If something is not working, toss it, man."

That got Franco, a Latino, into hot water with parents when he ended the bilingual program in the upper grades. The complaints tapered off after parents saw test scores improve, he says.

The teachers adopted a more scripted and uniform curriculum, making it easier for them to collaborate and for the principal to evaluate them. The school day was changed to allow teachers time to work with individual students. Franco hired a writing coach and used some money to reopen the school library, which had been converted to storage.

California school update

Here are statistics on California schools forced to restructure under No Child Left Behind (NCLB):

401 – The number of schools required to plan or implement NCLB restructuring in 2005-06.

701 – The number of such schools in 2006-07.

207 – The number of schools in restructuring that have failed to make adequate yearly progress on tests for seven consecutive years.

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10 – The number in restructuring that improved enough between 2005-06 and 2006-07 to have that label removed.
Source: Beyond the Mountains: An Early Look at Restructuring Results in California, by the Center on Education Policy.

Poor Education Found In States (WT)

By Amy Fagan, The Washington Times
The Washington Times, March 1, 2007

U.S. Chamber of Commerce leaders yesterday said states are doing a poor job educating America's children for the future, citing a new report by the chamber that graded each state in areas from academic achievement and teacher quality to how wisely a state is spending its education dollars.

"This is an effort to do what is responsible for America's youth," said chamber President Thomas J. Donohue. "Our study has found that when it comes to education, the states aren't making the grade."

The study, conducted with help from the Center for American Progress (CAP) and the American Enterprise Institute, compiled and analyzed data from other research, the National Assessment of Educational Progress (NAEP) and a national survey of teachers. States received letter grades in nine categories but no overall rankings.

Arthur Rothkopf, senior vice president of the chamber, said the report identifies "leaders and laggards."

Massachusetts, Minnesota and New Hampshire topped the list of 10 states that received A's for academic achievement. New Mexico, Mississippi and the District took the three lowest slots among the 10 that received F's. Grades were based on an analysis of the 2005 NAEP, a test given to a sampling of students nationwide.

John Podesta, president and chief executive officer of CAP, pointed out variations. He said Massachusetts, the top state for academic achievement, showed only 44 percent of fourth-graders proficient in reading and 49 percent proficient in math -- numbers he called "unconscionable."

The study also examined whether states presented accurate information or overstated student performance. Massachusetts, Maine, South Carolina, Wyoming and Missouri received A's for honesty. Oklahoma and Tennessee received F's, and 15 other states that were deemed to be sugarcoating performance got D's.

Most states received A's or B's on teacher quality. Six received D's, and Rhode Island got an F. The scores were based largely on whether states test teachers in both basic and subject-specific areas, and whether they recruit and test non-teaching professionals.

In a comparison of education spending with student performance, 10 states -- including Utah, North Carolina and Washington -- received A's. The District and nine states -- including Hawaii and New Mexico -- failed.

The report was issued as the National Governors Association ended its winter meeting. Governors considered a federal framework to help states, institutions of higher learning and the private sector work together on innovations to improve proficiency in math and science, increase the number of science and engineering students, among other goals.

The chamber yesterday suggested higher starting salaries for teachers, removing ineffective educators and giving principals more control over budget and personnel. Chamber officials said the business community can give schools examples of management improvements, data collection and innovation.

"We want the business community at the table at every state," Mr. Rothkopf said.

A Critique Of Pure Reason (NYT)

By David Brooks
The New York Times, March 1, 2007

All the presidential candidates this year will talk about education. The conventional ones will talk about improving the schools. The creative ones will talk about improving the lives of students.

The conventional ones, though they don't know it, are prisoners of the dead husk of behaviorism. They will speak of education as if children were blank slates waiting to have ideas inputted into their brains with some efficient delivery mechanism.

The creative ones will finally absorb the truth found in decades of research: the relationships children have outside school shape their performance inside the school.

The conventional candidates will give the same old education reform speeches, trumpeting this or that bureaucratic reshuffle. The creative ones will give speeches like the one David Cameron, who is reviving the British Tory party, gave last month. They will talk, as Cameron did, about the mushy things, like love and attachment, and will say, as Cameron did, "Family relationships matter more than anything else."

They will understand that schools filled with students who can't control their impulses, who can't focus their attention and who can't regulate their emotions will not succeed, no matter how many reforms are made by governors, superintendents or presidents.

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These candidates will emphasize that education is a cumulative process that begins at the dawn of life and builds early in life as children learn how to learn. These candidates will point out that powerful social trends — the doubling of single-parent families over the past generation, the rise of divorce rates — mean that government has to rethink its role. They'll note that if we want to have successful human capital policies, we have to get over the definition of education as something that takes place in schools between the hours of 8 and 3, between the months of September and June, and between the ages of 5 and 18.

As Bob Marvin of the University of Virginia points out, there is a mountain of evidence demonstrating that early childhood attachments shape lifelong learning competence.

Children do have inborn temperaments and intelligence. Nevertheless, students make the most of their natural dispositions when they have a secure emotional base from which to explore, and even the brightest children stumble when there is chaos inside.

Research over the past few decades impressively shows that children who emerge from attentive, attuned parental relationships do better in school and beyond. They tend to choose friends wisely. They handle frustration better. They're more resilient in the face of setbacks. They grow up to become more productive workers.

On the other hand, as Martha Farah of the University of Pennsylvania has found, students who do not feel emotionally safe tend not to develop good memories (which is consistent with cortisol experiments in animals). Students from less stimulating environments have worse language skills.

The question, of course, is, What can government do about any of this? The answer is that there are programs that do work to help young and stressed mothers establish healthier attachments. These programs usually involve having nurses or mature women make a series of home visits to give young mothers the sort of cajoling and practical wisdom that in other times would have been delivered by grandmothers or elders.

The Circle of Security program has measurably improved attachments and enhanced social skills. The Nurse-Family Partnerships program, founded by David Olds, has produced rigorously examined, impressive results. Children who have been in this program had 59 percent fewer arrests at age 15. (Presidential candidates are commanded to read Katherine Boo's Feb. 6, 2006, New Yorker article to get a feel for how these programs work.)

It's important not to get carried away. "Enhancing Early Attachments," a review of the literature edited by Lisa Berlin and others, is filled with phrases like "marginal success" and "modest but significant benefits." But these programs can be expanded.

And one thing is clear: It's crazy to have educational policies that, in effect, chop up children's brains into the rational cortex, which the government ministers to in schools, and the emotional limbic system, which the government ignores. In nature there is no neat division. Emotional engagement is the essence of information processing and learning.

In Britain, where both David Cameron and Gordon Brown have grappled with this reality, policy is catching up with the research. In the United States, we are forever behind. But that won't last. This year, some smart presidential candidate will help us catch up.

Consumer Groups Call For More Oversight Of Energy Regulation (HILL)

By Jim Snyder

The Hill, March 1, 2007

Consumer advocacy groups are pushing Democrats to step up oversight of a federal energy panel that oversees electricity markets and to take a fresh look at electricity-deregulation policies that they argue have raised consumer prices.

Deregulation critics sponsored a Washington conference Monday on the health of wholesale power markets that included officials in deregulated states where prices have jumped significantly.

On Capitol Hill, these critics have asked the new Democratic chairmen of the Senate Energy and Natural Resources and the House Energy and Commerce committees, Sen. Jeff Bingaman of New Mexico and Rep. John Dingell of Michigan, to hold hearings on how effective the Federal Energy Regulatory Commission (FERC) is in overseeing wholesale power markets.

Tyson Slocum, who directs Public Citizen's energy program, said deregulation has not led to competition in wholesale markets and that FERC has done a poor job of ensuring consumer rates are "just and reasonable."

Utilities, large commercial energy users and financial giants have formed their own coalition, called Compete, to counter anti-deregulation arguments.

Compete has hired the Nickles Group, founded by former Sen. Don Nickles (R-Okla.), Wexler Walker Public Policy Advocates, and Covington & Burling to lobby Congress and federal agencies on energy policy.

Electricity deregulation is not a hot topic in Congress. But in states that deregulated only to see prices rise and at FERC, which regulates wholesale power markets, the issue is a subject of significant debate; hence the formation of the lobby groups.

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FERC itself waded again into the mix with its own conference Tuesday. Panel Chairman Joseph Kelliher acknowledged that competitive markets "face challenges." But he said the policy of a mix of competition and government oversight was made national by the Energy Policy Act of 2005.

"The fact that we are holding this conference shows that we have heard the criticism of stakeholders and market participants, and that we take these concerns seriously," Kelliher said.

Utilities say higher rates are the result of high natural-gas prices, not deregulation. They generally offer technical changes to the structure of the markets themselves rather than a return to the old days where regulators set rates based on the cost of generation plus a set fee.

Advocates once hoped that by bringing the same competitive pressures that reduced telephone rates and airline ticket prices, power prices would fall too. Under deregulation, vertically integrated utilities that produced the power and then transmitted it and sold it to consumers were broken up. Generation was separated from transmission and distribution.

Twelve states have fully deregulated their electricity markets, Slocum said. Those states pay higher electricity prices than the others. One reason these states embraced deregulation, however, was their power prices were higher than other regions to begin with. But rates have increased nearly 9 percent over the past four years in the 12 states, versus a 5 percent growth rate in the other 38 states, according to information Slocum cites from the Energy Information Administration, which collects a variety of energy data.

Advocates of deregulation had originally promised lower rates .

Joel Malina, a Wexler Walker lobbyist representing Compete, said rates in states that remain regulated have seen some of the sharpest increases in power prices in recent years. That means, he said, that rising price of fuels is to blame, not deregulation.

But he added that "no market is perfect." Deregulated markets are "evolving," he said.

Consumer groups seem split on the issue, based on whether they represent residential electricity users or large companies. The Electricity Consumers Resource Council, which represents large industrial users, says the current deregulation attempts have fallen short of promises.

But the group issued a paper in December rejecting calls to return to the old system because utilities had "little incentive to seek more efficient, lower-priced generation options or pursue innovative product offerings." The group said less regulation of so-called competitive markets was needed, not more.

The powerful senior lobby, AARP, meanwhile, has "serious concerns" about the rising electricity rates in markets that have been deregulated, said Debra Berlyn, a senior legislative representative for the group who attended the Monday conference.

"We've been active on the state level and now we are looking at what we can do to complement [that activity] on the federal level."

House Bill Boosts Scrutiny Of Foreign Deals (WSJ)

By Greg Hitt

The Wall Street Journal, March 1, 2007

WASHINGTON -- The House approved legislation that would strengthen U.S. scrutiny of overseas-led business deals, underscoring lawmakers' angst over the frictions caused by the international-investment boom.

The measure, approved yesterday on a vote of 423-0, would require the administration to conduct an extended, 45-day investigation of most deals involving foreign governments, give intelligence agencies a formal role in the review process and increase disclosure to Congress, among other things.

The bipartisan legislation was written in consultation with the White House, which has tried to balance the dual goals of protecting national security and ensuring an open investment environment. While raising concern about some details of the bill, the White House moved ahead of the vote to welcome the House efforts to "strengthen" the investment-review process.

The depth of the vote underscores the broader difficulties ahead for the White House, which is striving to put the president's trade and economic agenda back on track. Voted in on a tide of antiglobalization sentiment, many lawmakers are concerned that U.S. workers and companies aren't getting a fair shake in the global marketplace.

The vote is sure to increase pressure on the Senate to take up the issue, and Senate Banking Chairman Chris Dodd of Connecticut said he intends to act "in the coming weeks." Mr. Dodd vowed to embrace a "balanced approach" that carves a greater role for the intelligence community in investment reviews and gives Congress "a far greater oversight role to prevent the recurrence of Dubai Ports World episodes."

DP World -- which is owned by the government of Dubai, a Persian Gulf emirate -- touched off a political furor on Capitol Hill last year after moving to acquire control of several U.S. ports operations as part of a broader deal. The Bush administration approved the ports deal following a standard, 30-day review, but lawmakers alleged administration officials had failed to grasp

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the post-Sept. 11 danger of giving an Arab firm access to American ports, where lax security is a concern. Amid the uproar, DP World agreed to sell off its U.S. holdings.

House Financial Services Chairman Barney Frank of Massachusetts said yesterday's measure would reassure investors that the U.S. remains a secure place to do business by making clear the rules controlling U.S. scrutiny of foreign deals.

At the center of the issue is the Committee on Foreign Investment in the U.S., or CFIUS, a secretive panel that reviews the national-security implications of overseas deals. Twelve government agencies are represented on CFIUS, which is led by the Treasury Department.

The House bill would require greater disclosure to Congress of CFIUS actions and senior-level sign-off within the government on certain deals. It would also codify the administration's authority to reopen, and even unwind, deals after they have been cleared by the U.S. government. Moving on its own, the administration recently began to using such a limit as a way to enforce other conditions that the government has imposed on transactions.

The U.S. business community, by and large, has swung behind the House bill. This week, a broad business coalition, including the U.S. Chamber of Commerce and the Securities Industry and Financial Markets Association, circulated a letter on Capitol Hill urging passage, saying the bill would "enhance confidence" in the CFIUS process.

Bill On Foreign Investment Advances (WP/AP)

By Jim Abrams

The Washington Post, March 1, 2007

The House agreed yesterday to give the government broader powers to review foreign investments in U.S. power plants, ports and other facilities that could be vulnerable to terrorist attacks.

The legislation, passed 423 to 0, would give legal muscle to a once-obscure federal office that gained attention a year ago when a Dubai company planned to manage six large U.S. ports.

The deal fell through after lawmakers from both parties said the Committee on Foreign Investment in the United States, or CFIUS, ignored serious national security concerns in signing off on the transaction.

The legislation, which moves to the Senate, would expand the definition of transactions that require CFIUS review to include those involving homeland security and critical infrastructures, and would take steps to ensure that high-level officials would be involved in decisions by the multi-agency group.

"This bill contains very tough provisions to protect national security, including the ability for CFIUS to reopen reviews when companies don't comply with mitigation agreements designed to reduce security risks," said Rep. Carolyn B. Maloney (D-N.Y.), a sponsor.

The legislation would ensure that Congress is notified when investigations are complete. Lawmakers' complaints that they were left out of the process were a major factor in the anger engendered by the proposed Dubai Ports World deal.

It would require a 45-day investigation, after the initial 30-day review, of any deal involving companies controlled by foreign governments.

Last year, with Congress under Republican control, the House and Senate approved legislation to revamp the CFIUS process, but the two chambers were unable to compromise on a common bill.

The Bush administration said in a statement that it supported the House bill but expressed some reservations, including that extending the investigations to 45 days "may discourage foreign investment by generating uncertainty and delay."

Todd Malan, president of the Organization for International Investment, an association representing U.S. subsidiaries of foreign companies, said he was pleased.

"From a business standpoint, it doesn't screw anything up," Malan said. "It maintains CFIUS's role as a screening process, not as a barrier to foreign investment."

Federal Diary: Looking For A Route To Better Government (WP)

By Stephen Barr

Washington Post, March 1, 2007

It's apparently not too early to start thinking up ideas for how the next administration can improve the government's management practices.

With the presidential campaign field taking shape, think tanks and public-service and business groups are preparing to develop policy proposals and ideas for the winning candidate.

The IBM Center for the Business of Government, for example, plans to launch an "interactive conversation" today to help find ideas for the next White House.

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To start the conversation, the District-based IBM Center hopes to prompt an online discussion on issues raised in a new report, "Reflections on 21st Century Management," written by professors Donald F. Kettl of the University of Pennsylvania and Steven Kelman of Harvard University. The Web address is http://www.businessofgovernment.org/transition2008.

The Government Performance Coalition, a group of organizations interested in management issues, is sponsoring a Transitions in Governance 2008 Web site, in hopes of helping shape the agenda for 2008 and beyond.

The group's steering committee envisions the Web site (http://www. http://transitionsingov http://.org) as a way to get political campaigns, federal managers and the public involved in defining management issues for the next administration. A "transitions blog" is scheduled to go live today.

Jonathan D. Breul, a former Office of Management and Budget executive, will be heading up the Performance Coalition. In a bit of a coincidence, he takes over the position of executive director at the IBM Center today, replacing Mark. A. Abramson, who will continue as a consultant to the center and reopen his own company.

Other organizations, such as the Council for Excellence in Government, also are making plans for the next presidential transition. Patricia McGinnis, that group's president, said the council plans to take its "Prune Book," an analysis of the plum jobs in government that require experienced leadership, and move it to the Internet. "We want to push out and reach a lot of people across the country," she said.

The council plans to sponsor a series of discussions for career managers to prepare them for what to expect during a transition, when a crop of new political appointees arrive in Washington.

Thinking up new ideas for improving government could be challenge, after almost 16 years of "reinventing government" by the Clinton-Gore administration and the Bush-Cheney team's "president's management agenda." Those initiatives were met with some resistance from Congress and were greeted skeptically by many federal employees who perceived them as efforts to downsize and outsource government operations.

In recent months, the government's efforts to improve the performance of programs and the delivery of services has been overshadowed by the controversy over the Iraq war, allegations of contract waste and fraud, and the sluggish response by federal officials to Hurricane Katrina.

Still, the federal government has taken what Kelman calls a "performance turn," driven by a 1993 law, the Government Performance and Results Act, that has prodded agencies to show the public what it is getting for its tax dollars. Efforts to link budgets to program performance measures also have become more common, Kelman says.

The next president, Kelman suggests, will take steps to increase the use of performance management techniques, improve management of federal contracts, and look at public-private partnerships and interagency collaborations as ways of improving service to taxpayers.

But Kelman says more research is needed to show that some of these efforts are more than just a management fad and can make a difference in how agencies and programs perform.

Kettl believes the next president will face pressure to reshape the government so that it can more quickly respond to what he calls "non-routine problems," such as terrorism, natural disasters and health emergencies.

The government's most important problems "refuse to stay within the boundaries of the government agencies established to solve them," Kettl writes.

"New agencies created to tackle the new generation of problems, like the federal Department of Homeland Security, have struggled to find their footing." he argues. "Even more important, they tend to be backward looking, focused on solving the last set of problems rather than scanning the environment for the next set of problems that must be solved."

The Real American Idol (WSJ)

By Daniel Henninger

The Wall Street Journal, March 1, 2007

Daniel Henninger is deputy editor of The Wall Street Journal's editorial page. Mr. Henninger joined Dow Jones in 1971 as a staff writer for the National Observer. He became an editorial-page writer for the Journal in 1977, arts editor in 1978 and editorial features editor in 1980. He was appointed assistant editor of the editorial page in 1983 and chief editorial writer and senior assistant editor in October 1986, with daily responsibility for the "Review & Outlook" columns. In November 1989 he became deputy editor of the editorial page.

Mr. Henninger was a finalist for a Pulitzer Prize in editorial writing in 1987 and 1996, and shared in the Journal's Pulitzer Prize in 2002 for the paper's coverage of the attacks on September 11. He won the Gerald Loeb Award for commentary in 1985. In 1998 he received the Scripps Howard Foundation's Walker Stone Award for editorial writing, for editorials on a range of issues, including the International Monetary Fund, presidential politics and cloning. He won the 1995 American Society of Newspaper Editors' Distinguished Writing Award for editorial writing, and he was a finalist in that award in 1985, 1986 and 1993.

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A native of Cleveland, Mr. Henninger graduated from Georgetown University with a bachelor's degree from the School of Foreign Service.

Mr. Henninger invites comments to henninger@wsj.com1.

The Real American Idol

March 1, 2007; Page A12

Amid the mad jumble that makes the news in our time, the White House on Monday held a ceremony for a Medal of Honor recipient. His name is Bruce Crandall. Mr. Crandall is 74 now, and earned his medal as a major, flying a Huey helicopter in 1965 in the Vietnam War.

The Medal of Honor is conferred only for bravery in combat. It is a military medal, and it is still generally regarded as the highest public tribute this nation can bestow. It is also very rare.

Still, the Medal of Honor does not occupy the place in the nation's cultural life that it once did. This has much to do with the ambivalent place of the military in our angry politics.

The Medal of Honor

In the House debate just ended on a "non-binding" resolution to thwart the sending of more troops to Iraq, its most noted element was the Democratic formulation to "support the troops" but oppose the war. We will hear more of this when the members of the Senate debate their own symbolic resolution.

In last November's congressional election, the Democrats picked several military veterans as candidates to mitigate the notion, a burden since Vietnam, that an endemic hostility toward things military runs through the party's veins. Those Democratic veterans won. Notwithstanding the bitter divide over Iraq, the presence of these veterans in Congress should be a good thing, if one thinks that the oft-publicized "divide" between the professional military and American civilians is not in this country's interest. It surely cannot be in the country's interest if over time more Americans come to regard the life of U.S. soldiers at war and in combat as an abstraction -- as say, mainly Oscar nominees or as newspaper photographs of scenes of utter loss at arms.

Two men have received the Medal of Honor for service in Iraq: Army Sgt. First Class Paul R. Smith, who died defending some 100 fellow soldiers, allowing their withdrawal; and Marine Cpl. Jason L. Dunham, who died after he dove atop a live grenade to protect his squad. (Cpl. Dunham's act was the subject of a 2004 Wall Street Journal story by reporter Michael M. Phillips and later a book, "The Gift of Valor.")

Bruce Crandall's Medal of Honor, at an emotional remove of 42 years, offers a chance to ponder just where the military stands now in the nation's life. The particulars of Lt. Col. Crandall's act of heroism, and what others said of it at the awarding of the medal on Monday, offers we civilians a chance to understand not merely the risks of combat but what animates those who embrace those risks.

Mr. Crandall, then a major, commanded a company with the 229th Assault Helicopter Battalion, carrying soldiers to a landing zone, called X-ray, in the la Drang Valley. An assault from the North Vietnamese army erupted, as described at the White House ceremony Monday. Three soldiers on Maj. Crandall's helicopter were killed. He kept it on the ground while four wounded were taken aboard. Back at base, he asked for a volunteer to return with him to X-ray. Capt. Ed Freeman came forward. Through smoke and bullets, they flew in and out 14 times, spent 14 hours in the air and used three helicopters. They evacuated 70 wounded. The battalion survived.

A Medal of Honor requires eyewitness accounts, and an officer there attested, "Maj. Crandall's actions were without question the most valorous I've observed of any helicopter pilot in Vietnam."

Gen. Peter Schoomaker, the Army chief of staff, spoke at the ceremony of what he called "the warrior ethos." Look at his words and consider whether they still stand today, or whether as a matter of the nation's broader ethos of commonly accepted beliefs, they are under challenge. Gen. Schoomaker said: "The words of the warrior ethos that we have today -- I will always place the mission first; I will never accept defeat; I will never quit; and I will never leave a fallen comrade -- were made real that day in the la Drang Valley."

At issue today is the question: Is that ethos worth it, worth the inevitable sacrifice? And not only in Iraq but in whatever may lie beyond Iraq?

The secretary of the Army, Francis Harvey, went on in this vein: "The courage and fortitude of America's soldiers in combat exemplified by these individuals is, without question, the highest level of human behavior. It demonstrates the basic goodness of mankind as well as the inherent kindness and patriotism of American soldiers."

An American soldier in combat demonstrates "the basic goodness of mankind"? And the highest level of human behavior? This was not thought to be true at the moment Maj. Crandall was flying those choppers in Vietnam. Nor is it now.

To embrace the thoughts of Gen. Schoomaker and of Secretary Harvey is to risk being accused of defending notions of American triumphalism and an overly strong martial spirit thought inappropriate to the realities of a multilateral world. This is a debate worth having. But we are not having it. We are hiding from it.

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In a less doubtful culture, Maj. Crandall's magnificent medal would have been on every front page, if only a photograph. It was on no one's front page Tuesday. The New York Times, the culture's lodestar, had a photograph on its front page of President Bush addressing governors about an insurance plan. Maj. Crandall's Medal of Honor was on page 15, in a round-up, three lines from the bottom. Other big-city dailies also ran it in their news summaries; some -- the Washington Post, USA Today -- ran full accounts inside.

Most school children once knew the names of the nation's heroes in war -- Ethan Allen, John Paul Jones, Stephen Decatur, the Swamp Fox Francis Marion, Ulysses S. Grant, Clara Barton, Billy Mitchell, Alvin York, Lee Ann Hester. Lee Ann who? She's the first woman to win a Silver Star for direct combat with the enemy. Did it in a trench in Iraq. Her story should be in schools, but it won't be.

All nations celebrate personal icons, and ours now tend to be doers of good. That's fine. But if we suppress the martial feats of a Bruce Crandall, we distance ourselves further from our military. And in time, we will change. At some risk.

Smithsonian Spending (WP)

The Washington Post, March 1, 2007

"MR. SMALL is not going to talk about his own compensation," says the spokeswoman for Smithsonian head Lawrence M. Small. Who can blame him, seeing how he doesn't seem to have to answer to anyone for his spending, no matter how extravagant? The Smithsonian board, which is supposed to oversee the wise use of public dollars, instead defends questionable expenditures by Mr. Small and even changes its rules to excuse his conduct after the fact.

A report by the Smithsonian inspector general questioned nearly $90,000 in unauthorized spending by Mr. Small from 2000 to 2005. Included were charges for private planes, the tab for his wife to go to Cambodia, catered meals and gifts. There was no evidence of fraud or abuse and no denying that many expenditures were related to Smithsonian business. Yet, as The Post's James V. Grimaldi reported, many transactions lacked documentation, violated Smithsonian policies and, in the words of the inspector general, "might be considered lavish or extravagant." The 17-member Board of Regents brushed the findings aside; in instances where the spending ran afoul of policy, the board just changed its rules. It's also disturbing that there were efforts to keep the report secret.

Mr. Small is handsomely compensated (this year's package will be $915,698), so it's both inexplicable and offensive that he found it necessary to push the boundaries of what is allowed. Was it really necessary, for instance, to pay $14,509 to rent a jet for a round trip to San Antonio when commercial flights were available? Most striking was the way Mr. Small interpreted terms of a housing allowance, dispensing with filing monthly documentation and using a "hypothetical" calculation to collect $1.15 million over seven years. Never mind that Mr. Small owns his home free and clear.

As distressing as Mr. Small's actions were, the real problem lies with a board that opted to be more lap dog than watchdog. The Smithsonian receives 70 percent of its budget from taxpayers and also relies on tax-exempt donations. It's the board's job to ensure that those resources are not wasted or misused. Sen. Charles E. Grassley (R-Iowa), who has been attacking the practices of tax-exempt organizations, is asking whether the Smithsonian's governance system, established in 1846, is outdated. Mr. Grassley might have a point, given that his concerns were directed to a Smithsonian chancellor who also happens to be chief justice of the U.S. Supreme Court and presumably has other issues occupying his time.

At least the Smithsonian board knows that it has its work cut out for it in restoring public trust. Roger Sant, chairman of the regents' executive committee, put the word out to Smithsonian staff members that the regents take seriously the issues that have been raised and are determining how best to proceed.

OTHER NEWS:

Dow Ends Up 52, Nasdaq Up 8 After Plunge (CHIT/AP)

By Tim Paradis

Chicago Tribune, March 1, 2007

NEW YORK -- Wall Street rebounded fitfully Wednesday from the previous session's 416-point plunge in the Dow industrials as investors took comfort from comments by Federal Reserve Chairman Ben Bernanke but still showed signs of unease about the economy.

Bernanke's remarks to Congress that he still expects moderate economic growth gave some investors confidence to look for bargains. A recovery in some overseas markets following a worldwide selloff Tuesday also lent some support to U.S stocks, but the advance lacked some conviction -- the major indexes fluctuated throughout the day, with the Dow rising as much as 137 points before pulling back and advancing again several times.

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The Dow ended the day up 52.39, or 0.43 percent, at 12,268.63.

The market's broader indicators also managed gains. The Standard & Poor's 500 index climbed 7.78, or 0.56 percent, to 1,406.82, and the Nasdaq composite index rose 8.29, or 0.34 percent, to 2,416.15.

Bernanke allayed some of the fears about a slowdown in the U.S. and Chinese economies that fed Tuesday's drop; remarks earlier in the week from former Fed Chairman Alan Greenspan warning that a U.S. recession could take hold later this year contributed to Tuesday's declines.

Investors parsed a series of economic reports out Wednesday, hoping to glean a sense of where stocks were headed. Bernanke's comments and a gross domestic product reading that mostly met expectations helped bring out some buyers. Nevertheless, investors remained cautious and didn't rush headlong into stocks and discount the possibility of a further shakeout.

"It's typical that you get a bounceback the next day," said Joseph V. Battipaglia, chief investment officer at Ryan Beck & Co. "Now we're essentially flat on the year. Can we go up from here or down? That sorting-out process will continue now."

A recovery in China's Shanghai Composite Index, which had fallen nearly 9 percent Tuesday, also helped boost U.S. stocks, although other Asian markets and European exchanges saw declines of more than 1 percent.

Tuesday's decline, which was the largest point drop in the Dow industrials in more than five years, made February an unwelcome month for the 30-stock index. The Dow had its worst monthly percentage drop since April 2005 and the worst monthly point decline since December of 2002.

For the S&P, February was the worst percentage and point decline since May last year. And for Nasdaq, the month marked the worst percentage and point decline since July.

Bonds fell Wednesday as stocks tried to recoup some losses. The yield on the benchmark 10-year Treasury note rose to 4.57 percent from its low for the year of 4.47 percent late Tuesday.

The dollar was mixed against other major currencies, while gold prices fell.

Light, sweet crude settled up 33 cents to $61.79 per barrel on the New York Mercantile Exchange as investors brushed off concerns about falling demand from China.

The market took some solace from the Commerce Department report that the U.S. economy grew at an annual rate of 2.2 percent in the fourth quarter. The gross domestic product reading was slightly below expectations, but wasn't as weak as some investors had feared. The figure was more than a percentage point below the initial estimate of 3.5 percent made a month ago.

In other economic news, the National Association of Purchasing Management-Chicago index of business conditions in the Midwest showed a weaker-than-expected reading. The February figure fell to 47.9 from 48.8 in January. The report is often viewed as a bellwether for the Institute for Supply Management's index of manufacturing activity for February, which is due Thursday.

Also, a Commerce Department report found new-home sales fell by 16.6 percent in January from the previous month, the largest drop in 13 years.

"People are still more worried than they were two days ago but at the same time they seemed to take a little bit of comfort about today's comments," said Drew Matus, senior economist at Lehman Brothers Holdings Inc. "What we saw was about right," he said, referring to Wednesday's trading.

"It showed that Bernanke has come into his own as a central banker. He passed his first crisis-management exam."

While some observers had warned that stocks had grown overvalued after the strong gains logged in 2006, Tuesday's pullback nonetheless came as a surprise on Wall Street, which had gone 45 months without a decline of more than 2 percent in single session.

In the bumpy trading that occurred Wednesday, particularly as fresh economic data emerged, investors appeared to be still calculating the ramifications of Tuesday's losses, which erased $632 billion in shareholder equity, according to Standard & Poor's.

Amid another heavy volume day Wednesday, the New York Stock Exchange instructed specialists, who match buyers and sellers, to keep their stock posts open longer than normal to catch any trades that might still be filtering through the system. The enormous volume of orders Tuesday led to a bottleneck in the Big Board's trading system.

In corporate news, Merck & Co. regained some ground after the drugmaker issued a first-quarter profit forecast that surpassed estimates of Wall Street analysts and raised its profit target for the year. The company rose 97 cents, or 2.3 percent, to $44.15.

Sprint Nextel Corp. rose 85 cents, or 4.6 percent, to $19.30 after the nation's third largest wireless carrier said fourth-quarter profit rose 33 percent on stronger revenue.

While many sectors saw buyers sniffing for deals, homebuilders saw additional selling, due in large part to the Commerce Department report that new-home sales plunged in January by the largest amount in 13 years.

Toll Brothers Inc. fell 72 cents, or 2.4 percent, to $29.86, while KB Home fell 56 cents to $49.53.

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Advancing issues outpaced decliners by about 2 to 1 on the New York Stock Exchange, where consolidated volume came to a heavy 3.93 billion. Volume was lighter than the enormous 4.56 billion seen Tuesday, however.

The Russell 2000 index of smaller companies rose 0.64, or 0.08 percent, to 793.30.

Overseas, Japan's Nikkei stock average fell 2.85 percent, while Hong Kong's Heng Seng index ended down 2.46 percent. The benchmark Shanghai Composite Index rose 3.94 percent. Britain's FTSE 100 closed down 1.82 percent, Germany's DAX index finished down 1.53 percent, and France's CAC-40 was down 1.29 percent.

Fed Chief Seeks To Reassure Markets (FT)

By Krishna Guha

Financial Times, March 1, 2007

Ben Bernanke moved to calm the markets on Wednesday, one day after reports of bearish comments by his predecessor, Alan Greenspan, helped fuel a global sell-off in equities.

The Federal Reserve chairman told the House Budget committee: "Taking all the new data into account, there is really no material change in our expectations for the US economy since I last reported to Congress a couple of weeks ago in the Humphrey-Hawkins hearings."

At those earlier hearings, Mr Bernanke presented new Fed forecasts showing that policymakers expect the US economy to grow at a rate of 2.5 per cent – 3 per cent this year.

Since then, US durable goods orders and monthly new home sales figures have come in sharply lower than expected and fourth-quarter growth has been revised down.

The Fed chairman's remarks suggest he believes this new information will have little impact on the forward-looking forecasts that form the basis of the Fed's interest rate decisions. Mr Bernanke made no reference to the comments by Mr Greenspan, who told investors in Hong Kong early on Monday morning that it was "possible" the US would end the year in recession.

"There did not seem to be any single trigger of the market correction we saw yesterday," Mr Bernanke said, adding: "I do not think it would be useful for me to try to parse the movement into the components associated with different pieces of news or pieces of information."

It is not the first time that market participants have cited comments by Mr Greenspan to help explain sudden market moves.

However, under Mr Bernanke, the Fed has consistently taken the position that it is not Mr Greenspan's fault if investors pay excessive attention to what he has to say.

In any event, the former Fed chairman's actual remarks were more measured than early market reports suggested, and the timing of their release makes it difficult to attribute a direct causal connection to the sell-off on Tuesday.

Rather than try to explain why the markets fell yesterday, Mr Bernanke focused on the broad economic outlook, painting a reassuring picture. "We expect moderate growth going forward," the Fed chairman said.

Mr Bernanke dismissed the suggestion that the downward revision to fourth-quarter growth estimates challenged the Fed's relatively benign outlook.

He told the House committee that the revision was "actually more consistent with our overall view of the economy than were the original numbers". By this, he probably meant the Fed no longer had to worry quite as much that the economy was in danger of overheating, while it also had to worry less about payback from unduly high inventory accumulation in the last quarter of 2006.

Mr Bernanke also repeated the Fed view that growth was likely to pick up in the second half of this year as the drag from housing and manufacturing fades.

He said: "If the housing sector begins to stabilise and if some of the inventory corrections that are still going on in manufacturing begin to be completed, there is a reasonable possibility that we will see some strengthening of the economy sometime during the middle of the year."

Mr Bernanke played down fears of a spillover from the crisis in the high-risk subprime mortgage market, adding that the mainstream mortgage market "still seems to be healthy and the lending side of that still seems to be healthy".

Bernanke Helps Investors Chill Out (USAT)

By Sue Kirchhoff

USA Today, March 1, 2007

WASHINGTON — Federal Reserve Chairman Ben Bernanke reassured shaky investors Wednesday, saying there didn't seem to be a single "trigger" for the previous day's stock market plunge and reaffirming the central bank's earlier forecast for "moderate" economic growth this year.

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Bernanke told the House Budget Committee the Fed and other regulators are closely monitoring financial markets, which "seem to be working well."

The Dow Jones industrial average, after plunging 416.02 points Tuesday, the largest point decline in more than five years, closed up 52 points Wednesday to 12,269.

"There is really no material change in our expectations for the U.S. economy," Bernanke told lawmakers.

"If the housing sector begins to stabilize and if some of the inventory corrections that are still going on in manufacturing begin to be completed … there's a reasonable possibility that we'll see strengthening of the economy sometime during the middle of the year," he said.

The Fed's semiannual forecast, issued in mid-February, predicts that the economy will grow at a muted 2.5% to 3% rate in 2007, with unemployment near the current, low 4.6% rate. The slower growth — the economy grew 3.3% in 2006 — should reduce inflation.

Economic data in recent days, however, have tended to the weak side. The Commerce Department on Wednesday said the economy grew at a 2.2% annual rate in the fourth quarter, down from an earlier 3.5% estimate. New-home sales and housing starts plunged in January, and orders for long-lasting durable goods had the sharpest fall in three years, reflecting factory weakness.

Bernanke told lawmakers the lower estimates for fourth-quarter growth were in line with the Fed outlook.

Bernanke has called the housing market a big question mark in Fed forecasts. The central bank is closely watching escalating defaults in the subprime mortgage sector. Spreading weakness among subprime lenders, who make higher-priced loans to borrowers with poor credit, was a factor in the market fall.

The central banker said the Fed would soon issue tighter guidelines for mortgage loans, adding that while the subprime sector is a worry, "At this point, we don't see it as being a broad financial concern."

Over the longer term, Bernanke warned lawmakers that a sharp rise in Social Security and Medicare spending threatened growth and living standards. Without action, the economy could be "seriously weakened."

Fed Chief Calms Markets, Saying The Economy Is Sound (MCT)

By Kevin G. Hall

McClatchy Newspapers, March 1, 2007

Federal Reserve Chairman Ben S. Bernanke tried to sooth jittery financial markets on Wednesday, saying the fundamentals of the U.S. economy remain strong and that he expects growth to pick up by midyear rather than sink toward recession.

Testifying before the House Budget Committee the morning after a global stock sell-off, Bernanke downplayed chances of a financial meltdown. He said financial markets “seem to be working well,” and said revised economic growth numbers published Wednesday confirmed consensus expectations among economists.

“My view is, taking all the new data into account, there is really no material change in our expectations for the U.S. economy,” said Bernanke, painting a largely positive economic picture, including an expected rebound in housing.

Bernanke’s testimony gave Wall Street a temporary shot in the arm. The Dow Jones industrial average had gained back nearly 200 points in early morning trading, but by midday slumped anew and was up by only 56 points, or about half of one percent. The trend was similar on the tech-heavy Nasdaq and the S&P 500.

Wall Street was attempting to claw back after Tuesday’s unusual and unexpected drop. The Dow closed down more than 416 points Tuesday, and the Nasdaq and S&P 500 also plunged precipitously.

Bernanke also addressed to two of the major concerns that have contributed to market anxieties _ a rise in defaults on risky sub-prime adjustable-rate mortgages, and a nearly 8 percent drop in the purchase of business equipment by major manufacturers and industries.

“We believe that if the housing sector begins to stabilize, and if some of the inventory corrections that are still going on in manufacturing begin to be completed, that there is a reasonable possibility that we’ll see some strengthening in the economy sometime during the middle of the year,” the chairman said.

That positive view stood in sharp contrast to his predecessor Alan Greenspan, whose Monday comments that a recession could loom late this year or early next year contributed to Tuesday’s global stock-market slide.

There didn’t appear to be “any single trigger” to Tuesday’s global stock sell-off, Bernanke said, pointing to a number of lingering concerns that all contributed to panic selling. Tuesday’s global sell-off began in China, where the Shanghai Composite Index fell nearly 9 percent. Stock exchanges of important emerging markets like Brazil and Mexico were also hammered, as investors everywhere took money off the table following a year of strong gains.

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But fears of a global crash eased Wednesday morning. China's benchmark index, the Shanghai, rebounded by nearly 4 percent, gaining back almost half of Tuesday's losses.

The picture wasn't nearly as bright for the rest of Asia, where economies are very dependent on China for their own economic health, and where worries remain about a potential slowdown in China's booming economy.

Asian stock exchanges slumped again Wednesday. Australia, Japan, Hong Kong and South Korea all closed down, with losses in a range of 2-3 percent. Smaller economies like the Philippines and Malaysia closed down nearly 8 percent and 7 percent, respectively. India, an important emerging economy that's helped drive global growth, saw its exchange close down 4 percent.

During a lengthy question-and-answer session, Bernanke elaborated on the Fed's view of rising foreclosures on homes sold to riskier borrowers.

"We've seen the increasing rates of default, we've seen the financial distress on the part of lenders and this is a concern," he said. "Our assessment though … is that there is not much indication at this point that the sub-prime mortgage issues have spread into the broader mortgage market, which still seems to be healthy and the lending side still seems to be healthy. It's a concern, but at this point we don't see it as a broad financial concern."

The Commerce Department on Wednesday revised economic growth numbers for the fourth quarter of 2006, showing the economy grew by 2.2 percent in that three-month period instead of 3.5 percent, as first reported. Because the revised figure came in around the consensus expectation, it served to calm markets. Bernanke called the revised growth numbers "more consistent of our overall view of the economy than were the original numbers."

The Fed for months has held off on raising interest rates, despite the nagging presence of higher-than-desired inflation, because it believes the economy is slowing enough to eventually bring inflation down without further rate hikes that could further slow the economy. The new GDP number confirmed that trend and eased market concerns that the Fed might hike rates again soon, helping to steady investor nerves. The higher growth numbers first reported for the last quarter of 2006, taken at face value, would have argued for further rate hikes, since strong growth eventually fuels inflation.

Bernanke Not Worried About Market Drop (NYT)

By Edmund L. Andrews

The New York Times, March 1, 2007

WASHINGTON, Feb. 27 — Ben S. Bernanke, the chairman of the Federal Reserve, said on Wednesday that he saw little cause for alarm in either the previous day's stock market plunge or new evidence of slowing economic growth.

Mr. Bernanke's soothing comments helped lift share prices and recapture some of the ground they lost on Tuesday. His remarks contrasted with the more pessimistic tone of his predecessor, Alan Greenspan, who cautioned on Monday that a recession was a possibility.

"We are looking for moderate growth in the U.S. economy going forward," Mr. Bernanke told a Congressional hearing, adding that "there's a reasonable possibility that we'll see some strengthening of the economy" toward the middle of the year.

Though Mr. Greenspan did not go so far as to predict a recession, the mere fact that he mentioned the word was enough to aggravate a global market downswing that began in Shanghai.

Mr. Bernanke expressed little alarm about the plunge, telling lawmakers that "there didn't seem to be any single trigger" for Tuesday's market rout and that markets "seem to be working well, normally."

Nor did Mr. Bernanke betray any worry about a new report by the Commerce Department, which sharply lowered its estimate of growth during the final quarter of 2006 to 2.2 percent from its earlier estimate of 3.5 percent.

The downward revision, which stemmed in part from new changes in estimates of inventory-building activities by businesses, were roughly in line with predictions by Wall Street analysts.

But Mr. Bernanke went further, saying the downward revision had actually bolstered the Federal Reserve's view that the economy was poised for mildly slower growth as well as a slight decline in inflationary pressures.

"My view is that — taking all the new data into account — that there is really no material change in our expectations about the U.S. economy," he said. "I would add parenthetically that the downward revision of the fourth-quarter G.D.P. numbers we got this morning is actually more consistent with our overall view of the economy than were the original numbers."

The Federal Reserve's forecast calls for the economy to expand by 2.5 to 3 percent in 2007, down from about 3 percent last year, and for the unemployment rate to remain below 5 percent — a level that many economists say is roughly equal to full employment.

Fed officials are hoping to achieve a soft landing for the economy, with the underlying pace of inflation slowing to about 2 percent over the next year from about 2.6 percent over the last 12 months.

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Mr. Bernanke's sanguine comments on Wednesday seemed at odds with those of Mr. Greenspan, who spoke by satellite on Monday to a conference in Hong Kong. Though he stepped down as Fed chairman more than a year ago, Mr. Greenspan's remarks can still move markets.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," he said, according to The Associated Press.

But Mr. Greenspan stopped short of predicting a recession, saying that he could not rule out the possibility even though forecasters were not predicting one. His point seemed to be to caution investors against being too complacent, a theme he stressed in the months before he stepped down last year.

Timothy Geithner, president of the Federal Reserve Bank of New York, echoed Mr. Bernanke's calm about the economy. "The U.S. economy has demonstrated and continues to demonstrate remarkable resilience," Mr. Geithner said in a speech at a conference on risk management.

Many economists agree with Mr. Bernanke that the economy is likely to keep expanding, though probably at a pace of less than 3 percent for at least the first half of this year.

In general, the government's sharp downward revision of growth in the final months of last year came as little surprise. Almost half of the revision reflected data showing that companies increased their inventories less than had been assumed. But that can actually spur growth in subsequent quarters, as manufacturers increase production to restock.

More disturbing was a bigger-than-expected drop in spending on capital goods, which declined 3.2 percent rather than the 1.8 percent originally estimated. Lower capital spending could be an indicator of a slowdown in business investment, at a time when Fed officials are counting on business investment to offset the sharp drop in home building.

In a separate report, the Commerce Department reported that sales of new homes fell 16.6 percent in January — the biggest drop since 1994.

Fed officials have expressed cautious optimism that the housing market is beginning to stabilize after a big decline. But the central bank is steering through a delicate transition, with inventories of unsold houses at high levels and rising anxiety about the volume of subprime mortgages granted to people with comparatively low incomes and weak credit ratings.

Mr. Bernanke acknowledged concern about the subprime market, where several lenders have closed and others have been forced to increase reserves for bad loans.

But the Fed chairman said he saw no sign yet that problems with subprime mortgages were leading to problems in the broader economy.

Nariman Behravesh, chief economist for Global Insight in Lexington, Mass., said that Mr. Bernanke appeared to have had a calming effect on investors.

"The measure of Bernanke's effect was that on a day when the economic news was not particularly good, the market was up," Mr. Behravesh said. "His message was that we seem to be on track, don't overreact and don't panic."

Markets 'Working Well,' Says Fed Chief (WP)

By Nell Henderson And David Cho

The Washington Post, March 1, 2007

Federal Reserve Chairman Ben S. Bernanke told Congress yesterday that the markets were "working well" and the outlook for the U.S. economy was upbeat a day after Wall Street suffered its steepest decline in nearly four years.

Bernanke said his view of the economy was unchanged. "We are looking for moderate growth in the economy going forward," he said at a previously scheduled hearing on the budget. His comments helped the Dow Jones industrial average recover 52 of the 416 points it lost on Tuesday.

Two days earlier, Alan Greenspan, the man Bernanke replaced a year ago, had expressed a strikingly different view about the economy. The former Fed chairman said signs were emerging that a recession was possible later this year.

The dueling viewpoints of both men, perhaps the two most influential voices on the markets, reflected the broader uncertainty over where the U.S. economy is heading and left some investors debating which oracle of Wall Street has the greater insight.

Greenspan's remarks were not welcomed by some inside the Fed who viewed them as possibly contributing to the market turmoil.

"It's not right to expect the former Fed chairman to take an oath of silence after he leaves office, but I bet his successors wish he'd stick to writing his memoirs," said Thomas Schlesinger, executive director of the nonprofit Financial Markets Center, which monitors the Fed.

Three economic reports released yesterday added to concerns on Wall Street.

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The U.S. economy expanded at a sluggish annual rate of 2.2 percent in the last three months of 2006, the Commerce Department said, far below its original estimate of 3.5 percent.

The department also said new-home sales fell by 16.6 percent in January from the previous month, the steepest drop in 13 years.

A regional economic report showed a weaker-than-expected reading on business purchases in the Midwest. The data are viewed as a bellwether of manufacturing activity nationwide.

Bernanke, who spent his career in academia before joining the government, has attributed the slowdown primarily to the housing slump and welcomed slower growth as a way to dampen price pressures. The Fed believes inflation is too high and worries it may quicken if the economy grows faster.

Greenspan's perspective draws on his years as a business consultant before joining the Fed in 1987. At a business conference in Hong Kong on Monday, he said he saw signs that the current expansion, which began in 2001, was aging.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," Greenspan said. "For example, in the U.S., profit margins . . . have begun to stabilize, which is an early sign we are in the later stages of a cycle.

"Yes, it is possible we can get a recession in the latter months of 2007," Greenspan said. He added, however, that most analysts were not forecasting a recession.

Greenspan's comments elicited no significant reaction in financial markets when they were reported Monday morning. But his words loomed larger in many traders' minds during Tuesday's stock sell-off and after the latest weak economic data was released yesterday.

Robert Barbera, chief economist of ITG, a financial advisory firm, said it is hard to ignore what Greenspan says.

"Bernanke speaks as a top-elite economist," he said. "But . . . Greenspan is a creature of the markets, and as a fellow creature of the markets, I tend to agree with him."

Alfred E. Goldman, a senior market strategist for A.G. Edwards, said he's learned to trust Bernanke.

"Who is the better forecaster? If you held a vote people would say Greenspan because he was an icon for so long," he said. "But remember he doesn't have access to as much information as Bernanke has now."

Some observers questioned Greenspan's judgment in commenting on a possible recession, knowing well that his views are still closely followed.

"I do think it was somewhat inappropriate," said Kenneth H. Thomas, a finance professor at the Wharton School of the University of Pennsylvania, who has written extensively on the Fed and Greenspan. "Bernanke is still relatively new. Greenspan had 18 years as Fed chairman and is an icon of sort. . . . He still has a tremendous impact on the markets. It makes life harder for Bernanke."

Beyond concerns about a possible recession in the United States, analysts saw other troubling signs in Tuesday's frenzied sell-off. They said they were less worried about stock prices, which seemed ripe for a correction after a breathless run-up, than that the global economy showed signs of vulnerability.

Tuesday's stock-market fall was triggered by a 9 percent sell-off in China. Some economists were alarmed that China's markets, which are prone to rampant speculation and wild swings, could have such an impact on the world stage.

"It is interesting to note that all of this started in China," said Charles M. Jones, a finance professor at Columbia Business School. "If you went back 10 years . . . China was just not on the global economic map. This time when China sneezed, everybody else took notice."

A slowdown in the West could have a severe impact on China's economy since it relies heavily on exports to the United States, other economists said.

"Over the longer term there is a question of how long the United States can run massive foreign-account deficits that are funded by the willingness of the Chinese to produce a lot and not consume as much as they produce," said Richard F. Syron, chairman and chief executive of Freddie Mac.

Others said they are monitoring whether the U.S. housing slump cools consumer spending. Of particular concern is whether the easy availability of "cheap debt," which has fueled record-topping leveraged buyouts on Wall Street and riskier mortgage lending, is coming to an end.

The new-home sales report also fed fears of more market turbulence. Investors have grown jittery in recent weeks as the rate of delinquencies and defaults on high-risk mortgage loans have climbed, raising the prospect that lenders will tighten credit.

But Bernanke said that the central bank sees "no indication" that the turmoil in the market for riskier loans to home buyers with poor credit histories is spreading into other financial markets or affecting the housing market yet.

He said the Fed is "monitoring that situation closely," and added, "I don't see it as a broad financial concern."

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To some analysts, the home-sales report boosted the odds that the housing downturn would be a bigger drag on the economy this year than the Fed expects, possibly raising unemployment and rippling through other industries.

More optimistic analysts noted that the report followed one on Tuesday that showed sales of previously owned homes, which account for 85 percent of the market, rose 3 percent in January, possibly signaling a stabilizing of the housing market.

Bernanke said that if housing does stabilize and manufacturers such as automakers work off their excess inventories, "there's a reasonable possibility that we'll see some strengthening of the economy sometime during the middle of the year."

Bernanke Coaxes Market Rebound (WT)

By Patrice Hill

The Washington Times, March 1, 2007

Stocks rallied moderately yesterday, helped by assurances from Federal Reserve Chairman Ben S. Bernanke that the economy remains solid and could strengthen later this year despite a warning from his predecessor about the possibility of recession.

Mr. Bernanke, calmly and deliberately confronting his first major market test since taking office a year ago, appeared to pass as Wall Street regained composure from the drubbing Tuesday that sent the Dow Jones Industrial Average plummeting 416 points.

The Dow, in posting a 52-point gain yesterday, also shrugged off fresh evidence of weak economic growth and the biggest plunge in new-home sales in 13 years. Major markets in Europe and Asia did not fare as well and posted further losses yesterday.

"We are looking for moderate growth in the U.S. economy going forward," Mr. Bernanke told the House Budget Committee. "There has been no material change in our expectations for the U.S. economy since I last reported to Congress" in an optimistic assessment two weeks ago.

Mr. Bernanke added that the markets continue to function well. While he is "concerned" about a meltdown in the subprime mortgage market, and the Fed is monitoring the situation "very carefully," he said he doesn't see any impact yet on the broader credit markets or the economy. He said he thinks interest rates overall remain low and credit conditions remain liquid for both consumers and investors.

"It's a concern, but at this point we don't see it as being a broad financial concern or a major factor in assessing the course of the economy."

Assuming the subprime credit crunch stays contained and the housing market stabilizes, Mr. Bernanke said he expects growth to rebound from subpar levels by the end of the year. The Commerce Department reported yesterday that growth clocked in at a subdued 2.2 percent pace in the final quarter of 2006 -- far below the 3.5 percent originally estimated -- and most economists expect it to stay that low or fall further in the first half of this year.

Mr. Bernanke said the report of sluggish growth is "consistent with our overall view of the economy," but "there's a reasonable possibility that we'll see some strengthening of the economy sometime during the middle of the year."

By contrast, former Fed chairman Alan Greenspan had contributed to the sell-off in the markets on Tuesday by telling Hong Kong investors that U.S. profits have peaked in a sign that the business cycle is winding down and could end in recession by year-end.

"When you get this far away from a recession, invariably forces build up for the next recession, and indeed we are beginning to see that sign," Mr. Greenspan said in response to a question. "While, yes, it is possible we can get a recession in the latter months of 2007, most forecasters are not making that judgment."

Mr. Bernanke appeared to exonerate Mr. Greenspan by noting "there didn't seem to be any single trigger" of the market rout, which reverberated worldwide after starting in China on Tuesday.

New York Fed President Timothy Geithner also sought to soothe the markets yesterday, noting the "remarkable resilience" of the U.S. economy and the "exceptional liquidity" that continues to fuel growth.

A second Commerce Department report yesterday that new-home sales plunged by 16.6 percent to a 937,000 annual rate -- the lowest in four years -- did not shake the Fed's official posture of confidence that the economy will skirt recession despite a marked slowdown in growth since the summer.

Some economists are not as optimistic and predict that further evidence of a deep downturn in housing and anemic growth in other sectors such as capital spending will force the Fed to reconsider and cut rates later this year.

Bernard Baumohl, managing director of the Economic Outlook Group, an economic advisory firm in Princeton Junction, N.J., agreed with Mr. Bernanke that the economy is fundamentally sound and worries about recession are overblown.

"The chance of a recession this year is no higher than 20 percent," he said. "What triggered the drop in equity prices had little to do with economic fundamentals and more to do with what happens when investors get complacent about financial risk."

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The loose lending practices that led to record defaults on subprime mortgages and the crunch in that market are an example of the misjudgment of risks by investors who provided funding for such loans, he said. Other investors are taking risks by borrowing heavily to invest in stocks -- driving margin debt levels to $285.6 billion in January -- the highest level since the dot-com boom in March 2000.

"It was the classic 'don't worry, be happy' market environment," Mr. Baumohl said. "Clearly, the market was ripe for a correction."

Bernanke Says Markets Working Well, Reiterates Growth Forecasts For Year (WSJ)

By Brian Blackstone And Benton Ives-halperin

The Wall Street Journal, March 1, 2007

WASHINGTON -- U.S. Federal Reserve Chairman Ben Bernanke said Wednesday his outlook for "moderate growth" in the U.S. hasn't changed despite Tuesday's steep decline in global stock markets, calming fears about the sustainability of the U.S. expansion.

"There didn't seem to be any single trigger" for the sharp drop in equity prices Tuesday, Mr. Bernanke said in response to questions from the House Budget Committee, where he testified about the long-term budget outlook. He added that the Fed is closely monitoring U.S. financial markets, and they seem to be "working well."

"My view is that ... there is really no material change in our expectations for the economy" since he last testified before Congress in mid-February, Mr. Bernanke added.

"We are looking for moderate growth in the economy going forward," he said, repeating the Fed's assessment in its semiannual monetary report to Congress released earlier this month. Equity markets climbed following Mr. Bernanke's remarks, recouping some of Tuesday's 416-point drop in the Dow Jones Industrial average.

Earlier Wednesday, the government revised down its estimate of fourth quarter gross domestic product growth to 2.2% from 3.5%. Mr. Bernanke said that downward revision "is more consistent with our view of the economy than the original numbers."

Earlier this week, Mr. Bernanke's predecessor, Alan Greenspan, caused a stir when he told a conference in Hong Kong, "Yes, it is possible we can get a recession in the latter months of 2007." He added, though, that "most forecasters are not making that judgment and indeed are projecting forward into 2008 ... with some slowdown."

Mr. Greenspan's remarks, coupled with a 7.8% slump in durable goods orders and the steep global equity sell-off Tuesday reignited concerns over the U.S. economy and boosted investor odds that Mr. Bernanke and the Fed will cut rates by midyear.

See Federal Reserve Chairman Ben Bernanke's opening speech2 before the House Budget Committee. (16:02)

Yet in contrast to Mr. Greenspan's remarks about the possibility of recession or slowdown in the latter months of the year, Mr. Bernanke said "there is a reasonable chance we will see some strengthening in the economy by the middle of the year," especially if housing and inventories stabilize.

The Fed has kept the federal funds rate unchanged at 5.25% since last summer, a stretch covering five Federal Open Market Committee meetings. Mr. Bernanke said Wednesday that there don't appear to be any liquidity problems in financial markets and real interest rates remain fairly low globally.

Mr. Bernanke also said the Fed is closely monitoring the subprime mortgage market, where delinquencies have risen, and while trends in that sector are a concern, there doesn't appear to be any spillover to broader financial markets.

"We are concerned about the subprime mortgage sector, there has been some bad underwriting. We have attempted to provide some guidance to lenders about proper procedures for underwriting," he said.

However, "our assessment is that there's not much indication that subprime issues have spread into the broader mortgage market," and there's little evidence that overall housing demand has been affected, Mr. Bernanke added.

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Asked whether traditional economic gauges like the Phillips Curve and noninflationary rate of unemployment, or NAIRU -- which suggest a tradeoff between economic growth, joblessness and inflation -- still apply, Mr. Bernanke said "it is true that the critical evidence suggests the link is looser" between unemployment and inflation than in past decades. (See related article5.)

He also said it is difficult to pinpoint what the NAIRU rate is at any given time. The U.S. jobless rate currently sits at 4.6%, which is quite low by historical standards and below many economists' NAIRU estimates. "My own view is that we should take a very eclectic approach" in assessing the economy, Mr. Bernanke said, including whether overall demand appears to be exceeding supply.

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In his prepared remarks, Mr. Bernanke said that while the U.S. budget deficit may "stabilize or moderate further" in the next few years, the long-term picture is worrisome due to steeply climbing entitlement obligations. "Unfortunately, we are experiencing what seems likely to be the calm before the storm," Mr. Bernanke said. "In particular, spending on entitlement programs will begin to climb quickly during the next decade." (Read the prepared testimony6)

Mr. Bernanke's comments mirrored those he made last month to the Senate Budget Committee, when he said that unless "early and meaningful" action is taken on entitlement programs like Social Security and Medicare, "the U.S. economy could be seriously weakened, with future generations bearing much of the cost."

From The Fed Chairman, Red Flags And Brown Socks (WP)

By Dana Milbank

The Washington Post, March 1, 2007

Federal Reserve Chairman Ben Bernanke could not have sounded the alarm any clearer if he had carried a bullhorn and a gong. "This expansion of debt would spark a fiscal crisis. . . . The U.S. economy could be seriously weakened. . . . This is sort of like a snowball rolling down the hill. . . . This can really get out of control."

Before Bernanke began his testimony to the House Budget Committee yesterday, the Dow Jones Industrials stood at 12,200. In the half-hour it took him to issue those dire warnings, the index climbed 150 points.

Investors, of course, weren't reacting to Bernanke's wailing and gnashing of teeth about a looming fiscal crisis; the projected collapse of Medicare and Social Security is still a few years away. After Tuesday's worldwide stock sell-off, the markets -- and the lawmakers -- wanted Bernanke's short-term forecasts for the economy, which were mostly sunny.

Chairman John Spratt (D-S.C.) fretted about the "severe disruption in the stock markets." The ranking Republican, Paul Ryan (Wis.), also wanted to hear about the "precipitous drop."

Bernanke, who said nothing about the stock market in his opening testimony, obliged. "There is really no material change in our expectations for the U.S. economy," he assured the lawmakers. "We are looking for moderate growth in the U.S. economy going forward."

The hearing had been billed as a discussion about "Fiscal Challenges and the Economy in the Long Term." But then came Tuesday's stock swoon -- caused in part by Bernanke's famous predecessor at the Fed, Alan Greenspan, who said on Monday that he saw signs of recession coming late this year. That forced Bernanke into the role of market soother.

"Do you believe or agree that there is a liquidity problem in the world today?" Ryan asked him.

"No, I don't think so," Bernanke answered.

"Some also have been pointing to a concern about subprime lending," Ryan continued.

"We don't see it as being a broad financial concern."

The wires rushed out bulletins:

"Fed Economic View Unfazed by Stocks Drop"

"Wall St Rebounds as Bernanke Calms Nerves"

The requisite calming accomplished, Bernanke relaxed, stretching out his legs under the witness table.

Showmanship is not something that comes naturally to the white-bearded academic. He testified yesterday with a large band-aid on the tip of his index finger, and his suit jacket was bunched up around his neck like a life vest, causing one sleeve to hike up on his forearm. Though his suit was gray and his shoes were black, his socks were brown (President Bush once ridiculed him for wearing tan hosiery).

Bernanke had come not to prop up markets but to scold lawmakers about the need to do head off the coming fiscal crisis. Lawmakers, however, reacted like addicts, either denying their problem or promising to give up the spending habit another day.

"I beg to disagree," said Rep. Marcy Kaptur (D-Ohio). While Bernanke may believe "we've got too many people getting older," Kaptur informed him that "what's happening is that capital investors have figured out how to make egregious profit by outsourcing."

Rep. Lloyd Doggett (D-Tex.), likewise, quarreled with the view that "all we need to be concerned about is that Grandma's Social Security check is too big."

Rep. Rodney Alexander (R-La.) identified the problem: Medicare's electric wheelchairs. "Going back a long way, I think 1965," he said, "I could have bought absolutely the best car on the lot for $4,000. And today we have a system that's spending that much or more for medical devices, motorized wheelchairs or whatever."

Other lawmakers struggled to wrap their arms around the crisis Bernanke was describing. "We're just, kind of, whistling past the graveyard?" asked Rep. Marion Berry (D-Ark).

"Yes, sir," said the chairman.

"And hoping that the tooth fairy comes and bails us out of this deal?"

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"I don't know about the metaphors there, Mr. Congressman," Bernanke replied.

Rep. Jeb Hensarling (R-Tex.) had a different metaphor to run by the chairman. He asked if "we are debating how to mop up six inches of water in the stateroom of the captain of the Titanic when we should be focused upon the gaping hole in the hull of the ship."

"The heart of the problem are the entitlement programs," Bernanke affirmed.

Rep. Darlene Hooley (D-Ore.) had an idea. "If you were in a class of fifthgraders, how would you explain to them the consequences of our national debt and deficit?" she asked.

"I would say that our economy needs machines and new factories and new buildings and so on in order for us to have a strong and growing economy," he answered patiently. "If the government doesn't cover all its expenses, it has to take out the money that would otherwise be used to build those."

Bernanke reflected. "That probably wouldn't work for a fifth-grader," he said. Nor, apparently, for members of Congress.

Calm Returns To Market, But Worries Persist Over Subprime Loans (NYT)

By Jenny Anderson And Vikas Bajaj

The New York Times, March 1, 2007

Calm returned to Wall Street yesterday.

Encouraged by comments from Ben S. Bernanke, the chairman of the Federal Reserve, and a bounce-back in the Chinese markets where Tuesday's global sell-off began, stocks rose modestly in the United States.

The Dow Jones industrial average, which tumbled as much 545 points on Tuesday, closed yesterday up 52.39 points, or 0.4 percent. The Standard & Poor's 500-stock index closed up 0.56 percent, and the Nasdaq, 0.34 percent. Asian and European markets ended the day lower, but the Shanghai market climbed 3.9 percent. Shanghai opened slightly lower today. [C4]

Yet one important concern — that Wall Street's bet on home loans to people with weak, or subprime, credit is souring quickly as defaults rise and home prices weaken — has not gone away.

Wall Street executives and analysts acknowledged that the subprime segment of the mortgage business has faltered because of the performance of loans issued in 2006, but many contend that the problems are well contained and do not yet pose a significant threat to investment banks or the broader global financial system.

Cracks have become more visible lately, however. Insurance premiums on the potential default of Wall Street bonds have risen sharply, indicating possible concern among bond traders about potential exposure.

"It is impossible to get a number" on big investment bank's exposure to subprime loans, said Richard X. Bove, an analyst with Punk Ziegel & Company. "And I don't think they even know."

The cost of insurance against potential bond default on Bear Stearns's debt, for example, increased 40 percent recently, from about 22 basis points in mid-January to more than 31 on Tuesday, according to Lehman Brothers data.

Insurance costs for major firms with exposure to the subprime market, like Lehman Brothers, Morgan Stanley, Goldman Sachs and Merrill Lynch increased similarly. Brad Hintz, an analyst with Sanford Bernstein, said investors are increasingly concerned about Wall Street's exposure to that market.

Investors, while heartened yesterday by Mr. Bernanke's prediction of moderate economic growth, have had a revolving list of concerns: a slowing economy, oil prices and accelerating inflation. But now a major concern is whether the problems of subprime lending will spill over into the broader mortgage market, which at $6.5 trillion at the end of 2006 is the biggest bond market.

During the housing boom, Wall Street developed a series of profitable connections to the subprime market that included providing financing to companies that made loans to homeowners, buying finished mortgages, packaging them into bonds and then trading them. Last year, the subprime business generated $600 billion in loans, about 20 percent of all mortgages written, according to Inside Mortgage Finance. While down slightly from 2005, that is up from $120 billion in 2001.

Wall Street now faces risks on two fronts. First, it stands to earn less from originating, packaging and trading mortgage-backed securities. Second, it will have to absorb more of the losses from loans when borrowers are no longer making payments.

In the past, it could demand that mortgage companies buy back defaulted loans, but such large "put back" requests have driven many lenders out of business, and big investment banks are making many more loans through subsidiaries they own. As a result, the banks retain more of the risk in the form of "residual" interest in the loans they bundle into negotiable securities, a process known as securitization.

"The brokerage firms have done something curious: they are not abandoning subprime mortgage origination; they are taking positions," Mr. Hintz said.

In December, Merrill Lynch completed a $1.3 billion acquisition of First Franklin, which was among the 10 biggest subprime lenders last year, and Morgan Stanley bought Saxon Capital for $706 million.

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Bank executives say they anticipated the problems in subprime and they have been buying lenders because they want to better control lending standards in the industry.

"Saxon was a long-term strategic decision," said Anthony Tufariello, who heads the securitized product group at Morgan Stanley. "And we are happy we made that decision because we bought it as a servicing platform with the expectation that the market would undergo dislocation."

And the deal-making continues. Citigroup said that it would provide working capital and a credit line to ACC Capital Holdings, which owns Ameriquest and Argent Mortgage. Although the terms were not disclosed, it includes an option for Citigroup to acquire Argent, which lends through mortgage brokers.

By some estimates, the potential risks to the big banks are relatively modest. Mr. Hintz, of Sanford Bernstein, calculates that Lehman Brothers had $7.3 billion in residual risks at the end of 2006, $2 billion of it in noninvestment grade mortgages. If the noninvestment grade residuals decline by 20 percent, Lehman's earnings would decline 3.2 percent after taking into account compensation costs and taxes; Bear Stearns's income would fall about 4.1 percent.

A Lehman spokeswoman declined to comment on her company's mortgage business.

Not all analysts are as sanguine.

Guy Moszkowski, an analyst with Merrill Lynch, downgraded Goldman Sachs, Bear Stearns and Lehman based on the erosion of risk appetite among its customers and because he believes the problems of subprime lending are spreading to "Alt-A" mortgages, which fall between subprime and prime and accounted for about 13 percent of loans written last year.

Investment banks entered the subprime market because the loans generated high yields, making them popular among pension funds, insurance companies, hedge funds and foreign investors. On the other side of the food chain, small mortgage companies and brokers stood ready to feed Wall Street with loans. The banks supplied the cash for the loans, and agreed to buy the loans from them.

The business generated multiple lines of income for Wall Street, including underwriting and trading. By 2005, the residential mortgage-backed securities market was generating 15 percent of fixed income revenues, and the subprime sector was bringing in 3 percent to 4 percent of fixed income revenues, Mr. Hintz said.

Lehman, RBS Greenwich Capital Markets, Morgan Stanley and Merrill Lynch were the biggest underwriters of mortgage-backed securities in 2006, with Lehman controlling 10.7 percent of the market and underwriting $51.8 billion worth of mortgage-backed securities, according to Inside Mortgage Finance.

For some analysts, the bigger risk to Wall Street is simply that the spigot has been turned off.

"Does the flow of mortgages to the securitization machine slow?" asked Jeffrey Harte, an analyst with Sandler O'Neill. "That's what I'm most worried about."

Volume is falling. Production of nonagency mortgage securities fell almost 50 percent between January and February, according to preliminary numbers compiled by Inside Mortgage Finance. The data indicate that new subprime and Alt-A loans fell significantly in February.

But Wall Street seems to believe it will come out on top, surviving where smaller players lacked the resources. "The economics of the business are moving in favor of well-capitalized entities who don't have to go outside" for other services, said Gyan Sinha, who heads asset-backed securities research at Bear Stearns.

One gauge of the subprime business is an index that tracks bonds backed by subprime loans, the ABX.HE. The index for loans issued in 2006 has fallen sharply in two months. Its price is used to calculate the cost of insuring the bonds from losses.

On Tuesday, the cost to insure a low-rated, "BBB-" portion of the bonds jumped to nearly $1,983 for $10,000 of bonds, from $1,641 on Monday and $410 at the end of December, according to the Markit and CDS IndexCo. The index, which was little changed yesterday, tracks the performance of 20 mortgage bonds, or pools, and provides a snapshot of complex market.

Each mortgage pool is broken into a number of tranches, which carry different risks and rewards for investors. Portions rated "AAA," for instance, carry the least risk and provide the smallest return; investors in these pools also get paid off first when borrowers repay their loans. The riskiest portions of the debt, or the residuals, are often held by the mortgage companies that issued the loans or the Wall Street firms that underwrote the bond.

The big banks' optimism is based in large part on the structure of these bonds. For one thing, most bonds collect more in interest payments than they are obligated to pay out. They also include a cash reserve, or residual, that can be dipped into if interest payments fall short because of defaulting borrowers.

"You can have a pretty long period of stress before you start to see actual write-downs," said Anthony V. Thompson, who heads research of asset-backed securities at Deutsche Bank Securities.

Much depends on the strength of these bonds' structure, which is determined largely by agencies like Moody's Investors Service, Standard & Poor's and Fitch Ratings.

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Skeptics say that Wall Street's faith in complexity has proved wrong before, most recently in the meltdown of the manufactured housing, or trailer home, market. The business boomed in the early and mid-1990s before collapsing in the late '90s when many buyers of the homes defaulted.

"These credit corrections are not unexpected," Mr. Thomson said. "What's harder to predict is the precise moment when the market decides to reprice the risk."

The Markets: Dow Recovers A Bit, Investors Learn (USAT)

By Matt Krantz

USA Today, March 1, 2007

Stocks recovered a bit Wednesday from Tuesday's bloodbath, giving investors hope that the two-day selling panic that rattled global markets finally calmed by the time it reached U.S. shores.

After a tumultuous day complete with a 167-point swing, the Dow Jones industrial average closed 52 points higher, erasing an eighth of Tuesday's 416-point loss.

The Standard & Poor's 500 and Nasdaq composite indexes also bounced back slightly, posting 0.6% and 0.3% gains, respectively.

Giving investors' the biggest dose of relief was the fact that the Chinese stock market, which triggered the whole mess with its 9% plunge Tuesday, bounced back strongly with a 4% gain Wednesday.

"The market is getting a sense of normalcy," says Amo Sahota, currency strategist at HiFX. "There is a sense of calm developing."

Even so, investors now have a brutal reminder that corrections are severe and can come with little warning. Markets in Europe and Asia outside of China were still reeling from the selling, posting losses of 1% to 3%.

Domestic markets weren't unscathed. The S&P 500's 2.2% fall in February broke the market's streak of eight-straight months of gains.

Despite the recovery, the worst one-day point loss since Sept. 11 delivered several lasting lessons to investors, including:

·Chinese stocks don't predict economic activity. Investors look to U.S. stocks as a gauge of economic activity. But doing the same with Chinese stocks is almost laughable, says Donald Straszheim of Roth Capital Partners. Individuals who buy stocks practically for sport dominate the Chinese stock market.

"Chinese investors are highly unsophisticated," he says. Valuations "are not really important considerations."

Instead, investors should watch movements of commodity prices and money supply in China, says Edmund Harriss, portfolio manager at Guinness Atkinson. So far, none of those measures show the Chinese economy is slowing, he says.

·Emerging markets are risky. Investors had been piling into emerging markets for years, figuring they're the source of the best returns in a bull market, says Russ Koesterich of Barclays Global Investors.

But they forgot that emerging markets are very risky, says Joseph Quinlan of Bank of America. "That was a tip-off something was going to happen," he says.

·Big U.S. stocks have been ignored. It's time to pick up cheap shares of U.S. large-company stocks that international-crazy investors have ignored, says Robert Maltbie of Millennium Asset Management. Chinese stocks have price-earnings ratios of 18, making them expensive given their risk compared with leading U.S. companies with P-Es of 17 or less, Maltbie says. "If you're overallocated on emerging markets, take a little off the table."

Stocks Recover, But Experts Warn Of Volatility Ahead (MCT)

By Kevin G. Hall

McClatchy Newspapers, March 1, 2007

WASHINGTON - The U.S. and Chinese stock exchanges returned to a semblance of normalcy Wednesday, but concerns about both economies linger following the worst global sell-off of stocks in more than five years.

Wall Street's rebound Wednesday was quickly dubbed the Bernanke Rally, after Federal Reserve Chairman Ben Bernanke. His relaxed, almost professorial, testimony before the House Budget Committee calmed jittery markets.

Bernanke told lawmakers that he expects a mid-year return to solid economic growth, despite new data showing that the U.S. economy has entered slow-growth mode. The Commerce Department on Wednesday revised economic growth for the fourth quarter of 2006 to a 2.2 percent annual rate, much slower than the 3.5 percent rate initially estimated last month.

"My view is, taking all the new data into account, there is really no material change in our expectations for the U.S. economy," Bernanke said. He painted a largely positive economic picture, including an expected rebound in housing.

That sparked a morning rally on Wall Street before investors backed off later Wednesday, as the Dow Jones industrial average closed up 52.07 points, or 0.43 percent. The tech-heavy Nasdaq and S&P 500 also finished the day up, but none

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gained significant ground after the markets' worst single day since trading after the 9/11 terrorist attacks resumed on Sept. 17, 2001.

U.S. investor sentiment was aided by a rebound in China's Shanghai Composite Index. On Wednesday it clawed back nearly half of its 8.8 percent drop of a day earlier.

However, one day doesn't a trend make on Wall Street

"Even when the earthquake is over, you see some aftershocks. So I think we can expect some volatility for a while now," said David A. Wyss, chief economist for the rating agency Standard & Poors. "We're coming off of a period of exceptionally low volatility, so you shouldn't be shocked. It had only one way to go."

Bernanke brought a temporary reprieve, telling lawmakers that financial markets "seem to be working well." He added that the fundamentals of the U.S. economy remain strong and that he expected a pickup in growth by midyear.

The Fed chairman acknowledged but didn't fret over a rise in defaults on risky sub-prime adjustable-rate mortgages and January's nearly 8 percent drop in the purchase of business equipment by major manufacturers and industries.

"We believe that if the housing sector begins to stabilize, and if some of the inventory corrections that are still going on in manufacturing begin to be completed, that there is a reasonable possibility that we'll see some strengthening in the economy sometime during the middle of the year," Bernanke said.

That positive view stood in sharp contrast to that of his predecessor, Alan Greenspan, whose Monday comments that a recession could loom late this year or early next contributed to Tuesday's global stock-market slide.

Adding to the uncertainty, the Commerce Department reported Wednesday a 16.6 percent drop in new-home sales for January, compared with December. That was the worst single-month showing in about 13 years. But that sour news was partially offset by a National Association of Realtors report Tuesday showing an unexpectedly strong 3 percent jump in existing home sales for the same month.

Financial experts now say that with hindsight, this week's stock market correction was inevitable.

"What triggered the drop in equity prices had little to do with economic fundamentals and more to do with what happens when investors get complacent about financial risk," independent analyst Bernard Baumohl wrote in a note to investors.

By early February, he said, analysts had begun noting that the Dow hadn't seen a correction of 2 percent or greater since May 2003, the longest such streak in half a century. That made investors nervous. Many were on hair-trigger alerts to pull money out of stocks at the first sign of bad news in order to take profits.

"We'd been expecting a correction in the market. But when it happens it's obviously a surprise," added Wyss of Standard & Poors.

So what did the stock slide signal about the U.S. economy?

"Frankly, not much," insisted Baumohl. "The economy itself is sound and growing, and we still believe the chance of a recession this year is no higher than 20 percent."

But the economy clearly isn't growing as fast as first thought, and that ushers in market volatility.

Financial markets welcomed the fourth-quarter GDP revision as evidence that the slowing economy would likely reduce inflation so the Fed won't have to raise interest rates again to do so.

Bernanke also sought to ease fears of rising foreclosures on homes sold to riskier borrowers.

"We've seen the increasing rates of default, we've seen the financial distress on the part of lenders and this is a concern," he said. "Our assessment though ... is that there is not much indication at this point that the sub-prime mortgage issues have spread into the broader mortgage market, which still seems to be healthy, and the lending side still seems to be healthy. It's a concern, but at this point we don't see it as a broad financial concern."

While U.S. and Chinese exchanges rebounded Wednesday, emerging markets didn't, particularly in Asia. Exchanges in Australia, Japan, Hong Kong and South Korea all closed down Wednesday in a range of 2 percent to 3 percent. Smaller economies such as the Philippines and Malaysia closed down nearly 8 percent and 7 percent, respectively. And India, an important emerging economy that's helped drive global growth, saw its exchange close down 4 percent.

Investors Tiptoe Back To Markets (WSJ)

By E.s. Browning

The Wall Street Journal, March 1, 2007

Investors crept cautiously back into the stock market, but the mild recovery didn't calm the market's jitters or come close to recovering Tuesday's 416-point plunge in the Dow Jones Industrial Average.

Following reassuring remarks by Federal Reserve Chairman Ben Bernanke in testimony to Congress, investors nibbled cautiously. They sought out larger, safer-seeming stocks such as those that populate the 30-stock Dow industrials.

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The Dow finished the day ahead 52.39 points, or 0.43%, at 12268.63, still more than 500 points down from the record 12786.64 hit last week.

Procter & Gamble and Walt Disney both gained more than 3%, and American Express, Merck and Verizon rose more than 2%.

The industrials are down 1.6% since the year began. They fell 2.8% in February -- the first monthly decline in eight months and the Dow's biggest monthly decline in almost two years.

In Asia, where this week's market rout began with a tumble in Shanghai, Japan's Nikkei Stock Average fell nearly 3% yesterday, and in Hong Kong, the Hang Seng slid 2.5%. The Shanghai Composite Index rebounded 3.9%. In Europe, London's FTSE 100 slipped 1.8%, the Frankfurt Xetra DAX fell 1.5% and the CAC-40 in Paris was down 1.3%.

Analysts and traders in the U.S. spent the day debating whether the modest recovery was the first, cautious step in a rebuilding process, or a temporary, technical recovery that presages more declines.

"We expected a little bit of a recovery. The bulls would have liked to see a little bit more," said stock trader Larry Peruzzi at Boston CompanyAsset Management.

It is a truism on Wall Street that stocks never go straight up or straight down. Regardless of whether the market is headed for another record or for more pain, the short-term outlook is likely to feature more up-and-down swings as traders "test" the market's limits.

Some nervous investors are booking profits by selling winners that they think could suffer in the coming weeks. Others, with more confidence, are buying some of those same stocks on the grounds that the economy, corporate profits and interest rates all are just fine, believing that Tuesday's decline was overdone.

Until it becomes clearer which side is in the driver's seat, the swings could be sharp.

Typically, a bull market doesn't end quite as abruptly as this, said Phil Roth, chief technical market analyst at New York brokerage firm Miller Tabak. Mr. Roth himself is in the bearish camp, viewing recent market moves as a "topping" process that will lead to a longer-running decline. But he doesn't see the decline happening just yet.

Before Tuesday's collapse, he notes, just about every major index had been at or near a long-term high. The Dow industrials, transports and utilities all had recently hit records, as had indexes of small stocks and middle-sized stocks. Stocks don't typically just collapse after showing that kind of broad strength. Instead, they bounce up and down. He expects to see them bounce back up before the bull market ends.

"We may not have seen the final high for some of the averages," Mr. Roth said, although "we may have seen the final high for lots of individual stocks."

Several analysts including Mr. Roth pointed out that a 3.3% decline, such as the Dow industrials recorded Tuesday, isn't as rare an event as it might seem. It hadn't happened to the Dow in nearly four years, but since 1926 it has happened 131 times -- an average of more than once a year, according to research by quantitative analyst Marc Reinganum of OppenheimerFunds.

It is perfectly normal for an index like the Dow occasionally to fall 4% over a five-day period, even during a bull market, as it has just done, added Tim Hayes, chief investment strategist at Ned Davis Research, in a report to clients.

"The bottom line is that it would be premature to conclude that a bear market has started," Mr. Hayes wrote.

Mr. Bernanke's comments to Congress yesterday helped soothe investors' jitters. In previously scheduled testimony to the House Budget Committee, the Fed chief said financial markets "seem to be working well." He reiterated his view that the economy could pick up steam later this year, and said he saw no reason for China or Japan to "dump" U.S. Treasury bonds. Stocks, which had been down before he began speaking, rose as he delivered his testimony.

Given that Mr. Bernanke's predecessor, Alan Greenspan, had helped roil markets with a remark early this week about the possibility of a recession, Mr. Bernanke's remarks were seen as reassuring.

At the same time, there were clear signs that the economy is weaker than it appeared just two weeks ago. Government economists revised sharply down their estimate of fourth-quarter economic growth, to 2.2% from 3.5%. A report on manufacturing activity in the Chicago region came in weak, as did the latest home-sales figures. None of that was reassuring.

In addition, oil futures kept climbing, up 33 cents to $61.79 a barrel on the day, and up 6.3% for February.

The prices of Treasury bonds and of gold, both of which had risen sharply on Tuesday as investors fled to their relative safety, pulled back as markets calmed.

The Standard & Poor's 500-stock index rose 0.56%, or 7.78 points, to 1406.82. It was down 2.2% for February, and is off almost 1% for 2007.

Outside the U.S., stocks declined in dollar terms. The Dow Jones World Stock Index, excluding U.S. stocks, fell 2.01%, or 5.04 points, to 246.30.

Stocks advanced1. Total trading volume for stocks listed on the New York Stock Exchange was 3.80 billion shares, as 2,099 stocks rose and 1,245 fell.

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Bond prices declined2. The 10-year Treasury note fell 10/32, or $3.13 for each $1,000 invested, pushing the yield up to 4.552%. The 30-year bond was down 20/32 to yield 4.669%.

The dollar strengthened3. Late in New York, it traded at 118.41 yen, up from 117.98, while the euro fell against the dollar to $1.3234 from $1.3236.

Market's Fall May Augur A Waning Appetite For Risk (WSJ)

By Greg Ip And Mark Whitehouse

The Wall Street Journal, March 1, 2007

This week's plunge in stocks and the prices of risky debt raises the possibility that investors, who had been displaying an unusual appetite for risk, are becoming risk-averse. Such a development could have big consequences for the U.S. and world economies.

In recent years, investors have poured money into risky investments from subprime mortgages and emerging-market debt to Chinese stocks. In the process, they have accepted ever-narrower returns, or "risk premiums." That has helped distressed companies avoid bankruptcy, financed a record leveraged-buyout spree, fueled surging profits on Wall Street, enabled poor countries to finance domestic spending and even made insurance easier for consumers to obtain.

INVESTOR SHIFT?

· The Issue: This week's gyrations in financial markets suggest that investors might be losing their appetite for risk.

· What's at Stake: In recent years, investors' willingness to buy risky stocks, bonds and derivatives has made it easy and cheap for people and companies to borrow money, fueling economic growth.

· The Bottom Line: A sharp pullback from risky investments could have significant knock-on effects for the broader economy.

Recent events, primarily Tuesday's plunge in Chinese stocks and a continuing collapse in the demand for subprime mortgages in the U.S., suggest that could be changing. "If you see a widespread change in investor risk appetites, it does make a big difference for the economy," said Stephen Stanley, chief economist for RBS Greenwich Capital. "It becomes more expensive for businesses and households to get money."

So far, the reversal has been tiny and may prove to be a hiccup. Federal Reserve Chairman Ben Bernanke told Congress yesterday: "There is really no material change in our expectations for the U.S. economy." The Dow finished the day ahead 52.39 points. (See related article on page C1.)

Yet some economists see a turning point. "This is a wake-up call," said John Lonski, chief economist at Moody's Investors Service. "Unfortunately, if there is an increase in risk aversion, it's taking place exactly when business-investment spending has been much lower than anticipated."

One of the first places this is showing up is in the market for subprime mortgage loans, those made to less-creditworthy borrowers. As defaults on such loans have risen sharply, investment banks and other financial firms have sharply reduced the creation of new collateralized debt obligations backed by subprime loans. Such CDOs have become a popular way to pool baskets of loans, then redistribute slices with varying degrees of risk and return to a spectrum of investors.

"It affects everyone up the chain," said Greg Miller, a portfolio manager at hedge fund Saye Capital, which is active in the subprime market. "It's certainly harder to get a loan today than it was a month or two months ago for certain borrowers." Still, he said the lenders' pullback is likely to affect only a small slice of homeowners.

Corporate debt may feel the pain, too. As the gap between corporate bonds, including those with junk-rated status, and those of safe Treasury bills has fallen to near-record lows, global issuance of junk-rated bonds rose to $354 billion last year from $145 billion in 2002, according to Dealogic.

Money also has poured into exotic forms of corporate debt such as credit default swaps and collateralized debt obligations. Among other things, that money helped fuel a surge in U.S. leveraged-buyout deals to $418 billion in 2006, more than triple the level of 2005. The total this year is $84 billion, according to data provider Thomson Financial.

Louise Purtle, a strategist at research firm CreditSights, said waning investor risk appetites will make it more difficult for buyout firms and companies of all kinds to borrow money.

"All of the LBO deals, particularly the big deals, have been highly dependent on the excessive level of risk appetite," she said, in particular this week's proposed private-equity takeover of Texas utility TXU Corp. Less appetite for risk could mean constraints in how much new equipment such companies can buy and how many new employees they can hire.

Another ripple could be felt on companies carrying large debt loads or in distress. Such companies have found it easier to obtain new financing in recent years. More recently, the percentage of companies that renege on their debts has held at extremely low levels, despite predictions that it will rise eventually. According to Standard & Poor's, the corporate-default rate stood at only 1.4% at the end of January, below the 25-year average of 4.5%. 1

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Many companies, though, have managed to avoid trouble largely because investors have been so willing to make fresh loans. "Investors' willingness to take on risk has allowed a lot of companies to stay afloat that would otherwise not have stayed afloat," said RayKennedy, a high-yield-portfolio manager at Pacific Investment Management Co. in Newport Beach, Calif.

Charter Communications Inc., one of the nation's largest cable companies, managed to get billions of dollars in new financing last year despite that it was losing money and was saddled with massive debts. "That has allowed it to buy itself time while it improves its operations," said Mr. Kennedy. "If that were 2002, they never would have been able to get that financing."

In the fall of 2005, money manager ForstmannLeff was plunged into crisis when its controlling shareholder, Refco Inc. Chief Executive Phillip Bennett, was arrested. Investors began to pull money out of the firm. Investment banker Miller Mathis & Co. talked to other money managers about investing in the company, but they weren't interested, and lenders were offering only short-term financing. Instead, Angelo Gordon & Co., a $10 billion alternative-investment manager specializing in distressed debt, decided to make an equity investment, buying control of the company and preserving its 120 jobs.

When a company is in financial straits, "the conventional sources of capital are not as interested in taking the risks," said Sean Mathis, managing director at Miller Mathis. The willingness of alternative investors to make risky investments has helped keep companies out of bankruptcy protection. "This definitely could change with greater risk aversion, and more defaults will lead to greater aversion."

Other beneficiaries of investors' appetite for risk have been emerging-market countries, which raised $319 billion on global bond markets last year, compared with $122 billion in 2002. NWI Management LP, a hedge fund specializing in emerging-market debt, has seen its assets triple since 2002 to about $5 billion. Chief Executive Hari Hariharan said the shrinking risk premiums are "well deserved." Yields on Brazilian three-year local-currency bonds, for instance, have fallen to 12% from 19% in the past few years because the central bank has reduced inflation to 4% from 5%.

Still, Raghuram Rajan, former chief International Monetary Fund economist, said many countries had begun to loosen their budgets thanks to the ease of borrowing from abroad. A rise in investor risk aversion could force a return to austerity. "The question," he said, "is at what pace will it force change?"

Many economists argue the recent decline in risk premiums reflects fundamental changes in the economy. That, they said, should limit the extent of any reversal, limiting the impact on the broad economy. Fluctuations in economic activity have become much less pronounced in the past few decades, one reason corporate defaults have decreased.

There also is the possibility that the decline in risk premiums was self-reinforcing, and so a reversal might be, as well. Before Tuesday, the price volatility of stocks, bonds and even currencies had fallen to unprecedented low levels. The lack of volatility, in turn, drastically reduces sophisticated investors' estimates of how much money they could lose on any given day. As a result, those investors -- largely banks and hedge funds -- often feel comfortable taking on still more risk by using borrowed money.

Markets Recover As Calm Prevails (WP)

By Tomoeh Murakami Tse And Kathleen Day

The Washington Post, March 1, 2007

NEW YORK, Feb. 28 -- Just like the previous day, the opening of the U.S. markets Wednesday was preceded by disappointing economic news.

The markets did not blink, however, as the federal government reported that the economy was growing at a slower rate, and that sales of new homes plunged more than 16 percent in January, the biggest monthly percentage decline in 13 years.

Investors, analysts said, were instead more focused on Federal Reserve Chairman Ben S. Bernanke's congressional testimony and signs of stabilization in global markets, as the benchmark stock indexes in Shanghai and Shenzhen rose about 4 percent after their dramatic 9 percent drop Tuesday.

The Dow Jones industrial average, which fell 3.3 percent Tuesday, regained ground in fits and starts before closing at 12,268.63, up 52.39, or 0.43 percent.

The Nasdaq composite index closed at 2416.15, up 8.29, or 0.34 percent. The Standard & Poor's 500-stock index closed at 1406.82, up 7.78, or 0.56 percent.

The relative calm was palpable on the floor of the New York Stock Exchange, where traders watched the Dow inch up in early trading.

"So far so good," a trader said, flashing a colleague a smile before dashing off.

Others monitored screens that were no longer flashing bright red as the did the day before, and took a wait-and-see approach as prices fluctuated.

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"It seems to be okay. But things can change any minute," said Doreen Mogavero of the brokerage Mogavero, Lee & Co., who placed orders on a transportation stock for a client who wanted 25,000 shares. "When we open like this, I want to wait to see if they come back a little bit."

Outside, a cluster of traders taking cigarette breaks grumbled about the technological difficulties in making trades quickly. They said that for about a 20-minute span Tuesday, from 3:40 to 4 p.m., the orders they had placed for customers were stuck in a queue.

It was unclear Wednesday whether the delays were related to a technological glitch that caused the Dow to plummet 200 points in a matter of minutes shortly before 3 p.m. Tuesday. The drop was caused when the system that calculates the average recorded a backlog of trades after the process was switched to a backup computer.

Down the street, traders at the American Stock Exchange complained of similar problems, and large brokerage firms also said they had trouble executing trades.

Traders said that generally, when they send buy or sell requests via a handheld device, those orders are reflected almost instantly on trading-floor screens. That was not the case Tuesday.

"We were just sitting on our hands," said a trader who requested anonymity because he was not authorized by his firm to speak to the press. "I kept going back to the specialist, asking, 'Did you get it? Did you get it yet?' But nothing was showing up."

Because they could not see whether their orders had registered, some traders sent the same order twice, which meant they ended up buying or selling twice as many shares than they wanted.

Some of that frustration eased Wednesday after stocks got a noticeable bump before 11 a.m., as TV screens flashed images of Bernanke speaking before Congress. The Dow recovered more than 100 points after Bernanke said the U.S. economy remained stable and he addressed the growth of high-risk mortgage loans known as subprime mortgages, one of the biggest concerns in the market. Troubles in that part of the lending industry, he said, were unlikely to spill over to the larger lending industry.

"There is really no material change in our expectations for the U.S. economy since I last reported to Congress a couple weeks ago," Bernanke said.

Although investors seeking shelter in stable investments bid up the price of Treasury bonds Tuesday, those bonds fell Wednesday as stocks recovered some losses. The yield on the benchmark 10-year treasuries, which falls as prices rise, reversed more than half of Tuesday's declines.

The rally in stocks was led by health care, consumer staples and other defensive stocks that tend to fare better during a market downturn.

"I think that's what's putting a floor underneath the market today," said Joseph Quinlan, chief market strategist at Bank of America.

Many analysts said it would take at least several days for the market to settle, and cautioned investors from making hasty decisions.

"There's been some improvement, but I wouldn't expect to have an immediate sense of clarity," said Steven Wieting, an economist with Citigroup.

For now, some money managers said their investment view remained unchanged from the day before the market dropped.

Chad Peterson, spokesman for TIAA-CREF, a financial company that manages more than $400 billion, said that portfolio mangers there were "sticking to existing stock-picking strategies."

M. Steve Yoakum, head of the Public School and Education Employee Retirement System of Missouri, said: "We think it was a technical correction. It won't cause us to change any of our strategies."

Yoakum said he and his staff were in constant contact with the several dozen money managers he parcels out control of the pension fund to, and they agree that "stocks continue to be relatively cheap to bonds" and promise a bigger return long-term.

John Linehan, portfolio manager for the T. Rowe Price Value Fund, said he entered the market late in the day, snapping up $40 million worth of large, blue-chip companies across the board, including some in the health-care, technology and industrial sectors.

"You have a lot of market participants including a few investment professionals who had never lived through something like this," Linehan said. "There were desperate sellers, and we went in and took advantage of that and got some good prices."

Shortly before markets closed Wednesday, Sal Morreale, a trader at Cantor Fitzgerald, said that the technological delays of the previous day seemed to be behind them and that market fears had been quelled, at least temporarily.

"You had a couple of times where you saw some sell pressure," he said. "I thought, 'jeez, now we're really on the tightrope' . . . but it sort of went right back up. It didn't cave. I think today is sort of the day when people take a deep breath."

Day reported from Washington.

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NYSE's Trading Overload Draws Attention Of The SEC (WSJ)

By Aaron Lucchetti And Kara Scannell

The Wall Street Journal, March 1, 2007

The New York Stock Exchange's move into the electronic age happened almost overnight. Now the Securities and Exchange Commission is looking into whether it happened too fast and contributed to this week's trading troubles.

Over the past year or so, the Big Board has shifted much of its trading away from its floor and onto an electronic platform, a move that many investors have embraced because it promises faster execution times in a business where time is money. In November, the NYSE announced it would close one of its five trading rooms, citing the potential to cut costs and because electronic trading requires fewer floor traders.

The SEC is examining whether the NYSE's shrinking of the floor affected the NYSE's ability to handle a surge in trading volume such as occurred during Tuesday's market slide, according to a person familiar with the matter. The regulators are concerned that capacity issues may have exacerbated the Big Board's woes this week.

The NYSE doesn't believe floor consolidation played any role in the trading problems this week, and a spokesman said they have not received an inquiry from the SEC related to floor consolidation and this week's trading woes.

The NYSE's system for delivering trades to its so-called hybrid platform -- a combination of electronic and human-based trading -- overloaded and frantic traders couldn't process thousands of orders.

On Tuesday, the market experienced one of the biggest point drops in five years and record volume, with 4.07 billion shares trading in Big Board-listed stocks. Trading problems grew more serious after an error in the calculation in the Dow Jones Industrial Average caused a sudden point drop, which the NYSE says led to a 50% spike in orders.

"It was a mess," says Steve Swanson, head of Automated Trading Desk LLC, a large brokerage firm based in Mount Pleasant, S.C. "There was a lack of information. No one was telling us what was going on. The hybrid is new, and we're seeing record volumes, and it's not holding up well."

The stakes are high for the Big Board's parent, NYSE Group, which became a publicly traded for-profit company last year. The exchange, formerly a not-for-profit membership club, is counting on its new electronic system to boost trading revenue and profit, all while making trading easier for investors. The SEC is talking to a number of firms and exchanges to determine whether other structural problems contributed to the trading issues.

Tuesday's trading problems attracted attention on Capitol Hill yesterday, where two Republicans on the House Financial Services Committee, Rep. Spencer Bachus of Alabama and Rep. Deborah Pryce of Ohio, asked the chief executives of NYSE Group and Dow Jones & Co. -- publisher of The Wall Street Journal and of Dow Jones Industrial Average and other market indexes -- for a "full explanation of what caused the systems failure." (Read the Bachus-Pryce letter1.)

"We are conducting a detailed review of yesterday's events and do not believe the calculation delay nor the subsequent catch up in the calculation in the Dow Jones Industrial Average exacerbated the market decline, as the market was down sharply during the 70-minute period and rebounded strongly soon after the DJIA was brought current," Dow Jones said in a statement. An NYSE spokesman said it was also reviewing the situation. NYSE officials met with Rep. Bachus's staff yesterday and plan to respond to the letter, he added.

So far, investors are cutting the NYSE some slack. NYSE Group fell 6.2%, or $5.56, Tuesday to close at $84.45 in Big Board trading, but rallied yesterday with the broader market to close at $84.90 a share, up 0.5%, or 45 cents.

The NYSE blames the problem on its Designated Order Turnaround, or DOT, system. DOT is an electronic pipeline that routes certain orders to the exchange. NYSE said the system was working better yesterday, with the company's daily market share in NYSE listed trading rising to about 70%, behind increased usage of floor brokers and NYSE's Arca electronic platform. The exchange adjusted the capacity of its pipeline and is working on further improvements.

The NYSE wasn't the only exchange that experienced problems this week. Nasdaq Stock Market and others had problems keeping up with the flood of orders. Problems elsewhere weren't as severe as those at the Big Board.

Sam Lek, chief executive of Lek Securities, spent much of yesterday fielding calls from frustrated investors trying to sort garbled trades that got caught in Tuesday's market crunch. One investor sold 10,000 shares of a stock at a price that was 90 cents below the best bid available when he placed the order Tuesday, effectively shortchanging the investor $9,000.

On Tuesday, things got worse after the Dow suddenly dropped at about 3 p.m., when the delay in calculating the average was fixed -- and the index reflected the big drop that occurred during the previous hour or so.

"Within a nanosecond, people were flying blind," said Andy Brooks, head of equity trading at T. Rowe Price Group in Baltimore. "We were all asking each other, 'What just happened? Does anybody have any ideas of what could have happened?' " With no communication from the New York Stock Exchange, he says, "we scrambled to figure out what was causing this."

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He says it didn't help matters that the Nasdaq also was having some reporting problems. Trades, he said, were appearing out of sequence, making it harder to make decisions. A Nasdaq official said the market saw some slowness, with delays of seconds in reporting some trades in NYSE-listed stocks.

--Peter A. McKay, Ianthe Jeanne Dugan and Scott Patterson contributed to this article.

Commerce Department Says U.S. Economy Is Weaker Than Expected (NYT)

By Eduardo Porter

The New York Times, March 1, 2007

Analysts have been stumped by the apparent resilience of the American economy, which seemed to be bounding ahead at a 3.5 percent pace in the final quarter of last year even as the housing market fell and the Federal Reserve raised interest rates.

The paradox has been solved: the economy was not bounding. The Commerce Department reported yesterday that economic growth inched ahead by 2.2 percent in the fourth quarter of last year, only slightly faster than the 2 percent growth recorded in the third quarter and substantially below the economy's long-term trend rate of growth

The downward revision, by 1.3 percentage points, in the preliminary estimate of gross domestic product was almost three times the average adjustment since the early 1980s, which is 0.5 percentage point.

Coupled with a 17 percent decline in new-home sales in January and a 7.8 percent drop last month in orders of durable goods like computers and washing machines, the new data indicated the economy was much weaker than it seemed.

"I think we are going to discover that the economy is softer than the Fed thinks," said Robert Barbera, chief economist at ITG Hoenig.

In Congressional testimony, the chairman of the Federal Reserve, Ben S. Bernanke, offered a sanguine view. He said the revised numbers were "more consistent with our view of the economy" than the prior estimates. He said the Fed expected "moderate growth" going forward, which could pick up by midyear if housing managed to break its fall.

But concerns over the prospects of a slowing economy were heightened by the steep declines in equity markets around the globe on Tuesday, which came after a near 9 percent drop in the Shanghai market. Investors were also given the jitters by comments made to a business conference in Hong Kong on Monday by the former Fed chairman, Alan Greenspan. Mr. Greenspan warned that the American economy could be in recession by the end of the year.

Not many economists agree that a recession is in sight. Still, the slowing economy, economists say, should eventually take its toll on jobs. "It virtually guarantees labor market deterioration in the form of a higher unemployment rate," said Jan Hatzius, chief United States economist at Goldman Sachs.

While the statement of the Fed's interest-rate-setting committee in January expressed more concern about inflation than about growth, warning "inflation risks remain," economists say evidence of slower growth is likely to refocus the Fed's attention. "They are going to discover in the next 90 days that they are leaning the wrong way," Mr. Barbera added.

Not all of the economic news was bad. Inflation appeared tamer in the revised G.D.P. report than earlier estimates indicated. The price index for consumer goods excluding food and energy, the inflation gauge most favored by the Fed, rose at an annual rate of only 1.9 percent in the last three months of 2006, less than the 2.1 percent originally reported.

Moreover, about half of the revision to gross domestic product was because of lower inventory accumulation than the government had previously estimated. This means that companies have lower stocks of unsold goods in their warehouses, which would force them to increase production quicker to respond to consumer demand.

Also, the consumer confidence index of the Conference Board reached a five-year high in January.

But there are more signs of economic weakness. Trade, which had been thought to add 1.64 percentage points to growth in the quarter, added only 1.5 percentage points, according to the revised data.

The growth in consumer spending in the fourth quarter of last year was brought down a notch in the revised report, to 4.2 percent from 4.4 percent. And much of this growth was merely because of a fall in prices. In nominal dollars, consumer spending slowed markedly.

Housing, it seems, still has a way to fall. The Commerce Department reported that builders faced a growing glut of unsold homes in January as the pace of new-home sales slowed 16.6 percent — the most in 13 years.

The seasonally adjusted annual sales rate fell to 937,000 last month from 1.1 million in December. Compared with a year earlier, January's rate was down 20.1 percent. Since the housing market hit its peak in the summer of 2005, new-home sales have fallen by nearly a third.

But perhaps the more troubling adjustment in the G.D.P. report was to investment by businesses. Capital investment growth had been one of the sunnier components of economic activity in the second half of last year, picking up some slack from the collapse in residential construction — which declined 19 percent in the final quarter of last year.

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Yet according to the revised figures, nonresidential investment in things like factories and computers declined by 2.4 percent in the fourth quarter, much more than the original estimate of a 0.4 percent decline.

"Corporations have become a little more risk averse," said Nariman Behravesh, chief economist at Global Insight in Lexington, Mass. The economic outlook could deteriorate further if Tuesday's financial turbulence intensifies. Yesterday, American equity markets recovered some of their Tuesday loss. But many markets in Asia and Europe fell for a second consecutive day. And there are weak points in the American financial system — mortgage-backed bonds, for instance.

Yet, barring a financial disaster, many economists say they believe that a recession will be averted. This is contingent on proper action by the Fed. "There is substantial downward pressure on growth," Mr. Hatzius said. "But with little to worry about inflation pressures, there is no reason that monetary policy couldn't provide enough support to stabilize things."

Fourth-quarter GDP Revised Down To 2.2% Annual Rate (USAT)

By Barbara Hagenbaugh

USA Today, March 1, 2007

WASHINGTON — The economy grew at a much slower pace in the fourth quarter than originally thought while inflation eased, the government said Wednesday, in a report that showed the economy was somewhat soft heading into 2007.

Gross Domestic Product, the broadest measure of U.S. economic activity, rose 2.2% at a seasonally adjusted annual rate in the October-December period. That was up slightly from 2% in the third quarter, but down from the initial estimate of a 3.5% gain, the Commerce Department said.

AUDIO: Bernanke sees "moderate growth."

The revision stemmed from new data that showed slower spending on the part of businesses, higher imports and slightly weaker consumer spending.

"Business hesitancy will likely keep growth slow in the first quarter as well," Wachovia financial economist Gina Martin said in a note to clients. But business spending will likely pick up later in the year as firms build inventories, she said.

With the latest revision, GDP rose 3.3% in 2006, up from 3.2% in 2005 but lower than the 3.9% in 2004.

The economy could grow below 2% in the first quarter, warns David Rosenberg, North American economist at Merrill Lynch.

"This would then mark the fourth quarter in a row of below-potential growth, and at this point it is only a matter of time before this begins to show through in the labor market," he told clients Wednesday morning.

There was some good news in the government's report. The Federal Reserve's favorite inflation gauge, based on actual spending excluding volatile food and energy costs, was 1.9% in the fourth quarter. That was down from 2.2% in the third quarter and lower than the initial estimate of 2.1%.

Fed officials, including chairman Ben Bernanke, have said they would like to see inflation below 2%.

"Inflation is receding," Moody's Economy.com economist Augustine Faucher says. "The moderation in energy prices and below-potential growth in the first half of this year should keep inflationary pressures in check."

Although the government said Americans spent a bit less than initially thought, consumers continued to pull the economy in the fourth quarter. Consumer spending, which accounts for 70% of U.S. economic activity, rose 4.2% at the end of 2006, up from a 2.8% gain in the third quarter and the biggest increase since the first quarter.

Housing investment fell.

With spending strong, the U.S. personal saving rate remained in negative territory at the end of 2006. The personal saving rate was -1.2% in the fourth quarter, a bit better than the -1.4% seen in the second and third quarters, according to the Commerce Department.

The department's figure, however, does not include a number of popular saving vehicles, such as 401(k)s and stocks.

Economy Slowed, Not Stalled (CSM)

By Ron Scherer

The Christian Science Monitor, March 1, 2007

NEW YORK

The US economy is entering spring with less wind at its back than it has had for the past four years.

Although the slowdown is still not a big concern of most economists, they warn that an economy that is moving more like a tortoise than a hare is at greater risk of being overrun by some outside event – perhaps one that causes a recession or a period of very slow growth.

But a sustainable slow-growth economy does have a bright side: Inflationary pressure is likely to ease, keeping the Federal Reserve from raising interest rates for borrowers.

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One sign of economic slowdown came Wednesday when the government revised downward – from 3.5 percent to 2.2 percent – its estimate for the fourth-quarter gross domestic product (GDP). The new number marks the largest revision in quarterly GDP in at least 15 years. That news followed a tumultuous Tuesday, when the Dow Jones Industrial Average plunged 416.02 points, one of its most volatile moves in years. As of midday Wednesday, the market seemed to have stabilized.

Most economic forecasters say the market's acrobatic moves aren't the kind of exogenous event that would trigger a downturn in the economy. Wednesday, Federal Reserve Chairman Ben Bernanke, appearing before Congress, said there is "no material change" in the outlook from the last time he testified two weeks ago. The downward revision in the GDP, he added, was consistent with the central bank's outlook for "moderate growth." If the economy can work through its current problems, especially in the housing market, it could strengthen later this year, said Mr. Bernanke.

Wednesday, however, the housing sector received another shot of bad news. Sales of new homes fell 16.6 percent in January over the same time last year, the steepest percentage drop in more than a decade, the US Commerce Department reported. The number of unsold new homes continued to rise, and the median price fell 2.1 percent as developers dropped prices to attract buyers.

Durable goods droop

Housing is not the only sector that's bogged down. Orders of durable goods fell 7.8 percent in January after rising 3.6 percent in December, the Commerce Department reported Tuesday. Durable goods are big-ticket items such as airplanes and construction equipment.

"It's a mystery, in a way. The fundamentals should be positive for capital expenditures. It should be booming," says Dan Meckstroth, chief economist for Manufacturers Alliance/MAPI in Arlington. Va. "Corporate profits are at an all-time high. Companies have so much cash they are buying back their shares because they say they can't find a better use of their money in their own business, and factories are running at a relatively high rate."

The negative economic reports come on the heels of some recession warnings. Former Fed Chairman Alan Greenspan, speaking Monday in Hong Kong, noted that corporate profit margins were starting to shrink – a possible sign of the end of a business cycle. As the business cycle ends, he cautioned, the US economy could be moving closer to a recession, perhaps by year's end.

A recession by year's end or early in 2008 is a scenario that makes sense to Hugh Moore of Guerite Advisors in Greenville, S.C. He has been bearish on the economy and the stock market for some time, saying the determining factor will be the "popping asset bubble" in the real estate market. "It will take away a lot of the impetus for consumer spending," says Mr. Moore.

Only a 'soft spot' in business cycle?

Other Wall Street advisers, however, are more sanguine. Jeff Kleintop, chief investment strategist at PNC Wealth Management in Philadelphia, notes that Mr. Greenspan had also predicted a downturn in 1995. "We had another five years of economic expansion," says Mr. Kleintop.

Kleintop, who has been bullish on the markets and the economy, sees several years of life left to the current business cycle. "We are at the midpoint of the expansion," he asserts. "We are just having a soft spot."

Despite the downturn in housing and durable goods, some other sectors – such as information technology, telecommunications, and nonresidential construction – continue to perform well, says Richard DeKaser, chief economist at National City Corp. in Cleveland.

"Whenever you get this kind of moderate growth, you end up with a mixed bag, with some sectors performing well and others poorly," he says.

One thing on which many economists agree is that Tuesday's stock-market slide came at a time of investor complacency. That complacency was shaken when the Chinese stock markets plunged 9 percent amid rumors that Chinese authorities were planning to crack down on speculation in their markets. Some commentators termed it "the Shanghai surprise." Wednesday, the Chinese markets recouped about half their losses.

However, the selling in China spread quickly on Tuesday to the European markets and then to the United States. The Standard & Poor's 500 index fell 3.47 percent. In an indication of how stable the markets have been recently, it was the first time since May 2003 that the index had fallen by more than 2 percent in one day.

"We can expect in the next week or two [that] the markets will be jittery or unstable, as investors come to terms with what happened," says Bob Brusca of Fact and Opinion Economics in New York. But, he adds, "the Shanghai market is not a bellwether for the rest of the world."

Market volatility can be a good thing, says Axel Merk of Merk Investments in Palo Alto, Calif. "People are just too confident," he says. "With greater volatility they will have to pare down their bets."

Outlook For Growth Hinges On Inventories, Investment (WSJ)

DOJ_NMG_0138648

By Christopher Conkey And Timothy Aeppel

The Wall Street Journal, March 1, 2007

The U.S. economy was considerably weaker than previously thought in the fourth quarter of 2006, and its growth may remain moderate until the manufacturing sector solves its inventory problems and businesses step up their capital spending.

Gross domestic product, or the value of goods and services produced, expanded at an inflation-adjusted annual rate of 2.2% in the fourth quarter, the Commerce Department said, well short of its initial estimate of 3.5%. It was the third consecutive quarter the economy has expanded at less than its optimal noninflationary rate of around 3%. The performance capped the slowest three-quarter stretch of economic growth in nearly four years.

Behind the unusually large downward revision to fourth-quarter growth was an overhang of unsold goods, which caused many manufacturers to slash their production, trimming inventory faster than the government had expected. The inventory problem has been particularly acute for the home-building and auto industries. Reduced home and auto construction shaved a combined 2.4 percentage points from GDP growth in the fourth quarter, the Commerce Department said.

But the GDP report also showed why the economy has been resilient despite the manufacturing crunch. Consumer spending and government outlays surged during the quarter, and rising exports also contributed to growth. Meanwhile, inflationary pressures receded somewhat late last year.

Testifying on Capitol Hill yesterday, Federal Reserve Chairman Ben Bernanke said the "downward revision to the fourth-quarter GDP number was more consistent with our overall view of the economy than" the prior estimate. Mr. Bernanke said recent events, such as Tuesday's stock-market selloff and weaker readings on durable-goods orders and home building in January, haven't altered his view that the economy is poised for a modest expansion this year. "We are looking for moderate growth in the U.S. economy going forward," he said.

In the near term, the outlook for economic growth hinges partly on the ailing manufacturing sector, which is struggling under the impact of inventory reductions, the slumping housing market and the strength of equipment buying by businesses, which has been sluggish lately. Most economists still expect the manufacturing sector to show growth for the year, but there are concerns that the slump at the nation's factories could be deeper and more prolonged than expected, and that it might even be a warning sign of recession.

"Manufacturing stopped growing in September and has been on a moderate downtrend since then," said Daniel Meckstroth, an economist at the Manufacturers Alliance/MAPI, a public policy and research group in Arlington, Va.

David Hensley, an economist at J.P. Morgan Chase & Co., says manufacturing production will register a small increase in the current quarter, but not by much. The bigger questions, he says, are why businesses seem so hesitant to invest in capital equipment -- and will that hesitancy extend to cutbacks in hiring? If it does, the factory sector could exert a stronger-than-expected drag on the economy.

Parker Hannifin Corp., which makes motion and control equipment used in everything from aircraft to amusement-park rides, illustrates why capital spending growth is decelerating at many companies. The Cleveland company's performance is often viewed as an indicator of the broader industrial economy.

In the past, Parker Hannifin typically spent 4.5% to 5.5% of sales on new plants and machinery. Like many companies, however, it has slashed spending through efficiency moves, such as buying smaller, more flexible machines and eliminating inventories, which has freed up factory space. The company now spends about 2% to 2.5% of sales on capital expenditures and doesn't anticipate returning to the higher levels of the past, says Chief Executive Donald Washkewicz.

Business Caution Slows US Growth (FT)

By Eoin Callan In Washington

Financial Times, March 1, 2007

The US economy expanded at a much slower rate than expected last quarter as business caution grew and fresh weakness emerged in the housing market.

The economy grew at a rate of 2.2 per cent compared with an initial estimate of 3.5 per cent. Government figures released yesterday showed prices cooled as core inflation slowed from an estimate of 2.1 per cent to 1.9 per cent.

Ben Bernanke, Federal Reserve chairman, said the lower growth figures were in line with expectations as he reiterated a benign outlook.

The central bank is forecasting moderate economic expansion and stabilising prices this year. The risk to that forecast from a slowdown in the housing sector was underlined yesterday by a 17 per cent drop in sales of new homes last month.

Drew Matus, an economist at Lehman Brothers, said: "The figures suggest the eco-nomy is playing out largely as the Fed expected, with a little bit of worrisome weakness in the housing market."

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The fall in home sales was the biggest in 13 years and left the backlog of new homes standing empty at an elevated level of 537,000.

Stephen Stanley, chief economist at RBS Greenwich Capital, said: "Builders will probably have to continue to work off bloated stocks of finished homes for most of 2007."

The median price of a new home fell 2.1 per cent in January to $239,800 (£122,130) from $244,900 a year earlier.

Shares in construction companies fell but US stocks largely regained their poise after panic selling earlier in the week.

Sharp Falls In Sales Of New US Homes (FT)

By Eoin Callan

Financial Times, March 1, 2007

Americans bought far fewer new homes last month, according to government data released on Wednesday that showed sales fell at the fastest rate in 13 years.

Sales of newly built homes fell 17 per cent as the backlog of houses standing empty remained stubbornly high, figures from the Commerce Department showed.

The drop was greater than even the most pessimistic Wall Street economists predicted and sent shares in housebuilders tumbling. Home Depot shares also slipped as the DIY store said it expected anaemic sales and lower profits this year.

The slowdown prolongs uncertainty over the duration and depth of the construction sector slump and underlines the risk to economic growth from the weak housing market.

House prices also eased as the median cost of a new home fell 2.1 per cent from a year ago to $239,800. The pace of sales fell to 937,000 from a rate of 1.1m the previous month, while inventories of unsold homes stood at 537,000. The biggest drop was in the west, where sales fell 37 per cent to an annual rate of 166,000.

Stephen Stanley, chief economist at RBS Greenwich Capital, said: “Builders will probably have to continue to work off bloated stocks of finished homes for most of 2007.”

The Federal Reserve views the overhang of unsold homes as cause for concern but remains cautiously optimistic the sector is stabilising and will not derail the economy. The central bank on Wednesday continued to forecast moderate economic expansion this year after fresh figures showed the economy grew at a much slower rate than previously thought last quarter.

Drew Matus, an economist at Lehman Brothers, said: “The figures suggest the eco-nomy is playing out largely as the Fed expected, with a little bit of worrisome weakness in the housing market.”

The economy grew at a rate of 2.2 per cent in the fourth quarter against an estimate of 3.5 per cent. Government figures released on Wednesday also showed prices cooled as core inflation slowed to 1.9 per cent from an estimate of 2.1 per cent.

Peter Kretzmer, an analyst at Bank of America, said Wednesday’s data pointed to growth “well below” trend this quarter.

Drag From Housing Could Persist (WSJ)

By Christopher Conkey And Mary Ellen Lloyd

The Wall Street Journal, March 1, 2007

WASHINGTON -- New-home sales plummeted in January, an indication that turbulence in the housing market will continue weighing on the nation's economic growth and housing-related businesses in the months ahead.

Sales of new homes plunged 16.6% to an annual pace of 937,000 units, the Commerce Department said. That rate was 20% below a year earlier, and the median sales price of $239,800 was down 2.1%.

Monthly readings are volatile and prone to weather-related distortions, but the January decline adds to the uncertainty as to whether demand for housing is stabilizing. Home builders have been lowering prices or beefing up incentives in an effort to jump-start sales, but cancellation rates remain high. That has forced many builders to slash production, which has limited economic growth and damped earnings for building-material and home-furnishing suppliers. Home Depot Inc. warned yesterday1 that 2007 earnings will drop a sharper-than-expected 4% to 9% as it spends $2.2 billion on renovating its retail operations and grapples with a challenging business environment. The outlook is more cautious than that of smaller rival Lowe's Cos., which last week projected same-store sales would be flat to up 2% in 2007.

Lowe's forecast was based on the view that sales of new and existing homes will flatten as 2007 wears on. "I hope they're right about the market," Home Depot Chief Executive Frank Blake said. "I tend to the more cautious side on that."

Longer term, the Atlanta home-improvement chain said its per-share earnings should increase 10% or more annually as the investments in its core business boost productivity. That view assumes the housing and residential construction markets improve late in the second half of 2007 or early 2008.

"While the current home-improvement market remains challenging, the long-term fundamentals of our company are strong, and we believe we can improve our performance and grow at, or faster than, the market beyond 2007," Mr. Blake said.

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Economists say the threat of further deterioration in the housing market is the biggest risk to economic growth this year. A recent rise in default rates for subprime mortgages has raised the prospect of a broader credit crunch, and the biggest fear is consumers will curtail their spending if the housing slump becomes prolonged. (See related article on auto sales.2)

On the other hand, a housing market at or near its bottom would pave the way for a resumption of home building this year. In January, though, the slower sales pace raised the inventory. The inventory of unsold new homes on the market rose to the equivalent of a 6.8-month supply, up from a 5.7-month supply in December.

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The Prosperity Boom (WSJ)

By Lawrence Kudlow

The Wall Street Journal, March 1, 2007

The U.S. stock markets were looking for a correction for some time now and on Tuesday they found it: a 3.5% sell-off across the board. The plunge follows a 20% run-up that began last summer, and some analysts believe it was overdue. Indeed, 3% corrections are normal and healthy. Legendary financier J.P. Morgan knew this a hundred years ago when he told a congressional panel that prices fluctuate. But the trigger for Tuesday's drop undoubtedly came from China.

The Chinese have sent a Shanghai flu across the globe. There is talk in China's government circles of slowing its boom and the "speculative" stock rise that has taken place over the past 18 months. Higher reserve requirements for banks, tighter interest rates, stricter implementation of a capital-gains land tax, and perhaps some form of capital controls are all in the rumor mill. This sounds like root-canal advice from the U.S. Treasury and the IMF, which somehow are dissatisfied with 10% growth and 2% inflation in China. France, Germany, Japan or Latin America should have it so bad.

At home in the U.S., there are still housing-slump worries and concerns about an inventory correction in autos and factories. Former Federal Reserve Chairman Alan Greenspan this week even predicted a recession, naming the budget deficit as the cause. Huh? The deficit is evaporating as record tax revenues are being generated by a solid economy, itself a function of the low marginal tax rates put in place by President Bush.

Current Fed Chairman Ben Bernanke is looking for a soft economic landing, and I agree.

A quick tour of the data: Consumer incomes keep rising amidst low unemployment and record job creation. Ditto for business profits -- the mother's milk of the economy and rising stocks. Exports are strong. An inventory correction, which helped knock fourth-quarter GDP down to 2.2% from 3.5%, will pass. As yet there is no evidence that a sub-prime mortgage lending problem is spreading. There is no economy-wide credit crunch. And bond rates are a low 4.5%, adding more value to stocks. The prosperity boom is alive and well.

In fact, using a modest 8% growth estimate for 2007 earnings, and capitalizing that profits forecast with a 4.5% bond yield, shares appear to be anywhere from 15% to 25% undervalued today. Put another way, the 6.7% forward earnings yield of the S&P 500 compares very favorably to a 4.5% Treasury bond or a 5.7% A-rated corporate bond.

The high-tech, productivity-driven U.S. economy is more durable and flexible than its liberal-left critics will ever admit. It is a private-sector free-enterprise economy, not a government-planned one. Innovation is strong and entrepreneurial spirits are high. The four prosperity killers, a paradigm coined by Arthur Laffer many years ago, all look dormant: inflation, taxes and regulatory burdens are low, while free trade keeps expanding.

One of the most underrated aspects of this bull-market economy is the sharp drop in marginal tax rates on capital formation. After the levies on capital gains and dividends were reduced to a scant 15% in 2003, the supply of easy capital surged, holding down real interest rates and expanding internally generated liquidity. This, plus record profits, has been the major source of the new-liquidity generation that has fueled stock markets at home and abroad.

This is good noninflationary liquidity. It is not bad liquidity, such as occurred in the 1970s when the Federal Reserve and other central banks gunned the printing presses and created the excess money expansion that drove inflation and interest rates sky-high.

Although gold prices are a concern today, the bigger bond market is sending a noninflationary signal. Future inflation spreads are predicting price-level increases of only 2%. The Fed is targeting inflation even more than unemployment. The core consumer deflator increased only 1.9% at an annual rate in last year's fourth quarter, while year-on-year inflation is a low 2.2%. We must keep an eye on gold -- which has a long history as an inflation barometer -- but right now the bond message seems closer to the truth. Additionally, consumer survey expectations of future inflation have come down markedly.

As for stocks, we're back to the stalwart supply-side adage: tax something less, get more of it. The low tax cost of capital has helped create a boom in private-equity buyouts and share buybacks, which pay out to investors in cash, thus adding to abundant liquidity that recycles into higher prices for a shrinking supply of stocks.

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All that said, there are threats to growth. For starters there is the union attack on business, where "card checks" would substitute for secret ballots. Jack Welch, the former CEO of General Electric, thinks the unions are aiming at Silicon Valley -- America's most innovative high-tech area -- in a misbegotten attempt to turn the clock back to the 1960s and 1970s when competitiveness and entrepreneurship were at a low ebb. Tax threats associated with fixing the alternative minimum tax also are problematic. But the president has pledged to use his veto pen to prevent higher tax rates and will, according to the vice president, veto any card-check legislation (a.k.a. the misnamed Employee Free Choice Act).

Overall, Washington politics have taken a decidedly anti-growth turn ever since the new Democratic Congress went into session. Carbon caps and protectionist trade threats are the new battle cries. But the leftward moves of the Democrats on both the war and the economy may doom them in 2008. Neither statism nor galloping McGovernism is a prescription for taking the White House, especially with investor-class stockowners casting two out of every three votes in recent elections.

This is why I continue to believe that the prosperity boom is not over, either in the U.S. or around the globe. The spread of free-market capitalism, and its record wealth creation for both the rich and the unrich, is unstoppable. Liberal seers have been predicting the downfall of U.S. stocks and the economy several times a year since the Bush boom began back in 2003. Yet at comparable points in the business cycle, wages and wealth have outperformed during the current expansion.

My advice to investors is to remain optimistic and stay in stocks for the long term, since economic freedom is the tried and true path to growth and prosperity. Isaiah Berlin wrote many years ago that hedgehogs always win the long-term race against foxes. Message to the investor class: Hold that thought.

Mr. Kudlow is host of CNBC's "Kudlow & Company."

EDITORIAL: After The Sell-Off (NYT)

The New York Times, March 1, 2007

In a way, the stock market's rebound yesterday was as troubling as Tuesday's rout.

Ben Bernanke, the chairman of the Federal Reserve, managed to calm the market, saying that one could reasonably hope for a stronger economy by midyear if housing stabilized soon, and if manufacturing strengthened. But those are big ifs.

The torrent of bad news on housing is only worsening, with a report yesterday that new home sales for January had their steepest slide in 13 years. And as David Leonhardt pointed out in yesterday's Times, manufacturing has already slipped into a recession, with activity contracting in two of the last three months. How is it then that investors took Mr. Bernanke's words as a "buy" signal?

The short answer is that investors have a proclivity to hear what they want to hear. On Tuesday, warning bells were simply too loud to ignore, including the steep sell-off in stocks in Shanghai, downbeat reports on the United States economy and an attempt in Afghanistan on the life of Vice President Dick Cheney. Yesterday, investors needed only the slightest prod to revert to "hear no evil" form.

The more complete answer is also more troubling. In recent years, as housing and stock markets surged, even highly speculative investors have been encouraged to an unusual degree by their bankers and regulators, who are supposed to restrain investors' more maniacal bents, but instead have done little to quell or question excessive risk-taking.

Just last week, Treasury Secretary Henry Paulson Jr. and top financial regulators said the government need not — and should not — provide greater oversight for the $1.4 trillion hedge fund industry, or, by extension, the trillions of dollars more in complex derivative transactions spawned by the industry. That stance is mostly free-market ideology run amok. But it is also based on the unproven assumption that unregulated investing, which dispersed risk and reduced volatility as markets surged, will continue to do so when markets tank.

The upshot is a one-sided bet for investors. They have explicit assurances from regulators and policy makers that almost anything goes when the markets are hot, and implicit assurances — based on past experience — that the Fed would lower interest rates to contain a financial crisis should one erupt. Unfortunately, there is no guarantee that easing up on rates would have the same powerful effect in a future crisis as it had in the past.

The next crisis appears to be building around weakness in the United States, not in Russia or Asia or South America. That means money could flow out of the country if markets were rattled. That would weaken the dollar and require speedy and complex remedial action by the world's central banks — not just a rate cut by the Fed. Tuesday's stock market decline could turn out to have been a garden-variety correction. But major market participants would be wise to rethink their assumptions.

A Shanghai Education (WSJ)

The Wall Street Journal, March 1, 2007

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One benefit of Tuesday's rout in equities is that it is causing everyone to learn more about the Chinese financial system. To wit, despite all the talk of "contagion" emanating from China, that country's domestic stock markets don't have all that much to do with the rest of the world financial system. Welcome to the reality of a closed capital account.

Consider Tuesday's 8.8% Shanghai slide, which is said by many to have triggered the global stomp out of equities. Perhaps the fall spooked some investors in New York who are easily spooked, or were worried about other things too.

But the truth is that the causes of the Shanghai plunge were mainly local. Mainland investors woke up Saturday to headlines warning that Beijing would soon set up a task force to investigate illegal stock brokerage practices and bank loans to punters. Then on Monday morning, the Shanghai exchange crossed the psychologically important 3000 marker for the first time. So China's punters took profits, and when the market fell far enough, they bought back the cheap stocks. On Wednesday, the Shanghai bourse bounced back 3.9% even as other Asian markets kept falling.

A little perspective helps. Prior to last year, China's investors mostly stayed away from shares, preferring to stash their money in banks. Poor corporate governance, untransparent financial statements and rampant speculation made the market more of a roulette wheel than a proper exchange. And with no pension savings to speak of, why risk your hard-earned savings?

However, in 2005 Beijing started selling down its state-owned shareholdings. Part of that game included giving goodies such as cash and free shares to diluted investors. Around the same time, Beijing put the screws on property speculation, concerned about rapidly upward spiraling prices. This made a powerful case for playing the stock market, all the more so because mainland investors aren't allowed to invest abroad.

The lesson here is that the performance of the Shanghai index bears little correlation to China's underlying economic growth. HSBC even finds a negative correlation. China's economic engine has motored along officially at around 9% growth each year over the past few years, and unofficially at rates several percentage points higher than that. Yet Shanghai's A share market -- shares of Chinese companies only available to mainland investors -- sank 15% in 2004 and 8% in 2005. Only last year did it start to soar. So it doesn't make sense for world markets to fall merely because Shanghai has a bad day.

The far larger threat of "contagion" from China is from U.S. protectionism or lobbying for Beijing to revalue its currency. Either one of those could send the real Chinese economy -- not just the Shanghai stock casino -- into slower growth or deflation or both. And that surely would echo around the world, given the growing integration of the real Chinese economy with America's. What isn't integrated yet is the Chinese financial system.

China's markets won't act this way forever if Beijing manages to clean up the way mainland companies do business. Efforts to impose standardized accounting rules and crack down on corruption help. But the best way to develop China's stock markets is to impose market discipline -- and especially to let average Chinese put their $4 trillion of savings where they may. Then a Chinese stock selloff really would mean something to the world.

Can Landrieu Find Her Voters? (RC)

By Nicole Duran

Roll Call, March 1, 2007

Hurricane Katrina may have decimated New Orleans, the political base of Sen. Mary Landrieu (D-La.), but she and her advisers think they have a winning strategy for her 2008 re-election bid — even if the Big Easy never fully regains its population.

Republicans look at Landrieu's narrow victories, the state's displaced, mostly Democratic voters, and the relatively high popularity of President Bush compared with his standing in the rest of the country, and they see a chance to flip yet another Southern Democratic Senate seat in a presidential election year.

No Republican has declared his or her candidacy yet, but several top-tier recruits are considering the race.

Metropolitan New Orleans had roughly 1.4 million residents before Katrina hit in late August 2005. More than 900,000 people have returned to the area but the city of New Orleans, which once boasted close to 500,000 inhabitants, remains only about half of its pre-Katrina size.

Landrieu recently released a poll she commissioned in January showing that she had a 64 percent job approval rating statewide. The survey also asked the more than 1,000 Louisiana residents polled if they thought Landrieu deserved re-election and pitted her against several Republicans who are considering challenging her. But a Landrieu spokesman declined to release those results.

Still, some Democratic operatives believe that Landrieu is in good shape as she begins her bid for a third term.

"Mary's actually doing the right thing now," said one knowledgeable Democratic strategist who did not want to be named. "She's voting center-right, pushing for hurricane relief funds" and reaching out to other parts of the state beyond New Orleans.

Landrieu's efforts to prove her commitment to the rest of the state are evident in her news releases.

Last week she announced that Louisiana will get $22.5 million in grants from the Housing and Urban Development Department. The release highlighted several projects, including one for a women's center in northwest Louisiana.

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Undoubtedly Landrieu's biggest coup to date — her involvement in opening a huge swath of the Gulf of Mexico to oil and gas production — should earn her plaudits across the state.

"Just bringing money to the state will have a ripple effect," the Democratic strategist said. "The state will benefit overall; there will be more employment."

The deal signed by Bush last year splits 37.5 percent of the new revenues among Texas, Mississippi, Alabama and Louisiana.

Ray Strother, a longtime Democratic consultant and Louisiana native whose firm has worked for Landrieu before, said the daughter of former New Orleans Mayor Moon Landrieu made in-roads with voters outside of the Big Easy even before hurricanes Katrina and Rita hit the state.

"Since she's been in the Senate almost 12 years, her base is growing," Strother said. In Shreveport in northwestern Louisiana, for example, "she's won their affection," he said.

Still, even loyal Democrats such as Strother concede that any legitimate Republican, including Rep. Richard Baker, who is contemplating running, will give her a tough race.

"She's a Southern Democrat — of course it's going to be close," Strother said.

Landrieu won a second term in 2002 with just 52 percent of the vote against a relatively unknown Republican opponent — and that was in a nonpresidential year. Outside of Orleans Parish, Suzanne Haik Terrell (R) earned 53 percent of the vote to Landrieu's 47 percent.

But the statistics are not as dire for Landrieu as they may seem, Landrieu spokesman Adam Sharp said.

New Orleans was emptied after Katrina and residents were bused to Houston, Atlanta and beyond. But a sizable number — some estimates say it was as much as 85,000 people — simply relocated within the state.

Former New Orleans residents already are flexing their political muscle in their new communities, Sharp said. For instance, Shreveport elected its first black mayor, a Democrat, last year.

And registered voters still living outside the state's borders will be allowed to vote absentee in this year's gubernatorial election as well as next year's federal elections. Some 43,000 Louisianans already informed state election officials that they are registered to vote in the Pelican State even though they are living elsewhere.

The New Orleans mayoral race last year, which featured Landrieu's brother, Lt. Gov. Mitch Landrieu (D), saw the candidates buying air time in Houston and Atlanta and holding "town hall" meetings beyond Louisiana's borders.

Sharp predicted that trend will continue.

"I think you're going to see a lot of that again in the gubernatorial race," he said. "We're watching that race closely to see what the new dynamic is going to be for statewide campaigns."

Only 20,000 displaced New Orleans residents voted absentee in the mayoral race, though no one knows how many returned to vote in person.

Sharp said Landrieu's campaign, once it's up and running, will devise a system for locating and targeting those eligible out-of-state voters. TV commercials airing in neighboring states, direct mail sent to households without Louisiana ZIP codes, e-mail newsletters and fundraising pleas sent far and wide likely will be an integral part of the 2008 Senate race.

"It's unprecedented," Sharp said.

Questions About The Draft May Cloud Giuliani's 2008 Hopes (WEX)

By Bill Sammon

Washington (DC) Examiner, March 1, 2007

WASHINGTON - If this presidential campaign is anything like the last, John McCain's Vietnam service will inevitably be contrasted with GOP rival Rudy Giuliani's avoidance of a war that he opposed.

"Any suggestion that he was dodging the draft is totally, factually inaccurate," said a senior Giuliani campaign adviser who spoke on the condition of anonymity because of the sensitivity of the topic. "He opposed the war on tactical and strategic grounds."

But as far back as 1993, when he successfully ran for mayor of New York, Giuliani has been dogged by accusations that he pulled strings to avoid the draft. By contrast, McCain has long been feted as a bona fide war hero for his harrowing stint in a Vietnamese prison.

Anyone who dismisses the significance of Vietnam as a potential issue in the 2008 campaign is forgetting how surprisingly potent it proved in 2004, when there was enormous interest in the military records of both President Bush and Sen. John Kerry of Massachusetts. Four years later, with the nation still at war, Americans likely are to again scrutinize the military records of those who seek the job of commander in chief.

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Giuliani, who once said of the Vietnam war, "I disagreed with it," obtained an occupational deferment in 1969, when he was a law clerk. Although critics say such deferments were rare, the Giuliani campaign disagrees.

"He wanted an occupational deferment, which was very common at the time, because he wanted to be a lawyer," the Giuliani adviser said.

When Giuliani's deferment expired in 1970, he drew draft number 308, which was never called. His campaign suggests this proves he was not a draft dodger.

"This is an important point: After his deferment, his name was entered into the lottery — at least once — and he had a high number," the adviser said.

Still, Giuliani has always been politically sensitive to the issue. During his 1993 mayoral campaign, he commissioned a "vulnerability study" that listed "draft dodger" as one of the epithets that might be hurled against him.

In blunt language, the consultants who prepared the study articulated how adversaries might frame the issue.

"Giuliani received special treatment from a friendly federal judge to avoid military service during the Vietnam war, when thousands of less fortunate people were dying," they wrote. "Then, as a member of the Justice Department, he hypocritically prosecuted draft dodgers."

Mark Salter, McCain's chief of staff, said he had "no idea" whether Giuliani's deferment would become a presidential campaign issue.

"Who knows?" he told The Examiner. "One assumes just about everything these days gets examined."

He added: "I don't think McCain would want it to be an issue. I know that sort of suggests a false modesty, but I really don't."

The "false modesty" remark was an allusion to the Arizona senator's extensive military background. The son and grandson of admirals, McCain graduated from the Naval Academy and served 22 years in the Navy, including five and a half as a prisoner of war in Hanoi.

Thus, if Vietnam becomes an issue in the 2008 campaign, McCain might find himself in the role that Kerry had hoped to play in 2004 — unassailable war hero. That status eluded Kerry when his combat record was challenged by Swift Boat Veterans for the Truth, who also denounced the Democrat for accusing fellow Vietnam veterans of war crimes.

Giuliani, on the other hand — who had a 2-to-1 advantage over McCain in an ABC poll of Republicans this week — could find his record subjected to the sort of intense scrutiny that Bush experienced in 2004. Some of that scrutiny came from Kerry himself, who questioned whether Bush had fulfilled his stateside duties in the National Guard.

CBS News raised similar questions in a "60 Minutes" broadcast that backfired because the network used documents that could not be authenticated. The ensuing scandal, known as "Memogate," ended up inoculating Bush against further attacks on his military record.

Swift Boats co-founder John O'Neill said the only reason Vietnam became a major issue in 2004 was that Kerry kept bringing it up.

"I do think Kerry was a special case," O'Neill said. "Whatever Rudy Giuliani or the rest of these people did or didn't do in terms of the Vietnam War, I don't think that's a legitimate issue in the presidential campaign of 2008."

During an interview with The Examiner last fall, when he was mounting a second bid for the White House, Kerry said of the Swift Boat Veterans: "I'm prepared to kick their ass from one end of America to the other." But the senator from Massachusetts later dropped out of the race.

Kerry spokeswoman Amy Brundage said this week that "2008 should be a choice between candidates' visions on ending the war in Iraq." She added: "That conversation must not be stolen by partisan front groups [that use] lying, despicable attack ads to smear the records of those who have served in uniform."

During the Vietnam War, Romney divided his time between college and overseas work for the Mormon church.

"A younger Mitt Romney became eligible for the draft in 1970, but his number was not called in the military draft," Romney spokesman Kevin Madden said. "During that time, he did spend several years as a missionary for his church in France."

Illinois Sen. Barack Obama was only 14 when the Vietnam War ended. New York Sen. Hillary Rodham Clinton, as a woman, was not subject to the draft that would complicate her future husband's White House bid.

John Edwards, who is also running for president, didn't get many questions about his military record when he was Kerry's running mate in 2004, thanks to all the focus being on Kerry and Bush.

"I did not serve in the military," Edwards said in an April 2004 interview with Katie Couric, who then asked if he had a high lottery number.

"I did, and I came after the time that they were actually drafting from the lottery," he said. "And because [of] the time I came along and graduated from high school and then went to college, I was not drafted."

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Giuliani-Appointed Judges Tend To Lean To The Left (POL)

By Ben Smith

The Politico, March 1, 2007

When Rudy Giuliani faces Republicans concerned about his support of gay rights and legal abortion, he reassures them that he is a conservative on the decisions that matter most.

"I would want judges who are strict constructionists because I am," he told South Carolina Republicans last month. "Those are the kinds of justices I would appoint -- Scalia, Alito and Roberts."

But most of Giuliani's judicial appointments during his eight years as mayor of New York were hardly in the model of Chief Justice John Roberts or Samuel Alito -- much less aggressive conservatives in the mold of Antonin Scalia.

A Politico review of the 75 judges Giuliani appointed to three of New York state's lower courts found that Democrats outnumbered Republicans by more than 8 to 1. One of his appointments was an officer of the International Association of Lesbian and Gay Judges. Another ruled that the state law banning liquor sales on Sundays was unconstitutional because it was insufficiently secular.

A third, an abortion-rights supporter, later made it to the federal bench in part because New York Sen. Charles E. Schumer, a liberal Democrat, said he liked her ideology.

Cumulatively, Giuilani's record was enough to win applause from people like Kelli Conlin, the head of NARAL Pro-Choice New York, the state's leading abortion-rights group. "They were decent, moderate people," she said.

"I don't think he was looking for someone who was particularly conservative," added Barry Kamins, a Democrat who chaired the panel of the Bar Association of the City of New York, which reviewed Giuliani's appointments. "He picked a variety from both sides of the spectrum. They were qualified, even-tempered, academically strong."

That is the kind of praise that will amount to damnation (not necessarily faint) among some of the people Giuliani will be trying to impress in Washington on Friday, when he addresses the Conservative Political Action Conference. The group is filled with social conservatives, for whom the effort to recast the ideological orientation of the federal judiciary has been a generation-long project. Giuliani already faced a high threshold of skepticism from many of these activists because of his comparatively liberal record on such hot-button issues as abortion rights, tolerance of gays and gun control.

Giuliani's judicial appointments continue to win good reviews in New York legal circles for being what conservatives sometimes say they want: competent lawyers selected with no regard to "litmus tests" on hot-button social issues. Many of these people were in the mode of Giuliani himself: tough-on-crime former prosecutors with reformist streaks and muted ideologies.

"He took it very seriously -- he spent a lot of time with these candidates," recalled Paul Curran, a Republican and former U.S. attorney who chaired Giuliani's Commission on Judicial Nominations. "He was looking for judges who were willing to enforce the laws."

The mayor of New York appoints judges to three of the state's lowest courts, the Criminal Court and Family Court, which deal with lower-grade crimes than the state's Supreme Court, the main trial court and the Civil Court, which deals in relatively small financial disputes.

When Giuliani took office in 1994, he inherited a system of judicial appointments created by one of his predecessors, Ed Koch, and designed to insulate the courts from political influence. Under the system, the mayor appoints members of an independent panel. Aspiring judges apply to the panel, which recommends three candidates for each vacancy. The mayor chooses among the three.

Giuliani, a former U.S. attorney, and top aides who remain close to him, Dennison Young and Michael Hess, reviewed the applications.

Giuliani cast himself in New York not as a conservative (he had actually run on the Liberal Party line) but as a reformer. Though at least 50 of his 75 appointees were registered Democrats (only six were registered Republicans), Giuliani also won praise for, some say, appointing fewer judges with ties to local Democratic politics than his predecessors.

"It was not people coming out of the clubhouses, which is what I'd seen earlier," said Charles Moerdler, a member of the Commission on Judicial Nominations who had served other mayors in the same capacity. "I did not support Rudy (the first time he ran) because he was too conservative for me, so I was very alert to that, but I didn't see any litmus tests on his part," he said.

Giuliani's judges serve across New York's courts, where they're more likely to encounter misdemeanant celebrities -- Boy George and Naomi Campbell have appeared recently in front of his appointees -- than they are to tangle with the Establishment Clause. Some, like a Family Court judge who ruled that an unmarried couple couldn't adopt, would please national conservatives. But many of their occasional forays into jurisprudence would likely make Scalia wince.

Charles Posner, a Brooklyn judge appointed by Giuliani, made the kind of decision that keeps conservatives up nights when he was asked to levy a fine against a shopkeeper, Abdulsam Yafee, who had illegally sold beer at 3:30 a.m. on a Sunday.

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In an unusual, lengthy 2004 ruling, Posner found that "there is no secular reason why beer cannot be sold on Sunday morning as opposed to any other morning."

Noting that Sunday is only the Christian Sabbath, Posner continued, "Other than this entanglement with religion, there is no rational basis for mandating Sunday as a day of rest as opposed to any other day."

Giuliani was out of office at the time of the decision and, in any case, had no say over his appointees' rulings. His spokeswoman, Maria Comella, declined to comment on the difference between the judges he appointed and those he promises to appoint.

Another Giuliani appointee reached a socially conservative verdict by a means that might not please strict constructionists. Judge Michael Sonberg denied a motion by two Bronx strip-club owners to dismiss prostitution charges against them that were based on dancers' offering "lap dances" to an undercover officer.

Sonberg ruled that the changing "cultural and sexual practices" of the previous two decades permitted him to alter the definition of prostitution.

"Statutory construction cannot remain static while entrepreneurial creativity brings forth heretofore unimagined sexual 'diversions,' " he wrote in a ruling that would have pleased social conservatives while, perhaps, alarming strict constructionists and strippers alike.

More troubling to some of the social conservatives Giuliani is courting, however, would have been Sonberg's other affiliation: When he was appointed in 1995, he was already an officer of the International Association of Lesbian and Gay Judges, a professional group. After his appointment, he became the group's president.

Laboring in the state's lower courts, few of Giuliani's other appointees show signs of ideological leanings. Two, however, were appointed to federal district courts -- one of them, Richard Berman, by President Bill Clinton. The other, Dora Irizarry, was a Bush nominee considered so liberal that Schumer pushed her nomination through.

Irizarry, appointed by Giuliani to the Bronx Criminal Court in 1996, had disclosed that she considers herself "pro-choice" during her 2002 campaign for New York state attorney general. Her appointment to the federal bench was almost derailed when the American Bar Association ruled her "not qualified" on the grounds that as a state judge, she had been "gratuitously rude and abrasive" and "flew off the handle in a rage."

But to Schumer, who led the fight against Bush's appellate judges, Irizarry was a Republican he could live with.

"Temperament is not at the top of my list," Schumer explained at the time, when asked why he supported the former Giuliani appointee. "Ideology is key."

McCain To Formally Announce Bid In April (AP)

By Marcus Franklin And Liz Sidoti

AP, March 1, 2007

Republican Sen. John McCain will officially enter the presidential race — his second run after a bitter loss to George W. Bush in 2000 — with a formal announcement in early April after a trip to Iraq.

The Arizona senator discussed the timing of the long-expected announcement with reporters at an awards reception Wednesday evening a few hours after taping an appearance on CBS' "Late Show With David Letterman."

McCain told Letterman: "The last time we were on this program, I'm sure you remember everything very clearly that we say, but you asked me if I would come back on this show if I was going to announce. ... I am announcing that I will be a candidate for president of the United States."

McCain said he would make a formal announcement in early April. He later told reporters that he would visit Iraq first and that his campaign would be about "whether I have the vision, experience and knowledge to lead the nation."

Former New York Gov. George Pataki introduced McCain to reporters before the Irish-American 10th Annual Awards reception Wednesday night. Asked about polls showing him trailing former New York Mayor Rudy Giuliani, McCain said: "We keep doing the best we can. We're very happy with the way things are going."

There had been no doubt that McCain would eventually become a full-fledged White House candidate, and he had been expected to make his candidacy official in the spring.

The 2006 midterm campaign had just ended when McCain took the first formal step toward a presidential run in November. He formed an exploratory committee and gave a speech casting himself as a "common-sense conservative" in the vein of Ronald Reagan who could lead the party back to dominance after a dreadful election season by returning to the GOP's core principles.

A political celebrity, McCain is considered a top contender for the nomination.

However, he faces strong challenges from Giuliani, who has widened his lead over McCain in popularity polls in recent weeks, and former Massachusetts Gov. Mitt Romney, who is little-known nationally but is drawing notice for his deft fundraising.

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The other two have spent the past two months mostly campaigning while McCain largely has been tied to Capitol Hill in his role as the highest-ranking Republican on the Senate Armed Services Committee, which is focused largely on the unpopular Iraq war.

McCain, a former Navy pilot who was a prisoner of war in Vietnam, has emerged as the Senate's go-to guy on Iraq. He has become President Bush's most outspoken supporter of sending 21,500 additional U.S. troops to Iraq, a position that could endear him to GOP primary voters but anger much of the rest of the electorate.

A four-term senator, McCain unsuccessfully ran for president in 2000 against Bush and has been laying the groundwork for a second run for more than a year.

Since losing that race, McCain has alternately challenged and embraced the president, building an independent reputation as one who isn't afraid to speak his mind. At the same time, he's sought to mend fences with conservatives he alienated in his first presidential run.

Should he win this nomination and then the presidency, McCain, 70, would be the oldest president ever sworn into office for a first term. Only Reagan, who was 73 at the start of his second term, was older.

Asked by Letterman if he would consider being a vice presidential candidate, McCain repeated an answer he gave in 2004 when he was mentioned as a possible running mate: "You know, I spent all those years in a North Vietnamese prison camp, kept in the dark, fed scraps — why the heck would I want to do that all over again?"

Politicians often turn to late-night talk shows, watched by millions and popular with younger viewers, to try to display a sense of humor and otherwise broaden their appeal.

In 2003 actor Arnold Schwarzenegger used NBC's "Tonight Show With Jay Leno" as the forum to announce he would run for governor in California's recall election.

John Edwards, then a little-known Democratic senator from North Carolina, previewed his 2004 presidential bid on Comedy Central's "The Daily Show With Jon Stewart" the night before his official announcement. Texas businessman Ross Perot launched his 1992 campaign for president on CNN's "Larry King Live."

McCain To Formally Announce Bid In April (CHIT)

By MARCUS FRANKLIN And LIZ SIDOTI

Chicago Tribune, March 1, 2007

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In discussing the war in Iraq with Letterman, McCain repeated his assertion that U.S. troops must remain in Iraq rather than withdrawing early even though the war has been mismanaged.

"Americans are very frustrated, and they have every right to be," McCain said. "We've wasted a lot of our most precious treasure, which is American lives."

In February, Democratic presidential candidate Barack Obama described the lives of troops in Iraq as having been "wasted" but then apologized a day later for making what he called "a slip of the tongue" that he said was not meant to diminish their sacrifice.

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In Newly Usual Way, McCain Says He'll Run (NYT)

By Adam Nagourney

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Senator John McCain of Arizona took the platform of a late-night talk show Wednesday and said he would formally announce his campaign for the presidency in early April. His remarks erased entirely whatever doubt could have existed about his ambitions for the Republican nomination.

"The last time we were on this program — I'm sure you remember everything very clearly that we say — but you asked me if I would come back on this show if I was going to announce," Mr. McCain told David Letterman. "I am announcing that I will be a candidate for president of the United States."

"Oh," Mr. Letterman replied with what seemed at least a glimmer of surprise.

Mr. McCain is known as something of a free spirit, and his aides suggested that his remarks to Mr. Letterman were, if formal-sounding, extemporaneous rather than a result of careful planning by his campaign. Nonetheless, aides said, his appearance clearly fit into the campaign's effort to stir as much excitement and interest as possible in his plans — a point Mr. McCain himself made as he and Mr. Letterman bantered on.

"By the way, I'll be making a formal announcement in April," Mr. McCain said. By way of explanation, he added: "This is the announcement preceding the formal announcement. You know you drag this out as long as you can. You don't just have one rendition. You've got to do it over and over."

Acting a bit downcast, Mr. Letterman responded, "How do you think that makes me feel?"

The exchange was the latest example of how the customs of presidential campaigns are changing. Not all that long ago, an announcement was a defining moment in the evolution of candidates, in which they truly opened their campaigns. For 2008, on the other hand, candidates have been not only announcing but also preannouncing on Web sites and various television shows and in random interviews.

In truth, Mr. McCain has been running for the White House for nearly two years and, ever since forming a presidential exploratory committee in November, has repeatedly told interviewers that there are no circumstances he can foresee in which he would not run.

He has assembled a full campaign staff, and his organization has been churning out nearly daily pronouncements of the latest political figure to endorse him. In Iowa two weeks ago, he talked at three events about what he would do as president. And he is going to the West Coast this weekend to raise money.

Mr. McCain's aides said Wednesday that they would not disclose any details about the announcement tour until later, no doubt in anticipation of drawing yet another round of publicity. "Details on the formal announcement will be forthcoming," said Brian Jones, campaign spokesman.

McCain Says He'll Seek Presidency, Plans To Make It Official In April (WP)

By Dan Balz

DOJ_NMG_0138659

The Washington Post, March 1, 2007

Sen. John McCain of Arizona declared last night that he will join the 2008 race for the White House and will formally announce his candidacy in April.

McCain used an appearance on CBS's "Late Show With David Letterman" to say what has been clear for many months, erasing whatever doubts may have existed that he intends to battle for the Republican nomination, which eluded him in 2000.

"I am announcing that I will be a candidate for president of the United States," the former Navy pilot and Vietnam War prisoner told Letterman.

McCain's decision to use the program to declare his intentions followed a pattern increasingly common in this presidential contest, as candidates have used multi-step announcement schedules to garner maximum attention for their bids.

In this case, however, McCain, 70, may have additional motives for using the late-night comedian's show, as he tries to rekindle some of the spontaneity and unpredictability from his first campaign. He cast himself as an insurgent politician in 2000, but this time, weighed down by a supportive position on the Iraq war that is out of step with the public even as he methodically woos the GOP establishment, he has struggled to project the buoyant personality of his first effort.

McCain lost a bitter contest for the Republican nomination to George W. Bush in 2000. But he emerged as the early leader in the race for the 2008 GOP nod, in part because of his support for the president's leadership on the Iraq war but also because he has spent months courting Bush loyalists and the Republican establishment that had spurned him.

In recent months, however, his star has been eclipsed somewhat by that of former New York mayor Rudolph W. Giuliani, who now leads McCain in many national and some state polls testing the Republican field. A Washington Post-ABC News poll released Tuesday showed Giuliani leading McCain 44 percent to 21 percent. A month ago, Giuliani's advantage was much narrower, at 34 percent to 27 percent for McCain.

McCain advisers said the decision to declare that he will join the Republican race was not a direct result of concern that Giuliani has gained ground in the past two months but rather part of a long-planned strategy to make his intentions known around this time.

McCain is one of the leading congressional advocates for Bush's troop increase in Iraq, a position that has tied his presidential aspirations to progress in the conflict there. McCain has been highly critical of the administration's management of the war, describing what has taken place over the past few years as a "train wreck" and calling Donald H. Rumsfeld "one of the worst secretaries of defense in history."

In addition to McCain and Giuliani, former Massachusetts governor Mitt Romney is seen as a potentially strong candidate for the GOP nomination. The McCain and Romney camps have been circling each other for months, attempting to corral activists and major fundraisers both nationally and in states with early contests next year.

Other Republicans already in the race or contemplating running include former Arkansas governor Mike Huckabee, Sen. Sam Brownback of Kansas, Rep. Duncan Hunter of California, former Wisconsin governor Tommy G. Thompson, former Virginia governor James Gilmore and Rep. Tom Tancredo of Colorado.

Former House speaker Newt Gingrich (Ga.) may also join the race, although he appears likely to wait until at least late summer before deciding.

McCain was one of the first Republicans to establish a presidential exploratory committee, filing papers with the Federal Election Commission weeks after the GOP drubbing in the midterm elections last November. At that time, McCain also filed a statement of candidacy, in essence a declaration of his intentions to run.

He recently made his first trip to Iowa as a prospective candidate and made clear that he would run hard for the Republican nomination.

The 2000 race was hard-fought and highly negative. Bush entered as the dominant front-runner, while McCain, who had often parted company with the GOP, was seen as a dark horse.

McCain chose to skip the Iowa caucuses that year and concentrate on New Hampshire, where independents play a more significant role in the process. His maverick style and "Straight Talk Express" theme caught fire and he soundly defeated Bush in the nation's first primary.

That set up what turned into a nasty clash in South Carolina, where McCain was the subject of scurrilous attacks. His advisers blamed the Bush camp for the attacks, but Bush advisers said they were not responsible. Bush won the primary and McCain and his team emerged angry and bitter.

McCain would later find himself in conflict with religious conservatives after he delivered a speech sharply critical of the influence of Rev. Jerry Falwell and the Rev. Pat Robertson, among others, describing them as "agents of intolerance."

Those kinds of remarks have soured some conservatives on McCain as a potential party standard-bearer. Some doubt his commitment to social issues, despite a long record opposing abortion rights, and others believe he has not been a strong

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advocate for supply-side tax cuts, which have been at the heart of GOP economic philosophy since the administration of President Ronald Reagan.

Some Republicans who opposed McCain in the past have warmed to the prospect of his candidacy, in part because they see him as a potentially strong candidate. But those moves to court conservatives have cost some support among independent voters, and the issue of the war has further complicated McCain's ability to project himself as a nominee who could attract Democrats and left-leaning independents.

Ridge To Serve On McCain's '08 Bid Board (AP)

AP, March 1, 2007

Former Homeland Security Secretary Tom Ridge will serve as national co-chair of Republican John McCain's presidential exploratory committee, the campaign said Wednesday.

Ridge, a former two-term Pennsylvania governor, served as first head of the nation's newly created Department of Homeland Security from 2003 to 2005. He praised McCain's leadership in a statement announcing his support for the Arizona senator's bid for the White House:

"What sets John apart is his ability to form coalitions around a common, principled cause. Our country is at a crossroads and John McCain is the leader who fundamentally knows what it takes to move us forward and keep us safe," Ridge said.

McCain, who said Wednesday that he will formally enter the race for the 2008 GOP nomination in April, said that Ridge's "expertise as an innovative governor and national leader ... is invaluable and I'm grateful for his support."

McCain, once seen as the Republican front-runner, has been leading the GOP presidential field in endorsements, but increasingly lags behind former New York City Mayor Rudy Giuliani in polls of Republican voters.

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WASHINGTON (AP) — New York Gov. Eliot Spitzer broke bread with Sen. Hillary Rodham Clinton on Wednesday, but unlike other Democrats at the breakfast table, he's not ready to give her a morsel of an endorsement.

On a trip to the nation's capital, Spitzer met with the state delegation — including Clinton, his party's early front-runner in the 2008 presidential race — but when asked later about who he's supporting for president, he kept a professional distance.

"At this point it's premature to be even thinking about questions like that," Spitzer said in an interview with the Associated Press.

"I'm focused on the state and the budget," he said, adding that in his meetings with Clinton, "presidential politics didn't come up, because we have jobs to do."

The state's congressional delegation, including Sen. Charles Schumer, overwhelmingly lined up behind Clinton, even before she declared her candidacy.

And on the same day the Democratic governor said it was too early to think about it, his lieutenant governor, David Paterson, told Albany radio station WROW that his candidate was "Hillary Clinton. No question."

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LOS ANGELES (AP) — Former Massachusetts Gov. Mitt Romney wants to sign up supporters who can raise as much as $250,000 for his presidential campaign at a Los Angeles fundraiser in March.

The event, at the home of developer Rick Caruso on March 27, is being co-hosted by California venture capitalist Brad Freeman, a major fundraiser for President Bush, and money manager Robert A. Day.

An invitation for the "Los Angeles Kick Off" notes that the maximum individual donation for an election is $2,300, but supporters can be named co-chair and "national founder" by agreeing to raise $250,000 for the event.

A "national statesman" agrees to raise $100,000, and a "national patriot" raises $50,000.

The bigger price tags come with a later dinner at Freeman's home, along with photos with the candidate.

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Associated Press Writer Devlin Barrett in Washington contributed to this report.

Big Calif. Names On McCain's Campaign Finance Team (LAT)

By Dan Morain

The Los Angeles Times, March 1, 2007

Sen. John McCain (R-Ariz.) unveiled a presidential campaign finance committee Wednesday dominated by Californians and New Yorkers, including some of the biggest donors to Gov. Arnold Schwarze-negger and President Bush.

McCain's 13 national finance committee co-chairmen include five Californians: Orange County billionaire Donald Bren; investor George Argyros; Univision Chairman A. Jerrold Perenchio; Cisco Systems Chief Executive John Chambers; and San Francisco venture capitalist J. Gary Shansby.

Altogether, McCain named 70 Californians, 68 of them men, to his finance team. They will be expected to raise $100,000 or more for the campaign.

"I'd be very disappointed if I didn't raise over $2 million," said Shansby, former chairman of Shaklee Corp., who helps runs an investment fund.

The California list includes executives in the entertainment, investment, banking, telecommunications, real estate, gambling and alcohol industries, and current and retired politicians.

Other co-chairmen include New York Stock Exchange Chairman John A. Thain; JP Morgan Vice Chairman James B. Lee; New Jersey banker Lawrence E. Bathgate; GOP fundraiser Lewis M. Eisenberg of New York; and former New Jersey Rep. James A. Courter, chairman of the telecommunications firm IDT Corp.

Though McCain hasn't officially announced his candidacy, he said in a taping of the "Late Show With David Letterman" on Wednesday that he was running and would "announce" it in April.

The release of his finance committee is aimed at showing other candidates the depth of his support and convincing donors that he is the front-runner.

Perenchio is one of at least eight Californians on McCain's list identified as a Bush "pioneer," meaning he raised in excess of $100,000 for the president's campaigns.

Perenchio is Schwarzenegger's largest single donor, at $4.8 million. McCain also tapped Schwarzenegger's lead fundraiser, Marty Wilson, as part of his California finance committee.

Argyros, Bush's first ambassador to Spain, has spent more than $960,000 on federal campaigns since 1997, including $200,000 to Bush's 2005 inaugural.

Chambers has given more than $1 million to federal campaigns since 1997, and his company has accounted for $1.6 million during the last four years.

Bren and his wife, Brigitte, have given $267,000 to federal campaigns since 2003. Bren's Irvine Co. has accounted for $250,000 to Schwarzenegger.

Shansby has been a relatively small federal donor in the last decade, giving $35,000, Federal Election Commission records show. But as managing director and chairman of TSG Consumer Partners, a San Francisco-based fund that invests in consumer products, he has the potential to raise significant sums.

McCain Rejects CPAC Invite (WT)

By Ralph Z. Hallow, The Washington Times

The Washington Times, March 1, 2007

Sen. John McCain is the only major Republican presidential candidate who will not address the nation's premier gathering of conservatives this year.

Sponsors of the Conservative Political Action Conference, which begins today in Washington and brings together thousands of conservative leaders and grass-roots activists, say the Arizona Republican has "dissed" organizers by attempting to schedule a private reception for attendees after rejecting invitations to speak at the event.

"It was a classical McCain move, dissing us by going behind our backs," said William J. Lauderback, executive vice president of the American Conservative Union.

Convening through Saturday at a sold-out Omni Shoreham Hotel, the 34th annual CPAC will feature personal appearances and nationally televised speeches by every Republican presidential hopeful except Mr. McCain, said David A. Keene, chairman of the ACU, which, along with Young America's Foundation and Human Events, is a principal sponsor of CPAC.

Conservative activists have speculated that Mr. McCain did not want to be seen on television "pandering" to Republican "right-wingers" but wanted to court those same activists at a reception in the same hotel.

"He turned down repeated CPAC offers to speak but then tried to get around us by having his office call the hotel to rent a room for a reception for CPAC attendees -- without first seeking approval of CPAC organizers," said Mr. Lauderback.

By contrast, he said, other Republican presidential aspirants have called ACU to seek permission to hold receptions at the hotel during CPAC. Each of those candidates -- including Sen. Sam Brownback of Kansas, former Arkansas Gov. Mike Huckabee, former Virginia Gov. James S. Gilmore III and former Massachusetts Gov. Mitt Romney -- "called us a long time ago to arrange for a hospitality reception he will give for CPAC attendees," Mr. Lauderback said.

"We would have still allowed McCain to do something at CPAC, but by the time his folks approached the hotel, everything was in concrete and there was no facility available for what he wanted," Mr. Keene said.

Former House Speaker Newt Gingrich, a possible contender who is considered his party's one-man think tank, and Vice President Dick Cheney, still a crowd favorite for the conservative faithful, will also address the conference.

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When an attempt was made to ask why Mr. McCain declined to address CPAC, top campaign advisers John Weaver and Terry Nelson were said to be "unreachable."

But a spokesman for Mr. McCain -- who is running an average of 13 percentage points behind former New York Mayor Rudolph W. Giuliani in the latest national polls -- said the candidate's conservative credentials are well-known.

"The senator has run, been elected and served as a conservative and looks forward to talking about his conservative record throughout the course of this campaign," said Brian Jones, communications director for the McCain campaign.

CPAC has been considered a key event for conservative candidates since the Reagan era.

"Reagan attended every CPAC from the first one in 1974 -- when he gave his famous 'City Upon a Hill' speech -- until his last year in office in 1988," said Craig Shirley, a longtime Republican activist and Reagan historian. "The exceptions were 1976 and 1980, when he was campaigning in New Hampshire for the GOP nomination."

Mr. Shirley recalled that at "the very first CPAC, Reagan brought as his guest a young, severely wounded Navy pilot who had been a POW in Hanoi: John McCain III."

Organizers say they expect more than 5,000 people -- including busloads of college students from across the country -- at what is being billed as the largest CPAC ever. This year's conference features 36 panel discussions (twice the number as last year) in two ballrooms over three days, and more than 40 private receptions held by candidates and advocacy groups.

CPAC attendees "are the people who knock on doors for candidates they support and make up the core of the ground troops on whom any candidate has to rely," Mr. Keene said. "By simply dismissing them, as Senator McCain has done, he is telling them more about himself than perhaps he wants them to know."

Mr. McCain's conservative supporters, from Minnesota Gov. Tim Pawlenty to veteran conservative consultants such as Becky Donatelli, have told friends that they tried hard to get the senator to accept the invitation to speak at CPAC.

"It makes no sense," Mr. Lauderback said. "McCain alienates the left by calling for the repeal of the Roe v. Wade decision ... but he then alienates the right by dissing their organizations -- refusing to speak at the recent National Review conference, the House Republican Study Committee retreat and now CPAC."

Mr. Shirley said skipping CPAC is a mistake for any Republican candidate.

"Any GOP politician who doesn't understand this and the importance of this conference doesn't understand conservatism," he said.

Some candidates who originally hesitated about attending CPAC, including Mr. Giuliani, changed their minds. He is scheduled to be introduced by commentator George F. Will for a noon speech on Friday.

Nevertheless, Mr. Keene said he thought Mr. McCain would have been warmly welcomed at CPAC.

"Most conservatives disagree with his positions on a number of issues like campaign-finance reform, gun-show loopholes, taxes and global warming," said Mr. Keene. "But many like his stand on earmarks and his support of President Bush on Iraq and almost all respect the sacrifices he made for his country during the Vietnam era."

For GOP, A Void On The Right (WP)

By Robert D. Novak

The Washington Post, March 1, 2007

New York-based political consultant Kieran Mahoney's survey of probable Republican participants in the 2008 Iowa presidential caucuses showed this support for the "big three" candidates: John McCain, 20.5 percent; Rudy Giuliani, 16.3 percent; Mitt Romney, 3.5 percent. Astonishingly, they all trailed James Gilmore, the former governor of Virginia, who had 31 percent.

How could that be? Because it was not a legitimate survey but a "push poll," normally a clandestine effort to rig the results by telling respondents negative things about some of the candidates. But Mahoney makes no secret that the voters he sampled were told of liberal deviations by McCain, Giuliani and Romney, as well as true-blue conservatism by Gilmore, who is Mahoney's client.

Mahoney is trying to prove a point widely accepted in Republican ranks. None of the three front-line candidates is a natural fit for the nation's right-of-center party. Without question, there is a void. The question is whether Gilmore or anyone else can fill it.

The most commonly mentioned potential void-filler is not Gilmore but Newt Gingrich. A straw poll by the right-wing organization Citizens United of its political contributors showed Gingrich leading with 31 percent (followed by Giuliani at 25 percent, Romney at 10 percent and McCain at 8 percent). But based on his actions as speaker of the House, Gingrich's conservative record is far from flawless.

Mahoney did not include Gingrich in his poll of Iowa Republicans likely to vote in next year's caucuses. His survey first showed McCain leading with 33 percent, followed by Giuliani at 31.5 percent and Romney at 8.8 percent (and the unknown

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Gilmore at 1.3 percent). Seventy percent of those polled described themselves as conservative, and 68 percent said they were pro-life; they also gave President Bush an astounding 76 percent favorable rating.

The poll-takers then "pushed" -- providing information about the front-runners that could alienate conservatives. McCain was said to have opposed tax cuts, favored "amnesty" for illegal immigrants and opposed a ban on same-sex marriage. Romney: "refused to ban" abortion in Massachusetts, committed to "full equality" for gays and lesbians, put health care in the hands of bureaucrats. Giuliani: supported Democratic Gov. Mario Cuomo's reelection in New York, is pro-gay rights and pro-choice, supports gun control.

That information dropped Giuliani by nine percentage points, to 22.3 percent, and Romney by five points, to 3.8 percent. McCain rose two points, to 35.3 percent. Gilmore remained at 1.3 percent.

Then the pushers described Gilmore as a tax-cutting, jobs-creating governor of Virginia, the head of a congressionally appointed commission on terrorism, a former chairman of the Republican National Committee and a National Rifle Association member who opposes gun control. With that buildup, Gilmore finished first, well ahead of the field.

That suggests at least the theoretical success of a campaign to knock down the conservative credentials of the big three and build up Gilmore's. "I have the best track record of any of the candidates," Gilmore told me, adding that McCain and Giuliani are "not conservative" while Romney was a "liberal governor of Massachusetts."

With Gilmore a latecomer to the presidential fundraising game, it is doubtful he could find sufficient money to tear down his opponents and build up himself nationally, or even in Iowa. But he will have plenty of help.

At the Conservative Political Action Conference (CPAC), which is attracting right-wingers from across the nation to Washington this weekend, Citizens United will distribute a 23-page attack on McCain. "He's no Ronald Reagan," it begins, and concludes: "John McCain is not a conservative." (McCain is the only announced Republican presidential hopeful not scheduled to speak at CPAC.) Simultaneously, McCain operatives are putting out material that depicts Giuliani riding into City Hall on the shoulders of the New York Liberal Party as a throwback to the old Tammany Hall Democratic machine.

It is hardly too late for such negative campaigning to bring down Republican front-runners because of inadequate conservative credentials. At this point in the 2000 election cycle, Bush was far in front with about 45 percent in the polls, with Elizabeth Dole second at 29 percent. McCain was at a mere 3 percent, behind Dan Quayle and Steve Forbes, before making the run that nearly won the nomination. The GOP race for 2008 may still be open, considering the conservative void.

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Obama Wants To Change Security Funding (WP/AP)

By Nedra Pickler

The Washington Post, March 1, 2007

WASHINGTON -- Democratic presidential candidate Barack Obama wants to change the government's formula for giving states money for homeland security, with the early voting states getting a little extra.

Obama wants states that have a bigger risk from the terrorist threat to get more of federal homeland security dollars _ also a recommendation from the commission that investigated the Sept. 11 attacks. That's an unpopular idea among lawmakers from smaller states who would lose funding on the switch.

Currently, each state gets at least a .75 percent share of the roughly $900 million in the state homeland security grant program. The Senate bill would lower that to .45 percent, and Obama, the Illinois senator, is offering an amendment that would cut it to .25 percent. His office said it expects the Senate to consider the measure next week.

A memo by Obama's staff says the senator wants to "ensure the funding is allocated based on the threats states face, not politics."

But states with big political influence need not worry that they will get short shrift from the candidate's amendment.

The biggest benefactors would be Obama's Illinois and other heavily populated states, including White House rival Hillary Rodham Clinton's New York, which would each get more than $1 million in extra funding under Obama's plan versus another Senate proposal. Clinton and other members of the New York congressional delegation have been trying to change the formula for years.

"Every state gets two votes in the Senate so we're facing the challenge of convincing people they should give up what they think is their rightful claim on some of this money to do what the 9/11 commission and everybody who has studied it has said, which is have the money follow the risk," Clinton said Wednesday.

But even though they have much smaller populations, the leadoff Democratic primary states of Iowa, New Hampshire, Nevada and South Carolina would not be harmed under Obama's plan. Iowa would get an additional $119,824; Nevada would get $86,222 more; and South Carolina would receive $175,027 extra.

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Obama spokesman Ben LaBolt points out that Obama doesn't determine which states have higher risk and therefore would get more money. Those calculations are made by the Department of Homeland Security, which won't reveal its methods or say just what makes Iowa more vulnerable than, say, New Hampshire.

New Hampshire would have had a drop in funding if Obama's proposal was simply based on risk. But Obama has a provision to ensure that states with an international border would stay at the .45 percent minimum, and New Hampshire's 58-mile dividing line with Canada qualifies it to keep the same amount that it would get in the current Senate bill.

In all, 34 states would get more money under Obama's amendment. That comes largely at the expense of eight smaller population states and the District of Columbia, which would lose more than $1.8 million each under the formula.

Black Voters Help Obama Gain Ground On Clinton (CSM)

By Linda Feldmann

The Christian Science Monitor, March 1, 2007

WASHINGTON

Sen. Barack Obama's dramatic rise in support among African-Americans signals a shift in the race for the 2008 Democratic presidential nomination that is larger than just the black vote. Overall, Sen. Hillary Rodham Clinton is still on top, but her lead is shrinking. And polls show Senator Obama of Illinois has more room for growth than she does, because of her high negatives.

In short, if Senator Clinton of New York thought the primaries would result in her coronation as the Democratic nominee, she should think again.

"We have a real horserace," says John Zogby, an independent pollster whose latest data show that Obama leads Clinton among black Democratic voters 36 percent to 27 percent.

A Washington Post/ABC News poll released Tuesday showed a similar trend: Obama leads Clinton among black Democratic voters 44 to 30. In both December and January, the Post/ABC poll had Clinton beating Obama among African-Americans 60 to 20. Overall, the latest Post/ABC poll shows Clinton beating Obama 36 to 24, down from a 41-17 split in January. The Post attributes the gains of Obama, who is black, to his rise in support among African-Americans.

Of course, it's early; the first caucuses and primaries are almost 11 months away. But Obama has the momentum and buzz, and is drawing phenomenal crowds. Last Friday, 20,000 people came to see him speak in Austin, Texas. Between 15,000 and 17,000 people showed up in frigid temperatures for his announcement speech Feb. 10 in Springfield, Ill.

Analysts say Obama's bounce in the polls is due in part to his formal announcement, which has led growing numbers of voters to tune in to who he is and what he is saying. But, says Mr. Zogby, Clinton is losing some of her luster for other reasons: First is her refusal to apologize for her vote in 2002 that gave President Bush a green light to launch the Iraq war. Democratic activists – those most likely to show up in primaries and caucuses – are more in sync with Obama, who has opposed the war from the beginning.

Second, Clinton faces questions about electability in the general election. Obama also faces such questions, but there is firmer opposition to her candidacy in the electorate than there is against Obama.

"Her third problem is that she has the misfortune of running against Jack and Bobby in one year," says Zogby, referring to President Kennedy and his brother Bobby, in a loose comparison to Obama and the third top contender in the Democratic race, former Sen. John Edwards of North Carolina. "They are not to be taken lightly at all. As we see, Barack in particular right now is cutting into a very solid Clinton constituency."

Indeed, the Clinton camp had been counting on holding onto the rock-solid support among African-Americans for Clinton's husband, former President Bill Clinton. Initially, some blacks had expressed reservations about supporting Obama, citing concerns about his own electability in a country with persistent racial issues.

But in dramatic fashion, some black Democrats are now changing their allegiance. In the primaries, the black vote is crucial: Nationwide, one-fourth of primary voters are black, and in some of the early primary states, that number rises much higher. The very first nominating states – Iowa and New Hampshire – have few minority voters, but in South Carolina, the second state to hold a primary, the Democratic electorate is 47 percent black. Many other states are considering holding their primaries early, and the African-American vote could be key in those as well.

"New York, Illinois, and New Jersey are all talking about moving up, and they all have significant black populations," says David Bositis, an expert on the black vote at the Joint Center for Political and Economic Studies in Washington.

Then there's the Edwards factor. Former Senator Edwards drew strong support in South Carolina when he ran for president four years ago, and could cause problems for Clinton and Obama in 2008. In this cycle, Edwards has carved out strong support in particular among union members and the working class.

"There's no doubt that Edwards is the wild card here," says Ron Lester, a black Democratic pollster not affiliated with any 2008 candidates.

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In a way, Edwards could save Clinton from a head-to-head matchup against Obama. In a three-way nomination race, Clinton may well successfully divide and conquer the other two. But if it's head to head against Obama, Clinton may find that her advantage in political experience and organization is not enough. Already, Obama is tapping into the big Democratic money centers – Hollywood and New York – that Clinton may have assumed that she would rule. Obama is also beating Clinton with the youth vote – a constituency notorious for low turnout, but the Iraq war may keep turnout higher than usual this time.

The next faceoff between Clinton and Obama will come this Sunday, when both appear in Selma, Ala., for the annual bridge-crossing, a major civil-rights commemoration. For a while, the debate around Obama centered on whether he was "black enough," given his biracial heritage. Now, the Clinton camp faces its own "black question" – can the senator hold onto the support of the voters who showed unfailing devotion to her husband?

An Inconvenient Pool (WSJ)

Wall Street Journal, March 1, 2007

There is an irresistible quality to the story about Al Gore's energy-hungry Tennessee home, replete with a heated poolhouse that burns more natural gas -- $500 a month worth -- than most of us can afford to use while heating houses that shelter people, as opposed to swimming lanes. Did you know that Mr. Gore's house uses more electricity in a month than the average household does in a year?

The climate-change activist and former vice president insists, through a spokesperson, that this is not as simple as it sounds. The Oscar winner has a clear conscience because he makes sure he pays a premium for electricity from "renewable" sources and claims that he purchases "carbon offsets" to make up for his rampant energy use.

To "do the carbon offset," as his spokesperson put it, is to fund projects elsewhere that may reduce the total carbon dioxide emitted into the atmosphere. So, one might burn up hundreds of dollars worth of natural gas to keep one's poolhouse toasty, but then do penance for this carbon sin by paying someone else to put up solar panels. Drew Johnson of the Tennessee Center for Policy Research, the think tank that broke the story, called these offsets a way of "buying his way out of his guilt."

We don't begrudge Mr. Gore his Tennessee spread or his pool, but his energetic energy use does underscore the complicated nature of modern economic life and the real costs of "doing something" about global warming. The pleasures of affluence take energy, whether they be relaxing in a hot tub after a long day of predicting the end of the Greenland ice sheet, or flying in a private jet to talk political strategy with Leo DiCaprio. You never know where you're going to leave your next carbon footprint.

Mr. Gore is rich and fortunate enough to be able to afford the "carbon offset" for his energy indulgences. The middle-class parents who need a gas-guzzling SUV to haul the kids to soccer practice might not be so lucky. They might even settle for an unheated pool.

Citing Abuses, Texas Governor Ousts Leader Of Youth Agency (NYT)

By Ralph Blumenthal

The New York Times, March 1, 2007

AUSTIN, Tex., Feb. 28 — Gov. Rick Perry removed the chairman of the Texas Youth Commission on Wednesday over charges that the agency covered up the sexual abuse of incarcerated juveniles.

Mr. Perry also called for the ouster of the acting executive director, the appointment of an independent inspector general and a shake-up throughout the commission, which runs 13 schools housing 3,000 felons under age 21.

“Leadership starts at the top,” a spokesman for Mr. Perry, Ted Royer, said. “And the governor believes the very top leadership has failed.”

Late Wednesday, the State Senate voted unanimously to demand that the governor appoint a conservator to take over the commission temporarily.

On Tuesday, the Senate Criminal Justice Committee disclosed details of long-secret investigations by the commission and the Texas Rangers showing that two supervisors at the West Texas State School in remote Pyote routinely roused boys from their beds for sexual encounters that were reported but went unpunished by the school superintendent, who now has a top leadership position at the commission. The supervisors were allowed to resign without facing criminal charges, but are now under investigation.

The dismissed chairman, Pete C. Alfaro, is a former mayor of Baytown who was first named to the commission in 1995 by Gov. George W. Bush and was appointed chairman by Mr. Perry in 2004. Mr. Alfaro did not respond to messages seeking comment. His latest five-year term expires in August.

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Hours after the governor's spokesman said that Mr. Alfaro had been told by phone that he was being replaced by his vice chairman, Donald R. Bethel, a spokesman for the Texas Youth Commission, Tim Savoy, said the agency had received no notice of the action. The board has a meeting scheduled for Tuesday.

Mr. Perry, a Republican, also called on the board to replace the acting executive director, Neil Nichols, who is the general counsel and a 33-year veteran of the agency. Mr. Nichols took over last Friday upon the sudden retirement of the executive director, Dwight Harris, who started as a caseworker in 1981.

The governor said Ed Owens, deputy executive director of the Texas Department of Criminal Justice, had agreed to serve as the commission's acting executive director.

Though the governor makes appointments to the seven-member board, he has the power by himself only to remove the chairman, legal experts said. He can fire members upon a finding of gross fiscal mismanagement by a legislative audit committee made up of the lieutenant governor, who is the president of the Senate; the House speaker; and two other members from each chamber.

Lt. Gov. David Dewhurst on Wednesday demanded sweeping changes in the commission.

Senator John Whitmire, a Houston Democrat and chairman of the Criminal Justice Committee, said Wednesday that he had "no confidence in the board" but that Mr. Perry was not yet ready to seek its ouster.

The Myth Of The Middle (WP)

By Alan Abramowitz And Bill Bishop

The Washington Post, March 1, 2007

The story of 2006 was that regular Americans were sick of partisan divisions in Washington. The vast and consensus-hungry middle asserted itself in November, the narrative went, finally ordering the parties and their childish politicians to stop fighting and to work together.

After the vote, bipartisanship was all the buzz, and moderation the wave of the future. But something happened on the way to the evening campfire and s'mores. House Republicans started complaining about Democrats riding roughshod into the majority, refusing to consider their amendments to legislation. President Bush announced that he wasn't going to let the opposition of congressional Democrats stop him from sending 21,500 more U.S. troops to Iraq. Meanwhile, Democratic leaders trashed most of Bush's domestic policy proposals as soon as they were announced in his State of the Union address.

One explanation for all this is that politicians are acting against the will of their compromise-loving constituents. Another is that Republicans and Democrats are simply being good representatives. We think the evidence supports the second interpretation.

The Cooperative Congressional Election Study (CCES) surveyed more than 24,000 Americans who voted in 2006. The Internet-based survey compiled by researchers at 30 universities produced a sample that almost perfectly matched the national House election results: 54 percent of the respondents reported voting for a Democrat, while 46 percent said they voted for a Republican. The demographic characteristics of the voters surveyed also closely matched those in the 2006 national exit poll. If anything, the CCES respondents claimed they were more "independent" than those in the exit poll.

The CCES survey asked about 14 national issues: the war in Iraq (the invasion and the troops), abortion (and partial birth abortion), stem cell research, global warming, health insurance, immigration, the minimum wage, liberalism and conservatism, same-sex marriage, privatizing Social Security, affirmative action, and capital gains taxes. Not surprisingly, some of the largest differences between Democrats and Republicans were over the Iraq war. Fully 85 percent of those who voted for Democratic House candidates felt that it had been a mistake to invade Iraq, compared with only 18 percent of voters who cast ballots for Republicans.

But the divisions between the parties weren't limited to Iraq. They extended to every issue in the survey. For example, 69 percent of Democratic voters chose the most strongly pro-choice position on the issue of abortion, compared with 20 percent of Republican voters; only 16 percent of Democratic voters supported a constitutional amendment to ban same-sex marriage, while 80 percent of Republican voters did; and 91 percent of Democratic voters favored governmental action to reduce global warming, compared with 27 percent of Republican voters.

When we combined voters' answers to the 14 issue questions to form a liberal-conservative scale (answers were divided into five equivalent categories based on overall liberalism vs. conservatism), 86 percent of Democratic voters were on the liberal side of the scale while 80 percent of Republican voters were on the conservative side. Only 10 percent of all voters were in the center. The visual representation of the nation's voters isn't a nicely shaped bell, with most voters in the moderate middle. It's a sharp V.

The evidence from this survey isn't surprising; nor are the findings new. For the past three decades, the major parties and the electorate have grown more divided -- in what they think, where they live and how they vote. It may be comforting to believe

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our problems could be solved if only those vile politicians in Washington would learn to get along. The source of the country's division, however, is nestled much closer to home.

Alan Abramowitz is a political science professor at Emory University. Bill Bishop is a journalist in Austin who is writing a book on political segregation.

Schwarzenegger's 'Post-Partisanship' Is Model For D.C. (RC)

By Morton M. Kondracke

Roll Call, March 1, 2007

SACRAMENTO, Calif. — It used to be said that every American social, political and fashion trend started in California. Let's hope that's true again with Gov. Arnold Schwarzenegger's concept of "post-partisanship."

The idea doesn't have to sweep the nation like Hula-Hoops or counter-culturalism. It just has to take hold in Washington, D.C.

As Schwarzenegger declared in his second inaugural address on Jan. 5, "we have the opportunity to move past partisanship, past bi-partisanship to post-partisanship.

"Post-partisanship is not simply Republicans and Democrats each bringing their proposals to the table and working out differences.

"[It] is Republicans and Democrats actively giving birth to new ideas together. I believe it would promote a new centrism and a new trust in our political system," he said.

Having stopped calling Democratic legislators "girlie men" and having dramatically turned around his political fortunes after an epic ballot-initiative defeat in 2005, Schwarzenegger was triumphantly re-elected in 2006 with nearly 60 percent of the vote.

In this bright-blue state, he carried 93 percent of the Republican vote, 22 percent of the Democratic and 59 percent of the independent vote against liberal former state Treasurer Phil Angelides.

Now, Schwarzenegger is in the process of trying to put post-partisanship to work to achieve environmental cleanup, road and prison construction — and, most creatively, a mandatory health insurance plan to cover all Californians, including illegal immigrants.

The effort and the concept behind it — shared responsibility on the part of individuals, employers, health providers and government — is one that could achieve a consensus here.

But beyond that, whether it's called post-partisanship or just old-fashioned bipartisanship, what Schwarzenegger is selling philosophically is what every poll indicates the public wants — an end to partisan combat and attention to problem solving.

In fact, there is evidence that some people in Washington have caught the mood. Last week, 10 Senators — five of each party, including some pretty conservative Republicans — called on President Bush to begin working on health care reform that would "ensure that all Americans have affordable, quality private health coverage."

The organizer of the letter was Sen. Ron Wyden (D-Ore.), author of another mandatory insurance plan that is actually more radical than Schwarzenegger's.

Wyden proposes to detach health coverage from private employment and make individuals responsible for buying their own insurance, with tax breaks from the government and subsidies for low-income persons.

Bush administration officials say they are encouraged by some aspects of the plan — especially tax reform similarities to Bush's own proposal — and they were impressed by the 10 Senators' letter, especially participation by conservative Republicans Jim DeMint (S.C.), Bob Bennett (Utah), Trent Lott (Miss.), Mike Crapo (Idaho) and John Thune (S.D.).

However, Wyden told me in an interview that the administration is balking at the idea of universal coverage. He cited a Bush speech last week in Tennessee, in which the president said "We need to make sure that ... quality care is given to as many Americans as possible."

"That will not be acceptable to Senate Democrats," Wyden said. "You've got to be for covering everybody because if you don't cover everybody, you will constantly have cost-shifting," whereby providers charge those who have insurance to cover the costs of treating those who don't.

Wyden's demand that Bush publicly support universal coverage is akin to some of his colleagues' requirement that he agree to consider raising taxes as a prelude to negotiations about America's long-term fiscal woes. Everybody's got a precondition for talks, so there are no talks.

On Monday, Schwarzenegger appeared at the National Press Club to scold Washington politicians for failing to follow his example.

He confessed that "in 2003, I contributed to the polarization. I tried to push through some initiatives the wrong way — us-versus-them. I'm not a person to get all introspective about my failures, but I do know when something doesn't work. Dividing people does not work."

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"Division," he said, "is what Washington has come to represent." After an initial flurry of bipartisan talk after the 2006 elections, he said, "It doesn't look as though anything has changed here in Washington."

"All this energy spent on bitterness, all this effort spent on maneuvering — imagine if that same energy were put into working together to build a consensus. The wings of each party say, 'but we have our principles!' Why is being principled reserved for extremists?

"The left and right don't have a monopoly on conscience. We should not let them get away with that. You can be centrist and be principled. ... What is more principled than giving up some part of your position to advance the greater good of the people?"

Schwarzenegger advised Bush to adapt a version of his cigar-smoking tent here — a venue for post-partisan negotiation.

It's sad that the Constitution prevents the Austrian-born Schwarzenegger from running for president. But we'd all be better off if politicians in Washington would follow his lead. And, as the California election returns last year indicate, so would they.

HUD Study Of Homeless Quantifies The Problem (WP)

By Bill Brubaker

The Washington Post, March 1, 2007

An estimated 754,000 people -- most of them minorities -- are homeless on any given night in the United States, according to a government survey presented to Congress yesterday.

The Department of Housing and Urban Development based its estimate on the number of people who lived in shelters and on the streets on a single night in January 2005.

The report made it clear there are more homeless people in the nation than beds in shelters and transitional housing.

In early 2005, there were 438,300 beds in such sites, the report said. However, HUD said there are an additional 209,000 beds in permanent houses for formerly homeless people.

HUD Secretary Alphonso Jackson trumpeted the study -- the first of its kind by the agency -- as a "huge leap forward in our understanding of not only how many people are homeless but also what their needs are."

Jackson called this report"a powerful tool to help all of us at the federal, state and local level design more effective responses to homelessness and better help those who are living in shelters and on our streets."

Michael Stoops, acting director of the National Coalition for the Homeless, criticized the government for "spending more time on counting homeless people than finding housing for them."

"But we hope these figures will make Americans aware we are not doing as much as we can for homeless people," Stoops said in an interview.

The HUD survey of 80 areas also reported that 704,000 people used emergency shelters or transitional housing between February and April 2005.

About 65 percent of these people were men, and 19 percent were military veterans. Fifty-nine percent of those surveyed were racial minorities; 45 percent were black. A third of the people who sought shelter during that three-month period had families with children, and a quarter had a disabilities.

Bush's Ex-Campaign Manager To Give Firms Political Advice (WSJ)

By John Harwood And Brody Mullins

The Wall Street Journal, March 1, 2007

WASHINGTON -- President Bush's 2004 campaign manager has a new client, and it isn't one of the 2008 White House hopefuls courting the Republican Right.

Ken Mehlman, most recently chairman of the Republican National Committee, is setting out to advise U.S. businesses on coping with political winds shifting against his party. And the challenges he sees looming are hardly touchstones of the Bush political agenda.

"We are moving toward universal access to health care," Mr. Mehlman says. To respond to climate change, he adds, there will be "increased scrutiny of the emission of carbon." And powerful corporations -- as Wal-Mart Stores Inc. has discovered in recent years -- face the threat of Web-based public relations warfare from opponents who need relatively few resources to have an impact.

The bottom line, he says: "The 212 miles between New York and Washington is shorter than it's ever been."

Moving to the Washington law firm of Akin Gump Strauss Hauer & Feld LLP, Mr. Mehlman becomes the latest political figure to enter a niche in the capital's influence business. Instead of traditional lobbying centered on relationships with officeholders, many former officials pursue careers counseling business about political trends and helping them meet challenges with quasipolitical campaigns that blend strategic advice, public relations and mobilization of targeted constituencies.

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A Harvard-trained lawyer who practiced at Akin Gump previously, Mr. Mehlman plans to provide "political intelligence" to hedge funds trying to gauge developments in their investment strategies. In private equity, he cites as a model the decision by buyout firms to pledge cancellation of some pending coal-fired power plants to win environmentalists' support for their purchase of TXU Corp. in Texas.

"What you want are people who are creative at building coalitions...in a bipartisan way at the nexus of business and politics," he says.

In 2004, Mr. Mehlman earned plaudits for mobilizing fellow Republicans with sophisticated "microtargeting." But even some allies lament Bush-era failures to deliver on the president's 2000 pledge to be "a uniter, not a divider."

One of the city's largest law-and-lobbying firms, Akin Gump boasts such prominent Democrats as Robert Strauss, the firm's co-founder and later chairman of the Democratic National Committee, and Vernon Jordan, a close adviser to President Clinton. After Republicans won control of Congress in 1994, Akin Gump diversified by adding prominent Republicans.

Mr. Mehlman has a longstanding relationship with his Harvard Law classmate Sen. Barack Obama (D., Ill.). Having left the Republicans' employ, he embraces a change in what many see as Washington's Bush-era culture of ferocity.

"How do we get back to the time when you argued during the day and had a beer after work?" Mr. Mehlman says. "That's something I look forward to -- particularly if someone else is paying."

Iran To Join Iraq Talks In Highest Contact With U.S. In 2 Years (NYT)

By Richard A. Oppel Jr.

The New York Times, March 1, 2007

BAGHDAD, Feb. 28 — The top Iranian national security official, Ali Larijani, indicated Wednesday that Iranian officials would take part in a regional security conference on Iraq, setting the stage for the highest-level contact between American and Iranian officials in more than two years.

A day after the Bush administration said it had agreed to such talks, Prime Minister Nuri Kamal al-Maliki of Iraq announced Wednesday that the first stage of the conference would be held March 10 in Baghdad, the capital. The agenda will be how to rescue Iraq from a civil war that claimed about two dozen more lives on Wednesday, and that is likely to require the American military to maintain a greatly enlarged force in Baghdad until at least fall, a top United States commander said.

In the deadliest attack on Wednesday, a car bomb exploded in a marketplace in the Bayaa district of Baghdad, killing 10 people and wounding 27 others, officials from the Interior Ministry and Yarmouk Hospital said. In central Baghdad, two Iraqi policemen died when a suicide bomber struck the entrance to the Bab al-Sheik police station.

Also on Wednesday the American military command said a soldier was killed by small-arms fire in an unspecified western district of Baghdad on Tuesday while on patrol with the Iraqi national police.

North of the capital in Diyala Province, where Sunni Arab insurgents and foreign fighters have been waging a deadly struggle for control against Shiite militias and death squads, two brothers of a prominent Sunni Arab member of the Iraqi national Parliament, Dr. Salim Abdullah, were shot to death on Wednesday, security officials there said.

Also on Wednesday, mortar attacks killed at least six people and wounded 14 in Shurta, a neighborhood in western Baghdad, an Interior Ministry official said. Other mortar barrages have killed at least four people in the past two days near Iskandariya, a town south of Baghdad, the local police said.

In Salahuddin Province north of Baghdad, two Iraqi policemen were killed in a drive-by shooting near Baiji. Farther north, in Mosul, a police colonel and his driver were shot dead in their car.

Two weeks have passed since American forces began large-scale operations as part of the Baghdad security plan. Iraqi officials have called the plan a success, but American commanders are much more measured. Some American officers have said they believe many death squad and militia leaders fled the capital to avoid stepped up American patrols and will return once the Baghdad security plan is completed.

The plan, which calls for 17,000 additional troops in Baghdad, will continue until at least this fall, the second-ranking commander in Iraq, Lt. Gen. Raymond T. Odierno, told CNN on Wednesday.

“I don’t want to put an exact time on it, but a minimum of six to nine months,” General Odierno said. He also said that Sunni militants were responsible for about 70 percent of the attacks on American troops.

The willingness of American officials to attend the March 10 security conference with Syrian and Iranian officials has been widely seen as reflecting a decision by the Bush administration to yield to critics who have argued that it should no longer avoid high-level contacts with Tehran.

Mr. Larijani, in a statement translated into English on the official Iranian news agency Web site, said that the Iranian foreign minister, Manouchehr Mottaki, had received a formal invitation from his Iraqi counterpart, Hoshyar Zebari.

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"We will participate in the conference of Iraqi neighboring states in Baghdad in March, if it will be of help to Baghdad," Mr. Larijani said. "We will carry out everything necessary to advance Iraqi interests. Iraqi leaders have a great potential for administering the country's affairs."

Iraqi officials have also said that Syria has agreed to attend.

Iran Agrees To Take Part In Iraq Security Conference (FT)

By Guy Dinmore And Gareth Smyth

Financial Times, March 1, 2007

Iran's top security official, Ali Larijani, indicated yesterday that Tehran would take part in a Baghdad conference this month on Iraq's future, but the White House insisted that the meeting would not be an occasion for bilateral talks between the US and Iran.

Iraq's prime minister, Nouri al-Maliki, has invited all Iraq's neighbours as well as Egypt, the five permanent members of the UN Security Council, the Arab League and the Organisation of the Islamic Conference. Iraqi television reported last night that the conference would take place on March 10.

"We hope the meeting will bring political backing for the national unity government in providing security and stability that will help national reconciliation in Iraq," his office said.

Condoleezza Rice, secretary of state, said on Tuesday the conference, to be attended by ambassadors and senior officials, was to be followed by a meeting at foreign minister level in April, outside Iraq.

The State Department spokesman Sean McCormack raised the possibility that Ms Rice would meet directly with Manouchehr Mottaki, her Iranian counterpart, but not to discuss the nuclear issue. However just hours later Tony Snow, the White House spokesman, ruled out any bilateral talks between the US and Iran and the US and Syria.

While the State Department was signalling a possible shift in policy, the White House was eager to insist that US policy had not changed and that the conditions for talks with Iran had not changed - the suspension of its nuclear fuel development programme.

This week the US is drafting a second UN Security Council resolution that would tighten sanctions on Iran over its nuclear programme.

Iran has rejected accusations by the US that it is arming and equipping Shia militia in Iraq and providing explosives used against US forces. In an interview in January, Ms Rice did not rule out the option of meetings over Iraq in an international context but fretted that Iran would raise the nuclear issue and Syria that of Lebanon.

"Of course the only reason to talk to us would be to extract a price. And that's not diplomacy, that's extortion," she told Der Spiegel in Berlin.

Iran and the US last held a high-level bilateral meeting in Geneva in May 2003. Egypt tried to move the process forward at a conference on Iraq in November 2004 by seating Colin Powell, the secretary of state, next to Iran's Kamal Kharrazi. But neither had the green light from their capitals and little more than polite small talk came out of it.

The Maliki government is anxious that Iraq is not turned into a proxy battleground for a US-Iranian conflict.

Mr Larijani said Tehran's participation in the Baghdad conference would be designed to help the Iraqi government.

"We will carry out everything necessary to advance Iraqi interests. Iraqi leaders have a great potential for administering the country's affairs," he told reporters.

Asked if Tehran ran any risks in meeting the Americans, Mr Larijani replied: "One should not commit suicide because one is afraid of death."

Diplomats in Washington said widely held concerns that the US and Iran were stumbling towards conflict, whether over Iraq or the nuclear dispute, had driven the Bush administration to try to calm the situation.

Cliff Kupchan, analyst with the Eurasia Group consultancy, said it was possible the meetings would lead to broader discussions, including the nuclear issue.

Iraq Neighbors Agree To Security Summit (AP)

By Qassim Abdul-Zahra And Edith M. Lederer

AP, March 1, 2007

Iraq's neighbors including Iran and Syria have agreed to join U.S. and British representatives to discuss the Iraqi security crisis at a regional conference March 10 in Baghdad, the government said Wednesday.

Iraqi Foreign Minister Hoshyar Zebari said he will be issuing formal invitations shortly to the neighboring countries and the five permanent U.N. Security Council members — the U.S., Britain, France, Russia and China — to send deputy foreign ministers or senior officials to the conference.

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Zebari, in a telephone interview with The Associated Press from Sweden, said the Iranians agreed to participate in a meeting with the other neighbors but "they have some questions" about a separate session that would be held the same day with the five permanent council members.

His words seemed to indicate that Iran was at least partly unhappy with the arrangements for the conference, and weighing the extent of its own participation.

Iran has had little public comment on the conference so far. But in the past, Iranian leaders have been vocal in accusing the United States of trying to use the U.N. as a way to "gang up" on it, and the presence of the key Security Council countries at the Iraq conference might give Iran pause.

For their part, Sunni Arab countries like Egypt still hold grave concerns about the direction taken by Iraq's Shiite-led government, raising concerns the conference will make little headway on key issues like security.

Iraq's relations with its Arab neighbors have been rocky because of fears that the Shiite-led government is falling under Iran's influence. Originally, the Iraqi government had been reluctant to endorse the regional conference, fearing pressure from Sunni-dominated regimes, but it dropped those objections last year so long as the gathering was held on Iraqi soil.

Two Arab diplomats in Cairo said Wednesday that the U.S. recently increased pressure on some Arab governments to press them to attend the conference, after they initially had turned down invitations from the Iraqi government. They spoke on condition of anonymity because of the issue's sensitivity.

The March conference got a big boost Tuesday when Washington said it would attend, leading to the possibility it could discuss Iraq's security with adversaries Syria and Iran.

The Bush administration had waited to embrace the idea until Iraq made progress on a deal governing national distribution of oil revenue. The difficulty in getting such a deal is symbolic of Iraq's regional, factional and political divisions, and the deal was seen by the United States as a key marker of the government's will to work across divides.

"They thought the timing was right for them to hold the conference, and so we encouraged them to move forward with it," State Department spokesman Sean McCormack said Wednesday.

U.N. Secretary-General Ban Ki-moon is sending the U.N. envoy in Iraq, Ashraf Qazi, to attend the conference as an observer, U.N. spokeswoman Michele Montas said.

"The secretary-general hopes that the participants in the preparatory meeting will focus on urgently needed steps to reduce violence in Iraq and help stabilize the situation in the region," Montas said.

Iraqi Deputy Foreign Minister Labid Abawi said the United States, Britain, China, Saudi Arabia and Iran said they will attend.

"The conference will be important. It will prove that Iraq is politically capable of holding such a conference. It will send a message to the world," said Prime Minister Nouri al-Maliki's adviser, Sami al-Askari.

Syria and Egypt confirmed separately they would attend, but there was no immediate comment from Jordan or Saudi Arabia. Bahrain, Turkey and Kuwait were also invited, along with the Arab League and the Organization of the Islamic Conference.

Arab countries had been reluctant to accept an invitation previously, because of Iraqi security issues as well as their hesitancy to be seen as supporting the Baghdad government by attending the gathering there, Arab diplomats said.

Iraq and its neighbors have held nine meetings, Zebari said. At the last meeting, in Tehran in July 2006, Zebari said "I demanded that the next meeting should be in Iraq. ... I told them we are capable, we are confident, we can ensure your security."

Asked about Iran's participation in the conference, a spokesman for Iran's U.N. Mission sidestepped the question:

"We believe if the United States really wants to reach a solution there is hope that they can achieve that," the spokesman said on condition of anonymity because he was not authorized to speak publicly.

Ali Larijani, the head of Iran's Supreme National Security Council, said it was important to involve Iraq's neighbors.

"We believe Iraq's security is related to all its neighboring countries, and they have to help settle the situation," Larijani said.

But Mustafa Alani, an expert in Iraqi affairs at the Gulf Research Center in Dubai, said while the conference will officially focus on Iraq's security, neighboring Sunni Arab countries and the U.S. will use it to convey their disquiet at Iranian influence.

Each side has accused another of being responsible for the spiraling violence in Iraq. The U.S. claims Iran is sending weapons and money to Shiite extremists in Iraq. Iraqi officials, meanwhile, have complained that Syria harbors former Saddam Hussein loyalists and allows weapons and foreign fighters to slip into the country, while Sunni countries believe the fault lies with Iraq's Shiite-led government.

America's New Path On Iraq: Talk To Iran (CSM)

By Dan Murphy

The Christian Science Monitor, March 1, 2007

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BOSTON

The United States has agreed to do what it once insisted it wouldn't do: Talk directly to Iran about Iraq, without preconditions.

After an initial meeting in two weeks, Secretary of State Condoleezza Rice plans to sit down in April with the foreign ministers of some 20 countries, including two that the US considers key troublemakers in the region: Iran and Syria.

Though the meeting will be confined to the goal of stabilizing Iraq – not the dispute over Iran's nuclear program – the Bush administration's decision to participate indicates that the days of working from an "our-way-or-the-highway" stance may be over.

Still, the sprawling nature of the regional talks means that understanding what key players want will be crucial to meaningful progress. The key players and their likely goals:

United States

In recent months, US officials have tried to convince the world that Iran is providing explosives and training to militias in Iraq that are attacking US forces. The US also alleges that Syria is failing to prevent Sunni Arab jihadis from crossing its border into Iraq. But most analysts are skeptical that either country plays a crucial role in Iraq's ongoing civil war.

The two countries have also roundly denied the charges, which could set the stage for explosive exchanges across the negotiating table.

Holding the conference reflects an effort to build the Iraqi government's legitimacy in the region. "This initiative is about normalizing the new Iraqi government's relations with the rest of the world," says Patrick Clawson, deputy director of the Washington Institute for Near East Policy. "It's part of a process of the government taking on more authority, and part of that is developing better relations with its neighbors."

To be sure, Ms. Rice's announcement does not necessarily mean the administration has wholeheartedly jumped on the "talking with the enemy" bandwagon.

"The administration is still skeptical, but they were not going to be the skunk at the garden party and say we are not going at all," says Jon Alterman, a Middle East expert at the Center for Strategic and International Studies in Washington.

Noting that Iraq's neighbors all have an interest in Iraq's stability, Geoffrey Kemp of the Nixon Center in Washington says that the open-to-all talks make sense. The US may be interested in addressing what it sees as Iranian interference, he says, but the Iranians are worried about Iraq-originating Kurdish interference in its territory, while Turkey also is concerned about Kurdish elements.

Mr. Clawson says that such a broad conference is unlikely to be the venue for negotiating specific issues like the flow of Iranian pilgrims or smuggling across the Iranian border. It's more likely that the process will serve to encourage more international assistance for Iraq.

Iran

Iraqi officials say the Iranians have confirmed they will participate, but Ali Larijani, the head of Iran's national security council, said Wednesday that the country would attend if it was "expedient." Analysts say that Iran won't miss the chance to sit down with the US. It remains angry at US allegations that it's running a secret nuclear-weapons program, but America's apparent belief that Iran can help fix the problems of its neighbor opens up the slight possibility of a quid pro quo – less pressure on nukes in exchange for more help on Iraq.

Iran has been making overtures for more bilateral diplomacy for years, but has been consistently rebuffed by the US, which has demanded that Iran meet preconditions like suspending its uranium enrichment program first. The Iranians will see this as a golden opportunity to get the ball rolling to a more normal relationship, analysts say.

"The Iranians have been signaling they want to do this forever," says Bill Beeman, a professor at the University of Minnesota whose recent book, "The Great Satan vs. the Mad Mullahs," explores the two country's tempestuous relationship. "The thing that the Iranians will value above all about this is that they're sitting down in a situation with the US in which the parties are equals," he says. "They get to sit together on an equal playing field without having to kowtow to the US. In the past, "the US has insisted the Iranians somehow have to do penance before the US will talk to them," Beeman says.

Iran will also be seeking to make it clear that its shared interests with Iraq over both oil and the flow of Shiite pilgrims across the border make close relations crucial and inevitable, and that efforts to isolate the two countries could backfire.

Britain

Britain's interests and perspectives on Iraq are roughly aligned with America's, but it has been much more open to diplomacy with Iraq's neighbors in recent years.

Britain has argued that as neighbors, Iran and Syria can be part of the solution rather than part of the problem. When the Iraq Study Group – a US government panel that issued a report urging a change in the Bush administration's course earlier this year – recommended that the two countries be drawn into dialog, Britain welcomed its report. At the time, the Bush administration rejected that advice.

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Still, Downing Street is skeptical about how constructive the talks with Tehran and Damascus will prove. "Meeting is good but results have to flow from meetings," says a British foreign office spokesman.

Syria

Like Iran, Syria will see the meeting as a chance to get a "foot in the door" with the US which has cold-shouldered Damascus for the past two years. Despite Washington's icy relations with Damascus, the Syria regime of President Bashar al-Assad has repeatedly said it wants to resume full dialog with the US and that it's willing to revive peace talks with Israel.

Analysts say Syria will seek to use the meeting to advance its interests outside of Iraq. "Probably the immediate priority is Lebanon, followed by the Palestinian and Israeli issue," says Andrew Tabler, a Damascus-based fellow with the Institute of Current World Affairs.

A United Nations probe into the killing of former Lebanese premier Rafik Hariri has implicated Syria. Damascus denies any involvement. The US has backed demands that those involved with the killing be prosecuted, even if they're found to be Syrian officials. Syria is worried that a proposed international tribunal to try Hariri's killers will be used as a political tool by the US to weaken the regime. It's seeking to persuade the Americans to ease the pressure.

Syria also wants to resume peace talks with Israel, and says it is willing to agree to a full peace with the Jewish state in exchange for the Golan Heights, captured by Israel in 1967. But Israel has been split over the Syrian overtures. The Syrians are hoping to improve their image as potentially serious partners for peace and thereby ease America's pressure.

In exchange, Syria could help in Iraq, Mr. Tabler says, by encouraging the Sunni tribes of eastern Syria to try to convince their cross-border tribesmen to stop supporting the insurgency, and by tightening security along its porous 400-mile frontier with Iraq.

Russia

The Russians are intensely worried about how Middle East destabilization might affect Russia's neighbors in the Caucasus and Central Asia, as well as attitudes among their own population of 20 million Muslims.

Russia wants to reestablish its credentials as a big-power player in the region, analysts say, and more engagement on Iraq creates an opportunity to do that. President Vladimir Putin has been seeking to hold Russia up as an alternative, more accommodating pole to what is now often seen as a brash and bullying America. It also has major business interests in Iran and Syria.

"Russia has repeatedly said it wants to see the Iraq problem solved with the involvement of Iraq's neighbors and the entire world community, through engagement and dialog and not through the use of force," says Yevgeny Bazhanov, vice rector of the government's Diplomatic Academy, which trains Russian diplomats. "Without Russian involvement you couldn't have this dialog ... because Russia can play the role of mediator at that table."

Iraq

Iraq, of course, wants peace and stability, as well as to be treated as an equal by its neighbors, particularly by Sunni Arab states like Jordan, Saudi Arabia, and Egypt that are uncomfortable with the Shiite political ascendancy inside the country. The Iraqi government also worries that these neighbors, the US, and Iran are turning the country into a proxy battleground for their own disputes and are eager to see all sides sit down together and tensions defused.

Tehran May Take Part In Iraq Talks (WT)

By David R. Sands

The Washington Times, March 1, 2007

Iran said yesterday it is likely to attend a regional conference this month -- with the United States and Syria -- to address the violence in neighboring Iraq, while the Bush administration insisted its decision to participate did not signal a softening of its hard line against the two foes.

Ali Larijani, Iran's top national security official, said Tehran was still reviewing the invitation for the March 10 gathering of lower-level ministers in Baghdad. The government of Iraqi Prime Minister Nouri al-Maliki has planned a follow-up meeting of foreign ministers, possibly in April.

"We support solving the problems of Iraq by all means and we will attend the conference if it is expedient," Mr. Larijani, head of Iran's Supreme National Security Council, told reporters.

Syria has already agreed to attend the conference.

Iraqi Foreign Minister Hoshyar Zebari, in an interview with the Associated Press from Sweden, said Iran had agreed to meet with other regional powers, but "they have some questions" about a separate meeting to be held the same day in Baghdad that would include the United States and the four other permanent members of the U.N. Security Council.

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Diplomats expected in Baghdad on March 10 also include U.N. Iraq envoy Ashraf Qazi and representatives from Egypt, the Arab League and the Organization of the Islamic Conference. An Iraqi official said yesterday no one had yet turned down the invitation.

U.S. officials yesterday were at pains to reject the idea that the decision to sit down with Syria and Iran reflected an about-face in U.S. policy. The administration has been sharply critical of both countries, charging them with backing insurgent forces and militias in Iraq that have attacked U.S. troops.

White House spokesman Tony Snow said it was Mr. al-Maliki's government that organized the gathering and issued the invitations. Mr. Snow said issues like Iran's suspect nuclear programs would not on the table in Baghdad.

"If you're suddenly expecting chummy new relations, you've created a scenario that is not justified by the facts on the ground or by precedent," Mr. Snow said.

But critics in Congress and in the Middle East noted that President Bush in December had dismissed a suggestion by the bipartisan Iraq Study Group for just such a regional conference on Iraq.

The Daily Star, an influential Lebanese daily, said in its lead editorial yesterday that the most significant thing about the conference may be that Iraq took the lead in organizing it.

"The Iraqi-led conference may the first sign that the Iraqis are rising up from under a mountain of American mistakes and setting their own security agenda," the paper said.

There were signs that Mr. al-Maliki's government was coordinating with Syria and Iran in planning the meeting.

An Iranian press agency reported Monday that Syrian Foreign Minister Walid al-Moallem spoke with Iranian Foreign Minister Manouchehr Mottaki and Mr. Zebari to discuss the proposed conference. Syria and Iran restored full diplomatic relations with Iraq in November after a break of 25 years.

Washington Rules Out Dir-ect Talks With Iran (FT)

By Guy Dinmore And Gareth Smyth

Financial Times, March 1, 2007

The Bush administration on Wednesday dismissed suggestions that it might engage dir-ectly with Iran or Syria at an international conference on Iraq to be held in Baghdad next week.

European allies and dom-estic critics have broadly welcomed the announcement by Condoleezza Rice, the secretary of state, that the US would take part in the conference alongside Iran and Syria. She also noted that such a diplomatic initiative had been recommended by the bipartisan Iraq Study Group last year.

Ms Rice's statement at a Senate hearing on Tuesday prompted reports in the US media of a dramatic shift in policy. It was fuelled in part by the State Department, which pointedly declined to rule out the possibility of bilateral talks between Ms Rice and Iranian officials at a follow-up conference on Iraq to be held in April.

But on Wednesday the White House stepped in to "clarify" the situation and explicitly ruled out such a move.

"There will not be bilateral talks between the United States and Iran or the United States and Syria, within the context of these meetings," said Tony Snow, the White House spokesman. The US precondition re-mained unchanged, he said, that Iran first suspend its uranium enrichment programme as called for by the United Nations Security Council.

"We want to make sure those waters don't get muddied," he said.

Some analysts interpreted the mixed signals as evidence that the Bush administration was more interested in using the appearance of diplomacy to appease domestic critics and get its supplemental Iraq war budget through Congress, rather than adopt one of the key findings of the Iraq Study Group, which was to engage Iran and Syria directly. However, other analysts believed that Ms Rice was in fact trying to shift the US position in the direction of engagement with Iran, as has happened in recent weeks with North Korea, culminating with the nuc-lear freeze agreement reached in Beijing last month.

"It creates confusion, and when the Iranians are confused they are paralysed," commented Ray Takeyh, an analyst with the Council on Foreign Relations think-tank who believes Ms Rice is anxious to engage Iran in talks.

In Tehran, Iran's top security official, Ali Larijani, indicated that Iran would take part in the Baghdad conference.

Nouri al-Maliki, Iraq's prime minister, has invited all Iraq's neighbours as well as Egypt, the five permanent members of the Security Council, the Arab League and the Organisation of the Islamic Conference. Officials said it would take place on March 10. The US is expec-ted to send a senior official below the rank of minister.

"We hope the meeting will bring political backing for the national unity government in providing security and stability that will help national reconciliation in Iraq," Mr Maliki's office said.

The Maliki government is anxious that Iraq is not turned into a proxy battleground for a US-Iranian conflict. Mr Larijani said Teh-ran's participation in the Bag-hdad conference would be designed to help the Iraqi government.

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Iran has rejected accusations by the US that it is arming and equipping Shia militia in Iraq and providing explosives used against US forces. Asked if Tehran ran any risks in meeting the Americans, Mr Larijani replied: “One should not commit suicide because one is afraid of death.”

The US last held direct high-level talks with Iran in Geneva in May 2003.

Analysis: Iraq Talks May Open New Doors (AP)

By Anne Gearan

AP, March 1, 2007

The Bush administration says it's not going soft on Iran, but Washington's new agreement to talk to the clerical regime about violence in Iraq could crack the door for other discussions with the last holdout among President Bush's old axis of evil.

Iraq said Wednesday that its neighbors, including U.S. adversaries Iran and Syria, will attend a March 10 session on the country's security crisis. Secretary of State Condoleezza Rice made the surprise announcement Tuesday that a U.S. diplomat will also be there and that she herself will go to a later session.

It wasn't exactly an olive branch, but Rice's mild overture looked dramatic after escalating U.S. allegations that Iran is contributing to the spreading chaos in Iraq and a calculated show of U.S. military might in the Persian Gulf.

Bush administration spokesmen were quick to note that the talks are at Iraq's invitation, not Washington's. And the sessions are supposed to be about Iraq, not Iran.

"The Iraqis are putting together a meeting, and it's going to be a businesslike meeting," White House spokesman Tony Snow told reporters. "If you're expecting, suddenly, new chummy relations, you've created a scenario that is not justified by the facts on the ground or the precedents."

"Going wobbly, shift, turnabout, change," State Department spokesman Sean McCormack mocked, using several terms pulled from the morning newspapers. "Look, the administration has continued to act on a certain set of principles that it has outlined," and will keep doing so, he said.

Yet there were hints that the administration is testing Iranian, and domestic American, willingness to go further. In the diplomatic world, tough talk can sometimes be a cover for more conciliatory gestures.

"While I'm not going to point you in the direction of any particular engagement with any particular delegation ..., I'm also not going to exclude any particular diplomatic interaction," McCormack said when asked about prospects for U.S.-Iranian contact at the meetings.

The subject of sophisticated homemade bombs might come up, McCormack said. The Bush administration claims that at least one element of the Iranian regime is supplying Iraqi insurgents with especially lethal bombs that kill U.S. troops.

As for Iran's disputed nuclear program, the subject of U.S.-backed efforts to apply punishing international sanctions on Tehran, the United States won't bring it up, McCormack said.

If the Iranians want to talk about it?

"I'm sure that people would listen politely," McCormack offered, before adding that the United States is not backing off its insistence that Iran drop its uranium enrichment program as a price for escaping sanctions.

Ahmad Bakhshayesh, a Tehran Allameh University teacher in politics, said the nuclear issue probably sinks any chance of a short-term improvement in U.S.-Iranian relations from the upcoming Iraq conferences.

"However, it may lead to a broader path for negotiations between the two countries," said Bakhshayesh.

Although the United States directly accuses Iran of supporting militants in Iraq, "Iran attends the conference to indicate to the U.S., Iraq and the region that Tehran supports stability in Iraq," he said.

The United Nations Security Council has begun to consider a second, tougher round of sanctions on Iran, including a ban on travel abroad by officials involved in the nuclear program.

Rice made a bigger overture to Iran on that point last year.

If Iran shelved activities the West feared could lead to a bomb, Rice said the United States would join Europe in face-to-face talks with Tehran. That amounted to a U.S. proposal for rapprochement after more than 25 years of estrangement, but at a price Iran's hard-line leaders were unwilling to pay.

The gambit was popular in Europe but unpopular in some quarters of Bush's own government. The administration has since toughened its rhetoric on Iran, flexed its muscles at the U.N. and sent two carrier battle groups to the Persian Gulf.

The White House had dismissed the recommendation from the bipartisan Iraq Study Group in December that it reach out to Syria and Iran to try to stabilize Iraq, saying both nations would try to use the opportunity as leverage in unrelated confrontations with the West.

Syria would want a free pass on allegations it is behind the assassination of a Lebanese politician, Washington said, while Iran would make cooperation in Iraq part of discussions about the nuclear program.

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So, is the administration now becoming more flexible? After a separate diplomatic overture to North Korea, does the latest shift on Iran portend a retreat from the Bush administration's famously hard line against unsavory regimes?

The State Department's McCormack rolled his eyes.

"This just didn't happen overnight. This happened as a result of careful policy and diplomatic ground work that has been laid over the course of the years of this administration," but only now bearing fruit, he said.

A Diplomatic Avenue (WP)

The Washington Post, March 1, 2007

THE BUSH administration's decision to participate in a regional conference on Iraq that could include Iran and Syria is a welcome way to strengthen U.S. diplomacy at a crucial moment in the Middle East. Iraq teeters between civil war and steps toward a political settlement; so do Lebanon and the Palestinian Authority. Regional talks aren't likely to settle any of these crises, but they are a necessary part of any solutions. By participating and opening the way for conversations with the Syrian and Iranian governments, the administration will extract itself from a diplomatic corner and gain some fresh opportunities.

It's quite possible that neither Syria nor Iran will prove cooperative on Iraq -- Tehran has yet to say whether it will attend the conference -- but there are some positive signs. Iran's hard-line president, Mahmoud Ahmadinejad, has come under attack at home for his confrontational style. In recent weeks, Ali Larijani, Iran's national security adviser, who reports to supreme leader Ayatollah Ali Khamenei, has been quietly negotiating with senior Saudi officials on Lebanon and Iraq. Though there have been no breakthroughs, the talks helped to stop street fighting in Lebanon; Iran seems to be interested in heading off a regional conflict between Sunni and Shiite movements. Syria, desperate to end its own isolation, has been advertising its willingness to help calm Iraq and to open peace talks with Israel.

Mr. Larijani and other Iranian officials have also been hinting that Iran is interested in striking a deal to end its confrontation with the U.N. Security Council over its nuclear program. It's at least possible that Tehran is looking for a way, without appearing to be capitulating, to accept the U.N. demand that it end uranium enrichment. That's why administration officials were wise not to rule out side talks between U.S. and Iranian officials at the upcoming Baghdad meetings, while sticking to the administration's position that formal negotiations with Iran will depend on an enrichment suspension.

Success with Iran will require a careful mix of diplomacy, economic sanctions and the threat of force. Since the beginning of the year the United States has strengthened its military position in the Persian Gulf and arrested Iranian agents in Iraq. Now it has matched those necessary measures with a new diplomatic avenue. What's needed next is a continued show of determination by the U.N. Security Council, whose latest deadline for an Iranian freeze on enrichment expired last week. Britain and the United States have begun seeking a new resolution strengthening the mostly symbolic sanctions that the Security Council approved in December. Russia and European governments that have been urging more dialogue with Iran have just witnessed a rare show of flexibility by the Bush administration, but the dialogue will lead nowhere unless it is accompanied by continued and escalating pressure from a united Security Council.

Don't Negotiate With Pariahs (USAT)

By Victor Davis Hanson

USA Today, March 1, 2007

America should attend regional talks that may include Syria and Iran, in support of stabilizing the democracy in Iraq.

But the United States should not negotiate directly with these terrorist states until they cooperate with ongoing United Nations investigations and cease trying to destroy neighboring democracies.

Syria has engaged in serial assassination in Lebanon to overturn that constitutional government. It blocks U.N. inquiries into the murders of prominent Lebanese. And Syrian money and agents foment unrest in democratic Iraq, even as they seek to aid Hamas in attacking democratic Israel.

Iranian theocracy violates international nonproliferation accords. Its president has promised to wipe Israel off the map. In chilling fashion, Iran has hosted an international conference to deny the Holocaust, as if proof were needed that its threats derive from an existential hatred of the Jewish state.

Like Syria, Iran wants to end the democratic experiment in Iraq. Iranian money, weapons and expertise are used by terrorists in kill Americans in Iraq, and through Hamas to disrupt Palestinian peace efforts. Hezbollah, a group also backed by Iran and Syria, seeks to destabilize Lebanese democracy and restart a border war with Israel.

Such aggression is not symptomatic, as is often asserted, of confident regimes on the rise. Iranian oil production is declining. Billions in food and fuel subsidies are proving unsustainable, and scarce funds are siphoned off to foreign terrorists and nuclear proliferation. Beset by unsound economies and rising domestic unpopularity, the Iranian theocracy and Syrian dictatorship have become pariahs at odds with European diplomats, other Arab states and the United Nations.

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Only the continued American policy of ostracizing Iran and Syria, galvanizing the international community to enforce U.N. compliance, supporting Iranian and Syrian reformers, and keeping a high-profile military presence in the area offers any hope that either nation will cease their subversion.

We need to keep the pressure up — without bombing, without bombast and without talking directly with these rogue and increasingly desperate states that have caused themselves and the world so much trouble.

Victor Davis Hanson is a senior fellow in classics and military history at the Hoover Institution, Stanford University.

Russia Warns U.S. Against Striking Iran (AP)

By Vladimir Isachenkov

AP, March 1, 2007

Russia's foreign minister warned Washington not to use force against Iran and criticized what he described as the United States' unilateral approach to other global crises in an interview published Wednesday.

Russia was worried about Vice President Dick Cheney's recent comment that "all options are on the table" to stop Tehran from becoming a nuclear power, Foreign Minister Sergey Lavrov said.

"We are concerned about the possibility of a military scenario," Lavrov was quoted as saying, in the government daily Rossiyskaya Gazeta. "We are observing a U.S. military buildup in the Persian Gulf. Such a buildup of forces always threatens to trigger a military conflict, even by accident."

Iran has ignored a U.N. deadline to halt the enrichment of uranium, which the U.S. says is part of a secret effort to build nuclear weapons. Enriched to a low level, uranium is used to produce nuclear fuel but highly enriched uranium can be used in an atomic bomb.

Russia has repeatedly spoken out against the use of military force against Iran, and has warned that harsh punishment would be counterproductive.

In December, Russia supported a U.N. Security Council resolution that imposed limited sanctions against Iran over its refusal to halt enrichment, but only after the council dropped an initial proposal to impose curbs on a nuclear power plant Russia is building in Iran.

Senior diplomats from the five permanent Security Council members and Germany met Monday in London to discuss ways to pressure Iran to suspend enrichment. Officials in London and Washington said new measures would likely include incremental restrictions on trade and arms.

Lavrov asserted that the talks on the Iranian issue were deadlocked, saying both the United States and Iran were unwilling to compromise.

"It would be unforgivable to miss a chance to use every opportunity to start such talks because of a false notion of prestige, because of the unyielding stance taken by both parties," he was quoted as saying.

Echoing recent comments made by President Vladimir Putin, Lavrov also assailed Washington for what he called a unilateralist approach to global issues.

"When they offer us a unilateral strategy and urge us to express solidarity in combating one or another evil ... that's not the behavior of a partner," he was quoted as saying.

Lavrov added that Putin's harsh criticism of U.S. policy earlier this month voiced an opinion many other nations shared, but were afraid to express publicly.

Putin told a security conference in Munich Feb. 10 that the United States "has overstepped its national borders in every way" and accused it of triggering a global arms race.

Lavrov praised Putin's blunt talk: "Someone had to say it ... to show the need for candid talk about how to deal with global affairs."

Russia can speak independently, he said, because of its resurgence following the troubled years after the 1991 Soviet collapse.

"There are those who cannot say 'no' to the United States," he said, according to the newspaper. "But we can allow ourselves to tell the truth, and not just reject unilateral calls for support but offer concrete constructive alternatives."

In a bid to increase its role in Middle East peace efforts, Russia this week hosted Khaled Mashaal, leader of the militant Palestinian group Hamas. Lavrov said Tuesday the Hamas chief pledged to end missile attacks and violence against Israel, although Mashaal reaffirmed his group's refusal to recognize Israel.

Lavrov also called for lifting the financial aid blockade of the Hamas-led Palestinian Authority.

The United States, the Europeans and Israel consider Hamas a terrorist group. Hamas' renunciation of violence and recognition of Israel are key demands of the Quartet of Middle East peace brokers — Russia, the United States, the European Union and the United Nations.

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In the newspaper interview, Lavrov said Russia will continue to support the Quartet's demand that Hamas recognize Israel. But he warned the West's refusal to deal with the militant group could undermine a fragile accord among the Palestinians.

"It's wrong and shortsighted not to see the real progress that already has been made," he said.

Iran Sanctions May Target Bank (FT)

By Daniel Dombey

Financial Times, March 1, 2007

The world's big powers are debating whether to increase pressure on Tehran's nuclear programme by targeting Bank Sepah, a leading Iranian bank, with United Nations sanctions.

Such a move, against Iran's oldest bank, would follow a campaign by the US to persuade European nations to follow its example and take steps against Sepah that would exclude it from international markets.

In January, Washington barred US banks from doing business with Sepah because of what the Bush administration said was the institution's connections with Iran's missile programme. The decision effectively stopped Sepah from carrying out dollar transactions.

But moves in other jurisdictions would have a greater effect. Bank Sepah's wholly owned subsidiary Bank Sepah International claims it has "relationships in over 45 countries worldwide" as well as offices in London, Paris, Frankfurt and Rome.

To date, European Union countries have resisted taking action against Sepah, despite a campaign waged by Robert Kimmitt, deputy US treasury secretary, and Stuart Levey, Treasury under secretary for terrorism and financial intelligence.

States such as Germany and Sweden say that imposing measures against the bank would be legally difficult unless Sepah is specifically named by a UN Security Council resolution. Bank Sepah itself denounces what it says are Washington's "fabricated statements and unfounded allegations," adding that it "will spare no effort to seek righteous remedies in the near future".

Yesterday, however, European diplomats said they were discussing whether to include measures against Bank Sepah in a new resolution. The issue will be addressed by top diplomats from the permanent five members of the Security Council and Germany, who are due to discuss possible Iran sanctions in a telephone call today.

The diplomats said no decision had yet been made about Sepah. But, in line with the policy of exercising incremental pressure on Tehran, which missed a deadline to curb its nuclear programme last week, the US and the EU want to strengthen measures set out by a previous resolution agreed last December.

That resolution targeted seven organisations the UN said were involved in Iran's nuclear programme, three involved in its missile programme, and 12 people connected with either or both programmes.

As well as adding new names to the lists, the EU and US want a new resolution to impose a travel ban on the people identified in the previous measure – previously only subject to softer travel restrictions.

In addition, the six countries are discussing whether to impose limited restrictions on arms dealings with Iran – a measure Russia is very likely to resist – and whether to include language that would deter countries from subsidising trade with Iran.

U.S. Concedes Uncertainty On North Korean Uranium Effort (NYT)

By David E. Sanger And William J. Broad

New York Times, March 1, 2007

WASHINGTON, Feb. 28 — Last October, the North Koreans tested their first nuclear device, the fruition of decades of work to make a weapon out of plutonium.

For nearly five years, though, the Bush administration, based on intelligence estimates, has accused North Korea of also pursuing a secret, parallel path to a bomb, using enriched uranium. That accusation, first leveled in the fall of 2002, resulted in the rupture of an already tense relationship: The United States cut off oil supplies, and the North Koreans responded by throwing out international inspectors, building up their plutonium arsenal and, ultimately, producing that first plutonium bomb.

But now, American intelligence officials are publicly softening their position, admitting to doubts about how much progress the uranium enrichment program has actually made. The result has been new questions about the Bush administration's decision to confront North Korea in 2002.

"The question now is whether we would be in the position of having to get the North Koreans to give up a sizable arsenal if this had been handled differently," a senior administration official said this week.

The disclosure underscores broader questions about the ability of intelligence agencies to discern the precise status of foreign weapons programs. The original assessment about North Korea came during the same period that the administration was building its case about Iraq's unconventional weapons programs, which turned out to be based on flawed intelligence. And the new North Korea assessment comes amid debate over intelligence about Iran's weapons.

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The public revelation of the intelligence agencies' doubts, which have been brewing for some time, came almost by happenstance. In a little-noticed exchange on Tuesday at a hearing at the Senate Armed Services Committee, Joseph DeTrani, a longtime intelligence official, told Senator Jack Reed of Rhode Island that "we still have confidence that the program is in existence — at the mid-confidence level." Under the intelligence agencies' own definitions, that level "means the information is interpreted in various ways, we have alternative views" or it is not fully corroborated.

"The administration appears to have made a very costly decision that has resulted in a fourfold increase in the nuclear weapons of North Korea," Senator Reed said in an interview on Wednesday. "If that was based in part on mixing up North Korea's ambitions with their accomplishments, it's important."

Two administration officials, who declined to be identified, suggested that if the administration harbored the same doubts in 2002 that it harbored now, the negotiating strategy for dealing with North Korea might have been different — and the tit-for-tat actions that led to October's nuclear test could, conceivably, have been avoided.

The strongest evidence for the original assessment was Pakistan's sale to North Korea of upwards of 20 centrifuges, machines that spin fast to convert uranium gas into highly enriched uranium, a main fuel for atom bombs. Officials feared that the North Koreans would use those centrifuges as models to build a vast enrichment complex. But in interviews this week, experts inside and outside the government said that since then, little or no evidence of Korean procurements had emerged to back up those fears.

The continuing doubts prompted the Office of the Director of National Intelligence on Wednesday to declassify a portion of the most recent, one-page update circulated to top national security officials about the status of North Korea's uranium program. The assessment, read by two senior intelligence officials, speaking on the condition of anonymity in a joint interview, said the intelligence community still had "high confidence that North Korea has pursued a uranium enrichment capability, which we assess is for a weapon."

It added, they said, that all the government's intelligence agencies "judge — most with moderate confidence — that this effort continues. The degree of progress towards producing enriched uranium remains unknown, however."

In other words, while the agencies were certain of the initial purchases, confidence in the program's overall existence appears to have dropped over the years — apparently from high to moderate.

It is unclear why the new assessment is being disclosed now. But some officials suggested that the timing could be linked to North Korea's recent agreement to reopen its doors to international arms inspectors. As a result, these officials have said, the intelligence agencies are facing the possibility that their assessments will once again be compared to what is actually found on the ground. "This may be preventative," one American diplomat said.

American intelligence agencies had long known of North Korea's nuclear program employing plutonium, which can make compact weapons but requires large, easily detected reactors. By contrast, uranium warheads tend to be larger, but the technology for enriching uranium is much smaller and easier to hide.

Secretary of State Condoleezza Rice and the national security adviser, Stephen J. Hadley, declined to discuss the decisions to confront North Korea in 2002 or the quality of the intelligence behind that decision, though both have noted previously that North Korea purchased equipment from Pakistan that could only have been intended for use in producing weapons fuel. One former official said that it was Ms. Rice, in a meeting at the C.I.A. in 2004, who encouraged intelligence officials to soften their assessments of how quickly the North Koreans could produce weapons-usable uranium.

"She asked, how did we know about the timing, and they didn't have answers," said the former official. "Did they have Russians and Chinese helping them? No one was sure. It was really a guesstimate about timing."

Different players in the 2002 debate have different memories. John R. Bolton, the former American ambassador to the United Nations, who headed the State Department's proliferation office at the time of the 2002 declaration, said in an interview on Wednesday evening that "there was no dissent at the time, because in the face of the evidence the disputes evaporated." Mr. Bolton, one of the most hawkish voices in the administration and a vocal critic of its recent deal with North Korea, recalled that even the State Department's own intelligence arm, which was the most skeptical of the Iraq evidence, "agreed with the consensus opinion."

But David A. Kay, a nuclear expert and former official who in 2003 and 2004 led the American hunt for unconventional arms in Iraq, said he had found the administration's claims about the North Korean uranium program unpersuasive. "They were driving it way further than the evidence indicated it should go," he said in an interview. The leap of logic, Dr. Kay added, turned evidence of equipment purchases into "a significant production capability."

But the doubts were on full display on Wednesday, when Christopher R. Hill, the chief American negotiator with North Korea, testified on Capitol Hill. "If we determine that there is a program, it's got to go," Mr. Hill said, words that were far more tentative than American policy makers have used about the program in the past. Expressing his resolve to get to the bottom of the mystery, he added: "We cannot have a situation where we — you know, they pretend to disarm and we pretend to believe

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them. We need to run this into the ground." He said that while there was no doubt that North Korea had bought centrifuges from Abdul Qadeer Khan, the rogue Pakistani engineer, there was doubt about "how far they've gotten."

John E. McLaughlin, a former director of central intelligence and the deputy C.I.A. director in 2002, defended the initial North Korean findings as accurate. "At the time we reported this, we had confidence that they were acquiring materials that could give them the capability to do this down the road," he said in an interview. But no one, he added, "said they had anything up and running. We also made clear that we did not have a confident understanding of how far along they were."

That confidence has dropped further because inspectors have been banned from North Korea for four years, nearly as long as they were out of Iraq before their readmittance just before the 2003 invasion. In Iraq's case, intelligence analysts extrapolated from the last information they had to assess what kind of weapons Iraq might be producing.

Outside experts, including David Albright, president of the Institute for Science and International Security, a private group in Washington that tracks nuclear arms, have suggested in recent days that something similar happened in North Korea's case. "The evidence doesn't support the extrapolation" to the judgment that North Korea was making crucial strides in its uranium program, Mr. Albright said in an interview. "The extrapolation went too far."

He said administration analysts were right in thinking that Dr. Khan had sold North Korea about 20 centrifuges. Gen. Pervez Musharraf, the Pakistani president, confirmed that in a memoir published last year. But, Mr. Albright said, intelligence agencies overstated whether North Korea had used those few machines as models to construct row upon row of carbon copies.

His report zeroed in on thousands of aluminum tubes that the North Koreans bought and tried to buy in the early 2000s. The C.I.A. and the Bush administration, the report said, pointed to these tubes as the "smoking gun" for construction of a large-scale North Korean plant for the enriching of uranium. It was assessments about the purpose of aluminum tubes that were at the center of the flawed Iraq intelligence.

In the North Korea case, intelligence analysts saw the tubes as ideal for centrifuges. But Mr. Albright said the relatively weak aluminum tubes were suitable only for stationary outer casings — not central rotors, which have to be very strong to keep from flying apart while spinning at tremendous speeds.

Moreover, he added, the aluminum tubes were "very easy to get and not controlled" by global export authorities because of their potentially harmless nature. So that purchase, by itself, Mr. Albright added, was "not an indicator" of clandestine use for nuclear arms.

New Doubts On Nuclear Efforts By North Korea (WP)

By Glenn Kessler

The Washington Post, March 1, 2007

The Bush administration is backing away from its long-held assertions that North Korea has an active clandestine program to enrich uranium, leading some experts to believe that the original U.S. intelligence that started the crisis over Pyongyang's nuclear ambitions may have been flawed.

The chief intelligence officer for North Korea, Joseph R. DeTrani, told Congress on Tuesday that while there is "high confidence" North Korea acquired materials that could be used in a "production-scale" uranium program, there is only "mid-confidence" such a program exists. Meanwhile, Assistant Secretary of State Christopher R. Hill, the chief negotiator for disarmament talks, told a conference last week in Washington that it is unclear whether North Korea ever mastered the production techniques necessary for such a program.

If the materials North Korea bought "did not go into a highly enriched uranium program, maybe they went somewhere else," Hill said. "Fine. We can have a discussion about where they are and where they've gone."

The administration's stance today stands in sharp contrast to the certainty expressed by top officials in 2002, when the administration accused Pyongyang of running a secret uranium program -- and demanded it be dismantled at once. President Bush told a news conference that November: "We discovered that, contrary to an agreement they had with the United States, they're enriching uranium, with a desire of developing a weapon."

The accusation about the alleged uranium program backfired, sparking a series of events that ultimately led to North Korea's first nuclear test -- using another material, plutonium -- nearly five months ago.

In 2002, the United States led a drive to suspend shipments of fuel oil promised to Pyongyang under a 1994 accord that froze a North Korean plutonium facility. The collapse of the 1994 agreement freed North Korea to build up a stockpile of plutonium for as many as a dozen nuclear weapons. Pyongyang conducted its test with some of that plutonium -- while the alleged uranium facility faded in importance.

Plutonium and highly enriched uranium provide different routes to building nuclear weapons. The North Koreans were able to reprocess spent fuel rods -- which had been monitored by U.N. inspectors under the 1994 agreement -- to obtain the weapons-grade plutonium for a nuclear test last year. A uranium-enrichment program would have required Pyongyang to build a

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facility with thousands of uranium-spinning centrifuges to obtain the highly enriched uranium needed for a weapon. Iran's nuclear program, which the United States alleges is intended for weapons, involves enriched uranium.

When Bush took office in 2001, a number of top administration officials openly expressed grave doubts about the 1994 accord, which was negotiated by the Clinton administration, and they seized on the intelligence about the uranium facility to terminate the agreement. The CIA provided an unclassified estimate to Congress in November 2002 that North Korea had begun constructing a plant that would produce enough "weapons-grade uranium for two or more nuclear weapons per year . . . as soon as mid-decade."

David Albright, a respected former U.N. inspector and president of the Institute for Science and International Security, issued a report last week in which he likened the intelligence on North Korea's uranium facility to the discredited intelligence before the invasion of Iraq that Baghdad was building a nuclear program. "The analysis about North Korea's program also appears to be flawed," he wrote.

In the upcoming issue of the Washington Quarterly, Joel S. Wit, a former State Department official who, with Albright, recently met with North Korean officials in Pyongyang, also raises questions about the intelligence estimate.

Administration officials insist they had valid suspicions at the time about North Korean purchases -- including 150 tons of aluminum tubes from Russia in June 2002 -- to halt any possible cooperative talks with Pyongyang. Officials also say that a senior North Korean official admitted to the program in October 2002, when Hill's predecessor, James Kelly, confronted North Korean officials over the U.S. intelligence findings at a meeting in Pyongyang. North Korea subsequently denied that any such admission took place.

Kelly told reporters at the time he had informed the North Koreans that "this was a big problem and that they needed to dismantle it right away, before we could fully engage in a whole range of things that might well be mutually beneficial."

U.S. participants at the meeting said in interviews there was little dispute at the time North Korea appeared to be admitting the program, though one said the admission was more "tonal" -- such as the North Korean official's belligerent attitude -- than would appear in the transcript of the discussion.

During the early years of the crisis, the United States took a firm stand that North Korea must first admit to the uranium facility, rejecting proposals from other nations that it was more important to freeze the plutonium facility in order to halt North Korea's production. In May 2004, DeTrani -- then with the State Department -- was dispatched to give the North Koreans a detailed, 90-minute presentation of all the materials that Pyongyang had procured overseas, including aluminum tubes, chemicals and even a centrifuge kit from a Pakistani nuclear smuggling network, a U.S. official said.

The North Koreans have consistently denied having a uranium-enrichment program, and U.S. officials say suspected procurement activities have largely ceased in the past two years for unknown reasons. Some speculate that Pyongyang found a uranium program too difficult, especially since the plutonium facility was active. Others say DeTrani's presentation spooked them and they either ended the purchases or became more discreet.

Hill has said he has raised the uranium program at every meeting with the North Koreans, but the recent deal struck with Pyongyang focuses on the plutonium program. Under the agreement, North Korea will close and "seal" its plutonium nuclear reactor at Yongbyon within 60 days in return for 50,000 tons of fuel oil.

Pyongyang must eventually disclose and dismantle its programs in order to receive significant aid and other benefits, including normalizing relations with the United States.

U.S. Discusses Releasing North Korean Funds (NYT)

By Steven R. Weisman And Donald Greenlees

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — China and the United States are close to an accord to let North Korea regain some of the $25 million in its funds frozen in a bank in Macao now that it has agreed to start dismantling its nuclear arms program, American officials said Wednesday.

The American officials said arrangements for North Korea to get a portion of the funds frozen at Banco Delta Asia, a small family-owned bank accused of money laundering, have been the subject of intense discussions this week in China. A deal could be announced in the next few weeks, they said.

The issue of the funds, frozen a year and a half ago, was a major factor in the off-again-on-again six-party negotiations with North Korea over its nuclear program. North Korea angrily boycotted the talks for most of the last year, charging that the bank action was based on false charges and was an example of economic coercion.

The intention to ease the freeze on the North Korean funds was not announced at the time of the North Korea accord reached on Feb. 13, but officials said at the time that they expected the issue to be resolved. Daniel Glaser, a deputy under secretary of the Treasury, has been in China this week for discussions about the subject.

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Mr. Glaser said this week that the United States had gone through more than 300,000 documents from Banco Delta Asia and consulted on them with both North Korea and China. The effort, American officials said, was meant to determine which of the North Korean funds were tainted by illegal activities and which were legitimate.

"All of this work that we've done has put us in a position where we can begin to take steps to resolve the Banco Delta Asia matter," Mr. Glaser told reporters in Hong Kong on Monday. He said the resolution of the matter would be completed "in a timely fashion" and "as quickly as possible."

The expected return of some of the frozen funds to North Korea — officials involved in the discussions say the sum could exceed $12 million — offers a striking case study of how the United States has used its financial laws to extend its reach to foreign banks and isolate a country from the international financial system.

Christopher R. Hill, the assistant secretary of state who negotiated the nuclear deal with North Korea, said Wednesday that he had no doubt that freezing the funds compelled North Korea to negotiate.

"I think they were concerned about the fact that we were able to go after an important note of their financing," he said, testifying before the House Foreign Affairs Committee.

Mr. Hill added that the agreement on nuclear matters meant no easing of American concerns over North Korea's illicit activities on drugs, weapons or counterfeiting. "I can assure you that we have not, and will not, trade progress on denuclearization by turning a blind eye to some of these other activities," he said.

The Bush administration hopes to replicate the North Korean experience with Iran, but American officials involved in the planning acknowledge that this might be more difficult because Iran has a web of banking relationships throughout Europe and the Middle East.

Sanctions against Iran approved by the United Nations Security Council in December have contributed to Iran's economic isolation, administration officials say. In addition, Treasury steps similar to those against Banco Delta Asia have forced Iranian banks to carry out transactions, including the sale of oil, in currencies other than the dollar.

These steps have complicated business deals and the willingness of some foreign companies to invest in Iran, energy experts say. Recently, for example, Russia said it was slowing its investment in an Iranian civilian nuclear plant, saying that it objected to being paid in euros.

Banco Delta Asia was seen in financial circles as an early test case of American efforts to use such sanctions against not only North Korea but also other countries charged with supporting terrorism or illegal weapons proliferation. In 2005, for example, the Bush administration labeled Banco Delta Asia a "primary money laundering concern" and charged that it was helping North Korea carry out counterfeiting, narcotics trafficking and other illicit activities.

North Korea denied the accusations, and Banco Delta Asia, in filings with the Treasury Department, said it had no evidence of such activities for North Korea.

Nevertheless, the bank and the Chinese government closed accounts of 20 North Korean banks, 11 North Korean trading companies, 9 North Korean citizens and 8 Macao-based companies that do business with North Korea, according to bank records. The bank also promised to cease any further business with North Korea or its business partners.

American officials have suggested that some of these accounts helped North Korea's leader, Kim Jong-il, maintain a lavish lifestyle in Pyongyang, the capital.

While the $25 million in Banco Delta Asia is believed to be a small part of North Korea's financial activities with the outside world, it reflects only the amount of money in the bank at the time the funds were frozen. The volume of transactions conducted by the bank for North Korea could involve many times that amount of money, according to people close to the investigation into the bank.

The main enforcement tool by the United States was an announcement that it was considering a step barring American banks from doing business in dollars with Banco Delta Asia, effectively threatening to shut it out of the international banking system. To protect themselves, American banks then stopped doing business with Banco Delta Asia.

Those steps, in turn, forced the bank to shut itself down, hand itself over to the Chinese government and freeze all funds linked to North Korea.

US-North Korea Talks Set For March (AP)

AP, March 1, 2007

U.S. and North Korean officials will meet in New York on March 5-6 to discuss initial steps toward normalizing relations, the State Department said Wednesday.

Spokesman Sean McCormack said U.S. Assistant Secretary of State Christopher Hill will meet with North Korean Vice Foreign Minister Kim Kye Gwan.

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Talks on establishing normal relations after decades of hostility were called for in the six-party nuclear disarmament agreement signed in China on Feb. 13.

McCormack said Hill and Kim will spent a lot of time working on the agenda for the normalization process.

"It's not a meeting that will produce immediate results," McCormack said.

Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said Tuesday that officials had seen North Korea take preliminary steps toward shutting down its main nuclear reactor, which the North pledged to close and seal in return for an initial load of fuel oil. More aid would follow once North Korean technicians had disabled its nuclear programs.

"There are parts of this nuclear program that we have to pay a lot of attention to, to see if we have the kind of disclosure and the inspection capabilities that we're looking for," Maples said.

Hill is scheduled to appear at a House Foreign Affairs Committee hearing today.

N. Korea, U.S. Talks 'Just A First Step' (WT)

By Nicholas Kralev

The Washington Times, March 1, 2007

The State Department yesterday ruled out "immediate results" from U.S.-North Korea talks on establishing full diplomatic relations, which officials said will take place on Monday and Tuesday in New York.

U.S. intelligence officials, meanwhile, said the North has taken preliminary steps to shut down its main nuclear reactor, as required by a Feb. 13 agreement under which it would scrap its atomic programs in exchange for about $300 million in aid.

The deal, signed in Beijing by the United States, North and South Korea, China, Japan and Russia, also calls for a "working group" to begin work on several bilateral issues -- including diplomatic relations -- within the next two weeks.

State Department spokesman Sean McCormack yesterday confirmed a report in The Washington Times that the normalization of relations would figure prominently in the New York talks.

"I would caution you that this meeting is just a first step; it's an initial conversation," he said. "Don't look at it as a meeting that is going to produce immediate results. Nobody is going to come out the front door and wave a piece of paper with some agreement on it."

The talks will be conducted by the two countries' chief nuclear negotiators, Christopher Hill and Kim Kye-gwan. Mr. Kim is expected to arrive in San Francisco today and meet with nongovernmental groups in the San Francisco Bay Area before heading to New York tomorrow.

North Korea has also invited Mohamed ElBaradei, director-general of the International Atomic Energy Agency, to Pyongyang for talks on dismantling the North's nuclear facilities.

On Capitol Hill, Army Lt. Gen. Michael Maples, head of the Defense Intelligence Agency, said on Tuesday that recent information and analysis show the North has taken initial steps to close its main nuclear reactor at Yongbyon.

"There are parts of this nuclear program that we have to pay a lot of attention to, to see if we have the kind of disclosure and the inspection capabilities that we are looking for," he told the Senate Armed Services Committee.

Joseph DeTrani, mission manager for North Korea in the Office of the Director of National Intelligence, said the United States will continue to insist that the North declare all of its nuclear programs, including the suspected enrichment of uranium.

Pyongyang has never admitted publicly to having such a program, though U.S. officials insist the North Koreans acknowledged it when confronted with evidence in 2002.

Mr. DeTrani said the U.S. has "high confidence" that North Korea was acquiring materials for a production-scale enrichment program in 2002. The assessment of the program's continued existence is "at the mid-confidence level," he said.

The six-party talks, which produced the Feb. 13 agreement, began in 2003 but were dogged by repeated North Korean boycotts. The last one followed Washington's successful effort in 2005 to persuade a Macau bank to freeze about $24 million in North Korean assets.

Mr. Hill, assistant secretary of state for East Asian and Pacific affairs, indicated yesterday that the Treasury Department may be ready to ease those restrictions, saying that such a development "will not solve all of North Korea's problems with the international financial system."

"It must stop its illicit conduct and improve its international financial reputation in order to do that," Mr. Hill told the House Committee on Foreign Affairs.

In Pyongyang yesterday, senior officials from the two Koreas held their first formal negotiating session in seven months.

The South's chief delegate, Unification Minister Lee Jae-joung, criticized the North for conducting missile and nuclear weapons tests last year and urged it to "quickly implement the Feb. 13 agreement," said spokesman Lee Kwan-se.

North Korea's senior Cabinet councilor, Kwon Ho-ung, defended his country's missile tests as a "legitimate right for self-defense as a sovereign nation," but remained silent on the nuclear issue.

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The North will hold talks with Japan on establishing diplomatic relations and resolving other disputes March 7 and 8 in Vietnam, Japan's Chief Cabinet Secretary Yasuhisa Shiozaki said yesterday.

In U.S. Overtures To Foes, New Respect For Pragmatism (NYT)

By Helene Cooper

The New York Times, March 1, 2007

WASHINGTON, Feb. 28 — In the span of just two weeks, the United States has agreed to hold high-level contacts with Iran and Syria, and to start down the path toward formal diplomatic recognition of North Korea.

Has the Bush administration gone soft on its foes?

As recently as Jan. 12, Secretary of State Condoleezza Rice repeated what has been a constant of Bush foreign policy: a refusal to bestow on Iran, Syria and North Korea the legitimacy of diplomatic engagement as long as they refuse to bend on disputed issues.

"That's not diplomacy," Ms. Rice said before a Senate panel, in defending the administration's stand on Iran and Syria. "That's extortion."

Administration officials insisted Wednesday that the new overtures, including an agreement to join Iran and Syria in talks on Iraq, did not mean there had been a change in policy. "There is no crack," the White House spokesman, Tony Snow, said. "A number of people have been characterizing U.S. participation in a regional meeting as a change in policy; it is nothing of the sort."

But foreign policy experts, administration critics on Capitol Hill and former diplomats disagreed, saying the administration appeared to have recognized the extent to which it had tied its own hands by insisting on talking only to friends. Even Ms. Rice had called the opening to Tehran and Damascus a "diplomatic initiative."

"The question isn't whether the axis of evil is dead; it's alive as it was yesterday," said Daniel P. Serwer, a vice president at the United States Institute of Peace and a former diplomat who served as executive director of the bipartisan Iraq Study Group. "The question is whether the concept, as it was applied, is dead. And it's absolutely clear to me that you have to talk to who you have to talk to, in order to get things done."

Within the administration, there has long been a tug of war between advocates of engagement, represented by the diplomats at the State Department and sometimes led by Ms. Rice, and those who have sought to isolate enemies, a group led by Vice President Dick Cheney and defended by the former United Nations ambassador, John R. Bolton.

In the period leading up to the start of the Iraq war in 2003 and in the years immediately after, those pushing for isolation appeared to have the upper hand.

But last November's election results, along with the morass in Iraq and a yearning for some foreign-policy home runs as the clock winds down on the Bush administration, have made room for proponents of engagement.

A senior administration official who advocates at least limited contacts with America's enemies said, "There wasn't one big 'Aha!' moment, when suddenly we were being heard."

But, he said, "there seems to be more of a recognition of the limited success" of the approach.

At a dinner and lecture on Tuesday night at the Library of Congress, it looked like a reunion of the pro-engagement crowd. Seated at the front was former Secretary of State Henry A. Kissinger, along with the new deputy secretary of state, John D. Negroponte; also in attendance was Robert L. Gallucci, the former chief United States negotiator during the North Korean nuclear crisis of 1994.

It was a veritable bevy of advocates of realpolitik, headlined by former Secretary of State James A. Baker III, who told the audience, "America must be prepared to talk to our enemies."

Ms. Rice has come under criticism from conservative hard-liners, both in and out of the administration. So far, her close relationship with President Bush has allowed her to prod the administration toward more engagement, while at the same time taking pains not to push Mr. Bush further than he is willing to go, administration officials said.

In the North Korea case, Ms. Rice pressed for United Nations Security Council sanctions after it exploded a nuclear device in October. Then, three months later, she telephoned Mr. Bush directly from Berlin, where she was traveling, to get his approval for the United States to pursue an accord with North Korea on nuclear issues. In doing so, she bypassed layers of government policy review that had derailed past efforts to negotiate an agreement, administration officials said.

The State Department announced Wednesday that as part of the agreement, in which North Korea agreed to shut its main nuclear reactor in exchange for food and fuel aid, the United States and North Korea would hold "working group talks" on Monday and Tuesday on the normalization of relations.

In the case of Iran and Syria, Ms. Rice followed a similar strategy. In the weeks leading up to Tuesday's shift, she joined the rest of the Bush administration in increasingly confrontational oratory toward Iran. She accused Iran of aiding Shiite militias in

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attacks against American troops. She referred to “increasing lethality” in those attacks, which she said the United States would not stand for.

One senior administration official said the hard line helped Ms. Rice answer critics who accused her of being too soft. It also allowed the United States to sit at the table with Iran and Syria from a position of strength, the official said.

“The government of the U.S. now feels as though it has leverage,” another senior administration official said. “People ask, ‘What’s changed?’ That’s what’s changed.”

It remains unclear whether an administration that has been committed for so long to not talking to its enemies can make a sincere about-face. At this point, administration officials caution that they have no plans to negotiate one-on-one with Iran or Syria.

But they said the same thing about talks with North Korea, maintaining that Washington was willing to talk to the North only within the context of six-nation talks, while American officials were actually meeting one-on-one with their North Korean counterparts.

Still, there are not many people in the administration who believe that Vice President Cheney has suddenly changed his mind, and now favors engagement.

That means that Ms. Rice will be under pressure to show results quickly, a tall task. “You can’t expect miracles here,” said Lee H. Hamilton, a co-chairman, with Mr. Baker, of the Iraq Study Group, which advised the United States to engage Syria and Iran.

“There has to be a sustained effort,” Mr. Hamilton said. “Successful diplomacy requires very careful preparation and very extensive follow-through.”

Diplomacy Could Define End Of Bush's Term (USAT)

USA Today, March 1, 2007

WASHINGTON — It happened to Ronald Reagan, and it is happening to George W. Bush.

With less than two years left in office, Bush is talking to countries he once shunned.

This week, the administration agreed to sit down with Iran and Syria at a conference on stabilizing Iraq. Two weeks ago, Bush agreed to provide aid to North Korea if it freezes its nuclear program. In February, the administration stepped in to revive peace talks between Israel and the Palestinians — something it declined to do for six years.

IRAQ CONFERENCE: U.S. may meet with Iran, Syria

The Bush administration has "come to the conclusion that there are limits to military power and that in diplomacy, it's often more necessary to talk to your opponents than your friends," says Richard Armitage, deputy secretary of State during Bush's first term.

On Wednesday, White House spokesman Tony Snow said Bush isn't changing positions.

"This is not a crack in the wall," he said of plans to meet with Iran and Syria. "It is another example, though, of the United States working diplomatically."

Bush's moves recall Reagan in 1986 after his administration was damaged by revelations it secretly sold weapons to Iran and used the money to fund anti-communist guerrillas in Nicaragua. Weakened by the Iran-contra scandal, Reagan shuffled his Cabinet and intensified arms-control talks with the Soviet Union.

Foreign policy experts say they see a new pragmatism in the Bush administration.

Bush's new flexibility is a result of his desire to salvage his Iraq policy and tamp down other crises around the globe, says Richard Haass, head of the Council on Foreign Relations. "It's ironic that what was a war of choice (in Iraq) has narrowed the administration's choices and forced it to adopt a more traditional foreign policy."

Personnel changes might have smoothed the way. When Donald Rumsfeld was Defense secretary, the Pentagon took on foreign policy roles that traditionally went to State Department diplomats. Now, "you have more of a team player" in Robert Gates, Rumsfeld's successor, says Bruce Riedel, a former National Security Council official. Gates "recognizes the importance of diplomacy and (sees) how overstretched his resources are," Riedel says.

Anne-Marie Slaughter, dean of the Woodrow Wilson School of Public and International Affairs at Princeton University, says Vice President Cheney and the Pentagon have seen their influence wane. "The State Department is once again running foreign policy," she says.

In an interview Wednesday on CNN, Cheney dismissed that idea: "I get to give (Bush) my advice. And sometimes he takes it, sometimes he doesn't. That's always been the deal."

Conservatives say the administration's recent moves could embolden U.S. foes. North Korea's behavior has "gotten worse," and Iran is likely to speed efforts to build nuclear weapons, says Danielle Pletka, vice president at the American Enterprise Institute, a conservative think tank.

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Recent administration moves include:

·North Korea. The United States and four other countries agreed to give North Korea fuel oil if it shuts down a program that has produced plutonium for nuclear weapons. The accord is similar to a 1994 pact Bush criticized when he came into office. Also, U.S. and North Korean officials meet next week to discuss steps toward normal ties after decades of hostility.

·Iran. The administration says it will join Iran and Syria at the Iraq conference this month. It has resisted talks with both and pushed sanctions and banking restrictions to isolate Iran.

·Middle East peace. Bush sought to isolate Palestinian leader Yasser Arafat and declined calls to try to broker Israeli-Palestinian peace. U.S. Secretary of State Condoleezza Rice now says Bush is determined to see progress toward a Middle East peace deal before leaving office.

"In the last two years of an administration, … you focus on what's doable," says Kenneth Duberstein, Reagan's last chief of staff. "You all of a sudden get realistic and pragmatic."

In Arab Hub, Poor Left To Their Fate (NYT)

By Michael Slackman

The New York Times, March 1, 2007

CAIRO, Feb. 23 — Ali Mezar has spent his life fishing a narrow, muddy patch of the Nile in this, one of the most crowded cities in the world. But Mr. Mezar has little contact with urban civilization. He sleeps in his boat, makes tea from the dirty Nile water and on good days earns a few dollars.

Not far away, on the shoulder of a busy avenue, Karim Sayed, 21, herds sheep and goats matted with urban filth. He spends his days staring into oncoming traffic, hoping to make a sale before the police move him or confiscate a sheep.

At the city's edge, in a packed neighborhood built entirely by its residents, Mina Fathy and his neighbors fix sewerage, water and electricity problems on their own because they say the government offers them virtually no service in such functions.

Cairo is home to 15 million and often described as the center of the Arab world, an incubator of culture and ideas. But it is also a collection of villages, a ruralized metropolis where people live by their wits and devices, cut off from the authorities, the law and often each other.

That social reality does not just speak to the quality and style of life for millions of Egyptians. It also plays a role in the nation's style of governance.

The fisherman on the Nile, the shepherd in the road and residents of so-called informal communities say their experiences navigating city life have taught them the same lessons: the government is not there to better their lives; advancement is based on connections and bribes; the central authority is at best a benign force to be avoided.

"Everything is from God," said Mr. Mezar, the fisherman, who was speaking practically, not theologically. "There is no such thing as government. The government is one thing, and we are something else. What am I going to get from the government?"

Cairo has been the capital of Egypt for more than 1,000 years, and sits where the dry sands of the desert lead to the fertile Nile Delta. Egyptian officials like to say that this is where modern bureaucracy was invented, where the mechanics of governance first took shape.

While the Egyptian government is the country's largest employer, it is by all accounts an utterly unreliable source of help for the average citizen. That combination, social scientists say, helps create a system that has stifled political opposition and allowed a small group to remain in power for decades.

One brick in the foundation of single-party rule has been public resignation. There is no widespread expectation that the authorities will give the common man a voice, and so there is rarely any outrage when they do not. The fisherman, the shepherd and Mr. Fathy all said that the most they could hope for from the government was that it stay out of their lives.

"We hope God keeps the municipality away from us," Mr. Sayed said as he sat in a wooden chair, surveying his fetid flock of goats and sheep with headlights streaming by.

Such a feeling of separation is one reason that the leadership has been able to clamp down on opposition political activities without incurring widespread public wrath, political analysts say.

"People see the government as something quite foreign or removed from their lives," said Diane Singerman, a professor in government at American University in Washington who has written extensively about Cairo. "Commuters to the city, or poor peddlers and working people, do not see the government as particularly interested in their lives, and they also see politics as quite elite and risky and something to stay away from."

Officials say part of the disillusionment comes from unrealistic expectations, a holdover from the heady days of Gamal Abdel Nasser, Egypt's leader from 1954 to 1970, when government jobs were deemed a right and cradle-to-grave care a promise.

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Mr. Mezar and his cousin Muhammad Hassan fish the Nile just as their parents and their grandparents did, living in the bottom of their small wooden boats. Dark from the sun, hands callused from their oars, they are the image of Egypt, and they often smile and wave dutifully as tour boats motor up the river, with tourists snapping their pictures.

They dock their boats beneath a busy overpass, waking each morning at 6, filling their glasses with tea made from water scooped directly from the Nile. They worry that despite their fishing licenses, the police will demand their fish or write a ticket for some invented infraction.

"There is only despair," Mr. Hassan said as he slowly rowed while his son, Rageb, 22, stood barefoot on the front of the boat putting out the net. "It is all about connections. If you know someone, you get 20 jobs. If not, you get nothing."

He said they knew about bilharzia, the life-threatening parasite in the slow-moving waters on the edge of the Nile, but their priority is catching fish.

"We get checked for bilharzia," he said.

"Really?" he was asked.

"No, never," he replied, shaking his head.

There were four boats working the river one morning, including Mr. Hassan's. The crews were all relatives of his. No one expressed anger — or depression. Only resignation.

"I am sick of Egypt," Mr. Mezar said. "I like fishing, but you see, are there any fish? I would give all of this if the government gave me a job."

Cairo has grown like a living organism, swallowing up agricultural lands and villages as its population has ballooned. Nearly three-quarters of the population live like Mr. Fathy, in informal communities.

Mr. Fathy comes from Manshiet Nasser, a sprawling labyrinth of brick apartment buildings along trash-strewn dirt roads that is home to hundreds of thousands of people. Informal communities are not shantytowns, but neighborhoods that grew organically, without any urban planning. People simply built homes, some buying agricultural land, some squatting on desert land.

The nature of these communities has bred a sense of distance and alienation from the government, experts in Cairo's life say. The government only provided services when the neighborhoods reached a critical mass, when the numbers of people could no longer be ignored. Few have schools. Roads are so narrow that police trucks cannot enter. Electricity is pirated. Order is established by the community, independent from the authorities.

"My impression is that they think they are something different from the rest of the city," said Abdel Halim Ibrahim Abdel Halim, an urban planner and architect. "They feel like they provided housing for themselves, they control that housing."

Residents of Manshiet Nasser, which is on a plateau, often refer to those in the formal center of the city as "people who come from under," as Salah Ibrahim, 40, meant when he said, "People who come from under never listen to us." He said a road in front of his house had been flooded with sewage for days until, finally, the neighbors all donated money to have it repaired.

"Every house is on its own," said Mr. Fathy, who said he had paid a bribe of 2,000 pounds, about $350, when inspectors insisted that he tear down the third-floor apartment he was building on top of his parents' building. "Every house has to solve its own problems."

Sarkozy Outlines Foreign Policy For France (NYT)

By Elaine Sciolino

The New York Times, March 1, 2007

PARIS, Feb. 28 — The center-right presidential candidate Nicolas Sarkozy wants to toughen sanctions against Iran, keep Turkey out of the European Union, create an independent European defense strategy and have a friendly but not a submissive relationship with the United States.

Unveiling his foreign policy on Wednesday, Mr. Sarkozy, who is the interior minister and head of the governing party, the Union for a Popular Movement, called the American-led invasion of Iraq a "historic mistake" and thanked President Jacques Chirac for his "lucidity" in keeping France out of it.

But Mr. Sarkozy was vague about what the United States should do in Iraq. He warned that withdrawing American troops too soon would "lead to chaos" but said avoiding a withdrawal would lead the Iraqis to "react with more violence, and that would benefit the terrorists."

With a speech and a news conference on Wednesday, Mr. Sarkozy sharpened his message, subtly portraying himself as tougher and more reliable on national security than his main rival, the Socialist candidate Ségolène Royal.

He defined Iran as the most urgent issue he would face if elected, saying, "The idea of an Iran with nuclear weapons is unacceptable."

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But he parted company with Ms. Royal, who has said Iran must be denied even a civilian nuclear program. Mr. Sarkozy branded her position as irresponsible, adding that France should help other countries build nuclear power plants, beginning with Algeria, its former colony.

Mr. Sarkozy enjoys a slight lead over Ms. Royal in the first round of the French presidential election on April 22, according to some opinion polls. Even so, a high level of voters have expressed only tepid support for either of them.

In addition, a recent surge of support for the centrist candidate François Bayrou and the candidacy of the far-right National Front leader Jean-Marie Le Pen make the outcome of the first round even more uncertain.

Without mentioning Ms. Royal by name, Mr. Sarkozy sought to create distance between them. He pledged to keep French military spending at 2 percent of the gross domestic product, suggesting that it was unfair that France and Britain were the only two members of the European Union to spend enough and make sacrifices for defense. He called it important, for example, for France to build a second aircraft carrier.

Ms. Royal, by contrast, said this month that France should take the money earmarked for the carrier and spend it on education and research instead.

At the time, Mr. Sarkozy criticized her proposal as a "curious idea," and Defense Minister Michèle Alliot-Marie, a Sarkozy supporter, called it "irresponsible."

In his remarks on Wednesday, Mr. Sarkozy said human rights would be a cornerstone of his foreign policy, adding that the president of France should speak out against abuses in China and Russia.

Ms. Royal, during a recent trip to China, seemed to compliment her hosts in saying, "Sometimes the justice is swifter than in France." The period between arrest and execution can be only weeks in China's repressive justice system, and she was criticized by human rights advocates and her political foes as naïve.

Since Mr. Sarkozy's trip last September to the United States, where he lavished praise on the country and was granted — at his request — a meeting and a photo session with President Bush, Mr. Sarkozy has sought to assure French voters that he will not bend to the will of America.

"I ask our American friends to let us be free, free to be their friends," he said Wednesday.

To underscore his independence from the United States, he cited his opposition to Turkey's entry into the 27-country European Union, which the Bush administration has strongly promoted.

"President Bush is very attached to the idea that Turkey become a member of the E.U.," Mr. Sarkozy said. "So you will judge my capacity for independence from the U.S. For me, it's no. Turkey is not meant to join the E.U., because Turkey is not a European country."

Ms. Royal has yet to devote an entire speech and news conference to foreign policy. Instead, she has found herself on the defensive for a number of offhand remarks in that field.

Last month, for example, she created a diplomatic firestorm when she shifted some of her positions along the way and suggested that she was sympathetic to independence for Quebec. Her comment was sharply criticized by Canada's prime minister, Stephen Harper, who said, "Experience teaches that it is highly inappropriate for a foreign leader to interfere in the democratic affairs of another country."

A few days later, a well-known French comedian and prankster, Gérald Dahan, trapped Ms. Royal by tape-recording a telephone call with her in which he feigned a Quebec accent and posed as the province's premier, Jean Charest. Mr. Dahan said Ms. Royal's comments on Quebec would be as damaging as if he were to support independence for the French Mediterranean island of Corsica.

"The French would not be against this, by the way," Ms. Royal responded in the recording, which was played on the radio. "Don't repeat that. It will create another incident in France. It's a secret."

Mr. Sarkozy pounced on her words, saying: "For me, Corsica is not a joke. It is the Republic."

Ms. Royal was also widely criticized during a trip to the Middle East in December in which she did not speak out when a Hezbollah member of the Lebanese Parliament compared Israel to Nazi Germany.

Mr. Sarkozy came under fire this week, not on foreign policy, but an issue much closer to home.

The satirical investigative weekly Le Canard Enchaîné reported in its current issue that Mr. Sarkozy had received close to $400,000 in rebates on the 1997 purchase and renovation of his apartment in Neuilly, an upscale Paris suburb, where he was mayor from 1983 to 2002.

The paper, citing local property transaction records, said Mr. Sarkozy had paid 12 to 35 percent less per square meter than his neighbors to Lasserre, the real estate development company that sold him the apartment and was granted a number of real estate permits in Neuilly over the years.

Mr. Sarkozy denied the allegation on Tuesday, adding that the regional tax department confirmed in 1997 that the purchase had been made at the market price.

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Miller, Charles S

From: Miller, Charles S
Sent: Thursday, March 01, 2007 10:34 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M.; Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 3/1/07 Civil Division News

Judge rejects request by Muslim charity

U.S. senators go to bat for Arar; Two powerful politicians ask for probe of why Canadian was sent to torture in Syria, and why he is still on no-fly list

Key documents withheld in German CIA probe: lawmakers (Murat Kurnaz)

Katrina victims flood Corps of Engineers seeking compensation

Supreme Court hears arguments in faith-based initiative case; The justices seem split on whether to allow a challenge to Bush's plan on 1st Amendment grounds

Los Angeles Times

March 1, 2007

Judge rejects request by Muslim charity

Greg Krikorian

Times Staff Writer

A federal judge in Dallas has denied a request to declassify thousands of pages of FBI evidence in the prosecution of a Muslim charity, but said it was disturbing that a recently unsealed document falsely

accused charity officials of anti-Jewish slurs.

In his ruling against lawyers for the Holy Land Foundation for Relief and Development, U.S. District Judge A. Joe Fish concluded there was insufficient evidence to show the inaccuracies were part of a "widespread problem" with the government's evidence.

At the same time, Fish advised defense lawyers to return to court if they found more government summaries that were "significantly inaccurate or misleading."

The now-defunct Muslim charity and seven former officials face criminal charges alleging financial ties to the Islamic militant group Hamas, which the U.S. considers a terrorist organization.

Fish, agreeing with the government, said there was no justification for a defense request to declassify about 10 years' worth of surveillance based on the apparent fabrications found in the government's April 15, 1996, surveillance summary.

The document claimed that two Holy Land officials now facing trial made anti-Jewish remarks. But their supposed comments are not in the transcripts.

The alleged remarks included one Holy Land official calling Israel "the government of the demons" and telling a colleague, "Even Jesus Christ had called the Jews and their high priests ... the sons of snakes and scorpions."

The judge said he found it disturbing that the government's summary included inflammatory language not found in the transcripts.

Defense lawyers and prosecutors had no comment Wednesday on the ruling.

In their motion, defense lawyers said they had recently received declassified summaries representing about 10% of the conversations recorded by the government in court-authorized surveillance. They worried that additional discrepancies could exist in the documents.

"During the limited period that [we have] had access to declassified transcripts, we have discovered other errors both technical and contextual," defense lawyers wrote in their motion.

They said additional errors included a document that was "summarized inaccurately" and misled them in assessing whether potential witnesses were likely to help or hurt the defense.

The Holy Land Foundation, once the nation's largest Muslim charity, was closed by the government five years ago. Its former officials are accused of providing money to overseas charities controlled by Hamas.

The defendants deny any links to terrorism or knowledge that charities they funded had ties to Hamas.

The defendants also noted that some of the overseas charities linked in the indictment to terrorists had been supported by numerous groups, including the U.S. Agency for International Development.

END

Toronto Star

March 1, 2007

U.S. senators go to bat for Arar; Two powerful politicians ask for probe of why Canadian was sent

to torture in Syria, and why he is still on no-fly list

Tim Harper - WASHINGTON BUREAU

WASHINGTON–Two powerful U.S. senators have asked the independent congressional watchdog to investigate ways that Maher Arar can have his name removed from an American terror watch list.

Patrick Leahy of Vermont, the Democratic chair of the Senate judiciary committee, and Arlen Specter of Pennsylvania, the ranking Republican on the committee, also released letters yesterday in which they request independent probes of the role of Homeland Security and the U.S. Justice Department in the 2002 rendition of Arar to Syria.

Leahy, a long-time critic of the Bush administration's role in the Arar affair, says he has never received a satisfactory answer why American authorities sent him to Syria to be tortured rather than to Canada where he could have been investigated.

Leahy and Specter received a 100-minute briefing from Justice officials on the Arar file last month, but both men said it raised more questions than it answered.

The two senators said they wanted the Government Accountability Office to follow its earlier probe that found numerous individuals who have been wrongly placed on various American watch lists.

The GAO study also found there were too many roadblocks to innocent travellers who seek to have their names removed from the lists. The GAO report sparked a promised overhaul by the government here.

The senators argue that Arar warrants a special investigation because a Canadian inquiry cleared him of any terror ties.

"We ask that you look at the redress available both to people wrongly targeted in the course of their travel as a result of mistakes related to the lists," they wrote, "as well as any recourse available to people like Mr. Arar who are purposely placed on watch lists, but for whom significant additional scrutiny has been conducted which may support a different conclusion."

The Canadian government, which apologized to Arar and awarded him $10 million in compensation, says it has seen the U.S. dossier on Arar and does not agree with Washington's decision to continue to bar him from travel here.

Last week in Ottawa, Secretary of State Condoleezza Rice reiterated that Ottawa and Washington were simply going to have to agree to disagree on the Arar impasse.

In their letter seeking an independent probe of the Homeland Security role in the decision to send Arar to Syria where he was tortured, the two senators say a previous probe requested by another Democrat foundered because of the department's foot-dragging.

In a letter to Inspector-General Glenn Fine, who has carved out a reputation as a thorough investigator of Justice Department actions, they asked for more information on who in that department gave the approval to whisk Arar to Syria.

"We are interested in how the decision was made," they wrote, "whether there were errors in judgment or violations of law and if so by whom, and what steps have been taken to redress any such errors and violations and to avoid repeating them in the future."

Fine is credited with blowing the whistle on abusive treatment of innocent Americans who were detained in the wide sweep of suspected terrorists in New York following the 2001 terror attacks. He also recently revealed the Justice Department was overstating its terror-related arrests.

END

Reuters

March 1, 2007

Key documents withheld in German CIA probe: lawmakers (Murat Kurnaz)

By Louis Charbonneau

BERLIN (Reuters) - German lawmakers investigating the case of a man held for nearly five years at the U.S. prison in Guantanamo Bay said on Thursday an inquiry was being held up as some official documents were being withheld and others had been delayed.

The papers relate to Murat Kurnaz, a Turkish man born and living in Germany, who was freed without charge last summer and says he was tortured and abused at the U.S. prison camp on Cuba where he was taken in 2001 from Pakistan.

Siegfried Kauder, chairman of a parliament investigation committee, said he had requested the files from authorities in the northwestern city-state of Bremen and had been assured weeks ago that they were on their way.

"As of today, they have not arrived at the secretariat of the committee," the conservative politician said. "In this situation, sensible work by the committee is impossible."

According to German media, the files are reports from German domestic intelligence sources in Bremen alleging that Kurnaz had links to radical Islamists.

Questions over Kurnaz and over charges Berlin may have helped the CIA kidnap a German citizen of Lebanese origin, Khaled el-Masri, three years ago have haunted Foreign Minister Frank-Walter Steinmeier for more than a year.

SECURITY RISK

German media have accused Steinmeier, who as Chancellor Gerhard Schroeder's chief of staff at the time had responsibility for intelligence matters, of rejecting a U.S. offer to send Kurnaz from Guantanamo back to Germany in 2002 due to worries that he would be a security risk.

Steinmeier denies the allegation.

Kauder said it was unclear why the files had not been delivered. He added that the files were in Berlin at Bremen's state representation office.

Other committee members offered various explanations for the withholding of the files, with one suggesting the interior ministry was trying to censor them and another blaming the incompetence of Bremen state authorities.

An interior ministry spokesman confirmed it had reviewed the files but denied censoring them in any way before handing them back to the Bremen representation office.

The spokesman said the ministry had determined that some files were classified and should not be given to the committee, while the rest could be passed on.

Bremen's representation office declined to comment.

Ernst Uhrlau, the head of Germany's BND foreign intelligence agency, and his predecessor August

Hanning had been scheduled to testify at the inquiry on Thursday.

But committee members decided to postpone the testimony until they receive the files, which Kauder said were essential if they were to be able to effectively question the men.

END

AP

March 1, 2007

Katrina victims flood Corps of Engineers seeking compensation

NEW ORLEANS (AP) — Thousands of hurricane victims walked or drove to the Army Corps of Engineers office here today to file damage claims against the agency over the devastating flooding that occurred after Hurricane Katrina's storm surge overpowered levees 18 months ago.

Residents have rushed all week to beat tomorrow's deadline to sue the corps over allegations that its poor design and workmanship was to blame for the flooding of New Orleans and adjacent areas.

The avalanche of claims comes as a deadline for filing tort claims under maritime law comes to a close; the success of the new claims is staked to several pending lawsuits alleging the corps was to blame for the flooding.

Between Monday and the 4 p.m. C.S.T Thursday deadline, the corps expects about 30,000 people will have handed in the form, known as a Standard Form 95. In addition, the agency has already received about 30,000 claims by mail.

The forms are being accepted at corps offices nationwide.

Joseph Bruno, a lawyer heading a team of lawyers suing the corps, says the eventual number will be higher than the corps estimates — at least 100,000.

The number of people who can file claims is enormous. For example, plaintiffs lawyers say people who were forced to evacuate, lost their jobs and business owners who had to shut down have legitimate claims. The allegations in the suits amount to blaming the corps for flooding an area where up to a half million people lived.

END

Los Angeles Times

March 1, 2007

Supreme Court hears arguments in faith-based initiative case; The justices seem split on whether to allow a challenge to Bush's plan on 1st Amendment grounds

By David G. Savage
Times Staff Writer

WASHINGTON — In a closely watched church-state separation case, a Bush administration lawyer urged the Supreme Court on Wednesday to shield the president's "faith-based initiative" from legal challenges in court.

U.S. Solicitor General Paul D. Clement said taxpayers who believe the White House is unconstitutionally promoting religion should not be accorded legal standing to sue in court. It would be too "intrusive on the executive branch" to permit lawsuits contesting how the president and his advisors conduct their affairs, he said.

The Wisconsin-based Freedom From Religion Foundation sued in 2004 to challenge the faith-based initiative on 1st Amendment grounds. The group said the White House officials were using public money to help church-based groups win grants and contracts.

It is the first major religion case to come before the high court since President Bush's two appointees took their seats. In their questions Wednesday, Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr. sounded as though they sided with the administration.

Overall, the nine justices seemed split during the hourlong argument. If they adopt the administration's view, the ruling could make it harder for critics to sue officials who use public money in ways that support religion. If the justices rule in favor of the Freedom From Religion Foundation, the group would still have to prove its case in court.

Roberts made it clear that he thought the group's claims should be thrown out of court. If taxpayers can sue the government whenever an official invokes God or religion, why couldn't anyone "sue our marshal for standing up and saying, 'God save the United States and this honorable court'?" asked Roberts, citing the invocation the justices hear when entering the courtroom.

Justice Antonin Scalia appeared to agree. Otherwise, he said, taxpayers could sue the president for having spent tax money to promote religion simply because he flew across the country to give a speech to a religious group. "The whole trip is about religion," Scalia said, but he added that "it really doesn't make any sense" to permit lawsuits challenging this spending.

Taking up the opposite view, Justice Stephen G. Breyer said courts and lawsuits are needed to enforce the separation of church and state. "People become terribly upset when they see some other religion getting the money from the state" to subsidize their faith, he said.

"We have a pretty clear, simple rule," Breyer said, that allows lawsuits "when the government spends money in violation of the establishment clause." The 1st Amendment says, "Congress shall make no law respecting an establishment of religion."

The issue of who has standing is technical but crucial. It can determine when and whether the government's conduct can be challenged in court.

Normally, people must say they have suffered a personal injury of some sort before they can sue in court. For example, taxpayers cannot sue to stop the war in Iraq simply because they disagree with it.

But nearly 40 years ago, the court under then-Chief Justice Earl Warren made an exception for challenges to government spending that promoted religion. Taxpayers can sue if tax money is used to favor religion, the court said in Flast vs. Cohen.

In Wednesday's argument, Solicitor General Clement urged the court to narrow that exception considerably. In one exchange, he said taxpayers should not be allowed to sue even if officials used tax money to build a church.

The Bush administration said Freedom From Religion's suit should be thrown out on the grounds that the

challengers did not have standing to sue in court. However, the U.S. appeals court in Chicago allowed the suit to go forward. In a 2 to 1 ruling, Judge Richard Posner said plaintiffs sought to show that the White House-sponsored meetings were "propaganda vehicles for religion."

But before the suit could be heard, the Supreme Court agreed to hear the administration's appeal filed on behalf of Jay Hein, who directs the White House Office of Faith-Based and Community Initiatives.

Clement said the government should be shielded from suits over how officials use general tax money. He agreed taxpayers could sue if Congress passed a law that distributed money directly to churches or religious groups. But it is a different matter if the White House uses general funds to encourage religious groups to do charitable work, he argued.

A lawyer for the Wisconsin group said the administration's approach would "insulate from any taxpayer challenge really huge swaths of conduct.... The government could hire a corps of chaplains and send them out to the populace at large," said Washington lawyer Andrew J. Pincus.

In one key exchange, Justice Anthony M. Kennedy seemed to lean in favor of the administration's view. He said it would be "unduly obtrusive" to allow judges to challenge the president's handling of such programs. "We would be supervising the White House and what it can say, who it can talk to," Kennedy said in a disapproving tone.

A coalition of liberal groups filed a friend-of-the-court brief that urged the court to reject the administration's argument.

"Tax dollars may not be used to subsidize religious activity," said Steven Shapiro, legal director of the American Civil Liberties Union. "Barring taxpayers from enforcing this fundamental principle in court would effectively license the government to violate the Constitution."

However, Jay Sekulow, chief counsel for the conservative American Center for Law and Justice, urged the court to go further than the administration suggested and overturn the Warren-era rule that allows taxpayers to sue in religion cases.

"The church-state separationists have been given a free pass ... to bring lawsuits," he said Wednesday, adding that the court should "remove the special privileges afforded to atheists and others who are antagonistic to religion."

The case, Hein vs. the Freedom From Religion Foundation, will be decided in several months.

END

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Australian Detainee Is Charged Under '06 Law (WP)

By Josh White

The Washington Post, March 2, 2007

Pentagon officials announced yesterday that David M. Hicks, an Australian detainee in U.S. custody for more than five years, will face two counts of providing material support for terrorism, the first time anyone has been charged under the U.S. law passed last year governing military trials for some foreign terrorism suspects.

The case against Hicks marks the first use of rules established by the Military Commissions Act of 2006, enacted when Republicans controlled Congress and after the U.S. Supreme Court struck down earlier rules for the military trials.

Some Democrats, with their party now in control of Congress, have been outspoken about wanting to revamp the Military Commissions Act to provide suspects with more rights and to eliminate the use of evidence obtained through coercion. Sens. Christopher J. Dodd (D-Conn.), Patrick J. Leahy (D-Vt.) and Arlen Specter (R-Pa.) have introduced legislation that would restore the rights of detainees such as Hicks to challenge their detentions via habeas corpus petitions. A federal appeals court in Washington recently ruled that such challenges are prohibited.

The filing of charges could also prompt Hicks's attorneys to initiate a legal challenge of the law. Defense attorneys for a group of foreign nationals at the military prison at Guantanamo Bay, Cuba, including Hicks, have filed lawsuits stating that the law's provisions are unconstitutional, but they recently lost at the appellate level.

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The detainees' lawyers said they plan to file a petition Monday for an expedited Supreme Court hearing. Another Guantanamo detainee, Salim Ahmed Hamdan, filed a petition with the Supreme Court this week alleging that the Military Commissions Act is unconstitutional.

Sen. Lindsey O. Graham (R-S.C.), who has long supported the Military Commissions Act, said yesterday that he believes that Hicks will receive a fair trial and that if he is found guilty, the U.S. judicial system will properly review the commissions process as part of an automatic appeal.

"After four years of starts and stops, I am pleased to see this trial is going forward," Graham said. "Mr. Hicks deserves his day in court."

A defense official familiar with the military commissions said yesterday that the department expects legal challenges but will go ahead with a mandated arraignment of Hicks within 30 days.

Australian officials have protested the length of Hicks's captivity without trial and have been pressing the United States to try him swiftly and send him back to Australia to serve any sentence. Prime Minister John Howard said he raised the issue with Vice President Cheney when Cheney visited Australia last week.

U.S. officials said last year that they would be willing to transfer Hicks to Australia after he faces a military commission, and the entreaties by a close ally could have spurred U.S. officials to move his case forward.

Hicks, 31, a former kangaroo skinner, is among 10 Guantanamo detainees who were designated to face military commissions in 2004, before legal challenges stopped the process. He is not accused of crimes related to the Sept. 11, 2001, attacks in the United States or of having attacked U.S. troops or anyone else.

"The first thing out of the chute has nothing to do with 9/11, and I think that raises a lot of questions," said Jumana Musa of Amnesty International. "Is this a practice military commission?"

Susan J. Crawford, the convening authority for the military commissions, referred two charges of providing support to terrorist groups against Hicks but did not find probable cause for a charge of attempted murder levied against him by military prosecutors.

According to charging documents, Hicks spent 1999 through 2001 working and training with extremist groups in the Balkans, Pakistan and Afghanistan before joining up with al-Qaeda. Military prosecutors wrote that Hicks provided information to his captors that linked him to conversations with Osama bin Laden and to several training camps in Afghanistan.

Hicks allegedly "collected intelligence on the American Embassy" in Kabul in 2001, and after the Sept. 11 attacks he went to Kandahar, Afghanistan, where he received an AK-47 rifle and guarded a tank as U.S. forces began their bombing campaign, according to charging documents.

Military prosecutors allege that Hicks later traveled to Kunduz, Afghanistan, and joined al-Qaeda, the Taliban and others "on the frontline outside the city for two hours" before trying to escape to Pakistan in a taxi.

Also yesterday, officials transferred five more detainees out of the Guantanamo Bay detention facility, sending two to Afghanistan and three to Tajikistan. That raises the total released or transferred to about 390. Another 385 remain.

U.S. Charges Australian Detainee With Supporting Terrorism (MCT)

By Carol Rosenberg

McClatchy Newspapers, March 1, 2007

The Pentagon on Thursday formally accused an Australian citizen being held at Guantanamo Bay, Cuba, with a single charge of providing material support for terrorism, setting the stage for the first military trial of a terrorism suspect under legislation that Congress passed last year.

The charge alleges that David Hicks, 31, a onetime Outback cowboy and kangaroo skinner, was in league with al-Qaida at the time of the U.S. invasion in 2001, had met with al-Qaida leader Osama bin Laden and had joined Taliban and al-Qaida supporters who were fighting U.S.-allied forces outside Kunduz, Afghanistan, during combat Nov. 9, 2001.

Hicks fled the fighting with bullets flying overhead as U.S.-allied tanks roared through trenches, the charges claim, and was captured as he was attempting to flee to Pakistan.

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Under new procedures, which Congress approved after the Supreme Court ruled that an earlier Pentagon trial scheme was illegal, Hicks must be arraigned within 30 days. His trial must be within 90 days after that, meaning his case will go before a military commission by July.

It would be the first U.S. war-crimes trial since World War II.

The decision to charge Hicks only with supporting al-Qaida was something of a surprise. Prosecutors initially also had charged him with attempted murder, alleging that he had directed "small arms fire, explosives or other means and methods with the intent to kill diverse persons."

But that charge was crossed out on the official charge sheet by Susan J. Crawford, a former chief of the military appeals-court system whom Defense Secretary Robert Gates recently put in charge of the commission's process.

The Pentagon offered no explanation why the charge was dropped, merely releasing the original charge sheets with a bold pen stroke across the attempted murder section, accompanied by Crawford's handwritten initials and Thursday's date.

Hicks' defense attorney, Marine Maj. Dan Mori, slammed the prosecution, charging that Hicks had been held for five years at Guantanamo on "made-up offenses."

"David has been charged with only one offense: material support of terrorism," Mori said. "Such a charge has never existed in the laws of war."

Other international law experts also questioned the charge.

"If he's not in a foreign army, not in a uniform, simply a guy who has shown up with an AK-47 and starts taking potshots at us, he's not a foreign combatant. He's a common criminal. You don't try him in a military commission," said Michael Byers, a professor of international law at the University of British Columbia in Canada.

Byers, who has taught at law schools in the United States, Israel and South Africa, said the Bush administration sought to create a third kind of justice for alleged al-Qaida terrorists that didn't exist under international law or existing U.S. military or civilian law.

"If you were a prisoner of war who had violated the laws of war, then you could be charged with a war crime," he said. "And if you were a civilian who had attempted to kill someone you could be charged with murder; and this middle category simply didn't exist."

Hicks is among the best-known captives at the remote U.S. Navy base in southeast Cuba, in part because his five-year detention without trial has stirred controversy in human rights circles in his homeland, a staunch war-on-terrorism ally of the Bush administration.

The eight-page charge sheet casts him as an illegitimate warrior trying to repel the 2001 U.S. invasion that toppled the Taliban and routed al-Qaida in reprisal for the 9-11 attacks.

It describes the Christian-born Hicks as a globe-trotting convert to Islam who fought as a member of the Kosovo Liberation Army in the Balkans before traveling to Pakistan in 1999, where he joined a terrorist organization known as the Army of the Righteous or Army of the Pure.

It says he traveled to Afghanistan in 2001, where he attended al-Qaida training camps, stayed in a residence that also housed shoe-bomber Richard Reid and met al-Qaida leader Osama bin Laden, to whom he complained about a lack of English-language training materials.

At one point during the U.S. invasion of Afghanistan, the charge sheet alleges, Hicks was issued an AK-47 rifle and he guarded a tank.

Later, near Kunduz, he allegedly spent two hours on the front line before it collapsed and was forced to flee. During the retreat, Hicks saw "bullets flying and (U.S. ally) Northern Alliance tanks coming over the trenches." Also present at that battle was American John Walker Lindh, who's now in a U.S. prison.

Hicks has been at remote Guantanamo since the prison camp was established in January 2002, in a crude compound called Camp X-Ray.

The Pentagon offered no explanation on why it charged Hicks first.

The chief prosecutor, Air Force Col. Morris Davis, last month recommended charges against three captives: Hicks, Canadian Omar Khadr, 20, and Yemeni Salim Hamdan, 36, bin Laden's onetime driver in Kandahar, Afghanistan.

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It was Hamdan's Navy defense lawyer who successfully challenged the first war-crimes court format all the way to the Supreme Court.

U.S. Files Charges Against Australian Citizen (AP)

By Anne Flaherty, Associated Press Writer

AP, March 2, 2007

(AP) - WASHINGTON-The United States has filed charges against David Hicks, an Australian citizen suspected of aiding the Taliban in Afghanistan and the first terrorism-war era detainee to be charged by the Defense Department under new rules for military commissions.

The decision was made even though officials of Australia already had asked the United States not to bring such charges. Australia has been a steadfast ally to the Bush administration in fighting terrorism.

Hicks is a former kangaroo skinner captured in Afghanistan in December 2001. He has been held at Guantanamo Bay, Cuba, for more than five years without trial.

According to government officials and documents, the Defense Department will announce that Hicks is being charged with "providing material support for terrorism." Hicks would be have a trial in a special military tribunal, established in a law that Congress passed last year, rather than a civilian court. Opponents have vowed to challenge the constitutionality of the military tribunal proceedings.

An earlier formulation of such military tribunals was declared unconstitutional last year by the Supreme Court.

Hicks' legal status has been a sore spot for Australia. Last month, nearly half the members of Australia's Parliament signed a letter to the U.S. Congress appealing for help repatriating him.

The topic was also discussed this month in a meeting between Vice President Dick Cheney and Australian Prime Minister John Howard. Under growing public pressure, and with elections due later this year, Howard has begun pushing U.S. officials to deal with Hicks' case more quickly.

Last year, the Supreme Court said that the court system in place at the time for these detainees was illegal and violated international agreements on the treatment of military prisoners.

In the fall, Congress passed a law that outlined the rules for trying terrorism suspects; the system is intended to protect classified information and provides detainees with fewer rights than civilian or military courts.

According to a Pentagon official, who asked not to be identified because the announcement had not been made, the military is expected to file charges soon against another nine detainees.

Once formal charges are filed, a timetable requires preliminary hearings within 30 days and the start of a jury trial within 120 days at Guantanamo Bay, where nearly 400 men are held on suspicion of links to al-Qaida or the Taliban.

HOMELAND RESPONSE:

Bush Acknowledges Gulf Coast Troubles (AP)

By Ben Feller

AP, March 2, 2007

President Bush on Thursday acknowledged the deep frustration of Hurricane Katrina victims and said the federal government shares the blame for the slow recovery of the Gulf Coast.

He gave residents of the battered region a message: "The federal government still knows you exist."

In stops across coastal Mississippi and Louisiana, Bush defended the federal allotment of $110 billion in relief aid. Of that total, less than half has been spent.

"If it is stuck because of unnecessary bureaucracy, our responsibility at the federal, state and local level is to unstick it," Bush said at Samuel J. Green Charter School, which recovered from flooding.

In his first visit to the region in six months, Bush sought to fight the perception that those whose lives were devastated by the August 2005 storm had fallen off his agenda.

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The Bush administration's initial response to the most destructive natural disaster in U.S. history was widely seen as a failure.

And the president is still dogged by criticism. Democratic lawmakers are pushing for more action.

"I committed to the people of this part of the world and the Gulf Coast that the federal government would fund recovery — and stay committed to the recovery," Bush said during his 14th trip to the region. It was his first visit since the one-year anniversary of the storm.

Much of New Orleans outside the tourist areas remains in shambles. Violent crime has soared and health care is limited. Many residents are thinking of getting out for good.

On the outskirts of the French Quarter, Bush had lunch at Li'l Dizzy's Cafe with Louisiana officials. Sitting next to him was New Orleans Mayor Ray Nagin, who has been outspoken in demanding a better federal response. Bush later lauded Nagin as a strong-willed leader.

Exasperated officials from the region said it was telling that Katrina did not get a mention in Bush's State of the Union speech in January.

"If you don't get New Orleans straight, the United States will never be the same," said Wayne Baquet, who owns the cafe where Bush ate. It was flooded and looted during Katrina.

Baquet said he worried the nation no longer was paying attention to New Orleans. "Everybody ought to be on the bandwagon trying to get New Orleans back," he said. "Everybody."

In Washington, some Democrats criticized Bush for not intervening more often.

"Long-term recovery for the Gulf Coast requires a whole lot more than 18 months of empty promises," said Sen. John Kerry, D-Mass., chairman of the Senate Small Business and Entrepreneurship Committee. "Businesses that were once the heart of the Gulf Coast economy are now hanging on by a thread."

Kerry said legislation offering tax breaks to encourage businesses to build or expand in areas hit by hurricane was a good first step. But, he said, the government's disaster loan program needs to be overhauled, fixing problems that have prevented businesses from getting timely financial assistance.

At the charter school, Bush delighted math and science students by popping into their classes. They didn't mind the interruption and raced to his side for group photos.

Bush began his trip in Mississippi by touring five homes in a Long Beach neighborhood. He gave an American flag to Ernie and Cheryl Woodward, who rebuilt their home with the help of a federal grant.

"People's lives are improving, and there is hope," he said.

Bush got a friendly reception as he walked from house to house in the southern Mississippi neighborhood.

"Staying busy?" he asked a construction crew. One of the workers told him the crew was still working on the same block of the neighborhood a year and a half after the storm.

The federal official overseeing recovery efforts said Katrina's damage was so vast that it was hard to estimate when the recovery will be completed. Of $110 billion in relief aid that Congress has approved, $86 billion has been committed to projects, and $53 billion has been spent.

"We all have a sense of urgency," Don Powell, Bush's coordinator for the Gulf Coast recovery, told reporters on Air Force One.

"But I think it's important to put it in perspective about the size of the storm, and how overwhelming this storm was," Powell said. "I think there's been some good progress."

Bush Notes Frustration In Gulf Coast Recovery (NYT)

By Robert Pear

The New York Times, March 2, 2007

NEW ORLEANS, March 1 — President Bush acknowledged on Thursday that many Gulf Coast residents remained frustrated with the slowness of rebuilding after Hurricanes Katrina and Rita, but said, “Times are changing for the better.”

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On a trip inspecting new housing rising from the rubble in Mississippi and Louisiana, Mr. Bush visited homeowners, met local officials and promised to speed the recovery of areas flooded 18 months ago by the hurricanes.

It was Mr. Bush's 14th trip to the Gulf Coast since Hurricane Katrina made landfall on Aug. 29, 2005.

At his first stop in New Orleans, Mr. Bush had lunch with state and local officials at Li'l Dizzy's Café on the outskirts of the French Quarter. In brief remarks before the meal, Mr. Bush noted concerns about the rebuilding delays.

"I fully understand that there are frustrations, and I want to know the frustrations," he said. "To the extent we can help, we'll help."

Earlier in Long Beach, Miss., near Gulfport and Biloxi, Mr. Bush joined Gov. Haley Barbour in a walking tour of houses that had been rebuilt with help from the federal government under the Community Development Block Grant program.

Though some members of Congress from both parties have said the federal government should do more to accelerate the recovery, Mr. Bush said he was impressed and inspired by the progress he saw.

But at a meeting with local officials in Biloxi, he said: "I fully understand that there's still work to be done. There's a continued frustration with the slowness of federal response at times."

Wayne M. Baquet, owner of Li'l Dizzy's restaurant, said: "It's great that the president came to New Orleans. It's great that he's addressing the problems here. We may have 10,000 people living in trailers. That's ridiculous."

Business is good, said Mr. Baquet, brother of Dean Baquet, who was recently named Washington bureau chief of The New York Times.

"We need the middle class back," Mr. Baquet said. "We lost a lot of our middle class."

On his first visit after the storm in 2005, the president recalled, he saw "piles of rubble, literally debris stacked upon debris."

Mr. Bush said he had always had faith that he would see houses being built on the storm-battered coast.

"The federal government's role has been to write checks," he said, and the role of state officials is "to expedite the federal money to the local folks."

Mr. Bush said: "I told the people that I would work with Congress to write a $110 billion check for the people of Louisiana and Mississippi, and that check has been written. Now it's incumbent upon us to get the money into people's hands."

State and local officials, particularly in Louisiana, have been criticized for not transferring federal rebuilding money into the hands of homeowners more quickly.

Sometimes, Mr. Bush said, "it's hard to see progress when you're living close to the scene." But as a visitor, he said, he detects a resurgence, a renewal, because "the spirit of the people down here is strong."

Mississippians said their recovery had been hindered by the high cost of insurance for residential and commercial structures and by the need to raise buildings onto piers or stilts to comply with federal construction standards in flood zones.

Some elected officials saw Mr. Bush's trip as an effort to make amends for the fact that he said nothing about the recovery in his State of the Union address on Jan. 23.

"It was a glaring omission," said Senator Mary L. Landrieu, Democrat of Louisiana, who stayed in Washington for Senate business. "Much of the vast devastation left by Katrina and Rita remains, and the job of recovery is far from finished."

One purpose of the trip, Mr. Bush said, was "to tell the people here in the Gulf Coast that we still think about them in Washington." Another purpose, he said, was to show taxpayers "what their money has done to help revitalize" the region.

Nellie Partridge, 84, was sitting on her porch in Long Beach when Mr. Bush arrived. "There's no telling who's going to show up," Mr. Bush said as he arrived with Mr. Barbour.

Ms. Partridge hugged the president and told him that he was "one of my favorite people."

Mr. Bush said Washington had "obligated," or made available for specific purposes, $86 billion of the $110 billion but that just $53 billion had been spent.

"There is money in the pipeline," Mr. Bush said. "If it is stuck because of unnecessary bureaucracies, our responsibility at the federal, state and local level is to unstick it."

Donald E. Powell, the federal coordinator of Gulf Coast rebuilding, was asked about the pace. "We all have a sense of urgency," Mr. Powell said. He noted progress like children in school, "help wanted" signs and open hotels and restaurants.

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On Visit To Gulf Coast, Bush Hears Frustrations About Pace Of Storm Aid (WP)

By Michael A. Fletcher

The Washington Post, March 2, 2007

NEW ORLEANS, March 1 -- In his first visit to the Gulf Coast in six months, President Bush said Thursday that he heard "loud and clear" the growing complaints in the region that the federal response to Hurricane Katrina has become ensnared in red tape.

But in a trip designed to highlight the progress made in the 18 months since the hurricane devastated New Orleans and the Mississippi coast, the president insisted that "people's lives are improving and there is hope."

As billions of federal dollars have sat in state accounts untapped in part because of complex federal rules, Louisiana officials in particular have become vocal about what they called the Bush administration's wavering interest in the rebuilding process. The frustration came to a boil when Bush did not mention Katrina during his State of the Union address, prompting Louisiana Gov. Kathleen Babineaux Blanco (D) to observe that the "the pains of the hurricane are yesterday's news in Washington."

After a meeting with state and local officials in Biloxi, Miss., Thursday, Bush said he had listened as the officials described their "continued frustration with the slowness of federal response at times. It's important for me to hear that."

In Washington, House Democrats renewed their own criticism of the administration. They promised to move legislation -- which has not been endorsed by Bush -- to forgive some federal loans to disaster-wracked communities while easing matching fund requirements tied to some federal aid.

"Hurricane Katrina was a natural disaster, compounded by a man-made disaster. It is now 18 months past time to get our response right," said a statement signed by Speaker Nancy Pelosi (Calif.), Majority Leader Steny H. Hoyer (Md.) and Majority Whip James E. Clyburn (S.C.).

Bush's trip, his 14th since Katrina, was a continuation of his attempts to undo the political damage caused by the storm, which proved to be a pivotal event in his presidency. The federal government's bungled response to the disaster undermined the administration's claim to competence and helped propel Bush's approval ratings downward.

In the days after Katrina hit, thousands of residents in New Orleans were forced to rooftops and to fetid, ill-equipped shelters to escape the rising floodwaters, even as federal disaster officials insisted things were under control.

A little more than two weeks after Katrina made its landfall on Aug. 29, 2005, Bush stood in historic Jackson Square and promised to rebuild this shattered city and the rest of the Gulf Coast with "one of the largest reconstruction efforts the world has ever seen."

Things have since moved at a frustratingly slow pace -- particularly in the New Orleans area -- despite $110 billion in federal money set aside for storm recovery and the president's repeated visits.

The federal government has overseen the repair of 220 miles of levees and floodwalls, and is working to make the storm-protection system stronger than it was before Katrina, a project that should be completed in 2010.

However, only 45 percent of the pre-Katrina population of New Orleans has returned to the city, which, while slowly improving, remains a shadow of its former self: only 40 percent of the food establishments, 30 percent of the child care centers and 17 percent of the buses are back in business, according to a January report by the Brookings Institution. The Louisiana-run Road Home program, which provides rebuilding grants to homeowners who had inadequate storm insurance, has sent checks to 2,718 hurricane victims as of Wednesday, despite having received more than 110,000 applications and having federal funding of more than $7.5 billion in the bank.

Officials said the pace of the program is now increasing. "We are seeing at the pinnacle of the program where things are now starting to happen more quickly," said Gentry Brann, communications director for ICF International, the Virginia-based firm hired to administer the program.

Local residents have also complained about a shortage of low-income housing, as the Bush administration has been reluctant to rebuild the city's decrepit and previously crime-ridden public housing projects, instead favoring lower-density, mixed-income housing.

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Before meeting with Louisiana officials at a New Orleans restaurant today, Bush again vowed to see through the rebuilding of the Gulf Coast until the job is done. "I committed to the people of this part of the world and the Gulf Coast that the federal government would fund the recovery and stay committed to the recovery," he said.

Federal and state officials have blamed one another for the problems with the crucial program. Federal officials point out that it was set up by the state and that the federal money is in place to be given to storm victims. State and program officials, meanwhile, blame complex federal regulations aimed at preventing fraud for much of the delay.

"It needs to speed up. Things are moving too slow," said Donald E. Powell, the president's Gulf Coast recovery coordinator. Still, given the sheer size of the recovery effort, he said, "expectations need to be realistic. This was a terrible, terrible storm. It is going to take some time."

Bush Checks In On Gulf Coast, Hears His Critics 'Loud And Clear' (LAT)

By Maura Reynolds

The Los Angeles Times, March 2, 2007

NEW ORLEANS — Stung by criticism that he and his administration had neglected the hurricane-tattered Gulf Coast, President Bush on Thursday made his first visit to the region in six months, proclaiming, "This is a hopeful day."

Bush, standing in a muddy lot near new homes in Long Beach, Miss., said: "Part of the reason I've come down is to tell people here in the Gulf Coast that we still think about them in Washington…. Times are changing for the better, and people's lives are improving. And there is hope."

In the aftermath of Hurricane Katrina, which hit Aug. 29, 2005, the administration was criticized for its slow response. Reports issued by Congress, interest groups and even the White House said delays hindered rescue and recovery efforts in New Orleans and elsewhere on the Gulf Coast.

In January, Bush was criticized for not mentioning the devastation in his State of the Union address.

House Democratic leaders said in a statement ahead of Bush's Gulf Coast visit: "Hurricane Katrina was a natural disaster, compounded by a man-made disaster. It is now 18 months past time to get our response right."

Administration officials said the criticism was misdirected.

"I think there's been lots of progress over the last 18 months," said Don Powell, the administration's Gulf Coast recovery coordinator. "Children are in school. 'Help wanted' signs are up. The port is 100% back. Restaurants are open."

He added: "Is there more to be done? Absolutely."

Bush has made 14 trips to the region since the hurricane. Most were in the first two months after the disaster, in which damage estimates reached $100 billion or more. He last visited the area in August, to mark the storm's anniversary.

On Thursday, Bush made four stops in Mississippi and Louisiana. At the Samuel J. Green Charter School in New Orleans, he visited third- and fifth-grade students and posed for photos.

He called the school "a bright spot," a sign that life was returning to normal in the city.

"I'm here to herald success — success for today and, equally important, success for the future of this important city," Bush told a crowd in the cafeteria, where the high-water mark from flooding was visible on the walls.

Administration officials said more than 50 of New Orleans' public schools had reopened, serving about 28,000 students.

Critics said that was fewer than half of the 128 schools and 60,000-plus students in the city's two public school systems before Hurricane Katrina.

Gaining access to the $110 billion in federal money set aside for hurricane relief and recovery is a persistent point of tension between the administration and regional officials. Powell said $53 billion had been spent so far.

He said that it was the responsibility of local officials to "draw down" the funds earmarked for them, and that the administration was committed to removing any red tape.

"We're doing everything we can to speed that process," Powell said.

But Sen. Mary L. Landrieu (D-La.) said the administration had refused to remove a requirement that local governments provide a 10% match to receive federal funds — a figure seen as prohibitive for communities whose tax base was wiped out.

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At a news conference in Washington, Landrieu said the 10% requirement had been waived for other disasters, including Hurricane Andrew in Florida in 1992 and the Sept. 11 terrorist attacks in New York.

"The president can move the recovery of the Gulf Coast forward by a giant leap with a simple stroke of his pen," said Landrieu, who turned down an invitation to accompany Bush on Thursday. "I call upon the president to use his authority to do the right thing…. If he won't, I will push hard to get it done legislatively."

Bush pledged to officials on the Gulf Coast that Washington was listening and would respond.

"One of the things I've heard loud and clear is that there's a continued frustration with the slowness of federal response at times," Bush said after meeting with officials in Biloxi, Miss.

Later, over lunch at Li'l Dizzy's, a New Orleans cafe that was flooded and looted after the storm, he told New Orleans officials that he would look into the possibility of waiving the 10% match for recovery assistance.

Bush Renews Commitment To Helping Recovery (TP)

By Steve Ritea

The Times Picayune, March 2, 2007

Standing in the once-flooded basement of one of New Orleans' 31 charter schools, President Bush on Thursday reiterated his commitment to help the storm-ravaged city rebuild and "break through" bureaucratic "logjams" to allow more of the federally dedicated $110 billion can begin flowing into the Gulf Coast.

With only $53 billion spent thus far, "part of the day today we talked about if the money is out the door in Washington, where is it and how come it hasn't been out farther?" he said. "And that's one of the things we're going to continue to work on, to make sure that obligated money ends up in somebody's pocket, so it helps."

In his 12th visit to the Gulf Coast since the 2005 hurricanes, Bush also took time to herald the city's innovative approach to reforming its long-failing public school system, particularly with its use of charters, public schools subject to state standards and oversight, but governed by individual boards that are given the freedom to take innovate approaches to education.

"Charter schools, to me, say innovation, individuality," he said. Even though Hurricane Katrina "did terrible devastation ... it gave a great chance for renewal. And one of the areas where renewal is most evident is in the school system of New Orleans."

Bush did not announce any plans to waive a state and local match currently required for federal aid, despite a prediction from several Louisiana officials that he would.

After spending the morning in coastal Mississippi, Air Force One touched down at Armstrong International Airport in Kenner at approximately 12:30 p.m., after wind and rain forced his staff to abandon their original plan to fly him one state over by helicopter. The president stayed in New Orleans until about 5 p.m.

The presidential motorcade closed off Interstate 10, snaking into the city's Treme neighborhood and Lil' Dizzy's Cafe, where he and a host of local dignitaries lunch on Trout Baquet, Shrimp Grillades with Grits and the Seventh Ward Pork Chop.

Bush was joined by parish presidents from across the region, Mayor Ray Nagin, Sen. David Vitter, Rep. Bill Jefferson and Lt. Gov. Mitch Landrieu, among others. Gov. Kathleen Blanco was returning from Germany, where she had been lobbying for a steel manufacturing plant in Louisiana.

"I fully understand that there are frustrations, and I want to know the frustrations," Bush said after sitting down at a table there. "To the extent we can help, we'll help."

City Council President Oliver Thomas, who attended the lunch, said the president "was more than receptive ... He was on point with all the issues we're dealing with."

Vitter said he and other officials spent part of the meal lobbying Bush to waive state and local matches currently required for federal aid money.

Historically, FEMA has asked state governments to pay at least 10 percent of the cost of rebuilding most public property, in an effort to establish a local stake in recovery, although the Bush administration immediately agreed to waive that requirement in New York after the Sept. 11, 2001 terrorist attacks.

Vitter said he's encouraged by Thursday's meeting with the President and hopes it could soon be waived for Louisiana, noting: "I think between the president and Congress, there's an excellent chance."

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Nagin agreed, but was slightly less optimistic.

"I think they're seriously considering it," the mayor said. "He didn't make any commitments, but he's a good listener and hopefully it'll work out in the end."

After lunch, the president arrived at Samuel J. Green Charter School in Uptown, a block away from a group of fewer than 100 protesters waiving anti-Bush signs. At the school, he visited a fifth-grade math class and a third-grade science class. Bush complimented students on their "sharp-looking uniforms," consisting of navy polo shirts and trousers, and posed for pictures with students.

In both cases, the throng of reporters and photographers classrooms outnumbered the students.

Speaking before an audience of mostly education officials in the school's cafeteria, Bush said he'd "come back to New Orleans...to remind people that the federal government still knows you exist, still knows you have issues and wants to work with your leadership to address those issues."

The president's speech touched briefly on housing, infrastructure and crime, although the latter "really is a local responsibility," but "to the extent that we can help, we will."

Bush also promised to make the levees that failed during Katrina "stronger than ever," noting "we're making progress there," but "there's still more work to be done."

A good chunk of his speech, however, focused on education.

Bush remained upbeat on the subject, pointing out successes he perceived in the city's charter schools, but made no reference to the struggles in the state-run Recovery District, which has grappled with a lack of basic supplies, including books, at the start of the year and more recently a wait-list that stalled some 300 students for several weeks before they could be placed in classrooms.

Bush in fact recognized Recovery District Superintendent Robin Jarvis and Gaylen Picard, the wife of former state Superintendent of Education Cecil Picard, who died Feb. 15 after a long battle with Lou Gehrig's Disease.

A little more than two months after Katrina, the state Legislature voted to sweep 107 New Orleans Public Schools that were performing below the state average into the state-run Recovery District, leaving just 21 with the local system.

Today, 56 public schools are open in the city, educating about 28,000 students.

"I like a system that is willing to challenge the status quo when the status quo is failing," he said. "And one of the reasons I've come to this school is that it represents a group of citizens, including your principal and your parents and the teachers and the citizens, who said, 'We're tired of mediocrity in the school system.' It is not acceptable to have children trapped in schools that will not teach and will not change."

The President referred to about $450 million in federal funding allocated for city schools, urging local officials "to use some of the unspent money to recruit and attract teachers."

He praised Louisiana's accountability program, a component that dovetails with the federal No Child Left Behind program his administration helped pass.

Bush also acknowledged the city's Catholic schools, which "were quick to start up after the storm."

In closing, the President likened the city's spirit to the banner season of the New Orleans Saints, which advanced to the conference championship in the team's history this past season.

"Here's a team that a lot of people didn't give much hope for ... when the season started," he said. "And it rose...(to) become a national story ... The same thing is going to happen to the city."

Bush Visits New Orleans' Charter School (AP)

By Becky Bohrer

AP, March 2, 2007

NEW ORLEANS - Calling it a bright spot in a city still going through difficult times 18 months after Hurricane Katrina, President Bush visited one of the city's 31 charter schools during a trip to New Orleans, praising local efforts to change a school system that was struggling even before the storm.

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"I like a system that is willing to challenge the status quo when the status quo is failing," Bush told a receptive audience of about 150 people, including education and elected officials, at Samuel J. Green Charter School.

"I'm here to herald success," Bush said.

Critics, including teachers' union leaders, believe charters are not the way to go, saying the charter model is unproven for providing solid academic results and has created a two-tier public education system here. Advocates counter that charters, which are privately run but receive public dollars, offer parents choice, are built around accountability and are in New Orleans to stay.

Before Katrina, there were more than 120 schools in the city's public school system, which was plagued by low student test scores, neglected buildings and financial mismanagement. The state took over a handful of schools it deemed "academically unacceptable." But, after Katrina flooded 80 percent of New Orleans and shut down the city, including all schools, the state accelerated the takeover.

Now, 56 schools are open. The local school board still runs five of the best-performing schools. Twenty are run by the state and 31 by private charter groups sanctioned by state or local school authorities.

New Orleans is set to add nine charter schools for the 2007-08 term, bringing the total to 40. The city had seven charter schools authorized by the state before Katrina, a spokeswoman for the state Department of Education said.

Darryl Kilbert, superintendent of public schools in New Orleans, said Thursday he is not opposed to any education system that offers parents' choice. But, he said traditional public schools and charters should have equal accountability requirements and responsibilities. "It is too new for anything to be evaluated," Kilbert said of the charter system.

Bush's dedication to charter schools has been evident since Katrina. Charter schools in Louisiana received about $45 million from two grants given by the Bush's Department of Education after the 2005 hurricanes, to help schools reopen, and quickly, as charters, a department spokeswoman said Thursday. Most of the money from each grant went to New Orleans, she said.

On Thursday, Bush, who had earlier met with state and local officials to discuss the rate of recovery and storm-related bureaucracy, praised Green Charter School as a sign of what's working in the city. The school opened days before Katrina hit in 2005, and reopened five months later, its auditorium painted blue and green to represent the devastating floodwaters and hope for the future, principal Tony Recasner said. It now has about 350 students in grades K-8.

While charter school advocates hailed Bush's visit as a vote of confidence in the city's still-new charter system, union leader Brenda Mitchell saw it as an attack on public education and the continuation of what she described as a failed federal response to helping New Orleans after Hurricane Katrina.

"It's not fine here. You shouldn't pit one against the other and shouldn't come in and glorify one over the other," she said. "There isn't evidence."

A federal study released last year found fourth graders in traditional schools did better in math and reading than students in charters though a federal Education Department official at the time downplayed it as a snapshot.

Mitchell said charters have seemingly created a competition between schools and parents trying to enroll their kids in classes.

Meg Casper, a spokeswoman at the state Department of Education, said charters must pass a "rigorous" screening process and deliver results. But she said this year will be considered a baseline for student testing in all the city's public schools. Testing is set to take place in the next few weeks.

City schools, particularly those run by the state's Recovery School District, have faced significant challenges over the last year, in trying to reopen safe schools for students who continue to register for classes and in hiring enough teachers. RSD says it continues to register up to 300 students a week.

RSD, which unlike the locally-run schools and some charters, has an open enrollment policy. It it looking at opening several more schools this term and says it could open at least a dozen more schools come fall.

Bush urged local officials to put some of the federal education aid they've received toward recruiting teachers. House Democrats, including U.S. Reps. Charlie Melancon and William Jefferson of Louisiana, have signed onto legislation to provide

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about $250 million over five years to help bring teachers to New Orleans and help Gulf Coast colleges and universities recover from Katrina.

Bush Leaves Coast (BSH)

By Tom Wilemon

Biloxi Sun Herald, March 2, 2007

BILOXI - Air Force One departed the Mississippi Coast at 12:24 p.m. as President Bush headed to New Orleans following visits with residents of a Long Beach neighborhood and a meeting with elected officials in Biloxi.

" I fully understand there's still work to be done, that even though progress has been made, this storm was so devastating that we have still got to stay focused on the task, and that we've got to work with the Governor and the local officials, the supervisors and the mayors, to continue to help address their needs," Bush said after the meeting with elected officials at Biloxi City Hall. "And of the things I've heard loud and clear is that there's a continued frustration with the slowness of federal response at times. And therefore, it's important for me to hear that, and my friend, Don Powell, to hear that so that we can come and do what the people expect us to do, which is to respond to the needs of people in Mississippi."

Earlier, the President visited with people in a Long Beach neighborhood who have rebuilt or are rebuilding their homes with federal grant and loan money. Bush said he had come to the Coast to let people know Washington had not forgotten about them and for the U.S. taxpayers to see what their tax money had done to help areas that had been virtually wiped out.

"My most vivid recollection is the piles of rubble, literally debris stacked upon piles of debris," Bush said. "I had faith that I would come back to a house but I had trouble visualizing it."

He visited several homes in the area.

"One of the things people like to say is, 'Welcome to my home,'" he said. "It has a special ring to it here on the Gulf Coast."

It was the President's 14th visit to the Coast since the hurricane. Biloxi Mayor A.J. Holloway gave Bush a gag gift of appreciation: a personalized car tag that read "Bush 43."

"You've been to the Katrina zone 14 times in 18 months," Holloway said. "It's not that we don't like seeing you, but you've been here so many times. It's about time you had one of these. Don't leave home without it."

For more on the President's visit, check back at sunherald.com throughout the day and read the Sun Herald on Friday.

Gulf Coast's Halting Recovery Leaves Much To Be Done (USAT)

USA Today, March 2, 2007

In his first trip to the storm-ravaged Gulf Coast in six months, President Bush told residents Thursday he understood their frustrations with the glacial pace of recovery since Hurricane Katrina. What the president doesn't seem to grasp is how much his administration can do to ease that frustration.

Bush has committed $86 billion to the devastated area and visited 14 times since Katrina. Certainly there has been progress, and Bush visited some symbols of that Thursday — the rebuilt home of 84-year-old Nellie Partridge in Long Beach, Miss., and the Samuel J. Green charter school in New Orleans.

But throughout the region, and particularly in New Orleans, the lingering devastation is massive. Just about half of New Orleans' pre-Katrina population of 455,000 hasn't returned; as many as a third of residents are thinking of leaving within the next two years, according to a University of New Orleans survey. Of the nearly 109,000 Louisiana homeowners who have applied for rebuilding grants, fewer than 2,700 have received them. In Mississippi, homeowners are facing an insurance crisis that makes recovery nearly impossible.

Much of this is a state or local responsibility. But there's more Washington can do, beyond writing checks and rebuilding the Army Corps of Engineers' levees that failed:

•Louisiana has asked the federal government to waive a requirement that local governments put up 10% of the cost of rebuilding public projects. While the requirement is reasonable, many localities are broke, according to the Louisiana Recovery Authority. Further, the 10% mandate has turned the process into a bureaucratic quagmire. Bush could quickly waive it, or at least work with local officials on a backup plan they've advanced to cut through the red tape.

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•The Federal Emergency Management Agency, slow to respond to Katrina in the first place, has been slow to produce new flood maps for coastal communities hit by the storm. That leaves residents uncertain about where and how to rebuild. FEMA now promises the maps will be out this summer, nearly two years after Katrina struck. Bush should be pushing the agency to do better.

Beyond these concrete actions, the president could energize the rebuilding effort simply by putting it back in the national spotlight. Bush inexplicably failed to mention Katrina in his nationally televised State of the Union address last month. His visit Thursday brought a planeload of reporters to the Gulf Coast. Returning with the frequency he did in the first year after the disaster could boost tourism and help recruit more of the volunteers whose work has been essential to the recovery.

Eighteen months ago, when the wounds of Katrina were still fresh, Bush stood in New Orleans' historic Jackson Square and promised to "do what it takes (and) stay as long as it takes, to help citizens rebuild their communities and their lives."

If that pledge is to be fulfilled, the president will have to do more of what he did Thursday and a lot more in Washington.

Experts: U.S. Unprepared For Nuclear Terror Attack (MCT)

By Greg Gordon

McClatchy Newspapers, March 2, 2007

WASHINGTON - Although the Bush administration has warned repeatedly about the threat of a terrorist nuclear attack and spent more than $300 billion to protect the homeland, the government remains ill-prepared to respond to a nuclear catastrophe.

Experts and government documents suggest that, absent a major preparedness push, the U.S. response to a mushroom cloud could be worse than the debacle after Hurricane Katrina, possibly contributing to civil disorder and costing thousands of lives.

"The United States is unprepared to mitigate the consequences of a nuclear attack," Pentagon analyst John Brinkerhoff concluded in a July 31, 2005, draft of a confidential memo to the Joint Chiefs of Staff. "We were unable to find any group or office with a coherent approach to this very important aspect of homeland security. ...

"This is a bad situation. The threat of a nuclear attack is real, and action is needed now to learn how to deal with one."

Col. Jill Morgenthaler, Illinois' director of homeland security, said there's a "disconnect" between President Bush's and Vice President Dick Cheney's nuclear threat talk and the administration's actions.

"I don't see money being focused on actual response and mitigation to a nuclear threat," she said.

Interviews by McClatchy Newspapers with more than 15 radiation and emergency preparedness experts and a review of internal documents revealed:

The government has yet to launch an educational program, akin to the Cold War-era civil defense campaign promoting fallout shelters, to teach Americans how to shield themselves from radiation, especially from the fallout plume, which could deposit deadly particles up to 100 miles from ground zero.

Analysts estimate that as many as 300,000 emergency workers would be needed after a nuclear attack, but predict that the radiation would scare many of them away from the disaster site.

Hospital emergency rooms wouldn't be able to handle the surge of people who were irradiated or the many more who feared they were.

Medical teams would have to improvise to treat what could be tens of thousands of burn victims because most cities have only one or two available burn-unit beds. Cham Dallas, director of the University of Georgia's Center for Mass Destruction Defense, called the predicament "the worst link in our health care wall."

Several drugs are in development and one is especially promising, but the government hasn't acquired any significant new medicine to counteract radiation's devastating effects on victims' blood-forming bone marrow.

Over the last three years, several federal agencies have taken some steps in nuclear disaster planning. The Department of Health and Human Services has drawn up "playbooks" for a range of attack scenarios and created a Web site to instruct emergency responders in treating radiation victims.

The Energy Department's Lawrence Livermore National Laboratory is geared to use real-time weather data, within minutes of a bombing, to create a computer model that charts the likely path of a radioactive fallout plume so that the government can warn affected people to take shelter or evacuate. The government also has modeled likely effects in blast zones.

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Capt. Ann Knebel, the U.S. Public Health Service's deputy preparedness chief, said her agency is using the models to understand how many people in different zones would suffer from blast injuries, burns or radiation sickness "and to begin to match our resources to the types of injuries."

No matter how great the government's response, a nuclear bomb's toll would be staggering.

The government's National Planning Scenario, which isn't public, projects that a relatively small, improvised 10-kiloton bomb could kill hundreds of thousands of people in a medium-sized city and cause hundreds of billions of dollars in economic losses.

The document, last updated in April 2005, projects that a bomb denoted at ground level in Washington, D.C., would kill as many as 204,600 people, including many government officials, and would injure or sicken 90,800. Another 24,580 victims would die of radiation-related cancer in ensuing years. Radioactive debris would contaminate a 3,000-square-mile area, requiring years-long cleanup, it said.

Brinkerhoff, author of the confidential memo for the Joint Chiefs, estimated that nearly 300,000 National Guardsmen, military reservists and civil emergency personnel would be needed to rescue, decontaminate, process and manage the 1.5 million evacuees.

The job would include cordoning off the blast zone and manning a 200-mile perimeter around the fallout area to process and decontaminate victims, to turn others away from the danger and to maintain order. Brinkerhoff estimated that the military would need to provide 140,000 of the 300,000 responders, but doubted that the Pentagon would have that many. And the Public Health Service's Knebel cited studies suggesting that the "fear factor" would reduce civil emergency responders by more than 30 percent.

Planning for an attack seems to evoke a sense of resignation among some officials.

"We are concerned about the catastrophic threats and are trying to improve our abilities for disasters," said Gerald Parker, a deputy assistant secretary in Health and Human Services' new Office of Preparedness and Response. "But you have to look at what's pragmatic as well."

Dr. Andrew Garrett of Columbia University's National Center for Disaster Preparedness, put it this way: "People are just very intimidated to take on the problem" because "there may not be apparent solutions right now."

The U.S. intelligence community considers it a "fairly remote" possibility that terrorists will obtain weapons-grade plutonium or highly enriched uranium, which is more accessible, to build a nuclear weapon, said a senior intelligence official who requested anonymity because of the sensitive nature of the information. The official said intelligence agencies worry mainly about a makeshift, radioactive "dirty bomb" that would kill at most a few hundred people, contaminate part of a city and spread panic.

But concerns about a larger nuclear attack are increasing at a time when North Korea is testing atomic weapons and Iran is believed to be pursuing them. Al-Qaida's worldwide network of terrorists also reportedly has been reconstituted.

The 9/11 Commission's 2004 report rated a nuclear bombing as the most consequential threat facing the nation.

"We called for a maximum effort against the threat," Lee Hamilton, the panel's vice chairman, told McClatchy Newspapers. "My impression is that we've got a long ways to go. ... I just think it would overwhelm us."

Dr. Ira Helfand, a Massachusetts emergency care doctor who co-authored a report on nuclear preparedness last year by the Physicians for Social Responsibility, chided the administration for trying "to create a climate of fear rather than to identify a problem and address it." The doctors' group found the government "dangerously unprepared" for a nuclear attack.

Government officials say they have drafted playbooks for every sort of radioactive attack, from a "dirty bomb" to a large, sophisticated device.

But radiation experts and government memos emphasize the chaos that a bigger bomb could create. Emergency responders could face power outages, leaking gas lines, buckled bridges and tunnels, disrupted communications from the blast's electromagnetic pulse and streets clogged by vehicle crashes because motorists could be blinded by the bright flash accompanying detonation.

No equipment exists to shield rescue teams from radiation, and survivors would face similar risks if they tried to walk to safety.

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Defense analyst Brinkerhoff proposed having troops gradually tighten the ring around the blast zone as the radiation diminished, but warned that the government lacks the hundreds of radiation meters needed to ensure that they wouldn't endanger themselves. He said those making rescue forays would need dosimeters to monitor their exposure.

Emergency teams would have no quick test to determine the extent of survivors' radiation exposure. They would have to rely on tests for white blood cell declines or quiz people about their whereabouts during the blast and whether they had vomited.

For those with potentially lethal acute radiation sickness, only limited medication is available, said Richard Hatchett, who's overseeing nearly $100 million in research on radiation countermeasures for the National Institute of Allergies and Infectious Diseases.

The Department of Health and Human Services might commit to a limited purchase of one promising drug as early as this month. But currently federal health officials plan to fly victims of acute radiation sickness to hospitals across the country for bone marrow transplants.

The National Planning Scenario expressed concern that uninformed survivors of an attack could be lethally exposed to radiation because they failed to seek shelter, preferably in a sealed basement, for three to four days while radioactive debris decayed. Another big problem: Only a small percentage of Americans store bottled water, canned food and other essentials for an ordeal in a shelter.

Helfand said it would be too late to help most people near the blast, but that advance education could save many people in the path of the fallout.

Education is critical, he said, because attempting to evacuate could "put you on a crowded freeway where you'll be stuck in traffic and get the maximum radiation exposure."

California's emergency services chief, Henry Renteria, said it might be time "to re-establish an urban area radiation shelter program."

Brinkerhoff wrote that people could build their own radiation-proof shelters if the government engaged in "large-scale civil defense planning" and gave them meters and dosimeters to monitor the radiation.

Since there hasn't been "any enthusiasm to address this kind of preparedness," Brinkerhoff concluded, the only choice for most people would be to flee.

Hundreds Of Incidents Reported Of Smuggling Of Nuclear Materials (MCT)

By Greg Gordon

McClatchy Newspapers, March 2, 2007

WASHINGTON - The number of experts who believe that terrorists could obtain the apparatus for a nuclear bomb is impressive and growing.

The 9/11 Commission described in 2004 the relative ease with which terrorists could conceal the needed weapons-grade plutonium or highly enriched uranium, which it said would be "about the size of a grapefruit or an orange."

Since 2001, law enforcement officials have developed training exercises on how terrorists might smuggle eight components for an improvised 10-kiloton bomb into the United States and then detonate it near the White House.

Experts in and out of the government worry that the most likely source of nuclear material is Russia and the former Soviet bloc nations, where stocks of weapons-grade plutonium and uranium are stored at loosely guarded sites.

And some people are trying to get their hands on them.

The International Atomic Energy Agency reports 976 incidents of illicit trafficking of nuclear and radioactive materials since 1993 - with 149 of them last year alone. In 2006, a man in the former Soviet republic of Georgia was arrested for allegedly trying to sell highly enriched uranium to terrorists.

In a recent interview, Lee Hamilton, who was vice chairman of the 9/11 Commission, said the United States must do more. He suggested spending $3 billion to $4 billion on securing nuclear material in the former Soviet Union. Currently, U.S. officials spend about $1 billion a year.

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Joe Cirincione, author of "Bomb Scare: The History and Future of Nuclear Weapons," said some radioactive materials in former eastern bloc nations are "guarded by little more than a chain-linked fence, a padlock and a guard that works during the day."

He said he considers it a certainty that, "if we just keep doing what we're doing, a terrorist group will get a nuclear weapon or the materials for a nuclear weapon and use it sometime in the next 10 years."

"You just can't keep tempting fate like this," he said.

Homeland Security Secretary Michael Chertoff and his agency have sought nearly $3 billion to buy sophisticated radiological detectors. They're placing the detectors at U.S. borders to scan incoming cargo. Eventually, the detectors will be positioned around major cities, but the newest generation of equipment won't be ready for a couple of years.

Punishment To Fit The Nuclear Crime (WP)

By Anne-Marie Slaughter And Thomas Wright

The Washington Post, March 2, 2007

A joint sting operation by the CIA and officials from the Republic of Georgia foiled an attempt by a Russian man to sell nuclear-bomb-grade uranium on the black market last summer. This event, only made public in January, was the latest in a series of alarming incidents that remind us of the severity of the threat posed by nuclear terrorism.

To build a nuclear weapon, terrorists must acquire materials from a state. National governments are unlikely to cooperate with terrorists because they fear retaliation from the victim of such an attack and its allies, but rogue scientists, generals or other individuals can work with criminal networks to deliver nuclear weapons to the highest bidder. To counter this danger, we should make the illegal transfer of nuclear materials a crime against humanity triable by international tribunals and by national courts in every country.

Current efforts to close down the nuclear black market have an Achilles' heel -- certain states will not cooperate and will even protect nuclear criminals. For instance, A.Q. Khan, Pakistan's "father of the bomb," lives comfortably under house arrest; U.S. officials have not been allowed even to interrogate him. Pakistan's government is too frightened of a domestic backlash to act harshly against a national hero. Globally, of the dozens suspected of involvement in his network, only three have been successfully prosecuted.

During the Cold War, the United States used deterrence to avert Armageddon; the Soviet Union understood that aggression, even of a conventional nature, would carry too high a price. This old wisdom offers new hope; the United States should actively deter individuals who trade in nuclear materials by making the costs of such behavior unacceptably high.

Making nuclear transfer a crime against humanity captures the enormity of the offense and would dramatically increase the cost of getting caught. Nuclear transfer threatens the lives of millions of people. It merits a place in infamy alongside genocide and other evils. Creating a nuclear transfer taboo would strip away feigned protestations of innocence and illusions of a victimless crime. It would stigmatize black-market financiers and other facilitators of nuclear transfers as the ultimate merchants of death.

In addition to highlighting the dangers of this action, making nuclear transfer a crime against humanity would greatly expand opportunities for prosecution, denying national governments the ability to shelter these criminals.

The International Criminal Court has jurisdiction over crimes against humanity. The inclusion of nuclear transfer as such a crime could be confirmed at the next review conference, in 2009. The ICC could then indict and prosecute those suspected of such acts. Even if the United States cannot bring itself to join the ICC, it could work with allies to empower the ICC to act, just as the Bush administration has done on Darfur.

Similarly, as a matter of international law, crimes against humanity are subject to universal jurisdiction. That means that any nation, including the United States, could prosecute nuclear traders anywhere in the world. National governments can pass statutes confirming such jurisdiction in their courts.

Finally, the U.N. Security Council could pass a Chapter VII resolution urging a prosecutor to investigate these cases or even establish a special tribunal to prosecute those suspected of nuclear transfer. A tribunal could be a fallback if efforts to incorporate nuclear transfer into the ICC charter were unsuccessful.

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This initiative would make international law work as a tool of American national security strategy rather than as a constraint on it. Failing states would no longer provide safe haven for rogue individuals. The potential costs of nuclear transfer for criminal networks would clearly exceed its potential rewards. It would be multilateralism and international law at its best: hard-edged tools to further American and global interests.

Most important, it is the only way to overcome a real problem. The status quo -- trusting nondemocratic states to safeguard U.S. security interests by cracking down on their criminal networks -- has failed. The convention on genocide was signed after the Holocaust. This time, we should not wait until after the fact to act.

Anne-Marie Slaughter is dean of Princeton University's Woodrow Wilson School of Public and International Affairs and a co-director of the Princeton Project on National Security. Thomas Wright is senior researcher for the Princeton Project on National Security.

Civil Air Patrol Revives Role As Eyes Of Skies (WT)

By Audrey Hudson, The Washington Times

The Washington Times, March 2, 2007

The Civil Air Patrol guarded the U.S. shoreline from Maine to Texas against German U-boats during World War II, and now the all-volunteer force is playing a vital role in the war against terrorism.

The 56,000-member-strong organization is participating in a growing number of homeland security missions, conducting aerial reconnaissance of military ships and other offshore activity, protecting sensitive and critical infrastructure from terrorist attacks, and assisting the U.S. Border Patrol.

"We were the eyes of the home skies when we started 65 years ago to spot German submarines and rescue downed pilots, and now we are going back to our roots as the eyes of the home skies," said Col. Kay Joslin Walling, commander of the Middle East Region of the Civil Air Patrol, which includes the District, Maryland and Virginia.

The volunteers of the Air Force auxiliary in Washington protect the country by acting as the enemy during monthly "Falcon Virgo" exercises over the nation's capital, where they perform a high-tech game of hide-and-seek with armed Air Force jets.

"As the National Capital Wing's planes closed in on restricted areas, ground forces tracked them with radar, and surface-to-air missile operators locked them in their radar sights," the Civil Air Patrol (CAP) reported to Congress on its 65 years of operations.

"Air Force F-16 fighter jets intercepted the mock enemies and escorted them out of the restricted airspace," the report said.

The organization will celebrate its 65th anniversary this week with Capitol Hill lawmakers.

When World War II ended, CAP focused on search-and-rescue missions, and disaster relief in cases of floods, tornadoes, hurricanes, snowstorms and fires. The patrol also fights the illegal drug trade and last year netted $1 billion in seizures. In their new role in the war on terrorism, pilots use state-of-the-art equipment and a fleet of airplanes to participate in regular patrols and terrorist-event exercises.

Since the inception of the Homeland Security Department, CAP has provided surveillance for the 2002 Winter Olympics in Salt Lake City, the Kentucky Derby and other major events.

Using satellite digital imaging systems, Cessna airplanes relay reconnaissance photographs in real time to emergency or disaster centers. They were crucial in the aftermath of Hurricane Katrina in 2005 and the attacks on the World Trade Center in 2001.

The New York Wing was the first aircraft in the air over ground zero after September 11, shooting aerial images of the damage the next day to determine how rescue workers could traverse the scene.

White House homeland security adviser Frances Fragos Townsend presided over an exercise last weekend to test the government's response to bombing scenarios. Capt. Dan Proffen used his day off to patrol critical infrastructure along the Chesapeake Bay.

"Nothing should be able to slip past me," Capt. Proffen said as he piloted a Cessna Skylane equipped with a Garmin G-1000 glass cockpit and computerized controls.

"This plane will fly itself," said Col. Jerry Weiss, commander of the Maryland Wing.

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"It wows the people sitting in the emergency operations center, when the pictures appear in real time. We can watch as evacuations unfold," Col. Weiss said. "It's situational awareness for people sitting in a room with no windows."

CAP officials call the effort a bargain for the government: less than $400 to fly a Cessna 182 for four hours, compared with $1,800 for one hour to operate a Black Hawk helicopter.

"All of us have real jobs; we don't get paid for this, which is why we are so financially cost-efficient," Col. Walling said.

Capt. Proffen joined the CAP-operated cadet program at age 17. Eight years later, he continues to volunteer his time flying weekly patrols and uses his vacation time from Johns Hopkins University's Applied Physics Laboratory, where he works as an engineer, to serve as a flight instructor for new cadets.

After takeoff from the Bay Bridge Airport on the Eastern Shore, Capt. Proffen headed north toward a plume of black smoke, which upon closer inspection appeared to be a field-clearing effort on a stretch of land surrounded by the frozen Bay waters.

Flying a loop around a Susquehanna River dam to check the structure's integrity, Capt. Proffen made his way back down the Bay for a final survey of the Bay Bridge yet avoided Aberdeen Proving Ground.

"We don't fly through there," Col. Walling later explained. "They shoot off some big guns over there."

Homeland Security Delays Federal IDs, Proposes Rules (WT)

By Audrey Hudson

The Washington Times, March 2, 2007

The Bush administration will delay implementation of a new law to federalize driver's licenses, bowing to pressure from federal and state lawmakers who say next year's deadline can't be met.

Homeland Security Secretary Michael Chertoff yesterday announced the delay and released 162 pages of proposed regulations to guide the national identification system.

"These standards correct glaring vulnerabilities exploited by some of the September 11 hijackers who used fraudulently obtained driver's licenses to board the airplanes in their attack against America," Mr. Chertoff said.

"Raising the security standards on driver's licenses establishes another layer of protection to prevent terrorists from obtaining and using fake documents to plan or carry out an attack," Mr. Chertoff said.

The deadline will be extended from May 2008 until December 2009, and up to 20 percent of state homeland security grants can be used to implement the program.

Congress mandated the identification cards in the 2005 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act.

New identification cards and driver's licenses will be required to pass airline screening or enter federal buildings and nuclear plants.

The cards will include the holder's name, date of birth, sex, an identification number other than a Social Security number, a facial digital photograph, an address and a signature. The cards must contain physical security features that can be read by a computer.

The proposed regulations reflect legislation pushed by Sen. Susan Collins, Maine Republican and ranking member of the Homeland Security and Governmental Affairs Committee, Mr. Chertoff said.

Miss Collins said she is "grateful that Secretary Chertoff has listened to the concerns of so many state leaders and my colleagues on this important issue."

Rep. Thomas M. Davis III, Virginia Republican and ranking member of the House Oversight and Government Reform Committee, called the delay reasonable but said the new ID standards remain an urgent national security priority.

"Weaknesses in driver's licenses are still being exploited every day by illegal immigrants, identity thieves and terrorists," Mr. Davis said.

Mr. Chertoff said the standards will protect against identity theft and the use of fraudulent documents, and that background checks will be required of all division of motor vehicle employees.

The regulations say the federal government will not be given greater access to personal information and that no national database is created "because it leaves the decision of how to conduct the exchanges in the hands of the states."

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Some privacy advocates are concerned that the database of personal information will be used without limits or standards.

"The Real ID system may be decentralized, but if it is widely accessible, for purposes other that administering the driver's license system, it could turn into a massive tracking system," said Sophia Cope, a fellow with the Center for Democracy and Technology.

Cost And Privacy Concerns Cited In New Rules For Driver's Licenses (WP)

By Spencer S. Hsu

The Washington Post, March 2, 2007

A law enacted after the Sept. 11, 2001, terrorist attacks to secure U.S. driver's licenses will cost $23.1 billion over 10 years, require motorists born after 1935 to present birth certificates or passports, and add $28 to the cost of issuing each license, officials said yesterday.

Long-awaited rules to implement the law, known as Real ID, did not quell criticism from states, privacy advocates and libertarian groups. They said it represents an unfunded mandate and creates a national ID-card system that will increase the consequences of identity theft.

The 162-page draft regulations "confirm the worst suspicions" of opponents, said Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.). He said Congress should repeal the law and reopen talks with states, technology experts and civil liberties groups rather than risk years of legal challenges.

The 2005 act overhauls how state ID cards and driver's licenses must be awarded and produced to combat forgery and fraud, while standardizing their data so they can be shared across state and federal databases.

The plan would delay from May 2008 to the end of 2009 the deadline for states to begin compliance, but all 245 million U.S. driver's licenses must comply by May 2013 to be used for federal purposes such as boarding aircraft.

Homeland Security Secretary Michael Chertoff said that technology will ease, not increase, privacy threats, and that the federal government will not keep a central database of personal information.

"Is it a reasonable amount of money that people should pay to prevent people from getting on airplanes or getting in buildings and killing Americans?" Chertoff asked. "I think most people would say . . . that's $20 well spent."

Associations representing the nation's governors, state legislatures and motor vehicle administrators complained that costs continue to grow, that the 2013 deadline is unreasonable and that more changes are needed.

Opponents from the American Civil Liberties Union, the Cato Institute and the Leadership Conference on Civil Rights said the rules leave many questions to be answered in a 60-day comment period.

The rules do not propose to encrypt personal data stored in bar codes on licenses, for instance, leaving it accessible to commercial data brokers. Nor do they spell out how systems linking government databases will be built or who will own them. "They can't fix a law that is so fundamentally flawed," Cato official Tim Harper said.

Chertoff said states can spend up to $100 million this year and $37 million next year from U.S. homeland security grants to offset their $14.6 billion share of the tab. State officials say they had other plans for the money.

Seven former U.S. security officials and Sept. 11 commission staffers, led by panel member John F. Lehman Jr., said the United States should pay $1 billion in "up-front costs."

Federal Requirement For Tamper-Proof Licenses Will Raise Fees For Drivers By 2013 (NYT)

By Eric Lipton

The New York Times, March 2, 2007

WASHINGTON, March 1 — Nearly 240 million Americans and legal residents will have to spend an estimated $20 more for a standardized and tamper-proof driver's license by 2013 to comply with a proposed new federal rule issued Thursday.

Congress imposed the mandate for the new licenses in 2005, agreeing with the 9/11 Commission that terrorists' access to fake licenses or state-issued identification cards made the 2001 plot easier to carry out.

But until now, the Department of Homeland Security had not issued rules governing the licenses' security features or the documentation that will be required to get one. It also had not estimated the costs — about $14.6 billion to states and about $7.8 billion to individuals — of setting up the system called Real ID over the next decade.

Homeland Security Secretary Michael Chertoff, trying to address concerns raised by the states, said the department would allow those having trouble meeting the original May 2008 deadline to delay the start of the program until the end of 2009.

But all states will still be required to replace all existing drivers' licenses by 2013 — even those not up for renewal — if they want their licenses to be accepted as identification at airports or federal buildings.

"This is going to cost money — security does cost money," Mr. Chertoff said Thursday. "But it is money well spent."

To help the states get started, Mr. Chertoff offered up to $100 million in federal grants this year, although the money would come from antiterrorism funds already promised to the states. So far, only $40 million in federal aid has been provided for the program.

Senator Susan Collins, Republican of Maine, who had advocated delaying the start of the program, praised the revisions.

"The department has finally recognized that it simply was unfair to impose this burden on the states," Ms. Collins said Thursday on the Senate floor.

But the plan received largely negative reviews from state officials and civil liberties experts.

"We have always known this law would be a nightmare for motorists and taxpayers, and President Bush's rules have just confirmed that nightmare," Gov. James E. Doyle of Wisconsin said in a statement Thursday, predicting "higher fees, longer lines, fewer D.M.V. centers, and a major headache when you go to renew your license."

The National Governors Association said the federal aid Mr. Chertoff offered, representing about 10 percent of the cost in the first year and an unknown amount in future years, was woefully inadequate.

"It is a drop in a bucket," said David Quam, the association's director of federal relations, who estimated that the extra cost per person could reach $40. The cost of licenses now ranges from as much $85 in New York to as little as $4 in North Carolina, according to the AAA.

Representatives from the American Civil Liberties Union said the new identification cards would leave the nation less secure. That is because Homeland Security said in the proposed rule issued Thursday that it did not intend to require the encryption of biographic data contained in a machine-readable strip on the license.

"You will create greater security vulnerabilities for sophisticated terrorists than the ones we are closing," said Timothy Sparapani, legislative counsel at the A.C.L.U.

Applicants will have to prove their address, date of birth and legal status in the United States with valid government-issued documents. Exceptions will be granted to people born before 1935 and in certain other cases, like people who were victims of Hurricane Katrina.

Before states can issue a new license, they will need to electronically confirm that the applicant's documentation is accurate. That will require states or the federal government to create electronic databases of birth certificates, immigration records and other documents — a task that could be difficult to complete in time, some state officials said Thursday.

Mr. Chertoff said the proposed rule, which is on track to become final in several months, would give states the option to make it illegal for merchants to automatically collect biographic data from the licenses.

States will also be permitted to issue a different type of license for people who cannot confirm they are in the United States legally. But these would not be valid as a form of federal identification.

Several states including Maine and Montana, angry over the high cost of the program and concerns about privacy, are considering or have voted on legislation calling for the repeal of the law. Jim Guest, a Missouri state legislator helping coordinate the repeal effort in more than 30 states, said the revolt would continue.

"All of our concerns are still there," Mr. Guest said.

FEDERAL DIARY: Hoyer Makes Good On Health-Care Promise (WP)

By Stephen Barr

Washington Post, March 2, 2007

The House majority leader delivered on a promise yesterday.

Rep. Steny H. Hoyer (D-Md.) introduced a bill that would increase the government's contribution toward federal employee health-care premiums -- as he had pledged he would to two unions earlier this week.

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Under the proposal, the government would pay 80 percent of the cost of premiums in the Federal Employees Health Benefits Program, saving the average federal worker about $500 annually. Currently, the government picks up 72 percent of premium costs.

"This legislation will help take the bite out of rising health care costs and make it easier for federal employees to afford quality health care for themselves and their families," Hoyer said in a statement.

The rate of premium growth in the federal employee program has slowed in recent years, dropping from an average increase of 12.7 percent in 2002 to an average 6.4 percent in 2006. The Office of Personnel Management, which administers the program, used financial reserves in the program to hold this year's average premium increase to 1.8 percent.

Still, a number of insurance plans in the federal program raised their premiums by more than the average 1.8 percent increase. Premiums for health maintenance organizations, for example, rose by 6.3 percent, and some Washington area federal HMOs raised their rates higher.

More than half of the federal program's enrollees, or 2.27 million people, are covered by Blue Cross Blue Shield. This year, the annual share of premiums paid by a federal employee who chose Blue Cross standard coverage will be $1,489 for individual coverage and $3,492 for family coverage.

In introducing the bill, Hoyer said that Rep. Frank R. Wolf (R-Va.) has joined as the chief co-sponsor.

Hoyer has tried to lower health-care costs for federal employees and retirees in past years and promised unions, which held their annual legislative conferences this week, that he would renew his efforts. The introduction of the bill yesterday was welcomed by John Gage, president of the American Federation of Government Employees, and Colleen M. Kelley, president of the National Treasury Employees Union.

The prospects for Hoyer's proposal are uncertain, in part because Congress is under pressure to reduce the federal deficit and rein in spending. His proposal also runs counter to a Bush administration plan, announced last month, that would reduce the government's contribution to health-care premiums for new retirees with less than 10 years of federal service.On the Front Burner

"Welcome to the hot seat."

That's how Rep. Bennie Thompson (D-Miss.), chairman of the House Homeland Security Committee, greeted Paul A. Schneider, who joined the Department of Homeland Security as undersecretary for management two months ago. Schneider came to the Hill yesterday to testify before the subcommittee on management, investigations and oversight.

Committee members expressed concern about morale of employees at Homeland Security, noting that the department got rock-bottom scores in important job-satisfaction, leadership and management areas in a survey conducted by the Office of Personnel Management.

Schneider said the department plans to launch focus groups in the next 60 days to explore workforce issues and find solutions. The survey suggested that too many employees do not feel they are being recognized for their hard work and that communication between supervisors and employees needs to be improved, he said.

Efforts to reduce reliance on contractors also are underway, he told the panel, chaired by Rep. Chris Carney (D-Pa.). Starting this year, Schneider said the department is focusing "on developing a mature acquisition workforce through targeted recruiting and advanced training programs."Talk Shows

Veronica Villalobos, senior attorney in the office of federal operations at the Equal Employment Opportunity Commission, will be the guest on "FEDtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

Deidre A. Lee, director of management and chief acquisition officer at the Federal Emergency Management Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Ground Zero Victims (opinion) (NYT)

The New York Times, March 2, 2007

Mayor Michael Bloomberg has finally joined the urgent campaign to get Washington to care for the responders who helped New Yorkers after the Sept. 11 attacks. Many responders — and people who studied, lived or worked around the World Trade Center — are seriously ill, and Mr. Bloomberg can play an important role in making the federal government take responsibility for them.

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Mr. Bloomberg was once skeptical about what is being called ground zero disease. But he is now campaigning to get Washington to pay $150 million a year for three health centers that already treat police officers, firefighters and others made sick by the attacks. The money is badly needed to improve care in these underfinanced, overworked centers.

There should also be a fund to compensate those who have been made sick, modeled on the Sept. 11 Victim Compensation Fund. There are some private fund-raising efforts under way, including one by The New York Times Company Foundation, but the big money will have to come from the federal government. One source could be the $1 billion that Congress set aside to cover lawsuits against the city and its contractors.

Mr. Bloomberg is prepared to make it available, but only if Congress passes a law to protect the city and its contractors from negligence suits by the victims. It should do so. The victims will get more money, and sooner, from a compensation fund than if they have to pursue individual lawsuits and pay attorneys' fees.

The entire nation was attacked on Sept. 11, not just New York. Congress and the Bush administration should be prepared to come up with the additional funds, and the legislative fixes, that are needed to compensate the victims.

WAR NEWS:

House Democrats Set To Retreat From Effort To Cap Troop Levels (WSJ)

By David Rogers

The Wall Street Journal, March 2, 2007

WASHINGTON -- The Iraq war is proving a humbling experience not just for President Bush, but also for those in Congress who want to end it.

Plagued by internal divisions, House Democrats have largely abandoned efforts to cap the increase in U.S. troop levels for Iraq and will focus instead on highlighting the war's strain on the military and competing U.S. interests in Afghanistan.

The major battleground is a wartime spending request which the administration is still adjusting and which has blossomed into a major test for the Democrats charged with drafting the legislation.

The House Appropriations Committee may add as much as $1 billion to Mr. Bush's request to beef up U.S. operations in Afghanistan and shift additional funds to rural-development programs. More than $2 billion would be set aside to improve the readiness of strategic military reserves in the U.S., and provisions would be added to curb the frequent practice of stretching personnel in Iraq by extending combat tours for units already deployed.

But the White House is given discretion to bypass any such restrictions that it finds burdensome, and President Bush will have a relatively free hand to add the more than 21,500 soldiers and Marines he wants by the end of May.

Rep. John Murtha, one of the bill's chief managers, had pushed a tougher line that could have capped the buildup at one to two brigades below Mr. Bush's target. But given divisions in his party, the Pennsylvania Democrat was forced to retreat for fear of jeopardizing the larger package.

The sometimes stormy back-and-forth, which has played out since Mr. Murtha announced his proposals in early January, has been a humbling lesson for him and other Democrats in just how difficult it is for Congress to achieve the unity needed to challenge a president's war powers. Similar debates over Vietnam, a larger war with many more casualties, stretched for years. And while Iraq helped to mobilize voters for Democrats in the November elections, helping them win control of Congress, delivering on their promise of change is proving difficult.

"For seven weeks Democrats have been all over the block," said House Republican Leader John Boehner of Ohio. "They have no strategy to stop the war. They have no strategy to win the war. They are the majority here on Capitol Hill. It's time for them to grow up and make a decision."

Last night, the Appropriations leadership was still struggling to pull together the bill, which will include the administration's $93.4 billion defense request, as well as $6 billion for State Department and foreign-aid accounts, and $3.4 billion disaster assistance at home.

The war debate, by so fracturing the House, makes this a much more difficult challenge for Democrats still finding their legs as the majority. Complicating the task is the fluid situation on the ground in Iraq and Afghanistan, and the fact that the

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Pentagon appears to have underestimated its needs for support personnel and Mine Resistant Ambush Protected armored vehicles. Further, there may also be adjustments to Pakistan economic assistance following President Cheney's visit there this week.

An administration official said last evening that there may be "slight adjustments" within its requests. But the Pentagon has discussed much larger needs approaching $5 billion.

Appropriations Chairman David Obey is under pressure to add billions more for domestic priorities, including farm aid and child health programs. But to protect himself from critics on the right, the Wisconsin Democrat has set the goal that every dollar for these needs will be more than matched by additional funds for defense and homeland security.

This has opened the door to both more military spending and additional funds for homeland-security priorities that have received less attention in the past. These include rail- and transit-security measures, explosive-detection devices and tighter inspections of air cargo carried on passenger planes.

Mr. Obey is pressing still for language that would bar major U.S. military action against Iran without prior authorization from Congress. But the more serious policy battle -- and dilemma for Democrats -- has been how far lawmakers should go in trying to cap or restrain the new commitment of U.S. troops in Iraq.

The new forces ordered by Mr. Bush are intended to quell sectarian violence in Shiite and Sunni neighborhoods in Baghdad and strengthen Marine forces against the continued al Qaeda presence in Anbar province. But the Army is so short of combat-ready units, it will take until May to complete the "surge" of five brigades, creating an awkward situation for both the military and Congress.

Coming in the middle of a fiscal year, it was highly unlikely Congress could roll back the president's decision even if it had the political will to limit funding for the surge.

In testimony before the Senate Appropriations Committee this week, Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said Mr. Bush could use his "food and forage" powers to continue the mission even if Congress were to limit funds. "It is my belief that given the mission he has the food and forage responsibilities and authority to resource as he needs...to accomplish the mission," Gen. Pace said.

Democrats Split Over Iraq War Funding (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 2, 2007

WASHINGTON

After starting the 110th Congress with a big antiwar mandate, Democrats are scrambling to find a way forward on an issue that is driving wedges deep into their new majority.

At issue is how aggressively Democrats can challenge President Bush's war policy without alienating so many of their own caucus members that they lose key votes.

The next test will be how the House handles Mr. Bush's $93.4 billion war-funding request, which comes before the Appropriations Committee next week.

"It's a work in progress," says Rep. Ike Skelton (D) of Missouri, chairman of the House Armed Services Committee, commenting on behind-the-scenes talks this week to find a consensus within the Democratic caucus on the war.

Early in the week, House Democrats balked at a proposal by Rep. John Murtha (D) of Pennsylvania, who chairs the Defense subcommittee on that panel, to use the war-funding request to rein in Bush's options as commander in chief.

Mr. Murtha's plan, announced on an antiwar website, proposed that the funds be used on the condition that the Pentagon meets standards of readiness and training for troops to be deployed to Iraq.

After a fractious caucus meeting on Tuesday, House leaders backed off the Murtha proposal, but opened new rifts with liberals in their caucus who favor stronger moves to get US forces out of Iraq.

"The American people are going to have a great deal of difficulty with Democrats who say they oppose the war, yet vote to fund it," says Rep. Dennis Kucinich (D) of Ohio, who is also a presidential candidate.

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A longtime, staunch supporter of the military, Murtha has emerged as a lightening rod in an intense intraparty debate over how to end US involvement in Iraq.

On the one hand, the 44-member Blue Dog Coalition, which is made up of fiscal conservatives, opposes moves that would either deprive US troops of funding they need or appear to micromanage the war.

"There's a growing consensus for setting standards for our troops to be well trained, well equipped, and well rested, but to also give the president waivers," in case such guidelines cannot be met, says Rep. Chet Edwards (D) of Texas, who chairs the subcommittee on military quality of life and veterans' affairs.

Such waivers would require Bush to "take responsibility for troops not being well trained," and would make any lapses in training or equipment more visible to the public. But the waiver policy still allows Bush to send reinforcements to "bring home a battalion that's worn out. Without such flexibility, it would be micromanaging," he adds.

On the other hand, the 71-member Congressional Progressive Caucus (CPC), the largest group of Democrats in the House, is calling for a "fully funded" withdrawal of US forces from Iraq within six months.

"I'm telling them point blank that the only money I'll support is fully supporting the withdrawal of every last soldier and contractor in Iraq," says Rep. Lynn Woolsey (D) of California, who chairs the CPC. "There's going to be a respectable showing of members against the [defense] supplemental [spending bill], unless it is clearly to support our troops, while bringing them home."

A lawmaker at the heart of next week's firestorm over funding, Rep. David Obey (D) of Wisconsin, who chairs the full House Appropriations Committee, notes that Congress struggled for years to find consensus over how to end the war in Vietnam. "Between 1970 and 1972, we had 31 different approaches, before we got a vote that had teeth," he says.

Moreover, the focus on Democrats is misplaced, he adds. The war will end "when enough Republicans go down to the White House and say, 'Mr. President, it has to end,' " he says.

On the Senate side, the Appropriations Committee that will pick up this bill after it clears the House is chaired by Sen. Robert Byrd, one of the strongest and earliest critics of the Iraq war.

"The Congress has consistently supported our men and our women in uniform, Congress will continue to support our troops and their families," he said at that panel's first hearing on supplemental war funding Feb. 27. But he added that "Congress is not a rubberstamp or presidential lapdog, obedient and unquestioning."

Meanwhile, Senate Democrats are as deeply divided as their House counterparts over the best approach to respond to Bush's call for a surge of 21,500 troops in Iraq.

After Senate Republicans blocked votes on a nonbinding resolution opposing the troop buildup earlier this month, Democrats have been working to draft a binding resolution, which may include the repeal of the 2002 authorization to use force in Iraq.

"Quiet conversations are going on behind the scenes addressing the concerns raised by some in the caucus," says Jim Manley, a spokesman for Senate majority leader Harry Reid.

Senate Republican and Democratic leaders also say they are close to agreement on debating Bush's proposal for a "surge." "This time, it looks as if we will be able to offer amendments," including one that commits the Senate to fully funding the war, says Don Stewart, a spokesman for GOP leader Mitch McConnell.

Democrats Want Troops Out If Goals Unmet (AP)

By Anne Flaherty

AP, March 2, 2007

House Democratic leaders have coalesced around legislation that would require troops to come home from Iraq within six months if that country's leaders fail to meet promises to help reduce violence there, party officials said Thursday.

The plan would retain a Democratic proposal prohibiting the deployment to Iraq of troops with insufficient rest or training or who already have served there for more than a year. Under the plan, such troops could only be sent to Iraq if President Bush waives those standards and reports to Congress each time.

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The proposal is the latest attempt by Democrats to resolve deep divisions within the party on how far to go to scale back U.S. involvement in Iraq. Rep. James Moran said the latest version has the support of party leadership and said he believes it is final and has the best chance at attracting broad support.

"We're going to report out" a war spending bill "that's responsive to the will of the voters last November and brings our troops home as soon and safely as possible," Moran, D-Va., said in an interview Thursday.

Moran, a member of the House committee that oversees military spending, said the plan was discussed in a closed-door meeting of committee Democrats on Thursday.

Brendan Daly, a spokesman for House Speaker Nancy Pelosi, D-Calif., declined to confirm the details and or say whether Pelosi backs the plan. But he said: "We have said we want to make sure our troops have all the training and equipment they need and that the Iraqi government must meet the benchmarks President Bush endorsed."

Bush said the Iraqis had promised to meet certain goals when he offered to send 21,500 more troops to Iraq. For example, the Iraqis pledged to spend more money on reconstruction and reach a political agreement to share the nation's oil resources.

If the Iraqis fail to live up to their promises, some troops could be left behind under the Democrats' plan to train Iraqi troops or conduct counterterrorism missions, Moran said.

Bush requested $93.4 billion for this year's military operations in Iraq and Afghanistan.

Moran said that as of Thursday, the proposal was on track to add an extra $1 billion to step up efforts in Afghanistan. Money also would be added to improve health care for veterans and help wounded active-duty troops, as well as provide relief for hurricane victims.

The legislation also would require Bush to seek congressional approval for any military operations in Iran.

The Senate, meanwhile, could begin floor debate on Iraq as early as next week. Sens. Joseph Biden, D-Del., and Carl Levin, D-Mich., have proposed a resolution that would call for combat troops to come home by March 2008.

As Democrats finalized their spending plan for this year, White House chief of staff Joshua Bolten told Senate Republican leaders that the administration will need additional funding to pay for the influx of troops to Iraq.

The Pentagon initially estimated the 21,500 troops would cost $5.6 billion through Oct. 1. But 6,000 more personnel will be needed to provide support to the combat units, according to GOP aides.

The administration also might amend its funding request in order to provide more money for Afghanistan.

The White House is expected to offer to trim other parts of the 2007 war spending request such as the controversial V-22 tilt-rotor aircraft to offset the money needed. Bolten did not offer a specific figure for the support troops, the aides said.

Also on Thursday, an influential Senate Democrat floated the idea of cutting $20 billion from Bush's request for military operations next year in Iraq and Afghanistan, only to be swiftly overridden by his colleagues.

The trial balloon floated by Budget Committee Chairman Kent Conrad would have trimmed Bush's $142 billion war budget for 2008 by about one-seventh in keeping with cost estimates by the nonpartisan Congressional Budget Office.

Conrad's idea would have applied to the next budget year beginning Oct. 1 — a separate issue from the debate over Bush's $100 billion request for immediate supplemental war funding.

But it raised concerns among Democrats sensitive to any accusations of shorting funding for troops in battle.

"Our caucus feels strongly that we should go with the president's numbers" on 2008 war costs, Conrad said.

Some Lawmakers Want To Fund Civilian Projects Through War Bill (WP)

By Lyndsey Layton

The Washington Post, March 2, 2007

As House Democrats wrangle over details of a $100 billion war spending bill -- including whether restrictions should be placed on troops sent to Iraq -- some members want to add significant money for agricultural relief, Hurricane Katrina reconstruction and other nonmilitary projects.

Rep. Collin C. Peterson (D-Minn.), who chairs the Agriculture Committee, said yesterday that rural states hit hard by floods, droughts and snowstorms in the past two years need $4 billion in emergency farm relief. And attaching the request to the war bill is the best way to insure they get it, he said.

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Members from Gulf states want funds for improving levees in areas devastated by Katrina. And lawmakers from across the country say their states need federal help to cover deficits in a children's health insurance program.

As of yesterday, Rep. David R. Obey (D-Wis.), who chairs the House Appropriations Committee, had agreed to add about $3 billion to the war bill to help close military bases and relocate troops as part of the Base Realignment and Closure process. And he approved an additional $750 million for the State Children's Health Insurance Program, a joint federal and state program that provides health care for six million poor children.

Obey has not agreed to the farm-relief request, according to Democratic aides familiar with the discussions. But Peterson made it clear that conservative Democrats and some Republicans from farming communities would be inclined to support the war bill if it included disaster aid. "A lot of these guys are farm guys," Peterson said. "Disaster relief is important to them."

Even though the details of the bill are still in flux, Republicans lost no time yesterday attacking Democrats for fattening the already hefty war bill. "Our focus ought to be on supporting our troops in harm's way, not in porking up this bill with everyone's latest ideas of how we ought to be spending the taxpayers' money," said Rep. John A. Boehner (R-Ohio), the minority leader.

The bill is a response to President Bush's request for $100 billion in supplemental funds to pay for the wars in Iraq and Afghanistan for the rest of the fiscal year. Democratic aides said the details of the bill are likely to be finalized and released next week and will be debated by the Appropriations Committee sometime within the next two weeks, before it is sent to the House floor for a vote. Although it is highly likely that the bill will be approved by the committee, the outcome on the floor is more difficult to predict.

Rep. John P. Murtha (Pa.), the Democrats' most celebrated war critic and chairman of the Appropriations subcommittee on defense, is trying to use the bill as a vehicle for exerting congressional control over Iraq policy. Murtha wants to include language that says troops must meet certain readiness and equipment standards before they can be deployed. Some liberal Democrats oppose any legislation that would further fund the war. Some senior Democrats want to include a provision that would allow the president to dispatch troops that do not meet readiness standards, as long as he formally notifies Congress that he is doing so.

Republicans and some conservative Democrats have said that they will oppose such restrictions, even if it means voting against a bill that is fundamentally designed to pay for the war. "We will not support a bill that inhibits the president's ability to win this war in Iraq," Boehner said.

Fed's Bernanke Wins Praise For Reply To Sliding Markets (WSJ)

By John Harwood

The Wall Street Journal, March 2, 2007

BERNANKE WINS praise for response to market volatility.

Lawmakers in both parties welcome Fed chief's reassuring midweek testimony, which followed market-rattling commentary from predecessor Greenspan. Rep. Jim Cooper praises Bernanke for a "steady hand" at the central bank.

Treasury's Paulson, on the job less than a year, spoke by phone with Bush but offered little publicly to calm investor jitters. In a speech yesterday, two days after market's plunge, Paulson struck upbeat notes and urged "a broad view of the economy."

Congressional aides say market drop that began in Asia will raise pressure on Paulson, who visits China next week, to get results on yuan.

DEMOCRATS JOCKEY for attention from black voters.

At civil-rights commemorations this weekend in Selma, Ala., Sens. Obama and Clinton will speak at separate churches blocks apart. One organizer frets they may distract the spotlight from Georgia Rep. John Lewis, beaten by state troopers during 1965 march across Edmund Pettus Bridge.

Democratic campaigns increase scrutiny of potential Gore entry after former vice president's Oscar win. The coverage Gore would attract, a strategist for one contender reasons, "robs most candidates' ability to push a positive message" for two to three weeks, and require intensive "care and feeding" of political insiders and donors.

REPUBLICANS AIM to force Democrats into tough health-care choices.

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As health-funding debate accelerates, Senate Republicans seek to resist spending increases by limiting "S-Chip" child-health program money on low-income children, not adults. Democratic-leaning states such as Illinois that cover adults under the program bristle at the idea.

Bush asked Congress for $4.8 billion in new money over five years, just over half of what Congressional Budget Office says is needed to maintain programs at current enrollment rate. Maverick Republican Sen. Smith of Oregon, facing re-election next year, draws intraparty fire for seeking funds from higher cigarette taxes.

Though Bush rebuffed governors' funding pleas, "Many states are rearing to go in covering more uninsured children," Urban Institute's Stan Dorn says.

ENDORSEMENT? Though Gore now basks in liberals' praise, neoconservative author Robert Kagan insists Gore might have ousted Saddam Hussein himself had Florida votes been counted differently. "It's entirely possible that [Gore] also might have gone to war in Iraq," Kagan tells C-SPAN in interview to air Sunday night, "because he was one of the leading hawks...in the Clinton administration." A Gore spokeswoman couldn't be reached, but Gore warned six months before war began that attacking Iraq would squander America's goodwill and distract from the war on terrorism.

COLLISION COURSE: Democratic Sen. Schumer and Republican Sen. Domenici propose guaranteed diabetes screening and treatment under Medicaid. Though Schumer says preventive steps could save $30 billion over 10 years, their legislation faces administration pressure to restrain Medicaid spending.

PLAN B: Divided over how to confront Bush on Iraq troops levels, House Democrats highlight issue with broader appeal: accountability for billions in federal spending on Katrina and other issues they contend are rife with mismanagement and abuse. A House Republican Leadership aide argues that such initiatives mask Democrats' desires for higher spending: "Republicans are trying to turn off the faucet on the front end, whereas Democrats keep looking for a bigger hose."

DAMAGE CONTROL: Bush administration seeks more help for workers hurt by trade. Labor Secretary Chao leads an interagency effort, consulting quietly with trade-friendly Democrats on Capitol Hill. Senate Finance Chairman Baucus, backing aid for service as well as manufacturing workers, calls more "trade adjustment assistance" essential for extending presidential trade-negotiating authority.

DEMOCRATS STEP UP calls for predatory-lending curbs.

Soaring default rates on subprime mortgages and signs that some less risky borrowers are struggling with payments spur hearings in Rep. Frank's financial-services committee. Legislation is expected later.

Senate banking chairman Dodd pushes Bernanke and big-city mayors to strengthen borrower protections; bank regulators prepare new guidance on subprime lending. Freddie Mac vows to stop purchasing particularly risky subprime loans as consumer advocates complain that millions of vulnerable borrowers are facing foreclosure.

Despite swelling controversy, lenders defend subprime lending for having boosted home ownership among minorities and low-income families.

MINOR MEMOS: At "All Things Ethical" conference in Las Vegas by Campaigns and Elections magazine, topics include "The Ethics of Deception" and "Is Negative the New Positive?"...Among those following each story closely, Pew Research Center survey finds 64% approval for press coverage of Anna Nicole Smith exceeds positive marks for journalists on Iraq war or 2008 presidential campaign.

Senate Democrats Vow To Confront Bush On Iraq But Are Still Working Out The Details (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, March 2, 2007

WASHINGTON, March 1 — Senate Democrats tried Thursday to bridge their political differences over how to confront President Bush on Iraq even as they acknowledged that agreement on an approach remained out of reach.

“We have not gotten our arms around how the caucus is going to move forward,” Senator Harry Reid of Nevada, the majority leader, said as Democrats searched for a plan that would satisfy antiwar lawmakers, keep the party’s centrists on board and win over some Republicans.

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The leadership had been preparing to move forward this week with a proposal that would have essentially repealed the 2002 resolution granting Mr. Bush the power to invade Iraq and imposed new restrictions on how American troops could be used there.

But the plan put off some Democrats, because it said explicitly that "the president is authorized to use the armed forces of the United States in Iraq" for the purposes of protecting American forces and bases, training Iraqi soldiers and policemen, conducting operations against terrorists and protecting Iraq's borders.

Critics of the war, particularly those who opposed the 2002 authorization, worried that this approach would effectively put them on record as sanctioning almost any use Mr. Bush and his commanders might make of the troops, giving Democrats shared responsibility for a war that most of them now oppose and several have rejected all along.

"It's still George Bush's war," said Senator Russell D. Feingold, Democrat of Wisconsin, "but we run the risk of gaining some ownership of it if we don't make it absolutely clear that we are the party that wants to get out of there."

Senator Richard J. Durbin of Illinois, the No. 2 Democrat, said he believed that the party's leaders were close to reaching a new consensus, but he cautioned that any legislation would have to be precisely written.

"I haven't given up," he said. "I really think we can carefully word this and come up with strong support in our caucus. But I am one of the 23 who voted against the war, and I want to read this very carefully to make sure I am not authorizing the war at this point."

Democrats sought to smooth over the problems by drafting another proposal, which began circulating Thursday. That version made it clear that the intent was to narrow the initial authority for the war and placed new emphasis on the phased redeployment of troops. It also put stricter limits on the United States role in protecting Iraq's borders and said the conflict required a political rather than a military solution.

Mr. Reid said the Democrats were determined to move legislatively on the war after finishing work on a domestic security measure.

Senate Democrats were somewhat defensive about their internal divisions, which have left them open to criticism that unlike the House of Representatives, they have yet to weigh in with a strong vote on the war even though public dissatisfaction with it contributed to their election gains in November.

"We've only been in the majority for six weeks," said Senator Patty Murray of Washington, another member of the leadership, adding that there had been dozens of committee hearings about what to do. "We are working our way for how to do it right," she said, "and that's a lot better than we've done in the last three to four years."

Mr. Reid sought to play down any party divisions, saying Democrats were united behind the broad idea that the "war in Iraq is going wrong." He noted that 49 senators, nearly all of them Democrats, sought unsuccessfully last month to force a vote on a proposal opposing the administration's troop buildup in Iraq but were thwarted procedurally by Republicans.

Even as the Democrats searched for a policy solution, the political sensitivity over trying to restrict war spending was brought into sharp focus on Thursday.

Senator Kent Conrad, Democrat of North Dakota and chairman of the Budget Committee, raised the idea of cutting $20 billion from the president's $145 billion request for next year for Iraq and Afghanistan. But he quickly dropped that idea after fellow Democrats insisted on keeping the president's number in the nonbinding budget framework that is the first step toward bills financing all of the government's programs, not just the war.

Democrats in the House and the Senate say that even with popular sentiment against the war, trying to agree on how to influence its course is proving much more difficult than some had anticipated.

In the Senate, a working group of nine Democratic senators and their senior aides have been meeting privately throughout the week, trying to resolve their disagreements on how to limit the president's war authority.

"It's tricky finding the right formula where you can express the reservations about what's going on without interrupting legitimate military activities that are being conducted because we're there," said Senator Jim Webb, a Virginia Democrat who was elected last fall. "That's the debate right now."

GOP Regroups To Foil War Plans Of Democrats (WT)

DOJ_NMG_0138729

By S.a. Miller

The Washington Times, March 2, 2007

Republicans in Congress -- including most who have defected from President Bush's plan to send reinforcements to Iraq -- have closed ranks and are prepared to thwart the Democrats' continued efforts to undermine the war strategy.

Most of the 17 House Republicans who voted for a resolution against the troop-surge plan -- which was about half the number predicted by Democrats -- now oppose moves to cut war funding or attach conditions to appropriations bills that would hamstring the war effort.

All but one of the seven Senate Republicans that backed the anti-surge resolution in their chamber say they will not support any funding cuts. The one other dissident Republican -- Sen. Chuck Hagel of Nebraska -- declined to comment on the issue.

"I don't think we should micromanage the war or tie the president's hands," said Rep. Thomas M. Davis III, a Virginia Republican who last month voted with Democrats to pass a nonbinding resolution disapproving of Mr. Bush's plan to deploy 21,500 more troops.

"The question of the surge was one of policy [and] an opportunity for me to express my frustration with the policy," Mr. Davis said. "But when it comes to conducting the war, that is the president's authority. ... We have to close ranks behind him and allow this [plan] to work."

Rep. Phil English of Pennsylvania, another Republican now supporting the president after helping pass the nonbinding resolution, called the Democrats' proposals "a direct body blow to U.S. troops."

Democrats have struggled to appease their anti-war support base while not exposing themselves to criticism for endangering troops in the field. Their leaders have continued to block proposals from some of their rank and file to cut off war funding, which is Congress' chief weapon and would end U.S. involvement in Iraq.

The leadership, nevertheless, remains determined to block the president's war plan with moves somewhat shy of pulling the funding plug.

Senate Majority Leader Harry Reid, Nevada Democrat, intends to put forward a plan to either curb funding or presidential war powers later this month.

"We are prepared to give the troops everything they need," Reid spokesman Jim Manley said. "The goal is to redeploy the troops and bring as many home as soon as possible."

House Democrats are considering putting conditions on the war funding, such as requiring the president to certify that troops meet stringent readiness standards before deployment, that would make it difficult if not impossible to deploy reinforcements.

A series of ideas to incrementally restrict funding have failed to gain traction, including a proposal last week by Rep. John P. Murtha, the Pennsylvania Democrat leading the anti-war push.

Mr. Murtha, chairman of the defense appropriations subcommittee, wants to effectively stop the surge in midstream by amending the war-funding bill to limit troops to one-year stints in Iraq with at least one year at home between deployments. The troops also would have to be certified as fully trained and equipped before being deployed.

"If they want to cut the funding, they ought to have the courage to stand up and do it forthright," said House Minority Leader John A. Boehner, Ohio Republican.

"So let's quit hiding in the shadow of the tree, trying to decide what [the Democrats'] strategy is," he said. "They have no strategy to stop the war. They have no strategy to win the war."

Panetta Dismayed By Party's War Debate (WT)

By Donald Lambro

The Washington Times, March 2, 2007

A senior Democratic adviser said yesterday he is disappointed and dismayed by the efforts of House and Senate Democrats to change administration policies in Iraq, predicting they would lead to further division and stalemate in Congress on the war.

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"If you stand back, the whole debate has been pretty frustrating. The bigger problem is that [Democratic leaders'] proposals are not going anywhere, such as some revised authority for the war," said Leon Panetta, a key Democratic member of the Iraq Study Group whose proposals to stabilize Iraq were largely dismissed by President Bush.

"But those efforts are doomed. Either they are going to be blocked in Congress or vetoed by the president, or both. The end result is that it will make us more divided and impotent on war policy," President Clinton's former White House chief of staff said in an interview with The Washington Times.

Mr. Panetta's blunt complaints about how his party has bungled the war debate underscores a partywide discomfort among many Democrats that their leaders have failed to craft a politically viable compromise that can draw some bipartisan support.

Instead of recent Democratic leadership proposals that would set strict requirements for troop readiness training and deployment, Mr. Panetta wants his party to set performance benchmarks for the Iraqi government, as suggested by the study group.

"The issue shouldn't be about the troops or fighting over what we do there. The issue ought to be over what the Iraqis do. That's where we ought to be focusing our pressure by saying with one voice to the Iraqis, this is what you ought to accomplish. They said they would implement a whole series of political reforms and have yet to do that," he said.

"Why can't they come up with a proposal to put more pressure on the Iraqis to hold them to these benchmarks," he said.

But other Democratic advisers aren't willing to give up on the possibility that Mr. Bush's troop surge may be able to reduce the violence in Baghdad and stabilize the country. They think the Democrats should give the administration six months before attempting to impose funding cuts or other sanctions against the war.

"A lot of [the Democrats'] efforts have been pointless," said Michael O'Hanlon, a senior foreign policy analyst at the Brookings Institution who advises Democrats on national security issues.

"So I think, rather than monkeying around [with anti-war legislation], they should wait until the fall and basically say, whether you like Bush's handling of the war or not, at least recognize it is reasonable that it could work and give it six more months," Mr. O'Hanlon said.

That view, though, appears to have little support among Democrats in Congress who have been trying to come up with legislation that can unite anti-war liberals who want to force a pullout and more moderate members who want other alternatives.

Despite the Democrats' midterm election victory, largely because of growing opposition to the war, Mr. O'Hanlon said. "I don't think the American public endorsed a Democratic alternative on Iraq. They became frustrated with Bush on his strategy and wanted that strategy challenged."

Vice President Says U.S. Troop Withdrawal From Iraq Could Worsen War In Afghanistan, Elsewhere (WP/AP)

By Tom Raum

The Washington Post, March 2, 2007

Vice President Dick Cheney said Thursday night that a too-soon withdrawal of U.S. forces from Iraq could send victorious militants spreading out, with some flocking to Afghanistan to fight alongside a regrouping Taliban. He demanded that the Democratic-controlled Congress support President Bush's military buildup "on time and in full."

Speaking before a receptive audience of conservatives, the vice president -- just back from a trip that included unannounced stops in Afghanistan and Pakistan -- sharply criticized efforts by some Democrats to restrict funds for additional troops or to place restrictions on their deployment.

While noting that the House had already passed a nonbinding resolution voicing opposition to Bush's Iraq policy, Cheney said that "very soon both houses of Congress will have to vote on a piece of legislation that is binding." The legislation would, among other things, help pay for the additional 21,500 troops Bush is sending to Iraq.

"I sincerely hope the discussion this time will be about winning in Iraq, not about posturing on Capitol Hill. Anyone can say they support the troops, and we should take them at their word. But the proof will come when it's time to provide the money and the support," Cheney said. "We expect the House and the Senate to meet those needs on time and in full."

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The vice president spoke at an annual dinner of the Conservative Political Action Conference. The audience included conservative activists, leaders and policymakers.

Cheney mentioned his just-ended visits to Afghanistan and Pakistan. In Afghanistan, a bombing at the gate of the military base where the vice president was staying killed 23 people, including two Americans. The Taliban claimed the attack was aimed at Cheney, but officials said it posed no real threat to him.

During his visit to Pakistan, Cheney expressed concern to President Gen. Pervez Musharraf over al-Qaida's regrouping inside Pakistan's tribal regions and an expected Taliban spring offensive in neighboring Afghanistan.

"If our coalition withdrew before Iraqis could defend themselves, radical factions would battle for dominance. The violence would likely spread throughout the country and be very difficult to contain. Having tasted victory in Iraq, the (militants) would look for new missions. Many would head for Afghanistan to fight alongside the Taliban," Cheney said.

He said others would head for capitals across the Middle East and work to undermine moderate governments. "Still others would find their targets and victims in other countries on other continents. Such chaos and mounting danger does not have to occur. It is, however, the enemy's objective," Cheney said.

"In these circumstances, it's worth reminding ourselves that, like it or not, the enemy we face in the war on terror has made Iraq the primary front in that war," he added. Then, to laughter and applause, Cheney said, "To use a popular phrase, this is an inconvenient truth."

It was a play on the Academy Award-winning environmental documentary featuring former Vice President Al Gore, "An Inconvenient Truth."

"If you support the war on terror, then it only makes sense to support it where the terrorists are fighting us," Cheney said.

Cheney also recited a litany of conservative themes and goals, invoking the memory of Ronald Reagan and calling on Congress to "make all tax cuts permanent" that were enacted in Bush's first term.

"You've come to Washington at a very eventful time, with a new Congress at work and some very consequential debates under way," Cheney said.

"With a divided government, and strong feelings on both sides of the aisle, getting things done is a bit more of a challenge than it was before. But the American people expect results and the president and I are committed to working with Congress for the good of the country. What we will not do is abandon the conservative principles we ran on in 2000 and 2004."

Baghdad Sees Day With Little Bloodshed (USAT/AP)

USA Today, March 2, 2007

BAGHDAD — Baghdad experienced one of its least violent days in months Thursday when there were two reported bombings and one fatality.

The relative lull in violence came in the third week of a U.S.-Iraqi plan to improve security in Baghdad. President Bush has ordered an increase of 17,500 U.S. troops in the capital to conduct house-to-house searches and help disarm sectarian militias.

A U.S. military report said Monday that the number of roadside bombs was down 20% since the security initiative began in mid-February and sectarian murders were at their lowest levels in a year.

The day was not completely calm. A bomb exploded on a minibus carrying employees of the capital's provincial council, killing one person and injuring four in an eastern neighborhood.

A roadside bomb exploded alongside the convoy of Jalal Eddin al-Sagheer, a prominent Shiite cleric whose ties to Prime Minister Nouri al-Maliki have made him the target of past assassination attempts. The imam was not injured, but several bodyguards were wounded.

Al-Sagheer said his convoy was blasted in a Sunni area of southwest Baghdad en route from the airport.

"They targeted me again," he said but declined to blame any specific group. Al-Sagheer has had close calls in the past, which he said were linked to his denunciations of Sunni insurgents and foreign jihadists such as al-Qaeda in Iraq.

There was artillery fire in Baghdad after nightfall. In recent days, U.S. gunners have pummeled areas of south Baghdad suspected of being a staging ground for car bombings and other attacks.

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U.S. and Iraqi forces discussed an agreement to expand the security sweep into the Shiite stronghold of Sadr City. Such a move would test the willingness of the powerful Mahdi Army militia to grant its American foes access to all parts of Baghdad under its control.

Sadr City leaders and a U.S.-Iraqi military delegation studied plans to establish an "operational base" in the district, said Rahim al-Daraji, one of the two mayors of Sadr City. "We discussed ways to coordinate … and define the movements of these troops," he said.

Also Thursday:

•In the Sunni militant stronghold of Fallujah, 40 miles west of Baghdad, a bomb-rigged car exploded near a convoy heading to a police officer's wedding. At least five people were killed and 10 injured, police Lt. Wessam Mohammad said. The bride and groom were not harmed.

•In his first interview since he was hospitalized Sunday, Iraqi President Jalal Talabani said he was in good health and would return to his country but gave no date.

"I enjoy good health, despite the rumors you've heard," Talabani, 73, told Associated Press Television News at the King Hussein Medical Center, a hospital in the Jordanian capital of Amman.

Talabani collapsed Sunday in northern Iraq, suffering from exhaustion and dehydration caused by lung and sinus infections. He was flown to Jordan for treatment later the same day.

Pentagon Stays Cautious But Sees Progress In Iraq (AFP)

AFP, March 2, 2007

Three weeks after the launch of the new US strategy in Iraq, Pentagon officials were cautious Thursday saying early signs were good, but that it was too soon to make concrete conclusions.

"I would say, just looking at the reports from the people on the ground ... I think their assessment would be, 'It's too early to draw any conclusions,' because this is still in the early stages," Pentagon number two Gordon England said.

But the deputy defense secretary acknowledged at a Senate committee hearing on the 2008 budget that there had been reports of fewer sectarian killings in the country.

Admiral Edmund Giambastiani, the deputy chief-of-staff, stressed that the US administration was not prepared to make definite conclusions on "just a week or two of statistics to indicate an overall trend."

"However, we do see sectarian killings are down right now. And that's substantial. And we hope that that trend continues. But it's not really a trend yet," he told the committee.

Giambastiani said he had talked to Lieutenant General David Petraeus the commander of US forces in Iraq on Wednesday "and he relayed that the sectarian killings are down."

"One other potential bright spot -- potential, I mention -- is that the sectarian migration from Baghdad, for example, and throughout the country, is also down."

The US Army announced on February 7 that the US-Iraq security plan unveiled in January by President George W. Bush was being fully implemented.

Under the plan, Bush, the commander-in-chief of US forces, is deploying some 21,500 extra US combat troops to Iraq to quell the violence in Baghdad and Anbar province.

Iraq's Displaced Trickle Home (LAT)

By Alexandra Zavis

The Los Angeles Times, March 2, 2007

BAGHDAD — At a time of epic displacement, Fuad Khamis has done something extraordinary: He has moved back home.

"When I arrived, I was overwhelmed and frightened at the same time," says Khamis, a Sunni Arab taxi driver from Baghdad's religiously mixed Sadiya neighborhood.

His house was damaged and there wasn't a piece of furniture left. But the father of five says his Shiite neighbors have welcomed him back with hugs and kisses.

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Encouraged by a major security clampdown that began Feb. 13, and reassurances from his neighbors, Khamis is one of the first to test Iraqi Prime Minister Nouri Maliki's recent pledge to reverse the tide of sectarian "cleansing" sweeping Baghdad and move tens of thousands of people back home.

Launched after years of unchecked violence between Sunni Arabs and Shiites, the program faces major hurdles, including a dearth of confidence among many of the city's residents in the government's ability to secure their neighborhoods.

"I believe in miracles and fairy tales, but not in the government's intention or ability to move the displaced back into their homes," says Hussein Azaidi, a Shiite Muslim with years of poverty etched on his face who now finds shelter in an abandoned school in Baghdad's teeming Sadr City area.

Even if the government can convince families that their old neighborhoods are safe, there is no guarantee they can regain their homes. Many residences have been looted or torched, others commandeered by gunmen or occupied by families fleeing violence elsewhere.

U.S. reservations

Maliki has taken a tough line, labeling as terrorists everyone living in homes that were taken by force and informing parliament they would be arrested.

But the U.S. military, which is to contribute 17,500 troops to the Baghdad crackdown, says its forces won't help the government evict squatters. U.S. officials believe it is a recipe for further abuses.

"It's a no-win situation," says Col. Douglass S. Heckman, senior U.S. advisor to the 9th Iraqi Army Division in east Baghdad.

Acknowledging the complications, Iraq's Cabinet on Thursday gave occupants an extra two weeks to vacate the homes of the displaced or obtain written permission to remain.

Maliki's government does not have the means to carry out a major resettlement program. Abdul Samad Sultan, minister of migration and displacement, expects many families will go home on their own once they see it is safe. They are being offered about $200 to help with the cost of the move. Apart from that, Sultan can only offer to issue badges allowing their return to contested areas and ask their erstwhile neighbors to write letters welcoming them back.

"I think that the Iraqi people have big hearts and can forgive the past," Sultan says. "They have seen the results of violence."

As many as 1,000 families have trickled back to areas such as Madaen, Shaab and Mahmoudiya, the Migration Ministry says. But they are a small portion of the total number of displaced.

Across Iraq, as many as 540,000 people have fled their homes since February 2006, when the bombing of a revered Shiite shrine in Samarra unleashed waves of sectarian killing, according to a recent report by the Santa Monica-based International Medical Corps. About 80% of the displaced are from the greater Baghdad area, the group says.

The government's resettlement plan hinges on the ability of the U.S.-backed army and police to clear out sectarian gunmen and maintain a presence so the criminals do not return, as they have in the past. But many residents say they feel safer under the protection of their sects' militias than the government.

Azaidi lived most of his life in Balad Ruz, a religiously mixed town northeast of Baghdad. When he sent his son to the market one afternoon, Sunni Arab gunmen snatched the youth, beat him to a bloody mess and sent him home with a message: Leave within three days or suffer the consequences.

The next morning, Azaidi moved his family to Sadr City, the stronghold of radical Shiite cleric Muqtada Sadr and his powerful Al Mahdi militia.

It was Sadr's representatives who found Azaidi a place to stay and helped him collect his monthly food ration.

But Sunnis accuse the same movement of driving them out of Sadr City and many formerly mixed districts. Hoping to avoid a showdown, Sadr officials have endorsed the security crackdown and invited Sunnis to return to Sadr City — an offer few show any sign of accepting.

Warning under the door

Each wave of displacement has fueled the next as gunmen in one neighborhood force out members of the rival sect to make room for their co-religionists fleeing other districts.

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Sabah Hassan, a Sunni police officer, ignored the first warning to leave the religiously mixed Amal neighborhood, which was slipped under his door last year, tucked into an envelope with a bullet. But when two of his brothers were abducted, he fled, leaving furniture, identification documents and a lifetime of memories behind.

The next day, Hassan sent his mother back to the house to collect a few belongings. But members of the local Sadr bureau had already moved in a displaced Shiite family, he said, and painted a warning on the wall: "Not to be rented or sold."

In some neighborhoods, families have asked neighbors to keep an eye on their homes, or rented them out to members of the dominant sect in their area.

For months, Hussain Mansour held out as fellow Sunnis fled the whispered warnings, threatening letters, cruising gunmen and bullet-riddled bodies that appeared overnight in his mostly Shiite neighborhood of Kadhimiya.

A year ago, gunmen burst into the home of Mansour's devout brother and shot him in the face in front of his family. Last summer, his uncle was gunned down as he carried groceries home. When Mansour went to the local Al Mahdi militiamen to ask for protection, he said most of them laughed.

"They were making fun of me, telling me they would skin me alive," he said. "I have never been so afraid."

Finally, a Shiite neighbor came to Mansour with a proposal. The man's relatives lived in a Sunni part of Baghdad and had received an anonymous letter demanding that they leave. Why not swap houses?

Mansour, a sad-eyed shopkeeper whom friends had called "the last of the Mohicans," didn't think twice. But he is miserable with the arrangement.

His new home is smaller, the furniture is old, and the roof leaks. But it's not just his house that he misses. "It's my memories, my childhood, it's where I grew up," he says. "No one wants to bury his good memories."

If Maliki's plan works, Mansour says, he will be the first to move back. But he holds out little hope.

The plan targets only Baghdad residents forced from their homes since the Samarra bombing — a small fraction of the total affected by decades of displacement stretching back to the darkest days of Saddam Hussein's rule.

About 1.8 million of Iraq's 26 million people have been internally displaced, and about 2 million others have fled to nearby countries, according to the Office of the United Nations High Commissioner for Refugees, which calls the exodus the largest movement of people in the Middle East since the creation of Israel in 1948.

Many still waiting

Iraq's government has had little success untangling previous rounds of displacement. Thousands of ethnic Kurds still live in squalid camps around the oil-rich city of Kirkuk, waiting for authorities to resolve property disputes dating back to their relocation under Hussein's policy of "Arabization," introduced in the 1970s.

In the mostly Shiite south, Sunni Arabs face mounting pressure from paramilitary groups such as Al Mahdi and the rival Badr Brigade.

Many have fled to Sunni-dominated cities in the center and north of Iraq but have struggled to adjust.

Humanitarian workers suggest that it would be more realistic to help the displaced find homes and jobs in their new communities than to try to send them home.

But, says Rafiq Tschannen, the International Organization for Migration's chief for Iraq, "nobody has the courage to admit that it is likely to be permanent."

Khamis, the taxi driver, is keeping his options open.

"Pain filled my heart," he says, the day he left Sadiya after receiving a threatening letter. Now U.S. and Iraqi forces patrol the neighborhood.

If they stay, so will Khamis. Otherwise, he says, he will leave Iraq for good.

'Surge' Needs Up To 7,000 More Troops (USAT)

By Tom Vanden Brook

USA Today, March 2, 2007

WASHINGTON — President Bush's planned increase of U.S. forces in Iraq will require as many as 28,500 troops, Pentagon officials told a Senate committee Thursday.

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Deputy Defense Secretary Gordon England also told the Senate Budget Committee that it will be clear within months whether the so-called surge in forces has succeeded in helping secure Iraq.

"By this summer we would have a much better indication in terms of the success of the program," England said. "And so at that time we would adjust however is appropriate to do so."

In January, Bush said he would send 21,500 more combat troops to Iraq. England said 6,000 to 7,000 support troops will be needed to back up the larger combat force.

England's estimate differed from a Congressional Budget Office (CBO) estimate last month that as many as 28,000 extra troops would be needed to support the increase.

Requests already have been granted for 2,400 support troops, said Adm. Edmund Giambastiani, vice chairman of the Joint Chiefs of Staff. He said there are additional requests for 4,000 more.

Existing logistics bases, many of them in and around Baghdad, will limit the number of new support troops needed, Giambastiani said.

There are about 10,000 soldiers in Iraq now associated with the troop increase, according to Lt. Col. Carl Ey, an Army spokesman. In all, there are about 140,000 U.S. troops now in Iraq.

The increase in troops is expected to peak in May, according to the Congressional Budget Office.

Pentagon officials stressed that the additional troops will be properly equipped. Army Brig. Gen. Charles Anderson, director of force modernization, said in a briefing this week that they will have the body and vehicle armor they need.

Giambastiani also said the wars in Iraq and Afghanistan had affected the military's ability to deal with threats from other countries but not its ability to win a conflict.

"What will happen is there will be some added risk with regard to the time it takes us to be victorious or to win," he said. "And, potentially, you'll have some additional casualties. But let there be no mistake: We can get our job done if another crisis comes about."

Meanwhile, top members of the Senate Budget Committee scoffed at Pentagon estimates that the troop increase would cost $5.6 billion. By contrast, the CBO estimated the cost of sustaining 35,000 troops there, and determined it could be as much as $20 billion.

"Put me down as a skeptic on the $5.6 billion," said Senate Budget Chairman Kent Conrad, D-N.D.

"It's obvious the $5.6 billion is a number that's not accurate," added Sen. Judd Gregg, R-N.H., the panel's top Republican.

7 At A Baghdad Wedding Are Killed By A Car Bomb (NYT)

By Alissa J. Rubin

The New York Times, March 2, 2007

BAGHDAD, March 1 — A car bomb that was apparently aimed at a policeman's wedding party in Falluja, west of Baghdad, killed seven guests on Thursday and wounded six, the local police said.

The attack appeared to be part of a mounting battle in western Iraq between insurgents with ties to Al Qaeda and other local and tribal groups, local residents said.

The bomb exploded in the late afternoon as the wedding party was gathering at the home of the groom, a policeman. Neither the bride nor the groom was wounded, but those killed were friends and relatives of the couple, said Abu Khalid, a cousin of the groom.

"Extremists are targeting the police, especially after the police increased arrests and pressure on members of armed groups in the last two weeks," he said, noting that there had been bombings in two nearby towns, including one at a mosque in Habbaniya that killed more than 30 people.

Falluja, in the Sunni-dominated Anbar Province about 35 miles west of Baghdad, has been a violent place since shortly after the American invasion in 2003. In 2004, it became an informal headquarters for the anti-American insurgency. After a lengthy United States military campaign emptied much of the city later that year, it was briefly quiet.

Violence has been increasing there in the past several months, with attacks by insurgents against local residents who want the gunmen to leave the area and counterattacks by local and tribal groups.

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A similar fight was under way on Thursday in Amiriyat al Falluja, a community just to the south, where insurgents whom residents described as being allied with Al Qaeda attacked. Two groups that have had ties to insurgents, the Islamic Party Fighters and forces of the 20th Revolution brigade, counterattacked in support of the local residents, apparently having turned against those insurgents because of their links to Al Qaeda.

The United States military also announced that a marine was killed by enemy fire on Wednesday in Anbar Province.

In Baghdad, where a new security plan is in its third week, the daylight hours were relatively quiet, with one civilian killed by an explosive device. Around 9:30 p.m., there was a battery of large explosions and a period of quiet and then more explosions, but there was only sketchy information about their origin.

The Ministry of Defense said that the blasts had come from the area of an American base in southern Baghdad and that they appeared to have been American attacks against insurgent strongholds in a violent Sunni neighborhood called Dora.

The Iraqi government announced Thursday that it had arrested 83 militants and rounded up 55 other suspects in the previous 24 hours. Troops also seized weapons and explosives, the government said.

In Baquba, north of Baghdad, the police found the bodies of nine people, some of whom had been shot. It was not clear how the others had died. In Mahaweel, about 40 miles south of Baghdad, a bomb exploded in a busy market, killing seven people, the local police said.

Before dawn on Thursday, an OH-58 Kiowa helicopter, generally used for reconnaissance, was forced to make a hard landing south of Kirkuk, the military said. The two soldiers on board were injured, but the injuries were not life threatening, the military said.

A military spokesman said a preliminary investigation found that the helicopter's problems were caused by mechanical failure, not hostile fire. In recent weeks, ground fire has downed at least eight helicopters.

Iraqi Troops, Tribesmen Kill 50 Suspected Insurgents (WP)

By Joshua Partlow

The Washington Post, March 2, 2007

BAGHDAD, March 1 -- Iraqi security forces backed by Sunni tribesmen killed dozens of suspected Sunni insurgents over several hours of fighting Wednesday in a village in western Iraq, Iraqi police officials said Thursday.

The fighting was unusually fierce for an Iraqi-led operation and was also notable because of the collaboration of tribesmen in volatile Anbar province. In recent months, the U.S. military has aligned itself with dozens of tribal sheiks who are collaborating in an effort to drive the Sunni insurgent group Al-Qaeda in Iraq from the vast desert territory.

The clashes on Wednesday began about 1 p.m. when insurgents attacked a village near Fallujah, about 35 miles west of Baghdad, and ended about six hours later when Iraqi soldiers, police and the tribal fighters killed 50 suspected insurgents and captured 80 others, according to Abdul-Karim Khalaf, a spokesman for the Interior Ministry. Khalaf declined to say how many Iraqi security personnel were killed or injured.

"This is part of the Interior Ministry strategy to support the Baghdad security plan in targeting terrorism in the areas surrounding Baghdad," he said. "The tribes in this area refused to join al-Qaeda."

Two U.S. Marines died in apparently unrelated fighting in Anbar on Wednesday, the military said. The Marines' name were not released.

In Baghdad, a U.S. military commander said American and Iraqi forces would launch "full-scale operations" inside the expansive Shiite district of Sadr City, according to [a] news agency. U.S. forces do not maintain a visible, full-time presence in the militia stronghold but have increasingly used targeted raids to capture leaders of the Mahdi Army, the thousands-strong band of gunmen led by anti-American Shiite cleric Moqtada al-Sadr. The district is highly sensitive politically, both because Sadr is a supporter of Prime Minister Nouri al-Maliki and because the Mahdi Army, which fought U.S. forces in two major battles in 2004, has the capability of amassing a formidable force.

"We have conducted special operations in Sadr City for some months, but this will be the first time we will launch full-scale operations there and the first time we will have a permanent presence there," Col. Billy Don Farris, commander of the 82nd Airborne Division's 2nd Brigade, told [a news agency].

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"We are going to go to every building and every house and incrementally clear the area," he said.

A U.S. military spokeswoman in Iraq, Lt. Col. Josslyn Aberle, declined to comment about future operations.

A spokesman for Sadr, Abdul Razak al-Nadawi, said the Mahdi Army would not react with force to U.S. operations because Sadr has asked his followers to "calm down and to show self-control against what is done by the occupation."

As the Baghdad security plan entered its third week, an additional 3,100 U.S. soldiers from the 4th Brigade, 1st Infantry Division, based at Fort Riley in Kansas, arrived in the capital, bringing the total number of new U.S. troops to nearly 6,000. President Bush is sending 21,500 troops to Iraq in an attempt to stem rampant sectarian fighting.

Also Thursday, two U.S. military pilots were injured when an Army OH-58 Kiowa helicopter endured a so-called hard landing south of Kirkuk, in northern Iraq. The military said the helicopter did not appear to have been shot down and instead landed because of mechanical problems.

A resident of a nearby village said he heard a loud crash about 1 a.m. and saw the helicopter on the ground later that morning. The damaged helicopter was taken by truck to the main U.S. air base in Kirkuk.

New Signs Of US-Syria Thaw As Senior Official Sets Visit (AFP)

By David Millikin

AFP, March 2, 2007

Washington announced Thursday that it was sending a high-ranking official to Syria for the first time in two years, a move seen as a fresh sign of a possible thaw between Washington and Damascus.

Assistant Secretary of State Ellen Sauerbrey will travel to Damascus "in coming weeks" as part of a regional tour dealing with "humanitarian issues related to Iraqi refugees," said State Department spokesman Sean McCormack.

Seeking to play down the diplomatic significance of the trip, McCormack said Sauerbrey would be "paired" on the tour with a representative of the UN High Commissioner for Refugees (UNHCR). "It's not a bilateral mission," he said.

But he said Sauerbrey, who handles refugee and migration affairs at the State Department, would be authorized to meet with her Syrian counterparts to discuss the refugee issue.

She will also visit Jordan and possibly other countries in the region, he said.

Sauerbrey will be the highest ranking US official to visit Syria since early 2005, when Deputy Secretary of State Richard Armitage travelled to Damascus.

The United States withdrew its ambassador from Syria after Syrian authorities were implicated in the February 2005 assassination in Beirut of former Lebanese prime minister Rafiq Hariri.

The administration of President George W. Bush has since refused high-level contacts with Syria, which it accuses of backing anti-US insurgents in neighboring Iraq and supporting efforts by the Lebanese Islamic movement Hezbollah to topple the pro-Western government of Lebanon.

But in a sudden policy shift, Secretary of State Condoleezza Rice announced this week that she and other US officials would join their Syrian and Iranian counterparts in coming weeks at conferences on Iraq's future.

McCormack has refused to rule out bilateral contacts with Syrian and Iranian officials on the sidelines of those meetings, leaving the door ajar for what would amount to a major switch in Bush's policy of shunning what he considers rogue regimes.

The government had already lifted its diplomatic boycott on North Korea, holding bilateral meetings in recent weeks which helped produce a breakthrough six-nation deal two weeks ago under which Pyongyang agreed to the phased abandonment of its nuclear program in exchange for aid and recognition.

Senior officials from the two governments will begin direct negotiations in New York next week on normalizing relations as part of that agreement.

McCormack and other government spokesmen insisted this week that Washington is not ready for such a rapprochement with either Syria or Iran, saying any bilateral contacts in coming weeks would deal only with Iraq-related issues.

They explicitly ruled out any direct talks on Iran's suspected nuclear weapons program or Syrian desires to regain influence in Lebanon, a country it occupied until mass protests forced it to withdraw its troops after Hariri's slaying.

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He said Sauerbrey's talks would focus solely on the crisis created by some two million Iraqis who have fled the sectarian bloodshed in their country, 600,000 of them to Syria and another 600,000 to Jordan.

Criticized earlier this year for its response to the refugee crisis fueled by its 2003 invasion of Iraq, Washington announced a series of measures last month, including boosting aid to the UNHCR and taking in 7,000 Iraqi asylum seekers.

Sauerbrey's mission in Syria will be to follow up on those plans, McCormack said.

"There's a point of mutual interest here," he said.

"They have an interest in dealing with the problem of refugee flows into Syria and the humanitarian situation there. We have an interest in seeing that the humanitarian situation is addressed," he said.

"On that point, certainly we want to work together."

Vietnamese Refugees Identify With Iraqis (USAT)

USA Today, March 2, 2007

My parents arrived in the United States as political refugees from an unpopular war. As part of the first wave of South Vietnamese refugees fleeing their country after the fall of Saigon, they had little choice in the transpacific move. To remain in Vietnam meant risking poverty, political persecution and possibly death. America was their opportunity to rebuild their lives, but they knew better than to think it would be easy.

Many Americans who wanted to forget about the war saw the Vietnamese refugees as painful reminders of the lives the country lost. A 1975 poll found that only 36% of Americans favored Vietnamese immigration. For my parents, still reeling from the end of the war and the separation from their families, this sentiment reminded them their struggles were not over. Their accents gave them away. When asking for help, they got responses such as: "Can't you speak proper English?" "You are not welcome here."

My parents are the first to point out how rarely these incidents occurred, though the ugly words stick in their memories decades later. What they prefer to remember instead are the Americans who did welcome them; the church volunteers and government employees who taught them English, signed them up for driving lessons, prepared them for job interviews. They helped create an environment where Vietnamese-American communities could grow, a place my family now considers home. My parents saw their generosity and patience as the very best of America.

These are qualities necessary to help a new generation of refugees emerging from our most recent war. With the Iraqi refugees count nearing 2 million, according to United Nations reports, and the U.S. government's recent plans to welcome 7,000 refugees for resettlement, a new community of Iraqi-Americans is inevitable. How Americans plan to respond to them and facilitate their resettlement is crucial. Certainly the culture shock will be immense, as it was for Vietnamese refugees. Iraqi refugees will not only have to deal with a new language and customs, but also the fear of anti-Iraqi sentiment. Considering the role U.S. foreign policy has had on Iraqis' lives and displacement, it is the government's responsibility to offer them the resources to salvage their community.

A new exhibit on the Vietnamese immigration experience recently opened at the Smithsonian in Washington, chronicling how far the Vietnamese-American community has come in 30 years. It is living proof that some good can come from a terrible war. America can help Iraqi refugees create a similar future.

Aimee Phan is author of We Should Never Meet and an assistant professor of English at Washington State University in Pullman, Wash.

How Much Embassy Is Too Much? (WP)

By Elizabeth Williamson

The Washington Post, March 2, 2007

Mention the U.S. Embassy in Baghdad to Lawrence Eagleburger and he explodes.

"I defy anyone to tell me how you can use that many people. It is nuts . . . it's insane and it's counterproductive . . . and it won't work," says the Republican former secretary of state and member of the Iraq Study Group. "I've been around the State Department long enough to know you can't run an outfit like that."

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The nerve center of Iraq reconstruction efforts, housed in an ornate former Saddam Hussein palace with soaring ceilings and its own espresso bar, the embassy in Baghdad is one of the largest foreign missions ever operated by the State Department. Its complexity and expense, some say, hampers reconstruction efforts and drains cash from diplomatic efforts worldwide.

According to a State Department count, about 1,000 federal employees report to the U.S. Embassy in Iraq, not including hundreds of private contractors. State Department personnel are assigned to roughly half the slots in Baghdad, and the rest are reserved for an array of agencies, including about 90 from the Justice Department, 20 from the Department of Homeland Security, and four each from the Commerce Department and the Transportation Department. They are needed, officials say, to rebuild transit and mail services, to assist small businesses, to advise politicians and peasants.

The mission's closely guarded budget is a source of controversy at State, and across the federal government. At $923 million for the 2006 fiscal year, the budget was 20 times that of the Beijing embassy's that year, according to the State Department. More than two-thirds of the money pays for security. Salaries for about 600 staff from other federal agencies are not included in that figure, nor are some expenses.

"Maintaining an oversized mega-embassy in Baghdad is draining personnel and resources away from every other U.S. embassy around the world, and all for what?" said a senior State Department official, who spoke anonymously because of the sensitivity of the issue.

Travel outside the Green Zone requires a security entourage and involves weeks of organization. The embassy is seen as a key target for violence, which, along with fear of reprisals, makes many Iraqis afraid to visit. Consequently, Americans who work there see relatively few of the people they are there to help.

"Diplomats, in order to carry out their mission, need to be able to get out regularly and move about freely to cultivate professional relationships with a broad cross-section of contacts in local government and society," said Steve Kashkett, State Department vice president for the American Foreign Service Association, the department's labor union and professional association. "If security conditions prevent them from doing so, it raises legitimate questions about the usefulness of a heavily staffed embassy."

"Just because we can't travel as freely as in a European capital doesn't mean we can't do our job," said a State Department official who declined to be named because he wasn't authorized to speak for the record.

The teeming embassy masks a desperate need for civilians to aid the reconstruction effort. To lure more, federal employees are offered 70 percent more than their base salaries for Iraq service, plus overtime, or special premiums for working long hours, according to the Office of Personnel Management. It is possible for senior employees to earn more than the secretary of state, who makes $186,600 a year. Kashkett said 1,700 diplomats have stepped up for Iraq service since 2003 -- about 20 percent of those eligible to go. The State Department has discussed drafting personnel.

The blunt view, from Eagleburger: "We're throwing people and money at something without estimating what the culture demands. It's hubris."

Turkey Late To Wish Talabani Well (WT)

By Nicholas Birch

The Washington Times, March 2, 2007

ISTANBUL -- Messages of good will have been flooding in since Iraqi President Jalal Talabani, an ethnic Kurd, was hospitalized in Jordan on Sunday. But a get-well wish from Turkey, one of Iraq's large neighbors, did not come until yesterday.

Prime Minister Recep Tayyip Erdogan called Mr. Talabani to convey his get-well wishes, an aide to Mr. Erdogan said.

"They had a brief conversation. Mr. Talabani said he believed that Turkey and Iraq can work together to quickly overcome their problems," the official told Agence France-Presse.

Mr. Talabani collapsed Sunday in northern Iraq from exhaustion and dehydration caused by lung and sinus infections. He was flown to Jordan for treatment later that day.

The delayed reaction from Turkey is not altogether surprising: It took Ankara nearly 70 years and over 20 Kurdish rebellions to get around to acknowledging the existence of its own Kurds. But with Iraq at a critical juncture, analysts fear its reticence limits its effectiveness as a regional power.

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Washington agreed this week to participate in an international conference on Iraq, but Turkey itself remains embroiled in a bitter row about whether or not to talk to Iraq's federal Kurdish authorities.

For months, Ankara has been pressuring Washington to do something about 5,000 Turkish Kurdish separatists in northern Iraq.

Tensions between Ankara and the Iraqi Kurds have been running high over the safe haven Turkish Kurd rebels reportedly have in the autonomous Kurdish region in northern Iraq, led by Massoud Barzani.

The Turkish army last month accused Iraqi Kurds of supporting the rebels and providing them with explosives for attacks in Turkey.

Despite objections from the military, Mr. Erdogan and Foreign Minister Abdullah Gul have both said Ankara is open to dialogue with the Iraqi Kurds to mend fences and discuss ways of curbing the rebels, contrary to earlier Turkish threats of a cross-border military operation into the region.

Two weeks ago, under U.S. pressure, Turkey half-heartedly signaled its willingness to begin talking with Iraqi Kurds. It hastily beat a retreat after Yasar Buyukanit, Turkey's top general, expressed his opposition.

Iraqi Kurds deny Gen. Buyukanit's assertions they are helping the separatists. While the Iraqi Kurds may be right, analysts say there is little doubt the Iraqis see the Turkish separatists as a potential bargaining chip in their efforts to get their hands on the oil-rich city of Kirkuk at a referendum planned for later this year.

"They won't do anything until the referendum," Turkish analyst Cengiz Candar said.

Every day brings reports of new Turkish military exercises on Iraq's northern border. Turkish nationalists have been calling for the army to push down to Kirkuk to protect the Turkish-speaking Turkmen community there. A Turkish Kurdish politician said last week that Turkey's Kurds would consider an attack on Kirkuk as an attack on themselves. He was promptly arrested and charged with "inciting enmity."

Turkish commentators say much of this noise is part of a struggle for domestic control between Turkey's religious-minded government and secularists led by the military.

"They're like kids throwing stones at each other," said veteran analyst Mehmet Ali Birand. Both sides have their eyes on presidential elections expected in May. Mr. Erdogan is considering running. Deeply suspicious of him, the army is determined to stop him.

But the pushing and shoving comes at a price.

"How can Turkey hope to lead regional efforts to find a solution on Iraq" if it recognizes neither Iraq's president, nor the internationally acknowledged leader of federal Iraqi Kurdistan, Mr. Candar said.

Pakistan Captures Former Taliban Official (LAT)

By Laura King And Josh Meyer

The Los Angeles Times, March 2, 2007

ISLAMABAD, PAKISTAN — Pakistani authorities have arrested the former defense minister of the Taliban, the most senior insurgent leader to be seized in five years, a government official said Thursday.

The Pakistani government issued no immediate official statement about the detention of Mullah Obaidullah Akhund this week in the southern city of Quetta.

Local news reports said Akhund was detained Monday, the day U.S. Vice President Dick Cheney arrived for an unannounced visit to urge President Pervez Musharraf to take more robust steps against Islamic militants finding haven in Pakistan's tribal region bordering Afghanistan.

A U.S. intelligence official said the Pakistani government had mobilized in an effort to show that it was serious about cracking down on the Taliban and other extremist elements in the country.

"The fact that the Pakistanis captured him and are making this known — it shows that they are making a commitment, and that they want to demonstrate that they are committed and doing what they can in this area," said the official, who spoke on condition of anonymity because he was not authorized to discuss the matter.

He added that Akhund's capture was "a very significant development but it by no means marks the end of the Taliban."

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The U.S. official said that Akhund, in his former Cabinet post, had access to the highest levels of the Taliban.

"As defense minister, was he knowledgeable about Taliban operations, logistics and other matters? Yes," the U.S. official said. "He was a senior official in the Taliban, not of the level of Mullah Omar but a significant figure nonetheless."

Several other Taliban figures were arrested in the Quetta raid, a Pakistani government official said on condition of anonymity.

Although Pakistan is a key ally in the U.S.-led fight against the Taliban, the cause is unpopular in many parts of the country, and the Pakistani government has been reluctant to appear too compliant with U.S. demands.

Quetta, the capital of Baluchistan province, which borders Afghanistan, has long been viewed as a staging ground for the Taliban, though the Pakistani government strenuously denies harboring the Islamic militia. Akhund is a close associate of Taliban leader Mullah Mohammed Omar, a fugitive since 2001.

Last year, Taliban fighters staged their strongest push against allied troops in Afghanistan since being driven from power more than five years ago. More than 4,000 people, mostly militants, died in fighting there last year, and both the Taliban movement and North Atlantic Treaty Organization officials have said they expect confrontations to intensify as the winter ends.

Akhund's arrest is the most high-profile seizure of a Taliban leader inside Pakistan. A spokesman for the militia, Abdul Latif Hakimi, was arrested here in 2005.

The U.S. military has killed some senior Taliban commanders in pinpoint strikes, including Mullah Akhtar Mohammed Osmani, who died in an allied airstrike in December in a remote area of Helmand province, just across the border from Baluchistan.

Mullah Omar, thought to still be a main leader of the insurgency, has eluded capture despite a $25-million bounty on his head.

Much of the militia's day-to-day command is thought to lie with an associate, Mullah Dadullah, who has made frequent public boasts that the Taliban this spring will make its strongest push yet against NATO-led forces.

Pressed By U.S., Pakistan Seizes A Taliban Chief (NYT)

By Carlotta Gall

The New York Times, March 2, 2007

ISLAMABAD, Pakistan, March 1 — The former Taliban defense minister was arrested in Pakistan on Monday, the day of Vice President Dick Cheney's visit, two government officials said Thursday. He is the most important Taliban member to be captured since the American-led invasion of Afghanistan in 2001.

The man, Mullah Obaidullah, was a senior leader of the Afghan insurgency, which has battled American and NATO forces with increasing intensity over the last year.

He is one of the inner core around Mullah Muhammad Omar, the Taliban leader. The leadership is believed to operate from the relative safety of Quetta, Pakistan, where Mullah Obaidullah was arrested.

It was not clear whether he was picked up before, during or after Mr. Cheney's visit. But the timing may be significant because Mr. Cheney's mission was intended to press Pakistan to do more to crack down on members of the Taliban and Al Qaeda who use Pakistan as a sanctuary.

Pakistan has come under rising criticism from American and NATO officials for acting against the Taliban and Al Qaeda only under pressure, conducting operations or making arrests timed for high-level official visits, then backing off.

While Mullah Obaidullah's detention may be a sign of a new commiment by Pakistan to move against the Taliban leadership, the arrest also seemed to confirm Western and Afghan intelligence reports that the Taliban were using Pakistan, and particularly Quetta, to organize their insurgency.

Pakistani officials have strenuously denied that the Taliban leadership is based in Pakistan, and there was no official announcement of the detention. But two government officials confirmed the arrest.

A NATO spokesman in Afghanistan, Col. Tom Collins, said he was not aware of any arrest. American government officials in Washington confirmed the capture, but cautioned that the arrest was unlikely to deal a significant setback to the insurgents.

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"He's a big fish, but nobody around here thinks this will deal a permanent blow to the operations of the Taliban," said one American government official, speaking on condition of anonymity because the arrest had not been formally announced.

Last year, NATO forces in southern Afghanistan bore the brunt of a resurgent Taliban. They have lost 85 service members since taking over command of southern Afghanistan in August, in suicide bombings, ambushes and often heavy fighting. Commanders and diplomats say it has become increasingly clear that control of the Taliban fighters traced back to Pakistan.

Over the past five months, Pakistan has come under more constant pressure for cooperation than ever, an American official in Afghanistan said recently. Democrats in Congress have raised the possibility of tying military assistance and other financial aid for Pakistan to its performance in fighting terrorism.

President Bush sent an unusually tough message to President Pervez Musharraf, timed to coincide with Mr. Cheney's visit, senior administration officials said.

Pakistani officials answer the criticism by pointing out that their own military has suffered more than any other, losing more than 600 soldiers in fighting with the militants, before the campaigns bogged down and the government reached peace deals with some tribal leaders.

Pakistani intelligence services also assisted the United States military in tracking another top Taliban official, Mullah Akhtar Muhammad Osmani, who was killed Dec. 19 in an American airstrike in southern Afghanistan.

Mullah Osmani was the Taliban's main financial official and was operating both in Pakistan and Afghanistan, and his death was considered an important blow to the insurgents, Colonel Collins said.

The former Taliban foreign minister, Mullah Wakil Ahmad Muttawakil, was detained by American forces in 2002 but was released in 2005 under a government reconciliation program. One of the Taliban's top military commanders, Mullah Fazel, remains imprisoned in Guantánamo Bay, Cuba, along with the former Taliban governor of Balkh Province.

Mullah Obaidullah is originally from Panjwai district of Kandahar Province in southern Afghanistan. As recently as December, he gave an interview to [a news agency], boasting that the Taliban had gained in strength and could fight the world's strongest armies, and threatening to step up suicide attacks against foreign military personnel in Afghanistan.

He was often mentioned as being among the four most senior men of what is known as the Quetta Council, the inner circle around Mullah Omar, which is thought to have based itself in or near the city, in southwestern Pakistan.

A former Taliban spokesman, Abdul Latif Hakimi, who was himself arrested in 2005 by the police in Quetta, said Mullah Obaidullah was one of only two people who had direct access to Mullah Omar. He also said that Mullah Obaidullah had personally ordered military operations, including the killing of a foreign aid official in Kabul in March 2005.

Bomb Kills 3 Near School

KABUL, Afghanistan, March 1 — A bomb exploded Thursday in a garbage bin on a crowded shopping street in Farah, in the southwest, killing three civilians and wounding more than 54, including 10 schoolchildren, said Dr. Mohammad Qasim Bayan, the director of health in Farah Province.

The bomb exploded just after 8 a.m. at a busy intersection where laborers gather looking for work and children pass on their way to school. A police convoy was passing at the time of the explosion and the Farah city police chief, Said Aqa Saqib, said he suspected it was a remote-controlled bomb aimed at the convoy.

Chief Saqib said violence was spilling over from Helmand Province, where the Taliban seized control of much of the northern districts, and was aggravated by the government's campaign to eradicate the poppy crop.

An Uneasy Alliance (WSJ)

By Zahid Hussain

The Wall Street Journal, March 2, 2007

The U.S.-Pakistan partnership that came into being on Sept. 12, 2001 was a shotgun marriage and remains an uneasy alliance. Vice President Dick Cheney's surprise visit to Pakistan earlier this week underscores Washington's frustration with President Pervez Musharraf's inability to contain the activities of al Qaeda and the Taliban in the Afghan border region.

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The tension is further heightened as the U.S. Congress considers a bill making aid to Pakistan conditional on more effective action against these threats. The main question is whether this tightening of the noose will produce a positive result, or just make things even more difficult for Pakistan's beleaguered leader in an election year.

Islamabad certainly isn't taking the pressure lying down: A foreign ministry spokesperson warned that Pakistan would not take any dictation from outside. On Wednesday, the outgoing U.S. Ambassador Ryan C. Crocker was told by officials that Pakistan would not allow foreign interference in its internal affairs. Many observers fear that increasing pressure on Gen. Musharraf could strengthen the hardliners in the military who are skeptical of a partnership with the U.S.

Gen. Musharraf's 2001 decision to forge an alliance with the U.S. meant taking Pakistan to war with itself. This war, which has rarely been examined in depth, has pitted the military against the militants, the present against the past, and a political partnership with America against the culture of jihadist radicalism.

The outcome of this struggle will affect not only the fate of Pakistan, but also the ideological climate of the Middle East and the security of the world. Gen. Musharraf has provided the U.S. with active support in the hunt for al Qaeda fugitives. His security forces have captured and delivered to the U.S. several of the most wanted al Qaeda leaders, including Khalid Sheikh Mohammed and Ramzi bin al Shibh, the masterminds of the 9/11 attacks.

But Gen. Musharraf's break with the constituency that backed the Taliban has yet to come, exposing a paradox in his policy. He tried to combat al Qaeda while seeking to avoid direct confrontation with the Taliban remnants and the homegrown Islamic militants. He had to walk a fine line between a military reluctant to break entirely with its radical clients, and his status as America's key strategic partner in the region. The incestuous relationship between jihadist organizations and Pakistan's all-powerful Inter Services Intelligence -- which helped create much of the Islamic militancy and religious extremism that Gen. Musharraf is now confronted with -- has not completely broken down.

The recent spate of religious violence and the increasing number of suicide attacks are a grim reminder that the sectarian terrorist network is not only intact, but has expanded. This raises a serious question about Gen. Musharraf's efforts to combat religious extremism. A major reason for his failure to root out extremism and militancy is the lack of consistency in his policies. Pakistan's sectarian groups and jihadist organizations overlap, and are linked by similar ideological world-views and modes of operation.

Al Qaeda is now breeding a new militant threat in Pakistan. Several new terrorist cells have emerged out of the banned outfits which operate as an extension of al Qaeda. They harbor a new type of young militant coming from educated middle-class backgrounds rather than religious schools. These cells were behind many of the recent terrorist attacks in the country. A good number of these people have been trained in al Qaeda camps in the Waziristan tribal region -- which, according to U.S. intelligence agencies, is the new command center of the terrorist network. Those camps have also been used to train young Muslim radicals from Britain and other countries.

Gen. Musharraf appears to be in a no-win situation. The catastrophic failure of the Pakistan army operation that killed more than 700 Pakistani soldiers in Waziristan forced the authorities to make a truce with the militants. Gen. Musharraf justified the deal saying it would isolate the foreign fighters operating from the tribal region. NATO officials in Afghanistan disagree, saying that the activities of Taliban on the Afghanistan side had increased threefold since Islamabad signed the peace deal in North Waziristan last September.

There is a huge danger that any new military operation in Waziristan under pressure from Washington will divide the army. Over the last couple years, several midlevel army officers have been court-martialed for refusing to fight in Waziristan. But a policy of appeasement would certainly allow al Qaeda and the Taliban to expand their terrorist base. The militants have already established their rule in the North Waziristan tribal region. The situation is more worrying as their influence spreads elsewhere.

These are the fault lines from which a geopolitical earthquake could erupt, making the current situation look positively calm by comparison.

Mr. Hussain, who writes from Pakistan for The Wall Street Journal, is author of "Frontline Pakistan: The Struggle with Militant Islam" (Columbia University Press, 2007).

Report: National Guard Unprepared For Domestic Missions (MCT)

DOJ_NMG_0138744

By Drew Brown

McClatchy Newspapers, March 2, 2007

WASHINGTON - Stretched thin by the wars in Iraq and Afghanistan, the National Guard is less prepared now than it's ever been to respond to a major terrorist attack, a natural disaster or another domestic crisis, a congressionally appointed panel has found.

Because of the wars, the Commission on the National Guard and Reserves found, 88 percent of Army National Guard units and 45 percent of Air National Guard units that aren't deployed overseas have severe equipment shortages. That's reduced the Guard to its lowest readiness level ever and posed an unacceptable risk to Americans, said Arnold J. Punaro, the commission chairman and a retired Marine Corps major general.

In a report issued Thursday to Congress, the commission also faulted the Department of Homeland Security for failing to identify the domestic missions the National Guard should be expected to perform and criticized the Defense Department for not equipping the National Guard adequately for those missions.

Punaro said the Defense Department had told at least one governor, whom he didn't identify, that it could take as long as four years to replace equipment his state's National Guard units had left in Iraq.

"If major changes are not made, the Guard and Reserve, the capability to carry out their missions, will continue to deteriorate," Punaro told reporters. "And it will go down, down, down. They will be less and less ready, and we will be taking more and more risks."

The commission's 151-page report recommends 23 major changes to repair the problems. These include identifying the missions the National Guard is expected to perform at home, ensuring that the Guard gets the equipment it needs to carry out those missions, and establishing a bipartisan council of governors that would meet semi-annually and see that shortcomings are addressed.

The commission also recommended rewriting the charter for the National Guard Bureau, which co-ordinates the Guard's state and federal assignments. The proposed revisions also would give the bureau a stronger role in defense and emergency planning, enhance the rank of the bureau's chief to four-star general, and give the position a stronger advisory role with the Joint Chiefs of Staff.

The commission urged a stronger National Guard role at the U.S. Northern Command, which has responsibility for defending the continental United States. It also said that the Northern Command should develop disaster response plans that account for state-level activities and include the use of National Guard and Reserve forces as first responders.

In a controversial move, the commission proposed that governors be given command over federal troops that respond to emergencies in their states.

Many of the recommendations, especially those urging greater federal and state cooperation, were aimed at avoiding the confusion that reigned after Hurricane Katrina slammed into the Gulf Coast in 2005.

The commission opposed giving the National Guard chief a seat on the Joint Chiefs of Staff, which some lawmakers have said is necessary to ensure that the Guard gets the resources it needs. The commission said that doing so would essentially make the National Guard a separate service and harm cooperation with the active-duty military.

Lawmakers who want a stronger role for the Guard, while generally welcoming the report's findings, called some of its recommendations "tepid" and said they'd press ahead with legislation to give the National Guard a seat on the Joint Chiefs.

"The Guard deserves a place at the table when decisions at the Guard are made that affect its readiness, its missions and effectiveness," said Sen. Patrick Leahy, D-Vt., in a statement.

The commission was created two years ago to find solutions to long-standing problems with how the National Guard and Reserves are equipped and how they are used both at home and abroad. A comprehensive report on their findings and recommendations is due in January 2008.

ON THE WEB

The Commission report is available at: http://www.cngr.gov/press-room.asp

Panel Slams Treatment Of Guard, Reserves (AP)

DOJ_NMG_0138745

By Lolita C. Baldor

AP, March 2, 2007

The National Guard and Reserves don't get enough money or equipment and are left out of important planning for national emergencies, an independent panel concluded Thursday, long after the Iraq war and Hurricane Katrina exposed serious stresses on the services.

The report from the Commission on the National Guard and Reserves compounds earlier criticism of the Bush administration's response to the devastating hurricane that struck the Gulf Coast in August 2005. The administration also is still struggling to better manage the reserves nearly four years into the Iraq war.

The 151-page report found a significant lack of communication between reserve officials and other military leaders, the Homeland Security Department and U.S. Northern Command, which is responsible for the military's defense of the U.S. homeland.

Calling those failures unacceptable, panel Chairman Arnold Punaro said in an interview that federal agencies must get past their turf battles to better protect the public.

"This is unacceptable. The American people would find it unacceptable," said Punaro, a retired Marine Corps general. "These are not problems that have just cropped up in the last two years or five years. These are issues that have been pretty much ignored and glossed over for decades."

The panel, which was created by Congress, also criticized the Pentagon for not budgeting or planning specifically for civil support missions, such as domestic disaster response, because they are viewed as extensions of wartime preparation.

"This is not a sustainable course, and their capability to do their mission will deteriorate over time if it's not changed," Punaro said. "The thought that if we are capable of doing the away game, we can do the home game, we believe is a flawed assumption."

He told reporters Thursday that if there is a chemical, biological or radiological incident, "we're going to need mass decontamination, we're going to need mass medical. ... That capability is not there in sufficient quantities to deal with those scenarios."

Members of Congress, meanwhile, criticized the commission for not going far enough in its recommendations., Sens. Patrick Leahy, D-Vt., and Kit Bond, R-Mo., said they will continue to push for their legislation, which gives the Guard chief budget authority and the power to buy equipment, and also makes that person a member of the Joint Chiefs of Staff.

The senators said the panel endorsed only halfway measures to solve the Guard's problems. "Their recommendations are thin soup," said Leahy.

And Rep. Tom Davis of Virginia, who is the ranking Republican on the House Oversight and Government Reform Committee, said that while the commission recognized the challenges that face the guard, "admiring the problem isn't enough. The Commission's recommendations for the most part won't address the issues they acknowledge."

Guard and Reserve troops have been under increasing strain since the Sept. 11, 2001, terrorist attacks, serving in Afghanistan and Iraq while also patrolling the border with Mexico and responding to hurricanes and other natural disasters. During parts of 2005, the citizen soldiers made up nearly half of the U.S. forces in Iraq, with some facing repeated deployments.

At the same time, Guard units have struggled to get the equipment and training needed to go to war, often swapping armored trucks, radios and other equipment between the states to meet battle and disaster requirements.

In what likely will be one of its more controversial recommendations, the report said governors should be given more command authority over active duty military troops responding to local disasters. In previous situations such as Hurricane Katrina, military leaders have worked side-by-side with governors, but have maintained command of their active duty troops.

"We believe that without giving governors a greater voice, and without giving them a greater ability to bring all the assets of our government to bear, particularly in the immediate aftermath of any kind of incident, that we're putting our citizens and property and our economy at greater risk," Punaro said.

The panel outlined recommendations that would elevate the status of the Guard to become more of a partner with other military and homeland defense agencies. It would make the National Guard chief a four-star general and a direct adviser to the chairman of the Joint Chiefs of Staff and his top commanders.

DOJ_NMG_0138746

Shortages Threaten Guard's Capability (WP)

By Ann Scott Tyson

The Washington Post, March 2, 2007

Nearly 90 percent of Army National Guard units in the United States are rated "not ready" -- largely as a result of shortfalls in billions of dollars' worth of equipment -- jeopardizing their capability to respond to crises at home and abroad, according to a congressional commission that released a preliminary report yesterday on the state of U.S. military reserve forces.

The report found that heavy deployments of the National Guard and reserves since 2001 for the wars in Iraq and Afghanistan and for other anti-terrorism missions have deepened shortages, forced the cobbling together of units and hurt recruiting.

"We can't sustain the [National Guard and reserves] on the course we're on," said Arnold L. Punaro, chairman of the 13-member Commission on the National Guard and Reserves, established by Congress in 2005. The independent commission, made up mainly of former senior military and civilian officials appointed by both parties, is tasked to study the mission, readiness and compensation of the reserve forces.

"The Department of Defense is not adequately equipping the National Guard for its domestic missions," the commission's report found. It faulted the Pentagon for a lack of budgeting for "civil support" in domestic emergencies, criticizing the "flawed assumption" that as long as the military is prepared to fight a major war, it is ready to respond to a disaster or emergency at home.

From Virginia and the District of Columbia to Indiana and New Mexico, National Guard units lack thousands of trucks, Humvees, generators, radios, night-vision goggles and other gear that would be critical for responding to a major disaster, terrorist attack or other domestic emergency, according to state Guard officials.

The equipment shortage extends to Gulf Coast states such as Louisiana and Mississippi -- devastated in 2005 by Hurricane Katrina -- where Guard units have only a fraction of what they would need to respond to another large-scale disaster.

The Louisiana Guard, its gear depleted by Iraq and Katrina, is short of Humvees and trucks such as high-water vehicles critical for a major evacuation. "We are really concerned about vehicles," said Lt. Col. Pete Schneider, a spokesman for the Louisiana Guard. "We would have enough for a small-scale issue . . . maybe a Category 1 tropical storm we could handle -- an event that doesn't involve massive flooding or massive search and rescue," he said. But for bigger disasters, Louisiana would need help from other states.

Mississippi lacks trucks and is relying on contractors to fill gaps in engineering vehicles, according to the state Guard's assistant adjutant general, Maj. Gen. Ike Pylant. "We will make do with what we got," he said.

In the Washington area, Guard officials worry about a catastrophic attack. In the event of "a very large . . . chemical, biological or nuclear incident in the national capital region, I would need every truck I was authorized, and we don't have that," said Col. Robert Simpson, director of the joint staff for the Virginia National Guard. "We are definitely short trucks, all wheeled vehicles," as well as radios, bulldozers and other gear, Simpson said. The state Guard could handle ordinary contingencies such as "bad winter weather," he said.

Other state Guard leaders voiced similar concerns. "What keeps me up at night is, I think I am able to surge . . . for the normal disaster, but if I needed to deploy every bit of my soldiers and airmen, I know for a fact I do not have enough equipment," said Maj. Gen. R. Martin Umbarger, head of the Indiana National Guard.

Army National Guard units in the United States have on average about half of their authorized stock of dual-use equipment, needed both for fighting wars and for domestic missions, according to a recent Government Accountability Office report. The National Guard estimates that it would require $38 billion for equipment to restore domestic Army and Air National Guard units to full readiness. The Army has budgeted $21 billion to augment Guard equipment through 2011.

Since the Sept. 11, 2001, terrorist attacks, the use of U.S. military reservists has risen from about 12.7 million days of service in 2001 to an estimated 63 million days in 2006. The current increase of U.S. troops in Iraq is expected to require the call-up of as many as four National Guard combat brigades beginning early next year.

But while the 830,000-strong selected reserves make up more than a third of the total military, they receive only 3 percent of equipment funding and 8 percent of the Defense Department budget, the report said.

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In 2006, Army National Guard units preparing to deploy had to borrow on average one-third of their people and 60 percent of their equipment from a dozen other units, making for a less cohesive force, the report found.

National Guard units deployed to Iraq and Afghanistan have been required to leave large quantities of gear in the combat zone. Partly as a result, 88 percent of Guard units in the United States are now so poorly equipped that they are rated "not ready," according to Guard data and the report, which cited the National Guard Bureau chief, Lt. Gen. H Steven Blum . Forty-five percent of the Air National Guard is also "not ready," according to Guard data.

The commission called for granting governors more power to handle emergencies, including allowing them to command not only National Guard forces but also federal troops responding to emergencies in their states. The commission also called for the chief of the National Guard Bureau to be elevated one rank to four-star general.

In commenting on legislation known as the National Guard Empowerment Act, the commission disagreed with a proposal to make the head of the National Guard a member of the Joint Chiefs of Staff, in part, it said, because it would complicate the chain of command. Lawmakers backing the act criticized the recommendations as tepid.

The report also said prospects for Guard recruiting and retention remain "highly problematic," despite successes last year. Fewer former active-duty military personnel have joined the reserves over the past 10 years -- they made up 38 percent of the Army National Guard recruits last year, compared with 61 percent in 1997. Polling data for youths and their parents also show that favorable views of service in the Guard and reserves have declined since November 2001, the report said.

The commission is scheduled to issue its final report in January.

The Silence That Kills (NYT)

By Thomas L. Friedman

The New York Times, March 2, 2007

On Feb. 20, The A.P. reported from Afghanistan that a suicide attacker disguised as a health worker blew himself up near "a crowd of about 150 people who had gathered for a ribbon-cutting ceremony to open an emergency ward at the main government hospital in the city of Khost." A few days later, at a Baghdad college, a female Sunni suicide bomber blew herself up amid students who were ready to sit for exams, killing 40 people.

Stop and think for a moment how sick this is. Then stop for another moment and listen to the silence. The Bush team is mute. It says nothing, because it has no moral authority. No one would listen. Mr. Bush is losing a P.R. war to people who blow up emergency wards. Europeans are mute, lost in their delusion that this is all George Bush's and Tony Blair's fault.

But worst of all, Muslims, the very people whose future is being killed, are also mute. No surge can work in Iraq unless we have a "moral surge," a counternihilism strategy that delegitimizes suicide bombers. The most important restraints are cultural, societal and religious. It takes a village — but the Arab-Muslim village today is largely silent. The best are indifferent or intimidated; the worst quietly applaud the Sunnis who kill Shiites.

Nobody in the Arab world "has the guts to say that what is happening in Iraq is wrong — that killing schoolkids is wrong," said Mamoun Fandy, director of the Middle East program at the International Institute for Strategic Studies. "People somehow think that killing Iraqis is good because it will stick it to the Americans, so Arabs are undermining the American project in Iraq by killing themselves."

The world worries about highly enriched uranium, but "the real danger is highly enriched Islam," Mr. Fandy added. That is, "highly enriched Sunnism" and "highly enriched Shiism" that eats away at the Muslim state, the way Hezbollah is trying to do in Lebanon or the Muslim Brotherhood in Egypt or Al Qaeda everywhere.

One result: there's no legitimate, decent, accepted source of Arab-Muslim authority today, no center of gravity "for people to anchor their souls in," Mr. Fandy said. In this welter of confusion, the suicide bombers go uncondemned or subtly extolled.

Arab nationalist media like Al Jazeera "practically tell bin Laden and his followers, 'Bravo,' " Mr. Fandy said. "The message sent to bin Laden is that 'You are doing to the West what we want done, but we can't do it.' This is the hidden message that the West is not privy to. Unless extreme pressure is applied on Muslims all over the world to come up with counter-fatwas and pronounce these men as pariahs, very little will happen in fighting terrorism."

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"The battleground in the Arab world today is not in Palestine or Lebanon, but in the classrooms and newsrooms," Mr. Fandy concluded. That's where "the software programmers" reside who create symbolic images and language glorifying suicide bombers and make their depraved acts look legitimate. Only other Arab-Muslim programmers can defeat them.

Occasionally an honest voice rises, giving you a glimmer of hope that others will stand up. The MEMRI translation Web site (memri.org) just posted a poem called "When," from a Saudi author, Wajeha al-Huwaider, that was posted on Arab reform sites like www.aafaq.org.

When you cannot find a single garden in your city, but there is a mosque on every corner — you know that you are in an Arab country.

When you see people living in the past with all the trappings of modernity — do not be surprised, you are in an Arab country.

When religion has control over science — you can be sure that you are in an Arab country.

When clerics are referred to as "scholars" — don't be astonished, you are in an Arab country.

When you see the ruler transformed into a demigod who never dies or relinquishes his power, and nobody is permitted to criticize — do not be too upset, you are in an Arab country.

When you find that the large majority of people oppose freedom and find joy in slavery — do not be too distressed, you are in an Arab country.

When you hear the clerics saying that democracy is heresy, but seizing every opportunity provided by democracy to grab high positions — do not be surprised, you are in an Arab country. ...

When you discover that a woman is worth half of what a man is worth, or less — do not be surprised, you are in an Arab country. ...

When land is more important than human beings — you are in an Arab country. ...

When fear constantly lives in the eyes of the people — you can be certain you are in an Arab country."

DOJ:

Sources: GOP Lawmakers Tried To Influence Federal Investigation (MCT)

By Marisa Taylor

McClatchy Newspapers, March 2, 2007

WASHINGTON - Sen. Pete Domenici and Rep. Heather Wilson of New Mexico pressured the U.S. attorney in their state to speed up indictments in a federal corruption investigation that involved at least one former Democratic state senator, according to two people familiar with the contacts.

The alleged involvement of the two Republican lawmakers raises questions about possible violations of House of Representatives and Senate ethics rules and could taint the criminal investigation into the award of an $82 million courthouse contract.

The two people with knowledge of the incident said Domenici and Wilson intervened in mid-October, when Wilson was in a competitive re-election campaign that she won by 875 votes out of nearly 211,000 cast.

David Iglesias, who stepped down as U.S. attorney in New Mexico on Wednesday, told McClatchy Newspapers that he believed the Bush administration fired him Dec. 7 because he resisted the pressure to rush an indictment.

According to the two individuals, Domenici and Wilson called to press Iglesias for details of the case.

Wilson was curt after Iglesias was "non-responsive" to her questions about whether an indictment would be unsealed, said the two individuals, who asked not to be identified because they feared possible political repercussions. Rumors had spread throughout the New Mexico legal community that an indictment of at least one Democrat was sealed.

Domenici, who wasn't up for re-election, called about a week and a half later and was more persistent than Wilson, the people said. When Iglesias said an indictment wouldn't be handed down until at least December, the line went dead.

So far no one has been charged.

Press aides for Domenici and Wilson wouldn't comment. Justice Department officials have denied hearing of any such interference and said they didn't fire Iglesias over it.

Iglesias said in an earlier interview that he regretted not reporting the contact to his superiors, and he said he didn't have evidence that it led to his firing.

Some Democrats are questioning whether the two lawmakers could be accused of ethics violations for inappropriate contact with an executive branch official.

Stanley Brand, a former federal prosecutor and former Democratic counsel to the House, said such interference could be a violation.

"There's a general ethical principle that members should not unduly interfere in adjudicative proceedings in front of courts or agencies," he said. "This happens to be a criminal prosecution. There would seem to be a special concern about reaching out to a U.S. attorney and asking about a pending case.

"The House and Senate have not taken much notice of these things," he said. "But they don't usually rise to this level."

The allegations also could give defense attorneys in the corruption case in New Mexico legal ammunition to attack an indictment, Brand said.

"Even if he (Iglesias) didn't submit himself to the pressure, if I'm a defense attorney, I'm going to scream bloody murder and say it looks like he did," he said.

The allegations have fueled a weeks-long controversy over whether the Bush administration forced out eight Republican-appointed U.S. attorneys because of partisan politics.

Justice Department officials have said that most of the firings were for "performance-related" issues and denied partisan political motives.

On Thursday, House Judiciary Committee Chairman John Conyers, D-Mich., issued subpoenas to require Iglesias and three other ousted U.S. attorneys to testify before Congress.

The judiciary subcommittee on administrative law authorized the subpoenas by a 7-0 vote. The five Republican members of the subcommittee didn't show up for the vote.

The subpoenas require Iglesias, and former U.S. attorneys Carol Lam of San Diego, H.E. "Bud" Cummins of Little Rock, Ark., and John McKay of Seattle to appear before the subcommittee next week.

"The former U.S. attorneys are alleging very serious charges against the administration and we need to hear from them," Conyers said.

The Senate Judiciary Committee is sending letters to the same four asking them to testify voluntarily on Tuesday.

In the last several weeks, other U.S. attorneys have spoken out against the administration to dispute that they were fired because of how they handled their jobs.

The administration has said that politics played a part only in the firing of Cummins. Officials said he was removed to make way for Tim Griffin, a former aide to White House political operative Karl Rove.

Wilson, Domenici Won't Answer Questions About U.S. Attorney's Firing (ALBTRIB)

Albuquerque Tribune, March 2, 2007

Congress to subpoena fired U.S. attorneys

WASHINGTON — Sen. Pete Domenici and Rep. Heather Wilson aren't saying whether they contacted then-U.S. Attorney David Iglesias in the weeks leading up to the Nov. 7 elections about the pace of his corruption investigation of New Mexico Democrats.

Iglesias, whose last day on the job was Wednesday, says two members of New Mexico's congressional delegation pressured him to speed up the indictment of Democrats. Iglesias has refused to say who called him, but the three other members of the state's delegation say it wasn't them.

Domenici and Wilson, Albuquerque Republicans, have not returned phone calls from numerous news outlets asking for a response to Iglesias' allegations.

The former U.S. attorney is expected to be called before Congress to testify on his dismissal, which he says appears to have been politically motivated.

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A House Judiciary subcommittee was expected to issue subpoenas this afternoon for Iglesias and three other U.S. attorneys dismissed by the Bush administration to appear at a hearing Tuesday.

House Judiciary Committee Chairman John Conyers said the charge by Iglesias "is the most egregious allegation so far that the administration has allowed partisan politics to corrupt the selection and retention of U.S. attorneys."

In an interview with The Tribune on Tuesday, Iglesias said he did not know why he was ousted, but said it wasn't because of his job performance. "That only leaves one possibility," he said, "and that's politics."

He went further in an interview with McClatchy News Service, saying he believes his ouster was called for because he would not rush the indictments in a local kickback investigation.

"I believe that because I didn't `play ball,' so to speak, I was asked to resign," Iglesias said in the story published Wednesday. Iglesias said he was contacted directly by two members of Congress and "was appalled by the inappropriateness of these contacts."

At the time, Wilson was locked in a close re-election race with then-state Attorney General Patricia Madrid, whom Wilson had accused of neglecting corruption. Domenici has long been seen as Wilson's mentor in Congress.

The corruption investigation Iglesias was working on involves rumored kickbacks to powerful Democrats and other officials during the construction of Albuquerque's Metro Courthouse and several other buildings in Downtown.

A U.S. Justice Department official, Brian Roehrkasse, told McClatchy that Iglesias' claim "is flatly false."

"We had a lengthy record from which to evaluate his performance as a manager, and we made our decision not to further extend his service based on performance-related concerns," Roehrkasse said.

The Justice Department was unaware Iglesias had had conversations with members of Congress until Wednesday, Roehrkasse said. According to Roehrkasse, Iglesias should have reported the contact to department officials.

Roehrkasse would not say whether any member of the New Mexico delegation recommended that Iglesias be dismissed.

But Matt Farrauto, executive director of the New Mexico Democratic Party, on Wednesday called for Wilson to answer questions about Iglesias' dismissal, and whether she played a role in it.

"It's not much of a leap to believe that Heather Wilson pressured or personally instigated pressure for an indictment," Farrauto said. "This should be investigated, and she should be held accountable."

Sen. Chuck Schumer, a New York Democrat, said on the Senate floor Wednesday that Iglesias told members of his staff on Tuesday about being contacted by the two members of Congress, and Iglesias asked to be brought to Washington "under the power of subpoena to tell his story."

Iglesias is one of eight U.S. attorneys fired in December, but until Wednesday he had not been a central figure in the controversy. Democrats had focused on the firing of Carol Lamm, who successfully prosecuted former U.S. Rep. Randy "Duke" Cunningham, a California Republican, on corruption charges, and on Little Rock, Ark., U.S. Attorney H.E. Cummings, who was replaced by an associate of White House political chief Karl Rove.

"These new revelations are extremely troubling," Schumer said on the Senate floor. "They would show politics at its worst, and the long hand of the Justice Department reaching out to fire attorneys who would not do what was politically asked; at least that's a very real suspicion.

"So we must get to the bottom of this. And the only way to get to the bottom of this is to call before us the fired U.S. attorneys and hear their side of the story."

Senate Judiciary Committee Chairman Patrick Leahy, a Vermont Democrat, today announced he will send letters to Iglesias and the other fired U.S. attorneys asking them to testify voluntarily. If they won't, he said the committee could vote March 8 on whether to issue subpoenas.

The president selects U.S. attorneys, who customarily resign with a change in administrations. However, it is unusual for an administration to replace someone it nominated in the first place.

"This is serious stuff," Schumer said. "When U.S. attorneys are fired for political reasons - fired to stand in the way of justice rather than promote justice - it puts a dagger into the heart of the faith that Americans have in their government and in their system of justice."

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Sen. Dianne Feinstein, a California Democrat, cited Iglesias' story Wednesday in proposing an amendment to a homeland security bill that would limit the president's ability to replace U.S. attorneys with interim appointees.

The amendment would still allow the president to fire U.S. attorneys, but states that no interim appointee could serve more than 120 days. In effect that would force the president to send the name of a permanent nominee to the Senate for confirmation.

Carl Tobias, a constitutional law professor at the University of Richmond, said the administration's decision to replace so many U.S. attorneys at once without a clear explanation for the moves appeared to be backfiring.

"Now it's going to be a mess," he said. "The question is, what was to be gained by doing this? There's not even two years left in the administration. What was the point?"

House Democrats Vote To Subpoena Fired U.S. Attorneys (AP)

By Jennifer Talhelm, The Associated Press

AP, March 2, 2007

A House committee is compelling four of at least eight U.S. Attorneys ousted from office in recent months to tell their stories under oath, after one prosecutor said he believes he was fired for political reasons.

Democrats on a House Judiciary subcommittee voted 7-0 Thursday to subpoena fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Seattle. No Republican members of the panel attended Thursday's meeting, which lasted less than five minutes.

The lawmakers said they are troubled that the Bush administration may be punishing prosecutors for being too effective at pursuing political corruption cases.

The House subpoenas are the first issued by the new Democratic-controlled Congress. The U.S. Attorneys are scheduled to appear at a Tuesday hearing with other witnesses, including a representative from the Justice Department.

The Senate Judiciary Committee asked the four prosecutors to testify before it the same day.

Democrats have alleged that the removals were politically motivated and point out what they say is a flaw in the antiterror USA Patriot Act that allows the president to sidestep Senate confirmation of U.S. Attorneys in some cases.

"Is this an effort to diminish the independence of the people who uphold our laws? It's very troubling to me that there seems to be this undercurrent here," said Rep. Linda Sanchez, D-Calif., chairwoman of the Judiciary Subcommittee on Commercial and Administration Law.

Iglesias this week said he believes he was dismissed because he resisted pressure by two members of Congress to rush indictments before last year's election in an investigation of an alleged Democratic kickback scheme.

The Justice Department has said that any suggestion that Iglesias was asked to resign because he failed to bring an indictment is false. Attorney General Alberto Gonzales and other top department officials also have defended their decisions to replace other U.S. Attorneys.

Sanchez said the conversations between Iglesias and lawmakers could represent an improper ex parte communication and violate congressional ethics laws.

Iglesias has refused to name the lawmakers who called him. He told The Associated Press on Thursday that he wouldn't give any more details until he testified. "I will identify the members if I am directly asked and they compel me to testify," he said.

House Panel Subpoenas Fired U.S. Attorneys (WP)

By Dan Eggen And Paul Kane, Washington Post Staff Writers

The Washington Post, March 2, 2007

Democrats issued their first major subpoenas yesterday since taking control of Congress, as a House subcommittee voted to compel testimony from four former U.S. attorneys who were part of a wave of firings by the Justice Department.

The Judiciary subcommittee on commercial and administrative law approved the subpoenas for former prosecutors in Arkansas, New Mexico, Seattle and San Diego -- all of whom will be required to appear for testimony at a hearing Tuesday. The Senate Judiciary Committee announced plans for a similar hearing on the same day.

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The moves mark the latest escalation in the battle between congressional Democrats and the Justice Department over the controversial dismissals of eight U.S. attorneys, at least five of whom were presiding over public corruption probes when they were fired.

"Are these people being removed for doing their job and for it doing it too well?" asked Rep. Linda T. Sanchez (D-Calif.), chairwoman of the panel, who called the subpoenas "a last resort."

The controversy, which has been simmering for two months, boiled over this week after departing prosecutor David C. Iglesias of New Mexico alleged that two unnamed lawmakers had pressured him to speed up the prosecution of Democrats before the November elections. Iglesias said he believed that complaints from the lawmakers may have led to his dismissal, an allegation the Justice Department has disputed.

The state's top two Democrats, Rep. Tom Udall and Sen. Jeff Bingaman, and Rep. Steve Pearce (R-N.M.) have denied calling Iglesias. Rep. Heather A. Wilson (R-N.M.) and Sen. Pete V. Domenici (R-N.M.) have not responded to requests for comment over the past two days and deflected questions from the Associated Press about the allegations.

"I don't have any comment," Domenici said. "I have no idea what he's talking about."

Wilson referred questions "on that personnel matter" to the Justice Department.

Sanchez said any such contacts by a member of Congress would likely be in violation of House and Senate ethics rules that restrict such "ex parte communications" during ongoing criminal investigations.

Iglesias's office was conducting a probe into allegations involving construction contracts and a prominent Democratic former state senator.

At the time of the alleged phone calls, Wilson, a close ally of Domenici's, was in a tight reelection battle with then-state Attorney General Patricia Madrid. Wilson won by fewer than 2,000 votes.

Iglesias said yesterday that he will identify the lawmakers only if compelled by a subpoena.

"I fear retaliation," said Iglesias, a Republican and former military defense lawyer who served as a model for a character in the movie "A Few Good Men." "This is a small state and there are not too many employment opportunities, and I fear they will blacklist me."

At least four of the other U.S. attorneys were presiding over probes targeting Republican politicians at the time they were notified of their firing.

Although a separate House subcommittee has compelled testimony in a little-noticed drug inquiry, the prosecutors case marks the first major use of subpoena power by the new Democratic majority.

Justice spokesman Brian Roehrkasse said that the department has been "very forthcoming" with Congress about the dismissals and that any allegations that prosecutors were removed to interfere with investigations are "completely wrong."

Justice officials have said Iglesias and six others were fired for "performance-related" reasons and have denied that any were targeted to disrupt public corruption probes. Officials have acknowledged that an eighth prosecutor, Bud Cummins of Little Rock, was removed to make way for a former aide to presidential adviser Karl Rove.

Cummins and former U.S. attorney John McKay of Seattle said in interviews that they told lawmakers they will not testify unless subpoenas are issued.

"I wanted it clear that I wasn't volunteering to testify and I wasn't trying to affirmatively stir up trouble for everybody," said Cummins, who left in December. "If they would like to hear one of the few facts I have, I'm happy to tell them."

The other former prosecutor scheduled to testify, Carol S. Lam of San Diego, did not return a call seeking comment yesterday.

No Republicans showed up for the unanimous panel vote on issuing the subpoenas. The Judiciary Committee's ranking Republican, Rep. Lamar Smith (Tex.), later called the session "political grandstanding."

House Panel Subpoenas 4 Prosecutors Of 8 Ousted (NYT)

By David Johnston

The New York Times, March 2, 2007

WASHINGTON, March 1 — A House Judiciary subcommittee voted Thursday to issue subpoenas requiring testimony from four of the eight United States attorneys recently dismissed by the Justice Department.

The vote followed remarks this week in which one of the four, David C. Iglesias of New Mexico, said he believed that the motives for his ouster had been political. He and the three others subpoenaed — H. E. Cummins III of Arkansas, John McKay of Seattle and Carol C. Lam of San Diego — were chosen to give testimony because the circumstances of their dismissal are thought to be representative of those surrounding the removal of all eight, Congressional officials say.

The subpoenas order the four to testify at a hearing of the House subcommittee on Tuesday. The Senate Judiciary Committee has also invited dismissed prosecutors to testify that day and may consider issuing its own subpoenas if they do not. Senator Charles E. Schumer of New York, a Democratic member of the committee who has led an investigation of the dismissals, said Thursday, "The U.S. attorneys will be coming, and now we will finally get to the bottom of this."

The House panel acted after the prosecutors privately told lawmakers that they would not testify voluntarily, not wanting to get in the middle of what has grown into a serious political embarrassment for the Justice Department, but that they would give testimony if compelled.

In floor speeches and at a hearing last month, Democrats have repeatedly attacked the dismissals as a politically motivated effort to replace independent-minded prosecutors with more pliable operatives of the Bush administration.

Several of the prosecutors had been engaged in politically sensitive cases involving Republicans, for instance Ms. Lam's continuing corruption investigation in the wake of a related guilty plea in 2005 by Representative Randy Cunningham of California.

Others had irritated Republicans in their state. Mr. McKay, for one, had decided against impaneling a grand jury to examine accusations of voter fraud in Washington State's 2004 election for governor, won by a Democrat, Christine Gregoire.

Justice Department officials have denied that any of the prosecutors, all appointed by President Bush in his first term, were removed for political reasons.

"We have been very forthcoming with members of Congress about personnel decisions related to U.S. attorneys, through hearings, multiple briefings, letters, other documents, and a D.O.J. official will again testify next week," said Brian Roehrkasse, a spokesman for the department.

"We have never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a particular investigation, criminal prosecution or civil case," Mr. Roehrkasse added. "Any suggestion otherwise is completely wrong."

At a hearing last month, Paul J. McNulty, the deputy attorney general, said most of the dismissals had been related to job performance, an assertion that brought protests from the ranks of the ousted prosecutors.

Several said they had been given no reason for their removal. Most had received favorable job evaluations from the Justice Department in formal performance assessments based on interviews with judges, law enforcement agencies and members of the office staff.

House Panel Subpoenas Ousted U.S. Attorneys (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, March 2, 2007

Four of the prosecutors who say the White House forced them out for political motives are to appear Tuesday.

WASHINGTON — A House subcommittee voted Thursday to subpoena four recently replaced U.S. attorneys as part of a widening probe into whether the Bush administration was politicizing the appointment of top prosecutors around the country.

The action marked the first major use of subpoena power by the new Democratic-controlled Congress, and begins to fulfill a pledge of the Democratic leadership to scrutinize administration policies.

The prosecutors, directed to appear at a hearing Tuesday, were among at least eight who were abruptly removed in recent months by the Justice Department. Officials have said they dismissed the lawyers primarily because of concerns over their performance, as well as policy differences over whether they were pursuing department priorities such as cases of immigration fraud and child exploitation.

But the lawyers — all appointees of President Bush — have not gone quietly. They are publicly disputing the characterization the department has offered for their departures.

The result has been a political embarrassment for the White House and the Justice Department, and an odd spectacle of Democrats giving aid and comfort to Republican appointees.

The move by a subcommittee of the House Judiciary Committee came a day after the former U.S. attorney in Albuquerque said he believed he was dismissed for political reasons. David Iglesias said that two members of Congress had pressured him to bring corruption charges against a Democratic official in New Mexico before the November election but that he had resisted.

Also subpoenaed was Carol Lam, former U.S. attorney in San Diego, who oversaw the bribery case against former Republican Rep. Randy "Duke" Cunningham of Rancho Santa Fe. Lam's office brought charges against two others in that case, including a former senior CIA official, two days before she left her job last month.

The other former prosecutors subpoenaed are John McKay of Seattle and H.E. "Bud" Cummins of Little Rock, Ark. The four prosecutors were first appointed by Bush in 2001 and 2002.

The subcommittee said all four had agreed to appear, and the Justice Department said it would send a top official to the hearing.

The vote to issue the subpoenas illustrated a partisan divide: Republicans boycotted the proceeding; the seven Democrats present unanimously endorsed the move.

"The former U.S. attorneys are alleging very serious charges against the administration, and we need to hear from them," said Rep. John Conyers Jr. (D-Mich.), chairman of the House Judiciary Committee. "We want to hear their stories, and we want the administration to address the charges head-on."

Conyers said the subpoenas were to be issued Thursday night.

"We decided to issue subpoenas only as a last resort," said Rep. Linda T. Sanchez (D-Lakewood), who chairs the commercial and administrative law subcommittee, which authorized the subpoenas and will hold the hearing. "We need to get to the bottom of whether competency in upholding the law is being sacrificed for political ideology."

Democrats also fear that the Justice Department is trying to exploit a little-noticed change in federal law that gives U.S. Atty. Gen. Alberto R. Gonzales the power to appoint interim federal prosecutors through the end of the Bush administration without Senate confirmation.

The Justice Department has said that it had no intention of bypassing the confirmation process and would submit the names of replacements to the Senate for every vacancy that occurs. But legislation has been introduced in both houses to repeal the provision, which was included in legislation last year reauthorizing the Patriot Act.

Democrats also released a Congressional Research Service report surveying the reasons that U.S. attorneys did not serve out their terms. The report studied 54 cases of prosecutors who were appointed between 1981 and 2006. The bulk left to take other official positions such as judgeships or to pursue careers in private law practice.

The report identified five cases in which attorneys were forced to resign. The dismissed included a prosecutor in Florida who was caught on videotape grabbing a Jacksonville television reporter by the throat, and another Florida prosecutor who, the report said, allegedly "bit a topless dancer on the arm during a visit to an adult club after losing a big drug case."

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Democrats Demanding Fired U.S. Prosecutors Testify (Update1) (BLOOM)

By Robert Schmidt And James Rowley

Bloomberg, March 2, 2007

March 1 (Bloomberg) -- Democrats in Congress intend to question several fired U.S. attorneys to determine whether the Bush administration forced them out to influence politically sensitive criminal investigations.

A House Judiciary subcommittee voted today to compel testimony from four of the prosecutors. Senate Judiciary Committee Chairman Patrick Leahy also announced plans to question the lawyers, who were among eight -- all Republican appointees -- that were informed last year of their dismissals.

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``This seems to be a wholesale Christmas Eve massacre," Leahy said today at a committee meeting. ``Some of them had the highest ratings of their performance but, coincidentally, they were in on some politically sensitive investigations."

The administration has said the firings were generally based on job performance, not politics. The 93 U.S. attorneys are political appointees who are confirmed by the Senate and serve at the discretion of President George W. Bush.

The prosecutors who were let go include one in San Diego who was supervising the influence peddling investigation into convicted ex-Republican Representative Randall ``Duke" Cunningham. Another in San Francisco oversaw a federal task force probing illegal backdating of stock options by company executives.

David Iglesias of New Mexico, who was also fired, recently told lawmakers he was asked to leave after receiving calls from two unnamed members of Congress inquiring about a corruption probe involving local Democrats. Iglesias told a press conference yesterday he assumed politics caused his firing.

Eager to Testify

Senator Charles Schumer, a New York Democrat, said yesterday that Iglesias and other prosecutors were eager to testify.

``We have inquired of the fired U.S. attorneys," he said in remarks on the Senate floor. ``The overwhelming majority of them want to tell more but feel honor-bound not to do it, except if they were brought under the power of a subpoena."

Senators also said the job evaluations of some of the dismissed prosecutors contradicted Justice Department arguments that they were let go for poor performance.

Senator Lindsey Graham, a South Carolina Republican, said it is ``a bit distasteful" that the Bush administration is unfairly damaging the reputation of prosecutors it had installed.

Quality Performers

Formal evaluations show that the prosecutors ``were quality performers, that they did what they were requested to do," California Democrat Dianne Feinstein said in an interview.

Brian Roehrkasse, a Justice Department spokesman, said the agency has never removed a U.S. attorney in an effort to influence an investigation. On the Iglesias firing, Roehrkasse said the prosecutor served for more than five years and ``we made our decision not to further extend his service based on performance-related concerns."

In the House, the subpoenas are the first issued since Democrats took congressional control in January. The subcommittee, headed by Representative Linda Sanchez, voted 7-0 to compel the testimony with the panel's Republicans not participating.

All four prosecutors -- Iglesias, Carol Lam, who had headed the Cunningham probe, John McKay of Seattle, and H.E. ``Bud" Cummins of Arkansas -- will testify March 6 in front of the subcommittee, said Sanchez, a California Democrat. She said each had expressed a willingness to talk if they were subpoenaed.

Political Pressure

Democrats plan to ask them whether they were pressured on any cases, what the administration said when they were dismissed and whether they thought they were fired because of politics, Sanchez said.

``Part of the overall issue is, are the U.S. attorney positions being awarded to those that are ideologues within the president's party," she told reporters.

While the Justice Department said most of the prosecutors were asked to step down for unspecified performance problems, it acknowledged that Cummins was fired without cause. He was replaced on an interim basis by Timothy Griffin, a former aide to presidential adviser Karl Rove.

Griffin has withdrawn from consideration for the permanent position, citing the uproar over his appointment. Bush has nominated only three people to fill 13 vacant U.S. attorney positions, Democrats said today.

Democrats have also proposed legislation that would limit Attorney General Alberto Gonzales's authority to appoint temporary U.S. attorneys to 120 days. After that, they would be named by a federal judge.

The legislation, passed by the Senate Judiciary Committee, would repeal a provision of last year's USA Patriot Act renewal that gave the attorney general sole power to name interim U.S. attorneys. Democrats say the Patriot Act could let the Justice Department bypass the Senate confirmation process.

DOJ_NMG_0138756

``If we don't act, any president -- Democrat or Republican - - could simply have the attorney general hand pick the prosecutor," Leahy said. ``You could end up politicizing prosecutions and law enforcement."

U.S. Attorney Leaves Office With No Word On Successor (LVS)

By Sam Skolnik, Las Vegas Sun

Las Vegas Sun, March 2, 2007

U.S. Attorney Daniel Bogden's last day in office came and went Wednesday with no word from the Justice Department about who will replace him.

Even though Bogden was told by a department official soon after he was fired from the job that his office would be given the name of a replacement by the time he left office - Wednesday at midnight - no one had called, at least as of 6 p.m.

"I've been sitting here, waiting for the call," said Bogden, the well-regarded Bush appointee who said he has spent the bulk of his last day packing up his office. "It would have been nice to have gotten some notice by now," he said during a late afternoon interview.

According to Bogden, federal statutes dictate that First Assistant U.S. Attorney Steven Myhre would take over this morning as acting U.S. attorney, pending further word from Washington.

Bogden's last day as the top federal prosecutor in Nevada came as Sen. Dianne Feinstein, D-Calif., said she likely would be issuing subpoenas to the seven U.S. attorneys, including Bogden, who were fired by the Bush administration within the last few months.

Bogden had received positive notices and work reviews by his Justice Department bosses - as had all but one of the six other fired U.S. attorneys, according to media reports - begging the question as to why the prosecutors were fired. Justice Department officials said it was because of poor job performance, a notion vehemently rejected by the U.S. attorneys and their supporters.

In a statement Wednesday, Sen. Harry Reid, D-Nev., called the dismissal of Bogden and the others "unfair."

"Under his leadership, the U.S. attorney's office has prosecuted many dangerous criminals and resolved a number of important civil cases," Reid said. "Throughout his career, Dan Bogden has strived to make our communities safer, and I appreciate all the remarkable work he has done."

Tory Mazzola, a spokesman for Sen. John Ensign, R-Nev., said his office was "in the process, working with the Justice Department to find a replacement" for Bogden. He referred questions regarding why no replacement had yet been named for Bogden to the Justice Department.

No one with the Justice Department's press office in Washington could be reached late Wednesday. Michael Battle, director of its Executive Office for U.S. Attorneys, also could not be reached.

Bogden said he would appear before the Senate Judiciary Committee if called by Feinstein - but only reluctantly.

"If subpoenaed, you've got to go, you've got to testify," he said. "But would I be eager to testify? No."

After 16 years with the Justice Department, including the last 5 1/2 as U.S. attorney, Bogden said testifying would be a difficult thing to do "even though I don't agree with their decision" regarding his dismissal.

Speculation has been rampant regarding the motives of U.S. Attorney General Alberto Gonzales and the Bush administration in the systematic purgings . Much of it has centered on politics: Democrats and other critics say they believe that the Bush White House is eager to have new prosecutors in place to steer investigations toward Democratic officials and away from Republicans.

Detractors also say the new crop of replacements, likely to include more politically minded appointees and fewer career prosecutors, are being groomed to run for congressional seats held by vulnerable Democrats.

Those theories were bolstered by a recent McClatchy Newspapers report, referred to by Feinstein on Wednesday, in which the U.S. attorney for New Mexico, David Iglesias, said two unnamed members of Congress called him in mid-October to inquire about the timing of an ongoing probe into an alleged kickback scheme.

Iglesias, according to the report, believed the congressmen were eager for an indictment to be issued on the eve of the November elections to benefit the Republican candidates.

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It is unclear who, in the end, will be named to replace Bogden.

The names of several officials inside Bogden's office have been floated, including Myhre and Assistant U.S. Attorneys Kurt Schulke and Dan Schiess, as well as Nevada Chief Deputy Attorney General Conrad Hafen.

Myhre couldn't be reached for comment Wednesday. Schulke, Schiess and Hafen declined to say whether they had been in touch with Ensign's office or the Justice Department about the post. Bogden said he didn't know who was in line for his job.

Sun Washington correspondent Lisa Mascaro contributed to this report. Sam Skolnik can be reached at 474-7406 or at sam.skolnik@lasvegassun.com.

Bogden Questions Reason For Ouster (LVRJ)

By Adrienne Packer, REVIEW-JOURNAL

Las Vegas Review-Journal, March 2, 2007

Serves last day as U.S. attorney

Two high-ranking Department of Justice officials told outgoing U.S. Attorney Daniel Bogden in December that his dismissal was unrelated to his job performance, and one of the officials indicated his firing was politically motivated, Bogden said Thursday.

"I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office," Bogden said.

He declined to elaborate on the discussion.

At least eight U.S. attorneys, including Bogden, 51, were abruptly removed in recent months by the Justice Department

On Feb. 6, Deputy Attorney General Paul McNulty appeared before the Senate Judiciary Committee and explained that the dismissals were "performance related."

"It's been difficult enough trying to accept the request that I step down; it's been a difficult time getting through it all," said Bogden, whose last day was Wednesday. "Then to hear the reason for the request to step down has something to do with some unrelated performance issues is just flat-out wrong."

Michael Battle, director of the Executive Office for United States Attorneys, called Bogden on Dec. 7 and asked him to step down from the post he had held since 2001. Battle could not provide an explanation, Bogden said, prompting him to call other officials within the Justice Department.

"I said you have to give me something more; you can't just throw this bomb into my life," Bogden said.

Bogden placed a call to an upper-level official at the Justice Department. He said he sensed from that conversation that his dismissal was politically motivated. During a second call to another official, his questions were more direct.

"I said, 'Look, did this decision have anything to do with my job performance or the performance of my office?' " Bogden said, relaying a conversation with an official he declined to name. The official responded: "That did not enter into the equation."

Bogden acknowledged he will have to divulge the officials' names if he is subpoenaed to testify before a congressional committee.

Bogden was not among four of the prosecutors a House subcommittee voted Thursday to subpoena to testify next week. The House Judiciary subcommittee said all four agreed to appear, and the Justice Department said it would dispatch a top official to the hearing.

U.S. Sen. Dianne Feinstein, D-Calif., has suggested political gamesmanship on the part of the Bush administration, a claim she said was bolstered by the fact that the ousted attorneys were given positive performance evaluations.

"These reports (evaluations) only serve to fuel my concerns that the Department of Justice based its decisions to fire competent and successful U.S. attorneys because of a desire to put young politically connected lawyers from outside into these offices," Feinstein wrote in a letter to Senate Majority Leader Harry Reid.

Feinstein sponsored legislation that would require the Senate to confirm U.S. attorney appointments, restoring the process used prior to 2006. Feinstein and others have been angered by a little-noticed provision slipped into the Patriot Act last year that allows Attorney General Alberto Gonzales to appoint replacement prosecutors indefinitely.

"The problem is that this loophole in the Patriot Act allows the administration to put anybody they want into that position for an indefinite period of time," said Jon Summers, a spokesman for Reid's office. "Then you run into a situation where you have people who may not be the best fit in those jobs. There is a reason that things were set up the way they were and that was to make sure the best interest of the public was served. This loophole allows the administration to get around that."

Democrats have questioned whether the Bush administration was using the dismissals to reward political allies. McNulty conceded the Justice Department removed Arkansas prosecutor Ed Cummins without cause to make room for a former aide to presidential adviser Karl Rove.

David Iglesias, the U.S. Attorney for the District of New Mexico, said this week that he was fired because he failed to rush an indictment that might have boosted the Republicans during the 2006 election.

Bogden said he was never asked to back off investigating Gov. Jim Gibbons, a Republican. The probe is examining whether Gibbons accepted unreported gifts and payments from friend and businessman Warren Trepp in exchange for his help as a member of the House Intelligence and Armed Services committees.

Bogden said the Justice Department has never pressured him on any case.

Bogden worked for the Justice Department for 16 years. In 2001, he was asked to interview for the U.S. attorney position. Bogden said he was hesitant because he knew that new administrations choose their own U.S. attorneys and he would someday be out of a job.

Besides, the Ohio native said, he had reached his dream of being a federal prosecutor.

"I knew once I stepped up and took the U.S. attorney job, I would have forgone my career at the Department of Justice," Bogden said. "I knew I'd be sitting here in a position like this someday. I just didn't think it would be today."

Battle called Bogden and informed him of his dismissal the day after Bogden returned from a four-day U.S. attorneys conference in Washington, D.C. On Dec. 6, the night before Bogden was fired, McNulty delivered a speech to the gathering of the country's chief prosecutors.

"He called us the best group of U.S. attorneys ever assembled in the history of the country," Bogden said. "It was a nice speech, very touching. Now maybe I should look at it as my eulogy."

Bogden asked the Department of Justice whether he could stay until the end of February to help the office transition into new leadership. But as Bogden finished packing his office Thursday, the Justice Department still had not named a permanent replacement or an interim U.S. attorney.

First Assistant U.S. Attorney Steven Myhre is serving as acting U.S. attorney.

Bogden said he is proud of his time at the helm of the Nevada office. During his tenure, the office was understaffed by about 15 attorneys.

"We have effectively, efficiently and successfully covered all of our national and district priorities despite being understaffed and under-budgeted," Bogden said.

Bogden plans to take time off to figure out his next career move. He is concerned that the Justice Department's comments that his firing was performance-related will hurt his chances of finding a new job.

Although he savors his career with the Department of Justice, he can't help having mixed feelings about the department for which he worked for nearly two decades.

"I'm plenty bitter," Bogden said. "Here's a job that you think you are doing in an outstanding fashion and suddenly to get a call like that with little or no explanation."

The Los Angeles Times contributed to this report.

Reddit Ashcroft Cancels Pizza Party For Ex-Colleagues (USNEWS)

By Chitra Ragavan

U.S. News and World Report, March 2, 2007

Former Attorney General turned lobbyist John Ashcroft canceled the pizza party he was scheduled to host yesterday for the political appointees from his days heading the Justice Department.

The cancellation came after usnews.com reported that the department's ethics office had flagged the party as potentially troublesome in terms of appearance.

In an E-mail sent to the invitees, which Ashcroft's senior adviser, Juleanna Glover Weiss, provided to U.S News, Ashcroft said that he did not realize that "our sharing of a pizza and soft drinks might erode the high levels of integrity we worked so diligently to engender" when he was attorney general. Ashcroft added that he did not "believe for a second" that the invitees' integrity "could be compromised for a piece of pizza." But he said that "no fellowship over lunch" was "worth the sacrifice of any public confidence in the justice community." Instead, "Going back to my traditional brown bag lunch," wrote Ashcroft, "will not be too much of a challenge for me."

The Justice Department's ethics office had not prohibited invitees from attending but asked them to consider how their participation might be perceived. It has been two years since Ashcroft left the department and formed the lucrative Ashcroft Group lobbying and consulting firm. So he's past some of the restrictions imposed on former government officials from lobbying their old agency.

However, because the Ashcroft Group has big clients that have been sued by the department, in antitrust and other ongoing litigation, the invitation raised eyebrows.

CORPORATE SCANDALS:

Gonzales: 'Protecting Integrity Of Business' A Top Priority (SDDT)

San Diego Daily Transcript via Yahoo! News, March 2, 2007

U.S. Attorney General Alberto Gonzales touted the Department of Justice's commitment to combating corporate fraud and public corruption in a speech Thursday in San Diego.

Gonzales, making his first appearance here since becoming attorney general two years ago, addressed the American Bar Associations' national institute on white-collar crime.

His remarks came two weeks after Carol Lam was reportedly forced out as U.S. attorney in San Diego because she concentrated too much on white-collar crime and not enough on border smuggling and illegal immigration.

In his speech, Gonzales said reliability and transparency are needed for a successful economy.

"As attorney general, protecting the integrity of business and government is a top priority of mine," he said. "A free market cannot include the freedom to cheat, to defraud or to steal. Rules and enforcement are needed to protect the playing field itself and ensure fair competition."

The Justice Department established a corporate fraud task force in 2002, and it had obtained 1,100 convictions as of the end of last year.

Gonzales said the recent prosecutions involving Enron and WorldComm and the new restrictions imposed by the Sarbanes-Oxley Act have changed corporate America.

Stanford Law School reported a 38 percent decline last year in class-action lawsuits involving securities issues.

But the attorney general said he does not want the Justice Department's renewed oversight to hamper American innovation or prevent individuals from taking risks.

"The United States is the economic envy of the world," he said, "and we are dedicated to keeping it that way. That means we'll stand fast by the laws that keep the markets clean, but it also means we'll stay cognizant of the private sector's need for the oxygen that feeds innovation."

He also praised the government's "offensive against all types of white-collar crime."

"We have a strong record of prosecuting public corruption cases during my tenure as attorney general," he said. "As evidence of that commitment, we have added resources to this fight."

He noted the FBI added 200 new field agents last year to fight public corruption, and it has scored a number of significant convictions.

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Government prosecutors, Gonzales said, are also cracking down in the new area of backdating stock options. The Justice Department recently accepted guilty pleas from two executives of Comverse Technology Inc., including its general counsel and chief financial officer, involving backdating.

As recently as last month, Gonzales said, the general counsel of the recruiting firm Monster Inc. pleaded guilty to charges of conspiracy and fraud arising from this involvement in a scheme to backdate options.

The attorney general also highlighted another success, a case he called "one of the first-ever extraditions for an intellectual property offense."

The indictment charged the leader of a Internet software piracy group with violating U.S. criminal copyright laws. Prior to dismantling, the piracy group was "estimated to have caused the illegal reproduction and distribution of more than $500 million worth of pirated software, movies, games and music," according to Gonzales.

The Justice Department's civil division, meanwhile, has obtained 57 felony convictions against business opportunity scammers -- companies that sell phony franchise businesses with the promise of great profits.

Gonzales said the government is combating environmental crime and tax crime as well.

He also explained how the Justice Department is coordinating with other countries to fight corruption globally.

"We send Justice Department employees to help train policemen, prosecutors and judges in countries around the world," he said. "And that includes assistant U.S. attorneys and FBI agents who have chosen to serve in Iraq and Afghanistan."

13 Charged In Big Insider Trading Scam (WP)

By Carrie Johnson

The Washington Post, March 2, 2007

Federal prosecutors unsealed criminal charges against more than a dozen people, including former executives at four of Wall Street's elite institutions, accused of engaging in thousands of improper trades in two schemes that netted more than $15 million in profit.

A grand jury in Manhattan indicted nine people on conspiracy, fraud and bribery charges. Among them were lawyers and officials responsible for protecting the integrity of the firms and the market, who instead became perpetrators, prosecutors said. They worked for such top-tier firms as UBS, Morgan Stanley, Bank of America Securities and Bear Stearns.

Four others, who agreed to plea bargains, helped investigators crack open the massive, six-year insider-trading plot and will provide testimony against their onetime associates, government officials said.

Together, the charges and guilty pleas mark one of the biggest and most prominent insider-trading busts since the era of Ivan Boesky and Dennis Levine, when handcuffed executives were marched out of investment firms two decades ago.

"It is particularly pernicious when Wall Street insiders . . . shamelessly compromise the markets' integrity and investors' trust for a quick buck," said Linda Chatman Thomsen, the enforcement chief at the Securities and Exchange Commission.

The six-month probe unearthed furtive meetings among the alleged conspirators, who used disposable cellphones and coded text messages to evade detection and paid kickbacks in the form of cash-filled envelopes. Investigators said they shook their heads at times as the case increasingly resembled the greed on display in the 1987 film "Wall Street."

The charges come as federal authorities are accelerating their efforts to stanch the improper flow of information among a select group of insiders on Wall Street -- a tactic that allows insiders to reap handsome profits at the expense of average investors.

Among those charged is Mitchel S. Guttenberg, a manager in UBS's equity research department, who prosecutors say tipped off traders to forthcoming upgrades and downgrades in specific stocks in exchange for a share of the profit. Guttenberg was arrested at home yesterday morning, said FBI official Teresa L. Carlson.

In 2001, as part of his job, Guttenberg gained access to a daily list of UBS analyst recommendations before it was distributed to the public, government officials said. He first exploited the information to repay a $25,000 personal loan owed to Erik R. Franklin, a former employee of Bear Stearns who has worked at three hedge funds in recent years, according to court papers.

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The pair initially met at New York's fabled Oyster Bar, in the bowels of Grand Central Terminal. But finding that arrangement nettlesome, they bought disposable cellphones and sent each other coded text messages before UBS analysts downgraded their ratings on such stocks as Allstate and CVS.

The scheme involved thousands of trades, according to SEC officials. Guttenberg and Franklin invited others to join them, including relatives and executives who had worked at Bear Stearns, regulators said. The men traded in their personal accounts as well as in Franklin's hedge fund accounts.

Brokers at the New York firm Assent discovered the scheme by monitoring an account that some of the participants used. Instead of reporting the problem to law enforcement officials, however, the Assent brokers "blackmailed" the traders for more than $180,000 in cash to keep quiet, U.S. Attorney Michael J. Garcia said at a news conference in New York.

"Each of the individuals we charged had a responsibility to protect investors and the integrity of the markets," said Scott W. Friestad, an SEC associate director of enforcement. "What's particularly insidious about this case is that the first instinct of each of these individuals was to try to find a way to personally benefit from the non-public information rather than to do the right thing."

A second alleged plot revolved around Randi E. Collotta, a former compliance unit officer at Morgan Stanley, who prosecutors say shared tips with her husband and other traders about coming corporate acquisitions involving bank clients from 2004 to 2005. Collotta, an attorney, violated Morgan Stanley policy by passing on word of Adobe Systems' looming acquisition of Macromedia and of UnitedHealth Group's purchase of PacifiCare Health Systems, among other deals, according to court papers.

The two rings converged with Franklin and another man, former Bear Stearns professional Robert D. Babcock. Babcock, who also processed trades for one of Franklin's hedge funds, received tips from a participant in the Morgan Stanley scheme. He allegedly shared that inside information with Franklin and others, authorities said.

SEC investigators found an avenue into the byzantine schemes more than six months ago after examining trades by Franklin's father-in-law in advance of a 2005 Morgan Stanley deal involving Catellus Development. SEC lawyers searched extensive trading records for patterns that led them to Franklin's doorstep.

In October, securities investigators flagged the issue for federal prosecutors and FBI agents in New York and expanded their probe from trades involving corporate mergers to transactions based on when UBS analysts had upgraded or downgraded stock ratings.

Franklin, who helped authorities unravel the scheme, pleaded guilty to conspiracy, securities fraud and bribery on Tuesday. Babcock pleaded guilty to similar charges a day later, but prosecutors kept both agreements secret until yesterday.

Eight of the defendants appeared in New York and another appeared in Florida for arraignment yesterday. Each pleaded not guilty, and all were released on bond.

Barry P. Barbash, a former securities regulator who now works at the law firm of Willkie, Farr & Gallagher, said the case reflects the fact that a generation of young professionals no longer recalls seeing Wall Street titans face perp walks and grueling trials for insider-trading crimes in the 1980s.

"This case is an unfortunate reminder to everybody in the business . . . It's sobering."

In recent months, prosecutors and securities regulators have focused on hedge funds and private-equity companies -- fast-growing investments designed for wealthy individuals and institutions -- that strive to gather bits of information to profit in advance of corporate announcements.

At a meeting yesterday in Texas with leaders of each of the SEC's regional offices, SEC Chairman Christopher Cox affirmed that policing possible insider trading by hedge funds would be a top regulatory priority over the next two years.

Feds Charge 13 With Inside Trading (USAT)

By Greg Farrell

USA Today, March 2, 2007

NEW YORK — Federal prosecutors announced criminal charges Thursday against 13 people, accusing them of participating in the biggest network of inside trading on Wall Street since the days of Ivan Boesky.

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The criminal charges allege that traders from a handful of hedge funds and brokerages, acting on illegal inside information from some of Wall Street's biggest firms, netted $8 million in tainted gains from December 2001 to August 2006.

The Securities and Exchange Commission, which discovered evidence of the ring last year during a routine investigation, filed a parallel set of civil charges against 11 individuals and three hedge funds.

While the $8 million pales in comparison with the enormous sums misappropriated by Boesky and others in the 1980s, the scheme exposed Thursday was nevertheless shocking, said Linda Chatman Thomsen, the SEC's director of enforcement.

The majority of inside trading cases involve an individual who comes across inside information and can't resist the temptation to make a quick buck. The difference here, Thomsen said, is that the inside trading ring operated for five years, involved hundreds of tips and thousands of relatively small trades. Worst of all, the inside information allegedly came from three "top tier" Wall Street firms: UBS, Morgan Stanley and Bear Stearns. "It's particularly pernicious when Wall Street insiders … shamelessly compromise the markets' integrity and investors' trust for a quick buck," she said.

Court documents filed by the SEC and Michael Garcia, the U.S. Attorney in Manhattan, allege that the ring leaders of the scheme were: Mitchel Guttenberg, an executive director at UBS; Randi Collotta, an attorney in Morgan Stanley's compliance department; and Erik Franklin, a former portfolio manager for a hedge fund at Bear Stearns. Franklin has pleaded guilty. Attorneys for Collotta and Guttenberg could not be reached.

The documents allege that the scheme was launched in 2001 when Guttenberg met with Franklin at the Oyster Bar, a well-known restaurant in Manhattan's Grand Central Station. At the time, Guttenberg owed Franklin $25,000.

According to the SEC, Guttenberg proposed to pay off the debt by giving Franklin advance notice of significant changes in the position of UBS analysts on stocks. For example, in December 2001 Guttenberg allegedly tipped off Franklin that UBS was about to downgrade Allstate from "strong buy" to "hold." Franklin shorted the stock through the Bear Stearns hedge fund where he worked, netting a quick profit of $10,100 when the downgrade was published.

Prosecutors alleged that Collotta, a former Morgan Stanley attorney, shared sensitive information about upcoming mergers and acquisitions with her husband and a trader in Florida. The three allegedly split the trading profits that resulted. The Wall Street banks say that they are victims of the crimes and are cooperating with the investigation.

13 Accused Of Trading As Insiders (NYT)

By Jenny Anderson And Michael J. De La Merced

The New York Times, March 2, 2007

It started in 2001 with two old friends meeting at the Oyster Bar in the basement of Grand Central Terminal in Manhattan, discussing a $25,000 debt.

It ended yesterday with federal authorities saying that they had exposed one of the most far-reaching insider trading schemes on Wall Street in decades, involving four investment banks and a web of hedge funds, day traders, lawyers and even a few supervisors, who upon discovering evidence of insider trading, blackmailed the traders to keep quiet about it.

Thirteen people were accused yesterday of taking part in the trading ring, including a former Morgan Stanley compliance official, a senior UBS research executive, three employees from Bear Stearns and a Bank of America employee.

Linda C. Thomsen, chief of enforcement at the Securities and Exchange Commission, described the scheme as one of the most “pervasive Wall Street insider trading rings since the days of Ivan Boesky and Dennis Levine.”

Nine of the defendants have been arrested, and four have pleaded guilty to charges ranging from securities fraud, conspiracy to commit securities fraud and bribery. The investigation, conducted by the S.E.C., the Federal Bureau of Investigation, and the office of the United States attorney in Manhattan, has been under way for more than a year and is continuing.

The schemes described by federal authorities were unusual for their breadth and the seniority of the executives involved.

The tactics, however, were all too familiar: Wall Street executives tipping hedge fund traders about potential upgrades or downgrades of stocks, information sure to move a stock’s price; leaking information about pending mergers and acquisitions, and taking kickbacks to get access to hot deals. In the middle, authorities say, was a hedge fund manager looking for an edge.

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Federal authorities say that in 2001, Mitchel S. Guttenberg, a 41-year-old executive director in the stock research department of UBS, met a friend, Erik R. Franklin, then a hedge fund manager at Bear Stearns at the Oyster Bar. Mr. Guttenberg owed Mr. Franklin $25,000 and proposed paying that debt with information about stock upgrades and downgrades. He was a member of the firm's investment review committee, which reviewed and approved analyst recommendations.

Mr. Guttenberg provided hundreds of tips to Mr. Franklin about rating changes so that he could make quick trades in his hedge fund at Bear Stearns, Lyford Cay Capital. The two agreed to share the after-tax profits after the debt between them was settled. They exchanged cash at arranged meeting places — echoes of the Boesky case — and bought disposable cellphones and created codes to communicate with one another.

Lyford Cay was a small hedge fund overseen by Kurt W. Butenhoff, a senior managing director at Bear Stearns who is a top-producing broker and an equity derivatives specialist. Lyford Cay was made available to the firm's high-net-worth clients, a number of whom resided in the exclusive resort of the same name in the Bahamas, as well as senior Bear Stearns executives. The fund was closed down in 2004 because of poor performance.

Mr. Franklin reported to Mr. Butenhoff. In 2002, Mr. Franklin left Lyford Cay to return to Chelsey Capital, a hedge fund whose president once sought to buy the New Jersey Nets. Mr. Franklin joined forces with another portfolio manager, informed him about the UBS tips and the two traded on them, investigators say.

A spokesman for DSJ International, which operates as Chelsey Capital, said: "We are dismayed to learn of the actions of two former employees who left over four years ago. We are committed to continue cooperating in the investigation."

Mr. Guttenberg pleaded not guilty yesterday. His lawyer declined to comment. Mr. Franklin has pleaded guilty. His lawyer declined to comment.

Over five years, according to the S.E.C., Mr. Franklin made $5 million in illicit profits for his various hedge funds, his own personal accounts and an account in the name of his father-in-law, said the S.E.C.

But the ties went further than the two friends: each had his own network of tippees. The case was so complex that the United States attorney in Manhattan, Michael J. Garcia, yesterday used a large poster board to explain the inner workings. "Clearly greed is at work," he said.

According to court filings, some of Mr. Franklin's former Bear Stearns colleagues, including Robert Babcock, also worked with Lyford Cay and knew he was receiving, and profiting from, illegal information. After Mr. Franklin left Lyford Cay at Bear Stearns, Mr. Babcock continued to monitor Mr. Franklin's personal accounts and used the information to trade for Lyford, making $660,000 between late 2001 to 2003. Another Bear Stearns employee was accused of using information gleaned from Mr. Franklin's account to trade for his own accounts.

Mr. Babcock has pleaded guilty. His lawyer declined to comment.

"Actions described in the complaint are clear violations of our policies and procedures," said Russell Sherman, a Bear Stearns spokesman. "We have and will continue to cooperate fully with the investigation."

Mr. Guttenberg gave tips to other friends, including David Tavdy, a 38-year-old proprietary trader at Andover Brokerage, which was later acquired by Assent. Mr. Tavdy traded on information at Assent and then later at Jasper Capital. Mr. Tavdy ultimately made $6 million trading in illicit information, according to the S.E.C.

Mr. Tavdy pleaded not guilty. His lawyer did not return calls.

Two executives at Assent got wind of the illegal UBS information and the trading that was going on with it. Rather than turn the traders in, they demanded bribes of $150,000 between them to keep quiet, investigators say. The two executives face charges.

A UBS spokeswoman, Rohini Pragasam, said, "UBS is assisting the authorities to the fullest extent possible in their investigation into the alleged actions of a single UBS employee."

It was not the UBS scheme, however, that tipped off regulators but rather trading around big mergers that got the S.E.C.'s attention.

According to authorities, in 2004, Randi Collotta, a 30-year-old lawyer in the global compliance department at Morgan Stanley, teamed up with her husband, Christopher Collotta, to dispense information about Morgan Stanley's work on coming

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mergers to Marc Jurman, a high school friend of Mr. Collotta's. In return, authorities said they would receive a share of illegal profits.

Mr. Jurman traded on deals including Adobe Systems acquisition of Macromedia in 2005 and ProLogis's acquisition of Catellus Development. The information netted them about $600,000.

Mr. Jurman in turn tipped off Mr. Babcock, who passed on information to Mr. Franklin and his partners at Bear Stearns, closing a wide, and very lucrative, circle.

Unusual trading in Catellus tipped off the S.E.C. The trading led to an account in the name of Mr. Franklin's father-in-law. Over a year of investigation, the myriad connections became clear.

Mark Lake, a Morgan Stanley spokesman said, "We are outraged that a former employee allegedly stole confidential information from the firm, and we have cooperated and will continue cooperating fully with the authorities."

Mr. Garcia described Morgan Stanley and UBS as victims.

Mr. Jurman pleaded guilty. His lawyer, Lilly Ann Sanchez, said: "We aimed to resolve this case expeditiously. Mr. Jurman is a very minor player in the overall conspiracy."

The Collottas entered not guilty pleas yesterday.

Mr. Franklin had yet another scheme going to get inside information: between late 2005 and October 2006, Paul Risoli, a broker at Banc of America Securities, is accused of allocating shares of initial public offerings and secondary offerings to Q Capital, Mr. Franklin's hedge fund, netting the fund at least $160,000. Mr. Franklin is accused of paying Mr. Risoli $9,500 as part of the scheme.

Mr. Risoli pleaded not guilty. His lawyer could not be reached yesterday.

"We are aware of the situation and we are cooperating with authorities," said Shirley Norton, a spokeswoman for Bank of America.

For two counts of conspiracy to commit fraud and four counts of securities fraud, Mr. Franklin would face a maximum of 90 years in prison, but sentencing guidelines suggest he would more likely face about five years.

The S.E.C. complaint accused 11 people and 3 entities of making illicit profits totaling more than $15 million, while the criminal charges cite illicit profits of $8 million from 13 individuals.

A 'Brazen' Insider Scheme Revealed (WSJ)

By Randall Smith, Kara Scannell And Paul Davies

The Wall Street Journal, March 2, 2007

Mitchel Guttenberg was $25,000 in debt to Erik Franklin when the two friends got together in 2001 to settle the obligation. The scheme they allegedly concocted that day in New York's cavernous Oyster Bar restaurant grew into one of Wall Street's biggest insider-trading cases in years.

Mr. Guttenberg, now 41 years old, agreed to relay advance word of potentially market-moving stock analysis by the Wall Street arm of Swiss bank UBS AG, where he was a research executive, to Mr. Franklin, now 39, a hedge-fund manager in those days at Bear Stearns Cos., authorities said.

THE ADOBE LEAK

• How one of the insider-trading leaks happened, according to the SEC:

• On April 18, 2005, Adobe Systems announced it would buy Macromedia, sending Macromedia's stock up 10%.

• Before the news, Morgan Stanley's Randi Collotta learned the information. She and her husband, Christopher, passed it to Florida broker Marc Jurman. He bought (for himself and his father) "call" option contracts, betting on a rally in Macromedia and two other stocks. Profit: $30,000.

• Mr. Jurman also tipped Bear Stearns broker Robert Babcock on Macromedia and two other deals. He bought call options. Profit: $75,000.

Source: SEC complaint

Federal prosecutors and the Securities and Exchange Commission yesterday unveiled insider-trading charges against the duo and eleven others, including three other former brokers at Bear Stearns.

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The participants in what the SEC called a "brazen" scheme allegedly earned about $15 million based on two strands of alleged inside information. The main one, from the UBS research, accounted for most of those gains. A second stemmed from leaks of takeover deals in the works at the blue-chip Wall Street firm Morgan Stanley.

The takeover-trading tips came from former Morgan Stanley lawyer Randi Collotta, 30, who was a compliance official responsible for monitoring adherence to securities rules, the SEC said. In a statement, Morgan Stanley said it was "outraged" and had cooperated in the probe and would continue doing so. Ms. Collotta pleaded not guilty in federal court.

UBS depicted itself as a "victim" of the scheme and said it is "committed to safeguarding the integrity of its proprietary information." Bear Stearns, whose employees allegedly traded on both the UBS and Morgan Stanley tips, said the actions described by regulators "are clear violations of our policies and procedures." Both UBS and Bear said they are cooperating as well.

The case suggests how easy it can be to get and trade on market-moving information before its public disclosure. Participants used disposable cellphones and coded text messages to cover their tracks and at times passed cash in a Doritos bag, people familiar with the case said. Along the way, some of the participants allegedly paid $150,000 to two defendants to keep their trading under wraps, payments U.S. Attorney Michael Garcia in Manhattan called "blackmail."

SEC enforcement director Linda Chatman Thomsen said the illegal trading in the case "shamelessly" compromised "the markets' integrity and investors' trust for a quick buck."

WALL STREET JOURNAL VIDEO

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Speaking at a news conference2 in Manhattan, U.S. Attorney Michael Garcia outlines federal charges in an insider-trading case involving 13 defendants from Morgan Stanley, UBS, Bear Stearns and Bank of America.

The SEC filed civil charges against 11 people, two hedge funds and one day-trading firm. Federal prosecutors also charged 10 of the 11 individuals, and three others, with criminal violations.

The alleged scheme, which stretched from late 2001 to last fall, was uncovered within the last six months -- after the SEC checked into suspicious trading by Mr. Franklin's father-in-law before news in June 2005 of an acquisition of Catellus Development Corp. involving Morgan Stanley bankers.

Four of those charged, including Mr. Franklin, have pleaded guilty to criminal charges including conspiracy, securities fraud and commercial bribery. Mr. Guttenberg was arrested at 6 a.m. EST yesterday at his home on the East Side of Manhattan. Wearing a dark blue long-sleeve T-shirt and jeans in court, he pleaded not guilty and was released on $500,000 bond. He declined to comment.

At UBS, Mr. Guttenberg was an executive director and institutional-client manager in the research department, serving since 2001 on its investment-review committee, the SEC said. The committee members got an advance look at midday of the next days' reports, some of them market-moving, by research analysts who rate stocks and forecast their earnings.

After their 2001 meeting at the Oyster Bar in the basement of New York's Grand Central Terminal, the SEC said, Mr. Guttenberg began feeding advance tips about UBS research to Mr. Franklin, who then managed a hedge fund at Bear Stearns with the tony name Lyford Cay.

The SEC said Lyford Cay earned $10,000 from advance word of a UBS downgrade of insurer Allstate Corp. in December 2001 by selling borrowed shares and quickly buying them back at a profit of about $1 a share. Mr. Franklin also traded ahead of new ratings on Lexmark International Group Inc., U.S. Bancorp and Union Pacific Corp.

After Mr. Franklin's profits on the trades were enough to repay the loan, the SEC said, he began making cash payments to Mr. Guttenberg at prearranged meetings.

Before Mr. Franklin left Bear Stearns in February 2002, the SEC said, some of his Lyford Cay trades were entered by another Bear Stearns broker, Robert Babcock, who also entered orders in Mr. Franklin's personal account at Bear Stearns.

Mr. Babcock, realizing that some of the Franklin trades were based on nonpublic information, began using them to trade stocks for Lyford Cay and for his own account and continued to do so after Mr. Franklin left, the SEC said -- netting the Bear Stearns hedge fund $600,000 in illicit profits from 2001-2003. Mr. Babcock has pleaded guilty, and his lawyer declined to comment. Two other Bear Stearns brokers who worked on the same desk as Mr. Babcock, Ken Okada and Andrew Srebnik, also

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piggybacked on Mr. Franklin's trades for their personal accounts in 2002, the SEC said. Mr. Okada pleaded not guilty to conspiracy and securities fraud and was released on bail of $100,000. Mr. Srebnik, who wasn't charged criminally, couldn't be reached.

After leaving Bear Stearns, Mr. Franklin joined another hedge fund, Chelsey Capital, where he provided UBS tips to portfolio manager Mark Lenowitz, garnering Chelsey $2 million in illicit profits and Mr. Lenowitz $325,000, the SEC said. In March 2003, Mr. Franklin opened a new hedge fund, Q Capital, with Mr. Lenowitz as a partner and investor -- netting another $300,000, the SEC said.

Mr. Lenowitz pleaded not guilty to conspiracy and securities fraud and was released on $250,000 bond. A spokesman for Chelsey, now doing business as DSJ International Resources Ltd., said it was "dismayed" and cooperating.

The biggest alleged beneficiary of UBS tips from Mr. Guttenberg was another friend, David Tavdy, who earned $6 million in illicit profits for himself, a friend and a relative at firms called Andover, Assent and Jasper Capital. At Assent, two employees who learned of the trading got $150,000 for their silence, the SEC said. Mr. Tavdy and those firms, one of which has closed, couldn't be reached.

In 2004 and 2005, the Morgan Stanley deal tips also found their way to Mr. Franklin and two of the Bear brokers, Messrs. Babcock and Okada, via a Florida broker, Marc Jurman, a friend of Ms. Collotta's husband, Christopher. They included advance word of acquisitions of Argosy Gaming Co., Macromedia Inc., and Pacificare Health Systems Inc.

Mr. Jurman pleaded guilty to conspiracy and securities fraud, and his attorney called him a "minor player" who earned only $30,000. Mr. Collotta pleaded not guilty, and his lawyer declined to comment.

US Charges 13 With Insider Trading (FT)

By Brooke Masters In New York

Financial Times, March 2, 2007

Thirteen people, including current and former employees of Morgan Stanley, UBS and Bear Stearns, have been charged with criminal securities fraud in what US authorities said on Thursday was “one of the most pervasive Wall Street insider trading rings since the days of Ivan Boesky”.

The ring capitalised on two key sources of inside information, according to US Attorney Michael Garcia.

Randi Collotta, a Morgan Stanley compliance officer, allegedly passed on news of pending mergers and acquisitions from 2004 to 2005. Mitchel Guttenberg, a UBS executive director, allegedly gave traders for several hedge funds advance warning of stock upgrades and downgrades for more than six years.

The stream of conspirators who passed on or used the inside information eventually grew to include 14 people, including eight Wall Street professionals, two broker-dealers and three hedge funds, including Lyford Cay, a Bear Stearns vehicle, the Securities and Exchange Commission said.

The SEC estimated that the participants netted more than $15m. If convicted, the defendants face potential maximum sentences ranging from 15 to 90 years, depending on their alleged level of involvement.

Four people – including Erik Franklin, 39, and Robert Babcock, 33, both former Bear employees – have pleaded guilty to criminal charges. Nine others, including Mr Guttenberg and Mrs Collotta and her husband, Christopher, were arrested early on Thursday.

“Insider trading is more than just peeking into your opponent’s hand in a friendly poker game. It’s not just unethical. It is a felony,” said Teresa Carlson, acting FBI special agent in charge in New York.

The two insider trading schemes were separate, but some of the same investors – including Mr Franklin and Mr Babcock – benefited from both, Mr Garcia said. His office also brought a third Wall Street case today, charging Paul Risoli, a Bank of America employee, with taking kickbacks in exchange for allocating initial public offering shares to Mr Franklin.

Morgan Stanley and UBS both said they were co-operating with the investigation. UBS said Mr Guttenberg had been placed on unpaid leave. Mrs Collotta left Morgan Stanley of her own volition more than a year ago.

“Some defendants may have thought they were flying ‘under the radar’ by making modest profits on individual transactions, secure in the knowledge that, over hundreds of tips, they would reap millions,” said Linda Chatman Thomsen, the SEC

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enforcement director, who also compared the schemes to those of Mr Boesky, a central figure in the insider trading scandals of the late 1980s.

Investigators Say They've Uncovered $15-million Insider-trading Plot (LAT)

By Walter Hamilton And Thomas S. Mulligan, Times Staff Writers

The Los Angeles Times, March 2, 2007

NEW YORK — In 2001, Wall Street executive Mitchel Guttenberg sat down with his friend, Erik Franklin, in New York City's famed Oyster Bar to discuss repaying a $25,000 loan.

But instead of giving him cash, Guttenberg offered a currency that can be even more valuable on Wall Street: inside information about dozens of stock analyst recommendations at his firm, financial-services powerhouse UBS.

Thus began what regulators described today as the most pervasive insider-trading scandal to course through Wall Street since the days of Ivan Boesky and Dennis Levine in the late 1980s.

That scheme -- and another at Morgan Stanley that was also disclosed today -- encompassed 14 people, four major Wall Street firms, several hedge funds and more than $15 million in illicit profits over a four-year period, according to federal authorities.

"This involved people who should have known better and people who were making a great living," said Linda Thomsen, enforcement director at the Securities and Exchange Commission. "This is outrageous."

With insider trading, someone with advance knowledge of important events -- such as an analyst recommendation or a corporate merger -- trades on that information or passes it along to an accomplice.

Though it has receded from public view in the years since Boesky and others made headlines, authorities fear that insider trading is making a comeback on Wall Street amid the current bull market. In particular, they are worried that hedge funds -- private investment groups known for their aggressive styles -- are using such tips to make big profits.

In their case, Guttenberg and Franklin allegedly went to elaborate lengths to conceal their activity, using such dodges as disposable cell phones, coded text messages and clandestine meetings.

And, authorities said, there proved to be no honor among thieves, as several people who caught wind of the insider trading launched mirror trades of their own, and two people went so far as to blackmail the original perpetrators by threatening to expose them.

Taken together, the schemes also involved trading on initial public stock offerings and on red-hot mergers and acquisitions, including the 2005 buyout of California health insurer PacifiCare Health Systems Inc.

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Two Lawyers, 11 Others Indicted For Roles In Insider Trading (LAW)

By Anthony Lin, New York Law Journal

New York Law Journal, March 2, 2007

Federal authorities Thursday announced the indictment of 13 people on insider trading charges, including a former Morgan Stanley compliance lawyer and her husband, also an attorney.

The Southern District of New York U.S. Attorney's Office claims the defendants participated in two overlapping insider trading rings. The larger of the two was allegedly fed by Mitchel Guttenberg, an institutional client manager in the equity research group at UBS Securities, who tipped off several Wall Street traders over the past six years about upcoming recommendations by UBS analysts.

The second ring was fed by Randi Collotta, a former member of Morgan Stanley's global compliance group who in 2004 and 2005 passed along non-public information about mergers and acquisitions transactions on which the investment bank was advising.

The recipients of her tips included her husband, Christopher Collotta, a Bohemia, N.Y., labor and employment lawyer, and his friend Marc Jurman, a Florida-based broker. Jurman in turn tipped off Robert Babcock, a Bear Stearns & Co. broker who also participated in the UBS ring.

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According to the Securities and Exchange Commission, which also filed a civil complaint in the matter yesterday, the UBS participants made at least $14 million in profits from trading on inside information. The Morgan Stanley scheme netted its participants at least $600,000.

Each defendant faces multiple securities fraud counts, each of which carries a maximum prison term of 20 years. They also face fines and disgorgement of trading profits. Four defendants, including Jurman and Babcock, pleaded guilty earlier in the week.

Guttenberg sold information directly for hundreds of thousands of dollars to two Wall Street traders, Erik Franklin and David Tavdy, who also have pleaded guilty to insider trading. Franklin managed two hedge funds, including one for Bear Stearns, while Tavdy was a proprietary trader for two small broker-dealers. The two passed along the UBS information to hedge fund manager Mark Lenowitz, day trader David Glass and three Bear Stearns brokers -- Andrew Srebnik, Ken Okada and Babcock.

The Southern District prosecutors also brought charges against two brokerage employees who helped conceal trading -- Samuel Childs and Laurence McKeever of Hoboken, N.J.-based Assent brokerage -- activity by Tavdy and Glass, as well as a Banc of America Securities broker who received a kickback for placing initial public offering shares with one of Franklin's hedge funds.

Among the inside information Guttenberg passed along was that UBS was going to downgrade the stocks of Caterpillar Inc. and Union Pacific and upgrade those of Goldman Sachs Group Inc. and Whole Foods Market Inc. The tippees shorted those stocks to be downgraded and accumulated those that were to be upgraded.

Ms. Collotta's duties at Morgan Stanley, where she worked from 2003 to 2005, included ensuring that confidential deal information was maintained in accordance with both the firm's policies and federal regulations. She tipped off her husband and Jurman ahead of time about Penn National Gaming Inc.'s 2004 acquisition of Argosy Gaming Co.; Johnson & Johnson's unsuccessful bid for Guidant Corp.; Adobe Systems Inc.'s 2005 acquisition of Macromedia Inc.; and other deals.

Both Ms. Collotta, 30, and Mr. Collotta, 34, graduated from St. John's University Law School. He is an associate at the four-lawyer Long Island firm of Zabell & Associates. She most recently worked for The Garden City Group Inc., which provides administration services to large-scale litigations.

US Busts Wall St. Insider Trading 'Ring' That Pocketed Millions (AFP)

By Justin Cole

AFP, March 2, 2007

Federal authorities Thursday announced they had busted a major Wall Street insider trading ring of securities dealers, hedge fund traders and a corporate attorney, and had filed criminal charges against 13 people.

The defendants were accused of illegally amassing millions of dollars by stealing sensitive market information from major investment banks including UBS and Morgan Stanley, aided by members of the ring who worked at the two banks.

The Securities and Exchange Commission said it filed civil charges against the 13 plus one additional person.

The SEC claimed the ring had pocketed over 15 million dollars in "illegal insider trading profits on thousands of trades" dating to 2005.

Its members used inside information, on companies such as Caterpillar and Goldman Sachs, to executive favorable stock trades and net illicit gains, according to officials.

Those accused in the scheme could face prison terms of up to 20 years on some charges. They also could face hefty civil fines from the SEC.

"Today's action is one of the largest SEC insider trading cases against Wall Street professionals since the days of Ivan Boesky and Dennis Levine," said Scott Friestad, an associate director of enforcement at the SEC.

Boesky and Levine both served prison terms for well-publicized securities fraud and insider dealing cases on Wall Street during the 1980s. The movie "Wall Street" was based in part upon Boesky's illicit activities.

"Our action today is one of several that will make very clear the SEC is targeting hedge fund insider trading as a top priority," SEC chairman Christopher Cox said.

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The involvement of hedge fund traders in the ring is likely to spur calls for tougher oversight of the secretive capital pools whose financial muscle has grown rapidly in recent years.

One of the more senior professionals charged was Mitchel Guttenberg, 41, an executive director and institutional client manager at UBS' equity research department.

Guttenberg was charged with securities fraud and could face years behind bars if found guilty of the charges.

"UBS is assisting the authorities to the fullest extent possible in their investigation into the alleged actions of a single UBS employee. The US Attorney has described UBS as a victim of this alleged scheme," UBS said in a statement.

Officials said the ring went to exhaustive lengths to hide their improper trading activities from scrutiny.

Members of the ring met at Manhattan's famed Oyster Bar and also used disposable cell phones, secret codes and cash kickbacks to pull off their improper trades, according to investigators.

Others charged included Randi Collotta, 30, the lone woman in the group and a former Morgan Stanley lawyer who allegedly passed on market tips on deals to her husband Christopher Collotta, 34, another lawyer.

Christopher Collotta then passed his wife's tips onto other members of the ring, the SEC claimed.

Erik Franklin, 39, who worked as a manager at the Lyford Cay hedge fund and also for Bear Stearns in New York, was also charged along with other defendants, including at least two other former Bear Stearns dealers and other hedge fund traders. Franklin's defense lawyer could not be reached for comment.

Other hedge funds named in the charging documents included the Q Capital hedge fund and the Chelsey Capital hedge fund.

"Todays events should send a message to anyone who believes that illegal insider trading is a quick and easy way to get rich," said SEC enforcement chief Linda Thomsen.

"No matter how clever you are, no matter how hard you try to avoid detection, you underestimate us at your peril," Thomsen warned.

The Justice Department and the SEC, who were aided by the Federal Bureau of Investigation, said their probes were ongoing and that financial penalties against those involved were also being sought.

Judge Rejects SEC Suit Against Former Citigroup Execs (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, March 2, 2007

Charges by the Securities and Exchange Commission that two former Citigroup executives "aided and abetted" their company in a scheme to cheat mutual fund investors of almost $100 million have been dismissed by a federal judge.

Southern District of New York Judge Richard Conway Casey granted Thomas W. Jones and Lewis E. Daidone's motion for summary judgment, finding that the SEC's actions seeking civil penalties and an injunction against the executives were time-barred.

In Securities and Exchange Commission v. Jones, 05 Civ. 7044, the judge also held that the SEC's request for disgorgement was "not supported by sufficient facts."

The commission was successful in winning a $208 million settlement against Citigroup, which did not admit or deny guilt. It did not rule out an appeal of Judge Casey's verdict.

"We are disappointed with the decision and are reviewing our options," said spokesman John Heine.

Jones was chief executive of Citigroup's asset management division, and Daidone was treasurer and chief financial officer of the Smith Barney mutual funds in question.

The case involves the 1999 establishment by the company's asset management division of an in-house transfer agent service and its decision to employ First Data, a processing services provider, as the sub-transfer agent.

A transfer agent is responsible for keeping shareholder records and for issuing or canceling stock certificates when shares are bought and sold.

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Citigroup Trust Bank "would take over customer service functions and would maintain overall responsibility for the transfer agent function while sub-contracting First Data to perform transaction processing and all other customary functions of a transfer agent," Casey explained.

Rather than passing a substantial fee discount to the funds, the SEC said that Citigroup's divisions, through the transfer agent, took most of the benefit of the discount for themselves, netting nearly $100 million in profit over five years at the expense of fund shareholders.

The agency alleged that Jones and Daidone did not accurately inform the company's board members as to how much Citigroup stood to make from the arrangement, and the true reasons for picking First Data to serve as subcontractor.

"[They] did not disclose to the Funds' boards the benefits [Citigroup] would receive from the transfer agent arrangement or the revenue guarantee letter that allegedly motivated [the company] to accept First Data's offer," the commission said.

The board ultimately approved the transfer agent proposal, which was implemented in 1999.

In 2003, Irving David, a former Citigroup employee, informed the SEC that the transfer agent arrangement was "probably not in the best interest of the shareholders of the funds," and accused Citigroup of making money that could have been passed on as savings to mutual fund shareholders.

After investigating the allegations, the SEC in May 2005 ordered the disgorgement of more than $109 million plus prejudgment interest, and payment of an $80 million civil penalty.

The commission sued Jones and Daidone in August 2005, alleging that their actions violated §206 of the Investment Advisers Act.

Although the agency only stated one cause of action against the men, it sought three forms of relief: civil penalties, a permanent injunction and disgorgement.

NO 'GUIDEPOSTS'

Judge Casey held that the civil monetary damages and permanent injunction requests were subject to the five-year statute of limitations outlined in 28 U.S.C. §2462. He deemed the requested remedies to be penalties in accordance with this statute, and said that because the agency filed its lawsuit six years after the alleged wrongdoing, it was time barred.

The judge said that while Jones and Daidone's allegedly fraudulent acts of misrepresentation may not have been affirmatively disclosed to the SEC, "the record does not support a finding that they were incapable of being known."

"Irving David drew the Commission's attention to things that were not concealed," he said. "The Commission's conclusory assertion of self-concealing fraud is insufficient to sustain its claim for civil penalties."

Casey also said the commission had not demonstrated that the requested injunction was aimed at protecting the public from future harm, and said the agency had not "put forth any facts that would indicate that Jones and Daidone engaged in a pattern of securities law violations."

In reviewing the disgorgement request, the judge said the agency did not provide evidence that the two former executives made money as a result of their alleged misrepresentations or omissions.

"Among the hundreds of pages submitted as exhibits to the parties' summary judgment papers, the commission is unable to provide the Court with any guideposts for determining the proper amount of Defendants' compensation subject to disgorgement," Casey said.

He said the only evidence the commission offered in support of its disgorgement action against Daidone involved statements from his supervisors that his compensation was based on how he performed on "significant projects," that the transfer agent initiative was a large project, and that his compensation in 1999 "might have been affected by the initiative."

In support of its disgorgement action against Jones, Casey said the agency offered "even fewer facts." Jones had testified that his boss was a "very performance-oriented person, and had a reputation that if you did a good job, he paid you well."

Jones was represented by James R. Doty, a former SEC general counsel who is now a partner at Baker Botts.

George I. Terrell, Jr., Alex J. Bourelly, Rebecca A. Huddle, Lennette W. Lee, Jeffrey J. McNabb, Timothy Loper and Joshua Klein, also of Baker Botts, were involved in the case.

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"Tom Jones did absolutely nothing wrong," Terrell said in an interview. "While Judge Casey's opinion centers on the statute of limitations argument, I have to believe that he was persuaded of his innocence because 95 percent of the summary judgment briefing concerned exactly that."

Jones was forced to resign from Citigroup in October 2004 after an internal audit determined that he had been responsible for a breakdown of oversight in private banking in Japan. The banking giant agreed to pay him $5 million in cash and to invest $50 million in a hedge fund that Jones oversaw (NYLJ, May 11, 2006).

Daidone was represented by Richard J. Morvillo, Michael O. Ware and Peter H. White of Mayer Brown Rowe & Maw.

"We were bullish about our prospects at trial, but it is always gratifying to have a court agree with you that a trial is not necessary," Morvillo said.

Mark K. Schonfeld, Courtney C. Fennimore, Valerie A. Szczepanik and James M. McGovern represented the SEC.

Omnicom Ex-Executive May Aid In Suit (WSJ)

By Peter Lattman And Vanessa O'connell

The Wall Street Journal, March 2, 2007

New allegations by a former Omnicom Group Inc. executive could provide legal ammunition to claims in a four-year-old securities-fraud lawsuit that the ad giant created a sham entity, Seneca Investments, to improperly avoid taking write-downs on its Internet assets.

In an amended complaint filed last month in federal court in Manhattan, the former chief executive of Seneca says Omnicom controlled the entity and no other party contributed any assets to it. The ad giant created Seneca in 2001 to move ailing Internet assets off its balance sheet.

In the lawsuit, initially filed in December 2006, Michael Tierney, a former Omnicom executive who became CEO of Seneca, alleges Omnicom owes him stock options valued at roughly $1 million. Omnicom maintains the options never vested. Mr. Tierney left Seneca in March 2004. His amended complaint also raises questions about Seneca's independence from Omnicom, making allegations that match similar charges in the securities-fraud suit.

Omnicom lawyer Peter Wald said in a statement yesterday, "We ... strongly dispute Mr. Tierney's contention that Omnicom controlled Seneca."

Among possible evidence in Omnicom's defense is a 2001 deposition for an unrelated lawsuit. In that deposition, Mr. Tierney said that he was only employed by Seneca, and not Omnicom.

"The evidence clearly shows that Mr. Tierney and his management team have been responsible for the successful day-to-day activities of Seneca since May 2001," Mr. Wald said.

The securities-fraud suits were filed against Omnicom in 2002 after The Wall Street Journal ran a page-one article about Seneca and other accounting practices at Omnicom. In March 2005 a judge dismissed two of the lawsuit's three allegations, involving Omnicom's reporting of growth and liabilities. The remaining accusation involves Seneca. The case is pending in federal court in Manhattan.

Omnicom, the world's largest ad holding company, created Seneca in May 2001 with Pegasus Capital Advisors LLP, a Greenwich, Conn.-based private-equity firm, and put 16 ailing Internet assets into the entity. The main assets were stakes in three public Internet marketing companies -- Agency.com, Organic and Razorfish. Omnicom had originally acquired the investments during the technology boom.

But its Internet strategy faltered when the boom ended. Omnicom said in an early 2001 filing with the Securities and Exchange Commission that the assets were still worth about what it had paid for them, but didn't disclose the price. An internal spreadsheet that surfaced later, in the securities-fraud lawsuit, says that it paid $128.1 million but that the stakes' value in March 2001 totaled $38.6 million. (Between late 2002 and mid-2003 Omnicom used its Seneca stock to buy back 100% of Organic and Agency.com, which have prospered as the Internet ad business has recovered in recent years.)

When it created Seneca, Omnicom said it had enlisted Pegasus to help turn around the dot-com businesses. The deal was structured so that Omnicom received preferred shares in Seneca, in return for the Internet assets and some cash. Pegasus

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received common stock in Seneca. Omnicom accounted for the Seneca deal as an asset sale without reporting a gain or loss. It says Seneca was structured as an independent entity, which allowed the company to avoid recording losses on the assets.

In his lawsuit Mr. Tierney says that Pegasus "contributed nothing, and was required to contribute nothing" to Seneca. He also says that Omnicom completely indemnified Pegasus and paid the private-equity firm roughly $6 million in "management fees" to induce Pegasus to be a Seneca shareholder.

"This guy is alleging that Pegasus is just an agent acting on Omnicom's behalf -- that's a common allegation in this sort of case," says Robert Willens, a tax and accounting analyst at Lehman Brothers. "The result of this being correct would be that Seneca would be a wholly owned subsidiary of Omnicom, and Omnicom would have to report Seneca's results," says Mr. Willens, who isn't involved in the lawsuit. "That would lead to a restatement no doubt, and almost certainly some sort of write-off, or write-down."

Omnicom argues that the dealings with Pegasus were arms' length. It said in a 2001 filing with the SEC that Pegasus contributed cash to Seneca and told its auditors likewise. But Seneca's tax return for 2001 doesn't report cash from Pegasus, according to court documents in the securities-fraud lawsuit.

Lawyers for Omnicom maintain in court filings in the securities-fraud lawsuit that the transfer of assets to Seneca was properly accounted for, as confirmed by two independent auditing firms -- Arthur Andersen and KPMG -- and that an informal SEC inquiry hasn't resulted in action.

"We certainly disagree with the characterizations of the factual allegations," adds Pegasus attorney Stephen M. Baldini, a partner at Akin Gump Strauss Hauer & Feld LLP. "This seems to be a dispute between an individual and Omnicom."

This isn't the first time Mr. Tierney, 54, has sued over compensation issues. In the early 1990s he filed a lawsuit to retrieve money from a former employer. His claim was rejected.

Mr. Tierney's lawsuit paints Seneca as an entity under Omnicom's control. "Omnicom often made major decisions regarding Seneca and its assets without informing" him, says the complaint. As CEO of Seneca, Mr. Tierney says he reported directly to Omnicom's Chief Executive John Wren and Chief Financial Officer Randall Weisenburger on a weekly basis; in addition, the complaint says he maintained all of his Omnicom benefits and received W-2s listing Omnicom as his employer.

Through an Omnicom spokesman, Mr. Wren declined to comment. Mr. Weisenburger didn't return messages yesterday seeking comment.

Omnicom altered its relationship with Mr. Tierney in 2003 as a result of the pending securities-fraud lawsuit, according to Mr. Tierney's lawsuit. The complaint says that Omnicom told Mr. Tierney that it was concerned that his continued work for Omnicom in any capacity would support the claims in the securities-fraud lawsuit relating to Omnicom's control of Seneca. Consequently, Mr. Tierney says Omnicom refused to pay him for options he had allegedly received under his original employment agreement with the company.

Once Again, Nortel Says It Must Restate Its Financial Results (NYT)

By Ian Austen

The New York Times, March 2, 2007

OTTAWA, March 1 — Nortel Networks said Thursday that it would have to restate its results for the fourth time in four years, a move that will delay the filing of its 2006 annual report.

The latest restatement involves results from 2004, 2005 and the first nine months of 2006. The company said that the restatements were necessary to correct mistakes in recording income and because errors by an outside actuary firm caused pension liabilities to be misstated by $104 million over several years.

Over all, the company expects that the changes will raise revenue for the first three quarters of 2006 by about $24 million and increase earnings for the period by $15 million. That will be offset by reductions in the earlier years.

“Clearly, I’m not pleased that we need to restate,” the chief executive, Mike S. Zafirovski, said in a conference call with analysts. Mr. Zafirovski, a former Motorola executive, was hired by the Toronto-based company in 2005, in part to help it recover from its financial turmoil.

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The first restatements stemmed from an accounting scandal that led to the firing of several top executives as well as criminal and securities investigations in both Canada and the United States.

The announcement Thursday was not expected. In recent public statements, Mr. Zafirovski has portrayed the company's accounting struggles as being behind it. Last month, when he announced that the chief financial officer, Peter W. Currie, would be leaving the company at the end of April, Mr. Zafirovski praised his work.

"Peter has successfully steered Nortel through many difficult financial issues and, in the process, has enhanced the company's governance," Mr. Zafirovski said at the time.

This will be the third time Mr. Currie has left Nortel. Previously he was chief financial officer from 1994 to 1997 and held other positions from 1979 to 1992.

In Thursday's conference call, Mr. Currie blamed the complexity of Nortel's business for the restatements.

Dean Mundy, a Nortel spokesman, said Nortel was still using the actuary firm, but declined to identify it.

Executives At Brokerage Leave Amid Investigation (BSUN)

By Paul Adams, Sun reporter

The Baltimore Sun, March 2, 2007

Ferris Baker Watts, the century-old investment brokerage with deep Baltimore roots, said yesterday that six executives and traders have resigned or taken temporary leave since federal officials and outside counsel began investigating the firm's trades for a former client accused of stealing millions of dollars.

The list of temporary and permanent departures includes several top executives in Baltimore and Hunt Valley, indicating the investigations have disrupted management at the firm more broadly than company officials disclosed two weeks ago.

The changes are fallout from a federal probe of an investment fund set up by a Cleveland man who, according to a Securities and Exchange Commission lawsuit, took in $50 million from investors and spent much of the money on stock trades placed through Ferris and other firms. Most of the money is missing. Ferris has stressed that neither it nor its clients lost money in the scheme and that it is cooperating with regulators and federal investigators.

Legal experts and former SEC enforcement officials say even the temporary absence of so many top people shows how seriously Ferris is taking the matter and suggests the firm faces a lengthy and costly probe of its internal controls designed to prevent fraud. Brokers are subject to extensive regulatory oversight and are required to police trading activity to ensure fairness in the market.

"Outside counsel is going to want to impress the SEC and impress the [Justice Department] ... that the company is doing everything it can to clean house, and on the other hand it's certainly par for the course that key folks might step aside so that there's no appearance of any influence on the investigation," said Charles Ross, a white-collar defense attorney in New York who has defended compliance officers, fund managers and brokers in securities cases.

Personnel changes Ted Urban, the firm's executive vice president and general counsel, took voluntary leave in November and subsequently opted for early retirement, effective yesterday. He has been replaced by Dana S. Gloor, an associate general counsel with Ferris since 2001.

Horace Usry, director of institutional sales, was put on leave Jan. 3 and resigned last week, a firm spokeswoman said. He has been replaced by Jeff Fowlds, a former Stiefel Nicholas managing director, the firm said yesterday. Usry did not respond to a phone message yesterday.

John Belgrade and Mark LaVerghetta, both institutional traders, are on temporary leave during the investigation, the firm said. Neither of the traders could be reached for comment yesterday.

Ferris confirmed on Feb. 12 that Louis Akers Jr., director of the firm's private client group, and Patrick Vaughan, director of retail sales, took temporary paid leave while outside counsel conducted its investigation. At that time, Robin Oegerle, a Ferris spokeswoman, declined The Sun's request to confirm that Usry, Urban, Belgrade and LaVerghetta also had stepped aside, citing the firm's policy of not commenting on personnel matters.

"We note that we are not a public company, so we are not subject to the disclosure requirements that would apply to a public company," she said yesterday.

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Oegerle added that the firm brought in outside counsel to investigate what role, if any, the individuals on leave played in the supervision of the trading activity in question.

"It is common to ask individuals who may be close to the inquiry to step aside while the investigation takes place," she said.

The firm, which has dual headquarters in Baltimore and Washington, said previously that it expects the executives still on leave to return once the investigation has reached an advanced stage.

Gathering facts "Just because there's this internal investigation and people are evaluating what happened doesn't necessarily mean that people engaged in wrongdoing," said Kathleen M. Hamm, a former SEC enforcement official who heads the securities practice group for Promontory Financial Group in Washington.

"I would say this is just the process pursuant to which regulators and prosecutors confirm either that a broker-dealer was a victim of their client's misbehavior or eliminate the potential that someone at the firm knew more."

Hamm said outside counsel will often identify failures in internal controls and recommend how to strengthen fraud-prevention measures. But firms sometimes suffer damage to their reputations and incur great expense while the investigations play out, she said.

"They're incredibly costly, they're time-consuming and they certainly are disruptive," she said.

Ferris Baker's troubles can be traced back to David A. Dadante, the Cleveland man who the SEC says operated his IPOF investment fund as a Ponzi scheme. The SEC complaint says Dadante "misappropriated investor funds for his own use" and pursued an "undisclosed high-risk investment strategy." At least $28 million of investor money is missing.

Dadante diverted some of the funds to amass a 35 percent stake in Innotrac, a lightly traded company in Georgia that processes orders for companies that sell merchandise on the Internet. Some of the trades were placed through Stephen J. Glantz, a Ferris Baker broker who left the firm in 2005. Glantz has denied any impropriety, saying that while he handled Dadante's account, the fund manager's trades often went straight to Ferris' trading desk.

Ferris was one of at least six brokerage houses processing huge purchases of Innotrac stock for Dadante, according to Mark Dottore, the court-appointed receiver for what remains of IPOF. Dottore said Dadante made the trades through numerous accounts, similar to a prescription drug addict obtaining multiple prescriptions through several doctors without each doctor knowing about the others. Investigators are likely asking whether the brokerages sufficiently policed Dadante's activities, Dottore and other securities experts said.

"Some things happened all across the board at all of these different firms," Dottore said. He indicated that Ferris has been cooperative.

That several other firms also were apparently duped by Dadante could play to Ferris' favor, said Ross, the defense attorney. But it might come down to how much trading Dadante conducted through Ferris and how quickly and fully the company reported the problems to regulators once it discovered them.

Regulators also might look favorably on the firm's decision to remove key managers during the probe and to bring in outside counsel, he said.

Ferris said the management changes announced yesterday coincide with the start of the firm's new fiscal year. In addition to the appointments of Fowlds and Gloor, the firm promoted Adrian G. Teel, a Ferris board member and former director of the Maryland Port Authority, to chief operating officer.

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Democrats Unveil Bill For CEO Pay Vote (FT)

By Jeremy Grant In Washington

Financial Times, March 2, 2007

The first US legislative effort for two years aimed at curbing excessive executive pay emerged on Thursday as Barney Frank, a top Democrat, introduced a bill that would require public companies to allow non-binding shareholder votes on pay packets.

The move comes as companies prepare for the annual meetings season, when executive pay promises to be an issue with shareholders.

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Last month, President George W. Bush warned company boards that they needed to "pay attention to the executive compensation packages that you approve".

Mr Frank, chairman of the House financial services committee, said his bill would require companies to include an advisory – or non-binding – vote in their annual proxies. The move borrows from the UK, where advisory votes have been routine for some years.

Public pension funds and unions have urged advisory votes as a way of allowing shareholders a way of expressing their view on whether CEO pay is commensurate with performance.

Mr Frank said: "I do not understand those who argue that the people who make up our stock markets are collectively very wise, but at the same time are somehow incapable of rendering a coherent opinion of what they should pay those they employ to run the corporations that they own."

Critics of moves to install new mechanisms for controlling executive pay argue that shareholders should wait to see how executive pay disclosure rules issued last year by the Securities and Exchange Commission work out. The SEC in July passed rules requiring companies to provide a single figure representing an executives' total compensation as well as a "narrative" explaining how compensation committees arrive at a pay package.

Mr Frank said the SEC had taken "a good step forward" with the changes. But he said the disclosure was "incomplete".

His bill would ensure that shareholders had "a say on their company's executive compensation disclosures, without micromanaging the business".

Mr Frank will chair hearings by the financial services committee on executive pay next Thursday.

CRIMINAL LAW:

Libby Verdict Said To Be Unlikely This Week (NYT)

By Bloomberg News

The New York Times, March 2, 2007

Jurors in the perjury trial of I. Lewis Libby Jr. seem unlikely to reach a verdict this week and will be allowed to end deliberations at 2 p.m. today to attend to personal matters, Judge Reggie B. Walton said. The judge said he realized that there would be no verdict yesterday, the seventh day of deliberations, because jurors "did not dress" for such an occasion. Six of the 11 jurors wore blue jeans.

Jurors In Libby Case Allowed To Leave Deliberations Early (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, March 2, 2007

Jurors considering perjury charges against I. Lewis "Scooter" Libby signaled yesterday that they were still working to reach a verdict after seven days of deliberations and did not expect to arrive at one this week, according to a note they sent to the presiding trial judge.

The 11 jurors asked U.S. District Judge Reggie B. Walton to release them at 2 p.m. today so some can attend to personal business. Walton said in court that he presumes jurors will continue deliberating into next week in the case against Vice President Cheney's former chief of staff.

"We the jury respectfully request to be excused at 2 p.m. on Friday, March 2, to attend to personal professional and medical obligations that can't be addressed during our weekend," jurors wrote to Walton in a note posted on the court's Web site late yesterday afternoon.

Walton called jurors into court about 4:30 p.m. on a separate matter, telling them they could not consult a dictionary, as they had requested. He said he would explain words they have trouble understanding, then promised they could leave at 2 p.m. today and sent them home.

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Walton noted the jurors' casual clothing and said he "knew we wouldn't have a verdict today." He added, referring to the note he had just received: "And I assume they will not have a verdict tomorrow either." During their three-minute appearance in court, only the second since deliberations began, several jurors chatted amiably.

Monday would mark the ninth day of jury deliberations after a trial that lasted 14 court days.

Gregory Mize, a retired D.C. Superior Court judge now researching jury trials in state and federal courts, said there is no good way to judge the appropriate length of jury deliberations for a case.

"The time needed to reach unanimity depends on lots of things, such as the complexity of the case and the chemistry of the jurors in their relationship and communications during deliberations," he said.

The longest recent deliberation in this federal court was 29 days, in a 2002 case that resulted in the convictions of six members of a drug gang known as "Murder Inc."

Libby, 56, is charged with five felony counts alleging that in 2003 he lied to FBI agents and a federal grand jury investigating the disclosure of the identity of undercover CIA officer Valerie Plame.

Plame is married to former ambassador Joseph C. Wilson IV, who in 2002 was sent by the CIA on a mission to Niger to explore reports that Iraq was trying to buy nuclear materials from the African nation. He concluded those reports were groundless and, months after the Iraq war began, publicly accused President Bush of distorting his findings to justify the invasion.

Prosecutors contend that Libby was part of a White House campaign to disclose Plame's identity to discredit her husband by implying that he was chosen for the Niger mission because she worked at the CIA.

Libby is not charged with the leak. His lawyers say he inaccurately remembered conversations with colleagues and journalists about Wilson and Plame because he had a bad memory and was overwhelmed by national security responsibilities.

Political researcher Zachary A. Goldfarb contributed to this report.

Libby Jury Seems To Be Settling In (LAT/AP)

From The Associated Press

The Los Angeles Times, March 2, 2007

WASHINGTON — Jurors in the perjury trial of ex-White House aide I. Lewis "Scooter" Libby expect to deliberate into next week.

They asked U.S. District Judge Reggie B. Walton for a dictionary and more office supplies and asked to leave early today for the weekend. Walton denied the request for the dictionary but told jurors they could take off at 2 p.m.

"So I assume they will not have a verdict tomorrow either," Walton told lawyers Thursday as jurors finished their seventh day of deliberations.

Before bringing the jurors into court, Walton advised lawyers they "will not be happy about coming into court because they don't think they are dressed appropriately."

He said that was why they decided not to come into court Monday for a brief discussion and was how "I knew there wasn't a verdict" coming Thursday.

About half were wearing blue jeans. Most smiled broadly when Walton granted their request to leave early today.

It appeared the seven women and four men were making their own visual aids to help sort out the complicated case.

Jurors had asked for a large flip chart, masking tape, sticky notes and pictures of the witnesses almost immediately after beginning deliberations last week.

Late Wednesday afternoon, they emerged to ask the judge for easel-sized pages to stick on walls.

Walton said he denied the dictionary request — not an uncommon one for juries — because definitions of common words can have legal implications.

He told jurors that if they had questions, they could ask him directly.

Libby, former chief of staff to Vice President Dick Cheney, is accused of obstruction of justice and lying to FBI agents and a grand jury investigating the 2003 leak of the identity of CIA operative Valerie Plame, wife of a prominent Iraq war critic.

Study Draft Decries Execution Appeals Process (USAT)

By Richard Willing, Usa Today

DOJ_NMG_0138777

USA Today, March 2, 2007

WASHINGTON — Death-sentence appeals take too long, traumatize victims' families and burden states with millions in extra costs for housing convicted killers, a draft of a new study commissioned by the Justice Department shows.

The study also found that death penalty cases are not hopelessly flawed by errors, as opponents of capital punishment have charged.

The study, which reviewed state death sentences issued in the 1990s, found that 26% were reversed during the first level of the appeals process. Most of those "direct appeals" were rejected because of sentencing errors. Some of the death sentences were later reinstated.

In only 11% of those cases did the appeals court find problems with the underlying murder convictions, says the unreleased study by Barry Latzer and James Cauthen, professors at the John Jay College of Criminal Justice in New York.

USA TODAY obtained a draft of the study.

The study challenges a 2000 report that concluded the capital punishment system is "broken" because 68% of all death penalty cases from 1973 to 1995 were eventually overturned. The report, by a team led by Columbia University law professor and death penalty foe James Liebman, also found 41% of cases were reversed during direct appeals.

The Liebman study provided a false picture of the death penalty because it included many cases from the 1970s and 1980s, when the U.S. Supreme Court rewrote death penalty rules and caused many sentences to be reversed, the Justice Department's report says.

Latzer and Cauthen tracked 1,676 death sentences issued in 14 "representative" states from 1992 through 2002. Among the report's other findings:

•Half of all death penalty appeals take nearly three years to be decided by state appeals courts. Federal review, which follows state appeals, can extend the process by years.

•Virginia settles death penalty appeals fastest, in a median time of 295 days.

•Ohio, Tennessee and Kentucky were the slowest states, each taking more than three years to resolve appeals.

•States pay an average total of $274,000 in housing costs for every prisoner they execute.

Death penalty supporters say the study shows that delays are part of a strategy to undermine a sentence that most Americans support.

"Opponents of the death penalty can't get an outright repeal anywhere, but are working to impede the process by slowing it down to a crawl," says John McAdams, political science professor at Marquette University in Milwaukee.

Capital punishment foes say the lengthy appeals process may in itself be an argument for abandoning the death penalty.

"If you like bureaucracy, you'll love the death penalty," says David Elliot, spokesman for the National Coalition to Abolish the Death Penalty.

The death penalty study was commissioned in 2005 by the National Institute of Justice, the Justice Department's research arm, to find ways to speed up the execution process.

Inmate Asks For Immediate Execution (AP)

By KELLY P. KISSEL, Associated Press Writer

AP, March 2, 2007

(AP) - LITTLE ROCK-A death row inmate who wants an immediate execution had his request rejected Thursday.

The Arkansas Supreme Court ruled the request was premature and said the man's U.S. lawsuit challenging the way the state executes prisoners is still pending.

But over the past three months, convicted murderer Terrick Nooner, 35, has tried to exit the federal lawsuit and has asked the court to order his execution.

Nooner suffers from severe mental illness and believes Arkansas prison officials are abusing him by implanting a device in his body that controls him, federal public defender Julie Brain wrote Jan. 3 in a motion challenging Nooner's attempt to drop his lawsuit.

She said Nooner also claims prison staff is contaminating his food.

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"His overriding goal is to seek redress for, and relief from, the physical harm that he perceives is being repeatedly inflicted on him," Brain wrote.

U.S. District Judge Susan Webber Wright has not ruled on Nooner's attempt to drop his lawsuit.

Nooner was convicted for the 1993 robbery and murder of Scot Stobaugh, 22, at a laundromat.

Nooner filed his lawsuit last May, saying lethal injection is unconstitutionally cruel and should be banned. Lawsuits nationwide claim the injections leave inmates in pain before they die.

The Arkansas prison system says its dose of a painkiller is strong enough to cause death, even before the subsequent injections of chemicals that paralyze the body and stop the heart.

Brain said in January she had spoken to Nooner and "to the limited extent that counsel is able to meaningfully communicate with" him, Nooner has no desire to hasten his execution. 2007 -

State, Feds Vow To Chase Predators (KENPOST)

The Kentucky Post, March 2, 2007

Kenton County Commonwealth Attorney Rob Sanders said his office will partner with the United States Attorney's Office for the Eastern District of Kentucky to aggressively prosecute child predators and gun-related cases.

As one of the first steps in that effort, Assistant Commonwealth's Attorney for Kenton County Laura Ward was sworn in Wednesday as a Special Assistant United States Attorney. Ward will help prosecute those types of cases at the federal level.

The new arrangement is part of the Department of Justice's Project Safe Childhood and Project Safe Neighborhoods initiatives, which are designed to coordinate efforts of local, state and federal law enforcement and officials, with a focus on prosecutions of child predators and gun violence.

"These initiatives can only be accomplished through the hard work and cooperation of law enforcement and prosecutors at every level," U.S. Attorney Amul Thapar said in a statement. "This partnership shows the commitment that not only our office has, but that Rob Sanders has as well, on making the community safer for our families and our children."

Sanders said crimes in neighborhoods must not go unnoticed.

"Our children deserve to grow up in safe neighborhoods," he said. "This partnership will help ensure that we are prosecuting cases with every resource available under state and federal law to take these criminals off the streets for as long as we possibly can."

Sanders said his office has launched local initiatives aimed at combating child predators and gun violence that mirror those of Project Safe Childhood and Project Safe Neighborhood.

U.S. Man Accused In Double Kidnapping Charged With Child Pornography (AP)

By Christopher Leonard, Associated Press Writer

AP, March 2, 2007

(AP) - ST. LOUIS-A man accused of kidnapping and molesting two boys was indicted Thursday on federal charges he took pornographic pictures and videos of one of the youngsters.

The indictment marked the first federal charges against Michael Devlin, 41, a former pizzeria manager from the St. Louis suburbs.

Devlin is charged with kidnapping and other offenses in the 2002 abduction of Shawn Hornbeck, who is now 15, and the January abduction of 13-year-old Ben Ownby. Both boys were found in Devlin's apartment Jan. 12.

U.S. Attorney Catherine Hanaway said four counts of the six-count indictment allege Devlin photographed and videotaped a minor engaged in sexually explicit acts between 2002 and this year. Two other counts allege he took the minor to Illinois and Arizona with the intent to sexually assault him.

Hanaway said all six counts involved the same child, identified only as "S," an apparent reference to Shawn. Authorities have alleged that Devlin held him captive from October 2002 until police found the boy in January.

It is The Associated Press' policy not to identify most alleged victims of sexual abuse, but the boys' stories have been widely publicized and their names are now well-known. Their families have also gone public, conducting media interviews.

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Besides the federal charges, Devlin faces 75 state charges, including forcible sodomy, kidnapping and armed criminal action. He has pleaded not guilty to all those allegations.

Devlin's attorney, Michael Kielty, said he had not seen the prosecution's evidence, but he acknowledged that most child pornography cases are "very emotional, very difficult."

"If there are photos and videotapes, that certainly would add some weight to the government's case," Kielty said.

Shawn Hornbeck knew the federal charges would be filed and was with family members for moral support Thursday, said the family's attorney Scott Sherman.

"It's tough," Sherman said. "These are really tough facts. It's the most intimate and the most personal of all the indictments we think," Sherman said.

Shawn is ready to testify in the case, no matter how painful it might be, Sherman said.

"Justice for he and Ben is a very important element in (Shawn's) recovery," Sherman said.

Authorities allege Devlin used a gun to abduct Shawn as the boy was riding his bike near his home. Prosecutors have said he sodomized Shawn at least once a month for the next four years.

Neighbors thought Shawn was Devlin's son and said the boy was free to ride a bike, hang out with friends and cruise the Internet.

When Ben was abducted soon after getting off a school bus in January, a witness got a description of a white pickup seen speeding away. The description matched Devlin's vehicle, leading to his arrest.

Devlin remains jailed on $1 million (â,¬760,000) bond. His federal trial won't begin until his three state trials have concluded.

Associated Press writers Betsy Taylor and Jim Salter in St. Louis and Lara Jakes Jordan in Washington contributed to this story. 2007-03-01T21:09:11Z

Hired Truck Figure's Son Prison-bound (CHIT)

Chicago Tribune, March 2, 2007

Daniel N. Katalinic, the son of disgraced political boss Daniel M. Katalinic, was sentenced in federal court Thursday to 10 years and 1 month in prison for robbing a Mt. Prospect bank last year.

With his father watching, Daniel N. Katalinic shook his head back and forth as U.S. District Chief Judge James Holderman announced the sentence, warning that people who commit such crimes will face stiff penalties.

Katalinic, 32, told the judge a long history of drug abuse led him to rob the Parkway Bank at 1590 S. Elmhurst Rd. with another man.

Katalinic and his fellow robber brandished a loaded shotgun during the robbery.

Daniel M. Katalinic is also a convicted felon, set to serve a year in federal prison for taking bribes in the city's scandal-plagued Hired Truck Program. He received a reduced sentence because he became a key witness in the prosecution of Mayor Richard Daley's former patronage chief Robert Sorich.

Former Developer Of Wisconsin Casino Indicted (CHIT)

By Dan Gibbard, Tribune staff reporter

Chicago Tribune, March 2, 2007

The former developer of Kenosha's proposed $808 million casino project was indicted Thursday on federal charges for allegedly funneling $100,000 in improper campaign contributions to Wisconsin Gov. Jim Doyle, who has final approval over Indian gaming in the state.

Dennis Troha, 60, of Kenosha, Wis., was charged with one count of fraud and one count of making false statements to the Federal Bureau of Investigation, the U.S. Attorney's office in Milwaukee said. If convicted, he could face up to 25 years in prison and a $500,000 fine.

The indictment alleges Troha used family members and businesses he controlled to send money to Doyle's campaign during the 2002 and 2006 campaigns. Troha would lend money to the family members, who would then write checks to Doyle's

campaign, allowing Troha to circumvent the $10,000 cap on political donations by individuals. The money was only repaid early this year after federal investigators began looking into the case, the indictment said.

Prosecutors did not accuse Doyle, the first Democrat elected governor of Wisconsin in 16 years, of wrongdoing.

"The indictment does not allege a quid pro quo," said a spokeswoman for U.S. Atty. Steven Biskupic.

Doyle, in a statement, pledged to return the contributions if Troha is found guilty.

"My campaign was aware of nothing to suggest that the contributions received from Mr. Troha were in any way inappropriate or unlawful," Doyle said.

Wisconsin's Menominee tribe hopes to build one of the Midwest's largest casinos at the site of the Dairyland greyhound track, 10 miles from Illinois on Interstate Highway 94. To do that, the U.S. government must allow the property to be transferred into an Indian trust, because the site is not on the tribe's reservation.

Until last week, Troha was the tribe's developer and point man in Kenosha. On Feb. 23, after news of the investigation surfaced, he announced he had pulled out and sold his interest for an undisclosed sum to the Mohegan tribe of Connecticut.

The Mohegans, who operate one of the nation's largest Indian gaming casinos, were already working with Menominee on the Kenosha project.

The indictment's impact on the project is unclear. The project has cleared two major hurdles in recent weeks, say backers, who maintain its benefits outweigh the scandal.

Evan Zeppos, a spokesman for the project, acknowledged that Troha's troubles could bring new scrutiny but said the benefits should withstand criticism.

"Dennis' situation is obviously going to weigh on some people's minds, but we would just hope that they judge this on its merits," he said.

The main opposition to the project has come from the Forest County Potawatomi Band, which operates its own large casino in Milwaukee. The tribe says the Kenosha casino would hurt its operation and be disrespectful because the Potawatomi have stronger historical ties to the area.

The regional office of the federal Bureau of Indian Affairs recommended in January that the project be approved by the U.S. Department of the Interior. It's uncertain when Washington might issue a recommendation, but Zeppos said it could come as soon as summer.

If the U.S. approves the plan, it will be up to Doyle, who has not indicated a preference, to give the final OK.

That relationship makes the charges against Troha disturbing, said Jack Heck, director of the non-profit advocacy group Common Cause Wisconsin.

"The Troha family, with this interest in the casino in Kenosha, clearly they were trying to buy influence," Heck said.

Meanwhile, the charges are the latest blow to the once squeaky clean image of Wisconsin politics, where the influence of big money has only been felt in the last decade, Heck said.

"We're in a period of political turmoil and scandal like we've never seen in this state," Heck said. "It's a lot like Illinois politics now. It used to be very different."

11 Youths Arrested In Gang Stabbings (WP)

By Lori Aratani And Daniel De Vise

The Washington Post, March 2, 2007

Eleven young gang members, including a 12-year-old, are facing attempted murder charges in connection with a rampage in Wheaton and Aspen Hill on Saturday that ended with a mentally challenged Silver Spring man being beaten and stabbed, Montgomery County police said yesterday.

Two of them also are accused of a double stabbing that occurred earlier that evening at the Wheaton Metro station. All three victims survived, but the Silver Spring man is hospitalized in critical condition.

The suspects, all males ages 12 to 17, claim to be members of the "Hotboyz/Shoot 'Em Up" gang, police said. They have been charged with attempted first-degree murder, robbery and assault. Some of their parents reached yesterday evening said they are being falsely accused.

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Montgomery police said the first stabbing occurred about 7 p.m. Saturday at the Metro station. The two young victims, both male, told police they believed the attackers were gang members.

Police said the second assault took place about 8:40 p.m., outside a party in the 3700 block of Bel Pre Road in Aspen Hill. Partygoers at an apartment complex spotted an unknown youth climbing inside a car belonging to a party host. They left the apartment to investigate and saw three teenagers standing by the car and 20 others near the building.

When one of the teenagers near the car displayed a gun, the partygoers went inside, except for the 31-year-old mentally challenged man. Police said the man, whom they did not identify, walked toward the suspects and was struck several times with the handgun, repeatedly kicked and then stabbed.

As Montgomery police conducted their investigation, they learned that Metro Transit Police were looking into the stabbing at the Wheaton Station.

On Monday, the father of one of the Metro station victims was approached at a shopping center on the 5500 block of Norbeck Road by two males claiming they were responsible for stabbing his son. The father called police, but by the time officers arrived, the suspects had disappeared.

A short time later, police investigating a disorderly conduct report arrested three teens in the 3800 block of Dunsinane Drive. After joint interviews by Montgomery and Metro Transit Police, investigators determined that the suspects were connected to both stabbing incidents, police said.

Police said that the Metro incident was gang-related and that the party assault took place because the man interrupted the suspects' attempt to break into the car.

Police arrested six suspects Monday and five Wednesday. All have been charged with first-degree attempted murder, armed robbery and first-degree assault.

The 12-year-old was charged as a juvenile and sent to the Alfred D. Noyes Children's Center before being released to family members. His name is not being released because he is a minor.

The 10 others are charged as adults. They are: Roger Ghonda, 14, and his brother Ony Ghonda, 16, of Silver Spring; Alansan Turay, 17, of Silver Spring; Dumisani Tembo, 17, of Silver Spring; Carl Thomas, 16, of Silver Spring; brothers Gilbert Wiche Oriji, 14, and Guyton Mecko Oriji, 16, of Rockville; Alexander Mulugeta Tewolde, 17, of Silver Spring; Wesley Alexander Ruiz, 16, of Silver Spring; and Pernell Ricks, 16, of Derwood.

Thomas and Turay also have been charged in connection with the Metro station stabbing.

Parents of the suspects last night defended their sons.

"He's unjustly charged," said Memunatu Turay, mother of Alansan Turay. "The police don't have any suspects, and they want to pin it on him and his friends. He's not involved at all, and the police know that."

John Wilkins, the father of Gilbert and Guyton Oriji, said his sons are honor students who were not involved in the assault on the mentally challenged man.

"There were three of them: One of them hit him with a gun, one of them hit him with a bat, and one of them stabbed him," he said, describing the sons' account of the assault. "When one of my boys saw a gun, my boys ran."

Hope Umana, attorney for Dumisani Tembo, said he was "a little concerned about the treatment the police have given to this boy. He has not been allowed contact with family members." Umana said his initial impression was that Tembo "had very tangential involvement, if any," in the crimes.

Trial Opens In Case Of Convicted Sex Offender Accused In Murder Of 9-Year-Old Florida Girl (NYT)

By Abby Goodnough

The New York Times, March 2, 2007

MIAMI, March 1 — The drifter charged with raping and burying alive a 9-year-old girl on Florida's west coast in 2005 went to trial here Thursday, after intense publicity forced the case to be moved 300 miles from where the child, Jessica Lunsford, was murdered.

DOJ_NMG_0138782

The case provoked a nationwide crackdown on sex criminals, not least because the suspect, John E. Couey, was a convicted sex offender who had managed to skip required counseling sessions and move without telling parole officers. Many states have passed laws in Jessica's name, increasing minimum sentences for sexual offenses against children and requiring offenders to be closely tracked upon release.

Mr. Couey told detectives soon after his arrest in March 2005 that he had killed Jessica, even telling them where to find her body. But Judge Richard A. Howard of Circuit Court in Citrus County ruled the confession inadmissible because the detectives had refused Mr. Couey's requests for a lawyer.

Prosecutors say they have an airtight case nonetheless. In his opening statement, Ric Ridgway, a state prosecutor, told the jury that Jessica's fingerprints were found in Mr. Couey's bedroom and closet, her DNA was found in blood stains on his mattress and her body was found in a shallow grave in his yard. They are seeking the death penalty for Mr. Couey, who faces charges of first-degree murder, burglary, kidnapping and sexual battery.

"The evidence will show that the one man responsible for all these acts is sitting right there," Mr. Ridgway said, pointing to Mr. Couey, 48, who shifted nervously, covered his face with his hands and drew on a sketch pad during the proceedings.

Despite a vast search and the wide distribution of a photograph of Jessica, her body was not found until three weeks after she disappeared from her bedroom in the middle of the night. She had been buried in two garbage bags outside the trailer Mr. Couey shared with relatives near the Lunsford home in Homosassa.

Even though they cannot bring up the tape-recorded confession that Mr. Couey made to Citrus County sheriff's detectives, prosecutors told the jury he made incriminating statements to guards at the county jail, allegedly telling them that he did not mean to kill Jessica.

"He eventually told the story of what had happened," Mr. Ridgway said.

Daniel Lewan, a public defender representing Mr. Couey, told the jury there was no proof that his client had committed any crime and asked them to stay impartial despite the painful details of the case.

"Emotions, sympathies, prejudices, biases have no part here," Mr. Lewan said. "I want you to look at how this investigation was conducted."

Mr. Lewan also said the crime scene had not been properly secured, evidence had been lost and the guards who allegedly heard Mr. Couey make incriminating statements never entered them in log books. He also said Mr. Couey was mentally ill and mentally retarded, which could affect whether he gets the death penalty if convicted.

Jessica's grandmother, Ruth Lunsford, told the jury how the girl had gone to bed at 10 p.m. on Feb. 23 after eating dinner, attending a children's church group and watching television in her room. Her father, Mark Lunsford, testified that he had arrived home about 5:45 the next morning to hear Jessica's alarm going off in her room and discover she was missing from her bed.

Mr. Couey's sister, Dorothy Dixon, testified that she, her boyfriend and Mr. Couey shared crack cocaine the night Jessica disappeared. She said Mr. Couey had briefly emerged from his bedroom the next morning to watch the search going on in their neighborhood, but that she had barely seen him over the next few days.

His niece, Madie Secord, testified that she had bought Mr. Couey a bus ticket to Savannah, Ga., at his request a few days after Jessica disappeared.

Prosecutors also showed a videotape of Mr. Couey being interviewed by a detective in Savannah, where he was taken in for questioning after the authorities in Homosassa realized he was one of the town's registered sex offenders. He told the detective that he had been living at a different address in Homosassa — the one where parole officers thought he was — and that he had never worked at a school. In fact, Mr. Couey had worked in construction at Homosassa Elementary School, which Jessica attended.

Mr. Couey had been registered as a sex offender after he was convicted in 1991 of exposing and fondling himself in front of a 5-year-old girl.

Mr. Lunsford's lawyer, Mark Gelman, questioned after the proceedings why Mr. Couey had not pleaded guilty given the evidence against him.

"If he had a decent bone in his body," Mr. Gelman said, "he would not be making the family go through all this today."

DOJ_NMG_0138783

Exclusive | Gang Tied To Killing Of Toddler (TSSC)

By Adam Beam

The State (SC), March 2, 2007

A 2-year-old Swansea girl killed in a shootout in January was the victim of an attempted robbery by the Gangsta Killer Bloods, according to an FBI agent's courtroom testimony Thursday.

The testimony connects for the first time one of the Midlands' most heinous crimes with the highly organized gang, which has national ties.

The FBI detailed the gang's violent and sophisticated drug trafficking business in documents filed last month as part of an extensive federal investigation.

The girl's death is the first homicide — and at least the fifth violent crime — connected to the gang, whose members allegedly speak in code to hide their crack cocaine distribution network.

At least two of the three people charged in connection with the Jan. 22 shooting that killed Jalah Peeples were GKB members, FBI agent Michael Stansbury said in federal court. They reported directly to Torrean Sims, a now-jailed muscleman for the GKB and leader of one of its two subsets, Stansbury testified.

Miquel Robinson, 26, also known as "Q," and Tucson Jones, 24, also known as "Luck," would speak in code while discussing planned robberies with Sims, Stansbury said.

Sims, who has not been charged in the Swansea incident, was one of the subjects of a secret FBI investigation of the GKB in Columbia. Fourteen of the gang's members have been arrested in an alleged drug conspiracy. The men were indicted by a federal grand jury last week.

Stansbury said Jalah's death is "very significant" to the ongoing investigation, and more charges are expected.

FBI agents intercepted thousands of phone calls on Sims' phone during a court-approved, 30-day wiretap operation that ended Jan. 26. In those calls, agents say, they overheard Sims discussing with Robinson and Jones at least nine robberies of other drug dealers.

Stansbury was in court Thursday in a detention hearing for Sims. Stansbury said he has no evidence that Sims coordinated the Jan. 22 attempted robbery in which Jalah died or that Sims knew it would happen. However, he said Sims discussed the shooting after it happened.

Sims was denied bail Thursday.

According to a police report, Laura McMichael, Jalah's mother, was stopped at her car at about 6 a.m. Jan. 22 by two masked men who were looking for Jalah's father, James Peeples Jr.

McMichael took the men to her upstairs apartment, where there was a shootout in the doorway. Jalah, who was in her mother's arms, was struck during the gun battle, police said.

Lexington officials have not determined who fired the shot that killed Jalah. James Peeples was one of those who fired a weapon during the attempted robbery.

Authorities confiscated powdered cocaine, crack cocaine and about $3,000 in cash from the apartment. No charges have been filed in connection with the drugs.

Jones, of Orangeburg, is accused of being one of the shooters during the attempted robbery, according to police. He was arrested on weapons charges last month in New York City. The earliest he could return to South Carolina would be March 26, police said.

Robinson, who was arrested in early February, was waiting in the getaway car, according to police.

Stansbury testified Lexington County sheriff's detectives listened to the wiretaps after the shooting to aid in their investigation.

Lexington County Sheriff James R. Metts declined to comment because the investigation is active.

Acting Swansea Police Chief Clif Hayes said he did not know about the gang connection. Eleventh Circuit Solicitor Donnie Myers, who is prosecuting the case, declined to comment.

Federal documents accuse the Gangsta Killer Bloods of operating a lucrative crack cocaine distribution ring.

DOJ_NMG_0138784

The Gangsta Killer Bloods are part of the United Blood Nation, which is the East Coast cousin of the infamous Los Angeles street gang, the Bloods. The GKB had two subsets operating in Columbia.

According to the most recently filed search warrant documents, agents recovered more than $320,000 from the homes of gang members or gang associates, including nearly $250,000 in cash buried under the house of Javis McKenzie, allegedly one of the gang's main suppliers, who also was charged in the drug conspiracy.

The FBI used the wiretaps and undercover informants fitted with hidden video and audio equipment to bring the charges.

The wiretap on Sims' phone also included a conversation with a gang member in New York, Stansbury said. In that conversation, Sims told the man he was the "big homie" in the "met," meaning he was the leader of the gang in the Columbia metropolitan area.

"He said they were very organized and that they had it all together," Stansbury said. "He was pretty proud of the fact that he was moving up."

Sims lived with his mother. Agents did not find anything illegal in the house when they searched it. Agents did find a "book of knowledge," which they said is the blueprint of the gang's code, symbols and behavior. Stansbury said several sheets had been photocopied for possible recruiting purposes.

FBI agents were monitoring Sims' phone up until the minute of his arrest, Stansbury said. When FBI agents stopped Sims' girlfriend and told her Sims was wanted, Sims girlfriend called Sims and spoke to him in code, telling him to take their baby and run.

Stansbury said Sims took his 2-month-old daughter and ran outside in the 30-degree weather across a golf course. Sims turned himself in after an FBI agent spoke to him on his girlfriend's cell phone and told him he would arrest his girlfriend if Sims didn't surrender.

Staff writer Shalama C. Jackson contributed to this report. Reach Beam at (803) 771-8405.

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Baltimore Man Indicted In Alleged 'Ponzi' Scheme (AP)

By Ben Nuckols

AP, March 2, 2007

Federal prosecutors say more than 900 investors bilked out of $8 million

A man who previously served prison time for fraud bilked more than 900 investors out of $8 million in a Ponzi scheme, the U.S. attorney's office said today.

David McDowell Robinson, 56, of Baltimore, has been incarcerated since last March for violating the terms of his supervised release in the earlier case by running a business, said Joseph L. Evans, his federal public defender. He was arrested again today, a day after a federal grand jury indicted him on wire fraud and mail fraud charges.

According to the indictment, Robinson was sentenced to eight years and 10 months in federal prison after pleading guilty in 1996 to charges of mail fraud arising from three different schemes. He also served prison time following 1989 convictions in Anne Arundel County for fraudulent misappropriation by a fiduciary and misconduct in public office.

Robinson was released from federal prison in April 2003. Prosecutors allege that he launched a new company, Liberty Trade International Inc., the next year and began scamming investors again.

The company solicited investments of up to $10,000 and promised returns of up to 30 percent, saying it would provide short-term "gap financing" to homebuyers or to people refinancing their homes to generate the returns.

Robinson instead paid investors with funds received by other investors, creating a classic Ponzi scheme, prosecutors said. A Ponzi scheme is when an initial group of investors get huge returns and promote the investment opportunity to others, whose investments allow the extraordinary returns to continue to be paid until the scheme collapses.

Robinson maintains his innocence, said Evans, who declined to comment on the facts of the case because Robinson may hire a different lawyer.

Robinson faces five counts of wire fraud and 14 counts of mail fraud. If convicted, he faces a maximum sentence of 20 years in prison and a $1 million fine for each charge.

He had an initial court appearance today and was ordered detained pending a hearing Friday. That hearing may be postponed if Robinson retains a private attorney, Evans said.

LTI was a scam from the start, according to the indictment. The company began accepting investors in September 2004, offering a 20 percent return over 60 days on a $2,500 investment; a 25 percent return over 90 days on a $5,000 investment; and a 30 percent return over 120 days on a $10,000 investment.

"Robinson made these representations even though Robinson knew that LTI was a new and untested company with no track record of investment success, no significant cash reserves and no realistic expectations of being able to invest funds itself at the necessary rates of return of 90 percent to 120 percent annually required to pay its investors the returns it advertised," the indictment said.

LTI allegedly used e-mails, faxes and mailings to communicate false information to investors. Robinson also is accused of using Financial Destination Inc., a marketing company that provides members with information about investment opportunities, to spread lies about his company through a voicemail message service and FDI's Web site.

Among what prosecutors describe as Robinson's false claims: that he has a doctorate; that he was a licensed attorney and that he had over 30 years' experience in real estate transactions. He did not mention his convictions or prison time, and prosecutors say that although he is a law school graduate, he does not have a law license.

According to the indictment, when LTI's assets were frozen in March, a court-appointed receiver found that the company had assets of $1.4 million and owed its investors more than $7 million. The amount owed was accruing at a rate of more than $600,000 a month.

LTI began running out of money in late 2005, and between December 2005 and January 2006 alone, the indictment says, Robinson solicited more than $4 million in new investments.

Among Robinson's alleged victims were residents of the Mississippi Gulf Coast who endured Hurricane Katrina. The indictment says he sent an employee to Gulfport, Miss., in January 2006 to make a presentation about LTI, and the company received about $80,000 in investments.

The indictment alleges that Robinson spent $600,000 of his investors' money on personal items, including jewelry and furs for a girlfriend, and down payments and lease payments for luxury cars.

Feds: Man Bilked 900, Including Katrina Victims, In Ponzi Scheme (BALTOEX)

Baltimore Examiner, March 2, 2007

BALTIMORE - Federal prosecutors are accusing David McDowell Robinson, 56, of Baltimore of engaging in a Ponzi scheme that defrauded more than 900 investors, including victims of Hurricane Katrina, of more than $8 million.

A grand jury indictment against Robinson was issued Wednesday and unsealed Thursday upon his arrest.

“The indictment alleges that David Robinson perpetrated an $8 million Ponzi scheme that victimized innocent investors, including Hurricane Katrina victims who were induced to invest their money

in a worthless venture,” said Maryland U.S. Attorney Rod Rosenstein.

Robinson could not be reached for comment.

From April 2003 until March 2006, Robinson was the sole shareholder, president and chief executive officer of Liberty Trade International Inc., according to the 19-count indictment.

During that time, the grand jury alleges, he solicited investors throughout the country — offering huge returns on investments, promising a 20 percent return on $2,500 in 60 days; a 25 percent return on $5,000 in 90 days; and a 30 percent return on $10,000 120 days.

With the promises, Robinson’s company received more than $8 million in funds from more than 900 investors and used funds from other investors to pay the promised rates of return, prosecutors said.

The indictment further alleges that starting in November 2005, Robinson dispatched an employee to Gulfport, Miss., who made a presentation to victims of Hurricane Katrina. Liberty Trade International received about $80,000 in investments from residents of the Mississippi Gulf Coast area as a result of that presentation, prosecutors said.

Robinson faces a maximum sentence of 20 years in prison and a $1 million fine on charges of wire and mail fraud.

He is scheduled to have a detention hearing today at 2:30 p.m. before U.S. Magistrate Judge Susan Gauvey.

Probes Exposing Trenton Tradition (PHI)

By Jennifer Moroz And Elisa Ung

The Philadelphia Inquirer, March 2, 2007

TRENTON - In Trenton, as it is in the nation's capital, tradition is under fire.

For years, legislators at the state and federal levels have slipped grants for pet causes and hometown projects into the budget at the last minute.

In New Jersey, they're known as Christmas tree ornaments. In Congress, they call them earmarks.

In both places, you'll hear them referred to as "pork." And in both places, they have become key to keeping constituents happy.

But now the longheld political practice, which typically plays out behind closed doors, is coming under major attack amid calls for greater government transparency and accountability.

In Washington, where one spending watchdog estimated that earmarks ballooned to a record $29.3 billion last year, lawmakers have passed proposals to shed light on the grant-making process, including a requirement that they attach their names to funding requests.

In New Jersey, where federal investigators have swarmed the Statehouse, demanding information about Christmas tree grants from the Legislature and Gov. Corzine's office alike, legislative leaders have vowed to similarly change how they add funds to the budget.

At the same time, they warn that the grants, which usually are funneled to causes and districts championed by the majority party, and can add hundreds of millions in spending to the budget should not necessarily be given a bad name.

Ingrid Reed, director of the New Jersey Project at Rutgers University's Eagleton Institute of Politics, agreed.

"The practice in general may now be under the spotlight but the real question is are those grants going to do good work or are people who should be acting in the public interest acting in their own self interest?" she said.

The federal investigation, which appears to focus on whether lawmakers personally benefited from grants they secured, stems from a probe of State Sen. Wayne Bryant, a Camden County Democrat. Bryant, who presided over the budget process as chairs of the powerful Senate and joint budget committees, has not been charged with any crime, but faces allegations that he was paid by the University of Medicine and Dentistry of New Jersey to steer millions in extra state funding to the school.

As part of its growing investigation, the U.S. Attorney's Office has since demanded a wide range of documents about the last-minute grants, dating back to 2004, from the Legislature, governor's office, Treasury and Department of Community Affairs.

Assembly Speaker Joseph Roberts (D., Camden) said he welcomed both the investigation and public scrutiny into the grant-making process.

"Legislators have a right, if not a responsibility, to fight for projects in their districts," he said. Like Senate President Richard J. Codey (D., Essex), Roberts said many of the last-minute additions, both by governors and legislators, were for "very worthy causes" such as hospitals, libraries, the Boys and Girls Club, and municipal aid to help relieve the property-tax burden on homeowners.

"These revisions to the budget are by and large defensible," Roberts said, "but the process that has been used in Trenton forever, namely that these decisions are made at the last minute, is not a good process, and I'm committed to reforming that."

Roberts and Codey have both promised to make the process more open, requiring that legislators attach their names to funding requests and note any potential conflicts of interest. Those requests would have to be submitted much earlier in the budget process, so the public and process have time to review them.

"We have an obligation that the public has confidence in the process and right now, I don't think they do," Roberts said.

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Investigators appear to be looking at whether legislators steered money to causes or projects in which they or relatives have a financial interest.

Besides Bryant, who has secured state funds for several employers other than UMDNJ, it is unclear what lawmakers, if any, have been singled out. But there are certainly others whose employers or family members have benefited from state grants.

Several North Jersey hospitals and other groups employing lawmakers and their relatives have received funding. And in South Jersey, Assemblywoman Nilsa Cruz-Perez, another Camden County Democrat, acknowledged in a 2005 interview that she pushed for a $50,000 grant to the Puerto Rican and Latino Culture and Arts Center in Camden. At the time, the center was paying a $26,000 salary to her sister, Ivette Cruz-Nieves, and it was run by her brother-in-law, then-Camden City Councilman Israel Nieves.

Cruz-Perez said in 2005 that her advocacy of the grant had nothing to do with her sister's job.

In a statement yesterday, Cruz-Perez said, "like many other organizations, the Puerto Rican Culture and Arts Center applied for state funding and there is nothing improper about assisting nonprofit groups that improve the lives of our constituents."

She said she and Roberts, who together represent the Fifth Legislative District, "consistently supported many nonprofit groups" and "we will continue to assist those groups in need as long as we hold public office."

Legislative leaders and the governor's office have vowed to comply with the slew of subpoenas that have landed in the statehouse during the last few weeks. Some legislative offices have hired outside attorneys to guide them through a process that to many here is new. Meanwhile, legislative staff yesterday were printing out e-mails and boxing up documents to be carted away to investigators.

Jeff Tittel, who spends much of his time in the State House lobbying legislators as director of the New Jersey chapter of the Sierra Club, said it was like watching rats run around.

"Everyone's scurrying," he said. "Every time you think things are turning back to normal, some new crisis hits. Here we go again, Trenton is under the spotlight."

U.S. Attorney Says Corruption Fight Goes On (AP)

By TOM HESTER Jr., Associated Press Writer

AP, March 2, 2007

TRENTON, N.J. -- A day after sending subpoenas to Gov. Jon S. Corzine's office, U.S. Attorney Christopher Christie on Thursday vowed to continue combating public corruption no matter where it might be found.

"I do not believe that any public corruption in the state of New Jersey by any public official is acceptable," Christie said. "So whether it is a zoning board member in Monmouth County or whether it's someone high up in state government, and everything in between, no public corruption is acceptable and we're going go after whatever we can find and we can prove beyond a reasonable doubt."

Christie's office has delivered seven subpoenas to the administration as part of an investigation into how the state budget has been developed since 2004, including subpoenas delivered Wednesday to Corzine's office and his chief counsel's office. Corzine's office has said it would cooperate fully.

The grand jury subpoenas request documents relating to grants that have typically been placed in the budget without public review just before the spending plan is adopted. Christie declined to detail the inquiry Thursday, but said, "I think the public already knows everything it needs to know about the integrity of the budget process."

Corzine's office defended the budget process under his administration.

"Gov. Corzine has spent 15 months seeking fiscally sound budgets that are transparent," said the governor's spokesman, Anthony Coley. "He does not tolerate criminal conduct of any form _ whether part of the budget process or elsewhere. From last summer through last week's budget address, the governor has made suggestions on how to transform the budgeting process; he intends to see these reforms to completion this year."

Christie has also subpoenaed budget documents from Democratic and Republican legislative leaders and their staff offices.

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He's also sought documents about Sen. Wayne Bryant, the former Senate budget chairman. Bryant resigned his chairmanship after a federal monitor reviewing the University of Medicine and Dentistry of New Jersey alleged Bryant received a no-work job at the school while helping steer state funding to it.

Christie, after attending a news conference in Lawrence Township to help announce drug arrests, said the public can take comfort that his office, when it does investigations, will do them right.

"And we will take whatever actions are necessary to protect the public from public officials who put themselves ahead of the public interest," Christie said.

The grants, commonly known as "Christmas tree items," are originated by lawmakers, but the governor approves them when signing the budget legislation.

The current $30.8 billion state budget, adopted last July, contained numerous last-minute add-ons. Corzine allowed them after a budget dispute that closed state government for a week and resulted in $1.8 billion in tax increases.

"We believe (government) should operate honestly and with integrity, first and foremost, and that the other thing that I've said repeatedly is that everyone has a responsibility to that," Christie said.

Christie has prosecuted more than 100 public corruption cases since becoming U.S. attorney in 2002, and he hasn't lost any of them. But he cautioned against prejudging any subpoena.

"Our job is to do our job the right way," Christie said. "When we do our job the right way, I think you'll notice that most of the time people plead guilty."

Senate President Richard J. Codey agreed with Christie's take on the budget, but noted he initiated _ before Christie's inquiry _ reforms that will require lawmakers to publicly request budget changes.

"Whether it's Republicans in power or Democrats, that's the way it's done, and I'm not saying that anybody did anything wrong, but it's going to always be criticized because of the way it's done and let's change it," said Codey, D-Essex.

Assembly Budget Committee Chairman Lou Greenwald said the newly implemented rules will make it more difficult for lawmakers to insert last-minute add-ons into the budget.

"I believe that is a productive byproduct of this process the U.S. Attorney has initiated," said Greenwald, D-Camden.

Associated Press Writer Angela Delli Santi in Trenton contributed to this report.

Alleged Madam Threatens To Sell List Of 10,000 Clients (WP)

By Paul Duggan

The Washington Post, March 2, 2007

A woman accused of running a prostitution service catering to men in hotels and homes in the Washington area was indicted on federal racketeering charges yesterday in a case with a twist: She has threatened to peddle "the entire 46 pounds of detailed and itemized phone records" of her clients to raise money for her defense.

Working out of her California home, Deborah J. Palfrey, 50, did business in Washington under the name Pamela Martin and Associates. On a Web site seeking donations to her legal defense fund, the company is described as "a high-end adult fantasy firm which offered legal sexual and erotic services across the spectrum of adult sexual behavior."

But federal authorities say it was a thriving call-girl service, begun in 1993, that dispatched college-educated women in their 20s to male clients in the Washington area who paid $275 to $300 per sexual encounter. The prostitutes kept half of the fees and mailed the rest to Palfrey in money orders, authorities allege in an affidavit filed in federal court.

The indictment says that in 13 years, the service employed 132 women and generated about $2 million in income "through prostitution related activities."

From January 2000 to September 2006, "Palfrey received and deposited over $750,000 in money orders from various prostitutes" into bank and investment accounts, according to the affidavit. It also says that Palfrey was convicted of operating a prostitution service in California in 1991 and was jailed for 18 months. She "started her current illegal prostitution business while still on probation," the affidavit says.

DOJ_NMG_0138789

Palfrey is scheduled to make her initial appearance in the criminal case at the D.C. federal courthouse next Friday. She had no comment on the charges yesterday, said her attorney, Montgomery Blair Sibley. He is representing Palfrey in a civil asset-forfeiture case brought against her last year by federal authorities in the investigation of the alleged prostitution service.

Sibley said his client's "legal escort service" was almost exclusively a cash business. He said that the women who worked for Palfrey were given 1099 tax statements each year, listing their earnings as independent contractors, and that Palfrey accurately reported her yearly income on federal tax returns prepared for her by H&R Block.

Palfrey has been warring with prosecutors since they raided her home in Vallejo, Calif., in the San Francisco Bay area, in October. Sibley said they seized about $1 million worth of real estate and $500,000 in cash and stocks and began the forfeiture proceedings.

"Ms. Palfrey adamantly disputes the government's claims of illegal behavior," according to her legal defense Web site, where she began seeking donations after the government took her assets.

"It is an unfortunate fact of life that funds will need to be generated to counteract the present injustice," the Web site says. As a result, "consideration is being given" to selling Palfrey's phone records dating to 1993, including the phone numbers of about 10,000 clients in the Washington area who used what Palfrey asserts was her legal escort service.

Palfrey sent an e-mail to prosecutors this year that warned of the disclosure. "I simply cannot emphasize to you the terrible and quite unnecessary ramifications this case (civil and/or criminal) will set off if permitted to advance," she wrote. "The press will have a field day. . . . I can state with unequivocal certainty this situation will be a very long and unpleasant one."

The U.S. attorney's office in the District, which is prosecuting the case, said it had no comment on the client list or the possibility that Palfrey will make it public.

The indictment charges Palfrey with violating the Racketeer Influenced and Corrupt Organizations Act and with three counts of interstate travel in aid of racketeering and one count of conspiracy to launder money.

Authorities said Pamela Martin and Associates advertised in the D.C. Yellow Pages but did not have an address here. They said callers seeking to use the service were connected to Palfrey or someone working for her in California.

"Palfrey hires women who are at least 22 years of age, possess some college education and have employment outside of their prostitution activities," according to the affidavit, filed by an Internal Revenue Service agent last year in the forfeiture case.

Authorities said she placed ads recruiting women in the Washington City Paper, on the Internet, in the student newspaper at the University of Maryland and elsewhere.

"Palfrey personally interviews the women by telephone and has them mail an application with a photograph" to Palfrey's post office box in California, IRS agent Troy A. Burrus said in the affidavit. "The women tell Palfrey the days that they will be available, but Palfrey encourages them to work at least three nights a week."

He added, "After a woman is hired as a prostitute, she is sent to a 'screening' appointment, and is required to engage in sexual activity, without payment, with a male designated by Palfrey." The women had sex with the male "testers," authorities said, "so that Palfrey can ensure that none of her employees are law enforcement officers."

Burrus said "the prostitutes reside in Virginia, Maryland and Washington, D.C., and travel to locations in these three jurisdictions. . . . Palfrey tells the prostitutes where they should go, the time of the meeting with the customer, and the customer's name."

Escort Business Owner Indicted (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, March 2, 2007

A California woman was indicted yesterday on federal charges she ran a multimillion dollar prostitution ring in the District.

Deborah J. Palfrey, who is considering selling customer records to pay for her legal defense, faces racketeering and money-laundering charges under a federal indictment issued yesterday in federal court in the District.

Prosecutors said Miss Palfrey ran Pamela Martin & Associates as a prostitution ring in the District from her home in California since 1993.

According to the indictment, the prostitution business involved 132 women who were hired primarily through local newspaper ads, with money split between the prostitutes and Miss Palfrey. She was paid through money orders sent to her California post office box, prosecutors said.

The indictment, which also accuses Miss Palfrey of arranging sex for money in Virginia and Maryland, occurred months after authorities seized Miss Palfrey's bank accounts, stocks, real estate and gold coins in connection with the investigation.

Last fall, the U.S. Attorney's Office filed court papers to seize Miss Palfrey's assets. The civil forfeiture proceedings were ongoing.

The Washington Times first reported Feb. 21 that Miss Palfrey told federal authorities she would "make life miserable" for former customers and employees unless her case is dropped. The Times reported that government attorneys said Miss Palfrey had threatened to "harass potential witnesses whose identifies remain secret ... through calculated public disclosures of former customers' and former co-workers' identities."

On Wednesday, an attorney representing Miss Palfrey in the forfeiture proceedings said his client would sell customer records over the Internet to raise money for her legal defense.

Attorney Montgomery Blair Sibley said Miss Palfrey will be "selling selected records of Pamela Martin and Associates, which will include contact information on all of the 'customers' of the service -- over 10,000 individuals -- from its entire 13-year operational history."

Last week, Mr. Sibley told The Times that Miss Palfrey did not intend to disclose former customers' identities or to make "a circus" out of the case.

Yesterday, he said his client's plan to sell records was "a last resort" to raise money for a legal defense.

Government attorneys have accused Miss Palfrey of threatening to use civil discovery to harass potential witnesses.

"Shockingly, claimant's 'civil' counsel threatened further public embarrassment of former customers," Assistant U.S. Attorney William R. Cowden stated in a court filing earlier this week in the forfeiture case.

In a recent e-mail to the U.S. Attorney's Office, Miss Palfrey warned of repercussions if prosecutors did not drop her case.

"I cannot emphasize to you the terrible and quite unnecessary ramifications this [civil and/or criminal] case will set off, if permitted to advance for both sides," Miss Palfrey wrote.

The indictment filed yesterday charges that Miss Palfrey placed ads seeking escorts in the Washington City Paper and the University of Maryland's Diamondback student newspaper.

Authorities said Miss Palfrey hired women who were at least 22 years old and required that they mail her an application and photo before being employed.

The women also underwent a screening process in which they were required to engage in sexual activity without being paid to ensure that they were not law-enforcement officers, authorities said.

The prostitutes worked about three nights a week, charging as much as $300, authorities said. Half the money went to Miss Palfrey, who used the funds to pay for her mortgage, car lease and stocks, prosecutors said.

In civil proceedings, Miss Palfrey has denied any wrongdoing.

Mr. Sibley, in court records filed last month, said trying the case would require testimony and documents pertaining to 100 escorts and hundreds of customers.

2 Consecutive Life Sentences In Murder Of Racing Icon, Wife (LAT)

By Charles Proctor, Times Staff Writer

The Los Angeles Times, March 2, 2007

A Pasadena judge today sentenced Michael Goodwin, convicted in January of murdering racing legend Mickey Thompson and his wife, to two consecutive terms of life in prison without parole.

Los Angeles County Superior Court Judge Teri Schwartz earlier rejected defense motions for a retrial and to dismiss the charges. Deputy Public Defender Elena M. Saris said she would appeal.

Goodwin, 62, called Thompson's death a tragedy, but insisted on his innocence. FOR THE RECORD:

Goodwin: In an earlier version, Michael Goodwin's age was given as 61. He is 62. —

"I can't apologize because I'm not guilty," he said before the sentence was read.

Collene Campbell called her brother Mickey "a true man, an icon, and he is missed beyond what any words could describe."

She then began crying as she read from a statement in the courtroom during the sentencing. "I have received calls from around the world from those distressed and impacted by the murders," she said.

The Thompsons' killings became a legendary Southern California mystery, the subject of nearly two decades of police investigation and several national television shows.

Thompson and his wife, Trudy, were gunned down in the driveway of their eastern Los Angeles County home on March 16, 1988 by a pair of hooded assailants, who then escaped on bicycles. Prosecutors said the gunmen shot Thompson repeatedly but kept him alive to watch his wife's murder before they shot him in the head. The gunmen were never identified.

Prosecutors always considered Goodwin, a former business partner of Thompson, the prime suspect in plotting the killings, even though no evidence linked him to the scene.

They alleged that the circumstances -- the killers didn't touch the $4,000 the Thompsons were carrying or the $70,000 worth of jewelry in the house -- showed the murders were motivated by revenge. And they argued that Goodwin was the only person who could want Thompson dead that badly.

Thompson, the first American to reach 400 mph in a piston-driven vehicle and the holder of numerous speed records, joined Goodwin in the mid-1980s to promote motor sports in Southern California.

Their relationship soon deteriorated. Thompson won a $514,000 judgment against Goodwin that was pending at the time of the killings. Goodwin declared personal and business bankruptcy as a result of the judgment, which was never paid.

Prosecutors in Orange County — the location of much of the dispute between Thompson and Goodwin — charged Goodwin with the slayings five years ago. But an appeals court threw out the charges in June 2004, citing a lack of evidence that Goodwin had planned the crime there.

Within days of the appeals court decision, Los Angeles prosecutors filed murder charges against Goodwin.

Witnesses testified that they had heard Goodwin threaten Thompson's life, and one key witness said he saw Goodwin scout out the Thompsons' neighborhood in the gated community of Bradbury.

The defense countered that the passage of time and the "Hollywood" treatment of the case in the media called the veracity of witness testimony into doubt.

charles.proctor@latimes.com

CIVIL RIGHTS:

Local Officials Have Not Heard From FBI About Civil Rights Cases (MONNST)

Monroe News-Star, March 2, 2007

Local and area law enforcement officials said today they have not been contacted by the FBI regarding investigating cold civil rights cases in the area.

FBI Director Robert Mueller said at a news conference Tuesday that the agency is investigating about a dozen cold civil rights cases in an effort to seek justice for victims of racially motivated killings.

FBI officials declined to identify the cases they are working to reopen. Attorney General Alberto Gonzales said making that information public could hinder the investigations.

He also said the FBI will help local law enforcement authorities prosecute cases in which federal charges aren't applicable.

Mueller said the FBI and local authorities have made 10 to 12 cases a priority, but as many as 100 could be investigated.

The National Association for the Advancement of Colored People, the Urban League and the Southern Poverty Law Center are assisting the effort.

The center has a list of 127 race-related killings between 1954 and 1968 — a number it concedes could be much higher.

Area cases on the center's list are:

? Frank Morris, Ferriday. In 1964

Morris, who owned a shoe store, was killed when a gas stove exploded during an arson. Morris, who lived in a room adjoining the store, was ordered to return to his room by the men who started the fire. An extensive Justice Department investigation was conducted, but the outcome is unclear.

? Albert Pitts, David Pitts, Marshall Johnson and Ernest McPharland, Monroe. In 1960 a white employer was arrested and then released in the shooting of five of his employees. Four of them died. The victims were accused of making threats. The employer was never charged.

? Robert Wilder, Ruston. In 1965

a white policeman was accused of Wilder's death, and a coroner's jury ruled the slaying was justifiable homicide.

In Concordia Parish, Kathleen Stevens, public information officer for Sheriff Randy Maxwell, said she was not aware of any contact about the Ferriday case from federal investigators.

Stevens, like Ouachita Parish investigations Maj. Royce Toney, said the only people who have inquired about the cases were reporters, who asked about contact or requests from federal investigators.

Lt. Curtis Hawkins with Ruston Police could not be reached.

Since 1989, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 28 arrests and 22 convictions.

In one recent prosecution, 71-year-old reputed Ku Klux Klan member James Seale, has pleaded not guilty to kidnapping and conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of two black teens — Henry Dee and Charles Moore — in Mississippi.

Justice Department officials also were helping state officials in Mississippi reopen the Emmett Till case. Till, 14, of Chicago, was killed in 1955 after he reportedly wolf-whistled at a white woman. But a court official in Leflore County, Miss., confirmed Monday that a grand jury has decided not to indict anyone in Till's killing.

However, federal prosecutors have won convictions in other high-profile civil rights cases. They sent former Klansman Edgar Ray Killen to jail for 60 years for his role in the killing of three civil rights workers in Mississippi in 1964.

Congress has tried for several years to establish a "cold case" unit for civil rights crimes in the Justice Department. Bills sponsored by Rep. John Lewis, D-Ga., and Sen. Chris Dodd, D-Conn., would authorize $11.5 million a year to create such a unit.

Gonzales said he would welcome any help from Congress, but he denied the congressional push to reopen investigations into old civil rights crimes prodded the Justice Department to act.

EDITORIAL: Focusing On Cold Cases (NOTP)

New Orleans Times-Picayune, March 2, 2007

Washington Parish Sheriff's Deputy Oneal Moore was murdered 42 years ago, but the FBI says that it hasn't given up on the case, one of about a dozen unsolved civil-rights era murders that are getting renewed attention from the agency.

When these crimes took place decades ago, African-American victims had little hope of getting justice. Now, investigators will have to deal with the damage time itself has done to the cases.

But that's all the more reason to act quickly, and the FBI's decision to aggressively pursue cold cases that they believe were racially motivated is encouraging.

Deputy Moore and his partner, Creed Rogers, were the first African-American deputies to work for the Washington Parish Sheriff's Office. They were hired to help quell racial tension in Washington Parish, but they ended up being victims of racial violence when they were ambused on Louisiana 21 by a group of white men and shot. Deputy Moore was killed; his partner lost an eye.

The murder led to further violence. A year later, Clarence Triggs, another African-American man, was shot to death after attending a demontration to protest the lack of progress in the Moore case.

Jim Bernazzani, special agent in charge of the FBI's New Orleans office, says the Moore case, while difficult, has never been closed. In 1990, authorities dug up a slab in hopes of finding the murder weapon and convened a grand jury. Two years later, the FBI told the deputy's widow that it had new information and offered a $40,000 reward.

DOJ_NMG_0138793

Now, Special Agent Bernazzani says that the FBI has some "very hot leads" in the case, and that sounds promising.

There have been some notable successes in pursuing old civil rights cases, including the 1994 conviction of Byron de la Beckwith for the murder of civil-rights leader Medgar Evers. In Mississippi, authorities recently arrested James Ford Seale in connection with the 1964 abduction and murder of Eddie Moore and Henry Hezekiah Dee. Mr. Seale will be tried on charges of kidnapping and conspiracy next month.

It remains to be seen whether this new push will bring justice for the slain Washington Parish deputy or closure for his family. But these cases must not be forgotten, and it's only right that the FBI and the Justice Department make every effort to see them solved.

Bending Toward Justice, Finally (BN)

The Birmingham News (AL), March 2, 2007

THE ISSUE: A new cold case initiative may help solve suspicious death cases from the civil rights era.

If justice delayed is justice denied, what is justice ignored? A national disgrace.

Too many times, civil rights-era murderers got away with their crimes. Too many times, law enforcement officials covered up cases, failed to investigate them fully and even wrongly classified some murders as accidental deaths. Too many times, there was no justice for the loved ones of victims, just grief and anger.

Fortunately, the U.S. Justice Department has decided to reopen investigations into nearly 100 suspicious death cases from across the South during the civil rights era to see if they were racially motivated murders that can be solved and prosecuted.

The FBI and Justice Department on Tuesday announced partnerships with the NAACP, Southern Poverty Law Center and National Urban League, which have referred the cases to the federal agencies. Eight of the 76 cases SPLC referred to law enforcement were unsolved cases from Alabama. Ten to 12 of the nearly 100 cases are under active investigation with new developments, according to FBI Director Robert Mueller.

The Civil Rights Cold Case Initiative was inspired, at least in part, by the successful prosecutions of Thomas Blanton in 2001 and Bobby Frank Cherry in 2002 for the 1963 murders of four girls in the heinous Sixteenth Street Baptist Church bombing in Birmingham. Mueller on Tuesday mentioned those and other recent, successful prosecutions of old cases, such as the 2005 conviction of Edgar Ray Killen for his role in the 1964 murders of three civil rights workers in Philadelphia, Miss.

"These successes have restored our hope and renewed our resolve," Mueller said. "Justice has been delayed, but we are determined justice will not be denied."

In many of these cases, that may prove easier said than done. Perpetrators and witnesses alike may no longer be alive. Memories may have faded and evidence could be lost. In some cases, there may be no federal jurisdiction. And guilty consciences don't necessarily compel people to tell what they know, as Birmingham lawyer Doug Jones, who prosecuted Blanton and Cherry, found out.

"If there was ever a case for people to step forward to do some reconciliation or right a wrong, it was one when four innocent girls were killed in a bomb in a church," Jones told News staff writer Mary Orndorff. "And guess what? We didn't have anybody like that."

Still, looking to uncover "a few burning embers" in cold cases, as SPLC President Richard Cohen put it, is the moral and right thing to do.

If cases can be prosecuted and convictions won, it will bring a measure of justice where there has been none. Grieving families and friends of the victims who have carried deep emotional wounds for decades, knowing that killers had gotten away with their crimes - and sometimes knowing who those killers are - may find some small relief.

The Rev. Martin Luther King Jr. famously said, "Let us realize the arc of the moral universe is long, but it bends toward justice."

Recent convictions of civil rights-era crimes have bent that long arc toward justice. Tuesday's announcement bent it just a tiny bit more.

Navy Chaplain Is Discharged (NYT)

By Laurie Goodstein

The New York Times, March 2, 2007

Lt. Gordon J. Klingenschmitt, a Navy chaplain, has lost a three-year battle to stay in the chaplain corps after superiors warned him about delivering sectarian Christian prayers and sermons at a sailor's memorial service and other events attended by religiously diverse audiences. Lieutenant Klingenschmitt, who spent 16 years in the military, became a hero to religious conservatives, but was court-martialed last year for wearing his uniform at a political protest in front of the White House. He received an honorable discharge.

Bush Administration's Quiet Campaign Against Religious Bias (TENN)

By CHARLES C. HAYNES, Columnist

Nashville Tennessean, March 2, 2007

Here's one of the best-kept secrets about the Bush presidency: Over the past five years, the U.S. Justice Department has quietly, but vigorously, enforced civil rights laws designed to protect religious freedom.

Now Attorney General Alberto Gonzales wants to get the word out. On Feb. 20, he announced an initiative called the First Freedom Project to carry out "even greater enforcement of religious rights for all Americans."

Since presidents aren't shy about their accomplishments, I'm not sure why we haven't heard more about this before. Maybe we're so busy shouting past one another about church-state conflicts that we overlook threats to free exercise of religion.

Lest we forget, there are two religious-liberty provisions in the First Amendment: no establishment and free exercise. Establishment-clause battles over "under God" in the Pledge of Allegiance or the Ten Commandments in the courthouse grab the headlines. But free-exercise problems — discrimination against religious practice and expression in the workplace, schools, land use and elsewhere — have a real impact on the lives of millions of Americans.

The new report documents the Bush administration's efforts to take religious discrimination seriously. After establishing the first-ever Special Counsel for Religious Discrimination early in the administration, the Justice Department's Civil Rights Division dramatically increased enforcement of federal statutes protecting religious rights.

In education, for example, the department reviewed 82 cases and conducted 40 investigations 2001-06. Compare this with the 1995-2000 time period, when the department reviewed one case and made no investigations.

Investigations involving religious discrimination in employment went up from 16 in 1995-2000 to 31 cases 2001-06. Similar increases occurred in housing and public accommodation.

Administration critics aren't impressed. "Expecting the Bush administration to defend religious liberty," says Barry Lynn of Americans United for Separation of Church and State, "is a little like asking Colonel Sanders to baby-sit your pet chicken."

Interfaith Alliance President Welton Gaddy calls the Justice Department project "a scam that weakens religious freedom for all Americans."

Lynn and Gaddy are veterans of church-state battles with the Bush administration over everything from faith-based initiatives to school vouchers. They argue that the current Justice position on establishment-clause issues undermines religious liberty. But the debate over "no establishment," as important as it is, shouldn't keep us from finding some common ground on the need for "free exercise" protections.

As Judge Judy would say, these are real cases about real people. From attacks on houses of worship to incidents of discrimination at school and work, the Justice Department over the past five years has investigated scores of cases involving religious rights of Christians, Jews, Muslims, Sikhs, Native Americans and others.

However much we disagree about the relationship between religion and government, surely we can agree that freedom of religion should mean freedom from religious discrimination.

ANTITRUST:

EU Threatens Microsoft With New Fines (WSJ)

By Mary Jacoby

The Wall Street Journal, March 2, 2007

DOJ_NMG_0138795

BRUSSELS -- New European Union charges against Microsoft Corp. that threaten the company with as much as $1 billion in fines highlight an increasingly fierce industry battle over how to sell business software.

European regulators launched formal charges yesterday against Microsoft -- for the third time in three years -- accusing the tech giant of trying to overcharge competitors for information to make their products work well with Microsoft's ubiquitous Windows operating system.

The charges stem from a 2004 EU decision that Microsoft abused its near-monopoly position as the producer of Windows. Microsoft has already racked up close to $1 billion in fines in the case.

The EU's latest move goes to the heart of a growing battle between Microsoft's traditional fee-based software business and challenges from International Business Machines Corp., Red Hat Inc. and Oracle Corp., which offer free or nominally priced "open source" software.

Microsoft's competitors say they believe the company has structured its proposed charges for the programming information in such a way as to undermine their business models.

The March 2004 EU decision requires Microsoft to offer licenses for the programming information on "reasonable and non-discriminatory terms" to software rivals who need it. No companies have licensed the information yet.

The 2004 decision ordered Microsoft to help rivals write software linking back-office server computers with employees' Windows-driven desktop computers for a narrow range of functions, including the accessing and printing of documents and logging onto password-protected company systems.

"The current view is that there is no significant innovation" in the programming information to warrant the price Microsoft is charging, EU Antitrust Commissioner Neelie Kroes said in a statement yesterday.

But Brad Smith, Microsoft's general counsel, said in an interview he was surprised by the aggressive new charges. "I feel we need a more constructive approach to address very complicated and technical issues in a way that is going to make progress," he said.

Microsoft has appealed the original 2004 decision against it, and a decision from a European court in Luxembourg is expected this year.

The background to the current dispute is an effort by IBM, Red Hat, Oracle, Sun Microsystems Inc. and other companies to best Microsoft in the lucrative market for business software. The rivals' strategy is to hawk open-source software to companies, at little or no price.

Any programmer is free to alter these open computer programs as he likes or make improvements available to others via online downloads -- hence the term open source. The Microsoft rivals then make money by selling service contracts to companies to maintain and upgrade their software.

Microsoft's software, by contrast, is protected by fee-based licenses that don't allow alteration or sharing of its computer code.

Microsoft proposed a complex system requiring its rivals to pay "per-unit royalties," or a fee every time the competitors' customers use software that incorporates parts of the disputed Microsoft programming information.

Although the EU case only concerns a relatively small part of the overall business market, critics say this pricing system is part of a strategy to stymie open-source-software providers.

"It would be fundamentally inconsistent with their business model," which doesn't track the number of end users of its products or how they use the products, said Thomas Vinje, a lawyer for an industry group including IBM, Oracle, Red Hat and Sun Microsystems.

Mr. Smith of Microsoft said the disputed programming information is covered by 36 technology patents and that an additional 37 patents are pending. "It's hard to see how the commission can argue that even patented information must be made available for free," he said.

Mr. Vinje countered that many software patents are granted incorrectly and are often reversed upon challenge.

The EU has fined Microsoft twice. In 2004, regulators ordered the company to pay more than $600 million after finding Microsoft had exploited its near-monopoly in operating systems for personal computers to muscle aside competitors.

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In July, regulators hit Microsoft with a further €280.5 million fine ($371.2 million) for failing to compile the disputed programming information in a usable manner. Microsoft later fixed that problem.

The "statement of objections" sent to Microsoft yesterday is a formal charge outlining how regulators believe the company hasn't complied with EU orders. Microsoft has four months to answer the charges and can also request a closed-door oral hearing.

After weighing Microsoft's defense, Ms. Kroes will decide whether to level the fine and, if so, the amount of the penalty. Microsoft can then appeal the fine to the European court in Luxembourg.

Brussels Threatens Microsoft With Further Antitrust Fines (FT)

By Tobias Buck In Brussels

Financial Times, March 2, 2007

Microsoft was yesterday dealt a serious setback in its long-running antitrust battle with the European Commission, when Brussels threatened to impose yet another massive fine on the US software group for failing to comply with a landmark competition ruling handed down almost three years ago.

Europe's top antitrust regulator yesterday issued a new set of charges against Microsoft, a step that is likely to result in another ruling and a new fine against the group. Since the Commission opened its probe against the world's largest software maker more than eight years ago, Microsoft has been fined close to €780m (£526m) for abusing its dominant market position and failing to respect the regulator's ruling.

The Commission refused to comment on the size of any new fine that could arise from yesterday's charges. However, Brussels could - in the worst-case scenario for Microsoft - hit the group with a penalty in excess of €800m.

The Commission accused Microsoft of demanding excessive royalties from companies wishing to license technical information about its Windows operating system. The order to make such information available to rivals formed a key plank of the Commission's March 2004 ruling against the group.

The Commission stressed that Microsoft was the first group to be accused of ignoring a European Union antitrust ruling. "This is a company which apparently does not like to have to conform with antitrust decisions," said the spokesman for Neelie Kroes, the EU competition commissioner.

Brad Smith, Microsoft's general counsel, rejected the Commission's allegations. He said Microsoft's proposed pricing scheme would be 30 per cent cheaper than comparable licensing fees.

Under the terms of the 2004 ruling, Microsoft has to make available "interoperability" information to other software makers so that rivals can design server software that functions smoothly with Windows-driven computers and servers.

The Commission said yesterday it had found "no significant innovation in the interoperability information".

It also claimed that companies were being asked to give Microsoft 35 per cent of the net operating profits they made by selling products designed with the help of the licence.

The original 2004 ruling is under appeal in front of an EU court, which is expected to issue its ruling in the next six months.

EU Threatens New Fines Against Microsoft For Not Abiding By Antitrust Ruling (AP)

By Raf Casert, Associated Press

AP, March 2, 2007

BRUSSELS, Belgium -- The European Union threatened Microsoft Corp. on Thursday with fines as high as $4 million a day, claiming the software company was still not offering a fair deal to rivals seeking to make their products more compatible with Windows.

Microsoft said the EU Commission's demands were not reasonable. "We believe we have been fair in setting" prices for the information, said Microsoft General Counsel Brad Smith.

"It is hard to see how the Commission can argue that even patented innovation must be made available for free," he said in a statement.

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The EU complained that three years after a landmark antitrust ruling to open up the market, the world's largest software maker still refused to cooperate. "This is a company which apparently does not like to have to conform with antitrust decisions," said EU Commission spokesman Jonathan Todd.

Under a 2004 antitrust ruling by the European Union, Microsoft had to disclose complete and accurate interface documentation on reasonable and nondiscriminatory terms, allowing its competitors to interoperate with Windows PCs and servers.

Under a so-called "statement of objections" released Thursday, the EU's executive Commission said there was "no significant innovation" in the requested information. It also rejected 1,500 pages of submissions by Microsoft over the past three months and said Microsoft's price proposals were unreasonable.

"I am therefore again obliged to take formal measures to ensure that Microsoft complies with its obligations," EU Antitrust Commissioner Neelie Kroes said in a statement.

Smith complained Microsoft had asked for feedback half a year ago and only on Thursday received a reply thinly veiled in a threat.

"We're disappointed that this feedback is coming six months later and in its present form, but were committed to working hard to address the Commissions Statement of Objections," said Smith.

He added "the findings appear to be an attempt to regulate the pricing of our intellectual property rights on a global basis" something which would go beyond the jurisdiction of the European Commission.

Microsoft has four weeks to reply to the Commission after which the EU could impose fines going as high as 3 million euros ($4 million) a day, Todd said.

Work group servers are designed to let numerous users share and exchange information on projects so that groups of workers located near or far from their offices can collaborate on joint projects.

"The royalty demands are intended to force every competitor out of the market," said Simon Awde, the chairman of the European Committee for Interoperable Systems, a group of Microsoft rivals.

At a hearing last year, EU regulators used evidence from IBM Corp., Novell Inc., Oracle Corp. and Sun Microsystems Inc. on systems compatibility. None of those companies are currently involved in the legal battle, although they are members of two broad industry coalitions -- ECIS and the Software & Information Industry Association -- that back the Commission.

Microsoft is challenging the EU's original 2004 antitrust order at the EU's Court of First Instance. The 2004 antitrust order found the company broke competition law for abuse of a dominant position and fined the software maker a record euro497 million (US$613 million).

"It is the first time we have been confronted by a company which has failed to comply with an antitrust decision," said Todd. "We are in unknown territory."

"We don't want to be in a situation where ten years after an antitrust decision, they still are not in compliance," said Todd, adding the "vast majority of the information" provided to the software competitors, was "not innovative."

To remedy Microsoft's antitrust abuse, the EU ordered the company to sell a copy of Windows without its media player software and told it to share communications code and information with rivals to help them develop server software that worked smoothly with Microsoft's ubiquitous Windows desktop operating system.

EU regulators fined Microsoft another 280.5 million euros ($371 million) last July for failing to supply the "complete and accurate" interoperability required.

Brussels Needs More Time To Rule On Sony BMG (FT)

By Tobias Buck In Brussels

Financial Times, March 2, 2007

The music industry faces a prolonged period of regulatory uncertainty after the European Union's top antitrust regulator said yesterday it needed another four months to scrutinise the merger that created Sony BMG.

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The European Commission waved through the original tie-up in 2004, arguing that the merger would not undermine competition in the market. However, its ruling was challenged and - in a rare move that shocked the music industry - a top European court decided last year to overturn the Commission's clearance decision.

For Sony BMG, the ruling meant it had to resubmit the merger to the Brussels watchdog for approval and a fresh investigation.

The Commission said it had completed an initial one-month assessment of the Sony BMG merger, but now needed more time to examine whether the deal "strengthens or creates a dominant position in these relatively concentrated markets". Brussels added it would take into consideration factors such as "the growing sales of online music" .

But the Commission said it would also examine whether the merger had created a "collective dominant position", which means a situation in which a small number of big companies can effectively control a market and keep smaller companies from challenging their power.

The Commission said it had until July 2 to make a final decision on the merger. Brussels can either block the deal, wave it through in return for concessions such as asset disposals or approve the deal without conditions - which it did in 2004. Should the regulator block the tie-up, Sony BMG would have to break apart.

Icahn's Move On Motorola Lifts Stock (FT)

By Paul Taylor In New York

Financial Times, March 2, 2007

Shares in Motorola rose in early trading yesterday after the world's second largest mobile phone maker revealed that Carl Icahn, the billionaire Wall Street raider, was seeking to lift his stake in the company to about 6 per cent by acquiring another $2bn in stock.

If completed, the proposed stock purchase would lift the stake in Motorola acquired last month by Mr Icahn from 1.6 per cent, and turn him into the company's second biggest investor behind Barclays Global Investors. Barclays had a 6.82 per cent stake in Motorola at the end of December.

Mr Icahn's demand that Motorola use the bulk of its $11.6bn in cash to accelerate share buy-backs has helped prop up its share price in the wake of a series of setbacks.

The company reported weak financial resultsearlier this year reflecting a fierce mobile phone price war and a lack of blockbuster products.

Profit margins in Motorola's core phone division shrank to 4.4 per cent in the fourth quarter from almost 12 per cent in the preceding three months as the company slashed prices in order to retain market share and remain competitive with Finland's Nokia, the world's largest mobile phone maker.

Late on Wednesday, Motorola said Mr Icahn and Icahn Partners had each filed for approval to buy between $119.7m and $500m in Motorola stock. In addition, Motorola said it had received a notice under the Hart-Scott-Rodino antitrust act that two other Icahn entities had also each filed to buy more than $500m worth of shares. If all four entities each buy $500m of stock, it would lift the Icahn stake to about 6 per cent.

*Nortel Networks, the Canadian telecommunications equipment maker, surprised investors yesterday with yet another restatement of earnings, but said its fourth-quarter results would not be affected by the move. Nortel has struggled to shore up its profitability and investor confidence following restatements related to accounting problems.

China Builds Commerce Codes (WSJ)

By Andrew Batson

The Wall Street Journal, March 2, 2007

BEIJING -- China's leadership is stepping up its efforts to build a legal system that can handle the demands of a complex, market-driven economy, as managing the fast-growing nation becomes increasingly challenging.

That program will take the spotlight when China's legislature opens its annual session on Monday. The National People's Congress is scheduled to consider, and most likely pass, two crucial pieces of economic legislation. One would give private

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property new protections of unprecedented force and detail for China; another would require foreign and domestic companies to pay the same rate of tax.

The property-rights law will be a symbolic milestone for the still nominally Communist nation, even though it falls far short of what more liberal reformers had initially advocated. For foreign businesses, the tax law will put them on a more-equal footing with local competitors, as it gradually brings an end to most of the special breaks offered in the past. Several other important laws will also be discussed at the meeting for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers.

All of these are the building blocks of the legal infrastructure that underpins the daily functioning of a market economy, although the country's legal code is still in its infancy and legal redress can be difficult to come by. Many of these laws have been in the works for years, and have provoked sometimes heated debate. They are coming to fruition this year as a consensus grows that the new legislation can fill some gaping holes and rectify obvious inequities in the current system.

"China is, step by step, going down the road of the market economy," said Sheng Jiemin, an expert on antitrust legislation at Peking University. "The government had to revise many laws after China joined the World Trade Organization. And other necessary measures are being regularly issued."

The annual meeting of the National People's Congress, when nearly 3,000 delegates gather in Beijing, is one of the few occasions when China's leaders discuss their policies in public. Given the turmoil in China's stock markets this week, as fears spread that a government crackdown on speculation was imminent, this year's meeting is likely to be particularly closely watched for signals on financial policy, as well as progress in lawmaking.

China's economy has been changing much faster than the legal system that is supposed to govern it. Huge numbers of Chinese now own their own homes and run their own businesses, but it is difficult to settle precisely who owns what and what they are allowed to do with it.

Private-property rights, in the abstract, have been recognized in China's constitution through a series of amendments, the earliest in 1988. But those vague principles are of little help in handling specific cases, such as the government's frequent confiscation of land for development. That is a big reason for passing the property-rights law, which details the scope of different types of rights and sets rules for how to change or transfer them.

"The property-rights law tells you what is yours and what is his, and how it can be obtained or transferred. Without that, it's impossible to solve property disputes," said Mei Xiaying, a professor at the University of International Business and Economics in Beijing. Businesses in particular will welcome the clarification of property rights, which should make it easier to buy and sell major assets such as land, he said.

The legal overhauls have been controversial: The proposed property-rights law, in particular, attracted vocal opposition from leftist scholars who worry that it will pave the way for the accelerated privatization of state companies and widen the gap between the wealthy and the poor.

The draft antimonopoly law, under discussion for more than a decade, has also been held hostage by disputes among policymakers. Some want to use it to break open still-closed parts of the economy, while others see giving the government new antitrust powers as a way to strengthen its control over businesses -- particularly powerful foreign companies that have dominant market share in China.

Though its laws aren't subject to popular vote, the Chinese government does usually try to build a consensus among its officials before pushing through a major policy change. The property-rights law had been scheduled for passage at last year's meeting before a critical backlash took it off the agenda, and even the less-sensitive tax overhaul has been held up for years. Changes were made to the draft laws last year to address the criticisms.

With those laws having now been declared ready for passage, 2007 is shaping up to be a landmark year for legislation governing the economy -- after several technical measures, including China's first code for corporate bankruptcies, were passed in 2006. As all these new laws fall into place, scholars say, China's commercial code is finally getting close to completion.

The new measures will reinforce China's shift toward relying on law and legal processes, rather than government dictates alone, to manage the economy -- an ideal that has been endorsed by the highest levels of the leadership.

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In a major speech late last year, the Communist Party's top law-and-order official, Luo Gan, said the government needs to "get better at using legal methods to harmonize economic relationships." If the legal system can help citizens settle their problems with employers, schools, and hospitals, he said, that promises to "fundamentally reduce social conflicts triggered by the conflict of interests."

Mr. Luo also appeared to recognize the importance of fairness in encouraging companies and individuals to turn to the legal system to resolve their disputes, saying it should "protect equally the legal interests of all types of market participants, [and] eliminate the appearance of bias in law enforcement." In practice, court decisions are heavily influenced by the government, and it is often difficult for individuals to use the legal system to counter official government actions.

All that doesn't mean Mr. Luo and other leaders endorse the idea of an independent judiciary. Party leaders say their goal is to "rule the country according to law." The idea is for the Communist Party's to exercise its power through the legal system, not just arbitrary commands, but it doesn't mean the party's authority is itself subject to the judgment of the law.

Legal Makeover To Underpin China's Market-Driven Economy (WSJ)

By Michael Connolly

The Wall Street Journal, March 2, 2007

With China's economy changing much faster than the legal system that is supposed to govern it, Beijing is moving quickly to create a system that can handle the demands of a complex, market-driven economy just as events like this week's Chinese market turmoil underscore how challenging managing the fast-growing nation has become.

The annual session of China's legislature, the National People's Congress, which begins Monday, is to consider and likely approve two significant pieces of economic legislation, one giving private property new protections of unprecedented force and detail for China, the other requiring foreign and domestic companies to pay the same rate of tax. Several other important laws will also be discussed for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers.

Though vast numbers of Chinese now own their own homes and run their own businesses, it is difficult to settle precisely who owns what and what they are allowed to do with it, as Andrew Batson reports. Private-property rights, in the abstract, have been recognized in China's constitution through a series of amendments, beginning in 1988. But those vague principles are of little help in handling specific cases, such as the government's frequent confiscation of land for development. Nonetheless, the proposed law has attracted vocal opposition from leftist scholars concerned it will pave the way for the accelerated privatization of state companies and widen the gap between the wealthy and the poor.

The draft antimonopoly law, under discussion for more than a decade, has also been held hostage by disputes among policymakers. Some want to use it to break open still-closed parts of the economy, while others see giving the government new antitrust powers as a way to strengthen its control over businesses -- particularly powerful foreign companies that have dominant market share in China.

Read Andrew Batson's report from Beijing:

http://online.wsj.com/article/0,,SB117278021348123785,00.html1 * * *

DETENTE WITH KIM: Increasing diplomatic softening between the Washington and Pyongyang could lead to more stability in East Asia and bring North Korea out of its economic isolation. After having long taken a hard line on North Korea, the Bush administration has begun to backpedal on the major dispute for the past five years -- that Pyongyang violated the spirit of a 1994 disarmament deal with the U.S. by secretly developing nuclear weapons with highly enriched uranium. The pact explicitly covered only weapons using plutonium, a more common material for nuclear devices.

In testimony to congressional committees during the week, diplomatic and intelligence officials have expressed doubt about the amount of progress North Korea made in researching or developing uranium-based weapons. The U.S. national intelligence director's mission manager for North Korea, Joseph DeTrani, said the U.S. categorized its belief in North Korea's uranium-production program "at the midconfidence level," meaning it lacked corroboration. That was a step down from the previous categorization of "high confidence."

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As Evan Ramstad reports, the move represents a big change in U.S. policy, and creates a smoother atmosphere for further discussions with North Korea on the uranium issue. It also lowers expectations in case international inspectors enter North Korea and find no facilities for uranium-based weapons. Bet that Pyongyang's President Kim Jong Il is beaming.

Read Evan Ramstad's report from Seoul:

http://online.wsj.com/article/0,,SB117274838424023298,00.html2 * * *

MORTGAGE IMPACTS: As falling home values can deprive homeowners of equity used to finance new vehicle purchases and increase loan defaults, the toll in the U.S. subprime mortgage market may explain General Motors Corp.'s decision Thursday to delay filing its 2006 annual report.

While in the midst of a massive restructuring of its North American operations, GM continues to wrap up issues related to past accounting problems. Meantime, GMAC Financial Services -- in which GM sold a majority stake during the fourth quarter to a consortium of investors led by Cerberus Capital Management -- continues to work on finishing its financial statements for the fourth quarter and all of 2006. The auto maker still owns 49% of the lending unit and relies on its health because GMAC backs GM's major incentive programs by offering attractive leasing and financing terms. GM and Cerberus are still negotiating the book value of GMAC following the completion of the sale.

Nonetheless, GM surprised Wall Street by reporting a 3.7% increase in monthly light-vehicle sales to 308,411 vehicles for February as sales to retail custoimers surged. Analysts had expected its sales would be flat or decline. Ford Motor Co.'s February sales, meanwhile, fell nearly 14%. But Toyota Motor Corp. posted a 12% jump in U.S. auto sales.

Read our report:

http://online.wsj.com/article/0,,SB117267190348622030,00.html3 * * *

CORPORATE TRANSFORMATIONS: While personal-computer titan Dell Inc., which re-installed founder Michael Dell as chief executive in January, posted depressed fiscal fourth-quarter results and said a "transformation" is under way, Berkshire Hathaway Inc. posted a decline in quarterly net and said its 76-year-old chairman, Warren Buffett, is on the hunt for someone to take over his investment duties when he dies. Mr. Buffett didn't disclose what he would pay, and, while he is taking resumes, isn't planning on leaving soon. "At 76, I feel terrific and, according to all measurable indictors, am in excellent health," he said. "It's amazing what Cherry Coke and hamburgers will do for a fellow."

Read our report on Dell:

http://online.wsj.com/article/0,,SB117277529689223648,00.html4

Read our report on Berkshire Hathaway:

http://online.wsj.com/article/0,,SB117278144646923805,00.html5

Political Energies (WSJ)

The Wall Street Journal, March 2, 2007

As corporate dramas go, few can match the long-running Endesa takeover story. But the latest plot twist, in which Italian utility Enel entered the scene, may have the Spanish electricity giant's shareholders feeling like they're watching a farce. As usual when it comes to Europe and energy, politicians appear to be the ones making a mockery of the market.

A new chapter began Tuesday, when Enel bought a 9.9% stake in Endesa -- just three weeks before Endesa's shareholders were to consider bylaw changes that would allow Germany's E.On to move forward with a €41 billion purchase of the company. Yesterday Enel made arrangements to boost its holding to 17% -- Spanish law requires a regulatory review before an investor can buy more than 10% of a utility -- and said it would ask permission to keep buying up shares until it had nearly one-fourth of the company, at which point it would have to bid for the entire firm.

E.On's bid, which just last week seemed like a reasonably safe bet, is now in real danger. Spanish conglomerate Acciona owns 21% of Endesa and has indicated it won't sell to the German utility. Spain's public holding company owns 3%, so if Enel refuses to sell to E.On -- so far the Italians are being coy on that question -- the German company would have to win over almost all of the other shareholders to take control of Endesa. Even then, the large minorities might prove to be a thorn in E.On's side.

This saga might have been all to the good for Endesa shareholders -- competing bids can't be bad, right? -- if this were a true competition. But that's not the case. As it stands, smaller shareholders probably won't get the chance to weigh E.On's offer.

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Investors who bought Endesa stock over the past year and a half, during which time the share price has doubled, may still have a chance to recoup handsome rewards -- if there are any takers still out there.

So why did Enel jump into the fray? There's plenty of reason to believe that the motivation was in part political. After failing to marry Endesa with Barcelona-based Gas Natural, Spanish Prime Minister José Luis Rodíguez Zapatero has been laboring for months to keep the company out of E.On's hands.

Last week, Mr. Zapatero had a summit with his Italian counterpart, Romano Prodi. Both governments insist the two leaders didn't discuss Endesa, only "reciprocal investments." So perhaps it's truly a coincidence that a few days later Enel, which is more than 30% state-owned, made its move for Endesa.

If, however, government meddling did occur, it is the last thing Europe needs in a sector that's already highly politicized. Rising oil prices, Russia's natural-gas games the past two Januarys and what the French call patriotisme économique have frustrated EU attempts to open the energy industry.

There are of course business reasons for Enel to buy into Endesa. Like E.On, Enel has been sitting on a pile of cash reserves and has few options for making acquisitions. Paris caught wind of a possible Enel-Suez deal last year and forced the latter into a tie-up with Gaz de France instead -- to the ire of the Italian government. Endesa is the only big fish available in Western Europe, and it's available only because the European Commission has spent the past year badgering Madrid for its protectionism. Yet the payoff for buying only a minority stake isn't clear.

Brussels deserves credit for its persistence in the Endesa case, even if Enel may negate much of that good work. Still, the difficulty it's had in enforcing cross-border competition here shows that the balance of power still lies in national capitals. Recognizing this, EU antitrust chief Neelie Kroes is threatening to break up energy companies into suppliers and distributors in order to boost energy-sector competition.

We think it's too early for such a drastic and largely irreversible step. But Madrid, Rome and Paris aren't doing themselves, their utilities or their citizens any favors by indulging in these power plays.

XM-Sirius Merger Provides Little Airtime For Antitrust Issues (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, March 2, 2007

The brand-new House Committee Antitrust Task Force took up the proposed merger between the nation's two satellite radio companies Wednesday, discussing technology, economics and personalities. Antitrust law, which will weigh big in the deal's ability to win government approval, received very little airtime.

Sirius Satellite Radio Inc.'s CEO Mel Karmazin was the headliner at the standing-room-only event as he pitched his company's merger with rival XM Satellite Radio Holdings Inc. He did his best to express his willingness to work with regulators and Congress to get the deal approved. But if the deal is ultimately rejected, he said, both XM and Sirius would be able to go on as separate and viable businesses.

But David Rehr, president and CEO of the National Association of Broadcasters, repeatedly told the room that the merger would be a "government-sanctioned monopoly," and that allowing the combination "portends great potential harm to the American public and to the many benefits of free local radio broadcasting."

Representatives invited one antitrust lawyer not involved with the deal to shed light on how the Department of Justice would examine the merger. Charles Biggio, a partner at Wilson Sonsini Goodrich & Rosati, testified that the DOJ's antitrust division would likely issue a second request for information on the deal in order to adequately tackle the various issues.

"The ultimate question the antitrust division will ask in reviewing the XM-Sirius transaction is whether the transaction will create or enhance market power; that is, whether it will cause prices to go up, output to go down, or quality or technological development to deteriorate in a relevant market affected by the transaction," Biggio said.

The analysis, he continued, would look at advertising, distribution via retail outlets and car manufacturers, content purchases and consumer subscriptions. Only after evaluating the effects in those areas would the staff lawyers at the DOJ consider the benefits of the deal, which have been estimated to be extensive, since the combined company would cut costs by better utilizing its satellite spectrum.

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After his prepared testimony, however, lawmakers had virtually no questions for Biggio.

A number of the representatives acknowledged they, or their family members, are current subscribers to one or the other satellite service.

Rick Boucher, D-Va., said that satellite radio companies may compete more with terrestrial radio stations than Rehr was willing to acknowledge, given a report released this week by international media and marketing research firm Arbitron Inc. That report said a survey of satellite radio users indicates that only 3.4 percent of radio listeners use satellite radio. Satellite radio listeners on average listened to far more radio, and actually listened to more terrestrial radio than satellite radio, according to the survey.

Several representatives told the witnesses they were keeping an open mind about the merger and would look forward to further information.

FTC Clears Carlyle's Philosophy Buy (AP)

AP, March 2, 2007

Federal Regulators Approve Carlyle Group's Acquisition of Skin Care Company Philosophy

WASHINGTON (AP) -- Federal antitrust regulators approved Carlyle Group's purchase of cosmetics and skin care company philosophy inc., according to a notice issued by the Federal Trade Commission Thursday.

The FTC cleared the sale without requiring any changes.

Carlyle, a private equity group, announced the purchase Jan. 31, but did not disclose terms of the deal. Philosophy sells through retailers and television shopping channels and was the top beauty brand on QVC in 2006, Carlyle said.

Carlyle also said in announcing the deal that it was its third consumer and retail acquistion in 11 months, after its purchase of Dunkin' Brands in March 2006 and Oriental Trading Co. in July 2006.

FTC Clears Purchase Of Mirant Plants (AP)

AP, March 2, 2007

Federal Regulators Approve $1.4B Purchase of Mirant Power Plants by Private Equity Firm

WASHINGTON (AP) -- Federal antitrust regulators approved the $1.4 billion sale of six power plants by Mirant Corp. to LS Power Equity Partners, according to a notice issued Thursday by the Federal Trade Commission.

The FTC cleared the sale without requiring any changes.

Mirant said when announcing the sale in mid-January that it expects net proceeds of $1.32 billion, after paying off $83 million in debt.

The plants, all in the U.S., produce a total of 3,619 megawatts of power. Mirant is selling its Michigan Zeeland plant, its West Georgia plant, its Shady Hills plant in Florida, its Sugar Creek plant in Indiana, its Bosque plant in Texas and its Las Vegas-based Apex plant.

LS Power Equity is part of private equity firm LS Power Group.

Shares of Mirant rose 72 cents, or almost 2 percent, to $37.91 in late afternoon trading on the New York Stock Exchange.

FCC Sides With Cable Phone Firms (USAT)

By Paul Davidson

USA Today, March 2, 2007

In a move that's expected to bring new discount phone services to millions of rural Americans, the Federal Communications Commission ruled Thursday that local phone companies cannot block cable providers' rival Internet-based phone offerings.

"The commission must promote competition," FCC Chairman Kevin Martin said.

In an FCC petition last year, Time Warner Cable complained that rural carriers in South Carolina and Nebraska refused to set up connections so users of the company's Voice over Internet Protocol (VoIP) service and rural phone customers can exchange calls. The carriers also would not provide local phone numbers and 911 services.

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Time Warner typically leases these services from MCI and Sprint, which, in turn, lease them from the rural phone companies.

The rural carriers claimed a federal law promoting competition doesn't require them to provide the services because MCI and Sprint would not serve residents directly. They also noted VoIP has not been labeled a telecommunications service. State regulators in South Carolina and Nebraska sided with the rural carriers. Similar battles are playing out in other states.

But FCC staff said wholesale providers are entitled to the same network-leasing privileges as retail companies and that VoIP's classification is irrelevant.

Cable companies have lured millions of VoIP customers from local phone giants in major cities but largely have been shut out of less-populated markets, many of which have no land-line phone alternative. "This will enable Time Warner Cable to deploy its digital phone service to areas that have been denied the benefits of competition," the company said in a statement.

VoIP requires a broadband line and sends calls over the Internet.

Analyst Jessica Zufolo of Medley Global Advisors says the ruling should let cable companies "fully penetrate these rural markets."

But Dan Mitchell of the National Telecommunications Cooperative Association, which represents rural companies, says the FCC should have first resolved how much VoIP providers must pay local phone companies to connect calls. They now often pay very little.

"They're imposing costs on our networks and not paying for it," Mitchell said. "From our perspective, that's unfair competition."

FCC Grants Internet Phone Access (WP/BLOOM)

By Molly Peterson

The Washington Post, March 2, 2007

Rural telephone companies must allow carriers such as Verizon Communications to use local lines to connect Internet-based calls, U.S. regulators said yesterday.

The Federal Communications Commission ruling, in granting a petition filed by Time Warner Cable, "will enhance consumers' choice for phone service by making clear that cable and other [Internet phone] providers must be . . . allowed to put calls through to other phone networks," FCC Chairman Kevin J. Martin said in an e-mailed statement.

AT&T and Verizon, the two biggest U.S. phone companies, supported Time Warner Cable's petition.

The FCC order overrides rulings by state regulators in South Carolina and Nebraska that barred certain carriers from connecting calls using voice-over-Internet protocol, or VOIP, to traditional local phone lines. The South Carolina regulators said Verizon had no right to route Internet-based phone calls through lines owned by rural-phone companies as part of a wholesale service it sells to Time Warner Cable, a unit of Time Warner Inc.

The state rulings would have impeded phone competition, the commission said in its decision. They also would have hindered the deployment of high-speed Internet access, the FCC said.

Cable companies have invested more than $100 billion on broadband networks "to offer consumers a wide array of new services, and this action will speed the rollout of digital voice service in many more markets," said Kyle McSlarrow, president of the National Cable & Telecommunications Association.

Oracle Adds Business-Intelligence Firm Hyperion (WSJ)

By Vauhini Vara

The Wall Street Journal, March 2, 2007

Oracle Corp.'s roll-up of smaller software concerns continues to roll on, with a twist in emphasis.

The deal announced yesterday -- a tender offer for Hyperion Solutions Corp. for $3.3 billion, or $52 a share -- highlights the business-software giant's shift from buying head-on rivals in maturing markets to snapping up players in fast-growing niches. Hyperion specializes in business-intelligence software, a hot field where Oracle has been a relatively minor player to date.

The transaction, which sent Hyperion's shares up 20% and moved the stocks of other companies in the sector, would be Oracle's largest acquisition since it acquired Siebel Systems Inc. for $5.85 billion in 2006.

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In the past two years, Oracle Chief Executive Larry Ellison has spent upward of $20 billion on buying more than 25 software firms. Early on, Oracle used big bids for major rivals such as PeopleSoft Corp. and Siebel to build itself into the No. 2 maker of applications for business tasks, such as finance and human resources, after German rival SAP AG. Those deals significantly beefed up Oracle's own applications business and customer list, while creating opportunities to increase profit by laying off employees in duplicate positions.

But lately, the company has focused on smaller acquisitions in areas such as security and content management, as well as firms focused on specific industries.

DEAL JOURNAL

1 • Read the Journal's new daily take2 on the high-stakes world of deal making, and see more in our new Deals & Deal Makers page3.

The Hyperion acquisition is the latest reflection of that plan. The company focuses on programs that help companies collect, analyze and share data about how their businesses are performing -- an increasingly important field as businesses seek to extract more usable knowledge from their growing troves of business data.

Forrester Research found in a recent survey that 13% of businesses plan to make first-time purchases of business-intelligence software this year -- more than in any other area of application software.

"In applications, [Oracle's] strategy has been to gain critical mass," UBS analyst Heather Bellini said. Now, the company is using its cash to drive revenue growth, not just cost savings, she said.

Where Oracle cut the former sales teams of PeopleSoft and Siebel, for example, it plans to squeeze cost savings from other parts of Hyperion.

"They've got a sales force," Safra Catz, Oracle's chief financial officer, said on conference call. "We're keeping it intact."

Oracle expects the transaction to be accretive to Oracle's earnings on a non-GAAP basis by at least one cent per share in fiscal year 2008 ending in May of that year and by at least four cents per share in fiscal 2009. The deal, subject to customary conditions, is expected to close next month.

Oracle had been in talks for months with Hyperion, of Santa Clara, Calif., and with rivals in the field that include Cognos Inc. and Franco-American Business Objects SA, according to people familiar with the matter. Oracle, Redwood Shores, Calif., was looking for a purchase that would fit with its own business-intelligence software and liked Hyperion because there was little overlap between the companies' products.

Analysts say they expect Oracle to focus, going forward, on similar types of deals in other niches. Major rivals, such as SAP, could now decide to snap up the other business-intelligence specialists, they suggested.

A spokesman for SAP, however, emailed a statement that appeared to question the wisdom of trying to grow through large deals. "This latest acquisition only further muddies Oracle's already cluttered application landscape," he wrote.

The latest deal sent Hyperion shares up $8.73 to $51.57 as of 4 p.m. in Nasdaq Stock Market composite trading. Oracle shares rose 34 cents, or 2.1%, to $16.77, also on Nasdaq, where Cognos shares rose 95 cents, or 2.5%, to $39.06, and Business Objects' American depositary shares fell 98 cents, or 2.7%, to $35.12.

Hyperion has ridden a wave of demand for software that helps companies analyze corporate data, counting 91 of the Fortune 100 companies as customers. Its revenue rose 9% to $765.2 million in its 2006 year ended June 30.

Hyperion has had to make acquisitions of its own as the software industry consolidates. Most recently, it announced in January that it would acquire, under undisclosed terms, closely held Decisioneering Inc., which makes software to help companies predict how they should run their business.

Separately, Oracle is making changes in its product-development organization, having fewer executives report to John Wookey, senior vice president of applications development, according to people familiar with the matter.

Edward Abbo, a senior vice president in charge of customer-relationship-management products, will take on broader responsibilities for Oracle's existing product lines, these people said. Mr. Abbo reports to Mr. Wookey.

Some of the other executives who reported to Mr. Wookey will now report to Mr. Abbo, these people said.

Oracle To Buy Hyperion Solutions In $3.3 Billion Deal (USAT)

DOJ_NMG_0138806

By Jon Swartz

USA Today, March 2, 2007

SAN FRANCISCO — Oracle bagged Hyperion Solutions for $3.3 billion on Thursday, renewing a furious shopping spree to unseat business-software leader SAP.

The cash deal, if approved by regulators, gives Oracle the keys to Hyperion's line of software used by corporate executives to track their company's performance — software that is also widely used by SAP customers.

The Hyperion acquisition is Oracle's biggest since it snapped up Siebel Systems for $6.1 billion last year. Oracle has spent more than $20 billion on almost 30 acquisitions in the past two years.

Oracle will pay $52 per share for Hyperion, a 21% premium above the most recent closing price of Hyperion's stock. Hyperion shares soared 20%, to $51.57, after the deal was announced Thursday. Oracle shares edged up 2%, to $16.77.

Oracle's acquisition could trigger a ripple effect, tech analysts say.

AMR Research analyst Bruce Richardson says Canada-based Cognos could be a takeover candidate for IBM, and France-based Business Objects may be courted by SAP. Hewlett-Packard might also sniff around for a purchase, he says.

"I would be surprised if something doesn't happen in 60 days. This is one of the last virgin markets," he says.

Business Objects is "keen" to remain independent and court Hyperion customers wary of the Oracle takeover, says Keith Gile, a senior adviser for Business Objects.

"We see this deal as a positive for us in eliminating Hyperion as a competitor," Gile says.

The purchase of 2,700-person Hyperion continues an aggressive expansion plan by Oracle CEO Larry Ellison to bolster his company's business-applications software, which automates a wide range of administrative tasks. Most of Oracle's revenue comes from its flagship database-software franchise, but growth in that market has slackened.

The Hyperion deal "beefs up" Oracle's business-intelligence software, David Hilal, managing director of Friedman Billings Ramsey, said in a report Thursday. "Unlike the acquisitions of PeopleSoft and Siebel, where there was meaningful product overlap, this deal is more complementary," he said by phone.

SAP still commands a healthy lead in the $56.4 billion market, but Oracle has chipped away by snapping up software makers such as PeopleSoft and Siebel. About 55% of Hyperion's 12,000 customers are also SAP customers, according to AMR Research.

Oracle expects a jump in sales and "some very significant (cost) efficiencies" because of Hyperion, Chief Financial Officer Safra Catz said on a conference call with analysts Thursday.

Hyperion earned $63 million on revenue of $765 million in its last fiscal year.

$8.6 Billion Acquisition Of Qantas OK'd (AP)

AP, March 2, 2007

(AP) - SYDNEY, Australia-The proposed $8.6 billion acquisition of Qantas Airways Ltd. by an investor group cleared a hurdle Thursday when the Australian competition watchdog said it will not oppose the sale.

The Australian Competition and Consumer Commission, or ACCC, said while market inquiries during a comprehensive review of the proposed acquisition had revealed a range of potential competition issues arising from the interests of the bidding consortium members, it ruled the deal is "unlikely to substantially lessen competition" under federal trade laws.

Qantas' board has recommended shareholders accept the bid by Australia's Macquarie Bank, Forth-Worth based Texas Pacific Group, Canada's Onex Corp. and others, which was first announced mid-December. It would be one of Australia's biggest-ever corporate takeovers.

ACCC chairman Graeme Samuel said while the regulator has closely reviewed whether Macquarie Bank's "partial direct and indirect interests" in Qantas and Sydney Airport could lead to discrimination in favor of Qantas by Sydney Airport management, it appeared there are "not clear incentives" for the bank to do this.

The ACCC found there is not likely to be a substantial lessening of competition across a range of aeronautical services, domestic and international air passenger services, aircraft parts and leasing, airline catering and ticketing services.

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In a statement, the bidding consortium Airline Partners Australia said it welcomes the ACCC ruling and has worked with the regulator to "address all relevant issues in relation to our bid."

The government's Foreign Investment Review Board is due to report to Treasurer Peter Costello next week on whether the bid breaches foreign ownership laws. Costello can block the sale if he believes it would not be in the national interest.

Costello said that a Senate inquiry announced Thursday into the sale would not delay his decision.

Qantas Buy-out Plan Clears Hurdle (FT)

By Raphael Minder

Financial Times, March 2, 2007

A proposed A$11.1bn (US$8.7bn) buy-out of Qantas, the Australian airline, yesterday cleared a big hurdle when the country's antitrust regulator ruled the takeover was unlikely to strangle competition. Graeme Samuel, chairman of the Australian Competition and Consumer Commission, said the watchdog's review had identified some potential issues of concern, in particular relating to Sydney airport.

But he said the concerns were not enough to suggest the deal could lead to "a substantial lessening of competition". Australia's leading airport is controlled by Macquarie, the investment bank that has spearheaded the buy-out offer for Qantas.

Peter Costello, Australia's treasurer, is expected in the next few days to receive a report from the Foreign Investment Review Board to determine whether the deal would run against the "national interest".

The consortium, which also includes Texas Pacific Group and Sydney-based Allco Equity Partners, has structured the deal so that foreign investors own only 39 per cent of the equity.

The Senate, the upper house of parliament, is also preparing to conduct a separate review of the deal.

Raphael Minder, Sydney

ENVIRONMENT:

Md. To Investigate Dumping On Site In Rural Montgomery (WP)

By Miranda S. Spivack

The Washington Post, March 2, 2007

Two Maryland agencies are investigating a two-acre pile of debris that has been dumped by a landscaping firm for the past eight years on a secluded site near the Patuxent River, a source of drinking water for the region.

The dump sits on property owned by Pepco in northeastern Montgomery County and rises 20 feet in places. It contains yard and construction waste, including cable, concrete and closed canisters, said government officials who have inspected the site. At one point last year, the debris pile was smoldering and emitting steam.

County officials have been aware of the dump since early 2006, but they did not order removal of the debris or issue fines to Pepco or Kollins Landscaping, the Brinklow firm dumping on the site. The dumping stopped a year ago after a frustrated neighbor obtained a court order. Not until last month did county officials begin examining the dump's contents more closely to assess its toxicity.

Log entries made by a county investigator who examined the site in early 2006 indicate that Pepco knew about the dumping and allowed it to continue.

"Through my conversation with Pepco it is clear that they are aware that Kollins Landscaping is placing materials at this location and that they have let it go on. However this still constitutes an illegal transfer station," said a log entry written in early 2006 by Peter R. Dilima, an inspector with the county's Department of Environmental Protection. Dilima did not respond to requests for comment.

Michael Boland, associate general counsel with Pepco, disputed that assessment.

"I don't know the inspector or how accurate or inaccurate he might have been with his notes and recollections," Boland said yesterday. "We don't permit anything like this. As soon as we became aware of it, we addressed it, and the county inspector thought it had been addressed," he said.

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The county's inspector general, Thomas Dagley, whose office is independent of the executive branch, referred the matter to the state attorney general's office and the state Department of the Environment last month. Both agencies have sent investigators to the site in Ashton, state and local officials said.

Dagley said the site, a few hundred feet from the Patuxent River, needs to be examined further to determine whether the dump is toxic. The river is used not only for drinking water but also for fishing and recreation.

"For allegations involving environmental crimes, it is important to the county and state investigators to coordinate," Dagley said. "Unless there is fact-finding at the state level, no one can answer the question of 'Is this an isolated dump on a Pepco site or one of many?' "

County officials said they are focusing on removing the material and pointed out that County Executive Isiah Leggett (D), who took office in December, had inherited the situation.

"We want to work with Pepco to clean it up," said Timothy Firestine, the county's chief administrative officer. "Our position is it needs to be cleaned up. It has been going on for a long time. Wrongs have certainly occurred."

Firestine said county officials estimate that 120 truckloads of debris need to come out. He said efforts are underway to ensure that the removal of the debris does not cause environmental damage.

Dilima's log indicates that several officials in the county's environmental and permitting agencies were told of the debris in early 2006. But dumping continued even as Pepco worked to distribute the waste on the site to try to speed decomposition, Dilima's log indicates.

Last March, a neighbor, Steve Kanstoroom, obtained a court order to stop dump trucks from using a nearby road to reach the site. Even so, one load was dumped there in June, records show.

Dilima's log, which Kanstoroom obtained through a public records request, indicates that the inspector initially urged the removal of the debris but that he agreed to allow most of the material to remain after a Pepco forester proposed spreading it around the site.

According to the log, Pepco forester David Paduda, who patrols the area, told Dilima that he and "others from his office" had a plan to remove some material and leave some to decompose on the site. The log says Paduda also told Steve Pullum of Montgomery's Department of Permitting Services and Paul Kolanowski of Kollins Landscaping of his plan.

Dumping such material legally would be expensive: The county transfer station in Shady Grove charges about $300 to $500 for a truckload of solid waste. Dumping natural wood waste is generally less expensive.

Illegal dumping, a misdemeanor in Montgomery, is punishable by six months in jail and a $1,000 fine. Unauthorized storage of solid waste on private property carries a fine of $500 a day.

Because the Ashton dump is near a stream that feeds into the Patuxent River, fines also could be imposed under federal environmental laws.

In mid-March 2006, the dump began giving off steam and possibly smoke, officials said, and it smoldered for several weeks under Pepco's overhead electrical transmission wires. Boland, the Pepco attorney, said yesterday the company did not believe the heat from the dump posed a danger.

Firefighters, inspectors and a state forester arrived to examine the site, but no one tested the dump's contents, according to Dilima's log. Officials agreed to leave the material alone and let it burn out on its own, the log says. Elizabeth Brigham, who lives nearby and is related to Paul Kolanowski, owner of the landscaping firm, was assigned to monitor it, the log says.

"Something is terribly wrong when the county refuses to take enforcement action against corporate polluters . . . and private citizens are left trying to protect their property by acting as a private attorney general," Kanstoroom said.

Kanstoroom said he became aware of the dump several years ago. He said he spoke to Kolanowski about it and thought the dumping had stopped. In early 2006, Kanstoroom began seeing Kollins Landscaping trucks carrying debris into the area and driving out empty. Kanstoroom said he asked Kolanowski to stop it, but the dumping continued. He said he then reported his observations to several county agencies and sent Pepco and county officials a video that showed the dump and the trucks.

Kolanowski declined to comment other than to say the dispute over the dump "was resolved over a year ago."

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A few days after Kanstoroom sent out the video, he said, he visited the site and noticed that someone had bulldozed the debris, covered it with dirt and pushed some of it toward a stream that leads into the Patuxent, where much of it remains. Several weeks later, Kanstoroom filed suit in Circuit Court.

County Council member Marc Elrich (D-At Large), whom Kanstoroom approached for help, said the case shows a fundamental breakdown in the county's enforcement of environmental regulations.

Elrich said: "We are trying to ask the county, 'Why were you not able to deal with this? . . . Why was nobody cited? Was it an administrative process with a bottleneck? Or is the law so unclear that you feel you couldn't deal with this? I have met with every department involved."

He added, "Nobody should have to go through this again."

The Climate-Change Precipice (WP)

By David Ignatius

The Washington Post, March 2, 2007

The scientific debate about whether there is a global warming problem is pretty much over. A leading international group of climate scientists reported last month that the evidence for global warming is "unequivocal" and that the likelihood it is caused by humans is more than 90 percent. Skeptical researchers will continue to question the data, but this isn't a "call both sides for comment" issue anymore. For mainstream science, it's settled.

The question now is what to do about global warming. This is a political problem more than a scientific one. The solutions (if we can agree on any) will require political will and imagination -- and also pain. That was my only reservation about the Oscar night celebration of Al Gore's leadership on this issue. The gowns and black ties and the celebrity back-slapping made it look like dealing with global warming will be fun, a walk down the red carpet. But it's more likely to be about catastrophe and how to share the pain.

These issues come into focus in a startling new report by futurist Peter Schwartz. He turns the usual discussions upside down: Rather than starting with detailed estimates of climate change (how much temperatures will increase; how much sea levels will rise; what new diseases will be spawned), he looks instead at systems that already are vulnerable to such stresses.

What Schwartz discovers with his stress-testing makes climate change even scarier: The world already is precarious; the networks that maintain political and social order already are fragile, especially in urban areas; the dividing line between civilized life and anarchy is frighteningly easy to breach, as the daily news from Iraq reminds us. We look at the behaviors of butterflies and migratory birds as harbingers of climate change. But what about early effects on human beings? "The steady escalation of climate pressure will stretch the resiliency of natural and human systems," writes Schwartz. "In short, climate change pushes systems everywhere toward their tipping point."

Schwartz's report, "Impacts of Climate Change," was prepared by his consulting group, Global Business Network, for a U.S. government intelligence agency he doesn't identify. The text of the report is available at the online discussion forum PostGlobal (http://www.washingtonpost.com/postglobal). Here's a brief trek through the ravaged landscape Schwartz describes.

A first set of disasters waiting to happen involves stressed ecosystems. Human actions -- deforestation, overfarming, rapid urbanization -- have created special vulnerabilities to catastrophic natural events that are likely as the climate changes globally. In an interview, Schwartz cited the example of Haiti, which because of deforestation and loss of topsoil is "an ecosystem at the edge." A prolonged drought or a devastating hurricane could tip Haiti over that threshold -- and produce a refugee crisis of tens of thousands of boat people fleeing a devastated country.

Or take the problem of rising sea levels: Climate scientists are uncertain how fast the icecaps will melt and the seas will rise. But in Bangladesh, where millions of people live at or near sea level, even a small increase could produce a catastrophe. In a severe monsoon, 60 million to 100 million people could be forced to flee inundated areas, Schwartz warns, producing "the single greatest humanitarian crisis we have ever seen."

Lack of water may be as big a problem as flooding. Schwartz notes that more than 700 million people now live in arid or semi-arid areas. Climate change could tip this balance, too, producing severe water shortages and even "water wars." Tens of

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millions of people may become water migrants. The world's feeble political systems can't cope with existing migration patterns, let alone this human tide.

And finally, there is the problem of maintaining social order in a stressed world. You don't have to go to Baghdad to see how quickly the social fabric can be shredded; just look at New Orleans after Hurricane Katrina. The stresses come in part from rapid urbanization. Schwartz notes that in 1900, one in 20 people lived in cities; today it's about half, and the percentage is rising fast. Without strong and supple governments, this could become a world of vigilantes and militias, desperate to control scarce resources.

The big problems in life aren't the ones that hit you by surprise but the ones you can see coming. That's surely the case with climate change: We can measure it, we can imagine its catastrophic effects. But can we do anything to stop it? If we let ourselves visualize how bad it could get, as Schwartz does in this report, will we make changes that might reduce the disaster? That's the real stress test: It's coming at us. What are we doing about it?

Uncle Sam's Greenhouse Gases (WSJ)

The Wall Street Journal, March 2, 2007

Stop the presses: Senator Barbara Boxer of California has a good idea. Ms. Boxer, who heads the Senate Environment and Public Works Committee, suggested last week that a first step in reducing greenhouse gases would be to require that federal buildings use more efficient light bulbs, and ask federal bureaucrats to turn off their computers at night.

"Don't you think it's time the federal government were a model of energy efficiency?" she asks. We warmly agree, not least since the United States Government is the largest single consumer of energy in the United States.

It's also one of the most inefficient energy users. According to a 1999 report by the Alliance to Save Energy, the "federal government, consumes about 32% more energy per square foot than the nation's building stock at large." This inefficiency costs taxpayers an estimated $1 billion a year. In Al Gore's phrase, Uncle Sam's leaving one giant "carbon footprint."

Of course, it follows from all this that the best way to make the federal government more energy efficient would be to undertake a government-wide policy of . . . lights out, permanently. Save the environment; kill a federal program.

Start, needless to say, with the Department of Energy, operating at an annual cost of $22 billion. The U.S. Government Accountability Office reports that from 1980 to 1996 Energy frittered away more than $10 billion on programs that were "terminated before completion." On behalf of combating climate change, America could live without DOE's Energy Hog Webgame for kids, which cost taxpayers $325,000.

The Senate Government Reform Committee has identified more than $200 billion of budget savings, enough to easily balance the budget, by eliminating redundant and wasteful federal activities. They'd have to open that nuclear-waste dump at Yucca Mountain to bury all the turned-off lightbulbs and computers. At this rate, Barbara Boxer might eclipse Al Gore as the Democrat who saved the planet. The key to success is one wonderful word -- "efficient."

FBI/DEA/ATF/USMS:

Feds Target Gang Gun Connection (CHIT)

By Jeff Coen, Tribune staff reporter

Chicago Tribune, March 1, 2007

The arrests of 19 people in Chicago and Mississippi in a gun-trafficking conspiracy offer a snapshot into the illegal gun trade in which gang members here end up with high-powered weapons, federal authorities said Wednesday.

A loose organization made up of relatives, their friends and associates allegedly arranged for the purchase of more than 100 guns in Mississippi, where laws are relatively lax, and transport here for sale to gangs such as the Gangster Disciples.

About three dozen weapons eventually were recovered at Chicago crime scenes, including a shootout last year in which two people were killed and a police officer wounded, investigators said.

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"When you add illegally obtained heavy-caliber firearms to the already volatile mix of gangs and drugs on the streets of Chicago, the result to say the least is an unacceptable level of violence," said Gary Shapiro, first assistant U.S. attorney in Chicago.

Three people were in custody in Chicago and 15 in Mississippi after a team of agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives and officers from the Chicago Police Department and Illinois State Police cracked down on the group early Wednesday.

Shapiro said gun-running operations like the one dismantled Wednesday contribute significantly to crime in the city.

It "threatens not only those who try to enforce our laws, but also the law-abiding citizens who only wish to live their lives in the neighborhoods that the gangs are trying to dominate," Shapiro said.

Recovered guns included two assault rifles and several high-powered handguns, Shapiro said.

Authorities said gun brokers in Chicago worked with traffickers, who recruited buyers in Mississippi. Those buyers made what are known as "straw purchases" at a group of three pawn shops and a gun store in Clarksdale and Tunica, Miss., falsely claiming that the guns were for them.

An ATF affidavit filed in the case outlines when weapons were purchased by alleged conspirators and when those guns turned up in Chicago.

On July 30, 2005, one of the buyers, Percy Strong, 54, of Jonestown, Miss., bought a 9mm handgun at Krosstown Trade and Pawn in Clarksdale, according to the affidavit Last October, Chicago police trying to thwart a gang hit in Humboldt Park pulled over a car full of New Breeds gang members who were on their way to shoot a rival.

The gang members pulled out an assault weapon and the pistol Strong had bought at Krosstown, authorities said. A shootout ensued that left two of the gang members dead and a police officer shot in the hand.

In December 2003, Strong bought another 9mm pistol from Krosstown. That weapon was recovered by Chicago police in the South Side bedroom of a convicted felon, along with a stash of drugs, according to the affidavit.

On Sept. 1, 2003, Strong bought a .45-caliber pistol at the same business, the affidavit states. Less than two months later, the gun was recovered after a Gangster Disciple street gang member used it to shoot someone in the 5700 block of South Wabash Avenue.

Another buyer, James Jiles of Clarksdale, bought a semiautomatic rifle at Mega Pawn in that town. Police executing a search warrant on the South Side in 2004 found the weapon in the possession of a member of the Mafia Insane Vice Lords, the affidavit states.

ATF leaders said they began to crack the network by analyzing gun data, discovering that between 2001 and last fall, 300 guns recovered by law enforcement in Northern Illinois came from the Clarksdale and Tunica shops. Records from those businesses were then used to identify the purchasers, who were questioned by investigators and who blamed others in the network.

Strong told the ATF he was recruited by Eddie Nesby, 25, of Chicago, who was among those charged. Nesby paid him $250 cash in addition to the cost of the gun, authorities said, but other buyers were paid as little as $20 or $50.

Many involved in the scheme knew where the guns were headed, investigators said, and attempted to destroy the serial numbers on many of the weapons. Most of the guns remain on the street and unaccounted for.

Other Chicagoans arrested and charged in the conspiracy in addition to Nesby were Julius Statham, 37, who allegedly bought some of the weapons in Chicago; and Antonio Brunt, 30, who along with Statham was accused of using a relative to obtain firearms in the South.

Attorneys for the men could not immediately be reached for comment.

Andrew Traver, special agent in charge of the Chicago ATF, said the case is a good example of how firearms-trafficking works. Traver called it a growing problem that involves more-sophisticated groups moving deadlier firearms.

"Back in the late '80s and early '90s, it was generally one person with a trunkful of guns who would drive up and sell them," he said. "Now we have these groups of people, where they recruit family members or associates in states that tend to have more lenient gun laws than Illinois."

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Mississippi does not require a special firearm owner's identification card to buy a gun, authorities said, and has no waiting period.

Officials Break Up Gunrunning Operation (JCL)

By Andrew Nelson

Jackson Clarion-Ledger, March 1, 2007

Purchasers would buy weapons in Miss. because of lax firearm laws and send them to Chicago brokers

Nineteen people suspected of putting more than 300 Mississippi-purchased firearms in the hands of Chicago street gang members were arrested Wednesday, most in the Delta town of Jonestown in Coahoma County.

At least one of those guns is believed to have been used in a shootout with police in November that left an officer wounded and two alleged gang members dead.

At a news conference in Chicago following the arrests, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and an assault-style shotgun, The Associated Press reported.

"They just weren't your regular handguns," Monique Bond, a spokeswoman for Chicago Police Department, told The Clarion-Ledger. "These were assault-type weapons - heavy artillery."

According to Bond, brokers in Chicago arranged to have guns purchased in Mississippi because of the state's "lax gun laws."

Purchasers were recruited to buy the weapons at three different pawn shops in Clarksdale and Tunica, Bond said. Those purchasers knew the guns were going to be used illegally, she said.

The sellers have cooperated with authorities and are not suspected of being involved, said Senior Special Agent Austin Banks of the Bureau of Alcohol, Tobacco, Firearms and Explosives. He would not identify the shops.

After the weapons made it to Chicago, they were used in crimes, Bond said.

One 9 mm pistol is believed to have been used in November by members of the New Breeds gang in a gunfight with police on the city's west side.

Many of the members of the group are related, Banks said. The Mississippians arrested all had family or friends in the Chicago area.

The 15 arrested in Mississippi are expected to be arraigned Thursday in Oxford, Banks said. The four arrested in Chicago will be arrainged there.

Each charge carries a sentence of five to 10 years. Some of the suspects face multiple charges.

Weapons Crackdown Nets Feds 19 Arrests (AP)

By Mike Robinson, AP Legal Affairs Writer

AP, March 1, 2007

CHICAGO -- Nineteen people have been charged with taking part in gun-running operations from Mississippi to Chicago that provided high-powered weapons to street gangs, federal prosecutors announced Wednesday.

"When you add illegally obtained firearms to the already volatile mix of gangs and drugs on the streets of Chicago the result is an unacceptable level of violence," said Gary S. Shapiro, the first assistant U.S. attorney in Chicago.

At a news conference, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and a sinister-looking, assault-style shotgun.

Fourteen of those accused were charged in a complaint unsealed in Chicago on Wednesday. Three of those charged were arrested in Chicago Wednesday, and 10 were arrested in Mississippi. One other was already in jail, authorities said.

Five others were charged by federal officials in Mississippi.

Prosecutors said 301 guns confiscated by police and agents in Chicago over five years were traced to federally licensed gun dealers at four shops in Tunica and Clarksdale, Miss.

They said typically, so-called straw purchasers with clean records would buy the guns under orders from brokers who would then have them taken to Chicago and sold to members of the Gangster Disciples and other gangs.

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Often, the serial numbers were obliterated in an effort to hide the origin of the guns from police and federal agents, authorities said.

The investigation was conducted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives along with the Chicago Police Department and the Illinois State Police.

Police say they confiscated well over 10,000 guns in Chicago last year, which they said was a fairly typical year. Officials said that indicates that the guns recovered in the latest investigation are only a small part of the weapons being brought into Chicago, where individuals may not buy guns.

Feds Charge 19 In Mississippi Gun Pipeline (CHIST)

By Frank Main, Crime Reporter

Chicago Sun-Times, March 1, 2007

Weapon from gang shoot-out came from state

A 9mm handgun recovered last year in a Chicago Police standoff that left two gang members dead was one of hundreds of guns smuggled here from Mississippi, officials said Wednesday.

Federal prosecutors unsealed gun-trafficking charges against three Chicago men and 16 others from Mississippi. Members of at least four Chicago gangs bought the smuggled weapons from the traffickers, federal prosecutors said.

"The violent activities of these gangs have been disrupted," Chicago Police Deputy Supt. Hiram Grau said.

Could be hundreds more The Chicago defendants include convicted felons Eddie Nesby, 25, Julius Statham, 37, and Antonio Brunt, 30.

Nesby allegedly told investigators he recruited Percy Strong of Mississippi and others to buy guns for him there. Strong could buy guns because he was not a felon, officials say.

In 2005, Strong bought a 9mm Hi-Point pistol at a Clarksdale, Miss., pawn shop. The Hi-Point was recovered last October in the 3200 block of West Augusta after officers stopped a car containing gang members getting ready to shoot a rival, police said. The gangsters pointed the Hi-Point and an AK-47 at officers, who opened fire and killed two of them, police said.

Chicago Police, State Police and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives have been investigating the Mississippi-to-Chicago gun pipeline since 2001. The defendants named Wednesday were allegedly responsible for 39 Mississippi guns recovered by law enforcement officials in Chicago. Authorities have not found 117 other Mississippi guns distributed in Chicago by the defendants, officials said.

Investigators are looking into whether about 200 other Mississippi guns recovered in Chicago were smuggled by the same defendants.

One gun bought in Mississippi was used in a crime in Chicago just five days later.

Smugglers change tactics In recent years, gun traffickers have been selling powerful, expensive weapons such as 9mm and .40-caliber pistols -- and assault weapons such as AK-47s -- through smuggling networks, said Andrew Traver, head of ATF in Chicago. In the past, traffickers worked alone and sold cheap, easily concealed low-caliber pistols out of their cars, he said.

"The face of firearms trafficking has changed dramatically," Traver said.

fmain@suntimes.com

19 Arrested In Gun-running Ring (WLS)

By Stacey Baca

WLS-TV, ABC 7, Chicago, February 28, 2007

Federal agents and Chicago police teamed up to take down a gun trafficking ring that ran high-powered weapons from Mississippi to Chicago.

The guns -- a collection of AK-47s, Tech-9s, MAC-10s and a sinister-looking, assault-style shotgun --were reportedly purchased illegally in Mississippi and sold to gang members in Chicago.

"When you add illegally obtained firearms to the already volatile mix of gangs and drugs on the streets of Chicago the result is an unacceptable level of violence," said Gary S. Shapiro, the first assistant U.S. attorney in Chicago.

Out of the 14 arrested, 10 were taken into custody in Mississippi. Three were in Chicago and one was in jail.

Five others were charged by federal officials in Mississippi.

Prosecutors said 301 guns confiscated by police and agents in Chicago over five years were traced to federally licensed gun dealers at four shops in Tunica and Clarksdale, Miss.

"A majority of these firearms are purchased in gun and pawn shops in Mississippi. Despite the attempts to obliterate the serial numbers, Chicago police were able to trace the origins with good old-fashioned police work," said Hiram Grau, Deputy Police Superintendent.

"We've noticed in the last few years there's a definite trend to go with powerful were higher capacity, more lethal firearms," said Andrew L. Traver, ATF special-agent-in-charge.

The investigation was conducted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives along with the Chicago Police Department and the Illinois State Police.

Police say they confiscated well over 10,000 guns in Chicago last year, which they said was a fairly typical year. Officials said that indicates that the guns recovered in the latest investigation are only a small part of the weapons being brought into Chicago, where individuals may not buy guns.

"Is it the tip of the iceberg?" asked Shapiro. "You'd have to say it is."

FBI Bust Up Mid-South "gunrunning Operation" (WMC)

WMC-TV, Memphis, March 1, 2007

It's a growing crime on which the Feds are focused.

"The movement of guns from the Mid-South to the streets of Chicago," says U.S. Attorney Jim Greenley of the Northern District of Mississippi.

Nineteen people were rounded up Wednesday and charged with running guns.

"In my 20 years of law enforcement with the ATF, this is the most successful arrest operation I've ever been a part of," says ATF agent Robert Browning.

In all, the Feds say 100 firearms went from North Mississippi to Chicago between 1999 and 2005.

Many of the weapons were distributed to gang members and used to commit serious crimes, including homicide.

"Some of these guns were involved with officers getting shot," says Coahoma County Sheriff Andrew Thompson.

Most of those charged in this latest round of arrests are from Jonestown, Mississippi in Coahoma County, but the weapons were purchased from pawn shops in Tunica and Clarksdale.

In most cases, the crooks are accused of paying people with clean records to fill out the required paperwork and buy the weapons for them.

"Often times, the people fill out the forms because they want crack cocaine or some other type of drug," says Browning.

Federal officials say without the cooperation of accomplices, these weapons would have never made it north.

"And to those who would consider buying guns for others--don't," says Greenley.

That's because it's a federal crime that could land you in the same place as these accused gunrunners.

By the way, they face 5 to 10 years in prison and up to a $250,000 fine.

Gun Trafficking Leads To Arrests (DMISS)

By Heather Berry

Daily Mississippian, March 1, 2007

Nineteen people were arrested Wednesday morning for allegedly illegally purchasing firearms in Mississippi that then were transported to Chicago for criminals and gang members to use.

"These guns found their way onto our cities' streets and were used to terrorize our citizens," said Jim Greenlee, U.S. attorney for North Mississippi.

The firearms were purchased in the Clarksdale and Tunica areas from federally licensed firearms dealers. The defendants purchased them for family members and friends, or for the exchange of money or drugs, according to Robert Browning, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives.

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"Our office will be relentless in pursuing these investigations," said Browning, who is with the New Orleans division of firearms for ATF.

The investigation began as a result of the recovery of firearms in Chicago, and the case has been impending for the past couple of years, Browning said.

"We're cracking down on it," he added. "Enough is enough."

"Today was one of the most successful operations I've seen in my 30 years (of work)," said Coahoma County Sheriff Andrew Thompson.

The investigation was conducted by ATF, the Chicago Police Department and the Illinois State Police. Agents from the Mississippi Bureau of Narcotics and Deputy U.S. Marshals also assisted ATF with the arrests.

Fourteen people in Illinois were charged with strong purchase, as were five people in northern Mississippi. Under the direction of U.S. attorney Jim Greenlee and ATF Special Agent in Charge David Harper, the five defendants in Mississippi were indicted by a federal grand jury in the Northern District of Mississippi.

If proven guilty charges, the people arrested will be given a sentence of anywhere from five to 10 years, Browning said.

"It's not worth it to buy guns for someone else," Greenlee said.

The firearms were purchased in Mississippi because the state is more lax on gun laws compared to Chicago's restrictive gun laws, Browning said. In Mississippi, residents are not required to have a permit in order to own a gun.

Browning said federal laws regarding firearms are sufficient enough for them to monitor illegal activity outside the municipal laws.

"In this country we have an idea of individual freedom and the ability to buy things," Greenlee said.

But Southerners "abhor the illegal practice" of purchasing firearms for other people who are prohibited to, he said.

The defendants were taken advantage of by criminals who did not have the rights to purchase firearms, Browning said.

Greenlee and others involved in the arrests want to warn people not to be involved in the illegal activity.

The five defendants charged in Mississippi are Clifford Moore, 26, Latoria Davis, 26, Jeannie Mae Bedford, 36, Veronica Gilliam, 27, and George Gilliam, 25. None of the defendants live in Oxford.

The others charged are Eddie Nesby, 25, Percy Strong, 54, Charles Cotton, 46, Julius Statham, 37, Roy Christopher Brunt, 29, Antonio Brunt, 30, Sylvester Rice, 29, James Jiles, 26. Arness Brunt, 26, Demetrius Burnett, 33, Percy Mattox, 33, McKinley Pitts, 29, Tammie Brown, 30, and Curtis Simmons, 25.

To turn in people who are buying guns illegally, call 1-800-ATFGUNS.

U.S. Marshals Official Accused Of Misspending Security Funds (USAT)

By Matt Kelley, Usa Today

USA Today, March 2, 2007

WASHINGTON — A U.S. Marshals Service official misspent $4.3 million meant for courthouse security and witness protection to pay for fitness centers and firing ranges at federal buildings, a Justice Department investigation found.

The Office of Management and Budget repeatedly told David Barnes not to use construction money on exercise and training facilities, citing agency policy and appropriations laws that restricted the money for improved prisoner security, the report said.

MARSHALS WARNED: Budget office specified where money was to go

Barnes, who oversees courthouse space for the agency, concealed the spending from his superiors and directed $2.6 million in construction money for fitness centers and firing ranges at 20 federal courthouses from 2000 to 2005, according to a copy of the 41-page report obtained by USA TODAY.

The agency has not acted on the report, which it received last April.

Barnes also used nearly $900,000 budgeted for witness protection to build a firing range in the Miami federal courthouse, and he used nearly $400,000 in construction money to hire fitness center staff and clerical workers at the Marshals Service headquarters, where Barnes works, the investigation found. Some workers were friends or relatives of Barnes and his subordinates and were unqualified for the jobs, the report said.

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Barnes' lawyer, Charles Printz, said his client had the authority to spend construction money on firing ranges and fitness centers. Printz said the investigation was spurred by disgruntled employees and he expected his client to be cleared.

"No monies were misappropriated," Printz said in an e-mail response.

Barnes remains on the job, pending an administrative review. He could be fired, suspended or cleared.

Marshals spokesman Michael Kulstad and Paul Martin of the Inspector General's office declined to comment.

Printz referred questions to Kevin Linskey, the former staff director of the Senate panel controlling Justice Department spending. Linskey said Congress gave the agency leeway to spend its construction money, including for fitness centers and firing ranges.

In the report, the Justice Department said construction money was supposed to be for "prisoner holding space" in courthouses. In 2001, a congressional committee warned security must be tightened "before a tragedy occurs."

The report also found Barnes:

•Wasted $440,000 by bypassing Marshals Service officials and paying for contractors and construction through the General Services Administration. Printz said those contracts were legal.

•Violated ethics rules by having subordinates do work for free around his home and by forming a vanpool company used by contractors he hired. Ethics rules ban managers from receiving gifts from their employees, the report said. It also found that the vanpool company, which he initially failed to disclose, was a conflict of interest. Printz said the workers are longtime friends of Barnes and that the vanpool arrangement did not violate ethics rules.

Office Specified Where Marshals Money Was To Go (USAT)

By Matt Kelley, Usa Today

USA Today, March 2, 2007

Ten years ago, the White House budget office warned the U.S. Marshals Service to get its priorities straight: Money designated to improve courthouse security was not to be used for fitness centers or firing ranges.

The agency's construction account should be spent on securing areas used by prisoners, such as elevators, holding cells and entrances, Kenneth Schwartz, an Office of Management and Budget (OMB) official, said in a letter to a top Justice Department administrator.

MARSHALS MISSPEND MONEY: $4.3M used inappropriately

"We are concerned with the oversight and priority setting within this program and request that the department continue to monitor USMS expenditures from this account closely," Schwartz wrote.

David Barnes, who oversees courthouse space for the Marshals Service, pressed the OMB to change the policy in several telephone conversations in 2001, Lisa Ward of the budget office told investigators. His arguments, repeated in letters, e-mails and statements to investigators: Marshals Service officers need to stay physically fit and practice their marksmanship, and facilities to do so were often expensive and far from their offices.

Eventually, the General Services Administration and the Justice Department agreed that the Marshals Service could request exemptions for the construction of firing ranges. The GSA is the independent agency responsible for construction and renovations of federal buildings.

Barnes' office asked for 14 waivers during 2003, but all were denied, records show.

In 20 cities, Barnes found ways without waivers to get the GSA to build or renovate firing ranges and fitness centers, an internal Justice Department investigation found.

The investigation by the department's inspector general found Barnes shifted money among various construction projects and bypassed his supervisors to spend nearly $3.9 million on firing ranges and fitness centers at courthouses from Alaska to Florida, and wasted $440,000 in fees by paying for contractors and construction through the GSA rather than his agency.

A Marshals Service disciplinary board will decide whether to fire, suspend or clear Barnes for what investigators found was a pattern of violating ethics rules and misspending money.

His lawyer, Charles Printz, said Barnes did nothing wrong, and the unauthorized release of the report shows a "clear and gross abuse of authority" by someone in the Justice Department.

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In the report, Justice Department investigators cited the Marshals Service's lax oversight as a reason why Barnes' spending sometimes went undetected. A 2003 report from the department's inspector general found that the service couldn't always show it was spending its money the way Congress directed, for example.

John May, the service's chief of budget execution, told investigators it was "impossible to track" the spending by Barnes' office.

Barnes told investigators he did not notify his superiors about many of his spending decisions. When investigators asked Barnes about the disputed expenses, he replied, "I don't think it's a problem," the report said.

Until fiscal year 2006, however, appropriations laws said the Marshals Service construction account was to be used for building and renovating "prisoner holding space" in courthouses and other federal buildings. Both the OMB and Justice Department said that language clearly excluded firing ranges and fitness centers — a central point Barnes' attorney disputes.

The largest amount of challenged spending, $881,500, went to build a firing range in the basement of the new federal courthouse in Miami, the investigation found.

After the OMB deleted the firing range from courthouse plans approved by Congress, Barnes began pressuring the GSA to build a firing range anyway, the report says.

GSA officials said no, but Barnes signed an order directing the GSA to build the range with money from a Marshals Service account used to pay for witnesses' security, the report's attachments show.

The probe also found Barnes used about $400,000 meant for a security fence at the federal courthouse in Anderson, S.C., to begin construction of a firing range in the Tallahassee, Fla., courthouse. The GSA built the fence with $68,000 of its funds, investigators found.

The GSA stopped construction of firing ranges in Tallahassee and Seattle after Justice Department investigators questioned the projects. The Marshals Service had spent nearly $300,000 on a ventilation system for the Seattle shooting range before the project was stopped, the report said.

Courthouse security remains a problem. OMB's latest report said the proportion of courthouses that meet requirements rose from 6% in 1999 to 19% in 2003, but has remained flat since.

Subject Of Explosives Probe Left Homeless, Lawyer Says (MINNST)

By Chao Xiong, Star Tribune

Minneapolis Star Tribune, March 2, 2007

A Bloomington man who was jailed then released after federal authorities confiscated several firearms and explosive materials from his house has been left homeless after the city condemned his house, according to his attorney.

Terry L. Dahlen, 60, and his wife are living with relatives after a city official said the couple have mice and too much clutter in their basement, garage and back yard, said attorney Joe Rymanowski.

"Normally they don't condemn for that," Rymanowski said. "They say, 'Clean it up.' " Rymanowski said the couple were given until March 8 to clean up the house.

Dahlen has not been charged with any crime and was released from jail Wednesday afternoon. He agreed to be named for this story.

The last few days have been rough, Rymanowski said.

Dahlen has "been reduced to tears," he said. "He's obviously terrified."

FBI agent Paul McCabe said only that the case is still under investigation. The state Bureau of Criminal of Apprehension and the Bureau of Alcohol, Tobacco and Firearms (ATF) are part of the joint investigation into Dahlen.

Speaking on Dahlen's behalf, Rymanowski said his client is a gun and pyrotechnics hobbyist who used to be a licensed weapons manufacturer in the late 1980s and early 1990s. The materials and firearms seized by authorities are left over from the days he made firearms for sale to other hobbyists, Rymanowski said.

"None of it was illegal," he said. "He wasn't building a bomb. He wasn't threatening anybody."

Rymanowski said he's puzzled as to why federal authorities searched Dahlen's house, but added that they have been cooperative and professional.

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"My question is: If he's such a menace to society, why didn't Hennepin County charge him?" his attorney said. "I think this is just another level of government harassment. People think gun collectors are nuts."

Federal authorities have not said why or for how long Dahlen has been investigated. The Bloomington and Minneapolis bomb squads were called out to his home Monday in the 1700 block of W. 84th Street. Authorities also searched a commercial retail building at 5200 47th Av. S. in Minneapolis on Tuesday that belongs to his wife, who runs a salon at the address. "Explosive materials" that required a bomb squad and the skills of military personnel also were found there.

Steve Bogdalek, assistant special agent in charge of the ATF, has said the materials found at both locations were not in danger of exploding.

Authorities have said they also found blasting caps and detonation cords at Dahlen's house. His attorney said he also had inert land mines that are sold as collectors' items and clocks in the shape of fake dynamite sticks.

Rymanowski said his client does not now have plans to take any legal action in response to the searches, condemnation of his house or arrest.

Task Force To Pursue Local Gangs (WT)

By Daniel Taylor, The Washington Times

The Washington Times, March 2, 2007

The head of the FBI's Washington Field Office yesterday said he has created a new task force to pursue federal gun and racketeering charges against gang members in Northern Virginia.

Joseph Persichini Jr., the assistant director in charge of the field office, said the task force began its work about a week ago and is made up of eight to 10 agents and representatives from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and local law-enforcement agencies.

He said authorities hope to prosecute gang members using federal gun statutes and the Racketeer Influenced and Corrupt Organizations Act (RICO).

"We're looking for RICO indictments of people," Mr. Persichini said during a wide-ranging interview with editors and reporters at The Washington Times. "The key here also is using ATF and all the gun charges [because] many of those crimes are committed with weapons."

Agents will "take a look at every gang or crew in Northern Virginia," he said.

Mr. Persichini, who was appointed head of the field office inNovember after serving as its acting director since January 2006, said the effort is part of an increased focus on dealing with local violent crime, which he called a "very serious concern."

He also pointed to a recent uptick in violence in parts of the District. Mr. Persichini said he has spoken extensively with Acting Metropolitan Police Chief Cathy L. Lanier about gathering and sharing intelligence and that he talked with Mayor Adrian M. Fenty as recently as Wednesday night about comprehensive plans to thwart violent crime.

Mr. Persichini said "organized opportunistic crime," including crew-related and robbery-related violence, was driving a spike in violent crime in the 3rd District, which encompasses much of the downtown core.

He said his office has been solidifying its ties to the city's business community and minority populations, to aid its efforts in fighting local crime.

"We can't do what we do without the faith and trust of the people we serve," he said.

Mr. Persichini also said his office has taken a greater role in the schools, expanding internships for teenagers and setting up "junior special agent" programs for sixth-grade students.

"Their first interaction with law enforcement should be positive," he said.

Despite the increased local focus, Mr. Persichini said the priorities of the field office remain unchanged.

"Counterterrorism will always be No. 1," he said, calling the District a "target-rich environment" that requires constant vigilance against terrorist threats from international groups and what he described as the "home-grown lone wolf."

Mr. Persichini, whose background is in public-corruption cases, said corruption would be the focus of the field office's criminal investigations.

"I'm a firm believer that the FBI is an agency that is ... suited for the investigation of public corruption," he said.

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Mr. Persichini declined to talk about the status of the ongoing investigation into the October 2001 anthrax attacks that killed five persons, including two D.C. postal workers. He said that about 20 agents are still working on the case, but would add only that it is a "continuing, pending investigation."

Meet The FBI's 'Best Undercover Agent' (NYSUN)

New York Sun, March 2, 2007

At 6-foot 4-inches and more than 300 pounds, veteran FBI agent Joaquin "Jack" Garcia is a small mountain of a man who is hard to miss. That's never stopped him from being a master of disguises. In recent years, the expert undercover agent's appointment calendar must have read a bit like the script for the 1960s screwball comedy "If It's Tuesday, This Must Be Belgium."

Mr. Garcia surfaced last year when he took the stand in a closed courtroom to describe how he had played the role of a Gambino associate for 27 months. At the same time, Mr. Garcia was also posing as a New York capo in a 36-month FBI sting against crooked Florida cops in which four police officers were nailed last week on corruption charges (thus the reason for the secret testimony).

That wasn't all: Sources tell Gang Land that Mr. Garcia worked undercover in three other successful organized crime and corruption cases during the same time frame.

In Boston, he posed as a drug lord, resulting in the indictment of three police officers last July on drug trafficking and money laundering charges. During the lengthy FBI sting operation, the cops were also implicated in steroid abuse, identity theft and other crimes. Five weeks ago, a fourth cop was charged with perjury, obstruction of justice, and trafficking in steroids.

During the same period, sources said, Mr. Garcia worked undercover in two separate cases in Atlantic City. In one involving Asian organized crime, he played the role of a wiseguy. In a political corruption probe that resulted last fall in guilty pleas by three city council members — two from Atlantic City and one from Camden — he posed as a Wall Street financier.

During the final stages of the Florida, Atlantic City, and Boston probes, Mr. Garcia, who was undercover all but two of his 26 years as an FBI agent, was retired and working as an independent contractor, according to his testimony at the trial of Gambino capo Gregory DePalma, one of 32 mobsters and associates who was convicted as a result of Mr. Garcia's undercover work in New York.

For the record, the DePalma investigation began in December 2002 and ended in March 2005. Mr. Garcia, who retired last March, testified against DePlama last May. The Sunshine State sting operation began in February 2004 and ended last week.

"Without question, Jack Garcia is the best undercover agent the Bureau has ever had," a veteran law enforcement official who worked with him on the DePalma case said. The family's acting boss, Arnold "Zeke" Squitieri, and underboss, Anthony "the Genius" Megale, were among those who copped plea deals rather than go to trial with DePalma.

At trial, Mr. Garcia, a Cuban-born émigré, said he posed as a "fourth- or fifth-generation" Italian American who traced his lineage to Sicily. "The ruse was that I was a knock-around guy, a guy who had access to everything," he testified.

Mr. Garcia's testimony at the DePalma trial was piped into another room to prevent his cover from being blown in the Florida case. In that investigation, the cops traveled to New York and Atlantic City, according to a federal complaint filed in Miami.

Two cops allegedly delivered $400,000 in "stolen" bearer bonds to an undercover agent in New York who was posing as an underling of "Big Jack" in 2005. Last June, a month after Mr. Garcia sunk DePalma from the witness stand, the cops allegedly transported "stolen artwork" to the same "underling" in Atlantic City.

On October 26, according to the complaint, police officer Kevin Companion, the leader of the alleged rogues, met Big Jack and two "underlings" at the Borgata Hotel in Atlantic City to discuss several schemes. Out of the presence Mr. of Garcia – who acted as a non-drug dealing wiseguy in the scam — Mr. Companion agreed to provide protection for a drug shipment, and enlist his colleagues for the job.

A month later, the four cops, who were warned against mentioning "heroin or drugs" in front of Big Jack, agreed to the drug caper with Big Jack's crew, and, after safely escorting a drug mule out of harm's way, were videotaped receiving a total of

$32,000 for their services. All told, the four took in $92,000 for their outside work, much of which was done while armed and in uniform, according to the complaint.

Sources say other cops were implicated in crimes but may escape prosecution because Mr. Companion and police officer Jeffry Courtney learned of the probe after the FBI told Chief James Scarberry about it last month and he relayed the information to his top brass and city officials.

FBI officials, not to mention Mr. Garcia and 12 other agents who worked undercover in the investigation, are furious about the leak, and are likely to point to it the next time the agency gets accused of not sharing information with local police.

On the bright side, Messrs. Companion and Courtney called in sick and began to inquire about retirement benefits when they got wind of the probe. They didn't react the way New York's infamous Mafia Cops, Louis Eppolito and Steven Caracappa, often did during their careers. The dark side — that the lives of FBI agents were put at risk if the Hollywood cops had taken the same path as the murderous New York duo — doesn't sit too well with the FBI.

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Out there in Gang Land, many people on both sides of the law probably assume that the feds always go the extra mile whenever one of their own has been harmed.

Don't try telling that to William Aronwald, a former federal prosecutor whose father was gunned down in 1987 by a trio of bumbling gangsters who mistook the father for the son in a mob hit.

This week, Mr. Aronwald ripped U.S. Attorney Roslynn Mauskopf of Brooklyn for what he called "unprofessional and irresponsible" conduct by her office in its dealings with former mob associate Frank Smith, one of the participants in the killing.

"Shame on the U.S. attorney's office," Mr. Aronwald said. "We're the victims here, my family."

In the past, Mr. Aronwald has criticized Ms. Mauskopf's office for not pushing for tough sanctions initially against Smith, whose cooperation led to the conviction of Colombo underboss Joseph "Joe Waverly" Cacace, now serving a 20-year sentence for ordering the murder of the former prosecutor's father.

More recently, Mr. Aronwald has condemned them for letting Smith off the hook when he was arrested in November for grand larceny, after a short, house arrest term. That arrest, for stealing a load of flat screen TVs, was a violation of the terms of the reduced sentence he received in the killing of Mr. Aronwald's father.

Yesterday, Mr. Aronwald said he was even more irate that he had been kept in the dark that Smith had finally been charged with violating the terms of his sentence, and now faces up to three years in prison. Smith testified about that Tuesday, when he appeared on behalf of an old buddy, Carmine Carini, stating he was wrongly convicted of a 1983 murder.

Ms. Mauskopf, he said, had personally assured him that her office would keep him "in the loop" about Smith's case.

But, the ex-prosecutor told Gang Land, he has been consistently been rebuked by the office, and only learned about Smith's testimony in the Carini case after he was off the stand Tuesday. And the information, he said, came not from Ms. Mauskopf, but from a New York Post reporter, Alex Ginsberg.

"I would expect that someone from the government would have the courtesy to call me," said an "extremely disappointed" Mr. Aronwald, who is now a defense attorney.

A Mauskopf spokesman said that "in light of pending court proceedings in this case," the office would not respond to Mr. Aronwald's remarks.

This column and other news of organized crime will appear today at ganglandnews.com.

4 West Suburban Men Are Held In U.S. Drug-trafficking Probe (CHIT)

By Angel Rozas

Chicago Tribune, March 1, 2007

Four west suburban men have been charged in a nationwide investigation into a Mexican drug trafficking and money laundering ring that resulted in the arrests of 400 people in the last 20 months, authorities announced Wednesday.

The investigation, called Operation Imperial Emperor, targeted a Mexico-based drug trafficking organization authorities say is responsible for supplying tons of cocaine and large amounts of methamphetamine and marijuana to distribution cells on a monthly basis throughout the United States, U.S. Atty. Gen. Alberto Gonzales announced in San Diego.

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In Illinois, Melrose Park authorities worked with the U.S. Drug Enforcement Administration to arrest four men alleged to be selling drugs through two Melrose Park businesses. Jose Payan, Saul Leyva and Bogar Santana were each charged with conspiring with others with intent to distribute and distribution of more than 100 grams of heroin. According to the complaint, Payan told a cooperating source that he could go to Santana Automotive Inc. in the 3400 block of West Lake Street in Melrose Park to get a sample of the heroin, said Assistant U.S. Atty. April Perry. In the course of the Payan investigation, authorities seized more than 310 grams of methamphetamine and more than 240 grams of heroin, Perry said.

In a separate complaint, authorities charged Florentino Velazquez of Villa Park with conspiring with others to distribute and distribution of more than 1 kilogram of cocaine. He and an unknown man are alleged to have distributed 2 kilos of cocaine to a cooperating source, Perry said. Velazquez is alleged to have used an unnamed Melrose Park restaurant to sell the drugs and collect money, Perry said.

The men are in federal custody and will be prosecuted in the Northern District of Illinois.

A Wider Front In Doping Battle (WP)

By Amy Shipley

The Washington Post, March 2, 2007

The battle against the use of illegal performance-enhancing drugs by athletes is increasingly being led by federal, state and local law enforcement agencies as part of an expanding cooperative effort with the U.S. Olympic Committee's primary anti-doping body, according to law enforcement and anti-doping officials.

The latest manifestation of this collaboration came this week in the multi-state crackdown on illegal online sales of steroids and other performance-enhancing drugs that led to the arrests Tuesday of eight people in three states, the officials said.

In the run-up to the bust, Drug Enforcement Agency agents in Mobile, Ala., contacted federal investigators involved in the probe of the Bay Area Laboratory Cooperative, or Balco, in Northern California that has implicated dozens of Olympic and professional athletes, including baseball slugger Barry Bonds. The California investigators put them in touch with officials from the U.S. Anti-Doping Agency, with whom they have been closely cooperating for the past four years.

Within days, the USADA sent a chemist to Mobile to offer his expertise. Several DEA agents flew to Colorado Springs, where the anti-doping agency is based. There were frequent phone conversations. The cooperation illustrated the changing landscape of anti-doping enforcement, investigators say.

USADA officials say the collaboration also reflects the failure of a more than three-decade effort to contain the use of performance-enhancing drugs by competitive athletes through testing. These officials say that with the Beijing Olympics less than 18 months away they fear the use of even more sophisticated drugs and masking agents by athletes will continue to outpace testing methods.

The collaboration has "had an absolutely enormous effect," said Don Catlin, who has been involved in anti-doping efforts since the early 1980s as the director of UCLA's Olympic Analytical Laboratory, which services the USADA. "When I look at the 23 years of work before Balco and what we were able to do -- yeah, we would grind out positives and occasionally have a big hit -- but when the government to decides to go after it and comes in with their tools. . . . They [wiretap], they pull out e-mails; I was amazed.

"It has clearly caused a revolution. Sports authorities have no power to do anything and government has the power to do all. That's what it takes."

The crackdown on the online pharmacies this week suggests how the relationship already is benefiting both sides. While law enforcement agents have said they are targeting the pharmacies and not necessarily their customers, the California investigators urged DEA agents to turn over evidence of any involvement by high-profile athletes to the USADA so it could start disciplinary proceedings against them.

One lead agent in the multifaceted, three-state bust said he would be willing. "Certainly," Carl Metzger, narcotics commander for Orlando's Metropolitan Bureau of Investigation, said in an interview. "It would be reasonable to do that."

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The pharmacies' customers are reported to have included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield, former baseball star Jose Canseco, a physician for the Pittsburgh Steelers and what one official called other "celebrities."

Federal officials say the cooperation has given them ready access to the scientific expertise of the anti-doping community as well as the benefit of USADA's proximity to athletes and coaches.

Matt Parrella, an assistant U.S. attorney working on the Balco case, said the USADA's ability to sanction drug cheats independent of a criminal conviction by banning them from competition helps "validate" federal investigators' work. Law enforcement authorities rarely go after users of performance-enhancing drugs, choosing instead to focus on distribution networks.

"It was a good relationship from the beginning," Parrella said in an interview in San Francisco. "They could bring something to the table that was unique and we were bringing something to the table they had no ability to do."

The USADA is involved in at least four other drug-related government investigations including the Internet pharmacy case, according to USADA general counsel Travis Tygart and chief executive Terry Madden. They declined to reveal the details of the investigations.

Government officials speculate that increases in federal sentencing guidelines for steroids and other drugs that resulted from the Balco probe have provided agents with more incentive to pursue such cases. "I've seen these things break apart under their own weight many times," Parrella said.

In the Balco case, he said, it did not. "All involved realized this was a relationship that needed to be fostered for the greater good."

To some extent, the collaboration reflects a worldwide trend. International anti-doping agencies have grown increasingly reliant on government intervention to catch drug users since 1998, when Australian customs agents caught Chinese swimmers with banned drugs and French police conducted raids and made arrests at that summer's Tour de France.

At the Salt Lake City Olympics in 2002, local police confiscated blood-transfusion material at a residence of the Austrian cross-country ski team. Four years later at the 2006 Winter Games in Turin, Italian police raided the rooms of Austrian skiers and biathletes. Dozens of cyclists have been linked to a federal drug raid last year in Madrid known as Operation Puerto.

The World Anti-Doping Agency, an independent Montreal-based body established by the International Olympic Committee, has become so convinced of the necessity of investigative work in anti-doping enforcement that it is preparing to hold its second symposium on the matter in London in April. Jeff Novitzky, a special agent for the Internal Revenue Service who is the lead investigator in the Balco case, and Parrella spoke at the first conference last November in Colorado Springs.

"If you look at the really big busts, the really big advances, the majority have been with the assistance of other government agencies," WADA Director General David Howman said. "It's important that we don't get all wound up collecting urine and blood. It's not the be-all and end-all."

Athletes sanctioned in the Balco scandal said they used a steroid specifically designed to avoid detection. Such "designer steroids" aren't the only problem. Testers still don't have reliable tests for human growth hormone and other naturally produced performance enhancers known to be popular with athletes.

In an environment in which the athletes who use illegal performance-enhancing substances seem routinely to be at least one step ahead of drug testers, efforts are under way to strengthen the relationship between sports bodies and law enforcement officials.

The creation of a task force that would bring together various governmental and nongovernmental agencies is being discussed on Capitol Hill as a means of formalizing the relationship and creating a mechanism for information-sharing, according to a source with knowledge of the discussions.

The USADA, in its seventh year of existence, receives about 60 percent of its funding from the federal government. It is a nonprofit corporation whose stated mission is to eliminate drug use in sport and protect athletes' health through research and education. It has no investigative power, no investigators and no budget designated for investigations.

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The USADA has another problem: jurisdiction. All of the U.S. professional sports leagues conduct their own drug testing even though in 2005 several members of Congress, including Sen. John McCain (R-Ariz.) and Rep. John E. Sweeney (R-N.Y.), publicly urged the leagues to turn their testing over to the USADA.

Of the many examples of the USADA's partnership with government agents, two stand out, officials say.

In 2004, Kevin V. Ryan, the U.S. attorney who oversaw the Balco case until leaving for private practice last month, granted Novitzky, the IRS investigator, permission to testify at two arbitration hearings in which the USADA sought -- and received -- bans for athletes who had never failed drug tests. Ryan also allowed Novitzky to take various pieces of evidence with him rather than providing copies whose authenticity might be questioned.

Parrella said the moves weren't merely "uncommon, it was unique," since the criminal probe was far from complete.

"What drove my decision was the realization that this case was bigger than" the criminal investigation, Ryan said. "Everyone was a little nervous about it. It had never been done before. It turned out to be more a gesture of goodwill. It was our recognition that they had a job to do. . . . They knew we had a lot of evidence, a lot of material, that would help them in their mission."

Throughout the Balco probe, USADA officials communicated almost daily with Novitzky and an assortment of other agents involved in the case, including Parrella and fellow Assistant U.S. Attorneys Jeff Nedrow and Jeff Finigan, IRS agent Erwin Rogers and FBI agent Heather Young.

"If you tried to formalize [the relationship], you'd have lawyers meeting for five or 10 years and nobody would agree on anything," Catlin said. "The beauty of this is it happened. It was all sort of spontaneous from people trying to do the right thing."

Killing Highlights Risk Of Selling Marijuana, Even Legally (NYT)

By Kirk Johnson

The New York Times, March 2, 2007

DENVER, March 1 — Ken Gorman, an aging missionary of marijuana, was found murdered in his home here two weeks ago. The unsolved crime is exposing the tangled threads at the borderland of the legal and illegal drug worlds he inhabited.

Mr. Gorman, who was 60, legally provided marijuana to patients under Colorado's medical marijuana law, but he also openly preached the virtues of illegal use, and even ran for governor in the 1990s on a pro-drug platform.

In recent years, he had grown frightened as the mainstream medicine of cannabis care bumped against the unregulated and violent terrain of the illicit drug market. He had been robbed more than a dozen times in his home on Denver's west side, had recently gotten a gun and also talked of installing a steel door and gates.

"Ken was really fed up with the barrage of robberies and he told me it would never happen again," said Timothy Tipton, a friend and fellow medical marijuana supplier, who said Mr. Gorman showed him the gun about two months ago.

Some legal experts say Mr. Gorman's death could lead to a reconsideration of how medical marijuana is administered here and elsewhere. Providers are often left exposed and vulnerable because of the nation's conflicting drug laws, with marijuana use illegal under federal law but legalized for some medicinal purposes here and in 10 other states.

Since 1997, after the first medical marijuana law was passed in California, as many as 20 legal marijuana providers have been killed around the country, mostly in robberies, said Allen St. Pierre, the executive director of the National Organization for the Reform of Marijuana Laws, or Norml, a nonprofit advocacy group in Washington.

Some in law enforcement, including Colorado's attorney general, John W. Suthers, say the Gorman killing illuminates more clearly than ever that crime and marijuana cannot be disentangled.

"Mr. Gorman showed that the law is abused and can be abused," said Nate Strauch, a spokesman for Mr. Suthers.

Many people in the medical marijuana supply system say the central risk comes down to the fact that they work in the shadows, where law enforcement officials are often either conflicted or hostile and crime is rampant.

At the Colorado Compassion Club, for instance, which opened last year as a storefront support center in Denver, the 200 marijuana patients served there go through as much as a pound of marijuana a day. The club grows as much as it can, said its founder, Thomas E. Lawrence, but must rely on buys on the illicit market for the rest, usually made by one or two caregivers who have volunteered.

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Mr. Gorman's killing, legal experts say, has exposed the paradoxes and ambiguities about medical marijuana that most states have failed to grapple with.

The Colorado Department of Public Health and Environment, which administers the marijuana program, is not authorized, for example, to provide information about where the 1,100 patients who are certified under the program can obtain their drugs, according to the department's Web site.

The state also does not license marijuana providers, or inspect the quality of the drug that patients obtain.

Colorado's law allows patients with certain illnesses, as well their doctors and others who provide care, the right to possess, grow and transport marijuana.

But all those things remain illegal under federal law. And a chief deputy district attorney for Denver, Greg Long, said that anyone selling drugs illegally, even if the final recipient was legally entitled to possess them, could still technically be violating state laws too — though as a practical matter, Mr. Long said, prosecutors do not generally pursue cases in which the drug being sold is marijuana for certified medical use.

The portrait of Mr. Gorman is just as unclear. His friends say he was quixotic and selfless, a man uninterested in financial gain who tilted against the confining rules of society, especially the drug laws.

A merry prankster at a time when marijuana advocacy groups were becoming more adept at politics than protest, he had become an anachronism, acquaintances say, whose counterculture antics embarrassed and angered many people in the medical-advocacy and legal reform movements.

"I have gray hair on my head and I attribute some of it to Ken Gorman," Mr. St. Pierre of Norml said.

Some critics said Mr. Gorman was caught up in his own image as a rebel, thwarting even the rules about medical marijuana that could further the causes he espoused.

Just one week before his death, for example, the local CBS television news affiliate in Denver broadcast an investigative story in which a young station employee with a hidden camera captured Mr. Gorman happily explaining how to fake the medical card that would make a drug transaction appear legitimate.

The story prompted an uproar in medical marijuana circles, forcing Mr. Gorman to defend himself on a pro-marijuana Internet forum from attacks by people who said he had betrayed them by making medical marijuana look like a cover for old-fashioned drug-dealing.

And he had become an angry, fearful man, his friends and acquaintances said. Though he had served time in prison — five years for a felony drug conviction in the mid-1990s — and often seemed to scoff at the law, he had grown increasingly frustrated about being a crime victim himself.

The Denver police have revealed little about the murder investigation.

A spokesman, Sonny Jackson, said the police responded to reports of shots fired at Mr. Gorman's home around 7 p.m. on Feb. 17 and found Mr. Gorman with a gunshot wound to the chest. He died shortly thereafter.

Mr. Jackson said that there had been an incident the previous night in Mr. Gorman's home; someone had been arrested and neighbors reported shots fired. But investigators said they did not believe that incident and the slaying were connected.

Colorado's medical marijuana law, enshrined in the state's Constitution by a statewide vote in 2000, protects people from prosecution under state law. Acquiring the drug illegally, however, puts those people in very dangerous company.

Mr. Gorman, his friends say, had no intermediary. The face that was famous on television as Colorado's most ebullient marijuana advocate was the same one making the buys out on the market.

"It's dangerous to help people," said Mr. Tipton, who lives in a suburb of Denver and said he had about 45 marijuana patients. "We're out there, exposed to abuse from patients, law enforcement, robberies — it's a long list."

Lawyers and medical marijuana advocates in California — which has the oldest and by far largest medical marijuana system in the nation, with about 100,000 licensed drug recipients and 200 dispensaries — say that robberies and violence against medical distributors, a problem in the earlier days of the system, have become much less frequent because of improved security.

But many robberies also often go unreported, said Dale Gieringer, the state coordinator for the California chapter of Norml.

"It usually gets hushed up," Mr. Gieringer said.

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Mr. Gorman's home, still taped off by a police ribbon, has become a kind of shrine to the subculture he celebrated.

On one night a few days after the killing, a group of more than 20 people — young men and teenagers, mostly — sat around a bonfire in Mr. Gorman's front yard, passing marijuana joints and beer bottles as a Tupac Shakur song blared on a car stereo.

"He was the most compassionate, kind man I knew," said a young man who identified himself as Vuddah, as thick curls of smoke shrouded the group. "We want to keep this place open so that the patients can keep coming," he added. "That's what we're going to do.

"That's what Ken would have wanted," he continued. "To us, he was a medical marijuana freedom fighter."

US Cites Failure Of Countries In Drug Fight (AP)

By Matthew Lee, Associated Press

AP, March 2, 2007

WASHINGTON -- The United States said yesterday that top antiterror allies Afghanistan, Pakistan, and Colombia had fallen short in the war on drugs despite enhanced counter-narcotics efforts and it criticized perennial foes Iran, North Korea, and Venezuela for not cooperating.

The State Department also noted backsliding in some key Latin American nations such as Bolivia while it praised improved performances by Mexico and traditional Asian transshipment points China and Thailand, but slammed neighboring Burma for illicit drug production.

In its annual global survey of the drug war, the department said massive opium poppy production in Afghanistan, long the world's top producer of the main ingredient for heroin, continued to pose a major threat due to its links with groups such as the Taliban.

"Afghanistan's huge drug trade undercuts efforts to rebuild the economy and develop a strong democratic government based on the rule of law," the department said in the 2007 International Narcotic Control Strategy Report.

"There is strong evidence that narcotics trafficking is linked to the Taliban insurgency. These links between drug traffickers and antigovernment forces threaten regional stability," the department said.

It added that endemic "corruption" and prevailing "dangerous security conditions" were seriously hindering efforts to combat Afghan poppy production that shot up 59 percent to a record 5,644 tons from 2005 to 2006.

"More must be done," Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Anne Patterson told reporters.

The report stressed that Afghan President Hamid Karzai remains committed to reducing the harvest but Patterson said that results remained "insufficient."

Across the border in Pakistan exists a major transit point for opiates and hashish, where Taliban and Al Qaeda operatives are also believed to operate, the State Department said. It said it believed the government there had launched several promising new antinarcotics initiatives.

Mexico Prevails As Drug War Ally (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 2, 2007

Several countries, including Mexico and Colombia, showed a willingness last year to confront global drug dealers, but Venezuela, Bolivia, Afghanistan, Pakistan, Iran and North Korea have fallen short in the war on drugs, a report said yesterday.

In its annual study of the international drug war, the State Department also said drug smugglers were hiding in the "shadows of an open society" to link themselves with sophisticated criminal and terrorist organizations to launder millions of dollars in illicit profits.

"As long as criminality remains in the underground of aliases, coded messages, false documents, bearer instruments and clandestine operations, it is often undetectable to even seasoned investigators," said Anne Patterson, assistant secretary for international narcotics and law enforcement affairs. "When criminal activity breaches this underground, it often provides leads and evidence authorities can use to unravel these cases."

According to the report:

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•In Mexico, the Fox and Calderon administrations cracked down on traffickers and drug-related violence more than any previous Mexican governments -- seizing drugs, eradicating illegal crops, preventing chemical diversion and extraditing some of Mexico's most notorious traffickers. Although work is still to be done and Mexico remains the primary corridor for drugs entering the United States, the Bush administration said it was pleased with the country's "strong actions to address these problems."

•Colombia continued to attack the drug trade and terrorist organizations that profit from it, eradicating a record amount of coca last year. Though cultivation persists, aggressive eradication resulted in the destruction of what could have become billions of dollars of cocaine.

•Venezuela and Bolivia faltered last year, both failing to adhere to their obligations under international narcotics agreements or to cooperate with the United States. Venezuela is now a principal transit country for Andean cocaine, and Bolivia "experienced an erosion" of previous successes.

•Afghanistan's opium poppy cultivation increased by 59 percent, making last year's crop the largest on record. The country produced more than 90 percent of the world's opium and had the distinction of being the world's largest producer and trafficker of heroin. Pakistan, beset by rampant corruption, is a major transit point for opiates and hashish, where Taliban and al Qaeda operatives are also thought to operate.

The report also noted that Iran had sought to deal with a domestic drug consumption surge but has not enacted or enforced laws to decrease demand. The result, according to the report, has been "an epidemic of opiate abuse."

In Burma, opium production continued to fall, but its military rulers failed to meet international standards, and the nation remained the world's second-largest producer. Burmese rebel groups continued to be a major source of methamphetamine.

The report praised China and Thailand, which border Burma, for their efforts in stemming the illicit drug trade.

"We must continue to target the financial networks that allow criminals to reap their ill-gotten gains and terrorists to finance their activities," Miss Patterson said.

Report on Poppy (HT)

Hindustan Times, March 2, 2007

The US has praised India's good record on counter-narcotics, but is worried that an alarming increase in poppy cultivation in Afghanistan is helping Taliban terrorists fund attacks on US and NATO forces.

"The Indian government has a good record on this, but it's also a huge country with a very large industry, so to prevent diversion from the legitimate pharmaceutical industry is a challenge," a senior US official said on Thursday.

"India, of course, is the only legal producer of opium and we've worked closely with the Indian government. India has a good record, frankly, on counter-narcotics," said assistant secretary of state for international narcotics and law enforcement affairs Anne W Patterson.

India, she noted, has a very large, legitimate pharmaceutical industry. "We work very closely with them to prevent diversion from that. The Indian government is very committed to that," she said while the US government's 2007 International Narcotics Control Strategy Report.

Of particular worry in Afghanistan is the Taliban's involvement in the drug trade, Patterson said noting that cultivation of the opium poppy there increased by an "alarming" 59 percent, making the 2006 crop the largest on record.

Taliban leaders have publicly linked themselves to poppy cultivation, and drug profits now support elements of the Taliban and fund attacks on US and international troops in Afghanistan. The opium poppy is used to manufacture heroin, she said.

Patterson attributed much of the poppy problem in Afghanistan to the fact that the Afghan government "doesn't have control of [its] territory". Cultivation of opium poppies soared in 2006 in two Afghan provinces, Helmand and Kandahar, "because there is basically a lack of law enforcement and control", she said.

The resurgence of Afghan opium cultivation has increased the flow of heroin to Europe, Russia and the Near East, which "undermines those societies and the consolidation of democracy and security in Afghanistan", the report stated.

Patterson praised neighbouring Iran's role in combating drug trafficking, despite a State Department report characterising the country as a "major transit route for opiates smuggled from Afghanistan", which eventually reach Western markets.

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"They are playing a very positive role" in fighting the Afghan opium trade, Patterson said of Iran. "They have been very active along the border" with Afghanistan.

The Iranians view the opium trade as a "major social and law enforcement problem" and have been the "most aggressive" by far of Afghanistan's neighbours in interdicting the Afghan opium crop, said Patterson.

Apart from Afghanistan, the report cited Bolivia and Venezuela as being particular problems in the drug trade.

Turning to terrorist financing, the US official said money laundering had long been "intertwined" with the drug trade. But the global community had become more aware since the September 2001 terrorist attacks on the United States of "terrorists using underground systems to move money and transfer assets".

Focusing on money laundering "is one of the most valuable tools law enforcement has to combat international crime", the report said.

A focus on money laundering "can accomplish what many other law enforcement tools cannot" in attacking such threats as narcotics trafficking, alien smuggling, intellectual property theft, corruption and terrorism, it said.

Afghan Opium Output Reaches Record; Drug Trade Aids Taliban (BLOOM)

By Paul Tighe

Bloomberg, March 2, 2007

March 2 (Bloomberg) -- Afghanistan's opium production reached a record in 2006 and the drug trade is supporting the Taliban insurgency to overthrow the government of President Hamid Karzai, the U.S. State Department said.

The country produced 5,644 metric tons of opium compared with 4,475 metric tons in 2005, the Bureau of International Narcotics and Law Enforcement Affairs said in a report. Opium is the base ingredient for heroin.

``There is direct evidence linking the insurgency in Afghanistan and narcotics," the bureau said. ``Traffickers provide weapons, funding and personnel to the Taliban in exchange for the protection of drug trade routes, poppy fields and members of their organizations."

The Taliban, ousted in the U.S.-led war on terrorism in 2001, increased their attacks last year mainly in southern and eastern provinces, prompting the North Atlantic Treaty Organization to expand its 35,000-strong force. Afghanistan produces more than 90 percent of the world's opium poppies and is the largest heroin producing and trafficking country, according to the bureau.

Areas under poppy cultivation increased 61 percent in 2006 to 172,000 hectares (424,840 acres) from 107,400 the previous year, according to the report. It estimates the country's illicit opium was worth $3.1 billion last year and represents about one- third of Afghanistan's licit and illicit gross domestic product.

Southern Provinces

Helmand province in southern Afghanistan, the center of the Taliban insurgency, is the country's most significant opium producer, responsible for 46 percent of the national poppy crop. Kandahar, Oruzgan and Farah provinces, also in the south, together produced 24 percent, while 12 of Afghanistan's 34 provinces were poppy-free in 2006, according to the report.

Links between the Taliban and drug traffickers are highlighted by the case of Haji Bashir Noorzai, the alleged leader of the largest trafficking organization in central and southwest Asia, who was arrested in the U.S. in 2005 and is awaiting trial, the bureau said.

His indictment alleges that he provided explosives, weapons and personnel to the Taliban in return for protection of poppy crops and trafficking routes. Noorzai was a former leader of a Taliban council, according to the report.

Drug-related corruption is also a problem within the Afghan government and is ``particularly pervasive at provincial and district government levels," it said.

National Conference

The Afghan Ministry of Counter Narcotics last year organized a national conference on combating the drug trade, the government's first effort to start a nationwide campaign. The plan didn't take effect until after the planting season for the 2006 crop.

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``In order to make sustained progress in combating narcotics trafficking, the government of Afghanistan will need to continue to extend credible governance throughout Afghanistan's provinces and districts and demonstrate its ability to enforce the rules of law across the country," the bureau said. ``This will require international and political support over many years."

The unstable security, political and economic environments limit the ability of Karzai's administration to combat narcotics production and trade, it said.

Fighting last year killed at least 4,000 Afghan civilians and dozens of NATO personnel. U.K. Defense Secretary Des Browne on Feb. 26 said Britain will add 1,400 soldiers to its contingent bringing its force to 7,700 service personnel.

US: Venezuelan Situation Favors Illicit Drug Traffic (EU)

El Universal, March 1, 2007

Venezuela, with "a rampant high level of corruption, weak judicial system and lack of international counternarcotics cooperation" is increasingly enabling a growing illicit drug transshipment industry, US authorities said Thursday.

This forms part of the conclusion of the 2007 International Narcotics Control Strategy Report, a document made public each year about international cooperation in the fight against drug traffic, news agency Efe reported.

The report states that according to officials from the US embassy in Caracas, Venezuelan security forces are involved in the drug traffic.

Also, the authors of the report claim that "because of the permissive and corrupt Venezuelan environment, and the success of Plan Colombia in neighboring Colombia, traffickers have set up operations to transship illicit drugs through Venezuela to the eastern Caribbean, Europe, Africa and the United States. Venezuelan traffickers have been arrested in the Netherlands, Spain, Ghana, the Dominican Republic, Mexico and other countries."

According to the report, Venezuela is one of the major drug transshipment countries in the Western hemisphere.

During the presentation of the report, Abelardo Arias, a director for Latin America of the Bureau of International Narcotics and Law Enforcement Affairs, US Department of State, said that cooperation between Washington and Caracas is at the minimum level, adding that Venezuela refuses to sign any agreement of information exchange on drug traffic.

"Venezuela failed demonstrably to adhere to its obligations under international counternarcotics agreements and take the measures set forth in US law."

Report Looks At Cocaine Trade (USAT)

By Donna Leinwand, Usa Today

USA Today, March 2, 2007

Venezuela has become a significant player in the flow of cocaine from Colombia to the USA by allowing drug smugglers to operate freely and making little effort to cooperate with U.S. anti-drug efforts, a State Department report said Thursday.

The number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti — key transfer points for U.S.-bound shipments of the drug — increased 167% last year, State Department Assistant Secretary Anne Patterson said. She added that the leftist government of Venezuelan President Hugo Chávez, a frequent critic of the United States, has allowed drug trafficking to flourish.

"Venezuela's permissive and corrupt environment led to more trafficking, fewer seizures and an increase in suspected drug flights (from Venezuela) over the past 12 months," Patterson said.

In 2006, the Department of Defense's Joint Interagency Task Force South documented 75 flights from Venezuela to the Dominican Republic and 46 flights into Haiti, says U.S. Coast Guard Rear Adm. Jeff Hathaway, who directs the task force.

"What we have seen emerging over the last 12 months is a virtual explosion of drug trafficking emanating from Venezuela," Hathaway said.

The task force gives information about suspected drug flights to the Venezuelan government, but it rarely acts on it, he said. "Venezuela is not making any attempt to stop the aircraft when they are being tipped off by the United States."

The Venezuelan Embassy did not respond to phone calls and e-mails requesting comment.

Patterson praised governments in Mexico and Colombia for aggressive counterdrug programs, but she said both countries continue to be major drug suppliers to the USA. In Bolivia, she said, the political will to counter drug trafficking has declined.

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Recently elected Bolivian President Evo Morales has said the government would allow farmers to increase cultivation of coca to be used legally for flavorings and pharmaceuticals from 29,653 acres to 49,421 acres. The U.S. government contends that just 618 acres of coca cultivation would meet worldwide industrial demand.

The report also said Afghanistan's opium-poppy cultivation rose 59% last year, making the 2006 crop the largest ever. Patterson said profits from the opium trade help finance Taliban forces. The Afghan government does not control the Helmand and Kandahar provinces, where much of the opium is grown, she said.

Officials at the Afghan Embassy did not respond to a request for comment.

Report Slams Venezuela For Drug Trafficking (MCT)

By Pablo Bachelet

McClatchy Newspapers, March 2, 2007

WASHINGTON - In its harshest assessment yet of drug trafficking in Venezuela, the State Department on Thursday said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations.

The department's 2007 International Narcotics Control Strategies Report also expressed uneasiness over Bolivia's efforts to expand the cultivation of coca, the raw material used to make cocaine, and the State Department offered rare praise for Cuba for deporting a Colombian trafficker to Bogota.

It also praised three countries - Colombia, Guatemala and Mexico - that Bush will visit this month during a swing through Latin America, saying the three were trying to halt drug smuggling, if not succeeding.

The report also said that opium production hit a record high in Afghanistan last year and that the drug trade was undermining democracy there.

The report says Afghanistan produced a record 5,644 metric tons of opium in 2006, a 26 percent jump from the previous year. The State Department said there was "strong evidence" that drug trafficking was funding the Taliban insurgency.

"These links between drug traffickers and anti-government forces threaten regional stability," the report said.

Venezuela's leftwing President Hugo Chavez has long been at loggerheads with the Bush administration, which has accused him of everything from undermining democracies in the hemisphere to provoking an arms race - allegations denied by the Chavez government.

The report calls Venezuela "one of the principal drug-transit countries in the Western Hemisphere," with Colombian traffickers setting up shop there because the Chavez government is "permissive and corrupt."

Anne Patterson, the State Department's top anti-drug trafficking official, told reporters that suspected drug trafficking flights from Venezuela to Haiti and the Dominican Republic had soared by 167 percent last year.

More than 200 metric tons of cocaine transit through Venezuela every year, according to the report, which covers the entire world. Arrests are limited to small-time traffickers, and seizures within Venezuela dropped while Venezuelan shipments interdicted in other countries tripled.

The Venezuelan embassy in Washington declined to comment on the report, but in the past Chavez and several of his government's officials have denied any relaxation of its fight against illicit drugs.

The report praises Colombia, the world's top cocaine producer, as "completely committed" to the drug war. It calls Mexican efforts to combat traffickers last year as "unmatched" by any previous government there. About 90 percent of the cocaine in U.S. streets is believed to have come through the border with Mexico.

Guatemala is described in the report as "major drug-transit country" that made "substantial progress" in reforming the police's ability to combat drugs. The report, prepared weeks ago, made no mention, however, of the Feb. 19 murders of three Central American legislators in what Guatemala's President Oscar Berger said may have been a drug-related crime.

Four police officers arrested in the deaths, including the head of Guatemala's organized crime unit, were murdered days later in their cells at a prison outside Guatemala City. The assailants, who are still at large, passed through eight prison checkpoints unchallenged, officials said.

Patterson denied that the report picked on Venezuela because of Chavez's strident criticism of Bush.

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"In contrast to the strong stands taken by the governments of Mexico and Colombia," Patterson said, "political will in Venezuela and Bolivia faltered last year."

She said Venezuela long had one of the strongest records in the hemisphere against trafficking. "And frankly, that's all stopped, for reasons that aren't entirely clear to me."

The Bush administration stepped up its criticism of Venezuela after Chavez ousted Drug Enforcement Administration agents from Venezuelan government facilities in late 2004, allegedly because they were spying. The two countries later negotiated an agreement to allow DEA agents to return, but Venezuela has so far refused to sign it, the report says.

In September of last year, the administration "de-certified" Venezuela as a helpful ally in the drug war and cut off aid and weapons shipments, among other sanctions.

Patterson praised Cuba for deporting alleged trafficker Luis Hernando Gomez-Bustamante to Colombia after holding him in prison for several months. He is expected to be extradited soon from Colombia to the United States.

"There is not a major trafficking issue through Cuba," she added. The Cuban government has long maintained that it is carrying on a strong fight against illicit drugs, despite past U.S. allegations that government officials there were involved in protecting foreign traffickers.

Bolivia's leftist President Evo Morales wants to increase the acreage of legally grown coca while fighting the illegal trade in cocaine. The Bush administration believes more coca will lead to more cocaine and is to decide by March 15 if Bolivia is doing enough to stop drug trafficking.

Bolivia's ambassador to the United States, Gustavo Guzman, described the report as "serene and balanced."

Mail Bomb Suspect Eludes, Baffles Cops (FREEP/AP)

By Heather Hollingsworth, Associated Press

Detroit Free Press, March 2, 2007

KANSAS CITY, Mo. -- He calls himself the Bishop. Exactly why is just one of the many mysteries surrounding the increasingly menacing figure.

The man -- and investigators believe they are dealing with a man -- is suspected of sending at least a half-dozen threatening letters to financial institutions over the past 18 months and mailing two dud pipe bombs that arrived a day apart in Kansas City and Chicago in January.

In his letters, the Bishop has demanded that financial companies move the prices of certain stocks to certain levels, often $6.66 -- an apparent reference to the Antichrist, said corporate counterterrorism expert Fred Burton.

Burton, whose security firm in Austin, Texas, has been hired by financial companies to find the Bishop, said the pipe bombs were assembled with crucial components deliberately left out, in what was probably a warning. Next time, Burton said, the bombs could be real.

But catching the Bishop and figuring out exactly what his grudge is could require help from the public, Burton said.

The Bishop, like the Unabomber, is probably mentally ill, highly intelligent and a loner, Burton said.

Postal inspectors are offering a reward of up to $100,000 for information. The investigation also includes the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and local police.

Spokesmen for the FBI and the Postal Inspection Service would not comment in any detail on the investigation.

A sketch released Tuesday by postal authorities depicts him in his 30s or early 40s.

The pipe bombs, sent in white cardboard boxes, carried the same return address in Streamwood, Ill., and were postmarked Jan. 26 from Rolling Meadows, Ill. The sketch is based on the description of a witness who saw a suspicious-looking man in the post office there that day.

One package arrived Jan. 31 at American Century Investments' Kansas City mail center, a few blocks from company headquarters. A day later, a similar one was found at a business in a Chicago skyscraper.

Man Takes Plea Bargain In Bomb Case (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), March 2, 2007

DOJ_NMG_0138831

A Flomaton man originally accused of making bombs has accepted a plea bargain, admitting to a misdemeanor.

Gregory Wendell Nichols pleaded guilty in U.S. District Court in Mobile on Wednesday to improper storage of explosives. He faces a maximum of one year's incarceration, but prosecutors have agreed to recommend probation. U.S. Magistrate Judge Bert Milling Jr. set sentencing for March 23.

A jury in January failed to reach a verdict in Nichols' case, and both sides were preparing to retry it this month. Jury selection had been scheduled for Monday.

But Assistant U.S. Attorney Vicki Davis and Assistant Federal Defender Peter Madden struck a deal prior to Wednesday's hastily called hearing. Neither could be reached for comment Thursday.

As recently as Tuesday, both lawyers expressed confidence about winning the second round.

Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his white Ford Ranger pickup truck, and they reported finding five homemade explosive devices.

Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape and attached a firecracker fuse.

But Nichols insisted the devices were firecrackers, not bombs. He told jurors that he made them so that he and his fiancée could drop them into a river. He said he never intended to hurt anyone.

Prosecutors argued that Nichols' intent was irrelevant. The devices were themselves dangerous and illegal. They offered testimony from a ballistics expert who conducted tests he said proved the devices were dangerous.

A defense expert witness countered that the devices were weak explosives.

IMMIGRATION:

Bipartisan Opinions Sought On Immigration (WT)

By Stephen Dinan

The Washington Times, March 2, 2007

Far from being secretive, the top senator drafting the major Senate immigration bill this year says he has invited a host of senators to help out and has kept the Bush administration in the loop the entire time, despite accusations to the contrary.

Sen. Edward M. Kennedy, Massachusetts Democrat and chairman of the immigration subcommittee, has held several meetings with lawmakers, including a recent one with top Republican and Democratic senators on the issue. He also talked with President Bush in January and last week spoke with White House Chief of Staff Joshua B. Bolten about the bill, Mr. Kennedy's office says.

"I look forward to introducing a comprehensive immigration reform bill with Sen. John McCain and our House colleagues in the coming weeks and continuing to work with the bipartisan coalition behind the legislation that passed the Senate last year," Mr. Kennedy said yesterday.

On Wednesday, Sen. Arlen Specter, the top Republican on the Judiciary Committee, used the committee's first immigration hearing of the year to publicly accuse Mr. Kennedy of leaving him and his staff out of the process.

"I have been concerned about reading what is happening behind the scenes in the newspapers," Mr. Specter said. He called his comment a "word of caution" to Mr. Kennedy and said he needs to cooperate if he hopes to earn Republican support.

Democrats will need that Republican support to pass a bill in the Senate.

Mr. Kennedy is drafting a new measure with Mr. McCain, Arizona Republican, and two House members: Rep. Jeff Flake, Arizona Republican, and Rep. Luis V. Gutierrez, Illinois Democrat.

Mr. Kennedy's office says they are reaching out to the bipartisan coalition that helped pass a broad bill, 62-36, in the Senate last year. That bill offered a path to citizenship to most illegal aliens and created a new program for immigrant workers to come in the future.

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House Republican leaders called it an amnesty and refused to consider it, instead forcing through a measure to build hundreds of miles of two-tier fence along the U.S.-Mexico border.

In drafting the new bill, Mr. Kennedy's office said staffers are in regular contact with other offices, and have had three meetings with White House staff to go over bill details. In addition, Mr. Kennedy and Mr. McCain had a meeting Feb. 15 that included Mr. Specter and the Senate's Hispanic members: Sens. Mel Martinez, Florida Republican, Ken Salazar, Colorado Democrat and Robert Menendez, New Jersey Democrat.

Six other senators, all of whom supported last year's bill, were invited but did not attend: Sam Brownback, Kansas Republican, Lindsey Graham, South Carolina Republican, Chuck Hagel, Nebraska Republican; Joe Lieberman, Connecticut independent; Barack Obama, Illinois Democrat and Patrick J. Leahy, Vermont Democrat and the chairman of the full Judiciary Committee.

Mr. Kennedy's spokeswoman, Laura Capps, said the senators did discuss specific provisions at the recent meeting. She also said the sponsors plan to circulate a draft before they officially introduce a bill, but said the final version will be the work of the four chief sponsors.

Yesterday, though, Mr. Specter repeated his accusation.

"We have not been a party to the drafting of the bill. It's surprising and disquieting," he said. He also said he tried to work in a bipartisan way when he was chairman of the Judiciary Committee last year to try to get a bill done.

But one staffer involved in the negotiations said Mr. Specter had "zero consultation" last year before he, as chairman of the committee, drafted his own bill and dropped it on the committee.

"It's completely hypocritical," the staffer said.

The Path To Citizenship (NYT)

The New York Times, March 2, 2007

On Wednesday, Congress took its first crack at immigration reform since the great nothing of 2006. The Senate Judiciary Committee invited Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez to testify on the issue. With a new Congress and a new comprehensive immigration bill expected to be introduced in the Senate within days, the hearing could have been the first spark of a rejuvenated campaign by an alliance of Congressional Democrats, moderate Republicans and the Bush administration to finally solve a problem that has festered for too long.

It wasn't. That's because both Mr. Chertoff and Mr. Gutierrez slunk away from a central pillar of comprehensive reform: a path to citizenship that would give illegal immigrants — the ones who wait and prove they deserve it — the chance to participate fully and proudly in the life of this country.

Polls show that most Americans would let illegal immigrants get right with the law and become Americans, too, if they have clean records, learn English and pay back taxes and fines. Weighed against keeping the shadowy status quo or deporting 12 million people, a citizenship path strikes them as a proper blend of justice and common sense. Last year's stalled Senate bill took this approach, and it will surely be central to any new legislation.

But the idea sticks in the craws of the members of a vocal, mostly Republican faction that wants every door to opportunity for illegal immigrants shut and locked, except the one marked "guest workers." Those they would keep because they don't mind having an underclass of docile, ill-paid foreigners who do America's dirtiest jobs and then go home.

There is a place for some temporary workers in the American economy. But such programs are highly prone to abuse and are not a solution for the vast numbers of illegal immigrants already here.

Mr. Gutierrez and Mr. Chertoff enthusiastically talked up guest-worker programs on Wednesday, but pointedly left citizenship off the table. They could have been talking tactically, working at President Bush's behest to soothe the passions of skeptical Republicans. But there must be a limit to the accommodations given to anti-amnesty ideologues. If Mr. Bush has the stomach to fight for the real reform he says he wants, he is hiding it well.

Mr. Bush said nothing about a path to citizenship in his State of the Union address in January. If he is too weakened to stand up for comprehensive reform, then Democrats and Republicans in Congress need to unite and do it for him.

Colorado's Immigration Policy Backfires (LAT)

DOJ_NMG_0138833

The Los Angeles Times, March 2, 2007

IN THE 2004 SATIRICAL film "A Day Without a Mexican," California wakes up to discover that its Latinos have mysteriously vanished, and a society deeply reliant on migrant labor starts to crumble. Life is imitating art in Colorado. After passing what might be the nation's toughest anti-immigrant laws, the state is having its beleaguered day with fewer immigrants.

With no one left to pick them, crops are rotting in the fields, and the construction industry and other businesses that rely on low-skilled labor are experiencing a worker shortage. The situation is so bad for the state's growers that officials plan to send prison inmates out to harvest crops. How very 19th century.

Immigrants are fleeing Colorado because of harsh laws passed during a special session of the Legislature last summer that require state identification for government services and allow police to check suspects' immigration status. The ID laws have raised the ire even of many native-born people, who complain about hassles for those trying to get a driver's license.

If chasing away immigrants has caused problems in Colorado, imagine the economic chaos it would bring to California, where immigrants make up about a third of the workforce and the agriculture industry dwarfs Colorado's. The Rocky Mountain blues are also demonstrating that, contrary to nativist rhetoric, there really are jobs that Americans won't do. In Pueblo, Colo., desperate farmers are offering up to $9.60 an hour for pickers — well in excess of the federal minimum wage of $5.15 an hour and more than they have paid migrants in the past — but there are few takers.

Turning prisoners into farmers is no solution. People aren't sentenced to hard labor anymore, so only volunteers are available for prison work programs. And not too many inmates will do backbreaking field work for 60 cents a day — the going rate for prisoners under Colorado's pilot program.

Colorado is learning a painful lesson about the foolishness of a piecemeal, state-by-state response to illegal immigration and about the economic effect of a strictly punitive approach. The only solution with a chance of working is comprehensive federal legislation that would document immigrants already in this country as guest workers and provide them with a path to citizenship, as well as tightening border security. Election-year politics torpedoed President Bush's efforts to pass such reforms last year. To see the result of the opposite approach, look no further than Pueblo.

TAX:

SEC Scrutinises Google's Tax Methods (FT)

By Richard Waters In San Francisco

Financial Times, March 2, 2007

Google's method of accounting for income taxes has come under the scrutiny of the Securities and Exchange Commission, the first time since its 2004 initial public offering that it has attracted the attention of securities regulators.

The internet search company disclosed the informal inquiry in its latest 10K annual report, which was filed on Thursday. The SEC had first approached it for information about its tax accounting in March last year, the company said, leading to an exchange of letters that is still ongoing.

The SEC's initial approach came just weeks after Google had surprised Wall Street with the news that its tax rate had climbed unexpectedly in the final quarter of 2005. That, in turn, dented its profits, contributing to a slide in its share price that persisted for much of last year. It took nine months for Google's shares finally to climb decisively back above their level of early January.

Google blamed the high tax charge on a shift in its business mix, which had seen more of its investment spending move to faster-growing international markets and away from the US. As a result, a higher proportion of its profits were attributed to its operations in its domestic market, where it generally faces a higher tax rate than elsewhere.

The extent of the swing in the company's tax liabilities took investors by surprise, particularly since it was considerably sharper than Google's own forecasts had indicated just weeks before.

The SEC's inquiry into Google's tax accounting, contained in a series of four comment letters to the company, marks the first public sign of the agency's interest in the company since its market debut. An extensive interview with the company's

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founders in Playboy magazine, published during the “quiet period” ahead of its IPO, was one of a number of events that delayed the share sale for some months.

CONGRESS-ADMINISTRATION:

Army Fires Commander Of Walter Reed (WP)

By Steve Vogel And William Branigin

The Washington Post, March 2, 2007

The commander of Walter Reed Army Medical Center was fired yesterday after the Army said it had lost trust and confidence in his leadership in the wake of a scandal over outpatient treatment of wounded troops at the Northwest Washington hospital complex.

Army Maj. Gen. George W. Weightman, who assumed command of Walter Reed in August, will be temporarily replaced by Lt. Gen. Kevin C. Kiley. But the appointment of Kiley, who had earlier been the facility's commander, surprised some Defense Department officials because soldiers, their families and veterans' advocates have complained that he had long been aware of problems at Walter Reed and did nothing to improve its outpatient care.

The action came 10 days after a Washington Post series exposed the squalid living conditions for some outpatient soldiers at Walter Reed and bureaucratic problems that prevented many from getting the care they need.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Defense Secretary Robert M. Gates said in a statement. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

A senior Defense Department official said Gates had demanded quick action to show that the Pentagon was serious about improvements at Walter Reed. But the official said that Gates was not involved in the appointment of Kiley.

Now surgeon general of the Army and commander of the U.S. Army Medical Command, Kiley will take over temporarily as commander of Walter Reed "until a general officer is selected for this important leadership position," the Army said in a statement.

Kiley was commander at Walter Reed until 2004. He has called the Post stories a "one-sided representation" of conditions at the facility. "While we have some issues here, this is not a horrific, catastrophic failure at Walter Reed," he said.

Weightman, an easygoing, open Army leader, is well respected in the military medical community and well liked among the staff at Walter Reed. He took command in August and instituted some changes to improve outpatient care. The defense official said his firing and replacement by Kiley are likely to be demoralizing to the staff at the medical center.

The Army is already cracking down on some staff members after the reports of poor care. A number of soldiers have been reassigned from their duties at Walter Reed, including a captain and several sergeants, according to an Army official. More than 100 soldiers will arrive at Walter Reed later this month to permanently reinforce the medical brigade responsible for overseeing outpatient care.

Yesterday, an independent review panel appointed by Gates to investigate outpatient care at Walter Reed and the National Naval Medical Center in Bethesda held its first meeting at the Pentagon.

The group will "identify any critical shortcomings and opportunities to improve the rehabilitative care, administrative processes, and quality of life for injured and sick members of the armed forces" at Walter Reed and -- though there have been no complaints of poor care there -- at the Navy hospital, said William Winkenwerder Jr., assistant secretary of defense for health affairs.

The Army said the decision to relieve Weightman was made Wednesday after several days of consideration. Army Secretary Francis J. Harvey consulted with Gen. Peter J. Schoomaker, the Army chief of staff, and Gen. Richard A. Cody, the vice chief of staff, according to Paul Boyce, an Army spokesman.

"Maj. Gen. Weightman was informed . . . that the senior Army leadership had lost trust and confidence in the commander's leadership abilities to address needed solutions for soldier-outpatient care at Walter Reed Army Medical Center," the Army statement said.

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Weightman, a West Point graduate, served with the 82nd Airborne Division during the invasion of Panama and the Persian Gulf War. During the early stages of the Iraq war, he served as command surgeon for coalition land forces. As commander of Walter Reed, Weightman also headed the North Atlantic Regional Medical Command.

Last Friday, Weightman published an open letter in the hospital newspaper responding to the Post series, "The Other Walter Reed," disputing its criticisms.

"First and foremost, I want to assure all the staff that I do not believe that there is the 'other' Walter Reed," Weightman wrote. "I firmly believe that we deliver the same level of world-class healthcare to all our patients and their families, regardless of whether they are inpatients or outpatients."

Shortly after noon yesterday, Weightman sent out an e-mail to the entire Walter Reed garrison announcing his relief. "I am confident that you will continue to do a great job . . .," he wrote. "You're a great team and I have been honored to work with you."

Chief Of Walter Reed Hospital Fired Over Troop Treatment (LAT)

By Peter Spiegel

The Los Angeles Times, March 2, 2007

Poor outpatient care for soldiers injured in Iraq and Afghanistan is cited.

The general in charge of the Walter Reed Army Medical Center was stripped of his command Thursday after revelations that wounded soldiers returning from Iraq and Afghanistan were receiving slipshod outpatient treatment at the prestigious facility.

Senior Army officials said they had "lost trust and confidence" in Maj. Gen. George W. Weightman, who led the medical center for six months, after a series of articles in the Washington Post.

The stories detailed the substandard facilities and confusing bureaucracy that wounded troops faced once they were released from their initial treatment.

Weightman acknowledged the problems in interviews after the shortcomings were disclosed, saying the center's outpatient system was overwhelmed by the unexpectedly high number of wounded soldiers returning from war.

But he said that most of the problems predated his tenure, and that he had spent most of his time overseeing an increase in case workers and military officers who handled outpatient services.

Veterans groups welcomed Weightman's dismissal, but noted that the officer chosen to replace him on an interim basis — Lt. Gen. Kevin Kiley, the head of all Army medical programs — was Weightman's predecessor at Walter Reed and that he might be responsible for some of the hospital's problems.

"It's good to see someone held accountable," said Paul Rieckhoff, executive director of Iraq and Afghanistan Veterans of America. "But you can't just drop one person and make him the scapegoat."

One military official said the Army was continuing to examine Kiley's oversight of Walter Reed to determine whether he knew of the problems in the outpatient facilities.

"Those questions are being looked at," said the official, who spoke on condition on anonymity. "Is this it? We don't know. Potentially, there could be other heads that roll."

Army Secretary Francis J. Harvey, meeting with Pentagon reporters before announcing Weightman's dismissal, declined to answer questions about the Walter Reed investigation. His spokesman told reporters that any discussion about the medical center's problems was "off the table."

In a statement, the Army said Harvey had set up an "action plan" to find any additional shortcomings.

"We'll fix as we go; we'll fix as we find things wrong," Harvey said in the statement.

Defense Secretary Robert M. Gates endorsed Harvey's move.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Gates said in a statement.

"When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

White House spokesman Scott M. Stanzel, traveling with President Bush in the Gulf Coast, praised the decision.

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"We agree with the Army's decision to make a change at Walter Reed," he said. "Our returning servicemen and women deserve to receive the best treatment possible."

The Army secretary's action was designed to send a message about how seriously the Pentagon took the problems at Walter Reed. Although the Navy has routinely dismissed senior commanders because of accidents, it is rare for an Army general to be relieved of command.

"The decision to do this is not taken nonchalantly; the results are final," the military official said. "It is career-ending."

In addition to Weightman, a captain and four noncommissioned officers were relieved of duty, military officials said.

Lawmakers in Washington applauded the move, saying it marked a change from previous Pentagon practice, including its response to prisoner abuse scandals.

"This step was decisive," said Sen. Jack Reed (D-R.I.). "We can look back over the last several years for incidents, including Abu Ghraib, where senior commanders were not held accountable properly."

Last week, Gates announced the formation of an independent commission to investigate problems at Walter Reed and to find out if similar issues existed at other medical facilities. Commission members, who met for the first time Thursday at the Pentagon, will report to Gates by mid-April.

The problems at Walter Reed, first reported in the Post articles last month, are found mainly in the outpatient treatment of soldiers who have left Walter Reed's hospital, which has received almost universal praise for saving the lives of troops who would have died from similar injuries in previous conflicts.

In one outpatient housing facility at Walter Reed, the Post detailed a building full of mold and insects.

The newspaper also alleged that poor outpatient oversight resulted in wounded soldiers who slipped through medical and bureaucratic cracks.

When the reports first surfaced, Weightman acknowledged that the system had been overwhelmed for two years, when the number of outpatients peaked at 872 from a prewar level of about 100. But he insisted that, since taking command, he had ramped up the number of case workers and military officers responsible for overseeing outpatients.

Weightman, a family physician by training, is a graduate of the U.S. Military Academy at West Point. He served in the Army as an infantry officer for five years before going to medical school.

He was the chief medical officer for the Pentagon during the buildup to the war in Iraq and was in charge of all medical planning until the end of large-scale operations in May 2003.

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Times staff writer Julian E. Barnes contributed to this report.

Army Removes Chief Of Walter Reed Hospital (USAT/AP)

By Robert Burns

USA Today, March 2, 2007

WASHINGTON — The Army on Thursday fired the general in charge of Walter Reed Army Medical Center, saying he was the wrong person to fix embarrassing failures in the treatment of wounded soldiers that have soiled the institution's reputation as a first-class hospital.

Less than a week after Defense Secretary Robert Gates visited Walter Reed and said those responsible would be "held accountable," the Army announced it had relieved Maj. Gen. George Weightman of command. He is a physician who had headed the hospital for only six months.

In a brief announcement, the Army said service leaders had "lost trust and confidence" in Weightman's leadership abilities "to address needed solutions for soldier outpatient care." It said the decision to fire him was made by Army Secretary Francis Harvey.

The Army and the Defense Department began investigations after The Washington Post published stories last week that documented problems in soldiers' housing and in the medical bureaucracy at Walter Reed, which has been called the Army's premier caregiver for soldiers wounded in Iraq and Afghanistan.

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The problems at Walter Reed pertain not to the quality of medical care for wounded soldiers but rather to the treatment of those who are well enough to be outpatients, living in Army housing at Walter Reed. One building was singled out in the Post reports as being in bad repair, including having mold on interior walls.

Gates issued a brief statement Thursday endorsing Harvey's action against Weightman.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Gates said. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

In an interview with several reporters two days before the first Post story was published, Weightman acknowledged shortcomings at Walter Reed but also said the problems were magnified because of the facility's location in the nation's capital. "We're a fishbowl," he said, adding that it's easier for complaining patients and families to attract Congress' attention.

General Is Fired Over Conditions At Walter Reed (NYT)

By David S. Cloud

The New York Times, March 2, 2007

WASHINGTON, March 1 — The two-star general in charge of Walter Reed Army Medical Center was relieved of command on Thursday, following disclosures that wounded soldiers being treated as outpatients there were living in dilapidated quarters and enduring long waits for treatment.

The officer, Maj. Gen. George W. Weightman, a physician and a graduate of West Point, was fired because Army Secretary Francis J. Harvey "had lost trust and confidence" in his ability to make improvements in outpatient care at Walter Reed, the Army said in a brief statement.

The revelations about conditions at the hospital, one of the Army's best-known and busiest centers for treating soldiers wounded in Iraq and Afghanistan, have embarrassed the Army and prompted two investigations, several Congressional inquiries and a rush to clean up the accommodations for outpatients, where residents lived with mold on the walls, stained carpets and other problems.

A series of disclosures published prominently in The Washington Post about the living conditions, the red tape that ensnarled treatment, and other serious problems have challenged the notion promoted for years by the Army — especially since the war in Iraq — that wounded soldiers receive unparalleled care at Walter Reed.

Army officials have defended the treatment provided to most patients at Walter Reed, especially the most serious cases, those admitted to inpatient wards on the hospital's campus a few miles from the center of Washington.

But they have acknowledged that the large number of wounded from Iraq and Afghanistan, currently around 650 patients, has taxed doctors, nurses and other care providers and forced them to rely more heavily on overflow facilities to house outpatients who must remain near the hospital for treatment.

Officials refused to provide the specific reasons for General Weightman's firing.

The Army has admitted in recent weeks that the system it uses to decide whether wounded soldiers who have been moved to outpatient status will be able to return to active duty often takes too long and has promised to change the system. At Walter Reed the process has taken an average of over 200 days, a source of frustration to soldiers and families who are awaiting decisions about what benefits they will receive if they retire.

Treatment of wounded soldiers has also been spotlighted recently in a documentary recounting the treatment received by the ABC News anchorman Bob Woodruff, who was wounded in Iraq last year. Mr. Woodruff contrasted his care with that of soldiers, finding that Veterans Administration regional medical centers provide retired soldiers with good care but that local V.A. hospitals are less skilled at dealing with complex problems like traumatic brain injuries.

Mr. Harvey told reporters Thursday that the Army was also examining conditions at other medical facilities, both in the United States and abroad. "We'll fix as we find things wrong," he said.

Paralleling the Army effort, Defense Secretary Robert M. Gates appointed a panel last week to examine conditions at Walter Reed and other Defense Department hospitals it chooses, including the Naval Medical Center in Bethesda, Md.

Mr. Gates endorsed the decision to relieve General Weightman in a statement Thursday.

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"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," he said. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

Mr. Gates had signaled earlier, after a visit to Walter Reed, that senior officials would probably be relieved of command.

A Pentagon official said that, in addition to General Weightman, a captain, two noncommissioned officers, and an enlisted soldier involved in outpatient treatment were being reassigned. He said he could not provide further information because of Defense Department confidentiality rules.

General Weightman assumed command of the North Atlantic Regional Medical Command and Walter Reed Army Medical Center on August 25, 2006. He oversees medical facilities in seven other states in addition to Walter Reed and is one of the most senior officers to be relieved in connection with the wars in Iraq and Afghanistan. He could not be reached for comment.

The Army said that command of Walter Reed would be taken over temporarily by Lt. Gen. Kevin Kiley, the Army's top medical officer.

A 1973 graduate of the United States Military Academy, General Kiley received a medical degree in 1982 from the University of Vermont and has held a series of medical commands in the past two decades, including "land component command surgeon" during the 2003 invasion of Iraq.

In comments to reporters on Feb. 16, just before the first of a series of articles was published by The Post, General Weightman conceded that there were problems with outpatient care at Walter Reed, but said that improvements were being made.

"The family members get a little frustrated because, I mean, we are really disrupting their lives," The Associated Press quoted him as saying.

In the last year, General Weightman said, Walter Reed had increased to 17 from 4 the number of caseworkers charged with helping outpatients with the paperwork and other requirements of the patient disability evaluation system, which determines whether soldiers can remain in the military or retire with full benefits.

He said that the process often took months or years at Walter Reed because the hospital handled some of the most complex medical cases, involving head trauma and other conditions that made gauging recovery difficult.

Outpatients at Walter Reed have received initial treatment but require further care or rehabilitation before retiring from the armed forces or returning to active duty.

Addressing reports that recovering soldiers were asked to attend daily inspection, even when under medication, Paul Boyce, an Army spokesman, said that there would be periodic inspections in the outpatient facilities. Mr. Boyce added that soldiers who are able were asked to attend a daily morning meeting where treatment options and other information were discussed but that the sessions were not inspections.

Mr. Boyce said the worst conditions in the outpatient residences had been corrected but added the Army was planning to make more repairs, like replacing a faulty heating and air-conditioning system that was the cause of the mold on the walls.

Head Of US Military Hospital Dismissed (FT)

By Demetri Sevastopulo In Washington

Financial Times, March 2, 2007

The Pentagon on Thursday dismissed the head of Walter Reed military hospital for providing abysmal living conditions for wounded soldiers returning home from Iraq and Afghanistan.

Robert Gates, US defence secretary, relieved Major General George Weightman as commander of the military facility following a recent Washington Post investigation, which revealed that many soldiers were housed in sub-standard, rodent-infested housing, some were being refused disability benefits, while others with drug and alcohol problems were not receiving adequate care.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Mr Gates said yesterday. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

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The wars in Iraq and Afghanistan have claimed the lives of 3,525 US troops. But the number of non-fatal casualties is far higher, almost 25,000. More than 11,000 of the wounded soldiers have not returned to the battlefield.

Military analysts say the ratio of soldiers wounded to killed in Iraq and Afghanistan – at about 7:1 – is much higher than for previous conflicts. They attribute the increase to several factors, including improvements in body and vehicle armour, and the fact that the military has better medical facilities in conflict zones. The military has also increased the speed with which it can transfer injured soldiers back to hospitals in the US.

The Pentagon has been quick to condemn the conditions at Walter Reed, which were revealed as President George W. Bush attempts to shore up moribund support for his military "surge" in Iraq. A recent ABC News/Washington Post poll showed that public support for the conflict in Iraq continues to slide. A total of 67 per cent of respondents disapprove of Mr Bush's hand-ling of Iraq, while another 67 per cent oppose the surge of 21,500 troops.

The Walter Reed scandal has generated bi-partisan criticism from lawmakers who have in recent weeks been more busy debating the merits of the surge.

"Our nation has a duty to honour and support those who have served and sacrificed so much in the defence of our nation," said Hillary Clinton, the New York Democratic senator who is running for president in 2008. "Yet these recent news reports indicate that for nearly four years since the wars in Afghanistan and Iraq began, not enough has been done to assist these courageous men and women in recovering from the wounds of battle." The Pentagon has appointed Lieutenant General Kevin Kiley, the army surgeon-general, as temporary commander of Walter Reed.

The Washington Post on Thursday reported that Lt Gen Kiley was warned as early as 2003 of problems in the hospital. Senator Barack Obama, another Democratic presidential hopeful, on Thursday accused the administration of underestimating the resources needed to support veterans of the Iraq and Afghanistan wars.

The response from the Pentagon stands in contrast to the aftermath of the Abu Ghraib prison scandal. Donald Rumsfeld, the former secretary of defence, came under criticism for not firing any senior officers over the scandal which tainted the US image worldwide.

Freshman Senator Takes Lead On Hot Controversy (MCT)

By David Goldstein

McClatchy Newspapers, March 2, 2007

WASHINGTON - Sens. Claire McCaskill and Barack Obama led the charge this week on one of the hottest war-related controversies since Abu Ghraib.

They introduced legislation that would ensure that wounded soldiers are housed in clean conditions, have quick access to care and face an easier time claiming their disability benefits.

Their bill resulted from recent stories in The Washington Post about outpatients at Walter Reed Army Medical Center in Washington, one of the nation's premier military hospitals, who lived in squalor even as they battled the military bureaucracy for their benefits.

"This is about a system that is not trying to make it easy for the wounded to get what they deserve," McCaskill said during a news conference Thursday with Obama, an Illinois Democrat.

How did McCaskill, a freshman Democratic senator from Missouri who's been on Capitol Hill barely long enough for a cup of coffee, seize the spotlight on such a highly charged issue? And with Obama no less, a megawatt celebrity candidate for president who draws attention like wool draws lint.

This is the latest in an occasional series examining how novice McCaskill tries to translate the hopes of voters who sent her to Washington into becoming an effective operator in Congress. She's climbing a learning curve.

McCaskill didn't get a single question at their news conference

"He uses most of the oxygen," she said, laughing. "But one of the reasons I'm here is that he agreed to do it. I'm the last to complain about all the clicks being for him. The guy moves his hand and 1,000 shutters go off."

Their partnership started Presidents Day weekend.

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Early word that an issue was brewing led Obama's staff initially to assume that it involved the Department of Veterans Affairs. Obama serves on the Senate Committee on Veterans Affairs, so the issue seemed squarely in his wheelhouse.

It was actually more in McCaskill's. She serves on the Senate Armed Services Committee, and the Army runs Walter Reed, which treats active-duty soldiers.

On reading the newspaper reports, "I felt sick," McCaskill said.

"Somewhere along the line, someone saw this and said to themselves, `We're not supposed to complain.' Any fresh set of eyes looking at rotting ceilings and peeling mold, and realizing our battle-weary men and women are being forced into those circumstances would say, `Whoa. This is wrong.' Somebody ought to have pounded the table somewhere."

She decided that she would. She directed her staff to collect information about the problems, which the online magazine Salon first reported more than a year ago, and how she could help fix them.

In the Senate hierarchy, McCaskill knows her place: fourth from the bottom in seniority. She figured that more senior colleagues would wade quickly into the controversy. The outrage level was blinking red, after all. Still, there was no harm in being prepared.

When McCaskill and Obama aides spoke that Sunday and realized that their bosses had the same idea, a flurry of e-mails and phone calls ensued over the next 24 hours.

"Next thing I know," McCaskill said, "I got a call ... (reporting that) `Obama's office will drop a bill the first of the week. Do you want to work with him?' I'm beginning to learn this culture of the staff and how active and how on top of it they are."

About 8 o'clock Presidents Day evening, the two staffs posted a heads-up to their colleagues in other Senate Democratic offices that McCaskill and Obama planned to sponsor a bill to fix the problems at Walter Reed.

McCaskill was at a disadvantage. Obama had three aides who work on veterans' issues and knew the problems that wounded soldiers face. McCaskill was still gearing up. Until recently she'd had only one legislative assistant to handle her entire portfolio of issues involving the military, homeland security, commerce and Indian affairs.

She'd since hired more, and by chance it was the first week on the job for her new military expert, a former infantry captain who'd helped invade Iraq. He toured Walter Reed with other Senate aides.

This week, McCaskill and her top aides gathered in her small, temporary office to prep her to tour Walter Reed on Wednesday. A key question to the hospital brass would be: In light of the problems, where's the accountability going to be in the senior chain of command?

McCaskill was cynical: "It's going to be like the prison," she told them, referring to the scandal over Abu Ghraib, a U.S. military prison in Baghdad where Iraqi prisoners were tortured. "The guys at the bottom will be held accountable and the guys at the top will not."

After her tour, she said most of the top officials she'd met recognized how steep a climb they face to restore trust. But some "seemed very closed-minded and defensive," she said. "One bragged this process has to be dispassionate, which seems to me to be oxymoronic."

Her bill with Obama has begun to draw bipartisan support. Hearings on Walter Reed will start next week.

It's pretty heady stuff for a senator who's just a few months removed from the state capital where she'd been the state auditor. She just might make a difference.

"Introducing legislation is not anything exceptional," said Ross K. Baker, an expert on the Senate at Rutgers University. "What is exceptional is if it eventually improves the conditions at Walter Reed. She would be in a charmed circle. Very few freshmen are able to author a major piece of legislation."

Not 'A Good-News Story' (WP)

The Washington Post, March 2, 2007

YESTERDAY THE Post reported that Lt. Gen. Kevin C. Kiley heard years ago from a veterans advocate and even a member of Congress that outpatient care at Walter Reed Army Medical Center was distressingly squalid and disorganized. That commander proceeded to do little, even though he lives across the street from the outpatient facilities in a spacious Georgian

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house. Also yesterday, the Army announced that Maj. Gen. George W. Weightman, the head of Walter Reed since August, had been relieved of his command. His temporary replacement? None other than Gen. Kiley.

Here's where the story stops making sense. Much of The Post's article detailed the abuse by omission that Gen. Kiley, not Gen. Weightman, committed, first as head of Walter Reed, then in his current post as Army surgeon general. Gen. Weightman, who very well might deserve his disgrace, has commanded Walter Reed for only half a year, while Gen. Kiley, now back in charge of Walter Reed, headed the hospital and its outpatient facilities for two years and has led the Army's medical command since. Rep. C.W. Bill Young (R-Fla.) and his wife say they repeatedly told Gen. Kiley about unhealthful conditions in outpatient facilities.

While Gen. Kiley was ignoring Walter Reed's outpatients, he was assuring Congress that he was doing just the opposite. A staffer for Rep. Thomas M. Davis III (R-Va.) told us yesterday that Gen. Kiley told the House Committee on Oversight and Government Reform in 2005 that the performance of the medical holdover program, which covers 69 of the 76 residents of Building 18, "is a good-news story." In response to questions Mr. Davis submitted, Gen. Kiley stated, "the Army Surgeon General has made their care the medical treatment facilities' top priority." At best, Gen. Kiley was ignorant of the conditions at Walter Reed.

We are glad that the Army is finally taking the issue of outpatient care seriously enough to effectively end the career of a major general for presiding over the disgraceful condition of Building 18. But the evidence compiled so far suggests that Gen. Kiley has been more complicit in the scandalous neglect of Walter Reed's outpatient facilities for longer than Gen. Weightman has been. It also indicates that the Army's reshuffle is really about projecting the appearance of accountability, not punishing those most responsible. As Mr. Young said yesterday of Gen. Weightman, "I don't know him. But I know he's the fall guy."

Rice Names Critic Of Iraq Policy To Counselor's Post (WP)

By Glenn Kessler

The Washington Post, March 2, 2007

Secretary of State Condoleezza Rice has tapped Eliot A. Cohen, a prominent writer on national security strategy and an outspoken critic of the administration's postwar occupation of Iraq, as her counselor, State Department officials said yesterday.

Cohen would replace Philip D. Zelikow, a longtime Rice associate who left the administration earlier this year to return to teaching history at the University of Virginia. Despite Cohen's sometimes caustic views on administration policies, officials said he has impressed both Rice and President Bush with his writings, especially "Supreme Command," a study of the relationship between civilian commanders in chief and their military leaders.

In hiring Cohen, a professor at the John Hopkins School of Advanced International Studies whose son served a tour of duty as an Army officer in Iraq, Rice has lured a leading figure of the neoconservative movement as her policies toward North Korea and Iran draw fierce attack from the Republican Party's right wing. Cohen has connections in that circle and deep roots in the military establishment, and he is likely to concentrate initially on Iraq and Afghanistan and on reshaping the State Department to better handle post-conflict environments.

The counselor position is unique to the State Department. It was once one of the top jobs at Foggy Bottom -- formerly held by such luminaries as George F. Kennan, Robert Lansing and Helmut Sonnenfeldt -- but it laid dormant during Bush's first term until it was resurrected by Rice. Zelikow played a critical role for Rice as an intellectual sounding board, operating as a one-person think tank who churned out policy papers on a variety of issues and took on special tasks while unencumbered with managerial responsibilities.

Cohen, in an interview, said Rice's job offer surprised him. "I have known her for a long time, but we did not have a close relationship," he said. He received a call from her office that Rice wanted to discuss policy, but once he arrived at her office, she got straight to the point and said she was interested in hiring him.

Cohen said he made sure to discuss his views on a range of issues but Rice appeared to value his different perspective and was unbothered by the prospect of internal disagreements. He declined to discuss his opinions yesterday, saying he planned to provide "unvarnished and discreet advice" to Rice. "I already have teeth marks on my tongue," he said, though he acknowledged his long paper trail will provide fodder for journalists.

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"I'm sure you guys will have fun with that," Cohen said.

In a 2005 article for The Washington Post titled "A Hawk Questions Himself as His Son Goes to War," Cohen wrote that while the decision to invade was sound, "what I did not know then that I do know now is just how incompetent we would be at carrying out that task." He derided what he called "cockamamie schemes" in creating the Iraq army and the "under-planned, under-prepared and in some respects mis-manned Coalition Provisional Authority."

"The scholar in me is not surprised when our leaders blunder, although the pundit in me is dismayed when they do," Cohen wrote. " What the father in me expects from our leaders is, simply, the truth -- an end to happy talk and denials of error, and a seriousness equal to that of the men and women our country sends into the fight."

When Rice was named secretary of state after four years as national security adviser, Cohen wrote in the Wall Street Journal that the administration's foreign policy had "backbone and clarity of vision" but also "sheer stubbornness, culpable tactlessness and more dangerously, a lack of realism." He described the decision-making circle overseen by Rice as a "small, intimate coterie," saying such "policy-making groups become contemptuous of disagreement, indifferent to contrary arguments and at the end, impervious to reality itself."

But Cohen was also fiercely critical of the bipartisan Iraq Study Group report, writing in the Wall Street Journal that "a fatuous process yields, necessarily, fatuous results." Cohen, who has described himself as sympathetic to Israel, also denounced a paper last year by two prominent professors on the influence of the "Israel Lobby" as "inept, even kooky academic work" that was undeniably anti-Semitic.

Cohen is a member of Defense Policy Advisory Board and has on several occasions met with Bush to provide advice on Iraq, but he said he generally has been "perched on the margins [of government] for some time." He said he felt an obligation to serve when the country is at war, "when family is serving, students are serving and friends are serving."

The job does not require Senate confirmation. Cohen is expected to formally take the post in April, after finishing classes at SAIS, though he will begin working as a consultant to Rice before then.

House Eases Rules On Union Organizing (AP)

By Jim Abrams

AP, March 2, 2007

Democrats rewarded organized labor Thursday for helping them retake control of Congress, passing a House bill that would make it easier for workers to start unions against companies' wishes.

The legislation, passed 241-185 on a nearly party-line vote, would take away the right of employers to demand secret-ballot elections by workers before unions could be recognized.

"It's simply about establishing fairness in the workplace," said House Majority Leader Steny Hoyer, D-Md. Republican leader John Boehner of Ohio said the real issue was "taking care of union bosses."

The House action was the second triumph for labor following the Democratic takeover of Congress. The House and Senate also have voted on separate bills to raise the minimum wage.

Labor groups saw the Employee Free Choice Act as one way of halting the downward trend of union membership, now about 12 percent of the work force.

The celebrations may be short-lived. Senate Republican leader Mitch McConnell, R-Ky., has pledged to block the bill and the White House says President Bush will veto the measure if it reaches his desk.

The House vote was short of the two-thirds majority that would be needed to overturn a veto. Thirteen Republicans voted for the measure; two Democrats voted against it.

Labor groups contend that secret-ballot elections have become a means for employers to intimidate workers into rejecting unions.

"In the past few decades, labor law has been so twisted by corporations and their union-busting hired guns that it is now virtually impossible to form a union against an employer's wishes," AFL-CIO President John Sweeney said.

Business groups campaigned against the bill, saying it is an affront to democratic principles and would give high-pressure organizers unimpeded access to workers.

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House Speaker Nancy Pelosi, D-Calif., said the bill was "the most important labor law reform legislation of this generation."

"It is about basic labor rights, about the rule of the majority free from intimidation and about protecting jobs," she said.

Boehner said the bill really was about "taking care of union bosses. ... This is an effort to help them get more members, to make it easier for them to sign them up and to intimidate them to sign cards."

The legislation, also called the card check bill, would certify a union as soon as a majority of workers at a plant signed cards authorizing it. Currently, employers can require elections, overseen by the National Labor Relations Board, on whether a union should be recognized.

The labor rights group American Rights at Work said that, in the run-up to such elections, 80 percent of employers hire union-busting consultants and 90 percent force employees to attend one-on-one anti-union meetings with their supervisors.

The legislation would toughen penalties against employers who violate worker rights during organizing drives and set up a binding arbitration process to prevent companies from thwarting a new union by bargaining in bad faith on an initial contract.

"In many places, when you exercise your right to organize, you get fired, you get intimidated, you get harassed, you get followed home," said Rep. George Miller, D-Calif., chairman of the House Education and Labor Committee.

But Rep. Howard "Buck" McKeon of California, top Republican on the committee, said the bill would take away basic rights to a secret ballot. "That right is squarely in the cross hairs and this chamber is about to pull the trigger," he said before the vote.

McKeon offered a substitute guaranteeing rights to a secret ballot, but it was defeated 256-173.

Labor Secretary Elaine Chao, in a statement issued after the final vote, said it was a sad day when the House "votes to deprive workers of their basic right to a private ballot election."

Labor organizations cite employer coercion as a major factor in the steadily falling percentage of workers who are organized. Union membership has dropped from 20 percent of wage and salary workers in 1983 to 12 percent in 2006. Discounting civil servants, that percentage is 7.4 percent, the Labor Department says.

Unions lost 300,000 dues-paying members last year alone, said one opponent of the bill, Rep. Mark Kirk, R-Ill. "But just because only 12 percent of Americans now choose to pay into a union is no reason to attack our rights as Americans to a secret ballot."

The White House made a similar argument Wednesday in issuing a veto threat. "It is a fundamental tenet of democracy that individuals are able to vote their conscience, privately, free from the threat of reprisal," the White House said.

Sen. Edward Kennedy, D-Mass., sponsor of similar legislation in the Senate, said he would introduce it soon.

McConnell, in a statement, indicated Senate Republicans would make every effort to stop its progress. "We will not allow the progress already made on behalf of U.S. workers to be undone," he said in a statement.

House Vote On Organizing Workers First Of Many Labor Battles (WSJ)

By Kris Maher

The Wall Street Journal, March 2, 2007

Amid fierce pressure from business groups and organized labor, the House of Representatives passed legislation making it easier for unions to organize workers, setting the stage for coming battles over labor's legislative agenda.

The Employee Free Choice Act passed 241-185, with 13 Republicans supporting the measure and two Democrats voting against it, and most lawmakers falling into predictable union and business camps. The bill faces a likely Republican filibuster in the Senate, avoiding the need for a presidential veto, which the White House has promised. Both labor and business have said they will use the votes to help them decide whom to back in 2008.

The vote and continuing furor over the legislation, which is organized labor's top priority, highlight how attitudes about unions have become even more polarized in Washington. A massive voter outreach led by the AFL-CIO last fall helped Democrats win control of Congress, a favor labor wants returned. At the same time, a decline in overall union membership has given labor less clout with a more conservative Republican party that is being prodded by business leaders who fear unions will make them less competitive globally.

Rep. Howard "Buck" McKeon, a senior Republican, criticized the vote as little more than "big labor's big payoff" for its support of Democrats in the fall election, and said "it's the American workers who are truly paying the price."

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Yet Democratic support was nearly universal, and included many lawmakers who in the past have parted ways with labor on issues such as trade. "People did not see this as a labor-management issue. They saw this as a middle-class issue," said Rep. Robert Andrews (D., N.J.).

The Employee Free Choice Act would let workers choose to join a union once a majority sign cards, a process that would be quicker and less open to employer opposition than a traditional secret-ballot election. Union officials believe it would help reverse labor's decline. Union membership currently stands at 7.4% of the private-sector work force, down from roughly 20% in the early 1980s.

The legislation also toughens penalties against employers who violate labor law during organizing drives and has a provision that makes arbitration mandatory if a first contract isn't reached between a union and an employer. Opponents say the "card-check" method would lead to union coercion.

Labor leaders celebrated the vote. "Because of today's vote, the future looks a little brighter to all Americans who have watched corporations celebrate record profits, but have themselves been shut out of the party," said John Sweeney, president of the AFL-CIO.

House Passes Bill That Helps Unions Organize (NYT)

By Steven Greenhouse

The New York Times, March 2, 2007

Defying a veto threat from the White House, the House of Representatives yesterday approved legislation that would make it far easier for unions to organize workers.

The bill, whose prospects for enactment are troubled at best, would enable employees at a given workplace to unionize as soon as a majority signed cards saying they favored a union. Under current law, companies have a right to insist on a secret-ballot election determining their workers' choice. Labor leaders and many Democrats say such elections are often poisoned by employer coercion and intimidation.

Yesterday's vote, which followed a fierce debate, was 241 to 185, largely along party lines. Thirteen Republicans voted for the bill, and two Democrats against.

The measure is organized labor's No. 1 legislative priority, and Democrats call it vital to rebuilding unions and bolstering the nation's middle class.

But several Republicans described it as little more than a Democratic reward for labor's help in last November's elections. The Republicans argued that the bill, the Employee Free Choice Act, was a betrayal of workers' access to a secret-ballot election. Some called it the "employee intimidation act," maintaining that the process of majority sign-up could well entail union organizers' bullying workers into signing pro-union cards.

Republican leaders are already prepared to block the measure in the Senate, and the White House said Wednesday that President Bush would veto it should it emerge from Congress. Yesterday's vote fell short of the two-thirds majority that would be needed to override.

Speaker Nancy Pelosi called the bill "the most important labor law reform legislation of this generation," adding: "But this legislation is about more than labor law. It's about basic workers' rights. It's about majority rule."

The measure has other provisions as well. Under one, federal officials would appoint an arbitrator to set wages and benefits for workers who did not obtain a contract within 120 days of unionizing. The bill also calls for significantly increasing penalties when employers, contrary to law, fire workers who support a union.

House Bill Would Aid Union Organization (USAT)

USA Today, March 2, 2007

Democrats rewarded organized labor Thursday for helping them retake control of Congress, approving 241-185 a House bill that would make it easier for unions to organize workplaces. The legislation would certify a union as soon as a majority of workers at a plant signed cards authorizing it. Current law allows employers to demand that a union win a secret-ballot election by workers before unions are recognized.

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House Speaker Nancy Pelosi, D-Calif., called the bill "the most important labor law reform legislation of this generation." Minority Leader John Boehner, R-Ohio, said Democrats were "taking care of union bosses." Senate Minority Leader Mitch McConnell, R-Ky., has pledged to block the bill in the Senate.

Four fired U.S. attorneys subpoenaed

The House Judiciary Committee issued subpoenas for four federal prosecutors who were fired last year by the Justice Department. The committee wants to know if the prosecutors were ousted improperly.

The subpoenas seek testimony from former U.S. attorneys David Iglesias of New Mexico, Carol Lam of California, Bud Cummins of Little Rock and John McKay of Seattle. Eight prosecutors were dismissed. Last month, Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that all the prosecutors except Cummins had been dismissed for performance-related reasons. — Kevin Johnson

Report: Obama's ancestors owned slaves

The ancestors of the mother of presidential candidate Sen. Barack Obama, D-Ill., owned slaves, according to a researcher quoted in The (Baltimore) Sun. William Addams Reitwiesner, who works at the Library of Congress and practices genealogy in his spare time, said a "first draft" of genealogical and Census records shows Obama's great-great-great-great grandfather, George Washington Overall, owned two slaves in Nelson County, Ky. The records also show one of Obama's great-great-great-great-great-grandmothers, Mary Duvall, owned two slaves, he said. The report could not be independently verified. Bill Burton, an Obama spokesman, did not dispute the claim. He said Obama's ancestors "are representative of America."

Bill Easing Organization Of Unions Passes House (WP)

By Dale Russakoff

The Washington Post, March 2, 2007

In the most contentious clash between business and labor groups of the new Congress, the House yesterday passed legislation that would make it easier for workers to organize unions -- a measure that President Bush has promised to veto and that Senate Republican leaders have vowed to filibuster.

Continuing in the populist tone of its first 100 hours, the House's Democratic majority pushed through legislation to remove the right of employers to demand secret-ballot elections and to require employers to recognize unions once a majority of workers sign cards saying they want to organize.

Democratic and labor leaders argued that the existing system has become so tilted in favor of employers that it no longer protects workers' rights. Republicans accused Democrats of trying to eliminate a cornerstone of democracy -- the secret ballot -- as a payback to "union bosses" for the labor movement's support in the 2006 election.

"The Employee Free Choice Act puts democracy back in the workplace so the decision to join a union can be made by the workers the union would represent," House Speaker Nancy Pelosi (D-Calif.) told colleagues. "This is the standard right that we routinely demand for workers around the world. We should accept no less a standard here in America."

The measure would represent one of the most significant revisions of federal labor law in 60 years. It is the top legislative priority of the labor movement, which represents a record low 12 percent of the workforce, compared with 35 percent in the 1950s. Major business lobbies have mobilized against it to a level not seen since the fight over Bush's 2001 tax cuts, according to a Chamber of Commerce official. Yesterday's 241 to 184 vote was largely along party lines, with 13 Republicans voting for the measure and two Democrats opposing it.

Republicans took issue with every aspect of the bill, including its name, the Employee Free Choice Act, which they called "mischievous," "misleading" and "Orwellian." Republican Chief Deputy Whip Eric Cantor (Va.) suggested it be called, "The American Worker Compulsion Act," arguing that union organizers could bully workers into signing cards.

The White House took the same tack in promising a presidential veto, should the bill pass the Senate. "It is a fundamental tenet of democracy that individuals are able to vote their conscience, privately, free from the threat of reprisal," its statement read.

The vote fell short of the two-thirds majority required to override a veto.

The lobbying campaign leading up to the vote featured AFL-CIO ads highlighting workers who were fired during union-organizing campaigns, and who waited years to get jobs back or to receive back pay.

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In yesterday's debate, Democrats cited National Labor Relations Board statistics showing that more than 31,000 workers were awarded back pay in 2005 for unfair labor practices. The numbers have risen steadily in the past three decades, from 7,393 in 1975 to 18,434 in 1985 and 26,197 in 1995, according to NLRB annual reports. The House measure would also impose stiff penalties on employers for unfair labor practices and would require federal arbitration to reach labor contracts if newly certified unions and employers do not reach agreement within 90 days.

The business community's campaign was led by a coalition of 300 business organizations in all 50 states, calling itself the Coalition for a Democratic Workplace. The group aired radio ads calling the legislation anti-worker and antidemocratic, and said its efforts generated 27,000 contacts of House members from within the targeted districts.

Democrats and labor leaders hailed the vote yesterday as an answer to the declining fortunes of middle-class workers and the growing income divide. "Because of today's vote, the future looks a little brighter to all Americans who have watched corporations celebrate record profits but have themselves been shut out of the party, left with stagnant wages and facing soaring costs," AFL-CIO President John Sweeney said.

Business leaders and Republicans argued otherwise. "Organized labor is not winning [union-organizing] elections because they're not able to articulate a fundamental value proposition to the vast majority of American workers," said Michael J. Lotito, a lawyer who represents employers in labor relations cases. "They're trying to change the process to increase their market share."

House Backs Bill To Ease Unionizing (WT)

By Sean Lengell

The Washington Times, March 2, 2007

Organized labor scored a major victory yesterday as House members voted in favor of a measure to make it easier for workers to join unions.

The House voted 241-185 for the Employee Free Choice Act, which would allow workers to unionize by simply signing a card or petition stating their interest in joining a union, as opposed to the long-standing practice of secret-ballot elections.

Two Democrats voted against the bill, with 13 Republicans supporting it.

"This is the most important labor-law reform legislation of this generation," said House Speaker Nancy Pelosi, California Democrat.

But the bill faces a tough challenge in the Senate, where Democrats have only a slight majority.

Senate Minority Leader Mitch McConnell, Kentucky Republican, vowed to fight the bill.

"We will not allow the progress already made on behalf of U.S. workers to be undone, nor will we allow coercion by employers or unions," Mr. McConnell said.

The Bush administration also has vowed to veto the bill.

The pending legislation has pitted labor activists and union foes in a fierce lobbying and public-relations campaign the past few months.

Organized labor says the bill is crucial for helping defend itself from anti-union employers and lawmakers.

Opponents say the pending law is nothing more than political payback by Democrats to the unions, which significantly supported the party during the 2006 congressional elections.

Supporters of the bill say the card-signing -- or "card-check" -- method is more fair than holding a secret-ballot election because it's a simpler, more-direct approach for workers to decide if they want to unionize.

And because card-check organizing is considerably quicker than conducting secret-ballot elections, which typically take weeks or longer, proponents say it reduces the potential for employers to harass and intimidate workers against joining a union.

"Today, when workers want to form a union, their employers can force them to undergo a National Labor Relations Board election process, and that process is broken because it allows irresponsible employers to harass, coerce, intimidate, reassign and even fire workers who support a union," said Rep. George Miller, California Democrat and the bill's main sponsor.

Unions have helped make the United States "the most prosperous, most productive nation in the world, with a vibrant middle class," Mr. Miller added.

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Majority Leader Steny H. Hoyer, Maryland Democrat, said the bill is "simply about establishing fairness in the workplace."

But opponents say the bill is a desperate attempt by organized labor to stay relevant.

Union membership peaked in the late 1950s and early 1960s, with more than 35 percent of U.S. workers belonging to a union.

Last year, overall union membership was 12 percent nationally -- down from 12.5 percent in 2005.

The bill would strip workers of their right to vote anonymously when deciding whether to be involved in a union, opponents say.

"We are standing on this floor, considering this bill, and ultimately, casting our votes at the end of this debate because of the power of the secret ballot," said Rep. Howard P. "Buck" McKeon, California Republican. "The privacy and sanctity of the secret ballot is the beauty and the backbone of this democratic process."

Republican opponents accused Democrats of being hypocrites for supporting the bill.

"It's ironic that Democrats who campaigned last November on promises to protect America's privacy rights are now supporting a bill that will strip workers of the right of secret-ballot voting," said Rep. Eric Cantor, Virginia Republican. "This is clearly a Democrat payoff to unions instead of good policy for America."

Rep. Jeb Hensarling, Texas Republican, called the bill the "worker-intimidation act" and said it was a payback by Democrats.

"This bill is a full frontal assault on American workers," Mr. Hensarling said. "What is more fundamental to American democracy than the secret-ballot election?"

But even if the bill is defeated, Democrats almost certainly would raise the issue again if the party captures the White House in 2008, said Peter Morici, a University of Maryland business professor and a former chief economist at the U.S. International Trade Commission.

"This issue isn't going away because the Democrats are starting to believe in it," he said. "It's gaining momentum."

House OKs Bill Making It Easier To Form A Union (LAT)

By Molly Hennessy-fiske And Richard Simon

The Los Angeles Times, March 2, 2007

WASHINGTON — For the last dozen years, Capitol Hill hasn't been the friendliest place for organized labor. But that's changed with the new Democratic-controlled Congress, and labor is pressing its agenda.

That was apparent Thursday as the House approved a bill to make it easier to form a union — a longtime priority of labor, an important Democratic constituency. The vote was followed by a victory celebration in the House speaker's office attended by the president of the AFL-CIO.

The Senate, meanwhile, is considering a bill to give airport screeners collective bargaining rights. Another labor priority, the first increase in the federal minimum wage in a decade, is expected to clear Congress within weeks.

"This is just the beginning," AFL-CIO President John Sweeney said in an interview Thursday. He listed planned labor offenses on healthcare, trade policy and an immigration overhaul.

After years of being shut out, union lobbyists say, they are being invited to meetings on Capitol Hill and asked their views on legislation.

"We were in a major defensive mode," said Charles M. Loveless, legislative director of the American Federation of State, County and Municipal Employees.

It will still be extremely difficult for labor to get its agenda through a narrowly divided Congress — and past President Bush's veto pen.

What's more, the ranks of labor are dwindling nationally. About 12% of workers belong to a union. That's down from 20% in 1983 and 40% in 1955, said Nelson Lichtenstein, a history professor at UC Santa Barbara.

Unions, faced with globalization, outsourcing and illegal immigration, have become ideologically divided in ways they never were in the 1950s.

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Older, industrial unions like the United Auto Workers have for the most part been fighting for labor protections from international trade, whereas the Service Employees International Union and their labor coalition, Change to Win, have focused on organizing growing segments of the workforce, such as immigrants and temporary workers.

To the extent that there is a unified labor agenda in Washington, it includes legislation to expand paid sick leave, child care, healthcare and pension protections.

Democrats have proposed new bankruptcy legislation that would protect workers' health and pension benefits. They also want to expand the 1993 Family and Medical Leave Act to provide at least six weeks of paid leave for workers to care for themselves, their children or other immediate family.

Democrats also are drafting legislation to reinforce workplace safety and prevent corporations from avoiding pension obligations.

Sen. Edward M. Kennedy (D-Mass.), chairman of the Health, Education, Labor and Pensions Committee, has talked about reviving a workplace safety bill that would strengthen protections for whistle-blowers and increase penalties for those who repeatedly violated workplace regulations. Kennedy also has proposed legislation that would require employers of 15 or more workers to provide seven paid sick days annually.

Democratic leaders are hoping to wring concessions from Republicans before they consider renewing Bush's trade promotion, or "fast track," authority, which expires July 1. The free-trade wing of the Democratic Party appears to be shrinking, with more legislators like Sen. Sherrod Brown (D-Ohio) demanding that the administration incorporate labor protections into trade agreements.

All but three of the 42 House Democratic freshmen recently sent a letter to their leadership calling for a new direction on trade, including an end to what they describe as "job-killing agreements."

GOP leaders have indicated a willingness to compromise on trade, but they will probably oppose legislation on union organizing and workplace rights along the lines of the bill that passed the House on Thursday, 241 to 185. Unlike the federal minimum wage increase or changes to trade agreements, the proposed Employee Free Choice Act doesn't come with sweeteners for business interests.

"Senate Republicans are committed to defeating this proposal," said Sen. Jon Kyl (R-Ariz.), chairman of the Senate Republican Conference. Sen. Michael B. Enzi of Wyoming, the top Republican on the Health, Education, Labor and Pensions Committee, promised to "work aggressively" to defeat the bill.

The legislation would certify a union as soon as a majority of workers signed cards authorizing it. Under current law, after cards are signed an employer can call for a separate secret ballot — overseen by the National Labor Relations Board — on whether a union should be recognized.

Republicans say the bill would let employers and union officials intimidate workers during organizing campaigns because it would change the process for union elections from a secret ballot to a card check where votes were recorded.

"We respect a worker's right to organize and to join a union, but clearly they ought to have the right to have a secret ballot election," said House Minority Leader John A. Boehner (R-Ohio). "We're fighting to protect workers from intimidation of any kind, whether it be from employers or from those who seek to organize them."

Rep. Jeb Hensarling (R-Texas) has called the proposed Employee Free Choice Act "nothing more than an attempt to pay back big labor, which helped finance Democrat campaigns across America."

But it's not necessary for unions to get legislation past Republicans, the Senate or the president's desk to score a victory with workers and middle-class voters, said Lichtenstein of UC Santa Barbara.

"Whether you pass this stuff is secondary to whether you change the conversation, and I do think that is happening," Lichtenstein said. "The Democrats understand now that labor is indeed their backbone."

Checkmate (WSJ)

By Kimberley Strassel

The Wall Street Journal, March 2, 2007

DOJ_NMG_0138849

For Big Labor, this week's "card check" victory marked the ultimate payoff for past Democratic election support. For House Democrats, it marked the end of the honeymoon.

Democrats won in November in part by playing down their special interest patrons -- unions, environmentalists, trial lawyers -- and by playing up a new commitment to the moderate middle class. The big question was whether the party had the nerve to govern the way it campaigned, and card check was the first test. The answer? AFL-CIO chief John Sweeney isn't smiling for nothing.

Up to now, Speaker Nancy Pelosi had kept her troops in line and her party's liberal wing in check. The vaunted first "100 hours" was run like a military operation, and revolved around a carefully chosen legislative agenda that would unify every faction in her party. It was small potatoes, but it worked, and it was a lesson in how Democrats can practice smart politics.

The card check, in contrast, is a lesson in how the party's liberal base forces Democrats to back political losers. The legislation's only purpose is to give unions an unfair advantage in organizing, namely by eliminating the secret ballot in union elections and instead allowing thugs to openly bully workers into joining up. Americans understand and despise this, with polls showing 90% of the public thinks card check is a racket.

Democrats therefore left themselves wide open for their first public drubbing. The card check gave Republicans a rare opening to beat the daylights out of the new majority, successfully accusing it of trashing democratic elections and shutting down free speech. It unified the business community, which put aside its disagreements on health care and immigration to instead team up to make the vote as painful as possible for Ms. Pelosi's moderate wing. Even the liberal press jumped ship.

And all this, meanwhile, for a vote that was largely symbolic. President Bush has vowed that a card check law is dead on arrival. And that assumes the legislation could even make it through a Senate filibuster -- which it can't. As low points go, this was the lowest the new majority has had so far.

The issue for Ms. Pelosi is that this will undoubtedly not be the only low point. The card check is instead the first illustration of the biggest dilemma Democratic leaders will face over the next few years. Savvier party members understand the threat special interests pose to Democrats' ability to commune with more of America. Yet the party is completely dependent on those left-wing interest groups to finance and man their electoral victories. They want a return on their investment.

For years now, unions have provided thousands of volunteers for get-out-the-vote efforts. More important, they've provided a huge purse to get Democrats elected. This time they handed over the money on condition that Democrats support what has become their biggest priority. This week they called in their chits.

Many Democrats also see the card check as vital to their political survival. Union membership has been nosediving for years. In 2006 it dropped to just 12% of workers. The reigning belief is that if Democrats don't do their part to reverse this decline, they'll see a huge source of manpower and cash for future elections disappear. The card check might be terrible politics, but it is the best shot they have to force more Americans into unions that will spend the dues to re-elect Democrats.

Whatever the motivation, enough Democrats were willing to take a hit if it meant getting card check through. Not that they didn't attempt to lessen the sting. One reason this was the first major domestic legislation up for a vote was that Democrats were anxious to get it out of the way quickly, and put space between it and next year's election. House insiders were this week referring to that strategy as the "Rip Off the Band-Aid" approach: This is gonna hurt, so do it fast.

It also explains the pains House Labor and Education Committee Chairman George Miller took to put the bill through as quietly as possible. The card check will be the biggest change in labor law in decades, yet Mr. Miller allowed but a single hearing and markup on the issue. That hearing was held in the middle of the House's very public Iraq debate, the better to avoid any notice.

The issue exploded nonetheless, and it was the party's moderate wing that got caught in the crossfire. Big Labor, to its credit, had approached the card check with a lot more political savvy than is usually the case. In particular, it started approaching Democratic moderates several years ago, demanding they co-sponsor a card check bill. While many in the Blue Dog wing wouldn't normally agree to such an anti-business measure, they saw this as a useful opportunity to score some union points. After all, Republicans weren't about to bring up the legislation. The problem came when Democrats won, and they had to stand behind their previous support.

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The unions' other big coup was to get to this year's Democratic freshmen early in the electoral game. Labor explained that any union support they received in their tight races in GOP-leaning districts would be entirely conditioned on their later vote for card check. Most of them signed up for this devil's bargain, since, as one Democratic aide admitted: "We didn't have a choice."

The business community this week made sure that those Democratic moderates felt the burn. The Coalition for a Democratic Workplace -- a group of more than 300 business outfits against the card check -- earlier this week laid out a six-figure radio buy for just three House districts, targeting North Carolina's Heath Shuler, Florida's Tim Mahoney and Kansas's Nancy Boyda. All three ran as conservative Democrats, and have only tenuous grips on their seats. The Chamber of Commerce spent another $400,000 on radio ads targeting 51 Republicans and Democrats who are also vulnerable next year. The ads had an effect. Card-check supporters had been hoping to get as many as 290 votes; instead they mustered just 241.

Ms. Pelosi might remember that she only won last year's election because of the success of these moderate candidates. They were the ones who benefited most from Democrats' new promises to focus on "middle class" America. And it is the Democratic Party as a whole that will suffer if those promises aren't kept.

Bush Picks Executive As Consumer Watchdog (LAT)

By James Gerstenzang

The Los Angeles Times, March 2, 2007

WASHINGTON — President Bush said Thursday that he would nominate a senior executive of the largest organization representing the nation's manufacturers to head the government agency assigned to protect consumers from dangerous products.

Bush's choice of Michael E. Baroody, executive vice president of the National Assn. of Manufacturers, to be chairman of the Consumer Product Safety Commission drew an angry response from consumer advocates and predictions of a tough battle for Senate confirmation from the Democratic majority.

Critics, noting Baroody's work for an organization that aims to ease restrictions on a long list of companies making consumer goods, said the nomination would reflect an administration effort to restrict government regulations by executive order and action, rather than by congressional approval.

"I think it's shocking," said Joan Claybrook, president of Public Citizen, a watchdog group founded by Ralph Nader. "It's the fox in the chicken coop."

Claybrook, who led the National Highway Traffic Safety Administration under President Carter, said, "They wanted a hard-liner in the agency to push it into the deregulation mode."

The Consumer Product Safety Commission, established in 1974, issues safety standards for a wide range of products, including lawn mowers, toasters, toys, clothing and furniture — nearly all consumer products except motor vehicles and guns.

It investigates reports of dangerous products, issues recalls and shapes regulations. It also has the option of taking no action on complaints or investigations.

The panel has not had a chairman since July; only two of its five seats are filled. Under its regulations, the commission is unable to take formal action after more than six months without a quorum. It hit the mark in January.

Baroody, 60, was an assistant secretary of Labor and director of public affairs under President Reagan. He also was a speechwriter for Bob Dole when the Kansas senator was chairman of the Republican National Committee.

Both in government and out, Baroody has tangled with advocates of greater government regulation to protect public health and safety:

• In 1988, as assistant secretary of Labor, he defended the Reagan administration's record in protecting workers despite delays in issuing safety rules and efforts to weaken regulations.

• In 2000, he fought an ergonomics rule — put into place by the Clinton administration — that the Occupational Safety and Health Administration said was intended to prevent 300,000 workplace accidents and injuries.

• In 2001, speaking for the National Assn. of Manufacturers, he criticized a Supreme Court ruling rejecting arguments that the Environmental Protection Agency had acted unconstitutionally when it issued standards for limiting smog and soot.

Baroody's nomination must be considered by the Senate Commerce Committee before being voted on by the Senate.

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"I intend to give his nomination thorough scrutiny," Sen. Barbara Boxer (D-Calif.), a Commerce Committee member, said in a statement.

"Here was a golden opportunity to put a true champion of consumers onto a very important commission, and instead President Bush selected someone who represents the special interests," she said. "This administration seems incapable of doing anything in the public interest."

Republican lawmakers did not return calls seeking comment.

The Consumer Product Safety Commission has received no increases in funding, according to Democratic staff members on the Senate Commerce Committee, forcing it to reduce staff and workload because its budget mandates cost-of-living increases for employees.

One staff member, who spoke on condition of anonymity, said Democratic senators were concerned that the commission's staff had been deprived of its expertise by what amounted to budget cuts imposed by the Bush administration.

Baroody also was president of the now-defunct National Policy Forum, a Republican-oriented policy research group. He is a graduate of the University of Notre Dame.

Kerry Getting Some Payback For Swift Boat Campaign Of '04 (NYT)

By Michael Luo

The New York Times, March 2, 2007

WASHINGTON, March 1 — Senator John Kerry may get his parting shot after all.

After his having name sullied during the 2004 presidential campaign by the opposition group Swift Boat Veterans for Truth, Mr. Kerry, a Massachusetts Democrat, got the chance on Tuesday to sharply question Sam Fox, a major Republican donor who was recently nominated to be ambassador to Belgium, about his $50,000 contribution to the group.

In addition, some of Mr. Kerry's Democratic colleagues on the Senate Foreign Relations Committee now say they will consider voting against Mr. Fox's nomination.

Senator Bill Nelson, Democrat of Florida, said about the donations: "I suspect that other than Senator Kerry, there will be some senators that will not look too kindly for his support of that vicious kind of personal attack."

Mr. Kerry declined on Thursday to say how he would vote. On Tuesday, however, he bore in on Mr. Fox with the zeal of the former prosecutor that he is.

Mr. Kerry asked him to explain why he had donated $50,000 to the Swift boat group and pressed him to identify who had asked him to give. Mr. Fox said he could not remember, explaining that he gave large sums to a variety of groups.

Mr. Kerry continued to hammer him, as Mr. Fox squirmed. Finally the senator asked, "Do you think this should matter to me?"

"I'm sorry?" Mr. Fox asked.

"Do you think this should matter to me?" Mr. Kerry repeated.

"Yes, I do. I do," Mr. Fox said.

A Tug Of War On Presidential Papers' Release (WP)

By Elizabeth Williamson

The Washington Post, March 2, 2007

A bipartisan proposal targeting White House rules on the release of presidential papers would claw back power over public records from the executive branch, advocates of the bill say.

The House measure, introduced yesterday, would overturn President Bush's 2001 executive order adding layers of review before presidential papers are made public. Historians and archivists say the order has kept thousands of documents from public view.

Bush's order "gave current and former presidents and vice presidents broad authority to withhold presidential records or delay their release indefinitely," Rep. Henry A. Waxman (D-Calif.), chairman of the Oversight and Government Reform Committee and a bill sponsor, said in a statement yesterday. Waxman's co-sponsors include Reps. Todd R. Platts (R-Pa.), William Lacy Clay (D-Mo.) and Dan Burton (R-Ind.).

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Bush issued the order after the White House held up the release of 68,000 pages of Ronald Reagan Presidential Library documents in 2001. Under the previous system, the president, former presidents or designees had 30 days to review documents and lodge objections. Bush added reviews by the families of former presidents to the process, and removed the 30-day deadline. He also broadened the rules to encompass vice presidential papers.

Thomas S. Blanton, chief of the National Security Archive at George Washington University, said that waiting time for documents from the Reagan Library has soared from 18 months to more than six years since the Bush order, because of the review process and factors such as understaffing at the National Archives.

Bush's order "has added to the endemic problem of delay," Allen Weinstein, the national archivist, said in his testimony. Since the order, White House review time has grown to approximately 210 days, he said.

Cheney Rallies His Base With A Fiery Speech (WT)

By Joseph Curl

The Washington Times, March 2, 2007

Vice President Dick Cheney yesterday fired up hundreds of conservatives at their annual conference in Washington, drawing cheers when he upbraided Democrats for not realizing an "inconvenient truth" -- that Iraq is the central front in the global war on terrorism.

In a pointed potshot at his Democratic predecessor, Mr. Cheney took direct aim at former Vice President Al Gore, who starred in the film "An Inconvenient Truth" that won an Academy Award last week for best documentary.

"In these circumstances it's worth reminding ourselves that, like it or not, the enemy we face in the war on terror has made Iraq the primary front in that war. To use a popular phrase, this is an inconvenient truth," the vice president said to laughter and applause.

Addressing the Conservative Political Action Conference on its opening night at the Omni Shoreham Hotel in Northwest, Mr. Cheney entered to a standing ovation, complete with yells of approval. His boss, however, did not fare as well.

"I always do appreciate the warm reception I receive at CPAC, and I bring personal greetings to all of you from our president, George W. Bush," he said, but the applause was tepid, far short of that offered when John R. Bolton, former U.S. ambassador to the United Nations, took his seat at the head table before Mr. Cheney entered.

But the vice president, a favorite among staunch conservatives, kept hold of his audience, ripping Democrats for their anti-war stance and obstinance during the first two months in control of Congress.

"With a divided government and strong feelings on both sides of the aisle, getting things done is a bit more of a challenge than it was before. But the American people expect results, and the president and I are committed to working with Congress for the good of the country. What we will not do is abandon the conservative principles we ran on in 2000 and 2004," he said to cheers.

Mr. Cheney served up red meat to the roomful of conservatives, pushing the president's tax cuts and health care proposal. The vice president also chastised Democratic senators for moving to trim funding for the war and deliver a vote of no-confidence against Mr. Bush, as when the House passed a nonbinding resolution criticizing Mr. Bush's troop "surge" proposal.

"The fact is that every statement we make has multiple audiences," he said. "The enemy listens, and so do the Iraqi people. A watching world needs to know that the United States is determined to prevail because we're a nation that keeps its word, and because we understand the consequences of failure," he said to applause.

Mr. Cheney hit a score of hot-button conservative issues; drilling for oil in the Arctic National Wildlife Reserve -- "had they passed legislation when we asked, this nation would be well on its way to receiving up to 1 million barrels per day of new supplies" -- and the foot-dragging by Democrats on the president's judicial nominees.

"During President Clinton's last two years in office, the Republican Senate confirmed dozens of district judges and 15 appellate judges. The current Democratic majority should proceed in that same spirit," he said, citing Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., which brought robust applause.

But he closed with Iraq, making a case for continued support of the war, which a majority of Americans now oppose.

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"Very soon both houses of Congress will have to vote on a piece of legislation that is binding -- a bill to provide emergency funding for the troops. And I sincerely hope the discussion this time will be about winning in Iraq, not about posturing on Capitol Hill," Mr. Cheney said.

Conservatives Irate At Current Crop Of Presidential Candidates (BOS)

By Susan Milligan

The Boston Globe, March 2, 2007

Leading conservatives Thursday attacked the Republican Party as big-government, free-spending coddlers of illegal immigrants, and said the country's conservatives should withhold support from the GOP's current slate of presidential nominees to force them to the right.

"I feel very angry and betrayed" by the GOP, some of whose elected officials have backed a "guest worker" immigration plan, abortion rights and tax increases, said Richard Viguerie, chairman of Conservative-HQ.com. "We should withhold support from all major Republican [presidential] candidates today. Not one of them deserves our support today," he told a ballroom full of activists at the Conservative Political Action Conference annual meeting Thursday.

Further, he said, conservatives should withhold "all support" from GOP national committees, which Viguerie said have not produced federal candidates who adhere to conservative principles.

Ken Blackwell, a failed GOP candidate for Ohio governor last year, agreed that conservatives should at least wait to endorse a presidential candidate. "The Republican party -- our natural home in a two-party system -- is in disarray," Blackwell lamented.

At least one conference attendant sported a sticker that featured a circle with a line drawn through the words "Rudy McRomney" -- broadcasting the wearer's opposition to the early leaders in polls for the GOP nomination, former New York Mayor Rudolph Giuliani, Arizona Senator John McCain and former Massachusetts Governor Mitt Romney.

Conservatives said they are frustrated and angry, blaming the GOP's massive losses in the 2006 elections on Republicans who deviated from a hard-line conservative agenda. The mood also puts added pressure on a slew of GOP presidential candidates set to speak to the CPAC meeting Friday.

Social conservatives are leery of Giuliani, who supports abortion rights, and of McCain, who authored a campaign finance law that limits interest groups' financial influence in political campaigns. Romney's evolution to a socially conservative agenda pleases some religious conservatives, but some are still unhappy with his earlier, softer positions on gay rights and abortion rights.

Former Arkansas Governor Mike Huckabee has disappointed fiscal conservatives for signing tax hikes on gas and cigarettes when he was governor, while Kansas Senator Sam Brownback has been criticized for his support of an immigration reform bill conservatives claim would give "amnesty" to illegal immigrants. Phyllis Schlafly, a longtime opponent of gay rights and the Equal Rights Amendment, won loud cheers when she derided programs to provide bilingual drivers' tests and to provide low-wage jobs to immigrants instead of "our own high school dropouts."

All of the GOP candidates except McCain are scheduled to appear Friday before the conference. Representative Duncan Hunter, a lesser-known California Republican running for president, will also speak before the conservative activists.

Kevin Madden, a spokesman for Romney, acknowledged that conservatives are frustrated because of the election losses of 2006. But he said the party -- including its conservative wing -- needed to come together around an agenda and a candidate who can win.

"The conservative movement is going through a certain degree of reflection and renewal," Madden said. "We need to come together and find some unifying themes."

Bush Brings Fundraising Gold For GOP (LAT)

By James Gerstenzang

The Los Angeles Times, March 2, 2007

DOJ_NMG_0138854

WASHINGTON -- President Bush insists that he will stay out of the race over who will succeed him, at least until a Republican nominee is chosen. But that isn't keeping him from becoming the chief fundraiser for Republicans, his low poll ratings notwithstanding.

Bush helped raise $10.4 million for the Republican Governors Association earlier this week, and he will be the star attraction at a fundraising dinner Friday in Louisville for Senate Minority Leader Mitch McConnell, a Kentucky Republican, and the National Republican Senatorial Committee. It is expected to bring in more than $2 million.

Republican activists and advisers say the president is likely to speak at several fundraising events a month in each of the coming months, showing that Bush still has considerable power to help his party even though his approval ratings have averaged well below 50 percent throughout his second term.

Bush's fundraising skills underscore a key fact of modern political life, according to several Republican consultants and a major fundraiser: Political division is not necessarily a bad thing when it comes to breeding political loyalty, and loyalty translates into contributions.

During the first two years of his presidency, Bush's approval rating reached 90 percent in the Gallup Poll, shortly after the Sept. 11 attacks, and they remained above 60 percent as the 2002 election approached.

In that time period -- 2001 and 2002 -- Bush raised $192 million for Republican candidates, according to the Republican National Committee.

By contrast, only 38 percent of people surveyed by Gallup approved of Bush's job performance when voters went to the polls last November. But Bush's fundraising numbers were unchanged: During the two years leading to the 2006 election, he raised $194 million, the party reported.

In short, his popularity sank; his fundraising touch remained golden.

That, said Frank Donatelli, a White House political director under President Reagan, illustrates a central factor at the intersection of politics and cash: "Intensity raises money."

"The dirty little secret of all this is that being a polarizing figure -- whether you are George Bush or Bill Clinton -- your popularity with the base is a tremendous financial asset and resource" for your party, said Wayne Berman, a Republican fundraiser.

Senate, House and gubernatorial races are drawing Bush's focus, too, and candidates are ready to take advantage of his 76 percent approval rating among Republicans, as measured by Gallup during the second week of February.

Even as his overall approval rating shows no sign of rebound, Republicans expect Bush to head to friendly territory to help pad the bank accounts of Republican campaigns, or to conduct low-visibility events in Washington for the party's candidates running in contested states where Bush's popularity lags.

"Helping safe incumbents have good, solid treasuries so they won't have problems next year is smart," said Ron Kaufman, a Bush family political adviser for nearly three decades. "The best thing a president can do for any candidate, whether he is at 40 percent or 90 percent, is fundraising."

Poll Shows Bush Is Losing Support Of Republicans (NYT)

By Marjorie Connelly

The New York Times, March 2, 2007

In the months since the Congressional elections, President Bush has lost substantial support among members of his own party, according to the latest New York Times/CBS News Poll.

Mr. Bush's approval rating dropped 13 percentage points since last fall among Republicans, 65 percent of whom now say they approve of the way he is handling his job as president, compared with 78 percent last October.

Over all, Mr. Bush's job approval remains at one of its lowest points, with 29 percent of all Americans saying they approve of the way he is doing his job, compared with 34 percent at the end of October. Sixty-one percent disapproved, compared with 58 percent in October, within the margin of sampling error.

Twenty-three percent of those polled approved of the way Mr. Bush is dealing with the situation in Iraq. Twenty-five percent approved of his handling of foreign policy.

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Even the president's campaign against terrorism, long his signature issue, is seen positively by only 40 percent of those polled, while 53 percent disapprove.

Three-quarters of those polled say things are going badly for the United States in Iraq, and only 23 percent say the efforts to bring stability and order to Iraq are going well.

Seventy percent, including 52 percent of Republicans, say there is not much the United States military can do to reduce the sectarian fighting in Iraq.

Over all, 23 percent of the public say the country is going in the right direction and 68 percent see it as "on the wrong track."

The nationwide telephone poll was conducted Friday through Tuesday with 1,281 adults and has a margin of sampling error of plus or minus three percentage points. The margin of sampling error for Republicans is plus or minus five percentage points.

Music Of The Spheres (WP)

By Charles Krauthammer

The Washington Post, March 1, 2007

You might not have noticed, but we broke another U.S. space record last month when astronaut Michael Lopez-Alegria logged his 67th hour of spacewalking. If you consider that the equivalent of the Guinness record for pogo-stick bouncing (23.11 miles in 12 hours and 27 minutes) -- amazing but pointless -- I agree with you. There's nothing quite as beautiful as the space station and the shuttle that services it, and nothing quite as useless.

Now, that can be said of many things: a balance-beam dismount, a Shakespeare sonnet, a chess problem by Nabokov. But none of these is financed by taxpayers, and none makes a claim to utility. They are there for reasons of aesthetics, and perhaps amusement.

You cannot justify a $17 billion NASA budget or $6 billion for manned exploration on such grounds. There has to be more than that, and the space shuttle never was. It will be remembered as one of the most elegant, most misbegotten detours in the history of technology. It was our Spruce Goose, Howard Hughes's gigantic, eight-engine plane that flew only once.

But the Spruce Goose didn't cost $4 billion in tax money to operate. Which is why the coming retirement of the shuttle is so welcome. Even more welcome was the Bush administration's decision to redirect the entire manned space effort toward establishing a moon base.

Not until about 2020, mind you, half a century since we first reached the moon. Future generations will have a hard time understanding the hiatus. But for two sets of critics -- the Luddite left and the science purists -- 50 years is not nearly long enough. They would not build a moon base at all.

The Luddites have long opposed manned exploration as a waste of resources when, as the mantra goes, we have so many problems here on Earth.

I find this objection incomprehensible. When will we stop having problems here on Earth? In a fallen world of endless troubles, that does not stop us from allocating resources to endeavors we find beautiful, exciting and elevating -- opera, alpine skiing, feature films -- yet solve no social problems.

Moreover, the moon base is not pointless. The shuttles were on an endless trip to the nowhere of low Earth orbit. The moon is a destination. The idea this time is not to go to plant a flag, take a golf shot and leave, but to stay and form a real self-sustaining, extraterrestrial human colony.

Sure, Mars would be better. It holds open the possibility of life and might even have water on its surface today. But the best should not be the enemy of the good. Mars is simply too far, too dangerous, too difficult, too expensive. We won't go there for a hundred years.

Nor is it true that there is nothing of use or even of interest on the moon. There are all kinds of materials to be exploited, observations of the cosmos to be made and knowledge to be gained on how best to live off the land away from Earth.

A century ago there seemed to be nothing in Antarctica, either. We went there first for adventure, then for discovery. The concrete scientific advances Antarctica has yielded (regarding climate change and the ozone layer, for example) have been as important as they were unexpected.

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A more serious critique of returning to the moon comes not from the Luddites but the purists. They want science, and they are right that robotic exploration is a more cost-effective way to get it. The science yielded by unmanned vehicles, such as past and future probes of the ice surface of Europa and the hydrocarbon lakes of Titan, is indeed thrilling. And pound for pound, dollar for dollar, manned exploration does bring back less science than robots.

But it still brings back science. Humans can discover things through intuition and pattern recognition that machines thinking in algorithms cannot. Imagine the scientific possibilities if today we had humans patrolling Mars rather than the brilliantly programmed but still limited golf carts now roaming the surface.

And then there's the glory. If you find any value, any lift of the spirit in a beautiful mathematical proof, in an elegant balletic turn, in any of the myriad human endeavors that have no utility but only breathtaking beauty, then you should feel something when our little species succeeds in establishing new life in a void that for all eternity had been the province of the gods. If you don't feel that, you are -- don't take this personally -- deaf to the music of our time.

OTHER NEWS:

A Steadier Day For Stock Markets, But A Sense Of Unease Lingers (NYT)

By Vikas Bajaj And Jeremy W. Peters

The New York Times, March 2, 2007

What is bothering investors? No one thing in particular and yet everything.

From a slowing American economy to a faltering mortgage market and the tightening of historically easy credit, a caldron of concerns has been bubbling up over the last year and appears to have set off the wave of selling that rocked world financial markets this week.

Though each of the fears has a distinct origin and quality, a common strain runs through them: that after four years of strong growth, low interest rates and relative prosperity, investors appear to have become too complacent about risks.

After some wide swings yesterday, stock markets appeared to have steadied from Tuesday's rout. Asian and European markets slumped yesterday, and the Dow Jones industrial average opened down 208 points. But the Dow recovered and traded in positive territory for brief periods before ending the day down 34.29 points, or 0.3 percent. The volatility was a reminder that concerns persist.

"Risk needs to be reassessed," said Marc D. Stern, chief investment officer at Bessemer Trust, an investment firm in New York. "And that doesn't happen in three days, no matter how interesting those three days are."

Like many other market specialists who share his view, Mr. Stern believes that the outlook for the economy is generally positive, but he worries that investors are paying too much for assets like stocks and bonds in developing countries; securities backed by American mortgages; and junk-rated bonds. He acknowledges that his concerns are neither new nor unique.

These fears have been simmering on the back burner for much of the last two years. Alan Greenspan, the former Federal Reserve chairman whose comments this week about the possibility of a recession have put him back in the spotlight, highlighted them in several speeches before he stepped down last year.

In May, markets around the world sold off broadly on these same concerns as well as worries that the Fed would raise interest rates to levels that would restrict economic growth significantly. The Standard & Poor's 500-stock index fell 7.7 percent in a little over a month beginning in early May, before rallying in the second half of the year to gain 13.6 percent for the full year.

Many market specialists note that the market historically goes through such periods of stress, and that the recent period of relative calm is extremely unusual. Liz Ann Sonders, the chief investment strategist for Charles Schwab, calculates that typically the market moves more than 2 percent — up or down — eight days each year. Before the fall on Tuesday, the market had not had a 2 percent move in more than three years.

Tuesday was a "a healthy reminder, especially to individual investors, that markets don't go straight up," Ms. Sonders said.

The VIX index, which measures expectations of future volatility of stock prices based on the prices of options, jumped to 18.31 on Tuesday from 11.35; it has since fallen back to 15.82. By comparison, the index averaged 19.13 during the last six years.

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It remains too early to draw any broad conclusions about the current market jitters, whether they will be of a similar short-lived variety as the swoon from last spring or whether they will take a broader and more sustained toll on the markets.

"This is a case of a lot of investors looking for a correction," said Todd Salamone, vice president for research at Schaffer's Investment Research. "There was enough news out there to have that prophecy fulfilled."

Economic reports this week showed that orders for goods that last more than three years fell almost 8 percent in January and that the economy grew far more slowly in the fourth quarter than had been believed.

Yesterday, some of those concerns were alleviated when a monthly survey by the Institute for Supply Management suggested that manufacturing activity picked up speed in February. The report's release at 10 a.m. bolstered stocks. The S.& P. 500 closed down 0.3 percent, or 3.65 points, at 1,403.17, and the Nasdaq composite index lost 11.94 points, or 0.5 percent, to close at 2,404.21.

Unlike the slump last year, the recent drop in stock prices has not been accompanied by any notable movements in the prices of commodities like crude oil or gold, both of which also tumbled in May. Oil futures were up about 1 percent for the week yesterday and the price of gold, which is typically seen as a safe haven during times of uncertainty, was down 2.9 percent.

"A bunch of pieces to the puzzle fit," said Ryan Larson, senior equity trader at Voyageur Asset Management who is based in Chicago. "But other pieces — the gold, the oil — don't really fit together. It causes us to question what's really going on."

Other measures of sentiment also suggest that the talk of reassessing risk has not resulted in meaningful changes in investor behavior.

The difference, or spread, between the yields of United States Treasury securities and high-yield corporate bonds, for instance, has not increased significantly in the last few days, said Kingman Penniman, chairman and chief executive of KDP, a bond research firm. Wider spreads suggest that bond buyers are demanding more return for lending money to companies that may not be able to pay back the debt.

Similarly, the spreads on developing country bonds have not widened from historic lows.

"If I'd gone away for the week and looked at prices, I wouldn't have noticed anything," said Andrew Feltus, a vice president and bond portfolio manager at Pioneer Investments in Boston.

Certainly, spreads on bonds backed by mortgages to people with weak, or subprime, credit have widened significantly in the last two months, and the cost of insuring the lowest-rated portions of those bonds has jumped this week.

In an indication that the market may be in for a tough road, Countrywide Financial, the nation's largest stand-alone mortgage company, disclosed in a securities filing that 22.6 percent of the subprime mortgages it services for other lenders were in default or foreclosure at the end of last year, up from 17.2 percent in 2005.

Another strong signal has come through in the value of the Japanese yen, which has risen 2.9 percent, to 117.61 yen to the dollar, this week.

Some market specialists say the increase is a result of investors unwinding the "carry trade," a trading strategy in which managers borrow money at low rates in Japan and invest it in other markets where returns are greater.

It is unclear how much money has been invested this way, but some suggest it could be in the billions of dollars, given that the difference between short-term interest rates in Japan and the rest of the world is so great.

The rise in the yen would support the idea that investors are indeed becoming more risk-averse, by buying up yen to pay off their debts in Japan. But skeptics say it is just too early to declare the end of the carry trade, because the Bank of Japan's benchmark rate, even with a recent increase, is 0.5 percent while the Fed's short-term rate is 5.25 percent.

"I don't think two days is enough to tell us" that the carry trade is being unwound in a big way, said Douglas M. Peta, a market strategist at J.& W. Seligman & Company. But "that's absolutely something that should flash a yellow light."

Following are the results of yesterday's Treasury auction of 13-day cash management bills:

Stocks Take 34-Point Dip After Early Plunge (WSJ)

By Peter A. Mckay

The Wall Street Journal, March 2, 2007

DOJ_NMG_0138858

An early selloff briefly echoed Tuesday's stock-market tumble, but strong economic data and soothing words from former central bank chief Alan Greenspan spurred buying that kept the market's losses in check.

The Dow Jones Industrial Average briefly broke into positive territory late in the day but finished down 34.29 points, off 0.3%, at 12234.34. It is down 1.8% on the year.

As happened earlier in the week, an overnight selloff in Asian shares spilled into U.S. markets when they opened. At its intraday low just a few minutes into the trading session, the Dow was off 209.09 points.

The mood improved as investors digested fresh data from the Institute of Supply Management, which said its index of manufacturing activity throughout the U.S. economy rose to a monthly reading of 52.3 in February, up from 49.3. A reading above 50 indicates expansion of the manufacturing sector.

In a speech via satellite to Tokyo, Mr. Greenspan clarified comments earlier in the week that had raised investors' fears of a recession in the U.S. this year. In the latest remarks, the former Federal Reserve chairman said he believes a recession is "possible" but not "probable."

The broad Standard & Poor's 500-stock index ended the day off 0.3%, or 3.65 points, to 1403.17, down 1.1% on the year.

The technology-focused Nasdaq Composite Index dropped into the red for the year, off 11.94 points to close at 2404.21. It was off 0.5% both for the day and for 2007.

Binky Chadha, chief U.S.-equity strategist at Deutsche Bank, said he remains confident that stocks will show solid gains for the year. But he thinks investors should hold off buying for now, since the market has entered a particularly risk-averse phase in which it will tend to overreact to any unexpected bad economic news.

In particular, he said that any nasty surprises in next Friday's employment report by the U.S. Labor Department could produce another sharp selloff.

"We think the fundamentals haven't changed for the market," said Mr. Chadha, who noted that Deutsche Bank is sticking to its prediction that the S&P 500 will rise nearly 9% this year.

"That obviously implies you should buy on dips," Mr. Chadha said. "It's just a question of timing."

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 0.89%, or 2.18 points, to 244.12.

In major U.S. market action:

Stock and bond prices fell: The 10-year note shed 1/32 point, or 31.25 cents for each $1,000 invested, pushing the yield up to 4.556%.

The dollar was mixed. Against the Japanese currency, the dollar fell to 117.59 yen, compared with 118.41 yen. The euro fell to $1.3186, compared with $1.3234.

Investors May Need To Keep Dow Tumble In Perspective (USAT)

By Adam Shell

USA Today, March 2, 2007

That sums up this week's violent price swings on Wall Street — and poses the biggest unanswered question haunting jittery investors: Are stocks still vulnerable and susceptible to yet another free fall?

"Investors should always be prepared mentally for market volatility," says Alan Skrainka, chief market strategist at Edward Jones.

That's sage advice. The Dow Jones industrial average's 416-point plunge Tuesday, its tepid 52-point rebound Wednesday, and comeback from a 209-point nose dive early Thursday to close down just 34 points was enough to result in a nervous breakdown for even the most unemotional investors.

Skrainka insists that the Dow's downdraft does not change the bright outlook for the USA's greatest companies or the fact that the economy remains sound. "The only thing that changed," he says, "was the psychology of the market."

The mood turned dark Tuesday when China's highflying stock market — which doubled in value last year — suffered a 9% drop, spooking investors around the globe who had been loading up on risky investments. The selling pressure intensified amid fears that the U.S. economy could fall into recession. The 3.3% sell-off also ended the Dow's longest run without a 2% correction

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since 1954, which kicked off yet another wave of computer-generated selling. After a relatively calm Wednesday, panic selling hit again early Thursday before buyers surfaced in search of bargains.

During the three-day period the Dow swung down more than 550 points and as much as 4.5% from its record.

Despite the financial pain, a dose of perspective is needed to place the week's carnage in some historical context. The price correction was sizable, but the event was not unusual. Since 1900, the market has suffered corrections of 10% or more 116 times, which equates to roughly one correction per year, Skrainka notes. Other facts that might ease investors' minds:

•Rarity factor. Big daily declines are rare. In the 21,250 trading days ended in December 2006, the Dow has suffered a daily decline of 3.4% or more on only 131 occasions, or 0.6% of the total days. "The odds of a day like Tuesday are between 1-in-400 and 1-in-500," notes Marc Reinganum, director of quantitative research at Oppenheimer Funds.

•Quick, yet "modest" decline. While the recent free fall has injected fear back into the market, the Dow has corrected only 4.5%, more than 3 percentage points less than its downdraft last summer.

•Reasonable P-Es provide a floor. Stocks are not richly priced as they were back in early 2000, when the Standard & Poor's 500 was trading at a price-to-earnings ratio of 28. Now, the S&P's P-E is 15 on estimated 2007 earnings, in line with historical norms.

"More reasonable valuations act as an important shock absorber," says Ed Keon, chief investment strategist at Prudential Financial Group.

Keon says shocks come along from time to time. But the key question is whether the market is braced to deal with the shock. "When stocks are priced for perfection, you get crashes like 1987 and bear markets like 2002," Keon says. Fortunately for investors, stocks were priced low enough to avoid a bigger meltdown.

Most Wall Street pros say more rough days can't be ruled out. But panicking will only make things worse.

"It would be a mistake for investors to view this week as a reason to get out of the stock market," says Jason Trennert, head of Strategas Research Partners.

Stock Market Settles Down After Another Sharp Sell-Off (WP)

By David Cho And Tomoeh Murakami Tse

The Washington Post, March 2, 2007

Stock prices on Wall Street made a jittery recovery yesterday from a steep early morning fall that sent the Dow Jones industrial average plummeting more than 200 points.

The Dow closed down 34.29 points, or 0.3 percent, to 12,234.34. But the market's bungee jump, in which it plunged deep into the red just after the opening bell, recovered into positive territory and then fell again, was a sign of the anxious mood on Wall Street.

Many analysts said the wild week of trading, which included a 416-point drop by the Dow on Tuesday and a modest upswing Wednesday, could alter the economic landscape. Going forward, there simply may not be the same tolerance for risk, a shift that would have huge consequences for the United States and economies around the world.

Trading worldwide was generally grim yesterday. East Asia's largest markets dropped, with a key exchange in China falling nearly 3 percent. Europe's main indexes were down almost 2 percent before trimming losses.

"There certainly is a lot more fear in the market, there's no doubt about that," said Steven R. Howard, a partner at Thacher, Proffitt & Wood, a financial advisory firm. "The markets are much more volatile in terms of where emerging countries are going right now."

For years, because it was easy to borrow money, investors were able to make high-risk investments in the developing world and lend mortgages to credit-challenged home buyers in the United States. Private-equity firms were able to borrow tens of billions of dollars to buy out big companies.

Such borrowing and investing may have reached a turning point, some analysts said. For individual investors, that could mean smaller profits from their portfolios or difficulty obtaining a mortgage with poor credit. Globally, it could mean tighter business loans for companies as well as new struggles for promising economies such as Thailand, Indonesia, the Philippines and developing countries in Latin America.

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Signs of a reversal in the availability of what is called "cheap debt" emerged this week.

One warning of this was when the Japanese yen yesterday hit an 11-week high against the dollar. That followed a 2.3 percent ascent -- a huge climb for a currency on a single day -- on Tuesday as stock markets around the world were plunging.

The connection between the markets and the value of the yen lies in what is known as the "carry trade." The term refers to investors who borrow money in Japan because it has one of the lowest interest rates in the world and invest the funds elsewhere. Often they invest in emerging markets or buy U.S. Treasurys that pay higher interest rates.

A little math may help explain the concept: If traders borrow 1,000 yen from a Japanese bank, convert the funds into U.S. dollars and buy bonds for the equivalent amount, they would profit off the difference in interest rates. So if the U.S. bond pays 5.25 percent in interest, and the traders only have to pay 0.5 percent in Japan, they would stand to make a profit of 4.75 percent, as long as the exchange rate between the countries does not change.

No one knows how large the carry trade is, but estimates have ranged as high as $1 trillion. Economists say this trade has been a major factor in keeping borrowing rates in the United States low because it has increased the purchase of bonds and notes in the United States This, in turn, keeps interest rates on the bonds low.

But many hedge funds and investors also are using the carry trade to make high-risk investments in the developing world. Emerging countries have never been so popular with U.S. investors, several investment groups report. And most of the best-performing mutual funds over the past few years were invested in emerging markets.

"It's not just the hedge funds and the leveraged players who . . . are involved" in the carry trade, said Kathy Lein, chief strategist of DailyFX.com, which provides information on currency markets. "A lot of regular people now are invested in the foreign markets."

Axel Merk, portfolio manager at the Merk Hard Currency Fund, said that in 2006, the market rose in a nearly straight line for eight months. "People became more courageous. . . . You say, 'Lets go for it, let's take a gamble.' Now, with more volatility, people are saying, 'Oops, wait a minute, I better be more careful.' "

Merk added that investors had to "become more cautious. That applies to the carry trade, that applies to equities, that applies to everything."

This week, as the carry trade showed indications of unwinding, money flowed in the opposite direction, from the emerging markets back to Japan. That pushed up the value of the yen. The first to sell investments in the developing world were speculators and hedge fund traders who can move their money quickly, analysts said.

Others decided to weather the storm and have seen their investments take a huge hit. "Every time there is a threat to the carry trade, we get a big, very quick reaction as speculators close out their trades," said Harvey Sawikin, co-founder of Firebird Funds, a $3 billion hedge fund mostly invested in emerging markets. "You could see a painful hit for a short period of time."

But Sawikin, who is invested in Russia and other places in Asia, decided not to move his money. He said many large emerging countries such as India and Brazil can absorb short-term blows from the stock market and are much healthier than they were in 1998, when a currency crisis roiled the developing world. But smaller economies in Asia, Africa and Latin America could suffer the most from the carry trade unraveling.

"There's indications that the emerging market has reached its peak and is going to fall off," said Howard, of Thacher Proffitt. "But it depends on which part of the emerging market you are referring to."

Tse reported from New York.

Manufacturing Shows Some Vigor (WSJ)

By Mark Whitehouse And Timothy Aeppel

The Wall Street Journal, March 2, 2007

The U.S. manufacturing sector showed signs of recovering from a recent slump, striking a positive note that boosted stocks and eased concerns the nation's economy could be headed for recession.

The Institute for Supply Management, a trade group for corporate purchasing managers, reported yesterday that its index of manufacturing activity rose to 52.3 in February from 49.3 the previous month. The index for new orders, an indicator of future activity, rose to 54.9 from 50.3. Any reading above 50 suggests the sector is expanding.

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• The News: The latest data on manufacturing show the sector doing better than expected.

• The Background: Its weakness had raised worries about a long decline that could hurt the economy.

• The Bottom Line: Manufacturers still face head winds, but the data suggest recent output cuts were needed to work off an excess of unsold goods, and the sector could soon be poised to expand.

Housing-related manufacturers, such as furniture makers, remained among the sector's most sluggish segments, while producers of petroleum, coal, plastics and rubber led the rebound.

The ISM survey caught some economists and investors by surprise, because other recent indicators had shown manufacturing faltering. Tuesday, for example, the Commerce Department reported that orders for durable goods plunged 7.8% in January. That report helped trigger Tuesday's stock-market selloff, which ended with the Dow Jones Industrial Average down 416.02 points, its seventh-largest point decline ever. The next day, the department reported that economic activity in the fourth quarter was weaker than previously thought.

But the ISM report, which covers the month of February and provides a more current look at business conditions, signaled that industrial activity is regaining momentum. "This gives some hope that manufacturers are working off excess stocks and should be poised to start growing again," said Daniel Meckstroth, chief economist for the Manufacturers Alliance/MAPI, a policy and research group in Arlington, Va.

He said the report indicates that the weakness in the fourth quarter and in January "is not an indication that the manufacturing sector is entering a recession" that could drag down the broader economy.

Yesterday's manufacturing news had an immediate effect on investors, helping the Dow Jones Industrial Average erase much of its 209-point drop earlier in the day. The Dow industrials closed at 12234.34, down 34.29 points, or 0.3%

Adding to yesterday's assessment, the Commerce Department reported that consumer spending rose 0.5% in January from the previous month, down from December's 0.7% growth rate but still a healthy pace. The January spending growth was fueled, in part, by a 1.0% rise in personal income, which reflected rising wages, but also the nonrecurring effect of bonuses and executives cashing in on stock options.

To be sure, manufacturers face head winds. They still have plenty of unsold inventory, and the latest data show businesses cutting back on investments in big-ticket capital goods -- all of which could slow production. Still, yesterday's reports offered reason for optimism, economists said. The data suggest consumer spending, which makes up two-thirds of the economy, is on track to grow at an annualized, inflation-adjusted rate of well more than 3% this quarter. That could help manufacturing turn around.

"Consumption entered the first quarter on a pretty strong note," said Mike Englund, chief economist at Action Economics, a consultancy in Boulder, Colo. "As long as the consumer remains healthy, production has to catch up."

Roger Douglas, president of Douglas Manufacturing Corp., Crete, Neb., a maker of products like voting booths and metal storage boxes, said it "seemed like everyone was on a long holiday vacation" at the end of last year and the first month of 2007. "But everything seems to be waking up right now -- inquiries, orders, everything seems to be taking a sudden upturn."

Not everything in yesterday's reports was positive. Americans are still spending beyond their immediate means: In January, their spending exceeded their disposable income by $116.4 billion, or 1.2%. As falling housing prices make consumers feel poorer, they may yet decide to cut back and save more. Though the latest data from the Office of Federal Housing Enterprise Oversight showed house prices up 1.1% in the fourth quarter from the third, most economists believe prices have a way to fall.

The personal-income report also contained a whiff of inflation. The Fed's preferred gauge of inflation -- the price index for personal consumption, excluding food and energy -- rose 0.3% in January after rising only 0.1% in December, and was up 2.3% from the year earlier. That is above the Fed's comfort range of 1% to 2%. Meanwhile, the housing slump keeps weighing on construction activity, which fell 0.8% in January from the previous month, the Commerce Department said. Construction of houses and other residential properties fell 1.8%.

In recent months, manufacturers in sectors tied to housing and autos have been among the hardest hit. But Norbert Ore, a procurement executive at Georgia-Pacific LLC, who oversees the manufacturing report, said signs of life in some sectors, such as wood products and textiles, suggest the worst may have passed.

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Paulson Sees 'healthy' Outlook For US (FT)

By Eoin Callan In Washington

Financial Times, March 2, 2007

The outlook for the US economy is healthy, though concerns remain about domestic protectionism and the slow pace of Chinese currency appreciation, US Treasury secretary Hank Paulson said on Thursday.

The remarks, in a speech to the Economic Club of Washington, followed positive figures on US personal incomes and manufacturing, which helped lift the Dow Jones index from an earlier 209-point drop. "I am watching developments carefully, and I believe that the US economy is healthy," he said.

But the turbulence in US markets indicated investors remain worried about the economy, with concern centred on doubts about what will happen next in two sectors that are important contributors to growth: housing and manufacturing.

The Federal Reserve expects these sectors to work off the bulk of the oversupply in the first half of this year and allow the economy to grow at a reasonable rate.

Central bankers expect consumer spending to hold up during this economic adjustment, with the support of strong job creation in the service sector and gains in personal income, which rose a blistering 1 per cent last month, according to fresh figures released by the Commerce Department on Thursday.

But there are persistent voices of dissent on Wall Street – which garner particular attention during a market wobble.

David Rosenberg, chief economist at Merrill Lynch, said: "It seems to me that the Fed's view is that the housing recession is coming to an end. I have some serious doubts about that."

He argues that the key is the gap between starts to construction of homes – which have started to ease as builders retrench – and completions, which remain elevated and suggest large volumes of new houses are hitting the market at a time when demand is weak.

"We have a starts at 1.4m and completions at 1.9m. That is a big gap that must be closed for equilibrium to be restored. This means we are entering a phase between now and the end of the year when the declines in production are going to be the most pronounced and we will start to see knock-on effects elsewhere in the economy," he said.

Ethan Harris, chief economist at Lehman Brothers, has a more sanguine outlook for the housing sector but he cautioned that data on the housing market was notoriously flawed and that it "was too early to call a bottom".

The Lehman economist said rising defaults by homeowners at the high-risk end of the mortgage market was introducing new uncertainty. "We don't know how many homes are going to be dumped back into the market by homeowners who default on subprime loans. A lot of those homes could come back on the market and that would mean a new round of pressure on prices."

It is this kind of unforeseen downward lurch in house prices later in the year that poses the greatest risk to consumer spending, according to Merrill Lynch.

Mr Rosenberg at Merrill Lynch is more optimistic about the manufacturing sector. "Manufacturing is not out of woods yet, but appears to be emerging," he said.

Clouds Added To Many Economic Forecasts (WP)

By Nell Henderson

The Washington Post, March 2, 2007

A few weeks ago, Wall Street was praising the Federal Reserve for cooling the economy just enough to tame inflation without chilling it into a recession. Now, after several days of financial market turmoil and conflicting economic reports, analysts are having second thoughts.

Yesterday, several said they saw rising risks of higher inflation and much weaker economic growth.

Consumer prices jumped in January, while home construction fell sharply, the Commerce Department reported yesterday. That combined with falling stock prices, distress in some credit markets and declining business investment to sour many forecasts.

"I think the odds of a recession have gone up in the last two weeks," said David Shulman, a senior economist with the Anderson Forecast at the University of California at Los Angeles.

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But more-optimistic observers pointed yesterday to a Commerce Department report that consumer spending, which accounts for two-thirds of the nation's economic activity, rose briskly in January, while incomes climbed even more rapidly.

The nation's factories also produced more goods, hired more workers and booked more new orders in February, the Institute for Supply Management, a business association, said yesterday.

And the labor market remains tight, with unemployment at a low 4.6 percent in January, though many forecasters expect that rate to edge higher in coming months.

"I think that overall the economy is in great shape," said Bernard Baumohl, managing director of the Economic Outlook Group, who argues that buoyant consumer spending will more than offset the economy's soft spots.

The disagreement is typical of a time when the figures are mixed, and it is unclear how consumers will respond to falling stock prices. If consumers pull back now, the economy is likely to falter, several analysts said.

That hasn't happened yet. Consumer spending rose 0.3 percent in January, after adjusting for inflation, fueled by a 0.5 percent increase in after-tax income.

Before adjusting for taxes and inflation, personal income rose 1 percent in January, the fastest rate in a year, partly reflecting big bonus payments, stock market gains and pay raises for federal workers, the Commerce Department said.

This fits with Fed Chairman Ben S. Bernanke's statement Wednesday that the central bank still foresees moderate economic growth this year -- about 2.5 to 3 percent. That would be slower than last year's 3.3 percent expansion but enough to keep unemployment low.

Bernanke's predecessor, Alan Greenspan, said Monday in remarks to a private group that a recession is possible later this year -- words that contributed to the stock market sell-off Tuesday. On Wednesday, he stressed to another group that he does not see a recession as likely -- a view similar to the Fed's and many other forecasts.

And in a speech in Washington, Treasury Secretary Henry M. Paulson Jr. said, "I am watching developments carefully, and I believe that the U.S. economy is healthy."

The latest inflation figures, however, did not match the Fed's forecast of diminishing price pressures. Core inflation, which excludes volatile food and energy prices, rose 0.3 percent in January, the fastest rate since August, and was up 2.3 percent from a year earlier, the Commerce Department said. Bernanke and other Fed policymakers have said they prefer to keep price increases in a range of 1 to 2 percent annually.

The Institute for Supply Management's report also showed that manufacturers paid higher prices for raw materials in February.

Rising inflation and a danger of slower economic growth put the Fed in a bind. Central bank policymakers restrain price increases by raising interest rates, making it harder for businesses and consumers to borrow and spend, which dampens demand; it responds to weak growth by cutting rates, which has the opposite effect.

Bernanke told Congress last month that the Fed thought it could probably hold its benchmark short-term interest rate steady for a while because it expects slower growth to lower inflation. But he also warned that if price pressures pick up, he and his colleagues would raise the rate.

Raising the short-term rate now, however, would make it harder for borrowers with adjustable-rate mortgages to refinance their loans. That would exacerbate the credit crunch in the market for loans to subprime borrowers, who have lower incomes and poor credit histories. Delinquencies and defaults on those loans have risen sharply in recent months, causing some lenders to go out of business.

The UCLA Anderson Forecast is lowering its expectations for economic growth primarily because it thinks the turmoil in the subprime mortgage market will prolong and deepen the housing slump, Shulman said. The group won't release its updated forecast until April but anticipates that defaults will rise, increasing the number of homes for sale, while lenders make fewer loans, reducing the number of buyers.

Investors in futures contracts increased their bets yesterday that the central bank will cut interest rates by summer, which might help the subprime market.

But cutting rates might also spur inflation higher, a danger that may strengthen the Fed's case for leaving policy on hold for now.

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The Fed does not have to do anything to lower long-term interest rates, such as on fixed-rate mortgages, which are determined in global financial markets. Long-term rates are already falling because investors are moving their money out of stocks and into much safer Treasury securities, pushing down their yields, which serve as benchmarks for private debt. For example, the interest rate on a 30-year, fixed-rate mortgage is linked to the yield on the 10-year Treasury bond, which has tumbled over the past week.

Interest rates have been historically low in recent months but not low enough to stimulate business spending on new plants, equipment and computers. Such capital investment spending declined in late 2006 and in January, according to two recent Commerce Department reports.

The institute's report on increased factory orders in February may signal a rebound in business spending but not a lot of momentum overall, said Brian Bethune, an economist at Global Insight. He attributes this to caution among the nation's chief executives because of the economic slowdown, rising prices and uncertainty about whether customer demand will hold up.

These factors "have got those

CEOs on tenterhooks right now," Bethune said.

Weak business investment and declining stock prices are among the reasons Global Insight now sees the odds of a recession as 15 to 20 percent, up from about 10 percent last week, Bethune said.

These odds, he said, "are not high, but they're not trivial."

Greenspan Now Says Economic Slowdown Isn't 'Probable' (WSJ)

By Sai Man And Kenneth Mccallum

The Wall Street Journal, March 2, 2007

TOKYO -- Former Federal Reserve Chairman Alan Greenspan toned down his warning that the U.S. might slip into a recession later this year, saying he doesn't think such a slowdown is "probable," according to investment bank CLSA Asia-Pacific Markets, which hosted Mr. Greenspan's speech.

"It is possible we can get a U.S. recession toward the end of this year, but I don't think it's probable," Mr. Greenspan was quoted by CLSA as telling the audience here. Mr. Greenspan spoke via satellite from the U.S. Associates of Mr. Greenspan in Washington confirmed the remarks.

The former Fed chief's comments Monday that a U.S. recession was "possible" toward the end of 2007 were cited as one trigger for a decline in stocks Monday and Tuesday, a drop in U.S. bond yields, and growing expectations for an interest-rate cut by the Fed. (See related article1.)

Mr. Greenspan had said a recession was possible, though he added it was difficult to predict the timing of any recession. Speaking yesterday to CLSA's Japan Forum, Mr. Greenspan appeared to want to hedge his bets on his prediction.

"Things look reasonably good in the short run for the U.S. and the world," he was quoted as saying. But, "we can't just assume that this extraordinary period of recovery can extend indefinitely."

Mr. Greenspan also said the U.S. has "gone through the major part of adjustment" in housing prices and "the worst is over," though the housing market is expected to remain weak, according to CLSA. The weak housing market has had only limited impact on consumer spending because American consumers have been encouraged by the decline in gasoline prices, CLSA quoted him as saying.

Greenspan Is Still Able To Move Markets (NYT)

By Edmund L. Andrews

The New York Times, March 2, 2007

WASHINGTON, March 1 — They are marketed as “intimate conversations” with Alan Greenspan, and groups pay about $150,000 to hear his economic outlook.

But on Thursday, for the second time this week, these private chats went public, jolting financial markets around the world and upstaging Ben S. Bernanke, Mr. Greenspan’s successor as chairman of the Federal Reserve.

First on Monday and then again on Thursday, Mr. Greenspan upset stock markets merely by uttering the word “recession” and saying that one might but probably would not occur by the end of this year.

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Few people have the power to move markets like a Fed chairman. Except, maybe, a retired Fed chairman. Mr. Greenspan's use of the R-word helped push down the Dow Jones industrial average by about 200 points on Thursday morning, though shares later recovered and closed only slightly lower for the day.

The tone if not the substance of the comments seemed to conflict with, and even undermine, Mr. Bernanke's soothing message on Wednesday that the economy still seemed poised for "moderate" growth and perhaps even a slight acceleration later this year.

It also raised several questions. Did the old Fed chairman, who has been hailed as the maestro of the economy, disagree with the new Fed chairman? For a man who had worked assiduously to keep markets calm while he ran the Fed, why was Mr. Greenspan now using an incendiary word-bomb? At almost 81, did he secretly miss the limelight? Or was he trying to build up advance interest in his new book?

In some ways. the attention given to Mr. Greenspan's remarks reflects the contrast in personal styles between him and Mr. Bernanke. To many investors, Mr. Greenspan, after 18 years of running the Fed, has star status, and remains the ultimate authority on economic issues. Mr. Bernanke, by contrast, is still an unknown. Where Mr. Greenspan had a fondness for colorful phrases, from "irrational exuberance" to the "frothiness" of the housing market, Mr. Bernanke has brought a plain-speaking openness that is often easier to understand but less catchy.

The difference in style reflects a deeper difference: where Mr. Greenspan guarded his autonomy as a decision-maker and bucked conventional wisdom, Mr. Bernanke has tried to make Fed policy less personalized and more grounded in consensus.

Fed officials declined to comment on the remarks, but noted that Mr. Greenspan has avoided any comment about monetary policy, speaking only about the economy itself.

To be clear: Mr. Greenspan did not, as some analysts incorrectly inferred, predict that a recession was imminent. In fact, he said few forecasters anticipated one. But he did caution that the United States appears to be at the end of an expansion and that such times usually bring with them the seeds of a recession.

His first comments were on Monday, in a private chat over satellite to an investor group in Hong Kong. On Wednesday, he tried to clarify his views while speaking to a group in Tokyo.

"By the end of the year, there is a possibility, but not a probability, of the U.S. moving into a recession," Mr. Greenspan was quoted as saying by Bloomberg News, which based its report on interviews with people who attended the CLSA Japan Forum in Tokyo.

Several analysts said Mr. Greenspan's comments, if read in context, did not conflict nearly as much as they seemed with the current Fed's view. But the comments highlight the delicate line Mr. Greenspan has drawn in defining his post-Fed activities. He has adamantly refused to comment on monetary policy, saying that a Fed chairman has enough problems without being second-guessed by his predecessor.

But he has also restarted his earlier career as an economic consultant and forecaster, speaking to groups of institutional investors, on average, twice a week for a fee of up to $150,000. He is represented by the Washington Speakers Bureau, whose clients include celebrities and political figures like Colin L. Powell, the former secretary of state.

On Thursday, Mr. Greenspan was in Palm Springs for a talk to another conference. He has spoken in cities around the United States, Canada, Europe and Asia, often to institutional investors at conferences sponsored by banks or trade associations.

According to the Speakers Bureau, Mr. Greenspan offers "thoughtful, in-depth question-and-answer sessions." The sessions are off-limits to the media, and recording devices are prohibited. But in practice, word gets out, and it can have a big impact.

Acquaintances of Mr. Greenspan say he has been puzzled by the reaction to his comments. In his comments on Monday, he restated his long-held caution that investors are in danger of being too complacent and too confident that the benign mix of low inflation and steady economic growth would continue. When asked whether he expected a recession later this year, Mr. Greenspan said it was impossible to rule out the possibility but went on to say that most forecasters did not expect one.

Carl Tannenbaum, chief economist at LaSalle ABN Amro in Chicago and president of the National Association for Business Economics, said Mr. Greenspan's comments were consistent with a consensus.

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The National Association for Business Economics' most recent survey of members found an average prediction that the United States economy would expand 2.4 percent in 2007 and that the chances of a recession were about 15 percent — not probable, but not impossible.

Some analysts were less charitable, speculating that Mr. Greenspan had intentionally allowed himself to sound more provocative in order to increase his appeal on the lecture circuit and perhaps build excitement for his new book. The book, for which he is to be paid about $8 million, is due out in September and is to be both a memoir and a treatise on economic issues.

To be sure, Mr. Greenspan is hardly the only former Fed official to offer his views on the economy. Laurence Meyer, a former Fed governor, resumed his career as a forecaster for Macroeconomic Advisers and now offers clients detailed interpretation of the Fed's thinking.

But Paul A. Volcker, who preceded Mr. Greenspan as Fed chairman, has been silent on Fed policy and has only rarely offered his views on the economy.

Mr. Greenspan, according to people who have spoken with him, is intent on remaining active as an economic consultant and forecaster. It is what he has done for more than 50 years, he has told people, and he sees no reason his role as a former Fed chairman should bar him from continuing to earn money at it once again.

The Big Meltdown (NYT)

By Paul Krugman

The New York Times, March 2, 2007

FEB. 27, 2008

The great market meltdown of 2007 began exactly a year ago, with a 9 percent fall in the Shanghai market, followed by a 416-point slide in the Dow. But as in the previous global financial crisis, which began with the devaluation of Thailand's currency in the summer of 1997, it took many months before people realized how far the damage would spread.

At the start, all sorts of implausible explanations were offered for the drop in U.S. stock prices. It was, some said, the fault of Alan Greenspan, the former chairman of the Federal Reserve, as if his statement of the obvious — that the housing slump could possibly cause a recession — had been news to anyone. One Republican congressman blamed Representative John Murtha, claiming that his efforts to stop the "surge" in Iraq had somehow unnerved the markets.

Even blaming events in Shanghai for what happened in New York was foolish on its face, except to the extent that the slump in China — whose stock markets had a combined valuation of only about 5 percent of the U.S. markets' valuation — served as a wake-up call for investors.

The truth is that efforts to pin the stock decline on any particular piece of news are a waste of time.

Wise analysts remember the classic study that Robert Shiller of Yale carried out during the market crash of Oct. 19, 1987. His conclusion? "No news story or rumor appearing on the 19th or over the preceding weekend was responsible." In 2007, as in 1987, investors rushed for the exits not because of external events, but because they saw other investors doing the same.

What made the market so vulnerable to panic? It wasn't so much a matter of irrational exuberance — although there was plenty of that, too — as it was a matter of irrational complacency.

After the bursting of the technology bubble of the 1990s failed to produce a global disaster, investors began to act as if nothing bad would ever happen again. Risk premiums — the extra return people demand when lending money to less than totally reliable borrowers — dwindled away.

For example, in the early years of the decade, high-yield corporate bonds (formerly known as junk bonds) were able to attract buyers only by offering interest rates eight to 10 percentage points higher than U.S. government bonds. By early 2007, that margin was down to little more than two percentage points.

For a while, growing complacency became a self-fulfilling prophecy. As the what-me-worry attitude spread, it became easier for questionable borrowers to roll over their debts, so default rates went down. Also, falling interest rates on risky bonds meant higher prices for those bonds, so those who owned such bonds experienced big capital gains, leading even more investors to conclude that risk was a thing of the past.

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Sooner or later, however, reality was bound to intrude. By early 2007, the collapse of the U.S. housing boom had brought with it widespread defaults on subprime mortgages — loans to home buyers who fail to meet the strictest lending standards. Lenders insisted that this was an isolated problem, which wouldn't spread to the rest of the market or to the real economy. But it did.

For a couple of months after the shock of Feb. 27, markets oscillated wildly, soaring on bits of apparent good news, then plunging again. But by late spring, it was clear that the self-reinforcing cycle of complacency had given way to a self-reinforcing cycle of anxiety.

There was still one big unknown: had large market players, hedge funds in particular, taken on so much leverage — borrowing to buy risky assets — that the falling prices of those assets would set off a chain reaction of defaults and bankruptcies? Now, as we survey the financial wreckage of a global recession, we know the answer.

In retrospect, the complacency of investors on the eve of the crisis seems puzzling. Why didn't they see the risks?

Well, things always seem clearer with the benefit of hindsight. At the time, even pessimists were unsure of their ground. For example, Paul Krugman concluded a column published on March 2, 2007, which described how a financial meltdown might happen, by hedging his bets, declaring that: "I'm not saying that things will actually play out this way. But if we're going to have a crisis, here's how."

Most Support U.S. Guarantee Of Health Care (NYT)

By ROBIN TONER And JANET ELDER

The New York Times, March 2, 2007

A majority of Americans say the federal government should guarantee health insurance to every American, especially children, and are willing to pay higher taxes to do it, according to the latest New York Times/CBS News poll.

How the Poll Was Conducted (March 2, 2007) While the war in Iraq remains the overarching issue in the early stages of the 2008 campaign, access to affordable health care is at the top of the public's domestic agenda, ranked far more important than immigration, cutting taxes or promoting traditional values.

Only 24 percent said they were satisfied with President Bush's handling of the health insurance issue, despite his recent initiatives, and 62 percent said the Democrats were more likely to improve the health care system.

Americans showed a striking willingness in the poll to make tradeoffs to guarantee health insurance for all, including paying as much as $500 more in taxes a year and forgoing future tax cuts.

But the same divisions that doomed the last effort at creating universal health insurance, under the Clinton administration, are still apparent. Americans remain divided, largely along party lines, over whether the government should require everyone to participate in a national health care plan, and over whether the government would do a better job than the private insurance industry in providing coverage.

Looking ahead to the presidential campaign, 36 percent of Americans polled said they had confidence in the ability of Senator Hillary Rodham Clinton, Democrat of New York, to "make the right decisions on health care," while 49 percent said they were uneasy about her.

But Mrs. Clinton retained the confidence of nearly 6 in 10 Democrats on the issue, despite the politically devastating collapse 13 years ago of the national health initiative she helped develop early in her husband's presidency.

The poll helps explain why health care already looms large in the presidential campaign, and in statehouses from California — where Gov. Arnold Schwarzenegger, a Republican, has proposed a sweeping coverage plan — to Massachusetts, now instituting a program passed under Mitt Romney, the former governor and current Republican presidential candidate.

John Edwards, the Democratic presidential candidate and former senator from North Carolina, recently unveiled his own attempt at a consensus plan, one that would require everyone to have insurance and require employers to provide it or pay into a fund that would do so. Nearly 4 in 10 said that was a good idea; nearly half said they were unsure.

While Democrats are traditionally strong supporters of expanding health coverage, this survey found many Republicans and independents in agreement.

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"I think everybody should have some kind of health care available to them," said Diane Manning, 66, of Vancouver, Wash., who described herself as an independent.

"I don't necessarily think that socialized medicine is the answer, but I think everyone should have that right," said Mrs. Manning, who participated in the poll and agreed to a follow-up interview. "And there are so many people that don't."

Nearly 47 million people in the United States, or more than 15 percent of the population, now go without health insurance, up 6.8 million since 2000.

The poll also found overwhelming support behind the Children's Health Insurance Program, which covers many low- and moderate-income children and is up for renewal in Congress this year. Eighty-four percent of those polled said they supported expanding the current program to cover all uninsured children, now estimated at more than eight million. A similar majority said they thought the lack of health insurance for many children was a "very serious" problem for the country.

The nationwide telephone poll of 1,281 adults was conducted Feb. 23- 27, and has a margin of sampling error of plus or minus three percentage points.

The poll found Americans across party lines willing to make some sacrifice to ensure that every American has access to health insurance. Sixty percent, including 62 percent of independents and 46 percent of Republicans, said they would be willing to pay more in taxes. Half said they would be willing to pay as much as $500 a year more.

Nearly 8 in 10 said they thought it was more important to provide universal access to health insurance than to extend the tax cuts of recent years; 18 percent said the tax cuts were more important.

"I wouldn't want to pay a lot of taxes, but if it was spread out and everyone paid their fair share, it would be fine," said Don Galvan, 50, a computer programmer from Ringwood, N.J., who considers himself an independent. "Everybody should have some kind of medical coverage, in case they or their children get sick. Especially children."

Most participants said they were satisfied with the quality of their health care, but there was widespread concern about costs. Nearly half of those with insurance said an employer had cut back on benefits or required them to pay more for their benefits in recent years.

How the Poll Was Conducted (March 2, 2007) A quarter of those with insurance said someone in their household had gone without a medical test or treatment because insurance would not cover it. Six in 10 of those without insurance said someone in their household had gone without care because of the cost.

More people now see guaranteeing health insurance as important than did so at the end of the Clinton efforts in 1996. At that time, 56 percent polled said it was the government's responsibility to do so, and 38 percent said it was not. In the current poll, 64 percent said the government should guarantee health insurance for all; 27 percent said it should not.

Moreover, an overwhelming majority in the current poll said the health care system needed fundamental change or total reorganization, just as they did in the early 1990s, when a deep recession and soaring health care costs galvanized the public and spurred the Clinton drive.

But now, as then, this concern did not translate into a consensus on what should replace it.

One question offered a choice between the current system and a national health insurance program covering everyone, administered by the government and financed by taxpayers. Thirty-eight percent said they preferred the current system, 47 percent the government-run approach.

Robert Blendon, an expert at Harvard on public opinion and health, said politicians had to find some compromise between these philosophical divisions on the role of government, which are deep-seated in American culture, or "we're going to have the same train wreck we did before."

The Clinton plan, itself an attempt at a compromise, collapsed under attacks from an array of interests, including the insurance industry, which warned that the plan amounted to a big government takeover.

Mr. Blendon noted that many politicians were seeking a blend between the private market and the government in their health plans.

McCain And Obama In Deal On Public Financing (NYT)

By David D. Kirkpatrick

DOJ_NMG_0138869

The New York Times, March 2, 2007

WASHINGTON, March 1 — Senator John McCain joined Senator Barack Obama on Thursday in promising to accept a novel fund-raising truce if each man wins his party's presidential nomination.

The promises by Mr. McCain, Republican of Arizona, and Mr. Obama, Democrat of Illinois, are an effort to resuscitate part of the ailing public financing system for presidential campaigns.

In every election since Watergate, candidates have received limited sums of taxpayer money on the condition that they abstain from raising or spending any more. But this year, the leading candidates are all sidestepping the system in a competition to raise far more in private donations, more than $500 million each, according to most projections, compared with $150 million in potential public financing.

But there is a chance that the obituaries for the public system may be premature. On Thursday, a spokesman for Mr. McCain said that he would take up Mr. Obama on a proposal for an accord between the two major party nominees to rely just on public financing for the general election.

Such a pact would eliminate any financial edge one candidate might have and limit each campaign to $85 million for the general election. The two candidates would have to return any private donations that they had raised for that period.

Mr. Obama laid out his proposal last month to the Federal Election Commission, seeking an opinion on its legality. The commissioners formally approved it on Thursday.

The manager of Mr. McCain's campaign, Terry Nelson, said he welcomed the decision.

"Should John McCain win the Republican nomination, we will agree to accept public financing in the general election, if the Democratic nominee agrees to do the same," Mr. Nelson said.

A spokesman for Mr. Obama, Bill Burton, said, "We hope that each of the Republican candidates pledges to do the same."

Mr. Burton added that if nominated Mr. Obama would "aggressively pursue an agreement" with whoever was his opponent.

Mr. McCain and Mr. Obama have backed changing campaign finances.

McCain Ups The Ante Over Campaign Finance (POL)

By Kenneth P. Vogel

The Politico, March 2, 2007

John McCain raised the stakes Thursday in an emerging campaign finance showdown among the major presidential candidates.

In move similar to Democrat Barack Obama's last month, McCain, a Republican, pledged to accept public funding in a general election, provided the Democratic nominee does the same. McCain's announcement came hours after the Federal Election Commission granted presidential candidates increased fundraising flexibility.

The moves by McCain, the senior senator from Arizona, and Obama, the junior senator from Illinois, seemed designed to solidify their positions as the field's leading advocates for reducing the influence of money in politics. But their pledges will also put some pressure on the other leading candidates from both parties to follow.

The leading Republican candidates had refrained from actively pursuing general election funds, which kept open the possibility of accepting public funds later.

The leading Democratic candidates have already announced they would not curtail their pursuit of general election funds in order to comply with the public funding system's limits. But the commission's decision gives them the chance to reconsider should they win the nomination.

Democrats Hillary Rodham Clinton, the junior senator from New York, and John Edwards, a former senator from North Carolina, both indicated they might take that newly open option. But neither went as far as Obama or McCain.

Among the GOP contenders, former New York City Mayor Rudy Giuliani plans to start collecting general election money, and former Massachusetts Gov. Mitt Romney is considering it. Neither would match the pledges made by McCain or Obama.

Clinton's spokesman rejected the suggestion that his senator's position was less demonstrative than either Obama's or McCain's.

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"I don't think it's less than what anybody else is saying because we don't know what the situation is going to be," said spokesman Phil Singer. "Obviously, given the current state of affairs, we're going to consider what our options are should we become the nominee."

Giuliani's campaign issued a statement saying, "We are raising private money for the primary and will begin raising private money for the general as allowed by the FEC ruling. We have not decided at this time whether we will accept public funding if we win the nomination."

Edwards' deputy campaign manager, Jonathan Prince, echoed that stance.

"We'll make a decision at the time about the best way to ensure we have the maximum possible resources to win," he said.

The commission's decision, prompted by a request from Obama, allows candidates to seek the maximum $4,600 donation – technically $2,300 for the primary election and $2,300 for the general election – from each donor and maintain the option of returning the general election funds. That would allow them to take public financing. Previously, candidates who intended to seek public financing for the general election – as President Bush and Democrat John F. Kerry did in 2004 – were limited to accepting $2,300 per donor.

"John McCain welcomes the FEC's ruling that presidential campaigns can accept general election funds with the option to return the funds and participate in public financing once the general election phase of the campaign has begun," McCain campaign manager Terry Nelson said in a statement. The campaign will begin collecting general election funds, he said, adding "should John McCain win the Republican nomination, we will agree to accept public financing in the general election, if the Democratic nominee agrees to do the same."

The moves might prove significant only if Obama and McCain win their respective parties' nominations, since election lawyers and political analysts say the fiscal and political landscape of the 2008 campaign cycle make it unlikely that other major party candidates will sacrifice the spending ability necessary to participate in the program.

It provides roughly $85 million in taxpayer funds for the general election campaigns of candidates who agree to abide by spending limits. That's a fraction of the tally the leading candidates would be expected to raise and spend in private donations in a campaign that experts predict could top $1 billion in spending.

McCain May Opt Out Of Financing System (EX)

By JIM KUHNHENN,

DC Examiner, March 2, 2007

WASHINGTON - Republican presidential candidate John McCain, a longtime advocate of limiting the influence of money in political campaigns, will opt out of the post-Watergate presidential public financing system unless the Democratic nominee agrees to campaign under the same financial restrictions, his campaign said Thursday.

The McCain camp's decision came after the Federal Election Commission eased some political fundraising rules in hopes of salvaging the tattered presidential financing system in the 2008 campaign.

By a 5-0 vote, the commission said presidential candidates may solicit private contributions for the general election now and still be eligible for public financing if they become their party's nominee.

The decision - a response to a request for advice from Democratic presidential candidate Barack Obama - would permit the two major party nominees to strike a deal and limit their campaigns to the public money available in a presidential campaign fund. In return, the candidates would have to return any private contributions they raised for the general election to their donors.

"The McCain campaign will now begin the process of accepting these general election funds, following the new FEC guidelines," McCain campaign manager Terry nelson said. "Should John McCain win the Republican nomination, we will agree to accept public financing in the general election if the Democratic nominee agrees to do the same."

FEC commissioners hailed their decision Thursday as one way to help preserve a public financing system that is in danger of becoming obsolete.

"We all know the public financing system rests on a very fragile base," said one commissioner, Hans A. von Spakovsky.

The FEC action comes as front-runners from both parties have decided to forgo public funds in primaries because acceptance of the money would require candidates to abide by spending limits. Several candidates also have said they will

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bypass public money in the general election, believing they could raise far more than the $85 million available for each party's nominee.

Such a development would be the first time a presidential election would operate entirely outside the public financing system created in the wake of the Watergate scandal more than 30 years ago. Campaign strategists and election money experts predict the two party nominees could end up spending $500 million each in the primary and general elections, far more than would be available if they simply took public financing.

In addition to Obama, Democrats Hillary Clinton and John Edwards have also said they will raise general election contributions now. The decision by McCain, however, was especially significant because he has been a champion of legislation to restrict the role of money in elections. The 2002 law that bans wealthy donors, unions and corporations from giving unlimited contributions to the national parties bears his name.

Taxpayers contribute to the public finance system by selecting whether to direct $3 of their tax liability to the presidential fund in their tax returns. Legislation pending in Congress seeks to retain the public financing system by increasing the amount that taxpayers would set aside and by removing spending restrictions for primary candidates who accept the public money.

Obama's lawyers, in seeking the FEC's opinion, said he wanted to be able to raise private money for the general election while retaining the option of seeking a bipartisan agreement to only accept the public money.

The FEC on Thursday said he and the other candidates could do that provided they keep the general election money separate and return it to donors if they decide not to use it.

The question remains whether candidates would even consider such a spending armistice, especially if an accelerated primary schedule results in a lengthy and expensive general election campaign.

In their request to the FEC, Obama's lawyers said only that Obama would not "rule out" a publicly financed campaign and stressed that "both major parties' nominees" would have to agree to such a step.

On Thursday, Obama spokesman Bill Burton said: "If Senator Obama is the nominee, he will aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election."

The FEC's decision could have gone in another direction. At issue was a provision in campaign finance law that nominees are eligible for public financing if "no contributions have been or will be accepted by candidate or his or her authorized committee."

But commissioners said strict adherence to that provision would simply force candidates to forgo the public financing system entirely.

"It would be wrong for the agency to stand on a wooden interpretation of its regulations and of the statute while the public financing system crashes and burns," Commissioner Ellen Weintraub said.

Analysis: High Hurdles Set Before McCain (AP)

By Liz Sidoti

AP, March 2, 2007

This time a Republican heavyweight not an underdog, John McCain embarks on his second presidential run facing numerous challenges in courting a GOP establishment he once spurned at nearly every turn.

In a move meant to spark his campaign, the Arizona senator chose a late-night talk show to make clear Wednesday what long had been anticipated — "I am announcing that I will be a candidate for president of the United States."

But a day after he disclosed his plans on CBS' "Late Night With David Letterman" to formally enter the race in April, McCain found himself on the defensive for saying during the appearance that U.S. lives had been "wasted" in Iraq.

"I should have used the word 'sacrificed' as I have in the past," the former Vietnam prisoner of war said amid some Democratic complaints.

The episode underscored the intense scrutiny in store for McCain — the freewheeling candidate of 2000 — while he seeks the presidency as one of the GOP's strongest contenders and as the country wages an unpopular war to which McCain is perhaps forever linked.

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Projecting an air of invincibility, McCain spent more than a year laying the foundation for another White House bid and ended 2006 as the front-runner for the GOP nomination. He added veterans of President Bush's campaigns to his own experienced staff, recruited proven fundraisers and collected early endorsements from senators and local elected officials alike.

But over the past few months, McCain has put most of his efforts into Iraq and shepherding Bush's unpopular troop increase through Congress. Meanwhile, former New York Mayor Rudy Giuliani made it clear he was running and enthusiasm for his candidacy grew while ex-Gov. Mitt Romney of Massachusetts formally entered the race and set the pace in fundraising.

Recently, Giuliani's edge in national popularity polls has widened considerably over McCain, even among white evangelicals who make up a core of the GOP base. All that has caused some Republicans in Washington to question — mostly in private conversations — whether McCain's campaign needed a jump start.

"McCain is on target, on schedule, but maybe is suffering a bit from Giuliani being the flavor of the month," said Ken Duberstein, a GOP consultant in Washington. Whit Ayres, a Republican pollster in Alexandria, Va., was more blunt: "He doesn't seem to have made any progress lately, let's put it that way."

Countering that perception, McCain told The Associated Press earlier this week: "We've had very good movement ... It's not only not stalled, it's that we've seen significant progress."

Regardless, 10 months before the first primary votes, McCain's work to woo the GOP base — and become the party's standard-bearer — is just beginning, and he must overcome a spate of hurdles to get the Republican nomination.

The feisty McCain long has been known in Congress as an independent Republican unafraid to buck the party or speak his mind — and he reveled in his rebel reputation in his bitter and ultimately unsuccessful 2000 race against George W. Bush.

Then, much of the GOP establishment lined up behind Bush early on so McCain had no choice but to run as an anti-establishment candidate — and he did so with fervor, said Kenneth Sherrill, a political science professor at Hunter College in New York.

"This time, McCain has worked very hard to identify himself as the heir apparent and to be as closely aligned as possible to the forces that vanquished him in 2000, but he does face a couple of problems," Sherrill said.

McCain must convince Republican primary voters that they can trust him to be a loyal party champion who will adhere to GOP's core principles — and not waver.

Some conservatives, who make up a critical part of the Republican base, are skeptical of his veracity given that he once derided their leaders as "agents of intolerance" but now has sought to repair relations with them.

In what is being perceived as another slight, McCain decided to skip a major annual gathering of conservatives in Washington this weekend even though most in the crowded GOP field were attending.

As he campaigns, he likely will have to answer for conflicts on certain issues that give conservatives pause:

_On taxes, McCain voted against Bush's tax cut in 2001, but now says he favors extending the cuts. He says doing otherwise would amount to a tax increase.

_On abortion, McCain said once in 1999 that he didn't think Roe v. Wade, the landmark decision legalizing abortion, should be overturned but now he advocates its repeal.

McCain also may find himself having to explain other actions that further rankled the base — spearheading the law that reformed the campaign finance system, backing Bush's call for an eventual path to citizenship for some of the millions of illegal immigrants in the U.S., and his collegial working relationship with liberal lion Sen. Edward M. Kennedy, D-Mass.

At the same time, McCain could end up fighting the perception that he's the past. Giuliani and Romney are fresh faces to GOP primary voters, who largely know McCain from his previous run — and have deep-seated feelings for him, for better or worse.

McCain's age and his health also might become an issue. Should he win this nomination and then the presidency, McCain, 70, would be the oldest president ever sworn into office for a first term. He also is a cancer survivor.

He bristles at the notion that voters may see him as unfit to serve, telling AP: "I work seven days a week, 16 plus hours a day. I'm fine. I'm healthy."

Oddly, Iraq — the four-year-old war a majority of Americans oppose — could end up being McCain's ticket to winning the Republican nod.

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Although he has criticized how Bush handled it, McCain's unflinching support for the war and Bush's troop increase could endear him to hard-core Republican voters — and, perhaps, prove they can count on him.

Senators Regret Remarks On Troops (NYT)

By Adam Nagourney

The New York Times, March 2, 2007

WASHINGTON, March 1 — They come from different parties and have opposite views on what should be done in Iraq. But both Senator John McCain and Senator Barack Obama have now had to express regret for saying that American lives have been "wasted" in battle.

Mr. McCain, the Arizona Republican who has been a big supporter of the war and has backed President Bush's call for more troops, made his remarks Wednesday in an appearance on "Late Night With David Letterman" while criticizing the White House's management of the war.

"Americans are very frustrated, and they have every right to be," he said. "We've wasted a lot of our most precious treasure, which is American lives, over there."

Mr. Obama, the Illinois Democrat who has been a critic of the war from the start, made a similar remark in a visit to Iowa after announcing his candidacy. "We ended up launching a war that should have never been authorized and should have never been waged, and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted," he said.

Mr. McCain was criticized on Thursday by the Democratic National Committee for making the remark, just as Mr. Obama had been criticized by conservative groups.

"How is it that John McCain now believes American lives are being wasted, yet he so stubbornly supports the president's plan to escalate the war in Iraq and put more American lives in harm's way?" asked Karen Finney, a spokeswoman for the Democratic committee.

Mr. McCain and Mr. Obama responded to the criticisms the same way: by recanting remarks they said they regretted.

"I should have used the word 'sacrificed,' as I have in the past," Mr. McCain said. "No one appreciates and honors more than I do the selfless patriotism of American service men and women in Iraq."

McCain Apologizes For Gaffe On Troops (WT)

By Christina Bellantoni

The Washington Times, March 2, 2007

Sen. John McCain yesterday apologized for saying the lives of the troops killed fighting the war in Iraq were "wasted," becoming the latest White House hopeful recanting his word choice within hours of announcing 2008 candidacy.

Less than 24 hours after telling CBS' David Letterman he would seek the Republican presidential nomination, the Arizona senator was forced to issue a statement clarifying his remarks.

"Last evening, I referred to American casualties in Iraq as wasted. I should have used the word 'sacrificed,' as I have in the past," said Mr. McCain, a decorated Vietnam War veteran and a key ally of President Bush on Iraq policy.

"No one appreciates and honors more than I do the selfless patriotism of American servicemen and women in the Iraq War," he said in the statement, which did not use the word "apology."

Mr. McCain told Mr. Letterman on Wednesday: "Americans are very frustrated, and they have every right to be. We've wasted a lot of our most precious treasure, which is American lives."

The Democratic National Committee immediately called on Mr. McCain to apologize to American military families.

"How is it that John McCain now believes American lives are being 'wasted,' yet he so stubbornly supports the President's plan to escalate the war in Iraq and put more American lives in harm's way?" DNC spokeswoman Karen Finney fired off in a statement, saying he was "insulting our brave troops."

A similar semantic scuffle erupted following Sen. Barack Obama's official presidential announcement last month, when he told Iowans, "We ended up launching a war that should have never been authorized, and should have never been waged, and on which we've now spent $400 billion, and have seen over 3,000 lives of the bravest young Americans wasted."

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The Illinois Democrat later apologized for a "slip of the tongue," telling the Des Moines Register, "I was actually upset with myself when I said that, because I never use that term. Their sacrifices are never wasted."

"What I meant to say was those sacrifices have not been honored by the same attention to strategy, diplomacy and honesty on the part of civilian leadership that would give them a clear mission," he said.

Mr. McCain's apology was similar and welcomed by his colleagues, who said he should be forgiven for misspeaking.

"This is life with constant media exposure," said McCain friend Sen. Lindsey Graham, South Carolina Republican.

"He is in the spotlight and every thought is analyzed and every word is subject to criticism," he said. "Presidential aspirants are human, and they are all going to go through this."

Indeed, few 2008 wannabes remain without a gaffe.

Sen. Joseph R. Biden Jr.'s first day as a candidate was dominated by a verbal flap for which he was compelled to apologize by early evening.

His announcement was overshadowed by a New York Observer article in which he said Mr. Obama as a candidate was the "first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

The Delaware Democrat's apology said he meant no offense to Mr. Obama or past black presidential candidates.

John Edwards, a former Democratic senator from North Carolina, was embarrassed when his official announcement was leaked on the Internet the day before he intended to declare his presidential intentions.

Sen. Hillary Rodham Clinton did her announcement via Web video, eliminating the possibility of an error. But a week later, she faced less-than-friendly headlines for a joke she tried to make in Iowa about "evil" men.

A supporter asked Mrs. Clinton, New York Democrat, how she was equipped to fight "evil men" such as terrorist Osama bin Laden. As she repeated the question, pausing at the words "evil men," she made the audience laugh, prompting reporters to speculate she was making a joke about either her husband, former President Bill Clinton, or former House Speaker Newt Gingrich.

"I've made a lot of mistakes, fortunately they've been in places that you guys aren't located," said presidential contender Sen. Sam Brownback, referring to reporters. The Kansas Republican joked that he'd rather not share them now.

On a serious note, Mr. Brownback defended Mr. McCain as a "patriot," noting, "I don't think anybody thinks the troop lives have been wasted."

Mr. Obama agreed, telling reporters, "As somebody who has had the same phrase in a speech, you know, I think that nobody would question Senator McCain's dedication to our veterans."

He also speculated Mr. McCain meant to express a similar sentiment to his own, that lawmakers have a "sacred duty to make sure that we are honoring their sacrifice by giving them missions in which they can succeed."

In his statement, Mr. McCain acknowledged U.S. mistakes in Iraq.

"We have paid a grievous price for those mistakes in the lives of the men and women who have died to protect our interests in Iraq and defend the rest of us from the even greater threat we would face if we are defeated there."

Anyone But McCain, Santorum Says (POL)

By Carrie Budoff

The Politico, March 2, 2007

Former Sen. Rick Santorum has drawn at least one conclusion about the Republican presidential primary field: Anybody but John McCain.

The Pennsylvania Republican, who signed a contract Thursday as a Fox News contributor, said that he has spoken with every GOP candidate except the senator from Arizona but that it's still too early for him to endorse.

"The only one I wouldn't support is McCain," Santorum said during an interview in his office at the Ethics and Public Policy Center in Washington, where he is a senior fellow.

"I don't agree with him on hardly any issues,'' Santorum said. "I don't think he has the temperament and leadership ability to move the country in the right direction."

Responding, McCain spokesman Danny Diaz said McCain was a "well-known and respected conservative."

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Santorum lost his Senate seat last fall in a landslide to Democrat Bob Casey but remains a prominent voice in the conservative movement – a voting bloc in search of a presidential candidate.

Santorum's critical appraisal of McCain contradicts a seemingly cordial relationship, at least in the last year. McCain had headlined a fundraiser for Santorum, and they co-authored an ethics overhaul proposal.

For More Info Visit Our Candidates Page

Over the years, however, Santorum said they have clashed on campaign finance reform, environmental policy, tax cuts, immigration and other issues.

Santorum suggested that McCain also wasn't as solidly anti-abortion as he would like. "He may be pro-life, but I served with him for 12 years, and I know how pro-life he is," Santorum said.

Diaz said McCain favors overturning Roe v. Wade, the 1973 Supreme Court ruling that legalized abortion, and has picked up support from other conservative senators.

"He has been a lonely voice for fiscal discipline in the nation's capital," Diaz said, "and has fought to protect life and build a strong defense."

Santorum has spent the last two months building a new life outside of Congress, where he served for 16 years in the House and Senate.

He will begin appearing soon on Fox News shows. He also is writing a book and producing a documentary on a theme he began pressing in the final months of his campaign: the threat of radical Islam on the nation's security.

He said he's weighing an offer from The Philadelphia Inquirer to write an op-ed column,and will start his own communications consulting business – but do no lobbying.

"That's not me," Santorum said.

Besides, he added, "I want to keep my political options open."

FEC Rules On Presidential Campaign Funding (CHIT)

By John McCormick

Chicago Tribune, March 2, 2007

The Federal Election Commission said Thursday that presidential candidates may accept private contributions for potential general election campaigns and still remain eligible for public financing if they ultimately win their party's nomination.

The ruling came after a request for clarification from Sen. Barack Obama (D-Ill.), who has suggested he would like the option of running a publicly financed general election campaign — with its associated spending limits — if he could convince a future Republican opponent to do the same.

Political observers, however, say the ruling is likely a moot point since a financial truce is highly unlikely in an era where political advertising, organization and travel are extremely expensive and both parties will be ferociously fighting for a White House with no incumbent.

The decision, in a 5-0 vote, comes as front-runners from both parties have forgone public funds and spending limits for the primaries.

Obama had requested the ruling, stating that two of his top rivals for the Democratic nomination, Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.), have indicated they likely would reject the public financing system that has governed presidential elections for more than three decades.

The system, started in the wake of the Watergate scandal, gives presidential candidates money for campaign expenses, if they agree to certain spending limits. In 2008, the allocation is expected to be about $80 million, a small portion of what observers suspect each candidate will actually spend.

The commission said Obama may solicit and receive contributions for the general election if he meets certain conditions, including that the money be kept in a separate escrow account and that the funds not go for anything but general election activities.

If Obama were to win the Democratic nomination and then decide to accept public funding for the general election, he would also need to refund all general election contributions within 60 days of certifying his eligibility for public funds.

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"Sen. Obama is pleased the FEC took this important step in preserving the public financing system," Obama spokesman Bill Burton said. "If Sen. Obama is the nominee, he will aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election."

Panel Upholds Obama Funding Request (FT)

By Edward Luce In Washington

Financial Times, March 2, 2007

The US Federal Election Commission yesterday unanimously upheld a request by Barack Obama, one of the leading Democratic presidential candidates, to continue to raise private funds without closing off his right to public financing if he were nominated as his party's candidate.

Mr Obama, who polls say is closing in on Hillary Clinton, the Democratic frontrunner, said he would do all that he could to preserve the US's virtually broken system of public election financing.

His stance contrasts sharply with that of Mrs Clinton, who announced in January that she would rely solely on private sources of money for both the party primaries and the general election.

In a statement from his campaign headquarters in Chicago, Mr Obama said that if he was nominated as the Democratic party's 2008 presidential candidate he would "aggressively pursue" a deal with his Republican counterpart to forgo private funding in favour of the public system. He also said that he had sought the FEC's opinion in order to try to preserve public financing.

The first-term senator from Illinois, who has based his candidacy on a promise to bring a new tone to US politics, has surprised many in his party by offering a sharp and direct challenge to Mrs Clinton, whom many saw as unsurpassable a few months ago.

Mrs Clinton, who yesterday announced she had raised $1m over the past week from online donors, is expected to raise more money during the 2008 campaign than any previous candidate in US history. The FEC has projected that the two party nominees will have spent $500m apiece by the end of 2008 - more than double that of 2004.

Almost all the leading candidates of both parties, including Mr Obama, have opted to rely solely on private money for the party primary campaigns, which conclude when the official nominations take place at the party conventions in August 2008. But Mr Obama, who last week raised $1.3m at a Hollywood fundraising event, is the only leading candidate to say that the system of public financing is worth preserving.

Obama Ruling Could Prove Moot, Backfire (POL)

By Kenneth P. Vogel

The Politico, March 2, 2007

Prompted by Barack Obama, a federal panel Thursday granted unprecedented fundraising flexibility to presidential candidates.

But the unanimous ruling by the Federal Election Commission is likely to have little practical long-term impact. And it could leave Obama, the junior senator from Illinois and among the front-runners for the Democratic nomination for president, in a tricky spot.

The senator earned kudos when he asked the commission for permission to pursue an innovative fundraising strategy that his lawyer suggested would pave the way for a clean election and save the struggling presidential public financing system.

In explaining his vote to approve Obama's request, commission Vice Chairman David Mason said, "The overall enterprise I think all of us are about and all of us agree on is preserving the flexibility of candidates to get back into the public financing program for the general election if they chose to do that.''

Election lawyers and political analysts, however, say the fiscal and political landscape of the 2008 campaign make it unlikely that either major party nominee will use that flexibility.

"If I had to bet, I would bet that they'll wind up not taking public money and going with what they raise," said Brett Kappel, a Democratic campaign finance lawyer with Vorys, Sater, Seymour and Pease.

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Together, the nominees are expected to spend upwards of $1 billion on their campaigns. By that calculation, nominees who go the new route could be required to return roughly $165 million each soon after their respective conventions – typically the start of an expensive advertising blitz that continues through the November general election – in order to qualify for $85 million in matching public funds.

Many of the leading contenders for the Democratic and Republican nominations have already either said they will opt out or are considering opting out of the system.

Before the decision, candidates were required to opt out to seek the maximum $4,600 donation – technically $2,300 for the primary election and $2,300 for the general election – from each donor.

Now, candidates can raise $4,600 from each donor and still hold open the possibility of taking public financing. Previously, candidates who intended to seek public financing for the general election – as President Bush and Democrat John F. Kerry did in 2004 – were limited to accepting $2,300 per donor.

Obama himself is raising money for the general election, but his attorney sent a letter to the commission last month asking it to clear the following scenario: Obama would raise money for the general election and if he wins the nomination, he and the Republican nominee would return general election funds and decide to participate in public financing.

"Should both major party candidates elect to receive public funding, this would preserve the public financing system, now in danger of collapse, and facilitate the conduct of campaigns freed from any dependence on private fundraising," wrote Obama's attorney, Bob Bauer of Perkins Coie.

The request earned Obama accolades – including an editorial in the Miami Herald crediting him with "an idea that could keep the public financing system alive" – and enhanced the good government profile he's cultivated (he led the ethics reform charge in the Senate and sponsored a bill to overhaul the public system for the 2012 presidential election).

And the request gave Obama a rhetorical club to wield over both his Democratic competitors – particularly Sen. Hillary Rodham Clinton of New York, the first to announce she was opting out of public financing – and potentially the Republican nominee.

It was carefully worded to stress that Obama would return general election contributions and take public financing only "if both major parties' nominees eventually decide, or even agree, on this course."

That may not entirely inoculate him against criticism for declining public financing, said University of Virginia political science professor Larry Sabato. "When you present yourself as a 'clean' candidate, you are often held to a higher standard, whether that is fair or unfair," Sabato said. "Media and observers outside the arena may insist that Obama follow through on public financing in the general election, even if his opponent isn't doing so."

Obama's spokesman Bill Burton said that if Obama is the nominee, he would "aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election."

The newly approved course is open to any of the candidates, but the leading campaigns either did not respond to requests for comment or were noncommittal.

"It will be a consideration that will be part of any decision made at a point further down the road," said Kevin Madden, campaign spokesman for Republican Mitt Romney, the former governor of Massachusetts. "Right now, our concentration is focusing both our organizing and our fundraising efforts on the primary," Madden said.

The commission ruling allows the nominees to accept public financing provided they keep any general election contributions they raised in separate accounts, don't spend them and refund them within 60 days of winning the nomination.

That's not permitted under the law, said Paul Ryan, associate legal counsel for the Campaign Legal Center, a nonprofit organization that along with another group wrote the commission urging rejection of Obama's request. The route Obama proposed would neither free candidates from constant fundraising nor shield them from the "deleterious influence of large contributions," the groups wrote.

Still, their letter characterized the request as "a good faith effort by Senator Obama and his campaign to preserve, and have the opportunity to use, this extremely important and valuable system to our democracy and the American people."

Saving The System (WP)

DOJ_NMG_0138878

The Washington Post, March 1, 2007

THANKS TO an innovative request from Democratic presidential candidate Barack Obama, the Federal Election Commission voted yesterday to try to salvage the endangered public financing system for presidential elections. Now it is up to presidential candidates who claim to support that system to put real commitment behind their rhetoric.

The FEC ruled that candidates can raise general election money now -- as most top-tier contenders are doing -- but change their minds down the road, return the private money and accept public financing instead. Candidates who are sincere supporters of public financing ought to be willing to pledge to stay within the system if they win their party's nomination and the other side's nominee promises to do the same.

So far, the indications are favorable. "If Senator Obama is the nominee, he will aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election," spokesman Bill Burton said after the FEC action. He was matched by the campaign of Arizona Sen. John McCain. "Should John McCain win the Republican nomination, we will agree to accept public financing in the general election, if the Democratic nominee agrees to do the same," said campaign manager Terry Nelson.

The 2008 campaign had been shaping up to be the first in which both parts of the post-Watergate presidential financing system collapsed. By the 2004 race, the cost of campaigning and the capacity for fundraising had so outstripped spending restrictions for the primary campaign that none of the serious contenders agreed to accept matching funds in exchange for limiting his spending. This time around it looked as if the system of full financing for the general election -- each major party nominee would receive about $85 million in exchange for forgoing private funds -- would be obsolete as well.

But the FEC's approval of Mr. Obama's request would allow candidates to agree to call off the general election money race -- provided that other candidates follow the example of Mr. Obama and Mr. McCain. The campaigns of John Edwards and Rudolph W. Giuliani did not respond to e-mail inquiries; Mitt Romney's campaign said it was focused on the primaries. "We'll definitely consider it," said Phil Singer, a spokesman for Sen. Hillary Rodham Clinton's campaign.

Candidates who believe in public financing need to do more than consider Mr. Obama's challenge. They should just say yes and help save the system.

At Site Of '65 March, An '08 Collision (WP)

By Anne E. Kornblut

The Washington Post, March 2, 2007

Bill Clinton will join Sen. Hillary Rodham Clinton at a commemoration of the 1965 civil rights march in Selma, Ala., on Sunday, bringing his star power and popularity among African Americans to a weekend of events that had been shaping up as a showcase for the candidacy of Sen. Barack Obama.

It will be the former president's first major public appearance with his wife since she launched her campaign for the Democratic presidential nomination last month.

Obama (D-Ill.) announced several weeks ago that he would deliver the keynote speech at a service honoring the march across the Edmund Pettus Bridge, joining Rep. John Lewis (D-Ga.) and other veterans of the civil rights movement in marking the historic event. Obama has gained significantly among black voters in recent months, according to a recent Washington Post-ABC News survey, jeopardizing Clinton's early lead in the Democratic primary field.

Reluctant to give any ground to Obama even at this stage of the campaign, Clinton (N.Y.) decided early last week that she, too, would go to Selma this weekend. She arranged a simultaneous appearance at a church just steps away from the one where Obama will speak Sunday morning, and she agreed to accept a civil rights award on behalf of her husband.

Late yesterday, after organizers initially said that the former president would not attend, the Clinton campaign announced that he would be making the trip after all.

The convergence of the Clintons and Obama in the small Alabama town that became the focus of national attention during a series of police beatings and civil rights demonstrations that ultimately helped pave the way for the Voting Rights Act of 1965 sets the stage for an extraordinary political showdown -- and media circus.

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The imminent collision of the two candidates, who cross paths in the Senate but have avoided each other on the campaign trail, offers a vivid snapshot of how important the campaigns believe black voters will be in the primaries. And the swift move by the Clintons to try to claim the spotlight at the event demonstrated that the former first lady does not intend to cede the black vote to Obama.

"I think the Clinton camp is sending a signal that they will aggressively contest Barack Obama for the African American vote," said Rep. Artur Davis (D-Ala.), who has endorsed Obama and whose district includes Selma. "It's a good thing the black vote will not be taken for granted and will be actively contested." Alabama, which has a large black electorate, has not locked in a primary date; it could come as early as Feb. 5, 2008, which is shaping up to be a national primary with contests from coast to coast.

Lewis -- an icon of "Bloody Sunday" whose skull was bashed by Alabama police as he helped lead a peaceful march from Selma to Montgomery on March 7, 1965 -- organizes a pilgrimage back each year, traditionally with a group of both Democratic and Republican members of Congress in attendance (though this year, few Republicans are expected to attend, in part because the event appears poised to become dominated by Democratic politics). Numerous other Democratic lawmakers are planning to join Lewis on his three-day pilgrimage, including Rep. Rahm Emanuel (D-Ill.), who has close ties to the Clintons and Obama.

"I think it's gratifying to see that two of the leading contenders for the Democratic nomination would want to come to Selma 42 years after Bloody Sunday, and I think it dramatizes the changes that have occurred in American politics and black politics in particular," Lewis said in an interview.

He said he has not decided whom to support in the Democratic primary. "I have been talking with Mr. Obama, and haven't talked so much to Senator Clinton, but I've talked to President Clinton, and I think right now, I'm just trying to get through the weekend and make this journey successful," Lewis said. He described the black vote in general as "up for grabs."

The main events this weekend will occur Sunday, when Obama speaks at a unity breakfast and then delivers the keynote address at Brown Chapel AME Church, the most historic church in Selma and the place where demonstrators organized for the 1965 march. Lewis plans to attend that service.

A short distance away, at precisely the same time, Clinton will speak at First Baptist Church.

Later that afternoon, Obama and Clinton are planning to participate in the crossing of the Edmund Pettus Bridge, where Lewis and his fellow demonstrators were turned back by baton-wielding police in 1965. President Clinton plans to fly in that afternoon for his induction into the Hall of Fame at the National Voting Rights Museum, where his wife originally planned to represent him.

"President Clinton is deeply honored by this recognition on an issue on which he and Senator Clinton care so deeply about, and he rearranged his schedule to be there on Sunday because this was an event he felt he couldn't miss," Clinton spokesman Jay Carson said.

How the joint Clinton trip came about was a subject of some debate: The senator's advisers dismissed the suggestion that the former president was rushing in at the last minute to help his wife's standing among black voters. But they admitted that the decision was made yesterday, more than a week after Hillary Clinton made her plans to go to Selma.

Obama spokesman Bill Burton said of the Selma showdown: "It's an important event. The more folks who commemorate and pay attention to it, the better."

Bill Clinton To Join Wife In Alabama (AP)

By Beth Fouhy

AP, March 1, 2007

NEW YORK Mar 1, 2007 (AP)— In competition for a key Democratic voting bloc, Sen. Hillary Rodham Clinton is enlisting the help of her husband, former President Clinton, at a weekend civil rights commemoration headlined by a formidable black rival, Sen. Barack Obama.

Clinton and Obama, the party's top 2008 presidential contenders, will be in Selma, Ala., Sunday to observe the 42nd anniversary of a civil rights march that helped end racial segregation in the South. Obama is scheduled to deliver the day's keynote address at a Selma church that morning, with Sen. Clinton speaking at another church nearby.

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But late Thursday, the Clinton campaign announced that the former president would join his wife in a symbolic march across the Edmund Pettus bridge, where civil rights workers were beaten by state troopers in 1965. Obama also will participate in the march, along with civil rights activists and others.

Bill Clinton also will be inducted that day in the National Voting Rights Hall of Fame another high-profile opportunity for the Clintons to grab the spotlight from the charismatic Obama.

The joint appearance marks the first time the Clintons have appeared together publicly since she announced her candidacy in January.

Normally, Clinton might not worry much about the support of black voters after serving eight years as first lady in a White House that enjoyed legendary popularity among blacks. Bill Clinton was dubbed "the first black president" by author Toni Morrison, and Hillary Clinton has enjoyed strong support from black voters a critical Democratic constituency as a senator and presidential contender.

But that popularity is being challenged by Obama, a first-term senator from Illinois who some believe has a real chance at becoming the nation's first black president.

Obama spokesman Bill Burton said the more people who attend the anniversary events, the better.

A New Twist To An Intriguing Family History (BSUN)

By David Nitkin And Harry Merritt

The Baltimore Sun, March 2, 2007

WASHINGTON // Many people know that Democratic presidential candidate Barack Obama's father was from Kenya and his mother from Kansas.

But an intriguing sliver of his family history has received almost no attention until now: it appears that forebears of his white mother owned slaves, according to genealogical research and Census records.

The records -- which had never been addressed publicly by the Illinois senator or his relatives -- were first noted in an ancestry report compiled by William Addams Reitwiesner, who works at the Library of Congress and practices genealogy in his spare time. The report, on Reitwiesner's Web site, carries a disclaimer that it is a "first draft" -- one likely to be examined more closely if Obama is nominated.

According to the research, one of Obama's great-great-great-great grandfathers, George Washington Overall, owned two slaves who were recorded in the 1850 Census in Nelson County, Ky. The same records show that one of Obama's great-great-great-great-great-grandmothers, Mary Duvall, also owned two slaves.

The Sun retraced much of Reitwiesner's work, using Census information available on the Web site ancestry.com and documents retrieved by the Kentucky Department for Libraries and Archives, among other sources. The records show that Overall, then 30, owned a 15-year-old black female and a 25-year-old black male, while Mary Duvall, his mother-in-law, owned a 60-year-old black man and a 58-year-old black woman. (Slaves are listed in the 1850 Census by owner, age, "sex," and "colour," not by name.)

An Obama spokesman did not dispute the information and said that the senator's ancestors "are representative of America."

"While a relative owned slaves, another fought for the Union in the Civil War," campaign spokesman Bill Burton said tonight. "And it is a true measure of progress that the descendant of a slave owner would come to marry a student from Kenya and produce a son who would grow up to be a candidate for president of the United States."

The research traces the Duvalls to Mareen Duvall, a major land owner in Anne Arundel County in the 1600s. The inventory of his estate in 1694 names 18 slaves, according to a family history published in 1952.

The records could add a new dimension to questions by some who have asked whether Obama -- who was raised in East Asia and Hawaii and educated at Columbia and Harvard -- is attuned to the struggles of American blacks descended from West African slaves.

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"The twist is very interesting," said Ronald Walters, a political scientist who is director of the African-American Leadership Institute at the University of Maryland, College Park. "It deepens his connection with the experience of slavery, even if it deepens it on a different side of the equation."

Gary Boyd Roberts, a senior research scholar at the New England Historic Genealogical Society who published a book on the family lineages of presidents, said he did not think the slave-holding history was "particularly unusual."

"If you have a white Southern mother, or a mother from the middle states who has ancestry in the South, it doesn't strike me that that should be very surprising," he said. While the majority of such families did not own slaves, many with some wealth did, Roberts said.

Reitwiesner's research identifies two other presidential candidates, Republican Sen. John McCain of Arizona and former Democratic Sen. John Edwards of North Carolina, as descendants of slave owners. Three of McCain's great-great-grandfathers in Mississippi owned slaves, including one who owned 52 in 1860. Two ancestors of Edwards owned one slave each in Georgia in 1860.

It was unclear tonight whether Obama was aware of any slave-holding ancestors, but he makes no mention of them in his 1995 memoir, Dreams from My Father: A Story of Race and Inheritance.

The book contains many approving references to his mother's side of the family. At one point, he writes that his mother "could give voice to the virtues of her midwestern past and offer them up in distilled form."

The memoir, however, comes close to confirming the Overall-Duvall lineage -- stopping a generation short. Census and other records complete the gaps.

In a reference to his American ancestry, Obama writes "while one of my great-great-grandfathers, Christopher Columbus Clark, had been a decorated Union soldier, his wife's mother was rumored to have been a second cousin of Jefferson Davis, president of the Confederacy."

Clark was actually Obama's great-great-great-grandfather, according to Reitwiesner's research and Census data available at ancestry.com. A 1930 Census document lists Clark, 84, living in the same El Dorado City, Kansas household as a 12-year-old great-grandson, Stanley A. Dunham. Dunham was Obama's grandfather.

Clark's wife, Susan, was the daughter of George Washington Overall, the latest known family slave owner.

Reitwiesner, the researcher, declined to be interviewed for this article. "I'll let my Web page [wargs.com] speak for itself," he said in an e-mail message. The Obama report contains a disclaimer that appears on all of Reitwiesner's work: "The following material … should not be considered either exhaustive or authoritative, but rather as a first draft."

Genealogical experts who reviewed the Obama family tree at the request of The Sun would not vouch for its findings.

Most of the historical entries lack citations of authenticating source material, such as birth and death certificates or marriage licenses, said Barbara Vines Little, past president of the National Genealogical Society in Virginia, adding that "he has nothing here that I can see that would allow you to make any logical link."

"You just can't casually throw some documents together and make a sophisticated analysis," said Tony Burroughs, author of Black Roots: A Beginners Guide to Tracing the African American Family Tree and a consultant on a project by the New York Daily News that found that relatives of former Sen. Strom Thurmond appear to have owned the ancestors of civil rights activist Rev. Al Sharpton.

But Roberts, the New England scholar, collaborated with Reitwiesner on a 1984 book about the American roots of Princess Diana, and calls him "exceptionally bright" and "quite a good researcher."

The online Obama family tree, Roberts said, is the work of "an informal team of genealogists" who specialize in Internet-based research and post their findings to test their validity.

"When you are gathering up things from the Internet, you can get fantastical -- by that I mean wild and unbelievable -- connections," Roberts said. "Many of them will fall; only a few of them will hold up. But some absolutely extraordinary things do hold up."

Assisting in the Obama research was Christopher Challender Child, a genealogist at the New England Historic Genealogical Society, who said that Reitwiesner culled fragments from a variety of sources. "There's a limit to what you can verify without a lot of money," Child said. "But from what I see, the line looks pretty good."

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For some, the records may underscore Obama's unique racial heritage as a presidential candidate.

Author and essayist Debra J. Dickerson wrote in a January salon.com article that she had previously refrained from opining about the senator because "I didn't have the heart (or the stomach) to point out the obvious: Obama isn't black."

" 'Black,' in our political and social reality, means those descended from West African slaves," Dickerson said.

Walters, who was deputy campaign manager for Jesse Jackson in 1984 and the author of Black Presidential Politics in America, agreed that questions raised by Dickerson and others "is an important debate."

"What people are really asking is, 'Can I trust this guy? Do I have confidence in this guy? Does he understand my situation, and therefore [is he] able to take my issues into the political system?'" Walters said.

Romney Assails Rivals On National Issues (AP)

By Glen Johnson

AP, March 2, 2007

Republican Mitt Romney assailed his two leading presidential rivals Wednesday, criticizing John McCain's stance on immigration and dismissing Rudy Giuliani's support for gun control, abortion and gay rights as a losing combination in the GOP primary.

Running a distant third in national polls, Romney used a campaign stop in New Hampshire to challenge McCain's support for stronger border security paired with an eventual path to citizenship for some of the 11 million illegal immigrants in the United States.

Also, in an interview with the Christian Broadcasting Network, the former Massachusetts governor criticized Giuliani for his moderate stands on abortion, gays and gun control — even though Romney expressed similar views in previous campaigns.

Romney began a series of appearances in New Hampshire, the first presidential primary state, by targeting McCain on immigration.

"I don't agree with it; I think it's the wrong course," Romney said at the outset of four appearances in the first presidential primary state. "I do not believe amnesty is the right course for the 11 or 12 million illegal immigrant who are living here. It didn't work in the 1980s; it's not going to work in the 2000s either."

McCain, who announced Wednesday night that he will formally become a candidate next month, had pushed legislation with Sen. Edward M. Kennedy, D-Mass., that categorized illegal immigrants and established different criteria for them to remain in the United States legally.

Romney, the former governor of Massachusetts, said he opposes amnesty, favors securing the U.S.-Mexico border with a fence, and wants to institute an employment verification system through high-tech identification cards.

"If we can do that, then we can solve our problem with immigration. The answer is not amnesty," Romney said to hearty applause from an audience of more than 150 gathered at New Hampshire Technical College.

McCain spokesman Matt David cited the discrepancy in Romney's statements on the issue, citing his comment last March in which the former governor said he doesn't believe in rounding up 11 million people and forcing them at gunpoint from the country.

"At a time when Senator McCain is working with the White House to solve one of our nation's biggest challenges, factually inaccurate rhetoric might score short-term political points but it does nothing to solve the larger issue," David said.

In December, Romney was embarrassed when it turned out he had used a lawn care company that hired illegal workers.

In the interview posted on the CBN Web site, Romney said of Giuliani: "He is pro-choice, he is pro-gay marriage and anti-gun. That's a tough combination in a Republican primary."

He also criticized in the interview McCain for opposing a constitutional amendment to ban same-sex marriage. McCain has said marriage is between a man and a woman, but argues the issue should be left to the states.

In his criticisms, Romney drew renewed scrutiny to his own past positions.

In previous campaigns, Romney has said that regardless of his own personal beliefs, abortion should be safe and legal. He changed his position about two years ago and now describes himself as "pro-life." In 1994, he wrote a letter promising a gay

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Republican group he would be a stronger advocate for gays and their rights than his liberal opponent, Edward M. Kennedy, although Romney says he has always opposed gay marriage.

In the past, Romney emphasized his support of gun-control measures. In 1994, he said: "I don't line up with the NRA." In August, he became a card-carrying National Rifle Association member.

Responding to the criticism, Giuliani spokeswoman Katie Levinson said: "Mayor Giuliani has the utmost respect for Governor Romney. The mayor's position on gay marriage has been both clear and consistent — he does not support gay marriage and believes marriage should be between a man a woman."

During a New Hampshire news conference after his town hall meeting, Romney also sought to turn admitted flip-flops from a possible character flaw into a badge of honor. Romney, for example, likened his conversion on abortion to Ronald Reagan's change of heart on the issue.

"If you had somebody in the private sector who didn't change their mind when they knew they were wrong, you fired them because they were stubborn," said Romney, a former venture capitalist. "I'm happy to admit when I make mistakes and go on. And my experience is that to the voters, the response is overwhelmingly positive: 'We've got a guy who'll admit his mistakes, tell us what he's going to do and he'll honor that.' "

Giuliani Leads In Spartanburg County Straw Poll (CCT)

The Contra Costa Times, March 2, 2007

SPARTANBURG, S.C. - In a sign of what die-hard Republicans may think of the field of presidential contenders, former New York Mayor Rudy Giuliani was leading 10 other candidates Thursday in a straw poll in conservative Spartanburg County.

With 81 of 92 precincts reporting, Giuliani garnered 158 votes. California Rep. Duncan Hunter was running in a close second with 152 votes and Arizona Sen. John McCain was third with 116 votes, according to county GOP officials.

Kansas Sen. Sam Brownback had 83 votes, former Massachusetts Gov. Mitt Romney had 80 votes and Arkansas Gov. Mike Huckabee rounded out the front-runners with 21 votes.

The voting isn't binding and comes as the county party goes about the business of organizing precincts and ultimately sending people to its county convention and the state GOP convention in May.

People attending meetings starting at 7 p.m. could vote for one of 11 GOP candidates who have said they're running for the nomination or have set up exploratory committees.

Rick Beltram, the county's GOP chairman, said before the straw poll he expected fewer than 2,000 people to vote. After the voting, he blamed rainy weather for the low turnout and slow counting, which will resume Friday morning.

A spokesman for Giuliani said the numbers, while small overall, were encouraging.

"I think this is one small event of a very, very, long campaign, but it's a clear indication that the mayor's message of leadership and his proven track record is resonating," Elliot Bundy said.

Hunter's strong second-place showing proves his potential in a conservative area, his campaign said.

"What is such a relief to us is, we've always known we're the conservative alternative, and we kept hearing on the news that there's not a real conservative in the race," spokesman Roy Tyler said. "Well, there is now."

McCain's third place finish is not a reflection of his strength in South Carolina, campaign spokesman Adam Temple said.

"There's going to be many polls between now and election day," Temple said.

Romney's campaign said they were pleased with the former governor's finish.

"I think we outperformed where we've been, where all the public polls that had us at 5 and 6 percent," spokesman Terry Sullivan said.

Selective School Choice (WSJ)

By Clint Bolick

The Wall Street Journal, March 2, 2007

There's something about our nation's capital that converts many leading Democrats to school choice. Perhaps it's the glimpse that Washington, D.C. affords into inner-city public schools.

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But in most cases this appreciation of school choice extends only to their own children -- and not to the millions of children in failing public schools. Indeed, a nearly perfect correlation exists among Democratic presidential candidates who have exercised school choice for their own children and those who would deny such choices to the parents of other children.

When the Clintons came to Washington, D.C. in 1993, they could choose any public school for Chelsea. Being responsible parents of means, Bill and Hillary Clinton sent her instead to the elite private Sidwell Friends School. Two years later Mr. Clinton vetoed a bill that would have allowed low-income D.C. parents to use public funds to send their children to private schools. (A subsequent version of that program was signed into law by George W. Bush.)

And today presidential candidate Mrs. Clinton continues to stridently oppose school choice. In a speech to the National Education Association she vowed "never to abandon our public schools" -- speaking apparently as a politician, not a parent.

John Edwards, Mr. Populist, decries that "America has two school systems -- one for the affluent and one for everyone else." He should know. When he joined the U.S. Senate he sent his children to a religious school because, according to USA Today, the D.C. "public schools are deeply troubled." Mr. Edwards, however, opposes private school choice for low-income families on the curious grounds that this would "drain resources" from public schools. By such logic Mr. Edwards himself "drained" approximately $132,000 from the D.C. public schools.

Al Gore, who may yet join the presidential race, has said empathetically, "If I was a parent of a child who went to an inner-city school that was failing, I might be for vouchers, too." But he isn't, and so he is not. Mr. Gore sent all of his children to elite private schools in the nation's capital, like the one he attended growing up. But he militantly opposes school choice for low-income families.

There is only one Democratic aspirant who sent his children exclusively to public schools, and he was also the only one who signed a school choice bill into law in his own state: former Iowa Gov. Tom Vilsack, who withdrew from the race when his candidacy failed to gain traction. And there is only one candidate -- Sen. Joe Biden -- who has both sent his children to private school and supported school choice for others.

The mystery man is Sen. Barack Obama, who sends his child to a private school in Chicago yet once referred to school vouchers as "social Darwinism." Still, he says that on education reform, "I think a good place to start would be for both Democrats and Republicans to say . . . we are willing to experiment and invest in anything that works."

Well, school choice works. Every study that compares children who applied for school choice scholarships and received them with those who applied but did not shows improved academic performance. More important, every study that has examined the effect of school choice competition has found significantly improved performance by public schools.

Given their track records it is doubtful how many candidates will agree with Sen. Obama's professed openness to experiment. But as he might say, we can always have the audacity to hope.

Mr. Bolick is president and general counsel of the Alliance for School Choice and senior fellow at the Goldwater Institute.

Washington: Impeachment Resolution Urged (NYT)

By Martin Stolz

The New York Times, March 2, 2007

Mayor Rocky Anderson of Salt Lake City appeared before a committee of the State Senate in Olympia in support of a resolution asking Congress to begin impeachment proceedings against President Bush. Mr. Anderson, a Democrat, said the case for impeachment was not partisan. He said the president should face impeachment for “heinous human rights violations, breaches of trust, abuses of power injurious to the nation, war crimes, misleading Congress and the American people,” among other reasons. Mr. Anderson also submitted a 22-page, heavily footnoted statement to legislators.

Latest Reports On Iran And North Korea Show A Newfound Caution Among Analysts (NYT)

By Mark Mazzetti

The New York Times, March 2, 2007

WASHINGTON, March 1 — For more than three years, American intelligence officials have insisted that they learned from their mistakes in the months leading to the Iraq war, when murky information about Saddam Hussein’s weapons programs was presented as fact and inconclusive judgments were hardened into statements of near certainty.

The more calibrated intelligence assessments that have come to light in recent weeks, particularly on Iran and North Korea, appear to show a new willingness by American spy agencies to concede the limits of their knowledge.

The new caution reflects adherence to what some officials now call "the Powell Rule." That rule is intended to avoid a repetition of former Secretary of State Colin L. Powell's humiliation after the satellite photos and intercepted communications he presented to the United Nations Security Council as proof that Iraq was stockpiling banned weapons turned out to be nothing of the sort.

It was in large part because of the Iraq intelligence debacle that top intelligence officials over the past year have overhauled the way in which they pass judgments about some of the world's most difficult spying targets, including Iran and North Korea. The new operating approach is intended to ensure that intelligence is solid before it is publicly presented, and even then, that clear distinctions are made between facts and inferences.

Intelligence professionals have several motivations for the new approach. Those include protecting their own credibility and ensuring that assessments can stand up to careful scrutiny in the wake of multiple government investigations condemning the prewar intelligence assessments about Iraq. Officials also said that greater caution had become ever more necessary because of increasing inexperience in the work force; about 50 percent of current intelligence analysts have less than five years of experience.

At the same time, the use of specific, careful language is seen by intelligence professionals as a barrier that can help to prevent intelligence assessments from being exaggerated, twisted or otherwise misused by policy makers to advance specific agendas.

Under the new guidelines, the assessments produced by intelligence agencies must include detailed descriptions of the subjects on which analysts disagree, and analysts must now "show their work" by including in their judgments the chain of logic that led them to their conclusions.

Intelligence analysis has always been more art than science, and in recent statements, American intelligence officials have laid bare the limits of what they believe they know about Iran and North Korea. Officials have said they are certain that Iranian paramilitary groups are providing lethal bomb material to Iraqi Shiite groups, but they do not know whether this support has been approved at the highest levels of government in Tehran.

In testimony before the Senate Armed Services Committee this week, Mike McConnell, the new director of national intelligence, said that it was possible Iran could produce a nuclear weapon by the beginning of the next decade, but that it was also possible Iran would not develop a weapon until 2015. At the same hearing, another top official acknowledged publicly that the American intelligence agencies were less certain today than they were five years ago about whether North Korea was pursuing a clandestine uranium enrichment program.

John D. Negroponte formalized the new analytical procedures in a directive issued in January, one of his last acts as director of national intelligence. The directive stated that "the analytic process must be as transparent as possible" and that "analysis must be objective and independent of political considerations."

The pre-emptive war doctrine that President Bush has articulated since the Sept. 11 attacks holds that the United States has an obligation take action against security threats before they fully materialize. A corollary embraced by the White House has held that policy makers must assume the worst about the intentions of adversaries, even with imperfect intelligence about their intentions and capabilities.

That worst-case approach was very much on display when Mr. Bush said with certainty in 2002 and 2003 that Iraq possessed chemical and biological weapons. On North Korea, Mr. Bush said in November 2002 that "contrary to an agreement they had with the United States, they're enriching uranium, with the desire of developing a weapon."

As intelligence agencies have backed away from those views, some former officials worry that the Iraq experience may cause the pendulum to swing too far in the direction of circumspection. They say that they hope the administration does not accept at face value the denials from North Korea and Iran about their banned weapons programs.

"I worry about that, but I am not willing to accept that doomsday is upon us," said John R. Bolton, who stepped down in December as ambassador to the United Nations after it was clear he would not win Senate confirmation. Mr. Bolton said he still

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believed that policy makers would not allow intelligence analysts' new caution to soften the United States' policies toward its enemies too much.

The intelligence community's renewed emphasis on debate and dissent has been reflected in decisions about which officials earned promotions in the aftermath of the Iraq intelligence failures.

Thomas Fingar, who once ran the State Department's Bureau of Intelligence and Research, is now in charge of all analysis for the director of national intelligence.

It was Mr. Fingar's State Department office in 2002 that produced one of the most significant dissents to that year's National Intelligence Estimate, now discredited, challenging the majority view that Iraq had bought aluminum tubes to build up its nuclear weapons program.

During an interview late last year, Mr. Fingar said it was now his job to ensure there was as much competitive analysis as possible before intelligence reports were completed, if only to avoid a repeat of the 2002 N.I.E. findings, which were pivotal to the Senate vote that authorized the Iraq war.

"The basic idea is to avoid a premature rush to an artificial consensus," Mr. Fingar said. "The interesting thing is not when analysts agree. It's when they disagree."

Analysis: U.S. Intel On Nukes In Doubt (AP)

By George Jahn

AP, March 2, 2007

New doubts are arising about the accuracy of U.S. intelligence on the nuclear programs in North Korea and Iran, only a few years after faulty warnings about weapons of mass destruction helped President Bush justify the invasion of Iraq.

North Korea agreed earlier this month to dismantle its plutonium-producing nuclear facilities in exchange for economic aid and security assurances from the United States and four other world or regional powers. The pact successfully put aside for now the possibility of military action.

But the Western standoff with Iran remains tense. The Bush administration says it won't rule out an attack if Tehran refuses to end its nuclear enrichment program.

However, in both cases, once-strident U.S. pronouncements about the programs — which raised the tension level with Pyongyang and Tehran along with Saddam Hussein's Iraq — are apparently being replaced by less alarming assessments.

Just weeks after the Feb. 13 six-nation pact with North Korea, new U.S. statements suggest that Washington might have overstated a purported secret North Korean second-track nuclear program. The result was that it derailed what could have been a peaceful resolution to the North Korean issue more than four years ago.

The U.S. alleged then that North Korea had a large-scale gas centrifuge plant for uranium enrichment — the same program Iran now is developing. The Bush administration used that information to scrap a plan developed under the Clinton administration to supply energy to the North in exchange for its pledge to mothball its plutonium program.

Tensions rose and Pyongyang withdrew from the Nuclear Nonproliferation Treaty in January 2003, sparking the process that led to its test of an atomic weapon late last year.

Now, however, Bush administration officials are toning down assertions that such a program had been developed. Intelligence official Joseph DeTrani, in testimony to the Senate Armed Services Committee, said Tuesday belief that such a program exists was now "at the mid-confidence level."

The "mid-confidence" terminology means that analysts have differing views or credible information exists but has not been fully corroborated. That's a notable departure from the previous U.S. view of "high confidence" that the North was working on such activities.

Assistant Secretary of State Christopher Hill said Wednesday that the U.S. knows that North Korea has bought equipment that could be used only for uranium enrichment. But he expressed uncertainty about the program's current state.

"How far they've gotten, whether they've actually been able to produce highly enriched uranium at this time — I mean these are issues that intelligence analysts grapple with," Hill told a hearing of the House Foreign Affairs Committee. "But what we know is they have made the purchases, and we need to have complete clarity on this program."

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A U.S. government official, speaking on condition of anonymity because of the subject's sensitivity, said there was no change in the intelligence assessment. Degrees of certainty were always reflected in the CIA's judgment, the official said.

The U.S. intelligence community found with "high confidence" in 2002 that North Korea obtained components that could be used to enrich uranium. However, there has always been less confidence in the analysis of what precisely North Korea planned to do with the components, the official said.

It was a worst-case scenario when a CIA paper in 2002 stated that the plant "could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational — which could be as soon as mid-decade."

The next line of the paper highlighted the uncertainty, reminding readers that North Korea's nuclear program was "a difficult intelligence collection target."

Bush said on Nov. 7 of that year that Pyongyang was "enriching uranium, with the desire of developing a weapon."

Chief U.N nuclear inspector Mohamed ElBaradei has been invited to Pyongyang in mid-March for a visit expected to result in the return of his inspectors after a four-year hiatus.

The U.S. intelligence record on Iran's nuclear activities also is being questioned.

Several senior diplomats familiar with work of the Vienna-based International Atomic Energy Agency, which ElBaradei heads, told The Associated Press that while U.S. intelligence helped reveal Iran's secret nuclear program in 2002, none of the information provided the U.N. nuclear watchdog by American spy agencies since then had led to meaningful leads. Still unproven is whether Tehran is using the cover of a nuclear power plant program to try to make atomic weapons.

One of the diplomats — who, like others demanded anonymity because he was discussing confidential information — said that in the case of Iran, lack of good intelligence was due to "no presence on the ground." Intelligence is increasingly scarce because "the Iranians have tightened up on their operations" since the 2002 revelations about their secret uranium enrichment program, he added.

Broad assessments often hinge on detailed information about equipment, which can be difficult to prove.

For North Korea, a key U.S. assertion that Pyongyang was trying to create an industrial-scale uranium enrichment program parallel to its plutonium operations was based on evidence that the North Koreans had purchased or were trying to buy thousands of highly machined aluminum tubes, he said. The CIA cited Iraqi purchases of such tubes to support its assertion about a purported nuclear weapons program under Saddam.

A CIA fact sheet made public four years ago claimed "clear evidence indicating that the North has begun constructing a centrifuge facility," and estimated it could produce material for at least two or more nuclear weapons a year by 2005.

Former U.N. nuclear inspector David Albright, who recently visited Pyongyang and held talks on the North's nuclear program, does not question U.S. assertions that the North bought a few dozen centrifuges from the same Pakistani black market network that supplied Iran's program.

"However, a large centrifuge plant likely does not exist; perhaps it never did," says Albright in a report of his Washington-based Institute for Science and International Security that tracks the North Korean and Iranian nuclear programs.

The diplomat agreed, noting it made no sense for the energy-starved North — which is to get the equivalent of up to 1 million tons of heavy fuel oil under the nuclear disarmament deal — to run such a program consuming record amounts of power at a time it was making good progress on its plutonium-based arms program.

Problems At The Parks? But How? (WP)

By Al Kamen

The Washington Post, March 2, 2007

The National Park Service has developed a PowerPoint presentation touting President Bush's new and widely supported Centennial Challenge to boost funding for the national parks leading up to the service's 2016 centennial celebration.

The presentation's cover photo neatly shows Bush backdropped by Washington, Jefferson, Teddy Roosevelt-- the champion of the park system -- and Lincoln at Mount Rushmore.

Back in August 2002, when the shot was taken, Bush, soaring in the polls, seemed a strong candidate to join the Great Ones. Chances seem to have diminished a bit of late.

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The cover photo has quotes overlaid from speeches by Roosevelt, Woodrow Wilson and John F. Kennedy along with Bush's presidential message last year on the 90th anniversary of the Park Service.

The presentation notes that despite overwhelming public support and "the commitment of the Administration," there are certain challenges. "Operating budgets have not kept pace" with needs and the parks have been hurt by "shrinking staff and aging facilities."

Unclear who might bear responsibility for those occurrences. Maybe Congress and the administration? Maybe some natural phenomenon, like El NiÃ±o or something?Doug Feith, in His Own Words

The nation apparently continues to be roiled by the Feb. 8 report by Pentagon Inspector General Thomas Gimble accusing former undersecretary of defense for policy Doug Feith of "inappropriate" actions in challenging the intelligence community's assessments in the run-up to the war in Iraq, soon to be entering its fifth year.

Fortunately, Feith, after several solid TV appearances and a lengthy op-ed in this paper after the report came out, is staying on the offensive. On Wednesday, Feith Fans got an e-mail from him:

I have created a website that contains articles and information on this DOD IG report. The website is www.dougfeith.com. You may want to take a look. I plan to use it to continue posting informative items about the IG report. I will soon add material on other subjects. . . .

Stay tuned.

On the site, Feith says he "created this website to provide accurate information and sound commentary on the IG report controversy" -- a raging controversy perhaps only briefly overshadowed by Anna Nicole Smith and Britney Spears.

There is a section called "Media Myths vs. Facts." Nothing there but a note promising "More information coming soon."

Better still for his fans, Feith -- now a teacher at Georgetown University, a visiting scholar at Harvard's Kennedy School and a distinguished visiting fellow at the Hoover Institution at Stanford -- is working on a memoir of his five years at the Pentagon. It's to be published, perhaps late this year, by HarperCollins and promises to put into context Feith's contributions to the administration's efforts to launch the war.

Since former CIA director George Tenet's book, which is not likely to deal kindly with Feith, is due out this spring, be sure to frequently check the Web site, http://www.dougfeith.com.

If you've never heard of Feith, there's a handy tab: "About Doug Feith" with a brief bio and with his own "Remarks at My Farewell and Award Ceremony" at the Pentagon in August 2005.Moving On

Ken Mehlman, former Republican National Committee chairman and before that White House political director, is heading back to Akin Gump Strauss Hauer & Feld.

Mehlman practiced law for three years at the firm before entering politics. He worked on the House side for two Texas representatives and later served as national field director for the Bush campaign in 2000 and campaign manager in '04.

Meanwhile, Thomas DiNanno, deputy assistant secretary for infrastructure protection at the Department of Homeland Security, is leaving after six years in the administration to join the International Assessment and Strategy Center in Alexandria consulting on infrastructure-protection issues.

That leaves only one member of the original Tom Ridge White House-DHS team still on board -- the assistant secretary for infrastructure, Bob Stephan. DiNanno was recently tasked with building the department's chemical security office, leaves a small but dedicated staff pushing hard to meet a congressionally mandated April 4 deadline to work up a regulation to secure about 20,000 U.S. chemical plants.Harmonic Convergences Dept.

The fox? The henhouse? The White House yesterday said it had tapped Michael E. Baroody, longtime top official and most recently executive vice president of the National Association of Manufacturers, to be chairman of the Consumer Product Safety Commission.

Baroody started his career in 1970 working for Sens. Roman Hruska (R-Neb.) and Bob Dole (R-Kan.) and then moved on to the Republican National Committee, the Reagan White House and the Department of Labor. He joined NAM in 1990 and served as senior vice president for policy and communications.

He was seen as the main internal candidate to succeed NAM President Jerry Jasinowski, who retired in 2004, but lost out to former Michigan governor John Engler. Insiders say Engler effectively sidelined Baroody.

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In a statement yesterday, Engler said that "this is an excellent nomination and is in everyone's interest."Thanks -- I Think

This week's Emily Litella award . . .

Reporters yesterday pressed White House spokeswoman Dana Perino on news reports that the administration is backing away from its absolute claims that North Korea has a uranium-enrichment program. This was based on intelligence the White House used to buttress its case that the regime was part of the "Axis of Evil."

"Have you checked into this North Korea story," a reporter asked, "what -- exactly what our intelligence says about the North Korean uranium-enrichment program?"

"I did try to check into it," Perino said. "I think what I need to do is refer you to the intelligence community." Ah, yes, a crowd long known for on-the-record briefings on its sources and process. "We've said for a long time," she said, that "North Korea is an opaque regime," so it's hard to be sure what they're doing.

"I'm sure the intelligence community continually tried to assess and reassess and look at the information that they have," she said. "What we do know is that North Korea tested a nuclear weapon. . . . So, from our standpoint, that's what we know is happening at the moment. In regards to intel and what they knew and when they knew it, I think I'd have to refer you back to them."

Never mind.

A Suddenly Convenient Truth (NYT)

The New York Times, March 2, 2007

We would like to believe that the Bush administration has finally figured out how dangerous and counterproductive it is to hype intelligence — and that that's why officials are admitting they're not sure North Korea ever got very far with a secret uranium-based nuclear program. But we doubt it.

It was just last month that intelligence officials, with their bosses' clear blessings, were insisting that Iran's leaders had personally ordered the smuggling of especially lethal roadside bombs into Iraq. At least they did until the Pentagon's top general admitted that no one knew who in Iran was really calling those shots, and President Bush announced that it didn't matter anyway.

So we suspect that this week's confessions of doubt about North Korea had less to do with a sudden burst of candor than the fact that Pyongyang has agreed to readmit nuclear inspectors — who probably won't be able to find the active uranium enrichment program the administration has been alleging for more than four years. Add to that the White House's eagerness for a diplomatic win in these bleak times — and its insistence that a nuclear deal cannot go ahead if the North is believed to be hiding things — and you understand why the White House might find this truth so convenient.

Late may be better than never, but it isn't nearly enough to make up for the damage caused. And we haven't even raised the issue of Iraq and its long-gone weapons.

Let's be clear. The North Koreans had and have an illicit nuclear arms program. They tested a device from their plutonium-based program last October. And Pakistan's president, Gen. Pervez Musharraf, has admitted that North Korea bought some 20 centrifuges — useful only for enriching uranium — from Abdul Qadeer Khan's nuclear black market.

The problem is that the Bush administration eagerly spun those 20 centrifuges into an industrial-scale enrichment program, and then used it as an excuse to scuttle a Clinton-era deal to close down the North's plutonium-based weapons program. Four years later, the North set off that test.

And while we are pleased that the administration has finally managed to negotiate an agreement to start shutting down the North's nuclear complex, there is no guarantee that Pyongyang will ever give up its weapons.

If that's not bad enough, consider some frightening truths. There is no doubt that Iran is moving ever closer to mastering the skills it will need to produce the fuel for a nuclear weapon — and blithely defying the Security Council's demand that it stop. But even America's closest European allies have little stomach for a showdown with Tehran, while Russia and China have strong economic incentives to look the other way. Which means that Washington is the only one left out there to warn the world about the dangers of a nuclear-capable Iran.

Make no mistake: there are real and present dangers out there. But who still believes warnings from this White House?

Another Intelligence Twist (WP)

The Washington Post, March 2, 2007

DOJ_NMG_0138890

ONCE AGAIN the Bush administration is being accused of exaggerating intelligence to justify an aggressive policy toward a rogue regime, with disastrous results. In October 2002 the State Department announced that North Korea had acknowledged secretly developing a uranium enrichment program. The next month the CIA reported to Congress that it had "recently learned that the North is constructing a plant that could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational -- which could be as soon as mid-decade." On this basis the administration suspended a deal under which North Korea received fuel oil in exchange for freezing a separate program to produce plutonium. Pyongyang responded by restarting that program and producing enough plutonium for a number of nuclear weapons, one of which it tested last October.

Now administration officials are conceding that outside experts may be right when they say that the North probably never constructed a large uranium-enrichment plant. According to the New York Times, a new intelligence update concludes "with moderate confidence" that the uranium program continues, but it says it's not known how much progress has been made. Christopher R. Hill, the principal U.S. negotiator with North Korea, told Congress on Wednesday that it's debatable "whether they've actually been able to produce highly enriched uranium."

Clearly there's a basis for investigation about whether the 2002 CIA estimate was justified. But it's also worth underlining that the issue here is not whether North Korea sought a uranium enrichment capacity. The uncertainty is about how far the program advanced. That distinction makes a difference both in reconsidering the Bush administration's actions in 2002 and judging how the problem should be managed in the new disarmament negotiations with the North beginning next week.

What the administration knew in 2002 -- and what remains uncontested now -- is that North Korea secretly obtained 20 centrifuges for uranium enrichment from Pakistan and purchased other equipment needed to construct a large-scale enrichment facility. When U.S. officials confronted the North Koreans at a bilateral negotiation session, members of a U.S. diplomatic team received what they believed was a defiant confirmation. That tipped an internal administration debate toward hard-liners who all along had wanted to renounce the Clinton administration's "agreed framework" with Pyongyang.

No doubt those hard-liners made use of the CIA's conclusions about a factory under construction. Yet even without that intelligence some action would have been warranted. The United States and its allies were supplying Pyongyang with food and energy on the assumption that its nuclear program was frozen, only to discover that it had covertly begun work in another area. It would have been foolish to ignore such activity by a criminal regime.

Similarly, the weakening of the intelligence about an ongoing uranium program does not mean that the United States can drop the issue in the next phase of negotiations. On the contrary, a crucial test of the diplomatic process will be whether the North will reveal what it did with the centrifuges and other materials it is known to have acquired. Pyongyang's response will show whether it, like the Bush administration, is more inclined to conduct serious negotiations than it was four years ago.

Uranium Do-Over (WSJ)

The Wall Street Journal, March 2, 2007

Things sure are looking up for Kim Jong Il. The North Korean dictator has already been promised 50,000 tons of fuel oil and eased sanctions in return for one more pledge to give up his nuclear weapons. And now, even before he has to declare all of his nuclear facilities, the Bush Administration appears to be backing down from its own intelligence judgments on North Korea.

That's the meaning of this week's disclosure at a Senate hearing by Administration spook Joseph DeTrani about Pyongyang's uranium enrichment program. Asked for an update by Rhode Island's Jack Reed, the new Director of National Intelligence Michael McConnell invited Mr. DeTrani to address the issue. Mr. DeTrani replied that while the U.S. had previously had "high confidence" about the uranium effort, now it was only "at the mid-confidence level."

Keep in mind that the uranium program is separate from the plutonium that Kim has already used to explode a nuclear device. Confronted with U.S. intelligence in 2002, North Korean officials admitted to the secret uranium effort in a face to face meeting with then Assistant Secretary of State Jim Kelly. Such an effort violated both the Nuclear Nonproliferation Treaty and the Agreed Framework that Kim had signed with the Clinton Administration. The North Koreans have since denied saying that, or having any such program, but U.S. intelligence has claimed to have solid evidence that it did.

What's changed now? Mr. DeTrani didn't elaborate, but the timing of this intelligence walk-down is certainly strange. Under the six-party accord signed in Beijing on February 13, North Korea has 60 days to come clean about all of its nuclear programs

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and facilities. By telegraphing to Kim that the U.S. has new doubts about his uranium plans, the Bush Administration is all but inviting Kim to declare as little as possible. The flip-flop has all the earmarks of the intelligence community trying to cover its own keister if Kim does precisely that.

This is all the more bizarre given the volumes of public evidence that North Korea's uranium-enrichment program is very real. Following North Korea's admission in 2002, numerous Bush officials made the rounds discussing what they knew. "The enriched uranium issue, some have assumed, is somewhere off in the fog of the distant future. It is not," Mr. Kelly told the Senate in March 2003. "It is only probably a matter of months, and not years, behind the plutonium."

Richard Armitage, then Deputy Secretary of State and hardly a neocon, said at the time that North Korea was acquiring "many more [centrifuges] than was orginally thought." And he added that North Korea had been "intent on going to a full-up production program" starting from "at least" February 2000.

Don't believe Bush officials? How about Pervez Musharraf? In his recent memoir, the Pakistan President discloses that he learned as early as 1999 that North Koreans were canoodling with Pakistani A.Q. Khan to buy uranium-enrichment technology. "I received a report suggesting that some North Korean nuclear experts, under the guise of missile engineers, had arrived" at Pakistan nuclear labs "and were being given secret briefings," Mr. Musharraf writes.

In his book about the A.Q. Khan network, "Shopping for Bombs," BBC reporter Gordon Corera reports that Mr. Musharraf has admitted that "probably a dozen" centrifuges were sent to North Korea from Pakistan, "both plans and complete devices," as well as "blueprints and designs."

And in May 2002, two Germans were convicted in Stuttgart for trying to ship 22 million tons of aluminum tubing to North Korea. The tubing had been ordered by Yun Ho-Jin, Pyongyang's man at (of all places) the International Atomic Energy Agency in Vienna. The measurements on the tubing were made to European standards for the kind of vacuum casings used for gas centrifuges to enrich uranium.

Meanwhile, the Washington Post reported in March 2005 that the U.S. found traces of North Korean UF6, or uranium hexafloride, when it dismantled Libya's nuclear program. The Post said Pyongyang had sold the UF6 to Pakistan, which had later sold it to Libya.

All of this is merely what's on the public record. We understand that intelligence is rarely definitive. But if this is what adds up to "mid-confidence level," what does the CIA need for "high"? And what in the world qualifies as a "slam dunk"? * * *

The bigger issue here is what this intelligence reversal suggests about Bush Administration policy. When the February 13 accord was announced, senior officials assured us that it included "all" North Korean nuclear programs, not just plutonium. But now that the U.S. is embarked on an "arms control process," the pressure to keep making unilateral concessions or overlook Kim's transgressions will be great.

Assume that, in its 60-day declaration, North Korea admits some past attempt to buy centrifuge technology but says it's all been destroyed and there's nothing to inspect. Would President Bush really walk away from the talks, amid the inevitable criticism from China, South Korea and the American media? We think we know where the State Department would come out. Chris Hill, State's negotiator with the North, has already hinted that its uranium program isn't that big a deal.

White House officials say President Bush has earned the benefit of the doubt on North Korea and that he'll insist on dismantling all of its nuclear facilities. We hope he's not relying on the U.S. intelligence community to tell him when that's happened.

Come Clean On North Korea (LAT)

The Los Angeles Times, March 2, 2007

HERE WE GO AGAIN. Or do we? In 2002, the U.S. accused North Korea of having a secret program to enrich uranium for nuclear bombs. Alleging that the North had cheated on a deal agreed to eight years earlier, Washington cut off heavy fuel oil shipments. In response, Pyongyang accused the Bush administration of reneging on the deal, fired up its mothballed plutonium plant and, last fall, detonated an atomic bomb. Only now are U.S. officials admitting there was some question about the intelligence they relied on.

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At the time, the Bush administration seemed confident of its case against Pyongyang. It told Congress in 2002 that the CIA had "clear evidence indicating that the North had begun constructing a centrifuge facility" to spin uranium for nuclear weapons and that the plant could be operational "as soon as mid-decade." In 2003, it told allies the plant was 18 months away from producing the fissile material needed for a bomb.

On Wednesday, however, the chief U.S. negotiator to North Korea, Christopher R. Hill, back-pedaled hard while testifying on Capitol Hill. If the U.S. determines that there is a uranium program, he said, "it's got to go," adding: "How far they've gotten, whether they've been able to actually produce highly enriched uranium at this time … we need to have complete clarity on this program."

Indeed we do. Did the Bush administration rush to provoke a crisis with North Korea on sketchy evidence, trashing a flawed but workable arms-control agreement? Administration hawks had been on record for years opposing the 1994 deal. Did they "spin" the intelligence to justify preordained policies? Beijing has always disputed Washington's allegations. On the other hand, it's indisputable that North Korea bought centrifuges from Pakistani scientist Abdul Qadeer Khan.

Cynics may even wonder whether the administration, having opted for a deal with North Korea, may be downplaying for political purposes the significance of the very intelligence it once cited as proof of Pyongyang's malevolence. Some might even ask why it matters what the administration knew then — and with what degree of certainty — given that North Korea has already tested a plutonium bomb. It's because the U.S. has declared itself the world's nuclear watchdog, refusing to be bound by the decisions of the International Atomic Energy Agency or the U.N. Security Council.

Yet for the second time, serious questions have been raised about the credibility of U.S. assessments of the potential nuclear threat posed by an enemy nation. Are these charges justified? Given the U.S. need to enlist other nations to adopt sanctions to curb Iran's nuclear ambitions and deal with other proliferation challenges, that's a question that demands an answer.

N. Korea Reasserts Pledge To Denuclearize (WP/AP)

By Associated Press

The Washington Post, March 2, 2007

SEOUL, March 1 -- North Korea's No. 2 leader reiterated Thursday his country's pledge to abandon its nuclear weapons, as the impoverished nation sought a resumption of aid in its first high-level talks with South Korea since conducting an atomic test.

Kim Yong Nam said that "the denuclearization of the Korean Peninsula is the dying wish" of the country's founding president, Kim Il Sung, who died in 1994. North Korea "will make efforts to realize it," he told South Korean Unification Minister Lee Jae Joung in Pyongyang, the North's capital.

Lee pressed for North Korea to follow through on its breakthrough Feb. 13 agreement with the United States and four other countries to shut down its sole operating nuclear reactor in 60 days, and to eventually dismantle all its atomic programs.

Kim Yong Nam also called for the two Koreas to work together to reunify the peninsula, which remains officially at war because the 1950-53 Korean War ended in a cease-fire, not a peace treaty.

South Korea has been one of the North's main aid sources since leaders of the two nations held their first and only summit in 2000. This week marks the 20th cabinet-level talks since then.

The North wants to resume separate discussions this month on economic cooperation that would address aid, but South Korea prefers to wait until after April 14 -- the deadline for the North to switch off its nuclear reactor, South Korean journalists said.

N. Korea Again Pledges To End Nuke Program (WT/AP)

By Burt Herman, Associated Press

The Washington Times, March 2, 2007

SEOUL -- North Korea's No. 2 leader reiterated yesterday his country's pledge to abandon its nuclear weapons, as the impoverished nation sought a resumption of aid at its first high-level talks with South Korea since conducting an atomic test.

Kim Yong-nam said "the denuclearization of the Korean Peninsula is the dying wish" of the country's founding president, Kim Il-sung, the father of current leader Kim Jong-il.

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North Korea "will make efforts to realize it," he told South Korean Unification Minister Lee Jae-joung in Pyongyang, the North's capital.

Mr. Lee pressed for North Korea to follow through on its breakthrough Feb. 13 agreement with the United States and four other countries to shut down its sole operating nuclear reactor in 60 days, and to eventually dismantle all its atomic programs.

"It is important to make efforts to ensure that South and North Korea cooperate and six countries each assume their responsibilities," Mr. Lee said.

Kim Yong-nam also called for the two Koreas to work together to reunify the peninsula, which was divided after World War II and remains officially at war since the 1950-53 Korean War ended in a cease-fire, not a peace treaty.

South Korea has been one of the North's main aid sources since the two nations held their first and only summit in 2000. This week's meetings are the 20th Cabinet-level talks since then.

But South Korea halted rice and fertilizer shipments to the North after it test-fired a barrage of missiles in July, and relations worsened following North Korea's Oct. 9 underground nuclear test.

The provocations were the most serious challenge yet to South Korea's "sunshine" policy of engagement with its longtime foe, which has been criticized by conservatives for helping prop up the North's totalitarian regime without requiring reforms or disarmament.

South Korea has been hesitant at this week's talks, which run through today, to immediately restart aid without seeing the North take real steps to dismantle its nuclear program.

The North wants to resume separate discussions this month on economic cooperation that would address aid, but South Korea prefers to wait until after April 14 -- the deadline for Pyongyang to switch off its nuclear reactor, pool reports from South Korean journalists at the talks said.

However, the South may offer a limited amount of fertilizer if the North agrees to other conditions, such as resuming reunions of families split between the Koreas, the pool reports said. The sides may also agree on conducting trial runs of trains on restored rails across the border.

Earlier over dinner, the North's main negotiator at the talks, Senior Cabinet Councilor Kwon Ho-ung, said "a wide road will be opened for the drastic development of North-South relations" if certain measures are implemented. He did not specify them.

Last month's six-nation nuclear agreement has raised hopes it will foster a relaxation of regional tensions, since the deal also provides for North Korea to hold talks to normalize ties with Japan and the United States, both of which are scheduled to begin next week.

The nuclear pact also calls for negotiations to finally establish a peace agreement between the Koreas.

South Korean President Roh Moo-hyun urged in a speech yesterday in Seoul that the agreement "be successfully implemented so that a peace regime can be firmly established on the Korean Peninsula."

U.S., North Korea Soften Their Stances (WSJ)

By Evan Ramstad And Neil King Jr.

The Wall Street Journal, March 2, 2007

Two weeks after signing a deal aimed at ending North Korea's nuclear-weapons program, the Communist nation and the U.S. are showing signs of softening toward one another.

Negotiators from both sides plan to meet Monday to discuss steps toward normalizing relations 54 years after the end of the Korean War. The meetings, the first of their kind in more than six years, come as President Bush's administration eases assessments of how advanced North Korea's nuclear program may be. The U.S. is close to resolving a high-profile crackdown, launched in September 2005, on a Macau bank used by the North Korean government.

Under the Feb. 13 agreement, North Korea promised within 60 days to shut down its Pyongyang nuclear plant, allow international inspectors back in and provide a list of its nuclear-weapons activities. In return, it will receive energy and economic assistance from the U.S. and other countries with which it negotiated, including China, Russia and South Korea.

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A similar arrangement fell apart in late 2002 when the Bush administration accused Pyongyang of pursuing a secret uranium-enrichment program. The North Koreans ejected international inspectors and pushed ahead with their missile and nuclear-weapons programs, testing a nuclear device in October.

Yet U.S. officials are saying while they know North Korea purchased equipment and specialty products typically used in a uranium program, they have no strong evidence the country processed highly enriched uranium. Chinese diplomats have told the U.S. repeatedly that Beijing believes North Korea had no uranium program, U.S. officials said.

North Korea boasted of having nuclear weapons last year but has denied having a uranium-enrichment program. The U.S. assertion that North Korea was working on a secret uranium-enrichment program set off the 2002 crisis.

In congressional testimony this week, diplomatic and intelligence officials expressed doubt about how much progress North Korea has made in researching or developing uranium-based weapons. The U.S. national intelligence director's mission manager for North Korea, Joseph DeTrani, categorized the U.S. belief that North Korea was seeking a uranium-production program "at the mid-confidence level," meaning it lacked corroboration. Previously, it had been categorized at "high confidence."

U.S. officials have said there is no clear-cut evidence North Korea has any nuclear-weapons arsenal. The U.S. suspects North Korea has amassed at least 50 kilograms of plutonium and has made great strides in missile development. "But weaponization is very hard to get at," said one senior U.S. official. Even the October test remains murky, the official said, with U.S. intelligence analysts able to say only that it was "a high-explosives test" that emitted some detectable radiation.

"What we really need to do is track down where is the fissile material," the official said, referring to the stored plutonium North Korea is known to have.

North Korea has gone out of its way to appear cooperative since last month's agreement. It has sent an envoy to New York and Hanoi and has even taken down propaganda signs put up after the October test, said South Korean reporters visiting Pyongyang this week. It has invited the head of the International Atomic Energy Agency, Mohamed ElBaradei, to visit Pyongyang; he is expected to go in mid-March.

Macao Signals Release Of Funds (FT)

By Tom Mitchell

Financial Times, March 2, 2007

Deposits frozen during an investigation into a Macao bank the US suspects of acting as an illicit conduit for North Korean funds could be released by the end of this month, according to an executive for a company whose accounts have been affected.

Colin McAskill, who heads Hong Kong-based Koryo Asia, said the head of a Macao government-appointed committee now in charge of Banco Delta Asia told him recently that some of the $24m in deposits frozen during the investigation could be released soon. The Macao official, Hurculano de Sousa, did not return calls seeking comment on Thursday.

Koryo Asia controls Pyongyang's Daedong Credit Bank, which has $7m in affected deposits at the Macao bank. Approximately $2.6m of this belongs to British American Tobacco, which makes cigarettes in North Korea.

Mr de Sousa heads a three-man committee appointed by the Macao government to manage Banco Delta Asia after US accusations that it was helping the North Korean regime launder money led to a run on the bank in September 2005.

Mr McAskill said the Macao and US governments were sending mixed messages.

Daniel Glaser, a US Treasury department official, visited Macao earlier this week to discuss the two governments' separate investigations into the bank. While Mr Glaser and other US officials reiterated their intention to resolve the crack-down on North Korea's overseas financial activities, they have not yet indicated they will ease the pressure on Banco Delta Asia.

During his visit Mr Glaser said the Treasury department's investigation included the review of more than 300,000 documents.

"There is a direct conflict between what Glaser is saying and what the Macao government told me," Mr McAskill said on Thursday.

US officials declined to comment.

It is not clear whether the Macao government might release some of the affected funds but hold back others.

"Let's be frank. I'm not interested in the other money, I'm interested in our money," Mr McAskill said.

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North Korea's number two leader reiterated on Thursday his country's pledge to abandon its nuclear weapons, as the impoverished nation sought a resumption of aid at its first high-level talks with South Korea since conducting an atomic test, AP reports from Seoul.

Kim Yong-nam said denuclearisation was “the dying wish” of the country's founding president, Kim Il-sung, the father of current leader Kim Jong-il.

U.S. Claims On North Korea Come Under Scrutiny (MCT)

By Jonathan S. Landay And Kevin G. Hall

McClatchy Newspapers, March 1, 2007

WASHINGTON - The Bush administration, which used some false and exaggerated intelligence to make its case for invading Iraq, also may have inflated some of its allegations against North Korea to justify a hard-line policy toward the Stalinist regime.

President Bush claimed in 2002 that North Korea was making highly enriched uranium for nuclear weapons when there was no intelligence that it was doing so.

Now there are new questions about the administration's assertions that a bank in Macau knowingly laundered proceedings from North Korean narcotics trafficking, cigarette smuggling and counterfeit American currency.

An audit of the Banco Delta Asia's finances by accounting firm Ernst & Young found no evidence that the bank had facilitated North Korean money-laundering, either by circulating counterfeit U.S. bank notes or by knowingly sheltering illicit earnings of the North Korean government.

In a filing submitted to the Treasury Department last October, Heller Ehrman LLP, the bank's New York law firm, reported that an audit by the government of Macau also had found no evidence of money-laundering.

The Treasury Department refused to discuss the findings of either audit, as did the government of Macau and Ernst & Young.

Taken together, the pronouncements raised questions about whether the administration has been overstating its case against North Korea, a heavily armed communist dictatorship that Bush included in his "axis of evil" with Iran and Iraq under the late dictator Saddam Hussein.

The White House didn't respond immediately to a request for comment.

The Bush administration used its charges against Pyongyang to justify a hard-line policy that led the regime of Kim Jong Il to end an eight-year freeze on plutonium production. It then harvested enough plutonium for as many as a dozen nuclear weapons and conducted its first nuclear test explosion in October.

Meanwhile, talks with North Korea on ending its nuclear program collapsed over the U.S. charge that Pyongyang was laundering counterfeit money and proceeds from other illicit activities through the Macau bank. North Korea walked out of the talks and refused to return until the United States agreed to discuss lifting its restrictions on the Macau bank.

The administration has since softened its stand. Under a deal reached last month, North Korea agreed to give up the nuclear program, and the United States agreed to provide aid to the destitute country and open talks on normalizing relations.

North Korea hasn't publicly acknowledged the Bush administration's charges that it was secretly pursuing uranium enrichment in parallel with its known plutonium production program.

But Bush appears to have gone well beyond what U.S. intelligence could support in describing the advanced state of the North Korean program. At a Nov. 7, 2002, news conference, Bush said that North Korea was enriching uranium in violation of two treaties and a 1994 deal with the United States.

"We discovered that, contrary to an agreement they had with the United States, they're enriching uranium with the desire of developing a nuclear weapon," Bush asserted.

But that same month, an unclassified CIA report to Congress said that North Korea had begun building a plant that could be used for uranium enrichment, but that it wouldn't become operational until at least 2005.

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The administration cited the uranium enrichment effort in its decision to halt heavy-fuel oil shipments to energy-starved North Korea under a deal reached in 1994 with the former Clinton administration. The cutoff prompted the North to end the freeze on plutonium production and expel U.N. nuclear inspectors.

Former and current senior U.S. intelligence officials and diplomats involved in Korea policy disclosed that the United States knew with "high confidence" that North Korea was purchasing materials around the world for a uranium enrichment program.

North Korea bought two dozen or so machines - known as centrifuges - that spin uranium hexafluoride gas at supersonic speeds into highly enriched uranium from the same Pakistani scientist who sold nuclear technology to Iran and Libya.

Pyongyang also managed to acquire thousands of aluminum tubes milled precisely to the dimensions of the Pakistani-supplied devices, said James Kelley, the former assistant secretary of state who oversaw talks with North Korea.

But he and other current and former officials said that the United States had no information - and still doesn't - that North Korea has acquired the knowledge or overcame the technical hurdles required to build an industrial-scale enrichment plant with tens of thousands of centrifuges.

"There never was a judgment that they had a uranium enrichment-producing program," former Ambassador Charles Pritchard, who resigned in 2003 as Bush's special envoy to the negotiations, said in an interview.

Pritchard suggested that Bush might simply have misspoken in declaring that North Korea was enriching uranium.

U.S. officials admit that they don't know the current status of the effort.

"It's a complex program. It would require a lot more equipment than we know that they have actually purchased," Assistant Secretary of State Christopher Hill, the current chief U.S. negotiator, said in a Feb. 22 talk at a Washington think tank. "It requires some production techniques, considerable production techniques, that we are not sure whether they have mastered."

The controversy surrounding the Banco Delta Asia and the North Korean leadership's accounts there may come to a head soon, as the Treasury Department has said it'll conclude its investigation shortly.

The Treasury Department said that its initial allegations against the Banco Delta Asia stand up. But according to the filing by the bank's attorneys, which the Treasury Department hasn't challenged, there was almost no way that North Korea could have laundered counterfeit U.S. currency through the bank.

Large deposits of North Korean cash were sent to the New York branch of the giant HSBC bank to be run through sophisticated counterfeit-detecting machines, the law firm's filing said. The only evidence of counterfeit currency that Banco Delta Asia found was much earlier, in 1994, and the bank notified local authorities immediately, the filing said.

Progress Made On Possible Iran Sanctions (AP)

By Edith M. Lederer

AP, March 2, 2007

The world's major powers made progress Thursday on possible new sanctions against Iran for refusing to suspend uranium enrichment but some differences remain, U.N. diplomats said.

Foreign ministry political directors from the United States, Russia, China, Britain, France and Germany held a two hour conference call to discuss what to include in a new U.N. Security Council resolution, the diplomats said.

"They had a good productive discussion during which they made progress in agreeing on the elements of a resolution," the U.S. State Department said in a statement. "A few more issues remain for discussion, and the political directors agreed to convene another conference call on Saturday morning."

The State Department said it expects that ambassadors from the six countries "could begin drafting the text of a resolution next week."

Iran's refusal to freeze all its enrichment-related activities prompted the U.N. Security Council on Dec. 23 to impose sanctions targeting its nuclear and missile programs and persons involved in them. The council gave the country 60 days to halt enrichment or face additional measures.

The International Atomic Energy Agency's report last week that Iran was expanding enrichment instead of suspending it set the stage for new U.N. sanctions to try to pressure Tehran to agree to a freeze ahead of negotiations on its nuclear program.

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Iran insists its nuclear program is aimed solely at producing nuclear energy — not nuclear weapons — and it has adamantly refused to halt it.

The six countries, who have been the key players in trying to negotiate with Iran, all believe the initial sanctions have had a positive effect on Tehran, the U.N. diplomats said, speaking on condition of anonymity because the negotiations are private.

Britain's U.N. Ambassador Emyr Jones Parry said recently the new resolution would be looking at an "incremental" strengthening of sanctions.

Other U.N. diplomats have also used the word "incremental" — an indication that the U.S., Britain and France who might want tough new sanctions will settle for less to ensure that Russia and China, who have close ties to Iran, are on board.

That would ensure that the new resolution can be adopted unanimously — which all six countries appear to want so they can remain united in their stance on Iran.

Some diplomats said the new measure may include travel bans, expand the list of technology and materials countries are banned from making available to Iran, and create stiffer economic sanctions including a ban on export guarantees to Iran, among other options.

China Urges Iran To Return To Nuke Talks (AP)

AP, March 2, 2007

China urged Iran on Thursday to halt uranium enrichment and step up efforts to reach a peaceful, negotiated solution to the international dispute over its nuclear program amid a visit by Iran's deputy foreign minister.

"We hope that Iran can give a positive response to the appeal of the international community and faithfully abide by resolution 1737," said Foreign Ministry spokesman Qin Gang at a regular news briefing.

Iran has ignored a U.N. deadline set in the Dec. 23 resolution to halt the enrichment of uranium, which the U.S. says is part of a secret effort to build nuclear weapons. Enriched to a low level, uranium is used to produce nuclear fuel but highly enriched uranium can be used in an atomic bomb.

In talks with Iranian Deputy Foreign Minister Abbas Araghchi in Beijing Thursday, China's Foreign Minister Li Zhaoxing reiterated that China hopes the dispute can be resolved through diplomatic negotiations as soon as possible, a ministry statement said.

Qin said the international community should "keep calm and make efforts, including efforts outside the framework of the U.N. Security Council to push forward the resumption of negotiations."

China has repeatedly spoken out against the use of sanctions and other types of force against Iran but also has been part of discussions focused on finding ways to pressure Iran to suspend enrichment.

Senior diplomats from the five permanent Security Council members and Germany met Monday in London to discuss the issue. Officials in London and Washington said new measures would likely include incremental restrictions on trade and arms.

However, sharp differences appear to remain between the tough U.S. position and what Russia and China — veto-holding council members with close ties to Iran — are willing to accept.

Iran And Saudis Plan Summit Talks On Crises (NYT)

By Hassan M. Fattah And Nazila Fathi

The New York Times, March 2, 2007

DUBAI, United Arab Emirates, March 1 — President Mahmoud Ahmadinejad of Iran will visit Saudi Arabia on Saturday for a summit meeting with King Abdullah intended to tackle the Middle East's growing sectarian and political crises, Iranian officials said Thursday.

The visit, Mr. Ahmadinejad's first state visit to Saudi Arabia, was initiated by Iran, said a former Saudi official with knowledge of the discussions.

It marks the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries, to settle the political standoff in Lebanon, cool sectarian violence in Iraq and possibly even avert a looming confrontation with the United States.

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To some the trip is seen as a defensive move by an increasingly isolated Iran while to others it marks the start of another public relations offensive for the bellicose president.

"When the views of the two countries get closer, they can play an influential role in the chaotic situation of the Islamic world and the Middle East," Mohammad Hosseini, Iran's ambassador to Saudi Arabia, told the official Iranian news agency, IRNA. "Unrest is increasing in the Middle East and if the situation continues, it will become a threat for all the countries in the region."

A Saudi official confirmed Mr. Ahmadinejad's visit, which will include a meeting with King Abdullah on Sunday, but the official Saudi news agency, SPA, made no mention of the trip, adding weight to the theory that the visit was an Iranian initiative.

Rumors of a likely meeting between the leaders had been circulating in Saudi Arabia for the past week, several analysts said, but the exact date appears to have been set within the last few days, just before the United Nations is expected to begin deliberating tougher sanctions on Iran for its continued uranium enrichment efforts in violation of United Nations resolutions.

The announcement also comes just two days after the United States agreed in principle to hold a high-level meeting with Iraq's neighbors, including Iran and Syria, to help stabilize Iraq, setting the stage for the highest-level contact between American and Iranian officials in more than two years.

The American decision to participate in that Iraqi regional meeting in Baghdad on March 10 was unconnected to the Saudi-Iranian summit talks, American officials said. They claimed to be untroubled by the summit plans despite their strong mistrust of Mr. Ahmadinejad.

King Abdullah and Mr. Ahmadinejad are expected to discuss ways of ending the political standoff in Lebanon between the American-backed government of Fouad Siniora and Hezbollah, which is supported by Iran. Both countries are also concerned that growing sectarian tensions in Iraq, Lebanon and elsewhere in the region could fuel further instability.

"The last visit by an Iranian official to Riyadh was by national security chief Ali Larijani last month, but the Iranians were left feeling quite unsatisfied," said Adel al-Toraifi, a Riyadh-based Saudi analyst with close ties to the government.

Experts said talks had broken down when the Iranians balked at a deal that would increase Hezbollah's representation in the government, but would also start an international tribunal to try suspects connected to the assassination of the former Lebanese prime minister, Rafik Hariri, in 2005, a Saudi priority.

Hezbollah took to the streets of Beirut in December demanding a greater role in the government, and threatening to continue its protest until Mr. Siniora resigns or gives its allies more seats in the cabinet.

"The Iranians want to come to an understanding with the Saudis," said Khaled Dakhil, professor of political sociology at King Saud University in Riyadh. "The Iranians want the help of the Saudis on the nuclear front, and they do want to improve relations between Syria and Saudi Arabia."

Other likely agenda items are finding a peaceful conclusion to the standoff with the international community. Iran has sought to emphasize to its Persian Gulf neighbors that if the United States attacks it, they too will be affected, analysts say.

The six Persian Gulf states that make up the Gulf Cooperation Council have insisted to Iran that they will not veer from United Nations Security Council resolutions, and that they are preparing to defend themselves.

"They want to deliver two messages — 'It is bad for the area; if we are attacked you will be affected,' " Abdelaziz Sager, chairman of the pro-Saudi Gulf Research Center in Dubai, said of the Iranians. "The other message is, 'If you have an easy way to solve the crises, tell us what it is.' They know that the best thing that can happen to Iran at this stage is for the Americans to attack them."

With Iran poised to gain from possibly two civil wars in the Middle East — one in Iraq and a potential one in Lebanon — Saudi Arabia in recent months has abandoned its behind-the-scenes checkbook diplomacy to take a central, more aggressive role in tempering the region's conflicts.

The kingdom has increased its public involvement in Iraq and its support of the Sunni-led government in Lebanon, and last month played host to Hamas and Fatah at a meeting in Mecca to settle the differences between the feuding Palestinian factions and form a national unity government.

The talks on Saturday may be a sign that Saudi Arabia's shuttle diplomacy has begun to have an effect.

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"It is a matter of pure interests and the Iranians understand that very well and have their own interests to protect," said Osama Safa, head of the Lebanese Center for Policies, a research center. "The Saudis have several cards to play at this point, and they will be played when Ahmadinejad comes to Saudi Arabia."

In Tehran, many were skeptical about the political significance of Mr. Ahmadinejad's trip. Saudi officials had good relations with former Iranian presidents, like Mohammad Khatami and Ali Akbar Hashemi Rafsanjani, but Mr. Ahmadinejad became a political threat after his fiery rhetoric against Israel and in support of the Palestinians began resonating on Arab streets.

"Riyadh knows that if it wants to have serious discussions with Iran, it has to do it directly with Mr. Khamenei or through Mr. Larijani or Velayati," said Abbass Abdi, a political analyst in Tehran, speaking of Iran's supreme leader, Ayatollah Ali Khamenei, and Ali Akbar Velayati, a former foreign minister and more moderate politician who is close to Mr. Khamenei. "This trip is more like a show for Mr. Ahmadinejad to say that Iran is not an isolated country."

Iran's President To Visit Saudi Arabia (AP)

By Donna Abu Nasr

AP, March 2, 2007

Iran's president heads to Saudi Arabia on Saturday for discussions with King Abdullah, an indication that weeks of talks between their envoys on simmering conflicts in Iraq and Lebanon have made some headway.

President Mahmoud Ahmadinejad's visit to Riyadh comes as the U.S. is pushing for harsher U.N. sanctions against Iran over its nuclear program, and it may reflect that he is looking for a way out of a tight corner.

Ahmadinejad is expected to travel to Saudi Arabia on Saturday for a one-day visit, a Saudi Foreign Ministry official said, speaking on condition of anonymity because he was not authorized to talk to the media.

Iran's ambassador to Riyadh, Mohammad Hosseini, confirmed that Ahmadinejad's trip was "imminent," but declined to elaborate, Iran's official IRNA news agency said.

The visit will culminate weeks of diplomatic activities spearheaded by Saudi Arabia, including talks between Iranian and Saudi diplomats, a meeting between Abdullah and Egyptian President Hosni Mubarak and the accord reached in the Saudi city of Mecca to form a unity Palestinian government.

It also precedes a conference on Iraq in Baghdad on March 10, which will include its neighbors, Iran and Syria, as well as the U.S. and Britain. At the end of the month, an Arab summit is planned in the Saudi capital.

Washington is pushing for tougher U.N. sanctions on Tehran over its failure to comply with demands to halt its uranium enrichment program that the West fears could be used to build a nuclear weapon. Although the U.S. has said it has no plans to strike Iran militarily, it has also refused to rule out any option.

There are other crises both countries are worried about. Violence in Iraq is escalating, Shiite-Sunni tensions are simmering across the Mideast and Lebanon remains tense as the opposition tries to bring down the Western-backed government.

Sunni-dominated Saudi Arabia is worried Shiite-Sunni fighting in Iraq — with which the kingdom shares a long border — and sectarian tensions in Lebanon could veer out of control and send shockwaves throughout the Middle East.

"The region is facing several potentially explosive crises points and these are all issues of common concern for Riyadh and Iran," said Saudi analyst, Khaled al-Dakhil.

"Saudi Arabia has become the focus of the diplomatic activity in the region, and therefore, Iran should try to keep an open channel with Saudi Arabia and try to use it at the regional and international level," he added.

But keeping diplomatic channels open has not been Ahmadinejad's strength. Speaking Thursday in Sudan, Ahmadinejad blamed the U.S. and Israel for the world's problems.

"There is no place in the world that suffers from divisions and wars unless America or the Zionists' fingerprints are seen there," the Iranian president said. "Our strength and the cornerstone of the victory is in our (Muslims') unity ... we have to pay attention to the devils who want to cause divisions among us."

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Another Saudi official said Ahmadinejad's trip may be the result of a possible realization that he needs to maintain good relations in the region to ensure stability. It may even help ward off sectarian tensions that could ultimately work against the groups which Iran supports.

Sunnis increasingly fear Shiite-majority Iran's growing influence in the region. Iran is a strong backer of Hezbollah, which is striving to bring down the U.S.- and Saudi-backed government in Lebanon. Tehran also has close ties to Shiite political parties in Iraq, and Washington accuses it of backing Shiite militias there.

"The fact that the (Saudi) king would meet with him will raise Ahmadinejad's status domestically and internationally as a ... responsible statesman," said the official, speaking on condition of anonymity because of the sensitivity of the issue. "Knowing the style of Saudi diplomacy, they won't give him this carrot without having received certain assurances that he will pursue a reasonable path."

Saudi officials have not divulged any details about their negotiations with the Iranians. But some Lebanese politicians have said Iran and Saudi Arabia are still trying to find a solution to the Lebanese crisis.

Former Lebanese Prime Minister Salim Hoss said Wednesday after returning from Tehran that Iran was ready to cooperate with Saudi Arabia, and probably Syria, to help forge a national dialogue in Lebanon.

Legislator Saad Hariri, head of Lebanon's anti-Syrian parliamentary majority, said he hoped the Saudi-Iran summit would work toward this.

"I think political dialogue is important, and I think that the kingdom of Saudi Arabia plays a pivotal role in the region," Hariri said.

Democrats Move To Require Approval Before Any Strike On Iran (MCT)

By Margaret Talev

McClatchy Newspapers, March 2, 2007

WASHINGTON - Fearing that President Bush may be preparing to launch a military strike against Iran, Senate Democrats are drafting legislation that would require the White House to seek congressional approval before any such action.

Freshman Sen. Jim Webb, D-Va., a former Republican Navy secretary and decorated Vietnam veteran who opposes the Iraq war, is leading the effort. Webb said Thursday that he's still working on the details, but he intends to introduce his measure next week as an amendment to the $93.4 billion war spending bill.

Democrats aren't satisfied with assurances from Secretary of State Condoleezza Rice, Defense Secretary Robert Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace that there are no plans to attack Iran.

Despite their assurances, Bush has deployed two aircraft carrier battle groups off of Iran's coast. He also frequently denounces Iran's alleged supply of weapons to Shiite fighters in Iraq, and he has issued orders to U.S. troops there to hunt those Iranians who are making mischief.

In addition, there are persistent reports quoting people close to the administration saying that an attack on Iran is under consideration, both to inhibit Iran's nuclear program and to try to undermine its leaders.

Senate Majority Leader Harry Reid, D-Nev., said he supports Webb's concept.

"There are many out there much smarter than I am who believe the administration is ramping up to have the same thing happen in Iran that's happened in Iraq," Reid said.

At the same time, the administration announced this week that it will attend a regional conference on Iraq that will include representatives from Iran and Syria, reversing its previous refusal to talk to either regime.

Many Democrats are skeptical that the Bush administration is committed to solving its problems with Iran diplomatically. They see similarities to the buildup to the Iraq war and want to leave no doubt that the 2002 authorization to use force in Iraq doesn't extend to Iran.

Webb said that under his proposal, the U.S. military "would still be able to repel an immediate attack if it began on Iranian soil or (undertake) hot pursuit if there were Iranian activity where they were to cross the border. I want to be very reasonable about this."

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"What we would be going after would be any notion of beginning unilateral military action inside Iran without provocation and without the consent of the Congress. I'm not saying, `Don't do it,'" Webb said. "I'm saying if they want to begin that sort of new military activity, they should come to the Congress and discuss it."

Republicans are expected to fight Webb's effort. Sen. Judd Gregg, R-N.H., who last month helped his party block debate on a nonbinding resolution opposing a troop buildup in Iraq, said an Iran amendment is a political stunt.

"It sounds to me like somebody's trying to make an issue for the sake of getting some press," he said.

Webb also must convince at least one skeptical Democrat, Armed Services Committee Chairman Carl Levin of Michigan.

Levin said he believes the law already requires Bush to seek congressional approval if he decides to attack Iran. He suggested that the amendment could backfire on Democrats if Republicans block it or the president vetoes it, and he said that Bush might then argue anew that he doesn't need congressional approval to attack.

The urgency is heightened as anti-war Democrats quarrel among themselves over whether to rescind the 2002 Iraq war authorization, renew it with restrictions or leave it untouched.

"We don't trust the president," said Sen. Sherrod Brown, D-Ohio. "I want to support something that forces the president to come to us before he goes into Iran."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, March 2, 2007

Recycled Oscar

It's a good thing National Geographic News waited until after the Oscars were presented in Hollywood on Sunday night before publishing its story on global warming, or else Al Gore might have flown home empty-handed.

Three days after "An Inconvenient Truth," Mr. Gore's global warming show, took home an Oscar, National Geographic's Kate Ravilious reports that it's not just Earth, but Mars too, that "appears to be enjoying more mild and balmy temperatures."

She cites 2005 data from NASA's Mars Global Surveyor and Odyssey missions, revealing that the carbon dioxide "ice caps" near Mars' south pole are diminishing, "evidence that the current global warming on Earth is being caused by changes in the sun."

Habibullo Abdussamatov, head of the St. Petersburg's Pulkovo Astronomical Observatory, is quoted in the article as saying the Mars data is evidence that the "long-term increase in solar irradiance is heating both Earth and Mars."

The question now is whether Mr. Gore's coveted Oscar can be recycled?

Pray tell

King Abdullah II of Jordan will address a joint session of Congress next Wednesday, becoming the first world leader to address such a meeting under the new Democratic-led Congress.

Merissa Khurma, spokeswoman for the Jordanian government in Washington, tells us the king's speech will partly address the crisis in neighboring Iraq and ways to restore security and stability there. Congress, no doubt, will be all ears.

Defining courage

There's been a great deal of reaction to yesterday's item about the new film "Silent Wings," which praises heroic glider pilots who fought during World War II, described by one general as the "the most uninhibited individuals ever to wear an American uniform."

Most were interested in our mention that Walter Cronkite and Andy Rooney, each of whom appear in the film, were among eight civilian and military combat journalists known as "The Writing 69th." Many did not realize that Sgt. Rooney wrote for Stars and Stripes, while Mr. Cronkite reported for United Press.

Indeed, in June 1973, Mr. Cronkite, the trusted news anchor for CBS, spoke personally of his wartime reporting during an interview with Playboy magazine.

"I'm embarrassed when I'm introduced for speeches and somebody takes a CBS handout and reads it, because it makes me sound like some sort of hero: The battle of the North Atlantic, the landing in Africa, the beachhead on D-Day, dropping with the 101st Airborne, the Battle of the Bulge.

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"Personally, I feel I was an overweening coward in the war," Mr. Cronkite said. "I was scared to death all the time. I did everything possible to avoid getting into combat. Except the ultimate thing of not doing it. I did it. But the truth is that I did everything only once. It didn't take any great courage to do it once. If you go back and do it a second time — knowing how bad it is — that's courage."

Yield to Mexico

Round up the children and dogs; the trucks are coming, the trucks are coming.

"The next sound you hear will be the rumble of thousands of Mexican trucks streaming across our southern border," warns Rep. Ted Poe, Texas Republican, referring to the U.S. government agreeing to allow 100 Mexican trucking companies to send trucks, as he calls it, on the highways and byways of America.

"Presently, Mexican trucks may only go 20 miles inside the U.S. border. The U.S. government says they will inspect the trucks for safety and inspect the drivers as well. Yeah, right," the congressman states. "There are already 6,000 trucks a day crossing in each direction just between Laredo, Texas, and Nuevo Laredo, Mexico, and only a fraction of these are inspected."

Even worse, the congressman fears the "low paid, unqualified drivers that may not even be able to read highway signs."

That we do

"CORRECTION: In the e-mail we sent you earlier this morning, regarding the Waxman-Davis 'Executive Branch Reform Act' (H.R. 984), there was a typo that identified [Henry A.] Waxman as 'R-Ca.' Mr. Waxman, as we all know, is a Democrat."

Report Slams Venezuela For Drug Trafficking (MCT)

By Pablo Bachelet

McClatchy Newspapers, March 2, 2007

WASHINGTON - In its harshest assessment yet of drug trafficking in Venezuela, the State Department on Thursday said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations.

The department's 2007 International Narcotics Control Strategies Report also expressed uneasiness over Bolivia's efforts to expand the cultivation of coca, the raw material used to make cocaine, and the State Department offered rare praise for Cuba for deporting a Colombian trafficker to Bogota.

It also praised three countries - Colombia, Guatemala and Mexico - that Bush will visit this month during a swing through Latin America, saying the three were trying to halt drug smuggling, if not succeeding.

The report also said that opium production hit a record high in Afghanistan last year and that the drug trade was undermining democracy there.

The report says Afghanistan produced a record 5,644 metric tons of opium in 2006, a 26 percent jump from the previous year. The State Department said there was "strong evidence" that drug trafficking was funding the Taliban insurgency.

"These links between drug traffickers and anti-government forces threaten regional stability," the report said.

Venezuela's leftwing President Hugo Chavez has long been at loggerheads with the Bush administration, which has accused him of everything from undermining democracies in the hemisphere to provoking an arms race - allegations denied by the Chavez government.

The report calls Venezuela "one of the principal drug-transit countries in the Western Hemisphere," with Colombian traffickers setting up shop there because the Chavez government is "permissive and corrupt."

Anne Patterson, the State Department's top anti-drug trafficking official, told reporters that suspected drug trafficking flights from Venezuela to Haiti and the Dominican Republic had soared by 167 percent last year.

More than 200 metric tons of cocaine transit through Venezuela every year, according to the report, which covers the entire world. Arrests are limited to small-time traffickers, and seizures within Venezuela dropped while Venezuelan shipments interdicted in other countries tripled.

The Venezuelan embassy in Washington declined to comment on the report, but in the past Chavez and several of his government's officials have denied any relaxation of its fight against illicit drugs.

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The report praises Colombia, the world's top cocaine producer, as "completely committed" to the drug war. It calls Mexican efforts to combat traffickers last year as "unmatched" by any previous government there. About 90 percent of the cocaine in U.S. streets is believed to have come through the border with Mexico.

Guatemala is described in the report as "major drug-transit country" that made "substantial progress" in reforming the police's ability to combat drugs. The report, prepared weeks ago, made no mention, however, of the Feb. 19 murders of three Central American legislators in what Guatemala's President Oscar Berger said may have been a drug-related crime.

Four police officers arrested in the deaths, including the head of Guatemala's organized crime unit, were murdered days later in their cells at a prison outside Guatemala City. The assailants, who are still at large, passed through eight prison checkpoints unchallenged, officials said.

Patterson denied that the report picked on Venezuela because of Chavez's strident criticism of Bush.

"In contrast to the strong stands taken by the governments of Mexico and Colombia," Patterson said, "political will in Venezuela and Bolivia faltered last year."

She said Venezuela long had one of the strongest records in the hemisphere against trafficking. "And frankly, that's all stopped, for reasons that aren't entirely clear to me."

The Bush administration stepped up its criticism of Venezuela after Chavez ousted Drug Enforcement Administration agents from Venezuelan government facilities in late 2004, allegedly because they were spying. The two countries later negotiated an agreement to allow DEA agents to return, but Venezuela has so far refused to sign it, the report says.

In September of last year, the administration "de-certified" Venezuela as a helpful ally in the drug war and cut off aid and weapons shipments, among other sanctions.

Patterson praised Cuba for deporting alleged trafficker Luis Hernando Gomez-Bustamante to Colombia after holding him in prison for several months. He is expected to be extradited soon from Colombia to the United States.

"There is not a major trafficking issue through Cuba," she added. The Cuban government has long maintained that it is carrying on a strong fight against illicit drugs, despite past U.S. allegations that government officials there were involved in protecting foreign traffickers.

Bolivia's leftist President Evo Morales wants to increase the acreage of legally grown coca while fighting the illegal trade in cocaine. The Bush administration believes more coca will lead to more cocaine and is to decide by March 15 if Bolivia is doing enough to stop drug trafficking.

Bolivia's ambassador to the United States, Gustavo Guzman, described the report as "serene and balanced."

Report Looks At Cocaine Trade (USAT)

By Donna Leinwand

USA Today, March 2, 2007

Venezuela has become a significant player in the flow of cocaine from Colombia to the USA by allowing drug smugglers to operate freely and making little effort to cooperate with U.S. anti-drug efforts, a State Department report said Thursday.

The number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti — key transfer points for U.S.-bound shipments of the drug — increased 167% last year, Assistant Secretary of State Anne Patterson said. She added that the leftist government of Venezuelan President Hugo Chávez, a frequent critic of the United States, has allowed drug trafficking to flourish.

"Venezuela's permissive and corrupt environment led to more trafficking, fewer seizures and an increase in suspected drug flights (from Venezuela) over the past 12 months," Patterson said.

In 2006, the Department of Defense's Joint Interagency Task Force South documented 75 flights from Venezuela to the Dominican Republic and 46 flights into Haiti, says U.S. Coast Guard Rear Adm. Jeff Hathaway, who directs the task force.

"What we have seen emerging over the last 12 months is a virtual explosion of drug trafficking emanating from Venezuela," Hathaway said.

The task force gives information about suspected drug flights to the Venezuelan government, but it rarely acts on it, he said. "Venezuela is not making any attempt to stop the aircraft when they are being tipped off by the United States."

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The Venezuelan Embassy did not respond to phone calls and e-mails requesting comment.

Patterson praised governments in Mexico and Colombia for aggressive counterdrug programs, but she said both countries continue to be major drug suppliers to the USA. In Bolivia, she said, the political will to counter drug trafficking has declined.

Recently elected Bolivian President Evo Morales has said the government would allow farmers to increase cultivation of coca to be used legally for flavorings and pharmaceuticals from 29,653 acres to 49,421 acres. The U.S. government contends that just 618 acres of coca cultivation would meet worldwide industrial demand.

The report also said Afghanistan's opium-poppy cultivation rose 59% last year, making the 2006 crop the largest ever. Patterson said profits from the opium trade help finance Taliban forces.

The Afghan government does not control Helmand and Kandahar provinces, where much of the opium poppies are grown, Patterson said.

Officials at the Afghan Embassy did not respond to a request for comment.

Embassy Row (WT)

By James Morrison

The Washington Times, March 2, 2007

'Threat to the world'

Iran's nuclear weapons program poses the "most serious threat to the world," Israeli Ambassador Sallai Meridor warned.

"There is limited time [to stop Iran], and the question is, 'What will be done with that time,' " he said in an interview with National Public Radio's "All Things Considered" program.

The threat is not limited to Israel, which Iranian President Mahmoud Ahmadinejad has vowed to destroy, the ambassador said.

"We see the Iranian threat as the most serious threat to the world," he said. "It's [a threat] to Israel because [Iran] threatens Israel's very existence and denies our right to exist.

"It's [a threat] to the region because they would like to dominate the entire Middle East. But beyond that, I think that it will be a different world for our children and grandchildren were Iran to be able to have a nuclear weapon."

Mr. Meridor predicted that Iran would disrupt nuclear nonproliferation efforts and let "many, many genies out of many, many bottles."

He urged the "world community" to act "responsibly and seriously and determinedly by diplomatic ways, by economic pressure on Iran, by explaining to the Iranian people the wrongdoing of their government."

Mr. Meridor also said the Israeli government is "constantly" looking for any change in the views of the militant Hamas group that dominates the Palestinian government. Hamas has refused to recognize the state of Israel.

"Not only our hearts and hands, but our ears are constantly open [to any change in Hamas]," he said. "There is nothing Israel wants more than peace, and we are constantly tuned to any potential change in our enemies and in their views. So far, as we know, Hamas is committed to the opposite of peace."

Trip to Mexico

Mexico's new ambassador, when he presented his diplomatic credentials at the White House this week, praised President Bush for his upcoming visit to Mexico City.

The two-day visit beginning March 12 will "strengthen the already firm foundations on which our bilateral relationship rests," Ambassador Arturo Sarukhan said.

"It is a bilateral relationship whose breadth, complexity and vitality has no parallel elsewhere in the world," he added.

The ambassador said his top priority is to advance the agenda of President Felipe Calderon. Mr. Sarukhan served as a foreign policy adviser and spokesman to the international press during Mr. Calderon's presidential campaign.

"It is time to roll up our sleeves and work together to achieve a constructive dialogue with forward-looking solutions for the future well-being of our two peoples," Mr. Sarukhan said.

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Earlier in his diplomatic career, Mr. Sarukhan served in Washington as chief of staff to Mexican Ambassador Jorge Montano in 1993. Two years later, he was appointed the embassy's director for counternarcotics and law-enforcement issues. From 2003 to 2006, Mr. Sarukhan was Mexico's consul general in New York.

Conservative honor

Yulia Tymoshenko will cap her busy Washington visit this evening when she will be honored at the annual dinner of top U.S. conservatives, who will give her some original documents signed by President Reagan.

Mrs. Tymoshenko, who will begin her day with a 9 a.m. press conference at the National Press Club, will be recognized tonight by the Conservative Political Action Committee for her promotion of democracy in Ukraine, first as a leader of the 2005 Orange Revolution that drove a corrupt government from power and later as prime minister. She is now leader of the opposition in the Ukrainian parliament.

Columnist and author John Fund will present her with original presidential proclamations pertaining to the Cold War.

•Call Embassy Row at 202/636-3297, fax 202/832-7278 or e-mail jmorrison@

washingtontimes.com.

U.S. Wants Missile Radar In Caucasus (AP)

By Slobodan Lekic

AP, March 2, 2007

The director of the U.S. Missile Defense Agency said Thursday that Washington wants to base an anti-missile radar in the Caucasus, a move that could provoke a further rift with Russia.

Lt. Gen. Henry A. Obering declined to specify which country the long-range radar could be installed in, but noted that "it would be very useful for the anti-missile system."

Speaking on a stop at NATO headquarters in Brussels, he said "we would like to place a radar in ... the Caucasus."

The United States has said the planned defenses would not be aimed at Russia, and are intended to defend against missile attacks from countries such as Iran.

Moscow has angrily criticized Washington's plan to locate an anti-missile system in the Czech Republic and Poland. It is likely that placing another radar in a U.S.-allied country such as Georgia or Azerbaijan would provoke further protest.

Unlike anti-aircraft systems, anti-missile radars have very narrow beams that cannot be used to monitor large swathes of air space. They have high resolution and very long ranges, allowing them to follow objects the size of a baseball at distances of up to nearly 2,000 miles.

Russia has warned that Poland and the Czech Republic risked being targeted by Russian missiles if they agreed to host the U.S. anti-missile bases.

In Moscow, Deputy Foreign Minister Alexander Grushko said the missile elements planned by Washington for Poland and the Czech Republic would become a "factor that we will have to take into account while determining our steps in the military-political sphere and military development."

"In the modern world, security is indivisible. You can't ensure your own security if you provoke other nations' concerns about their security," Grushko said in a statement posted on the Foreign Ministry's Web site.

Tymoshenko Seeks Early Elections (WT)

By David R. Sands

The Washington Times, March 2, 2007

Ukraine's revived Orange Coalition will press for early elections in a bid to halt Russia's growing influence and control over the country's vital energy assets, opposition leader Yulia Tymoshenko said in an interview yesterday.

Mrs. Tymoshenko, a former prime minister and key figure in the pro-Western Orange Revolution street protests of December 2004, said Ukraine's sovereignty and hopes for better relations with the West are in jeopardy if the government of pro-Moscow Prime Minister Viktor Yanukovych serves out its full term to 2011.

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"If this government is in power until then, there would be nothing left of a democratic Ukraine," she said, speaking through an interpreter with editors and reporters at The Washington Times. "The territory would still exist, but it would not be Ukraine any longer."

Mrs. Tymoshenko's party and the party of pro-Western President Viktor Yushchenko signed a new deal over the weekend to cooperate in parliament, seeking to end a disastrous feud among the Orange Revolution allies that enabled Mr. Yanukovych's pro-Moscow party to reclaim power in August 2006.

Mrs. Tymoshenko, considered a front-runner among reformists for the 2009 presidential vote, said the reunited pro-reform parties will push for early parliamentary elections, although the move faces both political and constitutional hurdles.

On a high-profile U.S. visit that includes meetings with Vice President Dick Cheney and Secretary of State Condoleezza Rice, Mrs. Tymoshenko said the United States must speak out for Ukraine despite a full foreign-policy plate that includes Iraq, Iran, Afghanistan and other pressing crises.

She noted there was "disillusionment" in Washington about backsliding in Ukraine since her coalition was propelled to power in 2005 by a wave of street protests that became known as the Orange Revolution because of the orange flags and banners carried by the protesters.

But, she said, "a country as large and influential as your own has to lead this kind of work. Your country does not have the right to be fatigued about Ukraine's future."

Mr. Yanukovych, whose tainted win in the 2004 presidential election sparked the Orange Revolution, has engineered an abrupt about-face in Ukrainian policy since his political comeback last summer.

With a power base in Ukraine's Russian-speaking east, the prime minister has put a hold on Ukraine's efforts to join NATO, dismissed Mr. Yushchenko's pro-Western foreign minister, and signed an accord tightly linking Ukraine's economy to those of Russia and Belarus.

The charismatic Mrs. Tymoshenko, sporting her trademark blonde braids, said Mr. Yanukovych's allies dominate the courts and key security ministries in Kiev.

Rich eastern business clans from Mr. Yanukovych's political base in Donetsk are buying influence and lawmakers to keep him in power, she said.

Mr. Yanukovych's party "is trying to buy deputies like chickens in a bazaar," she said, "and these politicians are allowing themselves to be bought."

She was particularly scathing about the government's energy concessions to Moscow. She said Russia, through a shadowy Swiss-based intermediary company, is in the process of locking up Ukraine's oil, gas and electricity markets, giving Russia a near-monopoly of energy supplies to much of Europe.

"Our new government and the Russian Federation are eating up the country's energy system like eating buns for breakfast," she said.

But she stressed she did not consider herself an "enemy of Russia," blaming instead Ukrainian officials for failing the country's basic economic and political interests.

Russian President Vladimir Putin "is doing his own thing," she said.

"It isn't that I don't like Russia. Politics cannot be motivated by such feelings. It's simply that I love Ukraine," she said.

Mrs. Tymoshenko acknowledged that she had moved too quickly in her short, stormy first stint as prime minister. Mr. Yushchenko dismissed her after just nine months in office in September 2005, and her tenure was marked by numerous policy and personal clashes.

She said Mr. Yushchenko also had underestimated the power of entrenched interests opposed to the Orange Revolution reforms. A series of constitutional changes since 2004 have weakened the president's power while building up the prime minister.

She compared Ukraine in 2005 to a scuba diver trying to surface too quickly after years in the stagnant political depths.

"If I have a chance to have the responsibility in the future, unfortunately the reforms will have to come at a slower tempo, to make sure we do not get another case of the bends," she said.

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US Deputy Secretary Of State Starts Asia Tour (AFP)

AFP, March 2, 2007

New US Deputy Secretary of State John Negroponte on Thursday started an Asian tour in which he is expected to discuss a breakthrough nuclear deal with North Korea.

Negroponte arrived in Tokyo, the veteran diplomat's first foreign destination since taking the post of number-two to Secretary of State Condoleezza Rice.

He is likely to meet Foreign Minister Taro Aso and other officials on Friday, a ministry official said. After a three-day stay, Negroponte will head on to China and South Korea.

Tokyo has refused to fund the February 13 deal, under which North Korea agreed to shut a key nuclear reactor in exchange for fuel aid, due to a dispute over Pyongyang's past abductions of Japanese civilians.

US Vice President Dick Cheney assured close ally Japan that he understood the concerns about the kidnapping row during a visit last week.

Negroponte, the London-born son of a Greek tycoon, has served in a series of top positions under US President George W. Bush including national intelligence director and as ambassador to both the United Nations and Iraq.

China Expands Sub Fleet (WT)

By Bill Gertz

The Washington Times, March 2, 2007

China's military is engaged in a major buildup of submarines that includes five new strategic nuclear-missile boats and several advanced nuclear-powered attack submarines, according to the Office of Naval Intelligence.

The new nuclear-powered missile submarines (SSBNs), identified as Type 094s, will be outfitted with new 5,000-mile range JL-2 missiles that "will provide China with a modern and robust sea-based nuclear deterrent force," the ONI stated in report made up of written answers to questions on the Chinese submarine buildup.

The ONI report was first disclosed to Sea Power magazine, and a copy was obtained by The Washington Times. It was the first time the Pentagon has identified the number of new Chinese strategic submarines under construction.

The five new missile submarines will "provide more redundancy and capacity for a near-continuous at-sea SSBN presence," the ONI said, which noted that sea trials for some of the submarines are under way and the first deployments could begin as early as next year.

The buildup is raising new concerns among senior Pentagon planners already worried by Beijing's broader strategic nuclear-forces buildup, which also includes several new long-range land-based nuclear missiles and a land-attack cruise missile similar to the Tomahawk.

"This is a troubling development," Richard Fisher, a specialist on the Chinese military with the private International Assessment and Strategy Center, said of the submarine buildup.

The five missile submarines, each equipped with 12 JL-2 missiles, shows that China is working to achieve a force of 120 long-range nuclear missiles over the next decade, about half of them to be carried on the submarines, Mr. Fisher said. The other half would be the 60 land-based DF-31 missiles that current deployment rates will give China by then, he said.

The 120 missiles also could have multiple-warheads, since China is known to have acquired all the needed technology from the U.S. during the 1990s.

Retired Vice Adm. Michael McConnell, commenting at a Senate Armed Services Committee hearing on Tuesday, said China's nuclear missiles pose a threat.

"It's a matter of they're building their military, in my view, to reach some state of parity with the United States," said Mr. McConnell, the new director of national intelligence. "So they're a threat today, they would become an increasing threat over time."

Little is known about China's nuclear forces and efforts by Pentagon officials to engage Chinese military leaders about their strategic weapons and forces has not been successful. China's government has insisted its current modernization is part of a peaceful development, but the contrasting strategic nuclear-forces buildup is worrying, defense officials said.

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Chinese Gen. Zhu Chenghu told reporters in 2005 that China would attack U.S. cities with nuclear weapons in response to any conventionally armed U.S. missile strikes against China during a conflict over Taiwan. Years earlier, Gen. Xiong Guangkai threatened to use nuclear weapons against Los Angeles if the U.S. helped Taiwan defend against a Chinese invasion of the island.

The missile-submarine buildup would provide Beijing with a major upgrade on current capabilities. In 1983, China built one Xia-class nuclear-powered ballistic missile submarine, reportedly with 12 1,000-mile range JL-1 missiles. But that solitary submarine has only twice test-fired its missiles and never ventured beyond China's regional waters.

"Although the range of the JL-1 limits the Xia's utility as a deterrent platform, targets throughout the region, including U.S. military facilities, could be targeted with the JL-1 from launch points inside traditional Chinese navy operating areas," the ONI said.

On China's new attack submarine, the ONI stated that China already has launched and is performing sea trials on an unspecified number of Type 093 nuclear-powered attack submarines. Published reports in China have said two Type 093 attack submarines are deployed and use "foreign technologies" and advanced anti-ship missiles and torpedoes.

The new advances are part of China's efforts to bolster its anti-ship weapons to permit strikes at greater ranges from the Chinese coast than its current diesel-powered submarine force offers, the ONI said. China currently is upgrading its current force of about 55 attack submarines -- most of them easy-to-track diesel boats -- with more-advanced and harder-to-track vessels, including Russian-made Kilos, and its own Song- and Yuan-class submarines.

"Each of these submarine classes, which are quiet platforms with anti-ship cruise missiles, is an integral part of China's regional anti-access strategy," ONI said. "The quieting incorporated into these submarines is required for successful operations in the open ocean operating areas which could facilitate the [Chinese navy's] wartime mission of keeping enemy combatants outside of strike range of the theater of operation."

A Song-class submarine surfaced undetected within five miles, well within firing range, of the aircraft carrier USS Kitty Hawk in October.

The ONI stated that China's maritime strategy is focused on blocking U.S. or Japanese intervention in a future conflict over Taiwan. To that end, Beijing has begun equipping its medium- and short-range ballistic missiles based on shore, hundreds of which are deployed across the Taiwan Strait from the island that the communist regime views as a renegade province, with maneuvering warheads.

These radar-guided or heat-seeking weapons "provide the accuracy necessary to attack a ship at sea," ONI said.

But China's rise in international trade and commerce, plus its growing dependence on imported foreign oil, also has expanded Beijing's maritime strategy from a mostly submarine force to one of building surface ships to "defend sea lines of communication" (SLOCs), because protecting sea-lanes with submarines is difficult.

ONI also said that in addition to new destroyers, "by 2020, China is likely to operate an aircraft carrier, the initial unit of which may be the refurbished ex-Varyag, acquired from Ukraine in 2000, to further support SLOC protection."

Beijing Likens Cheney Criticism To Nosy Neighbor (WT)

By Ed Lanfranco

The Washington Times, March 2, 2007

BEIJING -- Foreign ministry spokesman Qin Gang responded yesterday to Vice President Dick Cheney's remarks about China during his recent Asia trip with an earthy metaphor about home invasion and a barbed eight-point statement outlining China's diplomatic philosophy.

Mr. Qin's comments strayed far from the tepid boilerplate answers normally issued by the Ministry of Foreign Affairs when he was asked about remarks by Mr. Cheney, who had expressed concern over the transparency of Chinese military expenditures and suggested that China's anti-satellite test in January posed a threat to the world.

Acknowledging that the comparison might not be entirely appropriate, he said: "If you had a neighbor always standing at your doorstep, peering into your household and constantly shouting at you, 'Why don't you open your door and let me see what's in your house, what's in your family,' how would you feel about that?"

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Mr. Qin continued: "You wear your clothes, you wear your underwear, and when there are people shouting at you, 'Please take off all your clothes and let me see what's inside,' how would you respond? I think you will cry for police help.

"I hope such a comparison will help you better understand our position," Mr. Qin said.

The foreign ministry official then gave an eight-point statement on whether China poses a threat to the world, telling reporters, "We hope you can make your judgment on the basis of Chinese diplomatic philosophy and its precepts."

Here is the transcript of Mr. Qin's remarks:

"First of all China will not seek hegemony. We are still a developing country. We don't have the resources to seek hegemony. Even if China becomes a developed country, we will not seek hegemony.

"Second, China will not play power politics and we will not interfere with other countries' internal affairs. We will not impose our own ideology on other countries.

"Third, we maintain all countries, big or small, should be treated equally and respect each other. All affairs should be consulted and resolved by all countries on the basis of equal participation. No country should bully others on the basis of strength.

"Fourth, [in international affairs] China will make judgment on each case, each matter on the merit of the matter itself and we will not have double standards. We will not have two policies: one for ourselves and one for others. We will not do that. We believe we cannot do unto others what we do not wish others do unto us.

"Fifth, we advocate all countries handle their relations on the basis of the United Nations Charter and norms governing international relations. We advocate stepping up international cooperation and do not play politics unilaterally. We should not undermine the dignity and the authority of the U.N. We should not impose and set our own wishes above the U.N. Charter, international law and norms.

"Sixth, we advocate peaceful negotiation and consultation so as to resolve our international disputes. We do not resort to force, or threat of force, in resolving international disputes. China maintains a reasonable national military buildup to defend our own sovereignty and territorial integrity. It is not made to expand, nor do we seek invasion or aggression.

"Seventh, China is firmly opposed to terrorism and the proliferation of weapons of mass destruction. We are a responsible member of the international community, and as for international treaties, we abide by all them in a faithful way. We never play by a double standard, selecting and discarding treaties we do not need.

"Eighth, we respect the diversity of civilization and the whole world. We advocate different cultures make exchanges, learn from each other, and compliment one another with their own strengths. We're opposed to clashes and confrontations between civilizations, and we do not link any particular ethnic group or religion with terrorism."

A Cry To Limit Chinese Imports Rings At Paper Mill (NYT)

By Steven R. Weisman

The New York Times, March 2, 2007

LUKE, Md. — For years the residents of this economically distressed hollow in the Appalachians have watched textile mills, glass factories and tire makers close down one after the other. Now its lone remaining big factory — "the last man standing," as the production manager at the paper mill here put it — is threatened by imports of cheaper paper made in China.

"We're still the economic engine for this whole area," said Scott Graham, the production manager, referring to the river valley and forested hills surrounding the mill. "But our operations cannot compete with these below-cost imports."

It is a familiar story in the struggle of the American industrial base to cope with globalization, but this one may have a different ending.

The problems of paper mills here and elsewhere around the country have become a test case for a possible new confrontation between the United States and China, which many industry officials and members of Congress hope could lead to new tariffs on imports not only of Chinese-made paper but also of steel, furniture, textiles and plastics.

In coming weeks, the Commerce Department is expected to decide whether to impose duties on high-gloss paper known as "coated paper" — the kind made here in Luke — that is imported from China. Many trade specialists in Congress and in the industry expect it to do so. Indeed, China has gone to court to block the decision in advance.

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If imposed, the duties would set an important precedent, reversing 20 years of settled American trade policy in which the United States refrained from making accusations that "nonmarket economies" like China were granting illegal subsidies. In its court case, China argues that changing that policy without legislation or a full regulatory hearing would be illegal.

The Bush administration's decision to face the issue of subsidies comes at a time of mounting pressure by Congress for a tougher stance on trade. With the American trade gap with China widening to a record $232.5 billion last year — roughly one-third of the entire deficit — Democrats say that if the Commerce Department does not act, they will pass legislation forcing its hand.

Many lawmakers say it is time to stop treating China with kid gloves, arguing that Beijing no longer deserves a free ride in which it benefits from a special exemption generally forbidden to Japan, Europe and other advanced industrial powers.

"I'm glad the administration is finally doing something," said Representative Sander M. Levin, a Michigan Democrat and chairman of the trade subcommittee of the House Ways and Means Committee. "They are beginning to recognize that there was an election last year."

The travails of the Luke mill are similar to those of other aging factories. But the NewPage Corporation, the company that owns the plant and is the largest producer of the high-quality paper, argues that it has hardly stood still in the face of foreign competition.

Mr. Graham, the production manager, whose grandfather helped pour concrete for the mill's old 600-foot smokestack, points out that in seven years, the mill has invested hundreds of millions of dollars in labor-saving computerized equipment while reducing its work force to 1,000 from 1,500 and increasing its output by a third.

True, the plant, a sprawling complex on the upper reaches of the Potomac River, is fired by coal mined nearby and fed by huge quantities of water from local reservoirs, the same way it was when it was built in the 1880s here on the Maryland-West Virginia border.

Giant truckloads of trees are hauled up at one end of the mill. On the other end, thick rolls of shiny white paper are loaded on trucks. Among the clients for NewPage's paper are producers of annual reports, labels, Hollywood movie posters and the glossy catalogs put out by Williams-Sonoma, Pottery Barn and Neiman Marcus.

Although Chinese companies also use modern equipment, NewPage maintains that their real advantage results from subsidies. They include government grants for modernization, low-cost loans, debt forgiveness, tax breaks for export-oriented companies and subsidies for suppliers of wood and pulp.

China's market share in coated paper is still small, but rather than wait until Chinese producers dominate the business — as they have in things like toys and underwear — the paper mill's backers are hoping to block what they see as unfair competition before it is too late.

The involvement of NewPage in the Commerce Department's strategy was not accidental. Last year the department quietly informed critics of China's trade policies that it would be willing to review its longstanding policy of not challenging Chinese subsidies as illegal if they could come up with a clear-cut case.

Lawyers for NewPage say that Chinese producers charge $800 for a midgrade roll of paper, compared with the $1,000 the American company charges. The price differential alone does not prove the case, but it has enabled Chinese producers to increase their share of the American market from less than 1 percent in 2000 to 5.4 percent last year, the company says.

Under the complicated rules of trade, countries may impose tariffs in two situations: if an import is deemed to have been "dumped," or sold below cost; or if certain illegal subsidies were involved.

The first category of tariffs — to guard against dumping — are imposed, threatened, disputed, retaliated against and ultimately negotiated all the time. The United States and China have frequently accused each other of dumping, and antidumping tariffs are being contemplated in the coated-paper case.

What makes this case significant, however, is that the department announced last November that it was also investigating whether to seek duties above and beyond those, to punish China for illegal subsidies.

Antidumping duties are often low. But if antisubsidy duties are imposed, they could double the price of Chinese paper, eliminating it from the market entirely, lawyers for the Chinese government say.

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The Commerce Department is expected to announce its decision by April 2. The argument for changing the policy is that China has become a major aggressive player on the world economic stage, and that a policy forged when Beijing was just beginning to move away from communism — and its subsidies barely produced a ripple — is out of date.

Franklin L. Lavin, the under secretary of commerce for international trade, said that he could not comment on the merits of the case, but that politics did not play a role in the decision to investigate.

"Look at the timeline," he said. "This was not a response to the midterm elections or to politics. It's a response to the fact that the China of today is very different from the China of 15 years ago."

Lawyers handling the case for the Chinese government and for several Chinese companies say these subsidies are in effect being counted twice in the investigation of antidumping and antisubsidy actions.

"The fear is that this case is going to be exploited by industry after industry," said William H. Barringer, a partner at Vinson & Elkins, which represents the Chinese government on the issue. "The first people in the door will be steel. If this is upheld, China will be overwhelmed having to defend all these cases."

If China loses the case, it has the option of pursuing two kinds of appeals: one with the United States Courts of Appeals and the other with the World Trade Organization in Geneva. The lawyers for China say that Beijing would pursue these appeals rather than engage in any retaliatory tariffs on American goods.

Many experts see the coated-paper case as one of three recent administration moves to raise pressure on China and to try to pre-empt Congress, forestalling legislation that might dictate trade policy and possibly nullify past trade accords with China and other countries.

The other two were a February announcement by the United States trade representative, Susan C. Schwab, that the United States would challenge Chinese subsidies at the World Trade Organization in Geneva, and a parallel threat to seek relief at the trade organization if China did not do more to crack down on piracy and counterfeit goods.

The administration's tougher stance also comes at a time of little progress in the so-called strategic economic dialogue with China, begun with great fanfare last fall by Treasury Secretary Henry M. Paulson Jr.

"It's clear these steps are intended to slake Congressional appetites and avert legislation that would put President Bush in a bind," said Gary C. Hufbauer, a senior fellow and trade expert at the Peter G. Peterson Institute for International Economics in Washington. "It's also designed to give some heft to the 'strategic economic dialogue.' "

Some in Congress also see the China actions as a sign that Mr. Paulson, who resigned as chief executive of Goldman Sachs to become Treasury secretary last summer, realizes that his policy toward Beijing is faltering. A main focus has been a failed effort to persuade China to stop interfering with its currency levels in a way aimed at promoting exports.

"When Paulson came in, he thought all you have to do is talk logic with the Chinese," said Senator Charles E. Schumer, Democrat of New York and a vociferous critic of China. "They talked very nicely and gave him ice in the winter. Now he's learning that you have to be tougher. It's not like doing a deal with Goldman Sachs."

A spokeswoman for Mr. Paulson, Brookly McLaughlin, said that the dialogue was "not designed to replace other bilateral negotiations or the necessary enforcement of our trade laws." Mr. Paulson, meanwhile, will be trying to shore up his approach with a visit to China in March, his third since taking office.

The policy rests on the basic idea that American consumers gain tremendous benefits from access to goods from China and that the American economy has proved itself capable of adapting to even the most intense foreign competition, in that way constantly advancing the nation's prosperity and productivity.

But that perspective does not carry much weight here in Luke.

"Somebody's got to be left who can do more than flip burgers for a living," said Thomas Caldwell, who ran a machine cutting rolls of paper into sheets at the plant before becoming president of the local union seven years ago. "I'm scared to death of how my grandkids are going to have to deal with this."

U.S., Brazil Plan Ethanol Partnership (USAT)

By David Jackson

USA Today, March 2, 2007

DOJ_NMG_0138912

WASHINGTON — U.S. and Brazilian officials are negotiating details of an ethanol partnership in advance of President Bush's scheduled visit to Brazil next week.

"We are interested in forming a global ethanol market" with the United States, Brazilian Foreign Minister Celso Amorim said this week.

If completed, the planned deal would help increase both nations' production of ethanol, creating significant economic as well as political implications.

First, expanding world ethanol markets would help the USA and other nations reduce their dependence on foreign oil. Also, reduced demand for oil might reduce the clout of Venezuelan President Hugo Chávez, who has tried to use his nation's oil reserves to undercut U.S. policies in the region.

The USA and Brazil produce more than 70% of the world's ethanol; the U.S. supply comes mainly from corn, while Brazil taps its abundant sugar cane crop.

Today, officials from the United States, Brazil, China, India, South Africa and the European Commission will announce the creation of the International Biofuels Forum. The group, affiliated with the United Nations, will work to create worldwide ethanol standards.

White House press secretary Tony Snow declined to comment on ongoing negotiations.

Bush will visit São Paulo on Thursday and Friday in the first stop of a week-long journey that also includes Uruguay, Colombia, Guatemala and Mexico. In Brazil, Bush is scheduled to discuss alternative energy sources with President Luiz Inácio Lula da Silva.

The presidential tour comes just a few weeks after Latin American visits by State Department officials who discussed an ethanol deal with Brazilian officials.

Undersecretary of State Nicholas Burns told reporters Feb. 13 that the United States and Brazil should work together on research to make ethanol production more efficient.

An ethanol partnership would also seek "a global market," Burns said. "This will be a big issue for the president's visit, for us to cooperate."

Burns said one of the motivations is Bush's goal of reducing U.S. gas consumption by 20% over the next decade. Bush has touted ethanol as a way to wean the USA off what he calls its "addiction" to oil.

A report this week by the Government Accountability Office said Brazil has replaced its foreign oil imports with ethanol. Brazil started its ethanol program in 1975.

Amorim said Brazil also plans to ask the United States to cut tariffs on ethanol imports.

Some members of Congress from corn-growing states have already said they oppose cutting ethanol tariffs. Sen. Chuck Grassley, R-Iowa, wrote Bush to oppose some of the proposals being discussed, including a pilot ethanol plant in the Caribbean region.

Grassley said he doesn't understand using U.S. tax dollars "to encourage new ethanol production in other countries, production that could directly compete with U.S.-produced ethanol."

Johanna Mendelson Forman, who studies renewable energy at the Washington-based Center for Strategic and International Studies, said the Caribbean is a potentially valuable ethanol market because many of those countries currently buy oil from Chávez.

"Creating an independent region that does not depend on Chávez's oil is a medium-to-long-term goal," she said.

Chávez has dismissed Bush's upcoming trip as "destined for the depths of defeat."

Report: Pakistan Nabs Key Taliban Insurgent (USAT)

USA Today, March 2, 2007

Pakistan arrested a former Taliban defense minister regarded as a top figure in the Afghan insurgency, three Pakistani intelligence officials said today. Mullah Obaidullah Akhund is a key associate of Mullah Omar, the fugitive Taliban leader.

Akhund was among five Taliban suspects arrested in a raid on a home in the city of Quetta earlier this week, an official told the Associated Press. The official requested anonymity because he was not authorized to speak to reporters. Two other

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intelligence officials in Quetta, who also didn't want to be named because of the sensitive nature of their jobs, would only confirm the arrests to the AP. There was no official confirmation from the Pakistani government.

The New York Times, citing two unnamed Pakistani officials, said Akhund was arrested on Monday, the day U.S. Vice President Cheney visited Pakistan.

Peacekeeping force arrives in Somalia

Ugandan troops flew into Somalia, the first contingent in an African peacekeeping force to shore up a United Nations-backed transitional government threatened by Islamic militants.

The 30 Ugandan soldiers arrived in Baidoa, seat of the government, Police Chief Adan Biid Ahmed said. Somali troops backed by Ethiopian soldiers ousted the Council of Islamic Courts militia from the capital, Mogadishu, in December, but the militants have staged daily guerrilla attacks.

Somalia has not had an effective central government since 1991 when warlords overthrew a dictator and then turned on one another.

Cuban minister: Castro may return soon

Fidel Castro "could return to work soon," Cuban Foreign Minister Felipe Perez Roque said during a visit to Honduras. "I can't give an exact date," he said, "That will happen when he has satisfactorily concluded his recovery period." Perez Roque's comments follow other positive assessments of Castro's health from officials and relatives. Castro, 80, stepped aside in July after surgery for an undisclosed stomach ailment. His brother, Raul, has been in charge.

Continental Divide: U.S. Stirs Debate Over Africa Bank (WSJ)

By Michael M. Phillips

The Wall Street Journal, March 2, 2007

TUNIS, Tunisia -- To the Bush administration, it seems obvious: The African Development Bank's headquarters should be in black Africa.

Four years ago, the bank, which funds development and antipoverty efforts, fled civil war in its longtime home in Ivory Coast for a temporary refuge in Tunisia, a stable country in Arab North Africa. Now, the U.S. says, it's time for the bank to leave Tunisia, give up hopes of returning to Ivory Coast, and find a new permanent home somewhere else south of the Sahara.

"A permanently temporary location simply will not do," Ahmed Saeed, a senior U.S. Treasury official, said at the bank's annual meeting last May.

In a roomful of African and European bank delegates, not a single person rose to endorse the U.S. position. Instead, the suggestion that the bank move has fueled a prickly fight involving African pride and European colonialism, with accusations traded about Arab racism and American arrogance.

Many black African and European member nations agree in principle that the bank should have its headquarters in a sub-Saharan country. What's more, some black Africans say they experience racism in Tunisia. "People call you 'monkey,' " says one West African banker. "Sometimes you feel like killing the person. But you just give up."

But leaving Ivory Coast permanently, black Africans fear, would signal that a country once hailed as a model of African hope is now just another horror story. North Africans quietly hope that if they bide their time, the bank will end up staying in Tunisia out of bureaucratic inertia.

And everyone but the U.S. thinks pressing the issue is the diplomatic equivalent of hitting a hornet's nest with a stick. "We should not even open this discussion," says one senior bank official from black Africa.

Since it was established in Abidjan, Ivory Coast, by African heads of state in 1964, the bank has provided more than $56 billion in financing. Although it went through financial woes and mismanagement in the 1990s, the bank's supporters say it is now back on track to fight poverty and disease. Tapping financial markets and rich-country donations, the bank's efforts include grants to fight the Marburg virus in Angola, loans to build roads in Congo and credits to support state banks in Tunisia. The U.S., one of the 77 member nations, is contributing $138 million to the bank this year.

For years, the bank's home country stood as a shining example of Africa's potential. Ivory Coast boasted good roads, fine restaurants and West Africa's only ice-skating rink.

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Things fell apart in 2002, when rebels attempted to overthrow President Laurent Gbagbo, triggering massacres and civil war. With gunfire in the air, managers of the development bank frantically evacuated about 1,000 employees and their families in early 2003. The bank picked Tunisia as a temporary refuge in large part because of the stability offered by the dictatorial government of President Zine el Abidine Ben Ali.

The new home sparked something of a culture clash, both bank and Tunisian officials say. The influx of thousands of bank professionals and their families jarred a country that had little experience with black Africans, except as students or laborers. Bank professional staff earn between $48,000 and $150,000 a year, far more than the average Tunisian, and many drive Mercedes or BMW sedans with easily identifiable African Development Bank license plates. They say they have often returned to their parked cars to find them intentionally scratched.

"Sometimes we're our own worst enemies," says one East African bank official. "We're too ostentatious for our own good."

Four years after the move, Ivory Coast remains in limbo. Some 10,000 French and United Nations troops patrol a buffer zone between the government-controlled south and the rebels in the north. The bank's official home is still Abidjan, but the Bush administration believes returning there isn't in the cards. This month President Bush cited "the massacre of large numbers of civilians" and "widespread human-rights abuses" in Ivory Coast in an executive order freezing assets of those contributing to the violence.

U.S. Treasury officials who want the bank to find a permanent home say Tunis is inconvenient because it has no direct flights to most of eastern, central or southern Africa. A bank staffer going to negotiate a loan in Rwanda might have to spend a night in Paris and another in Nairobi. Washington also believes it enjoys more support than is apparent on the surface, especially from Anglophone southern and eastern Africa. Ethiopia and Zambia have quietly let it be known that they'd be happy to host the bank, according to an official familiar with the discussions.

Publicly, most Africans aren't ready to abandon Ivory Coast. "Most people feel if your neighbor is in trouble, you should help him and not just run away," says Gerald Zirimwabagabo, who represents Rwanda, Ethiopia, Uganda and several other nations on the bank's board of directors.

France, the former colonial ruler of both Tunisia and Ivory Coast, is particularly reluctant to see the bank move to a country where people don't speak French. Meanwhile, many European staff members enjoy hopping to Rome, Paris and other European capitals for long weekends. "My opinion is that this relocation in Tunis will continue" until Ivory Coast stabilizes, says Francesco Pittore, who represents Italy, France and Belgium on the board of directors. It cost an estimated $100 million to move out of Abidjan, he says.

Tunisian officials say they aren't working to supplant Ivory Coast. "But if the question is on the table about finding a new permanent headquarters, we would present our candidacy to be the host," says Moncef Bouallagui, Tunisia's representative on the board of directors. Tunisia aspires to be a regional financial center, and Mr. Bouallagui says the bank's presence is "a sparkling sign to other businesses that people trust Tunisia."

Largely unspoken in the public debate is simmering discontent with Tunis among the bank's black African staff. The employees' union estimates that three-quarters of the bank's staff are living apart from their children, spouse or both. Many employees had lived in Ivory Coast for a decade or more prior to the evacuation. They owned homes that, in some cases, now sit empty. Many of their spouses ran small businesses; in Tunis, they typically need a Tunisian as a majority partner to go into business.

Black Africans say they feel unwelcome in Tunis. "They look at you like you're from Mars," says one veteran Central African bank staffer. While bank employees say such overt racism has diminished in recent years, they still encounter it.

"I don't say that kind of behavior doesn't exist," says Moufida Jaballah Srarfi, a director in Tunisia's Ministry of Development and International Cooperation. "As a Tunisian, if I go to Europe or another country maybe I'll encounter racist behavior. But I can't judge all Westerners as racist based on one case. We can't pigeonhole people."

One Tunisian, Isabelle Naouar, senses opportunity among the homesick and well-off. Last month, she opened a restaurant next door to the bank. The decor is West African, the chef Ivorian, and the tables full.

"We hope the bank won't move back," she says.

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Speeding HIV's Deadly Spread (WP)

By Craig Timberg

The Washington Post, March 2, 2007

FRANCISTOWN, Botswana -- The young and hip at ground zero of the AIDS epidemic meet, drink and pair off under the knowing gaze of bartender Brian Khumalo. Sometimes they first buy a three-pack of condoms from the box he keeps by the liquor, sometimes not.

Night after night they return for the carefree, beery vibe, with the same partners or new ones, creating a web of sexual interaction. A growing number of studies single out such behavior -- in which men and women maintain two or more ongoing relationships -- as the most powerful force propelling a killer disease through a vulnerable continent.

This new understanding of how the AIDS virus attacks individuals and their societies helps explain why the disease has devastated southern Africa while sparing other places. It also suggests how the region's AIDS programs, which have struggled to prevent new infections even as treatment for the disease has become more widely available, might save far more lives: by discouraging sexual networks.

"The problem of multiple partners who do not practice safe sex is obviously the biggest driver of HIV in the world," said Ndwapi Ndwapi, a top government AIDS official in Botswana, speaking in Gaborone, the capital. "What I need to know from the scientific community is, what do you do? . . . How do you change that for a society that happens to have higher rates of multiple sexual partners?"

Khumalo, 25, tall and lanky with a crooked-toothed smile, described the problem succinctly as he pointed to a spiky-haired woman in a corner booth of the bar. "She's new around here, so every guy is going to talk to her," he said. "She will be with me today. Tomorrow she will be with my best friend. And I will be with somebody else."

Khumalo moved from Gaborone to Francistown last March, finding a city of 85,000 with a red-brick downtown, modest concrete homes and an accommodating sexual culture. The first night, he slept with a woman he had just met, he said. He did the same the second night, the third, the fourth.

Though he used condoms each time, he said, an alarmed friend soon drove him to the white, low-slung buildings of Francistown's biggest AIDS clinic. "I saw thousands of beautiful women going to get pills," Khumalo recalled.

It scared him, but not enough. By the end of the year, Khumalo had slept with more than 100 women, he said.

But the number of sexual partners is not the only factor that increases the risk of AIDS. The most potentially dangerous relationships, researchers say, involve men and women who maintain more than one regular partner for months or years. In these relationships, more intimate, trusting and long-lasting than casual sex, most couples eventually stop using condoms, studies show, allowing easy infiltration by HIV.

Researchers increasingly agree that curbing such behavior is key to slowing the spread of AIDS in Africa. In a July report, southern African AIDS experts and officials listed "reducing multiple and concurrent partnerships" as their first priority for preventing the spread of HIV in a region where nearly 15 million people are estimated to carry the virus -- 38 percent of the world's total.

But for many Batswana, as citizens of this landlocked desert country of 1.6 million call themselves, it is a strategy that has rarely been taught.

"There has never been equal emphasis on 'Don't have many partners,' " said Serara Selelo-Mogwe, a public health expert and retired nursing professor at the University of Botswana, who recalled stepping past broken bottles and used condoms as she arrived on campus each Monday morning. "If you just say, 'Use the condom' . . . we will never see the daylight of the virus leaving us."A Lethal Mix of Causes

International experts long regarded Botswana as a case study in how to combat AIDS. It had few of the intractable social problems thought to predispose a country to the disease, such as conflict, abject poverty and poor medical care. And for the past decade, the country has rigorously followed strategies that Western experts said would slow AIDS.

With its diamond wealth and the largess of international donors, Botswana aggressively promoted condom use while building Africa's best network of HIV testing centers and its most extensive system for distributing the antiretroviral drugs that dramatically prolong and improve the lives of those with AIDS.

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But even though the relentless pace of funerals began to ease in recent years, the disease was far from under control. The national death rate fell from the highest in the world, but only to second-highest, behind AIDS-ravaged Swaziland. Men and women in Botswana continued to contract HIV faster than almost anywhere else on Earth.

Twenty-five percent of Batswana adults carry the virus, according to a 2004 national study, and among women in their early 30s living in Francistown, the rate is 69 percent.

Researchers increasingly attribute the resilience of HIV in Botswana -- and in southern Africa generally -- to the high incidence of multiple sexual relationships. Europeans and Americans often have more partners over their lives, studies show, but sub-Saharan Africans average more at the same time.

Nearly one in three sexually active men in Botswana reported having multiple, concurrent sex partners, as did 14 percent of women, in a 2003 survey paid for by the U.S. government. Among men younger than 25, the rate was 44 percent.

The distinction between having several partners in a year and several in a month is crucial because those newly infected with HIV experience an initial surge in viral loads that makes them far more contagious than they will be for years. During the three-week spike -- which ends before standard tests can even detect HIV -- the virus explodes through networks of unprotected sex.

This insight explained what studies were documenting: Africans with multiple, concurrent sex partners were more likely to contract HIV, and countries where such partnerships were common had wider and more lethal epidemics.

A model of multiple sexual relationships presented at a Princeton University conference in May showed that a small increase in the average number of concurrent sexual partners -- from 1.68 to 1.86 -- had profound effects, connecting sexual networks into a single, massive tangle that, when plotted out, resembles the transportation system of a major city.

A second key factor helping the virus spread through southern Africa is low rates of circumcision. Before European colonialists arrived, most tribes in the region removed the foreskins of teenage boys during manhood rituals. Those rites, which were discouraged by missionaries and other Westerners who regarded them as primitive, have gradually declined as the region rapidly modernized.

Dozens of studies, including three experimental trials conducted in Africa in recent years, show that circumcised men are much less likely to contract HIV because the most easily infected cells have been removed.

These factors, researchers say, explain how North Africa, where Muslim societies require circumcision and strongly discourage sex outside monogamous and polygamous marriages, has largely avoided AIDS. They also explain why the epidemic is far more severe south of the Sahara, where webs of multiple sex partners are more common, researchers say.

West Africa has been partially protected by its high rates of circumcision, but in southern and eastern Africa -- which have both low rates of circumcision and high rates of multiple sex partners -- the AIDS epidemic became the most deadly in the world.

"That's the lethal cocktail," said Harvard University epidemiologist Daniel Halperin, a former AIDS prevention adviser in Africa for the U.S. government, speaking from suburban Boston. "There's no place in the world where you have very high HIV and you don't have those two factors."No Word for 'Fidelity'

From under the broad thatched roof of Francistown's Customary Court, which handles minor crimes and misconduct, Chief Judge Ludo Margaret Mosojane had long suspected that the city's torrent of AIDS deaths flowed from its sexual culture. Each year brought more cases resulting from elaborate, overlapping relationships, she said.

"It explains why Africa is hardest hit" by AIDS, Mosojane said. "The way we contract for sex is different from how others do it."

Polygamy once was common in the region, and in some parts still is; Swaziland's king has 13 wives. In generations past, even Batswana with just one spouse rarely expected monogamy. Husbands spent months herding cattle while their wives, staying elsewhere, tended crops, Mosojane said. On his return, a husband was not to be quizzed about his activities while he was away. He also was supposed to spend his first night back in an uncle's house, giving his wife time to send off boyfriends.

In Setswana, the national language, "the word 'fidelity' does not even exist," Mosojane said.

The few checks that traditional villages had on sexual behavior dwindled during the development frenzy after 1967, when diamonds were discovered. Batswana increasingly moved to cities for school or work. Plentiful television sets delivered a flood of

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Western images, including racy soap operas and music videos featuring lightly clad women vying for the attention of wealthy, bejeweled men.

Francistown, with nearby mines, military camps and border posts overflowing with desperate refugees, changed faster than most cities. Amid the bustling malls, there was soon an unsettling concentration of young adults because so many people ages 35 to 50 had already died of AIDS complications, residents say.

Faruk Maunge, 36, a high school counselor whose dreadlocks, goatee and rectangular glasses give him a cosmopolitan air, noticed the changes when he returned from stays abroad. "They are just a lost bunch," he said. "They are very, very reckless."

Maunge said that rent, clothing, even cellphone airtime became part of implicit sexual exchanges. Men and women maintained two, three, even four regular partners. The toll was clear from the snapshots he kept in a green plastic first-aid box.

"This one is gone," Maunge said, pointing to a faded picture of a woman in a red top who was nibbling her fingernails. Moving deeper into the pile, he continued: "This one is gone, Mooketsi. And this one is gone, Themba. This one is gone, too, this one on the far left. This one is positive."

With a hint of frustration, Maunge said of one man, "He's sleeping around again." Maunge also grew irritated at a picture showing a friend with AIDS who seemed to father a child -- he was awaiting his fourth -- with every girlfriend.

Maunge said he once was reckless, too, having sex with three women in a week, sometimes without condoms. But after watching the disease kill more than 20 of his friends, he settled down with a new girlfriend and stayed faithful, he said.

"Praise God, I've been lucky," Maunge said. "It's like you have 10 bullets going through you and none hits you."The Missing Message

On a hospital wall here, not far from the AIDS clinic that Khumalo visited with his friend, the painted image of a condom shimmers like a comic-book superhero. Giant, colorful block letters declare, "CONDOMISE AND STAY ALIVE!!"

In cramped black script below, it adds, "Abstain first."

Yet rarely seen among Botswana's AIDS prevention messages is one that has worked in other African countries: Multiple sex partners kill. Dubbed "Zero Grazing" by Ugandan President Yoweri Museveni, this approach dominated in East Africa, where several countries curbed HIV rates.

Fidelity campaigns never caught on in Botswana. Instead, the country focused on remedies favored by Western AIDS experts schooled in the epidemics of America's gay community or Thailand's brothels, where condom use became so routine it slowed the spread of HIV.

These experts brought not just ideas but money, and soon billboards in Botswana touted condoms. Schoolchildren sang about them. Cadres of young women demonstrated how to roll them on. The anti-AIDS partnership between the Bill & Melinda Gates Foundation and drugmaker Merck budgeted $13.5 million for condom promotion -- 25 times the amount dedicated to curbing dangerous sexual behavior.

But soaring rates of condom use have not brought down high HIV rates. Instead, they rose together, until both were among the highest in Africa.

The focus on condoms endured even after the arrival of internationally heralded "ABC" programs, named for their prescription of "Abstain, Be Faithful and Condomize." The middle concept -- fidelity -- often got lost.

The few posters advocating it in Francistown are old and torn; ads for condoms and abstinence are far more prominent. A 2004 government study measured the result: Three-quarters of Batswana surveyed knew that condoms could stop the spread of HIV. Half knew that abstinence would. Yet only one in five knew that fidelity to a single, uninfected partner prevented spreading the disease.

Another U.N. Classic (WSJ)

The Wall Street Journal, March 2, 2007

Whenever the United Nations weighs in on human rights, our thoughts invariably turn to Lewis Carroll. A recent contretemps between U.S. diplomats and the U.N. bureaucracy takes us through the Turtle Bay looking glass again.

On the occasion of the annual meeting of the U.N.'s Commission on the Status of Women, the American delegation decided to organize a panel on the subject of "State-Sanctioned Mass Rape in Burma and Sudan." After years of reporting by

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human-rights organizations about atrocities committed by government forces against women in both countries, that sounds like a reasonable topic to discuss.

Enter U.N. bureaucrat Sylvie Cohen of the Division for the Advancement of Women. Ms. Cohen refused to list the panel discussion on the U.N.'s Web site because it "would be perceived as offensive to named member states." Besides, "the name of one member state concerned is not mentioned in accordance with its official country name." That name is "Myanmar," which is what the military junta that seized power in Burma renamed the country in 1988. The Burmese democracy movement of Aung San Suu Kyi continues to call it by its rightful name, and we'll stick with her over the junta.

Even more amazing is that a U.N. organization that purports to look out for the interests of women seems more concerned about defending the sensibilities of the governments who harbor and support their rapists. Come to think of it, this isn't a Lewis Carroll episode at all. At the U.N., it's routine.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Australian Detainee Is Charged Under '06 Law (WP)

By Josh White

The Washington Post, March 2, 2007

Pentagon officials announced yesterday that David M. Hicks, an Australian detainee in U.S. custody for more than five years, will face two counts of providing material support for terrorism, the first time anyone has been charged under the U.S. law passed last year governing military trials for some foreign terrorism suspects.

The case against Hicks marks the first use of rules established by the Military Commissions Act of 2006, enacted when Republicans controlled Congress and after the U.S. Supreme Court struck down earlier rules for the military trials.

Some Democrats, with their party now in control of Congress, have been outspoken about wanting to revamp the Military Commissions Act to provide suspects with more rights and to eliminate the use of evidence obtained through coercion. Sens. Christopher J. Dodd (D-Conn.), Patrick J. Leahy (D-Vt.) and Arlen Specter (R-Pa.) have introduced legislation that would restore the rights of detainees such as Hicks to challenge their detentions via habeas corpus petitions. A federal appeals court in Washington recently ruled that such challenges are prohibited.

The filing of charges could also prompt Hicks's attorneys to initiate a legal challenge of the law. Defense attorneys for a group of foreign nationals at the military prison at Guantanamo Bay, Cuba, including Hicks, have filed lawsuits stating that the law's provisions are unconstitutional, but they recently lost at the appellate level.

The detainees' lawyers said they plan to file a petition Monday for an expedited Supreme Court hearing. Another Guantanamo detainee, Salim Ahmed Hamdan, filed a petition with the Supreme Court this week alleging that the Military Commissions Act is unconstitutional.

Sen. Lindsey O. Graham (R-S.C.), who has long supported the Military Commissions Act, said yesterday that he believes that Hicks will receive a fair trial and that if he is found guilty, the U.S. judicial system will properly review the commissions process as part of an automatic appeal.

"After four years of starts and stops, I am pleased to see this trial is going forward," Graham said. "Mr. Hicks deserves his day in court."

A defense official familiar with the military commissions said yesterday that the department expects legal challenges but will go ahead with a mandated arraignment of Hicks within 30 days.

Australian officials have protested the length of Hicks's captivity without trial and have been pressing the United States to try him swiftly and send him back to Australia to serve any sentence. Prime Minister John Howard said he raised the issue with Vice President Cheney when Cheney visited Australia last week.

U.S. officials said last year that they would be willing to transfer Hicks to Australia after he faces a military commission, and the entreaties by a close ally could have spurred U.S. officials to move his case forward.

Hicks, 31, a former kangaroo skinner, is among 10 Guantanamo detainees who were designated to face military commissions in 2004, before legal challenges stopped the process. He is not accused of crimes related to the Sept. 11, 2001, attacks in the United States or of having attacked U.S. troops or anyone else.

"The first thing out of the chute has nothing to do with 9/11, and I think that raises a lot of questions," said Jumana Musa of Amnesty International. "Is this a practice military commission?"

Susan J. Crawford, the convening authority for the military commissions, referred two charges of providing support to terrorist groups against Hicks but did not find probable cause for a charge of attempted murder levied against him by military prosecutors.

According to charging documents, Hicks spent 1999 through 2001 working and training with extremist groups in the Balkans, Pakistan and Afghanistan before joining up with al-Qaeda. Military prosecutors wrote that Hicks provided information to his captors that linked him to conversations with Osama bin Laden and to several training camps in Afghanistan.

Hicks allegedly "collected intelligence on the American Embassy" in Kabul in 2001, and after the Sept. 11 attacks he went to Kandahar, Afghanistan, where he received an AK-47 rifle and guarded a tank as U.S. forces began their bombing campaign, according to charging documents.

Military prosecutors allege that Hicks later traveled to Kunduz, Afghanistan, and joined al-Qaeda, the Taliban and others "on the frontline outside the city for two hours" before trying to escape to Pakistan in a taxi.

Also yesterday, officials transferred five more detainees out of the Guantanamo Bay detention facility, sending two to Afghanistan and three to Tajikistan. That raises the total released or transferred to about 390. Another 385 remain.

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U.S. Charges Australian Detainee With Supporting Terrorism (MCT)

By Carol Rosenberg

McClatchy Newspapers, March 1, 2007

The Pentagon on Thursday formally accused an Australian citizen being held at Guantanamo Bay, Cuba, with a single charge of providing material support for terrorism, setting the stage for the first military trial of a terrorism suspect under legislation that Congress passed last year.

The charge alleges that David Hicks, 31, a onetime Outback cowboy and kangaroo skinner, was in league with al-Qaida at the time of the U.S. invasion in 2001, had met with al-Qaida leader Osama bin Laden and had joined Taliban and al-Qaida supporters who were fighting U.S.-allied forces outside Kunduz, Afghanistan, during combat Nov. 9, 2001.

Hicks fled the fighting with bullets flying overhead as U.S.-allied tanks roared through trenches, the charges claim, and was captured as he was attempting to flee to Pakistan.

Under new procedures, which Congress approved after the Supreme Court ruled that an earlier Pentagon trial scheme was illegal, Hicks must be arraigned within 30 days. His trial must be within 90 days after that, meaning his case will go before a military commission by July.

It would be the first U.S. war-crimes trial since World War II.

The decision to charge Hicks only with supporting al-Qaida was something of a surprise. Prosecutors initially also had charged him with attempted murder, alleging that he had directed "small arms fire, explosives or other means and methods with the intent to kill diverse persons."

But that charge was crossed out on the official charge sheet by Susan J. Crawford, a former chief of the military appeals-court system whom Defense Secretary Robert Gates recently put in charge of the commission's process.

The Pentagon offered no explanation why the charge was dropped, merely releasing the original charge sheets with a bold pen stroke across the attempted murder section, accompanied by Crawford's handwritten initials and Thursday's date.

Hicks' defense attorney, Marine Maj. Dan Mori, slammed the prosecution, charging that Hicks had been held for five years at Guantanamo on "made-up offenses."

"David has been charged with only one offense: material support of terrorism," Mori said. "Such a charge has never existed in the laws of war."

Other international law experts also questioned the charge.

"If he's not in a foreign army, not in a uniform, simply a guy who has shown up with an AK-47 and starts taking potshots at us, he's not a foreign combatant. He's a common criminal. You don't try him in a military commission," said Michael Byers, a professor of international law at the University of British Columbia in Canada.

Byers, who has taught at law schools in the United States, Israel and South Africa, said the Bush administration sought to create a third kind of justice for alleged al-Qaida terrorists that didn't exist under international law or existing U.S. military or civilian law.

"If you were a prisoner of war who had violated the laws of war, then you could be charged with a war crime," he said. "And if you were a civilian who had attempted to kill someone you could be charged with murder; and this middle category simply didn't exist."

Hicks is among the best-known captives at the remote U.S. Navy base in southeast Cuba, in part because his five-year detention without trial has stirred controversy in human rights circles in his homeland, a staunch war-on-terrorism ally of the Bush administration.

The eight-page charge sheet casts him as an illegitimate warrior trying to repel the 2001 U.S. invasion that toppled the Taliban and routed al-Qaida in reprisal for the 9-11 attacks.

It describes the Christian-born Hicks as a globe-trotting convert to Islam who fought as a member of the Kosovo Liberation Army in the Balkans before traveling to Pakistan in 1999, where he joined a terrorist organization known as the Army of the Righteous or Army of the Pure.

It says he traveled to Afghanistan in 2001, where he attended al-Qaida training camps, stayed in a residence that also housed shoe-bomber Richard Reid and met al-Qaida leader Osama bin Laden, to whom he complained about a lack of English-language training materials.

At one point during the U.S. invasion of Afghanistan, the charge sheet alleges, Hicks was issued an AK-47 rifle and he guarded a tank.

Later, near Kunduz, he allegedly spent two hours on the front line before it collapsed and was forced to flee. During the retreat, Hicks saw "bullets flying and (U.S. ally) Northern Alliance tanks coming over the trenches." Also present at that battle was American John Walker Lindh, who's now in a U.S. prison.

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Hicks has been at remote Guantanamo since the prison camp was established in January 2002, in a crude compound called Camp X-Ray.

The Pentagon offered no explanation on why it charged Hicks first.

The chief prosecutor, Air Force Col. Morris Davis, last month recommended charges against three captives: Hicks, Canadian Omar Khadr, 20, and Yemeni Salim Hamdan, 36, bin Laden's onetime driver in Kandahar, Afghanistan.

It was Hamdan's Navy defense lawyer who successfully challenged the first war-crimes court format all the way to the Supreme Court.

U.S. Files Charges Against Australian Citizen (AP)

By Anne Flaherty, Associated Press Writer

AP, March 2, 2007

(AP) - WASHINGTON-The United States has filed charges against David Hicks, an Australian citizen suspected of aiding the Taliban in Afghanistan and the first terrorism-war era detainee to be charged by the Defense Department under new rules for military commissions.

The decision was made even though officials of Australia already had asked the United States not to bring such charges. Australia has been a steadfast ally to the Bush administration in fighting terrorism.

Hicks is a former kangaroo skinner captured in Afghanistan in December 2001. He has been held at Guantanamo Bay, Cuba, for more than five years without trial.

According to government officials and documents, the Defense Department will announce that Hicks is being charged with "providing material support for terrorism." Hicks would be have a trial in a special military tribunal, established in a law that Congress passed last year, rather than a civilian court. Opponents have vowed to challenge the constitutionality of the military tribunal proceedings.

An earlier formulation of such military tribunals was declared unconstitutional last year by the Supreme Court.

Hicks' legal status has been a sore spot for Australia. Last month, nearly half the members of Australia's Parliament signed a letter to the U.S. Congress appealing for help repatriating him.

The topic was also discussed this month in a meeting between Vice President Dick Cheney and Australian Prime Minister John Howard. Under growing public pressure, and with elections due later this year, Howard has begun pushing U.S. officials to deal with Hicks' case more quickly.

Last year, the Supreme Court said that the court system in place at the time for these detainees was illegal and violated international agreements on the treatment of military prisoners.

In the fall, Congress passed a law that outlined the rules for trying terrorism suspects; the system is intended to protect classified information and provides detainees with fewer rights than civilian or military courts.

According to a Pentagon official, who asked not to be identified because the announcement had not been made, the military is expected to file charges soon against another nine detainees.

Once formal charges are filed, a timetable requires preliminary hearings within 30 days and the start of a jury trial within 120 days at Guantanamo Bay, where nearly 400 men are held on suspicion of links to al-Qaida or the Taliban.

HOMELAND RESPONSE:

Bush Acknowledges Gulf Coast Troubles (AP)

By Ben Feller

AP, March 2, 2007

President Bush on Thursday acknowledged the deep frustration of Hurricane Katrina victims and said the federal government shares the blame for the slow recovery of the Gulf Coast.

He gave residents of the battered region a message: "The federal government still knows you exist."

In stops across coastal Mississippi and Louisiana, Bush defended the federal allotment of $110 billion in relief aid. Of that total, less than half has been spent.

"If it is stuck because of unnecessary bureaucracy, our responsibility at the federal, state and local level is to unstick it," Bush said at Samuel J. Green Charter School, which recovered from flooding.

In his first visit to the region in six months, Bush sought to fight the perception that those whose lives were devastated by the August 2005 storm had fallen off his agenda.

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The Bush administration's initial response to the most destructive natural disaster in U.S. history was widely seen as a failure.

And the president is still dogged by criticism. Democratic lawmakers are pushing for more action.

"I committed to the people of this part of the world and the Gulf Coast that the federal government would fund recovery — and stay committed to the recovery," Bush said during his 14th trip to the region. It was his first visit since the one-year anniversary of the storm.

Much of New Orleans outside the tourist areas remains in shambles. Violent crime has soared and health care is limited. Many residents are thinking of getting out for good.

On the outskirts of the French Quarter, Bush had lunch at Li'l Dizzy's Cafe with Louisiana officials. Sitting next to him was New Orleans Mayor Ray Nagin, who has been outspoken in demanding a better federal response. Bush later lauded Nagin as a strong-willed leader.

Exasperated officials from the region said it was telling that Katrina did not get a mention in Bush's State of the Union speech in January.

"If you don't get New Orleans straight, the United States will never be the same," said Wayne Baquet, who owns the cafe where Bush ate. It was flooded and looted during Katrina.

Baquet said he worried the nation no longer was paying attention to New Orleans. "Everybody ought to be on the bandwagon trying to get New Orleans back," he said. "Everybody."

In Washington, some Democrats criticized Bush for not intervening more often.

"Long-term recovery for the Gulf Coast requires a whole lot more than 18 months of empty promises," said Sen. John Kerry, D-Mass., chairman of the Senate Small Business and Entrepreneurship Committee. "Businesses that were once the heart of the Gulf Coast economy are now hanging on by a thread."

Kerry said legislation offering tax breaks to encourage businesses to build or expand in areas hit by hurricane was a good first step. But, he said, the government's disaster loan program needs to be overhauled, fixing problems that have prevented businesses from getting timely financial assistance.

At the charter school, Bush delighted math and science students by popping into their classes. They didn't mind the interruption and raced to his side for group photos.

Bush began his trip in Mississippi by touring five homes in a Long Beach neighborhood. He gave an American flag to Ernie and Cheryl Woodward, who rebuilt their home with the help of a federal grant.

"People's lives are improving, and there is hope," he said.

Bush got a friendly reception as he walked from house to house in the southern Mississippi neighborhood.

"Staying busy?" he asked a construction crew. One of the workers told him the crew was still working on the same block of the neighborhood a year and a half after the storm.

The federal official overseeing recovery efforts said Katrina's damage was so vast that it was hard to estimate when the recovery will be completed. Of $110 billion in relief aid that Congress has approved, $86 billion has been committed to projects, and $53 billion has been spent.

"We all have a sense of urgency," Don Powell, Bush's coordinator for the Gulf Coast recovery, told reporters on Air Force One.

"But I think it's important to put it in perspective about the size of the storm, and how overwhelming this storm was," Powell said. "I think there's been some good progress."

Bush Notes Frustration In Gulf Coast Recovery (NYT)

By Robert Pear

The New York Times, March 2, 2007

NEW ORLEANS, March 1 — President Bush acknowledged on Thursday that many Gulf Coast residents remained frustrated with the slowness of rebuilding after Hurricanes Katrina and Rita, but said, “Times are changing for the better.”

On a trip inspecting new housing rising from the rubble in Mississippi and Louisiana, Mr. Bush visited homeowners, met local officials and promised to speed the recovery of areas flooded 18 months ago by the hurricanes.

It was Mr. Bush’s 14th trip to the Gulf Coast since Hurricane Katrina made landfall on Aug. 29, 2005.

At his first stop in New Orleans, Mr. Bush had lunch with state and local officials at Li’l Dizzy’s Café on the outskirts of the French Quarter. In brief remarks before the meal, Mr. Bush noted concerns about the rebuilding delays.

“I fully understand that there are frustrations, and I want to know the frustrations,” he said. “To the extent we can help, we’ll help.”

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Earlier in Long Beach, Miss., near Gulfport and Biloxi, Mr. Bush joined Gov. Haley Barbour in a walking tour of houses that had been rebuilt with help from the federal government under the Community Development Block Grant program.

Though some members of Congress from both parties have said the federal government should do more to accelerate the recovery, Mr. Bush said he was impressed and inspired by the progress he saw.

But at a meeting with local officials in Biloxi, he said: "I fully understand that there's still work to be done. There's a continued frustration with the slowness of federal response at times."

Wayne M. Baquet, owner of Li'l Dizzy's restaurant, said: "It's great that the president came to New Orleans. It's great that he's addressing the problems here. We may have 10,000 people living in trailers. That's ridiculous."

Business is good, said Mr. Baquet, brother of Dean Baquet, who was recently named Washington bureau chief of The New York Times.

"We need the middle class back," Mr. Baquet said. "We lost a lot of our middle class."

On his first visit after the storm in 2005, the president recalled, he saw "piles of rubble, literally debris stacked upon debris."

Mr. Bush said he had always had faith that he would see houses being built on the storm-battered coast.

"The federal government's role has been to write checks," he said, and the role of state officials is "to expedite the federal money to the local folks."

Mr. Bush said: "I told the people that I would work with Congress to write a $110 billion check for the people of Louisiana and Mississippi, and that check has been written. Now it's incumbent upon us to get the money into people's hands."

State and local officials, particularly in Louisiana, have been criticized for not transferring federal rebuilding money into the hands of homeowners more quickly.

Sometimes, Mr. Bush said, "it's hard to see progress when you're living close to the scene." But as a visitor, he said, he detects a resurgence, a renewal, because "the spirit of the people down here is strong."

Mississippians said their recovery had been hindered by the high cost of insurance for residential and commercial structures and by the need to raise buildings onto piers or stilts to comply with federal construction standards in flood zones.

Some elected officials saw Mr. Bush's trip as an effort to make amends for the fact that he said nothing about the recovery in his State of the Union address on Jan. 23.

"It was a glaring omission," said Senator Mary L. Landrieu, Democrat of Louisiana, who stayed in Washington for Senate business. "Much of the vast devastation left by Katrina and Rita remains, and the job of recovery is far from finished."

One purpose of the trip, Mr. Bush said, was "to tell the people here in the Gulf Coast that we still think about them in Washington." Another purpose, he said, was to show taxpayers "what their money has done to help revitalize" the region.

Nellie Partridge, 84, was sitting on her porch in Long Beach when Mr. Bush arrived. "There's no telling who's going to show up," Mr. Bush said as he arrived with Mr. Barbour.

Ms. Partridge hugged the president and told him that he was "one of my favorite people."

Mr. Bush said Washington had "obligated," or made available for specific purposes, $86 billion of the $110 billion but that just $53 billion had been spent.

"There is money in the pipeline," Mr. Bush said. "If it is stuck because of unnecessary bureaucracies, our responsibility at the federal, state and local level is to unstick it."

Donald E. Powell, the federal coordinator of Gulf Coast rebuilding, was asked about the pace. "We all have a sense of urgency," Mr. Powell said. He noted progress like children in school, "help wanted" signs and open hotels and restaurants.

On Visit To Gulf Coast, Bush Hears Frustrations About Pace Of Storm Aid (WP)

By Michael A. Fletcher

The Washington Post, March 2, 2007

NEW ORLEANS, March 1 -- In his first visit to the Gulf Coast in six months, President Bush said Thursday that he heard "loud and clear" the growing complaints in the region that the federal response to Hurricane Katrina has become ensnared in red tape.

But in a trip designed to highlight the progress made in the 18 months since the hurricane devastated New Orleans and the Mississippi coast, the president insisted that "people's lives are improving and there is hope."

As billions of federal dollars have sat in state accounts untapped in part because of complex federal rules, Louisiana officials in particular have become vocal about what they called the Bush administration's wavering interest in the rebuilding process. The frustration came to a boil when Bush did not mention Katrina during his State of the Union address, prompting Louisiana Gov. Kathleen Babineaux Blanco (D) to observe that the "the pains of the hurricane are yesterday's news in Washington."

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After a meeting with state and local officials in Biloxi, Miss., Thursday, Bush said he had listened as the officials described their "continued frustration with the slowness of federal response at times. It's important for me to hear that."

In Washington, House Democrats renewed their own criticism of the administration. They promised to move legislation -- which has not been endorsed by Bush -- to forgive some federal loans to disaster-wracked communities while easing matching fund requirements tied to some federal aid.

"Hurricane Katrina was a natural disaster, compounded by a man-made disaster. It is now 18 months past time to get our response right," said a statement signed by Speaker Nancy Pelosi (Calif.), Majority Leader Steny H. Hoyer (Md.) and Majority Whip James E. Clyburn (S.C.).

Bush's trip, his 14th since Katrina, was a continuation of his attempts to undo the political damage caused by the storm, which proved to be a pivotal event in his presidency. The federal government's bungled response to the disaster undermined the administration's claim to competence and helped propel Bush's approval ratings downward.

In the days after Katrina hit, thousands of residents in New Orleans were forced to rooftops and to fetid, ill-equipped shelters to escape the rising floodwaters, even as federal disaster officials insisted things were under control.

A little more than two weeks after Katrina made its landfall on Aug. 29, 2005, Bush stood in historic Jackson Square and promised to rebuild this shattered city and the rest of the Gulf Coast with "one of the largest reconstruction efforts the world has ever seen."

Things have since moved at a frustratingly slow pace -- particularly in the New Orleans area -- despite $110 billion in federal money set aside for storm recovery and the president's repeated visits.

The federal government has overseen the repair of 220 miles of levees and floodwalls, and is working to make the storm-protection system stronger than it was before Katrina, a project that should be completed in 2010.

However, only 45 percent of the pre-Katrina population of New Orleans has returned to the city, which, while slowly improving, remains a shadow of its former self: only 40 percent of the food establishments, 30 percent of the child care centers and 17 percent of the buses are back in business, according to a January report by the Brookings Institution. The Louisiana-run Road Home program, which provides rebuilding grants to homeowners who had inadequate storm insurance, has sent checks to 2,718 hurricane victims as of Wednesday, despite having received more than 110,000 applications and having federal funding of more than $7.5 billion in the bank.

Officials said the pace of the program is now increasing. "We are seeing at the pinnacle of the program where things are now starting to happen more quickly," said Gentry Brann, communications director for ICF International, the Virginia-based firm hired to administer the program.

Local residents have also complained about a shortage of low-income housing, as the Bush administration has been reluctant to rebuild the city's decrepit and previously crime-ridden public housing projects, instead favoring lower-density, mixed-income housing.

Before meeting with Louisiana officials at a New Orleans restaurant today, Bush again vowed to see through the rebuilding of the Gulf Coast until the job is done. "I committed to the people of this part of the world and the Gulf Coast that the federal government would fund the recovery and stay committed to the recovery," he said.

Federal and state officials have blamed one another for the problems with the crucial program. Federal officials point out that it was set up by the state and that the federal money is in place to be given to storm victims. State and program officials, meanwhile, blame complex federal regulations aimed at preventing fraud for much of the delay.

"It needs to speed up. Things are moving too slow," said Donald E. Powell, the president's Gulf Coast recovery coordinator. Still, given the sheer size of the recovery effort, he said, "expectations need to be realistic. This was a terrible, terrible storm. It is going to take some time."

Bush Checks In On Gulf Coast, Hears His Critics 'Loud And Clear' (LAT)

By Maura Reynolds

The Los Angeles Times, March 2, 2007

NEW ORLEANS — Stung by criticism that he and his administration had neglected the hurricane-tattered Gulf Coast, President Bush on Thursday made his first visit to the region in six months, proclaiming, "This is a hopeful day."

Bush, standing in a muddy lot near new homes in Long Beach, Miss., said: "Part of the reason I've come down is to tell people here in the Gulf Coast that we still think about them in Washington…. Times are changing for the better, and people's lives are improving. And there is hope."

In the aftermath of Hurricane Katrina, which hit Aug. 29, 2005, the administration was criticized for its slow response. Reports issued by Congress, interest groups and even the White House said delays hindered rescue and recovery efforts in New Orleans and elsewhere on the Gulf Coast.

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In January, Bush was criticized for not mentioning the devastation in his State of the Union address.

House Democratic leaders said in a statement ahead of Bush's Gulf Coast visit: "Hurricane Katrina was a natural disaster, compounded by a man-made disaster. It is now 18 months past time to get our response right."

Administration officials said the criticism was misdirected.

"I think there's been lots of progress over the last 18 months," said Don Powell, the administration's Gulf Coast recovery coordinator. "Children are in school. 'Help wanted' signs are up. The port is 100% back. Restaurants are open."

He added: "Is there more to be done? Absolutely."

Bush has made 14 trips to the region since the hurricane. Most were in the first two months after the disaster, in which damage estimates reached $100 billion or more. He last visited the area in August, to mark the storm's anniversary.

On Thursday, Bush made four stops in Mississippi and Louisiana. At the Samuel J. Green Charter School in New Orleans, he visited third- and fifth-grade students and posed for photos.

He called the school "a bright spot," a sign that life was returning to normal in the city.

"I'm here to herald success — success for today and, equally important, success for the future of this important city," Bush told a crowd in the cafeteria, where the high-water mark from flooding was visible on the walls.

Administration officials said more than 50 of New Orleans' public schools had reopened, serving about 28,000 students.

Critics said that was fewer than half of the 128 schools and 60,000-plus students in the city's two public school systems before Hurricane Katrina.

Gaining access to the $110 billion in federal money set aside for hurricane relief and recovery is a persistent point of tension between the administration and regional officials. Powell said $53 billion had been spent so far.

He said that it was the responsibility of local officials to "draw down" the funds earmarked for them, and that the administration was committed to removing any red tape.

"We're doing everything we can to speed that process," Powell said.

But Sen. Mary L. Landrieu (D-La.) said the administration had refused to remove a requirement that local governments provide a 10% match to receive federal funds — a figure seen as prohibitive for communities whose tax base was wiped out.

At a news conference in Washington, Landrieu said the 10% requirement had been waived for other disasters, including Hurricane Andrew in Florida in 1992 and the Sept. 11 terrorist attacks in New York.

"The president can move the recovery of the Gulf Coast forward by a giant leap with a simple stroke of his pen," said Landrieu, who turned down an invitation to accompany Bush on Thursday. "I call upon the president to use his authority to do the right thing…. If he won't, I will push hard to get it done legislatively."

Bush pledged to officials on the Gulf Coast that Washington was listening and would respond.

"One of the things I've heard loud and clear is that there's a continued frustration with the slowness of federal response at times," Bush said after meeting with officials in Biloxi, Miss.

Later, over lunch at Li'l Dizzy's, a New Orleans cafe that was flooded and looted after the storm, he told New Orleans officials that he would look into the possibility of waiving the 10% match for recovery assistance.

Bush Renews Commitment To Helping Recovery (TP)

By Steve Ritea

The Times Picayune, March 2, 2007

Standing in the once-flooded basement of one of New Orleans' 31 charter schools, President Bush on Thursday reiterated his commitment to help the storm-ravaged city rebuild and "break through" bureaucratic "logjams" to allow more of the federally dedicated $110 billion can begin flowing into the Gulf Coast.

With only $53 billion spent thus far, "part of the day today we talked about if the money is out the door in Washington, where is it and how come it hasn't been out farther?" he said. "And that's one of the things we're going to continue to work on, to make sure that obligated money ends up in somebody's pocket, so it helps."

In his 12th visit to the Gulf Coast since the 2005 hurricanes, Bush also took time to herald the city's innovative approach to reforming its long-failing public school system, particularly with its use of charters, public schools subject to state standards and oversight, but governed by individual boards that are given the freedom to take innovate approaches to education.

"Charter schools, to me, say innovation, individuality," he said. Even though Hurricane Katrina "did terrible devastation ... it gave a great chance for renewal. And one of the areas where renewal is most evident is in the school system of New Orleans."

Bush did not announce any plans to waive a state and local match currently required for federal aid, despite a prediction from several Louisiana officials that he would.

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After spending the morning in coastal Mississippi, Air Force One touched down at Armstrong International Airport in Kenner at approximately 12:30 p.m., after wind and rain forced his staff to abandon their original plan to fly him one state over by helicopter. The president stayed in New Orleans until about 5 p.m.

The presidential motorcade closed off Interstate 10, snaking into the city's Treme neighborhood and Lil' Dizzy's Cafe, where he and a host of local dignitaries lunch on Trout Baquet, Shrimp Grillades with Grits and the Seventh Ward Pork Chop.

Bush was joined by parish presidents from across the region, Mayor Ray Nagin, Sen. David Vitter, Rep. Bill Jefferson and Lt. Gov. Mitch Landrieu, among others. Gov. Kathleen Blanco was returning from Germany, where she had been lobbying for a steel manufacturing plant in Louisiana.

"I fully understand that there are frustrations, and I want to know the frustrations," Bush said after sitting down at a table there. "To the extent we can help, we'll help."

City Council President Oliver Thomas, who attended the lunch, said the president "was more than receptive ... He was on point with all the issues we're dealing with."

Vitter said he and other officials spent part of the meal lobbying Bush to waive state and local matches currently required for federal aid money.

Historically, FEMA has asked state governments to pay at least 10 percent of the cost of rebuilding most public property, in an effort to establish a local stake in recovery, although the Bush administration immediately agreed to waive that requirement in New York after the Sept. 11, 2001 terrorist attacks.

Vitter said he's encouraged by Thursday's meeting with the President and hopes it could soon be waived for Louisiana, noting: "I think between the president and Congress, there's an excellent chance."

Nagin agreed, but was slightly less optimistic.

"I think they're seriously considering it," the mayor said. "He didn't make any commitments, but he's a good listener and hopefully it'll work out in the end."

After lunch, the president arrived at Samuel J. Green Charter School in Uptown, a block away from a group of fewer than 100 protesters waiving anti-Bush signs. At the school, he visited a fifth-grade math class and a third-grade science class. Bush complimented students on their "sharp-looking uniforms," consisting of navy polo shirts and trousers, and posed for pictures with students.

In both cases, the throng of reporters and photographers classrooms outnumbered the students.

Speaking before an audience of mostly education officials in the school's cafeteria, Bush said he'd "come back to New Orleans...to remind people that the federal government still knows you exist, still knows you have issues and wants to work with your leadership to address those issues."

The president's speech touched briefly on housing, infrastructure and crime, although the latter "really is a local responsibility," but "to the extent that we can help, we will."

Bush also promised to make the levees that failed during Katrina "stronger than ever," noting "we're making progress there," but "there's still more work to be done."

A good chunk of his speech, however, focused on education.

Bush remained upbeat on the subject, pointing out successes he perceived in the city's charter schools, but made no reference to the struggles in the state-run Recovery District, which has grappled with a lack of basic supplies, including books, at the start of the year and more recently a wait-list that stalled some 300 students for several weeks before they could be placed in classrooms.

Bush in fact recognized Recovery District Superintendent Robin Jarvis and Gaylen Picard, the wife of former state Superintendent of Education Cecil Picard, who died Feb. 15 after a long battle with Lou Gehrig's Disease.

A little more than two months after Katrina, the state Legislature voted to sweep 107 New Orleans Public Schools that were performing below the state average into the state-run Recovery District, leaving just 21 with the local system.

Today, 56 public schools are open in the city, educating about 28,000 students.

"I like a system that is willing to challenge the status quo when the status quo is failing," he said. "And one of the reasons I've come to this school is that it represents a group of citizens, including your principal and your parents and the teachers and the citizens, who said, 'We're tired of mediocrity in the school system.' It is not acceptable to have children trapped in schools that will not teach and will not change."

The President referred to about $450 million in federal funding allocated for city schools, urging local officials "to use some of the unspent money to recruit and attract teachers."

He praised Louisiana's accountability program, a component that dovetails with the federal No Child Left Behind program his administration helped pass.

Bush also acknowledged the city's Catholic schools, which "were quick to start up after the storm."

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In closing, the President likened the city's spirit to the banner season of the New Orleans Saints, which advanced to the conference championship in the team's history this past season.

"Here's a team that a lot of people didn't give much hope for ... when the season started," he said. "And it rose...(to) become a national story ... The same thing is going to happen to the city."

Bush Visits New Orleans' Charter School (AP)

By Becky Bohrer

AP, March 2, 2007

NEW ORLEANS - Calling it a bright spot in a city still going through difficult times 18 months after Hurricane Katrina, President Bush visited one of the city's 31 charter schools during a trip to New Orleans, praising local efforts to change a school system that was struggling even before the storm.

"I like a system that is willing to challenge the status quo when the status quo is failing," Bush told a receptive audience of about 150 people, including education and elected officials, at Samuel J. Green Charter School.

"I'm here to herald success," Bush said.

Critics, including teachers' union leaders, believe charters are not the way to go, saying the charter model is unproven for providing solid academic results and has created a two-tier public education system here. Advocates counter that charters, which are privately run but receive public dollars, offer parents choice, are built around accountability and are in New Orleans to stay.

Before Katrina, there were more than 120 schools in the city's public school system, which was plagued by low student test scores, neglected buildings and financial mismanagement. The state took over a handful of schools it deemed "academically unacceptable." But, after Katrina flooded 80 percent of New Orleans and shut down the city, including all schools, the state accelerated the takeover.

Now, 56 schools are open. The local school board still runs five of the best-performing schools. Twenty are run by the state and 31 by private charter groups sanctioned by state or local school authorities.

New Orleans is set to add nine charter schools for the 2007-08 term, bringing the total to 40. The city had seven charter schools authorized by the state before Katrina, a spokeswoman for the state Department of Education said.

Darryl Kilbert, superintendent of public schools in New Orleans, said Thursday he is not opposed to any education system that offers parents' choice. But, he said traditional public schools and charters should have equal accountability requirements and responsibilities. "It is too new for anything to be evaluated," Kilbert said of the charter system.

Bush's dedication to charter schools has been evident since Katrina. Charter schools in Louisiana received about $45 million from two grants given by the Bush's Department of Education after the 2005 hurricanes, to help schools reopen, and quickly, as charters, a department spokeswoman said Thursday. Most of the money from each grant went to New Orleans, she said.

On Thursday, Bush, who had earlier met with state and local officials to discuss the rate of recovery and storm-related bureaucracy, praised Green Charter School as a sign of what's working in the city. The school opened days before Katrina hit in 2005, and reopened five months later, its auditorium painted blue and green to represent the devastating floodwaters and hope for the future, principal Tony Recasner said. It now has about 350 students in grades K-8.

While charter school advocates hailed Bush's visit as a vote of confidence in the city's still-new charter system, union leader Brenda Mitchell saw it as an attack on public education and the continuation of what she described as a failed federal response to helping New Orleans after Hurricane Katrina.

"It's not fine here. You shouldn't pit one against the other and shouldn't come in and glorify one over the other," she said. "There isn't evidence."

A federal study released last year found fourth graders in traditional schools did better in math and reading than students in charters though a federal Education Department official at the time downplayed it as a snapshot.

Mitchell said charters have seemingly created a competition between schools and parents trying to enroll their kids in classes.

Meg Casper, a spokeswoman at the state Department of Education, said charters must pass a "rigorous" screening process and deliver results. But she said this year will be considered a baseline for student testing in all the city's public schools. Testing is set to take place in the next few weeks.

City schools, particularly those run by the state's Recovery School District, have faced significant challenges over the last year, in trying to reopen safe schools for students who continue to register for classes and in hiring enough teachers. RSD says it continues to register up to 300 students a week.

RSD, which unlike the locally-run schools and some charters, has an open enrollment policy. It it looking at opening several more schools this term and says it could open at least a dozen more schools come fall.

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Bush urged local officials to put some of the federal education aid they've received toward recruiting teachers. House Democrats, including U.S. Reps. Charlie Melancon and William Jefferson of Louisiana, have signed onto legislation to provide about $250 million over five years to help bring teachers to New Orleans and help Gulf Coast colleges and universities recover from Katrina.

Bush Leaves Coast (BSH)

By Tom Wilemon

Biloxi Sun Herald, March 2, 2007

BILOXI - Air Force One departed the Mississippi Coast at 12:24 p.m. as President Bush headed to New Orleans following visits with residents of a Long Beach neighborhood and a meeting with elected officials in Biloxi.

" I fully understand there's still work to be done, that even though progress has been made, this storm was so devastating that we have still got to stay focused on the task, and that we've got to work with the Governor and the local officials, the supervisors and the mayors, to continue to help address their needs," Bush said after the meeting with elected officials at Biloxi City Hall. "And of the things I've heard loud and clear is that there's a continued frustration with the slowness of federal response at times. And therefore, it's important for me to hear that, and my friend, Don Powell, to hear that so that we can come and do what the people expect us to do, which is to respond to the needs of people in Mississippi."

Earlier, the President visited with people in a Long Beach neighborhood who have rebuilt or are rebuilding their homes with federal grant and loan money. Bush said he had come to the Coast to let people know Washington had not forgotten about them and for the U.S. taxpayers to see what their tax money had done to help areas that had been virtually wiped out.

"My most vivid recollection is the piles of rubble, literally debris stacked upon piles of debris," Bush said. "I had faith that I would come back to a house but I had trouble visualizing it."

He visited several homes in the area.

"One of the things people like to say is, 'Welcome to my home,'" he said. "It has a special ring to it here on the Gulf Coast."

It was the President's 14th visit to the Coast since the hurricane. Biloxi Mayor A.J. Holloway gave Bush a gag gift of appreciation: a personalized car tag that read "Bush 43."

"You've been to the Katrina zone 14 times in 18 months," Holloway said. "It's not that we don't like seeing you, but you've been here so many times. It's about time you had one of these. Don't leave home without it."

For more on the President's visit, check back at sunherald.com throughout the day and read the Sun Herald on Friday.

Gulf Coast's Halting Recovery Leaves Much To Be Done (USAT)

USA Today, March 2, 2007

In his first trip to the storm-ravaged Gulf Coast in six months, President Bush told residents Thursday he understood their frustrations with the glacial pace of recovery since Hurricane Katrina. What the president doesn't seem to grasp is how much his administration can do to ease that frustration.

Bush has committed $86 billion to the devastated area and visited 14 times since Katrina. Certainly there has been progress, and Bush visited some symbols of that Thursday — the rebuilt home of 84-year-old Nellie Partridge in Long Beach, Miss., and the Samuel J. Green charter school in New Orleans.

But throughout the region, and particularly in New Orleans, the lingering devastation is massive. Just about half of New Orleans' pre-Katrina population of 455,000 hasn't returned; as many as a third of residents are thinking of leaving within the next two years, according to a University of New Orleans survey. Of the nearly 109,000 Louisiana homeowners who have applied for rebuilding grants, fewer than 2,700 have received them. In Mississippi, homeowners are facing an insurance crisis that makes recovery nearly impossible.

Much of this is a state or local responsibility. But there's more Washington can do, beyond writing checks and rebuilding the Army Corps of Engineers' levees that failed:

·Louisiana has asked the federal government to waive a requirement that local governments put up 10% of the cost of rebuilding public projects. While the requirement is reasonable, many localities are broke, according to the Louisiana Recovery Authority. Further, the 10% mandate has turned the process into a bureaucratic quagmire. Bush could quickly waive it, or at least work with local officials on a backup plan they've advanced to cut through the red tape.

·The Federal Emergency Management Agency, slow to respond to Katrina in the first place, has been slow to produce new flood maps for coastal communities hit by the storm. That leaves residents uncertain about where and how to rebuild. FEMA now promises the maps will be out this summer, nearly two years after Katrina struck. Bush should be pushing the agency to do better.

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Beyond these concrete actions, the president could energize the rebuilding effort simply by putting it back in the national spotlight. Bush inexplicably failed to mention Katrina in his nationally televised State of the Union address last month. His visit Thursday brought a planeload of reporters to the Gulf Coast. Returning with the frequency he did in the first year after the disaster could boost tourism and help recruit more of the volunteers whose work has been essential to the recovery.

Eighteen months ago, when the wounds of Katrina were still fresh, Bush stood in New Orleans' historic Jackson Square and promised to "do what it takes (and) stay as long as it takes, to help citizens rebuild their communities and their lives."

If that pledge is to be fulfilled, the president will have to do more of what he did Thursday and a lot more in Washington.

Experts: U.S. Unprepared For Nuclear Terror Attack (MCT)

By Greg Gordon

McClatchy Newspapers, March 2, 2007

WASHINGTON - Although the Bush administration has warned repeatedly about the threat of a terrorist nuclear attack and spent more than $300 billion to protect the homeland, the government remains ill-prepared to respond to a nuclear catastrophe.

Experts and government documents suggest that, absent a major preparedness push, the U.S. response to a mushroom cloud could be worse than the debacle after Hurricane Katrina, possibly contributing to civil disorder and costing thousands of lives.

"The United States is unprepared to mitigate the consequences of a nuclear attack," Pentagon analyst John Brinkerhoff concluded in a July 31, 2005, draft of a confidential memo to the Joint Chiefs of Staff. "We were unable to find any group or office with a coherent approach to this very important aspect of homeland security. ...

"This is a bad situation. The threat of a nuclear attack is real, and action is needed now to learn how to deal with one."

Col. Jill Morgenthaler, Illinois' director of homeland security, said there's a "disconnect" between President Bush's and Vice President Dick Cheney's nuclear threat talk and the administration's actions.

"I don't see money being focused on actual response and mitigation to a nuclear threat," she said.

Interviews by McClatchy Newspapers with more than 15 radiation and emergency preparedness experts and a review of internal documents revealed:

The government has yet to launch an educational program, akin to the Cold War-era civil defense campaign promoting fallout shelters, to teach Americans how to shield themselves from radiation, especially from the fallout plume, which could deposit deadly particles up to 100 miles from ground zero.

Analysts estimate that as many as 300,000 emergency workers would be needed after a nuclear attack, but predict that the radiation would scare many of them away from the disaster site.

Hospital emergency rooms wouldn't be able to handle the surge of people who were irradiated or the many more who feared they were.

Medical teams would have to improvise to treat what could be tens of thousands of burn victims because most cities have only one or two available burn-unit beds. Cham Dallas, director of the University of Georgia's Center for Mass Destruction Defense, called the predicament "the worst link in our health care wall."

Several drugs are in development and one is especially promising, but the government hasn't acquired any significant new medicine to counteract radiation's devastating effects on victims' blood-forming bone marrow.

Over the last three years, several federal agencies have taken some steps in nuclear disaster planning. The Department of Health and Human Services has drawn up "playbooks" for a range of attack scenarios and created a Web site to instruct emergency responders in treating radiation victims.

The Energy Department's Lawrence Livermore National Laboratory is geared to use real-time weather data, within minutes of a bombing, to create a computer model that charts the likely path of a radioactive fallout plume so that the government can warn affected people to take shelter or evacuate. The government also has modeled likely effects in blast zones.

Capt. Ann Knebel, the U.S. Public Health Service's deputy preparedness chief, said her agency is using the models to understand how many people in different zones would suffer from blast injuries, burns or radiation sickness "and to begin to match our resources to the types of injuries."

No matter how great the government's response, a nuclear bomb's toll would be staggering.

The government's National Planning Scenario, which isn't public, projects that a relatively small, improvised 10-kiloton bomb could kill hundreds of thousands of people in a medium-sized city and cause hundreds of billions of dollars in economic losses.

The document, last updated in April 2005, projects that a bomb denoted at ground level in Washington, D.C., would kill as many as 204,600 people, including many government officials, and would injure or sicken 90,800. Another 24,580 victims would

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die of radiation-related cancer in ensuing years. Radioactive debris would contaminate a 3,000-square-mile area, requiring years-long cleanup, it said.

Brinkerhoff, author of the confidential memo for the Joint Chiefs, estimated that nearly 300,000 National Guardsmen, military reservists and civil emergency personnel would be needed to rescue, decontaminate, process and manage the 1.5 million evacuees.

The job would include cordoning off the blast zone and manning a 200-mile perimeter around the fallout area to process and decontaminate victims, to turn others away from the danger and to maintain order. Brinkerhoff estimated that the military would need to provide 140,000 of the 300,000 responders, but doubted that the Pentagon would have that many. And the Public Health Service's Knebel cited studies suggesting that the "fear factor" would reduce civil emergency responders by more than 30 percent.

Planning for an attack seems to evoke a sense of resignation among some officials.

"We are concerned about the catastrophic threats and are trying to improve our abilities for disasters," said Gerald Parker, a deputy assistant secretary in Health and Human Services' new Office of Preparedness and Response. "But you have to look at what's pragmatic as well."

Dr. Andrew Garrett of Columbia University's National Center for Disaster Preparedness, put it this way: "People are just very intimidated to take on the problem" because "there may not be apparent solutions right now."

The U.S. intelligence community considers it a "fairly remote" possibility that terrorists will obtain weapons-grade plutonium or highly enriched uranium, which is more accessible, to build a nuclear weapon, said a senior intelligence official who requested anonymity because of the sensitive nature of the information. The official said intelligence agencies worry mainly about a makeshift, radioactive "dirty bomb" that would kill at most a few hundred people, contaminate part of a city and spread panic.

But concerns about a larger nuclear attack are increasing at a time when North Korea is testing atomic weapons and Iran is believed to be pursuing them. Al-Qaida's worldwide network of terrorists also reportedly has been reconstituted.

The 9/11 Commission's 2004 report rated a nuclear bombing as the most consequential threat facing the nation.

"We called for a maximum effort against the threat," Lee Hamilton, the panel's vice chairman, told McClatchy Newspapers. "My impression is that we've got a long ways to go. ... I just think it would overwhelm us."

Dr. Ira Helfand, a Massachusetts emergency care doctor who co-authored a report on nuclear preparedness last year by the Physicians for Social Responsibility, chided the administration for trying "to create a climate of fear rather than to identify a problem and address it." The doctors' group found the government "dangerously unprepared" for a nuclear attack.

Government officials say they have drafted playbooks for every sort of radioactive attack, from a "dirty bomb" to a large, sophisticated device.

But radiation experts and government memos emphasize the chaos that a bigger bomb could create. Emergency responders could face power outages, leaking gas lines, buckled bridges and tunnels, disrupted communications from the blast's electromagnetic pulse and streets clogged by vehicle crashes because motorists could be blinded by the bright flash accompanying detonation.

No equipment exists to shield rescue teams from radiation, and survivors would face similar risks if they tried to walk to safety.

Defense analyst Brinkerhoff proposed having troops gradually tighten the ring around the blast zone as the radiation diminished, but warned that the government lacks the hundreds of radiation meters needed to ensure that they wouldn't endanger themselves. He said those making rescue forays would need dosimeters to monitor their exposure.

Emergency teams would have no quick test to determine the extent of survivors' radiation exposure. They would have to rely on tests for white blood cell declines or quiz people about their whereabouts during the blast and whether they had vomited.

For those with potentially lethal acute radiation sickness, only limited medication is available, said Richard Hatchett, who's overseeing nearly $100 million in research on radiation countermeasures for the National Institute of Allergies and Infectious Diseases.

The Department of Health and Human Services might commit to a limited purchase of one promising drug as early as this month. But currently federal health officials plan to fly victims of acute radiation sickness to hospitals across the country for bone marrow transplants.

The National Planning Scenario expressed concern that uninformed survivors of an attack could be lethally exposed to radiation because they failed to seek shelter, preferably in a sealed basement, for three to four days while radioactive debris decayed. Another big problem: Only a small percentage of Americans store bottled water, canned food and other essentials for an ordeal in a shelter.

Helfand said it would be too late to help most people near the blast, but that advance education could save many people in the path of the fallout.

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Education is critical, he said, because attempting to evacuate could "put you on a crowded freeway where you'll be stuck in traffic and get the maximum radiation exposure."

California's emergency services chief, Henry Renteria, said it might be time "to re-establish an urban area radiation shelter program."

Brinkerhoff wrote that people could build their own radiation-proof shelters if the government engaged in "large-scale civil defense planning" and gave them meters and dosimeters to monitor the radiation.

Since there hasn't been "any enthusiasm to address this kind of preparedness," Brinkerhoff concluded, the only choice for most people would be to flee.

Hundreds Of Incidents Reported Of Smuggling Of Nuclear Materials (MCT)

By Greg Gordon

McClatchy Newspapers, March 2, 2007

WASHINGTON - The number of experts who believe that terrorists could obtain the apparatus for a nuclear bomb is impressive and growing.

The 9/11 Commission described in 2004 the relative ease with which terrorists could conceal the needed weapons-grade plutonium or highly enriched uranium, which it said would be "about the size of a grapefruit or an orange."

Since 2001, law enforcement officials have developed training exercises on how terrorists might smuggle eight components for an improvised 10-kiloton bomb into the United States and then detonate it near the White House.

Experts in and out of the government worry that the most likely source of nuclear material is Russia and the former Soviet bloc nations, where stocks of weapons-grade plutonium and uranium are stored at loosely guarded sites.

And some people are trying to get their hands on them.

The International Atomic Energy Agency reports 976 incidents of illicit trafficking of nuclear and radioactive materials since 1993 - with 149 of them last year alone. In 2006, a man in the former Soviet republic of Georgia was arrested for allegedly trying to sell highly enriched uranium to terrorists.

In a recent interview, Lee Hamilton, who was vice chairman of the 9/11 Commission, said the United States must do more. He suggested spending $3 billion to $4 billion on securing nuclear material in the former Soviet Union. Currently, U.S. officials spend about $1 billion a year.

Joe Cirincione, author of "Bomb Scare: The History and Future of Nuclear Weapons," said some radioactive materials in former eastern bloc nations are "guarded by little more than a chain-linked fence, a padlock and a guard that works during the day."

He said he considers it a certainty that, "if we just keep doing what we're doing, a terrorist group will get a nuclear weapon or the materials for a nuclear weapon and use it sometime in the next 10 years."

"You just can't keep tempting fate like this," he said.

Homeland Security Secretary Michael Chertoff and his agency have sought nearly $3 billion to buy sophisticated radiological detectors. They're placing the detectors at U.S. borders to scan incoming cargo. Eventually, the detectors will be positioned around major cities, but the newest generation of equipment won't be ready for a couple of years.

Punishment To Fit The Nuclear Crime (WP)

By Anne-Marie Slaughter And Thomas Wright

The Washington Post, March 2, 2007

A joint sting operation by the CIA and officials from the Republic of Georgia foiled an attempt by a Russian man to sell nuclear-bomb-grade uranium on the black market last summer. This event, only made public in January, was the latest in a series of alarming incidents that remind us of the severity of the threat posed by nuclear terrorism.

To build a nuclear weapon, terrorists must acquire materials from a state. National governments are unlikely to cooperate with terrorists because they fear retaliation from the victim of such an attack and its allies, but rogue scientists, generals or other individuals can work with criminal networks to deliver nuclear weapons to the highest bidder. To counter this danger, we should make the illegal transfer of nuclear materials a crime against humanity triable by international tribunals and by national courts in every country.

Current efforts to close down the nuclear black market have an Achilles' heel -- certain states will not cooperate and will even protect nuclear criminals. For instance, A.Q. Khan, Pakistan's "father of the bomb," lives comfortably under house arrest; U.S. officials have not been allowed even to interrogate him. Pakistan's government is too frightened of a domestic backlash to act harshly against a national hero. Globally, of the dozens suspected of involvement in his network, only three have been successfully prosecuted.

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During the Cold War, the United States used deterrence to avert Armageddon; the Soviet Union understood that aggression, even of a conventional nature, would carry too high a price. This old wisdom offers new hope; the United States should actively deter individuals who trade in nuclear materials by making the costs of such behavior unacceptably high.

Making nuclear transfer a crime against humanity captures the enormity of the offense and would dramatically increase the cost of getting caught. Nuclear transfer threatens the lives of millions of people. It merits a place in infamy alongside genocide and other evils. Creating a nuclear transfer taboo would strip away feigned protestations of innocence and illusions of a victimless crime. It would stigmatize black-market financiers and other facilitators of nuclear transfers as the ultimate merchants of death.

In addition to highlighting the dangers of this action, making nuclear transfer a crime against humanity would greatly expand opportunities for prosecution, denying national governments the ability to shelter these criminals.

The International Criminal Court has jurisdiction over crimes against humanity. The inclusion of nuclear transfer as such a crime could be confirmed at the next review conference, in 2009. The ICC could then indict and prosecute those suspected of such acts. Even if the United States cannot bring itself to join the ICC, it could work with allies to empower the ICC to act, just as the Bush administration has done on Darfur.

Similarly, as a matter of international law, crimes against humanity are subject to universal jurisdiction. That means that any nation, including the United States, could prosecute nuclear traders anywhere in the world. National governments can pass statutes confirming such jurisdiction in their courts.

Finally, the U.N. Security Council could pass a Chapter VII resolution urging a prosecutor to investigate these cases or even establish a special tribunal to prosecute those suspected of nuclear transfer. A tribunal could be a fallback if efforts to incorporate nuclear transfer into the ICC charter were unsuccessful.

This initiative would make international law work as a tool of American national security strategy rather than as a constraint on it. Failing states would no longer provide safe haven for rogue individuals. The potential costs of nuclear transfer for criminal networks would clearly exceed its potential rewards. It would be multilateralism and international law at its best: hard-edged tools to further American and global interests.

Most important, it is the only way to overcome a real problem. The status quo -- trusting nondemocratic states to safeguard U.S. security interests by cracking down on their criminal networks -- has failed. The convention on genocide was signed after the Holocaust. This time, we should not wait until after the fact to act.

Anne-Marie Slaughter is dean of Princeton University's Woodrow Wilson School of Public and International Affairs and a co-director of the Princeton Project on National Security. Thomas Wright is senior researcher for the Princeton Project on National Security.

Civil Air Patrol Revives Role As Eyes Of Skies (WT)

By Audrey Hudson, The Washington Times

The Washington Times, March 2, 2007

The Civil Air Patrol guarded the U.S. shoreline from Maine to Texas against German U-boats during World War II, and now the all-volunteer force is playing a vital role in the war against terrorism.

The 56,000-member-strong organization is participating in a growing number of homeland security missions, conducting aerial reconnaissance of military ships and other offshore activity, protecting sensitive and critical infrastructure from terrorist attacks, and assisting the U.S. Border Patrol.

"We were the eyes of the home skies when we started 65 years ago to spot German submarines and rescue downed pilots, and now we are going back to our roots as the eyes of the home skies," said Col. Kay Joslin Walling, commander of the Middle East Region of the Civil Air Patrol, which includes the District, Maryland and Virginia.

The volunteers of the Air Force auxiliary in Washington protect the country by acting as the enemy during monthly "Falcon Virgo" exercises over the nation's capital, where they perform a high-tech game of hide-and-seek with armed Air Force jets.

"As the National Capital Wing's planes closed in on restricted areas, ground forces tracked them with radar, and surface-to-air missile operators locked them in their radar sights," the Civil Air Patrol (CAP) reported to Congress on its 65 years of operations.

"Air Force F-16 fighter jets intercepted the mock enemies and escorted them out of the restricted airspace," the report said.

The organization will celebrate its 65th anniversary this week with Capitol Hill lawmakers.

When World War II ended, CAP focused on search-and-rescue missions, and disaster relief in cases of floods, tornadoes, hurricanes, snowstorms and fires. The patrol also fights the illegal drug trade and last year netted $1 billion in seizures. In their new role in the war on terrorism, pilots use state-of-the-art equipment and a fleet of airplanes to participate in regular patrols and terrorist-event exercises.

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Since the inception of the Homeland Security Department, CAP has provided surveillance for the 2002 Winter Olympics in Salt Lake City, the Kentucky Derby and other major events.

Using satellite digital imaging systems, Cessna airplanes relay reconnaissance photographs in real time to emergency or disaster centers. They were crucial in the aftermath of Hurricane Katrina in 2005 and the attacks on the World Trade Center in 2001.

The New York Wing was the first aircraft in the air over ground zero after September 11, shooting aerial images of the damage the next day to determine how rescue workers could traverse the scene.

White House homeland security adviser Frances Fragos Townsend presided over an exercise last weekend to test the government's response to bombing scenarios. Capt. Dan Proffen used his day off to patrol critical infrastructure along the Chesapeake Bay.

"Nothing should be able to slip past me," Capt. Proffen said as he piloted a Cessna Skylane equipped with a Garmin G-1000 glass cockpit and computerized controls.

"This plane will fly itself," said Col. Jerry Weiss, commander of the Maryland Wing.

"It wows the people sitting in the emergency operations center, when the pictures appear in real time. We can watch as evacuations unfold," Col. Weiss said. "It's situational awareness for people sitting in a room with no windows."

CAP officials call the effort a bargain for the government: less than $400 to fly a Cessna 182 for four hours, compared with $1,800 for one hour to operate a Black Hawk helicopter.

"All of us have real jobs; we don't get paid for this, which is why we are so financially cost-efficient," Col. Walling said.

Capt. Proffen joined the CAP-operated cadet program at age 17. Eight years later, he continues to volunteer his time flying weekly patrols and uses his vacation time from Johns Hopkins University's Applied Physics Laboratory, where he works as an engineer, to serve as a flight instructor for new cadets.

After takeoff from the Bay Bridge Airport on the Eastern Shore, Capt. Proffen headed north toward a plume of black smoke, which upon closer inspection appeared to be a field-clearing effort on a stretch of land surrounded by the frozen Bay waters.

Flying a loop around a Susquehanna River dam to check the structure's integrity, Capt. Proffen made his way back down the Bay for a final survey of the Bay Bridge yet avoided Aberdeen Proving Ground.

"We don't fly through there," Col. Walling later explained. "They shoot off some big guns over there."

Homeland Security Delays Federal IDs, Proposes Rules (WT)

By Audrey Hudson

The Washington Times, March 2, 2007

The Bush administration will delay implementation of a new law to federalize driver's licenses, bowing to pressure from federal and state lawmakers who say next year's deadline can't be met.

Homeland Security Secretary Michael Chertoff yesterday announced the delay and released 162 pages of proposed regulations to guide the national identification system.

"These standards correct glaring vulnerabilities exploited by some of the September 11 hijackers who used fraudulently obtained driver's licenses to board the airplanes in their attack against America," Mr. Chertoff said.

"Raising the security standards on driver's licenses establishes another layer of protection to prevent terrorists from obtaining and using fake documents to plan or carry out an attack," Mr. Chertoff said.

The deadline will be extended from May 2008 until December 2009, and up to 20 percent of state homeland security grants can be used to implement the program.

Congress mandated the identification cards in the 2005 Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act.

New identification cards and driver's licenses will be required to pass airline screening or enter federal buildings and nuclear plants.

The cards will include the holder's name, date of birth, sex, an identification number other than a Social Security number, a facial digital photograph, an address and a signature. The cards must contain physical security features that can be read by a computer.

The proposed regulations reflect legislation pushed by Sen. Susan Collins, Maine Republican and ranking member of the Homeland Security and Governmental Affairs Committee, Mr. Chertoff said.

Miss Collins said she is "grateful that Secretary Chertoff has listened to the concerns of so many state leaders and my colleagues on this important issue."

Rep. Thomas M. Davis III, Virginia Republican and ranking member of the House Oversight and Government Reform Committee, called the delay reasonable but said the new ID standards remain an urgent national security priority.

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"Weaknesses in driver's licenses are still being exploited every day by illegal immigrants, identity thieves and terrorists," Mr. Davis said.

Mr. Chertoff said the standards will protect against identity theft and the use of fraudulent documents, and that background checks will be required of all division of motor vehicle employees.

The regulations say the federal government will not be given greater access to personal information and that no national database is created "because it leaves the decision of how to conduct the exchanges in the hands of the states."

Some privacy advocates are concerned that the database of personal information will be used without limits or standards.

"The Real ID system may be decentralized, but if it is widely accessible, for purposes other that administering the driver's license system, it could turn into a massive tracking system," said Sophia Cope, a fellow with the Center for Democracy and Technology.

Cost And Privacy Concerns Cited In New Rules For Driver's Licenses (WP)

By Spencer S. Hsu

The Washington Post, March 2, 2007

A law enacted after the Sept. 11, 2001, terrorist attacks to secure U.S. driver's licenses will cost $23.1 billion over 10 years, require motorists born after 1935 to present birth certificates or passports, and add $28 to the cost of issuing each license, officials said yesterday.

Long-awaited rules to implement the law, known as Real ID, did not quell criticism from states, privacy advocates and libertarian groups. They said it represents an unfunded mandate and creates a national ID-card system that will increase the consequences of identity theft.

The 162-page draft regulations "confirm the worst suspicions" of opponents, said Senate Judiciary Committee Chairman Patrick J. Leahy (D-Vt.). He said Congress should repeal the law and reopen talks with states, technology experts and civil liberties groups rather than risk years of legal challenges.

The 2005 act overhauls how state ID cards and driver's licenses must be awarded and produced to combat forgery and fraud, while standardizing their data so they can be shared across state and federal databases.

The plan would delay from May 2008 to the end of 2009 the deadline for states to begin compliance, but all 245 million U.S. driver's licenses must comply by May 2013 to be used for federal purposes such as boarding aircraft.

Homeland Security Secretary Michael Chertoff said that technology will ease, not increase, privacy threats, and that the federal government will not keep a central database of personal information.

"Is it a reasonable amount of money that people should pay to prevent people from getting on airplanes or getting in buildings and killing Americans?" Chertoff asked. "I think most people would say . . . that's $20 well spent."

Associations representing the nation's governors, state legislatures and motor vehicle administrators complained that costs continue to grow, that the 2013 deadline is unreasonable and that more changes are needed.

Opponents from the American Civil Liberties Union, the Cato Institute and the Leadership Conference on Civil Rights said the rules leave many questions to be answered in a 60-day comment period.

The rules do not propose to encrypt personal data stored in bar codes on licenses, for instance, leaving it accessible to commercial data brokers. Nor do they spell out how systems linking government databases will be built or who will own them. "They can't fix a law that is so fundamentally flawed," Cato official Tim Harper said.

Chertoff said states can spend up to $100 million this year and $37 million next year from U.S. homeland security grants to offset their $14.6 billion share of the tab. State officials say they had other plans for the money.

Seven former U.S. security officials and Sept. 11 commission staffers, led by panel member John F. Lehman Jr., said the United States should pay $1 billion in "up-front costs."

Federal Requirement For Tamper-Proof Licenses Will Raise Fees For Drivers By 2013 (NYT)

By Eric Lipton

The New York Times, March 2, 2007

WASHINGTON, March 1 — Nearly 240 million Americans and legal residents will have to spend an estimated $20 more for a standardized and tamper-proof driver's license by 2013 to comply with a proposed new federal rule issued Thursday.

Congress imposed the mandate for the new licenses in 2005, agreeing with the 9/11 Commission that terrorists' access to fake licenses or state-issued identification cards made the 2001 plot easier to carry out.

But until now, the Department of Homeland Security had not issued rules governing the licenses' security features or the documentation that will be required to get one. It also had not estimated the costs — about $14.6 billion to states and about $7.8 billion to individuals — of setting up the system called Real ID over the next decade.

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Homeland Security Secretary Michael Chertoff, trying to address concerns raised by the states, said the department would allow those having trouble meeting the original May 2008 deadline to delay the start of the program until the end of 2009.

But all states will still be required to replace all existing drivers' licenses by 2013 — even those not up for renewal — if they want their licenses to be accepted as identification at airports or federal buildings.

"This is going to cost money — security does cost money," Mr. Chertoff said Thursday. "But it is money well spent."

To help the states get started, Mr. Chertoff offered up to $100 million in federal grants this year, although the money would come from antiterrorism funds already promised to the states. So far, only $40 million in federal aid has been provided for the program.

Senator Susan Collins, Republican of Maine, who had advocated delaying the start of the program, praised the revisions.

"The department has finally recognized that it simply was unfair to impose this burden on the states," Ms. Collins said Thursday on the Senate floor.

But the plan received largely negative reviews from state officials and civil liberties experts.

"We have always known this law would be a nightmare for motorists and taxpayers, and President Bush's rules have just confirmed that nightmare," Gov. James E. Doyle of Wisconsin said in a statement Thursday, predicting "higher fees, longer lines, fewer D.M.V. centers, and a major headache when you go to renew your license."

The National Governors Association said the federal aid Mr. Chertoff offered, representing about 10 percent of the cost in the first year and an unknown amount in future years, was woefully inadequate.

"It is a drop in a bucket," said David Quam, the association's director of federal relations, who estimated that the extra cost per person could reach $40. The cost of licenses now ranges from as much $85 in New York to as little as $4 in North Carolina, according to the AAA.

Representatives from the American Civil Liberties Union said the new identification cards would leave the nation less secure. That is because Homeland Security said in the proposed rule issued Thursday that it did not intend to require the encryption of biographic data contained in a machine-readable strip on the license.

"You will create greater security vulnerabilities for sophisticated terrorists than the ones we are closing," said Timothy Sparapani, legislative counsel at the A.C.L.U.

Applicants will have to prove their address, date of birth and legal status in the United States with valid government-issued documents. Exceptions will be granted to people born before 1935 and in certain other cases, like people who were victims of Hurricane Katrina.

Before states can issue a new license, they will need to electronically confirm that the applicant's documentation is accurate. That will require states or the federal government to create electronic databases of birth certificates, immigration records and other documents — a task that could be difficult to complete in time, some state officials said Thursday.

Mr. Chertoff said the proposed rule, which is on track to become final in several months, would give states the option to make it illegal for merchants to automatically collect biographic data from the licenses.

States will also be permitted to issue a different type of license for people who cannot confirm they are in the United States legally. But these would not be valid as a form of federal identification.

Several states including Maine and Montana, angry over the high cost of the program and concerns about privacy, are considering or have voted on legislation calling for the repeal of the law. Jim Guest, a Missouri state legislator helping coordinate the repeal effort in more than 30 states, said the revolt would continue.

"All of our concerns are still there," Mr. Guest said.

FEDERAL DIARY: Hoyer Makes Good On Health-Care Promise (WP)

By Stephen Barr

Washington Post, March 2, 2007

The House majority leader delivered on a promise yesterday.

Rep. Steny H. Hoyer (D-Md.) introduced a bill that would increase the government's contribution toward federal employee health-care premiums -- as he had pledged he would to two unions earlier this week.

Under the proposal, the government would pay 80 percent of the cost of premiums in the Federal Employees Health Benefits Program, saving the average federal worker about $500 annually. Currently, the government picks up 72 percent of premium costs.

"This legislation will help take the bite out of rising health care costs and make it easier for federal employees to afford quality health care for themselves and their families," Hoyer said in a statement.

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The rate of premium growth in the federal employee program has slowed in recent years, dropping from an average increase of 12.7 percent in 2002 to an average 6.4 percent in 2006. The Office of Personnel Management, which administers the program, used financial reserves in the program to hold this year's average premium increase to 1.8 percent.

Still, a number of insurance plans in the federal program raised their premiums by more than the average 1.8 percent increase. Premiums for health maintenance organizations, for example, rose by 6.3 percent, and some Washington area federal HMOs raised their rates higher.

More than half of the federal program's enrollees, or 2.27 million people, are covered by Blue Cross Blue Shield. This year, the annual share of premiums paid by a federal employee who chose Blue Cross standard coverage will be $1,489 for individual coverage and $3,492 for family coverage.

In introducing the bill, Hoyer said that Rep. Frank R. Wolf (R-Va.) has joined as the chief co-sponsor.

Hoyer has tried to lower health-care costs for federal employees and retirees in past years and promised unions, which held their annual legislative conferences this week, that he would renew his efforts. The introduction of the bill yesterday was welcomed by John Gage, president of the American Federation of Government Employees, and Colleen M. Kelley, president of the National Treasury Employees Union.

The prospects for Hoyer's proposal are uncertain, in part because Congress is under pressure to reduce the federal deficit and rein in spending. His proposal also runs counter to a Bush administration plan, announced last month, that would reduce the government's contribution to health-care premiums for new retirees with less than 10 years of federal service.On the Front Burner

"Welcome to the hot seat."

That's how Rep. Bennie Thompson (D-Miss.), chairman of the House Homeland Security Committee, greeted Paul A. Schneider, who joined the Department of Homeland Security as undersecretary for management two months ago. Schneider came to the Hill yesterday to testify before the subcommittee on management, investigations and oversight.

Committee members expressed concern about morale of employees at Homeland Security, noting that the department got rock-bottom scores in important job-satisfaction, leadership and management areas in a survey conducted by the Office of Personnel Management.

Schneider said the department plans to launch focus groups in the next 60 days to explore workforce issues and find solutions. The survey suggested that too many employees do not feel they are being recognized for their hard work and that communication between supervisors and employees needs to be improved, he said.

Efforts to reduce reliance on contractors also are underway, he told the panel, chaired by Rep. Chris Carney (D-Pa.). Starting this year, Schneider said the department is focusing "on developing a mature acquisition workforce through targeted recruiting and advanced training programs."Talk Shows

Veronica Villalobos, senior attorney in the office of federal operations at the Equal Employment Opportunity Commission, will be the guest on "FEDtalk" at 11 a.m. today on federalnewsradio.com and WFED radio (1050 AM).

Deidre A. Lee, director of management and chief acquisition officer at the Federal Emergency Management Agency, will be the guest on "The IBM Business of Government Hour" at 9 a.m. Saturday on WJFK radio (106.7 FM).

Ground Zero Victims (opinion) (NYT)

The New York Times, March 2, 2007

Mayor Michael Bloomberg has finally joined the urgent campaign to get Washington to care for the responders who helped New Yorkers after the Sept. 11 attacks. Many responders — and people who studied, lived or worked around the World Trade Center — are seriously ill, and Mr. Bloomberg can play an important role in making the federal government take responsibility for them.

Mr. Bloomberg was once skeptical about what is being called ground zero disease. But he is now campaigning to get Washington to pay $150 million a year for three health centers that already treat police officers, firefighters and others made sick by the attacks. The money is badly needed to improve care in these underfinanced, overworked centers.

There should also be a fund to compensate those who have been made sick, modeled on the Sept. 11 Victim Compensation Fund. There are some private fund-raising efforts under way, including one by The New York Times Company Foundation, but the big money will have to come from the federal government. One source could be the $1 billion that Congress set aside to cover lawsuits against the city and its contractors.

Mr. Bloomberg is prepared to make it available, but only if Congress passes a law to protect the city and its contractors from negligence suits by the victims. It should do so. The victims will get more money, and sooner, from a compensation fund than if they have to pursue individual lawsuits and pay attorneys' fees.

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The entire nation was attacked on Sept. 11, not just New York. Congress and the Bush administration should be prepared to come up with the additional funds, and the legislative fixes, that are needed to compensate the victims.

WAR NEWS:

House Democrats Set To Retreat From Effort To Cap Troop Levels (WSJ)

By David Rogers

The Wall Street Journal, March 2, 2007

WASHINGTON -- The Iraq war is proving a humbling experience not just for President Bush, but also for those in Congress who want to end it.

Plagued by internal divisions, House Democrats have largely abandoned efforts to cap the increase in U.S. troop levels for Iraq and will focus instead on highlighting the war's strain on the military and competing U.S. interests in Afghanistan.

The major battleground is a wartime spending request which the administration is still adjusting and which has blossomed into a major test for the Democrats charged with drafting the legislation.

The House Appropriations Committee may add as much as $1 billion to Mr. Bush's request to beef up U.S. operations in Afghanistan and shift additional funds to rural-development programs. More than $2 billion would be set aside to improve the readiness of strategic military reserves in the U.S., and provisions would be added to curb the frequent practice of stretching personnel in Iraq by extending combat tours for units already deployed.

But the White House is given discretion to bypass any such restrictions that it finds burdensome, and President Bush will have a relatively free hand to add the more than 21,500 soldiers and Marines he wants by the end of May.

Rep. John Murtha, one of the bill's chief managers, had pushed a tougher line that could have capped the buildup at one to two brigades below Mr. Bush's target. But given divisions in his party, the Pennsylvania Democrat was forced to retreat for fear of jeopardizing the larger package.

The sometimes stormy back-and-forth, which has played out since Mr. Murtha announced his proposals in early January, has been a humbling lesson for him and other Democrats in just how difficult it is for Congress to achieve the unity needed to challenge a president's war powers. Similar debates over Vietnam, a larger war with many more casualties, stretched for years. And while Iraq helped to mobilize voters for Democrats in the November elections, helping them win control of Congress, delivering on their promise of change is proving difficult.

"For seven weeks Democrats have been all over the block," said House Republican Leader John Boehner of Ohio. "They have no strategy to stop the war. They have no strategy to win the war. They are the majority here on Capitol Hill. It's time for them to grow up and make a decision."

Last night, the Appropriations leadership was still struggling to pull together the bill, which will include the administration's $93.4 billion defense request, as well as $6 billion for State Department and foreign-aid accounts, and $3.4 billion disaster assistance at home.

The war debate, by so fracturing the House, makes this a much more difficult challenge for Democrats still finding their legs as the majority. Complicating the task is the fluid situation on the ground in Iraq and Afghanistan, and the fact that the Pentagon appears to have underestimated its needs for support personnel and Mine Resistant Ambush Protected armored vehicles. Further, there may also be adjustments to Pakistan economic assistance following President Cheney's visit there this week.

An administration official said last evening that there may be "slight adjustments" within its requests. But the Pentagon has discussed much larger needs approaching $5 billion.

Appropriations Chairman David Obey is under pressure to add billions more for domestic priorities, including farm aid and child health programs. But to protect himself from critics on the right, the Wisconsin Democrat has set the goal that every dollar for these needs will be more than matched by additional funds for defense and homeland security.

This has opened the door to both more military spending and additional funds for homeland-security priorities that have received less attention in the past. These include rail- and transit-security measures, explosive-detection devices and tighter inspections of air cargo carried on passenger planes.

Mr. Obey is pressing still for language that would bar major U.S. military action against Iran without prior authorization from Congress. But the more serious policy battle -- and dilemma for Democrats -- has been how far lawmakers should go in trying to cap or restrain the new commitment of U.S. troops in Iraq.

The new forces ordered by Mr. Bush are intended to quell sectarian violence in Shiite and Sunni neighborhoods in Baghdad and strengthen Marine forces against the continued al Qaeda presence in Anbar province. But the Army is so short of

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combat-ready units, it will take until May to complete the "surge" of five brigades, creating an awkward situation for both the military and Congress.

Coming in the middle of a fiscal year, it was highly unlikely Congress could roll back the president's decision even if it had the political will to limit funding for the surge.

In testimony before the Senate Appropriations Committee this week, Marine Gen. Peter Pace, the chairman of the Joint Chiefs of Staff, said Mr. Bush could use his "food and forage" powers to continue the mission even if Congress were to limit funds. "It is my belief that given the mission he has the food and forage responsibilities and authority to resource as he needs...to accomplish the mission," Gen. Pace said.

Democrats Split Over Iraq War Funding (CSM)

By Gail Russell Chaddock

The Christian Science Monitor, March 2, 2007

WASHINGTON

After starting the 110th Congress with a big antiwar mandate, Democrats are scrambling to find a way forward on an issue that is driving wedges deep into their new majority.

At issue is how aggressively Democrats can challenge President Bush's war policy without alienating so many of their own caucus members that they lose key votes.

The next test will be how the House handles Mr. Bush's $93.4 billion war-funding request, which comes before the Appropriations Committee next week.

"It's a work in progress," says Rep. Ike Skelton (D) of Missouri, chairman of the House Armed Services Committee, commenting on behind-the-scenes talks this week to find a consensus within the Democratic caucus on the war.

Early in the week, House Democrats balked at a proposal by Rep. John Murtha (D) of Pennsylvania, who chairs the Defense subcommittee on that panel, to use the war-funding request to rein in Bush's options as commander in chief.

Mr. Murtha's plan, announced on an antiwar website, proposed that the funds be used on the condition that the Pentagon meets standards of readiness and training for troops to be deployed to Iraq.

After a fractious caucus meeting on Tuesday, House leaders backed off the Murtha proposal, but opened new rifts with liberals in their caucus who favor stronger moves to get US forces out of Iraq.

"The American people are going to have a great deal of difficulty with Democrats who say they oppose the war, yet vote to fund it," says Rep. Dennis Kucinich (D) of Ohio, who is also a presidential candidate.

A longtime, staunch supporter of the military, Murtha has emerged as a lightening rod in an intense intraparty debate over how to end US involvement in Iraq.

On the one hand, the 44-member Blue Dog Coalition, which is made up of fiscal conservatives, opposes moves that would either deprive US troops of funding they need or appear to micromanage the war.

"There's a growing consensus for setting standards for our troops to be well trained, well equipped, and well rested, but to also give the president waivers," in case such guidelines cannot be met, says Rep. Chet Edwards (D) of Texas, who chairs the subcommittee on military quality of life and veterans' affairs.

Such waivers would require Bush to "take responsibility for troops not being well trained," and would make any lapses in training or equipment more visible to the public. But the waiver policy still allows Bush to send reinforcements to "bring home a battalion that's worn out. Without such flexibility, it would be micromanaging," he adds.

On the other hand, the 71-member Congressional Progressive Caucus (CPC), the largest group of Democrats in the House, is calling for a "fully funded" withdrawal of US forces from Iraq within six months.

"I'm telling them point blank that the only money I'll support is fully supporting the withdrawal of every last soldier and contractor in Iraq," says Rep. Lynn Woolsey (D) of California, who chairs the CPC. "There's going to be a respectable showing of members against the [defense] supplemental [spending bill], unless it is clearly to support our troops, while bringing them home."

A lawmaker at the heart of next week's firestorm over funding, Rep. David Obey (D) of Wisconsin, who chairs the full House Appropriations Committee, notes that Congress struggled for years to find consensus over how to end the war in Vietnam. "Between 1970 and 1972, we had 31 different approaches, before we got a vote that had teeth," he says.

Moreover, the focus on Democrats is misplaced, he adds. The war will end "when enough Republicans go down to the White House and say, 'Mr. President, it has to end,' " he says.

On the Senate side, the Appropriations Committee that will pick up this bill after it clears the House is chaired by Sen. Robert Byrd, one of the strongest and earliest critics of the Iraq war.

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"The Congress has consistently supported our men and our women in uniform, Congress will continue to support our troops and their families," he said at that panel's first hearing on supplemental war funding Feb. 27. But he added that "Congress is not a rubberstamp or presidential lapdog, obedient and unquestioning."

Meanwhile, Senate Democrats are as deeply divided as their House counterparts over the best approach to respond to Bush's call for a surge of 21,500 troops in Iraq.

After Senate Republicans blocked votes on a nonbinding resolution opposing the troop buildup earlier this month, Democrats have been working to draft a binding resolution, which may include the repeal of the 2002 authorization to use force in Iraq.

"Quiet conversations are going on behind the scenes addressing the concerns raised by some in the caucus," says Jim Manley, a spokesman for Senate majority leader Harry Reid.

Senate Republican and Democratic leaders also say they are close to agreement on debating Bush's proposal for a "surge." "This time, it looks as if we will be able to offer amendments," including one that commits the Senate to fully funding the war, says Don Stewart, a spokesman for GOP leader Mitch McConnell.

Democrats Want Troops Out If Goals Unmet (AP)

By Anne Flaherty

AP, March 2, 2007

House Democratic leaders have coalesced around legislation that would require troops to come home from Iraq within six months if that country's leaders fail to meet promises to help reduce violence there, party officials said Thursday.

The plan would retain a Democratic proposal prohibiting the deployment to Iraq of troops with insufficient rest or training or who already have served there for more than a year. Under the plan, such troops could only be sent to Iraq if President Bush waives those standards and reports to Congress each time.

The proposal is the latest attempt by Democrats to resolve deep divisions within the party on how far to go to scale back U.S. involvement in Iraq. Rep. James Moran said the latest version has the support of party leadership and said he believes it is final and has the best chance at attracting broad support.

"We're going to report out" a war spending bill "that's responsive to the will of the voters last November and brings our troops home as soon and safely as possible," Moran, D-Va., said in an interview Thursday.

Moran, a member of the House committee that oversees military spending, said the plan was discussed in a closed-door meeting of committee Democrats on Thursday.

Brendan Daly, a spokesman for House Speaker Nancy Pelosi, D-Calif., declined to confirm the details and or say whether Pelosi backs the plan. But he said: "We have said we want to make sure our troops have all the training and equipment they need and that the Iraqi government must meet the benchmarks President Bush endorsed."

Bush said the Iraqis had promised to meet certain goals when he offered to send 21,500 more troops to Iraq. For example, the Iraqis pledged to spend more money on reconstruction and reach a political agreement to share the nation's oil resources.

If the Iraqis fail to live up to their promises, some troops could be left behind under the Democrats' plan to train Iraqi troops or conduct counterterrorism missions, Moran said.

Bush requested $93.4 billion for this year's military operations in Iraq and Afghanistan.

Moran said that as of Thursday, the proposal was on track to add an extra $1 billion to step up efforts in Afghanistan. Money also would be added to improve health care for veterans and help wounded active-duty troops, as well as provide relief for hurricane victims.

The legislation also would require Bush to seek congressional approval for any military operations in Iran.

The Senate, meanwhile, could begin floor debate on Iraq as early as next week. Sens. Joseph Biden, D-Del., and Carl Levin, D-Mich., have proposed a resolution that would call for combat troops to come home by March 2008.

As Democrats finalized their spending plan for this year, White House chief of staff Joshua Bolten told Senate Republican leaders that the administration will need additional funding to pay for the influx of troops to Iraq.

The Pentagon initially estimated the 21,500 troops would cost $5.6 billion through Oct. 1. But 6,000 more personnel will be needed to provide support to the combat units, according to GOP aides.

The administration also might amend its funding request in order to provide more money for Afghanistan.

The White House is expected to offer to trim other parts of the 2007 war spending request such as the controversial V-22 tilt-rotor aircraft to offset the money needed. Bolten did not offer a specific figure for the support troops, the aides said.

Also on Thursday, an influential Senate Democrat floated the idea of cutting $20 billion from Bush's request for military operations next year in Iraq and Afghanistan, only to be swiftly overridden by his colleagues.

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The trial balloon floated by Budget Committee Chairman Kent Conrad would have trimmed Bush's $142 billion war budget for 2008 by about one-seventh in keeping with cost estimates by the nonpartisan Congressional Budget Office.

Conrad's idea would have applied to the next budget year beginning Oct. 1 — a separate issue from the debate over Bush's $100 billion request for immediate supplemental war funding.

But it raised concerns among Democrats sensitive to any accusations of shorting funding for troops in battle.

"Our caucus feels strongly that we should go with the president's numbers" on 2008 war costs, Conrad said.

Some Lawmakers Want To Fund Civilian Projects Through War Bill (WP)

By Lyndsey Layton

The Washington Post, March 2, 2007

As House Democrats wrangle over details of a $100 billion war spending bill -- including whether restrictions should be placed on troops sent to Iraq -- some members want to add significant money for agricultural relief, Hurricane Katrina reconstruction and other nonmilitary projects.

Rep. Collin C. Peterson (D-Minn.), who chairs the Agriculture Committee, said yesterday that rural states hit hard by floods, droughts and snowstorms in the past two years need $4 billion in emergency farm relief. And attaching the request to the war bill is the best way to insure they get it, he said.

Members from Gulf states want funds for improving levees in areas devastated by Katrina. And lawmakers from across the country say their states need federal help to cover deficits in a children's health insurance program.

As of yesterday, Rep. David R. Obey (D-Wis.), who chairs the House Appropriations Committee, had agreed to add about $3 billion to the war bill to help close military bases and relocate troops as part of the Base Realignment and Closure process. And he approved an additional $750 million for the State Children's Health Insurance Program, a joint federal and state program that provides health care for six million poor children.

Obey has not agreed to the farm-relief request, according to Democratic aides familiar with the discussions. But Peterson made it clear that conservative Democrats and some Republicans from farming communities would be inclined to support the war bill if it included disaster aid. "A lot of these guys are farm guys," Peterson said. "Disaster relief is important to them."

Even though the details of the bill are still in flux, Republicans lost no time yesterday attacking Democrats for fattening the already hefty war bill. "Our focus ought to be on supporting our troops in harm's way, not in porking up this bill with everyone's latest ideas of how we ought to be spending the taxpayers' money," said Rep. John A. Boehner (R-Ohio), the minority leader.

The bill is a response to President Bush's request for $100 billion in supplemental funds to pay for the wars in Iraq and Afghanistan for the rest of the fiscal year. Democratic aides said the details of the bill are likely to be finalized and released next week and will be debated by the Appropriations Committee sometime within the next two weeks, before it is sent to the House floor for a vote. Although it is highly likely that the bill will be approved by the committee, the outcome on the floor is more difficult to predict.

Rep. John P. Murtha (Pa.), the Democrats' most celebrated war critic and chairman of the Appropriations subcommittee on defense, is trying to use the bill as a vehicle for exerting congressional control over Iraq policy. Murtha wants to include language that says troops must meet certain readiness and equipment standards before they can be deployed. Some liberal Democrats oppose any legislation that would further fund the war. Some senior Democrats want to include a provision that would allow the president to dispatch troops that do not meet readiness standards, as long as he formally notifies Congress that he is doing so.

Republicans and some conservative Democrats have said that they will oppose such restrictions, even if it means voting against a bill that is fundamentally designed to pay for the war. "We will not support a bill that inhibits the president's ability to win this war in Iraq," Boehner said.

Fed's Bernanke Wins Praise For Reply To Sliding Markets (WSJ)

By John Harwood

The Wall Street Journal, March 2, 2007

BERNANKE WINS praise for response to market volatility.

Lawmakers in both parties welcome Fed chief's reassuring midweek testimony, which followed market-rattling commentary from predecessor Greenspan. Rep. Jim Cooper praises Bernanke for a "steady hand" at the central bank.

Treasury's Paulson, on the job less than a year, spoke by phone with Bush but offered little publicly to calm investor jitters. In a speech yesterday, two days after market's plunge, Paulson struck upbeat notes and urged "a broad view of the economy."

Congressional aides say market drop that began in Asia will raise pressure on Paulson, who visits China next week, to get results on yuan.

DEMOCRATS JOCKEY for attention from black voters.

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At civil-rights commemorations this weekend in Selma, Ala., Sens. Obama and Clinton will speak at separate churches blocks apart. One organizer frets they may distract the spotlight from Georgia Rep. John Lewis, beaten by state troopers during 1965 march across Edmund Pettus Bridge.

Democratic campaigns increase scrutiny of potential Gore entry after former vice president's Oscar win. The coverage Gore would attract, a strategist for one contender reasons, "robs most candidates' ability to push a positive message" for two to three weeks, and require intensive "care and feeding" of political insiders and donors.

REPUBLICANS AIM to force Democrats into tough health-care choices.

As health-funding debate accelerates, Senate Republicans seek to resist spending increases by limiting "S-Chip" child-health program money on low-income children, not adults. Democratic-leaning states such as Illinois that cover adults under the program bristle at the idea.

Bush asked Congress for $4.8 billion in new money over five years, just over half of what Congressional Budget Office says is needed to maintain programs at current enrollment rate. Maverick Republican Sen. Smith of Oregon, facing re-election next year, draws intraparty fire for seeking funds from higher cigarette taxes.

Though Bush rebuffed governors' funding pleas, "Many states are rearing to go in covering more uninsured children," Urban Institute's Stan Dorn says.

ENDORSEMENT? Though Gore now basks in liberals' praise, neoconservative author Robert Kagan insists Gore might have ousted Saddam Hussein himself had Florida votes been counted differently. "It's entirely possible that [Gore] also might have gone to war in Iraq," Kagan tells C-SPAN in interview to air Sunday night, "because he was one of the leading hawks...in the Clinton administration." A Gore spokeswoman couldn't be reached, but Gore warned six months before war began that attacking Iraq would squander America's goodwill and distract from the war on terrorism.

COLLISION COURSE: Democratic Sen. Schumer and Republican Sen. Domenici propose guaranteed diabetes screening and treatment under Medicaid. Though Schumer says preventive steps could save $30 billion over 10 years, their legislation faces administration pressure to restrain Medicaid spending.

PLAN B: Divided over how to confront Bush on Iraq troops levels, House Democrats highlight issue with broader appeal: accountability for billions in federal spending on Katrina and other issues they contend are rife with mismanagement and abuse. A House Republican Leadership aide argues that such initiatives mask Democrats' desires for higher spending: "Republicans are trying to turn off the faucet on the front end, whereas Democrats keep looking for a bigger hose."

DAMAGE CONTROL: Bush administration seeks more help for workers hurt by trade. Labor Secretary Chao leads an interagency effort, consulting quietly with trade-friendly Democrats on Capitol Hill. Senate Finance Chairman Baucus, backing aid for service as well as manufacturing workers, calls more "trade adjustment assistance" essential for extending presidential trade-negotiating authority.

DEMOCRATS STEP UP calls for predatory-lending curbs.

Soaring default rates on subprime mortgages and signs that some less risky borrowers are struggling with payments spur hearings in Rep. Frank's financial-services committee. Legislation is expected later.

Senate banking chairman Dodd pushes Bernanke and big-city mayors to strengthen borrower protections; bank regulators prepare new guidance on subprime lending. Freddie Mac vows to stop purchasing particularly risky subprime loans as consumer advocates complain that millions of vulnerable borrowers are facing foreclosure.

Despite swelling controversy, lenders defend subprime lending for having boosted home ownership among minorities and low-income families.

MINOR MEMOS: At "All Things Ethical" conference in Las Vegas by Campaigns and Elections magazine, topics include "The Ethics of Deception" and "Is Negative the New Positive?"...Among those following each story closely, Pew Research Center survey finds 64% approval for press coverage of Anna Nicole Smith exceeds positive marks for journalists on Iraq war or 2008 presidential campaign.

Senate Democrats Vow To Confront Bush On Iraq But Are Still Working Out The Details (NYT)

By Carl Hulse And Jeff Zeleny

The New York Times, March 2, 2007

WASHINGTON, March 1 — Senate Democrats tried Thursday to bridge their political differences over how to confront President Bush on Iraq even as they acknowledged that agreement on an approach remained out of reach.

“We have not gotten our arms around how the caucus is going to move forward,” Senator Harry Reid of Nevada, the majority leader, said as Democrats searched for a plan that would satisfy antiwar lawmakers, keep the party’s centrists on board and win over some Republicans.

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The leadership had been preparing to move forward this week with a proposal that would have essentially repealed the 2002 resolution granting Mr. Bush the power to invade Iraq and imposed new restrictions on how American troops could be used there.

But the plan put off some Democrats, because it said explicitly that "the president is authorized to use the armed forces of the United States in Iraq" for the purposes of protecting American forces and bases, training Iraqi soldiers and policemen, conducting operations against terrorists and protecting Iraq's borders.

Critics of the war, particularly those who opposed the 2002 authorization, worried that this approach would effectively put them on record as sanctioning almost any use Mr. Bush and his commanders might make of the troops, giving Democrats shared responsibility for a war that most of them now oppose and several have rejected all along.

"It's still George Bush's war," said Senator Russell D. Feingold, Democrat of Wisconsin, "but we run the risk of gaining some ownership of it if we don't make it absolutely clear that we are the party that wants to get out of there."

Senator Richard J. Durbin of Illinois, the No. 2 Democrat, said he believed that the party's leaders were close to reaching a new consensus, but he cautioned that any legislation would have to be precisely written.

"I haven't given up," he said. "I really think we can carefully word this and come up with strong support in our caucus. But I am one of the 23 who voted against the war, and I want to read this very carefully to make sure I am not authorizing the war at this point."

Democrats sought to smooth over the problems by drafting another proposal, which began circulating Thursday. That version made it clear that the intent was to narrow the initial authority for the war and placed new emphasis on the phased redeployment of troops. It also put stricter limits on the United States role in protecting Iraq's borders and said the conflict required a political rather than a military solution.

Mr. Reid said the Democrats were determined to move legislatively on the war after finishing work on a domestic security measure.

Senate Democrats were somewhat defensive about their internal divisions, which have left them open to criticism that unlike the House of Representatives, they have yet to weigh in with a strong vote on the war even though public dissatisfaction with it contributed to their election gains in November.

"We've only been in the majority for six weeks," said Senator Patty Murray of Washington, another member of the leadership, adding that there had been dozens of committee hearings about what to do. "We are working our way for how to do it right," she said, "and that's a lot better than we've done in the last three to four years."

Mr. Reid sought to play down any party divisions, saying Democrats were united behind the broad idea that the "war in Iraq is going wrong." He noted that 49 senators, nearly all of them Democrats, sought unsuccessfully last month to force a vote on a proposal opposing the administration's troop buildup in Iraq but were thwarted procedurally by Republicans.

Even as the Democrats searched for a policy solution, the political sensitivity over trying to restrict war spending was brought into sharp focus on Thursday.

Senator Kent Conrad, Democrat of North Dakota and chairman of the Budget Committee, raised the idea of cutting $20 billion from the president's $145 billion request for next year for Iraq and Afghanistan. But he quickly dropped that idea after fellow Democrats insisted on keeping the president's number in the nonbinding budget framework that is the first step toward bills financing all of the government's programs, not just the war.

Democrats in the House and the Senate say that even with popular sentiment against the war, trying to agree on how to influence its course is proving much more difficult than some had anticipated.

In the Senate, a working group of nine Democratic senators and their senior aides have been meeting privately throughout the week, trying to resolve their disagreements on how to limit the president's war authority.

"It's tricky finding the right formula where you can express the reservations about what's going on without interrupting legitimate military activities that are being conducted because we're there," said Senator Jim Webb, a Virginia Democrat who was elected last fall. "That's the debate right now."

GOP Regroups To Foil War Plans Of Democrats (WT)

By S.a. Miller

The Washington Times, March 2, 2007

Republicans in Congress -- including most who have defected from President Bush's plan to send reinforcements to Iraq -- have closed ranks and are prepared to thwart the Democrats' continued efforts to undermine the war strategy.

Most of the 17 House Republicans who voted for a resolution against the troop-surge plan -- which was about half the number predicted by Democrats -- now oppose moves to cut war funding or attach conditions to appropriations bills that would hamstring the war effort.

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All but one of the seven Senate Republicans that backed the anti-surge resolution in their chamber say they will not support any funding cuts. The one other dissident Republican -- Sen. Chuck Hagel of Nebraska -- declined to comment on the issue.

"I don't think we should micromanage the war or tie the president's hands," said Rep. Thomas M. Davis III, a Virginia Republican who last month voted with Democrats to pass a nonbinding resolution disapproving of Mr. Bush's plan to deploy 21,500 more troops.

"The question of the surge was one of policy [and] an opportunity for me to express my frustration with the policy," Mr. Davis said. "But when it comes to conducting the war, that is the president's authority. ... We have to close ranks behind him and allow this [plan] to work."

Rep. Phil English of Pennsylvania, another Republican now supporting the president after helping pass the nonbinding resolution, called the Democrats' proposals "a direct body blow to U.S. troops."

Democrats have struggled to appease their anti-war support base while not exposing themselves to criticism for endangering troops in the field. Their leaders have continued to block proposals from some of their rank and file to cut off war funding, which is Congress' chief weapon and would end U.S. involvement in Iraq.

The leadership, nevertheless, remains determined to block the president's war plan with moves somewhat shy of pulling the funding plug.

Senate Majority Leader Harry Reid, Nevada Democrat, intends to put forward a plan to either curb funding or presidential war powers later this month.

"We are prepared to give the troops everything they need," Reid spokesman Jim Manley said. "The goal is to redeploy the troops and bring as many home as soon as possible."

House Democrats are considering putting conditions on the war funding, such as requiring the president to certify that troops meet stringent readiness standards before deployment, that would make it difficult if not impossible to deploy reinforcements.

A series of ideas to incrementally restrict funding have failed to gain traction, including a proposal last week by Rep. John P. Murtha, the Pennsylvania Democrat leading the anti-war push.

Mr. Murtha, chairman of the defense appropriations subcommittee, wants to effectively stop the surge in midstream by amending the war-funding bill to limit troops to one-year stints in Iraq with at least one year at home between deployments. The troops also would have to be certified as fully trained and equipped before being deployed.

"If they want to cut the funding, they ought to have the courage to stand up and do it forthright," said House Minority Leader John A. Boehner, Ohio Republican.

"So let's quit hiding in the shadow of the tree, trying to decide what [the Democrats'] strategy is," he said. "They have no strategy to stop the war. They have no strategy to win the war."

Panetta Dismayed By Party's War Debate (WT)

By Donald Lambro

The Washington Times, March 2, 2007

A senior Democratic adviser said yesterday he is disappointed and dismayed by the efforts of House and Senate Democrats to change administration policies in Iraq, predicting they would lead to further division and stalemate in Congress on the war.

"If you stand back, the whole debate has been pretty frustrating. The bigger problem is that [Democratic leaders'] proposals are not going anywhere, such as some revised authority for the war," said Leon Panetta, a key Democratic member of the Iraq Study Group whose proposals to stabilize Iraq were largely dismissed by President Bush.

"But those efforts are doomed. Either they are going to be blocked in Congress or vetoed by the president, or both. The end result is that it will make us more divided and impotent on war policy," President Clinton's former White House chief of staff said in an interview with The Washington Times.

Mr. Panetta's blunt complaints about how his party has bungled the war debate underscores a partywide discomfort among many Democrats that their leaders have failed to craft a politically viable compromise that can draw some bipartisan support.

Instead of recent Democratic leadership proposals that would set strict requirements for troop readiness training and deployment, Mr. Panetta wants his party to set performance benchmarks for the Iraqi government, as suggested by the study group.

"The issue shouldn't be about the troops or fighting over what we do there. The issue ought to be over what the Iraqis do. That's where we ought to be focusing our pressure by saying with one voice to the Iraqis, this is what you ought to accomplish. They said they would implement a whole series of political reforms and have yet to do that," he said.

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"Why can't they come up with a proposal to put more pressure on the Iraqis to hold them to these benchmarks," he said.

But other Democratic advisers aren't willing to give up on the possibility that Mr. Bush's troop surge may be able to reduce the violence in Baghdad and stabilize the country. They think the Democrats should give the administration six months before attempting to impose funding cuts or other sanctions against the war.

"A lot of [the Democrats'] efforts have been pointless," said Michael O'Hanlon, a senior foreign policy analyst at the Brookings Institution who advises Democrats on national security issues.

"So I think, rather than monkeying around [with anti-war legislation], they should wait until the fall and basically say, whether you like Bush's handling of the war or not, at least recognize it is reasonable that it could work and give it six more months," Mr. O'Hanlon said.

That view, though, appears to have little support among Democrats in Congress who have been trying to come up with legislation that can unite anti-war liberals who want to force a pullout and more moderate members who want other alternatives.

Despite the Democrats' midterm election victory, largely because of growing opposition to the war, Mr. O'Hanlon said. "I don't think the American public endorsed a Democratic alternative on Iraq. They became frustrated with Bush on his strategy and wanted that strategy challenged."

Vice President Says U.S. Troop Withdrawal From Iraq Could Worsen War In Afghanistan, Elsewhere (WP/AP)

By Tom Raum

The Washington Post, March 2, 2007

Vice President Dick Cheney said Thursday night that a too-soon withdrawal of U.S. forces from Iraq could send victorious militants spreading out, with some flocking to Afghanistan to fight alongside a regrouping Taliban. He demanded that the Democratic-controlled Congress support President Bush's military buildup "on time and in full."

Speaking before a receptive audience of conservatives, the vice president -- just back from a trip that included unannounced stops in Afghanistan and Pakistan -- sharply criticized efforts by some Democrats to restrict funds for additional troops or to place restrictions on their deployment.

While noting that the House had already passed a nonbinding resolution voicing opposition to Bush's Iraq policy, Cheney said that "very soon both houses of Congress will have to vote on a piece of legislation that is binding." The legislation would, among other things, help pay for the additional 21,500 troops Bush is sending to Iraq.

"I sincerely hope the discussion this time will be about winning in Iraq, not about posturing on Capitol Hill. Anyone can say they support the troops, and we should take them at their word. But the proof will come when it's time to provide the money and the support," Cheney said. "We expect the House and the Senate to meet those needs on time and in full."

The vice president spoke at an annual dinner of the Conservative Political Action Conference. The audience included conservative activists, leaders and policymakers.

Cheney mentioned his just-ended visits to Afghanistan and Pakistan. In Afghanistan, a bombing at the gate of the military base where the vice president was staying killed 23 people, including two Americans. The Taliban claimed the attack was aimed at Cheney, but officials said it posed no real threat to him.

During his visit to Pakistan, Cheney expressed concern to President Gen. Pervez Musharraf over al-Qaida's regrouping inside Pakistan's tribal regions and an expected Taliban spring offensive in neighboring Afghanistan.

"If our coalition withdrew before Iraqis could defend themselves, radical factions would battle for dominance. The violence would likely spread throughout the country and be very difficult to contain. Having tasted victory in Iraq, the (militants) would look for new missions. Many would head for Afghanistan to fight alongside the Taliban," Cheney said.

He said others would head for capitals across the Middle East and work to undermine moderate governments. "Still others would find their targets and victims in other countries on other continents. Such chaos and mounting danger does not have to occur. It is, however, the enemy's objective," Cheney said.

"In these circumstances, it's worth reminding ourselves that, like it or not, the enemy we face in the war on terror has made Iraq the primary front in that war," he added. Then, to laughter and applause, Cheney said, "To use a popular phrase, this is an inconvenient truth."

It was a play on the Academy Award-winning environmental documentary featuring former Vice President Al Gore, "An Inconvenient Truth."

"If you support the war on terror, then it only makes sense to support it where the terrorists are fighting us," Cheney said.

Cheney also recited a litany of conservative themes and goals, invoking the memory of Ronald Reagan and calling on Congress to "make all tax cuts permanent" that were enacted in Bush's first term.

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"You've come to Washington at a very eventful time, with a new Congress at work and some very consequential debates under way," Cheney said.

"With a divided government, and strong feelings on both sides of the aisle, getting things done is a bit more of a challenge than it was before. But the American people expect results and the president and I are committed to working with Congress for the good of the country. What we will not do is abandon the conservative principles we ran on in 2000 and 2004."

Baghdad Sees Day With Little Bloodshed (USAT/AP)

USA Today, March 2, 2007

BAGHDAD — Baghdad experienced one of its least violent days in months Thursday when there were two reported bombings and one fatality.

The relative lull in violence came in the third week of a U.S.-Iraqi plan to improve security in Baghdad. President Bush has ordered an increase of 17,500 U.S. troops in the capital to conduct house-to-house searches and help disarm sectarian militias.

A U.S. military report said Monday that the number of roadside bombs was down 20% since the security initiative began in mid-February and sectarian murders were at their lowest levels in a year.

The day was not completely calm. A bomb exploded on a minibus carrying employees of the capital's provincial council, killing one person and injuring four in an eastern neighborhood.

A roadside bomb exploded alongside the convoy of Jalal Eddin al-Sagheer, a prominent Shiite cleric whose ties to Prime Minister Nouri al-Maliki have made him the target of past assassination attempts. The imam was not injured, but several bodyguards were wounded.

Al-Sagheer said his convoy was blasted in a Sunni area of southwest Baghdad en route from the airport.

"They targeted me again," he said but declined to blame any specific group. Al-Sagheer has had close calls in the past, which he said were linked to his denunciations of Sunni insurgents and foreign jihadists such as al-Qaeda in Iraq.

There was artillery fire in Baghdad after nightfall. In recent days, U.S. gunners have pummeled areas of south Baghdad suspected of being a staging ground for car bombings and other attacks.

U.S. and Iraqi forces discussed an agreement to expand the security sweep into the Shiite stronghold of Sadr City. Such a move would test the willingness of the powerful Mahdi Army militia to grant its American foes access to all parts of Baghdad under its control.

Sadr City leaders and a U.S.-Iraqi military delegation studied plans to establish an "operational base" in the district, said Rahim al-Daraji, one of the two mayors of Sadr City. "We discussed ways to coordinate … and define the movements of these troops," he said.

Also Thursday:

·In the Sunni militant stronghold of Fallujah, 40 miles west of Baghdad, a bomb-rigged car exploded near a convoy heading to a police officer's wedding. At least five people were killed and 10 injured, police Lt. Wessam Mohammad said. The bride and groom were not harmed.

·In his first interview since he was hospitalized Sunday, Iraqi President Jalal Talabani said he was in good health and would return to his country but gave no date.

"I enjoy good health, despite the rumors you've heard," Talabani, 73, told Associated Press Television News at the King Hussein Medical Center, a hospital in the Jordanian capital of Amman.

Talabani collapsed Sunday in northern Iraq, suffering from exhaustion and dehydration caused by lung and sinus infections. He was flown to Jordan for treatment later the same day.

Pentagon Stays Cautious But Sees Progress In Iraq (AFP)

AFP, March 2, 2007

Three weeks after the launch of the new US strategy in Iraq, Pentagon officials were cautious Thursday saying early signs were good, but that it was too soon to make concrete conclusions.

"I would say, just looking at the reports from the people on the ground ... I think their assessment would be, 'It's too early to draw any conclusions,' because this is still in the early stages," Pentagon number two Gordon England said.

But the deputy defense secretary acknowledged at a Senate committee hearing on the 2008 budget that there had been reports of fewer sectarian killings in the country.

Admiral Edmund Giambastiani, the deputy chief-of-staff, stressed that the US administration was not prepared to make definite conclusions on "just a week or two of statistics to indicate an overall trend."

"However, we do see sectarian killings are down right now. And that's substantial. And we hope that that trend continues. But it's not really a trend yet," he told the committee.

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Giambastiani said he had talked to Lieutenant General David Petraeus the commander of US forces in Iraq on Wednesday "and he relayed that the sectarian killings are down."

"One other potential bright spot -- potential, I mention -- is that the sectarian migration from Baghdad, for example, and throughout the country, is also down."

The US Army announced on February 7 that the US-Iraq security plan unveiled in January by President George W. Bush was being fully implemented.

Under the plan, Bush, the commander-in-chief of US forces, is deploying some 21,500 extra US combat troops to Iraq to quell the violence in Baghdad and Anbar province.

Iraq's Displaced Trickle Home (LAT)

By Alexandra Zavis

The Los Angeles Times, March 2, 2007

BAGHDAD — At a time of epic displacement, Fuad Khamis has done something extraordinary: He has moved back home.

"When I arrived, I was overwhelmed and frightened at the same time," says Khamis, a Sunni Arab taxi driver from Baghdad's religiously mixed Sadiya neighborhood.

His house was damaged and there wasn't a piece of furniture left. But the father of five says his Shiite neighbors have welcomed him back with hugs and kisses.

Encouraged by a major security clampdown that began Feb. 13, and reassurances from his neighbors, Khamis is one of the first to test Iraqi Prime Minister Nouri Maliki's recent pledge to reverse the tide of sectarian "cleansing" sweeping Baghdad and move tens of thousands of people back home.

Launched after years of unchecked violence between Sunni Arabs and Shiites, the program faces major hurdles, including a dearth of confidence among many of the city's residents in the government's ability to secure their neighborhoods.

"I believe in miracles and fairy tales, but not in the government's intention or ability to move the displaced back into their homes," says Hussein Azaidi, a Shiite Muslim with years of poverty etched on his face who now finds shelter in an abandoned school in Baghdad's teeming Sadr City area.

Even if the government can convince families that their old neighborhoods are safe, there is no guarantee they can regain their homes. Many residences have been looted or torched, others commandeered by gunmen or occupied by families fleeing violence elsewhere.

U.S. reservations

Maliki has taken a tough line, labeling as terrorists everyone living in homes that were taken by force and informing parliament they would be arrested.

But the U.S. military, which is to contribute 17,500 troops to the Baghdad crackdown, says its forces won't help the government evict squatters. U.S. officials believe it is a recipe for further abuses.

"It's a no-win situation," says Col. Douglass S. Heckman, senior U.S. advisor to the 9th Iraqi Army Division in east Baghdad.

Acknowledging the complications, Iraq's Cabinet on Thursday gave occupants an extra two weeks to vacate the homes of the displaced or obtain written permission to remain.

Maliki's government does not have the means to carry out a major resettlement program. Abdul Samad Sultan, minister of migration and displacement, expects many families will go home on their own once they see it is safe. They are being offered about $200 to help with the cost of the move. Apart from that, Sultan can only offer to issue badges allowing their return to contested areas and ask their erstwhile neighbors to write letters welcoming them back.

"I think that the Iraqi people have big hearts and can forgive the past," Sultan says. "They have seen the results of violence."

As many as 1,000 families have trickled back to areas such as Madaen, Shaab and Mahmoudiya, the Migration Ministry says. But they are a small portion of the total number of displaced.

Across Iraq, as many as 540,000 people have fled their homes since February 2006, when the bombing of a revered Shiite shrine in Samarra unleashed waves of sectarian killing, according to a recent report by the Santa Monica-based International Medical Corps. About 80% of the displaced are from the greater Baghdad area, the group says.

The government's resettlement plan hinges on the ability of the U.S.-backed army and police to clear out sectarian gunmen and maintain a presence so the criminals do not return, as they have in the past. But many residents say they feel safer under the protection of their sects' militias than the government.

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Azaidi lived most of his life in Balad Ruz, a religiously mixed town northeast of Baghdad. When he sent his son to the market one afternoon, Sunni Arab gunmen snatched the youth, beat him to a bloody mess and sent him home with a message: Leave within three days or suffer the consequences.

The next morning, Azaidi moved his family to Sadr City, the stronghold of radical Shiite cleric Muqtada Sadr and his powerful Al Mahdi militia.

It was Sadr's representatives who found Azaidi a place to stay and helped him collect his monthly food ration.

But Sunnis accuse the same movement of driving them out of Sadr City and many formerly mixed districts. Hoping to avoid a showdown, Sadr officials have endorsed the security crackdown and invited Sunnis to return to Sadr City — an offer few show any sign of accepting.

Warning under the door

Each wave of displacement has fueled the next as gunmen in one neighborhood force out members of the rival sect to make room for their co-religionists fleeing other districts.

Sabah Hassan, a Sunni police officer, ignored the first warning to leave the religiously mixed Amal neighborhood, which was slipped under his door last year, tucked into an envelope with a bullet. But when two of his brothers were abducted, he fled, leaving furniture, identification documents and a lifetime of memories behind.

The next day, Hassan sent his mother back to the house to collect a few belongings. But members of the local Sadr bureau had already moved in a displaced Shiite family, he said, and painted a warning on the wall: "Not to be rented or sold."

In some neighborhoods, families have asked neighbors to keep an eye on their homes, or rented them out to members of the dominant sect in their area.

For months, Hussain Mansour held out as fellow Sunnis fled the whispered warnings, threatening letters, cruising gunmen and bullet-riddled bodies that appeared overnight in his mostly Shiite neighborhood of Kadhimiya.

A year ago, gunmen burst into the home of Mansour's devout brother and shot him in the face in front of his family. Last summer, his uncle was gunned down as he carried groceries home. When Mansour went to the local Al Mahdi militiamen to ask for protection, he said most of them laughed.

"They were making fun of me, telling me they would skin me alive," he said. "I have never been so afraid."

Finally, a Shiite neighbor came to Mansour with a proposal. The man's relatives lived in a Sunni part of Baghdad and had received an anonymous letter demanding that they leave. Why not swap houses?

Mansour, a sad-eyed shopkeeper whom friends had called "the last of the Mohicans," didn't think twice. But he is miserable with the arrangement.

His new home is smaller, the furniture is old, and the roof leaks. But it's not just his house that he misses. "It's my memories, my childhood, it's where I grew up," he says. "No one wants to bury his good memories."

If Maliki's plan works, Mansour says, he will be the first to move back. But he holds out little hope.

The plan targets only Baghdad residents forced from their homes since the Samarra bombing — a small fraction of the total affected by decades of displacement stretching back to the darkest days of Saddam Hussein's rule.

About 1.8 million of Iraq's 26 million people have been internally displaced, and about 2 million others have fled to nearby countries, according to the Office of the United Nations High Commissioner for Refugees, which calls the exodus the largest movement of people in the Middle East since the creation of Israel in 1948.

Many still waiting

Iraq's government has had little success untangling previous rounds of displacement. Thousands of ethnic Kurds still live in squalid camps around the oil-rich city of Kirkuk, waiting for authorities to resolve property disputes dating back to their relocation under Hussein's policy of "Arabization," introduced in the 1970s.

In the mostly Shiite south, Sunni Arabs face mounting pressure from paramilitary groups such as Al Mahdi and the rival Badr Brigade.

Many have fled to Sunni-dominated cities in the center and north of Iraq but have struggled to adjust.

Humanitarian workers suggest that it would be more realistic to help the displaced find homes and jobs in their new communities than to try to send them home.

But, says Rafiq Tschannen, the International Organization for Migration's chief for Iraq, "nobody has the courage to admit that it is likely to be permanent."

Khamis, the taxi driver, is keeping his options open.

"Pain filled my heart," he says, the day he left Sadiya after receiving a threatening letter. Now U.S. and Iraqi forces patrol the neighborhood.

If they stay, so will Khamis. Otherwise, he says, he will leave Iraq for good.

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'Surge' Needs Up To 7,000 More Troops (USAT)

By Tom Vanden Brook

USA Today, March 2, 2007

WASHINGTON — President Bush's planned increase of U.S. forces in Iraq will require as many as 28,500 troops, Pentagon officials told a Senate committee Thursday.

Deputy Defense Secretary Gordon England also told the Senate Budget Committee that it will be clear within months whether the so-called surge in forces has succeeded in helping secure Iraq.

"By this summer we would have a much better indication in terms of the success of the program," England said. "And so at that time we would adjust however is appropriate to do so."

In January, Bush said he would send 21,500 more combat troops to Iraq. England said 6,000 to 7,000 support troops will be needed to back up the larger combat force.

England's estimate differed from a Congressional Budget Office (CBO) estimate last month that as many as 28,000 extra troops would be needed to support the increase.

Requests already have been granted for 2,400 support troops, said Adm. Edmund Giambastiani, vice chairman of the Joint Chiefs of Staff. He said there are additional requests for 4,000 more.

Existing logistics bases, many of them in and around Baghdad, will limit the number of new support troops needed, Giambastiani said.

There are about 10,000 soldiers in Iraq now associated with the troop increase, according to Lt. Col. Carl Ey, an Army spokesman. In all, there are about 140,000 U.S. troops now in Iraq.

The increase in troops is expected to peak in May, according to the Congressional Budget Office.

Pentagon officials stressed that the additional troops will be properly equipped. Army Brig. Gen. Charles Anderson, director of force modernization, said in a briefing this week that they will have the body and vehicle armor they need.

Giambastiani also said the wars in Iraq and Afghanistan had affected the military's ability to deal with threats from other countries but not its ability to win a conflict.

"What will happen is there will be some added risk with regard to the time it takes us to be victorious or to win," he said. "And, potentially, you'll have some additional casualties. But let there be no mistake: We can get our job done if another crisis comes about."

Meanwhile, top members of the Senate Budget Committee scoffed at Pentagon estimates that the troop increase would cost $5.6 billion. By contrast, the CBO estimated the cost of sustaining 35,000 troops there, and determined it could be as much as $20 billion.

"Put me down as a skeptic on the $5.6 billion," said Senate Budget Chairman Kent Conrad, D-N.D.

"It's obvious the $5.6 billion is a number that's not accurate," added Sen. Judd Gregg, R-N.H., the panel's top Republican.

7 At A Baghdad Wedding Are Killed By A Car Bomb (NYT)

By Alissa J. Rubin

The New York Times, March 2, 2007

BAGHDAD, March 1 — A car bomb that was apparently aimed at a policeman's wedding party in Falluja, west of Baghdad, killed seven guests on Thursday and wounded six, the local police said.

The attack appeared to be part of a mounting battle in western Iraq between insurgents with ties to Al Qaeda and other local and tribal groups, local residents said.

The bomb exploded in the late afternoon as the wedding party was gathering at the home of the groom, a policeman. Neither the bride nor the groom was wounded, but those killed were friends and relatives of the couple, said Abu Khalid, a cousin of the groom.

"Extremists are targeting the police, especially after the police increased arrests and pressure on members of armed groups in the last two weeks," he said, noting that there had been bombings in two nearby towns, including one at a mosque in Habbaniya that killed more than 30 people.

Falluja, in the Sunni-dominated Anbar Province about 35 miles west of Baghdad, has been a violent place since shortly after the American invasion in 2003. In 2004, it became an informal headquarters for the anti-American insurgency. After a lengthy United States military campaign emptied much of the city later that year, it was briefly quiet.

Violence has been increasing there in the past several months, with attacks by insurgents against local residents who want the gunmen to leave the area and counterattacks by local and tribal groups.

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A similar fight was under way on Thursday in Amiriyat al Falluja, a community just to the south, where insurgents whom residents described as being allied with Al Qaeda attacked. Two groups that have had ties to insurgents, the Islamic Party Fighters and forces of the 20th Revolution brigade, counterattacked in support of the local residents, apparently having turned against those insurgents because of their links to Al Qaeda.

The United States military also announced that a marine was killed by enemy fire on Wednesday in Anbar Province.

In Baghdad, where a new security plan is in its third week, the daylight hours were relatively quiet, with one civilian killed by an explosive device. Around 9:30 p.m., there was a battery of large explosions and a period of quiet and then more explosions, but there was only sketchy information about their origin.

The Ministry of Defense said that the blasts had come from the area of an American base in southern Baghdad and that they appeared to have been American attacks against insurgent strongholds in a violent Sunni neighborhood called Dora.

The Iraqi government announced Thursday that it had arrested 83 militants and rounded up 55 other suspects in the previous 24 hours. Troops also seized weapons and explosives, the government said.

In Baquba, north of Baghdad, the police found the bodies of nine people, some of whom had been shot. It was not clear how the others had died. In Mahaweel, about 40 miles south of Baghdad, a bomb exploded in a busy market, killing seven people, the local police said.

Before dawn on Thursday, an OH-58 Kiowa helicopter, generally used for reconnaissance, was forced to make a hard landing south of Kirkuk, the military said. The two soldiers on board were injured, but the injuries were not life threatening, the military said.

A military spokesman said a preliminary investigation found that the helicopter's problems were caused by mechanical failure, not hostile fire. In recent weeks, ground fire has downed at least eight helicopters.

Iraqi Troops, Tribesmen Kill 50 Suspected Insurgents (WP)

By Joshua Partlow

The Washington Post, March 2, 2007

BAGHDAD, March 1 -- Iraqi security forces backed by Sunni tribesmen killed dozens of suspected Sunni insurgents over several hours of fighting Wednesday in a village in western Iraq, Iraqi police officials said Thursday.

The fighting was unusually fierce for an Iraqi-led operation and was also notable because of the collaboration of tribesmen in volatile Anbar province. In recent months, the U.S. military has aligned itself with dozens of tribal sheiks who are collaborating in an effort to drive the Sunni insurgent group Al-Qaeda in Iraq from the vast desert territory.

The clashes on Wednesday began about 1 p.m. when insurgents attacked a village near Fallujah, about 35 miles west of Baghdad, and ended about six hours later when Iraqi soldiers, police and the tribal fighters killed 50 suspected insurgents and captured 80 others, according to Abdul-Karim Khalaf, a spokesman for the Interior Ministry. Khalaf declined to say how many Iraqi security personnel were killed or injured.

"This is part of the Interior Ministry strategy to support the Baghdad security plan in targeting terrorism in the areas surrounding Baghdad," he said. "The tribes in this area refused to join al-Qaeda."

Two U.S. Marines died in apparently unrelated fighting in Anbar on Wednesday, the military said. The Marines' name were not released.

In Baghdad, a U.S. military commander said American and Iraqi forces would launch "full-scale operations" inside the expansive Shiite district of Sadr City, according to [a] news agency. U.S. forces do not maintain a visible, full-time presence in the militia stronghold but have increasingly used targeted raids to capture leaders of the Mahdi Army, the thousands-strong band of gunmen led by anti-American Shiite cleric Moqtada al-Sadr. The district is highly sensitive politically, both because Sadr is a supporter of Prime Minister Nouri al-Maliki and because the Mahdi Army, which fought U.S. forces in two major battles in 2004, has the capability of amassing a formidable force.

"We have conducted special operations in Sadr City for some months, but this will be the first time we will launch full-scale operations there and the first time we will have a permanent presence there," Col. Billy Don Farris, commander of the 82nd Airborne Division's 2nd Brigade, told [a news agency].

"We are going to go to every building and every house and incrementally clear the area," he said.

A U.S. military spokeswoman in Iraq, Lt. Col. Josslyn Aberle, declined to comment about future operations.

A spokesman for Sadr, Abdul Razak al-Nadawi, said the Mahdi Army would not react with force to U.S. operations because Sadr has asked his followers to "calm down and to show self-control against what is done by the occupation."

As the Baghdad security plan entered its third week, an additional 3,100 U.S. soldiers from the 4th Brigade, 1st Infantry Division, based at Fort Riley in Kansas, arrived in the capital, bringing the total number of new U.S. troops to nearly 6,000. President Bush is sending 21,500 troops to Iraq in an attempt to stem rampant sectarian fighting.

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Also Thursday, two U.S. military pilots were injured when an Army OH-58 Kiowa helicopter endured a so-called hard landing south of Kirkuk, in northern Iraq. The military said the helicopter did not appear to have been shot down and instead landed because of mechanical problems.

A resident of a nearby village said he heard a loud crash about 1 a.m. and saw the helicopter on the ground later that morning. The damaged helicopter was taken by truck to the main U.S. air base in Kirkuk.

New Signs Of US-Syria Thaw As Senior Official Sets Visit (AFP)

By David Millikin

AFP, March 2, 2007

Washington announced Thursday that it was sending a high-ranking official to Syria for the first time in two years, a move seen as a fresh sign of a possible thaw between Washington and Damascus.

Assistant Secretary of State Ellen Sauerbrey will travel to Damascus "in coming weeks" as part of a regional tour dealing with "humanitarian issues related to Iraqi refugees," said State Department spokesman Sean McCormack.

Seeking to play down the diplomatic significance of the trip, McCormack said Sauerbrey would be "paired" on the tour with a representative of the UN High Commissioner for Refugees (UNHCR). "It's not a bilateral mission," he said.

But he said Sauerbrey, who handles refugee and migration affairs at the State Department, would be authorized to meet with her Syrian counterparts to discuss the refugee issue.

She will also visit Jordan and possibly other countries in the region, he said.

Sauerbrey will be the highest ranking US official to visit Syria since early 2005, when Deputy Secretary of State Richard Armitage travelled to Damascus.

The United States withdrew its ambassador from Syria after Syrian authorities were implicated in the February 2005 assassination in Beirut of former Lebanese prime minister Rafiq Hariri.

The administration of President George W. Bush has since refused high-level contacts with Syria, which it accuses of backing anti-US insurgents in neighboring Iraq and supporting efforts by the Lebanese Islamic movement Hezbollah to topple the pro-Western government of Lebanon.

But in a sudden policy shift, Secretary of State Condoleezza Rice announced this week that she and other US officials would join their Syrian and Iranian counterparts in coming weeks at conferences on Iraq's future.

McCormack has refused to rule out bilateral contacts with Syrian and Iranian officials on the sidelines of those meetings, leaving the door ajar for what would amount to a major switch in Bush's policy of shunning what he considers rogue regimes.

The government had already lifted its diplomatic boycott on North Korea, holding bilateral meetings in recent weeks which helped produce a breakthrough six-nation deal two weeks ago under which Pyongyang agreed to the phased abandonment of its nuclear program in exchange for aid and recognition.

Senior officials from the two governments will begin direct negotiations in New York next week on normalizing relations as part of that agreement.

McCormack and other government spokesmen insisted this week that Washington is not ready for such a rapprochement with either Syria or Iran, saying any bilateral contacts in coming weeks would deal only with Iraq-related issues.

They explicitly ruled out any direct talks on Iran's suspected nuclear weapons program or Syrian desires to regain influence in Lebanon, a country it occupied until mass protests forced it to withdraw its troops after Hariri's slaying.

He said Sauerbrey's talks would focus solely on the crisis created by some two million Iraqis who have fled the sectarian bloodshed in their country, 600,000 of them to Syria and another 600,000 to Jordan.

Criticized earlier this year for its response to the refugee crisis fueled by its 2003 invasion of Iraq, Washington announced a series of measures last month, including boosting aid to the UNHCR and taking in 7,000 Iraqi asylum seekers.

Sauerbrey's mission in Syria will be to follow up on those plans, McCormack said.

"There's a point of mutual interest here," he said.

"They have an interest in dealing with the problem of refugee flows into Syria and the humanitarian situation there. We have an interest in seeing that the humanitarian situation is addressed," he said.

"On that point, certainly we want to work together."

Vietnamese Refugees Identify With Iraqis (USAT)

USA Today, March 2, 2007

My parents arrived in the United States as political refugees from an unpopular war. As part of the first wave of South Vietnamese refugees fleeing their country after the fall of Saigon, they had little choice in the transpacific move. To remain in

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Vietnam meant risking poverty, political persecution and possibly death. America was their opportunity to rebuild their lives, but they knew better than to think it would be easy.

Many Americans who wanted to forget about the war saw the Vietnamese refugees as painful reminders of the lives the country lost. A 1975 poll found that only 36% of Americans favored Vietnamese immigration. For my parents, still reeling from the end of the war and the separation from their families, this sentiment reminded them their struggles were not over. Their accents gave them away. When asking for help, they got responses such as: "Can't you speak proper English?" "You are not welcome here."

My parents are the first to point out how rarely these incidents occurred, though the ugly words stick in their memories decades later. What they prefer to remember instead are the Americans who did welcome them; the church volunteers and government employees who taught them English, signed them up for driving lessons, prepared them for job interviews. They helped create an environment where Vietnamese-American communities could grow, a place my family now considers home. My parents saw their generosity and patience as the very best of America.

These are qualities necessary to help a new generation of refugees emerging from our most recent war. With the Iraqi refugees count nearing 2 million, according to United Nations reports, and the U.S. government's recent plans to welcome 7,000 refugees for resettlement, a new community of Iraqi-Americans is inevitable. How Americans plan to respond to them and facilitate their resettlement is crucial. Certainly the culture shock will be immense, as it was for Vietnamese refugees. Iraqi refugees will not only have to deal with a new language and customs, but also the fear of anti-Iraqi sentiment. Considering the role U.S. foreign policy has had on Iraqis' lives and displacement, it is the government's responsibility to offer them the resources to salvage their community.

A new exhibit on the Vietnamese immigration experience recently opened at the Smithsonian in Washington, chronicling how far the Vietnamese-American community has come in 30 years. It is living proof that some good can come from a terrible war. America can help Iraqi refugees create a similar future.

Aimee Phan is author of We Should Never Meet and an assistant professor of English at Washington State University in Pullman, Wash.

How Much Embassy Is Too Much? (WP)

By Elizabeth Williamson

The Washington Post, March 2, 2007

Mention the U.S. Embassy in Baghdad to Lawrence Eagleburger and he explodes.

"I defy anyone to tell me how you can use that many people. It is nuts . . . it's insane and it's counterproductive . . . and it won't work," says the Republican former secretary of state and member of the Iraq Study Group. "I've been around the State Department long enough to know you can't run an outfit like that."

The nerve center of Iraq reconstruction efforts, housed in an ornate former Saddam Hussein palace with soaring ceilings and its own espresso bar, the embassy in Baghdad is one of the largest foreign missions ever operated by the State Department. Its complexity and expense, some say, hampers reconstruction efforts and drains cash from diplomatic efforts worldwide.

According to a State Department count, about 1,000 federal employees report to the U.S. Embassy in Iraq, not including hundreds of private contractors. State Department personnel are assigned to roughly half the slots in Baghdad, and the rest are reserved for an array of agencies, including about 90 from the Justice Department, 20 from the Department of Homeland Security, and four each from the Commerce Department and the Transportation Department. They are needed, officials say, to rebuild transit and mail services, to assist small businesses, to advise politicians and peasants.

The mission's closely guarded budget is a source of controversy at State, and across the federal government. At $923 million for the 2006 fiscal year, the budget was 20 times that of the Beijing embassy's that year, according to the State Department. More than two-thirds of the money pays for security. Salaries for about 600 staff from other federal agencies are not included in that figure, nor are some expenses.

"Maintaining an oversized mega-embassy in Baghdad is draining personnel and resources away from every other U.S. embassy around the world, and all for what?" said a senior State Department official, who spoke anonymously because of the sensitivity of the issue.

Travel outside the Green Zone requires a security entourage and involves weeks of organization. The embassy is seen as a key target for violence, which, along with fear of reprisals, makes many Iraqis afraid to visit. Consequently, Americans who work there see relatively few of the people they are there to help.

"Diplomats, in order to carry out their mission, need to be able to get out regularly and move about freely to cultivate professional relationships with a broad cross-section of contacts in local government and society," said Steve Kashkett, State

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Department vice president for the American Foreign Service Association, the department's labor union and professional association. "If security conditions prevent them from doing so, it raises legitimate questions about the usefulness of a heavily staffed embassy."

"Just because we can't travel as freely as in a European capital doesn't mean we can't do our job," said a State Department official who declined to be named because he wasn't authorized to speak for the record.

The teeming embassy masks a desperate need for civilians to aid the reconstruction effort. To lure more, federal employees are offered 70 percent more than their base salaries for Iraq service, plus overtime, or special premiums for working long hours, according to the Office of Personnel Management. It is possible for senior employees to earn more than the secretary of state, who makes $186,600 a year. Kashkett said 1,700 diplomats have stepped up for Iraq service since 2003 -- about 20 percent of those eligible to go. The State Department has discussed drafting personnel.

The blunt view, from Eagleburger: "We're throwing people and money at something without estimating what the culture demands. It's hubris."

Turkey Late To Wish Talabani Well (WT)

By Nicholas Birch

The Washington Times, March 2, 2007

ISTANBUL -- Messages of good will have been flooding in since Iraqi President Jalal Talabani, an ethnic Kurd, was hospitalized in Jordan on Sunday. But a get-well wish from Turkey, one of Iraq's large neighbors, did not come until yesterday.

Prime Minister Recep Tayyip Erdogan called Mr. Talabani to convey his get-well wishes, an aide to Mr. Erdogan said.

"They had a brief conversation. Mr. Talabani said he believed that Turkey and Iraq can work together to quickly overcome their problems," the official told Agence France-Presse.

Mr. Talabani collapsed Sunday in northern Iraq from exhaustion and dehydration caused by lung and sinus infections. He was flown to Jordan for treatment later that day.

The delayed reaction from Turkey is not altogether surprising: It took Ankara nearly 70 years and over 20 Kurdish rebellions to get around to acknowledging the existence of its own Kurds. But with Iraq at a critical juncture, analysts fear its reticence limits its effectiveness as a regional power.

Washington agreed this week to participate in an international conference on Iraq, but Turkey itself remains embroiled in a bitter row about whether or not to talk to Iraq's federal Kurdish authorities.

For months, Ankara has been pressuring Washington to do something about 5,000 Turkish Kurdish separatists in northern Iraq.

Tensions between Ankara and the Iraqi Kurds have been running high over the safe haven Turkish Kurd rebels reportedly have in the autonomous Kurdish region in northern Iraq, led by Massoud Barzani.

The Turkish army last month accused Iraqi Kurds of supporting the rebels and providing them with explosives for attacks in Turkey.

Despite objections from the military, Mr. Erdogan and Foreign Minister Abdullah Gul have both said Ankara is open to dialogue with the Iraqi Kurds to mend fences and discuss ways of curbing the rebels, contrary to earlier Turkish threats of a cross-border military operation into the region.

Two weeks ago, under U.S. pressure, Turkey half-heartedly signaled its willingness to begin talking with Iraqi Kurds. It hastily beat a retreat after Yasar Buyukanit, Turkey's top general, expressed his opposition.

Iraqi Kurds deny Gen. Buyukanit's assertions they are helping the separatists. While the Iraqi Kurds may be right, analysts say there is little doubt the Iraqis see the Turkish separatists as a potential bargaining chip in their efforts to get their hands on the oil-rich city of Kirkuk at a referendum planned for later this year.

"They won't do anything until the referendum," Turkish analyst Cengiz Candar said.

Every day brings reports of new Turkish military exercises on Iraq's northern border. Turkish nationalists have been calling for the army to push down to Kirkuk to protect the Turkish-speaking Turkmen community there. A Turkish Kurdish politician said last week that Turkey's Kurds would consider an attack on Kirkuk as an attack on themselves. He was promptly arrested and charged with "inciting enmity."

Turkish commentators say much of this noise is part of a struggle for domestic control between Turkey's religious-minded government and secularists led by the military.

"They're like kids throwing stones at each other," said veteran analyst Mehmet Ali Birand. Both sides have their eyes on presidential elections expected in May. Mr. Erdogan is considering running. Deeply suspicious of him, the army is determined to stop him.

But the pushing and shoving comes at a price.

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"How can Turkey hope to lead regional efforts to find a solution on Iraq" if it recognizes neither Iraq's president, nor the internationally acknowledged leader of federal Iraqi Kurdistan, Mr. Candar said.

Pakistan Captures Former Taliban Official (LAT)

By Laura King And Josh Meyer

The Los Angeles Times, March 2, 2007

ISLAMABAD, PAKISTAN — Pakistani authorities have arrested the former defense minister of the Taliban, the most senior insurgent leader to be seized in five years, a government official said Thursday.

The Pakistani government issued no immediate official statement about the detention of Mullah Obaidullah Akhund this week in the southern city of Quetta.

Local news reports said Akhund was detained Monday, the day U.S. Vice President Dick Cheney arrived for an unannounced visit to urge President Pervez Musharraf to take more robust steps against Islamic militants finding haven in Pakistan's tribal region bordering Afghanistan.

A U.S. intelligence official said the Pakistani government had mobilized in an effort to show that it was serious about cracking down on the Taliban and other extremist elements in the country.

"The fact that the Pakistanis captured him and are making this known — it shows that they are making a commitment, and that they want to demonstrate that they are committed and doing what they can in this area," said the official, who spoke on condition of anonymity because he was not authorized to discuss the matter.

He added that Akhund's capture was "a very significant development but it by no means marks the end of the Taliban."

The U.S. official said that Akhund, in his former Cabinet post, had access to the highest levels of the Taliban.

"As defense minister, was he knowledgeable about Taliban operations, logistics and other matters? Yes," the U.S. official said. "He was a senior official in the Taliban, not of the level of Mullah Omar but a significant figure nonetheless."

Several other Taliban figures were arrested in the Quetta raid, a Pakistani government official said on condition of anonymity.

Although Pakistan is a key ally in the U.S.-led fight against the Taliban, the cause is unpopular in many parts of the country, and the Pakistani government has been reluctant to appear too compliant with U.S. demands.

Quetta, the capital of Baluchistan province, which borders Afghanistan, has long been viewed as a staging ground for the Taliban, though the Pakistani government strenuously denies harboring the Islamic militia. Akhund is a close associate of Taliban leader Mullah Mohammed Omar, a fugitive since 2001.

Last year, Taliban fighters staged their strongest push against allied troops in Afghanistan since being driven from power more than five years ago. More than 4,000 people, mostly militants, died in fighting there last year, and both the Taliban movement and North Atlantic Treaty Organization officials have said they expect confrontations to intensify as the winter ends.

Akhund's arrest is the most high-profile seizure of a Taliban leader inside Pakistan. A spokesman for the militia, Abdul Latif Hakimi, was arrested here in 2005.

The U.S. military has killed some senior Taliban commanders in pinpoint strikes, including Mullah Akhtar Mohammed Osmani, who died in an allied airstrike in December in a remote area of Helmand province, just across the border from Baluchistan.

Mullah Omar, thought to still be a main leader of the insurgency, has eluded capture despite a $25-million bounty on his head.

Much of the militia's day-to-day command is thought to lie with an associate, Mullah Dadullah, who has made frequent public boasts that the Taliban this spring will make its strongest push yet against NATO-led forces.

Pressed By U.S., Pakistan Seizes A Taliban Chief (NYT)

By Carlotta Gall

The New York Times, March 2, 2007

ISLAMABAD, Pakistan, March 1 — The former Taliban defense minister was arrested in Pakistan on Monday, the day of Vice President Dick Cheney's visit, two government officials said Thursday. He is the most important Taliban member to be captured since the American-led invasion of Afghanistan in 2001.

The man, Mullah Obaidullah, was a senior leader of the Afghan insurgency, which has battled American and NATO forces with increasing intensity over the last year.

He is one of the inner core around Mullah Muhammad Omar, the Taliban leader. The leadership is believed to operate from the relative safety of Quetta, Pakistan, where Mullah Obaidullah was arrested.

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It was not clear whether he was picked up before, during or after Mr. Cheney's visit. But the timing may be significant because Mr. Cheney's mission was intended to press Pakistan to do more to crack down on members of the Taliban and Al Qaeda who use Pakistan as a sanctuary.

Pakistan has come under rising criticism from American and NATO officials for acting against the Taliban and Al Qaeda only under pressure, conducting operations or making arrests timed for high-level official visits, then backing off.

While Mullah Obaidullah's detention may be a sign of a new commiment by Pakistan to move against the Taliban leadership, the arrest also seemed to confirm Western and Afghan intelligence reports that the Taliban were using Pakistan, and particularly Quetta, to organize their insurgency.

Pakistani officials have strenuously denied that the Taliban leadership is based in Pakistan, and there was no official announcement of the detention. But two government officials confirmed the arrest.

A NATO spokesman in Afghanistan, Col. Tom Collins, said he was not aware of any arrest. American government officials in Washington confirmed the capture, but cautioned that the arrest was unlikely to deal a significant setback to the insurgents.

"He's a big fish, but nobody around here thinks this will deal a permanent blow to the operations of the Taliban," said one American government official, speaking on condition of anonymity because the arrest had not been formally announced.

Last year, NATO forces in southern Afghanistan bore the brunt of a resurgent Taliban. They have lost 85 service members since taking over command of southern Afghanistan in August, in suicide bombings, ambushes and often heavy fighting. Commanders and diplomats say it has become increasingly clear that control of the Taliban fighters traced back to Pakistan.

Over the past five months, Pakistan has come under more constant pressure for cooperation than ever, an American official in Afghanistan said recently. Democrats in Congress have raised the possibility of tying military assistance and other financial aid for Pakistan to its performance in fighting terrorism.

President Bush sent an unusually tough message to President Pervez Musharraf, timed to coincide with Mr. Cheney's visit, senior administration officials said.

Pakistani officials answer the criticism by pointing out that their own military has suffered more than any other, losing more than 600 soldiers in fighting with the militants, before the campaigns bogged down and the government reached peace deals with some tribal leaders.

Pakistani intelligence services also assisted the United States military in tracking another top Taliban official, Mullah Akhtar Muhammad Osmani, who was killed Dec. 19 in an American airstrike in southern Afghanistan.

Mullah Osmani was the Taliban's main financial official and was operating both in Pakistan and Afghanistan, and his death was considered an important blow to the insurgents, Colonel Collins said.

The former Taliban foreign minister, Mullah Wakil Ahmad Muttawakil, was detained by American forces in 2002 but was released in 2005 under a government reconciliation program. One of the Taliban's top military commanders, Mullah Fazel, remains imprisoned in Guantánamo Bay, Cuba, along with the former Taliban governor of Balkh Province.

Mullah Obaidullah is originally from Panjwai district of Kandahar Province in southern Afghanistan. As recently as December, he gave an interview to [a news agency], boasting that the Taliban had gained in strength and could fight the world's strongest armies, and threatening to step up suicide attacks against foreign military personnel in Afghanistan.

He was often mentioned as being among the four most senior men of what is known as the Quetta Council, the inner circle around Mullah Omar, which is thought to have based itself in or near the city, in southwestern Pakistan.

A former Taliban spokesman, Abdul Latif Hakimi, who was himself arrested in 2005 by the police in Quetta, said Mullah Obaidullah was one of only two people who had direct access to Mullah Omar. He also said that Mullah Obaidullah had personally ordered military operations, including the killing of a foreign aid official in Kabul in March 2005.

Bomb Kills 3 Near School

KABUL, Afghanistan, March 1 — A bomb exploded Thursday in a garbage bin on a crowded shopping street in Farah, in the southwest, killing three civilians and wounding more than 54, including 10 schoolchildren, said Dr. Mohammad Qasim Bayan, the director of health in Farah Province.

The bomb exploded just after 8 a.m. at a busy intersection where laborers gather looking for work and children pass on their way to school. A police convoy was passing at the time of the explosion and the Farah city police chief, Said Aqa Saqib, said he suspected it was a remote-controlled bomb aimed at the convoy.

Chief Saqib said violence was spilling over from Helmand Province, where the Taliban seized control of much of the northern districts, and was aggravated by the government's campaign to eradicate the poppy crop.

An Uneasy Alliance (WSJ)

By Zahid Hussain

The Wall Street Journal, March 2, 2007

DOJ_NMG_0138958

The U.S.-Pakistan partnership that came into being on Sept. 12, 2001 was a shotgun marriage and remains an uneasy alliance. Vice President Dick Cheney's surprise visit to Pakistan earlier this week underscores Washington's frustration with President Pervez Musharraf's inability to contain the activities of al Qaeda and the Taliban in the Afghan border region.

The tension is further heightened as the U.S. Congress considers a bill making aid to Pakistan conditional on more effective action against these threats. The main question is whether this tightening of the noose will produce a positive result, or just make things even more difficult for Pakistan's beleaguered leader in an election year.

Islamabad certainly isn't taking the pressure lying down: A foreign ministry spokesperson warned that Pakistan would not take any dictation from outside. On Wednesday, the outgoing U.S. Ambassador Ryan C. Crocker was told by officials that Pakistan would not allow foreign interference in its internal affairs. Many observers fear that increasing pressure on Gen. Musharraf could strengthen the hardliners in the military who are skeptical of a partnership with the U.S.

Gen. Musharraf's 2001 decision to forge an alliance with the U.S. meant taking Pakistan to war with itself. This war, which has rarely been examined in depth, has pitted the military against the militants, the present against the past, and a political partnership with America against the culture of jihadist radicalism.

The outcome of this struggle will affect not only the fate of Pakistan, but also the ideological climate of the Middle East and the security of the world. Gen. Musharraf has provided the U.S. with active support in the hunt for al Qaeda fugitives. His security forces have captured and delivered to the U.S. several of the most wanted al Qaeda leaders, including Khalid Sheikh Mohammed and Ramzi bin al Shibh, the masterminds of the 9/11 attacks.

But Gen. Musharraf's break with the constituency that backed the Taliban has yet to come, exposing a paradox in his policy. He tried to combat al Qaeda while seeking to avoid direct confrontation with the Taliban remnants and the homegrown Islamic militants. He had to walk a fine line between a military reluctant to break entirely with its radical clients, and his status as America's key strategic partner in the region. The incestuous relationship between jihadist organizations and Pakistan's all-powerful Inter Services Intelligence -- which helped create much of the Islamic militancy and religious extremism that Gen. Musharraf is now confronted with -- has not completely broken down.

The recent spate of religious violence and the increasing number of suicide attacks are a grim reminder that the sectarian terrorist network is not only intact, but has expanded. This raises a serious question about Gen. Musharraf's efforts to combat religious extremism. A major reason for his failure to root out extremism and militancy is the lack of consistency in his policies. Pakistan's sectarian groups and jihadist organizations overlap, and are linked by similar ideological world-views and modes of operation.

Al Qaeda is now breeding a new militant threat in Pakistan. Several new terrorist cells have emerged out of the banned outfits which operate as an extension of al Qaeda. They harbor a new type of young militant coming from educated middle-class backgrounds rather than religious schools. These cells were behind many of the recent terrorist attacks in the country. A good number of these people have been trained in al Qaeda camps in the Waziristan tribal region -- which, according to U.S. intelligence agencies, is the new command center of the terrorist network. Those camps have also been used to train young Muslim radicals from Britain and other countries.

Gen. Musharraf appears to be in a no-win situation. The catastrophic failure of the Pakistan army operation that killed more than 700 Pakistani soldiers in Waziristan forced the authorities to make a truce with the militants. Gen. Musharraf justified the deal saying it would isolate the foreign fighters operating from the tribal region. NATO officials in Afghanistan disagree, saying that the activities of Taliban on the Afghanistan side had increased threefold since Islamabad signed the peace deal in North Waziristan last September.

There is a huge danger that any new military operation in Waziristan under pressure from Washington will divide the army. Over the last couple years, several midlevel army officers have been court-martialed for refusing to fight in Waziristan. But a policy of appeasement would certainly allow al Qaeda and the Taliban to expand their terrorist base. The militants have already established their rule in the North Waziristan tribal region. The situation is more worrying as their influence spreads elsewhere.

These are the fault lines from which a geopolitical earthquake could erupt, making the current situation look positively calm by comparison.

Mr. Hussain, who writes from Pakistan for The Wall Street Journal, is author of "Frontline Pakistan: The Struggle with Militant Islam" (Columbia University Press, 2007).

Report: National Guard Unprepared For Domestic Missions (MCT)

By Drew Brown

McClatchy Newspapers, March 2, 2007

DOJ_NMG_0138959

WASHINGTON - Stretched thin by the wars in Iraq and Afghanistan, the National Guard is less prepared now than it's ever been to respond to a major terrorist attack, a natural disaster or another domestic crisis, a congressionally appointed panel has found.

Because of the wars, the Commission on the National Guard and Reserves found, 88 percent of Army National Guard units and 45 percent of Air National Guard units that aren't deployed overseas have severe equipment shortages. That's reduced the Guard to its lowest readiness level ever and posed an unacceptable risk to Americans, said Arnold J. Punaro, the commission chairman and a retired Marine Corps major general.

In a report issued Thursday to Congress, the commission also faulted the Department of Homeland Security for failing to identify the domestic missions the National Guard should be expected to perform and criticized the Defense Department for not equipping the National Guard adequately for those missions.

Punaro said the Defense Department had told at least one governor, whom he didn't identify, that it could take as long as four years to replace equipment his state's National Guard units had left in Iraq.

"If major changes are not made, the Guard and Reserve, the capability to carry out their missions, will continue to deteriorate," Punaro told reporters. "And it will go down, down, down. They will be less and less ready, and we will be taking more and more risks."

The commission's 151-page report recommends 23 major changes to repair the problems. These include identifying the missions the National Guard is expected to perform at home, ensuring that the Guard gets the equipment it needs to carry out those missions, and establishing a bipartisan council of governors that would meet semi-annually and see that shortcomings are addressed.

The commission also recommended rewriting the charter for the National Guard Bureau, which co-ordinates the Guard's state and federal assignments. The proposed revisions also would give the bureau a stronger role in defense and emergency planning, enhance the rank of the bureau's chief to four-star general, and give the position a stronger advisory role with the Joint Chiefs of Staff.

The commission urged a stronger National Guard role at the U.S. Northern Command, which has responsibility for defending the continental United States. It also said that the Northern Command should develop disaster response plans that account for state-level activities and include the use of National Guard and Reserve forces as first responders.

In a controversial move, the commission proposed that governors be given command over federal troops that respond to emergencies in their states.

Many of the recommendations, especially those urging greater federal and state cooperation, were aimed at avoiding the confusion that reigned after Hurricane Katrina slammed into the Gulf Coast in 2005.

The commission opposed giving the National Guard chief a seat on the Joint Chiefs of Staff, which some lawmakers have said is necessary to ensure that the Guard gets the resources it needs. The commission said that doing so would essentially make the National Guard a separate service and harm cooperation with the active-duty military.

Lawmakers who want a stronger role for the Guard, while generally welcoming the report's findings, called some of its recommendations "tepid" and said they'd press ahead with legislation to give the National Guard a seat on the Joint Chiefs.

"The Guard deserves a place at the table when decisions at the Guard are made that affect its readiness, its missions and effectiveness," said Sen. Patrick Leahy, D-Vt., in a statement.

The commission was created two years ago to find solutions to long-standing problems with how the National Guard and Reserves are equipped and how they are used both at home and abroad. A comprehensive report on their findings and recommendations is due in January 2008.

ON THE WEB

The Commission report is available at: http://www.cngr.gov/press-room.asp

Panel Slams Treatment Of Guard, Reserves (AP)

By Lolita C. Baldor

AP, March 2, 2007

The National Guard and Reserves don't get enough money or equipment and are left out of important planning for national emergencies, an independent panel concluded Thursday, long after the Iraq war and Hurricane Katrina exposed serious stresses on the services.

The report from the Commission on the National Guard and Reserves compounds earlier criticism of the Bush administration's response to the devastating hurricane that struck the Gulf Coast in August 2005. The administration also is still struggling to better manage the reserves nearly four years into the Iraq war.

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The 151-page report found a significant lack of communication between reserve officials and other military leaders, the Homeland Security Department and U.S. Northern Command, which is responsible for the military's defense of the U.S. homeland.

Calling those failures unacceptable, panel Chairman Arnold Punaro said in an interview that federal agencies must get past their turf battles to better protect the public.

"This is unacceptable. The American people would find it unacceptable," said Punaro, a retired Marine Corps general. "These are not problems that have just cropped up in the last two years or five years. These are issues that have been pretty much ignored and glossed over for decades."

The panel, which was created by Congress, also criticized the Pentagon for not budgeting or planning specifically for civil support missions, such as domestic disaster response, because they are viewed as extensions of wartime preparation.

"This is not a sustainable course, and their capability to do their mission will deteriorate over time if it's not changed," Punaro said. "The thought that if we are capable of doing the away game, we can do the home game, we believe is a flawed assumption."

He told reporters Thursday that if there is a chemical, biological or radiological incident, "we're going to need mass decontamination, we're going to need mass medical. ... That capability is not there in sufficient quantities to deal with those scenarios."

Members of Congress, meanwhile, criticized the commission for not going far enough in its recommendations., Sens. Patrick Leahy, D-Vt., and Kit Bond, R-Mo., said they will continue to push for their legislation, which gives the Guard chief budget authority and the power to buy equipment, and also makes that person a member of the Joint Chiefs of Staff.

The senators said the panel endorsed only halfway measures to solve the Guard's problems. "Their recommendations are thin soup," said Leahy.

And Rep. Tom Davis of Virginia, who is the ranking Republican on the House Oversight and Government Reform Committee, said that while the commission recognized the challenges that face the guard, "admiring the problem isn't enough. The Commission's recommendations for the most part won't address the issues they acknowledge."

Guard and Reserve troops have been under increasing strain since the Sept. 11, 2001, terrorist attacks, serving in Afghanistan and Iraq while also patrolling the border with Mexico and responding to hurricanes and other natural disasters. During parts of 2005, the citizen soldiers made up nearly half of the U.S. forces in Iraq, with some facing repeated deployments.

At the same time, Guard units have struggled to get the equipment and training needed to go to war, often swapping armored trucks, radios and other equipment between the states to meet battle and disaster requirements.

In what likely will be one of its more controversial recommendations, the report said governors should be given more command authority over active duty military troops responding to local disasters. In previous situations such as Hurricane Katrina, military leaders have worked side-by-side with governors, but have maintained command of their active duty troops.

"We believe that without giving governors a greater voice, and without giving them a greater ability to bring all the assets of our government to bear, particularly in the immediate aftermath of any kind of incident, that we're putting our citizens and property and our economy at greater risk," Punaro said.

The panel outlined recommendations that would elevate the status of the Guard to become more of a partner with other military and homeland defense agencies. It would make the National Guard chief a four-star general and a direct adviser to the chairman of the Joint Chiefs of Staff and his top commanders.

Shortages Threaten Guard's Capability (WP)

By Ann Scott Tyson

The Washington Post, March 2, 2007

Nearly 90 percent of Army National Guard units in the United States are rated "not ready" -- largely as a result of shortfalls in billions of dollars' worth of equipment -- jeopardizing their capability to respond to crises at home and abroad, according to a congressional commission that released a preliminary report yesterday on the state of U.S. military reserve forces.

The report found that heavy deployments of the National Guard and reserves since 2001 for the wars in Iraq and Afghanistan and for other anti-terrorism missions have deepened shortages, forced the cobbling together of units and hurt recruiting.

"We can't sustain the [National Guard and reserves] on the course we're on," said Arnold L. Punaro, chairman of the 13-member Commission on the National Guard and Reserves, established by Congress in 2005. The independent commission, made up mainly of former senior military and civilian officials appointed by both parties, is tasked to study the mission, readiness and compensation of the reserve forces.

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"The Department of Defense is not adequately equipping the National Guard for its domestic missions," the commission's report found. It faulted the Pentagon for a lack of budgeting for "civil support" in domestic emergencies, criticizing the "flawed assumption" that as long as the military is prepared to fight a major war, it is ready to respond to a disaster or emergency at home.

From Virginia and the District of Columbia to Indiana and New Mexico, National Guard units lack thousands of trucks, Humvees, generators, radios, night-vision goggles and other gear that would be critical for responding to a major disaster, terrorist attack or other domestic emergency, according to state Guard officials.

The equipment shortage extends to Gulf Coast states such as Louisiana and Mississippi -- devastated in 2005 by Hurricane Katrina -- where Guard units have only a fraction of what they would need to respond to another large-scale disaster.

The Louisiana Guard, its gear depleted by Iraq and Katrina, is short of Humvees and trucks such as high-water vehicles critical for a major evacuation. "We are really concerned about vehicles," said Lt. Col. Pete Schneider, a spokesman for the Louisiana Guard. "We would have enough for a small-scale issue . . . maybe a Category 1 tropical storm we could handle -- an event that doesn't involve massive flooding or massive search and rescue," he said. But for bigger disasters, Louisiana would need help from other states.

Mississippi lacks trucks and is relying on contractors to fill gaps in engineering vehicles, according to the state Guard's assistant adjutant general, Maj. Gen. Ike Pylant. "We will make do with what we got," he said.

In the Washington area, Guard officials worry about a catastrophic attack. In the event of "a very large . . . chemical, biological or nuclear incident in the national capital region, I would need every truck I was authorized, and we don't have that," said Col. Robert Simpson, director of the joint staff for the Virginia National Guard. "We are definitely short trucks, all wheeled vehicles," as well as radios, bulldozers and other gear, Simpson said. The state Guard could handle ordinary contingencies such as "bad winter weather," he said.

Other state Guard leaders voiced similar concerns. "What keeps me up at night is, I think I am able to surge . . . for the normal disaster, but if I needed to deploy every bit of my soldiers and airmen, I know for a fact I do not have enough equipment," said Maj. Gen. R. Martin Umbarger, head of the Indiana National Guard.

Army National Guard units in the United States have on average about half of their authorized stock of dual-use equipment, needed both for fighting wars and for domestic missions, according to a recent Government Accountability Office report. The National Guard estimates that it would require $38 billion for equipment to restore domestic Army and Air National Guard units to full readiness. The Army has budgeted $21 billion to augment Guard equipment through 2011.

Since the Sept. 11, 2001, terrorist attacks, the use of U.S. military reservists has risen from about 12.7 million days of service in 2001 to an estimated 63 million days in 2006. The current increase of U.S. troops in Iraq is expected to require the call-up of as many as four National Guard combat brigades beginning early next year.

But while the 830,000-strong selected reserves make up more than a third of the total military, they receive only 3 percent of equipment funding and 8 percent of the Defense Department budget, the report said.

In 2006, Army National Guard units preparing to deploy had to borrow on average one-third of their people and 60 percent of their equipment from a dozen other units, making for a less cohesive force, the report found.

National Guard units deployed to Iraq and Afghanistan have been required to leave large quantities of gear in the combat zone. Partly as a result, 88 percent of Guard units in the United States are now so poorly equipped that they are rated "not ready," according to Guard data and the report, which cited the National Guard Bureau chief, Lt. Gen. H Steven Blum. Forty-five percent of the Air National Guard is also "not ready," according to Guard data.

The commission called for granting governors more power to handle emergencies, including allowing them to command not only National Guard forces but also federal troops responding to emergencies in their states. The commission also called for the chief of the National Guard Bureau to be elevated one rank to four-star general.

In commenting on legislation known as the National Guard Empowerment Act, the commission disagreed with a proposal to make the head of the National Guard a member of the Joint Chiefs of Staff, in part, it said, because it would complicate the chain of command. Lawmakers backing the act criticized the recommendations as tepid.

The report also said prospects for Guard recruiting and retention remain "highly problematic," despite successes last year. Fewer former active-duty military personnel have joined the reserves over the past 10 years -- they made up 38 percent of the Army National Guard recruits last year, compared with 61 percent in 1997. Polling data for youths and their parents also show that favorable views of service in the Guard and reserves have declined since November 2001, the report said.

The commission is scheduled to issue its final report in January.

The Silence That Kills (NYT)

By Thomas L. Friedman

DOJ_NMG_0138962

The New York Times, March 2, 2007

On Feb. 20, The A.P. reported from Afghanistan that a suicide attacker disguised as a health worker blew himself up near "a crowd of about 150 people who had gathered for a ribbon-cutting ceremony to open an emergency ward at the main government hospital in the city of Khost." A few days later, at a Baghdad college, a female Sunni suicide bomber blew herself up amid students who were ready to sit for exams, killing 40 people.

Stop and think for a moment how sick this is. Then stop for another moment and listen to the silence. The Bush team is mute. It says nothing, because it has no moral authority. No one would listen. Mr. Bush is losing a P.R. war to people who blow up emergency wards. Europeans are mute, lost in their delusion that this is all George Bush's and Tony Blair's fault.

But worst of all, Muslims, the very people whose future is being killed, are also mute. No surge can work in Iraq unless we have a "moral surge," a counternihilism strategy that delegitimizes suicide bombers. The most important restraints are cultural, societal and religious. It takes a village — but the Arab-Muslim village today is largely silent. The best are indifferent or intimidated; the worst quietly applaud the Sunnis who kill Shiites.

Nobody in the Arab world "has the guts to say that what is happening in Iraq is wrong — that killing schoolkids is wrong," said Mamoun Fandy, director of the Middle East program at the International Institute for Strategic Studies. "People somehow think that killing Iraqis is good because it will stick it to the Americans, so Arabs are undermining the American project in Iraq by killing themselves."

The world worries about highly enriched uranium, but "the real danger is highly enriched Islam," Mr. Fandy added. That is, "highly enriched Sunnism" and "highly enriched Shiism" that eats away at the Muslim state, the way Hezbollah is trying to do in Lebanon or the Muslim Brotherhood in Egypt or Al Qaeda everywhere.

One result: there's no legitimate, decent, accepted source of Arab-Muslim authority today, no center of gravity "for people to anchor their souls in," Mr. Fandy said. In this welter of confusion, the suicide bombers go uncondemned or subtly extolled.

Arab nationalist media like Al Jazeera "practically tell bin Laden and his followers, 'Bravo,' " Mr. Fandy said. "The message sent to bin Laden is that 'You are doing to the West what we want done, but we can't do it.' This is the hidden message that the West is not privy to. Unless extreme pressure is applied on Muslims all over the world to come up with counter-fatwas and pronounce these men as pariahs, very little will happen in fighting terrorism."

"The battleground in the Arab world today is not in Palestine or Lebanon, but in the classrooms and newsrooms," Mr. Fandy concluded. That's where "the software programmers" reside who create symbolic images and language glorifying suicide bombers and make their depraved acts look legitimate. Only other Arab-Muslim programmers can defeat them.

Occasionally an honest voice rises, giving you a glimmer of hope that others will stand up. The MEMRI translation Web site (memri.org) just posted a poem called "When," from a Saudi author, Wajeha al-Huwaider, that was posted on Arab reform sites like www.aafaq.org.

When you cannot find a single garden in your city, but there is a mosque on every corner — you know that you are in an Arab country.

When you see people living in the past with all the trappings of modernity — do not be surprised, you are in an Arab country.

When religion has control over science — you can be sure that you are in an Arab country.

When clerics are referred to as "scholars" — don't be astonished, you are in an Arab country.

When you see the ruler transformed into a demigod who never dies or relinquishes his power, and nobody is permitted to criticize — do not be too upset, you are in an Arab country.

When you find that the large majority of people oppose freedom and find joy in slavery — do not be too distressed, you are in an Arab country.

When you hear the clerics saying that democracy is heresy, but seizing every opportunity provided by democracy to grab high positions — do not be surprised, you are in an Arab country. ...

When you discover that a woman is worth half of what a man is worth, or less — do not be surprised, you are in an Arab country. ...

When land is more important than human beings — you are in an Arab country. ...

When fear constantly lives in the eyes of the people — you can be certain you are in an Arab country."

DOJ:

Sources: GOP Lawmakers Tried To Influence Federal Investigation (MCT)

By Marisa Taylor

McClatchy Newspapers, March 2, 2007

WASHINGTON - Sen. Pete Domenici and Rep. Heather Wilson of New Mexico pressured the U.S. attorney in their state to speed up indictments in a federal corruption investigation that involved at least one former Democratic state senator, according to two people familiar with the contacts.

The alleged involvement of the two Republican lawmakers raises questions about possible violations of House of Representatives and Senate ethics rules and could taint the criminal investigation into the award of an $82 million courthouse contract.

The two people with knowledge of the incident said Domenici and Wilson intervened in mid-October, when Wilson was in a competitive re-election campaign that she won by 875 votes out of nearly 211,000 cast.

David Iglesias, who stepped down as U.S. attorney in New Mexico on Wednesday, told McClatchy Newspapers that he believed the Bush administration fired him Dec. 7 because he resisted the pressure to rush an indictment.

According to the two individuals, Domenici and Wilson called to press Iglesias for details of the case.

Wilson was curt after Iglesias was "non-responsive" to her questions about whether an indictment would be unsealed, said the two individuals, who asked not to be identified because they feared possible political repercussions. Rumors had spread throughout the New Mexico legal community that an indictment of at least one Democrat was sealed.

Domenici, who wasn't up for re-election, called about a week and a half later and was more persistent than Wilson, the people said. When Iglesias said an indictment wouldn't be handed down until at least December, the line went dead.

So far no one has been charged.

Press aides for Domenici and Wilson wouldn't comment. Justice Department officials have denied hearing of any such interference and said they didn't fire Iglesias over it.

Iglesias said in an earlier interview that he regretted not reporting the contact to his superiors, and he said he didn't have evidence that it led to his firing.

Some Democrats are questioning whether the two lawmakers could be accused of ethics violations for inappropriate contact with an executive branch official.

Stanley Brand, a former federal prosecutor and former Democratic counsel to the House, said such interference could be a violation.

"There's a general ethical principle that members should not unduly interfere in adjudicative proceedings in front of courts or agencies," he said. "This happens to be a criminal prosecution. There would seem to be a special concern about reaching out to a U.S. attorney and asking about a pending case.

"The House and Senate have not taken much notice of these things," he said. "But they don't usually rise to this level."

The allegations also could give defense attorneys in the corruption case in New Mexico legal ammunition to attack an indictment, Brand said.

"Even if he (Iglesias) didn't submit himself to the pressure, if I'm a defense attorney, I'm going to scream bloody murder and say it looks like he did," he said.

The allegations have fueled a weeks-long controversy over whether the Bush administration forced out eight Republican-appointed U.S. attorneys because of partisan politics.

Justice Department officials have said that most of the firings were for "performance-related" issues and denied partisan political motives.

On Thursday, House Judiciary Committee Chairman John Conyers, D-Mich., issued subpoenas to require Iglesias and three other ousted U.S. attorneys to testify before Congress.

The judiciary subcommittee on administrative law authorized the subpoenas by a 7-0 vote. The five Republican members of the subcommittee didn't show up for the vote.

The subpoenas require Iglesias, and former U.S. attorneys Carol Lam of San Diego, H.E. "Bud" Cummins of Little Rock, Ark., and John McKay of Seattle to appear before the subcommittee next week.

"The former U.S. attorneys are alleging very serious charges against the administration and we need to hear from them," Conyers said.

The Senate Judiciary Committee is sending letters to the same four asking them to testify voluntarily on Tuesday.

In the last several weeks, other U.S. attorneys have spoken out against the administration to dispute that they were fired because of how they handled their jobs.

The administration has said that politics played a part only in the firing of Cummins. Officials said he was removed to make way for Tim Griffin, a former aide to White House political operative Karl Rove.

Wilson, Domenici Won't Answer Questions About U.S. Attorney's Firing (ALBTRIB)

Albuquerque Tribune, March 2, 2007

Congress to subpoena fired U.S. attorneys

WASHINGTON — Sen. Pete Domenici and Rep. Heather Wilson aren't saying whether they contacted then-U.S. Attorney David Iglesias in the weeks leading up to the Nov. 7 elections about the pace of his corruption investigation of New Mexico Democrats.

Iglesias, whose last day on the job was Wednesday, says two members of New Mexico's congressional delegation pressured him to speed up the indictment of Democrats. Iglesias has refused to say who called him, but the three other members of the state's delegation say it wasn't them.

Domenici and Wilson, Albuquerque Republicans, have not returned phone calls from numerous news outlets asking for a response to Iglesias' allegations.

The former U.S. attorney is expected to be called before Congress to testify on his dismissal, which he says appears to have been politically motivated.

A House Judiciary subcommittee was expected to issue subpoenas this afternoon for Iglesias and three other U.S. attorneys dismissed by the Bush administration to appear at a hearing Tuesday.

House Judiciary Committee Chairman John Conyers said the charge by Iglesias "is the most egregious allegation so far that the administration has allowed partisan politics to corrupt the selection and retention of U.S. attorneys."

In an interview with The Tribune on Tuesday, Iglesias said he did not know why he was ousted, but said it wasn't because of his job performance. "That only leaves one possibility," he said, "and that's politics."

He went further in an interview with McClatchy News Service, saying he believes his ouster was called for because he would not rush the indictments in a local kickback investigation.

"I believe that because I didn't `play ball,' so to speak, I was asked to resign," Iglesias said in the story published Wednesday. Iglesias said he was contacted directly by two members of Congress and "was appalled by the inappropriateness of these contacts."

At the time, Wilson was locked in a close re-election race with then-state Attorney General Patricia Madrid, whom Wilson had accused of neglecting corruption. Domenici has long been seen as Wilson's mentor in Congress.

The corruption investigation Iglesias was working on involves rumored kickbacks to powerful Democrats and other officials during the construction of Albuquerque's Metro Courthouse and several other buildings in Downtown.

A U.S. Justice Department official, Brian Roehrkasse, told McClatchy that Iglesias' claim "is flatly false."

"We had a lengthy record from which to evaluate his performance as a manager, and we made our decision not to further extend his service based on performance-related concerns," Roehrkasse said.

The Justice Department was unaware Iglesias had had conversations with members of Congress until Wednesday, Roehrkasse said. According to Roehrkasse, Iglesias should have reported the contact to department officials.

Roehrkasse would not say whether any member of the New Mexico delegation recommended that Iglesias be dismissed.

But Matt Farrauto, executive director of the New Mexico Democratic Party, on Wednesday called for Wilson to answer questions about Iglesias' dismissal, and whether she played a role in it.

"It's not much of a leap to believe that Heather Wilson pressured or personally instigated pressure for an indictment," Farrauto said. "This should be investigated, and she should be held accountable."

Sen. Chuck Schumer, a New York Democrat, said on the Senate floor Wednesday that Iglesias told members of his staff on Tuesday about being contacted by the two members of Congress, and Iglesias asked to be brought to Washington "under the power of subpoena to tell his story."

Iglesias is one of eight U.S. attorneys fired in December, but until Wednesday he had not been a central figure in the controversy. Democrats had focused on the firing of Carol Lamm, who successfully prosecuted former U.S. Rep. Randy "Duke" Cunningham, a California Republican, on corruption charges, and on Little Rock, Ark., U.S. Attorney H.E. Cummings, who was replaced by an associate of White House political chief Karl Rove.

"These new revelations are extremely troubling," Schumer said on the Senate floor. "They would show politics at its worst, and the long hand of the Justice Department reaching out to fire attorneys who would not do what was politically asked; at least that's a very real suspicion.

"So we must get to the bottom of this. And the only way to get to the bottom of this is to call before us the fired U.S. attorneys and hear their side of the story."

Senate Judiciary Committee Chairman Patrick Leahy, a Vermont Democrat, today announced he will send letters to Iglesias and the other fired U.S. attorneys asking them to testify voluntarily. If they won't, he said the committee could vote March 8 on whether to issue subpoenas.

The president selects U.S. attorneys, who customarily resign with a change in administrations. However, it is unusual for an administration to replace someone it nominated in the first place.

"This is serious stuff," Schumer said. "When U.S. attorneys are fired for political reasons - fired to stand in the way of justice rather than promote justice - it puts a dagger into the heart of the faith that Americans have in their government and in their system of justice."

Sen. Dianne Feinstein, a California Democrat, cited Iglesias' story Wednesday in proposing an amendment to a homeland security bill that would limit the president's ability to replace U.S. attorneys with interim appointees.

The amendment would still allow the president to fire U.S. attorneys, but states that no interim appointee could serve more than 120 days. In effect that would force the president to send the name of a permanent nominee to the Senate for confirmation.

Carl Tobias, a constitutional law professor at the University of Richmond, said the administration's decision to replace so many U.S. attorneys at once without a clear explanation for the moves appeared to be backfiring.

"Now it's going to be a mess," he said. "The question is, what was to be gained by doing this? There's not even two years left in the administration. What was the point?"

House Democrats Vote To Subpoena Fired U.S. Attorneys (AP)

By Jennifer Talhelm, The Associated Press

AP, March 2, 2007

A House committee is compelling four of at least eight U.S. Attorneys ousted from office in recent months to tell their stories under oath, after one prosecutor said he believes he was fired for political reasons.

Democrats on a House Judiciary subcommittee voted 7-0 Thursday to subpoena fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Seattle. No Republican members of the panel attended Thursday's meeting, which lasted less than five minutes.

The lawmakers said they are troubled that the Bush administration may be punishing prosecutors for being too effective at pursuing political corruption cases.

The House subpoenas are the first issued by the new Democratic-controlled Congress. The U.S. Attorneys are scheduled to appear at a Tuesday hearing with other witnesses, including a representative from the Justice Department.

The Senate Judiciary Committee asked the four prosecutors to testify before it the same day.

Democrats have alleged that the removals were politically motivated and point out what they say is a flaw in the antiterror USA Patriot Act that allows the president to sidestep Senate confirmation of U.S. Attorneys in some cases.

"Is this an effort to diminish the independence of the people who uphold our laws? It's very troubling to me that there seems to be this undercurrent here," said Rep. Linda Sanchez, D-Calif., chairwoman of the Judiciary Subcommittee on Commercial and Administration Law.

Iglesias this week said he believes he was dismissed because he resisted pressure by two members of Congress to rush indictments before last year's election in an investigation of an alleged Democratic kickback scheme.

The Justice Department has said that any suggestion that Iglesias was asked to resign because he failed to bring an indictment is false. Attorney General Alberto Gonzales and other top department officials also have defended their decisions to replace other U.S. Attorneys.

Sanchez said the conversations between Iglesias and lawmakers could represent an improper ex parte communication and violate congressional ethics laws.

Iglesias has refused to name the lawmakers who called him. He told The Associated Press on Thursday that he wouldn't give any more details until he testified. "I will identify the members if I am directly asked and they compel me to testify," he said.

House Panel Subpoenas Fired U.S. Attorneys (WP)

By Dan Eggen And Paul Kane, Washington Post Staff Writers

The Washington Post, March 2, 2007

Democrats issued their first major subpoenas yesterday since taking control of Congress, as a House subcommittee voted to compel testimony from four former U.S. attorneys who were part of a wave of firings by the Justice Department.

The Judiciary subcommittee on commercial and administrative law approved the subpoenas for former prosecutors in Arkansas, New Mexico, Seattle and San Diego -- all of whom will be required to appear for testimony at a hearing Tuesday. The Senate Judiciary Committee announced plans for a similar hearing on the same day.

The moves mark the latest escalation in the battle between congressional Democrats and the Justice Department over the controversial dismissals of eight U.S. attorneys, at least five of whom were presiding over public corruption probes when they were fired.

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"Are these people being removed for doing their job and for it doing it too well?" asked Rep. Linda T. Sanchez (D-Calif.), chairwoman of the panel, who called the subpoenas "a last resort."

The controversy, which has been simmering for two months, boiled over this week after departing prosecutor David C. Iglesias of New Mexico alleged that two unnamed lawmakers had pressured him to speed up the prosecution of Democrats before the November elections. Iglesias said he believed that complaints from the lawmakers may have led to his dismissal, an allegation the Justice Department has disputed.

The state's top two Democrats, Rep. Tom Udall and Sen. Jeff Bingaman, and Rep. Steve Pearce (R-N.M.) have denied calling Iglesias. Rep. Heather A. Wilson (R-N.M.) and Sen. Pete V. Domenici (R-N.M.) have not responded to requests for comment over the past two days and deflected questions from the Associated Press about the allegations.

"I don't have any comment," Domenici said. "I have no idea what he's talking about."

Wilson referred questions "on that personnel matter" to the Justice Department.

Sanchez said any such contacts by a member of Congress would likely be in violation of House and Senate ethics rules that restrict such "ex parte communications" during ongoing criminal investigations.

Iglesias's office was conducting a probe into allegations involving construction contracts and a prominent Democratic former state senator.

At the time of the alleged phone calls, Wilson, a close ally of Domenici's, was in a tight reelection battle with then-state Attorney General Patricia Madrid. Wilson won by fewer than 2,000 votes.

Iglesias said yesterday that he will identify the lawmakers only if compelled by a subpoena.

"I fear retaliation," said Iglesias, a Republican and former military defense lawyer who served as a model for a character in the movie "A Few Good Men." "This is a small state and there are not too many employment opportunities, and I fear they will blacklist me."

At least four of the other U.S. attorneys were presiding over probes targeting Republican politicians at the time they were notified of their firing.

Although a separate House subcommittee has compelled testimony in a little-noticed drug inquiry, the prosecutors case marks the first major use of subpoena power by the new Democratic majority.

Justice spokesman Brian Roehrkasse said that the department has been "very forthcoming" with Congress about the dismissals and that any allegations that prosecutors were removed to interfere with investigations are "completely wrong."

Justice officials have said Iglesias and six others were fired for "performance-related" reasons and have denied that any were targeted to disrupt public corruption probes. Officials have acknowledged that an eighth prosecutor, Bud Cummins of Little Rock, was removed to make way for a former aide to presidential adviser Karl Rove.

Cummins and former U.S. attorney John McKay of Seattle said in interviews that they told lawmakers they will not testify unless subpoenas are issued.

"I wanted it clear that I wasn't volunteering to testify and I wasn't trying to affirmatively stir up trouble for everybody," said Cummins, who left in December. "If they would like to hear one of the few facts I have, I'm happy to tell them."

The other former prosecutor scheduled to testify, Carol S. Lam of San Diego, did not return a call seeking comment yesterday.

No Republicans showed up for the unanimous panel vote on issuing the subpoenas. The Judiciary Committee's ranking Republican, Rep. Lamar Smith (Tex.), later called the session "political grandstanding."

House Panel Subpoenas 4 Prosecutors Of 8 Ousted (NYT)

By David Johnston

The New York Times, March 2, 2007

WASHINGTON, March 1 — A House Judiciary subcommittee voted Thursday to issue subpoenas requiring testimony from four of the eight United States attorneys recently dismissed by the Justice Department.

The vote followed remarks this week in which one of the four, David C. Iglesias of New Mexico, said he believed that the motives for his ouster had been political. He and the three others subpoenaed — H. E. Cummins III of Arkansas, John McKay of Seattle and Carol C. Lam of San Diego — were chosen to give testimony because the circumstances of their dismissal are thought to be representative of those surrounding the removal of all eight, Congressional officials say.

The subpoenas order the four to testify at a hearing of the House subcommittee on Tuesday. The Senate Judiciary Committee has also invited dismissed prosecutors to testify that day and may consider issuing its own subpoenas if they do not. Senator Charles E. Schumer of New York, a Democratic member of the committee who has led an investigation of the dismissals, said Thursday, “The U.S. attorneys will be coming, and now we will finally get to the bottom of this.”

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The House panel acted after the prosecutors privately told lawmakers that they would not testify voluntarily, not wanting to get in the middle of what has grown into a serious political embarrassment for the Justice Department, but that they would give testimony if compelled.

In floor speeches and at a hearing last month, Democrats have repeatedly attacked the dismissals as a politically motivated effort to replace independent-minded prosecutors with more pliable operatives of the Bush administration.

Several of the prosecutors had been engaged in politically sensitive cases involving Republicans, for instance Ms. Lam's continuing corruption investigation in the wake of a related guilty plea in 2005 by Representative Randy Cunningham of California.

Others had irritated Republicans in their state. Mr. McKay, for one, had decided against impaneling a grand jury to examine accusations of voter fraud in Washington State's 2004 election for governor, won by a Democrat, Christine Gregoire.

Justice Department officials have denied that any of the prosecutors, all appointed by President Bush in his first term, were removed for political reasons.

"We have been very forthcoming with members of Congress about personnel decisions related to U.S. attorneys, through hearings, multiple briefings, letters, other documents, and a D.O.J. official will again testify next week," said Brian Roehrkasse, a spokesman for the department.

"We have never removed a United States attorney in an effort to retaliate against them or inappropriately interfere with a particular investigation, criminal prosecution or civil case," Mr. Roehrkasse added. "Any suggestion otherwise is completely wrong."

At a hearing last month, Paul J. McNulty, the deputy attorney general, said most of the dismissals had been related to job performance, an assertion that brought protests from the ranks of the ousted prosecutors.

Several said they had been given no reason for their removal. Most had received favorable job evaluations from the Justice Department in formal performance assessments based on interviews with judges, law enforcement agencies and members of the office staff.

House Panel Subpoenas Ousted U.S. Attorneys (LAT)

By Richard B. Schmitt, Times Staff Writer

The Los Angeles Times, March 2, 2007

Four of the prosecutors who say the White House forced them out for political motives are to appear Tuesday.

WASHINGTON — A House subcommittee voted Thursday to subpoena four recently replaced U.S. attorneys as part of a widening probe into whether the Bush administration was politicizing the appointment of top prosecutors around the country.

The action marked the first major use of subpoena power by the new Democratic-controlled Congress, and begins to fulfill a pledge of the Democratic leadership to scrutinize administration policies.

The prosecutors, directed to appear at a hearing Tuesday, were among at least eight who were abruptly removed in recent months by the Justice Department. Officials have said they dismissed the lawyers primarily because of concerns over their performance, as well as policy differences over whether they were pursuing department priorities such as cases of immigration fraud and child exploitation.

But the lawyers — all appointees of President Bush — have not gone quietly. They are publicly disputing the characterization the department has offered for their departures.

The result has been a political embarrassment for the White House and the Justice Department, and an odd spectacle of Democrats giving aid and comfort to Republican appointees.

The move by a subcommittee of the House Judiciary Committee came a day after the former U.S. attorney in Albuquerque said he believed he was dismissed for political reasons. David Iglesias said that two members of Congress had pressured him to bring corruption charges against a Democratic official in New Mexico before the November election but that he had resisted.

Also subpoenaed was Carol Lam, former U.S. attorney in San Diego, who oversaw the bribery case against former Republican Rep. Randy "Duke" Cunningham of Rancho Santa Fe. Lam's office brought charges against two others in that case, including a former senior CIA official, two days before she left her job last month.

The other former prosecutors subpoenaed are John McKay of Seattle and H.E. "Bud" Cummins of Little Rock, Ark. The four prosecutors were first appointed by Bush in 2001 and 2002.

The subcommittee said all four had agreed to appear, and the Justice Department said it would send a top official to the hearing.

The vote to issue the subpoenas illustrated a partisan divide: Republicans boycotted the proceeding; the seven Democrats present unanimously endorsed the move.

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"The former U.S. attorneys are alleging very serious charges against the administration, and we need to hear from them," said Rep. John Conyers Jr. (D-Mich.), chairman of the House Judiciary Committee. "We want to hear their stories, and we want the administration to address the charges head-on."

Conyers said the subpoenas were to be issued Thursday night.

"We decided to issue subpoenas only as a last resort," said Rep. Linda T. Sanchez (D-Lakewood), who chairs the commercial and administrative law subcommittee, which authorized the subpoenas and will hold the hearing. "We need to get to the bottom of whether competency in upholding the law is being sacrificed for political ideology."

Democrats also fear that the Justice Department is trying to exploit a little-noticed change in federal law that gives U.S. Atty. Gen. Alberto R. Gonzales the power to appoint interim federal prosecutors through the end of the Bush administration without Senate confirmation.

The Justice Department has said that it had no intention of bypassing the confirmation process and would submit the names of replacements to the Senate for every vacancy that occurs. But legislation has been introduced in both houses to repeal the provision, which was included in legislation last year reauthorizing the Patriot Act.

Democrats also released a Congressional Research Service report surveying the reasons that U.S. attorneys did not serve out their terms. The report studied 54 cases of prosecutors who were appointed between 1981 and 2006. The bulk left to take other official positions such as judgeships or to pursue careers in private law practice.

The report identified five cases in which attorneys were forced to resign. The dismissed included a prosecutor in Florida who was caught on videotape grabbing a Jacksonville television reporter by the throat, and another Florida prosecutor who, the report said, allegedly "bit a topless dancer on the arm during a visit to an adult club after losing a big drug case."

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Democrats Demanding Fired U.S. Prosecutors Testify (Update1) (BLOOM)

By Robert Schmidt And James Rowley

Bloomberg, March 2, 2007

March 1 (Bloomberg) -- Democrats in Congress intend to question several fired U.S. attorneys to determine whether the Bush administration forced them out to influence politically sensitive criminal investigations.

A House Judiciary subcommittee voted today to compel testimony from four of the prosecutors. Senate Judiciary Committee Chairman Patrick Leahy also announced plans to question the lawyers, who were among eight -- all Republican appointees -- that were informed last year of their dismissals.

``This seems to be a wholesale Christmas Eve massacre," Leahy said today at a committee meeting. ``Some of them had the highest ratings of their performance but, coincidentally, they were in on some politically sensitive investigations."

The administration has said the firings were generally based on job performance, not politics. The 93 U.S. attorneys are political appointees who are confirmed by the Senate and serve at the discretion of President George W. Bush.

The prosecutors who were let go include one in San Diego who was supervising the influence peddling investigation into convicted ex-Republican Representative Randall ``Duke" Cunningham. Another in San Francisco oversaw a federal task force probing illegal backdating of stock options by company executives.

David Iglesias of New Mexico, who was also fired, recently told lawmakers he was asked to leave after receiving calls from two unnamed members of Congress inquiring about a corruption probe involving local Democrats. Iglesias told a press conference yesterday he assumed politics caused his firing.

Eager to Testify

Senator Charles Schumer, a New York Democrat, said yesterday that Iglesias and other prosecutors were eager to testify.

``We have inquired of the fired U.S. attorneys," he said in remarks on the Senate floor. ``The overwhelming majority of them want to tell more but feel honor-bound not to do it, except if they were brought under the power of a subpoena."

Senators also said the job evaluations of some of the dismissed prosecutors contradicted Justice Department arguments that they were let go for poor performance.

Senator Lindsey Graham, a South Carolina Republican, said it is ``a bit distasteful" that the Bush administration is unfairly damaging the reputation of prosecutors it had installed.

Quality Performers

Formal evaluations show that the prosecutors ``were quality performers, that they did what they were requested to do," California Democrat Dianne Feinstein said in an interview.

Brian Roehrkasse, a Justice Department spokesman, said the agency has never removed a U.S. attorney in an effort to influence an investigation. On the Iglesias firing, Roehrkasse said the prosecutor served for more than five years and ``we made our decision not to further extend his service based on performance-related concerns."

In the House, the subpoenas are the first issued since Democrats took congressional control in January. The subcommittee, headed by Representative Linda Sanchez, voted 7-0 to compel the testimony with the panel's Republicans not participating.

All four prosecutors -- Iglesias, Carol Lam, who had headed the Cunningham probe, John McKay of Seattle, and H.E. ``Bud'' Cummins of Arkansas -- will testify March 6 in front of the subcommittee, said Sanchez, a California Democrat. She said each had expressed a willingness to talk if they were subpoenaed.

Political Pressure

Democrats plan to ask them whether they were pressured on any cases, what the administration said when they were dismissed and whether they thought they were fired because of politics, Sanchez said.

``Part of the overall issue is, are the U.S. attorney positions being awarded to those that are ideologues within the president's party,'' she told reporters.

While the Justice Department said most of the prosecutors were asked to step down for unspecified performance problems, it acknowledged that Cummins was fired without cause. He was replaced on an interim basis by Timothy Griffin, a former aide to presidential adviser Karl Rove.

Griffin has withdrawn from consideration for the permanent position, citing the uproar over his appointment. Bush has nominated only three people to fill 13 vacant U.S. attorney positions, Democrats said today.

Democrats have also proposed legislation that would limit Attorney General Alberto Gonzales's authority to appoint temporary U.S. attorneys to 120 days. After that, they would be named by a federal judge.

The legislation, passed by the Senate Judiciary Committee, would repeal a provision of last year's USA Patriot Act renewal that gave the attorney general sole power to name interim U.S. attorneys. Democrats say the Patriot Act could let the Justice Department bypass the Senate confirmation process.

``If we don't act, any president -- Democrat or Republican - - could simply have the attorney general hand pick the prosecutor,'' Leahy said. ``You could end up politicizing prosecutions and law enforcement.''

U.S. Attorney Leaves Office With No Word On Successor (LVS)

By Sam Skolnik, Las Vegas Sun

Las Vegas Sun, March 2, 2007

U.S. Attorney Daniel Bogden's last day in office came and went Wednesday with no word from the Justice Department about who will replace him.

Even though Bogden was told by a department official soon after he was fired from the job that his office would be given the name of a replacement by the time he left office - Wednesday at midnight - no one had called, at least as of 6 p.m.

"I've been sitting here, waiting for the call," said Bogden, the well-regarded Bush appointee who said he has spent the bulk of his last day packing up his office. "It would have been nice to have gotten some notice by now," he said during a late afternoon interview.

According to Bogden, federal statutes dictate that First Assistant U.S. Attorney Steven Myhre would take over this morning as acting U.S. attorney, pending further word from Washington.

Bogden's last day as the top federal prosecutor in Nevada came as Sen. Dianne Feinstein, D-Calif., said she likely would be issuing subpoenas to the seven U.S. attorneys, including Bogden, who were fired by the Bush administration within the last few months.

Bogden had received positive notices and work reviews by his Justice Department bosses - as had all but one of the six other fired U.S. attorneys, according to media reports - begging the question as to why the prosecutors were fired. Justice Department officials said it was because of poor job performance, a notion vehemently rejected by the U.S. attorneys and their supporters.

In a statement Wednesday, Sen. Harry Reid, D-Nev., called the dismissal of Bogden and the others "unfair."

"Under his leadership, the U.S. attorney's office has prosecuted many dangerous criminals and resolved a number of important civil cases," Reid said. "Throughout his career, Dan Bogden has strived to make our communities safer, and I appreciate all the remarkable work he has done."

Tory Mazzola, a spokesman for Sen. John Ensign, R-Nev., said his office was "in the process, working with the Justice Department to find a replacement" for Bogden. He referred questions regarding why no replacement had yet been named for Bogden to the Justice Department.

No one with the Justice Department's press office in Washington could be reached late Wednesday. Michael Battle, director of its Executive Office for U.S. Attorneys, also could not be reached.

Bogden said he would appear before the Senate Judiciary Committee if called by Feinstein - but only reluctantly.

"If subpoenaed, you've got to go, you've got to testify," he said. "But would I be eager to testify? No."

After 16 years with the Justice Department, including the last 5 1/2 as U.S. attorney, Bogden said testifying would be a difficult thing to do "even though I don't agree with their decision" regarding his dismissal.

Speculation has been rampant regarding the motives of U.S. Attorney General Alberto Gonzales and the Bush administration in the systematic purgings . Much of it has centered on politics: Democrats and other critics say they believe that the Bush White House is eager to have new prosecutors in place to steer investigations toward Democratic officials and away from Republicans.

Detractors also say the new crop of replacements, likely to include more politically minded appointees and fewer career prosecutors, are being groomed to run for congressional seats held by vulnerable Democrats.

Those theories were bolstered by a recent McClatchy Newspapers report, referred to by Feinstein on Wednesday, in which the U.S. attorney for New Mexico, David Iglesias, said two unnamed members of Congress called him in mid-October to inquire about the timing of an ongoing probe into an alleged kickback scheme.

Iglesias, according to the report, believed the congressmen were eager for an indictment to be issued on the eve of the November elections to benefit the Republican candidates.

It is unclear who, in the end, will be named to replace Bogden.

The names of several officials inside Bogden's office have been floated, including Myhre and Assistant U.S. Attorneys Kurt Schulke and Dan Schiess, as well as Nevada Chief Deputy Attorney General Conrad Hafen.

Myhre couldn't be reached for comment Wednesday. Schulke, Schiess and Hafen declined to say whether they had been in touch with Ensign's office or the Justice Department about the post. Bogden said he didn't know who was in line for his job.

Sun Washington correspondent Lisa Mascaro contributed to this report. Sam Skolnik can be reached at 474-7406 or at sam.skolnik@lasvegassun.com.

Bogden Questions Reason For Ouster (LVRJ)

By Adrienne Packer, REVIEW-JOURNAL

Las Vegas Review-Journal, March 2, 2007

Serves last day as U.S. attorney

Two high-ranking Department of Justice officials told outgoing U.S. Attorney Daniel Bogden in December that his dismissal was unrelated to his job performance, and one of the officials indicated his firing was politically motivated, Bogden said Thursday.

"I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office," Bogden said.

He declined to elaborate on the discussion.

At least eight U.S. attorneys, including Bogden, 51, were abruptly removed in recent months by the Justice Department

On Feb. 6, Deputy Attorney General Paul McNulty appeared before the Senate Judiciary Committee and explained that the dismissals were "performance related."

"It's been difficult enough trying to accept the request that I step down; it's been a difficult time getting through it all," said Bogden, whose last day was Wednesday. "Then to hear the reason for the request to step down has something to do with some unrelated performance issues is just flat-out wrong."

Michael Battle, director of the Executive Office for United States Attorneys, called Bogden on Dec. 7 and asked him to step down from the post he had held since 2001. Battle could not provide an explanation, Bogden said, prompting him to call other officials within the Justice Department.

"I said you have to give me something more; you can't just throw this bomb into my life," Bogden said.

Bogden placed a call to an upper-level official at the Justice Department. He said he sensed from that conversation that his dismissal was politically motivated. During a second call to another official, his questions were more direct.

"I said, 'Look, did this decision have anything to do with my job performance or the performance of my office?' " Bogden said, relaying a conversation with an official he declined to name. The official responded: "That did not enter into the equation."

Bogden acknowledged he will have to divulge the officials' names if he is subpoenaed to testify before a congressional committee.

Bogden was not among four of the prosecutors a House subcommittee voted Thursday to subpoena to testify next week. The House Judiciary subcommittee said all four agreed to appear, and the Justice Department said it would dispatch a top official to the hearing.

U.S. Sen. Dianne Feinstein, D-Calif., has suggested political gamesmanship on the part of the Bush administration, a claim she said was bolstered by the fact that the ousted attorneys were given positive performance evaluations.

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"These reports (evaluations) only serve to fuel my concerns that the Department of Justice based its decisions to fire competent and successful U.S. attorneys because of a desire to put young politically connected lawyers from outside into these offices," Feinstein wrote in a letter to Senate Majority Leader Harry Reid.

Feinstein sponsored legislation that would require the Senate to confirm U.S. attorney appointments, restoring the process used prior to 2006. Feinstein and others have been angered by a little-noticed provision slipped into the Patriot Act last year that allows Attorney General Alberto Gonzales to appoint replacement prosecutors indefinitely.

"The problem is that this loophole in the Patriot Act allows the administration to put anybody they want into that position for an indefinite period of time," said Jon Summers, a spokesman for Reid's office. "Then you run into a situation where you have people who may not be the best fit in those jobs. There is a reason that things were set up the way they were and that was to make sure the best interest of the public was served. This loophole allows the administration to get around that."

Democrats have questioned whether the Bush administration was using the dismissals to reward political allies. McNulty conceded the Justice Department removed Arkansas prosecutor Ed Cummins without cause to make room for a former aide to presidential adviser Karl Rove.

David Iglesias, the U.S. Attorney for the District of New Mexico, said this week that he was fired because he failed to rush an indictment that might have boosted the Republicans during the 2006 election.

Bogden said he was never asked to back off investigating Gov. Jim Gibbons, a Republican. The probe is examining whether Gibbons accepted unreported gifts and payments from friend and businessman Warren Trepp in exchange for his help as a member of the House Intelligence and Armed Services committees.

Bogden said the Justice Department has never pressured him on any case.

Bogden worked for the Justice Department for 16 years. In 2001, he was asked to interview for the U.S. attorney position. Bogden said he was hesitant because he knew that new administrations choose their own U.S. attorneys and he would someday be out of a job.

Besides, the Ohio native said, he had reached his dream of being a federal prosecutor.

"I knew once I stepped up and took the U.S. attorney job, I would have forgone my career at the Department of Justice," Bogden said. "I knew I'd be sitting here in a position like this someday. I just didn't think it would be today."

Battle called Bogden and informed him of his dismissal the day after Bogden returned from a four-day U.S. attorneys conference in Washington, D.C. On Dec. 6, the night before Bogden was fired, McNulty delivered a speech to the gathering of the country's chief prosecutors.

"He called us the best group of U.S. attorneys ever assembled in the history of the country," Bogden said. "It was a nice speech, very touching. Now maybe I should look at it as my eulogy."

Bogden asked the Department of Justice whether he could stay until the end of February to help the office transition into new leadership. But as Bogden finished packing his office Thursday, the Justice Department still had not named a permanent replacement or an interim U.S. attorney.

First Assistant U.S. Attorney Steven Myhre is serving as acting U.S. attorney.

Bogden said he is proud of his time at the helm of the Nevada office. During his tenure, the office was understaffed by about 15 attorneys.

"We have effectively, efficiently and successfully covered all of our national and district priorities despite being understaffed and under-budgeted," Bogden said.

Bogden plans to take time off to figure out his next career move. He is concerned that the Justice Department's comments that his firing was performance-related will hurt his chances of finding a new job.

Although he savors his career with the Department of Justice, he can't help having mixed feelings about the department for which he worked for nearly two decades.

"I'm plenty bitter," Bogden said. "Here's a job that you think you are doing in an outstanding fashion and suddenly to get a call like that with little or no explanation."

The Los Angeles Times contributed to this report.

Reddit Ashcroft Cancels Pizza Party For Ex-Colleagues (USNEWS)

By Chitra Ragavan

U.S. News and World Report, March 2, 2007

Former Attorney General turned lobbyist John Ashcroft canceled the pizza party he was scheduled to host yesterday for the political appointees from his days heading the Justice Department.

The cancellation came after usnews.com reported that the department's ethics office had flagged the party as potentially troublesome in terms of appearance.

In an E-mail sent to the invitees, which Ashcroft's senior adviser, Juleanna Glover Weiss, provided to U.S News, Ashcroft said that he did not realize that "our sharing of a pizza and soft drinks might erode the high levels of integrity we worked so diligently to engender" when he was attorney general. Ashcroft added that he did not "believe for a second" that the invitees' integrity "could be compromised for a piece of pizza." But he said that "no fellowship over lunch" was "worth the sacrifice of any public confidence in the justice community." Instead, "Going back to my traditional brown bag lunch," wrote Ashcroft, "will not be too much of a challenge for me."

The Justice Department's ethics office had not prohibited invitees from attending but asked them to consider how their participation might be perceived. It has been two years since Ashcroft left the department and formed the lucrative Ashcroft Group lobbying and consulting firm. So he's past some of the restrictions imposed on former government officials from lobbying their old agency.

However, because the Ashcroft Group has big clients that have been sued by the department, in antitrust and other ongoing litigation, the invitation raised eyebrows.

CORPORATE SCANDALS:

Gonzales: 'Protecting Integrity Of Business' A Top Priority (SDDT)

San Diego Daily Transcript via Yahoo! News, March 2, 2007

U.S. Attorney General Alberto Gonzales touted the Department of Justice's commitment to combating corporate fraud and public corruption in a speech Thursday in San Diego.

Gonzales, making his first appearance here since becoming attorney general two years ago, addressed the American Bar Associations' national institute on white-collar crime.

His remarks came two weeks after Carol Lam was reportedly forced out as U.S. attorney in San Diego because she concentrated too much on white-collar crime and not enough on border smuggling and illegal immigration.

In his speech, Gonzales said reliability and transparency are needed for a successful economy.

"As attorney general, protecting the integrity of business and government is a top priority of mine," he said. "A free market cannot include the freedom to cheat, to defraud or to steal. Rules and enforcement are needed to protect the playing field itself and ensure fair competition."

The Justice Department established a corporate fraud task force in 2002, and it had obtained 1,100 convictions as of the end of last year.

Gonzales said the recent prosecutions involving Enron and WorldComm and the new restrictions imposed by the Sarbanes-Oxley Act have changed corporate America.

Stanford Law School reported a 38 percent decline last year in class-action lawsuits involving securities issues.

But the attorney general said he does not want the Justice Department's renewed oversight to hamper American innovation or prevent individuals from taking risks.

"The United States is the economic envy of the world," he said, "and we are dedicated to keeping it that way. That means we'll stand fast by the laws that keep the markets clean, but it also means we'll stay cognizant of the private sector's need for the oxygen that feeds innovation."

He also praised the government's "offensive against all types of white-collar crime."

"We have a strong record of prosecuting public corruption cases during my tenure as attorney general," he said. "As evidence of that commitment, we have added resources to this fight."

He noted the FBI added 200 new field agents last year to fight public corruption, and it has scored a number of significant convictions.

Government prosecutors, Gonzales said, are also cracking down in the new area of backdating stock options. The Justice Department recently accepted guilty pleas from two executives of Comverse Technology Inc., including its general counsel and chief financial officer, involving backdating.

As recently as last month, Gonzales said, the general counsel of the recruiting firm Monster Inc. pleaded guilty to charges of conspiracy and fraud arising from this involvement in a scheme to backdate options.

The attorney general also highlighted another success, a case he called "one of the first-ever extraditions for an intellectual property offense."

The indictment charged the leader of a Internet software piracy group with violating U.S. criminal copyright laws. Prior to dismantling, the piracy group was "estimated to have caused the illegal reproduction and distribution of more than $500 million worth of pirated software, movies, games and music," according to Gonzales.

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The Justice Department's civil division, meanwhile, has obtained 57 felony convictions against business opportunity scammers -- companies that sell phony franchise businesses with the promise of great profits.

Gonzales said the government is combating environmental crime and tax crime as well.

He also explained how the Justice Department is coordinating with other countries to fight corruption globally.

"We send Justice Department employees to help train policemen, prosecutors and judges in countries around the world," he said. "And that includes assistant U.S. attorneys and FBI agents who have chosen to serve in Iraq and Afghanistan."

13 Charged In Big Insider Trading Scam (WP)

By Carrie Johnson

The Washington Post, March 2, 2007

Federal prosecutors unsealed criminal charges against more than a dozen people, including former executives at four of Wall Street's elite institutions, accused of engaging in thousands of improper trades in two schemes that netted more than $15 million in profit.

A grand jury in Manhattan indicted nine people on conspiracy, fraud and bribery charges. Among them were lawyers and officials responsible for protecting the integrity of the firms and the market, who instead became perpetrators, prosecutors said. They worked for such top-tier firms as UBS, Morgan Stanley, Bank of America Securities and Bear Stearns.

Four others, who agreed to plea bargains, helped investigators crack open the massive, six-year insider-trading plot and will provide testimony against their onetime associates, government officials said.

Together, the charges and guilty pleas mark one of the biggest and most prominent insider-trading busts since the era of Ivan Boesky and Dennis Levine, when handcuffed executives were marched out of investment firms two decades ago.

"It is particularly pernicious when Wall Street insiders . . . shamelessly compromise the markets' integrity and investors' trust for a quick buck," said Linda Chatman Thomsen, the enforcement chief at the Securities and Exchange Commission.

The six-month probe unearthed furtive meetings among the alleged conspirators, who used disposable cellphones and coded text messages to evade detection and paid kickbacks in the form of cash-filled envelopes. Investigators said they shook their heads at times as the case increasingly resembled the greed on display in the 1987 film "Wall Street."

The charges come as federal authorities are accelerating their efforts to stanch the improper flow of information among a select group of insiders on Wall Street -- a tactic that allows insiders to reap handsome profits at the expense of average investors.

Among those charged is Mitchel S. Guttenberg, a manager in UBS's equity research department, who prosecutors say tipped off traders to forthcoming upgrades and downgrades in specific stocks in exchange for a share of the profit. Guttenberg was arrested at home yesterday morning, said FBI official Teresa L. Carlson.

In 2001, as part of his job, Guttenberg gained access to a daily list of UBS analyst recommendations before it was distributed to the public, government officials said. He first exploited the information to repay a $25,000 personal loan owed to Erik R. Franklin, a former employee of Bear Stearns who has worked at three hedge funds in recent years, according to court papers.

The pair initially met at New York's fabled Oyster Bar, in the bowels of Grand Central Terminal. But finding that arrangement nettlesome, they bought disposable cellphones and sent each other coded text messages before UBS analysts downgraded their ratings on such stocks as Allstate and CVS.

The scheme involved thousands of trades, according to SEC officials. Guttenberg and Franklin invited others to join them, including relatives and executives who had worked at Bear Stearns, regulators said. The men traded in their personal accounts as well as in Franklin's hedge fund accounts.

Brokers at the New York firm Assent discovered the scheme by monitoring an account that some of the participants used. Instead of reporting the problem to law enforcement officials, however, the Assent brokers "blackmailed" the traders for more than $180,000 in cash to keep quiet, U.S. Attorney Michael J. Garcia said at a news conference in New York.

"Each of the individuals we charged had a responsibility to protect investors and the integrity of the markets," said Scott W. Friestad, an SEC associate director of enforcement. "What's particularly insidious about this case is that the first instinct of each of these individuals was to try to find a way to personally benefit from the non-public information rather than to do the right thing."

A second alleged plot revolved around Randi E. Collotta, a former compliance unit officer at Morgan Stanley, who prosecutors say shared tips with her husband and other traders about coming corporate acquisitions involving bank clients from 2004 to 2005. Collotta, an attorney, violated Morgan Stanley policy by passing on word of Adobe Systems' looming acquisition of Macromedia and of UnitedHealth Group's purchase of PacifiCare Health Systems, among other deals, according to court papers.

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The two rings converged with Franklin and another man, former Bear Stearns professional Robert D. Babcock. Babcock, who also processed trades for one of Franklin's hedge funds, received tips from a participant in the Morgan Stanley scheme. He allegedly shared that inside information with Franklin and others, authorities said.

SEC investigators found an avenue into the byzantine schemes more than six months ago after examining trades by Franklin's father-in-law in advance of a 2005 Morgan Stanley deal involving Catellus Development. SEC lawyers searched extensive trading records for patterns that led them to Franklin's doorstep.

In October, securities investigators flagged the issue for federal prosecutors and FBI agents in New York and expanded their probe from trades involving corporate mergers to transactions based on when UBS analysts had upgraded or downgraded stock ratings.

Franklin, who helped authorities unravel the scheme, pleaded guilty to conspiracy, securities fraud and bribery on Tuesday. Babcock pleaded guilty to similar charges a day later, but prosecutors kept both agreements secret until yesterday.

Eight of the defendants appeared in New York and another appeared in Florida for arraignment yesterday. Each pleaded not guilty, and all were released on bond.

Barry P. Barbash, a former securities regulator who now works at the law firm of Willkie, Farr & Gallagher, said the case reflects the fact that a generation of young professionals no longer recalls seeing Wall Street titans face perp walks and grueling trials for insider-trading crimes in the 1980s.

"This case is an unfortunate reminder to everybody in the business . . . It's sobering."

In recent months, prosecutors and securities regulators have focused on hedge funds and private-equity companies -- fast-growing investments designed for wealthy individuals and institutions -- that strive to gather bits of information to profit in advance of corporate announcements.

At a meeting yesterday in Texas with leaders of each of the SEC's regional offices, SEC Chairman Christopher Cox affirmed that policing possible insider trading by hedge funds would be a top regulatory priority over the next two years.

Feds Charge 13 With Inside Trading (USAT)

By Greg Farrell

USA Today, March 2, 2007

NEW YORK — Federal prosecutors announced criminal charges Thursday against 13 people, accusing them of participating in the biggest network of inside trading on Wall Street since the days of Ivan Boesky.

The criminal charges allege that traders from a handful of hedge funds and brokerages, acting on illegal inside information from some of Wall Street's biggest firms, netted $8 million in tainted gains from December 2001 to August 2006.

The Securities and Exchange Commission, which discovered evidence of the ring last year during a routine investigation, filed a parallel set of civil charges against 11 individuals and three hedge funds.

While the $8 million pales in comparison with the enormous sums misappropriated by Boesky and others in the 1980s, the scheme exposed Thursday was nevertheless shocking, said Linda Chatman Thomsen, the SEC's director of enforcement.

The majority of inside trading cases involve an individual who comes across inside information and can't resist the temptation to make a quick buck. The difference here, Thomsen said, is that the inside trading ring operated for five years, involved hundreds of tips and thousands of relatively small trades. Worst of all, the inside information allegedly came from three "top tier" Wall Street firms: UBS, Morgan Stanley and Bear Stearns. "It's particularly pernicious when Wall Street insiders … shamelessly compromise the markets' integrity and investors' trust for a quick buck," she said.

Court documents filed by the SEC and Michael Garcia, the U.S. Attorney in Manhattan, allege that the ring leaders of the scheme were: Mitchel Guttenberg, an executive director at UBS; Randi Collotta, an attorney in Morgan Stanley's compliance department; and Erik Franklin, a former portfolio manager for a hedge fund at Bear Stearns. Franklin has pleaded guilty. Attorneys for Collotta and Guttenberg could not be reached.

The documents allege that the scheme was launched in 2001 when Guttenberg met with Franklin at the Oyster Bar, a well-known restaurant in Manhattan's Grand Central Station. At the time, Guttenberg owed Franklin $25,000.

According to the SEC, Guttenberg proposed to pay off the debt by giving Franklin advance notice of significant changes in the position of UBS analysts on stocks. For example, in December 2001 Guttenberg allegedly tipped off Franklin that UBS was about to downgrade Allstate from "strong buy" to "hold." Franklin shorted the stock through the Bear Stearns hedge fund where he worked, netting a quick profit of $10,100 when the downgrade was published.

Prosecutors alleged that Collotta, a former Morgan Stanley attorney, shared sensitive information about upcoming mergers and acquisitions with her husband and a trader in Florida. The three allegedly split the trading profits that resulted. The Wall Street banks say that they are victims of the crimes and are cooperating with the investigation.

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13 Accused Of Trading As Insiders (NYT)

By Jenny Anderson And Michael J. De La Merced

The New York Times, March 2, 2007

It started in 2001 with two old friends meeting at the Oyster Bar in the basement of Grand Central Terminal in Manhattan, discussing a $25,000 debt.

It ended yesterday with federal authorities saying that they had exposed one of the most far-reaching insider trading schemes on Wall Street in decades, involving four investment banks and a web of hedge funds, day traders, lawyers and even a few supervisors, who upon discovering evidence of insider trading, blackmailed the traders to keep quiet about it.

Thirteen people were accused yesterday of taking part in the trading ring, including a former Morgan Stanley compliance official, a senior UBS research executive, three employees from Bear Stearns and a Bank of America employee.

Linda C. Thomsen, chief of enforcement at the Securities and Exchange Commission, described the scheme as one of the most "pervasive Wall Street insider trading rings since the days of Ivan Boesky and Dennis Levine."

Nine of the defendants have been arrested, and four have pleaded guilty to charges ranging from securities fraud, conspiracy to commit securities fraud and bribery. The investigation, conducted by the S.E.C., the Federal Bureau of Investigation, and the office of the United States attorney in Manhattan, has been under way for more than a year and is continuing.

The schemes described by federal authorities were unusual for their breadth and the seniority of the executives involved.

The tactics, however, were all too familiar: Wall Street executives tipping hedge fund traders about potential upgrades or downgrades of stocks, information sure to move a stock's price; leaking information about pending mergers and acquisitions, and taking kickbacks to get access to hot deals. In the middle, authorities say, was a hedge fund manager looking for an edge.

Federal authorities say that in 2001, Mitchel S. Guttenberg, a 41-year-old executive director in the stock research department of UBS, met a friend, Erik R. Franklin, then a hedge fund manager at Bear Stearns at the Oyster Bar. Mr. Guttenberg owed Mr. Franklin $25,000 and proposed paying that debt with information about stock upgrades and downgrades. He was a member of the firm's investment review committee, which reviewed and approved analyst recommendations.

Mr. Guttenberg provided hundreds of tips to Mr. Franklin about rating changes so that he could make quick trades in his hedge fund at Bear Stearns, Lyford Cay Capital. The two agreed to share the after-tax profits after the debt between them was settled. They exchanged cash at arranged meeting places — echoes of the Boesky case — and bought disposable cellphones and created codes to communicate with one another.

Lyford Cay was a small hedge fund overseen by Kurt W. Butenhoff, a senior managing director at Bear Stearns who is a top-producing broker and an equity derivatives specialist. Lyford Cay was made available to the firm's high-net-worth clients, a number of whom resided in the exclusive resort of the same name in the Bahamas, as well as senior Bear Stearns executives. The fund was closed down in 2004 because of poor performance.

Mr. Franklin reported to Mr. Butenhoff. In 2002, Mr. Franklin left Lyford Cay to return to Chelsey Capital, a hedge fund whose president once sought to buy the New Jersey Nets. Mr. Franklin joined forces with another portfolio manager, informed him about the UBS tips and the two traded on them, investigators say.

A spokesman for DSJ International, which operates as Chelsey Capital, said: "We are dismayed to learn of the actions of two former employees who left over four years ago. We are committed to continue cooperating in the investigation."

Mr. Guttenberg pleaded not guilty yesterday. His lawyer declined to comment. Mr. Franklin has pleaded guilty. His lawyer declined to comment.

Over five years, according to the S.E.C., Mr. Franklin made $5 million in illicit profits for his various hedge funds, his own personal accounts and an account in the name of his father-in-law, said the S.E.C.

But the ties went further than the two friends: each had his own network of tippees. The case was so complex that the United States attorney in Manhattan, Michael J. Garcia, yesterday used a large poster board to explain the inner workings. "Clearly greed is at work," he said.

According to court filings, some of Mr. Franklin's former Bear Stearns colleagues, including Robert Babcock, also worked with Lyford Cay and knew he was receiving, and profiting from, illegal information. After Mr. Franklin left Lyford Cay at Bear Stearns, Mr. Babcock continued to monitor Mr. Franklin's personal accounts and used the information to trade for Lyford, making $660,000 between late 2001 to 2003. Another Bear Stearns employee was accused of using information gleaned from Mr. Franklin's account to trade for his own accounts.

Mr. Babcock has pleaded guilty. His lawyer declined to comment.

"Actions described in the complaint are clear violations of our policies and procedures," said Russell Sherman, a Bear Stearns spokesman. "We have and will continue to cooperate fully with the investigation."

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Mr. Guttenberg gave tips to other friends, including David Tavdy, a 38-year-old proprietary trader at Andover Brokerage, which was later acquired by Assent. Mr. Tavdy traded on information at Assent and then later at Jasper Capital. Mr. Tavdy ultimately made $6 million trading in illicit information, according to the S.E.C.

Mr. Tavdy pleaded not guilty. His lawyer did not return calls.

Two executives at Assent got wind of the illegal UBS information and the trading that was going on with it. Rather than turn the traders in, they demanded bribes of $150,000 between them to keep quiet, investigators say. The two executives face charges.

A UBS spokeswoman, Rohini Pragasam, said, "UBS is assisting the authorities to the fullest extent possible in their investigation into the alleged actions of a single UBS employee."

It was not the UBS scheme, however, that tipped off regulators but rather trading around big mergers that got the S.E.C.'s attention.

According to authorities, in 2004, Randi Collotta, a 30-year-old lawyer in the global compliance department at Morgan Stanley, teamed up with her husband, Christopher Collotta, to dispense information about Morgan Stanley's work on coming mergers to Marc Jurman, a high school friend of Mr. Collotta's. In return, authorities said they would receive a share of illegal profits.

Mr. Jurman traded on deals including Adobe Systems acquisition of Macromedia in 2005 and ProLogis's acquisition of Catellus Development. The information netted them about $600,000.

Mr. Jurman in turn tipped off Mr. Babcock, who passed on information to Mr. Franklin and his partners at Bear Stearns, closing a wide, and very lucrative, circle.

Unusual trading in Catellus tipped off the S.E.C. The trading led to an account in the name of Mr. Franklin's father-in-law. Over a year of investigation, the myriad connections became clear.

Mark Lake, a Morgan Stanley spokesman said, "We are outraged that a former employee allegedly stole confidential information from the firm, and we have cooperated and will continue cooperating fully with the authorities."

Mr. Garcia described Morgan Stanley and UBS as victims.

Mr. Jurman pleaded guilty. His lawyer, Lilly Ann Sanchez, said: "We aimed to resolve this case expeditiously. Mr. Jurman is a very minor player in the overall conspiracy."

The Collottas entered not guilty pleas yesterday.

Mr. Franklin had yet another scheme going to get inside information: between late 2005 and October 2006, Paul Risoli, a broker at Banc of America Securities, is accused of allocating shares of initial public offerings and secondary offerings to Q Capital, Mr. Franklin's hedge fund, netting the fund at least $160,000. Mr. Franklin is accused of paying Mr. Risoli $9,500 as part of the scheme.

Mr. Risoli pleaded not guilty. His lawyer could not be reached yesterday.

"We are aware of the situation and we are cooperating with authorities," said Shirley Norton, a spokeswoman for Bank of America.

For two counts of conspiracy to commit fraud and four counts of securities fraud, Mr. Franklin would face a maximum of 90 years in prison, but sentencing guidelines suggest he would more likely face about five years.

The S.E.C. complaint accused 11 people and 3 entities of making illicit profits totaling more than $15 million, while the criminal charges cite illicit profits of $8 million from 13 individuals.

A 'Brazen' Insider Scheme Revealed (WSJ)

By Randall Smith, Kara Scannell And Paul Davies

The Wall Street Journal, March 2, 2007

Mitchel Guttenberg was $25,000 in debt to Erik Franklin when the two friends got together in 2001 to settle the obligation. The scheme they allegedly concocted that day in New York's cavernous Oyster Bar restaurant grew into one of Wall Street's biggest insider-trading cases in years.

Mr. Guttenberg, now 41 years old, agreed to relay advance word of potentially market-moving stock analysis by the Wall Street arm of Swiss bank UBS AG, where he was a research executive, to Mr. Franklin, now 39, a hedge-fund manager in those days at Bear Stearns Cos., authorities said.

THE ADOBE LEAK

· How one of the insider-trading leaks happened, according to the SEC:

· On April 18, 2005, Adobe Systems announced it would buy Macromedia, sending Macromedia's stock up 10%.

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· Before the news, Morgan Stanley's Randi Collotta learned the information. She and her husband, Christopher, passed it to Florida broker Marc Jurman. He bought (for himself and his father) "call" option contracts, betting on a rally in Macromedia and two other stocks. Profit: $30,000.

· Mr. Jurman also tipped Bear Stearns broker Robert Babcock on Macromedia and two other deals. He bought call options. Profit: $75,000.

Source: SEC complaint

Federal prosecutors and the Securities and Exchange Commission yesterday unveiled insider-trading charges against the duo and eleven others, including three other former brokers at Bear Stearns.

The participants in what the SEC called a "brazen" scheme allegedly earned about $15 million based on two strands of alleged inside information. The main one, from the UBS research, accounted for most of those gains. A second stemmed from leaks of takeover deals in the works at the blue-chip Wall Street firm Morgan Stanley.

The takeover-trading tips came from former Morgan Stanley lawyer Randi Collotta, 30, who was a compliance official responsible for monitoring adherence to securities rules, the SEC said. In a statement, Morgan Stanley said it was "outraged" and had cooperated in the probe and would continue doing so. Ms. Collotta pleaded not guilty in federal court.

UBS depicted itself as a "victim" of the scheme and said it is "committed to safeguarding the integrity of its proprietary information." Bear Stearns, whose employees allegedly traded on both the UBS and Morgan Stanley tips, said the actions described by regulators "are clear violations of our policies and procedures." Both UBS and Bear said they are cooperating as well.

The case suggests how easy it can be to get and trade on market-moving information before its public disclosure. Participants used disposable cellphones and coded text messages to cover their tracks and at times passed cash in a Doritos bag, people familiar with the case said. Along the way, some of the participants allegedly paid $150,000 to two defendants to keep their trading under wraps, payments U.S. Attorney Michael Garcia in Manhattan called "blackmail."

SEC enforcement director Linda Chatman Thomsen said the illegal trading in the case "shamelessly" compromised "the markets' integrity and investors' trust for a quick buck."

WALL STREET JOURNAL VIDEO

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Speaking at a news conference2 in Manhattan, U.S. Attorney Michael Garcia outlines federal charges in an insider-trading case involving 13 defendants from Morgan Stanley, UBS, Bear Stearns and Bank of America.

The SEC filed civil charges against 11 people, two hedge funds and one day-trading firm. Federal prosecutors also charged 10 of the 11 individuals, and three others, with criminal violations.

The alleged scheme, which stretched from late 2001 to last fall, was uncovered within the last six months -- after the SEC checked into suspicious trading by Mr. Franklin's father-in-law before news in June 2005 of an acquisition of Catellus Development Corp. involving Morgan Stanley bankers.

Four of those charged, including Mr. Franklin, have pleaded guilty to criminal charges including conspiracy, securities fraud and commercial bribery. Mr. Guttenberg was arrested at 6 a.m. EST yesterday at his home on the East Side of Manhattan. Wearing a dark blue long-sleeve T-shirt and jeans in court, he pleaded not guilty and was released on $500,000 bond. He declined to comment.

At UBS, Mr. Guttenberg was an executive director and institutional-client manager in the research department, serving since 2001 on its investment-review committee, the SEC said. The committee members got an advance look at midday of the next days' reports, some of them market-moving, by research analysts who rate stocks and forecast their earnings.

After their 2001 meeting at the Oyster Bar in the basement of New York's Grand Central Terminal, the SEC said, Mr. Guttenberg began feeding advance tips about UBS research to Mr. Franklin, who then managed a hedge fund at Bear Stearns with the tony name Lyford Cay.

The SEC said Lyford Cay earned $10,000 from advance word of a UBS downgrade of insurer Allstate Corp. in December 2001 by selling borrowed shares and quickly buying them back at a profit of about $1 a share. Mr. Franklin also traded ahead of new ratings on Lexmark International Group Inc., U.S. Bancorp and Union Pacific Corp.

After Mr. Franklin's profits on the trades were enough to repay the loan, the SEC said, he began making cash payments to Mr. Guttenberg at prearranged meetings.

Before Mr. Franklin left Bear Stearns in February 2002, the SEC said, some of his Lyford Cay trades were entered by another Bear Stearns broker, Robert Babcock, who also entered orders in Mr. Franklin's personal account at Bear Stearns.

Mr. Babcock, realizing that some of the Franklin trades were based on nonpublic information, began using them to trade stocks for Lyford Cay and for his own account and continued to do so after Mr. Franklin left, the SEC said -- netting the Bear Stearns hedge fund $600,000 in illicit profits from 2001-2003. Mr. Babcock has pleaded guilty, and his lawyer declined to

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comment. Two other Bear Stearns brokers who worked on the same desk as Mr. Babcock, Ken Okada and Andrew Srebnik, also piggybacked on Mr. Franklin's trades for their personal accounts in 2002, the SEC said. Mr. Okada pleaded not guilty to conspiracy and securities fraud and was released on bail of $100,000. Mr. Srebnik, who wasn't charged criminally, couldn't be reached.

After leaving Bear Stearns, Mr. Franklin joined another hedge fund, Chelsey Capital, where he provided UBS tips to portfolio manager Mark Lenowitz, garnering Chelsey $2 million in illicit profits and Mr. Lenowitz $325,000, the SEC said. In March 2003, Mr. Franklin opened a new hedge fund, Q Capital, with Mr. Lenowitz as a partner and investor -- netting another $300,000, the SEC said.

Mr. Lenowitz pleaded not guilty to conspiracy and securities fraud and was released on $250,000 bond. A spokesman for Chelsey, now doing business as DSJ International Resources Ltd., said it was "dismayed" and cooperating.

The biggest alleged beneficiary of UBS tips from Mr. Guttenberg was another friend, David Tavdy, who earned $6 million in illicit profits for himself, a friend and a relative at firms called Andover, Assent and Jasper Capital. At Assent, two employees who learned of the trading got $150,000 for their silence, the SEC said. Mr. Tavdy and those firms, one of which has closed, couldn't be reached.

In 2004 and 2005, the Morgan Stanley deal tips also found their way to Mr. Franklin and two of the Bear brokers, Messrs. Babcock and Okada, via a Florida broker, Marc Jurman, a friend of Ms. Collotta's husband, Christopher. They included advance word of acquisitions of Argosy Gaming Co., Macromedia Inc., and Pacificare Health Systems Inc.

Mr. Jurman pleaded guilty to conspiracy and securities fraud, and his attorney called him a "minor player" who earned only $30,000. Mr. Collotta pleaded not guilty, and his lawyer declined to comment.

US Charges 13 With Insider Trading (FT)

By Brooke Masters In New York

Financial Times, March 2, 2007

Thirteen people, including current and former employees of Morgan Stanley, UBS and Bear Stearns, have been charged with criminal securities fraud in what US authorities said on Thursday was “one of the most pervasive Wall Street insider trading rings since the days of Ivan Boesky”.

The ring capitalised on two key sources of inside information, according to US Attorney Michael Garcia.

Randi Collotta, a Morgan Stanley compliance officer, allegedly passed on news of pending mergers and acquisitions from 2004 to 2005. Mitchel Guttenberg, a UBS executive director, allegedly gave traders for several hedge funds advance warning of stock upgrades and downgrades for more than six years.

The stream of conspirators who passed on or used the inside information eventually grew to include 14 people, including eight Wall Street professionals, two broker-dealers and three hedge funds, including Lyford Cay, a Bear Stearns vehicle, the Securities and Exchange Commission said.

The SEC estimated that the participants netted more than $15m. If convicted, the defendants face potential maximum sentences ranging from 15 to 90 years, depending on their alleged level of involvement.

Four people – including Erik Franklin, 39, and Robert Babcock, 33, both former Bear employees – have pleaded guilty to criminal charges. Nine others, including Mr Guttenberg and Mrs Collotta and her husband, Christopher, were arrested early on Thursday.

“Insider trading is more than just peeking into your opponent’s hand in a friendly poker game. It’s not just unethical. It is a felony,” said Teresa Carlson, acting FBI special agent in charge in New York.

The two insider trading schemes were separate, but some of the same investors – including Mr Franklin and Mr Babcock – benefited from both, Mr Garcia said. His office also brought a third Wall Street case today, charging Paul Risoli, a Bank of America employee, with taking kickbacks in exchange for allocating initial public offering shares to Mr Franklin.

Morgan Stanley and UBS both said they were co-operating with the investigation. UBS said Mr Guttenberg had been placed on unpaid leave. Mrs Collotta left Morgan Stanley of her own volition more than a year ago.

“Some defendants may have thought they were flying ‘under the radar’ by making modest profits on individual transactions, secure in the knowledge that, over hundreds of tips, they would reap millions,” said Linda Chatman Thomsen, the SEC enforcement director, who also compared the schemes to those of Mr Boesky, a central figure in the insider trading scandals of the late 1980s.

Investigators Say They've Uncovered $15-million Insider-trading Plot (LAT)

By Walter Hamilton And Thomas S. Mulligan, Times Staff Writers

The Los Angeles Times, March 2, 2007

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NEW YORK — In 2001, Wall Street executive Mitchel Guttenberg sat down with his friend, Erik Franklin, in New York City's famed Oyster Bar to discuss repaying a $25,000 loan.

But instead of giving him cash, Guttenberg offered a currency that can be even more valuable on Wall Street: inside information about dozens of stock analyst recommendations at his firm, financial-services powerhouse UBS.

Thus began what regulators described today as the most pervasive insider-trading scandal to course through Wall Street since the days of Ivan Boesky and Dennis Levine in the late 1980s.

That scheme -- and another at Morgan Stanley that was also disclosed today -- encompassed 14 people, four major Wall Street firms, several hedge funds and more than $15 million in illicit profits over a four-year period, according to federal authorities.

"This involved people who should have known better and people who were making a great living," said Linda Thomsen, enforcement director at the Securities and Exchange Commission. "This is outrageous."

With insider trading, someone with advance knowledge of important events -- such as an analyst recommendation or a corporate merger -- trades on that information or passes it along to an accomplice.

Though it has receded from public view in the years since Boesky and others made headlines, authorities fear that insider trading is making a comeback on Wall Street amid the current bull market. In particular, they are worried that hedge funds -- private investment groups known for their aggressive styles -- are using such tips to make big profits.

In their case, Guttenberg and Franklin allegedly went to elaborate lengths to conceal their activity, using such dodges as disposable cell phones, coded text messages and clandestine meetings.

And, authorities said, there proved to be no honor among thieves, as several people who caught wind of the insider trading launched mirror trades of their own, and two people went so far as to blackmail the original perpetrators by threatening to expose them.

Taken together, the schemes also involved trading on initial public stock offerings and on red-hot mergers and acquisitions, including the 2005 buyout of California health insurer PacifiCare Health Systems Inc.

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Two Lawyers, 11 Others Indicted For Roles In Insider Trading (LAW)

By Anthony Lin, New York Law Journal
New York Law Journal, March 2, 2007

Federal authorities Thursday announced the indictment of 13 people on insider trading charges, including a former Morgan Stanley compliance lawyer and her husband, also an attorney.

The Southern District of New York U.S. Attorney's Office claims the defendants participated in two overlapping insider trading rings. The larger of the two was allegedly fed by Mitchel Guttenberg, an institutional client manager in the equity research group at UBS Securities, who tipped off several Wall Street traders over the past six years about upcoming recommendations by UBS analysts.

The second ring was fed by Randi Collotta, a former member of Morgan Stanley's global compliance group who in 2004 and 2005 passed along non-public information about mergers and acquisitions transactions on which the investment bank was advising.

The recipients of her tips included her husband, Christopher Collotta, a Bohemia, N.Y., labor and employment lawyer, and his friend Marc Jurman, a Florida-based broker. Jurman in turn tipped off Robert Babcock, a Bear Stearns & Co. broker who also participated in the UBS ring.

According to the Securities and Exchange Commission, which also filed a civil complaint in the matter yesterday, the UBS participants made at least $14 million in profits from trading on inside information. The Morgan Stanley scheme netted its participants at least $600,000.

Each defendant faces multiple securities fraud counts, each of which carries a maximum prison term of 20 years. They also face fines and disgorgement of trading profits. Four defendants, including Jurman and Babcock, pleaded guilty earlier in the week.

Guttenberg sold information directly for hundreds of thousands of dollars to two Wall Street traders, Erik Franklin and David Tavdy, who also have pleaded guilty to insider trading. Franklin managed two hedge funds, including one for Bear Stearns, while Tavdy was a proprietary trader for two small broker-dealers. The two passed along the UBS information to hedge fund manager Mark Lenowitz, day trader David Glass and three Bear Stearns brokers -- Andrew Srebnik, Ken Okada and Babcock.

The Southern District prosecutors also brought charges against two brokerage employees who helped conceal trading -- Samuel Childs and Laurence McKeever of Hoboken, N.J.-based Assent brokerage -- activity by Tavdy and Glass, as well as a

Banc of America Securities broker who received a kickback for placing initial public offering shares with one of Franklin's hedge funds.

Among the inside information Guttenberg passed along was that UBS was going to downgrade the stocks of Caterpillar Inc. and Union Pacific and upgrade those of Goldman Sachs Group Inc. and Whole Foods Market Inc. The tippees shorted those stocks to be downgraded and accumulated those that were to be upgraded.

Ms. Collotta's duties at Morgan Stanley, where she worked from 2003 to 2005, included ensuring that confidential deal information was maintained in accordance with both the firm's policies and federal regulations. She tipped off her husband and Jurman ahead of time about Penn National Gaming Inc.'s 2004 acquisition of Argosy Gaming Co.; Johnson & Johnson's unsuccessful bid for Guidant Corp.; Adobe Systems Inc.'s 2005 acquisition of Macromedia Inc.; and other deals.

Both Ms. Collotta, 30, and Mr. Collotta, 34, graduated from St. John's University Law School. He is an associate at the four-lawyer Long Island firm of Zabell & Associates. She most recently worked for The Garden City Group Inc., which provides administration services to large-scale litigations.

US Busts Wall St. Insider Trading 'Ring' That Pocketed Millions (AFP)

By Justin Cole

AFP, March 2, 2007

Federal authorities Thursday announced they had busted a major Wall Street insider trading ring of securities dealers, hedge fund traders and a corporate attorney, and had filed criminal charges against 13 people.

The defendants were accused of illegally amassing millions of dollars by stealing sensitive market information from major investment banks including UBS and Morgan Stanley, aided by members of the ring who worked at the two banks.

The Securities and Exchange Commission said it filed civil charges against the 13 plus one additional person.

The SEC claimed the ring had pocketed over 15 million dollars in "illegal insider trading profits on thousands of trades" dating to 2005.

Its members used inside information, on companies such as Caterpillar and Goldman Sachs, to executive favorable stock trades and net illicit gains, according to officials.

Those accused in the scheme could face prison terms of up to 20 years on some charges. They also could face hefty civil fines from the SEC.

"Today's action is one of the largest SEC insider trading cases against Wall Street professionals since the days of Ivan Boesky and Dennis Levine," said Scott Friestad, an associate director of enforcement at the SEC.

Boesky and Levine both served prison terms for well-publicized securities fraud and insider dealing cases on Wall Street during the 1980s. The movie "Wall Street" was based in part upon Boesky's illicit activities.

"Our action today is one of several that will make very clear the SEC is targeting hedge fund insider trading as a top priority," SEC chairman Christopher Cox said.

The involvement of hedge fund traders in the ring is likely to spur calls for tougher oversight of the secretive capital pools whose financial muscle has grown rapidly in recent years.

One of the more senior professionals charged was Mitchel Guttenberg, 41, an executive director and institutional client manager at UBS' equity research department.

Guttenberg was charged with securities fraud and could face years behind bars if found guilty of the charges.

"UBS is assisting the authorities to the fullest extent possible in their investigation into the alleged actions of a single UBS employee. The US Attorney has described UBS as a victim of this alleged scheme," UBS said in a statement.

Officials said the ring went to exhaustive lengths to hide their improper trading activities from scrutiny.

Members of the ring met at Manhattan's famed Oyster Bar and also used disposable cell phones, secret codes and cash kickbacks to pull off their improper trades, according to investigators.

Others charged included Randi Collotta, 30, the lone woman in the group and a former Morgan Stanley lawyer who allegedly passed on market tips on deals to her husband Christopher Collotta, 34, another lawyer.

Christopher Collotta then passed his wife's tips onto other members of the ring, the SEC claimed.

Erik Franklin, 39, who worked as a manager at the Lyford Cay hedge fund and also for Bear Stearns in New York, was also charged along with other defendants, including at least two other former Bear Stearns dealers and other hedge fund traders. Franklin's defense lawyer could not be reached for comment.

Other hedge funds named in the charging documents included the Q Capital hedge fund and the Chelsey Capital hedge fund.

"Todays events should send a message to anyone who believes that illegal insider trading is a quick and easy way to get rich," said SEC enforcement chief Linda Thomsen.

"No matter how clever you are, no matter how hard you try to avoid detection, you underestimate us at your peril," Thomsen warned.

The Justice Department and the SEC, who were aided by the Federal Bureau of Investigation, said their probes were ongoing and that financial penalties against those involved were also being sought.

Judge Rejects SEC Suit Against Former Citigroup Execs (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, March 2, 2007

Charges by the Securities and Exchange Commission that two former Citigroup executives "aided and abetted" their company in a scheme to cheat mutual fund investors of almost $100 million have been dismissed by a federal judge.

Southern District of New York Judge Richard Conway Casey granted Thomas W. Jones and Lewis E. Daidone's motion for summary judgment, finding that the SEC's actions seeking civil penalties and an injunction against the executives were time-barred.

In Securities and Exchange Commission v. Jones, 05 Civ. 7044, the judge also held that the SEC's request for disgorgement was "not supported by sufficient facts."

The commission was successful in winning a $208 million settlement against Citigroup, which did not admit or deny guilt. It did not rule out an appeal of Judge Casey's verdict.

"We are disappointed with the decision and are reviewing our options," said spokesman John Heine.

Jones was chief executive of Citigroup's asset management division, and Daidone was treasurer and chief financial officer of the Smith Barney mutual funds in question.

The case involves the 1999 establishment by the company's asset management division of an in-house transfer agent service and its decision to employ First Data, a processing services provider, as the sub-transfer agent.

A transfer agent is responsible for keeping shareholder records and for issuing or canceling stock certificates when shares are bought and sold.

Citigroup Trust Bank "would take over customer service functions and would maintain overall responsibility for the transfer agent function while sub-contracting First Data to perform transaction processing and all other customary functions of a transfer agent," Casey explained.

Rather than passing a substantial fee discount to the funds, the SEC said that Citigroup's divisions, through the transfer agent, took most of the benefit of the discount for themselves, netting nearly $100 million in profit over five years at the expense of fund shareholders.

The agency alleged that Jones and Daidone did not accurately inform the company's board members as to how much Citigroup stood to make from the arrangement, and the true reasons for picking First Data to serve as subcontractor.

"[They] did not disclose to the Funds' boards the benefits [Citigroup] would receive from the transfer agent arrangement or the revenue guarantee letter that allegedly motivated [the company] to accept First Data's offer," the commission said.

The board ultimately approved the transfer agent proposal, which was implemented in 1999.

In 2003, Irving David, a former Citigroup employee, informed the SEC that the transfer agent arrangement was "probably not in the best interest of the shareholders of the funds," and accused Citigroup of making money that could have been passed on as savings to mutual fund shareholders.

After investigating the allegations, the SEC in May 2005 ordered the disgorgement of more than $109 million plus prejudgment interest, and payment of an $80 million civil penalty.

The commission sued Jones and Daidone in August 2005, alleging that their actions violated §206 of the Investment Advisers Act.

Although the agency only stated one cause of action against the men, it sought three forms of relief: civil penalties, a permanent injunction and disgorgement.

NO 'GUIDEPOSTS'

Judge Casey held that the civil monetary damages and permanent injunction requests were subject to the five-year statute of limitations outlined in 28 U.S.C. §2462. He deemed the requested remedies to be penalties in accordance with this statute, and said that because the agency filed its lawsuit six years after the alleged wrongdoing, it was time barred.

The judge said that while Jones and Daidone's allegedly fraudulent acts of misrepresentation may not have been affirmatively disclosed to the SEC, "the record does not support a finding that they were incapable of being known."

"Irving David drew the Commission's attention to things that were not concealed," he said. "The Commission's conclusory assertion of self-concealing fraud is insufficient to sustain its claim for civil penalties."

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Casey also said the commission had not demonstrated that the requested injunction was aimed at protecting the public from future harm, and said the agency had not "put forth any facts that would indicate that Jones and Daidone engaged in a pattern of securities law violations."

In reviewing the disgorgement request, the judge said the agency did not provide evidence that the two former executives made money as a result of their alleged misrepresentations or omissions.

"Among the hundreds of pages submitted as exhibits to the parties' summary judgment papers, the commission is unable to provide the Court with any guideposts for determining the proper amount of Defendants' compensation subject to disgorgement," Casey said.

He said the only evidence the commission offered in support of its disgorgement action against Daidone involved statements from his supervisors that his compensation was based on how he performed on "significant projects," that the transfer agent initiative was a large project, and that his compensation in 1999 "might have been affected by the initiative."

In support of its disgorgement action against Jones, Casey said the agency offered "even fewer facts." Jones had testified that his boss was a "very performance-oriented person, and had a reputation that if you did a good job, he paid you well."

Jones was represented by James R. Doty, a former SEC general counsel who is now a partner at Baker Botts.

George I. Terrell, Jr., Alex J. Bourelly, Rebecca A. Huddle, Lennette W. Lee, Jeffrey J. McNabb, Timothy Loper and Joshua Klein, also of Baker Botts, were involved in the case.

"Tom Jones did absolutely nothing wrong," Terrell said in an interview. "While Judge Casey's opinion centers on the statute of limitations argument, I have to believe that he was persuaded of his innocence because 95 percent of the summary judgment briefing concerned exactly that."

Jones was forced to resign from Citigroup in October 2004 after an internal audit determined that he had been responsible for a breakdown of oversight in private banking in Japan. The banking giant agreed to pay him $5 million in cash and to invest $50 million in a hedge fund that Jones oversaw (NYLJ, May 11, 2006).

Daidone was represented by Richard J. Morvillo, Michael O. Ware and Peter H. White of Mayer Brown Rowe & Maw.

"We were bullish about our prospects at trial, but it is always gratifying to have a court agree with you that a trial is not necessary," Morvillo said.

Mark K. Schonfeld, Courtney C. Fennimore, Valerie A. Szczepanik and James M. McGovern represented the SEC.

Omnicom Ex-Executive May Aid In Suit (WSJ)

By Peter Lattman And Vanessa O'connell

The Wall Street Journal, March 2, 2007

New allegations by a former Omnicom Group Inc. executive could provide legal ammunition to claims in a four-year-old securities-fraud lawsuit that the ad giant created a sham entity, Seneca Investments, to improperly avoid taking write-downs on its Internet assets.

In an amended complaint filed last month in federal court in Manhattan, the former chief executive of Seneca says Omnicom controlled the entity and no other party contributed any assets to it. The ad giant created Seneca in 2001 to move ailing Internet assets off its balance sheet.

In the lawsuit, initially filed in December 2006, Michael Tierney, a former Omnicom executive who became CEO of Seneca, alleges Omnicom owes him stock options valued at roughly $1 million. Omnicom maintains the options never vested. Mr. Tierney left Seneca in March 2004. His amended complaint also raises questions about Seneca's independence from Omnicom, making allegations that match similar charges in the securities-fraud suit.

Omnicom lawyer Peter Wald said in a statement yesterday, "We ... strongly dispute Mr. Tierney's contention that Omnicom controlled Seneca."

Among possible evidence in Omnicom's defense is a 2001 deposition for an unrelated lawsuit. In that deposition, Mr. Tierney said that he was only employed by Seneca, and not Omnicom.

"The evidence clearly shows that Mr. Tierney and his management team have been responsible for the successful day-to-day activities of Seneca since May 2001," Mr. Wald said.

The securities-fraud suits were filed against Omnicom in 2002 after The Wall Street Journal ran a page-one article about Seneca and other accounting practices at Omnicom. In March 2005 a judge dismissed two of the lawsuit's three allegations, involving Omnicom's reporting of growth and liabilities. The remaining accusation involves Seneca. The case is pending in federal court in Manhattan.

Omnicom, the world's largest ad holding company, created Seneca in May 2001 with Pegasus Capital Advisors LLP, a Greenwich, Conn.-based private-equity firm, and put 16 ailing Internet assets into the entity. The main assets were stakes in

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three public Internet marketing companies -- Agency.com, Organic and Razorfish. Omnicom had originally acquired the investments during the technology boom.

But its Internet strategy faltered when the boom ended. Omnicom said in an early 2001 filing with the Securities and Exchange Commission that the assets were still worth about what it had paid for them, but didn't disclose the price. An internal spreadsheet that surfaced later, in the securities-fraud lawsuit, says that it paid $128.1 million but that the stakes' value in March 2001 totaled $38.6 million. (Between late 2002 and mid-2003 Omnicom used its Seneca stock to buy back 100% of Organic and Agency.com, which have prospered as the Internet ad business has recovered in recent years.)

When it created Seneca, Omnicom said it had enlisted Pegasus to help turn around the dot-com businesses. The deal was structured so that Omnicom received preferred shares in Seneca, in return for the Internet assets and some cash. Pegasus received common stock in Seneca. Omnicom accounted for the Seneca deal as an asset sale without reporting a gain or loss. It says Seneca was structured as an independent entity, which allowed the company to avoid recording losses on the assets.

In his lawsuit Mr. Tierney says that Pegasus "contributed nothing, and was required to contribute nothing" to Seneca. He also says that Omnicom completely indemnified Pegasus and paid the private-equity firm roughly $6 million in "management fees" to induce Pegasus to be a Seneca shareholder.

"This guy is alleging that Pegasus is just an agent acting on Omnicom's behalf -- that's a common allegation in this sort of case," says Robert Willens, a tax and accounting analyst at Lehman Brothers. "The result of this being correct would be that Seneca would be a wholly owned subsidiary of Omnicom, and Omnicom would have to report Seneca's results," says Mr. Willens, who isn't involved in the lawsuit. "That would lead to a restatement no doubt, and almost certainly some sort of write-off, or write-down."

Omnicom argues that the dealings with Pegasus were arms' length. It said in a 2001 filing with the SEC that Pegasus contributed cash to Seneca and told its auditors likewise. But Seneca's tax return for 2001 doesn't report cash from Pegasus, according to court documents in the securities-fraud lawsuit.

Lawyers for Omnicom maintain in court filings in the securities-fraud lawsuit that the transfer of assets to Seneca was properly accounted for, as confirmed by two independent auditing firms -- Arthur Andersen and KPMG -- and that an informal SEC inquiry hasn't resulted in action.

"We certainly disagree with the characterizations of the factual allegations," adds Pegasus attorney Stephen M. Baldini, a partner at Akin Gump Strauss Hauer & Feld LLP. "This seems to be a dispute between an individual and Omnicom."

This isn't the first time Mr. Tierney, 54, has sued over compensation issues. In the early 1990s he filed a lawsuit to retrieve money from a former employer. His claim was rejected.

Mr. Tierney's lawsuit paints Seneca as an entity under Omnicom's control. "Omnicom often made major decisions regarding Seneca and its assets without informing" him, says the complaint. As CEO of Seneca, Mr. Tierney says he reported directly to Omnicom's Chief Executive John Wren and Chief Financial Officer Randall Weisenburger on a weekly basis; in addition, the complaint says he maintained all of his Omnicom benefits and received W-2s listing Omnicom as his employer.

Through an Omnicom spokesman, Mr. Wren declined to comment. Mr. Weisenburger didn't return messages yesterday seeking comment.

Omnicom altered its relationship with Mr. Tierney in 2003 as a result of the pending securities-fraud lawsuit, according to Mr. Tierney's lawsuit. The complaint says that Omnicom told Mr. Tierney that it was concerned that his continued work for Omnicom in any capacity would support the claims in the securities-fraud lawsuit relating to Omnicom's control of Seneca. Consequently, Mr. Tierney says Omnicom refused to pay him for options he had allegedly received under his original employment agreement with the company.

Once Again, Nortel Says It Must Restate Its Financial Results (NYT)

By Ian Austen

The New York Times, March 2, 2007

OTTAWA, March 1 — Nortel Networks said Thursday that it would have to restate its results for the fourth time in four years, a move that will delay the filing of its 2006 annual report.

The latest restatement involves results from 2004, 2005 and the first nine months of 2006. The company said that the restatements were necessary to correct mistakes in recording income and because errors by an outside actuary firm caused pension liabilities to be misstated by $104 million over several years.

Over all, the company expects that the changes will raise revenue for the first three quarters of 2006 by about $24 million and increase earnings for the period by $15 million. That will be offset by reductions in the earlier years.

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“Clearly, I’m not pleased that we need to restate,” the chief executive, Mike S. Zafirovski, said in a conference call with analysts. Mr. Zafirovski, a former Motorola executive, was hired by the Toronto-based company in 2005, in part to help it recover from its financial turmoil.

The first restatements stemmed from an accounting scandal that led to the firing of several top executives as well as criminal and securities investigations in both Canada and the United States.

The announcement Thursday was not expected. In recent public statements, Mr. Zafirovski has portrayed the company’s accounting struggles as being behind it. Last month, when he announced that the chief financial officer, Peter W. Currie, would be leaving the company at the end of April, Mr. Zafirovski praised his work.

“Peter has successfully steered Nortel through many difficult financial issues and, in the process, has enhanced the company’s governance,” Mr. Zafirovski said at the time.

This will be the third time Mr. Currie has left Nortel. Previously he was chief financial officer from 1994 to 1997 and held other positions from 1979 to 1992.

In Thursday’s conference call, Mr. Currie blamed the complexity of Nortel’s business for the restatements.

Dean Mundy, a Nortel spokesman, said Nortel was still using the actuary firm, but declined to identify it.

Executives At Brokerage Leave Amid Investigation (BSUN)

By Paul Adams, Sun reporter

The Baltimore Sun, March 2, 2007

Ferris Baker Watts, the century-old investment brokerage with deep Baltimore roots, said yesterday that six executives and traders have resigned or taken temporary leave since federal officials and outside counsel began investigating the firm's trades for a former client accused of stealing millions of dollars.

The list of temporary and permanent departures includes several top executives in Baltimore and Hunt Valley, indicating the investigations have disrupted management at the firm more broadly than company officials disclosed two weeks ago.

The changes are fallout from a federal probe of an investment fund set up by a Cleveland man who, according to a Securities and Exchange Commission lawsuit, took in $50 million from investors and spent much of the money on stock trades placed through Ferris and other firms. Most of the money is missing. Ferris has stressed that neither it nor its clients lost money in the scheme and that it is cooperating with regulators and federal investigators.

Legal experts and former SEC enforcement officials say even the temporary absence of so many top people shows how seriously Ferris is taking the matter and suggests the firm faces a lengthy and costly probe of its internal controls designed to prevent fraud. Brokers are subject to extensive regulatory oversight and are required to police trading activity to ensure fairness in the market.

"Outside counsel is going to want to impress the SEC and impress the [Justice Department] ... that the company is doing everything it can to clean house, and on the other hand it's certainly par for the course that key folks might step aside so that there's no appearance of any influence on the investigation," said Charles Ross, a white-collar defense attorney in New York who has defended compliance officers, fund managers and brokers in securities cases.

Personnel changes Ted Urban, the firm's executive vice president and general counsel, took voluntary leave in November and subsequently opted for early retirement, effective yesterday. He has been replaced by Dana S. Gloor, an associate general counsel with Ferris since 2001.

Horace Usry, director of institutional sales, was put on leave Jan. 3 and resigned last week, a firm spokeswoman said. He has been replaced by Jeff Fowlds, a former Stiefel Nicholas managing director, the firm said yesterday. Usry did not respond to a phone message yesterday.

John Belgrade and Mark LaVerghetta, both institutional traders, are on temporary leave during the investigation, the firm said. Neither of the traders could be reached for comment yesterday.

Ferris confirmed on Feb. 12 that Louis Akers Jr., director of the firm's private client group, and Patrick Vaughan, director of retail sales, took temporary paid leave while outside counsel conducted its investigation. At that time, Robin Oegerle, a Ferris spokeswoman, declined The Sun's request to confirm that Usry, Urban, Belgrade and LaVerghetta also had stepped aside, citing the firm's policy of not commenting on personnel matters.

"We note that we are not a public company, so we are not subject to the disclosure requirements that would apply to a public company," she said yesterday.

Oegerle added that the firm brought in outside counsel to investigate what role, if any, the individuals on leave played in the supervision of the trading activity in question.

"It is common to ask individuals who may be close to the inquiry to step aside while the investigation takes place," she said.

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The firm, which has dual headquarters in Baltimore and Washington, said previously that it expects the executives still on leave to return once the investigation has reached an advanced stage.

Gathering facts "Just because there's this internal investigation and people are evaluating what happened doesn't necessarily mean that people engaged in wrongdoing," said Kathleen M. Hamm, a former SEC enforcement official who heads the securities practice group for Promontory Financial Group in Washington.

"I would say this is just the process pursuant to which regulators and prosecutors confirm either that a broker-dealer was a victim of their client's misbehavior or eliminate the potential that someone at the firm knew more."

Hamm said outside counsel will often identify failures in internal controls and recommend how to strengthen fraud-prevention measures. But firms sometimes suffer damage to their reputations and incur great expense while the investigations play out, she said.

"They're incredibly costly, they're time-consuming and they certainly are disruptive," she said.

Ferris Baker's troubles can be traced back to David A. Dadante, the Cleveland man who the SEC says operated his IPOF investment fund as a Ponzi scheme. The SEC complaint says Dadante "misappropriated investor funds for his own use" and pursued an "undisclosed high-risk investment strategy." At least $28 million of investor money is missing.

Dadante diverted some of the funds to amass a 35 percent stake in Innotrac, a lightly traded company in Georgia that processes orders for companies that sell merchandise on the Internet. Some of the trades were placed through Stephen J. Glantz, a Ferris Baker broker who left the firm in 2005. Glantz has denied any impropriety, saying that while he handled Dadante's account, the fund manager's trades often went straight to Ferris' trading desk.

Ferris was one of at least six brokerage houses processing huge purchases of Innotrac stock for Dadante, according to Mark Dottore, the court-appointed receiver for what remains of IPOF. Dottore said Dadante made the trades through numerous accounts, similar to a prescription drug addict obtaining multiple prescriptions through several doctors without each doctor knowing about the others. Investigators are likely asking whether the brokerages sufficiently policed Dadante's activities, Dottore and other securities experts said.

"Some things happened all across the board at all of these different firms," Dottore said. He indicated that Ferris has been cooperative.

That several other firms also were apparently duped by Dadante could play to Ferris' favor, said Ross, the defense attorney. But it might come down to how much trading Dadante conducted through Ferris and how quickly and fully the company reported the problems to regulators once it discovered them.

Regulators also might look favorably on the firm's decision to remove key managers during the probe and to bring in outside counsel, he said.

Ferris said the management changes announced yesterday coincide with the start of the firm's new fiscal year. In addition to the appointments of Fowlds and Gloor, the firm promoted Adrian G. Teel, a Ferris board member and former director of the Maryland Port Authority, to chief operating officer.

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Democrats Unveil Bill For CEO Pay Vote (FT)

By Jeremy Grant In Washington

Financial Times, March 2, 2007

The first US legislative effort for two years aimed at curbing excessive executive pay emerged on Thursday as Barney Frank, a top Democrat, introduced a bill that would require public companies to allow non-binding shareholder votes on pay packets.

The move comes as companies prepare for the annual meetings season, when executive pay promises to be an issue with shareholders.

Last month, President George W. Bush warned company boards that they needed to “pay attention to the executive compensation packages that you approve”.

Mr Frank, chairman of the House financial services committee, said his bill would require companies to include an advisory – or non-binding – vote in their annual proxies. The move borrows from the UK, where advisory votes have been routine for some years.

Public pension funds and unions have urged advisory votes as a way of allowing shareholders a way of expressing their view on whether CEO pay is commensurate with performance.

Mr Frank said: “I do not understand those who argue that the people who make up our stock markets are collectively very wise, but at the same time are somehow incapable of rendering a coherent opinion of what they should pay those they employ to run the corporations that they own.”

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Critics of moves to install new mechanisms for controlling executive pay argue that shareholders should wait to see how executive pay disclosure rules issued last year by the Securities and Exchange Commission work out. The SEC in July passed rules requiring companies to provide a single figure representing an executives' total compensation as well as a "narrative" explaining how compensation committees arrive at a pay package.

Mr Frank said the SEC had taken "a good step forward" with the changes. But he said the disclosure was "incomplete".

His bill would ensure that shareholders had "a say on their company's executive compensation disclosures, without micromanaging the business".

Mr Frank will chair hearings by the financial services committee on executive pay next Thursday.

CRIMINAL LAW:

Libby Verdict Said To Be Unlikely This Week (NYT)

By Bloomberg News

The New York Times, March 2, 2007

Jurors in the perjury trial of I. Lewis Libby Jr. seem unlikely to reach a verdict this week and will be allowed to end deliberations at 2 p.m. today to attend to personal matters, Judge Reggie B. Walton said. The judge said he realized that there would be no verdict yesterday, the seventh day of deliberations, because jurors "did not dress" for such an occasion. Six of the 11 jurors wore blue jeans.

Jurors In Libby Case Allowed To Leave Deliberations Early (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, March 2, 2007

Jurors considering perjury charges against I. Lewis "Scooter" Libby signaled yesterday that they were still working to reach a verdict after seven days of deliberations and did not expect to arrive at one this week, according to a note they sent to the presiding trial judge.

The 11 jurors asked U.S. District Judge Reggie B. Walton to release them at 2 p.m. today so some can attend to personal business. Walton said in court that he presumes jurors will continue deliberating into next week in the case against Vice President Cheney's former chief of staff.

"We the jury respectfully request to be excused at 2 p.m. on Friday, March 2, to attend to personal professional and medical obligations that can't be addressed during our weekend," jurors wrote to Walton in a note posted on the court's Web site late yesterday afternoon.

Walton called jurors into court about 4:30 p.m. on a separate matter, telling them they could not consult a dictionary, as they had requested. He said he would explain words they have trouble understanding, then promised they could leave at 2 p.m. today and sent them home.

Walton noted the jurors' casual clothing and said he "knew we wouldn't have a verdict today." He added, referring to the note he had just received: "And I assume they will not have a verdict tomorrow either." During their three-minute appearance in court, only the second since deliberations began, several jurors chatted amiably.

Monday would mark the ninth day of jury deliberations after a trial that lasted 14 court days.

Gregory Mize, a retired D.C. Superior Court judge now researching jury trials in state and federal courts, said there is no good way to judge the appropriate length of jury deliberations for a case.

"The time needed to reach unanimity depends on lots of things, such as the complexity of the case and the chemistry of the jurors in their relationship and communications during deliberations," he said.

The longest recent deliberation in this federal court was 29 days, in a 2002 case that resulted in the convictions of six members of a drug gang known as "Murder Inc."

Libby, 56, is charged with five felony counts alleging that in 2003 he lied to FBI agents and a federal grand jury investigating the disclosure of the identity of undercover CIA officer Valerie Plame.

Plame is married to former ambassador Joseph C. Wilson IV, who in 2002 was sent by the CIA on a mission to Niger to explore reports that Iraq was trying to buy nuclear materials from the African nation. He concluded those reports were groundless and, months after the Iraq war began, publicly accused President Bush of distorting his findings to justify the invasion.

Prosecutors contend that Libby was part of a White House campaign to disclose Plame's identity to discredit her husband by implying that he was chosen for the Niger mission because she worked at the CIA.

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Libby is not charged with the leak. His lawyers say he inaccurately remembered conversations with colleagues and journalists about Wilson and Plame because he had a bad memory and was overwhelmed by national security responsibilities.

Political researcher Zachary A. Goldfarb contributed to this report.

Libby Jury Seems To Be Settling In (LAT/AP)

From The Associated Press

The Los Angeles Times, March 2, 2007

WASHINGTON — Jurors in the perjury trial of ex-White House aide I. Lewis "Scooter" Libby expect to deliberate into next week.

They asked U.S. District Judge Reggie B. Walton for a dictionary and more office supplies and asked to leave early today for the weekend. Walton denied the request for the dictionary but told jurors they could take off at 2 p.m.

"So I assume they will not have a verdict tomorrow either," Walton told lawyers Thursday as jurors finished their seventh day of deliberations.

Before bringing the jurors into court, Walton advised lawyers they "will not be happy about coming into court because they don't think they are dressed appropriately."

He said that was why they decided not to come into court Monday for a brief discussion and was how "I knew there wasn't a verdict" coming Thursday.

About half were wearing blue jeans. Most smiled broadly when Walton granted their request to leave early today.

It appeared the seven women and four men were making their own visual aids to help sort out the complicated case.

Jurors had asked for a large flip chart, masking tape, sticky notes and pictures of the witnesses almost immediately after beginning deliberations last week.

Late Wednesday afternoon, they emerged to ask the judge for easel-sized pages to stick on walls.

Walton said he denied the dictionary request — not an uncommon one for juries — because definitions of common words can have legal implications.

He told jurors that if they had questions, they could ask him directly.

Libby, former chief of staff to Vice President Dick Cheney, is accused of obstruction of justice and lying to FBI agents and a grand jury investigating the 2003 leak of the identity of CIA operative Valerie Plame, wife of a prominent Iraq war critic.

Study Draft Decries Execution Appeals Process (USAT)

By Richard Willing, Usa Today

USA Today, March 2, 2007

WASHINGTON — Death-sentence appeals take too long, traumatize victims' families and burden states with millions in extra costs for housing convicted killers, a draft of a new study commissioned by the Justice Department shows.

The study also found that death penalty cases are not hopelessly flawed by errors, as opponents of capital punishment have charged.

The study, which reviewed state death sentences issued in the 1990s, found that 26% were reversed during the first level of the appeals process. Most of those "direct appeals" were rejected because of sentencing errors. Some of the death sentences were later reinstated.

In only 11% of those cases did the appeals court find problems with the underlying murder convictions, says the unreleased study by Barry Latzer and James Cauthen, professors at the John Jay College of Criminal Justice in New York.

USA TODAY obtained a draft of the study.

The study challenges a 2000 report that concluded the capital punishment system is "broken" because 68% of all death penalty cases from 1973 to 1995 were eventually overturned. The report, by a team led by Columbia University law professor and death penalty foe James Liebman, also found 41% of cases were reversed during direct appeals.

The Liebman study provided a false picture of the death penalty because it included many cases from the 1970s and 1980s, when the U.S. Supreme Court rewrote death penalty rules and caused many sentences to be reversed, the Justice Department's report says.

Latzer and Cauthen tracked 1,676 death sentences issued in 14 "representative" states from 1992 through 2002. Among the report's other findings:

·Half of all death penalty appeals take nearly three years to be decided by state appeals courts. Federal review, which follows state appeals, can extend the process by years.

·Virginia settles death penalty appeals fastest, in a median time of 295 days.

·Ohio, Tennessee and Kentucky were the slowest states, each taking more than three years to resolve appeals.

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·States pay an average total of $274,000 in housing costs for every prisoner they execute.

Death penalty supporters say the study shows that delays are part of a strategy to undermine a sentence that most Americans support.

"Opponents of the death penalty can't get an outright repeal anywhere, but are working to impede the process by slowing it down to a crawl," says John McAdams, political science professor at Marquette University in Milwaukee.

Capital punishment foes say the lengthy appeals process may in itself be an argument for abandoning the death penalty.

"If you like bureaucracy, you'll love the death penalty," says David Elliot, spokesman for the National Coalition to Abolish the Death Penalty.

The death penalty study was commissioned in 2005 by the National Institute of Justice, the Justice Department's research arm, to find ways to speed up the execution process.

Inmate Asks For Immediate Execution (AP)

By KELLY P. KISSEL, Associated Press Writer

AP, March 2, 2007

(AP) - LITTLE ROCK-A death row inmate who wants an immediate execution had his request rejected Thursday.

The Arkansas Supreme Court ruled the request was premature and said the man's U.S. lawsuit challenging the way the state executes prisoners is still pending.

But over the past three months, convicted murderer Terrick Nooner, 35, has tried to exit the federal lawsuit and has asked the court to order his execution.

Nooner suffers from severe mental illness and believes Arkansas prison officials are abusing him by implanting a device in his body that controls him, federal public defender Julie Brain wrote Jan. 3 in a motion challenging Nooner's attempt to drop his lawsuit.

She said Nooner also claims prison staff is contaminating his food.

"His overriding goal is to seek redress for, and relief from, the physical harm that he perceives is being repeatedly inflicted on him," Brain wrote.

U.S. District Judge Susan Webber Wright has not ruled on Nooner's attempt to drop his lawsuit.

Nooner was convicted for the 1993 robbery and murder of Scot Stobaugh, 22, at a laundromat.

Nooner filed his lawsuit last May, saying lethal injection is unconstitutionally cruel and should be banned. Lawsuits nationwide claim the injections leave inmates in pain before they die.

The Arkansas prison system says its dose of a painkiller is strong enough to cause death, even before the subsequent injections of chemicals that paralyze the body and stop the heart.

Brain said in January she had spoken to Nooner and "to the limited extent that counsel is able to meaningfully communicate with" him, Nooner has no desire to hasten his execution. 2007-

State, Feds Vow To Chase Predators (KENPOST)

The Kentucky Post, March 2, 2007

Kenton County Commonwealth Attorney Rob Sanders said his office will partner with the United States Attorney's Office for the Eastern District of Kentucky to aggressively prosecute child predators and gun-related cases.

As one of the first steps in that effort, Assistant Commonwealth's Attorney for Kenton County Laura Ward was sworn in Wednesday as a Special Assistant United States Attorney. Ward will help prosecute those types of cases at the federal level.

The new arrangement is part of the Department of Justice's Project Safe Childhood and Project Safe Neighborhoods initiatives, which are designed to coordinate efforts of local, state and federal law enforcement and officials, with a focus on prosecutions of child predators and gun violence.

"These initiatives can only be accomplished through the hard work and cooperation of law enforcement and prosecutors at every level," U.S. Attorney Amul Thapar said in a statement. "This partnership shows the commitment that not only our office has, but that Rob Sanders has as well, on making the community safer for our families and our children."

Sanders said crimes in neighborhoods must not go unnoticed.

"Our children deserve to grow up in safe neighborhoods," he said. "This partnership will help ensure that we are prosecuting cases with every resource available under state and federal law to take these criminals off the streets for as long as we possibly can."

Sanders said his office has launched local initiatives aimed at combating child predators and gun violence that mirror those of Project Safe Childhood and Project Safe Neighborhood.

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U.S. Man Accused In Double Kidnapping Charged With Child Pornography (AP)

By Christopher Leonard, Associated Press Writer

AP, March 2, 2007

(AP) - ST. LOUIS-A man accused of kidnapping and molesting two boys was indicted Thursday on federal charges he took pornographic pictures and videos of one of the youngsters.

The indictment marked the first federal charges against Michael Devlin, 41, a former pizzeria manager from the St. Louis suburbs.

Devlin is charged with kidnapping and other offenses in the 2002 abduction of Shawn Hornbeck, who is now 15, and the January abduction of 13-year-old Ben Ownby. Both boys were found in Devlin's apartment Jan. 12.

U.S. Attorney Catherine Hanaway said four counts of the six-count indictment allege Devlin photographed and videotaped a minor engaged in sexually explicit acts between 2002 and this year. Two other counts allege he took the minor to Illinois and Arizona with the intent to sexually assault him.

Hanaway said all six counts involved the same child, identified only as "S," an apparent reference to Shawn. Authorities have alleged that Devlin held him captive from October 2002 until police found the boy in January.

It is The Associated Press' policy not to identify most alleged victims of sexual abuse, but the boys' stories have been widely publicized and their names are now well-known. Their families have also gone public, conducting media interviews.

Besides the federal charges, Devlin faces 75 state charges, including forcible sodomy, kidnapping and armed criminal action. He has pleaded not guilty to all those allegations.

Devlin's attorney, Michael Kielty, said he had not seen the prosecution's evidence, but he acknowledged that most child pornography cases are "very emotional, very difficult."

"If there are photos and videotapes, that certainly would add some weight to the government's case," Kielty said.

Shawn Hornbeck knew the federal charges would be filed and was with family members for moral support Thursday, said the family's attorney Scott Sherman.

"It's tough," Sherman said. "These are really tough facts. It's the most intimate and the most personal of all the indictments we think," Sherman said.

Shawn is ready to testify in the case, no matter how painful it might be, Sherman said.

"Justice for he and Ben is a very important element in (Shawn's) recovery," Sherman said.

Authorities allege Devlin used a gun to abduct Shawn as the boy was riding his bike near his home. Prosecutors have said he sodomized Shawn at least once a month for the next four years.

Neighbors thought Shawn was Devlin's son and said the boy was free to ride a bike, hang out with friends and cruise the Internet.

When Ben was abducted soon after getting off a school bus in January, a witness got a description of a white pickup seen speeding away. The description matched Devlin's vehicle, leading to his arrest.

Devlin remains jailed on $1 million (â‚¬760,000) bond. His federal trial won't begin until his three state trials have concluded.

Associated Press writers Betsy Taylor and Jim Salter in St. Louis and Lara Jakes Jordan in Washington contributed to this story. 2007-03-01T21:09:11Z

Hired Truck Figure's Son Prison-bound (CHIT)

Chicago Tribune, March 2, 2007

Daniel N. Katalinic, the son of disgraced political boss Daniel M. Katalinic, was sentenced in federal court Thursday to 10 years and 1 month in prison for robbing a Mt. Prospect bank last year.

With his father watching, Daniel N. Katalinic shook his head back and forth as U.S. District Chief Judge James Holderman announced the sentence, warning that people who commit such crimes will face stiff penalties.

Katalinic, 32, told the judge a long history of drug abuse led him to rob the Parkway Bank at 1590 S. Elmhurst Rd. with another man.

Katalinic and his fellow robber brandished a loaded shotgun during the robbery.

Daniel M. Katalinic is also a convicted felon, set to serve a year in federal prison for taking bribes in the city's scandal-plagued Hired Truck Program. He received a reduced sentence because he became a key witness in the prosecution of Mayor Richard Daley's former patronage chief Robert Sorich.

Former Developer Of Wisconsin Casino Indicted (CHIT)

By Dan Gibbard, Tribune staff reporter

Chicago Tribune, March 2, 2007

The former developer of Kenosha's proposed $808 million casino project was indicted Thursday on federal charges for allegedly funneling $100,000 in improper campaign contributions to Wisconsin Gov. Jim Doyle, who has final approval over Indian gaming in the state.

Dennis Troha, 60, of Kenosha, Wis., was charged with one count of fraud and one count of making false statements to the Federal Bureau of Investigation, the U.S. Attorney's office in Milwaukee said. If convicted, he could face up to 25 years in prison and a $500,000 fine.

The indictment alleges Troha used family members and businesses he controlled to send money to Doyle's campaign during the 2002 and 2006 campaigns. Troha would lend money to the family members, who would then write checks to Doyle's campaign, allowing Troha to circumvent the $10,000 cap on political donations by individuals. The money was only repaid early this year after federal investigators began looking into the case, the indictment said.

Prosecutors did not accuse Doyle, the first Democrat elected governor of Wisconsin in 16 years, of wrongdoing.

"The indictment does not allege a quid pro quo," said a spokeswoman for U.S. Atty. Steven Biskupic.

Doyle, in a statement, pledged to return the contributions if Troha is found guilty.

"My campaign was aware of nothing to suggest that the contributions received from Mr. Troha were in any way inappropriate or unlawful," Doyle said.

Wisconsin's Menominee tribe hopes to build one of the Midwest's largest casinos at the site of the Dairyland greyhound track, 10 miles from Illinois on Interstate Highway 94. To do that, the U.S. government must allow the property to be transferred into an Indian trust, because the site is not on the tribe's reservation.

Until last week, Troha was the tribe's developer and point man in Kenosha. On Feb. 23, after news of the investigation surfaced, he announced he had pulled out and sold his interest for an undisclosed sum to the Mohegan tribe of Connecticut.

The Mohegans, who operate one of the nation's largest Indian gaming casinos, were already working with Menominee on the Kenosha project.

The indictment's impact on the project is unclear. The project has cleared two major hurdles in recent weeks, say backers, who maintain its benefits outweigh the scandal.

Evan Zeppos, a spokesman for the project, acknowledged that Troha's troubles could bring new scrutiny but said the benefits should withstand criticism.

"Dennis' situation is obviously going to weigh on some people's minds, but we would just hope that they judge this on its merits," he said.

The main opposition to the project has come from the Forest County Potawatomi Band, which operates its own large casino in Milwaukee. The tribe says the Kenosha casino would hurt its operation and be disrespectful because the Potawatomi have stronger historical ties to the area.

The regional office of the federal Bureau of Indian Affairs recommended in January that the project be approved by the U.S. Department of the Interior. It's uncertain when Washington might issue a recommendation, but Zeppos said it could come as soon as summer.

If the U.S. approves the plan, it will be up to Doyle, who has not indicated a preference, to give the final OK.

That relationship makes the charges against Troha disturbing, said Jack Heck, director of the non-profit advocacy group Common Cause Wisconsin.

"The Troha family, with this interest in the casino in Kenosha, clearly they were trying to buy influence," Heck said.

Meanwhile, the charges are the latest blow to the once squeaky clean image of Wisconsin politics, where the influence of big money has only been felt in the last decade, Heck said.

"We're in a period of political turmoil and scandal like we've never seen in this state," Heck said. "It's a lot like Illinois politics now. It used to be very different."

11 Youths Arrested In Gang Stabbings (WP)

By Lori Aratani And Daniel De Vise

The Washington Post, March 2, 2007

Eleven young gang members, including a 12-year-old, are facing attempted murder charges in connection with a rampage in Wheaton and Aspen Hill on Saturday that ended with a mentally challenged Silver Spring man being beaten and stabbed, Montgomery County police said yesterday.

Two of them also are accused of a double stabbing that occurred earlier that evening at the Wheaton Metro station. All three victims survived, but the Silver Spring man is hospitalized in critical condition.

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The suspects, all males ages 12 to 17, claim to be members of the "Hotboyz/Shoot 'Em Up" gang, police said. They have been charged with attempted first-degree murder, robbery and assault. Some of their parents reached yesterday evening said they are being falsely accused.

Montgomery police said the first stabbing occurred about 7 p.m. Saturday at the Metro station. The two young victims, both male, told police they believed the attackers were gang members.

Police said the second assault took place about 8:40 p.m., outside a party in the 3700 block of Bel Pre Road in Aspen Hill. Partygoers at an apartment complex spotted an unknown youth climbing inside a car belonging to a party host. They left the apartment to investigate and saw three teenagers standing by the car and 20 others near the building.

When one of the teenagers near the car displayed a gun, the partygoers went inside, except for the 31-year-old mentally challenged man. Police said the man, whom they did not identify, walked toward the suspects and was struck several times with the handgun, repeatedly kicked and then stabbed.

As Montgomery police conducted their investigation, they learned that Metro Transit Police were looking into the stabbing at the Wheaton Station.

On Monday, the father of one of the Metro station victims was approached at a shopping center on the 5500 block of Norbeck Road by two males claiming they were responsible for stabbing his son. The father called police, but by the time officers arrived, the suspects had disappeared.

A short time later, police investigating a disorderly conduct report arrested three teens in the 3800 block of Dunsinane Drive. After joint interviews by Montgomery and Metro Transit Police, investigators determined that the suspects were connected to both stabbing incidents, police said.

Police said that the Metro incident was gang-related and that the party assault took place because the man interrupted the suspects' attempt to break into the car.

Police arrested six suspects Monday and five Wednesday. All have been charged with first-degree attempted murder, armed robbery and first-degree assault.

The 12-year-old was charged as a juvenile and sent to the Alfred D. Noyes Children's Center before being released to family members. His name is not being released because he is a minor.

The 10 others are charged as adults. They are: Roger Ghonda, 14, and his brother Ony Ghonda, 16, of Silver Spring; Alansan Turay, 17, of Silver Spring; Dumisani Tembo, 17, of Silver Spring; Carl Thomas, 16, of Silver Spring; brothers Gilbert Wiche Oriji, 14, and Guyton Mecko Oriji, 16, of Rockville; Alexander Mulugeta Tewolde, 17, of Silver Spring; Wesley Alexander Ruiz, 16, of Silver Spring; and Pernell Ricks, 16, of Derwood.

Thomas and Turay also have been charged in connection with the Metro station stabbing.

Parents of the suspects last night defended their sons.

"He's unjustly charged," said Memunatu Turay, mother of Alansan Turay. "The police don't have any suspects, and they want to pin it on him and his friends. He's not involved at all, and the police know that."

John Wilkins, the father of Gilbert and Guyton Oriji, said his sons are honor students who were not involved in the assault on the mentally challenged man.

"There were three of them: One of them hit him with a gun, one of them hit him with a bat, and one of them stabbed him," he said, describing the sons' account of the assault. "When one of my boys saw a gun, my boys ran."

Hope Umana, attorney for Dumisani Tembo, said he was "a little concerned about the treatment the police have given to this boy. He has not been allowed contact with family members." Umana said his initial impression was that Tembo "had very tangential involvement, if any," in the crimes.

Trial Opens In Case Of Convicted Sex Offender Accused In Murder Of 9-Year-Old Florida Girl (NYT)

By Abby Goodnough

The New York Times, March 2, 2007

MIAMI, March 1 — The drifter charged with raping and burying alive a 9-year-old girl on Florida's west coast in 2005 went to trial here Thursday, after intense publicity forced the case to be moved 300 miles from where the child, Jessica Lunsford, was murdered.

The case provoked a nationwide crackdown on sex criminals, not least because the suspect, John E. Couey, was a convicted sex offender who had managed to skip required counseling sessions and move without telling parole officers. Many states have passed laws in Jessica's name, increasing minimum sentences for sexual offenses against children and requiring offenders to be closely tracked upon release.

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Mr. Couey told detectives soon after his arrest in March 2005 that he had killed Jessica, even telling them where to find her body. But Judge Richard A. Howard of Circuit Court in Citrus County ruled the confession inadmissible because the detectives had refused Mr. Couey's requests for a lawyer.

Prosecutors say they have an airtight case nonetheless. In his opening statement, Ric Ridgway, a state prosecutor, told the jury that Jessica's fingerprints were found in Mr. Couey's bedroom and closet, her DNA was found in blood stains on his mattress and her body was found in a shallow grave in his yard. They are seeking the death penalty for Mr. Couey, who faces charges of first-degree murder, burglary, kidnapping and sexual battery.

"The evidence will show that the one man responsible for all these acts is sitting right there," Mr. Ridgway said, pointing to Mr. Couey, 48, who shifted nervously, covered his face with his hands and drew on a sketch pad during the proceedings.

Despite a vast search and the wide distribution of a photograph of Jessica, her body was not found until three weeks after she disappeared from her bedroom in the middle of the night. She had been buried in two garbage bags outside the trailer Mr. Couey shared with relatives near the Lunsford home in Homosassa.

Even though they cannot bring up the tape-recorded confession that Mr. Couey made to Citrus County sheriff's detectives, prosecutors told the jury he made incriminating statements to guards at the county jail, allegedly telling them that he did not mean to kill Jessica.

"He eventually told the story of what had happened," Mr. Ridgway said.

Daniel Lewan, a public defender representing Mr. Couey, told the jury there was no proof that his client had committed any crime and asked them to stay impartial despite the painful details of the case.

"Emotions, sympathies, prejudices, biases have no part here," Mr. Lewan said. "I want you to look at how this investigation was conducted."

Mr. Lewan also said the crime scene had not been properly secured, evidence had been lost and the guards who allegedly heard Mr. Couey make incriminating statements never entered them in log books. He also said Mr. Couey was mentally ill and mentally retarded, which could affect whether he gets the death penalty if convicted.

Jessica's grandmother, Ruth Lunsford, told the jury how the girl had gone to bed at 10 p.m. on Feb. 23 after eating dinner, attending a children's church group and watching television in her room. Her father, Mark Lunsford, testified that he had arrived home about 5:45 the next morning to hear Jessica's alarm going off in her room and discover she was missing from her bed.

Mr. Couey's sister, Dorothy Dixon, testified that she, her boyfriend and Mr. Couey shared crack cocaine the night Jessica disappeared. She said Mr. Couey had briefly emerged from his bedroom the next morning to watch the search going on in their neighborhood, but that she had barely seen him over the next few days.

His niece, Madie Secord, testified that she had bought Mr. Couey a bus ticket to Savannah, Ga., at his request a few days after Jessica disappeared.

Prosecutors also showed a videotape of Mr. Couey being interviewed by a detective in Savannah, where he was taken in for questioning after the authorities in Homosassa realized he was one of the town's registered sex offenders. He told the detective that he had been living at a different address in Homosassa — the one where parole officers thought he was — and that he had never worked at a school. In fact, Mr. Couey had worked in construction at Homosassa Elementary School, which Jessica attended.

Mr. Couey had been registered as a sex offender after he was convicted in 1991 of exposing and fondling himself in front of a 5-year-old girl.

Mr. Lunsford's lawyer, Mark Gelman, questioned after the proceedings why Mr. Couey had not pleaded guilty given the evidence against him.

"If he had a decent bone in his body," Mr. Gelman said, "he would not be making the family go through all this today."

Exclusive | Gang Tied To Killing Of Toddler (TSSC)

By Adam Beam

The State (SC), March 2, 2007

A 2-year-old Swansea girl killed in a shootout in January was the victim of an attempted robbery by the Gangsta Killer Bloods, according to an FBI agent's courtroom testimony Thursday.

The testimony connects for the first time one of the Midlands' most heinous crimes with the highly organized gang, which has national ties.

The FBI detailed the gang's violent and sophisticated drug trafficking business in documents filed last month as part of an extensive federal investigation.

The girl's death is the first homicide — and at least the fifth violent crime — connected to the gang, whose members allegedly speak in code to hide their crack cocaine distribution network.

At least two of the three people charged in connection with the Jan. 22 shooting that killed Jalah Peeples were GKB members, FBI agent Michael Stansbury said in federal court. They reported directly to Torrean Sims, a now-jailed muscleman for the GKB and leader of one of its two subsets, Stansbury testified.

Miquel Robinson, 26, also known as "Q," and Tucson Jones, 24, also known as "Luck," would speak in code while discussing planned robberies with Sims, Stansbury said.

Sims, who has not been charged in the Swansea incident, was one of the subjects of a secret FBI investigation of the GKB in Columbia. Fourteen of the gang's members have been arrested in an alleged drug conspiracy. The men were indicted by a federal grand jury last week.

Stansbury said Jalah's death is "very significant" to the ongoing investigation, and more charges are expected.

FBI agents intercepted thousands of phone calls on Sims' phone during a court-approved, 30-day wiretap operation that ended Jan. 26. In those calls, agents say, they overheard Sims discussing with Robinson and Jones at least nine robberies of other drug dealers.

Stansbury was in court Thursday in a detention hearing for Sims. Stansbury said he has no evidence that Sims coordinated the Jan. 22 attempted robbery in which Jalah died or that Sims knew it would happen. However, he said Sims discussed the shooting after it happened.

Sims was denied bail Thursday.

According to a police report, Laura McMichael, Jalah's mother, was stopped at her car at about 6 a.m. Jan. 22 by two masked men who were looking for Jalah's father, James Peeples Jr.

McMichael took the men to her upstairs apartment, where there was a shootout in the doorway. Jalah, who was in her mother's arms, was struck during the gun battle, police said.

Lexington officials have not determined who fired the shot that killed Jalah. James Peeples was one of those who fired a weapon during the attempted robbery.

Authorities confiscated powdered cocaine, crack cocaine and about $3,000 in cash from the apartment. No charges have been filed in connection with the drugs.

Jones, of Orangeburg, is accused of being one of the shooters during the attempted robbery, according to police. He was arrested on weapons charges last month in New York City. The earliest he could return to South Carolina would be March 26, police said.

Robinson, who was arrested in early February, was waiting in the getaway car, according to police.

Stansbury testified Lexington County sheriff's detectives listened to the wiretaps after the shooting to aid in their investigation.

Lexington County Sheriff James R. Metts declined to comment because the investigation is active.

Acting Swansea Police Chief Clif Hayes said he did not know about the gang connection. Eleventh Circuit Solicitor Donnie Myers, who is prosecuting the case, declined to comment.

Federal documents accuse the Gangsta Killer Bloods of operating a lucrative crack cocaine distribution ring.

The Gangsta Killer Bloods are part of the United Blood Nation, which is the East Coast cousin of the infamous Los Angeles street gang, the Bloods. The GKB had two subsets operating in Columbia.

According to the most recently filed search warrant documents, agents recovered more than $320,000 from the homes of gang members or gang associates, including nearly $250,000 in cash buried under the house of Javis McKenzie, allegedly one of the gang's main suppliers, who also was charged in the drug conspiracy.

The FBI used the wiretaps and undercover informants fitted with hidden video and audio equipment to bring the charges.

The wiretap on Sims' phone also included a conversation with a gang member in New York, Stansbury said. In that conversation, Sims told the man he was the "big homie" in the "met," meaning he was the leader of the gang in the Columbia metropolitan area.

"He said they were very organized and that they had it all together," Stansbury said. "He was pretty proud of the fact that he was moving up."

Sims lived with his mother. Agents did not find anything illegal in the house when they searched it. Agents did find a "book of knowledge," which they said is the blueprint of the gang's code, symbols and behavior. Stansbury said several sheets had been photocopied for possible recruiting purposes.

FBI agents were monitoring Sims' phone up until the minute of his arrest, Stansbury said. When FBI agents stopped Sims' girlfriend and told her Sims was wanted, Sims girlfriend called Sims and spoke to him in code, telling him to take their baby and run.

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Stansbury said Sims took his 2-month-old daughter and ran outside in the 30-degree weather across a golf course. Sims turned himself in after an FBI agent spoke to him on his girlfriend's cell phone and told him he would arrest his girlfriend if Sims didn't surrender.

Staff writer Shalama C. Jackson contributed to this report. Reach Beam at (803) 771-8405.

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Baltimore Man Indicted In Alleged 'Ponzi' Scheme (AP)

By Ben Nuckols

AP, March 2, 2007

Federal prosecutors say more than 900 investors bilked out of $8 million

A man who previously served prison time for fraud bilked more than 900 investors out of $8 million in a Ponzi scheme, the U.S. attorney's office said today.

David McDowell Robinson, 56, of Baltimore, has been incarcerated since last March for violating the terms of his supervised release in the earlier case by running a business, said Joseph L. Evans, his federal public defender. He was arrested again today, a day after a federal grand jury indicted him on wire fraud and mail fraud charges.

According to the indictment, Robinson was sentenced to eight years and 10 months in federal prison after pleading guilty in 1996 to charges of mail fraud arising from three different schemes. He also served prison time following 1989 convictions in Anne Arundel County for fraudulent misappropriation by a fiduciary and misconduct in public office.

Robinson was released from federal prison in April 2003. Prosecutors allege that he launched a new company, Liberty Trade International Inc., the next year and began scamming investors again.

The company solicited investments of up to $10,000 and promised returns of up to 30 percent, saying it would provide short-term "gap financing" to homebuyers or to people refinancing their homes to generate the returns.

Robinson instead paid investors with funds received by other investors, creating a classic Ponzi scheme, prosecutors said. A Ponzi scheme is when an initial group of investors get huge returns and promote the investment opportunity to others, whose investments allow the extraordinary returns to continue to be paid until the scheme collapses.

Robinson maintains his innocence, said Evans, who declined to comment on the facts of the case because Robinson may hire a different lawyer.

Robinson faces five counts of wire fraud and 14 counts of mail fraud. If convicted, he faces a maximum sentence of 20 years in prison and a $1 million fine for each charge.

He had an initial court appearance today and was ordered detained pending a hearing Friday. That hearing may be postponed if Robinson retains a private attorney, Evans said.

LTI was a scam from the start, according to the indictment. The company began accepting investors in September 2004, offering a 20 percent return over 60 days on a $2,500 investment; a 25 percent return over 90 days on a $5,000 investment; and a 30 percent return over 120 days on a $10,000 investment.

"Robinson made these representations even though Robinson knew that LTI was a new and untested company with no track record of investment success, no significant cash reserves and no realistic expectations of being able to invest funds itself at the necessary rates of return of 90 percent to 120 percent annually required to pay its investors the returns it advertised," the indictment said.

LTI allegedly used e-mails, faxes and mailings to communicate false information to investors. Robinson also is accused of using Financial Destination Inc., a marketing company that provides members with information about investment opportunities, to spread lies about his company through a voicemail message service and FDI's Web site.

Among what prosecutors describe as Robinson's false claims: that he has a doctorate; that he was a licensed attorney and that he had over 30 years' experience in real estate transactions. He did not mention his convictions or prison time, and prosecutors say that although he is a law school graduate, he does not have a law license.

According to the indictment, when LTI's assets were frozen in March, a court-appointed receiver found that the company had assets of $1.4 million and owed its investors more than $7 million. The amount owed was accruing at a rate of more than $600,000 a month.

LTI began running out of money in late 2005, and between December 2005 and January 2006 alone, the indictment says, Robinson solicited more than $4 million in new investments.

Among Robinson's alleged victims were residents of the Mississippi Gulf Coast who endured Hurricane Katrina. The indictment says he sent an employee to Gulfport, Miss., in January 2006 to make a presentation about LTI, and the company received about $80,000 in investments.

The indictment alleges that Robinson spent $600,000 of his investors' money on personal items, including jewelry and furs for a girlfriend, and down payments and lease payments for luxury cars.

Feds: Man Bilked 900, Including Katrina Victims, In Ponzi Scheme (BALTOEX)

Baltimore Examiner, March 2, 2007

BALTIMORE - Federal prosecutors are accusing David McDowell Robinson, 56, of Baltimore of engaging in a Ponzi scheme that defrauded more than 900 investors, including victims of Hurricane Katrina, of more than $8 million.

A grand jury indictment against Robinson was issued Wednesday and unsealed Thursday upon his arrest.

"The indictment alleges that David Robinson perpetrated an $8 million Ponzi scheme that victimized innocent investors, including Hurricane Katrina victims who were induced to invest their money

in a worthless venture," said Maryland U.S. Attorney Rod Rosenstein.

Robinson could not be reached for comment.

From April 2003 until March 2006, Robinson was the sole shareholder, president and chief executive officer of Liberty Trade International Inc., according to the 19-count indictment.

During that time, the grand jury alleges, he solicited investors throughout the country — offering huge returns on investments, promising a 20 percent return on $2,500 in 60 days; a 25 percent return on $5,000 in 90 days; and a 30 percent return on $10,000 120 days.

With the promises, Robinson's company received more than $8 million in funds from more than 900 investors and used funds from other investors to pay the promised rates of return, prosecutors said.

The indictment further alleges that starting in November 2005, Robinson dispatched an employee to Gulfport, Miss., who made a presentation to victims of Hurricane Katrina. Liberty Trade International received about $80,000 in investments from residents of the Mississippi Gulf Coast area as a result of that presentation, prosecutors said.

Robinson faces a maximum sentence of 20 years in prison and a $1 million fine on charges of wire and mail fraud.

He is scheduled to have a detention hearing today at 2:30 p.m. before U.S. Magistrate Judge Susan Gauvey.

Probes Exposing Trenton Tradition (PHI)

By Jennifer Moroz And Elisa Ung

The Philadelphia Inquirer, March 2, 2007

TRENTON - In Trenton, as it is in the nation's capital, tradition is under fire.

For years, legislators at the state and federal levels have slipped grants for pet causes and hometown projects into the budget at the last minute.

In New Jersey, they're known as Christmas tree ornaments. In Congress, they call them earmarks.

In both places, you'll hear them referred to as "pork." And in both places, they have become key to keeping constituents happy.

But now the longheld political practice, which typically plays out behind closed doors, is coming under major attack amid calls for greater government transparency and accountability.

In Washington, where one spending watchdog estimated that earmarks ballooned to a record $29.3 billion last year, lawmakers have passed proposals to shed light on the grant-making process, including a requirement that they attach their names to funding requests.

In New Jersey, where federal investigators have swarmed the Statehouse, demanding information about Christmas tree grants from the Legislature and Gov. Corzine's office alike, legislative leaders have vowed to similarly change how they add funds to the budget.

At the same time, they warn that the grants, which usually are funneled to causes and districts championed by the majority party, and can add hundreds of millions in spending to the budget should not necessarily be given a bad name.

Ingrid Reed, director of the New Jersey Project at Rutgers University's Eagleton Institute of Politics, agreed.

"The practice in general may now be under the spotlight but the real question is are those grants going to do good work or are people who should be acting in the public interest acting in their own self interest?" she said.

The federal investigation, which appears to focus on whether lawmakers personally benefited from grants they secured, stems from a probe of State Sen. Wayne Bryant, a Camden County Democrat. Bryant, who presided over the budget process as chairs of the powerful Senate and joint budget committees, has not been charged with any crime, but faces allegations that he was paid by the University of Medicine and Dentistry of New Jersey to steer millions in extra state funding to the school.

As part of its growing investigation, the U.S. Attorney's Office has since demanded a wide range of documents about the last-minute grants, dating back to 2004, from the Legislature, governor's office, Treasury and Department of Community Affairs.

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Assembly Speaker Joseph Roberts (D., Camden) said he welcomed both the investigation and public scrutiny into the grant-making process.

"Legislators have a right, if not a responsibility, to fight for projects in their districts," he said. Like Senate President Richard J. Codey (D., Essex), Roberts said many of the last-minute additions, both by governors and legislators, were for "very worthy causes" such as hospitals, libraries, the Boys and Girls Club, and municipal aid to help relieve the property-tax burden on homeowners.

"These revisions to the budget are by and large defensible," Roberts said, "but the process that has been used in Trenton forever, namely that these decisions are made at the last minute, is not a good process, and I'm committed to reforming that."

Roberts and Codey have both promised to make the process more open, requiring that legislators attach their names to funding requests and note any potential conflicts of interest. Those requests would have to be submitted much earlier in the budget process, so the public and process have time to review them.

"We have an obligation that the public has confidence in the process and right now, I don't think they do," Roberts said.

Investigators appear to be looking at whether legislators steered money to causes or projects in which they or relatives have a financial interest.

Besides Bryant, who has secured state funds for several employers other than UMDNJ, it is unclear what lawmakers, if any, have been singled out. But there are certainly others whose employers or family members have benefited from state grants.

Several North Jersey hospitals and other groups employing lawmakers and their relatives have received funding. And in South Jersey, Assemblywoman Nilsa Cruz-Perez, another Camden County Democrat, acknowledged in a 2005 interview that she pushed for a $50,000 grant to the Puerto Rican and Latino Culture and Arts Center in Camden. At the time, the center was paying a $26,000 salary to her sister, Ivette Cruz-Nieves, and it was run by her brother-in-law, then-Camden City Councilman Israel Nieves.

Cruz-Perez said in 2005 that her advocacy of the grant had nothing to do with her sister's job.

In a statement yesterday, Cruz-Perez said, "like many other organizations, the Puerto Rican Culture and Arts Center applied for state funding and there is nothing improper about assisting nonprofit groups that improve the lives of our constituents."

She said she and Roberts, who together represent the Fifth Legislative District, "consistently supported many nonprofit groups" and "we will continue to assist those groups in need as long as we hold public office."

Legislative leaders and the governor's office have vowed to comply with the slew of subpoenas that have landed in the statehouse during the last few weeks. Some legislative offices have hired outside attorneys to guide them through a process that to many here is new. Meanwhile, legislative staff yesterday were printing out e-mails and boxing up documents to be carted away to investigators.

Jeff Tittel, who spends much of his time in the State House lobbying legislators as director of the New Jersey chapter of the Sierra Club, said it was like watching rats run around.

"Everyone's scurrying," he said. "Every time you think things are turning back to normal, some new crisis hits. Here we go again, Trenton is under the spotlight."

U.S. Attorney Says Corruption Fight Goes On (AP)

By TOM HESTER Jr., Associated Press Writer

AP, March 2, 2007

TRENTON, N.J. -- A day after sending subpoenas to Gov. Jon S. Corzine's office, U.S. Attorney Christopher Christie on Thursday vowed to continue combating public corruption no matter where it might be found.

"I do not believe that any public corruption in the state of New Jersey by any public official is acceptable," Christie said. "So whether it is a zoning board member in Monmouth County or whether it's someone high up in state government, and everything in between, no public corruption is acceptable and we're going go after whatever we can find and we can prove beyond a reasonable doubt."

Christie's office has delivered seven subpoenas to the administration as part of an investigation into how the state budget has been developed since 2004, including subpoenas delivered Wednesday to Corzine's office and his chief counsel's office. Corzine's office has said it would cooperate fully.

The grand jury subpoenas request documents relating to grants that have typically been placed in the budget without public review just before the spending plan is adopted. Christie declined to detail the inquiry Thursday, but said, "I think the public already knows everything it needs to know about the integrity of the budget process."

Corzine's office defended the budget process under his administration.

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"Gov. Corzine has spent 15 months seeking fiscally sound budgets that are transparent," said the governor's spokesman, Anthony Coley. "He does not tolerate criminal conduct of any form _ whether part of the budget process or elsewhere. From last summer through last week's budget address, the governor has made suggestions on how to transform the budgeting process; he intends to see these reforms to completion this year."

Christie has also subpoenaed budget documents from Democratic and Republican legislative leaders and their staff offices.

He's also sought documents about Sen. Wayne Bryant, the former Senate budget chairman. Bryant resigned his chairmanship after a federal monitor reviewing the University of Medicine and Dentistry of New Jersey alleged Bryant received a no-work job at the school while helping steer state funding to it.

Christie, after attending a news conference in Lawrence Township to help announce drug arrests, said the public can take comfort that his office, when it does investigations, will do them right.

"And we will take whatever actions are necessary to protect the public from public officials who put themselves ahead of the public interest," Christie said.

The grants, commonly known as "Christmas tree items," are originated by lawmakers, but the governor approves them when signing the budget legislation.

The current $30.8 billion state budget, adopted last July, contained numerous last-minute add-ons. Corzine allowed them after a budget dispute that closed state government for a week and resulted in $1.8 billion in tax increases.

"We believe (government) should operate honestly and with integrity, first and foremost, and that the other thing that I've said repeatedly is that everyone has a responsibility to that," Christie said.

Christie has prosecuted more than 100 public corruption cases since becoming U.S. attorney in 2002, and he hasn't lost any of them. But he cautioned against prejudging any subpoena.

"Our job is to do our job the right way," Christie said. "When we do our job the right way, I think you'll notice that most of the time people plead guilty."

Senate President Richard J. Codey agreed with Christie's take on the budget, but noted he initiated _ before Christie's inquiry _ reforms that will require lawmakers to publicly request budget changes.

"Whether it's Republicans in power or Democrats, that's the way it's done, and I'm not saying that anybody did anything wrong, but it's going to always be criticized because of the way it's done and let's change it," said Codey, D-Essex.

Assembly Budget Committee Chairman Lou Greenwald said the newly implemented rules will make it more difficult for lawmakers to insert last-minute add-ons into the budget.

"I believe that is a productive byproduct of this process the U.S. Attorney has initiated," said Greenwald, D-Camden.

Associated Press Writer Angela Delli Santi in Trenton contributed to this report.

Alleged Madam Threatens To Sell List Of 10,000 Clients (WP)

By Paul Duggan

The Washington Post, March 2, 2007

A woman accused of running a prostitution service catering to men in hotels and homes in the Washington area was indicted on federal racketeering charges yesterday in a case with a twist: She has threatened to peddle "the entire 46 pounds of detailed and itemized phone records" of her clients to raise money for her defense.

Working out of her California home, Deborah J. Palfrey, 50, did business in Washington under the name Pamela Martin and Associates. On a Web site seeking donations to her legal defense fund, the company is described as "a high-end adult fantasy firm which offered legal sexual and erotic services across the spectrum of adult sexual behavior."

But federal authorities say it was a thriving call-girl service, begun in 1993, that dispatched college-educated women in their 20s to male clients in the Washington area who paid $275 to $300 per sexual encounter. The prostitutes kept half of the fees and mailed the rest to Palfrey in money orders, authorities allege in an affidavit filed in federal court.

The indictment says that in 13 years, the service employed 132 women and generated about $2 million in income "through prostitution related activities."

From January 2000 to September 2006, "Palfrey received and deposited over $750,000 in money orders from various prostitutes" into bank and investment accounts, according to the affidavit. It also says that Palfrey was convicted of operating a prostitution service in California in 1991 and was jailed for 18 months. She "started her current illegal prostitution business while still on probation," the affidavit says.

Palfrey is scheduled to make her initial appearance in the criminal case at the D.C. federal courthouse next Friday. She had no comment on the charges yesterday, said her attorney, Montgomery Blair Sibley. He is representing Palfrey in a civil asset-forfeiture case brought against her last year by federal authorities in the investigation of the alleged prostitution service.

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Sibley said his client's "legal escort service" was almost exclusively a cash business. He said that the women who worked for Palfrey were given 1099 tax statements each year, listing their earnings as independent contractors, and that Palfrey accurately reported her yearly income on federal tax returns prepared for her by H&R Block.

Palfrey has been warring with prosecutors since they raided her home in Vallejo, Calif., in the San Francisco Bay area, in October. Sibley said they seized about $1 million worth of real estate and $500,000 in cash and stocks and began the forfeiture proceedings.

"Ms. Palfrey adamantly disputes the government's claims of illegal behavior," according to her legal defense Web site, where she began seeking donations after the government took her assets.

"It is an unfortunate fact of life that funds will need to be generated to counteract the present injustice," the Web site says. As a result, "consideration is being given" to selling Palfrey's phone records dating to 1993, including the phone numbers of about 10,000 clients in the Washington area who used what Palfrey asserts was her legal escort service.

Palfrey sent an e-mail to prosecutors this year that warned of the disclosure. "I simply cannot emphasize to you the terrible and quite unnecessary ramifications this case (civil and/or criminal) will set off if permitted to advance," she wrote. "The press will have a field day. . . . I can state with unequivocal certainty this situation will be a very long and unpleasant one."

The U.S. attorney's office in the District, which is prosecuting the case, said it had no comment on the client list or the possibility that Palfrey will make it public.

The indictment charges Palfrey with violating the Racketeer Influenced and Corrupt Organizations Act and with three counts of interstate travel in aid of racketeering and one count of conspiracy to launder money.

Authorities said Pamela Martin and Associates advertised in the D.C. Yellow Pages but did not have an address here. They said callers seeking to use the service were connected to Palfrey or someone working for her in California.

"Palfrey hires women who are at least 22 years of age, possess some college education and have employment outside of their prostitution activities," according to the affidavit, filed by an Internal Revenue Service agent last year in the forfeiture case.

Authorities said she placed ads recruiting women in the Washington City Paper, on the Internet, in the student newspaper at the University of Maryland and elsewhere.

"Palfrey personally interviews the women by telephone and has them mail an application with a photograph" to Palfrey's post office box in California, IRS agent Troy A. Burrus said in the affidavit. "The women tell Palfrey the days that they will be available, but Palfrey encourages them to work at least three nights a week."

He added, "After a woman is hired as a prostitute, she is sent to a 'screening' appointment, and is required to engage in sexual activity, without payment, with a male designated by Palfrey." The women had sex with the male "testers," authorities said, "so that Palfrey can ensure that none of her employees are law enforcement officers."

Burrus said "the prostitutes reside in Virginia, Maryland and Washington, D.C., and travel to locations in these three jurisdictions. . . . Palfrey tells the prostitutes where they should go, the time of the meeting with the customer, and the customer's name."

Escort Business Owner Indicted (WT)

By Jim Mcelhatton, The Washington Times

The Washington Times, March 2, 2007

A California woman was indicted yesterday on federal charges she ran a multimillion dollar prostitution ring in the District.

Deborah J. Palfrey, who is considering selling customer records to pay for her legal defense, faces racketeering and money-laundering charges under a federal indictment issued yesterday in federal court in the District.

Prosecutors said Miss Palfrey ran Pamela Martin & Associates as a prostitution ring in the District from her home in California since 1993.

According to the indictment, the prostitution business involved 132 women who were hired primarily through local newspaper ads, with money split between the prostitutes and Miss Palfrey. She was paid through money orders sent to her California post office box, prosecutors said.

The indictment, which also accuses Miss Palfrey of arranging sex for money in Virginia and Maryland, occurred months after authorities seized Miss Palfrey's bank accounts, stocks, real estate and gold coins in connection with the investigation.

Last fall, the U.S. Attorney's Office filed court papers to seize Miss Palfrey's assets. The civil forfeiture proceedings were ongoing.

The Washington Times first reported Feb. 21 that Miss Palfrey told federal authorities she would "make life miserable" for former customers and employees unless her case is dropped. The Times reported that government attorneys said Miss Palfrey had threatened to "harass potential witnesses whose identifies remain secret ... through calculated public disclosures of former customers' and former co-workers' identities."

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On Wednesday, an attorney representing Miss Palfrey in the forfeiture proceedings said his client would sell customer records over the Internet to raise money for her legal defense.

Attorney Montgomery Blair Sibley said Miss Palfrey will be "selling selected records of Pamela Martin and Associates, which will include contact information on all of the 'customers' of the service -- over 10,000 individuals -- from its entire 13-year operational history."

Last week, Mr. Sibley told The Times that Miss Palfrey did not intend to disclose former customers' identities or to make "a circus" out of the case.

Yesterday, he said his client's plan to sell records was "a last resort" to raise money for a legal defense.

Government attorneys have accused Miss Palfrey of threatening to use civil discovery to harass potential witnesses.

"Shockingly, claimant's 'civil' counsel threatened further public embarrassment of former customers," Assistant U.S. Attorney William R. Cowden stated in a court filing earlier this week in the forfeiture case.

In a recent e-mail to the U.S. Attorney's Office, Miss Palfrey warned of repercussions if prosecutors did not drop her case.

"I cannot emphasize to you the terrible and quite unnecessary ramifications this [civil and/or criminal] case will set off, if permitted to advance for both sides," Miss Palfrey wrote.

The indictment filed yesterday charges that Miss Palfrey placed ads seeking escorts in the Washington City Paper and the University of Maryland's Diamondback student newspaper.

Authorities said Miss Palfrey hired women who were at least 22 years old and required that they mail her an application and photo before being employed.

The women also underwent a screening process in which they were required to engage in sexual activity without being paid to ensure that they were not law-enforcement officers, authorities said.

The prostitutes worked about three nights a week, charging as much as $300, authorities said. Half the money went to Miss Palfrey, who used the funds to pay for her mortgage, car lease and stocks, prosecutors said.

In civil proceedings, Miss Palfrey has denied any wrongdoing.

Mr. Sibley, in court records filed last month, said trying the case would require testimony and documents pertaining to 100 escorts and hundreds of customers.

2 Consecutive Life Sentences In Murder Of Racing Icon, Wife (LAT)

By Charles Proctor, Times Staff Writer

The Los Angeles Times, March 2, 2007

A Pasadena judge today sentenced Michael Goodwin, convicted in January of murdering racing legend Mickey Thompson and his wife, to two consecutive terms of life in prison without parole.

Los Angeles County Superior Court Judge Teri Schwartz earlier rejected defense motions for a retrial and to dismiss the charges. Deputy Public Defender Elena M. Saris said she would appeal.

Goodwin, 62, called Thompson's death a tragedy, but insisted on his innocence. FOR THE RECORD:

Goodwin: In an earlier version, Michael Goodwin's age was given as 61. He is 62. —

"I can't apologize because I'm not guilty," he said before the sentence was read.

Collene Campbell called her brother Mickey "a true man, an icon, and he is missed beyond what any words could describe."

She then began crying as she read from a statement in the courtroom during the sentencing. "I have received calls from around the world from those distressed and impacted by the murders," she said.

The Thompsons' killings became a legendary Southern California mystery, the subject of nearly two decades of police investigation and several national television shows.

Thompson and his wife, Trudy, were gunned down in the driveway of their eastern Los Angeles County home on March 16, 1988 by a pair of hooded assailants, who then escaped on bicycles. Prosecutors said the gunmen shot Thompson repeatedly but kept him alive to watch his wife's murder before they shot him in the head. The gunmen were never identified.

Prosecutors always considered Goodwin, a former business partner of Thompson, the prime suspect in plotting the killings, even though no evidence linked him to the scene.

They alleged that the circumstances -- the killers didn't touch the $4,000 the Thompsons were carrying or the $70,000 worth of jewelry in the house -- showed the murders were motivated by revenge. And they argued that Goodwin was the only person who could want Thompson dead that badly.

Thompson, the first American to reach 400 mph in a piston-driven vehicle and the holder of numerous speed records, joined Goodwin in the mid-1980s to promote motor sports in Southern California.

Their relationship soon deteriorated. Thompson won a $514,000 judgment against Goodwin that was pending at the time of the killings. Goodwin declared personal and business bankruptcy as a result of the judgment, which was never paid.

Prosecutors in Orange County — the location of much of the dispute between Thompson and Goodwin — charged Goodwin with the slayings five years ago. But an appeals court threw out the charges in June 2004, citing a lack of evidence that Goodwin had planned the crime there.

Within days of the appeals court decision, Los Angeles prosecutors filed murder charges against Goodwin.

Witnesses testified that they had heard Goodwin threaten Thompson's life, and one key witness said he saw Goodwin scout out the Thompsons' neighborhood in the gated community of Bradbury.

The defense countered that the passage of time and the "Hollywood" treatment of the case in the media called the veracity of witness testimony into doubt.

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CIVIL RIGHTS:

Local Officials Have Not Heard From FBI About Civil Rights Cases (MONNST)

Monroe News-Star, March 2, 2007

Local and area law enforcement officials said today they have not been contacted by the FBI regarding investigating cold civil rights cases in the area.

FBI Director Robert Mueller said at a news conference Tuesday that the agency is investigating about a dozen cold civil rights cases in an effort to seek justice for victims of racially motivated killings.

FBI officials declined to identify the cases they are working to reopen. Attorney General Alberto Gonzales said making that information public could hinder the investigations.

He also said the FBI will help local law enforcement authorities prosecute cases in which federal charges aren't applicable.

Mueller said the FBI and local authorities have made 10 to 12 cases a priority, but as many as 100 could be investigated.

The National Association for the Advancement of Colored People, the Urban League and the Southern Poverty Law Center are assisting the effort.

The center has a list of 127 race-related killings between 1954 and 1968 — a number it concedes could be much higher.

Area cases on the center's list are:

? Frank Morris, Ferriday. In 1964

Morris, who owned a shoe store, was killed when a gas stove exploded during an arson. Morris, who lived in a room adjoining the store, was ordered to return to his room by the men who started the fire. An extensive Justice Department investigation was conducted, but the outcome is unclear.

? Albert Pitts, David Pitts, Marshall Johnson and Ernest McPharland, Monroe. In 1960 a white employer was arrested and then released in the shooting of five of his employees. Four of them died. The victims were accused of making threats. The employer was never charged.

? Robert Wilder, Ruston. In 1965

a white policeman was accused of Wilder's death, and a coroner's jury ruled the slaying was justifiable homicide.

In Concordia Parish, Kathleen Stevens, public information officer for Sheriff Randy Maxwell, said she was not aware of any contact about the Ferriday case from federal investigators.

Stevens, like Ouachita Parish investigations Maj. Royce Toney, said the only people who have inquired about the cases were reporters, who asked about contact or requests from federal investigators.

Lt. Curtis Hawkins with Ruston Police could not be reached.

Since 1989, authorities in seven states have re-examined 29 killings from the civil rights era, leading to 28 arrests and 22 convictions.

In one recent prosecution, 71-year-old reputed Ku Klux Klan member James Seale, has pleaded not guilty to kidnapping and conspiracy to commit kidnapping in connection with the May 2, 1964, abduction, beating and drowning deaths of two black teens — Henry Dee and Charles Moore — in Mississippi.

Justice Department officials also were helping state officials in Mississippi reopen the Emmett Till case. Till, 14, of Chicago, was killed in 1955 after he reportedly wolf-whistled at a white woman. But a court official in Leflore County, Miss., confirmed Monday that a grand jury has decided not to indict anyone in Till's killing.

However, federal prosecutors have won convictions in other high-profile civil rights cases. They sent former Klansman Edgar Ray Killen to jail for 60 years for his role in the killing of three civil rights workers in Mississippi in 1964.

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Congress has tried for several years to establish a “cold case” unit for civil rights crimes in the Justice Department. Bills sponsored by Rep. John Lewis, D-Ga., and Sen. Chris Dodd, D-Conn., would authorize $11.5 million a year to create such a unit.

Gonzales said he would welcome any help from Congress, but he denied the congressional push to reopen investigations into old civil rights crimes prodded the Justice Department to act.

EDITORIAL: Focusing On Cold Cases (NOTP)

New Orleans Times-Picayune, March 2, 2007

Washington Parish Sheriff's Deputy Oneal Moore was murdered 42 years ago, but the FBI says that it hasn't given up on the case, one of about a dozen unsolved civil-rights era murders that are getting renewed attention from the agency.

When these crimes took place decades ago, African-American victims had little hope of getting justice. Now, investigators will have to deal with the damage time itself has done to the cases.

But that's all the more reason to act quickly, and the FBI's decision to aggressively pursue cold cases that they believe were racially motivated is encouraging.

Deputy Moore and his partner, Creed Rogers, were the first African-American deputies to work for the Washington Parish Sheriff's Office. They were hired to help quell racial tension in Washington Parish, but they ended up being victims of racial violence when they were ambused on Louisiana 21 by a group of white men and shot. Deputy Moore was killed; his partner lost an eye.

The murder led to further violence. A year later, Clarence Triggs, another African-American man, was shot to death after attending a demontration to protest the lack of progress in the Moore case.

Jim Bernazzani, special agent in charge of the FBI's New Orleans office, says the Moore case, while difficult, has never been closed. In 1990, authorities dug up a slab in hopes of finding the murder weapon and convened a grand jury. Two years later, the FBI told the deputy's widow that it had new information and offered a $40,000 reward.

Now, Special Agent Bernazzani says that the FBI has some "very hot leads" in the case, and that sounds promising.

There have been some notable successes in pursuing old civil rights cases, including the 1994 conviction of Byron de la Beckwith for the murder of civil-rights leader Medgar Evers. In Mississippi, authorities recently arrested James Ford Seale in connection with the 1964 abduction and murder of Eddie Moore and Henry Hezekiah Dee. Mr. Seale will be tried on charges of kidnapping and conspiracy next month.

It remains to be seen whether this new push will bring justice for the slain Washington Parish deputy or closure for his family. But these cases must not be forgotten, and it's only right that the FBI and the Justice Department make every effort to see them solved.

Bending Toward Justice, Finally (BN)

The Birmingham News (AL), March 2, 2007

THE ISSUE: A new cold case initiative may help solve suspicious death cases from the civil rights era.

If justice delayed is justice denied, what is justice ignored? A national disgrace.

Too many times, civil rights-era murderers got away with their crimes. Too many times, law enforcement officials covered up cases, failed to investigate them fully and even wrongly classified some murders as accidental deaths. Too many times, there was no justice for the loved ones of victims, just grief and anger.

Fortunately, the U.S. Justice Department has decided to reopen investigations into nearly 100 suspicious death cases from across the South during the civil rights era to see if they were racially motivated murders that can be solved and prosecuted.

The FBI and Justice Department on Tuesday announced partnerships with the NAACP, Southern Poverty Law Center and National Urban League, which have referred the cases to the federal agencies. Eight of the 76 cases SPLC referred to law enforcement were unsolved cases from Alabama. Ten to 12 of the nearly 100 cases are under active investigation with new developments, according to FBI Director Robert Mueller.

The Civil Rights Cold Case Initiative was inspired, at least in part, by the successful prosecutions of Thomas Blanton in 2001 and Bobby Frank Cherry in 2002 for the 1963 murders of four girls in the heinous Sixteenth Street Baptist Church bombing in Birmingham. Mueller on Tuesday mentioned those and other recent, successful prosecutions of old cases, such as the 2005 conviction of Edgar Ray Killen for his role in the 1964 murders of three civil rights workers in Philadelphia, Miss.

"These successes have restored our hope and renewed our resolve," Mueller said. "Justice has been delayed, but we are determined justice will not be denied."

In many of these cases, that may prove easier said than done. Perpetrators and witnesses alike may no longer be alive. Memories may have faded and evidence could be lost. In some cases, there may be no federal jurisdiction. And guilty

consciences don't necessarily compel people to tell what they know, as Birmingham lawyer Doug Jones, who prosecuted Blanton and Cherry, found out.

"If there was ever a case for people to step forward to do some reconciliation or right a wrong, it was one when four innocent girls were killed in a bomb in a church," Jones told News staff writer Mary Orndorff. "And guess what? We didn't have anybody like that."

Still, looking to uncover "a few burning embers" in cold cases, as SPLC President Richard Cohen put it, is the moral and right thing to do.

If cases can be prosecuted and convictions won, it will bring a measure of justice where there has been none. Grieving families and friends of the victims who have carried deep emotional wounds for decades, knowing that killers had gotten away with their crimes - and sometimes knowing who those killers are - may find some small relief.

The Rev. Martin Luther King Jr. famously said, "Let us realize the arc of the moral universe is long, but it bends toward justice."

Recent convictions of civil rights-era crimes have bent that long arc toward justice. Tuesday's announcement bent it just a tiny bit more.

Navy Chaplain Is Discharged (NYT)

By Laurie Goodstein

The New York Times, March 2, 2007

Lt. Gordon J. Klingenschmitt, a Navy chaplain, has lost a three-year battle to stay in the chaplain corps after superiors warned him about delivering sectarian Christian prayers and sermons at a sailor's memorial service and other events attended by religiously diverse audiences. Lieutenant Klingenschmitt, who spent 16 years in the military, became a hero to religious conservatives, but was court-martialed last year for wearing his uniform at a political protest in front of the White House. He received an honorable discharge.

Bush Administration's Quiet Campaign Against Religious Bias (TENN)

By CHARLES C. HAYNES, Columnist

Nashville Tennessean, March 2, 2007

Here's one of the best-kept secrets about the Bush presidency: Over the past five years, the U.S. Justice Department has quietly, but vigorously, enforced civil rights laws designed to protect religious freedom.

Now Attorney General Alberto Gonzales wants to get the word out. On Feb. 20, he announced an initiative called the First Freedom Project to carry out "even greater enforcement of religious rights for all Americans."

Since presidents aren't shy about their accomplishments, I'm not sure why we haven't heard more about this before. Maybe we're so busy shouting past one another about church-state conflicts that we overlook threats to free exercise of religion.

Lest we forget, there are two religious-liberty provisions in the First Amendment: no establishment and free exercise. Establishment-clause battles over "under God" in the Pledge of Allegiance or the Ten Commandments in the courthouse grab the headlines. But free-exercise problems — discrimination against religious practice and expression in the workplace, schools, land use and elsewhere — have a real impact on the lives of millions of Americans.

The new report documents the Bush administration's efforts to take religious discrimination seriously. After establishing the first-ever Special Counsel for Religious Discrimination early in the administration, the Justice Department's Civil Rights Division dramatically increased enforcement of federal statutes protecting religious rights.

In education, for example, the department reviewed 82 cases and conducted 40 investigations 2001-06. Compare this with the 1995-2000 time period, when the department reviewed one case and made no investigations.

Investigations involving religious discrimination in employment went up from 16 in 1995-2000 to 31 cases 2001-06. Similar increases occurred in housing and public accommodation.

Administration critics aren't impressed. "Expecting the Bush administration to defend religious liberty," says Barry Lynn of Americans United for Separation of Church and State, "is a little like asking Colonel Sanders to baby-sit your pet chicken."

Interfaith Alliance President Welton Gaddy calls the Justice Department project "a scam that weakens religious freedom for all Americans."

Lynn and Gaddy are veterans of church-state battles with the Bush administration over everything from faith-based initiatives to school vouchers. They argue that the current Justice position on establishment-clause issues undermines religious liberty. But the debate over "no establishment," as important as it is, shouldn't keep us from finding some common ground on the need for "free exercise" protections.

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As Judge Judy would say, these are real cases about real people. From attacks on houses of worship to incidents of discrimination at school and work, the Justice Department over the past five years has investigated scores of cases involving religious rights of Christians, Jews, Muslims, Sikhs, Native Americans and others.

However much we disagree about the relationship between religion and government, surely we can agree that freedom of religion should mean freedom from religious discrimination.

ANTITRUST:

EU Threatens Microsoft With New Fines (WSJ)

By Mary Jacoby

The Wall Street Journal, March 2, 2007

BRUSSELS -- New European Union charges against Microsoft Corp. that threaten the company with as much as $1 billion in fines highlight an increasingly fierce industry battle over how to sell business software.

European regulators launched formal charges yesterday against Microsoft -- for the third time in three years -- accusing the tech giant of trying to overcharge competitors for information to make their products work well with Microsoft's ubiquitous Windows operating system.

The charges stem from a 2004 EU decision that Microsoft abused its near-monopoly position as the producer of Windows. Microsoft has already racked up close to $1 billion in fines in the case.

The EU's latest move goes to the heart of a growing battle between Microsoft's traditional fee-based software business and challenges from International Business Machines Corp., Red Hat Inc. and Oracle Corp., which offer free or nominally priced "open source" software.

Microsoft's competitors say they believe the company has structured its proposed charges for the programming information in such a way as to undermine their business models.

The March 2004 EU decision requires Microsoft to offer licenses for the programming information on "reasonable and non-discriminatory terms" to software rivals who need it. No companies have licensed the information yet.

The 2004 decision ordered Microsoft to help rivals write software linking back-office server computers with employees' Windows-driven desktop computers for a narrow range of functions, including the accessing and printing of documents and logging onto password-protected company systems.

"The current view is that there is no significant innovation" in the programming information to warrant the price Microsoft is charging, EU Antitrust Commissioner Neelie Kroes said in a statement yesterday.

But Brad Smith, Microsoft's general counsel, said in an interview he was surprised by the aggressive new charges. "I feel we need a more constructive approach to address very complicated and technical issues in a way that is going to make progress," he said.

Microsoft has appealed the original 2004 decision against it, and a decision from a European court in Luxembourg is expected this year.

The background to the current dispute is an effort by IBM, Red Hat, Oracle, Sun Microsystems Inc. and other companies to best Microsoft in the lucrative market for business software. The rivals' strategy is to hawk open-source software to companies, at little or no price.

Any programmer is free to alter these open computer programs as he likes or make improvements available to others via online downloads -- hence the term open source. The Microsoft rivals then make money by selling service contracts to companies to maintain and upgrade their software.

Microsoft's software, by contrast, is protected by fee-based licenses that don't allow alteration or sharing of its computer code.

Microsoft proposed a complex system requiring its rivals to pay "per-unit royalties," or a fee every time the competitors' customers use software that incorporates parts of the disputed Microsoft programming information.

Although the EU case only concerns a relatively small part of the overall business market, critics say this pricing system is part of a strategy to stymie open-source-software providers.

"It would be fundamentally inconsistent with their business model," which doesn't track the number of end users of its products or how they use the products, said Thomas Vinje, a lawyer for an industry group including IBM, Oracle, Red Hat and Sun Microsystems.

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Mr. Smith of Microsoft said the disputed programming information is covered by 36 technology patents and that an additional 37 patents are pending. "It's hard to see how the commission can argue that even patented information must be made available for free," he said.

Mr. Vinje countered that many software patents are granted incorrectly and are often reversed upon challenge.

The EU has fined Microsoft twice. In 2004, regulators ordered the company to pay more than $600 million after finding Microsoft had exploited its near-monopoly in operating systems for personal computers to muscle aside competitors.

In July, regulators hit Microsoft with a further €280.5 million fine ($371.2 million) for failing to compile the disputed programming information in a usable manner. Microsoft later fixed that problem.

The "statement of objections" sent to Microsoft yesterday is a formal charge outlining how regulators believe the company hasn't complied with EU orders. Microsoft has four months to answer the charges and can also request a closed-door oral hearing.

After weighing Microsoft's defense, Ms. Kroes will decide whether to level the fine and, if so, the amount of the penalty. Microsoft can then appeal the fine to the European court in Luxembourg.

Brussels Threatens Microsoft With Further Antitrust Fines (FT)

By Tobias Buck In Brussels

Financial Times, March 2, 2007

Microsoft was yesterday dealt a serious setback in its long-running antitrust battle with the European Commission, when Brussels threatened to impose yet another massive fine on the US software group for failing to comply with a landmark competition ruling handed down almost three years ago.

Europe's top antitrust regulator yesterday issued a new set of charges against Microsoft, a step that is likely to result in another ruling and a new fine against the group. Since the Commission opened its probe against the world's largest software maker more than eight years ago, Microsoft has been fined close to €780m (£526m) for abusing its dominant market position and failing to respect the regulator's ruling.

The Commission refused to comment on the size of any new fine that could arise from yesterday's charges. However, Brussels could - in the worst-case scenario for Microsoft - hit the group with a penalty in excess of €800m.

The Commission accused Microsoft of demanding excessive royalties from companies wishing to license technical information about its Windows operating system. The order to make such information available to rivals formed a key plank of the Commission's March 2004 ruling against the group.

The Commission stressed that Microsoft was the first group to be accused of ignoring a European Union antitrust ruling. "This is a company which apparently does not like to have to conform with antitrust decisions," said the spokesman for Neelie Kroes, the EU competition commissioner.

Brad Smith, Microsoft's general counsel, rejected the Commission's allegations. He said Microsoft's proposed pricing scheme would be 30 per cent cheaper than comparable licensing fees.

Under the terms of the 2004 ruling, Microsoft has to make available "interoperability" information to other software makers so that rivals can design server software that functions smoothly with Windows-driven computers and servers.

The Commission said yesterday it had found "no significant innovation in the interoperability information".

It also claimed that companies were being asked to give Microsoft 35 per cent of the net operating profits they made by selling products designed with the help of the licence.

The original 2004 ruling is under appeal in front of an EU court, which is expected to issue its ruling in the next six months.

EU Threatens New Fines Against Microsoft For Not Abiding By Antitrust Ruling (AP)

By Raf Casert, Associated Press

AP, March 2, 2007

BRUSSELS, Belgium -- The European Union threatened Microsoft Corp. on Thursday with fines as high as $4 million a day, claiming the software company was still not offering a fair deal to rivals seeking to make their products more compatible with Windows.

Microsoft said the EU Commission's demands were not reasonable. "We believe we have been fair in setting" prices for the information, said Microsoft General Counsel Brad Smith.

"It is hard to see how the Commission can argue that even patented innovation must be made available for free," he said in a statement.

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The EU complained that three years after a landmark antitrust ruling to open up the market, the world's largest software maker still refused to cooperate. "This is a company which apparently does not like to have to conform with antitrust decisions," said EU Commission spokesman Jonathan Todd.

Under a 2004 antitrust ruling by the European Union, Microsoft had to disclose complete and accurate interface documentation on reasonable and nondiscriminatory terms, allowing its competitors to interoperate with Windows PCs and servers.

Under a so-called "statement of objections" released Thursday, the EU's executive Commission said there was "no significant innovation" in the requested information. It also rejected 1,500 pages of submissions by Microsoft over the past three months and said Microsoft's price proposals were unreasonable.

"I am therefore again obliged to take formal measures to ensure that Microsoft complies with its obligations," EU Antitrust Commissioner Neelie Kroes said in a statement.

Smith complained Microsoft had asked for feedback half a year ago and only on Thursday received a reply thinly veiled in a threat.

"We're disappointed that this feedback is coming six months later and in its present form, but were committed to working hard to address the Commissions Statement of Objections," said Smith.

He added "the findings appear to be an attempt to regulate the pricing of our intellectual property rights on a global basis" something which would go beyond the jurisdiction of the European Commission.

Microsoft has four weeks to reply to the Commission after which the EU could impose fines going as high as 3 million euros ($4 million) a day, Todd said.

Work group servers are designed to let numerous users share and exchange information on projects so that groups of workers located near or far from their offices can collaborate on joint projects.

"The royalty demands are intended to force every competitor out of the market," said Simon Awde, the chairman of the European Committee for Interoperable Systems, a group of Microsoft rivals.

At a hearing last year, EU regulators used evidence from IBM Corp., Novell Inc., Oracle Corp. and Sun Microsystems Inc. on systems compatibility. None of those companies are currently involved in the legal battle, although they are members of two broad industry coalitions -- ECIS and the Software & Information Industry Association -- that back the Commission.

Microsoft is challenging the EU's original 2004 antitrust order at the EU's Court of First Instance. The 2004 antitrust order found the company broke competition law for abuse of a dominant position and fined the software maker a record euro497 million (US$613 million).

"It is the first time we have been confronted by a company which has failed to comply with an antitrust decision," said Todd. "We are in unknown territory."

"We don't want to be in a situation where ten years after an antitrust decision, they still are not in compliance," said Todd, adding the "vast majority of the information" provided to the software competitors, was "not innovative."

To remedy Microsoft's antitrust abuse, the EU ordered the company to sell a copy of Windows without its media player software and told it to share communications code and information with rivals to help them develop server software that worked smoothly with Microsoft's ubiquitous Windows desktop operating system.

EU regulators fined Microsoft another 280.5 million euros ($371 million) last July for failing to supply the "complete and accurate" interoperability required.

Brussels Needs More Time To Rule On Sony BMG (FT)

By Tobias Buck In Brussels

Financial Times, March 2, 2007

The music industry faces a prolonged period of regulatory uncertainty after the European Union's top antitrust regulator said yesterday it needed another four months to scrutinise the merger that created Sony BMG.

The European Commission waved through the original tie-up in 2004, arguing that the merger would not undermine competition in the market. However, its ruling was challenged and - in a rare move that shocked the music industry - a top European court decided last year to overturn the Commission's clearance decision.

For Sony BMG, the ruling meant it had to resubmit the merger to the Brussels watchdog for approval and a fresh investigation.

The Commission said it had completed an initial one-month assessment of the Sony BMG merger, but now needed more time to examine whether the deal "strengthens or creates a dominant position in these relatively concentrated markets". Brussels added it would take into consideration factors such as "the growing sales of online music" .

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But the Commission said it would also examine whether the merger had created a "collective dominant position", which means a situation in which a small number of big companies can effectively control a market and keep smaller companies from challenging their power.

The Commission said it had until July 2 to make a final decision on the merger. Brussels can either block the deal, wave it through in return for concessions such as asset disposals or approve the deal without conditions - which it did in 2004. Should the regulator block the tie-up, Sony BMG would have to break apart.

Icahn's Move On Motorola Lifts Stock (FT)

By Paul Taylor In New York

Financial Times, March 2, 2007

Shares in Motorola rose in early trading yesterday after the world's second largest mobile phone maker revealed that Carl Icahn, the billionaire Wall Street raider, was seeking to lift his stake in the company to about 6 per cent by acquiring another $2bn in stock.

If completed, the proposed stock purchase would lift the stake in Motorola acquired last month by Mr Icahn from 1.6 per cent, and turn him into the company's second biggest investor behind Barclays Global Investors. Barclays had a 6.82 per cent stake in Motorola at the end of December.

Mr Icahn's demand that Motorola use the bulk of its $11.6bn in cash to accelerate share buy-backs has helped prop up its share price in the wake of a series of setbacks.

The company reported weak financial resultsearlier this year reflecting a fierce mobile phone price war and a lack of blockbuster products.

Profit margins in Motorola's core phone division shrank to 4.4 per cent in the fourth quarter from almost 12 per cent in the preceding three months as the company slashed prices in order to retain market share and remain competitive with Finland's Nokia, the world's largest mobile phone maker.

Late on Wednesday, Motorola said Mr Icahn and Icahn Partners had each filed for approval to buy between $119.7m and $500m in Motorola stock. In addition, Motorola said it had received a notice under the Hart-Scott-Rodino antitrust act that two other Icahn entities had also each filed to buy more than $500m worth of shares. If all four entities each buy $500m of stock, it would lift the Icahn stake to about 6 per cent.

*Nortel Networks, the Canadian telecommunications equipment maker, surprised investors yesterday with yet another restatement of earnings, but said its fourth-quarter results would not be affected by the move. Nortel has struggled to shore up its profitability and investor confidence following restatements related to accounting problems.

China Builds Commerce Codes (WSJ)

By Andrew Batson

The Wall Street Journal, March 2, 2007

BEIJING -- China's leadership is stepping up its efforts to build a legal system that can handle the demands of a complex, market-driven economy, as managing the fast-growing nation becomes increasingly challenging.

That program will take the spotlight when China's legislature opens its annual session on Monday. The National People's Congress is scheduled to consider, and most likely pass, two crucial pieces of economic legislation. One would give private property new protections of unprecedented force and detail for China; another would require foreign and domestic companies to pay the same rate of tax.

The property-rights law will be a symbolic milestone for the still nominally Communist nation, even though it falls far short of what more liberal reformers had initially advocated. For foreign businesses, the tax law will put them on a more-equal footing with local competitors, as it gradually brings an end to most of the special breaks offered in the past. Several other important laws will also be discussed at the meeting for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers.

All of these are the building blocks of the legal infrastructure that underpins the daily functioning of a market economy, although the country's legal code is still in its infancy and legal redress can be difficult to come by. Many of these laws have been in the works for years, and have provoked sometimes heated debate. They are coming to fruition this year as a consensus grows that the new legislation can fill some gaping holes and rectify obvious inequities in the current system.

"China is, step by step, going down the road of the market economy," said Sheng Jiemin, an expert on antitrust legislation at Peking University. "The government had to revise many laws after China joined the World Trade Organization. And other necessary measures are being regularly issued."

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The annual meeting of the National People's Congress, when nearly 3,000 delegates gather in Beijing, is one of the few occasions when China's leaders discuss their policies in public. Given the turmoil in China's stock markets this week, as fears spread that a government crackdown on speculation was imminent, this year's meeting is likely to be particularly closely watched for signals on financial policy, as well as progress in lawmaking.

China's economy has been changing much faster than the legal system that is supposed to govern it. Huge numbers of Chinese now own their own homes and run their own businesses, but it is difficult to settle precisely who owns what and what they are allowed to do with it.

Private-property rights, in the abstract, have been recognized in China's constitution through a series of amendments, the earliest in 1988. But those vague principles are of little help in handling specific cases, such as the government's frequent confiscation of land for development. That is a big reason for passing the property-rights law, which details the scope of different types of rights and sets rules for how to change or transfer them.

"The property-rights law tells you what is yours and what is his, and how it can be obtained or transferred. Without that, it's impossible to solve property disputes," said Mei Xiaying, a professor at the University of International Business and Economics in Beijing. Businesses in particular will welcome the clarification of property rights, which should make it easier to buy and sell major assets such as land, he said.

The legal overhauls have been controversial: The proposed property-rights law, in particular, attracted vocal opposition from leftist scholars who worry that it will pave the way for the accelerated privatization of state companies and widen the gap between the wealthy and the poor.

The draft antimonopoly law, under discussion for more than a decade, has also been held hostage by disputes among policymakers. Some want to use it to break open still-closed parts of the economy, while others see giving the government new antitrust powers as a way to strengthen its control over businesses -- particularly powerful foreign companies that have dominant market share in China.

Though its laws aren't subject to popular vote, the Chinese government does usually try to build a consensus among its officials before pushing through a major policy change. The property-rights law had been scheduled for passage at last year's meeting before a critical backlash took it off the agenda, and even the less-sensitive tax overhaul has been held up for years. Changes were made to the draft laws last year to address the criticisms.

With those laws having now been declared ready for passage, 2007 is shaping up to be a landmark year for legislation governing the economy -- after several technical measures, including China's first code for corporate bankruptcies, were passed in 2006. As all these new laws fall into place, scholars say, China's commercial code is finally getting close to completion.

The new measures will reinforce China's shift toward relying on law and legal processes, rather than government dictates alone, to manage the economy -- an ideal that has been endorsed by the highest levels of the leadership.

In a major speech late last year, the Communist Party's top law-and-order official, Luo Gan, said the government needs to "get better at using legal methods to harmonize economic relationships." If the legal system can help citizens settle their problems with employers, schools, and hospitals, he said, that promises to "fundamentally reduce social conflicts triggered by the conflict of interests."

Mr. Luo also appeared to recognize the importance of fairness in encouraging companies and individuals to turn to the legal system to resolve their disputes, saying it should "protect equally the legal interests of all types of market participants, [and] eliminate the appearance of bias in law enforcement." In practice, court decisions are heavily influenced by the government, and it is often difficult for individuals to use the legal system to counter official government actions.

All that doesn't mean Mr. Luo and other leaders endorse the idea of an independent judiciary. Party leaders say their goal is to "rule the country according to law." The idea is for the Communist Party's to exercise its power through the legal system, not just arbitrary commands, but it doesn't mean the party's authority is itself subject to the judgment of the law.

Legal Makeover To Underpin China's Market-Driven Economy (WSJ)

By Michael Connolly

The Wall Street Journal, March 2, 2007

With China's economy changing much faster than the legal system that is supposed to govern it, Beijing is moving quickly to create a system that can handle the demands of a complex, market-driven economy just as events like this week's Chinese market turmoil underscore how challenging managing the fast-growing nation has become.

The annual session of China's legislature, the National People's Congress, which begins Monday, is to consider and likely approve two significant pieces of economic legislation, one giving private property new protections of unprecedented force and detail for China, the other requiring foreign and domestic companies to pay the same rate of tax. Several other important laws will

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also be discussed for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers.

Though vast numbers of Chinese now own their own homes and run their own businesses, it is difficult to settle precisely who owns what and what they are allowed to do with it, as Andrew Batson reports. Private-property rights, in the abstract, have been recognized in China's constitution through a series of amendments, beginning in 1988. But those vague principles are of little help in handling specific cases, such as the government's frequent confiscation of land for development. Nonetheless, the proposed law has attracted vocal opposition from leftist scholars concerned it will pave the way for the accelerated privatization of state companies and widen the gap between the wealthy and the poor.

The draft antimonopoly law, under discussion for more than a decade, has also been held hostage by disputes among policymakers. Some want to use it to break open still-closed parts of the economy, while others see giving the government new antitrust powers as a way to strengthen its control over businesses -- particularly powerful foreign companies that have dominant market share in China.

Read Andrew Batson's report from Beijing:

http://online.wsj.com/article/0,,SB117278021348123785,00.html1 * * *

DETENTE WITH KIM: Increasing diplomatic softening between the Washington and Pyongyang could lead to more stability in East Asia and bring North Korea out of its economic isolation. After having long taken a hard line on North Korea, the Bush administration has begun to backpedal on the major dispute for the past five years -- that Pyongyang violated the spirit of a 1994 disarmament deal with the U.S. by secretly developing nuclear weapons with highly enriched uranium. The pact explicitly covered only weapons using plutonium, a more common material for nuclear devices.

In testimony to congressional committees during the week, diplomatic and intelligence officials have expressed doubt about the amount of progress North Korea made in researching or developing uranium-based weapons. The U.S. national intelligence director's mission manager for North Korea, Joseph DeTrani, said the U.S. categorized its belief in North Korea's uranium-production program "at the midconfidence level," meaning it lacked corroboration. That was a step down from the previous categorization of "high confidence."

As Evan Ramstad reports, the move represents a big change in U.S. policy, and creates a smoother atmosphere for further discussions with North Korea on the uranium issue. It also lowers expectations in case international inspectors enter North Korea and find no facilities for uranium-based weapons. Bet that Pyongyang's President Kim Jong Il is beaming.

Read Evan Ramstad's report from Seoul:

http://online.wsj.com/article/0,,SB117274838424023298,00.html2 * * *

MORTGAGE IMPACTS: As falling home values can deprive homeowners of equity used to finance new vehicle purchases and increase loan defaults, the toll in the U.S. subprime mortgage market may explain General Motors Corp.'s decision Thursday to delay filing its 2006 annual report.

While in the midst of a massive restructuring of its North American operations, GM continues to wrap up issues related to past accounting problems. Meantime, GMAC Financial Services -- in which GM sold a majority stake during the fourth quarter to a consortium of investors led by Cerberus Capital Management -- continues to work on finishing its financial statements for the fourth quarter and all of 2006. The auto maker still owns 49% of the lending unit and relies on its health because GMAC backs GM's major incentive programs by offering attractive leasing and financing terms. GM and Cerberus are still negotiating the book value of GMAC following the completion of the sale.

Nonetheless, GM surprised Wall Street by reporting a 3.7% increase in monthly light-vehicle sales to 308,411 vehicles for February as sales to retail custoimers surged. Analysts had expected its sales would be flat or decline. Ford Motor Co.'s February sales, meanwhile, fell nearly 14%. But Toyota Motor Corp. posted a 12% jump in U.S. auto sales.

Read our report:

http://online.wsj.com/article/0,,SB117267190348622030,00.html3 * * *

CORPORATE TRANSFORMATIONS: While personal-computer titan Dell Inc., which re-installed founder Michael Dell as chief executive in January, posted depressed fiscal fourth-quarter results and said a "transformation" is under way, Berkshire Hathaway Inc. posted a decline in quarterly net and said its 76-year-old chairman, Warren Buffett, is on the hunt for someone to take over his investment duties when he dies. Mr. Buffett didn't disclose what he would pay, and, while he is taking resumes, isn't planning on leaving soon. "At 76, I feel terrific and, according to all measurable indictors, am in excellent health," he said. "It's amazing what Cherry Coke and hamburgers will do for a fellow."

Read our report on Dell:

http://online.wsj.com/article/0,,SB117277529689223648,00.html4

Read our report on Berkshire Hathaway:

http://online.wsj.com/article/0,,SB117278144646923805,00.html5

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Political Energies (WSJ)

The Wall Street Journal, March 2, 2007

As corporate dramas go, few can match the long-running Endesa takeover story. But the latest plot twist, in which Italian utility Enel entered the scene, may have the Spanish electricity giant's shareholders feeling like they're watching a farce. As usual when it comes to Europe and energy, politicians appear to be the ones making a mockery of the market.

A new chapter began Tuesday, when Enel bought a 9.9% stake in Endesa -- just three weeks before Endesa's shareholders were to consider bylaw changes that would allow Germany's E.On to move forward with a €41 billion purchase of the company. Yesterday Enel made arrangements to boost its holding to 17% -- Spanish law requires a regulatory review before an investor can buy more than 10% of a utility -- and said it would ask permission to keep buying up shares until it had nearly one-fourth of the company, at which point it would have to bid for the entire firm.

E.On's bid, which just last week seemed like a reasonably safe bet, is now in real danger. Spanish conglomerate Acciona owns 21% of Endesa and has indicated it won't sell to the German utility. Spain's public holding company owns 3%, so if Enel refuses to sell to E.On -- so far the Italians are being coy on that question -- the German company would have to win over almost all of the other shareholders to take control of Endesa. Even then, the large minorities might prove to be a thorn in E.On's side.

This saga might have been all to the good for Endesa shareholders -- competing bids can't be bad, right? -- if this were a true competition. But that's not the case. As it stands, smaller shareholders probably won't get the chance to weigh E.On's offer. Investors who bought Endesa stock over the past year and a half, during which time the share price has doubled, may still have a chance to recoup handsome rewards -- if there are any takers still out there.

So why did Enel jump into the fray? There's plenty of reason to believe that the motivation was in part political. After failing to marry Endesa with Barcelona-based Gas Natural, Spanish Prime Minister José Luis Rodíguez Zapatero has been laboring for months to keep the company out of E.On's hands.

Last week, Mr. Zapatero had a summit with his Italian counterpart, Romano Prodi. Both governments insist the two leaders didn't discuss Endesa, only "reciprocal investments." So perhaps it's truly a coincidence that a few days later Enel, which is more than 30% state-owned, made its move for Endesa.

If, however, government meddling did occur, it is the last thing Europe needs in a sector that's already highly politicized. Rising oil prices, Russia's natural-gas games the past two Januarys and what the French call patriotisme économique have frustrated EU attempts to open the energy industry.

There are of course business reasons for Enel to buy into Endesa. Like E.On, Enel has been sitting on a pile of cash reserves and has few options for making acquisitions. Paris caught wind of a possible Enel-Suez deal last year and forced the latter into a tie-up with Gaz de France instead -- to the ire of the Italian government. Endesa is the only big fish available in Western Europe, and it's available only because the European Commission has spent the past year badgering Madrid for its protectionism. Yet the payoff for buying only a minority stake isn't clear.

Brussels deserves credit for its persistence in the Endesa case, even if Enel may negate much of that good work. Still, the difficulty it's had in enforcing cross-border competition here shows that the balance of power still lies in national capitals. Recognizing this, EU antitrust chief Neelie Kroes is threatening to break up energy companies into suppliers and distributors in order to boost energy-sector competition.

We think it's too early for such a drastic and largely irreversible step. But Madrid, Rome and Paris aren't doing themselves, their utilities or their citizens any favors by indulging in these power plays.

XM-Sirius Merger Provides Little Airtime For Antitrust Issues (DEAL)

By Cecile Kohrs Lindell, The Deal

The Deal, March 2, 2007

The brand-new House Committee Antitrust Task Force took up the proposed merger between the nation's two satellite radio companies Wednesday, discussing technology, economics and personalities. Antitrust law, which will weigh big in the deal's ability to win government approval, received very little airtime.

Sirius Satellite Radio Inc.'s CEO Mel Karmazin was the headliner at the standing-room-only event as he pitched his company's merger with rival XM Satellite Radio Holdings Inc. He did his best to express his willingness to work with regulators and Congress to get the deal approved. But if the deal is ultimately rejected, he said, both XM and Sirius would be able to go on as separate and viable businesses.

But David Rehr, president and CEO of the National Association of Broadcasters, repeatedly told the room that the merger would be a "government-sanctioned monopoly," and that allowing the combination "portends great potential harm to the American public and to the many benefits of free local radio broadcasting."

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Representatives invited one antitrust lawyer not involved with the deal to shed light on how the Department of Justice would examine the merger. Charles Biggio, a partner at Wilson Sonsini Goodrich & Rosati, testified that the DOJ's antitrust division would likely issue a second request for information on the deal in order to adequately tackle the various issues.

"The ultimate question the antitrust division will ask in reviewing the XM-Sirius transaction is whether the transaction will create or enhance market power; that is, whether it will cause prices to go up, output to go down, or quality or technological development to deteriorate in a relevant market affected by the transaction," Biggio said.

The analysis, he continued, would look at advertising, distribution via retail outlets and car manufacturers, content purchases and consumer subscriptions. Only after evaluating the effects in those areas would the staff lawyers at the DOJ consider the benefits of the deal, which have been estimated to be extensive, since the combined company would cut costs by better utilizing its satellite spectrum.

After his prepared testimony, however, lawmakers had virtually no questions for Biggio.

A number of the representatives acknowledged they, or their family members, are current subscribers to one or the other satellite service.

Rick Boucher, D-Va., said that satellite radio companies may compete more with terrestrial radio stations than Rehr was willing to acknowledge, given a report released this week by international media and marketing research firm Arbitron Inc. That report said a survey of satellite radio users indicates that only 3.4 percent of radio listeners use satellite radio. Satellite radio listeners on average listened to far more radio, and actually listened to more terrestrial radio than satellite radio, according to the survey.

Several representatives told the witnesses they were keeping an open mind about the merger and would look forward to further information.

FTC Clears Carlyle's Philosophy Buy (AP)

AP, March 2, 2007

Federal Regulators Approve Carlyle Group's Acquisition of Skin Care Company Philosophy

WASHINGTON (AP) -- Federal antitrust regulators approved Carlyle Group's purchase of cosmetics and skin care company philosophy inc., according to a notice issued by the Federal Trade Commission Thursday.

The FTC cleared the sale without requiring any changes.

Carlyle, a private equity group, announced the purchase Jan. 31, but did not disclose terms of the deal. Philosophy sells through retailers and television shopping channels and was the top beauty brand on QVC in 2006, Carlyle said.

Carlyle also said in announcing the deal that it was its third consumer and retail acquistion in 11 months, after its purchase of Dunkin' Brands in March 2006 and Oriental Trading Co. in July 2006.

FTC Clears Purchase Of Mirant Plants (AP)

AP, March 2, 2007

Federal Regulators Approve $1.4B Purchase of Mirant Power Plants by Private Equity Firm

WASHINGTON (AP) -- Federal antitrust regulators approved the $1.4 billion sale of six power plants by Mirant Corp. to LS Power Equity Partners, according to a notice issued Thursday by the Federal Trade Commission.

The FTC cleared the sale without requiring any changes.

Mirant said when announcing the sale in mid-January that it expects net proceeds of $1.32 billion, after paying off $83 million in debt.

The plants, all in the U.S., produce a total of 3,619 megawatts of power. Mirant is selling its Michigan Zeeland plant, its West Georgia plant, its Shady Hills plant in Florida, its Sugar Creek plant in Indiana, its Bosque plant in Texas and its Las Vegas-based Apex plant.

LS Power Equity is part of private equity firm LS Power Group.

Shares of Mirant rose 72 cents, or almost 2 percent, to $37.91 in late afternoon trading on the New York Stock Exchange.

FCC Sides With Cable Phone Firms (USAT)

By Paul Davidson

USA Today, March 2, 2007

In a move that's expected to bring new discount phone services to millions of rural Americans, the Federal Communications Commission ruled Thursday that local phone companies cannot block cable providers' rival Internet-based phone offerings.

"The commission must promote competition," FCC Chairman Kevin Martin said.

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In an FCC petition last year, Time Warner Cable complained that rural carriers in South Carolina and Nebraska refused to set up connections so users of the company's Voice over Internet Protocol (VoIP) service and rural phone customers can exchange calls. The carriers also would not provide local phone numbers and 911 services.

Time Warner typically leases these services from MCI and Sprint, which, in turn, lease them from the rural phone companies.

The rural carriers claimed a federal law promoting competition doesn't require them to provide the services because MCI and Sprint would not serve residents directly. They also noted VoIP has not been labeled a telecommunications service. State regulators in South Carolina and Nebraska sided with the rural carriers. Similar battles are playing out in other states.

But FCC staff said wholesale providers are entitled to the same network-leasing privileges as retail companies and that VoIP's classification is irrelevant.

Cable companies have lured millions of VoIP customers from local phone giants in major cities but largely have been shut out of less-populated markets, many of which have no land-line phone alternative. "This will enable Time Warner Cable to deploy its digital phone service to areas that have been denied the benefits of competition," the company said in a statement.

VoIP requires a broadband line and sends calls over the Internet.

Analyst Jessica Zufolo of Medley Global Advisors says the ruling should let cable companies "fully penetrate these rural markets."

But Dan Mitchell of the National Telecommunications Cooperative Association, which represents rural companies, says the FCC should have first resolved how much VoIP providers must pay local phone companies to connect calls. They now often pay very little.

"They're imposing costs on our networks and not paying for it," Mitchell said. "From our perspective, that's unfair competition."

FCC Grants Internet Phone Access (WP/BLOOM)

By Molly Peterson

The Washington Post, March 2, 2007

Rural telephone companies must allow carriers such as Verizon Communications to use local lines to connect Internet-based calls, U.S. regulators said yesterday.

The Federal Communications Commission ruling, in granting a petition filed by Time Warner Cable, "will enhance consumers' choice for phone service by making clear that cable and other [Internet phone] providers must be . . . allowed to put calls through to other phone networks," FCC Chairman Kevin J. Martin said in an e-mailed statement.

AT&T and Verizon, the two biggest U.S. phone companies, supported Time Warner Cable's petition.

The FCC order overrides rulings by state regulators in South Carolina and Nebraska that barred certain carriers from connecting calls using voice-over-Internet protocol, or VOIP, to traditional local phone lines. The South Carolina regulators said Verizon had no right to route Internet-based phone calls through lines owned by rural-phone companies as part of a wholesale service it sells to Time Warner Cable, a unit of Time Warner Inc.

The state rulings would have impeded phone competition, the commission said in its decision. They also would have hindered the deployment of high-speed Internet access, the FCC said.

Cable companies have invested more than $100 billion on broadband networks "to offer consumers a wide array of new services, and this action will speed the rollout of digital voice service in many more markets," said Kyle McSlarrow, president of the National Cable & Telecommunications Association.

Oracle Adds Business-Intelligence Firm Hyperion (WSJ)

By Vauhini Vara

The Wall Street Journal, March 2, 2007

Oracle Corp.'s roll-up of smaller software concerns continues to roll on, with a twist in emphasis.

The deal announced yesterday -- a tender offer for Hyperion Solutions Corp. for $3.3 billion, or $52 a share -- highlights the business-software giant's shift from buying head-on rivals in maturing markets to snapping up players in fast-growing niches. Hyperion specializes in business-intelligence software, a hot field where Oracle has been a relatively minor player to date.

The transaction, which sent Hyperion's shares up 20% and moved the stocks of other companies in the sector, would be Oracle's largest acquisition since it acquired Siebel Systems Inc. for $5.85 billion in 2006.

In the past two years, Oracle Chief Executive Larry Ellison has spent upward of $20 billion on buying more than 25 software firms. Early on, Oracle used big bids for major rivals such as PeopleSoft Corp. and Siebel to build itself into the No. 2 maker of applications for business tasks, such as finance and human resources, after German rival SAP AG. Those deals

significantly beefed up Oracle's own applications business and customer list, while creating opportunities to increase profit by laying off employees in duplicate positions.

But lately, the company has focused on smaller acquisitions in areas such as security and content management, as well as firms focused on specific industries.

DEAL JOURNAL

1 · Read the Journal's new daily take2 on the high-stakes world of deal making, and see more in our new Deals & Deal Makers page3.

The Hyperion acquisition is the latest reflection of that plan. The company focuses on programs that help companies collect, analyze and share data about how their businesses are performing -- an increasingly important field as businesses seek to extract more usable knowledge from their growing troves of business data.

Forrester Research found in a recent survey that 13% of businesses plan to make first-time purchases of business-intelligence software this year -- more than in any other area of application software.

"In applications, [Oracle's] strategy has been to gain critical mass," UBS analyst Heather Bellini said. Now, the company is using its cash to drive revenue growth, not just cost savings, she said.

Where Oracle cut the former sales teams of PeopleSoft and Siebel, for example, it plans to squeeze cost savings from other parts of Hyperion.

"They've got a sales force," Safra Catz, Oracle's chief financial officer, said on conference call. "We're keeping it intact."

Oracle expects the transaction to be accretive to Oracle's earnings on a non-GAAP basis by at least one cent per share in fiscal year 2008 ending in May of that year and by at least four cents per share in fiscal 2009. The deal, subject to customary conditions, is expected to close next month.

Oracle had been in talks for months with Hyperion, of Santa Clara, Calif., and with rivals in the field that include Cognos Inc. and Franco-American Business Objects SA, according to people familiar with the matter. Oracle, Redwood Shores, Calif., was looking for a purchase that would fit with its own business-intelligence software and liked Hyperion because there was little overlap between the companies' products.

Analysts say they expect Oracle to focus, going forward, on similar types of deals in other niches. Major rivals, such as SAP, could now decide to snap up the other business-intelligence specialists, they suggested.

A spokesman for SAP, however, emailed a statement that appeared to question the wisdom of trying to grow through large deals. "This latest acquisition only further muddies Oracle's already cluttered application landscape," he wrote.

The latest deal sent Hyperion shares up $8.73 to $51.57 as of 4 p.m. in Nasdaq Stock Market composite trading. Oracle shares rose 34 cents, or 2.1%, to $16.77, also on Nasdaq, where Cognos shares rose 95 cents, or 2.5%, to $39.06, and Business Objects' American depositary shares fell 98 cents, or 2.7%, to $35.12.

Hyperion has ridden a wave of demand for software that helps companies analyze corporate data, counting 91 of the Fortune 100 companies as customers. Its revenue rose 9% to $765.2 million in its 2006 year ended June 30.

Hyperion has had to make acquisitions of its own as the software industry consolidates. Most recently, it announced in January that it would acquire, under undisclosed terms, closely held Decisioneering Inc., which makes software to help companies predict how they should run their business.

Separately, Oracle is making changes in its product-development organization, having fewer executives report to John Wookey, senior vice president of applications development, according to people familiar with the matter.

Edward Abbo, a senior vice president in charge of customer-relationship-management products, will take on broader responsibilities for Oracle's existing product lines, these people said. Mr. Abbo reports to Mr. Wookey.

Some of the other executives who reported to Mr. Wookey will now report to Mr. Abbo, these people said.

Oracle To Buy Hyperion Solutions In $3.3 Billion Deal (USAT)

By Jon Swartz

USA Today, March 2, 2007

SAN FRANCISCO — Oracle bagged Hyperion Solutions for $3.3 billion on Thursday, renewing a furious shopping spree to unseat business-software leader SAP.

The cash deal, if approved by regulators, gives Oracle the keys to Hyperion's line of software used by corporate executives to track their company's performance — software that is also widely used by SAP customers.

The Hyperion acquisition is Oracle's biggest since it snapped up Siebel Systems for $6.1 billion last year. Oracle has spent more than $20 billion on almost 30 acquisitions in the past two years.

Oracle will pay $52 per share for Hyperion, a 21% premium above the most recent closing price of Hyperion's stock. Hyperion shares soared 20%, to $51.57, after the deal was announced Thursday. Oracle shares edged up 2%, to $16.77.

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Oracle's acquisition could trigger a ripple effect, tech analysts say.

AMR Research analyst Bruce Richardson says Canada-based Cognos could be a takeover candidate for IBM, and France-based Business Objects may be courted by SAP. Hewlett-Packard might also sniff around for a purchase, he says.

"I would be surprised if something doesn't happen in 60 days. This is one of the last virgin markets," he says.

Business Objects is "keen" to remain independent and court Hyperion customers wary of the Oracle takeover, says Keith Gile, a senior adviser for Business Objects.

"We see this deal as a positive for us in eliminating Hyperion as a competitor," Gile says.

The purchase of 2,700-person Hyperion continues an aggressive expansion plan by Oracle CEO Larry Ellison to bolster his company's business-applications software, which automates a wide range of administrative tasks. Most of Oracle's revenue comes from its flagship database-software franchise, but growth in that market has slackened.

The Hyperion deal "beefs up" Oracle's business-intelligence software, David Hilal, managing director of Friedman Billings Ramsey, said in a report Thursday. "Unlike the acquisitions of PeopleSoft and Siebel, where there was meaningful product overlap, this deal is more complementary," he said by phone.

SAP still commands a healthy lead in the $56.4 billion market, but Oracle has chipped away by snapping up software makers such as PeopleSoft and Siebel. About 55% of Hyperion's 12,000 customers are also SAP customers, according to AMR Research.

Oracle expects a jump in sales and "some very significant (cost) efficiencies" because of Hyperion, Chief Financial Officer Safra Catz said on a conference call with analysts Thursday.

Hyperion earned $63 million on revenue of $765 million in its last fiscal year.

$8.6 Billion Acquisition Of Qantas OK'd (AP)

AP, March 2, 2007

(AP) - SYDNEY, Australia-The proposed $8.6 billion acquisition of Qantas Airways Ltd. by an investor group cleared a hurdle Thursday when the Australian competition watchdog said it will not oppose the sale.

The Australian Competition and Consumer Commission, or ACCC, said while market inquiries during a comprehensive review of the proposed acquisition had revealed a range of potential competition issues arising from the interests of the bidding consortium members, it ruled the deal is "unlikely to substantially lessen competition" under federal trade laws.

Qantas' board has recommended shareholders accept the bid by Australia's Macquarie Bank, Forth-Worth based Texas Pacific Group, Canada's Onex Corp. and others, which was first announced mid-December. It would be one of Australia's biggest-ever corporate takeovers.

ACCC chairman Graeme Samuel said while the regulator has closely reviewed whether Macquarie Bank's "partial direct and indirect interests" in Qantas and Sydney Airport could lead to discrimination in favor of Qantas by Sydney Airport management, it appeared there are "not clear incentives" for the bank to do this.

The ACCC found there is not likely to be a substantial lessening of competition across a range of aeronautical services, domestic and international air passenger services, aircraft parts and leasing, airline catering and ticketing services.

In a statement, the bidding consortium Airline Partners Australia said it welcomes the ACCC ruling and has worked with the regulator to "address all relevant issues in relation to our bid."

The government's Foreign Investment Review Board is due to report to Treasurer Peter Costello next week on whether the bid breaches foreign ownership laws. Costello can block the sale if he believes it would not be in the national interest.

Costello said that a Senate inquiry announced Thursday into the sale would not delay his decision.

Qantas Buy-out Plan Clears Hurdle (FT)

By Raphael Minder

Financial Times, March 2, 2007

A proposed A$11.1bn (US$8.7bn) buy-out of Qantas, the Australian airline, yesterday cleared a big hurdle when the country's antitrust regulator ruled the takeover was unlikely to strangle competition. Graeme Samuel, chairman of the Australian Competition and Consumer Commission, said the watchdog's review had identified some potential issues of concern, in particular relating to Sydney airport.

But he said the concerns were not enough to suggest the deal could lead to "a substantial lessening of competition". Australia's leading airport is controlled by Macquarie, the investment bank that has spearheaded the buy-out offer for Qantas.

Peter Costello, Australia's treasurer, is expected in the next few days to receive a report from the Foreign Investment Review Board to determine whether the deal would run against the "national interest".

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The consortium, which also includes Texas Pacific Group and Sydney-based Allco Equity Partners, has structured the deal so that foreign investors own only 39 per cent of the equity.

The Senate, the upper house of parliament, is also preparing to conduct a separate review of the deal.

Raphael Minder, Sydney

ENVIRONMENT:

Md. To Investigate Dumping On Site In Rural Montgomery (WP)

By Miranda S. Spivack

The Washington Post, March 2, 2007

Two Maryland agencies are investigating a two-acre pile of debris that has been dumped by a landscaping firm for the past eight years on a secluded site near the Patuxent River, a source of drinking water for the region.

The dump sits on property owned by Pepco in northeastern Montgomery County and rises 20 feet in places. It contains yard and construction waste, including cable, concrete and closed canisters, said government officials who have inspected the site. At one point last year, the debris pile was smoldering and emitting steam.

County officials have been aware of the dump since early 2006, but they did not order removal of the debris or issue fines to Pepco or Kollins Landscaping, the Brinklow firm dumping on the site. The dumping stopped a year ago after a frustrated neighbor obtained a court order. Not until last month did county officials begin examining the dump's contents more closely to assess its toxicity.

Log entries made by a county investigator who examined the site in early 2006 indicate that Pepco knew about the dumping and allowed it to continue.

"Through my conversation with Pepco it is clear that they are aware that Kollins Landscaping is placing materials at this location and that they have let it go on. However this still constitutes an illegal transfer station," said a log entry written in early 2006 by Peter R. Dilima, an inspector with the county's Department of Environmental Protection. Dilima did not respond to requests for comment.

Michael Boland, associate general counsel with Pepco, disputed that assessment.

"I don't know the inspector or how accurate or inaccurate he might have been with his notes and recollections," Boland said yesterday. "We don't permit anything like this. As soon as we became aware of it, we addressed it, and the county inspector thought it had been addressed," he said.

The county's inspector general, Thomas Dagley, whose office is independent of the executive branch, referred the matter to the state attorney general's office and the state Department of the Environment last month. Both agencies have sent investigators to the site in Ashton, state and local officials said.

Dagley said the site, a few hundred feet from the Patuxent River, needs to be examined further to determine whether the dump is toxic. The river is used not only for drinking water but also for fishing and recreation.

"For allegations involving environmental crimes, it is important to the county and state investigators to coordinate," Dagley said. "Unless there is fact-finding at the state level, no one can answer the question of 'Is this an isolated dump on a Pepco site or one of many?' "

County officials said they are focusing on removing the material and pointed out that County Executive Isiah Leggett (D), who took office in December, had inherited the situation.

"We want to work with Pepco to clean it up," said Timothy Firestine, the county's chief administrative officer. "Our position is it needs to be cleaned up. It has been going on for a long time. Wrongs have certainly occurred."

Firestine said county officials estimate that 120 truckloads of debris need to come out. He said efforts are underway to ensure that the removal of the debris does not cause environmental damage.

Dilima's log indicates that several officials in the county's environmental and permitting agencies were told of the debris in early 2006. But dumping continued even as Pepco worked to distribute the waste on the site to try to speed decomposition, Dilima's log indicates.

Last March, a neighbor, Steve Kanstoroom, obtained a court order to stop dump trucks from using a nearby road to reach the site. Even so, one load was dumped there in June, records show.

Dilima's log, which Kanstoroom obtained through a public records request, indicates that the inspector initially urged the removal of the debris but that he agreed to allow most of the material to remain after a Pepco forester proposed spreading it around the site.

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According to the log, Pepco forester David Paduda, who patrols the area, told Dilima that he and "others from his office" had a plan to remove some material and leave some to decompose on the site. The log says Paduda also told Steve Pullum of Montgomery's Department of Permitting Services and Paul Kolanowski of Kollins Landscaping of his plan.

Dumping such material legally would be expensive: The county transfer station in Shady Grove charges about $300 to $500 for a truckload of solid waste. Dumping natural wood waste is generally less expensive.

Illegal dumping, a misdemeanor in Montgomery, is punishable by six months in jail and a $1,000 fine. Unauthorized storage of solid waste on private property carries a fine of $500 a day.

Because the Ashton dump is near a stream that feeds into the Patuxent River, fines also could be imposed under federal environmental laws.

In mid-March 2006, the dump began giving off steam and possibly smoke, officials said, and it smoldered for several weeks under Pepco's overhead electrical transmission wires. Boland, the Pepco attorney, said yesterday the company did not believe the heat from the dump posed a danger.

Firefighters, inspectors and a state forester arrived to examine the site, but no one tested the dump's contents, according to Dilima's log. Officials agreed to leave the material alone and let it burn out on its own, the log says. Elizabeth Brigham, who lives nearby and is related to Paul Kolanowski, owner of the landscaping firm, was assigned to monitor it, the log says.

"Something is terribly wrong when the county refuses to take enforcement action against corporate polluters . . . and private citizens are left trying to protect their property by acting as a private attorney general," Kanstoroom said.

Kanstoroom said he became aware of the dump several years ago. He said he spoke to Kolanowski about it and thought the dumping had stopped. In early 2006, Kanstoroom began seeing Kollins Landscaping trucks carrying debris into the area and driving out empty. Kanstoroom said he asked Kolanowski to stop it, but the dumping continued. He said he then reported his observations to several county agencies and sent Pepco and county officials a video that showed the dump and the trucks.

Kolanowski declined to comment other than to say the dispute over the dump "was resolved over a year ago."

A few days after Kanstoroom sent out the video, he said, he visited the site and noticed that someone had bulldozed the debris, covered it with dirt and pushed some of it toward a stream that leads into the Patuxent, where much of it remains. Several weeks later, Kanstoroom filed suit in Circuit Court.

County Council member Marc Elrich (D-At Large), whom Kanstoroom approached for help, said the case shows a fundamental breakdown in the county's enforcement of environmental regulations.

Elrich said: "We are trying to ask the county, 'Why were you not able to deal with this? . . . Why was nobody cited? Was it an administrative process with a bottleneck? Or is the law so unclear that you feel you couldn't deal with this? I have met with every department involved."

He added, "Nobody should have to go through this again."

The Climate-Change Precipice (WP)

By David Ignatius

The Washington Post, March 2, 2007

The scientific debate about whether there is a global warming problem is pretty much over. A leading international group of climate scientists reported last month that the evidence for global warming is "unequivocal" and that the likelihood it is caused by humans is more than 90 percent. Skeptical researchers will continue to question the data, but this isn't a "call both sides for comment" issue anymore. For mainstream science, it's settled.

The question now is what to do about global warming. This is a political problem more than a scientific one. The solutions (if we can agree on any) will require political will and imagination -- and also pain. That was my only reservation about the Oscar night celebration of Al Gore's leadership on this issue. The gowns and black ties and the celebrity back-slapping made it look like dealing with global warming will be fun, a walk down the red carpet. But it's more likely to be about catastrophe and how to share the pain.

These issues come into focus in a startling new report by futurist Peter Schwartz. He turns the usual discussions upside down: Rather than starting with detailed estimates of climate change (how much temperatures will increase; how much sea levels will rise; what new diseases will be spawned), he looks instead at systems that already are vulnerable to such stresses.

What Schwartz discovers with his stress-testing makes climate change even scarier: The world already is precarious; the networks that maintain political and social order already are fragile, especially in urban areas; the dividing line between civilized life and anarchy is frighteningly easy to breach, as the daily news from Iraq reminds us. We look at the behaviors of butterflies and migratory birds as harbingers of climate change. But what about early effects on human beings? "The steady escalation of climate pressure will stretch the resiliency of natural and human systems," writes Schwartz. "In short, climate change pushes systems everywhere toward their tipping point."

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Schwartz's report, "Impacts of Climate Change," was prepared by his consulting group, Global Business Network, for a U.S. government intelligence agency he doesn't identify. The text of the report is available at the online discussion forum PostGlobal (http://www.washingtonpost.com/postglobal). Here's a brief trek through the ravaged landscape Schwartz describes.

A first set of disasters waiting to happen involves stressed ecosystems. Human actions -- deforestation, overfarming, rapid urbanization -- have created special vulnerabilities to catastrophic natural events that are likely as the climate changes globally. In an interview, Schwartz cited the example of Haiti, which because of deforestation and loss of topsoil is "an ecosystem at the edge." A prolonged drought or a devastating hurricane could tip Haiti over that threshold -- and produce a refugee crisis of tens of thousands of boat people fleeing a devastated country.

Or take the problem of rising sea levels: Climate scientists are uncertain how fast the icecaps will melt and the seas will rise. But in Bangladesh, where millions of people live at or near sea level, even a small increase could produce a catastrophe. In a severe monsoon, 60 million to 100 million people could be forced to flee inundated areas, Schwartz warns, producing "the single greatest humanitarian crisis we have ever seen."

Lack of water may be as big a problem as flooding. Schwartz notes that more than 700 million people now live in arid or semi-arid areas. Climate change could tip this balance, too, producing severe water shortages and even "water wars." Tens of millions of people may become water migrants. The world's feeble political systems can't cope with existing migration patterns, let alone this human tide.

And finally, there is the problem of maintaining social order in a stressed world. You don't have to go to Baghdad to see how quickly the social fabric can be shredded; just look at New Orleans after Hurricane Katrina. The stresses come in part from rapid urbanization. Schwartz notes that in 1900, one in 20 people lived in cities; today it's about half, and the percentage is rising fast. Without strong and supple governments, this could become a world of vigilantes and militias, desperate to control scarce resources.

The big problems in life aren't the ones that hit you by surprise but the ones you can see coming. That's surely the case with climate change: We can measure it, we can imagine its catastrophic effects. But can we do anything to stop it? If we let ourselves visualize how bad it could get, as Schwartz does in this report, will we make changes that might reduce the disaster? That's the real stress test: It's coming at us. What are we doing about it?

Uncle Sam's Greenhouse Gases (WSJ)

The Wall Street Journal, March 2, 2007

Stop the presses: Senator Barbara Boxer of California has a good idea. Ms. Boxer, who heads the Senate Environment and Public Works Committee, suggested last week that a first step in reducing greenhouse gases would be to require that federal buildings use more efficient light bulbs, and ask federal bureaucrats to turn off their computers at night.

"Don't you think it's time the federal government were a model of energy efficiency?" she asks. We warmly agree, not least since the United States Government is the largest single consumer of energy in the United States.

It's also one of the most inefficient energy users. According to a 1999 report by the Alliance to Save Energy, the "federal government, consumes about 32% more energy per square foot than the nation's building stock at large." This inefficiency costs taxpayers an estimated $1 billion a year. In Al Gore's phrase, Uncle Sam's leaving one giant "carbon footprint."

Of course, it follows from all this that the best way to make the federal government more energy efficient would be to undertake a government-wide policy of . . . lights out, permanently. Save the environment; kill a federal program.

Start, needless to say, with the Department of Energy, operating at an annual cost of $22 billion. The U.S. Government Accountability Office reports that from 1980 to 1996 Energy frittered away more than $10 billion on programs that were "terminated before completion." On behalf of combating climate change, America could live without DOE's Energy Hog Webgame for kids, which cost taxpayers $325,000.

The Senate Government Reform Committee has identified more than $200 billion of budget savings, enough to easily balance the budget, by eliminating redundant and wasteful federal activities. They'd have to open that nuclear-waste dump at Yucca Mountain to bury all the turned-off lightbulbs and computers. At this rate, Barbara Boxer might eclipse Al Gore as the Democrat who saved the planet. The key to success is one wonderful word -- "efficient."

FBI/DEA/ATF/USMS:

Feds Target Gang Gun Connection (CHIT)

By Jeff Coen, Tribune staff reporter

Chicago Tribune, March 1, 2007

DOJ_NMG_0139017

The arrests of 19 people in Chicago and Mississippi in a gun-trafficking conspiracy offer a snapshot into the illegal gun trade in which gang members here end up with high-powered weapons, federal authorities said Wednesday.

A loose organization made up of relatives, their friends and associates allegedly arranged for the purchase of more than 100 guns in Mississippi, where laws are relatively lax, and transport here for sale to gangs such as the Gangster Disciples.

About three dozen weapons eventually were recovered at Chicago crime scenes, including a shootout last year in which two people were killed and a police officer wounded, investigators said.

"When you add illegally obtained heavy-caliber firearms to the already volatile mix of gangs and drugs on the streets of Chicago, the result to say the least is an unacceptable level of violence," said Gary Shapiro, first assistant U.S. attorney in Chicago.

Three people were in custody in Chicago and 15 in Mississippi after a team of agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives and officers from the Chicago Police Department and Illinois State Police cracked down on the group early Wednesday.

Shapiro said gun-running operations like the one dismantled Wednesday contribute significantly to crime in the city.

It "threatens not only those who try to enforce our laws, but also the law-abiding citizens who only wish to live their lives in the neighborhoods that the gangs are trying to dominate," Shapiro said.

Recovered guns included two assault rifles and several high-powered handguns, Shapiro said.

Authorities said gun brokers in Chicago worked with traffickers, who recruited buyers in Mississippi. Those buyers made what are known as "straw purchases" at a group of three pawn shops and a gun store in Clarksdale and Tunica, Miss., falsely claiming that the guns were for them.

An ATF affidavit filed in the case outlines when weapons were purchased by alleged conspirators and when those guns turned up in Chicago.

On July 30, 2005, one of the buyers, Percy Strong, 54, of Jonestown, Miss., bought a 9mm handgun at Krosstown Trade and Pawn in Clarksdale, according to the affidavit Last October, Chicago police trying to thwart a gang hit in Humboldt Park pulled over a car full of New Breeds gang members who were on their way to shoot a rival.

The gang members pulled out an assault weapon and the pistol Strong had bought at Krosstown, authorities said. A shootout ensued that left two of the gang members dead and a police officer shot in the hand.

In December 2003, Strong bought another 9mm pistol from Krosstown. That weapon was recovered by Chicago police in the South Side bedroom of a convicted felon, along with a stash of drugs, according to the affidavit.

On Sept. 1, 2003, Strong bought a .45-caliber pistol at the same business, the affidavit states. Less than two months later, the gun was recovered after a Gangster Disciple street gang member used it to shoot someone in the 5700 block of South Wabash Avenue.

Another buyer, James Jiles of Clarksdale, bought a semiautomatic rifle at Mega Pawn in that town. Police executing a search warrant on the South Side in 2004 found the weapon in the possession of a member of the Mafia Insane Vice Lords, the affidavit states.

ATF leaders said they began to crack the network by analyzing gun data, discovering that between 2001 and last fall, 300 guns recovered by law enforcement in Northern Illinois came from the Clarksdale and Tunica shops. Records from those businesses were then used to identify the purchasers, who were questioned by investigators and who blamed others in the network.

Strong told the ATF he was recruited by Eddie Nesby, 25, of Chicago, who was among those charged. Nesby paid him $250 cash in addition to the cost of the gun, authorities said, but other buyers were paid as little as $20 or $50.

Many involved in the scheme knew where the guns were headed, investigators said, and attempted to destroy the serial numbers on many of the weapons. Most of the guns remain on the street and unaccounted for.

Other Chicagoans arrested and charged in the conspiracy in addition to Nesby were Julius Statham, 37, who allegedly bought some of the weapons in Chicago; and Antonio Brunt, 30, who along with Statham was accused of using a relative to obtain firearms in the South.

Attorneys for the men could not immediately be reached for comment.

Andrew Traver, special agent in charge of the Chicago ATF, said the case is a good example of how firearms-trafficking works. Traver called it a growing problem that involves more-sophisticated groups moving deadlier firearms.

"Back in the late '80s and early '90s, it was generally one person with a trunkful of guns who would drive up and sell them," he said. "Now we have these groups of people, where they recruit family members or associates in states that tend to have more lenient gun laws than Illinois."

Mississippi does not require a special firearm owner's identification card to buy a gun, authorities said, and has no waiting period.

DOJ_NMG_0139018

Officials Break Up Gunrunning Operation (JCL)

By Andrew Nelson

Jackson Clarion-Ledger, March 1, 2007

Purchasers would buy weapons in Miss. because of lax firearm laws and send them to Chicago brokers

Nineteen people suspected of putting more than 300 Mississippi-purchased firearms in the hands of Chicago street gang members were arrested Wednesday, most in the Delta town of Jonestown in Coahoma County.

At least one of those guns is believed to have been used in a shootout with police in November that left an officer wounded and two alleged gang members dead.

At a news conference in Chicago following the arrests, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and an assault-style shotgun, The Associated Press reported.

"They just weren't your regular handguns," Monique Bond, a spokeswoman for Chicago Police Department, told The Clarion-Ledger. "These were assault-type weapons - heavy artillery."

According to Bond, brokers in Chicago arranged to have guns purchased in Mississippi because of the state's "lax gun laws."

Purchasers were recruited to buy the weapons at three different pawn shops in Clarksdale and Tunica, Bond said. Those purchasers knew the guns were going to be used illegally, she said.

The sellers have cooperated with authorities and are not suspected of being involved, said Senior Special Agent Austin Banks of the Bureau of Alcohol, Tobacco, Firearms and Explosives. He would not identify the shops.

After the weapons made it to Chicago, they were used in crimes, Bond said.

One 9 mm pistol is believed to have been used in November by members of the New Breeds gang in a gunfight with police on the city's west side.

Many of the members of the group are related, Banks said. The Mississippians arrested all had family or friends in the Chicago area.

The 15 arrested in Mississippi are expected to be arraigned Thursday in Oxford, Banks said. The four arrested in Chicago will be arrainged there.

Each charge carries a sentence of five to 10 years. Some of the suspects face multiple charges.

Weapons Crackdown Nets Feds 19 Arrests (AP)

By Mike Robinson, AP Legal Affairs Writer

AP, March 1, 2007

CHICAGO -- Nineteen people have been charged with taking part in gun-running operations from Mississippi to Chicago that provided high-powered weapons to street gangs, federal prosecutors announced Wednesday.

"When you add illegally obtained firearms to the already volatile mix of gangs and drugs on the streets of Chicago the result is an unacceptable level of violence," said Gary S. Shapiro, the first assistant U.S. attorney in Chicago.

At a news conference, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and a sinister-looking, assault-style shotgun.

Fourteen of those accused were charged in a complaint unsealed in Chicago on Wednesday. Three of those charged were arrested in Chicago Wednesday, and 10 were arrested in Mississippi. One other was already in jail, authorities said.

Five others were charged by federal officials in Mississippi.

Prosecutors said 301 guns confiscated by police and agents in Chicago over five years were traced to federally licensed gun dealers at four shops in Tunica and Clarksdale, Miss.

They said typically, so-called straw purchasers with clean records would buy the guns under orders from brokers who would then have them taken to Chicago and sold to members of the Gangster Disciples and other gangs.

Often, the serial numbers were obliterated in an effort to hide the origin of the guns from police and federal agents, authorities said.

The investigation was conducted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives along with the Chicago Police Department and the Illinois State Police.

Police say they confiscated well over 10,000 guns in Chicago last year, which they said was a fairly typical year. Officials said that indicates that the guns recovered in the latest investigation are only a small part of the weapons being brought into Chicago, where individuals may not buy guns.

Feds Charge 19 In Mississippi Gun Pipeline (CHIST)

By Frank Main, Crime Reporter

Chicago Sun-Times, March 1, 2007

Weapon from gang shoot-out came from state

A 9mm handgun recovered last year in a Chicago Police standoff that left two gang members dead was one of hundreds of guns smuggled here from Mississippi, officials said Wednesday.

Federal prosecutors unsealed gun-trafficking charges against three Chicago men and 16 others from Mississippi. Members of at least four Chicago gangs bought the smuggled weapons from the traffickers, federal prosecutors said.

"The violent activities of these gangs have been disrupted," Chicago Police Deputy Supt. Hiram Grau said.

Could be hundreds more The Chicago defendants include convicted felons Eddie Nesby, 25, Julius Statham, 37, and Antonio Brunt, 30.

Nesby allegedly told investigators he recruited Percy Strong of Mississippi and others to buy guns for him there. Strong could buy guns because he was not a felon, officials say.

In 2005, Strong bought a 9mm Hi-Point pistol at a Clarksdale, Miss., pawn shop. The Hi-Point was recovered last October in the 3200 block of West Augusta after officers stopped a car containing gang members getting ready to shoot a rival, police said. The gangsters pointed the Hi-Point and an AK-47 at officers, who opened fire and killed two of them, police said.

Chicago Police, State Police and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives have been investigating the Mississippi-to-Chicago gun pipeline since 2001. The defendants named Wednesday were allegedly responsible for 39 Mississippi guns recovered by law enforcement officials in Chicago. Authorities have not found 117 other Mississippi guns distributed in Chicago by the defendants, officials said.

Investigators are looking into whether about 200 other Mississippi guns recovered in Chicago were smuggled by the same defendants.

One gun bought in Mississippi was used in a crime in Chicago just five days later.

Smugglers change tactics In recent years, gun traffickers have been selling powerful, expensive weapons such as 9mm and .40-caliber pistols -- and assault weapons such as AK-47s -- through smuggling networks, said Andrew Traver, head of ATF in Chicago. In the past, traffickers worked alone and sold cheap, easily concealed low-caliber pistols out of their cars, he said.

"The face of firearms trafficking has changed dramatically," Traver said.

fmain@suntimes.com

19 Arrested In Gun-running Ring (WLS)

By Stacey Baca

WLS-TV, ABC 7, Chicago, February 28, 2007

Federal agents and Chicago police teamed up to take down a gun trafficking ring that ran high-powered weapons from Mississippi to Chicago.

The guns -- a collection of AK-47s, Tech-9s, MAC-10s and a sinister-looking, assault-style shotgun --were reportedly purchased illegally in Mississippi and sold to gang members in Chicago.

"When you add illegally obtained firearms to the already volatile mix of gangs and drugs on the streets of Chicago the result is an unacceptable level of violence," said Gary S. Shapiro, the first assistant U.S. attorney in Chicago.

Out of the 14 arrested, 10 were taken into custody in Mississippi. Three were in Chicago and one was in jail.

Five others were charged by federal officials in Mississippi.

Prosecutors said 301 guns confiscated by police and agents in Chicago over five years were traced to federally licensed gun dealers at four shops in Tunica and Clarksdale, Miss.

"A majority of these firearms are purchased in gun and pawn shops in Mississippi. Despite the attempts to obliterate the serial numbers, Chicago police were able to trace the origins with good old-fashioned police work," said Hiram Grau, Deputy Police Superintendent.

"We've noticed in the last few years there's a definite trend to go with powerful were higher capacity, more lethal firearms," said Andrew L. Traver, ATF special-agent-in-charge.

The investigation was conducted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives along with the Chicago Police Department and the Illinois State Police.

Police say they confiscated well over 10,000 guns in Chicago last year, which they said was a fairly typical year. Officials said that indicates that the guns recovered in the latest investigation are only a small part of the weapons being brought into Chicago, where individuals may not buy guns.

"Is it the tip of the iceberg?" asked Shapiro. "You'd have to say it is."

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FBI Bust Up Mid-South "gunrunning Operation" (WMC)

WMC-TV, Memphis, March 1, 2007

It's a growing crime on which the Feds are focused.

"The movement of guns from the Mid-South to the streets of Chicago," says U.S. Attorney Jim Greenley of the Northern District of Mississippi.

Nineteen people were rounded up Wednesday and charged with running guns.

"In my 20 years of law enforcement with the ATF, this is the most successful arrest operation I've ever been a part of," says ATF agent Robert Browning.

In all, the Feds say 100 firearms went from North Mississippi to Chicago between 1999 and 2005.

Many of the weapons were distributed to gang members and used to commit serious crimes, including homicide.

"Some of these guns were involved with officers getting shot," says Coahoma County Sheriff Andrew Thompson.

Most of those charged in this latest round of arrests are from Jonestown, Mississippi in Coahoma County, but the weapons were purchased from pawn shops in Tunica and Clarksdale.

In most cases, the crooks are accused of paying people with clean records to fill out the required paperwork and buy the weapons for them.

"Often times, the people fill out the forms because they want crack cocaine or some other type of drug," says Browning.

Federal officials say without the cooperation of accomplices, these weapons would have never made it north.

"And to those who would consider buying guns for others--don't," says Greenley.

That's because it's a federal crime that could land you in the same place as these accused gunrunners.

By the way, they face 5 to 10 years in prison and up to a $250,000 fine.

Gun Trafficking Leads To Arrests (DMISS)

By Heather Berry

Daily Mississippian, March 1, 2007

Nineteen people were arrested Wednesday morning for allegedly illegally purchasing firearms in Mississippi that then were transported to Chicago for criminals and gang members to use.

"These guns found their way onto our cities' streets and were used to terrorize our citizens," said Jim Greenlee, U.S. attorney for North Mississippi.

The firearms were purchased in the Clarksdale and Tunica areas from federally licensed firearms dealers. The defendants purchased them for family members and friends, or for the exchange of money or drugs, according to Robert Browning, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives.

"Our office will be relentless in pursuing these investigations," said Browning, who is with the New Orleans division of firearms for ATF.

The investigation began as a result of the recovery of firearms in Chicago, and the case has been impending for the past couple of years, Browning said.

"We're cracking down on it," he added. "Enough is enough."

"Today was one of the most successful operations I've seen in my 30 years (of work)," said Coahoma County Sheriff Andrew Thompson.

The investigation was conducted by ATF, the Chicago Police Department and the Illinois State Police. Agents from the Mississippi Bureau of Narcotics and Deputy U.S. Marshals also assisted ATF with the arrests.

Fourteen people in Illinois were charged with strong purchase, as were five people in northern Mississippi. Under the direction of U.S. attorney Jim Greenlee and ATF Special Agent in Charge David Harper, the five defendants in Mississippi were indicted by a federal grand jury in the Northern District of Mississippi.

If proven guilty charges, the people arrested will be given a sentence of anywhere from five to 10 years, Browning said.

"It's not worth it to buy guns for someone else," Greenlee said.

The firearms were purchased in Mississippi because the state is more lax on gun laws compared to Chicago's restrictive gun laws, Browning said. In Mississippi, residents are not required to have a permit in order to own a gun.

Browning said federal laws regarding firearms are sufficient enough for them to monitor illegal activity outside the municipal laws.

"In this country we have an idea of individual freedom and the ability to buy things," Greenlee said.

But Southerners "abhor the illegal practice" of purchasing firearms for other people who are prohibited to, he said.

The defendants were taken advantage of by criminals who did not have the rights to purchase firearms, Browning said.

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Greenlee and others involved in the arrests want to warn people not to be involved in the illegal activity.

The five defendants charged in Mississippi are Clifford Moore, 26, Latoria Davis, 26, Jeannie Mae Bedford, 36, Veronica Gilliam, 27, and George Gilliam, 25. None of the defendants live in Oxford.

The others charged are Eddie Nesby, 25, Percy Strong, 54, Charles Cotton, 46, Julius Statham, 37, Roy Christopher Brunt, 29, Antonio Brunt, 30, Sylvester Rice, 29, James Jiles, 26. Arness Brunt, 26, Demetrius Burnett, 33, Percy Mattox, 33, McKinley Pitts, 29, Tammie Brown, 30, and Curtis Simmons, 25.

To turn in people who are buying guns illegally, call 1-800-ATFGUNS.

U.S. Marshals Official Accused Of Misspending Security Funds (USAT)

By Matt Kelley, Usa Today

USA Today, March 2, 2007

WASHINGTON — A U.S. Marshals Service official misspent $4.3 million meant for courthouse security and witness protection to pay for fitness centers and firing ranges at federal buildings, a Justice Department investigation found.

The Office of Management and Budget repeatedly told David Barnes not to use construction money on exercise and training facilities, citing agency policy and appropriations laws that restricted the money for improved prisoner security, the report said.

MARSHALS WARNED: Budget office specified where money was to go

Barnes, who oversees courthouse space for the agency, concealed the spending from his superiors and directed $2.6 million in construction money for fitness centers and firing ranges at 20 federal courthouses from 2000 to 2005, according to a copy of the 41-page report obtained by USA TODAY.

The agency has not acted on the report, which it received last April.

Barnes also used nearly $900,000 budgeted for witness protection to build a firing range in the Miami federal courthouse, and he used nearly $400,000 in construction money to hire fitness center staff and clerical workers at the Marshals Service headquarters, where Barnes works, the investigation found. Some workers were friends or relatives of Barnes and his subordinates and were unqualified for the jobs, the report said.

Barnes' lawyer, Charles Printz, said his client had the authority to spend construction money on firing ranges and fitness centers. Printz said the investigation was spurred by disgruntled employees and he expected his client to be cleared.

"No monies were misappropriated," Printz said in an e-mail response.

Barnes remains on the job, pending an administrative review. He could be fired, suspended or cleared.

Marshals spokesman Michael Kulstad and Paul Martin of the Inspector General's office declined to comment.

Printz referred questions to Kevin Linskey, the former staff director of the Senate panel controlling Justice Department spending. Linskey said Congress gave the agency leeway to spend its construction money, including for fitness centers and firing ranges.

In the report, the Justice Department said construction money was supposed to be for "prisoner holding space" in courthouses. In 2001, a congressional committee warned security must be tightened "before a tragedy occurs."

The report also found Barnes:

·Wasted $440,000 by bypassing Marshals Service officials and paying for contractors and construction through the General Services Administration. Printz said those contracts were legal.

·Violated ethics rules by having subordinates do work for free around his home and by forming a vanpool company used by contractors he hired. Ethics rules ban managers from receiving gifts from their employees, the report said. It also found that the vanpool company, which he initially failed to disclose, was a conflict of interest. Printz said the workers are longtime friends of Barnes and that the vanpool arrangement did not violate ethics rules.

Office Specified Where Marshals Money Was To Go (USAT)

By Matt Kelley, Usa Today

USA Today, March 2, 2007

Ten years ago, the White House budget office warned the U.S. Marshals Service to get its priorities straight: Money designated to improve courthouse security was not to be used for fitness centers or firing ranges.

The agency's construction account should be spent on securing areas used by prisoners, such as elevators, holding cells and entrances, Kenneth Schwartz, an Office of Management and Budget (OMB) official, said in a letter to a top Justice Department administrator.

MARSHALS MISSPEND MONEY: $4.3M used inappropriately

DOJ_NMG_0139022

"We are concerned with the oversight and priority setting within this program and request that the department continue to monitor USMS expenditures from this account closely," Schwartz wrote.

David Barnes, who oversees courthouse space for the Marshals Service, pressed the OMB to change the policy in several telephone conversations in 2001, Lisa Ward of the budget office told investigators. His arguments, repeated in letters, e-mails and statements to investigators: Marshals Service officers need to stay physically fit and practice their marksmanship, and facilities to do so were often expensive and far from their offices.

Eventually, the General Services Administration and the Justice Department agreed that the Marshals Service could request exemptions for the construction of firing ranges. The GSA is the independent agency responsible for construction and renovations of federal buildings.

Barnes' office asked for 14 waivers during 2003, but all were denied, records show.

In 20 cities, Barnes found ways without waivers to get the GSA to build or renovate firing ranges and fitness centers, an internal Justice Department investigation found.

The investigation by the department's inspector general found Barnes shifted money among various construction projects and bypassed his supervisors to spend nearly $3.9 million on firing ranges and fitness centers at courthouses from Alaska to Florida, and wasted $440,000 in fees by paying for contractors and construction through the GSA rather than his agency.

A Marshals Service disciplinary board will decide whether to fire, suspend or clear Barnes for what investigators found was a pattern of violating ethics rules and misspending money.

His lawyer, Charles Printz, said Barnes did nothing wrong, and the unauthorized release of the report shows a "clear and gross abuse of authority" by someone in the Justice Department.

In the report, Justice Department investigators cited the Marshals Service's lax oversight as a reason why Barnes' spending sometimes went undetected. A 2003 report from the department's inspector general found that the service couldn't always show it was spending its money the way Congress directed, for example.

John May, the service's chief of budget execution, told investigators it was "impossible to track" the spending by Barnes' office.

Barnes told investigators he did not notify his superiors about many of his spending decisions. When investigators asked Barnes about the disputed expenses, he replied, "I don't think it's a problem," the report said.

Until fiscal year 2006, however, appropriations laws said the Marshals Service construction account was to be used for building and renovating "prisoner holding space" in courthouses and other federal buildings. Both the OMB and Justice Department said that language clearly excluded firing ranges and fitness centers — a central point Barnes' attorney disputes.

The largest amount of challenged spending, $881,500, went to build a firing range in the basement of the new federal courthouse in Miami, the investigation found.

After the OMB deleted the firing range from courthouse plans approved by Congress, Barnes began pressuring the GSA to build a firing range anyway, the report says.

GSA officials said no, but Barnes signed an order directing the GSA to build the range with money from a Marshals Service account used to pay for witnesses' security, the report's attachments show.

The probe also found Barnes used about $400,000 meant for a security fence at the federal courthouse in Anderson, S.C., to begin construction of a firing range in the Tallahassee, Fla., courthouse. The GSA built the fence with $68,000 of its funds, investigators found.

The GSA stopped construction of firing ranges in Tallahassee and Seattle after Justice Department investigators questioned the projects. The Marshals Service had spent nearly $300,000 on a ventilation system for the Seattle shooting range before the project was stopped, the report said.

Courthouse security remains a problem. OMB's latest report said the proportion of courthouses that meet requirements rose from 6% in 1999 to 19% in 2003, but has remained flat since.

Subject Of Explosives Probe Left Homeless, Lawyer Says (MINNST)

By Chao Xiong, Star Tribune

Minneapolis Star Tribune, March 2, 2007

A Bloomington man who was jailed then released after federal authorities confiscated several firearms and explosive materials from his house has been left homeless after the city condemned his house, according to his attorney.

Terry L. Dahlen, 60, and his wife are living with relatives after a city official said the couple have mice and too much clutter in their basement, garage and back yard, said attorney Joe Rymanowski.

"Normally they don't condemn for that," Rymanowski said. "They say, 'Clean it up.' " Rymanowski said the couple were given until March 8 to clean up the house.

Dahlen has not been charged with any crime and was released from jail Wednesday afternoon. He agreed to be named for this story.

The last few days have been rough, Rymanowski said.

Dahlen has "been reduced to tears," he said. "He's obviously terrified."

FBI agent Paul McCabe said only that the case is still under investigation. The state Bureau of Criminal of Apprehension and the Bureau of Alcohol, Tobacco and Firearms (ATF) are part of the joint investigation into Dahlen.

Speaking on Dahlen's behalf, Rymanowski said his client is a gun and pyrotechnics hobbyist who used to be a licensed weapons manufacturer in the late 1980s and early 1990s. The materials and firearms seized by authorities are left over from the days he made firearms for sale to other hobbyists, Rymanowski said.

"None of it was illegal," he said. "He wasn't building a bomb. He wasn't threatening anybody."

Rymanowski said he's puzzled as to why federal authorities searched Dahlen's house, but added that they have been cooperative and professional.

"My question is: If he's such a menace to society, why didn't Hennepin County charge him?" his attorney said. "I think this is just another level of government harassment. People think gun collectors are nuts."

Federal authorities have not said why or for how long Dahlen has been investigated. The Bloomington and Minneapolis bomb squads were called out to his home Monday in the 1700 block of W. 84th Street. Authorities also searched a commercial retail building at 5200 47th Av. S. in Minneapolis on Tuesday that belongs to his wife, who runs a salon at the address. "Explosive materials" that required a bomb squad and the skills of military personnel also were found there.

Steve Bogdalek, assistant special agent in charge of the ATF, has said the materials found at both locations were not in danger of exploding.

Authorities have said they also found blasting caps and detonation cords at Dahlen's house. His attorney said he also had inert land mines that are sold as collectors' items and clocks in the shape of fake dynamite sticks.

Rymanowski said his client does not now have plans to take any legal action in response to the searches, condemnation of his house or arrest.

Task Force To Pursue Local Gangs (WT)

By Daniel Taylor, The Washington Times

The Washington Times, March 2, 2007

The head of the FBI's Washington Field Office yesterday said he has created a new task force to pursue federal gun and racketeering charges against gang members in Northern Virginia.

Joseph Persichini Jr., the assistant director in charge of the field office, said the task force began its work about a week ago and is made up of eight to 10 agents and representatives from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and local law-enforcement agencies.

He said authorities hope to prosecute gang members using federal gun statutes and the Racketeer Influenced and Corrupt Organizations Act (RICO).

"We're looking for RICO indictments of people," Mr. Persichini said during a wide-ranging interview with editors and reporters at The Washington Times. "The key here also is using ATF and all the gun charges [because] many of those crimes are committed with weapons."

Agents will "take a look at every gang or crew in Northern Virginia," he said.

Mr. Persichini, who was appointed head of the field office inNovember after serving as its acting director since January 2006, said the effort is part of an increased focus on dealing with local violent crime, which he called a "very serious concern."

He also pointed to a recent uptick in violence in parts of the District. Mr. Persichini said he has spoken extensively with Acting Metropolitan Police Chief Cathy L. Lanier about gathering and sharing intelligence and that he talked with Mayor Adrian M. Fenty as recently as Wednesday night about comprehensive plans to thwart violent crime.

Mr. Persichini said "organized opportunistic crime," including crew-related and robbery-related violence, was driving a spike in violent crime in the 3rd District, which encompasses much of the downtown core.

He said his office has been solidifying its ties to the city's business community and minority populations, to aid its efforts in fighting local crime.

"We can't do what we do without the faith and trust of the people we serve," he said.

Mr. Persichini also said his office has taken a greater role in the schools, expanding internships for teenagers and setting up "junior special agent" programs for sixth-grade students.

"Their first interaction with law enforcement should be positive," he said.

Despite the increased local focus, Mr. Persichini said the priorities of the field office remain unchanged.

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"Counterterrorism will always be No. 1," he said, calling the District a "target-rich environment" that requires constant vigilance against terrorist threats from international groups and what he described as the "home-grown lone wolf."

Mr. Persichini, whose background is in public-corruption cases, said corruption would be the focus of the field office's criminal investigations.

"I'm a firm believer that the FBI is an agency that is ... suited for the investigation of public corruption," he said.

Mr. Persichini declined to talk about the status of the ongoing investigation into the October 2001 anthrax attacks that killed five persons, including two D.C. postal workers. He said that about 20 agents are still working on the case, but would add only that it is a "continuing, pending investigation."

Meet The FBI's 'Best Undercover Agent' (NYSUN)

New York Sun, March 2, 2007

At 6-foot 4-inches and more than 300 pounds, veteran FBI agent Joaquin "Jack" Garcia is a small mountain of a man who is hard to miss. That's never stopped him from being a master of disguises. In recent years, the expert undercover agent's appointment calendar must have read a bit like the script for the 1960s screwball comedy "If It's Tuesday, This Must Be Belgium."

Mr. Garcia surfaced last year when he took the stand in a closed courtroom to describe how he had played the role of a Gambino associate for 27 months. At the same time, Mr. Garcia was also posing as a New York capo in a 36-month FBI sting against crooked Florida cops in which four police officers were nailed last week on corruption charges (thus the reason for the secret testimony).

That wasn't all: Sources tell Gang Land that Mr. Garcia worked undercover in three other successful organized crime and corruption cases during the same time frame.

In Boston, he posed as a drug lord, resulting in the indictment of three police officers last July on drug trafficking and money laundering charges. During the lengthy FBI sting operation, the cops were also implicated in steroid abuse, identity theft and other crimes. Five weeks ago, a fourth cop was charged with perjury, obstruction of justice, and trafficking in steroids.

During the same period, sources said, Mr. Garcia worked undercover in two separate cases in Atlantic City. In one involving Asian organized crime, he played the role of a wiseguy. In a political corruption probe that resulted last fall in guilty pleas by three city council members — two from Atlantic City and one from Camden — he posed as a Wall Street financier.

During the final stages of the Florida, Atlantic City, and Boston probes, Mr. Garcia, who was undercover all but two of his 26 years as an FBI agent, was retired and working as an independent contractor, according to his testimony at the trial of Gambino capo Gregory DePalma, one of 32 mobsters and associates who was convicted as a result of Mr. Garcia's undercover work in New York.

For the record, the DePalma investigation began in December 2002 and ended in March 2005. Mr. Garcia, who retired last March, testified against DePlama last May. The Sunshine State sting operation began in February 2004 and ended last week.

"Without question, Jack Garcia is the best undercover agent the Bureau has ever had," a veteran law enforcement official who worked with him on the DePalma case said. The family's acting boss, Arnold "Zeke" Squitieri, and underboss, Anthony "the Genius" Megale, were among those who copped plea deals rather than go to trial with DePalma.

At trial, Mr. Garcia, a Cuban-born émigré, said he posed as a "fourth- or fifth-generation" Italian American who traced his lineage to Sicily. "The ruse was that I was a knock-around guy, a guy who had access to everything," he testified.

Mr. Garcia's testimony at the DePalma trial was piped into another room to prevent his cover from being blown in the Florida case. In that investigation, the cops traveled to New York and Atlantic City, according to a federal complaint filed in Miami.

Two cops allegedly delivered $400,000 in "stolen" bearer bonds to an undercover agent in New York who was posing as an underling of "Big Jack" in 2005. Last June, a month after Mr. Garcia sunk DePalma from the witness stand, the cops allegedly transported "stolen artwork" to the same "underling" in Atlantic City.

On October 26, according to the complaint, police officer Kevin Companion, the leader of the alleged rogues, met Big Jack and two "underlings" at the Borgata Hotel in Atlantic City to discuss several schemes. Out of the presence Mr. of Garcia – who acted as a non-drug dealing wiseguy in the scam — Mr. Companion agreed to provide protection for a drug shipment, and enlist his colleagues for the job.

A month later, the four cops, who were warned against mentioning "heroin or drugs" in front of Big Jack, agreed to the drug caper with Big Jack's crew, and, after safely escorting a drug mule out of harm's way, were videotaped receiving a total of $32,000 for their services. All told, the four took in $92,000 for their outside work, much of which was done while armed and in uniform, according to the complaint.

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Sources say other cops were implicated in crimes but may escape prosecution because Mr. Companion and police officer Jeffry Courtney learned of the probe after the FBI told Chief James Scarberry about it last month and he relayed the information to his top brass and city officials.

FBI officials, not to mention Mr. Garcia and 12 other agents who worked undercover in the investigation, are furious about the leak, and are likely to point to it the next time the agency gets accused of not sharing information with local police.

On the bright side, Messrs. Companion and Courtney called in sick and began to inquire about retirement benefits when they got wind of the probe. They didn't react the way New York's infamous Mafia Cops, Louis Eppolito and Steven Caracappa, often did during their careers. The dark side — that the lives of FBI agents were put at risk if the Hollywood cops had taken the same path as the murderous New York duo — doesn't sit too well with the FBI.

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Out there in Gang Land, many people on both sides of the law probably assume that the feds always go the extra mile whenever one of their own has been harmed.

Don't try telling that to William Aronwald, a former federal prosecutor whose father was gunned down in 1987 by a trio of bumbling gangsters who mistook the father for the son in a mob hit.

This week, Mr. Aronwald ripped U.S. Attorney Roslynn Mauskopf of Brooklyn for what he called "unprofessional and irresponsible" conduct by her office in its dealings with former mob associate Frank Smith, one of the participants in the killing.

"Shame on the U.S. attorney's office," Mr. Aronwald said. "We're the victims here, my family."

In the past, Mr. Aronwald has criticized Ms. Mauskopf's office for not pushing for tough sanctions initially against Smith, whose cooperation led to the conviction of Colombo underboss Joseph "Joe Waverly" Cacace, now serving a 20-year sentence for ordering the murder of the former prosecutor's father.

More recently, Mr. Aronwald has condemned them for letting Smith off the hook when he was arrested in November for grand larceny, after a short, house arrest term. That arrest, for stealing a load of flat screen TVs, was a violation of the terms of the reduced sentence he received in the killing of Mr. Aronwald's father.

Yesterday, Mr. Aronwald said he was even more irate that he had been kept in the dark that Smith had finally been charged with violating the terms of his sentence, and now faces up to three years in prison. Smith testified about that Tuesday, when he appeared on behalf of an old buddy, Carmine Carini, stating he was wrongly convicted of a 1983 murder.

Ms. Mauskopf, he said, had personally assured him that her office would keep him "in the loop" about Smith's case.

But, the ex-prosecutor told Gang Land, he has been consistently been rebuked by the office, and only learned about Smith's testimony in the Carini case after he was off the stand Tuesday. And the information, he said, came not from Ms. Mauskopf, but from a New York Post reporter, Alex Ginsberg.

"I would expect that someone from the government would have the courtesy to call me," said an "extremely disappointed" Mr. Aronwald, who is now a defense attorney.

A Mauskopf spokesman said that "in light of pending court proceedings in this case," the office would not respond to Mr. Aronwald's remarks.

This column and other news of organized crime will appear today at ganglandnews.com.

4 West Suburban Men Are Held In U.S. Drug-trafficking Probe (CHIT)

By Angel Rozas

Chicago Tribune, March 1, 2007

Four west suburban men have been charged in a nationwide investigation into a Mexican drug trafficking and money laundering ring that resulted in the arrests of 400 people in the last 20 months, authorities announced Wednesday.

The investigation, called Operation Imperial Emperor, targeted a Mexico-based drug trafficking organization authorities say is responsible for supplying tons of cocaine and large amounts of methamphetamine and marijuana to distribution cells on a monthly basis throughout the United States, U.S. Atty. Gen. Alberto Gonzales announced in San Diego.

In Illinois, Melrose Park authorities worked with the U.S. Drug Enforcement Administration to arrest four men alleged to be selling drugs through two Melrose Park businesses. Jose Payan, Saul Leyva and Bogar Santana were each charged with conspiring with others with intent to distribute and distribution of more than 100 grams of heroin. According to the complaint, Payan told a cooperating source that he could go to Santana Automotive Inc. in the 3400 block of West Lake Street in Melrose Park to get a sample of the heroin, said Assistant U.S. Atty. April Perry. In the course of the Payan investigation, authorities seized more than 310 grams of methamphetamine and more than 240 grams of heroin, Perry said.

In a separate complaint, authorities charged Florentino Velazquez of Villa Park with conspiring with others to distribute and distribution of more than 1 kilogram of cocaine. He and an unknown man are alleged to have distributed 2 kilos of cocaine to a

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cooperating source, Perry said. Velazquez is alleged to have used an unnamed Melrose Park restaurant to sell the drugs and collect money, Perry said.

The men are in federal custody and will be prosecuted in the Northern District of Illinois.

A Wider Front In Doping Battle (WP)

By Amy Shipley

The Washington Post, March 2, 2007

The battle against the use of illegal performance-enhancing drugs by athletes is increasingly being led by federal, state and local law enforcement agencies as part of an expanding cooperative effort with the U.S. Olympic Committee's primary anti-doping body, according to law enforcement and anti-doping officials.

The latest manifestation of this collaboration came this week in the multi-state crackdown on illegal online sales of steroids and other performance-enhancing drugs that led to the arrests Tuesday of eight people in three states, the officials said.

In the run-up to the bust, Drug Enforcement Agency agents in Mobile, Ala., contacted federal investigators involved in the probe of the Bay Area Laboratory Cooperative, or Balco, in Northern California that has implicated dozens of Olympic and professional athletes, including baseball slugger Barry Bonds. The California investigators put them in touch with officials from the U.S. Anti-Doping Agency, with whom they have been closely cooperating for the past four years.

Within days, the USADA sent a chemist to Mobile to offer his expertise. Several DEA agents flew to Colorado Springs, where the anti-doping agency is based. There were frequent phone conversations. The cooperation illustrated the changing landscape of anti-doping enforcement, investigators say.

USADA officials say the collaboration also reflects the failure of a more than three-decade effort to contain the use of performance-enhancing drugs by competitive athletes through testing. These officials say that with the Beijing Olympics less than 18 months away they fear the use of even more sophisticated drugs and masking agents by athletes will continue to outpace testing methods.

The collaboration has "had an absolutely enormous effect," said Don Catlin, who has been involved in anti-doping efforts since the early 1980s as the director of UCLA's Olympic Analytical Laboratory, which services the USADA. "When I look at the 23 years of work before Balco and what we were able to do -- yeah, we would grind out positives and occasionally have a big hit -- but when the government to decides to go after it and comes in with their tools. . . . They [wiretap], they pull out e-mails; I was amazed.

"It has clearly caused a revolution. Sports authorities have no power to do anything and government has the power to do all. That's what it takes."

The crackdown on the online pharmacies this week suggests how the relationship already is benefiting both sides. While law enforcement agents have said they are targeting the pharmacies and not necessarily their customers, the California investigators urged DEA agents to turn over evidence of any involvement by high-profile athletes to the USADA so it could start disciplinary proceedings against them.

One lead agent in the multifaceted, three-state bust said he would be willing. "Certainly," Carl Metzger, narcotics commander for Orlando's Metropolitan Bureau of Investigation, said in an interview. "It would be reasonable to do that."

The pharmacies' customers are reported to have included Los Angeles Angels outfielder Gary Matthews Jr., former heavyweight champion Evander Holyfield, former baseball star Jose Canseco, a physician for the Pittsburgh Steelers and what one official called other "celebrities."

Federal officials say the cooperation has given them ready access to the scientific expertise of the anti-doping community as well as the benefit of USADA's proximity to athletes and coaches.

Matt Parrella, an assistant U.S. attorney working on the Balco case, said the USADA's ability to sanction drug cheats independent of a criminal conviction by banning them from competition helps "validate" federal investigators' work. Law enforcement authorities rarely go after users of performance-enhancing drugs, choosing instead to focus on distribution networks.

"It was a good relationship from the beginning," Parrella said in an interview in San Francisco. "They could bring something to the table that was unique and we were bringing something to the table they had no ability to do."

The USADA is involved in at least four other drug-related government investigations including the Internet pharmacy case, according to USADA general counsel Travis Tygart and chief executive Terry Madden. They declined to reveal the details of the investigations.

Government officials speculate that increases in federal sentencing guidelines for steroids and other drugs that resulted from the Balco probe have provided agents with more incentive to pursue such cases. "I've seen these things break apart under their own weight many times," Parrella said.

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In the Balco case, he said, it did not. "All involved realized this was a relationship that needed to be fostered for the greater good."

To some extent, the collaboration reflects a worldwide trend. International anti-doping agencies have grown increasingly reliant on government intervention to catch drug users since 1998, when Australian customs agents caught Chinese swimmers with banned drugs and French police conducted raids and made arrests at that summer's Tour de France.

At the Salt Lake City Olympics in 2002, local police confiscated blood-transfusion material at a residence of the Austrian cross-country ski team. Four years later at the 2006 Winter Games in Turin, Italian police raided the rooms of Austrian skiers and biathletes. Dozens of cyclists have been linked to a federal drug raid last year in Madrid known as Operation Puerto.

The World Anti-Doping Agency, an independent Montreal-based body established by the International Olympic Committee, has become so convinced of the necessity of investigative work in anti-doping enforcement that it is preparing to hold its second symposium on the matter in London in April. Jeff Novitzky, a special agent for the Internal Revenue Service who is the lead investigator in the Balco case, and Parrella spoke at the first conference last November in Colorado Springs.

"If you look at the really big busts, the really big advances, the majority have been with the assistance of other government agencies," WADA Director General David Howman said. "It's important that we don't get all wound up collecting urine and blood. It's not the be-all and end-all."

Athletes sanctioned in the Balco scandal said they used a steroid specifically designed to avoid detection. Such "designer steroids" aren't the only problem. Testers still don't have reliable tests for human growth hormone and other naturally produced performance enhancers known to be popular with athletes.

In an environment in which the athletes who use illegal performance-enhancing substances seem routinely to be at least one step ahead of drug testers, efforts are under way to strengthen the relationship between sports bodies and law enforcement officials.

The creation of a task force that would bring together various governmental and nongovernmental agencies is being discussed on Capitol Hill as a means of formalizing the relationship and creating a mechanism for information-sharing, according to a source with knowledge of the discussions.

The USADA, in its seventh year of existence, receives about 60 percent of its funding from the federal government. It is a nonprofit corporation whose stated mission is to eliminate drug use in sport and protect athletes' health through research and education. It has no investigative power, no investigators and no budget designated for investigations.

The USADA has another problem: jurisdiction. All of the U.S. professional sports leagues conduct their own drug testing even though in 2005 several members of Congress, including Sen. John McCain (R-Ariz.) and Rep. John E. Sweeney (R-N.Y.), publicly urged the leagues to turn their testing over to the USADA.

Of the many examples of the USADA's partnership with government agents, two stand out, officials say.

In 2004, Kevin V. Ryan, the U.S. attorney who oversaw the Balco case until leaving for private practice last month, granted Novitzky, the IRS investigator, permission to testify at two arbitration hearings in which the USADA sought -- and received -- bans for athletes who had never failed drug tests. Ryan also allowed Novitzky to take various pieces of evidence with him rather than providing copies whose authenticity might be questioned.

Parrella said the moves weren't merely "uncommon, it was unique," since the criminal probe was far from complete.

"What drove my decision was the realization that this case was bigger than" the criminal investigation, Ryan said. "Everyone was a little nervous about it. It had never been done before. It turned out to be more a gesture of goodwill. It was our recognition that they had a job to do. . . . They knew we had a lot of evidence, a lot of material, that would help them in their mission."

Throughout the Balco probe, USADA officials communicated almost daily with Novitzky and an assortment of other agents involved in the case, including Parrella and fellow Assistant U.S. Attorneys Jeff Nedrow and Jeff Finigan, IRS agent Erwin Rogers and FBI agent Heather Young.

"If you tried to formalize [the relationship], you'd have lawyers meeting for five or 10 years and nobody would agree on anything," Catlin said. "The beauty of this is it happened. It was all sort of spontaneous from people trying to do the right thing."

Killing Highlights Risk Of Selling Marijuana, Even Legally (NYT)

By Kirk Johnson

The New York Times, March 2, 2007

DENVER, March 1 — Ken Gorman, an aging missionary of marijuana, was found murdered in his home here two weeks ago. The unsolved crime is exposing the tangled threads at the borderland of the legal and illegal drug worlds he inhabited.

Mr. Gorman, who was 60, legally provided marijuana to patients under Colorado's medical marijuana law, but he also openly preached the virtues of illegal use, and even ran for governor in the 1990s on a pro-drug platform.

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In recent years, he had grown frightened as the mainstream medicine of cannabis care bumped against the unregulated and violent terrain of the illicit drug market. He had been robbed more than a dozen times in his home on Denver's west side, had recently gotten a gun and also talked of installing a steel door and gates.

"Ken was really fed up with the barrage of robberies and he told me it would never happen again," said Timothy Tipton, a friend and fellow medical marijuana supplier, who said Mr. Gorman showed him the gun about two months ago.

Some legal experts say Mr. Gorman's death could lead to a reconsideration of how medical marijuana is administered here and elsewhere. Providers are often left exposed and vulnerable because of the nation's conflicting drug laws, with marijuana use illegal under federal law but legalized for some medicinal purposes here and in 10 other states.

Since 1997, after the first medical marijuana law was passed in California, as many as 20 legal marijuana providers have been killed around the country, mostly in robberies, said Allen St. Pierre, the executive director of the National Organization for the Reform of Marijuana Laws, or Norml, a nonprofit advocacy group in Washington.

Some in law enforcement, including Colorado's attorney general, John W. Suthers, say the Gorman killing illuminates more clearly than ever that crime and marijuana cannot be disentangled.

"Mr. Gorman showed that the law is abused and can be abused," said Nate Strauch, a spokesman for Mr. Suthers.

Many people in the medical marijuana supply system say the central risk comes down to the fact that they work in the shadows, where law enforcement officials are often either conflicted or hostile and crime is rampant.

At the Colorado Compassion Club, for instance, which opened last year as a storefront support center in Denver, the 200 marijuana patients served there go through as much as a pound of marijuana a day. The club grows as much as it can, said its founder, Thomas E. Lawrence, but must rely on buys on the illicit market for the rest, usually made by one or two caregivers who have volunteered.

Mr. Gorman's killing, legal experts say, has exposed the paradoxes and ambiguities about medical marijuana that most states have failed to grapple with.

The Colorado Department of Public Health and Environment, which administers the marijuana program, is not authorized, for example, to provide information about where the 1,100 patients who are certified under the program can obtain their drugs, according to the department's Web site.

The state also does not license marijuana providers, or inspect the quality of the drug that patients obtain.

Colorado's law allows patients with certain illnesses, as well their doctors and others who provide care, the right to possess, grow and transport marijuana.

But all those things remain illegal under federal law. And a chief deputy district attorney for Denver, Greg Long, said that anyone selling drugs illegally, even if the final recipient was legally entitled to possess them, could still technically be violating state laws too — though as a practical matter, Mr. Long said, prosecutors do not generally pursue cases in which the drug being sold is marijuana for certified medical use.

The portrait of Mr. Gorman is just as unclear. His friends say he was quixotic and selfless, a man uninterested in financial gain who tilted against the confining rules of society, especially the drug laws.

A merry prankster at a time when marijuana advocacy groups were becoming more adept at politics than protest, he had become an anachronism, acquaintances say, whose counterculture antics embarrassed and angered many people in the medical-advocacy and legal reform movements.

"I have gray hair on my head and I attribute some of it to Ken Gorman," Mr. St. Pierre of Norml said.

Some critics said Mr. Gorman was caught up in his own image as a rebel, thwarting even the rules about medical marijuana that could further the causes he espoused.

Just one week before his death, for example, the local CBS television news affiliate in Denver broadcast an investigative story in which a young station employee with a hidden camera captured Mr. Gorman happily explaining how to fake the medical card that would make a drug transaction appear legitimate.

The story prompted an uproar in medical marijuana circles, forcing Mr. Gorman to defend himself on a pro-marijuana Internet forum from attacks by people who said he had betrayed them by making medical marijuana look like a cover for old-fashioned drug-dealing.

And he had become an angry, fearful man, his friends and acquaintances said. Though he had served time in prison — five years for a felony drug conviction in the mid-1990s — and often seemed to scoff at the law, he had grown increasingly frustrated about being a crime victim himself.

The Denver police have revealed little about the murder investigation.

A spokesman, Sonny Jackson, said the police responded to reports of shots fired at Mr. Gorman's home around 7 p.m. on Feb. 17 and found Mr. Gorman with a gunshot wound to the chest. He died shortly thereafter.

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Mr. Jackson said that there had been an incident the previous night in Mr. Gorman's home; someone had been arrested and neighbors reported shots fired. But investigators said they did not believe that incident and the slaying were connected.

Colorado's medical marijuana law, enshrined in the state's Constitution by a statewide vote in 2000, protects people from prosecution under state law. Acquiring the drug illegally, however, puts those people in very dangerous company.

Mr. Gorman, his friends say, had no intermediary. The face that was famous on television as Colorado's most ebullient marijuana advocate was the same one making the buys out on the market.

"It's dangerous to help people," said Mr. Tipton, who lives in a suburb of Denver and said he had about 45 marijuana patients. "We're out there, exposed to abuse from patients, law enforcement, robberies — it's a long list."

Lawyers and medical marijuana advocates in California — which has the oldest and by far largest medical marijuana system in the nation, with about 100,000 licensed drug recipients and 200 dispensaries — say that robberies and violence against medical distributors, a problem in the earlier days of the system, have become much less frequent because of improved security.

But many robberies also often go unreported, said Dale Gieringer, the state coordinator for the California chapter of Norml.

"It usually gets hushed up," Mr. Gieringer said.

Mr. Gorman's home, still taped off by a police ribbon, has become a kind of shrine to the subculture he celebrated.

On one night a few days after the killing, a group of more than 20 people — young men and teenagers, mostly — sat around a bonfire in Mr. Gorman's front yard, passing marijuana joints and beer bottles as a Tupac Shakur song blared on a car stereo.

"He was the most compassionate, kind man I knew," said a young man who identified himself as Vuddah, as thick curls of smoke shrouded the group. "We want to keep this place open so that the patients can keep coming," he added. "That's what we're going to do.

"That's what Ken would have wanted," he continued. "To us, he was a medical marijuana freedom fighter."

US Cites Failure Of Countries In Drug Fight (AP)

By Matthew Lee, Associated Press

AP, March 2, 2007

WASHINGTON -- The United States said yesterday that top antiterror allies Afghanistan, Pakistan, and Colombia had fallen short in the war on drugs despite enhanced counter-narcotics efforts and it criticized perennial foes Iran, North Korea, and Venezuela for not cooperating.

The State Department also noted backsliding in some key Latin American nations such as Bolivia while it praised improved performances by Mexico and traditional Asian transshipment points China and Thailand, but slammed neighboring Burma for illicit drug production.

In its annual global survey of the drug war, the department said massive opium poppy production in Afghanistan, long the world's top producer of the main ingredient for heroin, continued to pose a major threat due to its links with groups such as the Taliban.

"Afghanistan's huge drug trade undercuts efforts to rebuild the economy and develop a strong democratic government based on the rule of law," the department said in the 2007 International Narcotic Control Strategy Report.

"There is strong evidence that narcotics trafficking is linked to the Taliban insurgency. These links between drug traffickers and antigovernment forces threaten regional stability," the department said.

It added that endemic "corruption" and prevailing "dangerous security conditions" were seriously hindering efforts to combat Afghan poppy production that shot up 59 percent to a record 5,644 tons from 2005 to 2006.

"More must be done," Assistant Secretary of State for International Narcotics and Law Enforcement Affairs Anne Patterson told reporters.

The report stressed that Afghan President Hamid Karzai remains committed to reducing the harvest but Patterson said that results remained "insufficient."

Across the border in Pakistan exists a major transit point for opiates and hashish, where Taliban and Al Qaeda operatives are also believed to operate, the State Department said. It said it believed the government there had launched several promising new antinarcotics initiatives.

Mexico Prevails As Drug War Ally (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 2, 2007

DOJ_NMG_0139030

Several countries, including Mexico and Colombia, showed a willingness last year to confront global drug dealers, but Venezuela, Bolivia, Afghanistan, Pakistan, Iran and North Korea have fallen short in the war on drugs, a report said yesterday.

In its annual study of the international drug war, the State Department also said drug smugglers were hiding in the "shadows of an open society" to link themselves with sophisticated criminal and terrorist organizations to launder millions of dollars in illicit profits.

"As long as criminality remains in the underground of aliases, coded messages, false documents, bearer instruments and clandestine operations, it is often undetectable to even seasoned investigators," said Anne Patterson, assistant secretary for international narcotics and law enforcement affairs. "When criminal activity breaches this underground, it often provides leads and evidence authorities can use to unravel these cases."

According to the report:

·In Mexico, the Fox and Calderon administrations cracked down on traffickers and drug-related violence more than any previous Mexican governments -- seizing drugs, eradicating illegal crops, preventing chemical diversion and extraditing some of Mexico's most notorious traffickers. Although work is still to be done and Mexico remains the primary corridor for drugs entering the United States, the Bush administration said it was pleased with the country's "strong actions to address these problems."

·Colombia continued to attack the drug trade and terrorist organizations that profit from it, eradicating a record amount of coca last year. Though cultivation persists, aggressive eradication resulted in the destruction of what could have become billions of dollars of cocaine.

·Venezuela and Bolivia faltered last year, both failing to adhere to their obligations under international narcotics agreements or to cooperate with the United States. Venezuela is now a principal transit country for Andean cocaine, and Bolivia "experienced an erosion" of previous successes.

·Afghanistan's opium poppy cultivation increased by 59 percent, making last year's crop the largest on record. The country produced more than 90 percent of the world's opium and had the distinction of being the world's largest producer and trafficker of heroin. Pakistan, beset by rampant corruption, is a major transit point for opiates and hashish, where Taliban and al Qaeda operatives are also thought to operate.

The report also noted that Iran had sought to deal with a domestic drug consumption surge but has not enacted or enforced laws to decrease demand. The result, according to the report, has been "an epidemic of opiate abuse."

In Burma, opium production continued to fall, but its military rulers failed to meet international standards, and the nation remained the world's second-largest producer. Burmese rebel groups continued to be a major source of methamphetamine.

The report praised China and Thailand, which border Burma, for their efforts in stemming the illicit drug trade.

"We must continue to target the financial networks that allow criminals to reap their ill-gotten gains and terrorists to finance their activities," Miss Patterson said.

Report on Poppy (HT)

Hindustan Times, March 2, 2007

The US has praised India's good record on counter-narcotics, but is worried that an alarming increase in poppy cultivation in Afghanistan is helping Taliban terrorists fund attacks on US and NATO forces.

"The Indian government has a good record on this, but it's also a huge country with a very large industry, so to prevent diversion from the legitimate pharmaceutical industry is a challenge," a senior US official said on Thursday.

"India, of course, is the only legal producer of opium and we've worked closely with the Indian government. India has a good record, frankly, on counter-narcotics," said assistant secretary of state for international narcotics and law enforcement affairs Anne W Patterson.

India, she noted, has a very large, legitimate pharmaceutical industry. "We work very closely with them to prevent diversion from that. The Indian government is very committed to that," she said while the US government's 2007 International Narcotics Control Strategy Report.

Of particular worry in Afghanistan is the Taliban's involvement in the drug trade, Patterson said noting that cultivation of the opium poppy there increased by an "alarming" 59 percent, making the 2006 crop the largest on record.

Taliban leaders have publicly linked themselves to poppy cultivation, and drug profits now support elements of the Taliban and fund attacks on US and international troops in Afghanistan. The opium poppy is used to manufacture heroin, she said.

Patterson attributed much of the poppy problem in Afghanistan to the fact that the Afghan government "doesn't have control of [its] territory". Cultivation of opium poppies soared in 2006 in two Afghan provinces, Helmand and Kandahar, "because there is basically a lack of law enforcement and control", she said.

The resurgence of Afghan opium cultivation has increased the flow of heroin to Europe, Russia and the Near East, which "undermines those societies and the consolidation of democracy and security in Afghanistan", the report stated.

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Patterson praised neighbouring Iran's role in combating drug trafficking, despite a State Department report characterising the country as a "major transit route for opiates smuggled from Afghanistan", which eventually reach Western markets.

"They are playing a very positive role" in fighting the Afghan opium trade, Patterson said of Iran. "They have been very active along the border" with Afghanistan.

The Iranians view the opium trade as a "major social and law enforcement problem" and have been the "most aggressive" by far of Afghanistan's neighbours in interdicting the Afghan opium crop, said Patterson.

Apart from Afghanistan, the report cited Bolivia and Venezuela as being particular problems in the drug trade.

Turning to terrorist financing, the US official said money laundering had long been "intertwined" with the drug trade. But the global community had become more aware since the September 2001 terrorist attacks on the United States of "terrorists using underground systems to move money and transfer assets".

Focusing on money laundering "is one of the most valuable tools law enforcement has to combat international crime", the report said.

A focus on money laundering "can accomplish what many other law enforcement tools cannot" in attacking such threats as narcotics trafficking, alien smuggling, intellectual property theft, corruption and terrorism, it said.

Afghan Opium Output Reaches Record; Drug Trade Aids Taliban (BLOOM)

By Paul Tighe

Bloomberg, March 2, 2007

March 2 (Bloomberg) -- Afghanistan's opium production reached a record in 2006 and the drug trade is supporting the Taliban insurgency to overthrow the government of President Hamid Karzai, the U.S. State Department said.

The country produced 5,644 metric tons of opium compared with 4,475 metric tons in 2005, the Bureau of International Narcotics and Law Enforcement Affairs said in a report. Opium is the base ingredient for heroin.

``There is direct evidence linking the insurgency in Afghanistan and narcotics," the bureau said. ``Traffickers provide weapons, funding and personnel to the Taliban in exchange for the protection of drug trade routes, poppy fields and members of their organizations."

The Taliban, ousted in the U.S.-led war on terrorism in 2001, increased their attacks last year mainly in southern and eastern provinces, prompting the North Atlantic Treaty Organization to expand its 35,000-strong force. Afghanistan produces more than 90 percent of the world's opium poppies and is the largest heroin producing and trafficking country, according to the bureau.

Areas under poppy cultivation increased 61 percent in 2006 to 172,000 hectares (424,840 acres) from 107,400 the previous year, according to the report. It estimates the country's illicit opium was worth $3.1 billion last year and represents about one- third of Afghanistan's licit and illicit gross domestic product.

Southern Provinces

Helmand province in southern Afghanistan, the center of the Taliban insurgency, is the country's most significant opium producer, responsible for 46 percent of the national poppy crop. Kandahar, Oruzgan and Farah provinces, also in the south, together produced 24 percent, while 12 of Afghanistan's 34 provinces were poppy-free in 2006, according to the report.

Links between the Taliban and drug traffickers are highlighted by the case of Haji Bashir Noorzai, the alleged leader of the largest trafficking organization in central and southwest Asia, who was arrested in the U.S. in 2005 and is awaiting trial, the bureau said.

His indictment alleges that he provided explosives, weapons and personnel to the Taliban in return for protection of poppy crops and trafficking routes. Noorzai was a former leader of a Taliban council, according to the report.

Drug-related corruption is also a problem within the Afghan government and is ``particularly pervasive at provincial and district government levels," it said.

National Conference

The Afghan Ministry of Counter Narcotics last year organized a national conference on combating the drug trade, the government's first effort to start a nationwide campaign. The plan didn't take effect until after the planting season for the 2006 crop.

``In order to make sustained progress in combating narcotics trafficking, the government of Afghanistan will need to continue to extend credible governance throughout Afghanistan's provinces and districts and demonstrate its ability to enforce the rules of law across the country," the bureau said. ``This will require international and political support over many years."

The unstable security, political and economic environments limit the ability of Karzai's administration to combat narcotics production and trade, it said.

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Fighting last year killed at least 4,000 Afghan civilians and dozens of NATO personnel. U.K. Defense Secretary Des Browne on Feb. 26 said Britain will add 1,400 soldiers to its contingent bringing its force to 7,700 service personnel.

US: Venezuelan Situation Favors Illicit Drug Traffic (EU)

El Universal, March 1, 2007

Venezuela, with "a rampant high level of corruption, weak judicial system and lack of international counternarcotics cooperation" is increasingly enabling a growing illicit drug transshipment industry, US authorities said Thursday.

This forms part of the conclusion of the 2007 International Narcotics Control Strategy Report, a document made public each year about international cooperation in the fight against drug traffic, news agency Efe reported.

The report states that according to officials from the US embassy in Caracas, Venezuelan security forces are involved in the drug traffic.

Also, the authors of the report claim that "because of the permissive and corrupt Venezuelan environment, and the success of Plan Colombia in neighboring Colombia, traffickers have set up operations to transship illicit drugs through Venezuela to the eastern Caribbean, Europe, Africa and the United States. Venezuelan traffickers have been arrested in the Netherlands, Spain, Ghana, the Dominican Republic, Mexico and other countries."

According to the report, Venezuela is one of the major drug transshipment countries in the Western hemisphere.

During the presentation of the report, Abelardo Arias, a director for Latin America of the Bureau of International Narcotics and Law Enforcement Affairs, US Department of State, said that cooperation between Washington and Caracas is at the minimum level, adding that Venezuela refuses to sign any agreement of information exchange on drug traffic.

"Venezuela failed demonstrably to adhere to its obligations under international counternarcotics agreements and take the measures set forth in US law."

Report Looks At Cocaine Trade (USAT)

By Donna Leinwand, Usa Today

USA Today, March 2, 2007

Venezuela has become a significant player in the flow of cocaine from Colombia to the USA by allowing drug smugglers to operate freely and making little effort to cooperate with U.S. anti-drug efforts, a State Department report said Thursday.

The number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti — key transfer points for U.S.-bound shipments of the drug — increased 167% last year, State Department Assistant Secretary Anne Patterson said. She added that the leftist government of Venezuelan President Hugo Chávez, a frequent critic of the United States, has allowed drug trafficking to flourish.

"Venezuela's permissive and corrupt environment led to more trafficking, fewer seizures and an increase in suspected drug flights (from Venezuela) over the past 12 months," Patterson said.

In 2006, the Department of Defense's Joint Interagency Task Force South documented 75 flights from Venezuela to the Dominican Republic and 46 flights into Haiti, says U.S. Coast Guard Rear Adm. Jeff Hathaway, who directs the task force.

"What we have seen emerging over the last 12 months is a virtual explosion of drug trafficking emanating from Venezuela," Hathaway said.

The task force gives information about suspected drug flights to the Venezuelan government, but it rarely acts on it, he said. "Venezuela is not making any attempt to stop the aircraft when they are being tipped off by the United States."

The Venezuelan Embassy did not respond to phone calls and e-mails requesting comment.

Patterson praised governments in Mexico and Colombia for aggressive counterdrug programs, but she said both countries continue to be major drug suppliers to the USA. In Bolivia, she said, the political will to counter drug trafficking has declined.

Recently elected Bolivian President Evo Morales has said the government would allow farmers to increase cultivation of coca to be used legally for flavorings and pharmaceuticals from 29,653 acres to 49,421 acres. The U.S. government contends that just 618 acres of coca cultivation would meet worldwide industrial demand.

The report also said Afghanistan's opium-poppy cultivation rose 59% last year, making the 2006 crop the largest ever. Patterson said profits from the opium trade help finance Taliban forces. The Afghan government does not control the Helmand and Kandahar provinces, where much of the opium is grown, she said.

Officials at the Afghan Embassy did not respond to a request for comment.

Report Slams Venezuela For Drug Trafficking (MCT)

By Pablo Bachelet

McClatchy Newspapers, March 2, 2007

DOJ_NMG_0139033

WASHINGTON - In its harshest assessment yet of drug trafficking in Venezuela, the State Department on Thursday said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations.

The department's 2007 International Narcotics Control Strategies Report also expressed uneasiness over Bolivia's efforts to expand the cultivation of coca, the raw material used to make cocaine, and the State Department offered rare praise for Cuba for deporting a Colombian trafficker to Bogota.

It also praised three countries - Colombia, Guatemala and Mexico - that Bush will visit this month during a swing through Latin America, saying the three were trying to halt drug smuggling, if not succeeding.

The report also said that opium production hit a record high in Afghanistan last year and that the drug trade was undermining democracy there.

The report says Afghanistan produced a record 5,644 metric tons of opium in 2006, a 26 percent jump from the previous year. The State Department said there was "strong evidence" that drug trafficking was funding the Taliban insurgency.

"These links between drug traffickers and anti-government forces threaten regional stability," the report said.

Venezuela's leftwing President Hugo Chavez has long been at loggerheads with the Bush administration, which has accused him of everything from undermining democracies in the hemisphere to provoking an arms race - allegations denied by the Chavez government.

The report calls Venezuela "one of the principal drug-transit countries in the Western Hemisphere," with Colombian traffickers setting up shop there because the Chavez government is "permissive and corrupt."

Anne Patterson, the State Department's top anti-drug trafficking official, told reporters that suspected drug trafficking flights from Venezuela to Haiti and the Dominican Republic had soared by 167 percent last year.

More than 200 metric tons of cocaine transit through Venezuela every year, according to the report, which covers the entire world. Arrests are limited to small-time traffickers, and seizures within Venezuela dropped while Venezuelan shipments interdicted in other countries tripled.

The Venezuelan embassy in Washington declined to comment on the report, but in the past Chavez and several of his government's officials have denied any relaxation of its fight against illicit drugs.

The report praises Colombia, the world's top cocaine producer, as "completely committed" to the drug war. It calls Mexican efforts to combat traffickers last year as "unmatched" by any previous government there. About 90 percent of the cocaine in U.S. streets is believed to have come through the border with Mexico.

Guatemala is described in the report as "major drug-transit country" that made "substantial progress" in reforming the police's ability to combat drugs. The report, prepared weeks ago, made no mention, however, of the Feb. 19 murders of three Central American legislators in what Guatemala's President Oscar Berger said may have been a drug-related crime.

Four police officers arrested in the deaths, including the head of Guatemala's organized crime unit, were murdered days later in their cells at a prison outside Guatemala City. The assailants, who are still at large, passed through eight prison checkpoints unchallenged, officials said.

Patterson denied that the report picked on Venezuela because of Chavez's strident criticism of Bush.

"In contrast to the strong stands taken by the governments of Mexico and Colombia," Patterson said, "political will in Venezuela and Bolivia faltered last year."

She said Venezuela long had one of the strongest records in the hemisphere against trafficking. "And frankly, that's all stopped, for reasons that aren't entirely clear to me."

The Bush administration stepped up its criticism of Venezuela after Chavez ousted Drug Enforcement Administration agents from Venezuelan government facilities in late 2004, allegedly because they were spying. The two countries later negotiated an agreement to allow DEA agents to return, but Venezuela has so far refused to sign it, the report says.

In September of last year, the administration "de-certified" Venezuela as a helpful ally in the drug war and cut off aid and weapons shipments, among other sanctions.

Patterson praised Cuba for deporting alleged trafficker Luis Hernando Gomez-Bustamante to Colombia after holding him in prison for several months. He is expected to be extradited soon from Colombia to the United States.

"There is not a major trafficking issue through Cuba," she added. The Cuban government has long maintained that it is carrying on a strong fight against illicit drugs, despite past U.S. allegations that government officials there were involved in protecting foreign traffickers.

Bolivia's leftist President Evo Morales wants to increase the acreage of legally grown coca while fighting the illegal trade in cocaine. The Bush administration believes more coca will lead to more cocaine and is to decide by March 15 if Bolivia is doing enough to stop drug trafficking.

Bolivia's ambassador to the United States, Gustavo Guzman, described the report as "serene and balanced."

Mail Bomb Suspect Eludes, Baffles Cops (FREEP/AP)

By Heather Hollingsworth, Associated Press

Detroit Free Press, March 2, 2007

KANSAS CITY, Mo. -- He calls himself the Bishop. Exactly why is just one of the many mysteries surrounding the increasingly menacing figure.

The man -- and investigators believe they are dealing with a man -- is suspected of sending at least a half-dozen threatening letters to financial institutions over the past 18 months and mailing two dud pipe bombs that arrived a day apart in Kansas City and Chicago in January.

In his letters, the Bishop has demanded that financial companies move the prices of certain stocks to certain levels, often $6.66 -- an apparent reference to the Antichrist, said corporate counterterrorism expert Fred Burton.

Burton, whose security firm in Austin, Texas, has been hired by financial companies to find the Bishop, said the pipe bombs were assembled with crucial components deliberately left out, in what was probably a warning. Next time, Burton said, the bombs could be real.

But catching the Bishop and figuring out exactly what his grudge is could require help from the public, Burton said.

The Bishop, like the Unabomber, is probably mentally ill, highly intelligent and a loner, Burton said.

Postal inspectors are offering a reward of up to $100,000 for information. The investigation also includes the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and local police.

Spokesmen for the FBI and the Postal Inspection Service would not comment in any detail on the investigation.

A sketch released Tuesday by postal authorities depicts him in his 30s or early 40s.

The pipe bombs, sent in white cardboard boxes, carried the same return address in Streamwood, Ill., and were postmarked Jan. 26 from Rolling Meadows, Ill. The sketch is based on the description of a witness who saw a suspicious-looking man in the post office there that day.

One package arrived Jan. 31 at American Century Investments' Kansas City mail center, a few blocks from company headquarters. A day later, a similar one was found at a business in a Chicago skyscraper.

Man Takes Plea Bargain In Bomb Case (MR)

By Brendan Kirby, Staff Reporter

Mobile Press-Register (AL), March 2, 2007

A Flomaton man originally accused of making bombs has accepted a plea bargain, admitting to a misdemeanor.

Gregory Wendell Nichols pleaded guilty in U.S. District Court in Mobile on Wednesday to improper storage of explosives. He faces a maximum of one year's incarceration, but prosecutors have agreed to recommend probation. U.S. Magistrate Judge Bert Milling Jr. set sentencing for March 23.

A jury in January failed to reach a verdict in Nichols' case, and both sides were preparing to retry it this month. Jury selection had been scheduled for Monday.

But Assistant U.S. Attorney Vicki Davis and Assistant Federal Defender Peter Madden struck a deal prior to Wednesday's hastily called hearing. Neither could be reached for comment Thursday.

As recently as Tuesday, both lawyers expressed confidence about winning the second round.

Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his white Ford Ranger pickup truck, and they reported finding five homemade explosive devices.

Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape and attached a firecracker fuse.

But Nichols insisted the devices were firecrackers, not bombs. He told jurors that he made them so that he and his fiancée could drop them into a river. He said he never intended to hurt anyone.

Prosecutors argued that Nichols' intent was irrelevant. The devices were themselves dangerous and illegal. They offered testimony from a ballistics expert who conducted tests he said proved the devices were dangerous.

A defense expert witness countered that the devices were weak explosives.

IMMIGRATION:

Bipartisan Opinions Sought On Immigration (WT)

By Stephen Dinan

The Washington Times, March 2, 2007

Far from being secretive, the top senator drafting the major Senate immigration bill this year says he has invited a host of senators to help out and has kept the Bush administration in the loop the entire time, despite accusations to the contrary.

Sen. Edward M. Kennedy, Massachusetts Democrat and chairman of the immigration subcommittee, has held several meetings with lawmakers, including a recent one with top Republican and Democratic senators on the issue. He also talked with President Bush in January and last week spoke with White House Chief of Staff Joshua B. Bolten about the bill, Mr. Kennedy's office says.

"I look forward to introducing a comprehensive immigration reform bill with Sen. John McCain and our House colleagues in the coming weeks and continuing to work with the bipartisan coalition behind the legislation that passed the Senate last year," Mr. Kennedy said yesterday.

On Wednesday, Sen. Arlen Specter, the top Republican on the Judiciary Committee, used the committee's first immigration hearing of the year to publicly accuse Mr. Kennedy of leaving him and his staff out of the process.

"I have been concerned about reading what is happening behind the scenes in the newspapers," Mr. Specter said. He called his comment a "word of caution" to Mr. Kennedy and said he needs to cooperate if he hopes to earn Republican support.

Democrats will need that Republican support to pass a bill in the Senate.

Mr. Kennedy is drafting a new measure with Mr. McCain, Arizona Republican, and two House members: Rep. Jeff Flake, Arizona Republican, and Rep. Luis V. Gutierrez, Illinois Democrat.

Mr. Kennedy's office says they are reaching out to the bipartisan coalition that helped pass a broad bill, 62-36, in the Senate last year. That bill offered a path to citizenship to most illegal aliens and created a new program for immigrant workers to come in the future.

House Republican leaders called it an amnesty and refused to consider it, instead forcing through a measure to build hundreds of miles of two-tier fence along the U.S.-Mexico border.

In drafting the new bill, Mr. Kennedy's office said staffers are in regular contact with other offices, and have had three meetings with White House staff to go over bill details. In addition, Mr. Kennedy and Mr. McCain had a meeting Feb. 15 that included Mr. Specter and the Senate's Hispanic members: Sens. Mel Martinez, Florida Republican, Ken Salazar, Colorado Democrat and Robert Menendez, New Jersey Democrat.

Six other senators, all of whom supported last year's bill, were invited but did not attend: Sam Brownback, Kansas Republican, Lindsey Graham, South Carolina Republican, Chuck Hagel, Nebraska Republican; Joe Lieberman, Connecticut independent; Barack Obama, Illinois Democrat and Patrick J. Leahy, Vermont Democrat and the chairman of the full Judiciary Committee.

Mr. Kennedy's spokeswoman, Laura Capps, said the senators did discuss specific provisions at the recent meeting. She also said the sponsors plan to circulate a draft before they officially introduce a bill, but said the final version will be the work of the four chief sponsors.

Yesterday, though, Mr. Specter repeated his accusation.

"We have not been a party to the drafting of the bill. It's surprising and disquieting," he said. He also said he tried to work in a bipartisan way when he was chairman of the Judiciary Committee last year to try to get a bill done.

But one staffer involved in the negotiations said Mr. Specter had "zero consultation" last year before he, as chairman of the committee, drafted his own bill and dropped it on the committee.

"It's completely hypocritical," the staffer said.

The Path To Citizenship (NYT)

The New York Times, March 2, 2007

On Wednesday, Congress took its first crack at immigration reform since the great nothing of 2006. The Senate Judiciary Committee invited Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez to testify on the issue. With a new Congress and a new comprehensive immigration bill expected to be introduced in the Senate within days, the hearing could have been the first spark of a rejuvenated campaign by an alliance of Congressional Democrats, moderate Republicans and the Bush administration to finally solve a problem that has festered for too long.

It wasn't. That's because both Mr. Chertoff and Mr. Gutierrez slunk away from a central pillar of comprehensive reform: a path to citizenship that would give illegal immigrants — the ones who wait and prove they deserve it — the chance to participate fully and proudly in the life of this country.

Polls show that most Americans would let illegal immigrants get right with the law and become Americans, too, if they have clean records, learn English and pay back taxes and fines. Weighed against keeping the shadowy status quo or deporting 12

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million people, a citizenship path strikes them as a proper blend of justice and common sense. Last year's stalled Senate bill took this approach, and it will surely be central to any new legislation.

But the idea sticks in the craws of the members of a vocal, mostly Republican faction that wants every door to opportunity for illegal immigrants shut and locked, except the one marked "guest workers." Those they would keep because they don't mind having an underclass of docile, ill-paid foreigners who do America's dirtiest jobs and then go home.

There is a place for some temporary workers in the American economy. But such programs are highly prone to abuse and are not a solution for the vast numbers of illegal immigrants already here.

Mr. Gutierrez and Mr. Chertoff enthusiastically talked up guest-worker programs on Wednesday, but pointedly left citizenship off the table. They could have been talking tactically, working at President Bush's behest to soothe the passions of skeptical Republicans. But there must be a limit to the accommodations given to anti-amnesty ideologues. If Mr. Bush has the stomach to fight for the real reform he says he wants, he is hiding it well.

Mr. Bush said nothing about a path to citizenship in his State of the Union address in January. If he is too weakened to stand up for comprehensive reform, then Democrats and Republicans in Congress need to unite and do it for him.

Colorado's Immigration Policy Backfires (LAT)

The Los Angeles Times, March 2, 2007

IN THE 2004 SATIRICAL film "A Day Without a Mexican," California wakes up to discover that its Latinos have mysteriously vanished, and a society deeply reliant on migrant labor starts to crumble. Life is imitating art in Colorado. After passing what might be the nation's toughest anti-immigrant laws, the state is having its beleaguered day with fewer immigrants.

With no one left to pick them, crops are rotting in the fields, and the construction industry and other businesses that rely on low-skilled labor are experiencing a worker shortage. The situation is so bad for the state's growers that officials plan to send prison inmates out to harvest crops. How very 19th century.

Immigrants are fleeing Colorado because of harsh laws passed during a special session of the Legislature last summer that require state identification for government services and allow police to check suspects' immigration status. The ID laws have raised the ire even of many native-born people, who complain about hassles for those trying to get a driver's license.

If chasing away immigrants has caused problems in Colorado, imagine the economic chaos it would bring to California, where immigrants make up about a third of the workforce and the agriculture industry dwarfs Colorado's. The Rocky Mountain blues are also demonstrating that, contrary to nativist rhetoric, there really are jobs that Americans won't do. In Pueblo, Colo., desperate farmers are offering up to $9.60 an hour for pickers — well in excess of the federal minimum wage of $5.15 an hour and more than they have paid migrants in the past — but there are few takers.

Turning prisoners into farmers is no solution. People aren't sentenced to hard labor anymore, so only volunteers are available for prison work programs. And not too many inmates will do backbreaking field work for 60 cents a day — the going rate for prisoners under Colorado's pilot program.

Colorado is learning a painful lesson about the foolishness of a piecemeal, state-by-state response to illegal immigration and about the economic effect of a strictly punitive approach. The only solution with a chance of working is comprehensive federal legislation that would document immigrants already in this country as guest workers and provide them with a path to citizenship, as well as tightening border security. Election-year politics torpedoed President Bush's efforts to pass such reforms last year. To see the result of the opposite approach, look no further than Pueblo.

TAX:

SEC Scrutinises Google's Tax Methods (FT)

By Richard Waters In San Francisco

Financial Times, March 2, 2007

Google's method of accounting for income taxes has come under the scrutiny of the Securities and Exchange Commission, the first time since its 2004 initial public offering that it has attracted the attention of securities regulators.

The internet search company disclosed the informal inquiry in its latest 10K annual report, which was filed on Thursday. The SEC had first approached it for information about its tax accounting in March last year, the company said, leading to an exchange of letters that is still ongoing.

The SEC's initial approach came just weeks after Google had surprised Wall Street with the news that its tax rate had climbed unexpectedly in the final quarter of 2005. That, in turn, dented its profits, contributing to a slide in its share price that

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persisted for much of last year. It took nine months for Google's shares finally to climb decisively back above their level of early January.

Google blamed the high tax charge on a shift in its business mix, which had seen more of its investment spending move to faster-growing international markets and away from the US. As a result, a higher proportion of its profits were attributed to its operations in its domestic market, where it generally faces a higher tax rate than elsewhere.

The extent of the swing in the company's tax liabilities took investors by surprise, particularly since it was considerably sharper than Google's own forecasts had indicated just weeks before.

The SEC's inquiry into Google's tax accounting, contained in a series of four comment letters to the company, marks the first public sign of the agency's interest in the company since its market debut. An extensive interview with the company's founders in Playboy magazine, published during the "quiet period" ahead of its IPO, was one of a number of events that delayed the share sale for some months.

CONGRESS-ADMINISTRATION:

Army Fires Commander Of Walter Reed (WP)

By Steve Vogel And William Branigin

The Washington Post, March 2, 2007

The commander of Walter Reed Army Medical Center was fired yesterday after the Army said it had lost trust and confidence in his leadership in the wake of a scandal over outpatient treatment of wounded troops at the Northwest Washington hospital complex.

Army Maj. Gen. George W. Weightman, who assumed command of Walter Reed in August, will be temporarily replaced by Lt. Gen. Kevin C. Kiley. But the appointment of Kiley, who had earlier been the facility's commander, surprised some Defense Department officials because soldiers, their families and veterans' advocates have complained that he had long been aware of problems at Walter Reed and did nothing to improve its outpatient care.

The action came 10 days after a Washington Post series exposed the squalid living conditions for some outpatient soldiers at Walter Reed and bureaucratic problems that prevented many from getting the care they need.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Defense Secretary Robert M. Gates said in a statement. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

A senior Defense Department official said Gates had demanded quick action to show that the Pentagon was serious about improvements at Walter Reed. But the official said that Gates was not involved in the appointment of Kiley.

Now surgeon general of the Army and commander of the U.S. Army Medical Command, Kiley will take over temporarily as commander of Walter Reed "until a general officer is selected for this important leadership position," the Army said in a statement.

Kiley was commander at Walter Reed until 2004. He has called the Post stories a "one-sided representation" of conditions at the facility. "While we have some issues here, this is not a horrific, catastrophic failure at Walter Reed," he said.

Weightman, an easygoing, open Army leader, is well respected in the military medical community and well liked among the staff at Walter Reed. He took command in August and instituted some changes to improve outpatient care. The defense official said his firing and replacement by Kiley are likely to be demoralizing to the staff at the medical center.

The Army is already cracking down on some staff members after the reports of poor care. A number of soldiers have been reassigned from their duties at Walter Reed, including a captain and several sergeants, according to an Army official. More than 100 soldiers will arrive at Walter Reed later this month to permanently reinforce the medical brigade responsible for overseeing outpatient care.

Yesterday, an independent review panel appointed by Gates to investigate outpatient care at Walter Reed and the National Naval Medical Center in Bethesda held its first meeting at the Pentagon.

The group will "identify any critical shortcomings and opportunities to improve the rehabilitative care, administrative processes, and quality of life for injured and sick members of the armed forces" at Walter Reed and -- though there have been no complaints of poor care there -- at the Navy hospital, said William Winkenwerder Jr., assistant secretary of defense for health affairs.

The Army said the decision to relieve Weightman was made Wednesday after several days of consideration. Army Secretary Francis J. Harvey consulted with Gen. Peter J. Schoomaker, the Army chief of staff, and Gen. Richard A. Cody, the vice chief of staff, according to Paul Boyce, an Army spokesman.

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"Maj. Gen. Weightman was informed . . . that the senior Army leadership had lost trust and confidence in the commander's leadership abilities to address needed solutions for soldier-outpatient care at Walter Reed Army Medical Center," the Army statement said.

Weightman, a West Point graduate, served with the 82nd Airborne Division during the invasion of Panama and the Persian Gulf War. During the early stages of the Iraq war, he served as command surgeon for coalition land forces. As commander of Walter Reed, Weightman also headed the North Atlantic Regional Medical Command.

Last Friday, Weightman published an open letter in the hospital newspaper responding to the Post series, "The Other Walter Reed," disputing its criticisms.

"First and foremost, I want to assure all the staff that I do not believe that there is the 'other' Walter Reed," Weightman wrote. "I firmly believe that we deliver the same level of world-class healthcare to all our patients and their families, regardless of whether they are inpatients or outpatients."

Shortly after noon yesterday, Weightman sent out an e-mail to the entire Walter Reed garrison announcing his relief. "I am confident that you will continue to do a great job . . .," he wrote. "You're a great team and I have been honored to work with you."

Chief Of Walter Reed Hospital Fired Over Troop Treatment (LAT)

By Peter Spiegel

The Los Angeles Times, March 2, 2007

Poor outpatient care for soldiers injured in Iraq and Afghanistan is cited.

The general in charge of the Walter Reed Army Medical Center was stripped of his command Thursday after revelations that wounded soldiers returning from Iraq and Afghanistan were receiving slipshod outpatient treatment at the prestigious facility.

Senior Army officials said they had "lost trust and confidence" in Maj. Gen. George W. Weightman, who led the medical center for six months, after a series of articles in the Washington Post.

The stories detailed the substandard facilities and confusing bureaucracy that wounded troops faced once they were released from their initial treatment.

Weightman acknowledged the problems in interviews after the shortcomings were disclosed, saying the center's outpatient system was overwhelmed by the unexpectedly high number of wounded soldiers returning from war.

But he said that most of the problems predated his tenure, and that he had spent most of his time overseeing an increase in case workers and military officers who handled outpatient services.

Veterans groups welcomed Weightman's dismissal, but noted that the officer chosen to replace him on an interim basis — Lt. Gen. Kevin Kiley, the head of all Army medical programs — was Weightman's predecessor at Walter Reed and that he might be responsible for some of the hospital's problems.

"It's good to see someone held accountable," said Paul Rieckhoff, executive director of Iraq and Afghanistan Veterans of America. "But you can't just drop one person and make him the scapegoat."

One military official said the Army was continuing to examine Kiley's oversight of Walter Reed to determine whether he knew of the problems in the outpatient facilities.

"Those questions are being looked at," said the official, who spoke on condition on anonymity. "Is this it? We don't know. Potentially, there could be other heads that roll."

Army Secretary Francis J. Harvey, meeting with Pentagon reporters before announcing Weightman's dismissal, declined to answer questions about the Walter Reed investigation. His spokesman told reporters that any discussion about the medical center's problems was "off the table."

In a statement, the Army said Harvey had set up an "action plan" to find any additional shortcomings.

"We'll fix as we go; we'll fix as we find things wrong," Harvey said in the statement.

Defense Secretary Robert M. Gates endorsed Harvey's move.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Gates said in a statement.

"When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

White House spokesman Scott M. Stanzel, traveling with President Bush in the Gulf Coast, praised the decision.

"We agree with the Army's decision to make a change at Walter Reed," he said. "Our returning servicemen and women deserve to receive the best treatment possible."

The Army secretary's action was designed to send a message about how seriously the Pentagon took the problems at Walter Reed. Although the Navy has routinely dismissed senior commanders because of accidents, it is rare for an Army general to be relieved of command.

"The decision to do this is not taken nonchalantly; the results are final," the military official said. "It is career-ending."

In addition to Weightman, a captain and four noncommissioned officers were relieved of duty, military officials said.

Lawmakers in Washington applauded the move, saying it marked a change from previous Pentagon practice, including its response to prisoner abuse scandals.

"This step was decisive," said Sen. Jack Reed (D-R.I.). "We can look back over the last several years for incidents, including Abu Ghraib, where senior commanders were not held accountable properly."

Last week, Gates announced the formation of an independent commission to investigate problems at Walter Reed and to find out if similar issues existed at other medical facilities. Commission members, who met for the first time Thursday at the Pentagon, will report to Gates by mid-April.

The problems at Walter Reed, first reported in the Post articles last month, are found mainly in the outpatient treatment of soldiers who have left Walter Reed's hospital, which has received almost universal praise for saving the lives of troops who would have died from similar injuries in previous conflicts.

In one outpatient housing facility at Walter Reed, the Post detailed a building full of mold and insects.

The newspaper also alleged that poor outpatient oversight resulted in wounded soldiers who slipped through medical and bureaucratic cracks.

When the reports first surfaced, Weightman acknowledged that the system had been overwhelmed for two years, when the number of outpatients peaked at 872 from a prewar level of about 100. But he insisted that, since taking command, he had ramped up the number of case workers and military officers responsible for overseeing outpatients.

Weightman, a family physician by training, is a graduate of the U.S. Military Academy at West Point. He served in the Army as an infantry officer for five years before going to medical school.

He was the chief medical officer for the Pentagon during the buildup to the war in Iraq and was in charge of all medical planning until the end of large-scale operations in May 2003.

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Times staff writer Julian E. Barnes contributed to this report.

Army Removes Chief Of Walter Reed Hospital (USAT/AP)

By Robert Burns

USA Today, March 2, 2007

WASHINGTON — The Army on Thursday fired the general in charge of Walter Reed Army Medical Center, saying he was the wrong person to fix embarrassing failures in the treatment of wounded soldiers that have soiled the institution's reputation as a first-class hospital.

Less than a week after Defense Secretary Robert Gates visited Walter Reed and said those responsible would be "held accountable," the Army announced it had relieved Maj. Gen. George Weightman of command. He is a physician who had headed the hospital for only six months.

In a brief announcement, the Army said service leaders had "lost trust and confidence" in Weightman's leadership abilities "to address needed solutions for soldier outpatient care." It said the decision to fire him was made by Army Secretary Francis Harvey.

The Army and the Defense Department began investigations after The Washington Post published stories last week that documented problems in soldiers' housing and in the medical bureaucracy at Walter Reed, which has been called the Army's premier caregiver for soldiers wounded in Iraq and Afghanistan.

The problems at Walter Reed pertain not to the quality of medical care for wounded soldiers but rather to the treatment of those who are well enough to be outpatients, living in Army housing at Walter Reed. One building was singled out in the Post reports as being in bad repair, including having mold on interior walls.

Gates issued a brief statement Thursday endorsing Harvey's action against Weightman.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Gates said. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

In an interview with several reporters two days before the first Post story was published, Weightman acknowledged shortcomings at Walter Reed but also said the problems were magnified because of the facility's location in the nation's capital. "We're a fishbowl," he said, adding that it's easier for complaining patients and families to attract Congress' attention.

General Is Fired Over Conditions At Walter Reed (NYT)

By David S. Cloud

The New York Times, March 2, 2007

WASHINGTON, March 1 — The two-star general in charge of Walter Reed Army Medical Center was relieved of command on Thursday, following disclosures that wounded soldiers being treated as outpatients there were living in dilapidated quarters and enduring long waits for treatment.

The officer, Maj. Gen. George W. Weightman, a physician and a graduate of West Point, was fired because Army Secretary Francis J. Harvey "had lost trust and confidence" in his ability to make improvements in outpatient care at Walter Reed, the Army said in a brief statement.

The revelations about conditions at the hospital, one of the Army's best-known and busiest centers for treating soldiers wounded in Iraq and Afghanistan, have embarrassed the Army and prompted two investigations, several Congressional inquiries and a rush to clean up the accommodations for outpatients, where residents lived with mold on the walls, stained carpets and other problems.

A series of disclosures published prominently in The Washington Post about the living conditions, the red tape that ensnarled treatment, and other serious problems have challenged the notion promoted for years by the Army — especially since the war in Iraq — that wounded soldiers receive unparalleled care at Walter Reed.

Army officials have defended the treatment provided to most patients at Walter Reed, especially the most serious cases, those admitted to inpatient wards on the hospital's campus a few miles from the center of Washington.

But they have acknowledged that the large number of wounded from Iraq and Afghanistan, currently around 650 patients, has taxed doctors, nurses and other care providers and forced them to rely more heavily on overflow facilities to house outpatients who must remain near the hospital for treatment.

Officials refused to provide the specific reasons for General Weightman's firing.

The Army has admitted in recent weeks that the system it uses to decide whether wounded soldiers who have been moved to outpatient status will be able to return to active duty often takes too long and has promised to change the system. At Walter Reed the process has taken an average of over 200 days, a source of frustration to soldiers and families who are awaiting decisions about what benefits they will receive if they retire.

Treatment of wounded soldiers has also been spotlighted recently in a documentary recounting the treatment received by the ABC News anchorman Bob Woodruff, who was wounded in Iraq last year. Mr. Woodruff contrasted his care with that of soldiers, finding that Veterans Administration regional medical centers provide retired soldiers with good care but that local V.A. hospitals are less skilled at dealing with complex problems like traumatic brain injuries.

Mr. Harvey told reporters Thursday that the Army was also examining conditions at other medical facilities, both in the United States and abroad. "We'll fix as we find things wrong," he said.

Paralleling the Army effort, Defense Secretary Robert M. Gates appointed a panel last week to examine conditions at Walter Reed and other Defense Department hospitals it chooses, including the Naval Medical Center in Bethesda, Md.

Mr. Gates endorsed the decision to relieve General Weightman in a statement Thursday.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," he said. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

Mr. Gates had signaled earlier, after a visit to Walter Reed, that senior officials would probably be relieved of command.

A Pentagon official said that, in addition to General Weightman, a captain, two noncommissioned officers, and an enlisted soldier involved in outpatient treatment were being reassigned. He said he could not provide further information because of Defense Department confidentiality rules.

General Weightman assumed command of the North Atlantic Regional Medical Command and Walter Reed Army Medical Center on August 25, 2006. He oversees medical facilities in seven other states in addition to Walter Reed and is one of the most senior officers to be relieved in connection with the wars in Iraq and Afghanistan. He could not be reached for comment.

The Army said that command of Walter Reed would be taken over temporarily by Lt. Gen. Kevin Kiley, the Army's top medical officer.

A 1973 graduate of the United States Military Academy, General Kiley received a medical degree in 1982 from the University of Vermont and has held a series of medical commands in the past two decades, including "land component command surgeon" during the 2003 invasion of Iraq.

In comments to reporters on Feb. 16, just before the first of a series of articles was published by The Post, General Weightman conceded that there were problems with outpatient care at Walter Reed, but said that improvements were being made.

"The family members get a little frustrated because, I mean, we are really disrupting their lives," The Associated Press quoted him as saying.

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In the last year, General Weightman said, Walter Reed had increased to 17 from 4 the number of caseworkers charged with helping outpatients with the paperwork and other requirements of the patient disability evaluation system, which determines whether soldiers can remain in the military or retire with full benefits.

He said that the process often took months or years at Walter Reed because the hospital handled some of the most complex medical cases, involving head trauma and other conditions that made gauging recovery difficult.

Outpatients at Walter Reed have received initial treatment but require further care or rehabilitation before retiring from the armed forces or returning to active duty.

Addressing reports that recovering soldiers were asked to attend daily inspection, even when under medication, Paul Boyce, an Army spokesman, said that there would be periodic inspections in the outpatient facilities. Mr. Boyce added that soldiers who are able were asked to attend a daily morning meeting where treatment options and other information were discussed but that the sessions were not inspections.

Mr. Boyce said the worst conditions in the outpatient residences had been corrected but added the Army was planning to make more repairs, like replacing a faulty heating and air-conditioning system that was the cause of the mold on the walls.

Head Of US Military Hospital Dismissed (FT)

By Demetri Sevastopulo In Washington

Financial Times, March 2, 2007

The Pentagon on Thursday dismissed the head of Walter Reed military hospital for providing abysmal living conditions for wounded soldiers returning home from Iraq and Afghanistan.

Robert Gates, US defence secretary, relieved Major General George Weightman as commander of the military facility following a recent Washington Post investigation, which revealed that many soldiers were housed in sub-standard, rodent-infested housing, some were being refused disability benefits, while others with drug and alcohol problems were not receiving adequate care.

"The care and welfare of our wounded men and women in uniform demand the highest standard of excellence and commitment that we can muster as a government," Mr Gates said yesterday. "When this standard is not met, I will insist on swift and direct corrective action and, where appropriate, accountability up the chain of command."

The wars in Iraq and Afghanistan have claimed the lives of 3,525 US troops. But the number of non-fatal casualties is far higher, almost 25,000. More than 11,000 of the wounded soldiers have not returned to the battlefield.

Military analysts say the ratio of soldiers wounded to killed in Iraq and Afghanistan – at about 7:1 – is much higher than for previous conflicts. They attribute the increase to several factors, including improvements in body and vehicle armour, and the fact that the military has better medical facilities in conflict zones. The military has also increased the speed with which it can transfer injured soldiers back to hospitals in the US.

The Pentagon has been quick to condemn the conditions at Walter Reed, which were revealed as President George W. Bush attempts to shore up moribund support for his military "surge" in Iraq. A recent ABC News/Washington Post poll showed that public support for the conflict in Iraq continues to slide. A total of 67 per cent of respondents disapprove of Mr Bush's handling of Iraq, while another 67 per cent oppose the surge of 21,500 troops.

The Walter Reed scandal has generated bi-partisan criticism from lawmakers who have in recent weeks been more busy debating the merits of the surge.

"Our nation has a duty to honour and support those who have served and sacrificed so much in the defence of our nation," said Hillary Clinton, the New York Democratic senator who is running for president in 2008. "Yet these recent news reports indicate that for nearly four years since the wars in Afghanistan and Iraq began, not enough has been done to assist these courageous men and women in recovering from the wounds of battle." The Pentagon has appointed Lieutenant General Kevin Kiley, the army surgeon-general, as temporary commander of Walter Reed.

The Washington Post on Thursday reported that Lt Gen Kiley was warned as early as 2003 of problems in the hospital. Senator Barack Obama, another Democratic presidential hopeful, on Thursday accused the administration of underestimating the resources needed to support veterans of the Iraq and Afghanistan wars.

The response from the Pentagon stands in contrast to the aftermath of the Abu Ghraib prison scandal. Donald Rumsfeld, the former secretary of defence, came under criticism for not firing any senior officers over the scandal which tainted the US image worldwide.

Freshman Senator Takes Lead On Hot Controversy (MCT)

By David Goldstein

McClatchy Newspapers, March 2, 2007

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WASHINGTON - Sens. Claire McCaskill and Barack Obama led the charge this week on one of the hottest war-related controversies since Abu Ghraib.

They introduced legislation that would ensure that wounded soldiers are housed in clean conditions, have quick access to care and face an easier time claiming their disability benefits.

Their bill resulted from recent stories in The Washington Post about outpatients at Walter Reed Army Medical Center in Washington, one of the nation's premier military hospitals, who lived in squalor even as they battled the military bureaucracy for their benefits.

"This is about a system that is not trying to make it easy for the wounded to get what they deserve," McCaskill said during a news conference Thursday with Obama, an Illinois Democrat.

How did McCaskill, a freshman Democratic senator from Missouri who's been on Capitol Hill barely long enough for a cup of coffee, seize the spotlight on such a highly charged issue? And with Obama no less, a megawatt celebrity candidate for president who draws attention like wool draws lint.

This is the latest in an occasional series examining how novice McCaskill tries to translate the hopes of voters who sent her to Washington into becoming an effective operator in Congress. She's climbing a learning curve.

McCaskill didn't get a single question at their news conference

"He uses most of the oxygen," she said, laughing. "But one of the reasons I'm here is that he agreed to do it. I'm the last to complain about all the clicks being for him. The guy moves his hand and 1,000 shutters go off."

Their partnership started Presidents Day weekend.

Early word that an issue was brewing led Obama's staff initially to assume that it involved the Department of Veterans Affairs. Obama serves on the Senate Committee on Veterans Affairs, so the issue seemed squarely in his wheelhouse.

It was actually more in McCaskill's. She serves on the Senate Armed Services Committee, and the Army runs Walter Reed, which treats active-duty soldiers.

On reading the newspaper reports, "I felt sick," McCaskill said.

"Somewhere along the line, someone saw this and said to themselves, `We're not supposed to complain.' Any fresh set of eyes looking at rotting ceilings and peeling mold, and realizing our battle-weary men and women are being forced into those circumstances would say, `Whoa. This is wrong.' Somebody ought to have pounded the table somewhere."

She decided that she would. She directed her staff to collect information about the problems, which the online magazine Salon first reported more than a year ago, and how she could help fix them.

In the Senate hierarchy, McCaskill knows her place: fourth from the bottom in seniority. She figured that more senior colleagues would wade quickly into the controversy. The outrage level was blinking red, after all. Still, there was no harm in being prepared.

When McCaskill and Obama aides spoke that Sunday and realized that their bosses had the same idea, a flurry of e-mails and phone calls ensued over the next 24 hours.

"Next thing I know," McCaskill said, "I got a call ... (reporting that) `Obama's office will drop a bill the first of the week. Do you want to work with him?' I'm beginning to learn this culture of the staff and how active and how on top of it they are."

About 8 o'clock Presidents Day evening, the two staffs posted a heads-up to their colleagues in other Senate Democratic offices that McCaskill and Obama planned to sponsor a bill to fix the problems at Walter Reed.

McCaskill was at a disadvantage. Obama had three aides who work on veterans' issues and knew the problems that wounded soldiers face. McCaskill was still gearing up. Until recently she'd had only one legislative assistant to handle her entire portfolio of issues involving the military, homeland security, commerce and Indian affairs.

She'd since hired more, and by chance it was the first week on the job for her new military expert, a former infantry captain who'd helped invade Iraq. He toured Walter Reed with other Senate aides.

This week, McCaskill and her top aides gathered in her small, temporary office to prep her to tour Walter Reed on Wednesday. A key question to the hospital brass would be: In light of the problems, where's the accountability going to be in the senior chain of command?

McCaskill was cynical: "It's going to be like the prison," she told them, referring to the scandal over Abu Ghraib, a U.S. military prison in Baghdad where Iraqi prisoners were tortured. "The guys at the bottom will be held accountable and the guys at the top will not."

After her tour, she said most of the top officials she'd met recognized how steep a climb they face to restore trust. But some "seemed very closed-minded and defensive," she said. "One bragged this process has to be dispassionate, which seems to me to be oxymoronic."

Her bill with Obama has begun to draw bipartisan support. Hearings on Walter Reed will start next week.

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It's pretty heady stuff for a senator who's just a few months removed from the state capital where she'd been the state auditor. She just might make a difference.

"Introducing legislation is not anything exceptional," said Ross K. Baker, an expert on the Senate at Rutgers University. "What is exceptional is if it eventually improves the conditions at Walter Reed. She would be in a charmed circle. Very few freshmen are able to author a major piece of legislation."

Not 'A Good-News Story' (WP)

The Washington Post, March 2, 2007

YESTERDAY THE Post reported that Lt. Gen. Kevin C. Kiley heard years ago from a veterans advocate and even a member of Congress that outpatient care at Walter Reed Army Medical Center was distressingly squalid and disorganized. That commander proceeded to do little, even though he lives across the street from the outpatient facilities in a spacious Georgian house. Also yesterday, the Army announced that Maj. Gen. George W. Weightman, the head of Walter Reed since August, had been relieved of his command. His temporary replacement? None other than Gen. Kiley.

Here's where the story stops making sense. Much of The Post's article detailed the abuse by omission that Gen. Kiley, not Gen. Weightman, committed, first as head of Walter Reed, then in his current post as Army surgeon general. Gen. Weightman, who very well might deserve his disgrace, has commanded Walter Reed for only half a year, while Gen. Kiley, now back in charge of Walter Reed, headed the hospital and its outpatient facilities for two years and has led the Army's medical command since. Rep. C.W. Bill Young (R-Fla.) and his wife say they repeatedly told Gen. Kiley about unhealthful conditions in outpatient facilities.

While Gen. Kiley was ignoring Walter Reed's outpatients, he was assuring Congress that he was doing just the opposite. A staffer for Rep. Thomas M. Davis III (R-Va.) told us yesterday that Gen. Kiley told the House Committee on Oversight and Government Reform in 2005 that the performance of the medical holdover program, which covers 69 of the 76 residents of Building 18, "is a good-news story." In response to questions Mr. Davis submitted, Gen. Kiley stated, "the Army Surgeon General has made their care the medical treatment facilities' top priority." At best, Gen. Kiley was ignorant of the conditions at Walter Reed.

We are glad that the Army is finally taking the issue of outpatient care seriously enough to effectively end the career of a major general for presiding over the disgraceful condition of Building 18. But the evidence compiled so far suggests that Gen. Kiley has been more complicit in the scandalous neglect of Walter Reed's outpatient facilities for longer than Gen. Weightman has been. It also indicates that the Army's reshuffle is really about projecting the appearance of accountability, not punishing those most responsible. As Mr. Young said yesterday of Gen. Weightman, "I don't know him. But I know he's the fall guy."

Rice Names Critic Of Iraq Policy To Counselor's Post (WP)

By Glenn Kessler

The Washington Post, March 2, 2007

Secretary of State Condoleezza Rice has tapped Eliot A. Cohen, a prominent writer on national security strategy and an outspoken critic of the administration's postwar occupation of Iraq, as her counselor, State Department officials said yesterday.

Cohen would replace Philip D. Zelikow, a longtime Rice associate who left the administration earlier this year to return to teaching history at the University of Virginia. Despite Cohen's sometimes caustic views on administration policies, officials said he has impressed both Rice and President Bush with his writings, especially "Supreme Command," a study of the relationship between civilian commanders in chief and their military leaders.

In hiring Cohen, a professor at the John Hopkins School of Advanced International Studies whose son served a tour of duty as an Army officer in Iraq, Rice has lured a leading figure of the neoconservative movement as her policies toward North Korea and Iran draw fierce attack from the Republican Party's right wing. Cohen has connections in that circle and deep roots in the military establishment, and he is likely to concentrate initially on Iraq and Afghanistan and on reshaping the State Department to better handle post-conflict environments.

The counselor position is unique to the State Department. It was once one of the top jobs at Foggy Bottom -- formerly held by such luminaries as George F. Kennan, Robert Lansing and Helmut Sonnenfeldt -- but it laid dormant during Bush's first term until it was resurrected by Rice. Zelikow played a critical role for Rice as an intellectual sounding board, operating as a one-person think tank who churned out policy papers on a variety of issues and took on special tasks while unencumbered with managerial responsibilities.

Cohen, in an interview, said Rice's job offer surprised him. "I have known her for a long time, but we did not have a close relationship," he said. He received a call from her office that Rice wanted to discuss policy, but once he arrived at her office, she got straight to the point and said she was interested in hiring him.

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Cohen said he made sure to discuss his views on a range of issues but Rice appeared to value his different perspective and was unbothered by the prospect of internal disagreements. He declined to discuss his opinions yesterday, saying he planned to provide "unvarnished and discreet advice" to Rice. "I already have teeth marks on my tongue," he said, though he acknowledged his long paper trail will provide fodder for journalists.

"I'm sure you guys will have fun with that," Cohen said.

In a 2005 article for The Washington Post titled "A Hawk Questions Himself as His Son Goes to War," Cohen wrote that while the decision to invade was sound, "what I did not know then that I do know now is just how incompetent we would be at carrying out that task." He derided what he called "cockamamie schemes" in creating the Iraq army and the "under-planned, under-prepared and in some respects mis-manned Coalition Provisional Authority."

"The scholar in me is not surprised when our leaders blunder, although the pundit in me is dismayed when they do," Cohen wrote. " What the father in me expects from our leaders is, simply, the truth -- an end to happy talk and denials of error, and a seriousness equal to that of the men and women our country sends into the fight."

When Rice was named secretary of state after four years as national security adviser, Cohen wrote in the Wall Street Journal that the administration's foreign policy had "backbone and clarity of vision" but also "sheer stubbornness, culpable tactlessness and more dangerously, a lack of realism." He described the decision-making circle overseen by Rice as a "small, intimate coterie," saying such "policy-making groups become contemptuous of disagreement, indifferent to contrary arguments and at the end, impervious to reality itself."

But Cohen was also fiercely critical of the bipartisan Iraq Study Group report, writing in the Wall Street Journal that "a fatuous process yields, necessarily, fatuous results." Cohen, who has described himself as sympathetic to Israel, also denounced a paper last year by two prominent professors on the influence of the "Israel Lobby" as "inept, even kooky academic work" that was undeniably anti-Semitic.

Cohen is a member of Defense Policy Advisory Board and has on several occasions met with Bush to provide advice on Iraq, but he said he generally has been "perched on the margins [of government] for some time." He said he felt an obligation to serve when the country is at war, "when family is serving, students are serving and friends are serving."

The job does not require Senate confirmation. Cohen is expected to formally take the post in April, after finishing classes at SAIS, though he will begin working as a consultant to Rice before then.

House Eases Rules On Union Organizing (AP)

By Jim Abrams

AP, March 2, 2007

Democrats rewarded organized labor Thursday for helping them retake control of Congress, passing a House bill that would make it easier for workers to start unions against companies' wishes.

The legislation, passed 241-185 on a nearly party-line vote, would take away the right of employers to demand secret-ballot elections by workers before unions could be recognized.

"It's simply about establishing fairness in the workplace," said House Majority Leader Steny Hoyer, D-Md. Republican leader John Boehner of Ohio said the real issue was "taking care of union bosses."

The House action was the second triumph for labor following the Democratic takeover of Congress. The House and Senate also have voted on separate bills to raise the minimum wage.

Labor groups saw the Employee Free Choice Act as one way of halting the downward trend of union membership, now about 12 percent of the work force.

The celebrations may be short-lived. Senate Republican leader Mitch McConnell, R-Ky., has pledged to block the bill and the White House says President Bush will veto the measure if it reaches his desk.

The House vote was short of the two-thirds majority that would be needed to overturn a veto. Thirteen Republicans voted for the measure; two Democrats voted against it.

Labor groups contend that secret-ballot elections have become a means for employers to intimidate workers into rejecting unions.

"In the past few decades, labor law has been so twisted by corporations and their union-busting hired guns that it is now virtually impossible to form a union against an employer's wishes," AFL-CIO President John Sweeney said.

Business groups campaigned against the bill, saying it is an affront to democratic principles and would give high-pressure organizers unimpeded access to workers.

House Speaker Nancy Pelosi, D-Calif., said the bill was "the most important labor law reform legislation of this generation."

"It is about basic labor rights, about the rule of the majority free from intimidation and about protecting jobs," she said.

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Boehner said the bill really was about "taking care of union bosses. ... This is an effort to help them get more members, to make it easier for them to sign them up and to intimidate them to sign cards."

The legislation, also called the card check bill, would certify a union as soon as a majority of workers at a plant signed cards authorizing it. Currently, employers can require elections, overseen by the National Labor Relations Board, on whether a union should be recognized.

The labor rights group American Rights at Work said that, in the run-up to such elections, 80 percent of employers hire union-busting consultants and 90 percent force employees to attend one-on-one anti-union meetings with their supervisors.

The legislation would toughen penalties against employers who violate worker rights during organizing drives and set up a binding arbitration process to prevent companies from thwarting a new union by bargaining in bad faith on an initial contract.

"In many places, when you exercise your right to organize, you get fired, you get intimidated, you get harassed, you get followed home," said Rep. George Miller, D-Calif., chairman of the House Education and Labor Committee.

But Rep. Howard "Buck" McKeon of California, top Republican on the committee, said the bill would take away basic rights to a secret ballot. "That right is squarely in the cross hairs and this chamber is about to pull the trigger," he said before the vote.

McKeon offered a substitute guaranteeing rights to a secret ballot, but it was defeated 256-173.

Labor Secretary Elaine Chao, in a statement issued after the final vote, said it was a sad day when the House "votes to deprive workers of their basic right to a private ballot election."

Labor organizations cite employer coercion as a major factor in the steadily falling percentage of workers who are organized. Union membership has dropped from 20 percent of wage and salary workers in 1983 to 12 percent in 2006. Discounting civil servants, that percentage is 7.4 percent, the Labor Department says.

Unions lost 300,000 dues-paying members last year alone, said one opponent of the bill, Rep. Mark Kirk, R-Ill. "But just because only 12 percent of Americans now choose to pay into a union is no reason to attack our rights as Americans to a secret ballot."

The White House made a similar argument Wednesday in issuing a veto threat. "It is a fundamental tenet of democracy that individuals are able to vote their conscience, privately, free from the threat of reprisal," the White House said.

Sen. Edward Kennedy, D-Mass., sponsor of similar legislation in the Senate, said he would introduce it soon.

McConnell, in a statement, indicated Senate Republicans would make every effort to stop its progress. "We will not allow the progress already made on behalf of U.S. workers to be undone," he said in a statement.

House Vote On Organizing Workers First Of Many Labor Battles (WSJ)

By Kris Maher

The Wall Street Journal, March 2, 2007

Amid fierce pressure from business groups and organized labor, the House of Representatives passed legislation making it easier for unions to organize workers, setting the stage for coming battles over labor's legislative agenda.

The Employee Free Choice Act passed 241-185, with 13 Republicans supporting the measure and two Democrats voting against it, and most lawmakers falling into predictable union and business camps. The bill faces a likely Republican filibuster in the Senate, avoiding the need for a presidential veto, which the White House has promised. Both labor and business have said they will use the votes to help them decide whom to back in 2008.

The vote and continuing furor over the legislation, which is organized labor's top priority, highlight how attitudes about unions have become even more polarized in Washington. A massive voter outreach led by the AFL-CIO last fall helped Democrats win control of Congress, a favor labor wants returned. At the same time, a decline in overall union membership has given labor less clout with a more conservative Republican party that is being prodded by business leaders who fear unions will make them less competitive globally.

Rep. Howard "Buck" McKeon, a senior Republican, criticized the vote as little more than "big labor's big payoff" for its support of Democrats in the fall election, and said "it's the American workers who are truly paying the price."

Yet Democratic support was nearly universal, and included many lawmakers who in the past have parted ways with labor on issues such as trade. "People did not see this as a labor-management issue. They saw this as a middle-class issue," said Rep. Robert Andrews (D., N.J.).

The Employee Free Choice Act would let workers choose to join a union once a majority sign cards, a process that would be quicker and less open to employer opposition than a traditional secret-ballot election. Union officials believe it would help reverse labor's decline. Union membership currently stands at 7.4% of the private-sector work force, down from roughly 20% in the early 1980s.

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The legislation also toughens penalties against employers who violate labor law during organizing drives and has a provision that makes arbitration mandatory if a first contract isn't reached between a union and an employer. Opponents say the "card-check" method would lead to union coercion.

Labor leaders celebrated the vote. "Because of today's vote, the future looks a little brighter to all Americans who have watched corporations celebrate record profits, but have themselves been shut out of the party," said John Sweeney, president of the AFL-CIO.

House Passes Bill That Helps Unions Organize (NYT)

By Steven Greenhouse

The New York Times, March 2, 2007

Defying a veto threat from the White House, the House of Representatives yesterday approved legislation that would make it far easier for unions to organize workers.

The bill, whose prospects for enactment are troubled at best, would enable employees at a given workplace to unionize as soon as a majority signed cards saying they favored a union. Under current law, companies have a right to insist on a secret-ballot election determining their workers' choice. Labor leaders and many Democrats say such elections are often poisoned by employer coercion and intimidation.

Yesterday's vote, which followed a fierce debate, was 241 to 185, largely along party lines. Thirteen Republicans voted for the bill, and two Democrats against.

The measure is organized labor's No. 1 legislative priority, and Democrats call it vital to rebuilding unions and bolstering the nation's middle class.

But several Republicans described it as little more than a Democratic reward for labor's help in last November's elections. The Republicans argued that the bill, the Employee Free Choice Act, was a betrayal of workers' access to a secret-ballot election. Some called it the "employee intimidation act," maintaining that the process of majority sign-up could well entail union organizers' bullying workers into signing pro-union cards.

Republican leaders are already prepared to block the measure in the Senate, and the White House said Wednesday that President Bush would veto it should it emerge from Congress. Yesterday's vote fell short of the two-thirds majority that would be needed to override.

Speaker Nancy Pelosi called the bill "the most important labor law reform legislation of this generation," adding: "But this legislation is about more than labor law. It's about basic workers' rights. It's about majority rule."

The measure has other provisions as well. Under one, federal officials would appoint an arbitrator to set wages and benefits for workers who did not obtain a contract within 120 days of unionizing. The bill also calls for significantly increasing penalties when employers, contrary to law, fire workers who support a union.

House Bill Would Aid Union Organization (USAT)

USA Today, March 2, 2007

Democrats rewarded organized labor Thursday for helping them retake control of Congress, approving 241-185 a House bill that would make it easier for unions to organize workplaces. The legislation would certify a union as soon as a majority of workers at a plant signed cards authorizing it. Current law allows employers to demand that a union win a secret-ballot election by workers before unions are recognized.

House Speaker Nancy Pelosi, D-Calif., called the bill "the most important labor law reform legislation of this generation." Minority Leader John Boehner, R-Ohio, said Democrats were "taking care of union bosses." Senate Minority Leader Mitch McConnell, R-Ky., has pledged to block the bill in the Senate.

Four fired U.S. attorneys subpoenaed

The House Judiciary Committee issued subpoenas for four federal prosecutors who were fired last year by the Justice Department. The committee wants to know if the prosecutors were ousted improperly.

The subpoenas seek testimony from former U.S. attorneys David Iglesias of New Mexico, Carol Lam of California, Bud Cummins of Little Rock and John McKay of Seattle. Eight prosecutors were dismissed. Last month, Deputy Attorney General Paul McNulty told the Senate Judiciary Committee that all the prosecutors except Cummins had been dismissed for performance-related reasons. — Kevin Johnson

Report: Obama's ancestors owned slaves

The ancestors of the mother of presidential candidate Sen. Barack Obama, D-Ill., owned slaves, according to a researcher quoted in The (Baltimore) Sun. William Addams Reitwiesner, who works at the Library of Congress and practices genealogy in his spare time, said a "first draft" of genealogical and Census records shows Obama's great-great-great-great grandfather,

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George Washington Overall, owned two slaves in Nelson County, Ky. The records also show one of Obama's great-great-great-great-great-grandmothers, Mary Duvall, owned two slaves, he said. The report could not be independently verified. Bill Burton, an Obama spokesman, did not dispute the claim. He said Obama's ancestors "are representative of America."

Bill Easing Organization Of Unions Passes House (WP)

By Dale Russakoff

The Washington Post, March 2, 2007

In the most contentious clash between business and labor groups of the new Congress, the House yesterday passed legislation that would make it easier for workers to organize unions -- a measure that President Bush has promised to veto and that Senate Republican leaders have vowed to filibuster.

Continuing in the populist tone of its first 100 hours, the House's Democratic majority pushed through legislation to remove the right of employers to demand secret-ballot elections and to require employers to recognize unions once a majority of workers sign cards saying they want to organize.

Democratic and labor leaders argued that the existing system has become so tilted in favor of employers that it no longer protects workers' rights. Republicans accused Democrats of trying to eliminate a cornerstone of democracy -- the secret ballot -- as a payback to "union bosses" for the labor movement's support in the 2006 election.

"The Employee Free Choice Act puts democracy back in the workplace so the decision to join a union can be made by the workers the union would represent," House Speaker Nancy Pelosi (D-Calif.) told colleagues. "This is the standard right that we routinely demand for workers around the world. We should accept no less a standard here in America."

The measure would represent one of the most significant revisions of federal labor law in 60 years. It is the top legislative priority of the labor movement, which represents a record low 12 percent of the workforce, compared with 35 percent in the 1950s. Major business lobbies have mobilized against it to a level not seen since the fight over Bush's 2001 tax cuts, according to a Chamber of Commerce official. Yesterday's 241 to 184 vote was largely along party lines, with 13 Republicans voting for the measure and two Democrats opposing it.

Republicans took issue with every aspect of the bill, including its name, the Employee Free Choice Act, which they called "mischievous," "misleading" and "Orwellian." Republican Chief Deputy Whip Eric Cantor (Va.) suggested it be called, "The American Worker Compulsion Act," arguing that union organizers could bully workers into signing cards.

The White House took the same tack in promising a presidential veto, should the bill pass the Senate. "It is a fundamental tenet of democracy that individuals are able to vote their conscience, privately, free from the threat of reprisal," its statement read.

The vote fell short of the two-thirds majority required to override a veto.

The lobbying campaign leading up to the vote featured AFL-CIO ads highlighting workers who were fired during union-organizing campaigns, and who waited years to get jobs back or to receive back pay.

In yesterday's debate, Democrats cited National Labor Relations Board statistics showing that more than 31,000 workers were awarded back pay in 2005 for unfair labor practices. The numbers have risen steadily in the past three decades, from 7,393 in 1975 to 18,434 in 1985 and 26,197 in 1995, according to NLRB annual reports. The House measure would also impose stiff penalties on employers for unfair labor practices and would require federal arbitration to reach labor contracts if newly certified unions and employers do not reach agreement within 90 days.

The business community's campaign was led by a coalition of 300 business organizations in all 50 states, calling itself the Coalition for a Democratic Workplace. The group aired radio ads calling the legislation anti-worker and antidemocratic, and said its efforts generated 27,000 contacts of House members from within the targeted districts.

Democrats and labor leaders hailed the vote yesterday as an answer to the declining fortunes of middle-class workers and the growing income divide. "Because of today's vote, the future looks a little brighter to all Americans who have watched corporations celebrate record profits but have themselves been shut out of the party, left with stagnant wages and facing soaring costs," AFL-CIO President John Sweeney said.

Business leaders and Republicans argued otherwise. "Organized labor is not winning [union-organizing] elections because they're not able to articulate a fundamental value proposition to the vast majority of American workers," said Michael J. Lotito, a lawyer who represents employers in labor relations cases. "They're trying to change the process to increase their market share."

House Backs Bill To Ease Unionizing (WT)

By Sean Lengell

The Washington Times, March 2, 2007

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Organized labor scored a major victory yesterday as House members voted in favor of a measure to make it easier for workers to join unions.

The House voted 241-185 for the Employee Free Choice Act, which would allow workers to unionize by simply signing a card or petition stating their interest in joining a union, as opposed to the long-standing practice of secret-ballot elections.

Two Democrats voted against the bill, with 13 Republicans supporting it.

"This is the most important labor-law reform legislation of this generation," said House Speaker Nancy Pelosi, California Democrat.

But the bill faces a tough challenge in the Senate, where Democrats have only a slight majority.

Senate Minority Leader Mitch McConnell, Kentucky Republican, vowed to fight the bill.

"We will not allow the progress already made on behalf of U.S. workers to be undone, nor will we allow coercion by employers or unions," Mr. McConnell said.

The Bush administration also has vowed to veto the bill.

The pending legislation has pitted labor activists and union foes in a fierce lobbying and public-relations campaign the past few months.

Organized labor says the bill is crucial for helping defend itself from anti-union employers and lawmakers.

Opponents say the pending law is nothing more than political payback by Democrats to the unions, which significantly supported the party during the 2006 congressional elections.

Supporters of the bill say the card-signing -- or "card-check" -- method is more fair than holding a secret-ballot election because it's a simpler, more-direct approach for workers to decide if they want to unionize.

And because card-check organizing is considerably quicker than conducting secret-ballot elections, which typically take weeks or longer, proponents say it reduces the potential for employers to harass and intimidate workers against joining a union.

"Today, when workers want to form a union, their employers can force them to undergo a National Labor Relations Board election process, and that process is broken because it allows irresponsible employers to harass, coerce, intimidate, reassign and even fire workers who support a union," said Rep. George Miller, California Democrat and the bill's main sponsor.

Unions have helped make the United States "the most prosperous, most productive nation in the world, with a vibrant middle class," Mr. Miller added.

Majority Leader Steny H. Hoyer, Maryland Democrat, said the bill is "simply about establishing fairness in the workplace."

But opponents say the bill is a desperate attempt by organized labor to stay relevant.

Union membership peaked in the late 1950s and early 1960s, with more than 35 percent of U.S. workers belonging to a union.

Last year, overall union membership was 12 percent nationally -- down from 12.5 percent in 2005.

The bill would strip workers of their right to vote anonymously when deciding whether to be involved in a union, opponents say.

"We are standing on this floor, considering this bill, and ultimately, casting our votes at the end of this debate because of the power of the secret ballot," said Rep. Howard P. "Buck" McKeon, California Republican. "The privacy and sanctity of the secret ballot is the beauty and the backbone of this democratic process."

Republican opponents accused Democrats of being hypocrites for supporting the bill.

"It's ironic that Democrats who campaigned last November on promises to protect America's privacy rights are now supporting a bill that will strip workers of the right of secret-ballot voting," said Rep. Eric Cantor, Virginia Republican. "This is clearly a Democrat payoff to unions instead of good policy for America."

Rep. Jeb Hensarling, Texas Republican, called the bill the "worker-intimidation act" and said it was a payback by Democrats.

"This bill is a full frontal assault on American workers," Mr. Hensarling said. "What is more fundamental to American democracy than the secret-ballot election?"

But even if the bill is defeated, Democrats almost certainly would raise the issue again if the party captures the White House in 2008, said Peter Morici, a University of Maryland business professor and a former chief economist at the U.S. International Trade Commission.

"This issue isn't going away because the Democrats are starting to believe in it," he said. "It's gaining momentum."

House OKs Bill Making It Easier To Form A Union (LAT)

By Molly Hennessy-fiske And Richard Simon

The Los Angeles Times, March 2, 2007

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WASHINGTON — For the last dozen years, Capitol Hill hasn't been the friendliest place for organized labor. But that's changed with the new Democratic-controlled Congress, and labor is pressing its agenda.

That was apparent Thursday as the House approved a bill to make it easier to form a union — a longtime priority of labor, an important Democratic constituency. The vote was followed by a victory celebration in the House speaker's office attended by the president of the AFL-CIO.

The Senate, meanwhile, is considering a bill to give airport screeners collective bargaining rights. Another labor priority, the first increase in the federal minimum wage in a decade, is expected to clear Congress within weeks.

"This is just the beginning," AFL-CIO President John Sweeney said in an interview Thursday. He listed planned labor offenses on healthcare, trade policy and an immigration overhaul.

After years of being shut out, union lobbyists say, they are being invited to meetings on Capitol Hill and asked their views on legislation.

"We were in a major defensive mode," said Charles M. Loveless, legislative director of the American Federation of State, County and Municipal Employees.

It will still be extremely difficult for labor to get its agenda through a narrowly divided Congress — and past President Bush's veto pen.

What's more, the ranks of labor are dwindling nationally. About 12% of workers belong to a union. That's down from 20% in 1983 and 40% in 1955, said Nelson Lichtenstein, a history professor at UC Santa Barbara.

Unions, faced with globalization, outsourcing and illegal immigration, have become ideologically divided in ways they never were in the 1950s.

Older, industrial unions like the United Auto Workers have for the most part been fighting for labor protections from international trade, whereas the Service Employees International Union and their labor coalition, Change to Win, have focused on organizing growing segments of the workforce, such as immigrants and temporary workers.

To the extent that there is a unified labor agenda in Washington, it includes legislation to expand paid sick leave, child care, healthcare and pension protections.

Democrats have proposed new bankruptcy legislation that would protect workers' health and pension benefits. They also want to expand the 1993 Family and Medical Leave Act to provide at least six weeks of paid leave for workers to care for themselves, their children or other immediate family.

Democrats also are drafting legislation to reinforce workplace safety and prevent corporations from avoiding pension obligations.

Sen. Edward M. Kennedy (D-Mass.), chairman of the Health, Education, Labor and Pensions Committee, has talked about reviving a workplace safety bill that would strengthen protections for whistle-blowers and increase penalties for those who repeatedly violated workplace regulations. Kennedy also has proposed legislation that would require employers of 15 or more workers to provide seven paid sick days annually.

Democratic leaders are hoping to wring concessions from Republicans before they consider renewing Bush's trade promotion, or "fast track," authority, which expires July 1. The free-trade wing of the Democratic Party appears to be shrinking, with more legislators like Sen. Sherrod Brown (D-Ohio) demanding that the administration incorporate labor protections into trade agreements.

All but three of the 42 House Democratic freshmen recently sent a letter to their leadership calling for a new direction on trade, including an end to what they describe as "job-killing agreements."

GOP leaders have indicated a willingness to compromise on trade, but they will probably oppose legislation on union organizing and workplace rights along the lines of the bill that passed the House on Thursday, 241 to 185. Unlike the federal minimum wage increase or changes to trade agreements, the proposed Employee Free Choice Act doesn't come with sweeteners for business interests.

"Senate Republicans are committed to defeating this proposal," said Sen. Jon Kyl (R-Ariz.), chairman of the Senate Republican Conference. Sen. Michael B. Enzi of Wyoming, the top Republican on the Health, Education, Labor and Pensions Committee, promised to "work aggressively" to defeat the bill.

The legislation would certify a union as soon as a majority of workers signed cards authorizing it. Under current law, after cards are signed an employer can call for a separate secret ballot — overseen by the National Labor Relations Board — on whether a union should be recognized.

Republicans say the bill would let employers and union officials intimidate workers during organizing campaigns because it would change the process for union elections from a secret ballot to a card check where votes were recorded.

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"We respect a worker's right to organize and to join a union, but clearly they ought to have the right to have a secret ballot election," said House Minority Leader John A. Boehner (R-Ohio). "We're fighting to protect workers from intimidation of any kind, whether it be from employers or from those who seek to organize them."

Rep. Jeb Hensarling (R-Texas) has called the proposed Employee Free Choice Act "nothing more than an attempt to pay back big labor, which helped finance Democrat campaigns across America."

But it's not necessary for unions to get legislation past Republicans, the Senate or the president's desk to score a victory with workers and middle-class voters, said Lichtenstein of UC Santa Barbara.

"Whether you pass this stuff is secondary to whether you change the conversation, and I do think that is happening," Lichtenstein said. "The Democrats understand now that labor is indeed their backbone."

Checkmate (WSJ)

By Kimberley Strassel

The Wall Street Journal, March 2, 2007

For Big Labor, this week's "card check" victory marked the ultimate payoff for past Democratic election support. For House Democrats, it marked the end of the honeymoon.

Democrats won in November in part by playing down their special interest patrons -- unions, environmentalists, trial lawyers -- and by playing up a new commitment to the moderate middle class. The big question was whether the party had the nerve to govern the way it campaigned, and card check was the first test. The answer? AFL-CIO chief John Sweeney isn't smiling for nothing.

Up to now, Speaker Nancy Pelosi had kept her troops in line and her party's liberal wing in check. The vaunted first "100 hours" was run like a military operation, and revolved around a carefully chosen legislative agenda that would unify every faction in her party. It was small potatoes, but it worked, and it was a lesson in how Democrats can practice smart politics.

The card check, in contrast, is a lesson in how the party's liberal base forces Democrats to back political losers. The legislation's only purpose is to give unions an unfair advantage in organizing, namely by eliminating the secret ballot in union elections and instead allowing thugs to openly bully workers into joining up. Americans understand and despise this, with polls showing 90% of the public thinks card check is a racket.

Democrats therefore left themselves wide open for their first public drubbing. The card check gave Republicans a rare opening to beat the daylights out of the new majority, successfully accusing it of trashing democratic elections and shutting down free speech. It unified the business community, which put aside its disagreements on health care and immigration to instead team up to make the vote as painful as possible for Ms. Pelosi's moderate wing. Even the liberal press jumped ship.

And all this, meanwhile, for a vote that was largely symbolic. President Bush has vowed that a card check law is dead on arrival. And that assumes the legislation could even make it through a Senate filibuster -- which it can't. As low points go, this was the lowest the new majority has had so far.

The issue for Ms. Pelosi is that this will undoubtedly not be the only low point. The card check is instead the first illustration of the biggest dilemma Democratic leaders will face over the next few years. Savvier party members understand the threat special interests pose to Democrats' ability to commune with more of America. Yet the party is completely dependent on those left-wing interest groups to finance and man their electoral victories. They want a return on their investment.

For years now, unions have provided thousands of volunteers for get-out-the-vote efforts. More important, they've provided a huge purse to get Democrats elected. This time they handed over the money on condition that Democrats support what has become their biggest priority. This week they called in their chits.

Many Democrats also see the card check as vital to their political survival. Union membership has been nosediving for years. In 2006 it dropped to just 12% of workers. The reigning belief is that if Democrats don't do their part to reverse this decline, they'll see a huge source of manpower and cash for future elections disappear. The card check might be terrible politics, but it is the best shot they have to force more Americans into unions that will spend the dues to re-elect Democrats.

Whatever the motivation, enough Democrats were willing to take a hit if it meant getting card check through. Not that they didn't attempt to lessen the sting. One reason this was the first major domestic legislation up for a vote was that Democrats were anxious to get it out of the way quickly, and put space between it and next year's election. House insiders were this week referring to that strategy as the "Rip Off the Band-Aid" approach: This is gonna hurt, so do it fast.

It also explains the pains House Labor and Education Committee Chairman George Miller took to put the bill through as quietly as possible. The card check will be the biggest change in labor law in decades, yet Mr. Miller allowed but a single hearing and markup on the issue. That hearing was held in the middle of the House's very public Iraq debate, the better to avoid any notice.

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The issue exploded nonetheless, and it was the party's moderate wing that got caught in the crossfire. Big Labor, to its credit, had approached the card check with a lot more political savvy than is usually the case. In particular, it started approaching Democratic moderates several years ago, demanding they co-sponsor a card check bill. While many in the Blue Dog wing wouldn't normally agree to such an anti-business measure, they saw this as a useful opportunity to score some union points. After all, Republicans weren't about to bring up the legislation. The problem came when Democrats won, and they had to stand behind their previous support.

The unions' other big coup was to get to this year's Democratic freshmen early in the electoral game. Labor explained that any union support they received in their tight races in GOP-leaning districts would be entirely conditioned on their later vote for card check. Most of them signed up for this devil's bargain, since, as one Democratic aide admitted: "We didn't have a choice."

The business community this week made sure that those Democratic moderates felt the burn. The Coalition for a Democratic Workplace -- a group of more than 300 business outfits against the card check -- earlier this week laid out a six-figure radio buy for just three House districts, targeting North Carolina's Heath Shuler, Florida's Tim Mahoney and Kansas's Nancy Boyda. All three ran as conservative Democrats, and have only tenuous grips on their seats. The Chamber of Commerce spent another $400,000 on radio ads targeting 51 Republicans and Democrats who are also vulnerable next year. The ads had an effect. Card-check supporters had been hoping to get as many as 290 votes; instead they mustered just 241.

Ms. Pelosi might remember that she only won last year's election because of the success of these moderate candidates. They were the ones who benefited most from Democrats' new promises to focus on "middle class" America. And it is the Democratic Party as a whole that will suffer if those promises aren't kept.

Bush Picks Executive As Consumer Watchdog (LAT)

By James Gerstenzang

The Los Angeles Times, March 2, 2007

WASHINGTON — President Bush said Thursday that he would nominate a senior executive of the largest organization representing the nation's manufacturers to head the government agency assigned to protect consumers from dangerous products.

Bush's choice of Michael E. Baroody, executive vice president of the National Assn. of Manufacturers, to be chairman of the Consumer Product Safety Commission drew an angry response from consumer advocates and predictions of a tough battle for Senate confirmation from the Democratic majority.

Critics, noting Baroody's work for an organization that aims to ease restrictions on a long list of companies making consumer goods, said the nomination would reflect an administration effort to restrict government regulations by executive order and action, rather than by congressional approval.

"I think it's shocking," said Joan Claybrook, president of Public Citizen, a watchdog group founded by Ralph Nader. "It's the fox in the chicken coop."

Claybrook, who led the National Highway Traffic Safety Administration under President Carter, said, "They wanted a hard-liner in the agency to push it into the deregulation mode."

The Consumer Product Safety Commission, established in 1974, issues safety standards for a wide range of products, including lawn mowers, toasters, toys, clothing and furniture — nearly all consumer products except motor vehicles and guns.

It investigates reports of dangerous products, issues recalls and shapes regulations. It also has the option of taking no action on complaints or investigations.

The panel has not had a chairman since July; only two of its five seats are filled. Under its regulations, the commission is unable to take formal action after more than six months without a quorum. It hit the mark in January.

Baroody, 60, was an assistant secretary of Labor and director of public affairs under President Reagan. He also was a speechwriter for Bob Dole when the Kansas senator was chairman of the Republican National Committee.

Both in government and out, Baroody has tangled with advocates of greater government regulation to protect public health and safety:

· In 1988, as assistant secretary of Labor, he defended the Reagan administration's record in protecting workers despite delays in issuing safety rules and efforts to weaken regulations.

· In 2000, he fought an ergonomics rule — put into place by the Clinton administration — that the Occupational Safety and Health Administration said was intended to prevent 300,000 workplace accidents and injuries.

· In 2001, speaking for the National Assn. of Manufacturers, he criticized a Supreme Court ruling rejecting arguments that the Environmental Protection Agency had acted unconstitutionally when it issued standards for limiting smog and soot.

Baroody's nomination must be considered by the Senate Commerce Committee before being voted on by the Senate.

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"I intend to give his nomination thorough scrutiny," Sen. Barbara Boxer (D-Calif.), a Commerce Committee member, said in a statement.

"Here was a golden opportunity to put a true champion of consumers onto a very important commission, and instead President Bush selected someone who represents the special interests," she said. "This administration seems incapable of doing anything in the public interest."

Republican lawmakers did not return calls seeking comment.

The Consumer Product Safety Commission has received no increases in funding, according to Democratic staff members on the Senate Commerce Committee, forcing it to reduce staff and workload because its budget mandates cost-of-living increases for employees.

One staff member, who spoke on condition of anonymity, said Democratic senators were concerned that the commission's staff had been deprived of its expertise by what amounted to budget cuts imposed by the Bush administration.

Baroody also was president of the now-defunct National Policy Forum, a Republican-oriented policy research group. He is a graduate of the University of Notre Dame.

Kerry Getting Some Payback For Swift Boat Campaign Of '04 (NYT)

By Michael Luo

The New York Times, March 2, 2007

WASHINGTON, March 1 — Senator John Kerry may get his parting shot after all.

After his having name sullied during the 2004 presidential campaign by the opposition group Swift Boat Veterans for Truth, Mr. Kerry, a Massachusetts Democrat, got the chance on Tuesday to sharply question Sam Fox, a major Republican donor who was recently nominated to be ambassador to Belgium, about his $50,000 contribution to the group.

In addition, some of Mr. Kerry's Democratic colleagues on the Senate Foreign Relations Committee now say they will consider voting against Mr. Fox's nomination.

Senator Bill Nelson, Democrat of Florida, said about the donations: "I suspect that other than Senator Kerry, there will be some senators that will not look too kindly for his support of that vicious kind of personal attack."

Mr. Kerry declined on Thursday to say how he would vote. On Tuesday, however, he bore in on Mr. Fox with the zeal of the former prosecutor that he is.

Mr. Kerry asked him to explain why he had donated $50,000 to the Swift boat group and pressed him to identify who had asked him to give. Mr. Fox said he could not remember, explaining that he gave large sums to a variety of groups.

Mr. Kerry continued to hammer him, as Mr. Fox squirmed. Finally the senator asked, "Do you think this should matter to me?"

"I'm sorry?" Mr. Fox asked.

"Do you think this should matter to me?" Mr. Kerry repeated.

"Yes, I do. I do," Mr. Fox said.

A Tug Of War On Presidential Papers' Release (WP)

By Elizabeth Williamson

The Washington Post, March 2, 2007

A bipartisan proposal targeting White House rules on the release of presidential papers would claw back power over public records from the executive branch, advocates of the bill say.

The House measure, introduced yesterday, would overturn President Bush's 2001 executive order adding layers of review before presidential papers are made public. Historians and archivists say the order has kept thousands of documents from public view.

Bush's order "gave current and former presidents and vice presidents broad authority to withhold presidential records or delay their release indefinitely," Rep. Henry A. Waxman (D-Calif.), chairman of the Oversight and Government Reform Committee and a bill sponsor, said in a statement yesterday. Waxman's co-sponsors include Reps. Todd R. Platts (R-Pa.), William Lacy Clay (D-Mo.) and Dan Burton (R-Ind.).

Bush issued the order after the White House held up the release of 68,000 pages of Ronald Reagan Presidential Library documents in 2001. Under the previous system, the president, former presidents or designees had 30 days to review documents and lodge objections. Bush added reviews by the families of former presidents to the process, and removed the 30-day deadline. He also broadened the rules to encompass vice presidential papers.

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Thomas S. Blanton, chief of the National Security Archive at George Washington University, said that waiting time for documents from the Reagan Library has soared from 18 months to more than six years since the Bush order, because of the review process and factors such as understaffing at the National Archives.

Bush's order "has added to the endemic problem of delay," Allen Weinstein, the national archivist, said in his testimony. Since the order, White House review time has grown to approximately 210 days, he said.

Cheney Rallies His Base With A Fiery Speech (WT)

By Joseph Curl

The Washington Times, March 2, 2007

Vice President Dick Cheney yesterday fired up hundreds of conservatives at their annual conference in Washington, drawing cheers when he upbraided Democrats for not realizing an "inconvenient truth" -- that Iraq is the central front in the global war on terrorism.

In a pointed potshot at his Democratic predecessor, Mr. Cheney took direct aim at former Vice President Al Gore, who starred in the film "An Inconvenient Truth" that won an Academy Award last week for best documentary.

"In these circumstances it's worth reminding ourselves that, like it or not, the enemy we face in the war on terror has made Iraq the primary front in that war. To use a popular phrase, this is an inconvenient truth," the vice president said to laughter and applause.

Addressing the Conservative Political Action Conference on its opening night at the Omni Shoreham Hotel in Northwest, Mr. Cheney entered to a standing ovation, complete with yells of approval. His boss, however, did not fare as well.

"I always do appreciate the warm reception I receive at CPAC, and I bring personal greetings to all of you from our president, George W. Bush," he said, but the applause was tepid, far short of that offered when John R. Bolton, former U.S. ambassador to the United Nations, took his seat at the head table before Mr. Cheney entered.

But the vice president, a favorite among staunch conservatives, kept hold of his audience, ripping Democrats for their anti-war stance and obstinance during the first two months in control of Congress.

"With a divided government and strong feelings on both sides of the aisle, getting things done is a bit more of a challenge than it was before. But the American people expect results, and the president and I are committed to working with Congress for the good of the country. What we will not do is abandon the conservative principles we ran on in 2000 and 2004," he said to cheers.

Mr. Cheney served up red meat to the roomful of conservatives, pushing the president's tax cuts and health care proposal. The vice president also chastised Democratic senators for moving to trim funding for the war and deliver a vote of no-confidence against Mr. Bush, as when the House passed a nonbinding resolution criticizing Mr. Bush's troop "surge" proposal.

"The fact is that every statement we make has multiple audiences," he said. "The enemy listens, and so do the Iraqi people. A watching world needs to know that the United States is determined to prevail because we're a nation that keeps its word, and because we understand the consequences of failure," he said to applause.

Mr. Cheney hit a score of hot-button conservative issues; drilling for oil in the Arctic National Wildlife Reserve -- "had they passed legislation when we asked, this nation would be well on its way to receiving up to 1 million barrels per day of new supplies" -- and the foot-dragging by Democrats on the president's judicial nominees.

"During President Clinton's last two years in office, the Republican Senate confirmed dozens of district judges and 15 appellate judges. The current Democratic majority should proceed in that same spirit," he said, citing Chief Justice John G. Roberts Jr. and Justice Samuel A. Alito Jr., which brought robust applause.

But he closed with Iraq, making a case for continued support of the war, which a majority of Americans now oppose.

"Very soon both houses of Congress will have to vote on a piece of legislation that is binding -- a bill to provide emergency funding for the troops. And I sincerely hope the discussion this time will be about winning in Iraq, not about posturing on Capitol Hill," Mr. Cheney said.

Conservatives Irate At Current Crop Of Presidential Candidates (BOS)

By Susan Milligan

The Boston Globe, March 2, 2007

Leading conservatives Thursday attacked the Republican Party as big-government, free-spending coddlers of illegal immigrants, and said the country's conservatives should withhold support from the GOP's current slate of presidential nominees to force them to the right.

"I feel very angry and betrayed" by the GOP, some of whose elected officials have backed a "guest worker" immigration plan, abortion rights and tax increases, said Richard Viguerie, chairman of Conservative-HQ.com. "We should withhold support

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from all major Republican [presidential] candidates today. Not one of them deserves our support today," he told a ballroom full of activists at the Conservative Political Action Conference annual meeting Thursday.

Further, he said, conservatives should withhold "all support" from GOP national committees, which Viguerie said have not produced federal candidates who adhere to conservative principles.

Ken Blackwell, a failed GOP candidate for Ohio governor last year, agreed that conservatives should at least wait to endorse a presidential candidate. "The Republican party -- our natural home in a two-party system -- is in disarray," Blackwell lamented.

At least one conference attendant sported a sticker that featured a circle with a line drawn through the words "Rudy McRomney" -- broadcasting the wearer's opposition to the early leaders in polls for the GOP nomination, former New York Mayor Rudolph Giuliani, Arizona Senator John McCain and former Massachusetts Governor Mitt Romney.

Conservatives said they are frustrated and angry, blaming the GOP's massive losses in the 2006 elections on Republicans who deviated from a hard-line conservative agenda. The mood also puts added pressure on a slew of GOP presidential candidates set to speak to the CPAC meeting Friday.

Social conservatives are leery of Giuliani, who supports abortion rights, and of McCain, who authored a campaign finance law that limits interest groups' financial influence in political campaigns. Romney's evolution to a socially conservative agenda pleases some religious conservatives, but some are still unhappy with his earlier, softer positions on gay rights and abortion rights.

Former Arkansas Governor Mike Huckabee has disappointed fiscal conservatives for signing tax hikes on gas and cigarettes when he was governor, while Kansas Senator Sam Brownback has been criticized for his support of an immigration reform bill conservatives claim would give "amnesty" to illegal immigrants. Phyllis Schlafly, a longtime opponent of gay rights and the Equal Rights Amendment, won loud cheers when she derided programs to provide bilingual drivers' tests and to provide low-wage jobs to immigrants instead of "our own high school dropouts."

All of the GOP candidates except McCain are scheduled to appear Friday before the conference. Representative Duncan Hunter, a lesser-known California Republican running for president, will also speak before the conservative activists.

Kevin Madden, a spokesman for Romney, acknowledged that conservatives are frustrated because of the election losses of 2006. But he said the party -- including its conservative wing -- needed to come together around an agenda and a candidate who can win.

"The conservative movement is going through a certain degree of reflection and renewal," Madden said. "We need to come together and find some unifying themes."

Bush Brings Fundraising Gold For GOP (LAT)

By James Gerstenzang

The Los Angeles Times, March 2, 2007

WASHINGTON -- President Bush insists that he will stay out of the race over who will succeed him, at least until a Republican nominee is chosen. But that isn't keeping him from becoming the chief fundraiser for Republicans, his low poll ratings notwithstanding.

Bush helped raise $10.4 million for the Republican Governors Association earlier this week, and he will be the star attraction at a fundraising dinner Friday in Louisville for Senate Minority Leader Mitch McConnell, a Kentucky Republican, and the National Republican Senatorial Committee. It is expected to bring in more than $2 million.

Republican activists and advisers say the president is likely to speak at several fundraising events a month in each of the coming months, showing that Bush still has considerable power to help his party even though his approval ratings have averaged well below 50 percent throughout his second term.

Bush's fundraising skills underscore a key fact of modern political life, according to several Republican consultants and a major fundraiser: Political division is not necessarily a bad thing when it comes to breeding political loyalty, and loyalty translates into contributions.

During the first two years of his presidency, Bush's approval rating reached 90 percent in the Gallup Poll, shortly after the Sept. 11 attacks, and they remained above 60 percent as the 2002 election approached.

In that time period -- 2001 and 2002 -- Bush raised $192 million for Republican candidates, according to the Republican National Committee.

By contrast, only 38 percent of people surveyed by Gallup approved of Bush's job performance when voters went to the polls last November. But Bush's fundraising numbers were unchanged: During the two years leading to the 2006 election, he raised $194 million, the party reported.

In short, his popularity sank; his fundraising touch remained golden.

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That, said Frank Donatelli, a White House political director under President Reagan, illustrates a central factor at the intersection of politics and cash: "Intensity raises money."

"The dirty little secret of all this is that being a polarizing figure -- whether you are George Bush or Bill Clinton -- your popularity with the base is a tremendous financial asset and resource" for your party, said Wayne Berman, a Republican fundraiser.

Senate, House and gubernatorial races are drawing Bush's focus, too, and candidates are ready to take advantage of his 76 percent approval rating among Republicans, as measured by Gallup during the second week of February.

Even as his overall approval rating shows no sign of rebound, Republicans expect Bush to head to friendly territory to help pad the bank accounts of Republican campaigns, or to conduct low-visibility events in Washington for the party's candidates running in contested states where Bush's popularity lags.

"Helping safe incumbents have good, solid treasuries so they won't have problems next year is smart," said Ron Kaufman, a Bush family political adviser for nearly three decades. "The best thing a president can do for any candidate, whether he is at 40 percent or 90 percent, is fundraising."

Poll Shows Bush Is Losing Support Of Republicans (NYT)

By Marjorie Connelly

The New York Times, March 2, 2007

In the months since the Congressional elections, President Bush has lost substantial support among members of his own party, according to the latest New York Times/CBS News Poll.

Mr. Bush's approval rating dropped 13 percentage points since last fall among Republicans, 65 percent of whom now say they approve of the way he is handling his job as president, compared with 78 percent last October.

Over all, Mr. Bush's job approval remains at one of its lowest points, with 29 percent of all Americans saying they approve of the way he is doing his job, compared with 34 percent at the end of October. Sixty-one percent disapproved, compared with 58 percent in October, within the margin of sampling error.

Twenty-three percent of those polled approved of the way Mr. Bush is dealing with the situation in Iraq. Twenty-five percent approved of his handling of foreign policy.

Even the president's campaign against terrorism, long his signature issue, is seen positively by only 40 percent of those polled, while 53 percent disapprove.

Three-quarters of those polled say things are going badly for the United States in Iraq, and only 23 percent say the efforts to bring stability and order to Iraq are going well.

Seventy percent, including 52 percent of Republicans, say there is not much the United States military can do to reduce the sectarian fighting in Iraq.

Over all, 23 percent of the public say the country is going in the right direction and 68 percent see it as "on the wrong track."

The nationwide telephone poll was conducted Friday through Tuesday with 1,281 adults and has a margin of sampling error of plus or minus three percentage points. The margin of sampling error for Republicans is plus or minus five percentage points.

Music Of The Spheres (WP)

By Charles Krauthammer

The Washington Post, March 1, 2007

You might not have noticed, but we broke another U.S. space record last month when astronaut Michael Lopez-Alegria logged his 67th hour of spacewalking. If you consider that the equivalent of the Guinness record for pogo-stick bouncing (23.11 miles in 12 hours and 27 minutes) -- amazing but pointless -- I agree with you. There's nothing quite as beautiful as the space station and the shuttle that services it, and nothing quite as useless.

Now, that can be said of many things: a balance-beam dismount, a Shakespeare sonnet, a chess problem by Nabokov. But none of these is financed by taxpayers, and none makes a claim to utility. They are there for reasons of aesthetics, and perhaps amusement.

You cannot justify a $17 billion NASA budget or $6 billion for manned exploration on such grounds. There has to be more than that, and the space shuttle never was. It will be remembered as one of the most elegant, most misbegotten detours in the history of technology. It was our Spruce Goose, Howard Hughes's gigantic, eight-engine plane that flew only once.

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But the Spruce Goose didn't cost $4 billion in tax money to operate. Which is why the coming retirement of the shuttle is so welcome. Even more welcome was the Bush administration's decision to redirect the entire manned space effort toward establishing a moon base.

Not until about 2020, mind you, half a century since we first reached the moon. Future generations will have a hard time understanding the hiatus. But for two sets of critics -- the Luddite left and the science purists -- 50 years is not nearly long enough. They would not build a moon base at all.

The Luddites have long opposed manned exploration as a waste of resources when, as the mantra goes, we have so many problems here on Earth.

I find this objection incomprehensible. When will we stop having problems here on Earth? In a fallen world of endless troubles, that does not stop us from allocating resources to endeavors we find beautiful, exciting and elevating -- opera, alpine skiing, feature films -- yet solve no social problems.

Moreover, the moon base is not pointless. The shuttles were on an endless trip to the nowhere of low Earth orbit. The moon is a destination. The idea this time is not to go to plant a flag, take a golf shot and leave, but to stay and form a real self-sustaining, extraterrestrial human colony.

Sure, Mars would be better. It holds open the possibility of life and might even have water on its surface today. But the best should not be the enemy of the good. Mars is simply too far, too dangerous, too difficult, too expensive. We won't go there for a hundred years.

Nor is it true that there is nothing of use or even of interest on the moon. There are all kinds of materials to be exploited, observations of the cosmos to be made and knowledge to be gained on how best to live off the land away from Earth.

A century ago there seemed to be nothing in Antarctica, either. We went there first for adventure, then for discovery. The concrete scientific advances Antarctica has yielded (regarding climate change and the ozone layer, for example) have been as important as they were unexpected.

A more serious critique of returning to the moon comes not from the Luddites but the purists. They want science, and they are right that robotic exploration is a more cost-effective way to get it. The science yielded by unmanned vehicles, such as past and future probes of the ice surface of Europa and the hydrocarbon lakes of Titan, is indeed thrilling. And pound for pound, dollar for dollar, manned exploration does bring back less science than robots.

But it still brings back science. Humans can discover things through intuition and pattern recognition that machines thinking in algorithms cannot. Imagine the scientific possibilities if today we had humans patrolling Mars rather than the brilliantly programmed but still limited golf carts now roaming the surface.

And then there's the glory. If you find any value, any lift of the spirit in a beautiful mathematical proof, in an elegant balletic turn, in any of the myriad human endeavors that have no utility but only breathtaking beauty, then you should feel something when our little species succeeds in establishing new life in a void that for all eternity had been the province of the gods. If you don't feel that, you are -- don't take this personally -- deaf to the music of our time.

OTHER NEWS:

A Steadier Day For Stock Markets, But A Sense Of Unease Lingers (NYT)

By Vikas Bajaj And Jeremy W. Peters

The New York Times, March 2, 2007

What is bothering investors? No one thing in particular and yet everything.

From a slowing American economy to a faltering mortgage market and the tightening of historically easy credit, a caldron of concerns has been bubbling up over the last year and appears to have set off the wave of selling that rocked world financial markets this week.

Though each of the fears has a distinct origin and quality, a common strain runs through them: that after four years of strong growth, low interest rates and relative prosperity, investors appear to have become too complacent about risks.

After some wide swings yesterday, stock markets appeared to have steadied from Tuesday's rout. Asian and European markets slumped yesterday, and the Dow Jones industrial average opened down 208 points. But the Dow recovered and traded in positive territory for brief periods before ending the day down 34.29 points, or 0.3 percent. The volatility was a reminder that concerns persist.

"Risk needs to be reassessed," said Marc D. Stern, chief investment officer at Bessemer Trust, an investment firm in New York. "And that doesn't happen in three days, no matter how interesting those three days are."

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Like many other market specialists who share his view, Mr. Stern believes that the outlook for the economy is generally positive, but he worries that investors are paying too much for assets like stocks and bonds in developing countries; securities backed by American mortgages; and junk-rated bonds. He acknowledges that his concerns are neither new nor unique.

These fears have been simmering on the back burner for much of the last two years. Alan Greenspan, the former Federal Reserve chairman whose comments this week about the possibility of a recession have put him back in the spotlight, highlighted them in several speeches before he stepped down last year.

In May, markets around the world sold off broadly on these same concerns as well as worries that the Fed would raise interest rates to levels that would restrict economic growth significantly. The Standard & Poor's 500-stock index fell 7.7 percent in a little over a month beginning in early May, before rallying in the second half of the year to gain 13.6 percent for the full year.

Many market specialists note that the market historically goes through such periods of stress, and that the recent period of relative calm is extremely unusual. Liz Ann Sonders, the chief investment strategist for Charles Schwab, calculates that typically the market moves more than 2 percent — up or down — eight days each year. Before the fall on Tuesday, the market had not had a 2 percent move in more than three years.

Tuesday was a "a healthy reminder, especially to individual investors, that markets don't go straight up," Ms. Sonders said.

The VIX index, which measures expectations of future volatility of stock prices based on the prices of options, jumped to 18.31 on Tuesday from 11.35; it has since fallen back to 15.82. By comparison, the index averaged 19.13 during the last six years.

It remains too early to draw any broad conclusions about the current market jitters, whether they will be of a similar short-lived variety as the swoon from last spring or whether they will take a broader and more sustained toll on the markets.

"This is a case of a lot of investors looking for a correction," said Todd Salamone, vice president for research at Schaffer's Investment Research. "There was enough news out there to have that prophecy fulfilled."

Economic reports this week showed that orders for goods that last more than three years fell almost 8 percent in January and that the economy grew far more slowly in the fourth quarter than had been believed.

Yesterday, some of those concerns were alleviated when a monthly survey by the Institute for Supply Management suggested that manufacturing activity picked up speed in February. The report's release at 10 a.m. bolstered stocks. The S.& P. 500 closed down 0.3 percent, or 3.65 points, at 1,403.17, and the Nasdaq composite index lost 11.94 points, or 0.5 percent, to close at 2,404.21.

Unlike the slump last year, the recent drop in stock prices has not been accompanied by any notable movements in the prices of commodities like crude oil or gold, both of which also tumbled in May. Oil futures were up about 1 percent for the week yesterday and the price of gold, which is typically seen as a safe haven during times of uncertainty, was down 2.9 percent.

"A bunch of pieces to the puzzle fit," said Ryan Larson, senior equity trader at Voyageur Asset Management who is based in Chicago. "But other pieces — the gold, the oil — don't really fit together. It causes us to question what's really going on."

Other measures of sentiment also suggest that the talk of reassessing risk has not resulted in meaningful changes in investor behavior.

The difference, or spread, between the yields of United States Treasury securities and high-yield corporate bonds, for instance, has not increased significantly in the last few days, said Kingman Penniman, chairman and chief executive of KDP, a bond research firm. Wider spreads suggest that bond buyers are demanding more return for lending money to companies that may not be able to pay back the debt.

Similarly, the spreads on developing country bonds have not widened from historic lows.

"If I'd gone away for the week and looked at prices, I wouldn't have noticed anything," said Andrew Feltus, a vice president and bond portfolio manager at Pioneer Investments in Boston.

Certainly, spreads on bonds backed by mortgages to people with weak, or subprime, credit have widened significantly in the last two months, and the cost of insuring the lowest-rated portions of those bonds has jumped this week.

In an indication that the market may be in for a tough road, Countrywide Financial, the nation's largest stand-alone mortgage company, disclosed in a securities filing that 22.6 percent of the subprime mortgages it services for other lenders were in default or foreclosure at the end of last year, up from 17.2 percent in 2005.

Another strong signal has come through in the value of the Japanese yen, which has risen 2.9 percent, to 117.61 yen to the dollar, this week.

Some market specialists say the increase is a result of investors unwinding the "carry trade," a trading strategy in which managers borrow money at low rates in Japan and invest it in other markets where returns are greater.

It is unclear how much money has been invested this way, but some suggest it could be in the billions of dollars, given that the difference between short-term interest rates in Japan and the rest of the world is so great.

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The rise in the yen would support the idea that investors are indeed becoming more risk-averse, by buying up yen to pay off their debts in Japan. But skeptics say it is just too early to declare the end of the carry trade, because the Bank of Japan's benchmark rate, even with a recent increase, is 0.5 percent while the Fed's short-term rate is 5.25 percent.

"I don't think two days is enough to tell us" that the carry trade is being unwound in a big way, said Douglas M. Peta, a market strategist at J.& W. Seligman & Company. But "that's absolutely something that should flash a yellow light."

Following are the results of yesterday's Treasury auction of 13-day cash management bills:

Stocks Take 34-Point Dip After Early Plunge (WSJ)

By Peter A. Mckay

The Wall Street Journal, March 2, 2007

An early selloff briefly echoed Tuesday's stock-market tumble, but strong economic data and soothing words from former central bank chief Alan Greenspan spurred buying that kept the market's losses in check.

The Dow Jones Industrial Average briefly broke into positive territory late in the day but finished down 34.29 points, off 0.3%, at 12234.34. It is down 1.8% on the year.

As happened earlier in the week, an overnight selloff in Asian shares spilled into U.S. markets when they opened. At its intraday low just a few minutes into the trading session, the Dow was off 209.09 points.

The mood improved as investors digested fresh data from the Institute of Supply Management, which said its index of manufacturing activity throughout the U.S. economy rose to a monthly reading of 52.3 in February, up from 49.3. A reading above 50 indicates expansion of the manufacturing sector.

In a speech via satellite to Tokyo, Mr. Greenspan clarified comments earlier in the week that had raised investors' fears of a recession in the U.S. this year. In the latest remarks, the former Federal Reserve chairman said he believes a recession is "possible" but not "probable."

The broad Standard & Poor's 500-stock index ended the day off 0.3%, or 3.65 points, to 1403.17, down 1.1% on the year.

The technology-focused Nasdaq Composite Index dropped into the red for the year, off 11.94 points to close at 2404.21. It was off 0.5% both for the day and for 2007.

Binky Chadha, chief U.S.-equity strategist at Deutsche Bank, said he remains confident that stocks will show solid gains for the year. But he thinks investors should hold off buying for now, since the market has entered a particularly risk-averse phase in which it will tend to overreact to any unexpected bad economic news.

In particular, he said that any nasty surprises in next Friday's employment report by the U.S. Labor Department could produce another sharp selloff.

"We think the fundamentals haven't changed for the market," said Mr. Chadha, who noted that Deutsche Bank is sticking to its prediction that the S&P 500 will rise nearly 9% this year.

"That obviously implies you should buy on dips," Mr. Chadha said. "It's just a question of timing."

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 0.89%, or 2.18 points, to 244.12.

In major U.S. market action:

Stock and bond prices fell: The 10-year note shed 1/32 point, or 31.25 cents for each $1,000 invested, pushing the yield up to 4.556%.

The dollar was mixed. Against the Japanese currency, the dollar fell to 117.59 yen, compared with 118.41 yen. The euro fell to $1.3186, compared with $1.3234.

Investors May Need To Keep Dow Tumble In Perspective (USAT)

By Adam Shell

USA Today, March 2, 2007

That sums up this week's violent price swings on Wall Street — and poses the biggest unanswered question haunting jittery investors: Are stocks still vulnerable and susceptible to yet another free fall?

"Investors should always be prepared mentally for market volatility," says Alan Skrainka, chief market strategist at Edward Jones.

That's sage advice. The Dow Jones industrial average's 416-point plunge Tuesday, its tepid 52-point rebound Wednesday, and comeback from a 209-point nose dive early Thursday to close down just 34 points was enough to result in a nervous breakdown for even the most unemotional investors.

Skrainka insists that the Dow's downdraft does not change the bright outlook for the USA's greatest companies or the fact that the economy remains sound. "The only thing that changed," he says, "was the psychology of the market."

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The mood turned dark Tuesday when China's highflying stock market — which doubled in value last year — suffered a 9% drop, spooking investors around the globe who had been loading up on risky investments. The selling pressure intensified amid fears that the U.S. economy could fall into recession. The 3.3% sell-off also ended the Dow's longest run without a 2% correction since 1954, which kicked off yet another wave of computer-generated selling. After a relatively calm Wednesday, panic selling hit again early Thursday before buyers surfaced in search of bargains.

During the three-day period the Dow swung down more than 550 points and as much as 4.5% from its record.

Despite the financial pain, a dose of perspective is needed to place the week's carnage in some historical context. The price correction was sizable, but the event was not unusual. Since 1900, the market has suffered corrections of 10% or more 116 times, which equates to roughly one correction per year, Skrainka notes. Other facts that might ease investors' minds:

·Rarity factor. Big daily declines are rare. In the 21,250 trading days ended in December 2006, the Dow has suffered a daily decline of 3.4% or more on only 131 occasions, or 0.6% of the total days. "The odds of a day like Tuesday are between 1-in-400 and 1-in-500," notes Marc Reinganum, director of quantitative research at Oppenheimer Funds.

·Quick, yet "modest" decline. While the recent free fall has injected fear back into the market, the Dow has corrected only 4.5%, more than 3 percentage points less than its downdraft last summer.

·Reasonable P-Es provide a floor. Stocks are not richly priced as they were back in early 2000, when the Standard & Poor's 500 was trading at a price-to-earnings ratio of 28. Now, the S&P's P-E is 15 on estimated 2007 earnings, in line with historical norms.

"More reasonable valuations act as an important shock absorber," says Ed Keon, chief investment strategist at Prudential Financial Group.

Keon says shocks come along from time to time. But the key question is whether the market is braced to deal with the shock. "When stocks are priced for perfection, you get crashes like 1987 and bear markets like 2002," Keon says. Fortunately for investors, stocks were priced low enough to avoid a bigger meltdown.

Most Wall Street pros say more rough days can't be ruled out. But panicking will only make things worse.

"It would be a mistake for investors to view this week as a reason to get out of the stock market," says Jason Trennert, head of Strategas Research Partners.

Stock Market Settles Down After Another Sharp Sell-Off (WP)

By David Cho And Tomoeh Murakami Tse

The Washington Post, March 2, 2007

Stock prices on Wall Street made a jittery recovery yesterday from a steep early morning fall that sent the Dow Jones industrial average plummeting more than 200 points.

The Dow closed down 34.29 points, or 0.3 percent, to 12,234.34. But the market's bungee jump, in which it plunged deep into the red just after the opening bell, recovered into positive territory and then fell again, was a sign of the anxious mood on Wall Street.

Many analysts said the wild week of trading, which included a 416-point drop by the Dow on Tuesday and a modest upswing Wednesday, could alter the economic landscape. Going forward, there simply may not be the same tolerance for risk, a shift that would have huge consequences for the United States and economies around the world.

Trading worldwide was generally grim yesterday. East Asia's largest markets dropped, with a key exchange in China falling nearly 3 percent. Europe's main indexes were down almost 2 percent before trimming losses.

"There certainly is a lot more fear in the market, there's no doubt about that," said Steven R. Howard, a partner at Thacher, Proffitt & Wood, a financial advisory firm. "The markets are much more volatile in terms of where emerging countries are going right now."

For years, because it was easy to borrow money, investors were able to make high-risk investments in the developing world and lend mortgages to credit-challenged home buyers in the United States. Private-equity firms were able to borrow tens of billions of dollars to buy out big companies.

Such borrowing and investing may have reached a turning point, some analysts said. For individual investors, that could mean smaller profits from their portfolios or difficulty obtaining a mortgage with poor credit. Globally, it could mean tighter business loans for companies as well as new struggles for promising economies such as Thailand, Indonesia, the Philippines and developing countries in Latin America.

Signs of a reversal in the availability of what is called "cheap debt" emerged this week.

One warning of this was when the Japanese yen yesterday hit an 11-week high against the dollar. That followed a 2.3 percent ascent -- a huge climb for a currency on a single day -- on Tuesday as stock markets around the world were plunging.

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The connection between the markets and the value of the yen lies in what is known as the "carry trade." The term refers to investors who borrow money in Japan because it has one of the lowest interest rates in the world and invest the funds elsewhere. Often they invest in emerging markets or buy U.S. Treasurys that pay higher interest rates.

A little math may help explain the concept: If traders borrow 1,000 yen from a Japanese bank, convert the funds into U.S. dollars and buy bonds for the equivalent amount, they would profit off the difference in interest rates. So if the U.S. bond pays 5.25 percent in interest, and the traders only have to pay 0.5 percent in Japan, they would stand to make a profit of 4.75 percent, as long as the exchange rate between the countries does not change.

No one knows how large the carry trade is, but estimates have ranged as high as $1 trillion. Economists say this trade has been a major factor in keeping borrowing rates in the United States low because it has increased the purchase of bonds and notes in the United States This, in turn, keeps interest rates on the bonds low.

But many hedge funds and investors also are using the carry trade to make high-risk investments in the developing world. Emerging countries have never been so popular with U.S. investors, several investment groups report. And most of the best-performing mutual funds over the past few years were invested in emerging markets.

"It's not just the hedge funds and the leveraged players who . . . are involved" in the carry trade, said Kathy Lein, chief strategist of DailyFX.com, which provides information on currency markets. "A lot of regular people now are invested in the foreign markets."

Axel Merk, portfolio manager at the Merk Hard Currency Fund, said that in 2006, the market rose in a nearly straight line for eight months. "People became more courageous. . . . You say, 'Lets go for it, let's take a gamble.' Now, with more volatility, people are saying, 'Oops, wait a minute, I better be more careful.' "

Merk added that investors had to "become more cautious. That applies to the carry trade, that applies to equities, that applies to everything."

This week, as the carry trade showed indications of unwinding, money flowed in the opposite direction, from the emerging markets back to Japan. That pushed up the value of the yen. The first to sell investments in the developing world were speculators and hedge fund traders who can move their money quickly, analysts said.

Others decided to weather the storm and have seen their investments take a huge hit. "Every time there is a threat to the carry trade, we get a big, very quick reaction as speculators close out their trades," said Harvey Sawikin, co-founder of Firebird Funds, a $3 billion hedge fund mostly invested in emerging markets. "You could see a painful hit for a short period of time."

But Sawikin, who is invested in Russia and other places in Asia, decided not to move his money. He said many large emerging countries such as India and Brazil can absorb short-term blows from the stock market and are much healthier than they were in 1998, when a currency crisis roiled the developing world. But smaller economies in Asia, Africa and Latin America could suffer the most from the carry trade unraveling.

"There's indications that the emerging market has reached its peak and is going to fall off," said Howard, of Thacher Proffitt. "But it depends on which part of the emerging market you are referring to."

Tse reported from New York.

Manufacturing Shows Some Vigor (WSJ)

By Mark Whitehouse And Timothy Aeppel

The Wall Street Journal, March 2, 2007

The U.S. manufacturing sector showed signs of recovering from a recent slump, striking a positive note that boosted stocks and eased concerns the nation's economy could be headed for recession.

The Institute for Supply Management, a trade group for corporate purchasing managers, reported yesterday that its index of manufacturing activity rose to 52.3 in February from 49.3 the previous month. The index for new orders, an indicator of future activity, rose to 54.9 from 50.3. Any reading above 50 suggests the sector is expanding.

· The News: The latest data on manufacturing show the sector doing better than expected.

· The Background: Its weakness had raised worries about a long decline that could hurt the economy.

· The Bottom Line: Manufacturers still face head winds, but the data suggest recent output cuts were needed to work off an excess of unsold goods, and the sector could soon be poised to expand.

Housing-related manufacturers, such as furniture makers, remained among the sector's most sluggish segments, while producers of petroleum, coal, plastics and rubber led the rebound.

The ISM survey caught some economists and investors by surprise, because other recent indicators had shown manufacturing faltering. Tuesday, for example, the Commerce Department reported that orders for durable goods plunged 7.8% in January. That report helped trigger Tuesday's stock-market selloff, which ended with the Dow Jones Industrial Average down

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416.02 points, its seventh-largest point decline ever. The next day, the department reported that economic activity in the fourth quarter was weaker than previously thought.

But the ISM report, which covers the month of February and provides a more current look at business conditions, signaled that industrial activity is regaining momentum. "This gives some hope that manufacturers are working off excess stocks and should be poised to start growing again," said Daniel Meckstroth, chief economist for the Manufacturers Alliance/MAPI, a policy and research group in Arlington, Va.

He said the report indicates that the weakness in the fourth quarter and in January "is not an indication that the manufacturing sector is entering a recession" that could drag down the broader economy.

Yesterday's manufacturing news had an immediate effect on investors, helping the Dow Jones Industrial Average erase much of its 209-point drop earlier in the day. The Dow industrials closed at 12234.34, down 34.29 points, or 0.3%

Adding to yesterday's assessment, the Commerce Department reported that consumer spending rose 0.5% in January from the previous month, down from December's 0.7% growth rate but still a healthy pace. The January spending growth was fueled, in part, by a 1.0% rise in personal income, which reflected rising wages, but also the nonrecurring effect of bonuses and executives cashing in on stock options.

To be sure, manufacturers face head winds. They still have plenty of unsold inventory, and the latest data show businesses cutting back on investments in big-ticket capital goods -- all of which could slow production. Still, yesterday's reports offered reason for optimism, economists said. The data suggest consumer spending, which makes up two-thirds of the economy, is on track to grow at an annualized, inflation-adjusted rate of well more than 3% this quarter. That could help manufacturing turn around.

"Consumption entered the first quarter on a pretty strong note," said Mike Englund, chief economist at Action Economics, a consultancy in Boulder, Colo. "As long as the consumer remains healthy, production has to catch up."

Roger Douglas, president of Douglas Manufacturing Corp., Crete, Neb., a maker of products like voting booths and metal storage boxes, said it "seemed like everyone was on a long holiday vacation" at the end of last year and the first month of 2007. "But everything seems to be waking up right now -- inquiries, orders, everything seems to be taking a sudden upturn."

Not everything in yesterday's reports was positive. Americans are still spending beyond their immediate means: In January, their spending exceeded their disposable income by $116.4 billion, or 1.2%. As falling housing prices make consumers feel poorer, they may yet decide to cut back and save more. Though the latest data from the Office of Federal Housing Enterprise Oversight showed house prices up 1.1% in the fourth quarter from the third, most economists believe prices have a way to fall.

The personal-income report also contained a whiff of inflation. The Fed's preferred gauge of inflation -- the price index for personal consumption, excluding food and energy -- rose 0.3% in January after rising only 0.1% in December, and was up 2.3% from the year earlier. That is above the Fed's comfort range of 1% to 2%. Meanwhile, the housing slump keeps weighing on construction activity, which fell 0.8% in January from the previous month, the Commerce Department said. Construction of houses and other residential properties fell 1.8%.

In recent months, manufacturers in sectors tied to housing and autos have been among the hardest hit. But Norbert Ore, a procurement executive at Georgia-Pacific LLC, who oversees the manufacturing report, said signs of life in some sectors, such as wood products and textiles, suggest the worst may have passed.

Paulson Sees 'healthy' Outlook For US (FT)

By Eoin Callan In Washington

Financial Times, March 2, 2007

The outlook for the US economy is healthy, though concerns remain about domestic protectionism and the slow pace of Chinese currency appreciation, US Treasury secretary Hank Paulson said on Thursday.

The remarks, in a speech to the Economic Club of Washington, followed positive figures on US personal incomes and manufacturing, which helped lift the Dow Jones index from an earlier 209-point drop. "I am watching developments carefully, and I believe that the US economy is healthy," he said.

But the turbulence in US markets indicated investors remain worried about the economy, with concern centred on doubts about what will happen next in two sectors that are important contributors to growth: housing and manufacturing.

The Federal Reserve expects these sectors to work off the bulk of the oversupply in the first half of this year and allow the economy to grow at a reasonable rate.

Central bankers expect consumer spending to hold up during this economic adjustment, with the support of strong job creation in the service sector and gains in personal income, which rose a blistering 1 per cent last month, according to fresh figures released by the Commerce Department on Thursday.

But there are persistent voices of dissent on Wall Street – which garner particular attention during a market wobble.

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David Rosenberg, chief economist at Merrill Lynch, said: “It seems to me that the Fed’s view is that the housing recession is coming to an end. I have some serious doubts about that.”

He argues that the key is the gap between starts to construction of homes – which have started to ease as builders retrench – and completions, which remain elevated and suggest large volumes of new houses are hitting the market at a time when demand is weak.

“We have a starts at 1.4m and completions at 1.9m. That is a big gap that must be closed for equilibrium to be restored. This means we are entering a phase between now and the end of the year when the declines in production are going to be the most pronounced and we will start to see knock-on effects elsewhere in the economy,” he said.

Ethan Harris, chief economist at Lehman Brothers, has a more sanguine outlook for the housing sector but he cautioned that data on the housing market was notoriously flawed and that it “was too early to call a bottom”.

The Lehman economist said rising defaults by homeowners at the high-risk end of the mortgage market was introducing new uncertainty. “We don’t know how many homes are going to be dumped back into the market by homeowners who default on subprime loans. A lot of those homes could come back on the market and that would mean a new round of pressure on prices.”

It is this kind of unforeseen downward lurch in house prices later in the year that poses the greatest risk to consumer spending, according to Merrill Lynch.

Mr Rosenberg at Merrill Lynch is more optimistic about the manufacturing sector. “Manufacturing is not out of woods yet, but appears to be emerging,” he said.

Clouds Added To Many Economic Forecasts (WP)

By Nell Henderson

The Washington Post, March 2, 2007

A few weeks ago, Wall Street was praising the Federal Reserve for cooling the economy just enough to tame inflation without chilling it into a recession. Now, after several days of financial market turmoil and conflicting economic reports, analysts are having second thoughts.

Yesterday, several said they saw rising risks of higher inflation and much weaker economic growth.

Consumer prices jumped in January, while home construction fell sharply, the Commerce Department reported yesterday. That combined with falling stock prices, distress in some credit markets and declining business investment to sour many forecasts.

"I think the odds of a recession have gone up in the last two weeks," said David Shulman, a senior economist with the Anderson Forecast at the University of California at Los Angeles.

But more-optimistic observers pointed yesterday to a Commerce Department report that consumer spending, which accounts for two-thirds of the nation's economic activity, rose briskly in January, while incomes climbed even more rapidly.

The nation's factories also produced more goods, hired more workers and booked more new orders in February, the Institute for Supply Management, a business association, said yesterday.

And the labor market remains tight, with unemployment at a low 4.6 percent in January, though many forecasters expect that rate to edge higher in coming months.

"I think that overall the economy is in great shape," said Bernard Baumohl, managing director of the Economic Outlook Group, who argues that buoyant consumer spending will more than offset the economy's soft spots.

The disagreement is typical of a time when the figures are mixed, and it is unclear how consumers will respond to falling stock prices. If consumers pull back now, the economy is likely to falter, several analysts said.

That hasn't happened yet. Consumer spending rose 0.3 percent in January, after adjusting for inflation, fueled by a 0.5 percent increase in after-tax income.

Before adjusting for taxes and inflation, personal income rose 1 percent in January, the fastest rate in a year, partly reflecting big bonus payments, stock market gains and pay raises for federal workers, the Commerce Department said.

This fits with Fed Chairman Ben S. Bernanke's statement Wednesday that the central bank still foresees moderate economic growth this year -- about 2.5 to 3 percent. That would be slower than last year's 3.3 percent expansion but enough to keep unemployment low.

Bernanke's predecessor, Alan Greenspan, said Monday in remarks to a private group that a recession is possible later this year -- words that contributed to the stock market sell-off Tuesday. On Wednesday, he stressed to another group that he does not see a recession as likely -- a view similar to the Fed's and many other forecasts.

And in a speech in Washington, Treasury Secretary Henry M. Paulson Jr. said, "I am watching developments carefully, and I believe that the U.S. economy is healthy."

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The latest inflation figures, however, did not match the Fed's forecast of diminishing price pressures. Core inflation, which excludes volatile food and energy prices, rose 0.3 percent in January, the fastest rate since August, and was up 2.3 percent from a year earlier, the Commerce Department said. Bernanke and other Fed policymakers have said they prefer to keep price increases in a range of 1 to 2 percent annually.

The Institute for Supply Management's report also showed that manufacturers paid higher prices for raw materials in February.

Rising inflation and a danger of slower economic growth put the Fed in a bind. Central bank policymakers restrain price increases by raising interest rates, making it harder for businesses and consumers to borrow and spend, which dampens demand; it responds to weak growth by cutting rates, which has the opposite effect.

Bernanke told Congress last month that the Fed thought it could probably hold its benchmark short-term interest rate steady for a while because it expects slower growth to lower inflation. But he also warned that if price pressures pick up, he and his colleagues would raise the rate.

Raising the short-term rate now, however, would make it harder for borrowers with adjustable-rate mortgages to refinance their loans. That would exacerbate the credit crunch in the market for loans to subprime borrowers, who have lower incomes and poor credit histories. Delinquencies and defaults on those loans have risen sharply in recent months, causing some lenders to go out of business.

The UCLA Anderson Forecast is lowering its expectations for economic growth primarily because it thinks the turmoil in the subprime mortgage market will prolong and deepen the housing slump, Shulman said. The group won't release its updated forecast until April but anticipates that defaults will rise, increasing the number of homes for sale, while lenders make fewer loans, reducing the number of buyers.

Investors in futures contracts increased their bets yesterday that the central bank will cut interest rates by summer, which might help the subprime market.

But cutting rates might also spur inflation higher, a danger that may strengthen the Fed's case for leaving policy on hold for now.

The Fed does not have to do anything to lower long-term interest rates, such as on fixed-rate mortgages, which are determined in global financial markets. Long-term rates are already falling because investors are moving their money out of stocks and into much safer Treasury securities, pushing down their yields, which serve as benchmarks for private debt. For example, the interest rate on a 30-year, fixed-rate mortgage is linked to the yield on the 10-year Treasury bond, which has tumbled over the past week.

Interest rates have been historically low in recent months but not low enough to stimulate business spending on new plants, equipment and computers. Such capital investment spending declined in late 2006 and in January, according to two recent Commerce Department reports.

The institute's report on increased factory orders in February may signal a rebound in business spending but not a lot of momentum overall, said Brian Bethune, an economist at Global Insight. He attributes this to caution among the nation's chief executives because of the economic slowdown, rising prices and uncertainty about whether customer demand will hold up.

These factors "have got those

CEOs on tenterhooks right now," Bethune said.

Weak business investment and declining stock prices are among the reasons Global Insight now sees the odds of a recession as 15 to 20 percent, up from about 10 percent last week, Bethune said.

These odds, he said, "are not high, but they're not trivial."

Greenspan Now Says Economic Slowdown Isn't 'Probable' (WSJ)

By Sai Man And Kenneth Mccallum

The Wall Street Journal, March 2, 2007

TOKYO -- Former Federal Reserve Chairman Alan Greenspan toned down his warning that the U.S. might slip into a recession later this year, saying he doesn't think such a slowdown is "probable," according to investment bank CLSA Asia-Pacific Markets, which hosted Mr. Greenspan's speech.

"It is possible we can get a U.S. recession toward the end of this year, but I don't think it's probable," Mr. Greenspan was quoted by CLSA as telling the audience here. Mr. Greenspan spoke via satellite from the U.S. Associates of Mr. Greenspan in Washington confirmed the remarks.

The former Fed chief's comments Monday that a U.S. recession was "possible" toward the end of 2007 were cited as one trigger for a decline in stocks Monday and Tuesday, a drop in U.S. bond yields, and growing expectations for an interest-rate cut by the Fed. (See related article1.)

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Mr. Greenspan had said a recession was possible, though he added it was difficult to predict the timing of any recession. Speaking yesterday to CLSA's Japan Forum, Mr. Greenspan appeared to want to hedge his bets on his prediction.

"Things look reasonably good in the short run for the U.S. and the world," he was quoted as saying. But, "we can't just assume that this extraordinary period of recovery can extend indefinitely."

Mr. Greenspan also said the U.S. has "gone through the major part of adjustment" in housing prices and "the worst is over," though the housing market is expected to remain weak, according to CLSA. The weak housing market has had only limited impact on consumer spending because American consumers have been encouraged by the decline in gasoline prices, CLSA quoted him as saying.

Greenspan Is Still Able To Move Markets (NYT)

By Edmund L. Andrews

The New York Times, March 2, 2007

WASHINGTON, March 1 — They are marketed as “intimate conversations” with Alan Greenspan, and groups pay about $150,000 to hear his economic outlook.

But on Thursday, for the second time this week, these private chats went public, jolting financial markets around the world and upstaging Ben S. Bernanke, Mr. Greenspan’s successor as chairman of the Federal Reserve.

First on Monday and then again on Thursday, Mr. Greenspan upset stock markets merely by uttering the word “recession” and saying that one might but probably would not occur by the end of this year.

Few people have the power to move markets like a Fed chairman. Except, maybe, a retired Fed chairman. Mr. Greenspan’s use of the R-word helped push down the Dow Jones industrial average by about 200 points on Thursday morning, though shares later recovered and closed only slightly lower for the day.

The tone if not the substance of the comments seemed to conflict with, and even undermine, Mr. Bernanke’s soothing message on Wednesday that the economy still seemed poised for “moderate” growth and perhaps even a slight acceleration later this year.

It also raised several questions. Did the old Fed chairman, who has been hailed as the maestro of the economy, disagree with the new Fed chairman? For a man who had worked assiduously to keep markets calm while he ran the Fed, why was Mr. Greenspan now using an incendiary word-bomb? At almost 81, did he secretly miss the limelight? Or was he trying to build up advance interest in his new book?

In some ways. the attention given to Mr. Greenspan’s remarks reflects the contrast in personal styles between him and Mr. Bernanke. To many investors, Mr. Greenspan, after 18 years of running the Fed, has star status, and remains the ultimate authority on economic issues. Mr. Bernanke, by contrast, is still an unknown. Where Mr. Greenspan had a fondness for colorful phrases, from “irrational exuberance” to the “frothiness” of the housing market, Mr. Bernanke has brought a plain-speaking openness that is often easier to understand but less catchy.

The difference in style reflects a deeper difference: where Mr. Greenspan guarded his autonomy as a decision-maker and bucked conventional wisdom, Mr. Bernanke has tried to make Fed policy less personalized and more grounded in consensus.

Fed officials declined to comment on the remarks, but noted that Mr. Greenspan has avoided any comment about monetary policy, speaking only about the economy itself.

To be clear: Mr. Greenspan did not, as some analysts incorrectly inferred, predict that a recession was imminent. In fact, he said few forecasters anticipated one. But he did caution that the United States appears to be at the end of an expansion and that such times usually bring with them the seeds of a recession.

His first comments were on Monday, in a private chat over satellite to an investor group in Hong Kong. On Wednesday, he tried to clarify his views while speaking to a group in Tokyo.

“By the end of the year, there is a possibility, but not a probability, of the U.S. moving into a recession,” Mr. Greenspan was quoted as saying by Bloomberg News, which based its report on interviews with people who attended the CLSA Japan Forum in Tokyo.

Several analysts said Mr. Greenspan’s comments, if read in context, did not conflict nearly as much as they seemed with the current Fed’s view. But the comments highlight the delicate line Mr. Greenspan has drawn in defining his post-Fed activities. He has adamantly refused to comment on monetary policy, saying that a Fed chairman has enough problems without being second-guessed by his predecessor.

But he has also restarted his earlier career as an economic consultant and forecaster, speaking to groups of institutional investors, on average, twice a week for a fee of up to $150,000. He is represented by the Washington Speakers Bureau, whose clients include celebrities and political figures like Colin L. Powell, the former secretary of state.

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On Thursday, Mr. Greenspan was in Palm Springs for a talk to another conference. He has spoken in cities around the United States, Canada, Europe and Asia, often to institutional investors at conferences sponsored by banks or trade associations.

According to the Speakers Bureau, Mr. Greenspan offers "thoughtful, in-depth question-and-answer sessions." The sessions are off-limits to the media, and recording devices are prohibited. But in practice, word gets out, and it can have a big impact.

Acquaintances of Mr. Greenspan say he has been puzzled by the reaction to his comments. In his comments on Monday, he restated his long-held caution that investors are in danger of being too complacent and too confident that the benign mix of low inflation and steady economic growth would continue. When asked whether he expected a recession later this year, Mr. Greenspan said it was impossible to rule out the possibility but went on to say that most forecasters did not expect one.

Carl Tannenbaum, chief economist at LaSalle ABN Amro in Chicago and president of the National Association for Business Economics, said Mr. Greenspan's comments were consistent with a consensus.

The National Association for Business Economics' most recent survey of members found an average prediction that the United States economy would expand 2.4 percent in 2007 and that the chances of a recession were about 15 percent — not probable, but not impossible.

Some analysts were less charitable, speculating that Mr. Greenspan had intentionally allowed himself to sound more provocative in order to increase his appeal on the lecture circuit and perhaps build excitement for his new book. The book, for which he is to be paid about $8 million, is due out in September and is to be both a memoir and a treatise on economic issues.

To be sure, Mr. Greenspan is hardly the only former Fed official to offer his views on the economy. Laurence Meyer, a former Fed governor, resumed his career as a forecaster for Macroeconomic Advisers and now offers clients detailed interpretation of the Fed's thinking.

But Paul A. Volcker, who preceded Mr. Greenspan as Fed chairman, has been silent on Fed policy and has only rarely offered his views on the economy.

Mr. Greenspan, according to people who have spoken with him, is intent on remaining active as an economic consultant and forecaster. It is what he has done for more than 50 years, he has told people, and he sees no reason his role as a former Fed chairman should bar him from continuing to earn money at it once again.

The Big Meltdown (NYT)

By Paul Krugman

The New York Times, March 2, 2007

FEB. 27, 2008

The great market meltdown of 2007 began exactly a year ago, with a 9 percent fall in the Shanghai market, followed by a 416-point slide in the Dow. But as in the previous global financial crisis, which began with the devaluation of Thailand's currency in the summer of 1997, it took many months before people realized how far the damage would spread.

At the start, all sorts of implausible explanations were offered for the drop in U.S. stock prices. It was, some said, the fault of Alan Greenspan, the former chairman of the Federal Reserve, as if his statement of the obvious — that the housing slump could possibly cause a recession — had been news to anyone. One Republican congressman blamed Representative John Murtha, claiming that his efforts to stop the "surge" in Iraq had somehow unnerved the markets.

Even blaming events in Shanghai for what happened in New York was foolish on its face, except to the extent that the slump in China — whose stock markets had a combined valuation of only about 5 percent of the U.S. markets' valuation — served as a wake-up call for investors.

The truth is that efforts to pin the stock decline on any particular piece of news are a waste of time.

Wise analysts remember the classic study that Robert Shiller of Yale carried out during the market crash of Oct. 19, 1987. His conclusion? "No news story or rumor appearing on the 19th or over the preceding weekend was responsible." In 2007, as in 1987, investors rushed for the exits not because of external events, but because they saw other investors doing the same.

What made the market so vulnerable to panic? It wasn't so much a matter of irrational exuberance — although there was plenty of that, too — as it was a matter of irrational complacency.

After the bursting of the technology bubble of the 1990s failed to produce a global disaster, investors began to act as if nothing bad would ever happen again. Risk premiums — the extra return people demand when lending money to less than totally reliable borrowers — dwindled away.

For example, in the early years of the decade, high-yield corporate bonds (formerly known as junk bonds) were able to attract buyers only by offering interest rates eight to 10 percentage points higher than U.S. government bonds. By early 2007, that margin was down to little more than two percentage points.

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For a while, growing complacency became a self-fulfilling prophecy. As the what-me-worry attitude spread, it became easier for questionable borrowers to roll over their debts, so default rates went down. Also, falling interest rates on risky bonds meant higher prices for those bonds, so those who owned such bonds experienced big capital gains, leading even more investors to conclude that risk was a thing of the past.

Sooner or later, however, reality was bound to intrude. By early 2007, the collapse of the U.S. housing boom had brought with it widespread defaults on subprime mortgages — loans to home buyers who fail to meet the strictest lending standards. Lenders insisted that this was an isolated problem, which wouldn't spread to the rest of the market or to the real economy. But it did.

For a couple of months after the shock of Feb. 27, markets oscillated wildly, soaring on bits of apparent good news, then plunging again. But by late spring, it was clear that the self-reinforcing cycle of complacency had given way to a self-reinforcing cycle of anxiety.

There was still one big unknown: had large market players, hedge funds in particular, taken on so much leverage — borrowing to buy risky assets — that the falling prices of those assets would set off a chain reaction of defaults and bankruptcies? Now, as we survey the financial wreckage of a global recession, we know the answer.

In retrospect, the complacency of investors on the eve of the crisis seems puzzling. Why didn't they see the risks?

Well, things always seem clearer with the benefit of hindsight. At the time, even pessimists were unsure of their ground. For example, Paul Krugman concluded a column published on March 2, 2007, which described how a financial meltdown might happen, by hedging his bets, declaring that: "I'm not saying that things will actually play out this way. But if we're going to have a crisis, here's how."

Most Support U.S. Guarantee Of Health Care (NYT)

By ROBIN TONER And JANET ELDER

The New York Times, March 2, 2007

A majority of Americans say the federal government should guarantee health insurance to every American, especially children, and are willing to pay higher taxes to do it, according to the latest New York Times/CBS News poll.

How the Poll Was Conducted (March 2, 2007) While the war in Iraq remains the overarching issue in the early stages of the 2008 campaign, access to affordable health care is at the top of the public's domestic agenda, ranked far more important than immigration, cutting taxes or promoting traditional values.

Only 24 percent said they were satisfied with President Bush's handling of the health insurance issue, despite his recent initiatives, and 62 percent said the Democrats were more likely to improve the health care system.

Americans showed a striking willingness in the poll to make tradeoffs to guarantee health insurance for all, including paying as much as $500 more in taxes a year and forgoing future tax cuts.

But the same divisions that doomed the last effort at creating universal health insurance, under the Clinton administration, are still apparent. Americans remain divided, largely along party lines, over whether the government should require everyone to participate in a national health care plan, and over whether the government would do a better job than the private insurance industry in providing coverage.

Looking ahead to the presidential campaign, 36 percent of Americans polled said they had confidence in the ability of Senator Hillary Rodham Clinton, Democrat of New York, to "make the right decisions on health care," while 49 percent said they were uneasy about her.

But Mrs. Clinton retained the confidence of nearly 6 in 10 Democrats on the issue, despite the politically devastating collapse 13 years ago of the national health initiative she helped develop early in her husband's presidency.

The poll helps explain why health care already looms large in the presidential campaign, and in statehouses from California — where Gov. Arnold Schwarzenegger, a Republican, has proposed a sweeping coverage plan — to Massachusetts, now instituting a program passed under Mitt Romney, the former governor and current Republican presidential candidate.

John Edwards, the Democratic presidential candidate and former senator from North Carolina, recently unveiled his own attempt at a consensus plan, one that would require everyone to have insurance and require employers to provide it or pay into a fund that would do so. Nearly 4 in 10 said that was a good idea; nearly half said they were unsure.

While Democrats are traditionally strong supporters of expanding health coverage, this survey found many Republicans and independents in agreement.

"I think everybody should have some kind of health care available to them," said Diane Manning, 66, of Vancouver, Wash., who described herself as an independent.

"I don't necessarily think that socialized medicine is the answer, but I think everyone should have that right," said Mrs. Manning, who participated in the poll and agreed to a follow-up interview. "And there are so many people that don't."

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Nearly 47 million people in the United States, or more than 15 percent of the population, now go without health insurance, up 6.8 million since 2000.

The poll also found overwhelming support behind the Children's Health Insurance Program, which covers many low- and moderate-income children and is up for renewal in Congress this year. Eighty-four percent of those polled said they supported expanding the current program to cover all uninsured children, now estimated at more than eight million. A similar majority said they thought the lack of health insurance for many children was a "very serious" problem for the country.

The nationwide telephone poll of 1,281 adults was conducted Feb. 23- 27, and has a margin of sampling error of plus or minus three percentage points.

The poll found Americans across party lines willing to make some sacrifice to ensure that every American has access to health insurance. Sixty percent, including 62 percent of independents and 46 percent of Republicans, said they would be willing to pay more in taxes. Half said they would be willing to pay as much as $500 a year more.

Nearly 8 in 10 said they thought it was more important to provide universal access to health insurance than to extend the tax cuts of recent years; 18 percent said the tax cuts were more important.

"I wouldn't want to pay a lot of taxes, but if it was spread out and everyone paid their fair share, it would be fine," said Don Galvan, 50, a computer programmer from Ringwood, N.J., who considers himself an independent. "Everybody should have some kind of medical coverage, in case they or their children get sick. Especially children."

Most participants said they were satisfied with the quality of their health care, but there was widespread concern about costs. Nearly half of those with insurance said an employer had cut back on benefits or required them to pay more for their benefits in recent years.

How the Poll Was Conducted (March 2, 2007) A quarter of those with insurance said someone in their household had gone without a medical test or treatment because insurance would not cover it. Six in 10 of those without insurance said someone in their household had gone without care because of the cost.

More people now see guaranteeing health insurance as important than did so at the end of the Clinton efforts in 1996. At that time, 56 percent polled said it was the government's responsibility to do so, and 38 percent said it was not. In the current poll, 64 percent said the government should guarantee health insurance for all; 27 percent said it should not.

Moreover, an overwhelming majority in the current poll said the health care system needed fundamental change or total reorganization, just as they did in the early 1990s, when a deep recession and soaring health care costs galvanized the public and spurred the Clinton drive.

But now, as then, this concern did not translate into a consensus on what should replace it.

One question offered a choice between the current system and a national health insurance program covering everyone, administered by the government and financed by taxpayers. Thirty-eight percent said they preferred the current system, 47 percent the government-run approach.

Robert Blendon, an expert at Harvard on public opinion and health, said politicians had to find some compromise between these philosophical divisions on the role of government, which are deep-seated in American culture, or "we're going to have the same train wreck we did before."

The Clinton plan, itself an attempt at a compromise, collapsed under attacks from an array of interests, including the insurance industry, which warned that the plan amounted to a big government takeover.

Mr. Blendon noted that many politicians were seeking a blend between the private market and the government in their health plans.

McCain And Obama In Deal On Public Financing (NYT)

By David D. Kirkpatrick

The New York Times, March 2, 2007

WASHINGTON, March 1 — Senator John McCain joined Senator Barack Obama on Thursday in promising to accept a novel fund-raising truce if each man wins his party's presidential nomination.

The promises by Mr. McCain, Republican of Arizona, and Mr. Obama, Democrat of Illinois, are an effort to resuscitate part of the ailing public financing system for presidential campaigns.

In every election since Watergate, candidates have received limited sums of taxpayer money on the condition that they abstain from raising or spending any more. But this year, the leading candidates are all sidestepping the system in a competition to raise far more in private donations, more than $500 million each, according to most projections, compared with $150 million in potential public financing.

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But there is a chance that the obituaries for the public system may be premature. On Thursday, a spokesman for Mr. McCain said that he would take up Mr. Obama on a proposal for an accord between the two major party nominees to rely just on public financing for the general election.

Such a pact would eliminate any financial edge one candidate might have and limit each campaign to $85 million for the general election. The two candidates would have to return any private donations that they had raised for that period.

Mr. Obama laid out his proposal last month to the Federal Election Commission, seeking an opinion on its legality. The commissioners formally approved it on Thursday.

The manager of Mr. McCain's campaign, Terry Nelson, said he welcomed the decision.

"Should John McCain win the Republican nomination, we will agree to accept public financing in the general election, if the Democratic nominee agrees to do the same," Mr. Nelson said.

A spokesman for Mr. Obama, Bill Burton, said, "We hope that each of the Republican candidates pledges to do the same."

Mr. Burton added that if nominated Mr. Obama would "aggressively pursue an agreement" with whoever was his opponent.

Mr. McCain and Mr. Obama have backed changing campaign finances.

McCain Ups The Ante Over Campaign Finance (POL)

By Kenneth P. Vogel

The Politico, March 2, 2007

John McCain raised the stakes Thursday in an emerging campaign finance showdown among the major presidential candidates.

In move similar to Democrat Barack Obama's last month, McCain, a Republican, pledged to accept public funding in a general election, provided the Democratic nominee does the same. McCain's announcement came hours after the Federal Election Commission granted presidential candidates increased fundraising flexibility.

The moves by McCain, the senior senator from Arizona, and Obama, the junior senator from Illinois, seemed designed to solidify their positions as the field's leading advocates for reducing the influence of money in politics. But their pledges will also put some pressure on the other leading candidates from both parties to follow.

The leading Republican candidates had refrained from actively pursuing general election funds, which kept open the possibility of accepting public funds later.

The leading Democratic candidates have already announced they would not curtail their pursuit of general election funds in order to comply with the public funding system's limits. But the commission's decision gives them the chance to reconsider should they win the nomination.

Democrats Hillary Rodham Clinton, the junior senator from New York, and John Edwards, a former senator from North Carolina, both indicated they might take that newly open option. But neither went as far as Obama or McCain.

Among the GOP contenders, former New York City Mayor Rudy Giuliani plans to start collecting general election money, and former Massachusetts Gov. Mitt Romney is considering it. Neither would match the pledges made by McCain or Obama.

Clinton's spokesman rejected the suggestion that his senator's position was less demonstrative than either Obama's or McCain's.

"I don't think it's less than what anybody else is saying because we don't know what the situation is going to be," said spokesman Phil Singer. "Obviously, given the current state of affairs, we're going to consider what our options are should we become the nominee."

Giuliani's campaign issued a statement saying, "We are raising private money for the primary and will begin raising private money for the general as allowed by the FEC ruling. We have not decided at this time whether we will accept public funding if we win the nomination."

Edwards' deputy campaign manager, Jonathan Prince, echoed that stance.

"We'll make a decision at the time about the best way to ensure we have the maximum possible resources to win," he said.

The commission's decision, prompted by a request from Obama, allows candidates to seek the maximum $4,600 donation – technically $2,300 for the primary election and $2,300 for the general election – from each donor and maintain the option of returning the general election funds. That would allow them to take public financing. Previously, candidates who intended to seek public financing for the general election – as President Bush and Democrat John F. Kerry did in 2004 – were limited to accepting $2,300 per donor.

"John McCain welcomes the FEC's ruling that presidential campaigns can accept general election funds with the option to return the funds and participate in public financing once the general election phase of the campaign has begun," McCain campaign manager Terry Nelson said in a statement. The campaign will begin collecting general election funds, he said, adding

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“should John McCain win the Republican nomination, we will agree to accept public financing in the general election, if the Democratic nominee agrees to do the same.”

The moves might prove significant only if Obama and McCain win their respective parties’ nominations, since election lawyers and political analysts say the fiscal and political landscape of the 2008 campaign cycle make it unlikely that other major party candidates will sacrifice the spending ability necessary to participate in the program.

It provides roughly $85 million in taxpayer funds for the general election campaigns of candidates who agree to abide by spending limits. That’s a fraction of the tally the leading candidates would be expected to raise and spend in private donations in a campaign that experts predict could top $1 billion in spending.

McCain May Opt Out Of Financing System (EX)

By JIM KUHNHENN,

DC Examiner, March 2, 2007

WASHINGTON - Republican presidential candidate John McCain, a longtime advocate of limiting the influence of money in political campaigns, will opt out of the post-Watergate presidential public financing system unless the Democratic nominee agrees to campaign under the same financial restrictions, his campaign said Thursday.

The McCain camp's decision came after the Federal Election Commission eased some political fundraising rules in hopes of salvaging the tattered presidential financing system in the 2008 campaign.

By a 5-0 vote, the commission said presidential candidates may solicit private contributions for the general election now and still be eligible for public financing if they become their party's nominee.

The decision - a response to a request for advice from Democratic presidential candidate Barack Obama - would permit the two major party nominees to strike a deal and limit their campaigns to the public money available in a presidential campaign fund. In return, the candidates would have to return any private contributions they raised for the general election to their donors.

"The McCain campaign will now begin the process of accepting these general election funds, following the new FEC guidelines," McCain campaign manager Terry nelson said. "Should John McCain win the Republican nomination, we will agree to accept public financing in the general election if the Democratic nominee agrees to do the same."

FEC commissioners hailed their decision Thursday as one way to help preserve a public financing system that is in danger of becoming obsolete.

"We all know the public financing system rests on a very fragile base," said one commissioner, Hans A. von Spakovsky.

The FEC action comes as front-runners from both parties have decided to forgo public funds in primaries because acceptance of the money would require candidates to abide by spending limits. Several candidates also have said they will bypass public money in the general election, believing they could raise far more than the $85 million available for each party's nominee.

Such a development would be the first time a presidential election would operate entirely outside the public financing system created in the wake of the Watergate scandal more than 30 years ago. Campaign strategists and election money experts predict the two party nominees could end up spending $500 million each in the primary and general elections, far more than would be available if they simply took public financing.

In addition to Obama, Democrats Hillary Clinton and John Edwards have also said they will raise general election contributions now. The decision by McCain, however, was especially significant because he has been a champion of legislation to restrict the role of money in elections. The 2002 law that bans wealthy donors, unions and corporations from giving unlimited contributions to the national parties bears his name.

Taxpayers contribute to the public finance system by selecting whether to direct $3 of their tax liability to the presidential fund in their tax returns. Legislation pending in Congress seeks to retain the public financing system by increasing the amount that taxpayers would set aside and by removing spending restrictions for primary candidates who accept the public money.

Obama's lawyers, in seeking the FEC's opinion, said he wanted to be able to raise private money for the general election while retaining the option of seeking a bipartisan agreement to only accept the public money.

The FEC on Thursday said he and the other candidates could do that provided they keep the general election money separate and return it to donors if they decide not to use it.

The question remains whether candidates would even consider such a spending armistice, especially if an accelerated primary schedule results in a lengthy and expensive general election campaign.

In their request to the FEC, Obama's lawyers said only that Obama would not "rule out" a publicly financed campaign and stressed that "both major parties' nominees" would have to agree to such a step.

On Thursday, Obama spokesman Bill Burton said: "If Senator Obama is the nominee, he will aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election."

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The FEC's decision could have gone in another direction. At issue was a provision in campaign finance law that nominees are eligible for public financing if "no contributions have been or will be accepted by candidate or his or her authorized committee."

But commissioners said strict adherence to that provision would simply force candidates to forgo the public financing system entirely.

"It would be wrong for the agency to stand on a wooden interpretation of its regulations and of the statute while the public financing system crashes and burns," Commissioner Ellen Weintraub said.

Analysis: High Hurdles Set Before McCain (AP)

By Liz Sidoti

AP, March 2, 2007

This time a Republican heavyweight not an underdog, John McCain embarks on his second presidential run facing numerous challenges in courting a GOP establishment he once spurned at nearly every turn.

In a move meant to spark his campaign, the Arizona senator chose a late-night talk show to make clear Wednesday what long had been anticipated — "I am announcing that I will be a candidate for president of the United States."

But a day after he disclosed his plans on CBS' "Late Night With David Letterman" to formally enter the race in April, McCain found himself on the defensive for saying during the appearance that U.S. lives had been "wasted" in Iraq.

"I should have used the word 'sacrificed' as I have in the past," the former Vietnam prisoner of war said amid some Democratic complaints.

The episode underscored the intense scrutiny in store for McCain — the freewheeling candidate of 2000 — while he seeks the presidency as one of the GOP's strongest contenders and as the country wages an unpopular war to which McCain is perhaps forever linked.

Projecting an air of invincibility, McCain spent more than a year laying the foundation for another White House bid and ended 2006 as the front-runner for the GOP nomination. He added veterans of President Bush's campaigns to his own experienced staff, recruited proven fundraisers and collected early endorsements from senators and local elected officials alike.

But over the past few months, McCain has put most of his efforts into Iraq and shepherding Bush's unpopular troop increase through Congress. Meanwhile, former New York Mayor Rudy Giuliani made it clear he was running and enthusiasm for his candidacy grew while ex-Gov. Mitt Romney of Massachusetts formally entered the race and set the pace in fundraising.

Recently, Giuliani's edge in national popularity polls has widened considerably over McCain, even among white evangelicals who make up a core of the GOP base. All that has caused some Republicans in Washington to question — mostly in private conversations — whether McCain's campaign needed a jump start.

"McCain is on target, on schedule, but maybe is suffering a bit from Giuliani being the flavor of the month," said Ken Duberstein, a GOP consultant in Washington. Whit Ayres, a Republican pollster in Alexandria, Va., was more blunt: "He doesn't seem to have made any progress lately, let's put it that way."

Countering that perception, McCain told The Associated Press earlier this week: "We've had very good movement ... It's not only not stalled, it's that we've seen significant progress."

Regardless, 10 months before the first primary votes, McCain's work to woo the GOP base — and become the party's standard-bearer — is just beginning, and he must overcome a spate of hurdles to get the Republican nomination.

The feisty McCain long has been known in Congress as an independent Republican unafraid to buck the party or speak his mind — and he reveled in his rebel reputation in his bitter and ultimately unsuccessful 2000 race against George W. Bush.

Then, much of the GOP establishment lined up behind Bush early on so McCain had no choice but to run as an anti-establishment candidate — and he did so with fervor, said Kenneth Sherrill, a political science professor at Hunter College in New York.

"This time, McCain has worked very hard to identify himself as the heir apparent and to be as closely aligned as possible to the forces that vanquished him in 2000, but he does face a couple of problems," Sherrill said.

McCain must convince Republican primary voters that they can trust him to be a loyal party champion who will adhere to GOP's core principles — and not waver.

Some conservatives, who make up a critical part of the Republican base, are skeptical of his veracity given that he once derided their leaders as "agents of intolerance" but now has sought to repair relations with them.

In what is being perceived as another slight, McCain decided to skip a major annual gathering of conservatives in Washington this weekend even though most in the crowded GOP field were attending.

As he campaigns, he likely will have to answer for conflicts on certain issues that give conservatives pause:

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_On taxes, McCain voted against Bush's tax cut in 2001, but now says he favors extending the cuts. He says doing otherwise would amount to a tax increase.

_On abortion, McCain said once in 1999 that he didn't think Roe v. Wade, the landmark decision legalizing abortion, should be overturned but now he advocates its repeal.

McCain also may find himself having to explain other actions that further rankled the base — spearheading the law that reformed the campaign finance system, backing Bush's call for an eventual path to citizenship for some of the millions of illegal immigrants in the U.S., and his collegial working relationship with liberal lion Sen. Edward M. Kennedy, D-Mass.

At the same time, McCain could end up fighting the perception that he's the past. Giuliani and Romney are fresh faces to GOP primary voters, who largely know McCain from his previous run — and have deep-seated feelings for him, for better or worse.

McCain's age and his health also might become an issue. Should he win this nomination and then the presidency, McCain, 70, would be the oldest president ever sworn into office for a first term. He also is a cancer survivor.

He bristles at the notion that voters may see him as unfit to serve, telling AP: "I work seven days a week, 16 plus hours a day. I'm fine. I'm healthy."

Oddly, Iraq — the four-year-old war a majority of Americans oppose — could end up being McCain's ticket to winning the Republican nod.

Although he has criticized how Bush handled it, McCain's unflinching support for the war and Bush's troop increase could endear him to hard-core Republican voters — and, perhaps, prove they can count on him.

Senators Regret Remarks On Troops (NYT)

By Adam Nagourney

The New York Times, March 2, 2007

WASHINGTON, March 1 — They come from different parties and have opposite views on what should be done in Iraq. But both Senator John McCain and Senator Barack Obama have now had to express regret for saying that American lives have been “wasted” in battle.

Mr. McCain, the Arizona Republican who has been a big supporter of the war and has backed President Bush’s call for more troops, made his remarks Wednesday in an appearance on “Late Night With David Letterman” while criticizing the White House’s management of the war.

“Americans are very frustrated, and they have every right to be,” he said. “We’ve wasted a lot of our most precious treasure, which is American lives, over there.”

Mr. Obama, the Illinois Democrat who has been a critic of the war from the start, made a similar remark in a visit to Iowa after announcing his candidacy. “We ended up launching a war that should have never been authorized and should have never been waged, and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted,” he said.

Mr. McCain was criticized on Thursday by the Democratic National Committee for making the remark, just as Mr. Obama had been criticized by conservative groups.

“How is it that John McCain now believes American lives are being wasted, yet he so stubbornly supports the president’s plan to escalate the war in Iraq and put more American lives in harm’s way?” asked Karen Finney, a spokeswoman for the Democratic committee.

Mr. McCain and Mr. Obama responded to the criticisms the same way: by recanting remarks they said they regretted.

“I should have used the word ‘sacrificed,’ as I have in the past,” Mr. McCain said. “No one appreciates and honors more than I do the selfless patriotism of American service men and women in Iraq.”

McCain Apologizes For Gaffe On Troops (WT)

By Christina Bellantoni

The Washington Times, March 2, 2007

Sen. John McCain yesterday apologized for saying the lives of the troops killed fighting the war in Iraq were "wasted," becoming the latest White House hopeful recanting his word choice within hours of announcing 2008 candidacy.

Less than 24 hours after telling CBS' David Letterman he would seek the Republican presidential nomination, the Arizona senator was forced to issue a statement clarifying his remarks.

"Last evening, I referred to American casualties in Iraq as wasted. I should have used the word 'sacrificed,' as I have in the past," said Mr. McCain, a decorated Vietnam War veteran and a key ally of President Bush on Iraq policy.

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"No one appreciates and honors more than I do the selfless patriotism of American servicemen and women in the Iraq War," he said in the statement, which did not use the word "apology."

Mr. McCain told Mr. Letterman on Wednesday: "Americans are very frustrated, and they have every right to be. We've wasted a lot of our most precious treasure, which is American lives."

The Democratic National Committee immediately called on Mr. McCain to apologize to American military families.

"How is it that John McCain now believes American lives are being 'wasted,' yet he so stubbornly supports the President's plan to escalate the war in Iraq and put more American lives in harm's way?" DNC spokeswoman Karen Finney fired off in a statement, saying he was "insulting our brave troops."

A similar semantic scuffle erupted following Sen. Barack Obama's official presidential announcement last month, when he told Iowans, "We ended up launching a war that should have never been authorized, and should have never been waged, and on which we've now spent $400 billion, and have seen over 3,000 lives of the bravest young Americans wasted."

The Illinois Democrat later apologized for a "slip of the tongue," telling the Des Moines Register, "I was actually upset with myself when I said that, because I never use that term. Their sacrifices are never wasted."

"What I meant to say was those sacrifices have not been honored by the same attention to strategy, diplomacy and honesty on the part of civilian leadership that would give them a clear mission," he said.

Mr. McCain's apology was similar and welcomed by his colleagues, who said he should be forgiven for misspeaking.

"This is life with constant media exposure," said McCain friend Sen. Lindsey Graham, South Carolina Republican.

"He is in the spotlight and every thought is analyzed and every word is subject to criticism," he said. "Presidential aspirants are human, and they are all going to go through this."

Indeed, few 2008 wannabes remain without a gaffe.

Sen. Joseph R. Biden Jr.'s first day as a candidate was dominated by a verbal flap for which he was compelled to apologize by early evening.

His announcement was overshadowed by a New York Observer article in which he said Mr. Obama as a candidate was the "first mainstream African-American who is articulate and bright and clean and a nice-looking guy."

The Delaware Democrat's apology said he meant no offense to Mr. Obama or past black presidential candidates.

John Edwards, a former Democratic senator from North Carolina, was embarrassed when his official announcement was leaked on the Internet the day before he intended to declare his presidential intentions.

Sen. Hillary Rodham Clinton did her announcement via Web video, eliminating the possibility of an error. But a week later, she faced less-than-friendly headlines for a joke she tried to make in Iowa about "evil" men.

A supporter asked Mrs. Clinton, New York Democrat, how she was equipped to fight "evil men" such as terrorist Osama bin Laden. As she repeated the question, pausing at the words "evil men," she made the audience laugh, prompting reporters to speculate she was making a joke about either her husband, former President Bill Clinton, or former House Speaker Newt Gingrich.

"I've made a lot of mistakes, fortunately they've been in places that you guys aren't located," said presidential contender Sen. Sam Brownback, referring to reporters. The Kansas Republican joked that he'd rather not share them now.

On a serious note, Mr. Brownback defended Mr. McCain as a "patriot," noting, "I don't think anybody thinks the troop lives have been wasted."

Mr. Obama agreed, telling reporters, "As somebody who has had the same phrase in a speech, you know, I think that nobody would question Senator McCain's dedication to our veterans."

He also speculated Mr. McCain meant to express a similar sentiment to his own, that lawmakers have a "sacred duty to make sure that we are honoring their sacrifice by giving them missions in which they can succeed."

In his statement, Mr. McCain acknowledged U.S. mistakes in Iraq.

"We have paid a grievous price for those mistakes in the lives of the men and women who have died to protect our interests in Iraq and defend the rest of us from the even greater threat we would face if we are defeated there."

Anyone But McCain, Santorum Says (POL)

By Carrie Budoff

The Politico, March 2, 2007

Former Sen. Rick Santorum has drawn at least one conclusion about the Republican presidential primary field: Anybody but John McCain.

The Pennsylvania Republican, who signed a contract Thursday as a Fox News contributor, said that he has spoken with every GOP candidate except the senator from Arizona but that it's still too early for him to endorse.

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"The only one I wouldn't support is McCain," Santorum said during an interview in his office at the Ethics and Public Policy Center in Washington, where he is a senior fellow.

"I don't agree with him on hardly any issues,'' Santorum said. "I don't think he has the temperament and leadership ability to move the country in the right direction."

Responding, McCain spokesman Danny Diaz said McCain was a "well-known and respected conservative."

Santorum lost his Senate seat last fall in a landslide to Democrat Bob Casey but remains a prominent voice in the conservative movement – a voting bloc in search of a presidential candidate.

Santorum's critical appraisal of McCain contradicts a seemingly cordial relationship, at least in the last year. McCain had headlined a fundraiser for Santorum, and they co-authored an ethics overhaul proposal.

For More Info Visit Our Candidates Page

Over the years, however, Santorum said they have clashed on campaign finance reform, environmental policy, tax cuts, immigration and other issues.

Santorum suggested that McCain also wasn't as solidly anti-abortion as he would like. "He may be pro-life, but I served with him for 12 years, and I know how pro-life he is," Santorum said.

Diaz said McCain favors overturning Roe v. Wade, the 1973 Supreme Court ruling that legalized abortion, and has picked up support from other conservative senators.

"He has been a lonely voice for fiscal discipline in the nation's capital," Diaz said, "and has fought to protect life and build a strong defense."

Santorum has spent the last two months building a new life outside of Congress, where he served for 16 years in the House and Senate.

He will begin appearing soon on Fox News shows. He also is writing a book and producing a documentary on a theme he began pressing in the final months of his campaign: the threat of radical Islam on the nation's security.

He said he's weighing an offer from The Philadelphia Inquirer to write an op-ed column,and will start his own communications consulting business – but do no lobbying.

"That's not me," Santorum said.

Besides, he added, "I want to keep my political options open."

FEC Rules On Presidential Campaign Funding (CHIT)

By John McCormick

Chicago Tribune, March 2, 2007

The Federal Election Commission said Thursday that presidential candidates may accept private contributions for potential general election campaigns and still remain eligible for public financing if they ultimately win their party's nomination.

The ruling came after a request for clarification from Sen. Barack Obama (D-Ill.), who has suggested he would like the option of running a publicly financed general election campaign — with its associated spending limits — if he could convince a future Republican opponent to do the same.

Political observers, however, say the ruling is likely a moot point since a financial truce is highly unlikely in an era where political advertising, organization and travel are extremely expensive and both parties will be ferociously fighting for a White House with no incumbent.

The decision, in a 5-0 vote, comes as front-runners from both parties have forgone public funds and spending limits for the primaries.

Obama had requested the ruling, stating that two of his top rivals for the Democratic nomination, Sen. Hillary Rodham Clinton (D-N.Y.) and former Sen. John Edwards (D-N.C.), have indicated they likely would reject the public financing system that has governed presidential elections for more than three decades.

The system, started in the wake of the Watergate scandal, gives presidential candidates money for campaign expenses, if they agree to certain spending limits. In 2008, the allocation is expected to be about $80 million, a small portion of what observers suspect each candidate will actually spend.

The commission said Obama may solicit and receive contributions for the general election if he meets certain conditions, including that the money be kept in a separate escrow account and that the funds not go for anything but general election activities.

If Obama were to win the Democratic nomination and then decide to accept public funding for the general election, he would also need to refund all general election contributions within 60 days of certifying his eligibility for public funds.

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"Sen. Obama is pleased the FEC took this important step in preserving the public financing system," Obama spokesman Bill Burton said. "If Sen. Obama is the nominee, he will aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election."

Panel Upholds Obama Funding Request (FT)

By Edward Luce In Washington

Financial Times, March 2, 2007

The US Federal Election Commission yesterday unanimously upheld a request by Barack Obama, one of the leading Democratic presidential candidates, to continue to raise private funds without closing off his right to public financing if he were nominated as his party's candidate.

Mr Obama, who polls say is closing in on Hillary Clinton, the Democratic frontrunner, said he would do all that he could to preserve the US's virtually broken system of public election financing.

His stance contrasts sharply with that of Mrs Clinton, who announced in January that she would rely solely on private sources of money for both the party primaries and the general election.

In a statement from his campaign headquarters in Chicago, Mr Obama said that if he was nominated as the Democratic party's 2008 presidential candidate he would "aggressively pursue" a deal with his Republican counterpart to forgo private funding in favour of the public system. He also said that he had sought the FEC's opinion in order to try to preserve public financing.

The first-term senator from Illinois, who has based his candidacy on a promise to bring a new tone to US politics, has surprised many in his party by offering a sharp and direct challenge to Mrs Clinton, whom many saw as unsurpassable a few months ago.

Mrs Clinton, who yesterday announced she had raised $1m over the past week from online donors, is expected to raise more money during the 2008 campaign than any previous candidate in US history. The FEC has projected that the two party nominees will have spent $500m apiece by the end of 2008 - more than double that of 2004.

Almost all the leading candidates of both parties, including Mr Obama, have opted to rely solely on private money for the party primary campaigns, which conclude when the official nominations take place at the party conventions in August 2008. But Mr Obama, who last week raised $1.3m at a Hollywood fundraising event, is the only leading candidate to say that the system of public financing is worth preserving.

Obama Ruling Could Prove Moot, Backfire (POL)

By Kenneth P. Vogel

The Politico, March 2, 2007

Prompted by Barack Obama, a federal panel Thursday granted unprecedented fundraising flexibility to presidential candidates.

But the unanimous ruling by the Federal Election Commission is likely to have little practical long-term impact. And it could leave Obama, the junior senator from Illinois and among the front-runners for the Democratic nomination for president, in a tricky spot.

The senator earned kudos when he asked the commission for permission to pursue an innovative fundraising strategy that his lawyer suggested would pave the way for a clean election and save the struggling presidential public financing system.

In explaining his vote to approve Obama's request, commission Vice Chairman David Mason said, "The overall enterprise I think all of us are about and all of us agree on is preserving the flexibility of candidates to get back into the public financing program for the general election if they chose to do that.''

Election lawyers and political analysts, however, say the fiscal and political landscape of the 2008 campaign make it unlikely that either major party nominee will use that flexibility.

"If I had to bet, I would bet that they'll wind up not taking public money and going with what they raise," said Brett Kappel, a Democratic campaign finance lawyer with Vorys, Sater, Seymour and Pease.

Together, the nominees are expected to spend upwards of $1 billion on their campaigns. By that calculation, nominees who go the new route could be required to return roughly $165 million each soon after their respective conventions – typically the start of an expensive advertising blitz that continues through the November general election – in order to qualify for $85 million in matching public funds.

Many of the leading contenders for the Democratic and Republican nominations have already either said they will opt out or are considering opting out of the system.

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Before the decision, candidates were required to opt out to seek the maximum $4,600 donation – technically $2,300 for the primary election and $2,300 for the general election – from each donor.

Now, candidates can raise $4,600 from each donor and still hold open the possibility of taking public financing. Previously, candidates who intended to seek public financing for the general election – as President Bush and Democrat John F. Kerry did in 2004 – were limited to accepting $2,300 per donor.

Obama himself is raising money for the general election, but his attorney sent a letter to the commission last month asking it to clear the following scenario: Obama would raise money for the general election and if he wins the nomination, he and the Republican nominee would return general election funds and decide to participate in public financing.

"Should both major party candidates elect to receive public funding, this would preserve the public financing system, now in danger of collapse, and facilitate the conduct of campaigns freed from any dependence on private fundraising," wrote Obama's attorney, Bob Bauer of Perkins Coie.

The request earned Obama accolades – including an editorial in the Miami Herald crediting him with "an idea that could keep the public financing system alive" – and enhanced the good government profile he's cultivated (he led the ethics reform charge in the Senate and sponsored a bill to overhaul the public system for the 2012 presidential election).

And the request gave Obama a rhetorical club to wield over both his Democratic competitors – particularly Sen. Hillary Rodham Clinton of New York, the first to announce she was opting out of public financing – and potentially the Republican nominee.

It was carefully worded to stress that Obama would return general election contributions and take public financing only "if both major parties' nominees eventually decide, or even agree, on this course."

That may not entirely inoculate him against criticism for declining public financing, said University of Virginia political science professor Larry Sabato. "When you present yourself as a 'clean' candidate, you are often held to a higher standard, whether that is fair or unfair," Sabato said. "Media and observers outside the arena may insist that Obama follow through on public financing in the general election, even if his opponent isn't doing so."

Obama's spokesman Bill Burton said that if Obama is the nominee, he would "aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election."

The newly approved course is open to any of the candidates, but the leading campaigns either did not respond to requests for comment or were noncommittal.

"It will be a consideration that will be part of any decision made at a point further down the road," said Kevin Madden, campaign spokesman for Republican Mitt Romney, the former governor of Massachusetts. "Right now, our concentration is focusing both our organizing and our fundraising efforts on the primary," Madden said.

The commission ruling allows the nominees to accept public financing provided they keep any general election contributions they raised in separate accounts, don't spend them and refund them within 60 days of winning the nomination.

That's not permitted under the law, said Paul Ryan, associate legal counsel for the Campaign Legal Center, a nonprofit organization that along with another group wrote the commission urging rejection of Obama's request. The route Obama proposed would neither free candidates from constant fundraising nor shield them from the "deleterious influence of large contributions," the groups wrote.

Still, their letter characterized the request as "a good faith effort by Senator Obama and his campaign to preserve, and have the opportunity to use, this extremely important and valuable system to our democracy and the American people."

Saving The System (WP)

The Washington Post, March 1, 2007

THANKS TO an innovative request from Democratic presidential candidate Barack Obama, the Federal Election Commission voted yesterday to try to salvage the endangered public financing system for presidential elections. Now it is up to presidential candidates who claim to support that system to put real commitment behind their rhetoric.

The FEC ruled that candidates can raise general election money now -- as most top-tier contenders are doing -- but change their minds down the road, return the private money and accept public financing instead. Candidates who are sincere supporters of public financing ought to be willing to pledge to stay within the system if they win their party's nomination and the other side's nominee promises to do the same.

So far, the indications are favorable. "If Senator Obama is the nominee, he will aggressively pursue an agreement with the Republican nominee to preserve a publicly financed general election," spokesman Bill Burton said after the FEC action. He was matched by the campaign of Arizona Sen. John McCain. "Should John McCain win the Republican nomination, we will agree to accept public financing in the general election, if the Democratic nominee agrees to do the same," said campaign manager Terry Nelson.

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The 2008 campaign had been shaping up to be the first in which both parts of the post-Watergate presidential financing system collapsed. By the 2004 race, the cost of campaigning and the capacity for fundraising had so outstripped spending restrictions for the primary campaign that none of the serious contenders agreed to accept matching funds in exchange for limiting his spending. This time around it looked as if the system of full financing for the general election -- each major party nominee would receive about $85 million in exchange for forgoing private funds -- would be obsolete as well.

But the FEC's approval of Mr. Obama's request would allow candidates to agree to call off the general election money race -- provided that other candidates follow the example of Mr. Obama and Mr. McCain. The campaigns of John Edwards and Rudolph W. Giuliani did not respond to e-mail inquiries; Mitt Romney's campaign said it was focused on the primaries. "We'll definitely consider it," said Phil Singer, a spokesman for Sen. Hillary Rodham Clinton's campaign.

Candidates who believe in public financing need to do more than consider Mr. Obama's challenge. They should just say yes and help save the system.

At Site Of '65 March, An '08 Collision (WP)

By Anne E. Kornblut

The Washington Post, March 2, 2007

Bill Clinton will join Sen. Hillary Rodham Clinton at a commemoration of the 1965 civil rights march in Selma, Ala., on Sunday, bringing his star power and popularity among African Americans to a weekend of events that had been shaping up as a showcase for the candidacy of Sen. Barack Obama.

It will be the former president's first major public appearance with his wife since she launched her campaign for the Democratic presidential nomination last month.

Obama (D-Ill.) announced several weeks ago that he would deliver the keynote speech at a service honoring the march across the Edmund Pettus Bridge, joining Rep. John Lewis (D-Ga.) and other veterans of the civil rights movement in marking the historic event. Obama has gained significantly among black voters in recent months, according to a recent Washington Post-ABC News survey, jeopardizing Clinton's early lead in the Democratic primary field.

Reluctant to give any ground to Obama even at this stage of the campaign, Clinton (N.Y.) decided early last week that she, too, would go to Selma this weekend. She arranged a simultaneous appearance at a church just steps away from the one where Obama will speak Sunday morning, and she agreed to accept a civil rights award on behalf of her husband.

Late yesterday, after organizers initially said that the former president would not attend, the Clinton campaign announced that he would be making the trip after all.

The convergence of the Clintons and Obama in the small Alabama town that became the focus of national attention during a series of police beatings and civil rights demonstrations that ultimately helped pave the way for the Voting Rights Act of 1965 sets the stage for an extraordinary political showdown -- and media circus.

The imminent collision of the two candidates, who cross paths in the Senate but have avoided each other on the campaign trail, offers a vivid snapshot of how important the campaigns believe black voters will be in the primaries. And the swift move by the Clintons to try to claim the spotlight at the event demonstrated that the former first lady does not intend to cede the black vote to Obama.

"I think the Clinton camp is sending a signal that they will aggressively contest Barack Obama for the African American vote," said Rep. Artur Davis (D-Ala.), who has endorsed Obama and whose district includes Selma. "It's a good thing the black vote will not be taken for granted and will be actively contested." Alabama, which has a large black electorate, has not locked in a primary date; it could come as early as Feb. 5, 2008, which is shaping up to be a national primary with contests from coast to coast.

Lewis -- an icon of "Bloody Sunday" whose skull was bashed by Alabama police as he helped lead a peaceful march from Selma to Montgomery on March 7, 1965 -- organizes a pilgrimage back each year, traditionally with a group of both Democratic and Republican members of Congress in attendance (though this year, few Republicans are expected to attend, in part because the event appears poised to become dominated by Democratic politics). Numerous other Democratic lawmakers are planning to join Lewis on his three-day pilgrimage, including Rep. Rahm Emanuel (D-Ill.), who has close ties to the Clintons and Obama.

"I think it's gratifying to see that two of the leading contenders for the Democratic nomination would want to come to Selma 42 years after Bloody Sunday, and I think it dramatizes the changes that have occurred in American politics and black politics in particular," Lewis said in an interview.

He said he has not decided whom to support in the Democratic primary. "I have been talking with Mr. Obama, and haven't talked so much to Senator Clinton, but I've talked to President Clinton, and I think right now, I'm just trying to get through the weekend and make this journey successful," Lewis said. He described the black vote in general as "up for grabs."

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The main events this weekend will occur Sunday, when Obama speaks at a unity breakfast and then delivers the keynote address at Brown Chapel AME Church, the most historic church in Selma and the place where demonstrators organized for the 1965 march. Lewis plans to attend that service.

A short distance away, at precisely the same time, Clinton will speak at First Baptist Church.

Later that afternoon, Obama and Clinton are planning to participate in the crossing of the Edmund Pettus Bridge, where Lewis and his fellow demonstrators were turned back by baton-wielding police in 1965. President Clinton plans to fly in that afternoon for his induction into the Hall of Fame at the National Voting Rights Museum, where his wife originally planned to represent him.

"President Clinton is deeply honored by this recognition on an issue on which he and Senator Clinton care so deeply about, and he rearranged his schedule to be there on Sunday because this was an event he felt he couldn't miss," Clinton spokesman Jay Carson said.

How the joint Clinton trip came about was a subject of some debate: The senator's advisers dismissed the suggestion that the former president was rushing in at the last minute to help his wife's standing among black voters. But they admitted that the decision was made yesterday, more than a week after Hillary Clinton made her plans to go to Selma.

Obama spokesman Bill Burton said of the Selma showdown: "It's an important event. The more folks who commemorate and pay attention to it, the better."

Bill Clinton To Join Wife In Alabama (AP)

By Beth Fouhy

AP, March 1, 2007

NEW YORK Mar 1, 2007 (AP)— In competition for a key Democratic voting bloc, Sen. Hillary Rodham Clinton is enlisting the help of her husband, former President Clinton, at a weekend civil rights commemoration headlined by a formidable black rival, Sen. Barack Obama.

Clinton and Obama, the party's top 2008 presidential contenders, will be in Selma, Ala., Sunday to observe the 42nd anniversary of a civil rights march that helped end racial segregation in the South. Obama is scheduled to deliver the day's keynote address at a Selma church that morning, with Sen. Clinton speaking at another church nearby.

But late Thursday, the Clinton campaign announced that the former president would join his wife in a symbolic march across the Edmund Pettus bridge, where civil rights workers were beaten by state troopers in 1965. Obama also will participate in the march, along with civil rights activists and others.

Bill Clinton also will be inducted that day in the National Voting Rights Hall of Fame another high-profile opportunity for the Clintons to grab the spotlight from the charismatic Obama.

The joint appearance marks the first time the Clintons have appeared together publicly since she announced her candidacy in January.

Normally, Clinton might not worry much about the support of black voters after serving eight years as first lady in a White House that enjoyed legendary popularity among blacks. Bill Clinton was dubbed "the first black president" by author Toni Morrison, and Hillary Clinton has enjoyed strong support from black voters a critical Democratic constituency as a senator and presidential contender.

But that popularity is being challenged by Obama, a first-term senator from Illinois who some believe has a real chance at becoming the nation's first black president.

Obama spokesman Bill Burton said the more people who attend the anniversary events, the better.

A New Twist To An Intriguing Family History (BSUN)

By David Nitkin And Harry Merritt

The Baltimore Sun, March 2, 2007

WASHINGTON // Many people know that Democratic presidential candidate Barack Obama's father was from Kenya and his mother from Kansas.

But an intriguing sliver of his family history has received almost no attention until now: it appears that forebears of his white mother owned slaves, according to genealogical research and Census records.

The records -- which had never been addressed publicly by the Illinois senator or his relatives -- were first noted in an ancestry report compiled by William Addams Reitwiesner, who works at the Library of Congress and practices genealogy in his spare time. The report, on Reitwiesner's Web site, carries a disclaimer that it is a "first draft" -- one likely to be examined more closely if Obama is nominated.

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According to the research, one of Obama's great-great-great-great grandfathers, George Washington Overall, owned two slaves who were recorded in the 1850 Census in Nelson County, Ky. The same records show that one of Obama's great-great-great-great-great-grandmothers, Mary Duvall, also owned two slaves.

The Sun retraced much of Reitwiesner's work, using Census information available on the Web site ancestry.com and documents retrieved by the Kentucky Department for Libraries and Archives, among other sources. The records show that Overall, then 30, owned a 15-year-old black female and a 25-year-old black male, while Mary Duvall, his mother-in-law, owned a 60-year-old black man and a 58-year-old black woman. (Slaves are listed in the 1850 Census by owner, age, "sex," and "colour," not by name.)

An Obama spokesman did not dispute the information and said that the senator's ancestors "are representative of America."

"While a relative owned slaves, another fought for the Union in the Civil War," campaign spokesman Bill Burton said tonight. "And it is a true measure of progress that the descendant of a slave owner would come to marry a student from Kenya and produce a son who would grow up to be a candidate for president of the United States."

The research traces the Duvalls to Mareen Duvall, a major land owner in Anne Arundel County in the 1600s. The inventory of his estate in 1694 names 18 slaves, according to a family history published in 1952.

The records could add a new dimension to questions by some who have asked whether Obama -- who was raised in East Asia and Hawaii and educated at Columbia and Harvard -- is attuned to the struggles of American blacks descended from West African slaves.

"The twist is very interesting," said Ronald Walters, a political scientist who is director of the African-American Leadership Institute at the University of Maryland, College Park. "It deepens his connection with the experience of slavery, even if it deepens it on a different side of the equation."

Gary Boyd Roberts, a senior research scholar at the New England Historic Genealogical Society who published a book on the family lineages of presidents, said he did not think the slave-holding history was "particularly unusual."

"If you have a white Southern mother, or a mother from the middle states who has ancestry in the South, it doesn't strike me that that should be very surprising," he said. While the majority of such families did not own slaves, many with some wealth did, Roberts said.

Reitwiesner's research identifies two other presidential candidates, Republican Sen. John McCain of Arizona and former Democratic Sen. John Edwards of North Carolina, as descendants of slave owners. Three of McCain's great-great-grandfathers in Mississippi owned slaves, including one who owned 52 in 1860. Two ancestors of Edwards owned one slave each in Georgia in 1860.

It was unclear tonight whether Obama was aware of any slave-holding ancestors, but he makes no mention of them in his 1995 memoir, Dreams from My Father: A Story of Race and Inheritance.

The book contains many approving references to his mother's side of the family. At one point, he writes that his mother "could give voice to the virtues of her midwestern past and offer them up in distilled form."

The memoir, however, comes close to confirming the Overall-Duvall lineage -- stopping a generation short. Census and other records complete the gaps.

In a reference to his American ancestry, Obama writes "while one of my great-great-grandfathers, Christopher Columbus Clark, had been a decorated Union soldier, his wife's mother was rumored to have been a second cousin of Jefferson Davis, president of the Confederacy."

Clark was actually Obama's great-great-great-grandfather, according to Reitwiesner's research and Census data available at ancestry.com. A 1930 Census document lists Clark, 84, living in the same El Dorado City, Kansas household as a 12-year-old great-grandson, Stanley A. Dunham. Dunham was Obama's grandfather.

Clark's wife, Susan, was the daughter of George Washington Overall, the latest known family slave owner.

Reitwiesner, the researcher, declined to be interviewed for this article. "I'll let my Web page [wargs.com] speak for itself," he said in an e-mail message. The Obama report contains a disclaimer that appears on all of Reitwiesner's work: "The following material … should not be considered either exhaustive or authoritative, but rather as a first draft."

Genealogical experts who reviewed the Obama family tree at the request of The Sun would not vouch for its findings.

Most of the historical entries lack citations of authenticating source material, such as birth and death certificates or marriage licenses, said Barbara Vines Little, past president of the National Genealogical Society in Virginia, adding that "he has nothing here that I can see that would allow you to make any logical link."

"You just can't casually throw some documents together and make a sophisticated analysis," said Tony Burroughs, author of Black Roots: A Beginners Guide to Tracing the African American Family Tree and a consultant on a project by the New York

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Daily News that found that relatives of former Sen. Strom Thurmond appear to have owned the ancestors of civil rights activist Rev. Al Sharpton.

But Roberts, the New England scholar, collaborated with Reitwiesner on a 1984 book about the American roots of Princess Diana, and calls him "exceptionally bright" and "quite a good researcher."

The online Obama family tree, Roberts said, is the work of "an informal team of genealogists" who specialize in Internet-based research and post their findings to test their validity.

"When you are gathering up things from the Internet, you can get fantastical -- by that I mean wild and unbelievable -- connections," Roberts said. "Many of them will fall; only a few of them will hold up. But some absolutely extraordinary things do hold up."

Assisting in the Obama research was Christopher Challender Child, a genealogist at the New England Historic Genealogical Society, who said that Reitwiesner culled fragments from a variety of sources. "There's a limit to what you can verify without a lot of money," Child said. "But from what I see, the line looks pretty good."

For some, the records may underscore Obama's unique racial heritage as a presidential candidate.

Author and essayist Debra J. Dickerson wrote in a January salon.com article that she had previously refrained from opining about the senator because "I didn't have the heart (or the stomach) to point out the obvious: Obama isn't black."

" 'Black,' in our political and social reality, means those descended from West African slaves," Dickerson said.

Walters, who was deputy campaign manager for Jesse Jackson in 1984 and the author of Black Presidential Politics in America, agreed that questions raised by Dickerson and others "is an important debate."

"What people are really asking is, 'Can I trust this guy? Do I have confidence in this guy? Does he understand my situation, and therefore [is he] able to take my issues into the political system?'" Walters said.

Romney Assails Rivals On National Issues (AP)

By Glen Johnson

AP, March 2, 2007

Republican Mitt Romney assailed his two leading presidential rivals Wednesday, criticizing John McCain's stance on immigration and dismissing Rudy Giuliani's support for gun control, abortion and gay rights as a losing combination in the GOP primary.

Running a distant third in national polls, Romney used a campaign stop in New Hampshire to challenge McCain's support for stronger border security paired with an eventual path to citizenship for some of the 11 million illegal immigrants in the United States.

Also, in an interview with the Christian Broadcasting Network, the former Massachusetts governor criticized Giuliani for his moderate stands on abortion, gays and gun control — even though Romney expressed similar views in previous campaigns.

Romney began a series of appearances in New Hampshire, the first presidential primary state, by targeting McCain on immigration.

"I don't agree with it; I think it's the wrong course," Romney said at the outset of four appearances in the first presidential primary state. "I do not believe amnesty is the right course for the 11 or 12 million illegal immigrant who are living here. It didn't work in the 1980s; it's not going to work in the 2000s either."

McCain, who announced Wednesday night that he will formally become a candidate next month, had pushed legislation with Sen. Edward M. Kennedy, D-Mass., that categorized illegal immigrants and established different criteria for them to remain in the United States legally.

Romney, the former governor of Massachusetts, said he opposes amnesty, favors securing the U.S.-Mexico border with a fence, and wants to institute an employment verification system through high-tech identification cards.

"If we can do that, then we can solve our problem with immigration. The answer is not amnesty," Romney said to hearty applause from an audience of more than 150 gathered at New Hampshire Technical College.

McCain spokesman Matt David cited the discrepancy in Romney's statements on the issue, citing his comment last March in which the former governor said he doesn't believe in rounding up 11 million people and forcing them at gunpoint from the country.

"At a time when Senator McCain is working with the White House to solve one of our nation's biggest challenges, factually inaccurate rhetoric might score short-term political points but it does nothing to solve the larger issue," David said.

In December, Romney was embarrassed when it turned out he had used a lawn care company that hired illegal workers.

In the interview posted on the CBN Web site, Romney said of Giuliani: "He is pro-choice, he is pro-gay marriage and anti-gun. That's a tough combination in a Republican primary."

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He also criticized in the interview McCain for opposing a constitutional amendment to ban same-sex marriage. McCain has said marriage is between a man and a woman, but argues the issue should be left to the states.

In his criticisms, Romney drew renewed scrutiny to his own past positions.

In previous campaigns, Romney has said that regardless of his own personal beliefs, abortion should be safe and legal. He changed his position about two years ago and now describes himself as "pro-life." In 1994, he wrote a letter promising a gay Republican group he would be a stronger advocate for gays and their rights than his liberal opponent, Edward M. Kennedy, although Romney says he has always opposed gay marriage.

In the past, Romney emphasized his support of gun-control measures. In 1994, he said: "I don't line up with the NRA." In August, he became a card-carrying National Rifle Association member.

Responding to the criticism, Giuliani spokeswoman Katie Levinson said: "Mayor Giuliani has the utmost respect for Governor Romney. The mayor's position on gay marriage has been both clear and consistent — he does not support gay marriage and believes marriage should be between a man a woman."

During a New Hampshire news conference after his town hall meeting, Romney also sought to turn admitted flip-flops from a possible character flaw into a badge of honor. Romney, for example, likened his conversion on abortion to Ronald Reagan's change of heart on the issue.

"If you had somebody in the private sector who didn't change their mind when they knew they were wrong, you fired them because they were stubborn," said Romney, a former venture capitalist. "I'm happy to admit when I make mistakes and go on. And my experience is that to the voters, the response is overwhelmingly positive: 'We've got a guy who'll admit his mistakes, tell us what he's going to do and he'll honor that.' "

Giuliani Leads In Spartanburg County Straw Poll (CCT)

The Contra Costa Times, March 2, 2007

SPARTANBURG, S.C. - In a sign of what die-hard Republicans may think of the field of presidential contenders, former New York Mayor Rudy Giuliani was leading 10 other candidates Thursday in a straw poll in conservative Spartanburg County.

With 81 of 92 precincts reporting, Giuliani garnered 158 votes. California Rep. Duncan Hunter was running in a close second with 152 votes and Arizona Sen. John McCain was third with 116 votes, according to county GOP officials.

Kansas Sen. Sam Brownback had 83 votes, former Massachusetts Gov. Mitt Romney had 80 votes and Arkansas Gov. Mike Huckabee rounded out the front-runners with 21 votes.

The voting isn't binding and comes as the county party goes about the business of organizing precincts and ultimately sending people to its county convention and the state GOP convention in May.

People attending meetings starting at 7 p.m. could vote for one of 11 GOP candidates who have said they're running for the nomination or have set up exploratory committees.

Rick Beltram, the county's GOP chairman, said before the straw poll he expected fewer than 2,000 people to vote. After the voting, he blamed rainy weather for the low turnout and slow counting, which will resume Friday morning.

A spokesman for Giuliani said the numbers, while small overall, were encouraging.

"I think this is one small event of a very, very, long campaign, but it's a clear indication that the mayor's message of leadership and his proven track record is resonating," Elliot Bundy said.

Hunter's strong second-place showing proves his potential in a conservative area, his campaign said.

"What is such a relief to us is, we've always known we're the conservative alternative, and we kept hearing on the news that there's not a real conservative in the race," spokesman Roy Tyler said. "Well, there is now."

McCain's third place finish is not a reflection of his strength in South Carolina, campaign spokesman Adam Temple said.

"There's going to be many polls between now and election day," Temple said.

Romney's campaign said they were pleased with the former governor's finish.

"I think we outperformed where we've been, where all the public polls that had us at 5 and 6 percent," spokesman Terry Sullivan said.

Selective School Choice (WSJ)

By Clint Bolick

The Wall Street Journal, March 2, 2007

There's something about our nation's capital that converts many leading Democrats to school choice. Perhaps it's the glimpse that Washington, D.C. affords into inner-city public schools.

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But in most cases this appreciation of school choice extends only to their own children -- and not to the millions of children in failing public schools. Indeed, a nearly perfect correlation exists among Democratic presidential candidates who have exercised school choice for their own children and those who would deny such choices to the parents of other children.

When the Clintons came to Washington, D.C. in 1993, they could choose any public school for Chelsea. Being responsible parents of means, Bill and Hillary Clinton sent her instead to the elite private Sidwell Friends School. Two years later Mr. Clinton vetoed a bill that would have allowed low-income D.C. parents to use public funds to send their children to private schools. (A subsequent version of that program was signed into law by George W. Bush.)

And today presidential candidate Mrs. Clinton continues to stridently oppose school choice. In a speech to the National Education Association she vowed "never to abandon our public schools" -- speaking apparently as a politician, not a parent.

John Edwards, Mr. Populist, decries that "America has two school systems -- one for the affluent and one for everyone else." He should know. When he joined the U.S. Senate he sent his children to a religious school because, according to USA Today, the D.C. "public schools are deeply troubled." Mr. Edwards, however, opposes private school choice for low-income families on the curious grounds that this would "drain resources" from public schools. By such logic Mr. Edwards himself "drained" approximately $132,000 from the D.C. public schools.

Al Gore, who may yet join the presidential race, has said empathetically, "If I was a parent of a child who went to an inner-city school that was failing, I might be for vouchers, too." But he isn't, and so he is not. Mr. Gore sent all of his children to elite private schools in the nation's capital, like the one he attended growing up. But he militantly opposes school choice for low-income families.

There is only one Democratic aspirant who sent his children exclusively to public schools, and he was also the only one who signed a school choice bill into law in his own state: former Iowa Gov. Tom Vilsack, who withdrew from the race when his candidacy failed to gain traction. And there is only one candidate -- Sen. Joe Biden -- who has both sent his children to private school and supported school choice for others.

The mystery man is Sen. Barack Obama, who sends his child to a private school in Chicago yet once referred to school vouchers as "social Darwinism." Still, he says that on education reform, "I think a good place to start would be for both Democrats and Republicans to say . . . we are willing to experiment and invest in anything that works."

Well, school choice works. Every study that compares children who applied for school choice scholarships and received them with those who applied but did not shows improved academic performance. More important, every study that has examined the effect of school choice competition has found significantly improved performance by public schools.

Given their track records it is doubtful how many candidates will agree with Sen. Obama's professed openness to experiment. But as he might say, we can always have the audacity to hope.

Mr. Bolick is president and general counsel of the Alliance for School Choice and senior fellow at the Goldwater Institute.

Washington: Impeachment Resolution Urged (NYT)

By Martin Stolz

The New York Times, March 2, 2007

Mayor Rocky Anderson of Salt Lake City appeared before a committee of the State Senate in Olympia in support of a resolution asking Congress to begin impeachment proceedings against President Bush. Mr. Anderson, a Democrat, said the case for impeachment was not partisan. He said the president should face impeachment for “heinous human rights violations, breaches of trust, abuses of power injurious to the nation, war crimes, misleading Congress and the American people,” among other reasons. Mr. Anderson also submitted a 22-page, heavily footnoted statement to legislators.

Latest Reports On Iran And North Korea Show A Newfound Caution Among Analysts (NYT)

By Mark Mazzetti

The New York Times, March 2, 2007

WASHINGTON, March 1 — For more than three years, American intelligence officials have insisted that they learned from their mistakes in the months leading to the Iraq war, when murky information about Saddam Hussein’s weapons programs was presented as fact and inconclusive judgments were hardened into statements of near certainty.

The more calibrated intelligence assessments that have come to light in recent weeks, particularly on Iran and North Korea, appear to show a new willingness by American spy agencies to concede the limits of their knowledge.

The new caution reflects adherence to what some officials now call “the Powell Rule.” That rule is intended to avoid a repetition of former Secretary of State Colin L. Powell’s humiliation after the satellite photos and intercepted communications he presented to the United Nations Security Council as proof that Iraq was stockpiling banned weapons turned out to be nothing of the sort.

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It was in large part because of the Iraq intelligence debacle that top intelligence officials over the past year have overhauled the way in which they pass judgments about some of the world's most difficult spying targets, including Iran and North Korea. The new operating approach is intended to ensure that intelligence is solid before it is publicly presented, and even then, that clear distinctions are made between facts and inferences.

Intelligence professionals have several motivations for the new approach. Those include protecting their own credibility and ensuring that assessments can stand up to careful scrutiny in the wake of multiple government investigations condemning the prewar intelligence assessments about Iraq. Officials also said that greater caution had become ever more necessary because of increasing inexperience in the work force; about 50 percent of current intelligence analysts have less than five years of experience.

At the same time, the use of specific, careful language is seen by intelligence professionals as a barrier that can help to prevent intelligence assessments from being exaggerated, twisted or otherwise misused by policy makers to advance specific agendas.

Under the new guidelines, the assessments produced by intelligence agencies must include detailed descriptions of the subjects on which analysts disagree, and analysts must now "show their work" by including in their judgments the chain of logic that led them to their conclusions.

Intelligence analysis has always been more art than science, and in recent statements, American intelligence officials have laid bare the limits of what they believe they know about Iran and North Korea. Officials have said they are certain that Iranian paramilitary groups are providing lethal bomb material to Iraqi Shiite groups, but they do not know whether this support has been approved at the highest levels of government in Tehran.

In testimony before the Senate Armed Services Committee this week, Mike McConnell, the new director of national intelligence, said that it was possible Iran could produce a nuclear weapon by the beginning of the next decade, but that it was also possible Iran would not develop a weapon until 2015. At the same hearing, another top official acknowledged publicly that the American intelligence agencies were less certain today than they were five years ago about whether North Korea was pursuing a clandestine uranium enrichment program.

John D. Negroponte formalized the new analytical procedures in a directive issued in January, one of his last acts as director of national intelligence. The directive stated that "the analytic process must be as transparent as possible" and that "analysis must be objective and independent of political considerations."

The pre-emptive war doctrine that President Bush has articulated since the Sept. 11 attacks holds that the United States has an obligation take action against security threats before they fully materialize. A corollary embraced by the White House has held that policy makers must assume the worst about the intentions of adversaries, even with imperfect intelligence about their intentions and capabilities.

That worst-case approach was very much on display when Mr. Bush said with certainty in 2002 and 2003 that Iraq possessed chemical and biological weapons. On North Korea, Mr. Bush said in November 2002 that "contrary to an agreement they had with the United States, they're enriching uranium, with the desire of developing a weapon."

As intelligence agencies have backed away from those views, some former officials worry that the Iraq experience may cause the pendulum to swing too far in the direction of circumspection. They say that they hope the administration does not accept at face value the denials from North Korea and Iran about their banned weapons programs.

"I worry about that, but I am not willing to accept that doomsday is upon us," said John R. Bolton, who stepped down in December as ambassador to the United Nations after it was clear he would not win Senate confirmation. Mr. Bolton said he still believed that policy makers would not allow intelligence analysts' new caution to soften the United States' policies toward its enemies too much.

The intelligence community's renewed emphasis on debate and dissent has been reflected in decisions about which officials earned promotions in the aftermath of the Iraq intelligence failures.

Thomas Fingar, who once ran the State Department's Bureau of Intelligence and Research, is now in charge of all analysis for the director of national intelligence.

It was Mr. Fingar's State Department office in 2002 that produced one of the most significant dissents to that year's National Intelligence Estimate, now discredited, challenging the majority view that Iraq had bought aluminum tubes to build up its nuclear weapons program.

During an interview late last year, Mr. Fingar said it was now his job to ensure there was as much competitive analysis as possible before intelligence reports were completed, if only to avoid a repeat of the 2002 N.I.E. findings, which were pivotal to the Senate vote that authorized the Iraq war.

"The basic idea is to avoid a premature rush to an artificial consensus," Mr. Fingar said. "The interesting thing is not when analysts agree. It's when they disagree."

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Analysis: U.S. Intel On Nukes In Doubt (AP)

By George Jahn

AP, March 2, 2007

New doubts are arising about the accuracy of U.S. intelligence on the nuclear programs in North Korea and Iran, only a few years after faulty warnings about weapons of mass destruction helped President Bush justify the invasion of Iraq.

North Korea agreed earlier this month to dismantle its plutonium-producing nuclear facilities in exchange for economic aid and security assurances from the United States and four other world or regional powers. The pact successfully put aside for now the possibility of military action.

But the Western standoff with Iran remains tense. The Bush administration says it won't rule out an attack if Tehran refuses to end its nuclear enrichment program.

However, in both cases, once-strident U.S. pronouncements about the programs — which raised the tension level with Pyongyang and Tehran along with Saddam Hussein's Iraq — are apparently being replaced by less alarming assessments.

Just weeks after the Feb. 13 six-nation pact with North Korea, new U.S. statements suggest that Washington might have overstated a purported secret North Korean second-track nuclear program. The result was that it derailed what could have been a peaceful resolution to the North Korean issue more than four years ago.

The U.S. alleged then that North Korea had a large-scale gas centrifuge plant for uranium enrichment — the same program Iran now is developing. The Bush administration used that information to scrap a plan developed under the Clinton administration to supply energy to the North in exchange for its pledge to mothball its plutonium program.

Tensions rose and Pyongyang withdrew from the Nuclear Nonproliferation Treaty in January 2003, sparking the process that led to its test of an atomic weapon late last year.

Now, however, Bush administration officials are toning down assertions that such a program had been developed. Intelligence official Joseph DeTrani, in testimony to the Senate Armed Services Committee, said Tuesday belief that such a program exists was now "at the mid-confidence level."

The "mid-confidence" terminology means that analysts have differing views or credible information exists but has not been fully corroborated. That's a notable departure from the previous U.S. view of "high confidence" that the North was working on such activities.

Assistant Secretary of State Christopher Hill said Wednesday that the U.S. knows that North Korea has bought equipment that could be used only for uranium enrichment. But he expressed uncertainty about the program's current state.

"How far they've gotten, whether they've actually been able to produce highly enriched uranium at this time — I mean these are issues that intelligence analysts grapple with," Hill told a hearing of the House Foreign Affairs Committee. "But what we know is they have made the purchases, and we need to have complete clarity on this program."

A U.S. government official, speaking on condition of anonymity because of the subject's sensitivity, said there was no change in the intelligence assessment. Degrees of certainty were always reflected in the CIA's judgment, the official said.

The U.S. intelligence community found with "high confidence" in 2002 that North Korea obtained components that could be used to enrich uranium. However, there has always been less confidence in the analysis of what precisely North Korea planned to do with the components, the official said.

It was a worst-case scenario when a CIA paper in 2002 stated that the plant "could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational — which could be as soon as mid-decade."

The next line of the paper highlighted the uncertainty, reminding readers that North Korea's nuclear program was "a difficult intelligence collection target."

Bush said on Nov. 7 of that year that Pyongyang was "enriching uranium, with the desire of developing a weapon."

Chief U.N nuclear inspector Mohamed ElBaradei has been invited to Pyongyang in mid-March for a visit expected to result in the return of his inspectors after a four-year hiatus.

The U.S. intelligence record on Iran's nuclear activities also is being questioned.

Several senior diplomats familiar with work of the Vienna-based International Atomic Energy Agency, which ElBaradei heads, told The Associated Press that while U.S. intelligence helped reveal Iran's secret nuclear program in 2002, none of the information provided the U.N. nuclear watchdog by American spy agencies since then had led to meaningful leads. Still unproven is whether Tehran is using the cover of a nuclear power plant program to try to make atomic weapons.

One of the diplomats — who, like others demanded anonymity because he was discussing confidential information — said that in the case of Iran, lack of good intelligence was due to "no presence on the ground." Intelligence is increasingly scarce because "the Iranians have tightened up on their operations" since the 2002 revelations about their secret uranium enrichment program, he added.

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Broad assessments often hinge on detailed information about equipment, which can be difficult to prove.

For North Korea, a key U.S. assertion that Pyongyang was trying to create an industrial-scale uranium enrichment program parallel to its plutonium operations was based on evidence that the North Koreans had purchased or were trying to buy thousands of highly machined aluminum tubes, he said. The CIA cited Iraqi purchases of such tubes to support its assertion about a purported nuclear weapons program under Saddam.

A CIA fact sheet made public four years ago claimed "clear evidence indicating that the North has begun constructing a centrifuge facility," and estimated it could produce material for at least two or more nuclear weapons a year by 2005.

Former U.N. nuclear inspector David Albright, who recently visited Pyongyang and held talks on the North's nuclear program, does not question U.S. assertions that the North bought a few dozen centrifuges from the same Pakistani black market network that supplied Iran's program.

"However, a large centrifuge plant likely does not exist; perhaps it never did," says Albright in a report of his Washington-based Institute for Science and International Security that tracks the North Korean and Iranian nuclear programs.

The diplomat agreed, noting it made no sense for the energy-starved North — which is to get the equivalent of up to 1 million tons of heavy fuel oil under the nuclear disarmament deal — to run such a program consuming record amounts of power at a time it was making good progress on its plutonium-based arms program.

Problems At The Parks? But How? (WP)

By Al Kamen

The Washington Post, March 2, 2007

The National Park Service has developed a PowerPoint presentation touting President Bush's new and widely supported Centennial Challenge to boost funding for the national parks leading up to the service's 2016 centennial celebration.

The presentation's cover photo neatly shows Bush backdropped by Washington, Jefferson, Teddy Roosevelt-- the champion of the park system -- and Lincoln at Mount Rushmore.

Back in August 2002, when the shot was taken, Bush, soaring in the polls, seemed a strong candidate to join the Great Ones. Chances seem to have diminished a bit of late.

The cover photo has quotes overlaid from speeches by Roosevelt, Woodrow Wilson and John F. Kennedy along with Bush's presidential message last year on the 90th anniversary of the Park Service.

The presentation notes that despite overwhelming public support and "the commitment of the Administration," there are certain challenges. "Operating budgets have not kept pace" with needs and the parks have been hurt by "shrinking staff and aging facilities."

Unclear who might bear responsibility for those occurrences. Maybe Congress and the administration? Maybe some natural phenomenon, like El NiÃ±o or something?Doug Feith, in His Own Words

The nation apparently continues to be roiled by the Feb. 8 report by Pentagon Inspector General Thomas Gimble accusing former undersecretary of defense for policy Doug Feith of "inappropriate" actions in challenging the intelligence community's assessments in the run-up to the war in Iraq, soon to be entering its fifth year.

Fortunately, Feith, after several solid TV appearances and a lengthy op-ed in this paper after the report came out, is staying on the offensive. On Wednesday, Feith Fans got an e-mail from him:

I have created a website that contains articles and information on this DOD IG report. The website is www.dougfeith.com. You may want to take a look. I plan to use it to continue posting informative items about the IG report. I will soon add material on other subjects. . . .

Stay tuned.

On the site, Feith says he "created this website to provide accurate information and sound commentary on the IG report controversy" -- a raging controversy perhaps only briefly overshadowed by Anna Nicole Smith and Britney Spears.

There is a section called "Media Myths vs. Facts." Nothing there but a note promising "More information coming soon."

Better still for his fans, Feith -- now a teacher at Georgetown University, a visiting scholar at Harvard's Kennedy School and a distinguished visiting fellow at the Hoover Institution at Stanford -- is working on a memoir of his five years at the Pentagon. It's to be published, perhaps late this year, by HarperCollins and promises to put into context Feith's contributions to the administration's efforts to launch the war.

Since former CIA director George Tenet's book, which is not likely to deal kindly with Feith, is due out this spring, be sure to frequently check the Web site, http://www.dougfeith.com.

If you've never heard of Feith, there's a handy tab: "About Doug Feith" with a brief bio and with his own "Remarks at My Farewell and Award Ceremony" at the Pentagon in August 2005.Moving On

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Ken Mehlman, former Republican National Committee chairman and before that White House political director, is heading back to Akin Gump Strauss Hauer & Feld.

Mehlman practiced law for three years at the firm before entering politics. He worked on the House side for two Texas representatives and later served as national field director for the Bush campaign in 2000 and campaign manager in '04.

Meanwhile, Thomas DiNanno, deputy assistant secretary for infrastructure protection at the Department of Homeland Security, is leaving after six years in the administration to join the International Assessment and Strategy Center in Alexandria consulting on infrastructure-protection issues.

That leaves only one member of the original Tom Ridge White House-DHS team still on board -- the assistant secretary for infrastructure, Bob Stephan. DiNanno was recently tasked with building the department's chemical security office, leaves a small but dedicated staff pushing hard to meet a congressionally mandated April 4 deadline to work up a regulation to secure about 20,000 U.S. chemical plants.Harmonic Convergences Dept.

The fox? The henhouse? The White House yesterday said it had tapped Michael E. Baroody, longtime top official and most recently executive vice president of the National Association of Manufacturers, to be chairman of the Consumer Product Safety Commission.

Baroody started his career in 1970 working for Sens. Roman Hruska (R-Neb.) and Bob Dole (R-Kan.) and then moved on to the Republican National Committee, the Reagan White House and the Department of Labor. He joined NAM in 1990 and served as senior vice president for policy and communications.

He was seen as the main internal candidate to succeed NAM President Jerry Jasinowski, who retired in 2004, but lost out to former Michigan governor John Engler. Insiders say Engler effectively sidelined Baroody.

In a statement yesterday, Engler said that "this is an excellent nomination and is in everyone's interest."Thanks -- I Think

This week's Emily Litella award . . .

Reporters yesterday pressed White House spokeswoman Dana Perino on news reports that the administration is backing away from its absolute claims that North Korea has a uranium-enrichment program. This was based on intelligence the White House used to buttress its case that the regime was part of the "Axis of Evil."

"Have you checked into this North Korea story," a reporter asked, "what -- exactly what our intelligence says about the North Korean uranium-enrichment program?"

"I did try to check into it," Perino said. "I think what I need to do is refer you to the intelligence community." Ah, yes, a crowd long known for on-the-record briefings on its sources and process. "We've said for a long time," she said, that "North Korea is an opaque regime," so it's hard to be sure what they're doing.

"I'm sure the intelligence community continually tried to assess and reassess and look at the information that they have," she said. "What we do know is that North Korea tested a nuclear weapon. . . . So, from our standpoint, that's what we know is happening at the moment. In regards to intel and what they knew and when they knew it, I think I'd have to refer you back to them."

Never mind.

A Suddenly Convenient Truth (NYT)

The New York Times, March 2, 2007

We would like to believe that the Bush administration has finally figured out how dangerous and counterproductive it is to hype intelligence — and that that's why officials are admitting they're not sure North Korea ever got very far with a secret uranium-based nuclear program. But we doubt it.

It was just last month that intelligence officials, with their bosses' clear blessings, were insisting that Iran's leaders had personally ordered the smuggling of especially lethal roadside bombs into Iraq. At least they did until the Pentagon's top general admitted that no one knew who in Iran was really calling those shots, and President Bush announced that it didn't matter anyway.

So we suspect that this week's confessions of doubt about North Korea had less to do with a sudden burst of candor than the fact that Pyongyang has agreed to readmit nuclear inspectors — who probably won't be able to find the active uranium enrichment program the administration has been alleging for more than four years. Add to that the White House's eagerness for a diplomatic win in these bleak times — and its insistence that a nuclear deal cannot go ahead if the North is believed to be hiding things — and you understand why the White House might find this truth so convenient.

Late may be better than never, but it isn't nearly enough to make up for the damage caused. And we haven't even raised the issue of Iraq and its long-gone weapons.

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Let's be clear. The North Koreans had and have an illicit nuclear arms program. They tested a device from their plutonium-based program last October. And Pakistan's president, Gen. Pervez Musharraf, has admitted that North Korea bought some 20 centrifuges — useful only for enriching uranium — from Abdul Qadeer Khan's nuclear black market.

The problem is that the Bush administration eagerly spun those 20 centrifuges into an industrial-scale enrichment program, and then used it as an excuse to scuttle a Clinton-era deal to close down the North's plutonium-based weapons program. Four years later, the North set off that test.

And while we are pleased that the administration has finally managed to negotiate an agreement to start shutting down the North's nuclear complex, there is no guarantee that Pyongyang will ever give up its weapons.

If that's not bad enough, consider some frightening truths. There is no doubt that Iran is moving ever closer to mastering the skills it will need to produce the fuel for a nuclear weapon — and blithely defying the Security Council's demand that it stop. But even America's closest European allies have little stomach for a showdown with Tehran, while Russia and China have strong economic incentives to look the other way. Which means that Washington is the only one left out there to warn the world about the dangers of a nuclear-capable Iran.

Make no mistake: there are real and present dangers out there. But who still believes warnings from this White House?

Another Intelligence Twist (WP)

The Washington Post, March 2, 2007

ONCE AGAIN the Bush administration is being accused of exaggerating intelligence to justify an aggressive policy toward a rogue regime, with disastrous results. In October 2002 the State Department announced that North Korea had acknowledged secretly developing a uranium enrichment program. The next month the CIA reported to Congress that it had "recently learned that the North is constructing a plant that could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational -- which could be as soon as mid-decade." On this basis the administration suspended a deal under which North Korea received fuel oil in exchange for freezing a separate program to produce plutonium. Pyongyang responded by restarting that program and producing enough plutonium for a number of nuclear weapons, one of which it tested last October.

Now administration officials are conceding that outside experts may be right when they say that the North probably never constructed a large uranium-enrichment plant. According to the New York Times, a new intelligence update concludes "with moderate confidence" that the uranium program continues, but it says it's not known how much progress has been made. Christopher R. Hill, the principal U.S. negotiator with North Korea, told Congress on Wednesday that it's debatable "whether they've actually been able to produce highly enriched uranium."

Clearly there's a basis for investigation about whether the 2002 CIA estimate was justified. But it's also worth underlining that the issue here is not whether North Korea sought a uranium enrichment capacity. The uncertainty is about how far the program advanced. That distinction makes a difference both in reconsidering the Bush administration's actions in 2002 and judging how the problem should be managed in the new disarmament negotiations with the North beginning next week.

What the administration knew in 2002 -- and what remains uncontested now -- is that North Korea secretly obtained 20 centrifuges for uranium enrichment from Pakistan and purchased other equipment needed to construct a large-scale enrichment facility. When U.S. officials confronted the North Koreans at a bilateral negotiation session, members of a U.S. diplomatic team received what they believed was a defiant confirmation. That tipped an internal administration debate toward hard-liners who all along had wanted to renounce the Clinton administration's "agreed framework" with Pyongyang.

No doubt those hard-liners made use of the CIA's conclusions about a factory under construction. Yet even without that intelligence some action would have been warranted. The United States and its allies were supplying Pyongyang with food and energy on the assumption that its nuclear program was frozen, only to discover that it had covertly begun work in another area. It would have been foolish to ignore such activity by a criminal regime.

Similarly, the weakening of the intelligence about an ongoing uranium program does not mean that the United States can drop the issue in the next phase of negotiations. On the contrary, a crucial test of the diplomatic process will be whether the North will reveal what it did with the centrifuges and other materials it is known to have acquired. Pyongyang's response will show whether it, like the Bush administration, is more inclined to conduct serious negotiations than it was four years ago.

Uranium Do-Over (WSJ)

The Wall Street Journal, March 2, 2007

Things sure are looking up for Kim Jong Il. The North Korean dictator has already been promised 50,000 tons of fuel oil and eased sanctions in return for one more pledge to give up his nuclear weapons. And now, even before he has to declare all of his nuclear facilities, the Bush Administration appears to be backing down from its own intelligence judgments on North Korea.

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That's the meaning of this week's disclosure at a Senate hearing by Administration spook Joseph DeTrani about Pyongyang's uranium enrichment program. Asked for an update by Rhode Island's Jack Reed, the new Director of National Intelligence Michael McConnell invited Mr. DeTrani to address the issue. Mr. DeTrani replied that while the U.S. had previously had "high confidence" about the uranium effort, now it was only "at the mid-confidence level."

Keep in mind that the uranium program is separate from the plutonium that Kim has already used to explode a nuclear device. Confronted with U.S. intelligence in 2002, North Korean officials admitted to the secret uranium effort in a face to face meeting with then Assistant Secretary of State Jim Kelly. Such an effort violated both the Nuclear Nonproliferation Treaty and the Agreed Framework that Kim had signed with the Clinton Administration. The North Koreans have since denied saying that, or having any such program, but U.S. intelligence has claimed to have solid evidence that it did.

What's changed now? Mr. DeTrani didn't elaborate, but the timing of this intelligence walk-down is certainly strange. Under the six-party accord signed in Beijing on February 13, North Korea has 60 days to come clean about all of its nuclear programs and facilities. By telegraphing to Kim that the U.S. has new doubts about his uranium plans, the Bush Administration is all but inviting Kim to declare as little as possible. The flip-flop has all the earmarks of the intelligence community trying to cover its own keister if Kim does precisely that.

This is all the more bizarre given the volumes of public evidence that North Korea's uranium-enrichment program is very real. Following North Korea's admission in 2002, numerous Bush officials made the rounds discussing what they knew. "The enriched uranium issue, some have assumed, is somewhere off in the fog of the distant future. It is not," Mr. Kelly told the Senate in March 2003. "It is only probably a matter of months, and not years, behind the plutonium."

Richard Armitage, then Deputy Secretary of State and hardly a neocon, said at the time that North Korea was acquiring "many more [centrifuges] than was orginally thought." And he added that North Korea had been "intent on going to a full-up production program" starting from "at least" February 2000.

Don't believe Bush officials? How about Pervez Musharraf? In his recent memoir, the Pakistan President discloses that he learned as early as 1999 that North Koreans were canoodling with Pakistani A.Q. Khan to buy uranium-enrichment technology. "I received a report suggesting that some North Korean nuclear experts, under the guise of missile engineers, had arrived" at Pakistan nuclear labs "and were being given secret briefings," Mr. Musharraf writes.

In his book about the A.Q. Khan network, "Shopping for Bombs," BBC reporter Gordon Corera reports that Mr. Musharraf has admitted that "probably a dozen" centrifuges were sent to North Korea from Pakistan, "both plans and complete devices," as well as "blueprints and designs."

And in May 2002, two Germans were convicted in Stuttgart for trying to ship 22 million tons of aluminum tubing to North Korea. The tubing had been ordered by Yun Ho-Jin, Pyongyang's man at (of all places) the International Atomic Energy Agency in Vienna. The measurements on the tubing were made to European standards for the kind of vacuum casings used for gas centrifuges to enrich uranium.

Meanwhile, the Washington Post reported in March 2005 that the U.S. found traces of North Korean UF6, or uranium hexafloride, when it dismantled Libya's nuclear program. The Post said Pyongyang had sold the UF6 to Pakistan, which had later sold it to Libya.

All of this is merely what's on the public record. We understand that intelligence is rarely definitive. But if this is what adds up to "mid-confidence level," what does the CIA need for "high"? And what in the world qualifies as a "slam dunk"? * * *

The bigger issue here is what this intelligence reversal suggests about Bush Administration policy. When the February 13 accord was announced, senior officials assured us that it included "all" North Korean nuclear programs, not just plutonium. But now that the U.S. is embarked on an "arms control process," the pressure to keep making unilateral concessions or overlook Kim's transgressions will be great.

Assume that, in its 60-day declaration, North Korea admits some past attempt to buy centrifuge technology but says it's all been destroyed and there's nothing to inspect. Would President Bush really walk away from the talks, amid the inevitable criticism from China, South Korea and the American media? We think we know where the State Department would come out. Chris Hill, State's negotiator with the North, has already hinted that its uranium program isn't that big a deal.

White House officials say President Bush has earned the benefit of the doubt on North Korea and that he'll insist on dismantling all of its nuclear facilities. We hope he's not relying on the U.S. intelligence community to tell him when that's happened.

Come Clean On North Korea (LAT)

The Los Angeles Times, March 2, 2007

HERE WE GO AGAIN. Or do we? In 2002, the U.S. accused North Korea of having a secret program to enrich uranium for nuclear bombs. Alleging that the North had cheated on a deal agreed to eight years earlier, Washington cut off heavy fuel oil

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shipments. In response, Pyongyang accused the Bush administration of reneging on the deal, fired up its mothballed plutonium plant and, last fall, detonated an atomic bomb. Only now are U.S. officials admitting there was some question about the intelligence they relied on.

At the time, the Bush administration seemed confident of its case against Pyongyang. It told Congress in 2002 that the CIA had "clear evidence indicating that the North had begun constructing a centrifuge facility" to spin uranium for nuclear weapons and that the plant could be operational "as soon as mid-decade." In 2003, it told allies the plant was 18 months away from producing the fissile material needed for a bomb.

On Wednesday, however, the chief U.S. negotiator to North Korea, Christopher R. Hill, back-pedaled hard while testifying on Capitol Hill. If the U.S. determines that there is a uranium program, he said, "it's got to go," adding: "How far they've gotten, whether they've been able to actually produce highly enriched uranium at this time … we need to have complete clarity on this program."

Indeed we do. Did the Bush administration rush to provoke a crisis with North Korea on sketchy evidence, trashing a flawed but workable arms-control agreement? Administration hawks had been on record for years opposing the 1994 deal. Did they "spin" the intelligence to justify preordained policies? Beijing has always disputed Washington's allegations. On the other hand, it's indisputable that North Korea bought centrifuges from Pakistani scientist Abdul Qadeer Khan.

Cynics may even wonder whether the administration, having opted for a deal with North Korea, may be downplaying for political purposes the significance of the very intelligence it once cited as proof of Pyongyang's malevolence. Some might even ask why it matters what the administration knew then — and with what degree of certainty — given that North Korea has already tested a plutonium bomb. It's because the U.S. has declared itself the world's nuclear watchdog, refusing to be bound by the decisions of the International Atomic Energy Agency or the U.N. Security Council.

Yet for the second time, serious questions have been raised about the credibility of U.S. assessments of the potential nuclear threat posed by an enemy nation. Are these charges justified? Given the U.S. need to enlist other nations to adopt sanctions to curb Iran's nuclear ambitions and deal with other proliferation challenges, that's a question that demands an answer.

N. Korea Reasserts Pledge To Denuclearize (WP/AP)

By Associated Press

The Washington Post, March 2, 2007

SEOUL, March 1 -- North Korea's No. 2 leader reiterated Thursday his country's pledge to abandon its nuclear weapons, as the impoverished nation sought a resumption of aid in its first high-level talks with South Korea since conducting an atomic test.

Kim Yong Nam said that "the denuclearization of the Korean Peninsula is the dying wish" of the country's founding president, Kim Il Sung, who died in 1994. North Korea "will make efforts to realize it," he told South Korean Unification Minister Lee Jae Joung in Pyongyang, the North's capital.

Lee pressed for North Korea to follow through on its breakthrough Feb. 13 agreement with the United States and four other countries to shut down its sole operating nuclear reactor in 60 days, and to eventually dismantle all its atomic programs.

Kim Yong Nam also called for the two Koreas to work together to reunify the peninsula, which remains officially at war because the 1950-53 Korean War ended in a cease-fire, not a peace treaty.

South Korea has been one of the North's main aid sources since leaders of the two nations held their first and only summit in 2000. This week marks the 20th cabinet-level talks since then.

The North wants to resume separate discussions this month on economic cooperation that would address aid, but South Korea prefers to wait until after April 14 -- the deadline for the North to switch off its nuclear reactor, South Korean journalists said.

N. Korea Again Pledges To End Nuke Program (WT/AP)

By Burt Herman, Associated Press

The Washington Times, March 2, 2007

SEOUL -- North Korea's No. 2 leader reiterated yesterday his country's pledge to abandon its nuclear weapons, as the impoverished nation sought a resumption of aid at its first high-level talks with South Korea since conducting an atomic test.

Kim Yong-nam said "the denuclearization of the Korean Peninsula is the dying wish" of the country's founding president, Kim Il-sung, the father of current leader Kim Jong-il.

North Korea "will make efforts to realize it," he told South Korean Unification Minister Lee Jae-joung in Pyongyang, the North's capital.

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Mr. Lee pressed for North Korea to follow through on its breakthrough Feb. 13 agreement with the United States and four other countries to shut down its sole operating nuclear reactor in 60 days, and to eventually dismantle all its atomic programs.

"It is important to make efforts to ensure that South and North Korea cooperate and six countries each assume their responsibilities," Mr. Lee said.

Kim Yong-nam also called for the two Koreas to work together to reunify the peninsula, which was divided after World War II and remains officially at war since the 1950-53 Korean War ended in a cease-fire, not a peace treaty.

South Korea has been one of the North's main aid sources since the two nations held their first and only summit in 2000. This week's meetings are the 20th Cabinet-level talks since then.

But South Korea halted rice and fertilizer shipments to the North after it test-fired a barrage of missiles in July, and relations worsened following North Korea's Oct. 9 underground nuclear test.

The provocations were the most serious challenge yet to South Korea's "sunshine" policy of engagement with its longtime foe, which has been criticized by conservatives for helping prop up the North's totalitarian regime without requiring reforms or disarmament.

South Korea has been hesitant at this week's talks, which run through today, to immediately restart aid without seeing the North take real steps to dismantle its nuclear program.

The North wants to resume separate discussions this month on economic cooperation that would address aid, but South Korea prefers to wait until after April 14 -- the deadline for Pyongyang to switch off its nuclear reactor, pool reports from South Korean journalists at the talks said.

However, the South may offer a limited amount of fertilizer if the North agrees to other conditions, such as resuming reunions of families split between the Koreas, the pool reports said. The sides may also agree on conducting trial runs of trains on restored rails across the border.

Earlier over dinner, the North's main negotiator at the talks, Senior Cabinet Councilor Kwon Ho-ung, said "a wide road will be opened for the drastic development of North-South relations" if certain measures are implemented. He did not specify them.

Last month's six-nation nuclear agreement has raised hopes it will foster a relaxation of regional tensions, since the deal also provides for North Korea to hold talks to normalize ties with Japan and the United States, both of which are scheduled to begin next week.

The nuclear pact also calls for negotiations to finally establish a peace agreement between the Koreas.

South Korean President Roh Moo-hyun urged in a speech yesterday in Seoul that the agreement "be successfully implemented so that a peace regime can be firmly established on the Korean Peninsula."

U.S., North Korea Soften Their Stances (WSJ)

By Evan Ramstad And Neil King Jr.

The Wall Street Journal, March 2, 2007

Two weeks after signing a deal aimed at ending North Korea's nuclear-weapons program, the Communist nation and the U.S. are showing signs of softening toward one another.

Negotiators from both sides plan to meet Monday to discuss steps toward normalizing relations 54 years after the end of the Korean War. The meetings, the first of their kind in more than six years, come as President Bush's administration eases assessments of how advanced North Korea's nuclear program may be. The U.S. is close to resolving a high-profile crackdown, launched in September 2005, on a Macau bank used by the North Korean government.

Under the Feb. 13 agreement, North Korea promised within 60 days to shut down its Pyongyang nuclear plant, allow international inspectors back in and provide a list of its nuclear-weapons activities. In return, it will receive energy and economic assistance from the U.S. and other countries with which it negotiated, including China, Russia and South Korea.

A similar arrangement fell apart in late 2002 when the Bush administration accused Pyongyang of pursuing a secret uranium-enrichment program. The North Koreans ejected international inspectors and pushed ahead with their missile and nuclear-weapons programs, testing a nuclear device in October.

Yet U.S. officials are saying while they know North Korea purchased equipment and specialty products typically used in a uranium program, they have no strong evidence the country processed highly enriched uranium. Chinese diplomats have told the U.S. repeatedly that Beijing believes North Korea had no uranium program, U.S. officials said.

North Korea boasted of having nuclear weapons last year but has denied having a uranium-enrichment program. The U.S. assertion that North Korea was working on a secret uranium-enrichment program set off the 2002 crisis.

In congressional testimony this week, diplomatic and intelligence officials expressed doubt about how much progress North Korea has made in researching or developing uranium-based weapons. The U.S. national intelligence director's mission

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manager for North Korea, Joseph DeTrani, categorized the U.S. belief that North Korea was seeking a uranium-production program "at the mid-confidence level," meaning it lacked corroboration. Previously, it had been categorized at "high confidence."

U.S. officials have said there is no clear-cut evidence North Korea has any nuclear-weapons arsenal. The U.S. suspects North Korea has amassed at least 50 kilograms of plutonium and has made great strides in missile development. "But weaponization is very hard to get at," said one senior U.S. official. Even the October test remains murky, the official said, with U.S. intelligence analysts able to say only that it was "a high-explosives test" that emitted some detectable radiation.

"What we really need to do is track down where is the fissile material," the official said, referring to the stored plutonium North Korea is known to have.

North Korea has gone out of its way to appear cooperative since last month's agreement. It has sent an envoy to New York and Hanoi and has even taken down propaganda signs put up after the October test, said South Korean reporters visiting Pyongyang this week. It has invited the head of the International Atomic Energy Agency, Mohamed ElBaradei, to visit Pyongyang; he is expected to go in mid-March.

Macao Signals Release Of Funds (FT)

By Tom Mitchell

Financial Times, March 2, 2007

Deposits frozen during an investigation into a Macao bank the US suspects of acting as an illicit conduit for North Korean funds could be released by the end of this month, according to an executive for a company whose accounts have been affected.

Colin McAskill, who heads Hong Kong-based Koryo Asia, said the head of a Macao government-appointed committee now in charge of Banco Delta Asia told him recently that some of the $24m in deposits frozen during the investigation could be released soon. The Macao official, Hurculano de Sousa, did not return calls seeking comment on Thursday.

Koryo Asia controls Pyongyang's Daedong Credit Bank, which has $7m in affected deposits at the Macao bank. Approximately $2.6m of this belongs to British American Tobacco, which makes cigarettes in North Korea.

Mr de Sousa heads a three-man committee appointed by the Macao government to manage Banco Delta Asia after US accusations that it was helping the North Korean regime launder money led to a run on the bank in September 2005.

Mr McAskill said the Macao and US governments were sending mixed messages.

Daniel Glaser, a US Treasury department official, visited Macao earlier this week to discuss the two governments' separate investigations into the bank. While Mr Glaser and other US officials reiterated their intention to resolve the crack-down on North Korea's overseas financial activities, they have not yet indicated they will ease the pressure on Banco Delta Asia.

During his visit Mr Glaser said the Treasury department's investigation included the review of more than 300,000 documents.

"There is a direct conflict between what Glaser is saying and what the Macao government told me," Mr McAskill said on Thursday.

US officials declined to comment.

It is not clear whether the Macao government might release some of the affected funds but hold back others.

"Let's be frank. I'm not interested in the other money, I'm interested in our money," Mr McAskill said.

North Korea's number two leader reiterated on Thursday his country's pledge to abandon its nuclear weapons, as the impoverished nation sought a resumption of aid at its first high-level talks with South Korea since conducting an atomic test, AP reports from Seoul.

Kim Yong-nam said denuclearisation was "the dying wish" of the country's founding president, Kim Il-sung, the father of current leader Kim Jong-il.

U.S. Claims On North Korea Come Under Scrutiny (MCT)

By Jonathan S. Landay And Kevin G. Hall

McClatchy Newspapers, March 1, 2007

WASHINGTON - The Bush administration, which used some false and exaggerated intelligence to make its case for invading Iraq, also may have inflated some of its allegations against North Korea to justify a hard-line policy toward the Stalinist regime.

President Bush claimed in 2002 that North Korea was making highly enriched uranium for nuclear weapons when there was no intelligence that it was doing so.

Now there are new questions about the administration's assertions that a bank in Macau knowingly laundered proceedings from North Korean narcotics trafficking, cigarette smuggling and counterfeit American currency.

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An audit of the Banco Delta Asia's finances by accounting firm Ernst & Young found no evidence that the bank had facilitated North Korean money-laundering, either by circulating counterfeit U.S. bank notes or by knowingly sheltering illicit earnings of the North Korean government.

In a filing submitted to the Treasury Department last October, Heller Ehrman LLP, the bank's New York law firm, reported that an audit by the government of Macau also had found no evidence of money-laundering.

The Treasury Department refused to discuss the findings of either audit, as did the government of Macau and Ernst & Young.

Taken together, the pronouncements raised questions about whether the administration has been overstating its case against North Korea, a heavily armed communist dictatorship that Bush included in his "axis of evil" with Iran and Iraq under the late dictator Saddam Hussein.

The White House didn't respond immediately to a request for comment.

The Bush administration used its charges against Pyongyang to justify a hard-line policy that led the regime of Kim Jong Il to end an eight-year freeze on plutonium production. It then harvested enough plutonium for as many as a dozen nuclear weapons and conducted its first nuclear test explosion in October.

Meanwhile, talks with North Korea on ending its nuclear program collapsed over the U.S. charge that Pyongyang was laundering counterfeit money and proceeds from other illicit activities through the Macau bank. North Korea walked out of the talks and refused to return until the United States agreed to discuss lifting its restrictions on the Macau bank.

The administration has since softened its stand. Under a deal reached last month, North Korea agreed to give up the nuclear program, and the United States agreed to provide aid to the destitute country and open talks on normalizing relations.

North Korea hasn't publicly acknowledged the Bush administration's charges that it was secretly pursuing uranium enrichment in parallel with its known plutonium production program.

But Bush appears to have gone well beyond what U.S. intelligence could support in describing the advanced state of the North Korean program. At a Nov. 7, 2002, news conference, Bush said that North Korea was enriching uranium in violation of two treaties and a 1994 deal with the United States.

"We discovered that, contrary to an agreement they had with the United States, they're enriching uranium with the desire of developing a nuclear weapon," Bush asserted.

But that same month, an unclassified CIA report to Congress said that North Korea had begun building a plant that could be used for uranium enrichment, but that it wouldn't become operational until at least 2005.

The administration cited the uranium enrichment effort in its decision to halt heavy-fuel oil shipments to energy-starved North Korea under a deal reached in 1994 with the former Clinton administration. The cutoff prompted the North to end the freeze on plutonium production and expel U.N. nuclear inspectors.

Former and current senior U.S. intelligence officials and diplomats involved in Korea policy disclosed that the United States knew with "high confidence" that North Korea was purchasing materials around the world for a uranium enrichment program.

North Korea bought two dozen or so machines - known as centrifuges - that spin uranium hexafluoride gas at supersonic speeds into highly enriched uranium from the same Pakistani scientist who sold nuclear technology to Iran and Libya.

Pyongyang also managed to acquire thousands of aluminum tubes milled precisely to the dimensions of the Pakistani-supplied devices, said James Kelley, the former assistant secretary of state who oversaw talks with North Korea.

But he and other current and former officials said that the United States had no information - and still doesn't - that North Korea has acquired the knowledge or overcame the technical hurdles required to build an industrial-scale enrichment plant with tens of thousands of centrifuges.

"There never was a judgment that they had a uranium enrichment-producing program," former Ambassador Charles Pritchard, who resigned in 2003 as Bush's special envoy to the negotiations, said in an interview.

Pritchard suggested that Bush might simply have misspoken in declaring that North Korea was enriching uranium.

U.S. officials admit that they don't know the current status of the effort.

"It's a complex program. It would require a lot more equipment than we know that they have actually purchased," Assistant Secretary of State Christopher Hill, the current chief U.S. negotiator, said in a Feb. 22 talk at a Washington think tank. "It requires some production techniques, considerable production techniques, that we are not sure whether they have mastered."

The controversy surrounding the Banco Delta Asia and the North Korean leadership's accounts there may come to a head soon, as the Treasury Department has said it'll conclude its investigation shortly.

The Treasury Department said that its initial allegations against the Banco Delta Asia stand up. But according to the filing by the bank's attorneys, which the Treasury Department hasn't challenged, there was almost no way that North Korea could have laundered counterfeit U.S. currency through the bank.

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Large deposits of North Korean cash were sent to the New York branch of the giant HSBC bank to be run through sophisticated counterfeit-detecting machines, the law firm's filing said. The only evidence of counterfeit currency that Banco Delta Asia found was much earlier, in 1994, and the bank notified local authorities immediately, the filing said.

Progress Made On Possible Iran Sanctions (AP)

By Edith M. Lederer

AP, March 2, 2007

The world's major powers made progress Thursday on possible new sanctions against Iran for refusing to suspend uranium enrichment but some differences remain, U.N. diplomats said.

Foreign ministry political directors from the United States, Russia, China, Britain, France and Germany held a two hour conference call to discuss what to include in a new U.N. Security Council resolution, the diplomats said.

"They had a good productive discussion during which they made progress in agreeing on the elements of a resolution," the U.S. State Department said in a statement. "A few more issues remain for discussion, and the political directors agreed to convene another conference call on Saturday morning."

The State Department said it expects that ambassadors from the six countries "could begin drafting the text of a resolution next week."

Iran's refusal to freeze all its enrichment-related activities prompted the U.N. Security Council on Dec. 23 to impose sanctions targeting its nuclear and missile programs and persons involved in them. The council gave the country 60 days to halt enrichment or face additional measures.

The International Atomic Energy Agency's report last week that Iran was expanding enrichment instead of suspending it set the stage for new U.N. sanctions to try to pressure Tehran to agree to a freeze ahead of negotiations on its nuclear program.

Iran insists its nuclear program is aimed solely at producing nuclear energy — not nuclear weapons — and it has adamantly refused to halt it.

The six countries, who have been the key players in trying to negotiate with Iran, all believe the initial sanctions have had a positive effect on Tehran, the U.N. diplomats said, speaking on condition of anonymity because the negotiations are private.

Britain's U.N. Ambassador Emyr Jones Parry said recently the new resolution would be looking at an "incremental" strengthening of sanctions.

Other U.N. diplomats have also used the word "incremental" — an indication that the U.S., Britain and France who might want tough new sanctions will settle for less to ensure that Russia and China, who have close ties to Iran, are on board.

That would ensure that the new resolution can be adopted unanimously — which all six countries appear to want so they can remain united in their stance on Iran.

Some diplomats said the new measure may include travel bans, expand the list of technology and materials countries are banned from making available to Iran, and create stiffer economic sanctions including a ban on export guarantees to Iran, among other options.

China Urges Iran To Return To Nuke Talks (AP)

AP, March 2, 2007

China urged Iran on Thursday to halt uranium enrichment and step up efforts to reach a peaceful, negotiated solution to the international dispute over its nuclear program amid a visit by Iran's deputy foreign minister.

"We hope that Iran can give a positive response to the appeal of the international community and faithfully abide by resolution 1737," said Foreign Ministry spokesman Qin Gang at a regular news briefing.

Iran has ignored a U.N. deadline set in the Dec. 23 resolution to halt the enrichment of uranium, which the U.S. says is part of a secret effort to build nuclear weapons. Enriched to a low level, uranium is used to produce nuclear fuel but highly enriched uranium can be used in an atomic bomb.

In talks with Iranian Deputy Foreign Minister Abbas Araghchi in Beijing Thursday, China's Foreign Minister Li Zhaoxing reiterated that China hopes the dispute can be resolved through diplomatic negotiations as soon as possible, a ministry statement said.

Qin said the international community should "keep calm and make efforts, including efforts outside the framework of the U.N. Security Council to push forward the resumption of negotiations."

China has repeatedly spoken out against the use of sanctions and other types of force against Iran but also has been part of discussions focused on finding ways to pressure Iran to suspend enrichment.

Senior diplomats from the five permanent Security Council members and Germany met Monday in London to discuss the issue. Officials in London and Washington said new measures would likely include incremental restrictions on trade and arms.

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However, sharp differences appear to remain between the tough U.S. position and what Russia and China — veto-holding council members with close ties to Iran — are willing to accept.

Iran And Saudis Plan Summit Talks On Crises (NYT)

By Hassan M. Fattah And Nazila Fathi

The New York Times, March 2, 2007

DUBAI, United Arab Emirates, March 1 — President Mahmoud Ahmadinejad of Iran will visit Saudi Arabia on Saturday for a summit meeting with King Abdullah intended to tackle the Middle East's growing sectarian and political crises, Iranian officials said Thursday.

The visit, Mr. Ahmadinejad's first state visit to Saudi Arabia, was initiated by Iran, said a former Saudi official with knowledge of the discussions.

It marks the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries, to settle the political standoff in Lebanon, cool sectarian violence in Iraq and possibly even avert a looming confrontation with the United States.

To some the trip is seen as a defensive move by an increasingly isolated Iran while to others it marks the start of another public relations offensive for the bellicose president.

"When the views of the two countries get closer, they can play an influential role in the chaotic situation of the Islamic world and the Middle East," Mohammad Hosseini, Iran's ambassador to Saudi Arabia, told the official Iranian news agency, IRNA. "Unrest is increasing in the Middle East and if the situation continues, it will become a threat for all the countries in the region."

A Saudi official confirmed Mr. Ahmadinejad's visit, which will include a meeting with King Abdullah on Sunday, but the official Saudi news agency, SPA, made no mention of the trip, adding weight to the theory that the visit was an Iranian initiative.

Rumors of a likely meeting between the leaders had been circulating in Saudi Arabia for the past week, several analysts said, but the exact date appears to have been set within the last few days, just before the United Nations is expected to begin deliberating tougher sanctions on Iran for its continued uranium enrichment efforts in violation of United Nations resolutions.

The announcement also comes just two days after the United States agreed in principle to hold a high-level meeting with Iraq's neighbors, including Iran and Syria, to help stabilize Iraq, setting the stage for the highest-level contact between American and Iranian officials in more than two years.

The American decision to participate in that Iraqi regional meeting in Baghdad on March 10 was unconnected to the Saudi-Iranian summit talks, American officials said. They claimed to be untroubled by the summit plans despite their strong mistrust of Mr. Ahmadinejad.

King Abdullah and Mr. Ahmadinejad are expected to discuss ways of ending the political standoff in Lebanon between the American-backed government of Fouad Siniora and Hezbollah, which is supported by Iran. Both countries are also concerned that growing sectarian tensions in Iraq, Lebanon and elsewhere in the region could fuel further instability.

"The last visit by an Iranian official to Riyadh was by national security chief Ali Larijani last month, but the Iranians were left feeling quite unsatisfied," said Adel al-Toraifi, a Riyadh-based Saudi analyst with close ties to the government.

Experts said talks had broken down when the Iranians balked at a deal that would increase Hezbollah's representation in the government, but would also start an international tribunal to try suspects connected to the assassination of the former Lebanese prime minister, Rafik Hariri, in 2005, a Saudi priority.

Hezbollah took to the streets of Beirut in December demanding a greater role in the government, and threatening to continue its protest until Mr. Siniora resigns or gives its allies more seats in the cabinet.

"The Iranians want to come to an understanding with the Saudis," said Khaled Dakhil, professor of political sociology at King Saud University in Riyadh. "The Iranians want the help of the Saudis on the nuclear front, and they do want to improve relations between Syria and Saudi Arabia."

Other likely agenda items are finding a peaceful conclusion to the standoff with the international community. Iran has sought to emphasize to its Persian Gulf neighbors that if the United States attacks it, they too will be affected, analysts say.

The six Persian Gulf states that make up the Gulf Cooperation Council have insisted to Iran that they will not veer from United Nations Security Council resolutions, and that they are preparing to defend themselves.

"They want to deliver two messages — 'It is bad for the area; if we are attacked you will be affected,' " Abdelaziz Sager, chairman of the pro-Saudi Gulf Research Center in Dubai, said of the Iranians. "The other message is, 'If you have an easy way to solve the crises, tell us what it is.' They know that the best thing that can happen to Iran at this stage is for the Americans to attack them."

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With Iran poised to gain from possibly two civil wars in the Middle East — one in Iraq and a potential one in Lebanon — Saudi Arabia in recent months has abandoned its behind-the-scenes checkbook diplomacy to take a central, more aggressive role in tempering the region's conflicts.

The kingdom has increased its public involvement in Iraq and its support of the Sunni-led government in Lebanon, and last month played host to Hamas and Fatah at a meeting in Mecca to settle the differences between the feuding Palestinian factions and form a national unity government.

The talks on Saturday may be a sign that Saudi Arabia's shuttle diplomacy has begun to have an effect.

"It is a matter of pure interests and the Iranians understand that very well and have their own interests to protect," said Osama Safa, head of the Lebanese Center for Policies, a research center. "The Saudis have several cards to play at this point, and they will be played when Ahmadinejad comes to Saudi Arabia."

In Tehran, many were skeptical about the political significance of Mr. Ahmadinejad's trip. Saudi officials had good relations with former Iranian presidents, like Mohammad Khatami and Ali Akbar Hashemi Rafsanjani, but Mr. Ahmadinejad became a political threat after his fiery rhetoric against Israel and in support of the Palestinians began resonating on Arab streets.

"Riyadh knows that if it wants to have serious discussions with Iran, it has to do it directly with Mr. Khamenei or through Mr. Larijani or Velayati," said Abbass Abdi, a political analyst in Tehran, speaking of Iran's supreme leader, Ayatollah Ali Khamenei, and Ali Akbar Velayati, a former foreign minister and more moderate politician who is close to Mr. Khamenei. "This trip is more like a show for Mr. Ahmadinejad to say that Iran is not an isolated country."

Iran's President To Visit Saudi Arabia (AP)

By Donna Abu Nasr

AP, March 2, 2007

Iran's president heads to Saudi Arabia on Saturday for discussions with King Abdullah, an indication that weeks of talks between their envoys on simmering conflicts in Iraq and Lebanon have made some headway.

President Mahmoud Ahmadinejad's visit to Riyadh comes as the U.S. is pushing for harsher U.N. sanctions against Iran over its nuclear program, and it may reflect that he is looking for a way out of a tight corner.

Ahmadinejad is expected to travel to Saudi Arabia on Saturday for a one-day visit, a Saudi Foreign Ministry official said, speaking on condition of anonymity because he was not authorized to talk to the media.

Iran's ambassador to Riyadh, Mohammad Hosseini, confirmed that Ahmadinejad's trip was "imminent," but declined to elaborate, Iran's official IRNA news agency said.

The visit will culminate weeks of diplomatic activities spearheaded by Saudi Arabia, including talks between Iranian and Saudi diplomats, a meeting between Abdullah and Egyptian President Hosni Mubarak and the accord reached in the Saudi city of Mecca to form a unity Palestinian government.

It also precedes a conference on Iraq in Baghdad on March 10, which will include its neighbors, Iran and Syria, as well as the U.S. and Britain. At the end of the month, an Arab summit is planned in the Saudi capital.

Washington is pushing for tougher U.N. sanctions on Tehran over its failure to comply with demands to halt its uranium enrichment program that the West fears could be used to build a nuclear weapon. Although the U.S. has said it has no plans to strike Iran militarily, it has also refused to rule out any option.

There are other crises both countries are worried about. Violence in Iraq is escalating, Shiite-Sunni tensions are simmering across the Mideast and Lebanon remains tense as the opposition tries to bring down the Western-backed government.

Sunni-dominated Saudi Arabia is worried Shiite-Sunni fighting in Iraq — with which the kingdom shares a long border — and sectarian tensions in Lebanon could veer out of control and send shockwaves throughout the Middle East.

"The region is facing several potentially explosive crises points and these are all issues of common concern for Riyadh and Iran," said Saudi analyst, Khaled al-Dakhil.

"Saudi Arabia has become the focus of the diplomatic activity in the region, and therefore, Iran should try to keep an open channel with Saudi Arabia and try to use it at the regional and international level," he added.

But keeping diplomatic channels open has not been Ahmadinejad's strength. Speaking Thursday in Sudan, Ahmadinejad blamed the U.S. and Israel for the world's problems.

"There is no place in the world that suffers from divisions and wars unless America or the Zionists' fingerprints are seen there," the Iranian president said. "Our strength and the cornerstone of the victory is in our (Muslims') unity ... we have to pay attention to the devils who want to cause divisions among us."

Another Saudi official said Ahmadinejad's trip may be the result of a possible realization that he needs to maintain good relations in the region to ensure stability. It may even help ward off sectarian tensions that could ultimately work against the groups which Iran supports.

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Sunnis increasingly fear Shiite-majority Iran's growing influence in the region. Iran is a strong backer of Hezbollah, which is striving to bring down the U.S.- and Saudi-backed government in Lebanon. Tehran also has close ties to Shiite political parties in Iraq, and Washington accuses it of backing Shiite militias there.

"The fact that the (Saudi) king would meet with him will raise Ahmadinejad's status domestically and internationally as a ... responsible statesman," said the official, speaking on condition of anonymity because of the sensitivity of the issue. "Knowing the style of Saudi diplomacy, they won't give him this carrot without having received certain assurances that he will pursue a reasonable path."

Saudi officials have not divulged any details about their negotiations with the Iranians. But some Lebanese politicians have said Iran and Saudi Arabia are still trying to find a solution to the Lebanese crisis.

Former Lebanese Prime Minister Salim Hoss said Wednesday after returning from Tehran that Iran was ready to cooperate with Saudi Arabia, and probably Syria, to help forge a national dialogue in Lebanon.

Legislator Saad Hariri, head of Lebanon's anti-Syrian parliamentary majority, said he hoped the Saudi-Iran summit would work toward this.

"I think political dialogue is important, and I think that the kingdom of Saudi Arabia plays a pivotal role in the region," Hariri said.

Democrats Move To Require Approval Before Any Strike On Iran (MCT)

By Margaret Talev

McClatchy Newspapers, March 2, 2007

WASHINGTON - Fearing that President Bush may be preparing to launch a military strike against Iran, Senate Democrats are drafting legislation that would require the White House to seek congressional approval before any such action.

Freshman Sen. Jim Webb, D-Va., a former Republican Navy secretary and decorated Vietnam veteran who opposes the Iraq war, is leading the effort. Webb said Thursday that he's still working on the details, but he intends to introduce his measure next week as an amendment to the $93.4 billion war spending bill.

Democrats aren't satisfied with assurances from Secretary of State Condoleezza Rice, Defense Secretary Robert Gates and Joint Chiefs of Staff Chairman Gen. Peter Pace that there are no plans to attack Iran.

Despite their assurances, Bush has deployed two aircraft carrier battle groups off of Iran's coast. He also frequently denounces Iran's alleged supply of weapons to Shiite fighters in Iraq, and he has issued orders to U.S. troops there to hunt those Iranians who are making mischief.

In addition, there are persistent reports quoting people close to the administration saying that an attack on Iran is under consideration, both to inhibit Iran's nuclear program and to try to undermine its leaders.

Senate Majority Leader Harry Reid, D-Nev., said he supports Webb's concept.

"There are many out there much smarter than I am who believe the administration is ramping up to have the same thing happen in Iran that's happened in Iraq," Reid said.

At the same time, the administration announced this week that it will attend a regional conference on Iraq that will include representatives from Iran and Syria, reversing its previous refusal to talk to either regime.

Many Democrats are skeptical that the Bush administration is committed to solving its problems with Iran diplomatically. They see similarities to the buildup to the Iraq war and want to leave no doubt that the 2002 authorization to use force in Iraq doesn't extend to Iran.

Webb said that under his proposal, the U.S. military "would still be able to repel an immediate attack if it began on Iranian soil or (undertake) hot pursuit if there were Iranian activity where they were to cross the border. I want to be very reasonable about this."

"What we would be going after would be any notion of beginning unilateral military action inside Iran without provocation and without the consent of the Congress. I'm not saying, `Don't do it,'" Webb said. "I'm saying if they want to begin that sort of new military activity, they should come to the Congress and discuss it."

Republicans are expected to fight Webb's effort. Sen. Judd Gregg, R-N.H., who last month helped his party block debate on a nonbinding resolution opposing a troop buildup in Iraq, said an Iran amendment is a political stunt.

"It sounds to me like somebody's trying to make an issue for the sake of getting some press," he said.

Webb also must convince at least one skeptical Democrat, Armed Services Committee Chairman Carl Levin of Michigan.

Levin said he believes the law already requires Bush to seek congressional approval if he decides to attack Iran. He suggested that the amendment could backfire on Democrats if Republicans block it or the president vetoes it, and he said that Bush might then argue anew that he doesn't need congressional approval to attack.

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The urgency is heightened as anti-war Democrats quarrel among themselves over whether to rescind the 2002 Iraq war authorization, renew it with restrictions or leave it untouched.

"We don't trust the president," said Sen. Sherrod Brown, D-Ohio. "I want to support something that forces the president to come to us before he goes into Iran."

Inside The Beltway (WT)

By John Mccaslin

The Washington Times, March 2, 2007

Recycled Oscar

It's a good thing National Geographic News waited until after the Oscars were presented in Hollywood on Sunday night before publishing its story on global warming, or else Al Gore might have flown home empty-handed.

Three days after "An Inconvenient Truth," Mr. Gore's global warming show, took home an Oscar, National Geographic's Kate Ravilious reports that it's not just Earth, but Mars too, that "appears to be enjoying more mild and balmy temperatures."

She cites 2005 data from NASA's Mars Global Surveyor and Odyssey missions, revealing that the carbon dioxide "ice caps" near Mars' south pole are diminishing, "evidence that the current global warming on Earth is being caused by changes in the sun."

Habibullo Abdussamatov, head of the St. Petersburg's Pulkovo Astronomical Observatory, is quoted in the article as saying the Mars data is evidence that the "long-term increase in solar irradiance is heating both Earth and Mars."

The question now is whether Mr. Gore's coveted Oscar can be recycled?

Pray tell

King Abdullah II of Jordan will address a joint session of Congress next Wednesday, becoming the first world leader to address such a meeting under the new Democratic-led Congress.

Merissa Khurma, spokeswoman for the Jordanian government in Washington, tells us the king's speech will partly address the crisis in neighboring Iraq and ways to restore security and stability there. Congress, no doubt, will be all ears.

Defining courage

There's been a great deal of reaction to yesterday's item about the new film "Silent Wings," which praises heroic glider pilots who fought during World War II, described by one general as the "the most uninhibited individuals ever to wear an American uniform."

Most were interested in our mention that Walter Cronkite and Andy Rooney, each of whom appear in the film, were among eight civilian and military combat journalists known as "The Writing 69th." Many did not realize that Sgt. Rooney wrote for Stars and Stripes, while Mr. Cronkite reported for United Press.

Indeed, in June 1973, Mr. Cronkite, the trusted news anchor for CBS, spoke personally of his wartime reporting during an interview with Playboy magazine.

"I'm embarrassed when I'm introduced for speeches and somebody takes a CBS handout and reads it, because it makes me sound like some sort of hero: The battle of the North Atlantic, the landing in Africa, the beachhead on D-Day, dropping with the 101st Airborne, the Battle of the Bulge.

"Personally, I feel I was an overweening coward in the war," Mr. Cronkite said. "I was scared to death all the time. I did everything possible to avoid getting into combat. Except the ultimate thing of not doing it. I did it. But the truth is that I did everything only once. It didn't take any great courage to do it once. If you go back and do it a second time — knowing how bad it is — that's courage."

Yield to Mexico

Round up the children and dogs; the trucks are coming, the trucks are coming.

"The next sound you hear will be the rumble of thousands of Mexican trucks streaming across our southern border," warns Rep. Ted Poe, Texas Republican, referring to the U.S. government agreeing to allow 100 Mexican trucking companies to send trucks, as he calls it, on the highways and byways of America.

"Presently, Mexican trucks may only go 20 miles inside the U.S. border. The U.S. government says they will inspect the trucks for safety and inspect the drivers as well. Yeah, right," the congressman states. "There are already 6,000 trucks a day crossing in each direction just between Laredo, Texas, and Nuevo Laredo, Mexico, and only a fraction of these are inspected."

Even worse, the congressman fears the "low paid, unqualified drivers that may not even be able to read highway signs."

That we do

"CORRECTION: In the e-mail we sent you earlier this morning, regarding the Waxman-Davis 'Executive Branch Reform Act' (H.R. 984), there was a typo that identified [Henry A.] Waxman as 'R-Ca.' Mr. Waxman, as we all know, is a Democrat."

DOJ_NMG_0139097

Report Slams Venezuela For Drug Trafficking (MCT)

By Pablo Bachelet

McClatchy Newspapers, March 2, 2007

WASHINGTON - In its harshest assessment yet of drug trafficking in Venezuela, the State Department on Thursday said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations.

The department's 2007 International Narcotics Control Strategies Report also expressed uneasiness over Bolivia's efforts to expand the cultivation of coca, the raw material used to make cocaine, and the State Department offered rare praise for Cuba for deporting a Colombian trafficker to Bogota.

It also praised three countries - Colombia, Guatemala and Mexico - that Bush will visit this month during a swing through Latin America, saying the three were trying to halt drug smuggling, if not succeeding.

The report also said that opium production hit a record high in Afghanistan last year and that the drug trade was undermining democracy there.

The report says Afghanistan produced a record 5,644 metric tons of opium in 2006, a 26 percent jump from the previous year. The State Department said there was "strong evidence" that drug trafficking was funding the Taliban insurgency.

"These links between drug traffickers and anti-government forces threaten regional stability," the report said.

Venezuela's leftwing President Hugo Chavez has long been at loggerheads with the Bush administration, which has accused him of everything from undermining democracies in the hemisphere to provoking an arms race - allegations denied by the Chavez government.

The report calls Venezuela "one of the principal drug-transit countries in the Western Hemisphere," with Colombian traffickers setting up shop there because the Chavez government is "permissive and corrupt."

Anne Patterson, the State Department's top anti-drug trafficking official, told reporters that suspected drug trafficking flights from Venezuela to Haiti and the Dominican Republic had soared by 167 percent last year.

More than 200 metric tons of cocaine transit through Venezuela every year, according to the report, which covers the entire world. Arrests are limited to small-time traffickers, and seizures within Venezuela dropped while Venezuelan shipments interdicted in other countries tripled.

The Venezuelan embassy in Washington declined to comment on the report, but in the past Chavez and several of his government's officials have denied any relaxation of its fight against illicit drugs.

The report praises Colombia, the world's top cocaine producer, as "completely committed" to the drug war. It calls Mexican efforts to combat traffickers last year as "unmatched" by any previous government there. About 90 percent of the cocaine in U.S. streets is believed to have come through the border with Mexico.

Guatemala is described in the report as "major drug-transit country" that made "substantial progress" in reforming the police's ability to combat drugs. The report, prepared weeks ago, made no mention, however, of the Feb. 19 murders of three Central American legislators in what Guatemala's President Oscar Berger said may have been a drug-related crime.

Four police officers arrested in the deaths, including the head of Guatemala's organized crime unit, were murdered days later in their cells at a prison outside Guatemala City. The assailants, who are still at large, passed through eight prison checkpoints unchallenged, officials said.

Patterson denied that the report picked on Venezuela because of Chavez's strident criticism of Bush.

"In contrast to the strong stands taken by the governments of Mexico and Colombia," Patterson said, "political will in Venezuela and Bolivia faltered last year."

She said Venezuela long had one of the strongest records in the hemisphere against trafficking. "And frankly, that's all stopped, for reasons that aren't entirely clear to me."

The Bush administration stepped up its criticism of Venezuela after Chavez ousted Drug Enforcement Administration agents from Venezuelan government facilities in late 2004, allegedly because they were spying. The two countries later negotiated an agreement to allow DEA agents to return, but Venezuela has so far refused to sign it, the report says.

In September of last year, the administration "de-certified" Venezuela as a helpful ally in the drug war and cut off aid and weapons shipments, among other sanctions.

Patterson praised Cuba for deporting alleged trafficker Luis Hernando Gomez-Bustamante to Colombia after holding him in prison for several months. He is expected to be extradited soon from Colombia to the United States.

"There is not a major trafficking issue through Cuba," she added. The Cuban government has long maintained that it is carrying on a strong fight against illicit drugs, despite past U.S. allegations that government officials there were involved in protecting foreign traffickers.

DOJ_NMG_0139098

Bolivia's leftist President Evo Morales wants to increase the acreage of legally grown coca while fighting the illegal trade in cocaine. The Bush administration believes more coca will lead to more cocaine and is to decide by March 15 if Bolivia is doing enough to stop drug trafficking.

Bolivia's ambassador to the United States, Gustavo Guzman, described the report as "serene and balanced."

Report Looks At Cocaine Trade (USAT)

By Donna Leinwand

USA Today, March 2, 2007

Venezuela has become a significant player in the flow of cocaine from Colombia to the USA by allowing drug smugglers to operate freely and making little effort to cooperate with U.S. anti-drug efforts, a State Department report said Thursday.

The number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti — key transfer points for U.S.-bound shipments of the drug — increased 167% last year, Assistant Secretary of State Anne Patterson said. She added that the leftist government of Venezuelan President Hugo Chávez, a frequent critic of the United States, has allowed drug trafficking to flourish.

"Venezuela's permissive and corrupt environment led to more trafficking, fewer seizures and an increase in suspected drug flights (from Venezuela) over the past 12 months," Patterson said.

In 2006, the Department of Defense's Joint Interagency Task Force South documented 75 flights from Venezuela to the Dominican Republic and 46 flights into Haiti, says U.S. Coast Guard Rear Adm. Jeff Hathaway, who directs the task force.

"What we have seen emerging over the last 12 months is a virtual explosion of drug trafficking emanating from Venezuela," Hathaway said.

The task force gives information about suspected drug flights to the Venezuelan government, but it rarely acts on it, he said. "Venezuela is not making any attempt to stop the aircraft when they are being tipped off by the United States."

The Venezuelan Embassy did not respond to phone calls and e-mails requesting comment.

Patterson praised governments in Mexico and Colombia for aggressive counterdrug programs, but she said both countries continue to be major drug suppliers to the USA. In Bolivia, she said, the political will to counter drug trafficking has declined.

Recently elected Bolivian President Evo Morales has said the government would allow farmers to increase cultivation of coca to be used legally for flavorings and pharmaceuticals from 29,653 acres to 49,421 acres. The U.S. government contends that just 618 acres of coca cultivation would meet worldwide industrial demand.

The report also said Afghanistan's opium-poppy cultivation rose 59% last year, making the 2006 crop the largest ever. Patterson said profits from the opium trade help finance Taliban forces.

The Afghan government does not control Helmand and Kandahar provinces, where much of the opium poppies are grown, Patterson said.

Officials at the Afghan Embassy did not respond to a request for comment.

Embassy Row (WT)

By James Morrison

The Washington Times, March 2, 2007

'Threat to the world'

Iran's nuclear weapons program poses the "most serious threat to the world," Israeli Ambassador Sallai Meridor warned.

"There is limited time [to stop Iran], and the question is, 'What will be done with that time,' " he said in an interview with National Public Radio's "All Things Considered" program.

The threat is not limited to Israel, which Iranian President Mahmoud Ahmadinejad has vowed to destroy, the ambassador said.

"We see the Iranian threat as the most serious threat to the world," he said. "It's [a threat] to Israel because [Iran] threatens Israel's very existence and denies our right to exist.

"It's [a threat] to the region because they would like to dominate the entire Middle East. But beyond that, I think that it will be a different world for our children and grandchildren were Iran to be able to have a nuclear weapon."

Mr. Meridor predicted that Iran would disrupt nuclear nonproliferation efforts and let "many, many genies out of many, many bottles."

He urged the "world community" to act "responsibly and seriously and determinedly by diplomatic ways, by economic pressure on Iran, by explaining to the Iranian people the wrongdoing of their government."

Mr. Meridor also said the Israeli government is "constantly" looking for any change in the views of the militant Hamas group that dominates the Palestinian government. Hamas has refused to recognize the state of Israel.

"Not only our hearts and hands, but our ears are constantly open [to any change in Hamas]," he said. "There is nothing Israel wants more than peace, and we are constantly tuned to any potential change in our enemies and in their views. So far, as we know, Hamas is committed to the opposite of peace."

Trip to Mexico

Mexico's new ambassador, when he presented his diplomatic credentials at the White House this week, praised President Bush for his upcoming visit to Mexico City.

The two-day visit beginning March 12 will "strengthen the already firm foundations on which our bilateral relationship rests," Ambassador Arturo Sarukhan said.

"It is a bilateral relationship whose breadth, complexity and vitality has no parallel elsewhere in the world," he added.

The ambassador said his top priority is to advance the agenda of President Felipe Calderon. Mr. Sarukhan served as a foreign policy adviser and spokesman to the international press during Mr. Calderon's presidential campaign.

"It is time to roll up our sleeves and work together to achieve a constructive dialogue with forward-looking solutions for the future well-being of our two peoples," Mr. Sarukhan said.

Earlier in his diplomatic career, Mr. Sarukhan served in Washington as chief of staff to Mexican Ambassador Jorge Montano in 1993. Two years later, he was appointed the embassy's director for counternarcotics and law-enforcement issues. From 2003 to 2006, Mr. Sarukhan was Mexico's consul general in New York.

Conservative honor

Yulia Tymoshenko will cap her busy Washington visit this evening when she will be honored at the annual dinner of top U.S. conservatives, who will give her some original documents signed by President Reagan.

Mrs. Tymoshenko, who will begin her day with a 9 a.m. press conference at the National Press Club, will be recognized tonight by the Conservative Political Action Committee for her promotion of democracy in Ukraine, first as a leader of the 2005 Orange Revolution that drove a corrupt government from power and later as prime minister. She is now leader of the opposition in the Ukrainian parliament.

Columnist and author John Fund will present her with original presidential proclamations pertaining to the Cold War.

·Call Embassy Row at 202/636-3297, fax 202/832-7278 or e-mail jmorrison@
washingtontimes.com.

U.S. Wants Missile Radar In Caucasus (AP)

By Slobodan Lekic

AP, March 2, 2007

The director of the U.S. Missile Defense Agency said Thursday that Washington wants to base an anti-missile radar in the Caucasus, a move that could provoke a further rift with Russia.

Lt. Gen. Henry A. Obering declined to specify which country the long-range radar could be installed in, but noted that "it would be very useful for the anti-missile system."

Speaking on a stop at NATO headquarters in Brussels, he said "we would like to place a radar in ... the Caucasus."

The United States has said the planned defenses would not be aimed at Russia, and are intended to defend against missile attacks from countries such as Iran.

Moscow has angrily criticized Washington's plan to locate an anti-missile system in the Czech Republic and Poland. It is likely that placing another radar in a U.S.-allied country such as Georgia or Azerbaijan would provoke further protest.

Unlike anti-aircraft systems, anti-missile radars have very narrow beams that cannot be used to monitor large swathes of air space. They have high resolution and very long ranges, allowing them to follow objects the size of a baseball at distances of up to nearly 2,000 miles.

Russia has warned that Poland and the Czech Republic risked being targeted by Russian missiles if they agreed to host the U.S. anti-missile bases.

In Moscow, Deputy Foreign Minister Alexander Grushko said the missile elements planned by Washington for Poland and the Czech Republic would become a "factor that we will have to take into account while determining our steps in the military-political sphere and military development."

"In the modern world, security is indivisible. You can't ensure your own security if you provoke other nations' concerns about their security," Grushko said in a statement posted on the Foreign Ministry's Web site.

Tymoshenko Seeks Early Elections (WT)

By David R. Sands

The Washington Times, March 2, 2007

DOJ_NMG_0139100

Ukraine's revived Orange Coalition will press for early elections in a bid to halt Russia's growing influence and control over the country's vital energy assets, opposition leader Yulia Tymoshenko said in an interview yesterday.

Mrs. Tymoshenko, a former prime minister and key figure in the pro-Western Orange Revolution street protests of December 2004, said Ukraine's sovereignty and hopes for better relations with the West are in jeopardy if the government of pro-Moscow Prime Minister Viktor Yanukovych serves out its full term to 2011.

"If this government is in power until then, there would be nothing left of a democratic Ukraine," she said, speaking through an interpreter with editors and reporters at The Washington Times. "The territory would still exist, but it would not be Ukraine any longer."

Mrs. Tymoshenko's party and the party of pro-Western President Viktor Yushchenko signed a new deal over the weekend to cooperate in parliament, seeking to end a disastrous feud among the Orange Revolution allies that enabled Mr. Yanukovych's pro-Moscow party to reclaim power in August 2006.

Mrs. Tymoshenko, considered a front-runner among reformists for the 2009 presidential vote, said the reunited pro-reform parties will push for early parliamentary elections, although the move faces both political and constitutional hurdles.

On a high-profile U.S. visit that includes meetings with Vice President Dick Cheney and Secretary of State Condoleezza Rice, Mrs. Tymoshenko said the United States must speak out for Ukraine despite a full foreign-policy plate that includes Iraq, Iran, Afghanistan and other pressing crises.

She noted there was "disillusionment" in Washington about backsliding in Ukraine since her coalition was propelled to power in 2005 by a wave of street protests that became known as the Orange Revolution because of the orange flags and banners carried by the protesters.

But, she said, "a country as large and influential as your own has to lead this kind of work. Your country does not have the right to be fatigued about Ukraine's future."

Mr. Yanukovych, whose tainted win in the 2004 presidential election sparked the Orange Revolution, has engineered an abrupt about-face in Ukrainian policy since his political comeback last summer.

With a power base in Ukraine's Russian-speaking east, the prime minister has put a hold on Ukraine's efforts to join NATO, dismissed Mr. Yushchenko's pro-Western foreign minister, and signed an accord tightly linking Ukraine's economy to those of Russia and Belarus.

The charismatic Mrs. Tymoshenko, sporting her trademark blonde braids, said Mr. Yanukovych's allies dominate the courts and key security ministries in Kiev.

Rich eastern business clans from Mr. Yanukovych's political base in Donetsk are buying influence and lawmakers to keep him in power, she said.

Mr. Yanukovych's party "is trying to buy deputies like chickens in a bazaar," she said, "and these politicians are allowing themselves to be bought."

She was particularly scathing about the government's energy concessions to Moscow. She said Russia, through a shadowy Swiss-based intermediary company, is in the process of locking up Ukraine's oil, gas and electricity markets, giving Russia a near-monopoly of energy supplies to much of Europe.

"Our new government and the Russian Federation are eating up the country's energy system like eating buns for breakfast," she said.

But she stressed she did not consider herself an "enemy of Russia," blaming instead Ukrainian officials for failing the country's basic economic and political interests.

Russian President Vladimir Putin "is doing his own thing," she said.

"It isn't that I don't like Russia. Politics cannot be motivated by such feelings. It's simply that I love Ukraine," she said.

Mrs. Tymoshenko acknowledged that she had moved too quickly in her short, stormy first stint as prime minister. Mr. Yushchenko dismissed her after just nine months in office in September 2005, and her tenure was marked by numerous policy and personal clashes.

She said Mr. Yushchenko also had underestimated the power of entrenched interests opposed to the Orange Revolution reforms. A series of constitutional changes since 2004 have weakened the president's power while building up the prime minister.

She compared Ukraine in 2005 to a scuba diver trying to surface too quickly after years in the stagnant political depths.

"If I have a chance to have the responsibility in the future, unfortunately the reforms will have to come at a slower tempo, to make sure we do not get another case of the bends," she said.

US Deputy Secretary Of State Starts Asia Tour (AFP)

AFP, March 2, 2007

DOJ_NMG_0139101

New US Deputy Secretary of State John Negroponte on Thursday started an Asian tour in which he is expected to discuss a breakthrough nuclear deal with North Korea.

Negroponte arrived in Tokyo, the veteran diplomat's first foreign destination since taking the post of number-two to Secretary of State Condoleezza Rice.

He is likely to meet Foreign Minister Taro Aso and other officials on Friday, a ministry official said. After a three-day stay, Negroponte will head on to China and South Korea.

Tokyo has refused to fund the February 13 deal, under which North Korea agreed to shut a key nuclear reactor in exchange for fuel aid, due to a dispute over Pyongyang's past abductions of Japanese civilians.

US Vice President Dick Cheney assured close ally Japan that he understood the concerns about the kidnapping row during a visit last week.

Negroponte, the London-born son of a Greek tycoon, has served in a series of top positions under US President George W. Bush including national intelligence director and as ambassador to both the United Nations and Iraq.

China Expands Sub Fleet (WT)

By Bill Gertz

The Washington Times, March 2, 2007

China's military is engaged in a major buildup of submarines that includes five new strategic nuclear-missile boats and several advanced nuclear-powered attack submarines, according to the Office of Naval Intelligence.

The new nuclear-powered missile submarines (SSBNs), identified as Type 094s, will be outfitted with new 5,000-mile range JL-2 missiles that "will provide China with a modern and robust sea-based nuclear deterrent force," the ONI stated in report made up of written answers to questions on the Chinese submarine buildup.

The ONI report was first disclosed to Sea Power magazine, and a copy was obtained by The Washington Times. It was the first time the Pentagon has identified the number of new Chinese strategic submarines under construction.

The five new missile submarines will "provide more redundancy and capacity for a near-continuous at-sea SSBN presence," the ONI said, which noted that sea trials for some of the submarines are under way and the first deployments could begin as early as next year.

The buildup is raising new concerns among senior Pentagon planners already worried by Beijing's broader strategic nuclear-forces buildup, which also includes several new long-range land-based nuclear missiles and a land-attack cruise missile similar to the Tomahawk.

"This is a troubling development," Richard Fisher, a specialist on the Chinese military with the private International Assessment and Strategy Center, said of the submarine buildup.

The five missile submarines, each equipped with 12 JL-2 missiles, shows that China is working to achieve a force of 120 long-range nuclear missiles over the next decade, about half of them to be carried on the submarines, Mr. Fisher said. The other half would be the 60 land-based DF-31 missiles that current deployment rates will give China by then, he said.

The 120 missiles also could have multiple-warheads, since China is known to have acquired all the needed technology from the U.S. during the 1990s.

Retired Vice Adm. Michael McConnell, commenting at a Senate Armed Services Committee hearing on Tuesday, said China's nuclear missiles pose a threat.

"It's a matter of they're building their military, in my view, to reach some state of parity with the United States," said Mr. McConnell, the new director of national intelligence. "So they're a threat today, they would become an increasing threat over time."

Little is known about China's nuclear forces and efforts by Pentagon officials to engage Chinese military leaders about their strategic weapons and forces has not been successful. China's government has insisted its current modernization is part of a peaceful development, but the contrasting strategic nuclear-forces buildup is worrying, defense officials said.

Chinese Gen. Zhu Chenghu told reporters in 2005 that China would attack U.S. cities with nuclear weapons in response to any conventionally armed U.S. missile strikes against China during a conflict over Taiwan. Years earlier, Gen. Xiong Guangkai threatened to use nuclear weapons against Los Angeles if the U.S. helped Taiwan defend against a Chinese invasion of the island.

The missile-submarine buildup would provide Beijing with a major upgrade on current capabilities. In 1983, China built one Xia-class nuclear-powered ballistic missile submarine, reportedly with 12 1,000-mile range JL-1 missiles. But that solitary submarine has only twice test-fired its missiles and never ventured beyond China's regional waters.

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"Although the range of the JL-1 limits the Xia's utility as a deterrent platform, targets throughout the region, including U.S. military facilities, could be targeted with the JL-1 from launch points inside traditional Chinese navy operating areas," the ONI said.

On China's new attack submarine, the ONI stated that China already has launched and is performing sea trials on an unspecified number of Type 093 nuclear-powered attack submarines. Published reports in China have said two Type 093 attack submarines are deployed and use "foreign technologies" and advanced anti-ship missiles and torpedoes.

The new advances are part of China's efforts to bolster its anti-ship weapons to permit strikes at greater ranges from the Chinese coast than its current diesel-powered submarine force offers, the ONI said. China currently is upgrading its current force of about 55 attack submarines -- most of them easy-to-track diesel boats -- with more-advanced and harder-to-track vessels, including Russian-made Kilos, and its own Song- and Yuan-class submarines.

"Each of these submarine classes, which are quiet platforms with anti-ship cruise missiles, is an integral part of China's regional anti-access strategy," ONI said. "The quieting incorporated into these submarines is required for successful operations in the open ocean operating areas which could facilitate the [Chinese navy's] wartime mission of keeping enemy combatants outside of strike range of the theater of operation."

A Song-class submarine surfaced undetected within five miles, well within firing range, of the aircraft carrier USS Kitty Hawk in October.

The ONI stated that China's maritime strategy is focused on blocking U.S. or Japanese intervention in a future conflict over Taiwan. To that end, Beijing has begun equipping its medium- and short-range ballistic missiles based on shore, hundreds of which are deployed across the Taiwan Strait from the island that the communist regime views as a renegade province, with maneuvering warheads.

These radar-guided or heat-seeking weapons "provide the accuracy necessary to attack a ship at sea," ONI said.

But China's rise in international trade and commerce, plus its growing dependence on imported foreign oil, also has expanded Beijing's maritime strategy from a mostly submarine force to one of building surface ships to "defend sea lines of communication" (SLOCs), because protecting sea-lanes with submarines is difficult.

ONI also said that in addition to new destroyers, "by 2020, China is likely to operate an aircraft carrier, the initial unit of which may be the refurbished ex-Varyag, acquired from Ukraine in 2000, to further support SLOC protection."

Beijing Likens Cheney Criticism To Nosy Neighbor (WT)

By Ed Lanfranco

The Washington Times, March 2, 2007

BEIJING -- Foreign ministry spokesman Qin Gang responded yesterday to Vice President Dick Cheney's remarks about China during his recent Asia trip with an earthy metaphor about home invasion and a barbed eight-point statement outlining China's diplomatic philosophy.

Mr. Qin's comments strayed far from the tepid boilerplate answers normally issued by the Ministry of Foreign Affairs when he was asked about remarks by Mr. Cheney, who had expressed concern over the transparency of Chinese military expenditures and suggested that China's anti-satellite test in January posed a threat to the world.

Acknowledging that the comparison might not be entirely appropriate, he said: "If you had a neighbor always standing at your doorstep, peering into your household and constantly shouting at you, 'Why don't you open your door and let me see what's in your house, what's in your family,' how would you feel about that?"

Mr. Qin continued: "You wear your clothes, you wear your underwear, and when there are people shouting at you, 'Please take off all your clothes and let me see what's inside,' how would you respond? I think you will cry for police help.

"I hope such a comparison will help you better understand our position," Mr. Qin said.

The foreign ministry official then gave an eight-point statement on whether China poses a threat to the world, telling reporters, "We hope you can make your judgment on the basis of Chinese diplomatic philosophy and its precepts."

Here is the transcript of Mr. Qin's remarks:

"First of all China will not seek hegemony. We are still a developing country. We don't have the resources to seek hegemony. Even if China becomes a developed country, we will not seek hegemony.

"Second, China will not play power politics and we will not interfere with other countries' internal affairs. We will not impose our own ideology on other countries.

"Third, we maintain all countries, big or small, should be treated equally and respect each other. All affairs should be consulted and resolved by all countries on the basis of equal participation. No country should bully others on the basis of strength.

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"Fourth, [in international affairs] China will make judgment on each case, each matter on the merit of the matter itself and we will not have double standards. We will not have two policies: one for ourselves and one for others. We will not do that. We believe we cannot do unto others what we do not wish others do unto us.

"Fifth, we advocate all countries handle their relations on the basis of the United Nations Charter and norms governing international relations. We advocate stepping up international cooperation and do not play politics unilaterally. We should not undermine the dignity and the authority of the U.N. We should not impose and set our own wishes above the U.N. Charter, international law and norms.

"Sixth, we advocate peaceful negotiation and consultation so as to resolve our international disputes. We do not resort to force, or threat of force, in resolving international disputes. China maintains a reasonable national military buildup to defend our own sovereignty and territorial integrity. It is not made to expand, nor do we seek invasion or aggression.

"Seventh, China is firmly opposed to terrorism and the proliferation of weapons of mass destruction. We are a responsible member of the international community, and as for international treaties, we abide by all them in a faithful way. We never play by a double standard, selecting and discarding treaties we do not need.

"Eighth, we respect the diversity of civilization and the whole world. We advocate different cultures make exchanges, learn from each other, and compliment one another with their own strengths. We're opposed to clashes and confrontations between civilizations, and we do not link any particular ethnic group or religion with terrorism."

A Cry To Limit Chinese Imports Rings At Paper Mill (NYT)

By Steven R. Weisman

The New York Times, March 2, 2007

LUKE, Md. — For years the residents of this economically distressed hollow in the Appalachians have watched textile mills, glass factories and tire makers close down one after the other. Now its lone remaining big factory — "the last man standing," as the production manager at the paper mill here put it — is threatened by imports of cheaper paper made in China.

"We're still the economic engine for this whole area," said Scott Graham, the production manager, referring to the river valley and forested hills surrounding the mill. "But our operations cannot compete with these below-cost imports."

It is a familiar story in the struggle of the American industrial base to cope with globalization, but this one may have a different ending.

The problems of paper mills here and elsewhere around the country have become a test case for a possible new confrontation between the United States and China, which many industry officials and members of Congress hope could lead to new tariffs on imports not only of Chinese-made paper but also of steel, furniture, textiles and plastics.

In coming weeks, the Commerce Department is expected to decide whether to impose duties on high-gloss paper known as "coated paper" — the kind made here in Luke — that is imported from China. Many trade specialists in Congress and in the industry expect it to do so. Indeed, China has gone to court to block the decision in advance.

If imposed, the duties would set an important precedent, reversing 20 years of settled American trade policy in which the United States refrained from making accusations that "nonmarket economies" like China were granting illegal subsidies. In its court case, China argues that changing that policy without legislation or a full regulatory hearing would be illegal.

The Bush administration's decision to face the issue of subsidies comes at a time of mounting pressure by Congress for a tougher stance on trade. With the American trade gap with China widening to a record $232.5 billion last year — roughly one-third of the entire deficit — Democrats say that if the Commerce Department does not act, they will pass legislation forcing its hand.

Many lawmakers say it is time to stop treating China with kid gloves, arguing that Beijing no longer deserves a free ride in which it benefits from a special exemption generally forbidden to Japan, Europe and other advanced industrial powers.

"I'm glad the administration is finally doing something," said Representative Sander M. Levin, a Michigan Democrat and chairman of the trade subcommittee of the House Ways and Means Committee. "They are beginning to recognize that there was an election last year."

The travails of the Luke mill are similar to those of other aging factories. But the NewPage Corporation, the company that owns the plant and is the largest producer of the high-quality paper, argues that it has hardly stood still in the face of foreign competition.

Mr. Graham, the production manager, whose grandfather helped pour concrete for the mill's old 600-foot smokestack, points out that in seven years, the mill has invested hundreds of millions of dollars in labor-saving computerized equipment while reducing its work force to 1,000 from 1,500 and increasing its output by a third.

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True, the plant, a sprawling complex on the upper reaches of the Potomac River, is fired by coal mined nearby and fed by huge quantities of water from local reservoirs, the same way it was when it was built in the 1880s here on the Maryland-West Virginia border.

Giant truckloads of trees are hauled up at one end of the mill. On the other end, thick rolls of shiny white paper are loaded on trucks. Among the clients for NewPage's paper are producers of annual reports, labels, Hollywood movie posters and the glossy catalogs put out by Williams-Sonoma, Pottery Barn and Neiman Marcus.

Although Chinese companies also use modern equipment, NewPage maintains that their real advantage results from subsidies. They include government grants for modernization, low-cost loans, debt forgiveness, tax breaks for export-oriented companies and subsidies for suppliers of wood and pulp.

China's market share in coated paper is still small, but rather than wait until Chinese producers dominate the business — as they have in things like toys and underwear — the paper mill's backers are hoping to block what they see as unfair competition before it is too late.

The involvement of NewPage in the Commerce Department's strategy was not accidental. Last year the department quietly informed critics of China's trade policies that it would be willing to review its longstanding policy of not challenging Chinese subsidies as illegal if they could come up with a clear-cut case.

Lawyers for NewPage say that Chinese producers charge $800 for a midgrade roll of paper, compared with the $1,000 the American company charges. The price differential alone does not prove the case, but it has enabled Chinese producers to increase their share of the American market from less than 1 percent in 2000 to 5.4 percent last year, the company says.

Under the complicated rules of trade, countries may impose tariffs in two situations: if an import is deemed to have been "dumped," or sold below cost; or if certain illegal subsidies were involved.

The first category of tariffs — to guard against dumping — are imposed, threatened, disputed, retaliated against and ultimately negotiated all the time. The United States and China have frequently accused each other of dumping, and antidumping tariffs are being contemplated in the coated-paper case.

What makes this case significant, however, is that the department announced last November that it was also investigating whether to seek duties above and beyond those, to punish China for illegal subsidies.

Antidumping duties are often low. But if antisubsidy duties are imposed, they could double the price of Chinese paper, eliminating it from the market entirely, lawyers for the Chinese government say.

The Commerce Department is expected to announce its decision by April 2. The argument for changing the policy is that China has become a major aggressive player on the world economic stage, and that a policy forged when Beijing was just beginning to move away from communism — and its subsidies barely produced a ripple — is out of date.

Franklin L. Lavin, the under secretary of commerce for international trade, said that he could not comment on the merits of the case, but that politics did not play a role in the decision to investigate.

"Look at the timeline," he said. "This was not a response to the midterm elections or to politics. It's a response to the fact that the China of today is very different from the China of 15 years ago."

Lawyers handling the case for the Chinese government and for several Chinese companies say these subsidies are in effect being counted twice in the investigation of antidumping and antisubsidy actions.

"The fear is that this case is going to be exploited by industry after industry," said William H. Barringer, a partner at Vinson & Elkins, which represents the Chinese government on the issue. "The first people in the door will be steel. If this is upheld, China will be overwhelmed having to defend all these cases."

If China loses the case, it has the option of pursuing two kinds of appeals: one with the United States Courts of Appeals and the other with the World Trade Organization in Geneva. The lawyers for China say that Beijing would pursue these appeals rather than engage in any retaliatory tariffs on American goods.

Many experts see the coated-paper case as one of three recent administration moves to raise pressure on China and to try to pre-empt Congress, forestalling legislation that might dictate trade policy and possibly nullify past trade accords with China and other countries.

The other two were a February announcement by the United States trade representative, Susan C. Schwab, that the United States would challenge Chinese subsidies at the World Trade Organization in Geneva, and a parallel threat to seek relief at the trade organization if China did not do more to crack down on piracy and counterfeit goods.

The administration's tougher stance also comes at a time of little progress in the so-called strategic economic dialogue with China, begun with great fanfare last fall by Treasury Secretary Henry M. Paulson Jr.

"It's clear these steps are intended to slake Congressional appetites and avert legislation that would put President Bush in a bind," said Gary C. Hufbauer, a senior fellow and trade expert at the Peter G. Peterson Institute for International Economics in Washington. "It's also designed to give some heft to the 'strategic economic dialogue.' "

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Some in Congress also see the China actions as a sign that Mr. Paulson, who resigned as chief executive of Goldman Sachs to become Treasury secretary last summer, realizes that his policy toward Beijing is faltering. A main focus has been a failed effort to persuade China to stop interfering with its currency levels in a way aimed at promoting exports.

"When Paulson came in, he thought all you have to do is talk logic with the Chinese," said Senator Charles E. Schumer, Democrat of New York and a vociferous critic of China. "They talked very nicely and gave him ice in the winter. Now he's learning that you have to be tougher. It's not like doing a deal with Goldman Sachs."

A spokeswoman for Mr. Paulson, Brookly McLaughlin, said that the dialogue was "not designed to replace other bilateral negotiations or the necessary enforcement of our trade laws." Mr. Paulson, meanwhile, will be trying to shore up his approach with a visit to China in March, his third since taking office.

The policy rests on the basic idea that American consumers gain tremendous benefits from access to goods from China and that the American economy has proved itself capable of adapting to even the most intense foreign competition, in that way constantly advancing the nation's prosperity and productivity.

But that perspective does not carry much weight here in Luke.

"Somebody's got to be left who can do more than flip burgers for a living," said Thomas Caldwell, who ran a machine cutting rolls of paper into sheets at the plant before becoming president of the local union seven years ago. "I'm scared to death of how my grandkids are going to have to deal with this."

U.S., Brazil Plan Ethanol Partnership (USAT)

By David Jackson

USA Today, March 2, 2007

WASHINGTON — U.S. and Brazilian officials are negotiating details of an ethanol partnership in advance of President Bush's scheduled visit to Brazil next week.

"We are interested in forming a global ethanol market" with the United States, Brazilian Foreign Minister Celso Amorim said this week.

If completed, the planned deal would help increase both nations' production of ethanol, creating significant economic as well as political implications.

First, expanding world ethanol markets would help the USA and other nations reduce their dependence on foreign oil. Also, reduced demand for oil might reduce the clout of Venezuelan President Hugo Chávez, who has tried to use his nation's oil reserves to undercut U.S. policies in the region.

The USA and Brazil produce more than 70% of the world's ethanol; the U.S. supply comes mainly from corn, while Brazil taps its abundant sugar cane crop.

Today, officials from the United States, Brazil, China, India, South Africa and the European Commission will announce the creation of the International Biofuels Forum. The group, affiliated with the United Nations, will work to create worldwide ethanol standards.

White House press secretary Tony Snow declined to comment on ongoing negotiations.

Bush will visit São Paulo on Thursday and Friday in the first stop of a week-long journey that also includes Uruguay, Colombia, Guatemala and Mexico. In Brazil, Bush is scheduled to discuss alternative energy sources with President Luiz Inácio Lula da Silva.

The presidential tour comes just a few weeks after Latin American visits by State Department officials who discussed an ethanol deal with Brazilian officials.

Undersecretary of State Nicholas Burns told reporters Feb. 13 that the United States and Brazil should work together on research to make ethanol production more efficient.

An ethanol partnership would also seek "a global market," Burns said. "This will be a big issue for the president's visit, for us to cooperate."

Burns said one of the motivations is Bush's goal of reducing U.S. gas consumption by 20% over the next decade. Bush has touted ethanol as a way to wean the USA off what he calls its "addiction" to oil.

A report this week by the Government Accountability Office said Brazil has replaced its foreign oil imports with ethanol. Brazil started its ethanol program in 1975.

Amorim said Brazil also plans to ask the United States to cut tariffs on ethanol imports.

Some members of Congress from corn-growing states have already said they oppose cutting ethanol tariffs. Sen. Chuck Grassley, R-Iowa, wrote Bush to oppose some of the proposals being discussed, including a pilot ethanol plant in the Caribbean region.

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Grassley said he doesn't understand using U.S. tax dollars "to encourage new ethanol production in other countries, production that could directly compete with U.S.-produced ethanol."

Johanna Mendelson Forman, who studies renewable energy at the Washington-based Center for Strategic and International Studies, said the Caribbean is a potentially valuable ethanol market because many of those countries currently buy oil from Chávez.

"Creating an independent region that does not depend on Chávez's oil is a medium-to-long-term goal," she said.

Chávez has dismissed Bush's upcoming trip as "destined for the depths of defeat."

Report: Pakistan Nabs Key Taliban Insurgent (USAT)

USA Today, March 2, 2007

Pakistan arrested a former Taliban defense minister regarded as a top figure in the Afghan insurgency, three Pakistani intelligence officials said today. Mullah Obaidullah Akhund is a key associate of Mullah Omar, the fugitive Taliban leader.

Akhund was among five Taliban suspects arrested in a raid on a home in the city of Quetta earlier this week, an official told the Associated Press. The official requested anonymity because he was not authorized to speak to reporters. Two other intelligence officials in Quetta, who also didn't want to be named because of the sensitive nature of their jobs, would only confirm the arrests to the AP. There was no official confirmation from the Pakistani government.

The New York Times, citing two unnamed Pakistani officials, said Akhund was arrested on Monday, the day U.S. Vice President Cheney visited Pakistan.

Peacekeeping force arrives in Somalia

Ugandan troops flew into Somalia, the first contingent in an African peacekeeping force to shore up a United Nations-backed transitional government threatened by Islamic militants.

The 30 Ugandan soldiers arrived in Baidoa, seat of the government, Police Chief Adan Biid Ahmed said. Somali troops backed by Ethiopian soldiers ousted the Council of Islamic Courts militia from the capital, Mogadishu, in December, but the militants have staged daily guerrilla attacks.

Somalia has not had an effective central government since 1991 when warlords overthrew a dictator and then turned on one another.

Cuban minister: Castro may return soon

Fidel Castro "could return to work soon," Cuban Foreign Minister Felipe Perez Roque said during a visit to Honduras. "I can't give an exact date," he said, "That will happen when he has satisfactorily concluded his recovery period." Perez Roque's comments follow other positive assessments of Castro's health from officials and relatives. Castro, 80, stepped aside in July after surgery for an undisclosed stomach ailment. His brother, Raul, has been in charge.

Continental Divide: U.S. Stirs Debate Over Africa Bank (WSJ)

By Michael M. Phillips

The Wall Street Journal, March 2, 2007

TUNIS, Tunisia -- To the Bush administration, it seems obvious: The African Development Bank's headquarters should be in black Africa.

Four years ago, the bank, which funds development and antipoverty efforts, fled civil war in its longtime home in Ivory Coast for a temporary refuge in Tunisia, a stable country in Arab North Africa. Now, the U.S. says, it's time for the bank to leave Tunisia, give up hopes of returning to Ivory Coast, and find a new permanent home somewhere else south of the Sahara.

"A permanently temporary location simply will not do," Ahmed Saeed, a senior U.S. Treasury official, said at the bank's annual meeting last May.

In a roomful of African and European bank delegates, not a single person rose to endorse the U.S. position. Instead, the suggestion that the bank move has fueled a prickly fight involving African pride and European colonialism, with accusations traded about Arab racism and American arrogance.

Many black African and European member nations agree in principle that the bank should have its headquarters in a sub-Saharan country. What's more, some black Africans say they experience racism in Tunisia. "People call you 'monkey,' " says one West African banker. "Sometimes you feel like killing the person. But you just give up."

But leaving Ivory Coast permanently, black Africans fear, would signal that a country once hailed as a model of African hope is now just another horror story. North Africans quietly hope that if they bide their time, the bank will end up staying in Tunisia out of bureaucratic inertia.

And everyone but the U.S. thinks pressing the issue is the diplomatic equivalent of hitting a hornet's nest with a stick. "We should not even open this discussion," says one senior bank official from black Africa.

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Since it was established in Abidjan, Ivory Coast, by African heads of state in 1964, the bank has provided more than $56 billion in financing. Although it went through financial woes and mismanagement in the 1990s, the bank's supporters say it is now back on track to fight poverty and disease. Tapping financial markets and rich-country donations, the bank's efforts include grants to fight the Marburg virus in Angola, loans to build roads in Congo and credits to support state banks in Tunisia. The U.S., one of the 77 member nations, is contributing $138 million to the bank this year.

For years, the bank's home country stood as a shining example of Africa's potential. Ivory Coast boasted good roads, fine restaurants and West Africa's only ice-skating rink.

Things fell apart in 2002, when rebels attempted to overthrow President Laurent Gbagbo, triggering massacres and civil war. With gunfire in the air, managers of the development bank frantically evacuated about 1,000 employees and their families in early 2003. The bank picked Tunisia as a temporary refuge in large part because of the stability offered by the dictatorial government of President Zine el Abidine Ben Ali.

The new home sparked something of a culture clash, both bank and Tunisian officials say. The influx of thousands of bank professionals and their families jarred a country that had little experience with black Africans, except as students or laborers. Bank professional staff earn between $48,000 and $150,000 a year, far more than the average Tunisian, and many drive Mercedes or BMW sedans with easily identifiable African Development Bank license plates. They say they have often returned to their parked cars to find them intentionally scratched.

"Sometimes we're our own worst enemies," says one East African bank official. "We're too ostentatious for our own good."

Four years after the move, Ivory Coast remains in limbo. Some 10,000 French and United Nations troops patrol a buffer zone between the government-controlled south and the rebels in the north. The bank's official home is still Abidjan, but the Bush administration believes returning there isn't in the cards. This month President Bush cited "the massacre of large numbers of civilians" and "widespread human-rights abuses" in Ivory Coast in an executive order freezing assets of those contributing to the violence.

U.S. Treasury officials who want the bank to find a permanent home say Tunis is inconvenient because it has no direct flights to most of eastern, central or southern Africa. A bank staffer going to negotiate a loan in Rwanda might have to spend a night in Paris and another in Nairobi. Washington also believes it enjoys more support than is apparent on the surface, especially from Anglophone southern and eastern Africa. Ethiopia and Zambia have quietly let it be known that they'd be happy to host the bank, according to an official familiar with the discussions.

Publicly, most Africans aren't ready to abandon Ivory Coast. "Most people feel if your neighbor is in trouble, you should help him and not just run away," says Gerald Zirimwabagabo, who represents Rwanda, Ethiopia, Uganda and several other nations on the bank's board of directors.

France, the former colonial ruler of both Tunisia and Ivory Coast, is particularly reluctant to see the bank move to a country where people don't speak French. Meanwhile, many European staff members enjoy hopping to Rome, Paris and other European capitals for long weekends. "My opinion is that this relocation in Tunis will continue" until Ivory Coast stabilizes, says Francesco Pittore, who represents Italy, France and Belgium on the board of directors. It cost an estimated $100 million to move out of Abidjan, he says.

Tunisian officials say they aren't working to supplant Ivory Coast. "But if the question is on the table about finding a new permanent headquarters, we would present our candidacy to be the host," says Moncef Bouallagui, Tunisia's representative on the board of directors. Tunisia aspires to be a regional financial center, and Mr. Bouallagui says the bank's presence is "a sparkling sign to other businesses that people trust Tunisia."

Largely unspoken in the public debate is simmering discontent with Tunis among the bank's black African staff. The employees' union estimates that three-quarters of the bank's staff are living apart from their children, spouse or both. Many employees had lived in Ivory Coast for a decade or more prior to the evacuation. They owned homes that, in some cases, now sit empty. Many of their spouses ran small businesses; in Tunis, they typically need a Tunisian as a majority partner to go into business.

Black Africans say they feel unwelcome in Tunis. "They look at you like you're from Mars," says one veteran Central African bank staffer. While bank employees say such overt racism has diminished in recent years, they still encounter it.

"I don't say that kind of behavior doesn't exist," says Moufida Jaballah Srarfi, a director in Tunisia's Ministry of Development and International Cooperation. "As a Tunisian, if I go to Europe or another country maybe I'll encounter racist behavior. But I can't judge all Westerners as racist based on one case. We can't pigeonhole people."

One Tunisian, Isabelle Naouar, senses opportunity among the homesick and well-off. Last month, she opened a restaurant next door to the bank. The decor is West African, the chef Ivorian, and the tables full.

"We hope the bank won't move back," she says.

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Speeding HIV's Deadly Spread (WP)

By Craig Timberg

The Washington Post, March 2, 2007

FRANCISTOWN, Botswana -- The young and hip at ground zero of the AIDS epidemic meet, drink and pair off under the knowing gaze of bartender Brian Khumalo. Sometimes they first buy a three-pack of condoms from the box he keeps by the liquor, sometimes not.

Night after night they return for the carefree, beery vibe, with the same partners or new ones, creating a web of sexual interaction. A growing number of studies single out such behavior -- in which men and women maintain two or more ongoing relationships -- as the most powerful force propelling a killer disease through a vulnerable continent.

This new understanding of how the AIDS virus attacks individuals and their societies helps explain why the disease has devastated southern Africa while sparing other places. It also suggests how the region's AIDS programs, which have struggled to prevent new infections even as treatment for the disease has become more widely available, might save far more lives: by discouraging sexual networks.

"The problem of multiple partners who do not practice safe sex is obviously the biggest driver of HIV in the world," said Ndwapi Ndwapi, a top government AIDS official in Botswana, speaking in Gaborone, the capital. "What I need to know from the scientific community is, what do you do? . . . How do you change that for a society that happens to have higher rates of multiple sexual partners?"

Khumalo, 25, tall and lanky with a crooked-toothed smile, described the problem succinctly as he pointed to a spiky-haired woman in a corner booth of the bar. "She's new around here, so every guy is going to talk to her," he said. "She will be with me today. Tomorrow she will be with my best friend. And I will be with somebody else."

Khumalo moved from Gaborone to Francistown last March, finding a city of 85,000 with a red-brick downtown, modest concrete homes and an accommodating sexual culture. The first night, he slept with a woman he had just met, he said. He did the same the second night, the third, the fourth.

Though he used condoms each time, he said, an alarmed friend soon drove him to the white, low-slung buildings of Francistown's biggest AIDS clinic. "I saw thousands of beautiful women going to get pills," Khumalo recalled.

It scared him, but not enough. By the end of the year, Khumalo had slept with more than 100 women, he said.

But the number of sexual partners is not the only factor that increases the risk of AIDS. The most potentially dangerous relationships, researchers say, involve men and women who maintain more than one regular partner for months or years. In these relationships, more intimate, trusting and long-lasting than casual sex, most couples eventually stop using condoms, studies show, allowing easy infiltration by HIV.

Researchers increasingly agree that curbing such behavior is key to slowing the spread of AIDS in Africa. In a July report, southern African AIDS experts and officials listed "reducing multiple and concurrent partnerships" as their first priority for preventing the spread of HIV in a region where nearly 15 million people are estimated to carry the virus -- 38 percent of the world's total.

But for many Batswana, as citizens of this landlocked desert country of 1.6 million call themselves, it is a strategy that has rarely been taught.

"There has never been equal emphasis on 'Don't have many partners,' " said Serara Selelo-Mogwe, a public health expert and retired nursing professor at the University of Botswana, who recalled stepping past broken bottles and used condoms as she arrived on campus each Monday morning. "If you just say, 'Use the condom' . . . we will never see the daylight of the virus leaving us."A Lethal Mix of Causes

International experts long regarded Botswana as a case study in how to combat AIDS. It had few of the intractable social problems thought to predispose a country to the disease, such as conflict, abject poverty and poor medical care. And for the past decade, the country has rigorously followed strategies that Western experts said would slow AIDS.

With its diamond wealth and the largess of international donors, Botswana aggressively promoted condom use while building Africa's best network of HIV testing centers and its most extensive system for distributing the antiretroviral drugs that dramatically prolong and improve the lives of those with AIDS.

But even though the relentless pace of funerals began to ease in recent years, the disease was far from under control. The national death rate fell from the highest in the world, but only to second-highest, behind AIDS-ravaged Swaziland. Men and women in Botswana continued to contract HIV faster than almost anywhere else on Earth.

Twenty-five percent of Batswana adults carry the virus, according to a 2004 national study, and among women in their early 30s living in Francistown, the rate is 69 percent.

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Researchers increasingly attribute the resilience of HIV in Botswana -- and in southern Africa generally -- to the high incidence of multiple sexual relationships. Europeans and Americans often have more partners over their lives, studies show, but sub-Saharan Africans average more at the same time.

Nearly one in three sexually active men in Botswana reported having multiple, concurrent sex partners, as did 14 percent of women, in a 2003 survey paid for by the U.S. government. Among men younger than 25, the rate was 44 percent.

The distinction between having several partners in a year and several in a month is crucial because those newly infected with HIV experience an initial surge in viral loads that makes them far more contagious than they will be for years. During the three-week spike -- which ends before standard tests can even detect HIV -- the virus explodes through networks of unprotected sex.

This insight explained what studies were documenting: Africans with multiple, concurrent sex partners were more likely to contract HIV, and countries where such partnerships were common had wider and more lethal epidemics.

A model of multiple sexual relationships presented at a Princeton University conference in May showed that a small increase in the average number of concurrent sexual partners -- from 1.68 to 1.86 -- had profound effects, connecting sexual networks into a single, massive tangle that, when plotted out, resembles the transportation system of a major city.

A second key factor helping the virus spread through southern Africa is low rates of circumcision. Before European colonialists arrived, most tribes in the region removed the foreskins of teenage boys during manhood rituals. Those rites, which were discouraged by missionaries and other Westerners who regarded them as primitive, have gradually declined as the region rapidly modernized.

Dozens of studies, including three experimental trials conducted in Africa in recent years, show that circumcised men are much less likely to contract HIV because the most easily infected cells have been removed.

These factors, researchers say, explain how North Africa, where Muslim societies require circumcision and strongly discourage sex outside monogamous and polygamous marriages, has largely avoided AIDS. They also explain why the epidemic is far more severe south of the Sahara, where webs of multiple sex partners are more common, researchers say.

West Africa has been partially protected by its high rates of circumcision, but in southern and eastern Africa -- which have both low rates of circumcision and high rates of multiple sex partners -- the AIDS epidemic became the most deadly in the world.

"That's the lethal cocktail," said Harvard University epidemiologist Daniel Halperin, a former AIDS prevention adviser in Africa for the U.S. government, speaking from suburban Boston. "There's no place in the world where you have very high HIV and you don't have those two factors."No Word for 'Fidelity'

From under the broad thatched roof of Francistown's Customary Court, which handles minor crimes and misconduct, Chief Judge Ludo Margaret Mosojane had long suspected that the city's torrent of AIDS deaths flowed from its sexual culture. Each year brought more cases resulting from elaborate, overlapping relationships, she said.

"It explains why Africa is hardest hit" by AIDS, Mosojane said. "The way we contract for sex is different from how others do it."

Polygamy once was common in the region, and in some parts still is; Swaziland's king has 13 wives. In generations past, even Batswana with just one spouse rarely expected monogamy. Husbands spent months herding cattle while their wives, staying elsewhere, tended crops, Mosojane said. On his return, a husband was not to be quizzed about his activities while he was away. He also was supposed to spend his first night back in an uncle's house, giving his wife time to send off boyfriends.

In Setswana, the national language, "the word 'fidelity' does not even exist," Mosojane said.

The few checks that traditional villages had on sexual behavior dwindled during the development frenzy after 1967, when diamonds were discovered. Batswana increasingly moved to cities for school or work. Plentiful television sets delivered a flood of Western images, including racy soap operas and music videos featuring lightly clad women vying for the attention of wealthy, bejeweled men.

Francistown, with nearby mines, military camps and border posts overflowing with desperate refugees, changed faster than most cities. Amid the bustling malls, there was soon an unsettling concentration of young adults because so many people ages 35 to 50 had already died of AIDS complications, residents say.

Faruk Maunge, 36, a high school counselor whose dreadlocks, goatee and rectangular glasses give him a cosmopolitan air, noticed the changes when he returned from stays abroad. "They are just a lost bunch," he said. "They are very, very reckless."

Maunge said that rent, clothing, even cellphone airtime became part of implicit sexual exchanges. Men and women maintained two, three, even four regular partners. The toll was clear from the snapshots he kept in a green plastic first-aid box.

"This one is gone," Maunge said, pointing to a faded picture of a woman in a red top who was nibbling her fingernails. Moving deeper into the pile, he continued: "This one is gone, Mooketsi. And this one is gone, Themba. This one is gone, too, this one on the far left. This one is positive."

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With a hint of frustration, Maunge said of one man, "He's sleeping around again." Maunge also grew irritated at a picture showing a friend with AIDS who seemed to father a child -- he was awaiting his fourth -- with every girlfriend.

Maunge said he once was reckless, too, having sex with three women in a week, sometimes without condoms. But after watching the disease kill more than 20 of his friends, he settled down with a new girlfriend and stayed faithful, he said.

"Praise God, I've been lucky," Maunge said. "It's like you have 10 bullets going through you and none hits you."The Missing Message

On a hospital wall here, not far from the AIDS clinic that Khumalo visited with his friend, the painted image of a condom shimmers like a comic-book superhero. Giant, colorful block letters declare, "CONDOMISE AND STAY ALIVE!!"

In cramped black script below, it adds, "Abstain first."

Yet rarely seen among Botswana's AIDS prevention messages is one that has worked in other African countries: Multiple sex partners kill. Dubbed "Zero Grazing" by Ugandan President Yoweri Museveni, this approach dominated in East Africa, where several countries curbed HIV rates.

Fidelity campaigns never caught on in Botswana. Instead, the country focused on remedies favored by Western AIDS experts schooled in the epidemics of America's gay community or Thailand's brothels, where condom use became so routine it slowed the spread of HIV.

These experts brought not just ideas but money, and soon billboards in Botswana touted condoms. Schoolchildren sang about them. Cadres of young women demonstrated how to roll them on. The anti-AIDS partnership between the Bill & Melinda Gates Foundation and drugmaker Merck budgeted $13.5 million for condom promotion -- 25 times the amount dedicated to curbing dangerous sexual behavior.

But soaring rates of condom use have not brought down high HIV rates. Instead, they rose together, until both were among the highest in Africa.

The focus on condoms endured even after the arrival of internationally heralded "ABC" programs, named for their prescription of "Abstain, Be Faithful and Condomize." The middle concept -- fidelity -- often got lost.

The few posters advocating it in Francistown are old and torn; ads for condoms and abstinence are far more prominent. A 2004 government study measured the result: Three-quarters of Batswana surveyed knew that condoms could stop the spread of HIV. Half knew that abstinence would. Yet only one in five knew that fidelity to a single, uninfected partner prevented spreading the disease.

Another U.N. Classic (WSJ)

The Wall Street Journal, March 2, 2007

Whenever the United Nations weighs in on human rights, our thoughts invariably turn to Lewis Carroll. A recent contretemps between U.S. diplomats and the U.N. bureaucracy takes us through the Turtle Bay looking glass again.

On the occasion of the annual meeting of the U.N.'s Commission on the Status of Women, the American delegation decided to organize a panel on the subject of "State-Sanctioned Mass Rape in Burma and Sudan." After years of reporting by human-rights organizations about atrocities committed by government forces against women in both countries, that sounds like a reasonable topic to discuss.

Enter U.N. bureaucrat Sylvie Cohen of the Division for the Advancement of Women. Ms. Cohen refused to list the panel discussion on the U.N.'s Web site because it "would be perceived as offensive to named member states." Besides, "the name of one member state concerned is not mentioned in accordance with its official country name." That name is "Myanmar," which is what the military junta that seized power in Burma renamed the country in 1988. The Burmese democracy movement of Aung San Suu Kyi continues to call it by its rightful name, and we'll stick with her over the junta.

Even more amazing is that a U.N. organization that purports to look out for the interests of women seems more concerned about defending the sensibilities of the governments who harbor and support their rapists. Come to think of it, this isn't a Lewis Carroll episode at all. At the U.N., it's routine.

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USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Friday, March 02, 2007 8:08 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Friday, March 02, 2007
Attachments:	agnb070302.pdf; agnb070302.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: FRIDAY, MARCH 2, 2007 7:45 AM EST

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TERRORISM NEWS:

Australian Detainee Is First Charged Under New Military Tribunal System. NBC Nightly News (3/1, story 9, :20, Williams, 9.87M) reported, "The US military today filed terrorism charges against an Australian man who is being held at the Guantanamo Bay Prison without charges for five years." David Hicks "was charged with providing material support for terrorism and could face life in imprisonment if convicted. He's the only Australian held at Gitmo and the first detainee to be charged under the new military tribunal system."

The Washington Post (3/2, A3, White, 690K) says Hicks, "in U.S. custody for more than five years, will face two counts of providing material support for terrorism." The filing of charges could "prompt Hicks's attorneys to initiate a legal challenge" of the Military Commissions Act of 2006. McClatchy (3/2, Rosenberg) says that under that law, Hicks "must be arraigned within 30 days. His trial must be within 90 days after that, meaning his case will go before a military commission by July. It would be the first U.S. war-crimes trial since World War II."

The AP (3/2, Flaherty) reports, "Hicks is a former kangaroo skinner captured in Afghanistan in December 2001. He has been held at Guantanamo Bay, Cuba, for more than five years without trial." The AP adds, "According to government officials and documents, the Defense Department will announce that Hicks is being charged with 'providing material support for terrorism.' Hicks would be have a trial in a special military tribunal, established in a law that Congress passed last year, rather than a civilian court. Opponents have vowed to challenge the constitutionality of the military tribunal proceedings. … An earlier formulation of such military tribunals was declared unconstitutional last year by the Supreme Court." The AP notes, "Hicks' legal status has been a sore spot for Australia. Last month, nearly half the members of Australia's Parliament signed a letter to the U.S. Congress appealing for help repatriating him. … The topic was also discussed this month in a meeting between Vice President Dick Cheney and Australian Prime Minister John Howard. Under growing public pressure, and with elections due later this year, Howard has begun pushing U.S. officials to deal with Hicks' case more quickly."

HOMELAND RESPONSE:

Bush Acknowledges Slow Pace Of Katrina Recovery. President Bush visited Biloxi, MS, and New Orleans to survey the area devastated by Hurricane Katrina. Much of the coverage focuses on his acknowledgement of the frustration of many residents. ABC and NBC noted the story in their evening broadcasts. ABC World News (3/1, story 7, :20, Gibson, 8.78M) said it was Bush's "first visit in six months to the region," and reported the President "acknowledged that people in the hurricane zone are angered by the slow pace of recovery. And he promised to speed up government efforts."

NBC Nightly News (3/1, story 6, :25, Williams, 9.87M) reported, "The President began his tour in Mississippi, driving through the still total devastation to see homes being rebuilt with Federal money. He then traveled to New Orleans, meeting over a meal with Mayor Ray Nagin and other officials there." NBC also said the President "acknowledged the frustration for the people of the region and promised to help speed up recovery efforts."

The AP (3/2, Feller) also reports Bush "acknowledged the deep frustration of Hurricane Katrina victims and said the federal government shares the blame for the slow recovery of the Gulf Coast." He "gave residents of the battered region a message: 'The federal government still knows you exist.'" In stops "across coastal Mississippi and Louisiana," Bush "defended the federal allotment of $110 billion in relief aid. Of that total, less than half has been spent." Said Bush, "If it is stuck because of unnecessary bureaucracy, our responsibility at the federal, state and local level is to unstick it." The AP adds the President "sought to fight the perception that those whose lives were devastated by the August 2005 storm had fallen off his agenda." The Administration's "initial response to the most destructive natural disaster in US history," says the AP, "was widely seen as a failure." Moreover, "the president is still dogged by criticism. Democratic lawmakers are pushing for more action."

The New York Times (3/2, Pear, 1.16M) notes that in New Orleans, Bush "had lunch with state and local officials at Li'l Dizzy's Café on the outskirts of the French Quarter. In brief remarks before the meal, Mr. Bush noted concerns about the rebuilding delays." But "at a meeting with local officials in

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Biloxi, he said: 'I fully understand that there's still work to be done. There's a continued frustration with the slowness of federal response at times.'" The Times adds, "Some elected officials saw Mr. Bush's trip as an effort to make amends for the fact that he said nothing about the recovery in his State of the Union address on Jan. 23."

But the Washington Post (3/2, Fletcher, 690K) reports that "in a trip designed to highlight the progress made in the 18 months since the hurricane devastated New Orleans and the Mississippi coast," Bush also "insisted that 'people's lives are improving and there is hope.'" The Post adds, "In Washington, House Democrats renewed their own criticism of the administration. They promised to move legislation -- which has not been endorsed by Bush -- to forgive some federal loans to disaster-wracked communities while easing matching fund requirements tied to some federal aid." Bush's trip "was a continuation of his attempts to undo the political damage caused by the storm, which proved to be a pivotal event in his presidency. The federal government's bungled response to the disaster undermined the administration's claim to competence and helped propel Bush's approval ratings downward."

The Los Angeles Times (3/2, Reynolds, 850K) says "Administration officials" said the criticism from Democrats yesterday "was misdirected. 'I think there's been lots of progress over the last 18 months,' said Don Powell, the administration's Gulf Coast recovery coordinator. 'Children are in school. "Help wanted" signs are up. The port is 100% back. Restaurants are open.' He added: 'Is there more to be done? Absolutely.'"

The New Orleans Time-Picayune (3/2, Ritea) reports Bush also "took time to herald the city's innovative approach to reforming its long-failing public school system, particularly with its use of charters, public schools subject to state standards and oversight, but governed by individual boards that are given the freedom to take innovate approaches to education." Said Bush, "Charter schools, to me, say innovation, individuality." Even though Hurricane Katrina "did terrible devastation...it gave a great chance for renewal. And one of the areas where renewal is most evident is in the school system of New Orleans." Bush, however, "did not announce any plans to waive a state and local match currently required for federal aid, despite a prediction from several Louisiana officials that he would." The AP (3/2, Bohrer) also covers Bush's comments about charter schools, and notes "critics, including teachers' union leaders, believe charters are not the way to go, saying the charter model is unproven for providing solid academic results and has created a two-tier public education system here."

The Biloxi Sun Herald (3/2, Wilemon, 45K) reports it was the President's "14th visit to the Coast since the hurricane." Biloxi Mayor A.J. Holloway "gave Bush a gag gift of appreciation: a personalized car tag that read 'Bush 43.' 'You've been to the Katrina zone 14 times in 18 months,' Holloway said. 'It's not that we don't like seeing you, but you've been here so many times. It's about time you had one of these. Don't leave home without it.'" WLOX-TV Biloxi (3/1, 10:33 pm) noted that Bush "joked that once his Presidency is over and he owns a private car again, he'll put the plate on and head over to Mississippi from his home state of Texas."

Local TV stations from all around the country also covered the President's Gulf Coast visit. Some examples: WAFB-TV Baton Rouge (3/1, 10:06 pm) reports, "Bush is to attend services tomorrow morning at St. Louis Cathedral in New Orleans, observing the 18 month mark since Hurricane Katrina. … He arrived in Louisiana after an earlier stop in Gulf Coast, Mississippi."

WGNO-TV New Orleans (3/1, 6:03 pm) reported, "Before landing in the Crescent City, the President made the rounds in Mississippi. In Long Beach, the President met with state and local leaders. … Louisiana Senator Mary Landrieu today offered her thoughts on President Bush's visit to the Gulf Coast." The station showed Sen. Landrieu saying, "I am grateful for his visit. But it's going to take more than words and more than visits. It's going to take action to get the job done."

WBRZ-TV Baton Rouge (3/1, 10:12 pm) showed the President saying, "I told the people that I would work with the Congress to write a $110 billion check to help the people of Louisiana and Mississippi and that check has been written." This quote was aired by a number of other local TV stations in different parts of the country, including WDRB-TV Louisville (3/1, 10:41 pm), WSJV-TV South Bend (3/1, 10:36 pm), and WGHP-TV Greensboro (3/1, 10:34 pm).

New Orleans Justice System Still Struggling. ABC World News (3/1, story 8, 2:20, Gibson, 8.78M) described New Orleans' justice system as "one of the casualties of Katrina. … It was troubled before the hurricane. And then, the storm destroyed courthouses, washed away records, and drove defense lawyers out of town, never to return. The cumulative effect has been disastrous." ABC (Osunsami) continued, "A study commissioned by the Justice Department

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says it all: People who wait in jail with no charges. Trials that cannot take place, even for defendants who wish to plead guilty." Pam Metzger runs a law clinic that has "helped free nearly a thousand…defendants who were lost in the system." Prof. Pam Metzger, Tulane University Law School: "Think about trying to write the court and call the court and say, "When am I coming court," and there's no answer because no phone picks up. There's no phones. There were no phones." Osunsami: "That's still the case somewhat to this day?" Metzger nodded.

More Commentary. In an editorial, USA Today (3/2, 11A, 2.27M) says "the president could energize the rebuilding effort simply by putting it back in the national spotlight. Bush inexplicably failed to mention Katrina in his nationally televised State of the Union address last month. His visit Thursday brought a planeload of reporters to the Gulf Coast. Returning with the frequency he did in the first year after the disaster could boost tourism and help recruit more of the volunteers whose work has been essential to the recovery." Bush "will have to do more of what he did Thursday and a lot more in Washington."

US Said To Be "Ill-Prepared" To Handle Nuclear Attack. McClatchy (3/2, Gordon) reports that while the Bush Administration "has warned repeatedly about the threat of a terrorist nuclear attack and spent more than $300 billion to protect the homeland, the government remains ill-prepared to respond to a nuclear catastrophe." McClatchy interviews with "more than 15 radiation and emergency preparedness experts and a review of internal documents" suggest that, "absent a major preparedness push, the U.S. response to a mushroom cloud could be worse than the debacle after Hurricane Katrina, possibly contributing to civil disorder and costing thousands of lives." In a July 2005 draft of a confidential memo to the Joint Chiefs of Staff, Pentagon analyst John Brinkerhoff wrote that the US "is unprepared to mitigate the consequences of a nuclear attack. … We were unable to find any group or office with a coherent approach to this very important aspect of homeland security." McClatchy (3/2, Gordon) also says the "number of experts who believe that terrorists could obtain the apparatus for a nuclear bomb is impressive and growing."

Princeton Scholars Say Nuclear Transfer Should Be Crime Against Humanity. In a Washington Post (3/2, 690K) op-ed, Anne-Marie Slaughter and Thomas Wright of the Princeton Project on National Security write, "Current efforts to close down the nuclear black market have an Achilles' heel -- certain states will not cooperate and will even protect nuclear criminals. For instance, A.Q. Khan, Pakistan's 'father of the bomb,' lives comfortably under house arrest; U.S. officials have not been allowed even to interrogate him. Pakistan's government is too frightened of a domestic backlash to act harshly against a national hero. Globally, of the dozens suspected of involvement in his network, only three have been successfully prosecuted. … Making nuclear transfer a crime against humanity captures the enormity of the offense and would dramatically increase the cost of getting caught."

Civil Air Patrol Providing Reconnaissance In War Against Terrorism. The Washington Times (3/2, Hudson, 88K) reports the Civil Air Patrol, which will celebrate 65 years of operation this week, "is playing a vital role in the war against terrorism. The 56,000-member-strong organization is participating in a growing number of homeland security missions, conducting aerial reconnaissance of military ships and other offshore activity, protecting sensitive and critical infrastructure from terrorist attacks, and assisting the US Border Patrol." Meanwhile, "The volunteers of the Air Force auxiliary in Washington protect the country by acting as the enemy during monthly 'Falcon Virgo' exercises over the nation's capital, where they perform a high-tech game of hide-and-seek with armed Air Force jets."

Chertoff Announces Real ID Rules, Delays Deadline For Compliance. The Washington Times (3/2, Hudson, 88K) reports that in announcing regulations for implementation of the Real ID Act yesterday, DHS Secretary Michael Chertoff said that the deadline for compliance with the law would be delayed, "bowing to pressure from federal and state lawmakers who say next year's deadline can't be met." Chertoff said the "standards correct glaring vulnerabilities exploited by some of the September 11 hijackers who used fraudulently obtained driver's licenses to board the airplanes in their attack against America." The deadline for states to begin compliance with the law "will be extended from May 2008 until December 2009, and up to 20 percent of state homeland security grants can be used to implement the program." Sen. Susan Collins "said she is 'grateful that Secretary Chertoff has listened to the concerns of so many state leaders and my colleagues on this important

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issue.'" Rep. Thomas M. Davis "called the delay reasonable but said the new ID standards remain an urgent national security priority."

The Washington Post and New York Times this morning focus on the cost and privacy concerns associated with the law -- rather than the announcement that the deadline for compliance would be delayed. The Washington Post (3/2, A5, Hsu, 690K) reports implementing the Real ID Act "will cost $23.1 billion over 10 years, require motorists born after 1935 to present birth certificates or passports, and add $28 to the cost of issuing each license, officials said yesterday." The release of "[l]ong-awaited" rules for the program "did not quell criticism from states, privacy advocates and libertarian groups," who said the law "represents an unfunded mandate and creates a national ID-card system that will increase the consequences of identity theft." The Post does not mention until its fifth paragraph that the new rules delayed the deadline for compliance with the law. Meanwhile, "Homeland Security Secretary Michael Chertoff said that technology will ease, not increase, privacy threats, and that the federal government will not keep a central database of personal information." The secretary said he thought most would say $20 to "prevent people from getting on airplanes or getting in buildings and killing Americans" was money "well spent."

The New York Times (3/2, Lipton, 1.16M) reports, "To help the states get started, Mr. Chertoff offered up to $100 million in federal grants this year, although the money would come from antiterrorism funds already promised to the states. So far, only $40 million in federal aid has been provided for the program." Sen. Susan Collins, "who had advocated delaying the start of the program," said DHS "has finally recognized that it simply was unfair to impose this burden on the states." However, "the plan received largely negative reviews from state officials and civil liberties experts. … The National Governors Association said the federal aid Mr. Chertoff offered, representing about 10 percent of the cost in the first year and an unknown amount in future years, was woefully inadequate."

Lawmakers Unveil List Of Questionable Homeland Security Spending Items. The CBS Evening News (3/1, story 8, 2:40, Couric, 7.66M) reported, "The government spends billions of our tax dollars every year to keep the country safe. That, of course, means putting on puppet shows and lawn mower races. If that doesn't make sense to you, it also didn't make sense to the congressmen who discovered that is where some of our homeland security money is actually going." CBS (Keteyian) added, "Democratic Congressman Anthony Weiner of New York and Republican Jeff Flake of Arizona revealed a list of federal homeland security projects that put the boon in boondoggle. A series of taxpayer-supported programs that play like a punchline: $7,000 for bullet-proof vests for police and fire department dogs in Ohio. $8,000 for clown and puppet shows performed by fire safety officials in Wisconsin. $33,000 for customized trailers to be used at a mushroom festival. And lawn mower drag races in Texas. $200,000 for -- count them -- seventy security cameras to protect a remote Alaska fishing village, cameras the town admits on its Website, mostly no one watches." Recent reports on CBS have given "rise to those who question a formula set by Congress that requires every state, regardless of risk, get a slice of the Homeland Security pie." Weiner and Flake proposed "a public database that would hold states accountable for how they spend every DHS dollar." The lawmaker's "critique comes as Homeland Security is reviewing applications on how it will allocate nearly $2 billion to cities and states this year."

DHS Official To Research Solutions For Departmental Morale Problems. The Washington Post's (3/2, D4, Barr) "Federal Diary" column reports that Paul A. Schneider, "joined the Department of Homeland Security as undersecretary for management two months ago," and House Homeland Security Committee's "subcommittee on management, investigations and oversight," members "expressed concern about morale of employees at Homeland Security, noting that the department got rock-bottom scores in important job-satisfaction, leadership and management areas in a survey conducted by the Office of Personnel Management. Schneider said the department plans to launch focus groups in the next 60 days to explore workforce issues and find solutions."

NYTimes Lauds Bloomberg For Joining "Ground Zero Disease" Fight. The New York Times (3/2, 1.16M) editorializes, "Mayor Michael Bloomberg has finally joined the urgent campaign to get Washington to care for the responders who helped New Yorkers after the Sept. 11 attacks. Many responders -- and people who studied, lived or worked around the World Trade Center -- are seriously ill, and Mr. Bloomberg can play an important role in

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making the federal government take responsibility for them." Bloomberg "was once skeptical about what is being called ground zero disease. But he is now campaigning to get Washington to pay $150 million a year for three health centers that already treat police officers, firefighters and others made sick by the attacks. The money is badly needed to improve care in these underfinanced, overworked centers."

WAR NEWS:

Divided Democrats Abandon Plans To Derail "Surge." The Wall Street Journal (3/2, Rogers, 2.04M) reports, "The Iraq war is proving a humbling experience not just for President Bush, but also for those in Congress who want to end it. Plagued by internal divisions, House Democrats have largely abandoned efforts to cap the increase in US troop levels for Iraq and will focus instead on highlighting the war's strain on the military and competing US interests in Afghanistan." The House Appropriations Committee "may add as much as $1 billion to Mr. Bush's request to beef up US operations in Afghanistan and shift additional funds to rural-development programs. More than $2 billion would be set aside to improve the readiness of strategic military reserves in the US, and provisions would be added to curb the frequent practice of stretching personnel in Iraq by extending combat tours for units already deployed." But "the White House is given discretion to bypass any such restrictions that it finds burdensome, and President Bush will have a relatively free hand to add the more than 21,500 soldiers and Marines he wants by the end of May."

In a similar report, the Christian Science Monitor (3/2, Chaddock, 59K) says that despite their "big antiwar mandate, Democrats are scrambling to find a way forward." Democrats have "balked at a proposal by Rep. John Murtha (D) of Pennsylvania, who chairs the Defense subcommittee on that panel, to use the war-funding request to rein in Bush's options as commander in chief. … After a fractious caucus meeting on Tuesday, House leaders backed off the Murtha proposal, but opened new rifts with liberals in their caucus who favor stronger moves to get US forces out of Iraq." Murtha, adds the Monitor, "has emerged as a lightening rod in an intense intraparty debate over how to end US involvement in Iraq. On the one hand, the 44-member Blue Dog Coalition, which is made up of fiscal conservatives, opposes moves that would either deprive US troops of funding they need or appear to micromanage the war."

Meanwhile, the AP (3/2, Flaherty) reports, "House Democratic leaders have coalesced around legislation that would require troops to come home from Iraq within six months if that country's leaders fail to meet promises to help reduce violence there, party officials said Thursday." The plan "would retain a Democratic proposal prohibiting the deployment to Iraq of troops with insufficient rest or training or who already have served there for more than a year. Under the plan, such troops could only be sent to Iraq if President Bush waives those standards and reports to Congress each time." The AP adds, "The proposal is the latest attempt by Democrats to resolve deep divisions within the party on how far to go to scale back US involvement in Iraq."

As Democratic attempts to find a consensus position on the war continue, says the Washington Post (3/2, A4, Layton, 690K), "House Democrats wrangle over details of a $100 billion war spending bill -- including whether restrictions should be placed on troops sent to Iraq." Some "want to add significant money for agricultural relief, Hurricane Katrina reconstruction and other nonmilitary projects." Rep. Collin C. Peterson, "who chairs the Agriculture Committee, said yesterday that rural states hit hard by floods, droughts and snowstorms in the past two years need $4 billion in emergency farm relief. And attaching the request to the war bill is the best way to insure they get it, he said." The Post adds, "As of yesterday, Rep. David R. Obey (D-Wis.), who chairs the House Appropriations Committee, had agreed to add about $3 billion to the war bill to help close military bases and relocate troops as part of the Base Realignment and Closure process. And he approved an additional $750 million for the State Children's Health Insurance Program, a joint federal and state program that provides health care for six million poor children."

Meanwhile the Wall Street Journal (3/2, A4, Harwood, 2.04M), in its "Washington Wire" column, describes Democrats as "divided over how to confront Bush on Iraq troops levels," and reports they intend to change their focus to an "issue with broader appeal: accountability for billions in federal spending on Katrina and other issues they contend are rife with mismanagement and abuse. A House Republican Leadership aide argues that such initiatives mask Democrats' desires for higher spending: 'Republicans are trying to turn off the faucet on the front end, whereas Democrats keep looking for a bigger hose.'"

The New York Times (3/2, Hulse, Zeleny, 1.16M) reports on the debate in the Senate, where "Democrats tried

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Thursday to bridge their political differences over how to confront…Bush on Iraq even as they acknowledged that agreement on an approach remained out of reach." The Democrats "face the challenge of coming up with "a plan that would satisfy antiwar lawmakers, keep the party's centrists on board and win over some Republicans." Yesterday, they "were somewhat defensive about their internal divisions, which have left them open to criticism that unlike the House of Representatives, they have yet to weigh in with a strong vote on the war even though public dissatisfaction with it contributed to their election gains in November." The Times adds, "Even as the Democrats searched for a policy solution, the political sensitivity over trying to restrict war spending was brought into sharp focus on Thursday." Sen. Kent Conrad, "Democrat of North Dakota and chairman of the Budget Committee, raised the idea of cutting $20 billion from the president's $145 billion request for next year for Iraq and Afghanistan." But "he quickly dropped that idea after fellow Democrats insisted on keeping the president's number in the nonbinding budget framework that is the first step toward bills financing all of the government's programs, not just the war."

Illustrating the Democratic split, Sen. Russ Feingold – usually identified with the most liberal wing of the caucus -- said on MSNBC (3/1, O'Donnell), "The best way to do it is to repeal the authority from 2002. And I've seen some drafts of this that would do exactly that. So that's very positive, and I think that's a good effort. There are other parts of it that have to be done right. If you sort of create a new mission or a new Iraq war that's more limited, I think that's unwise. Why should we do that? … It depends exactly whether we're creating something that really moves us out of Iraq or whether we're going to have loopholes that the Administration will exploit."

Republicans, meanwhile, appear to be coming together against any Democratic attempts to derail Bush's war strategy. The Washington Times (3/2, Miller, 88K) reports, "Republicans in Congress -- including most who have defected from…Bush's plan to send reinforcements to Iraq -- have closed ranks and are prepared to thwart the Democrats' continued efforts to undermine the war strategy. Most of the 17 House Republicans who voted for a resolution against the troop-surge plan -- which was about half the number predicted by Democrats -- now oppose moves to cut war funding or attach conditions to appropriations bills that would hamstring the war effort." And "all but one of the seven Senate Republicans that backed the anti-surge resolution in their chamber say they will not support any funding cuts. The one other dissident Republican -- Sen. Chuck Hagel of Nebraska -- declined to comment on the issue."

Panetta Criticizes Democratic Proposals. The Washington Times (3/2, Lambro, 88K) reports, "A senior Democratic adviser said yesterday he is disappointed and dismayed by the efforts of House and Senate Democrats to change administration policies in Iraq, predicting they would lead to further division and stalemate in Congress on the war. 'If you stand back, the whole debate has been pretty frustrating. The bigger problem is that [Democratic leaders'] proposals are not going anywhere, such as some revised authority for the war,' said Leon Panetta, a key Democratic member of the Iraq Study Group whose proposals to stabilize Iraq were largely dismissed by…Bush." Panetta added that the Democrats' "efforts are doomed. Either they are going to be blocked in Congress or vetoed by the president, or both. The end result is that it will make us more divided and impotent on war policy." Panetta's "blunt complaints about how his party has bungled the war debate underscores a partywide discomfort among many Democrats that their leaders have failed to craft a politically viable compromise that can draw some bipartisan support."

Cheney Says Iraq Pullout Would Allow Victorious Al Qaeda Fighters To Flock Into Afghanistan. The Washington Post (3/2, Raum, 690K) reports, "Vice President Dick Cheney said Thursday night that a too-soon withdrawal of US forces from Iraq could send victorious militants spreading out, with some flocking to Afghanistan to fight alongside a regrouping Taliban." He "demanded that the Democratic-controlled Congress support President Bush's military buildup 'on time and in full.'" The Post adds, "Speaking before a receptive audience of conservatives, the vice president -- just back from a trip that included unannounced stops in Afghanistan and Pakistan -- sharply criticized efforts by some Democrats to restrict funds for additional troops or to place restrictions on their deployment." Said Cheney, "I sincerely hope the discussion this time will be about winning in Iraq, not about posturing on Capitol Hill. Anyone can say they support the troops, and we should take them at their word. But the proof will come when it's time to provide the money and the support. … We expect the House and the Senate to meet those needs on time and in full." The Vice President "spoke at an annual dinner of the Conservative Political Action Conference. The audience included conservative activists, leaders and policymakers."

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Martinez Says US Public Wants Success In Iraq. RNC Chairman Sen. Mel Martinez said on MSNBC (3/1, O'Donnell), "I believe the American people want to see us succeed in Iraq, that they still have hope that, if we have a winning strategy, that it ought to be employed. I think what people have is a frustration with Americans dying in Iraq, a frustration with the Iraqi government not doing some of the things that they're now doing. … If they do the political things to reach a political settlement -- we now have diplomacy in the region taking place -- and we also pacify Baghdad, I believe we're going to some success in the near future. And I think that's going to be a sign that the American people will respond to."

Security Crackdown Appears To Be Reducing Baghdad Violence. USA Today (3/2, 4A, 2.27M) reports, "Baghdad experienced one of its least violent days in months Thursday when there were two reported bombings and one fatality. The relative lull in violence came in the third week of a US-Iraqi plan to improve security in Baghdad." President Bush "has ordered an increase of 17,500 U.S. troops in the capital to conduct house-to-house searches and help disarm sectarian militias." USA Today adds, "A US military report said Monday that the number of roadside bombs was down 20% since the security initiative began in mid-February and sectarian murders were at their lowest levels in a year."

AFP (3/2) reports that "three weeks after the launch of the new US strategy in Iraq, Pentagon officials were cautious Thursday saying early signs were good, but that it was too soon to make concrete conclusions. 'I would say, just looking at the reports from the people on the ground. ... I think their assessment would be, 'It's too early to draw any conclusions,' because this is still in the early stages,' Pentagon number two Gordon England said."

Meanwhile the Los Angeles Times (3/2, Zavis, 850K), under the headline "Iraq's Displaced Trickle Home," reports that "encouraged by a major security clampdown that began Feb. 13, and reassurances from his neighbors," some Iraqi refugees are beginning to "test Iraqi Prime Minister Nouri Maliki's recent pledge to reverse the tide of sectarian 'cleansing' sweeping Baghdad and move tens of thousands of people back home." However, "even if the government can convince families that their old neighborhoods are safe, there is no guarantee they can regain their homes. Many residences have been looted or torched, others commandeered by gunmen or occupied by families fleeing violence elsewhere."

Official Says "Surge" Will Require As Many As 28,500 Soldiers. USA Today (3/2, 4A, Brook, 2.27M) reports, "President Bush's planned increase of U.S. forces in Iraq will require as many as 28,500 troops, Pentagon officials told a Senate committee Thursday." Deputy Defense Secretary Gordon England also "told the Senate Budget Committee that it will be clear within months whether the so-called surge in forces has succeeded in helping secure Iraq. 'By this summer we would have a much better indication in terms of the success of the program,' England said. 'And so at that time we would adjust however is appropriate to do so.'" In January, Bush "said he would send 21,500 more combat troops to Iraq. England said 6,000 to 7,000 support troops will be needed to back up the larger combat force."

Car Bomb Kills Seven In Fallujah. The New York Times (3/2, Rubin, 1.16M) reports, "A car bomb that was apparently aimed at a policeman's wedding party in Falluja, west of Baghdad, killed seven guests on Thursday and wounded six, the local police said." The attack "appeared to be part of a mounting battle in western Iraq between insurgents with ties to Al Qaeda and other local and tribal groups, local residents said." The bomb "exploded in the late afternoon as the wedding party was gathering at the home of the groom, a policeman. Neither the bride nor the groom was wounded, but those killed were friends and relatives of the couple, said Abu Khalid, a cousin of the groom."

50 Insurgents Killed In Western Iraq. The Washington Post (3/2, A9, Partlow, 690K) reports, "Iraqi security forces backed by Sunni tribesmen killed dozens of suspected Sunni insurgents over several hours of fighting Wednesday in a village in western Iraq, Iraqi police officials said Thursday." The fighting "was unusually fierce for an Iraqi-led operation and was also notable because of the collaboration of tribesmen in volatile Anbar province. In recent months, the US military has aligned itself with dozens of tribal sheiks who are collaborating in an effort to drive the Sunni insurgent group Al-Qaeda in Iraq from the vast desert territory."

US Official To Visit Syria For Talks On Iraqi Refugees. Under the headline "New Signs Of US-Syria Thaw As Senior Official Sets Visit," AFP (3/2, Millikin) reports Washington announced Thursday that it was sending "a high-ranking official to Syria for the first time in two years, a move

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seen as a fresh sign of a possible thaw between Washington and Damascus." Assistant Secretary of State Ellen Sauerbrey will travel to Damascus "in coming weeks" as part of a regional tour dealing with "humanitarian issues related to Iraqi refugees," State Department spokesman Sean McCormack said. "Seeking to play down the diplomatic significance of the trip," McCormack said Sauerbrey would be "paired" on the tour with a representative of the UN High Commissioner for Refugees and "would be authorized to meet with her Syrian counterparts to discuss the refugee issue."

Professor Urges US To Facilitate Resettlement Of Iraqi Refugees. Aimee Phan, author and professor at Washington State University, writes in a USA Today (3/2, 13A, 2.27M) op-ed, "With the Iraqi refugees count nearing 2 million…and the US government's recent plans to welcome 7,000 refugees for resettlement, a new community of Iraqi-Americans is inevitable. How Americans plan to respond to them and facilitate their resettlement is crucial." Phan noted that "considering the role US foreign policy has had on Iraqis' lives and displacement, it is the government's responsibility to offer them the resources to salvage their community."

Sprawling US Embassy In Baghdad Hampering Reconstruction Efforts. The Washington Post (3/2, A11, Williamson, 690K) reports the US embassy in Baghdad "is one of the largest foreign missions ever operated by the State Department. Its complexity and expense, some say, hampers reconstruction efforts and drains cash from diplomatic efforts worldwide." In addition, the mission's "closely guarded budget is a source of controversy at State, and across the federal government." In addition, the "teeming embassy masks a desperate need for civilians to aid the reconstruction effort," while the State Department "has discussed drafting personnel" for service in Iraq.

Turkey Late In Wishing Talabani Well. The Washington Times (3/2, Birch, 88K) reports, "Messages of good will have been flooding in" since Iraqi President Jalal Talabani was hospitalized in Jordan Sunday. "But a get-well wish from Turkey, one of Iraq's large neighbors, did not come until yesterday." However, the "delayed reaction" from Turkey "is not altogether surprising," but "with Iraq at a critical juncture, analysts fear its reticence limits its effectiveness as a regional power."

Pakistan Arrests Senior Taliban Leader. The Los Angeles Times (3/2, King, Meyer, 850K) reports, "Pakistani authorities have arrested the former defense minister of the Taliban, the most senior insurgent leader to be seized in five years, a government official said Thursday." Pakistan's government "issued no immediate official statement about the detention of Mullah Obaidullah Akhund earlier this week in the southern provincial capital of Quetta." The Times adds, "Local news reports said Akhund was detained Monday, the day Vice President Dick Cheney arrived for an unannounced visit to urge President Pervez Musharraf to take more robust steps against Islamic militants finding safe haven in Pakistan's tribal region near the Afghanistan border."

But the New York Times (3/2, Gall, 1.16M) says "it was not clear whether" the Taliban commander "was picked up before, during or after Mr. Cheney's visit." The timing "may be significant because Mr. Cheney's mission was intended to press Pakistan to do more to crack down on members of the Taliban and Al Qaeda who use Pakistan as a sanctuary. … While Mullah Obaidullah's detention may be a sign of a new commitment by Pakistan to move against the Taliban leadership, the arrest also seemed to confirm Western and Afghan intelligence reports that the Taliban were using Pakistan, and particularly Quetta, to organize their insurgency." A NATO spokesman in Afghanistan, Col. Tom Collins, "said he was not aware of any arrest. American government officials in Washington confirmed the capture, but cautioned that the arrest was unlikely to deal a significant setback to the insurgents."

ABC World News (3/1, story 5, 1:40, Ross, 8.78M) called the arrest "extremely significant. One, he is a man who is very close to the Taliban leader, Mullah Omar, who is close to Osama bin Laden. … And it's believed he may well know the locations of those wanted men."

US-Pakistan "Shotgun Marriage" Seen As Fraught With Danger. Zahid Hussain, who writes from Pakistan for the Wall Street Journal, says this morning (3/2, A11) that "the US-Pakistan partnership that came into being on Sept. 12, 2001 was a shotgun marriage and remains an uneasy alliance. … The outcome of this struggle will affect not only the fate of Pakistan, but also the ideological climate of the Middle East and the security of the world. Gen. Musharraf has provided the US with active support in the hunt for al Qaeda fugitives. His security forces have captured and delivered to the US. several of the most wanted al Qaeda leaders,

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including Khalid Sheikh Mohammed and Ramzi bin al Shibh, the masterminds of the 9/11 attacks. … There is a huge danger that any new military operation in Waziristan under pressure from Washington will divide the army. Over the last couple years, several midlevel army officers have been court-martialed for refusing to fight in Waziristan. But a policy of appeasement would certainly allow al Qaeda and the Taliban to expand their terrorist base. The militants have already established their rule in the North Waziristan tribal region. The situation is more worrying as their influence spreads elsewhere."

Bayh Says More US Troops Needed In Afghanistan. In a Thursday morning appearance on Fox News (3/1, Kendall), Sen. Evan Bayh discussed the situation in the Afghanistan-Pakistan border region, saying, "It's a tough situation. It's largely lawless. It has been for centuries. The Pakistani government has tried to some extent to bring that under greater control. They've lost some of their own troops. We're now trying to convince them to do even more. Because it's not good for Pakistan or Afghanistan to have a safe haven where Al Qaeda can operate, the Taliban can operate, they can go back and forth across the border. And we're concerned about a spring offensive in which it will be a very difficult year in Afghanistan. That's why I requested more troops for Afghanistan, because we have a chance to move Afghanistan in a better direction if we do what needs to be done. This year will be a pivotal year."

Panel Says Wars Hindering National Guard's Domestic Role. McClatchy (3/2, Brown) reports, "Stretched thin by the wars in Iraq and Afghanistan, the National Guard is less prepared now than it's ever been to respond to a major terrorist attack, a natural disaster or another domestic crisis, a congressionally appointed panel has found." Because of the wars, the Commission on the National Guard and Reserves found, "88 percent of Army National Guard units and 45 percent of Air National Guard units that aren't deployed overseas have severe equipment shortages. That's reduced the Guard to its lowest readiness level ever and posed an unacceptable risk to Americans, said Arnold J. Punaro, the commission chairman and a retired Marine Corps major general." McClatchy adds, "In a report issued Thursday to Congress, the commission also faulted the Department of Homeland Security for failing to identify the domestic missions the National Guard should be expected to perform and criticized the Defense Department for not equipping the National Guard adequately for those missions."

The AP (3/2, Baldor) reports, "Calling those failures unacceptable," Punaro "said in an interview that federal agencies must get past their turf battles to better protect the public. 'This is unacceptable. The American people would find it unacceptable,' said Punaro, a retired Marine Corps general. 'These are not problems that have just cropped up in the last two years or five years. These are issues that have been pretty much ignored and glossed over for decades.'"

Punaro said on PBS' NewsHour (3/1, Woodruff), "There are no national security missions that we can carry out now or in the future that will not have the Guard and Reserve involved. … They're expected [to be] an operational reserve means that every day a part of that is actually out there, just like the active force, and the part that isn't gone has to be ready to go at a moment's notice. … We're in terrible shape, in terms of equipment availability, particularly for the National Guard. You can have the best-trained troops and the best-led troops, but if you don't have the equipment to do the job, that unit is not going to be as combat-effective as they need to be. Right now…88 percent of the Guard is not combat-ready when it comes to equipment."

The Washington Post (3/2, A1, Tyson, 690K) notes the report also "said prospects for Guard recruiting and retention remain 'highly problematic,' despite successes last year." The panel "is scheduled to issue its final report in January."

Friedman Urges "Moral Surge" To "Delegitimize" Suicide Bombers. The New York Times' (3/2) Thomas Friedman writes that in the wake of recent suicide bombings in Iraq and Afghanistan, "The Bush team is mute. It says nothing, because it has no moral authority. No one would listen. Mr. Bush is losing a P.R. war to people who blow up emergency wards. Europeans are mute, lost in their delusion that this is all George Bush's and Tony Blair's fault. But worst of all, Muslims, the very people whose future is being killed, are also mute." Friedman says that "no [troop] surge can work in Iraq unless we have a 'moral surge,' a counternihilism strategy that delegitimizes suicide bombers."

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Domenici, Wilson Said To Have Pressured US Attorney To Indict Democrat. McClatchy (3/2,

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Taylor) reports, "Sen. Pete Domenici and Rep. Heather Wilson of New Mexico pressured the US attorney in their state to speed up indictments in a federal corruption investigation that involved at least one former Democratic state senator, according to two people familiar with the contacts." The "alleged involvement of the two Republican lawmakers raises questions about possible violations of House of Representatives and Senate ethics rules" and "could taint the criminal investigation into the award of an $82 million courthouse contract." McClatchy adds, "The two people with knowledge of the incident said Domenici and Wilson intervened in mid-October, when Wilson was in a competitive re-election campaign that she won by 875 votes out of nearly 211,000 cast." David Iglesias, "who stepped down as US attorney in New Mexico on Wednesday, told McClatchy Newspapers that he believed the Bush administration fired him Dec. 7 because he resisted the pressure to rush an indictment."

The Albuquerque Tribune (3/2) reports, "Sen. Pete Domenici and Rep. Heather Wilson aren't saying whether they contacted then-U.S. Attorney David Iglesias in the weeks leading up to the Nov. 7 elections about the pace of his corruption investigation of New Mexico Democrats." The Tribune continues, "Domenici and Wilson, Albuquerque Republicans, have not returned phone calls from numerous news outlets asking for a response to Iglesias' allegations. … The Justice Department was unaware Iglesias had had conversations with members of Congress until Wednesday, Roehrkasse said. According to Roehrkasse, Iglesias should have reported the contact to department officials. … Roehrkasse would not say whether any member of the New Mexico delegation recommended that Iglesias be dismissed. … But Matt Farrauto, executive director of the New Mexico Democratic Party, on Wednesday called for Wilson to answer questions about Iglesias' dismissal, and whether she played a role in it. … 'It's not much of a leap to believe that Heather Wilson pressured or personally instigated pressure for an indictment,' Farrauto said. 'This should be investigated, and she should be held accountable.'"

House Committee Subpoenas Dismissed US Attorneys. The AP (3/2, Talhelm) reports, "A House committee is compelling four of at least eight U.S. Attorneys ousted from office in recent months to tell their stories under oath, after one prosecutor said he believes he was fired for political reasons." The AP continues, "Democrats on a House Judiciary subcommittee voted 7-0 Thursday to subpoena fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. 'Bud' Cummins of Arkansas and John McKay of Seattle. No Republican members of the panel attended Thursday's meeting, which lasted less than five minutes." The AP adds, "The lawmakers said they are troubled that the Bush administration may be punishing prosecutors for being too effective at pursuing political corruption cases. … The House subpoenas are the first issued by the new Democratic-controlled Congress. The U.S. Attorneys are scheduled to appear at a Tuesday hearing with other witnesses, including a representative from the Justice Department. … The Senate Judiciary Committee asked the four prosecutors to testify before it the same day."

The Washington Post (3/2, A4, Eggen, Kane) reports, "The moves mark the latest escalation in the battle between congressional Democrats and the Justice Department over the controversial dismissals of eight U.S. attorneys, at least five of whom were presiding over public corruption probes when they were fired. … 'Are these people being removed for doing their job and for it doing it too well?' asked Rep. Linda T. Sanchez (D-Calif.), chairwoman of the panel, who called the subpoenas 'a last resort.'" The Post continues, "The controversy, which has been simmering for two months, boiled over this week after departing prosecutor David C. Iglesias of New Mexico alleged that two unnamed lawmakers had pressured him to speed up the prosecution of Democrats before the November elections. Iglesias said he believed that complaints from the lawmakers may have led to his dismissal, an allegation the Justice Department has disputed. … The state's top two Democrats, Rep. Tom Udall and Sen. Jeff Bingaman, and Rep. Steve Pearce (R-N.M.) have denied calling Iglesias. Rep. Heather A. Wilson (R-N.M.) and Sen. Pete V. Domenici (R-N.M.) have not responded to requests for comment over the past two days and deflected questions from the Associated Press about the allegations." The Post notes, "Iglesias's office was conducting a probe into allegations involving construction contracts and a prominent Democratic former state senator. … At the time of the alleged phone calls, Wilson, a close ally of Domenici's, was in a tight reelection battle with then-state Attorney General Patricia Madrid. Wilson won by fewer than 2,000 votes. … Iglesias said yesterday that he will identify the lawmakers only if compelled by a subpoena. … 'I fear retaliation,' said Iglesias, a Republican and former military defense lawyer who served as a model for a character in the movie 'A Few Good Men.' 'This is a small state and there are not too many employment

opportunities, and I fear they will blacklist me.'" The Post adds, "Justice spokesman Brian Roehrkasse said that the department has been 'very forthcoming' with Congress about the dismissals and that any allegations that prosecutors were removed to interfere with investigations are 'completely wrong.' … Justice officials have said Iglesias and six others were fired for 'performance-related' reasons and have denied that any were targeted to disrupt public corruption probes. Officials have acknowledged that an eighth prosecutor, Bud Cummins of Little Rock, was removed to make way for a former aide to presidential adviser Karl Rove."

The New York Times (3/2, Johnston) reports, "The House panel acted after the prosecutors privately told lawmakers that they would not testify voluntarily, not wanting to get in the middle of what has grown into a serious political embarrassment for the Justice Department, but that they would give testimony if compelled." The Times continues, "In floor speeches and at a hearing last month, Democrats have repeatedly attacked the dismissals as a politically motivated effort to replace independent-minded prosecutors with more pliable operatives of the Bush administration. … Several of the prosecutors had been engaged in politically sensitive cases involving Republicans, for instance Ms. Lam's continuing corruption investigation in the wake of a related guilty plea in 2005 by Representative Randy Cunningham of California." The Times notes, "Others had irritated Republicans in their state. Mr. McKay, for one, had decided against impaneling a grand jury to examine accusations of voter fraud in Washington State's 2004 election for governor, won by a Democrat, Christine Gregoire. … At a hearing last month, Paul J. McNulty, the deputy attorney general, said most of the dismissals had been related to job performance, an assertion that brought protests from the ranks of the ousted prosecutors. … Several said they had been given no reason for their removal. Most had received favorable job evaluations from the Justice Department in formal performance assessments based on interviews with judges, law enforcement agencies and members of the office staff."

The Los Angeles Times (3/2, Schmitt) reports, "The prosecutors, directed to appear at a hearing Tuesday, were among at least eight who were abruptly removed in recent months by the Justice Department. Officials have said they dismissed the lawyers primarily because of concerns over their performance, as well as policy differences over whether they were pursuing department priorities such as cases of immigration fraud and child exploitation. … But the lawyers — all appointees of President Bush — have not gone quietly. They are publicly disputing the characterization the department has offered for their departures. … The result has been a political embarrassment for the White House and the Justice Department, and an odd spectacle of Democrats giving aid and comfort to Republican appointees." The Times adds, "The vote to issue the subpoenas illustrated a partisan divide: Republicans boycotted the proceeding; the seven Democrats present unanimously endorsed the move. … 'The former U.S. attorneys are alleging very serious charges against the administration, and we need to hear from them,' said Rep. John Conyers Jr. (D-Mich.), chairman of the House Judiciary Committee. 'We want to hear their stories, and we want the administration to address the charges head-on.'"

Bloomberg (3/2, Schmidt, Rowley) reports, "Senator Charles Schumer, a New York Democrat, said yesterday that Iglesias and other prosecutors were eager to testify. … 'We have inquired of the fired U.S. attorneys,' he said in remarks on the Senate floor. 'The overwhelming majority of them want to tell more but feel honor-bound not to do it, except if they were brought under the power of a subpoena.'" Bloomberg adds, "Brian Roehrkasse, a Justice Department spokesman, said the agency has never removed a U.S. attorney in an effort to influence an investigation. On the Iglesias firing, Roehrkasse said the prosecutor served for more than five years and 'we made our decision not to further extend his service based on performance-related concerns.'"

Nevada US Attorney Leaves Office With No Word On Successor. The Las Vegas Sun (3/2, Skolnik) reports, "U.S. Attorney Daniel Bogden's last day in office came and went Wednesday with no word from the Justice Department about who will replace him." The Sun continues, "Even though Bogden was told by a department official soon after he was fired from the job that his office would be given the name of a replacement by the time he left office - Wednesday at midnight - no one had called, at least as of 6 p.m. … 'I've been sitting here, waiting for the call,' said Bogden, the well-regarded Bush appointee who said he has spent the bulk of his last day packing up his office. 'It would have been nice to have gotten some notice by now,' he said during a late afternoon interview." The Sun adds, "According to Bogden, federal statutes dictate that First Assistant U.S. Attorney Steven Myhre would take over this morning as acting U.S. attorney, pending further word from Washington. … Bogden had received positive notices and work reviews by his Justice

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Department bosses - as had all but one of the six other fired U.S. attorneys, according to media reports - begging the question as to why the prosecutors were fired. Justice Department officials said it was because of poor job performance, a notion vehemently rejected by the U.S. attorneys and their supporters."

The Las Vegas Review-Journal (3/2, Packer) reports, "Two high-ranking Department of Justice officials told outgoing U.S. Attorney Daniel Bogden in December that his dismissal was unrelated to his job performance, and one of the officials indicated his firing was politically motivated, Bogden said Thursday. … 'I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office,' Bogden said. … He declined to elaborate on the discussion." The Review-Journal adds, "Michael Battle, director of the Executive Office for United States Attorneys, called Bogden on Dec. 7 and asked him to step down from the post he had held since 2001. Battle could not provide an explanation, Bogden said, prompting him to call other officials within the Justice Department. … 'I said you have to give me something more; you can't just throw this bomb into my life,' Bogden said. … Bogden placed a call to an upper-level official at the Justice Department. He said he sensed from that conversation that his dismissal was politically motivated. During a second call to another official, his questions were more direct. … 'I said, "Look, did this decision have anything to do with my job performance or the performance of my office?"' Bogden said, relaying a conversation with an official he declined to name. The official responded: 'That did not enter into the equation.' … Bogden acknowledged he will have to divulge the officials' names if he is subpoenaed to testify before a congressional committee. … Bogden was not among four of the prosecutors a House subcommittee voted Thursday to subpoena to testify next week. The House Judiciary subcommittee said all four agreed to appear, and the Justice Department said it would dispatch a top official to the hearing."

Ashcroft Cancels Plans For Pizza Party With Former DOJ Colleagues. U.S. News and World Report (3/2, Ragavan) reports, "Former Attorney General turned lobbyist John Ashcroft canceled the pizza party he was scheduled to host yesterday for the political appointees from his days heading the Justice Department." US News continues, "The cancellation came after usnews.com reported that the department's ethics office had flagged the party as potentially troublesome in terms of appearance." USA News adds, "In an E-mail sent to the invitees, which Ashcroft's senior adviser, Juleanna Glover Weiss, provided to U.S News, Ashcroft said that he did not realize that 'our sharing of a pizza and soft drinks might erode the high levels of integrity we worked so diligently to engender' when he was attorney general. Ashcroft added that he did not 'believe for a second' that the invitees' integrity 'could be compromised for a piece of pizza.' But he said that 'no fellowship over lunch' was 'worth the sacrifice of any public confidence in the justice community.' Instead, 'Going back to my traditional brown bag lunch,' wrote Ashcroft, 'will not be too much of a challenge for me.'"

CORPORATE SCANDALS:

Gonzales Cites "Protecting Integrity Of Business" As Top DOJ Priority. The San Diego Daily Transcript via Yahoo! News (3/2) reports, "U.S. Attorney General Alberto Gonzales touted the Department of Justice's commitment to combating corporate fraud and public corruption in a speech Thursday in San Diego." The Transcript continues, "Gonzales, making his first appearance here since becoming attorney general two years ago, addressed the American Bar Associations' national institute on white-collar crime. … His remarks came two weeks after Carol Lam was reportedly forced out as U.S. attorney in San Diego because she concentrated too much on white-collar crime and not enough on border smuggling and illegal immigration." The Transcript adds, "In his speech, Gonzales said reliability and transparency are needed for a successful economy. … 'As attorney general, protecting the integrity of business and government is a top priority of mine,' he said. 'A free market cannot include the freedom to cheat, to defraud or to steal. Rules and enforcement are needed to protect the playing field itself and ensure fair competition.'" The Transcript notes, "The Justice Department established a corporate fraud task force in 2002, and it had obtained 1,100 convictions as of the end of last year. … Gonzales said the recent prosecutions involving Enron and WorldComm and the new restrictions imposed by the Sarbanes-Oxley Act have changed corporate America. … Stanford Law School reported a 38 percent decline last year in class-action lawsuits involving securities issues. … But the attorney

general said he does not want the Justice Department's renewed oversight to hamper American innovation or prevent individuals from taking risks. … 'The United States is the economic envy of the world,' he said, 'and we are dedicated to keeping it that way. That means we'll stand fast by the laws that keep the markets clean, but it also means we'll stay cognizant of the private sector's need for the oxygen that feeds innovation.' … He also praised the government's 'offensive against all types of white-collar crime.' … 'We have a strong record of prosecuting public corruption cases during my tenure as attorney general,' he said. 'As evidence of that commitment, we have added resources to this fight.'"

US Charges 13 In Insider Trading Probe. The Washington Post (3/2, A1, Johnson) reports, "Federal prosecutors unsealed criminal charges against more than a dozen people, including former executives at four of Wall Street's elite institutions, accused of engaging in thousands of improper trades in two schemes that netted more than $15 million in profit." The Post continues, "A grand jury in Manhattan indicted nine people on conspiracy, fraud and bribery charges. Among them were lawyers and officials responsible for protecting the integrity of the firms and the market, who instead became perpetrators, prosecutors said. They worked for such top-tier firms as UBS, Morgan Stanley, Bank of America Securities and Bear Stearns. … Four others, who agreed to plea bargains, helped investigators crack open the massive, six-year insider-trading plot and will provide testimony against their onetime associates, government officials said." The Post adds, "Together, the charges and guilty pleas mark one of the biggest and most prominent insider-trading busts since the era of Ivan Boesky and Dennis Levine, when handcuffed executives were marched out of investment firms two decades ago. … The six-month probe unearthed furtive meetings among the alleged conspirators, who used disposable cellphones and coded text messages to evade detection and paid kickbacks in the form of cash-filled envelopes. Investigators said they shook their heads at times as the case increasingly resembled the greed on display in the 1987 film 'Wall Street.'"

USA Today (3/2, 1B, Farrell) reports, "The criminal charges allege that traders from a handful of hedge funds and brokerages, acting on illegal inside information from some of Wall Street's biggest firms, netted $8 million in tainted gains from December 2001 to August 2006. … The Securities and Exchange Commission, which discovered evidence of the ring last year during a routine investigation, filed a parallel set of civil charges against 11 individuals and three hedge funds." USA continues, "While the $8 million pales in comparison with the enormous sums misappropriated by Boesky and others in the 1980s, the scheme exposed Thursday was nevertheless shocking, said Linda Chatman Thomsen, the SEC's director of enforcement. … The majority of inside trading cases involve an individual who comes across inside information and can't resist the temptation to make a quick buck. The difference here, Thomsen said, is that the inside trading ring operated for five years, involved hundreds of tips and thousands of relatively small trades. Worst of all, the inside information allegedly came from three 'top tier' Wall Street firms: UBS, Morgan Stanley and Bear Stearns. 'It's particularly pernicious when Wall Street insiders … shamelessly compromise the markets' integrity and investors' trust for a quick buck,' she said. … Court documents filed by the SEC and Michael Garcia, the U.S. Attorney in Manhattan, allege that the ring leaders of the scheme were: Mitchel Guttenberg, an executive director at UBS; Randi Collotta, an attorney in Morgan Stanley's compliance department; and Erik Franklin, a former portfolio manager for a hedge fund at Bear Stearns. Franklin has pleaded guilty. Attorneys for Collotta and Guttenberg could not be reached."

The New York Times (3/2, Anderson, De La Merced) reports, "It started in 2001 with two old friends meeting at the Oyster Bar in the basement of Grand Central Terminal in Manhattan, discussing a $25,000 debt. … It ended yesterday with federal authorities saying that they had exposed one of the most far-reaching insider trading schemes on Wall Street in decades, involving four investment banks and a web of hedge funds, day traders, lawyers and even a few supervisors, who upon discovering evidence of insider trading, blackmailed the traders to keep quiet about it." The Times continues, "Thirteen people were accused yesterday of taking part in the trading ring, including a former Morgan Stanley compliance official, a senior UBS research executive, three employees from Bear Stearns and a Bank of America employee. … The schemes described by federal authorities were unusual for their breadth and the seniority of the executives involved. … The tactics, however, were all too familiar: Wall Street executives tipping hedge fund traders about potential upgrades or downgrades of stocks, information sure to move a stock's price; leaking information about pending mergers and acquisitions, and taking kickbacks to get access to hot deals. In the middle,

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authorities say, was a hedge fund manager looking for an edge."

The Wall Street Journal (3/2, C1, Smith, Scannell, Davies) reports, "Mitchel Guttenberg was $25,000 in debt to Erik Franklin when the two friends got together in 2001 to settle the obligation. The scheme they allegedly concocted that day in New York's cavernous Oyster Bar restaurant grew into one of Wall Street's biggest insider-trading cases in years. … Mr. Guttenberg, now 41 years old, agreed to relay advance word of potentially market-moving stock analysis by the Wall Street arm of Swiss bank UBS AG, where he was a research executive, to Mr. Franklin, now 39, a hedge-fund manager in those days at Bear Stearns Cos., authorities said." The Journal continues, "The participants in what the SEC called a 'brazen' scheme allegedly earned about $15 million based on two strands of alleged inside information. The main one, from the UBS research, accounted for most of those gains. A second stemmed from leaks of takeover deals in the works at the blue-chip Wall Street firm Morgan Stanley. … The takeover-trading tips came from former Morgan Stanley lawyer Randi Collotta, 30, who was a compliance official responsible for monitoring adherence to securities rules, the SEC said. In a statement, Morgan Stanley said it was 'outraged' and had cooperated in the probe and would continue doing so. Ms. Collotta pleaded not guilty in federal court. … UBS depicted itself as a 'victim' of the scheme and said it is 'committed to safeguarding the integrity of its proprietary information.' Bear Stearns, whose employees allegedly traded on both the UBS and Morgan Stanley tips, said the actions described by regulators 'are clear violations of our policies and procedures.' Both UBS and Bear said they are cooperating as well."

The Financial Times (3/2, Masters) reports, "The ring capitalised on two key sources of inside information, according to US Attorney Michael Garcia. … Randi Collotta, a Morgan Stanley compliance officer, allegedly passed on news of pending mergers and acquisitions from 2004 to 2005. Mitchel Guttenberg, a UBS executive director, allegedly gave traders for several hedge funds advance warning of stock upgrades and downgrades for more than six years." The Times adds, "The stream of conspirators who passed on or used the inside information eventually grew to include 14 people, including eight Wall Street professionals, two broker-dealers and three hedge funds, including Lyford Cay, a Bear Stearns vehicle, the Securities and Exchange Commission said. … The SEC estimated that the participants netted more than $15m. If convicted, the defendants face potential maximum sentences ranging from 15 to 90 years, depending on their alleged level of involvement."

The Los Angeles Times (3/2, Hamilton, Mulligan) reports, "Though it has receded from public view in the years since Boesky and others made headlines, authorities fear that insider trading is making a comeback on Wall Street amid the current bull market. In particular, they are worried that hedge funds -- private investment groups known for their aggressive styles -- are using such tips to make big profits. … In their case, Guttenberg and Franklin allegedly went to elaborate lengths to conceal their activity, using such dodges as disposable cell phones, coded text messages and clandestine meetings. … And, authorities said, there proved to be no honor among thieves, as several people who caught wind of the insider trading launched mirror trades of their own, and two people went so far as to blackmail the original perpetrators by threatening to expose them."

The New York Law Journal (3/2, Lin) reports, "The Southern District of New York U.S. Attorney's Office claims the defendants participated in two overlapping insider trading rings. The larger of the two was allegedly fed by Mitchel Guttenberg, an institutional client manager in the equity research group at UBS Securities, who tipped off several Wall Street traders over the past six years about upcoming recommendations by UBS analysts. … The second ring was fed by Randi Collotta, a former member of Morgan Stanley's global compliance group who in 2004 and 2005 passed along non-public information about mergers and acquisitions transactions on which the investment bank was advising. … The recipients of her tips included her husband, Christopher Collotta, a Bohemia, N.Y., labor and employment lawyer, and his friend Marc Jurman, a Florida-based broker. Jurman in turn tipped off Robert Babcock, a Bear Stearns & Co. broker who also participated in the UBS ring." The Journal adds, "The Southern District prosecutors also brought charges against two brokerage employees who helped conceal trading -- Samuel Childs and Laurence McKeever of Hoboken, N.J.-based Assent brokerage -- activity by Tavdy and Glass, as well as a Banc of America Securities broker who received a kickback for placing initial public offering shares with one of Franklin's hedge funds. … Among the inside information Guttenberg passed along was that UBS was going to downgrade the stocks of Caterpillar Inc. and Union Pacific and upgrade those of Goldman Sachs Group Inc. and Whole Foods Market Inc. The tippees shorted those

stocks to be downgraded and accumulated those that were to be upgraded."

AFP (3/2, Cole) reports, "Officials said the ring went to exhaustive lengths to hide their improper trading activities from scrutiny. … Members of the ring met at Manhattan's famed Oyster Bar and also used disposable cell phones, secret codes and cash kickbacks to pull off their improper trades, according to investigators." AFP adds, "Other hedge funds named in the charging documents included the Q Capital hedge fund and the Chelsey Capital hedge fund. … 'Today's events should send a message to anyone who believes that illegal insider trading is a quick and easy way to get rich,' said SEC enforcement chief Linda Thomsen. … 'No matter how clever you are, no matter how hard you try to avoid detection, you underestimate us at your peril,' Thomsen warned. … The Justice Department and the SEC, who were aided by the Federal Bureau of Investigation, said their probes were ongoing and that financial penalties against those involved were also being sought."

Judge Tosses SEC Suit Against Former Citigroup Officials. The New York Law Journal (3/2, Bar) reports, "Charges by the Securities and Exchange Commission that two former Citigroup executives 'aided and abetted' their company in a scheme to cheat mutual fund investors of almost $100 million have been dismissed by a federal judge." The Journal continues, "Southern District of New York Judge Richard Conway Casey granted Thomas W. Jones and Lewis E. Daidone's motion for summary judgment, finding that the SEC's actions seeking civil penalties and an injunction against the executives were time-barred. … In Securities and Exchange Commission v. Jones, 05 Civ. 7044, the judge also held that the SEC's request for disgorgement was 'not supported by sufficient facts.' … The commission was successful in winning a $208 million settlement against Citigroup, which did not admit or deny guilt. It did not rule out an appeal of Judge Casey's verdict. … 'We are disappointed with the decision and are reviewing our options,' said spokesman John Heine." The Journal notes, "Jones was chief executive of Citigroup's asset management division, and Daidone was treasurer and chief financial officer of the Smith Barney mutual funds in question. … The case involves the 1999 establishment by the company's asset management division of an in-house transfer agent service and its decision to employ First Data, a processing services provider, as the sub-transfer agent."

Former Omnicom Official May Help In Securities Fraud Suit. The Wall Street Journal (3/2, B6, Lattman, O'Connell) reports, "New allegations by a former Omnicom Group Inc. executive could provide legal ammunition to claims in a four-year-old securities-fraud lawsuit that the ad giant created a sham entity, Seneca Investments, to improperly avoid taking write-downs on its Internet assets." The Journal continues, "In an amended complaint filed last month in federal court in Manhattan, the former chief executive of Seneca says Omnicom controlled the entity and no other party contributed any assets to it. The ad giant created Seneca in 2001 to move ailing Internet assets off its balance sheet." The Journal adds, "In the lawsuit, initially filed in December 2006, Michael Tierney, a former Omnicom executive who became CEO of Seneca, alleges Omnicom owes him stock options valued at roughly $1 million. Omnicom maintains the options never vested. Mr. Tierney left Seneca in March 2004. His amended complaint also raises questions about Seneca's independence from Omnicom, making allegations that match similar charges in the securities-fraud suit. … Omnicom lawyer Peter Wald said in a statement yesterday, 'We ... strongly dispute Mr. Tierney's contention that Omnicom controlled Seneca.' … Among possible evidence in Omnicom's defense is a 2001 deposition for an unrelated lawsuit. In that deposition, Mr. Tierney said that he was only employed by Seneca, and not Omnicom."

Nortel Will Again Restate Financial Results. The New York Times (3/2, Austen) reports from Ottawa, "Nortel Networks said Thursday that it would have to restate its results for the fourth time in four years, a move that will delay the filing of its 2006 annual report." The Times continues, "The latest restatement involves results from 2004, 2005 and the first nine months of 2006. The company said that the restatements were necessary to correct mistakes in recording income and because errors by an outside actuary firm caused pension liabilities to be misstated by $104 million over several years. … Over all, the company expects that the changes will raise revenue for the first three quarters of 2006 by about $24 million and increase earnings for the period by $15 million. That will be offset by reductions in the earlier years." The Times adds, "The first restatements stemmed from an accounting scandal that led to the firing of several top executives as well as criminal and securities investigations in both Canada and the United States. … The announcement

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Thursday was not expected. In recent public statements, Mr. Zafirovski has portrayed the company's accounting struggles as being behind it. Last month, when he announced that the chief financial officer, Peter W. Currie, would be leaving the company at the end of April, Mr. Zafirovski praised his work."

Ferris Baker Officials Leave Amid Trading Probe. The Baltimore Sun (3/2, Adams) reports, "Ferris Baker Watts, the century-old investment brokerage with deep Baltimore roots, said yesterday that six executives and traders have resigned or taken temporary leave since federal officials and outside counsel began investigating the firm's trades for a former client accused of stealing millions of dollars." The Sun continues, "The list of temporary and permanent departures includes several top executives in Baltimore and Hunt Valley, indicating the investigations have disrupted management at the firm more broadly than company officials disclosed two weeks ago." The Sun adds, "The changes are fallout from a federal probe of an investment fund set up by a Cleveland man who, according to a Securities and Exchange Commission lawsuit, took in $50 million from investors and spent much of the money on stock trades placed through Ferris and other firms. Most of the money is missing. Ferris has stressed that neither it nor its clients lost money in the scheme and that it is cooperating with regulators and federal investigators. … Legal experts and former SEC enforcement officials say even the temporary absence of so many top people shows how seriously Ferris is taking the matter and suggests the firm faces a lengthy and costly probe of its internal controls designed to prevent fraud. Brokers are subject to extensive regulatory oversight and are required to police trading activity to ensure fairness in the market."

Frank Unveils Legislation On CEO Pay. The Financial Times (3/2, Grant) reports, "The first US legislative effort for two years aimed at curbing excessive executive pay emerged on Thursday as Barney Frank, a top Democrat, introduced a bill that would require public companies to allow non-binding shareholder votes on pay packets." The move "comes as companies prepare for the annual meetings season, when executive pay promises to be an issue with shareholders." Frank, chairman of the House financial services committee, "said his bill would require companies to include an advisory – or non-binding – vote in their annual proxies. The move borrows from the UK, where advisory votes have been routine for some years."

CRIMINAL LAW:

Judge Says Libby Verdict Unlikely This Week. In a brief item, the New York Times (3/2, 1.16M) reports Judge Reggie Walton said jurors in I. Lewis "Scooter" Libby's perjury trial "seem unlikely to reach a verdict this week and will be allowed to end deliberations at 2 p.m. today to attend to personal matters." The Washington Post (3/2, A7, Leonnig, Goldstein, 690K) says on calling jurors into court Thursday afternoon on a separate matter, he "noted the jurors' casual clothing and said he 'knew we wouldn't have a verdict today.'"

The Los Angeles Times/AP (3/2) says "about half were wearing blue jeans. Most smiled broadly when Walton granted their request to leave early today. It appeared the seven women and four men were making their own visual aids to help sort out the complicated case. Jurors had asked for a large flip chart, masking tape, sticky notes and pictures of the witnesses almost immediately after beginning deliberations last week. Late Wednesday afternoon, they emerged to ask the judge for easel-sized pages to stick on walls."

Draft Report Finds Problems With Execution Appeals Process. USA Today (3/2, Willing) reports, "Death-sentence appeals take too long, traumatize victims' families and burden states with millions in extra costs for housing convicted killers, a draft of a new study commissioned by the Justice Department shows. … The study also found that death penalty cases are not hopelessly flawed by errors, as opponents of capital punishment have charged." USA continues, "The study, which reviewed state death sentences issued in the 1990s, found that 26% were reversed during the first level of the appeals process. Most of those 'direct appeals' were rejected because of sentencing errors. Some of the death sentences were later reinstated. … In only 11% of those cases did the appeals court find problems with the underlying murder convictions, says the unreleased study by Barry Latzer and James Cauthen, professors at the John Jay College of Criminal Justice in New York." USA notes, "The study challenges a 2000 report that concluded the capital punishment system is "broken" because 68% of all death penalty cases from 1973 to 1995 were eventually overturned. The report, by a team led by Columbia University law professor and death penalty foe

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James Liebman, also found 41% of cases were reversed during direct appeals. … The Liebman study provided a false picture of the death penalty because it included many cases from the 1970s and 1980s, when the U.S. Supreme Court rewrote death penalty rules and caused many sentences to be reversed, the Justice Department's report says. … Latzer and Cauthen tracked 1,676 death sentences issued in 14 "representative" states from 1992 through 2002." USA adds, "Capital punishment foes say the lengthy appeals process may in itself be an argument for abandoning the death penalty. … 'If you like bureaucracy, you'll love the death penalty,' says David Elliot, spokesman for the National Coalition to Abolish the Death Penalty."

Arkansas Inmate Seeks Immediate Execution. The AP (3/2, Kissel) reports from Little Rock, AR, "A death row inmate who wants an immediate execution had his request rejected Thursday." The AP continues, "The Arkansas Supreme Court ruled the request was premature and said the man's U.S. lawsuit challenging the way the state executes prisoners is still pending. … But over the past three months, convicted murderer Terrick Nooner, 35, has tried to exit the federal lawsuit and has asked the court to order his execution." The AP adds, "Nooner suffers from severe mental illness and believes Arkansas prison officials are abusing him by implanting a device in his body that controls him, federal public defender Julie Brain wrote Jan. 3 in a motion challenging Nooner's attempt to drop his lawsuit. … She said Nooner also claims prison staff is contaminating his food. … 'His overriding goal is to seek redress for, and relief from, the physical harm that he perceives is being repeatedly inflicted on him,' Brain wrote. … U.S. District Judge Susan Webber Wright has not ruled on Nooner's attempt to drop his lawsuit." The AP notes, "Nooner was convicted for the 1993 robbery and murder of Scot Stobaugh, 22, at a laundromat. … Nooner filed his lawsuit last May, saying lethal injection is unconstitutionally cruel and should be banned. Lawsuits nationwide claim the injections leave inmates in pain before they die."

Federal Officials Aid Kentucky Authorities In Child Predator Crackdown. The Kentucky Post (3/2) reports, "Kenton County Commonwealth Attorney Rob Sanders said his office will partner with the United States Attorney's Office for the Eastern District of Kentucky to aggressively prosecute child predators and gun-related cases." The Post continues, "As one of the first steps in that effort, Assistant Commonwealth's Attorney for Kenton County Laura Ward was sworn in Wednesday as a Special Assistant United States Attorney. Ward will help prosecute those types of cases at the federal level. … The new arrangement is part of the Department of Justice's Project Safe Childhood and Project Safe Neighborhoods initiatives, which are designed to coordinate efforts of local, state and federal law enforcement and officials, with a focus on prosecutions of child predators and gun violence. … 'These initiatives can only be accomplished through the hard work and cooperation of law enforcement and prosecutors at every level,' U.S. Attorney Amul Thapar said in a statement. 'This partnership shows the commitment that not only our office has, but that Rob Sanders has as well, on making the community safer for our families and our children.' … Sanders said his office has launched local initiatives aimed at combating child predators and gun violence that mirror those of Project Safe Childhood and Project Safe Neighborhood."

US Charges Man Accused In Missouri Kidnapping With Child Pornography. The AP (3/2, Leonard) reports from St. Louis, "A man accused of kidnapping and molesting two boys was indicted Thursday on federal charges he took pornographic pictures and videos of one of the youngsters. … The indictment marked the first federal charges against Michael Devlin, 41, a former pizzeria manager from the St. Louis suburbs." The AP continues, "Devlin is charged with kidnapping and other offenses in the 2002 abduction of Shawn Hornbeck, who is now 15, and the January abduction of 13-year-old Ben Ownby. Both boys were found in Devlin's apartment Jan. 12. … U.S. Attorney Catherine Hanaway said four counts of the six-count indictment allege Devlin photographed and videotaped a minor engaged in sexually explicit acts between 2002 and this year. Two other counts allege he took the minor to Illinois and Arizona with the intent to sexually assault him." The AP adds, "Hanaway said all six counts involved the same child, identified only as 'S,' an apparent reference to Shawn. Authorities have alleged that Devlin held him captive from October 2002 until police found the boy in January." The AP adds, "Besides the federal charges, Devlin faces 75 state charges, including forcible sodomy, kidnapping and armed criminal action. He has pleaded not guilty to all those allegations. … Devlin's attorney, Michael Kielty, said he had not seen the prosecution's evidence, but he acknowledged that most child pornography cases are 'very emotional, very

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difficult.' … 'If there are photos and videotapes, that certainly would add some weight to the government's case,' Kielty said. … Shawn Hornbeck knew the federal charges would be filed and was with family members for moral support Thursday, said the family's attorney Scott Sherman."

Son Of "Disgraced Political Boss" Sentenced For Bank Robbery. The Chicago Tribune (3/2, 617K) reports Daniel N. Katalinic, "the son of disgraced political boss Daniel M. Katalinic, was sentenced in federal court Thursday to 10 years and 1 month in prison for robbing a Mt. Prospect bank last year. With his father watching, Daniel N. Katalinic shook his head back and forth as U.S. District Chief Judge James Holderman announced the sentence, warning that people who commit such crimes will face stiff penalties." Daniel M. Katalinic "is also a convicted felon, set to serve a year in federal prison for taking bribes in the city's scandal-plagued Hired Truck Program. He received a reduced sentence because he became a key witness in the prosecution of Mayor Richard Daley's former patronage chief Robert Sorich."

US Indicts Former Developer Of Wisconsin Casino. The Chicago Tribune (3/2, Gibbard) reports, "The former developer of Kenosha (WI)'s proposed $808 million casino project was indicted Thursday on federal charges for allegedly funneling $100,000 in improper campaign contributions to Wisconsin Gov. Jim Doyle, who has final approval over Indian gaming in the state." The Tribune continues, "Dennis Troha, 60, of Kenosha, Wis., was charged with one count of fraud and one count of making false statements to the Federal Bureau of Investigation, the U.S. Attorney's office in Milwaukee said. If convicted, he could face up to 25 years in prison and a $500,000 fine. … The indictment alleges Troha used family members and businesses he controlled to send money to Doyle's campaign during the 2002 and 2006 campaigns. Troha would lend money to the family members, who would then write checks to Doyle's campaign, allowing Troha to circumvent the $10,000 cap on political donations by individuals. The money was only repaid early this year after federal investigators began looking into the case, the indictment said." The Tribune adds, "Prosecutors did not accuse Doyle, the first Democrat elected governor of Wisconsin in 16 years, of wrongdoing. … 'The indictment does not allege a quid pro quo,' said a spokeswoman for U.S. Atty. Steven Biskupic. … Doyle, in a statement, pledged to return the contributions if Troha is found guilty. … 'My campaign was aware of nothing to suggest that the contributions received from Mr. Troha were in any way inappropriate or unlawful,' Doyle said." The Tribune notes, "Wisconsin's Menominee tribe hopes to build one of the Midwest's largest casinos at the site of the Dairyland greyhound track, 10 miles from Illinois on Interstate Highway 94. To do that, the U.S. government must allow the property to be transferred into an Indian trust, because the site is not on the tribe's reservation. … Until last week, Troha was the tribe's developer and point man in Kenosha. On Feb. 23, after news of the investigation surfaced, he announced he had pulled out and sold his interest for an undisclosed sum to the Mohegan tribe of Connecticut. … The main opposition to the project has come from the Forest County Potawatomi Band, which operates its own large casino in Milwaukee. The tribe says the Kenosha casino would hurt its operation and be disrespectful because the Potawatomi have stronger historical ties to the area. … The regional office of the federal Bureau of Indian Affairs recommended in January that the project be approved by the U.S. Department of the Interior. It's uncertain when Washington might issue a recommendation, but Zeppos said it could come as soon as summer."

Maryland Police Arrest 11 Youths In Gang Stabbings. The Washington Post (3/2, B1, Aratani, De Vise) reports, "Eleven young gang members, including a 12-year-old, are facing attempted murder charges in connection with a rampage in Wheaton and Aspen Hill on Saturday that ended with a mentally challenged Silver Spring man being beaten and stabbed, Montgomery County police said yesterday. … Two of them also are accused of a double stabbing that occurred earlier that evening at the Wheaton Metro station. All three victims survived, but the Silver Spring man is hospitalized in critical condition." The Post continues, "The suspects, all males ages 12 to 17, claim to be members of the 'Hotboyz/Shoot 'Em Up' gang, police said. They have been charged with attempted first-degree murder, robbery and assault. Some of their parents reached yesterday evening said they are being falsely accused." The Post adds, "Montgomery police said the first stabbing occurred about 7 p.m. Saturday at the Metro station. The two young victims, both male, told police they believed the attackers were gang members. … Police said the second assault took place about 8:40 p.m., outside a party in the 3700 block of Bel Pre Road in Aspen Hill. Partygoers at an apartment complex

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spotted an unknown youth climbing inside a car belonging to a party host. They left the apartment to investigate and saw three teenagers standing by the car and 20 others near the building. … When one of the teenagers near the car displayed a gun, the partygoers went inside, except for the 31-year-old mentally challenged man. Police said the man, whom they did not identify, walked toward the suspects and was struck several times with the handgun, repeatedly kicked and then stabbed." The Post notes, "As Montgomery police conducted their investigation, they learned that Metro Transit Police were looking into the stabbing at the Wheaton Station. … Police arrested six suspects Monday and five Wednesday. All have been charged with first-degree attempted murder, armed robbery and first-degree assault. … The 12-year-old was charged as a juvenile and sent to the Alfred D. Noyes Children's Center before being released to family members. His name is not being released because he is a minor."

Murder Trial Of Convicted Florida Sex Offender Opens. The New York Times (3/2, Goodnough) reports from Miami, "The drifter charged with raping and burying alive a 9-year-old girl on Florida's west coast in 2005 went to trial here Thursday, after intense publicity forced the case to be moved 300 miles from where the child, Jessica Lunsford, was murdered." The Times continues, "The case provoked a nationwide crackdown on sex criminals, not least because the suspect, John E. Couey, was a convicted sex offender who had managed to skip required counseling sessions and move without telling parole officers. Many states have passed laws in Jessica's name, increasing minimum sentences for sexual offenses against children and requiring offenders to be closely tracked upon release." The Times adds, "Mr. Couey told detectives soon after his arrest in March 2005 that he had killed Jessica, even telling them where to find her body. But Judge Richard A. Howard of Circuit Court in Citrus County ruled the confession inadmissible because the detectives had refused Mr. Couey's requests for a lawyer. … Prosecutors say they have an airtight case nonetheless. In his opening statement, Ric Ridgway, a state prosecutor, told the jury that Jessica's fingerprints were found in Mr. Couey's bedroom and closet, her DNA was found in blood stains on his mattress and her body was found in a shallow grave in his yard. They are seeking the death penalty for Mr. Couey, who faces charges of first-degree murder, burglary, kidnapping and sexual battery. … 'The evidence will show that the one man responsible for all these acts is sitting right there,' Mr. Ridgway said, pointing to Mr. Couey, 48, who shifted nervously, covered his face with his hands and drew on a sketch pad during the proceedings. … Despite a vast search and the wide distribution of a photograph of Jessica, her body was not found until three weeks after she disappeared from her bedroom in the middle of the night. She had been buried in two garbage bags outside the trailer Mr. Couey shared with relatives near the Lunsford home in Homosassa."

FBI Agent's Testimony Links Gang To Slaying Of Toddler. South Carolina's the State (3/2, Beam) reports, "A 2-year-old Swansea girl killed in a shootout in January was the victim of an attempted robbery by the Gangsta Killer Bloods, according to an FBI agent's courtroom testimony Thursday. The testimony connects for the first time one of the Midlands' most heinous crimes with the highly organized gang, which has national ties." The FBI "detailed the gang's violent and sophisticated drug trafficking business in documents filed last month as part of an extensive federal investigation." The girl's death "is the first homicide -- and at least the fifth violent crime -- connected to the gang, whose members allegedly speak in code to hide their crack cocaine distribution network."

Baltimore Man Charged With Running Ponzi Scheme. The AP (3/1, Nuckols) reports David McDowell Robinson of Baltimore, "who previously served prison time for fraud," is alleged to have "bilked more than 900 investors out of $8 million in a Ponzi scheme." Robinson "has been incarcerated since last March for violating the terms of his supervised release in the earlier case by running a business, said Joseph L. Evans, his federal public defender. He was arrested again today, a day after a federal grand jury indicted him on wire fraud and mail fraud charges." Robinson "was sentenced to eight years and 10 months in federal prison after pleading guilty in 1996 to charges of mail fraud arising from three different schemes. He also served prison time following 1989 convictions in Anne Arundel County for fraudulent misappropriation by a fiduciary and misconduct in public office. Robinson was released from federal prison in April 2003." He then set up Liberty Trade International Inc. "and began scamming investors again."

The Baltimore Examiner (3/2, Broadwater) says from April 2003 until March 2006, Robinson "was the sole shareholder, president and chief executive officer. … During

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that time, the grand jury alleges, he solicited investors throughout the country -- offering huge returns on investments, promising a 20 percent return on $2,500 in 60 days; a 25 percent return on $5,000 in 90 days; and a 30 percent return on $10,000 120 days." US Attorney Rod Rosenstein said, "The indictment alleges that David Robinson perpetrated an $8 million Ponzi scheme that victimized innocent investors, including Hurricane Katrina victims who were induced to invest their money in a worthless venture."

New Jersey "Christmas Tree Grants" Probed. The Philadelphia Inquirer (3/2, Moroz, Ung, 385K) writes, "In Trenton, as it is in the nation's capital, tradition is under fire. For years, legislators at the state and federal levels have slipped grants for pet causes and hometown projects into the budget at the last minute. In New Jersey, they're known as Christmas tree ornaments. In Congress, they call them earmarks. In both places, you'll hear them referred to as 'pork.' And in both places, they have become key to keeping constituents happy. But now the longheld political practice, which typically plays out behind closed doors, is coming under major attack amid calls for greater government transparency and accountability." In New Jersey, "federal investigators have swarmed the Statehouse, demanding information about Christmas tree grants."

The AP (3/1, Hester) reports that a day after sending subpoenas to Corzine's office, US Attorney Christopher Christie "vowed to continue combating public corruption no matter where it might be found." Christie said, "I do not believe that any public corruption in the state of New Jersey by any public official is acceptable. So whether it is a zoning board member in Monmouth County or whether it's someone high up in state government, and everything in between, no public corruption is acceptable and we're going go after whatever we can find and we can prove beyond a reasonable doubt."

WNBC-TV New York (3/1, 6:03 p.m.) reported, "Just yesterday, a FBI agent served a subpoena on the governor's office looking at records for three years worth of budget agreements that included earmarks requested by lawmakers. Today, US Attorney Chris Christie refused to talk about that case."

Alleged DC Madam Threatens To Sell Client List. The Washington Post (3/2, B1, Duggan) reports, "A woman accused of running a prostitution service catering to men in hotels and homes in the Washington area was indicted on federal racketeering charges yesterday in a case with a twist: She has threatened to peddle 'the entire 46 pounds of detailed and itemized phone records' of her clients to raise money for her defense." The Post continues, "Working out of her California home, Deborah J. Palfrey, 50, did business in Washington under the name Pamela Martin and Associates. On a Web site seeking donations to her legal defense fund, the company is described as 'a high-end adult fantasy firm which offered legal sexual and erotic services across the spectrum of adult sexual behavior.' … But federal authorities say it was a thriving call-girl service, begun in 1993, that dispatched college-educated women in their 20s to male clients in the Washington area who paid $275 to $300 per sexual encounter. The prostitutes kept half of the fees and mailed the rest to Palfrey in money orders, authorities allege in an affidavit filed in federal court." The Post adds, "The indictment says that in 13 years, the service employed 132 women and generated about $2 million in income 'through prostitution related activities.' … From January 2000 to September 2006, 'Palfrey received and deposited over $750,000 in money orders from various prostitutes' into bank and investment accounts, according to the affidavit. It also says that Palfrey was convicted of operating a prostitution service in California in 1991 and was jailed for 18 months. She 'started her current illegal prostitution business while still on probation,' the affidavit says. … Palfrey is scheduled to make her initial appearance in the criminal case at the D.C. federal courthouse next Friday. She had no comment on the charges yesterday, said her attorney, Montgomery Blair Sibley. He is representing Palfrey in a civil asset-forfeiture case brought against her last year by federal authorities in the investigation of the alleged prostitution service."

The Washington Times (3/2, McElhatton) reports, "Last fall, the U.S. Attorney's Office filed court papers to seize Miss Palfrey's assets. The civil forfeiture proceedings were ongoing. … The Washington Times first reported Feb. 21 that Miss Palfrey told federal authorities she would "make life miserable" for former customers and employees unless her case is dropped. The Times reported that government attorneys said Miss Palfrey had threatened to 'harass potential witnesses whose identifies remain secret ... through calculated public disclosures of former customers' and former co-workers' identities.' … On Wednesday, an attorney

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representing Miss Palfrey in the forfeiture proceedings said his client would sell customer records over the Internet to raise money for her legal defense."

California Judge Sentences Man To Life For Murder Of Racing Icon, Wife. The Los Angeles Times (3/2, Proctor) reports, "A Pasadena judge today sentenced Michael Goodwin, convicted in January of murdering racing legend Mickey Thompson and his wife, to two consecutive terms of life in prison without parole." The Times continues, "Los Angeles County Superior Court Judge Teri Schwartz earlier rejected defense motions for a retrial and to dismiss the charges. Deputy Public Defender Elena M. Saris said she would appeal." The Times adds, Goodwin, 62, called Thompson's death a tragedy, but insisted on his innocence. … 'I can't apologize because I'm not guilty,' he said before the sentence was read. … The Thompsons' killings became a legendary Southern California mystery, the subject of nearly two decades of police investigation and several national television shows. … Thompson and his wife, Trudy, were gunned down in the driveway of their eastern Los Angeles County home on March 16, 1988 by a pair of hooded assailants, who then escaped on bicycles. Prosecutors said the gunmen shot Thompson repeatedly but kept him alive to watch his wife's murder before they shot him in the head. The gunmen were never identified." The Times notes, "Prosecutors always considered Goodwin, a former business partner of Thompson, the prime suspect in plotting the killings, even though no evidence linked him to the scene. … They alleged that the circumstances -- the killers didn't touch the $4,000 the Thompsons were carrying or the $70,000 worth of jewelry in the house -- showed the murders were motivated by revenge. And they argued that Goodwin was the only person who could want Thompson dead that badly. … Thompson, the first American to reach 400 mph in a piston-driven vehicle and the holder of numerous speed records, joined Goodwin in the mid-1980s to promote motor sports in Southern California."

CIVIL RIGHTS:

Louisiana Officials Awaiting Word On FBI Cold Case Probes. The Monroe News-Star (3/2) reports, "Local and area law enforcement officials said today they have not been contacted by the FBI regarding investigating cold civil rights cases in the area." The News-Star continues, "FBI Director Robert Mueller said at a news conference Tuesday that the agency is investigating about a dozen cold civil rights cases in an effort to seek justice for victims of racially motivated killings. … FBI officials declined to identify the cases they are working to reopen. Attorney General Alberto Gonzales said making that information public could hinder the investigations. … He also said the FBI will help local law enforcement authorities prosecute cases in which federal charges aren't applicable." The News-Star adds, "Mueller said the FBI and local authorities have made 10 to 12 cases a priority, but as many as 100 could be investigated. … The National Association for the Advancement of Colored People, the Urban League and the Southern Poverty Law Center are assisting the effort. … The center has a list of 127 race-related killings between 1954 and 1968 — a number it concedes could be much higher."

More Commentary. The New Orleans Times-Picayune (3/2) editorializes, "Washington Parish Sheriff's Deputy Oneal Moore was murdered 42 years ago, but the FBI says that it hasn't given up on the case, one of about a dozen unsolved civil-rights era murders that are getting renewed attention from the agency. … When these crimes took place decades ago, African-American victims had little hope of getting justice. Now, investigators will have to deal with the damage time itself has done to the cases. … But that's all the more reason to act quickly, and the FBI's decision to aggressively pursue cold cases that they believe were racially motivated is encouraging."

The Birmingham (AL) News (3/2) editorializes, "If justice delayed is justice denied, what is justice ignored? A national disgrace. … Too many times, civil rights-era murderers got away with their crimes. Too many times, law enforcement officials covered up cases, failed to investigate them fully and even wrongly classified some murders as accidental deaths. Too many times, there was no justice for the loved ones of victims, just grief and anger." The News continues, "Fortunately, the U.S. Justice Department has decided to reopen investigations into nearly 100 suspicious death cases from across the South during the civil rights era to see if they were racially motivated murders that can be solved and prosecuted. … If cases can be prosecuted and convictions won, it will bring a measure of justice where there has been none. Grieving families and friends of the victims who have carried deep emotional wounds for decades, knowing that killers had gotten away with their crimes - and sometimes knowing who those killers are - may find some small relief. …

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The Rev. Martin Luther King Jr. famously said, 'Let us realize the arc of the moral universe is long, but it bends toward justice.' … Recent convictions of civil rights-era crimes have bent that long arc toward justice. Tuesday's announcement bent it just a tiny bit more."

Navy Chaplain Dismissed Over Christian Prayers. The New York Times (3/2, Goodstein, 1.16M) reports, "Lt. Gordon J. Klingenschmitt, a Navy chaplain, has lost a three-year battle to stay in the chaplain corps after superiors warned him about delivering sectarian Christian prayers and sermons at a sailor's memorial service and other events attended by religiously diverse audiences." Klingenschmitt "became a hero to religious conservatives, but was court-martialed last year for wearing his uniform at a political protest in front of the White House. He received an honorable discharge."

Columnist Lauds DOJ's Religious Freedom Initiative. In a column for the Nashville Tennessean (3/2), Charles C. Haynes writes, "Here's one of the best-kept secrets about the Bush presidency: Over the past five years, the U.S. Justice Department has quietly, but vigorously, enforced civil rights laws designed to protect religious freedom. … Now Attorney General Alberto Gonzales wants to get the word out. On Feb. 20, he announced an initiative called the First Freedom Project to carry out 'even greater enforcement of religious rights for all Americans.'" Haynes continues, "Since presidents aren't shy about their accomplishments, I'm not sure why we haven't heard more about this before. Maybe we're so busy shouting past one another about church-state conflicts that we overlook threats to free exercise of religion. … The new report documents the Bush administration's efforts to take religious discrimination seriously. After establishing the first-ever Special Counsel for Religious Discrimination early in the administration, the Justice Department's Civil Rights Division dramatically increased enforcement of federal statutes protecting religious rights. … Administration critics aren't impressed. 'Expecting the Bush administration to defend religious liberty,' says Barry Lynn of Americans United for Separation of Church and State, 'is a little like asking Colonel Sanders to baby-sit your pet chicken.'" Haynes concludes, "From attacks on houses of worship to incidents of discrimination at school and work, the Justice Department over the past five years has investigated scores of cases involving religious rights of Christians, Jews, Muslims, Sikhs, Native Americans and others. … However much we disagree about the relationship between religion and government, surely we can agree that freedom of religion should mean freedom from religious discrimination."

ANTITRUST:

EU Threatens New Sanctions Against Microsoft. The Wall Street Journal (3/2, B3, Jacoby) reports, "New European Union charges against Microsoft Corp. that threaten the company with as much as $1 billion in fines highlight an increasingly fierce industry battle over how to sell business software." The Journal continues, "European regulators launched formal charges yesterday against Microsoft -- for the third time in three years -- accusing the tech giant of trying to overcharge competitors for information to make their products work well with Microsoft's ubiquitous Windows operating system. … The charges stem from a 2004 EU decision that Microsoft abused its near-monopoly position as the producer of Windows. Microsoft has already racked up close to $1 billion in fines in the case." The Journal adds, "The EU's latest move goes to the heart of a growing battle between Microsoft's traditional fee-based software business and challenges from International Business Machines Corp., Red Hat Inc. and Oracle Corp., which offer free or nominally priced 'open source' software. … Microsoft's competitors say they believe the company has structured its proposed charges for the programming information in such a way as to undermine their business models." The Journal notes, "The March 2004 EU decision requires Microsoft to offer licenses for the programming information on 'reasonable and non-discriminatory terms' to software rivals who need it. No companies have licensed the information yet. … The 2004 decision ordered Microsoft to help rivals write software linking back-office server computers with employees' Windows-driven desktop computers for a narrow range of functions, including the accessing and printing of documents and logging onto password-protected company systems. … 'The current view is that there is no significant innovation' in the programming information to warrant the price Microsoft is charging, EU Antitrust Commissioner Neelie Kroes said in a statement yesterday. … But Brad Smith, Microsoft's general counsel, said in an interview he was surprised by the aggressive new charges. 'I feel we need a more constructive approach to address very

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complicated and technical issues in a way that is going to make progress,' he said."

The Financial Times (3/2, Buck) reports, "The Commission refused to comment on the size of any new fine that could arise from yesterday's charges. However, Brussels could - in the worst-case scenario for Microsoft - hit the group with a penalty in excess of €800m." The Times continues, "The Commission accused Microsoft of demanding excessive royalties from companies wishing to license technical information about its Windows operating system. The order to make such information available to rivals formed a key plank of the Commission's March 2004 ruling against the group. … The Commission stressed that Microsoft was the first group to be accused of ignoring a European Union antitrust ruling. 'This is a company which apparently does not like to have to conform with antitrust decisions,' said the spokesman for Neelie Kroes, the EU competition commissioner. … Brad Smith, Microsoft's general counsel, rejected the Commission's allegations. He said Microsoft's proposed pricing scheme would be 30 per cent cheaper than comparable licensing fees."

The AP (3/2, Casert) reports, "The EU complained that three years after a landmark antitrust ruling to open up the market, the world's largest software maker still refused to cooperate. … Under a 2004 antitrust ruling by the European Union, Microsoft had to disclose complete and accurate interface documentation on reasonable and nondiscriminatory terms, allowing its competitors to interoperate with Windows PCs and servers." The AP adds, "Under a so-called 'statement of objections' released Thursday, the EU's executive Commission said there was 'no significant innovation' in the requested information. It also rejected 1,500 pages of submissions by Microsoft over the past three months and said Microsoft's price proposals were unreasonable. … 'I am therefore again obliged to take formal measures to ensure that Microsoft complies with its obligations,' EU Antitrust Commissioner Neelie Kroes said in a statement." The AP notes, "Smith complained Microsoft had asked for feedback half a year ago and only on Thursday received a reply thinly veiled in a threat. … 'We're disappointed that this feedback is coming six months later and in its present form, but were committed to working hard to address the Commissions Statement of Objections,' said Smith. … He added 'the findings appear to be an attempt to regulate the pricing of our intellectual property rights on a global basis' something which would go beyond the jurisdiction of the European Commission."

EU Extends Probe Of Sony BMG. The Financial Times (3/2, Buck) reports, "The music industry faces a prolonged period of regulatory uncertainty after the European Union's top antitrust regulator said yesterday it needed another four months to scrutinise the merger that created Sony BMG." The Times continues, "The European Commission waved through the original tie-up in 2004, arguing that the merger would not undermine competition in the market. However, its ruling was challenged and - in a rare move that shocked the music industry - a top European court decided last year to overturn the Commission's clearance decision." The Times adds, "For Sony BMG, the ruling meant it had to resubmit the merger to the Brussels watchdog for approval and a fresh investigation. … The Commission said it had completed an initial one-month assessment of the Sony BMG merger, but now needed more time to examine whether the deal 'strengthens or creates a dominant position in these relatively concentrated markets'. Brussels added it would take into consideration factors such as 'the growing sales of online music' "

Motorola Stock Lifted By Icahn Move. The Financial Times (3/2, Taylor) reports, "Shares in Motorola rose in early trading yesterday after the world's second largest mobile phone maker revealed that Carl Icahn, the billionaire Wall Street raider, was seeking to lift his stake in the company to about 6 per cent by acquiring another $2bn in stock." The Times continues, "If completed, the proposed stock purchase would lift the stake in Motorola acquired last month by Mr Icahn from 1.6 per cent, and turn him into the company's second biggest investor behind Barclays Global Investors. Barclays had a 6.82 per cent stake in Motorola at the end of December." The Times adds, "Mr Icahn's demand that Motorola use the bulk of its $11.6bn in cash to accelerate share buy-backs has helped prop up its share price in the wake of a series of setbacks. .. The company reported weak financial resultsearlier this year reflecting a fierce mobile phone price war and a lack of blockbuster products. … Profit margins in Motorola's core phone division shrank to 4.4 per cent in the fourth quarter from almost 12 per cent in the preceding three months as the company slashed prices in order to retain market share and remain competitive with Finland's Nokia, the world's largest mobile phone maker."

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China Eyes Legal Reforms To Handle Economic Demands. The Wall Street Journal (3/2, Batson) reports, "China's leadership is stepping up its efforts to build a legal system that can handle the demands of a complex, market-driven economy, as managing the fast-growing nation becomes increasingly challenging. … That program will take the spotlight when China's legislature opens its annual session on Monday. The National People's Congress is scheduled to consider, and most likely pass, two crucial pieces of economic legislation. One would give private property new protections of unprecedented force and detail for China; another would require foreign and domestic companies to pay the same rate of tax." The Journal continues, "The property-rights law will be a symbolic milestone for the still nominally Communist nation, even though it falls far short of what more liberal reformers had initially advocated. For foreign businesses, the tax law will put them on a more-equal footing with local competitors, as it gradually brings an end to most of the special breaks offered in the past. Several other important laws will also be discussed at the meeting for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers." The Journal adds, "All of these are the building blocks of the legal infrastructure that underpins the daily functioning of a market economy, although the country's legal code is still in its infancy and legal redress can be difficult to come by. Many of these laws have been in the works for years, and have provoked sometimes heated debate. They are coming to fruition this year as a consensus grows that the new legislation can fill some gaping holes and rectify obvious inequities in the current system. … The annual meeting of the National People's Congress, when nearly 3,000 delegates gather in Beijing, is one of the few occasions when China's leaders discuss their policies in public. Given the turmoil in China's stock markets this week, as fears spread that a government crackdown on speculation was imminent, this year's meeting is likely to be particularly closely watched for signals on financial policy, as well as progress in lawmaking."

Antitrust Measure Among Reforms Considered. The Wall Street Journal (3/2, Connolly) reports, "With China's economy changing much faster than the legal system that is supposed to govern it, Beijing is moving quickly to create a system that can handle the demands of a complex, market-driven economy just as events like this week's Chinese market turmoil underscore how challenging managing the fast-growing nation has become." The Journal continues, "The annual session of China's legislature, the National People's Congress, which begins Monday, is to consider and likely approve two significant pieces of economic legislation, one giving private property new protections of unprecedented force and detail for China, the other requiring foreign and domestic companies to pay the same rate of tax. Several other important laws will also be discussed for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers." The Journal adds, "Though vast numbers of Chinese now own their own homes and run their own businesses, it is difficult to settle precisely who owns what and what they are allowed to do with it, as Andrew Batson reports. Private-property rights, in the abstract, have been recognized in China's constitution through a series of amendments, beginning in 1988. But those vague principles are of little help in handling specific cases, such as the government's frequent confiscation of land for development. Nonetheless, the proposed law has attracted vocal opposition from leftist scholars concerned it will pave the way for the accelerated privatization of state companies and widen the gap between the wealthy and the poor. … The draft antimonopoly law, under discussion for more than a decade, has also been held hostage by disputes among policymakers. Some want to use it to break open still-closed parts of the economy, while others see giving the government new antitrust powers as a way to strengthen its control over businesses -- particularly powerful foreign companies that have dominant market share in China."

WSJ Decries "Power Plays" In Endesa Takeover. The Wall Street Journal (3/2) editorializes, "As corporate dramas go, few can match the long-running Endesa takeover story. But the latest plot twist, in which Italian utility Enel entered the scene, may have the Spanish electricity giant's shareholders feeling like they're watching a farce. As usual when it comes to Europe and energy, politicians appear to be the ones making a mockery of the market." The Journal continues, "A new chapter began Tuesday, when Enel bought a 9.9% stake in Endesa -- just three weeks before Endesa's shareholders were to consider bylaw changes that would allow Germany's E.On to move forward with a €41 billion purchase of the company. Yesterday Enel made arrangements to boost its holding to 17% -- Spanish law requires a regulatory review before an

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investor can buy more than 10% of a utility -- and said it would ask permission to keep buying up shares until it had nearly one-fourth of the company, at which point it would have to bid for the entire firm. … E.On's bid, which just last week seemed like a reasonably safe bet, is now in real danger. Spanish conglomerate Acciona owns 21% of Endesa and has indicated it won't sell to the German utility. Spain's public holding company owns 3%, so if Enel refuses to sell to E.On -- so far the Italians are being coy on that question -- the German company would have to win over almost all of the other shareholders to take control of Endesa. Even then, the large minorities might prove to be a thorn in E.On's side." The Journal adds, "This saga might have been all to the good for Endesa shareholders -- competing bids can't be bad, right? -- if this were a true competition. But that's not the case. As it stands, smaller shareholders probably won't get the chance to weigh E.On's offer. Investors who bought Endesa stock over the past year and a half, during which time the share price has doubled, may still have a chance to recoup handsome rewards -- if there are any takers still out there. … So why did Enel jump into the fray? There's plenty of reason to believe that the motivation was in part political. After failing to marry Endesa with Barcelona-based Gas Natural, Spanish Prime Minister José Luis Rodíguez Zapatero has been laboring for months to keep the company out of E.On's hands." The Journal concludes, "Brussels deserves credit for its persistence in the Endesa case, even if Enel may negate much of that good work. Still, the difficulty it's had in enforcing cross-border competition here shows that the balance of power still lies in national capitals. Recognizing this, EU antitrust chief Neelie Kroes is threatening to break up energy companies into suppliers and distributors in order to boost energy-sector competition. … We think it's too early for such a drastic and largely irreversible step. But Madrid, Rome and Paris aren't doing themselves, their utilities or their citizens any favors by indulging in these power plays."

Antitrust Law Gets Little Attention In Congressional XM-Sirius Hearing. The Deal (3/2, Lindell) reports, "The brand-new House Committee Antitrust Task Force took up the proposed merger between the nation's two satellite radio companies Wednesday, discussing technology, economics and personalities. Antitrust law, which will weigh big in the deal's ability to win government approval, received very little airtime." The Deal continues, "Sirius Satellite Radio Inc.'s CEO Mel Karmazin was the headliner at the standing-room-only event as he pitched his company's merger with rival XM Satellite Radio Holdings Inc. He did his best to express his willingness to work with regulators and Congress to get the deal approved. But if the deal is ultimately rejected, he said, both XM and Sirius would be able to go on as separate and viable businesses. … But David Rehr, president and CEO of the National Association of Broadcasters, repeatedly told the room that the merger would be a 'government-sanctioned monopoly,' and that allowing the combination 'portends great potential harm to the American public and to the many benefits of free local radio broadcasting.'" The Deal adds, "Representatives invited one antitrust lawyer not involved with the deal to shed light on how the Department of Justice would examine the merger. Charles Biggio, a partner at Wilson Sonsini Goodrich & Rosati, testified that the DOJ's antitrust division would likely issue a second request for information on the deal in order to adequately tackle the various issues. … 'The ultimate question the antitrust division will ask in reviewing the XM-Sirius transaction is whether the transaction will create or enhance market power; that is, whether it will cause prices to go up, output to go down, or quality or technological development to deteriorate in a relevant market affected by the transaction,' Biggio said. … The analysis, he continued, would look at advertising, distribution via retail outlets and car manufacturers, content purchases and consumer subscriptions. Only after evaluating the effects in those areas would the staff lawyers at the DOJ consider the benefits of the deal, which have been estimated to be extensive, since the combined company would cut costs by better utilizing its satellite spectrum."

FTC OKs Carlyle's Purchase Of Philosophy Inc. The AP (3/2) reports, "Federal antitrust regulators approved Carlyle Group's purchase of cosmetics and skin care company Philosophy inc., according to a notice issued by the Federal Trade Commission Thursday. … The FTC cleared the sale without requiring any changes." The AP continues, "Carlyle, a private equity group, announced the purchase Jan. 31, but did not disclose terms of the deal. Philosophy sells through retailers and television shopping channels and was the top beauty brand on QVC in 2006, Carlyle said. … Carlyle also said in announcing the deal that it was its third consumer and retail acquistion in 11 months, after its purchase of Dunkin' Brands in March 2006 and Oriental Trading Co. in July 2006."

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FTC Clears Private Equity Firm's Purchase Of Mirant Power Plants. The AP (3/2) reports, "Federal antitrust regulators approved the $1.4 billion sale of six power plants by Mirant Corp. to LS Power Equity Partners, according to a notice issued Thursday by the Federal Trade Commission. … The FTC cleared the sale without requiring any changes." The AP continues, "Mirant said when announcing the sale in mid-January that it expects net proceeds of $1.32 billion, after paying off $83 million in debt. … The plants, all in the U.S., produce a total of 3,619 megawatts of power. Mirant is selling its Michigan Zeeland plant, its West Georgia plant, its Shady Hills plant in Florida, its Sugar Creek plant in Indiana, its Bosque plant in Texas and its Las Vegas-based Apex plant. … LS Power Equity is part of private equity firm LS Power Group."

FCC Grants Internet Phone Access To Cable Firms. USA Today (3/2, 2B, Davidson) reports, "In a move that's expected to bring new discount phone services to millions of rural Americans, the Federal Communications Commission ruled Thursday that local phone companies cannot block cable providers' rival Internet-based phone offerings. … 'The commission must promote competition,' FCC Chairman Kevin Martin said." USA continues, "In an FCC petition last year, Time Warner Cable complained that rural carriers in South Carolina and Nebraska refused to set up connections so users of the company's Voice over Internet Protocol (VoIP) service and rural phone customers can exchange calls. The carriers also would not provide local phone numbers and 911 services. … Time Warner typically leases these services from MCI and Sprint, which, in turn, lease them from the rural phone companies." USA adds, "The rural carriers claimed a federal law promoting competition doesn't require them to provide the services because MCI and Sprint would not serve residents directly. They also noted VoIP has not been labeled a telecommunications service. State regulators in South Carolina and Nebraska sided with the rural carriers. Similar battles are playing out in other states. … But FCC staff said wholesale providers are entitled to the same network-leasing privileges as retail companies and that VoIP's classification is irrelevant."

The Washington Post/Bloomberg (3/2, D3, Peterson) reports, "AT&T and Verizon, the two biggest U.S. phone companies, supported Time Warner Cable's petition. … The FCC order overrides rulings by state regulators in South Carolina and Nebraska that barred certain carriers from connecting calls using voice-over-Internet protocol, or VOIP, to traditional local phone lines. The South Carolina regulators said Verizon had no right to route Internet-based phone calls through lines owned by rural-phone companies as part of a wholesale service it sells to Time Warner Cable, a unit of Time Warner Inc." Bloomberg adds, "The state rulings would have impeded phone competition, the commission said in its decision. They also would have hindered the deployment of high-speed Internet access, the FCC said. … Cable companies have invested more than $100 billion on broadband networks 'to offer consumers a wide array of new services, and this action will speed the rollout of digital voice service in many more markets,' said Kyle McSlarrow, president of the National Cable & Telecommunications Association."

Oracle To Purchase Hyperion Solutions In $3.3 Billion Deal. The Wall Street Journal (3/2, B3, Vara) reports, "Oracle Corp.'s roll-up of smaller software concerns continues to roll on, with a twist in emphasis. … The deal announced yesterday -- a tender offer for Hyperion Solutions Corp. for $3.3 billion, or $52 a share -- highlights the business-software giant's shift from buying head-on rivals in maturing markets to snapping up players in fast-growing niches. Hyperion specializes in business-intelligence software, a hot field where Oracle has been a relatively minor player to date." The Journal continues, "The transaction, which sent Hyperion's shares up 20% and moved the stocks of other companies in the sector, would be Oracle's largest acquisition since it acquired Siebel Systems Inc. for $5.85 billion in 2006." The Journal adds, "In the past two years, Oracle Chief Executive Larry Ellison has spent upward of $20 billion on buying more than 25 software firms. Early on, Oracle used big bids for major rivals such as PeopleSoft Corp. and Siebel to build itself into the No. 2 maker of applications for business tasks, such as finance and human resources, after German rival SAP AG. Those deals significantly beefed up Oracle's own applications business and customer list, while creating opportunities to increase profit by laying off employees in duplicate positions. … But lately, the company has focused on smaller acquisitions in areas such as security and content management, as well as firms focused on specific industries. … The Hyperion acquisition is the latest reflection of that plan. The company focuses on programs that help companies collect, analyze

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and share data about how their businesses are performing -- an increasingly important field as businesses seek to extract more usable knowledge from their growing troves of business data."

USA Today (3/2, 1B, Swartz) reports, "Oracle bagged Hyperion Solutions for $3.3 billion on Thursday, renewing a furious shopping spree to unseat business-software leader SAP. … The cash deal, if approved by regulators, gives Oracle the keys to Hyperion's line of software used by corporate executives to track their company's performance — software that is also widely used by SAP customers." USA continues, "The Hyperion acquisition is Oracle's biggest since it snapped up Siebel Systems for $6.1 billion last year. Oracle has spent more than $20 billion on almost 30 acquisitions in the past two years. … Oracle will pay $52 per share for Hyperion, a 21% premium above the most recent closing price of Hyperion's stock. Hyperion shares soared 20%, to $51.57, after the deal was announced Thursday. Oracle shares edged up 2%, to $16.77." USA adds, "Oracle's acquisition could trigger a ripple effect, tech analysts say. … AMR Research analyst Bruce Richardson says Canada-based Cognos could be a takeover candidate for IBM, and France-based Business Objects may be courted by SAP. Hewlett-Packard might also sniff around for a purchase, he says."

Australian Antitrust Authorities Clear Qantas Buyout. The AP (3/2) reports from Sydney, Australia, "The proposed $8.6 billion acquisition of Qantas Airways Ltd. by an investor group cleared a hurdle Thursday when the Australian competition watchdog said it will not oppose the sale." The AP continues, "The Australian Competition and Consumer Commission, or ACCC, said while market inquiries during a comprehensive review of the proposed acquisition had revealed a range of potential competition issues arising from the interests of the bidding consortium members, it ruled the deal is 'unlikely to substantially lessen competition' under federal trade laws." The AP adds, "Qantas' board has recommended shareholders accept the bid by Australia's Macquarie Bank, Forth-Worth based Texas Pacific Group, Canada's Onex Corp. and others, which was first announced mid-December. It would be one of Australia's biggest-ever corporate takeovers. … ACCC chairman Graeme Samuel said while the regulator has closely reviewed whether Macquarie Bank's 'partial direct and indirect interests' in Qantas and Sydney Airport could lead to discrimination in favor of Qantas by Sydney Airport management, it appeared there are 'not clear incentives' for the bank to do this. … The ACCC found there is not likely to be a substantial lessening of competition across a range of aeronautical services, domestic and international air passenger services, aircraft parts and leasing, airline catering and ticketing services."

The Financial Times (3/2, Minder) reports, "Peter Costello, Australia's treasurer, is expected in the next few days to receive a report from the Foreign Investment Review Board to determine whether the deal would run against the 'national interest'. … The consortium, which also includes Texas Pacific Group and Sydney-based Allco Equity Partners, has structured the deal so that foreign investors own only 39 per cent of the equity. … The Senate, the upper house of parliament, is also preparing to conduct a separate review of the deal."

ENVIRONMENT:

Maryland To Probe Montgomery County Dumping. The Washington Post (3/2, B1, Spivack) reports, "Two Maryland agencies are investigating a two-acre pile of debris that has been dumped by a landscaping firm for the past eight years on a secluded site near the Patuxent River, a source of drinking water for the region." The Post continues, "The dump sits on property owned by Pepco in northeastern Montgomery County and rises 20 feet in places. It contains yard and construction waste, including cable, concrete and closed canisters, said government officials who have inspected the site. At one point last year, the debris pile was smoldering and emitting steam. … County officials have been aware of the dump since early 2006, but they did not order removal of the debris or issue fines to Pepco or Kollins Landscaping, the Brinklow firm dumping on the site. The dumping stopped a year ago after a frustrated neighbor obtained a court order. Not until last month did county officials begin examining the dump's contents more closely to assess its toxicity." The Post adds, "Log entries made by a county investigator who examined the site in early 2006 indicate that Pepco knew about the dumping and allowed it to continue. … 'Through my conversation with Pepco it is clear that they are aware that Kollins Landscaping is placing materials at this location and that they have let it go on. However this still constitutes an illegal transfer station,' said a log entry written in early 2006 by Peter R. Dilima, an inspector with the county's Department of Environmental Protection. … Michael

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Boland, associate general counsel with Pepco, disputed that assessment. … 'I don't know the inspector or how accurate or inaccurate he might have been with his notes and recollections,' Boland said yesterday. 'We don't permit anything like this. As soon as we became aware of it, we addressed it, and the county inspector thought it had been addressed,' he said. … The county's inspector general, Thomas Dagley, whose office is independent of the executive branch, referred the matter to the state attorney general's office and the state Department of the Environment last month. Both agencies have sent investigators to the site in Ashton, state and local officials said."

Ignatius Highlights Systems' Vulnerability To Climate Change. Washington Post (3/2, A13, 690K) columnist David Ignatius describes a "startling new report" on global warming by futurist Peter Schwartz, who "turns the usual discussions upside down: Rather than starting with detailed estimates of climate change (how much temperatures will increase; how much sea levels will rise; what new diseases will be spawned), he looks instead at systems that already are vulnerable to such stresses. What Schwartz discovers with his stress-testing makes climate change even scarier." Schwartz writes that "climate change pushes systems everywhere toward their tipping point." A "first set of disasters waiting to happen involves stressed ecosystems. Human actions -- deforestation, overfarming, rapid urbanization -- have created special vulnerabilities to catastrophic natural events that are likely as the climate changes globally." In "Bangladesh, where millions of people live at or near sea level, even a small increase [in sea levels] could produce a catastrophe." In arid areas, climate change could produce "severe water shortages and even 'water wars.'" Finally, "there is the problem of maintaining social order in a stressed world." Ignatius concludes, "If we let ourselves visualize how bad it could get, as Schwartz does in this report, will we make changes that might reduce the disaster? That's the real stress test: It's coming at us. What are we doing about it?"

WSJournal Calls For Killing Federal Programs To Save Energy. In an editorial, the Wall Street Journal (3/2, A10, 2.04M) writes that California Sen. Barbara Boxer "suggested last week that a first step in reducing greenhouse gases would be to require that federal buildings use more efficient light bulbs, and ask federal bureaucrats to turn off their computers at night. 'Don't you think it's time the federal government were a model of energy efficiency?' she asks. We warmly agree, not least since the United States Government is the largest single consumer of energy in the United States." The Journal adds, "It's also one of the most inefficient energy users." It "follows from all this that the best way to make the federal government more energy efficient would be to undertake a government-wide policy of...lights out, permanently. Save the environment; kill a federal program. Start, needless to say, with the Department of Energy, operating at an annual cost of $22 billion."

FBI/DEA/ATF/USMS:

ATF Breaks Up Mississippi-To-Chicago Gun Connection. The Chicago Tribune (3/1, Coen) reports, "The arrests of 19 people in Chicago and Mississippi in a gun-trafficking conspiracy offer a snapshot into the illegal gun trade in which gang members here end up with high-powered weapons, federal authorities said Wednesday." The Tribune continues, "A loose organization made up of relatives, their friends and associates allegedly arranged for the purchase of more than 100 guns in Mississippi, where laws are relatively lax, and transport here for sale to gangs such as the Gangster Disciples. … About three dozen weapons eventually were recovered at Chicago crime scenes, including a shootout last year in which two people were killed and a police officer wounded, investigators said. … 'When you add illegally obtained heavy-caliber firearms to the already volatile mix of gangs and drugs on the streets of Chicago, the result to say the least is an unacceptable level of violence,' said Gary Shapiro, first assistant U.S. attorney in Chicago." The Tribune notes, "Three people were in custody in Chicago and 15 in Mississippi after a team of agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives and officers from the Chicago Police Department and Illinois State Police cracked down on the group early Wednesday. … Shapiro said gun-running operations like the one dismantled Wednesday contribute significantly to crime in the city. … It 'threatens not only those who try to enforce our laws, but also the law-abiding citizens who only wish to live their lives in the neighborhoods that the gangs are trying to dominate,' Shapiro said."

The Jackson Clarion-Ledger (3/1, Nelson) reports, "Nineteen people suspected of putting more than 300 Mississippi-purchased firearms in the hands of Chicago

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street gang members were arrested Wednesday, most in the Delta town of Jonestown in Coahoma County. … At least one of those guns is believed to have been used in a shootout with police in November that left an officer wounded and two alleged gang members dead." The Clarion-Ledger continues, "At a news conference in Chicago following the arrests, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and an assault-style shotgun, The Associated Press reported. … 'They just weren't your regular handguns,' Monique Bond, a spokeswoman for Chicago Police Department, told The Clarion-Ledger. 'These were assault-type weapons - heavy artillery.'" The Clarion-Ledger notes, "According to Bond, brokers in Chicago arranged to have guns purchased in Mississippi because of the state's 'lax gun laws.' … Purchasers were recruited to buy the weapons at three different pawn shops in Clarksdale and Tunica, Bond said. Those purchasers knew the guns were going to be used illegally, she said. … The sellers have cooperated with authorities and are not suspected of being involved, said Senior Special Agent Austin Banks of the Bureau of Alcohol, Tobacco, Firearms and Explosives. He would not identify the shops."

The AP (3/1, Robinson) reports, "Nineteen people have been charged with taking part in gun-running operations from Mississippi to Chicago that provided high-powered weapons to street gangs, federal prosecutors announced Wednesday. … 'When you add illegally obtained firearms to the already volatile mix of gangs and drugs on the streets of Chicago the result is an unacceptable level of violence,' said Gary S. Shapiro, the first assistant U.S. attorney in Chicago." The AP continues, "At a news conference, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and a sinister-looking, assault-style shotgun. … Fourteen of those accused were charged in a complaint unsealed in Chicago on Wednesday. Three of those charged were arrested in Chicago Wednesday, and 10 were arrested in Mississippi. One other was already in jail, authorities said. … Five others were charged by federal officials in Mississippi."

The Chicago Sun-Times (3/1, Main) reports, "The Chicago defendants include convicted felons Eddie Nesby, 25, Julius Statham, 37, and Antonio Brunt, 30. … Nesby allegedly told investigators he recruited Percy Strong of Mississippi and others to buy guns for him there. Strong could buy guns because he was not a felon, officials say. … In 2005, Strong bought a 9mm Hi-Point pistol at a Clarksdale, Miss., pawn shop. The Hi-Point was recovered last October in the 3200 block of West Augusta after officers stopped a car containing gang members getting ready to shoot a rival, police said. The gangsters pointed the Hi-Point and an AK-47 at officers, who opened fire and killed two of them, police said." The Sun-Times adds, "Chicago Police, State Police and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives have been investigating the Mississippi-to-Chicago gun pipeline since 2001. The defendants named Wednesday were allegedly responsible for 39 Mississippi guns recovered by law enforcement officials in Chicago. Authorities have not found 117 other Mississippi guns distributed in Chicago by the defendants, officials said."

The WLS-TV, ABC 7, Chicago (2/28, Baca) reports, "Prosecutors said 301 guns confiscated by police and agents in Chicago over five years were traced to federally licensed gun dealers at four shops in Tunica and Clarksdale, Miss. … 'A majority of these firearms are purchased in gun and pawn shops in Mississippi. Despite the attempts to obliterate the serial numbers, Chicago police were able to trace the origins with good old-fashioned police work,' said Hiram Grau, Deputy Police Superintendent. … 'We've noticed in the last few years there's a definite trend to go with powerful were higher capacity, more lethal firearms,' said Andrew L. Traver, ATF special-agent-in-charge."

WMC-TV, Memphis (3/1) reports, "It's a growing crime on which the Feds are focused. … 'The movement of guns from the Mid-South to the streets of Chicago,' says U.S. Attorney Jim Greenley of the Northern District of Mississippi. … Nineteen people were rounded up Wednesday and charged with running guns. … 'In my 20 years of law enforcement with the ATF, this is the most successful arrest operation I've ever been a part of,' says ATF agent Robert Browning." WMC-TV adds, "In all, the Feds say 100 firearms went from North Mississippi to Chicago between 1999 and 2005. … Many of the weapons were distributed to gang members and used to commit serious crimes, including homicide. … 'Some of these guns were involved with officers getting shot,' says Coahoma County Sheriff Andrew Thompson. … Most of those charged in this latest round of arrests are from Jonestown, Mississippi in Coahoma County, but the weapons were purchased from pawn shops in Tunica and Clarksdale."

The Daily Mississippian (3/1, Berry) reports, "The firearms were purchased in the Clarksdale and Tunica areas

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from federally licensed firearms dealers. The defendants purchased them for family members and friends, or for the exchange of money or drugs, according to Robert Browning, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives. … 'Our office will be relentless in pursuing these investigations,' said Browning, who is with the New Orleans division of firearms for ATF." The Mississippian adds, "The investigation began as a result of the recovery of firearms in Chicago, and the case has been impending for the past couple of years, Browning said. … 'We're cracking down on it,' he added. "Enough is enough." … The investigation was conducted by ATF, the Chicago Police Department and the Illinois State Police. Agents from the Mississippi Bureau of Narcotics and Deputy U.S. Marshals also assisted ATF with the arrests. … If proven guilty charges, the people arrested will be given a sentence of anywhere from five to 10 years, Browning said."

DOJ Probe Finds Misspending Of Marshals Funds. USA Today (3/2, Kelley) reports, "A U.S. Marshals Service official misspent $4.3 million meant for courthouse security and witness protection to pay for fitness centers and firing ranges at federal buildings, a Justice Department investigation found." USA continues, "The Office of Management and Budget repeatedly told David Barnes not to use construction money on exercise and training facilities, citing agency policy and appropriations laws that restricted the money for improved prisoner security, the report said. … Barnes, who oversees courthouse space for the agency, concealed the spending from his superiors and directed $2.6 million in construction money for fitness centers and firing ranges at 20 federal courthouses from 2000 to 2005, according to a copy of the 41-page report obtained by USA TODAY. … The agency has not acted on the report, which it received last April." USA adds, "Barnes also used nearly $900,000 budgeted for witness protection to build a firing range in the Miami federal courthouse, and he used nearly $400,000 in construction money to hire fitness center staff and clerical workers at the Marshals Service headquarters, where Barnes works, the investigation found. Some workers were friends or relatives of Barnes and his subordinates and were unqualified for the jobs, the report said. … Barnes' lawyer, Charles Printz, said his client had the authority to spend construction money on firing ranges and fitness centers. Printz said the investigation was spurred by disgruntled employees and he expected his client to be cleared. … 'No monies were misappropriated,' Printz said in an e-mail response. … Barnes remains on the job, pending an administrative review. He could be fired, suspended or cleared."

OMB Warned USMS About Spending. USA Today (3/2, Kelley) reports, "Ten years ago, the White House budget office warned the U.S. Marshals Service to get its priorities straight: Money designated to improve courthouse security was not to be used for fitness centers or firing ranges. … The agency's construction account should be spent on securing areas used by prisoners, such as elevators, holding cells and entrances, Kenneth Schwartz, an Office of Management and Budget (OMB) official, said in a letter to a top Justice Department administrator. … 'We are concerned with the oversight and priority setting within this program and request that the department continue to monitor USMS expenditures from this account closely,' Schwartz wrote." David Barnes, who oversees courthouse space for the Marshals Service, pressed the OMB to change the policy in several telephone conversations in 2001, Lisa Ward of the budget office told investigators. His arguments, repeated in letters, e-mails and statements to investigators: Marshals Service officers need to stay physically fit and practice their marksmanship, and facilities to do so were often expensive and far from their offices. … Eventually, the General Services Administration and the Justice Department agreed that the Marshals Service could request exemptions for the construction of firing ranges. The GSA is the independent agency responsible for construction and renovations of federal buildings. … Barnes' office asked for 14 waivers during 2003, but all were denied, records show." USA notes, "In 20 cities, Barnes found ways without waivers to get the GSA to build or renovate firing ranges and fitness centers, an internal Justice Department investigation found. … The investigation by the department's inspector general found Barnes shifted money among various construction projects and bypassed his supervisors to spend nearly $3.9 million on firing ranges and fitness centers at courthouses from Alaska to Florida, and wasted $440,000 in fees by paying for contractors and construction through the GSA rather than his agency. … In the report, Justice Department investigators cited the Marshals Service's lax oversight as a reason why Barnes' spending sometimes went undetected. A 2003 report from the department's inspector general found that the service couldn't always show it was spending its money the way Congress directed …"

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Man In Minnesota Explosives Probe Left Homeless, Says Attorney. The Minneapolis Star Tribune (3/2, Xiong) reports, "A Bloomington man who was jailed then released after federal authorities confiscated several firearms and explosive materials from his house has been left homeless after the city condemned his house, according to his attorney." The Tribune continues, "Terry L. Dahlen, 60, and his wife are living with relatives after a city official said the couple have mice and too much clutter in their basement, garage and back yard, said attorney Joe Rymanowski. … 'Normally they don't condemn for that,' Rymanowski said. 'They say, "Clean it up."' Rymanowski said the couple were given until March 8 to clean up the house. … Dahlen has not been charged with any crime and was released from jail Wednesday afternoon. He agreed to be named for this story." The Tribune adds, "FBI agent Paul McCabe said only that the case is still under investigation. The state Bureau of Criminal of Apprehension and the Bureau of Alcohol, Tobacco and Firearms (ATF) are part of the joint investigation into Dahlen. … Speaking on Dahlen's behalf, Rymanowski said his client is a gun and pyrotechnics hobbyist who used to be a licensed weapons manufacturer in the late 1980s and early 1990s. The materials and firearms seized by authorities are left over from the days he made firearms for sale to other hobbyists, Rymanowski said. … 'None of it was illegal,' he said. 'He wasn't building a bomb. He wasn't threatening anybody.' … Rymanowski said he's puzzled as to why federal authorities searched Dahlen's house, but added that they have been cooperative and professional. … Federal authorities have not said why or for how long Dahlen has been investigated. The Bloomington and Minneapolis bomb squads were called out to his home Monday in the 1700 block of W. 84th Street. Authorities also searched a commercial retail building at 5200 47th Av. S. in Minneapolis on Tuesday that belongs to his wife, who runs a salon at the address. 'Explosive materials' that required a bomb squad and the skills of military personnel also were found there. … Steve Bogdalek, assistant special agent in charge of the ATF, has said the materials found at both locations were not in danger of exploding."

FBI To Launch Northern Virginia Anti-Gang Task Force. The Washington Times (3/2, Taylor) reports, "The head of the FBI's Washington Field Office yesterday said he has created a new task force to pursue federal gun and racketeering charges against gang members in Northern Virginia." The Times continues, "Joseph Persichini Jr., the assistant director in charge of the field office, said the task force began its work about a week ago and is made up of eight to 10 agents and representatives from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and local law-enforcement agencies. … He said authorities hope to prosecute gang members using federal gun statutes and the Racketeer Influenced and Corrupt Organizations Act (RICO). … 'We're looking for RICO indictments of people,' Mr. Persichini said during a wide-ranging interview with editors and reporters at The Washington Times. 'The key here also is using ATF and all the gun charges [because] many of those crimes are committed with weapons.'" The Times notes, "Mr. Persichini, who was appointed head of the field office in November after serving as its acting director since January 2006, said the effort is part of an increased focus on dealing with local violent crime, which he called a 'very serious concern.' … He also pointed to a recent uptick in violence in parts of the District. Mr. Persichini said he has spoken extensively with Acting Metropolitan Police Chief Cathy L. Lanier about gathering and sharing intelligence and that he talked with Mayor Adrian M. Fenty as recently as Wednesday night about comprehensive plans to thwart violent crime."

FBI's "Best Undercover Agent" Profiled. Under the headline "Meet the FBI's 'Best Undercover Agent,'" the New York Sun (3/1, Capeci) writes, "At 6-foot 4-inches and more than 300 pounds, veteran FBI agent Joaquin 'Jack' Garcia is a small mountain of a man who is hard to miss. That's never stopped him from being a master of disguises. In recent years, the expert undercover agent's appointment calendar must have read a bit like the script for the 1960s screwball comedy 'If It's Tuesday, This Must Be Belgium.'" Garcia "surfaced last year when he took the stand in a closed courtroom to describe how he had played the role of a Gambino associate for 27 months. At the same time, Mr. Garcia was also posing as a New York capo in a 36-month FBI sting against crooked Florida cops in which four police officers were nailed last week on corruption charges (thus the reason for the secret testimony). That wasn't all: Sources tell Gang Land that Mr. Garcia worked undercover in three other successful organized crime and corruption cases during the same time frame. In Boston, he posed as a drug lord," and "during the same period, sources said, Mr. Garcia worked undercover in two separate cases in Atlantic City. In one

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involving Asian organized crime, he played the role of a wiseguy. In a political corruption probe that resulted last fall in guilty pleas by three city council members -- two from Atlantic City and one from Camden -- he posed as a Wall Street financier."

Four Men From Chicago Suburbs Charged In Drug-Trafficking Probe. The Chicago Tribune (3/1, Rozas) reports, "Four west suburban men have been charged in a nationwide investigation into a Mexican drug trafficking and money laundering ring that resulted in the arrests of 400 people in the last 20 months, authorities announced Wednesday." The Tribune continues, "The investigation, called Operation Imperial Emperor, targeted a Mexico-based drug trafficking organization authorities say is responsible for supplying tons of cocaine and large amounts of methamphetamine and marijuana to distribution cells on a monthly basis throughout the United States, U.S. Atty. Gen. Alberto Gonzales announced in San Diego." The Tribune adds, "In Illinois, Melrose Park authorities worked with the U.S. Drug Enforcement Administration to arrest four men alleged to be selling drugs through two Melrose Park businesses. Jose Payan, Saul Leyva and Bogar Santana were each charged with conspiring with others with intent to distribute and distribution of more than 100 grams of heroin. According to the complaint, Payan told a cooperating source that he could go to Santana Automotive Inc. in the 3400 block of West Lake Street in Melrose Park to get a sample of the heroin, said Assistant U.S. Atty. April Perry. In the course of the Payan investigation, authorities seized more than 310 grams of methamphetamine and more than 240 grams of heroin, Perry said. … In a separate complaint, authorities charged Florentino Velazquez of Villa Park with conspiring with others to distribute and distribution of more than 1 kilogram of cocaine. He and an unknown man are alleged to have distributed 2 kilos of cocaine to a cooperating source, Perry said. Velazquez is alleged to have used an unnamed Melrose Park restaurant to sell the drugs and collect money, Perry said."

Law Enforcement Taking Lead In Sports Doping Probes. The Washington Post (3/2, A1, Shipley) reports, "The battle against the use of illegal performance-enhancing drugs by athletes is increasingly being led by federal, state and local law enforcement agencies as part of an expanding cooperative effort with the U.S. Olympic Committee's primary anti-doping body, according to law enforcement and anti-doping officials." The Post continues, "The latest manifestation of this collaboration came this week in the multi-state crackdown on illegal online sales of steroids and other performance-enhancing drugs that led to the arrests Tuesday of eight people in three states, the officials said." The Post adds, "In the run-up to the bust, Drug Enforcement Agency agents in Mobile, Ala., contacted federal investigators involved in the probe of the Bay Area Laboratory Cooperative, or Balco, in Northern California that has implicated dozens of Olympic and professional athletes, including baseball slugger Barry Bonds. The California investigators put them in touch with officials from the U.S. Anti-Doping Agency, with whom they have been closely cooperating for the past four years. … Within days, the USADA sent a chemist to Mobile to offer his expertise. Several DEA agents flew to Colorado Springs, where the anti-doping agency is based. There were frequent phone conversations. The cooperation illustrated the changing landscape of anti-doping enforcement, investigators say." The Post notes, "USADA officials say the collaboration also reflects the failure of a more than three-decade effort to contain the use of performance-enhancing drugs by competitive athletes through testing. These officials say that with the Beijing Olympics less than 18 months away they fear the use of even more sophisticated drugs and masking agents by athletes will continue to outpace testing methods. … The crackdown on the online pharmacies this week suggests how the relationship already is benefiting both sides. While law enforcement agents have said they are targeting the pharmacies and not necessarily their customers, the California investigators urged DEA agents to turn over evidence of any involvement by high-profile athletes to the USADA so it could start disciplinary proceedings against them."

Murder Of Medical Marijuana Provider Highlights Risks Of Even Legal Sales. The New York Times (3/2, Johnson) reports from Denver, "Ken Gorman, an aging missionary of marijuana, was found murdered in his home here two weeks ago. The unsolved crime is exposing the tangled threads at the borderland of the legal and illegal drug worlds he inhabited." The Times continues, "Mr. Gorman, who was 60, legally provided marijuana to patients under Colorado's medical marijuana law, but he also openly preached the virtues of illegal use,

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and even ran for governor in the 1990s on a pro-drug platform. … In recent years, he had grown frightened as the mainstream medicine of cannabis care bumped against the unregulated and violent terrain of the illicit drug market. He had been robbed more than a dozen times in his home on Denver's west side, had recently gotten a gun and also talked of installing a steel door and gates." The times adds, "Some legal experts say Mr. Gorman's death could lead to a reconsideration of how medical marijuana is administered here and elsewhere. Providers are often left exposed and vulnerable because of the nation's conflicting drug laws, with marijuana use illegal under federal law but legalized for some medicinal purposes here and in 10 other states. … Since 1997, after the first medical marijuana law was passed in California, as many as 20 legal marijuana providers have been killed around the country, mostly in robberies, said Allen St. Pierre, the executive director of the National Organization for the Reform of Marijuana Laws, or Norml, a nonprofit advocacy group in Washington." The Times notes, "Some in law enforcement, including Colorado's attorney general, John W. Suthers, say the Gorman killing illuminates more clearly than ever that crime and marijuana cannot be disentangled. … Many people in the medical marijuana supply system say the central risk comes down to the fact that they work in the shadows, where law enforcement officials are often either conflicted or hostile and crime is rampant. … Some critics said Mr. Gorman was caught up in his own image as a rebel, thwarting even the rules about medical marijuana that could further the causes he espoused. … And he had become an angry, fearful man, his friends and acquaintances said. Though he had served time in prison — five years for a felony drug conviction in the mid-1990s — and often seemed to scoff at the law, he had grown increasingly frustrated about being a crime victim himself."

US Global Survey Scrutinizes Counter-Narcotics Efforts. The AP (3/2) reports the United States "said yesterday that top antiterror allies Afghanistan, Pakistan, and Colombia had fallen short in the war on drugs despite enhanced counter-narcotics efforts, and it criticized perennial foes Iran, North Korea, and Venezuela for not cooperating. … In its annual global survey of the drug war, the [State Department] said massive opium poppy production in Afghanistan…continued to pose a major threat due to its links with groups such as the Taliban."

The Washington Times (3/2, Seper) reports the State Department "also said drug smugglers were hiding in the 'shadows of an open society' to link themselves with sophisticated criminal and terrorist organizations to launder millions of dollars in illicit profits."

Opium Production Rises In Afghanistan. The Hindustan Times (3/2) reports the US "has praised India's good record on counter-narcotics, but is worried that an alarming increase in poppy cultivation in Afghanistan is helping Taliban terrorists fund attacks on US and NATO forces. … The resurgence of Afghan opium cultivation has increased the flow of heroin to Europe, Russia and the Near East, which 'undermines those societies and the consolidation of democracy and security in Afghanistan,' the report stated."

Bloomberg (3/2) reports Afghanistan's opium production "reached a record in 2006 and the drug trade is supporting the Taliban insurgency to overthrow the government of President Hamid Karzai," according to the State Department. The country "produced 5,644 metric tons of opium compared with 4,475 metric tons in 2005, the Bureau of International Narcotics and Law Enforcement Affairs said in a report."

Venezuela Seen As Enabling Drug Trade. El Universal (3/1) reported US authorities said Thursday that Venezuela, "with 'a rampant high level of corruption, weak judicial system and lack of international counternarcotics cooperation' is increasingly enabling a growing illicit drug transshipment industry. This forms part of the conclusion of the 2007 International Narcotics Control Strategy Report." The report "states that according to officials from the US embassy in Caracas, Venezuelan security forces are involved in the drug traffic."

USA Today (3/2) reports, "The number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti — key transfer points for U.S.-bound shipments of the drug — increased 167% last year, State Department Assistant Secretary Anne Patterson said. She added that the leftist government of Venezuelan President Hugo Chávez, a frequent critic of the United States, has allowed drug trafficking to flourish."

McClatchy Newspapers (3/2) writes, "In its harshest assessment yet of drug trafficking in Venezuela, the State Department on Thursday said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations. … The

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Bush administration stepped up its criticism of Venezuela after Chavez ousted Drug Enforcement Administration agents from Venezuelan government facilities in late 2004, allegedly because they were spying. The two countries later negotiated an agreement to allow DEA agents to return, but Venezuela has so far refused to sign it, the report says." The Kansas City Star, San Jose Mercury News, San Luis Obispo Tribune, and Myrtle Beach Sun News used the McClatchy story.

Federal Officials Baffled By Mail Bomb Suspect. The AP (3/2, Hollingsworth) reports from Kansas City, MO, "He calls himself the Bishop. Exactly why is just one of the many mysteries surrounding the increasingly menacing figure. … The man -- and investigators believe they are dealing with a man -- is suspected of sending at least a half-dozen threatening letters to financial institutions over the past 18 months and mailing two dud pipe bombs that arrived a day apart in Kansas City and Chicago in January." The AP continues, "In his letters, the Bishop has demanded that financial companies move the prices of certain stocks to certain levels, often $6.66 -- an apparent reference to the Antichrist, said corporate counterterrorism expert Fred Burton. … Burton, whose security firm in Austin, Texas, has been hired by financial companies to find the Bishop, said the pipe bombs were assembled with crucial components deliberately left out, in what was probably a warning. Next time, Burton said, the bombs could be real. … But catching the Bishop and figuring out exactly what his grudge is could require help from the public, Burton said." The AP adds, "The Bishop, like the Unabomber, is probably mentally ill, highly intelligent and a loner, Burton said. … Postal inspectors are offering a reward of up to $100,000 for information. The investigation also includes the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and local police."

Alabama Man Accepts Plea Bargain In Bomb Case. The Mobile (AL) Press-Register (3/2, Kirby) reports, "A Flomaton man originally accused of making bombs has accepted a plea bargain, admitting to a misdemeanor." The Press-Register continues, "Gregory Wendell Nichols pleaded guilty in U.S. District Court in Mobile on Wednesday to improper storage of explosives. He faces a maximum of one year's incarceration, but prosecutors have agreed to recommend probation. U.S. Magistrate Judge Bert Milling Jr. set sentencing for March 23." The Press-Register adds, "A jury in January failed to reach a verdict in Nichols' case, and both sides were preparing to retry it this month. Jury selection had been scheduled for Monday. … But Assistant U.S. Attorney Vicki Davis and Assistant Federal Defender Peter Madden struck a deal prior to Wednesday's hastily called hearing. Neither could be reached for comment Thursday. … As recently as Tuesday, both lawyers expressed confidence about winning the second round." The Press-Register notes, "Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his white Ford Ranger pickup truck, and they reported finding five homemade explosive devices. … Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape and attached a firecracker fuse. … But Nichols insisted the devices were firecrackers, not bombs. He told jurors that he made them so that he and his fiancée could drop them into a river. He said he never intended to hurt anyone."

IMMIGRATION:

Kennedy Denies Taking "Secretive" Approach To Immigration Bill. The Washington Times (3/2, Dinan, 88K) reports, "Far from being secretive, the top senator drafting the major Senate immigration bill this year says he has invited a host of senators to help out and has kept the Bush administration in the loop the entire time, despite accusations to the contrary." Sen. Edward M. Kennedy, "chairman of the immigration subcommittee, has held several meetings with lawmakers, including a recent one with top Republican and Democratic senators on the issue. He also talked with President Bush in January and last week spoke with White House Chief of Staff Joshua B. Bolten about the bill, Mr. Kennedy's office says." Kennedy said yesterday, "I look forward to introducing a comprehensive immigration reform bill with Sen. John McCain and our House colleagues in the coming weeks and continuing to work with the bipartisan coalition behind the legislation that passed the Senate last year." On Wednesday, Sen. Arlen Specter, "the top Republican on the Judiciary Committee, used the committee's first immigration hearing of the year to

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publicly accuse Mr. Kennedy of leaving him and his staff out of the process."

NYTimes Derides Chertoff, Gutierrez Silence On "Path To Citizenship." The New York Times (3/2, 1.16M) editorializes, "On Wednesday, Congress took its first crack at immigration reform since the great nothing of 2006. The Senate Judiciary Committee invited Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez to testify on the issue. With a new Congress and a new comprehensive immigration bill expected to be introduced in the Senate within days, the hearing could have been the first spark of a rejuvenated campaign by an alliance of Congressional Democrats, moderate Republicans and the Bush administration to finally solve a problem that has festered for too long." But "it wasn't. That's because both Mr. Chertoff and Mr. Gutierrez slunk away from a central pillar of comprehensive reform: a path to citizenship that would give illegal immigrants -- the ones who wait and prove they deserve it -- the chance to participate fully and proudly in the life of this country." The Times adds that if President Bush "is too weakened to stand up for comprehensive reform, then Democrats and Republicans in Congress need to unite and do it for him."

LATimes Says Colorado's Case Illustrates Failure Of "Strictly Punitive Approach." The Los Angeles Times (3/2, 850K) editorializes, "Immigrants are fleeing Colorado because of harsh laws passed during a special session of the Legislature last summer that require state identification for government services and allow police to check suspects' immigration status. The ID laws have raised the ire even of many native-born people, who complain about hassles for those trying to get a driver's license. If chasing away immigrants has caused problems in Colorado, imagine the economic chaos it would bring to California, where immigrants make up about a third of the workforce and the agriculture industry dwarfs Colorado's." Colorado "is learning a painful lesson about the foolishness of a piecemeal, state-by-state response to illegal immigration and about the economic effect of a strictly punitive approach."

TAX:

SEC Probing Google's Tax Accounting Methods. The Financial Times (3/2, Waters) reports, "Google's method of accounting for income taxes has come under the scrutiny of the Securities and Exchange Commission, the first time since its 2004 initial public offering that it has attracted the attention of securities regulators." The Times continues, "The internet search company disclosed the informal inquiry in its latest 10K annual report, which was filed on Thursday. The SEC had first approached it for information about its tax accounting in March last year, the company said, leading to an exchange of letters that is still ongoing." The Times adds, "The SEC's initial approach came just weeks after Google had surprised Wall Street with the news that its tax rate had climbed unexpectedly in the final quarter of 2005. That, in turn, dented its profits, contributing to a slide in its share price that persisted for much of last year. It took nine months for Google's shares finally to climb decisively back above their level of early January. … Google blamed the high tax charge on a shift in its business mix, which had seen more of its investment spending move to faster-growing international markets and away from the US. As a result, a higher proportion of its profits were attributed to its operations in its domestic market, where it generally faces a higher tax rate than elsewhere."

CONGRESS-ADMINISTRATION:

Walter Reed Commander Relieved Of Duty. Maj. Gen. George Weightman has been relieved of duty as commander of the Walter Reed Army Hospital. ABC World News (3/1, story 3, 2:35, Gibson, 8.78M) reported Weightman "was relieved of his command because wounded troops at Walter Reed were found to be living in substandard conditions and not getting the care they deserved." ABC (Kerley) added Weightman "was in the job for six months. But Pentagon leaders say they lost trust and confidence in General Weightman's leadership." Robert Gates, Secretary of Defense: "I don't have very much patience with people who don't step up to the plate, in terms of addressing problems." Kerley: "Secretary Gates says change was needed, after last week's stunning 'Washington Post' investigation, of this outpost facility for wounded troops, known as Building 18." Today, the Army "tapped Lieutenant General Kevin Kiley, who ran Walter Reed between 2002 and 2004 to return temporarily some are surprised with his appointment. Just last week, he toured Building 18 and toured the conditions there." Lt. Gen. Kevin Kiley, MD, Army Surgeon General: "While we have issues here, this is not a horrific, catastrophic failure of Walter Reed." Kerley: "Veterans advocates say they complained for years to Kiley about wilding 18."

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The CBS Evening News (3/1, story 4, 2:30, Martin, 7.66M) reported, "The Army fired Maj. Gen. George W. Weightman at the urging of Defense Secretary Robert Gates, who today met with a panel to investigate conditions at Walter Reed." Emerging from "a closed door briefing with Gates, Senator Jack Reed predicted it won't end with Weightman, who had been in charge at Walter Reed for only six months." Sen. Jack Reed: "My sense is whatever responsibility he shares is not his alone, and that they have to look carefully at others." Martin: "Congressman Bill Young, who used to visit Walter Reed frequently, says commanders have been ignoring complaints about patient care ever since the war started." Rep. C. W. Bill Young: "We felt that the command was very unhappy with our presence because they didn't like us calling attention to their problems."

NBC Nightly News (3/1, story 4, 2:20, Miklaszewski, 9.87M) reported, "The growing scandal centers around Building 18, where wounded soldiers were forced to live in roach- and rat-infested rooms with mold-covered walls. An Army statement today said senior Army leadership has lost trust and confidence in the commander's leadership ability. But the Army's decision to put the former Walter Reed commander temporarily back in charge has created still more controversy. Lieutenant General Kevin Kiley was in charge at Walter Reed until six months ago and only last week appeared to play down concerns over conditions at Building 18." Pentagon officials "say Kiley's temporary assignment upset Defense Secretary Robert Gates, who hinted Kiley could also get the ax." Robert Gates, Secretary of Defense: "I don't have very much patience with people who don't step up to the plate in terms of addressing problems that are under their responsibility."

The Washington Post (3/2, A1, Vogel, Branigin, 690K) reports the "appointment of Kiley, who had earlier been the facility's commander, surprised some Defense Department officials because soldiers, their families and veterans' advocates have complained that he had long been aware of problems at Walter Reed and did nothing to improve its outpatient care." The action "came 10 days after a Washington Post series exposed the squalid living conditions for some outpatient soldiers at Walter Reed and bureaucratic problems that prevented many from getting the care they need." Kiley was "commander at Walter Reed until 2004. He has called the Post stories a 'one-sided representation' of conditions at the facility." The Army is "already cracking down on some staff members after the reports of poor care. A number of soldiers have been reassigned from their duties at Walter Reed, including a captain and several sergeants, according to an Army official." The Army said "the decision to relieve Weightman was made Wednesday after several days of consideration. Army Secretary Francis J. Harvey consulted with Gen. Peter J. Schoomaker, the Army chief of staff, and Gen. Richard A. Cody, the vice chief of staff, according to Paul Boyce, an Army spokesman."

The Los Angeles Times (3/2, Havemann, 850K) reports, "Deteriorating conditions at Walter Reed -- especially during a war in which the ratio of wounded soldiers to killed is far higher than in any previous conflict -- have posed a problem for President Bush, who speaks regularly to the nation's debt to its returning soldiers. He frequently has visited the hospital and its patients."

USA Today/AP (3/2, 4A, Burns) reports the Army said Weightman "was the wrong person to fix embarrassing failures in the treatment of wounded soldiers that have soiled the institution's reputation as a first-class hospital." Secretary Gates "issued a brief statement Thursday endorsing Harvey's action against Weightman."

The New York Times (3/2, Cloud, 1.16M) reports the "revelations about conditions at the hospital, one of the Army's best-known and busiest centers for treating soldiers wounded in Iraq and Afghanistan, have embarrassed the Army and prompted two investigations, several Congressional inquiries and a rush to clean up the accommodations for outpatients, where residents lived with mold on the walls, stained carpets and other problems." Treatment of "wounded soldiers has also been spotlighted recently in a documentary recounting the treatment received by the ABC News anchorman Bob Woodruff, who was wounded in Iraq last year."

The Financial Times (3/2, Sevastopulo) reports the Pentagon "has been quick to condemn the conditions at Walter Reed, which were revealed as President George W. Bush attempts to shore up moribund support for his military 'surge' in Iraq. A recent ABC News/Washington Post poll showed that public support for the conflict in Iraq continues to slide." The Walter Reed "scandal has generated bi-partisan criticism from lawmakers who have in recent weeks been more busy debating the merits of the surge." Sen. Hillary Clinton said, "Our nation has a duty to honour and support those who have served and sacrificed so much in the defence of our nation. Yet these recent news reports indicate that for nearly four years since the wars in Afghanistan and Iraq began, not enough has been done to assist these

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courageous men and women in recovering from the wounds of battle." The Times adds the "response from the Pentagon stands in contrast to the aftermath of the Abu Ghraib prison scandal. Donald Rumsfeld, the former secretary of defence, came under criticism for not firing any senior officers over the scandal which tainted the US image worldwide."

Senate Freshmen Take Lead On Response To Walter Reed Scandal. McClatchy (3/2, Goldstein) reports Sens. Claire McCaskill and Barack Obama "led the charge this week on one of the hottest war-related controversies since Abu Ghraib," introducing "legislation that would ensure that wounded soldiers are housed in clean conditions, have quick access to care and face an easier time claiming their disability benefits."

Nicholson Says Walter Reed Circumstances "Unacceptable." ABC World News (3/1, story 4, :25, Gibson, 8.78M) reported, "The Secretary for Veterans Affairs called the circumstances at Walter Reed absolutely unacceptable. Jim Nicholson also told the House Budget Committee that improvements in wounded veterans' care overall will be made, including new efforts to identify and treat traumatic brain injury, which Bob Woodruff has been covering for this broadcast."

WPost Questions Kiley's Appointment To Head Walter Reed. The Washington Post (3/2, A12, 690K) says in an editorial, "We are glad that the Army is finally taking the issue of outpatient care seriously enough to effectively end the career of a major general for presiding over the disgraceful condition of Building 18. But the evidence compiled so far suggests that Gen. Kiley has been more complicit in the scandalous neglect of Walter Reed's outpatient facilities for longer than Gen. Weightman has been. It also indicates that the Army's reshuffle is really about projecting the appearance of accountability, not punishing those most responsible." As Rep. Bill Young "said yesterday of Gen. Weightman, 'I don't know him. But I know he's the fall guy.'"

Rice Names Critic Of US Iraq Policies To Counselor's Post. The Washington Post (3/2, A5, Kessler, 690K) reports Secretary of State Condoleezza Rice has named Eliot A. Cohen, "a prominent writer on national security strategy and an outspoken critic of the administration's postwar occupation of Iraq," as her counselor, State Department officials said yesterday. Despite Cohen's "sometimes caustic views on administration policies," officials said he has "impressed both Rice and President Bush with his writings," especially "Supreme Command," a study of the relationship between civilian commanders in chief and their military leaders. In selecting Cohen, Rice "has lured a leading figure of the neoconservative movement as her policies toward North Korea and Iran draw fierce attack from the Republican Party's right wing." The position "does not require Senate confirmation," and Cohen is expected to formally take the post in April.

Defying Veto Threat, House Democrats Pass Union Bill. The AP (3/2, Abrams) reports, "Democrats rewarded organized labor Thursday for helping them retake control of Congress, passing a House bill that would make it easier for workers to start unions against companies' wishes." The legislation, "passed 241-185 on a nearly party-line vote, would take away the right of employers to demand secret-ballot elections by workers before unions could be recognized." The House action "was the second triumph for labor following the Democratic takeover of Congress. The House and Senate also have voted on separate bills to raise the minimum wage." Labor groups "saw the Employee Free Choice Act as one way of halting the downward trend of union membership, now about 12 percent of the work force." But "the celebrations may be short-lived. Senate Republican leader Mitch McConnell, R-Ky., has pledged to block the bill and the White House says President Bush will veto the measure if it reaches his desk." The House vote "was short of the two-thirds majority that would be needed to overturn a veto."

The Wall Street Journal (3/2, Maher, 2.04M) reports, "The Employee Free Choice Act would let workers choose to join a union once a majority sign cards, a process that would be quicker and less open to employer opposition than a traditional secret-ballot election. Union officials believe it would help reverse labor's decline." Union membership "currently stands at 7.4% of the private-sector work force, down from roughly 20% in the early 1980s."

The New York Times (3/2, Greenhouse, 1.16M) notes Republicans "argued that the bill, the Employee Free Choice Act, was a betrayal of workers' access to a secret-ballot election. Some called it the 'employee intimidation act,' maintaining that the process of majority sign-up could well entail union organizers' bullying workers into signing pro-union cards." Speaker Nancy Pelosi, meanwhile, "called the

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bill 'the most important labor law reform legislation of this generation.'"

USA Today (3/2, 6A, 2.27M) briefly notes the vote, while the Washington Post (3/2, A4, Russakoff, 690K) cats the House Democratic move as the continuation of "the populist tone of its first 100 hours." The lobbying campaign "leading up to the vote featured AFL-CIO ads highlighting workers who were fired during union-organizing campaigns, and who waited years to get jobs back or to receive back pay." The "business community's campaign was led by a coalition of 300 business organizations in all 50 states, calling itself the Coalition for a Democratic Workplace. The group aired radio ads calling the legislation anti-worker and antidemocratic, and said its efforts generated 27,000 contacts of House members from within the targeted districts."

The Washington Times (3/2, Lengell, 88K) notes McConnell "vowed to fight the bill. 'We will not allow the progress already made on behalf of U.S. workers to be undone, nor will we allow coercion by employers or unions,' Mr. McConnell said." The Los Angeles Times (3/2, Henessy-Fiske, Simon, 850K) also reports the story.

Kimberley Strassel writes in the Wall Street Journal (3/2, 2.04M), "For Big Labor, this week's 'card check' victory marked the ultimate payoff for past Democratic election support. For House Democrats, it marked the end of the honeymoon. … The card check will be the biggest change in labor law in decades," yet Democrats "allowed but a single hearing and markup on the issue. That hearing was held in the middle of the House's very public Iraq debate, the better to avoid any notice." The issue "exploded nonetheless, and it was the party's moderate wing that got caught in the crossfire." Pelosi "might remember that she only won last year's election because of the success of these moderate candidates."

Bush's Pick To Head Consumer Product Safety Commission Riles Critics. The Los Angeles Times (3/2, Gerstenzang, 850K) reports, "President Bush said Thursday that he would nominate a senior executive of the largest organization representing the nation's manufacturers to head the government agency assigned to protect consumers from dangerous products." Bush's "choice of Michael E. Baroody, executive vice president of the National Assn. of Manufacturers, to be chairman of the Consumer Product Safety Commission drew an angry response from consumer advocates and predictions of a tough battle for Senate confirmation from the Democratic majority." Critics, "noting Baroody's work for an organization that aims to ease restrictions on a long list of companies making consumer goods, said the nomination would reflect an administration effort to restrict government regulations by executive order and action, rather than by congressional approval."

Ambassadorial Nomination May Be Blocked Over Swift Boat Vets Donation. The New York Times (3/2, Luo, 1.16M) reports, "Senator John Kerry may get his parting shot after all. After his having name sullied during the 2004 presidential campaign by the opposition group Swift Boat Veterans for Truth, Mr. Kerry, a Massachusetts Democrat, got the chance on Tuesday to sharply question Sam Fox, a major Republican donor who was recently nominated to be ambassador to Belgium, about his $50,000 contribution to the group." In addition, "some of Mr. Kerry's Democratic colleagues on the Senate Foreign Relations Committee now say they will consider voting against Mr. Fox's nomination." Kerry "declined on Thursday to say how he would vote."

Bill Would Ease Release Of Presidential Papers. The Washington Post (3/2, A11, Williamson, 690K) reports a bipartisan proposal "targeting White House rules on the release of presidential papers would claw back power over public records from the executive branch, advocates of the bill say." The House measure, "introduced yesterday, would overturn President Bush's 2001 executive order adding layers of review before presidential papers are made public. Historians and archivists say the order has kept thousands of documents from public view." In a statement, one of the bill's sponsors, Oversight and Government Reform Chairman Rep. Henry A. Waxman, said, Bush's order "gave current and former presidents and vice presidents broad authority to withhold presidential records or delay their release indefinitely." The Post adds co-sponsors "include Reps. Todd R. Platts (R-Pa.), William Lacy Clay (D-Mo.) and Dan Burton (R-Ind.)."

Hoyer Bill Would Reduce Health-Care Premium Costs For Federal Employees. The Washington Post's (3/2, D4, Barr) "Federal Diary" column reports, "Rep. Steny H. Hoyer (D-Md.) introduced a bill that would increase the government's contribution toward federal

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employee health-care premiums -- as he had pledged he would to two unions earlier this week. Under the proposal, the government would pay 80 percent [instead of the current 72 percent] of the cost of premiums in the Federal Employees Health Benefits Program, saving the average federal worker about $500 annually." The Post adds that while the "rate of premium growth in the federal employee program has slowed in recent years," a "number of insurance plans in the federal program raised their premiums by more than the average 1.8 percent increase. Premiums for health maintenance organizations, for example, rose by 6.3 percent, and some Washington area federal HMOs raised their rates higher." The Post adds, "The prospects for Hoyer's proposal are uncertain, in part because Congress is under pressure to reduce the federal deficit and rein in spending. His proposal also runs counter to a Bush administration plan, announced last month, that would reduce the government's contribution to health-care premiums for new retirees with less than 10 years of federal service."

Cheney Fires Up Activists With Speech At Conservative Conference. The Washington Times (3/2, Curl, 88K) reports, "Vice President Dick Cheney yesterday fired up hundreds of conservatives at their annual conference in Washington, drawing cheers when he upbraided Democrats for not realizing an 'inconvenient truth' -- that Iraq is the central front in the global war on terrorism." Taking "direct aim at former Vice President Al Gore, who starred in the film 'An Inconvenient Truth' that won an Academy Award last week for best documentary," Cheney said, "In these circumstances it's worth reminding ourselves that, like it or not, the enemy we face in the war on terror has made Iraq the primary front in that war. To use a popular phrase, this is an inconvenient truth." Speaking at "the Conservative Political Action Conference on its opening night," Cheney touted "the president's tax cuts and health care proposal," and "also chastised Democratic senators for moving to trim funding for the war and deliver a vote of no-confidence against Mr. Bush, as when the House passed a nonbinding resolution criticizing Mr. Bush's troop 'surge' proposal. 'The fact is that every statement we make has multiple audiences,' he said. 'The enemy listens, and so do the Iraqi people. A watching world needs to know that the United States is determined to prevail because we're a nation that keeps its word, and because we understand the consequences of failure,' he said to applause."

Angry Conservatives Suggest Withholding Support From '08 GOP Hopefuls. The Boston Globe (3/2, Milligan, 413K) reports, "Leading conservatives Thursday attacked the Republican Party as big-government, free-spending coddlers of illegal immigrants, and said the country's conservatives should withhold support from the GOP's current slate of presidential nominees to force them to the right. 'I feel very angry and betrayed' by the GOP, some of whose elected officials have backed a 'guest worker' immigration plan, abortion rights and tax increases, said Richard Viguerie, chairman of Conservative-HQ.com. 'We should withhold support from all major Republican [presidential] candidates today. Not one of them deserves our support today,'" he said "at the Conservative Political Action Conference annual meeting Thursday." He also said "conservatives should withhold 'all support' from GOP national committees, which Viguerie said have not produced federal candidates who adhere to conservative principles." The Globe notes, "Conservatives said they are frustrated and angry, blaming the GOP's massive losses in the 2006 elections on Republicans who deviated from a hard-line conservative agenda. The mood also puts added pressure on a slew of GOP presidential candidates set to speak to the CPAC meeting Friday."

Despite Low Poll Ratings, Bush Remains Fundraising Heavyweight For GOP. The Los Angeles Times (3/2, Gerstenzang, 850K) reports, "President Bush insists that he will stay out of the race over who will succeed him, at least until a Republican nominee is chosen. But that isn't keeping him from becoming the chief fundraiser for Republicans, his low poll ratings notwithstanding. Bush helped raise $10.4 million for the Republican Governors Association earlier this week, and he will be the star attraction at a fundraising dinner Friday in Louisville for Senate Minority Leader Mitch McConnell, a Kentucky Republican, and the National Republican Senatorial Committee. It is expected to bring in more than $2 million." GOP "activists and advisers say the president is likely to speak at several fundraising events a month in each of the coming months, showing that Bush still has considerable power to help his party even though his approval ratings have averaged well below 50 percent throughout his second term."

NYTimes/CBS Poll Shows Bush Approval Rating Dropping Among Republicans. The New York Times (3/2, Connelly, 1.16M) reports that a New York Times/CBS News

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Poll shows President Bush's "approval rating dropped 13 percentage points since last fall among Republicans, 65 percent of whom now say they approve of the way he is handling his job as president, compared with 78 percent last October." Twenty-nine percent "of all Americans" say "they approve of the way he is doing his job, compared with 34 percent at the end of October. Sixty-one percent disapproved, compared with 58 percent in October." Meanwhile, 23% "of those polled approved of the way Mr. Bush is dealing with the situation in Iraq," while 25% "approved of his handling of foreign policy. Even the president's campaign against terrorism, long his signature issue, is seen positively by only 40 percent of those polled, while 53 percent disapprove." And 75%, "including 52 percent of Republicans, say there is not much the United States military can do to reduce the sectarian fighting in Iraq. Over all, 23 percent of the public say the country is going in the right direction and 68 percent see it as 'on the wrong track.'" The nationwide telephone survey of 1,281 adults was conducted Feb. 23-27 and has a margin of error of +/- 3%. Among Republicans, the margin of error is +/- 5%.

Krauthammer Defends Funding Manned Space Exploration. In an op-ed for the Washington Post (3/1, A13, 690K), columnist Charles Krauthammer writes that there are two sets of critics to President Bush's program envisioning a moon base by 2020 and a future journey to Mars: "the Luddite left and the science purists." He says, "They would not build a moon base at all. The Luddites have long opposed manned exploration as a waste of resources when, as the mantra goes, we have so many problems here on Earth. I find this objection incomprehensible. When will we stop having problems here on Earth?" The "idea this time is not to go to plant a flag, take a golf shot and leave, but to stay and form a real self-sustaining, extraterrestrial human colony." Science purists say that unmanned missions are more cost-effective. "Pound for pound, dollar for dollar, manned exploration does bring back less science than robots. But it still brings back science. Humans can discover things through intuition and pattern recognition that machines thinking in algorithms cannot. Imagine the scientific possibilities if today we had humans patrolling Mars rather than the brilliantly programmed but still limited golf carts now roaming the surface."

OTHER NEWS:

Stocks Lower, But Markets Appear To Steady. The CBS Evening News (3/1, story 5, 1:45, Couric, 7.66M) reported, "Stocks resumed their slide after a one-day break. The Dow lost 34 points today, the NASDAQ about 12. But it could have been worse." CBS (Mason) added, "It was another whip-saw day here on Wall Street. … At the opening bell, the Dow went into a panicked plunge. In just four minutes, it plummeted more than 200 points." But "stocks steadied helped by a strong manufacturing report, and then rallied back."

The New York Times (3/2, Bajaj, Peters, 1.16M) reports "the Dow recovered and traded in positive territory for brief periods before ending the day down 34.29 points, or 0.3 percent. The volatility was a reminder that concerns persist." The S.& P. 500 "closed down 0.3 percent, or 3.65 points, at 1,403.17." NBC Nightly News (3/1, story 7, :25, Williams, 9.87M) also reported on "another wild ride on Wall Street today." The Wall Street Journal (3/2, C1, McKay, 2.04M), USA Today (3/2, 3B, Shell, 2.27M) and Washington Post (3/2, D1, Cho, Tse, 690K), among other newspapers, also report the stock numbers this morning.

Manufacturing Report Shows Signs Of Recovery. The Wall Street Journal (3/2, Whitehouse, Aeppel, 2.04M) reports, "The US manufacturing sector showed signs of recovering from a recent slump, striking a positive note that boosted stocks and eased concerns the nation's economy could be headed for recession." The Institute for Supply Management "reported yesterday that its index of manufacturing activity rose to 52.3 in February from 49.3 the previous month. The index for new orders, an indicator of future activity, rose to 54.9 from 50.3. Any reading above 50 suggests the sector is expanding." The ISM survey "caught some economists and investors by surprise, because other recent indicators had shown manufacturing faltering."

Paulson Says Economy's Outlook Remains Strong. The Financial Times (3/2, Callan) reports, "The outlook for the US economy is healthy, though concerns remain about domestic protectionism and the slow pace of Chinese currency appreciation, US Treasury secretary Hank Paulson said on Thursday." The remarks, in a speech to the Economic Club of Washington, "followed positive figures on US personal incomes and manufacturing, which helped lift the Dow Jones index from an earlier 209-point drop. 'I am

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watching developments carefully, and I believe that the US economy is healthy,' he said." But "the turbulence in US markets indicated investors remain worried about the economy, with concern centred on doubts about what will happen next in two sectors that are important contributors to growth: housing and manufacturing."

Meanwhile, the Washington Post (3/2, D1, Henderson, 690K) reports that "after several days of financial market turmoil and conflicting economic reports, analysts are having second thoughts. Yesterday, several said they saw rising risks of higher inflation and much weaker economic growth." But "more-optimistic observers pointed yesterday to a Commerce Department report that consumer spending, which accounts for two-thirds of the nation's economic activity, rose briskly in January, while incomes climbed even more rapidly."

Greenspan Says Recession Not "Probable." The Wall Street Journal (3/2, Man, McCallum, 2.04M) reports, "Former Federal Reserve Chairman Alan Greenspan toned down his warning that the US might slip into a recession later this year, saying he doesn't think such a slowdown is 'probable,' according to investment bank CLSA Asia-Pacific Markets, which hosted Mr. Greenspan's speech. 'It is possible we can get a US recession toward the end of this year, but I don't think it's probable,' Mr. Greenspan was quoted by CLSA as telling the audience here."

The New York Times (3/2, Andrews, 1.16M) reports, "They are marketed as 'intimate conversations' with…Greenspan, and groups pay about $150,000 to hear his economic outlook." But yesterday, "for the second time this week, these private chats went public, jolting financial markets around the world and upstaging Ben S. Bernanke, Mr. Greenspan's successor as chairman of the Federal Reserve." The Times adds, "First on Monday and then again on Thursday, Mr. Greenspan upset stock markets merely by uttering the word 'recession' and saying that one might but probably would not occur by the end of this year."

Bernanke's "Steady Hand" Praised. The Wall Street Journal (3/2, A4, Harwood, 2.04M) reports in its "Washington Wire" column, "Lawmakers in both parties welcome Fed chief's reassuring midweek testimony, which followed market-rattling commentary from predecessor Greenspan. Rep. Jim Cooper praises Bernanke for a 'steady hand' at the central bank." The Journal adds, "Treasury's Paulson, on the job less than a year, spoke by phone with Bush but offered little publicly to calm investor jitters."

Krugman Predicts "Great Meltdown" Is Underway. In a column dated "Feb. 27, 2008," Paul Krugman writes in the New York Times (3/2, 1.16M), "The great market meltdown of 2007 began exactly a year ago, with a 9 percent fall in the Shanghai market, followed by a 416-point slide in the Dow. But as in the previous global financial crisis, which began with the devaluation of Thailand's currency in the summer of 1997, it took many months before people realized how far the damage would spread." Krugman says "all sorts of implausible explanations were offered for the drop in US stock prices. It was, some said, the fault of Alan Greenspan, the former chairman of the Federal Reserve, as if his statement of the obvious -- that the housing slump could possibly cause a recession -- had been news to anyone. One Republican congressman blamed Representative John Murtha, claiming that his efforts to stop the 'surge' in Iraq had somehow unnerved the markets." Krugman continues, "By early 2007, the collapse of the US housing boom had brought with it widespread defaults on subprime mortgages — loans to home buyers who fail to meet the strictest lending standards. Lenders insisted that this was an isolated problem, which wouldn't spread to the rest of the market or to the real economy. But it did."

Poll Finds Majority Favors Guarantee Of Health Insurance. The New York Times (3/2, Toner, elder, 1.16M) reports that a nationwide New York Times/CBS News poll of 1,281 adults conducted Feb. 23-27, with a margin of plus or minus 3 percent, found "a majority of Americans say the federal government should guarantee health insurance to every American, especially children, and are willing to pay higher taxes to do it." The Times continues, "While the war in Iraq remains the overarching issue in the early stages of the 2008 campaign, access to affordable health care is at the top of the public's domestic agenda, ranked far more important than immigration, cutting taxes or promoting traditional values." The Times also notes that those polled "showed a striking willingness…to make tradeoffs to guarantee health insurance for all, including paying as much as $500 more in taxes a year and forgoing future tax cuts." However, "Americans remain divided, largely along party lines, over whether the government should require everyone to participate in a national health care plan, and over whether the government would do a better job than the private insurance industry in providing coverage."

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McCain Pledges To Accept Public Funds For General Election. The New York Times (3/2, Kirkpatrick, 1.16M) reports Sen. John McCain "joined Senator Barack Obama on Thursday in promising to accept a novel fund-raising truce if each man wins his party's presidential nomination." The promises by McCain and Obama "are an effort to resuscitate part of the ailing public financing system for presidential campaigns." Such a "pact would eliminate any financial edge one candidate might have and limit each campaign to $85 million for the general election. The two candidates would have to return any private donations that they had raised for that period." Obama "laid out his proposal last month to the Federal Election Commission, seeking an opinion on its legality. The commissioners formally approved it on Thursday."

The Politico (3/2, Vogel) reports Sen. McCain "raised the stakes Thursday in an emerging campaign finance showdown among the major presidential candidates." The moves "by McCain, the senior senator from Arizona, and Obama, the junior senator from Illinois, seemed designed to solidify their positions as the field's leading advocates for reducing the influence of money in politics. But their pledges will also put some pressure on the other leading candidates from both parties to follow." Democrats Hillary Rodham Clinton and John Edwards "both indicated they might take that newly open option. But neither went as far as Obama or McCain." Among the GOP contenders, "former New York City Mayor Rudy Giuliani plans to start collecting general election money, and former Massachusetts Gov. Mitt Romney is considering it. Neither would match the pledges made by McCain or Obama."

The AP (3/2, Kuhnhenn) reports McCain's campaign said he "will opt out of the post-Watergate presidential public financing system unless the Democratic nominee agrees to campaign under the same financial restrictions." The McCain camp's "decision came after the Federal Election Commission eased some political fundraising rules in hopes of salvaging the tattered presidential financing system in the 2008 campaign. By a 5-0 vote, the commission said presidential candidates may solicit private contributions for the general election now and still be eligible for public financing if they become their party's nominee."

McCain Apologizes For Saying Soldiers' Lives "Wasted." The CBS Evening News (3/1, story 6, 2:15, Couric, 7.66M) reported, "McCain did not expect to be trailing anyone at this point in his second run at the Republican nomination. What happened?" CBS (Schieffer) added, "Well, he surely didn't, and now Giuliani has a big lead in the polls, at least. I think it is because John McCain is a Senator. He has a record. Anything he does, he gets a lot of publicity, like last night on Letterman, he said a lot of lives were being wasted in Iraq. The blogs and the Democrats attacked him. Today he had to apologize and say what he meant to say was a lot of lives were being sacrificed. On the other hand, Giuliani is so far sort of running under the radar. He's campaigning a lot but he's not holding many news conferences. He's not being on national television very much. So he is not being cut on for being pro-gay rights and pro-abortion, things a lot of Republicans don't like. Eventually he's going to have to answer those questions, but right now, he's managed to keep the focus on being a smart and decisive leader on 9/11. That cannot last once he has to start asking these and answering these questions. But for now it is working, and John McCain, Katie, is the one being hurt by it."

NBC Nightly News (3/1, story 5, 2:30, Williams, 9.87M) reported, "Nobody questions John McCain's military credentials, but it's something he said when he announced his presidential campaign last night that has some people today questioning his choice of words in what is already a tough campaign this early on." NBC (Gregory) added, "On the campaign trail today, the man known for straight talk was instead taking back something else he told David Letterman about Iraq." Sen. John McCain: "We wasted a lot of our most precious treasure which is American lives over there." Gregory: "Today this statement from McCain – 'Last evening, I referred to American casualties in Iraq as wasted. I should have used the word sacrificed as I have in the past.' The Letterman appearance was seen as an attempt to breathe new life into a campaign that's been stumbling." Byron York, National Review: "I think this is an effort to show the energetic, hard-charging McCain is back at it." Gregory: "At a gathering of conservatives in Washington, activists were distributing a 23-page attack on McCain, saying, he's no Ronald Reagan and listing his positions they oppose." David Bossie, conservative activist: "He has bucked the conservative issues year after year in the United States Senate and why now should he be rewarded with being the standard bearer of the Republican Party?"

ABC World News (3/1, story 6, :50, Gibson, 8.78M) did not report on the controversy over McCain's remark, but reported he "has confirmed what everyone expected. He's running for president. All the candidates are looking for ways

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to make their announcement stand out. Senator McCain made his declaration on the David Letterman show last night." Sen. John McCain: "I am announcing that I will be a candidate for president of the United States."

Another AP story (3/2, Sidoti) says "the episode underscored the intense scrutiny in store for McCain -- the freewheeling candidate of 2000 -- while he seeks the presidency as one of the GOP's strongest contenders and as the country wages an unpopular war to which McCain is perhaps forever linked." The AP adds that "10 months before the first primary votes, McCain's work to woo the GOP base -- and become the party's standard-bearer -- is just beginning, and he must overcome a spate of hurdles to get the Republican nomination." He "must convince Republican primary voters that they can trust him to be a loyal party champion who will adhere to GOP's core principles -- and not waver."

The New York Times (3/2, Nagourney, 1.16M) notes Sen. Barack Obama "made a similar remark in a visit to Iowa after announcing his candidacy. 'We ended up launching a war that should have never been authorized and should have never been waged, and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted,' he said." McCain "was criticized on Thursday by the Democratic National Committee for making the remark, just as Mr. Obama had been criticized by conservative groups." The Washington Times (3/2, Bellantoni, 88K) also reports the story.

Santorum Says He Would Back Any GOP Candidate Except McCain. The Politico (3/2, Budoff) reports, "Former Sen. Rick Santorum has drawn at least one conclusion about the Republican presidential primary field: Anybody but John McCain." Santorum, "who signed a contract Thursday as a Fox News contributor, said that he has spoken with every GOP candidate except the senator from Arizona but that it's still too early for him to endorse. 'The only one I wouldn't support is McCain,' Santorum said during an interview in his office at the Ethics and Public Policy Center in Washington, where he is a senior fellow. 'I don't agree with him on hardly any issues,' Santorum said. 'I don't think he has the temperament and leadership ability to move the country in the right direction.'"

FEC Gives Obama Leeway To Accept Public Financing. The Chicago Tribune (3/2, McCormick, 617K) reports the Federal Election Commission "said Thursday that presidential candidates may accept private contributions for potential general election campaigns and still remain eligible for public financing if they ultimately win their party's nomination." The ruling "came after a request for clarification from Sen. Barack Obama (D-Ill.), who has suggested he would like the option of running a publicly financed general election campaign — with its associated spending limits — if he could convince a future Republican opponent to do the same." However, political observers "say the ruling is likely a moot point since a financial truce is highly unlikely in an era where political advertising, organization and travel are extremely expensive and both parties will be ferociously fighting for a White House with no incumbent." The decision, "in a 5-0 vote, comes as front-runners from both parties have forgone public funds and spending limits for the primaries."

The Financial Times (3/2, Luce) reports the FEC "unanimously upheld a request by Barack Obama, one of the leading Democratic presidential candidates, to continue to raise private funds without closing off his right to public financing if he were nominated as his party's candidate." Obama said he "would do all that he could to preserve the US's virtually broken system of public election financing. His stance contrasts sharply with that of Mrs Clinton, who announced in January that she would rely solely on private sources of money for both the party primaries and the general election."

The Politico (3/2, Vogel) reports the FEC's decision "is likely to have little practical long-term impact. And it could leave Obama, the junior senator from Illinois and among the front-runners for the Democratic nomination for president, in a tricky spot." Election lawyers and political analysts "say the fiscal and political landscape of the 2008 campaign make it unlikely that either major party nominee will use that flexibility." Together, the nominees "are expected to spend upwards of $1 billion on their campaigns. By that calculation, nominees who go the new route could be required to return roughly $165 million each soon after their respective conventions – typically the start of an expensive advertising blitz that continues through the November general election – in order to qualify for $85 million in matching public funds."

WPost Says All Candidates Should Pledge To Take Public Financing. The Washington Post (3/2, A12, 690K) says in an editorial, "Thanks to an innovative request from Democratic presidential candidate Barack Obama, the Federal Election Commission voted yesterday to try to salvage

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the endangered public financing system for presidential elections. Now it is up to presidential candidates who claim to support that system to put real commitment behind their rhetoric." Candidates who "are sincere supporters of public financing ought to be willing to pledge to stay within the system if they win their party's nomination and the other side's nominee promises to do the same."

Clintons, Obama To Appear At Selma Commemoration On Sunday. The Washington Post (3/2, A1, Kornblut, 690K) reports on its front page that ex-President Bill Clinton will join New York Sen. Hillary Clinton (D) "at a commemoration of the 1965 civil rights march in Selma, Ala., on Sunday, bringing his star power and popularity among African Americans to a weekend of events that had been shaping up as a showcase for the candidacy of Sen. Barack Obama," who "announced several weeks ago that he would deliver the keynote speech at a service honoring the march across the Edmund Pettus Bridge." Obama "has gained significantly among black voters in recent months, according to a recent Washington Post-ABC News survey, jeopardizing Clinton's early lead in the Democratic primary field. Reluctant to give any ground to Obama," Sen. Clinton "decided early last week that she, too, would go to Selma this weekend. She arranged a simultaneous appearance at a church just steps away from the one where Obama will speak Sunday morning, and she agreed to accept a civil rights award on behalf of her husband." The Post notes, "The imminent collision of the two candidates…offers a vivid snapshot of how important the campaigns believe black voters will be in the primaries. And the swift move by the Clintons to try to claim the spotlight at the event demonstrates that the former first lady does not intend to cede the black vote to Obama."

The AP (3/2, Fouhy) reports that Bill Clinton on Sunday "will be inducted…in the National Voting Rights Hall of Fame," creating "another high-profile opportunity for the Clintons to grab the spotlight from the charismatic Obama. The joint appearance marks the first time the Clintons have appeared together publicly since she announced her candidacy in January. … Obama spokesman Bill Burton said the more people who attend the anniversary events, the better."

Obama Ancestors Said To Have Owned Slaves. The Baltimore Sun (3/2, Nitkin, Merritt, 257K) reports, "Many people know that Democratic presidential candidate Barack Obama's father was from Kenya and his mother from Kansas." But "an intriguing sliver of his family history has received almost no attention until now: it appears that forebears of his white mother owned slaves, according to genealogical research and Census records." The records, "which had never been addressed publicly by the Illinois senator or his relatives -- were first noted in an ancestry report compiled by William Addams Reitwiesner, who works at the Library of Congress and practices genealogy in his spare time. The report, on Reitwiesner's Web site, carries a disclaimer that it is a 'first draft' -- one likely to be examined more closely if Obama is nominated." According to the research, "one of Obama's great-great-great-great grandfathers, George Washington Overall, owned two slaves who were recorded in the 1850 Census in Nelson County, Ky. The same records show that one of Obama's great-great-great-great-great-grandmothers, Mary Duvall, also owned two slaves." The Sun "retraced" much of the research, and "an Obama spokesman did not dispute" it, saying "the senator's ancestors 'are representative of America.'"

Romney Hits McCain On Immigration, Giuliani On Guns, Abortion, Gay Rights. The AP (3/2, Johnson) reports, "Republican Mitt Romney assailed his two leading presidential rivals Wednesday, criticizing John McCain's stance on immigration and dismissing Rudy Giuliani's support for gun control, abortion and gay rights as a losing combination in the GOP primary." The AP adds, "Running a distant third in national polls, Romney used a campaign stop in New Hampshire to challenge McCain's support for stronger border security paired with an eventual path to citizenship for some of the 11 million illegal immigrants in the United States." Also, "in an interview with the Christian Broadcasting Network," Romney "criticized Giuliani for his moderate stands on abortion, gays and gun control -- even though Romney expressed similar views in previous campaigns."

Giuliani Apparently On Way To Victory In South Carolina Straw Poll. The AP (3/2) reports, "In a sign of what die-hard Republicans may think of the field of presidential contenders, former New York Mayor Rudy Giuliani was leading 10 other candidates Thursday in a straw poll in conservative" Spartanburg County, SC. The AP notes, "With 71 of 75 precincts reporting, Giuliani garnered 123

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votes. California Rep. Duncan Hunter was running in second place with 110 votes, and Arizona Sen. John McCain was third with 86 votes, according to county GOP officials. Kansas Sen. Sam Brownback had 68 votes, former Massachusetts Gov. Mitt Romney had 59 votes and Arkansas Gov. Mike Huckabee rounded out the front-runners with 18 votes. The voting isn't binding and comes as the county party goes about the business of organizing precincts and ultimately sending people to its county convention and the state GOP convention in May." Spartanburg County GOP Chairman Rick Beltram "said before the straw poll he expected fewer than 2,000 people to vote. After the voting, he blamed rainy weather for the low turnout."

Democratic Candidates Accused Of School Choice Hypocrisy. In an op-ed in the Wall Street Journal (3/2, A11, 2.04M), Clint Bolick, president and general counsel of the Alliance for School Choice and senior fellow at the Goldwater Institute, lambastes Democrats in Washington who oppose school choice while sending their own children to private schools. "Indeed, a nearly perfect correlation exists among Democratic presidential candidates who have exercised school choice for their own children and those who would deny such choices to the parents of other children." Bolick cites former President Bill Clinton's daughter Chelsea's attendance of "the elite private Sidwell Friends School," juxtaposing this against Clinton's veto of a school choice bill for D.C. "And today presidential candidate Mrs. Clinton continues to stridently oppose school choice." Bolick continues to outline the positions on the issue—and the status of the children—of other Democratic presidential candidates, singling out Illinois Sen. Barack Obama for calling for both parties to be open to "anything that works."

Early Start To Campaign Could Give Gingrich, Gore An Opening. The CBS Evening News (3/1, story 6, 2:15, Couric, 7.66M) reported, "You talk about this campaign starting earlier than ever. How do you think that the change the dynamics of the race?" CBS (Schieffer) added, "Well, I think what could happen, Katie, is if the frontrunners in both parties keep cutting on each other and cutting each other down, I think by this summer, you may begin to see an opening for other candidates to come into the race. People like Newt Gingrich on the Republican side, maybe even Al Gore on the Democratic side. But the thing to remember, Katie we are at the very beginning of this race."

Washington State Senate Urged To Call For Bush Impeachment. The New York Times (3/2, Stolz, 1.16M) reports, "Mayor Rocky Anderson of Salt Lake City appeared before a committee of the State Senate in Olympia in support of a resolution asking Congress to begin impeachment proceedings against President Bush. Mr. Anderson, a Democrat, said the case for impeachment was not partisan. He said the president should face impeachment for 'heinous human rights violations, breaches of trust, abuses of power injurious to the nation, war crimes" and "misleading Congress and the American people."

Doubts Raised About Accuracy Of US Intelligence On Iran, North Korea. In a news analysis, the New York Times (3/2, A8, Mazzetti, 1.16M) reports, "For more than three years, American intelligence officials have insisted that they learned from their mistakes in the months leading to the Iraq war, when murky information about Saddam Hussein's weapons programs was presented as fact and inconclusive judgments were hardened into statements of near certainty." As a result, the "more calibrated intelligence assessments that have come to light in recent weeks, particularly on Iran and North Korea, appear to show a new willingness by American spy agencies to concede the limits of their knowledge." The "new caution" reflects adherence to what some officials now call "the Powell Rule," that is "intended to avoid a repetition" of former Secretary of State Colin Powell's "humiliation" at the U.N. Security Council. The Times notes that former DNI John Negroponte formalized "new analytical procedures in a directive issued in January" as "one of his last acts." The intelligence community's "renewed emphasis on debate and dissent" has also been "reflected in decisions about which officials earned promotions in the aftermath of the Iraq intelligence failures."

Also in an analysis, the AP (3/2, Jahn) says, "New doubts are arising about the accuracy of US intelligence on the nuclear programs in North Korea and Iran, only a few years after faulty warnings about weapons of mass destruction helped President Bush justify the invasion of Iraq." The AP also notes that Bush administration officials, including Assistant Secretary of State Christopher Hill, are "toning down assertions that such a program had been developed."

White House Defers Questions To Intelligence Community. The Washington Post's (3/2, A11) Al Kamen writes in his "In the Loop" column that reporters yesterday "pressed White House spokeswoman Dana Perino on news

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reports that the administration is backing away from its absolute claims that North Korea has a uranium-enrichment program." Perino responded, "I think what I need to do is refer you to the intelligence community," which Kamen notes is "a crowd long known for on-the-record briefings on its sources and process."

More Commentary. In an editorial, the New York Times (3/2, 1.16M) writes, "We would like to believe that the Bush administration has finally figured out how dangerous and counterproductive it is to hype intelligence," but "we doubt it." The Post says it suspects that "this week's confessions of doubt about North Korea had less to do with a sudden burst of candor than the fact that Pyongyang has agreed to readmit nuclear inspectors" and "the White House's eagerness for a diplomatic win in these bleak times."

The Washington Post (3/2, A12, 690K) says "the weakening of the intelligence about an ongoing uranium program does not mean that the United States can drop the issue in the next phase of negotiations. On the contrary, a crucial test of the diplomatic process will be whether the North will reveal what it did with the centrifuges and other materials it is known to have acquired. Pyongyang's response will show whether it, like the Bush administration, is more inclined to conduct serious negotiations than it was four years ago."

Meanwhile, the Wall Street Journal (3/2, 2.04M) writes, "White House officials say President Bush has earned the benefit of the doubt on North Korea and that he'll insist on dismantling all of its nuclear facilities. We hope he's not relying on the US intelligence community to tell him when that's happened."

The Los Angeles Times (3/2, 850K) editorializes, "For the second time, serious questions have been raised about the credibility of US assessments of the potential nuclear threat posed by an enemy nation. Are these charges justified? Given the US need to enlist other nations to adopt sanctions to curb Iran's nuclear ambitions and deal with other proliferation challenges, that's a question that demands an answer."

Pyongyang Reasserts Pledge To Denuclearize. The Washington Post/AP (3/2, A10) reports North Korea's "No. 2 leader," Kim Yong Nam, "reiterated Thursday his country's pledge to abandon its nuclear weapons," as the nation "sought a resumption of aid in its first high-level talks with South Korea." Kim said that "the denuclearization of the Korean Peninsula is the dying wish" of the country's founding president, Kim Il Sung, who died in 1994. North Korea "will make efforts to realize it," he told South Korean Unification Minister Lee Jae Joung in Pyongyang. The Washington Times (3/2, 88K) also publishes this AP report.

Under the headline "US, North Korea Soften Their Stances," the Wall Street Journal (3/2, A3, Ramstad, King, 2.04M) reports North Korea and the US "are showing signs of softening toward one another" as negotiators from both sides plan to meet Monday to discuss steps toward normalizing relations. The US is also reportedly "close to resolving a high-profile crackdown" on a Macau bank used by the North Korean government. Meanwhile, the Financial Times (3/2, Mitchell) reports frozen North Korean funds in Macao's Banco Delta Asia "could be released by the end of this month," according to an executive for a company whose accounts have been affected. Colin McAskill, who heads Hong Kong-based Koryo Asia, said the head of a Macao government-appointed committee now in charge of Banco Delta Asia told him recently that some of the funds "could be released soon."

Meanwhile, McClatchy (3/2, Landay, Hall) reports there are "new questions about the Administration's assertions" that Banco Delta Asia "knowingly laundered proceedings from North Korean narcotics trafficking, cigarette smuggling and counterfeit American currency." An audit of the bank's finances by accounting firm Ernst & Young "found no evidence that the bank had facilitated North Korean money-laundering, either by circulating counterfeit US bank notes or by knowingly sheltering illicit earnings of the North Korean government."

Diplomats Report Progress On Iran Sanctions. The AP (3/2, Lederer) reports diplomats "made progress Thursday on possible new sanctions against Iran" as officials from the US, Russia, China, Britain, France and Germany held a two hour conference call. In a statement, the State Department said, "They had a good productive discussion during which they made progress in agreeing on the elements of a resolution. A few more issues remain for discussion, and the political directors agreed to convene another conference call on Saturday morning." The Department said it expects that ambassadors "could begin drafting the text of a resolution next week."

China Urges Iran To Return To Talks. The AP (3/2) reports China Thursday urged Iran "to halt uranium enrichment and step up efforts to reach a peaceful,

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negotiated solution to the international dispute over its nuclear program amid a visit by Iran's deputy foreign minister." Foreign Ministry spokesman Qin Gang told reporters, "We hope that Iran can give a positive response to the appeal of the international community and faithfully abide by resolution 1737."

Iran, Saudi Arabia To Hold Summit On Regional Crises. The New York Times (3/2, Fattah, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad will visit Saudi Arabia Saturday for "a summit meeting with King Abdullah intended to tackle the Middle East's growing sectarian and political crises," Iranian officials announced Thursday. The visit, Ahmadinejad's first state visit to Saudi Arabia, "was initiated by Iran," according to a former Saudi official with knowledge of the discussions. It also "marks the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries, to settle the political standoff in Lebanon, cool sectarian violence in Iraq and possibly even avert a looming confrontation with the United States." The trip is seen by some "as a defensive move by an increasingly isolated Iran while to others it marks the start of another public relations offensive for the bellicose president."

The AP (3/2, Nasr) calls the visit "an indication that weeks of talks between their envoys on simmering conflicts in Iraq and Lebanon have made some headway."

Democrats Move To Require Approval For Iran Strike. Responding to fears that President Bush may be preparing to launch a military strike against Iran, McClatchy (3/2, Talev) reports Senate Democrats "are drafting legislation that would require the White House to seek congressional approval before any such action." Sen. Jim Webb, D-Va., who is leading the effort, said Thursday "that he's still working on the details, but he intends to introduce his measure next week as an amendment to the $93.4 billion war spending bill."

Jordanian King To Address US Congress. The Washington Times (3/2, McCaslin, 88K) reports in its "Inside the Beltway" column, "King Abdullah II of Jordan will address a joint session of Congress next Wednesday, becoming the first world leader to address such a meeting under the new Democratic-led Congress. Merissa Khurma, spokeswoman for the Jordanian government in Washington, tells us the king's speech will partly address the crisis in neighboring Iraq and ways to restore security and stability there. Congress, no doubt, will be all ears."

State Department Report Accuses Venezuela Of Drug Trafficking. McClatchy (3/2, Bachelet) reports, "In its harshest assessment yet of drug trafficking in Venezuela," the State Department Thursday "said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations." The department's 2007 International Narcotics Control Strategies Report "also expressed uneasiness over Bolivia's efforts to expand" coca cultivation and "offered rare praise for Cuba for deporting a Colombian trafficker to Bogota." The report "also praised three countries -- Colombia, Guatemala and Mexico -- that Bush will visit this month during a swing through Latin America, saying the three were trying to halt drug smuggling, if not succeeding."

USA Today (3/2, 6A, Leinwand, 2.27M) reports as evidence of Venezuela's drug trafficking, Assistant Secretary of State Anne Patterson said the "number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti -- key transfer points for US-bound shipments of the drug -- increased 167% last year."

Mexican Ambassador Praises Upcoming Bush Visit. In its "Embassy Row" column, the Washington Times (3/2, Morrison, 88K) reports Mexico's new ambassador, "when he presented his diplomatic credentials at the White House this week, praised President Bush for his upcoming visit to Mexico City." The two-day visit beginning March 12 will "strengthen the already firm foundations on which our bilateral relationship rests," Ambassador Arturo Sarukhan said.

US Wants Missile Radar In Caucasus. The AP (3/2, Lekic) reports the director of the US Missile Defense Agency "said Thursday that Washington wants to base an anti-missile radar in the Caucasus, a move that could provoke a further rift with Russia." Lt. Gen. Henry A. Obering" declined to specify which country the long-range radar could be installed in," but noted that "it would be very useful for the anti-missile system." Speaking on a stop at NATO headquarters in Brussels, he said the US "would like to place a radar in...the Caucasus." Meanwhile in Moscow, Deputy Foreign Minister Alexander Grushko said the missile elements already planned by Washington for Poland and the Czech Republic

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would become a "factor that we will have to take into account while determining our steps in the military-political sphere and military development."

Ukrainian Opposition Leader Calls For Early Elections. In an interview with the Washington Times (3/2, Sands, 88K), Ukrainian opposition leader Yulia Tymoshenko said his country's "revived Orange Coalition will press for early elections in a bid to halt Russia's growing influence and control over the country's vital energy assets." Tymoshenko, a former prime minister and key figure in the Orange Revolution, "said Ukraine's sovereignty and hopes for better relations with the West are in jeopardy if the government of pro-Moscow Prime Minister Viktor Yanukovych serves out its full term to 2011."

Negroponte Begins Tour Of Asia. AFP (3/2) reports Deputy Secretary of State Negroponte Thursday "started an Asian tour in which he is expected to discuss a breakthrough nuclear deal with North Korea." Negroponte arrived in Tokyo where he "is likely to meet Foreign Minister Taro Aso and other officials on Friday," a ministry official said. After a three-day stay, Negroponte travel to China and South Korea.

US Says China Expanding Nuclear Sub Fleet. The Washington Times (3/2, A1, Gertz, 88K) reports on its front page that China's military is "engaged in a major buildup of submarines that includes five new strategic nuclear-missile boats and several advanced nuclear-powered attack submarines," according to the Office of Naval Intelligence. The new nuclear-powered missile submarines will be outfitted with new 5,000-mile range JL-2 missiles that "will provide China with a modern and robust sea-based nuclear deterrent force," the ONI stated. The buildup is "raising new concerns among senior Pentagon planners already worried by Beijing's broader strategic nuclear-forces buildup."

Beijing Likens Cheney Criticism To Nosy Neighbor. The Washington Times (3/2, Lanfranco, 88K) reports Chinese Foreign ministry spokesman Qin Gang responded yesterday to Vice President Dick Cheney's remarks about China during his recent Asia trip "with an earthy metaphor about home invasion and a barbed eight-point statement outlining China's diplomatic philosophy." Qin's comments "strayed far from the tepid boilerplate answers normally issued by the Ministry of Foreign Affairs." For example, Qin was quoted as saying, "If you had a neighbor always standing at your doorstep, peering into your household and constantly shouting at you, 'Why don't you open your door and let me see what's in your house, what's in your family,' how would you feel about that?"

US May Seek Limit On Chinese Paper Imports. On its front page, the New York Times (3/2, A1, Weisman, 1.16M) reports the "problems of paper mills" in the Appalachians "and elsewhere around the country have become a test case for a possible new confrontation between the United States and China, which many industry officials and members of Congress hope could lead to new tariffs on imports not only of Chinese-made paper but also of steel, furniture, textiles and plastics." In coming weeks, the Commerce Department is expected to impose duties on high-gloss paper, known as "coated paper," from China. The Bush administration's decision "to face the issue of subsidies comes at a time of mounting pressure by Congress for a tougher stance on trade" and when "many lawmakers say it is time to stop treating China with kid gloves."

US, Brazil Negotiating Ethanol Partnership. USA Today (3/2, 6A, Jackson, 2.27M) reports, "U.S. and Brazilian officials are negotiating details of an ethanol partnership in advance of President Bush's scheduled visit to Brazil next week." If "completed, the planned deal would help increase both nations' production of ethanol, creating significant economic as well as political implications." Expanding "world ethanol markets would help the USA and other nations reduce their dependence on foreign oil. Also, reduced demand for oil might reduce the clout of Venezuelan President Hugo Chávez." USA Today adds, "Today, officials from the United States, Brazil, China, India, South Africa and the European Commission will announce the creation of the International Biofuels Forum. The group, affiliated with the United Nations, will work to create worldwide ethanol standards." During his visit to Brazil next week, President Bush "is scheduled to discuss alternative energy sources with President Luiz Inácio Lula da Silva." Brazilian Foreign Minister Celso Amorim "said Brazil...plans to ask the United States to cut tariffs on ethanol imports." But "members of Congress from corn-growing states have already said they oppose cutting ethanol tariffs."

African Peacekeeping Force Arrives In Somalia. USA Today (3/2, 6A, 2.27M) reports 30 Ugandan

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troops "flew into Somalia, the first contingent in an African peacekeeping force to shore up a United Nations-backed transitional government threatened by Islamic militants."

US Stirs Debate Over Home Of Africa Development Bank. The Wall Street Journal (3/2, A1, Phillips, 2.04M) reports on its front page that "to the Bush administration, it seems obvious: The African Development Bank's headquarters should be in black Africa." Four years ago, the bank "fled civil war in its longtime home in Ivory Coast for a temporary refuge in Tunisia," but now the US "says it's time for the bank to leave Tunisia, give up hopes of returning to Ivory Coast, and find a new permanent home somewhere else south of the Sahara." While "many black African and European member nations agree in principle that the bank should have its headquarters in a sub-Saharan country," some fear leaving Ivory Coast permanently "would signal that a country once hailed as a model of African hope is now just another horror story."

Discouragement Of Multiple Sex Partners May Slow Spread Of AIDS In Africa. In a front page article, the Washington Post (3/2, A1, Timberg, 690K) reports that a "growing number of studies single out" the practice of multiple sex partners "as the most powerful force propelling" the spread of AIDS in Africa. This "new understanding…helps explain why the disease has devastated southern Africa while sparing other places" and "also suggests how the region's AIDS programs, which have struggled to prevent new infections even as treatment for the disease has become more widely available, might save far more lives: by discouraging sexual networks."

WSJ Criticizes UN Official On Women's Rights. In an editorial, the Wall Street Journal (3/2, 2.04M) writes, "On the occasion of the annual meeting of the U.N.'s Commission on the Status of Women, the American delegation decided to organize a panel on the subject of 'State-Sanctioned Mass Rape in Burma and Sudan.' After years of reporting by human-rights organizations about atrocities committed by government forces against women in both countries, that sounds like a reasonable topic to discuss." However, U.N. "bureaucrat" Sylvie Cohen of the Division for the Advancement of Women "refused to list the panel discussion on the U.N.'s Web site" because it "would be perceived as offensive to named member states." The Journal calls it "amazing" that a U.N. organization "that purports to look out for the interests of women seems more concerned about defending the sensibilities of the governments who harbor and support their rapists."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Chief of Walter Reed Hospital Fired Over Troop Treatment."
"Holding New Hampshire's Primary In Place."
"Iraq's Displaced Trickle Home."
"Wall Street Charges Recall Heyday Of Insider Trading."
"Artist's War Depiction Has Many Faces, Rough Edges."
"School Mentor Hoops Upset L.A. Mayor."

USA Today:

"Where Did The Money Go?"
"More Colleges Banning Smoking."
"U.S. Marshals Official Accused Of Misspending Security Funds."
"Chip Foose Overhaulin' Mainstream Designs."

New York Times:

"General Is Fired Over Conditions At Walter Reed."
"Most Support U.S. Guarantee Of Health Care."
"Pressed By U.S., Pakistan Seizes A Taliban Chief."
"HUD Blocks Proposed Sale Of Starrett City."
"U.S. Reviewing Safety Of Children's Cough Drugs."
"A Cry To Limit Chinese Imports Rings At Paper Mill."
"California Enjoys Electoral Muscle."

Washington Post:

"Army Fires Commander Of Walter Reed."
"A Wider Front In Doping Battle."
"Shortages Threaten Guard's Capability."
"In Botswana, Speeding HIV's Deadly Spread."
"At Site of '65 March, An '08 Collision."
"Author Shaped Lens For Viewing U.S. History."
"13 Charged In Big Insider Trading Scam."

Washington Times:

"China Expands Sub Fleet."
"GOP Regroups To Foil War Plans Of Democrats."
"House back Bill To Ease Unionizing."
"N. Korea Again Pledges To End Nuke Program."
"Tymoshenko Seeks Early Elections."

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Detroit Free Press:
"Calloway Is Choice To Lead Schools."
"The Hot Dog."
"GM Sales Growth A Pleasant Surprise."
"State's Plan To raze Abandoned Homes Is Raising Hopes In Cities."

Atlanta Journal-Constitution:
"'Barbie Bandit' Arrest Made."
"Tornado ravages Alabama School."
"State's Public health System 'In Crisis' Says House Panel."

Houston Chronicle:
"Spike In Flue Cases Takes 4 Lives."
"Will Texas Have Enough Power?"
"One The Floor Of The Gulf, A Sub On Wheels Will Seek Evidence Of Continent's Earliest Humans."
"Sex Abuse Reported At Second Youth Jail."
"Storm Have Alabama Students No Time To Turn."

Story Lineup From Last Night's Network News:
ABC: Dangerous Tornados-Alabama; Dangerous Tornados-Analysis; Walter Reed Hospital; Nicholson-Congressional Hearings; Taliban Leader Captured; McCain's Presidential Announcement; Bush Visits-New Orleans; Post Katrina Justice; Fender Benders; Arthur Schlesinger Jr. Obit; Substance Abuse-High Schools; Peru 20 Second Late; Ball Player's Story.
CBS: AL Tornadoes; Al Tornadoes-Analysis; Upper Midwest Snows; Walter Reed Firing; Stock Markets; McCain Announcement; Urban Developer; Homeland Security Waste; Schlesinger Obit; Fiddle Maker.
NBC: Dangerous Tornados-Alabama; Dangerous Tornados-Analysis; Dangerous Weather; Walter Reed Hospital; McCain's Presidential Announcement; Bush Visits-New Orleans; Combat Doctors; Terrorism Charges Australian; USS John F. Kennedy-Decommissioning; Arthur Schlesinger Jr. Obit; Teenage Driving.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: GA, AL, MO-Tornadoes; US Plains And Upper Midwest-Blizzards; Walter Reed-General Fired; Tokyo Stock Exchange; Sunni Group Known As Islamic State Of Iraq-Kidnappings; San Francisco-Earthquake; AP-Paris Hilton News Blackout; USS JFK.
CBS: GA, AL, MO-Tornadoes; US Plains And Upper Midwest-Blizzards; Bush-Gulf Coast; Katrina Levies-Lawsuit; Anna Nicole Smith's Burial; Walter Reed-General Fired; Obama-Hospital Inspection Bill; State Department Report-International Drug Trade; GA-Teenage Girl Bank Robbers.
NPR: GA, AL, MO-Tornadoes; US Plains And Upper Midwest-Blizzards; Chinese Government Officials Expelled In Shanghai Pension Fund Scandal; Senegal Presidential Election; Wall Street; Walter Reed-General Fired; GA-Tax Break For Delta Airlines.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Visits Silver St. Elementary School, New Albany, Ind., open press; speaks on No Child Left Behind reauthorization, Silver St. Elementary School, New Albany, Ind., pool coverage; meets with students from The McConnell Center, Seelbach Hilton Louisville, Louisville, Ky., closed press; speaks at the McConnell for Senate and National Republican Senatorial Committee reception, Louisville, Ky., pool for cameras; open for correspondents.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. APPROPRIATIONS _ Legislative Branch. Hearing on FY08 appropriations for the Architect of the Capitol. Acting Architect of the Capitol Stephen Ayers. Location: Room 138, Dirksen.

US House: 9:30 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. hearing on FY08 budget for the Agency for Toxic Substance and Disease Registry, Chemical Safety Board, National Institute on Environmental Health Sciences. Location: Room B-308, Rayburn.

Other: SOUTH KOREAN FOREIGN MINISTER SONG MIN-SOON _ Highlights: 12:30 p.m. Speaks to the Center for Strategic and International Studies on the U.S.-South Korean alliance. Pavilion Room, Reagan Trade Building. Event contact: Andrew Schwartz, 202-775-3242. RSVP to 202-464-1987. Seating on first-come, first-serve basis. 2:30 p.m. Meets with Secretary of State Condoleezza Rice, State Dept.

AGRICULTURE _ The U.S. Department of Agriculture hosts its 83rd annual Agricultural Outlook Forum, ``Agriculture at the Crossroads: Energy, Farm and Rural Policy." Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington, Va.

CONSERVATIVES _ The Conservative Political Action Caucus holds its annual conference. Highlights: 7:30 a.m.

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Ronald Reagan Banquet, with speaker Rep. Mike Pence 8:30 a.m. Rep. Duncan Hunter. 9 a.m. Sen. James Inhofe, ranking member of the Senate Environment and Public Works Committee, gives presentation on global warming. 9 a.m. Black Republicans Awards ceremony with HUD Secretary Jackson. 10 a.m. Gov. Mike Huckabee. 12 p.m. Rudy Giuliani. 1 p.m. Rep. Tom Tancredo. 1:30 p.m. Sen. Sam Brownback. 2:45 p.m. Gov. Mitt Romney. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

HIV TESTING _ 8:30 a.m. The AIDS Institute holds a briefing on HIV testing in the U.S., with Rep. Maxine Waters, Bernard Branson of the CDC, others. Location: Room B-339, Capitol.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Brig. Gen. Joseph Anderson, chief of staff for the Multinational Corps-Iraq, briefs live from Iraq. Location: DoD Briefing Studio, Pentagon 2E579.

HOUSING-BUDGET _ 9 a.m. - 11 a.m. The National Housing Conference presents the FY'2008 Budget Forum Networking Breakfast sponsored by Fannie Mae. Topics and Speakers include: The Bigger Picture: Whats the Budget Outlook for FY 2008?, with Martha Coven; Senior Legislative Associate, Center on Budget and Policy Priorities. Priorities and Highlights of the FY 2008 HUD Budget Section 8 and Public Housing, with John Bohm, Department Head, Legislative Programs & Media, National Association of Housing and Redevelopment Officials (NAHRO); The Housing Finance System (GSEs, Federal Home Loan Banks and FHA), with Cheryl Patton Malloy, Senior Vice President of Multifamily and Governance, Mortgage Bankers Association (MBA); and Tax Issues, Robert M. Rozen, Partner, Washington Council, Ernst & Young LLP. Location: Room 325, Russell Senate Office Building.

MEDIA-CAMPAIGNS _ 9:30 a.m. George Washington University holds a program on the evolving role of media in political campaigns, with Chris Cillizza, politics writer, washingtonpost.com; Carol Darr, director, GWs Institute for Politics, Democracy, & The Internet; Chuck DeFeo, general manager, Townhall.com; Mo Elleithee, senior spokesperson, Hillary Clinton for President Exploratory Committee. Location: Room 1888, Russell.

SCOTUS-FREE SPEECH _ 10 a.m. ACLU holds a telephone briefing with Joseph Frederick, who will discuss his challenge to a 2002 high school suspension for displaying a sign saying ``Bong Hits 4 Jesis'' at an off-campus event. The case is to be heard March 19 by the Supreme Court. Contacts: Emily Whitfield, 212-549-2566. Notes: Callin Number: 888-423-3281.

STARRETT CITY _ 11 a.m. HUD Secretary Jackson holds a news conference with New York City officials about Starrett City. Location: 10th floor conference room, HUD, 451 7th St. SW.

BIOETHICS _ 12 p.m. The School of Advanced International Studies holds a program, ``Beyond Bioethics: A Proposal for Modernizing the Regbulation of Human Biotechnologies'' with Frances Fukuyama and Franco Furger, both of SAIS. Location: Room B-339, Rayburn.

CLEAN DIESEL _ 12 p.m. EPA Administrator Stephen Johnson holds a telephone news conference to make a clean diesel announcement. Contacts: Jennifer Wood, 202-564-4355. Notes: Callin number: 800-811-6040; passcode: 1400966.

COLOMBIA _ 12 p.m. The Institute for International Economics holds a luncheon meeting with Colombian Trade Minister Luis Guillermo Plata, focusing on free trade agreement between the U.S. and Colombia. Location: 1750 Massachusetts Ave. NW.

IRAN _ 12:30 p.m. The Center for American Progress holds a panel discussion on containing and engaging Iran, with Geoffrey Kemp of the Nixon Center, Jacqueline Shire of the Institute for Science and International Security, and Karim Sadjadpour of the International Crisis Group. Location: 10th floor, 1333 H St. NW.

DNA TESTING-ANTHROPOLOGY _ 2 p.m. The National Press Club hosts a discussion on ``Sequencing Human History: The Genetics and Commerce of Personal Ancestry.'' Participants: Kathy Hudson, director, Genetics and Public Policy Center; Spencer Wells, director, Genographic Project, National Geographic; Aravinda Chakravarti, Institute of Genetic Medicine, Johns Hopkins University; Gina M. Paige, president, African Ancetry, Inc.; and Sandra Soo-Jin Lee, senior research scholar, Stanford Center for Biomedical Ethics. Location: National Press Club.

NATIONAL SERVICE-KATRINA _ 2 p.m. National Service Caucus briefing on national and community service programs, focusing on budget proposals and the role that national service has played in Hurricane Katrina recovery and rebuilding. Location: Room 2105, Rayburn.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Australian Detainee Is First Charged Under New Military Tribunal System. NBC Nightly News (3/1, story 9, :20, Williams, 9.87M) reported, "The US military today filed terrorism charges against an Australian man who is being held at the Guantanamo Bay Prison without charges for five years." David Hicks "was charged with providing material support for terrorism and could face life in imprisonment if convicted. He's the only Australian held at Gitmo and the first detainee to be charged under the new military tribunal system."

The Washington Post (3/2, A3, White, 690K) says Hicks, "in U.S. custody for more than five years, will face two counts of providing material support for terrorism." The filing of charges could "prompt Hicks's attorneys to initiate a legal challenge" of the Military Commissions Act of 2006. McClatchy (3/2, Rosenberg) says that under that law, Hicks "must be arraigned within 30 days. His trial must be within 90 days after that, meaning his case will go before a military commission by July. It would be the first U.S. war-crimes trial since World War II."

The AP (3/2, Flaherty) reports, "Hicks is a former kangaroo skinner captured in Afghanistan in December 2001. He has been held at Guantanamo Bay, Cuba, for more than five years without trial." The AP adds, "According to government officials and documents, the Defense Department will announce that Hicks is being charged with 'providing material support for terrorism.' Hicks would be have a trial in a special military tribunal, established in a law that Congress passed last year, rather than a civilian court. Opponents have vowed to challenge the constitutionality of the military tribunal proceedings. … An earlier formulation of such military tribunals was declared unconstitutional last year by the Supreme Court." The AP notes, "Hicks' legal status has been a sore spot for Australia. Last month, nearly half the members of Australia's Parliament signed a letter to the U.S. Congress appealing for help repatriating him. … The topic was also discussed this month in a meeting between Vice President Dick Cheney and Australian Prime Minister John Howard. Under growing public pressure, and with elections due later this year, Howard has begun pushing U.S. officials to deal with Hicks' case more quickly."

HOMELAND RESPONSE:

Bush Acknowledges Slow Pace Of Katrina Recovery. President Bush visited Biloxi, MS, and New Orleans to survey the area devastated by Hurricane Katrina. Much of the coverage focuses on his acknowledgement of the frustration of many residents. ABC and NBC noted the story in their evening broadcasts. ABC World News (3/1, story 7, :20, Gibson, 8.78M) said it was Bush's "first visit in six months to the region," and reported the President "acknowledged that people in the hurricane zone are angered by the slow pace of recovery. And he promised to speed up government efforts."

NBC Nightly News (3/1, story 6, :25, Williams, 9.87M) reported, "The President began his tour in Mississippi, driving through the still total devastation to see homes being rebuilt with Federal money. He then traveled to New Orleans, meeting over a meal with Mayor Ray Nagin and other officials there." NBC also said the President "acknowledged the frustration for the people of the region and promised to help speed up recovery efforts."

The AP (3/2, Feller) also reports Bush "acknowledged the deep frustration of Hurricane Katrina victims and said the federal government shares the blame for the slow recovery of the Gulf Coast." He "gave residents of the battered region a message: 'The federal government still knows you exist.'" In stops "across coastal Mississippi and Louisiana," Bush "defended the federal allotment of $110 billion in relief aid. Of that total, less than half has been spent." Said Bush, "If it is stuck because of unnecessary bureaucracy, our responsibility at the federal, state and local level is to unstick it." The AP adds the President "sought to fight the perception that those whose lives were devastated by the August 2005 storm had fallen off his agenda." The Administration's "initial response to the most destructive natural disaster in US history," says the AP, "was widely seen as a failure." Moreover, "the president is still dogged by criticism. Democratic lawmakers are pushing for more action."

The New York Times (3/2, Pear, 1.16M) notes that in New Orleans, Bush "had lunch with state and local officials at Li'l Dizzy's Café on the outskirts of the French Quarter. In brief remarks before the meal, Mr. Bush noted concerns about the rebuilding delays." But "at a meeting with local officials in Biloxi, he said: 'I fully understand that there's still work to be done. There's a continued frustration with the slowness of federal response at times.'" The Times adds, "Some elected officials saw Mr. Bush's trip as an effort to make amends for the fact that he said nothing about the recovery in his State of the Union address on Jan. 23."

But the Washington Post (3/2, Fletcher, 690K) reports that "in a trip designed to highlight the progress made in the 18 months since the hurricane devastated New Orleans and the Mississippi coast," Bush also "insisted that 'people's lives are improving and there is hope.'" The Post adds, "In Washington, House Democrats renewed their own criticism of

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the administration. They promised to move legislation -- which has not been endorsed by Bush -- to forgive some federal loans to disaster-wracked communities while easing matching fund requirements tied to some federal aid." Bush's trip "was a continuation of his attempts to undo the political damage caused by the storm, which proved to be a pivotal event in his presidency. The federal government's bungled response to the disaster undermined the administration's claim to competence and helped propel Bush's approval ratings downward."

The Los Angeles Times (3/2, Reynolds, 850K) says "Administration officials" said the criticism from Democrats yesterday "was misdirected. 'I think there's been lots of progress over the last 18 months,' said Don Powell, the administration's Gulf Coast recovery coordinator. 'Children are in school. "Help wanted" signs are up. The port is 100% back. Restaurants are open.' He added: 'Is there more to be done? Absolutely.'"

The New Orleans Time-Picayune (3/2, Ritea) reports Bush also "took time to herald the city's innovative approach to reforming its long-failing public school system, particularly with its use of charters, public schools subject to state standards and oversight, but governed by individual boards that are given the freedom to take innovate approaches to education." Said Bush, "Charter schools, to me, say innovation, individuality." Even though Hurricane Katrina "did terrible devastation...it gave a great chance for renewal. And one of the areas where renewal is most evident is in the school system of New Orleans." Bush, however, "did not announce any plans to waive a state and local match currently required for federal aid, despite a prediction from several Louisiana officials that he would." The AP (3/2, Bohrer) also covers Bush's comments about charter schools, and notes "critics, including teachers' union leaders, believe charters are not the way to go, saying the charter model is unproven for providing solid academic results and has created a two-tier public education system here."

The Biloxi Sun Herald (3/2, Wilemon, 45K) reports it was the President's "14th visit to the Coast since the hurricane." Biloxi Mayor A.J. Holloway "gave Bush a gag gift of appreciation: a personalized car tag that read 'Bush 43.' 'You've been to the Katrina zone 14 times in 18 months,' Holloway said. 'It's not that we don't like seeing you, but you've been here so many times. It's about time you had one of these. Don't leave home without it.'" WLOX-TV Biloxi (3/1, 10:33 pm) noted that Bush "joked that once his Presidency is over and he owns a private car again, he'll put the plate on and head over to Mississippi from his home state of Texas."

Local TV stations from all around the country also covered the President's Gulf Coast visit. Some examples: WAFB-TV Baton Rouge (3/1, 10:06 pm) reports, "Bush is to attend services tomorrow morning at St. Louis Cathedral in New Orleans, observing the 18 month mark since Hurricane Katrina. … He arrived in Louisiana after an earlier stop in Gulf Coast, Mississippi."

WGNO-TV New Orleans (3/1, 6:03 pm) reported, "Before landing in the Crescent City, the President made the rounds in Mississippi. In Long Beach, the President met with state and local leaders. … Louisiana Senator Mary Landrieu today offered her thoughts on President Bush's visit to the Gulf Coast." The station showed Sen. Landrieu saying, "I am grateful for his visit. But it's going to take more than words and more than visits. It's going to take action to get the job done."

WBRZ-TV Baton Rouge (3/1, 10:12 pm) showed the President saying, "I told the people that I would work with the Congress to write a $110 billion check to help the people of Louisiana and Mississippi and that check has been written." This quote was aired by a number of other local TV stations in different parts of the country, including WDRB-TV Louisville (3/1, 10:41 pm), WSJV-TV South Bend (3/1, 10:36 pm), and WGHP-TV Greensboro (3/1, 10:34 pm).

New Orleans Justice System Still Struggling. ABC World News (3/1, story 8, 2:20, Gibson, 8.78M) described New Orleans' justice system as "one of the casualties of Katrina. … It was troubled before the hurricane. And then, the storm destroyed courthouses, washed away records, and drove defense lawyers out of town, never to return. The cumulative effect has been disastrous." ABC (Osunsami) continued, "A study commissioned by the Justice Department says it all: People who wait in jail with no charges. Trials that cannot take place, even for defendants who wish to plead guilty." Pam Metzger runs a law clinic that has "helped free nearly a thousand…defendants who were lost in the system." Prof. Pam Metzger, Tulane University Law School: "Think about trying to write the court and call the court and say, "When am I coming court," and there's no answer because no phone picks up. There's no phones. There were no phones." Osunsami: "That's still the case somewhat to this day?" Metzger nodded.

More Commentary. In an editorial, USA Today (3/2, 11A, 2.27M) says "the president could energize the rebuilding effort simply by putting it back in the national spotlight. Bush inexplicably failed to mention Katrina in his nationally televised State of the Union address last month. His visit Thursday brought a planeload of reporters to the Gulf Coast. Returning with the frequency he did in the first year after the disaster could boost tourism and help recruit more of the volunteers whose work has been essential to the recovery." Bush "will have to do more of what he did Thursday and a lot more in Washington."

US Said To Be "Ill-Prepared" To Handle Nuclear Attack. McClatchy (3/2, Gordon) reports that while the Bush Administration "has warned repeatedly about the threat

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of a terrorist nuclear attack and spent more than $300 billion to protect the homeland, the government remains ill-prepared to respond to a nuclear catastrophe." McClatchy interviews with "more than 15 radiation and emergency preparedness experts and a review of internal documents" suggest that, "absent a major preparedness push, the U.S. response to a mushroom cloud could be worse than the debacle after Hurricane Katrina, possibly contributing to civil disorder and costing thousands of lives." In a July 2005 draft of a confidential memo to the Joint Chiefs of Staff, Pentagon analyst John Brinkerhoff wrote that the US "is unprepared to mitigate the consequences of a nuclear attack. … We were unable to find any group or office with a coherent approach to this very important aspect of homeland security." McClatchy (3/2, Gordon) also says the "number of experts who believe that terrorists could obtain the apparatus for a nuclear bomb is impressive and growing."

Princeton Scholars Say Nuclear Transfer Should Be Crime Against Humanity. In a Washington Post (3/2, 690K) op-ed, Anne-Marie Slaughter and Thomas Wright of the Princeton Project on National Security write, "Current efforts to close down the nuclear black market have an Achilles' heel -- certain states will not cooperate and will even protect nuclear criminals. For instance, A.Q. Khan, Pakistan's 'father of the bomb,' lives comfortably under house arrest; U.S. officials have not been allowed even to interrogate him. Pakistan's government is too frightened of a domestic backlash to act harshly against a national hero. Globally, of the dozens suspected of involvement in his network, only three have been successfully prosecuted. … Making nuclear transfer a crime against humanity captures the enormity of the offense and would dramatically increase the cost of getting caught."

Civil Air Patrol Providing Reconnaissance In War Against Terrorism. The Washington Times (3/2, Hudson, 88K) reports the Civil Air Patrol, which will celebrate 65 years of operation this week, "is playing a vital role in the war against terrorism. The 56,000-member-strong organization is participating in a growing number of homeland security missions, conducting aerial reconnaissance of military ships and other offshore activity, protecting sensitive and critical infrastructure from terrorist attacks, and assisting the US Border Patrol." Meanwhile, "The volunteers of the Air Force auxiliary in Washington protect the country by acting as the enemy during monthly 'Falcon Virgo' exercises over the nation's capital, where they perform a high-tech game of hide-and-seek with armed Air Force jets."

Chertoff Announces Real ID Rules, Delays Deadline For Compliance. The Washington Times (3/2, Hudson, 88K) reports that in announcing regulations for implementation of the Real ID Act yesterday, DHS Secretary Michael Chertoff said that the deadline for compliance with the law would be delayed, "bowing to pressure from federal and state lawmakers who say next year's deadline can't be met." Chertoff said the "standards correct glaring vulnerabilities exploited by some of the September 11 hijackers who used fraudulently obtained driver's licenses to board the airplanes in their attack against America." The deadline for states to begin compliance with the law "will be extended from May 2008 until December 2009, and up to 20 percent of state homeland security grants can be used to implement the program." Sen. Susan Collins "said she is 'grateful that Secretary Chertoff has listened to the concerns of so many state leaders and my colleagues on this important issue.'" Rep. Thomas M. Davis "called the delay reasonable but said the new ID standards remain an urgent national security priority."

The Washington Post and New York Times this morning focus on the cost and privacy concerns associated with the law -- rather than the announcement that the deadline for compliance would be delayed. The Washington Post (3/2, A5, Hsu, 690K) reports implementing the Real ID Act "will cost $23.1 billion over 10 years, require motorists born after 1935 to present birth certificates or passports, and add $28 to the cost of issuing each license, officials said yesterday." The release of "[l]ong-awaited" rules for the program "did not quell criticism from states, privacy advocates and libertarian groups," who said the law "represents an unfunded mandate and creates a national ID-card system that will increase the consequences of identity theft." The Post does not mention until its fifth paragraph that the new rules delayed the deadline for compliance with the law. Meanwhile, "Homeland Security Secretary Michael Chertoff said that technology will ease, not increase, privacy threats, and that the federal government will not keep a central database of personal information." The secretary said he thought most would say $20 to "prevent people from getting on airplanes or getting in buildings and killing Americans" was money "well spent."

The New York Times (3/2, Lipton, 1.16M) reports, "To help the states get started, Mr. Chertoff offered up to $100 million in federal grants this year, although the money would come from antiterrorism funds already promised to the states. So far, only $40 million in federal aid has been provided for the program." Sen. Susan Collins, "who had advocated delaying the start of the program," said DHS "has finally recognized that it simply was unfair to impose this burden on the states." However, "the plan received largely negative reviews from state officials and civil liberties experts. … The National Governors Association said the federal aid Mr. Chertoff offered, representing about 10 percent of the cost in the first year and an unknown amount in future years, was woefully inadequate."

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Lawmakers Unveil List Of Questionable Homeland Security Spending Items. The CBS Evening News (3/1, story 8, 2:40, Couric, 7.66M) reported, "The government spends billions of our tax dollars every year to keep the country safe. That, of course, means putting on puppet shows and lawn mower races. If that doesn't make sense to you, it also didn't make sense to the congressmen who discovered that is where some of our homeland security money is actually going." CBS (Keteyian) added, "Democratic Congressman Anthony Weiner of New York and Republican Jeff Flake of Arizona revealed a list of federal homeland security projects that put the boon in boondoggle. A series of taxpayer-supported programs that play like a punchline: $7,000 for bullet-proof vests for police and fire department dogs in Ohio. $8,000 for clown and puppet shows performed by fire safety officials in Wisconsin. $33,000 for customized trailers to be used at a mushroom festival. And lawn mower drag races in Texas. $200,000 for -- count them -- seventy security cameras to protect a remote Alaska fishing village, cameras the town admits on its Website, mostly no one watches." Recent reports on CBS have given "rise to those who question a formula set by Congress that requires every state, regardless of risk, get a slice of the Homeland Security pie." Weiner and Flake proposed "a public database that would hold states accountable for how they spend every DHS dollar." The lawmaker's "critique comes as Homeland Security is reviewing applications on how it will allocate nearly $2 billion to cities and states this year."

DHS Official To Research Solutions For Departmental Morale Problems. The Washington Post's (3/2, D4, Barr) "Federal Diary" column reports that Paul A. Schneider, "joined the Department of Homeland Security as undersecretary for management two months ago," and House Homeland Security Committee's "subcommittee on management, investigations and oversight," members "expressed concern about morale of employees at Homeland Security, noting that the department got rock-bottom scores in important job-satisfaction, leadership and management areas in a survey conducted by the Office of Personnel Management. Schneider said the department plans to launch focus groups in the next 60 days to explore workforce issues and find solutions."

NYTimes Lauds Bloomberg For Joining "Ground Zero Disease" Fight. The New York Times (3/2, 1.16M) editorializes, "Mayor Michael Bloomberg has finally joined the urgent campaign to get Washington to care for the responders who helped New Yorkers after the Sept. 11 attacks. Many responders -- and people who studied, lived or worked around the World Trade Center -- are seriously ill, and Mr. Bloomberg can play an important role in making the federal government take responsibility for them." Bloomberg "was once skeptical about what is being called ground zero disease. But he is now campaigning to get Washington to pay $150 million a year for three health centers that already treat police officers, firefighters and others made sick by the attacks. The money is badly needed to improve care in these underfinanced, overworked centers."

WAR NEWS:

Divided Democrats Abandon Plans To Derail "Surge." The Wall Street Journal (3/2, Rogers, 2.04M) reports, "The Iraq war is proving a humbling experience not just for President Bush, but also for those in Congress who want to end it. Plagued by internal divisions, House Democrats have largely abandoned efforts to cap the increase in US troop levels for Iraq and will focus instead on highlighting the war's strain on the military and competing US interests in Afghanistan." The House Appropriations Committee "may add as much as $1 billion to Mr. Bush's request to beef up US operations in Afghanistan and shift additional funds to rural-development programs. More than $2 billion would be set aside to improve the readiness of strategic military reserves in the US, and provisions would be added to curb the frequent practice of stretching personnel in Iraq by extending combat tours for units already deployed." But "the White House is given discretion to bypass any such restrictions that it finds burdensome, and President Bush will have a relatively free hand to add the more than 21,500 soldiers and Marines he wants by the end of May."

In a similar report, the Christian Science Monitor (3/2, Chaddock, 59K) says that despite their "big antiwar mandate, Democrats are scrambling to find a way forward." Democrats have "balked at a proposal by Rep. John Murtha (D) of Pennsylvania, who chairs the Defense subcommittee on that panel, to use the war-funding request to rein in Bush's options as commander in chief. … After a fractious caucus meeting on Tuesday, House leaders backed off the Murtha proposal, but opened new rifts with liberals in their caucus who favor stronger moves to get US forces out of Iraq." Murtha, adds the Monitor, "has emerged as a lightening rod in an intense intraparty debate over how to end US involvement in Iraq. On the one hand, the 44-member Blue Dog Coalition, which is made up of fiscal conservatives, opposes moves that would either deprive US troops of funding they need or appear to micromanage the war."

Meanwhile, the AP (3/2, Flaherty) reports, "House Democratic leaders have coalesced around legislation that would require troops to come home from Iraq within six months if that country's leaders fail to meet promises to help reduce violence there, party officials said Thursday." The

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plan "would retain a Democratic proposal prohibiting the deployment to Iraq of troops with insufficient rest or training or who already have served there for more than a year. Under the plan, such troops could only be sent to Iraq if President Bush waives those standards and reports to Congress each time." The AP adds, "The proposal is the latest attempt by Democrats to resolve deep divisions within the party on how far to go to scale back US involvement in Iraq."

As Democratic attempts to find a consensus position on the war continue, says the Washington Post (3/2, A4, Layton, 690K), "House Democrats wrangle over details of a $100 billion war spending bill -- including whether restrictions should be placed on troops sent to Iraq." Some "want to add significant money for agricultural relief, Hurricane Katrina reconstruction and other nonmilitary projects." Rep. Collin C. Peterson, "who chairs the Agriculture Committee, said yesterday that rural states hit hard by floods, droughts and snowstorms in the past two years need $4 billion in emergency farm relief. And attaching the request to the war bill is the best way to insure they get it, he said." The Post adds, "As of yesterday, Rep. David R. Obey (D-Wis.), who chairs the House Appropriations Committee, had agreed to add about $3 billion to the war bill to help close military bases and relocate troops as part of the Base Realignment and Closure process. And he approved an additional $750 million for the State Children's Health Insurance Program, a joint federal and state program that provides health care for six million poor children."

Meanwhile the Wall Street Journal (3/2, A4, Harwood, 2.04M), in its "Washington Wire" column, describes Democrats as "divided over how to confront Bush on Iraq troops levels," and reports they intend to change their focus to an "issue with broader appeal: accountability for billions in federal spending on Katrina and other issues they contend are rife with mismanagement and abuse. A House Republican Leadership aide argues that such initiatives mask Democrats' desires for higher spending: 'Republicans are trying to turn off the faucet on the front end, whereas Democrats keep looking for a bigger hose.'"

The New York Times (3/2, Hulse, Zeleny, 1.16M) reports on the debate in the Senate, where "Democrats tried Thursday to bridge their political differences over how to confront…Bush on Iraq even as they acknowledged that agreement on an approach remained out of reach." The Democrats "face the challenge of coming up with "a plan that would satisfy antiwar lawmakers, keep the party's centrists on board and win over some Republicans." Yesterday, they "were somewhat defensive about their internal divisions, which have left them open to criticism that unlike the House of Representatives, they have yet to weigh in with a strong vote on the war even though public dissatisfaction with it contributed to their election gains in November." The Times adds, "Even as the Democrats searched for a policy solution, the political sensitivity over trying to restrict war spending was brought into sharp focus on Thursday." Sen. Kent Conrad, "Democrat of North Dakota and chairman of the Budget Committee, raised the idea of cutting $20 billion from the president's $145 billion request for next year for Iraq and Afghanistan." But "he quickly dropped that idea after fellow Democrats insisted on keeping the president's number in the nonbinding budget framework that is the first step toward bills financing all of the government's programs, not just the war."

Illustrating the Democratic split, Sen. Russ Feingold – usually identified with the most liberal wing of the caucus -- said on MSNBC (3/1, O'Donnell), "The best way to do it is to repeal the authority from 2002. And I've seen some drafts of this that would do exactly that. So that's very positive, and I think that's a good effort. There are other parts of it that have to be done right. If you sort of create a new mission or a new Iraq war that's more limited, I think that's unwise. Why should we do that? … It depends exactly whether we're creating something that really moves us out of Iraq or whether we're going to have loopholes that the Administration will exploit."

Republicans, meanwhile, appear to be coming together against any Democratic attempts to derail Bush's war strategy. The Washington Times (3/2, Miller, 88K) reports, "Republicans in Congress -- including most who have defected from…Bush's plan to send reinforcements to Iraq -- have closed ranks and are prepared to thwart the Democrats' continued efforts to undermine the war strategy. Most of the 17 House Republicans who voted for a resolution against the troop-surge plan -- which was about half the number predicted by Democrats -- now oppose moves to cut war funding or attach conditions to appropriations bills that would hamstring the war effort." And "all but one of the seven Senate Republicans that backed the anti-surge resolution in their chamber say they will not support any funding cuts. The one other dissident Republican -- Sen. Chuck Hagel of Nebraska -- declined to comment on the issue."

Panetta Criticizes Democratic Proposals. The Washington Times (3/2, Lambro, 88K) reports, "A senior Democratic adviser said yesterday he is disappointed and dismayed by the efforts of House and Senate Democrats to change administration policies in Iraq, predicting they would lead to further division and stalemate in Congress on the war. 'If you stand back, the whole debate has been pretty frustrating. The bigger problem is that [Democratic leaders'] proposals are not going anywhere, such as some revised authority for the war,' said Leon Panetta, a key Democratic member of the Iraq Study Group whose proposals to stabilize Iraq were largely dismissed by…Bush." Panetta added that the Democrats' "efforts are doomed. Either they are going to be blocked in Congress or vetoed by the president, or both. The end result is that it will make us more divided and impotent on war policy." Panetta's "blunt complaints about how his party has bungled the war debate underscores a

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partywide discomfort among many Democrats that their leaders have failed to craft a politically viable compromise that can draw some bipartisan support."

Cheney Says Iraq Pullout Would Allow Victorious Al Qaeda Fighters To Flock Into Afghanistan. The Washington Post (3/2, Raum, 690K) reports, "Vice President Dick Cheney said Thursday night that a too-soon withdrawal of US forces from Iraq could send victorious militants spreading out, with some flocking to Afghanistan to fight alongside a regrouping Taliban." He "demanded that the Democratic-controlled Congress support President Bush's military buildup 'on time and in full.'" The Post adds, "Speaking before a receptive audience of conservatives, the vice president -- just back from a trip that included unannounced stops in Afghanistan and Pakistan -- sharply criticized efforts by some Democrats to restrict funds for additional troops or to place restrictions on their deployment." Said Cheney, "I sincerely hope the discussion this time will be about winning in Iraq, not about posturing on Capitol Hill. Anyone can say they support the troops, and we should take them at their word. But the proof will come when it's time to provide the money and the support. … We expect the House and the Senate to meet those needs on time and in full." The Vice President "spoke at an annual dinner of the Conservative Political Action Conference. The audience included conservative activists, leaders and policymakers."

Martinez Says US Public Wants Success In Iraq. RNC Chairman Sen. Mel Martinez said on MSNBC (3/1, O'Donnell), "I believe the American people want to see us succeed in Iraq, that they still have hope that, if we have a winning strategy, that it ought to be employed. I think what people have is a frustration with Americans dying in Iraq, a frustration with the Iraqi government not doing some of the things that they're now doing. … If they do the political things to reach a political settlement -- we now have diplomacy in the region taking place -- and we also pacify Baghdad, I believe we're going to some success in the near future. And I think that's going to be a sign that the American people will respond to."

Security Crackdown Appears To Be Reducing Baghdad Violence. USA Today (3/2, 4A, 2.27M) reports, "Baghdad experienced one of its least violent days in months Thursday when there were two reported bombings and one fatality. The relative lull in violence came in the third week of a US-Iraqi plan to improve security in Baghdad." President Bush "has ordered an increase of 17,500 U.S. troops in the capital to conduct house-to-house searches and help disarm sectarian militias." USA Today adds, "A US military report said Monday that the number of roadside bombs was down 20% since the security initiative began in mid-February and sectarian murders were at their lowest levels in a year."

AFP (3/2) reports that "three weeks after the launch of the new US strategy in Iraq, Pentagon officials were cautious Thursday saying early signs were good, but that it was too soon to make concrete conclusions. 'I would say, just looking at the reports from the people on the ground. ... I think their assessment would be, 'It's too early to draw any conclusions,' because this is still in the early stages,' Pentagon number two Gordon England said."

Meanwhile the Los Angeles Times (3/2, Zavis, 850K), under the headline "Iraq's Displaced Trickle Home," reports that "encouraged by a major security clampdown that began Feb. 13, and reassurances from his neighbors," some Iraqi refugees are beginning to "test Iraqi Prime Minister Nouri Maliki's recent pledge to reverse the tide of sectarian 'cleansing' sweeping Baghdad and move tens of thousands of people back home." However, "even if the government can convince families that their old neighborhoods are safe, there is no guarantee they can regain their homes. Many residences have been looted or torched, others commandeered by gunmen or occupied by families fleeing violence elsewhere."

Official Says "Surge" Will Require As Many As 28,500 Soldiers. USA Today (3/2, 4A, Brook, 2.27M) reports, "President Bush's planned increase of U.S. forces in Iraq will require as many as 28,500 troops, Pentagon officials told a Senate committee Thursday." Deputy Defense Secretary Gordon England also "told the Senate Budget Committee that it will be clear within months whether the so-called surge in forces has succeeded in helping secure Iraq. 'By this summer we would have a much better indication in terms of the success of the program,' England said. 'And so at that time we would adjust however is appropriate to do so.'" In January, Bush "said he would send 21,500 more combat troops to Iraq. England said 6,000 to 7,000 support troops will be needed to back up the larger combat force."

Car Bomb Kills Seven In Fallujah. The New York Times (3/2, Rubin, 1.16M) reports, "A car bomb that was apparently aimed at a policeman's wedding party in Falluja, west of Baghdad, killed seven guests on Thursday and wounded six, the local police said." The attack "appeared to be part of a mounting battle in western Iraq between insurgents with ties to Al Qaeda and other local and tribal groups, local residents said." The bomb "exploded in the late afternoon as the wedding party was gathering at the home of the groom, a policeman. Neither the bride nor the groom was wounded, but those killed were friends and relatives of the couple, said Abu Khalid, a cousin of the groom."

50 Insurgents Killed In Western Iraq. The Washington Post (3/2, A9, Partlow, 690K) reports, "Iraqi security forces backed by Sunni tribesmen killed dozens of suspected Sunni insurgents over several hours of fighting Wednesday in a village in western Iraq, Iraqi police officials said Thursday." The fighting "was unusually fierce for an

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Iraqi-led operation and was also notable because of the collaboration of tribesmen in volatile Anbar province. In recent months, the US military has aligned itself with dozens of tribal sheiks who are collaborating in an effort to drive the Sunni insurgent group Al-Qaeda in Iraq from the vast desert territory."

US Official To Visit Syria For Talks On Iraqi Refugees. Under the headline "New Signs Of US-Syria Thaw As Senior Official Sets Visit," AFP (3/2, Millikin) reports Washington announced Thursday that it was sending "a high-ranking official to Syria for the first time in two years, a move seen as a fresh sign of a possible thaw between Washington and Damascus." Assistant Secretary of State Ellen Sauerbrey will travel to Damascus "in coming weeks" as part of a regional tour dealing with "humanitarian issues related to Iraqi refugees," State Department spokesman Sean McCormack said. "Seeking to play down the diplomatic significance of the trip," McCormack said Sauerbrey would be "paired" on the tour with a representative of the UN High Commissioner for Refugees and "would be authorized to meet with her Syrian counterparts to discuss the refugee issue."

Professor Urges US To Facilitate Resettlement Of Iraqi Refugees. Aimee Phan, author and professor at Washington State University, writes in a USA Today (3/2, 13A, 2.27M) op-ed, "With the Iraqi refugees count nearing 2 million…and the US government's recent plans to welcome 7,000 refugees for resettlement, a new community of Iraqi-Americans is inevitable. How Americans plan to respond to them and facilitate their resettlement is crucial." Phan noted that "considering the role US foreign policy has had on Iraqis' lives and displacement, it is the government's responsibility to offer them the resources to salvage their community."

Sprawling US Embassy In Baghdad Hampering Reconstruction Efforts. The Washington Post (3/2, A11, Williamson, 690K) reports the US embassy in Baghdad "is one of the largest foreign missions ever operated by the State Department. Its complexity and expense, some say, hampers reconstruction efforts and drains cash from diplomatic efforts worldwide." In addition, the mission's "closely guarded budget is a source of controversy at State, and across the federal government." In addition, the "teeming embassy masks a desperate need for civilians to aid the reconstruction effort," while the State Department "has discussed drafting personnel" for service in Iraq.

Turkey Late In Wishing Talabani Well. The Washington Times (3/2, Birch, 88K) reports, "Messages of good will have been flooding in" since Iraqi President Jalal Talabani was hospitalized in Jordan Sunday. "But a get-well wish from Turkey, one of Iraq's large neighbors, did not come until yesterday." However, the "delayed reaction" from Turkey "is not altogether surprising," but "with Iraq at a critical juncture, analysts fear its reticence limits its effectiveness as a regional power."

Pakistan Arrests Senior Taliban Leader. The Los Angeles Times (3/2, King, Meyer, 850K) reports, "Pakistani authorities have arrested the former defense minister of the Taliban, the most senior insurgent leader to be seized in five years, a government official said Thursday." Pakistan's government "issued no immediate official statement about the detention of Mullah Obaidullah Akhund earlier this week in the southern provincial capital of Quetta." The Times adds, "Local news reports said Akhund was detained Monday, the day Vice President Dick Cheney arrived for an unannounced visit to urge President Pervez Musharraf to take more robust steps against Islamic militants finding safe haven in Pakistan's tribal region near the Afghanistan border."

But the New York Times (3/2, Gall, 1.16M) says "it was not clear whether" the Taliban commander "was picked up before, during or after Mr. Cheney's visit." The timing "may be significant because Mr. Cheney's mission was intended to press Pakistan to do more to crack down on members of the Taliban and Al Qaeda who use Pakistan as a sanctuary. … While Mullah Obaidullah's detention may be a sign of a new commitment by Pakistan to move against the Taliban leadership, the arrest also seemed to confirm Western and Afghan intelligence reports that the Taliban were using Pakistan, and particularly Quetta, to organize their insurgency." A NATO spokesman in Afghanistan, Col. Tom Collins, "said he was not aware of any arrest. American government officials in Washington confirmed the capture, but cautioned that the arrest was unlikely to deal a significant setback to the insurgents."

ABC World News (3/1, story 5, 1:40, Ross, 8.78M) called the arrest "extremely significant. One, he is a man who is very close to the Taliban leader, Mullah Omar, who is close to Osama bin Laden. … And it's believed he may well know the locations of those wanted men."

US-Pakistan "Shotgun Marriage" Seen As Fraught With Danger. Zahid Hussain, who writes from Pakistan for the Wall Street Journal, says this morning (3/2, A11) that "the US-Pakistan partnership that came into being on Sept. 12, 2001 was a shotgun marriage and remains an uneasy alliance. … The outcome of this struggle will affect not only the fate of Pakistan, but also the ideological climate of the Middle East and the security of the world. Gen. Musharraf has provided the US with active support in the hunt for al Qaeda fugitives. His security forces have captured and delivered to the US. several of the most wanted al Qaeda leaders, including Khalid Sheikh Mohammed and Ramzi bin al Shibh, the masterminds of the 9/11 attacks. … There is a huge danger that any new military operation in Waziristan

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under pressure from Washington will divide the army. Over the last couple years, several midlevel army officers have been court-martialed for refusing to fight in Waziristan. But a policy of appeasement would certainly allow al Qaeda and the Taliban to expand their terrorist base. The militants have already established their rule in the North Waziristan tribal region. The situation is more worrying as their influence spreads elsewhere."

Bayh Says More US Troops Needed In Afghanistan. In a Thursday morning appearance on Fox News (3/1, Kendall), Sen. Evan Bayh discussed the situation in the Afghanistan-Pakistan border region, saying, "It's a tough situation. It's largely lawless. It has been for centuries. The Pakistani government has tried to some extent to bring that under greater control. They've lost some of their own troops. We're now trying to convince them to do even more. Because it's not good for Pakistan or Afghanistan to have a safe haven where Al Qaeda can operate, the Taliban can operate, they can go back and forth across the border. And we're concerned about a spring offensive in which it will be a very difficult year in Afghanistan. That's why I requested more troops for Afghanistan, because we have a chance to move Afghanistan in a better direction if we do what needs to be done. This year will be a pivotal year."

Panel Says Wars Hindering National Guard's Domestic Role. McClatchy (3/2, Brown) reports, "Stretched thin by the wars in Iraq and Afghanistan, the National Guard is less prepared now than it's ever been to respond to a major terrorist attack, a natural disaster or another domestic crisis, a congressionally appointed panel has found." Because of the wars, the Commission on the National Guard and Reserves found, "88 percent of Army National Guard units and 45 percent of Air National Guard units that aren't deployed overseas have severe equipment shortages. That's reduced the Guard to its lowest readiness level ever and posed an unacceptable risk to Americans, said Arnold J. Punaro, the commission chairman and a retired Marine Corps major general." McClatchy adds, "In a report issued Thursday to Congress, the commission also faulted the Department of Homeland Security for failing to identify the domestic missions the National Guard should be expected to perform and criticized the Defense Department for not equipping the National Guard adequately for those missions."

The AP (3/2, Baldor) reports, "Calling those failures unacceptable," Punaro "said in an interview that federal agencies must get past their turf battles to better protect the public. 'This is unacceptable. The American people would find it unacceptable,' said Punaro, a retired Marine Corps general. 'These are not problems that have just cropped up in the last two years or five years. These are issues that have been pretty much ignored and glossed over for decades.'"

Punaro said on PBS' NewsHour (3/1, Woodruff), "There are no national security missions that we can carry out now or in the future that will not have the Guard and Reserve involved. … They're expected [to be] an operational reserve means that every day a part of that is actually out there, just like the active force, and the part that isn't gone has to be ready to go at a moment's notice. … We're in terrible shape, in terms of equipment availability, particularly for the National Guard. You can have the best-trained troops and the best-led troops, but if you don't have the equipment to do the job, that unit is not going to be as combat-effective as they need to be. Right now…88 percent of the Guard is not combat-ready when it comes to equipment."

The Washington Post (3/2, A1, Tyson, 690K) notes the report also "said prospects for Guard recruiting and retention remain 'highly problematic,' despite successes last year." The panel "is scheduled to issue its final report in January."

Friedman Urges "Moral Surge" To "Delegitimize" Suicide Bombers. The New York Times' (3/2) Thomas Friedman writes that in the wake of recent suicide bombings in Iraq and Afghanistan, "The Bush team is mute. It says nothing, because it has no moral authority. No one would listen. Mr. Bush is losing a P.R. war to people who blow up emergency wards. Europeans are mute, lost in their delusion that this is all George Bush's and Tony Blair's fault. But worst of all, Muslims, the very people whose future is being killed, are also mute." Friedman says that "no [troop] surge can work in Iraq unless we have a 'moral surge,' a counternihilism strategy that delegitimizes suicide bombers."

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Domenici, Wilson Said To Have Pressured US Attorney To Indict Democrat. McClatchy (3/2, Taylor) reports, "Sen. Pete Domenici and Rep. Heather Wilson of New Mexico pressured the US attorney in their state to speed up indictments in a federal corruption investigation that involved at least one former Democratic state senator, according to two people familiar with the contacts." The "alleged involvement of the two Republican lawmakers raises questions about possible violations of House of Representatives and Senate ethics rules" and "could taint the criminal investigation into the award of an $82 million courthouse contract." McClatchy adds, "The two people with knowledge of the incident said Domenici and Wilson intervened in mid-October, when Wilson was in a competitive re-election campaign that she won by 875 votes out of nearly 211,000 cast." David Iglesias, "who stepped down as US attorney in New Mexico on Wednesday, told McClatchy Newspapers that he believed the Bush

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administration fired him Dec. 7 because he resisted the pressure to rush an indictment."

The Albuquerque Tribune (3/2) reports, "Sen. Pete Domenici and Rep. Heather Wilson aren't saying whether they contacted then-U.S. Attorney David Iglesias in the weeks leading up to the Nov. 7 elections about the pace of his corruption investigation of New Mexico Democrats." The Tribune continues, "Domenici and Wilson, Albuquerque Republicans, have not returned phone calls from numerous news outlets asking for a response to Iglesias' allegations. … The Justice Department was unaware Iglesias had had conversations with members of Congress until Wednesday, Roehrkasse said. According to Roehrkasse, Iglesias should have reported the contact to department officials. … Roehrkasse would not say whether any member of the New Mexico delegation recommended that Iglesias be dismissed. … But Matt Farrauto, executive director of the New Mexico Democratic Party, on Wednesday called for Wilson to answer questions about Iglesias' dismissal, and whether she played a role in it. … 'It's not much of a leap to believe that Heather Wilson pressured or personally instigated pressure for an indictment,' Farrauto said. 'This should be investigated, and she should be held accountable.'"

House Committee Subpoenas Dismissed US Attorneys. The AP (3/2, Talhelm) reports, "A House committee is compelling four of at least eight U.S. Attorneys ousted from office in recent months to tell their stories under oath, after one prosecutor said he believes he was fired for political reasons." The AP continues, "Democrats on a House Judiciary subcommittee voted 7-0 Thursday to subpoena fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. 'Bud' Cummins of Arkansas and John McKay of Seattle. No Republican members of the panel attended Thursday's meeting, which lasted less than five minutes." The AP adds, "The lawmakers said they are troubled that the Bush administration may be punishing prosecutors for being too effective at pursuing political corruption cases. … The House subpoenas are the first issued by the new Democratic-controlled Congress. The U.S. Attorneys are scheduled to appear at a Tuesday hearing with other witnesses, including a representative from the Justice Department. … The Senate Judiciary Committee asked the four prosecutors to testify before it the same day."

The Washington Post (3/2, A4, Eggen, Kane) reports, "The moves mark the latest escalation in the battle between congressional Democrats and the Justice Department over the controversial dismissals of eight U.S. attorneys, at least five of whom were presiding over public corruption probes when they were fired. … 'Are these people being removed for doing their job and for it doing it too well?' asked Rep. Linda T. Sanchez (D-Calif.), chairwoman of the panel, who called the subpoenas 'a last resort.'" The Post continues, "The controversy, which has been simmering for two months, boiled over this week after departing prosecutor David C. Iglesias of New Mexico alleged that two unnamed lawmakers had pressured him to speed up the prosecution of Democrats before the November elections. Iglesias said he believed that complaints from the lawmakers may have led to his dismissal, an allegation the Justice Department has disputed. … The state's top two Democrats, Rep. Tom Udall and Sen. Jeff Bingaman, and Rep. Steve Pearce (R-N.M.) have denied calling Iglesias. Rep. Heather A. Wilson (R-N.M.) and Sen. Pete V. Domenici (R-N.M.) have not responded to requests for comment over the past two days and deflected questions from the Associated Press about the allegations." The Post notes, "Iglesias's office was conducting a probe into allegations involving construction contracts and a prominent Democratic former state senator. … At the time of the alleged phone calls, Wilson, a close ally of Domenici's, was in a tight reelection battle with then-state Attorney General Patricia Madrid. Wilson won by fewer than 2,000 votes. … Iglesias said yesterday that he will identify the lawmakers only if compelled by a subpoena. … 'I fear retaliation,' said Iglesias, a Republican and former military defense lawyer who served as a model for a character in the movie 'A Few Good Men.' 'This is a small state and there are not too many employment opportunities, and I fear they will blacklist me.'" The Post adds, "Justice spokesman Brian Roehrkasse said that the department has been 'very forthcoming' with Congress about the dismissals and that any allegations that prosecutors were removed to interfere with investigations are 'completely wrong.' … Justice officials have said Iglesias and six others were fired for 'performance-related' reasons and have denied that any were targeted to disrupt public corruption probes. Officials have acknowledged that an eighth prosecutor, Bud Cummins of Little Rock, was removed to make way for a former aide to presidential adviser Karl Rove."

The New York Times (3/2, Johnston) reports, "The House panel acted after the prosecutors privately told lawmakers that they would not testify voluntarily, not wanting to get in the middle of what has grown into a serious political embarrassment for the Justice Department, but that they would give testimony if compelled." The Times continues, "In floor speeches and at a hearing last month, Democrats have repeatedly attacked the dismissals as a politically motivated effort to replace independent-minded prosecutors with more pliable operatives of the Bush administration. … Several of the prosecutors had been engaged in politically sensitive cases involving Republicans, for instance Ms. Lam's continuing corruption investigation in the wake of a related guilty plea in 2005 by Representative Randy Cunningham of California." The Times notes, "Others had irritated Republicans in their state. Mr. McKay, for one, had decided against impaneling a grand jury to examine accusations of voter fraud in Washington State's 2004 election for governor,

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won by a Democrat, Christine Gregoire. … At a hearing last month, Paul J. McNulty, the deputy attorney general, said most of the dismissals had been related to job performance, an assertion that brought protests from the ranks of the ousted prosecutors. … Several said they had been given no reason for their removal. Most had received favorable job evaluations from the Justice Department in formal performance assessments based on interviews with judges, law enforcement agencies and members of the office staff."

The Los Angeles Times (3/2, Schmitt) reports, "The prosecutors, directed to appear at a hearing Tuesday, were among at least eight who were abruptly removed in recent months by the Justice Department. Officials have said they dismissed the lawyers primarily because of concerns over their performance, as well as policy differences over whether they were pursuing department priorities such as cases of immigration fraud and child exploitation. … But the lawyers — all appointees of President Bush — have not gone quietly. They are publicly disputing the characterization the department has offered for their departures. … The result has been a political embarrassment for the White House and the Justice Department, and an odd spectacle of Democrats giving aid and comfort to Republican appointees." The Times adds, "The vote to issue the subpoenas illustrated a partisan divide: Republicans boycotted the proceeding; the seven Democrats present unanimously endorsed the move. … 'The former U.S. attorneys are alleging very serious charges against the administration, and we need to hear from them,' said Rep. John Conyers Jr. (D-Mich.), chairman of the House Judiciary Committee. 'We want to hear their stories, and we want the administration to address the charges head-on.'"

Bloomberg (3/2, Schmidt, Rowley) reports, "Senator Charles Schumer, a New York Democrat, said yesterday that Iglesias and other prosecutors were eager to testify. … 'We have inquired of the fired U.S. attorneys,' he said in remarks on the Senate floor. 'The overwhelming majority of them want to tell more but feel honor-bound not to do it, except if they were brought under the power of a subpoena.'" Bloomberg adds, "Brian Roehrkasse, a Justice Department spokesman, said the agency has never removed a U.S. attorney in an effort to influence an investigation. On the Iglesias firing, Roehrkasse said the prosecutor served for more than five years and 'we made our decision not to further extend his service based on performance-related concerns.'"

Nevada US Attorney Leaves Office With No Word On Successor. The Las Vegas Sun (3/2, Skolnik) reports, "U.S. Attorney Daniel Bogden's last day in office came and went Wednesday with no word from the Justice Department about who will replace him." The Sun continues, "Even though Bogden was told by a department official soon after he was fired from the job that his office would be given the name of a replacement by the time he left office - Wednesday at midnight - no one had called, at least as of 6 p.m. … 'I've been sitting here, waiting for the call,' said Bogden, the well-regarded Bush appointee who said he has spent the bulk of his last day packing up his office. 'It would have been nice to have gotten some notice by now,' he said during a late afternoon interview." The Sun adds, "According to Bogden, federal statutes dictate that First Assistant U.S. Attorney Steven Myhre would take over this morning as acting U.S. attorney, pending further word from Washington. … Bogden had received positive notices and work reviews by his Justice Department bosses - as had all but one of the six other fired U.S. attorneys, according to media reports - begging the question as to why the prosecutors were fired. Justice Department officials said it was because of poor job performance, a notion vehemently rejected by the U.S. attorneys and their supporters."

The Las Vegas Review-Journal (3/2, Packer) reports, "Two high-ranking Department of Justice officials told outgoing U.S. Attorney Daniel Bogden in December that his dismissal was unrelated to his job performance, and one of the officials indicated his firing was politically motivated, Bogden said Thursday. … 'I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office,' Bogden said. … He declined to elaborate on the discussion." The Review-Journal adds, "Michael Battle, director of the Executive Office for United States Attorneys, called Bogden on Dec. 7 and asked him to step down from the post he had held since 2001. Battle could not provide an explanation, Bogden said, prompting him to call other officials within the Justice Department. … 'I said you have to give me something more; you can't just throw this bomb into my life,' Bogden said. … Bogden placed a call to an upper-level official at the Justice Department. He said he sensed from that conversation that his dismissal was politically motivated. During a second call to another official, his questions were more direct. … 'I said, "Look, did this decision have anything to do with my job performance or the performance of my office?"' Bogden said, relaying a conversation with an official he declined to name. The official responded: 'That did not enter into the equation.' … Bogden acknowledged he will have to divulge the officials' names if he is subpoenaed to testify before a congressional committee. … Bogden was not among four of the prosecutors a House subcommittee voted Thursday to subpoena to testify next week. The House Judiciary subcommittee said all four agreed to appear, and the Justice Department said it would dispatch a top official to the hearing."

Ashcroft Cancels Plans For Pizza Party With Former DOJ Colleagues. U.S. News and World Report (3/2, Ragavan) reports, "Former Attorney General

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turned lobbyist John Ashcroft canceled the pizza party he was scheduled to host yesterday for the political appointees from his days heading the Justice Department." US News continues, "The cancellation came after usnews.com reported that the department's ethics office had flagged the party as potentially troublesome in terms of appearance." USA News adds, "In an E-mail sent to the invitees, which Ashcroft's senior adviser, Juleanna Glover Weiss, provided to U.S News, Ashcroft said that he did not realize that 'our sharing of a pizza and soft drinks might erode the high levels of integrity we worked so diligently to engender' when he was attorney general. Ashcroft added that he did not 'believe for a second' that the invitees' integrity 'could be compromised for a piece of pizza.' But he said that 'no fellowship over lunch' was 'worth the sacrifice of any public confidence in the justice community.' Instead, 'Going back to my traditional brown bag lunch,' wrote Ashcroft, 'will not be too much of a challenge for me.'"

CORPORATE SCANDALS:

Gonzales Cites "Protecting Integrity Of Business" As Top DOJ Priority. The San Diego Daily Transcript via Yahoo! News (3/2) reports, "U.S. Attorney General Alberto Gonzales touted the Department of Justice's commitment to combating corporate fraud and public corruption in a speech Thursday in San Diego." The Transcript continues, "Gonzales, making his first appearance here since becoming attorney general two years ago, addressed the American Bar Associations' national institute on white-collar crime. … His remarks came two weeks after Carol Lam was reportedly forced out as U.S. attorney in San Diego because she concentrated too much on white-collar crime and not enough on border smuggling and illegal immigration." The Transcript adds, "In his speech, Gonzales said reliability and transparency are needed for a successful economy. … 'As attorney general, protecting the integrity of business and government is a top priority of mine,' he said. 'A free market cannot include the freedom to cheat, to defraud or to steal. Rules and enforcement are needed to protect the playing field itself and ensure fair competition.'" The Transcript notes, "The Justice Department established a corporate fraud task force in 2002, and it had obtained 1,100 convictions as of the end of last year. … Gonzales said the recent prosecutions involving Enron and WorldComm and the new restrictions imposed by the Sarbanes-Oxley Act have changed corporate America. … Stanford Law School reported a 38 percent decline last year in class-action lawsuits involving securities issues. … But the attorney general said he does not want the Justice Department's renewed oversight to hamper American innovation or prevent individuals from taking risks. … 'The United States is the economic envy of the world,' he said, 'and we are dedicated to keeping it that way. That means we'll stand fast by the laws that keep the markets clean, but it also means we'll stay cognizant of the private sector's need for the oxygen that feeds innovation.' … He also praised the government's 'offensive against all types of white-collar crime.' … 'We have a strong record of prosecuting public corruption cases during my tenure as attorney general,' he said. 'As evidence of that commitment, we have added resources to this fight.'"

US Charges 13 In Insider Trading Probe. The Washington Post (3/2, A1, Johnson) reports, "Federal prosecutors unsealed criminal charges against more than a dozen people, including former executives at four of Wall Street's elite institutions, accused of engaging in thousands of improper trades in two schemes that netted more than $15 million in profit." The Post continues, "A grand jury in Manhattan indicted nine people on conspiracy, fraud and bribery charges. Among them were lawyers and officials responsible for protecting the integrity of the firms and the market, who instead became perpetrators, prosecutors said. They worked for such top-tier firms as UBS, Morgan Stanley, Bank of America Securities and Bear Stearns. … Four others, who agreed to plea bargains, helped investigators crack open the massive, six-year insider-trading plot and will provide testimony against their onetime associates, government officials said." The Post adds, "Together, the charges and guilty pleas mark one of the biggest and most prominent insider-trading busts since the era of Ivan Boesky and Dennis Levine, when handcuffed executives were marched out of investment firms two decades ago. … The six-month probe unearthed furtive meetings among the alleged conspirators, who used disposable cellphones and coded text messages to evade detection and paid kickbacks in the form of cash-filled envelopes. Investigators said they shook their heads at times as the case increasingly resembled the greed on display in the 1987 film 'Wall Street.'"

USA Today (3/2, 1B, Farrell) reports, "The criminal charges allege that traders from a handful of hedge funds and brokerages, acting on illegal inside information from some of Wall Street's biggest firms, netted $8 million in tainted gains from December 2001 to August 2006. … The Securities and Exchange Commission, which discovered evidence of the ring last year during a routine investigation, filed a parallel set of civil charges against 11 individuals and three hedge funds." USA continues, "While the $8 million pales in comparison with the enormous sums misappropriated by Boesky and others in the 1980s, the scheme exposed Thursday was nevertheless shocking, said Linda Chatman Thomsen, the SEC's director of enforcement. … The majority of inside trading cases involve an individual who comes across inside information and can't resist the temptation to make a quick buck. The difference here,

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Thomsen said, is that the inside trading ring operated for five years, involved hundreds of tips and thousands of relatively small trades. Worst of all, the inside information allegedly came from three 'top tier' Wall Street firms: UBS, Morgan Stanley and Bear Stearns. 'It's particularly pernicious when Wall Street insiders … shamelessly compromise the markets' integrity and investors' trust for a quick buck,' she said. … Court documents filed by the SEC and Michael Garcia, the U.S. Attorney in Manhattan, allege that the ring leaders of the scheme were: Mitchel Guttenberg, an executive director at UBS; Randi Collotta, an attorney in Morgan Stanley's compliance department; and Erik Franklin, a former portfolio manager for a hedge fund at Bear Stearns. Franklin has pleaded guilty. Attorneys for Collotta and Guttenberg could not be reached."

The New York Times (3/2, Anderson, De La Merced) reports, "It started in 2001 with two old friends meeting at the Oyster Bar in the basement of Grand Central Terminal in Manhattan, discussing a $25,000 debt. … It ended yesterday with federal authorities saying that they had exposed one of the most far-reaching insider trading schemes on Wall Street in decades, involving four investment banks and a web of hedge funds, day traders, lawyers and even a few supervisors, who upon discovering evidence of insider trading, blackmailed the traders to keep quiet about it." The Times continues, "Thirteen people were accused yesterday of taking part in the trading ring, including a former Morgan Stanley compliance official, a senior UBS research executive, three employees from Bear Stearns and a Bank of America employee. … The schemes described by federal authorities were unusual for their breadth and the seniority of the executives involved. … The tactics, however, were all too familiar: Wall Street executives tipping hedge fund traders about potential upgrades or downgrades of stocks, information sure to move a stock's price; leaking information about pending mergers and acquisitions, and taking kickbacks to get access to hot deals. In the middle, authorities say, was a hedge fund manager looking for an edge."

The Wall Street Journal (3/2, C1, Smith, Scannell, Davies) reports, "Mitchel Guttenberg was $25,000 in debt to Erik Franklin when the two friends got together in 2001 to settle the obligation. The scheme they allegedly concocted that day in New York's cavernous Oyster Bar restaurant grew into one of Wall Street's biggest insider-trading cases in years. … Mr. Guttenberg, now 41 years old, agreed to relay advance word of potentially market-moving stock analysis by the Wall Street arm of Swiss bank UBS AG, where he was a research executive, to Mr. Franklin, now 39, a hedge-fund manager in those days at Bear Stearns Cos., authorities said." The Journal continues, "The participants in what the SEC called a 'brazen' scheme allegedly earned about $15 million based on two strands of alleged inside information. The main one, from the UBS research, accounted for most of those gains. A second stemmed from leaks of takeover deals in the works at the blue-chip Wall Street firm Morgan Stanley. … The takeover-trading tips came from former Morgan Stanley lawyer Randi Collotta, 30, who was a compliance official responsible for monitoring adherence to securities rules, the SEC said. In a statement, Morgan Stanley said it was 'outraged' and had cooperated in the probe and would continue doing so. Ms. Collotta pleaded not guilty in federal court. … UBS depicted itself as a 'victim' of the scheme and said it is 'committed to safeguarding the integrity of its proprietary information.' Bear Stearns, whose employees allegedly traded on both the UBS and Morgan Stanley tips, said the actions described by regulators 'are clear violations of our policies and procedures.' Both UBS and Bear said they are cooperating as well."

The Financial Times (3/2, Masters) reports, "The ring capitalised on two key sources of inside information, according to US Attorney Michael Garcia. … Randi Collotta, a Morgan Stanley compliance officer, allegedly passed on news of pending mergers and acquisitions from 2004 to 2005. Mitchel Guttenberg, a UBS executive director, allegedly gave traders for several hedge funds advance warning of stock upgrades and downgrades for more than six years." The Times adds, "The stream of conspirators who passed on or used the inside information eventually grew to include 14 people, including eight Wall Street professionals, two broker-dealers and three hedge funds, including Lyford Cay, a Bear Stearns vehicle, the Securities and Exchange Commission said. … The SEC estimated that the participants netted more than $15m. If convicted, the defendants face potential maximum sentences ranging from 15 to 90 years, depending on their alleged level of involvement."

The Los Angeles Times (3/2, Hamilton, Mulligan) reports, "Though it has receded from public view in the years since Boesky and others made headlines, authorities fear that insider trading is making a comeback on Wall Street amid the current bull market. In particular, they are worried that hedge funds -- private investment groups known for their aggressive styles -- are using such tips to make big profits. … In their case, Guttenberg and Franklin allegedly went to elaborate lengths to conceal their activity, using such dodges as disposable cell phones, coded text messages and clandestine meetings. … And, authorities said, there proved to be no honor among thieves, as several people who caught wind of the insider trading launched mirror trades of their own, and two people went so far as to blackmail the original perpetrators by threatening to expose them."

The New York Law Journal (3/2, Lin) reports, "The Southern District of New York U.S. Attorney's Office claims the defendants participated in two overlapping insider trading rings. The larger of the two was allegedly fed by Mitchel Guttenberg, an institutional client manager in the equity

research group at UBS Securities, who tipped off several Wall Street traders over the past six years about upcoming recommendations by UBS analysts. … The second ring was fed by Randi Collotta, a former member of Morgan Stanley's global compliance group who in 2004 and 2005 passed along non-public information about mergers and acquisitions transactions on which the investment bank was advising. … The recipients of her tips included her husband, Christopher Collotta, a Bohemia, N.Y., labor and employment lawyer, and his friend Marc Jurman, a Florida-based broker. Jurman in turn tipped off Robert Babcock, a Bear Stearns & Co. broker who also participated in the UBS ring." The Journal adds, "The Southern District prosecutors also brought charges against two brokerage employees who helped conceal trading -- Samuel Childs and Laurence McKeever of Hoboken, N.J.-based Assent brokerage -- activity by Tavdy and Glass, as well as a Banc of America Securities broker who received a kickback for placing initial public offering shares with one of Franklin's hedge funds. … Among the inside information Guttenberg passed along was that UBS was going to downgrade the stocks of Caterpillar Inc. and Union Pacific and upgrade those of Goldman Sachs Group Inc. and Whole Foods Market Inc. The tippees shorted those stocks to be downgraded and accumulated those that were to be upgraded."

AFP (3/2, Cole) reports, "Officials said the ring went to exhaustive lengths to hide their improper trading activities from scrutiny. … Members of the ring met at Manhattan's famed Oyster Bar and also used disposable cell phones, secret codes and cash kickbacks to pull off their improper trades, according to investigators." AFP adds, "Other hedge funds named in the charging documents included the Q Capital hedge fund and the Chelsey Capital hedge fund. … 'Today's events should send a message to anyone who believes that illegal insider trading is a quick and easy way to get rich,' said SEC enforcement chief Linda Thomsen. … 'No matter how clever you are, no matter how hard you try to avoid detection, you underestimate us at your peril,' Thomsen warned. … The Justice Department and the SEC, who were aided by the Federal Bureau of Investigation, said their probes were ongoing and that financial penalties against those involved were also being sought."

Judge Tosses SEC Suit Against Former Citigroup Officials. The New York Law Journal (3/2, Bar) reports, "Charges by the Securities and Exchange Commission that two former Citigroup executives 'aided and abetted' their company in a scheme to cheat mutual fund investors of almost $100 million have been dismissed by a federal judge." The Journal continues, "Southern District of New York Judge Richard Conway Casey granted Thomas W. Jones and Lewis E. Daidone's motion for summary judgment, finding that the SEC's actions seeking civil penalties and an injunction against the executives were time-barred. … In Securities and Exchange Commission v. Jones, 05 Civ. 7044, the judge also held that the SEC's request for disgorgement was 'not supported by sufficient facts.' … The commission was successful in winning a $208 million settlement against Citigroup, which did not admit or deny guilt. It did not rule out an appeal of Judge Casey's verdict. … 'We are disappointed with the decision and are reviewing our options,' said spokesman John Heine." The Journal notes, "Jones was chief executive of Citigroup's asset management division, and Daidone was treasurer and chief financial officer of the Smith Barney mutual funds in question. … The case involves the 1999 establishment by the company's asset management division of an in-house transfer agent service and its decision to employ First Data, a processing services provider, as the sub-transfer agent."

Former Omnicom Official May Help In Securities Fraud Suit. The Wall Street Journal (3/2, B6, Lattman, O'Connell) reports, "New allegations by a former Omnicom Group Inc. executive could provide legal ammunition to claims in a four-year-old securities-fraud lawsuit that the ad giant created a sham entity, Seneca Investments, to improperly avoid taking write-downs on its Internet assets." The Journal continues, "In an amended complaint filed last month in federal court in Manhattan, the former chief executive of Seneca says Omnicom controlled the entity and no other party contributed any assets to it. The ad giant created Seneca in 2001 to move ailing Internet assets off its balance sheet." The Journal adds, "In the lawsuit, initially filed in December 2006, Michael Tierney, a former Omnicom executive who became CEO of Seneca, alleges Omnicom owes him stock options valued at roughly $1 million. Omnicom maintains the options never vested. Mr. Tierney left Seneca in March 2004. His amended complaint also raises questions about Seneca's independence from Omnicom, making allegations that match similar charges in the securities-fraud suit. … Omnicom lawyer Peter Wald said in a statement yesterday, 'We ... strongly dispute Mr. Tierney's contention that Omnicom controlled Seneca.' … Among possible evidence in Omnicom's defense is a 2001 deposition for an unrelated lawsuit. In that deposition, Mr. Tierney said that he was only employed by Seneca, and not Omnicom."

Nortel Will Again Restate Financial Results. The New York Times (3/2, Austen) reports from Ottawa, "Nortel Networks said Thursday that it would have to restate its results for the fourth time in four years, a move that will delay the filing of its 2006 annual report." The Times continues, "The latest restatement involves results from 2004, 2005 and the first nine months of 2006. The company said that the

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restatements were necessary to correct mistakes in recording income and because errors by an outside actuary firm caused pension liabilities to be misstated by $104 million over several years. … Over all, the company expects that the changes will raise revenue for the first three quarters of 2006 by about $24 million and increase earnings for the period by $15 million. That will be offset by reductions in the earlier years." The Times adds, "The first restatements stemmed from an accounting scandal that led to the firing of several top executives as well as criminal and securities investigations in both Canada and the United States. … The announcement Thursday was not expected. In recent public statements, Mr. Zafirovski has portrayed the company's accounting struggles as being behind it. Last month, when he announced that the chief financial officer, Peter W. Currie, would be leaving the company at the end of April, Mr. Zafirovski praised his work."

Ferris Baker Officials Leave Amid Trading Probe. The Baltimore Sun (3/2, Adams) reports, "Ferris Baker Watts, the century-old investment brokerage with deep Baltimore roots, said yesterday that six executives and traders have resigned or taken temporary leave since federal officials and outside counsel began investigating the firm's trades for a former client accused of stealing millions of dollars." The Sun continues, "The list of temporary and permanent departures includes several top executives in Baltimore and Hunt Valley, indicating the investigations have disrupted management at the firm more broadly than company officials disclosed two weeks ago." The Sun adds, "The changes are fallout from a federal probe of an investment fund set up by a Cleveland man who, according to a Securities and Exchange Commission lawsuit, took in $50 million from investors and spent much of the money on stock trades placed through Ferris and other firms. Most of the money is missing. Ferris has stressed that neither it nor its clients lost money in the scheme and that it is cooperating with regulators and federal investigators. … Legal experts and former SEC enforcement officials say even the temporary absence of so many top people shows how seriously Ferris is taking the matter and suggests the firm faces a lengthy and costly probe of its internal controls designed to prevent fraud. Brokers are subject to extensive regulatory oversight and are required to police trading activity to ensure fairness in the market."

Frank Unveils Legislation On CEO Pay. The Financial Times (3/2, Grant) reports, "The first US legislative effort for two years aimed at curbing excessive executive pay emerged on Thursday as Barney Frank, a top Democrat, introduced a bill that would require public companies to allow non-binding shareholder votes on pay packets." The move "comes as companies prepare for the annual meetings season, when executive pay promises to be an issue with shareholders." Frank, chairman of the House financial services committee, "said his bill would require companies to include an advisory – or non-binding – vote in their annual proxies. The move borrows from the UK, where advisory votes have been routine for some years."

CRIMINAL LAW:

Judge Says Libby Verdict Unlikely This Week. In a brief item, the New York Times (3/2, 1.16M) reports Judge Reggie Walton said jurors in I. Lewis "Scooter" Libby's perjury trial "seem unlikely to reach a verdict this week and will be allowed to end deliberations at 2 p.m. today to attend to personal matters." The Washington Post (3/2, A7, Leonnig, Goldstein, 690K) says on calling jurors into court Thursday afternoon on a separate matter, he "noted the jurors' casual clothing and said he 'knew we wouldn't have a verdict today.'"

The Los Angeles Times/AP (3/2) says "about half were wearing blue jeans. Most smiled broadly when Walton granted their request to leave early today. It appeared the seven women and four men were making their own visual aids to help sort out the complicated case. Jurors had asked for a large flip chart, masking tape, sticky notes and pictures of the witnesses almost immediately after beginning deliberations last week. Late Wednesday afternoon, they emerged to ask the judge for easel-sized pages to stick on walls."

Draft Report Finds Problems With Execution Appeals Process. USA Today (3/2, Willing) reports, "Death-sentence appeals take too long, traumatize victims' families and burden states with millions in extra costs for housing convicted killers, a draft of a new study commissioned by the Justice Department shows. … The study also found that death penalty cases are not hopelessly flawed by errors, as opponents of capital punishment have charged." USA continues, "The study, which reviewed state death sentences issued in the 1990s, found that 26% were reversed during the first level of the appeals process. Most of those 'direct appeals' were rejected because of sentencing errors. Some of the death sentences were later reinstated. … In only 11% of those cases did the appeals court find problems with the underlying murder convictions, says the unreleased study by Barry Latzer and James Cauthen, professors at the John Jay College of Criminal Justice in New York." USA notes, "The study challenges a 2000 report that concluded the capital punishment system is "broken" because 68% of all death penalty cases from 1973 to 1995 were eventually overturned. The report, by a team led by Columbia University law professor and death penalty foe James Liebman, also found 41% of cases were reversed

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during direct appeals. … The Liebman study provided a false picture of the death penalty because it included many cases from the 1970s and 1980s, when the U.S. Supreme Court rewrote death penalty rules and caused many sentences to be reversed, the Justice Department's report says. … Latzer and Cauthen tracked 1,676 death sentences issued in 14 "representative" states from 1992 through 2002." USA adds, "Capital punishment foes say the lengthy appeals process may in itself be an argument for abandoning the death penalty. … 'If you like bureaucracy, you'll love the death penalty,' says David Elliot, spokesman for the National Coalition to Abolish the Death Penalty."

Arkansas Inmate Seeks Immediate Execution. The AP (3/2, Kissel) reports from Little Rock, AR, "A death row inmate who wants an immediate execution had his request rejected Thursday." The AP continues, "The Arkansas Supreme Court ruled the request was premature and said the man's U.S. lawsuit challenging the way the state executes prisoners is still pending. … But over the past three months, convicted murderer Terrick Nooner, 35, has tried to exit the federal lawsuit and has asked the court to order his execution." The AP adds, "Nooner suffers from severe mental illness and believes Arkansas prison officials are abusing him by implanting a device in his body that controls him, federal public defender Julie Brain wrote Jan. 3 in a motion challenging Nooner's attempt to drop his lawsuit. … She said Nooner also claims prison staff is contaminating his food. … 'His overriding goal is to seek redress for, and relief from, the physical harm that he perceives is being repeatedly inflicted on him,' Brain wrote. … U.S. District Judge Susan Webber Wright has not ruled on Nooner's attempt to drop his lawsuit." The AP notes, "Nooner was convicted for the 1993 robbery and murder of Scot Stobaugh, 22, at a laundromat. … Nooner filed his lawsuit last May, saying lethal injection is unconstitutionally cruel and should be banned. Lawsuits nationwide claim the injections leave inmates in pain before they die."

Federal Officials Aid Kentucky Authorities In Child Predator Crackdown. The Kentucky Post (3/2) reports, "Kenton County Commonwealth Attorney Rob Sanders said his office will partner with the United States Attorney's Office for the Eastern District of Kentucky to aggressively prosecute child predators and gun-related cases." The Post continues, "As one of the first steps in that effort, Assistant Commonwealth's Attorney for Kenton County Laura Ward was sworn in Wednesday as a Special Assistant United States Attorney. Ward will help prosecute those types of cases at the federal level. … The new arrangement is part of the Department of Justice's Project Safe Childhood and Project Safe Neighborhoods initiatives, which are designed to coordinate efforts of local, state and federal law enforcement and officials, with a focus on prosecutions of child predators and gun violence. … 'These initiatives can only be accomplished through the hard work and cooperation of law enforcement and prosecutors at every level,' U.S. Attorney Amul Thapar said in a statement. 'This partnership shows the commitment that not only our office has, but that Rob Sanders has as well, on making the community safer for our families and our children.' … Sanders said his office has launched local initiatives aimed at combating child predators and gun violence that mirror those of Project Safe Childhood and Project Safe Neighborhood."

US Charges Man Accused In Missouri Kidnapping With Child Pornography. The AP (3/2, Leonard) reports from St. Louis, "A man accused of kidnapping and molesting two boys was indicted Thursday on federal charges he took pornographic pictures and videos of one of the youngsters. … The indictment marked the first federal charges against Michael Devlin, 41, a former pizzeria manager from the St. Louis suburbs." The AP continues, "Devlin is charged with kidnapping and other offenses in the 2002 abduction of Shawn Hornbeck, who is now 15, and the January abduction of 13-year-old Ben Ownby. Both boys were found in Devlin's apartment Jan. 12. … U.S. Attorney Catherine Hanaway said four counts of the six-count indictment allege Devlin photographed and videotaped a minor engaged in sexually explicit acts between 2002 and this year. Two other counts allege he took the minor to Illinois and Arizona with the intent to sexually assault him." The AP adds, "Hanaway said all six counts involved the same child, identified only as 'S,' an apparent reference to Shawn. Authorities have alleged that Devlin held him captive from October 2002 until police found the boy in January." The AP adds, "Besides the federal charges, Devlin faces 75 state charges, including forcible sodomy, kidnapping and armed criminal action. He has pleaded not guilty to all those allegations. … Devlin's attorney, Michael Kielty, said he had not seen the prosecution's evidence, but he acknowledged that most child pornography cases are 'very emotional, very difficult.' … 'If there are photos and videotapes, that certainly would add some weight to the government's case,' Kielty said. … Shawn Hornbeck knew the federal charges would be filed and was with family members for moral support Thursday, said the family's attorney Scott Sherman."

Son Of "Disgraced Political Boss" Sentenced For Bank Robbery. The Chicago Tribune (3/2, 617K) reports Daniel N. Katalinic, "the son of disgraced political boss Daniel M. Katalinic, was sentenced in federal court Thursday to 10 years and 1 month in prison for robbing a Mt. Prospect bank last year. With his father watching, Daniel N. Katalinic shook his head back and forth as U.S. District Chief

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Judge James Holderman announced the sentence, warning that people who commit such crimes will face stiff penalties." Daniel M. Katalinic "is also a convicted felon, set to serve a year in federal prison for taking bribes in the city's scandal-plagued Hired Truck Program. He received a reduced sentence because he became a key witness in the prosecution of Mayor Richard Daley's former patronage chief Robert Sorich."

US Indicts Former Developer Of Wisconsin Casino. The Chicago Tribune (3/2, Gibbard) reports, "The former developer of Kenosha (WI)'s proposed $808 million casino project was indicted Thursday on federal charges for allegedly funneling $100,000 in improper campaign contributions to Wisconsin Gov. Jim Doyle, who has final approval over Indian gaming in the state." The Tribune continues, "Dennis Troha, 60, of Kenosha, Wis., was charged with one count of fraud and one count of making false statements to the Federal Bureau of Investigation, the U.S. Attorney's office in Milwaukee said. If convicted, he could face up to 25 years in prison and a $500,000 fine. … The indictment alleges Troha used family members and businesses he controlled to send money to Doyle's campaign during the 2002 and 2006 campaigns. Troha would lend money to the family members, who would then write checks to Doyle's campaign, allowing Troha to circumvent the $10,000 cap on political donations by individuals. The money was only repaid early this year after federal investigators began looking into the case, the indictment said." The Tribune adds, "Prosecutors did not accuse Doyle, the first Democrat elected governor of Wisconsin in 16 years, of wrongdoing. … 'The indictment does not allege a quid pro quo,' said a spokeswoman for U.S. Atty. Steven Biskupic. … Doyle, in a statement, pledged to return the contributions if Troha is found guilty. … 'My campaign was aware of nothing to suggest that the contributions received from Mr. Troha were in any way inappropriate or unlawful,' Doyle said." The Tribune notes, "Wisconsin's Menominee tribe hopes to build one of the Midwest's largest casinos at the site of the Dairyland greyhound track, 10 miles from Illinois on Interstate Highway 94. To do that, the U.S. government must allow the property to be transferred into an Indian trust, because the site is not on the tribe's reservation. … Until last week, Troha was the tribe's developer and point man in Kenosha. On Feb. 23, after news of the investigation surfaced, he announced he had pulled out and sold his interest for an undisclosed sum to the Mohegan tribe of Connecticut. … The main opposition to the project has come from the Forest County Potawatomi Band, which operates its own large casino in Milwaukee. The tribe says the Kenosha casino would hurt its operation and be disrespectful because the Potawatomi have stronger historical ties to the area. … The regional office of the federal Bureau of Indian Affairs recommended in January that the project be approved by the U.S. Department of the Interior. It's uncertain when Washington might issue a recommendation, but Zeppos said it could come as soon as summer."

Maryland Police Arrest 11 Youths In Gang Stabbings. The Washington Post (3/2, B1, Aratani, De Vise) reports, "Eleven young gang members, including a 12-year-old, are facing attempted murder charges in connection with a rampage in Wheaton and Aspen Hill on Saturday that ended with a mentally challenged Silver Spring man being beaten and stabbed, Montgomery County police said yesterday. … Two of them also are accused of a double stabbing that occurred earlier that evening at the Wheaton Metro station. All three victims survived, but the Silver Spring man is hospitalized in critical condition." The Post continues, "The suspects, all males ages 12 to 17, claim to be members of the 'Hotboyz/Shoot 'Em Up' gang, police said. They have been charged with attempted first-degree murder, robbery and assault. Some of their parents reached yesterday evening said they are being falsely accused." The Post adds, "Montgomery police said the first stabbing occurred about 7 p.m. Saturday at the Metro station. The two young victims, both male, told police they believed the attackers were gang members. … Police said the second assault took place about 8:40 p.m., outside a party in the 3700 block of Bel Pre Road in Aspen Hill. Partygoers at an apartment complex spotted an unknown youth climbing inside a car belonging to a party host. They left the apartment to investigate and saw three teenagers standing by the car and 20 others near the building. … When one of the teenagers near the car displayed a gun, the partygoers went inside, except for the 31-year-old mentally challenged man. Police said the man, whom they did not identify, walked toward the suspects and was struck several times with the handgun, repeatedly kicked and then stabbed." The Post notes, "As Montgomery police conducted their investigation, they learned that Metro Transit Police were looking into the stabbing at the Wheaton Station. … Police arrested six suspects Monday and five Wednesday. All have been charged with first-degree attempted murder, armed robbery and first-degree assault. … The 12-year-old was charged as a juvenile and sent to the Alfred D. Noyes Children's Center before being released to family members. His name is not being released because he is a minor."

Murder Trial Of Convicted Florida Sex Offender Opens. The New York Times (3/2, Goodnough) reports from Miami, "The drifter charged with raping and burying alive a 9-year-old girl on Florida's west coast in 2005 went to trial here Thursday, after intense publicity forced the case to be

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moved 300 miles from where the child, Jessica Lunsford, was murdered." The Times continues, "The case provoked a nationwide crackdown on sex criminals, not least because the suspect, John E. Couey, was a convicted sex offender who had managed to skip required counseling sessions and move without telling parole officers. Many states have passed laws in Jessica's name, increasing minimum sentences for sexual offenses against children and requiring offenders to be closely tracked upon release." The Times adds, "Mr. Couey told detectives soon after his arrest in March 2005 that he had killed Jessica, even telling them where to find her body. But Judge Richard A. Howard of Circuit Court in Citrus County ruled the confession inadmissible because the detectives had refused Mr. Couey's requests for a lawyer. … Prosecutors say they have an airtight case nonetheless. In his opening statement, Ric Ridgway, a state prosecutor, told the jury that Jessica's fingerprints were found in Mr. Couey's bedroom and closet, her DNA was found in blood stains on his mattress and her body was found in a shallow grave in his yard. They are seeking the death penalty for Mr. Couey, who faces charges of first-degree murder, burglary, kidnapping and sexual battery. … 'The evidence will show that the one man responsible for all these acts is sitting right there,' Mr. Ridgway said, pointing to Mr. Couey, 48, who shifted nervously, covered his face with his hands and drew on a sketch pad during the proceedings. … Despite a vast search and the wide distribution of a photograph of Jessica, her body was not found until three weeks after she disappeared from her bedroom in the middle of the night. She had been buried in two garbage bags outside the trailer Mr. Couey shared with relatives near the Lunsford home in Homosassa."

FBI Agent's Testimony Links Gang To Slaying Of Toddler. South Carolina's the State (3/2, Beam) reports, "A 2-year-old Swansea girl killed in a shootout in January was the victim of an attempted robbery by the Gangsta Killer Bloods, according to an FBI agent's courtroom testimony Thursday. The testimony connects for the first time one of the Midlands' most heinous crimes with the highly organized gang, which has national ties." The FBI "detailed the gang's violent and sophisticated drug trafficking business in documents filed last month as part of an extensive federal investigation." The girl's death "is the first homicide -- and at least the fifth violent crime -- connected to the gang, whose members allegedly speak in code to hide their crack cocaine distribution network."

Baltimore Man Charged With Running Ponzi Scheme. The AP (3/1, Nuckols) reports David McDowell Robinson of Baltimore, "who previously served prison time for fraud," is alleged to have "bilked more than 900 investors out of $8 million in a Ponzi scheme." Robinson "has been incarcerated since last March for violating the terms of his supervised release in the earlier case by running a business, said Joseph L. Evans, his federal public defender. He was arrested again today, a day after a federal grand jury indicted him on wire fraud and mail fraud charges." Robinson "was sentenced to eight years and 10 months in federal prison after pleading guilty in 1996 to charges of mail fraud arising from three different schemes. He also served prison time following 1989 convictions in Anne Arundel County for fraudulent misappropriation by a fiduciary and misconduct in public office. Robinson was released from federal prison in April 2003." He then set up Liberty Trade International Inc. "and began scamming investors again."

The Baltimore Examiner (3/2, Broadwater) says from April 2003 until March 2006, Robinson "was the sole shareholder, president and chief executive officer. … During that time, the grand jury alleges, he solicited investors throughout the country -- offering huge returns on investments, promising a 20 percent return on $2,500 in 60 days; a 25 percent return on $5,000 in 90 days; and a 30 percent return on $10,000 120 days." US Attorney Rod Rosenstein said, "The indictment alleges that David Robinson perpetrated an $8 million Ponzi scheme that victimized innocent investors, including Hurricane Katrina victims who were induced to invest their money in a worthless venture."

New Jersey "Christmas Tree Grants" Probed. The Philadelphia Inquirer (3/2, Moroz, Ung, 385K) writes, "In Trenton, as it is in the nation's capital, tradition is under fire. For years, legislators at the state and federal levels have slipped grants for pet causes and hometown projects into the budget at the last minute. In New Jersey, they're known as Christmas tree ornaments. In Congress, they call them earmarks. In both places, you'll hear them referred to as 'pork.' And in both places, they have become key to keeping constituents happy. But now the longheld political practice, which typically plays out behind closed doors, is coming under major attack amid calls for greater government transparency and accountability." In New Jersey, "federal investigators have swarmed the Statehouse, demanding information about Christmas tree grants."

The AP (3/1, Hester) reports that a day after sending subpoenas to Corzine's office, US Attorney Christopher Christie "vowed to continue combating public corruption no matter where it might be found." Christie said, "I do not believe that any public corruption in the state of New Jersey by any public official is acceptable. So whether it is a zoning board member in Monmouth County or whether it's someone high up in state government, and everything in between, no public corruption is acceptable and we're going go after whatever we can find and we can prove beyond a reasonable doubt."

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WNBC-TV New York (3/1, 6:03 p.m.) reported, "Just yesterday, a FBI agent served a subpoena on the governor's office looking at records for three years worth of budget agreements that included earmarks requested by lawmakers. Today, US Attorney Chris Christie refused to talk about that case."

Alleged DC Madam Threatens To Sell Client List. The Washington Post (3/2, B1, Duggan) reports, "A woman accused of running a prostitution service catering to men in hotels and homes in the Washington area was indicted on federal racketeering charges yesterday in a case with a twist: She has threatened to peddle 'the entire 46 pounds of detailed and itemized phone records' of her clients to raise money for her defense." The Post continues, "Working out of her California home, Deborah J. Palfrey, 50, did business in Washington under the name Pamela Martin and Associates. On a Web site seeking donations to her legal defense fund, the company is described as 'a high-end adult fantasy firm which offered legal sexual and erotic services across the spectrum of adult sexual behavior.' … But federal authorities say it was a thriving call-girl service, begun in 1993, that dispatched college-educated women in their 20s to male clients in the Washington area who paid $275 to $300 per sexual encounter. The prostitutes kept half of the fees and mailed the rest to Palfrey in money orders, authorities allege in an affidavit filed in federal court." The Post adds, "The indictment says that in 13 years, the service employed 132 women and generated about $2 million in income 'through prostitution related activities.' … From January 2000 to September 2006, 'Palfrey received and deposited over $750,000 in money orders from various prostitutes' into bank and investment accounts, according to the affidavit. It also says that Palfrey was convicted of operating a prostitution service in California in 1991 and was jailed for 18 months. She 'started her current illegal prostitution business while still on probation,' the affidavit says. … Palfrey is scheduled to make her initial appearance in the criminal case at the D.C. federal courthouse next Friday. She had no comment on the charges yesterday, said her attorney, Montgomery Blair Sibley. He is representing Palfrey in a civil asset-forfeiture case brought against her last year by federal authorities in the investigation of the alleged prostitution service."

The Washington Times (3/2, McElhatton) reports, "Last fall, the U.S. Attorney's Office filed court papers to seize Miss Palfrey's assets. The civil forfeiture proceedings were ongoing. … The Washington Times first reported Feb. 21 that Miss Palfrey told federal authorities she would "make life miserable" for former customers and employees unless her case is dropped. The Times reported that government attorneys said Miss Palfrey had threatened to 'harass potential witnesses whose identifies remain secret ... through calculated public disclosures of former customers' and former co-workers' identities.' … On Wednesday, an attorney representing Miss Palfrey in the forfeiture proceedings said his client would sell customer records over the Internet to raise money for her legal defense."

California Judge Sentences Man To Life For Murder Of Racing Icon, Wife. The Los Angeles Times (3/2, Proctor) reports, "A Pasadena judge today sentenced Michael Goodwin, convicted in January of murdering racing legend Mickey Thompson and his wife, to two consecutive terms of life in prison without parole." The Times continues, "Los Angeles County Superior Court Judge Teri Schwartz earlier rejected defense motions for a retrial and to dismiss the charges. Deputy Public Defender Elena M. Saris said she would appeal." The Times adds, Goodwin, 62, called Thompson's death a tragedy, but insisted on his innocence. … 'I can't apologize because I'm not guilty,' he said before the sentence was read. … The Thompsons' killings became a legendary Southern California mystery, the subject of nearly two decades of police investigation and several national television shows. … Thompson and his wife, Trudy, were gunned down in the driveway of their eastern Los Angeles County home on March 16, 1988 by a pair of hooded assailants, who then escaped on bicycles. Prosecutors said the gunmen shot Thompson repeatedly but kept him alive to watch his wife's murder before they shot him in the head. The gunmen were never identified." The Times notes, "Prosecutors always considered Goodwin, a former business partner of Thompson, the prime suspect in plotting the killings, even though no evidence linked him to the scene. … They alleged that the circumstances -- the killers didn't touch the $4,000 the Thompsons were carrying or the $70,000 worth of jewelry in the house -- showed the murders were motivated by revenge. And they argued that Goodwin was the only person who could want Thompson dead that badly. … Thompson, the first American to reach 400 mph in a piston-driven vehicle and the holder of numerous speed records, joined Goodwin in the mid-1980s to promote motor sports in Southern California."

CIVIL RIGHTS:

Louisiana Officials Awaiting Word On FBI Cold Case Probes. The Monroe News-Star (3/2) reports, "Local and area law enforcement officials said today they have not been contacted by the FBI regarding investigating cold civil rights cases in the area." The News-Star continues, "FBI Director Robert Mueller said at a news conference Tuesday that the agency is investigating about a dozen cold civil rights cases in an effort to seek justice for victims of racially motivated killings. … FBI officials declined to identify

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the cases they are working to reopen. Attorney General Alberto Gonzales said making that information public could hinder the investigations. … He also said the FBI will help local law enforcement authorities prosecute cases in which federal charges aren't applicable." The News-Star adds, "Mueller said the FBI and local authorities have made 10 to 12 cases a priority, but as many as 100 could be investigated. … The National Association for the Advancement of Colored People, the Urban League and the Southern Poverty Law Center are assisting the effort. … The center has a list of 127 race-related killings between 1954 and 1968 — a number it concedes could be much higher."

More Commentary. The New Orleans Times-Picayune (3/2) editorializes, "Washington Parish Sheriff's Deputy Oneal Moore was murdered 42 years ago, but the FBI says that it hasn't given up on the case, one of about a dozen unsolved civil-rights era murders that are getting renewed attention from the agency. … When these crimes took place decades ago, African-American victims had little hope of getting justice. Now, investigators will have to deal with the damage time itself has done to the cases. … But that's all the more reason to act quickly, and the FBI's decision to aggressively pursue cold cases that they believe were racially motivated is encouraging."

The Birmingham (AL) News (3/2) editorializes, "If justice delayed is justice denied, what is justice ignored? A national disgrace. … Too many times, civil rights-era murderers got away with their crimes. Too many times, law enforcement officials covered up cases, failed to investigate them fully and even wrongly classified some murders as accidental deaths. Too many times, there was no justice for the loved ones of victims, just grief and anger." The News continues, "Fortunately, the U.S. Justice Department has decided to reopen investigations into nearly 100 suspicious death cases from across the South during the civil rights era to see if they were racially motivated murders that can be solved and prosecuted. … If cases can be prosecuted and convictions won, it will bring a measure of justice where there has been none. Grieving families and friends of the victims who have carried deep emotional wounds for decades, knowing that killers had gotten away with their crimes - and sometimes knowing who those killers are - may find some small relief. … The Rev. Martin Luther King Jr. famously said, 'Let us realize the arc of the moral universe is long, but it bends toward justice.' … Recent convictions of civil rights-era crimes have bent that long arc toward justice. Tuesday's announcement bent it just a tiny bit more."

Navy Chaplain Dismissed Over Christian Prayers. The New York Times (3/2, Goodstein, 1.16M) reports, "Lt. Gordon J. Klingenschmitt, a Navy chaplain, has lost a three-year battle to stay in the chaplain corps after superiors warned him about delivering sectarian Christian prayers and sermons at a sailor's memorial service and other events attended by religiously diverse audiences." Klingenschmitt "became a hero to religious conservatives, but was court-martialed last year for wearing his uniform at a political protest in front of the White House. He received an honorable discharge."

Columnist Lauds DOJ's Religious Freedom Initiative. In a column for the Nashville Tennessean (3/2), Charles C. Haynes writes, "Here's one of the best-kept secrets about the Bush presidency: Over the past five years, the U.S. Justice Department has quietly, but vigorously, enforced civil rights laws designed to protect religious freedom. … Now Attorney General Alberto Gonzales wants to get the word out. On Feb. 20, he announced an initiative called the First Freedom Project to carry out 'even greater enforcement of religious rights for all Americans.'" Haynes continues, "Since presidents aren't shy about their accomplishments, I'm not sure why we haven't heard more about this before. Maybe we're so busy shouting past one another about church-state conflicts that we overlook threats to free exercise of religion. … The new report documents the Bush administration's efforts to take religious discrimination seriously. After establishing the first-ever Special Counsel for Religious Discrimination early in the administration, the Justice Department's Civil Rights Division dramatically increased enforcement of federal statutes protecting religious rights. … Administration critics aren't impressed. 'Expecting the Bush administration to defend religious liberty,' says Barry Lynn of Americans United for Separation of Church and State, 'is a little like asking Colonel Sanders to baby-sit your pet chicken.'" Haynes concludes, "From attacks on houses of worship to incidents of discrimination at school and work, the Justice Department over the past five years has investigated scores of cases involving religious rights of Christians, Jews, Muslims, Sikhs, Native Americans and others. … However much we disagree about the relationship between religion and government, surely we can agree that freedom of religion should mean freedom from religious discrimination."

ANTITRUST:

EU Threatens New Sanctions Against Microsoft. The Wall Street Journal (3/2, B3, Jacoby) reports, "New European Union charges against Microsoft Corp. that threaten the company with as much as $1 billion in fines highlight an increasingly fierce industry battle over how to sell business software." The Journal continues, "European regulators launched formal charges yesterday against Microsoft -- for the third time in three years -- accusing the tech giant of trying to overcharge competitors for information

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to make their products work well with Microsoft's ubiquitous Windows operating system. … The charges stem from a 2004 EU decision that Microsoft abused its near-monopoly position as the producer of Windows. Microsoft has already racked up close to $1 billion in fines in the case." The Journal adds, "The EU's latest move goes to the heart of a growing battle between Microsoft's traditional fee-based software business and challenges from International Business Machines Corp., Red Hat Inc. and Oracle Corp., which offer free or nominally priced 'open source' software. … Microsoft's competitors say they believe the company has structured its proposed charges for the programming information in such a way as to undermine their business models." The Journal notes, "The March 2004 EU decision requires Microsoft to offer licenses for the programming information on 'reasonable and non-discriminatory terms' to software rivals who need it. No companies have licensed the information yet. … The 2004 decision ordered Microsoft to help rivals write software linking back-office server computers with employees' Windows-driven desktop computers for a narrow range of functions, including the accessing and printing of documents and logging onto password-protected company systems. … 'The current view is that there is no significant innovation' in the programming information to warrant the price Microsoft is charging, EU Antitrust Commissioner Neelie Kroes said in a statement yesterday. … But Brad Smith, Microsoft's general counsel, said in an interview he was surprised by the aggressive new charges. 'I feel we need a more constructive approach to address very complicated and technical issues in a way that is going to make progress,' he said."

The Financial Times (3/2, Buck) reports, "The Commission refused to comment on the size of any new fine that could arise from yesterday's charges. However, Brussels could - in the worst-case scenario for Microsoft - hit the group with a penalty in excess of €800m." The Times continues, "The Commission accused Microsoft of demanding excessive royalties from companies wishing to license technical information about its Windows operating system. The order to make such information available to rivals formed a key plank of the Commission's March 2004 ruling against the group. … The Commission stressed that Microsoft was the first group to be accused of ignoring a European Union antitrust ruling. 'This is a company which apparently does not like to have to conform with antitrust decisions,' said the spokesman for Neelie Kroes, the EU competition commissioner. … Brad Smith, Microsoft's general counsel, rejected the Commission's allegations. He said Microsoft's proposed pricing scheme would be 30 per cent cheaper than comparable licensing fees."

The AP (3/2, Casert) reports, "The EU complained that three years after a landmark antitrust ruling to open up the market, the world's largest software maker still refused to cooperate. … Under a 2004 antitrust ruling by the European Union, Microsoft had to disclose complete and accurate interface documentation on reasonable and nondiscriminatory terms, allowing its competitors to interoperate with Windows PCs and servers." The AP adds, "Under a so-called 'statement of objections' released Thursday, the EU's executive Commission said there was 'no significant innovation' in the requested information. It also rejected 1,500 pages of submissions by Microsoft over the past three months and said Microsoft's price proposals were unreasonable. … 'I am therefore again obliged to take formal measures to ensure that Microsoft complies with its obligations,' EU Antitrust Commissioner Neelie Kroes said in a statement." The AP notes, "Smith complained Microsoft had asked for feedback half a year ago and only on Thursday received a reply thinly veiled in a threat. … 'We're disappointed that this feedback is coming six months later and in its present form, but were committed to working hard to address the Commissions Statement of Objections,' said Smith. … He added 'the findings appear to be an attempt to regulate the pricing of our intellectual property rights on a global basis' something which would go beyond the jurisdiction of the European Commission."

EU Extends Probe Of Sony BMG. The Financial Times (3/2, Buck) reports, "The music industry faces a prolonged period of regulatory uncertainty after the European Union's top antitrust regulator said yesterday it needed another four months to scrutinise the merger that created Sony BMG." The Times continues, "The European Commission waved through the original tie-up in 2004, arguing that the merger would not undermine competition in the market. However, its ruling was challenged and - in a rare move that shocked the music industry - a top European court decided last year to overturn the Commission's clearance decision." The Times adds, "For Sony BMG, the ruling meant it had to resubmit the merger to the Brussels watchdog for approval and a fresh investigation. … The Commission said it had completed an initial one-month assessment of the Sony BMG merger, but now needed more time to examine whether the deal 'strengthens or creates a dominant position in these relatively concentrated markets'. Brussels added it would take into consideration factors such as 'the growing sales of online music' "

Motorola Stock Lifted By Icahn Move. The Financial Times (3/2, Taylor) reports, "Shares in Motorola rose in early trading yesterday after the world's second largest mobile phone maker revealed that Carl Icahn, the billionaire Wall Street raider, was seeking to lift his stake in the company to about 6 per cent by acquiring another $2bn in stock." The Times continues, "If completed, the proposed stock purchase would lift the stake in Motorola acquired last

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month by Mr Icahn from 1.6 per cent, and turn him into the company's second biggest investor behind Barclays Global Investors. Barclays had a 6.82 per cent stake in Motorola at the end of December." The Times adds, "Mr Icahn's demand that Motorola use the bulk of its $11.6bn in cash to accelerate share buy-backs has helped prop up its share price in the wake of a series of setbacks. .. The company reported weak financial resultsearlier this year reflecting a fierce mobile phone price war and a lack of blockbuster products. … Profit margins in Motorola's core phone division shrank to 4.4 per cent in the fourth quarter from almost 12 per cent in the preceding three months as the company slashed prices in order to retain market share and remain competitive with Finland's Nokia, the world's largest mobile phone maker."

China Eyes Legal Reforms To Handle Economic Demands. The Wall Street Journal (3/2, Batson) reports, "China's leadership is stepping up its efforts to build a legal system that can handle the demands of a complex, market-driven economy, as managing the fast-growing nation becomes increasingly challenging. … That program will take the spotlight when China's legislature opens its annual session on Monday. The National People's Congress is scheduled to consider, and most likely pass, two crucial pieces of economic legislation. One would give private property new protections of unprecedented force and detail for China; another would require foreign and domestic companies to pay the same rate of tax." The Journal continues, "The property-rights law will be a symbolic milestone for the still nominally Communist nation, even though it falls far short of what more liberal reformers had initially advocated. For foreign businesses, the tax law will put them on a more-equal footing with local competitors, as it gradually brings an end to most of the special breaks offered in the past. Several other important laws will also be discussed at the meeting for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers." The Journal adds, "All of these are the building blocks of the legal infrastructure that underpins the daily functioning of a market economy, although the country's legal code is still in its infancy and legal redress can be difficult to come by. Many of these laws have been in the works for years, and have provoked sometimes heated debate. They are coming to fruition this year as a consensus grows that the new legislation can fill some gaping holes and rectify obvious inequities in the current system. … The annual meeting of the National People's Congress, when nearly 3,000 delegates gather in Beijing, is one of the few occasions when China's leaders discuss their policies in public. Given the turmoil in China's stock markets this week, as fears spread that a government crackdown on speculation was imminent, this year's meeting is likely to be particularly closely watched for signals on financial policy, as well as progress in lawmaking."

Antitrust Measure Among Reforms Considered. The Wall Street Journal (3/2, Connolly) reports, "With China's economy changing much faster than the legal system that is supposed to govern it, Beijing is moving quickly to create a system that can handle the demands of a complex, market-driven economy just as events like this week's Chinese market turmoil underscore how challenging managing the fast-growing nation has become." The Journal continues, "The annual session of China's legislature, the National People's Congress, which begins Monday, is to consider and likely approve two significant pieces of economic legislation, one giving private property new protections of unprecedented force and detail for China, the other requiring foreign and domestic companies to pay the same rate of tax. Several other important laws will also be discussed for passage later this year, including the country's first antitrust legislation and a measure that would give workers more say in contracts with their employers." The Journal adds, "Though vast numbers of Chinese now own their own homes and run their own businesses, it is difficult to settle precisely who owns what and what they are allowed to do with it, as Andrew Batson reports. Private-property rights, in the abstract, have been recognized in China's constitution through a series of amendments, beginning in 1988. But those vague principles are of little help in handling specific cases, such as the government's frequent confiscation of land for development. Nonetheless, the proposed law has attracted vocal opposition from leftist scholars concerned it will pave the way for the accelerated privatization of state companies and widen the gap between the wealthy and the poor. … The draft antimonopoly law, under discussion for more than a decade, has also been held hostage by disputes among policymakers. Some want to use it to break open still-closed parts of the economy, while others see giving the government new antitrust powers as a way to strengthen its control over businesses -- particularly powerful foreign companies that have dominant market share in China."

WSJ Decries "Power Plays" In Endesa Takeover. The Wall Street Journal (3/2) editorializes, "As corporate dramas go, few can match the long-running Endesa takeover story. But the latest plot twist, in which Italian utility Enel entered the scene, may have the Spanish electricity giant's shareholders feeling like they're watching a farce. As usual when it comes to Europe and energy, politicians appear to be the ones making a mockery of the market." The Journal continues, "A new chapter began Tuesday, when Enel bought a 9.9% stake in Endesa -- just three weeks before Endesa's shareholders were to consider

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bylaw changes that would allow Germany's E.On to move forward with a €41 billion purchase of the company. Yesterday Enel made arrangements to boost its holding to 17% -- Spanish law requires a regulatory review before an investor can buy more than 10% of a utility -- and said it would ask permission to keep buying up shares until it had nearly one-fourth of the company, at which point it would have to bid for the entire firm. … E.On's bid, which just last week seemed like a reasonably safe bet, is now in real danger. Spanish conglomerate Acciona owns 21% of Endesa and has indicated it won't sell to the German utility. Spain's public holding company owns 3%, so if Enel refuses to sell to E.On -- so far the Italians are being coy on that question -- the German company would have to win over almost all of the other shareholders to take control of Endesa. Even then, the large minorities might prove to be a thorn in E.On's side." The Journal adds, "This saga might have been all to the good for Endesa shareholders -- competing bids can't be bad, right? -- if this were a true competition. But that's not the case. As it stands, smaller shareholders probably won't get the chance to weigh E.On's offer. Investors who bought Endesa stock over the past year and a half, during which time the share price has doubled, may still have a chance to recoup handsome rewards -- if there are any takers still out there. … So why did Enel jump into the fray? There's plenty of reason to believe that the motivation was in part political. After failing to marry Endesa with Barcelona-based Gas Natural, Spanish Prime Minister José Luis Rodíguez Zapatero has been laboring for months to keep the company out of E.On's hands." The Journal concludes, "Brussels deserves credit for its persistence in the Endesa case, even if Enel may negate much of that good work. Still, the difficulty it's had in enforcing cross-border competition here shows that the balance of power still lies in national capitals. Recognizing this, EU antitrust chief Neelie Kroes is threatening to break up energy companies into suppliers and distributors in order to boost energy-sector competition. … We think it's too early for such a drastic and largely irreversible step. But Madrid, Rome and Paris aren't doing themselves, their utilities or their citizens any favors by indulging in these power plays."

Antitrust Law Gets Little Attention In Congressional XM-Sirius Hearing. The Deal (3/2, Lindell) reports, "The brand-new House Committee Antitrust Task Force took up the proposed merger between the nation's two satellite radio companies Wednesday, discussing technology, economics and personalities. Antitrust law, which will weigh big in the deal's ability to win government approval, received very little airtime." The Deal continues, "Sirius Satellite Radio Inc.'s CEO Mel Karmazin was the headliner at the standing-room-only event as he pitched his company's merger with rival XM Satellite Radio Holdings Inc. He did his best to express his willingness to work with regulators and Congress to get the deal approved. But if the deal is ultimately rejected, he said, both XM and Sirius would be able to go on as separate and viable businesses. … But David Rehr, president and CEO of the National Association of Broadcasters, repeatedly told the room that the merger would be a 'government-sanctioned monopoly,' and that allowing the combination 'portends great potential harm to the American public and to the many benefits of free local radio broadcasting.'" The Deal adds, "Representatives invited one antitrust lawyer not involved with the deal to shed light on how the Department of Justice would examine the merger. Charles Biggio, a partner at Wilson Sonsini Goodrich & Rosati, testified that the DOJ's antitrust division would likely issue a second request for information on the deal in order to adequately tackle the various issues. … 'The ultimate question the antitrust division will ask in reviewing the XM-Sirius transaction is whether the transaction will create or enhance market power; that is, whether it will cause prices to go up, output to go down, or quality or technological development to deteriorate in a relevant market affected by the transaction,' Biggio said. … The analysis, he continued, would look at advertising, distribution via retail outlets and car manufacturers, content purchases and consumer subscriptions. Only after evaluating the effects in those areas would the staff lawyers at the DOJ consider the benefits of the deal, which have been estimated to be extensive, since the combined company would cut costs by better utilizing its satellite spectrum."

FTC OKs Carlyle's Purchase Of Philosophy Inc. The AP (3/2) reports, "Federal antitrust regulators approved Carlyle Group's purchase of cosmetics and skin care company Philosophy inc., according to a notice issued by the Federal Trade Commission Thursday. … The FTC cleared the sale without requiring any changes." The AP continues, "Carlyle, a private equity group, announced the purchase Jan. 31, but did not disclose terms of the deal. Philosophy sells through retailers and television shopping channels and was the top beauty brand on QVC in 2006, Carlyle said. … Carlyle also said in announcing the deal that it was its third consumer and retail acquistion in 11 months, after its purchase of Dunkin' Brands in March 2006 and Oriental Trading Co. in July 2006."

FTC Clears Private Equity Firm's Purchase Of Mirant Power Plants. The AP (3/2) reports, "Federal antitrust regulators approved the $1.4 billion sale of six power plants by Mirant Corp. to LS Power Equity Partners, according to a notice issued Thursday by the Federal Trade Commission. … The FTC cleared the sale without requiring any changes." The AP continues, "Mirant said when announcing the sale in mid-January that it expects net

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proceeds of $1.32 billion, after paying off $83 million in debt. … The plants, all in the U.S., produce a total of 3,619 megawatts of power. Mirant is selling its Michigan Zeeland plant, its West Georgia plant, its Shady Hills plant in Florida, its Sugar Creek plant in Indiana, its Bosque plant in Texas and its Las Vegas-based Apex plant. … LS Power Equity is part of private equity firm LS Power Group."

FCC Grants Internet Phone Access To Cable Firms. USA Today (3/2, 2B, Davidson) reports, "In a move that's expected to bring new discount phone services to millions of rural Americans, the Federal Communications Commission ruled Thursday that local phone companies cannot block cable providers' rival Internet-based phone offerings. … 'The commission must promote competition,' FCC Chairman Kevin Martin said." USA continues, "In an FCC petition last year, Time Warner Cable complained that rural carriers in South Carolina and Nebraska refused to set up connections so users of the company's Voice over Internet Protocol (VoIP) service and rural phone customers can exchange calls. The carriers also would not provide local phone numbers and 911 services. … Time Warner typically leases these services from MCI and Sprint, which, in turn, lease them from the rural phone companies." USA adds, "The rural carriers claimed a federal law promoting competition doesn't require them to provide the services because MCI and Sprint would not serve residents directly. They also noted VoIP has not been labeled a telecommunications service. State regulators in South Carolina and Nebraska sided with the rural carriers. Similar battles are playing out in other states. … But FCC staff said wholesale providers are entitled to the same network-leasing privileges as retail companies and that VoIP's classification is irrelevant."

The Washington Post/Bloomberg (3/2, D3, Peterson) reports, "AT&T and Verizon, the two biggest U.S. phone companies, supported Time Warner Cable's petition. … The FCC order overrides rulings by state regulators in South Carolina and Nebraska that barred certain carriers from connecting calls using voice-over-Internet protocol, or VOIP, to traditional local phone lines. The South Carolina regulators said Verizon had no right to route Internet-based phone calls through lines owned by rural-phone companies as part of a wholesale service it sells to Time Warner Cable, a unit of Time Warner Inc." Bloomberg adds, "The state rulings would have impeded phone competition, the commission said in its decision. They also would have hindered the deployment of high-speed Internet access, the FCC said. … Cable companies have invested more than $100 billion on broadband networks 'to offer consumers a wide array of new services, and this action will speed the rollout of digital voice service in many more markets,' said Kyle McSlarrow, president of the National Cable & Telecommunications Association."

Oracle To Purchase Hyperion Solutions In $3.3 Billion Deal. The Wall Street Journal (3/2, B3, Vara) reports, "Oracle Corp.'s roll-up of smaller software concerns continues to roll on, with a twist in emphasis. … The deal announced yesterday -- a tender offer for Hyperion Solutions Corp. for $3.3 billion, or $52 a share -- highlights the business-software giant's shift from buying head-on rivals in maturing markets to snapping up players in fast-growing niches. Hyperion specializes in business-intelligence software, a hot field where Oracle has been a relatively minor player to date." The Journal continues, "The transaction, which sent Hyperion's shares up 20% and moved the stocks of other companies in the sector, would be Oracle's largest acquisition since it acquired Siebel Systems Inc. for $5.85 billion in 2006." The Journal adds, "In the past two years, Oracle Chief Executive Larry Ellison has spent upward of $20 billion on buying more than 25 software firms. Early on, Oracle used big bids for major rivals such as PeopleSoft Corp. and Siebel to build itself into the No. 2 maker of applications for business tasks, such as finance and human resources, after German rival SAP AG. Those deals significantly beefed up Oracle's own applications business and customer list, while creating opportunities to increase profit by laying off employees in duplicate positions. … But lately, the company has focused on smaller acquisitions in areas such as security and content management, as well as firms focused on specific industries. … The Hyperion acquisition is the latest reflection of that plan. The company focuses on programs that help companies collect, analyze and share data about how their businesses are performing -- an increasingly important field as businesses seek to extract more usable knowledge from their growing troves of business data."

USA Today (3/2, 1B, Swartz) reports, "Oracle bagged Hyperion Solutions for $3.3 billion on Thursday, renewing a furious shopping spree to unseat business-software leader SAP. … The cash deal, if approved by regulators, gives Oracle the keys to Hyperion's line of software used by corporate executives to track their company's performance — software that is also widely used by SAP customers." USA continues, "The Hyperion acquisition is Oracle's biggest since it snapped up Siebel Systems for $6.1 billion last year. Oracle has spent more than $20 billion on almost 30 acquisitions in the past two years. … Oracle will pay $52 per share for Hyperion, a 21% premium above the most recent closing price of Hyperion's stock. Hyperion shares soared 20%, to $51.57, after the deal was announced Thursday. Oracle shares edged up 2%, to $16.77." USA adds, "Oracle's acquisition could trigger a ripple effect, tech analysts say. …

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AMR Research analyst Bruce Richardson says Canada-based Cognos could be a takeover candidate for IBM, and France-based Business Objects may be courted by SAP. Hewlett-Packard might also sniff around for a purchase, he says."

Australian Antitrust Authorities Clear Qantas Buyout. The AP (3/2) reports from Sydney, Australia, "The proposed $8.6 billion acquisition of Qantas Airways Ltd. by an investor group cleared a hurdle Thursday when the Australian competition watchdog said it will not oppose the sale." The AP continues, "The Australian Competition and Consumer Commission, or ACCC, said while market inquiries during a comprehensive review of the proposed acquisition had revealed a range of potential competition issues arising from the interests of the bidding consortium members, it ruled the deal is 'unlikely to substantially lessen competition' under federal trade laws." The AP adds, "Qantas' board has recommended shareholders accept the bid by Australia's Macquarie Bank, Forth-Worth based Texas Pacific Group, Canada's Onex Corp. and others, which was first announced mid-December. It would be one of Australia's biggest-ever corporate takeovers. … ACCC chairman Graeme Samuel said while the regulator has closely reviewed whether Macquarie Bank's 'partial direct and indirect interests' in Qantas and Sydney Airport could lead to discrimination in favor of Qantas by Sydney Airport management, it appeared there are 'not clear incentives' for the bank to do this. … The ACCC found there is not likely to be a substantial lessening of competition across a range of aeronautical services, domestic and international air passenger services, aircraft parts and leasing, airline catering and ticketing services."

The Financial Times (3/2, Minder) reports, "Peter Costello, Australia's treasurer, is expected in the next few days to receive a report from the Foreign Investment Review Board to determine whether the deal would run against the 'national interest'. … The consortium, which also includes Texas Pacific Group and Sydney-based Allco Equity Partners, has structured the deal so that foreign investors own only 39 per cent of the equity. … The Senate, the upper house of parliament, is also preparing to conduct a separate review of the deal."

ENVIRONMENT:

Maryland To Probe Montgomery County Dumping. The Washington Post (3/2, B1, Spivack) reports, "Two Maryland agencies are investigating a two-acre pile of debris that has been dumped by a landscaping firm for the past eight years on a secluded site near the Patuxent River, a source of drinking water for the region." The Post continues, "The dump sits on property owned by Pepco in northeastern Montgomery County and rises 20 feet in places. It contains yard and construction waste, including cable, concrete and closed canisters, said government officials who have inspected the site. At one point last year, the debris pile was smoldering and emitting steam. … County officials have been aware of the dump since early 2006, but they did not order removal of the debris or issue fines to Pepco or Kollins Landscaping, the Brinklow firm dumping on the site. The dumping stopped a year ago after a frustrated neighbor obtained a court order. Not until last month did county officials begin examining the dump's contents more closely to assess its toxicity." The Post adds, "Log entries made by a county investigator who examined the site in early 2006 indicate that Pepco knew about the dumping and allowed it to continue. … 'Through my conversation with Pepco it is clear that they are aware that Kollins Landscaping is placing materials at this location and that they have let it go on. However this still constitutes an illegal transfer station,' said a log entry written in early 2006 by Peter R. Dilima, an inspector with the county's Department of Environmental Protection. … Michael Boland, associate general counsel with Pepco, disputed that assessment. … 'I don't know the inspector or how accurate or inaccurate he might have been with his notes and recollections,' Boland said yesterday. 'We don't permit anything like this. As soon as we became aware of it, we addressed it, and the county inspector thought it had been addressed,' he said. … The county's inspector general, Thomas Dagley, whose office is independent of the executive branch, referred the matter to the state attorney general's office and the state Department of the Environment last month. Both agencies have sent investigators to the site in Ashton, state and local officials said."

Ignatius Highlights Systems' Vulnerability To Climate Change. Washington Post (3/2, A13, 690K) columnist David Ignatius describes a "startling new report" on global warming by futurist Peter Schwartz, who "turns the usual discussions upside down: Rather than starting with detailed estimates of climate change (how much temperatures will increase; how much sea levels will rise; what new diseases will be spawned), he looks instead at systems that already are vulnerable to such stresses. What Schwartz discovers with his stress-testing makes climate change even scarier." Schwartz writes that "climate change pushes systems everywhere toward their tipping point." A "first set of disasters waiting to happen involves stressed ecosystems. Human actions -- deforestation, overfarming, rapid urbanization -- have created special vulnerabilities to catastrophic natural events that are likely as the climate changes globally." In "Bangladesh, where millions of people live at or near sea level, even a small increase [in sea levels] could produce a catastrophe." In arid areas, climate change

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could produce "severe water shortages and even 'water wars.'" Finally, "there is the problem of maintaining social order in a stressed world." Ignatius concludes, "If we let ourselves visualize how bad it could get, as Schwartz does in this report, will we make changes that might reduce the disaster? That's the real stress test: It's coming at us. What are we doing about it?"

WSJournal Calls For Killing Federal Programs To Save Energy. In an editorial, the Wall Street Journal (3/2, A10, 2.04M) writes that California Sen. Barbara Boxer "suggested last week that a first step in reducing greenhouse gases would be to require that federal buildings use more efficient light bulbs, and ask federal bureaucrats to turn off their computers at night. 'Don't you think it's time the federal government were a model of energy efficiency?' she asks. We warmly agree, not least since the United States Government is the largest single consumer of energy in the United States." The Journal adds, "It's also one of the most inefficient energy users." It "follows from all this that the best way to make the federal government more energy efficient would be to undertake a government-wide policy of...lights out, permanently. Save the environment; kill a federal program. Start, needless to say, with the Department of Energy, operating at an annual cost of $22 billion."

FBI/DEA/ATF/USMS:

ATF Breaks Up Mississippi-To-Chicago Gun Connection. The Chicago Tribune (3/1, Coen) reports, "The arrests of 19 people in Chicago and Mississippi in a gun-trafficking conspiracy offer a snapshot into the illegal gun trade in which gang members here end up with high-powered weapons, federal authorities said Wednesday." The Tribune continues, "A loose organization made up of relatives, their friends and associates allegedly arranged for the purchase of more than 100 guns in Mississippi, where laws are relatively lax, and transport here for sale to gangs such as the Gangster Disciples. … About three dozen weapons eventually were recovered at Chicago crime scenes, including a shootout last year in which two people were killed and a police officer wounded, investigators said. … 'When you add illegally obtained heavy-caliber firearms to the already volatile mix of gangs and drugs on the streets of Chicago, the result to say the least is an unacceptable level of violence,' said Gary Shapiro, first assistant U.S. attorney in Chicago." The Tribune notes, "Three people were in custody in Chicago and 15 in Mississippi after a team of agents from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives and officers from the Chicago Police Department and Illinois State Police cracked down on the group early Wednesday. … Shapiro said gun-running operations like the one dismantled Wednesday contribute significantly to crime in the city. … It 'threatens not only those who try to enforce our laws, but also the law-abiding citizens who only wish to live their lives in the neighborhoods that the gangs are trying to dominate,' Shapiro said."

The Jackson Clarion-Ledger (3/1, Nelson) reports, "Nineteen people suspected of putting more than 300 Mississippi-purchased firearms in the hands of Chicago street gang members were arrested Wednesday, most in the Delta town of Jonestown in Coahoma County. … At least one of those guns is believed to have been used in a shootout with police in November that left an officer wounded and two alleged gang members dead." The Clarion-Ledger continues, "At a news conference in Chicago following the arrests, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and an assault-style shotgun, The Associated Press reported. … 'They just weren't your regular handguns,' Monique Bond, a spokeswoman for Chicago Police Department, told The Clarion-Ledger. 'These were assault-type weapons - heavy artillery.'" The Clarion-Ledger notes, "According to Bond, brokers in Chicago arranged to have guns purchased in Mississippi because of the state's 'lax gun laws.' … Purchasers were recruited to buy the weapons at three different pawn shops in Clarksdale and Tunica, Bond said. Those purchasers knew the guns were going to be used illegally, she said. … The sellers have cooperated with authorities and are not suspected of being involved, said Senior Special Agent Austin Banks of the Bureau of Alcohol, Tobacco, Firearms and Explosives. He would not identify the shops."

The AP (3/1, Robinson) reports, "Nineteen people have been charged with taking part in gun-running operations from Mississippi to Chicago that provided high-powered weapons to street gangs, federal prosecutors announced Wednesday. … 'When you add illegally obtained firearms to the already volatile mix of gangs and drugs on the streets of Chicago the result is an unacceptable level of violence,' said Gary S. Shapiro, the first assistant U.S. attorney in Chicago." The AP continues, "At a news conference, prosecutors displayed a table of weapons similar to those confiscated in the crackdown, including AK-47s, Tech-9s, MAC-10s and a sinister-looking, assault-style shotgun. … Fourteen of those accused were charged in a complaint unsealed in Chicago on Wednesday. Three of those charged were arrested in Chicago Wednesday, and 10 were arrested in Mississippi. One other was already in jail, authorities said. … Five others were charged by federal officials in Mississippi."

The Chicago Sun-Times (3/1, Main) reports, "The Chicago defendants include convicted felons Eddie Nesby, 25, Julius Statham, 37, and Antonio Brunt, 30. … Nesby allegedly told investigators he recruited Percy Strong of Mississippi and others to buy guns for him there. Strong could

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buy guns because he was not a felon, officials say. … In 2005, Strong bought a 9mm Hi-Point pistol at a Clarksdale, Miss., pawn shop. The Hi-Point was recovered last October in the 3200 block of West Augusta after officers stopped a car containing gang members getting ready to shoot a rival, police said. The gangsters pointed the Hi-Point and an AK-47 at officers, who opened fire and killed two of them, police said." The Sun-Times adds, "Chicago Police, State Police and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives have been investigating the Mississippi-to-Chicago gun pipeline since 2001. The defendants named Wednesday were allegedly responsible for 39 Mississippi guns recovered by law enforcement officials in Chicago. Authorities have not found 117 other Mississippi guns distributed in Chicago by the defendants, officials said."

The WLS-TV, ABC 7, Chicago (2/28, Baca) reports, "Prosecutors said 301 guns confiscated by police and agents in Chicago over five years were traced to federally licensed gun dealers at four shops in Tunica and Clarksdale, Miss. … 'A majority of these firearms are purchased in gun and pawn shops in Mississippi. Despite the attempts to obliterate the serial numbers, Chicago police were able to trace the origins with good old-fashioned police work,' said Hiram Grau, Deputy Police Superintendent. … 'We've noticed in the last few years there's a definite trend to go with powerful were higher capacity, more lethal firearms,' said Andrew L. Traver, ATF special-agent-in-charge."

WMC-TV, Memphis (3/1) reports, "It's a growing crime on which the Feds are focused. … 'The movement of guns from the Mid-South to the streets of Chicago,' says U.S. Attorney Jim Greenley of the Northern District of Mississippi. … Nineteen people were rounded up Wednesday and charged with running guns. … 'In my 20 years of law enforcement with the ATF, this is the most successful arrest operation I've ever been a part of,' says ATF agent Robert Browning." WMC-TV adds, "In all, the Feds say 100 firearms went from North Mississippi to Chicago between 1999 and 2005. … Many of the weapons were distributed to gang members and used to commit serious crimes, including homicide. … 'Some of these guns were involved with officers getting shot,' says Coahoma County Sheriff Andrew Thompson. … Most of those charged in this latest round of arrests are from Jonestown, Mississippi in Coahoma County, but the weapons were purchased from pawn shops in Tunica and Clarksdale."

The Daily Mississippian (3/1, Berry) reports, "The firearms were purchased in the Clarksdale and Tunica areas from federally licensed firearms dealers. The defendants purchased them for family members and friends, or for the exchange of money or drugs, according to Robert Browning, an agent with the Bureau of Alcohol, Tobacco, Firearms and Explosives. … 'Our office will be relentless in pursuing these investigations,' said Browning, who is with the New Orleans division of firearms for ATF." The Mississippian adds, "The investigation began as a result of the recovery of firearms in Chicago, and the case has been impending for the past couple of years, Browning said. … 'We're cracking down on it,' he added. "Enough is enough." … The investigation was conducted by ATF, the Chicago Police Department and the Illinois State Police. Agents from the Mississippi Bureau of Narcotics and Deputy U.S. Marshals also assisted ATF with the arrests. … If proven guilty charges, the people arrested will be given a sentence of anywhere from five to 10 years, Browning said."

DOJ Probe Finds Misspending Of Marshals Funds. USA Today (3/2, Kelley) reports, "A U.S. Marshals Service official misspent $4.3 million meant for courthouse security and witness protection to pay for fitness centers and firing ranges at federal buildings, a Justice Department investigation found." USA continues, "The Office of Management and Budget repeatedly told David Barnes not to use construction money on exercise and training facilities, citing agency policy and appropriations laws that restricted the money for improved prisoner security, the report said. … Barnes, who oversees courthouse space for the agency, concealed the spending from his superiors and directed $2.6 million in construction money for fitness centers and firing ranges at 20 federal courthouses from 2000 to 2005, according to a copy of the 41-page report obtained by USA TODAY. … The agency has not acted on the report, which it received last April." USA adds, "Barnes also used nearly $900,000 budgeted for witness protection to build a firing range in the Miami federal courthouse, and he used nearly $400,000 in construction money to hire fitness center staff and clerical workers at the Marshals Service headquarters, where Barnes works, the investigation found. Some workers were friends or relatives of Barnes and his subordinates and were unqualified for the jobs, the report said. … Barnes' lawyer, Charles Printz, said his client had the authority to spend construction money on firing ranges and fitness centers. Printz said the investigation was spurred by disgruntled employees and he expected his client to be cleared. … 'No monies were misappropriated,' Printz said in an e-mail response. … Barnes remains on the job, pending an administrative review. He could be fired, suspended or cleared."

OMB Warned USMS About Spending. USA Today (3/2, Kelley) reports, "Ten years ago, the White House budget office warned the U.S. Marshals Service to get its priorities straight: Money designated to improve courthouse security was not to be used for fitness centers or firing ranges. … The agency's construction account should be spent on securing areas used by prisoners, such as elevators, holding cells and entrances, Kenneth Schwartz, an Office of Management and

Budget (OMB) official, said in a letter to a top Justice Department administrator. … 'We are concerned with the oversight and priority setting within this program and request that the department continue to monitor USMS expenditures from this account closely,' Schwartz wrote." David Barnes, who oversees courthouse space for the Marshals Service, pressed the OMB to change the policy in several telephone conversations in 2001, Lisa Ward of the budget office told investigators. His arguments, repeated in letters, e-mails and statements to investigators: Marshals Service officers need to stay physically fit and practice their marksmanship, and facilities to do so were often expensive and far from their offices. … Eventually, the General Services Administration and the Justice Department agreed that the Marshals Service could request exemptions for the construction of firing ranges. The GSA is the independent agency responsible for construction and renovations of federal buildings. … Barnes' office asked for 14 waivers during 2003, but all were denied, records show." USA notes, "In 20 cities, Barnes found ways without waivers to get the GSA to build or renovate firing ranges and fitness centers, an internal Justice Department investigation found. … The investigation by the department's inspector general found Barnes shifted money among various construction projects and bypassed his supervisors to spend nearly $3.9 million on firing ranges and fitness centers at courthouses from Alaska to Florida, and wasted $440,000 in fees by paying for contractors and construction through the GSA rather than his agency. … In the report, Justice Department investigators cited the Marshals Service's lax oversight as a reason why Barnes' spending sometimes went undetected. A 2003 report from the department's inspector general found that the service couldn't always show it was spending its money the way Congress directed …"

Man In Minnesota Explosives Probe Left Homeless, Says Attorney. The Minneapolis Star Tribune (3/2, Xiong) reports, "A Bloomington man who was jailed then released after federal authorities confiscated several firearms and explosive materials from his house has been left homeless after the city condemned his house, according to his attorney." The Tribune continues, "Terry L. Dahlen, 60, and his wife are living with relatives after a city official said the couple have mice and too much clutter in their basement, garage and back yard, said attorney Joe Rymanowski. … 'Normally they don't condemn for that,' Rymanowski said. 'They say, "Clean it up."' Rymanowski said the couple were given until March 8 to clean up the house. … Dahlen has not been charged with any crime and was released from jail Wednesday afternoon. He agreed to be named for this story." The Tribune adds, "FBI agent Paul McCabe said only that the case is still under investigation. The state Bureau of Criminal of Apprehension and the Bureau of Alcohol, Tobacco and Firearms (ATF) are part of the joint investigation into Dahlen. … Speaking on Dahlen's behalf, Rymanowski said his client is a gun and pyrotechnics hobbyist who used to be a licensed weapons manufacturer in the late 1980s and early 1990s. The materials and firearms seized by authorities are left over from the days he made firearms for sale to other hobbyists, Rymanowski said. … 'None of it was illegal,' he said. 'He wasn't building a bomb. He wasn't threatening anybody.' … Rymanowski said he's puzzled as to why federal authorities searched Dahlen's house, but added that they have been cooperative and professional. … Federal authorities have not said why or for how long Dahlen has been investigated. The Bloomington and Minneapolis bomb squads were called out to his home Monday in the 1700 block of W. 84th Street. Authorities also searched a commercial retail building at 5200 47th Av. S. in Minneapolis on Tuesday that belongs to his wife, who runs a salon at the address. 'Explosive materials' that required a bomb squad and the skills of military personnel also were found there. … Steve Bogdalek, assistant special agent in charge of the ATF, has said the materials found at both locations were not in danger of exploding."

FBI To Launch Northern Virginia Anti-Gang Task Force. The Washington Times (3/2, Taylor) reports, "The head of the FBI's Washington Field Office yesterday said he has created a new task force to pursue federal gun and racketeering charges against gang members in Northern Virginia." The Times continues, "Joseph Persichini Jr., the assistant director in charge of the field office, said the task force began its work about a week ago and is made up of eight to 10 agents and representatives from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and local law-enforcement agencies. … He said authorities hope to prosecute gang members using federal gun statutes and the Racketeer Influenced and Corrupt Organizations Act (RICO). … 'We're looking for RICO indictments of people,' Mr. Persichini said during a wide-ranging interview with editors and reporters at The Washington Times. 'The key here also is using ATF and all the gun charges [because] many of those crimes are committed with weapons.'" The Times notes, "Mr. Persichini, who was appointed head of the field office in November after serving as its acting director since January 2006, said the effort is part of an increased focus on dealing with local violent crime, which he called a 'very serious concern.' … He also pointed to a recent uptick in violence in parts of the District. Mr. Persichini said he has spoken extensively with Acting Metropolitan Police Chief Cathy L. Lanier about gathering and sharing intelligence and that he talked with Mayor Adrian M. Fenty as recently as Wednesday night about comprehensive plans to thwart violent crime."

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FBI's "Best Undercover Agent" Profiled. Under the headline "Meet the FBI's 'Best Undercover Agent,'" the New York Sun (3/1, Capeci) writes, "At 6-foot 4-inches and more than 300 pounds, veteran FBI agent Joaquin 'Jack' Garcia is a small mountain of a man who is hard to miss. That's never stopped him from being a master of disguises. In recent years, the expert undercover agent's appointment calendar must have read a bit like the script for the 1960s screwball comedy 'If It's Tuesday, This Must Be Belgium.'" Garcia "surfaced last year when he took the stand in a closed courtroom to describe how he had played the role of a Gambino associate for 27 months. At the same time, Mr. Garcia was also posing as a New York capo in a 36-month FBI sting against crooked Florida cops in which four police officers were nailed last week on corruption charges (thus the reason for the secret testimony). That wasn't all: Sources tell Gang Land that Mr. Garcia worked undercover in three other successful organized crime and corruption cases during the same time frame. In Boston, he posed as a drug lord," and "during the same period, sources said, Mr. Garcia worked undercover in two separate cases in Atlantic City. In one involving Asian organized crime, he played the role of a wiseguy. In a political corruption probe that resulted last fall in guilty pleas by three city council members -- two from Atlantic City and one from Camden -- he posed as a Wall Street financier."

Four Men From Chicago Suburbs Charged In Drug-Trafficking Probe. The Chicago Tribune (3/1, Rozas) reports, "Four west suburban men have been charged in a nationwide investigation into a Mexican drug trafficking and money laundering ring that resulted in the arrests of 400 people in the last 20 months, authorities announced Wednesday." The Tribune continues, "The investigation, called Operation Imperial Emperor, targeted a Mexico-based drug trafficking organization authorities say is responsible for supplying tons of cocaine and large amounts of methamphetamine and marijuana to distribution cells on a monthly basis throughout the United States, U.S. Atty. Gen. Alberto Gonzales announced in San Diego." The Tribune adds, "In Illinois, Melrose Park authorities worked with the U.S. Drug Enforcement Administration to arrest four men alleged to be selling drugs through two Melrose Park businesses. Jose Payan, Saul Leyva and Bogar Santana were each charged with conspiring with others with intent to distribute and distribution of more than 100 grams of heroin. According to the complaint, Payan told a cooperating source that he could go to Santana Automotive Inc. in the 3400 block of West Lake Street in Melrose Park to get a sample of the heroin, said Assistant U.S. Atty. April Perry. In the course of the Payan investigation, authorities seized more than 310 grams of methamphetamine and more than 240 grams of heroin, Perry said. … In a separate complaint, authorities charged Florentino Velazquez of Villa Park with conspiring with others to distribute and distribution of more than 1 kilogram of cocaine. He and an unknown man are alleged to have distributed 2 kilos of cocaine to a cooperating source, Perry said. Velazquez is alleged to have used an unnamed Melrose Park restaurant to sell the drugs and collect money, Perry said."

Law Enforcement Taking Lead In Sports Doping Probes. The Washington Post (3/2, A1, Shipley) reports, "The battle against the use of illegal performance-enhancing drugs by athletes is increasingly being led by federal, state and local law enforcement agencies as part of an expanding cooperative effort with the U.S. Olympic Committee's primary anti-doping body, according to law enforcement and anti-doping officials." The Post continues, "The latest manifestation of this collaboration came this week in the multi-state crackdown on illegal online sales of steroids and other performance-enhancing drugs that led to the arrests Tuesday of eight people in three states, the officials said." The Post adds, "In the run-up to the bust, Drug Enforcement Agency agents in Mobile, Ala., contacted federal investigators involved in the probe of the Bay Area Laboratory Cooperative, or Balco, in Northern California that has implicated dozens of Olympic and professional athletes, including baseball slugger Barry Bonds. The California investigators put them in touch with officials from the U.S. Anti-Doping Agency, with whom they have been closely cooperating for the past four years. … Within days, the USADA sent a chemist to Mobile to offer his expertise. Several DEA agents flew to Colorado Springs, where the anti-doping agency is based. There were frequent phone conversations. The cooperation illustrated the changing landscape of anti-doping enforcement, investigators say." The Post notes, "USADA officials say the collaboration also reflects the failure of a more than three-decade effort to contain the use of performance-enhancing drugs by competitive athletes through testing. These officials say that with the Beijing Olympics less than 18 months away they fear the use of even more sophisticated drugs and masking agents by athletes will continue to outpace testing methods. … The crackdown on the online pharmacies this week suggests how the relationship already is benefiting both sides. While law enforcement agents have said they are targeting the pharmacies and not necessarily their customers, the California investigators urged DEA agents to turn over evidence of any involvement by high-profile athletes to the USADA so it could start disciplinary proceedings against them."

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Murder Of Medical Marijuana Provider Highlights Risks Of Even Legal Sales. The New York Times (3/2, Johnson) reports from Denver, "Ken Gorman, an aging missionary of marijuana, was found murdered in his home here two weeks ago. The unsolved crime is exposing the tangled threads at the borderland of the legal and illegal drug worlds he inhabited." The Times continues, "Mr. Gorman, who was 60, legally provided marijuana to patients under Colorado's medical marijuana law, but he also openly preached the virtues of illegal use, and even ran for governor in the 1990s on a pro-drug platform. … In recent years, he had grown frightened as the mainstream medicine of cannabis care bumped against the unregulated and violent terrain of the illicit drug market. He had been robbed more than a dozen times in his home on Denver's west side, had recently gotten a gun and also talked of installing a steel door and gates." The times adds, "Some legal experts say Mr. Gorman's death could lead to a reconsideration of how medical marijuana is administered here and elsewhere. Providers are often left exposed and vulnerable because of the nation's conflicting drug laws, with marijuana use illegal under federal law but legalized for some medicinal purposes here and in 10 other states. … Since 1997, after the first medical marijuana law was passed in California, as many as 20 legal marijuana providers have been killed around the country, mostly in robberies, said Allen St. Pierre, the executive director of the National Organization for the Reform of Marijuana Laws, or Norml, a nonprofit advocacy group in Washington." The Times notes, "Some in law enforcement, including Colorado's attorney general, John W. Suthers, say the Gorman killing illuminates more clearly than ever that crime and marijuana cannot be disentangled. … Many people in the medical marijuana supply system say the central risk comes down to the fact that they work in the shadows, where law enforcement officials are often either conflicted or hostile and crime is rampant. … Some critics said Mr. Gorman was caught up in his own image as a rebel, thwarting even the rules about medical marijuana that could further the causes he espoused. … And he had become an angry, fearful man, his friends and acquaintances said. Though he had served time in prison — five years for a felony drug conviction in the mid-1990s — and often seemed to scoff at the law, he had grown increasingly frustrated about being a crime victim himself."

US Global Survey Scrutinizes Counter-Narcotics Efforts. The AP (3/2) reports the United States "said yesterday that top antiterror allies Afghanistan, Pakistan, and Colombia had fallen short in the war on drugs despite enhanced counter-narcotics efforts, and it criticized perennial foes Iran, North Korea, and Venezuela for not cooperating. … In its annual global survey of the drug war, the [State Department] said massive opium poppy production in Afghanistan…continued to pose a major threat due to its links with groups such as the Taliban."

The Washington Times (3/2, Seper) reports the State Department "also said drug smugglers were hiding in the 'shadows of an open society' to link themselves with sophisticated criminal and terrorist organizations to launder millions of dollars in illicit profits."

Opium Production Rises In Afghanistan. The Hindustan Times (3/2) reports the US "has praised India's good record on counter-narcotics, but is worried that an alarming increase in poppy cultivation in Afghanistan is helping Taliban terrorists fund attacks on US and NATO forces. … The resurgence of Afghan opium cultivation has increased the flow of heroin to Europe, Russia and the Near East, which 'undermines those societies and the consolidation of democracy and security in Afghanistan,' the report stated."

Bloomberg (3/2) reports Afghanistan's opium production "reached a record in 2006 and the drug trade is supporting the Taliban insurgency to overthrow the government of President Hamid Karzai," according to the State Department. The country "produced 5,644 metric tons of opium compared with 4,475 metric tons in 2005, the Bureau of International Narcotics and Law Enforcement Affairs said in a report."

Venezuela Seen As Enabling Drug Trade. El Universal (3/1) reported US authorities said Thursday that Venezuela, "with 'a rampant high level of corruption, weak judicial system and lack of international counternarcotics cooperation' is increasingly enabling a growing illicit drug transshipment industry. This forms part of the conclusion of the 2007 International Narcotics Control Strategy Report." The report "states that according to officials from the US embassy in Caracas, Venezuelan security forces are involved in the drug traffic."

USA Today (3/2) reports, "The number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti — key transfer points for U.S.-bound shipments of the drug — increased 167% last year, State Department Assistant Secretary Anne Patterson said. She added that the leftist government of Venezuelan President Hugo Chávez, a frequent critic of the United States, has allowed drug trafficking to flourish."

McClatchy Newspapers (3/2) writes, "In its harshest assessment yet of drug trafficking in Venezuela, the State Department on Thursday said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations. … The Bush administration stepped up its criticism of Venezuela after Chavez ousted Drug Enforcement Administration agents from Venezuelan government facilities in late 2004, allegedly because they were spying. The two countries later negotiated an agreement to allow DEA agents to return, but

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Venezuela has so far refused to sign it, the report says." The Kansas City Star, San Jose Mercury News, San Luis Obispo Tribune, and Myrtle Beach Sun News used the McClatchy story.

Federal Officials Baffled By Mail Bomb Suspect. The AP (3/2, Hollingsworth) reports from Kansas City, MO, "He calls himself the Bishop. Exactly why is just one of the many mysteries surrounding the increasingly menacing figure. … The man -- and investigators believe they are dealing with a man -- is suspected of sending at least a half-dozen threatening letters to financial institutions over the past 18 months and mailing two dud pipe bombs that arrived a day apart in Kansas City and Chicago in January." The AP continues, "In his letters, the Bishop has demanded that financial companies move the prices of certain stocks to certain levels, often $6.66 -- an apparent reference to the Antichrist, said corporate counterterrorism expert Fred Burton. … Burton, whose security firm in Austin, Texas, has been hired by financial companies to find the Bishop, said the pipe bombs were assembled with crucial components deliberately left out, in what was probably a warning. Next time, Burton said, the bombs could be real. … But catching the Bishop and figuring out exactly what his grudge is could require help from the public, Burton said." The AP adds, "The Bishop, like the Unabomber, is probably mentally ill, highly intelligent and a loner, Burton said. … Postal inspectors are offering a reward of up to $100,000 for information. The investigation also includes the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and local police."

Alabama Man Accepts Plea Bargain In Bomb Case. The Mobile (AL) Press-Register (3/2, Kirby) reports, "A Flomaton man originally accused of making bombs has accepted a plea bargain, admitting to a misdemeanor." The Press-Register continues, "Gregory Wendell Nichols pleaded guilty in U.S. District Court in Mobile on Wednesday to improper storage of explosives. He faces a maximum of one year's incarceration, but prosecutors have agreed to recommend probation. U.S. Magistrate Judge Bert Milling Jr. set sentencing for March 23." The Press-Register adds, "A jury in January failed to reach a verdict in Nichols' case, and both sides were preparing to retry it this month. Jury selection had been scheduled for Monday. … But Assistant U.S. Attorney Vicki Davis and Assistant Federal Defender Peter Madden struck a deal prior to Wednesday's hastily called hearing. Neither could be reached for comment Thursday. … As recently as Tuesday, both lawyers expressed confidence about winning the second round." The Press-Register notes, "Agents for the Bureau of Alcohol, Tobacco, Firearms & Explosives confronted Nichols at a convenience store in Atmore on July 5 after getting a tip. Nichols permitted the agents to search his white Ford Ranger pickup truck, and they reported finding five homemade explosive devices. … Nichols admitted that he made the devices using spent carbon dioxide cartridges from BB guns. He told jurors last month that he packed the cylindrical canisters -- which were about 2 inches long -- with a black powder substitute called Pyrodex. He then sealed it with plumber's tape and electrical tape and attached a firecracker fuse. … But Nichols insisted the devices were firecrackers, not bombs. He told jurors that he made them so that he and his fiancée could drop them into a river. He said he never intended to hurt anyone."

IMMIGRATION:

Kennedy Denies Taking "Secretive" Approach To Immigration Bill. The Washington Times (3/2, Dinan, 88K) reports, "Far from being secretive, the top senator drafting the major Senate immigration bill this year says he has invited a host of senators to help out and has kept the Bush administration in the loop the entire time, despite accusations to the contrary." Sen. Edward M. Kennedy, "chairman of the immigration subcommittee, has held several meetings with lawmakers, including a recent one with top Republican and Democratic senators on the issue. He also talked with President Bush in January and last week spoke with White House Chief of Staff Joshua B. Bolten about the bill, Mr. Kennedy's office says." Kennedy said yesterday, "I look forward to introducing a comprehensive immigration reform bill with Sen. John McCain and our House colleagues in the coming weeks and continuing to work with the bipartisan coalition behind the legislation that passed the Senate last year." On Wednesday, Sen. Arlen Specter, "the top Republican on the Judiciary Committee, used the committee's first immigration hearing of the year to publicly accuse Mr. Kennedy of leaving him and his staff out of the process."

NYTimes Derides Chertoff, Gutierrez Silence On "Path To Citizenship." The New York Times (3/2, 1.16M) editorializes, "On Wednesday, Congress took its first crack at immigration reform since the great nothing of 2006. The Senate Judiciary Committee invited Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez to testify on the issue. With a new Congress and a new comprehensive immigration bill expected to be introduced in the Senate within days, the hearing could have been the first spark of a rejuvenated campaign by an alliance of Congressional Democrats, moderate Republicans and the Bush administration to finally solve a problem that has festered for too long." But "it wasn't. That's because both Mr. Chertoff and Mr. Gutierrez slunk away from a central pillar of comprehensive reform: a path to citizenship that would give illegal immigrants -- the ones who wait and prove they

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deserve it -- the chance to participate fully and proudly in the life of this country." The Times adds that if President Bush "is too weakened to stand up for comprehensive reform, then Democrats and Republicans in Congress need to unite and do it for him."

LATimes Says Colorado's Case Illustrates Failure Of "Strictly Punitive Approach." The Los Angeles Times (3/2, 850K) editorializes, "Immigrants are fleeing Colorado because of harsh laws passed during a special session of the Legislature last summer that require state identification for government services and allow police to check suspects' immigration status. The ID laws have raised the ire even of many native-born people, who complain about hassles for those trying to get a driver's license. If chasing away immigrants has caused problems in Colorado, imagine the economic chaos it would bring to California, where immigrants make up about a third of the workforce and the agriculture industry dwarfs Colorado's." Colorado "is learning a painful lesson about the foolishness of a piecemeal, state-by-state response to illegal immigration and about the economic effect of a strictly punitive approach."

TAX:

SEC Probing Google's Tax Accounting Methods. The Financial Times (3/2, Waters) reports, "Google's method of accounting for income taxes has come under the scrutiny of the Securities and Exchange Commission, the first time since its 2004 initial public offering that it has attracted the attention of securities regulators." The Times continues, "The internet search company disclosed the informal inquiry in its latest 10K annual report, which was filed on Thursday. The SEC had first approached it for information about its tax accounting in March last year, the company said, leading to an exchange of letters that is still ongoing." The Times adds, "The SEC's initial approach came just weeks after Google had surprised Wall Street with the news that its tax rate had climbed unexpectedly in the final quarter of 2005. That, in turn, dented its profits, contributing to a slide in its share price that persisted for much of last year. It took nine months for Google's shares finally to climb decisively back above their level of early January. … Google blamed the high tax charge on a shift in its business mix, which had seen more of its investment spending move to faster-growing international markets and away from the US. As a result, a higher proportion of its profits were attributed to its operations in its domestic market, where it generally faces a higher tax rate than elsewhere."

CONGRESS-ADMINISTRATION:

Walter Reed Commander Relieved Of Duty. Maj. Gen. George Weightman has been relieved of duty as commander of the Walter Reed Army Hospital. ABC World News (3/1, story 3, 2:35, Gibson, 8.78M) reported Weightman "was relieved of his command because wounded troops at Walter Reed were found to be living in substandard conditions and not getting the care they deserved." ABC (Kerley) added Weightman "was in the job for six months. But Pentagon leaders say they lost trust and confidence in General Weightman's leadership." Robert Gates, Secretary of Defense: "I don't have very much patience with people who don't step up to the plate, in terms of addressing problems." Kerley: "Secretary Gates says change was needed, after last week's stunning 'Washington Post' investigation, of this outpost facility for wounded troops, known as Building 18." Today, the Army "tapped Lieutenant General Kevin Kiley, who ran Walter Reed between 2002 and 2004 to return temporarily some are surprised with his appointment. Just last week, he toured Building 18 and toured the conditions there." Lt. Gen. Kevin Kiley, MD, Army Surgeon General: "While we have issues here, this is not a horrific, catastrophic failure of Walter Reed." Kerley: "Veterans advocates say they complained for years to Kiley about wilding 18."

The CBS Evening News (3/1, story 4, 2:30, Martin, 7.66M) reported, "The Army fired Maj. Gen. George W. Weightman at the urging of Defense Secretary Robert Gates, who today met with a panel to investigate conditions at Walter Reed." Emerging from "a closed door briefing with Gates, Senator Jack Reed predicted it won't end with Weightman, who had been in charge at Walter Reed for only six months." Sen. Jack Reed: "My sense is whatever responsibility he shares is not his alone, and that they have to look carefully at others." Martin: "Congressman Bill Young, who used to visit Walter Reed frequently, says commanders have been ignoring complaints about patient care ever since the war started." Rep. C. W. Bill Young: "We felt that the command was very unhappy with our presence because they didn't like us calling attention to their problems."

NBC Nightly News (3/1, story 4, 2:20, Miklaszewski, 9.87M) reported, "The growing scandal centers around Building 18, where wounded soldiers were forced to live in roach- and rat-infested rooms with mold-covered walls. An Army statement today said senior Army leadership has lost trust and confidence in the commander's leadership ability. But the Army's decision to put the former Walter Reed commander temporarily back in charge has created still more controversy. Lieutenant General Kevin Kiley was in charge at Walter Reed until six months ago and only last week

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appeared to play down concerns over conditions at Building 18." Pentagon officials "say Kiley's temporary assignment upset Defense Secretary Robert Gates, who hinted Kiley could also get the ax." Robert Gates, Secretary of Defense: "I don't have very much patience with people who don't step up to the plate in terms of addressing problems that are under their responsibility."

The Washington Post (3/2, A1, Vogel, Branigin, 690K) reports the "appointment of Kiley, who had earlier been the facility's commander, surprised some Defense Department officials because soldiers, their families and veterans' advocates have complained that he had long been aware of problems at Walter Reed and did nothing to improve its outpatient care." The action "came 10 days after a Washington Post series exposed the squalid living conditions for some outpatient soldiers at Walter Reed and bureaucratic problems that prevented many from getting the care they need." Kiley was "commander at Walter Reed until 2004. He has called the Post stories a 'one-sided representation' of conditions at the facility." The Army is "already cracking down on some staff members after the reports of poor care. A number of soldiers have been reassigned from their duties at Walter Reed, including a captain and several sergeants, according to an Army official." The Army said "the decision to relieve Weightman was made Wednesday after several days of consideration. Army Secretary Francis J. Harvey consulted with Gen. Peter J. Schoomaker, the Army chief of staff, and Gen. Richard A. Cody, the vice chief of staff, according to Paul Boyce, an Army spokesman."

The Los Angeles Times (3/2, Havemann, 850K) reports, "Deteriorating conditions at Walter Reed -- especially during a war in which the ratio of wounded soldiers to killed is far higher than in any previous conflict -- have posed a problem for President Bush, who speaks regularly to the nation's debt to its returning soldiers. He frequently has visited the hospital and its patients."

USA Today/AP (3/2, 4A, Burns) reports the Army said Weightman "was the wrong person to fix embarrassing failures in the treatment of wounded soldiers that have soiled the institution's reputation as a first-class hospital." Secretary Gates "issued a brief statement Thursday endorsing Harvey's action against Weightman."

The New York Times (3/2, Cloud, 1.16M) reports the "revelations about conditions at the hospital, one of the Army's best-known and busiest centers for treating soldiers wounded in Iraq and Afghanistan, have embarrassed the Army and prompted two investigations, several Congressional inquiries and a rush to clean up the accommodations for outpatients, where residents lived with mold on the walls, stained carpets and other problems." Treatment of "wounded soldiers has also been spotlighted recently in a documentary recounting the treatment received by the ABC News anchorman Bob Woodruff, who was wounded in Iraq last year."

The Financial Times (3/2, Sevastopulo) reports the Pentagon "has been quick to condemn the conditions at Walter Reed, which were revealed as President George W. Bush attempts to shore up moribund support for his military 'surge' in Iraq. A recent ABC News/Washington Post poll showed that public support for the conflict in Iraq continues to slide." The Walter Reed "scandal has generated bi-partisan criticism from lawmakers who have in recent weeks been more busy debating the merits of the surge." Sen. Hillary Clinton said, "Our nation has a duty to honour and support those who have served and sacrificed so much in the defence of our nation. Yet these recent news reports indicate that for nearly four years since the wars in Afghanistan and Iraq began, not enough has been done to assist these courageous men and women in recovering from the wounds of battle." The Times adds the "response from the Pentagon stands in contrast to the aftermath of the Abu Ghraib prison scandal. Donald Rumsfeld, the former secretary of defence, came under criticism for not firing any senior officers over the scandal which tainted the US image worldwide."

Senate Freshmen Take Lead On Response To Walter Reed Scandal. McClatchy (3/2, Goldstein) reports Sens. Claire McCaskill and Barack Obama "led the charge this week on one of the hottest war-related controversies since Abu Ghraib," introducing "legislation that would ensure that wounded soldiers are housed in clean conditions, have quick access to care and face an easier time claiming their disability benefits."

Nicholson Says Walter Reed Circumstances "Unacceptable." ABC World News (3/1, story 4, :25, Gibson, 8.78M) reported, "The Secretary for Veterans Affairs called the circumstances at Walter Reed absolutely unacceptable. Jim Nicholson also told the House Budget Committee that improvements in wounded veterans' care overall will be made, including new efforts to identify and treat traumatic brain injury, which Bob Woodruff has been covering for this broadcast."

WPost Questions Kiley's Appointment To Head Walter Reed. The Washington Post (3/2, A12, 690K) says in an editorial, "We are glad that the Army is finally taking the issue of outpatient care seriously enough to effectively end the career of a major general for presiding over the disgraceful condition of Building 18. But the evidence compiled so far suggests that Gen. Kiley has been more complicit in the scandalous neglect of Walter Reed's outpatient facilities for longer than Gen. Weightman has been. It also indicates that the Army's reshuffle is really about projecting the appearance of accountability, not punishing those most responsible." As Rep. Bill Young "said yesterday of Gen. Weightman, 'I don't know him. But I know he's the fall guy.'"

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Rice Names Critic Of US Iraq Policies To Counselor's Post. The Washington Post (3/2, A5, Kessler, 690K) reports Secretary of State Condoleezza Rice has named Eliot A. Cohen, "a prominent writer on national security strategy and an outspoken critic of the administration's postwar occupation of Iraq," as her counselor, State Department officials said yesterday. Despite Cohen's "sometimes caustic views on administration policies," officials said he has "impressed both Rice and President Bush with his writings," especially "Supreme Command," a study of the relationship between civilian commanders in chief and their military leaders. In selecting Cohen, Rice "has lured a leading figure of the neoconservative movement as her policies toward North Korea and Iran draw fierce attack from the Republican Party's right wing." The position "does not require Senate confirmation," and Cohen is expected to formally take the post in April.

Defying Veto Threat, House Democrats Pass Union Bill. The AP (3/2, Abrams) reports, "Democrats rewarded organized labor Thursday for helping them retake control of Congress, passing a House bill that would make it easier for workers to start unions against companies' wishes." The legislation, "passed 241-185 on a nearly party-line vote, would take away the right of employers to demand secret-ballot elections by workers before unions could be recognized." The House action "was the second triumph for labor following the Democratic takeover of Congress. The House and Senate also have voted on separate bills to raise the minimum wage." Labor groups "saw the Employee Free Choice Act as one way of halting the downward trend of union membership, now about 12 percent of the work force." But "the celebrations may be short-lived. Senate Republican leader Mitch McConnell, R-Ky., has pledged to block the bill and the White House says President Bush will veto the measure if it reaches his desk." The House vote "was short of the two-thirds majority that would be needed to overturn a veto."

The Wall Street Journal (3/2, Maher, 2.04M) reports, "The Employee Free Choice Act would let workers choose to join a union once a majority sign cards, a process that would be quicker and less open to employer opposition than a traditional secret-ballot election. Union officials believe it would help reverse labor's decline." Union membership "currently stands at 7.4% of the private-sector work force, down from roughly 20% in the early 1980s."

The New York Times (3/2, Greenhouse, 1.16M) notes Republicans "argued that the bill, the Employee Free Choice Act, was a betrayal of workers' access to a secret-ballot election. Some called it the 'employee intimidation act,' maintaining that the process of majority sign-up could well entail union organizers' bullying workers into signing pro-union cards." Speaker Nancy Pelosi, meanwhile, "called the bill 'the most important labor law reform legislation of this generation.'"

USA Today (3/2, 6A, 2.27M) briefly notes the vote, while the Washington Post (3/2, A4, Russakoff, 690K) cats the House Democratic move as the continuation of "the populist tone of its first 100 hours." The lobbying campaign "leading up to the vote featured AFL-CIO ads highlighting workers who were fired during union-organizing campaigns, and who waited years to get jobs back or to receive back pay." The "business community's campaign was led by a coalition of 300 business organizations in all 50 states, calling itself the Coalition for a Democratic Workplace. The group aired radio ads calling the legislation anti-worker and antidemocratic, and said its efforts generated 27,000 contacts of House members from within the targeted districts."

The Washington Times (3/2, Lengell, 88K) notes McConnell "vowed to fight the bill. 'We will not allow the progress already made on behalf of U.S. workers to be undone, nor will we allow coercion by employers or unions,' Mr. McConnell said." The Los Angeles Times (3/2, Henessy-Fiske, Simon, 850K) also reports the story.

Kimberley Strassel writes in the Wall Street Journal (3/2, 2.04M), "For Big Labor, this week's 'card check' victory marked the ultimate payoff for past Democratic election support. For House Democrats, it marked the end of the honeymoon. … The card check will be the biggest change in labor law in decades," yet Democrats "allowed but a single hearing and markup on the issue. That hearing was held in the middle of the House's very public Iraq debate, the better to avoid any notice." The issue "exploded nonetheless, and it was the party's moderate wing that got caught in the crossfire." Pelosi "might remember that she only won last year's election because of the success of these moderate candidates."

Bush's Pick To Head Consumer Product Safety Commission Riles Critics. The Los Angeles Times (3/2, Gerstenzang, 850K) reports, "President Bush said Thursday that he would nominate a senior executive of the largest organization representing the nation's manufacturers to head the government agency assigned to protect consumers from dangerous products." Bush's "choice of Michael E. Baroody, executive vice president of the National Assn. of Manufacturers, to be chairman of the Consumer Product Safety Commission drew an angry response from consumer advocates and predictions of a tough battle for Senate confirmation from the Democratic majority." Critics, "noting Baroody's work for an organization that aims to ease restrictions on a long list of companies making consumer goods, said the nomination would reflect an administration

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effort to restrict government regulations by executive order and action, rather than by congressional approval."

Ambassadorial Nomination May Be Blocked Over Swift Boat Vets Donation. The New York Times (3/2, Luo, 1.16M) reports, "Senator John Kerry may get his parting shot after all. After his having name sullied during the 2004 presidential campaign by the opposition group Swift Boat Veterans for Truth, Mr. Kerry, a Massachusetts Democrat, got the chance on Tuesday to sharply question Sam Fox, a major Republican donor who was recently nominated to be ambassador to Belgium, about his $50,000 contribution to the group." In addition, "some of Mr. Kerry's Democratic colleagues on the Senate Foreign Relations Committee now say they will consider voting against Mr. Fox's nomination." Kerry "declined on Thursday to say how he would vote."

Bill Would Ease Release Of Presidential Papers. The Washington Post (3/2, A11, Williamson, 690K) reports a bipartisan proposal "targeting White House rules on the release of presidential papers would claw back power over public records from the executive branch, advocates of the bill say." The House measure, "introduced yesterday, would overturn President Bush's 2001 executive order adding layers of review before presidential papers are made public. Historians and archivists say the order has kept thousands of documents from public view." In a statement, one of the bill's sponsors, Oversight and Government Reform Chairman Rep. Henry A. Waxman, said, Bush's order "gave current and former presidents and vice presidents broad authority to withhold presidential records or delay their release indefinitely." The Post adds co-sponsors "include Reps. Todd R. Platts (R-Pa.), William Lacy Clay (D-Mo.) and Dan Burton (R-Ind.)."

Hoyer Bill Would Reduce Health-Care Premium Costs For Federal Employees. The Washington Post's (3/2, D4, Barr) "Federal Diary" column reports, "Rep. Steny H. Hoyer (D-Md.) introduced a bill that would increase the government's contribution toward federal employee health-care premiums -- as he had pledged he would to two unions earlier this week. Under the proposal, the government would pay 80 percent [instead of the current 72 percent] of the cost of premiums in the Federal Employees Health Benefits Program, saving the average federal worker about $500 annually." The Post adds that while the "rate of premium growth in the federal employee program has slowed in recent years," a "number of insurance plans in the federal program raised their premiums by more than the average 1.8 percent increase. Premiums for health maintenance organizations, for example, rose by 6.3 percent, and some Washington area federal HMOs raised their rates higher." The Post adds, "The prospects for Hoyer's proposal are uncertain, in part because Congress is under pressure to reduce the federal deficit and rein in spending. His proposal also runs counter to a Bush administration plan, announced last month, that would reduce the government's contribution to health-care premiums for new retirees with less than 10 years of federal service."

Cheney Fires Up Activists With Speech At Conservative Conference. The Washington Times (3/2, Curl, 88K) reports, "Vice President Dick Cheney yesterday fired up hundreds of conservatives at their annual conference in Washington, drawing cheers when he upbraided Democrats for not realizing an 'inconvenient truth' -- that Iraq is the central front in the global war on terrorism." Taking "direct aim at former Vice President Al Gore, who starred in the film 'An Inconvenient Truth' that won an Academy Award last week for best documentary," Cheney said, "In these circumstances it's worth reminding ourselves that, like it or not, the enemy we face in the war on terror has made Iraq the primary front in that war. To use a popular phrase, this is an inconvenient truth." Speaking at "the Conservative Political Action Conference on its opening night," Cheney touted "the president's tax cuts and health care proposal," and "also chastised Democratic senators for moving to trim funding for the war and deliver a vote of no-confidence against Mr. Bush, as when the House passed a nonbinding resolution criticizing Mr. Bush's troop 'surge' proposal. 'The fact is that every statement we make has multiple audiences,' he said. 'The enemy listens, and so do the Iraqi people. A watching world needs to know that the United States is determined to prevail because we're a nation that keeps its word, and because we understand the consequences of failure,' he said to applause."

Angry Conservatives Suggest Withholding Support From '08 GOP Hopefuls. The Boston Globe (3/2, Milligan, 413K) reports, "Leading conservatives Thursday attacked the Republican Party as big-government, free-spending coddlers of illegal immigrants, and said the country's conservatives should withhold support from the GOP's current slate of presidential nominees to force them to the right. 'I feel very angry and betrayed' by the GOP, some of whose elected officials have backed a 'guest worker' immigration plan, abortion rights and tax increases, said Richard Viguerie, chairman of Conservative-HQ.com. 'We should withhold support from all major Republican [presidential] candidates today. Not one of them deserves our support today,'" he said "at the Conservative Political Action Conference annual meeting Thursday." He also said "conservatives should withhold 'all support' from GOP national committees, which Viguerie said have not produced federal candidates who

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adhere to conservative principles." The Globe notes, "Conservatives said they are frustrated and angry, blaming the GOP's massive losses in the 2006 elections on Republicans who deviated from a hard-line conservative agenda. The mood also puts added pressure on a slew of GOP presidential candidates set to speak to the CPAC meeting Friday."

Despite Low Poll Ratings, Bush Remains Fundraising Heavyweight For GOP. The Los Angeles Times (3/2, Gerstenzang, 850K) reports, "President Bush insists that he will stay out of the race over who will succeed him, at least until a Republican nominee is chosen. But that isn't keeping him from becoming the chief fundraiser for Republicans, his low poll ratings notwithstanding. Bush helped raise $10.4 million for the Republican Governors Association earlier this week, and he will be the star attraction at a fundraising dinner Friday in Louisville for Senate Minority Leader Mitch McConnell, a Kentucky Republican, and the National Republican Senatorial Committee. It is expected to bring in more than $2 million." GOP "activists and advisers say the president is likely to speak at several fundraising events a month in each of the coming months, showing that Bush still has considerable power to help his party even though his approval ratings have averaged well below 50 percent throughout his second term."

NYTimes/CBS Poll Shows Bush Approval Rating Dropping Among Republicans. The New York Times (3/2, Connelly, 1.16M) reports that a New York Times/CBS News Poll shows President Bush's "approval rating dropped 13 percentage points since last fall among Republicans, 65 percent of whom now say they approve of the way he is handling his job as president, compared with 78 percent last October." Twenty-nine percent "of all Americans" say "they approve of the way he is doing his job, compared with 34 percent at the end of October. Sixty-one percent disapproved, compared with 58 percent in October." Meanwhile, 23% "of those polled approved of the way Mr. Bush is dealing with the situation in Iraq," while 25% "approved of his handling of foreign policy. Even the president's campaign against terrorism, long his signature issue, is seen positively by only 40 percent of those polled, while 53 percent disapprove." And 75%, "including 52 percent of Republicans, say there is not much the United States military can do to reduce the sectarian fighting in Iraq. Over all, 23 percent of the public say the country is going in the right direction and 68 percent see it as 'on the wrong track.'" The nationwide telephone survey of 1,281 adults was conducted Feb. 23-27 and has a margin of error of +/- 3%. Among Republicans, the margin of error is +/- 5%.

Krauthammer Defends Funding Manned Space Exploration. In an op-ed for the Washington Post (3/1, A13, 690K), columnist Charles Krauthammer writes that there are two sets of critics to President Bush's program envisioning a moon base by 2020 and a future journey to Mars: "the Luddite left and the science purists." He says, "They would not build a moon base at all. The Luddites have long opposed manned exploration as a waste of resources when, as the mantra goes, we have so many problems here on Earth. I find this objection incomprehensible. When will we stop having problems here on Earth?" The "idea this time is not to go to plant a flag, take a golf shot and leave, but to stay and form a real self-sustaining, extraterrestrial human colony." Science purists say that unmanned missions are more cost-effective. "Pound for pound, dollar for dollar, manned exploration does bring back less science than robots. But it still brings back science. Humans can discover things through intuition and pattern recognition that machines thinking in algorithms cannot. Imagine the scientific possibilities if today we had humans patrolling Mars rather than the brilliantly programmed but still limited golf carts now roaming the surface."

OTHER NEWS:

Stocks Lower, But Markets Appear To Steady. The CBS Evening News (3/1, story 5, 1:45, Couric, 7.66M) reported, "Stocks resumed their slide after a one-day break. The Dow lost 34 points today, the NASDAQ about 12. But it could have been worse." CBS (Mason) added, "It was another whip-saw day here on Wall Street. … At the opening bell, the Dow went into a panicked plunge. In just four minutes, it plummeted more than 200 points." But "stocks steadied helped by a strong manufacturing report, and then rallied back."

The New York Times (3/2, Bajaj, Peters, 1.16M) reports "the Dow recovered and traded in positive territory for brief periods before ending the day down 34.29 points, or 0.3 percent. The volatility was a reminder that concerns persist." The S.& P. 500 "closed down 0.3 percent, or 3.65 points, at 1,403.17." NBC Nightly News (3/1, story 7, :25, Williams, 9.87M) also reported on "another wild ride on Wall Street today." The Wall Street Journal (3/2, C1, McKay, 2.04M), USA Today (3/2, 3B, Shell, 2.27M) and Washington Post (3/2, D1, Cho, Tse, 690K), among other newspapers, also report the stock numbers this morning.

Manufacturing Report Shows Signs Of Recovery. The Wall Street Journal (3/2, Whitehouse, Aeppel, 2.04M) reports, "The US manufacturing sector showed signs of recovering from a recent slump, striking a positive note that boosted stocks and eased concerns the nation's economy

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could be headed for recession." The Institute for Supply Management "reported yesterday that its index of manufacturing activity rose to 52.3 in February from 49.3 the previous month. The index for new orders, an indicator of future activity, rose to 54.9 from 50.3. Any reading above 50 suggests the sector is expanding." The ISM survey "caught some economists and investors by surprise, because other recent indicators had shown manufacturing faltering."

Paulson Says Economy's Outlook Remains Strong. The Financial Times (3/2, Callan) reports, "The outlook for the US economy is healthy, though concerns remain about domestic protectionism and the slow pace of Chinese currency appreciation, US Treasury secretary Hank Paulson said on Thursday." The remarks, in a speech to the Economic Club of Washington, "followed positive figures on US personal incomes and manufacturing, which helped lift the Dow Jones index from an earlier 209-point drop. 'I am watching developments carefully, and I believe that the US economy is healthy,' he said." But "the turbulence in US markets indicated investors remain worried about the economy, with concern centred on doubts about what will happen next in two sectors that are important contributors to growth: housing and manufacturing."

Meanwhile, the Washington Post (3/2, D1, Henderson, 690K) reports that "after several days of financial market turmoil and conflicting economic reports, analysts are having second thoughts. Yesterday, several said they saw rising risks of higher inflation and much weaker economic growth." But "more-optimistic observers pointed yesterday to a Commerce Department report that consumer spending, which accounts for two-thirds of the nation's economic activity, rose briskly in January, while incomes climbed even more rapidly."

Greenspan Says Recession Not "Probable." The Wall Street Journal (3/2, Man, McCallum, 2.04M) reports, "Former Federal Reserve Chairman Alan Greenspan toned down his warning that the US might slip into a recession later this year, saying he doesn't think such a slowdown is 'probable,' according to investment bank CLSA Asia-Pacific Markets, which hosted Mr. Greenspan's speech. 'It is possible we can get a US recession toward the end of this year, but I don't think it's probable,' Mr. Greenspan was quoted by CLSA as telling the audience here."

The New York Times (3/2, Andrews, 1.16M) reports, "They are marketed as 'intimate conversations' with…Greenspan, and groups pay about $150,000 to hear his economic outlook." But yesterday, "for the second time this week, these private chats went public, jolting financial markets around the world and upstaging Ben S. Bernanke, Mr. Greenspan's successor as chairman of the Federal Reserve." The Times adds, "First on Monday and then again on Thursday, Mr. Greenspan upset stock markets merely by uttering the word 'recession' and saying that one might but probably would not occur by the end of this year."

Bernanke's "Steady Hand" Praised. The Wall Street Journal (3/2, A4, Harwood, 2.04M) reports in its "Washington Wire" column, "Lawmakers in both parties welcome Fed chief's reassuring midweek testimony, which followed market-rattling commentary from predecessor Greenspan. Rep. Jim Cooper praises Bernanke for a 'steady hand' at the central bank." The Journal adds, "Treasury's Paulson, on the job less than a year, spoke by phone with Bush but offered little publicly to calm investor jitters."

Krugman Predicts "Great Meltdown" Is Underway. In a column dated "Feb. 27, 2008," Paul Krugman writes in the New York Times (3/2, 1.16M), "The great market meltdown of 2007 began exactly a year ago, with a 9 percent fall in the Shanghai market, followed by a 416-point slide in the Dow. But as in the previous global financial crisis, which began with the devaluation of Thailand's currency in the summer of 1997, it took many months before people realized how far the damage would spread." Krugman says "all sorts of implausible explanations were offered for the drop in US stock prices. It was, some said, the fault of Alan Greenspan, the former chairman of the Federal Reserve, as if his statement of the obvious -- that the housing slump could possibly cause a recession -- had been news to anyone. One Republican congressman blamed Representative John Murtha, claiming that his efforts to stop the 'surge' in Iraq had somehow unnerved the markets." Krugman continues, "By early 2007, the collapse of the US housing boom had brought with it widespread defaults on subprime mortgages — loans to home buyers who fail to meet the strictest lending standards. Lenders insisted that this was an isolated problem, which wouldn't spread to the rest of the market or to the real economy. But it did."

Poll Finds Majority Favors Guarantee Of Health Insurance. The New York Times (3/2, Toner, elder, 1.16M) reports that a nationwide New York Times/CBS News poll of 1,281 adults conducted Feb. 23-27, with a margin of plus or minus 3 percent, found "a majority of Americans say the federal government should guarantee health insurance to every American, especially children, and are willing to pay higher taxes to do it." The Times continues, "While the war in Iraq remains the overarching issue in the early stages of the 2008 campaign, access to affordable health care is at the top of the public's domestic agenda, ranked far more important than immigration, cutting taxes or promoting traditional values." The Times also notes that those polled "showed a striking willingness…to make tradeoffs to guarantee health insurance for all, including paying as much as $500 more in taxes a year and forgoing future tax cuts." However, "Americans remain divided, largely along party lines, over

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whether the government should require everyone to participate in a national health care plan, and over whether the government would do a better job than the private insurance industry in providing coverage."

McCain Pledges To Accept Public Funds For General Election. The New York Times (3/2, Kirkpatrick, 1.16M) reports Sen. John McCain "joined Senator Barack Obama on Thursday in promising to accept a novel fund-raising truce if each man wins his party's presidential nomination." The promises by McCain and Obama "are an effort to resuscitate part of the ailing public financing system for presidential campaigns." Such a "pact would eliminate any financial edge one candidate might have and limit each campaign to $85 million for the general election. The two candidates would have to return any private donations that they had raised for that period." Obama "laid out his proposal last month to the Federal Election Commission, seeking an opinion on its legality. The commissioners formally approved it on Thursday."

The Politico (3/2, Vogel) reports Sen. McCain "raised the stakes Thursday in an emerging campaign finance showdown among the major presidential candidates." The moves "by McCain, the senior senator from Arizona, and Obama, the junior senator from Illinois, seemed designed to solidify their positions as the field's leading advocates for reducing the influence of money in politics. But their pledges will also put some pressure on the other leading candidates from both parties to follow." Democrats Hillary Rodham Clinton and John Edwards "both indicated they might take that newly open option. But neither went as far as Obama or McCain." Among the GOP contenders, "former New York City Mayor Rudy Giuliani plans to start collecting general election money, and former Massachusetts Gov. Mitt Romney is considering it. Neither would match the pledges made by McCain or Obama."

The AP (3/2, Kuhnhenn) reports McCain's campaign said he "will opt out of the post-Watergate presidential public financing system unless the Democratic nominee agrees to campaign under the same financial restrictions." The McCain camp's "decision came after the Federal Election Commission eased some political fundraising rules in hopes of salvaging the tattered presidential financing system in the 2008 campaign. By a 5-0 vote, the commission said presidential candidates may solicit private contributions for the general election now and still be eligible for public financing if they become their party's nominee."

McCain Apologizes For Saying Soldiers' Lives "Wasted." The CBS Evening News (3/1, story 6, 2:15, Couric, 7.66M) reported, "McCain did not expect to be trailing anyone at this point in his second run at the Republican nomination. What happened?" CBS (Schieffer) added, "Well, he surely didn't, and now Giuliani has a big lead in the polls, at least. I think it is because John McCain is a Senator. He has a record. Anything he does, he gets a lot of publicity, like last night on Letterman, he said a lot of lives were being wasted in Iraq. The blogs and the Democrats attacked him. Today he had to apologize and say what he meant to say was a lot of lives were being sacrificed. On the other hand, Giuliani is so far sort of running under the radar. He's campaigning a lot but he's not holding many news conferences. He's not being on national television very much. So he is not being cut on for being pro-gay rights and pro-abortion, things a lot of Republicans don't like. Eventually he's going to have to answer those questions, but right now, he's managed to keep the focus on being a smart and decisive leader on 9/11. That cannot last once he has to start asking these and answering these questions. But for now it is working, and John McCain, Katie, is the one being hurt by it."

NBC Nightly News (3/1, story 5, 2:30, Williams, 9.87M) reported, "Nobody questions John McCain's military credentials, but it's something he said when he announced his presidential campaign last night that has some people today questioning his choice of words in what is already a tough campaign this early on." NBC (Gregory) added, "On the campaign trail today, the man known for straight talk was instead taking back something else he told David Letterman about Iraq." Sen. John McCain: "We wasted a lot of our most precious treasure which is American lives over there." Gregory: "Today this statement from McCain – 'Last evening, I referred to American casualties in Iraq as wasted. I should have used the word sacrificed as I have in the past.' The Letterman appearance was seen as an attempt to breathe new life into a campaign that's been stumbling." Byron York, National Review: "I think this is an effort to show the energetic, hard-charging McCain is back at it." Gregory: "At a gathering of conservatives in Washington, activists were distributing a 23-page attack on McCain, saying, he's no Ronald Reagan and listing his positions they oppose." David Bossie, conservative activist: "He has bucked the conservative issues year after year in the United States Senate and why now should he be rewarded with being the standard bearer of the Republican Party?"

ABC World News (3/1, story 6, :50, Gibson, 8.78M) did not report on the controversy over McCain's remark, but reported he "has confirmed what everyone expected. He's running for president. All the candidates are looking for ways to make their announcement stand out. Senator McCain made his declaration on the David Letterman show last night." Sen. John McCain: "I am announcing that I will be a candidate for president of the United States."

Another AP story (3/2, Sidoti) says "the episode underscored the intense scrutiny in store for McCain -- the freewheeling candidate of 2000 -- while he seeks the presidency as one of the GOP's strongest contenders and as

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the country wages an unpopular war to which McCain is perhaps forever linked." The AP adds that "10 months before the first primary votes, McCain's work to woo the GOP base -- and become the party's standard-bearer -- is just beginning, and he must overcome a spate of hurdles to get the Republican nomination." He "must convince Republican primary voters that they can trust him to be a loyal party champion who will adhere to GOP's core principles -- and not waver."

The New York Times (3/2, Nagourney, 1.16M) notes Sen. Barack Obama "made a similar remark in a visit to Iowa after announcing his candidacy. 'We ended up launching a war that should have never been authorized and should have never been waged, and to which we now have spent $400 billion and have seen over 3,000 lives of the bravest young Americans wasted,' he said." McCain "was criticized on Thursday by the Democratic National Committee for making the remark, just as Mr. Obama had been criticized by conservative groups." The Washington Times (3/2, Bellantoni, 88K) also reports the story.

Santorum Says He Would Back Any GOP Candidate Except McCain. The Politico (3/2, Budoff) reports, "Former Sen. Rick Santorum has drawn at least one conclusion about the Republican presidential primary field: Anybody but John McCain." Santorum, "who signed a contract Thursday as a Fox News contributor, said that he has spoken with every GOP candidate except the senator from Arizona but that it's still too early for him to endorse. 'The only one I wouldn't support is McCain,' Santorum said during an interview in his office at the Ethics and Public Policy Center in Washington, where he is a senior fellow. 'I don't agree with him on hardly any issues,' Santorum said. 'I don't think he has the temperament and leadership ability to move the country in the right direction.'"

FEC Gives Obama Leeway To Accept Public Financing. The Chicago Tribune (3/2, McCormick, 617K) reports the Federal Election Commission "said Thursday that presidential candidates may accept private contributions for potential general election campaigns and still remain eligible for public financing if they ultimately win their party's nomination." The ruling "came after a request for clarification from Sen. Barack Obama (D-Ill.), who has suggested he would like the option of running a publicly financed general election campaign — with its associated spending limits — if he could convince a future Republican opponent to do the same." However, political observers "say the ruling is likely a moot point since a financial truce is highly unlikely in an era where political advertising, organization and travel are extremely expensive and both parties will be ferociously fighting for a White House with no incumbent." The decision, "in a 5-0 vote, comes as front-runners from both parties have forgone public funds and spending limits for the primaries."

The Financial Times (3/2, Luce) reports the FEC "unanimously upheld a request by Barack Obama, one of the leading Democratic presidential candidates, to continue to raise private funds without closing off his right to public financing if he were nominated as his party's candidate." Obama said he "would do all that he could to preserve the US's virtually broken system of public election financing. His stance contrasts sharply with that of Mrs Clinton, who announced in January that she would rely solely on private sources of money for both the party primaries and the general election."

The Politico (3/2, Vogel) reports the FEC's decision "is likely to have little practical long-term impact. And it could leave Obama, the junior senator from Illinois and among the front-runners for the Democratic nomination for president, in a tricky spot." Election lawyers and political analysts "say the fiscal and political landscape of the 2008 campaign make it unlikely that either major party nominee will use that flexibility." Together, the nominees "are expected to spend upwards of $1 billion on their campaigns. By that calculation, nominees who go the new route could be required to return roughly $165 million each soon after their respective conventions – typically the start of an expensive advertising blitz that continues through the November general election – in order to qualify for $85 million in matching public funds."

WPost Says All Candidates Should Pledge To Take Public Financing. The Washington Post (3/2, A12, 690K) says in an editorial, "Thanks to an innovative request from Democratic presidential candidate Barack Obama, the Federal Election Commission voted yesterday to try to salvage the endangered public financing system for presidential elections. Now it is up to presidential candidates who claim to support that system to put real commitment behind their rhetoric." Candidates who "are sincere supporters of public financing ought to be willing to pledge to stay within the system if they win their party's nomination and the other side's nominee promises to do the same."

Clintons, Obama To Appear At Selma Commemoration On Sunday. The Washington Post (3/2, A1, Kornblut, 690K) reports on its front page that ex-President Bill Clinton will join New York Sen. Hillary Clinton (D) "at a commemoration of the 1965 civil rights march in Selma, Ala., on Sunday, bringing his star power and popularity among African Americans to a weekend of events that had been shaping up as a showcase for the candidacy of Sen. Barack Obama," who "announced several weeks ago that he would deliver the keynote speech at a service honoring the march across the Edmund Pettus Bridge." Obama "has gained significantly among black voters in recent

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months, according to a recent Washington Post-ABC News survey, jeopardizing Clinton's early lead in the Democratic primary field. Reluctant to give any ground to Obama," Sen. Clinton "decided early last week that she, too, would go to Selma this weekend. She arranged a simultaneous appearance at a church just steps away from the one where Obama will speak Sunday morning, and she agreed to accept a civil rights award on behalf of her husband." The Post notes, "The imminent collision of the two candidates…offers a vivid snapshot of how important the campaigns believe black voters will be in the primaries. And the swift move by the Clintons to try to claim the spotlight at the event demonstrates that the former first lady does not intend to cede the black vote to Obama."

The AP (3/2, Fouhy) reports that Bill Clinton on Sunday "will be inducted…in the National Voting Rights Hall of Fame," creating "another high-profile opportunity for the Clintons to grab the spotlight from the charismatic Obama. The joint appearance marks the first time the Clintons have appeared together publicly since she announced her candidacy in January. … Obama spokesman Bill Burton said the more people who attend the anniversary events, the better."

Obama Ancestors Said To Have Owned Slaves. The Baltimore Sun (3/2, Nitkin, Merritt, 257K) reports, "Many people know that Democratic presidential candidate Barack Obama's father was from Kenya and his mother from Kansas." But "an intriguing sliver of his family history has received almost no attention until now: it appears that forebears of his white mother owned slaves, according to genealogical research and Census records." The records, "which had never been addressed publicly by the Illinois senator or his relatives -- were first noted in an ancestry report compiled by William Addams Reitwiesner, who works at the Library of Congress and practices genealogy in his spare time. The report, on Reitwiesner's Web site, carries a disclaimer that it is a 'first draft' -- one likely to be examined more closely if Obama is nominated." According to the research, "one of Obama's great-great-great-great grandfathers, George Washington Overall, owned two slaves who were recorded in the 1850 Census in Nelson County, Ky. The same records show that one of Obama's great-great-great-great-great-grandmothers, Mary Duvall, also owned two slaves." The Sun "retraced" much of the research, and "an Obama spokesman did not dispute" it, saying "the senator's ancestors 'are representative of America.'"

Romney Hits McCain On Immigration, Giuliani On Guns, Abortion, Gay Rights. The AP (3/2, Johnson) reports, "Republican Mitt Romney assailed his two leading presidential rivals Wednesday, criticizing John McCain's stance on immigration and dismissing Rudy Giuliani's support for gun control, abortion and gay rights as a losing combination in the GOP primary." The AP adds, "Running a distant third in national polls, Romney used a campaign stop in New Hampshire to challenge McCain's support for stronger border security paired with an eventual path to citizenship for some of the 11 million illegal immigrants in the United States." Also, "in an interview with the Christian Broadcasting Network," Romney "criticized Giuliani for his moderate stands on abortion, gays and gun control -- even though Romney expressed similar views in previous campaigns."

Giuliani Apparently On Way To Victory In South Carolina Straw Poll. The AP (3/2) reports, "In a sign of what die-hard Republicans may think of the field of presidential contenders, former New York Mayor Rudy Giuliani was leading 10 other candidates Thursday in a straw poll in conservative" Spartanburg County, SC. The AP notes, "With 71 of 75 precincts reporting, Giuliani garnered 123 votes. California Rep. Duncan Hunter was running in second place with 110 votes, and Arizona Sen. John McCain was third with 86 votes, according to county GOP officials. Kansas Sen. Sam Brownback had 68 votes, former Massachusetts Gov. Mitt Romney had 59 votes and Arkansas Gov. Mike Huckabee rounded out the front-runners with 18 votes. The voting isn't binding and comes as the county party goes about the business of organizing precincts and ultimately sending people to its county convention and the state GOP convention in May." Spartanburg County GOP Chairman Rick Beltram "said before the straw poll he expected fewer than 2,000 people to vote. After the voting, he blamed rainy weather for the low turnout."

Democratic Candidates Accused Of School Choice Hypocrisy. In an op-ed in the Wall Street Journal (3/2, A11, 2.04M), Clint Bolick, president and general counsel of the Alliance for School Choice and senior fellow at the Goldwater Institute, lambastes Democrats in Washington who oppose school choice while sending their own children to private schools. "Indeed, a nearly perfect correlation exists among Democratic presidential candidates who have exercised school choice for their own children and those who would deny such choices to the parents of other children." Bolick cites former President Bill Clinton's daughter Chelsea's attendance of "the elite private Sidwell Friends School," juxtaposing this against Clinton's veto of a school choice bill for D.C. "And today presidential candidate Mrs. Clinton continues to stridently oppose school choice." Bolick continues to outline the positions on the issue—and the status of the children—of other Democratic presidential candidates, singling out Illinois Sen. Barack Obama for calling for both parties to be open to "anything that works."

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Early Start To Campaign Could Give Gingrich, Gore An Opening. The CBS Evening News (3/1, story 6, 2:15, Couric, 7.66M) reported, "You talk about this campaign starting earlier than ever. How do you think that the change the dynamics of the race?" CBS (Schieffer) added, "Well, I think what could happen, Katie, is if the frontrunners in both parties keep cutting on each other and cutting each other down, I think by this summer, you may begin to see an opening for other candidates to come into the race. People like Newt Gingrich on the Republican side, maybe even Al Gore on the Democratic side. But the thing to remember, Katie we are at the very beginning of this race."

Washington State Senate Urged To Call For Bush Impeachment. The New York Times (3/2, Stolz, 1.16M) reports, "Mayor Rocky Anderson of Salt Lake City appeared before a committee of the State Senate in Olympia in support of a resolution asking Congress to begin impeachment proceedings against President Bush. Mr. Anderson, a Democrat, said the case for impeachment was not partisan. He said the president should face impeachment for 'heinous human rights violations, breaches of trust, abuses of power injurious to the nation, war crimes" and "misleading Congress and the American people."

Doubts Raised About Accuracy Of US Intelligence On Iran, North Korea. In a news analysis, the New York Times (3/2, A8, Mazzetti, 1.16M) reports, "For more than three years, American intelligence officials have insisted that they learned from their mistakes in the months leading to the Iraq war, when murky information about Saddam Hussein's weapons programs was presented as fact and inconclusive judgments were hardened into statements of near certainty." As a result, the "more calibrated intelligence assessments that have come to light in recent weeks, particularly on Iran and North Korea, appear to show a new willingness by American spy agencies to concede the limits of their knowledge." The "new caution" reflects adherence to what some officials now call "the Powell Rule," that is "intended to avoid a repetition" of former Secretary of State Colin Powell's "humiliation" at the U.N. Security Council. The Times notes that former DNI John Negroponte formalized "new analytical procedures in a directive issued in January" as "one of his last acts." The intelligence community's "renewed emphasis on debate and dissent" has also been "reflected in decisions about which officials earned promotions in the aftermath of the Iraq intelligence failures."

Also in an analysis, the AP (3/2, Jahn) says, "New doubts are arising about the accuracy of US intelligence on the nuclear programs in North Korea and Iran, only a few years after faulty warnings about weapons of mass destruction helped President Bush justify the invasion of Iraq." The AP also notes that Bush administration officials, including Assistant Secretary of State Christopher Hill, are "toning down assertions that such a program had been developed."

White House Defers Questions To Intelligence Community. The Washington Post's (3/2, A11) Al Kamen writes in his "In the Loop" column that reporters yesterday "pressed White House spokeswoman Dana Perino on news reports that the administration is backing away from its absolute claims that North Korea has a uranium-enrichment program." Perino responded, "I think what I need to do is refer you to the intelligence community," which Kamen notes is "a crowd long known for on-the-record briefings on its sources and process."

More Commentary. In an editorial, the New York Times (3/2, 1.16M) writes, "We would like to believe that the Bush administration has finally figured out how dangerous and counterproductive it is to hype intelligence," but "we doubt it." The Post says it suspects that "this week's confessions of doubt about North Korea had less to do with a sudden burst of candor than the fact that Pyongyang has agreed to readmit nuclear inspectors" and "the White House's eagerness for a diplomatic win in these bleak times."

The Washington Post (3/2, A12, 690K) says "the weakening of the intelligence about an ongoing uranium program does not mean that the United States can drop the issue in the next phase of negotiations. On the contrary, a crucial test of the diplomatic process will be whether the North will reveal what it did with the centrifuges and other materials it is known to have acquired. Pyongyang's response will show whether it, like the Bush administration, is more inclined to conduct serious negotiations than it was four years ago."

Meanwhile, the Wall Street Journal (3/2, 2.04M) writes, "White House officials say President Bush has earned the benefit of the doubt on North Korea and that he'll insist on dismantling all of its nuclear facilities. We hope he's not relying on the US intelligence community to tell him when that's happened."

The Los Angeles Times (3/2, 850K) editorializes, "For the second time, serious questions have been raised about the credibility of US assessments of the potential nuclear threat posed by an enemy nation. Are these charges justified? Given the US need to enlist other nations to adopt sanctions to curb Iran's nuclear ambitions and deal with other proliferation challenges, that's a question that demands an answer."

Pyongyang Reasserts Pledge To Denuclearize. The Washington Post/AP (3/2, A10) reports North Korea's "No. 2 leader," Kim Yong Nam, "reiterated Thursday his country's pledge to abandon its nuclear weapons," as the nation "sought a resumption of aid in its first high-level talks with

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South Korea." Kim said that "the denuclearization of the Korean Peninsula is the dying wish" of the country's founding president, Kim Il Sung, who died in 1994. North Korea "will make efforts to realize it," he told South Korean Unification Minister Lee Jae Joung in Pyongyang. The Washington Times (3/2, 88K) also publishes this AP report.

Under the headline "US, North Korea Soften Their Stances," the Wall Street Journal (3/2, A3, Ramstad, King, 2.04M) reports North Korea and the US "are showing signs of softening toward one another" as negotiators from both sides plan to meet Monday to discuss steps toward normalizing relations. The US is also reportedly "close to resolving a high-profile crackdown" on a Macau bank used by the North Korean government. Meanwhile, the Financial Times (3/2, Mitchell) reports frozen North Korean funds in Macao's Banco Delta Asia "could be released by the end of this month," according to an executive for a company whose accounts have been affected. Colin McAskill, who heads Hong Kong-based Koryo Asia, said the head of a Macao government-appointed committee now in charge of Banco Delta Asia told him recently that some of the funds "could be released soon."

Meanwhile, McClatchy (3/2, Landay, Hall) reports there are "new questions about the Administration's assertions" that Banco Delta Asia "knowingly laundered proceedings from North Korean narcotics trafficking, cigarette smuggling and counterfeit American currency." An audit of the bank's finances by accounting firm Ernst & Young "found no evidence that the bank had facilitated North Korean money-laundering, either by circulating counterfeit US bank notes or by knowingly sheltering illicit earnings of the North Korean government."

Diplomats Report Progress On Iran Sanctions. The AP (3/2, Lederer) reports diplomats "made progress Thursday on possible new sanctions against Iran" as officials from the US, Russia, China, Britain, France and Germany held a two hour conference call. In a statement, the State Department said, "They had a good productive discussion during which they made progress in agreeing on the elements of a resolution. A few more issues remain for discussion, and the political directors agreed to convene another conference call on Saturday morning." The Department said it expects that ambassadors "could begin drafting the text of a resolution next week."

China Urges Iran To Return To Talks. The AP (3/2) reports China Thursday urged Iran "to halt uranium enrichment and step up efforts to reach a peaceful, negotiated solution to the international dispute over its nuclear program amid a visit by Iran's deputy foreign minister." Foreign Ministry spokesman Qin Gang told reporters, "We hope that Iran can give a positive response to the appeal of the international community and faithfully abide by resolution 1737."

Iran, Saudi Arabia To Hold Summit On Regional Crises. The New York Times (3/2, Fattah, Fathi, 1.16M) reports Iranian President Mahmoud Ahmadinejad will visit Saudi Arabia Saturday for "a summit meeting with King Abdullah intended to tackle the Middle East's growing sectarian and political crises," Iranian officials announced Thursday. The visit, Ahmadinejad's first state visit to Saudi Arabia, "was initiated by Iran," according to a former Saudi official with knowledge of the discussions. It also "marks the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries, to settle the political standoff in Lebanon, cool sectarian violence in Iraq and possibly even avert a looming confrontation with the United States." The trip is seen by some "as a defensive move by an increasingly isolated Iran while to others it marks the start of another public relations offensive for the bellicose president."

The AP (3/2, Nasr) calls the visit "an indication that weeks of talks between their envoys on simmering conflicts in Iraq and Lebanon have made some headway."

Democrats Move To Require Approval For Iran Strike. Responding to fears that President Bush may be preparing to launch a military strike against Iran, McClatchy (3/2, Talev) reports Senate Democrats "are drafting legislation that would require the White House to seek congressional approval before any such action." Sen. Jim Webb, D-Va., who is leading the effort, said Thursday "that he's still working on the details, but he intends to introduce his measure next week as an amendment to the $93.4 billion war spending bill."

Jordanian King To Address US Congress. The Washington Times (3/2, McCaslin, 88K) reports in its "Inside the Beltway" column, "King Abdullah II of Jordan will address a joint session of Congress next Wednesday, becoming the first world leader to address such a meeting under the new Democratic-led Congress. Merissa Khurma, spokeswoman for the Jordanian government in Washington, tells us the king's speech will partly address the crisis in neighboring Iraq and ways to restore security and stability there. Congress, no doubt, will be all ears."

State Department Report Accuses Venezuela Of Drug Trafficking. McClatchy (3/2, Bachelet) reports, "In its harshest assessment yet of drug trafficking in Venezuela," the State Department Thursday "said the country is turning into a haven for smugglers because of corruption and the government's refusal to cooperate with other nations." The department's 2007 International Narcotics Control Strategies Report "also expressed uneasiness over Bolivia's efforts to expand" coca cultivation and "offered rare praise for Cuba for deporting a Colombian trafficker to Bogota." The report "also praised three countries --

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Colombia, Guatemala and Mexico -- that Bush will visit this month during a swing through Latin America, saying the three were trying to halt drug smuggling, if not succeeding."

USA Today (3/2, 6A, Leinwand, 2.27M) reports as evidence of Venezuela's drug trafficking, Assistant Secretary of State Anne Patterson said the "number of flights from Venezuela suspected of ferrying Colombian cocaine to the Dominican Republic and Haiti -- key transfer points for US-bound shipments of the drug -- increased 167% last year."

Mexican Ambassador Praises Upcoming Bush Visit. In its "Embassy Row" column, the Washington Times (3/2, Morrison, 88K) reports Mexico's new ambassador, "when he presented his diplomatic credentials at the White House this week, praised President Bush for his upcoming visit to Mexico City." The two-day visit beginning March 12 will "strengthen the already firm foundations on which our bilateral relationship rests," Ambassador Arturo Sarukhan said.

US Wants Missile Radar In Caucasus. The AP (3/2, Lekic) reports the director of the US Missile Defense Agency "said Thursday that Washington wants to base an anti-missile radar in the Caucasus, a move that could provoke a further rift with Russia." Lt. Gen. Henry A. Obering" declined to specify which country the long-range radar could be installed in," but noted that "it would be very useful for the anti-missile system." Speaking on a stop at NATO headquarters in Brussels, he said the US "would like to place a radar in...the Caucasus." Meanwhile in Moscow, Deputy Foreign Minister Alexander Grushko said the missile elements already planned by Washington for Poland and the Czech Republic would become a "factor that we will have to take into account while determining our steps in the military-political sphere and military development."

Ukrainian Opposition Leader Calls For Early Elections. In an interview with the Washington Times (3/2, Sands, 88K), Ukrainian opposition leader Yulia Tymoshenko said his country's "revived Orange Coalition will press for early elections in a bid to halt Russia's growing influence and control over the country's vital energy assets." Tymoshenko, a former prime minister and key figure in the Orange Revolution, "said Ukraine's sovereignty and hopes for better relations with the West are in jeopardy if the government of pro-Moscow Prime Minister Viktor Yanukovych serves out its full term to 2011."

Negroponte Begins Tour Of Asia. AFP (3/2) reports Deputy Secretary of State Negroponte Thursday "started an Asian tour in which he is expected to discuss a breakthrough nuclear deal with North Korea." Negroponte arrived in Tokyo where he "is likely to meet Foreign Minister Taro Aso and other officials on Friday," a ministry official said. After a three-day stay, Negroponte travel to China and South Korea.

US Says China Expanding Nuclear Sub Fleet. The Washington Times (3/2, A1, Gertz, 88K) reports on its front page that China's military is "engaged in a major buildup of submarines that includes five new strategic nuclear-missile boats and several advanced nuclear-powered attack submarines," according to the Office of Naval Intelligence. The new nuclear-powered missile submarines will be outfitted with new 5,000-mile range JL-2 missiles that "will provide China with a modern and robust sea-based nuclear deterrent force," the ONI stated. The buildup is "raising new concerns among senior Pentagon planners already worried by Beijing's broader strategic nuclear-forces buildup."

Beijing Likens Cheney Criticism To Nosy Neighbor. The Washington Times (3/2, Lanfranco, 88K) reports Chinese Foreign ministry spokesman Qin Gang responded yesterday to Vice President Dick Cheney's remarks about China during his recent Asia trip "with an earthy metaphor about home invasion and a barbed eight-point statement outlining China's diplomatic philosophy." Qin's comments "strayed far from the tepid boilerplate answers normally issued by the Ministry of Foreign Affairs." For example, Qin was quoted as saying, "If you had a neighbor always standing at your doorstep, peering into your household and constantly shouting at you, 'Why don't you open your door and let me see what's in your house, what's in your family,' how would you feel about that?"

US May Seek Limit On Chinese Paper Imports. On its front page, the New York Times (3/2, A1, Weisman, 1.16M) reports the "problems of paper mills" in the Appalachians "and elsewhere around the country have become a test case for a possible new confrontation between the United States and China, which many industry officials and members of Congress hope could lead to new tariffs on imports not only of Chinese-made paper but also of steel, furniture, textiles and plastics." In coming weeks, the Commerce Department is expected to impose duties on high-gloss paper, known as "coated paper," from China. The Bush administration's decision "to face the issue of subsidies comes at a time of mounting pressure by Congress for a tougher stance on trade" and when "many lawmakers say it is time to stop treating China with kid gloves."

US, Brazil Negotiating Ethanol Partnership. USA Today (3/2, 6A, Jackson, 2.27M) reports, "U.S. and Brazilian officials are negotiating details of an ethanol partnership in advance of President Bush's scheduled visit to Brazil next week." If "completed, the planned deal would help increase both nations' production of ethanol, creating significant economic as well as political implications." Expanding "world ethanol markets would help the USA and other nations

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reduce their dependence on foreign oil. Also, reduced demand for oil might reduce the clout of Venezuelan President Hugo Chávez." USA Today adds, "Today, officials from the United States, Brazil, China, India, South Africa and the European Commission will announce the creation of the International Biofuels Forum. The group, affiliated with the United Nations, will work to create worldwide ethanol standards." During his visit to Brazil next week, President Bush "is scheduled to discuss alternative energy sources with President Luiz Inácio Lula da Silva." Brazilian Foreign Minister Celso Amorim "said Brazil...plans to ask the United States to cut tariffs on ethanol imports." But "members of Congress from corn-growing states have already said they oppose cutting ethanol tariffs."

African Peacekeeping Force Arrives In Somalia. USA Today (3/2, 6A, 2.27M) reports 30 Ugandan troops "flew into Somalia, the first contingent in an African peacekeeping force to shore up a United Nations-backed transitional government threatened by Islamic militants."

US Stirs Debate Over Home Of Africa Development Bank. The Wall Street Journal (3/2, A1, Phillips, 2.04M) reports on its front page that "to the Bush administration, it seems obvious: The African Development Bank's headquarters should be in black Africa." Four years ago, the bank "fled civil war in its longtime home in Ivory Coast for a temporary refuge in Tunisia," but now the US "says it's time for the bank to leave Tunisia, give up hopes of returning to Ivory Coast, and find a new permanent home somewhere else south of the Sahara." While "many black African and European member nations agree in principle that the bank should have its headquarters in a sub-Saharan country," some fear leaving Ivory Coast permanently "would signal that a country once hailed as a model of African hope is now just another horror story."

Discouragement Of Multiple Sex Partners May Slow Spread Of AIDS In Africa. In a front page article, the Washington Post (3/2, A1, Timberg, 690K) reports that a "growing number of studies single out" the practice of multiple sex partners "as the most powerful force propelling" the spread of AIDS in Africa. This "new understanding…helps explain why the disease has devastated southern Africa while sparing other places" and "also suggests how the region's AIDS programs, which have struggled to prevent new infections even as treatment for the disease has become more widely available, might save far more lives: by discouraging sexual networks."

WSJ Criticizes UN Official On Women's Rights. In an editorial, the Wall Street Journal (3/2, 2.04M) writes, "On the occasion of the annual meeting of the U.N.'s Commission on the Status of Women, the American delegation decided to organize a panel on the subject of 'State-Sanctioned Mass Rape in Burma and Sudan.' After years of reporting by human-rights organizations about atrocities committed by government forces against women in both countries, that sounds like a reasonable topic to discuss." However, U.N. "bureaucrat" Sylvie Cohen of the Division for the Advancement of Women "refused to list the panel discussion on the U.N.'s Web site" because it "would be perceived as offensive to named member states." The Journal calls it "amazing" that a U.N. organization "that purports to look out for the interests of women seems more concerned about defending the sensibilities of the governments who harbor and support their rapists."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Chief of Walter Reed Hospital Fired Over Troop Treatment."
"Holding New Hampshire's Primary In Place."
"Iraq's Displaced Trickle Home."
"Wall Street Charges Recall Heyday Of Insider Trading."
"Artist's War Depiction Has Many Faces, Rough Edges."
"School Mentor Hoops Upset L.A. Mayor."

USA Today:
"Where Did The Money Go?"
"More Colleges Banning Smoking."
"U.S. Marshals Official Accused Of Misspending Security Funds."
"Chip Foose Overhaulin' Mainstream Designs."

New York Times:
"General Is Fired Over Conditions At Walter Reed."
"Most Support U.S. Guarantee Of Health Care."
"Pressed By U.S., Pakistan Seizes A Taliban Chief."
"HUD Blocks Proposed Sale Of Starrett City."
"U.S. Reviewing Safety Of Children's Cough Drugs."
"A Cry To Limit Chinese Imports Rings At Paper Mill."
"California Enjoys Electoral Muscle."

Washington Post:
"Army Fires Commander Of Walter Reed."
"A Wider Front In Doping Battle."
"Shortages Threaten Guard's Capability."
"In Botswana, Speeding HIV's Deadly Spread."
"At Site of '65 March, An '08 Collision."
"Author Shaped Lens For Viewing U.S. History."
"13 Charged In Big Insider Trading Scam."

Washington Times:
"China Expands Sub Fleet."

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"GOP Regroups To Foil War Plans Of Democrats."
"House back Bill To Ease Unionizing."
"N. Korea Again Pledges To End Nuke Program."
"Tymoshenko Seeks Early Elections."

Detroit Free Press:
"Calloway Is Choice To Lead Schools."
"The Hot Dog."
"GM Sales Growth A Pleasant Surprise."
"State's Plan To raze Abandoned Homes Is Raising Hopes In Cities."

Atlanta Journal-Constitution:
"'Barbie Bandit' Arrest Made."
"Tornado ravages Alabama School."
"State's Public health System 'In Crisis' Says House Panel."

Houston Chronicle:
"Spike In Flue Cases Takes 4 Lives."
"Will Texas Have Enough Power?"
"One The Floor Of The Gulf, A Sub On Wheels Will Seek Evidence Of Continent's Earliest Humans."
"Sex Abuse Reported At Second Youth Jail."
"Storm Have Alabama Students No Time To Turn."

Story Lineup From Last Night's Network News:
ABC: Dangerous Tornados-Alabama; Dangerous Tornados-Analysis; Walter Reed Hospital; Nicholson-Congressional Hearings; Taliban Leader Captured; McCain's Presidential Announcement; Bush Visits-New Orleans; Post Katrina Justice; Fender Benders; Arthur Schlesinger Jr. Obit; Substance Abuse-High Schools; Peru 20 Second Late; Ball Player's Story.
CBS: AL Tornadoes; Al Tornadoes-Analysis; Upper Midwest Snows; Walter Reed Firing; Stock Markets; McCain Announcement; Urban Developer; Homeland Security Waste; Schlesinger Obit; Fiddle Maker.
NBC: Dangerous Tornados-Alabama; Dangerous Tornados-Analysis; Dangerous Weather; Walter Reed Hospital; McCain's Presidential Announcement; Bush Visits-New Orleans; Combat Doctors; Terrorism Charges Australian; USS John F. Kennedy-Decommissioning; Arthur Schlesinger Jr. Obit; Teenage Driving.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: GA, AL, MO-Tornadoes; US Plains And Upper Midwest-Blizzards; Walter Reed-General Fired; Tokyo Stock Exchange; Sunni Group Known As Islamic State Of Iraq-Kidnappings; San Francisco-Earthquake; AP-Paris Hilton News Blackout; USS JFK.
CBS: GA, AL, MO-Tornadoes; US Plains And Upper Midwest-Blizzards; Bush-Gulf Coast; Katrina Levies-Lawsuit; Anna Nicole Smith's Burial; Walter Reed-General Fired; Obama-Hospital Inspection Bill; State Department Report-International Drug Trade; GA-Teenage Girl Bank Robbers.
NPR: GA, AL, MO-Tornadoes; US Plains And Upper Midwest-Blizzards; Chinese Government Officials Expelled In Shanghai Pension Fund Scandal; Senegal Presidential Election; Wall Street; Walter Reed-General Fired; GA-Tax Break For Delta Airlines.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Visits Silver St. Elementary School, New Albany, Ind., open press; speaks on No Child Left Behind reauthorization, Silver St. Elementary School, New Albany, Ind., pool coverage; meets with students from The McConnell Center, Seelbach Hilton Louisville, Louisville, Ky., closed press; speaks at the McConnell for Senate and National Republican Senatorial Committee reception, Louisville, Ky., pool for cameras; open for correspondents.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 10 a.m. APPROPRIATIONS _ Legislative Branch. Hearing on FY08 appropriations for the Architect of the Capitol. Acting Architect of the Capitol Stephen Ayers. Location: Room 138, Dirksen.

US House: 9:30 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. hearing on FY08 budget for the Agency for Toxic Substance and Disease Registry, Chemical Safety Board, National Institute on Environmental Health Sciences. Location: Room B-308, Rayburn.

Other: SOUTH KOREAN FOREIGN MINISTER SONG MIN-SOON _ Highlights: 12:30 p.m. Speaks to the Center for Strategic and International Studies on the U.S.-South Korean alliance. Pavilion Room, Reagan Trade Building. Event contact: Andrew Schwartz, 202-775-3242. RSVP to 202-464-1987. Seating on first-come, first-serve basis. 2:30 p.m. Meets with Secretary of State Condoleezza Rice, State Dept.

AGRICULTURE _ The U.S. Department of Agriculture hosts its 83rd annual Agricultural Outlook Forum, ``Agriculture at the Crossroads: Energy, Farm and Rural Policy." Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington, Va.

CONSERVATIVES _ The Conservative Political Action Caucus holds its annual conference. Highlights: 7:30 a.m. Ronald Reagan Banquet, with speaker Rep. Mike Pence 8:30 a.m. Rep. Duncan Hunter. 9 a.m. Sen. James Inhofe, ranking member of the Senate Environment and Public Works Committee, gives presentation on global warming. 9 a.m. Black Republicans Awards ceremony with HUD Secretary Jackson. 10 a.m. Gov. Mike Huckabee. 12 p.m. Rudy Giuliani. 1 p.m. Rep. Tom Tancredo. 1:30 p.m. Sen.

DOJ_NMG_0139213

Sam Brownback. 2:45 p.m. Gov. Mitt Romney. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

HIV TESTING _ 8:30 a.m. The AIDS Institute holds a briefing on HIV testing in the U.S., with Rep. Maxine Waters, Bernard Branson of the CDC, others. Location: Room B-339, Capitol.

PENTAGON-IRAQ BRIEFING _ 9 a.m. Army Brig. Gen. Joseph Anderson, chief of staff for the Multinational Corps-Iraq, briefs live from Iraq. Location: DoD Briefing Studio, Pentagon 2E579.

HOUSING-BUDGET _ 9 a.m. - 11 a.m. The National Housing Conference presents the FY'2008 Budget Forum Networking Breakfast sponsored by Fannie Mae. Topics and Speakers include: The Bigger Picture: Whats the Budget Outlook for FY 2008?, with Martha Coven; Senior Legislative Associate, Center on Budget and Policy Priorities. Priorities and Highlights of the FY 2008 HUD Budget Section 8 and Public Housing, with John Bohm, Department Head, Legislative Programs & Media, National Association of Housing and Redevelopment Officials (NAHRO); The Housing Finance System (GSEs, Federal Home Loan Banks and FHA), with Cheryl Patton Malloy, Senior Vice President of Multifamily and Governance, Mortgage Bankers Association (MBA); and Tax Issues, Robert M. Rozen, Partner, Washington Council, Ernst & Young LLP. Location: Room 325, Russell Senate Office Building.

MEDIA-CAMPAIGNS _ 9:30 a.m. George Washington University holds a program on the evolving role of media in political campaigns, with Chris Cillizza, politics writer, washingtonpost.com; Carol Darr, director, GWs Institute for Politics, Democracy, & The Internet; Chuck DeFeo, general manager, Townhall.com; Mo Elleithee, senior spokesperson, Hillary Clinton for President Exploratory Committee. Location: Room 1888, Russell.

SCOTUS-FREE SPEECH _ 10 a.m. ACLU holds a telephone briefing with Joseph Frederick, who will discuss his challenge to a 2002 high school suspension for displaying a sign saying ``Bong Hits 4 Jesis'' at an off-campus event. The case is to be heard March 19 by the Supreme Court. Contacts: Emily Whitfield, 212-549-2566. Notes: Callin Number: 888-423-3281.

STARRETT CITY _ 11 a.m. HUD Secretary Jackson holds a news conference with New York City officials about Starrett City. Location: 10th floor conference room, HUD, 451 7th St. SW.

BIOETHICS _ 12 p.m. The School of Advanced International Studies holds a program, ``Beyond Bioethics: A Proposal for Modernizing the Regbulation of Human Biotechnologies'' with Frances Fukuyama and Franco Furger, both of SAIS. Location: Room B-339, Rayburn.

CLEAN DIESEL _ 12 p.m. EPA Administrator Stephen Johnson holds a telephone news conference to make a clean diesel announcement. Contacts: Jennifer Wood, 202-564-4355. Notes: Callin number: 800-811-6040; passcode: 1400966.

COLOMBIA _ 12 p.m. The Institute for International Economics holds a luncheon meeting with Colombian Trade Minister Luis Guillermo Plata, focusing on free trade agreement between the U.S. and Colombia. Location: 1750 Massachusetts Ave. NW.

IRAN _ 12:30 p.m. The Center for American Progress holds a panel discussion on containing and engaging Iran, with Geoffrey Kemp of the Nixon Center, Jacqueline Shire of the Institute for Science and International Security, and Karim Sadjadpour of the International Crisis Group. Location: 10th floor, 1333 H St. NW.

DNA TESTING-ANTHROPOLOGY _ 2 p.m. The National Press Club hosts a discussion on ``Sequencing Human History: The Genetics and Commerce of Personal Ancestry.'' Participants: Kathy Hudson, director, Genetics and Public Policy Center; Spencer Wells, director, Genographic Project, National Geographic; Aravinda Chakravarti, Institute of Genetic Medicine, Johns Hopkins University; Gina M. Paige, president, African Ancetry, Inc.; and Sandra Soo-Jin Lee, senior research scholar, Stanford Center for Biomedical Ethics. Location: National Press Club.

NATIONAL SERVICE-KATRINA _ 2 p.m. National Service Caucus briefing on national and community service programs, focusing on budget proposals and the role that national service has played in Hurricane Katrina recovery and rebuilding. Location: Room 2105, Rayburn.

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New Orleans seeks $77 billion for Katrina damage

VA Sued Again for Losing Veterans' Personal, Medical Info

US govt seeks dismissal of $111k claim by Income

Polar woes probed as US sued

US wants Hicks in jail for 20 years

Analysis: Government seeks narrow review on detainees

Reuters

March 2, 2007

New Orleans seeks $77 billion for Katrina damage

Thu Mar 1, 2007 7:17PM ESTNEW ORLEANS, March 1 (Reuters) - New Orleans filed a claim on Thursday seeking $77 billion from the U.S. Army Corps of Engineers for damages caused by flooding after Corps-built levees collapsed during Hurricane Katrina.

The claim had to be filed by a Thursday night deadline to preserve the city's right to sue the agency if necessary to recover Katrina-related damages.

"It's certainly an attempt to protect the city's interest," city hall spokesman James Ross said of the huge claim..

Long lines of people snaked around the Corps' New Orleans headquarters on Thursday as residents of the devastated city submitted their personal damage claims ahead of the deadline.

At least 30,000 claims are expected to be filed, the Corps has said.

They may be incorporated into lawsuits that have accused the Corps of building shoddy levees that failed to protect the city when Katrina struck on Aug. 29, 2005.

Water poured through the burst levees and flooded 80 percent of New Orleans. More than 1,300 people died in the storm and much of the city still lies damaged and abandoned.

A Corps spokeswoman said she had no information on the city's claim and could not discuss any pending legal action.

END

Andrews Publications

March 1, 2007

VA Sued Again for Losing Veterans' Personal, Medical Info

By LINDA COADY, ESQ., Andrews Publications Staff Writer

A member of the Alabama National Guard has filed a proposed class action alleging the U.S. Department of Veterans Affairs' failure to protect personal and medical data on its systems has exposed numerous veterans to identity theft.

The plaintiff says the VA's inability to safeguard personal data, including Social Security numbers, could affect as many as 535,000 people.

This is the second time in the last year that the VA and Secretary of Veterans Affairs James Nicholson have been sued for not protecting veterans' information by allowing an employee to lose the data.

Last summer several veterans groups sued the VA and Nicholson after a Maryland employee took home a hard drive containing information on millions of veterans and the device was stolen. The hard drive was later recovered, the VA said.

The recent suit comes on the heels of the VA's Feb. 2 announcement about a second loss of veterans' information. This time, an unidentified employee at a VA medical center in Birmingham, Ala., reported a missing hard drive that contained information from the worker's computer.

The employee has been placed on leave pending a criminal investigation of the missing and perhaps stolen hard drive, according to the VA's Web site.

In this case plaintiff Greg Fanin says the VA has known for years about the deficiencies in its information security but failed to adequately respond to the problem.

Fanin claims that both the General Accounting Office in 2003 and the U.S. House of Representatives in 2006 gave the VA a failing grade in information security, so the defendant cannot claim ignorance of the situation.

Fanin says that when he called the VA to find out if his information had been compromised, the agency told him it did not have a complete list of affected individuals, could not determine whether Fanin's

information had been released and advised him to contact a credit bureau to determine if he had been the victim of identity theft.

Fanin says the VA has not yet located the missing hard drive, nor has it notified those whose information may have been compromised.

The agency's actions are a willful and intentional failure to establish appropriate safeguards for personal and medical information, he says.

The complaint, filed in the U.S. District Court for the Northern District of Alabama, alleges violations of the federal Privacy Act and the Administrative Procedures Act.

Fanin seeks money damages of $1,000 for each person adversely affected by the VA's alleged Privacy Act violations.

He has also asked the court to issue an injunction enjoining the VA from continuing to operate without means to safeguard the privacy of personal data.

Some of those safeguards should include a prohibition against any VA officer, employee or agent removing any device capable of storing personal information, the plaintiff says.

An independent panel of experts should also be appointed to verify that adequate security has been established at the VA, he says.

END

Straits Times (Singapore)

March 2, 2007

US govt seeks dismissal of $111k claim by Income

K.C. Vijayan

THE United States government wants the Singapore High Court to strike out a claim for $111,000 made against it by local insurance cooperative NTUC Income over a helicopter accident death five years ago.

The accident, which happened at the Paya Lebar Airbase, involved two US Navy helicopters which clipped each other, sending debris flying, killing an inspector from ST Aerospace Engineering.

The family of Mr Mohamed Ruslan Radin, then 41, had received that amount in workmen's compensation.

After Income - ST Aerospace Engineering's insurer - made the payout, it sued the US government last May to recover its money.

But lawyers from Anjali Iyer & Associates, representing the US government, wrote in documents filed that Income had 'no reasonable cause of action', and listed a number of grounds to bolster its case.

One was that the US government had separately paid an agreed sum to the man's surviving kin in April 2004. This payout was made without admission of liability, and to extinguish any claims the family might make in future.

A second argument put forward was that Income's claim for indemnity - that it awarded the money under the Workmen's Compensation Act - was flawed.

Mr Ruslan, the lawyers argued, was no 'workman' as defined by the Act - he was then earning almost $5,000 a month.

Lawyers for the US government also pointed out that Income had waited too long to file its claim. Income's suit, filed last May, had come more than three years after its payout was made to the family, and about four years after the accident.

A time bar in the law does not allow such a claim, the lawyers said.

They also 'respectfully' raised a major argument for their stand - that the US government was immune from the jurisdiction of the Singapore courts.

Its navy's two Sea Stallion choppers - in Singapore as part of visiting forces with the Defence Ministry's consent - were engaged in military manoeuvres and using Paya Lebar Airbase on July 16, 2002.

In the course of a logistics resupply mission from an amphibious assault ship, one helicopter was moving along the tarmac, coming in to berth, when it hit the other one, which was stationary but had its engine running and rotor blades still spinning.

The crash sent debris hurtling over towards Mr Ruslan, who was about 75m away, inspecting a Republic of Singapore Air Force C-130 transport plane.

He died in hospital from his injuries about three hours later.

The case, which was brought up in the High Court on Monday, has been adjourned for three weeks to enable lawyers from KhattarWong, who are appearing for Income, to file their reply to the US government's application to dismiss the suit. The US government is also seeking costs for its case.

END

Herald Sun (Australia)

March 2, 2007

Polar woes probed as US sued

OSLO -- More than 60 nations have launched the broadest scientific investigation yet of the Arctic and Antarctic to chart polar regions on the front lines of global warming.

Top scientists met in Paris, researchers gathered on a polar research vessel at Cape Town, South Africa, and 3000 children built snowmen in Oslo as part of ceremonies starting the International Polar Year.

The work comes as the Inuit people of northern Canada take the US to court for being the greatest greenhouse gas producers in the world.

``Our way of life is at stake,'' said Sheila Watt-Cloutier, who has been nominated with former US vice-president Al Gore for a Nobel Peace Prize for their work on climate change.

The Inuit have been trying to tell the world for more than a decade about the shifting wind and thinning ice

that have dramatically hurt the hunting patterns their people have followed for thousands of years.

Ms Watt-Cloutier is preparing to make the Inuit case before the Inter-American Commission on Human Rights, an arm of the 34-member Organisation of American States.

Meanwhile the UN-backed International Polar Year, will involve 50,000 people doing 228 projects, such as studying marine life in Antarctica, mapping how wind carries pollutants to the Arctic, or examining the health of people, polar bears or penguins.

Program office director David Carlson said the icy ends of the earth had been overlooked too long.

``This part of the planet . . . needs to get a higher level of attention,'' he said.

Many scientists say melting ice sheets on Greenland or Antarctica in coming centuries would raise sea levels, threatening cities from Tokyo to New York and low lying Pacific atolls.

``These regions are highly vulnerable to rising temperatures,'' said Michel Jarraud, head of the UN's World Meteorological Organisation.

He said more monitoring stations were needed in polar regions.

END

Australian

March 3, 2007

US wants Hicks in jail for 20 years

Verity Edwards, David Nason

US authorities are expected to seek a jail term of between 15 and 20 years for Australian Guantanamo Bay inmate David Hicks after formally charging him with providing support to a terrorist organisation.

Hicks yesterday became the first Australian detainee to be charged under the new military commissions process and is likely to face court within a month.

He was handed a copy of the charge sheet in his cell at the US military prison at Guantanamo Bay, where he has been detained for more than five years after being arrested in Afghanistan in 2001.

But a charge of attempted murder was dropped after the US military's convening authority -- judge Susan Crawford -- declared there was no probable cause for the allegation.

US prosecutor Morris Davis said that if the case proceeded to trial the US would seek a sentence in excess of the 15 to 20 years discussed in plea-bargain negotiations that stalled in late January. The prosecution would not seek the maximum sentence of life imprisonment.

The announcement of charges against Hicks sparked a renewed flurry of calls for the Australian Government to seek his return.

Hicks's father, Terry, challenged the Prime Minister on regional radio, asking why his son could be charged retrospectively.

But Mr Howard said the offence had existed since 1994 and was ``not retrospective'', adding that he had appealed to President George W.Bush to expedite the trial.

Opposition justice spokesman Kelvin Thomson called on the Government to review its position now that the only charge laid against David Hicks was one involving the application of retrospective law. ``Why is it not OK to charge David Hicks with retrospective offences under Australian law, yet apparently it is OK to charge David Hicks retrospectively (at) Guantanamo Bay?'' Mr Thomson asked. ``David Hicks is entitled to a fair trial, nothing more and nothing less.''

Hicks's US military lawyer, Michael Mori, angrily repudiated the decision to proceed with the charge and sought a meeting with Attorney-General Philip Ruddock, claiming the Pentagon's statement was an admission the initial charges laid against Hicks were made up and had no basis in law or fact.

``It's disgusting that he has spent five years in Guantanamo for made-up charges,'' Major Mori said.

``Now they are doing it again. They are repeating history by creating a new crime after the fact and trying to apply it to David retroactively.''

Mr Ruddock did not meet Major Mori. He said the refining of the charges originally laid against Hicks was evidence the US military commission process was working.

``The dropping of the attempted murder charge seems to me to demonstrate ... that this isn't a rubber stamp. The convening authority is properly exercising her discretion in, she's a judge, in a proper and conscientious way,'' he told the ABC.

Hicks's lawyers refused yesterday to be drawn on any plea bargain.

Hicks's Adelaide-based lawyer, David McLeod, said if the charges were not retrospective, Hicks should have already been tried before a US federal\l "l" court\l "l".

``If what the US Government is saying is correct, he should have been tried five years ago in a federal court and here we are, five years later,'' Mr McLeod said yesterday.

END

ScotusBlog

Thursday, March 01, 2007

Analysis: Government seeks narrow review on detainees

Posted by Lyle Denniston

The Bush Administration on Thursday urged the Supreme Court not to speed up its review of the case of detainee Salim Ahmed Hamdan and, in making its argument, appeared to be suggesting that the Court's review of any detainee cases this Term be limited to the issues resolved by the D.C. Circuit Court. If the Court were to agree to this approach, there would be no prompt review of any detainees' attempt to regain the power to challenge coming war crimes trials before military "commissions." All that could be before the Court would be detainees' plea for the right to pursue challenges to their detention as "enemy combatants."

The filing by the Solicitor General can be found here. While its specific plea is that the Court deny a motion to expedite the combined appeal of Hamdan and another detainee, Omar Khadr, the

government's opposition includes comments that leave little doubt it wants any military commission challenges to go first through the D.C. Circuit, and only after trials have been held and guilty verdicts reached.

(UPDATE: Early Thursday afternoon, lawyers for the two detainees filed an answer to the government's filing. It can be found here. The reply argued that it is not "efficient or sensible" to put off consideration of this appeal, and delay in considering the legal status of detainees facing war crimes charges will lead to "years of additional litigation." Returning the case to the D.C. Circuit for review of their right to pursue their challenge would not accomplish anything, they contended. Further discussion of the detainees' answers to the government's arguments can be found in the concluding paragraphs below.)

At this stage in the Supreme Court, the legality of detentions at the military prison camp at Guantanamo Bay, Cuba, and the legality of the war crimes trial commissions, are not before the Court. All that is at issue now in the combined Hamdan/Khadr petition (06-1169) is whether these two detainees can regain a right to pursue habeas challenges to the commission system; they ultimately want the courts to bar any trial before such commissions. Thus, they want to make their case before any such trial starts.

The government, on the other hand, belives that Congress has validly taken away any right of any detainee facing a commission trial to file a habeas challenge, leaving them the single option of challenging a final commission conviction before the D.C. Circuit.

The choice between those two positions is what is bascially at stake in the Hamdan/Khadr petition. But, for the Court to consider those positions, it would have to agree to hear that petition -- this Term or next. A denial of expedition would probably mean that the Hamdan/Khadr appeal would not be heard this Term, if at all. The Court, of course, could simply deny it when it does come up for consideration. The Solicitor General's filing contains very clear indications that, when the petition does come up for grant or denial, the government will urge a denial. If expedition is granted, the SG response to the petition would likely be due March 21; if it is denied, that date switches to March 29.

Most of these considerations were in the background as the Hamdan/Khadr move for expedition was filed on Tuesday, along with the petition. And they are also in the background of the government's opposition on Thursday to expedited consideration of the petition..

The Court is scheduled to take up the plea to expedite the Hamdan/Khadr petition at its Conference on Friday. It will also consider the Solicitor General's filing at that time.

The Hamdan/Khadr petition is unusual, and the Solicitor General focuses on that as part of the government's resistance. The Solicitor Geneeral refers to that appeal as of "makeshift nature," making it "a poor candidate for review, much less expedited review."

Hamdan has been denied a right to challenge the war crimes commission by a U.S. District Court, and Hamdan wants the Justices to hear that case without waiting for the D.C. Circuit to review the District Court decision. Khadr has been denied a right to challenge his "enemy combatant" status by the D.C. Circuit. They both joined in a single petition, because both are attempting to head off war crimes trials; they are two of the only three Guantanamo detainees so far charged with such crimes.

The government argues that the Supreme Court's Rules do not permit such a combined appeal testing two different courts' rulings in the same petition. The motion, the response contends, identifies "no case in which this Court has permitted the filing of such a petition."

It goes on to point out that Khadr was involved in a group of detainee cases that the D.C. Circuit Court decided on Feb. 20, finding that Congress has denied all habeas rights to Guantanamo prisoners who seek to challenge their captivity. Other detainees in that group are to file their own petitions for review in the Supreme Court next Monday, and the government has agreed that those should be considered on an expedited basis.

Khadr, the Solicitor General suggests, could have filed his own, separate petition from the Circuit Court

ruling, and the government would have agreed to expedition on that, too.

Any issues that are common to the Hamdan/Khadr petition and the coming appeals by detainees can be fully considered if the Court agrees to hear the other detainee cases, the government said. But, it went on, any attempt to raise other issues in the Hamdan/Khadr petition would not be appropriate because, to date, no court at any level has ruled on those separate challenges to the loss of habeas rights.

In the other detainee cases, the only constitutional issue that the D.C. Circuit decided on the cutoff of habeas rights was whether that was an unconstitutional suspension of the writ. Hamdan and Khadr also seek to argue that the cutoff also violates the doctrine of separation of powers, equal protection guarantees, and the constitutional ban on a "Bill of Attainder." The District Court did not decide those in Hamdan's case, and the D.C. Circuit was not asked to decide them in the other detainee csses, the Solicitor General notes. Decisions on those separate issues, the response argues, "would benefit from the normal decisional process" before reaching the Supreme Court.

The government does suggest that the Court could consider how the cutoff of habeas rights affects those facing war crimes charges, as part of its potential review of the other detainees' cases this Term. But it goes on to suggest that those issues were not raised in the D.C. Circut, or decided by it -- a situation that normally would put them beynd Supreme Court review.

If the other detainees' cases go forward in the Court this Term, the response said, "the government should not be subjected to the added burden of responding on a highly expedited basis to an additional set of arguments that, by [Hamdan/Khadr's] descriiption, are 'in many ways distinct' " from the issues in the other detainee cases. The review of those other cases, it added, would not benefit from "injecting new issues into the casethat have not yetbeen decided by any court."

In its final argument, the government argues that Hamdan and Khadr woudl not be harmed if they had to go through war crimes trials, because the new Military Commissions Act would allow them to seek to remedy any "legal defect in those proceedings" in an appeal to the D.C. Circuit from final judgments of conviction. Pre-trial appellate review of legal challenges to a prosecution that has not yet begun, it said, "is strongly disfavored and rarely permitted."

"Requiring [Hamdan and Khadr] to await the outcome of their prosecution to challenge the constitutionality of the MCA places them in the same position as the vast majority of criminal defendants facing trail before courts that presumptively have jurisdiction," the government concludes.

The two detainees' lawyers, in their reply, sought to counter the arguments of the government with these points:
** Speeding up review of their appeal would only require the government to file its response eight days earlier than it would be required to do so anyway, under Court Rules.
** Because Hamdan and Khadr face early war crimes trials, their case is a stronger candidate for swift review than that of other detainees not facing charges.
** Their appeal has enough of a chance of being reviewed by the Court that the Court at least should have the chance to consider doing so promptly.
** If the motion to expedite is denied, the government may seek added time for its response, putting off Court consideration for perhaps an added six weeks.
** Granting their case now, and hearing it along with the other detainees' appeals, will bring the full array of issues on detainees' habeas rights before the Court. No one involved in the other detainees' cases will be able to raise the separate questions this appeal poses.
** The D.C. Circuit ruling in the other detainees' cases already settles the habeas issue for all detainees so far as that Court is concerned, so there would be no purpose in sending the Hamdan case back there for review.
** These two detainees' claimed right not to be subject to "an unlawful trial" by military commission "will be lost irretrievably if review is delayed."
** The combined petition of Hamdan and Khadr seeking review of differing lower court rulings is within the Court's Rules for a joint petition.
** It would not be a burden on the government to respond promptly to the issues raised in this appeal,

especially since the government has been briefing the same issues in the lower courts and is thus already familiar with what is at stake.

END

USDOJ- Office of Public Affairs

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, MARCH 5, 2007 7:45 AM EST

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TERRORISM NEWS:

DOJ Probes Arab Bank's Ties To Terrorism Funding. The Los Angeles Times (3/4, Meyer, 850K) reports, "A three-year investigation into the activities of" Arab Bank, "one of the Middle East's largest and most influential" banks, is "producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors." DOJ "is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and individuals accused of terrorism, according to three former U.S. counter-terrorism officials." The Times notes that in 2005, Arab Bank "agreed to pay the federal government $24 million in fines for violating U.S. laws aimed at preventing terrorist financing. … The bank is also being sued in federal court in Brooklyn by Americans and Israelis injured in suicide bombings or other fighting in Israel and the occupied territories."

Hicks' Military Lawyer Blasted Over Statements Made In Australia. The New York Times (3/5, Bonner, 1.16M) reports Col. Morris D. Davis, the chief prosecutor at Guantánamo Bay, "has lashed out at the military lawyer for one of the detainees." Davis said Maj. Michael Mori of the United States Marine Corps, "should not be making public appearances in Australia in uniform on behalf of his client, David Hicks, and that he faced possible prosecution for some of his remarks." Davis is quoted as saying, "I don't know what Major Mori's plans are right now but if he wants to come back home and represent his client, that would be helpful. … Certainly in the U.S. it would not be tolerated having a U.S. marine in uniform actively inserting himself into the political process. It is very disappointing to see that happening in Australia, and if that was any of my prosecutors, they would be held accountable." Major Mori, "who was in Australia this past week, for the seventh time in three years, reacted with anger. 'Are they trying to intimidate me?' he said in a telephone interview on Sunday."

HOMELAND RESPONSE:

Holt Seeks Update On FBI's Anthrax Investigation. The AP (3/5) reports Rep. Rush Holt "wants hearings into what he says is a lack of headway in the FBI's investigation into the deadly anthrax attacks of 2001. 'It seems to me this investigation is not making progress. I can't say for sure. They won't brief me,' Holt told The Times of Trenton for Saturday newspapers. 'Not briefing Congress on the status of the probe into the biggest biological attack in United States history is inexcusable,' he said. … Over the years, Holt has been a vocal critic of the bureau's handling of the case, especially because anthrax contamination was found in mail facilities in and near Holt's district. Holt on Friday called on four committee chairmen and one subcommittee chairman in the House to hold oversight hearings into the investigation. … Several earlier attempts to receive information failed. In September and October 2006, Holt formally requesting that the FBI brief Congress on the investigation. He was denied."

WPost: Florida Encouraging Building Where Hurricanes Likely To Strike Again. The Washington Post (3/5, A14, 690K) editorializes, "America has a bad habit of building in areas that don't make sense environmentally or actuarially" that "has been aided and abetted by public officials who bend to the will of developers and their customers, despite storms, floods, earthquakes and other natural calamities that destroy lives and break banks. The latest example of this can be found in Florida. By rolling back insurance rates, spreading the risk and fiddling with its catastrophe fund, the Sunshine State has invited more development in dangerous places." The Post states that "in keeping a campaign promise to cut rates, Gov. Charlie Crist (R) and the legislature not only are gambling with the state's fiscal future but also are giving people an incentive to keep putting themselves in harm's way."

WPost Says Homeland Security Bill Should Not Be Blocked Over Labor Issue. The Washington Post (3/5, A14, 690K) editorializes President Bush "shouldn't veto" the Senate's "generally sensible homeland security bill" over a provision to provide union rights for TSA screeners, and Republicans "shouldn't vote to sustain if he does. Other employees of the Department of Homeland Security enjoy the benefits of collective bargaining without endangering Americans' safety. Sen. Joseph I. Lieberman (I-Conn.), who sponsored the bill, points out that TSA employees have unnecessarily limited access to redress, which contributes to the TSA's high turnover, high absenteeism and low morale. Meanwhile, there's a lot more to the bill than this one provision." The Post goes on to commend the bill's sponsors for excluding "a requirement that all sea cargo containers be scanned for harmful materials before entering the United States. … A pilot program testing

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the mere feasibility of scanning all containers is far from complete."

WAR NEWS:

Bush, Cheney To Deliver Speeches On Iraq, War On Terror. The Washington Times (3/5, Ward, 88K) reports, "Both President Bush and Vice President Dick Cheney will give speeches in the next few days on the war on terrorism, to the applause of Republicans who say the White House needs to be more aggressive in selling the successes in Iraq." Bush "will speak on Iraq and the war against terrorism tomorrow in a speech to the American Legion. Mr. Cheney will speak today to the Veterans of Foreign Wars legislative convention. A senior Bush administration official, however, said that 'more than anything else, the actions on the ground in Iraq, part in Baghdad, are going to dictate how it's interpreted, so, the president, we view his role in this is to give the broader context.' Politically, the White House is happy that the center of the Iraq war debate has shifted to Capitol Hill, giving the Democrats the chance to fail on their campaign promises to end the war."

US, Iraqi Troops Meet Little Resistance In Push Into Sadr City. ABC World News (3/4, story 4, 1:35, Harris, 8.78M) reported, "In Iraq today US troops moved into Sadr City, the vast and volatile Shiite neighborhood, a stronghold of the radical religious leader Muqtada al Sadr. This is the latest step in the new security operation which is designed to bring Baghdad under control." ABC (McCarthy) noted Sadr City is "the stronghold of the anti-American cleric Muqtada al Sadr. And what was perhaps most surprising was that they actually met little or no resistance. Some had thought that Sadr's men would fight the Americans, but it now appears the militias have been told to lie low during the American surge."

Similarly, USA Today (3/5, Davis, 2.27M) calls the raid a "critical step in the new Baghdad security plan," and says Mahdi Army "militants have displayed little resistance to the security campaign. Sunday was no exception: US forces swept through the eastern corner of Sadr City with barely a sign of opposition."

The Washington Post (3/5, A11, Raghavan, 690K) reports "the operation represented the most serious effort yet by the government of Prime Minister Nouri al-Maliki to neutralize the Mahdi Army." Maliki "has for months faced intense US pressure to send troops into Sadr City and assert the government's authority." But "he has long avoided doing so because Sadr, who controls six ministries and 30 seats in parliament, is his political benefactor." Sunday's push "occurred only after Sadr had agreed to support Maliki's new Baghdad security plan, Iraqi officials said, and after negotiations with civil leaders and Sadr's representatives on the role of US troops in Sadr City." Lt. Col. Christopher C. Garver, a US military spokesman, said, "It is a multi-day operation, continuing operation. … We do not go and do this just to leave."

The Los Angeles Times (3/5, Susman, 850K) reports Sadr City's "fearsome reputation and political clout had rendered it largely off-limits to US and Iraqi government troops for nearly three years." The Times refers to a "limited raid, in the Jamila section of the sprawling slum," which "raised the question of how long things will stay quiet, given the opposition to foreign troops of anti-US Shiite cleric…Al-Sadr, whose Mahdi Army militia took control of Sadr City's streets after the US-led invasion of Iraq in 2003." The Times adds, "More than 600 US soldiers and 550 Iraqi troops, backed by a column of armored vehicles, took part in Sunday's operation, described as a first step toward establishing a permanent US-Iraqi security station within Sadr City."

US Ambassador to Iraq Zalmay Khalilzad said on CNN's Late Edition (3/4, Blitzer), "We don't know whether he's had a change of heart, but certainly there is a change in tactics. He is lying low. Many of his supporters have left, particularly the commanders, Sadr City. The mayor of Sadr City welcomed the coalition forces today and promised to cooperate with it as they went along with the Iraqi forces there. This is a good thing that he is not resisting the coalition at this time. But what is needed over the long term is for the Sadr movement, for Muqtada al-Sadr, to embrace the political process and to give up on militias and on violence."

The CBS Evening News (3/4, story 4, :10, Attkisson, 7.66M) didn't note the offensive into Sadr City, but reported that "the US military said today two Marines and a sailor have been killed, raising the US death toll to 3,170."

"Surge" Said To Be Reducing Insurgent Violence. On ABC World News (3/4, story 4, 1:35, 8.78M), Terry McCarthy said, "I have just come back into Baghdad after a month away, and what has struck me is how much calmer the city feels now than before I left. It is far from perfect -- today Baghdad had two car bombs and several roadside bombs, and tonight we can hear mortars falling in the south of the city. But during the day, the streets are definitely more crowded, and many locals told us they feel much safer moving around their own neighborhoods. The police tell us the number of dead bodies turning up on the streets is dropping sharply. All this, however, pales in comparison to Kurdistan in the north, where we spent most of last week. The economy is booming up there, and the security situation is almost perfect."

Mohammed and Omar Fadhil, who write a blog, IraqTheModel.com, from Baghdad, say in today's Wall Street

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Journal (3/5, A17, 2.04M), "The new strategy to secure Baghdad has been dubbed by Prime Minister Nouri al-Maliki as 'Operation Imposing the Law.' After weeks of waiting and anxiety it is finally underway, and early signs are encouraging. The government information campaign and the news about thousands of additional troops coming had a positive impact even before the operation started. … The brightest image of the past two weeks was the scene of displaced families returning home; more than a thousand families are back to their homes under the protection of the Army and police. This figure invites hope that Baghdad will restore its social, ethnic and religious mosaic. Marketplaces are seeing more activity and stores that were long shuttered are reopening -- including even some liquor stores that came under vicious attacks in the past." This "is a sign that extremists no longer can intimidate people and hold the city hostage. All of this gives the sense that law is being imposed."

The AP (3/5, Lenz) reports on the "new strategy to move some units off big, fortress-like bases and into outposts in Iraq's most violent places. The plan hinges on hopes that increased contact with ordinary Iraqis will help soldiers separate innocent civilians from militants hiding among them, and try to rebuild a battered U.S. image after four years of fighting. The shift also stands as an indirect indictment of the Pentagon's old counterinsurgency plans after years of losing touch with the Iraqi streets - and access to the crucial rumor mills and informants." An open-air clinic produced "dozens of tips. ... Along with the advantages, however, come risks. A coordinated attack last month on the outpost in Tarmiyah, about 30 miles north of Baghdad, killed two soldiers and wounded dozens more."

Iraqi, British Troops Storm Government Offices In Basra. The New York Times (3/5, Semple, 1.16M) reports, "Iraqi special forces and British troops stormed the offices of an Iraqi government intelligence agency in the southern city of Basra on Sunday, and British officials said they discovered about 30 prisoners, some showing signs of torture." The raid "appeared to catch Iraq's central government by surprise and raised new questions about the rule of law in the Shiite-dominated south, where less than two weeks ago Britain announced plans for a significant reduction in its forces because of improved stability." The Times adds, "News of the Basra raid, with its resonant themes of torture and sectarian-driven conflict, coincided" with the Sadr City operation. Maliki "condemned the raid in Basra. He publicly said nothing about the evidence of torture."

10,000 Government Employees Fired Or Reassigned. USA Today (3/5, Jervis, 2.27M) reports, "Iraq's Interior Ministry has fired or reassigned more than 10,000 employees, including high-ranking police, who were found to have tortured prisoners, accepted bribes or had ties to militias, a ministry spokesman has disclosed." A "soon-to-be-released internal inquiry also details 41 incidents of human rights abuse at the ministry. In one case, four members of the national police hanged prisoners from a ceiling and beat them with sticks in a ministry-run prison known as Site 4, according to the report by the ministry's inspector general."

"Plan B" If "Surge" Fails Could Entail Containing Civil War, Redeployment Outside Baghdad. The Washington Post (3/5, A1, DeYoung, Ricks, 690K) reports on its front page, "During a White House meeting last week, a group of governors asked President Bush and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, about their backup plan for Iraq. What would the administration do if its new strategy didn't work? The conclusion they took away, the governors later said, was that there is no Plan B." While "senior officials have rebuffed questions about other options in the event of failure... the subject is on a lot of minds inside and outside the government. 'I would be irresponsible if I weren't thinking about what the alternatives might be,' Defense Secretary Robert M. Gates acknowledged last month to Congress, where many favor gradual or immediate withdrawal." Gates "did not elaborate. Several administration officials, while insisting that a wide range of options was discussed before Bush's Jan. 10 announcement, firmly closed the door on the subject of fallback plans. … National security experts outside the government have stepped into the void, offering detailed options through public papers, speeches and policy proposals over the past several weeks." Stephen D. Biddle, "a senior fellow at the Council on Foreign Relations and an adviser to the Defense Department," said, "The ultimate Plan B is pull everybody out. … Nobody wants to do that. Most are looking at the middle ground between surge and pullout." The Post adds, "Most options involve partial or complete US redeployment from Baghdad and other violent urban centers, followed by containment of the civil war within Iraq's borders. … A related option would involve redeploying US forces to the relative safety of the Kurdish region in northern Iraq, to more peaceful areas in the south and to Anbar in the west, where they could focus on fighting al-Qaeda."

Meanwhile, on the Los Angeles Times (3/5, 850K), Harvard professor Samantha Power writes, "Some defenders of…Bush's approach...have now settled on genocide warnings after each of their original justifications for being in Iraq -- weapons of mass destruction, terrorism prevention, energy diversification, regional stabilization and democracy promotion — has crumbled one by one. Other proponents of remaining in Iraq...are genuinely frightened that, as ferocious as the civil war there has become, a U.S. withdrawal could unleash an all-out slaughter." Power argues instead, "We must announce our intention to depart and use the intervening months to prioritize civilian protection by pursuing a bold set of measures combining political pressure,

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humanitarian relocation and judicial deterrence." If US political pressure on Maliki fails, "the US should go further and announce its willingness to assist in the voluntary transport and relocation of Iraqi civilians in peril. ... Finally, if we are serious about preventing further sectarian horrors, the US must send a clear signal to the militias and political leaders who order or carry out atrocities that they will be brought to justice for their crimes."

Tancredo Says Bush Has Signaled US Pullout May Begin In November. Rep. Tom Tancredo said on CNN's Late Edition (3/4, Blitzer), "I remember Gen. Casey specifically in front of a Senate committee saying that he had talked with every single commander on the ground. Not one of them supported such an increase or believed that it was necessary, and in fact, would be counterproductive because it would only make the Iraqis more dependent on the United States. ... I think that the increase in the number of troops that we've sent to Iraq is simply the beginning of the end game. We are leaving Iraq. We are leaving there relatively soon. ... I don't know why a lot of people haven't focused on this, but" President Bush "said, I'm establishing a benchmark. And that benchmark is November. And by November, he said, every single province -- 18 provinces -- in Iraq will be under control of the Iraqi government. Well, to me, that is a pretty strong statement to anybody who's listening that that's the end of the line."

War Spending Bill Seen As Fraying Democratic Unity. Roll Call (3/5, Davis, Pierce) reports, "The still-evolving bill to pay for military operations in Iraq and Afghanistan has rapidly become a political headache for Democratic and GOP leaders, as the debate over what to include in the measure has exacerbated intraparty tensions in both chambers." The House Appropriations Committee "could mark up the $100-plus billion emergency supplemental spending bill as early as Thursday, but knowledgeable Democratic aides cautioned last week that the schedule has not been confirmed and could spill into the week of March 12. … While Democratic leaders have emphasized their party's unity on the mid-February resolution condemning the proposed troop increase, the supplemental measure is already straining that accord." The divisions "have presented a serious test for Speaker Nancy Pelosi's (D-Calif.) leadership, as well as for Appropriations Chairman David Obey (D-Wis.), who must shepherd the legislation. … Meanwhile, Senate Republicans said the Democrats' apparent inability to forge a consensus on how to address the Iraq War in the supplemental and in other ways made their opposition to funding restrictions or cuts much easier."

Murtha Says US Doesn't Have The Troops To Sustain Iraq War Effort. Rep. John Murtha said on NBC's Meet The Press (3/4, Russert), "The other day, Gen. Pace, the chief of the Joint Chiefs, said, 'Look, you're going to hurt the troops deployment overseas if you do what Murtha wants to do.' ... What he didn't talk about was our strategic reserve, what he didn't talk about was we're sending troops back without a year at home, what he didn't talk about was the fact they're going in without the equipment they need to fight in combat. That's unconscionable, and the Congress is going to stop that. The White House is finally beginning to recognize they don't have the troops, as I predicted they wouldn't have, to sustain this deployment. They certainly don't have the troops to increase and to have a surge without breaking every rule that they set. ... We're caught in a civil war. ... There's no way that we can continue our troops in harm's way in a civil war. I supported an extra 200,000 troops in Vietnam when I came back from Vietnam. It didn't work. This is not working."

Senators' Opinions On Iraq Resolution Break Along Party Lines. Senate Armed Services Chairman Carl Levin said on CBS' Face The Nation (3/4, Schieffer), "There's going to be a resolution, which we believe will get the support of almost every Democrat, and hopefully a few Republicans, because this should not be a partisan issue, which will modify the authorization so that our mission in Iraq is more limited. It will not be combat in the middle of Baghdad. It will be a transition to a more limited mission of supporting the Baghdad army, training and logistics of that army. And we will, of course, have a limited presence for a targeted counterterrorism mission, as well as trying to see if we can provide some support for the borders of Iraq."

Sen. Charles Schumer said on ABC's This Week (3/4, Stephanopoulos), "We are coming to a very broad consensus...that we ought to change the mission. The mission in Iraq has devolved into policing a civil war, having our troops walk up and down Haifa Street, as the Sunnis and Shiites who have hated each other for centuries shoot at one another. We want to change it, to have a much more narrow focus, and that is on counter-terrorism as well as force protection. ... We're hoping to get close to unanimity, like we did on the surge resolution, that requires the President to change that mission, so that we focus on what Americans always wanted to focus on: counter-terrorism."

Sen. Christopher Dodd said on CNN's Late Edition (3/4, Blitzer), "Obviously this is a civil war going on, and expecting US forces to be a referee in civil war in large urban areas -- Baghdad has six million people -- with some 18 to 21,000 groups on the ground doesn't make a lot of sense to many people. ... I think it's going to be incumbent upon the Iraqis themselves to pull this together."

Senate Minority Whip Trent Lott said on ABC's This Week (3/4, Stephanopoulos), "This is about the Congress trying to micromanage the situation. When the going gets tough, they're trying to figure out how to get out. And they

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can't get their act together on how to defund the troops, so they're having all these different approaches. You had the Biden resolution, the Levin resolution, the Pelosi-Reid resolution, the Murtha slow-bleed resolution. ... They can't get it together."

Sen. Lindsey Graham said on NBC's Meet The Press (3/4, Russert), "People are frustrated. They're beginning to doubt whether the Iraqis can get their act together among themselves. Are we're in the middle of a group of people, no matter how long we stay and how much money we spend and how many Americans are killed, are they capable of pulling this off? I think people doubt that. ... The biggest mistake we made early on was underselling how hard it would be. I think people have lost sight due to frustration, that it's part of the overall war on terror. The President's going forward based on an assumption that a failed state in Iraq is a mighty blow in the overall war on terror. ... Thank God there's not 535 commander-in-chiefs, there's only one."

Sen. Jon Kyl said on CNN's Late Edition (3/4, Blitzer), "There are elements of Shiite and Sunni people fighting each other, to be sure, but some of that was spawned by Al Qaeda deliberately trying to get the Shiites to strike back at Sunnis. ... What I heard when I was in Baghdad just about 12 days ago, both from the Iraqi leaders and also from our military commanders on the ground, early signs of success that this new strategy could work and was beginning to work."

Sen. Joseph Lieberman, again disagreeing with the Democratic majority, said on CBS' Face The Nation (3/4, Schieffer), "I don't think the resolution makes sense insofar as, look, if people want to stop this war, the way that the Constitution gives Congress authority to do it is to stop the funding. They won't do that, because there's not the support for it and they don't want to seem to be not supporting our troops. ... I wish instead of going into this kind of trench warfare, parliamentary partisan battling in Congress off and on for the next few months, that instead we do two things. One is concentrate on something all of us agree on, which is fixing the unacceptable, immoral gaps in our treatment system for the veterans who have fought in Iraq and Afghanistan. Second, we've got in Iraq now a new plan, additional troops, a new general. ... Let's have a truce in the political war here in Washington over the war in Iraq so we can give our general and our troops the opportunity to show some success in the real war in Iraq."

Public Opinion Shift Seen As Aiding Democrats, Hurting McCain. The Washington Times (3/5, Bellantoni, Miller, 88K) reports, "As the war in Iraq and the broader battle against terror were being fought abroad, the political calculus at home changed, with public opinion shifting to favor the Democrats on an issue that long had been a Republican winner." Republicans "won the 2002 and 2004 elections in part because voters were convinced that Democrats were weak on defense and lacked the political will to protect the U.S. from terrorists. That changed as the war in Iraq grew more unpopular -- a major factor in the sweeping Democratic gains last fall, allowing the party to regain congressional power." The Times adds, "Anti-war sentiment has been bolstered lately, with polls showing the majority of Americans disapproving of President Bush's plan to send a 'surge' of 21,500 more troops to Iraq. Most surveyed instead want to see troops withdrawn from Iraq with varying degrees of dispatch." The war has also "turned the Republican presidential race on its head, dragging down the popularity of one-time front-runner and war hawk Sen. John McCain of Arizona and bolstering anti-war candidates. 'I would much rather lose a campaign than lose a war,' Mr. McCain has said in defending his stance of wanting to send more troops to Iraq. The senator told The Washington Times he sees his party's rank and file recoiling from Democrats' anti-war rhetoric. 'Where I've been traveling -- which is talking to Republicans -- the Republican base is coming back and supporting the president because the Democrats have overreached,' said Mr. McCain, a decorated Vietnam veteran."

Sadr, Mahdi Army Quiescent As US Surge Starts. Newsweek (3/12, Nordland, 3.12M) reports Shiite leader Moqtada al-Sadr "has all but disappeared from the Iraqi scene the past three weeks, and Sadr's Mahdi Army has been notably quiet, too. Officially, the Iraqi government is attributing that to the new Baghdad security plan, part of a surge of forces that will eventually include 21,500 new American troops." But one Iraqi official "says what's really happening is the taming of Moqtada." Despite an "upsurge in suicide bombings by Sunni extremists, mostly aimed at Shia civilians, the number of reprisal killings is down dramatically since the security plan was launched on Feb. 14." The senior Iraqi official "credits pressure on Sadr from his former patrons in Iran, as well as from Ayatollah Sistani and the Marjaiyah, the Shia clerical leadership in Najaf. He says Iran is withholding military advice and aid to Sadrists as well as other rogue elements, and leaning on them to stop the killings." Some analysts "worry that Sadr and Shia extremists are just biding their time. But as additional U.S. troops arrive during the next two months, that may prove an uncomfortable wait."

IED Remains Biggest Threat To US Troops. U.S. News and World Report (3/12, Kingsbury, 2.03M) reports the letters IED, "for improvised explosive device, have become forever associated with the war in Iraq. These weapons are the greatest day-to-day threat to U.S. forces. The military reported that at least 60 U.S. troops have been killed in IED attacks so far this year (the military doesn't report the cause of death in all instances). IEDs were responsible for more than half of American hostile-fire deaths in the past 12

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months." The military has "struggled to develop practices and gear to counter the IED threat, with an array of devices designed to trigger the bombs prematurely or render them harmless."

Kennedy Says It Will Take Congress Time To Affect Iraq Policy. Time (3/12, Calabresi, 4.03M) interviewed Sen. Edward Kennedy. Asked why, since Democrats "have the country with them against the war in Iraq," they "aren't acting to end it?" Kennedy said, "This war is the major blunder in American foreign policy. We ought to free ourselves from our troop involvement. But if you look back on Vietnam, it wasn't until 1973 that we passed the resolution that actually halted troops and money. There's no question that this is a slow-moving institution, and it's no new statement to say that we are behind what's happening out in the countryside."

US Said To Do Little To Aid Iraqi Refugees. Time (3/12, Calabresi, 4.03M) reports the war in Iraq "has driven nearly 4 million people from their homes. As many as 2 million have fled the country, in what Refugees International calls the fastest-growing crisis in the world." The burden "of coping with this exodus has fallen most heavily on Iraq's neighbors, such as Syria, Jordan and Iran, who have absorbed the vast majority of exiles. But the war's reverberations are being felt beyond the Middle East, in places as seemingly distant and incongruous as Sweden, which has taken in more than 11,000 Iraqis since 2005." The US, however, "has been reluctant to open its doors, admitting just 18 Iraqi refugees in 2005 and 202 in 2006." Although the Bush Administration "has offered to cover about a third of the $60 million that the U.N. says is needed for the refugees, the US's European and Arab allies think Washington should cover far more of the costs resulting from what they view as America's war."

Syria Playing Large Role In Aiding Refugees. Time (3/12, Butters, 4.03M) reports the Iraqi-refugee issue "is also changing Syria in deeper ways, altering the country's image in the Middle East -- and bolstering its leverage with the U.S. While the Bush Administration has accused it of supporting terrorism in Iraq, Israel and Lebanon, Syria has established itself as the lifeboat of the Arab world. Having taken in 180,000 temporary Lebanese refugees fleeing the war with Israel last summer, Syria is the only Arab country that has been equally welcoming to all of Iraq's religious sects, according to Syrian human-rights groups. Only Jordan -- which has received 750,000 Iraqis but has stopped accepting more -- comes close to matching Syria's largesse."

Sweden Accepting More Iraqi Refugees. Time (3/12, Walt, 4.03M) reports Sweden, a "country of 9 million has long prided itself on being one of the world's most hospitable to foreigners fleeing war and hardship." But "nothing could have prepared Swedes for the numbers of Iraqis who are pouring in today." Having "granted asylum to 2,330 Iraqis in 2005, Sweden received nearly four times that many last year." With Iraq's "civil war still raging, Swedish officials say they are bracing for a possible 35,000 this year."

Japan Mulls Extending Iraq Mission. The AP (3/5) reports, "Japan's top government spokesman said Monday that Tokyo is undecided about whether to extend the nation's air force mission in Iraq when it expires in July, but that a decision is expected by the end of this month. Tokyo has been airlifting U.N. and coalition personnel and supplies into Baghdad and other Iraqi cities from nearby Kuwait since last year as part of efforts to support the reconstruction of Iraq. The mission is set to end July 31, and debate is already gearing up about whether Tokyo will continue its contributions to a war increasingly unpopular at home. ... some in Japan criticize the operations for violating the pacifist constitution, which prohibits the use of force in solving international disputes."

Khalilzad Says US Has Not Ruled Out Bilateral Talks At Iraq Summit. Ambassador to Iraq, Zalmay Khalilzad, told CNN's Late Edition (3/4, Blitzer), "This is a multilateral meeting at the invitation of Iraq. Of course, the purpose is to get the neighbors to contribute to stabilizing Iraq, to work with the Iraqi government with regard to its agenda for success in Iraq. And we have not decided, at this point, with regard to anything bilateral, but we will be prepared to play our role as constructively as possible."

Similarly, the Washington Times (3/5, 88K) reports, "US and Iranian officials, in separate remarks yesterday, both left open the possibility of bilateral talks on the sidelines of a regional meeting this week in Baghdad." The Times notes Ambassador Khalilzad's remarks to CNN and reports that Iranian Foreign Ministry spokesman Mohammed Ali Hosseini, "meanwhile, said his country has not decided whether it will attend the Baghdad conference but did not rule out a decision to meet directly" with Khalilzad."

Meanwhile, Sen. Jon Kyl said on CNN's Late Edition (3/4, Blitzer), "It's important that the Iraqis are calling this group of their neighbors together, to urge them to help Iraq become a stable society. And clearly...we have an interest in conveying to the Iranians our displeasure with their sponsorship of weapons and elements of violence within Iraq. And I think it is important for us to convey that message to them."

Sen. Christopher Dodd said on CNN's Late Edition (3/4, Blitzer), "This should have happened a long time ago. We've had more than a year of the Administration refusing to sit down and talk with anybody, except our friends in the region, no wanting to talk to the Syrians or the Iranians. So I welcome that. I hope it's not too late."

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House Intelligence Committee member Pete Hoekstra said on Fox News Sunday (3/4, Wallace), "If you take a look at the bigger picture -- their activities with the nuclear weapons program, their relationships with Hamas, Hezbollah, their activities in Iraq -- Iran is clearly somebody that we need to be very, very concerned about. ... We need to focus on them and I think some of the changes and some of the steps that are being taken by the Administration are very positive."

US Troops Said To Have Fired On Afghan Civilians. The CBS Evening News (3/4, story 3, :20, Attkisson, 7.66M) reported, "There are charges that US forces fired on Afghan civilians in the chaotic aftermath of a suicide bomb attack on a US military convoy in Afghanistan today. Afghan witnesses and gunshot victims say as many as ten Afghan victims were killed and 34 wounded. A US spokesman says it's unclear what happened."

ABC World News (3/4, story 3, 2:10, Harris, 8.78M) reported, "This is a delicate and dangerous moment in Afghanistan. A time when US troops are trying to both prepare for and pre-empt an expected spring offensive from the Taliban. And today at this crucial moment there was an incident that could further turn public opinion against Americans."

The New York Times (3/5, Gall, 1.16M) reports "American and Afghan officials said" US troops "opened fire on a highway filled with civilian cars and bystanders on Sunday." The US military "said the unit came under fire after a suicide bomber detonated his explosive-laden car near their convoy 'as part of a complex ambush involving enemy small-arms fire from several directions.' Members of the unit, on patrol near Jalalabad airfield, returned fire, and the civilians were killed and wounded in the cross-fire during the battle, according to a statement from the military press office at Bagram Air Base, 40 miles north of Kabul." The Washington Times/AP (3/5, Faiez), Washington Post (3/5, A11, Witte, 690K) and Los Angeles Times (3/5, Azimi, King, 850K) also reports the story.

Karzai Urged To Sign Amnesty Law. Richard May, a former captain with the Army's 82nd Airborne Division who served in Afghanistan and Iraq, and is now a fellow at the World Security Institute's Center for Defense Information, writes in the New York Times (3/5, 1.16M), "Late last month some 25,000 people held a rally in the Afghan capital, Kabul. Were they calling for more aid?" They "were urging President Hamid Karzai to sign a law providing legal amnesty for actions committed during the civil war that raged in Afghanistan during and after the Soviet occupation. While the law has passed both houses of Afghanistan's Parliament, the United Nations High Commissioner for Human Rights and several humanitarian groups have argued against it on the grounds that it eliminates any possibility for justice for the people killed, tortured and raped during that awful period." May says "Karzai should sign the law." The "fragile government in Kabul cannot focus on dividing its country over past acts. It must look to the future with a vision that accepts all elements of its society." Karzai "should err on the side of unity."

Taliban Bombing Underscores Purpose Of Cheney Visit. Time (3/2, Baker, 4.03M) reports the "suicide bomber outside the main U.S. military base in Afghanistan on Feb. 27 killed about two dozen people -- and underscored the mission of Dick Cheney, who had arrived less than 24 hours earlier to meet with Afghan President Hamid Karzai." The Vice President "had just come from Pakistan, where he urged President Pervez Musharraf to crack down on the activities of the Taliban -- which claimed responsibility for the attack, saying it was timed to Cheney's visit--and al-Qaeda." Musharraf is "in a bind. Even if he doubled the number of troops on the border, says a Western diplomat in Pakistan, it would probably just exacerbate regional violence by fueling antigovernment sentiment."

Newsweek (3/12, Hirsh, Yousafzai, 3.12M) reports the "Feb. 27 attack on Baghram air base during Cheney's surprise visit was the most vivid reminder to date that, half a decade after they were supposedly vanquished, the Taliban is back in force, along with its onetime Qaeda guests. And the jihadists are now confident enough to launch a frontal suicide assault on the main U.S. stronghold in South Asia." The "Bush team's main concern now is that the Taliban's 'spring offensive' could topple Karzai or turn him into a more isolated figure, hunkered down in Kabul." An "even scarier prospect is that a newly Talibanized Afghanistan, along with sympathetic areas of neighboring Pakistan, could become a launchpad for the next plot against America." Taliban officials "tell NEWSWEEK that they have carved out a huge border zone of their own. And they say Qaeda 'foreigners' -- mainly Arabs bent on killing Westerners -- are being welcomed back into parts of Afghanistan and Pakistan's North Waziristan region, where Pakistani President Pervez Musharraf signed a controversial peace deal with tribal elders last September."

Lawmakers Urge Pakistan To Curb Al Qaeda. The AP (3/5, Yen) reports Pakistan "must do more to stem al-Qaeda in its ungoverned territories amid growing signs operatives plan a spring offensive against allied forces in Afghanistan," lawmakers on the intelligence committees said Sunday.

Senate Intelligence Committee member Dianne Feinstein told Fox News Sunday (3/4, Wallace), "The Pakistanis either have to let us go in, or go in themselves when they have intelligence. And I think the kind of half-measures that the Pakistanis have taken in that particular

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area don't stand us in good stead. There's no question that there's going to be a spring offensive in Afghanistan…and we have to have some pinpoint attacks that produce some dividends."

Meanwhile, House Intelligence Committee member Pete Hoekstra said on Fox News Sunday (3/4, Wallace), "There's no doubt that we've degraded the capabilities of Al Qaeda, but they are regrouping. … We may want Pakistan to do more things. But President Musharraf is facing elections in September. There are parliamentary elections next January. We need stability in the regime. We need this regime to survive. And there's a reason that they've called this the ungoverned areas. No one has really been able to go into these areas and take control, but the Pakistanis have been doing a number of things to help us go after Al Qaeda."

New Al Qaeda's Strength Called Into Question. The Christian Science Monitor (3/5, Grier, 59K) reports, "Hidden in the harsh terrain of Pakistan's tribal lands near the Afghan border, Al Qaeda's senior leaders have quietly been rebuilding their terrorist network – including lines of command to cells in other nations." But "this resurgence does not mean the group has regained its old strength, say US intelligence officials and outside experts. Al Qaeda's top levels are now filled with inexperienced commanders, and its new camps can train only a fraction of the recruits the pre-2001 infrastructure in Afghanistan could handle." Al Qaeda's "goals also remain murky. It is not clear whether the organization has a specific plan to strike within the United States or whether it considers Europe, or Iraq, more important in its war to impose its vision of Islam on the Middle East."

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Domenici Says He Contacted US Attorney. The AP (3/5, Talhelm) reports, "New Mexico Sen. Pete Domenici acknowledged Sunday that he called a federal prosecutor to ask about a criminal investigation several months after calling for his replacement, but insisted he never pressured nor threatened his state's US attorney." The prosecutor, David Iglesias, "was fired by the Justice Department in December. Iglesias says he believes he was dismissed for resisting pressure from two members of Congress before last year's election to rush indictments in a Democratic kickback investigation." The AP adds, "Ethics experts said Domenici's conduct may have violated Senate rules, which generally bar communications between members of Congress and federal prosecutors about ongoing criminal investigations.":

The Washington Post (3/5, A1, Eggen, 690K) notes "Iglesias and five other fired prosecutors are scheduled to testify tomorrow before Congress." Iglesias "declined to comment in detail yesterday on Domenici's statement, saying he was refraining from further public remarks before the hearings."

The New York Times (3/5, Johnston, 1.16M) reports "a Justice Department spokesman said on Sunday that records at the agency showed that the senator complained about Mr. Iglesias in calls to Attorney General Alberto R. Gonzales in September 2005 and again in January and April 2006. The senator made a brief call to Paul J. McNulty, the deputy attorney general, in October 2006 when the deliberations over Mr. Iglesias's dismissal began. In each of these calls, said Brian Roehrkasse, a Justice Department spokesman, Mr. Domenici expressed general concerns about Mr. Iglesias and questioned whether he was 'up to the job.' Mr. Roehrkasse added, 'At no time did they discuss the public corruption case.'" The Times adds, "A Justice Department official said Mr. Domenici's criticism of Mr. Iglesias was a factor in the decision to remove the prosecutor, adding that the decision was also based on an internal evaluation at Justice Department headquarters regarding his handling of the job."

Newsweek (3/12, Isikoff, 3.12M) reports the "firings of eight U.S. attorneys has put the heat on top Justice Department officials -- and some GOP members of Congress." The "controversy escalated last week when David Iglesias, the former U.S. attorney in New Mexico, went public with a dramatic charge: that he had gotten phone calls from two unidentified GOP lawmakers in D.C. last October, pressing him to bring indictments in a high-profile corruption case involving a prominent local Democrat before the November election." Iglesias "plans to name the lawmakers who called him as Rep. Heather Wilson (who was in a tight re-election battle at the time) and Sen. Pete Domenici (who originally sponsored him for the job)." A senior Justice official "confirmed to NEWSWEEK that Domenici 'did express general concerns' about Iglesias to senior DOJ officials -- but insisted he did not specifically complain about the corruption case." The "decision to fire the U.S. attorneys en masse was made late last year by two top aides to Attorney General Alberto Gonzales -- chief of staff Kyle Sampson and deputy A.G. Paul McNulty -- according to a senior department official."

Feinstein Discusses Upcoming Hearings. Senate Judiciary Committee member Dianne Feinstein said on Fox News Sunday (3/4, Wallace), "What's strange about this, never before in history has it happened that in a short given period of time, at least seven were called and told they should resign by a specific date in January. I think that's been pretty well-established. Now, the problem is that the Patriot Act had in it an amendment which gave the ability to the Administration to appoint an interim US attorney permanently, not subject to a limited period of time, pending confirmation. We in the Senate believe it's very important that US attorneys be confirmed by the Senate. That's really what's going on

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now. Some political things may well emerge. There are going to be a series of hearings...and we'll see what facts emerge. But I think there's a lot of evidence that this was done in a way to bring in some bright young Republican operatives into these positions. We'll see."

More Commentary. The Milwaukee Journal Sentinel (3/5) editorializes, "The Bush administration slipped a provision into the USA Patriot Act that Congress renewed last year allowing the attorney general to appoint interim U.S. attorneys for indefinite periods without congressional approval. Previously, such appointments could last for only 120 days. Lawmakers may have figured that the extra leeway might help in rare emergencies." The Sentinel continues, "Well, surprise, surprise. The Justice Department has so far used this provision eight times - and not for emergencies. In a move unprecedented for its scope, the agency has fired eight U.S. attorneys. And indications are that the dismissed prosecutors were too independent, even though President Bush had appointed them. The administration appears to be replacing them with those more pliable. … Congress must stop the purge and reimpose the time limit. Commendably, a House judiciary subcommittee is issuing subpoenas to four of the dismissed prosecutors to appear before it on Tuesday, and the Senate Judiciary Committee is poised to follow suit. Sworn testimony should shed some light on what may be an administration effort to get prosecutors to toe the party line." The Sentinel adds, "The dispute is all the more reason to set the record straight in hearings. … Also, Congress must retract the permission it gave the Justice Department to appoint interim prosecutors indefinitely - permission the administration has abused."

CRIMINAL LAW:

Kremlin Critic Shot In Maryland Thought To Be Robbery Victim. The Wall Street Journal (3/5, A7, Perez, Cullison) reports the FBI joined local police investigating the Adelphi, Md shooting of Paul M. Joyal, "an intelligence expert who suggested the Kremlin was involved in the poisoning death of" Alexander Litvinenko. According to the Journal, "A federal law-enforcement official said local police asked for help from the Federal Bureau of Investigation in part because of Mr. Joyal's activities in the Russian emigré community in the U.S. and his views on" the poisoning of Litvinenko." On 'Dateline NBC' Feb. 25, Joyal "said the Litvinenko murder was a message 'to anyone who wants to speak out against the Kremlin: 'If you do, no matter who you are, where you are, we will find you and we will silence you -- in the most horrible way possible.'"

The Financial Times (3/5, Sevastopulo, Belton) reports Oleg Kalugin, a "former senior KGB officer who met a Russia intelligence expert just hours before his shooting…expressed doubt that the incident was related to" the Litvinenko case. The Times adds, "Police have not commented on the shooting. But a law-enforcement official said Mr Joyal, who remains in critical condition, appeared to have been the victim of a robbery. The official said he was shot after resisting two men who had robbed him. The case has raised interest partly because Daniel McGrory, a reporter with The Times who appeared on the same NBC programme as Mr Joyal, died five days before the broadcast. There has been no official an-nouncement about the cause of death but he is believed to have died from a stroke."

The Washington Post (3/5, B1, Rich) reports Joyal "was robbed of his wallet and briefcase, law enforcement sources said yesterday. That property was taken…supports the theory that he was shot during a robbery rather than in retaliation for public criticism of the Kremlin."

The Washington Post (3/4, C1, Rondeaux, Aratani) reported "an FBI official confirmed yesterday that the agency is looking into the shooting. Joseph Persichini Jr., the FBI's assistant director in charge of the Washington field office, said his office is assisting Prince George's and the Baltimore office of the FBI in the investigation. 'We're pursuing this as hard as possible. We're not at all sure of the motive,' Persichini said."

FBI, California AG Investigating Allegedly Corrupt Police Dept. The Los Angeles Times (3/5, Garrison) reports California Atty. Gen. Jerry Brown "has announced plans to conduct a 'top to bottom' review of the Maywood Police Department, following allegations of sexual misconduct, racism and brutality among officers in the small suburb southeast of Los Angeles. The probe, made public Friday, comes amid residents' growing anger toward the 37-member department. Officers have been accused of beating residents and stalking and sexually abusing women. … Critics have charged that the department's afternoon sobriety checks were designed to snare unlicensed illegal immigrants and generate money. About 96% of the city's population is Latino and more than half are foreign born." The Los Angeles County district attorney's office and the FBI "also are investigating the department, Maywood City Councilman Sam Peña said."

FBI Agent Maintains Elderly Mob Figure Remains Influential. The AP (3/5, McShane) reports, "At an age when most of his contemporaries were long out to pasture or in prison, Matty 'The Horse' Ianniello was still riding high. … It was 1997, and big money was rolling in from rackets in Little Italy, the garbage industry, a mobbed-up union local. The silver-haired Ianniello kept $130,000 in cash around his suburban home, adding a touch of green to his golden years. It took almost a decade, but 'The Horse' now

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faces the last roundup: He pleaded guilty in a pair of racketeering cases last year. Death behind bars is a possibility for the mobster, who eschewed a graceful exit and ignored organized crime history — the boss always becomes the No. 1 target of law enforcement. Even if he's 86 years old. Even if he knows better. … When Ianniello pleaded guilty last year to corrupting a Queens bus drivers union, he arrived in court propped up by a cane. His voice was difficult to understand during his plea; Ianniello's lawyer blamed his client's garbled diction on a stroke. Others were more skeptical, suggesting Ianniello was as healthy as — well, a horse. 'Don't let his age fool you,' said assistant FBI special agent Matt Heron after one of Matty's arrests. 'He's still an influential player.'"

Defendant In DC Death Penalty Case Seeks Mistrial." The Washington Times (3/4, McElhatton) reports, "The defendant in a rare death-penalty case in the District is asking for a mistrial. Larry Gooch, accused of being the enforcer for the violent M Street Crew drug gang in Northeast, last week asked the federal court judge in the case to declare a mistrial. He claims he is not receiving adequate legal representation. Mr. Gooch said he wants a mistrial because one of his attorneys recently elicited 'damaging' testimony from Metropolitan Police Department Detective Carlton Herndon, according to defense filings. … Testimony began last month and is expected to resume today. U.S. District Judge Rosemary M. Collyer has not ruled on Mr. Gooch's request for a mistrial, according to court filings."

Federal Law Prevents Prosecutors From Charging Olsen With Murder. The AP (3/5) reports, "A federal act is preventing prosecutors from moving forward in the murder case against Timmy Brent Olsen. He was charged with murder last January in the 1995 disappearance and death of 15-year-old Kiplyn Davis. Olsen is in a federal prison in Phoenix, Arizona, serving a 12-year sentence for perjury for lying to a federal grand jury investigating the girl's disappearance. He is appealing that conviction. Prosecutors can't force him to return to face the state murder charges without potentially having to dismiss the charges on a technicality. And Olsen won't sign a waiver of the federal act that is keeping him from facing the Utah charges. Prosecutors say they are willing to wait for him to exhaust his federal appeals, at which time he would have no choice but to face the murder charge."

Gibbons Retains Top Criminal Lawyer. The Wall Street Journal (3/5, A6, Wilke, 2.04M) reports, "Nevada Gov. Jim Gibbons, facing a federal investigation of whether he accepted improper gifts or payments from a federal contractor, retained Abbe Lowell, one of the nation's best-known criminal defense lawyers." Gibbons "represented Nevada in Congress for five terms before his election as governor last year. He served on the House intelligence and armed services committees, and used his position to help a Reno software maker, eTreppid Technologies LLC, seek federal contracts." Gibbons and eTreppid's owner, Warren Trepp, "said they did nothing improper."

Whereabouts Of Nearly One In Five Released Texas Sex Felons Unknown. The San Antonio Express-News (3/5, Hughes) reports from Austin, TX, "When Anselmo Pruneda Jr. left prison last May, the forwarding address he left to a Houston boarding house almost sounded like an invitation to the cops for tea. … 'O Do Drop In,' he wrote. … No such place exists." The Express-News continues, "Pruneda, who had spent a dozen years in prison related to the sexual assault of a 9-year-old boy and failing to register as a sex offender, didn't register as required with the Houston police, either. … Lawmakers created sex offender registries so people could check how close potential predators lived to their neighborhoods, playgrounds or schools. But these registries are not fool-proof." The Express-News adds, "The Houston Chronicle and San Antonio Express-News examined the whereabouts of more than 800 sex offenders released from prison to Harris or Bexar counties during the 18 months ending last December. … All had been rejected for early release and had served their entire sentences. Almost 20 percent of them either failed to register as sex offenders or their addresses in the state registry were incomplete, 'unknown,' 'absconded' 'out of state' or 'homeless.' … And that's not counting how many false or out-of-date addresses are only detected when too few local police officers try to knock on too many sex-offender doors." The Express-News notes, "More than 46,000 adults in Texas are registered as sex offenders for crimes ranging from indecent exposure to aggravated sexual assault of a child. … As state leaders in Austin clamor to get tough on violent sex offenders who target children, calling for longer sentences with no possibility of parole or possibly the death penalty, police who work with sex offenders say politicians are overlooking a disturbing trend. … Increasingly, sex offenders deemed too dangerous for early parole return home unsupervised once they have completed their entire sentences. And under the current system, they are less scrutinized, not more. … When paroled, sex offenders aren't released until officials verify and approve where they will live. When registering with local authorities, they must prove their address with a state ID card or drivers license. … But sex offenders who complete their sentences can refuse to tell prison authorities where they will live. Or they can claim they will leave Texas or name a location in the vaguest of terms. They still are required to register with local law enforcement

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upon release, but police say they often go undetected if they don't."

FBI Now Able Crack Mortgage Fraud Cases More Quickly. The Myrtle Beach (SC) Sun News (3/5, Morris) reports, "Mortgage fraud is being called the country's fastest-growing white-collar crime. It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say. Two Kansas City politicians recently learned just how quickly. The very day last fall when Katheryn Shields, who was then county executive in Jackson County, Mo., and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale."

Sarbanes-Oxley Used To Prosecute Lawyer Tied To FBI Child Porn Probe. The AP (3/5, Christoffersen) reports, "The arrest of a prominent attorney on charges of destroying evidence in a child pornography investigation is raising alarm bells that a law targeting corporate accounting schemes could be used to prosecute lawyers over work done on their clients' behalf. … Philip Russell was charged Feb. 16 with destroying a computer that contained child pornography at Christ Church in Greenwich." Russell, "the former attorney for the church, is accused of obstructing an FBI investigation that led to the January conviction of the church's music director, Robert Tate, for possessing child pornography. Russell was charged under the Sarbanes-Oxley Act, which Congress passed in 2002 after a wave of corporate accounting scandals to make it easier to prosecute such cases. He faces up to 40 years in prison if convicted. … The law, which was aimed at cases involving corporate document shredding, made it easier to prosecute obstruction of justice by requiring only that an investigation was foreseeable rather than already pending. Prosecutors also no longer have to show the defendant acted with corrupt intent to keep evidence from investigators, experts say.

D'Amato To Lobby For Poker Players Alliance. In its technology section, the New York Times (3/5, Rivlin, Richtel, 1.16M) says former Sen. Alphonse D'Amato, who "never folds," went from playing poker on Capital Hill to playing a more high-stakes poker game on Long Island that involves Howard Stern, among others. So, the paper says "it is a safe bet that his love of poker never proved so lucrative as it did last week, when he signed a lobbying deal with the Poker Players Alliance, a nascent group that hopes that Mr. D'Amato will help them become players in Washington politics, too. … The group is hoping that Mr. D'Amato, long known for his connections to Washington insiders and his ability to deliver perks to his constituents and interest groups, can help them overturn a new federal ban on Internet gambling — or at least exempt poker from its provisions." The paper notes, "The first big assault on poker players came in October when President Bush signed a bill aimed at online gambling by making it a crime to use credit cards or online payment systems for poker and other online casino games and sports betting conducted over the Internet."

Florida Sex Offender Center Shows Record Of Failure. The New York Times (3/5, Goodnough, Davey) reports from Arcadia, FL, "Inside a privately run treatment center here for pedophiles and rapists who have completed their prison sentences, where they are supposed to reflect on their crimes and learn to control their sexual urges, bikini posters were pinned to walls. … Two men took their shirts off, rubbed each other's backs and held hands, while others disappeared together into dormitory rooms. Some of the sex offenders appeared to be drunk from homemade 'buck' liquor secretly brewed and sold here. … And some of the center's employees, who openly ignored the breaking of rules ('As long as they are happy, we let them go,' one explained), reported that a high turnover rate among staff members was mostly because of female employees leaving their jobs after having had sex with the offenders." The Times adds, "These and other observations were included in a memorandum composed in 2004 by six employees on loan here from Pennsylvania. They had been dispatched by the Liberty Behavioral Health Corporation, which ran the facility, the Florida Civil Commitment Center, and a facility in Pennsylvania. … Nineteen states have laws that allow them to confine or restrict sex criminals beyond prison in a trend that is expanding around the country, with legislators in New York last week announcing agreement on a new civil commitment law there. … The courts have upheld the constitutionality of such laws in part because they are meant to furnish treatment where possible. Most of the states run their own centers to hold and treat such predators, generally with meager results, but at a time when private solutions are popular for prisons, toll roads and other state functions, a few have teamed with private industry. … Yet as the story of the center here in Arcadia reveals, even a $19 million partnership between the state and a company that describes itself as "a national leader in the field of specialized sex offender treatment and management" failed to meet a central purpose: treating sex offenders so they would be well enough to return to society."

Former Teen Welfare Mother Poised To Become DC Police Chief. The Washington Post (3/5, A1, Klein) reports, "Cathy L. Lanier's career could have dead-

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ended in her fourth year with the D.C. police department. … A new sergeant, she was sent east of the Anacostia River to the 6th Police District, one of the city's most crime-ridden areas. From the start, things were bad." The Post continues, "Lanier's supervisor, a lieutenant, propositioned her sexually and humiliated her in public by making lewd remarks about her, she said. Once, during a meeting with Lanier and a group of male officers, the lieutenant grabbed her ponytail and made a comment about pulling a woman's hair during sex. … It was 1995, and, Lanier said, she had no clue about the law on sexual harassment. Some officers urged her to file a complaint. But another supervisor warned that the department's good-old-boy culture would ensure that if she took action, she would never be promoted. … She retained a lawyer and, along with another woman making similar allegations, went to court. The city settled their lawsuit, and each woman got $75,000. The lieutenant was shifted to a different police district." The Post adds, "Lanier thought her career was over. But there were no repercussions, she said, because she had a solid track record. 'Your reputation in the department is either as a hard, loyal worker or someone who will do anything to get out of work. I was a worker,' she said." The Post notes, "Now, at 39, she is awaiting D.C. Council confirmation as the city's first permanent female police chief and one of the youngest leaders to head the department. … She has achieved success after struggles in her personal and professional life, including a teenage pregnancy that led her to drop out of high school and an early marriage that failed. Her resiliency will be tested as she inherits a police department in a high-crime city that residents say is out of touch with the community. She is already facing extra scrutiny as a white, female chief of a force that is mostly black and male. … Running the 3,800-member department requires a commanding presence, stamina and the ability to plan while dealing with the inevitable crises. As her predecessor, Charles H. Ramsey, put it: 'There are things coming at you all the time and nobody to pass it off to. The buck stops there.'"

CIVIL LAW:

Measure Curbing Federal Procurement Access For Former Officials Clears Committee. Under the headline, "Slowing Down The Revolving Door," the Washington Post's (3/5, D1, Barr) "Federal Diary" column reports, "A House committee has approved legislation that would lengthen employment restrictions for federal procurement officials who take certain jobs when they leave government, from one year to two years. It also would prohibit newly hired procurement officials from awarding contracts to their former employers for two years." The Post adds that while House Oversight and Government Reform Committee chairman Henry A. Waxman (D-Calif.), suggests tighter restrictions "will bring more accountability to government," OMB's procurement policy chief, Paul A. Denett, "argues that the proposed restrictions 'would do great damage' to the government's ability to hire and keep qualified contracting personnel. 'They will have the unintended effect of harming the career prospects of the overwhelming number of honest, experienced government employees and encourage them to leave government service early,' Denett said in a recent letter to Waxman. An estimated 20 percent of the government's 28,000 contracting professionals are eligible to retire, Denett noted."

CIVIL RIGHTS:

DOJ Official To Lead Racial Healing Discussions In Omaha. The Omaha World-Herald (3/5, Greff) reports, "The arson fire that blew a wall off Bob's Food Mart last month exposed not only the store's contents but also racial tension in the surrounding community of east Omaha. … And as with Hurricane Katrina, underlying problems surfaced, north Omaha leader LaVon Stennis Williams said at a community meeting Sunday at St. Therese of the Child Jesus Catholic Church." The World-Herald continues, "The Feb. 18 robbery and arson at Bob's Food Mart, which police said may have been a racially motivated hate crime, sparked community outcry - and now, an avenue for change. … Two white men robbed the store and ordered Kassahun Goshime, an Ethiopian immigrant, into the basement. His hands and mouth were bound with duct tape and the store was set on fire. Goshime escaped. … His family owns the store. Racist graffiti has been found spray-painted on his home as well as on the store, at 16th and Fort Streets." The World-Herald adds, "Bill Whitcomb, a race relations mediator with the Kansas City office of the U.S. Department of Justice, will be in Omaha next week to lead three discussions on race relations and develop a plan to address the issue, Stennis Williams said. … One of those meetings, a forum scheduled for March 15 at 6:30 p.m., is open to the public. Whitcomb also will lead a meeting with community leaders and another with elected officials. … Stennis Williams said others have told her of racial tensions in the area. … More than two dozen people attended Sunday's community meeting. Contributing to Sunday's discussion were Tommie Wilson, president of the Omaha chapter of the NAACP; Tristan Bonn, Omaha's former public safety auditor; and representatives of the Anti-Defamation League."

Plaintiffs Await Ruling On Georgia Tech Policies. The Washington Times (3/5, Price) reports, "Two women whose 2006 lawsuit against the Georgia Institute of

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Technology led to the repeal of the school's speech code await a federal judge's opinion on two other unresolved issues in their civil rights case." The Times continues, "Plaintiffs Ruth Malhotra and Orit T. Sklar -- both conservative student leaders at Georgia Tech -- say a ruling is pending by U.S. District Judge J. Owen Forrester of the Northern District of Georgia on their requests to overturn a school policy that bans funding of religious and political groups with student activity fees and to shut down an administration-run program that challenges biblical doctrine concerning homosexuality. … 'The clock is ticking away' on the rest of Judge Forrester's decision, which 'could come at any time,' said David French, director of the Alliance Defense Fund Center for Academic Freedom, which is representing Miss Malhotra, a graduate student in international affairs from Georgia, and Miss Sklar, a senior in Tech's undergraduate civil-engineering program. … Mr. French describes ADF as a 'Christian public-interest legal organization' that promotes religious liberty on college campuses." The Times adds, "The plaintiffs and ADF brought the lawsuit a year ago, claiming that Tech's policies designed to protect students from intolerance actually discriminated against conservative religious students who speak out against issues such as homosexuality, abortion and feminism. … Miss Malhotra accused Georgia Tech of 'unlawfully promoting its own [left-wing] agenda while stifling the free expression' of students who hold positions the institution does not share. Both women have been active in College Republicans. … A spokesman for Georgia Tech declined last week to discuss the students' suit, saying the case is in the hands of the Georgia state Attorney General's Office."

Disabled Attorney Helps Others With Disabilities. The Los Angeles Times (3/5, Riccardi) reports from Denver, "Carrie Ann Lucas is confined to a wheelchair. She breathes with the aid of a ventilator. She cannot hear and can see only at close range. … She begins most days about 4 a.m. with newspapers and e-mails. About 5:30, she wakes her three disabled daughters. She and an aide dress the two who use wheelchairs. The girls cannot feed themselves so Lucas and the aide plug feeding tubes into their bellies. She pours cereal for the one daughter who can eat on her own. She puts the girls on their school buses, the last leaving by 7:10. … Lucas cherishes these mornings, tough as they are, because she knows how hard it is to keep a family together." The Times continues, "She is one of a handful of attorneys in the country whose specialty is representing disabled parents like herself. Her mission: Making sure they get the same chance as everyone else to be moms and dads. … According to the U.S. Census Bureau, 15% of all parents with children in the household have some disability. These parents are far more likely to have the government try to take their children away. Even Lucas lives in fear that social services may seize her children. She knows the sorrow of losing a child — a 7-year-old girl whom she wanted to adopt was taken from her after a difficult court fight." The Times adds, "Lucas works her cases out of a seventh-floor office at the Colorado Cross-Disability Coalition in central Denver. … More disabled people seek help from the coalition than Lucas, who carries about a dozen cases at a time, can handle. … Among those she has worked with was a deaf woman in suburban Denver, whose two toddlers were taken away and put up for adoption after social workers deemed her an unfit mother because she could not hear her children's cries for attention. Lucas could identify with her — she sleeps with a sound-activated pager that vibrates when one of her daughters calls for her."

NAACP President Resigns. The Washington Times/AP (3/5, Texeira) reports, "NAACP President Bruce S. Gordon said Sunday he is leaving the civil rights organization after just 19 months at the helm, citing clashes with board members over management style and the organization's mission as the reasons. 'I believe that any organization that's going to be effective will only be effective if the board and the CEO are aligned and I don't think we are aligned,' Gordon told The Associated Press. 'This compromises the ability of the board to be as effective as it can be.'" Julian Bond, "chairman of the board of the Baltimore-based National Association for the Advancement of Colored People, said Sunday that Gordon tried to quit just six weeks after taking the job in August 2005, but Bond convinced him to stay."

The New York Times (3/5, Hernandez, 1.16M) reports, "In interviews, black leaders close to the organization said the reasons behind his departure stemmed from a dispute over its future role in a nation where the battlefront for civil rights has shifted. 'We want it to be a social justice organization; he wanted it to be more of a social service organization,'" said Bond. Gordon "said he did not believe that the organization should abandon its civil rights mission but rather that it should expand its role to include providing social services."

The Washington Post (3/5, A3, Fears, 690K) reports, "During his tenure, Gordon closed the rift between the 98-year-old NAACP and the White House. In July, President Bush addressed the organization's annual convention in Washington. With the speech, Bush avoided becoming the first president since Warren G. Harding not to address the most recognized black American rights group throughout his term." The Post also reports, "Gordon's push to move the NAACP's headquarters to Washington was embraced by numerous board members, including Bond, but was unpopular with executive committee members because it would increase costs, according to a member who is familiar with the talks." The Los Angeles Times (3/5, Hamburger, Silverstein, 850K) also reports the story.

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Role Of Education In Black Achievement Examined. Bob Herbert writes in the New York Times (3/5, 1.16M), "It's an article of faith that the key to success in real estate is location, location, location. For young black boys looking ahead to a difficult walk in life, the mantra should be education, education, education. … If anything, the role that education plays in the life prospects of black Americans is even more dramatic than in the population as a whole. It's the closest thing to a magic potion for black people that I can think of. For boys and men, it is very often the antidote to prison or an early grave." A new report from the Center for Labor Market Studies at Northeastern University in Boston "tells us that young adults in general have been struggling in the labor market. Many have been left behind by the modest economic recovery of the past few years, especially those with limited education credentials. The report, which focuses on black males, emphasizes the importance of education in overcoming this tough employment environment:"

NYTimes Urges Legislative Review Of New York's Civil Confinement Agreement. In its headline, the New York Times (3/5, 1.16M) suggests Spitzer is a "gunslinger" for his recent attack on the health care establishment, saying such tactics have won him "impressive victories," like budget, ethics and workers' compensation reforms. The paper warns Spitzer and legislative leaders that the "troubling" civil confinement agreement could become like the Rockefeller drug laws because it would mean "locking people up for crimes they might commit in the future. The Legislature should hold new hearings to assess the wisdom of this specific proposal." The paper also says Spitzer has not fundamentally changed the way Albany works, since most of the reform agreements were reached behind closed doors. The paper concludes, "Polls show that Mr. Spitzer is enormously popular, and that the public backs his efforts to shake up state government. When the going gets rough, as it surely will, having the strong support of the public may be the most powerful weapon in his arsenal."

ANTITRUST:

Environmental Concerns Feature Into TXU Buyout Deal. Time (3/12, Thomas, 4.03M) reports that on Feb. 25, "the Texas utility TXU Corp. agreed to a proposed $45 billion buyout -- the biggest deal ever to take a public company private -- with major environmental initiatives attached." It "turns out the barbarians at the gate -- Henry Kravis of Kohlberg Kravis Roberts & Co. and David Bonderman of Texas Pacific Group (TPG) -- have a little tree hugger in them. Even before the deal with TXU was sealed, the buyout shops called up environmentalists and, in a 17-hr. meeting at San Francisco's Mandarin Oriental Hotel, agreed to roll back carbon emissions from all TXU power plants to 1990 levels by 2020. Four days later, the company's board accepted the buyout offer, agreeing to drop controversial plans for eight of 11 new coal-fired power plants and to support a federal cap on carbon emissions."

IP Verdicts Exceeded $1.3 Billion In 2006. The National Law Journal (3/5, Qualters) reports, "Finisar Corp. employs dozens of Ph.D.-level scientists to create technology for its high-speed data communication components and testing business, but one of the company's most lucrative inventions may be a patent outside of its core business that generated a court victory worth $117.3 million last year." The Journal continues, "In June 2006, the Sunnyvale, Calif.-based Finisar won a $78.9 million jury verdict in a patent infringement case against broadcast satellite company The DirecTV Group Inc. of El Segundo, Calif. Although appeals are in the works, fines are racking up, including a judge's $25 million enhancement for willful infringement and $13.4 million for prejudgment interest, post-judgment interest and a compulsory license. Finisar Corp. v. DirecTV Group Inc., No. 05-00264 (E.D. Texas)." The Journal adds, "Amid a worldwide market expansion for technology products, the Finisar case is one of a burgeoning number of blockbuster verdicts in intellectual property cases. These verdicts exceeded $1.3 billion in 2006, according to VerdictSearch, an affiliate of the National Law Journal, and our own research. … There's a direct correlation between intellectual property jury verdicts and the importance of the technology protected by the patent, said Eric Maschoff, a shareholder at Workman Nydegger of Salt Lake City, who served as Finisar's lead patent prosecution counsel on the case. 'Companies are looking more and more towards their intellectual property portfolio as an asset, and they're exploiting that asset,' Maschoff said. … Lawyers report that the sheer market size of high-technology products based on the patents in those portfolios can lead to massive infringement verdicts. Companies' rising inclination to bring such cases to trial, and the emergence of high-tech courtrooms that enable the use of animation and other visual aids, also boost the possibility of gargantuan verdicts."

Federal Judge Rejects Recusal Motion In Music Price-Fixing Case. The New York Law Journal (3/5, Bar) reports, "A federal judge has rejected a request that she recuse herself from a high-profile litigation involving the music industry on the ground that her attorney husband and his firm have represented some of the defendants in other matters." The Journal continues, "Lead attorneys for plaintiffs in the case expressed concern that because Southern District of New York Judge Loretta A. Preska's husband, Thomas J.

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Kavaler, and his firm, Cahill Gordon & Reindel, represented several of the music company defendants in other litigation, she might be inclined to tilt toward the defendants. … But Preska rejected the argument in In re Digital Music Antitrust Litigation, 06 MDL 1780, finding that the plaintiffs' motion for recusal was not only time-barred, but was wrong on its merits. … 'Courts have uniformly rejected the argument that an appearance of impropriety exists in the following situation: (i) a judge's spouse is a partner in a law firm that represents a litigant in other matters before the judge; and (ii) the spouse did not perform any work at the law firm for the litigant or worked for the litigant on unrelated matters,' she said." The Journal adds, "Numerous lawsuits have been filed by online music downloaders who claim that the music divisions of Sony, Bertelsmann, Universal, Time Warner and EMI Music North America 'conspired artificially to fix or maintain prices' of digital music recordings offered for sale over the Internet in violation of federal and state antitrust laws. … Two of those cases were originally assigned to Preska. She presided over Seley v. Universal Music Group, 06 Civ. 1887, after the case was filed on March 9, 2006, and in Devine v. Universal Music Group, 06 Civ. 4211. … On June 12, 2006, Preska issued a memo in the Devine case informing the parties that her husband and his firm 'from time to time' represent Sony, Warner and Universal. … On July 3, 2006, Christopher Lovell, a partner at Lovell Stewart Halebian who represents a plaintiff in the case, sent a letter to the judge asserting a possible conflict. But Lovell did not formally request that the judge recuse herself."

Alcatel-Lucent To Appeal Dismissal Of Microsoft Patent Dispute. The Wall Street Journal (3/5, B4, Cheng, Fleetwood) reports, "A federal judge ruled that Microsoft Corp. did not violate an Alcatel-Lucent patent for speech recognition." The Journal continues, "This is the second of several patent disputes between the two companies. Last week, a jury awarded1 Alcatel-Lucent $1.5 billion from Microsoft in regards to violating two patents involving MP3 technology." The Journal adds, "U.S. District Court Judge Rudi Brewster in San Diego dismissed all claims late Thursday regarding the speech-recognition dispute so that the jury trial set to start later this month will not happen. But Alcatel-Lucent intends to continue pursuing its options in the case. … 'We plan to appeal this decision and are comfortable with our chances of success as the case makes its way through the legal system,' said Alcatel-Lucent spokeswoman Joan Campion."

Patent Office To Review Applications Online. The Washington Post (3/5, A1, Sipress, 690K) reports, "The government is about to start opening up the process of reviewing patents to the modern font of wisdom: the Internet." The Patent and Trademark Office "is starting a pilot project that will not only post patent applications on the Web and invite comments but also use a community rating system designed to push the most respected comments to the top of the file, for serious consideration by the agency's examiners. A first for the federal government, the system resembles the one used by Wikipedia, the popular user-created online encyclopedia."

INDIAN AFFAIRS:

Cherokee Nation Slave Descendents Face Uncertainty After Ouster. The AP (3/4, Murphy) reports, "The Cherokee Nation vote this weekend to revoke the citizenship of the descendants of people the Cherokee once owned as slaves was a blow to people who have relied on tribal benefits." The AP continues, "Charlene White, a descendant of freed Cherokee slaves who were adopted into the tribe in 1866 under a treaty with the U.S. government, wondered Sunday where she would now go for the glaucoma treatment she has received at a tribal hospital in Stilwell. … 'I've got to go back to the doctor, but I don't know if I can go back to the clinic or if they're going to oust me right now,' said White, 56, a disabled Tahlequah resident who lives on a fixed income." The AP adds, "In Saturday's special election, more than 76 percent of voters decided to amend the Cherokee Nation's constitution to remove the estimated 2,800 freedmen descendants from the tribal rolls, according to results posted Sunday on the tribe's Web site. … Marilyn Vann, president of the Descendants of Freedmen of the Five Civilized Tribes, said the election results undoubtedly will be challenged. … 'We will pursue the legal remedies that are available to us to stop people from not only losing their voting rights, but to receiving medical care and other services to which they are entitled under law,' Vann said Sunday. … 'This is a fight for justice to stop these crimes against humanity.'" The AP adds, "Cherokee Nation spokesman Mike Miller said Sunday that election results will not be finalized until after a protest period that extends through March 12. Services currently being received by freedmen descendants will not immediately be suspended, he said. … 'There isn't going to be some sort of sudden stop of a service that's ongoing,' Miller said. 'There will be some sort of transition period so that people understand what's going on.'" The AP notes, "In a statement late Saturday, Cherokee Nation Principal Chief Chad Smith said he was pleased with the turnout and election result. … 'Their voice is clear as to who should be citizens of the Cherokee Nation,' Smith said. 'No one else has the right to make that determination. It was a right of self-government, affirmed in 23 treaties with Great Britain and the United States and paid dearly with 4,000 lives on the Trail of Tears.'

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… The petition drive for the ballot measure followed a March 2006 ruling by the Cherokee Nation Supreme Court that said an 1866 treaty assured freedmen descendants of tribal citizenship. … A similar situation occurred in 2000 when the Seminole Nation voted to cast freedmen descendants out of its tribe, said attorney Jon Velie of Norman, an expert on Indian law who has represented freedmen descendants in previous cases."

FBI/DEA/ATF/USMS:

Ahead Of Bush Visit, FBI Investigates Salvadoran Legislators' Murder In Guatemala. McClatchy Newspaper (3/4, San Martin) reported, "Three murdered Salvadoran legislators. Four cops, suspected in the killings, themselves shot to death in a maximum security prison. Broken government agencies. And more questions than answers. That's what FBI investigators will face when they arrive this week to help sort out the stunning murders, which have highlighted the wave of drug-fueled corruption and crime lashing a country President Bush will visit in seven days. … The FBI team arriving this week will provide technical and scientific support to try to find some answers. Interior Minister Vielmann said all lines of investigation remain open - from a possible case of mistaken identity 'to something much more profound,' including ties to organized crime."

The New York Times (3/5, McKinley) reports, "After three Salvadoran congressmen were waylaid and killed on a road in Guatemala last month, it did not take the authorities long to find the culprits: they were Guatemalan police officers, and their unmarked police car had a tracking device that proved they were at the scene. They quickly confessed, saying they thought their victims were drug dealers, and were sent to a maximum-security prison. It is a measure of the weakness of the crime-plagued Guatemalan state that what happened just four days later remains something of a mystery — aside from the indisputable fact that the four who confessed ended up dead. The police and the interior minister say that rioting gang members inside the prison shot and stabbed them. But other inmates and their visitors that day say a group of heavily armed men in military garb and ski masks made their way through seven locked doors and executed them, with no interference from guards, removing any possibility that they could identify co-conspirators. The two sets of brazen killings set off a vicious diplomatic conflict between Guatemala and El Salvador — heightened by news reports suggesting that the congressmen were indeed drug dealers — and ignited a political scandal here." The Times notes, "Since 1993, the United States has twice helped set up special antinarcotics forces here, only to watch their commanders become embroiled in the drug trade themselves. President Bush is scheduled to visit next week, and American diplomats say the lack of public security here is near the top of his agenda."

Mueller Starts Reading List For FBI. The U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column FBI Director "and avid reader Robert Mueller has started a new bureau reading list to help his G-men broaden their horizons. The list has more than 60 books about the FBI's history, terrorism, intelligence, and professional development." Some "gems: Public Enemies, by Bryan Burrough, about the birth of the FBI; The Looming Tower, Lawrence Wright's book about al Qaeda's road to 9/11; China, Inc. by Ted Fishman; and Louis Gerstner's Who Says Elephants Can't Dance? about IBM's historic turnaround. We also hear that Mueller's a big fan of former GE bigwig Jack Welch. So naturally, Welch's Winning also gets top billing."

Fourteen-Year-Old's Murder Spurs Crackdown On Los Angeles Gangs. The Sacramento Bee (3/5, Rojas) reported, "It took political officials nearly a month to respond to the slaying of Cheryl Green. Since then, the 14-year-old African American girl has become the face of brown-on-black violence in this city. The FBI has joined the Los Angeles Police Department in cracking down on gangs. The Police Department, breaking with tradition, has publicly named the city's worst 11 gangs. … The racially motivated shooting of the eighth-grader, which occurred Dec. 15 in broad daylight as she chatted with friends, was one of 269 gang-related murders citywide in 2006." The Bee goes on to report that on Jan. 18, Mayor Antonio Villaraigosa "held a news conference near where the teenager was killed to announce a plan to 'dismantle' the Latino gang blamed for the girl's slaying. He was joined by Police Chief William Bratton and FBI Director Robert Mueller."

Attorneys, Jurors Reflect On Failed Prosecution Of DC's Largest Drug Seizure. The Washington Post (3/5, B08, Cauvin) reports, "The haul was unprecedented. A wiretap on the cellphone of a reputed drug kingpin led police to a stash house where they found almost 100 kilos of cocaine and nearly $1 million. A force of more than 100 federal and local agents swept up nearly a dozen suspects in raids across the region." The Post continues, "The evidence to put everyone away seemed strong. There were the drugs, the cash and the wiretaps, filled with curious talk of 'tickets' – 'little tickets,' 'VIP tickets' -- code, prosecutors said, for wholesale quantities of cocaine. … And there was the Global Positioning System device, secretly planted in the suspected kingpin's car, tracking his comings and goings between the stash house in Fort Washington and his

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supposed customers in and around Washington." The Post adds, "Then the case went before a jury in U.S. District Court. The outcome was hardly what authorities would have expected on that October morning a year and a half ago when they found themselves staring at the biggest seizure ever made in a D.C. drug investigation. … The jurors, after deliberating for weeks, deadlocked earlier this year on many charges against alleged kingpin Antoine Jones, including the most serious: conspiracy. And on more than a dozen other counts, the jury came back with verdicts of not guilty. The three men on trial with him, charged with conspiracy as well, fared even better. … Kevin L. Holland and Adrian Jackson were acquitted of all charges; Michael A. Huggins was acquitted of all but one lesser charge, and that eventually was dismissed by the government. All three men, jailed for more than a year pending trial, are now free. Jones remains in jail, awaiting retrial." The Post notes, "It was a stunning loss for prosecutors and police, who claimed they had busted a major drug-trafficking ring with direct links to suppliers in Mexico. But the case had weaknesses that became apparent once it went to trial. … First was the profile of the alleged conspiracy. Unlike cases against other such enterprises, this one did not allege that anyone was killed or even assaulted by Jones or his alleged co-conspirators. Although the absence of violence was a relief for investigators, it also could have had consequences with the jury, lawyers said. … Nothing in the law requires prosecutors to present evidence of violence to prove a conspiracy to distribute narcotics. And whether the lack of bodies was pivotal in this case is a question that veteran prosecutors debate. … But experience tells many prosecutors that a body, or two or three, can make juries more apt to tie defendants together in a conspiracy and return verdicts in which everyone shares blame."

Louisiana Cocaine Dealer Facing Life In Prison. The Shreveport Times (3/3, Rucker) reports, "A Rowlett, Texas man has been convicted by a Shreveport jury on cocaine distribution and money laundering charges. Ronald King, 40, was convicted Friday, charged with one count of conspiracy to possess with intent to distribute cocaine, one count of money laundering and one count of forfeiture, according to a press release from Donald Washington, United States attorney for the western district of Louisiana. His sentencing is set for June 21 at 1:15 p.m. where he faces a sentence of life in prison, a $4 million fine or both. … King was caught after an investigation conducted by the Organized Crime Drug Enforcement Task Force which includes Shreveport and Bossier City police departments, the Federal Bureau of Investigation in Shreveport and the Caddo Parish Sheriff's Office."

Reporting Continues On Multistate Investigation Of Online Drug Sales. The New York Daily News (3/2) reported it "may shock no one to learn that two world champion bodybuilders may have been using steroids or growth hormone, but two giants of that well-muscled world were among the athletes who received drugs in a shady Internet pharmacy operation," sources said. "Eight-time Mr. Universe Ronnie Coleman, a former BALCO client, and top Mr. Universe contestant Victor Martinez were among the many clients in an ongoing, multistate investigation that led to the raids on several pharmacies in Florida this week, a source said. … A source with knowledge of the probe said another one of the steroid customers is a supervisor with the Albany [New York] Police Department's narcotics squad." The Daily News noted that as many as 24 people are expected to "be rounded up in the days ahead."

The Albany (NY) Times Union (3/4, Lyons) reported, "While police continue to wage their war on street drugs, many law enforcement experts say more needs to be done about Internet pharmacies." The issue "took on heightened awareness last week with the raid of several Orlando, Fla., pharmacies that were selling drugs to customers in New York. … 'Perhaps most disturbing is that many of these Internet pharmaceutical sites ... are hiding behind a facade of legitimacy by pretending to ask customers health questions,' said Joseph T. Rannazzisi, a Drug Enforcement Administration deputy assistant administrator, in testimony in 2005 before a House subcommittee on Oversight and Investigations." The GAO "issued a report two years ago showing 'that although extensive time and resources are required to locate, charge and convict criminal anabolic steroid dealers, the penalties under the federal sentencing guidelines faced by persons convicted of such offenses do not reflect the seriousness of their crimes or provide adequate deterrence.'"

Newsday (3/5) reports, "Following last week's steroid bust that implicated professional and college athletes, and high school coaches, Sen. Charles Schumer…proposed additional federal regulation of a substance he said has become the 'drug of choice' for those seeking a quick boost in athletic performance. … Under Schumer's proposal, HGH regulation would be put on a par with current steroid laws, and federal law enforcement would be able to prosecute doctors who write prescriptions 'in bad faith' -- an act already illegal in New York state."

"Grow Houses" Seen As National Trend In Marijuana Trade. The Christian Science Monitor (3/5, Jonsson) reports, "Raids on 40 houses in 12 suburban Georgia counties over the past two weeks are one recent sign of what police say is a national trend in marijuana marketing: growing the illicit crop year-round indoors, using suburban

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homes as 'grow-houses.' … Georgia has lagged behind in indoor busts, with just one last year. The US government eradicates some 3.5 million marijuana plants each year, mostly outdoors, according to the Drug Enforcement Administration." Police "say the 'burbs give growers a degree of solace and safety, protected by suburbia's premium on privacy and even a 2001 US Supreme Court ruling that prevents law officers from aiming heat-sensing equipment at homes unless they first obtain search warrants."

The Atlanta Journal-Constitution (3/4) reported on one case in with marijuana growers "had invested tens of thousands of dollars in heating and air conditioning upgrades to create a semitropical climate where the air was a slightly humid 81 degrees. To save money — the operation can burn about $2,500 worth of electricity a month — and avoid detection by electric meter, the growers had hotwired the power system, digging a hole and tapping into an underground electrical line."

In Braintree, Massachusetts, the Patriot Ledger (3/2) reported a local couple "has been busted for running a marijuana farm worth hundreds of thousands of dollars in their suburban home. … The grow house operation is believed to be the largest ever uncovered in Braintree, according to Deputy Chief Russell Jenkins."

California Man Sentenced To Nearly 6 Years In Prison In "Pot-Candy" Case. The San Francisco Chronicle (3/2) reported the ringleader of an Oakland group that "made marijuana-laced candy and soft drinks resembling popular confections was sentenced…to 70 months in prison. Kenneth Affolter…pleaded guilty in September to a single count of conspiring to manufacture and distribute marijuana for making doctored treats that authorities said were packaged for shipment throughout the West Coast. … The case was the latest pitting federal officials against medicinal marijuana advocates."

Mexican Drug Cartels Shift To Overland Trafficking Routes. On its front page today, the Los Angeles Times (3/4, Tobar, 850K) says "Central America has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies." The Times adds, "Everyone from impoverished fishermen and small-town mayors to legislators and high-ranking police officials has been swept up in the drug trade as the smuggling routes have changed. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico." A DEA official said "Central America will remain the primary transit zone for U.S.-bound drugs 'for the foreseeable future.'"

Central America Called Crucial Way Station In Cocaine Trade. The Los Angeles Times (3/4) reported Central America "has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies, U.S. and regional sources say. The recent killings of three Salvadoran legislators in Guatemala underscored the shift, intelligence sources say. … Michael A. Braun, chief of operations for the U.S. Drug Enforcement Administration, said in a 2005 congressional hearing that 'the corrupting power of illicit drug trafficking organizations on the governmental institutions of Central America significantly increases the difficulty of successful drug interdiction efforts.' Central America will remain the primary transit zone for U.S.-bound drugs 'for the foreseeable future,' Braun added."

IMMIGRATION:

Bush Said To Have Final Chance To Overhaul Immigration Laws. Time (3/12, Calabresi, 4.03M) reports President George W. Bush "is about to get his last chance to prove that that" his "commitment" to an overhaul of the nation's immigration laws "is real. Immigration reform stands out as the unfulfilled promise of the Bush presidency, and as Congress prepares to debate a compromise bill in the coming weeks, Democratic leaders in the House and Senate say Bush's help is crucial." But "power is sluicing out of the White House, Iraq is draining the Administration's remaining energies, and the President is entering a difficult period with a Congress he has never treated with much respect."

TAX:

Absent Congressional Action, AMT Could Affect 23 Million. U.S. News and World Report (3/12, Wiener, 2.03M) reports, "Virtually everyone agrees that the" Alternative Minimum Tax is "out of control and needs to be fixed. The big question is how and at what cost in lost potential tax revenue -- roughly $1.2 trillion over 10 years if the AMT is totally repealed." So far, Congress "has enacted short-term boosts in exemptions from the tax to slow its expanding reach from only about 1.3 million taxpayers five years ago. If a new temporary or permanent fix isn't enacted for 2007, the number of returns affected could soar to 23 million."

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Schumer, Lott Debate AMT. Sen. Charles Schumer said on ABC's This Week (3/4, Stephanopoulos), "What we Democrats want to do is get tax cuts for the middle class, and that's what we're doing by getting the AMT down. We have had tax cut after tax cut after tax cut for the very wealthy. Instead, we want to redirect tax cuts to the middle class."

Senate Minority Whip Trent Lott said on ABC's This Week (3/4, Stephanopoulos), "Let's talk about taxing the middle class. This is how we got the AMT. The Democrats put it in place in '69, and exacerbated it in 1993, when not a single Republican voted for it. And that's what middle class gets."

CONGRESS-ADMINISTRATION:

Congress Takes Up Problems At Walter Reed Today. ABC World News (3/4, story 5, 1:45, Harris, 8.78M) reported Congress will "open hearings on the treatment of wounded Iraq and Afghanistan veterans at Walter Reed Army Medical Center. The growing scandal over deplorable conditions and inadequate care has already cost the Army Secretary and other brass their jobs." ABC (Hendren) added, "On Capitol Hill, lawmakers are preparing for their first chance to grill the top military officers in charge of Walter Reed. Among those scheduled to appear at tomorrow's hearing is Gen. Richard Cody, the Army's Vice Chief of Staff, and Walter Reed's last two commanders. And they'll hear from wounded troops."

The AP (3/4, Heilprin) reports legislators "promised a quick response and sought an independent commission." In a letter to Defense Secretary Robert Gates, Sen. Charles Schumer "asked for an independent commission, possibly headed by former Secretary of State Colin Powell, to investigate all post-combat medical facilities and recommend changes." The Los Angeles Times (3/5, Levey, 850K) says Schumer's "call for an independent panel follows a promise from President Bush last week to name a bipartisan commission for the same purpose. ... Members of Congress from both parties have expressed outrage at the substandard care. The revelations have also embarrassed the Bush administration as it has been laboring to build support for sending 21,500 additional troops to Iraq."

The Washington Post (3/5, A9, White, 690K) reports that when the first hearing begins today, "many eyes will turn to Lt. Gen. Kevin C. Kiley, who has served as the Army's top doctor since he gave up command of the hospital in 2004. The hearing will allow Kiley to explain why bureaucratic tangles and horrid conditions made life so difficult for outpatients at the Army's premier hospital, while also likely putting him in a position of defending his job." While some in Congress "have called for Kiley to step down and take responsibility for the problems at Walter Reed, he has been spared so far."

The Christian Science Monitor (3/5, Lubold, 59K) says the Army is "scrambling to rectify the situation: It's moving patients out of certain areas of Walter Reed in preparation for those places being refurbished, and it's creating new support initiatives to help wounded veterans of the war in Iraq." But on its front page, the Washington Post (3/5, Hull, Priest, 690K) reports under the headline "It Is Just Not Walter Reed" that solders at other facilities are offering "stories of neglect and substandard care. ... They describe depressing living conditions for outpatients at other military bases around the country, from Fort Lewis in Washington state to Fort Dix in New Jersey. They tell stories -- their own versions, not verified -- of callous responses to combat stress and a system ill equipped to handle another generation of psychologically scarred vets." The Post says "hundreds of soldiers" contacted the newspaper. ... From Fort Campbell in Kentucky: 'There were yellow signs on the door stating our barracks had asbestos.'" And from Fort Dix: "Scare tactics are used against soldiers who will write sworn statement to assist fellow soldiers for their medical needs."

Walter Reed Problems Said To Have "Appalled" Gates. Newsweek (3/12, Barry, Wolffe, 3.12M) reports in its "Periscope" column the "grim stories" about the treatment of outpatients at Walter Reed Army Hospital "appalled the one person who really mattered: the new secretary of Defense, Robert Gates. He promised President Bush that high-level officials would be held accountable -- and seemed to get that when the commander of the hospital, Maj. Gen. George W. Weightman, was fired." But then Gates "found that the temporary replacement -- Lt. Gen. Kevin C. Kiley, named after Weightman was sacked -- had earlier run the place himself." A senior Defense official says "a furious Gates demanded the resignation of the secretary of the Army, Francis J. Harvey."

Gates Changes Atmosphere For Media. U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column, "Distinguishing himself from Don Rumsfeld's combativeness," Gates "held his first press conference around a big table in a small conference room. But it was too cramped, so he set his sights on making the larger briefing room cozier. Gone is the lone podium, replaced by a set that would better fit a morning TV news show: a big table for himself and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, in front of a world map."

VA Secretary Says He Welcomes Congressional Oversight. Meanwhile, the New York Times (3/5, Clemetson, 1.16M) reports VA Secretary Jim Nicholson is "seeking to put a positive public face on his beleaguered agency." He said in an interview Friday, "If there is even one injured veteran that falls through the cracks then that is too

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many. It pains me to hear about problems in our system, but I am a competitor, and I am finding that it is strengthening my resolve and deepening my commitment." Nicholson said, "I welcome congressional oversight, and the oversight of the President and the commission he is forming."

Krugman Compares Walter Reed, Katrina Responses. In his New York Times (3/5, 1.16M) column, Paul Krugman writes that when the problems at Walter Reed were first reported two years ago, "officials simply denied that there were any problems. And they initially tried to brush off last month's exposé in The Washington Post. But this time, with President Bush's approval at 29 percent, Democrats in control of Congress, and Donald Rumsfeld no longer defense secretary -- Robert Gates, his successor, appears genuinely distressed at the situation -- the whitewash didn't stick. Yet even now it's not clear whether the public will be told the full story, which is that the horrors of Walter Reed's outpatient unit are no aberration. For all its cries of 'support the troops,' the Bush administration has treated veterans' medical care the same way it treats everything else: nickel-and-diming the needy, protecting the incompetent and privatizing everything it can. ... The Walter Reed scandal is another Hurricane Katrina: the moment when the administration's misgovernment became obvious to everyone."

Gates "Greeted As A Liberator" At Pentagon. The Washington Post (3/5, A13, Ricks, 690K) reports "Robert M. Gates is finding Donald H. Rumsfeld an easy act to follow, as the new defense secretary wins hearts and minds throughout Washington and overseas. … At the Pentagon, where Gates has been greeted as a liberator, 'you can already feel the stability,' said retired Air Force Lt. Gen. Charles F. Wald, formerly the deputy US commander in Europe. He said he considers the appointment of Gates to be the Bush administration's best move in years." Moreover, Gates "has shown that he can act decisively, as when he fired Army Secretary Francis J. Harvey on Friday over the handling of the growing patient-care scandal at Walter Reed Army Medical Center." Gates, adds the Post, "has been welcomed largely because of who he is not rather than what he has done, noted a longtime friend who has held top national security posts. In the months ahead, however, Gates will be judged on his own decision-making in the war he has inherited from Rumsfeld." Also, "despite some departmental friction over the burdens of Iraq, Gates seems to have a better relationship with Secretary of State Condoleezza Rice than did Rumsfeld."

Cheney Praises Bolton's Service At UN. The Washington Post's (3/5, A13) Al Kamen writes in his "In the Loop" column that former U.N. ambassador John Bolton "has been trashing the administration lately, but Vice President Cheney had only praise for him at the Conservative Political Action Conference here last week," saying he wanted "especially" to recognize Bolton, "who did a superb job for America at the United Nations."

Paulson Sounds Optimistic Note On US Economy. Treasury Secretary Hank Paulson said on ABC's This Week (3/4, Stephanopoulos), "There's always a possibility that there will be a downturn. But I don't see it. I think we have a healthy economy in the US. A year ago, when the growth rates were much higher, I was concerned. I said, is this going to be sustainable? Now I'm looking at it and I'm seeing a situation where it looks like we're successfully making the transition."

Meanwhile, the Wall Street Journal (3/5, C1, Browning, 2.04M) reports, "Analysts see at least three ways to view last week's trouble, which resulted in a 4.2% drop in the Dow Jones Industrial Average. Goldman Sachs economists Ed McKelvey and Andrew Tilton outlined three competing views in a report last week. 1. A much-overdue short-term pullback. … 2. A flight from risky investments. If that is what is going on, then the market shift is more serious. … 3. A sign of a weaker economy to come. This could be the most troubling prognosis."

The New York Times (3/5, Creswell, Bajaj, 1.16M) says an "escalating crisis in the market, which seemed to reach a new crescendo late last week, is threatening a wide band of people. Foremost are the poor and minority homeowners who used easy credit to buy houses that are turning out to be too expensive for them now that mortgage rates are going up, but the pain is also being felt widely throughout the business world." The Rimes adds, "Large companies that bought subprime lenders during the boom, like H&R Block and HSBC, are now scrambling to sell them or scale back their exposure. Many investors are also likely to suffer: Wall Street firms made billions in fees, commissions and trading revenue from packaging and selling subprime mortgages to them as bonds."

And House Ways and Means Chairman Charles Rangel said on Fox News Sunday (3/4, Wallace), "When you have these economists and the chairman of the federal reserve, they tell you on one hand what could happen, and on the other hand it may not happen, it puts us in the Congress the same place that it puts most Americans. ... It seems like we're living in two different worlds, one where they tell us, the Secretary of the Treasury, not to worry, that the economy is secure, and the other where we have 48 million people who don't know from day to day where they're going to get health insurance."

Homeless Veterans, Hard To Count, May Not Get Aid They Need. The Washington Post (3/5,

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Davenport, 690K) writes that the "number of homeless veterans from recent wars is hard to gauge. From 2004 to 2006, the Department of Veterans Affairs provided shelter to 300 veterans of Iraq and Afghanistan tours, out of the tens of thousands who have served." But Iraq and Afghanistan Veterans of America Executive Director Paul Rieckhoff said "that figure 'is not even close to accurate'...because it doesn't include the 'others sleeping in buses, their cars or on the streets.'" He said in New York City alone, "his organization has helped 60 homeless veterans since 2004. As in the Vietnam War era, when thousands of vets ended up homeless, there are already signs that the recent conflicts are taking a traumatic psychological toll on some service members. Many veterans' advocates said that despite unprecedented attempts by the military and Veterans Affairs to care for veterans, increasing numbers of the new generation of warriors are ending up homeless."

Sanchez Said To Face Tests On Her Substance As Public Official. The Los Angeles Times (3/5, A1, Powers, 850K) profiles Rep. Loretta Sanchez, who "has been viewed alternately as a masterful fundraiser, legislative lightweight, political mentor, headstrong politician, leading Latina voice and one of Congress' 'babes.'" The Times recounts her recent confrontation with Rep. Joe Baca, and says "in the coming months, Sanchez will be tested on whether her reputation will be more coquette or congresswoman. Entrenched in the House majority for the first time, she is allied with House Speaker Nancy Pelosi (D-San Francisco) and sits on two of the most prominent committees: Armed Services and Homeland Security, being the second-ranking Democrat on the latter."

Thune's Help For South Dakota Firm Seen As Symptomatic Of GOP Problems. In a syndicated column running in today's Washington Post (3/5, A15, 690K), Robert Novak writes, "The Federal Railroad Administration handed a rare victory to the American taxpayer last week by denying a questionable $2.3 billion loan application by the Dakota, Minnesota and Eastern (DM&E) Railroad. What makes this news of special interest is the paramount role Sen. John Thune (R-S.D.) played in boosting the loan. Here is a cautionary tale of political life in Washington and how it corrupts." Thune "guided through Congress legislative changes that made the loan possible. But an assessment that DM&E was a poor credit risk was shared by two other conservative senators -- Tom Coburn of Oklahoma and Jim DeMint of South Carolina -- who took the extraordinary step of advocating rejection of a colleague's pet project. Making matters worse, Thune worked as a paid lobbyist for the South Dakota-based railroad before his election to the Senate and has received political contributions from company executives." Novak adds, "If he had it to do over again, I asked the senator last week, would he still advocate the loan project? Thune replied: 'I don't know what else I could do. I was strong for my state. It was a no-brainer.'" The DM&E loan "cannot prove a cautionary tale for Thune unless he knows he went in the wrong direction and admits it, at least to himself. If he has not come to terms with this, he is not alone. Well-meaning conservatives such as Thune get caught up in procuring the benefits of the federal leviathan for their states and their constituents. It is much of what ails the Republicans."

Navy Said To Be Getting Rid Of Useful Warships. Craig Hooper, who served on the Chief of Naval Operations' Maritime Strategy Working Group at the Naval War College last fall, writes in the Washington Post (3/5, A15, 690K), "Over the past six years, 79 condemned Navy ships have been towed out to sea and destroyed by Air Force bombs, submarine-launched torpedoes or hails of gunfire. These exercises, long considered the most cost-effective way to dispose of unwanted naval vessels, have eaten away at America's inventory of still-useful retired warships. Soon every vessel capable of serving in America's reserve combat fleet could vanish, leaving an overextended Navy with no viable backup forces. This unwise drawdown goes against Navy tradition." Hooper adds, "As the Navy budget, already under pressure because of the wars in Iraq and Afghanistan, is hoarded for new shipbuilding initiatives, the inactive reserve, an emergency fleet of second-string warships, is quietly becoming a sham. … Important reserve warships are disappearing. … This flurry of ship disposal suggests the administration is getting rid of useful warships to compel construction of pricey new vessels. … This is no way to run a navy. With each sinking, the Navy risks becoming a hollow force, dependent on the construction of pricey ships that, given America's overextended finances, may never arrive."

Coast Guard Cutter Contracts Seen As "Series Of Lemons." U.S. News and World Report (3/12, Marek, 2.03M) reports audits "have revealed that" the costs of the Coast Guard's newest cutter "has grown by millions of dollars since it was commissioned and that it has potentially fatal design flaws. And that's only part of the bad news. The 38,000-person military service has been accused of buying what one member of Congress called 'a series of lemons' with a $24 billion megacontract to replace nearly all its ships and planes." Supporters "wonder if even" Coast Guard Commandant Thad Allen "can fix all this."

Some See Message About Bush In New Movie About Ancient Greece. The New York Times (3/5, Cieply, 1.16M) reports, "Three weeks ago a handful of reporters at an international press junket here for the Warner

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Brothers movie '300,' about the battle of Thermopylae some 2,500 years ago, cornered the director Zack Snyder with an unanticipated question. 'Is George Bush Leonidas or Xerxes?' one of them asked. The questioner, by Mr. Snyder's recollection, insisted that Mr. Bush was Xerxes, the Persian emperor who led his force against Greek's city states in 480 B.C., unleashing an army on a small country guarded by fanatical guerilla fighters so he could finish a job his father had left undone. More likely, another reporter chimed in, Mr. Bush was Leonidas, the Spartan king who would defend freedom at any cost." The Times adds, "In the era of media clutter, film marketers increasingly welcome controversy as a way to get attention for their more provocative fare. … But the dance can be more delicate when viewers find a potentially divisive message in big studio movies that were meant more to entertain than enlighten. The danger is that an accidental political overtone will alienate part of the potential audience for a film that needs broad appeal to succeed."

NYTimes Urges Congress To Address Problems In Credit Industry. The New York Times (3/5, 1.16M) editorializes, "In response to the explosion in consumer debt, Congress passed a law in 2005 making it more difficult for individuals to declare bankruptcy." But "legislators did nothing to curb the blizzard of pre-approved cards that fall through the mail slots. Often the most profitable customers are the least responsible ones. At a Senate Banking Committee hearing in January, Chairman Christopher Dodd cited a study estimating that credit-card penalty fees had risen to $17.1 billion in 2006 from $1.7 billion in 1996." Congress "needs to do more to make rates and fees more transparent while putting an end to some of the most abusive policies."

OTHER NEWS:

Increasingly, Uninsured Belong To Middle Class. The New York Times (3/5, Pear, 1.16M) reports that the problem of a lack of health insurance is increasingly impacting "middle-class people." While it is "well known that the ranks of the uninsured have been swelling; federal figures show an increase of 6.8 million since 2000," the "surprise is that the uninsured are not necessarily the poor, the unemployed and the undocumented. ... And that is one reason, according to a recent New York Times/CBS News poll, that the problems of the uninsured have jumped to the top of the domestic political agenda in Washington and on the campaign trail. Today, more than one-third of the uninsured -- 17 million of the nearly 47 million -- have family incomes of $40,000 or more."

Estimates Of Oil Reserves Rise As Technology Revives Old Fields. The New York Times (3/5, Mouawad, 1.16M) reports, "Within the last decade, technology advances have made it possible to unlock more oil from old fields, and, at the same time, higher oil prices have made it economical for companies to go after reserves that are harder to reach. With plenty of oil still left in familiar locations, forecasts that the world's reserves are drying out have given way to predictions that more oil can be found than ever before." There "is still a minority view, held largely by a small band of retired petroleum geologists and some members of Congress, that oil production has peaked, but the theory has been fading. Equally contentious for the oil companies is the growing voice of environmentalists, who do not think that pumping and consuming an ever-increasing amount of fossil fuel is in any way desirable." The Times adds, "Increased projections for how much oil is extractable may become a political topic on many different fronts and in unpredictable ways. By reassuring the public that supplies will meet future demands, oil companies may also find legislators more reluctant to consider opening Alaska and other areas to new exploration."

Romney Gets Straw Poll Victory From Skeptical Conservatives. The Politico (3/5, Simon, Allen) reports Mitt Romney spoke Friday at the Conservative Political Action Conference and then stuck "around for a reception that was open to all attendees. In the voting, where he took 21 percent, to Giuliani's 17 percent and McCain's 12 percent, despite a dude in a dolphin suit who was wandering around the convention with a sign calling himself 'Flip Romney, another Flip-Flopper from Massachusetts.'" The "hot CPAC souvenir was the Romney Flip Flop -- cheap foam footwear available in green, orange, yellow and red. These shots aimed at what many Republicans view as Romney's greatest liability -- the perception that he is guided by opportunism rather than principle. Romney wanted to win badly enough that he stacked the deck by bringing a group of college kids in to vote for him." The Politico also interviewed Romney, who discussed a range of topics, such as the influence of Internet media, saying, "I think what you're seeing is that blogs are able to get to bottom of things and to cut through the spin. The spin has a huge impact on the mainstream media. Candidates are able to go to the mainstream media, spin their story, they write it and sometimes it's accurate, sometimes it's not. The blogs actually are open for comment and debate and they ultimately get the truth out. And that's critical, in my opinion. Because there are going to be a lot of opposition research folks on other campaigns trying to put up things that aren't accurate."

The Financial Times (3/5, Daniel) reports Romney "had faced skepticism" at CPAC "amid charges that he had flip-

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flopped on some of the critical issues for conservatives, changing his stance on gay and abortion rights. The initial reception to his speech at the conference on Friday was far less enthusiastic than the rousing greeting for the celebrity figure of Rudy Giuliani, former mayor of New York."

Steele, Gingrich Win Plaudits For CPAC Appearances. The Washington Times (3/5, Hallow, Dinan, 88K) reports former Maryland Lt. Gov. Michael S. Steele and Newt Gingrich "were the biggest stars according to activists who attended the three-day Conservative Political Action Conference." Former New York Mayor Rudolph W. Giuliani "pulled off CPAC's biggest coup, former Virginia Gov. James S. Gilmore III was the biggest surprise, and Ann Coulter was the biggest loser." Steele, "rejected last fall by the Bush White House for chairmanship of the Republican National Committee (RNC) -- was mobbed by hundreds of attendees wanting their picture taken with him on the dais after he served as master of ceremonies at the Thursday banquet featuring Vice President Dick Cheney and former U.S. ambassador to the United Nations, John R. Bolton." This year's CPAC "was also a boon for Mr. Gingrich, as the former House speaker acknowledged after his Saturday speech that closed the conference." Gingrich was "the only top-tier potential contender for the Republican nomination who hadn't formed a presidential exploratory committee or bought any CPAC banquet tables for supporters. Yet in the largest presidential preference straw poll in the conference's history, he placed fourth (14 percent) -- ahead of Arizona Sen. John McCain (12 percent), who rejected an invitation to address the event."

Conservatives Unhappy With State Of Movement. The Politico (3/3, Martin) reports that at CPAC, there was "considerable grumbling about the health of the movement. From conservative pioneers to up-and-coming true believers, many attendees are looking for leaders -- and they're uncertain about the current crop of presidential candidates and not even thrilled with the current occupant of the White House." Conservative activist and public relations specialist Mike Thompson said, "It's a struggle. Conservatives want to win, but they aren't really sure the guys at the top of the field are conservative." The Politico adds some of the "ire at the CPAC conclave is directed squarely at Sen. John McCain (R-Ariz.), whom many conservatives suspect talks the talk when it comes to movement ideals but harbors dangerously moderate instincts." The Politico adds that on Thursday, David Bossie, the president of Citizens United, "gleefully unveiled a 22-page dossier kneecapping McCain ("He's No Ronald Reagan: Why Conservatives Should Not Vote for John McCain"). But Bossie also said his beef wasn't just with the one Republican presidential aspirant – McCain -- who skipped the CPAC festivities." It is "not just skepticism about McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney that has members of the movement in a funk."

Bush's Woes May Boost Giuliani Quest For GOP Nomination. The Gannett News Service (3/5, Raasch) says in an analysis piece that in a paradoxical way, George W. Bush's struggles as president may be benefiting 2008 candidate Rudy Giuliani, who has a solid lead in head-to-head polls among fellow Republicans." In Giuliani's case, "a recent surge in national polls so defies conventional wisdom that it may be indicative of important contours in the 2008 campaign, at least as it is shaping up today. The search for a candidate identified with strong leadership qualities, as Giuliani has carried since 9/11, may be trumping some of the threshold requirements on abortion rights and other cultural issues that have marked GOP presidential primaries for over a quarter century." Giuliani's "poll standing has risen the more he has been on the stump, where a lot of coverage has focused on this twice-divorced candidate's attempts to explain himself to dubious cultural conservatives. Yet, as he has moved around the country, Giuliani leads Sen. John McCain, R-Ariz., to 44-21% in the latest Washington Post-ABC News poll, taken Feb. 22-25. A month earlier, Giuliani enjoyed a 7 percentage-point advantage."

Conservatives May Overlook Differences With Giuliani. Newsweek (3/12, Darman, 3.12M) reports in its cover story that former New York City Mayor Rudy Giuliani is "pitching himself to Republican primary voters as the man destined to steady the party and the nation in a time of trial." But the Republicans "will require some convincing. Giuliani is a social moderate running in a party dominated by Christian conservatives; he supports gay rights and gun control, and hopes to be his party's first pro-choice presidential nominee since Gerald Ford more than 30 years ago." Yet with their "party in turmoil after the disastrous 2006 midterm elections, some conservatives seem willing to overlook the mayor's colorful past." In a new NEWSWEEK Poll, Giuliani "leads McCain by 25 points (59 to 34 percent) as the choice of registered Republicans and voters leaning Republican for the party's nomination, while Romney trails both men by more than 30 points."

Giuliani Surge Seen As "Mind Boggling." In her U.S. News and World Report column (3/12), Gloria Borger says it is "mind-boggling: Rudy Giuliani is surging. The pro-abortion rights, pro-gun control, pro-gay rights, thrice-married former New York mayor -- who as part of a spoof once dressed in drag and got cozy with Donald Trump -- is ahead. And not just in one poll; in most every poll." Giuliani's "bid is a huge gamble with a simple premise: that, in the end, the appeal of his personality, leadership cred, and the new primary schedule (which could be full of big states with large

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urban areas with lots of moderate Republicans), will give a city boy a chance to win the nomination."

Giuliani's Leadership Style Seen As Too Similar To Bush's. In his Newsweek column (3/12), Jonathan Alter says Giuliani's "leadership style seems out of sync with history's pendulum. Why would voters want to replace a my-way-or-the-highway Texan with a shut-up-and-listen New Yorker? Exchange a Crawford cowboy for an urban cowboy? A woman, African-American, Hispanic, Mormon or Vietnam POW would represent a sharper break from the immediate past."

Clinton, Obama Commemorate 42nd Anniversary Of Selma March. ABC World News (3/4, lead story, 2:35, Harris, 8.78M) reported, "Forty-two years ago on what's now called Bloody Sunday," Selma, Alabama, "became a flashpoint in the civil rights struggle as police clashed with protesters who were demanding voting rights. Today, it was a political clash between the two top Democratic presidential contenders. Senators Hillary Clinton and Barack Obama gave dueling speeches at black churches just block as way from one another." ABC (Cochran) added Obama "spoke at the church of Martin Luther King Jr. used as headquarters to fight for the Voting Rights Act. He seemed to answer accusations that he is not black enough." Sen. Barack Obama: "So don't tell me I don't have a claim on Selma, Alabama. Don't tell me I'm not coming home when I come to Selma, Alabama. I'm here because somebody marched for our freedom." Cochran: "Hillary Clinton decided to come after Obama announced he would be in Selma. She spoke at another black church. She too said the voting rights act has changed America. Sen. Hilary Clinton: "It is the gift that keeps on giving. Today it is giving Senator Obama the chance to run for president of the United States. It is giving me that chance too." Cochran: "It may not mean a thing, but the line to hear Obama is several times longer than the line to hear Hillary Clinton."

The CBS Evening News (3/4, lead story, 3:30, Borger, 7.66M) reported, "The real homecoming today was for Bill Clinton, making his first appearance on the campaign trail with his wife in a made for TV moment. He's not here by chance, he's here to help Hillary, who's been losing some support in the African American community where he's still very popular. Once even dubbed America's first black president, Bill Clinton counts when African American votes are crucial." Clinton: "But I am honored to be here with you because of the price that our forbearers paid walking over this bridge and going to Montgomery." Borger: "But many black voters say they're attorney between voting for the African American Obama or sticking with the Clintons, who supported civil rights for years."

ABC World News (3/4, story 2, 2:00, Crawford, 8.78M) reported, "Like other black Democrats, Congressman John Lewis is facing a dilemma." Rep. John Lewis: "I'm torn. I'm torn." Sen. Barack Obama: "Thank you." Crawford: "Should he vote for the man who could become the first black President or the woman named Clinton, with all that means to African-American voters?" Rep. John Lewis: "When I celebrated my 60th birthday in Atlanta, President Clinton came down and spoke. When I celebrated my 65th birthday in Atlanta, Senator Obama came down. They're friends. They're like brothers. And Mrs. Clinton is an extension of her husband." Crawford: "African-American leaders have warned Barack Obama against taking the black vote for granted. There is strong loyalty to the Clintons, especially to Bill, who was affectionately known as 'the first black President.' Although the Southern states vote Republican in the general election, they are vital to Democrats in the primaries."

USA Today (3/5, Benn, Kizzire, 2.27M) reports the "re-enactment of the march over the Edmond Pettus Bridge into Selma was the first time in their campaigns that the candidates appeared together. Later, they watched former President Bill Clinton inducted into the National Voting Rights Hall of Fame."

The AP (3/5, Pickler) reports, "Not to be outdone in the hunt for black votes, Hillary Clinton also spoke in Selma at a church three blocks away and brought a secret weapon — her husband. Three days before the march anniversary, her campaign announced that the former president who is so popular among blacks would accompany her for his induction into Selma's Voting Rights Hall of Fame." Clinton and Obama "both appeared outside Brown Chapel for a pre-march rally, but came from opposite sides of the podium and did not interact. Despite the intense rivalry between their campaigns, the two praised each other." But they "did not join arms when the commemorative march attended by thousands got under way. Instead, Clinton held hands with her husband and Obama was several people down the line. Obama, who shed his coat and tie for the march, approached Hillary Clinton at one point and the two chatted for a few seconds before moving back to opposite sides of the street."

McClatchy (3/5, Stearns) reports Obama, "the upstart Illinois Democrat, brought the hot vibe of the cool new. Clinton, the veteran New Yorker, brought her long history and a ringer: husband and former President Bill Clinton, whom black author Toni Morrison once called the 'first black president.'" The "rhetoric Sunday was lofty despite the gamesmanship. Obama, a toddler at the time of the Selma demonstrations, said the civil rights measures that Selma begat made his rise possible." Sen. Clinton "took the idea further, saying that the civil rights movement had made

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possible not just Obama's candidacy but New Mexico Gov. Bill Richardson's and her own."

The Atlanta Journal-Constitution (3/5, Shepard, 379K) reports the appearances by Clinton and Obama "looked to be an early defining moment in the campaign for the 2008 Democratic presidential nomination. Overflow crowds of mostly African-Americans jammed two historic churches to hear sermon-like speeches from the front-runners for the party's nomination, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois." The crowds "swelled even larger when former President Bill Clinton, one of the most popular political figures ever among African-Americans, led a re-enactment of the famous 1965 'Bloody Sunday' march that produced landmark federal legislation guaranteeing minorities the right to vote." Comments "from those who heard the speeches Sunday did not provide definitive proof of which candidate carried the day."

USA Today (3/5, Benn, 2.27M) reports Obama "praised Selma for its civil rights achievements Sunday morning, and said that his presidential candidacy has a direct relation to the events of 1965."

The Chicago Tribune (3/5, Glanton, Dorning, 617K) reports Clinton "avoided upstaging his wife at her speech by staying away from the church. But people cheered and rushed to be near him when he joined his wife and Obama for a re-enactment of the 1965 march." Marching at "the front of the procession through downtown Selma and across the bridge, the Clintons and Obama were separated in line by two black congressmen and several other civil rights leaders. People along the route snapped pictures and yelled out the names of Obama and the Clintons. Many of them fell in behind as the march passed."

The New York Times (3/5, Healy, Zeleny, 1.16M) reports, "Evoking the passions and rivalries of the civil rights era," Clinton and Obama "made deeply personal appeals to voters in the sanctuaries of black churches here on Sunday, and then joined former President Bill Clinton for a march across a bridge where white police officers beat protesters, most of them black, nearly 42 years ago." The "visit to Selma, a historically rich, economically struggling city, became a proxy battle for black support between Mrs. Clinton and Mr. Obama, whose candidacy represents a threat to Mrs. Clinton's traditional base. That competitive dynamic intensified on Sunday with the debut of Mr. Clinton on the campaign trail, six weeks into his wife's bid, and among a bloc of voters who are at once devoted to the former president and torn between his wife and Mr. Obama." In a "35-minute address, interrupted repeatedly by applause and shouts of praise from worshipers, Mr. Obama said it was time for his generation to pick up the work of those who had toiled before. He said it was time for the 'Joshua generation' — a biblical reference to the leader who succeeded Moses — to urge family and friends to shake their apathy to engage in politics and action."

The Washington Post (3/5, A5, Kornblut, Whoriskey, 690K) reports that in "the days leading up to the commemoration of 'Bloody Sunday,' advisers to Obama and Clinton had insisted it would not be a day for politics. But their mere presence in Alabama signaled the extraordinary importance of black voters in the upcoming Democratic primaries, with recent surveys indicating that Obama is jeopardizing Clinton's lead in the race by gaining among African Americans." Any "pretense that it was not part of the presidential campaign was dropped as they day went on. Supporters carried signs for the two campaigns, former president Clinton joked about the 'rainbow coalition' of candidates on the Democratic ballot, and Rep. Artur Davis, the Alabama Democrat who represents Selma, unabashedly introduced Obama in his keynote address at Brown Chapel AME Church as the next president of the United States."

Davis Takes Indirect Swipe At Clinton. In his blog at The Politico (3/5), Jonathan Martin says, "Rep. Artur Davis offered a glowing introduction of" Obama, "his colleague and candidate that included a direct shot at Sen. Hillary Rodham Clinton. Noting how the same knock against Obama, 'longevity,' had been used against 'Dr. King and Jack and Bobby,' Davis said seniority wasn't always an asset." Davis said, "Longevity can make you too cautious. It can make you calculate when you cast your vote on a war."

Silicon Valley Leaders Intrigued By Obama. The Washington Times (3/5, Bellantoni, 88K) reports Silicon Valley leaders "whose endorsements have been key in past presidential races give Sen. Hillary Rodham Clinton high marks, but say there is little to learn about her candidacy. Instead, they have bubbling curiosity about her fellow 2008 contender, Sen. Barack Obama." The "local insiders who track stock deals and initial public offerings the way Washingtonians follow politics have growing interest in the Illinois Democrat. Many of them think Mr. Obama could be Silicon Valley's next new thing."

Obama Streak Of 56-Straight Floor Votes Snapped. The Washington Post (3/5, A13, Kane, 690K) reports that Sen. Obama's "reign as the only perfect attendee of Senate votes among presidential hopefuls came to a crashing end last week. After 56 straight votes this year on the chamber floor, Obama (D-Ill.) missed his 57th on Friday, bypassing his senatorial duties on a homeland security bill to deliver a speech to the American Israel Public Affairs Committee meeting in Chicago. 'He really hoped to make it back to Washington in time, but it turns out, that was just the audacity of hope,' spokesman Ben LaBolt said of the streak ending. Obama was the last of the six senators already declared for the presidential campaign to have made every vote in the chamber this year. He missed a second vote Friday as well.

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Both were amendments that sailed to easy passage in the ongoing debate on the homeland security bill."

WSJournal Criticizes Obama For Public Finance Offer. The Wall Street Journal (3/5, A16, 2.04M) says in an editorial, "False hope springs eternal, which is one way to look at the recent concordat between Barack Obama and John McCain to 'save' the public financing of Presidential election campaigns. In case you haven't been following this political version of 'Weekend at Bernie's' -- and you need a hobby if you have -- nearly every major Presidential candidate has decided not to abide by public-spending limits for the 2008 campaign. That includes Messrs. Obama and McCain." But Obama says "if he wins the Democratic nomination, he will ask his GOP opponent to agree with him to accept public money and spending limits for the 2008 general election. Mr. McCain quickly matched the offer. In some media precincts, this is being hailed as an achievement, and other candidates are being challenged to follow suit. We hope they don't. The public-financing regime is collapsing of its own misguided assumption that only public money in politics is uncorrupting."

Clinton Warns Of Dangers From Foreign Debt. The Wall Street Journal (3/5, A2, Solomon, Harwood, 2.04M) reports Sen. Hillary Clinton "is warning about the 'economic vulnerabilities' posed by foreign interests owning large amounts of U.S. debt." In remarks "on the Senate floor and a letter to Federal Reserve Chairman Ben Bernanke and Treasury Secretary Henry Paulson, Mrs. Clinton said President Bush's economic policies have contributed to an 'erosion of U.S. economic sovereignty.' She also said it is 'undeniable that the exponential growth of foreign debt in the last six years has undermined our economic standing.'" Clinton's comments "are an early indication of how big an issue the growing unease over globalization and free trade will be in the 2008 campaign. Many Democrats won election last year in part by arguing that global trade leads to job losses and lower wages. They also are warning about the nation's heavy reliance on foreign debt to finance domestic needs, including the federal budget deficit."

Clinton Campaign Seeks Aura Of Inevitability. U.S. News and World Report (3/12, Walsh, 2.03M) reports Hillary Clinton "has begun trying to present a warmer, more genial side -- and she's having some success. Forty percent of Americans have an unfavorable view of Hillary Clinton, but 58 percent see her favorably, according to the latest USA Today/Gallup poll. That's an improvement from just a few years ago. And she enjoys a substantial lead over her Democratic rivals for the 2008 presidential nomination." Clinton's "basic strategy is to scare off potential donors and supporters of her competitors by campaigning as the favorite of the Democratic establishment -- and the inevitable nominee."

Bloomberg Said To Be Considering Run As Third Party Candidate. In her Newsweek column (3/12), Eleanor Clift says, "Not as ill-tempered as Giuliani," Mayor Michael Bloomberg is "doing a good job -- perhaps, some New Yorkers might say, even a better job than his predecessor did. So why isn't he the one running for president? Publicly, Bloomberg is focused on his second term and leaving the city in better shape than he got it. Privately, Bloomberg and political adviser Kevin Sheekey are meeting with pollsters and consultants to assess the mayor's chances as a third-party, independent candidate." Sheekey said, "There is no Bloomberg campaign. But we have certainly reached out." Clift adds the "money part is easy for a self-made media mogul." "He could spend $500 million in a campaign and not even think about it," says Al From, founder of the centrist Democratic Leadership Council.

Kucinich Waits For Campaign To Catch On With Public. Time (3/12, Stein, 4.03M) profiles Democratic Rep. Dennis Kucinich, who is "so sure that what he's been saying for four years is right -- he's for an immediate withdrawal from Iraq, ratifying Kyoto, universal health care -- he's convinced there's a moment coming, some event or speech or interview, when voters will suddenly realize he's not a joke: 'When people see what I have to say, they go, 'Hey, wait. He's right about the war. Ha-ha. He's right about health care. Ha-ha.'" Kucinich "believes deeply in the coming of this grand American epiphany even if no one outside his tiny camp does."

Richardson Wins Praise From Republican Watts. The U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column that it "could have been the environment, the Clinton School of Public Service in Little Rock, or the brash frankness of an ex-politician. But former Rep. J. C. Watts, once the House GOP's main communicator and a sometimes entry on Republican vice presidential lists, fessed up at the University of Arkansas last month that he likes Democratic New Mexico Gov. Bill Richardson in the 2008 presidential race." Watts said, "Personally, I'm a Bill Richardson fan. I think he has the Bill Clinton touch with people."

Dean, Martinez To Meet On Primary Schedule. U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column that the groundwork is "being laid for the first meeting between the two party chairmen, longtime Democratic boss Howard Dean and GOP newbie Sen. Mel Martinez." Both sides "want to make sure that the other won't let states hold primaries before New Hampshire's first. We hear that the GOP will activate a rule to punish state parties if they do by slashing their number of

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delegates at the nominating convention in half. The Democrats don't have a similar rule."

DeLay Seeks To Rally Conservatives. U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column, "Former House Majority Leader Tom DeLay is joining the activist world with a plan to return conservatives to dominance." DeLay "calls his new group the Coalition for a Conservative Majority, and it has one mission: recruiting and electing conservatives in all 50 states. He plans to begin building it during an April book tour to promote No Retreat, No Surrender, his blueprint for victory."

Rothenberg Says Collins Faces Tough, But Winnable Race. In his Roll Call column (3/5), Stuart Rothenberg says that if "you listen to Sen. Susan Collins (R-Maine) talk for a few minutes, you are likely to think that she doesn't have the toughness and quickness to hold off her likely Democratic challenger, Rep. Tom Allen. Well, stop thinking that way. I don't know whether Collins will be able to swim against a potentially strong anti-President Bush, anti-Iraq War current in 2008, but at this point, I'm certainly not going to bet against her." Since his election to the House, Allen's "liberal and organized labor interest group ratings have been at or near 100 percent. National Journal's ratings place him as the 86th most liberal Member of the House in 2006, sandwiching him between Rep. Lucille Roybal-Allard (D-Calif.) and Rep. Robert Wexler (D-Fla.). In contrast, Collins ranked as the 46th most liberal Member of the Senate in 2006."

Beverly Hills Official Set To Become Highest-Ranking Iranian American. The Wall Street Journal (3/5, A1, Sanders, 2.04M) reports in a front page article that when voters in Beverly Hills "go to the polls tomorrow, Jimmy Delshad is a favorite to be re-elected to the City Council. Under the city's system, he would also become mayor," making him "one of the highest-ranking Iranian-American elected officials in the US."

Former Senator Eagleton Dies At 77. ABC World News (3/4, story 6, :30, Harris, 8.78M) reported, "And a Vietnam war opponent who became the Democratic vice presidential nominee has died. Thomas Eagleton was George McGovern's running mate until it was revealed that he had been treated for depression and pulled out of the race. Eagleton continued as a Senator from Missouri until 1987. Thomas Eagleton was 77."

The CBS Evening News (3/4, story 2, :20, Attkisson, 7.66M) reported, "Eagleton resigned as George McGovern's running mate in '72 after it was revealed he received shock treatment for depression. Eagleton served three terms in the Senate."

WPost Praises Virginia Law On Court-Appointed Lawyers' Fees. The Washington Post (3/5, A14, 690K) editorializes that "Virginia's legislature took a big step last month toward reforming the antediluvian rules that make adequate legal representation a pipe dream for many poor defendants in serious criminal cases. Alone among states, Virginia until now has set ironclad caps on the fees paid to court-appointed defense attorneys, caps that cannot be waived under any circumstances, even by judges. The capped fees are so low that often the effect is to force defense lawyers to work for peanuts or discourage them from working enough, in all but the most open-and-shut cases." The Post credits "the bipartisan efforts of Gov. Timothy M. Kaine, a Democrat, and Attorney General Robert F. McDonnell, a Republican."

Bush To Face Questions On Economic Policies In Latin America. The Wall Street Journal (3/5, A4, McKinnon, Moffett, 2.04M) reports President Bush travels to Latin America this week "to take on Hugo Chávez's militant brand of economic populism. But the weakened US president could spend much of the trip defending against charges his own economic policies have helped shortchange the region." In a speech in Washington today, the President is expected "to lay out a central theme of his Latin America tour -- that democracy is key to improving life for the millions of working poor in the region." His message "seeks to respond to widespread complaints in the region that globalization and international-development policies -- of which he is viewed by many there as a main champion -- have done little to improve the lives of ordinary people there." The president also "hopes to use the democracy theme to push back against what he views as Mr. Chávez's authoritarian tendencies." However, Bush "won't venture into any countries that have moved into Mr. Chávez's sphere of influence, including Argentina, Bolivia, Ecuador and Nicaragua." Instead, he plans during his weeklong trip to visit "five generally friendly countries: Brazil, Uruguay, Colombia, Guatemala and Mexico."

Chavez Calls Negroponte A "Professional Killer." The AP (3/5, Nunez) reports Venezuelan President Hugo Chavez Sunday "said he believes enemies including the CIA are out to kill him," and called Deputy Secretary Negroponte a "professional killer." Chavez said Venezuelan officials "have intelligence that associates of jailed Cuban anti-communist militant Luis Posada Carriles also are involved in plotting to assassinate him." He said the death plot idea has "gained weight" due to various factors, "including the recent appointment of Negroponte" as Deputy Secretary.

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Chavez Using Oil To Earn International Favor. The Christian Science Monitor (3/5, Llana, Rice-Oxley, 59K) reports, "The London bus has come to symbolize many things over the years. It's a national icon, a picture postcard paragon of public transport, a byword for frustration and irregularity. But a harbinger of international socialism? Far-fetched perhaps, but less so after the latest move by…Chávez to offer cut-rate fuel so that 250,000 Londoners on welfare can travel half-price throughout one of the world's most expensive cities." The Monitor adds, "For the past year residents in New York, Boston, and other major US cities have scored cheaper heating bills, thanks to Venezuela. Chávez has also sent cheap oil to Cuba, Nicaragua, and more than a dozen other countries. His offerings go beyond oil and have been announced with particular frenzy since he won a third term in December, promising $500 million in financing for Ecuador, $135 million for a dairy cooperative in Argentina, and a development plan in Nicaragua that includes generators to ease blackouts as well as a new development bank."

US To Offer Pyongyang "Face-Saving" Nuclear Plan. The New York Times (3/5, A7, Sanger, 1.16M) reports, "In an effort to make the best of newly murky intelligence about North Korea, Bush administration officials say they plan to tell the North's nuclear negotiators on Monday that Washington's doubts about how much progress the country has made in enriching uranium gives North Korea a face-saving way to surrender its nuclear equipment." The "new approach to solve a dispute over the existence and extent of a uranium program" will come at a meeting Monday with North Korea at the United Nations. On Sunday, Assistant Secretary of State Christopher Hill said that at the meeting he planned to "form an agenda to work on our bilateral relationship -- what's involved in the establishment of diplomatic relations, what's involved before North Korea can get off the state-sponsor-of-terrorism list, and how to get them off the Trading with the Enemies Act." He said he would be "pressing for disclosure of all their nuclear programs, including highly enriched uranium."

AFP (3/5) says Monday's talks begin "amid questions in Washington over whether US intelligence had exaggerated Pyongyang's nuclear threat."

Meanwhile, Senate Intelligence Committee member Dianne Feinstein told Fox News Sunday (3/4, Wallace), "The gathering of intelligence with respect to North Korea has been very difficult. And the drop in the level of confidence on the uranium-based development I think is an indication of that. I, for one, am very pleased to see this agreement. I don't think you can underestimate the value of China in keeping the North Koreans on track now in seeing that this plutonium-based program is disassembled and that North Korea is brought into the mainstream. ... I don't think we are well served by isolating countries. ... So I am very optimistic."

House Intelligence Committee member Pete Hoekstra said on Fox News Sunday (3/4, Wallace), "I think Congress needs to take a very close look at this agreement to make sure that it's not a legacy agreement. Legacy agreements cut corners. We need to make sure that there's verification in this agreement. We need to make sure that North Korea comes clean on whatever nuclear weapons that they have in place."

Intelligence On North Korean Nuclear Program Uncertain. Newsweek (3/12, Hirsh, Hosenball, 3.12M) reports in its "Periscope" column, "Last week the government's senior North Korea intel analyst, Joseph DeTrani, told Congress that American officials now had only 'midlevel confidence' in the same intel that led the Bush administration to assert in 2002 the North was actively 'enriching' uranium -- and could have a bomb-making plant up and running soon." During a "confrontation with Pyongyang officials in October 2002 over the North's secret program, the then Assistant Secretary of State Jim Kelly says he actually had little certainty. He told NEWSWEEK last week that the North Koreans themselves 'gave no specifics about what kind of program they had.'" Now, "post-Iraq, the intel community is more cautious. And with the administration eager to pursue an aid-for-nukes agreement with Kim Jong Il, there's less interest in putting the worst possible spin on what is known."

WSJournal Says Pyongyang Has Habit Of Breaking Its Word. In an editorial, the Wall Street Journal (3/5, A16, 2.04M) urges Assistant Secretary of State Christopher Hill, "before he sits down" Monday with his Korean counterpart, to "take a look at the brief statement issued quietly Thursday by the United Nations Development Program (UNDP)." The agency announced that it is "suspending all operations" in North Korea because the "necessary conditions set out by the Executive Board on 25 January 2007 have not been met." Pyongyang's failure to comply, the Journal writes, represents, "There is no better guide to Kim Jong Il's negotiating style, nor to the North Korean dictator's habit of breaking his word. Nuclear negotiators, beware."

Lawmakers Complain Of Weak US Intelligence. The Washington Times (3/5, Pfeiffer, 88K) reports Rep. Peter Hoekstra, a member of the House Intelligence Committee, said Sunday US intelligence agencies "are not providing adequate information for Congress to make policy decisions on key foreign-policy areas including Iran and North Korea." In an appearance on Fox News Sunday, Hoekstra said, "We still don't have the intelligence community overall to give us, as policy-makers, the information that we need to make good decisions in North Korea, Iran and other places." He "blamed the bureaucratic leadership in the intelligence community for

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what he said are delays in implementing necessary reforms after September 11 and intelligence failures in Iraq."

Bolton Urges Bush To Speak Out On Intelligence. Former US Ambassador to the U.N., John Bolton, writes in the Wall Street Journal (3/5, A17, 2.04M) that in light of suggestions that US intelligence on Pyongyang's nuclear program is not as strong as once believed, "President Bush himself must speak, and sooner rather than later, to tell us what he thinks of the intelligence, and the direction of his own policy. Recent polls show his approval rating near 30%, with support among Republicans falling precipitously. If the President's conservative base erodes further, where will his support come from? From liberal editorialists enthusing about his newfound foreign policy 'pragmatism'? Based on my personal experience, the President will not have both."

Iran, Saudi Summit Produces "Little Substance." The New York Times (3/5, A6, Fattah, 1.16M) reports Iranian President Mahmoud Ahmadinejad and Saudi Arabia's King Abdullah "concluded an extraordinary meeting early Sunday promising a thaw in relations between the two regional powers. But they stopped short of agreeing on any concrete plans to tackle the escalating sectarian and political crises throughout the Middle East." Ahmadinejad said that the two countries had "agreed to try to curb tensions between Shiite and Sunni Muslims" and "discussed in detail issues related to the Palestinians and Iraq." The two also "are believed to have focused on finding ways to end the political standoff in Lebanon." Ahmadinejad's first official visit to Saudi Arabia was "marked by decidedly public shows of warmth and friendship between the leaders," however analysts were "divided on Sunday over the ultimate impact of the summit meeting." To some, "it promised to break the spiraling cycle of brinkmanship in the region, focusing both countries on constructive solutions to their differences. Skeptics, however, said the absence of any tangible resolutions or initiatives, coupled with Mr. Ahmadinejad's continuing aggressive speech, suggested that the meeting was more a public relations offensive meant to help Iran improve its image at home and in the Arab world as its confrontation with the United States appears to be escalating."

The Financial Times (3/5, Smyth) says Ahmadinejad's visit "appeared designed to ease tensions between" the two countries, while the AP (3/5, Abu-Nasr) says cooperation "will benefit both countries, as well as the whole region."

The Christian Science Monitor (3/5, Peterson, 59K) says Sunday's meeting "illustrates the growing regional alarm over Shiite-Sunni violence" in both Iraq and Lebanon. But "while both leaders prefer to blame outside actors for the increase in sectarian tension…elements in Iran and Saudi Arabia have helped to finance sectarian militias in Iraq and, in the case of the Saudis, engaged in heated sectarian rhetoric."

Palestinian Leaders Seek To Finalize Unity Government. The New York Times (3/5, A7, Kershner, 1.16M) reports Palestinian President Mahmoud Abbas "and the leader of the Fatah faction, arrived in Gaza on Sunday to meet with" Prime Minister Ismail Haniya, "in another effort to iron out differences over a possible Palestinian unity government." Spokesmen from Fatah and Hamas "expressed hopes over the weekend that the new government would be formed this week" as disagreements remain "on important posts, including interior minister."

Hamas-Linked School Received US Aid. The Washington Times (3/5, A1, Mowbray, 88K) reports on its front page that "millions of dollars in US foreign aid have been given in the past several years to two Palestinian universities -- one of them controlled by Hamas -- that have participated in the advocacy, support or glorification of terrorism." The funding – "principally in scholarships to individual students -- is being eyed by several members of Congress and their aides, who say it may violate US law." According to the Times, USAID has provided "more than $140,000 in assistance to the Hamas-controlled Islamic University in Gaza -- including scholarships to 49 of its students."

Bush "Inner Circle" Split Over Doha Talks. The Wall Street Journal (3/5, A8, Hitt, Solomon, 2.04M) reports, "As angst over the shaky state of the US trade agenda grows, tensions are emerging within President Bush's inner circle over how best to get the stalled Doha round of world trade talks moving." The chairman of the National Economic Council, "presidential friend Allan Hubbard, and national-security adviser Stephen Hadley have privately voiced frustration with the tortured pace of action in the latest stage of comprehensive talks." The Journal adds, "Launched in Doha, Qatar, soon after the terrorist attacks of Sept. 11, 2001, the talks had as their primary aim better integrating poor nations into the global trading system. Messrs. Hubbard and Hadley have pressed for a bolder US offer in an effort to encourage other countries to compromise." In "one heated meeting among top Bush aides just before Christmas in the Old Executive Office Building," US Trade Representative Susan Schwab "opposed the idea of a grand offer. Ms. Schwab, who had seen a similar move by her predecessor flop, pushed instead for "quiet negotiations" focusing on details to build trust among Doha's participants." Bush "sided with Ms. Schwab, and has continued to back her." But "she is now at risk of being overshadowed -- some fear undercut -- by new Treasury Secretary Henry Paulson, who is moving deeper into the public debate on Doha and trade."

Beijing Announces 18% Increase In Military Spending. The New York Times (3/5, A8, Yardley, Lague, 1.16M) reports China announced "its biggest increase in

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defense spending in five years" on Sunday, "a development that quickly prompted the United States to renew its calls for more transparency from the Chinese military about the scope and intent of its continuing, rapid arms buildup." At a news conference, Jiang Enzhu, a spokesman for the National People's Congress, said China's military budget would rise this year by 17.8 percent to "just under $45 billion." Beijing's military modernization efforts, "particularly its drive to develop advanced weaponry, have been raising concern from Washington to Tokyo to New Delhi, where officials are worried that the buildup could be as much offensive as defensive." On Sunday, Deputy Secretary Negroponte, who is touring Asia, "chose not to focus on the size of the latest budget increase, but instead emphasized that China needed to be less secretive about its military buildup." He told reporters in Beijing, "I think the point we would make with respect to military spending and military acquisition of various types would be the point about transparency."

Meanwhile, the Washington Post (3/5, A12, Cody, 690K) says Negroponte said the Bush administration "'is dissatisfied with China's unwillingness to share such information," saying, "We think it's important in our dialogue that we understand what China's plans and intentions are." China's announcement and Negroponte's "swift appeal for more transparency highlighted a particularly uneasy point in what has become a broad, close and increasingly important US-China relationship."

The Financial Times (3/5, Yeh) says the Bush administration "has, in recent weeks, expressed increased suspicion of the general objectives and technological sophistication of the Chinese military, which is extremely secretive." Similarly, the Wall Street Journal (3/5, A3, Fairclough, Batson, Leow, 2.04M) says the move "could raise tensions with the US." The US and China's "Asian neighbors are increasingly concerned about China's strengthening military -- worries that escalated markedly after China's successful test of an antisatellite missile in January." The Washington Times (3/5, Lanfranco, 88K) also reports the story.

Paulson: China Not An Enemy. The Washington Times/AP (3/5) reports, "Treasury Secretary Henry M. Paulson Jr. says the economy is healthy, inflation seems under control and the U.S. should not perceive China as an economic enemy." Paulson, who "this week makes his third visit to China as Treasury secretary, said in a television interview broadcast it is essential that both countries have strong economic ties. The former head of the investment company Goldman Sachs has said China is moving too slowly in overhauling its currency system and cracking down on copyright piracy. … 'I would say that our relationship with China is multifaceted, and it's a very important relationship for the US. And I don't believe we need to make China an enemy,' Mr. Paulson said." The Wall Street Journal (3/5, 2.04M) runs an abbreviated version of the same AP story.

House Ways and Means Chairman Charles Rangel said on Fox News Sunday (3/4, Wallace), "I'm certain that" Paulson "already has his cue cards when he comes back. This is an ancient society. It's very difficult for them to understand our economy, that their pirating and stealing of our products is something they're working on. ... But the Congress, Republicans and Democrats, are going to start getting tough on China. We're going to expect our United States Trade Representative to enforce international law."

Brown Expected To Effect "Big Change" In British Foreign Policy. The Christian Science Monitor (3/5, Rice-Oxley, 59K) reports, "Barring an improbable political upset," Gordon Brown will be the next British prime minister, and "members of Parliament, political analysts, and people who know Mr. Brown say he will be a much different prime minister from Blair." His interests "are Africa and trade justice rather than the Middle East; he was never enthusiastic about Iraq; he appears to have little in common with President Bush." Americans may find Brown "a very different proposition from Blair, more cautious, possibly less compliant," and "some say the White House should prepare for a big change in style, if not substance."

"Human Rights" Clause Blocking EU-India Trade Accord. The Financial Times (3/5, Johnson) reports, "Indian objections to the inclusion of a standard "human rights and democracy" clause in a proposed free trade agreement with the European Union have emerged as a serious stumbling block, the Financial Times has learnt. The row is a setback for the ambitious agenda set at the EU-India summit in Helsinki in October last year, when both sides pledged to deepen economic and political ties." India "is a member of the United Nations Human Rights Council, but ranks low, according to the Asian Human Rights Commission, among the international community in terms of the ratification of international conventions and covenants."

Killings Said To Have Exposed Rampant Lawlessness In Central America. The New York Times (3/5, McKinley, 1.16M) reports, "After three Salvadoran congressmen were waylaid and killed on a road in Guatemala last month, it did not take the authorities long to find the culprits: they were Guatemalan police officers, and their unmarked police car had a tracking device that proved they were at the scene. They quickly confessed, saying they thought their victims were drug dealers, and were sent to a maximum-security prison." In prison, "the four who confessed ended up dead." The Times adds, "The police and the interior minister say that rioting gang members inside the

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prison shot and stabbed them. But other inmates and their visitors that day say a group of heavily armed men in military garb and ski masks made their way through seven locked doors and executed them, with no interference from guards, removing any possibility that they could identify co-conspirators. … Perhaps more important, the whole episode has exposed to the world the rampant police corruption, lawlessness and drug trafficking that plagues much of Central America, and Guatemala in particular."

Ivory Coast's President, Rebels Sign Accord. The New York Times (3/5, Polgreen, 1.16M) reports, "he president of Ivory Coast and the leader of a rebel group that controls its northern half signed a new agreement on Sunday to end a political impasse and reunite the country, which has been divided by war." The plan "is the latest in a long string of agreements seeking to end a simmering conflict that has kept Ivory Coast, once one of the most peaceful and prosperous nations in West Africa, divided in two and hobbled economically. Laurent Gbagbo, Ivory Coast's president, and Guillaume Soro, leader of the New Forces rebel group, met in Ouagadougou, capital of Burkina Faso, to sign the agreement." The two sides "plan to form a unity government within five weeks and form a joint military command."

Sweden Cited As Example For Pension Reform. The Wall Street Journal (3/5, A6, Perry, 2.04M) reports, "As aging populations and shaky public finances make overhauling pension systems a global priority, an initiative implemented nearly a decade ago in Sweden is looking like the pension world's next big thing." By "pegging public pensions to individual earnings and overall life-expectancy rates," Sweden "has given its citizens incentives to be more productive and retire later -- and sidestepped the political paralysis that has stymied change elsewhere." Some elements of its system are now being adopted in other countries such as Brazil and Russia.

Left Accused Of Double Standard On Civil Rights. Armando Valladares, former US ambassador to the UN Commission on Human Rights and current chairman of the New York-based Human Rights Foundation, writes in the Wall Street Journal (3/5, 2.04M), "The news that the Cuban dictator is gravely ill floods my mind with memories of my years spent in captivity. I believe that those of us who were political prisoners know his legacy better than anyone. For 22 years, I was an inmate in his vast prison system, mostly confined to an island gulag, for crimes I did not commit." Valladares adds, "The legacy of Castro for Cuba will be much like that of Stalin in Russia, Pol Pot and Ieng Sari in Cambodia and Hitler in Germany. … But his poisonous legacy will also include the double standard by foreign governments, intellectuals and journalists who fought ferociously against the unspeakable violations of human rights by right-wing dictatorships, yet applauded Castro. To this day many of these intellectuals serve as apologists and accomplices in the subjugation of the Cuban people."

Diehl Urges Turkey To "Shrug" Off US Genocide Resolution. The Washington Post's (3/5, A15) Jackson Diehl writes that "a vote expected next month on a nonbinding House resolution describing a 'genocide' in the Ottoman Empire beginning in 1915 has the potential to explode US relations with Turkey, sway the outcome of upcoming Turkish elections and spill over into several other strategic American interests, including Iraq and Iran." Diehl says that although "maybe Congress has no business debating Turkish history, maybe it is doing so for the wrong reasons. Yet if Turkey is to become the stable, Western-oriented democracy that it aspires to be, its politicians will have to learn, at least, to react the way everyone else does to nonbinding House resolutions: that is, with a shrug."

Congress Urged To Protect Rights Of War Medics. Leonard Rubenstein, executive director of Physicians for Human Rights, writes in the Washington Post (3/5, A15, 690K), "In war, health workers are often heroes and often victims. Though the Geneva Conventions are supposed to protect them as they fulfill their ethical duty to provide care to wounded combatants without regard to affiliation -- what is known as medical neutrality -- they frequently become targets by attending to the enemies of one side or another." Rubenstein urges Congress to "revise the law to protect medical ethics and restore America's commitment to being a place of refuge for those fleeing persecution. This step is also essential to revive principles of medical neutrality."

EU Market Commissioner Urges Reforms. Charlie McCreevy, EU commissioner for the internal market and services, writes in a Wall Street Journal (3/5, A17, 2.04M) op-ed that "many seem to see the regulatory burden of the Sarbanes-Oxley Act…as a significant reason for reduced US capital market competitiveness. The detailed requirements for internal control of public companies have turned out to be extremely expensive to implement." But "as trans-Atlantic markets further integrate," McCreevy says "we have to shift up a gear and chart a route to recognize each other's audit oversight bodies, implement the Basel II banking accord in a way that benefits banks and customers on both sides, and move to a risk-based system of reinsurance regulation that benefits homeowners and policyholders alike."

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NYTimes Celebrates ICC Moves Against Genocide. The New York Times (3/5, 1.16M) editorializes, "Genocide moves swiftly, kills promiscuously and keeps finding new perpetrators, despite the world's repeated vows of 'never again.' In the face of such rampaging horror, carefully considered court verdicts, like last week's World Court ruling on the 1995 Srebrenica massacre in Bosnia, and patiently assembled dossiers, like the one that International Criminal Court prosecutors have now filed against two accused masterminds of Darfur's ongoing slaughter, seem frustratingly inadequate. … Court rulings can never compensate the survivors of these horrors. But by strengthening the reach and authority of international law, these cases should give pause to those tempted to unleash future genocides -- and to those who stand by."

NYTimes Praises Drug Firm's Action Against Malaria In Africa. The New York Times (3/5, 1.16M) writes in an editorial, "The big pharmaceutical companies are rightly criticized for concentrating on the development and marketing of drugs that sell for high prices in the industrialized world while neglecting to produce medications that could save millions of lives in the poorest countries. So it came as especially welcome news last week that Paris-based Sanofi-Aventis, the world's fourth-largest drug company, working in collaboration with a nonprofit drug-development organization pioneered by Doctors Without Borders, will soon introduce a cheap and easy-to-use pill to combat malaria in sub-Saharan Africa. … Now that Sanofi has shown, in the words of one executive, that 'we are not nasty people working against poor countries and seeking only profits,' let us hope that many other big drug companies feel the same humanitarian impulse."

WSJournal Criticizes EU Action Against Microsoft. The Wall Street Journal (3/5, 2.04M) editorializes, "Each round of the European Union's battle royal with Microsoft has revealed more about flaws in the bloc's antitrust office than about the stubbornness of the American software giant. Brussels' latest sucker punch is no exception. Last Thursday, EU antitrust czarina Neelie Kroes threatened to fine Microsoft up to €3 million, or about $4 million, a day because she doesn't like the prices the company wants to charge for licensing its technology." The Journal goes on to criticize "eurocrats," whose threats against "another multimillion-dollar fine when the appeals court is due to rule soon on the original judgment smacks of spite."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Security Crackdown Widens To Shiite Slum."
"Disabled Woman Is Able Ally For Parents."
"For Rep. Sanchez, A Hot-Tomato Label Means A Hot Potato."
"China May Close Reeducation Prisons."
"Obama, Clinton Reach Out To Black Voters."
"Cities Are Answering The Scrawl."

USA Today:
"Where Did The Money Go?."
"More Colleges Banning Smoking."
"U.S. Marshals Official Accused Of Misspending Security Funds."
"Chip Foose Overhaulin' Mainstream Designs."

New York Times:
"Basra Raid Finds Dozens Detained By Iraq Spy Unit."
"Oil Innovations Pump New Life Into Old Wells."
"N.A.A.C.P. President Is Stepping Down After A Brief Stay."
"A Record Of Failure at Center For Sex Offenders."
"Without Health Benefits, A Good Life Turns Fragile."
"In Guatemala, Officers' Killings Echo Dirty War."

Washington Post:
"No U.S. Backup Strategy For Iraq."
"'It Is Just Not Walter Reed'."
"Patent Office Web Site Will Solicit Advice."
"In Canada, the New Rush Is For Diamonds."
"Domenici Says He Contacted Prosecutor."
"Lanier Poised To Become Police Chief."

Washington Times:
"China Boost Defense Fund As Talks End."
"School Linked To Hamas Gets U.S. Cash."
"NAACP Leader Quits Over Group's Focus."
"Silicon valley Looks To Obama."
"CPAC Embraces Steele, Gingrich."
"Kibbutz Ideal Collapses As Israel Shifts To Capitalism."

Detroit Free Press:
"Tara Likely Strangled."
"Fatigue, Frostbite Catch Up To Him."
"Germans Love And Hate Chrysler."

Atlanta Journal-Constitution:
"NTSB Official Urges Changes At Crash Exit."
"Deadly Pursuits."
"Obama, Clinton Stump In Selma."
"'Time Switch May Torment Computers.'"

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Houston Chronicle:
"A Hannah Bonanza."
"State-Of-Th-Art-Healing."
"Beijing Boost Military Budget Mightily."
"Hole In The Sewing Supply Market."

Story Lineup From Last Night's Network News:
ABC: Clinton, Obama Visit-Selma; Black Vote-Analysis; Afghanistan Violence; Push Into Sadr City; Walter Reed-Hearings; Thomas Eagelton Obit; Tornado Aftermath-Alabama; Christians Vs Atheist; Sled Dog Race-Alaska.
CBS: Clinton, Obama-Selma; Eagleton Obit; US-Afghan Civilian Deaths; Iraq-US Death Toll; Iraq Vet-Alabama Tornadoes.
NBC: Preempted By Golf.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Walter Reed-Congressional Hearings; US And Iraqi Forces-Sadr City; AL-Voting Rights March Commemoration; Obama, Clinton-Selma; AL-Funerals For Tornado Victims; Asian Stock Markets.
CBS: US And Iraqi Forces-Sadr City; Selma, AL-Voting Rights March Commemoration; Obama, Clinton-Selma; Walter Reed-Congressional Hearings; Eagleton Obit; Iditarod Sled Dog Race; Weekend Box Office.
NPR: Congressional Subpoenas-Fired Federal Prosecutors; Feinstein, Hoekstra-Militants In Pakistan; US Military Investigating Suicide Bombing Incident In Afghanistan; Canada's Defense Minister-Afghanistan's Human Rights Commission; Atlanta-Bush Crash Investigation; Obama, Clinton-Selma; NAACP President Resigns.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks on Western Hemisphere policy, Reagan Building and International Trade Center. Open press.

VICE PRESIDENT CHENEY — Addresses the VFW Convention. Omni Shoreham Hotel.

US Senate: FLOOR SCHEDULE _ 1:30 p.m. Senate reconvenes at 1:30 p.m. Morning business until 3 p.m., when the Senate resumes consideration of S.4, the 9/11 Commission recommendations bill. Also, a vote on an executive calendar matter is scheduled for 5:30 p.m.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Goverment Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on the TSA personnel system for both screeners and non-screeners. Witnesses TSA Assistant Secretary Kip Hawley, AFGE President John Gage, others. Location: Room 342, Dirksen.

US House: 10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ National Security Subcommittee. Field hearing on conditions at Walter Reed Army Medical Center. Invited witnesses: Specialist Jeremy Duncan; Annette McLeod, wife of Cpl. Wendell ``Dell'' McLeod; Staff Sgt. John Daniel Shannon; Lt. General Kevin C. Kiley, M.D., U.S. Army Surgeon General; Major General George W. Weightman, Commander (former), Walter Reed Army Medical Center; Cynthia A. Bascetta, Director, Health Care, U.S. Government Accountability Office; General Richard A. Cody, Vice Chief Of Staff Of The Army. Location: Joel Auditorium, Walter Reed Medical Center.

12:30 p.m. FLOOR SCHEDULE _ Meets for morning business, and at 2 p.m. for legislative business. First votes are set for 6:30 p.m.

1:30 p.m. HOUSE APPROPRIATIONS _ Defense Subcommittee. Hearing on the infrastructure and conditions at Walter Reed Army Hospital. Witnesses still TBA. Location: Room 2359, Rayburn.

2 p.m. APPROPRIATIONS _ Subcommittee on Financial Services. Testimony from Kathy Petronchak, commissioner, Small Business/Self-Employed Division, IRS; Nina Olson, National Taxpayer Advocate, IRS; Robert S. McIntyre, director, Citizens for Tax Justice; Leonard E. Burman, director, Tax Policy Center; Alan D. Viard, resident scholar, American Enterprise Institute. Location: Room 2128, Rayburn.

Other: COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Highlights: 1:30 p.m. - 3:30 p.m. Opening General Session. Participants: Gov. Brian Schweitzer, D-Mont.; U.S. Transportation Secretary Mary Peters; former Louisiana Senator John Breaux, who will moderate a bipartisan panel of experts to inspire change in the nations health care system; and presidential candidate, Rep. Dennis Kucinich, D-Ohio. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

INTERNATIONAL BANKERS _ The Institute of International Bankers holds its Washington conference. Highlights: 12 p.m. Rep. Barney Frank - luncheon speaker. 2 p.m. FRB Governors Kevin Warsh. 4 p.m. Rep. Spencer Bachus. 4:30 p.m. Public Company Accounting Oversight Board Chairman Mark Olson. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

VFW CONFERENCE _ The Veterans of Foreign Wars holds its Washington Conference. Highlights: 8 a.m. Opening session with VA Secretary Nicholson, Sen. Joseph Lieberman. 10 a.m. U.S. Coast Guard Commandant Admiral Thad W. Allen speaks. 11 a.m. Vice President Cheney speaks. 1 p.m. POW/MIA session, with retired Air Force Gen.

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Robert Foglesong, and retired Gen. Ruslan Aushev. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AMERICAN LEGION-NATIONAL DC CONFERENCE _ The American Legion 47th National Washington Conference. Highlights: 9:15 a.m. Mario Mancuso, Deputy Assistant Secretary of Defense Special Operations and Combating Terrorism, Department of Defense. 9:40 a.m. Gordon H. Mansfield, Deputy Secretary of Veterans Affairs, Department of Veteran Affairs. 11:35 a.m. Bob Filner, Chairman, House Committee on Veterans Affairs. 2:00 p.m. Jeff Sessions, U.S. Senator (Alabama); Location: Renaissance Washington Hotel, 999 9th St. NW.

ATTORNEYS GENERAL _ The National Association of Attorneys General holds its spring meeting. Highlights: 1:45 p.m. Session on the REAL ID program, with Assistant DHS Secretary Richard Barth. Location: Fairmont Hotel, 2401 M St. NW.

HISPANIC CHAMBER _ The United States Hispanic Chamber of Commerce holds its 17th annual legislative conference, ``Advancing Latino Entrerpreneurship -- It's Just Good Business." Highlights: 1 p.m. President Bush speaks. 6:30 p.m. - 8:30 p.m. Latina Leaders Reception. Note: This event at Altria Group, Inc. Headquarters, 101 Constitution Avenue, Suite 400. Location: Ronald Reagan Building & International Trade Center 1300 Pennsylvania Ave. NW.

HOSPITALS _ The Federation of American Hospitals holds its 2007 Public Policy Conference and Business Exposition. Highlights: 8:25 a.m. Plenary session with keynote address by Comptroller General David M. Walker. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

LATAM-BUSH TRIP _ 9 a.m. - 10:15 a.m. The Inter-American Dialogue hosts a informal discussion of U.S. policy toward Latin America and the Caribbean in the context of President Bush's trip to the region later in the week. Panelists; Peter Hakim, president, Inter-American Dialogue; Michael Shifter, vice president for policy, Inter-American Dialogue; and Sydney Weintraub, William E. Simon Chair in Political Economy, Center for Strategic and International Studies. Location: Inter-American Dialogue offices, 1211 Connecticut Ave. NW, Suite 510.

FARM-TRADE _ 10 a.m. The Center for Strategic and International Studies holds a roundtable, ``The Farm Bill, the Doha Negotiations and the President's Trade Agenda: Proposals for Agricultural Policy Reform and their IKmplications for U.S. Trade Policy." Location: B-1 conference level, 1800 K St. NW.

AMERICA COMPETES _ 2 a.m. Sens. Jeff Bingaman (D-NM) and Pete Domenici (R-NM) will join Senate Majority Leader Harry Reid and Minority Leader Mitch McConnell and other senators to introduce the ``America COMPETES Act. Location: Mansfield Room, US Capitol.

ENERGY-NUCLEAR _ 12 p.m. The US Energy Association holds a briefing on the World Energy Council study on nuclear power in Europe. Location: US Energy Association, Suite 550, 1300 Pennsylvania Ave. NW.

GLOBAL HIV/AIDS ISSUES _ 12 p.m. Physicians for Human Rights and other HIV/AIDS advocacy groups sponsor a congressional briefing on ``Confronting Rapidly Emerging HIV Epidemics in Asia and Eastern Europe." Location: Room 2247, Rayburn.

HIV _ 12 p.m. Physicians for Human Rights, others, hold a briefing on the HIV epidemics in Asia and Eastern Europe, focusing on Vietnam. Location: Room 2247, Rayburn.

COAL EMISSIONS _ 12:30 p.m. The FutureGen Alliance holds a briefing to provide an update on the project regarding near-zero emissions technology and reducing carbon dioxide emissions. Location: Suite 701, 1150 17th St. NW.

LEVIN _ 1 p.m. Rep. Sander Levin speaks at an event by the Center for American Progress on globalization and the shared benefits domestically and abroad. Location: 10th floor, 1333 H St. NW.

ILLEGAL IMMIGRATION _ 2 p.m. The American Legion hosts a forum on illegal immigration and will feature government and private sector speakers who will discuss way to deal with this countrys population of illegal aliens. Speakers include: Senator Jeff Sessions of Alabama; Alfonso Aguilar, Chief of Citizenship U.S. Citizenship and Immigration Services, DHS; Kris Kobach, Professor University of Missouri, Kansas City School of Law; Roy Beck President, NumbersUSA; Dr. John Fonte Senior Fellow, Hudson Institute; and Mark Krikorian, Executive Director Center for Immigration Studies. Location: Renaissance Washington Hotel, Auditorium, 999 9th St. NW.

PENTAGON BRIEFING _ 2 p.m. Press briefing and media roundtable with Gen. Montgomery Meigs (U.S. Army retired) from the Joint IED Defeat Organization. He'll give an update press on JIEDDO efforts. Location: Pentagon, Room 1E462.

TERRORISM-DEMOCRATIC STATES _ 2 p.m. - 4 p.m. The United States Institute of Peace hosts a discussion of a multi-author study, ``Democracy and Counterterrorism: Lessons From the Past," edited by Robert Art and Louise Richardson, which examines thirteen cases across Europe, Latin America, Asia, and the Middle East to assess how democratic states have countered terrorist groups, and what lessons their campaigns offer for democracies currently battling al Qaeda and other global jihadists. Speakers: Robert Art, Brandeis University; Louise Richardson Radcliffe, Institute for Advanced Study, Harvard University; Paul Pillar, Center for Peace and Security Studies, Georgetown University; and Richard Falkenrath New York Police

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Department. Moderator: Paul Stares, U.S. Institute of Peace. Location: U.S. Institute of Peace 2nd Floor Conference Room 1200 17th St. NW.

WEBB-IRAN _ 2:30 p.m. Senator Jim Webb of Virginia holds media availability to discuss his bill prohibiting the use of funds for military operations in Iran without the consent of Congress. Location: Senate Radio & TV Gallery. Notes: He plans to introduce the bill on the Senate floor at 2 p.m.

KOREA _ 4 p.m. The Congressional Human Rights Caucus and the Congressional Korea Caucus hold a briefing with former Norwegian Prime Minister Kjell Magne Bondevik concerning human rights in North Korea. Location: Room 2255, Rayburn.

WALTER REED-NELSON _ 4:30 p.m. Sen. Ben Nelson holds a news conference following his tour of Walter Reed Army Medical Center. Location: Senate Radio-TV Gallery.

BAMFORD-IRAN _ 8:10 a.m. Historian James Bamford, author of ``A Pretext for War: 9/11, Iraq and the Abuse of Americas Intelligence Agencies," lectures at American University. Topic: ``Building the Case for War with Iran: What Did Congress and the Media Learn from Iraq?" Location: Ward 2 (Auditorium/Classroom on the lower level of Ward Circle Building), American University, 4400 Massachusetts Ave. NW.

POLAR BEAR-PUBLIC HEARING _ 6 p.m. - 9 p.m. US Fish and Wildlife Service holds public hearing on the 12-month petition finding and proposed rule to list the polar bear as ``threatened throughout its range under the Endangered Species Act. Location: Interior Dept. auditorium, 1849 C. St NW.

LABOR SECRETARY-AWARD _ 7:15 p.m. US Secretary of Labor Elaine Chao delivers remarks and receives an award at a US Hispanic Chamber of Commerce event. Open press. Location: 101 Constitution Ave. NW, Suite 400.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: MONDAY, MARCH 5, 2007 7:45 AM EST

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TERRORISM NEWS:

DOJ Probes Arab Bank's Ties To Terrorism Funding. The Los Angeles Times (3/4, Meyer, 850K) reports, "A three-year investigation into the activities of" Arab Bank, "one of the Middle East's largest and most influential" banks, is "producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors." DOJ "is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and individuals accused of terrorism, according to three former U.S. counter-terrorism officials." The Times notes that in 2005, Arab Bank "agreed to pay the federal government $24 million in fines for violating U.S. laws aimed at preventing terrorist financing. … The bank is also being sued in federal court in Brooklyn by Americans and Israelis injured in suicide bombings or other fighting in Israel and the occupied territories."

Hicks' Military Lawyer Blasted Over Statements Made In Australia. The New York Times (3/5, Bonner, 1.16M) reports Col. Morris D. Davis, the chief prosecutor at Guantánamo Bay, "has lashed out at the military lawyer for one of the detainees." Davis said Maj. Michael Mori of the United States Marine Corps, "should not be making public appearances in Australia in uniform on behalf of his client, David Hicks, and that he faced possible prosecution for some of his remarks." Davis is quoted as saying, "I don't know what Major Mori's plans are right now but if he wants to come back home and represent his client, that would be helpful. … Certainly in the U.S. it would not be tolerated having a U.S. marine in uniform actively inserting himself into the political process. It is very disappointing to see that happening in Australia, and if that was any of my prosecutors, they would be held accountable." Major Mori, "who was in Australia this past week, for the seventh time in three years, reacted with anger. 'Are they trying to intimidate me?' he said in a telephone interview on Sunday."

HOMELAND RESPONSE:

Holt Seeks Update On FBI's Anthrax Investigation. The AP (3/5) reports Rep. Rush Holt "wants hearings into what he says is a lack of headway in the FBI's investigation into the deadly anthrax attacks of 2001. 'It seems to me this investigation is not making progress. I can't say for sure. They won't brief me,' Holt told The Times of Trenton for Saturday newspapers. 'Not briefing Congress on the status of the probe into the biggest biological attack in United States history is inexcusable,' he said. … Over the years, Holt has been a vocal critic of the bureau's handling of the case, especially because anthrax contamination was found in mail facilities in and near Holt's district. Holt on Friday called on four committee chairmen and one subcommittee chairman in the House to hold oversight hearings into the investigation. … Several earlier attempts to receive information failed. In September and October 2006, Holt formally requesting that the FBI brief Congress on the investigation. He was denied."

WPost: Florida Encouraging Building Where Hurricanes Likely To Strike Again. The Washington Post (3/5, A14, 690K) editorializes, "America has a bad habit of building in areas that don't make sense environmentally or actuarially" that "has been aided and abetted by public officials who bend to the will of developers and their customers, despite storms, floods, earthquakes and other natural calamities that destroy lives and break banks. The latest example of this can be found in Florida. By rolling back insurance rates, spreading the risk and fiddling with its catastrophe fund, the Sunshine State has invited more development in dangerous places." The Post states that "in keeping a campaign promise to cut rates, Gov. Charlie Crist (R) and the legislature not only are gambling with the state's fiscal future but also are giving people an incentive to keep putting themselves in harm's way."

WPost Says Homeland Security Bill Should Not Be Blocked Over Labor Issue. The Washington Post (3/5, A14, 690K) editorializes President Bush "shouldn't veto" the Senate's "generally sensible homeland security bill" over a provision to provide union rights for TSA screeners, and Republicans "shouldn't vote to sustain if he does. Other employees of the Department of Homeland Security enjoy the benefits of collective bargaining without endangering Americans' safety. Sen. Joseph I. Lieberman (I-Conn.), who sponsored the bill, points out that TSA employees have unnecessarily limited access to redress, which contributes to the TSA's high turnover, high absenteeism and low morale. Meanwhile, there's a lot more to the bill than this one provision." The Post goes on to commend the bill's sponsors for excluding "a requirement that all sea cargo containers be scanned for harmful materials before entering the United States. … A pilot program testing the mere feasibility of scanning all containers is far from complete."

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WAR NEWS:

Bush, Cheney To Deliver Speeches On Iraq, War On Terror. The Washington Times (3/5, Ward, 88K) reports, "Both President Bush and Vice President Dick Cheney will give speeches in the next few days on the war on terrorism, to the applause of Republicans who say the White House needs to be more aggressive in selling the successes in Iraq." Bush "will speak on Iraq and the war against terrorism tomorrow in a speech to the American Legion. Mr. Cheney will speak today to the Veterans of Foreign Wars legislative convention. A senior Bush administration official, however, said that 'more than anything else, the actions on the ground in Iraq, part in Baghdad, are going to dictate how it's interpreted, so, the president, we view his role in this is to give the broader context.' Politically, the White House is happy that the center of the Iraq war debate has shifted to Capitol Hill, giving the Democrats the chance to fail on their campaign promises to end the war."

US, Iraqi Troops Meet Little Resistance In Push Into Sadr City. ABC World News (3/4, story 4, 1:35, Harris, 8.78M) reported, "In Iraq today US troops moved into Sadr City, the vast and volatile Shiite neighborhood, a stronghold of the radical religious leader Muqtada al Sadr. This is the latest step in the new security operation which is designed to bring Baghdad under control." ABC (McCarthy) noted Sadr City is "the stronghold of the anti-American cleric Muqtada al Sadr. And what was perhaps most surprising was that they actually met little or no resistance. Some had thought that Sadr's men would fight the Americans, but it now appears the militias have been told to lie low during the American surge."

Similarly, USA Today (3/5, Davis, 2.27M) calls the raid a "critical step in the new Baghdad security plan," and says Mahdi Army "militants have displayed little resistance to the security campaign. Sunday was no exception: US forces swept through the eastern corner of Sadr City with barely a sign of opposition."

The Washington Post (3/5, A11, Raghavan, 690K) reports "the operation represented the most serious effort yet by the government of Prime Minister Nouri al-Maliki to neutralize the Mahdi Army." Maliki "has for months faced intense US pressure to send troops into Sadr City and assert the government's authority." But "he has long avoided doing so because Sadr, who controls six ministries and 30 seats in parliament, is his political benefactor." Sunday's push "occurred only after Sadr had agreed to support Maliki's new Baghdad security plan, Iraqi officials said, and after negotiations with civil leaders and Sadr's representatives on the role of US troops in Sadr City." Lt. Col. Christopher C. Garver, a US military spokesman, said, "It is a multi-day operation, continuing operation. … We do not go and do this just to leave."

The Los Angeles Times (3/5, Susman, 850K) reports Sadr City's "fearsome reputation and political clout had rendered it largely off-limits to US and Iraqi government troops for nearly three years." The Times refers to a "limited raid, in the Jamila section of the sprawling slum," which "raised the question of how long things will stay quiet, given the opposition to foreign troops of anti-US Shiite cleric…Al-Sadr, whose Mahdi Army militia took control of Sadr City's streets after the US-led invasion of Iraq in 2003." The Times adds, "More than 600 US soldiers and 550 Iraqi troops, backed by a column of armored vehicles, took part in Sunday's operation, described as a first step toward establishing a permanent US-Iraqi security station within Sadr City."

US Ambassador to Iraq Zalmay Khalilzad said on CNN's Late Edition (3/4, Blitzer), "We don't know whether he's had a change of heart, but certainly there is a change in tactics. He is lying low. Many of his supporters have left, particularly the commanders, Sadr City. The mayor of Sadr City welcomed the coalition forces today and promised to cooperate with it as they went along with the Iraqi forces there. This is a good thing that he is not resisting the coalition at this time. But what is needed over the long term is for the Sadr movement, for Muqtada al-Sadr, to embrace the political process and to give up on militias and on violence."

The CBS Evening News (3/4, story 4, :10, Attkisson, 7.66M) didn't note the offensive into Sadr City, but reported that "the US military said today two Marines and a sailor have been killed, raising the US death toll to 3,170."

"Surge" Said To Be Reducing Insurgent Violence. On ABC World News (3/4, story 4, 1:35, 8.78M), Terry McCarthy said, "I have just come back into Baghdad after a month away, and what has struck me is how much calmer the city feels now than before I left. It is far from perfect -- today Baghdad had two car bombs and several roadside bombs, and tonight we can hear mortars falling in the south of the city. But during the day, the streets are definitely more crowded, and many locals told us they feel much safer moving around their own neighborhoods. The police tell us the number of dead bodies turning up on the streets is dropping sharply. All this, however, pales in comparison to Kurdistan in the north, where we spent most of last week. The economy is booming up there, and the security situation is almost perfect."

Mohammed and Omar Fadhil, who write a blog, IraqTheModel.com, from Baghdad, say in today's Wall Street Journal (3/5, A17, 2.04M), "The new strategy to secure Baghdad has been dubbed by Prime Minister Nouri al-Maliki as 'Operation Imposing the Law.' After weeks of waiting and anxiety it is finally underway, and early signs are

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encouraging. The government information campaign and the news about thousands of additional troops coming had a positive impact even before the operation started. … The brightest image of the past two weeks was the scene of displaced families returning home; more than a thousand families are back to their homes under the protection of the Army and police. This figure invites hope that Baghdad will restore its social, ethnic and religious mosaic. Marketplaces are seeing more activity and stores that were long shuttered are reopening -- including even some liquor stores that came under vicious attacks in the past." This "is a sign that extremists no longer can intimidate people and hold the city hostage. All of this gives the sense that law is being imposed."

The AP (3/5, Lenz) reports on the "new strategy to move some units off big, fortress-like bases and into outposts in Iraq's most violent places. The plan hinges on hopes that increased contact with ordinary Iraqis will help soldiers separate innocent civilians from militants hiding among them, and try to rebuild a battered U.S. image after four years of fighting. The shift also stands as an indirect indictment of the Pentagon's old counterinsurgency plans after years of losing touch with the Iraqi streets - and access to the crucial rumor mills and informants." An open-air clinic produced "dozens of tips. ... Along with the advantages, however, come risks. A coordinated attack last month on the outpost in Tarmiyah, about 30 miles north of Baghdad, killed two soldiers and wounded dozens more."

Iraqi, British Troops Storm Government Offices In Basra. The New York Times (3/5, Semple, 1.16M) reports, "Iraqi special forces and British troops stormed the offices of an Iraqi government intelligence agency in the southern city of Basra on Sunday, and British officials said they discovered about 30 prisoners, some showing signs of torture." The raid "appeared to catch Iraq's central government by surprise and raised new questions about the rule of law in the Shiite-dominated south, where less than two weeks ago Britain announced plans for a significant reduction in its forces because of improved stability." The Times adds, "News of the Basra raid, with its resonant themes of torture and sectarian-driven conflict, coincided" with the Sadr City operation. Maliki "condemned the raid in Basra. He publicly said nothing about the evidence of torture."

10,000 Government Employees Fired Or Reassigned. USA Today (3/5, Jervis, 2.27M) reports, "Iraq's Interior Ministry has fired or reassigned more than 10,000 employees, including high-ranking police, who were found to have tortured prisoners, accepted bribes or had ties to militias, a ministry spokesman has disclosed." A "soon-to-be-released internal inquiry also details 41 incidents of human rights abuse at the ministry. In one case, four members of the national police hanged prisoners from a ceiling and beat them with sticks in a ministry-run prison known as Site 4, according to the report by the ministry's inspector general."

"Plan B" If "Surge" Fails Could Entail Containing Civil War, Redeployment Outside Baghdad. The Washington Post (3/5, A1, DeYoung, Ricks, 690K) reports on its front page, "During a White House meeting last week, a group of governors asked President Bush and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, about their backup plan for Iraq. What would the administration do if its new strategy didn't work? The conclusion they took away, the governors later said, was that there is no Plan B." While "senior officials have rebuffed questions about other options in the event of failure... the subject is on a lot of minds inside and outside the government. 'I would be irresponsible if I weren't thinking about what the alternatives might be,' Defense Secretary Robert M. Gates acknowledged last month to Congress, where many favor gradual or immediate withdrawal." Gates "did not elaborate. Several administration officials, while insisting that a wide range of options was discussed before Bush's Jan. 10 announcement, firmly closed the door on the subject of fallback plans. … National security experts outside the government have stepped into the void, offering detailed options through public papers, speeches and policy proposals over the past several weeks." Stephen D. Biddle, "a senior fellow at the Council on Foreign Relations and an adviser to the Defense Department," said, "The ultimate Plan B is pull everybody out. … Nobody wants to do that. Most are looking at the middle ground between surge and pullout." The Post adds, "Most options involve partial or complete US redeployment from Baghdad and other violent urban centers, followed by containment of the civil war within Iraq's borders. … A related option would involve redeploying US forces to the relative safety of the Kurdish region in northern Iraq, to more peaceful areas in the south and to Anbar in the west, where they could focus on fighting al-Qaeda."

Meanwhile, on the Los Angeles Times (3/5, 850K), Harvard professor Samantha Power writes, "Some defenders of…Bush's approach...have now settled on genocide warnings after each of their original justifications for being in Iraq -- weapons of mass destruction, terrorism prevention, energy diversification, regional stabilization and democracy promotion — has crumbled one by one. Other proponents of remaining in Iraq...are genuinely frightened that, as ferocious as the civil war there has become, a U.S. withdrawal could unleash an all-out slaughter." Power argues instead, "We must announce our intention to depart and use the intervening months to prioritize civilian protection by pursuing a bold set of measures combining political pressure, humanitarian relocation and judicial deterrence." If US political pressure on Maliki fails, "the US should go further and announce its willingness to assist in the voluntary transport and relocation of Iraqi civilians in peril. ... Finally, if

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we are serious about preventing further sectarian horrors, the US must send a clear signal to the militias and political leaders who order or carry out atrocities that they will be brought to justice for their crimes."

Tancredo Says Bush Has Signaled US Pullout May Begin In November. Rep. Tom Tancredo said on CNN's Late Edition (3/4, Blitzer), "I remember Gen. Casey specifically in front of a Senate committee saying that he had talked with every single commander on the ground. Not one of them supported such an increase or believed that it was necessary, and in fact, would be counterproductive because it would only make the Iraqis more dependent on the United States. ... I think that the increase in the number of troops that we've sent to Iraq is simply the beginning of the end game. We are leaving Iraq. We are leaving there relatively soon. ... I don't know why a lot of people haven't focused on this, but" President Bush "said, I'm establishing a benchmark. And that benchmark is November. And by November, he said, every single province -- 18 provinces -- in Iraq will be under control of the Iraqi government. Well, to me, that is a pretty strong statement to anybody who's listening that that's the end of the line."

War Spending Bill Seen As Fraying Democratic Unity. Roll Call (3/5, Davis, Pierce) reports, "The still-evolving bill to pay for military operations in Iraq and Afghanistan has rapidly become a political headache for Democratic and GOP leaders, as the debate over what to include in the measure has exacerbated intraparty tensions in both chambers." The House Appropriations Committee "could mark up the $100-plus billion emergency supplemental spending bill as early as Thursday, but knowledgeable Democratic aides cautioned last week that the schedule has not been confirmed and could spill into the week of March 12. … While Democratic leaders have emphasized their party's unity on the mid-February resolution condemning the proposed troop increase, the supplemental measure is already straining that accord." The divisions "have presented a serious test for Speaker Nancy Pelosi's (D-Calif.) leadership, as well as for Appropriations Chairman David Obey (D-Wis.), who must shepherd the legislation. … Meanwhile, Senate Republicans said the Democrats' apparent inability to forge a consensus on how to address the Iraq War in the supplemental and in other ways made their opposition to funding restrictions or cuts much easier."

Murtha Says US Doesn't Have The Troops To Sustain Iraq War Effort. Rep. John Murtha said on NBC's Meet The Press (3/4, Russert), "The other day, Gen. Pace, the chief of the Joint Chiefs, said, 'Look, you're going to hurt the troops deployment overseas if you do what Murtha wants to do.' ... What he didn't talk about was our strategic reserve, what he didn't talk about was we're sending troops back without a year at home, what he didn't talk about was the fact they're going in without the equipment they need to fight in combat. That's unconscionable, and the Congress is going to stop that. The White House is finally beginning to recognize they don't have the troops, as I predicted they wouldn't have, to sustain this deployment. They certainly don't have the troops to increase and to have a surge without breaking every rule that they set. ... We're caught in a civil war. ... There's no way that we can continue our troops in harm's way in a civil war. I supported an extra 200,000 troops in Vietnam when I came back from Vietnam. It didn't work. This is not working."

Senators' Opinions On Iraq Resolution Break Along Party Lines. Senate Armed Services Chairman Carl Levin said on CBS' Face The Nation (3/4, Schieffer), "There's going to be a resolution, which we believe will get the support of almost every Democrat, and hopefully a few Republicans, because this should not be a partisan issue, which will modify the authorization so that our mission in Iraq is more limited. It will not be combat in the middle of Baghdad. It will be a transition to a more limited mission of supporting the Baghdad army, training and logistics of that army. And we will, of course, have a limited presence for a targeted counterterrorism mission, as well as trying to see if we can provide some support for the borders of Iraq."

Sen. Charles Schumer said on ABC's This Week (3/4, Stephanopoulos), "We are coming to a very broad consensus...that we ought to change the mission. The mission in Iraq has devolved into policing a civil war, having our troops walk up and down Haifa Street, as the Sunnis and Shiites who have hated each other for centuries shoot at one another. We want to change it, to have a much more narrow focus, and that is on counter-terrorism as well as force protection. ... We're hoping to get close to unanimity, like we did on the surge resolution, that requires the President to change that mission, so that we focus on what Americans always wanted to focus on: counter-terrorism."

Sen. Christopher Dodd said on CNN's Late Edition (3/4, Blitzer), "Obviously this is a civil war going on, and expecting US forces to be a referee in civil war in large urban areas -- Baghdad has six million people -- with some 18 to 21,000 groups on the ground doesn't make a lot of sense to many people. ... I think it's going to be incumbent upon the Iraqis themselves to pull this together."

Senate Minority Whip Trent Lott said on ABC's This Week (3/4, Stephanopoulos), "This is about the Congress trying to micromanage the situation. When the going gets tough, they're trying to figure out how to get out. And they can't get their act together on how to defund the troops, so they're having all these different approaches. You had the Biden resolution, the Levin resolution, the Pelosi-Reid resolution, the Murtha slow-bleed resolution. ... They can't get it together."

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Sen. Lindsey Graham said on NBC's Meet The Press (3/4, Russert), "People are frustrated. They're beginning to doubt whether the Iraqis can get their act together among themselves. Are we're in the middle of a group of people, no matter how long we stay and how much money we spend and how many Americans are killed, are they capable of pulling this off? I think people doubt that. ... The biggest mistake we made early on was underselling how hard it would be. I think people have lost sight due to frustration, that it's part of the overall war on terror. The President's going forward based on an assumption that a failed state in Iraq is a mighty blow in the overall war on terror. ... Thank God there's not 535 commander-in-chiefs, there's only one."

Sen. Jon Kyl said on CNN's Late Edition (3/4, Blitzer), "There are elements of Shiite and Sunni people fighting each other, to be sure, but some of that was spawned by Al Qaeda deliberately trying to get the Shiites to strike back at Sunnis. ... What I heard when I was in Baghdad just about 12 days ago, both from the Iraqi leaders and also from our military commanders on the ground, early signs of success that this new strategy could work and was beginning to work."

Sen. Joseph Lieberman, again disagreeing with the Democratic majority, said on CBS' Face The Nation (3/4, Schieffer), "I don't think the resolution makes sense insofar as, look, if people want to stop this war, the way that the Constitution gives Congress authority to do it is to stop the funding. They won't do that, because there's not the support for it and they don't want to seem to be not supporting our troops. ... I wish instead of going into this kind of trench warfare, parliamentary partisan battling in Congress off and on for the next few months, that instead we do two things. One is concentrate on something all of us agree on, which is fixing the unacceptable, immoral gaps in our treatment system for the veterans who have fought in Iraq and Afghanistan. Second, we've got in Iraq now a new plan, additional troops, a new general. ... Let's have a truce in the political war here in Washington over the war in Iraq so we can give our general and our troops the opportunity to show some success in the real war in Iraq."

Public Opinion Shift Seen As Aiding Democrats, Hurting McCain. The Washington Times (3/5, Bellantoni, Miller, 88K) reports, "As the war in Iraq and the broader battle against terror were being fought abroad, the political calculus at home changed, with public opinion shifting to favor the Democrats on an issue that long had been a Republican winner." Republicans "won the 2002 and 2004 elections in part because voters were convinced that Democrats were weak on defense and lacked the political will to protect the U.S. from terrorists. That changed as the war in Iraq grew more unpopular -- a major factor in the sweeping Democratic gains last fall, allowing the party to regain congressional power." The Times adds, "Anti-war sentiment has been bolstered lately, with polls showing the majority of Americans disapproving of President Bush's plan to send a 'surge' of 21,500 more troops to Iraq. Most surveyed instead want to see troops withdrawn from Iraq with varying degrees of dispatch." The war has also "turned the Republican presidential race on its head, dragging down the popularity of one-time front-runner and war hawk Sen. John McCain of Arizona and bolstering anti-war candidates. 'I would much rather lose a campaign than lose a war,' Mr. McCain has said in defending his stance of wanting to send more troops to Iraq. The senator told The Washington Times he sees his party's rank and file recoiling from Democrats' anti-war rhetoric. 'Where I've been traveling -- which is talking to Republicans -- the Republican base is coming back and supporting the president because the Democrats have overreached,' said Mr. McCain, a decorated Vietnam veteran."

Sadr, Mahdi Army Quiescent As US Surge Starts. Newsweek (3/12, Nordland, 3.12M) reports Shiite leader Moqtada al-Sadr "has all but disappeared from the Iraqi scene the past three weeks, and Sadr's Mahdi Army has been notably quiet, too. Officially, the Iraqi government is attributing that to the new Baghdad security plan, part of a surge of forces that will eventually include 21,500 new American troops." But one Iraqi official "says what's really happening is the taming of Moqtada." Despite an "upsurge in suicide bombings by Sunni extremists, mostly aimed at Shia civilians, the number of reprisal killings is down dramatically since the security plan was launched on Feb. 14." The senior Iraqi official "credits pressure on Sadr from his former patrons in Iran, as well as from Ayatollah Sistani and the Marjaiyah, the Shia clerical leadership in Najaf. He says Iran is withholding military advice and aid to Sadrists as well as other rogue elements, and leaning on them to stop the killings." Some analysts "worry that Sadr and Shia extremists are just biding their time. But as additional U.S. troops arrive during the next two months, that may prove an uncomfortable wait."

IED Remains Biggest Threat To US Troops. U.S. News and World Report (3/12, Kingsbury, 2.03M) reports the letters IED, "for improvised explosive device, have become forever associated with the war in Iraq. These weapons are the greatest day-to-day threat to U.S. forces. The military reported that at least 60 U.S. troops have been killed in IED attacks so far this year (the military doesn't report the cause of death in all instances). IEDs were responsible for more than half of American hostile-fire deaths in the past 12 months." The military has "struggled to develop practices and gear to counter the IED threat, with an array of devices designed to trigger the bombs prematurely or render them harmless."

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Kennedy Says It Will Take Congress Time To Affect Iraq Policy. Time (3/12, Calabresi, 4.03M) interviewed Sen. Edward Kennedy. Asked why, since Democrats "have the country with them against the war in Iraq," they "aren't acting to end it?" Kennedy said, "This war is the major blunder in American foreign policy. We ought to free ourselves from our troop involvement. But if you look back on Vietnam, it wasn't until 1973 that we passed the resolution that actually halted troops and money. There's no question that this is a slow-moving institution, and it's no new statement to say that we are behind what's happening out in the countryside."

US Said To Do Little To Aid Iraqi Refugees. Time (3/12, Calabresi, 4.03M) reports the war in Iraq "has driven nearly 4 million people from their homes. As many as 2 million have fled the country, in what Refugees International calls the fastest-growing crisis in the world." The burden "of coping with this exodus has fallen most heavily on Iraq's neighbors, such as Syria, Jordan and Iran, who have absorbed the vast majority of exiles. But the war's reverberations are being felt beyond the Middle East, in places as seemingly distant and incongruous as Sweden, which has taken in more than 11,000 Iraqis since 2005." The US, however, "has been reluctant to open its doors, admitting just 18 Iraqi refugees in 2005 and 202 in 2006." Although the Bush Administration "has offered to cover about a third of the $60 million that the U.N. says is needed for the refugees, the US's European and Arab allies think Washington should cover far more of the costs resulting from what they view as America's war."

Syria Playing Large Role In Aiding Refugees. Time (3/12, Butters, 4.03M) reports the Iraqi-refugee issue "is also changing Syria in deeper ways, altering the country's image in the Middle East -- and bolstering its leverage with the U.S. While the Bush Administration has accused it of supporting terrorism in Iraq, Israel and Lebanon, Syria has established itself as the lifeboat of the Arab world. Having taken in 180,000 temporary Lebanese refugees fleeing the war with Israel last summer, Syria is the only Arab country that has been equally welcoming to all of Iraq's religious sects, according to Syrian human-rights groups. Only Jordan -- which has received 750,000 Iraqis but has stopped accepting more -- comes close to matching Syria's largesse."

Sweden Accepting More Iraqi Refugees. Time (3/12, Walt, 4.03M) reports Sweden, a "country of 9 million has long prided itself on being one of the world's most hospitable to foreigners fleeing war and hardship." But "nothing could have prepared Swedes for the numbers of Iraqis who are pouring in today." Having "granted asylum to 2,330 Iraqis in 2005, Sweden received nearly four times that many last year." With Iraq's "civil war still raging, Swedish officials say they are bracing for a possible 35,000 this year."

Japan Mulls Extending Iraq Mission. The AP (3/5) reports, "Japan's top government spokesman said Monday that Tokyo is undecided about whether to extend the nation's air force mission in Iraq when it expires in July, but that a decision is expected by the end of this month. Tokyo has been airlifting U.N. and coalition personnel and supplies into Baghdad and other Iraqi cities from nearby Kuwait since last year as part of efforts to support the reconstruction of Iraq. The mission is set to end July 31, and debate is already gearing up about whether Tokyo will continue its contributions to a war increasingly unpopular at home. ... some in Japan criticize the operations for violating the pacifist constitution, which prohibits the use of force in solving international disputes."

Khalilzad Says US Has Not Ruled Out Bilateral Talks At Iraq Summit. Ambassador to Iraq, Zalmay Khalilzad, told CNN's Late Edition (3/4, Blitzer), "This is a multilateral meeting at the invitation of Iraq. Of course, the purpose is to get the neighbors to contribute to stabilizing Iraq, to work with the Iraqi government with regard to its agenda for success in Iraq. And we have not decided, at this point, with regard to anything bilateral, but we will be prepared to play our role as constructively as possible."

Similarly, the Washington Times (3/5, 88K) reports, "US and Iranian officials, in separate remarks yesterday, both left open the possibility of bilateral talks on the sidelines of a regional meeting this week in Baghdad." The Times notes Ambassador Khalilzad's remarks to CNN and reports that Iranian Foreign Ministry spokesman Mohammed Ali Hosseini, "meanwhile, said his country has not decided whether it will attend the Baghdad conference but did not rule out a decision to meet directly" with Khalilzad."

Meanwhile, Sen. Jon Kyl said on CNN's Late Edition (3/4, Blitzer), "It's important that the Iraqis are calling this group of their neighbors together, to urge them to help Iraq become a stable society. And clearly...we have an interest in conveying to the Iranians our displeasure with their sponsorship of weapons and elements of violence within Iraq. And I think it is important for us to convey that message to them."

Sen. Christopher Dodd said on CNN's Late Edition (3/4, Blitzer), "This should have happened a long time ago. We've had more than a year of the Administration refusing to sit down and talk with anybody, except our friends in the region, no wanting to talk to the Syrians or the Iranians. So I welcome that. I hope it's not too late."

House Intelligence Committee member Pete Hoekstra said on Fox News Sunday (3/4, Wallace), "If you take a look at the bigger picture -- their activities with the nuclear weapons program, their relationships with Hamas, Hezbollah, their activities in Iraq -- Iran is clearly somebody that we need

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to be very, very concerned about. ... We need to focus on them and I think some of the changes and some of the steps that are being taken by the Administration are very positive."

US Troops Said To Have Fired On Afghan Civilians. The CBS Evening News (3/4, story 3, :20, Attkisson, 7.66M) reported, "There are charges that US forces fired on Afghan civilians in the chaotic aftermath of a suicide bomb attack on a US military convoy in Afghanistan today. Afghan witnesses and gunshot victims say as many as ten Afghan victims were killed and 34 wounded. A US spokesman says it's unclear what happened."

ABC World News (3/4, story 3, 2:10, Harris, 8.78M) reported, "This is a delicate and dangerous moment in Afghanistan. A time when US troops are trying to both prepare for and pre-empt an expected spring offensive from the Taliban. And today at this crucial moment there was an incident that could further turn public opinion against Americans."

The New York Times (3/5, Gall, 1.16M) reports "American and Afghan officials said" US troops "opened fire on a highway filled with civilian cars and bystanders on Sunday." The US military "said the unit came under fire after a suicide bomber detonated his explosive-laden car near their convoy 'as part of a complex ambush involving enemy small-arms fire from several directions.' Members of the unit, on patrol near Jalalabad airfield, returned fire, and the civilians were killed and wounded in the cross-fire during the battle, according to a statement from the military press office at Bagram Air Base, 40 miles north of Kabul." The Washington Times/AP (3/5, Faiez), Washington Post (3/5, A11, Witte, 690K) and Los Angeles Times (3/5, Azimi, King, 850K) also reports the story.

Karzai Urged To Sign Amnesty Law. Richard May, a former captain with the Army's 82nd Airborne Division who served in Afghanistan and Iraq, and is now a fellow at the World Security Institute's Center for Defense Information, writes in the New York Times (3/5, 1.16M), "Late last month some 25,000 people held a rally in the Afghan capital, Kabul. Were they calling for more aid?" They "were urging President Hamid Karzai to sign a law providing legal amnesty for actions committed during the civil war that raged in Afghanistan during and after the Soviet occupation. While the law has passed both houses of Afghanistan's Parliament, the United Nations High Commissioner for Human Rights and several humanitarian groups have argued against it on the grounds that it eliminates any possibility for justice for the people killed, tortured and raped during that awful period." May says "Karzai should sign the law." The "fragile government in Kabul cannot focus on dividing its country over past acts. It must look to the future with a vision that accepts all elements of its society." Karzai "should err on the side of unity."

Taliban Bombing Underscores Purpose Of Cheney Visit. Time (3/2, Baker, 4.03M) reports the "suicide bomber outside the main U.S. military base in Afghanistan on Feb. 27 killed about two dozen people -- and underscored the mission of Dick Cheney, who had arrived less than 24 hours earlier to meet with Afghan President Hamid Karzai." The Vice President "had just come from Pakistan, where he urged President Pervez Musharraf to crack down on the activities of the Taliban -- which claimed responsibility for the attack, saying it was timed to Cheney's visit--and al-Qaeda." Musharraf is "in a bind. Even if he doubled the number of troops on the border, says a Western diplomat in Pakistan, it would probably just exacerbate regional violence by fueling antigovernment sentiment."

Newsweek (3/12, Hirsh, Yousafzai, 3.12M) reports the "Feb. 27 attack on Baghram air base during Cheney's surprise visit was the most vivid reminder to date that, half a decade after they were supposedly vanquished, the Taliban is back in force, along with its onetime Qaeda guests. And the jihadists are now confident enough to launch a frontal suicide assault on the main U.S. stronghold in South Asia." The "Bush team's main concern now is that the Taliban's 'spring offensive' could topple Karzai or turn him into a more isolated figure, hunkered down in Kabul." An "even scarier prospect is that a newly Talibanized Afghanistan, along with sympathetic areas of neighboring Pakistan, could become a launchpad for the next plot against America." Taliban officials "tell NEWSWEEK that they have carved out a huge border zone of their own. And they say Qaeda 'foreigners' -- mainly Arabs bent on killing Westerners -- are being welcomed back into parts of Afghanistan and Pakistan's North Waziristan region, where Pakistani President Pervez Musharraf signed a controversial peace deal with tribal elders last September."

Lawmakers Urge Pakistan To Curb Al Qaeda. The AP (3/5, Yen) reports Pakistan "must do more to stem al-Qaeda in its ungoverned territories amid growing signs operatives plan a spring offensive against allied forces in Afghanistan," lawmakers on the intelligence committees said Sunday.

Senate Intelligence Committee member Dianne Feinstein told Fox News Sunday (3/4, Wallace), "The Pakistanis either have to let us go in, or go in themselves when they have intelligence. And I think the kind of half-measures that the Pakistanis have taken in that particular area don't stand us in good stead. There's no question that there's going to be a spring offensive in Afghanistan…and we have to have some pinpoint attacks that produce some dividends."

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Meanwhile, House Intelligence Committee member Pete Hoekstra said on Fox News Sunday (3/4, Wallace), "There's no doubt that we've degraded the capabilities of Al Qaeda, but they are regrouping. … We may want Pakistan to do more things. But President Musharraf is facing elections in September. There are parliamentary elections next January. We need stability in the regime. We need this regime to survive. And there's a reason that they've called this the ungoverned areas. No one has really been able to go into these areas and take control, but the Pakistanis have been doing a number of things to help us go after Al Qaeda."

New Al Qaeda's Strength Called Into Question. The Christian Science Monitor (3/5, Grier, 59K) reports, "Hidden in the harsh terrain of Pakistan's tribal lands near the Afghan border, Al Qaeda's senior leaders have quietly been rebuilding their terrorist network – including lines of command to cells in other nations." But "this resurgence does not mean the group has regained its old strength, say US intelligence officials and outside experts. Al Qaeda's top levels are now filled with inexperienced commanders, and its new camps can train only a fraction of the recruits the pre-2001 infrastructure in Afghanistan could handle." Al Qaeda's "goals also remain murky. It is not clear whether the organization has a specific plan to strike within the United States or whether it considers Europe, or Iraq, more important in its war to impose its vision of Islam on the Middle East."

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Domenici Says He Contacted US Attorney. The AP (3/5, Talhelm) reports, "New Mexico Sen. Pete Domenici acknowledged Sunday that he called a federal prosecutor to ask about a criminal investigation several months after calling for his replacement, but insisted he never pressured nor threatened his state's US attorney." The prosecutor, David Iglesias, "was fired by the Justice Department in December. Iglesias says he believes he was dismissed for resisting pressure from two members of Congress before last year's election to rush indictments in a Democratic kickback investigation." The AP adds, "Ethics experts said Domenici's conduct may have violated Senate rules, which generally bar communications between members of Congress and federal prosecutors about ongoing criminal investigations.":

The Washington Post (3/5, A1, Eggen, 690K) notes "Iglesias and five other fired prosecutors are scheduled to testify tomorrow before Congress." Iglesias "declined to comment in detail yesterday on Domenici's statement, saying he was refraining from further public remarks before the hearings."

The New York Times (3/5, Johnston, 1.16M) reports "a Justice Department spokesman said on Sunday that records at the agency showed that the senator complained about Mr. Iglesias in calls to Attorney General Alberto R. Gonzales in September 2005 and again in January and April 2006. The senator made a brief call to Paul J. McNulty, the deputy attorney general, in October 2006 when the deliberations over Mr. Iglesias's dismissal began. In each of these calls, said Brian Roehrkasse, a Justice Department spokesman, Mr. Domenici expressed general concerns about Mr. Iglesias and questioned whether he was 'up to the job.' Mr. Roehrkasse added, 'At no time did they discuss the public corruption case.'" The Times adds, "A Justice Department official said Mr. Domenici's criticism of Mr. Iglesias was a factor in the decision to remove the prosecutor, adding that the decision was also based on an internal evaluation at Justice Department headquarters regarding his handling of the job."

Newsweek (3/12, Isikoff, 3.12M) reports the "firings of eight U.S. attorneys has put the heat on top Justice Department officials -- and some GOP members of Congress." The "controversy escalated last week when David Iglesias, the former U.S. attorney in New Mexico, went public with a dramatic charge: that he had gotten phone calls from two unidentified GOP lawmakers in D.C. last October, pressing him to bring indictments in a high-profile corruption case involving a prominent local Democrat before the November election." Iglesias "plans to name the lawmakers who called him as Rep. Heather Wilson (who was in a tight re-election battle at the time) and Sen. Pete Domenici (who originally sponsored him for the job)." A senior Justice official "confirmed to NEWSWEEK that Domenici 'did express general concerns' about Iglesias to senior DOJ officials -- but insisted he did not specifically complain about the corruption case." The "decision to fire the U.S. attorneys en masse was made late last year by two top aides to Attorney General Alberto Gonzales -- chief of staff Kyle Sampson and deputy A.G. Paul McNulty -- according to a senior department official."

Feinstein Discusses Upcoming Hearings. Senate Judiciary Committee member Dianne Feinstein said on Fox News Sunday (3/4, Wallace), "What's strange about this, never before in history has it happened that in a short given period of time, at least seven were called and told they should resign by a specific date in January. I think that's been pretty well-established. Now, the problem is that the Patriot Act had in it an amendment which gave the ability to the Administration to appoint an interim US attorney permanently, not subject to a limited period of time, pending confirmation. We in the Senate believe it's very important that US attorneys be confirmed by the Senate. That's really what's going on now. Some political things may well emerge. There are going to be a series of hearings...and we'll see what facts emerge. But I think there's a lot of evidence that this was

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done in a way to bring in some bright young Republican operatives into these positions. We'll see."

More Commentary. The Milwaukee Journal Sentinel (3/5) editorializes, "The Bush administration slipped a provision into the USA Patriot Act that Congress renewed last year allowing the attorney general to appoint interim U.S. attorneys for indefinite periods without congressional approval. Previously, such appointments could last for only 120 days. Lawmakers may have figured that the extra leeway might help in rare emergencies." The Sentinel continues, "Well, surprise, surprise. The Justice Department has so far used this provision eight times - and not for emergencies. In a move unprecedented for its scope, the agency has fired eight U.S. attorneys. And indications are that the dismissed prosecutors were too independent, even though President Bush had appointed them. The administration appears to be replacing them with those more pliable. … Congress must stop the purge and reimpose the time limit. Commendably, a House judiciary subcommittee is issuing subpoenas to four of the dismissed prosecutors to appear before it on Tuesday, and the Senate Judiciary Committee is poised to follow suit. Sworn testimony should shed some light on what may be an administration effort to get prosecutors to toe the party line." The Sentinel adds, "The dispute is all the more reason to set the record straight in hearings. … Also, Congress must retract the permission it gave the Justice Department to appoint interim prosecutors indefinitely - permission the administration has abused."

CRIMINAL LAW:

Kremlin Critic Shot In Maryland Thought To Be Robbery Victim. The Wall Street Journal (3/5, A7, Perez, Cullison) reports the FBI joined local police investigating the Adelphi, Md shooting of Paul M. Joyal, "an intelligence expert who suggested the Kremlin was involved in the poisoning death of" Alexander Litvinenko. According to the Journal, "A federal law-enforcement official said local police asked for help from the Federal Bureau of Investigation in part because of Mr. Joyal's activities in the Russian emigré community in the U.S. and his views on" the poisoning of Litvinenko." On 'Dateline NBC' Feb. 25, Joyal "said the Litvinenko murder was a message 'to anyone who wants to speak out against the Kremlin: 'If you do, no matter who you are, where you are, we will find you and we will silence you -- in the most horrible way possible.'"

The Financial Times (3/5, Sevastopulo, Belton) reports Oleg Kalugin, a "former senior KGB officer who met a Russia intelligence expert just hours before his shooting…expressed doubt that the incident was related to" the Litvinenko case. The Times adds, "Police have not commented on the shooting. But a law-enforcement official said Mr Joyal, who remains in critical condition, appeared to have been the victim of a robbery. The official said he was shot after resisting two men who had robbed him. The case has raised interest partly because Daniel McGrory, a reporter with The Times who appeared on the same NBC programme as Mr Joyal, died five days before the broadcast. There has been no official an-nouncement about the cause of death but he is believed to have died from a stroke."

The Washington Post (3/5, B1, Rich) reports Joyal "was robbed of his wallet and briefcase, law enforcement sources said yesterday. That property was taken…supports the theory that he was shot during a robbery rather than in retaliation for public criticism of the Kremlin."

The Washington Post (3/4, C1, Rondeaux, Aratani) reported "an FBI official confirmed yesterday that the agency is looking into the shooting. Joseph Persichini Jr., the FBI's assistant director in charge of the Washington field office, said his office is assisting Prince George's and the Baltimore office of the FBI in the investigation. 'We're pursuing this as hard as possible. We're not at all sure of the motive,' Persichini said."

FBI, California AG Investigating Allegedly Corrupt Police Dept. The Los Angeles Times (3/5, Garrison) reports California Atty. Gen. Jerry Brown "has announced plans to conduct a 'top to bottom' review of the Maywood Police Department, following allegations of sexual misconduct, racism and brutality among officers in the small suburb southeast of Los Angeles. The probe, made public Friday, comes amid residents' growing anger toward the 37-member department. Officers have been accused of beating residents and stalking and sexually abusing women. … Critics have charged that the department's afternoon sobriety checks were designed to snare unlicensed illegal immigrants and generate money. About 96% of the city's population is Latino and more than half are foreign born." The Los Angeles County district attorney's office and the FBI "also are investigating the department, Maywood City Councilman Sam Peña said."

FBI Agent Maintains Elderly Mob Figure Remains Influential. The AP (3/5, McShane) reports, "At an age when most of his contemporaries were long out to pasture or in prison, Matty 'The Horse' Ianniello was still riding high. … It was 1997, and big money was rolling in from rackets in Little Italy, the garbage industry, a mobbed-up union local. The silver-haired Ianniello kept $130,000 in cash around his suburban home, adding a touch of green to his golden years. It took almost a decade, but 'The Horse' now faces the last roundup: He pleaded guilty in a pair of racketeering cases last year. Death behind bars is a possibility for the mobster, who eschewed a graceful exit and

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ignored organized crime history — the boss always becomes the No. 1 target of law enforcement. Even if he's 86 years old. Even if he knows better. … When Ianniello pleaded guilty last year to corrupting a Queens bus drivers union, he arrived in court propped up by a cane. His voice was difficult to understand during his plea; Ianniello's lawyer blamed his client's garbled diction on a stroke. Others were more skeptical, suggesting Ianniello was as healthy as — well, a horse. 'Don't let his age fool you,' said assistant FBI special agent Matt Heron after one of Matty's arrests. 'He's still an influential player.'"

Defendant In DC Death Penalty Case Seeks Mistrial." The Washington Times (3/4, McElhatton) reports, "The defendant in a rare death-penalty case in the District is asking for a mistrial. Larry Gooch, accused of being the enforcer for the violent M Street Crew drug gang in Northeast, last week asked the federal court judge in the case to declare a mistrial. He claims he is not receiving adequate legal representation. Mr. Gooch said he wants a mistrial because one of his attorneys recently elicited 'damaging' testimony from Metropolitan Police Department Detective Carlton Herndon, according to defense filings. … Testimony began last month and is expected to resume today. U.S. District Judge Rosemary M. Collyer has not ruled on Mr. Gooch's request for a mistrial, according to court filings."

Federal Law Prevents Prosecutors From Charging Olsen With Murder. The AP (3/5) reports, "A federal act is preventing prosecutors from moving forward in the murder case against Timmy Brent Olsen. He was charged with murder last January in the 1995 disappearance and death of 15-year-old Kiplyn Davis. Olsen is in a federal prison in Phoenix, Arizona, serving a 12-year sentence for perjury for lying to a federal grand jury investigating the girl's disappearance. He is appealing that conviction. Prosecutors can't force him to return to face the state murder charges without potentially having to dismiss the charges on a technicality. And Olsen won't sign a waiver of the federal act that is keeping him from facing the Utah charges. Prosecutors say they are willing to wait for him to exhaust his federal appeals, at which time he would have no choice but to face the murder charge."

Gibbons Retains Top Criminal Lawyer. The Wall Street Journal (3/5, A6, Wilke, 2.04M) reports, "Nevada Gov. Jim Gibbons, facing a federal investigation of whether he accepted improper gifts or payments from a federal contractor, retained Abbe Lowell, one of the nation's best-known criminal defense lawyers." Gibbons "represented Nevada in Congress for five terms before his election as governor last year. He served on the House intelligence and armed services committees, and used his position to help a Reno software maker, eTreppid Technologies LLC, seek federal contracts." Gibbons and eTreppid's owner, Warren Trepp, "said they did nothing improper."

Whereabouts Of Nearly One In Five Released Texas Sex Felons Unknown. The San Antonio Express-News (3/5, Hughes) reports from Austin, TX, "When Anselmo Pruneda Jr. left prison last May, the forwarding address he left to a Houston boarding house almost sounded like an invitation to the cops for tea. … 'O Do Drop In,' he wrote. … No such place exists." The Express-News continues, "Pruneda, who had spent a dozen years in prison related to the sexual assault of a 9-year-old boy and failing to register as a sex offender, didn't register as required with the Houston police, either. … Lawmakers created sex offender registries so people could check how close potential predators lived to their neighborhoods, playgrounds or schools. But these registries are not fool-proof." The Express-News adds, "The Houston Chronicle and San Antonio Express-News examined the whereabouts of more than 800 sex offenders released from prison to Harris or Bexar counties during the 18 months ending last December. … All had been rejected for early release and had served their entire sentences. Almost 20 percent of them either failed to register as sex offenders or their addresses in the state registry were incomplete, 'unknown,' 'absconded' 'out of state' or 'homeless.' … And that's not counting how many false or out-of-date addresses are only detected when too few local police officers try to knock on too many sex-offender doors." The Express-News notes, "More than 46,000 adults in Texas are registered as sex offenders for crimes ranging from indecent exposure to aggravated sexual assault of a child. … As state leaders in Austin clamor to get tough on violent sex offenders who target children, calling for longer sentences with no possibility of parole or possibly the death penalty, police who work with sex offenders say politicians are overlooking a disturbing trend. … Increasingly, sex offenders deemed too dangerous for early parole return home unsupervised once they have completed their entire sentences. And under the current system, they are less scrutinized, not more. … When paroled, sex offenders aren't released until officials verify and approve where they will live. When registering with local authorities, they must prove their address with a state ID card or drivers license. … But sex offenders who complete their sentences can refuse to tell prison authorities where they will live. Or they can claim they will leave Texas or name a location in the vaguest of terms. They still are required to register with local law enforcement upon release, but police say they often go undetected if they don't."

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FBI Now Able Crack Mortgage Fraud Cases More Quickly. The Myrtle Beach (SC) Sun News (3/5, Morris) reports, "Mortgage fraud is being called the country's fastest-growing white-collar crime. It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say. Two Kansas City politicians recently learned just how quickly. The very day last fall when Katheryn Shields, who was then county executive in Jackson County, Mo., and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale."

Sarbanes-Oxley Used To Prosecute Lawyer Tied To FBI Child Porn Probe. The AP (3/5, Christoffersen) reports, "The arrest of a prominent attorney on charges of destroying evidence in a child pornography investigation is raising alarm bells that a law targeting corporate accounting schemes could be used to prosecute lawyers over work done on their clients' behalf. … Philip Russell was charged Feb. 16 with destroying a computer that contained child pornography at Christ Church in Greenwich." Russell, "the former attorney for the church, is accused of obstructing an FBI investigation that led to the January conviction of the church's music director, Robert Tate, for possessing child pornography. Russell was charged under the Sarbanes-Oxley Act, which Congress passed in 2002 after a wave of corporate accounting scandals to make it easier to prosecute such cases. He faces up to 40 years in prison if convicted. … The law, which was aimed at cases involving corporate document shredding, made it easier to prosecute obstruction of justice by requiring only that an investigation was foreseeable rather than already pending. Prosecutors also no longer have to show the defendant acted with corrupt intent to keep evidence from investigators, experts say.

D'Amato To Lobby For Poker Players Alliance. In its technology section, the New York Times (3/5, Rivlin, Richtel, 1.16M) says former Sen. Alphonse D'Amato, who "never folds," went from playing poker on Capital Hill to playing a more high-stakes poker game on Long Island that involves Howard Stern, among others. So, the paper says "it is a safe bet that his love of poker never proved so lucrative as it did last week, when he signed a lobbying deal with the Poker Players Alliance, a nascent group that hopes that Mr. D'Amato will help them become players in Washington politics, too. … The group is hoping that Mr. D'Amato, long known for his connections to Washington insiders and his ability to deliver perks to his constituents and interest groups, can help them overturn a new federal ban on Internet gambling — or at least exempt poker from its provisions." The paper notes, "The first big assault on poker players came in October when President Bush signed a bill aimed at online gambling by making it a crime to use credit cards or online payment systems for poker and other online casino games and sports betting conducted over the Internet."

Florida Sex Offender Center Shows Record Of Failure. The New York Times (3/5, Goodnough, Davey) reports from Arcadia, FL, "Inside a privately run treatment center here for pedophiles and rapists who have completed their prison sentences, where they are supposed to reflect on their crimes and learn to control their sexual urges, bikini posters were pinned to walls. … Two men took their shirts off, rubbed each other's backs and held hands, while others disappeared together into dormitory rooms. Some of the sex offenders appeared to be drunk from homemade 'buck' liquor secretly brewed and sold here. … And some of the center's employees, who openly ignored the breaking of rules ('As long as they are happy, we let them go,' one explained), reported that a high turnover rate among staff members was mostly because of female employees leaving their jobs after having had sex with the offenders." The Times adds, "These and other observations were included in a memorandum composed in 2004 by six employees on loan here from Pennsylvania. They had been dispatched by the Liberty Behavioral Health Corporation, which ran the facility, the Florida Civil Commitment Center, and a facility in Pennsylvania. … Nineteen states have laws that allow them to confine or restrict sex criminals beyond prison in a trend that is expanding around the country, with legislators in New York last week announcing agreement on a new civil commitment law there. … The courts have upheld the constitutionality of such laws in part because they are meant to furnish treatment where possible. Most of the states run their own centers to hold and treat such predators, generally with meager results, but at a time when private solutions are popular for prisons, toll roads and other state functions, a few have teamed with private industry. … Yet as the story of the center here in Arcadia reveals, even a $19 million partnership between the state and a company that describes itself as "a national leader in the field of specialized sex offender treatment and management" failed to meet a central purpose: treating sex offenders so they would be well enough to return to society."

Former Teen Welfare Mother Poised To Become DC Police Chief. The Washington Post (3/5, A1, Klein) reports, "Cathy L. Lanier's career could have dead-ended in her fourth year with the D.C. police department. … A new sergeant, she was sent east of the Anacostia River to the 6th Police District, one of the city's most crime-ridden

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areas. From the start, things were bad." The Post continues, "Lanier's supervisor, a lieutenant, propositioned her sexually and humiliated her in public by making lewd remarks about her, she said. Once, during a meeting with Lanier and a group of male officers, the lieutenant grabbed her ponytail and made a comment about pulling a woman's hair during sex. … It was 1995, and, Lanier said, she had no clue about the law on sexual harassment. Some officers urged her to file a complaint. But another supervisor warned that the department's good-old-boy culture would ensure that if she took action, she would never be promoted. … She retained a lawyer and, along with another woman making similar allegations, went to court. The city settled their lawsuit, and each woman got $75,000. The lieutenant was shifted to a different police district." The Post adds, "Lanier thought her career was over. But there were no repercussions, she said, because she had a solid track record. 'Your reputation in the department is either as a hard, loyal worker or someone who will do anything to get out of work. I was a worker,' she said." The Post notes, "Now, at 39, she is awaiting D.C. Council confirmation as the city's first permanent female police chief and one of the youngest leaders to head the department. … She has achieved success after struggles in her personal and professional life, including a teenage pregnancy that led her to drop out of high school and an early marriage that failed. Her resiliency will be tested as she inherits a police department in a high-crime city that residents say is out of touch with the community. She is already facing extra scrutiny as a white, female chief of a force that is mostly black and male. … Running the 3,800-member department requires a commanding presence, stamina and the ability to plan while dealing with the inevitable crises. As her predecessor, Charles H. Ramsey, put it: 'There are things coming at you all the time and nobody to pass it off to. The buck stops there.'"

CIVIL LAW:

Measure Curbing Federal Procurement Access For Former Officials Clears Committee. Under the headline, "Slowing Down The Revolving Door," the Washington Post's (3/5, D1, Barr) "Federal Diary" column reports, "A House committee has approved legislation that would lengthen employment restrictions for federal procurement officials who take certain jobs when they leave government, from one year to two years. It also would prohibit newly hired procurement officials from awarding contracts to their former employers for two years." The Post adds that while House Oversight and Government Reform Committee chairman Henry A. Waxman (D-Calif.), suggests tighter restrictions "will bring more accountability to government," OMB's procurement policy chief, Paul A. Denett, "argues that the proposed restrictions 'would do great damage' to the government's ability to hire and keep qualified contracting personnel. 'They will have the unintended effect of harming the career prospects of the overwhelming number of honest, experienced government employees and encourage them to leave government service early,' Denett said in a recent letter to Waxman. An estimated 20 percent of the government's 28,000 contracting professionals are eligible to retire, Denett noted."

CIVIL RIGHTS:

DOJ Official To Lead Racial Healing Discussions In Omaha. The Omaha World-Herald (3/5, Greff) reports, "The arson fire that blew a wall off Bob's Food Mart last month exposed not only the store's contents but also racial tension in the surrounding community of east Omaha. … And as with Hurricane Katrina, underlying problems surfaced, north Omaha leader LaVon Stennis Williams said at a community meeting Sunday at St. Therese of the Child Jesus Catholic Church." The World-Herald continues, "The Feb. 18 robbery and arson at Bob's Food Mart, which police said may have been a racially motivated hate crime, sparked community outcry - and now, an avenue for change. … Two white men robbed the store and ordered Kassahun Goshime, an Ethiopian immigrant, into the basement. His hands and mouth were bound with duct tape and the store was set on fire. Goshime escaped. … His family owns the store. Racist graffiti has been found spray-painted on his home as well as on the store, at 16th and Fort Streets." The World-Herald adds, "Bill Whitcomb, a race relations mediator with the Kansas City office of the U.S. Department of Justice, will be in Omaha next week to lead three discussions on race relations and develop a plan to address the issue, Stennis Williams said. … One of those meetings, a forum scheduled for March 15 at 6:30 p.m., is open to the public. Whitcomb also will lead a meeting with community leaders and another with elected officials. … Stennis Williams said others have told her of racial tensions in the area. … More than two dozen people attended Sunday's community meeting. Contributing to Sunday's discussion were Tommie Wilson, president of the Omaha chapter of the NAACP; Tristan Bonn, Omaha's former public safety auditor; and representatives of the Anti-Defamation League."

Plaintiffs Await Ruling On Georgia Tech Policies. The Washington Times (3/5, Price) reports, "Two women whose 2006 lawsuit against the Georgia Institute of Technology led to the repeal of the school's speech code await a federal judge's opinion on two other unresolved issues in their civil rights case." The Times continues, "Plaintiffs Ruth Malhotra and Orit T. Sklar -- both conservative

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student leaders at Georgia Tech -- say a ruling is pending by U.S. District Judge J. Owen Forrester of the Northern District of Georgia on their requests to overturn a school policy that bans funding of religious and political groups with student activity fees and to shut down an administration-run program that challenges biblical doctrine concerning homosexuality. … 'The clock is ticking away' on the rest of Judge Forrester's decision, which 'could come at any time,' said David French, director of the Alliance Defense Fund Center for Academic Freedom, which is representing Miss Malhotra, a graduate student in international affairs from Georgia, and Miss Sklar, a senior in Tech's undergraduate civil-engineering program. … Mr. French describes ADF as a 'Christian public-interest legal organization' that promotes religious liberty on college campuses." The Times adds, "The plaintiffs and ADF brought the lawsuit a year ago, claiming that Tech's policies designed to protect students from intolerance actually discriminated against conservative religious students who speak out against issues such as homosexuality, abortion and feminism. … Miss Malhotra accused Georgia Tech of 'unlawfully promoting its own [left-wing] agenda while stifling the free expression' of students who hold positions the institution does not share. Both women have been active in College Republicans. … A spokesman for Georgia Tech declined last week to discuss the students' suit, saying the case is in the hands of the Georgia state Attorney General's Office."

Disabled Attorney Helps Others With Disabilities. The Los Angeles Times (3/5, Riccardi) reports from Denver, "Carrie Ann Lucas is confined to a wheelchair. She breathes with the aid of a ventilator. She cannot hear and can see only at close range. … She begins most days about 4 a.m. with newspapers and e-mails. About 5:30, she wakes her three disabled daughters. She and an aide dress the two who use wheelchairs. The girls cannot feed themselves so Lucas and the aide plug feeding tubes into their bellies. She pours cereal for the one daughter who can eat on her own. She puts the girls on their school buses, the last leaving by 7:10. … Lucas cherishes these mornings, tough as they are, because she knows how hard it is to keep a family together." The Times continues, "She is one of a handful of attorneys in the country whose specialty is representing disabled parents like herself. Her mission: Making sure they get the same chance as everyone else to be moms and dads. … According to the U.S. Census Bureau, 15% of all parents with children in the household have some disability. These parents are far more likely to have the government try to take their children away. Even Lucas lives in fear that social services may seize her children. She knows the sorrow of losing a child — a 7-year-old girl whom she wanted to adopt was taken from her after a difficult court fight." The Times adds, "Lucas works her cases out of a seventh-floor office at the Colorado Cross-Disability Coalition in central Denver. … More disabled people seek help from the coalition than Lucas, who carries about a dozen cases at a time, can handle. … Among those she has worked with was a deaf woman in suburban Denver, whose two toddlers were taken away and put up for adoption after social workers deemed her an unfit mother because she could not hear her children's cries for attention. Lucas could identify with her — she sleeps with a sound-activated pager that vibrates when one of her daughters calls for her."

NAACP President Resigns. The Washington Times/AP (3/5, Texeira) reports, "NAACP President Bruce S. Gordon said Sunday he is leaving the civil rights organization after just 19 months at the helm, citing clashes with board members over management style and the organization's mission as the reasons. 'I believe that any organization that's going to be effective will only be effective if the board and the CEO are aligned and I don't think we are aligned,' Gordon told The Associated Press. 'This compromises the ability of the board to be as effective as it can be.'" Julian Bond, "chairman of the board of the Baltimore-based National Association for the Advancement of Colored People, said Sunday that Gordon tried to quit just six weeks after taking the job in August 2005, but Bond convinced him to stay."

The New York Times (3/5, Hernandez, 1.16M) reports, "In interviews, black leaders close to the organization said the reasons behind his departure stemmed from a dispute over its future role in a nation where the battlefront for civil rights has shifted. 'We want it to be a social justice organization; he wanted it to be more of a social service organization,'" said Bond. Gordon "said he did not believe that the organization should abandon its civil rights mission but rather that it should expand its role to include providing social services."

The Washington Post (3/5, A3, Fears, 690K) reports, "During his tenure, Gordon closed the rift between the 98-year-old NAACP and the White House. In July, President Bush addressed the organization's annual convention in Washington. With the speech, Bush avoided becoming the first president since Warren G. Harding not to address the most recognized black American rights group throughout his term." The Post also reports, "Gordon's push to move the NAACP's headquarters to Washington was embraced by numerous board members, including Bond, but was unpopular with executive committee members because it would increase costs, according to a member who is familiar with the talks." The Los Angeles Times (3/5, Hamburger, Silverstein, 850K) also reports the story.

Role Of Education In Black Achievement Examined. Bob Herbert writes in the New York Times (3/5, 1.16M), "It's an article of faith that the key to success in

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real estate is location, location, location. For young black boys looking ahead to a difficult walk in life, the mantra should be education, education, education. … If anything, the role that education plays in the life prospects of black Americans is even more dramatic than in the population as a whole. It's the closest thing to a magic potion for black people that I can think of. For boys and men, it is very often the antidote to prison or an early grave." A new report from the Center for Labor Market Studies at Northeastern University in Boston "tells us that young adults in general have been struggling in the labor market. Many have been left behind by the modest economic recovery of the past few years, especially those with limited education credentials. The report, which focuses on black males, emphasizes the importance of education in overcoming this tough employment environment:"

NYTimes Urges Legislative Review Of New York's Civil Confinement Agreement. In its headline, the New York Times (3/5, 1.16M) suggests Spitzer is a "gunslinger" for his recent attack on the health care establishment, saying such tactics have won him "impressive victories," like budget, ethics and workers' compensation reforms. The paper warns Spitzer and legislative leaders that the "troubling" civil confinement agreement could become like the Rockefeller drug laws because it would mean "locking people up for crimes they might commit in the future. The Legislature should hold new hearings to assess the wisdom of this specific proposal." The paper also says Spitzer has not fundamentally changed the way Albany works, since most of the reform agreements were reached behind closed doors. The paper concludes, "Polls show that Mr. Spitzer is enormously popular, and that the public backs his efforts to shake up state government. When the going gets rough, as it surely will, having the strong support of the public may be the most powerful weapon in his arsenal."

ANTITRUST:

Environmental Concerns Feature Into TXU Buyout Deal. Time (3/12, Thomas, 4.03M) reports that on Feb. 25, "the Texas utility TXU Corp. agreed to a proposed $45 billion buyout -- the biggest deal ever to take a public company private -- with major environmental initiatives attached." It "turns out the barbarians at the gate -- Henry Kravis of Kohlberg Kravis Roberts & Co. and David Bonderman of Texas Pacific Group (TPG) -- have a little tree hugger in them. Even before the deal with TXU was sealed, the buyout shops called up environmentalists and, in a 17-hr. meeting at San Francisco's Mandarin Oriental Hotel, agreed to roll back carbon emissions from all TXU power plants to 1990 levels by 2020. Four days later, the company's board accepted the buyout offer, agreeing to drop controversial plans for eight of 11 new coal-fired power plants and to support a federal cap on carbon emissions."

IP Verdicts Exceeded $1.3 Billion In 2006. The National Law Journal (3/5, Qualters) reports, "Finisar Corp. employs dozens of Ph.D.-level scientists to create technology for its high-speed data communication components and testing business, but one of the company's most lucrative inventions may be a patent outside of its core business that generated a court victory worth $117.3 million last year." The Journal continues, "In June 2006, the Sunnyvale, Calif.-based Finisar won a $78.9 million jury verdict in a patent infringement case against broadcast satellite company The DirecTV Group Inc. of El Segundo, Calif. Although appeals are in the works, fines are racking up, including a judge's $25 million enhancement for willful infringement and $13.4 million for prejudgment interest, post-judgment interest and a compulsory license. Finisar Corp. v. DirecTV Group Inc., No. 05-00264 (E.D. Texas)." The Journal adds, "Amid a worldwide market expansion for technology products, the Finisar case is one of a burgeoning number of blockbuster verdicts in intellectual property cases. These verdicts exceeded $1.3 billion in 2006, according to VerdictSearch, an affiliate of the National Law Journal, and our own research. … There's a direct correlation between intellectual property jury verdicts and the importance of the technology protected by the patent, said Eric Maschoff, a shareholder at Workman Nydegger of Salt Lake City, who served as Finisar's lead patent prosecution counsel on the case. 'Companies are looking more and more towards their intellectual property portfolio as an asset, and they're exploiting that asset,' Maschoff said. … Lawyers report that the sheer market size of high-technology products based on the patents in those portfolios can lead to massive infringement verdicts. Companies' rising inclination to bring such cases to trial, and the emergence of high-tech courtrooms that enable the use of animation and other visual aids, also boost the possibility of gargantuan verdicts."

Federal Judge Rejects Recusal Motion In Music Price-Fixing Case. The New York Law Journal (3/5, Bar) reports, "A federal judge has rejected a request that she recuse herself from a high-profile litigation involving the music industry on the ground that her attorney husband and his firm have represented some of the defendants in other matters." The Journal continues, "Lead attorneys for plaintiffs in the case expressed concern that because Southern District of New York Judge Loretta A. Preska's husband, Thomas J. Kavaler, and his firm, Cahill Gordon & Reindel, represented several of the music company defendants in other litigation, she might be inclined to tilt toward the defendants. … But Preska rejected the argument in In re Digital Music Antitrust

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Litigation, 06 MDL 1780, finding that the plaintiffs' motion for recusal was not only time-barred, but was wrong on its merits. … 'Courts have uniformly rejected the argument that an appearance of impropriety exists in the following situation: (i) a judge's spouse is a partner in a law firm that represents a litigant in other matters before the judge; and (ii) the spouse did not perform any work at the law firm for the litigant or worked for the litigant on unrelated matters,' she said." The Journal adds, "Numerous lawsuits have been filed by online music downloaders who claim that the music divisions of Sony, Bertelsmann, Universal, Time Warner and EMI Music North America 'conspired artificially to fix or maintain prices' of digital music recordings offered for sale over the Internet in violation of federal and state antitrust laws. … Two of those cases were originally assigned to Preska. She presided over Seley v. Universal Music Group, 06 Civ. 1887, after the case was filed on March 9, 2006, and in Devine v. Universal Music Group, 06 Civ. 4211. … On June 12, 2006, Preska issued a memo in the Devine case informing the parties that her husband and his firm 'from time to time' represent Sony, Warner and Universal. … On July 3, 2006, Christopher Lovell, a partner at Lovell Stewart Halebian who represents a plaintiff in the case, sent a letter to the judge asserting a possible conflict. But Lovell did not formally request that the judge recuse herself."

Alcatel-Lucent To Appeal Dismissal Of Microsoft Patent Dispute. The Wall Street Journal (3/5, B4, Cheng, Fleetwood) reports, "A federal judge ruled that Microsoft Corp. did not violate an Alcatel-Lucent patent for speech recognition." The Journal continues, "This is the second of several patent disputes between the two companies. Last week, a jury awarded1 Alcatel-Lucent $1.5 billion from Microsoft in regards to violating two patents involving MP3 technology." The Journal adds, "U.S. District Court Judge Rudi Brewster in San Diego dismissed all claims late Thursday regarding the speech-recognition dispute so that the jury trial set to start later this month will not happen. But Alcatel-Lucent intends to continue pursuing its options in the case. … 'We plan to appeal this decision and are comfortable with our chances of success as the case makes its way through the legal system,' said Alcatel-Lucent spokeswoman Joan Campion."

Patent Office To Review Applications Online. The Washington Post (3/5, A1, Sipress, 690K) reports, "The government is about to start opening up the process of reviewing patents to the modern font of wisdom: the Internet." The Patent and Trademark Office "is starting a pilot project that will not only post patent applications on the Web and invite comments but also use a community rating system designed to push the most respected comments to the top of the file, for serious consideration by the agency's examiners. A first for the federal government, the system resembles the one used by Wikipedia, the popular user-created online encyclopedia."

INDIAN AFFAIRS:

Cherokee Nation Slave Descendents Face Uncertainty After Ouster. The AP (3/4, Murphy) reports, "The Cherokee Nation vote this weekend to revoke the citizenship of the descendants of people the Cherokee once owned as slaves was a blow to people who have relied on tribal benefits." The AP continues, "Charlene White, a descendant of freed Cherokee slaves who were adopted into the tribe in 1866 under a treaty with the U.S. government, wondered Sunday where she would now go for the glaucoma treatment she has received at a tribal hospital in Stilwell. … 'I've got to go back to the doctor, but I don't know if I can go back to the clinic or if they're going to oust me right now,' said White, 56, a disabled Tahlequah resident who lives on a fixed income." The AP adds, "In Saturday's special election, more than 76 percent of voters decided to amend the Cherokee Nation's constitution to remove the estimated 2,800 freedmen descendants from the tribal rolls, according to results posted Sunday on the tribe's Web site. … Marilyn Vann, president of the Descendants of Freedmen of the Five Civilized Tribes, said the election results undoubtedly will be challenged. … 'We will pursue the legal remedies that are available to us to stop people from not only losing their voting rights, but to receiving medical care and other services to which they are entitled under law,' Vann said Sunday. … 'This is a fight for justice to stop these crimes against humanity.'" The AP adds, "Cherokee Nation spokesman Mike Miller said Sunday that election results will not be finalized until after a protest period that extends through March 12. Services currently being received by freedmen descendants will not immediately be suspended, he said. … 'There isn't going to be some sort of sudden stop of a service that's ongoing,' Miller said. 'There will be some sort of transition period so that people understand what's going on.'" The AP notes, "In a statement late Saturday, Cherokee Nation Principal Chief Chad Smith said he was pleased with the turnout and election result. … 'Their voice is clear as to who should be citizens of the Cherokee Nation,' Smith said. 'No one else has the right to make that determination. It was a right of self-government, affirmed in 23 treaties with Great Britain and the United States and paid dearly with 4,000 lives on the Trail of Tears.' … The petition drive for the ballot measure followed a March 2006 ruling by the Cherokee Nation Supreme Court that said an 1866 treaty assured freedmen descendants of tribal citizenship. … A similar situation occurred in 2000 when the Seminole Nation voted to cast freedmen descendants out of its tribe, said attorney Jon Velie of Norman, an expert on

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Indian law who has represented freedmen descendants in previous cases."

FBI/DEA/ATF/USMS:

Ahead Of Bush Visit, FBI Investigates Salvadoran Legislators' Murder In Guatemala. McClatchy Newspaper (3/4, San Martin) reported, "Three murdered Salvadoran legislators. Four cops, suspected in the killings, themselves shot to death in a maximum security prison. Broken government agencies. And more questions than answers. That's what FBI investigators will face when they arrive this week to help sort out the stunning murders, which have highlighted the wave of drug-fueled corruption and crime lashing a country President Bush will visit in seven days. … The FBI team arriving this week will provide technical and scientific support to try to find some answers. Interior Minister Vielmann said all lines of investigation remain open - from a possible case of mistaken identity 'to something much more profound,' including ties to organized crime."

The New York Times (3/5, McKinley) reports, "After three Salvadoran congressmen were waylaid and killed on a road in Guatemala last month, it did not take the authorities long to find the culprits: they were Guatemalan police officers, and their unmarked police car had a tracking device that proved they were at the scene. They quickly confessed, saying they thought their victims were drug dealers, and were sent to a maximum-security prison. It is a measure of the weakness of the crime-plagued Guatemalan state that what happened just four days later remains something of a mystery — aside from the indisputable fact that the four who confessed ended up dead. The police and the interior minister say that rioting gang members inside the prison shot and stabbed them. But other inmates and their visitors that day say a group of heavily armed men in military garb and ski masks made their way through seven locked doors and executed them, with no interference from guards, removing any possibility that they could identify co-conspirators. The two sets of brazen killings set off a vicious diplomatic conflict between Guatemala and El Salvador — heightened by news reports suggesting that the congressmen were indeed drug dealers — and ignited a political scandal here." The Times notes, "Since 1993, the United States has twice helped set up special antinarcotics forces here, only to watch their commanders become embroiled in the drug trade themselves. President Bush is scheduled to visit next week, and American diplomats say the lack of public security here is near the top of his agenda."

Mueller Starts Reading List For FBI. The U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column FBI Director "and avid reader Robert Mueller has started a new bureau reading list to help his G-men broaden their horizons. The list has more than 60 books about the FBI's history, terrorism, intelligence, and professional development." Some "gems: Public Enemies, by Bryan Burrough, about the birth of the FBI; The Looming Tower, Lawrence Wright's book about al Qaeda's road to 9/11; China, Inc. by Ted Fishman; and Louis Gerstner's Who Says Elephants Can't Dance? about IBM's historic turnaround. We also hear that Mueller's a big fan of former GE bigwig Jack Welch. So naturally, Welch's Winning also gets top billing."

Fourteen-Year-Old's Murder Spurs Crackdown On Los Angeles Gangs. The Sacramento Bee (3/5, Rojas) reported, "It took political officials nearly a month to respond to the slaying of Cheryl Green. Since then, the 14-year-old African American girl has become the face of brown-on-black violence in this city. The FBI has joined the Los Angeles Police Department in cracking down on gangs. The Police Department, breaking with tradition, has publicly named the city's worst 11 gangs. … The racially motivated shooting of the eighth-grader, which occurred Dec. 15 in broad daylight as she chatted with friends, was one of 269 gang-related murders citywide in 2006." The Bee goes on to report that on Jan. 18, Mayor Antonio Villaraigosa "held a news conference near where the teenager was killed to announce a plan to 'dismantle' the Latino gang blamed for the girl's slaying. He was joined by Police Chief William Bratton and FBI Director Robert Mueller."

Attorneys, Jurors Reflect On Failed Prosecution Of DC's Largest Drug Seizure. The Washington Post (3/5, B08, Cauvin) reports, "The haul was unprecedented. A wiretap on the cellphone of a reputed drug kingpin led police to a stash house where they found almost 100 kilos of cocaine and nearly $1 million. A force of more than 100 federal and local agents swept up nearly a dozen suspects in raids across the region." The Post continues, "The evidence to put everyone away seemed strong. There were the drugs, the cash and the wiretaps, filled with curious talk of 'tickets' – 'little tickets,' 'VIP tickets' -- code, prosecutors said, for wholesale quantities of cocaine. … And there was the Global Positioning System device, secretly planted in the suspected kingpin's car, tracking his comings and goings between the stash house in Fort Washington and his supposed customers in and around Washington." The Post adds, "Then the case went before a jury in U.S. District Court. The outcome was hardly what authorities would have expected on that October morning a year and a half ago when they found themselves staring at the biggest seizure ever made in a D.C. drug investigation. … The jurors, after deliberating for weeks, deadlocked earlier this year on many

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charges against alleged kingpin Antoine Jones, including the most serious: conspiracy. And on more than a dozen other counts, the jury came back with verdicts of not guilty. The three men on trial with him, charged with conspiracy as well, fared even better. … Kevin L. Holland and Adrian Jackson were acquitted of all charges; Michael A. Huggins was acquitted of all but one lesser charge, and that eventually was dismissed by the government. All three men, jailed for more than a year pending trial, are now free. Jones remains in jail, awaiting retrial." The Post notes, "It was a stunning loss for prosecutors and police, who claimed they had busted a major drug-trafficking ring with direct links to suppliers in Mexico. But the case had weaknesses that became apparent once it went to trial. … First was the profile of the alleged conspiracy. Unlike cases against other such enterprises, this one did not allege that anyone was killed or even assaulted by Jones or his alleged co-conspirators. Although the absence of violence was a relief for investigators, it also could have had consequences with the jury, lawyers said. … Nothing in the law requires prosecutors to present evidence of violence to prove a conspiracy to distribute narcotics. And whether the lack of bodies was pivotal in this case is a question that veteran prosecutors debate. … But experience tells many prosecutors that a body, or two or three, can make juries more apt to tie defendants together in a conspiracy and return verdicts in which everyone shares blame."

Louisiana Cocaine Dealer Facing Life In Prison. The Shreveport Times (3/3, Rucker) reports, "A Rowlett, Texas man has been convicted by a Shreveport jury on cocaine distribution and money laundering charges. Ronald King, 40, was convicted Friday, charged with one count of conspiracy to possess with intent to distribute cocaine, one count of money laundering and one count of forfeiture, according to a press release from Donald Washington, United States attorney for the western district of Louisiana. His sentencing is set for June 21 at 1:15 p.m. where he faces a sentence of life in prison, a $4 million fine or both. … King was caught after an investigation conducted by the Organized Crime Drug Enforcement Task Force which includes Shreveport and Bossier City police departments, the Federal Bureau of Investigation in Shreveport and the Caddo Parish Sheriff's Office."

Reporting Continues On Multistate Investigation Of Online Drug Sales. The New York Daily News (3/2) reported it "may shock no one to learn that two world champion bodybuilders may have been using steroids or growth hormone, but two giants of that well-muscled world were among the athletes who received drugs in a shady Internet pharmacy operation," sources said. "Eight-time Mr. Universe Ronnie Coleman, a former BALCO client, and top Mr. Universe contestant Victor Martinez were among the many clients in an ongoing, multistate investigation that led to the raids on several pharmacies in Florida this week, a source said. … A source with knowledge of the probe said another one of the steroid customers is a supervisor with the Albany [New York] Police Department's narcotics squad." The Daily News noted that as many as 24 people are expected to "be rounded up in the days ahead."

The Albany (NY) Times Union (3/4, Lyons) reported, "While police continue to wage their war on street drugs, many law enforcement experts say more needs to be done about Internet pharmacies." The issue "took on heightened awareness last week with the raid of several Orlando, Fla., pharmacies that were selling drugs to customers in New York. … 'Perhaps most disturbing is that many of these Internet pharmaceutical sites ... are hiding behind a facade of legitimacy by pretending to ask customers health questions,' said Joseph T. Rannazzisi, a Drug Enforcement Administration deputy assistant administrator, in testimony in 2005 before a House subcommittee on Oversight and Investigations." The GAO "issued a report two years ago showing 'that although extensive time and resources are required to locate, charge and convict criminal anabolic steroid dealers, the penalties under the federal sentencing guidelines faced by persons convicted of such offenses do not reflect the seriousness of their crimes or provide adequate deterrence.'"

Newsday (3/5) reports, "Following last week's steroid bust that implicated professional and college athletes, and high school coaches, Sen. Charles Schumer…proposed additional federal regulation of a substance he said has become the 'drug of choice' for those seeking a quick boost in athletic performance. … Under Schumer's proposal, HGH regulation would be put on a par with current steroid laws, and federal law enforcement would be able to prosecute doctors who write prescriptions 'in bad faith' -- an act already illegal in New York state."

"Grow Houses" Seen As National Trend In Marijuana Trade. The Christian Science Monitor (3/5, Jonsson) reports, "Raids on 40 houses in 12 suburban Georgia counties over the past two weeks are one recent sign of what police say is a national trend in marijuana marketing: growing the illicit crop year-round indoors, using suburban homes as 'grow-houses.' … Georgia has lagged behind in indoor busts, with just one last year. The US government eradicates some 3.5 million marijuana plants each year, mostly outdoors, according to the Drug Enforcement Administration." Police "say the 'burbs give growers a degree of solace and safety, protected by suburbia's premium on privacy and even a 2001 US Supreme Court ruling that prevents law officers from aiming heat-

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sensing equipment at homes unless they first obtain search warrants."

The Atlanta Journal-Constitution (3/4) reported on one case in with marijuana growers "had invested tens of thousands of dollars in heating and air conditioning upgrades to create a semitropical climate where the air was a slightly humid 81 degrees. To save money — the operation can burn about $2,500 worth of electricity a month — and avoid detection by electric meter, the growers had hotwired the power system, digging a hole and tapping into an underground electrical line."

In Braintree, Massachusetts, the Patriot Ledger (3/2) reported a local couple "has been busted for running a marijuana farm worth hundreds of thousands of dollars in their suburban home. … The grow house operation is believed to be the largest ever uncovered in Braintree, according to Deputy Chief Russell Jenkins."

California Man Sentenced To Nearly 6 Years In Prison In "Pot-Candy" Case. The San Francisco Chronicle (3/2) reported the ringleader of an Oakland group that "made marijuana-laced candy and soft drinks resembling popular confections was sentenced…to 70 months in prison. Kenneth Affolter…pleaded guilty in September to a single count of conspiring to manufacture and distribute marijuana for making doctored treats that authorities said were packaged for shipment throughout the West Coast. … The case was the latest pitting federal officials against medicinal marijuana advocates."

Mexican Drug Cartels Shift To Overland Trafficking Routes. On its front page today, the Los Angeles Times (3/4, Tobar, 850K) says "Central America has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies." The Times adds, "Everyone from impoverished fishermen and small-town mayors to legislators and high-ranking police officials has been swept up in the drug trade as the smuggling routes have changed. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico." A DEA official said "Central America will remain the primary transit zone for U.S.-bound drugs 'for the foreseeable future.'"

Central America Called Crucial Way Station In Cocaine Trade. The Los Angeles Times (3/4) reported Central America "has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies, U.S. and regional sources say. The recent killings of three Salvadoran legislators in Guatemala underscored the shift, intelligence sources say. … Michael A. Braun, chief of operations for the U.S. Drug Enforcement Administration, said in a 2005 congressional hearing that 'the corrupting power of illicit drug trafficking organizations on the governmental institutions of Central America significantly increases the difficulty of successful drug interdiction efforts.' Central America will remain the primary transit zone for U.S.-bound drugs 'for the foreseeable future,' Braun added."

IMMIGRATION:

Bush Said To Have Final Chance To Overhaul Immigration Laws. Time (3/12, Calabresi, 4.03M) reports President George W. Bush "is about to get his last chance to prove that that" his "commitment" to an overhaul of the nation's immigration laws "is real. Immigration reform stands out as the unfulfilled promise of the Bush presidency, and as Congress prepares to debate a compromise bill in the coming weeks, Democratic leaders in the House and Senate say Bush's help is crucial." But "power is sluicing out of the White House, Iraq is draining the Administration's remaining energies, and the President is entering a difficult period with a Congress he has never treated with much respect."

TAX:

Absent Congressional Action, AMT Could Affect 23 Million. U.S. News and World Report (3/12, Wiener, 2.03M) reports, "Virtually everyone agrees that the" Alternative Minimum Tax is "out of control and needs to be fixed. The big question is how and at what cost in lost potential tax revenue -- roughly $1.2 trillion over 10 years if the AMT is totally repealed." So far, Congress "has enacted short-term boosts in exemptions from the tax to slow its expanding reach from only about 1.3 million taxpayers five years ago. If a new temporary or permanent fix isn't enacted for 2007, the number of returns affected could soar to 23 million."

Schumer, Lott Debate AMT. Sen. Charles Schumer said on ABC's This Week (3/4, Stephanopoulos), "What we Democrats want to do is get tax cuts for the middle class, and that's what we're doing by getting the AMT down. We have had tax cut after tax cut after tax cut for the very wealthy. Instead, we want to redirect tax cuts to the middle class."

Senate Minority Whip Trent Lott said on ABC's This Week (3/4, Stephanopoulos), "Let's talk about taxing the middle class. This is how we got the AMT. The Democrats

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put it in place in '69, and exacerbated it in 1993, when not a single Republican voted for it. And that's what middle class gets."

CONGRESS-ADMINISTRATION:

Congress Takes Up Problems At Walter Reed Today. ABC World News (3/4, story 5, 1:45, Harris, 8.78M) reported Congress will "open hearings on the treatment of wounded Iraq and Afghanistan veterans at Walter Reed Army Medical Center. The growing scandal over deplorable conditions and inadequate care has already cost the Army Secretary and other brass their jobs." ABC (Hendren) added, "On Capitol Hill, lawmakers are preparing for their first chance to grill the top military officers in charge of Walter Reed. Among those scheduled to appear at tomorrow's hearing is Gen. Richard Cody, the Army's Vice Chief of Staff, and Walter Reed's last two commanders. And they'll hear from wounded troops."

The AP (3/4, Heilprin) reports legislators "promised a quick response and sought an independent commission." In a letter to Defense Secretary Robert Gates, Sen. Charles Schumer "asked for an independent commission, possibly headed by former Secretary of State Colin Powell, to investigate all post-combat medical facilities and recommend changes." The Los Angeles Times (3/5, Levey, 850K) says Schumer's "call for an independent panel follows a promise from President Bush last week to name a bipartisan commission for the same purpose. ... Members of Congress from both parties have expressed outrage at the substandard care. The revelations have also embarrassed the Bush administration as it has been laboring to build support for sending 21,500 additional troops to Iraq."

The Washington Post (3/5, A9, White, 690K) reports that when the first hearing begins today, "many eyes will turn to Lt. Gen. Kevin C. Kiley, who has served as the Army's top doctor since he gave up command of the hospital in 2004. The hearing will allow Kiley to explain why bureaucratic tangles and horrid conditions made life so difficult for outpatients at the Army's premier hospital, while also likely putting him in a position of defending his job." While some in Congress "have called for Kiley to step down and take responsibility for the problems at Walter Reed, he has been spared so far."

The Christian Science Monitor (3/5, Lubold, 59K) says the Army is "scrambling to rectify the situation: It's moving patients out of certain areas of Walter Reed in preparation for those places being refurbished, and it's creating new support initiatives to help wounded veterans of the war in Iraq." But on its front page, the Washington Post (3/5, Hull, Priest, 690K) reports under the headline "It Is Just Not Walter Reed" that solders at other facilities are offering "stories of neglect and substandard care. ... They describe depressing living conditions for outpatients at other military bases around the country, from Fort Lewis in Washington state to Fort Dix in New Jersey. They tell stories -- their own versions, not verified -- of callous responses to combat stress and a system ill equipped to handle another generation of psychologically scarred vets." The Post says "hundreds of soldiers" contacted the newspaper. ... From Fort Campbell in Kentucky: 'There were yellow signs on the door stating our barracks had asbestos.'" And from Fort Dix: "Scare tactics are used against soldiers who will write sworn statement to assist fellow soldiers for their medical needs."

Walter Reed Problems Said To Have "Appalled" Gates. Newsweek (3/12, Barry, Wolffe, 3.12M) reports in its "Periscope" column the "grim stories" about the treatment of outpatients at Walter Reed Army Hospital "appalled the one person who really mattered: the new secretary of Defense, Robert Gates. He promised President Bush that high-level officials would be held accountable -- and seemed to get that when the commander of the hospital, Maj. Gen. George W. Weightman, was fired." But then Gates "found that the temporary replacement -- Lt. Gen. Kevin C. Kiley, named after Weightman was sacked -- had earlier run the place himself." A senior Defense official says "a furious Gates demanded the resignation of the secretary of the Army, Francis J. Harvey."

Gates Changes Atmosphere For Media. U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column, "Distinguishing himself from Don Rumsfeld's combativeness," Gates "held his first press conference around a big table in a small conference room. But it was too cramped, so he set his sights on making the larger briefing room cozier. Gone is the lone podium, replaced by a set that would better fit a morning TV news show: a big table for himself and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, in front of a world map."

VA Secretary Says He Welcomes Congressional Oversight. Meanwhile, the New York Times (3/5, Clemetson, 1.16M) reports VA Secretary Jim Nicholson is "seeking to put a positive public face on his beleaguered agency." He said in an interview Friday, "If there is even one injured veteran that falls through the cracks then that is too many. It pains me to hear about problems in our system, but I am a competitor, and I am finding that it is strengthening my resolve and deepening my commitment." Nicholson said, "I welcome congressional oversight, and the oversight of the President and the commission he is forming."

Krugman Compares Walter Reed, Katrina Responses. In his New York Times (3/5, 1.16M) column, Paul Krugman writes that when the problems at Walter Reed were first reported two years ago, "officials simply denied that there were any problems. And they initially tried to brush off last month's exposé in The Washington Post. But this time,

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with President Bush's approval at 29 percent, Democrats in control of Congress, and Donald Rumsfeld no longer defense secretary -- Robert Gates, his successor, appears genuinely distressed at the situation -- the whitewash didn't stick. Yet even now it's not clear whether the public will be told the full story, which is that the horrors of Walter Reed's outpatient unit are no aberration. For all its cries of 'support the troops,' the Bush administration has treated veterans' medical care the same way it treats everything else: nickel-and-diming the needy, protecting the incompetent and privatizing everything it can. ... The Walter Reed scandal is another Hurricane Katrina: the moment when the administration's misgovernment became obvious to everyone."

Gates "Greeted As A Liberator" At Pentagon. The Washington Post (3/5, A13, Ricks, 690K) reports "Robert M. Gates is finding Donald H. Rumsfeld an easy act to follow, as the new defense secretary wins hearts and minds throughout Washington and overseas. … At the Pentagon, where Gates has been greeted as a liberator, 'you can already feel the stability,' said retired Air Force Lt. Gen. Charles F. Wald, formerly the deputy US commander in Europe. He said he considers the appointment of Gates to be the Bush administration's best move in years." Moreover, Gates "has shown that he can act decisively, as when he fired Army Secretary Francis J. Harvey on Friday over the handling of the growing patient-care scandal at Walter Reed Army Medical Center." Gates, adds the Post, "has been welcomed largely because of who he is not rather than what he has done, noted a longtime friend who has held top national security posts. In the months ahead, however, Gates will be judged on his own decision-making in the war he has inherited from Rumsfeld." Also, "despite some departmental friction over the burdens of Iraq, Gates seems to have a better relationship with Secretary of State Condoleezza Rice than did Rumsfeld."

Cheney Praises Bolton's Service At UN. The Washington Post's (3/5, A13) Al Kamen writes in his "In the Loop" column that former U.N. ambassador John Bolton "has been trashing the administration lately, but Vice President Cheney had only praise for him at the Conservative Political Action Conference here last week," saying he wanted "especially" to recognize Bolton, "who did a superb job for America at the United Nations."

Paulson Sounds Optimistic Note On US Economy. Treasury Secretary Hank Paulson said on ABC's This Week (3/4, Stephanopoulos), "There's always a possibility that there will be a downturn. But I don't see it. I think we have a healthy economy in the US. A year ago, when the growth rates were much higher, I was concerned. I said, is this going to be sustainable? Now I'm looking at it and I'm seeing a situation where it looks like we're successfully making the transition."

Meanwhile, the Wall Street Journal (3/5, C1, Browning, 2.04M) reports, "Analysts see at least three ways to view last week's trouble, which resulted in a 4.2% drop in the Dow Jones Industrial Average. Goldman Sachs economists Ed McKelvey and Andrew Tilton outlined three competing views in a report last week. 1. A much-overdue short-term pullback. … 2. A flight from risky investments. If that is what is going on, then the market shift is more serious. … 3. A sign of a weaker economy to come. This could be the most troubling prognosis."

The New York Times (3/5, Creswell, Bajaj, 1.16M) says an "escalating crisis in the market, which seemed to reach a new crescendo late last week, is threatening a wide band of people. Foremost are the poor and minority homeowners who used easy credit to buy houses that are turning out to be too expensive for them now that mortgage rates are going up, but the pain is also being felt widely throughout the business world." The Rimes adds, "Large companies that bought subprime lenders during the boom, like H&R Block and HSBC, are now scrambling to sell them or scale back their exposure. Many investors are also likely to suffer: Wall Street firms made billions in fees, commissions and trading revenue from packaging and selling subprime mortgages to them as bonds."

And House Ways and Means Chairman Charles Rangel said on Fox News Sunday (3/4, Wallace), "When you have these economists and the chairman of the federal reserve, they tell you on one hand what could happen, and on the other hand it may not happen, it puts us in the Congress the same place that it puts most Americans. ... It seems like we're living in two different worlds, one where they tell us, the Secretary of the Treasury, not to worry, that the economy is secure, and the other where we have 48 million people who don't know from day to day where they're going to get health insurance."

Homeless Veterans, Hard To Count, May Not Get Aid They Need. The Washington Post (3/5, Davenport, 690K) writes that the "number of homeless veterans from recent wars is hard to gauge. From 2004 to 2006, the Department of Veterans Affairs provided shelter to 300 veterans of Iraq and Afghanistan tours, out of the tens of thousands who have served." But Iraq and Afghanistan Veterans of America Executive Director Paul Rieckhoff said "that figure 'is not even close to accurate'...because it doesn't include the 'others sleeping in buses, their cars or on the streets.'" He said in New York City alone, "his organization has helped 60 homeless veterans since 2004. As in the Vietnam War era, when thousands of vets ended up homeless, there are already signs that the recent conflicts are

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taking a traumatic psychological toll on some service members. Many veterans' advocates said that despite unprecedented attempts by the military and Veterans Affairs to care for veterans, increasing numbers of the new generation of warriors are ending up homeless."

Sanchez Said To Face Tests On Her Substance As Public Official. The Los Angeles Times (3/5, A1, Powers, 850K) profiles Rep. Loretta Sanchez, who "has been viewed alternately as a masterful fundraiser, legislative lightweight, political mentor, headstrong politician, leading Latina voice and one of Congress' 'babes.'" The Times recounts her recent confrontation with Rep. Joe Baca, and says "in the coming months, Sanchez will be tested on whether her reputation will be more coquette or congresswoman. Entrenched in the House majority for the first time, she is allied with House Speaker Nancy Pelosi (D-San Francisco) and sits on two of the most prominent committees: Armed Services and Homeland Security, being the second-ranking Democrat on the latter."

Thune's Help For South Dakota Firm Seen As Symptomatic Of GOP Problems. In a syndicated column running in today's Washington Post (3/5, A15, 690K), Robert Novak writes, "The Federal Railroad Administration handed a rare victory to the American taxpayer last week by denying a questionable $2.3 billion loan application by the Dakota, Minnesota and Eastern (DM&E) Railroad. What makes this news of special interest is the paramount role Sen. John Thune (R-S.D.) played in boosting the loan. Here is a cautionary tale of political life in Washington and how it corrupts." Thune "guided through Congress legislative changes that made the loan possible. But an assessment that DM&E was a poor credit risk was shared by two other conservative senators -- Tom Coburn of Oklahoma and Jim DeMint of South Carolina -- who took the extraordinary step of advocating rejection of a colleague's pet project. Making matters worse, Thune worked as a paid lobbyist for the South Dakota-based railroad before his election to the Senate and has received political contributions from company executives." Novak adds, "If he had it to do over again, I asked the senator last week, would he still advocate the loan project? Thune replied: 'I don't know what else I could do. I was strong for my state. It was a no-brainer.'" The DM&E loan "cannot prove a cautionary tale for Thune unless he knows he went in the wrong direction and admits it, at least to himself. If he has not come to terms with this, he is not alone. Well-meaning conservatives such as Thune get caught up in procuring the benefits of the federal leviathan for their states and their constituents. It is much of what ails the Republicans."

Navy Said To Be Getting Rid Of Useful Warships. Craig Hooper, who served on the Chief of Naval Operations' Maritime Strategy Working Group at the Naval War College last fall, writes in the Washington Post (3/5, A15, 690K), "Over the past six years, 79 condemned Navy ships have been towed out to sea and destroyed by Air Force bombs, submarine-launched torpedoes or hails of gunfire. These exercises, long considered the most cost-effective way to dispose of unwanted naval vessels, have eaten away at America's inventory of still-useful retired warships. Soon every vessel capable of serving in America's reserve combat fleet could vanish, leaving an overextended Navy with no viable backup forces. This unwise drawdown goes against Navy tradition." Hooper adds, "As the Navy budget, already under pressure because of the wars in Iraq and Afghanistan, is hoarded for new shipbuilding initiatives, the inactive reserve, an emergency fleet of second-string warships, is quietly becoming a sham. … Important reserve warships are disappearing. … This flurry of ship disposal suggests the administration is getting rid of useful warships to compel construction of pricey new vessels. … This is no way to run a navy. With each sinking, the Navy risks becoming a hollow force, dependent on the construction of pricey ships that, given America's overextended finances, may never arrive."

Coast Guard Cutter Contracts Seen As "Series Of Lemons." U.S. News and World Report (3/12, Marek, 2.03M) reports audits "have revealed that" the costs of the Coast Guard's newest cutter "has grown by millions of dollars since it was commissioned and that it has potentially fatal design flaws. And that's only part of the bad news. The 38,000-person military service has been accused of buying what one member of Congress called 'a series of lemons' with a $24 billion megacontract to replace nearly all its ships and planes." Supporters "wonder if even" Coast Guard Commandant Thad Allen "can fix all this."

Some See Message About Bush In New Movie About Ancient Greece. The New York Times (3/5, Cieply, 1.16M) reports, "Three weeks ago a handful of reporters at an international press junket here for the Warner Brothers movie '300,' about the battle of Thermopylae some 2,500 years ago, cornered the director Zack Snyder with an unanticipated question. 'Is George Bush Leonidas or Xerxes?' one of them asked. The questioner, by Mr. Snyder's recollection, insisted that Mr. Bush was Xerxes, the Persian emperor who led his force against Greek's city states in 480 B.C., unleashing an army on a small country guarded by fanatical guerilla fighters so he could finish a job his father had left undone. More likely, another reporter chimed in, Mr. Bush was Leonidas, the Spartan king who would defend freedom at any cost." The Times adds, "In the era of media

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clutter, film marketers increasingly welcome controversy as a way to get attention for their more provocative fare. … But the dance can be more delicate when viewers find a potentially divisive message in big studio movies that were meant more to entertain than enlighten. The danger is that an accidental political overtone will alienate part of the potential audience for a film that needs broad appeal to succeed."

NYTimes Urges Congress To Address Problems In Credit Industry. The New York Times (3/5, 1.16M) editorializes, "In response to the explosion in consumer debt, Congress passed a law in 2005 making it more difficult for individuals to declare bankruptcy." But "legislators did nothing to curb the blizzard of pre-approved cards that fall through the mail slots. Often the most profitable customers are the least responsible ones. At a Senate Banking Committee hearing in January, Chairman Christopher Dodd cited a study estimating that credit-card penalty fees had risen to $17.1 billion in 2006 from $1.7 billion in 1996." Congress "needs to do more to make rates and fees more transparent while putting an end to some of the most abusive policies."

OTHER NEWS:

Increasingly, Uninsured Belong To Middle Class. The New York Times (3/5, Pear, 1.16M) reports that the problem of a lack of health insurance is increasingly impacting "middle-class people." While it is "well known that the ranks of the uninsured have been swelling; federal figures show an increase of 6.8 million since 2000," the "surprise is that the uninsured are not necessarily the poor, the unemployed and the undocumented. ... And that is one reason, according to a recent New York Times/CBS News poll, that the problems of the uninsured have jumped to the top of the domestic political agenda in Washington and on the campaign trail. Today, more than one-third of the uninsured -- 17 million of the nearly 47 million -- have family incomes of $40,000 or more."

Estimates Of Oil Reserves Rise As Technology Revives Old Fields. The New York Times (3/5, Mouawad, 1.16M) reports, "Within the last decade, technology advances have made it possible to unlock more oil from old fields, and, at the same time, higher oil prices have made it economical for companies to go after reserves that are harder to reach. With plenty of oil still left in familiar locations, forecasts that the world's reserves are drying out have given way to predictions that more oil can be found than ever before." There "is still a minority view, held largely by a small band of retired petroleum geologists and some members of Congress, that oil production has peaked, but the theory has been fading. Equally contentious for the oil companies is the growing voice of environmentalists, who do not think that pumping and consuming an ever-increasing amount of fossil fuel is in any way desirable." The Times adds, "Increased projections for how much oil is extractable may become a political topic on many different fronts and in unpredictable ways. By reassuring the public that supplies will meet future demands, oil companies may also find legislators more reluctant to consider opening Alaska and other areas to new exploration."

Romney Gets Straw Poll Victory From Skeptical Conservatives. The Politico (3/5, Simon, Allen) reports Mitt Romney spoke Friday at the Conservative Political Action Conference and then stuck "around for a reception that was open to all attendees. In the voting, where he took 21 percent, to Giuliani's 17 percent and McCain's 12 percent, despite a dude in a dolphin suit who was wandering around the convention with a sign calling himself 'Flip Romney, another Flip-Flopper from Massachusetts.'" The "hot CPAC souvenir was the Romney Flip Flop -- cheap foam footwear available in green, orange, yellow and red. These shots aimed at what many Republicans view as Romney's greatest liability -- the perception that he is guided by opportunism rather than principle. Romney wanted to win badly enough that he stacked the deck by bringing a group of college kids in to vote for him." The Politico also interviewed Romney, who discussed a range of topics, such as the influence of Internet media, saying, "I think what you're seeing is that blogs are able to get to bottom of things and to cut through the spin. The spin has a huge impact on the mainstream media. Candidates are able to go to the mainstream media, spin their story, they write it and sometimes it's accurate, sometimes it's not. The blogs actually are open for comment and debate and they ultimately get the truth out. And that's critical, in my opinion. Because there are going to be a lot of opposition research folks on other campaigns trying to put up things that aren't accurate."

The Financial Times (3/5, Daniel) reports Romney "had faced skepticism" at CPAC "amid charges that he had flip-flopped on some of the critical issues for conservatives, changing his stance on gay and abortion rights. The initial reception to his speech at the conference on Friday was far less enthusiastic than the rousing greeting for the celebrity figure of Rudy Giuliani, former mayor of New York."

Steele, Gingrich Win Plaudits For CPAC Appearances. The Washington Times (3/5, Hallow, Dinan, 88K) reports former Maryland Lt. Gov. Michael S. Steele and Newt Gingrich "were the biggest stars according to activists who attended the three-day Conservative Political Action

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Conference." Former New York Mayor Rudolph W. Giuliani "pulled off CPAC's biggest coup, former Virginia Gov. James S. Gilmore III was the biggest surprise, and Ann Coulter was the biggest loser." Steele, "rejected last fall by the Bush White House for chairmanship of the Republican National Committee (RNC) -- was mobbed by hundreds of attendees wanting their picture taken with him on the dais after he served as master of ceremonies at the Thursday banquet featuring Vice President Dick Cheney and former U.S. ambassador to the United Nations, John R. Bolton." This year's CPAC "was also a boon for Mr. Gingrich, as the former House speaker acknowledged after his Saturday speech that closed the conference." Gingrich was "the only top-tier potential contender for the Republican nomination who hadn't formed a presidential exploratory committee or bought any CPAC banquet tables for supporters. Yet in the largest presidential preference straw poll in the conference's history, he placed fourth (14 percent) -- ahead of Arizona Sen. John McCain (12 percent), who rejected an invitation to address the event."

Conservatives Unhappy With State Of Movement. The Politico (3/3, Martin) reports that at CPAC, there was "considerable grumbling about the health of the movement. From conservative pioneers to up-and-coming true believers, many attendees are looking for leaders -- and they're uncertain about the current crop of presidential candidates and not even thrilled with the current occupant of the White House." Conservative activist and public relations specialist Mike Thompson said, "It's a struggle. Conservatives want to win, but they aren't really sure the guys at the top of the field are conservative." The Politico adds some of the "ire at the CPAC conclave is directed squarely at Sen. John McCain (R-Ariz.), whom many conservatives suspect talks the talk when it comes to movement ideals but harbors dangerously moderate instincts." The Politico adds that on Thursday, David Bossie, the president of Citizens United, "gleefully unveiled a 22-page dossier kneecapping McCain ("He's No Ronald Reagan: Why Conservatives Should Not Vote for John McCain"). But Bossie also said his beef wasn't just with the one Republican presidential aspirant – McCain -- who skipped the CPAC festivities." It is "not just skepticism about McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney that has members of the movement in a funk."

Bush's Woes May Boost Giuliani Quest For GOP Nomination. The Gannett News Service (3/5, Raasch) says in an analysis piece that in a paradoxical way, George W. Bush's struggles as president may be benefiting 2008 candidate Rudy Giuliani, who has a solid lead in head-to-head polls among fellow Republicans." In Giuliani's case, "a recent surge in national polls so defies conventional wisdom that it may be indicative of important contours in the 2008 campaign, at least as it is shaping up today. The search for a candidate identified with strong leadership qualities, as Giuliani has carried since 9/11, may be trumping some of the threshold requirements on abortion rights and other cultural issues that have marked GOP presidential primaries for over a quarter century." Giuliani's "poll standing has risen the more he has been on the stump, where a lot of coverage has focused on this twice-divorced candidate's attempts to explain himself to dubious cultural conservatives. Yet, as he has moved around the country, Giuliani leads Sen. John McCain, R-Ariz., to 44-21% in the latest Washington Post-ABC News poll, taken Feb. 22-25. A month earlier, Giuliani enjoyed a 7 percentage-point advantage."

Conservatives May Overlook Differences With Giuliani. Newsweek (3/12, Darman, 3.12M) reports in its cover story that former New York City Mayor Rudy Giuliani is "pitching himself to Republican primary voters as the man destined to steady the party and the nation in a time of trial." But the Republicans "will require some convincing. Giuliani is a social moderate running in a party dominated by Christian conservatives; he supports gay rights and gun control, and hopes to be his party's first pro-choice presidential nominee since Gerald Ford more than 30 years ago." Yet with their "party in turmoil after the disastrous 2006 midterm elections, some conservatives seem willing to overlook the mayor's colorful past." In a new NEWSWEEK Poll, Giuliani "leads McCain by 25 points (59 to 34 percent) as the choice of registered Republicans and voters leaning Republican for the party's nomination, while Romney trails both men by more than 30 points."

Giuliani Surge Seen As "Mind Boggling." In her U.S. News and World Report column (3/12), Gloria Borger says it is "mind-boggling: Rudy Giuliani is surging. The pro-abortion rights, pro-gun control, pro-gay rights, thrice-married former New York mayor -- who as part of a spoof once dressed in drag and got cozy with Donald Trump -- is ahead. And not just in one poll; in most every poll." Giuliani's "bid is a huge gamble with a simple premise: that, in the end, the appeal of his personality, leadership cred, and the new primary schedule (which could be full of big states with large urban areas with lots of moderate Republicans), will give a city boy a chance to win the nomination."

Giuliani's Leadership Style Seen As Too Similar To Bush's. In his Newsweek column (3/12), Jonathan Alter says Giuliani's "leadership style seems out of sync with history's pendulum. Why would voters want to replace a my-way-or-the-highway Texan with a shut-up-and-listen New Yorker? Exchange a Crawford cowboy for an urban cowboy? A woman, African-American, Hispanic, Mormon or Vietnam POW would represent a sharper break from the immediate past."

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Clinton, Obama Commemorate 42nd Anniversary Of Selma March. ABC World News (3/4, lead story, 2:35, Harris, 8.78M) reported, "Forty-two years ago on what's now called Bloody Sunday," Selma, Alabama, "became a flashpoint in the civil rights struggle as police clashed with protesters who were demanding voting rights. Today, it was a political clash between the two top Democratic presidential contenders. Senators Hillary Clinton and Barack Obama gave dueling speeches at black churches just block as way from one another." ABC (Cochran) added Obama "spoke at the church of Martin Luther King Jr. used as headquarters to fight for the Voting Rights Act. He seemed to answer accusations that he is not black enough." Sen. Barack Obama: "So don't tell me I don't have a claim on Selma, Alabama. Don't tell me I'm not coming home when I come to Selma, Alabama. I'm here because somebody marched for our freedom." Cochran: "Hillary Clinton decided to come after Obama announced he would be in Selma. She spoke at another black church. She too said the voting rights act has changed America. Sen. Hilary Clinton: "It is the gift that keeps on giving. Today it is giving Senator Obama the chance to run for president of the United States. It is giving me that chance too." Cochran: "It may not mean a thing, but the line to hear Obama is several times longer than the line to hear Hillary Clinton."

The CBS Evening News (3/4, lead story, 3:30, Borger, 7.66M) reported, "The real homecoming today was for Bill Clinton, making his first appearance on the campaign trail with his wife in a made for TV moment. He's not here by chance, he's here to help Hillary, who's been losing some support in the African American community where he's still very popular. Once even dubbed America's first black president, Bill Clinton counts when African American votes are crucial." Clinton: "But I am honored to be here with you because of the price that our forbearers paid walking over this bridge and going to Montgomery." Borger: "But many black voters say they're attorney between voting for the African American Obama or sticking with the Clintons, who supported civil rights for years."

ABC World News (3/4, story 2, 2:00, Crawford, 8.78M) reported, "Like other black Democrats, Congressman John Lewis is facing a dilemma." Rep. John Lewis: "I'm torn. I'm torn." Sen. Barack Obama: "Thank you." Crawford: "Should he vote for the man who could become the first black President or the woman named Clinton, with all that means to African-American voters?" Rep. John Lewis: "When I celebrated my 60th birthday in Atlanta, President Clinton came down and spoke. When I celebrated my 65th birthday in Atlanta, Senator Obama came down. They're friends. They're like brothers. And Mrs. Clinton is an extension of her husband." Crawford: "African-American leaders have warned Barack Obama against taking the black vote for granted. There is strong loyalty to the Clintons, especially to Bill, who was affectionately known as 'the first black President.' Although the Southern states vote Republican in the general election, they are vital to Democrats in the primaries."

USA Today (3/5, Benn, Kizzire, 2.27M) reports the "re-enactment of the march over the Edmond Pettus Bridge into Selma was the first time in their campaigns that the candidates appeared together. Later, they watched former President Bill Clinton inducted into the National Voting Rights Hall of Fame."

The AP (3/5, Pickler) reports, "Not to be outdone in the hunt for black votes, Hillary Clinton also spoke in Selma at a church three blocks away and brought a secret weapon — her husband. Three days before the march anniversary, her campaign announced that the former president who is so popular among blacks would accompany her for his induction into Selma's Voting Rights Hall of Fame." Clinton and Obama "both appeared outside Brown Chapel for a pre-march rally, but came from opposite sides of the podium and did not interact. Despite the intense rivalry between their campaigns, the two praised each other." But they "did not join arms when the commemorative march attended by thousands got under way. Instead, Clinton held hands with her husband and Obama was several people down the line. Obama, who shed his coat and tie for the march, approached Hillary Clinton at one point and the two chatted for a few seconds before moving back to opposite sides of the street."

McClatchy (3/5, Stearns) reports Obama, "the upstart Illinois Democrat, brought the hot vibe of the cool new. Clinton, the veteran New Yorker, brought her long history and a ringer: husband and former President Bill Clinton, whom black author Toni Morrison once called the 'first black president.'" The "rhetoric Sunday was lofty despite the gamesmanship. Obama, a toddler at the time of the Selma demonstrations, said the civil rights measures that Selma begat made his rise possible." Sen. Clinton "took the idea further, saying that the civil rights movement had made possible not just Obama's candidacy but New Mexico Gov. Bill Richardson's and her own."

The Atlanta Journal-Constitution (3/5, Shepard, 379K) reports the appearances by Clinton and Obama "looked to be an early defining moment in the campaign for the 2008 Democratic presidential nomination. Overflow crowds of mostly African-Americans jammed two historic churches to hear sermon-like speeches from the front-runners for the party's nomination, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois." The crowds "swelled even larger when former President Bill Clinton, one of the most popular political figures ever among African-Americans, led a re-enactment of the famous 1965 'Bloody Sunday' march that produced landmark federal legislation guaranteeing minorities the right to vote." Comments "from

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those who heard the speeches Sunday did not provide definitive proof of which candidate carried the day."

USA Today (3/5, Benn, 2.27M) reports Obama "praised Selma for its civil rights achievements Sunday morning, and said that his presidential candidacy has a direct relation to the events of 1965."

The Chicago Tribune (3/5, Glanton, Dorning, 617K) reports Clinton "avoided upstaging his wife at her speech by staying away from the church. But people cheered and rushed to be near him when he joined his wife and Obama for a re-enactment of the 1965 march." Marching at "the front of the procession through downtown Selma and across the bridge, the Clintons and Obama were separated in line by two black congressmen and several other civil rights leaders. People along the route snapped pictures and yelled out the names of Obama and the Clintons. Many of them fell in behind as the march passed."

The New York Times (3/5, Healy, Zeleny, 1.16M) reports, "Evoking the passions and rivalries of the civil rights era," Clinton and Obama "made deeply personal appeals to voters in the sanctuaries of black churches here on Sunday, and then joined former President Bill Clinton for a march across a bridge where white police officers beat protesters, most of them black, nearly 42 years ago." The "visit to Selma, a historically rich, economically struggling city, became a proxy battle for black support between Mrs. Clinton and Mr. Obama, whose candidacy represents a threat to Mrs. Clinton's traditional base. That competitive dynamic intensified on Sunday with the debut of Mr. Clinton on the campaign trail, six weeks into his wife's bid, and among a bloc of voters who are at once devoted to the former president and torn between his wife and Mr. Obama." In a "35-minute address, interrupted repeatedly by applause and shouts of praise from worshipers, Mr. Obama said it was time for his generation to pick up the work of those who had toiled before. He said it was time for the 'Joshua generation' — a biblical reference to the leader who succeeded Moses — to urge family and friends to shake their apathy to engage in politics and action."

The Washington Post (3/5, A5, Kornblut, Whoriskey, 690K) reports that in "the days leading up to the commemoration of 'Bloody Sunday,' advisers to Obama and Clinton had insisted it would not be a day for politics. But their mere presence in Alabama signaled the extraordinary importance of black voters in the upcoming Democratic primaries, with recent surveys indicating that Obama is jeopardizing Clinton's lead in the race by gaining among African Americans." Any "pretense that it was not part of the presidential campaign was dropped as they day went on. Supporters carried signs for the two campaigns, former president Clinton joked about the 'rainbow coalition' of candidates on the Democratic ballot, and Rep. Artur Davis, the Alabama Democrat who represents Selma, unabashedly introduced Obama in his keynote address at Brown Chapel AME Church as the next president of the United States."

Davis Takes Indirect Swipe At Clinton. In his blog at The Politico (3/5), Jonathan Martin says, "Rep. Artur Davis offered a glowing introduction of" Obama, "his colleague and candidate that included a direct shot at Sen. Hillary Rodham Clinton. Noting how the same knock against Obama, 'longevity,' had been used against 'Dr. King and Jack and Bobby,' Davis said seniority wasn't always an asset." Davis said, "Longevity can make you too cautious. It can make you calculate when you cast your vote on a war."

Silicon Valley Leaders Intrigued By Obama. The Washington Times (3/5, Bellantoni, 88K) reports Silicon Valley leaders "whose endorsements have been key in past presidential races give Sen. Hillary Rodham Clinton high marks, but say there is little to learn about her candidacy. Instead, they have bubbling curiosity about her fellow 2008 contender, Sen. Barack Obama." The "local insiders who track stock deals and initial public offerings the way Washingtonians follow politics have growing interest in the Illinois Democrat. Many of them think Mr. Obama could be Silicon Valley's next new thing."

Obama Streak Of 56-Straight Floor Votes Snapped. The Washington Post (3/5, A13, Kane, 690K) reports that Sen. Obama's "reign as the only perfect attendee of Senate votes among presidential hopefuls came to a crashing end last week. After 56 straight votes this year on the chamber floor, Obama (D-Ill.) missed his 57th on Friday, bypassing his senatorial duties on a homeland security bill to deliver a speech to the American Israel Public Affairs Committee meeting in Chicago. 'He really hoped to make it back to Washington in time, but it turns out, that was just the audacity of hope,' spokesman Ben LaBolt said of the streak ending. Obama was the last of the six senators already declared for the presidential campaign to have made every vote in the chamber this year. He missed a second vote Friday as well. Both were amendments that sailed to easy passage in the ongoing debate on the homeland security bill."

WSJournal Criticizes Obama For Public Finance Offer. The Wall Street Journal (3/5, A16, 2.04M) says in an editorial, "False hope springs eternal, which is one way to look at the recent concordat between Barack Obama and John McCain to 'save' the public financing of Presidential election campaigns. In case you haven't been following this political version of 'Weekend at Bernie's' -- and you need a hobby if you have -- nearly every major Presidential candidate has decided not to abide by public-spending limits for the 2008 campaign. That includes Messrs. Obama and McCain." But Obama says "if he wins the Democratic nomination, he will ask his GOP opponent to agree with him to accept public money and spending limits for the 2008 general election. Mr. McCain quickly matched the offer. In some media precincts, this is being hailed as an

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achievement, and other candidates are being challenged to follow suit. We hope they don't. The public-financing regime is collapsing of its own misguided assumption that only public money in politics is uncorrupting."

Clinton Warns Of Dangers From Foreign Debt. The Wall Street Journal (3/5, A2, Solomon, Harwood, 2.04M) reports Sen. Hillary Clinton "is warning about the 'economic vulnerabilities' posed by foreign interests owning large amounts of U.S. debt." In remarks "on the Senate floor and a letter to Federal Reserve Chairman Ben Bernanke and Treasury Secretary Henry Paulson, Mrs. Clinton said President Bush's economic policies have contributed to an 'erosion of U.S. economic sovereignty.' She also said it is 'undeniable that the exponential growth of foreign debt in the last six years has undermined our economic standing.'" Clinton's comments "are an early indication of how big an issue the growing unease over globalization and free trade will be in the 2008 campaign. Many Democrats won election last year in part by arguing that global trade leads to job losses and lower wages. They also are warning about the nation's heavy reliance on foreign debt to finance domestic needs, including the federal budget deficit."

Clinton Campaign Seeks Aura Of Inevitability. U.S. News and World Report (3/12, Walsh, 2.03M) reports Hillary Clinton "has begun trying to present a warmer, more genial side -- and she's having some success. Forty percent of Americans have an unfavorable view of Hillary Clinton, but 58 percent see her favorably, according to the latest USA Today/Gallup poll. That's an improvement from just a few years ago. And she enjoys a substantial lead over her Democratic rivals for the 2008 presidential nomination." Clinton's "basic strategy is to scare off potential donors and supporters of her competitors by campaigning as the favorite of the Democratic establishment -- and the inevitable nominee."

Bloomberg Said To Be Considering Run As Third Party Candidate. In her Newsweek column (3/12), Eleanor Clift says, "Not as ill-tempered as Giuliani," Mayor Michael Bloomberg is "doing a good job -- perhaps, some New Yorkers might say, even a better job than his predecessor did. So why isn't he the one running for president? Publicly, Bloomberg is focused on his second term and leaving the city in better shape than he got it. Privately, Bloomberg and political adviser Kevin Sheekey are meeting with pollsters and consultants to assess the mayor's chances as a third-party, independent candidate." Sheekey said, "There is no Bloomberg campaign. But we have certainly reached out." Clift adds the "money part is easy for a self-made media mogul." "He could spend $500 million in a campaign and not even think about it," says Al From, founder of the centrist Democratic Leadership Council.

Kucinich Waits For Campaign To Catch On With Public. Time (3/12, Stein, 4.03M) profiles Democratic Rep. Dennis Kucinich, who is "so sure that what he's been saying for four years is right -- he's for an immediate withdrawal from Iraq, ratifying Kyoto, universal health care -- he's convinced there's a moment coming, some event or speech or interview, when voters will suddenly realize he's not a joke: 'When people see what I have to say, they go, 'Hey, wait. He's right about the war. Ha-ha. He's right about health care. Ha-ha.'" Kucinich "believes deeply in the coming of this grand American epiphany even if no one outside his tiny camp does."

Richardson Wins Praise From Republican Watts. The U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column that it "could have been the environment, the Clinton School of Public Service in Little Rock, or the brash frankness of an ex-politician. But former Rep. J. C. Watts, once the House GOP's main communicator and a sometimes entry on Republican vice presidential lists, fessed up at the University of Arkansas last month that he likes Democratic New Mexico Gov. Bill Richardson in the 2008 presidential race." Watts said, "Personally, I'm a Bill Richardson fan. I think he has the Bill Clinton touch with people."

Dean, Martinez To Meet On Primary Schedule. U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column that the groundwork is "being laid for the first meeting between the two party chairmen, longtime Democratic boss Howard Dean and GOP newbie Sen. Mel Martinez." Both sides "want to make sure that the other won't let states hold primaries before New Hampshire's first. We hear that the GOP will activate a rule to punish state parties if they do by slashing their number of delegates at the nominating convention in half. The Democrats don't have a similar rule."

DeLay Seeks To Rally Conservatives. U.S. News and World Report (3/12, Bedard, 2.03M) reports in its "Washington Whispers" column, "Former House Majority Leader Tom DeLay is joining the activist world with a plan to return conservatives to dominance." DeLay "calls his new group the Coalition for a Conservative Majority, and it has one mission: recruiting and electing conservatives in all 50 states. He plans to begin building it during an April book tour to promote No Retreat, No Surrender, his blueprint for victory."

Rothenberg Says Collins Faces Tough, But Winnable Race. In his Roll Call column (3/5), Stuart Rothenberg says that if "you listen to Sen. Susan Collins (R-

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Maine) talk for a few minutes, you are likely to think that she doesn't have the toughness and quickness to hold off her likely Democratic challenger, Rep. Tom Allen. Well, stop thinking that way. I don't know whether Collins will be able to swim against a potentially strong anti-President Bush, anti-Iraq War current in 2008, but at this point, I'm certainly not going to bet against her." Since his election to the House, Allen's "liberal and organized labor interest group ratings have been at or near 100 percent. National Journal's ratings place him as the 86th most liberal Member of the House in 2006, sandwiching him between Rep. Lucille Roybal-Allard (D-Calif.) and Rep. Robert Wexler (D-Fla.). In contrast, Collins ranked as the 46th most liberal Member of the Senate in 2006."

Beverly Hills Official Set To Become Highest-Ranking Iranian American. The Wall Street Journal (3/5, A1, Sanders, 2.04M) reports in a front page article that when voters in Beverly Hills "go to the polls tomorrow, Jimmy Delshad is a favorite to be re-elected to the City Council. Under the city's system, he would also become mayor," making him "one of the highest-ranking Iranian-American elected officials in the US."

Former Senator Eagleton Dies At 77. ABC World News (3/4, story 6, :30, Harris, 8.78M) reported, "And a Vietnam war opponent who became the Democratic vice presidential nominee has died. Thomas Eagleton was George McGovern's running mate until it was revealed that he had been treated for depression and pulled out of the race. Eagleton continued as a Senator from Missouri until 1987. Thomas Eagleton was 77."

The CBS Evening News (3/4, story 2, :20, Attkisson, 7.66M) reported, "Eagleton resigned as George McGovern's running mate in '72 after it was revealed he received shock treatment for depression. Eagleton served three terms in the Senate."

WPost Praises Virginia Law On Court-Appointed Lawyers' Fees. The Washington Post (3/5, A14, 690K) editorializes that "Virginia's legislature took a big step last month toward reforming the antediluvian rules that make adequate legal representation a pipe dream for many poor defendants in serious criminal cases. Alone among states, Virginia until now has set ironclad caps on the fees paid to court-appointed defense attorneys, caps that cannot be waived under any circumstances, even by judges. The capped fees are so low that often the effect is to force defense lawyers to work for peanuts or discourage them from working enough, in all but the most open-and-shut cases." The Post credits "the bipartisan efforts of Gov. Timothy M. Kaine, a Democrat, and Attorney General Robert F. McDonnell, a Republican."

Bush To Face Questions On Economic Policies In Latin America. The Wall Street Journal (3/5, A4, McKinnon, Moffett, 2.04M) reports President Bush travels to Latin America this week "to take on Hugo Chávez's militant brand of economic populism. But the weakened US president could spend much of the trip defending against charges his own economic policies have helped shortchange the region." In a speech in Washington today, the President is expected "to lay out a central theme of his Latin America tour -- that democracy is key to improving life for the millions of working poor in the region." His message "seeks to respond to widespread complaints in the region that globalization and international-development policies -- of which he is viewed by many there as a main champion -- have done little to improve the lives of ordinary people there." The president also "hopes to use the democracy theme to push back against what he views as Mr. Chávez's authoritarian tendencies." However, Bush "won't venture into any countries that have moved into Mr. Chávez's sphere of influence, including Argentina, Bolivia, Ecuador and Nicaragua." Instead, he plans during his weeklong trip to visit "five generally friendly countries: Brazil, Uruguay, Colombia, Guatemala and Mexico."

Chavez Calls Negroponte A "Professional Killer." The AP (3/5, Nunez) reports Venezuelan President Hugo Chavez Sunday "said he believes enemies including the CIA are out to kill him," and called Deputy Secretary Negroponte a "professional killer." Chavez said Venezuelan officials "have intelligence that associates of jailed Cuban anti-communist militant Luis Posada Carriles also are involved in plotting to assassinate him." He said the death plot idea has "gained weight" due to various factors, "including the recent appointment of Negroponte" as Deputy Secretary.

Chavez Using Oil To Earn International Favor. The Christian Science Monitor (3/5, Llana, Rice-Oxley, 59K) reports, "The London bus has come to symbolize many things over the years. It's a national icon, a picture postcard paragon of public transport, a byword for frustration and irregularity. But a harbinger of international socialism? Far-fetched perhaps, but less so after the latest move by…Chávez to offer cut-rate fuel so that 250,000 Londoners on welfare can travel half-price throughout one of the world's most expensive cities." The Monitor adds, "For the past year residents in New York, Boston, and other major US cities have scored cheaper heating bills, thanks to Venezuela. Chávez has also sent cheap oil to Cuba, Nicaragua, and more than a dozen other countries. His offerings go beyond oil and have been announced with particular frenzy since he won a third term in December, promising $500 million in financing for Ecuador, $135 million for a dairy cooperative in Argentina, and a development plan in Nicaragua that includes

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generators to ease blackouts as well as a new development bank."

US To Offer Pyongyang "Face-Saving" Nuclear Plan. The New York Times (3/5, A7, Sanger, 1.16M) reports, "In an effort to make the best of newly murky intelligence about North Korea, Bush administration officials say they plan to tell the North's nuclear negotiators on Monday that Washington's doubts about how much progress the country has made in enriching uranium gives North Korea a face-saving way to surrender its nuclear equipment." The "new approach to solve a dispute over the existence and extent of a uranium program" will come at a meeting Monday with North Korea at the United Nations. On Sunday, Assistant Secretary of State Christopher Hill said that at the meeting he planned to "form an agenda to work on our bilateral relationship -- what's involved in the establishment of diplomatic relations, what's involved before North Korea can get off the state-sponsor-of-terrorism list, and how to get them off the Trading with the Enemies Act." He said he would be "pressing for disclosure of all their nuclear programs, including highly enriched uranium."

AFP (3/5) says Monday's talks begin "amid questions in Washington over whether US intelligence had exaggerated Pyongyang's nuclear threat."

Meanwhile, Senate Intelligence Committee member Dianne Feinstein told Fox News Sunday (3/4, Wallace), "The gathering of intelligence with respect to North Korea has been very difficult. And the drop in the level of confidence on the uranium-based development I think is an indication of that. I, for one, am very pleased to see this agreement. I don't think you can underestimate the value of China in keeping the North Koreans on track now in seeing that this plutonium-based program is disassembled and that North Korea is brought into the mainstream. ... I don't think we are well served by isolating countries. ... So I am very optimistic."

House Intelligence Committee member Pete Hoekstra said on Fox News Sunday (3/4, Wallace), "I think Congress needs to take a very close look at this agreement to make sure that it's not a legacy agreement. Legacy agreements cut corners. We need to make sure that there's verification in this agreement. We need to make sure that North Korea comes clean on whatever nuclear weapons that they have in place."

Intelligence On North Korean Nuclear Program Uncertain. Newsweek (3/12, Hirsh, Hosenball, 3.12M) reports in its "Periscope" column, "Last week the government's senior North Korea intel analyst, Joseph DeTrani, told Congress that American officials now had only 'midlevel confidence' in the same intel that led the Bush administration to assert in 2002 the North was actively 'enriching' uranium -- and could have a bomb-making plant up and running soon." During a "confrontation with Pyongyang officials in October 2002 over the North's secret program, the then Assistant Secretary of State Jim Kelly says he actually had little certainty. He told NEWSWEEK last week that the North Koreans themselves 'gave no specifics about what kind of program they had.'" Now, "post-Iraq, the intel community is more cautious. And with the administration eager to pursue an aid-for-nukes agreement with Kim Jong Il, there's less interest in putting the worst possible spin on what is known."

WSJournal Says Pyongyang Has Habit Of Breaking Its Word. In an editorial, the Wall Street Journal (3/5, A16, 2.04M) urges Assistant Secretary of State Christopher Hill, "before he sits down" Monday with his Korean counterpart, to "take a look at the brief statement issued quietly Thursday by the United Nations Development Program (UNDP)." The agency announced that it is "suspending all operations" in North Korea because the "necessary conditions set out by the Executive Board on 25 January 2007 have not been met." Pyongyang's failure to comply, the Journal writes, represents, "There is no better guide to Kim Jong Il's negotiating style, nor to the North Korean dictator's habit of breaking his word. Nuclear negotiators, beware."

Lawmakers Complain Of Weak US Intelligence. The Washington Times (3/5, Pfeiffer, 88K) reports Rep. Peter Hoekstra, a member of the House Intelligence Committee, said Sunday US intelligence agencies "are not providing adequate information for Congress to make policy decisions on key foreign-policy areas including Iran and North Korea." In an appearance on Fox News Sunday, Hoekstra said, "We still don't have the intelligence community overall to give us, as policy-makers, the information that we need to make good decisions in North Korea, Iran and other places." He "blamed the bureaucratic leadership in the intelligence community for what he said are delays in implementing necessary reforms after September 11 and intelligence failures in Iraq."

Bolton Urges Bush To Speak Out On Intelligence. Former US Ambassador to the U.N., John Bolton, writes in the Wall Street Journal (3/5, A17, 2.04M) that in light of suggestions that US intelligence on Pyongyang's nuclear program is not as strong as once believed, "President Bush himself must speak, and sooner rather than later, to tell us what he thinks of the intelligence, and the direction of his own policy. Recent polls show his approval rating near 30%, with support among Republicans falling precipitously. If the President's conservative base erodes further, where will his support come from? From liberal editorialists enthusing about his newfound foreign policy 'pragmatism'? Based on my personal experience, the President will not have both."

Iran, Saudi Summit Produces "Little Substance." The New York Times (3/5, A6, Fattah,

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1.16M) reports Iranian President Mahmoud Ahmadinejad and Saudi Arabia's King Abdullah "concluded an extraordinary meeting early Sunday promising a thaw in relations between the two regional powers. But they stopped short of agreeing on any concrete plans to tackle the escalating sectarian and political crises throughout the Middle East." Ahmadinejad said that the two countries had "agreed to try to curb tensions between Shiite and Sunni Muslims" and "discussed in detail issues related to the Palestinians and Iraq." The two also "are believed to have focused on finding ways to end the political standoff in Lebanon." Ahmadinejad's first official visit to Saudi Arabia was "marked by decidedly public shows of warmth and friendship between the leaders," however analysts were "divided on Sunday over the ultimate impact of the summit meeting." To some, "it promised to break the spiraling cycle of brinkmanship in the region, focusing both countries on constructive solutions to their differences. Skeptics, however, said the absence of any tangible resolutions or initiatives, coupled with Mr. Ahmadinejad's continuing aggressive speech, suggested that the meeting was more a public relations offensive meant to help Iran improve its image at home and in the Arab world as its confrontation with the United States appears to be escalating."

The Financial Times (3/5, Smyth) says Ahmadinejad's visit "appeared designed to ease tensions between" the two countries, while the AP (3/5, Abu-Nasr) says cooperation "will benefit both countries, as well as the whole region."

The Christian Science Monitor (3/5, Peterson, 59K) says Sunday's meeting "illustrates the growing regional alarm over Shiite-Sunni violence" in both Iraq and Lebanon. But "while both leaders prefer to blame outside actors for the increase in sectarian tension…elements in Iran and Saudi Arabia have helped to finance sectarian militias in Iraq and, in the case of the Saudis, engaged in heated sectarian rhetoric."

Palestinian Leaders Seek To Finalize Unity Government. The New York Times (3/5, A7, Kershner, 1.16M) reports Palestinian President Mahmoud Abbas "and the leader of the Fatah faction, arrived in Gaza on Sunday to meet with" Prime Minister Ismail Haniya, "in another effort to iron out differences over a possible Palestinian unity government." Spokesmen from Fatah and Hamas "expressed hopes over the weekend that the new government would be formed this week" as disagreements remain "on important posts, including interior minister."

Hamas-Linked School Received US Aid. The Washington Times (3/5, A1, Mowbray, 88K) reports on its front page that "millions of dollars in US foreign aid have been given in the past several years to two Palestinian universities -- one of them controlled by Hamas -- that have participated in the advocacy, support or glorification of terrorism." The funding – "principally in scholarships to individual students -- is being eyed by several members of Congress and their aides, who say it may violate US law." According to the Times, USAID has provided "more than $140,000 in assistance to the Hamas-controlled Islamic University in Gaza -- including scholarships to 49 of its students."

Bush "Inner Circle" Split Over Doha Talks. The Wall Street Journal (3/5, A8, Hitt, Solomon, 2.04M) reports, "As angst over the shaky state of the US trade agenda grows, tensions are emerging within President Bush's inner circle over how best to get the stalled Doha round of world trade talks moving." The chairman of the National Economic Council, "presidential friend Allan Hubbard, and national-security adviser Stephen Hadley have privately voiced frustration with the tortured pace of action in the latest stage of comprehensive talks." The Journal adds, "Launched in Doha, Qatar, soon after the terrorist attacks of Sept. 11, 2001, the talks had as their primary aim better integrating poor nations into the global trading system. Messrs. Hubbard and Hadley have pressed for a bolder US offer in an effort to encourage other countries to compromise." In "one heated meeting among top Bush aides just before Christmas in the Old Executive Office Building," US Trade Representative Susan Schwab "opposed the idea of a grand offer. Ms. Schwab, who had seen a similar move by her predecessor flop, pushed instead for "quiet negotiations" focusing on details to build trust among Doha's participants." Bush "sided with Ms. Schwab, and has continued to back her." But "she is now at risk of being overshadowed -- some fear undercut -- by new Treasury Secretary Henry Paulson, who is moving deeper into the public debate on Doha and trade."

Beijing Announces 18% Increase In Military Spending. The New York Times (3/5, A8, Yardley, Lague, 1.16M) reports China announced "its biggest increase in defense spending in five years" on Sunday, "a development that quickly prompted the United States to renew its calls for more transparency from the Chinese military about the scope and intent of its continuing, rapid arms buildup." At a news conference, Jiang Enzhu, a spokesman for the National People's Congress, said China's military budget would rise this year by 17.8 percent to "just under $45 billion." Beijing's military modernization efforts, "particularly its drive to develop advanced weaponry, have been raising concern from Washington to Tokyo to New Delhi, where officials are worried that the buildup could be as much offensive as defensive." On Sunday, Deputy Secretary Negroponte, who is touring Asia, "chose not to focus on the size of the latest budget increase, but instead emphasized that China needed to be less secretive about its military buildup." He told reporters in Beijing, "I think the point we would make with

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respect to military spending and military acquisition of various types would be the point about transparency."

Meanwhile, the Washington Post (3/5, A12, Cody, 690K) says Negroponte said the Bush administration "'is dissatisfied with China's unwillingness to share such information," saying, "We think it's important in our dialogue that we understand what China's plans and intentions are." China's announcement and Negroponte's "swift appeal for more transparency highlighted a particularly uneasy point in what has become a broad, close and increasingly important US-China relationship."

The Financial Times (3/5, Yeh) says the Bush administration "has, in recent weeks, expressed increased suspicion of the general objectives and technological sophistication of the Chinese military, which is extremely secretive." Similarly, the Wall Street Journal (3/5, A3, Fairclough, Batson, Leow, 2.04M) says the move "could raise tensions with the US." The US and China's "Asian neighbors are increasingly concerned about China's strengthening military -- worries that escalated markedly after China's successful test of an antisatellite missile in January." The Washington Times (3/5, Lanfranco, 88K) also reports the story.

Paulson: China Not An Enemy. The Washington Times/AP (3/5) reports, "Treasury Secretary Henry M. Paulson Jr. says the economy is healthy, inflation seems under control and the U.S. should not perceive China as an economic enemy." Paulson, who "this week makes his third visit to China as Treasury secretary, said in a television interview broadcast it is essential that both countries have strong economic ties. The former head of the investment company Goldman Sachs has said China is moving too slowly in overhauling its currency system and cracking down on copyright piracy. … 'I would say that our relationship with China is multifaceted, and it's a very important relationship for the US. And I don't believe we need to make China an enemy,' Mr. Paulson said." The Wall Street Journal (3/5, 2.04M) runs an abbreviated version of the same AP story.

House Ways and Means Chairman Charles Rangel said on Fox News Sunday (3/4, Wallace), "I'm certain that" Paulson "already has his cue cards when he comes back. This is an ancient society. It's very difficult for them to understand our economy, that their pirating and stealing of our products is something they're working on. ... But the Congress, Republicans and Democrats, are going to start getting tough on China. We're going to expect our United States Trade Representative to enforce international law."

Brown Expected To Effect "Big Change" In British Foreign Policy. The Christian Science Monitor (3/5, Rice-Oxley, 59K) reports, "Barring an improbable political upset," Gordon Brown will be the next British prime minister, and "members of Parliament, political analysts, and people who know Mr. Brown say he will be a much different prime minister from Blair." His interests "are Africa and trade justice rather than the Middle East; he was never enthusiastic about Iraq; he appears to have little in common with President Bush." Americans may find Brown "a very different proposition from Blair, more cautious, possibly less compliant," and "some say the White House should prepare for a big change in style, if not substance."

"Human Rights" Clause Blocking EU-India Trade Accord. The Financial Times (3/5, Johnson) reports, "Indian objections to the inclusion of a standard "human rights and democracy" clause in a proposed free trade agreement with the European Union have emerged as a serious stumbling block, the Financial Times has learnt. The row is a setback for the ambitious agenda set at the EU-India summit in Helsinki in October last year, when both sides pledged to deepen economic and political ties." India "is a member of the United Nations Human Rights Council, but ranks low, according to the Asian Human Rights Commission, among the international community in terms of the ratification of international conventions and covenants."

Killings Said To Have Exposed Rampant Lawlessness In Central America. The New York Times (3/5, McKinley, 1.16M) reports, "After three Salvadoran congressmen were waylaid and killed on a road in Guatemala last month, it did not take the authorities long to find the culprits: they were Guatemalan police officers, and their unmarked police car had a tracking device that proved they were at the scene. They quickly confessed, saying they thought their victims were drug dealers, and were sent to a maximum-security prison." In prison, "the four who confessed ended up dead." The Times adds, "The police and the interior minister say that rioting gang members inside the prison shot and stabbed them. But other inmates and their visitors that day say a group of heavily armed men in military garb and ski masks made their way through seven locked doors and executed them, with no interference from guards, removing any possibility that they could identify co-conspirators. … Perhaps more important, the whole episode has exposed to the world the rampant police corruption, lawlessness and drug trafficking that plagues much of Central America, and Guatemala in particular."

Ivory Coast's President, Rebels Sign Accord. The New York Times (3/5, Polgreen, 1.16M) reports, "he president of Ivory Coast and the leader of a rebel group that controls its northern half signed a new agreement on Sunday to end a political impasse and reunite the country, which has been divided by war." The plan "is the latest in a long string of agreements seeking to end a simmering conflict that has

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kept Ivory Coast, once one of the most peaceful and prosperous nations in West Africa, divided in two and hobbled economically. Laurent Gbagbo, Ivory Coast's president, and Guillaume Soro, leader of the New Forces rebel group, met in Ouagadougou, capital of Burkina Faso, to sign the agreement." The two sides "plan to form a unity government within five weeks and form a joint military command."

Sweden Cited As Example For Pension Reform. The Wall Street Journal (3/5, A6, Perry, 2.04M) reports, "As aging populations and shaky public finances make overhauling pension systems a global priority, an initiative implemented nearly a decade ago in Sweden is looking like the pension world's next big thing." By "pegging public pensions to individual earnings and overall life-expectancy rates," Sweden "has given its citizens incentives to be more productive and retire later -- and sidestepped the political paralysis that has stymied change elsewhere." Some elements of its system are now being adopted in other countries such as Brazil and Russia.

Left Accused Of Double Standard On Civil Rights. Armando Valladares, former US ambassador to the UN Commission on Human Rights and current chairman of the New York-based Human Rights Foundation, writes in the Wall Street Journal (3/5, 2.04M), "The news that the Cuban dictator is gravely ill floods my mind with memories of my years spent in captivity. I believe that those of us who were political prisoners know his legacy better than anyone. For 22 years, I was an inmate in his vast prison system, mostly confined to an island gulag, for crimes I did not commit." Valladares adds, "The legacy of Castro for Cuba will be much like that of Stalin in Russia, Pol Pot and Ieng Sari in Cambodia and Hitler in Germany. … But his poisonous legacy will also include the double standard by foreign governments, intellectuals and journalists who fought ferociously against the unspeakable violations of human rights by right-wing dictatorships, yet applauded Castro. To this day many of these intellectuals serve as apologists and accomplices in the subjugation of the Cuban people."

Diehl Urges Turkey To "Shrug" Off US Genocide Resolution. The Washington Post's (3/5, A15) Jackson Diehl writes that "a vote expected next month on a nonbinding House resolution describing a 'genocide' in the Ottoman Empire beginning in 1915 has the potential to explode US relations with Turkey, sway the outcome of upcoming Turkish elections and spill over into several other strategic American interests, including Iraq and Iran." Diehl says that although "maybe Congress has no business debating Turkish history, maybe it is doing so for the wrong reasons. Yet if Turkey is to become the stable, Western-oriented democracy that it aspires to be, its politicians will have to learn, at least, to react the way everyone else does to nonbinding House resolutions: that is, with a shrug."

Congress Urged To Protect Rights Of War Medics. Leonard Rubenstein, executive director of Physicians for Human Rights, writes in the Washington Post (3/5, A15, 690K), "In war, health workers are often heroes and often victims. Though the Geneva Conventions are supposed to protect them as they fulfill their ethical duty to provide care to wounded combatants without regard to affiliation -- what is known as medical neutrality -- they frequently become targets by attending to the enemies of one side or another." Rubenstein urges Congress to "revise the law to protect medical ethics and restore America's commitment to being a place of refuge for those fleeing persecution. This step is also essential to revive principles of medical neutrality."

EU Market Commissioner Urges Reforms. Charlie McCreevy, EU commissioner for the internal market and services, writes in a Wall Street Journal (3/5, A17, 2.04M) op-ed that "many seem to see the regulatory burden of the Sarbanes-Oxley Act…as a significant reason for reduced US capital market competitiveness. The detailed requirements for internal control of public companies have turned out to be extremely expensive to implement." But "as trans-Atlantic markets further integrate," McCreevy says "we have to shift up a gear and chart a route to recognize each other's audit oversight bodies, implement the Basel II banking accord in a way that benefits banks and customers on both sides, and move to a risk-based system of reinsurance regulation that benefits homeowners and policyholders alike."

NYTimes Celebrates ICC Moves Against Genocide. The New York Times (3/5, 1.16M) editorializes, "Genocide moves swiftly, kills promiscuously and keeps finding new perpetrators, despite the world's repeated vows of 'never again.' In the face of such rampaging horror, carefully considered court verdicts, like last week's World Court ruling on the 1995 Srebrenica massacre in Bosnia, and patiently assembled dossiers, like the one that International Criminal Court prosecutors have now filed against two accused masterminds of Darfur's ongoing slaughter, seem frustratingly inadequate. … Court rulings can never compensate the survivors of these horrors. But by strengthening the reach and authority of international law, these cases should give pause to those tempted to unleash future genocides -- and to those who stand by."

NYTimes Praises Drug Firm's Action Against Malaria In Africa. The New York Times (3/5, 1.16M) writes in an editorial, "The big pharmaceutical companies are

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rightly criticized for concentrating on the development and marketing of drugs that sell for high prices in the industrialized world while neglecting to produce medications that could save millions of lives in the poorest countries. So it came as especially welcome news last week that Paris-based Sanofi-Aventis, the world's fourth-largest drug company, working in collaboration with a nonprofit drug-development organization pioneered by Doctors Without Borders, will soon introduce a cheap and easy-to-use pill to combat malaria in sub-Saharan Africa. … Now that Sanofi has shown, in the words of one executive, that 'we are not nasty people working against poor countries and seeking only profits,' let us hope that many other big drug companies feel the same humanitarian impulse."

WSJournal Criticizes EU Action Against Microsoft. The Wall Street Journal (3/5, 2.04M) editorializes, "Each round of the European Union's battle royal with Microsoft has revealed more about flaws in the bloc's antitrust office than about the stubbornness of the American software giant. Brussels' latest sucker punch is no exception. Last Thursday, EU antitrust czarina Neelie Kroes threatened to fine Microsoft up to €3 million, or about $4 million, a day because she doesn't like the prices the company wants to charge for licensing its technology." The Journal goes on to criticize "eurocrats," whose threats against "another multimillion-dollar fine when the appeals court is due to rule soon on the original judgment smacks of spite."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Security Crackdown Widens To Shiite Slum."
"Disabled Woman Is Able Ally For Parents."
"For Rep. Sanchez, A Hot-Tomato Label Means A Hot Potato."
"China May Close Reeducation Prisons."
"Obama, Clinton Reach Out To Black Voters."
"Cities Are Answering The Scrawl."

USA Today:
"Where Did The Money Go?."
"More Colleges Banning Smoking."
"U.S. Marshals Official Accused Of Misspending Security Funds."
"Chip Foose Overhaulin' Mainstream Designs."

New York Times:
"Basra Raid Finds Dozens Detained By Iraq Spy Unit."
"Oil Innovations Pump New Life Into Old Wells."
"N.A.A.C.P. President Is Stepping Down After A Brief Stay."
"A Record Of Failure at Center For Sex Offenders."
"Without Health Benefits, A Good Life Turns Fragile."
"In Guatemala, Officers' Killings Echo Dirty War."

Washington Post:
"No U.S. Backup Strategy For Iraq."
"'It Is Just Not Walter Reed'."
"Patent Office Web Site Will Solicit Advice."
"In Canada, the New Rush Is For Diamonds."
"Domenici Says He Contacted Prosecutor."
"Lanier Poised To Become Police Chief."

Washington Times:
"China Boost Defense Fund As Talks End."
"School Linked To Hamas Gets U.S. Cash."
"NAACP Leader Quits Over Group's Focus."
"Silicon valley Looks To Obama."
"CPAC Embraces Steele, Gingrich."
"Kibbutz Ideal Collapses As Israel Shifts To Capitalism."

Detroit Free Press:
"Tara Likely Strangled."
"Fatigue, Frostbite Catch Up To Him."
"Germans Love And Hate Chrysler."

Atlanta Journal-Constitution:
"NTSB Official Urges Changes At Crash Exit."
"Deadly Pursuits."
"Obama, Clinton Stump In Selma."
"'Time Switch May Torment Computers.'"

Houston Chronicle:
"A Hannah Bonanza."
"State-Of-Th-Art-Healing."
"Beijing Boost Military Budget Mightily."
"Hole In The Sewing Supply Market."

Story Lineup From Last Night's Network News:
ABC: Clinton, Obama Visit-Selma; Black Vote-Analysis; Afghanistan Violence; Push Into Sadr City; Walter Reed-Hearings; Thomas Eagelton Obit; Tornado Aftermath-Alabama; Christians Vs Atheist; Sled Dog Race-Alaska.
CBS: Clinton, Obama-Selma; Eagleton Obit; US-Afghan Civilian Deaths; Iraq-US Death Toll; Iraq Vet-Alabama Tornadoes.
NBC: Preempted By Golf.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Walter Reed-Congressional Hearings; US And Iraqi Forces-Sadr City; AL-Voting Rights March Commemoration; Obama, Clinton-Selma; AL-Funerals For Tornado Victims; Asian Stock Markets.
CBS: US And Iraqi Forces-Sadr City; Selma, AL-Voting Rights March Commemoration; Obama, Clinton-Selma; Walter Reed-Congressional Hearings; Eagleton Obit; Iditarod Sled Dog Race; Weekend Box Office.

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NPR: Congressional Subpoenas-Fired Federal Prosecutors; Feinstein, Hoekstra-Militants In Pakistan; US Military Investigating Suicide Bombing Incident In Afghanistan; Canada's Defense Minister-Afghanistan's Human Rights Commission; Atlanta-Bush Crash Investigation; Obama, Clinton-Selma; NAACP President Resigns.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks on Western Hemisphere policy, Reagan Building and International Trade Center. Open press.

VICE PRESIDENT CHENEY — Addresses the VFW Convention. Omni Shoreham Hotel.

US Senate: FLOOR SCHEDULE _ 1:30 p.m. Senate reconvenes at 1:30 p.m. Morning business until 3 p.m., when the Senate resumes consideration of S.4, the 9/11 Commission recommendations bill. Also, a vote on an executive calendar matter is scheduled for 5:30 p.m.

2:30 p.m. HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS _ Oversight of Goverment Management, the Federal Workforce and the District of Columbia Subcommittee. Hearing on the TSA personnel system for both screeners and non-screeners. Witnesses TSA Assistant Secretary Kip Hawley, AFGE President John Gage, others. Location: Room 342, Dirksen.

US House: 10 a.m. OVERSIGHT AND GOVERNMENT REFORM _ National Security Subcommittee. Field hearing on conditions at Walter Reed Army Medical Center. Invited witnesses: Specialist Jeremy Duncan; Annette McLeod, wife of Cpl. Wendell ``Dell'' McLeod; Staff Sgt. John Daniel Shannon; Lt. General Kevin C. Kiley, M.D., U.S. Army Surgeon General; Major General George W. Weightman, Commander (former), Walter Reed Army Medical Center; Cynthia A. Bascetta, Director, Health Care, U.S. Government Accountability Office; General Richard A. Cody, Vice Chief Of Staff Of The Army. Location: Joel Auditorium, Walter Reed Medical Center.

12:30 p.m. FLOOR SCHEDULE _ Meets for morning business, and at 2 p.m. for legislative business. First votes are set for 6:30 p.m.

1:30 p.m. HOUSE APPROPRIATIONS _ Defense Subcommittee. Hearing on the infrastructure and conditions at Walter Reed Army Hospital. Witnesses still TBA. Location: Room 2359, Rayburn.

2 p.m. APPROPRIATIONS _ Subcommittee on Financial Services. Testimony from Kathy Petronchak, commissioner, Small Business/Self-Employed Division, IRS; Nina Olson, National Taxpayer Advocate, IRS; Robert S. McIntyre, director, Citizens for Tax Justice; Leonard E. Burman, director, Tax Policy Center; Alan D. Viard, resident scholar, American Enterprise Institute. Location: Room 2128, Rayburn.

Other: COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Highlights: 1:30 p.m. - 3:30 p.m. Opening General Session. Participants: Gov. Brian Schweitzer, D-Mont.; U.S. Transportation Secretary Mary Peters; former Louisiana Senator John Breaux, who will moderate a bipartisan panel of experts to inspire change in the nations health care system; and presidential candidate, Rep. Dennis Kucinich, D-Ohio. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

INTERNATIONAL BANKERS _ The Institute of International Bankers holds its Washington conference. Highlights: 12 p.m. Rep. Barney Frank - luncheon speaker. 2 p.m. FRB Governors Kevin Warsh. 4 p.m. Rep. Spencer Bachus. 4:30 p.m. Public Company Accounting Oversight Board Chairman Mark Olson. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW.

VFW CONFERENCE _ The Veterans of Foreign Wars holds its Washington Conference. Highlights: 8 a.m. Opening session with VA Secretary Nicholson, Sen. Joseph Lieberman. 10 a.m. U.S. Coast Guard Commandant Admiral Thad W. Allen speaks. 11 a.m. Vice President Cheney speaks. 1 p.m. POW/MIA session, with retired Air Force Gen. Robert Foglesong, and retired Gen. Ruslan Aushev. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AMERICAN LEGION-NATIONAL DC CONFERENCE _ The American Legion 47th National Washington Conference. Highlights: 9:15 a.m. Mario Mancuso, Deputy Assistant Secretary of Defense Special Operations and Combating Terrorism, Department of Defense. 9:40 a.m. Gordon H. Mansfield, Deputy Secretary of Veterans Affairs, Department of Veteran Affairs. 11:35 a.m. Bob Filner, Chairman, House Committee on Veterans Affairs. 2:00 p.m. Jeff Sessions, U.S. Senator (Alabama); Location: Renaissance Washington Hotel, 999 9th St. NW.

ATTORNEYS GENERAL _ The National Association of Attorneys General holds its spring meeting. Highlights: 1:45 p.m. Session on the REAL ID program, with Assistant DHS Secretary Richard Barth. Location: Fairmont Hotel, 2401 M St. NW.

HISPANIC CHAMBER _ The United States Hispanic Chamber of Commerce holds its 17th annual legislative conference, ``Advancing Latino Entrerpreneurship -- It's Just Good Business.'' Highlights: 1 p.m. President Bush speaks. 6:30 p.m. - 8:30 p.m. Latina Leaders Reception. Note: This event at Altria Group, Inc. Headquarters, 101 Constitution Avenue, Suite 400. Location: Ronald Reagan Building & International Trade Center 1300 Pennsylvania Ave. NW.

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HOSPITALS _ The Federation of American Hospitals holds its 2007 Public Policy Conference and Business Exposition. Highlights: 8:25 a.m. Plenary session with keynote address by Comptroller General David M. Walker. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

LATAM-BUSH TRIP _ 9 a.m. - 10:15 a.m. The Inter-American Dialogue hosts a informal discussion of U.S. policy toward Latin America and the Caribbean in the context of President Bush's trip to the region later in the week. Panelists; Peter Hakim, president, Inter-American Dialogue; Michael Shifter, vice president for policy, Inter-American Dialogue; and Sydney Weintraub, William E. Simon Chair in Political Economy, Center for Strategic and International Studies. Location: Inter-American Dialogue offices, 1211 Connecticut Ave. NW, Suite 510.

FARM-TRADE _ 10 a.m. The Center for Strategic and International Studies holds a roundtable, ``The Farm Bill, the Doha Negotiations and the President's Trade Agenda: Proposals for Agricultural Policy Reform and their IKmplications for U.S. Trade Policy." Location: B-1 conference level, 1800 K St. NW.

AMERICA COMPETES _ 2 a.m. Sens. Jeff Bingaman (D-NM) and Pete Domenici (R-NM) will join Senate Majority Leader Harry Reid and Minority Leader Mitch McConnell and other senators to introduce the ``America COMPETES Act. Location: Mansfield Room, US Capitol.

ENERGY-NUCLEAR _ 12 p.m. The US Energy Association holds a briefing on the World Energy Council study on nuclear power in Europe. Location: US Energy Association, Suite 550, 1300 Pennsylvania Ave. NW.

GLOBAL HIV/AIDS ISSUES _ 12 p.m. Physicians for Human Rights and other HIV/AIDS advocacy groups sponsor a congressional briefing on ``Confronting Rapidly Emerging HIV Epidemics in Asia and Eastern Europe." Location: Room 2247, Rayburn.

HIV _ 12 p.m. Physicians for Human Rights, others, hold a briefing on the HIV epidemics in Asia and Eastern Europe, focusing on Vietnam. Location: Room 2247, Rayburn.

COAL EMISSIONS _ 12:30 p.m. The FutureGen Alliance holds a briefing to provide an update on the project regarding near-zero emissions technology and reducing carbon dioxide emissions. Location: Suite 701, 1150 17th St. NW.

LEVIN _ 1 p.m. Rep. Sander Levin speaks at an event by the Center for American Progress on globalization and the shared benefits domestically and abroad. Location: 10th floor, 1333 H St. NW.

ILLEGAL IMMIGRATION _ 2 p.m. The American Legion hosts a forum on illegal immigration and will feature government and private sector speakers who will discuss way to deal with this countrys population of illegal aliens. Speakers include: Senator Jeff Sessions of Alabama; Alfonso Aguilar, Chief of Citizenship U.S. Citizenship and Immigration Services, DHS; Kris Kobach, Professor University of Missouri, Kansas City School of Law; Roy Beck President, NumbersUSA; Dr. John Fonte Senior Fellow, Hudson Institute; and Mark Krikorian, Executive Director Center for Immigration Studies. Location: Renaissance Washington Hotel, Auditorium, 999 9th St. NW.

PENTAGON BRIEFING _ 2 p.m. Press briefing and media roundtable with Gen. Montgomery Meigs (U.S. Army retired) from the Joint IED Defeat Organization. He'll give an update press on JIEDDO efforts. Location: Pentagon, Room 1E462.

TERRORISM-DEMOCRATIC STATES _ 2 p.m. - 4 p.m. The United States Institute of Peace hosts a discussion of a multi-author study, ``Democracy and Counterterrorism: Lessons From the Past," edited by Robert Art and Louise Richardson, which examines thirteen cases across Europe, Latin America, Asia, and the Middle East to assess how democratic states have countered terrorist groups, and what lessons their campaigns offer for democracies currently battling al Qaeda and other global jihadists. Speakers: Robert Art, Brandeis University; Louise Richardson Radcliffe, Institute for Advanced Study, Harvard University; Paul Pillar, Center for Peace and Security Studies, Georgetown University; and Richard Falkenrath New York Police Department. Moderator: Paul Stares, U.S. Institute of Peace. Location: U.S. Institute of Peace 2nd Floor Conference Room 1200 17th St. NW.

WEBB-IRAN _ 2:30 p.m. Senator Jim Webb of Virginia holds media availability to discuss his bill prohibiting the use of funds for military operations in Iran without the consent of Congress. Location: Senate Radio & TV Gallery. Notes: He plans to introduce the bill on the Senate floor at 2 p.m.

KOREA _ 4 p.m. The Congressional Human Rights Caucus and the Congressional Korea Caucus hold a briefing with former Norwegian Prime Minister Kjell Magne Bondevik concerning human rights in North Korea. Location: Room 2255, Rayburn.

WALTER REED-NELSON _ 4:30 p.m. Sen. Ben Nelson holds a news conference following his tour of Walter Reed Army Medical Center. Location: Senate Radio-TV Gallery.

BAMFORD-IRAN _ 8:10 a.m. Historian James Bamford, author of ``A Pretext for War: 9/11, Iraq and the Abuse of Americas Intelligence Agencies," lectures at American University. Topic: ``Building the Case for War with Iran: What Did Congress and the Media Learn from Iraq?" Location: Ward 2 (Auditorium/Classroom on the lower level of Ward Circle Building), American University, 4400 Massachusetts Ave. NW.

POLAR BEAR-PUBLIC HEARING _ 6 p.m. - 9 p.m. US Fish and Wildlife Service holds public hearing on the 12-

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month petition finding and proposed rule to list the polar bear as ``threatened throughout its range under the Endangered Species Act. Location: Interior Dept. auditorium, 1849 C. St NW.

LABOR SECRETARY-AWARD _ 7:15 p.m. US Secretary of Labor Elaine Chao delivers remarks and receives an award at a US Hispanic Chamber of Commerce event. Open press. Location: 101 Constitution Ave. NW, Suite 400.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Arab Bank Accused Of Funding Terrorists (LAT)

By Josh Meyer

The Los Angeles Times, March 5, 2007

WASHINGTON — A three-year investigation into the activities of one of the Middle East's largest and most influential banks is producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors.

The information being turned up by government inquiries and lawyers suing Arab Bank "will give people a better understanding of the way money moves in that part of the world to support Hamas" and other militant groups in the West Bank and Gaza Strip, said Stephen Kroll, a terrorism finance specialist and until recently counsel to the U.S. Senate Committee on Banking, Housing and Urban Affairs.

"It's important in focusing the public's attention on the issue of what is and what is not acceptable for banks to be involved in," Kroll said.

The Justice Department is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and individuals accused of terrorism, according to three former U.S. counter-terrorism officials.

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In 2005, the bank agreed to pay the federal government $24 million in fines for violating U.S. laws aimed at preventing terrorist financing, including failing to report suspicious transactions.

The bank is also being sued in federal court in Brooklyn by Americans and Israelis injured in suicide bombings or other fighting in Israel and the occupied territories, and by the relatives of others who were killed. No trial date has been set, but assuming the cases go to trial, they could establish ground rules for what obligations banks have in handling money bound for militant groups. They could also provide an unusually detailed and public look at the flow of money from Saudi donors to Palestinian groups that the U.S. and Israel list as terrorist.

Lawyers suing Arab Bank accuse the firm of facilitating acts of terrorism by providing accounts and other financial services to Hamas, Islamic Jihad and similar groups. Arab Bank also acted as the administrator of a plan in which suicide bombers and others designated as "martyrs" by the Palestinian Authority and other organizations were compensated for their actions on a sliding scale, based on the extent of their injuries, according to documents filed in the cases. The lawsuits charge that the payments — and thus Arab Bank — provided an incentive for suicide bombings.

Arab Bank officials deny such charges and say they have never knowingly supported acts of terrorism. Bank officials say their agreement to pay the fine in 2005 was not an acknowledgment of any wrongdoing.

Bank officials say they provide an important financial service in the impoverished Palestinian territories and that they were merely acting as intermediaries between banks representing Saudi donors and Palestinian organizations and individuals who were being compensated for suffering at Israeli hands.

They also say that a "martyr" can mean almost any Palestinian killed or injured as part of the struggle with Israel, including innocent victims.

"Arab Bank had reason to believe these were humanitarian payments or social welfare payments, and there was certainly nothing in any of the public information that suggested to the bank at the time that these were in any way [meant] to induce terrorism or reward terrorism," said Robert Chlopak, a Washington-based spokesman for the bank.

Chlopak said the bank had checked out clients and transactions and that it did not process any payments to individuals or organizations that were designated as terrorist.

In one instance in which plaintiffs' lawyers allege that Arab Bank maintained an account for Hamas in Beirut, bank officials said that once they learned of the suspicious account, they froze it and reported it to authorities.

Arab Bank also said that it was primarily transferring funds sent to it from other banks on behalf of legitimate Saudi donors that have not been linked to terrorist activities. To win their case, the plaintiffs' lawyers would have to prove that Arab Bank knew that it was doing business with terrorist individuals or entities.

In 2005, the Treasury Department and the Office of the Comptroller of the Currency found that Arab Bank's New York branch had transferred funds between 2001 and 2004 for organizations that were later designated by the U.S. as terrorist groups. The Treasury Department said the bank had "largely complied" with the requirement to stop the transfers after the groups were identified.

But the department said that after the government designated these groups as terrorist, the bank failed to go back and review its accounts to see what dealings it had had with them and report any suspicious activities.

Some of the initial allegations in the lawsuits, most of which were filed in 2004, were based on documents seized by the Israeli military during raids on charities, businesses and other locations in the West Bank and Gaza in 2002. Among the documents were records indicating that Arab Bank provided financial services for Hamas and at least 41 organizations and individuals allegedly related to it or to Islamic Jihad.

Plaintiffs' lawyers Gary Osen and Michael Elsner used those records as a jumping-off point for a wider investigation in which they have gained access to tens of thousands of financial records from Arab Bank.

The records detail financial transactions that began in 2000 with the start of the second Palestinian intifada, or uprising. Saudi government officials created two special fundraising committees to help Palestinians battle Israeli forces and otherwise resist the occupation, according to court documents.

One of them, the Saudi Committee for Aid to the Al Quds Intifada, decreed that the life of anyone who died as a "martyr" in the conflict with Israel was worth 20,000 Saudi riyals, about $5,300 at the time. The committee began wiring that sum into

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accounts that families were instructed to set up at Arab Bank branches, the lawsuits allege. The average Palestinian salary is about $3,000 a year.

In all, the Saudi Committee made about 200,000 wire transfers for the Palestinian cause, totaling more than $90 million, Shukry Bishara, Arab Bank's chief banking officer, said in a court declaration. Much of that money went to pay for hospitals and social welfare programs, or to compensate people injured or imprisoned — or the families of those killed — in the Israeli-Palestinian conflict.

But the money also included an undetermined amount paid to the families of suicide bombers, and those injured or imprisoned by Israel, according to the lawsuits.

The plaintiffs allege that bank officials knew that those listed as "martyrs" included suicide bombers because it was publicly advertised. They cited a Feb. 10, 2001, edition of the Saudi newspaper Al Jazirah in which the Saudi Committee listed the names of Palestinian martyrs, including those killed in suicide bombings, whose families received payments.

Several lawmakers and Bush administration officials involved in the investigation of Arab Bank have expressed concerns about its activities.

At one House Finance Committee hearing in May 2005, Treasury Undersecretary Stuart Levey said that during his visit to the West Bank city of Ramallah to discuss the issue, the Arab Bank manager for the Palestinian territories told him that he "had not filed a single suspicious activity report in the past two years across all the Arab Bank branches in the West Bank and in Gaza."

"It appears that such controls were indeed sorely lacking at Arab Bank across all of their global operation," Levey said.

Terror Case Prosecutor Assails Defense Lawyer (NYT)

By Raymond Bonner

The New York Times, March 5, 2007

SYDNEY, Australia, March 4 — The chief prosecutor for the American military commissions that will try suspected terrorists being held at Guantánamo Bay, Cuba, has lashed out at the military lawyer for one of the detainees, a newspaper here reported in its weekend edition.

The prosecutor, Col. Morris D. Davis, said that the lawyer, Maj. Michael Mori of the United States Marine Corps, should not be making public appearances in Australia in uniform on behalf of his client, David Hicks, and that he faced possible prosecution for some of his remarks.

“I don’t know what Major Mori’s plans are right now but if he wants to come back home and represent his client, that would be helpful,” Colonel Davis was quoted as saying by The Australian. “Certainly in the U.S. it would not be tolerated having a U.S. marine in uniform actively inserting himself into the political process. It is very disappointing to see that happening in Australia, and if that was any of my prosecutors, they would be held accountable.”

Colonel Davis, who is an Air Force lawyer, added that it would be up to the Marine Corps whether to charge Major Mori with violation of Article 88 of the Uniform Code of Military Justice, which makes it a crime for a military officer to use “contemptuous words” about the president, vice president, secretary of defense and other high public officials.

Major Mori, who was in Australia this past week, for the seventh time in three years, reacted with anger. “Are they trying to intimidate me?” he said in a telephone interview on Sunday.

He compared Colonel Davis’s statements with remarks made last year by a senior Pentagon official, Charles D. Stimson, who was then the deputy assistant secretary of defense for detainee affairs, who said that corporations should consider not using law firms that represented Guantánamo detainees pro bono. His remarks brought a torrent of objections, and he was forced to resign.

Col. Dwight Sullivan, the chief defense counsel in the military commissions procedure, said in an interview on Sunday night in Washington that Major Mori’s behavior was “absolutely proper.” Colonel Sullivan, a Marine lawyer, said that under military ethics rules, “a military defense lawyer is supposed to provide the same level of representation as a civilian lawyer.” He said that in pressing Mr. Hicks’s case in Australia, “Major Mori is fulfilling his duty as an officer and as an attorney.”

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Colonel Davis, reached by e-mail Sunday night, said his comments reflected his view that Major Mori's remarks in Australia had crossed the threshold of what was proper for a military defense lawyer. He said his remarks did not mean he was pressing for any action to be taken against Major Mori, only that he believed that the major had gone too far.

"Most of the defense counsel say the commissions are unfair and criticize the process as they are entitled to do," Colonel Davis wrote in response to a request for comment. But he said that Major Mori "goes further than any defense counsel I've ever known."

Colonel Davis said that it was improper for Major Mori to have made statements alleging that the president, the secretary of defense and Congress "intentionally created a rigged system that guarantees convictions in order to cover up wrongdoing" and that "everyone involved is potentially guilty of war crimes greater than the charge against" Mr. Hicks.

Colonel Davis said he would not permit the prosecutors on his team to make equivalent comments or "inject themselves into the political picture in an allied country."

Major Mori has been strikingly blunt in his comments about the military commissions, on at least one occasion calling them kangaroo courts.

Major Mori has been a "very effective" advocate for his client, said a senior member of the government of the Australian prime minister, John Howard, on the condition that he not be identified because he was expressing a view that the government would not state publicly.

Last week, the United States military announced that it was filing only one charge against Mr. Hicks, for "material support for terrorism," a major reduction from the initial charges, which had included conspiracy to commit murder, attempted murder and aiding the enemy.

HOMELAND RESPONSE:

Holt Wants Hearings On FBI Anthrax Investigation (AP)

AP, March 5, 2007

TRENTON --Rep. Rush Holt (D-Princeton) wants hearings into what he says is a lack of headway in the FBI's investigation into the deadly anthrax attacks of 2001.

"It seems to me this investigation is not making progress. I can't say for sure. They

won't brief me," Holt told The Times of Trenton for Saturday newspapers.

"Not briefing Congress on the status of the probe into the biggest biological attack in United States history is inexcusable," he said.

The anthrax attacks through the postal system killed five people across the country and sickened 17 in the weeks after Sept. 11, 2001. Investigators have not determined who was responsible for the attacks.

Over the years, Holt has been a vocal critic of the bureau's handling of the case,

especially because anthrax contamination was found in mail facilities in and near Holt's district.

Holt on Friday called on four committee chairmen and one subcommittee chairman in the House to hold oversight hearings into the investigation. His request may carry more weight now that his party is in the majority in Congress.

Several earlier attempts to receive information failed. In September and October 2006, Holt formally requesting that the FBI brief Congress on the investigation. He was denied.

In December, a bipartisan group of 32 House and Senate members called on Attorney General Alberto R. Gonzales to direct that the FBI brief Congress on the investigation. That request was also denied.

Richard J. Kolko, a bureau spokesman, defended the handling of the anthrax probe, saying it is "one of the largest and most complex" ever conducted. He said the investigation is still a high priority.

Flirting With Disaster (editorial) (WP)

The Washington Post, March 4, 2007

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AMERICA HAS a bad habit of building in areas that don't make sense environmentally or actuarially. That habit has been aided and abetted by public officials who bend to the will of developers and their customers, despite storms, floods, earthquakes and other natural calamities that destroy lives and break banks. The latest example of this can be found in Florida. By rolling back insurance rates, spreading the risk and fiddling with its catastrophe fund, the Sunshine State has invited more development in dangerous places.

Make no mistake, Floridians needed relief from insurance premiums that had doubled or tripled. But in keeping a campaign promise to cut rates, Gov. Charlie Crist (R) and the legislature not only are gambling with the state's fiscal future but also are giving people an incentive to keep putting themselves in harm's way.

Florida is the country's first pin in hurricane alley. The major storms of the 2004 and 2005 seasons and their respective $20 billion and $10 billion payouts sent the insurance industry fleeing from the state. Those that stayed either stripped high-risk policyholders of coverage or jacked up premiums so high that they threatened to cripple Florida's economy, which is dependent upon development and the people who move there because of it.

So here's what Crist & Co. did: The state-run insurer of last resort, Citizens Property Insurance Corp., which is also the state's largest property insurer, rolled back planned rate increases. It can now spread the risk by offering other policies, such as fire and theft. And it will offer its subsidized rates to commercial property. Private companies buying reinsurance from the state at greatly reduced rates must pass the savings to consumers through lower premiums.

Meanwhile, the threshold for troubled insurers to tap into the Florida Hurricane Catastrophe Fund was dropped from $6 billion to $3 billion and the upper limit on claims to be paid out by the state was raised from $16 billion to $32 billion. There's only $1 billion in the fund. If another major storm hits Florida -- a likelihood on a par with the sun rising in the east -- the state is on the hook. The "no big deal, we'll just bond it out" attitude is as irresponsible as the "let's pray we don't get hit by another Big One" wishful thinking gripping many in Tallahassee.

We live in an era of rapid climate change with the potential for more frequent and more destructive storms. Everyone -- from politicians to the voters they aim to please -- must understand that there is a cost to offering below-market insurance that fuels unrestrained building in high-risk areas. Betting against Mother Nature is never a winning proposition.

Sensible Security Fixes (WP)

The Washington Post, March 5, 2007

ALONG-DORMANT battle over the Department of Homeland Security's labor practices resurfaced last week in the Senate. The White House threatened to veto a generally sensible homeland security bill that was based on the Sept. 11 commission's recommendations, because of a provision that would allow Transportation Security Administration employees to engage in collective bargaining. In the Senate, 36 Republicans are promising to sustain that decision by President Bush.

He shouldn't veto, and they shouldn't vote to sustain if he does. Other employees of the Department of Homeland Security enjoy the benefits of collective bargaining without endangering Americans' safety. Sen. Joseph I. Lieberman (I-Conn.), who sponsored the bill, points out that TSA employees have unnecessarily limited access to redress, which contributes to the TSA's high turnover, high absenteeism and low morale. Meanwhile, there's a lot more to the bill than this one provision.

The legislation, for example, proposes to distribute federal anti-terrorism grants to cities and states according to a formula that the bill's backers say will put the most money into regions that face the most risk. It would thus direct more money to high-risk cities such as Washington than would the House version. That's good but not good enough; the bill still requires that every state receive some money, regardless of risk. We hope the Senate reconsiders this wasteful formulation in coming days, especially after the farcical example of last year's Homeland Security grant-giving -- marked by huge declines in funding for New York City and Washington and huge increases for cities such as Louisville.

On the other hand, the bill contains a range of solid proposals -- from grants to ease communication among first responders to measures that would promote intelligence sharing. The bill's sponsors also exercised good sense when they excluded a requirement that all sea cargo containers be scanned for harmful materials before entering the United States. This bad idea made its way into the House version of the bill, its supporters claiming that it reflected the will of the Sept. 11 commission when in fact the panel supported no such measure. Requiring 100 percent scanning would be likely to disrupt trade

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and inflict massive costs on businesses and consumers with meager benefits. A pilot program testing the mere feasibility of scanning all containers is far from complete. If 100 percent scanning stays out of the legislation and Congress sends the money to areas that really need it, President Bush ought to forgo the politics and sign the bill.

WAR NEWS:

Bush, Cheney Turn Focus To Terrorism (WT)

By Jon Ward

The Washington Times, March 5, 2007

Both President Bush and Vice President Dick Cheney will give speeches in the next few days on the war on terrorism, to the applause of Republicans who say the White House needs to be more aggressive in selling the successes in Iraq.

"The administration should step it up when it comes to messaging," said Sen. Lindsey Graham, South Carolina Republican, who is one of the strongest supporters in Congress of the president's Iraq policy. "I think the president has to do more. People like myself have to do more."

Mr. Graham said the president is "doing a better job of connecting the outcome in Iraq to the global war on terror," but added that Mr. Bush should "mix it up" in how he communicates the war's stakes. "Don't always go to a place where there's a bunch of troops behind you," he said, referring to Mr. Bush's many speeches at military bases.

Mr. Bush will speak on Iraq and the war against terrorism tomorrow in a speech to the American Legion. Mr. Cheney will speak today to the Veterans of Foreign Wars legislative convention.

A senior Bush administration official, however, said that "more than anything else, the actions on the ground in Iraq, part in Baghdad, are going to dictate how it's interpreted, so, the president, we view his role in this is to give the broader context."

Politically, the White House is happy that the center of the Iraq war debate has shifted to Capitol Hill, giving the Democrats the chance to fail on their campaign promises to end the war.

"Some of the favorite things for Democrats to unite and kind of coalesce around is to be against the president," the senior official said. "I think as you saw in that House debate. We let them have that debate themselves."

After Democrats predicted last month that 40 to 50 Republicans would vote for a nonbinding resolution against Mr. Bush's plan to send 21,500 additional U.S. troops to Iraq, only 17 Republicans defected.

"The president's going to stay at a certain level on this," the Bush official said. "We're not going to get in the weeds of the political debate on Capitol Hill."

Some Republicans on Capitol Hill say this has been the best political strategy, allowing the debate to focus on the merits of each sides' arguments and whether the Democrats have a plan, instead of uniting Democrats in opposing the president. But other House Republicans, however, say Mr. Bush has not convincingly argued that Iraq is a fight against al Qaeda and other Islamist groups, and not just a maelstrom of Islamic sectarian violence.

"I think it's been difficult for the White House to turn up the volume on this fact -- on the true nature and intentions of the enemy -- above the din of the Democrats' defeatism. But we all better find a more effective way to do just that," said a Republican leadership aide. "It's much easier for Americans to support a precipitous withdrawal strategy when they don't know how serious the stakes are."

The senior Bush official said the White House thinks the president has "found about the right level of engagement on it."

White House spokeswoman Dana Perino said the president has "stepped up outreach ... with Congress."

"We're aware that the war and the surge are unpopular. No question about it," Mrs. Perino said. "Our challenge is to keep showing progress and making the case in a variety of ways."

Hundreds Of U.S., Iraqi Troops Sweep Sadr City (USAT)

By Rick Jervis

USA Today, March 5, 2007

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BAGHDAD — U.S. and Iraqi troops conducted door-to-door searches in the Shiite stronghold of Sadr City on Sunday, marking a critical step in the new Baghdad security plan.

More than 600 U.S. troops and 550 Iraqi soldiers cleared out safe houses and searched for militants and weapons, according to a U.S. military statement. They met no major resistance.

The troops seek to establish a permanent security outpost in Sadr City, home to the powerful Mahdi Army militia. The operation marks a major shift in strategy by Iraq's Shiite-led government, which blocked several attempts last year by U.S. troops to enter the area.

"Many people felt we would never go into Sadr City because that was the prime minister's power base," said Lt. Col. Christopher Garver, a spokesman for the U.S. military in Iraq. "It's just another example of the political will that the prim e minister and council of representatives are exerting to make this work."

The Bush administration has demanded all sectarian militias be disarmed as part of a broad security initiative that includes an increase of 21,500 U.S. troops in Iraq.

"The law must prevail," Iraqi Prime Minister Nouri al-Maliki said Sunday. "Everyone will be affected, regardless of sect."

The crowded neighborhood on Baghdad's eastern outskirts is home to about 2 million Shiite Muslims, many of whom credit the Mahdi Army for protecting them from Sunni insurgents. However, Sunni politicians have blamed the militia for killing civilians and pleaded with al-Maliki to stop the violence.

"We don't know if (al-Maliki) has a change of heart, but certainly there is a change of tactic," theU.S. ambassador to Iraq, Zalmay Khalilzad, told CNN.

Mahdi Army militants have displayed little resistance to the security campaign. Sunday was no exception: U.S. forces swept through the eastern corner of Sadr City with barely a sign of opposition, Garver said.

Some Sadr City residents said the area has been calm, although the militia continues to work in the shadows. "The Mahdi Army is still operating," said Ammar Abbas, a cigarette vendor near the area where the sweep took place Sunday. "We're still afraid of them."

The militia's leader, the anti-American cleric Muqtada al-Sadr, has not been seen in public since January. The U.S. military said last month that he was in Iran, although al-Sadr's spokesmen denied he left the country.

Hundreds of Mahdi Army leaders have been arrested in recent weeks, the Iraqi government says.

Garver said the militants could be laying low to strike in the near future. "We know the enemy wants to strike on his time," he said.

Also Sunday:

•For a third consecutive day, Baghdad was spared a car bombing or other attack bringing mass casualties.

However, a Shiite newspaper editor and a police officer were gunned down. After nightfall, U.S. artillery was heard across Baghdad. In recent days, U.S. gunners have hit suspected Sunni insurgents' staging grounds south of the city.

•Outside Baghdad, Lt. Col. Valery Keaveny described a raid last week that uncovered a suspected Sunni "torture site" and the rescue of two Iraqi captives, who apparently had been spared immediate execution because the militants' video camera broke, and they wanted to record the killings.

Basra Raid Finds Prisoners With Signs Of Torture (WP)

By Sudarsan Raghavan

The Washington Post, March 5, 2007

BAGHDAD, March 5 -- Iraqi special operation forces and British troops swept into an Iraqi intelligence ministry building Sunday morning in the southern city of Basra and found prisoners with signs of torture, British officials said.

All 30 prisoners escaped during the surprise raid, which was triggered by information gleaned from suspects arrested hours earlier in another sweep, a British military spokesman said Monday morning.

"It is unclear how it occurred, but what is clear is that the Iraqi forces did not let them escape," said Maj. David Gell, who called the escape "regrettable."

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In a statement, Prime Minister Nouri al-Maliki called the raid an "unlawful and irresponsible act." He ordered an investigation of the raid, but did not comment on the allegations of torture at the facility that was the Basra headquarters of the National Iraqi Intelligence Agency. The spokesman for the Shiite-led Interior Ministry, which controls the agency, could not be reached.

A British military statement said its forces acted quickly because it had gained information hours earlier that presented a high threat. "It was therefore not possible for either the Iraqi units or multinational forces to pre-warn the relevant provincial authorities," it said.

The operation began at 12:45 a.m. when Iraqi special forces and British troops entered the Basra neighborhood of al-Puwaysa, where they arrested five suspects allegedly involved in car-bomb attacks against British forces, as well as kidnappings, torture and murder. Information from the suspects prompted the raid on the intelligence agency compound, Gell said.

The raid highlighted the insecure conditions in Iraq's Shiite-controlled south at a time when Britain has announced a significant drawdown of its forces. It was the latest instance of U.S. and British forces finding evidence of torture in Iraq's Shiite-dominated security and intelligence facilities that has raised questions about human rights and the rule of law in Iraq.

The operation came as more than 1,100 U.S. and Iraqi troops pushed into the Shiite militia haven of Sadr City on Sunday, the largest operation in nearly three years in the sprawling, turbulent slum. Control of the area is viewed as pivotal to stabilizing the capital and preventing Iraq's slide toward civil war.

Riding in Humvees and armored personnel carriers, the troops put up checkpoints and conducted door-to-door searches for illegal weapons and militia fighters. They met no resistance, according to U.S. military, Iraqi officials and residents. No weapons caches were found and no suspects detained, the military said.

The operation represented the most serious effort yet by the government of Maliki to neutralize the Mahdi Army, which is headed by firebrand cleric Moqtada al-Sadr and is the country's largest and most violent Shiite militia.

Maliki, a Shiite, has for months faced intense U.S. pressure to send troops into Sadr City and assert the government's authority. But he has long avoided doing so because Sadr, who controls six ministries and 30 seats in parliament, is his political benefactor.

Sunday's push occurred only after Sadr had agreed to support Maliki's new Baghdad security plan, Iraqi officials said, and after negotiations with civil leaders and Sadr's representatives on the role of U.S. troops in Sadr City.

The operation lasted several hours and primarily targeted an area near a busy market, according to residents interviewed in Sadr City. By afternoon, there were no signs of U.S. or Iraqi soldiers in the densely crowded streets lined with posters of Sadr and banners lauding the Mahdi Army.

U.S. military officials said they would continue the security sweeps to facilitate a plan to house U.S. and Iraqi troops in a police station on the edge of Sadr City, where as many as 2 million people live. The new military post, similar to those being constructed in other neighborhoods, is a key component of Maliki's security plan to build public trust in Iraq's security forces and ensure that areas are not retaken by insurgents.

"It is a multi-day operation, continuing operation," said Lt. Col. Christopher C. Garver, a U.S. military spokesman.

In Sadr City, black-clad militiamen have vanished from the streets. Senior Sadr officials and Mahdi Army leaders have fled to Shiite cities in southern Iraq or to neighboring Iran. Some fighters said in interviews that they wanted to engage the U.S. troops but were under strict orders from Sadr to maintain a low profile.

"We feel upset, but what can we do?" said Laith Abu Bakr, 34, a Mahdi Army fighter. "We have orders not to act."

Sadr's motive for allowing the security operation in his stronghold was unclear. Some Shiite politicians have suggested he wants to boost his political credentials and improve his image, but others say he hopes to rid his movement of rogue elements and rivals.

Publicly, however, he has started to criticize the U.S. involvement in what he said should be an Iraqi operation. Sadr has long opposed the U.S. occupation and has issued strong calls for a troop withdrawal. In 2004, the Mahdi Army staged an uprising in Shiite areas, prompting U.S. forces to storm Sadr City.

On Sunday, Rahim al-Daraji, the mayor of Sadr City, said "as long as there is an Iraqi leadership, they are most welcome. The Americans can go into Sadr City."

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"The people were very cooperative and were very happy because these forces are coming to protect them," he said.

But some residents said they felt safe under militia protection and questioned the presence of U.S. troops.

The Mahdi Army is "treating us very well," said Riyad Hamid Swadi, 40, the owner of a small junk shop. "What are the Americans doing here?"

A senior Sadr official said he did not believe that Sadr had agreed to allow U.S. troops to be stationed inside Sadr City and warned that their presence could provoke the Mahdi Army.

"This will create a spark," Sheik Ayad al-Khabi said. "They are going to drag the Shiites into a fight."

Separately, Maliki announced plans to reshuffle his cabinet in the next two weeks, a move he has promised for months. Maliki's aides have indicated that he intends to replace several Sadr loyalists in charge of key ministries, including the Health Ministry, which has been plagued by allegations of corruption.

Falah Shanshal, of the Sadr bloc in parliament, said that Sadr's supporters had given Maliki a list of replacements for the ministry posts and that they would block attempts to wrest ministries from their control.

U.S. Gingerly Enters Sensitive Iraq Neighborhood (LAT)

By Tina Susman

The Los Angeles Times, March 5, 2007

BAGHDAD, Iraq -- Just after 8 a.m. Sunday, U.S. and Iraqi troops tapped on Saif Mirwan's front gate in the Shiite stronghold of Sadr City and politely asked to search his house. They looked in each room, asked how his family was doing, checked out the pigeons he keeps on his roof, and then left with handshakes and a thank you.

With that, Sadr City, whose fearsome reputation and political clout had rendered it largely off-limits to U.S. and Iraqi government troops for nearly three years, became an official part of the latest U.S.-Iraqi security crackdown.

In the first daylight door-to-door weapons searches here since the crackdown began, there was none of the bloodshed that greeted American troops the last time they tried to police the district in the spring of 2004.

But the limited raid, in the Jamila section of the sprawling slum, also raised the question of how long things will stay quiet, given the opposition to foreign troops of anti-U.S. Shiite cleric Muqtada al-Sadr, whose Mahdi Army militia took control of Sadr City's streets after the U.S.-led invasion of Iraq in 2003.

More than 600 U.S. soldiers and 550 Iraqi troops, backed by a column of armored vehicles, took part in Sunday's operation, described as a first step toward establishing a permanent U.S.-Iraqi security station within Sadr City. Military officials say these stations will foster trust between local residents and troops and will form the backbone of the security plan, which is seen as a last-ditch effort to quell sectarian warfare between Sunni Arabs and Shiites, fueled in large part by execution-style killings attributed to Shiite militias including the Mahdi Army.

At least 15 stations have been established in other neighborhoods of Baghdad, according to the U.S. military, and several more are planned. Those in Sunni neighborhoods are aimed at quelling the Sunni-led insurgency, which has used bombings, roadside explosives and sniper attacks to kill American troops and spread terror among the Shiite majority.

Setting up in Sadr City, which is named for al-Sadr's late father, a revered cleric, is a tricky maneuver because al-Sadr is politically influential with fellow Shiites, including Iraqi Prime Minister Nouri al-Maliki.

The troops arriving Sunday participated in what they termed a "soft-knock" operation, clearly aware that one wrong move could stoke anger among al-Sadr supporters. The troops avoided pounding or kicking on doors and, according to people whose homes were searched, were unfailingly polite and observant of Muslim sensibilities.

"They thanked us with respect and a smile," said Shihab Ahmed, a teacher, noting that the Americans greeted him in Arabic and asked permission before entering his house with a bomb-sniffing dog. "I am happy that such a campaign is done in my neighborhood. It doesn't upset me, as it is aiming to clear the area of weapons."

In a few hours, the operation was over for the day. A checkpoint was dismantled, allowing traffic to move normally. The convoy rumbled away, and shopkeepers returned to business as usual.

Still unclear is what will happen when troops return to establish a permanent presence, and how long al-Sadr will keep a lid on his militia.

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The cleric pulled his militiamen off the streets when the security plan officially was launched Feb. 13 as a favor to al-Maliki. But al-Sadr's impatience with the plan has grown as attacks on Shiites by Sunni Arab insurgents have soared in recent days. On Saturday, al-Sadr issued a statement through associates rejecting recent statements by U.S. and Iraqi government officials that negotiations had cleared the way for a government security station in Sadr City.

Some analysts believe al-Sadr will keep his troops at bay -- at least for the time being.

"It's very clear al-Sadr's policy is to absorb the initial punch of the surge, not to engage the Americans, not to give them an excuse to focus on the Shiites," said Vali Nasr, an expert on Iraq and on the Sunni-Shiite conflict at the Naval Post-graduate School in Monterey, Calif.

But as U.S. troops continue to hand over security functions to Iraqi forces in coming months, Nasr said, al-Sadr will be well-positioned to revive his Mahdi Army, which most Shiites consider far more capable than Iraqi forces at protecting them. Al-Maliki will have to support him in exchange for his cooperation with the security plan, and his loyalists will embrace the return of his bullying but effective militiamen, Nasr predicted.

Across Baghdad, there were reminders of the ongoing sectarian war. Police said that since Saturday, they had found 20 bodies of men who were believed to be victims of Shiite death squads. And at least three Iraqi civilians died in bombings.

One car bomb exploded near an Iraqi police patrol in Doura, a troubled Sunni area in southern Baghdad and killed one civilian. Another Iraqi died when a bomb exploded in the Shiite district of Karada, and a third was killed when a blast hit near a downtown bank.

South of the city, three women and one child were killed when a bomb targeting a U.S. military convoy exploded. The victims were inside a minibus that took a direct hit from the blast.

Times staff writers Raheem Salman and Saif Rasheed, and special correspondents in Baghdad contributed to this report.

Notes From Baghdad (WSJ)

By Mohammed Fadhil And Omar Fadhil

The Wall Street Journal, March 5, 2007

BAGHDAD -- The new strategy to secure Baghdad has been dubbed by Prime Minister Nouri al-Maliki as "Operation Imposing the Law." After weeks of waiting and anxiety it is finally underway, and early signs are encouraging.

The government information campaign and the news about thousands of additional troops coming had a positive impact even before the operation started. Commanders and lieutenants of various militant groups abandoned their positions in Baghdad and in some cases fled the country. Diyala province to the east of Baghdad was the destination for many Sunni extremists, while Shiite militiamen went to Babil and Diwaniya in the south. Some higher-ranking members of Shiite and Sunni militant groups fled to Iran and Syria respectively. This migration motivated the government to announce supporting security measures in five provinces around Baghdad, to make sure that fleeing bad guys do not regroup in other cities.

This indicates that both the addition of more troops and the tough words of Prime Minister Maliki are doing the job of intimidating the militants. The extremists understand only the language of power, and any reluctance or softness on the part of the Iraqi or U.S. government would only embolden them. In this way the clearly voiced commitment of President Bush and Prime Minister Maliki was exactly the type of strong message that needed to be sent.

One difference between this and earlier -- failed -- attempts to secure Baghdad is the willingness of the Iraqi and U.S. governments to commit enough resources for enough time to make it work. Another important point is the insistence of the Iraqi government that political factions not interfere with the progress of military action. The commanders and the prime minister have made it clear that no one will be above the law, and that even places of worship and the offices of politicians will be subject to searches and raids if evidence of involvement in violence is found.

The Iraqi commanders are also trying to give the operation a national stamp by including troops from across the country -- even from Kurdistan and far provinces like Basra, where politicians and officers have been long opposed to being involved in Baghdad. Yet another aspect that makes "Imposing Law" unique is its ascending intensity. Unlike other operations that always started from a peak and soon lost momentum, this plan is becoming stricter and gaining momentum by the day as more troops pour into the city, allowing for a better implementation of the "clear and hold" strategy. People here always want the "hold" part to

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materialize, and feel safe when they go out and find the Army and police maintaining their posts -- the bad guys can't intimidate as long as the troops are staying.

The Iraqi people themselves are playing their role in the plan. Recent figures from U.S. officers in Baghdad show that the joint forces have been receiving an average of 250 security tips from civilians since the beginning of the operation, about twice previous figures. With help from a government-appointed committee, people in some Baghdad neighborhoods are returning occupied mosques to their original keepers and worshippers, and holding joint prayers between the two sects in mixed neighborhoods.

So after only a couple weeks we can feel, despite the continuing violence, that much has been accomplished. Many Baghdadis feel hopeful again about the future, and the fear of civil war is slowly being replaced by optimism that peace might one day return to this city. This change in mood is something huge by itself.

The brightest image of the past two weeks was the scene of displaced families returning home; more than a thousand families are back to their homes under the protection of the Army and police. This figure invites hope that Baghdad will restore its social, ethnic and religious mosaic.

Marketplaces are seeing more activity and stores that were long shuttered are reopening -- including even some liquor stores that came under vicious attacks in the past. This is a sign that extremists no longer can intimidate people and hold the city hostage. All of this gives the sense that law is being imposed.

Checkpoints are not seen as scary threats to the innocent. They look more professional and impartial as they include members of the police, Army, Multinational Forces and even traffic cops with laptops verifying registration papers. We've lost the fear that checkpoints might be traps set by death squads; they search everyone, even official convoys and ambulances.

We feel safer about moving in the city now, and politicians who used to hide behind the walls of the Green Zone are venturing out. Watching Mr. Maliki walking on Palestine Street in central Baghdad gave a positive impression that the state, and not the gangs, owns the streets.

It is true that not all of Baghdad has seen the same amount of progress, but we realize that patience is necessary. People do not complain about delays at checkpoints but instead say they'd like to see stricter inspection.

Military-wise, the results are not humble either; hundreds of militants have been killed, more hundreds arrested, and dozens of weapons caches discovered and destroyed. The frequency of attacks has declined drastically, and the terrifying scene of bullet-riddled bodies has become a rarer incident.

Our people want to see this effort succeed. We know it's not going to be an easy fight. Rescuing all of Baghdad's districts from the grip of militants and terrorists will require sacrifice and hard work. We hope the troops and the governments in Baghdad and America do not lose their resolve.

Mohammed and Omar Fadhil write a blog, IraqTheModel.com, from Baghdad.

U.S. Hopes For Results In Iraq Outreach (AP)

By Ryan Lenz

AP, March 5, 2007

YOUSSIFIYAH, Iraq - It was the kind of exchange that U.S. troops are counting on.

Medics treated an electrical burn on an Iraqi man injured doing home wiring. In return, he passed along a tip: Powerful local clan leaders have ordered a fresh crop of roadside bombs against U.S.-led forces.

The whispered warning - in the shadow of a mosque believed to support Sunni insurgents - is just what the soldiers want to hear as part of a new strategy to move some units off big, fortress-like bases and into outposts in Iraq's most violent places.

The plan hinges on hopes that increased contact with ordinary Iraqis will help soldiers separate innocent civilians from militants hiding among them, and try to rebuild a battered U.S. image after four years of fighting.

The shift also stands as an indirect indictment of the Pentagon's old counterinsurgency plans after years of losing touch with the Iraqi streets - and access to the crucial rumor mills and informants.

"I live where I work. It puts me so much closer to the people. That's what this is all about. The people are the center of gravity in this fight," said Capt. Richard Ince, a native of Georgetown, Texas.

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His company - part of the Army's 2nd Battalion, 5th Cavalry Regiment - has turned a water treatment plant into a military compound near Youssifiyah, a volatile area 12 miles south of Baghdad. It's in the so-called "Triangle of Death" because of relentless attacks on U.S. military units patrolling its dirt and gravel roads.

On Friday, he made the five-minute walk from the base to near the mosque in a grove of palm and pine trees on the outskirts of Youssifiyah. Until recently, such a stroll would have been considered foolhardy - if not a breach of orders - for U.S. forces.

Now, it's encouraged.

Troops quickly turned the stone courtyard of an abandoned home into an open-air clinic. They did not advertise their plans in advance, fearing insurgents could plot an attack. Instead, word was spread by knocking on a few doors and letting the local grapevine do the rest.

Within minutes, dozens of people waited behind razor wire for treatment. In Iraq, even humanitarian outreach is accompanied by full-bore security. Every patient was searched and even babies were patted down.

Medics doled out children's Tylenol and antibiotics to parents with sick children. A smiling sergeant was handing out rainbow-colored pencils and candies to youngsters when a man holding his arm approached.

It was charred by a serious electrical burn, which oozed blood. Then, through an interpreter, he told Ince about how local tribal chiefs had called for more roadside bombs in the area.

Ince nodded and spoke quietly into a radio.

Sgt. James Farris, 31, of Tullahoma, Tenn., who had been listening to the exchange, said soldiers have heard dozens of tips like this since they moved into their new post earlier this year.

Some were credible and others viewed with suspicion. But it's opening the channels that's needed, he said.

Along with the advantages, however, come risks. A coordinated attack last month on the outpost in Tarmiyah, about 30 miles north of Baghdad, killed two soldiers and wounded dozens more.

About two hours after the clinic outside Youssifiyah opened, it was ordered closed. Nurses rushed to pack crates. Soldiers, who had watched quietly through the morning, suddenly took defensive positions.

There was no direct threat. Ince simply didn't want to press his luck.

"The longer you stay out here, the more you open yourself to negative action," Ince said, rushing to leave. "When you're ahead at the craps table, that's when you pick up your chips and go home."

Basra Raid Finds Dozens Detained By Iraq Spy Unit (NYT)

By Kirk Semple

The New York Times, March 5, 2007

BAGHDAD, Monday, March 5 — Iraqi special forces and British troops stormed the offices of an Iraqi government intelligence agency in the southern city of Basra on Sunday, and British officials said they discovered about 30 prisoners, some showing signs of torture.

The raid appeared to catch Iraq's central government by surprise and raised new questions about the rule of law in the Shiite-dominated south, where less than two weeks ago Britain announced plans for a significant reduction in its forces because of improved stability.

News of the Basra raid, with its resonant themes of torture and sectarian-driven conflict, coincided with the next stage of the intensified security plan here in Baghdad, where more than 1,100 American and Iraqi soldiers moved into Sadr City, a stronghold of Iraq's largest Shiite militia. The soldiers met no resistance in what the Americans called the plan's biggest test yet.

Prime Minister Nuri Kamal al-Maliki, a conservative Shiite, condemned the raid in Basra. He publicly said nothing about the evidence of torture.

"The prime minister has ordered an immediate investigation into the incident of breaking into the security compound in Basra and stressed the need to punish those who have carried out this illegal and irresponsible act," said the full text of a statement issued late Sunday by his office.

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It remained unclear why he sought to pursue the raiding force aggressively rather than the accusations of prisoner abuse. Efforts to reach officials in his office were unsuccessful.

The discovery of prisoners in the Basra offices, which the British described as the headquarters of Iraq's government intelligence agency, echoed other recent cases in which American or British forces stumbled onto a government-run detention center that held people showing signs of torture.

As recently as December, a combined force of British and Iraqi troops assaulted a police station in Basra and rescued 127 prisoners from fetid conditions. Some of the prisoners had been tortured.

The most significant recent case involved a secret Baghdad prison run by the Shiite-controlled Interior Ministry, known as Site 4 and discovered by American and Iraqi troops last year, where more than 1,400 prisoners were discovered and where some had been subjected to systematic abuse.

Mr. Maliki has been under considerable pressure, particularly from American officials and Sunni Arab leaders, to rid the country's Shiite-run security and intelligence forces of militia influence and human rights abuses. American officials have warned Iraqi leaders that they might curtail aid to the Interior Ministry, which runs the country's police forces, if officials who commit "gross violations of human rights" and are not held accountable.

The Interior Ministry, dominated by Shiites, has long been accused by Sunni Arabs of complicity in torture and killings.

It was unclear whether the Basra detainees were still in custody, and there was no further information on the of the detainees or their captors. A spokesman for the British military command in Basra, Maj. David Gell, said in a telephone interview early Monday that he could not provide any further information about them. [A] news agency said the detainees included a woman and two children.

The raid in Basra comes as the British command is planning a drawdown of as many as 1,600 of its 7,200 troops, a decision driven by the British government's assessment that Iraqi forces are strong enough to manage the security of the region on their own. In announcing the reduction on Feb. 22, Prime Minister Tony Blair said that while the Basra area remained dangerous, British troops faced far less violence than Americans farther north and that "the next chapter in Basra's history can be written by Iraqis."

It was unclear whether the discovery in Basra would have any impact on British planning.

Major Gell said the intelligence agency office was raided after an investigation earlier Sunday led to the capture of five suspected bomb makers and evidence that pointed to possible violations at the agency's offices. In those offices, he said, "Evidence of significant criminal activity such as torture was found."

In Baghdad, Iraqi and American soldiers began to patrol the streets of Sadr City and conducted house-to-house searches for illegal weapons and militia fighters linked to sectarian crimes, according to residents and the American military command. No shots were fired.

"Local residents were receptive and cooperative with coalition and Iraqi forces," said Lt. Col. Scott R. Bleichwehl, a military spokesman in Baghdad. The operation is the most ambitious since the implementation of the latest security plan for Baghdad nearly three weeks ago. The push into Sadr City, a bastion of Shiite militancy and anti-Americanism, will serve as a test of Mr. Maliki's willingness to seriously confront the country's Shiite militias, particularly the Mahdi Army, which is based in Sadr City and is led by Moktada al-Sadr, a powerful cleric.

Sadr City residents said they witnessed American soldiers converting a police station into a small garrison on the neighborhood's western flank. American and Iraqi military officials would not confirm this report, but officials have been planning to open a joint Iraqi-American security station there, one of several in the plan to pacify Baghdad, unveiled by President Bush in January.

The sweep on Sunday amounted to the largest military operation in Sadr City involving American troops since 2004, when the Americans suppressed a violent uprising of the Mahdi Army with ground forces and aerial bombardments.

American officials have been pressing Mr. Maliki to send troops into Sadr City and wrest control from the Mahdi Army, which has been accused of driving the cycle of sectarian bloodshed but is considered by many Shiite followers of Mr. Sadr to be a bulwark defense against Sunni insurgents.

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The prime minister has also been under pressure from the Americans and his Iraqi critics to distance himself politically from Mr. Sadr, whose backing was decisive in Mr. Maliki's campaign for prime minister last year.

On Sunday, Mr. Maliki announced that he planned to reshuffle his cabinet within the next two weeks, possibly eroding Mr. Sadr's influence in the administration. While the prime minister did not identify whom he would replace, two prominent Shiite politicians said in interviews on Sunday that the Health Ministry, the most powerful of the six ministries run by a Sadr loyalist, would be removed from Mr. Sadr's faction's control.

The military incursion into Sadr City, widely anticipated for days, lacked any element of surprise. It followed protracted negotiations — among representatives of Mr. Sadr, neighborhood leaders, Iraqi government officials and American and British military commanders — regarding the American role in Sadr City, home to at least 1.5 million people.

Mr. Sadr has long demanded an American withdrawal from Iraq. But he has promised not to impede the government's latest crackdown in Baghdad, which involves a so-called surge of about 20,000 American troops in the capital. The cleric has privately ordered his militia fighters not to resist the military sweeps regardless of provocation.

Many militia leaders, in turn, have left Sadr City and sought sanctuary in Shiite-dominated southern Iraq and Iran, possibly figuring that they can wait out the offensive and return to the capital later. Their subordinates, foot soldiers who have for years operated openly in Sadr City, manning checkpoints and maintaining neighborhood watches, have also remained out of sight in recent days.

For the past two weeks, American and Iraqi forces have been conducting sweeps of neighborhoods bordering Sadr City. These operations, in eastern Baghdad, have been the centerpiece of the new security plan, which is viewed by many here as a last-ditch effort to save the country from all-out civil war. American and Iraqi commanders say they have conducted thousands of patrols and detained hundreds of suspects.

Abdul Hassan Jubara al-Kahbi, the manager of the Sadr City governing council, warned that a prolonged American presence in the neighborhood might eventually incite militia members to retaliate.

Other residents, however, had more mundane concerns, like the traffic jams the sweep caused.

"You can see a vehicle at the entrance of each street," said a 45-year-old baker, who gave only his nickname, Abu Aqil. "It took me two hours to reach the grocery store and return home."

Elsewhere, the American command said Sunday that one marine and one sailor were killed on Friday while conducting a combat mission in Anbar Province, and another marine was killed on Saturday, also while on a combat mission in Anbar.

In an operation unrelated to the Sadr City incursion, American soldiers in Baghdad raided a mosque on Sunday and captured three suspected insurgents hiding inside, according to the American military.

In the western Baghdad neighborhood of Jamiya, the authorities discovered the bodies of eight Shiite pilgrims who were apparently on their way to a holy city south of the capital to celebrate an Islamic holiday this weekend. The bodies were handcuffed and had bullet holes in their heads, according to an official at Yarmouk Hospital.

In Hilla, a bomb killed four other Shiite pilgrims — three women and a child — on their way to Karbala, one of the southern holy cities. The bomb was apparently intended for an American convoy but missed, according to an official at the Interior Ministry. Two others were wounded.

In Baghdad, three people were killed and seven were wounded in a series of attacks. In one, an editor for the Iraqi newspaper Al Mashriq was shot and killed by gunmen while he waited to catch a bus to go to work, an official at the Interior Ministry and a colleague said.

Iraq Ousts 10,000 In Security Ministry (USAT)

By Rick Jervis

USA Today, March 5, 2007

BAGHDAD — Iraq's Interior Ministry has fired or reassigned more than 10,000 employees, including high-ranking police, who were found to have tortured prisoners, accepted bribes or had ties to militias, a ministry spokesman has disclosed.

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A soon-to-be-released internal inquiry also details 41 incidents of human rights abuse at the ministry. In one case, four members of the national police hanged prisoners from a ceiling and beat them with sticks in a ministry-run prison known as Site 4, according to the report by the ministry's inspector general.

The United States has pressured Iraq's Shiite-led government to clean up its security forces as they undertake a broad plan to reduce sectarian violence. Sunni politicians have accused Iraq's police of collaborating with Shiite death squads.

More than half of those fired or reassigned since June were found to have militia ties, Jassim Hanoon, the Interior Ministry's deputy spokesman, said in a weekend interview. The investigation is ongoing.

"We are struggling against this disease," Hanoon said of militia infiltration at the ministry.

The Interior Ministry employs about 270,000 people, including police, emergency response units and administrative staff.

"Maybe we aren't 100% cured," Hanoon said. "But we're getting better day by day." Some ministry employees were fired for arresting innocent people, while others had past criminal records, he said.

Investigators are using information gathered within the ministry to probe political leaders and members of parliament, something not previously done, Hanoon said. Prime Minister Nouri al-Maliki has vowed to pursue criminal charges against political figures — including members of parliament — linked to extremist groups.

The cases of human rights abuse were detailed in a 250-page annual report that will be released this week, Akeel Saeel, the Interior Ministry's inspector general, said in an interview.

The four policemen allegedly involved in the Site 4 case were arrested and handed over to Iraq's criminal court system, Saeel said.

"Under Saddam, investigators had this ideology. Torturing was routine," Saeel said. "I do feel we're having an impact, but it takes time, step by step."

U.S. military advisers are working to better screen and train police, including requiring 15 to 20 hours of human rights training for recruits, said Lt. Col. Pablo Hernandez, a spokesman with the U.S. military unit responsible for training Iraqi police.

"If you look at what they had in the past and the product they're putting out today, it's a lot better," Hernandez said.

No U.S. Backup Strategy For Iraq (WP)

By Karen Deyoung And Thomas E. Ricks

The Washington Post, March 5, 2007

During a White House meeting last week, a group of governors asked President Bush and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, about their backup plan for Iraq. What would the administration do if its new strategy didn't work?

The conclusion they took away, the governors later said, was that there is no Plan B. "I'm a Marine," Pace told them, "and Marines don't talk about failure. They talk about victory."

Pace had a simple way of summarizing the administration's position, Gov. Phil Bredesen (D-Tenn.) recalled. "Plan B was to make Plan A work."

In the weeks since Bush announced the new plan for Iraq -- including an increase of 21,500 U.S. combat troops, additional reconstruction assistance and stepped-up pressure on the Iraqi government -- senior officials have rebuffed questions about other options in the event of failure. Eager to appear resolute and reluctant to provide fodder for skeptics, they have responded with a mix of optimism and evasion.

Even if the administration is not talking about Plan B, the subject is on a lot of minds inside and outside the government. "I would be irresponsible if I weren't thinking about what the alternatives might be," Defense Secretary Robert M. Gates acknowledged last month to Congress, where many favor gradual or immediate withdrawal.

Gates did not elaborate. Several administration officials, while insisting that a wide range of options was discussed before Bush's Jan. 10 announcement, firmly closed the door on the subject of fallback plans. "I don't think anyone is going to be inclined to discuss any contingency-type planning," said National Security Council spokesman Gordon Johndroe.

National security experts outside the government have stepped into the void, offering detailed options through public papers, speeches and policy proposals over the past several weeks.

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"The ultimate Plan B is pull everybody out," said Stephen D. Biddle, a senior fellow at the Council on Foreign Relations and an adviser to the Defense Department. "Nobody wants to do that. Most are looking at the middle ground between surge and pullout."

Most options involve partial or complete U.S. redeployment from Baghdad and other violent urban centers, followed by containment of the civil war within Iraq's borders -- keeping out meddlesome neighbors such as Iran and preventing a wider, regional conflict. Retired Marine Gen. Anthony Zinni, a former chief of Central Command, the U.S. military headquarters for the Middle East, said Congress is "drifting toward containment" and predicted that option will soon begin gaining popularity.

Daniel L. Byman and Kenneth M. Pollack of the Brookings Institution last month released the most comprehensive public exploration of containment. The two national security experts seemed to wince even as they proposed keeping up to 80,000 troops along Iraq's borders, cautioning that "there would be no end in sight either for the war or for their mission." But it is "the only rational course of action," they wrote.

"I firmly believe that is where we should wind up, and is what we should be doing now," said retired Air Force Gen. Charles F. Wald, formerly the No. 2 U.S. officer in Europe.

One military officer involved in long-term planning for Iraq said he does not think the idea is feasible. "It would be a massive operation," the officer said. "But having said that, it's probably the best option if they go into open civil war."

Other senior military officials are skeptical of containment, fearing that it would be almost impossible to achieve and that a policy of standing back and letting Iraqis kill each other would be morally indefensible and a recruiting boon for al-Qaeda and other extremist groups. Even proponents of containment warn that it would leave U.S. troops as concentrated targets while limiting their ability to control the situation militarily.

A related option would involve redeploying U.S. forces to the relative safety of the Kurdish region in northern Iraq, to more peaceful areas in the south and to Anbar in the west, where they could focus on fighting al-Qaeda. "You can have your civil war without us," columnist Charles Krauthammer recently suggested that Bush tell Iraqi Prime Minister Nouri al-Maliki. "We will be around to pick up the pieces as best we can."

Biddle, who noted that new Iraq strategy proposals "proliferate hourly" in the public domain, said another variant is to set up "heavily defended forward operating bases out in the desert somewhere [and] either sit there and mind our own business and do nothing except be present -- enabling us to say we're still there -- or, in a somewhat more activist flavor, to conduct raids of various kinds" against al-Qaeda bases and rescue missions for Iraqi military units.

Steven N. Simon, senior fellow for Middle Eastern studies at the Council on Foreign Relations and the NSC's director for national security threats during the Clinton administration, last month proposed U.S. disengagement from Iraq itself, calling for containment from the outside with a reinforced U.S. presence elsewhere in the region and the opening of a regional diplomatic dialogue. Those steps should be initiated immediately, Simon wrote, before the costs of the war begin to widen across the Middle East and beyond.

Still other withdrawal possibilities center on the replacement of conventional troops with a significant Special Forces contingent to engage in counterterrorism, along with what Biddle called "facilitating ethnic cleansing" by providing armed escorts for Iraqis who want to leave contested areas.

Any containment option is likely to add substantially to the nearly 4 million Iraqis who have fled to Jordan and Syria or have been displaced from their homes within Iraq, said Carlos Pascual of the Brookings Institution, who served as director of the State Department's Office of Reconstruction and Stabilization until October 2005. Humanitarian agencies are already drawing up plans for huge refugee camps inside and around Iraq's borders, although many are concerned they will only add to the country's problems.

"When refugees and displaced persons start collecting in camps," Pascual said, "you get a vulnerable population -- and a lot of unemployed men -- who are subject to attack, recruitment and internal violence. This is where you often get further radicalization, and the camps themselves become a source of the problem."

Over the years of U.S. involvement in Iraq, new plans have been launched with assurances of success -- the return of sovereignty to a handpicked Iraqi administration in the summer of 2004; a democratically elected government in January 2005;

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"Plan Baghdad," designed to retake the capital from insurgents and militias, in the summer of 2006. The current Plan A is arguably already Plan D or beyond.

Since last summer, public opinion has turned against Bush's handling of the war and favors withdrawing, rather than increasing, troops. Although the administration has said the new strategy should show progress within months, many officials privately say it could be years, if ever, and the Democratic majority in Congress has shown little inclination to wait patiently.

Any substantive administration planning for other contingencies is occurring at the margins of policy, far from key decision-makers. "Planners plan, but I don't think anyone is saying, 'Let's do the partition,' or 'Let's pull back and let Baghdad burn,' " one Pentagon official said. "That would be a tectonic shift. That would be catastrophic failure."

One military officer and another defense expert said they believe that retired Army Col. James Kurtz, a specialist in strategic planning, has been asked by the Pentagon to begin studying alternative strategies at the Institute for Defense Analyses, a government-run think tank. "It's just not appropriate to ask for that," Kurtz said in response to an inquiry. "We keep what we do with our sponsors, okay?"

Bush has warned that the U.S. commitment to Iraq is not open-ended and will require increased effort from Iraqis. Pressed to specify U.S. limits, Secretary of State Condoleezza Rice promised the Senate Foreign Relations Committee that there would be ample opportunity "to see whether or not in fact the Iraqis are living up to the assurances they gave us."

"And what if they don't?" Sen. John F. Kerry (D-Mass.) asked.

"I don't think you go to Plan B," Rice replied. "You work with Plan A."

How To Stop Genocide In Iraq (LAT)

By Samantha Power, Samantha Power, A Professor At Harvard University's Kennedy School Of Government, Is The Author Of T

The Los Angeles Times, March 5, 2007

Offering the carrot of U.S. withdrawal may be the best way to end ethnic cleansing in Iraq.

THOSE WHO SUPPORT remaining in Iraq increasingly can be heard invoking the specter of genocide as grounds for staying. Sen. John McCain (R-Ariz.) warned that, if U.S. troops leave, "You'll see a bloodletting in Baghdad that makes Srebrenica look like a Sunday school picnic."

Some defenders of President Bush's approach, having backed the Iraq war from the start, have now settled on genocide warnings after each of their original justifications for being in Iraq — weapons of mass destruction, terrorism prevention, energy diversification, regional stabilization and democracy promotion — has crumbled one by one.

Other proponents of remaining in Iraq are not, in fact, looking to redeem their own faulty judgment. They are genuinely frightened that, as ferocious as the civil war there has become, a U.S. withdrawal could unleash an all-out slaughter. With increasing numbers of civilian corpses piling up every day, they have reason to worry.

Although critics of withdrawal do a masterful job of painting a grim picture of the apocalypse that awaits, they offer no account of how U.S. forces in Iraq will do more than preserve a status quo that is already deteriorating into wholesale ethnic cleansing. Although more than 115,000 U.S. troops have been in Iraq for the last four years, about 3.8 million Iraqis have fled their homes and at least 50,000 Iraqis are fleeing each month. It would be nice to think the surge of troops to Baghdad would help to staunch the flow. But with only one-third of the new troops on duty at any given time in a city of 6 million people, they will have no more success deterring the militias intent on carving out homogeneous Shiite or Sunni neighborhoods than U.S. forces have had to date. About 74% of Shiites polled and 91% of Sunnis — the people who have the most to fear from genocide — would like to see U.S. forces gone by the end of the year.

Unfortunately, many of those who favor a U.S. exit have recklessly waved off atrocity warnings or taken to blaming Iraqis for their plight. What is needed to stave off even greater carnage than we see today is neither assuming massacres won't happen nor suspending thought until the surge has demonstrably failed in six months — at which point other options may no longer be viable. Rather, we must announce our intention to depart and use the intervening months to prioritize civilian protection by pursuing a bold set of measures combining political pressure, humanitarian relocation and judicial deterrence.

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First, although it has a familiar and thus unsatisfying ring to it, the most viable long-term route to preventing mass atrocities is to use remaining U.S. leverage to bring about a political compromise that makes Iraqi Shiites, Sunnis and Kurds feel economically stable, physically secure and adequately represented in political structures. This is consistent with the position of leading U.S. generals and the members of the bipartisan Iraq Study Group, who have stressed that there is no military solution to Iraq's meltdown and urged the administration, the Iraqis and regional players to reopen broad-ranging political negotiations.

Instead of simply lining up behind Iraqi Prime Minister Nouri Maliki's government in the hopes that it will one day decide to stop ethnic cleansing, recent withdrawal proposals in Congress use the leverage of the proposed redeployment to press Iraqis to reach a political solution. A plan put forth by Sen. Barack Obama (D-Ill.) has come under neoconservative fire for setting a target departure date, but it provides for flexibility to suspend the U.S. drawdown if Iraqis meet the key economic, political and security benchmarks they have committed to achieve this year. The plan would also retain some U.S. forces in Iraq and the region to help deter atrocities by sectarian militias and aggression from Iraq's neighbors.

However, if this political pressure fails and U.S. forces remain unable to stave off an ever-widening civil war, the U.S. should go further and announce its willingness to assist in the voluntary transport and relocation of Iraqi civilians in peril. If Iraqis tell us that they would feel safer in religiously homogenous neighborhoods, and we lack the means to protect them where they are, we should support and protect them in their voluntary, peaceful evacuation — a means, one might say, to preempt genocide in advance of our departure.

The administration must help secure asylum for those Iraqis — and there are millions who fit this bill — who have a "well-founded fear of persecution." At the U.N. High Commissioner for Refugees' conference scheduled for April, which will be attended by Jordan, Iran, Iraq, Syria and the United States, the overburdened countries of first asylum (Syria is sheltering 1 million Iraqis; Jordan has taken in 700,000) must be persuaded to reopen their gates to fleeing Iraqis. And Western countries must dramatically expand the number of resettlement slots for Iraqis. Astoundingly, the U.S. took in just 202 Iraqis last year and, although the maximum for this year was recently raised to 7,000, this is still not sufficient.

Finally, if we are serious about preventing further sectarian horrors, the U.S. must send a clear signal to the militias and political leaders who order or carry out atrocities that they will be brought to justice for their crimes. That means offering belated U.S. support to the International Criminal Court, the only credible, independent body with the jurisdiction to prosecute crimes against humanity and genocide.

Many of those who say U.S. troops should stay in Iraq to prevent genocide are the same people who for political reasons refuse to acknowledge the gravity of the calamity unfolding on our watch. The same people who modeled a war on best-case scenarios are now resisting ending a war by invoking worst-case scenarios. But after years of using the alleged needs of the Iraqi people to justify U.S. political postures, it is long past time to use the leverage we still have to actually advance Iraqi welfare.

Supplemental Sows Discord (RC)

By Susan Davis And Emily Pierce

Roll Call, March 5, 2007

The still-evolving bill to pay for military operations in Iraq and Afghanistan has rapidly become a political headache for Democratic and GOP leaders, as the debate over what to include in the measure has exacerbated intraparty tensions in both chambers.

The House Appropriations Committee could mark up the $100-plus billion emergency supplemental spending bill as early as Thursday, but knowledgeable Democratic aides cautioned last week that the schedule has not been confirmed and could spill into the week of March 12.

Procedurally, three legislative days are required after a bill has been dropped in order to have a markup, so if language is not circulated by Tuesday, a markup is unlikely to occur this week, aides said.

Staffers were expected to work through the weekend, and failure to produce language early in the week will be further indication of the challenges facing Democratic leaders to build consensus between the conservative and liberal flanks of the party who have vastly divergent views on the war that will be difficult to reconcile.

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While Democratic leaders have emphasized their party's unity on the mid-February resolution condemning the proposed troop increase, the supplemental measure is already straining that accord.

The divisions have presented a serious test for Speaker Nancy Pelosi's (D-Calif.) leadership, as well as for Appropriations Chairman David Obey (D-Wis.), who must shepherd the legislation.

"It's a big tent, and I'm glad I'm not in Nancy Pelosi's shoes." said Rep. Lynn Woolsey (D-Calif.), co-chairwoman of the Progressive Caucus as well as the co-founder of the Out of Iraq Caucus.

Rep. John Murtha (D-Pa.), chairman of the Appropriations subcommittee on Defense, has been a lightning rod for Democrats on the Iraq War since he announced plans — without first vetting it with leadership or the full Democratic Caucus — to include conditions and guidelines in the supplemental that critics have charged would unfairly restrict President Bush's ability to conduct the war.

While Murtha appears to have relented on some of his stronger positions — such as putting in conditions that would make it difficult to fund the additional troops Bush wants to send to Iraq — after strong backlash from both sides of the aisle, there continues to be significant discontent among the rank-and-file Members who supported Murtha's plan.

A potentially large segment of the Out of Iraq Caucus, which numbers 71 and overlaps heavily with the Progressive Caucus, is not expected to support the supplemental spending bill if it contains funds that do support the president's plan to deploy more troops.

"The only conditions I'll vote for are full-funding to bring our troops home from Iraq," Woolsey said Thursday.

But the California lawmaker declined to say whether she and other anti-war lawmakers would vote against the bill if, combined with potential GOP opposition to the bill, it meant it would doom the measure.

"I hope we get to a place where that's not necessary," Woolsey said.

But while emergency funding requests for the Iraq War have previously received strong bipartisan support, Minority Leader John Boehner (R-Ohio) announced last week that Republicans were ready to take the rare step of formally whipping against the bill if it contained any measures that they believe would put roadblocks up for the White House on Iraq.

"I think placing arbitrary or punitive political hurdles before the commander in chief in a time of war, especially under the guise of supporting our troops, is wrong and it is reckless," Boehner said late last week.

Boehner said the GOP would adhere to two principles in the supplemental: to oppose any effort to "put handcuffs" on Bush, or to add "unnecessary" additional spending in the bill that does not pertain to the war effort.

Democrats have floated the proposal to give the president waiver authority to make the terms outlined in the supplemental for troop readiness less binding, but Boehner said it was unclear if that would be enough.

"It may. But at the end of the day, these are unnecessary obstacles that will not support our troops ... and will not support the president," he said. "And if they want to cut the funding, they ought to have the courage to stand up and do it forthright."

Rep. Bill Young (R-Fla.), the ranking member on the Defense subcommittee, said late last week that he did not believe waiver authority would be enough to appease most Republicans.

"I think it's accurate to say that our leadership and our defense folks would be opposed to those restrictions with or without a waiver," he said.

Democrats are also expected to include billions of dollars in additional funds in the supplemental for issues ranging from agriculture relief to the State Children's Health Insurance Plan, among others. And knowledgeable Democratic aides have said they are considering including funds to improve conditions at Walter Reed Army Medical Center.

A spokesman for Pelosi said Democrats were hopeful Republicans would ultimately vote for the funding bill.

"Democrats want to make sure that our troops have the equipment and training they deserve and that the Iraqi government meets the benchmarks President Bush endorsed," said spokesman Nadeam Elshami. "Republican leaders should be supporting our efforts and not threatening to vote against the troops and accountability in Iraq."

If GOP leaders seek to make this vote a test of party loyalty, it will take a significant whip effort to get the rank-and-file Members to vote against a war supplemental. As one Democratic aide observed, it is difficult to explain the nuance of such votes to the public who see "a vote to shut down the supplemental as a vote to shut down the DOD." The aide said leaders and

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appropriators are so far not fearful of being able to pass the bill on the House floor. "If [Boehner] wants to whip against it he does so at his party's peril," the aide said.

"If the Democrats insert language that really does hamstring our ability to fight and win this war, then I think it will be an easy whip," countered a GOP leadership aide, adding that Democrats will face great difficulties uniting their own Caucus. "If it does nothing to hasten troop withdrawal, they lose their Members in the left wing, and if they do put conditions on funding, they lose a whole different segment of the Caucus."

Meanwhile, Senate Republicans said the Democrats' apparent inability to forge a consensus on how to address the Iraq War in the supplemental and in other ways made their opposition to funding restrictions or cuts much easier.

"One of the first rules of politics is when your opponent is in disarray, don't stop them," said Senate GOP Conference Vice Chairman John Cornyn (Texas). "That's where the Democrats are right now. I don't think they have a coherent strategy."

Cornyn indicated that GOP opposition coupled with the possible objections of centrist Democrats likely would produce a supplemental "without any nonbinding resolutions or strings attached."

Indeed, Democrats said Senate Majority Leader Harry Reid (D-Nev.) has little appetite for including funding restrictions in the supplemental.

One Democratic Senator said that view was largely shared within the Democratic leadership and Caucus. Additionally, the Senator indicated that Senate Appropriations Chairman Robert Byrd (D-W.Va.) and other members of the spending panel would face pressure to keep any language restricting funds out of the committee mark of the bill.

"What is done will be done on the floor, not in committee," said the Senator.

Byrd spokesman Tom Gavin said the topic of restricting funding in the supplemental has not even come up in talks among committee members.

"Has there been any discussion of putting strings on the supplemental? No," Gavin said.

If such language is not included in the committee version of the bill, it likely will be much harder for any Senator to add restrictive provisions on the floor, because it would almost certainly be filibustered by Republicans, several Senators indicated.

Still, Democrats said they would continue to look for ways — either on the supplemental or in other legislation — to force the White House to change its tactics in Iraq.

"We are continuing discussions on how best to affect a change in the administration's policy on Iraq," said Reid spokesman Jim Manley.

Sen. Ted Stevens (R-Alaska), who serves as the ranking member on the Appropriations subcommittee on Defense, said his discussions with Democrats gave him "the feeling that they want this bill to pass, but they really want to challenge the president on a number of things."

One of those "things," Stevens said, was the addition of funds for poor children's health insurance, continuing Gulf Coast hurricane disaster assistance, and other "emergency" funding issues that are not part of the Iraq War effort.

Stevens said Republican Senators may be forced to accept those add-ons, even if they oppose them, because Reid plans to vote on the measure in late March, which will leave precious little time to make sure the bill is reconciled with the House version and enacted before the Pentagon runs out of money on April 15.

"It will affect us and our willingness to accept things we might not otherwise accept under the circumstances," said Stevens.

Gavin acknowledged that the Senate bill likely will include money for non-war-related emergency expenses, such as for recovery from Hurricanes Katrina and Rita and for SCHIP.

Manley confirmed that Reid plans to bring up the supplemental during the last week of March, right before the Senate is scheduled to break for a week-long recess. The Senate Appropriations Committee will mark up the bill March 20, Gavin said.

Stevens said he was unsure of what Senate Republicans' reaction would be to any inclusion of funding restrictions in the bill, whether they were adopted in committee or on the floor. But he suggested that the restrictions might be easier to swallow if the president were given "the authorization to waive the restrictions in order to protect the forces."

Democrats Benefit From Public Shift On War (WT)

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By Christina Bellantoni And S.a. Miller

The Washington Times, March 5, 2007

As the war in Iraq and the broader battle against terror were being fought abroad, the political calculus at home changed, with public opinion shifting to favor the Democrats on an issue that long had been a Republican winner.

Republicans won the 2002 and 2004 elections in part because voters were convinced that Democrats were weak on defense and lacked the political will to protect the U.S. from terrorists. That changed as the war in Iraq grew more unpopular -- a major factor in the sweeping Democratic gains last fall, allowing the party to regain congressional power.

Anti-war sentiment has been bolstered lately, with polls showing the majority of Americans disapproving of President Bush's plan to send a "surge" of 21,500 more troops to Iraq. Most surveyed instead want to see troops withdrawn from Iraq with varying degrees of dispatch.

Rep. Jim McGovern, Massachusetts Democrat, said oversight hearings and the House's nonbinding resolution showing disapproval with the surge plan were "long overdue," and helped the public to realize their calls for action on Iraq have been heard.

"The American people are way ahead of the politicians in Washington," he said. "In many cases, we're playing catch-up, but Democrats have been able to give some meaning to public dissatisfaction with the war.

"Now the challenge is how the war comes to an end," he said.

Despite assertions the Democrats are all on the same page when it comes to war strategy, party leaders have spent weeks trying to craft a unified position. They will give details today for a plan that would link funding to troop readiness and put more responsibility on the Iraqi government to meet benchmarks.

Rep. John P. Murtha of Pennsylvania, who is chairman of the defense subcommittee of the House Appropriations Committee, yesterday acknowledged the Democrats "don't have the votes" to cut off troop funding.

"The public doesn't want, they don't want that to happen. They want the troops to be entirely funded," he said on NBC's "Meet the Press."

But that hasn't stopped Rep. Dennis J. Kucinich of Ohio, a Democratic presidential hopeful, from pushing a bill to use existing funding to withdraw U.S. troops from Iraq and seek to replace them with an international peacekeeping force.

"I don't look at polls," the outspoken war critic said. "I look at casualty counts. [The American people] are not interested in polls, either. They want the troops home."

Two national polls taken last week each showed 46 percent of respondents want Congress to use the power of the purse.

In a Fox News/Opinion Dynamics poll, 46 percent said they would personally "vote against funding the war altogether to try to force a withdrawal." In the survey of 900 registered voters taken Tuesday and Wednesday, 45 percent wanted to keep funding the current level of troops and 9 percent were unsure.

In the other poll, an ABC News/Washington Post survey of 1,082 adults conducted Feb. 22-25, 46 percent said they would support "Congress trying to block Bush's [surge] plan" by "restricting funding for the war," versus 51 percent opposed and 3 percent undecided.

That same survey also showed more support -- 58 percent -- for Mr. Murtha's approach of putting onerous readiness rules that U.S. forces could not meet, thus choking off the war. And 56 percent said U.S. troops should be withdrawn even if Iraq is left unstable.

Both polls had a three percentage point margin of error.

A senior Republican aide said the tables had turned on the Democrats in terms of the war debate, even if the war itself remains unpopular.

"In terms of the PR campaign and in terms of the message to the American people, the Democrats have again come across as fractured and the Republicans have come across as unified," the aide said. "Republicans play politics better than Democrats."

The war has also turned the Republican presidential race on its head, dragging down the popularity of one-time front-runner and war hawk Sen. John McCain of Arizona and bolstering anti-war candidates.

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"I would much rather lose a campaign than lose a war," Mr. McCain has said in defending his stance of wanting to send more troops to Iraq.

The senator told The Washington Times he sees his party's rank and file recoiling from Democrats' anti-war rhetoric.

"Where I've been traveling -- which is talking to Republicans -- the Republican base is coming back and supporting the president because the Democrats have overreached," said Mr. McCain, a decorated Vietnam veteran.

Iraq: Silence Of The Sadrists (NSWK)

By Rod Nordland

Newsweek, March 5, 2007

So far the Mahdi Army is lying low. But for how long?

Early in the latest U.S. and Iraqi attempt to bring peace to Baghdad, one high-ranking Iraqi official included Moqtada al-Sadr in his prayers. "Allah, lo yehdih, lo yedahdih," he prayed, a pun that roughly translates as "Allah, show him the way, or kick him aside." As far as the official, who would only speak anonymously, is concerned, his prayer has been answered. Sadr has all but disappeared from the Iraqi scene the past three weeks, and Sadr's Mahdi Army has been notably quiet, too. Officially, the Iraqi government is attributing that to the new Baghdad security plan, part of a surge of forces that will eventually include 21,500 new American troops. But this official says what's really happening is the taming of Moqtada.

The U.S. military announced plans to set up a base inside Shia-dominated Sadr City only late last week. Most U.S. reinforcements are still en route. Yet despite an upsurge in suicide bombings by Sunni extremists, mostly aimed at Shia civilians, the number of reprisal killings is down dramatically since the security plan was launched on Feb. 14. Human Rights Minister Wijdan Salim said last week that "sectarian killings have dropped to a fourth what they had been [two weeks earlier], a very big decline." The senior Iraqi official credits pressure on Sadr from his former patrons in Iran, as well as from Ayatollah Sistani and the Marjaiyah, the Shia clerical leadership in Najaf. He says Iran is withholding military advice and aid to Sadrists as well as other rogue elements, and leaning on them to stop the killings. "Sadr is convinced that there's no real outcome of this struggle, and [death-squad reprisals have] backfired," he says.

Washington takes a less sanguine view of Iran's role in Iraq. U.S. military authorities have publicized a series of weapons seizures in recent days, including material for making the deadly "explosively formed projectiles," or EFPs, bombs allegedly of Iranian origin that can penetrate armored vehicles. But Iranian officials have publicly supported the Baghdad security plan, and have agreed to join a regional conference on Iraq's future with the United States and other nations. "Iran's strategy is to strengthen and support the [Shia-dominated] central government in Iraq," says a senior Iranian intelligence official who asked for anonymity because of his line of work, "when and how it sees appropriate."

The threat of American action certainly had something to do with Sadr's silence, too. Even before Feb. 14, U.S. and Iraqi troops had begun targeting top and middle-level officials in Sadr's organization, arresting several key ones and killing at least two who resisted. Even more critical may have been the intervention of Shia elders. Alarmed at the U.S. crackdown, Sadr had an 11 p.m. meeting with Sistani about a month ago, according to an aide to the grand ayatollah, speaking on condition of anonymity in keeping with practice in the cleric's office. "He asked the sayyid what he should do about the attacks against him, and [Sistani] told him, 'You have two options: bear the consequences, on you and Shias in general, or withdraw into a corner'."

The corner Sadr chose was likely somewhere in Iran. U.S. and Iraqi officials say he left for Iran two weeks ago. "As far as I know, he's still there," says Sami al-Askari, an adviser to Prime Minister Nuri al-Maliki. "He's a secretive man." Both Tehran and Sadr's spokesmen vehemently deny he's hiding in Iran, but it's notable that he has been absent from his usual Friday sermons at the Kufah mosque for three weeks now, and hasn't appeared elsewhere in public. A former Mahdi Army commander in Baghdad, Abu Hazim, says, "Sadr is following a strategy called 'bending before the wind' because he's lost part of his control over the Mahdi Army. It's not like it was in 2004," when an uprising called by the young radical threatened to engulf much of the country.

Some analysts worry that Sadr and Shia extremists are just biding their time. But as additional U.S. troops arrive during the next two months, that may prove an uncomfortable wait. Already, in Karbala, a group of Sadrists recently split after one of them blamed other Sadr followers for killing civilians, including a prominent sheik close to Sistani. Police in Karbala went on to arrest 50 of Sadr's followers. "Even if they lie low, they will lose contact with their people," says the senior Iraqi official. "Even an

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organized army would lose its command and control." When the surge is over, says U.S. Embassy political officer Margaret Scobie, the Sadrists "may find their opportunities to resume are limited." In the meantime, authorities can breathe a little easier with only one set of extremists to fight.

The Things That Get You (USNEWS)

By Alex Kingsbury

U.S. News and World Report, March 4, 2007

FORWARD OPERATING BASE KALSU—There are plenty of nasty ways to meet with death or injury in Iraq. Examples of some of the cleverest devices targeting American troops are mounted on large sheets of plywood outside a dining hall at FOB Kalsu, about 25 miles south of Baghdad. It's a sobering display of the ingenuity and resourcefulness of the enemy: antipersonnel mines hidden in household items, pressure-sensitive explosives fashioned from slats of wood and wire, garage door openers that trigger artillery shells to rip open tanks.

The letters IED, for improvised explosive device, have become forever associated with the war in Iraq. These weapons are the greatest day-to-day threat to U.S. forces. The military reported that at least 60 U.S. troops have been killed in IED attacks so far this year (the military doesn't report the cause of death in all instances). IEDs were responsible for more than half of American hostile-fire deaths in the past 12 months.

The military has struggled to develop practices and gear to counter the IED threat, with an array of devices designed to trigger the bombs prematurely or render them harmless. It's punch and counterpunch, as each new design breeds a new defense, and vice versa.

The display at FOB Kalsu, intended to help troops recognize common IEDs, is a poignant reminder of the dangers that soldiers routinely face in or out of their vehicles. The variety known as explosively formed penetrators—which American officials assert are coming from Iran—are particularly dangerous because of their ability to penetrate even armored vehicles. An EFP consists of a short tube that acts as a barrel for a machine-milled concave copper plate. When the explosive charge detonates, the force of the explosion creates a hot copper projectile that shoots from the barrel at hypervelocity and through nearly anything in its path.

"Getting clever." It's hard to fully appreciate the force of this small weapon, even seeing how it can punch a hole through a vehicle's armor. One EFP attack on an American light armored vehicle a few weeks ago sent a copper slug a distance of more than 70 yards, through a concrete wall, then through the rear of a car, tearing through the trunk and the front and back seats, and finally settling in the engine block. In this case, the slug missed its intended target, and no one was injured.

Increasingly sophisticated EFP attacks involve four or more such explosives timed to explode simultaneously or in sequence against a single target. "They are getting clever about aiming EFPs at the engine and troop compartments," says an American commander who witnessed an EFP attack.

But the EFPs against patrols and convoys are only the latest weapons of choice for targeting U.S. troops. Insurgents still use traditional military weapons like mortars as well. Either hand-held or mounted on the back of a pickup truck, mortars can fire an explosive shell a distance of a mile or so, delivering a powerful, if often inaccurate, punch.

The mortar alarms that sound in Camp Kalsu are sometimes ignored, as soldiers have become accustomed to the attacks. Playing dominoes in a large tent, a group of soldiers barely glance up as a mortar alarm begins to sound. The sharp whump of a nearby mortar hit sends them scrambling outside their tent into reinforced concrete shelters. "The worst is when you get four or five alarms and attacks in one night," says a sergeant, leaning on his rifle and peering out of the bunker. "It's hard to sleep through all of that, and you wind up running into the shelter wearing only your boxers."

Phil Hubbard doesn't show his office to many visitors, but the manager of an Internet cafe and coffee shop at FOB Kalsu has had some close calls. Looking at the 20 jagged shrapnel holes in his office wall, he gestures to the point of impact a few yards behind his trailer. "The guy who was working in here at the time just missed being turned into Swiss cheese," he says. Shrapnel tore through the wall, punching several holes into the faux leather chair at his desk, then through another wall on the opposite side of the room. Several soldiers were injured in the attack, one of the largest mortar attacks against FOB Kalsu.

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Incidentally, the camp itself was named for the only recently active professional football player killed in the Vietnam War. Robert Kalsu was a lineman from the University of Oklahoma who was voted the Buffalo Bills team rookie of the year in 1968, his first and only season with the team. He was killed two years later in the A Shau Valley in Vietnam during a mortar attack.

10 Questions For Ted Kennedy (TIME)

By Massimo Calabresi

Time, March 5, 2007

As Ted Kennedy enters his 45th year in Congress, the arch-liberal senior Senator from Massachusetts has a lot on his plate. Between playing a lead role in the antiwar movement, working to push through a hike in the minimum wage and getting ready to reauthorize No Child Left Behind, Kennedy sat down with TIME's Massimo Calabresi to talk about politics, his ever-present Portuguese water dogs and, naturally, the Kennedy clan.

Are you the only Senator to keep dogs in your offices?

No. Bob Dole had a dog, Leader. Elizabeth Dole has a dog. And Bob Byrd has his dog. Elizabeth Dole and I are going to form a dog caucus, and we're going to be co-presidents. We don't think we're going to be president of anything else.

Admirable bipartisanship. Democrats have the country with them against the war in Iraq but aren't acting to end it. Why?

This war is the major blunder in American foreign policy. We ought to free ourselves from our troop involvement. But if you look back on Vietnam, it wasn't until 1973 that we passed the resolution that actually halted troops and money. There's no question that this is a slow-moving institution, and it's no new statement to say that we are behind what's happening out in the countryside.

But there was fallout for Democrats appearing weak on Vietnam.

It's been the Democrats who have been for armor for the troops. We have been for investing in our servicemen when they come back from Iraq. And it is the Democrats who want to get our American troops out of the civil-war cross fire. Democrats are concerned about the security of the fighting person. Too often Republicans are more interested in protecting the reputation of the President than protecting the troops.

Do you intend to endorse one of the Democrats running for President?

I have no plans. I just got re-elected. I'm going to spend my time here doing what I was elected to do.

It's easy to pick up a newspaper and see some comparison between your brothers and Barack Obama. Is there any validity to that comparison?

Barack is certainly an extremely gifted and talented individual. But my brothers are on a special plateau for me. They're my heroes.

You know Mitt Romney pretty well.

I've had my differences with Mitt, but I wouldn't underestimate him. That's certainly also true for Senator [John] McCain. I have differences with him--the Iraq war is the most obvious example--but I've worked with him quite a bit on the patients' bill of rights, and I've worked with him on immigration.

Your long-sought minimum-wage bill is stuck in conference, thanks to a debate on the size of small-business tax breaks. What's going on?

It's going to get through. The differences are not significant. We're not talking about hundreds of billions of dollars. We're talking about a few billion dollars. It's been 10 years since we've increased the minimum wage, and I want to get this increase to the beneficiaries. I'm convinced we'll get it done within the next two weeks.

Some on the left wing of the Democratic Party would like to see No Child Left Behind done away with. Are you going to deliver reauthorization this year?

The concept of including every child in education as a national goal is one that I wholeheartedly and completely agree with. But there are children left out. If this were the space program, we would have gone to the moon, landed and gotten halfway back. We have work to do in the reauthorization of No Child Left Behind and plenty of it. But do I believe we can get a reauthorization? Yes, I do.

You just celebrated your 75th birthday. Or rather the celebrations are ongoing.

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My sister Eunice wants to know why I have to have several, and I told her, Well, I was the ninth member of the family. I had two sisters who had their birthdays on Feb. 20, and mine's on Feb. 22, so the house was always lively on Feb. 20, and then [the next day] someone would say, Oh, my goodness, Teddy's birthday is coming up tomorrow. So I've been wanting to make up for it.

You had a costume party. Who did you go as?

Most people think I was John Quincy Adams. I'll probably leave it there.

Confronting Iraq's Exodus (TIME)

By Massimo Calabresi

Time, March 5, 2007

The war in Iraq has driven nearly 4 million people from their homes. As many as 2 million have fled the country, in what Refugees International calls the fastest-growing crisis in the world. As detailed in the stories that follow, the burden of coping with this exodus has fallen most heavily on Iraq's neighbors, such as Syria, Jordan and Iran, who have absorbed the vast majority of exiles. But the war's reverberations are being felt beyond the Middle East, in places as seemingly distant and incongruous as Sweden, which has taken in more than 11,000 Iraqis since 2005.

The U.S., however, has been reluctant to open its doors, admitting just 18 Iraqi refugees in 2005 and 202 in 2006. In February the State Department announced that it would admit up to 7,000 more, giving special consideration to those Iraqis who worked for the U.S. government. But that's still just a fraction of the number of Iraqis in need. And although the Bush Administration has offered to cover about a third of the $60 million that the U.N. says is needed for the refugees, the U.S.'s European and Arab allies think Washington should cover far more of the costs resulting from what they view as America's war.

So why the parsimony? U.S. officials argue that resettling Iraqis will accelerate the country's brain drain. Admitting large numbers of Arabs also raises anxieties among some Americans that terrorists could slip in--even though refugees are among the most exhaustively screened migrants. But Bush Administration critics say the biggest reason Washington has been slow to act is that doing so would be an admission of failure in Iraq. Says Harold Koh, dean of Yale Law School and former Assistant Secretary of State for Democracy, Human Rights and Labor: "If the U.S. government were to do an active resettlement regime for Iraqi refugees, it would be conceding that its own rhetoric about the situation in Iraq becoming safe and stable anytime soon is a fantasy."

The U.S. has been cool to refugees before. In World War II, Secretary of State Cordell Hull infamously declined to accept Jewish Holocaust refugees, adhering instead to prewar immigration quotas. Thirty years later, the U.S. watched as a crisis built ahead of the April 1975 collapse of South Vietnam, in part because 54% of Americans were against admitting Vietnamese who were fleeing the communists.

In both cases, U.S. leaders calculated that the country's national interests trumped its moral responsibilities. But in Iraq, a more magnanimous stance toward refugees would help the U.S.'s broader interests. It would be good propaganda in the Arab world, where the U.S. image needs burnishing. It would be a tool to counter one of the root causes of terrorism: regional instability caused by mass migration. And it would provide Washington with a basis for talks with Iran and Syria, whose help the U.S. needs to stabilize Iraq. Despite the recommendations of the Iraq Study Group, the Bush Administration has refused to negotiate directly with either country. But Secretary of State Condoleezza Rice has taken a first step toward engagement, announcing that the U.S. will participate next month in talks on Iraq's future that will include representatives from Iran and Syria.

Tackling the refugee crisis may be the Bush Administration's best chance to repair some of the damage to U.S. prestige caused by the Iraq war. After the fall of Saigon, Congress bucked public opinion and embraced its obligation to Indochinese asylum seekers, using refugee aid to countries like Thailand and Laos to build relationships and counter the spread of communism.

Opening the doors to Iraq's departed would be smart as well as moral. And it would allow this generation of Americans to live up to George Washington's pledge that "America is open to receive not only the opulent and respectable stranger, but the oppressed and persecuted of all nations and religions."

Syria. (TIME)

By Andrew Lee Butters

DOJ_NMG_0139326

Time, March 5, 2007

What happens to a country when its population grows by more than 10% in three years? In Syria, which has absorbed more than a million Iraqi refugees, you can see cosmetic transformations. Iraqi-accented Arabic is heard constantly in the cafÃ©s and streets of Damascus. Real estate prices have skyrocketed. Food prices are rising. There's even a neighborhood in the capital called Fallujah that's popular with Iraqis.

The Iraqi-refugee issue is also changing Syria in deeper ways, altering the country's image in the Middle East--and bolstering its leverage with the U.S. While the Bush Administration has accused it of supporting terrorism in Iraq, Israel and Lebanon, Syria has established itself as the lifeboat of the Arab world. Having taken in 180,000 temporary Lebanese refugees fleeing the war with Israel last summer, Syria is the only Arab country that has been equally welcoming to all of Iraq's religious sects, according to Syrian human-rights groups. Only Jordan--which has received 750,000 Iraqis but has stopped accepting more--comes close to matching Syria's largesse. "The price of this disaster is being paid mainly by the refugees themselves and by two countries: Syria and Jordan," says AntÃ³nio Guterres, the U.N.'s High Commissioner for Refugees. "The international community can't let [them] bear this burden alone."

Syria wants more than bromides for its openness. The humanitarian crisis in Iraq could be the issue that brings Syria out of international isolation and into semi-respectability. Although the Bush Administration has long resisted diplomatic engagement with Syria, cracks are appearing. Secretary of State Condoleezza Rice has authorized the U.S. embassy in Damascus to talk with Syrian officials as long as their discussions are limited to the refugee crisis. Syrian officials say their willingness to take in so many refugees has helped stabilize the region. Now they want something in return: a softer U.S. line on Syrian involvement in Lebanon and more pressure on Israel to give back occupied land in the Golan Heights. "One million refugees is a huge number," says Redwan Ziadeh, director of the Damascus Center for Human Rights Studies. "It is a card that Syria can play with the U.S."

Damascus may not have that card for long. Internally, the refugee issue poses long-term dilemmas for the Baathist regime of Syrian President Bashar Assad. The presence of so many needy Iraqis has exposed the government's failure to make economic reforms. The Syrian government--dominated by a secular core of Alawite Muslims who rule a country that is 74% Sunni Muslim--may have to stop the influx as a measure of self-preservation. Assad is particularly concerned about extremists re-entering the country from Iraq, according to Syrian security analysts. "We used to call them the Afghan Arabs," a security analyst says, referring to extremists who served with the Taliban and al-Qaeda in Afghanistan. "Now we are worried about the Iraqi Syrians."

The government has begun to limit the amount of time it allows Iraqis without residency status to stay in Syria, down from three months to two weeks. In mid-February, Syria shut its border with Iraq and wouldn't let any Iraqis enter for three days. The border is back open, but the message to Iraq and the U.S. was clear: Stop taking Syrian help for granted. The U.S. still needs to prove to Syria that playing a constructive role in the Middle East can pay off too.

Sweden. (TIME)

By Vivienne Walt

Time, March 5, 2007

The view from Alaa's apartment reveals streets and sidewalks carpeted in fresh snow, a tableau of tranquillity half a world away from the chaos of Iraq. But inside, the war is never far from his mind. The television set is turned at high volume to a talk show on Baghdadi TV, an Iraqi satellite channel. Only Arabic books line the bookshelves in the living room; Alaa and his roommate, Ali Hamad, an ophthalmologist from Baghdad, barely speak English, let alone the language of the country in which they have sought refuge. As he welcomes a visitor with the typical Iraqi drink of sugared mint tea, Alaa laughs. "This is Little Iraq," he says.

Alaa, 29, left Baghdad in January, a few days after Saddam Hussein was hanged. A group of gunmen had smashed in his front door and ransacked the house. Alaa, a Shi'ite television producer who was at work at the time, believes that Sunni militants wanted to kill him for covering Saddam's trial. And so, as hundreds of Iraqis do each day, Alaa decided to pack up his things and flee. At the time he wasn't sure where he was going or who would take him in. Now he finds himself sharing a two-room

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apartment with people who were complete strangers just weeks ago, in a country he knows little about--but that is, for the foreseeable future, his new home: Sweden.

This country of 9 million has long prided itself on being one of the world's most hospitable to foreigners fleeing war and hardship. After the 1991 Gulf War, Sweden took in thousands of Iraqi Shi'ites and Kurds. But nothing could have prepared Swedes for the numbers of Iraqis who are pouring in today. While most of the 2 million Iraqis who have left since the U.S. invasion in 2003 have remained in the Middle East, a growing number are trying to make their way out of the region, in search of refuge and the promise of a new life in the West. Having granted asylum to 2,330 Iraqis in 2005, Sweden received nearly four times that many last year. In December, 1,566 Iraqis arrived, nearly five times the figure in February 2006. And with Iraq's civil war still raging, Swedish officials say they are bracing for a possible 35,000 this year.

For both the new Iraqi arrivals and their Scandinavian hosts, coexistence has not come easily. Swedish officials fret about the potential security risks and the costs posed by a swelling population of displaced Muslims. Although relieved to have escaped the grinding violence of Iraq, Sweden's Iraqis face the prospect of having to rebuild shattered lives and find work in an alien society. For many, the trauma of Iraq is inescapable. Recent arrivals like Alaa say they fear being hunted down by sectarian rivals in Stockholm. "We don't know who is who here," says Alaa. In a Swedish government asylum office, he was shocked to see Iraqis in "long beards and short pants" who looked like extremist Sunnis. "I'm scared that among those people who Sweden helps are crazy Salafis who might kill me," he says.

Yet the fact that Alaa made it to Stockholm at all qualifies him as one of the lucky ones. Among Western countries, Sweden is unique in allowing entry to all Iraqis who can prove they have fled central and southern Iraq, no matter what their political involvement or how they reached Scandinavia, according to officials at the Swedish Migration Board.

Being accepted into Sweden is relatively simple compared with what it takes to actually get there. Iraqis say the odyssey north typically costs $10,000 per person and involves relying on a network of nameless smugglers and middlemen. Most Iraqis flee first to Jordan; from there smugglers arrange flights to Istanbul, where it is easy to find illegal European Union passports--red passports, as the Iraqis call them, which contain the refugees' real photos but use other people's names. "Daniel," 23, a Christian Iraqi student sitting in a Stockholm cafÃ©, said he bought a fake Iraqi passport for $300 in Baghdad and used it to take a smuggler's ride through Syria to Turkey. In Turkey a smuggler traded Daniel's Iraqi passport for a false European passport for $8,000--paid by his parents in Baghdad. Then he hid in the back of a cargo truck with three other Iraqi men for the duration of the 3,000-mile journey into Sweden.

For many Iraqis, the initial relief of fleeing the war is replaced by the shock of being shipped to one of Sweden's overcrowded refugee camps, an hour's drive from Stockholm. Only Iraqis who can prove they will live with relatives in Sweden are permitted to stay outside government housing when they arrive; others slowly try to find accommodations once their refugee status is officially approved, usually within a few weeks of arrival. Most end up in Sweden's heavily immigrant ghettos, like the Stockholm neighborhood of Rinkeby. The area's expanse of characterless high-rise apartment buildings dates back to the 1960s, when the Swedish government poured billions into public housing. Driving into the area from Stockholm's gracious old city is like entering another country. In fact, there are few reasons that Swedes would ever visit. Little Swedish is heard in the Middle Eastern and African supermarkets, barbershops and call-service outlets; these days the street-side talk is increasingly in Arabic.

Government officials say they try to steer Iraqis to smaller towns, where housing is cheaper and their skills are in greater demand. But Iraqis resist. "It's a major problem for us," says Mattias SjÃ¶berg, a migration officer at the Swedish Migration Board in Stockholm. "We send people to the north or down south, but in the end many Iraqis end up in Stockholm, where there is a [Muslim] community."

Even in Stockholm, Iraqis often find their careers stalled while they spend months in Swedish-language classes. The government has made attendance in language classes a precondition for receiving asylum benefits. Then comes the slog of requalifying in their profession. While Iraqis in Stockholm praise the Swedes' welcome, they struggle to persuade locals to hire them for professional jobs. "We have a lot of highly educated people driving taxis," says Faried al-Suheil, who fled Baghdad for Stockholm in 1993, moved back in 2003, then returned to Stockholm last summer. He stood at the doorway of the Iraqi prayer

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hall in the Stockholm suburb of Jakobsberg late one evening. Six taxis were parked along the snowbound sidewalk while the drivers celebrated the Shi'ite holiday of Ashura inside. "The Swedes don't want to hire us" for skilled work, al-Suheil says.

But as is true around the world these days, the Iraqis in Sweden reserve their most bitter words for one another. As Iraq's ethnic fighting has intensified, so have the tensions among refugees living thousands of miles from the war. "Before, in Sweden, we never talked about who was who," says Salam Karam, an ethnic Kurdish journalist from Baghdad who moved to Stockholm with his family in 1990. "Now people talk about who's a Shi'ite, who's a former Baathist. Have they come here to hunt us?" He says he was shocked to find that when he taught Swedish to Iraqi refugees last year, "my Shi'ite students never spoke to those who were Sunnis."

The Swedish government has opted to grant refuge even to Iraqis who enter illegally rather than pursue them for using forged documents. "We don't turn anyone back," says Gunn Sundberg-Hjelm, an asylum officer at the Swedish Migration Board. "Look at the circumstances they have left." But how long can the warm welcome last? Swedish voters last September ousted the leftist government, largely over fears about growing unemployment and the country's costly welfare system. That nervousness may increasingly be directed at the new Iraqi refugees, who benefit hugely from Sweden's social services. The country has spent tens of millions of dollars on the new arrivals, who receive a daily allowance, housing and free health care. Beyond the burden to Sweden's economy, the influx could also pose a security risk, says Magnus Norell, senior analyst for the government-funded Swedish Defense Research Agency and a former Swedish Secret Service special analyst on terrorism. "It's not just that Iraqis are swamping the system," says Norell. "The government realizes that there are several people in this country who should not be here, people who would not get in because they have involvement with Islamist organizations in Iraq and Europe." With the numbers of Iraqi refugees soaring, the government doesn't "have time to do the proper investigation."

But for both the thousands of Iraqis who have found their way to Stockholm and the European hosts who have taken them in, there is no going back. Hunched over a borrowed computer in his small apartment, Alaa, the television producer, spends hours a day looking at digital photographs of his small son playing on his bed back in Iraq. Alaa hopes to get his Swedish residence papers sometime this year, allowing his wife and year-old boy to join him in Stockholm--two more Iraqis seeking escape from a world gone wrong.

Japan Weighs Extending Iraq Mission (AP)

AP, March 5, 2007

Japan's top government spokesman said Monday that Tokyo is undecided about whether to extend the nation's air force mission in Iraq when it expires in July, but that a decision is expected by the end of this month.

Tokyo has been airlifting U.N. and coalition personnel and supplies into Baghdad and other Iraqi cities from nearby Kuwait since last year as part of efforts to support the reconstruction of Iraq.

The mission is set to end July 31, and debate is already gearing up about whether Tokyo will continue its contributions to a war increasingly unpopular at home.

"Discussions are going on, but we have not decided on any specific policy yet," Chief Cabinet spokesman Yasuhisa Shiozaki said. "A decision will be made by the end of this month."

Japan backed the U.S. invasion of Iraq and provided ground troops for a non-combat, humanitarian mission in the southern Iraqi city of Samawah from early 2004.

Japan withdrew the ground troops in July last year, and has since expanded its Kuwait-based air operations.

The Iraq mission is part of Japan's bid to boost its international profile. Tokyo also approved in late October a one-year extension of its naval mission in the Indian Ocean to support the U.S.-led anti-terrorism campaign in Afghanistan.

But some in Japan criticize the operations for violating the pacifist constitution, which prohibits the use of force in solving international disputes.

Bilateral Talks With U.S. Still On The Table (WT)

The Washington Times, March 5, 2007

U.S. and Iranian officials, in separate remarks yesterday, both left open the possibility of bilateral talks on the sidelines of a regional meeting this week in Baghdad.

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Zalmay Khalilzad, the U.S. ambassador to Iraq, said Washington had not decided whether it would meet one-on-one with the Iranians when regional countries and world powers meet Saturday to try to get Iraq's neighbors to contribute to stabilizing the country.

"We have not decided at this point with regard to anything bilateral [with Iran], but we will be prepared to play our role as constructively as possible," Mr. Khalilzad said in an interview with CNN yesterday.

"There have been some recent indications that [the Iranians] are interested in a dialogue with regard to Iraq," he said.

Iranian Foreign Ministry spokesman Mohammed Ali Hosseini, meanwhile, said his country has not decided whether it will attend the Baghdad conference but did not rule out a decision to meet directly with Mr. Khalilzad.

"Recently, the United States has proposed negotiations with Iran through different channels over the Iraq issue," Mr. Hosseini was quoted as saying by the Associated Press. "Meeting with Americans on the sidelines of the Baghdad conference is not on the agenda of Iran, for the time being."

The meeting will bring together working-level officials in Baghdad before a second session, involving ministers, as early as next month, U.S. officials said. Secretary of State Condoleezza Rice has said she would attend the later session.

Mr. Khalilzad said on CNN that the U.S. was "prepared to talk" with the Iranians about U.S. accusations that Iran is sending weapons to Iraqi militants.

He said he was concerned primarily about roadside bombs known as "explosively formed projectiles" (EFPs), which have killed a large number of U.S. soldiers.

"It is my understanding that EFPs do come across the border [from Iran] and there is continuing support and assistance from elements in Iran to elements in Iraq. That continues," he said. The U.S. military thinks the Quds Force, part of Iran's Revolutionary Guard, is behind the weapons shipments, he said.

"Should the opportunity arise to talk to the Iranians, we will focus on the weapons that come across the border," he said. "The purpose of any talks that take place, the bilateral talks, will be very much the security of our forces."

The United States has no diplomatic relations with Iran and is involved in a war of words to stop Tehran's nuclear program, which Iran says is aimed solely at producing electricity.

President Bush has stepped up accusations that Iran is backing Shi'ite militants in Iraq. The U.S. military has strengthened its presence in the Gulf and detained several Iranians in Iraq. Washington also is leading a push for stronger sanctions against Iran over its nuclear defiance.

Syria, which has agreed to attend the Baghdad meeting, indicated that its government is hoping to engage the United States.

The Al-Ba'ath state newspaper said in an editorial yesterday that the Baghdad conference should open the way for talks between the two countries, whose relations have been strained for years.

"How could attendees of a conference who are sitting at the same table ignore each other?" said Al-Ba'ath. "The entire region sees in the conference a glimpse of hope and optimism to start a series of solutions."

Washington accuses Syria of allowing militants to cross into Iraq, a charge Syria denies. Last week, a the Syrian government called Washington's decision to attend the conference a step toward comprehensive dialogue with Syria on the Middle East.

16 Civilians Die As U.S. Troops Fire On Afghan Road (NYT)

By Carlotta Gall

The New York Times, March 5, 2007

KABUL, Afghanistan, March 4 — American troops opened fire on a highway filled with civilian cars and bystanders on Sunday, American and Afghan officials said, in an incident that the Americans said left 16 civilians dead and 24 wounded after a suicide car bombing in eastern Afghanistan. One American was also wounded.

The shooting sparked demonstrations, with local people blocking the highway, the main road east from the town of Jalalabad to the border with Pakistan. And there were differences in some of the accounts of the incident, with the Americans

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saying that the civilians were caught in cross-fire between the troops and militants, and Afghan witnesses and some authorities blaming the Americans for indiscriminately shooting at civilian vehicles in anger after the explosion.

The United States military said the unit came under fire after a suicide bomber detonated his explosive-laden car near their convoy "as part of a complex ambush involving enemy small-arms fire from several directions."

Members of the unit, on patrol near Jalalabad airfield, returned fire, and the civilians were killed and wounded in the cross-fire during the battle, according to a statement from the military press office at Bagram Air Base, 40 miles north of Kabul.

"We regret the death of innocent Afghan citizens as a result of the Taliban extremists' cowardly act," Lt. Col. David Accetta, a military spokesman, said in the statement. "Once again the terrorists demonstrated their blatant disregard for human life by attacking coalition forces in a populated area, knowing full well that innocent Afghans would be killed and wounded in the attack."

Yet some of the wounded interviewed in the hospital by news agencies said the only shooting came from the American troops. A hospital official, who asked not to be identified, said all the wounded were suffering from bullet wounds and not shrapnel from the bomb explosion.

Hundreds of Afghans blocked the road and threw rocks at police officers in protest afterward, with some demonstrators shouting "Death to America! Death to Karzai!" a reference to President Hamid Karzai, The Associated Press reported.

The shooting will be a setback for American forces in Afghanistan, who have been working to contain the continuing insurgent attacks, in particular roadside bombs and suicide attacks, and win the support of the people with reconstruction and development projects. Deadly riots shook Kabul last May after American troops were involved in a fatal car crash and then opened fire on the crowd.

Among the dead on Sunday morning were a woman and two children in their early teens, said Dr. Ajmal Pardez, the provincial director of health, speaking by telephone from the Jalalabad city hospital. He said the hospital received 10 dead and 25 wounded people from the incident, with four people in critical condition.

After the suicide attack, the Americans treated every car and person along the highway as a potential attacker, though none of the people showed hostile intent, Muhammad Khan Katawazi, the district chief of Shinwar, told The A.P.

"They were firing everywhere, and they even opened fire on 14 to 15 vehicles passing on the highway," said Tur Gul, 38, who was standing on the roadside by a gas station and was shot twice in the right hand. "They opened fire on everybody, the ones inside the vehicles and the ones on foot."

Some of the wounded interviewed by The A.P. said the soldiers opened fire indiscriminately on passing cars and pedestrians on the busy main road.

"When we parked our vehicle, when they passed us, they opened fire on our vehicle," said 15-year-old Mohammad Ishaq, who was hit by two bullets, in the left arm and right ear. "It was a convoy of three American Humvees. All three Humvees were firing around."

In other fighting, two British soldiers were killed Saturday in southern Afghanistan, the British Defense Ministry said Sunday. The men were involved in heavy fighting that has raged for three days in the town of Sangin, said Col. Tom Collins, a NATO spokesman in Kabul. Townspeople have fled the town and abandoned their shops as Taliban insurgents and British forces stationed there have been trading artillery and rocket fire, according to a resident of the area.

Insurgents Strike Marine Convoy; 10 Dead In Melee (WT/AP)

By Rahim Faiez

The Washington Times, March 5, 2007

BARIKAW, Afghanistan -- Insurgents struck a convoy of Marines with an explosives-rigged minivan and followed up with a fusillade from the roadside, U.S. officials said yesterday.

As many as 10 people were killed and 34 wounded as the convoy made a frenzied escape, and injured Afghans said many were killed by Americans who fired on civilian cars and pedestrians as they sped away.

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U.S. officials said militants' gunfire may have killed or injured civilians, but Afghanistan's Interior Ministry and wounded Afghans said most of the bullets were American. Hundreds of angry Afghans protested near the blast site, denouncing the U.S. presence.

As the Americans fled, they treated every car and person along the busy highway as a potential attacker, said Mohammed Khan Katawazi, the district chief of Shinwar in eastern Afghanistan's Nangarhar province.

"I saw them turning and firing in this direction, then turning and firing in that direction," Ahmed Najib, a 23-year-old hit by a bullet in his right shoulder, said of the U.S. forces. "I even saw a farmer shot by the Americans."

Lt. Col. David Accetta, the top U.S. military spokesman in Afghanistan, said gunmen may have fired on U.S. forces at multiple points during the escape. He said it was not yet clear how the casualties happened, though he left open the possibility that U.S. forces had shot civilians.

"It's not entirely clear right now if the people killed or wounded by gunfire were killed or wounded by coalition forces' gun fire or enemy attackers' gunfire," he said.

The accusation that U.S. forces killed or wounded so many Afghans was likely to cause an uproar in a country that has seen an untold number of civilians killed by international forces since the U.S.-led invasion in 2001. A high-level delegation was appointed to investigate.

President Hamid Karzai has pleaded repeatedly for Western troops not to harm civilians, and in December wept during a speech lamenting civilian deaths at the hands of foreign forces.

The U.S.-based Human Rights Watch estimates that more than 100 Afghan civilians died as a result of NATO and coalition assaults in 2006. An AP tally, based on reports from Afghan, NATO and coalition officials, puts the overall civilian death toll in 2006 at 834, most from militants' attacks.

Nine witnesses -- including five Afghans recuperating from bullet wounds in the hospital -- said in interviews that U.S. forces fired indiscriminately along at least a six-mile stretch of one of eastern Afghanistan's busiest highways -- a route often filled not only with cars and trucks, but Afghans on foot and bicycles.

"They were firing everywhere, and they even opened fire on 14 to 15 vehicles passing on the highway," said Tur Gul, 38, who was standing on the roadside by a gas station and was shot twice in his right hand. "They opened fire on everybody, the ones inside the vehicles and the ones on foot."

The tolls varied. The Interior Ministry said 10 persons were killed, while the provincial health chief said eight died.

The U.S. military said eight civilians were killed and 34 wounded after earlier saying 16 were killed and 24 wounded. It did not explain the revised, lower death toll, saying only that the new figures were "the most accurate numbers to date." A U.S. Marine was also injured in the suicide blast.

Interior Ministry spokesman Zemeri Bashary said the chief of the Interior Ministry's criminal division would lead a delegation including a U.S.-led coalition official to Nangarhar province today to investigate.

"The coalition says they have proof that gunmen opened fire," said Mr. Bashary. "But I think more of the gunfire was from the [U.S.] side."

Marines Open Fire After Afghan Ambush (WP)

By Griff Witte

The Washington Post, March 5, 2007

ISLAMABAD, Pakistan, March 4 -- At least eight Afghan civilians were killed Sunday in eastern Afghanistan when U.S. Marines traveling in a convoy were hit by a car bomb and responded by firing in a way that some witnesses called reckless.

The incident, which the U.S. military said resulted from a "complex ambush," was followed by angry demonstrations in which hundreds of Afghans took to the streets, many chanting anti-government and anti-American slogans.

According to Afghan and U.S. accounts, the Marine convoy was struck by a van packed with explosives as it traveled along a roadway connecting the eastern city of Jalalabad to the Pakistani border, in the district of Mohmand Dara. The portion of the road where the explosion occurred is flanked by shops and was crowded at the time of the blast.

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Immediately afterward, the convoy was attacked by "small-arms fire from several directions," said Lt. Col. David Accetta, a U.S. military spokesman. "The coalition forces returned fire in self-defense. It's unclear whether the casualties were from the car bomb blast or from the small-arms fire."

The Associated Press quoted several wounded Afghans as saying that the Marines fired indiscriminately as they fled the scene.

"They were firing everywhere, and they even opened fire on 14 to 15 vehicles passing on the highway," Tur Gul, 38, told the AP. Gul was standing on the roadside near a gas station and was shot twice in his right hand. "They opened fire on everybody, the ones inside the vehicles and the ones on foot."

The AP also quoted an Afghan police official who supported the civilian accounts.

Accetta said that the allegations would be investigated but that "at this point we don't have any information that there was any wrongdoing by the coalition forces."

Noor Agha Zuwak, spokesman for the provincial governor, said the roadway was shut down for two hours by the crowds of protesters that formed after the incident. They were shouting "Down with the U.S.!" he said, and "Down with Karzai!" a reference to Afghan President Hamid Karzai.

The U.S. military at one point said 16 civilians were killed but later changed that estimate to eight. An official at a local hospital said late Sunday that 14 people had died. The military said 35 people were wounded, among them a coalition service member.

Baz Mohammed Shirzad, deputy director of the hospital where the wounded were treated, said doctors saw both bullet and shrapnel injuries. He said four patients were in critical condition Sunday night, but others were lucid enough to talk about what they saw. "An explosion took place, then firing took place. After that, they don't know what happened," he said.

Accetta said the anger aimed at the foreign troops following the incident was misdirected. "It should have been directed against the extremist forces who initiated this attack in a crowded area when they knew there would be civilian casualties," he said.

The incident is the latest to spark public outrage over the perception that foreign troops are not taking enough precautions to avoid civilian casualties. Last May, for instance, a U.S. military cargo truck lost control and struck 12 vehicles, killing one person and injuring six. A riot ensued in Kabul, the capital, and 20 people died, 160 were injured and dozens of buildings were damaged or destroyed.

The United States has 27,000 troops in Afghanistan, 15,000 of whom are under NATO command. The incident Sunday involved Marine Special Forces who are not part of the NATO mission.

Also Sunday, the NATO-led force said that two of its soldiers were killed Saturday during a firefight in southern Afghanistan. Officials later said the soldiers were British.

8 Afghans Die After Attack On U.S. Convoy (LAT)

By Shafiqullah Azimi And Laura King, Special To The Times

The Los Angeles Times, March 5, 2007

Protesters riot after a suicide blast targeting troops results in gunfire that claims civilian lives.

KABUL, AFGHANISTAN — A suicide bombing Sunday targeting an American military convoy triggered chaotic gunfire on a busy highway in eastern Afghanistan, leaving at least eight Afghan civilians dead and about three dozen wounded, officials said.

The incident outside the city of Jalalabad set off a riot in which hundreds of protesters, charging that American troops fired indiscriminately, threw stones and shouted slogans denouncing the United States and the Afghan government.

It was the highest civilian death toll this year in an incident involving U.S. or other foreign troops. Such casualties erode public support for Afghan President Hamid Karzai, who has repeatedly called on coalition forces to exercise greater care to avoid harming civilians.

The incident occurred as the five-vehicle U.S. convoy was on patrol near the Jalalabad airfield, a large base that lies just off a heavily traveled highway to the Pakistani border.

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U.S. military officials said American forces opened fire after a suicide attacker detonated a minivan packed with explosives as the convoy passed through the small market town of Bari Kot, whose bazaar was filled with morning shoppers.

Calling the ambush "complex," the military said that U.S. troops also came under fire from several directions during the suicide attack.

Witnesses, however, said the gunfire appeared to come mainly from U.S. troops whose convoy sped along the highway shooting other vehicles and pedestrians for up to five miles from the blast scene.

"They were firing everywhere," Tur Gul told the Associated Press. Gul, who was standing at the roadside and suffered gunshot wounds, said he saw more than a dozen cars hit.

"They opened fire on everybody, the ones inside the vehicles and the ones on foot," he said.

Two Afghan journalists working for the Associated Press said a U.S. soldier deleted their photos and video of a four-wheel-drive vehicle in which three people had been shot to death, about 100 yards from the suicide bombing site, the news service reported. The news service said it planned to lodge a protest with the American military.

Coalition officials blamed the Taliban for the civilian casualties, saying the attackers bore responsibility regardless of whether bystanders were hit by U.S. or insurgent fire.

"We regret the death of innocent Afghan citizens as a result of the Taliban extremists' cowardly act," said Lt. Col. David Accetta, a U.S. spokesman. "Once again the terrorists demonstrated their blatant disregard for human life by attacking coalition forces in a populated area, knowing full well that innocent Afghans would be killed and wounded in the attack."

Casualty counts varied, as is often the case in such attacks. Provincial police spokesman Abdul Ghafor said 10 people were killed and about three dozen injured. The U.S. military initially reported 34 civilians killed and 24 wounded, but it later revised its death toll to eight, with 35 hurt.

An American serviceman also was wounded. The dead were said to include at least one woman and two children.

After the incident, demonstrators blocked the roadway near Jalalabad and hurled rocks at police. "Death to America! Death to Karzai!" some shouted.

Afghan and U.S. military officials announced that they would investigate the shootings, which came as the country braced for a new round of fighting that often comes with the warming temperatures that will soon melt the snow in high mountain passes.

Both NATO generals and Taliban commanders have declared they will try to seize the offensive.

Coalition forces have overwhelming military superiority, but Taliban-led insurgents increasingly have turned to nonconventional tactics such as roadside bombings and suicide attacks.

The coalition troops are under orders to be extremely vigilant against suicide bombings, which are a near-daily occurrence. But increasing numbers of Afghan civilians have been shot when troops mistakenly believed they posed a threat.

Last year was the bloodiest in Afghanistan since the Taliban regime was toppled by U.S.-led forces in 2001. More than 4,000 people were killed in 2006, most of them militants.

Coalition forces in Afghanistan are at their highest levels since the fall of the Taliban, with U.S. and North Atlantic Treaty Organization troops now totaling more than 45,000.

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Special correspondent Azimi reported from Kabul and Times staff writer King from Istanbul, Turkey.

New Justice, No Peace (NYT)

By Richard May

The New York Times, March 5, 2007

Washington

LATE last month some 25,000 people held a rally in the Afghan capital, Kabul. Were they calling for more aid? Were they rallying to demand military action against the Taliban? No, they were urging President Hamid Karzai to sign a law providing legal amnesty for actions committed during the civil war that raged in Afghanistan during and after the Soviet occupation.

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While the law has passed both houses of Afghanistan's Parliament, the United Nations High Commissioner for Human Rights and several humanitarian groups have argued against it on the grounds that it eliminates any possibility for justice for the people killed, tortured and raped during that awful period. Some have made subtle threatens, saying that should Mr. Karzai sign the law, he might have a harder time getting international aid. I understand such humanitarian feelings and the calls for justice, but President Karzai should sign the law — for four good reasons.

First, while most international groups feel that the law is simply about absolving the most violent warlords, the fact is that almost all Afghans have blood on their hands. In a country that has been enmeshed in war for more than 25 years it is hard to find people who have not taken up arms at some point in their lives. Children drafted into militias and farmers who armed themselves to protect their homes could easily be called "soldiers" of the warlords at some point and face charges.

Second, political participation like the pro-amnesty rally is a good sign for the future. While many saw it as an effort to forgive warlords, I saw something much better: progress through participation. When the people of a country that has experienced only war and tyranny for 25 years feel free to go to the streets to have their voices heard, democracy is working.

It is worth noting that not a single person was hurt during this rally — not one police officer or soldier or marcher. Whatever the views of the crowd, they demonstrated their position through a nonviolent method — a tremendous advance in recent Afghan history. And, while the global humanitarian groups want to resolve the past, the rally showed that many of the survivors of those dark years want nothing more than to put it behind them and rebuild their country democratically.

Third, the rejection of the amnesty law could easily turn the people against the government and the coalition forces that operate in Afghanistan. Should Mr. Karzai refuse to sign, it would convince many Afghans that their government is more interested in the views of the international community than that of its own people.

Fourth, calls for justice tend to ignore the reality of the civil war. When Westerners hear the term "warlord" they think of tyrannical criminals who are self-serving instruments of death. But in Afghanistan things are more complex. Most warlords came to power protecting their families, clans and land from Soviet troops. The members of the militias the warlords commanded were cousins, sons and neighbors. The warlords were, and in many cases still are, closer to the people than the Kabul government has ever been. By negating the amnesty law, Mr. Karzai would effectively shun a large segment of the population and potentially turn it toward the Taliban.

The fragile government in Kabul cannot focus on dividing its country over past acts. It must look to the future with a vision that accepts all elements of its society. President Karzai should err on the side of unity and act not for the future of his government, but for the future of Afghanistan.

Cheney In The War Zone (TIME)

By Aryn Baker / Kabul

Time, March 2, 2007

A suicide bomber outside the main U.S. military base in Afghanistan on Feb. 27 killed about two dozen people--and underscored the mission of Dick Cheney, who had arrived less than 24 hours earlier to meet with Afghan President Hamid Karzai. The Vice President had just come from Pakistan, where he urged President Pervez Musharraf to crack down on the activities of the Taliban--which claimed responsibility for the attack, saying it was timed to Cheney's visit--and al-Qaeda.

U.S. National Intelligence Director Michael McConnell believes al-Qaeda is regaining a foothold in the border area of Waziristan. He told the Senate Armed Services Committee on Feb. 27 that "to the best of our knowledge, the senior leadership, No. 1 and No. 2, are there, and they are attempting to re-establish and rebuild." Tasneem Aslam, Pakistan's Foreign Ministry spokeswoman, says Pakistan is policing the region with 80,000 troops, some 800 of whom have died in skirmishes with militants. "We are doing our utmost to stop the cross-border activity," Aslam says. "What are the Afghans doing to combat this problem? Or the U.S.?"

Musharraf is in a bind. Even if he doubled the number of troops on the border, says a Western diplomat in Pakistan, it would probably just exacerbate regional violence by fueling antigovernment sentiment. "The only way you are going to solve the problem of militancy in the tribal areas is through a massive influx of development," he says. "And even then, we are talking 10 to 15 years." That's a grim analysis, given the claim of senior Taliban commander Mullah Dadullah that he will soon be able to field

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some 10,000 soldiers, including 2,000 suicide bombers. While few believe the Taliban has that kind of strength, it's still a worrying indication that the fighting will get worse this spring.

Cheney Gets To See A Resurgent Taliban (NSWK)

By Michael Hirsh And Sami Yousafzai

Newsweek, March 5, 2007

Dick Cheney was cool and collected, just as he had been on that September morning five years before when two Secret Service agents burst into his White House office and half-carried him into the bunker. Last week the vice president found himself under attack again—and rushed into a bomb shelter by his Secret Service detail. Only this time Cheney was in Afghanistan, and the perpetrators were the resurgent Taliban. "I was sitting in my quarters when I heard a loud boom," Cheney recalled later to a small group of reporters accompanying him on his weeklong trip to Asia. "Shortly after, the Secret Service came in and said there had apparently been an attack on the main gate."

When the barbarians are at the gate, it may be time to get serious. The Feb. 27 attack on Baghram air base during Cheney's surprise visit was the most vivid reminder to date that, half a decade after they were supposedly vanquished, the Taliban is back in force, along with its onetime Qaeda guests. And the jihadists are now confident enough to launch a frontal suicide assault on the main U.S. stronghold in South Asia. Cheney shrugged off the attack, which killed 23 people including a U.S. soldier, noting that it did not affect his plans to visit the badly weakened Afghan president, Hamid Karzai, later that day in Kabul. "Never an option," he told reporters before he boarded his plane home carrying a thick book ("A History of the English-Speaking Peoples Since 1900," by the Tory historian Andrew Roberts). Even so, Cheney's visit was ordered by a worried President George W. Bush, who announced two weeks ago that he was extending the deployment of 3,200 U.S. troops in Afghanistan amid a doubling of the size of the Afghan Army. The Bush team's main concern now is that the Taliban's "spring offensive" could topple Karzai or turn him into a more isolated figure, hunkered down in Kabul.

An even scarier prospect is that a newly Talibanized Afghanistan, along with sympathetic areas of neighboring Pakistan, could become a launchpad for the next plot against America. A senior administration official, briefing reporters on Cheney's plane after his meeting with Karzai, said Bush was preoccupied with a renewed "threat to the homeland" from the region. He has cause for concern. Taliban officials tell NEWSWEEK that they have carved out a huge border zone of their own. And they say Qaeda "foreigners"—mainly Arabs bent on killing Westerners—are being welcomed back into parts of Afghanistan and Pakistan's North Waziristan region, where Pakistani President Pervez Musharraf signed a controversial peace deal with tribal elders last September.

Under that pact, the Pakistan military agreed to end its military operations and dismantle its checkpoints. In return, the tribesmen promised not to allow militants to conduct cross-border operations and to expel all foreign fighters from the area. That latter pledge has been largely ignored. As NEWSWEEK has previously reported, informal terror training facilities have cropped up in the tribal area. In contrast to the open-air camps seen in pre-9/11 Qaeda videos, these sites are set up inside tribal-style compounds of mud-brick houses surrounded by high walls, so as to stay out of sight of U.S. and Pakistani reconnaissance aircraft. Several of those inside are being trained as suicide bombers. "I hope one day I will get my dream and hit the U.S. Army and that will be the best moment for my soul and spirit," one Pakistani trainee told NEWSWEEK last week.

NATO has expanded its forces in Afghanistan to more than 20,000, and it has had some success in recent campaigns. And in an interview last week, Pakistani Foreign Minister Mian Khurshid Mehmood Kasuri sought to counter the impression in Washington—especially in Congress—that Musharraf wasn't doing all he could to stop the Taliban from using his country as a base. "There is a lot of cooperation between the ISI [the Pakistan intelligence service] and the CIA," he said. But Kasuri also criticized the Bush administration, saying that it was failing at counterinsurgency by mounting a purely military response. "Let's be honest. There are a lot of people all over the Muslim world, from Indonesia to Somalia, who are hostile to what they regard as American foreign policy. You need to tackle the root causes." Further complicating such efforts is a bitter feud between Musharraf and Karzai, with each blaming the other for harboring Taliban leaders.

U.S. officials believe Karzai is only getting weaker and Musharraf generally takes a minimalist approach to reining in extremists, in part because he must balance U.S. demands for action with the rising Islamist sentiment in his country. Until last

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week, it had been more than a year since Pakistan had publicly offered up a high-level target to Washington (a U.S. airstrike took out one of Taliban leader Mullah Mohammed Omar's top commanders in December, though Islamabad did not publicize its cooperation). But after weeks of denying that Mullah Omar or other senior Taliban officials were in the Pakistani city of Quetta—a known haven of jihadists—Pakistani officials said they arrested a senior Taliban official named Mullah Obaidullah Akhund there on Monday. That also happened to be the day of Cheney's visit. U.S. officials could not immediately confirm the arrest.

Cheney may not have achieved much else on his trip other than to inspire his handlers at Baghram to rethink their security measures. Indeed, America is so constrained in Iraq, in terms of troops and resources, that it can't afford to lose Musharraf or Karzai as an ally right now. Mainly, said Kasuri, the Pakistani president and the American vice president "talked about the spring offensive. Naturally, we are worried, and the Americans are worried." And if they're worried, so should we be.

Senators: Pakistan Must Address Al-Qaida (AP)

By Hope Yen

AP, March 5, 2007

Pakistan must do more to stem al-Qaida in its ungoverned territories amid growing signs operatives plan a spring offensive against allied forces in Afghanistan, lawmakers on the intelligence committees said Sunday.

Sen. Dianne Feinstein, D-Calif., and Rep. Peter Hoekstra, R-Mich., also said the U.S. must work to ensure that North Korea sticks to its promise to limit its nuclear program. They complained that Congress still lacks meaningful intelligence about the world's hot spots.

"We still don't have the intelligence community overall to give us, as policymakers, the information that we need to make good decisions in North Korea, Iran and other places," said Hoekstra, the top Republican on the House intelligence committee. "We've been disappointed with the stand-up from the leadership in the intelligence community."

In response, National Intelligence Director Mike McConnell's spokesman said that intelligence has been strengthened by changes intended to identify gaps in intelligence and ensure analysts have the information they need. Chad Kolton said one of McConnell's priorities "is to build on those reforms by improving penetration of our hardest intelligence targets."

Feinstein, the No. 2 Democrat on the Senate intelligence committee, criticized what she called half-measures by Pakistan's president, Gen. Pervez Musharraf, at a critical moment for the United States and its allies. She said "pinpoint attacks" are needed against al-Qaida before a possible spring offensive.

"The Pakistanis either have to let us go in or go in themselves when they have intelligence," she said. "There's no question that there's going to be a spring offensive in Afghanistan, that they're trying to reach out, that training is going on, recruitment is going on."

Last week, McConnell told Congress that the U.S. is concerned that al-Qaida's top two leaders — Osama bin Laden and Ayman al-Zawahri — may be hiding in the rugged frontiers of northwestern Pakistan and are attempting to establish an operational base.

McConnell's push for action along the Afghan-Pakistani border came after Vice President Dick Cheney met earlier in the week with Musharraf.

Hoekstra agreed that the Pakistan region was a growing threat but cautioned that a balancing act was required to ensure that Musharraf's government stays in power. Musharraf faces elections in September.

"We need stability in the regime. We need this regime to survive," he said. "The Pakistanis have been doing a number of things to help us go after al-Qaida."

On Iran, Feinstein said similar regional discussions are needed to stem that country's nuclear program. She said she believes the U.S. could exploit a leadership split in Iran's government to work out some agreement.

Hoekstra called Iran a very troubling area overall given its activities in Iraq and their relationships with Hamas and Hezbollah.

"This is not an ally in the war against militant radicalism. They're not an ally in getting us to be successful in Iraq," he said. "We need to focus on them and I think some of the changes and some of the steps that are being taken by the administration are very positive."

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As for North Korea, Feinstein praised the country's initial steps to comply with the Feb. 13 agreement on its nuclear program. She stressed the need for cooperation from neighboring Asian countries.

"I don't think you can underestimate the value of China in keeping the North Koreans on track now in seeing that this plutonium-based program is disassembled and that North Korea is brought into the mainstream," Feinstein said.

Like Hoekstra, Feinstein was highly critical of U.S. intelligence efforts aimed at understanding North Korea, specifically the lack of information on how many nuclear devices North Korea has assembled and where that work is happening.

"North Korea is a long way from us, and the intelligence infrastructure is not that good, to be very candid with you," she said.

In the past week, considerable attention has focused on whether U.S. intelligence analysts have softened their assessments on whether North Korea is pursuing a uranium enrichment program. That effort would be happening alongside the North's plutonium program, which resulted in a successful test of a nuclear device last year.

But McConnell's office pushed back on the notion that spy agencies' views had changed.

In a statement Sunday, the director's mission manager for North Korea, Joseph DeTrani, said there has been "considerable misinterpretation" of the spy agencies assessments on the uranium program.

He said U.S. intelligence had strong information in 2002 that allowed analysts to make a judgment with high confidence that North Korea was acquiring a uranium enrichment capability. That view has not changed.

At the time, the CIA found that North Korea secretly had purchased centrifuges and other equipment needed to construct a large-scale enrichment facility. The U.S. confronted North Korea with that information.

Since then, DeTrani said, "all intelligence community agencies have at least moderate confidence that North Korea's past efforts to acquire a uranium enrichment capability continue today."

Feinstein and Hoekstra appeared on "Fox News Sunday."

Where Does Al Qaeda Stand Now? (CSM)

By Peter Grier

The Christian Science Monitor, March 5, 2007

WASHINGTON

Hidden in the harsh terrain of Pakistan's tribal lands near the Afghan border, Al Qaeda's senior leaders have quietly been rebuilding their terrorist network – including lines of command to cells in other nations.

This resurgence does not mean the group has regained its old strength, say US intelligence officials and outside experts. Al Qaeda's top levels are now filled with inexperienced commanders, and its new camps can train only a fraction of the recruits the pre-2001 infrastructure in Afghanistan could handle.

Al Qaeda's goals also remain murky. It is not clear whether the organization has a specific plan to strike within the United States or whether it considers Europe, or Iraq, more important in its war to impose its vision of Islam on the Middle East.

"We have no evidence that they have a coherent strategy" to attack US targets, says Martin Libicki, lead author of a recently published RAND Corp. study on the subject.

The capabilities of a possibly resurgent Al Qaeda became a hot topic in Washington last week following Vice President Dick Cheney's surprise trip to Pakistan. During his visit, Cheney told Pakistani President Pervez Musharraf of US concerns that Al Qaeda is regrouping in Pakistan's tribal regions, and that the group's Taliban allies may mount a spring offensive into Afghanistan.

Regrouping along the Afghan border

In a Senate hearing last week, US intelligence officials reiterated that terrorist groups remain their greatest challenge. Al Qaeda still tops the list of single threats.

"Its core elements are resilient," said the director of national intelligence, retired Vice Adm. Michael McConnell.

Al Qaeda would still like to inflict mass casualties upon the US, and it continues to seek weapons of mass destruction, Admiral McConnell said.

In addition, it is "forging stronger operational connections that radiate outward" from Pakistan to affiliated groups in the Middle East, North Africa, and Europe, according to US intelligence.

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Still, Al Qaeda remains a loose network of like-minded individuals, instead of a tightly controlled terrorist hierarchy. Three-quarters of Al Qaeda's pre-9/11 leaders were killed or captured, according to US estimates. Aside from Osama bin Laden and his deputy Ayman al-Zawahiri, many of its leaders are relative rookies.

Nor has Al Qaeda's new Pakistani infrastructure replaced the multiple camps it operated in Afghanistan, capable of training thousands of recruits at once. "The numbers are not the same, but there are volunteers who are attempting to reestablish [training grounds]," McConnell said.

That Al Qaeda is resurgent in its remaining small corner of the world should not come as surprising news, some outside experts say.

"It's been true for a long time," says Jessica Stern, a terrorism expert at Harvard's Kennedy School of Government.

After all, US intelligence has long thought that Osama bin Laden disappeared into Pakistan's wild tribal frontier after the fall of the Taliban in Afghanistan. The area is so remote that for centuries it has largely remained beyond the control of central authorities. Border security is nonexistent.

Al Qaeda's reach

As to evidence of Al Qaeda regaining its ability to reach out and mount attacks, in a videotape released last year Mr. Zawahiri claimed responsibility for the July 2005 London bombings. Similarly, investigators have long believed that last year's' failed plot to blow up airliners from London was Al Qaeda-related, in part because it resembled a mid-1990s plan to explode airliners over the Pacific.

Some critics of the White House are surprised that many of the recent warnings about Al Qaeda come from administration officials. In essence, critics say, the White House confirms something they've long held to be true: the central front in the war on terror is along Pakistan's border with Afghanistan, not in Iraq.

"We went to Iraq and left the serious terrorist problem to fester," Ms. Stern says.

On the subject of Iraq and Al Qaeda, the Defense Intelligence Agency (DIA) estimates that less than 10 percent of the Iraqi insurgency consists of foreign fighters. Of those, most are suicide bombers.

Violence perpetrated by terrorists accounts for "only a fraction" of insurgent violence in Iraq, according to a written statement submitted to the Senate Armed Services Committee by DIA director Lt. Gen. Michael Maples. The attacks have a disproportionate impact on Iraq's stability because of the high-profile nature of the terrorist operations and tactics, the DIA says.

US remains a potential target

According to General Maples's statement, documents captured in a raid on a safehouse belonging to Al Qaeda in Iraq revealed that the group was planning operations in the US.

"Despite being forced to decentralize its network, Al Qaeda retains the ability to organize complex, mass-casualty attacks and inspire others," Maples wrote.

The DIA and other US intelligence sources maintain that Al Qaeda is still focused on striking the US. But that is not the same as having a specific plan or a discernable strategy for the goals it hopes to achieve by doing so, the RAND study says.

The study examined a number of hypothesis that might explain Al Qaeda's thinking with regard to hitting within the US: that the group's leaders might be interested in rallying supporters around the world or in coercing the US into leaving the Middle East.

The most likely scenario, RAND concluded, was that Al Qaeda would pick targets that would simultaneously create fear and damage the US economy. It might attack US agriculture or food industries, for instance; or employ radiological "dirty" bombs.

But, the study says, the terrorist organization itself has given few real clues about where or when it might strike, or if its leadership is even thinking in such terms, said the RAND study.

DOJ:

Domenici Says He Called Fired Prosecutor (AP)

By Jennifer Talhelm

AP, March 5, 2007

New Mexico Sen. Pete Domenici acknowledged Sunday that he called a federal prosecutor to ask about a criminal investigation several months after calling for his replacement, but insisted he never pressured nor threatened his state's U.S. attorney.

The prosecutor, David Iglesias, was fired by the Justice Department in December. Iglesias says he believes he was dismissed for resisting pressure from two members of Congress before last year's election to rush indictments in a Democratic kickback investigation.

Ethics experts said Domenici's conduct may have violated Senate rules, which generally bar communications between members of Congress and federal prosecutors about ongoing criminal investigations.

Iglesias, a Republican, has said he would not name the lawmakers unless asked under oath.

A House Judiciary subcommittee subpoenaed the prosecutor last week to appear Tuesday and testify under oath. He also was scheduled to appear before a Senate committee the same day. Domenici refused last week to say if he had contacted Iglesias, insisting in a brief interview with the Associated Press, "I have no idea what he's talking about."

But in his statement Sunday, the Republican senator said he called Iglesias last year and asked "if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at.

"It was a very brief conversation, which concluded when I was told that the courthouse investigation would be continuing for a lengthy period," Domenici said in the statement.

"In retrospect, I regret making that call and I apologize," Domenici said. "However, at no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter. I have never pressured him nor threatened him in any way."

Domenici noted in his statement that he had recommended Iglesias' appointment in 2001, but subsequently became disillusioned with him and recommended to the Justice Department "several months" before the telephone call that he be replaced.

Kenneth Gross, a Washington lawyer who specializes in congressional ethics rules, said Domenici's phone call to Iglesias could have violated Senate ethics rules if there was an element of pressure or coercion to his inquiry.

"It doesn't sound very good to me," Gross said. "But requests for the status of cases are generally considered permissible."

Punishment for such violations range from a warning and reprimand to expulsion from office.

Abbe D. Lowell, a criminal defense lawyer who served as special assistant to the attorney general during the Carter Administration, said it was hard to determine if there was a violation without knowing what Domenici knew about the investigation when he made the call and what exactly he said.

But Lowell added, "The safest course of a member of Congress is not to make inquiries of prosecutors about pending matters so their motives and actions cannot be misunderstood."

Iglesias said last week that he was shocked to receive two separate phone calls in mid-October from lawmakers who asked about details of the investigation and seemed eager to see an indictment before the 2006 election.

"I frankly felt violated," Iglesias said. "They were very troubling phone calls."

When Iglesias testifies Tuesday before the House panel, he is expected to say that Domenici and Rep. Heather Wilson, R-N.M., contacted him to discuss moving forward on indictments in a high-profile corruption case involving a Democrat before the November congressional elections, according to a Democratic aide who is familiar with Iglesias' planned testimony.

The aide spoke on condition of anonymity because he was not authorized to discuss the issue publicly before the hearings.

Corruption in the New Mexico Democratic Party was a major issue in Wilson's re-election campaign and further indictments might have helped her. Wilson last week refused to say if she had contacted Iglesias, referring questions about "that personnel matter" to the Justice Department.

Iglesias is one of eight U.S. attorneys who were fired in December, some without cause, according to the department. Federal prosecutors serve at the pleasure of the president and can be fired for any reason, or none at all.

Congressional Democrats say the firings indicate the Bush administration is using a new part of the terrorism-fighting Patriot Act to reward political allies with coveted jobs as U.S. attorneys without having to submit them to Senate confirmation.

This provision, enacted a year ago with the law's reauthorization, removes a time limit by which the Senate must confirm appointees to such jobs. Attorney General Alberto Gonzales, however, has said he intends to submit the name of every nominee to vacant U.S. attorney job to the Senate for confirmation.

The House Judiciary subcommittee that subpoenaed Iglesias also issued subpoenas for three other dismissed U.S. attorneys — Carol Lam of California, H.E. "Bud" Cummins of Arkansas and John McKay of Seattle.

The Senate also has asked those four and two others, Daniel Bogden of Nevada and Paul Charlton of Arizona to appear voluntarily at a hearing Tuesday.

Domenici Says He Contacted Prosecutor (WP)

By Dan Eggen

The Washington Post, March 5, 2007

Sen. Pete V. Domenici (R-N.M.) acknowledged yesterday that he contacted the U.S. attorney in Albuquerque last year to ask about an ongoing corruption probe of Democrats, but said he "never pressured him nor threatened him in any way."

Domenici also said in a statement that he told the Justice Department it should replace U.S. Attorney David C. Iglesias, one of eight federal prosecutors fired in December. But Domenici said the recommendation came before his call to Iglesias about the criminal investigation.

"In retrospect, I regret making that call and I apologize," Domenici said of talking to Iglesias. "However, at no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter. I have never pressured him nor threatened him in any way."

Legal experts say it violates congressional ethics rules for a senator or House member to communicate with a federal prosecutor regarding an ongoing criminal investigation.

Domenici's remarks came four days after Iglesias alleged that two New Mexico lawmakers called him in mid-October and pressured him about the pace of the investigation. Iglesias said he believes the calls were at the root of his dismissal.

When asked last week about Iglesias's allegations, Domenici said: "I have no idea what he's talking about."

Rep. Heather A. Wilson (R-N.M.) has yet to comment; the rest of the New Mexico congressional delegation has denied placing any calls to Iglesias.

Two sources with knowledge of the calls have said Wilson made the first contact, followed by Domenici about a week later. The sources spoke on the condition of anonymity because they did not want to be named discussing the matter before a congressional hearing tomorrow.

The Justice Department said last night that Domenici called Deputy Attorney General Paul J. McNulty during the first week of October to discuss Iglesias.

This followed three calls to Attorney General Alberto R. Gonzales in September 2005, January 2006 and April 2006 during which, Justice Department spokesman Brian Roehrkasse said, Domenici "expressed general concerns about the performance of U.S. Attorney Iglesias and questioned whether he was up to the job . . .

"At no time in those calls did the senator mention this corruption case," nor did he specifically ask for Iglesias's ouster, Roehrkasse said.

The spokesman said he is not aware of any similar calls or complaints to the Justice Department from Wilson.

Iglesias and five other fired prosecutors are scheduled to testify tomorrow before Congress. Iglesias declined to comment in detail yesterday on Domenici's statement, saying he was refraining from further public remarks before the hearings.

"As to Senator Domenici's apology, I accept it and look forward to testifying on Tuesday," he said in an e-mail message.

The Senate Ethics Manual advises senators that contact with prosecutors and regulatory agency officials is "generally permitted, where the communication is with the agency and not directed at the court, where the agency is not engaged in an ongoing enforcement, investigative or other quasi-judicial proceeding."

Stanley Brand, an ethics lawyer who served as House counsel in the 1980s, said a senator should contact a federal prosecutor about an ongoing investigation only if he or she has evidence or information related to the probe.

"It's going to precipitate a huge problem," Brand said, warning of a potential review by the Justice Department.

Staff members on the Senate Ethics Committee could not be reached to comment yesterday.

The firings, which had already sparked congressional interest, became more controversial last week with Iglesias's allegations of political interference.

Democrats allege that the Justice Department was sacking qualified prosecutors to reward political cronies, and they have proposed legislation to limit Gonzales's power to appoint interim replacements.

Administration officials acknowledged Friday that the White House approved the unusual firings, in which seven of the prosecutors were called Dec. 7 and asked to resign, even though most had positive job reviews. An eighth prosecutor, in Arkansas, was informed of his firing earlier, opening the job for a former aide to presidential adviser Karl Rove.

Domenici said in his statement that he called Iglesias to ask about a criminal probe of courthouse construction kickbacks, which the FBI had turned over to Iglesias's office. Officials say the probe centers on a former Democratic state senator; no charges have been filed in the case.

"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," Domenici said. "It was a very brief conversation, which concluded when I was told that the courthouse investigation would be continuing for a lengthy period."

Domenici is not specific about when the call took place, saying only that he made it "late last year." Iglesias said the calls occurred in mid-October.

At that time, Wilson, a close Domenici ally, was locked in a tight reelection battle with state Attorney General Patricia Madrid (D). Their race included widespread discussion of alleged corruption among New Mexico Democrats.

Domenici said his unhappiness with Iglesias began before he inquired about the probe of Democrats. He said he was concerned about resource problems in the U.S. attorney's office and "an inability within the office to move more quickly on cases."

"This ongoing dialogue and experience led me, several months before my call with Mr. Iglesias, to conclude and recommend to the Department of Justice that New Mexico needed a new United States attorney," Domenici said.

Justice officials have said they were never notified that lawmakers had called Iglesias and have said the issue did not play a role in his firing. Iglesias has acknowledged he erred by not informing Washington officials about the calls, as Justice rules require.

The House Judiciary subcommittee has issued subpoenas for Iglesias, Bud Cummins of Little Rock, Carol Lam of San Diego and John McKay of Seattle. The Senate Judiciary Committee has also asked Daniel Bogden of Las Vegas and Paul K. Charlton of Phoenix to testify, in addition to the four others.

"No one believes anymore these U.S. attorneys were fired for any good reason," said Charles E. Schumer (D-N.Y.), a member of the Senate Judiciary Committee, "and we will start to uncover the real truth at our hearing on Tuesday."

In a related matter, administration officials said they were mistaken in saying that McNulty consulted his predecessor, James B. Comey, about some of the U.S. attorneys before they were fired. Comey was not consulted, the officials said.

Senator Sought Dismissal Of New Mexico Prosecutor (NYT)

By David Johnston

The New York Times, March 5, 2007

WASHINGTON, March 4 — Senator Pete V. Domenici, Republican of New Mexico, said Sunday that he had urged the Justice Department to dismiss the state's top federal prosecutor, who in December was one of eight United States attorneys ousted from their jobs.

In addition, Mr. Domenici said in a statement that last year he called the prosecutor, David C. Iglesias, to ask about the status of a federal inquiry in New Mexico. The case centered on accusations of kickbacks in a courthouse construction project in which a former Democratic state official was said to be involved.

"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," Mr. Domenici said. "It was a very brief conversation which concluded when I was told that the courthouse investigation would be continuing for a lengthy period."

Mr. Domenici apologized in the statement and said he regretted making the call, but added that he had not urged any course of action in any investigation. "I have never pressured him nor threatened him in any way," he said.

A Justice Department spokesman said on Sunday that records at the agency showed that the senator complained about Mr. Iglesias in calls to Attorney General Alberto R. Gonzales in September 2005 and again in January and April 2006. The senator made a brief call to Paul J. McNulty, the deputy attorney general, in October 2006 when the deliberations over Mr. Iglesias's dismissla began.

In each of these calls, said Brian Roehrkasse, a Justice Department spokesman, Mr. Domenici expressed general concerns about Mr. Iglesias and questioned whether he was "up to the job." Mr. Roehrkasse added, "At no time did they discuss the public corruption case."

A Justice Department official said Mr. Domenici's criticism of Mr. Iglesias was a factor in the decision to remove the prosecutor, adding that the decision was also based on an internal evaluation at Justice Department headquarters regarding his handling of the job.

Mr. Iglesias, who is among five of the ousted prosecutors scheduled to testify in Congress on Tuesday, has said he interpreted the call from Mr. Domenici, and another from an unidentified federal lawmaker, as an effort to pressure him into bringing indictments before the November elections in an effort to embarrass Democrats.

He said that his unwillingness to be pressured into moving more quickly led to his removal.

The identity of the other lawmaker who contacted Mr. Iglesias remains unknown. Mr. Domenici is one of three Republican members of the state's Congressional delegation. One of the others, Representative Steve Pearce, has said he did not contact Mr. Iglesias. The third, Representative Heather A. Wilson, has said she will not comment on the matter.

Justice Department officials have said Mr. Iglesias did not report the call to the agency's headquarters and have insisted that none of the eight dismissed United States attorneys were removed because of their action or inaction in any political corruption cases. They have also said that the prosecutors were placed on the dismissal list for a variety of reasons, but have denied that any were removed because of political pressure from outside the Justice Department.

But repeated complaints from a veteran lawmaker like Mr. Domenici, who has been in the Senate since 1972 and is influential on law enforcement and border issues, would be unlikely to be easily dismissed by the Justice Department.

Mr. Domenici said that several months before his call, he recommended to the Justice Department "that New Mexico needed a new United States attorney," even though he had recommended Mr. Iglesias's appointment in 2001.

Mr. Domenici said that by 2004 and 2005, he and his staff had "expressed my frustration with the U.S. Attorney's Office to the Justice Department" because it was moving too slowly on prosecutions.

Justice officials have said that F.B.I. officials complained that Mr. Iglesias was not bringing corruption cases fast enough, but have not mentioned Mr. Domenici's efforts to remove him.

GOP Lawmakers Played A Role In U.S. Attorney Purge (NSWK)

By Michael Isikoff

Newsweek, March 5, 2007

The firings of eight U.S. attorneys has put the heat on top Justice Department officials—and some GOP members of Congress. The unusual mass dismissals took place late last year, but the controversy escalated last week when David Iglesias, the former U.S. attorney in New Mexico, went public with a dramatic charge: that he had gotten phone calls from two unidentified GOP lawmakers in D.C. last October, pressing him to bring indictments in a high-profile corruption case involving a prominent local Democrat before the November election. Iglesias—a former Navy prosecutor who was the model for Tom Cruise's character in "A Few Good Men"—said he refused to answer. Six weeks later, a Justice official ordered him to resign. This week, Iglesias has been subpoenaed along with three other fired prosecutors to testify before Congress. He plans to name the lawmakers who called him as Rep. Heather Wilson (who was in a tight re-election battle at the time) and Sen. Pete Domenici (who originally sponsored him for the job), according to two sources familiar with his account who asked not to be identified talking about the upcoming testimony. An aide to Wilson said "no comment." Domenici's office didn't return repeated phone calls. A senior Justice official, anonymous because of the confidential subject, confirmed to NEWSWEEK that Domenici "did express

general concerns" about Iglesias to senior DOJ officials—but insisted he did not specifically complain about the corruption case. "It's absolutely 100 percent inaccurate" to suggest that Iglesias's failure to bring the corruption case against the Democrat led to his dismissal, department spokesman Brian Roehrkasse said.

The decision to fire the U.S. attorneys en masse was made late last year by two top aides to Attorney General Alberto Gonzales—chief of staff Kyle Sampson and deputy A.G. Paul McNulty—according to a senior department official who asked not to be identified talking about personnel. McNulty may have fueled the controversy when he told the Senate last month that most of the fired prosecutors were let go because of "performance-related issues." That infuriated some of the dismissed prosecutors (all of them Bush appointees), prompting them to defend themselves. "When I heard him say that, I lit up like a tree," said one of the prosecutors, who asked not to be identified because of pending congressional testimony. In fact, internal Justice performance evaluations seen by NEWSWEEK show that those who were fired had gotten mostly glowing reviews. Congressional Dems now smell blood. After this week's hearings featuring the fired prosecutors, "I expect we will have 100 more questions for the Justice Department," said one Democratic staffer who requested anonymity.

Editorial: Stop The Bush Purge (MJS)

Milwaukee Journal Sentinel, March 5, 2007

The administration is using its new anti-terrorism power to push out some federal prosecutors. Congress must rein this in and investigate the dismissal of the eight U.S. attorneys.From the Journal SentinelPosted: March 4, 2007

The Bush administration slipped a provision into the USA Patriot Act that Congress renewed last year allowing the attorney general to appoint interim U.S. attorneys for indefinite periods without congressional approval. Previously, such appointments could last for only 120 days. Lawmakers may have figured that the extra leeway might help in rare emergencies.

Well, surprise, surprise. The Justice Department has so far used this provision eight times - and not for emergencies. In a move unprecedented for its scope, the agency has fired eight U.S. attorneys. And indications are that the dismissed prosecutors were too independent, even though President Bush had appointed them. The administration appears to be replacing them with those more pliable.

Congress must stop the purge and reimpose the time limit. Commendably, a House judiciary subcommittee is issuing subpoenas to four of the dismissed prosecutors to appear before it on Tuesday, and the Senate Judiciary Committee is poised to follow suit. Sworn testimony should shed some light on what may be an administration effort to get prosecutors to toe the party line.

Among those called on to testify are prosecutors with stellar records.

Carol Lam, dismissed as U.S. attorney in San Diego, nailed Rep. Randy Cunningham, a California Republican, for accepting bribes from defense contractors. H.E. "Bud" Cummins III was removed as U.S. attorney in Little Rock, Ark., only to make room for an aide to presidential adviser Karl Rove, a Justice Department official has admitted. And New Mexico's David Iglesias charged that he was let go because he refused a request from two Republican congressmen to speed up a probe of possible Democratic wrongdoing to improve GOP election chances - an allegation the Justice Department vigorously denies.

The dispute is all the more reason to set the record straight in hearings.

Also, Congress must retract the permission it gave the Justice Department to appoint interim prosecutors indefinitely - permission the administration has abused.

CRIMINAL LAW:

FBI Helps Probe Kremlin Critic's Shooting (WSJ)

By Evan Perez And Alan Cullison

The Wall Street Journal, March 5, 2007

Federal agents joined local police in investigating the shooting in a Maryland suburb of an intelligence expert who suggested the Kremlin was involved in the poisoning death of a former Russian agent in London.

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Investigators haven't publicly suggested a motive for the shooting of Paul M. Joyal in Adelphi, Md., Thursday, and the case is being handled as a local criminal matter. A federal law-enforcement official said local police asked for help from the Federal Bureau of Investigation in part because of Mr. Joyal's activities in the Russian emigré community in the U.S. and his views on the poisoning in London last year of Alexander Litvinenko, who worked for the KGB and its successor agency, the Federal Security Service of Russia.

On "Dateline NBC," broadcast Feb. 25, Mr. Joyal said the Litvinenko murder was a message "to anyone who wants to speak out against the Kremlin: 'If you do, no matter who you are, where you are, we will find you and we will silence you -- in the most horrible way possible.' "

Mr. Joyal was shot in the groin as he stood on his driveway after emerging from his car. Witnesses told investigators he argued with two black males before the shooting and the two men fled. He was hospitalized in serious condition and breathing with a respirator, according to associates. No arrests have been made in the incident, which occurred in an area just inside the Washington Beltway where violent crime is a problem.

The Prince George's County (Md.) police department hasn't publicly released details of the case.

A Russian diplomat in Washington referred calls on the matter to a spokesman who didn't return calls seeking comment.

While the shooting doesn't bear all the hallmarks of a political attack, it comes at a time of tensions with Russia and doubts about the Kremlin's direction under President Vladimir Putin. Experts say Mr. Litvinenko's poisoning with a rare radioactive isotope, polonium 210, in November would have been difficult without some kind of government sponsorship.

Formal charges haven't been filed in Mr. Litvinenko's murder, but the British investigation has focused on a Russian security service veteran, Andrei Lugovoi, who met Mr. Litvinenko in a London cafe shortly before he fell ill.

Alexander Goldfarb, a friend of Mr. Litvinenko, said that Mr. Joyal telephoned him about an hour before the shooting, and that Mr. Joyal was "deeply involved" in the public debate over Mr. Litvinenko's death. Mr. Joyal had been pushing for Congressional hearings into the matter, he said.

Mr. Joyal was director of security for the Senate Select Committee on Intelligence from 1980 to 1989, according to a biography on the Web site of National Strategies Inc., a Washington consulting firm where he is a vice president. In recent years, he also ran business ventures in Russia and the central Asian nation of Georgia, while editing an intelligence newsletter on Russia.

With the U.S. presidential campaign heating up, American policy toward Russia could be fodder for critics of President Bush, who started his presidency by claiming a warm personal relationship with Mr. Putin.

Some in Congress have called for a tougher line against Mr. Putin, who has taken reprisals against his political opponents at home and a more strident stand against the U.S. internationally. Russia is also scheduled to hold elections of its own. Mr. Putin has pledged to step down after his term expires next year, but he is expected to name a successor whose victory will be assured in a carefully orchestrated electoral contest.

Within Russia, Mr. Putin's presidency has been troubled by a number of unexplained deaths, often people critical of the Kremlin. Until recently, assassinations abroad were thought to be a feature of Soviet times.

Last summer, Russia's parliament passed a law that essentially legalized targeted assassinations of people abroad who are deemed a threat to national security. The last confirmed "wet work" by Russia against an enemy abroad was in Qatar in 2004: Two Russian agents were convicted in Qatar of attaching a 4.4 pound bomb to the underside of a Toyota Land Cruiser owned by the former president of the breakaway region of Chechnya. The former president, Zelimkhan Yandarbiyev, was killed and his son seriously injured in the incident.

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Doubts Over KGB Link To US Shooting (FT)

By Demetri Sevastopulo And Catherine Belton

Financial Times, March 5, 2007

A former senior KGB officer who met a Russia intelligence expert just hours before his shooting in the US, on Sunday expressed doubt that the incident was related to the case of Alexander Litvinenko, a former KGB officer poisoned last year in London.

The Federal Bureau of Investigation is assisting a police inquiry into the shooting on Thursday of Paul Joyal, a former Senate intelligence committee security director and editor of a newsletter on Russia. Mr Joyal recently accused the Kremlin on US national television of involvement in the Litvinenko death.

Oleg Kalugin, the former head of KGB counter-intelligence who on Thursday evening met Mr Joyal at Zola, a bar in the International Spy Museum building in Washington, said he would not rule out a connection with the Litvinenko case. But he said the shooting was more likely to be a local crime.

"I have doubts because of the way it went down," said Mr Kalugin. "It does not fit well with the pattern of security services [in Russia] as I know them."

Mr Joyal, an employee of National Strategies, told NBC's Dateline in a programme broadcast last month, that the Litvinenko killing was intended to send a message. "A message has been communicated to anyone who wants to speak out against the Kremlin. 'If you do, no matter who you are, where you are, we will find you and we will silence you in the most horrible way possible'," Mr Joyal said.

Police have not commented on the shooting. But a law-enforcement official said Mr Joyal, who remains in critical condition, appeared to have been the victim of a robbery. The official said he was shot after resisting two men who had robbed him.

The case has raised interest partly because Daniel McGrory, a reporter with The Times who appeared on the same NBC programme as Mr Joyal, died five days before the broadcast. There has been no official an-nouncement about the cause of death but he is believed to have died from a stroke.

Alex Goldfarb, a friend of Mr Litvinenko and acquaintance of Mr Joyal, was also sceptical about Russian government involvement but he too would not rule it out.

"It looks like a regular street mugging," he said. "But in Soviet times, when they wanted to organise a hit on someone they would hire someone local."

Mr Goldfarb, who met Mr Joyal several weeks ago, said Mr Joyal was pushing for Senate hearings on the Litvinenko affair and was hoping Mr Goldfarb would testify. He said he had received a text message from Mr Joyal before the shooting saying he was discussing the possibility of congressional hearings with Mr Kalugin.

The Kremlin has strongly denied any suggestions that it was involved in the poisoning of Litvinenko, a fierce critic of the Russian regime. British police are investigating his death.

NBC has provided bodyguards for reporters who worked on the programme about the Litvinenko case.

Analyst Robbed During Shooting (WP)

By Eric Rich

The Washington Post, March 5, 2007

The noted expert in Russian intelligence who was shot outside his house in Prince George's County last week -- a crime that raised the possibility of international intrigue in the Washington suburbs -- also was robbed of his wallet and briefcase, law enforcement sources said yesterday.

That property was taken from Paul Joyal supports the theory that he was shot during a robbery rather than in retaliation for public criticism of the Kremlin, according to two sources who spoke on condition of anonymity because the investigation is ongoing.

Joyal, 53, was critically wounded in the driveway of his home in the Adelphi area Thursday evening, four days after he alleged in a television broadcast that the government of Russian President Vladimir Putin was involved in the fatal poisoning last fall of Alexander Litvinenko, a former KGB agent who was living in London.

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Speaking on TV's "Dateline NBC" on Feb. 25 about the poisoning, Joyal said, "A message has been communicated to anyone who wants to speak out against the Kremlin: 'If you do, no matter who you are, where you are, we will find you and we will silence you -- in the most horrible way possible.' "

The timing of Joyal's shooting raised the possibility that he was targeted in an attack similar to the one he had publicly deplored. The disclosure the next day that the FBI was helping with the case seemed for many to reinforce that notion.

In addition, robberies are rare in the suburban area where Joyal lives, and police spokesmen have declined to talk about possible motives or say whether property was taken from Joyal.

But another law enforcement source, who also spoke on condition of anonymity, said yesterday that Joyal was driving a Chrysler 300, a vehicle sought by carjackers, suggesting that the assailants might have followed Joyal home rather than waited there to attack him. Police have described the suspects as two black males.

Joyal, a longtime critic of the Putin regime, said on "Dateline" that Litvinenko's poisoning -- with polonium-210, a rare radioactive isotope -- was an act of "political retribution." Speculation that Putin and the Russian government were involved in Litvinenko's death in November has been widespread, in part because Litvinenko was looking into the killing of Russian journalist Anna Politkovskaya. Putin and Kremlin officials have denied involvement.

For some, the possibility of a conspiracy in the shooting of Joyal was compounded by the recent death of another person featured in the TV segment.

Daniel McGrory, 54, a reporter for the Times of London, died at his home Feb. 20. MSNBC reported that McGrory's cause of death was a heart attack.

Joyal was shot hours after meeting with a former KGB general, Oleg Kalugin, near the Spy Museum in Washington. Kalugin, a family friend and a member of the museum's board, has said he was shocked when Joyal's wife called later that evening to tell him that Joyal had been shot.

Joyal, who was struck in the groin, remained hospitalized Saturday. His condition could not be determined yesterday.

Intelligence Specialist's Shooting Stirs Speculation (WP)

By Candace Rondeaux, Lori Aratani

The Washington Post, March 4, 2007

No Motive Known As Comments on Putin Are Debated

In some ways, the shooting of Paul Joyal last week in a quiet, middle-class enclave of Prince George's County would seem like nothing more than a random act of violence.

But for those who know the 53-year-old expert on Russian intelligence and former staff member of the U.S. Senate's intelligence committee, the shooting has raised suspicions that his background might be behind the incident.

Law enforcement sources have said it is unclear whether the gunmen were trying to rob Joyal. He was shot in the driveway of his home shortly after returning from a trip to the International Spy Museum in the District with a friend.

Two men shot Joyal about 7:35 p.m. Thursday, sources said. The shooting occurred four days after Joyal alleged in a television broadcast that the government of Russian President Vladimir Putin was involved in the fatal poisoning of a former KGB agent in London.

Prince George's police officers have released few details about the incident, and several calls requesting comment were not returned yesterday. Joyal remained hospitalized yesterday.

But an FBI official confirmed yesterday that the agency is looking into the shooting. Joseph Persichini Jr., the FBI's assistant director in charge of the Washington field office, said his office is assisting Prince George's and the Baltimore office of the FBI in the investigation.

"We're pursuing this as hard as possible. We're not at all sure of the motive," Persichini said.

Joyal, who has long been an outspoken critic of the Putin regime, appeared in a segment on "Dateline NBC" Feb. 25 about the Alexander Litvinenko case. Litvinenko's death in November from radiation poisoning has caused widespread speculation that Putin and the Russian government were involved, because Litvinenko, a former KGB agent, was looking into the killing of a Russian journalist. Putin and Kremlin officials have repeatedly denied involvement.

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In the "Dateline" interview, Joyal pointedly accused the Putin regime of silencing its critics and poisoning Litvinenko with polonium-210, a rare radioactive substance.

"It's clear-cut. It has to be a state-run or a state-managed operation," Joyal said in the interview.

The circumstances of Joyal's shooting seem worthy of a spy novel.

"I would not rule out anything, but it's hard to believe that a few days [after the broadcast] that some guys would shoot him . It could be just a regular criminal assault," said longtime family friend and former business associate Oleg Kalugin.

Kalugin, a former KGB general and Putin's former boss in the agency, met with Joyal for drinks at a restaurant at the Spy Museum a few hours before the shooting. Kalugin, a member of the museum's board, said in a phone interview yesterday that Joyal seemed in good spirits before leaving for home.

Kalugin said he was shocked when he received a panicked phone call from Joyal's wife about an hour after the men had parted, saying that Joyal had been shot in front of his Adelphi area home.

"I could not believe my ears when she said he was shot. She said Paul drove up to the house, and as he opened the door and left [the car], there were two guys, and they shot him," Kalugin said.

A source close to Joyal, who requested anonymity because the investigation is ongoing, said the unidentified assailants shot Joyal in the groin and escaped.

Joyal's wife, who is a nurse, was at home at the time and ran to assist her husband as he lay bleeding in the driveway, the sources said.

Joyal was taken to a hospital, where he was initially in critical condition. A source said yesterday that Joyal had improved and that doctors were "cautiously optimistic" that he will recover.

Yesterday, four cars were parked in the driveway at Joyal's brick ranch on Lackawanna Road. A boy who answered the door declined to speak to a reporter.

Neighbors and friends said Joyal, who is a member of the Prince George's law enforcement task force, is the father of three and coaches youth basketball.

Prince George's State's Attorney Glenn F. Ivey, who befriended Joyal through his work in local law enforcement, said he did not know details about the investigation.

"He's a wonderful man with a strong commitment to the community," Ivey said.

Attorney General To Investigate Maywood Police (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, March 5, 2007

California Atty. Gen. Jerry Brown has announced plans to conduct a "top to bottom" review of the Maywood Police Department, following allegations of sexual misconduct, racism and brutality among officers in the small suburb southeast of Los Angeles.

The probe, made public Friday, comes amid residents' growing anger toward the 37-member department.

Officers have been accused of beating residents and stalking and sexually abusing women. One woman said an officer groped her 14-year-old daughter.

Critics have charged that the department's afternoon sobriety checks were designed to snare unlicensed illegal immigrants and generate money. About 96% of the city's population is Latino and more than half are foreign born.

The City Council recently stopped those checks, and said it would become a "sanctuary city" for illegal immigrants.

That sparked tension in town, with some opposed to having the Police Department cease its afternoon checkpoints.

Earlier this year, Assembly Speaker Fabian Nuñez (D-Los Angeles), who represents the area, told the Maywood City Council he was troubled by the allegations against the Police Department.

Nuñez and the council then requested that Brown's office investigate.

In a March 1 letter to Nuñez, Brown said his office would review the department's training, supervision, use of force and citizen complaints.

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The Los Angeles County district attorney's office and the FBI also are investigating the department, Maywood City Councilman Sam Peña said.

Peña said he thought the Police Department had "done all the right things" in investigating internally and cooperating with outside investigations.

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Matty 'The Horse' On His Last Ride (AP)

By Larry Mcshane, Associated Press Writer

AP, March 5, 2007

At an age when most of his contemporaries were long out to pasture or in prison, Matty "The Horse" Ianniello was still riding high.

Retirement held no appeal for the old man — and why would it? The notorious Genovese crime family captain, an eyewitness to gangland history from the slaying of "Crazy Joey" Gallo through the conviction of Vincent "The Chin" Gigante, ascended to family boss just three years before his 80th birthday.

It was 1997, and big money was rolling in from rackets in Little Italy, the garbage industry, a mobbed-up union local. The silver-haired Ianniello kept $130,000 in cash around his suburban home, adding a touch of green to his golden years.

It took almost a decade, but "The Horse" now faces the last roundup: He pleaded guilty in a pair of racketeering cases last year. Death behind bars is a possibility for the mobster, who eschewed a graceful exit and ignored organized crime history — the boss always becomes the No. 1 target of law enforcement.

Even if he's 86 years old. Even if he knows better.

"You know these mob guys — it's a way of life," said mob expert Howard Abadinsky, a St. John's University professor and author of several books on organized crime. "To leave is like walking away from family, except with quote marks around `family.'

"He's part of that life."

But Ianniello's life went beyond just "The Life." He was a decorated World War II veteran. In the 1970s, he joined authorities searching for a 6-year-old named Etan Patz after the boy disappeared on a Manhattan street. He was a businessman in a world where brutality often spoke loudest, operating like a CEO rather than a street thug.

And now, instead of cashing Social Security checks, he's facing 2 1/2 years in prison at a March sentencing.

When Ianniello pleaded guilty last year to corrupting a Queens bus drivers union, he arrived in court propped up by a cane. His voice was difficult to understand during his plea; Ianniello's lawyer blamed his client's garbled diction on a stroke.

Others were more skeptical, suggesting Ianniello was as healthy as — well, a horse.

"Don't let his age fool you," said assistant FBI special agent Matt Heron after one of Matty's arrests. "He's still an influential player."

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During a crime career dating to the era of godfathers like Joe Bonanno and Carlo Gambino, Matthew Ianniello was known in their world as two things: A good earner, and a stand-up guy.

"Matty was basically a nice guy," recalled "Joe Dogs" Iannuzzi, a mob informant who knew Ianniello in the mid-1970s. "A powerful man, but helpful to people he liked."

His former attorney, Gerry Lefcourt, remembered Ianniello as a gentleman who enjoyed discussions about civil liberties and the ramifications of war.

"He was a businessman," said Lefcourt. "There's never been any suggestion of violence with him. ... He was one of those people who got what he wanted because he was smart about things."

Ianniello's nickname came from his build: 6 feet tall and 220 pounds at his fighting weight.

Before his move into organized crime, Ianniello was a World War II hero, winning a Purple Heart and a Bronze Star as an Army artillery gunner in the Philippines.

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Like many veterans, Ianniello lived on Long Island and commuted to work in Manhattan. He and his wife raised a family of five in Old Westbury.

While many in the mob made money through violence, Ianniello handled his affairs like a large corporation — albeit one where millions of dollars were skimmed. Authorities said he kept dual sets of books to hide his vast illegal income, and worked with a "board of directors" composed of Genovese associates.

"Joe Dogs" Iannuzzi recalled "The Horse" stopping a violent dispute in the mid-1970s by simply reaching out to another Mafiosi — diplomacy over death. "All politics, you know?" said Iannuzzi, whose preferred method of problem resolution was more physical.

By the mid-1970s, Ianniello's empire covered every bar, restaurant and sex shop from Fifth Avenue to the Hudson River between 34th and 59th Streets — they all paid "The Horse," part of the cost of doing business, authorities said. Two of his more infamous holdings were Hungry Hilda's, a topless bar on Eighth Avenue, and a nearby transvestite bar, the Gilded Grape.

Although law enforcement was aware of his business, the cigar-chomping Ianniello beat charges of narcotics and extortion. Even a 1971 conviction for criminal contempt — he declined to answer questions from a Manhattan grand jury probing police corruption — only produced a suspended one-year sentence and a $1,500 fine.

It was a year later when Ianniello lived through one of the most infamous mob hits ever.

Ianniello was in the kitchen at his Little Italy restaurant, Umberto's Clam House, when mobster "Crazy Joey" Gallo rolled in at 5 a.m. It was April 7, Gallo's last stop after a night on the town for his 43rd birthday.

Gallo took a seat with his back to the front door of the restaurant. It was a mistake he wouldn't live to repeat.

A hitman with a .38-caliber handgun fired on Gallo, who staggered to the street and died alongside his parked Cadillac. No one was ever arrested.

Gallo's bodyguard, "Pete the Greek" Diapioulas, charged into Umberto's kitchen and found Ianniello.

When the bodyguard accused "The Horse" of setting Gallo up, Ianniello quickly denied it. "You think I'm crazy?" Ianniello asked. "To let this happen in this place?"

The shooting in some ways "made" the restaurant. It operated on Mulberry Street for the next 24 years, drawing tourists who scanned the woodwork and kitchen door for bullet holes.

Seven years after Gallo's last meal, a 6-year-old boy on his way to school disappeared in Greenwich Village — the same neighborhood where Ianniello and Gigante shared their headquarters.

Etan Patz's name would soon become synonymous with missing children, but on the morning of May 25, 1979, police were simply looking for a lost little boy.

Authorities eventually reached out to Ianniello for help, and the mobster agreed to investigate things through his contacts. Despite the efforts, Patz was never found.

In 1985, when he became eligible for Social Security, Ianniello was convicted of skimming $2 million from an assortment of Manhattan restaurants and food suppliers — including one that provided the hot dogs for Yankee Stadium. Three years later, he was convicted of racketeering and sentenced to 13 years.

By 1986, when Fortune magazine rated the nation's 50 biggest Mafia leaders, Ianniello was listed at No. 35 — behind Gigante (No. 19) but ahead of Philadelphia's powerful "Little Nicky" Scarfo (No. 43).

And in 1987, Ianniello finally went to jail on his racketeering conviction.

Ianniello did his time and was released on Sept. 29, 1995, at the age of 75. But that wasn't the end of his career.

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On April 7, 1997, 25 years to the day after the death of Joey Gallo, Gigante entered a Brooklyn courtroom in a typically grungy get-up. It was the end of a long run as the family's head when the bathrobe-and-slipper-wearing Gigante admitted feigning dementia to avoid prosecution.

Ianniello knew the top guy drew unwanted attention from law enforcement. But authorities say that didn't stop him from stepping up when the family asked him to take over following the guilty plea by Gigante, who died in prison in 2005.

"He's got to take `The Seat' because this is what the family needs," said mob expert Abadinsky. "He's a stand-up guy, who played by the family rules. ... Nobody around has the status like Matty has. Who's around?

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"Who are you going to turn to?"

Within three years, "The Horse" was deep into a Queens union representing city bus drivers. A medical center that rented space from Local 1181 was forced to pony up $100,000 to renew its lease. With Ianniello's backing, the center was forced to make regular cash payments.

In Connecticut, "The Horse" imposed a mob tax on various garbage businesses and collected more than $800,000 between 2001 and 2005. The money was paid by the companies to ensure no one infringed on their trash-hauling routes — a scenario right out of "The Sopranos."

His legal woes mounted, but Ianniello kept his mouth shut. He pleaded guilty to racketeering charges and tax evasion, but his plea agreement allowed him to avoid testifying against any of his two dozen co-defendants.

He's ready now to do his time, even at his age.

"What can I say, right?" Ianniello said after leaving court in Connecticut last year. "Nothing."

Mistrial Sought In Federal Capital Case (WT)

By Jim McElhatton, The Washington Times

The Washington Times, March 4, 2007

The defendant in a rare death-penalty case in the District is asking for a mistrial.

Larry Gooch, accused of being the enforcer for the violent M Street Crew drug gang in Northeast, last week asked the federal court judge in the case to declare a mistrial. He claims he is not receiving adequate legal representation.

Mr. Gooch said he wants a mistrial because one of his attorneys recently elicited "damaging" testimony from Metropolitan Police Department Detective Carlton Herndon, according to defense filings.

Under cross-examination by defense attorney Thomas Heslep, the detective told jurors he thought Mr. Gooch wasn't seen around 18th and M streets Northeast after April 30, 2003, "because he shot people" in an alley, defense attorneys say.

Mr. Gooch, 27, is accused of carrying out the fatal shootings of Yolanda Miller and her boyfriend, Calvin Cooper, on Feb. 21, 2003. Prosecutors said he shot them because he suspected they were stealing drugs or cooperating with police. Mr. Cooper was found shot three times in the back in an alley.

Mr. Gooch faces murder, kidnapping, racketeering and other felony charges.

He requested the mistrial after more than a month of testimony and the same week that Mr. Gooch's attorneys filed court papers stating they provided their client with "ineffective assistance of counsel."

Prosecutors say the request for a mistrial is "totally devoid of merit" and that the attorneys' filing only shows "disharmony" among them.

The death penalty is banned under D.C. law, but it can be sought for some federal crimes.

Mr. Gooch also is charged in the Aug. 1, 2000, shooting deaths of Christopher Lane, 19, and William Cunningham, 27, and the Sept. 13, 2002, shooting death of Miguel Miles, 34. Prosecutors say Mr. Gooch killed Mr. Cunningham during a home invasion robbery, while a co-defendant killed Mr. Lane.

More than two dozen people connected to the case were arrested by 2004. Several of the gang's leaders have been tried and convicted, including three men serving sentences of life in prison, but Mr. Gooch is the only M Street Crew defendant facing a death penalty.

Testimony began last month and is expected to resume today. U.S. District Judge Rosemary M. Collyer has not ruled on Mr. Gooch's request for a mistrial, according to court filings.

Even if the judge denies the request, Mr. Gooch has asked that Mr. Heslep be removed from the defense team, according to filings.

Prosecutor also object to that request.

"Defense [attorneys] should not lose focus on their ultimate obligation, which is to represent the interests of their client," Assistant U.S. Attorney John P. Dominguez stated in court pleadings. "They should subordinate all other concerns to fulfill this objective and should put aside any petty bickering and simply find a way to work together to achieve this objective."

Federal Act Preventing County Prosecutors From Trying Olsen (AP)

AP, March 5, 2007

SALT LAKE CITY (AP) - A federal act is preventing prosecutors from moving forward in the murder case against Timmy Brent Olsen.

He was charged with murder last January in the 1995 disappearance and death of 15-year-old Kiplyn Davis.

Olsen is in a federal prison in Phoenix, Arizona, serving a 12-year sentence for perjury for lying to a federal grand jury investigating the girl's disappearance. He is appealing that conviction.

Prosecutors can't force him to return to face the state murder charges without potentially having to dismiss the charges on a technicality. And Olsen won't sign a waiver of the federal act that is keeping him from facing the Utah charges.

Prosecutors say they are willing to wait for him to exhaust his federal appeals, at which time he would have no choice but to face the murder charge. They say that could take a year.

Nevada Governor Retains Top Lawyer (WSJ)

By John R. Wilke

The Wall Street Journal, March 5, 2007

Nevada Gov. Jim Gibbons, facing a federal investigation of whether he accepted improper gifts or payments from a federal contractor, retained Abbe Lowell, one of the nation's best-known criminal defense lawyers.

Mr. Gibbons, a Republican, represented Nevada in Congress for five terms before his election as governor last year. He served on the House intelligence and armed services committees, and used his position to help a Reno software maker, eTreppid Technologies LLC, seek federal contracts.

Mr. Gibbons and eTreppid's owner, Warren Trepp, said they did nothing improper. Mr. Gibbons has said his advocacy for eTreppid was part of his efforts to help Nevada companies win government work.

Mr. Trepp, who was Michael Milken's chief bond trader at collapsed junk-bond dealer Drexel Burnham Lambert, has been a major contributor to Mr. Gibbons. The Wall Street Journal reported Nov. 1 that Mr. Trepp paid for private jet flights and a Caribbean cruise for Mr. Gibbons and his family two years ago; the matter is the subject of a preliminary investigation by federal prosecutors.

Mr. Lowell, a partner at Chadbourne & Parke LLP, is representing Jack Abramoff, the former Republican lobbyist who is cooperating with federal officials in a public-corruption probe. Mr. Abramoff is also serving a prison sentence for fraud.

Mr. Trepp has assembled a formidable legal team as well, including Reid Weingarten, a top white-collar defense attorney at Steptoe & Johnson LLP in Washington who previously served in the Justice Department's Public Integrity Section. Mr. Weingarten didn't return a call seeking comment. In a statement, Mr. Gibbons's attorneys said the governor will cooperate with any inquiry.

Nearly 20% Of Released Sex Felons Are Missing (SAEN)

By Polly Ross Hughes, Austin Bureau

San Antonio Express-News, March 5, 2007

AUSTIN — When Anselmo Pruneda Jr. left prison last May, the forwarding address he left to a Houston boarding house almost sounded like an invitation to the cops for tea.

"O Do Drop In," he wrote.

No such place exists.

Pruneda, who had spent a dozen years in prison related to the sexual assault of a 9-year-old boy and failing to register as a sex offender, didn't register as required with the Houston police, either.

Lawmakers created sex offender registries so people could check how close potential predators lived to their neighborhoods, playgrounds or schools. But these registries are not fool-proof.

The Houston Chronicle and San Antonio Express-News examined the whereabouts of more than 800 sex offenders released from prison to Harris or Bexar counties during the 18 months ending last December.

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All had been rejected for early release and had served their entire sentences. Almost 20 percent of them either failed to register as sex offenders or their addresses in the state registry were incomplete, "unknown," "absconded" "out of state" or "homeless."

And that's not counting how many false or out-of-date addresses are only detected when too few local police officers try to knock on too many sex-offender doors.

"You're going to send the citizens into a panic" when they learn police lack the manpower to keep track of sex offenders who frequently change addresses, predicted Houston Police Sgt. Glen Shepherd.

More than 46,000 adults in Texas are registered as sex offenders for crimes ranging from indecent exposure to aggravated sexual assault of a child.

As state leaders in Austin clamor to get tough on violent sex offenders who target children, calling for longer sentences with no possibility of parole or possibly the death penalty, police who work with sex offenders say politicians are overlooking a disturbing trend.

Increasingly, sex offenders deemed too dangerous for early parole return home unsupervised once they have completed their entire sentences. And under the current system, they are less scrutinized, not more.

When paroled, sex offenders aren't released until officials verify and approve where they will live. When registering with local authorities, they must prove their address with a state ID card or drivers license.

But sex offenders who complete their sentences can refuse to tell prison authorities where they will live. Or they can claim they will leave Texas or name a location in the vaguest of terms. They still are required to register with local law enforcement upon release, but police say they often go undetected if they don't.

Nearly 2,200 sex offenders are registered as living in San Antonio and Bexar County, according to the Texas Department of Public Safety.

Prison authorities aren't required to verify their whereabouts. Yet, the Texas Department of Criminal Justice will forward any information sex offenders volunteer to the Texas Department of Public Safety. It then appears on the state registry, accurate or not.

"It's like a giant chalk board. Whatever local agencies send to us, that's what goes on," said DPS spokesman Tom Vinger. "The sex offender registry is based on what sex offenders tell us, and sex offenders are known to be dishonest."

Also, since no parole officer will monitor their movements, police say unsupervised sex offenders seem the most adept at slipping from view.

"It's a total honor system, and you're relying on the most cunning, diabolical, secretive type of felon," said Andy Kahan, Houston Mayor Bill White's crime victim's director.

The U.S. Justice Department, in the most comprehensive study to date, found that 5.3 percent of sex offenders were re-arrested for another sex crime within three years of their release. When compared to non-sex offenders, they were four times more likely to be arrested for a sex crime.

John Walsh from the television show "America's Most Wanted" stressed during a January news conference with Lt. Gov. David Dewhurst that, as Texas leaders take aim at child sex offenders, they must close gaps in the state's sex offender registry.

"They have to know where these creeps are," Walsh said. "How do you find out if they're in compliance or noncompliance when they (flout) the law? When you give a bogus address or say you live in a homeless shelter or on the street, you're in noncompliance right off the bat. How can you track that sex offender?"

The Legislature's proposed "Jessica's laws," named after child murder victim Jessica Lunsford of Florida, don't answer those questions.

Some of the proposals would further restrict where sex offenders can live, barring residences too close to schools, school bus stops or public parks. But more restrictions could prove to be an even greater incentive for sex offenders to try thwarting the registry, authorities worry.

Plus, police and deputies complain that politicians talk tough, but they aren't offering local law enforcement more state money to beef up enforcement.

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"This is what's known as an unfunded mandate by the state upon local governments," said Capt. Jim Rickhoff at the Bexar County Sheriff's Department. "Lord knows I'm going to be banging the drum at the next budget session for some personnel."

Attorney General Greg Abbott, who operates a sex offender unit, has asked the House Appropriations Committee for $7.7 million over the next two years so he can send deputies out regionally to help local police.

"Not all these people play by the rules. Many of them abscond, many of them fail to register later, many of them are back out on the streets looking for their next victim to harm," Abbott told budget writers.

As for Pruneda, Houston police began looking for him last week, after the Houston Chronicle asked how he managed to elude authorities. Shepherd said he was surprised to hear his compliance team was checking up on Pruneda, also known as John Perez.

"He's not registered with us," Shepherd said. "Basically, he's just out there in the cracks until a police officer stops him or he has some altercation with the police."

It turns out Houston police did pick up Pruneda last December for a minor infraction but turned him back to the streets, not knowing he was a sex offender eluding the registry.

"Apparently, he knows the system," Shepherd said. "He's gambling and taking a chance."

His luck finally ran out, though.

Last Friday, Pruneda was arrested in Houston for failure to register, Abbott's office reported. He had been living in a tent behind a convenience store.

FBI Watching Mortgage Fraud (MBSN)

By Mark Morris

Myrtle Beach (SC) Sun News, March 5, 2007

KANSAS CITY, Mo. - Mortgage fraud is being called the country's fastest-growing white-collar crime.

It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say.

Two Kansas City politicians recently learned just how quickly.

The very day last fall when Katheryn Shields, who was then county executive in Jackson County, Mo., and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale.

The documents purportedly showed that the $475,000 house they purchased in 1999 somehow was worth a $1.2 million mortgage in 2006.

Agents also wrapped up an investigation of Kansas City City Councilwoman Saundra McFadden-Weaver just months after she unsuccessfully tried to refinance a $400,000 Lee's Summit, Mo., home. According to prosecutors, McFadden-Weaver had purchased it even though she had no plans to live there or make payments.

By contrast, the largest previous high-profile case in the area, involving a Belton, Mo., real estate investor, took years to develop.

Shields, who is campaigning to be Kansas City's mayor, and McFadden-Weaver have pleaded not guilty to conspiracy and wire fraud charges and have denied all wrongdoing. Shields, a Democrat, said she was the target of "political terrorism" by appointees in the Republican Bush administration. McFadden-Weaver said she innocently was trying to help a needy acquaintance in a real-estate transaction.

Though these relatively high-profile defendants cast new light on mortgage fraud, it already was a regular docket item in Kansas City and in federal courthouses throughout the country.

Mortgage fraud occurs when somebody lies or misrepresents a fact on a statement that a lender uses to make a loan. Banks and mortgage lenders generally are the prime victims when loans are not repaid, but the fallout from a large-scale scam also can devastate individual investors, who sometimes must file for bankruptcy.

Communities also suffer when swaths of properties sucked into a scheme go vacant and deteriorate.

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Estimates of mortgage fraud losses vary widely, but experts said trend lines pointed up. Although schemes can prosper during good times - such as the recent mid-decade boom when as much as $2.5 trillion in mortgage loans were made each year - they also can flower as the market cools.

The surge in cases in recent years has led investigators, regulators, lawmakers and industry groups to consider a number of solutions.

Many think that existing fraud statutes are adequate, but four states - New Jersey, Utah, Oklahoma and Colorado - are considering laws that would make mortgage fraud a specific crime, in part to spur more local enforcement.

Ultimately, tthe real estate industry must work harder to weed out fraud, and consumers must become better educated.

John Fougere, a spokesman for the Missouri attorney general's office, said if you don't understand what you're being asked to sign, ask questions until you're comfortable.

"Take that extra step," Fougere said. "You would be amazed at the amount of grief you can save yourself."

How to avoid fraud

The Kansas Association of Mortgage Brokers offers these tips:

Verify that the mortgage company is properly licensed in the state.

Thoroughly read all documents provided by your mortgage company. Question anything that might appear out of order.

Do not sign the loan application if you aren't comfortable with the information typed on it. Remember, any misrepresentation on the application could result in civil or criminal penalties.

While the loan is being processed, question anything that appears out of the ordinary.

At closing, read everything thoroughly. Don't sign if you're uncomfortable with any of the information represented. Review the final loan application to see if there is any incorrect information that might affect your approval, such as an investment property marked as your primary residence or a significant error in your income.

Arrest Sparks Worries Over Implications Of Corporate Law (HC/AP)

By John Christoffersen, Associated Press

Houston Chronicle, March 5, 2007

NEW HAVEN, Conn. — The arrest of a prominent attorney on charges of destroying evidence in a child pornography investigation is raising alarm bells that a law targeting corporate accounting schemes could be used to prosecute lawyers over work done on their clients' behalf.

"Every criminal defense lawyer in the country has to be alarmed at the indictment," said New York University law professor Stephen Gillers. "It's going to upset a lot of assumptions about how lawyers can represent clients. I think this is a boundary-pushing case."

Philip Russell was charged Feb. 16 with destroying a computer that contained child pornography at Christ Church in Greenwich. Former President George H.W. Bush attended the church while growing up and funeral services for his parents were held there.

Russell, the former attorney for the church, is accused of obstructing an FBI investigation that led to the January conviction of the church's music director, Robert Tate, for possessing child pornography.

Russell was charged under the Sarbanes-Oxley Act, which Congress passed in 2002 after a wave of corporate accounting scandals to make it easier to prosecute such cases. He faces up to 40 years in prison if convicted.

"The case will test the meaning of those new provisions," Gillers said.

The law, which was aimed at cases involving corporate document shredding, made it easier to prosecute obstruction of justice by requiring only that an investigation was foreseeable rather than already pending. Prosecutors also no longer have to show the defendant acted with corrupt intent to keep evidence from investigators, experts say.

While legal experts agree that lawyers can't destroy evidence, they are concerned that prosecutors' use of Sarbanes-Oxley will pressure defense attorneys to betray their clients' confidences and report potential evidence to authorities or risk prosecution themselves.

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"The most troubling aspect is it tries to make lawyers shills or hand maidens for police and government investigators," said Jon Schoenhorn, president of the Connecticut Criminal Defense Lawyers Association.

Future cases could be murkier than child pornography, involving bank records or other documents and items that might incriminate a client in a future investigation, experts say.

"Lawyers will have to be soothsayers," said Martin Pinales, president of the National Association of Criminal Defense Lawyers. "They will have to figure out what some prosecutor in the future may or may not be charging."

Russell, whose wife is a member of the church, does not dispute that he destroyed the computer, said his attorney, Robert Casale. But denies he broke the law.

"He didn't do it to interfere or compromise any government investigation," Casale said.

The case dates back to Oct. 7, when an employee at Christ Church discovered images of naked boys while using Tate's computer, according to the indictment. A day later, church officials sealed and wrapped Tate's laptop, treating it as evidence, authorities said.

Russell destroyed Tate's computer after learning it contained images of naked boys, according to the indictment.

"Those who possess child pornography or hinder the prosecution of those who do by destroying evidence and impeding investigations will be prosecuted, particularly when the obstructionists are attorneys and officers of the court," U.S. Attorney Kevin O'Connor said.

Federal authorities declined further comment because the case is pending.

Schoenhorn said defense attorneys should advise their clients that it's illegal to possess child pornography, but should leave it up to their client on how to treat the evidence.

"Obviously a lawyer should not destroy evidence, but that begs the question what is evidence?" Schoenhorn said.

Russell plans to challenge the use of the Sarbanes-Oxley Act in his case. Others besides attorneys could be liable if authorities are allowed to apply the law broadly, Casale said.

Federal law has a provision designed to protect attorneys. That shield could be a defense for Russell, but it's rarely been tested, experts say.

The trial in April could spell the end of a career for Russell, whose recent clients included Andrew Kissel, a wealthy Greenwich developer charged in a multi-million dollar real estate fraud case. Kissell was found slain in his home last year days before he was to plead guilty.

"Any criminal conviction will devastate him," Casale said. "It's like capital punishment."

D'Amato Never Folds (NYT)

By Gary Rivlin And Matt Richtel

The New York Times, March 5, 2007

For years, Alfonse M. D'Amato, the former Republican senator from New York, was the host at a Thursday evening poker game at his Capitol Hill office, playing with other lawmakers, staff members and lobbyists late into the night over pots that ranged from a few dollars to a few hundred.

Once New Yorkers collectively informed Mr. D'Amato that it was time to find a new line of work, he graduated to a higher-stakes game, playing with Howard Stern, among others. He is now a stalwart of a weekly game on Long Island where a bad night might mean that a player drops $5,000 or more.

As Mr. D'Amato tells it, and as his card-playing cronies confirm, he rarely leaves a game a loser. Yet it is a safe bet that his love of poker never proved so lucrative as it did last week, when he signed a lobbying deal with the Poker Players Alliance, a nascent group that hopes that Mr. D'Amato will help them become players in Washington politics, too.

Most immediately, the group is hoping that Mr. D'Amato, long known for his connections to Washington insiders and his ability to deliver perks to his constituents and interest groups, can help them overturn a new federal ban on Internet gambling — or at least exempt poker from its provisions.

"John Smith, maybe he doesn't have the financial means or the ability" to travel to a casino, Mr. D'Amato said, gesturing with his hands and speaking volubly in his trademark accent. "The poor guy at home can't bet $50 because we pass this law."

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The first big assault on poker players came in October when President Bush signed a bill aimed at online gambling by making it a crime to use credit cards or online payment systems for poker and other online casino games and sports betting conducted over the Internet. The law did not make it impossible or illegal for Americans to bet online, but it did make it trickier for players to get their cash to the offshore casinos that run the Internet sites.

"I think it's fair to say that most poker players see themselves as nonpolitical," said Walt Thiessen, 49, an entrepreneur from Warrenton, Va., who recently joined the alliance. "But the more that the government does to impede poker players, the more angry and frustrated they're going to become."

The booming popularity of poker has spawned any number of cable television shows and made media figures of professionals like Chris Moneymaker and Daniel Negreanu. Tens of millions of Americans play, primarily in home games but also at casinos, legal and illegal card rooms, and at scores of Web sites.

So perhaps it was inevitable that poker enthusiasts would assert themselves as another special interest demanding to be heard in Washington. The Poker Players Alliance, which says it has more than 160,000 members, most paying at least $20 to join the group, will open an office in Washington in the next two months "to oversee our political efforts there," the group's president, Michael Bolcerek, said. It hopes to build a grassroots organization whose political presence is felt in all 50 states, he said.

But even though Mr. D'Amato's involvement in the lobbying effort is bound to generate plenty of talk, it is not expected to lead to overturning the new law anytime soon.

Moreover, Mr. D'Amato, for all his ability to attract attention and parlay his reputation into big money, may not have much sway in a Democratic-controlled Congress preoccupied with war, budget deficits and presidential politics. There is little interest there at the moment in turning back to a subject decided a year ago, when Republicans ruled.

Mr. D'Amato and his backers, said I. Nelson Rose, law professor at Whittier Law School in Costa Mesa, Calif., and an expert on gambling law, "think they have a pair of queens. But what have they really got? They don't even have a pair."

Still, former Representative Jim Leach, an Iowa Republican and one of the authors of the Internet gambling ban, said that Mr. D'Amato certainly added heft to the effort.

"Don't ever underestimate Al," he said on hearing of Mr. D'Amato's role.

Certainly, Mr. D'Amato's poker buddies have learned that lesson. "He's tenacious, he's fearless and he's aggressive," said Gary Melius, the host of the Monday game where Mr. D'Amato is now a regular. "He's also really good at reading people."

Subtlety has never been Mr. D'Amato's long suit, and he has already embraced his new role with characteristic fervor. During an interview in his offices in a high-rise on Park Avenue in Manhattan, Mr. D'Amato did not answer questions about online poker as much as filibuster on the issue.

To him the implications of prohibiting online poker are profound, touching on matters as wide ranging as the war on terrorism, national security, the rights of the elderly and the handicapped and equal protection under the law. At times, he pounded his desk to make his point.

The money being spent to outlaw poker and enforce the ban, Mr. D'Amato said, could be better spent "in the battle against money laundering, trafficking in drugs, or trafficking in terrorism."

He takes issue with Congress's decision to lump in poker, a game of skill as well as luck, with games of pure chance like roulette and craps. "It's really a great sport," Mr. D'Amato said, perhaps the country's favorite sport. "You don't have 70 million people participating in baseball."

It is not clear that poker has 70 million players, either. (Mr. D'Amato's source is a study commissioned by the poker association.)

But one of his trademark tactics is throwing around numbers that might or might not be considered, well, a bluff. He talks of the million players who have already joined the poker association — a misstatement that prompted his handler, presidential style, to clarify that what the former senator meant is that the group hoped one day soon to have that many names on its rolls.

After New York voters replaced Mr. D'Amato with Charles E. Schumer, a Democrat, in 1998, the former senator opened Park Strategies, a lobbying and corporate strategy firm whose client list includes banks, telecommunications companies and a few racetrack owners.

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He acknowledged that he did not understand the impulse that prompted a person to place a wager on a horse. But he spoke rhapsodically about the sense of community that poker has fostered in his life, and the banter, camaraderie and friendly competition that can make the game so engaging.

The intimacy of the game, in fact, produced some political headaches for Mr. D'Amato while he was chairman of the Senate Banking Committee after an article in The New York Times disclosed that he had invited lobbyists to play in his office. That gave extraordinary access, some charged, to those representing banks, securities firms and other financial institutions.

Mr. D'Amato has a different view, defending his activity as an innocent pastime that followed in the footsteps of President Harry S. Truman's poker games with cronies. "It was a great way to while the time away — to have fun and talk politics," he said.

Plenty of Americans are still playing poker online, if no longer at sites run by publicly traded companies, which fear reprisals from Washington despite being based overseas.

Instead, online players have shifted to smaller, privately owned sites. They are forced to find other means for transferring money in and out of their accounts, given that the new law more closely monitors financial institutions processing wagers.

"I play as much now as I did before the ban," said Ethan Ruby, a member of the poker alliance who lives and works in Manhattan. Mr. Ruby said he simply took the money he had on account at PartyPoker, his old site, and transferred it to Full Tilt. He then linked his poker account to his checking account instead of a credit card.

"It's a much more tedious process now," Mr. Ruby said.

Still, it only took a few days. "You can't cork this," Mr. D'Amato said. "You can't stop this through some silly bill."

Online poker will only go further underground, he continued, providing an opening for unscrupulous foreign operators seeking to take advantage of the hunger of Americans to play poker.

"When you have regulation, where you have openness, you can ensure you have a game that won't be unfairly cut or disadvantaged or manipulated," Mr. D'Amato said. You can also tax the winnings of players whose ups and downs are tracked online, a figure the poker alliance puts potentially in the billions.

Mr. Rose, the law professor, while doubtful of the chances for the lobbying effort in the short run, said Mr. D'Amato and his backers would be well served in keeping the issue alive until there is more interest in the matter. "If they stay active the next two years," he said, "then there could be a serious bill" to carve out an exception for poker.

Certainly, Mr. D'Amato has staying power.

"The later the game goes, the more Al is going to win," said Larry Elovich, a Long Island lawyer who said he has been playing poker on and off with Mr. D'Amato for 50 years. "He has the ability to stay awake when the rest of the players are all tired."

A Record Of Failure At Center For Sex Offenders (NYT)

By Abby Goodnough And Monica Davey

The New York Times, March 5, 2007

ARCADIA, Fla. — Inside a privately run treatment center here for pedophiles and rapists who have completed their prison sentences, where they are supposed to reflect on their crimes and learn to control their sexual urges, bikini posters were pinned to walls.

Two men took their shirts off, rubbed each other's backs and held hands, while others disappeared together into dormitory rooms. Some of the sex offenders appeared to be drunk from homemade "buck" liquor secretly brewed and sold here.

And some of the center's employees, who openly ignored the breaking of rules ("As long as they are happy, we let them go," one explained), reported that a high turnover rate among staff members was mostly because of female employees leaving their jobs after having had sex with the offenders.

These and other observations were included in a memorandum composed in 2004 by six employees on loan here from Pennsylvania. They had been dispatched by the Liberty Behavioral Health Corporation, which ran the facility, the Florida Civil Commitment Center, and a facility in Pennsylvania.

Nineteen states have laws that allow them to confine or restrict sex criminals beyond prison in a trend that is expanding around the country, with legislators in New York last week announcing agreement on a new civil commitment law there.

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The courts have upheld the constitutionality of such laws in part because they are meant to furnish treatment where possible. Most of the states run their own centers to hold and treat such predators, generally with meager results, but at a time when private solutions are popular for prisons, toll roads and other state functions, a few have teamed with private industry.

Yet as the story of the center here in Arcadia reveals, even a $19 million partnership between the state and a company that describes itself as "a national leader in the field of specialized sex offender treatment and management" failed to meet a central purpose: treating sex offenders so they would be well enough to return to society.

"It was like walking into a war zone," Jared Lamantia, one of the visiting workers who signed the memorandum, recalled in an interview. "The residents in that place ran the whole facility."

The memorandum is among thousands of pages of public and private documents about the Florida center reviewed by The New York Times, providing a rare window into the lives of civilly committed sexual predators and the people who guard and treat them. While programs like Florida's are popular because they keep sex offenders locked away past their prison terms, they cost far more than prison — in the case of Florida, on average twice as much — with no measurable benefit beyond confinement.

For more than seven years, Liberty was in charge of almost every facet of the Florida center, where more than 500 men are held beyond their criminal sentences in a crowded former prison surrounded by cow pastures.

That ended last June in a cloud of claims and counterclaims, investigations and legislative hearings. By the end, after the state did not renew Liberty's contract, the Florida Department of Children and Families was virtually at war with the company, with each side pinning blame on the other — the state accused of failing to properly finance the center, the company accused of failing to manage it.

"The place is a cesspool of despair and depression and drug abuse — of people being lost," said Don Sweeney, a mental health counselor in St. Petersburg who treats some former residents of the center, reflecting on Liberty's tenure there.

Many outside experts, even some of the center's critics, said the state's insufficient financing of the center made Florida as much to blame as Liberty for the many failings, many of which are common in other states. Florida spends less than $42,000 a year per resident, one of the lowest rates in the country.

"There was no money to support that facility and to do what had to be done," Dr. Robert Bellino, a psychiatrist who worked at the center here, said of the company. "It's a political football. They were always turning the screws on Liberty — 'Cut this, cut that, don't spend this, don't spend that.' "

Ambitious Private Contractors

As legislators across the nation have answered public outrage about heinous sex crimes with civil commitment laws, a bevy of companies and well-paid specialists have cropped up like constellations around the expanding demand.

Liberty Behavioral Health and Liberty Healthcare Corporation, affiliates with common ownership, have emerged as the most ambitious private contractors in the commitment center arena. As recently as last year, the affiliates had accumulated contracts worth up to $26 million a year in California, Illinois, Pennsylvania and Florida, which was the biggest both in terms of compensation and responsibility.

Growing out of a company that provided emergency room employees to hospitals starting in the mid 1970s, Liberty Healthcare Corporation was founded in 1986 as a provider of mental health, developmental disability and primary care services. In its earliest days, it had no experience treating sex offenders and, its officials said, there was never a particular moment when company officials said to one another, "Let's go into the sex offender business."

Yet as Shan Jumper, Liberty's clinical director in Illinois, tells it, after "analyzing market trends and seeing what areas they could jump into," Liberty executives apparently recognized the potential.

By 1998, the company, which is privately held and based in Bala Cynwyd, Pa., won its first contract to provide services inside a civil commitment center, in Illinois. Rick Robinson, executive vice president and chief operating officer of Liberty Healthcare, described the move as a natural outgrowth of its work, which included creating an adolescent sex offender unit in an Arkansas hospital in 1995.

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The states that have hired private companies reason that outside experts have more background in the complex realm of detaining and treating sex offenders than most public workers, and in several states where Liberty holds contracts, officials say they have been impressed with the company's expertise.

But at the Florida center, even beyond a string of embarrassing failures — an escape, the death of an offender after a fight with another over a bag of chips, a sit-in that the state ultimately quashed with hundreds of law enforcement officers — the treatment record was poor.

In Liberty's tenure, only one of the hundreds of men here progressed far enough in therapy to earn a recommendation from company clinicians that he be released. At various points, many residents were not attending the group therapy specifically addressing sex offending; in May 2005, 35 percent of the center's 484 residents fell into that category.

In written responses to questions from The New York Times, as well as court depositions, legislative testimony, e-mail messages, letters and memorandums, Liberty defended its treatment record, blamed Florida as insufficiently financing its commitment program and, for years, failing to define exactly what it expected of Liberty.

Early Praise and Promise

Liberty's early tenure in Florida won praise from independent evaluators who said the treatment program showed promise. Over the first four years the state asked for few changes, and on matters such as the treatment of mentally ill residents, had a "just do the best you can" attitude, as Susan Keenan Nayda, vice president of operations for behavioral health programs at Liberty, said in a court deposition.

But problems began to surface publicly in June 2000 in dramatic fashion when a resident escaped in a helicopter that an accomplice had landed inside the center's perimeter. The helicopter crashed after departing with the escapee, who was caught 26 hours later in a canal with the pilot, 2 handguns and 28 rounds of ammunition. The pilot, a longtime friend, had visited the escapee 10 times in the five months before the escape.

The bizarre incident raised worrisome questions and the first hints of a conflict over the center's combined goals of security and treatment. Too few Liberty staff members were in the yard when the escape occurred, a report by state officials found, and the center's director had ordered razor wire removed from a security fence because, he said, the wire was damaging volleyballs from a nearby court the residents used.

The report also complained about the state's role, questioning why corrections officers, who were in charge of security on the perimeter, were unarmed. Commitment centers across the country have wavered between following the legal mandate to run a therapeutic program, as laid out by the courts, and the politically acceptable alternative of a more prisonlike one.

In Florida, the conflict emerged again and again. The state's emphasis swung, at various points, toward and away from a "correctional" approach, company officials suggested. At one point, Ms. Nayda told a Florida State Senate committee that even she was not entirely sure what the center was trying to be.

"There's a little bit of confusion," Ms. Nayda said. "What is this place? Is it a prison? Is it a mental health center? A residential treatment facility where people are clients? What is it? We ask that question sometimes too. We really don't have a lot of guidance around what it is the state wants the facility to be, and we would encourage the state to look at that."

By the end of 2000, the state moved its civil commitment center from Martin County on the state's East Coast to its current home here in Arcadia, a 14-acre compound with eight dormitories and other buildings.

From there, the population rose swiftly, even as staff levels mostly stayed put. Liberty repeatedly sought more money from the state for the center's operations, for special treatment of its large severely mentally ill population and for creation of a supervised release program.

Asked to respond to Liberty's complaints about financing, Rod Hall, director of the mental health program office for the state Department of Children and Families, said, "The funding provided to operate the facility was the amount negotiated and agreed upon by Liberty prior to its signing of the contracts."

Liberty's monthly reports began suggesting that the company was feeling the crunch. The reports noted frequent troubling incidents: residents having sex, assaulting staff members and each another, hiding knives in their rooms.

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Liberty also said it faced an unusual challenge in Florida, where hundreds of the center's residents are not formally committed, but awaiting trials for commitment. These "detainees," the company said, often reject treatment to focus on their legal battles.

Some critics, meanwhile, began questioning the treatment. Ted Shaw, a forensic psychologist who evaluates civilly committed sex offenders, complained that Liberty held men back in treatment as punishment for minor infractions.

Liberty officials deny the allegations, but Michael Canty, a child molester who was detained at the center but was never formally committed, concurred with Dr. Shaw, saying Liberty staff members would "harass, taunt — try to get you in trouble so you would get kicked out of treatment."

Rising Tensions, and Violence

By the time the six workers from Liberty's facility in Pennsylvania arrived here in 2004, tensions inside the center and with the state authorities were reaching a peak.

In April of that year, a mentally ill man jumped off the center's roof and was injured after staff members rushed at him to get him down. In June, a resident stabbed another 12 times and the staff had residents mop up the blood, destroying evidence before outside law enforcement officials arrived, an internal report showed.

"It was basically a free-for-all prison, out of control," said Josh Stiles, another of the visiting workers from Pennsylvania.

Liberty officials said they investigated and immediately took "appropriate actions" regarding all that their Pennsylvania employees reported. But they also said the atmosphere in the center at the time was "probably very conducive for allegations that were either unfounded or exaggerated," and noted that a second group from the Pennsylvania facility, including its director, returned to Florida several weeks later and reported no similar problems.

Nonetheless, Lynda Sommers, a consultant hired by the state to monitor the facility over a number of years, also found it in disarray in the period after the second Pennsylvania group.

Ms. Sommers reported suspected sexual relationships between staff members and offenders, staff members who slept on the job, crumbling facilities, and vague policies on punishing troublemakers and treating the mentally ill.

Liberty's own internal investigator, Kenneth Dudding, was also deeply critical of hiring decisions for low-level staff members, whose salaries started at a base rate of $12.89 an hour.

"You could have worked at Wal-Mart last week, they put you in front of a computer to read policy for a few hours, then they send you to a dorm and let you go," said Mr. Dudding, who left after clashing with Liberty's management.

As for female security workers, Mr. Dudding said they were easily manipulated by the sex offenders. "It's like putting candy in front of a baby," he said.

Mr. Dudding said he ultimately called a state whistle-blower's hot line.

The inspector general of the Department of Children and Families investigated and issued stinging reports, saying that the facility's safety director had tried to cover up wrongdoing by tampering with evidence, that an employee was suspected of selling marijuana, and that alcohol was being made and sold there.

Liberty officials said the safety director was fired for "failure to properly function in her role" before they received the inspector general's critique, and they said they fired the worker suspected of drug sales — on whom no contraband was found — for an unrelated reason.

Then a group of residents, angry when the fire marshal demanded that they not have so many personal items, moved into a yard. For months, the staff could not persuade them to go back to their rooms, creating a scene one law enforcement officer called "Woodstock gone amok."

Liberty said it first asked for help from the Department of Corrections and was turned down, only to ultimately get a response the company called "excessive." In February 2005, several hundred corrections and law enforcement officers in riot gear arrived and restored order.

That spring, Liberty's requests to the state grew more insistent. The company asked for $31.1 million for the next fiscal year; it received $18.7 million, the same as the year before.

By April, having described an "alarming" set of "chronic and serious" issues at the facility, the state was preparing to end its relationship with Liberty.

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New Company Takes Over

In the end, the struggle between security and treatment may help explain Liberty's doomed tenure at the Florida center.

"I had imagined that we would be trying to do research or publish or be innovative or at least use state-of-the-art equipment," said Dean Cauley, a former therapist at the center. "When I arrived, the equipment wasn't being used, tests were outdated and treatment was very much secondary to maintaining security."

Liberty officials said that treating patients had always been their company's reason for being. Most of the company leaders, including Dr. Herbert T. Caskey, the founder, were originally clinicians, not business people.

If states wanted simply to lock up, not treat, the worst sexual predators, Kenneth Carabello, Liberty's director of regional operations for California and the western United States, said, "We'd let somebody else do this."

Despite the center's history, Don Ryce, the father of Jimmy Ryce, the 9-year-old boy whose 1995 rape and murder spurred the Florida Legislature to adopt a civil commitment law in his name three years later, said the law's "overall intention" had been accomplished.

"There are a lot of people who are confined who otherwise I guarantee you would be out there reoffending," Mr. Ryce said, though he added, "I'm not going to pretend there aren't serious problems that need to be addressed."

As Liberty departed, Florida picked another private company, the GEO Group Inc., to run the center here.

The GEO Group, once known as Wackenhut Corrections Corporation, has more than 23 years of experience running prisons. Of 63 centers GEO operates worldwide, 58 are correctional and detention facilities.

Last fall, under GEO's watch, a new glimpse of turmoil began emerging. Early one morning, a resident said he was attacked by another in his bunk. His screaming, kicking and banging on his door went unanswered for almost 15 minutes before staff members responded, other residents said.

GEO officials said workers from the company and the Department of Corrections "responded promptly" to what GEO described as a "resident upon resident" fight, an assessment echoed in a DeSoto County sheriff's report.

But some 100 residents signed a letter calling for an end to the practice of housing two residents in a single room. The center "is supposed to be a mental health facility, not a prison," the residents wrote. "We are to be treated as patients, not state convicts."

Early Struggles Helped Forge Lanier's Resilience (WP)

By Allison Klein

The Washington Post, March 5, 2007

Cathy L. Lanier's career could have dead-ended in her fourth year with the D.C. police department.

A new sergeant, she was sent east of the Anacostia River to the 6th Police District, one of the city's most crime-ridden areas. From the start, things were bad.

Lanier's supervisor, a lieutenant, propositioned her sexually and humiliated her in public by making lewd remarks about her, she said. Once, during a meeting with Lanier and a group of male officers, the lieutenant grabbed her ponytail and made a comment about pulling a woman's hair during sex.

It was 1995, and, Lanier said, she had no clue about the law on sexual harassment. Some officers urged her to file a complaint. But another supervisor warned that the department's good-old-boy culture would ensure that if she took action, she would never be promoted.

She retained a lawyer and, along with another woman making similar allegations, went to court. The city settled their lawsuit, and each woman got $75,000. The lieutenant was shifted to a different police district.

Lanier thought her career was over. But there were no repercussions, she said, because she had a solid track record. "Your reputation in the department is either as a hard, loyal worker or someone who will do anything to get out of work. I was a worker," she said.

Now, at 39, she is awaiting D.C. Council confirmation as the city's first permanent female police chief and one of the youngest leaders to head the department.

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She has achieved success after struggles in her personal and professional life, including a teenage pregnancy that led her to drop out of high school and an early marriage that failed. Her resiliency will be tested as she inherits a police department in a high-crime city that residents say is out of touch with the community. She is already facing extra scrutiny as a white, female chief of a force that is mostly black and male.

Running the 3,800-member department requires a commanding presence, stamina and the ability to plan while dealing with the inevitable crises. As her predecessor, Charles H. Ramsey, put it: "There are things coming at you all the time and nobody to pass it off to. The buck stops there."

D.C. Council member Phil Mendelson (D-At Large), who heads the Public Safety and Judiciary Committee, said that Lanier gets high marks since taking over as acting chief in December but that "the proof will be over time."

"To the average citizen, the chief of police is the personification of crime fighting. In reality, the chief of police is the manager of a large bureaucracy," Mendelson said. "That's the role she's got to play."Challenges From the Start

Lanier was raised by her mother after her father left when she was 4. She and two older brothers lived with their mother in a modest home in the D.C. suburb of Tuxedo, in Prince George's County.

She dropped out of high school at 14 to have a baby. She wed the boy's father, a marriage that lasted two years, then went on welfare. At 16, she received her GED and became a secretary. She later sold awnings and canopies, worked in real estate and waited tables. Her mother helped her care for the baby.

At 23, she followed her father and two brothers into public service. Her late father, Walter Lanier Sr., was deputy fire chief in Prince George's. One brother is a captain in the county fire department, the other a detective with Greenbelt police.

As a police officer, she came into her own, said her mother, Helen Lanier, a retired legal secretary. "She seemed to blossom."

Cathy Lanier's first assignment was as a foot patrol officer in the 4th District in Northeast and Northwest Washington. A 6-foot-tall blond woman in uniform, she stood out. She remembers stopping by neighborhood playgrounds, shooting hoops with the kids for a few minutes and letting them wear her police cap. She'd give them bubble gum, and they knew she'd be back.

She got to know every street and alley, said her former commander, Robert C. White, now chief in Louisville. "She knew the good people and the thugs. She wasn't afraid or intimidated."

Lanier grew frustrated, however. Some officers were slacking off, she said. "I felt like everybody wasn't pulling their weight."

So she decided to become a training officer, teaching rookies how to work a beat.

"My rule was we didn't take lunch," Lanier said. "We ate, but we didn't take lunch."

Sgt. Brett Parson vividly remembers Lanier's training when he joined the force in 1994. The first day they were out together, they patrolled the lower Georgia Avenue area, and she was teaching him to watch for drug dealing.

"All of a sudden, she slammed on the brakes, jumped out of the car and handcuffed a guy," Parson said. "I had no idea what happened. I hadn't even gotten out of the car."

Diane Groomes, now commander of the 1st District, recalls competing with Lanier to see who could make more arrests. "We'd usually tie," Groomes said.Changes Won Attention

By 1998, the harassment case was settled, and Lanier began a steady ascent. She became a captain after ranking third on a promotion exam; she has always excelled at such tests. "I wasn't as smart as everybody else, but I would out-study them," she said.

Ramsey took over the department the same year, and he identified a handful of go-getters. Ramsey said he was looking for bright, enthusiastic leaders with at least 10 years ahead of them in the department. Lanier had all of that.

"If there was anything lacking in Cathy at all, it was self-confidence," Ramsey recently recalled.

The meteoric rise was set in motion: five new commands over the next eight years -- leading to chief.

Lanier burnished her police credentials with outside studies, receiving bachelor's and master's degrees from Johns Hopkins University. She also had management training at Harvard University.

Ramsey promoted her to inspector and put her in charge of narcotics. Then, when the department was accused of not doing enough to investigate fatal traffic accidents, Ramsey put Lanier in charge of that unit, too.

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She went to every fatal crash and made changes to improve the unit's performance. The unit was staffed round-the-clock, and investigators were ordered to regularly update victims' families.

Lanier took a similar approach when Ramsey put her in charge of the 4th District -- the place she began her career. She blanketed high-crime areas with officers in marked police cars, lights flashing. Crime dipped within 90 days. And she met with residents so that they bought into the strategy.

Her gung-ho personality and self-assured manner earned her praise from neighborhood leaders and caught the attention of Adrian M. Fenty, then a Democratic council member representing Ward 4. They realized they had the same style: Both were responsive to community needs, loved talking to people and had a habit of working through the night.

Lanier moved on, but Fenty would remember the impact she made on the police district.A Surprising Choice

Ronald Reagan's funeral. George W. Bush's inauguration. Countless demonstrations. Lanier oversaw security for big events as head of the Special Operations Division, a 250-member unit she took over in 2002. Among other duties, the division investigates bomb threats, deals with armed standoffs and escorts dignitaries in the city.

As she expanded her reach, Lanier also headed the police board that reviews the use of force and helped negotiate two union contracts. Her final assignment under Ramsey came last year, when he put her in charge of the force's first homeland security division.

Her rise has not been without controversy. Still pending are two lawsuits, one accusing Lanier of unfairly breaking up a canine squad and the other of illegally demoting officers from the mounted unit after they complained about mismanagement. She would not comment on the cases.

After Fenty won the mayoral election in the fall, he made it clear that he would not keep Ramsey. But Lanier said it was one of the biggest shocks of her life when Fenty offered her the job in November -- she hadn't applied.

The choice was also a surprise for another reason: After years of criticizing Ramsey, Fenty chose one of the chief's proteges for the top job.

There were complaints from some in the black community that Fenty passed over African American candidates who they felt would better represent the mostly black city. The force is 76 percent male and 63 percent black.

Some doubts remain. Ronald E. Hampton, executive director of the National Black Police Association and a former D.C. police officer, said picking Lanier was "risky" for Fenty.

"The chief of police ought to be a person of color," Hampton said. "We've got a lot of white people in these positions, and that becomes problematic for recruitment. You wonder why young kids in the black community don't want to be police officers."

Lanier said she should be judged on her performance. "People who know me realize it's not an issue," she said of the racial question.

She is adding foot patrols in neighborhoods that have been craving them for years and tailoring new crime-fighting programs with input from the community.

As a show of support for beat officers, Lanier began a policy that ones who live in the District are the first to have take-home police cars. She is also trying to streamline arduous paperwork.

That goes a long way, said Officer Kristopher Baumann, chairman of the Fraternal Order of Police's Labor Committee. "Officers like that she is the real police, she's out there on the street and she's out in the districts," Baumann said.

As she learns to manage her position, Lanier has been in near-constant motion, typically starting work early in the morning and winding up late at night. She shows up at crime scenes, has endless meet-and-greets with community groups and still finds time to spend with her boyfriend, D.C. police Sgt. Jim Schaefer, who inspects city trucks, as well as her mother and son, now 24.

At a recent event at an elementary school in Southeast Washington, she agreed to mentor a child for four hours a week. A worried look crossed the face of her aides, familiar with her overpacked schedule.

"Who doesn't have four hours a week to spare?" she asked.

Besides, she still eats her meals in the car on the way to meetings. She eats lunch -- but she doesn't take lunch.

CIVIL LAW:

DOJ_NMG_0139364

FEDERAL DIARY: Slowing Down The Revolving Door (WP)

By Stephen Barr

Washington Post, March 5, 2007

Adjusting the spin of the revolving door is never easy.

A House committee has approved legislation that would lengthen employment restrictions for federal procurement officials who take certain jobs when they leave government, from one year to two years. It also would prohibit newly hired procurement officials from awarding contracts to their former employers for two years.

Tightening employment restrictions will bring more accountability to government, contends Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee. Recent lobbying and procurement scandals are proof that something needs to be done, he points out.

But Paul A. Denett, the procurement policy chief at the Office of Management and Budget, argues that the proposed restrictions "would do great damage" to the government's ability to hire and keep qualified contracting personnel.

"They will have the unintended effect of harming the career prospects of the overwhelming number of honest, experienced government employees and encourage them to leave government service early," Denett said in a recent letter to Waxman. An estimated 20 percent of the government's 28,000 contracting professionals are eligible to retire, Denett noted.

Congress has been trying to regulate the revolving door -- the rotation of federal officials and business executives into and out of government -- since at least 1872, according to the Congressional Research Service.

Over the decades, Congress has sought to protect the government from former employees who took sensitive information with them and used it to promote the interests of a private party. Congress also has devised rules to discourage federal employees from cashing in on their inside knowledge or becoming snarled in conflicts of interest with companies doing business with the government.

"The question here is priorities," said Dave Nadler, a partner at Dickstein Shapiro. "It requires Congress to balance two important policy considerations."

One set of considerations is based on the very real concerns about the federal workforce and whether workforce shortages will increase over time; the other considerations involve the need to respond to the perception that industry and government are becoming too cozy, Nadler said.

"Given the recent high-profile scandals in the procurement community, Congress is clearly focused on addressing ethics and standards of conduct in government contracting," he said.

The scandals include last year's influence-peddling case involving convicted former lobbyist Jack Abramoff and the 2004 scandal involving former Air Force acquisition official Darleen A. Druyun, who had negotiated a job with an airplane manufacturer and admitted in federal court to favoring the company in several procurement decisions.

Currently, federal procurement officials dealing with contracts worth more than $10 million may not receive compensation from a company involved in that contract for one year after leaving the government. The House bill would extend that compensation ban to two years.

This "procurement integrity" ban augments other cooling-off periods that limit contacts and lobbying by former federal officials.

The bill also would stop a "reverse revolving door," prohibiting federal executives who worked for private contractors from awarding contracts to their former employers after entering the government.

Denett said that provision would make it hard for the government "to obtain experienced procurement officials from the private sector" and use their knowledge to evaluate contractor proposals and their work.

Stan Z. Soloway, president of the Professional Services Council, which represents companies that hold federal contracts, agreed, saying the provision would hamper recruitment of mid-career professionals who might come into government to work on a project but have little interest in a long-term federal career.

"There has to be some balance," Soloway said. "You run a risk of over-regulating in a way that is a disservice to the federal workforce of today and tomorrow."

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He added, "Before we start adding restrictions, I really think it ought to be underpinned by some clear, cogent evidence that the current system doesn't work."

But James A. Thurber, an American University professor who testified in support of the House bill, said changes are needed, noting that loopholes in some laws permit a federal procurement official to be hired by a company to which he awarded contracts.

Though most federal employees moving to the private sector "do so with good intentions," he said in prepared testimony, "the temptations of future employment in the private sector are there and when acted upon, the public loses."

CIVIL RIGHTS:

Neighbors Of Ruined Store Call For Healing (OWH)

By Jennifer Greff, WORLD-HERALD STAFF WRITER

Omaha World-Herald, March 5, 2007

The arson fire that blew a wall off Bob's Food Mart last month exposed not only the store's contents but also racial tension in the surrounding community of east Omaha.

And as with Hurricane Katrina, underlying problems surfaced, north Omaha leader LaVon Stennis Williams said at a community meeting Sunday at St. Therese of the Child Jesus Catholic Church.

The Feb. 18 robbery and arson at Bob's Food Mart, which police said may have been a racially motivated hate crime, sparked community outcry - and now, an avenue for change.

Two white men robbed the store and ordered Kassahun Goshime, an Ethiopian immigrant, into the basement. His hands and mouth were bound with duct tape and the store was set on fire. Goshime escaped.

His family owns the store. Racist graffiti has been found spray-painted on his home as well as on the store, at 16th and Fort Streets.

Bill Whitcomb, a race relations mediator with the Kansas City office of the U.S. Department of Justice, will be in Omaha next week to lead three discussions on race relations and develop a plan to address the issue, Stennis Williams said.

One of those meetings, a forum scheduled for March 15 at 6:30 p.m., is open to the public. Whitcomb also will lead a meeting with community leaders and another with elected officials.

Stennis Williams said others have told her of racial tensions in the area.

"It was an embarrassment to me to realize we're dealing with this in the 21st century," Stennis Williams said.

More than two dozen people attended Sunday's community meeting. Contributing to Sunday's discussion were Tommie Wilson, president of the Omaha chapter of the NAACP; Tristan Bonn, Omaha's former public safety auditor; and representatives of the Anti-Defamation League.

Some of the neighbors attending were interested in talking about the racism that they say plagues their community. But at least one, an older woman, was fearful enough of reprisal in the neighborhood that she asked not to be identified.

Others expressed exasperation at continuing vandalism, retaliation and slow police response in east Omaha neighborhoods.

Most people came to support Goshime, who allowed neighbors to remove goods from the damaged store.

"Here is a community that is pissed off at what is going on and what happened," said the Rev. Ken Vavrina, pastor of St. Therese. "(Goshime) is a great example for us all."

One woman, moved to tears, invited Goshime to her home for dinner. A man in the audience likened Goshime to Mother Teresa and the Rev. Martin Luther King Jr.

Vavrina suggested that Goshime be elected businessman of the year, then went a step further and hailed him the next president of the United States as the audience applauded.

"If you have the courage and wherewithal to reopen, 99 percent of the community will support you and patronize you," Vavrina said.

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Goshime said he had not yet decided whether to rebuild in the same location. And concerning the racist people in the world, he said: "We have to teach them peace and love."

Police have not yet made an arrest.

Ruling Awaited On Contested Ga. Tech Policies (WT)

By Joyce Howard Price

The Washington Times, March 5, 2007

Two women whose 2006 lawsuit against the Georgia Institute of Technology led to the repeal of the school's speech code await a federal judge's opinion on two other unresolved issues in their civil rights case.

Plaintiffs Ruth Malhotra and Orit T. Sklar -- both conservative student leaders at Georgia Tech -- say a ruling is pending by U.S. District Judge J. Owen Forrester of the Northern District of Georgia on their requests to overturn a school policy that bans funding of religious and political groups with student activity fees and to shut down an administration-run program that challenges biblical doctrine concerning homosexuality.

"The clock is ticking away" on the rest of Judge Forrester's decision, which "could come at any time," said David French, director of the Alliance Defense Fund Center for Academic Freedom, which is representing Miss Malhotra, a graduate student in international affairs from Georgia, and Miss Sklar, a senior in Tech's undergraduate civil-engineering program.

Mr. French describes ADF as a "Christian public-interest legal organization" that promotes religious liberty on college campuses.

The plaintiffs and ADF brought the lawsuit a year ago, claiming that Tech's policies designed to protect students from intolerance actually discriminated against conservative religious students who speak out against issues such as homosexuality, abortion and feminism.

Miss Malhotra accused Georgia Tech of "unlawfully promoting its own [left-wing] agenda while stifling the free expression" of students who hold positions the institution does not share. Both women have been active in College Republicans.

A spokesman for Georgia Tech declined last week to discuss the students' suit, saying the case is in the hands of the Georgia state Attorney General's Office.

"We got a great victory in August, when Judge Forrester repealed Georgia Tech's speech code," Miss Malhotra said.

She said her Christian faith compels her to denounce homosexuality. But Tech had a policy that banned speech about sexual orientation that people may find offensive.

Charging "viewpoint discrimination," Miss Malhotra cited prior incidents in which Tech blocked protests she staged against an affirmation-action rally and a play.

In his ruling last summer, Judge Forrester ordered Tech to delete wording from its speech code that prohibits students from any attempt to "injure, harm" or "malign" a person because of "race, religious belief, color, sexual/affectational orientation, national origin, disability, age or gender."

Miss Malhotra said she is eager to have the court address the school's involvement in a program called "Safe Space" that she says "endorses some religions and denigrates others," depending on their view of homosexuality.

Miss Malhotra points out that she is a Southern Baptist and knows that members of her faith have been condemned in the program because of their objections to homosexuality.

As for the plaintiffs' bid to force Tech to allow private religious and political groups to receive funding from student activities fees, Mr. French and Miss Malhotra said they find it inconsistent that the school recently funded "Islamic Awareness Week."

Disabled Woman Is Able Ally For Parents (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, March 5, 2007

A Denver mom is legally blind, in a wheelchair and determined to keep her children. As a lawyer, she battles for others in similar spots.

Denver — CARRIE Ann Lucas is confined to a wheelchair. She breathes with the aid of a ventilator. She cannot hear and can see only at close range.

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She begins most days about 4 a.m. with newspapers and e-mails. About 5:30, she wakes her three disabled daughters. She and an aide dress the two who use wheelchairs. The girls cannot feed themselves, so Lucas and the aide plug feeding tubes into their bellies. She pours cereal for the one daughter who can eat on her own. She puts the girls on their school buses, the last leaving by 7:10.

Lucas cherishes these mornings, tough as they are, because she knows how hard it is to keep a family together.

She is one of a handful of attorneys in the country whose specialty is representing disabled parents like herself. Her mission: making sure they get the same chance as everyone else to be moms and dads.

According to the U.S. Census Bureau, 15% of all parents with children in the household have some disability. These parents are far more likely to have the government try to take their children away. Even Lucas lives in fear that social services may seize her children. She knows the sorrow of losing a child — a 7-year-old girl whom she wanted to adopt was taken from her after a difficult court fight.

"I love my kids so much and I love being a parent so much, and I know my [clients] do too," said Lucas, 35, a wisecracking woman who once wrote an essay titled "one of the many joys of crip parenting."

"My clients have fought and fought and fought" to raise their children, she said. Her brassy voice wobbled as her eyes watered behind her tinted glasses. "It's just discrimination."

Lucas works her cases out of a seventh-floor office at the Colorado Cross-Disability Coalition in central Denver. The walls are papered with magazine articles about disabled parents. A bumper sticker in the shape of a shark that reads "Lawyer" is prominently displayed. More disabled people seek help from the coalition than Lucas, who carries about a dozen cases at a time, can handle.

Among those she has worked with was a deaf woman in suburban Denver, whose two toddlers were taken away and put up for adoption after social workers deemed her an unfit mother because she could not hear her children's cries for attention. Lucas could identify with her — she sleeps with a sound-activated pager that vibrates when one of her daughters calls for her.

She advised attorneys for a wheelchair-bound mother in Montana who fended off requirements from social services that someone who could walk be in the house 24 hours a day if her kids were to live there.

Another client, a blind woman in Denver, was refused treatment at a fertility clinic because the staff there did not think she could be a proper mother. She was asked: "How are you going to drive your kid to soccer practice?" The woman lost: A jury ruled that the clinic had no obligation to treat her.

"It's really indicative of how people view parents with disabilities," Lucas said.

STILL, Lucas readily acknowledges that some disabled people should not be parents. She herself admits that she's not a perfect parent. "I'm sure there are people who can do a better job than I can," Lucas said. A wealthier mother could afford to stay home with the children, but that wouldn't be a legitimate reason to take them, she said.

"We shouldn't be social-engineering families," Lucas said, "on the basis of things like poverty and disabilities."

The Lucas family lives in a middle-class neighborhood in south Denver, with a huge honey locust tree in the frontyard and a short ramp to the front door. With ample space to turn wheelchairs, all Lucas had to do to make the house accessible was widen doorways to accommodate wheelchairs and lower kitchen and bathroom sinks and

counters.

On a recent Sunday afternoon, Lucas wheeled into the living room, where bookshelves overflowed with law books. Propped on a shelf was a stuffed figure of Timmy, a character in a wheelchair from the cartoon "South Park." Heather, the oldest child, lay on the floor. She suffers from a rare condition that has left her deaf, unable to walk or fully sign, and looking far younger than her 16 years. Lucas pivoted Heather to face a box of toys and games, but the teen seemed uninterested. "She's mad about something," Lucas guessed.

In the middle of the room, transfixed by images on the flat-screen television, were Lucas' two other children, Adrianne, 8, who has cerebral palsy and uses a wheelchair, and Asiza, 11, who has a mild developmental disability. Asiza was bouncing as she watched a singsong segment showing children how to communicate in sign language.

Lucas turned to Adrianne and asked, "Can you sign 'imagination'?" Lucas tickled her daughter, who smiled and turned back to the show.

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At the kitchen table, Lucas' younger sister, Courtney Lucas, 32, was making cookies. Courtney was working as Lucas' aide that Sunday. (Lucas gets assistance at home every day from helpers paid by Medicaid, and an assistant drives her to court appearances.) Courtney proudly talked about her sister: "She has, as long as I can remember, been the most stubborn person I've ever met. She's never been one to let anyone tell her she can't do something."

CARRIE Ann Lucas grew up in a small town 57 miles northeast of Denver. She was healthy in her youth, playing basketball and running track. She went to college in Washington state and studied sports medicine. There she began developing unexplained bone tumors and excruciating muscle pain.

After graduation in 1993, Lucas moved to Saipan, where she taught at a beachfront school and scuba-dived regularly. Her illness advanced, and she had to go to Guam and Hawaii for medical treatment. She returned to Colorado after two years, and was eventually diagnosed with a rare degenerative disease called central core disorder that she knew would impose limits on her. She began using a wheelchair and lost her hearing.

She enrolled in seminary, but found that a pastor's life was not for her. "I'm just not that much of a touchy-feely person," she said.

Then, in 2000, Heather entered her world.

Social workers had taken Heather from Lucas' half-brother in Tennessee and placed her in foster care. When Lucas heard this, she made a snap decision. "I wasn't about to let my niece stay in foster care," she said.

Tennessee was skeptical Lucas would be a good parent. The caseworker made Lucas demonstrate repeatedly that she could care for the girl and required that she prove she could lift Heather's wheelchair into her rented van. She visited her niece several times and filled out form after form for almost a year — while the child was in a Tennessee foster home — before Tennessee let her adopt Heather.

Back in Colorado, Lucas ran into trouble. The straps on Heather's wheelchair clearly made her uncomfortable, so Lucas got rid of the restraints. One of Heather's teachers reported Lucas to social services for modifying the chair. Another reported Lucas for failing to cut her daughter's hair, saying she had unrealistically high expectations for the child's social life by letting her hair grow out.

The complaints, though resolved in her favor, were an indication of the scrutiny that disabled parents face.

But that did not stop her from wanting to adopt Ariana, a 7-year-old in a wheelchair whose biological parents were giving her up. In Lucas' home with its lowered sink, Ariana was able to get herself a glass of water for the first time. "It was a level of mobility and access she'd never experienced," Lucas said.

Then Ariana's aunt and uncle decided they wanted to adopt the child. As biological relatives, they had priority. After 10 months, Lucas lost custody.

"Losing my kid was one of the worst things I've been through," Lucas said. It took three years before she was emotionally ready to adopt her other two children.

At the time, Lucas was working as a legal assistant at the Cross-Disability Coalition, where disabled parents sought help to hold on to their children. Even some of the group's disabled executives and board members found themselves fighting for their rights as parents.

"We realized if that's happening to us, who're really connected, who know our stuff, are professionals with advanced degrees, what's happening to other people?" Lucas said.

SHE enrolled in law school at the University of Denver. Her vision began to fail, and she added Braille to civil procedure and evidence as study subjects. She graduated in 2005, by then legally blind but able to scan documents and lip-read at close range.

The Cross-Disability Coalition has another lawyer who mainly handles accessibility and employment discrimination cases, but was eager to have Lucas help parents full time. The group struggled to find a way to fund her position, finally securing a grant from the law firm Greenberg Traurig.

Lee Dancer, 39, feels lucky that he found Lucas. The airport concession worker has an IQ of 73, and social services took his newborn daughter more than two years ago. After years of court battles, Dancer went online and searched for attorneys who could help. "Even though she's got all these disabilities," Dancer said of Lucas, "she doesn't let anyone walk over her."

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It was just in time — the state had moved to terminate his parental rights, which could prevent him from seeing his daughter again.

"This is a very heartbreaking case," Donna Schmalberger, an assistant Arapahoe County attorney, told a judge last month as the trial opened in a suburban courthouse. Dancer and the girl's mother, who has a mild developmental disability, "desperately want to be able to parent [the child] but simply are not able to."

The case is ongoing, and Lucas sees it as another example of the government being too critical of disabled parents. She noted that Dancer had no problems helping to raise a 13-year-old son from another relationship. "Every parent can improve," she said, "but his skills are adequate."

Dancer's daughter is developmentally disabled, and one of Lucas' arguments for disabled parents is that they can serve as strong role models. It's why Lucas has gone out of her way to adopt disabled children.

Back in the Lucas home on that Sunday afternoon, Lucas and her sister split feeding duties. Courtney inserted a syringe of high-protein fluid into the tube that plugs into a shunt in Adrianne's belly while Lucas did the same with Heather. Asiza and Courtney's son Gavin frolicked around the living room.

Talk turned to past family camping trips in wheelchair-accessible cabins and an upcoming vacation to Florida. Then Asiza dashed up to Lucas and said, out of the blue: "Can I be a cowboy?"

Lucas turned in her wheelchair, fixed her glasses at Asiza, and reassured her child with words mothers have used for ages. "You," Lucas said firmly, "can be whatever you want to be."

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NAACP Leader Quits Over Group's Focus (WT/AP)

By Erin Texeira

The Washington Times, March 5, 2007

NEW YORK -- NAACP President Bruce S. Gordon is quitting the civil rights organization, leaving after just 19 months at the helm, citing growing strain with board members over the group's style and operations.

"I believe that any organization that's going to be effective will only be effective if the board and the CEO are aligned, and I don't think we are aligned," Mr. Gordon said yesterday. "This compromises the ability of the board to be as effective as it can be."

Mr. Gordon said he will give up his duties before month's end. He spoke to AP by phone from Los Angeles, where he had attended the NAACP Image Awards.

Dennis C. Hayes, general counsel of the Baltimore-based National Association for the Advancement of Colored People (NAACP), is expected to serve as interim president, Mr. Gordon said. Mr. Hayes filled the same role after Kweisi Mfume resigned the presidency in 2004 after nine years.

Mr. Gordon said that while the NAACP is an advocacy organization, it needs to be more focused on service and finding solutions.

"I'm used to a CEO running an organization, with the board approving strategy and policy," Mr. Gordon said. "But the NAACP board is very much involved."

He said he made the decision in recent weeks and told the board at its annual meeting in New York in mid-February. NAACP leaders were surprised by his decision and engaged in hours of discussion, he said.

"They expressed disappointment," Mr. Gordon said. "We attempted to see whether there was a way to continue, but that didn't happen."

Asked about his plans after leaving the NAACP, Mr. Gordon said: "I'm going to catch my breath."

"What I've clearly learned in my tenure here is that all is not well in black America, that's for sure," he said. "I believe I have a lot to offer. I've got to find a way to be engaged that optimizes what it is I bring to the table. My intention is not to disengage, but to find a different way."

NAACP spokesman Richard McIntire declined to comment.

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Mr. Gordon, 61, was a surprise pick for the NAACP's top post. When he took over on Aug. 1, 2005, he had no track record in traditional civil rights circles. He had spent 35 years in the telecommunications industry and retired in 2003 from his post as president of the Retail Markets Group for Verizon Corp.

Critics said he wouldn't be a good fit for the nearly 98-year-old organization.

However, he smoothed strained relations between the NAACP and the White House, meeting with President Bush three times in less than a year. He used his corporate ties to lend quick assistance to black New Orleans residents after Hurricane Katrina in 2005. And he hired a number of key national employees whose reputations inspired staff members.

Mr. Gordon "brought a level of competence that we hadn't had," Julian Bond, chairman of the board, said last year.

Mr. Bond has acknowledged that, with 64 members, the NAACP's board of directors is large and sometimes unwieldy. But he has defended it, saying it allows a wide range of members' voices to be heard.

Ronald Walters, a University of Maryland political science professor, was surprised at the news but added that he had suspected that Mr. Gordon may not fit in at the NAACP.

"I thought very early on that there might be a cultural conflict," Mr. Walters said. "Somebody who came out of a corporate culture and was used to a set of agenda items and management style in one field might not have been able to make the adjustment totally to another field."

Willis Edwards, a board member from Los Angeles, said: "We tried a certain type of guy, a business guy. We didn't have a civil rights guy. Maybe he had a different philosophy of what a civil rights organization is about."

Rupert Richardson, a board member from Louisiana, said it was clear Mr. Gordon wanted the NAACP to do more social service work, but that was not the decades-old mission of the group.

"I think he saw his job as remaking us to make us more effective, but his job was to do what the board and management wanted," she said. "He was not a good fit for us."

President Is Leaving N.A.A.C.P. (NYT)

By Raymond Hernandez

The New York Times, March 5, 2007

WASHINGTON, March 4 — The president of the National Association for the Advancement of Colored People said on Sunday that he was stepping down after only 19 months on the job, signaling divisions within the organization, the nation's oldest and largest civil rights group.

The president, Bruce S. Gordon, 61, a former Verizon executive who was relatively unknown in the civil rights community when he was tapped to run the N.A.A.C.P., said he resigned because of differences with the board over his role and the direction of the organization.

"In order for any organization to be effective, there has to be a tight alignment between the C.E.O. and the board," Mr. Gordon said. "That alignment in this case does not exist."

In interviews, black leaders close to the organization said the reasons behind his departure stemmed from a dispute over its future role in a nation where the battlefront for civil rights has shifted.

"We want it to be a social justice organization; he wanted it to be more of a social service organization," said Julian Bond, the chairman of the N.A.A.C.P. board. "Our mission is to fight racial discrimination and provide social justice. Social service organizations deal with the effects of racial discrimination. We deal with the beast itself.

"There are many organizations that provide social services," Mr. Bond continued. "We say, 'Good for them.' But we are one of the very few that provide social justice. It is popular to say that we are in a post-civil rights period, but we don't believe that."

Mr. Gordon said he did not believe that the organization should abandon its civil rights mission but rather that it should expand its role to include providing social services. "This is not an either/or," he said. "There needs to be the right balance between advocacy and service."

"It would be insane to give up on advocacy," he continued. "I just think we can do more than that, and should."

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The news of Mr. Gordon's resignation came on a pivotal day for civil rights advocates, as hundreds of people, including longtime civil rights activists and politicians, traveled to Selma, Ala., to commemorate the 42nd anniversary of Bloody Sunday, a police attack on civil rights protesters that became a turning point in the struggle for black voting rights.

The news shook civil rights advocates and diverted attention from the celebrations in Selma, where Senators Barack Obama and Hillary Rodham Clinton, who are running for president, were among those on hand to pay homage to the leaders of the Bloody Sunday march.

"On a day when you had so many positive signs that there was new life in the civil rights movement, to hear of Bruce's departure is surprising and shocking," said Donna Brazile, a Democratic strategist who is black. "We all pray that the N.A.A.C.P. is able to recover and regroup."

Ms. Brazile added, "To have the nation's oldest and largest civil rights organization without a leader is troublesome."

Mr. Gordon made the decision to resign in recent weeks and told the executive committee at its annual meeting in New York City in mid-February, Mr. Bond said.

Mr. Gordon said he would leave the post before the end of the month. Mr. Bond said Dennis C. Hayes, the organization's general counsel, would serve as interim president until a permanent replacement was selected.

When he was named in June 2005 to succeed Kweisi Mfume, a former member of the House of Representatives, as president of the N.A.A.C.P., Mr. Gordon took over a 500,000-member organization that was beset by a series of problems that raised serious concerns about its long-term viability, including revenue shortfalls and stagnant membership.

The organization also faced ethical questions about Mr. Mfume, who had been accused of giving raises and promotions to women at the N.A.A.C.P. with whom he had had relationships. Mr. Mfume denied the accusations and cited the need to spend more time with his youngest son when he resigned.

In taking the helm at the organization in July 2005, Mr. Gordon said he would apply his 35 years' experience in corporate America to push the N.A.A.C.P. toward a more economic-based approach to civil rights, including prodding pension funds and corporations to hire more black managers.

"We've got to get the right emphasis placed on economic equality," Mr. Gordon said in an interview shortly after being named president. "I happen to think that when you have economic stability and equality that often becomes an enabler for social equality."

From the start, there were questions about whether he was a good fit for the organization. Since its founding in 1909, it had been led by lawyers, ministers and, in Mr. Mfume's case, a politician, with backgrounds in the civil rights struggle.

But Mr. Gordon was a creature of the corporate boardroom. After earning a bachelor's degree from Gettysburg College and a master's from the Massachusetts Institute of Technology, Mr. Gordon went to work at Bell of Pennsylvania and spent the rest of his corporate career in the telecommunications industry. Before retiring from Verizon in 2003, he was president of the retail markets group.

His supporters said his lack of overt political activism and his corporate ties would make it easier for him to work with Republicans, particularly President Bush, who had a strained relationship with the organization. But others in the civil rights movement questioned whether he would lead the group away from its tradition of political confrontation.

Mr. Gordon's difficulties with the board went beyond philosophical differences. Several people close to the organization said he thought the board was too meddlesome and did not give him the authority he felt he should have to run the organization. Members of the board, in turn, resented what they regarded as his belief that they were merely there to rubber-stamp his policies, these people said.

Mr. Gordon made reference to these tensions on Sunday. "I did not take this role to follow orders," he said, while acknowledging that he needed the board to approve his agenda.

The news of Mr. Gordon's resignation caught many people in and out of the organization off guard.

Alice Huffman, a national board member from California, said that she was "stunned" by news of Mr. Gordon's resignation on Sunday and noted that board members had told him before he was hired that the organization's focus was civil rights, not social services.

"He knew that coming in," Ms. Huffman said. "I'm really sad he opted to bail out so soon."

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NAACP President Quits, Cites Conflicts (WP)

By Darryl Fears

The Washington Post, March 5, 2007

Bruce S. Gordon, the former telecom executive who was named NAACP president in a surprise choice less than two years ago, has resigned after a long-running disagreement with the group's 64-member board over how to steward the nation's oldest and largest civil rights organization.

Gordon's confirmation yesterday in Los Angeles that he quit the NAACP's leadership caught numerous members by surprise, including Lorraine Miller, president of the District's chapter, and the Rev. Morris L. Shearin, the chapter's vice president, who also is a member of the national board of directors.

Friction between the president and a micromanaging board is a fact of life at the NAACP, members said, but Shearin said "I never knew" things were this bad.

The Rev. Benjamin Hooks of Memphis, who served as NAACP president for more than 15 years, said in a telephone interview that he was "very surprised" by the resignation because "I thought things were moving along smoothly."

Hooks said his relationship with the NAACP board was also strained when he took over the organization in 1977, but within a short time that changed. "After I had been there a year or two, when they trusted me, I ran it lock, stock and barrel," he said. "But they have to believe in you. I had no trouble for a number of years, but I had trouble at first."

When Gordon, 61, was selected president in June 2005, succeeding former congressman Kweisi Mfume (D-Md.), Hooks said he offered some advice: "I cautioned Brother Gordon that he would have some problems. The board wants to do a number of things."

Dennis C. Hayes, who ran the Baltimore-based organization as interim president after Mfume resigned in December 2004, after nine years at the helm, will again assume that role as a search committee looks for a replacement. Gordon is expected to leave the job by month's end.

Gordon was en route to New York yesterday and could not be reached for comment. NAACP Chairman Julian Bond did not respond to messages.

The Associated Press first reported Gordon's resignation. "I believe that any organization that's going to be effective will only be effective if the board and the CEO are aligned, and I don't think we are aligned," Gordon told the news agency.

In choosing Gordon, the NAACP veered from its tradition of selecting ministers, politicians and civil rights figures. Gordon's strong management skills and fundraising ability as a former Verizon Communications Inc. executive factored into why he was selected to run the 500,000-member NAACP. The organization struggled financially in the mid-1990s before Myrlie Evers-Williams, widow of slain Mississippi civil rights leader Medgar Evers, took over as chairman and began to eliminate massive debt.

The group's $27 million operating budget has been criticized as paltry, and the size of its membership has been the same since the 1940s.

During his tenure, Gordon closed the rift between the 98-year-old NAACP and the White House. In July, President Bush addressed the organization's annual convention in Washington. With the speech, Bush avoided becoming the first president since Warren G. Harding not to address the most recognized black American rights group throughout his term.

The NAACP was among the organizations that strongly challenged the results of the Florida balloting in the 2000 presidential election, which was ultimately decided in Bush's favor. In the run-up to his reelection, Bond referred to far-right members of the Republican Party as "the Taliban wing." Mfume routinely criticized the administration's policies.

In 2004, the Internal Revenue Service threatened to revoke the NAACP's nonpartisan, tax-exempt status because Bond "condemned the administration policies of George W. Bush" in a speech, according to documents provided by NAACP lawyers.

Gordon's push to move the NAACP's headquarters to Washington was embraced by numerous board members, including Bond, but was unpopular with executive committee members because it would increase costs, according to a member who is familiar with the talks.

Education, Education, Education (NYT)

DOJ_NMG_0139373

By Bob Herbert

The New York Times, March 5, 2007

It's an article of faith that the key to success in real estate is location, location, location.

For young black boys looking ahead to a difficult walk in life, the mantra should be education, education, education.

We've watched for decades — watched in horror, actually — as the lives of so many young blacks, men and boys especially, have been consumed by drugs, crime, poverty, ignorance, racial prejudice, misguided social pressures, and so on.

At the same time, millions of blacks have thrived, building strong families and successful careers at rates previously unseen. By far, the most important difference between these two very large groups has been educational attainment.

If anything, the role that education plays in the life prospects of black Americans is even more dramatic than in the population as a whole. It's the closest thing to a magic potion for black people that I can think of. For boys and men, it is very often the antidote to prison or an early grave.

A new report from the Center for Labor Market Studies at Northeastern University in Boston tells us that young adults in general have been struggling in the labor market. Many have been left behind by the modest economic recovery of the past few years, especially those with limited education credentials.

The report, which focuses on black males, emphasizes the importance of education in overcoming this tough employment environment:

"For males in each of the three race-ethnic groups (blacks, Hispanics and whites), employment rates in 2005 increased steadily and strongly with their educational attainment. This was especially true for black males, for whom employment rates rose from a low of 33 percent among high school dropouts to 57 percent among high school graduates, and to a high of 86 percent among four-year college graduates.

"The fact that only one of every three young black male high school dropouts was able to obtain any type of job during an average month in 2005 should be viewed as particularly distressing, since many of these young men will end up being involved in criminal activities during their late teens and early 20s and then bear the severe economic consequences for convictions and incarcerations over the remainder of their working lives."

There is no way, in my opinion, for blacks to focus too much or too obsessively on education. It's the fuel that powers not just the race for success but the quest for a happy life. It represents the flip side of failure.

The differences in rates of employment between white men and black men narrow considerably as black men gain additional schooling. After comparing the percentage of the male population that is employed in each race or ethnic group, the Northeastern study found:

"The gap in [employment to population] ratios between young white and black males narrows from 20 percentage points among high school dropouts, to 16 percentage points among high school graduates, to eight percentage points among those men completing 1-3 years of college, and to only two percentage points for four-year college graduates."

For anyone deluded enough to question whether education is the ticket to a better life for black boys and men, consider that a black male who drops out of high school is 60 times more likely to find himself in prison than one with a bachelor's degree.

Black males who graduate from a four-year college will make, over the course of a lifetime, more than twice the mean earnings of a black high school graduate, which is a difference of more than a million dollars.

According to the study, "Black males with college degrees and strong literacy/math skills also are far more likely to marry and live with their children and pay substantially more in taxes to state and national government than they receive in cash and in-kind benefits."

This is not a close-call issue. It is becoming very hard for anyone to succeed in this society without a college education. To leave school without even a high school education, as so many males — and especially black males — are doing, is extremely self-destructive.

The effort to bolster the educational background of black men has to begin very early. It's extremely difficult to turn a high school dropout into a college graduate. This effort can succeed on a large scale only if there is a cultural change in the black community — a powerful change that acknowledges as the 21st century unfolds that there is no more important life tool for black children than education, education, education.

DOJ_NMG_0139374

Governor Gunslinger (NYT)

The New York Times, March 5, 2007

A sleepy breakfast with New York City business and civic leaders last week turned into another lively battleground for Gov. Eliot Spitzer. As he defended his efforts to rein in Medicaid spending, representatives of the hospitals and health workers fumed in the front row, especially when he contradicted their mawkish television ads. When a reporter later mentioned how Mr. Spitzer had come out "guns blazing" at the health establishment, he smiled and warned, "that wasn't guns going."

Using such tactics, the governor has an impressive list of victories so far. In his first two months, he has chalked up reforms of the budget process, state ethics, and a workers' compensation system widely viewed as the worst in the country. A campaign finance reform agreement is also said to be close. These are problems that have been mired for years in Albany's political quicksand.

As with all such successes, there are some problems. In the case of workers' comp, for example, there are still questions about how insurance companies can be persuaded to lower costs of compensation insurance. Mr. Spitzer has also had one notable loss so far, his effort to get an experienced hand to take over as the new state comptroller. The Assembly Democrats chose one of their own.

Mr. Spitzer's one reform to date that is troubling is last week's agreement on civil confinement legislation for dealing with sexual predators. It would be a profound shift in how the state treats those who have already served their time, and would mean locking people up for crimes they might commit in the future. The Legislature should hold new hearings to assess the wisdom of this specific proposal. The Spitzer confinement laws should not become this administration's version of the unfair Rockefeller drug laws.

For all of his early successes, Mr. Spitzer has not yet managed to change the way things get done in Albany. These reforms were largely worked out the old-fashioned way — in the back rooms of the State Capitol. It makes sense that Mr. Spitzer wanted to push through some early victories, but if he plans to succeed over time, he should be doing more to bring the public into the discussion.

Polls show that Mr. Spitzer is enormously popular, and that the public backs his efforts to shake up state government. When the going gets rough, as it surely will, having the strong support of the public may be the most powerful weapon in his arsenal.

ANTITRUST:

The Big Deal Goes Green (TIME)

By Cathy Booth Thomas

Time, March 5, 2007

Al Gore, take another bow. Hollywood is not the only place concerned about global warming. Now Wall Street is worried too. On Feb. 25, the Texas utility TXU Corp. agreed to a proposed $45 billion buyout--the biggest deal ever to take a public company private--with major environmental initiatives attached.

Turns out the barbarians at the gate--Henry Kravis of Kohlberg Kravis Roberts & Co. and David Bonderman of Texas Pacific Group (TPG)--have a little tree hugger in them. Even before the deal with TXU was sealed, the buyout shops called up environmentalists and, in a 17-hr. meeting at San Francisco's Mandarin Oriental Hotel, agreed to roll back carbon emissions from all TXU power plants to 1990 levels by 2020. Four days later, the company's board accepted the buyout offer, agreeing to drop controversial plans for eight of 11 new coal-fired power plants and to support a federal cap on carbon emissions.

TPG's man in the negotiations, William Reilly, who was Environmental Protection Agency chief under the first President Bush, tells TIME the pre-deal deal with Environmental Defense and the Natural Resources Defense Council was not just a nicety. "Although this might have been doable without an environmental commitment, it would not have been done with us," says Reilly. "If you're going to do an energy investment today, you have to take into account the concerns people have about climate change." The motive is one part caring about the planet and one part turning around the p.r. nightmare that was threatening TXU's future projects.

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The deal has implications far beyond Texas. The Lone Star State is No. 7 in the world for greenhouse gases (emitting more CO2 than Britain), and TXU is the state's biggest corporate contributor. Those 11 coal-fired plants would have thrown off 78 tons of carbon dioxide a year--double the savings expected from California's Clean Cars legislation, passed last year. The buyout firms promised not only to halt eight of the Texas plants but also to terminate plans for coal-fired operations in New Jersey, Virginia and Maryland--a recognition that momentum is growing in Washington for legislation to mandate caps on carbon emissions. On Feb. 26, California and four other states agreed to establish within 18 months a market to trade emission credits. TXU, as part of its agreement, plans to join DuPont, Alcoa, General Electric and seven other firms in pushing Congress for a national cap-and-trade program, that would give companies "credits" for carbon emissions to use--or sell at a profit. It's a win for the environment, notes Reilly, and not bad for the bottom line either.

Intellectual Property Verdicts Exceed $1.3 Billion In 2006 (LAW)

By Sheri Qualters, The National Law Journal

National Law Journal, March 5, 2007

Companies -- especially in the tech sector -- are prepared to go to the mat to protect intangible assets

Finisar Corp. employs dozens of Ph.D.-level scientists to create technology for its high-speed data communication components and testing business, but one of the company's most lucrative inventions may be a patent outside of its core business that generated a court victory worth $117.3 million last year.

In June 2006, the Sunnyvale, Calif.-based Finisar won a $78.9 million jury verdict in a patent infringement case against broadcast satellite company The DirecTV Group Inc. of El Segundo, Calif. Although appeals are in the works, fines are racking up, including a judge's $25 million enhancement for willful infringement and $13.4 million for prejudgment interest, post-judgment interest and a compulsory license. Finisar Corp. v. DirecTV Group Inc., No. 05-00264 (E.D. Texas).

Amid a worldwide market expansion for technology products, the Finisar case is one of a burgeoning number of blockbuster verdicts in intellectual property cases. These verdicts exceeded $1.3 billion in 2006, according to VerdictSearch, an affiliate of the National Law Journal, and our own research.

There's a direct correlation between intellectual property jury verdicts and the importance of the technology protected by the patent, said Eric Maschoff, a shareholder at Workman Nydegger of Salt Lake City, who served as Finisar's lead patent prosecution counsel on the case. "Companies are looking more and more towards their intellectual property portfolio as an asset, and they're exploiting that asset," Maschoff said.

Lawyers report that the sheer market size of high-technology products based on the patents in those portfolios can lead to massive infringement verdicts. Companies' rising inclination to bring such cases to trial, and the emergence of high-tech courtrooms that enable the use of animation and other visual aids, also boost the possibility of gargantuan verdicts.

The verdict in Finisar was much lower than Finisar's requested $1.7 billion, an amount representing 3 percent of its gross revenue during the alleged infringement period of about six years, said DirecTV's lead trial lawyer, Victor Savikas, a partner in Jones Day's Los Angeles office.

Savikas also noted the link between a company's sales and a jury verdict in a patent infringement case.

"Successful businesses generate lots of money and become big targets," he said. "DirecTV has millions of subscribers and the damage period is a six-year time span. Creative plaintiffs get a chance to put lots of numbers in front of the jury."

Similarly, annual sales of tens of millions of dollars in the dynamic random access memory (DRAM) computer memory chip market was a factor in Rambus Inc.'s $306.9 million jury verdict against Hynix Semiconductor Inc., said Rambus lawyer Gregory Stone of Los Angeles-based Munger, Tolles & Olson. The Los Altos, Calif.-based Rambus develops and licenses DRAM while Hynix, of Icheon, Korea, makes DRAM chips. Hynix Semiconductor Inc. v. Rambus Inc., No. 00-20905 (N.D. Calif.).

Even after the judgment was reduced on remittitur, Hynix still owes $133.6 million. Another phase of the trial is under way, so it's too soon for an appeal.

"My case reflects a very large industry being involved in a series of problems, from price-fixing to patent infringement," Stone said.

DOJ_NMG_0139376

As of December, the U.S. Department of Justice had fined companies in the DRAM industry more than $732 million for price-fixing.

Hynix lawyer Daniel Furniss of the Palo Alto, Calif., office of San Francisco-based Townsend and Townsend and Crew agreed that DRAM's "huge royalty base" played a role in the numbers.

"There's DRAM in every computer in the world," Furniss said. "Every computer has at least five and more likely 15 or 20. You have a large base."

A global market and colossal sales of technology products are part of the story. A willingness to take disputes all the way through a trial is another factor, said Larry Laycock, a Workman Nydegger partner who led Finisar's trial team.

Earlier in his career, Laycock saw many cases like Finisar settle before trial. "The rise in the number of large verdicts is due to the number of cases wending their way to trial," he said.

Finisar, for example, decided several years ago to develop its patent portfolio to protect its technology development, and a court case is the next step in that process, said Maschoff. "The [case against] DirecTV is an example of seeing some advantage come out of Finisar's effort," he said. "They're able to use the court system as a means to do that."

Litigation goes through cycles, said Ernie Brooks, president of Southfield, Mich.-based intellectual property boutique Brooks Kushman. Antitrust verdicts were common in the 1960s and 1970s, but today they're rarely seen. These days, the culture is receptive to intellectual property litigation. "It's a question of cultural or societal set of conditions and what legal barriers are in sync and supported by the culture," he said.

Brooks' team won a $115 million verdict against Microsoft Corp. of Redmond, Wash., and $18 million against San Rafael, Calif.-based software company Autodesk Inc. for z4 Technologies Inc., an anti-piracy technology company. Microsoft's verdict has since been enhanced by $25 million for willful infringement, and the Commerce Township, Mich.-based z4 reached a confidential settlement with Autodesk. z4 Technologies Inc. v. Microsoft Corp., No. 06-00142 (E.D. Texas).

Although verdicts of more than $10 million are increasingly common, Professor Paul Janicke at the University of Houston Law Center, who has tracked jury verdicts in the Eastern District of Texas, concluded that tales of runaway patent juries are "strictly anecdotal." Janicke has seen plenty of verdicts below $3 million, including some below $1 million.

Janicke is studying intellectual property verdicts at such top jurisdictions as the Central and Northern districts of California and the Eastern District of Texas, along with Delaware, a lower-ranked but popular East Coast venue.

"My feeling is that [verdict averages are] a lot lower than the financial press has been suggesting," Janicke said.

Because ending the infringement is often the chief objective, many companies file patent infringement cases soon after a violation begins. Quick filings produce small accumulated damages, he said. "For ongoing business entities, the injunction is what is mainly moving them," Janicke said.

In Finisar's case, the patent covering data transmission via satellite was invented during the company's startup days, but the company never commercialized the technology. Finisar offered licenses to DirecTV's predecessor company and then DirecTV when it learned of the infringement, Laycock said. Finisar has grown into a public company with $364.3 million in annual sales, and enforcing the patent through the courts was "the right thing to do for its shareholders," Laycock said.

Using plain, everyday language is key, said one of Texas Instruments Inc.'s trial lawyers, Liza Walsh of Roseland, N.J.-based Connell Foley. In a case against GlobespanVirata Inc., the team for Dallas-based Texas Instruments used visuals that depicted digital subscriber line (DSL) signals, which are used for high-speed Internet service, as trucks and cars passing each other in lanes.

The visuals helped Texas Instruments seal a $112 million infringement verdict against GlobespanVirata, which was acquired by Newport Beach, Calif.-based Conexant Systems Inc. before the trial, said Walsh, who served as co-counsel on the case with Heller Ehrman attorneys. GlobespanVirata Inc. v. Texas Instruments, No. 03-02854 (D.N.J.).

"If I had any advice it would be make it simple, through plain speaking, plain language, and reduce the technology to something everyday men and women understand," Walsh said.

N.Y. Federal Judge Rebuffs Recusal Motion Citing Clients Of Husband's Firm (LAW)

By Beth Bar, New York Law Journal

DOJ_NMG_0139377

New York Law Journal, March 5, 2007

A federal judge has rejected a request that she recuse herself from a high-profile litigation involving the music industry on the ground that her attorney husband and his firm have represented some of the defendants in other matters.

Lead attorneys for plaintiffs in the case expressed concern that because Southern District of New York Judge Loretta A. Preska's husband, Thomas J. Kavaler, and his firm, Cahill Gordon & Reindel, represented several of the music company defendants in other litigation, she might be inclined to tilt toward the defendants.

But Preska rejected the argument in In re Digital Music Antitrust Litigation, 06 MDL 1780, finding that the plaintiffs' motion for recusal was not only time-barred, but was wrong on its merits.

"Courts have uniformly rejected the argument that an appearance of impropriety exists in the following situation: (i) a judge's spouse is a partner in a law firm that represents a litigant in other matters before the judge; and (ii) the spouse did not perform any work at the law firm for the litigant or worked for the litigant on unrelated matters," she said.

Numerous lawsuits have been filed by online music downloaders who claim that the music divisions of Sony, Bertelsmann, Universal, Time Warner and EMI Music North America "conspired artificially to fix or maintain prices" of digital music recordings offered for sale over the Internet in violation of federal and state antitrust laws.

Two of those cases were originally assigned to Preska. She presided over Seley v. Universal Music Group, 06 Civ. 1887, after the case was filed on March 9, 2006, and in Devine v. Universal Music Group, 06 Civ. 4211.

On June 12, 2006, Preska issued a memo in the Devine case informing the parties that her husband and his firm "from time to time" represent Sony, Warner and Universal.

On July 3, 2006, Christopher Lovell, a partner at Lovell Stewart Halebian who represents a plaintiff in the case, sent a letter to the judge asserting a possible conflict. But Lovell did not formally request that the judge recuse herself.

Preska held a conference to discuss the issue on July 26, 2006, and concluded that, because neither her husband nor Cahill Gordon was representing any of the defendants pending before her, "no further action on this issue was warranted." Lovell said his clients agreed, and he did not pursue the matter.

Meanwhile, in March 2006, the Judicial Panel on Multidistrict Litigation (JPML) consolidated the more than 30 related lawsuits and transferred them to Preska for pretrial motions. She said it "does not appear" that the recusal issue was raised with, or considered by, the JPML.

The parties participated in a pretrial conference in November 2006, but her purported potential conflict was not raised. Rather, attorneys for the plaintiffs were seeking discovery of information already provided by the music companies to law enforcement agencies in connection with those agencies' investigations relating to the distribution of digital music. Preska ultimately denied the request.

She said the recusal issue was raised for the first time in the consolidated action one month after the initial conference. On Dec. 20, 2006, plaintiffs attorneys John J. Stoia Jr., a partner at Lerach Coughlin Stoia Geller Rudman & Robbins, and Lovell, in their capacity as co-lead counsel for the plaintiffs, sent Preska a letter requesting additional information concerning "the scope and substance of Mr. Kaveler's and Cahill Gordon's former and/or current representation of [Sony, Warner and Universal]."

Because the judge's husband and his firm had represented some of the music companies in what Stoia and Lovell said was prior similar litigation, they suggested that Preska was more likely to rule in the music companies' favor.

'LIKELIHOOD OF OVERLAP'

Stoia and Lovell stated that "there is a significant likelihood of overlap and interplay between th[e] [Consolidated Action] and the [action] where Kavaler and Cahill Gordon represented Sony Music Entertainment, and ... a companion state action where Cahill Gordon represented Sony Music Entertainment."

They also stated that "[b]ased upon press reports ... [t]he New York Attorney General and the Department of Justice Antitrust Division are investigating whether [D]efendants have restrained trade in the market for digital downloads," and said that they "do not know whether Mr. Kavaler and/or Cahill Gordon have been consulted or are representing one or more of the [d]efendants in these ... investigations."

The music companies responded, arguing that the issue of recusal was untimely, and in any event, meritless. On Jan. 18, 2007, they offered an affidavit by Kavaler, Preska's husband, stating that, during 2006 Cahill Gordon logged fewer than 30 hours out of a total of 200 hours chargeable to Sony BMG on the supposedly overlapping cases.

"Moreover, my husband averred that he 'was not the partner with day to day involvement in the matters,'" Preska said. "My husband further averred that billable hours chargeable to Sony BMG Music Entertainment represented fewer than approximately .05 percent of Cahill Gordon's total hours billed in 2006."

Stoia and Lovell wanted to know if Cahill Gordon was involved in representing any of the major music companies in any "governmental investigations relating to digital music." In his affidavit, Kavaler said it did not.

The co-lead plaintiffs attorneys then sent a Jan. 31, 2007, letter asking for additional information from Kavaler.

He submitted a supplemental affidavit on Feb. 8, 2007, in which he said the partner at Cahill Gordon with "day to day" involvement with certain possible overlapping cases and issues was Dean Ringel. Kavaler therefore said he would not be the "appropriate person" from the firm to testify as to these issues.

Stoia and Lovell did not formally make a motion for recusal, but Preska construed the two letters sent by them as one.

FOUR FACTORS

In reviewing the timeliness of the recusal motion, the judge cited to Apple v. Jewish Hosp. & Med. Ctr., 829 F.2d 326, 333 (2d Cir. 1987), in which the 2nd U.S. Circuit Court of Appeals set out four factors to consider when deciding whether a recusal motion is timely: (i) "the movant has participated in a substantial manner in trial or pretrial proceedings"; (ii) "granting the motion would represent a waste of judicial resources"; (iii) "the motion was made after the entry of judgment"; and (iv) "the movant can demonstrate good cause for delay."

Preska said the third factor was not relevant in this case, but the remaining factors all weigh in favor of finding the motion for recusal untimely. She said both Lovell and Stoia participated in a substantial manner, and held that it would be "inefficient and contrary to the purpose of the rules of multidistrict litigation" for her to recuse herself.

"Granting the motion for recusal would clearly represent a waste of judicial resources of this Court and the JPML," she said.

Noting that the recusal issue was not raised until after she ruled against the plaintiffs on the discovery requested at the initial conference, the judge said she could not exclude the possibility that the plaintiffs were "dissatisfied with this decision and now seek a second bite at the apple before a different judge."

In reviewing the merits of the request, Preska said her husband has worked for some of these defendants in prior, assertedly related litigation.

"Nevertheless, courts which have addressed this situation have concluded that a spouse's or child's work on ongoing, related litigation does not rise to the level of an appearance of impropriety," she said, citing to Microsoft Corp. v. United States, 530 U.S. 1301, 121 S.Ct. 25, 26 (2000).

Preska finally said she had no financial interest in outcome of the case because her husband's firm was not appearing in the matter.

Kavaler declined to comment on his wife's decision, as did Kenneth R. Logan, a partner at Simpson Thacher & Bartlett who represents defendant Warner Music Group.

Stoia did not return calls for comment, but Lovell called the situation unpleasant and "awkward."

He said he signed the letters to Preska in the consolidated case not on behalf of his clients, but as co-lead counsel for the class.

Judge Dismisses Lucent Patent Suit Against Microsoft (WSJ)

By Roger Cheng And Carmen Fleetwood

The Wall Street Journal, March 5, 2007

A federal judge ruled that Microsoft Corp. did not violate an Alcatel-Lucent patent for speech recognition.

This is the second of several patent disputes between the two companies. Last week, a jury awarded1 Alcatel-Lucent $1.5 billion from Microsoft in regards to violating two patents involving MP3 technology.

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U.S. District Court Judge Rudi Brewster in San Diego dismissed all claims late Thursday regarding the speech-recognition dispute so that the jury trial set to start later this month will not happen. But Alcatel-Lucent intends to continue pursuing its options in the case.

"We plan to appeal this decision and are comfortable with our chances of success as the case makes its way through the legal system," said Alcatel-Lucent spokeswoman Joan Campion.

"This ruling reaffirms our confidence that once there's judicial review of these complex patent cases, these Alcatel-Lucent claims ultimately won't stand up," said Tom Burt, Microsoft corporate vice president and deputy general counsel.

Open Call From The Patent Office (WP)

By Alan Sipress

The Washington Post, March 5, 2007

The government is about to start opening up the process of reviewing patents to the modern font of wisdom: the Internet.

The Patent and Trademark Office is starting a pilot project that will not only post patent applications on the Web and invite comments but also use a community rating system designed to push the most respected comments to the top of the file, for serious consideration by the agency's examiners. A first for the federal government, the system resembles the one used by Wikipedia, the popular user-created online encyclopedia.

"For the first time in history, it allows the patent-office examiners to open up their cubicles and get access to a whole world of technical experts," said David J. Kappos, vice president and assistant general counsel at IBM.

It's quite a switch. For generations, the agency responsible for awarding patents, one of the cornerstones of innovation, has kept its distance from the very technological advances it has made possible. The project, scheduled to begin in the spring, evolved out of a meeting between IBM, the top recipient of U.S. patents for 14 years in a row, and New York Law School Professor Beth Noveck. Noveck called the initiative "revolutionary" and said it will bring about "the first major change to our patent examination system since the 19th century."

Most federal agencies invite interested parties to weigh in on proceedings, and even the patent office allows some public comment, but never to the degree now suggested .

Until now, patent examiners rarely sought outside opinions, instead relying on scientific writings and archived records of previous patents. For security reasons -- in particular, out of concern that examiners could inadvertently reveal proprietary information if their online searches were tracked -- patent officials have at times even been barred from using the Internet for research.

But their mission has grown increasingly unwieldy. Last year, the agency's 4,000 examiners, headquartered in Alexandria, completed a record 332,000 applications. The tremendous workload has often left examiners with little time to conduct thorough reviews, according to sympathetic critics.

Under the pilot project, some companies submitting patent applications will agree to have them reviewed via the Internet. The list of volunteers already contains some of the most prominent names in computing, including Microsoft, Intel, Hewlett-Packard and Oracle, as well as IBM, though other applicants are welcome.

Brigid Quinn, a spokeswoman for the patent office, said the program will begin with about 250 applications from the realm of software design, where it is especially difficult for examiners to find related documentation. Unlike specialists in many other fields, software designers often forgo publishing their innovations in technical journals and elsewhere.

Anyone who believes he knows of information relating to these proposed patents will be able to post this online and solicit comments from others. But this will suddenly make available reams of information, which could be from suspect sources, and so the program includes a "reputation system" for ranking the material and evaluating the expertise of those submitting it.

With so much money riding on patent decisions -- for instance, a federal jury ordered Microsoft last month to pay $1.52 billion for infringing two digital-music patents -- the program's designers acknowledge that the incentive to manipulate the system is immense.

"I'm sure there will be a degree of gaming. There always is," Kappos said.

DOJ_NMG_0139380

Maintaining a reliable Web-based reputation has become an increasingly pressing concern for Web companies as they seek to reassure users that they can trust the strangers they do business with online. So the designers of the new patent-review system consulted some of the Internet's leading experts on reputation, Noveck recounted. These included specialists from eBay and Rob Malda, aka CmdrTaco, the founder of the popular technology Web site Slashdot.org.

EBay, for example, established its position as the Web's premier auctioneer after pioneering a public feedback system that has buyers and sellers rate one another based on customer service, the quality of the goods, and timeliness of delivery and payments. Amazon.com, the Web's leading bookseller, provides reviews of its offerings, then allows readers to rank its reviewers based on the usefulness of their evaluation.

The new patent system will try to help separate experts from posers by offering extensive details about the people sending information to the site. To help others evaluate the quality of this information, called prior art, each posting will include several measures gauging the quality of his other contributions to the site. Patent examiners, for instance, will award "gold stars" to people who previously submitted the most useful information for judging earlier applications, Noveck said.

Ultimately, those registered to participate in this online forum will vote on all the nominated information, and the top 10 items will be passed on to the examiner, who will serve as the final arbiter on whether to award a patent.

Noveck said the online program would not only produce better information for examiners to consider but also make the patent process more democratic. "The idea is to make something as important as decision-making about innovation more transparent to the public and more accountable to the public," she said.

During discussions about the patent review project, its developers initially considered limiting or weighting the votes to reflect the expertise of the participants. For the time being, they have instead decided to go with one person, one vote.

But Noveck and others involved in creating the online review system said it was likely to evolve. To assure that the outcome can be trusted, some of those involved in designing the program say some kind of weighted voting system may eventually be required.

"If voting is necessary, you'll have to have some rules about who gets to vote," said Paul Resnick, a professor of information at the University of Michigan.

INDIAN AFFAIRS:

Tribe Slave Descendants Face Uncertainty (HC/AP)

By Sean Murphy Associated Press Writer, The Associated Press

Houston Chronicle, March 5, 2007

OKLAHOMA CITY — The Cherokee Nation vote this weekend to revoke the citizenship of the descendants of people the Cherokee once owned as slaves was a blow to people who have relied on tribal benefits.

Charlene White, a descendant of freed Cherokee slaves who were adopted into the tribe in 1866 under a treaty with the U.S. government, wondered Sunday where she would now go for the glaucoma treatment she has received at a tribal hospital in Stilwell.

"I've got to go back to the doctor, but I don't know if I can go back to the clinic or if they're going to oust me right now," said White, 56, a disabled Tahlequah resident who lives on a fixed income.

In Saturday's special election, more than 76 percent of voters decided to amend the Cherokee Nation's constitution to remove the estimated 2,800 freedmen descendants from the tribal rolls, according to results posted Sunday on the tribe's Web site.

Marilyn Vann, president of the Descendants of Freedmen of the Five Civilized Tribes, said the election results undoubtedly will be challenged.

"We will pursue the legal remedies that are available to us to stop people from not only losing their voting rights, but to receiving medical care and other services to which they are entitled under law," Vann said Sunday.

"This is a fight for justice to stop these crimes against humanity."

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Cherokee Nation spokesman Mike Miller said Sunday that election results will not be finalized until after a protest period that extends through March 12. Services currently being received by freedmen descendants will not immediately be suspended, he said.

"There isn't going to be some sort of sudden stop of a service that's ongoing," Miller said. "There will be some sort of transition period so that people understand what's going on."

In a statement late Saturday, Cherokee Nation Principal Chief Chad Smith said he was pleased with the turnout and election result.

"Their voice is clear as to who should be citizens of the Cherokee Nation," Smith said. "No one else has the right to make that determination. It was a right of self-government, affirmed in 23 treaties with Great Britain and the United States and paid dearly with 4,000 lives on the Trail of Tears."

The petition drive for the ballot measure followed a March 2006 ruling by the Cherokee Nation Supreme Court that said an 1866 treaty assured freedmen descendants of tribal citizenship.

A similar situation occurred in 2000 when the Seminole Nation voted to cast freedmen descendants out of its tribe, said attorney Jon Velie of Norman, an expert on Indian law who has represented freedmen descendants in previous cases.

"The United States, when posed the same situation with the Seminoles, would not recognize the election and they ultimately cut off most federal programs to the Seminoles," Velie said. "They also determined the Seminoles, without this relationship with the government, were not authorized to conduct gaming."

Ultimately, the Seminole freedmen were allowed back into the tribe, Velie said.

Velie said Saturday's vote already has hurt the tribe's public perception.

"It's throwback, old-school racist rhetoric," Velie said.

"And it's really heartbreaking, because the Cherokees are good people and have a very diverse citizenship," he said.

Miller, the tribal spokesman, defended the Cherokees against charges of racism, saying that Saturday's vote showed the tribe was open to allowing its citizens vote on whether non-Indians be allowed membership.

"I think it's actually the opposite. To say that the Cherokee Nation is intolerant or racist ignores the fact that we have an open dialogue and have the discussion, he said.

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On the Net:

Cherokee Nation: http://www.cherokee.org/

FBI/DEA/ATF/USMS:

FBI Sending Investigators To Guatemala Ahead Of Bush Visit (MCT)

By Nancy San Martin, McClatchy Newspapers

McClatchy Newspapers, March 5, 2007

GUATEMALA CITY - Three murdered Salvadoran legislators. Four cops, suspected in the killings, themselves shot to death in a maximum security prison. Broken government agencies. And more questions than answers.

That's what FBI investigators will face when they arrive this week to help sort out the stunning murders, which have highlighted the wave of drug-fueled corruption and crime lashing a country President Bush will visit in seven days.

"The number of murders in this country is offensive and, unfortunately, authorities have done little to stop the blood bath," said the government's own Human Rights Ombudsman Sergio Morales.

Authorities and activists say the problems date back to a decade-old peace treaty that ended a bloody civil war but did little to cleanse the ranks of a historically violent police and other security forces.

"We had 30 years of war, with more than 100,000 dead, and no tribunals were ever carried out," said Interior Minister Carlos Vielmann. "Then we had 10 years of the formation of a new police force, but again, there was no serious action to resolve internal problems."

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Luis Ramirez, an analyst with the watchdog Guatemalan Institute of Comparative Studies on Penal Science, said that while the 1996 peace accord called for dismantling the old police force, a new one was never really created.

"They changed uniforms but everything stayed the same," Ramirez said. "Historical problems have now come to surface. These murders are like an x-ray: They show the profound problems that exist."

Add the corruption and crime generated by drug smuggling - U.S. estimates show that 75 percent of the Colombian cocaine hitting American streets passes through here - and security agencies can be easily overwhelmed.

"It's not that organized crime has penetrated the police force or the Interior Ministry," said Ramirez. "Organized crime is directing the police, the ministry and the military."

The murder rate in this country of 12.7 million rose each year since 1999 and now stands at 45 per 100,000 residents, compared to Florida's five per 100,000 in 2005. Many say that if the recent victims had not been well-known Salvadorans, they would have received little attention.

The gruesome drama began Feb. 19, when the Salvadorans and their driver were found shot and burned to death 20 miles southeast of the capital. They served on the Central American Parliament, which meets in Guatemala City, and were members of El Salvador's ruling ARENA party.

Initially, speculation that a settling of political scores from Central America's old civil wars was sparked by the fact that one of the victims, Eduardo D'Aubuisson, was the son of the late Roberto D'Aubuisson, a founder of ARENA and accused death squad leader in the 1980s.

Three days later, four police officers - including the head of the Guatemalan National Police organized crime unit - were arrested in the killings and jailed in the El Boqueron maximum security facility 40 miles east of the capital.

Three more days later, the cops were shot dead in their cells - killed by either fellow inmates or what witnesses described as a heavily armed group of men wearing prison guard uniforms who drove to the prison in a dark vehicle.

Authorities have arrested 24 prison officials, including its director, lending credence to the allegation that the cops' murders were carried out with inside help. Guatemala's head of criminal investigations was removed from his post and the country's second-highest ranking police official resigned.

Last week, another cop suspected in the Salvadorans' killings turned himself in. Authorities say they are still looking for another policeman and a seventh unidentified person in the first killings.

And on Friday, authorities said they believe other inmates may have killed the four cops. Four guns were found hidden inside a DVD player, a television and speakers.

Evidence clearly points to the four dead cops' involvement in the Salvadorans' murders - their car was reportedly equipped with a Global Positioning System that puts them at the place and time of the killings.

But the rest remains unknown. Why were the Salvadorans killed? Was one or more of them involved in a drug deal gone bad? Was it a simple case of highway robbery? And who killed the jailed policemen?

The FBI team arriving this week will provide technical and scientific support to try to find some answers.

Interior Minister Vielmann said all lines of investigation remain open - from a possible case of mistaken identity "to something much more profound," including ties to organized crime.

"All we've resolved is the part of the operation that ends with the assassinations," Vielmann told The Miami Herald.

Alvaro Matus, the public prosecutor in charge of the Salvadorans' case, told the Herald that while nailing corrupt officers will be difficult "because they know how to operate and try not to leave any evidence behind, we are not going to conceal anything or anyone - not civilians, not police, not military."

But even if that case is solved, the underlying problem persists. Among other incidents in the past six months:

Eight men were shot to death in a restaurant by gunmen who arrived in three cars and opened fire with automatic rifles and pistols.

More than 3,000 police and soldiers stormed the Pavon penitentiary east of the capital, sparking a fierce battle with grenades and automatic rifles that killed seven inmates.

Two former senior anti-narcotics agency officers pleaded guilty in federal court in Washington. They were busted in 2005 after accepting $25,000 from undercover U.S. Drug Enforcement Administration agents to protect cocaine shipments.

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Guatemalan President Oscar Berger is pressing Congress to create an independent commission to investigate corruption and present its findings for prosecution. And there's a push to reverse laws that require police fired for suspicion of corruption be reinstated unless there's substantial evidence. More than 1,000 police officers have been dismissed on corruption charges in the past 2 1/2 years and about 250 are currently in jail.

But both measures are sure to face resistance from opposition political parties, and activists fear that politics will get in the way of much-needed reforms.

"These cases have presented two doors: one of danger and one of opportunity," said Iduvina Hernandez, director of the independent Association for the Study and Promotion of Security in a Democracy.

"We want to open the door of opportunity to renovate the security system and strengthen the democratic framework," she said. "We want a Guatemala in peace, with social justice."

In Guatemala, Officers' Killings Echo Dirty War (NYT)

By James C. McKinley Jr.

The New York Times, March 5, 2007

GUATEMALA CITY, March 3 — After three Salvadoran congressmen were waylaid and killed on a road in Guatemala last month, it did not take the authorities long to find the culprits: they were Guatemalan police officers, and their unmarked police car had a tracking device that proved they were at the scene.

They quickly confessed, saying they thought their victims were drug dealers, and were sent to a maximum-security prison.

It is a measure of the weakness of the crime-plagued Guatemalan state that what happened just four days later remains something of a mystery — aside from the indisputable fact that the four who confessed ended up dead.

The police and the interior minister say that rioting gang members inside the prison shot and stabbed them. But other inmates and their visitors that day say a group of heavily armed men in military garb and ski masks made their way through seven locked doors and executed them, with no interference from guards, removing any possibility that they could identify co-conspirators.

The two sets of brazen killings set off a vicious diplomatic conflict between Guatemala and El Salvador — heightened by news reports suggesting that the congressmen were indeed drug dealers — and ignited a political scandal here. It shed light on how corrupt the National Police has become, and raised questions about links between drug dealers and high-level police officials, as well as whether the government can contain drug trafficking without international help.

One assistant police chief has been forced to resign and another has been suspended. On Thursday, the interior minister and top police officials appeared before Congress, where they were grilled not only on whether death squads exist inside the police force, but on how the state failed to protect the four officers.

Perhaps more important, the whole episode has exposed to the world the rampant police corruption, lawlessness and drug trafficking that plagues much of Central America, and Guatemala in particular.

This small country of 12.3 million people has more than 5,000 homicides a year, many of them vigilante killings or gangland murders, human rights advocates say. Arrests are made in only 2 percent of the cases.

Drug trafficking fuels the violence, and United States officials say Guatemala's record on taking down drug lords leaves much to be desired. At least two-thirds of the cocaine used in American cities — much of it made from coca cultivated in Colombia and Bolivia — passes through Guatemala, American officials report, and several former military officers have been accused of trafficking.

President Óscar Berger and his minister of interior say they are attacking the problem and point out it was Guatemalan police officers who caught the rogue officers in the first place. Mr. Berger has also backed a proposal to create an international commission to investigate human rights abuses by the police.

Since 1993, the United States has twice helped set up special antinarcotics forces here, only to watch their commanders become embroiled in the drug trade themselves. President Bush is scheduled to visit next week, and American diplomats say the lack of public security here is near the top of his agenda.

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Human rights advocates and opposition politicians have taken the two sets of killings as proof that criminal gangs have corrupted Guatemala's national police force and that groups of officers are operating like drug syndicates, robbing and killing competing dealers.

The squads of rogue officers, human rights experts and others say, are in a sense an outgrowth of Guatemala's long internal conflict. Some former military officers who came of age during the bloody counterinsurgency operations of the 1980's are members of the new rogue squads, according to human rights experts and opposition politicians. They say other members are younger, but have adopted the old practices of assassination and terrorism to combat crime and, sometimes, to line their own pockets.

"The truth, I think, is the problem comes from the end of the armed conflict, when the state tried to protect itself against rebels," said the editor of La Hora newspaper, Óscar Clemente Marroquín. "When the war stopped, the apparatus kept operating the same way but now it doesn't protect the military. Now it protects organized crime."

A high-ranking United Nations official here, who requested anonymity to protect his diplomatic neutrality, said he believed the Interior Ministry and the National Police created death squads over the last three years, trying to combat the wave of violent crime by gangs like the notorious Mara Salvatrucha, a group started in Los Angeles by the children of Central American civil-war refugees of the 1980s.

The officers in those squads belong to evangelical churches, the official said, and see the extrajudicial killings of gang members, known here as "social cleansing," as holy work. But they have also begun to commit crimes for their own profit. "It gets out of their hands," the official said. "They create a Frankenstein."

Otto Pérez Molina, the leader of the Patriotic Party and a candidate for president, has also charged there are at least two separate groups of rogue officers operating within the National Police, each controlled by a deputy commissioner.

Erwin Sperisen, the national police chief, denies that the force harbors death squads, though he acknowledges that his department is riddled with corrupt officers who sometimes commit crimes. Because of strong labor laws and poor vetting procedures, he said, he has not been able to purge the 19,000-member force of officers who came from the two main police forces that controlled the country during the civil war and were schooled in torture and assassination.

"One has to break with this kind of schooling," he said.

At first, the killings of the Salvadoran congressmen appeared to be politically motivated. One of the three was Eduardo José D'Aubuisson, son of Roberto D'Aubuisson, the late Salvadoran right-wing leader and founder of the current governing party. But now many here say Eduardo and the others, along with their driver, were the latest victims of rogue police officers run amok. The three were there to attend a meeting of the Central American Parliament, a regional body.

About 10:30 a.m. on Feb. 19, Luis Arturo Herrera, a decorated officer who was head of the Guatemalan National Police organized crime unit, and three other officers used their unmarked sedan to cut off the congressmen's luxury four-wheel-drive car in front of a shopping center on the outskirts of Guatemala City, prosecutors say.

They forced the driver and Mr. D'Aubuisson into their sedan, leaving the other two congressmen in their car, and then drove both vehicles back down the highway toward El Salvador, where a traffic camera filmed them, according to the prosecutor in charge of the inquiry, Álvaro Matus.

A short time later, witnesses told prosecutors, they also stopped at a gasoline station, where they were joined by at least two other police officers and two people in civilian clothes.

The two cars then continued to an empty stretch of road near the town of Santa Elena Barilla, where according to statements by the four officers, they searched the car and beat the victims, Chief Sperisen said. Later in the afternoon, around 4:30, they went down a dirt road to a farm, where called Las Conchas. There they executed the four men with gunshots, then burned the car and the bodies. Some people living nearby found the remains about two hours later, prosecutors said.

The officers who confessed said they had been told that the congressmen were Colombian drug dealers carrying cash, according to Chief Sperisen. The whole episode appeared to be a botched robbery based on misinformation, he said.

El Salvador's chief of national police, Rodrigo Ávila, agreed that the officers probably intended to rob the group and panicked when they learned who their victims were. "When they realized they were really congressmen is when they made the decision to kill them," he said.

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Mr. Ávila said his government had not ruled out the possibility the police officers were tricked. “They could have been manipulated by someone to hit the congressmen, but we don’t know,” he said.

The Salvadoran president, Elías Antonio Saca, and top security officials have accused Guatemalan authorities of allowing the four officers who confessed to be killed as part of a cover-up. The Salvadorans have also bristled at theories put forward by Guatemalan investigators that the congressmen might have been carrying drugs or illicit cash.

Mr. Matus, the prosecutor, says he still has not determined why the three congressmen were killed.

Nor have prosecutors made much progress getting to the bottom of what happened at El Boquerón prison on Feb. 25.

The warden at El Boquerón and more than 20 guards have been arrested but have shed no light on the matter. The police have discovered pistols hidden in the inmates’ quarters that may have been used in the killings, though some of the shells recovered inside the prison came from assault rifles.

For their part, the inmates maintain they rioted only after the killings, fearing they would become scapegoats. They took hostages and forced the government to send in a television news crew and the country’s human rights ombudsman to hear their version of events.

Family members of the inmates, meanwhile, told local reporters they were ordered out of the prison before visiting hours were over, which they took as a sign the guards knew something was about to happen.

The country’s top prosecutor, Juan Luis Florido, has promised to get to the bottom of both crimes, even if they reach to the upper echelons of the police or government.

But human rights advocates are skeptical. The attorney general’s office does not have the resources, the independence or the strength to investigate the National Police, they say.

“I wouldn’t go so far as to call it a failed state, but it’s very dysfunctional,” said Dan Wilkinson of Human Rights Watch. “The main thing is the drugs and corruption. There is a huge amount of money there. And you have extremely weak institutions that are no match for these organized crime groups.”

Reddit Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, March 5, 2007

A Nelson Mandela for an Earlier Time

Most White House reporters stick to what they know when it comes time to pen a book. But Cox Newspapers correspondent Bob Deans thought bigger. "I found it fascinating to write about the first great leader we know of in English America—Chief Powhatan. "Yes, the father of Pocahontas and the first native big shot the British encountered. In The River Where America Began, Deans charts civilization along Virginia's James and finds the chief to be more than the despot others have called him. If Powhatan had been born today, Deans thinks he knows whom the chief would be compared to: "It's not hard to imagine Powhatan as a kind of 17th-century Nelson Mandela, standing boldly for the cause of his people."

Juicing the GOP Message

Florida's Rep.Adam Putnam, the No. 3 House Republican, isn't shy about his Sunshine State pride. After his alma mater University of Florida Gators won the national football championship, he met with reporters in the Capitol sitting next to an alligator head. Since then, he's talked politics with reporters over jugs of Florida's Natural orange juice, produced from a farming co-op begun in 1933 that his family is a part of. "We try to sweeten the reporters' dispositions," he jokes, and he thinks it's working. "We've been having a couple of good-message weeks."

What's With Watts and Richardson?

It could have been the environment, the Clinton School of Public Service in Little Rock, or the brash frankness of an ex-politician. But former Rep. J. C. Watts, once the House GOP's main communicator and a sometimes entry on Republican vice presidential lists, fessed up at the University of Arkansas last month that he likes Democratic New Mexico Gov. Bill Richardson in the 2008 presidential race. "Personally, I'm a Bill Richardson fan," he admits. "I think he has the Bill Clinton touch with people."

A G-Man's Version of Oprah's List

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He's no Oprah. But FBI Director and avid reader Robert Mueller has started a new bureau reading list to help his G-men broaden their horizons. The list has more than 60 books about the FBI's history, terrorism, intelligence, and professional development. "He just thought," says an insider, "that we must have more formalized intellectual stimulation." Some gems: Public Enemies, by Bryan Burrough, about the birth of the FBI; The Looming Tower, Lawrence Wright's book about al Qaeda's road to 9/11; China, Inc. by Ted Fishman; and Louis Gerstner's Who Says Elephants Can't Dance? about IBM's historic turnaround. We also hear that Mueller's a big fan of former GE bigwig Jack Welch. So naturally, Welch's Winning also gets top billing.

Brown-on-black Violence Plagues South State (SACBEE)

By Aurelio Rojas, Bee Capitol Bureau

The Sacramento Bee, March 5, 2007

Slaying of girl, 14, put a face on city's growing problem.

LOS ANGELES -- It took political officials nearly a month to respond to the slaying of Cheryl Green. Since then, the 14-year-old African American girl has become the face of brown-on-black violence in this city.

The FBI has joined the Los Angeles Police Department in cracking down on gangs. The Police Department, breaking with tradition, has publicly named the city's worst 11 gangs.

And a city-sponsored report has called for an anti-gang Marshall Plan, a reference to the post-World War II strategy of making massive investments to win the peace in former enemy territory.

The racially motivated shooting of the eighth-grader, which occurred Dec. 15 in broad daylight as she chatted with friends, was one of 269 gang-related murders citywide in 2006.

Outside the African American community, widespread outrage that a schoolgirl could be killed because of her color was muffled by the cacophony of the holiday season.

"She was my baby," Charlene Lovett said recently of the youngest of her four children. "She wasn't raised to see colors. I couldn't understand how everyone wouldn't be horrified by this."

African American activists came to her aid, holding rallies to call attention to similar attacks in South Los Angeles neighborhoods where Latinos have supplanted African Americans as the dominant group.

Hate crimes rose 34 percent in 2005 in Los Angeles, the latest year for which statistics are available, and African Americans were the main target. Overall crime is down in the city for the fifth straight year, but gang crime rose 14 percent in 2006.

On Jan. 18, Mayor Antonio Villaraigosa held a news conference near where the teenager was killed to announce a plan to "dismantle" the Latino gang blamed for the girl's slaying. He was joined by Police Chief William Bratton and FBI Director Robert Mueller.

By then, Gov. Arnold Schwarzenegger had delivered his second inaugural address, which he began by boasting that "people from all over the world live in harmony" in California.

In an interview with The Bee two weeks later, the governor conceded "we have a big gang problem." But he said the girl's death did not represent a larger problem in California.

"No matter which country you go to, you always have some instances like that," he said. "You know, the Russian mafia or some kind of gang violence in some country.

"Or if it is soccer fans going crazy and trying to kill each other on the soccer field. ... You know, there's crazy things all over the world."

Members of the California Legislative Black Caucus responded to Schwarzenegger's comments with dismay.

The governor, said state Sen. Mark Ridley-Thomas, needs "to raise his IQ about the problem."

"This is an urgent matter and it needs to be addressed," the Los Angeles Democrat said, adding that the Senate Public Safety Committee on which he sits would take up the issue.

Assemblywoman Karen Bass, D-Los Angeles, said that during town hall meetings she held in black communities around the state she collected "anecdotal" evidence that brown-on-black crime is on the rise elsewhere.

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"We know that every time there is a study about hate crime, that African Americans are the No. 1 figure," she said when the caucus recently released its "State of California" report. "I think it's absolutely important that we address that."

Assembly Speaker Fabian Núñez, D-Los Angeles, told the caucus that racial violence is escalating in other cities as well and will require a unified response.

"We've got to put our heads together and work hard to eliminate what we're seeing in places like Oakland, San Diego, Fresno, Santa Ana and Los Angeles, where we see far too much brown-on-black crime," Núñez said. "We have to put an end to that."

Cheryl Green was gunned down in a hail of bullets while standing near her scooter in the Harbor Gateway area of Los Angeles, east of Torrance.

She was with a group of friends when they were approached by two men. Witnesses and police said that without a word, one man pulled a gun and opened fire, killing Green and wounding three others.

Cash And Cocaine, But No Conviction (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, March 5, 2007

Jurors, Lawyers Reflect on Where Case Prosecuting District's Largest Drug Seizure Faltered

The haul was unprecedented. A wiretap on the cellphone of a reputed drug kingpin led police to a stash house where they found almost 100 kilos of cocaine and nearly $1 million. A force of more than 100 federal and local agents swept up nearly a dozen suspects in raids across the region.

The evidence to put everyone away seemed strong. There were the drugs, the cash and the wiretaps, filled with curious talk of "tickets" -- "little tickets," "VIP tickets" -- code, prosecutors said, for wholesale quantities of cocaine.

And there was the Global Positioning System device, secretly planted in the suspected kingpin's car, tracking his comings and goings between the stash house in Fort Washington and his supposed customers in and around Washington.

Then the case went before a jury in U.S. District Court. The outcome was hardly what authorities would have expected on that October morning a year and a half ago when they found themselves staring at the biggest seizure ever made in a D.C. drug investigation.

The jurors, after deliberating for weeks, deadlocked earlier this year on many charges against alleged kingpin Antoine Jones, including the most serious: conspiracy. And on more than a dozen other counts, the jury came back with verdicts of not guilty. The three men on trial with him, charged with conspiracy as well, fared even better.

Kevin L. Holland and Adrian Jackson were acquitted of all charges; Michael A. Huggins was acquitted of all but one lesser charge, and that eventually was dismissed by the government. All three men, jailed for more than a year pending trial, are now free. Jones remains in jail, awaiting retrial.

It was a stunning loss for prosecutors and police, who claimed they had busted a major drug-trafficking ring with direct links to suppliers in Mexico. But the case had weaknesses that became apparent once it went to trial.

First was the profile of the alleged conspiracy. Unlike cases against other such enterprises, this one did not allege that anyone was killed or even assaulted by Jones or his alleged co-conspirators. Although the absence of violence was a relief for investigators, it also could have had consequences with the jury, lawyers said.

"If there's blood in the case, it kind of spreads out to everybody," said Jon W. Norris, who won an acquittal for Jackson. "But when there's not, the jury can really evaluate the evidence against each person -- as they're supposed to."

Nothing in the law requires prosecutors to present evidence of violence to prove a conspiracy to distribute narcotics. And whether the lack of bodies was pivotal in this case is a question that veteran prosecutors debate.

But experience tells many prosecutors that a body, or two or three, can make juries more apt to tie defendants together in a conspiracy and return verdicts in which everyone shares blame.

Without the sort of violence people have come to expect from major drug gangs, a case such as the one against Jones can seem more like an elaborate financial crime, lawyers say. A jury may see a lot of money and perhaps a bit of greed, but it doesn't see any pain and perhaps doesn't feel much emotion. And that could sway a case.

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Before they were convicted in 2003 of murder, racketeering and other offenses, Kevin Gray and Rodney Moore, two of the biggest players in the District's drug trade, left a long trail of blood that ultimately landed them in prison for the rest of their lives.

"Everything that I had was somehow connected to drug violence," said Timothy J. Heaphy, the lead prosecutor in the trial of Gray, who was convicted of 19 murders, and Moore, who was convicted of 10.

Prosecutors faced other obstacles in Jones's case. Although all four defendants had previous drug convictions, in this case none of them was caught with or near especially large quantities of cocaine, and Jones was not caught with any drugs. Only the testimony of cooperating co-defendants tied the defendants directly to the supply of drugs passing through the stash house. It wasn't enough for jurors.

"We all just thought the government didn't present the case like they should have," Esther Roberson, 68, said in an interview. It's not that she wasn't troubled by some of what she heard, she said; she just wasn't persuaded. "Sometimes it was a little suspicious, but it wasn't really proved to me."

She and another juror noted that Jones was never photographed entering or leaving the stash house, which was secluded and difficult for investigators to stake out. So what jurors got was video footage of Jones's Jeep outside the house, which he did not own or rent, and the data from the GPS device, which placed the vehicle in the immediate area of the house.

When police arrested Jones at his home in Waldorf, they found more than $60,000 in the Jeep, money prosecutors argued was surely the profits of a drug enterprise but the defense suggested could have been from a club he owned. The jurors interviewed said the source of the cash was unclear.

And if Jones were running so much cocaine, one of the jurors asked, why couldn't police catch him with drugs in hand? "If they're saying he was selling drugs to all those people, I'm sure they could have intercepted him one of those times," said the juror, asking to be identified only as a senior citizen.

In 2005, the activities looked more than compelling to the FBI agents and D.C. police investigators, who concluded that Jones was a key broker for cocaine coming into the Washington area from a Mexican cartel operating around the Texas border town of McAllen. For weeks, investigators monitored Jones's cellphone calls.

Jones, who has drug convictions in the District and Virginia, lives in Waldorf and owned a nightclub in Northeast Washington called Levels. The now-closed club, prosecutors argued, was the hub of the conspiracy, providing a place to launder drug proceeds and a pretense for all the coded telephone talk of "tickets" and "music" -- allegedly terms for drugs.

But "tickets" and "music" can also mean just that. A. Eduardo Balarezo, Jones's defense attorney, said that Jones was a businessman and that his contacts with Holland, Jackson, Huggins and others were business-related and hardly part of any criminal conspiracy.

"My client ran a legitimate nightclub, a successful nightclub," Balarezo said in an interview. "He was a businessman, and the government quite frankly tried to make hay where there wasn't any."

A music promoter, Holland recently said that his ties to Jones were legitimate business dealings and that his past is in the past. Prosecutors are trying to lock him up again, this time as a probation violator -- using the same set of facts already considered by the jury.

At least six people have pleaded guilty in the case, including two who testified for the prosecution. But Jones was the biggest target. He is to be retried on the remaining charges in November. Three other defendants, including one from Mexico, will be tried with him.

When he is back in court, he will face a lot of familiar evidence -- evidence that the prosecutors, Assistant U.S. Attorneys Rachel Carlson Lieber and John V. Geise, argued reflect the unmistakable actions of a drug trafficker, checking on incoming shipments, arranging drop-offs and collecting payments.

In one call to Jones from a cellphone registered to a man in McAllen, the subject is music, ostensibly related to the nightlife business.

Jones is told that the caller is trying to find "some new music" but that it is getting a little rough, according to court papers in the case. But the caller tries to reassure Jones, telling him that he has "good people" who make "good music" and that he is just waiting for them. Jones goes on to tell the caller that he is satisfied with the music he's received so far, that "they love the sound, they love the entertainers, they love it," the papers stated.

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Norris suggested that by putting everyone into the same pot with Jones and charging them all with conspiracy, the government overreached and undermined its case.

"I think they really thought that evidence was going to carry the day," Norris said. But in the end there was very little evidence against the three co-defendants, and the jury acquitted them, he said. "And I think the lack of evidence against those defendants undermined the evidence against Mr. Jones."

Texas Man Convicted Of Cocaine Distribution, Money Laundering (SHREVET)

Shreveport Times, March 5, 2007

A Rowlett, Texas man has been convicted by a Shreveport jury on cocaine distribution and money laundering charges.

Ronald King, 40, was convicted Friday, charged with one count of conspiracy to possess with intent to distribute cocaine, one count of money laundering and one count of forfeiture, according to a press release from Donald Washington, United States attorney for the western district of Louisiana.

His sentencing is set for June 21 at 1:15 p.m. where he faces a sentence of life in prison, a $4 million fine or both.

“Testimony at trial revealed that King had been distributing cocaine in Shreveport for approximately 20 years,” the release said. “King used a small fleet of vehicles with hidden compartments to transport drug proceeds from Shreveport back to the Dallas area where he and other co-conspirators used financial institutions to launder the proceeds.”

Evidence obtained also showed that King invested some of the money in real estate in Shreveport.

As a result of the investigation, the task force seized more than $40,000 in cash, a house in Shreveport and several firearms, the release said.

King was caught after an investigation conducted by the Organized Crime Drug Enforcement Task Force which includes Shreveport and Bossier City police departments, the Federal Bureau of Investigation in Shreveport and the Caddo Parish Sheriff's Office.

Top Bodybuilders Allegedly Received Steroids From Internet Pharmacy (NYDN)

New York Daily News, March 2, 2007

It may shock no one to learn that two world champion bodybuilders may have been using steroids or growth hormone, but two giants of that well-muscled world were among the athletes who received drugs in a shady Internet pharmacy operation, sources have told the New York Daily News.

Eight-time Mr. Universe Ronnie Coleman, a former BALCO client, and top Mr. Universe contestant Victor Martinez were among the many clients in an ongoing, multistate investigation that led to the raids on several pharmacies in Florida this week, a source said. But like the other athletes whose names have been leaked, Coleman and Martinez are not targets.

"We know that thousands of people in New York alone have been getting steroids this way over the Internet," said a law enforcement official involved in the investigation. "But you have got to go after the source, and that is what we are doing."

Also Thursday, baseball officials said they want to talk to Albany County District Attorney David Soares about Angels outfielder Gary Matthews Jr.'s alleged links to a pharmacy in Mobile, Ala., that is part of the investigation.

However, whether the subject is sources or users, the current investigation keeps overlapping with the more famous BALCO case from the San Francisco area. Coleman, listed among clients on the Web site for BALCO founder Victor Conte's nutritional business, shares the record for Mr. Olympia titles with fellow former BALCO client Lee Haney, who worked out with Evander Holyfield, one of the athletes reportedly connected to the newest raids. While both Coleman and Haney have ties to BALCO, neither was ever accused of receiving drugs from the lab.

Returning from Florida Thursday, Soares said as many as 24 people will be rounded up in the days ahead. Rather than finding a hero's welcome, however, Soares was immediately hit with criticism from local law enforcement officials over his tactics, and with complaints from local reporters that he had favored the Albany Times-Union with a scoop when the raids were carried out Tuesday.

In the days since the highly publicized raids and arrests of pharmacists, Albany cops have challenged Soares' claims that steroid abuse is a growing problem in upstate communities, and thus justified his decision to lead raids in Florida. Soares fired

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back Thursday, saying his police critics have "never focused on anything other than the guy they can pick up and make $500 of overtime on," a strategy he said has doomed the war on drugs.

"If every member of law enforcement in Albany County was focused on actually putting away criminals instead of arguing with each other and engaging in turf battles, we would have a reduction in the crime rate of about 50 percent," Soares said.

A source with knowledge of the probe said another one of the steroid customers is a supervisor with the Albany Police Department's narcotics squad. Albany cops have been among Soares' most vocal critics.

With Soares and about 2,000 pounds of confiscated documents arriving in Albany Thursday, sources said other pharmacies are soon to be raided, and several employees of Florida pharmacies are expected to surrender to authorities in Albany on Monday. But while Soares defended his decision to go after suppliers and not users, as is the case with most drug prosecutions, attention will remain on the documents and the names they may contain.

"You won't find another Barry Bonds, but there are some names people will know," a source close to the investigation said. But only if the documents are unsealed or if the names are leaked.

The four people arrested Tuesday at Signature Compounding Pharmacy in Orlando - Stan and Naomi Loomis, Michael Loomis and Kirk Calvert - waived extradition Thursday and must surrender themselves in Albany by Thursday.

So far, the names of Holyfield - the former heavyweight boxing champion - Matthews, ex-major league pitcher Jason Grimsley and retired slugger Jose Canseco reportedly have been connected to Applied Pharmacy Services in Mobile.

Mobile-based DEA agents searched Applied in August with a federal warrant, and the Albany Times-Union reported Thursday that two Applied owners had been indicted by an Albany County grand jury. But Arthur Madden, an attorney for the pharmacy's owners, said he had not been told his clients are targets in the investigation or have been indicted.

"I know nothing about a New York State proceeding," he said. "I read this stuff with horrid fascination."

Madden said he doesn't know why his clients, Jason and Sam Kelley, would be targets.

"Applied is not an Internet pharmacy where you go online and fill out a form and some doctor writes a prescription," he said. "It's a real pharmacy, it's a brick and mortar place, it's regulated by the FDA and DEA. It's a licensed pharmacy that dispenses prescriptions written by real doctors."

Internet Brings Drug Dealing Into The Home (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, March 4, 2007

Placing orders online becomes an easy way to get controlled substances

ALBANY -- Ryan Haight was just 17 when he began suffering from back and joint pain.

He was an honors student, a gifted athlete and, like many teenagers, he knew how to navigate the Internet. When his pain worsened, Haight used his computer to find an Oklahoma pharmacy from which he ordered painkillers and anti-depressants.

A medical doctor he never met provided a prescription for the drugs, and the pharmacy mailed them out.

On Feb. 21, 2001, Haight, a resident of La Mesa, Calif., died at the age of 18 after mixing morphine and two prescription anti-depressants with Hydrocodone, a highly addictive painkiller.

Haight's tragic story has been told to various congressional committees, and it underscores what many federal agencies have acknowledged for years: Internet pharmacies are fast becoming one of the nation's primary delivery systems for controlled substances. The issue took on heightened awareness last week with the raid of several Orlando, Fla., pharmacies that were selling drugs to customers in New York.

The problem is bad, federal authorities say, and becoming worse each year. While police continue to wage their war on street drugs, many law enforcement experts say more needs to be done about Internet pharmacies.

Indeed, a 2005 study by the National Center on Addiction and Substance Abuse (CASA) showed that abuse of pharmaceutical controlled substances has grown at a rate twice that of marijuana, five times that of cocaine, and 60 times that of heroin, between 1992 and 2003.

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"Perhaps most disturbing is that many of these Internet pharmaceutical sites ... are hiding behind a facade of legitimacy by pretending to ask customers health questions," said Joseph T. Rannazzisi, a Drug Enforcement Administration deputy assistant administrator, in testimony in 2005 before before a House subcommittee on Oversight and Investigations.

"After customers fill out a superficial questionnaire, which is given an even more cursory review, if any, by a doctor employed by the Internet pharmacy, these sites provide pharmaceutical products with no face-to-face medical examination, no tests, no drug interaction screening, and no follow-up care," Rannazzisi added.

Last week, when Albany County District Attorney David Soares helped steer the arrest of several doctors, pharmacists and business owners in a multi-state investigation of illicit pharmacies, he was subsequently criticized, in a politically charged attack, for his decision to prosecute the case.

Yet a review of dozens of reports to Congress in the past eight years shows that federal sentencing guidelines for a conviction of distributing pharmaceutical drugs are weak when compared to the penalties many states impose. In addition, the Food and Drug Administration and other federal agencies have encouraged states to prosecute Internet pharmacy cases, citing a lack of resources at the FDA and other oversight agencies.

The U.S. Government Accountability Office issued a report two years ago showing "that although extensive time and resources are required to locate, charge and convict criminal anabolic steroid dealers, the penalties under the federal sentencing guidelines faced by persons convicted of such offenses do not reflect the seriousness of their crimes or provide adequate deterrence."

The Albany County case has drawn national attention because of its revelation that many professional athletes allegedly obtained performance-enhancing drugs, including steroids, from some of the pharmacies involved. But an agent in the case, and court records, show that many of the pharmacies and doctors targeted in the investigation also routinely prescribed controlled substances that include Hydrocodone, Vicodin and other addictive substances.

In some ways, the investigation is similar to a law enforcement initiative to detect and arrest pedophiles who troll the Internet for victims. To combat the problem, the Albany and Guilderland police departments and several other area law enforcement agencies have assigned officers to a cyber-crime task force at the Albany FBI facility.

There, the officers comb Web sites for pedophiles, routinely arresting suspects from other areas and states who are then prosecuted locally. The Internet, law enforcement experts say, has blurred jurisdictional boundaries and is forcing many local prosecutors to take on multi-state prosecutions of crimes such as identity theft, fraud, sexual misconduct and drug dealing.

James A. Dahl, the retired assistant director of the FDA's Office of Criminal Investigation, warned Congress two years ago that Internet pharmacies had become the next front in the war on drug abuse.

"The problem of foreign and domestic Internet sales of controlled substances and other dangerous pharmaceutical products is a large and complex issue that appears to be growing exponentially," Dahl said. "The only real concern of the owners of these Internet operations is not the health and well being of the consumer, but their ability to collect payment through the credit card used for the purchase."

In February 2005, an article in U.S. News and World Report magazine disclosed that prescription-drug abuse was rising in all age groups, especially among teenagers. The magazine reported that one in 10 high school seniors has tried the pain killer Vicodin without a prescription, and 1 in 20 has taken the potent pill OxyContin.

Another study by the federal government has shown that nearly 3 percent of high school seniors use steroids, a figure that is climbing. In addition, children as young as 13 now experiment with steroids, according to an FDA report.

"For young people in particular, online pharmacies seem especially seductive. For this generation, the Internet is a familiar medium and it feels safe," said U.S. Rep. Ed Whitfield, R-Ky., during a hearing on Internet pharmacies in December 2005 before the House Subcommittee on Oversight and Investigations. "The seduction and convenience of the Internet coupled with the wide availability of controlled substances raises a disturbing prospect of many young people hooked on drugs with the ease of logging on to a computer."

The prosecution undertaken by Soares' office, which began in 2005, has resulted in several arrests of New York residents, including a Colonie man, Daniel Mori, who was arrested in January on charges of insurance fraud, drug possession and hindering prosecution for allegedly trying to warn others about the Albany County grand jury investigation.

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Signature Pharmacy of Orlando, which was raided Tuesday, is a registered out-of-state pharmacy in New York and did nearly $10 million in sales here over the past two years, authorities said.

Orlando's Metropolitan Bureau of Investigation, staffed by federal and state law enforcement agencies, is one of the lead agencies in the case. The bureau convinced Albany County authorities to get involved in the investigation after Orlando investigators found "many of Signature's doctors, as well as a large part of their business, were located in New York," according to an internal memorandum provided to state officials recently by Albany prosecutors.

Several people arrested in the case are scheduled to appear in Albany County Court this week on sealed indictments charging them with felonies that include criminal diversion of prescription medicines and insurance fraud.

Schumer Calls For HGH Regulation (NSDY)

By Daniel Wagner

Newsday, March 4, 2007

Following last week's steroid bust that implicated professional and college athletes, and high school coaches, Sen. Charles Schumer yesterday proposed additional federal regulation of a substance he said has become the "drug of choice" for those seeking a quick boost in athletic performance.

"All of a sudden, there are these illegal online pharmacies that have been set up ... and they have engaged in a crooked scheme with doctors," Schumer (D-N.Y.) said. "The doctors have become no more than drug dealers -- they've given up their oath."

He said human growth hormone, or HGH, is popular because it is harder to detect in drug tests and more difficult to prosecute than anabolic steroids, which are illegal to possess without a prescription. Distributing HGH for non-approved medical uses is already illegal under federal law.

Under Schumer's proposal, HGH regulation would be put on a par with current steroid laws, and federal law enforcement would be able to prosecute doctors who write prescriptions "in bad faith" -- an act already illegal in New York State.

Schumer made the announcement with Albany County District Attorney David Soares, whose year-long, multistate investigation led to last week's sting in Florida. Soares' office took the lead because those implicated could be prosecuted under tougher New York laws, spokeswoman Heather Orth said. She said federal prosecutors need a law like New York's to "get these drugs out of the hands of anyone from professional athletes to kids in high school."

Schumer also said in an interview that there would be "many more" arrests today in addition to four in Florida last week. Those defendants will be arraigned in Albany today. Neither Schumer nor Orth would elaborate; she said there will be more information today.

Governmental concern about HGH is nothing new.

In 2001, the Drug Enforcement Administration acted against a California doctor who had given an agent HGH during a 1994 investigation. And last year, the federal sentencing commission requested public comment on how HGH violations should be punished under amendments to a 2004 anti-steroid law.

Marigolds Make Way For Marijuana In Suburbia (CSM)

By Patrik Jonsson

The Christian Science Monitor, March 5, 2007

SNELLVILLE, GA.

The only permanent residents in the manicured, multigabled ranch east of Atlanta were illegal.

No, not that kind. They were little green creatures of the cannabis family – in short, marijuana plants.

Raids on 40 houses in 12 suburban Georgia counties over the past two weeks are one recent sign of what police say is a national trend in marijuana marketing: growing the illicit crop year-round indoors, using suburban homes as "grow-houses."

Grow-houses – a spacious incarnation of the old grow-room – have proliferated like suburban-garden gnomes, as antidrug squads have chased growers off remote mountainsides and out of cornfields. In these basements, lights hum with thousands of watts across a sea of plants lodged in a hydroponic soup of nutrients. Upstairs, there's usually no furniture, police say, except a cot, a chair, and a rabbit-ear TV.

"It's the most impressive thing I've seen in 20 years of law enforcement," says Lt. Jody Thomas of the Fayette County Drug Taskforce.

Police say the 'burbs give growers a degree of solace and safety, protected by suburbia's premium on privacy and even a 2001 US Supreme Court ruling that prevents law officers from aiming heat-sensing equipment at homes unless they first obtain search warrants.

The trend also signals that "production is moving closer to consumption" – a path that leads straight to the suburbs, says Jon Gettman, editor of the Bulletin of Cannabis Reform in Lovettsville, Va., which promotes legalizing marijuana for medicinal use.

Alarm about suburban pot-growing is rising, and some worry that efforts to eradicate crops grown outdoors are driving the illicit industry to become more entrenched in middle-class America, a la Showtime's hit TV show "Weeds," about a suburban mom who sells pot.

"This is horrifying," says Sue Rusche, president of National Families in Action, which works to help children and teens resist drug use.

In the early 1980s, 80 percent of marijuana on US streets was imported, mostly from Mexico, according to the National Organization for the Reform of Marijuana Laws (NORML), which works to stop arrests of marijuana smokers. Today, 40 percent of the supply is grown domestically – about half of it indoors under high-wattage lights that turn dank basements into sweltering hothouses.

While outdoor growing is risky and the results inconsistent, indoor growing, which began 30 years ago, has become a science, as amateur botanists produce potent varieties in controlled environments. Experts say it was only a matter of time before syndicates began applying basic black-market principles: higher potency and consistent yields equal more profit.

"It's Adam Smith 101," says Allen St. Pierre, executive director of NORML in Washington. "In a world of prohibition, if you can grow it in your little suburban home and cure it properly, it goes right to the top of the market and you see an incredible level of profit that all the other dealers don't enjoy."

Here's how it worked, according to Fayette County's Lieutenant Thomas: A wealthy buyer tied to a group of Cuban nationals in Miami bought homes in the endless suburbs of metro Atlanta. So as not to raise suspicion, growers illegally cut into public utilities such as water and electricity. Fences would go up in the backyards, and basement windows would be blacked over. "Baby sitters" would arrive late at night in pickup trucks, often talking on cellphones. Sometimes they would live in the homes on cots.

Harvested at 90-day intervals, the cured "buds" fetched as much as $6,000 a pound in New York City, where most of the suburban Atlanta crop was shipped. Police say a single house could yield more than $1 million in profit a year. Others say the figure is probably lower because authorities often overestimate per-plant yields.

Georgia has lagged behind in indoor busts, with just one last year. The US government eradicates some 3.5 million marijuana plants each year, mostly outdoors, according to the Drug Enforcement Administration. Of some 800,000 marijuana-related arrests in 2005, 90,000 were for trafficking or growing, according to the FBI. The bureau does not further break out its numbers, but experts say growers by far make up the fewest number of arrests.

"We would never have found it without this tip from Florida," says Thomas, referring to a similar series of busts of the same organization in the Miami area earlier this year. "It's so extravagant, yet it has some amount of legitimacy. There's often a car parked in the yard, but no traffic in and out, no buyers."

Growers may have had several reasons for setting up shop in subdivisions like Summit Chase here in Snellville. A key one, though, is the privacy ethos. Darrell Lamb, a local high schooler, says the smell of pot would "slap me across the face" as he and some friends shot arrows in the nearby woods. But he never called the police.

Pat Edwards, who lives across the street, says privacy and anonymity trumped suspicion of the "unfriendly" men who tended the house at 2851 Creekwood Drive, but who evidently did not live there.

"Nobody really speaks to each other on this street, and that's how we all like it," she says. "Maybe these guys sensed that."

Still, people talk. Pre-bust, the biggest gossip in the neighborhood was how the house at 2851 Creekwood fetched one of the highest sales prices in the subdivision, $219,000. Post-bust, speculation centered on whether it would affect property values.

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Closing up a yard sale across the street, Ms. Edwards struck a pragmatic note as she looks to leave the city for her childhood home in south Georgia.

"Maybe they want to buy my house," she jokes. "I've got a big basement."

Bust Yields Bumper Crop Of Pot Farms In Basements (AJC)

The Atlanta Journal-Constitution, March 5, 2007

Until the cops showed up, people living in the Cloister subdivision in Lawrenceville thought lawns were the most pampered grass in their neighborhood.

But, as it turned out, in the basement of the quiet home at 2350 Friars Gate Drive, somebody was growing marijuana. This wasn't your garden variety home-stash plant under a grow light.

This was big.

About 500 plants worth of big, said police.

Each four feet tall, the potted plants were arrayed like row crops in the huge basement. They were hydroponic — grown without soil — and irrigated and fed by a elaborate network of pipes. Grow lights were set up to burn at different intensities and hours to imitate the seasons.

The growers had invested tens of thousands of dollars in heating and air conditioning upgrades to create a semitropical climate where the air was a slightly humid 81 degrees.

To save money — the operation can burn about $2,500 worth of electricity a month — and avoid detection by electric meter, the growers had hotwired the power system, digging a hole and tapping into an underground electrical line.

The discovery of the basement pot farm shocked residents. But for authorities, last week's bust was part of an improbably predictable pattern.

The Friar's Gate raid — which resulted in the arrest of Eduardo Rodriguez-Ibarra, 43, Jose Felipe-Bruno, 35, and Jorge Gonzalez-Sanchez, 36 — was the 34th home basement marijuana farm found in 13 metro Atlanta counties in the last three weeks.

"This is amazing, and it's not over yet," Capt. Mike Pruitt, commander of the Fayette County Sheriff's Office Drug Task Force. "It's like a snowball rolling down a hill. It just keeps getting bigger and bigger."

Pruitt, a 27-year veteran of drug enforcement, has become the defacto drug enforcement czar of the case by channeling information his investigators obtained after the Feb. 13 arrests of Merquiades Martinez, 35, and Blanca Botello, 34, in Fayetteville, to other police agencies. The husband and wife team masterminded the network of underground pot farms, police say.

The couple, and 24 others nabbed in the first bust, are charged with manufacturing and trafficking marijuana.

Steve Harris, an attorney for Botello, said she knew nothing about the pot growing operation. She and Martinez are scheduled to appear in Fayette Magistrate Court on Tuesday.

When Fayette County District Attorney Scott Ballard held a press conference on Feb. 14, he said it was a $12 million drug enterprise, involving 12 homes. The number of homes has since almost tripled, and the number of people arrested is more than 40.

Friday morning, Pruitt's office was a hubub of activity. The phone rang constantly. One minute, it was an investigator. Another minute, it was the Fayette DA calling about the case. After another call, Pruitt hung up wearily.

"Looks like there could be two more, maybe, in Barrow County," he said. "And now it sounds like somebody from Lawrenceville drove a truck down there and dumped a load of pot in Tampa [Fla.] — they're running scared."

Authorities still won't say how long Martinez and Botello allegedly have been in the basement-grown pot business. She was a licensed ReMax Realtor who sold at least six of the houses that have been seized by police. Those purchases were made in 2005, Pruitt said.

Police say Botello was in on the scam and found and sold houses to operatives knowing they would convert basements to pot farms.

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But cops didn't pick up the scent until they got a call about three months ago from an investigator with the Drug Enforcement Agency in Miami. "All he gave us was a name, Merquiades Martinez, and information that he was a master grower," Pruitt said.

Martinez ran a garden supply store just north of Fayetteville in a rundown strip shopping center on Georgia 85, next door to an alternator repair shop and an abandoned pool hall.

According to county business records, he obtained the business license for Panoramic Garden Hydroponics in Botello's name, in June 2006.

From the outside, the store appears anything but prosperous. A sign on the door reads "Walk-ins welcome." But few did, said investigators who staked out the place.

The store — which had shelves of plant food and books on hydroponic gardening — was usually closed during the day. Martinez would drop by at night, often pick up a few things, then head off to destinations around metro Atlanta.

"To be honest with you, we thought we'd find three or four houses at most," Pruitt said.

But after two months of tracking Martinez's movements, the investigators had connected him to 11 homes in Fayette, Henry, Coweta, Butts, Newton and Rockdale counties. The houses all had a similar setup.

They were new homes, pricey ($300,000 to $450,000), had big finished basements (1,500 to 2,500 square feet) and were in upper middle class neighborhoods, often widely spaced from neighbors.

Every home had a "baby sitter" who slept upstairs with spare accommodations — often just an inflatable mattress, a TV, a few pots and pans in the kitchen — and monitored the plants. The sitter followed instructions, written in Spanish, on the care of the crop. Many of the homes had red ribbons on front doors or on mailboxes, and good luck symbols of Santeria, an African-based religious practice, similar to voodoo, that originated in Cuba and Brazil. Investigators also found garlic cloves placed behind TV sets and in other locations in some of the houses.

The crops were harvested in 90-day cycles, said Pruitt. The marijuana is a potent hybrid, water-grown under controlled conditions and known as "hydro." It sells for six times as much as Mexican outdoor grown pot, said Pruitt.

"This hydro stuff goes for $3,600 a pound in Atlanta," he said. "But a lot of this is being shipped to New York City, where it sells for $6,000. It's really potent. The THC (the active ingredient that makes a user high) just drips off the leaves."

When investigators arrested Martinez at a pot house he allegedly set up in Coweta, they also served a search warrant on his garden supply store and seized his computer and paper records.

Those records became the blueprint for investigations and arrests across the rest of the metro area, including four drug house busts last week in Gwinnett. The revelation that the pot houses were stealing electricity alerted power companies who are also now a part of the investigation.

"They were having power surges, and they couldn't figure out why all the fuse panels were getting blown," said Pruitt. "Now they know. So, anywhere they're having transformer problems, they're letting us know. We've hit a few houses based on their information and haven't missed yet."

Ruth Porter-Whipple, a DEA spokesperson, said the indoor scheme was unusual for Georgia, where agents routinely find outdoor crops.

"The indoor grown is more desirable because it's more potent. But it's more expensive because of the electricity," she said.

As the number of busts grows, law enforcement agents are finding some of the basement pot farms abandoned, and the equipment left behind.

Some marijuana is being dumped, too. A worker discovered trash bags of discarded pot in a trash bin behind a Lawrenceville deli last week and alerted police.

Harris, Botello's lawyer, said his client was not involved in the pot-growing scheme.

"She was just a front so Martinez could get a license," he said. "The first time she even heard about this was the night agents showed up in the middle of the night and arrested her. She is just a real estate agent and had no idea these houses were for growing pot."

"They don't have a shred of evidence that she has ever used the word 'marijuana,'" he said, "let alone grows it."

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Police: Couple Ran Pot Farm At Home (PL)

Patriot Ledger, March 2, 2007

BRAINTREE - A local couple has been busted for running a marijuana farm worth hundreds of thousands of dollars in their suburban home.

Peter Sakalis, 35, and his wife, Cynthia, 37, were arrested after police found 367 marijuana plants growing in the basement of their rented 250 Elm St. home.

Police also found dozens of boxes of harvested plants, cocaine and pills, drug packaging materials, a handgun and rifle ammunition.

The grow house operation is believed to be the largest ever uncovered in Braintree, according to Deputy Chief Russell Jenkins.

''(Sakalis) had a pretty good operation going for himself,'' he said. ''For an indoor grow, this is pretty significant.''

The charges are reminiscent of the popular HBO cable television series ''Weeds,'' which features a suburban housewife who turns to selling marijuana after her husband's death. In the show's second season, characters start a grow house out of a leased home in a gated bedroom community.

The Sakalises pleaded innocent in Quincy District Court yesterday to a series of charges including drug possession with intent to distribute, conspiracy to violate the Controlled Substances Act, intent to distribute within 1,000 feet of a school, possession of a large capacity magazine and possession of ammunition.

Following his arraignment, Sakalis was arrested again for allegedly failing to pay child support.

The couple's 6-year-old daughter, who was home at the time of the bust, was placed in the care of a grandmother.

Jenkins said while Sakalis was known to Braintree drug detectives, they had no idea about his alleged green thumb. Detectives Brian Cohoon and Michael Reynolds went to the Elm Street home early Wednesday morning as part of a multi-agency task force looking to arrest Cynthia Sakalis and her 17-year-old son on non-drug-related warrants.

''It was quite unexpected, to say the least,'' Jenkins said of the discovery.

Sakalis answered the door and told police that his wife was upstairs but that her son had spent the night at his father's house in Roslindale. While searching the house for the son, officers were ''overcome'' by the odor of marijuana inside the house, according to a police report.

When questioned about a locked door leading to the basement, Sakalis allegedly told police that the landlord kept it locked and that he had no key. Officers broke the lock and found hundreds of marijuana plants as well as equipment needed to grow the plants, such as high-intensity lights, an ozone generator and fertilizers.

According to town records, the house is owned by Demetra Poursanidis of Boston. Jenkins said there are no plans to charge her in connection with the grow house.

Reached by telephone, Poursanidis, who bought the house in June, declined to comment.

Jenkins said detectives plan to search electricity records for the house to determine how long the growing has been going on. The lights used to grow the plants consume a large amount of electricity.

Jenkins said police did not immediately know how much the seized crop was worth.

According to outside law enforcement agencies interviewed by The Patriot Ledger, the value could be anywhere from a couple hundred thousand to as much as $1 million, depending on the variety of marijuana being grown, and how much of the drug each plant yielded.

The Drug Enforcement Administration places a standard $1,000 price tag on each individual marijuana plant.

Lt. Paul Hayes, a detective with the Massachusetts State Police narcotics unit, said skilled growers can cultivate up to a pound of marijuana from each plant. A pound goes for $4,000 on the street, he said.

Jenkins said that Peter Sakalis told police that he had kept his wife in the dark about the growing.

''No one in that house could have been unaware of what was going on down there,'' Jenkins said.

Lafayette Man Pleads Guilty In Pot-candy Case (SFC)

By Henry K. Lee, Chronicle Staff Writer

DOJ_NMG_0139397

San Francisco Chronicle, March 2, 2007

OAKLAND -- The ringleader of an Oakland group that made marijuana-laced candy and soft drinks resembling popular confections was sentenced today to 70 months in prison, authorities said.

Kenneth Affolter, 39, of Lafayette pleaded guilty in September to a single count of conspiring to manufacture and distribute marijuana for making doctored treats that authorities said were packaged for shipment throughout the West Coast.

Affolter admitted that under the product name Beyond Bomb, he made a range of pot-laced treats with names like Buddahfingers, Munchy Way, Rasta Reece's, Puff-a-Mint Pattie, Keef Kat, Stoney Ranchers, Puffsi, Trippy, Pot Tart, Budtella and Toka-Cola. At a hearing today in Oakland, U.S. District Judge D. Lowell Jensen also ordered Affolter to pay a $250,000 fine and placed him on four years of supervised release.

The case was the latest pitting federal officials against medicinal marijuana advocates.

According to the Drug Enforcement Administration, marijuana is illegal regardless of why someone uses it and no matter what form it takes, especially marijuana candy products that mimic mainstream candies and are attractive to youths.

But angry medicinal marijuana users have said that the raids proved that the DEA and other law-enforcement agencies are running roughshod over local and state laws that allow for medicinal cannabis use.

In 1996, California voters approved Proposition 215, which allows the use of marijuana for medical purposes with a doctor's recommendation. Despite the law, authorities -- from the California Highway Patrol to the DEA -- have regularly pounced on local marijuana-growing operations in the Bay Area.

One of those raids was on March 16, 2006, when drug agents searched two adjoining warehouses at 1055 and 1071 Yerba Buena Ave. and at 3960 Adeline St. in Emeryville.

Investigators learned that a $3,913 PG&E balance for a month's period covered all three locations and was billed to Affolter, Drug Enforcement Administration Special Agent William Armstrong wrote in an affidavit.

Affolter told Oakland police officers who responded to a silent alarm at one of the Yerba Buena warehouses in February 2006 that "he made soaps and candles," agents wrote.

Investigators also searched Affolter's Lafayette home and a location on Telegraph Avenue in Oakland.

During the raids, investigators seized about $100,000 in cash, 11,692 rooted marijuana plants, 17,736 unrooted "clone" plants, marijuana-growing equipment, three weapons, an electronic money counter and hundreds of sodas and candy laced with marijuana, authorities said.

Yet Affolter, in a monitored telephone call to his parents from Santa Rita Jail in Dublin, boasted that the DEA "got a lot of money, but they didn't get it all!" Assistant U.S. Attorney Dana Wagner wrote Thursday in a sentencing memorandum.

In the same phone call, which took place shortly after his arrest, Affolter told his mother, "I am financially taken care of" and discussed spending "a couple of years" traveling the world, Wagner wrote.

Citing Affolter's apparent access to "significant undisclosed financial resources," the federal prosecutor urged the judge to impose a $500,000 fine.

A number of Affolter's former employees, who are codefendants, have also been convicted in the case.

Amy Teresa Arata of Oakland and Jesse Monko of Walnut Creek both admitted to performing supervisory roles in Affolter's marijuana operation. Each pleaded guilty to felony conspiracy counts. On Thursday, Jensen sentenced Arata to 18 months in prison; Monko received the same sentence today.

Nathan Woodard was sentenced today to two months in prison.

Jaime Alvarez-Lopez, Barbara Alvarez and Elizabeth Ramirez pleaded guilty to misdemeanor marijuana offenses. Each was sentenced in January to a year in prison.

Camilo Ruiz-Rodriguez was sentenced to eight months for a misdemeanor marijuana offense.

Last month, Maria Alarcon-Romero was placed on probation for a year.

Teresa Rojas will be sentenced on March 9, and James White and Robert Blackwell are scheduled to be sentenced on March 23.

Drug Smugglers Reroute Shipments Via Central America (LAT)

By Héctor Tobar

The Los Angeles Times, March 5, 2007

MANAGUA, NICARAGUA — Central America has become a crucial way station in the billiondollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies, U.S. and regional sources say.

The recent killings of three Salvadoran legislators in Guatemala underscored the shift, intelligence sources say. The lawmakers were shot and their bodies set ablaze last month, allegedly by a group of Guatemalan policemen working on behalf of Mexican drug traffickers.

All sorts of people have been swept up in the drug trade as the smuggling routes have changed, including impoverished fishermen, small-town mayors, legislators and high-ranking police officials. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico.

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The four police officers charged in the killings, including the head of Guatemala's organized-crime unit, were later slain in their prison cells, in a stunning raid by armed men who may have entered the facility with the aid of guards and prison officials.

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"This is a crime that can best be understood as part of the dynamic that sees drugs flow between Mexico and Colombia," said a second intelligence official, referring to the killing of the legislators. The officials asked not to be named, given the sensitive political nature of the crime — one of the victims was Eduardo Jose D'Aubuisson, the son of the founder of El Salvador's ruling party.

Although drug trafficking has long been common in remote areas of the region, such as the Caribbean coast of Nicaragua, the growing power of Mexican cartels has increased the importance of Central America as a transshipment point.

Smuggling routes across the Caribbean have largely fallen into disuse thanks to U.S. interdiction efforts there, and Colombian drug producers have ceded the bulk of the transportation business to Mexicans.

About 90% of the estimated 780 tons of cocaine entering the United States each year passes through the hands of Mexican drug traffickers, according to U.S. studies. Mexican traffickers see Central America as a natural hub between their Colombian suppliers and the smuggling routes the Mexicans control on the U.S. border.

The "Mexico-Central America corridor is … the predominant transit route for cocaine destined for the United States," U.S. officials wrote in the 2007 National Drug Threat Assessment.

Michael A. Braun, chief of operations for the U.S. Drug Enforcement Administration, said in a 2005 congressional hearing that "the corrupting power of illicit drug trafficking organizations on the governmental institutions of Central America significantly increases the difficulty of successful drug interdiction efforts."

Central America will remain the primary transit zone for U.S.-bound drugs "for the foreseeable future," Braun added.

The growing trade has reached areas of Central America where drug trafficking was rare just a few years ago. Police and military forces there are often undermanned and outgunned.

Nicaragua's small navy, for example, only has enough boats to patrol its coastline 12 days a month, officials say, a fact that helps shape the traffickers' strategy. "They know what our limitations are," said Capt. Roger Gonzalez Diaz of the Nicaraguan navy.

On the Pacific coast, the Nicaraguan navy has no craft larger than 40-foot-long "go fast" boats with outboard motors, vessels nearly identical to those the drug traffickers use. In fact, many of the navy's boats are vessels that were discarded by smugglers, Gonzalez Diaz said.

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Operatives of Mexico's Sinaloa cartel arrived on the Pacific coast two years ago, officials with Nicaragua's National Police said.

With their Mexican accents, the men stood out. They were eager to buy old, abandoned farms along the beach. They didn't look like farmers, but they bought several tractors. They collected boats, too, but they didn't look like fishermen.

"The tractors were to build new airstrips and also to rehabilitate old ones," said a Nicaraguan police officer who specializes in drug intelligence.

One of the men was Samuel "Sammy" Gutierrez, a Colombian with Mexican identity documents, police said. He and two brothers from Mazatlan, Jorge and Roberto Garcia Villasenor, were air and sea "transportation specialists," police said.

The drug cartel operatives soon found themselves in a cat-and-mouse game with police leading to a plane crash on a rural highway and the arrest of a Mexican couple with nearly $300,000 in cash at a Managua airport.

"We confiscated three tons of cocaine," said an intelligence official with Nicaragua's national police. "We hit them hard."

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Once in Mexico, the drug traffickers benefit from well-traveled smuggling routes protected by corrupt state and local officials, as they move their shipments northward overland to the U.S. border. A war among competing cartels to control those routes, known as "plazas" in Mexico, led to more than 2,000 killings last year.

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In 2005, U.S. officials discovered, via satellite imagery, an "aircraft graveyard" in the Peten jungle of Guatemala where drug traffickers had disposed of light aircraft that brought shipments from South America. The drugs were eventually smuggled overland into Mexico.

U.S. officials said that Central American organized-crime groups, working with the Mexican and Colombian cartels under a subcontracting system, are reaping huge profits. That money, in turn, is fueling a crime wave, especially in Guatemala and El Salvador.

In El Salvador, sources pointed to a key killing that went largely unnoticed in the local media: the 2005 shooting death of Jose "El Cranky" Cortes outside a San Salvador nightclub.

According to a Salvadoran academic who has studied the drug trade, Cortes controlled the retail drug trade in an urban region of El Salvador and was assassinated for trying to make connections with Colombian suppliers without the permission of other gang leaders.

It was the first time officials had documented contacts between high-level Salvadoran gang leaders and Colombian traffickers, the source said.

Along the impoverished Pacific coast of El Salvador and Guatemala, mayors and other low-level officials in seaside towns find that the sums of money offered by the traffickers are often too tempting to resist.

"This guy tells you that you can make $60,000 easily, very quietly," said one intelligence official who was not authorized to speak publicly.

The same networks that smuggle drugs northward are responsible for shipping several billion dollars in cash southward, usually in $20 bills, DEA officials said. So vast is the money flow that it is routine to arrest couriers carrying $1 million in cash or more in Central America.

The huge sums of money involved in the drug trade have already ensnared top officials in El Salvador.

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Last year, William Eliu Martinez, a former Salvadoran congressman, received a 29-year prison sentence from a U.S. judge in Washington after being convicted of smuggling more than 30 tons of cocaine into the United States.

If the privileged can be drawn into the drug trade, then what hope is there that a poorly paid policeman, soldier or sailor can resist the temptation?

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Drug Smugglers Reroute Shipments Via Central America (LAT)

By Héctor Tobar, Times Staff Writer

The Los Angeles Times, March 4, 2007

Most Colombian cocaine entering the U.S. comes through the area, with cartels infiltrating security forces and government agencies.

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Special correspondent Alex Renderos contributed to this report from San Salvador.

IMMIGRATION:

Bush's Last Chance On Immigration (TIME)

By Massimo Calabresi / Washington

Time, March 5, 2007

People say a lot of things on the campaign trail, but when Texas Governor George W. Bush stood before conservative Iowa crowds in 1999 and talked about the urgency of immigration reform, it was hard not to believe he was speaking from the heart. "Family values do not stop at the Rio Grande," he said back then, and the felicitous phrase became a touchstone of compassionate conservatism for his campaign and his presidency. For Bush, making immigration fair and safe "is a matter of very strong personal commitment," says his spokesman, Tony Snow.

Bush is about to get his last chance to prove that that commitment is real. Immigration reform stands out as the unfulfilled promise of the Bush presidency, and as Congress prepares to debate a compromise bill in the coming weeks, Democratic leaders in the House and Senate say Bush's help is crucial. "We're going to need Republican votes," says Jim Manley, spokesman for Senate majority leader Harry Reid. "And we're going to need the President." But power is sluicing out of the White House, Iraq is draining the Administration's remaining energies, and the President is entering a difficult period with a Congress he has never treated with much respect.

November's Democratic victory in Congress should have improved Bush's odds of getting what he calls "comprehensive immigration reform": tightened border controls and work-site enforcement, a new guest-worker program and a solution to the problem of the U.S.'s 12 million illegal immigrants. Although some Democrats side with unions in opposition to the President's proposed guest-worker program, a majority favor his broad immigration reforms. At the same time, some of Bush's most outspoken Republican opponents lost in races to Democrats who back his position. Post-election polls showed Hispanic voters punishing Republicans, abandoning the G.O.P. in larger numbers than the rest of the electorate in what some analysts saw as a backlash against tough G.O.P. rhetoric on immigration. That impression may drive fence-sitting Republicans who represent Latinos to support Bush's moderate plans.

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The election effect alone is not enough to deliver Bush the votes he needs, though, especially in the House. Privately, lawmakers and key aides in both parties are skeptical that he can make up those votes. Republicans say Bush's political weakness is too great to coerce enough wavering G.O.P. lawmakers to risk their seats out of loyalty to the President. "What leverage does he have? Not a lot," says a senior Senate Republican aide. Bush's influence has ebbed since the last Congress, when he failed to rally Republicans behind an immigration deal. Democrats say Bush's biggest problem is his style of dealing with Congress. "He likes to be the closer, bringing in the last five fence-sitters," says a senior House Democratic aide. "But this time he needs to engage early in the process to prove this is a real priority for him."

Bush's hardest challenge will be selling a fix for the 12 million illegal immigrants already living in the U.S. The new immigration bill, to be introduced in the Senate as early as next week by Democrat Ted Kennedy and Republican John McCain, will set most of them on a "path to citizenship." Opponents call that amnesty. Bush has been vague in his support for legalization. But Kennedy says that at a private meeting on Jan. 8, Bush gave him a commitment to back "comprehensive" legislation, which Kennedy believes is a commitment to granting them eventual citizenship.

One last opportunity for Bush may have come thanks to G.O.P. hard-liners. The only immigration bill that Congress managed to push through last session cracked down on illegal border crossing. At the same time, the Department of Homeland Security has stepped up work-site enforcement of laws banning the employment of illegal immigrants. The effect has been a marked labor shortage, especially in agriculture. Growers nationwide blame the shortage for losses in the hundreds of thousands of dollars. With business leaning on lawmakers to do something, the crackdown has "increased the chances of comprehensive immigration reform," says a senior Senate Republican aide.

Bush doesn't have much time. Democratic aides say Reid plans to get the new bipartisan bill to the floor this spring in the hope of forcing it through Congress before the presidential campaign paralyzes Washington. If it's not done by August, says one, "it's dead."

TAX:

Here Comes The AMT (USNEWS)

By Leonard Wiener

U.S. News and World Report, March 4, 2007

If your 2006 tax return is among the 3.5 million to 4 million that are projected to be hit by the alternative minimum tax, your only choice may be to grit your teeth. But don't feel neglected. Virtually everyone agrees that the AMT is out of control and needs to be fixed. The big question is how and at what cost in lost potential tax revenue—roughly $1.2 trillion over 10 years if the AMT is totally repealed.

So far, Congress has enacted short-term boosts in exemptions from the tax to slow its expanding reach from only about 1.3 million taxpayers five years ago. If a new temporary or permanent fix isn't enacted for 2007, the number of returns affected could soar to 23 million.

Good intentions. The AMT is an auxiliary tax with fewer deductions than regular tax and kicks in if your tax figured under its formula is greater than your tax figured normally. It was originally aimed at upper-income taxpayers who were avoiding very large amounts of tax through shelters and other manipulations, and it was never intended to be the nuisance it has become.

A failure to index the AMT to inflation and reductions in regular tax are among factors now extending the AMT's reach to some middle-class families.

The original purpose of closing tax shelters has in fact become a much smaller factor in the AMT's impact. Large payments of property tax and state income tax can trigger the AMT since those items aren't deductible when figuring it. People with many dependent exemptions are also susceptible.

"You could just be a normal person living your life and fall into it," says Bill Stone, investment director at PNC Bank's wealth management operation.

The AMT can erase part of the benefits of tax reductions and the cut in the capital-gains rate.

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Dealing with the AMT can involve planning the year in which to take certain deductions, timing the receipt of income, manipulating the type and amount of debt, and other arcane issues. The tax is fertile ground for selling tax software or professional help, since you may have to go through complex calculations to figure out if you are hit by it, and tactics to minimize or avoid it in the future can be fraught with gotchas.

But maybe for those already affected, and those who soon could be, this all will turn out to be a tax horror story with a happy ending.

This story appears in the March 12, 2007 print edition of U.S. News & World Report.

CONGRESS-ADMINISTRATION:

Senators Vow Quick Action On Walter Reed (AP)

By John Heilprin

AP, March 5, 2007

Lawmakers promised a quick response and sought an independent commission as they expressed outrage Sunday over the poor conditions at Walter Reed Army Medical Center for soldiers wounded in Iraq and Afghanistan.

"I'm worried about if it's this bad at the outpatient facilities at Walter Reed, how is it in the rest of the country? Because Walter Reed is our crown jewel," said Sen. Charles Schumer, D-N.Y.

In a letter Sunday to Defense Secretary Robert Gates on Sunday, Schumer asked for an independent commission, possibly headed by former Secretary of State Colin Powell, to investigate all post-combat medical facilities and recommend changes.

"To think that men and women are serving their country in the most honorable and courageous way possible and all we give them is a dilapidated, rat-infested, run-down building to recover is a disgrace," Schumer wrote. "My fear is that Walter Reed is just the tip of the iceberg, and merely highlights the pervasive and systemic mistreatment of our service members."

President Bush last week ordered a comprehensive review of conditions at the nation's network of military and veteran hospitals. They have been overwhelmed by injured troops from the wars in Iraq and Afghanistan.

The White House said the president would name a bipartisan commission to assess whether the problems at Walter Reed exist at other facilities. Last week, Gates created an outside panel to review the situation at Walter Reed and the other major military hospital in the Washington area, the National Naval Medical Center at Bethesda, Md.

Gates also dismissed Army Secretary Francis J. Harvey, who had fired the medical center's previous commander, Maj. Gen. George Weightman, and replaced him with Lt. Gen. Kevin Kiley, the Army's surgeon general and a former commander of Walter Reed. Gates said that Harvey's response was not aggressive enough.

The Army announced that Maj. Gen. Eric B. Schoomaker will be the new commander of Walter Reed, which is in Washington.

In addition, the Army took disciplinary action against several lower-level soldiers at Walter Reed, but officials have declined to publicly confirm any details of those actions. Peter Geren, the undersecretary of the Army, will serve as Harvey's temporary replacement until Bush nominates a new secretary.

The moves came in response to a series of Washington Post reports about substandard conditions and bureaucratic snafus affecting the care of injured soldiers returning from Iraq and Afghanistan to Walter Reed, one of the military's highest-profile and busiest medical facilities, and its outpatient facilities.

The reports embarrassed the Army and the Bush administration at a time when the White House is scrambling to shore up eroding support for the Iraq war. They have prompted numerous calls in the newly Democratic Congress for more information, and sullied the reputation of what is supposed to be one of the military's foremost medical centers.

Sen. Carl Levin, D-Mich., said the scandal is emblematic of the Bush administration.

"I believe this disgraceful neglect has been the result of two things. One is a lack of accountability," said Levin, who is chairman of the Senate Armed Services Committee. "Almost no high-level people have ever been held accountable until Secretary Gates came along."

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Levin said the second factor "is the overoptimism which just symbolized this administration right from the beginning of this war, that the mission was accomplished."

Sen. Dianne Feinstein, D-Calif., also praised Gates' quick response. "He's taken action, and not only low-level people but high-level people have been replaced, and I think that's welcome action."

Sen. Trent Lott, R-Miss., said he probably would support a commission such as what Schumer proposes. "Investigations are not always the best way to go, but I think we ought to do whatever's necessary," he said.

Lott said the revelations show that President Bush and Congress should take a look at all Veterans Affairs hospitals and military hospitals to be sure they are providing adequate services.

"It is indefensible and appalling," Lott said. "Why didn't we know more and do more? I'm not, you know, trying to fix blame. I want to know how we're going to fix it."

Rep. Peter Hoekstra, R-Mich., called it an "appalling situation. Hopefully they're putting in place the leadership that will make sure that our troops get exactly the kind of quality care that they make. The sooner they get focused on this, the better."

Schumer and Lott spoke on ABC's "This Week." Feinstein and Hoekstra appeared on "Fox News Sunday." Levin was interviewed on CBS' "Face the Nation."

Democrats Fume Over Walter Reed Scandal (LAT)

By Noam N. Levey,

The Los Angeles Times, March 5, 2007

Sen. Charles Schumer says he fears this 'is just the tip of the iceberg.'

WASHINGTON — Congressional Democrats on Sunday kept up their attacks on substandard care for injured soldiers at Walter Reed Army Medical Center as they prepared for hearings on the issue this week.

"If it's this bad at the outpatient facilities at Walter Reed, how is it in the rest of the country?" Sen. Charles E. Schumer (D-N.Y.) said on ABC's "This Week." "Walter Reed is our crown jewel."

In a letter sent Sunday to Defense Secretary Robert M. Gates, Schumer called for the creation of an independent commission to examine conditions at all medical facilities treating military personnel and veterans. He suggested that former Secretary of State Colin L. Powell, a retired Army general and former chairman of the Joint Chiefs of Staff, lead the panel.

"To think that men and women are serving their country in the most honorable and courageous way possible and all we give them is a dilapidated, rat-infested, rundown building to recover is a disgrace," he wrote. "My fear is that Walter Reed is just the tip of the iceberg, and merely highlights the pervasive and systemic mistreatment of our service members."

Schumer's call for an independent panel follows a promise from President Bush last week to name a bipartisan commission for the same purpose.

The scandal over the living conditions and care for soldiers at a Walter Reed outpatient facility, detailed in a recent series of articles in the Washington Post, claimed two generals and the Army's top civilian last week. On Thursday, in response to the articles, Army Secretary Francis J. Harvey replaced the hospital's commander for the last six months, Maj. Gen. George W. Weightman, with Lt. Gen. Kevin C. Kiley, who had headed the hospital from 2002 to 2004. But veterans groups and legislators criticized that appointment, saying Kiley had known about problems and failed to act; a day later, Kiley lost the command and Harvey resigned under pressure, attacked for appointing Kiley.

Members of Congress from both parties have expressed outrage at the substandard care. The revelations have also embarrassed the Bush administration as it has been laboring to build support for sending 21,500 additional troops to Iraq.

Rep. Henry A. Waxman (D-Los Angeles), who heads the powerful Committee on Oversight and Government Reform, plans to hold a hearing at the hospital today. Weightman and Kiley are to testify.

The Senate Armed Services Committee plans a hearing on the matter Tuesday.

Meanwhile, Rep. John P. Murtha (D-Pa.), a staunch Iraq war critic, said that today he would unveil his plan to put new restrictions on the administration's war effort.

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Murtha, chairman of the House Appropriations subcommittee on defense, has been working on ways to attach conditions to a nearly $100-billion emergency supplemental bill that would require troops to be fully trained and equipped before they are deployed.

"We should not send troops into combat if they don't have equipment and if they don't have the training they need," Murtha, a Vietnam veteran, said on NBC's "Meet the Press."

Murtha has also suggested requiring the withdrawal of U.S. forces unless the Iraqi government meets benchmarks showing progress toward reducing sectarian strife.

The proposal has been attacked by Republicans and some Democrats as an effort to micromanage the war, a critique reiterated Sunday by Sen. Lindsey Graham (R-S.C.), a leading supporter of the president's plans to boost the number of U.S. forces in Iraq.

"Some of these resolutions are just nightmares for a commander. You can fight Al Qaeda, but you can't fight people involved in sectarian violence. You can go here, and you can't go there," Graham said on NBC. "There's a reason there's only one commander in chief."

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Walter Reed Hearing To Put Spotlight On Kiley's Leadership (WP)

By Josh White

The Washington Post, March 5, 2007

When the first congressional hearing about the care of wounded soldiers at Walter Reed Army Medical Center opens this morning in a campus auditorium, many eyes will turn to Lt. Gen. Kevin C. Kiley, who has served as the Army's top doctor since he gave up command of the hospital in 2004. The hearing will allow Kiley to explain why bureaucratic tangles and horrid conditions made life so difficult for outpatients at the Army's premier hospital, while also likely putting him in a position of defending his job.

Though members of Congress have called for Kiley to step down and take responsibility for the problems at Walter Reed, he has been spared so far. Other leaders have not been so fortunate: Maj. Gen. George W. Weightman, the hospital's commander the past six months, was fired on Thursday, and Army Secretary Francis J. Harvey was forced to resign on Friday, in part because he appointed Kiley to temporarily take over Weightman's job.

Kiley, the commander of Walter Reed from 2002 to 2004, has been accused of being brash and indifferent to concerns raised about problems there. After a series of Washington Post articles described the outpatient conditions at Walter Reed, Kiley said the problems "weren't serious and there weren't a lot of them," and that they were not "emblematic of a process of Walter Reed that has abandoned soldiers and their families."

People close to Kiley say he realizes he could lose his job over the problems that occurred on his watch, but many who have known him over the past several decades said it would be unlike him to give up. Many colleagues and former commanders described him as a dogged and aggressive leader -- sometimes to a fault. Others described him as constantly career-minded and focused on personal success. Through Army spokesmen, Kiley declined to be interviewed for this article.

Now at the pinnacle of Army medicine as the service's 41st surgeon general, Kiley is capping a diverse career with the challenge of a devastating scandal. Critics argue that his indifference exacerbated the problems; supporters say that he is the only person who can turn the situation around.

"Even if there were sins of omission on the part of General Kiley as he was focused on the soldiers' primary care, now that this will receive his attention in a way that he is uniquely capable of applying it, the Army couldn't have a better guy to do it," said Mike Sullivan, a retired Army colonel who has known and worked with Kiley since the early 1990s and considers him a friend. "He will be utterly ruthless in approaching the problem. I've seen him utterly ruthless any number of times, and it's a thing of beauty."

After graduating from medical school at Georgetown University, Kiley began his Army career as an obstetrics and gynecology specialist, a clinical area that doesn't often produce top Army brass. But he became the division surgeon with the 10th Mountain Division and later deployed to Saudi Arabia as commander of the 15th Evacuation Hospital in support of operations Desert Shield and Desert Storm, giving him wartime field experience.

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Gen. William W. Crouch, who retired after serving as the Army's vice chief of staff and worked with Kiley at several commands, praised his ability to motivate staff members. Crouch said Kiley, an avid runner, was able to whip a group of doctors and nurses into shape before they deployed from Fort Polk, La., to the Middle East.

"I particularly remember him leading doctors, nurses and staff on early-morning runs," said Crouch, who in the early 1990s commanded the 5th Infantry Division at Fort Polk. "They probably did not like it, but he was preparing them for the rigors of war."

After graduating from the Army War College, Kiley went to Germany and as a colonel took command of the Landstuhl Regional Medical Center. There, he supervised the military's largest hospital outside of the United States and dealt with medical issues surrounding missions in the Balkans.

While there, he both impressed colleagues and irked them. In interviews, some said he was a deft leader, but others criticized his apparent desire to stick to the budget and increase productivity while sacrificing care.

"His last concern was his concern for the patient," said retired Col. Robert M. Tabachnikoff, chief of obstetrics and gynecology under Kiley at Landstuhl in the mid-1990s. Tabachnikoff said Kiley wanted to discharge new mothers within 24 hours of delivery to keep beds free and counted phone calls as office visits. "He was more concerned for meeting requirements and advancing his own career. . . . At last, it's catching up with him. His leadership style is being exposed."

Carolyn Bulliner, a retired colonel who has known Kiley since 1993, said he is a strong leader who has always thought the soldiers in his care were the most important aspect of his job. Bulliner, who now works down the hall from Kiley in the Army Health Facility Planning Agency, also said he is a dedicated family man, devoted to his three children. Two have followed Kiley into military service.

"All I can say is that he absolutely worked his best to ensure the right things were done for his soldiers," said Bulliner, who was director of nursing at Landstuhl. "He trusted and relied on us as his staff to do what we were supposed to do. . . . He got involved when he needed to get involved."

Retired Lt. Gen. Ronald R. Blanck, who commanded Walter Reed from 1992 to 1996 and then served as the Army's surgeon general until 2000, said he always found Kiley on top of things. In conversations with Kiley over the past few years, Blanck noticed that he was particularly interested in front-line care for the wounded and appeared to delegate responsibility when the wounded returned to the United States.

"I don't think he saw himself as someone who should micromanage," Blanck said, adding that he thinks Kiley and Weightman were weighed down by the ballooning casualties from Iraq and Afghanistan. "It's just tragic all around. The problems could have easily been addressed by people paying attention. They were overwhelmed by the number of casualties and they unfortunately let that kind of thing slip."

Kiley's comments about Walter Reed are not the first time he has played down allegations of concerns with the Army medical community. In 2005, when Kiley's office reviewed detainee medical operations in Iraq, Afghanistan and Guantanamo Bay, Cuba, after the Abu Ghraib prison abuses, he said that no systemic problems were found but did not mention that his office found serious flaws in detainee health care overseas, and that it had identified dozens of abuse cases.

"The majority of medical personnel interviewed did not observe any abuse, and with few exceptions, those medical personnel who did observe suspected abuse reported it," Kiley said at a Pentagon news conference in July 2005. "The assessment results demonstrate that the nation can be proud of our military medical professionals."

The report, released the next day, showed that there were major gaps in detainee care and that there was little official guidance on how to treat detainees. Kiley also said he supported using psychiatrists and physicians on Behavioral Science Consultation Teams that were using medical information from detainees to guide military intelligence interrogations -- against the recommendations of a two-star general who led the assessment.

Leonard S. Rubenstein, executive director of Physicians for Human Rights, said that Kiley was not necessarily responsible for coming up with tactics that cross ethical boundaries, but that he defended them. "He did not oppose the use of physicians in military interrogations," Rubenstein said. "It's an invitation to abuse, because the involvement of physicians tends to aggravate the situation."

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Kiley, as a three-star general, has gone as high as he can go within the Army's medical hierarchy, and most surgeon generals retire at the end of their four-year terms. Should Kiley weather this storm, he could hold his position until September 2008.

US Army Scrambles To Clean Walter Reed (CSM)

By Gordon Lubold

The Christian Science Monitor, March 5, 2007

WASHINGTON

The abrupt departure of the secretary of the Army, taking place as an angry Defense secretary responded to public criticism of how the Pentagon has treated its war wounded, is giving Congress fresh reasons to look more closely at war operations.

Monday, lawmakers are to begin a week of hearings that will look into the situation at Walter Reed Army Medical Center in Washington – how conditions worsened there and why it appeared, at least, that no one was paying attention. The Army's surgeon general, Army Lt. Gen. Kevin Kiley, and the commander of the hospital who was relieved of his duties, Army Maj. Gen. George Weightman, are to appear Monday on Capitol Hill. Intense questioning is expected from lawmakers on a subcommittee of the Oversight and Government Reform Committee.

The Army, meanwhile, is scrambling to rectify the situation: It's moving patients out of certain areas of Walter Reed in preparation for those places being refurbished, and it's creating new support initiatives to help wounded veterans of the war in Iraq.

"We've got to make sure that our VA hospitals and our military hospitals in this country are equipped to provide the services [so] that our men and women in uniform and our veterans can be confident that they're going to get the help they need," said Sen. Trent Lott (R) of Mississippi, appearing on "This Week" on ABC.

It's important to find out what happened, not to point fingers, Senator Lott said. "Why didn't we know more and do more?" he said. "I'm not ... trying to fix blame. I want to know how we're going to fix it."

The unraveling at the Pentagon began after a story in the Feb. 18 editions of The Washington Post, which detailed problems at what's been considered the nation's premier military medical facility. The story outlined issues with the physical condition of one of the buildings, Building 18, where troops recuperate, receive counseling, or await outprocessing from the military. The report included details of rotting walls and mold and pest infestation, as well as bureaucratic bungling that delayed services or support.

The portrayal of the hospital in the story sparked a furor in Washington. Within days, the Army had relieved General Weightman, and its leadership had identified General Kiley as the acting commander. A number of other, lower-level military personnel were also reassigned.

But that was not enough for Defense Secretary Robert Gates, who didn't like the way the Army, which runs the hospital, was responding. For example, Kiley, in a press tour of the hospital in the wake of the newspaper article, criticized the report for being too one-sided.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to the outpatient care at Walter Reed," Secretary Gates said in a briefing last Friday. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

Following Gates' remarks, the Army announced that Maj. Gen. Eric Schoomaker, a physician, would be named as the permanent commander of the hospital. General Schoomaker's older brother, Gen. Peter Schoomaker, is the Army's chief of staff. Another flag officer who is not a physician is expected to be named to the hospital's command structure to ensure someone without a medical background can keep an eye on the improvements, according to a Washington Post report Sunday.

Weightman's side of the story may emerge during the hearings. This may include the information that he did in fact listen to internal warnings last year about problems with staffing.

The Army released a statement Saturday that indicated Weightman had responded to those internal warnings from Army Col. Peter Garibaldi, the Walter Reed garrison commander. Colonel Garibaldi had warned that "patient care services are at risk

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of mission failure" due to a privatization effort that left the hospital short-staffed. According to media reports, Garibaldi said that Weightman had addressed each of three issues raised.

Rep. Henry Waxman (D) of California, who leads the Oversight and Government Reform Committee, said the Garibaldi memo raises "a new dimension to the problems at Walter Reed."

The problems at Walter Reed could be symbolic of the kind of neglect that many lawmakers believe exists across the military. Funding for a war that costs up to $7 billion per month has strapped resources that normally would be spent elsewhere.

Rep. John Murtha (D) of Pennsylvania, a respected Marine veteran who is pushing to bring troops home, asserted Sunday that the problems at Walter Reed have occurred because war costs have trumped so many other needs.

"It happened because the resources are so much in Iraq. They've spent so much money that they've ignored the very thing that is so important to our troops at home," Representative Murtha said on "Meet the Press."

'It Is Just Not Walter Reed' (WP)

By Anne Hull And Dana Priest, Washington Post Staff Writers

The Washington Post, March 5, 2007

Soldiers Share Troubling Stories Of Military Health Care Across U.S.

Ray Oliva went into the spare bedroom in his home in Kelseyville, Calif., to wrestle with his feelings. He didn't know a single soldier at Walter Reed, but he felt he knew them all. He worried about the wounded who were entering the world of military health care, which he knew all too well. His own VA hospital in Livermore was a mess. The gown he wore was torn. The wheelchairs were old and broken.

"It is just not Walter Reed," Oliva slowly tapped out on his keyboard at 4:23 in the afternoon on Friday. "The VA hospitals are not good either except for the staff who work so hard. It brings tears to my eyes when I see my brothers and sisters having to deal with these conditions. I am 70 years old, some say older than dirt but when I am with my brothers and sisters we become one and are made whole again."

Oliva is but one quaking voice in a vast outpouring of accounts filled with emotion and anger about the mistreatment of wounded outpatients at Walter Reed Army Medical Center. Stories of neglect and substandard care have flooded in from soldiers, their family members, veterans, doctors and nurses working inside the system. They describe depressing living conditions for outpatients at other military bases around the country, from Fort Lewis in Washington state to Fort Dix in New Jersey. They tell stories -- their own versions, not verified -- of callous responses to combat stress and a system ill equipped to handle another generation of psychologically scarred vets.

The official reaction to the revelations at Walter Reed has been swift, and it has exposed the potential political costs of ignoring Oliva's 24.3 million comrades -- America's veterans -- many of whom are among the last standing supporters of the Iraq war. In just two weeks, the Army secretary has been fired, a two-star general relieved of command and two special commissions appointed; congressional subcommittees are lining up for hearings, the first today at Walter Reed; and the president, in his weekly radio address, redoubled promises to do right by the all-volunteer force, 1.5 million of whom have fought in Iraq and Afghanistan.

But much deeper has been the reaction outside Washington, including from many of the 600,000 new veterans who left the service after Iraq and Afghanistan. Wrenching questions have dominated blogs, talk shows, editorial cartoons, VFW spaghetti suppers and the solitary late nights of soldiers and former soldiers who fire off e-mails to reporters, members of Congress and the White House -- looking, finally, for attention and solutions.

Several forces converged to create this intense reaction. A new Democratic majority in Congress is willing to criticize the administration. Senior retired officers pounded the Pentagon with sharp questions about what was going on. Up to 40 percent of the troops fighting in Iraq are National Guard members and reservists -- "our neighbors," said Ron Glasser, a physician and author of a book about the wounded. "It all adds up and reaches a kind of tipping point," he said. On top of all that, America had believed the government's assurances that the wounded were being taken care of. "The country is embarrassed" to know otherwise, Glasser said.

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The scandal has reverberated through generations of veterans. "It's been a potent reminder of past indignities and past traumas," said Thomas A. Mellman, a professor of psychiatry at Howard University who specializes in post-traumatic stress and has worked in Veterans Affairs hospitals. "The fact that it's been responded to so quickly has created mixed feelings -- gratification, but obvious regret and anger that such attention wasn't given before, especially for Vietnam veterans."

Across the country, some military quarters for wounded outpatients are in bad shape, according to interviews, Government Accountability Office reports and transcripts of congressional testimony. The mold, mice and rot of Walter Reed's Building 18 compose a familiar scenario for many soldiers back from Iraq or Afghanistan who were shipped to their home posts for treatment. Nearly 4,000 outpatients are currently in the military's Medical Holding or Medical Holdover companies, which oversee the wounded. Soldiers and veterans report bureaucratic disarray similar to Walter Reed's: indifferent, untrained staff; lost paperwork; medical appointments that drop from the computers; and long waits for consultations.

Sandy Karen was horrified when her 21-year-old son was discharged from the Naval Medical Center in San Diego a few months ago and told to report to the outpatient barracks, only to find the room swarming with fruit flies, trash overflowing and a syringe on the table. "The staff sergeant says, 'Here are your linens' to my son, who can't even stand up," said Karen, of Brookeville, Md. "This kid has an open wound, and I'm going to put him in a room with fruit flies?" She took her son to a hotel instead.

"My concern is for the others, who don't have a parent or someone to fight for them," Karen said. "These are just kids. Who would have ever looked in on my son?"

Capt. Leslie Haines was sent to Fort Knox in Kentucky for treatment in 2004 after being flown out of Iraq. "The living conditions were the worst I'd ever seen for soldiers," he said. "Paint peeling, mold, windows that didn't work. I went to the hospital chaplain to get them to issue blankets and linens. There were no nurses. You had wounded and injured leading the troops."

Hundreds of soldiers contacted The Washington Post through telephone calls and e-mails, many of them describing their bleak existence in Medhold.

From Fort Campbell in Kentucky: "There were yellow signs on the door stating our barracks had asbestos."

From Fort Bragg in North Carolina: "They are on my [expletive] like a diaper. . . . there are people getting chewed up everyday."

From Fort Dix in New Jersey: "Scare tactics are used against soldiers who will write sworn statement to assist fellow soldiers for their medical needs."

From Fort Irwin in California: "Most of us have had to sign waivers where we understand that the housing we were in failed to meet minimal government standards."

Soldiers back from Iraq worry that their psychological problems are only beginning to surface. "The hammer is just coming down, I can feel it," said retired Maj. Anthony DeStefano of New Jersey, describing his descent into post-traumatic stress and the Army's propensity to medicate rather than talk. When he returned home, Army doctors put him on the antipsychotic drug Seroquel. "That way, you can screw their lights out and they won't feel a thing," he said of patients like himself. "By the time they understand what is going on, they are through the Board and stuck with an unfavorable percentage of disability" benefits.

Nearly 64,000 of the more than 184,000 Iraq and Afghanistan war veterans who have sought VA health care have been diagnosed with potential symptoms of post-traumatic stress, drug abuse or other mental disorders as of the end of June, according to the latest report by the Veterans Health Administration. Of those, nearly 30,000 have possible post-traumatic stress disorder, the report said.

VA hospitals are also receiving a surge of new patients after more than five years of combat. At the sprawling James J. Peters VA Medical Center in the Bronx, N.Y., Spec. Roberto Reyes Jr. lies nearly immobile and unable to talk. Once a strapping member of Charlie Company, 1st Battalion, 5th Cavalry, Reyes got too close to an improvised explosive device in Iraq and was sent to Walter Reed, where doctors did all they could before shipping him to the VA for the remainder of his life. A cloudy bag of urine hangs from his wheelchair. His mother and his aunt are constant bedside companions; Reyes, 25, likes for them to get two inches from his face, so he can pull on their noses with the few fingers he can still control.

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Maria Mendez, his aunt, complained about the hospital staff. "They fight over who's going to have to give him a bath -- in front of him!" she said. Reyes suffered third-degree burns on his leg when a nurse left him in a shower unattended. He was unable to move himself away from the scalding water. His aunt found out only later, when she saw the burns.

Among the most aggrieved are veterans who have lived with the open secret of substandard, underfunded care in the 154 VA hospitals and hundreds of community health centers around the country. They vented their fury in thousands of e-mails and phone calls and in chat rooms.

"I have been trying to get someone, ANYBODY, to look into my allegations" at the Dayton VA, pleaded Darrell Hampton.

"I'm calling from Summerville, South Carolina, and I have a story to tell," began Horace Williams, 62. "I'm a Marine from the Vietnam era, and it took me 20 years to get the benefits I was entitled to."

The VA has a backlog of 400,000 benefit claims, including many concerning mental health. Vietnam vets whose post-traumatic stress has been triggered by images of war in Iraq are flooding the system for help and are being turned away.

For years, politicians have received letters from veterans complaining of bad care across the country. Last week, Walter Reed was besieged by members of Congress who toured the hospital and Building 18 to gain first-hand knowledge of the conditions. Many of them have been visiting patients in the hospital for years, but now they are issuing news releases decrying the mistreatment of the wounded.

Sgt. William A. Jones had recently written to his Arizona senators complaining about abuse at the VA hospital in Phoenix. He had written to the president before that. "Not one person has taken the time to respond in any manner," Jones said in an e-mail.

From Ray Oliva, the distraught 70-year-old vet from Kelseyville, Calif., came this: "I wrote a letter to Senators Feinstein and Boxer a few years ago asking why I had to wear Hospital gowns that had holes in them and torn and why some of the Vets had to ask for beds that had good mattress instead of broken and old. Wheel chairs old and tired and the list goes on and on. I never did get a response."

Oliva lives in a house on a tranquil lake. His hearing is shot from working on fighter jets on the flight line. "Gun plumbers," as they called themselves, didn't get earplugs in the late 1950s, when Oliva served with the Air Force. His hands had been burned from touching the skin of the aircraft. All is minor compared with what he later saw at the VA hospital where he received care.

"I sat with guys who'd served in 'Nam," Oliva said. "We had terrible problems with the VA. But we were all so powerless to do anything about them. Just like Walter Reed."

Staff researcher Julie Tate contributed to this report.

Army Hospitals: Finally, Some Action (NSWK)

By John Barry And Richard Wolffe

Newsweek, March 5, 2007

For a lot of soldiers, tangled bureaucracy and shabby living quarters are a way of life. Perhaps that's why the brass didn't respond to reports of mismanagement and decay at the Walter Reed Army Medical Center with more urgency. But the grim stories, first reported in The Washington Post, appalled the one person who really mattered: the new secretary of Defense, Robert Gates. He promised President Bush that high-level officials would be held accountable—and seemed to get that when the commander of the hospital, Maj. Gen. George W. Weightman, was fired. But then Gates found that the temporary replacement—Lt. Gen. Kevin C. Kiley, named after Weightman was sacked—had earlier run the place himself. According to a senior Defense official who didn't want to be named discussing personnel matters, a furious Gates demanded the resignation of the secretary of the Army, Francis J. Harvey.

Will it end there? Before he resigned, Harvey told reporters he had broadened the Army's own inquiry to include facilities such as Landstuhl Regional Medical Center in Germany, a target of complaints by some vets. Bush created a commission to study soldiers' health care, asking for "concrete recommendations" within months, and a final report within the year, according to a White House aide who couldn't be named discussing internal deliberations. It can't come too soon.

Reddit Washington Whispers (USNEWS)

By Paul Bedard

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U.S. News and World Report, March 4, 2007

Nothing screams change to an old setting like a new set of furniture and edgy decorations. President Bush signaled a new, more formal tone when he junked former President Clinton's gaudy Oval Office furnishings. Nancy Pelosi returned grace and style to the House speaker's office with flowers and bowls of chocolates. And Bob Gates, the latest defense secretary, is doing it at the Pentagon.

Distinguishing himself from Don Rumsfeld's combativeness, Gates held his first press conference around a big table in a small conference room. But it was too cramped, so he set his sights on making the larger briefing room cozier. Gone is the lone podium, replaced by a set that would better fit a morning TV news show: a big table for himself and Gen. Peter Pace, chairman of the Joint Chiefs of Staff, in front of a world map. And unlike Rummy, Gates likes to sit, despite formerly heading Texas A&M University, where the "12th Man" tradition keeps students on their feet for Aggie games. "Frankly," says Gates, "I get tired when I stand up too long."

Now the decorations. Gates thinks the office looks better with a few trinkets from Aggieland, says spokesperson Hollen Wheeler. That, naturally, riled the larger corps of brass, who hail from the University of Texas. But Wheeler, herself a Longhorn, says the UT gang doesn't feel too threatened: They outnumber Aggies 9 to 2.

Breaking Bread Now, Heads Later

The groundwork is being laid for the first meeting between the two party chairmen, longtime Democratic boss Howard Dean and GOP newbie Sen. Mel Martinez. But it's not just to gab over a cup of Starbucks. Both sides want to make sure that the other won't let states hold primaries before New Hampshire's first. We hear that the GOP will activate a rule to punish state parties if they do by slashing their number of delegates at the nominating convention in half. The Democrats don't have a similar rule.

No Retreat, and a Plan to Get Even

Former House Majority Leader Tom DeLay is joining the activist world with a plan to return conservatives to dominance. DeLay calls his new group the Coalition for a Conservative Majority, and it has one mission: recruiting and electing conservatives in all 50 states. He plans to begin building it during an April book tour to promote No Retreat, No Surrender, his blueprint for victory. Ironically, DeLay was inspired by Democrats who followed their loss to President Bush in 2000 with what he calls a liberal shadow party that ousted the GOP last year and is aimed at installing Sen.Hillary Rodham Clinton in the White House.

Don't Mess With This Texan's Picks

Katrina cleanup czar Donald Powell didn't get his Super Bowl picks right, but he did correctly predict the vastly underrated New Orleans Saints and San Diego Chargers would make the playoffs. So considering those creds, we asked him his pick for the World Series. "The Houston Astros vs. the California Angels," he tells us. It's an authoritative guess: He talks baseball with former President Bush, a longtime fan, and current President Bush, a former Texas Rangers partner.

A Nelson Mandela for an Earlier Time

Most White House reporters stick to what they know when it comes time to pen a book. But Cox Newspapers correspondent Bob Deans thought bigger. "I found it fascinating to write about the first great leader we know of in English America—Chief Powhatan. "Yes, the father of Pocahontas and the first native big shot the British encountered. In The River Where America Began, Deans charts civilization along Virginia's James and finds the chief to be more than the despot others have called him. If Powhatan had been born today, Deans thinks he knows whom the chief would be compared to: "It's not hard to imagine Powhatan as a kind of 17th-century Nelson Mandela, standing boldly for the cause of his people."

Juicing the GOP Message

Florida's Rep.Adam Putnam, the No. 3 House Republican, isn't shy about his Sunshine State pride. After his alma mater University of Florida Gators won the national football championship, he met with reporters in the Capitol sitting next to an alligator head. Since then, he's talked politics with reporters over jugs of Florida's Natural orange juice, produced from a farming co-op begun in 1933 that his family is a part of. "We try to sweeten the reporters' dispositions," he jokes, and he thinks it's working. "We've been having a couple of good-message weeks."

What's With Watts and Richardson?

It could have been the environment, the Clinton School of Public Service in Little Rock, or the brash frankness of an ex-politician. But former Rep. J. C. Watts, once the House GOP's main communicator and a sometimes entry on Republican vice

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presidential lists, fessed up at the University of Arkansas last month that he likes Democratic New Mexico Gov. Bill Richardson in the 2008 presidential race. "Personally, I'm a Bill Richardson fan," he admits. "I think he has the Bill Clinton touch with people."

A G-Man's Version of Oprah's List

He's no Oprah. But FBI Director and avid reader Robert Mueller has started a new bureau reading list to help his G-men broaden their horizons. The list has more than 60 books about the FBI's history, terrorism, intelligence, and professional development. "He just thought," says an insider, "that we must have more formalized intellectual stimulation." Some gems: Public Enemies, by Bryan Burrough, about the birth of the FBI; The Looming Tower, Lawrence Wright's book about al Qaeda's road to 9/11; China, Inc. by Ted Fishman; and Louis Gerstner's Who Says Elephants Can't Dance? about IBM's historic turnaround. We also hear that Mueller's a big fan of former GE bigwig Jack Welch. So naturally, Welch's Winning also gets top billing.

Paul Bedard's blog is at www.usnews.com/whispers

With Anna Mulrine, Silla Brush, Suzi Parker and Chitra Ragavan

Focus Is On Veterans' Chief As Inquiries On Care Begin (NYT)

By Lynette Clemetson

The New York Times, March 5, 2007

WASHINGTON, March 4 — As President Bush ordered an investigation of the military's care of wounded soldiers and veterans last week, Jim Nicholson, secretary of veterans affairs, darted between events, seeking to put a positive public face on his beleaguered agency.

In Chicago on Friday, Mr. Nicholson spoke to a group of Navy boot camp graduates, toured the North Chicago V.A. Medical Center, and visited a private trauma clinic to gather ideas on providing special care for injuries like brain trauma.

"If there is even one injured veteran that falls through the cracks then that is too many," he said in a telephone interview at the end of the day. "It pains me to hear about problems in our system, but I am a competitor, and I am finding that it is strengthening my resolve and deepening my commitment."

In the wake of the shake-up last week in the Defense Department medical system — which included the firing of the two-star general in charge of Walter Reed Army Medical Center and the resignation of Francis J. Harvey as secretary of the Army — the Department of Veterans Affairs is facing intense political and public scrutiny. The agency operates the country's largest health care system, serving more than 5.5 million veterans a year.

On Monday, the House Committee on Oversight and Government Reform is to conduct a hearing at Walter Reed on the problems there, and the Senate Armed Services Committee has set a hearing for Tuesday. Mr. Nicholson's agency is also likely to come under scrutiny at the hearings.

"I welcome Congressional oversight, and the oversight of the president and the commission he is forming," Mr. Nicholson said. "I welcome them looking at us and taking a measure of how we are doing, so we can improve any deficiencies that are found."

Mr. Nicholson, 69, a Vietnam War veteran and past chairman of the Republican National Committee, was appointed by Mr. Bush to lead the department in 2005.

He has been accused by some veterans and the organizations that represent them of being primarily a mouthpiece for the Bush administration and of being slow to respond to increasing strains on his agency as returning soldiers move from facilities like Walter Reed, which is run by the Defense Department, into the veterans affairs system.

Critics say he has under-emphasized his agency's budget needs to Congress, has not responded to calls for more mental health workers and brain trauma specialists and has failed to overhaul disability claims procedures. Some leaders of veterans groups say Mr. Nicholson is less communicative than his predecessors.

"We're supposed to be partners, but there is no free flow of information since he took over," said Bill Bradshaw, director of National Veterans Service for the Veterans of Foreign Wars. "We often learn about changes after they are done, and there is little consultation."

Mr. Nicholson says his agency is making changes. It is putting procedures in place to screen all veterans from Iraq and Afghanistan for signs of brain trauma and the agency is also researching how to shorten the claims process, he said.

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"I am willing to take responsibility for the mistakes in the system, but at the same time I am entitled to credit for all the good things and advances happening at the V.A.," Mr. Nicholson said. He said the V.A. system had been cited "as among the best, if not the best" integrated health systems in the country. Mr. Nicholson called the 2008 budget request of nearly $87 billion "a landmark request" and said that V.A. financing had increased by 77 percent since Mr. Bush took office in 2001. (Critics point out that there are also increased demands from the wars in Iraq and Afghanistan.)

Friends and colleagues say that Mr. Nicholson, a deeply religious man from dirt-poor Iowa roots, has maintained a chin-up response. But his wife, Suzanne, said the scrutiny and criticisms had shaken him.

"He's not one to show his emotions. When he is upset and worried a calmness comes over him," said Suzanne Nicholson, 62. "But it keeps him awake at night. It is terribly distressing and awful for him."

His stoicism and determination, said his wife and close friends, are an outgrowth of his tough childhood. Born in the small, rural town of Struble, Iowa, he was the third of seven children of an alcoholic father and a devout Catholic mother who taught her children nightly catechism lessons by kerosene lamp because the family had no electricity and no car to get them to daily Mass.

After high school, he was accepted to West Point. He was an Army ranger and was awarded a Bronze Star in Vietnam. Later, after law school, he became a legal counsel for the Denver Home Builders Association, and later a developer.

Mr. Nicholson was viewed skeptically by some in Washington when he was elected in 1997 to succeed Haley Barbour as Republican Party chairman. But he eventually won respect, even praise, as a skilled fund-raiser and a tough, credible leader. Mr. Bush appointed him ambassador to the Vatican in 2001.

Through his varied careers, Mr. Nicholson has never run anything even close to the size of the Department of Veterans Affairs, which operates 155 medical centers and roughly 900 outpatient clinics. With a staff of 235,000, it is the second-largest government agency behind the Defense Department.

His detractors, including some leaders of veterans groups, say Mr. Nicholson has a far less cooperative relationship with their groups than his predecessors had. Some say he is more attentive to his bosses in the administration than the veterans he serves and that he lacks deep experience in veterans affairs.

"Mr. Nicholson is purely a political appointee who comes from a background of no involvement in veterans issues," said David W. Gorman, executive director of Disabled American Veterans. "He very much wants to do what he believes is the right thing to do, but not knowing the system as one needs to, he is at a distinct disadvantage."

Not all veterans representatives are as critica. John F. Sommer, executive director of the Washington office of the American Legion, the largest veterans service organization, said Mr. Nicholson had been attentive to his organization's needs.

"Are there problems with the V.A.? Sure. But did Jim Nicholson cause the problems? I don't think so," Mr. Sommer said. "Especially when it comes to funding, you have to look at the amount of money the V.A. is getting from Congress."

Some Congressional leaders say Mr. Nicholson and his agency are victims of political maneuvering. "Mr. Nicholson just happens to be in the wrong party," said Senator Larry Craig, Republican of Idaho, the ranking member of the Committee on Veterans Affairs. "People now want to say that not only are they against the war and the way the president has handled it, but now they want to take aim at the way the government takes care of the veterans."

More serious than complaints about Mr. Nicholson's style are charges that he has not sufficiently addressed efficiency and preparedness. Linda J. Bilmes, a professor of public finance at Harvard, recently completed a study of the long-term costs of providing medical care and benefits to veterans of the wars in Iraq and Afghanistan. The Department of Veterans Affairs, she said, "is overwhelmed in every area."

Valor And Squalor (NYT)

By Paul Krugman

The New York Times, March 5, 2007

When Salon, the online magazine, reported on mistreatment of veterans at the Walter Reed Army Medical Center two years ago, officials simply denied that there were any problems. And they initially tried to brush off last month's exposé in The Washington Post.

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But this time, with President Bush's approval at 29 percent, Democrats in control of Congress, and Donald Rumsfeld no longer defense secretary — Robert Gates, his successor, appears genuinely distressed at the situation — the whitewash didn't stick.

Yet even now it's not clear whether the public will be told the full story, which is that the horrors of Walter Reed's outpatient unit are no aberration. For all its cries of "support the troops," the Bush administration has treated veterans' medical care the same way it treats everything else: nickel-and-diming the needy, protecting the incompetent and privatizing everything it can.

What makes this a particular shame is that in the Clinton years, veterans' health care — like the Federal Emergency Management Agency — became a shining example of how good leadership can revitalize a troubled government program. By the early years of this decade the Veterans Health Administration was, by many measures, providing the highest-quality health care in America. (It probably still is: Walter Reed is a military facility, not run by the V.H.A.)

But as with FEMA, the Bush administration has done all it can to undermine that achievement. And the Walter Reed scandal is another Hurricane Katrina: the moment when the administration's misgovernment became obvious to everyone.

The problem starts with money. The administration uses carefully cooked numbers to pretend that it has been generous to veterans, but the historical data contained in its own budget for fiscal 2008 tell the true story. The quagmire in Iraq has vastly increased the demands on the Veterans Administration, yet since 2001 federal outlays for veterans' medical care have actually lagged behind overall national health spending.

To save money, the administration has been charging veterans for many formerly free services. For example, in 2005 Salon reported that some Walter Reed patients were forced to pay hundreds of dollars each month for their meals.

More important, the administration has broken longstanding promises of lifetime health care to those who defend our nation. Two months before the invasion of Iraq the V.H.A., which previously offered care to all veterans, introduced severe new restrictions on who is entitled to enroll in its health care system. As the agency's Web site helpfully explains, veterans whose income exceeds as little as $27,790 a year, and who lack "special eligibilities such as a compensable service connected condition or recent combat service," will be turned away.

So when you hear stories of veterans who spend months or years fighting to get the care they deserve, trying to prove that their injuries are service-related, remember this: all this red tape was created not by the inherent inefficiency of government bureaucracy, but by the Bush administration's penny-pinching.

But money is only part of the problem.

We know from Hurricane Katrina postmortems that one of the factors degrading FEMA's effectiveness was the Bush administration's relentless push to outsource and privatize disaster management, which demoralized government employees and drove away many of the agency's most experienced professionals. It appears that the same thing has been happening to veterans' care.

The redoubtable Henry Waxman, chairman of the House Committee on Oversight and Government Reform, points out that IAP Worldwide Services, a company run by two former Halliburton executives, received a large contract to run Walter Reed under suspicious circumstances: the Army reversed the results of an audit concluding that government employees could do the job more cheaply.

And Mr. Waxman, who will be holding a hearing on the issue today, appears to have solid evidence, including an internal Walter Reed memo from last year, that the prospect of privatization led to a FEMA-type exodus of skilled personnel.

What comes next? Francis J. Harvey, who as far as I can tell was the first defense contractor appointed secretary of the Army, has been forced out. But the parallels between what happened at Walter Reed and what happened to New Orleans — not to mention parallels with the mother of all scandals, the failed reconstruction of Iraq — tell us that the roots of the scandal run far deeper than the actions of a few bad men.

At The Pentagon, Gates Seen As Liberator (WP)

By Thomas E. Ricks

The Washington Post, March 5, 2007

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Robert M. Gates is finding Donald H. Rumsfeld an easy act to follow, as the new defense secretary wins hearts and minds throughout Washington and overseas.

"Stylistically, it's night and day," said Rep. Mark Udall (D-Colo.), a member of the House Armed Services Committee. With Gates's modest manner, Udall said, "He's the anti-Rumsfeld."

At the Pentagon, where Gates has been greeted as a liberator, "you can already feel the stability," said retired Air Force Lt. Gen. Charles F. Wald, formerly the deputy U.S. commander in Europe. He said he considers the appointment of Gates to be the Bush administration's best move in years.

At the same time, Gates has shown that he can act decisively, as when he fired Army Secretary Francis J. Harvey on Friday over the handling of the growing patient-care scandal at Walter Reed Army Medical Center. Expressing disappointment, Gates said that "the problems at Walter Reed appear to be problems of leadership."

Former national security adviser Brent Scowcroft urged caution on Gates's honeymoon. "How much of it is Bob Gates as a personality, manager and leader, and how much of it is Rumsfeld being gone, is hard to say," said Scowcroft, who has known Gates for 30 years. "Rumsfeld was a difficult man to work for."

Indeed, in his first months at the Pentagon, Gates has been welcomed largely because of who he is not rather than what he has done, noted a longtime friend who has held top national security posts. In the months ahead, however, Gates will be judged on his own decision-making in the war he has inherited from Rumsfeld. Speaking privately with members of Congress, Gates has said he has three priorities in his new job: "Iraq, Iraq and Iraq."

It isn't clear that the goodwill Gates has engendered will help him manage the war. "I don't know that anybody can do that job," former defense secretary William S. Cohen said. "I think he'll do as well as anyone can do."

Gates said he finds it "amusing" to see people parsing out whether he is distinguishing himself from his predecessor. Rather, he told reporters in Spain last month, "I'm just going along doing what feels right for me."

One thing that apparently feels right is slyly alluding to Rumsfeld's memorable statements. Speaking at a recent security conference in Germany, Gates said that divisions such as "Old Europe versus New" were "characterizations [that] belong to the past" -- a reference to a crack made by Rumsfeld in January 2003 that rankled some longtime NATO allies.

One major difference for Gates from his previous work in intelligence -- he spent 27 years at the CIA, serving as director from 1991 to 1993 -- is the amount of time he must spend in the public eye, testifying before Congress, holding news conferences and visiting foreign capitals. In his first 2 1/2 months as defense secretary, he has visited Iraq, Afghanistan and Europe.

He has made it clear he doesn't intend to emulate Rumsfeld's bravura-filled televised briefings. "I feel more at ease in a more informal setting," he said last month. "I like a setting that is more of a conversation than a one-way means of communication."

Some experts worry that Gates's inexperience in military affairs will make him rely too much on a defense establishment that was slow to adjust to reality in Iraq. Others argue that his expertise will help. "This is an intelligence war," said Andrew Krepinevich, a retired Army officer who directs the Center for Strategic and Budgetary Assessments. "How many tanks we have doesn't matter. So Gates being an intelligence guy might be a real advantage." Gates was also a member of the Iraq Study Group, which in December called for the United States to withdraw most combat forces from Iraq early next year -- a move the Bush administration has rejected.

In contrast to Rumsfeld's damn-the-torpedoes style, Gates conceded in the conference in Germany that the United States sometimes makes mistakes and must better explain its actions, especially with issues such as the treatment of terrorism suspects held at the detention facility at Guantanamo Bay, Cuba. The audience of 250 security officials and experts applauded enthusiastically.

A significant step Gates took at the Pentagon early on was putting the word out that he would keep almost everyone in their jobs -- including some officials seen as Rumsfeld men. "His choice to work with people already in place rather than bring in a new team sent a very strong signal of confidence in the professionalism of the organization, and they were thirsting for that after Secretary Rumsfeld's erratic irascibility," said Kori Schake, who worked with the Rumsfeld Pentagon as a White House defense official and now teaches at West Point.

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Despite some departmental friction over the burdens of Iraq, Gates seems to have a better relationship with Secretary of State Condoleezza Rice than did Rumsfeld. Both are Soviet experts, and they have known each other since they were on the staff of the National Security Council during the George H.W. Bush administration. Last year Rice asked Gates to be her deputy. "I think they have a real compatibility," Cohen said.

World Bank Slow To Inform Employees Of Baghdad Shooting (WP)

By Al Kamen

The Washington Post, March 5, 2007

World Bank employees were surprised late Thursday by an e-mail advising them that a bank driver in Iraq had been seriously wounded in a shooting in Baghdad the previous week, and had been evacuated from the country.

Usually, news of serious staff injuries goes up quickly on the internal intranet. "When anything like this happens in a country it's supposed to go up there immediately," one staffer explained. "People are concerned, maybe it's someone they know, and injuries can often occur while working in Third World countries. And they want to know the bank is looking out for them."

But Thursday's e-mail, sent at 6:16 p.m. from Daniela Gressani, a vice president for the Middle East and North Africa (MENA), came hours after employees had been passing around a story by the Inter Press Service news agency about the shooting -- and accusing the bank of keeping it quiet so as not to disturb efforts to recruit employees to work in Iraq.

In her e-mail, Gressani -- who recently replaced another vice president who had questioned World Bank President Paul Wolfowitz's decision to go big-time into nation-building in Iraq -- said that MENA employees at a Feb. 22 meeting "were informed that we had just evacuated a bank driver from Baghdad who had been injured when caught in a cross-fire at a checkpoint.

"Many of you have asked about his progress," she wrote, reporting that he had been "evacuated and treated in a hospital" in Amman, Jordan. The employee's name and that of his family were being withheld for his privacy and their safety, she said. His condition was "stable and improving daily and we expect a full recovery."

The bank's rank and file were upset because the Inter Press article was the first time many headquarters employees -- for example, those who work in the Asia, Africa or Latin America regions -- and others stationed around the world -- had heard of the shooting. The intranet postings, we're told, are the first thing bank employees check every morning when they get to work.

We began calling the bank Thursday afternoon about the incident in order to knock down the accusation that the bank had kept the matter under wraps, but have not gotten a response.

First Lady Weighs In on Iraq, Then Finds Safety in Seals

First lady Laura Bush raised a few eyebrows last Monday when she weighed in on the Iraq war during an interview with CNN's Larry King.

She acknowledged that the war was "wearying," and "probably" would continue after she and her husband leave town, and then reminded us that the media make things seem worse than they really are.

"Many parts of Iraq are stable now," she told King. "But, of course, what we see on television is the one bombing a day that discourages everybody."

Even President Bush, who used to make the press-bashing argument, no longer does so.

But, judging from a White House release Friday, she was back on message.

"This is a great way to end today, with the monk seals," she told reporters after visiting the Hawaiian Monk Seal Captive Care Project at Midway, "because so far today it's looked like this is all really bird life, but the real huge number of species, and one of the reasons this has been named a national monument, is because of the marine life -- the fish that we didn't get to see today, of course, we didn't snorkel, but if you were here in the summer, you probably could do that -- and all the other algae and other things that are below the water that are so important to this national marine monument."

A reporter asked a question about the visit.

"Well, I love the monk seals, of course, everyone loves them, loves the way they look," she said. "And then I fell in love with all those little albatross chicks. You feel very protective of them, they're so vulnerable, sitting on their nests. It's so important that they don't have -- they don't have any natural predators here in their natural life, and it's really important that no invasive predators ever come."

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Can't argue with that.

Bob Ney, Still Glad He Didn't 'Miss the Dance'

Some people, reflecting on a particularly bad patch in their lives, often turn to poets, writers, spiritual leaders and the like for philosophical ballast.

Former representative Bob Ney (R-Ohio) -- heading to the federal pen last week for 30 months for taking free meals, gifts and trips from disgraced lobbyist Jack Abramoff-- turned to Garth Brooks.

In an e-mail to supporters obtained by Gannett News Service, Ney said he would "not have access to e-mail so this will be my last for awhile. i wanted to drop you a short e-mail to give you my address," in Morgantown, W.Va., he wrote, including his inmate number -- 28882-016. The e-mail, typed in all lowercase letters, can be found at http://www.zanesvilletimesrecorder.com/apps/pbcs.dll/article?AID=/20070301/NEWS01/70301003. Ney said, "someone asked me the other day, if i wish i had never ran for office. i answered that i am glad that i did. nothing can erase the wonderful memories . . . working to bring jobs to the district, helping constituents . . . trying to change law to help people. . . ." Not to mention that wonderful golf trip to Scotland.

Then he did a Rumsfeld-style self-interview. "would I change things if i could,sure. am i sorry for things that happened, absolutely, and i will pay the price."

He closed: "As garth brooks said in his song the dance:

and now I'm glad I didn't know

the way it all would end, the way it all would go

our lives are better left to chance,

i could have missed the pain,

but i'd have had to miss, the dance."

Cheney Takes His Line, if Not His Cue, From Gore

Former U.N. ambassador John Bolton has been trashing the administration lately, but Vice President Cheney had only praise for him at the Conservative Political Action Conference here last week, saying he wanted "especially" to recognize Bolton, "who did a superb job for America at the United Nations."

Cheney even stole a line from Al Gore. "Like it or not," he said, "the enemy we face in the war on terror has made Iraq the primary front in that war. To use a popular phrase, this is an inconvenient truth." The crowd laughed and applauded.

Out Of Stocks, And Into ...? (WSJ)

By E.s. Browning

The Wall Street Journal, March 5, 2007

All dressed up with no place to go.

That's the problem confronting the investment dollar in the wake of last week's stock slide.

As billions of dollars came out of the world's stock markets last week, the money didn't just evaporate. It is trying to decide where to alight.

The economy continues to grow, generating profits. Market interest rates remain low -- in fact they have been falling again -- making it cheap to borrow money. So there is no shortage of cash.

The question is where, once the dust settles a bit, the cash will go. Some lately has been heading for safety, to such things as Treasury bonds. In the longer run it is likely to go elsewhere as well, and where you think it will go depends a lot on what you think just happened to the financial markets.

Analysts see at least three ways to view last week's trouble, which resulted in a 4.2% drop in the Dow Jones Industrial Average. Goldman Sachs economists Ed McKelvey and Andrew Tilton outlined three competing views in a report last week.

1. A much-overdue short-term pullback. The Dow Jones industrials hadn't fallen as much as 2% from a high in more than seven months, and hadn't fallen 10% in almost four years. That is an exceptionally long time without a serious hiccup.

If last week's trouble was just a hiccup, then stocks should rebound in the next few weeks, and the trick is to pick out the stocks likely to rebound the most.

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"This does not mark the end of the cyclical bull market," wrote veteran money manager Steve Leuthold, chairman of Leuthold Weeden Research, in a special report to clients after Tuesday's 416-point Dow selloff.

"I am extremely doubtful that this big down day marks the start of the market's widely anticipated 7%-10% correction phase," Mr. Leuthold wrote. "Why? Because far too many CNBC pundits now expect this to happen." He said he would be looking for stocks to buy, including adding to his investments in China.

Some analysts think that even if the problems are just temporary, they could last a little longer. In this view, hedge funds -- large, loosely regulated pools of private capital -- had more money invested in stocks than they really wanted, to avoid being left behind by the market's rampant gains. Now, with the market clearly no longer rampant, hedge funds will take the opportunity to pull back and bet on declines -- and while they do so, stocks could remain under pressure.

2. A flight from risky investments. If that is what is going on, then the market shift is more serious.

At least for now, this appears to be happening. Investors suddenly have pulled back from a raft of risky securities, from developing-country stocks and bonds to junk bonds and small stocks in the U.S.

"I would caution people not to say that this is over," says Marc Stern, chief investment officer at Bessemer Investment Management in New York. His view is that investors had become blasé about risky securities, paid too much for them, and now are seeing the prices of those assets fall back to a more normal level. "One should naturally expect heightened volatility to persist. A healthy correction in this time period wouldn't surprise us," he says -- meaning he thinks risky investments could fall further.

Mr. Stern, in other words, won't be following Mr. Leuthold into China anytime soon. He won't be buying developing-country bonds until their prices have fallen to a level he considers more realistic. Earlier this year, Mr. Stern had built up his cash hoard and has pulled back from risky securities. Once the storm seems to be passing, he says, he likely will buy larger, blue-chip stocks that can withstand the possibility of more stormy weather as the year progresses.

"Some of the easy money that went elsewhere may be coming back to the U.S.," says Richard Sichel, chief investment officer at Philadelphia Trust, who also thinks the stocks of big U.S. multinational companies could come back into favor. Big-stock bulls have been predicting such a shift for more than a year, and big stocks generally have lagged behind other investments, but the bulls think they will come into their own now.

Nervousness about risk also is evident in the way investors have been using stock options. For months, investors didn't feel much need to buy and sell stock options to protect themselves from sudden market changes. An index measuring the use of options, called the Vix and tracked by the Chicago Board Options Exchange, has been unusually low for months. Last week it jumped 70%, an almost unheard-of gain in percentage terms. In absolute terms, however, the Vix is still well below its historic average.

3. A sign of a weaker economy to come. This could be the most troubling prognosis. Some investors took former U.S. Federal Reserve Chairman Alan Greenspan at his word last week when he said a recession later this year couldn't be ruled out. These investors see the flight to bonds as another sign conservative investors are hunkering down for a period of economic trouble.

Until last week, investors who had bet on a softening economy hadn't done very well. Consumer spending and corporate profits repeatedly have come in stronger than most pundits expected. Reports of the consumer's demise have been exaggerated.

Despite this, the Goldman economists say in their report that they think economic growth, the housing market and consumer spending all may be softer this year than more bullish analysts are forecasting. They also don't rule out the possibility that default problems in the lower end of the mortgage market could bleed into other lending markets.

The Goldman economists see a silver lining: They expect the Fed to step in by June and begin cutting its target interest rates.

Early this year, before the U.S. government slashed its once-strong estimate of fourth-quarter economic growth, many investors thought the robust economy would prevent the Fed from cutting interest rates until year's end, if then. Today, with the economy appearing to be growing more like 2% than 3% annually, bond yields and interest-rate futures suggest many investors think the Fed will cut rates by summer to give the economy a boost.

Lower interest rates support stronger economic growth. They also support home sales because they make it cheaper to invest in land and to take out a mortgage.

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And cheap money makes it easier for people to borrow money and invest in financial markets. A big source of support for the stock market over the past four years, and for a wide variety of riskier investments, has been the huge amount of cash sloshing around, looking for a place to go. The availability of cheap money has made investors a lot more comfortable about taking risk.

As long as the Fed is expected to cut rates -- rather than raise them, as it was doing in 2000, when the last bear market began -- the cheap money can continue supporting stocks. Cheap money would help offset some of the worries these days about slowing economic growth, a credit crunch, a weak housing market and investor exposure to risky assets.

Mortgage Crisis Spirals, And Casualties Mount (NYT)

By Julie Creswell And Vikas Bajaj

The New York Times, March 5, 2007

Even in affluent Orange County, Calif., the growing wealth of executives and brokers in the booming mortgage industry was hard to miss.

For Kal Elsayed, a former executive at New Century Financial, a large lender based in Irvine, driving a red convertible Ferrari to work at a company that provided home loans to people with low incomes and weak credit might have appeared ostentatious, he now acknowledges. But, he says, that was nothing compared with the private jets that executives at other companies had.

"You just lost touch with reality after a while because that's just how people were living," said Mr. Elsayed, 42, who spent nine years at New Century before leaving to start his own mortgage firm in 2005. "We made so much money you couldn't believe it. And you didn't have to do anything. You just had to show up."

Just as the technology boom of the late 1990s turned twenty-something programmers into dot-com billionaires, and leveraged buyouts a decade earlier turned Wall Street bankers into Masters of the Universe, the explosive growth in subprime lending turned mortgage bankers and brokers into multimillionaires seemingly overnight.

Now an escalating crisis in the market, which seemed to reach a new crescendo late last week, is threatening a wide band of people. Foremost are the poor and minority homeowners who used easy credit to buy houses that are turning out to be too expensive for them now that mortgage rates are going up, but the pain is also being felt widely throughout the business world.

Large companies that bought subprime lenders during the boom, like H&R Block and HSBC, are now scrambling to sell them or scale back their exposure. Many investors are also likely to suffer: Wall Street firms made billions in fees, commissions and trading revenue from packaging and selling subprime mortgages to them as bonds.

New Century has emerged as a poster child for the lenders that rode that boom to the top and are now in free fall. The company disclosed on Friday that federal prosecutors and securities regulators were investigating stock sales and accounting errors. The latter could jeopardize billions of dollars in financing for the company, which issued $39.4 billion in subprime loans in the first nine months of last year.

Weakening home prices and rising default rates have rocked the subprime business. But for those who cashed out before the market turned, the ride up was particularly sweet. The three founders of New Century, for example, together made more than $40.5 million in profits from selling shares in the company from 2004 to 2006, according to an analysis by Thomson Financial. They collected millions of dollars more in dividends, salaries, bonuses and perks.

The company said in a statement yesterday that the founders were "still significant shareholders," noting that they collectively owned about 7 percent of the company at the end of last year.

New Century's stock price, which seemed to mirror the trajectory of the subprime business, peaked at nearly $66 a share in December of 2004 and traded in the $40s most of last year; on Friday, it was trading at $11 a share after the market closed. In a series of sales from August to November, two of the company's founders sold shares for an average price of about $40 a share, for a total profit of $21.4 million.

It is not known whether the stock sales by the founders are among the sales being examined by federal investigators. Some of them had been part of scheduled stock sales that are often used by executives to diversify their portfolios. But some of the sales occurred on the same day that the executives entered the plans. A New Century spokeswoman, Laura Oberhelman, said that executives declined further comment.

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The founders' stock also rose in the social circles of southern California, the epicenter of the boom in subprime. Five of the 10 biggest providers of subprime mortgages last year had their headquarters in the region.

Robert K. Cole, 60, a co-founder who retired as chairman and chief executive last year, lives in a 6,100-square-foot oceanfront home in Laguna Beach that is valued at tens of millions of dollars and was once owned by the chief executive of Pimco Advisors, the giant bond trading and management firm. Edward F. Gotschall, 52, another co-founder who is vice chairman of the board, donated $3 million for an expanded trauma center at Mission Hospital that will be named for him and his wife Susan.

The executives from New Century are by no means alone in cashing in on the bonanza, and they do not appear to have scored the biggest profits. That title may be claimed by Angelo R. Mozilo, the chief executive of Countrywide Financial, the nation's largest stand-alone mortgage company and one of the largest subprime lenders last year. He reaped more than $270 million in profits from sales of stock and the exercise of stock options from 2004 to the start of this year, according to the Thompson analysis.

Of course, most of the 500,000 people who work in the mortgage industry did not cash in so grandly. The wealth was concentrated among executives, loan officers and brokers, because the greatest rewards were meted out in the form of commissions, bonuses and stock awards.

"In the hot times, it was not unusual to see a broker make a million bucks," said Guy Cecala, publisher of Inside Mortgage Finance, a trade publication. "You can carry that up further to people who ran the companies. The whole business revolves around personal compensation."

The hot times are clearly over.

New Century's disclosure of the federal investigations on Friday was the most serious in a string of shocks to have rocked the industry in the last three months.

A handful of lenders have sought bankruptcy protection, several have been acquired and a few have been shut down. Also on Friday, Fremont General, a top-five lender, said it planned to leave the business.

Industry officials say they are seeing an exodus of executives and salespeople as companies fold, cut jobs and push out early leaders.

"Everyone has run for the hills," said William D. Dallas, whose company, Ownit Mortgage, filed for bankruptcy protection in December after it lost financing from Merrill Lynch and other banks.

For the borrowers of these mortgages, it may become more difficult to refinance if lending standards are tightened significantly. Many are already facing the prospect of payment shock when low, fixed-interest mortgage rates adjust to higher, variable rates.

On Wall Street, big investment banks could lose a significant source of revenue if the appetite for bonds backed by mortgages dries up.

In the last two years many skeptics began warning that the red-hot housing market and adjustable-rate loans would blend into a toxic brew. Last year, subprime loans totaled $600 billion, or about 20 percent of all mortgages, up from $120 billion and 5 percent in 2001, according to Inside Mortgage Finance. More than half of subprime loans have adjustable rates.

Many of the problems that have surfaced thus far are not tied to the resetting of rates. Rather, they stem from a sharp and early spike in the default rates among loans issued last year.

For example, about 13.8 percent of the loans in a group of mortgages New Century sold to investors in April were behind in payments or in foreclosure by January. By comparison, only 6 percent of loans in a pool sold to investors in March 2005 had met that same fate by January 2006.

Investors and regulators fear that the problems will only worsen as so many borrowers have fallen behind so quickly, especially at a time when the overall economy is healthy. The phenomenon suggests that lending standards were significantly weakened last year and that lenders were not as watchful for fraudulent transactions.

For New Century, the early payment defaults pose significant financial problems. In the first nine months of last year, Wall Street banks and investors that it does business with forced it to buy back $469 million in loans it had sold to them, up from $240 million for the same period in 2005.

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The company was able to sell back about half of those loans at a discount of 26.5 percent. How it handled the remainder — about $227 million — is now under scrutiny. According to accounting rules the company should have valued the loans on its books for what they were worth today, not their previous face value. But it did not.

If it had, the company would have seen its earnings fall by about $60 million before taxes, wiping out most of its profit in the third quarter, according to Zach Gast, an analyst at the Center for Financial Research and Analysis, a forensic accounting firm.

This is important, because the company's financing agreements require that it not lose money for any rolling six-month period. On Friday, New Century said it did not expect to make a profit in the six months that ended in December and that it was negotiating with lenders to waive the requirement but has only secured six of 11 waivers it needs.

"They had losses sitting on their balance sheets," Mr. Gast said.

In August, the company's chief financial officer, Patti M. Dodge, announced she was stepping down from her post to oversee investor relations, a department that typically reports to the chief financial officer. Taj S. Bindra, a former executive at Washington Mutual, replaced her in November.

For the second time in a decade, New Century finds itself fighting to survive. The firm's roots were planted at Plaza Home Mortgage Bank where the three founders of New Century — Mr. Cole, a longtime mortgage executive; Mr. Gotschall; and a lawyer named Bradley A. Morrice — worked together. The three formed New Century in 1995 after Plaza was sold to Fleet Mortgage Group, now a part of Washington Mutual.

In the late 1990s, New Century narrowly survived accounting concerns and a scare in the bond market after Russia's default in 1998. It pulled through thanks to an investment by U.S. Bancorp, a bank based in Minneapolis.

With interest rates at historic lows, it quickly grabbed a big share of the fast-growing subprime market during the housing boom.

"They walked into a niche industry at a time when everything was lining up perfectly for what they did," said W. Scott Simon, a managing director at Pimco Advisors. "In 2001, 2002 and 2003 the subprime business was just phenomenally profitable. Home prices kept appreciating and it seemed that no loans ever went bad."

From Serving In Iraq To Living On The Streets (WP)

By Christian Davenport

The Washington Post, March 5, 2007

It was a bad week for Aaron Chesley. He talked back to the staff at a Baltimore homeless shelter, got into an argument with a fellow veteran and missed an appointment for his post-traumatic stress disorder counseling session.

"Are you still watching the news?" his counselor, Anthony Holmes, asked.

Maybe that's what had set Chesley off. He had been showing progress since he came to the program last fall. But television footage from the war could cast him back in Iraq in an instant, back to fingering the trigger of his machine gun, scanning the horizon for insurgents. And Holmes knew it wouldn't take much for Chesley to land back on the streets.

"No. If the news is on, I turn my back," Chesley said.

In a homeless shelter filled with Vietnam War veterans, Chesley, 26, a former Catonsville High School honors student who joined the West Virginia Army National Guard in 2000 to help pay for college, was the only one in the facility who fought in the country's latest conflict. But across the nation, veterans of recent combat in Iraq and Afghanistan are slowly starting to trickle into shelters, officials say.

The number of homeless veterans from recent wars is hard to gauge. From 2004 to 2006, the Department of Veterans Affairs provided shelter to 300 veterans of Iraq and Afghanistan tours, out of the tens of thousands who have served.

That figure "is not even close to accurate," said Paul Rieckhoff, executive director of the Iraq and Afghanistan Veterans of America, because it doesn't include the "others sleeping in buses, their cars or on the streets."

In New York City alone, he said his organization has helped 60 homeless veterans since 2004.

As in the Vietnam War era, when thousands of vets ended up homeless, there are already signs that the recent conflicts are taking a traumatic psychological toll on some service members. Many veterans' advocates said that despite unprecedented

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attempts by the military and Veterans Affairs to care for veterans, increasing numbers of the new generation of warriors are ending up homeless.

"This is something we need to be concerned about," said Cheryl Beversdorf, president of the National Coalition for Homeless Veterans, a Washington-based nonprofit.

Not everyone agrees, however, that the wars will spark a significant uptick in homelessness. Peter H. Dougherty, director of Veteran Affairs' Homeless Veterans programs, said that the administration is "light years ahead" of where it was during the Vietnam era. Without a draft, today's all-voluntary military is "better physically and mentally prepared" for combat, he said. The department now also provides free health care for two years after Iraq and Afghanistan vets get out of the military, and it's focusing on preventive services that help veterans and their families cope.

"We are continuing to expand services, but we don't see any influx yet," he said.

* * *

The debate comes as Army studies have found that up to 30 percent of soldiers coming home from Iraq have suffered from depression, anxiety or PTSD. A recent study found that those who have served multiple tours are 50 percent more likely to suffer from acute combat stress.

Veterans' homeless shelters across the country, such as the Maryland Center for Veterans Education and Training in Baltimore, are bracing for increased demand. "The wave has not hit yet, but it will," said retired Army Col. Charles Williams, MCVET's executive director.

Nearby, the South Baltimore Station shelter is doubling the size of its program in anticipation of the Iraq war vets it expects to serve, said Woody Curry, the center's program director. He thinks it will be several years before they start showing up in large numbers.

"Usually it takes a period of time before it surfaces -- the PTSD," he said. "And the military mentality leads you to try to tough it out and not say anything."

He said he was particularly worried about members of the National Guard and Reserves who return to their civilian lives after their service. "A lot of these guys were just everyday working people, and then you put them in a situation like that," he said. In Iraq, "you're on a hyper-vigilant state all the time. You can't turn that off. It becomes who you are."

Meanwhile, a report by the Democratic staff of the House Veterans Affairs Committee found that from October 2005 to June 2006, the number of Iraq and Afghanistan veterans seeking services from walk-in veterans centers doubled, from 4,467 to 9,103.

"It's clear from the report that Vet Center capacity has not kept pace with demand for services, and the administration has failed to properly plan and prepare for the mental health needs of returning veterans and their families," U.S. Rep. Michael H. Michaud (D-Maine), a member of the committee, said in a statement.

But Dougherty said the increase shows that more veterans were receiving treatment, and that the department's efforts to reach out them has succeeded. It has started sending letters to vets returning from Iraq and Afghanistan with the location of the nearest veterans center and "encouraging them to go," he said.

"One of the big differences now is we're much more in a preventative health-care mode than we were in the past," he said. "We're hoping by getting that early intervention we'll be able to take care of them."

Although many vets suffer from PTSD, "epidemiologic studies do not suggest that there is a causal connection between military service, service in Vietnam, or exposure to combat and homelessness among veterans," according to the Veteran Affairs Web site. Rather, homelessness in veterans is cause by an amalgam of forces: family support, finances, education, mental illness -- the same factors that cause homelessness in the general population.

The veterans department is going to considerable lengths to reach out to Iraq and Afghanistan veterans and their families, Dougherty said. There are also specialized services for women, who are an increasing part of the military force and are seeing combat in Iraq. Meanwhile, the total number of homeless veterans has gone down from about 250,000 10 years ago to about 194,000 this year.

The Army has increased the number of mental health professionals in Iraq and Afghanistan, and a pilot program where primary care physicians at Army bases screen patients for PTSD and other disorders is expanding. The military has also started

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following up on service members three to six months after they return from war to check on their overall physical and mental health.

* * *

In Iraq, Chesley's unit provided convoy security, which meant the Army specialist was out on the roads exposed, always wondering when the next roadside bomb would explode.

He became hardened, he said, prepared to die: "It was kind of like you embrace death to stay alive. If you were going to die, you were going to die."

When he got home in March 2005, he struggled to adapt from the first day. He was excited to be home, and he knew his family was waiting, but as he got off the plane he felt dizzy.

Once gregarious and engaging, Chesley was withdrawn and sullen. This was not the young man who was a star athlete and an honors student, whose walls were adorned with plaques and certificates, whose principal, Robert Tomback, recently remembered him as "bright, quite charming and enormously popular."

Chesley started drinking heavily, he said, "putting coffee in my vodka just to get going in the morning." Drinking led to drugs and that led to trouble.

He stole about $600 from his mother. He was arrested twice for DUI, once after he hit a police car, the other after he flipped the truck with the windows he tinted so no one could see him drinking and smoking pot as he drove. He ended up floating between family members' homes.

He tried to resume his studies at West Virginia University, but he couldn't regain his old life.

Finally, his stepfather brought him to a VA Hospital in Baltimore, and Chesley was diagnosed with PTSD and bipolar disorder. Later, he enrolled in MCVET, the nonprofit shelter that provides drug and alcohol counseling and other services.

Sitting across from Holmes at the counseling session, Chesley was a model of contrition and promise. He vowed to take his medicine, to talk to someone if he felt rage creeping up, to "work on being respectful even if I'm angry."

Holmes finally let him go but worried.

"He's still got a lot of anger from the war," Holmes said after Chesley left. "He's on thin ice. He's on real thin ice."

A few weeks later, Chesley left the program, and its director of student services said he didn't know what happened to him.

Chesley's stepfather, Bennie Price, said he recently enrolled in a veterans program in West Virginia after "hitting rock bottom again."

Reached by phone last night, Chesley admitted he had slipped. "But I know I need help," he vowed. "And I want to succeed."

For Rep. Sanchez, A Hot-tomato Label Means A Hot Potato (LAT)

By Ashley Powers

The Los Angeles Times, March 5, 2007

Pacing next to the desk and U.S. flag in her district office in Garden Grove, the paradox that is Rep. Loretta Sanchez was on full display.

The congresswoman ticked off a meaty legislative to-do list: immigration reform, port safety, stopping sex trafficking, revamping "terrible management" at the Department of Homeland Security. She was articulate and sharp, even magnetic.

At the same time, she was shedding a red St. John Knits suit and shimmying into an ao dai, a traditional Vietnamese tunic and pants, for her next event. Meaning that she was telling a female reporter about her chairmanship of the House Subcommittee on Border, Maritime and Global Counterterrorism while wearing only pants and a black bra.

Was this a glimpse of Loretta Sanchez, siren, a politician known for her strenuous workout regimen and fondness for come-hither heels? Or was this Loretta Sanchez, harried congresswoman, too wrapped up in important national issues to take a break in the name of modesty?

Few members of Congress, if any, are such a walking Rorschach test. In the decade that Sanchez has represented central Orange County, the Democrat has been viewed alternately as a masterful fundraiser, legislative lightweight, political mentor, headstrong politician, leading Latina voice and one of Congress' "babes."

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Her latest headline-maker, quitting the Congressional Hispanic Caucus, mixes two familiar elements in Sanchez's career: politics and the risque.

Sanchez had told Politico, a new website covering Capitol Hill, that her departure was due in part to Rep. Joe Baca's demeaning manner toward women and his gossiping that she was a "whore," both of which he has denied.

Comedy Central's Stephen Colbert then devoted an entire "Colbert Report" segment to pondering, "Is Loretta Sanchez a whore?" (No, the comedian decided.) Last week, several caucus members unsuccessfully tried to oust Baca, a Democrat from Rialto, as the group's chairman, the Hill newspaper reported.

In the coming months, Sanchez will be tested on whether her reputation will be more coquette or congresswoman. Entrenched in the House majority for the first time, she is allied with House Speaker Nancy Pelosi (D-San Francisco) and sits on two of the most prominent committees: Armed Services and Homeland Security, being the second-ranking Democrat on the latter.

Sanchez, 47, has also recently considered a gubernatorial run, creating a committee, People for Loretta 2010, that allows her to raise money. Among her biggest hurdles to a statewide win, she said while rushing from her office to Little Saigon's Tet Festival: "I don't sit on the fence and nuance things, and sometimes voters don't like that." The plain-speaking Sanchez is an intriguing study at a time when female politicians have reached new heights — House speaker and viable presidential contender, to name but two — but she still gets criticized for a flirtatious nature.

"I think that traditionally what the public has seen as far as a woman in politics is someone that dresses a certain way and has a certain demeanor and is always very serious, because that's what it took to break through," Sanchez said. "I think you're seeing a whole new set of women … feeling much more comfortable about being themselves versus being some blob that will blend in."

Fred Smoller, a Chapman University political scientist who backed the appointment of Sanchez to the school's Board of Trustees in 2001, said that if the congresswoman were male, she would be described as "feisty and independent" and be taken more seriously.

"My God, if we can have a former action hero as governor, why not someone who served 10 years in Congress?"

Sanchez sauntered onto the national stage in 1996 with the nickname "Dragon Slayer" after ousting longtime incumbent Republican Rep. Robert Dornan. Her victory coincided with the national emergence of Latinos as a voting power — within once-homogenous Orange County, as well — and gave her a prominent platform.

She trumpeted a rousing personal narrative: shy second child of seven born to Mexican immigrants who won a scholarship to Chapman University in Orange, earned an MBA from American University in Washington, D.C., and became a financial consultant. (Sanchez's husband of 14 years, Stephen Brixey, filed for divorce in 2004, citing irreconcilable differences.)

After taking office, she expressed a disappointment in an interview with the New York Times: "The news stories tend to say I won because I'm Latina or because Bob Dornan was extreme — not because I was strategic or smart."

That disappointment lingered, even as Sanchez pummeled a new GOP challenger every two years in a district where Democrats hold a slight registration edge, but which President Bush won in 2004 and which Gov. Arnold Schwarzenegger took last year, according to an analysis by the nonpartisan California Target Book.

A close talker with a penchant for patting arms and gripping shoulders, Sanchez has a style that some label friendly and others flirtatious. With animated eyes and a build she describes on her MySpace page as "5'4"/Slim/Slender," she was initially labeled by Washingtonian magazine as one of the House's new "babes."

But the magazine's subsequent surveys of Capitol Hill aides have also placed Sanchez on lists such as "No Altar Boy/Girl" and "No Rocket Scientist." A reporter once asked Sanchez who would play her on television. Jennifer Lopez, she replied, since "I've got a big booty."

Rep. Linda T. Sanchez (D-Lakewood) said critics fixate on her sister's personality because they "can't pick apart the substance of who she is as a person or her work…. Everyone complains about how boring members of Congress are, but as soon as someone exhibits a personality, puts their own stamp on something, everyone comes out with a dagger."

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Sanchez has indeed been skewered as squandering her national platform — and reaping publicity for, of all things, her cheeky holiday cards. Starring her long-haired cat, Gretzky, they have shown the pair in a red convertible, in bed and most recently on a beach chair — with the feline in her lap — under the phrase "Pet the Cat."

"She is not accused of anything except being in-your-face: 'She stands too close. She's too flirtatious,' " said Carol Hardy-Fanta, director of the Center for Women in Politics and Public Policy at the University of Massachusetts. "There are so few women in Congress that when one's a little flamboyant, she stands out."

Other sore spots: Sanchez doles out endorsements sparingly, despite being one of the GOP-dominant county's few Democrats with little competition. And a onetime business associate who was her first campaign manager, Howard Kieffer, had gone to prison for federal tax fraud in 1989.

Then there is Bunnygate. During the 2000 Democratic National Convention, Sanchez riled party members by scheduling a fundraiser at the Playboy Mansion; the Bunnies were to don more modest cocktail attire. Democratic leaders took away her speaking slot at the convention. Sanchez moved the event and again was offered a speaking slot. She declined. A staffer for the congresswoman christened the office goldfish "Hef."

"Show me three important national pieces of legislation that have come out of her office," said UC Irvine political scientist Mark Petracca. "If I were her, I'd be scared. You had an excuse all these years" — being in the minority party — "and you could play frivolous. Not anymore."

Among her legislative accomplishments, Sanchez lists a resolution that rebuked the Vietnamese government for confiscating private property; voting against the Iraq war and opposing the president's plan for a troop surge; and made an issue of military sexual assault laws and — before it dominated headlines — how military tribunals operate.

There is little dispute about her fundraising prowess. In her most recent race, Sanchez pocketed $1.3 million, a formidable war chest for an election that was dismissed as a cakewalk. Republican challenger Tan Nguyen mustered a little more than $500,000, according to the Center for Responsive Politics.

Backed heavily by unions, Sanchez helped sister Linda, a former labor organizer, top a tough Democratic field in 2002. Sanchez's mentoring is often credited with launching fellow O.C. Democrats Lou Correa and Joe Dunn to Sacramento.

"She could charm wallets out of pockets," said John Hanna, a trustee for the Rancho Santiago Community College District in Santa Ana. It's a skill that has blocked county Republicans from wooing a viable challenger.

Though Sanchez's key supporters are Latino, she has won over the district's Vietnamese American leaders by so doggedly criticizing their homeland's human rights record that she has been repeatedly denied a visa.

When Nguyen asked Tony Lam, a former Westminster councilman, for his endorsement in their November race, Lam said: "I told him, 'You're not ready yet. There's no way you can run against her.' "

That hasn't kept some from speculating that a strong Vietnamese American candidate such as Assemblyman Van Tran (R-Garden Grove) could unseat her. But Sanchez has also nurtured a strong relationship with her district by spending her weekends jumping from parades to banquets to festivals to ribbon-cuttings — events that Dornan, her predecessor, often eschewed.

On a recent Saturday, after she shook hands at the Tet Festival, Sanchez again donned the red knit suit and headed to the Veterans Affairs hospital in Long Beach before attending a formal event in her district. As Sanchez chatted with a patient about his mother's enchiladas and planted a kiss on his forehead, a hospital staffer whispered that the congresswoman shows up far more often than other politicians.

Sanchez also helped another patient dial his cellphone and later teased a doctor: "You're Vietnamese? Why aren't you at the Tet Festival?"

In the lobby, punctuating each word with a gesture, she said she couldn't grasp the policy wonks in Congress dreading time among the kind of constituents who relish her candor and unpredictability.

"They say I'm a legislator. She crinkled her nose for emphasis. "Well, I'm a politician and a legislator."

A Senator's Railroad No-Brainer (WP)

By Robert D. Novak

The Washington Post, March 5, 2007

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The Federal Railroad Administration handed a rare victory to the American taxpayer last week by denying a questionable $2.3 billion loan application by the Dakota, Minnesota and Eastern (DM&E) Railroad. What makes this news of special interest is the paramount role Sen. John Thune (R-S.D.) played in boosting the loan. Here is a cautionary tale of political life in Washington and how it corrupts.

Thune guided through Congress legislative changes that made the loan possible. But an assessment that DM&E was a poor credit risk was shared by two other conservative senators -- Tom Coburn of Oklahoma and Jim DeMint of South Carolina -- who took the extraordinary step of advocating rejection of a colleague's pet project. Making matters worse, Thune worked as a paid lobbyist for the South Dakota-based railroad before his election to the Senate and has received political contributions from company executives.

Thune entered the Senate in 2005 as a rising GOP star after defeating Democratic leader Tom Daschle. He declared himself eager to rein in spending in a Republican-controlled government. But instead of aligning with his party's reformers, Thune has been energetic in promoting pork for South Dakota. After the embarrassment of the DM&E loan rejection, a Republican Senate source who did not want to be identified said: "One can hope this episode helps Thune recover his revolutionary zeal."

DM&E applied for the loan guarantee under the Railroad Rehabilitation and Improvement Financing (RRIF) program to build and renovate a railway from the Powder River Basin in Wyoming, across South Dakota and into Minnesota to carry coal, ethanol and other agricultural products. This area is already served by two railway giants, Union Pacific and Burlington Northern Santa Fe.

The fact that RRIF still exists is testimony to Thune's energy and skill. The program was zeroed out of President Bush's 2005 and 2006 budgets, but it was saved and revised behind closed doors under Thune's leadership as part of the 2005 transportation appropriations bill (which contained the infamous "Bridge to Nowhere"). Indeed, Thune took credit for it, traveling through South Dakota in November 2005 to spread the good news.

Whether this qualifies as an earmark is a matter of opinion. Coburn and DeMint contend that the loan is about policy. Normally, when senators dislike a colleague's protected project, they follow the chamber's politesse and swallow their objections. Not Coburn and DeMint, who since their election in 2004 have waged war on pork.

On Jan. 23, without telling Thune, they wrote Transportation Secretary Mary Peters: "Because the applicant could not secure private funding, we are concerned that a loan of this size unnecessarily puts taxpayers at risk." Rep. Jeff Flake (R-Ariz.), the leading House opponent of earmarks, opposed the loan for the same reason, as did the conservative National Taxpayers Union and Citizens Against Government Waste.

Last Monday, Federal Railroad Administrator Joseph H. Boardman indicated he agreed, denying the loan application because there was "too high a risk concerning the railroad's ability to repay."

None of these critics mentions Thune's connections with DM&E. Since 2001, the railroad's executives have given him $21,750 in contributions (all but $2,000 before his election in 2004). In 2003 and 2004, when Thune was a private citizen between service in the House and Senate, he received $220,000 as a lobbyist for DM&E. (Thune says he never worked on the loan application as a lobbyist.)

If he had it to do over again, I asked the senator last week, would he still advocate the loan project? Thune replied: "I don't know what else I could do. I was strong for my state. It was a no-brainer."

The DM&E loan cannot prove a cautionary tale for Thune unless he knows he went in the wrong direction and admits it, at least to himself. If he has not come to terms with this, he is not alone. Well-meaning conservatives such as Thune get caught up in procuring the benefits of the federal leviathan for their states and their constituents. It is much of what ails the Republicans.

Going Down With The Ships (WP)

By Craig Hooper

The Washington Post, March 5, 2007

Over the past six years, 79 condemned Navy ships have been towed out to sea and destroyed by Air Force bombs, submarine-launched torpedoes or hails of gunfire. These exercises, long considered the most cost-effective way to dispose of

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unwanted naval vessels, have eaten away at America's inventory of still-useful retired warships. Soon every vessel capable of serving in America's reserve combat fleet could vanish, leaving an overextended Navy with no viable backup forces. This unwise drawdown goes against Navy tradition.

As the Navy budget, already under pressure because of the wars in Iraq and Afghanistan, is hoarded for new shipbuilding initiatives, the inactive reserve, an emergency fleet of second-string warships, is quietly becoming a sham.

Denied maintenance funding and protected only from "fire, flooding and pilferage," decommissioned warships are quickly deteriorating past any hope of recall. The aircraft carrier USS Constellation, "mothballed" in 2003, went from the battle fleet to designation for the artificial-reef donation program in a mere three years.

Since being sworn in early last year, Secretary Donald C. Winter, a former Northrop Grumman executive, has headed a Navy that is continuing to dispatch vessels with an efficiency unseen since just after World War II, when the battle fleet was chopped from 6,768 ships to 634.

Important reserve warships are disappearing. The USS Belleau Wood, an amphibious assault vessel used to carry helicopters and Marines, returned from a Persian Gulf deployment in 2004, was decommissioned in 2005 and was sunk just eight months later.

At one time, prudent thinking would have dictated that the Belleau Wood undergo a life-extending refit and return to service for 15 more years. But that mind-set is long gone. Meanwhile, a better candidate for target practice, the former USS New Orleans, a helicopter carrier decommissioned in 1997, rots away, still waiting to be sunk.

As the United States confronts an enormous budget deficit and a looming shortage of already overtasked amphibious assault vessels, the expense of mothballing -- and in an emergency, repairing and operating -- venerable Marine "Gators" might seem trivial compared with the cost of the replacement vessels, the Northrop Grumman LHA(R) assault ship.

Even relatively fresh vessels are being wrecked. According the Naval Vessel Registry, the ex-USS Valley Forge, a billion-dollar antiaircraft and missile-defense cruiser (also made by Northrop Grumman), was blasted after serving barely half of an expected 40-year lifetime. Four other recently decommissioned Aegis cruisers will probably follow suit.

This flurry of ship disposal suggests the administration is getting rid of useful warships to compel construction of pricey new vessels such as the next-generation CG(X) anti-missile cruiser or the $3.3 billion DDG-1000 land-attack destroyer. When the Clinton administration pruned the national stockpile of reserve destroyers, only eight feeble, 46-year-old hulks went to the bottom. But the Bush administration has sunk (so far) a 31-year-old fleet of 27 destroyers. Twenty-two others have been scrapped or sold, and additional disposals are pending.

In this carnage, virtually all 31 of the country's middle-aged submarine-hunting Spruance-class destroyers have been sunk, scrapped or scheduled for destruction. As China readies a deep-ocean submarine fleet and more navies deploy cruise missiles on ultra-quiet diesel submarines, the rationale for eliminating a mothballed reserve fleet of sub-killing destroyers is scanty at best. The administration is destroying a cheap insurance policy.

An inactive reserve has always been a national safety net. The country's first large warship, the frigate USS United States, was maintained in mothballs after the Revolutionary War and returned to fight during the War of 1812. In the early days of World War II, when Britain and Canada needed anti-submarine escorts to fight Germany, reserves provided 50 World War I-era destroyers on short notice.

After World War II, prudent Navy leaders invested $213 million to mothball a "Ghost Fleet" of 2,000 surplus vessels. That supplied 381 much-needed warships during the Korean War, including 13 aircraft carriers and two battleships. Other ships were recalled for Vietnam, and even the enormous Iowa-class battlewagons returned to finish out the Cold War.

Some tired Navy assets will always be sunk. Sinking exercises grant an unparalleled opportunity to hone ship-killing skills while simultaneously collecting data that can make new vessels less vulnerable. Real battle data are so valuable that during World War II, the Navy shipped a bombed-out destroyer, the former USS Welles, back from Europe for research. But now, rather than extract all possible value from stricken ships, America appears uneager to study many of its sinking exercises.

This is no way to run a navy. With each sinking, the Navy risks becoming a hollow force, dependent on the construction of pricey ships that, given America's overextended finances, may never arrive.

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The writer is a lecturer at the Goldman School of Public Policy at the University of California at Berkeley. He served on the Chief of Naval Operations' Maritime Strategy Working Group at the Naval War College last fall.

Deep Trouble For Deepwater (USNEWS)

By Angie C. Marek

U.S. News and World Report, March 4, 2007

At the time, it looked like a triumphant moment for the U.S. Coast Guard. Last Veterans Day, about 1,000 people joined Coast Guard Commandant Thad Allen and Michael Chertoff, the homeland security chief, at a shipyard owned by defense giant Northrop Grumman in Pascagoula, Miss., to christen the first major cutter—or large enforcement ship—the agency had acquired in 35 years. As a peppy military band played, Allen predicted the cutter would "be the most capable" the agency had ever had.

It was a heady time. The Coast Guard was still riding a wave of goodwill inspired by the service's response to Hurricane Katrina, when its helicopter rescuers hoisted more than 33,000 people to safety while the rest of the federal effort floundered. President George W. Bush had sworn in Allen—a popular admiral who took over the federal government's response to Katrina from Federal Emergency Management chief Michael Brown—as head of the Coast Guard in May 2006.

Lemons. But now that November gathering is starting to look like a party on the deck of the Titanic. Audits have revealed that the cutter's cost has grown by millions of dollars since it was commissioned and that it has potentially fatal design flaws. And that's only part of the bad news. The 38,000-person military service has been accused of buying what one member of Congress called "a series of lemons" with a $24 billion megacontract to replace nearly all its ships and planes. Meanwhile, the Coast Guard is also dealing with the shocking deaths of two rescue swimmers and allegations of assault at its academy. The Coast Guard's motto is semper paratus—or "always ready"—but its supporters wonder if even Allen can fix all this.

The Coast Guard had traditionally been known for doing more with less. Back in the 1990s, slim budgets left the service with a badly aging fleet that was "a huge embarrassment," says former Rear Adm. George Naccara. By 2002, of the 39 similar cutter fleets around the world, only two were older than the Coast Guard's. Yet the agency's mission was rapidly expanding; after 9/11, it joined the Department of Homeland Security, took over some new port and chemical-plant security roles, and saw its budget grow by 50 percent.

Those new responsibilities added urgency to the massive Deepwater program, an unprecedented effort kicked off in 2002 to upgrade virtually all of the service's fleet. Two large defense contractors—Lockheed Martin and Northrop Grumman—led the team that won a contract to provide a catalog of 91 ships, 49 aviation drones, 124 small boats, and 195 new or upgraded helicopters, all connected by a new communications system. The contracting team advises the Coast Guard on what to buy, chooses the parts providers, and serves as prime builder. Because of staff shortages, the Coast Guard restricted itself initially to a mostly advisory role. "We thought this was a way to eliminate redundancy and save a whole pile of money," says Tom Schatz, president of Citizens Against Government Waste.

Today, that sentiment seems more than a bit ironic. Originally a $17 billion contract, Deepwater was repegged at $24 billion in 2005. A recent DHS inspector general report said that the cost of the first two of the largest cutters—originally estimated at $517 million together—has risen to $775 million and is headed higher still. Allen says much of the swell was caused by his agency's "evolving needs" in an age of terrorism. That 418-foot national security cutter christened in November, for instance, now must be able to sail even if a nuclear bomb is dropped nearby.

But Deepwater has other problems as well—like the need to rework designs for ships that have already been partially built. The national security cutter is getting an upgrade because of fatigue concerns; auditors say it won't survive its 30-year life span, a notion Northrop officials strongly deny. Congress, however, has reason to be skeptical: The Coast Guard used about $90 million to overhaul eight patrol boats, only to withdraw them from service in November when fissures in the hulls and engine troubles made them unseaworthy.

The contractors have defended their work. Leo McKay, Lockheed Martin's lead executive on the project, has said Deepwater has "already resulted in measurable progress with the Coast Guard's rescue, enforcement, and interdiction missions on the high seas." And experts point to the non-drone aircraft—including newly engined helicopters that can carry twice the weight of their predecessors—as bona fide Deepwater successes. But the program's bottom line still seems troubling: The Coast

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Guard has spent about $4 billion on the contract so far but today has fewer operational cutters than it had before 9/11. "This didn't need to happen," Capt. Kevin Jarvis, a retired Coast Guard engineer, said recently. He described government employees futilely writing memos about already-visible safety problems even before ships were built. Rep. Henry Waxman, chairman of a House oversight committee, calls Deepwater "one of the worst contract organizations that I've ever seen."

All that comes on top of other difficulties. Last summer, for the first time in its history, the service court-martialed an academy cadet for sexual assault. Then in August, two of the service's storied corps of rescue swimmers died during a routine training dive in the Arctic Ocean, the first such drownings since 1974. Sen. Maria Cantwell, the top Democrat overseeing the Coast Guard, has promised to investigate. The service's own probe revealed that some members of the divers' support team had been drinking and misinterpreted distress calls. The number of dive teams more than tripled after 9/11, causing oversight challenges: Some of their equipment was years overdue for inspection.

Allen, who's garnered kudos for a no-nonsense style, is attacking the problems vigorously. "We will not accept," he wrote to the entire Coast Guard in January, "preventable [life] loss or injury." In the days after the drownings, he halted all diving until every piece of underwater equipment in use was reinspected. To clean up troubles at the Coast Guard Academy in New London, Conn., he created a task force in September to study the climate there after reports of drinking and promiscuity. A related investigation has already resulted in the reprimand of a senior Coast Guard official.

Deepwater, however, is arguably more daunting. "We'll never have the organizational structure you'll find in the [U.S.] Navy," Allen says of the service's ability to coordinate massive purchases, "but ... I'm trying to create as much of that capability in the Coast Guard as I can." He recently gave the service's chief engineer the authority to veto designs. He's also incorporating regular third-party evaluations of contracting work, calling for robust training of oversight personnel, and reorganizing the entire Coast Guard to limit layers of bureaucracy that may have contributed to Deepwater's problems. And more is coming: Between now and June, Allen can rewrite portions of the contract. Last week, the Coast Guard revealed it would reach outside the contract for one of the ships, which was to be provided by the Lockheed-Northrop team. The reason: Coast Guard officials think they can get similar boats for $100,000 less apiece than the price quoted by the contracting team.

Still, some wonder if it'll be enough. "At this point," Cantwell says, "I think we need legal advice" on recouping contract costs. Rep. Bob Filner, formerly the ranking House Democrat overseeing the service, has urged dropping the contract arrangement altogether. "The first thing you do when you've dug yourself into a hole," Filner says, "is stop digging."

That Film's Real Message? It Could Be: 'Buy A Ticket' (NYT)

By Michael Cieply

The New York Times, March 5, 2007

LOS ANGELES, March 4 — Three weeks ago a handful of reporters at an international press junket here for the Warner Brothers movie "300," about the battle of Thermopylae some 2,500 years ago, cornered the director Zack Snyder with an unanticipated question.

"Is George Bush Leonidas or Xerxes?" one of them asked.

The questioner, by Mr. Snyder's recollection, insisted that Mr. Bush was Xerxes, the Persian emperor who led his force against Greek's city states in 480 B.C., unleashing an army on a small country guarded by fanatical guerilla fighters so he could finish a job his father had left undone. More likely, another reporter chimed in, Mr. Bush was Leonidas, the Spartan king who would defend freedom at any cost.

Mr. Snyder, who said he intended neither analogy when he set out to adapt the graphic novel created by Frank Miller with Lynn Varley in 1998, suddenly knew he had the contemporary version of a water-cooler movie on his hands. And it has turned out to be one that could be construed as a thinly veiled polemic against the Bush administration, or be seen by others as slyly supporting it.

In the era of media clutter, film marketers increasingly welcome controversy as a way to get attention for their more provocative fare. The companies behind the Dixie Chicks documentary "Shut Up & Sing" and "Borat: Cultural Learnings of America for Make Benefit Glorious Nation of Kazakhstan," for example, positively reveled in it.

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But the dance can be more delicate when viewers find a potentially divisive message in big studio movies that were meant more to entertain than enlighten. The danger is that an accidental political overtone will alienate part of the potential audience for a film that needs broad appeal to succeed.

Spontaneous debate on the Internet and around the office can be a film's best friend when, as with a picture like "The Passion of the Christ," even potential negatives, like accusations of anti-Semitic undertones, feed curiosity.

"Whatever the question is, it's wonderful for the movie," said Peter Sealey, a former Columbia Pictures executive who is now an adjunct professor of marketing at Claremont Graduate University's Drucker School of Management.

Yet studios can be wary of seeming to foster it. Walt Disney largely sidestepped arguments about whether its Pixar-created animated film "The Incredibles" was quietly channeling Ayn Rand. "We feel that the longer we either refute or debate a subject like that, the more the story will live," said Dennis Rice, senior vice president of marketing for Disney's Buena Vista Pictures unit. "So we chose to do nothing."

Executives at Warner, which is releasing "300" in the United States on Friday declined to discuss the studio's approach in marketing the film. Billboards and trailers, seeming to mirror Disney's tack with "The Incredibles," have focused heavily on the picture's battle action and visual flamboyance — "Prepare for Glory!" runs the most oft-repeated advertising line — while avoiding some deeper story elements that are stirring unexpectedly heated reactions, especially abroad.

Shortly after his press-junket grilling Mr. Snyder — an established commercials director, whose best-known previous credit was a remake of George Romero's "Dawn of the Dead" — ran into some surprising reactions at the Berlinale film festival in Germany. Some attendees walked out of a screening there, while others insisted on seeing its presentation of the Spartans' defense of Western civilization in the face of a Persian horde as propaganda for America's position vis-à-vis Iraq and Iran. (By contrast it drew applause at a Los Angeles screening last month.)

"Don't you think it's interesting that your movie was funded at this point?" Mr. Snyder recalled being asked in Berlin. "The implication was that funding came from the U.S. government."

When a Feb. 22 report on Wired.com carried a brief mention of the question about Mr. Bush's proper parallel in the film, Web commentators in the United States began to lock on its supposed political vibe. Yet attempts by both the left and the right to appropriate the lessons of Thermopylae clearly predated the movie.

Mr. Bush has been compared to Xerxes at least since his "axis of evil" speech in the wake of 9/11, for instance, while the Spartan cry "Molon labe," or "Come and take them," has long been a rallying call for supporters of the right to bear arms.

According to Deborah Snyder, Mr. Snyder's wife and an executive producer of "300" (which has more than a dozen credited producers of various levels, including Mark Canton and Gianni Nunnari), some changes to Mr. Miller's original story may have inadvertently amplified its political resonance.

In a key twist Mr. Snyder and his collaborators expanded the presence of Gorgo, the Spartan queen and Leonidas's wife, including, among other things, a sequence in which she inspires a wavering populace and weak-willed council to resist the Eastern armies even at the cost of battle deaths. "Her story is that she is trying to rally the troops," said Ms. Snyder, who dismissed as irrelevant a question about her and her husband's personal political philosophies.

Mr. Snyder acknowledged that Mr. Miller — who declined to be interviewed for this article — had opened the door for contemporary comparisons with his passionate, if not entirely accurate, portrayal of the ancient Spartans as saviors of Western civilization. "He'd be on their side regardless of who they were fighting, because he just loves them," Mr. Snyder said.

Thanks to computer-generated effects that contribute to "300's" highly stylized look, the film's cost, according to its makers, was considerably less than the outsized production budgets of "Troy," which did relatively well for Warner, and "Alexander," which did not. But Warner could use a hit after finishing last year behind several competitors at the domestic box office. (A success in the second half of 2006, like "Happy Feet," could only do so much to make up for duds like "Poseidon.")

And the enormous expense of making and marketing any major studio picture — the combined costs appear likely to exceed $100 million in the case of "300" — sharpens the risk in alienating a portion of the hoped-for audience.

In any case Mr. Snyder said he was pleased about the debate, though he never meant the movie to provoke it. "If that's a by-product, that's good," he said.

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Blog The Debt Away (NYT)

The New York Times, March 5, 2007

Public humiliation in the stocks long ago fell out of fashion. A virtual version is making a comeback. This time it's a self-imposed punishment for debtors trying to abase their way back into the black.

As John Leland reported recently in The Times, people have started their own debt blogs to share the most intimate details of their faltering finances, hoping their online confessions will help them develop some self-restraint.

Every time the bloggers reach for a credit card, the realization that they will have to confess any splurges is supposed to give them pause. The 29-year-old woman who writes bloggingawaydebt.com — identified only as Tricia — keeps a running tally of her obligations in the upper-right-hand corner of the Web page (just over $22,000 right now, down from almost $38,000). Right below that is the button that allows readers to sign up to receive updates: 349 regulars are keeping a watchful eye.

They were fairly understanding when she and her husband went roughly $100 over budget on Christmas presents for their son, though one comment suggested they "start the new year with redoubled determination." Hard to be too tough on them since they've already wiped out over $15,000 in debt.

Consumers are asking others to help them develop self-control because so many companies are not showing any restraint. The Federal Reserve estimates that credit card companies sent out more than six billion direct-mail solicitations in 2005. Last year the average American household was $21,000 in debt, about a third of that on credit cards.

In response to the explosion in consumer debt, Congress passed a law in 2005 making it more difficult for individuals to declare bankruptcy. But legislators did nothing to curb the blizzard of pre-approved cards that fall through the mail slots. Often the most profitable customers are the least responsible ones. At a Senate Banking Committee hearing in January, Chairman Christopher Dodd cited a study estimating that credit-card penalty fees had risen to $17.1 billion in 2006 from $1.7 billion in 1996.

Credit can be a good thing, both for simplifying transactions and helping people get over a temporary crunch. But Congress needs to do more to make rates and fees more transparent while putting an end to some of the most abusive policies. In a fairly common practice known as universal default, for instance, a credit card company raises interest rates because a consumer missed or was late with a payment on a different company's account. Citigroup just announced that its credit-card business would voluntarily end the practice. That's something good to blog about for a change.

OTHER NEWS:

Without Health Benefits, A Good Life Turns Fragile (NYT)

By Robert Pear

The New York Times, March 5, 2007

SALISBURY, N.C. — Vicki H. Readling vividly remembers the start of 2006.

"Everybody was saying, 'Happy new year,' " Ms. Readling recalled. "But I remember going straight to bed and lying down scared to death because I knew that at that very minute, after midnight, I was without insurance. I was kissing away a bad year of cancer. But I was getting ready to open up to a door of hell."

Ms. Readling, a 50-year-old real estate agent, is one of nearly 47 million people in America with no health insurance.

Increasingly, the problem affects middle-class people like Ms. Readling, who said she made about $60,000 last year. As an independent contractor, like many real estate agents, Ms. Readling does not receive health benefits from an employer. She tried to buy a policy in the individual insurance market, but — having had cancer — could not obtain coverage, except at a price exceeding $27,000 a year, which was more than she could pay.

"I don't know which was worse, being told that I had cancer or finding that I could not get insurance," Ms. Readling (pronounced RED-ling) said in an interview in her office, near the tree-lined streets and stately old homes of this city in the Piedmont region of North Carolina.

It is well known that the ranks of the uninsured have been swelling; federal figures show an increase of 6.8 million since 2000.

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But the surprise is that the uninsured are not necessarily the poor, the unemployed and the undocumented. Solidly middle-class people like Ms. Readling are one of the fastest growing subgroups.

And that is one reason, according to a recent New York Times/CBS News poll, that the problems of the uninsured have jumped to the top of the domestic political agenda in Washington and on the campaign trail.

Today, more than one-third of the uninsured — 17 million of the nearly 47 million — have family incomes of $40,000 or more, according to the Employee Benefit Research Institute, a nonpartisan organization. More than two-thirds of the uninsured are in households with at least one full-time worker.

Ms. Readling's experience is typical; people who have had serious illnesses often have difficulty obtaining insurance. If coverage is available, the premiums are often more than they can afford.

While the government does not have an official definition of "middle class," one commonly used point of reference is the median household income, which was $46,326 in 2005.

Katherine Swartz, a professor of health policy and economics at Harvard, said the soaring cost of health care was a major reason for the increase in the number of uninsured. She said it also reflected long-term changes in the economy, like the decline in manufacturing jobs and the growth in the share of workers in service industries and small businesses, which are less likely to provide health benefits.

Moreover, Ms. Swartz said, "Companies have become more aggressive in hiring people as temporary or contract workers with no fringe benefits."

The National Association of Realtors says 28 percent of its 1.3 million members are without health insurance.

"Because real estate agents are independent contractors, they are forced into the individual insurance market, where there is no negotiating or leverage," said Pat V. Combs, president of the association.

As an independent contractor with a Century 21 real estate brokerage, Ms. Readling had bought insurance on her own, a temporary extension of coverage from a prior job. But she was unable to renew it after she had surgery for breast cancer in 2005. Most insurers would not offer her coverage, she said, and one carrier quoted a price of $2,300 a month for coverage with a deductible of $5,000 a year.

Concerns about health insurance permeate her life.

To save money, Ms. Readling said, she defers visits to the doctor and stretches out her cancer medication, which costs her about $300 a month. She takes the tiny pills three or four times a week, rather than seven days a week as prescribed.

"I really try to stay away from the doctor because I am so scared of what everything will cost," said Ms. Readling, who is divorced and has twin 18-year-old sons. Before every doctor's visit and test, she asks, "How much are you going to charge me?" She says she tries to arrange "the best deals I can." But in many cases, the price is still unaffordable, and "I have to do without."

Even those with insurance have reason to be concerned, economists say, because they end up paying for the uninsured in various ways. Some of the costs are also passed on to taxpayers and employers. To help cover the cost of treating the uninsured, hospitals often increase charges to other patients. Insurers then increase premiums for companies that provide health benefits, and they in turn shift some costs to employees.

Ms. Readling is engaged to be married in June, to another real estate agent. But she said she may postpone the wedding because she would not want her husband to be legally responsible for her medical bills.

"I am scared to get married because I don't have insurance," Ms. Readling said. "If I have to go to the hospital and I can't pay my hospital bills, what happens? Do they go after him? Can they take your home?"

To collect unpaid medical bills, health care providers often obtain judgments against a patient's spouse, as well as the patient, and file liens against their homes. Ms. Readling says she does not own a house, but her fiancé does.

The idea of universal coverage, in the form proposed by President Bill Clinton, proved politically untenable. Since the Clinton plan collapsed in 1994, the politics of health care have changed because of the steady rise in health costs, the increase in the number of uninsured and the erosion of employer-sponsored insurance. Politicians are once again speaking about universal coverage as a goal, though opinion polls show that many voters still oppose the idea of a government-run health care system.

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Ms. Readling said it was stressful enough visiting doctors every few months for her cancer follow-ups. Without coverage, she said, the experience is even more stressful.

"When you go to any medical person and they ask for your insurance card, you are so ashamed because you have to say, 'I don't have insurance,' " Ms. Readling said. "You just feel like you are dirt."

Ms. Readling said she often woke up at night, terrified of the cost of getting sick without insurance.

"Anything that goes wrong with my health could destroy me financially," Ms. Readling said. "I could be ruined."

She said she had never voluntarily allowed her insurance to lapse and could not understand why she was being blackballed.

"What did I do wrong?" Ms. Read-ling asked. "Why am I being punished? I just don't understand how I could have fallen through this horrible, horrible crack."

Knowing her health benefits from her prior job would expire in January 2006, she began shopping for a new policy in May 2005. But in June 2005, she learned she had cancer.

"At that point," Ms. Readling said, "I called everybody I could think of, begging for help. But no insurer would touch me."

Barbara Morales Burke, the chief deputy insurance commissioner of North Carolina, said state law did not guarantee the availability of health insurance for individuals. "Most insurers decline to issue policies to those individuals whom they deem to be too risky because of their medical history," Ms. Morales Burke said.

Blue Cross and Blue Shield of North Carolina will sell to anyone, regardless of the person's medical condition, she added, but the premiums may be very high for people who have had serious illnesses.

Heidi Deja, a spokeswoman for Blue Cross and Blue Shield of North Carolina, said, "Rates are based on the anticipated cost of providing care." For people who have had serious illnesses, she said, monthly premiums "can run into the thousands of dollars."

A 1996 federal law limited the ability of insurers to discriminate against people because of pre-existing conditions. But consumer protections are much more extensive in the group health insurance market.

"In the individual market, the federal protections provide precious little help to people seeking coverage," said Karen L. Pollitz, a research professor at the Georgetown University Health Policy Institute.

When Ms. Readling was shopping for insurance, she found two responses particularly galling. One insurer, she said, suggested she return to her prior job, at a furniture company, so she could participate in its group health plan, though she loved her work as a real estate agent. Another insurer suggested she remarry her former husband to get back on his insurance plan.

Working with her doctors, Ms. Readling raced to get as many tests as possible before her coverage expired. She recalled her anxiety in the final months: "It's like a freight train coming at you, and it's going to get you. And there was nothing I could do."

Ms. Readling said she was mystified by the inability of real estate agents to band together and buy health insurance as a group.

"Why can't Realtors in North Carolina, or a few counties, have coverage under one umbrella?" she asked. "You would think that some insurance company would want our business."

Janet S. Trautwein, executive vice president of the National Association of Health Underwriters, which represents insurance agents and brokers, said employee groups were more attractive to insurers for several reasons.

"In a group health plan," Ms. Trautwein said, "the employer typically pays a large share of the premium, so most employees sign up as soon as they are eligible, regardless of their health status."

"The health plan covers a mix of sick and healthy workers," she said. "By contrast, individuals and independent contractors are more likely to defer coverage until they need it, so the pool of people insured is, over all, less healthy. Sick people consume more health care. As a result, the cost to insure them is higher."

Though satisfied with her care, Ms. Readling continually wonders if doctors and nurses treat her differently because she is uninsured.

"Are they going to turn their nose up at you because you don't have insurance?" Ms. Readling asked. "Will they take care of other people first? They can make more money on patients with insurance. What am I? I am just a financial loss to them."

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Oil Innovations Pump New Life Into Old Wells (NYT)

By Jad Mouawad

The New York Times, March 5, 2007

BAKERSFIELD, Calif. — The Kern River oil field, discovered in 1899, was revived when Chevron engineers here started injecting high-pressured steam to pump out more oil. The field, whose production had slumped to 10,000 barrels a day in the 1960s, now has a daily output of 85,000 barrels.

In Indonesia, Chevron has applied the same technology to the giant Duri oil field, discovered in 1941, boosting production there to more than 200,000 barrels a day, up from 65,000 barrels in the mid-1980s.

And in Texas, Exxon Mobil expects to double the amount of oil it extracts from its Means field, which dates back to the 1930s. Exxon, like Chevron, will use three-dimensional imaging of the underground field and the injection of a gas — in this case, carbon dioxide — to flush out the oil.

Within the last decade, technology advances have made it possible to unlock more oil from old fields, and, at the same time, higher oil prices have made it economical for companies to go after reserves that are harder to reach. With plenty of oil still left in familiar locations, forecasts that the world's reserves are drying out have given way to predictions that more oil can be found than ever before.

In a wide-ranging study published in 2000, the U.S. Geological Survey estimated that ultimately recoverable resources of conventional oil totaled about 3.3 trillion barrels, of which a third has already been produced. More recently, Cambridge Energy Research Associates, an energy consultant, estimated that the total base of recoverable oil was 4.8 trillion barrels. That higher estimate — which Cambridge Energy says is likely to grow — reflects how new technology can tap into more resources.

"It's the fifth time to my count that we've gone through a period when it seemed the end of oil was near and people were talking about the exhaustion of resources," said Daniel Yergin, the chairman of Cambridge Energy and author of a Pulitzer Prize-winning history of oil, who cited similar concerns in the 1880s, after both world wars and in the 1970s. "Back then we were going to fly off the oil mountain. Instead we had a boom and oil went to $10 instead of $100."

There is still a minority view, held largely by a small band of retired petroleum geologists and some members of Congress, that oil production has peaked, but the theory has been fading. Equally contentious for the oil companies is the growing voice of environmentalists, who do not think that pumping and consuming an ever-increasing amount of fossil fuel is in any way desirable.

Increased projections for how much oil is extractable may become a political topic on many different fronts and in unpredictable ways. By reassuring the public that supplies will meet future demands, oil companies may also find legislators more reluctant to consider opening Alaska and other areas to new exploration.

On a global level, the Organization of the Petroleum Exporting Countries, which has coalesced around a price of $50 a barrel for oil, will likely see its clout reinforced in coming years. The 12-country cartel, which added Angola as its newest member this year, is poised to control more than 50 percent of the oil market in coming years, up from 35 percent today, as Western oil production declines.

Oil companies say they can provide enough supplies — which might eventually lead to lower oil and gasoline prices — but that they see few alternatives to fossil fuels. Inevitably, this means that global carbon emissions used in the transportation sector will continue to increase, and so will their contribution to global warming.

The oil industry is well known for seeking out new sources of fossil fuel in far-flung places, from the icy plains of Siberia to the deep waters off West Africa. But now the quest for new discoveries is taking place alongside a much less exotic search that is crucial to the world's energy supplies. Oil companies are returning to old or mature fields partly because there are few virgin places left to explore, and, of those, few are open to investors.

At Bakersfield, for example, Chevron is using steam-flooding technology and computerized three-dimensional models to boost the output of the field's heavy oil reserves. Even after a century of production, engineers say there is plenty of oil left to be pumped from Kern River.

"We're still finding new opportunities here," said Steve Garrett, a geophysicist with Chevron. "It's not over until you abandon the last well, and even then it's not over."

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Some forecasters, studying data on how much oil is used each year and how much is still believed to be in the ground, have argued that at some point by 2010, global oil production will peak — if it has not already — and begin to fall. That drop would usher in an uncertain era of shortages, price spikes and economic decline.

"I am very, very seriously worried about the future we are facing," said Kjell Aleklett, the president of the Association for the Study of Peak Oil and Gas. "It is clear that oil is in limited supplies."

Many oil executives say that these so-called peak-oil theorists fail to take into account the way that sophisticated technology, combined with higher prices that make searches for new oil more affordable, are opening up opportunities to develop supplies. As the industry improves its ability to draw new life from old wells and expands its forays into ever-deeper corners of the globe, it is providing a strong rebuttal in the long-running debate over when the world might run out of oil.

Typically, oil companies can only produce one barrel for every three they find. Two usually are left behind, either because they are too hard to pump out or because it would be too expensive to do so. Going after these neglected resources, energy experts say, represents a tremendous opportunity.

"Ironically, most of the oil we will discover is from oil we've already found," said Lawrence Goldstein, an energy analyst at the Energy Policy Research Foundation, an industry-funded group. "What has been missing is the technology and the threshold price that will lead to a revolution in lifting that oil."

Nansen G. Saleri, the head of reservoir management at the state-owned Saudi Aramco, said that new seismic tools giving geologists a better view of oil fields, real-time imaging software and the ability to drill horizontal wells could boost global reserves.

Mr. Saleri said that Saudi Arabia's total reserves were almost three times higher that the kingdom's officially published figure of 260 million barrels, or about a quarter of the world's proven total.

He estimated the kingdom's resources at 716 billion barrels, including oil that has already been produced as well as more uncertain reserves. And thanks to more sophisticated technology, Mr. Saleri said he "wouldn't be surprised" if ultimate reserves in Saudi Arabia eventually reached 1 trillion barrels.

Even if the Saudi estimates are impossible to verify, they underline the fact that oil companies are constantly looking for new ways to unlock more oil from the ground.

At the Kern River field just outside of Bakersfield, millions of gallons of steam are injected into the field to melt the oil, which has the unusually dense consistency of very thick molasses. The steamed liquid is then drained through underground reservoirs and pumped out by about 8,500 production wells scattered around the field, which covers 20 square miles.

Initially, engineers expected to recover only 10 percent of the field's oil. Now, thanks to decades of trial and error, Chevron believes it will be able to recover up to 80 percent of the oil from the field, more than twice the industry's average recovery rate, which is typically around 35 percent. Each well produces about 10 barrels a day at a cost of $16 each. That compares with production costs of only $1 or $2 a barrel in the Persian Gulf, home to the world's lowest-cost producers.

Chevron hopes to use the knowledge it has obtained from this vast open-air, and underground, laboratory and apply it to similar heavy oil fields around the world. It is also planning a large pilot program to test the technology in an area between Saudi Arabia and Kuwait, for example.

Oil companies have been perfecting so-called secondary and tertiary recovery methods — injecting all sorts of exotic gases and liquids into oil fields, including water and soap, natural gas, carbon dioxide and even hydrogen sulfide, a foul-smelling and poisonous gas.

Since the dawn of the Petroleum Age more than a century ago, the world has consumed more than 1 trillion barrels of oil. Most of that was of the light, liquid kind that was easy to find, easy to pump and easy to refine. But as these light sources are depleted, a growing share of the world's oil reserves are made out of heavier oil.

Analysts estimate there are about 1 trillion barrels of heavy oil, tar sands, and shale-oil deposits in places like Canada, Venezuela and the United States that can be turned into liquid fuel by enhanced recovery methods like steam-flooding.

"This is an industry that moves in cycles, and right now, enormous amounts of innovation, technology and investments are being unleashed," said Mr. Yergin, the author and energy consultant.

After years of underinvestment, oil companies are now in a global race to increase supplies to catch the growth of consumption. The world consumed about 31 billion barrels of oil last year. Because of population and economic growth,

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especially in Asian and developing countries, oil demand is forecast to rise 40 percent by 2030 to 43 billion barrels, according to the Energy Information Administration.

Back in California, the Kern River field itself seems little changed from what it must have looked like 100 years ago. The same dusty hills are now littered with a forest of wells, with gleaming pipes running along dusty roads. Seismic technology and satellites are now used to monitor operations while sensors inside the wells record slight changes in temperature or pressure. Each year, the company drills some 850 new wells there.

Amazingly, there are very few workers in the field. Engineers in air-conditioned control rooms can get an accurate picture of the field's underground reservoir and pinpoint with accuracy the areas they want to explore. None of that technology was available just a decade ago.

"Yes, there are finite resources in the ground, but you never get to that point," Jeff Hatlen, an engineer with Chevron, said on a recent tour of the field.

In 1978, when he started his career here, operators believed the field would be abandoned within 15 years. "That's why peak oil is a moving target," Mr. Hatlen said. "Oil is always a function of price and technology."

Romney: Blogs More Open Than Mainstream Media (POL)

By Roger Simon And Mike Allen

The Politico, March 5, 2007

Mitt Romney's Republican presidential campaign needed an adrenaline jolt after a couple of weeks of Rudymania in the press and polls. The former Massachusetts governor got it (sort of) Saturday evening when the Conservative Political Action Conference, the annual Woodstock of the activist right, gave him first place in its highly publicized -- if somewhat meaningless -- straw poll.

Sen. John McCain of Arizona, knowing he would fare poorly, didn't show up for the 5,000-plus gathering at a Washington hotel. Former New York Mayor Rudolph Giuliani gave a well-received speech at lunchtime Friday, and then was hustled out of the Omni Shoreham, with aides saying he had a plane to catch. Neither of those two, who lead in national polls, had a booth in the massive exhibit hall.

Romney was more leisurely, speaking on Friday afternoon and then sticking around for a reception that was open to all attendees. In the voting, where he took 21 percent, to Giuliani's 17 percent and McCain's 12 percent, despite a dude in a dolphin suit who was wandering around the convention with a sign calling himself "Flip Romney, another Flip-Flopper from Massachusetts." The hot CPAC souvenir was the Romney Flip Flop -- cheap foam footwear available in green, orange, yellow and red. These shots aimed at what many Republicans view as Romney's greatest liability—the perception that he is guided by opportunism rather than principle. Romney wanted to win badly enough that he stacked the deck by bringing a group of college kids in to vote for him.

Despite the flak and his recent slide in the polls, Romney seemed unruffled when he sat down for an interview with the Politico, which came after a stroll along CPAC's Radio Row, where conservative stations from around the country had talk shows set up.

Surrounded by cameras and supporters, Romney also wandered past a section the American Conservative Union, the group's sponsor, had set up for bloggers. Romney has given several interviews to bloggers and he has a director of online communications, Stephen Smith, who is respected by New Media types. Smith is responsible for reaching and monitoring the blogosphere.

The Politico interview took place outside the "Mitt" booth at CPAC, behind a blue curtain that separated the "exhibit hall" from a parking garage. His wife of nearly 38 years, Ann Romney, joined the conversation. Here are excerpts of the interview that did not make the cut for an upcoming column on Romney and his new campaign plan:

Politico: Governor, you're pretty popular on blog row.

Romney: Well, it's a great group, I'll tell you that. I appreciate the blogs because the blogs are able to really zero in on issues and find the truth. Sometimes the mainstream media writes one article and it sits out there and it may be accurate, it may

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not be accurate. But the blogs are open – there's a discourse, there's back and forth and it allows us to get to the truth. And that's why the blogs are playing such an important role, particularly in grassroots organization of American politics.

Politico: How helpful do you think the blogs have been so far?

Romney: Oh, I don't know at this stage that you can point to great advances for anybody based on blogs alone. But I think what you're seeing is that blogs are able to get to bottom of things and to cut through the spin. The spin has a huge impact on the mainstream media. Candidates are able to go to the mainstream media, spin their story, they write it and sometimes it's accurate, sometimes it's not. The blogs actually are open for comment and debate and they ultimately get the truth out. And that's critical, in my opinion. Because there are going to be a lot of opposition research folks on other campaigns trying to put up things that aren't accurate.

Politico: Governor, what did you mean by "spin"?

Romney: Well, sometimes an opposition research team will go to the mainstream media and try and slant or direct a story in favor of their viewpoint. And the nice thing about blogs is that if that happens to them, why they still are open to get the views of the other side and you see the truth getting ultimately told.

Politico: Governor, how do you unite a polarized country?

Romney: I think that what we have to do is have Republicans and Democrats be willing to reach across the aisle and find common ground on important issues. I remember Ronald Reagan used to sit down with Tip O'Neill -- they were friends even though they were competitors, from a political standpoint. I have, in my service as governor, sat down almost weekly with the Senate president and the speaker of the House of the opposition party. We work on issues together. We sometimes agree, sometimes we don't. But communications, openness and searching for common ground is what America wants to see. They do not like the fact that the polarity in our political process has yielded an absence of action. They want Washington to change and I represent a change in the way business has been done in Washington.

Politico: Do you have any hope for doing that?

Romney: I do, because I've done it in Massachusetts. Here I was in a state that had a legislature 85 percent Democrat, and I balanced the budget all four years without raising taxes. I also put in place, together with the legislature, an insurance plan that took some mandates off insurance companies -- I wanted to take off more -- but got insurance for all of our citizens without the requirement of raising taxes and without a government takeover. That's the kind of conservative thinking that's willing to reach across the aisle and find common ground with Democrats.

Politico: Are you concerned that only people of vague faith will be able to run, if someone who's strong and vocal about their faith gets picked apart, as your Mormon faith has been?

Romney: When people don't know a great deal about a person's faith, they're just not sure what it means. And as they focus in on my faith, I think that they'll see Ann and my marriage, they'll see our family and they'll say Hey, there's nothing wrong with that. Whatever has produced those guys has got to be OK. And I don't mean by that they we're perfect -- we're a long way from that. But our faith has certainly made us better than we certainly would have been otherwise. I'm proud of the fact that my parents were of my faith, and I've learned from them. I think you will find that the people of America, as they get to know us better, will be pretty darn comfortable with us as a couple and me as a politician.

Politico: Mrs. Romney, do you mind joining the conversation? (The former governor smiles and playfully shoves two of the four tape recorders on the table in front of her.) On ABC's "This Week" and at a recent event in Salt Lake City, you were quite candid or blunt about the fact that you saw this was going to be a difficult process, but you seem to have steeled yourself for that. Could you just talk about what you think this is going to be like?

Ann Romney: It's interesting. If you go to Iowa, South Carolina, New Hampshire, Atlanta – wherever it is, in Orlando – you LOVE meeting people. That is not hard. You love, actually, even, the fundraisers. They're great. People are wonderful and supportive. The only part that's distasteful is, unfortunately, the media. (Smiles.) Here you guys sit.

Romney (chuckling): These aren't the media. These guys are open, honest, fair and balanced guys.

Ann Romney: All the rest of it is an extraordinary honor, to be able to be doing what we're doing. I'm awed by it. People in Iowa and South Carolina and New Hampshire take their citizenship very personally and responsibly. It is impressive to me, and I'm buoyed up by it. (Refers to the media.) It keeps people out of that arena. That's very unfortunate.

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Romney: You've got to have a pretty thick skin to be able to do it. And I've grown up in a home where politics was spoken about and then my dad ran for office and my mom did. And I've learned that you can develop thick skin and just don't worry about it.

Politico: Mrs. Romney, how involved do you plan to be in the campaign? (Ann Romney was diagnosed with multiple sclerosis in 1998. She says she's healthy now but worries the stress of the campaign could inflame her MS.)

Ann Romney: As involved as my heath will allow. We're not quite sure where that line is yet. I can't keep up with him. There's no question about that. I also am an equestrian – I love to ride horses. They keep me balanced and healthy and feeling great about life. Besides my family, it's the joy of my life. So I have to get out every once in awhile and see my horses. I've got to tell you: They don't care whether Republic or Democrat. They just want to know if their oats are coming. It's kind of stabilizing and balancing and being able to pull out every once in awhile – see the grandkids, see the horse, get my bearings, and then jump back in.

Politico: Governor, how do you strike a balance between being your own candidate, without renouncing the president?

Romney: I just have to do what Popeye used to say: "I am what I am and that's all I am." I indicate what my positions are, what I think about issues. I try and do so with respect. In doing so, in some respects I'm going to be acknowledging the president's leadership. In other cases, I'm going to be critical, just by virtue of my positions -- not intentionally, but just every person is different. Even if you're in the same party, you have different views on certain issues and I don't line up that I know of with any Republican, exactly -- even Ann. (Gestures toward his wife.) And so people will draw their distinctions. I've lived a different career, I have a different management style than does the president and do other Republicans, and people will draw that distinction as they think as appropriate.

Politico: What is the difference in your management style?

Romney: Oh, I'm going to have to let you make that assessment. I wouldn't try and characterize the president's. My management style is to bring in a lot of people who are bright and have more skill and experience in certain areas than I, to gather a lot of data and insist on an analytically driven decision-making process, to ask for a lot of debate, a lot of discussion of the pros, the cons, the upsides, the downsides. I like a highly deliberative process for making decisions. Now, I can pull up and shoot whenever I need to. But I like having a very extensive debate of people who agree and disagree on issues in order to make a final and best answer

Politico: What have you learned about the country so far in this process?

Romney: I read, some time back, excerpts from Jimmy Carter's malaise speech, which says that the problem in America is the American people and that the wonderful government leaders are doing their job but the American people could just wake up – effectively, that's what is says. What I've learned is, as I have always believed, the greatness of America is the American people – that the heart of the American people is strong and well and the American people are looking for leadership in Washington to finally get their act together and lead. And that's why I am in this. It's because I'm very concerned about the America that I'm going to leave to my kids and grandkids and your kids and grandkids and I think I can make a real difference.

Politico: Governor, what books should we be reading?

Romney: I like reading – I read a lot of books.

Politico: Even during this process?

Romney: Yeah, yeah. "The Looming Tower," I just read, by Lawrence Wright, which I found very interesting. "The Cube and the Cathedral" – a very good book, about Europe. "America Alone," by Mark Steyn – I read that. I just read one called "The River of Doubt," about Teddy Roosevelt. "Mayflower," by Nathaniel Philbrick. So I like reading.

Ann Romney: We pass the books between us.

Politico: Ever fiction?

Romney: I LOVE fiction. Right now, we're reading a lot of Vince Flynn. I've read every Louis L'Amour book there is – I love those old Westerns. Unfortunately, those are gone – although, as my memory gets weaker, I can go back and read some of them again. Vince Flynn is a spy-novel type.

Ann Romney: Vince Flynn? I'm on his third one. It would really be nice if those characters that were in those books were real and were really doing some of this stuff.

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Romney: What's the other one that I like? The great CIA operative? Mitch Rapp!

Politico: What the White House reporters really want to know is whether your Crawford will be in Deer Valley, Utah, or Lake Winnipesaukee, N.H.? (He has homes both places.)

Romney: Well, that's a hard choice. But without a question, it would have to be in Lake Winnipesaukee, N.H. We've actually chuckled about that, thinking about it the last couple of weeks and months. I wouldn't want to impose the Secret Service and the press corps on our nice little community New Hampshire. So maybe I'd get to visit once a year for a quick weekend and then get the heck out. Because I wouldn't want to intrude on the beauty and the calm of that fabulous place.

Romney Gets The Nod From CPAC (FT)

By Caroline Daniel In Washington

Financial Times, March 5, 2007

Mitt Romney's efforts to become the preferred candidate for social conservatives were rewarded at the weekend when he won a straw poll asking attendees at the Conservative Political Ac-tion Conference who they thought was most likely to be the Republican presidential nominee in 2008.

Mr Romney, a former governor of Massachusetts, had faced scepticism at the conference amid charges that he had flip-flopped on some of the critical issues for conservatives, changing his stance on gay and abortion rights. The initial reception to his speech at the conference on Friday was far less enthusiastic than the rousing greeting for the celebrity figure of Rudy Giuliani, former mayor of New York.

About a third of the 6,000 attendees at the three-day conference voted in the poll. Mr Romney won with 21 per cent of the vote, followed by Mr Giuliani, with 17 per cent. Senator John McCain, the only Republican presidential front-runner not to attend CPAC, languished in the poll, ranking fifth with 12 per cent.

Mr Romney's campaign was the best organised at the conference. Dozens of students wearing blue Mitt Romney T shirts and carrying red Mitt Styrofoam baseball mitts were bussed in to encourage activists to vote in the poll. Even so, national polls have consistently shown Mr Romney as trailing in third place. His national campaign has appeared to stall as attention shifted to Mr Giuliani as his presidential ambitions have become clearer.

Unlike at the recent parade for the Democratic presidential candidates last month at the Democratic National Committee meeting, where the main preoccupation was to set out assertive stances on the Iraq war and for withdrawing troops, the Republican candidates largely avoided the subject, focusing instead on the need to win the war on terror.

Other than Mr McCain, the other notable missing figure at the conference was President George W. Bush.

CPAC Embraces Steele, Gingrich (WT)

By Ralph Z. Hallow And Stephen Dinan

The Washington Times, March 5, 2007

Michael S. Steele and Newt Gingrich were the biggest stars according to activists who attended the three-day Conservative Political Action Conference.

Former New York Mayor Rudolph W. Giuliani pulled off CPAC's biggest coup, former Virginia Gov. James S. Gilmore III was the biggest surprise, and Ann Coulter was the biggest loser.

Mr. Steele, the former Maryland lieutenant governor -- rejected last fall by the Bush White House for chairmanship of the Republican National Committee (RNC) -- was mobbed by hundreds of attendees wanting their picture taken with him on the dais after he served as master of ceremonies at the Thursday banquet featuring Vice President Dick Cheney and former U.S. ambassador to the United Nations, John R. Bolton.

"He acknowledged the November shellacking that he and the rest of the GOP took, but was upbeat and essentially said, 'Hey, I'm an African-American Roman Catholic Republican from Maryland, so overcoming odds is nothing new to me,' " said Cleta Mitchell, a Washington lawyer and board member of the American Conservative Union (ACU). "He was funny, smart, warm, and representative of all we stand for."

This year's CPAC was also a boon for Mr. Gingrich, as the former House speaker acknowledged after his Saturday speech that closed the conference.

"I got more bang for my buck than the other [2008 presidential hopefuls]," a smiling Mr. Gingrich told The Washington Times after he marched from the back of the Regency Ballroom at the Omni Shoreham Hotel, amid stirring music nearly drowned out by applause and cheers.

Mr. Gingrich was the only top-tier potential contender for the Republican nomination who hadn't formed a presidential exploratory committee or bought any CPAC banquet tables for supporters. Yet in the largest presidential preference straw poll in the conference's history, he placed fourth (14 percent) -- ahead of Arizona Sen. John McCain (12 percent), who rejected an invitation to address the event.

Mr. Giuliani made his decision to accept CPAC's speaking invitation four days before the conference, yet managed to place second (17 percent) in the straw poll behind former Massachusetts Gov. Mitt Romney (21 percent), who had invested heavily in pre-event organization.

Perhaps most importantly, the conference poll conducted by the Fabrizio-McLaughlin firm allowed attendees to indicate their second preferences. Mr. Gingrich and Mr. Giuliani each got 16 percent of the second-choice votes, so that when first- and second-place were combined, Mr. Giuliani was on top (at 33 percent), with Mr. Romney and Mr. Gingrich tied for second at 30 percent each.

"I think Giuliani is doing much better among conservative audiences than anybody could have imagined six months ago," said Michael Toner, a Federal Election Commission member appointed by President Bush.

Following Mr. Giuliani's Friday speech, several previously skeptical conservatives stopped a reporter to express their admiration for how thoughtful Mr. Giuliani appeared and to say they liked the way he conveyed a sense of leadership.

However, when questioned Saturday night after both Mr. Gilmore's and Mr. Gingrich's speeches, more CPAC attendees remembered the former Virginia governor's address and said the Virginian -- a former RNC chairman who headed the Gilmore Commission to assess terrorism threats -- got all the nuances right on foreign policy, while also praising Mr. Gingrich's emphasis on basic Republican themes of individual freedom.

"Newt showed he is the strongest spokesperson for today's conservatives," said Tom Edmonds, a veteran campaign strategist and chief executive officer of the Edmonds Hackney media-consulting firm.

Mr. Steele, who lost his 2006 Senate bid in a bad year for Republicans, got high marks from CPAC attendees for his easygoing humor as master of ceremonies at the gala banquet on opening night.

"Michael Steele showed himself clearly to be a significant figure in the future of the conservative movement," said Joe Morris, a Chicago lawyer and ACU board member who noted that Mr. Steele, who now heads GOPAC, has been nominated for the ACU board, "a tribute to his campaign last year."

Several conference attendees said they were shocked by an apparently offhand remark Miss Coulter made during her standing-room-only speech Friday.

Asked to comment on Democratic presidential candidate John Edwards, Miss Coulter said, "It turns out you have to go into rehab if you use the word 'faggot,' so I'm kind of at an impasse -- I can't really talk about Edwards."

Mrs. Mitchell said that Miss Coulter -- a best-selling author, TV commentator and a frequent speaker at campus conservative events who also drew criticism for using an anti-Arab epithet in her 2006 CPAC speech -- has become an "embarrassing ... caricature" who is hurting the movement.

"No question -- we shouldn't give Coulter a serious platform when she is seriously out of line," said Mrs. Mitchell, an Oklahoma native whose clients include many top Republican candidates. "She is the Howard Stern of so-called conservative commentators, and we should take her off the list in my view."

Former Republican congressional staffer Gil Macklin agreed.

"Every time Ann Coulter opens her mouth, taste takes a holiday," Mr. Macklin said. "No blow is too low for Coulter to throw."

Pollster Tony Fabrizio took an unusual turn in the spotlight as the conference concluded Saturday evening, eliciting sometimes deafening boos from the packed ballroom every time he mentioned a poll finding associated with Mr. McCain. The Arizona senator snubbed CPAC, and a McCain spokesman called the annual gathering a bunch of Washington insiders even though the poll showed that 85 percent of its 4,800 registered attendees came from 47 states outside of Maryland, Virginia and the District of Columbia.

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A Mood Of Gloom At CPAC (POL)

By Jonathan Martin

The Politico, March 3, 2007

At first blush, the state of the Vast Right-Wing Conspiracy appears to be strong. Here at the annual Conservative Political Action Conference (CPAC), a few thousand students, activists, hopeful pols and professional hangers-on have descended on one of Washington's larger hotels to affirm and amplify the right-wing gospel.

But even though every conservative group from the Islamic Free Market Institute to The American Protectionist is here in force, there is considerable grumbling about the health of the movement. From conservative pioneers to up-and-coming true believers, many attendees are looking for leaders -- and they're uncertain about the current crop of presidential candidates and not even thrilled with the current occupant of the White House.

"I'm disenchanted, I'm disenfranchised, I'm just dissed," quipped David Bossie, the president of Citizens United and a tireless congressional investigator in the Clinton era.

"It's a struggle," said conservative activist and public relations specialist Mike Thompson. "Conservatives want to win, but they aren't really sure the guys at the top of the field are conservative." Reconciling purity and pragmatism is always a challenge, Thompson added, but it's especially so going into 2008 because "of the fear of the other side."

Some of the ire at the CPAC conclave is directed squarely at Sen. John McCain (R-Ariz.), whom many conservatives suspect talks the talk when it comes to movement ideals but harbors dangerously moderate instincts.

On Thursday, Bossie gleefully unveiled a 22-page dossier kneecapping McCain ("He's No Ronald Reagan: Why Conservatives Should Not Vote for John McCain"). But Bossie also said his beef wasn't just with the one Republican presidential aspirant – McCain -- who skipped the CPAC festivities

His McCain manifesto "may be the first, but it's not going to be the only," Bossie said by way of warning to the other GOP aspirants.

For More Info Visit Our Candidates Page

It's not just skepticism about McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney that has members of the movement in a funk.

While conservatives here are appreciative of his steadfastness in the war on terror, President Bush has disappointed some on the right who had high hopes.

Bush has "made so many mistakes," said the Eagle Forum's Phyllis Schlafly. "The war is a disaster and he flubbed the [immigration] issue."

And the leading GOP contenders to succeed Bush? "They're all equally unacceptable," Schlafly said.

Comparisons with the ultimate CPAC icon, Ronald Reagan, are, of course, inevitable in this crowd. While Bush has never addressed the gathering, now in its 34th year, CPAC proudly posts on its Web site all the years that Reagan addressed the conference (12 times all told). And as veteran activists recall, the Gipper did far more than give perfunctory after-dinner remarks.

"Reagan wasn't just at the head table," said a wistful Richard Viguerie, "he walked among us." The direct mail guru said conservatives "are leaderless at this point in time."

"They no longer look to Republican leaders, whether it's President Bush or Republicans in Congress."

Conservatives, Bossie said, "are desperately looking for an heir to Reagan's mantle." And among the top three contenders, "I don't think that any of these candidates are up to that."

But it's not just the old-timers, pining for the good old days that always look better in hindsight, who have soured the mood at CPAC.

"There is no agenda," said Soren Dayton, a young consultant and blogger, complaining that GOP candidates are only offering up predictable platitudes. "You say you're pro-life, you say you'll ban gay marriage and you say you'll cut taxes."

Many of the younger bloggers here, at least those not actively working for a campaign, are in no hurry to get on board with the 2008 contenders.

"I'm for letting them fight it out for a while," said Mary Katharine Ham, who writes for the conservative TownHall.

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Some GOP gurus dismiss the overlay of pessimism. Grover Norquist admits that "there's no Ronald Reagan that everybody's in love with," but he takes a more hopeful view of the rightward shifts of Romney, McCain and Giuliani.

"We have candidates going to where Reagan is," pointed out the anti-tax crusader. "That's good, that's called progress."

Conservatism would be in trouble, Norquist added, if the top candidates were saying, 'I'm not where Reagan is, and I don't want to be.' "

"There's no Rockefeller wing of the party left," he observed.

Indeed, the conservative movement has consolidated their control over the GOP and kept successive Democratic hopefuls out of the White House.

As John O'Neill, Sen. John F. Kerry's fellow Swift Boat veteran-turned-nemesis put it when I asked him about the 2004 race: "mission accomplished."

The question now is what the next mission is and who will lead it.

Giuliani's Not-so-wild Card In 2008 (USAT)

By Chuck Raasch

USA Today, March 5, 2007

WASHINGTON — In a paradoxical way, George W. Bush's struggles as president may be benefiting 2008 candidate Rudy Giuliani, who has a solid lead in head-to-head polls among fellow Republicans.

National horserace polls usually aren't worth the money spent on them until you get closer to primary and caucus season, and even then, they can be cruelly fickle. Otherwise, it would have been President Howard Dean.

But in Giuliani's case, a recent surge in national polls so defies conventional wisdom that it may be indicative of important contours in the 2008 campaign, at least as it is shaping up today. The search for a candidate identified with strong leadership qualities, as Giuliani has carried since 9/11, may be trumping some of the threshold requirements on abortion rights and other cultural issues that have marked GOP presidential primaries for over a quarter century.

Conventional wisdom has been that as Giuliani's support of abortion rights, gay rights and gun control becomes better known, he will be toast among social conservatives who vote in GOP primaries and caucuses. The negative primary and caucus ads that could be run against Giuliani almost write themselves. The only question is which opponent attempts to draw first blood and when.

But Giuliani's poll standing has risen the more he has been on the stump, where a lot of coverage has focused on this twice-divorced candidate's attempts to explain himself to dubious cultural conservatives. Yet, as he has moved around the country, Giuliani leads Sen. John McCain, R-Ariz., to 44-21% in the latest Washington Post-ABC News poll, taken Feb. 22-25. A month earlier, Giuliani enjoyed a 7 percentage-point advantage.

As Sen. Hillary Clinton, D-N.Y., maintains her front-runner status among Democrats (she led Sen. Barack Obama, D-Ill., 41-17 in the Post-ABC survey), the fear and loathing created on the right over the thought of another Clinton administration might also be fueling Giuliani's surge. The calculations over the best available candidate to defeat Clinton may be trumping ideological fealty among Republicans. There is no guarantee this equation will survive the hurly-burly of debates and mega-campaign ad blitzes. But that no clear cultural conservative champion has yet arisen in the GOP field accrues to Giuliani's favor.

Bush may be a lame duck, but it is almost impossible to create an election scenario in 2008 that is not a referendum on his leadership. With opposition to the war in Iraq building, Democratic presidential candidates are already being measured in the distance they are putting between themselves and Bush on the war. Democratic rhetoric is heavily built around the notion that this has been a failed presidency, and Democrats are banking that a majority of Americans will agree with them in November of 2008 — no matter who their nominee turns out to be.

Conversely, Republican presidential candidates are facing a tougher balancing act between stressing support for an embattled fellow Republican versus separation on issues that have not gone well for the president, most notably Iraq and immigration reform. Three out of four Republicans in a recent USA TODAY poll still gave Bush favorable ratings.

Even if Iraq stabilizes in the coming months, as Bush struggles to make his "surge" work, the president's leadership still would be the subject of referendum, this time accruing favorably to Republicans in a redemptive, stay-the-course way.

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In many ways, Bush is unlike any other president. In an upcoming book, "Second-Term Blues," by the Brookings Institution Press, eminent presidential scholar Charles O. Jones describes Bush as "fascinatingly paradoxical," his presidency featuring "many firsts, mosts and leasts." Jones said it has been a presidency marked — some would say marred — by wide swings in favorability, and branded with counterintuitive acts and leadership style.

Jones describes Bush as "the president with the least political standing of those elected in modern history," yet he is "among the most boldly aggressive policy advocates."

Bush's presidency has been marked by "agenda-bending" events, Jones said, including 9/11, Katrina, Iraq, rising nuclear threats in Iran and North Korea. He is the first president to govern in a post-9/11 reality that two oceans and history's most sophisticated military no longer protects Americans from distant terror and turmoil.

The American people often understand the magnitude of the challenges better than the tacticians and wedge-drivers inside campaigns.

This is why leadership, strength, and clarity of national purpose could transcend narrower ideological tests when Americans choose their next president.

The Real Rudy Giuliani: A Profile (NSWK)

By Jonathan Darman

Newsweek, March 5, 2007

Rudy Giuliani had been speaking for six minutes before anyone in the audience thought to clap, which was exactly the way he wanted it. Talking to a political crowd in North Spartanburg, S.C., last month, the former New York City mayor and 2008 presidential candidate was not there to excite but to warn; he was less interested in making political promises than he was in sketching out the perils we face. He spoke in the hushed tones of the day that marked him for history, September 11, 2001, his voice barely filling the somber setting—not a hotel ballroom or a church basement, but a firehouse, festooned with American flags.

America's struggle was far from over, Giuliani warned the crowd. The terrorists who tested the nation that morning were still plotting to destroy its spirit. He wouldn't even use the word "if" to talk about future attacks: "I think probably the way I have to say it is, when we're attacked. That's the only way we're going to be safe." The crowd remained silent. "We're going to be in this war for quite some time," Giuliani concluded. "Not by our choosing, but by theirs."

His remarks were dramatic, which was fitting, since Giuliani has always been a man of drama, always thriving at moments of crisis. Growing up in the Long Island suburbs of New York in the placid 1950s, he would close the door to his bedroom and listen to Italian operas, in which each song contained a challenge, a confession or a choice. As a college student he read the words of Winston Churchill, perhaps dreaming that he, too, might one day feel as though he were "walking with Destiny." For a pudgy, Brooklyn-born undergraduate at Manhattan College, his aspirations seemed somewhat outlandish. Sometimes they still do. In his daily interactions, Giuliani can be arrogant, abrasive and imperious, an average-size man trying too hard to prove himself a giant.

But when the crises come, Giuliani has proved to be big enough. New York City was crime-ridden with a dwindling middle class when he became mayor in 1994. By the millennium, the city was safe, swaggering—and the envy of much of the nation. On 9/11, with the president hidden from view, "America's Mayor" steeled the country by speaking the terrible truth: "The number of casualties will be more than any of us can bear." Now, with the war in Iraq in chaos and Al Qaeda still unvanquished, he is pitching himself to Republican primary voters as the man destined to steady the party and the nation in a time of trial.

The Republicans will require some convincing. Giuliani is a social moderate running in a party dominated by Christian conservatives; he supports gay rights and gun control, and hopes to be his party's first pro-choice presidential nominee since Gerald Ford more than 30 years ago. His tenure at city hall—in which he donned fishnet stockings to dance alongside the Rockettes and sauntered for the press corps as a pink-chiffon-clad Marilyn Monroe—is a case study in why no New York City mayor has gone on to higher office since 1868.

Yet with their party in turmoil after the disastrous 2006 midterm elections, some conservatives seem willing to overlook the mayor's colorful past. After a slow start, Giuliani's candidacy has gained ground in recent weeks, thanks in part to former front

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runner John McCain's staunch advocacy for escalating the troop presence in Iraq and the emerging impression that none of the top-tier candidates (Giuliani, McCain, former Massachusetts governor Mitt Romney) is a true believer on social issues. In the new NEWSWEEK Poll, Giuliani leads McCain by 25 points (59 to 34 percent) as the choice of registered Republicans and voters leaning Republican for the party's nomination, while Romney trails both men by more than 30 points.

As Giuliani campaigns to protect the country from disaster, he will have to account for calamities from his own past and of his own making. Twice divorced, he has lived a life more to the tastes of New York tabloid editors than evangelical voters in South Carolina. "I can guarantee you that the majority of Southern Baptists will not vote for Giuliani," says Richard Land, president of the Ethics and Religious Liberty Commission of the Southern Baptist Convention. "President Truman said he would never hire someone who cheated on his wife, because if a person breaks his marriage oath he could also break his oath of office."

Mindful of Giuliani's vulnerabilities, his campaign has controlled his exposure to the media tightly. He declined to be interviewed or photographed for this story. But with the Iowa caucuses still 10 months away, Republican primary voters will soon learn all about the Real Rudy that New Yorkers know so well. The former mayor's life story is that of a man with a righteous sense of right and wrong who excels when the world presents him with a crisis, and, when left to his own devices, creates crises for himself.

Born in 1944, Rudolph William Giuliani was raised to be tough in moments of peril. On a school trip to Washington, D.C., at the age of 17, he stayed up late with other boys, horsing around in the hallway of the hotel. The commotion attracted the attention of an angry hotel manager. "He said to us, 'Pack your bags, you're out of there'," recalls Peter Powers, a Giuliani friend since childhood. The other teenagers panicked; Giuliani was unimpressed. "He's bluffing," said the future mayor. "I'm going to bed." Sure enough, the manager was never heard from again.

Giuliani was taught to venerate courage by his father, Harold, a man with a complex moral history. In 2000, Wayne Barrett, author of "Rudy!", uncovered court documents showing that Harold had served time for armed robbery in Manhattan when he was 26. Barrett's account also quoted eyewitnesses who claimed Harold had served as an enforcer for a brother-in-law who ran a loan-sharking business out of a Brooklyn bar. But Giuliani, who said he knew only "parts" of Harold's checkered past, still spoke of his father with awe. Powers recalls Harold as a moral pillar: "He would ... tell us, 'Behave, do the right thing'."

Young Rudy adopted a black-and-white sense of justice. After Manhattan College and New York University Law School, he set off on a career as a prosecutor singularly focused on battling evil. He made a name for himself as a young assistant U.S. attorney in the Southern District of New York, chasing drug rings and corrupt cops. Friends recall an exceptionally driven prosecutor. "Rudy's professional life always took precedence over his personal life," says Jeffrey Harris, a colleague from the Southern District. "If that meant canceling a vacation or not being at home much in order to ensure he ... performed at the highest level, he was willing to make the personal sacrifice." The sacrifice was real: Giuliani's first marriage, to his second cousin Regina Peruggi, ended in divorce. (It was later annulled by the Roman Catholic Church on the ground that the couple hadn't gotten a special dispensation required for blood relatives to marry.) But his star turn earned him an appointment as Ronald Reagan's associate attorney general, the Justice Department's No. 3 position, in 1981.

At Justice, Giuliani had a knack for causing a ruckus. Shortly after arriving in Washington, he held a highly unusual meeting with the general counsel of McDonnell Douglas. The aeronautics corporation was under federal indictment on charges of fraud and conspiracy at the time and allegedly applied pressure to Republican lawmakers to get the Justice Department to back off. Informed of Giuliani's backdoor session, the two career prosecutors handling the case dashed off a letter to him claiming he'd created the "appearance that certain influential defendants have access to senior officials." The letter quickly found its way into the press. Enraged, Giuliani called the two prosecutors into his office. "He was raising his hands, screaming, 'How dare we send a note like this!' " recalls Michael Lublin, one of the prosecutors. "I've never seen a public official who behaved like that." The scandal passed, but Giuliani held a grudge. After the McDonnell flap, he was slated to give awards to Lublin and his fellow prosecutor, George Mendelson, at a Justice Department ceremony. Giuliani refused to present the honor, Lublin says. (Giuliani's campaign did not respond to a request for comment.)

Within two years, Giuliani had earned the trust of Reagan administration officials and was offered the job he really wanted: U.S. attorney for the Southern District of New York. He logged long hours and brought a string of high-profile cases against mobsters, corrupt public officials and Wall Street inside traders. And he developed an addiction to media attention. To make a

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point about the city's rampant drug problem, he and New York Sen. Alfonse D'Amato donned black leather jackets and dark shades and cruised the streets of an uptown neighborhood to make undercover crack buys.

By then, Giuliani had come to rely on an influential adviser: his wife. On a trip to Miami in 1982, Giuliani was introduced to an attractive local anchorwoman named Donna Hanover. Hooked, he pursued her intently and proposed within six weeks. Together in New York, Hanover helped Giuliani navigate the tricky tabloid culture. This was no idle exercise; Giuliani had long viewed the Southern District as a jumping-off point for elected office in New York. In 1989, he ran as the Republican candidate for mayor against David Dinkins. He lost by three points.

Bitter about his defeat, Giuliani was convinced he would have to intensify his efforts to survive the bedlam of New York politics. Targeting Dinkins in a 1993 rematch, he brought in a steady stream of outside experts to run a series of seminars on city government. "He didn't want Dinkins to know something he didn't," says Henry Stern, a New York City parks commissioner under Giuliani. One snowy morning in 1991, while Stern was out walking his dog, he ran into Giuliani and his young son, Andrew, in a park on Manhattan's Upper East Side. "When are we going to get a dog, Daddy?" Andrew asked his father. "When we live in Gracie Mansion, we'll have a dog," Giuliani replied. The seminars paid off: in 1993, Giuliani defeated Dinkins by 2.9 points.

The crisis facing New York when Giuliani took over city hall was vast. With a $2 billion deficit, the city was struggling to provide basic services, and the persistence of violent crime had forced many urban professionals to move their families to the suburbs. The problems were so vast, some observers wondered if Giuliani, or any mayor, could do much to solve them. Dismissing the doubters, Giuliani seemed to revel in the challenge, casting it as historical drama. "Winston Churchill," he said in a December 1993 speech, "didn't walk out in the middle of the Battle of Britain and say, 'You know, those bombs may really win out in the long run and we may lose to the Nazis'."

Giuliani wouldn't rest until New York was safe. He ordered the NYPD to scale back its feel-good community-liaison projects and simply patrol the streets. As his police commissioner he recruited William Bratton, a media-friendly Boston police commissioner who subscribed to the "broken windows" approach to enforcement. The theory held that areas that tolerated small-time crime would eventually become havens for more-serious offenses. (A single broken window would lead to more broken windows, which would lead to squatters' breaking into a building.) Graffiti artists, loiterers and prostitutes became the targets of the swift hand of the law. Bratton introduced CompStat—a system for mapping real-time crime statistics to allocate policing resources more precisely and keep track of officers' performance. Questions persisted about whether pursuing squeegee men—panhandlers who washed the windows of cars waiting in traffic—was the best use of the mayor's and his police force's time. But the strategies seemed to work: by the end of Giuliani's first year, homicides in the city were down 18 percent.

New York was emerging from adversity and Giuliani wanted the credit. It was widely reported that he was enraged when Bratton appeared on the cover of a January 1996 Time magazine under the headline FINALLY, WE'RE WINNING THE WAR AGAINST CRIME. Bratton stepped down from the NYPD within months. (Giuliani denied publicity was the issue; "Bratton didn't understand that he had a boss," says Giuliani friend Powers. "It's not a question of credit.") By this time, New Yorkers had grown accustomed to a mayor who loved combat—with allies and adversaries alike. "For Rudy, governing New York was conquering New York," says Mitchell Moss, a professor of urban policy and planning at New York University. "He thrived on confrontation." As long as Rudy got results, the public didn't particularly care how he did it, or how many fights he picked. The squeegee men were gone, as were turnstile jumpers and the more notorious pornographic emporiums. In terms of quality of life, he delivered. The rest was just drama—drama that exhausted those involved, yes, but what mattered was New York was livable again. Suburban parents no longer automatically vetoed children's trips into the city. By the end of his first term, Giuliani had cut 20,000 workers from the city's payrolls, was dramatically reducing the welfare rolls and had violent crime approaching a 30-year low. The public rewarded him with 55 percent of the vote when he ran for re-election in 1997.

His city delivered from strife, Giuliani went, in John Quincy Adams's phrase, in search of monsters to destroy. Sometimes the mayor created them when a lot of people didn't think they really existed. Where to begin? First, there was the New York Magazine ad campaign in which the magazine called itself "possibly the only good thing in New York Rudy hasn't taken credit for." Giuliani banned the ad from city buses, prompting the magazine to sue, successfully, on the ground that the mayor had violated its First Amendment rights. Then there was the risqué Brooklyn Museum exhibit that included a portrait of the Virgin Mary that the artist had stained with a clump of elephant dung. Whatever one might think of the exhibit's artistic merits—and

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reasonable people could disagree—Giuliani went to war in a way even some of his friends found rhetorically extreme. Outraged, he responded as though the museum was poised to destroy Christendom. "You don't have a right to government subsidy for desecrating someone else's religion," the mayor said. Some old supporters wondered if he'd lost his sense of proportion. "It was almost as if he became so enamored of his press," says Floyd Flake, a former Democratic congressman from Queens who supported Giuliani in 1993, "that he had to be solving something, even if there wasn't any problem to solve."

The mayor's largely cultural or political skirmishes—bus ads, art exhibits—were particularly irksome to minorities, who believed he was ignoring a real problem: the city's racial divide. To some community activists, Giuliani's police force seemed especially eager to practice its tough new enforcement tactics on black New Yorkers, guilty or not. Tensions boiled over on Feb. 4, 1999, when NYPD officers fired 41 shots at Amadou Diallo, an unarmed Guinean immigrant, in the vestibule of his Bronx apartment building. Giuliani expressed regret over the killing but seemed primarily concerned with protecting the police department's image. Ed Koch, the former New York mayor who'd supported Giuliani in the 1993 and '97 campaigns, became an ardent critic. "Blacks and Hispanics ... would say to me, 'He's a racist!'" Koch tells NEWSWEEK. "I said, 'Absolutely not, he's nasty to everybody'."

Giuliani was also embroiled in personal crises. By the late '90s, he and Hanover were leading largely separate lives. In 1999 the mayor met Judi Nathan, an attractive East Side divorcée. He was smitten. Over the next year, Nathan and Giuliani spent time together. When Giuliani was diagnosed with prostate cancer in the spring of 2000, forcing him out of a Senate race against Hillary Clinton, Nathan, a registered nurse, helped him as he underwent treatment. Finally, in May 2000, after the New York Daily News published photos of the couple, Giuliani confirmed that Nathan was his "very good friend."

Then a bizarre sequence unfolded: a week after the photos appeared, Giuliani announced in his daily press briefing that he and Hanover would begin divorce proceedings. But later that day, in a hastily arranged press conference, Hanover had her own announcement: Giuliani's announcement had caught her by surprise.

Giuliani's private life was a shambles—and on full display. Another mayor of another city might have moved swiftly to settle the unseemly matter quietly; Giuliani, however, hired Raoul Felder, a celebrity divorce attorney never known to be shy of publicity. When Hanover's lawyers filed a "paramour access motion" seeking to prevent Nathan from entering Gracie Mansion, where Hanover continued to live, Felder accused Hanover of "howling like a stuck pig." (After a judge banned Nathan from the mansion, Giuliani moved into a suite in the home of his friend Howard Koeppel and his partner Mark Hsiao.) No detail seemed too personal for the papers—even the fact that Giuliani's cancer treatment had rendered him temporarily impotent was used to counter the idea that Nathan was his mistress. ("The mayor can't have a paramour if he can't paraform," the comedian Jackie Mason, a Giuliani friend, explained to the New York Post.) Giuliani and Hanover eventually reached a settlement, but by the summer of 2001, Giuliani, savior of Gotham in his first term, had fallen from his early heroic heights. He was unpopular, even irrelevant, as New Yorkers prepared to elect his successor in the autumn of the first year of the new century.

And then came the cold horror of September 11. In those morning and midday hours Giuliani was transformed into the man of destiny he'd seemed to always believe himself to be. Some New Yorkers will remember that awful day as a sheer struggle for survival, a crazed exodus from lower Manhattan. Others will recall the frantic search for a loved one feared to be in one of the towers or on one of the doomed planes. But when the vast majority of Americans look back on 9/11, they will, for the ages, think of Giuliani walking through ash and soot. He was honest, sad and strong; he was heroic. Alone that night, before going to bed, he read Churchill's May 1940 speech to the House of Commons: I have nothing to offer but blood, toil, tears and sweat.

September 11 made Giuliani untouchable. Queen Elizabeth named him an honorary knight. French President Jacques Chirac called him "Rudy the Rock." He became a fixture at Republican rallies around the country in the elections of 2002, 2004—the year the GOP convention came to Madison Square Garden—and 2006. Once reviled by his party for his moderate views, he leapt to the top of opinion polls of potential 2008 Republican nominees.

There were other, more immediate rewards. After leaving the mayor's office in January 2002, Giuliani eventually commanded $100,000 per engagement on the lecture circuit. He found joy spending his new money with Nathan. "She became a socialite," says a friend who would comment on the couple only anonymously. "She helped his hair, she helped his suits." In May 2003, Michael Bloomberg, Giuliani's successor as mayor, married them in a star-studded ceremony on the lawn of the

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mayor's residence. Wearing an antique white Vera Wang gown and a pearl-and-diamond tiara, Nathan was finally mistress of Gracie, if only for one night.

Giuliani had found the good life, but that didn't stop him from playing a role in the arena, with very mixed results. In 2004, when the Bush administration was looking for a new Homeland Security secretary, Giuliani enthusiastically made the case for Bernard Kerik, who'd served as his police chief on 9/11. Gruff and hard-charging, Kerik was a Giuliani favorite; when the former mayor started Giuliani Partners, a security firm, he brought Kerik onboard, along with other associates such as Anthony Carbonetti and Denny Young. His recommendation helped Kerik win White House support. "Rudy got the door open for Bernie," says an administration official familiar with the Kerik nomination who would discuss personnel matters only anonymously.

Kerik's nomination was a disaster from the moment Bush announced it. Reporters inundated the White House with allegations of his seemingly shady behavior, including a sweetheart stock deal, improper use of police resources and connections to Mafia-linked construction moguls. (In 2006, Kerik pleaded guilty to two misdemeanors for accepting $165,000 in renovations to his Bronx apartment from a company attempting to win city contracts and for failing to report a $28,000 loan from a real-estate developer.) The White House was caught completely off guard. Bush withdrew Kerik's name after a week and a half, and the botched nomination threw Giuliani's political future into doubt. By the end of 2006, he had yet to assemble a serious political team for a 2008 run. The New York Daily News published an embarrassingly amateurish memo from his staff laying out potential fund-raising targets (many of whom had already been scooped up by McCain) and forecasting potential weaknesses. More than a few Republicans concluded he wasn't serious about running.

Then, once again, Giuliani surprised. "I'm running," he told Larry King in an interview last month before setting off on a series of carefully staged campaign events around the country to prove the point. Just showing that he meant it gave Giuliani a serious bump in the polls and worried his rivals. "I have thought for the longest time that [Giuliani] had zero chance," says an aide to another Republican candidate who asked for anonymity talking up the chances of his boss's rival. "But he's got real momentum. And if there's a terrorist attack between now and the election, he could be the next president of the United States."

Social conservatives remain skeptical and suspicious. "Giuliani is highly respected by lots of Americans because of his leadership after 9/11," says Gary Bauer, president of the conservative nonprofit organization American Values. "In fact, there is evidence that it might be the only thing people could tell you about him." A particular weakness for Giuliani may be gun control, a cause he advocated again and again as part of his crimefighting plan in New York. Grover Norquist, president of Americans for Tax Reform, asks: "The question is, do you need someone who is 100 percent on these issues, or someone who reaches a threshold? He wouldn't be polling so well if he wasn't coming close to a certain threshold."

Giuliani may well be his own worst enemy. His strength in crisis can blur into stubbornness; his resolute conviction sometimes leads to churlishness and a tendency to divide the world into good and evil, with little apparently in between. Voters will have to decide whether his virtues are worth his vices in the White House.

But make no mistake: he is a man of formidable virtues, and mastering the brutal politics of New York is good training for a fast-paced nomination fight and what will likely be a close-run general election.

Will conventional considerations—that is, the ordinary expectations voters have of presidential candidates—apply to Giuliani, or does 9/11 loom so large in the national consciousness even now that Americans will give the mayor a pass on the temperament question in favor of a man who is both strong and competent? (It is hard to imagine a President Giuliani botching the response to Katrina in the way President Bush did.)

The numbers may be strong now, but as British Prime Minister Harold Wilson used to say, a week is an eternity in politics, much less a year. At the event last month in South Carolina, Giuliani looked unsteady as he fielded questions on jobs, immigration and free trade. He still seems un-comfortable when coaxed off his national-security script. But no one knows better than Giuliani that every day is not 9/11, and while the crises of a campaign may seem inane, they are far from inconsequential. In the coming months, there will be a million small disasters—ways to falter or chances to become a man of destiny once more.

With Susannah Meadows, Mark Hosenball, Michael Isikoff, Eve Conant, Sarah Childress, Andrew Romano and Jonathan Mummolo

What Makes Rudy Run (USNEWS)

DOJ_NMG_0139449

By Gloria Borger

U.S. News and World Report, March 4, 2007

I know, it's early. The public hasn't really focused on the presidential race yet. It's all a bunch of background noise. Except when it's not. And there is something happening in the Republican Party these days that goes beyond the usual rat-a-tat-tat of early campaigns and polls, because it's so mind-boggling: Rudy Giuliani is surging. The pro-abortion rights, pro-gun control, pro-gay rights, thrice-married former New York mayor—who as part of a spoof once dressed in drag and got cozy with Donald Trump—is ahead. And not just in one poll; in most every poll. And not just because he's a well-known name; GOP voters specifically rate him above the rest of the field as a leader, both inspirational and electable. In one recent poll, the putative front-runner, John McCain, beat him on just a single quality-experience. For whatever that's worth these days.

So are GOP voters just remembering the moment on 9/11 when Rudy took charge? Or can it be that they might actually embrace a candidate whose positions on social issues are nothing less than a heresy to the party's right flank? Just months ago, that seemed like a nutty idea, particularly with the once-maverick McCain going Establishment. But the inevitability of McCain took a hit with Iraq—and his support for the president's plan for a troop surge. No matter how much McCain says the war was botched—and he says it all the time now—he's still Bush's guy on adding more troops. And that's a problem.

Enter Rudy. His bid is a huge gamble with a simple premise: that, in the end, the appeal of his personality, leadership cred, and the new primary schedule (which could be full of big states with large urban areas with lots of moderate Republicans), will give a city boy a chance to win the nomination. From the minute Giuliani announced his intention to announce (that's how they do it these days), he's been in the top tier. But guess who isn't? "Not one of the leading candidates is a conservative," says William Bennett, a conservative who hosts a radio talk show. The best horse conservatives have is Sen. Sam Brownback of Kansas—smart, but not exactly about to catch fire.

Cultural conservatives are, to put it mildly, miffed about "Rudy McRomney." While McCain has spent years burnishing his conservative credentials—and has a clear antiabortion voting record—the purists still consider him suspect. (After all, he supports embryonic stem cell research.) And Mitt Romney, the former Massachusetts governor positioning himself as the conservative alternative to McCain, has a few credibility problems, starting with this: He was for abortion rights just two years ago, before a sudden (pre-convention?) conversion. For Republicans, who like their primaries orderly, it's all just so unsettling. To calm them down, the Giuliani crowd likes to say its guy is just like Bush, only articulate. "Republicans still believe Bush is right on the principles," says a Giuliani backer. "They just wish he could say it—and do it—better." That's obviously the strong suit for the mayor who captivated the nation on 9/11. "If your complaint is that Bush hasn't gotten results in the war on terror, you should be with Rudy," says an adviser. Rudy gets results! Sound like a slogan?

Guns and gays. But is that enough to push aside the GOP social agenda? Not if you're a cultural conservative like Tony Perkins, who runs the Family Research Council. He says that once GOP voters figure out where Giuliani stands on the issues, they'll dump him. And if they don't, he warns, "an unenthusiastic Republican base will suppress turnout and set up a Democratic victory." But what if Giuliani finds a way to finesse his liberal past by, say, promising to appoint conservative judges, as he did recently on the stump? "I would want judges who are strict constructionists because I am," he said. As for his support for gay civil rights, an adviser says, "since when are voters not open to tolerance?" And when it comes to guns, he adds, Giuliani had a city in crisis, got the guns off the streets, and reduced crime. And, in a pitch to conservatives last week, Giuliani himself called Ronald Reagan his "hero."

Will all of this work? It's unknowable. But here's what we do know: In 1999, George Bush was the only Republican candidate who could raise about $70 million to get elected. Now each man in the top tier can raise that, and more. That means they can last until they kill each other off—and get ready. Stories about Giuliani's marriages, McCain's temper, Romney's Mormonism: It'll be a food fight.

Alter: Wrong Time For An Urban Cowboy? (NSWK)

By Jonathan Alter

Newsweek, March 5, 2007

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Presidential elections are said to be about the future, but they also end up as verdicts on the past. Voters often reject the type of leadership they have recently experienced. In 1960, young JFK was the antidote to dowdy Ike. In 1976, Jimmy ("I'll never lie to you") Carter campaigned to wipe away the stain left by Richard Nixon. In 1980, sunny Ronald Reagan tapped into disgust with the malaise of the Carter years. In 2000, George W. Bush took on not just Al Gore, but Bill Clinton and Monica Lewinsky.

The reason the 2008 campaign favors Democrats—at least for now—is that Bush has failed so badly that the next president may be the one who resembles him least. Job One in 2009 will be reviving the prestige of the United States, which is a prerequisite for confronting nuclear threats, jihadists, climate change—you name it—none of which can tackled by Americans acting alone.

So to be effective, Bush's successor must be a tough-minded but flexible and humble chief executive with a talent for building bridges, not burning them. For instance, preventing terrorism is less a matter of war than a subtle diplomatic challenge involving international coordination and a convincing projection of Western values. It's a group activity, which means that the next commander in chief will need a Tom Sawyer-like skill in getting other kids in the global neighborhood to paint the fence. This requires charm and leadership.

Which brings us to Rudy Giuliani. On one level, his consistent lead in the polls makes perfect sense. The trauma of 9/11 still moves through the national bloodstream like a time-release capsule. For many Americans, it was the most significant public event of their lifetimes. If Gen. William Henry Harrison could be elected in 1840 on the strength of his victory over Indian "terrorists" at the Battle of Tippecanoe three decades earlier, the cataclysmic events of 2001 might yet make "America's Mayor" president, whatever his views on other issues.

But from a different angle, Giuliani's leadership style seems out of sync with history's pendulum. Why would voters want to replace a my-way-or-the-highway Texan with a shut-up-and-listen New Yorker? Exchange a Crawford cowboy for an urban cowboy? A woman, African-American, Hispanic, Mormon or Vietnam POW would represent a sharper break from the immediate past.

Not that Giuliani is a Bush clone. He performed in slashing crime and helping to save New York. But Rudy was often petulant and polarizing. To give just one example (minor in itself, but revealing): he broke diplomatic relations with the Manhattan borough president, Virginia Fields, because she dared to criticize him. (Giuliani was feuding with Harlem politicians at the time.) When, amid a racial crisis in the city, I went to Gracie Mansion to ask him how he could refuse to speak for more than two years to the highest-ranking African-American in town, he scoffed that there was no point.

Of course, such detail about his fitness for the give-and-take of the presidency is too nuanced to be a campaign issue. So is the dictatorial way he dealt with local dissent. Unless his temper explodes on the trail, which is not as likely as his detractors predict, we probably won't squarely face the question of whether America is Ready for Petty. The more that liberal New Yorkers warn Republicans in the rest of the country about Giuliani, the more those Republicans will bond with him. The mayor once described by Jimmy Breslin as "a small man in search of a balcony" has found one, and with lots of people standing in rapt attention below.

Including me. In the days after 9/11, I went with Giuliani five times to Ground Zero and to the funerals of several firefighters. Up close, his compassion and calm command were every bit as impressive as advertised. I fell hard for him and what he was doing for New York and the country. Too hard. When he said it was "cynical" to believe he should leave office at the end of his term—nearly four months after 9/11—I bought his argument for an extension. I was fearful enough to write that he had "practical reasons" for moving in an extraconstitutional direction amid the emergency. When cooler heads than mine prevailed, he eventually backed down on that idea, as well as his insistence on changing the city constitution so he could run for a third term.

Rudy was a good mayor in many ways, but his appeal now is based on fear. When terrorists attack again, we'd want him at the helm for the first few weeks. But after that? Even the most skeptical among us might bend too easily to his will, with frightening consequences. As Giuliani moves toward the big prize, voters will have to look closely at how his history and character could condition his behavior in the White House, where past is always prologue.

Clinton, Obama Praise Civil Rights Achievements (USAT)

By Alvin Benn And Jamie Kizzire

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USA Today, March 5, 2007

Two Democratic presidential candidates — one black, the other a woman — speaking three blocks apart on a street named for Martin Luther King Jr.

Sens. Barack Obama of Illinois and Hillary Clinton of New York came here Sunday to help commemorate Bloody Sunday, a 1965 march that became a seminal moment in the civil rights movement.

The re-enactment of the march over the Edmond Pettus Bridge into Selma was the first time in their campaigns that the candidates appeared together. Later, they watched former President Bill Clinton inducted into the National Voting Rights Hall of Fame.

At the churches and in early appearances, the senators told how the civil rights movement touched their lives.

"I could not be here if not for the foot soldiers," Obama said at a breakfast.

At the pulpit of First Baptist Church, Clinton described herself as a "grateful friend" and "beneficiary" of the civil rights movement.

Obama focused on continuing the struggle in his remarks at Brown Chapel AME Church.

Everyone, he stressed, makes a difference.

"Don't tell me we can't do better by our children," said the 45-year-old senator. "We can achieve. We can do it. The power is in our hands.

"I know if cousin Pookie would vote, if brother Jethro would get off the couch and stop watching SportsCenter and go register some people and get them to the polls, we'd have a different kind of politics," Obama said. "Kick off your bedroom slippers, put on your marching shoes!"

Clinton also embraced the theme of pushing the movement forward.

Bloody Sunday and other major civil rights events such as the integration of Little Rock's Central High School "do not mark the end of the journey," said Clinton, 59.

"We've got a march to finish. The brave men and women of Bloody Sunday did not lose heart. We can do no less."

Clinton recalled how her life changed in 1963 when she attended a speech by King.

She then turned to the future, touching on national issues including health care, education and care for wounded soldiers. After speaking at length about voting irregularities in the last two presidential elections, she vowed to push for federal election reform.

Outside, Cheryl Griffin and Barbara Mann recalled the 1965 demonstrations that changed the political face of America. Students at Alabama State University, they joined the marchers when they got to Montgomery.

"I did it because my mother couldn't vote because of the poll tax," said Griffin, who was of age but also could not vote. "I marched for both of us."

Clintons, Obama Honor Activists In Selma (AP)

By Nedra Pickler

AP, March 5, 2007

Presidential candidates Barack Obama and Hillary Clinton crossed campaign paths for the first time Sunday as they paid homage to civil rights activists who they said helped give them the chance to break barriers to the White House.

The two candidates and former President Clinton, making his first appearance with his wife since her campaign began, linked arms with activists who 42 years ago were attacked by police with billyclubs during a peaceful voting rights march. "Bloody Sunday" shocked the nation and helped bring attention to the racist voting practices that kept blacks from the polls.

"I'm here because somebody marched for our freedom," Obama, who would become the first black president, said from the Brown Chapel AME Church where the march began on March 7, 1965. "I'm here because you all sacrificed for me. I stand on the shoulders of giants."

Not to be outdone in the hunt for black votes, Hillary Clinton also spoke in Selma at a church three blocks away and brought a secret weapon — her husband. Three days before the march anniversary, her campaign announced that the former president who is so popular among blacks would accompany her for his induction into Selma's Voting Rights Hall of Fame.

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Sen. Clinton said the Voting Rights Act and the Selma march made possible her presidential campaign, as well as those of Obama and New Mexico Gov. Bill Richardson, who would be the first Hispanic to occupy the Oval Office.

"After all the hard work getting rid of literacy tests and poll taxes, we've got to stay awake because we've got a march to continue," Clinton said in a speech interrupted numerous times by applause and shouts of approval. "How can we rest while poverty and inequality continue to rise?"

Clinton and Obama both appeared outside Brown Chapel for a pre-march rally, but came from opposite sides of the podium and did not interact. Despite the intense rivalry between their campaigns, the two praised each other.

"It's excellent that we have a candidate like Barack Obama who embodies what all of you fought for here 42 years ago," Clinton said. Obama said Clinton is "doing an excellent job for this country and we're going to be marching arm-in-arm."

But they did not join arms when the commemorative march attended by thousands got under way. Instead, Clinton held hands with her husband and Obama was several people down the line. Obama, who shed his coat and tie for the march, approached Hillary Clinton at one point and the two chatted for a few seconds before moving back to opposite sides of the street.

The two candidates sounded similar themes in their speeches. Both said the civil rights movement is not over because inequality still exists in education, health care and the economy. Both criticized the Bush administration for failing to return Hurricane Katrina victims to their homes.

But Obama, who was three years old on Bloody Sunday, delivered a call to action that would be politically unfeasible for Clinton or any of his other white rivals. He said the current generation of blacks does not always honor the civil rights movement and needs to take responsibility for improving their lives by rejecting violence; cleaning up "40-ounce bottles" and other trash that litters urban neighborhoods; and voting instead of complaining that the government is not helping them.

"How can it be that our voting rates dropped down to 30, 40, 50 percent when people shed their blood to allow us to vote?" Obama asked at a unity breakfast with community leaders.

At the breakfast, Obama got a key to the city and another to surrounding Dallas County from a probate judge, Kim Ballard. "Forty-two years ago he might would have needed it because I understand it would open the jail cells," Ballard said. "But not today."

Obama said the fight for civil rights reverberated across the globe and inspired his father to aspire to something beyond his job herding goats in Kenya. His father moved to Hawaii to get an education under a program for African students and met Obama's mother, a fellow student from Kansas.

Obama said he was not surprised when it was reported this week that his white ancestors on his mother's side owned slaves. "That's no surprise in America," he said and added that the civil rights struggle made it possible for such a diverse couple to fall in love.

"If it hasn't been for Selma, I wouldn't be here," Obama said. "This is the site of my conception. I am the fruits of your labor. I am the offspring of the movement. When people ask me whether I've been to Selma before, I tell them I'm coming home."

But the former president stole the show from the two candidates. The audience cheered loudest for him when the three took the stage at the end of the march and the crowd mobbed him as he tried to make it to his limousine, delaying his departure.

Speaking at his induction, Clinton said the 2008 campaign features "a rainbow coalition running for president."

"If it hadn't been for the Voting Rights Act, the South would have never recovered and two white southerners — Jimmy Carter and Bill Clinton — never could have become president," Clinton said.

Other Democratic candidates are not leaving the black vote to Obama and Clinton. John Edwards, the 2004 vice presidential nominee, was speaking about Selma and civil rights at the University of California, Berkeley.

"The fight for civil rights and equal rights and economic and social justice is more than just going to celebrations, even as wonderful as the one in Selma," Edwards said in remarks prepared for delivery as he referred to Berkeley janitors' fight for a wage increase. "The fight is going on right here, right now."

Candidates Obama, Clinton Vie For Black Voters In Selma (MCT)

By Matt Stearns

McClatchy Newspapers, March 5, 2007

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SELMA, Ala. - Sens. Barack Obama and Hillary Clinton brought their increasingly intense battle for the Democratic party's base to this heart of the American civil rights movement Sunday.

Obama, the upstart Illinois Democrat, brought the hot vibe of the cool new. Clinton, the veteran New Yorker, brought her long history and a ringer: husband and former President Bill Clinton, whom black author Toni Morrison once called the "first black president."

The trio came to Selma for the 42nd anniversary of a seminal event in American civil rights history - the bloody protest march from Selma to Montgomery in defiance of a ban on protest marches by then-Gov. George Wallace. Hundreds of marchers were savagely beaten by Alabama state troopers on March 7, 1965, as they attempted to cross the Edmund Pettus Bridge on the highway to Montgomery. The national outcry helped lead to a successful five-day march of thousands two weeks later. Within months, the Voting Rights Act was signed into law, forever changing American society.

The annual celebration of the event has become a civil rights demonstrators' reunion and political pilgrimage, thrown into high relief this year by the fight for the 2008 Democratic presidential nomination. Obama and Clinton already had a high-profile tiff over deep-pocketed Hollywood support; this weekend, both were vying for black voters, a key element of the Democratic primary vote, especially in the South.

A recent Washington Post-ABC News poll late last month found that Obama, once trailing Clinton by 40 points in support among black voters, had gone 11 points up on Clinton among them.

Obama accepted an invitation to a unity breakfast and to speak at a local church several weeks ago; Clinton days later accepted an own invitation. Then last week, Clinton's campaign announced that her still popular husband would come to Selma to be inducted into Selma's Voting Rights Museum Hall of Fame. Originally, Hillary was to accept on Bill's behalf.).

The rhetoric Sunday was lofty despite the gamesmanship. Obama, a toddler at the time of the Selma demonstrations, said the civil rights measures that Selma begat made his rise possible.

"If it hadn't been for Selma, I wouldn't be here," Obama said. "This is the site of my conception. I am the fruits of your labor. I am the offspring of the movement. When people ask me if I've been to Selma before, I tell them I'm coming home."

Sen. Clinton took the idea further, saying that the civil rights movement had made possible not just Obama's candidacy but New Mexico Gov. Bill Richardson's and her own.

Some voters had already made up their minds as they massed on Martin Luther King Jr. Street to see Obama at Bethel Chapel A.M.E. Church or Clinton at First Baptist. The two old "movement" churches are just a few hundred yards apart, separated by a public housing project.

Waiting in line after a four-hour drive to see Obama, Fran Gholston wore an Obama T-shirt and carried a sign saying "I Have the Audacity of Hope," a reference to Obama's best-selling book.

"It's a new beginning, a time for a change," Gholston said of her support for Obama. "I like Hillary, too. And I love Bill. If he were running…It's just time for a change."

"I'm still open," said Dennis Middlebrooks, of Tarrant, Ala. "I was sold on Clinton until he stepped up…I need to investigate both."

The weekend-long celebration was the classic Southern dichotomy of Saturday night fun and Sunday morning solemnity. Both showed how far Selma had come since "Bloody Sunday", the March 7 morning that marchers came under attack on the bridge.

Saturday night saw much of a downtown street closed for a rollicking block party that featured teens in long t-shirts and baggy pants and adults dressed to the nines, munching on plates of barbecue and giant turkey legs. Many danced to a blues band and the crowd was almost entirely black.

Leaning against a telephone pole, Vinney Cooper remembered that in his youth, before the movement, such celebrating never would have been allowed to happen: "There was one place we could do something, twice a year, for one day." (Cooper himself, whose older brothers were injured on Bloody Sunday, later became one of Alabama's first black state troopers.)

Next morning, Selma, a poor town in the old cotton fields of west-central Alabama's Black Belt, was transformed. Now it was the set for something unimaginable 42 years ago: two presidential candidates vying for crucial black votes _ one candidate black, one female.

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"If the men and women who crossed that bridge could see…I could hear Dr. King saying, 'We're about at the mountaintop'," said U.S. Rep. Emanuel Cleaver a Missouri Democrat.

Crowds Jam Selma Churches To See Obama, Clinton (AJC)

By By Scott Shepard

The Atlanta Journal-Constitution, March 5, 2007

Selma, Ala. — The stars fell on Alabama on Sunday in political pageantry that looked to be an early defining moment in the campaign for the 2008 Democratic presidential nomination.

Overflow crowds of mostly African-Americans jammed two historic churches to hear sermon-like speeches from the front-runners for the party's nomination, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

But the crowds swelled even larger when former President Bill Clinton, one of the most popular political figures ever among African-Americans, led a re-enactment of the famous 1965 "Bloody Sunday" march that produced landmark federal legislation guaranteeing minorities the right to vote.

Obama acknowledged his debt to a generation of civil rights "foot soldiers" during his remarks at Brown Chapel AME Church, the sanctuary from which the voting rights marchers set out on their fateful walk on March 7, 1965, across the Edmund Pettus Bridge and into the violence of club-wielding law enforcement officers.

"We're in the presence today of ... giants whose shoulders we stand on," he said. "Because of what they endured, they led a people out of bondage. It's because of them that the next generation has not been so bloody. It's because of them I stand before you today."

Indeed, among those in the audience were the Rev. Joseph Lowery of Atlanta, a lieutenant of the Rev. Martin Luther King Jr. who took over the Southern Christian Leadership Conference after King's assassination, and Rep. John Lewis (D-Ga.), who led the original "Bloody Sunday" march, a prelude to King's Selma-to-Montgomery march days later.

Speaking to the crowd, Lewis said, "Forty-two years ago it was almost impossible for people of color to register to vote. We got in the way. We stood up. That's why we come back [to mark the anniversary]." Lewis sat next to Obama inside the church, but in his remarks, he did not indicate a preference for Obama or Clinton in the 2008 Democratic presidential contest.

African-Americans are one of the most important constituencies in the Democratic Party, and the face-to-face confrontation between Clinton and Obama in Selma underscored how actively both plan to court black voters.

Comments from those who heard the speeches Sunday did not provide definitive proof of which candidate carried the day.

"We love the Clintons, but it's a brand new day," said Freddie Gholston, 55, an African-American from Trinity, Ala., who attends the "Bridge Crossing Jubilee" every year. "It's really possible for Obama to become president."

But Althea Roy, 67, a lifelong resident of Selma, said of Clinton: "I think she would be good for our people. Her husband was."

Obama, who is seeking to become the country's first African-American president, was just three years old when state and local police turned back Lewis and the other "Bloody Sunday" marchers, producing television images that galvanized the nation against election tactics >used mostly in Southern states to legally disenfranchise blacks.

In a breakfast speech at a local community college earlier Sunday, he told students that his father, a goat herder in Kenya, also was inspired by the struggles in Selma. He moved to Hawaii to attend school and there met the white woman from Kansas who would become his wife and the senator's mother.

"If it hadn't been for Selma, I wouldn't be here," Obama said. "I am the offspring of the movement."

Sen. Clinton also credited the struggle in Selma and the 1965 Voting Rights Act it produced with proving new opportunities for women and Hispanics.

"It is the gift that keeps on giving," she said of the Voting Rights Act.

"It is giving Senator Obama a chance to run for president, [New Mexico Gov.] Bill Richardson, a Hispanic, a chance to run, and it is giving me a chance," she said. "I know where my chance came from, and I am grateful."

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Clinton, who is seeking to become the first female president, spoke at the First Baptist Church, located just two blocks from Brown Chapel. During the voting rights demonstrations in the early 1960s, the Baptist church often served as a meeting place for King and SCLC organizers.

Drawing upon biblical scriptures and the sermons of King, she said after all the "hard work getting rid of literacy tests and poll taxes, we've got to stay awake because we've got a march to continue." To shouts of approval and applause, she added, "How can we rest while poverty and inequality continue to rise? We all know we have to finish the march. That is the call to our generation."

Following the church services, Clinton and Obama praised each other as they appeared together outside Brown Chapel for a rally that kicked off the march from the church over the Edmund Pettus Bridge.

"It is excellent that we have a candidate like Barack Obama who embodies what all of you fought for here 42 years ago," Sen. Clinton said. Clinton is "doing an excellent job for this country, and we're going to be marching arm-in-arm," Obama said of his Senate colleague.

When the commemorative march began, Obama linked arms with Lowery, who had led the Selma-to-Montgomery march at the request of King, and Clinton joined arms with her husband in their first joint appearance since she announced her presidential campaign in January.

The march ended with a ceremony in a park at the foot of the bridge heralding the induction of the former president into Selma's Voting Rights Hall of Fame.

Obama Praises Selma Achievements (USAT)

By Alvin Benn

USA Today, March 5, 2007

SELMA, Ala. — Sen. Barack Obama praised Selma for its civil rights achievements Sunday morning, and said that his presidential candidacy has a direct relation to the events of 1965.

"I am the product of your legend," Obama, D-Ill., said at the Wallace Community College gymnasium, where he spoke to about 1,000 supporters.

The school is named for Alabama's famous, former segregationist governor, George C. Wallace, who once stood in the doors at the University of Alabama to keep black students from entering.

Obama and Sen. Hillary Clinton, D-N.Y., are in Alabama to participate in events Sunday marking the 42nd anniversary of the Selma to Montgomery march. Former President Bill Clinton will also participate.

Political historians consider the weekend visit by two candidates for the Democratic presidential nomination significant.

"This city has become the symbolic place to come for the African-American vote in this country," Selma historian Alston Fitts said Friday.

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By Rob Carr, AP

Sen. Barack Obama, D-Ill., spoke Sunday morning at the Martin and Coretta King Beloved Community Unity Breakfast, in Selma, Ala.

Obama, Clinton Seek Votes At Civil Rights Landmark (CHIT)

By Dahleen Glanton And Mike Dorning

Chicago Tribune, March 5, 2007

SELMA, Ala. -- Two of the Democratic Party's leading presidential candidates came to an emotionally evocative touchstone of the civil rights movement Sunday seeking to strengthen their bonds with African American voters and tie their campaigns to the cause's unfinished work.

Speaking at two of the city's oldest black churches, located yards from each other, Sens. Barack Obama of Illinois and Hillary Clinton of New York presented their campaigns as legacies of the struggle for political equality.

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With African American votes crucial to winning Democratic primaries in the South, Clinton and Obama have been making a determined effort to win over black voters. The candidates came to Selma for the 42nd commemoration of Bloody Sunday, when civil rights marchers were beaten by state troopers as they tried to cross the Edmund Pettus Bridge.

Sunday marked the first entrance into the presidential campaign by former President Bill Clinton, a popular figure with African-Americans whom writer Toni Morrison once called "our first black president." He avoided upstaging his wife at her speech by staying away from the church. But people cheered and rushed to be near him when he joined his wife and Obama for a re-enactment of the 1965 march.

In a keynote address for the commemoration, Obama declared himself part of a new wave of black political leaders that he called "the Joshua Generation." It was Joshua, the Biblical successor to Moses, who led the Jewish people to the Promised Land after Moses delivered them from slavery in Egypt.

"We are in the presence today of a lot of Moseses, ... of giants whose shoulders we stand on," said Obama, surrounded by civil rights veterans. But, he added, "We've got to remember now that Joshua still has a job to do."

While Obama did not explicitly claim for himself the role of Joshua, that was clearly the implication, coming during a campaign to be elected the nation's highest leader.

Speaking at the First Baptist Church, Clinton said that three Democratic contenders for the presidency-Obama, an African-American, New Mexico Gov. Bill Richardson, a Latino, and herself, a woman-benefited from the civil rights movement.

"I come here as a ... great beneficiary of what happened in Selma," said Clinton.

"In the last two elections, we have seen our right to vote tampered with ... in state after state," Clinton said.

Clinton began the presidential race with a huge lead among African Americans, many of whom have deep affection for the former Clinton White House, but recent polls have shown Obama leading her among black voters. Though Obama is African American, he is a newcomer to national politics and is not as well known as the former first lady.

Black voters could play an important role in the selection of the next Democratic nominee. South Carolina, where blacks make up about half of the Democratic primary electorate, will hold one of the earliest nominating contests. Several other Southern states, including Alabama, are considering moving up their primaries.

Marching at the front of the procession through downtown Selma and across the bridge, the Clintons and Obama were separated in line by two black congressmen and several other civil rights leaders. People along the route snapped pictures and yelled out the names of Obama and the Clintons. Many of them fell in behind as the march passed.

"It is important for us to see what they stand for," Patrick Dick, a 33-year-old heating and ventilation technician from Birmingham, said of the candidates. "It will be a difficult decision because both of them seem like they are there for us and want to make the world better."

Before the procession, Obama spoke at Brown Chapel A.M.E. Church, the meeting place for Selma civil rights organizers during the 1960s and the starting point for the Bloody Sunday march. Obama was joined there by the local congressman, Artur Davis (D-Ala.), who has endorsed Obama, and by Rep. John Lewis (D-Ga.), who was badly beaten on the bridge and returns for every anniversary.

Obama placed his own life in the broader experience of black Americans and noted recent news accounts of his genealogy showing a white ancestor once owned slaves.

His father, a black man from Kenya, "met this woman whose great great-great-great grandfather had owned slaves," he said.

Some commentators have argued that Obama's biography-he is the son of a white woman from Kansas and a black man from Kenya and was raised by white grandparents in Hawaii-gives him a different experience from most black Americans.

But he asserted his ancestors in colonial Africa suffered many of the same humiliations as blacks in the Jim Crow-era South, noting his African grandfather was a "house boy" whom even in old age his British employers addressed by his first name, rather than his last.

"Sound familiar?" Obama said, rousing a chorus of affirmations.

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He offered his life story as a legacy of the civil rights movement, asserting formative events in his life as touchstones of the movement's achievements: election to high office, the opportunity to study at prestigious Ivy League universities, and even his birth of a mixed-race marriage.

"There was something stirring across the country because of what happened in Selma, Ala., because some folks are willing to march across a bridge. So they got together and Barack Obama Jr. was born," Obama said.

Obama was born in 1961, four years before the march across the Edmund Pettus Bridge. But spokesman Bill Burton said Obama was "speaking metaphorically about the civil rights movement as a whole."

During Sunday's commemoration, Bill Clinton was inducted into the National Voting Rights Museum Hall of Fame.

His wife said much work remains to be done in this country, including providing health care for 46 million uninsured Americans, creating an efficient energy policy and taking care of American soldiers fighting in Iraq.

"How do we refuse to march when our young men and women are in harm's way and when they come back our government does not take care of them," she said.

She added, "The brave men and women [in the 1960s] did not lose heart. We can do no less."

Clinton And Obama Unite In Pleas To Blacks (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, March 5, 2007

SELMA, Ala., March 4 — Evoking the passions and rivalries of the civil rights era, Senators Barack Obama and Hillary Rodham Clinton made deeply personal appeals to voters in the sanctuaries of black churches here on Sunday, and then joined former President Bill Clinton for a march across a bridge where white police officers beat protesters, most of them black, nearly 42 years ago.

It was an extraordinary sight: the Clintons and Mr. Obama, two of them competitors for the Democratic presidential nomination, walking — with two black congressman, and sometimes others, in between them — down Martin Luther King Jr. Street to commemorate the footsteps of black demonstrators who were met with violence as they tried to march to Montgomery to demand civil rights in 1965.

The visit to Selma, a historically rich, economically struggling city, became a proxy battle for black support between Mrs. Clinton and Mr. Obama, whose candidacy represents a threat to Mrs. Clinton's traditional base. That competitive dynamic intensified on Sunday with the debut of Mr. Clinton on the campaign trail, six weeks into his wife's bid, and among a bloc of voters who are at once devoted to the former president and torn between his wife and Mr. Obama.

It was the first side-by-side appearance of Mr. Obama and Mrs. Clinton in the 2008 presidential campaign, and the political theater of the two campaigns overlapped repeatedly, but with a polite tone that contrasted with their political skirmishing of recent weeks. Mr. Obama and Mrs. Clinton spoke at services on the same street, three blocks apart, and the lines of worshipers were so long that they nearly intermingled. Both candidates paid homage to the same civil rights leaders, and both concluded the services by locking arms with worshipers and swaying to "We Shall Overcome."

At different points, both Clintons said that the Voting Rights Act of 1965 had paved the way for Mr. Obama to run for president.

"Today it is giving Senator Obama the chance to run for president," Mrs. Clinton told worshipers at the First Baptist Church, to enthusiastic applause. "And by its logic and spirit, it is giving the same chance to Gov. Bill Richardson to run as a Hispanic. And, yes, it is giving me that chance."

Mr. Obama, before the commemoration march, praised both Clintons and said of the political campaign under way, "We don't have time for other folks to divide us."

Mr. Clinton, arguably the most cadence-blessed speaker of the three, half-joked Sunday afternoon that he had been bested by the other two. "All the good speaking has been done by Hillary and Senator Obama already — I'm just sort of bringing up the rear," he said.

If Mr. Obama and Mrs. Clinton had one overarching theme in their remarks, it was the honoring of the civil rights movement that had contributed to their own rise in politics and quests for the nomination.

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"We're in the presence today of giants whose shoulders we stand on," Mr. Obama said at the Brown Chapel A.M.E. Church. "People who battled on behalf not just of African-Americans but on behalf of all Americans, who battled for America's soul, that shed blood, that endured taunts and torment."

In a 35-minute address, interrupted repeatedly by applause and shouts of praise from worshipers, Mr. Obama said it was time for his generation to pick up the work of those who had toiled before. He said it was time for the "Joshua generation" — a biblical reference to the leader who succeeded Moses — to urge family and friends to shake their apathy to engage in politics and action.

"I know if cousin Pookie would vote, if brother Jethro would get off the couch and stop watching Sports- Center and go register some folks and go to the polls, we'd have a different kind of politics," Mr. Obama said, the crowd rising to its feet. "Kick off your bedroom slippers, put on your marching shoes!"

Down the street, meanwhile, the congregation warmly welcomed Mrs. Clinton, who blended personal anecdotes with a fluidly thematic set of remarks, in which she said the civil rights march "is not over yet."

"We've got to stay awake, we've got to stay awake because we have a march to finish," Mrs. Clinton said, "a march towards one America."

Her voice rising, she said: "Poverty and growing inequality matter. Health care matters. The people of the Gulf Coast matter. Our soldiers matter. Our future matters."

Both candidates, too, turned to stories from their past to show their connection to the civil rights movement.

Mr. Obama relayed a story of how his Kenyan father and his Kansan mother fell in love because of the tumult of Selma, but he was born in 1961, four years before the confrontation at Selma took place. When asked later, Mr. Obama clarified himself, saying: "I meant the whole civil rights movement." He also acknowledged for the first time a recent revelation by a genealogist that his mother's ancestors in Kentucky owned slaves, something reported by The Baltimore Sun last week.

"It turns out that her great-great-great-great-grandfather actually owned slaves," Mr. Obama said before another audience, over breakfast, at George C. Wallace Community College. "That's no surprise. That's part of our tortured, tangled history."

Mrs. Clinton, meanwhile, recalled going with her church youth minister as a teenager in 1963 to hear the Rev. Martin Luther King Jr. speak in Chicago. Yet, in her autobiography and elsewhere, Mrs. Clinton has described growing up Republican and being a "Goldwater Girl" in 1964 — in other words, a supporter of the presidential candidacy of Senator Barry M. Goldwater, who opposed the 1964 Civil Rights Act.

After the services, the senators were joined on the steps of the Brown Chapel by Mr. Clinton, who flew to Selma to campaign with his wife and be inducted into the National Voting Rights Hall of Fame.

Indeed, the start of the re-enactment march was delayed as a crowd swarmed around Mr. Clinton, who smiled and hugged his admirers, a few of whom were even wearing Obama buttons.

Mary Broadnax, 52, was walking closely behind, absorbing a moment she would never have imagined growing up in nearby Montgomery. After hearing Mr. Obama speak, she said she would do whatever she could to see him win the presidency.

"I love Bill Clinton, but if he came up to me and asked me to support Hillary, I would have to say I'm sorry," Ms. Broadnax said, pausing before unspooling a long string of attributes about Mr. Obama. "He's the right man for our time."

The two political rivals, followed by large entourages and curious onlookers, had come to Selma three days before the anniversary of Bloody Sunday, a violent afternoon near the Edmund Pettus Bridge that became a turning point in the American civil rights movement. Dozens of congressmen and other elected officials also came for the ceremonies; among them was a House leader, Representative Rahm Emanuel, who represents the same state as Mr. Obama, was a former aide to Mr. Clinton and went to church Sunday with Mrs. Clinton. He has not endorsed anyone in the race.

As they re-enacted the 1965 march, making their way to the Alabama River, the Clintons were at the front of the assembly, while Mr. Obama was often only two people away, separated by John Lewis and Artur Davis, the Democratic congressmen from Georgia and Alabama. They were all linked arm in arm throughout as they slowly moved forward on the two-mile walk.

Clinton, Obama Link Selma March To Present (WP)

By Anne E. Kornblut And Peter Whoriskey

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The Washington Post, March 5, 2007

SELMA, Ala., Mar. 4 -- Sen. Barack Obama (D-Ill.), describing himself as "the offspring of the movement," paid homage Sunday to the civil rights protesters whose violent beatings here at the hands of state troopers and sheriff's deputies 42 years ago sparked national outrage and led to legislation ensuring the voting rights of African Americans throughout the South.

Just a few blocks away, Sen. Hillary Rodham Clinton (D-N.Y.) claimed the same inheritance, describing the civil rights movement as "the gift that keeps on giving" as it propels new types of politicians onto the national stage. Their simultaneous appearance at the annual commemoration of one of the most famous moments in the civil rights struggle embodied the historic nature of a presidential race in which an African American and a woman lead the Democratic field.

The two presidential candidates spoke at separate Sunday morning services and later joined in the ritual march across the Edmund Pettus Bridge, led by Rep. John Lewis (D-Ga.), who as a young civil rights leader was beaten on the bridge with other protesters on the morning of March 7, 1965, as they began a voting-rights march to Montgomery.

Clinton marched with her husband, former president Bill Clinton, who came to Selma to be inducted into the National Voting Rights Museum's hall of fame. It was the first time the Clintons had appeared together at a major event in the 2008 campaign and an appearance much-debated in Hillary Clinton's campaign before it was announced Thursday night.

In the days leading up to the commemoration of "Bloody Sunday," advisers to Obama and Clinton had insisted it would not be a day for politics. But their mere presence in Alabama signaled the extraordinary importance of black voters in the upcoming Democratic primaries, with recent surveys indicating that Obama is jeopardizing Clinton's lead in the race by gaining among African Americans.

Any pretense that it was not part of the presidential campaign was dropped as they day went on. Supporters carried signs for the two campaigns, former president Clinton joked about the "rainbow coalition" of candidates on the Democratic ballot, and Rep. Artur Davis, the Alabama Democrat who represents Selma, unabashedly introduced Obama in his keynote address at Brown Chapel AME Church as the next president of the United States.

The crowd in and around Obama's appearance was decidedly larger -- his audience included 15 members of Congress, compared with four who went to hear Clinton. Obama, who was 3 years old at the time of the Selma clash, used his keynote address to mark his place in a younger generation of black Americans who do not march in the streets -- but still, in his words, are required "to fulfill that legacy, to fulfill the obligations and the debt that we owe to those who allowed us to be here today."

Referring to his heritage, Obama said that although his own ancestors were not slaves, the civil rights movement inspired his African father to move from Kenya to seek an American education and eventually marry his white mother -- "whose great, great-great-grandfather had owned slaves." "But she had a different idea," Obama said.

"Something stirred across the country because of what happened in Selma, Alabama, because some folks were willing to march across a bridge," Obama said, explaining that, as a result, his parents "got together and Barack Obama Jr. was born." Earlier in the day at a prayer breakfast the Illinois Democrat said: "If it hadn't been for Selma, I wouldn't be here."

"This is the site of my conception. I am the fruits of your labor," Obama told an audience of civil rights movement veterans. "When people ask me if I've been to Selma before, I tell them I'm coming home." An aide later said that the senator did not mean to imply his birth was a literal result of the Selma marches but rather the movement overall.

As Brown Chapel filled to capacity, crowds spilled out onto the lawn and the street, swaying and singing along to gospel music broadcast from speakers set up to accommodate the large number of churchgoers. A lighthearted skirmish broke out among visitors seeking programs featuring Obama. Dueling barbecues served hot dogs and hamburgers -- selling out of both even before thousands gathered mid-afternoon to walk across the bridge.

A smaller group of union members and families lingered outside the First Baptist Church, another civil rights landmark, after Hillary Clinton went inside to speak. Addressing the congregation from the pulpit where the Rev. Martin Luther King Jr. once spoke, Clinton, after singing along to a jaunty version of "Battle Hymn of the Republic," described herself, as well as her main Democratic rival, as beneficiaries of the movement.

Democratic Reps. Anthony Weiner (N.Y.) and Rahm Emanuel (Ill.) went to hear Clinton speak. The bulk of the other members of Congress in Selma on Sunday, including Lewis, went to hear Obama.

Clinton described the civil rights era as a gift, saying: "Today it is giving Senator Obama the chance to run for president."

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"And by its logic and spirit, it is giving the same chance to Governor Bill Richardson, a Hispanic, and yes, it is giving it to me," Clinton said.

In her 20-minute speech, Clinton recalled going with a church group as a girl to hear King speak in Chicago in 1963. "I come here as a sister in worship," she told the churchgoers.

Clinton then linked the spirit of the civil rights march and its future to the ideals underlying her agenda: insuring the uninsured, improving schools, reducing the nation's dependency on foreign oil and answering the threat of climate change, which she characterized as "tinkering with God's creation."

The civil rights movement, she said, was not just for "the history books." The march has "carried us a mighty long way," she said. "But we all know we have to finish the march." "How do we say that everything is fine -- Bloody Sunday is for the history books -- when over 96,000 of our citizens, the victims of Hurricane Katrina, are still living in mobile homes and trailers, which is a national disgrace?" The line drew loud applause.

Speaking late in the afternoon at his induction ceremony at the National Voting Rights Museum, Bill Clinton promised to be brief because "all the good speaking today has been done by Hillary and Senator Obama."

Urging the crowd to pursue the ideal of the civil rights movement, he advised them to find support in the idea that in 1965, most of the progress today might have seemed unimaginable.

"A lot of what you hoped for has happened. A lot of what you thought you would never see, you have seen," Clinton said. "We got a rainbow coalition running for president and Reverend [Al] Sharpton is tied to Strom Thurmond. I thought I'd never see it."

Davis Hits HRC On War Vote As Obama Ties Himself To Movement (POL)

The Politico, March 5, 2007

SELMA, Ala., -- Turns out Obama didn't have to wait for all those speakers to get his turn. In a nod to his full schedule, the organizers here allowed their special guest to take the mic ahead of schedule.

Before he did, though, Rep. Artur Davis offered a glowing introduction of his colleague and candidate that included a direct shot at Sen. Hillary Rodham Clinton.

Noting how the same knock against Obama, "longevity," had been used against "Dr. King and Jack and Bobby," Davis said seniority wasn't always an asset.

"Longevity," Davis said, "can make you too cautious. It can make you calculate when you cast your vote on a war."

Asked to respond, Clinton spokesman Mo Elleithee said, "Today is not a day for politics."

Obama's address weaved together a tribute to "the foot soldiers" of the movement, many of whom were in attendance here, with an explanation of how he is connected to their struggle.

"My grandfather at age of 60 was still called a houseboy by his employers," Obama said of his paternal kin in Kenya. Even white children in the country, Obama noted to an audience that included many who knew such indignities, "called him by his first name because they didn't want to dignify him."

It was the reverberations of the Civil Rights Movement that got the attention of his father, a goat herder, and inspired him "to set his sights a little bit higher" and eventually pursue his education in America, Obama said.

Turning to his mother, Obama addressed with almost nonchalance the recent discovery that her descendants owned slaves.

"As if that were a surprise," Obama quipped to a crowd of head's nodding knowingly. "That's no surprise."

"That's part of our tortured tangled history."

Obama pivoted to present problems and his vision for the future by invoking the language of scripture and the movement. "Our work is not done," he declared.

"We haven't yet crossed the river...we haven't yet reached the promised land."

Obama talked of racial and economic gaps in health care and education and offered tweaks of President Bush on the war and affirmative action but said nothing direct or indirect about Clinton or his other Democratic opponents.

But he also chided his own community, by saying that just as his generation stands on the shoulders of the giants who preceded them, "our children are going to have to stand on our shoulders."

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"We're going to have to strengthen our shoulders, broaden our shoulders," Obama implored.

Further funding of education is critical, he said, but "money will not make a dimes bit of a difference if you don't turn off the television set and put away the Game Boy and make sure you're talking to the teacher and get over the anti-intellectualism that still exists in some of our community"

Obama got loud applause for that line and many others -- not to mention more than a few "mmm-hmms" and "that's-right's" -- but was subdued in his delivery. He raised his volume and cadence at the end of his remarks, paying tribute again to the sacrifices of those who went before, but mostly offered unembellished rhetoric.

Silicon Valley Looks To Obama (WT)

By Christina Bellantoni

The Washington Times, March 5, 2007

Silicon Valley leaders whose endorsements have been key in past presidential races give Sen. Hillary Rodham Clinton high marks, but say there is little to learn about her candidacy. Instead, they have bubbling curiosity about her fellow 2008 contender, Sen. Barack Obama.

"He's a once-in-a-generation talent. He's just the real deal," said Jude Barry, longtime Silicon Valley political observer who founded Obama for America. "He's not well known here but he will take off like a hot IPO."

Translation: Local insiders who track stock deals and initial public offerings the way Washingtonians follow politics have growing interest in the Illinois Democrat. Many of them think Mr. Obama could be Silicon Valley's next new thing.

Mrs. Clinton, New York Democrat, who spent time in the valley during her husband's two terms as president, is a known commodity and is still the liberal Bay Area's presumptive favorite. But in California's innovation hotbed, investors, executives and valley politicians are always looking for new blood.

Santa Clara County Assessor Larry Stone has been a force in Democratic politics for decades, and prides himself on his early endorsement of Bill Clinton in 1990.

When former Virginia Gov. Mark Warner opted against running this cycle, Mr. Stone was left in what he describes as a "confusing dilemma."

"In my younger days I was about ideology, now I am just about winning," he said. "I like Hillary a lot and I know her the best of everybody, but I just question whether she can win."

Mr. Obama is courting Mr. Stone, and asked him recently what it would take to "make this deal."

It's a good question for Mr. Stone, who says Mrs. Clinton would be a good president but concedes that probably isn't enough to embrace her for 2008: "She clearly has it together but it just doesn't seem to excite people."

That sentiment echoes throughout the valley.

Mr. Barry, Howard Dean's state director in California in 2004, started the Obama group without ever meeting the senator and raised $30,000 in a matter of hours.

"I was surprised at how easy it was, and it portends great things for him out here," said Mr. Barry, once the spokesman for former San Jose Mayor Ron Gonzales.

Given Mr. Obama's anti-war stance and appeal to youth, Mr. Barry predicts the first-term senator will break all of Mr. Dean's online fundraising records.

"Obama really has a buzz in the valley because he's something new," agreed Victor Arranaga, a longtime San Jose political fixture who works in government affairs for a major tech firm.

Mr. Obama got an early endorsement from former state Controller Steve Westly, a Democrat who made his name as an EBay leader.

In 1992, a group of Silicon Valley business executives from the world's most powerful technology companies gathered at San Jose's Tech Museum three weeks before the general election to endorse Mr. Clinton over an incumbent Republican president.

The CEOs of companies such as Hewlett Packard and Apple Computer -- Republicans, Democrats and independents -- said then they chose Mr. Clinton over George Bush because he would be better for economy and innovation.

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The informal Silicon Valley group has become even more influential this cycle, with a wide-open field sending candidates flocking to the Bay Area for money and to prove their tech mettle.

Russell Hancock, CEO of Joint Venture: Silicon Valley Network, said valley leaders are curious about Mr. Obama. "Folks are really interested to see what he is like. He hasn't spent enough time out here yet," he said.

Fueling the need for candidates to visit the valley is the likelihood California's 2008 primaries will be moved from June to Feb 5. Gov. Arnold Schwarzenegger says he will sign a bill changing the date.

Former San Jose Mayor Tom McEnery, a Democrat, remembers when Apple's John Sculley and HP's John Young -- lifelong Republicans -- joined 30 fellow valley powerhouses to endorse Mr. Clinton.

"They were people who looked to accomplishment and to the future," he said. "Since then, every presidential candidate makes a stop in Silicon Valley because they understand the future is being invented here every day. It's an absolute necessity."

This time around, the executives are equally interested in Republican presidential candidates.

Sen. John McCain, Arizona Republican, announced recently that Cisco CEO John Chambers will serve as his campaign's national co-chairman and as economic and technology adviser.

Mr. Chambers, a Republican, said Mr. McCain can "move America forward" because "he understands the value that technology contributes to economic prosperity and growth."

Mr. McEnery called Mr. McCain "the type of independent with real appeal to the valley."

Former New York Mayor Rudolph W. Giuliani also has broad valley support, with many viewing him as a leader with centrist credentials.

Former Sen. John Edwards of North Carolina is no Silicon Valley favorite because of his ties to trial lawyers. "He's not a good fit," Mr. McEnery said.

"Trial lawyers are like poison," agreed Mr. Stone.

The Senator's 'Streak' Ends At 57th Vote (WP)

By Paul Kane

The Washington Post, March 5, 2007

Sure, it wasn't quite DiMaggio-esque in terms of its pop culture mythology, as far as "streaks" go. But Barack Obama's reign as the only perfect attendee of Senate votes among presidential hopefuls came to a crashing end last week.

After 56 straight votes this year on the chamber floor, Obama (D-Ill.) missed his 57th on Friday, bypassing his senatorial duties on a homeland security bill to deliver a speech to the American Israel Public Affairs Committee meeting in Chicago.

"He really hoped to make it back to Washington in time, but it turns out, that was just the audacity of hope," spokesman Ben LaBolt said of the streak ending.

Obama was the last of the six senators already declared for the presidential campaign to have made every vote in the chamber this year. He missed a second vote Friday as well. Both were amendments that sailed to easy passage in the ongoing debate on the homeland security bill.

Obama wasn't alone: Declared candidates Joseph Biden (D-Del.), Christopher Dodd (D-Conn.) and John McCain (R-Ariz.) missed both votes.

But if politics were baseball, Biden and McCain were barely on the field last week. Out of six votes on the homeland security bill, they made it to one apiece.

Weekend At Obama's (WSJ)

The Wall Street Journal, March 5, 2007

False hope springs eternal, which is one way to look at the recent concordat between Barack Obama and John McCain to "save" the public financing of Presidential election campaigns.

In case you haven't been following this political version of "Weekend at Bernie's" -- and you need a hobby if you have -- nearly every major Presidential candidate has decided not to abide by public-spending limits for the 2008 campaign. That includes Messrs. Obama and McCain. This decision is entirely rational, because the amount of money needed to compete in the primaries exceeds the limits imposed by our campaign-finance scolds.

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But now comes the Illinois Senator to say that if he wins the Democratic nomination, he will ask his GOP opponent to agree with him to accept public money and spending limits for the 2008 general election. Mr. McCain quickly matched the offer. In some media precincts, this is being hailed as an achievement, and other candidates are being challenged to follow suit.

We hope they don't. The public-financing regime is collapsing of its own misguided assumption that only public money in politics is uncorrupting. But campaign limits on individual contributions have instead made candidates even more reliant on organized special interests, and they reduce political competition by favoring the rich and famous. Messrs. Obama and McCain are trying to prop up a policy corpse that deserves to rest in peace.

Clinton Brings Debt Worries To The Fore (WSJ)

By Deborah Solomon And John Harwood

The Wall Street Journal, March 5, 2007

WASHINGTON -- Sen. Hillary Clinton, sounding a theme likely to recur among 2008 presidential hopefuls, is warning about the "economic vulnerabilities" posed by foreign interests owning large amounts of U.S. debt.

In remarks on the Senate floor and a letter to Federal Reserve Chairman Ben Bernanke and Treasury Secretary Henry Paulson, Mrs. Clinton said President Bush's economic policies have contributed to an "erosion of U.S. economic sovereignty." She also said it is "undeniable that the exponential growth of foreign debt in the last six years has undermined our economic standing."

The comments by Mrs. Clinton, considered the front-runner for the Democratic presidential nomination, are an early indication of how big an issue the growing unease over globalization and free trade will be in the 2008 campaign. Many Democrats won election last year in part by arguing that global trade leads to job losses and lower wages. They also are warning about the nation's heavy reliance on foreign debt to finance domestic needs, including the federal budget deficit. With polls showing voters are concerned about jobs and wages, Republicans are also expected to address the issue.

Currently, the U.S. imports more goods than it exports from places like China, resulting in a trade deficit, and it borrows heavily from abroad to finance its domestic investment. Foreign interests own about $2.2 trillion of U.S. Treasury securities -- or about 52% of the public debt not held by the U.S. government, compared with about 20% in the early 1990s, during the Clinton administration. The U.S. has come to rely on foreign capital because Americans don't save enough to finance the nation's domestic investment.

But there are differences over how to attack the issue. In her letter, Mrs. Clinton suggested she might support setting a benchmark for foreign-held U.S. debt that would trigger some type of White House action.

An aide to another 2008 presidential candidate, Connecticut Sen. Christopher Dodd, chairman of the Senate Banking Committee, said such a move could rattle markets and would require extensive consultation with the Federal Reserve. Similar concerns were raised by an aide to Sen. Barack Obama (D., Ill). A top economic adviser to the Republican presidential campaign of John McCain also questioned the soundness of setting a specific benchmark for U.S.-held foreign debt.

Still, there is broad concern that the growing reliance on foreign investors puts the U.S. at risk, and some say the way to address it is to begin saving money at home by erasing the current $248 billion budget deficit, moving into a surplus and putting money aside to pay for costly obligations like Social Security and Medicare.

Edwin Truman, a former Treasury assistant secretary in the Clinton administration and a senior fellow at the Peter G. Peterson Institute for International Economics, a pro-globalization think tank here, said that while Mrs. Clinton is right to call attention to the growing reliance on foreign debt, there are no "magic numbers" that should be used as a benchmark for a trigger. Mrs. Clinton said in her letter that she supported legislation last year "that sounds an alarm bell when U.S. foreign-owned debt reaches 25% of GDP or the trade deficit reaches 5%" of gross domestic product.

Mr. Paulson, meanwhile, disagreed with Mrs. Clinton's concerns, saying the willingness of foreigners to buy U.S. Treasurys helps keep interest rates low and is a sign of the U.S.'s strong economy. "We're holding our economic fate in our own hands, and if we keep our economy growing, they're going to invest here," Mr. Paulson said yesterday on the ABC program "This Week."

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Crafting The New Hillary (USNEWS)

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By Kenneth T. Walsh

U.S. News and World Report, March 4, 2007

The moment she stepped into the room, the crowd of 100 union and environmental activists burst into applause, and Hillary Rodham Clinton began dispensing hugs and air kisses. As photographers followed, Senator Clinton made her way to a front table and blurted out, "Hi, Anna," when she saw labor leader Anna Burger at the podium. At that point, an embarrassed Hillary quickly raised her hand to cover her face as she realized she had interrupted Burger's speech. "Sorry," Clinton said, prompting good-natured laughter from the activists, who had gathered in Washington for a national strategy conference. In her own address, Clinton sounded more like a motivational speaker than a presidential contender, urging the crowd to fight global warming and help reduce U.S. reliance on fossil fuels. "We're makin' progress," she exhorted. "Do not grow weary. You are doing good, as the gospel would say."

Her presentation was devoid of hard edges, contrary to her longtime image among critics as a harridan and a polarizer. Instead, Clinton has begun trying to present a warmer, more genial side—and she's having some success. Forty percent of Americans have an unfavorable view of Hillary Clinton, but 58 percent see her favorably, according to the latest USA Today/Gallup poll. That's an improvement from just a few years ago (chart, Page 26). And she enjoys a substantial lead over her Democratic rivals for the 2008 presidential nomination. In a hypothetical matchup, 36 percent of Democrats support Clinton, while 24 percent back Illinois Sen. Barack Obama, 14 percent support former Vice President Al Gore, and 12 percent endorse former North Carolina Sen. John Edwards, according to a recent Washington Post/ABC News survey.

The New York senator's basic strategy is to scare off potential donors and supporters of her competitors by campaigning as the favorite of the Democratic establishment—and the inevitable nominee. After conducting a "vulnerability assessment," Clinton and her advisers have embarked on a two-pronged plan to expand her lead. First, they are emphasizing her strengths—high name identification, a seemingly endless string of endorsements, lots of Washington experience, a reputation for toughness and intelligence, and enormous fundraising potential. Just last week, her campaign announced that it had collected more than $1 million from a seven-day online money drive.

Equally important, Hillaryland, as her team calls itself, is placing more emphasis on her personal qualities—friendliness, a sense of humor, and a willingness to listen—all in a crucial effort to improve her image. "People have dark notions about her. They think the Clintons are all-or-nothing people and that she is vindictive, angry, cold, and calculating," says a prominent Republican strategist. "A man who is cold and calculating is smart and shrewd. A woman who is cold and calculating is considered 'a bitch.'"

Attack. The tough side of Senator Clinton, 59, was evident in her dust-up with Obama a few weeks ago. After Hollywood mogul David Geffen, a former fundraiser for Bill Clinton, endorsed Obama and strongly criticized Bill and Hillary, the empire struck back. Howard Wolfson, Hillary's campaign spokesman, called on Obama to apologize for Geffen's remarks and to return his campaign contributions. Obama refused. "It reminded people that the Clinton instinct always is to attack," says a GOP adviser with close ties to the White House. "They can't help themselves." Many GOP strategists say this image is more than a little harmful to Senator Clinton, especially with men and independent voters. But there was no retreat. "When you're attacked," she declared in Iowa in late January, "you have to deck your opponents. You can count on me to stand my ground and fight back."

With that kind of rhetoric, perhaps it's no wonder that Hillary is just as polarizing as President Bush, maybe more so. Republican strategists, in fact, say she has so many detractors that she could never persuade more than a bare majority of Americans to vote for her. This again raises the nagging question of her electability, long a sore point. Her advisers are doing their best to counteract it.

"Hillary has just come off two landslide elections [for the Senate in New York]," says Mark Penn, Senator Clinton's chief presidential strategist. Penn says Clinton is competitive in all major polls with her likely Republican rivals, and notes that she's leading her Democratic competitors or is near the top of the heap in the early primary and caucus states of Iowa, Nevada, New Hampshire, and South Carolina.

Why Hillary? "People see her as an experienced leader who has what it takes to govern in difficult times," Penn told U.S. News. "They see her as smart, strong ... someone who can relate to international leaders and restore respect to America." Penn

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says men are drawn to her "strength of leadership" while women, a majority of the electorate and the core of her support, see "the idea she can be the first woman president as an emotional and important event in their lives."

Clinton is also trying to come across as more cautious and centrist, if often ambiguous in her policy stands, to reassure independents and conservatives. In an interview with CNBC's Power Lunch last week, she urged Bush to address fundamental problems in the economy, such as soaring foreign debt and massive budget deficits. She called the stock market plunge a "wake-up call" and encouraged the administration to find some "sensible and reasonable" answers.

So far, the crafting of her new persona appears to be working, at least to a degree. "Hillary," as she prefers to be called, is not only maintaining a lead over Democratic rivals; she has also increased her favorability ratings among voters. In another surprise to critics who have claimed she's unelectable, recent polls find that she is running even with or within striking distance of the leading Republican candidates, Rudy Giuliani and John McCain, and running ahead of Mitt Romney.

"The electability argument has faded," a prominent GOP strategist admits. "It's a credit to her and her campaign that she has moderated her personality step by step." In addition to hewing to the center on some issues, such as abortion and free trade, she has talked openly about her belief in prayer and has worked on legislation with a number of conservative senators, including South Carolina's Lindsey Graham, who helped lead the impeachment drive against her husband. And she has refused to endorse immediate withdrawal from Iraq, despite demands from many antiwar activists.

Her aides are also confronting the "Bill problem." Asked if the former president and his history of adultery and impeachment will cause her problems with voters, a senior Hillary aide says, "They wanted him to continue to be their president even in the middle of the [impeachment]. He is living an exemplary life raising hundreds of millions of dollars for charity. And Bill has always been an asset in New York [in Hillary's two campaigns there]." In fact, the Bill problem might be overrated. A new Gallup Poll finds that Americans, by a margin of 70 percent to 28 percent, believe he would be more helpful than harmful to his wife's presidency; 61 percent want him to advise her unofficially.

Pride. Women form the core of her constituency—and make up 54 percent of the electorate, a powerful base of support. To capitalize on this, Hillary talks openly about her pride in being a woman and a mother. About 59 percent of women have a favorable view of Clinton, compared with 39 percent who have an unfavorable view, according to the Washington Post/ABC News poll. She is especially popular among women 18 to 34, of whom 66 percent have a favorable view. In her re-election to the Senate from New York last November, she won 73 percent of the female vote.

But Clinton is much less popular among men. Forty-eight percent of men have a favorable view of her, and 49 percent are unfavorable. Her share of the male vote in New York last year, 61 percent, was strong but lagged substantially behind the women.

In one way, history is on her side, since the establishment candidate generally wins major-party nominations, as did John Kerry in 2004, Al Gore in 2000, and many Republicans over the years. But the establishment candidate also sometimes stumbles and falls, as did Ed Muskie in losing the nomination to George McGovern in 1972. As the front-runner, Hillary knows she will be everyone's favorite target.

"She's got the old guard, the establishment," says a Democratic strategist with close ties to a rival presidential campaign. "But is this a year when all the accouterments of the old guard and the establishment will be more of a hindrance than a help? You've got an electorate looking for change, and they're not looking to Washington." Adds Frank Donatelli, former political director in the Reagan White House: "The American people look to the future, not the past. Hillary Clinton can only be a candidate of the past."

All this insider chatter seemed far away during her talk to the union and environmental activists in Washington last week. While her friend Anna Burger spoke, a smiling Senator Clinton, like a schoolmarm admiring a star pupil, nodded approvingly. When it was her turn, Clinton wonkishly called for the creation of a strategic energy fund, starting with $50 billion from the government raided partly from the repeal of tax breaks for the oil companies, to help develop renewable energy and create energy security. She criticized a "hint of fatalism" that has crept into Washington during the Bush administration and called for Americans to renew their optimism and unite behind new solutions to the nation's problems. "This is what Americans do best," she said with a big smile. "We are problem solvers."

That's certainly an uplifting theme, but it's far from clear at this point that Hillary Rodham Clinton is the right messenger.

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Bloomberg: The Waiting Game (NSWK)

By Eleanor Clift

Newsweek, March 5, 2007

In the aftermath of 9/11, nobody thought he could fill Rudy Giuliani's shoes. But under billionaire Michael Bloomberg, New York City's Democrat-turned-Republican mayor, the city rebounded. He's overseen a continued decline in the crime rate, forced restaurants to go smoke-free and has made vast strides in improving the public schools, the bane of any urban mayor. Not as ill-tempered as Giuliani, Bloomberg is doing a good job—perhaps, some New Yorkers might say, even a better job than his predecessor did. So why isn't he the one running for president?

Publicly, Bloomberg is focused on his second term and leaving the city in better shape than he got it. Privately, Bloomberg and political adviser Kevin Sheekey are meeting with pollsters and consultants to assess the mayor's chances as a third-party, independent candidate. "There is no Bloomberg campaign," Sheekey tells NEWSWEEK. "But we have certainly reached out." At a dinner last year with Al From, founder of the centrist Democratic Leadership Council, Bloomberg was candid and self-deprecating, wondering what chance a 5-foot-7, divorced Jew has in the celebrity-sweepstakes presidential contest.

The answer is that it depends on who the nominees are for the two major parties, and how much cash Bloomberg is willing to spend. The money part is easy for a self-made media mogul. "He could spend $500 million in a campaign and not even think about it," says From. But he'd probably do it only if buyer's remorse sets in among the voters. Because the primary process is so front-loaded this cycle, the winners will be known in early February, leaving nine months until the election for voters to get antsy. "He won't say anything until March of next year," says a former aide privy to the early discussions who didn't want to be named talking about them. "The guiding philosophy is who the Democratic and Republican nominees are, and the mood of the country once they know who those two people are."

It's hard to project a year in advance if that opening will be there, but there is so much discontent with the two parties that the stage could be set for an independent run. Hamilton Jordan, who masterminded Jimmy Carter's 1976 come-from-nowhere candidacy, and Doug Bailey, a longtime Republican consultant, have teamed up to offer a third-party centrist ticket to be chosen online in a virtual convention in June 2008. So far, 35,000 members have signed on—hardly a groundswell, but Jordan and Bailey are working to get on the ballot in all 50 states. Bloomberg would be a catch for their "Unity '08" ticket, though he might bristle at the rule that the slate has to be bipartisan and just go it alone. Still, Jordan initiated a meeting with Sheekey. Says Jordan: "I let him know there's an opening."

The Kucinich Conundrum (TIME)

By Joel Stein

Time, March 5, 2007

Remember that kid in high school who ran for class president, the one who wasn't popular, who didn't have money or dress well or even make a decent hallway poster? Now imagine if he sticks to it so long he starts to win. And by the time he's 23, he's a city councilman in Cleveland. At 31, he's the country's youngest big city mayor. All this success, you figure, would make his skin glow a little, his suits a bit spiffier, his speeches a little punchier. But what if he was so damn earnest that it didn't? What if at 60 he still looked and sounded like Dennis Kucinich?

You would make fun of him. And you did.

But Kucinich--a six-term Congressman who is running for President despite consistently coming in last in the 2004 primaries and first in talk-show monologues--doesn't care. Because he's so sure that what he's been saying for four years is right--he's for an immediate withdrawal from Iraq, ratifying Kyoto, universal health care--he's convinced there's a moment coming, some event or speech or interview, when voters will suddenly realize he's not a joke: "When people see what I have to say, they go, 'Hey, wait. He's right about the war. Ha-ha. He's right about health care. Ha-ha.'" Kucinich believes deeply in the coming of this grand American epiphany even if no one outside his tiny camp does. "How can you take someone seriously that led us to war and not take someone seriously who stood for peace? It's a commentary on where we are as a society," he says. "Do we value celebrity over truth?"

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That, of course, is a decision that society made when Star magazine launched. And Kucinich isn't a celebrity; he's an aging, 5-ft. 7-in. vegan. Last Saturday, as he spoke at a lectern on the corner of Hollywood and Vine in Los Angeles, accepting a Champion for Peace Award from the members of Military Families Speak Out at an Oscars for Peace event, none of the hundreds of people who walked right in front of him stopped, despite the fact that he was standing next to an 8-ft.-tall Oscar clad in camouflage and missing a leg.

Unlike most fringe presidential candidates, Kucinich has years of experience in elective office. But even mainstream liberals won't support a candidate who wants to end the war on drugs and create a Department of Peace. Nancy Pelosi and Henry Waxman passed over him for chairman of the National Security and Foreign Affairs Subcommittee, which he was in line to take over. Even Shirley MacLaine, who has been friends with Kucinich since the '70s, sees how his party won't embrace him. "Maybe it's because he doesn't speak doublespeak and we're so used to seeing that as leadership," she says. "Or maybe it's because he's so short."

And yet the universe has been going his way lately. Even his old kooky ideas are looking pretty good these days. His decision to allow Cleveland to default instead of selling its electric-utility company cost him re-election and landed him in a book about the worst mayors in American history, but he was later honored by the city council for refusing to sell, a move that saved customers nearly $200 million over 10 years. More inconceivable, less than two years ago, his office was visited by a stunning 6-ft.-tall Julianne Moore look-alike 31 years his junior, a Brit who was working for the American Monetary Institute. After some smooth wooing on his part ("I gave her a copy of my Department of Peace legislation and my e-mail address") and one date (at MacLaine's house), she agreed to marry him. If that happened to you, you'd think you could be President too.

Kucinich said he knew after that first meeting that Elizabeth would be his third wife: "I went up to Stephanie Tubbs Jones [Ohio Democratic Congresswoman], and I said, 'I met her.' And Stephanie said, 'Shut up!'" Now with his new bride constantly at his side, Kucinich has picked up his campaigning a little. Speaking to the Rainbow/PUSH Coalition, he broke into Sixteen Tons (standing ovation from Jesse Jackson; four stars on YouTube). At an event in Nevada, Kucinich ended his speech with his new move: after listing his goals, he asks, "Why is it I'm able to do this?" Then he puts his arms out and spins, waiting for someone to yell, "No strings!" Once someone does, he twirls more and then yells, "A President with no strings!" (five stars on YouTube).

Kucinich will run all the way, waiting for that moment when he transforms from punch line to President. And he insists that he isn't frustrated that it hasn't happened yet. "Not at all," he says. "The real test of power is whether you can endure the setbacks and still meet each day with integrity and courage." That, though, is the test of moral fiber, not the test of power. The test of power is whether you can persuade others to do your will. And it may be that an earnest man with progressive ideas who still can't make a decent campaign poster will always fail that test.

Susan Collins May Be Vulnerable, But Don't Underestimate Her (RC)

By Stuart Rothenberg

Roll Call, March 5, 2007

If you listen to Sen. Susan Collins (R-Maine) talk for a few minutes, you are likely to think that she doesn't have the toughness and quickness to hold off her likely Democratic challenger, Rep. Tom Allen.

Well, stop thinking that way.

I don't know whether Collins will be able to swim against a potentially strong anti-President Bush, anti-Iraq War current in 2008, but at this point, I'm certainly not going to bet against her.

Collins was the third moderate Republican woman elected to the Senate from Maine in a 30-year period, following in the footsteps of the late Margaret Chase Smith (elected to her final term in 1966) and Olympia Snowe (first elected in 1994), who currently occupies the state's other Senate seat.

A native of Caribou, Collins worked for two GOP moderates, former Maine Gov. John McKernan and former Sen. Bill Cohen, before taking a job as Massachusetts' deputy treasurer. She returned to her home state to run for governor in 1994, finishing a disappointing third behind Joe Brennan (D) and the winner, Independent Angus King.

Two years later, she ran for Cohen's open Senate seat. Her prospects didn't look good, but she won a three-way primary for the Republican nomination and went on to defeat Brennan, 49.2 percent to 43.9 percent in the 1996 general election.

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More notable is that Collins drew 298,422 votes in that race at the same time that her party's presidential candidate, then-Sen. Bob Dole (Kan.), was drawing just 186,378 votes (30.8 percent). Collins ran an incredible 18.3 points ahead of Dole and garnered 112,000 more votes than he did.

Collins' strength that year, in an open seat and a hostile environment for Republicans, suggests that she ran a good race and had considerable personal appeal. It also confirmed the state's reputation for independence.

Six years after she was first elected to the Senate, Collins went on to pummel 2002 Senate opponent Chellie Pingree (D), who was then a state legislator and widely viewed as a credible challenger.

Collins won that second term with 58.4 percent, winning all five of the state's largest counties — Androscoggin (Lewiston-Auburn), Cumberland (Portland), Kennebec (Augusta and Waterville), Penobscot (Bangor and Orono) and York (Kennebunk, Biddeford and Saco). In the presidential election two years earlier, Bush won only one of those counties (Penobscot), and he did so with less than 50 percent of the vote. Collins won York and Penobscot, the most Republican of the five, with more than 60 percent of the vote.

If Allen runs, he almost certainly will be a threat to the Senator all the way until Election Day.

A former Rhodes Scholar with an undergraduate degree from Bowdoin College and a law degree from Harvard, Allen is serving his sixth term in Congress. He served on the non-partisan Portland City Council, including a term as mayor (appointed by his fellow councilmembers).

In his initial Congressional race, Allen won a heavily contested primary against Dale McCormick, an openly gay liberal state Senator who helped found the Maine Lesbian and Gay Political Alliance. The primary was widely portrayed as a test of ideology and activism, with Allen the establishment and the moderate candidate and McCormick the insurgent and the liberal.

McCormick counted on her ideological message and intensely loyal base, and the outcome was extremely close. But Allen won the nomination 51.6 percent to 48.4 percent and went on to handily defeat the sitting Congressman, Jim Longley (R).

Since elected, Allen's liberal and organized labor interest group ratings have been at or near 100 percent. National Journal's ratings place him as the 86th most liberal Member of the House in 2006, sandwiching him between Rep. Lucille Roybal-Allard (D-Calif.) and Rep. Robert Wexler (D-Fla.). In contrast, Collins ranked as the 46th most liberal Member of the Senate in 2006.

Once a reliable GOP bastion, Maine now at least leans Democratic. While Republicans control both of the state's Senate seats, Democrats sit in both House seats, occupy the governor's office and hold majorities in both chambers of the Legislature (though their majority in the state Senate is a paper-thin one seat).

The last Republican to carry the state for president was George H.W. Bush in 1988. Since then, the best GOP presidential showing was in 2004, when incumbent Bush won just 44 percent of Maine's vote.

Collins and Snowe seem to have discovered the formula for winning elections in Maine. Both of the moderate women come from the state's 2nd district — Snowe represented it in Congress, while Collins hails from it — and have been able to rally support in that more conservative part of the state, while at the same time neutralizing some of the Democrats' advantage in the normally more liberal 1st district.

Democrats no doubt will attack Collins for supporting the Bush agenda, as well as for breaking a two-term pledge. Some of those attacks may stick, but she will be able to cite a number of high-profile instances where she broke with the president or her GOP colleagues, including her "not guilty" votes on the articles of impeachment of former President Bill Clinton, her vote against opening the Arctic National Wildlife Refuge to drilling and her generally moderate views on abortion.

Though it is early, Collins' electoral fate seems tied to whether Maine voters see her reelection as a referendum on Bush and the Iraq War or as a referendum on Collins herself. Since she has been able to run far ahead of other GOP candidates in the past, and since Bush won't be the party standard-bearer during the 2008 general election, Collins begins with the edge. But Democrats will come after her aggressively, and she must expect a difficult contest.

City Council Race Shows Changed Face Of Beverly Hills (WSJ)

By Peter Sanders

The Wall Street Journal, March 5, 2007

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BEVERLY HILLS, Calif. -- When voters here go to the polls tomorrow, Jimmy Delshad is a favorite to be re-elected to the City Council. Under the city's system, he would also become mayor -- the first Iranian-born mayor of this glitzy city, known around the world more for its palm trees and movie stars than its sizable Jewish Iranian-American population.

At a time when tension between the U.S. and Iranian governments is on the rise, Mr. Delshad, a 66-year-old Jewish immigrant, is on the brink of becoming one of the highest-ranking Iranian-American elected officials in the U.S. So what are some of the political issues he feels most passionate about? Traffic-light timing, reducing sprinkler-water use at local parks and even beautifying the city's alleys.

"I want to make Beverly Hills one of the safest cities in the nation, in order to protect our residents and visitors," Mr. Delshad said in a recent interview. "Oh, and free wireless too."

Roughly 8,000 of the approximately 35,000 residents of Beverly Hills are of Iranian descent -- an influx that began in earnest nearly 30 years ago after the fall of the shah of Iran and has fundamentally changed one of America's most iconic cities. The sensitivity of the situation was underscored recently when the city, for the first time, printed its entire ballot in English and Farsi -- a move that prompted an outpouring of complaints, including a number from Iranian-Americans. (See a sample ballot.1)

See Beverly Hills' new English-Farsi ballot2.

Six candidates in tomorrow's election will be vying for two seats on the Beverly Hills City Council. Three are Persian. Mr. Delshad -- who changed his first name to Jimmy from Jamshid when he became a U.S. citizen -- first won election to the City Council in 2003. If re-elected, he would become mayor; council members rotate the job each year, based on seniority.

While Mr. Delshad effectively mobilized the Persian community to vote in larger numbers than ever before during his 2003 campaign, he has said this race should be tougher. As an incumbent, he has received the endorsement of both of the city's local newspapers. However, in a small city like Beverly Hills, which traditionally sees a low voter turnout, results can be unexpected.

A former computer entrepreneur, Mr. Delshad says he's not fazed by seeking a high-profile role at a time when the U.S. and Iran are facing off on the world stage. "It doesn't keep me up at night," he says. "This is the bed I made and I'm going to sleep in it." A registered Democrat, Mr. Delshad declined to comment on the global issues surrounding Iran.

He prefers to focus on challenges facing other small-town mayors, like traffic congestion and development. But because Beverly Hills is so prominent, he's also keenly interested in securing the city against possible terrorist strikes. He wants to increase video surveillance in public spaces and continue to add license-plate scanners to police vehicles.

At times, he has worried for his own safety. In 2003, during his first City Council campaign, Mr. Delshad hired three bodyguards after he received written death threats in his native Farsi language. He also carried a panic button that could summon local police. He says he never knew who was behind the threats or why he received them, but he kept the bodyguards for a few months even after he was elected.

While there have been other Iranian-born candidates for public office, Mr. Delshad's election would be a watershed, says Trita Parsi, president of the National Iranian American Council, in Washington. "This is a man with long ties in the community who has risen through the process," Dr. Parsi says. Mr. Delshad has lived in the U.S. nearly 50 years, the last 18 in Beverly Hills.

The demographics of today's Beverly Hills are a far cry from days past. Early residents included Douglas Fairbanks and Mary Pickford who built their "Pickfair" mansion here in 1919; Charlie Chaplin, Gloria Swanson and Buster Keaton also called the city home. Its first honorary mayor was humorist Will Rogers.

Hollywood stars and executive moguls still live here today. But beginning with the Islamic Revolution in 1979, thousands of Iranians -- most of them Jewish -- immigrated to the city and over the next few years sent for relatives. Once here, the immigrants retained strong family bonds and connections, often keeping them from integrating into the larger community, Mr. Delshad and others say.

Disputes have surfaced in zoning battles over so-called "Persian Palaces," large homes decorated in a sometimes gaudy style that some said clashed with the surroundings. The city found compromises, some brokered by Mr. Delshad. In 2004, the city passed an ordinance that greatly restricted the proliferation of such structures, by offering specific design choices and a review board for new homes.

The split in the community was nowhere more evident than at Sinai Temple, a 101-year-old conservative Jewish congregation a few blocks west of city limits. Today, Persian members account for nearly half of its 1,900 families, says its rabbi,

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David Wolpe. The influx of Persian families caused tensions and some longtime congregants left the temple. Everyone else self-segregated, sitting on opposite sides of the aisle, he says.

In 1999, Mr. Delshad was elected president of the temple, which he says may be the first time an Iranian-American has led a temple founded and previously run by European Jews. "Jimmy's presidency here was a way of saying that you can have a Persian president of an American synagogue and the sky doesn't fall," says Mr. Wolpe.

Today, both he and Mr. Delshad say, assimilation of the cultures has reduced the tensions at the temple and in Beverly Hills. "The fact that Persians have been in the community for many years now and have issues they're concerned with -- things like their kids and zoning issues -- requires them to get more involved in things that affect their lives," Mr. Wolpe adds.

Mr. Delshad, born in the southern Iranian city of Shiraz, came to the U.S. in 1958, following his brother, then a college student, to Mankato, Minn. Their father, a jeweler and goldsmith in Iran, would later join his sons in the U.S.

Mr. Delshad took university-extension courses and worked as a janitor to make ends meet. He and two brothers eventually formed the "Delshad Trio" playing the santur, a Persian string instrument. They moved to Los Angeles's growing Iranian community, playing music as they put themselves through college.

After graduating with a degree in electrical engineering, Mr. Delshad joined a fledgling computer firm. For about two decades, he ran his own computer-hardware company, which he sold in 1999, when he became president of the temple. Married 38 years, he is the father of two grown children.

The recent dustup over the Farsi ballot demonstrated that, despite strides the Iranian community has made, its presence can still be a lightning rod. City Hall has received about 300 complaints since absentee ballots went to voters at the beginning of last month, says Byron Pope, the city's clerk, who decided to translate the ballots into Farsi. (A separate Spanish ballot is available, too.) Mr. Pope says he made the move in consultation with an outside election-services firm and was complying with the federal Voting Rights Act, which says that a jurisdiction that has more than 5% of its voting-age population in "a single language group" should have a ballot available in that language. In the 2005 city election, some information was translated into Farsi, but not the entire ballot, he says.

For Mr. Delshad, the ballot issue was a "blip that most people have gotten over." Traffic, he says, is the true Beverly Hills issue of the day.

Justice Restored (WP)

The Washington Post, March 5, 2007

IT ATTRACTED little notice, but Virginia's legislature took a big step last month toward reforming the antediluvian rules that make adequate legal representation a pipe dream for many poor defendants in serious criminal cases.

Alone among states, Virginia until now has set ironclad caps on the fees paid to court-appointed defense attorneys, caps that cannot be waived under any circumstances, even by judges. The capped fees are so low that often the effect is to force defense lawyers to work for peanuts or discourage them from working enough, in all but the most open-and-shut cases.

For instance, a court-appointed lawyer representing an indigent client facing life in prison would be paid a maximum of just $1,235, even if the case went to trial and dragged on for weeks, requiring scores or hundreds of hours of legal work. In less serious felony cases, capped compensation is even more ludicrous: $445 for attorneys representing poor defendants facing prison terms of up to 20 years. (The exception is death penalty cases, which are not subject to a cap.)

This sorry state of affairs is shockingly common because a large majority of criminal defendants cannot afford legal representation and about half live in jurisdictions without public defender offices and must rely on court-appointed lawyers.

After years of shrugging off the problem, the General Assembly finally addressed it last month, thanks to the bipartisan efforts of Gov. Timothy M. Kaine, a Democrat, and Attorney General Robert F. McDonnell, a Republican. With scarcely a murmur of opposition, lawmakers approved a measure to raise the caps for court-appointed lawyers handling adult felony cases -- and, far more significantly, to allow the caps to be waived with judicial approval.

The legislation is not perfect and would benefit from amendments that Mr. Kaine ought to offer. Under the bill as written, the no-waiver rule would remain for cases involving defendants under the age of 18 if they are tried in juvenile court, as well as for

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misdemeanor cases in district courts. In both instances it is possible to imagine scenarios under which the fee caps now in place would discourage court-appointed lawyers from mounting vigorous defenses.

What's more, real reform is still at least a year off as a matter of practice. Since the courts could not determine the probable cost of the higher caps and waivers, lawmakers appropriated an extra $8 million, a token amount; the understanding is that fee data collected under the new rules in the coming year will allow for a more precise estimate of actual costs and a more realistic appropriation.

As Mr. McDonnell pointed out, any justice system will not work unless both sides of a criminal case are represented by competent, fairly compensated attorneys. Until now too many defendants in Virginia were denied that basic right. Now, at least, there is the real prospect of a fix.

Bush Poised To Counter Chávez (WSJ)

By John D. McKinnon And Matt Moffett

The Wall Street Journal, March 5, 2007

President Bush travels to Latin America this week to take on Hugo Chávez's militant brand of economic populism. But the weakened U.S. president could spend much of the trip defending against charges his own economic policies have helped shortchange the region.

In a speech in Washington today, Mr. Bush is expected to lay out a central theme of his Latin America tour -- that democracy is key to improving life for the millions of working poor in the region. As an example, he is expected to cite the Millennium Challenge Account, a U.S. government-sponsored program set up in 2004 to channel aid to poor countries that meet certain democratic standards. During his trip, which begins Thursday, he also is expected to tout an agreement with Brazil to spread production of ethanol throughout the region, as a way of promoting greater prosperity -- and countering the influence of Venezuelan President Chavez's oil wealth.

Mr. Bush's message seeks to respond to widespread complaints in the region that globalization and international-development policies -- of which he is viewed by many there as a main champion -- have done little to improve the lives of ordinary people there. The president also hopes to use the democracy theme to push back against what he views as Mr. Chávez's authoritarian tendencies.

Mr. Bush won't venture into any countries that have moved into Mr. Chávez's sphere of influence, including Argentina, Bolivia, Ecuador and Nicaragua. Instead, he plans during his weeklong trip to visit five generally friendly countries: Brazil, Uruguay, Colombia, Guatemala and Mexico.

Mr. Chávez and his allies are preparing a typical street-theater response to Mr. Bush's visit. Argentina's President Nestor Kirchner has invited Mr. Chávez to a public demonstration, most likely in Buenos Aires, that probably will coincide with Mr. Bush's visit to neighboring Uruguay at the end of the week.

Mr. Chávez has also been talking up confrontation with Mr. Bush on his daily radio program. He has alleged that Mr. Bush will use his latest trip to weaken the South American common market, known as Mercosur, that Mr. Chávez wants to use to promote trade and investment ties among members and to counteract U.S. dominance in the region. Besides Venezuela, Mercosur's members include Brazil, Argentina, Uruguay and Paraguay.

In Brazil, labor unions and social groups plan protests against Mr. Bush. Demonstrations are likely in Venezuela and elsewhere in the region.

Mr. Chávez has his own problems. Many in Latin America view the Venezuelan leader as a meddler with militaristic tendencies. A regionwide poll taken in December by the Latinobarometro firm of Santiago, Chile, found that 39% of Latin Americans viewed both Messrs. Bush and Chávez negatively -- a level of disapproval exceeded among the region's leaders only by Cuba's Fidel Castro, Mr. Chávez's ally and mentor.

The prospect of further conflict between Messrs. Bush and Chávez threatens to distract from the U.S. president's efforts to rebuild ties to the region, which have suffered given the U.S. focus on terrorism and the Middle East.

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The most important stop for Mr. Bush may be Brazil, the largest Latin economy, where he is scheduled to meet with President Luiz Inácio Lula da Silva. In São Paulo, South America's biggest city, Mr. Bush is expected to take a firsthand look at the region's poverty, underscoring his concern for economic development.

Mr. Bush aims to accelerate his drive for alternative fuels by announcing a partnership with Brazil to broaden the global market for ethanol. The plan envisions production across Latin America and the Caribbean, as well as greater standardization. Mr. da Silva is expected to seek lower U.S. tariffs on Brazil's sugar-based ethanol, but prospects of that are slim in Congress.

Beyond ethanol, Mr. Bush "wants to maintain [Mr. da Silva] as a mediator in Latin America and a counterweight to Chávez," said Gilberto Dupas, a specialist in international relations at the University of São Paulo. Despite Brazil's strong trade ties and cordial relations with Venezuela, Brazilians blame Mr. Chávez for encouraging Bolivian President Evo Morales to announce the nationalization of the country's oil industry last year.

Mr. Bush's next stop, Uruguay, could give him another wedge against Mr. Chávez and Mercosur. The U.S. has been seeking a free-trade agreement with Uruguay, and Mercosur would have to ease its rules to allow Uruguay to remain a member, if it strikes a deal with the U.S.

Mr. Bush is expected to get a warm reception in Colombia, where he is relatively popular. That is due largely to Plan Colombia, a U.S. military- and social-assistance program started under the Clinton administration.

In Guatemala, Mr. Bush is expected to toast early benefits of the Central American Free Trade Agreement, a regional, tariff-reducing pact ratified by Congress in 2005, as well as the country's progress toward building a democracy.

In Mexico, the country with the closest ties to the U.S., Mr. Bush is set to meet with recently inaugurated Mexican leader Felipe Calderón to discuss such sensitive issues as immigration. Hoping to nudge U.S. immigration reform, Mr. Calderón introduced a plan Tuesday aimed at providing better treatment to the Central Americans who come through Mexico's southern border.

Analysts said Mr. Calderón is likely to use the initiative to show that progress can be made on bilateral issues facing the U.S. and Mexico. That, in turn, could help Mr. Bush persuade Congress to pass a comprehensive immigration-reform bill that includes a guest-worker provision.

Chavez Calls Envoy 'Professional Killer' (AP)

By Elizabeth M. Nunez

AP, March 5, 2007

President Hugo Chavez on Sunday said he believes enemies including the CIA are out to kill him, and called U.S. diplomat John Negroponte a "professional killer."

Chavez said Venezuelan officials have intelligence that associates of jailed Cuban anti-communist militant Luis Posada Carriles also are involved in plotting to assassinate him.

He said the death plot idea has "gained weight" due to various factors, including the recent appointment of Negroponte, the former director of national intelligence, as deputy to Secretary of State Condoleezza Rice.

"Who did they swear in ... there at the White House as deputy secretary of state? A professional killer: John Negroponte," Chavez said.

Chavez did not elaborate, but his government has previously accused Negroponte of playing a key role in the Contra war against the leftist Sandinista government of Nicaragua when he served as ambassador to Honduras — a haven for clandestine Contra bases — from 1981 to 1985.

U.S. Embassy officials could not immediately be reached for comment, but they have denied Chavez's repeated accusations that they are plotting to oust him.

Chavez was asked about reports of assassination plots during a televised interview.

"They have assigned special units of the CIA, true assassins, who go around not only here in Venezuela, in Central America, in South America," Chavez said, without elaborating.

He added that while Posada Carriles, a former CIA operative, remains jailed in the U.S. on immigration charges, "Posada Carriles' people are very active in Central America and searching for contacts in Venezuela ... They are going around searching

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for explosives in large quantities, thinking about a sort of car bombing or searching for ground-to-air missiles, thinking about the presidential plane."

Chavez did not give details. His government has demanded that the U.S. extradite Posada Carriles, a naturalized Venezuelan, to stand trial for allegedly masterminding the 1976 bombing of a Cuban airliner that killed 73 people. Posada Carriles denies involvement in that incident.

Chávez's Oil Largesse Winning Fans Abroad (CSM)

By Sara Miller Llana And Mark Rice-Oxley

The Christian Science Monitor, March 5, 2007

The London bus has come to symbolize many things over the years. It's a national icon, a picture postcard paragon of public transport, a byword for frustration and irregularity.

But a harbinger of international socialism? Far-fetched perhaps, but less so after the latest move by Venezuela's President Hugo Chávez to offer cut-rate fuel so that 250,000 Londoners on welfare can travel half-price throughout one of the world's most expensive cities.

The double-decker trademark isn't the only trace of Mr. Chávez's so-called "21st century socialism:" For the past year residents in New York, Boston, and other major US cities have scored cheaper heating bills, thanks to Venezuela. Chávez has also sent cheap oil to Cuba, Nicaragua, and more than a dozen other countries.

His offerings go beyond oil and have been announced with particular frenzy since he won a third term in December, promising $500 million in financing for Ecuador, $135 million for a dairy cooperative in Argentina, and a development plan in Nicaragua that includes generators to ease blackouts as well as a new development bank.

Analysts say his projects both in Latin America and beyond are singular among leaders sitting on vast energy reserves, as Chávez sets out to create a counterbalance to US dominance with a flurry of deals, measures, gifts, and grandiose schemes. To his harshest critics he's an egomaniac using an "energy bribe" to inflate his reputation. To fans he's the consummate humanitarian. Both agree that his moves have amounted to a PR coup, and some analysts even say the fallout could lead to a shift in social, economic, and political balances across the region.

"By situating Venezuela in these various international arenas of cooperation, the Chávez government is also attempting to limit what the US can do to isolate Venezuela," says Miguel Tinker-Salas, a Latin America oil and politics expert at Pomona College in California.

Certainly, providing subsidized oil to help residents pay bills and access public transportation has raised his visibility, cloaking him in the role of benefactor, says Larry Birns, director of the left- leaning Council on Hemispheric Affairs in Washington. "I think that these actions have projected an image for the average Latin American of great good will."

That has put pressure on other Latin American leaders, such as Brazil's Lula da Silva, for example. "I could easily see Lula throwing up his hands over Chávez's antics, but Lula regularly goes to Caracas hugging Chávez because he needs that for domestic consumption," says Mr. Birns.

It is this type of "demonstration effect," as Mr. Tinker-Salas calls it, that could ultimately prove lasting in the region and beyond.

In the US, Venezuela is sending oil subsidized at a 40 percent discount from the delivery price to 16 states – double from the year before – as well as 163 native American tribes. That represents 100 million gallons of fuel this winter. The program brochure describes it this way: "This is a people-to-people program that comes from the heart of Venezuela to the homes of American families who just can't pay their energy bills."

"In New York, residents wonder why a foreign country has to provide this. They want to know, 'Why can't you provide it? Or BP and Shell?' " says Tinker-Salas. "It's highlighting what those countries are not doing for their own populations."

That was the sentiment in November in a neighborhood called Las Torres, one of the poorest in Nicaragua's capital, Managua, which has been plagued by blackouts over the past year. "Light? Of course not," says Flor de Maria Flores, who regularly lights her home by candle, and, like so many of her neighbors, cooks over an open fire. She was vaguely aware of

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Chávez's plan to send discounted oil to her nation to help ease power blackout problems. "I'm glad someone is doing something about it," she says.

Chávez's latest scheme, signed by London's leftist mayor Ken Livingstone on Feb. 20, will save the city $32 million a year. In return, London transport chiefs will visit Caracas next month to advise on traffic management and urban planning. "The agreement with Venezuela is to use the energy cost contribution to alleviate the impact of high energy costs for some of the poorest Londoners," says a spokesperson for Mayor Livingstone.

But critics have questioned the logic of the deal. "I find it strange that the capital of a G-8 country is effectively receiving foreign aid from a poor country," says Richard Barnes, a Livingstone opponent in the Greater London Assembly. "Thirty-eight percent of [Venezuela's] people live below the poverty line and here [Venezuela] is subsidizing London's poor."

London joins a growing list of locales receiving Chávez largesse. Venezuela's oil has gone to at least 18 nations. Cheap oil is sent to needy Caribbean nations as part of Chávez's Petrocaribe initiative. Recently he pledged to send Nicaragua 10,000 barrels of discounted oil and oil products a day.

In its most obvious defiance against the US, Venezuela sends 100,000 barrels of oil a day to Cuba at subsidized rates. The projects go beyond oil. Venezuela gave Argentina $2.5 billion to pay off its debt to the International Monetary Fund (IMF) last year, and promised to help Bolivia to continue nationalizing key industries.

Programs strike a chord with the poor

Chávez's programs, especially in Latin America, have tapped into a widespread disenchantment with the free-market policies championed throughout most of the region in the past couple decades, a sentiment reflected by the recent electoral wins of Chávez allies, including longtime US foe Daniel Ortega in Nicaragua, Rafael Correa in Ecuador, and Evo Morales in Bolivia.

"I think that there has been significant erosion of US-Latin American dependence, psychological as well as actual dependence, on the US," says Birns.

Yet some say that his influence is overestimated. "He needs the US more than the US needs him," says Gal Luft, co-director of the conservative Institute for the Analysis of Global Security in Washington, an energy security think tank. "I don't think we should scare ourselves to death by what Hugo Chávez is doing," he says pointing out that Venezuela is the fourth biggest supplier of US crude imports.

An 'energy bribe'?

Mr. Luft dubs Chávez's moves an "energy bribe" and says that most leaders will leave his side when he runs out of money. "There is a great game going on now in Latin America, in which he is trying to pour a little oil money into every one of the chess squares," says Luft. "If someone offers you a gift, it's hard to turn down. Hugo Chávez does all kinds of things that make a lot of headlines but at the end of the day everyone knows who he is."

In fact, his popularity may have surged in pockets where residents are direct beneficiaries of his aid, but overall his popularity has not changed dramatically. According to a regional survey in late 2006 by Latinobarometro, a polling firm in Chile, respondents grouped Chávez, Cuba's Fidel Castro, and President Bush all as bad leaders.

Chávez's reputation also took a blow last fall when he failed to win a seat on the UN Security Council despite fierce lobbying, after he called President Bush "the devil" at the United Nations.

Michael Shifter, the vice president for policy at the Inter-American Dialogue in Washington who is coming out with a report this week on the challenges the Chávez administration poses to US policy makers, says that Chávez is able to point out what is wrong with Latin America, but his direction is not necessarily a solution. "He offers a seductive project, and his appeal is totally understandable. His gift is to tap into ... this resentment toward the US, which has a real basis," says Shifter. "But I don't think Chávez has an answer to the problems either."

U.S. To Offer North Korea Face-Saving Nuclear Plan (NYT)

By David E. Sanger

The New York Times, March 5, 2007

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WASHINGTON, March 4 — In an effort to make the best of newly murky intelligence about North Korea, Bush administration officials say they plan to tell the North's nuclear negotiators on Monday that Washington's doubts about how much progress the country has made in enriching uranium gives North Korea a face-saving way to surrender its nuclear equipment.

The new approach to solve a dispute over the existence and extent of a uranium program, which intelligence agencies say could have been developed using equipment that the North Koreans purchased from Pakistan, will come at a meeting with North Korea at the United Nations. It is the first session intended to hammer out a schedule under which North Korea is supposed to disable its main nuclear plant and then account for all its nuclear programs.

Because the agreement includes providing North Korea with a million tons of fuel oil before it turns over its suspected arsenal of nuclear arms and fuel, some of President Bush's conservative allies have denounced it as a dangerous concession. Mr. Bush has called it a "first step," though it bears similarities to the kind of deal that the administration rejected in its first term.

On Sunday, Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said that at the meeting he planned to "form an agenda to work on our bilateral relationship — what's involved in the establishment of diplomatic relations, what's involved before North Korea can get off the state-sponsor-of-terrorism list, and how to get them off the Trading with the Enemies Act." He said he would be "pressing for disclosure of all their nuclear programs, including highly enriched uranium."

Persuading North Korea to address that program will be particularly challenging — both because the North Koreans have denied seeking to enrich uranium and because a top American intelligence official told Congress last week that there was only moderate confidence that the equipment North Korea bought had been used. But that ambiguity, officials say, may give North Korea the chance to turn over its equipment with a vague explanation that an effort to produce energy, rather than a bomb, did not work out.

That is a very different tone than intelligence officials struck in November 2002, just after American officials told the North Koreans that they had discovered evidence of the purchase of centrifuges, the high-speed devices that enrich uranium, from Abdul Qadeer Khan, the head of Pakistan's nuclear program.

In an unclassified, single-page report distributed to members of Congress at the time, top agency officials, headed by George J. Tenet, then the director of the Central Intelligence Agency, reported, "We recently learned that the North is constructing a plant that could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational — which could be as soon as mid-decade."

On Friday, three days after the testimony of Joseph DeTrani, the North Korea coordinator for the director of national intelligence, suggesting doubts about the current state of the program, Senator Carl Levin, Democrat of Michigan and the chairman of the Senate Armed Services Committee, sent a letter to Secretary of State Condoleezza Rice and Secretary of Defense Robert M. Gates seeking more answers.

"Is this still the intelligence community's assessment?" he asked of the 2002 report. "If not, why, and when did the intelligence community revise this assessment? What is the current intelligence community assessment?"

He also asked what underlay the conclusion that an enrichment plant was under construction.

US, North Korea Begin Thaw In Relations (AFP)

AFP, March 5, 2007

Landmark US-North Korea talks on normalizing relations were to get underway Monday amid questions in Washington over whether US intelligence had exaggerated Pyongyang's nuclear threat.

US officials were cautioning that the talks in New York are only a small first step towards establishing diplomatic ties and that North Korea needs to meet a series of denuclearization benchmarks in order to end a half century of enmity between the two states.

Washington's chief negotiator, Assistant Secretary of State Christopher Hill, and his North Korean counterpart, Kim Kye-gwan, will kick off the meetings with a dinner Monday night at a New York hotel and then hold a full day of talks on Tuesday, US officials said.

The talks come as the International Atomic Energy Agency said the UN atomic watchdog's chief Mohamed ElBaradei will travel to North Korea on March 13 to discuss how to monitor its promised dismantling of nuclear facilities.

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"The plan is for Dr. ElBaradei to arrive in Beijing on March 12 and leave for North Korea on the 13th for a two-day visit," spokeswoman Melissa Fleming said.

The bilateral talks between Washington and Pyongyang meet a long-standing condition set by the reclusive communist regime for abandoning its nuclear ambitions, and could bring the two sides the closest ever since Korea was divided in the wake of World War II.

But they come amid controversy in Washington over whether US intelligence agencies overstated Pyongyang's alleged secret uranium enrichment program in 2002, and whether the agencies' ability to provide information on the North is adequate and reliable.

"We still don't have the intelligence community overall to give us, as policymakers, the information that we need to make good decisions in North Korea, Iran and other places," Republican Representative Peter Hoekstra said Sunday.

"You always make policy with imprecise information, but you know, there are some things that we've been disappointed with," he told the Fox News Sunday program.

"It's a concern about the leadership in the intelligence community, not the folks who are working this 24/7," Hoekstra added.

The talks Monday come as part of the six-nation deal reached February 13 to end North Korea's nuclear weapons program.

Under the multi-phase agreement, North Korea said it would shut down its main nuclear facility and begin steps towards giving up its nuclear weapons program in exchange for some 300 million dollars in aid and moves towards "full diplomatic relations" with the US.

While the rapid start to those normalization talks took many by surprise -- in 2002 President George W. Bush branded North Korea part of the "axis of evil" -- US officials stressed that the talks would yield no breakthroughs.

"Don't look at it as a meeting that's going to produce immediate results," said State Department spokesman Sean McCormack last week.

He said the talks were more likely to focus on "organizational" issues like setting a framework and agenda for what are hoped will be ongoing discussions.

But observers of Bush administration foreign policy said this week's meetings turned an important page for Washington.

"In and of itself the meeting Monday is historic," said Joseph Cirincione, a North Korea and non-proliferation expert at the Center for American Progress.

Cirincione said the talks showed that, "In the end, the relationship with the US matters more to the North Koreans than their nuclear weapons."

But amid US lawmakers there was lingering concern over whether Washington could obtain enough and reliable information about what the Koreans are up to.

Last week Joseph DeTrani, the North Korea mission manager for the Directorate of National Intelligence told a Congress panel that US spy agencies are less confident now than they were in 2002 about accusations that Pyongyang was secretly enriching uranium.

"We still have confidence that the program is in existence -- at the mid-confidence level," told the US Senate Armed Services Committee.

The US accusations in 2002 that the North was running a secret uranium program, in addition to its declared plutonium-based nuclear operation, led to the collapse of a 1994 denuclearization deal with Pyongyang.

Subsequent tit-for-tat actions led to Pyongyang's atomic bomb test in October 2006, a move that some officials say might have been avoided.

On Sunday De Trani complained in a written statement about "considerable misinterpretation" of what he had told the panel.

"We have continued to assess efforts by North Korea since 2002," he said. "All intelligence community agencies have at least moderate confidence that North Korea's past efforts to acquire a uranium enrichment capability continue today."

N. Korea: Intelligence And Uncertainty (NSWK)

DOJ_NMG_0139477

By Michael Hirsh And Mark Hosenball

Newsweek, March 5, 2007

Intel analysis is an art, not a science—and one that sometimes depends on the politics of the moment. Last week the government's senior North Korea intel analyst, Joseph DeTrani, told Congress that American officials now had only "midlevel confidence" in the same intel that led the Bush administration to assert in 2002 the North was actively "enriching" uranium—and could have a bomb-making plant up and running soon. During a confrontation with Pyongyang officials in October 2002 over the North's secret program, the then Assistant Secretary of State Jim Kelly says he actually had little certainty. He told NEWSWEEK last week that the North Koreans themselves "gave no specifics about what kind of program they had." According to several current and former administration officials, speaking on condition of anonymity because of the sensitivity of the matter, Kelly knew that Pyongyang was buying equipment for some 20 centrifuges from Pakistan in return for shipping Nodong missiles. He also had some tentative intel that the North Koreans might be building a factory. But "I don't think it was known then and apparently it's not known now what they've done with this stuff they've bought," Kelly said. The rest was creative interpretation, especially a CIA assessment to Congress that said the North was building a plant to make weapons-grade uranium that could be "fully operational" by "mid-decade."

Now, post-Iraq, the intel community is more cautious. And with the administration eager to pursue an aid-for-nukes agreement with Kim Jong Il, there's less interest in putting the worst possible spin on what is known. CIA spokesman Paul Gimigliano says the agency stands by its earlier assessment, saying "the classified assessments ... contain far more detail."

Kim Jong Il's Word (WSJ)

The Wall Street Journal, March 5, 2007

North Korean officials arrived in New York over the weekend for discussions on normalizing relations with the U.S. as part of the nuclear disarmament accord struck last month. Chief U.S. negotiator Christopher Hill is scheduled to meet today and tomorrow with his counterpart, Vice Foreign Minister Kim Kye Gwan.

May we suggest that, before he sits down, Mr. Hill take a look at the brief statement issued quietly Thursday by the United Nations Development Program (UNDP). There is no better guide to Kim Jong Il's negotiating style, nor to the North Korean dictator's habit of breaking his word. Nuclear negotiators, beware.

The agency announced, in an item on its Web site, that it is suspending all operations in North Korea because the "necessary conditions set out by the Executive Board on 25 January 2007 have not been met." The UNDP's 20 or so projects will be shut down, we're told, and its eight international staffers will be pulled out of the country. The U.N. isn't known for its tough love, and no one we've talked to can recall another example of the UNDP suspending operations in a country that refused to comply with the regulations.

The "necessary conditions" were imposed at the last board meeting in response to an outcry over the UNDP's lack of oversight over its programs in North Korea. U.N. documents, produced reluctantly after prodding by the U.S. mission to the U.N., showed numerous irregularities dating back into the late 1990s. Tens of millions of dollars for programs that were supposed to help the poor appear instead to have been handed over to Kim's dictatorship.

As the March 1 deadline for compliance approached, North Korea decided to throw a tantrum to see if it could get excused from its obligations. It deemed the conditions politically motivated -- especially the one that limits aid to programs that directly help the people and bans assistance that could aid the government -- and demanded a renegotiation.

Never mind that North Korea sits on the Executive Board and had agreed to abide by the terms thrashed out in January. To its credit, the UNDP refused to be bullied into extending the deadline and is holding Pyongyang to its commitments. The suspension applies to all existing projects; the board had already suspended new projects until an audit could be completed and better oversight provided.

The U.N. has another deadline fast approaching in North Korea. At the end of January, Secretary General Ban Ki Moon ordered a full investigation of all U.N. programs in North Korea, to be completed within three months. Those include Unicef, the World Food Program and the U.N. Population Fund. As the end-of-April deadline for that audit comes closer, it will be instructive to watch Pyongyang's degree of cooperation.

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Meanwhile, the talks on North Korea's nuclear program are moving ahead, with the U.S., South Korea and Japan all holding bilateral meetings with Pyongyang this month toward the goal of normalizing relations. At the top of Japan's agenda is the whereabouts of its citizens who were kidnapped by North Korean agents in the late 1970s and 1980s and forced to train North Korean spies. Negotiations with Pyongyang have so far yielded the return of only five abductees along with preposterous explanations for how the rest have supposedly died.

The preference in some diplomatic circles, including the U.S. State Department and perhaps now in the White House, is to dismiss the U.N. corruption in North Korea as well as the abductee and other human-rights violations as side-issues to the more vital objective of getting Kim to give up his nuclear program.

We'd argue that international focus on these issues is an essential part of keeping up the pressure on Kim's regime. But even if you buy the argument that these are ancillary issues, there's still an important lesson here: If Kim won't abide by the pledges he made regarding UNDP aid to his country, how can he be expected to keep his promises on nuclear disarmament?

Former U.S. Ambassador to the U.N. John Bolton lays out the troubling case of changing American intelligence judgments toward North Korea on the opposite page. His point about the need for an intrusive inspection and verification regime is especially important. Under the six-party agreement announced on February 13, North Korea has 60 days to account for all of its nuclear programs. If it doesn't, or if Kim attempts to renegotiate the terms at the last minute, we'd like to think the U.S. would show at least as much fortitude as the United Nations, and tell Kim to take a hike.

Key Lawmakers Complain Of Weak Intelligence (WT)

By Eric Pfeiffer

The Washington Times, March 5, 2007

American intelligence agencies are not providing adequate information for Congress to make policy decisions on key foreign-policy areas including Iran and North Korea, according to the top House Republican on the issue.

"We still don't have the intelligence community overall to give us, as policy-makers, the information that we need to make good decisions in North Korea, Iran and other places," said Rep. Peter Hoekstra of Michigan, the ranking Republican on the House Select Committee on Intelligence.

When told by "Fox News Sunday" host Chris Wallace that he was making a "pretty striking indictment" of the intelligence community, Mr. Hoekstra said, "Well, it is."

Mr. Hoekstra blamed the bureaucratic leadership in the intelligence community for what he said are delays in implementing necessary reforms after September 11 and intelligence failures in Iraq.

"We've had problems in standing this up and developing more bureaucracy, and it's a concern about the leadership in the intelligence community, not the folks who are working this 24/7," he said.

Sen. Dianne Feinstein, California Democrat and her party's second-ranking member on the intelligence panel, acknowledged the difficulty of obtaining workable intelligence from Iran and North Korea, but praised the administration for diplomatic progress with both regimes.

"I am very pleased to see the shift in the administration," she said during her own appearance on "Fox News Sunday." "When Secretary [of State Condoleezza] Rice came before the Senate Appropriations Committee and talked about this regional summit in which the United States would take part and the G-8 nations, I think that's exactly the way to go, to bring the light of day and the preponderance of nations into this effort."

Meanwhile, several leading Democrats said they are building support for a bill that would overturn the original Iraq war resolution. Still, they remain short of the 60 votes necessary to block a Republican filibuster.

"If we can focus on this purpose -- keeping American troops out of the middle of a civil war with the understanding that there needs to be a limited mission that remains after that -- I believe we can get almost all the Democratic votes, plus we can pick up some Republican votes," said Sen. Carl Levin, Michigan Democrat and Senate Armed Services Committee chairman, during an appearance on CBS' "Face the Nation."

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"We want to change it, to have a much more narrow focus," said Sen. Charles E. Schumer, New York Democrat, during an appearance on ABC's "This Week." "We have a very broad consensus. We're hoping to get close to unanimity, like we did on the surge resolution, that requires the president to change that mission."

However, one leading U.S. commander said the surge was showing progress and could be completed within a year.

"We're starting to see some progress, but it's very slow," Maj. Gen. Raymond Odierno, the No. 2 U.S. military commander in Iraq, said in an interview with CNN's "Late Edition."

"I think that will take some time. I don't want to put an exact time on it but a minimum of six to nine months."

Sen. Trent Lott, Mississippi Republican, told ABC that the various resolutions to force a withdrawal of U.S. forces or the troop "surge" are just represent "Congress trying to micromanage the situation."

"When the going gets tough, they're trying to figure out how to get out. And they can't get their act together on how to defund the troops, so they're having all these different approaches. ... I mean, they can't get it together."

North Korea Climbdown (WSJ)

By John R. Bolton

The Wall Street Journal, March 5, 2007

Washington's most important person -- the Anonymous Senior Official ("ASO") -- was busy last week, briefing reporters on North Korea's uranium enrichment program.

The North's pursuit of nuclear weapons through uranium enrichment, an alternative to reprocessing plutonium from spent fuel at the Yongbyon reactor, constituted both a material breach of the 1994 Agreed Framework and an enormous challenge to the hope that it could ever be negotiated out of pursuing nuclear weapons. Based, however, on one public comment and much work by Mr./Ms. ASO, the media last week set about deconstructing a critical strategic concern underlying Bush administration Korea policy. According to their breathless reporting, yet another threat to America was disappearing, revealed as simply more intelligence hype from an administration that apparently did little else in its first term.

The reports raise three separate issues. First, what exactly is the intelligence judgment about North Korea's enrichment activities, and how valid was it in 2002? Second, what are the implications for the administration's ongoing negotiations with North Korea? And third, is Mr./Ms. ASO speaking for the Bush administration, or for those elements in the permanent bureaucracy that have consistently opposed key elements of the Bush foreign policy, at least as conducted until recently?

On the first question, concerning North Korea's enrichment activities, there is actually less here than meets the eye. The only attributable public comment is from Joseph DeTrani, mission manager for North Korea for the Director of National Intelligence, who said that he now had a "mid-confidence level" about North Korea's program, down from "high confidence." Mr. DeTrani's testimony before the Senate Armed Services Committee recounted how, in October 2002, the U.S. confronted Pyongyang "with information they were acquiring material sufficient for a production-scale capability of enriching uranium," and how North Korea "admitted to having such a program." Mr. DeTrani continued, "we've never walked away from that issue." Indeed, in 2002, intelligence community officials told me that new evidence erased existing, long-standing disagreements within the community about what the North was up to since the mid-1990s, producing a remarkable consensus that has not, to my knowledge, broken down since.

Neither in Mr. DeTrani's testimony, nor in any of Mr./Ms. ASO's backgrounding, is there any reversal on actual facts, only an apparent shift in the "confidence level." My understanding is that the decrease in confidence stems from the absence of significant new or contemporary information about North Korea's activities. This lack of new information may be attributable to a loss of sensitive sources and methods, or it may be attributable to the effectiveness of President Bush's Proliferation Security Initiative, or its creative financial sanctions, in drying up North Korea's procurement activity. But there has been no suggestion that the intelligence from 2002 and earlier has been contradicted or discredited. Mr. DeTrani's testimony is expressly to the contrary. Indeed, on Saturday he reiterated this precise point in a second public statement.

Moreover, as Donald Rumsfeld likes to say, "the absence of evidence is not evidence of absence." If we lack new intelligence, analysts should say so explicitly, and policy makers can draw appropriate conclusions, one of which might well be that the North is simply better at concealing its clandestine nuclear activities, not that those activities don't exist. What analysts

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should not do is to cast doubt on earlier intelligence, or change confidence levels, if there are no other reasons to do so. In any event, there is nothing here to allow anyone to conclude that the 2002 intelligence conclusions were flawed or hyped.

This raises the second issue. Mr./Ms. ASO's backgrounding is really about the ongoing six-party talks, and less about what happened in 2002. In any arms-control negotiation, the need for verification is directly correlated to the propensity of the other side to lie, cheat and conceal its undesirable activities. In the present case, the greater the likelihood that North Korea will make commitments it has absolutely no intention of following, the more intrusive and pervasive should be the verification mechanism we insist on. Determining in this or any other case how invasive the verification process must be obviously depends in large part on the historical record.

North Korea's aggressive mendacity puts it near the top of the list, perhaps tied with Iran for the lead, of countries that need the most transparent, most intrusive, most pervasive verification systems. For America to agree to anything less would be to make our national security, and that of close friends and allies like Japan, dependent on North Korea's word -- never a safe bet. And yet, it is precisely this extensive verification system that the North cannot accept, because the transparency we must require would threaten the very rock of domestic oppression on which the North Korean regime rests. North Korea's negotiators understand this contradiction. So do ours.

The only way around this problem is to conclude it doesn't exist, or is so minimal it can be "fixed" in negotiations. That's why Mr./Ms. ASO was busy, laying the foundation to argue that further deals with North Korea do not require much, if any, verification beyond what little the International Atomic Energy Agency can provide. If we continue this approach, what is already a bad deal will become a dangerous deal, whether we make it with North Korea directly or in the six-party talks. (As Nick Eberstadt has put it, a bad agreement with six parties is no better than a bad agreement with two parties.)

And that brings us to the third issue: Where exactly is the administration headed? Mr./Ms. ASO's identity is by definition unknown, but the view is spreading that this backgrounding is more than the bureaucracy's ruminations. I have my own unnamed senior officials who tell me it's not so, but the question remains. President Bush himself must speak, and sooner rather than later, to tell us what he thinks of the intelligence, and the direction of his own policy. Recent polls show his approval rating near 30%, with support among Republicans falling precipitously. If the president's conservative base erodes further, where will his support come from? From liberal editorialists enthusing about his newfound foreign policy "pragmatism"? Based on my personal experience, the president will not have both.

Mr. Bolton is a senior fellow at the American Enterprise Institute. and the author of "Surrender Is Not an Option: Defending America at the U.N. and Abroad," forthcoming this fall from Simon & Schuster.

Saudi-Iran Meeting Yields Little Substance (NYT)

By Hassan M. Fattah

The New York Times, March 5, 2007

RIYADH, Saudi Arabia, March 4 — President Mahmoud Ahmadinejad of Iran and King Abdullah of Saudi Arabia concluded an extraordinary meeting early Sunday promising a thaw in relations between the two regional powers. But they stopped short of agreeing on any concrete plans to tackle the escalating sectarian and political crises throughout the Middle East.

Mr. Ahmadinejad said that the two countries had agreed to try to curb tensions between Shiite and Sunni Muslims and that they had discussed in detail issues related to the Palestinians and Iraq.

The leaders are believed to have focused on finding ways to end the political standoff in Lebanon between Hezbollah, backed by Iran, and the government of Fouad Siniora, which is supported by the United States.

Mr. Ahmadinejad's first official visit to Saudi Arabia, which began Saturday, was marked by decidedly public shows of warmth and friendship between the leaders, as the men embraced, at times held hands in an Arab sign of close friendship, and smiled to cameras. The event marked the culmination of months of diplomatic efforts between senior Saudi and Iranian officials to ease the political standoff in Lebanon, cool sectarian violence in Iraq and possibly avert a looming Iranian confrontation with the United States.

Analysts were divided on Sunday over the ultimate impact of the summit meeting, held at the behest of the Iranian president.

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To some, it promised to break the spiraling cycle of brinkmanship in the region, focusing both countries on constructive solutions to their differences.

Skeptics, however, said the absence of any tangible resolutions or initiatives, coupled with Mr. Ahmadinejad's continuing aggressive speech, suggested that the meeting was more a public relations offensive meant to help Iran improve its image at home and in the Arab world as its confrontation with the United States appears to be escalating.

On Saturday, diplomats from Germany and the five permanent members of the United Nations Security Council discussed trying to impose tougher sanctions on Iran for its continued uranium enrichment efforts in defiance of the Security Council. The diplomats, speaking in a conference call, ended their discussion without an agreement.

But after Mr. Ahmadinejad landed in Tehran on Sunday, he repeated earlier warnings of a "conspiracy" to divide the Muslim world. This time, he included Saudi Arabia as one of his partners in resisting the plan.

"Both Iran and Saudi Arabia are aware of the enemies' conspiracies," Mr. Ahmadinejad told reporters. "We decided to take measures to confront such plots, and hopefully this will strengthen Muslim countries against oppressive pressures by the imperialist front."

Saudi officials had no comment about that. But there was conflict over another issue. The Saudi Press Agency reported that Mr. Ahmadinejad had expressed support for a Saudi-led land-for-peace initiative that would have Arab states recognize Israel in return for the establishment of a Palestinian state in the lands occupied by Israel in 1967. Arab foreign ministers meeting in Cairo on Sunday agreed to revive the plan ahead of the Arab League summit meeting in Riyadh later this month.

An Iranian official, speaking to Iran's state-run media, reportedly denied that the initiative was discussed during the summit meeting.

State Department officials on Sunday had no immediate comment on the meeting. But Sean McCormack, the State Department spokesman, said Friday, before the talks, that "it's going to be up to the Saudi leadership to decide how they interact with the Iranian president."

Mr. McCormack said, "We would hope that they send a message to the Iranian president that across a wide spectrum the Iranian behavior in the region and around the world is just unacceptable, whether it's their support for terrorism or their pursuit for weapons of mass destruction or their efforts to block any sort of progress in building a democracy in Lebanon or in the Palestinian areas. We would hope that the message to the Iranian leadership is that they need to change their behavior."

A Saudi analyst with close ties to the government said, "In the end, they both know this is a geopolitical struggle," adding, "They can offer big words about ending sectarian strife, but what can they really do about it? Ahmadinejad simply undertook this visit to make himself look cooperative with other Persian Gulf states."

Mr. Ahmadinejad has come under increased pressure in recent weeks to tone down his comments. In Tehran on Saturday, Akbar Alami, a member of Parliament, said members intended to ask him to appear before them to answer questions about his policies. Mr. Alami said the lawmakers wanted to question his "provocative speeches, positions that are against diplomatic norms and against the country's national interests," the ISNA student news agency reported.

Sunni-Muslim Saudi Arabia and Shiite Iran have vied for regional dominance, each carrying the banner of Islam and seeing itself as defending its majority sect. At the same time, the region's calculus has changed significantly with the American invasion of Iraq and the fall of Saddam Hussein.

Saudi Arabia in recent months has led an aggressive diplomatic effort to counterbalance Iran's growing influence in the region, most recently serving as a host for the major Palestinian factions at a meeting in which they said they had agreed to form a unity government.

Saudi Arabia is also said to be working to bring Lebanese parties together to arrive at a peaceful settlement of the three-month crisis. An important part of the discussion on Saturday, some analysts said, was how to bring Syria back into the Arab fold after two years of isolation.

For much of the 1980s, Saudi Arabia and Iran had an adversarial relationship. Their relations thawed with the election of a reformist president in Iran, Mohammad Khatami, in 1997. But relations have cooled significantly since the election of Mr. Ahmadinejad in 2005.

The meeting on Saturday, though initiated by Iran, was an example of Saudi Arabia's muscle-flexing in the region.

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"Saudi Arabia did what people have been asking the U.S. to do for so long, which is to extend a hand out to the Iranians," said Abdel Monem Said Aly, director of Al-Ahram Center for Political and Strategic Studies in Cairo. "The Saudis seized on the right time to give the Iranians a window of opportunity to get out of their mess."

Mr. Aly said the test of a détente between Saudi Arabia and Iran is yet to come. "Will the Iranians be willing to give the Saudis what they didn't give the Europeans, which is to stop their nuclear activity?" he said. "That will be a litmus test."

Iran, Saudi Hail 'friendly' Meeting (FT)

By Gareth Smyth

Financial Times, March 5, 2007

Returning from Riyadh on Sunday after meeting King Abdullah, Iranian president Mahmoud Ahmadi-Nejad said "friendly consultations" between Iran and Saudi Arabia would continue with the two countries sharing identical views on developments in Iraq.

Mr Ahmadi-Nejad's visit appeared designed to ease tensions between the leading powers of the Persian Gulf, mainly Sunni Muslim Saudi Arabia and mainly Shia Iran.

Suspicions have risen in recent months both over Iraq, where the Saudis are wary of a Shia Muslim-led government friendly with Iran, and over Iran's nuclear programme.

SPA, the official Saudi news agency, reported the two leaders had agreed "the greatest threats against the Muslim nation are attempts to spread strife" between Sunnis and Shias.

The two sides have also been at odds over Lebanon, where a Saudi-backed government faces an opposition led by Hizbollah, the Shia Muslim party allied to Tehran.

Nabih Berri, leader of Amal, a second Lebanese Shia group, was quoted on Sunday by Sharq al-Awsat newspaper that a deal on a national unity government could come "within 48 hours".

In Tehran, the state-owned Kayhan newspaper, which has criticised Saudi Arabia over alleged support for Sunni insurgents in Iraq, splashed Mr Ahmadi-Nejad's visit to Riyadh as the "centre of world attention".

The chances of Iran attending a conference in Baghdad later this month, at which the US will join other UN security council permanent members and Iraq's neighbours, also increased as Mohammad-Ali Husseini, Iran's foreign ministry spokesman, claimed the idea had come from Tehran.

Similar optimism was evident in Damascus, where al-Baath, newspaper of the ruling party of president Bashar al-Assad, said the conference could lead to direct talks between Syria, an ally of Iran, and the US.

The United Nations Security Council is due this week to consider imposing further sanctions on Iran after a series of discussions in the past few days among the five permanent members and Germany.

The US said that "a few outstanding issues" still needed to be resolved after the latest telephone conference between top diplomats from the six countries, on Saturday, adding that the issue would now move to New York.

South Africa, currently president of the Security Council, has said it expected a draft resolution to be discussed in the early part of this week.

The US shows little sign of lessening pressure on Iran, especially over its nuclear programme.

Dick Cheney, the US vice-president, said on Saturday that military force against Iran remained possible.

"It would be a serious mistake if a nation like Iran were to become a nuclear power," he warned during a visit to Australia. "All options are still on the table".

A report released on Monday by Oxford Research group, a London-based security think-tank, argues US attacks on Iran's nuclear facilities could encourage Iran to develop speedily a nuclear weapon.

Would Air Strikes Work? argues military strikes could not "both encompass all key facilities and be surgical and brief."

The author Frank Barnaby, a former scientist in Britain's atomic weapons programme, writes that attacks could embolden hardliners, bolster Iranian public support for the programme, and lead Iran to a crash programme for a bomb.

"If Iran devoted maximum effort and resources to building one nuclear bomb," he writes, "it could achieve this is a relatively short amount of time: less than the two years mooted as the time military strikes would set back the current programme."

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Iran President, Saudis Vow Cooperation (AP)

By Donna Abu-Nasr

AP, March 5, 2007

Following their first official talks in Saudi Arabia, the Iranian and Saudi leaders on Saturday pledged to fight the spread of sectarian strife in the Middle East, which they said was the biggest danger facing the region.

Iranian President Mahmoud Ahmadinejad and King Abdullah also stressed the importance of maintaining Palestinian unity and bringing security to Iraq, the official Saudi Press Agency said.

The agency quoted Ahmadinejad as saying he supported Saudi efforts to calm the situation in Lebanon and end its political crisis. Iran supports Lebanon's Shiite Hezbollah group, which is trying to topple the U.S.- and Saudi-backed government.

The talks between the two leaders have been touted as a possible means to defuse sectarian tensions in Iraq and Lebanon, and prevent Iran from sliding further into isolation.

"The two leaders asserted that the greatest danger threatening the Muslim nation at the present time is the attempt to spread strife between Sunni and Shiite Muslims and that efforts should be exerted to stop such attempts and close ranks," the Saudi Press Agency said.

Iran and Saudi Arabia have had chilly relations since the 2005 election of Ahmadinejad, whose refusal to suspend uranium enrichment has led to U.N. Security Council sanctions and made Iran's Arab neighbors increasingly wary of the country's nuclear program.

But Abdullah personally met Ahmadinejad at the airport before the two headed into a meeting. The king later threw a banquet in his guest's honor, the Saudi Press Agency said. The Iranian leader left Riyadh late Saturday after the talks.

Saudi and Iranian analysts said cooperation will benefit both countries, as well as the whole region. Shiite-majority Iran and Sunni-dominated Saudi Arabia are on different sides of the two conflicts that are threatening to ignite the Middle East — Iraq and Lebanon — and the Saudis have expressed concerns over Iran's nuclear program.

Dawood al-Shirian, a Saudi analyst, said the kingdom would not have agreed to receive Ahmadinejad "if it didn't know that the visit would add to its political achievements."

Top diplomats from the United States, Russia, China, Britain, France and Germany were negotiating Saturday on possible new sanctions against Iran.

State Department spokesman Kurtis Cooper said in an e-mail late Saturday the diplomats had "a good discussion," although there was still work to be done on a few outstanding issues. He said the negotiations will now move to envoys at U.N. headquarters in New York.

A breakthrough on the Muslim sectarian divide could also pave way for the success of the March 10 conference in Baghdad of Iraq's neighbors — Iran, Syria and Saudi Arabia — as well as the United States and other Western powers, and the annual Arab summit, which will be held at the end of the month in Riyadh.

"Iran has proved its capability of destabilization," wrote Ghassan Sharbil, the Lebanese editor of the Saudi-owned Al-Hayat daily. "Now, it's time to prove its ability to participate in creating stability."

"Ahmadinejad can invest in this summit to calm down the Arab world, the Islamic world and the whole globe in order to protect Iran against isolation, the dangers of an American strike and a new resolution by the Security Council," he added.

Riyadh broke off ties with Iran in 1988, accusing it of supporting terrorism and subversion. They were restored shortly after the 1991 Gulf War, but relations between Iran and Saudi Arabia plummeted again following Ahmadinejad's election in 2005.

Since then, Arab Gulf countries have offered quiet support for moves against Iran's nuclear program that the United States and its allies fear is aimed at creating weapons. Iran says its program is solely for peaceful purposes.

The chill in relations is partly due to Ahmadinejad's tough anti-Western talk, which has raised suspicions among Sunnis that Tehran is trying to expand its influence in the region.

"Since Ahmadinejad's harsh rhetoric is partly responsible for the cooling in relations, he is (now) taking this step to redress (the situation)," said independent Iranian writer Saeed Leylaz.

Saudi Arabia, Iran Target Mideast's Sectarian Discord (CSM)

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By Scott Peterson

The Christian Science Monitor, March 5, 2007

TEHRAN, IRAN

The leaders of rival regional powers Iran and Saudi Arabia are vowing to curb the sectarian strife that is increasingly defining conflict across the Middle East.

The pledge to calm tensions, as Iranian President Mahmoud Ahmadinejad made his first official visit to meet Saudi King Abdullah in Riyadh on Saturday, illustrates the growing regional alarm over Shiite-Sunni violence. Sectarian bloodshed has soared in Iraq – often at the hands of allies and coreligionists of these rival nations – and is threatening stability in Lebanon.

Yet while both leaders prefer to blame outside actors for the increase in sectarian tension – their promises to support peace notwithstanding – elements in Iran and Saudi Arabia have helped to finance sectarian militias in Iraq and, in the case of the Saudis, engaged in heated sectarian rhetoric. Still the leaders stated that the "greatest danger" to Islam is the "attempt to fuel the fire of strife between Sunni and Shiite Muslims" and called for unity, the official Saudi Press Agency reported.

Mr. Ahmadinejad said the pair discussed "the plots carried out by the enemies in order to divide the world of Islam." The two leaders, he said, "were fully aware of the threats of our enemies and we condemned them."

The archconservative Iranian president was almost certainly referring to the US, which has accused elite Iranian units of supplying weapons to Shiite militias in Iraq to target American soldiers. The militias are behind many sectarian killings.

Though Saudi Arabia is a close US ally, some Saudis and other Sunni benefactors have backed Sunni insurgents and Al Qaeda in Iraq, which has fueled the civil war there. The Iran-Saudi promise to lower sectarian passions comes after months of public warnings against Iran's rising power.

"[Talks] with Saudi Arabia could allay Arab and US uneasiness," says Davoud Hermidas Bavand, a professor of international law at Alameh University in Tehran. "Before this new strategy, the main problem [in Iraq] was Sunni elements ... behind the scenes, Jordan, Egypt, and Saudi are supporting [them]," says Professor Bavand. "But there was a change: All of a sudden, Iran appears the main troublemaker in Iraq."

The White House, which charges that Iran's commitment to nuclear power is a cover to make atomic bombs, is adding pressure with saber rattling, often repeating that "all options are on the table." Sunni leaders have warned ominously of a destabilizing "Shiite crescent" in the region, though in Iraq the worst violence by far has been carried out by Sunni militants. Ahmadinejad's uncompromising rhetoric, in which he most recently compared Iran's drive for nuclear power to a hurtling train without brakes, has raised concern anew among Sunnis.

But to speak of a Sunni-Shiite divide is not so simple.

"Iran has historically, and clearly in recent times, wanted to pose as a Middle Eastern leader that stands up to more powerful world actors," says Joost Hiltermann, the Mideast director for the Brussels-based International Crisis Group. Iran's support of Shiites in Lebanon and Iraq is "awkward," he says, because Iran's ambitions go beyond mere sectarianism.

"[Iran] wants to have the greatest influence possible, and it can only do that if it is not a sectarian actor," says Mr. Hiltermann, contacted in Amman, Jordan. "It can be more effective if it does not play the Shiite card. [Iran] has every interest in talking to Saudi Arabia, to suppress that aspect of its rise."

The visit to Riyadh comes a week before Iraq's neighbors and the US will hold crisis talks in Baghdad. Iran's foreign ministry said Sunday that Iran had not yet decided to attend the meeting though it "would spare no effort" to help bring peace.

"What good is our [Islamic world's] common cause if we waste our energies and resources on self-destruction rather than self-preservation?" asked an editorial in the Saudi Gazette newspaper. "Mr. President, your visit signals your best intentions." But Sunni-Shiite reconciliation will not be easy.

As Iran is seen to back its fellow Shiites – as well as Sunni Palestinian groups like Hamas – aspects of Wahhabism, the extremist salafi ideology embraced in Saudi Arabia, lead to conflict. "Wahhabis regard Shiites as heretics," says Bavand in Tehran. "Political necessity requires containment of this behavior. But the rise of militant Wahhabism is a sore point for Shiites." Indeed, visceral anti-Shiite preaching hasn't vanished from Saudi Arabia, where two clerics in January called Shiites "the most vicious enemy of Muslims."

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By contrast, Iran's supreme religious leader, Ayatollah Sayed Ali Khamenei, delivered a warning in mid-January to a group of Sunni and Shiite clerics. He warned that "the colonial front" (meaning the US and Israel) was seeking to play up sectarian differences. "The issue is not that Shiites and Sunnis should accept one another's beliefs, [but] they should not listen to the enemy's enticements," Ayatollah Khamenei said. "They should not be enemies."

Palestinian Leaders Try To Resolve Split Over Key Posts (NYT)

By Isabel Kershner

The New York Times, March 5, 2007

JERUSALEM, March 4 — Mahmoud Abbas, the Palestinian Authority president and the leader of the Fatah faction, arrived in Gaza on Sunday to meet with Ismail Haniya, the caretaker prime minister from Hamas, in another effort to iron out differences over a possible Palestinian unity government.

Spokesmen from Fatah and Hamas expressed hopes over the weekend that the new government would be formed this week. But nearly a month after agreeing at Mecca, Saudi Arabia, to create a new government, Hamas and Fatah still disagree on important posts, including interior minister.

The problem is not just the Interior Ministry portfolio, which controls some of the Palestinian Authority security services, but also the potential inclusion of representatives of other factions that are considered terrorist groups by the United States. Nor is it clear that the factions are agreed on a political document that is supposed to guide the government's work.

Fatah and Hamas signed the Mecca agreement on Feb. 8, paving the way for a unity government. Under the terms of the agreement, Hamas can nominate an independent candidate for the Interior Ministry, but the appointment has to be approved by Fatah. Two candidates proposed by Hamas have been rejected by Mr. Abbas.

Mr. Haniya officially resigned as prime minister on Feb. 15 and declared that he would form the new government within three weeks. Palestinian law gives him another two weeks' grace after that.

The process has already hit delays. Mr. Haniya had asked the factions to submit the names of their ministerial candidates by this past Friday, and he was supposed to have met with Mr. Abbas on Saturday.

Hamas announced Saturday that it had submitted its names to Mr. Haniya. But Fatah officials have suggested that it will take several days until their party presents its nominees.

A Fatah spokesman, Ahmad Abdul Rahman, told Palestinian radio that Mr. Abbas would stay in the Gaza Strip for several days.

The purpose of the unity government is to end internal Palestinian fighting, which has claimed about 100 lives in recent months, and to try to end the international economic boycott that crippled the previous Hamas-led government. Hamas came to power after winning elections in January 2006, but it is defined as a terrorist group by Israel, the United States and Europe.

The countries of the so-called quartet of negotiating partners — the United States, the European Union, the United Nations and Russia — have laid down conditions for a resumption of direct aid. In order to qualify, the new government would have to recognize Israel's right to exist, renounce violence and accept previous signed agreements.

Hamas has so far failed to meet the demands in any explicit way, though Palestinian leaders argue that a unity government would come some way toward doing so.

A Hamas spokesman, Ismail Radwan, said that in their meeting, Mr. Abbas and Mr. Haniya would discuss the "broad outlines" of a political program for the proposed government.

Mr. Radwan told Palestinian radio that Hamas's ministerial candidates "were chosen from the first, second and third ranks" of the Hamas leadership and were "far from the frame of political symbolism," suggesting a lower Hamas profile in the new government. Most have not served as ministers before and are not members of the Palestinian parliament, he said.

A Fatah "young guard" leader, Hatem Abdul Qader, said the candidates would also include new faces.

The post of finance minister has already been promised to Salam Fayyad, a political independent and a former finance minister who has gained the confidence of the West.

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In a new development, the militant Popular Front for the Liberation of Palestine-General Command has apparently asked to join. The Popular Front is a Marxist splinter group based in Syria and is classified by the State Department as a terrorist organization.

Like Hamas, it rejected the Oslo accords that gave rise to the Palestinian Authority in the mid-1990s. Unlike Hamas, it has not run for election in the Palestinian territories and has practically no constituency there.

Mr. Radwan said that if its participation were approved, the Popular Front could be assigned one of the portfolios allocated for independents and smaller parties, or one of Hamas's own. "We are frankly interested in convening all the Palestinian factions in the national unity government," he said.

Small factions like the Popular Front are "in a struggle for survival," said Mahdi Abdul Hadi, director of Passia, a private Palestinian research center in Jerusalem. "They don't want to be forgotten."

Being in government would give them legitimacy, he added, and would empower them for the next round in the post-Mecca reshaping of the Palestinian political system — namely, the reconstitution of the Palestine Liberation Organization.

"This is like a business relationship, in which principles are put aside," Mr. Abdul Hadi said.

The small, radical Islamic Jihad faction is an exception, having announced that it would not participate in elections or in any unity government.

School Linked To Hamas Gets U.S. Cash (WT)

By Joel Mowbray

The Washington Times, March 5, 2007

Millions of dollars in U.S. foreign aid have been given in the past several years to two Palestinian universities -- one of them controlled by Hamas -- that have participated in the advocacy, support or glorification of terrorism.

The funding -- principally in scholarships to individual students -- is being eyed by several members of Congress and their aides, who say it may violate U.S. law.

The U.S. Agency for International Development (USAID) has provided more than $140,000 in assistance to the Hamas-controlled Islamic University in Gaza -- including scholarships to 49 of its students -- since Congress changed the law in 2004 to restrict aid to entities or individuals "involved in or advocating terrorist activity."

No U.S. assistance was directed to Islamic University last year, but USAID continues to fund multimillion-dollar programs through American Near East Refugee Aid (ANERA), which is building a high-tech facility for the school. U.S. law requires that any recipient of U.S. aid have no association with terrorists.

USAID also gave $2.3 million in aid last year to Al-Quds University, which has student groups affiliated with designated terrorist organizations on campus and last month held a weeklong celebration of the man credited with designing and building the first suicide belts more than a decade ago.

"It is outrageous that U.S. taxpayer dollars are going toward institutions that support terrorists," said Rep. Gary L. Ackerman, New York Democrat and chairman of the House Foreign Affairs subcommittee on the Middle East and South Asia.

"These loopholes must be closed so that taxpayer funds are used for their intended purpose and not to subsidize terrorism and the promotion of hatred toward Israel and the United States."

Rep. Nita M. Lowey, New York Democrat and chairwoman of the committee responsible for USAID funding, said, "It goes without saying that U.S. taxpayer dollars should absolutely never be used for advocating or honoring terrorist activity. Support for terrorists and terrorism in any shape or form is unacceptable."

USAID adamantly denies that it has violated any laws.

"Every grant we give, every bit of assistance we provide, we do in a way that is fully compliant with the law," said a USAID official, who agreed to talk only on the condition of anonymity.

In the case of Islamic University, the official said, USAID vetted the school president, the vice president of academic affairs and the dean of the library. It provided $12,000 worth of computers and materials to the school's library.

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Students are vetted for connections to terrorism before being granted scholarships, the official added, but, "We don't follow every student and track every meeting they go to." Unlike other U.S. aid recipients, the scholarship students have not been required to sign pledges not to participate in terrorism.

The latest congressional interest in USAID's funding in the West Bank and Gaza was triggered by a report from Palestinian Media Watch (PMW), a pro-Israel group that monitors the Palestinian press.

Included in the report were translations of several Palestinian newspaper articles that discuss the activities of student chapters of Hamas and Islamic Jihad at Al-Quds University and other Palestinian schools assisted by USAID since 2005. Hamas and Islamic Jihad are on the U.S. list of terrorist organizations.

The USAID official did not deny that student groups affiliated with terrorist organizations were on campuses of schools assisted by the agency, but stressed that such organizations receive minimal support from the schools and are not part of "the official administrative structure."

Aides to several congressmen said they were most troubled by USAID assistance to Islamic University in Gaza City, which is openly controlled by Hamas leaders.

The organization held a two-day conference in 2005 on the "martyrdom" of former Hamas spiritual leader and founder Sheik Ahmed Yassin, who was killed in an Israeli air strike in 2004. Sheik Yassin founded the school in 1978.

Sheik Yassin and former Hamas leader Abdel Aziz Rantisi used Islamic University as a base, as has Ismail Haniyeh, prime minister in the Hamas-led Palestinian government and a member of the school's board of trustees.

Sixteen Islamic University lecturers and teachers are elected Hamas members of the Palestinian legislature. In 2005, 78 percent of the student council vote went to Hamas, according to a Palestinian newspaper article provided by Palestinian Media Watch.

When challenged by Congress last year on its assistance to the school, USAID noted that the funding was not renewed last year. Nonetheless, the agency is providing millions in grants to ANERA, which is building a high-tech facility in Gaza City for the university. California-based Intel Corp. is underwriting the project.

In a document USAID sent to Congress last year, USAID wrote that ANERA "is required to ensure that no assistance is provided to terrorist organizations or individuals associated with terrorist activities, regardless of whether or not the activity involves [U.S. government] funding."

Also causing congressional concern is a PMW's report that Al-Quds University last month held a weeklong celebration honoring Yahya Ayyash, the Hamas leader known as "the shahid [martyr] engineer." He is credited with creating the first suicide belts in the mid-1990s and training the next generation of suicide bomb makers.

The opening event, as reported by a Palestinian newspaper and found in the PMW report, included a speech by university administrator Yusuf Dhiyab, "who discussed shahids and the mark that the shahids left on the history of the Palestinian nation and how they succeeded in uniting the nation."

In September, USAID announced an "extraordinary one-time" issuance of 2,000 scholarships for Palestinian students attending Al-Quds University at a total cost of $2.2 million, according to USAID. Simultaneously, USAID provided $100,000 in "in-kind assistance" to Al-Quds University.

In a written statement, USAID said Al-Quds University requested emergency assistance last summer, and the $2.3 million was offered because "strong U.S. support existed for assistance to moderate Palestinian leaders."

The statement singled out Al-Quds University President Sari Nusseibeh as "one such prominent and respected figure."

But Mr. Nusseibeh appeared on the Al-Jazeera satellite channel in 2002 with Hamas political bureau chief Khalid Mashaal and the mother of a suicide bomber, according to a transcript provided by the Middle East Media Research Institute (MEMRI).

"When I hear the words of Umm Nidal, I recall the [Koranic] verse stating that 'Paradise lies under the feet of mothers,' " he said, according to MEMRI. "All respect is due to this mother; it is due to every Palestinian mother and every female Palestinian who is a Jihad fighter on this land."

White House Tussles On Doha (WSJ)

By Greg Hitt And Deborah Solomon

DOJ_NMG_0139488

The Wall Street Journal, March 5, 2007

WASHINGTON -- As angst over the shaky state of the U.S. trade agenda grows, tensions are emerging within President Bush's inner circle over how best to get the stalled Doha round of world trade talks moving.

The chairman of the National Economic Council, presidential friend Allan Hubbard, and national-security adviser Stephen Hadley have privately voiced frustration with the tortured pace of action in the latest stage of comprehensive talks.

Launched in Doha, Qatar, soon after the terrorist attacks of Sept. 11, 2001, the talks had as their primary aim better integrating poor nations into the global trading system. Messrs. Hubbard and Hadley have pressed for a bolder U.S. offer in an effort to encourage other countries to compromise.

In one heated meeting among top Bush aides just before Christmas in the Old Executive Office Building, U.S. Trade Representative Susan Schwab opposed the idea of a grand offer. Ms. Schwab, who had seen a similar move by her predecessor flop, pushed instead for "quiet negotiations" focusing on details to build trust among Doha's participants.

Mr. Bush sided with Ms. Schwab, and has continued to back her. But she is now at risk of being overshadowed -- some fear undercut -- by new Treasury Secretary Henry Paulson, who is moving deeper into the public debate on Doha and trade.

In a speech Thursday, Mr. Paulson said increased trade is "essential to our growth" and cited Doha as especially important for the U.S. He noted that Ms. Schwab, who heads to Europe this week to confer with counterparts there, is "working hard to make progress toward a meaningful agreement."

Last week, World Trade Organization chief Pascal Lamy told The Wall Street Journal he was hopeful the U.S. and Europe were ready to make enough concessions on cutting farm aid to reopen the Doha talks soon, but he said a final deal still would face major hurdles.

Mr. Paulson, who recently named a former deputy U.S. trade representative to handle his China portfolio, will be abroad this week. He plans to argue for improved capital flows and lower trade barriers during a swing through Asia, including a stop in Seoul to pitch a free-trade pact with South Korea ahead of formal U.S.-Korean talks.

Mr. Paulson's higher profile reflects the widening sense of urgency within the Bush administration about the need to kick-start Washington's trade agenda, as doubts about the benefits of free trade and globalization have grown on Capitol Hill and among the public. Showing even modest progress on Doha could give the Democrat-controlled Congress impetus to renew the president's trade-negotiating authority, which expires in June. Extending his ability to present trade deals for a straight up-or-down vote by lawmakers would in turn buy Mr. Bush more time to close a Doha deal.

With the president endorsing quiet diplomacy, others in the administration are falling in behind Ms. Schwab. "We have looked to Sue's lead," Mr. Hubbard said. He said he doesn't recall the December meeting, adding, "We have a jillion meetings around here." A Hadley spokesman declined to comment on "internal deliberations."

For her part, Ms. Schwab said differences of opinion are healthy. "You always have to be thinking about different tactics and strategies," she said. But the trade official now faces pressure to show movement. In administration meetings, she has argued that informal meetings among major Doha players show signs of progress. And she will look smart if a deal comes together.

That is far from certain, though. Hence, Mr. Paulson's coming push on Doha, which administration officials say is designed to give some broader political momentum to the initiative.

The danger is that Mr. Paulson, a former Goldman Sachs chairman, could undercut Ms. Schwab's credibility. "You really risk further diminishing Sue in this, which is going to make it harder to get any deal," said Grant Aldonas, the top trade official at the Commerce Department during Mr. Bush's first term.

Ms. Schwab isn't the first trade representative to get a chaperone. In the 1980s, then-Treasury Secretary James Baker helped trade chief Clayton Yeutter close a controversial deal with Canada. Clinton White House aide Gene Sperling accompanied then-trade ambassador Charlene Barshefsky to Beijing to finalize a deal paving the way for China to join the WTO, the group shepherding the Doha talks.

After Republicans lost control of Congress in November, Ms. Schwab made it a priority to work with Democrats, even as she continued negotiations abroad. But White House officials began looking to Mr. Paulson, who enjoys huge name recognition and respect overseas from his Goldman Sachs days, to buttress her efforts. "He's got an enormous amount of credibility," Mr. Hubbard says.

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Mr. Paulson has a mandate from Mr. Bush to roam across issues within the administration. Taking office a few months after Ms. Schwab, he has carved an ever-greater role for himself as a free-trade advocate.

Aides to Ms. Schwab and Mr. Paulson said the two see their roles as complementary, and consult two or three times a week.

Things haven't always gone smoothly. In November, Mr. Paulson wrote an op-ed piece on Doha with his British counterpart, Gordon Brown. Ms. Schwab was caught unawares. The article was published the day before her own appearance at the U.S. Chamber of Commerce, where she intended to make a postelection overture to Democrats on trade. Mr. Paulson later apologized to Ms. Schwab, officials said.

Beijing Accelerates Its Military Spending (NYT)

By Jim Yardley And David Lague

The New York Times, March 5, 2007

BEIJING, March 4 — China announced its biggest increase in defense spending in five years on Sunday, a development that quickly prompted the United States to renew its calls for more transparency from the Chinese military about the scope and intent of its continuing, rapid arms buildup.

Jiang Enzhu, a spokesman for the National People's Congress, the Communist Party-controlled national legislature, said China's military budget would rise this year by 17.8 percent to roughly 350 billion yuan, or just under $45 billion.

"We must increase our military budget, as it is important to national security," Mr. Jiang said at a news conference. "China's military must modernize. Our overall defenses are weak."

But China's military modernization efforts, particularly its drive to develop advanced weaponry, have been raising concern from Washington to Tokyo to New Delhi, where officials are worried that the buildup could be as much offensive as defensive. In January, China set off fears of an arms race in space when it successfully tested an antisatellite missile that destroyed one its own aging weather satellites. A month earlier, the People's Liberation Army began deploying the country's first state-of-the-art jet fighter, the J-10.

These advances reflect China's intense focus on scientific and technological development, and are the fruits of more than a decade of increased military spending. China's defense outlays increased an average of about 15 percent a year from 1990 to 2005, according to the Chinese military. This year's jump is the largest one reported since military spending rose by 19.4 percent in 2002.

Military analysts in the United States and Europe say that China's public military budget actually reflects only a fraction of its overall defense spending, and that the real figure is likely to be two to four times higher. Most defense analysts agree that China's military focus is to build a force that would prevail in any conflict with Taiwan, which it regards as a renegade province, and also to be capable of creating a deterrent to American military intervention.

On Sunday, John D. Negroponte, the new deputy secretary of state, chose not to focus on the size of the latest budget increase, but instead emphasized that China needed to be less secretive about its military buildup.

Mr. Negroponte, who is touring Asia, said military officials from both countries were already holding informational exchanges, and called on China to use these discussions to better explain its military ambitions.

"I think the point we would make with respect to military spending and military acquisition of various types would be the point about transparency," Mr. Negroponte said at a news conference in Beijing.

Chinese officials, meanwhile, assailed Mr. Negroponte over a recent weapons deal in which the United States approved the sale of more than $400 million in air and ground missiles to Taiwan. The missiles are considered a defensive measure against the steady buildup of Chinese missiles aimed at Taiwan.

Chinese officials lobbied Mr. Negroponte to reverse the deal and urged the United States not to send "mistaken signals" to Taiwan.

The deputy secretary said any weapons sale to Taiwan "would be for strictly defensive purposes."

Mr. Negroponte, who was appointed last month as the State Department's second-ranking official, held meetings with Foreign Minister Li Zhaoxing, State Councilor Tang Jiaxuan and two vice foreign ministers, Dai Bingguo and Yang Jiechi. He

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offered few details about the discussions, but said the topics included North Korea, Iran, trade tensions and regional security issues.

Mr. Negroponte emphasized the constructive working relationship between the United States and China. But China's military budget increase is a reminder of the growing unease in Washington about Beijing's long-term intentions. Japan and India are also watching China's military drive and increasing defense spending.

In a news conference before Mr. Negroponte's statements on the budget, Mr. Jiang, the National People's Congress spokesman, said that China's intentions were peaceful, and that any fears about its military ambitions were unfounded. He noted that China spent only a fraction of the proposed United States Defense Department's $481.4 billion budget for the next fiscal year — a figure that does not include spending on the wars in Iraq and Afghanistan.

He said China's new spending would be dedicated to increasing salaries and benefits for soldiers, as well as to overall modernization and technological upgrades.

"China is committed to taking a path of peaceful development and it pursues a defensive military posture," Mr. Jiang said.

The modernization efforts are also positioning China as a weapons supplier for other countries.

Military analysts say China's main motive in developing the J-10 is to diminish the technological advantage of Taiwan's Air Force. But analysts say China also plans to market the fighter plane to countries that cannot afford more expensive fighter planes sold by other countries.

China's technological push comes as the country continues to shrink the world's biggest standing army. Since 2003, the army's personnel has been reduced by 200,000 to 2.3 million soldiers, according to government figures. Spending is now focused on better training and equipment for this leaner force.

China Boosts Military Spending (WP)

By Edward Cody

The Washington Post, March 5, 2007

BEIJING, March 5 -- China announced Sunday that it will increase military spending at a sharply higher rate this year, budgeting a rise of nearly 18 percent, and a senior U.S. official immediately called for clarity on the planned expenditures.

Deputy Secretary of State John D. Negroponte said at a news conference at the end of his maiden visit to Beijing in his new post that the Bush administration is dissatisfied with China's unwillingness to share such information. "We think it's important in our dialogue that we understand what China's plans and intentions are," he said.

The government's military budget announcement and Negroponte's swift appeal for more transparency highlighted a particularly uneasy point in what has become a broad, close and increasingly important U.S.-China relationship.

Negroponte has been assigned the lead role in managing that relationship, a mission he emphasized by calling on Chinese officials so soon after his Feb. 13 swearing-in. Apparently by coincidence, the Chinese government chose the same moment to announce that its declared military expenditures for 2007 will amount to $44.94 billion, an increase of 17.8 percent.

According to Pentagon estimates, that declared total represents about a third of actual military spending if equipment purchases are taken into account. But even that would amount to only a fraction of the U.S. military budget, which is proposed to rise to about $623 billion for fiscal 2008.

China has been steadily increasing military expenditures for more than a decade, seeking to recover from a long lag compared with other major powers. But the figure for 2007 drew attention because it represents the biggest jump in several years.

In reaction to the spending climb and resulting improvements in China's forces, the United States has regularly urged China to open its ultra-secretive military to more scrutiny and share its strategic outlook with Washington to avoid misunderstandings in the region. The outgoing U.S. Pacific Command chief, Adm. William J. Fallon, was particularly active in seeking to organize more contacts between the two military hierarchies.

Negroponte said he, too, will push for closer connections. "It's not so much the budget and the increases as it is understanding these things through dialogue and contacts," he said.

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A spokesman for the National People's Congress, which opened its annual session Monday, said military expenditures were rising to cover the cost of better training and higher salaries in the 2.3 million-member People's Liberation Army and benefits for about 200,000 soldiers shed from the ranks over the past several years. Reducing the lower ranks and improving technological training for remaining troops have been major parts of the country's long-range military improvement program.

The spokesman, Jiang Enzhu, said China's military expenditures do not represent a threat to other countries because President Hu Jintao's government has vowed to use the military only in "defensive operations." He added that "China is committed to following the path of peaceful development, and it has adopted a defensive posture."

The official New China News Agency quoted the head of the military's General Logistics Department, Liao Xilong, as saying that the extra money would also go toward improving China's ability to wage high-tech warfare, to defend its information systems against jamming and to coordinate among land, air and sea forces.

"The present-day world is none too peaceful," he said, according to the news agency. "To protect national security and territorial integrity, we must adequately increase spending on military modernization."

Premier Wen Jiabao, delivering his annual government report to the National People's Congress, also underlined the country's determination to modernize its armed forces, saying they must be able to "effectively carry out the historic mission of the army in the new stage of the new century."

"We will intensify defense-related research and efforts to produce advanced weaponry and equipment," he told the legislature.

Laying out his government's aims for 2007, Wen also vowed to increase spending on environmental protection, rural education and health insurance for the poor. He forecast that China's economy will grow by 8 percent this year, which would be a drop from the more than 9 percent recorded in 2006.

Underlying China's determination to build a more modern military -- and a factor in the U.S. call for transparency -- is the risk of conflict over Taiwan, which sits 100 miles off the mainland.

The island has been self-ruled since Nationalist forces fled there in 1949 as Mao Zedong's Communist troops took power. But in Beijing's eyes it remains a Chinese province that must at some point return to the fold. The government here has vowed to use force as a last resort if Taiwan moves decisively toward formal independence.

Negroponte said Chinese officials raised with him the Bush administration's recent decision to sell Taiwan about 400 missiles, contending that the $421 million deal violated U.S. commitments to a one-China policy. In response, Negroponte said, he emphasized Washington's adherence to the one-China principle but reminded them of legislation mandating U.S. help for Taiwan's defense.

Chinese Military Spending To Rise By 18% (FT)

By Andrew Yeh In Beijing

Financial Times, March 5, 2007

China's defence spending will jump nearly 18 per cent year-on-year to Rmb350.9bn ($45.3bn, €34.4bn, £23.3bn) this year, the largest annual rise in spending in recent years, according to a forecast by Beijing's legislature.

Jiang Enzhu, a spokesman for the National People's Congress, which convenes in the capital on Monday, said on Sunday that the main reason for the rise was to "make up for the weak foundation" of the nation's armed forces.

The newly allocated funds for the People's Liberation Army will be about 7.5 per cent of the nation's total budgeted spending for the year, according to Mr Jiang. The real spending figure is believed to be much higher, however, since the official number probably does not include large procurements and other costs.

In the past, the Pentagon has said China's real military spending could be as much as three times the stated sum.

The Bush administration has, in recent weeks, expressed increased suspicion of the general objectives and technological sophistication of the Chinese military, which is extremely secretive.

John Negroponte, the US deputy secretary of state, called on Chinese leaders on Sunday to explain clearly what their "plans and intentions" are for the build-up.

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"It's not so much the budget and the increases...as it is understanding those questions better through dialogue and transparency," he said at the US embassy.

Beijing's foreign ministry said at the weekend that it "resolutely opposes" recent US plans to sell 450 air and ground missiles to Taiwan. China considers Taiwan a renegade province and aims hundreds of missiles at the island.

"I stressed [to Chinese counterparts] that any weapons sales that we might make to Taiwan would be for strictly defensive purposes and consistent with the 'one China' policy," Mr Negroponte said.

His comments were made just days after Dick Cheney, the vice-president, said on a trip to Australia that China's stated peaceful spending rise was "not consistent" with its current military policies.

Mr Jiang said that the boosted funds would mainly go towards wages for armed forces personnel, improving living quarters and upgrading equipment. He did not elaborate further.

"It's a moderate increase in step with China's economic development," the Xinhua news agency quoted Liao Xilong, a member of the central military commission, as saying. Officials and legislators from around the country are gathered in Beijing to discuss laws and finances.

In a rare white paper on defence released last December, China estimated that its military spending in 2005 was only 6.2 per cent of total US spending and just over half that of the UK.

Mr Negroponte said there has been a lot of dialogue with Beijing since January, when China fired a missile to destroy an old satellite in space, becoming only the third country to do so.

China's Military Buildup Spurs Concerns (WSJ)

By Gordon Fairclough And Andrew Batson And Jason Leow

The Wall Street Journal, March 5, 2007

China says it plans to boost military spending by nearly 18% this year -- the largest increase in a decade -- in a move that could raise tensions with the U.S.

A spokesman for the National People's Congress, which is set to approve China's annual government budget this week, said China is trying to strengthen its armed forces in step with its rapid economic growth. He added that the increase would fund improvements in military technology as well as raise soldiers' pay.

The growth in China's publicly disclosed defense spending -- which many analysts believe understates the total actually devoted to military programs -- has drawn criticism from top U.S. officials, who question China's intentions.

During a visit to Australia late last month, Vice President Dick Cheney said China's "fast-paced military buildup" is "not consistent with China's stated goal of a 'peaceful rise.'"

China disclosed the 2007 spending figure just before a meeting between Deputy Secretary of State John Negroponte and China's foreign minister, Li Zhaoxing, in Beijing.

Speaking later to reporters, Mr. Negroponte said that while Pentagon officials in the past had discussed the issue of the defense buildup with the Chinese military, he remained unclear about China's motivations for the buildup. "We think it's important in our dialogue that we understand what China's plans and intentions are," he said. "This is in our view a perfectly reasonable suggestion which we would hope that they take into account."

The NPC spokesman, Jiang Enzhu, acknowledged such concerns. Speaking to reporters yesterday, he noted that "in international society, there are some people who are greatly concerned about China's defense spending."

Mr. Jiang said the increases are "still compensating for the weak foundation in national defense" that resulted from insufficient government investment during the 1980s, adding: "China will not become a threat to any country."

Despite double-digit increases in recent years, including last year's 14.7% rise, Chinese defense spending remains far below that of the U.S. and other major powers, in both relative and absolute terms.

China's defense budget for this year amounts to nearly $45 billion. The U.S. defense budget for the 2007 fiscal year, which ends Sept. 30, is expected to top $600 billion. China's spending is equivalent to somewhat more than 1% of the country's gross domestic product. The U.S. spends about 4% of GDP on defense.

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Even so, the U.S. and China's Asian neighbors are increasingly concerned about China's strengthening military -- worries that escalated markedly after China's successful test of an antisatellite missile in January.

Chinese officials appeared taken aback at the international reaction to the unannounced missile test and have lately issued a number of statements meant to reassure foreign capitals that Beijing harbors no aggressive intent.

But China is determined to improve the technological capacity of its 2.3-million-member armed forces, which still lag far behind those of developed countries, in order to protect its increasingly global interests.

For Chinese strategic thinkers, the increased integration of China into the global economy is prompting a revolution in their views of the role of the military, which has been focused for most of its existence on domestic threats, territorial defense and border conflicts.

Much of China's military focus remains on Taiwan, which Beijing views as part of its territory. Chinese leaders' belief that their country's military has been incapable of using force to take Taiwan -- which buys weapons from the U.S. -- has long rankled and helped spur modernization efforts.

While not linking the military-spending increase directly to Taiwan, Mr. Jiang criticized the administration of President Chen Shui-bian, and reiterated China's intent eventually to rule the island. "We will strive with the greatest sincerity and the greatest effort to realize the prospect of peaceful reunification, but we will never tolerate Taiwan independence," Mr. Jiang said.

In Taipei, President Chen delivered strong pro-independence remarks apparently aimed at provoking China and appealing to his base. "Taiwan should be independent, Taiwan should go by its own name," he said at a banquet marking the 25th anniversary of the pro-independence group, the Formosan Association for Public Affairs.

Both countries retain "China" in their formal names, with Taiwan known as the Republic of China and the communist-ruled mainland officially called the People's Republic of China. But in a bid to assert Taiwan's separate identity in the past year, Mr. Chen's independence-leaning administration has substituted "Taiwan" for "China" at the post office and two big government companies.

China Boosts Defense Fund As Talks End (WT)

By Ed Lanfranco, The Washington Times

The Washington Times, March 5, 2007

BEIJING -- Traditional fireworks ending China's lunar New Year celebrations were overshadowed yesterday by a display of political pyrotechnics that included a big boost in military spending, tough talk on Taiwan and a conclusion to two days of delicate diplomatic talks with the United States.

The biggest bombshell was a 17.8 percent increase in the defense budget, announced at a press conference ahead of the opening today of the annual meeting of the National People's Congress (NPC).

"China must increase the military budget for protecting national security and promoting the reunification of the motherland," said NPC spokesman Jiang Enzhu. "This increase is compensatory in nature in order to make up for the weak national defense foundation of our country."

The remark on reunification clearly was aimed at Taiwan, the island republic of 23 million people that the mainland government considers a breakaway province.

Mr. Jiang said that "deterring Taiwan's independence and maintaining peace in the Taiwan Strait" remained a "pressing task" for the NPC because of a "continuing push for de jure independence" in Taipei.

Arguing that secession efforts "will not enjoy popular support" in Taiwan, Mr. Jiang said, "If you want to push for independence for Taiwan, you will not have success at the end of the day."

John D. Negroponte, the newly confirmed U.S. deputy secretary of state, wound up two days of talks in Beijing made more delicate by reports that the United States plans to sell Taiwan 450 air and ground missiles to counter China's missile buildup.

"Any weapons sales we might make to Taiwan would be for strictly defensive purposes and consistent with the one-China policy," which considers Taiwan and the mainland as one country, Mr. Negroponte said after his talks.

On the jump in the defense budget, after several years of double-digit increases, Mr. Negroponte expressed concern that much of China's military spending is hidden from view.

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"We think it's important in our dialogue that we understand what China's plans and intentions are," Mr. Negroponte said.

"We should continue, and perhaps intensify, dialogue so that we have a bit better understanding of exactly what it is the government of China has in mind with respect with its military modernization, what doctrines underlie this and what their intentions are."

Since Hu Jintao became the country's supreme leader in November 2002, China's defense budget has increased by 9.6 percent in 2003, 11.6 percent in 2004, 12.6 percent in 2005 and 14.7 percent last year.

The Pentagon and defense analysts think China's actual military spending may be three or four times higher than the budget figures, which do not include weapons procurements and key items such as research and development.

That would include the construction of five new nuclear-missile submarines first reported in The Washington Times last week.

The NPC spokesman said most of the increase in the defense budget will be used to boost wages and living allowances for the armed forces and to upgrade armaments that "enhance the military's ability to conduct defensive operations."

He characterized expenditures as "quite modest" compared with the military budgets of Britain, France, Japan and especially the United States.

Paulson Doesn't See China As Enemy (WT/AP)

The Washington Times, March 5, 2007

ASSOCIATED PRESS

Treasury Secretary Henry M. Paulson Jr. says the economy is healthy, inflation seems under control and the U.S. should not perceive China as an economic enemy.

Mr. Paulson, who this week makes his third visit to China as Treasury secretary, said in a television interview broadcast it is essential that both countries have strong economic ties. The former head of the investment company Goldman Sachs has said China is moving too slowly in overhauling its currency system and cracking down on copyright piracy. U.S. businesses blame these factors for the soaring U.S. trade deficit with China.

"I would say that our relationship with China is multifaceted, and it's a very important relationship for the U.S. And I don't believe we need to make China an enemy," Mr. Paulson said.

Democrats in Congress have criticized the Bush administration for doing too little to protect U.S. workers from unfair foreign trade practices. Mr. Paulson thinks protectionist barriers in this country would hurt U.S. consumers and make the United States less competitive.

"[China's] whole economy is developing; their capital markets are not nearly as developed as their manufacturing economy. They're not reflective of the Chinese economy overall. They're largely cut off from the global capital markets," he said.

"But as they reform those capital markets and as they open them up to competition, this will make it possible for them to have a currency that trades in a competitive marketplace. This will help their economy develop in a way [that] it'll be good for them and good for us, because there will be a bigger market for our exports," Mr. Paulson said.

After a week in which the Dow Jones Industrial Average posted its worst weekly performance in more than four years, Mr. Paulson said yesterday that he felt good about the economy and discounted the chance of an economic downtown.

"Markets never move in any one direction forever in a straight line. And so I look at it and put it in perspective and say, over the last year, the Dow's up almost 11 percent, [the Standard & Poor's 500] up 9 percent, and I'll take it," Mr. Paulson said.

The Dow dropped 416 points Tuesday after big declines in China and other countries. The Dow fell 533 points for the week, rattling investor confidence about the state of the U.S. economy.

The sell-off followed comments a day earlier by former Federal Reserve Chairman Alan Greenspan that the economy might slip into recession by year's end. Weeks ago, the current chairman, Ben S. Bernanke, gave Congress a mostly upbeat assessment of the economy's prospects.

"Clearly, no one's got a crystal ball. So there's always a possibility that there will be a downturn, always a possibility," Mr. Paulson said. "But I don't see it. I think we have a healthy economy in the U.S.

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"You know, a year ago, when the growth rates were much higher, I was concerned. I said, 'Is this going to be sustainable?' Now I'm looking at it and I'm seeing a situation where it looks like we're successfully making the transition.

"The consumer's strong. Exports have been greater than imports for quarters running, and they're adding to our growth," the secretary said in an interview taped Friday for "This Week" on ABC.

"We've got a very healthy labor market. ... Inflation seems to be contained. And what really makes a difference to me is the average worker is now beginning to feel the benefits. Real income is up 2.1 percent for the average American worker over the last year. So I'm feeling good about the U.S. economy."

On other topics, Mr. Paulson said:

• He opposes efforts in Congress to rein in executive pay. Last week, the head of the House Financial Services Committee and 21 other Democrats proposed legislation to give shareholders at public companies a formal say in executives' compensation packages.

"What upsets people in this country is pay for failure. And so I think it's very, very important that compensation be tied to performance," Mr. Paulson said.

• His talks with Mr. Bush about China usually bring up global warming.

"Almost every time I talk with the president on China, he asks me how we're doing on the environmental issues with China. Because they're building one coal plant every week, and a lot of it is with some of the more less-developed technology, and there's a lot we can be doing to make advances there," said Mr. Paulson, a former chairman of the Nature Conservancy.

Paulson Renews Yuan-Reform Talk (WSJ/AP)

The Wall Street Journal, March 5, 2007

WASHINGTON -- Treasury Secretary Henry Paulson said that the U.S. shouldn't make China an enemy, but that Beijing needs to step up reform of its currency to resolve short-term differences.

Mr. Paulson, who this week makes his third visit to China as Treasury secretary, said it is essential that both countries manage disagreements to maintain strong economic ties.

"I would say that our relationship with China is multifaceted and it's a very important relationship for the U.S. And I don't believe we need to make China an enemy," Mr. Paulson said on U.S. TV yesterday.

"If we manage the relationship -- the overall relationship with China properly, it's going to benefit both of our countries for a long time to come."

Mr. Paulson said it is "a top priority to get this long-term economic relationship right between our two countries and to deal with the most pressing short-term issues."

He said that he would continue to press for improving flexibility in the Chinese currency.

Britain's Gordon Brown: A Change In Tone For US (CSM)

By Mark Rice-oxley

The Christian Science Monitor, March 5, 2007

LONDON

Ever since Tony Blair let slip in September 2004 that he had plans to step down, two questions have loomed large in Britain. When will he go, and what will his successor do differently?

Now that the answer to the first question is more or less settled – Mr. Blair is expected to move on by midsummer – the focus is turning to the second.

Barring an improbable political upset, that man will be Gordon Brown, an earnest Scot with a rigorous intellect and a passion for social justice who has served – not always comfortably – for 10 years as Blair's finance minister and right-hand man.

Members of Parliament, political analysts, and people who know Mr. Brown say he will be a much different prime minister from Blair. His interests are Africa and trade justice rather than the Middle East; he was never enthusiastic about Iraq; he appears to have little in common with President Bush.

But although Brown is sometimes seen as the embodiment of core Labour values, the caricature of him as a closet socialist suspicious of America and skeptical about war is off the mark.

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"Gordon is very much an Americaphile, in some ways more than Blair," says Stephen Twigg, a former government minister who is now director of the Foreign Policy Center think tank in London. "When he goes on holiday abroad ,he tends to go to Cape Cod, while Blair normally holidays in Europe. Culturally, Gordon is very much an Atlanticist with strong connections to US politics."

Brown is not yet home free. Some in his Labour Party mutter that his diffident ways and clear association with 10 years of Blairism may make it difficult for him to appeal to voters. But so far, there is no sign of another Labour candidate coming forward to challenge him for the role of party leader that Blair will vacate. If no one does, Brown will accede unchallenged to the Labour helm, and as a result will take over as prime minister as well.

Americans may find him a very different proposition from Blair, more cautious, possibly less compliant. Some say the White House should prepare for a big change in style, if not substance. "There'll be a huge difference because Brown is not an actor like Blair," says Tom Bower, a journalist and author who wrote a 2004 biography of Brown. "But he is an Atlanticist and won't break the relationship with Washington."

What he might do, however, is accentuate the differences between London and Washington. Blair was always apt to minimize whatever disputes arose and stress the unity of the two allies, which often made him look obsequious and earned him the unflattering sobriquet "Bush's poodle."

But diplomats have criticized him for failing to extract enough influence for his unswerving support for Bush's wars. Brown may play a tougher game.

"In those areas where there is disagreement, as there has been on climate change [and] the International Criminal Court, Tony Blair has tended to underplay those, whereas Gordon Brown might be more overt," predicts Mr. Twigg. "He will quite deliberately give emphasis to areas where there are disagreements."

"He'll be much tougher on America than Blair was," predicts Ian Gibson, a Labour parliamentarian, who, like Brown, charted a course from provincial Scotland through Edinburgh University and on to national politics. "But he has a great interest in some of the good things in America," he adds, noting that Brown is more at ease among intellectuals than among defense and institutional types in Washington. "He's more pro-America than pro-Europe in fact."

Indeed, Europeans may be dreading the prospect of a Brown premiership. While Blair aimed to haul Britain into the heart of Europe, the chancellor has given few signs of being a Europhile over the past 10 years and, apart from brief appearances at meetings, rarely visits the continent.

On Iraq, few expect a sudden change. Blair has already started the countdown to exit with the announcement on Feb. 21 of a drawdown in troops. Brown will, experts say, want to draw a line in the sand. And he may change the tune about the war, because he was far less convinced than Blair about it.

"He doesn't suggest, like Blair does, that the war in Iraq was part of the fight against terrorism," says John Curtice, a politics professor at Strathclyde University in Scotland. "He has said as little as possible on Iraq, but has said enough to suggest that he won't give speeches implying that the war in Iraq contributed to reducing terrorism in the UK."

Mr. Curtice says Brown's main aim would be to get out of Iraq as quickly as possible. "The other question is will he be willing to say we made a mistake?" he adds.

Afghanistan is a different matter. Here Brown looks to be locked into current policy. The defense ministry has just announced another rise in troop numbers, to 7,700, and the campaign in the south is viewed very differently from Iraq. "Here, he can't avoid a commitment," warns Professor George Joffe, a Middle East expert at the Center for International Studies at Cambridge University. "But he will do so at the expense of Iraq."

While Blair's foreign policy has centered around active interventionism – the idea that the West has a moral duty to intervene militarily where it sees gross injustice – Brown's big ideas are different, though equally predicated on morality. "He clearly has a passion about Africa; issues around aid, debt relief, and trade justice," notes Twigg. But whether he backs away from moral interventionism remains to be seen. "The situation in Darfur will provide a major test" of that.

Brown has already started behaving like a prime minister. In speeches now, he strays well off the financial beat, positing ideas and policies on everything from Britishness and immigration to Britain's chances of hosting the 2018 soccer World Cup.

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Allies say he will focus more on higher education, science, technology, and engineering. The need to stiffen economic competition against developing countries like India is a favored theme.

But some fret that a Brown premiership does not promise enough domestic change to revive a party suffering in the polls. Brown was, after all, the architect of many of Labour's reforms over the past decade.

As Frank Field, a former minister, wrote last week: "What new directions can be offered when the architect of current policies has merely moved up one place?"

EU-India Trade Pact Stumbles (FT)

By Jo Johnson

Financial Times, March 5, 2007

Indian objections to the inclusion of a standard "human rights and democracy" clause in a proposed free trade agreement with the European Union have emerged as a serious stumbling block, the Financial Times has learnt.

The row is a setback for the ambitious agenda set at the EU-India summit in Helsinki in October last year, when both sides pledged to deepen economic and political ties.

"This clause would, of course, be a deal-breaker," Kamal Nath, India's commerce minister, said in an interview.

"This is meant to be a -specifically targeted trade and investment agreement, which it will not be if other elements come into it."

Since a 1995 EU Council decision by member states, the European Commission has systematically included a so-called "essential elements" clause in bilateral trade and co-operation agreements. It now applies to agreements with more than 120 countries.

However, the Commission has triggered an intense debate among the EU's member states by pushing for an apparent exception for India, on the grounds that a 1994 EU-India co-operation agreement covers human rights questions.

Peter Power, spokesman for Peter Mandelson, EU trade commissioner, said: "Given how much both countries can get out of it, we feel we should forge ahead on the basis of strict economic criteria, leaving more political considerations for other agreements."

Commission officials privately acknowledged that the outcome of the debate in the EU Council was "too difficult to predict".

One said: "The council is going through the detail of the agreement at the moment. We are not out of the woods."

Bilateral trade in goods between India and the EU amounted to $40bn in 2006 and trade in services a further $8bn. Both sides say they want a "deep and comprehensive" agreement that goes beyond multilateral commitments and is not trade-diverting.

New Delhi argues that the "essential elements" clause conflicts with India's longstanding position that economic agreements should not be "contaminated" by political riders.

"India suspects that such clauses provide protectionist cover," said Pradeep S. Mehta, of Consumer Unity & Trust Society, an Indian trade think-tank.

"Because of its economic performance, India is now more self-confident about when it will give ground and when it will not give ground."

Mr Nath said: "This is a win-win deal for both sides and the EU must evaluate how much it has to gain from this agreement. It's up to the EU to work out how it wants to proceed."

India is a member of the United Nations Human Rights Council, but ranks low, according to the Asian Human Rights Commission, among the international community in terms of the ratification of international conventions and covenants.

Although it has signed the UN Convention against Torture, for example, it has resisted ratifying it on the grounds that domestic mechanisms within the country are capable of addressing the issue.

India is keen to launch an FTA with the EU as soon as possible. Manmohan Singh, prime minister, regards it as a low-key way of keeping the reforms process moving forward at a time when there is no consensus for more overt liberalisation.

Ivory Coast Leader Signs Accord With Rebels (NYT)

By Lydia Polgreen

DOJ_NMG_0139498

The New York Times, March 5, 2007

DAKAR, Senegal, March 4 — The president of Ivory Coast and the leader of a rebel group that controls its northern half signed a new agreement on Sunday to end a political impasse and reunite the country, which has been divided by war.

The plan is the latest in a long string of agreements seeking to end a simmering conflict that has kept Ivory Coast, once one of the most peaceful and prosperous nations in West Africa, divided in two and hobbled economically. Laurent Gbagbo, Ivory Coast's president, and Guillaume Soro, leader of the New Forces rebel group, met in Ouagadougou, capital of Burkina Faso, to sign the agreement.

The two sides plan to form a unity government within five weeks and form a joint military command. The agreement was brokered by Burkina Faso's president, Blaise Compaoré, after a month of negotiations.

Civil war broke out in Ivory Coast in September 2002 after a long period of upheaval and economic decline that followed the death of its first leader, Félix Houphouët-Boigny, in 1993.

The causes of the conflict were complex, rooted largely in the tension between the predominantly Muslim north, where many people are descendants of immigrants from neighboring countries like Burkina Faso and Mali, and the largely Christian and animist ethnic people of the south, some of whom claim to be the true Ivorians.

The war was brief, lasting only a few months before France and the United Nations intervened, dividing the country between the rebel forces in the north and the government-controlled south. A buffer zone was established, and since January 2003, a series of peace agreements built on the principle of power-sharing have been signed.

Each agreement so far has foundered on the difficult but essential questions that caused the war in the first place. The two sides have been unable to agree on voter registration rules and identity cards for long-postponed elections, or on how to disarm rebel groups and the pro-government militias.

Political leaders in the south, fearing that they will lose power to people of foreign descent, have excluded popular northern candidates from running through laws that bar candidates whose grandparents were not born in Ivory Coast.

Elections to choose a new president have been postponed twice, most recently under a United Nations plan that requires that elections be held before Oct. 31.

Under the current agreement, President Gbagbo is supposed to be sharing power with a prime minister, Charles Konan Banny, who was appointed in 2005 as a consensus candidate when elections could not be held in time. But Mr. Banny and Mr. Gbagbo have repeatedly clashed over the question of who has authority to run the country.

Sweden's Pension Antidote Finds A Global Audience (WSJ)

By Joellen Perry

The Wall Street Journal, March 5, 2007

As aging populations and shaky public finances make overhauling pension systems a global priority, an initiative implemented nearly a decade ago in Sweden is looking like the pension world's next big thing.

By pegging public pensions to individual earnings and overall life-expectancy rates, Sweden has given its citizens incentives to be more productive and retire later -- and sidestepped the political paralysis that has stymied change elsewhere.

SCANDINAVIAN MODERN

• The Issue: Sweden's decade-old pension system may offer a model for other countries coping with aging populations.

• The Background: Pension payouts are tied to salaries, life-expectancy rates and the health of the economy.

• The Bottom Line: Swedes are retiring later now. The formula averts some political friction.

Some Eastern European nations have already ditched their struggling post-Communist systems and gone Swedish. Steps taken in countries as diverse as Brazil and Russia boast some Swedish elements. A World Bank book based on the Swedish model has been translated into Chinese. And next month, Egypt's government will review plans to chuck the country's failing system for a Swedish version.

"There's no magic solution to the pension problem. But governments world-wide are looking at" Sweden, says Kent Weaver, political-science professor at Georgetown University in Washington. "It's starting to be seen as the best among what are now seen to be imperfect options."

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Sweden's plan -- designed in part by an American expatriate -- is conventional in that current workers' contributions fund current retirees' benefits, much as the Social Security system does in the U.S. But calculating payouts according to salaries and aging projections gives it the flexibility to accommodate revenue and population shifts. If the economy does poorly, the thin king goes, future pension payments will go down. And the longer people in a particular age group are projected to live, the smaller their pension payouts will be.

Or at least that is the theory. The changeover was made in 1999, so not enough time has elapsed to thoroughly test it. In fact, Sweden's economy has done so well since 2003 -- when benefits started being calculated in part under the new rules -- that pensioners have received more than they would have under the old structure. The downside is that if and when growth falters, retirees will get less. "It hasn't happened yet, but it will," says Ole Settergren, director of the pensions department at Sweden's Social Insurance Agency.

That approach is a break from the typical pay-as-you-go system, which defines a guaranteed benefit in advance but often saddles the state with underfunded obligations -- particularly when times are bad.

Sweden's system "is not a good system if you want to subsidize leisure," says Edward Palmer, a professor of social-insurance economics at Stockholm's Uppsala University and a Colorado native who helped design the plan.

It can be a good system, however, for politicians wary of revamping pensions, because it allows them to defer to a formula rather than promoting the unpopular options of later retirement and smaller benefits. "The political discussions behind [things like] increasing the retirement age are much more cumbersome than if it just happens mathematically," says Robert Holzmann, senior director of the World Bank's Social Protection unit in Washington.

Skeptics point out, however, that politicians still could eventually be pressured to change the system if benefits get too skimpy.

Sweden's plan has other critics. It is a tough sell elsewhere in Western Europe, where many see generous pensions as a right. Other critics include the International Labor Organization, which holds that earnings-related pensions should guarantee 40% of a person's prior average earnings. Swedes, unlike the majority of Western Europeans, get no such assurance. The system also preserves existing income inequality: Workers who earn more get more when they retire.

In the U.S., Social Security tracks what people pay through the bulk of their careers, but it reroutes contributions from wealthier citizens to prop up poorer workers' pensions.

The bottom line of the Swedish model: Most people will have to work harder to reap the kinds of pensions their grandparents could take for granted. "It puts the cost of aging onto the individual, rather than onto society," says Sarah Brooks, an Ohio State University political-science professor who has studied the plan.

Last February, the World Bank endorsed the Swedish plan as a possible antidote to pension woes world-wide. Economists at the European Central Bank followed up last fall, highlighting Sweden's approach for the 13-nation euro zone, where one-third of the population will be older than 64 by 2050.

In countries with strapped budgets, the Swedish plan's attraction is its premise that something is better than nothing -- in other words, stingier payouts help ensure the system doesn't collapse. That was crucial to persuading unions in Egypt to endorse that country's new Swedish-inspired pension plan. "They know [the old plan] is generous, but they also know it will not be there," says David Robalino, a World Bank economist who has been working in Egypt.

In Poland, where a public-relations campaign helped ensure an enthusiastic transition to a Swedish-style system in 1999, the fiscal benefits are already clear. A recent European Union report said that, despite having some of the worst demographics on the Continent, "the long-term budgetary impact of aging in Poland is the lowest in the EU."

Like Sweden, Poland mandated that a slice of pension contributions go into private accounts similar to a 401(k), where the money is invested in mutual funds. Swedes contribute 18.5% of their salaries to the pension system; only a small portion of that -- 2.5 percentage points -- is held in individual accounts. Poles contribute a total of 19.52% of their gross salaries to the system, with 7.3 percentage points going into private accounts.

The concept of individual accounts has been key to selling the plan to Swedes. Sweden sends its workers statements -- mailed annually in bright orange envelopes -- showing what they have put into their pension and what they would get at

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retirement. The money isn't really there for them (it is being paid to current retirees). But advocates say seeing it expressed as an individual account should have the psychological effect of encouraging people to work longer to win bigger benefits.

It may be working. Sweden's official retirement age is 61 years old. Since the change took effect, the average age at which Swedes retire has risen to 63.

Even partially adopting the Swedish plan can have benefits. Brazil doesn't send its citizens annual statements, and there is no private-account component. But individual-contribution and life-expectancy rates have been used to calculate private-sector pension payouts since 1999. Brazilian officials made the change after studying the Swedish model, and they have seen costs fall since.

Perhaps the Swedish plan's biggest drawback is that it remains relatively untested. The first wave of retirees who get all their benefits based on the new model won't hit for another few years, and the country hasn't suffered a major economic slowdown since adopting the plan.

"It certainly has the virtue of spelling out, in anticipation, what people have agreed should happen," says Olivia Mitchell, director of the Pension Research Council at the University of Pennsylvania's Wharton School. "But that doesn't necessarily mean that it will."

Castro's Gulag (WSJ)

By Armando Valladares

The Wall Street Journal, March 5, 2007

Like thousands of other Cubans, I was arrested in the middle of the night. Fidel Castro's police raided my parents' home, stuck a machine gun in my face and took me away. It was 1960 and I was 22 years old.

The news that the Cuban dictator is gravely ill floods my mind with memories of my years spent in captivity. I believe that those of us who were political prisoners know his legacy better than anyone. For 22 years, I was an inmate in his vast prison system, mostly confined to an island gulag, for crimes I did not commit.

Like the majority of Cubans in 1959, I cheered Castro's victory over Fulgencio Batista, a dictator on friendly terms with the U.S. Castro called himself the enemy of all dictatorships; he had a cross hanging round his neck and he swore that there would be free and fair elections. But as his near five decades of uninterrupted power proved, he tricked everyone and replaced the dictatorship of Batista with his own bloodier version.

In a famous 1959 appearance on "Meet the Press," Castro answered a question put to him by Lawrence Spivak, "Democracy is my ideal, really . . . I am not communist . . . There is no doubt for me between democracy and communism." Once Castro began making his sympathies overt, I began speaking out against his ideological shift amongst the people in my workplace, the postal savings bank.

At the time, the government was distributing placards with the slogan: "If Fidel is a communist, then put me on the list. He's got the right idea." The phrase was ubiquitous, from decals to billboards. When officials in the bank demanded that I put the slogan on my worktable, I refused. When they asked if I had anything against Fidel, I told them that if he was a communist, then, yes, I did. I had no desire to become a symbol of political dissidence. That decision was made for me that day.

Thirteen days after my arrest, I was tried on charges of threatening the powers of state security, even though there was no evidence against me. The justice system under Castro was a mockery of the rule of law; members of my tribunal were Communist Party apparatchiks who sat with their boots up on tables, smoking cigars and reading comic books. Their very presence was but a formality; the verdicts had already been decided. I was not permitted an attorney.

I received a 30-year prison sentence as a potential conspirator. Two men in the same court room falsely accused of shooting at a government spokesman were executed by firing squad. When their defense attorney (whom they had met just minutes before) pleaded with the prosecutor to reduce the sentence, the prosecutor responded that he had received orders to have them shot, no matter what, as a means of social prophylaxis.

Once in prison, if the guards felt like punishing us, they would put us in cages, with mesh roofs, and walk along the edge while pouring buckets of urine and excrement all over our bodies. Sometimes, guards would shoot prisoners for target practice. That is how they killed Alfredo Carrion and Diosdado Aquit. Many of the men whom Castro had imprisoned, tortured and killed

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had been his comrades in overthrowing Batista. But most of them were innocent people eliminated in Ernesto "Che" Guevara's psychotic quest for what he and Castro called the "new man."

The impunity of Castro's dictatorship was marked by its cruelty. A prisoner in my block, Julio Tan, once refused an order by a prison guard to dig weeds. The guard struck him with his bayonet, another hit him with a hoe, and a gang of guards beat him until he bled to death in just a matter of minutes. My friend Pedro Luis Boitel, a student leader and courageous opponent of Batista, went on a hunger strike in 1972 to protest his treatment. On the 49th day of the strike, Castro personally ordered that Boitel be denied drinking water. Boitel died of thirst, in horrific agony, five days later.

Terror was Castro's main tool. The tactics used for enemies of the regime included the exploitation of phobias such as reptiles and rats; the use of drugs so as to have prisoners lose all notion of time and place; blindfolding prisoners, hanging them by their feet, and then lowering them into wells they were told are filled with crocodiles; the use of guard dogs that had their teeth removed and which were set upon prisoners with hands tied behind their backs. Usually, these dogs attacked the genitals first. All of this was investigated and extensively documented by a visiting delegation from the United Nations. The evidence can be found in Geneva.

The legacy of Castro for Cuba will be much like that of Stalin in Russia, Pol Pot and Ieng Sari in Cambodia and Hitler in Germany. It will be the memories of the unknown numbers of victims, of concentration camps, torture, murder, exile, families torn apart, death, tears and blood. Castro will go down in history as one of the cruelest of all dictators -- a man who tormented his own people.

But his poisonous legacy will also include the double standard by foreign governments, intellectuals and journalists who fought ferociously against the unspeakable violations of human rights by right-wing dictatorships, yet applauded Castro. To this day many of these intellectuals serve as apologists and accomplices in the subjugation of the Cuban people. Rafael Correa, the recently inaugurated president of Ecuador, has declared that in Cuba there is no dictatorship. Evo Morales, president of Bolivia, considers Castro his mentor and has already shown that he is willing to silence his own critics at the point of a gun. Venezuela, once a democracy, is the new Cuba, replete with a growing population of political prisoners.

Castro hemmed and hawed in the early 1960s, concealing his ideological allegiance to the most murderous system of government humanity has ever experienced. Today's Latin American caudillos openly express their allegiance to communist ideals. "I am very much of Trotsky's line -- the permanent revolution," Venezuelan President Hugo Chávez said in January.

If we have learned anything from Fidel Castro, it is that the totalitarian impulse outlives even its most hardened -- and ruinous -- practitioners.

Mr. Valladares, former U.S. ambassador to the U.N. Commission on Human Rights, is chairman of the New York-based Human Rights Foundation and author of "Against All Hope: A Memoir of Life in Castro's Gulag" (National Book Network, 2001).

The House's Ottoman Agenda (WP)

By Jackson Diehl

The Washington Post, March 5, 2007

Can a nonbinding congressional resolution really matter? Most are ignored by everyone except the special interests they are usually directed at. Even the House's recent resolution on Iraq was dismissed by both President Bush and Democratic antiwar leader John Murtha. Yet a vote expected next month on a nonbinding House resolution describing a "genocide" in the Ottoman Empire beginning in 1915 has the potential to explode U.S. relations with Turkey, sway the outcome of upcoming Turkish elections and spill over into several other strategic American interests, including Iraq and Iran.

So, yes: The Armenian Genocide Resolution sponsored by Rep. Adam Schiff does matter, logically or not. Turkish Foreign Minister Abdullah Gul spent several days in Washington last month lobbying against it, though the Turkish-American agenda is chockablock with seemingly more important issues. Friends of Turkey in Washington, from American Jewish organizations to foreign policy satraps, are working the Hill; so is the Bush team. On the other side is the well-organized and affluent Armenian American community, 1.4 million strong, and some powerful friends -- including the new House speaker, Nancy Pelosi.

Here is a debate that could occur only in Washington -- a bizarre mix of frivolity and moral seriousness, of constituent pandering, far-flung history and front-line foreign policy. And that's just on the American side; in Turkey there is the painful

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struggle of a deeply nationalist society to come to terms with its past, and in the process become more of the Western democracy it wants to be.

Start with the pandering: Schiff, a Democrat from Los Angeles, cheerfully concedes that there are 70,000 to 80,000 ethnic Armenians in his district, for whom the slaughter of Armenians by the Young Turk regime during World War I is "anything but ancient history." Local politics also explains why a resolution that has failed numerous times in the past 20 years is suddenly looking like a juggernaut: Pelosi, of San Francisco, also has many Armenian supporters.

"There's a sense of momentum now about the resolution that we haven't had before," Schiff told me. "The votes are there in the committee. The votes are there on the floor." If Pelosi allows the resolution to be brought up, as she has reportedly pledged to do, it will probably pass. Its language is almost comically heavy-handed: It begins by declaring that the House "finds" a series of 30 paragraphs of facts about the genocide, ranging from the number killed (1.5 million) to the assertion that "the failure . . . to punish those responsible" helps explain subsequent atrocities, including the Holocaust.

Imagine the 435 members of the House, many of whom still don't know the difference between Iraqi Shiites and Sunnis, solemnly weighing whether Schiff's version of events 92 years ago in northeastern Turkey deserves congressional endorsement. But the consequences of passage could be deadly serious: To begin with, Turkey's powerful military has been hinting that U.S. access to the Incirlik air base, which plays a key role in the wars in Iraq and Afghanistan, could be restricted. Gul warned that a nationalist tidal wave could sweep Turkey and force the government to downgrade its cooperation with the United States, which needs Turkey's help this year to stabilize Iraq and contain Iran. Candidates in upcoming presidential and parliamentary elections could compete in their anti-American reactions.

No wonder the Bush administration as well as even Democratic-leaning foreign policy experts, such as Clinton-era ambassador Mark Parris, are trying to stop the resolution. Yet theirs, too, is a contorted campaign. After all, historians outside of Turkey are pretty much unanimous in agreeing that atrocities against Armenians worthy of the term genocide did occur. Though Congress may look silly with its "findings," the continuing inability of the Turkish political class to come to terms with history, and temper its nationalism, may be the country's single most serious political problem. Prominent Turkish intellectuals, including a Nobel Prize winner, have been prosecuted in recent years under laws criminalizing "insults" to Turkey -- such as accurate accounts of the genocide. In January a prominent ethnic Armenian journalist was murdered by an ultranationalist teenager.

Maybe Congress has no business debating Turkish history, maybe it is doing so for the wrong reasons. Yet if Turkey is to become the stable, Western-oriented democracy that it aspires to be, its politicians will have to learn, at least, to react the way everyone else does to nonbinding House resolutions: that is, with a shrug.

Doctors Without Refuge (WP)

By Leonard S. Rubenstein

The Washington Post, March 5, 2007

In war, health workers are often heroes and often victims. Though the Geneva Conventions are supposed to protect them as they fulfill their ethical duty to provide care to wounded combatants without regard to affiliation -- what is known as medical neutrality -- they frequently become targets by attending to the enemies of one side or another.

The United States has always stood up for the protection of health workers in war, condemning violations of medical neutrality. And until now, it has offered asylum to doctors, nurses and other health workers forced to flee their home countries after they complied with their obligations to treat any and all wounded. But in another instance of the corrosion of human rights that has been the hallmark of this administration since Sept. 11, 2001 -- including torture, secret detention and denial of due process -- the Department of Homeland Security is contesting asylum requests by health workers whose lives are at risk for having provided assistance to wounded members of rebel groups.

The government claims that providing such medical care amounts to prohibited "material support" to terrorists and thus is a basis for denying asylum. Its position is as radical a departure from past practice -- where it protested interference with a physician's duty to treat without political distinction -- as it is chilling. For example, the State Department's human rights report for 1999 condemned the Serbian government of Slobodan Milosevic for having "threatened and intimidated doctors working in the province to prevent them from treating [Kosovo Liberation Army] members."

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The reversal is even more dramatically illustrated by the position the U.S. government took regarding a physician caught up in the brutal war in Chechnya. Performing surgery in late 1999 and early 2000 under conditions resembling those of the American Civil War, this doctor adhered to the highest traditions of medicine and medical ethics and saved the lives of civilians, Russian soldiers and Chechen rebels. Because he treated fighters from both sides, though, the physician became a target of Russian forces as well as the rebel groups. The rebels distrusted and threatened him while Russian forces labeled him the "bandit doctor." He was detained overnight and later warned by both Russian and Chechen fighters that he could be arrested and executed.

The doctor escaped and, with the help of the U.S. Embassy, made his way to the United States. When he applied for asylum, his request, as someone persecuted for upholding medical ethics in wartime, was granted in a mere two weeks.

But now the U.S. government is appealing an immigration judge's decision granting asylum to a Nepalese health worker who was twice kidnapped by a Maoist group that wanted him to attend to a wounded rebel. It rejected the asylum claim of a Colombian nurse who was kidnapped by the Revolutionary Armed Forces of Colombia, assaulted and forced at gunpoint to provide medical care to its members.

These actions are part of a larger and disturbing pattern of denying asylum even for victims of the most horrific human rights violations. A report by Human Rights First last year showed how the Department of Homeland Security's interpretation of the ban on providing "material support" to terrorists has extended to victims of abuse, such as a journalist who gave money to a rebel group after being beaten and a fisherman who was abducted and forced to pay ransom for his release.

The administration's interpretation goes far beyond what the law requires. Indeed, medical care is not even included among the practices Congress listed as amounting to "material support." In response to an outcry about its policy, the administration said it would offer selected waivers from the "material support" exclusion. While providing justice for some, that stance doesn't begin to restore the commitment to refugee protection that has been central to our values and our policies.

Congress must revise the law to protect medical ethics and restore America's commitment to being a place of refuge for those fleeing persecution. This step is also essential to revive principles of medical neutrality. Just as the government diminished itself and U.S. standing by adopting perverse interpretations of law and medical ethics to justify torture and to enlist doctors' help in breaking down detainees, it is undermining America's long and critical support for medical services for the wounded in war.

The writer is executive director of Physicians for Human Rights.

Capital Marketplace (WSJ)

By Charlie Mccreevy

The Wall Street Journal, March 5, 2007

Are the lights being switched off on Wall Street and lighting up in Frankfurt, Paris and London? Is the water being drained out of the East River and diverted straight into the River Thames?

You might think so judging by recent speeches, reports and articles on America's, and in particular New York's, competitiveness from Treasury Secretary Henry M. Paulson, Mayor Michael Bloomberg, Sen. Chuck Schumer and others.

I don't disagree with them that change is underway. European Union capital market revenues are growing by an impressive 20% a year, compared to only 7% in America. The U.S. share of global IPOs has fallen to 16% last year from 57% in 2001, while Europe's has gone up to 63% from 33% during the same period.

Many seem to see the regulatory burden of the Sarbanes-Oxley Act, such as Section 404, as a significant reason for reduced U.S. capital market competitiveness. The detailed requirements for internal control of public companies have turned out to be extremely expensive to implement. Some in London have gone as far as to suggest, tongue-in-cheek, erecting statues for Sarbanes and Oxley. This is silly talk.

For one thing, anything that hurts U.S. capital markets also hurts European companies and our economy. Economic integration runs deep, particularly in financial markets. Companies active on both sides of the Atlantic are also affected by the rules on both sides of the Atlantic. Competitiveness is a two-way street.

We in Europe have improved the competitiveness of our financial markets by integrating, changing our financial regulatory structures, adopting best practice and transparent policy making, and avoiding intervention except when really necessary.

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As European commissioner in this area, my approach is simple: We should not and cannot prescribe rules for every conceivable situation. There is a difference between accountancy and rocket science. The latter is science; the former is not and shouldn't be. Regulation must allow and encourage new ideas and innovation. As an accountant by profession, I might be expected to empathize with the urge some regulators seem to have to control every detail. But I think that box-ticking alone doesn't work. We need responsible judgment and disclosure.

This is why I strongly favor a principles-based over a rules-based approach. Eliminating all risk is an illusion and will lead to unwanted consequences: less innovation and growth, a false sense of security, and reduced pressure to behave responsibly. That is why I reject the siren calls for tougher regulation of hedge funds in Europe and why I strongly agree with the recent report of the President's Working Group on this issue. We must not endanger the benefits hedge funds and private equity have brought. They have increased efficiency and liquidity in our capital markets while keeping company managers on their toes. Are the regulatory hawks perhaps trying to protect weak management from shareholder activism?

What the EU and U.S. both need is top-class regulation based on best practice -- sound investor protection, balanced with a good dose of freedom for market participants. But if we want to have competitive and open capital markets in the U.S. and EU, we need to do something else: cooperate. We need to build on the regulatory pillars of the U.S., EU and other mature economies, based on equivalent but not identical standards that work for our investors and our markets.

Over the past few years, I have worked with Christopher Cox, Ben Bernanke, John Snow, Hank Paulson, Mark Olson and others to build this new cooperation. For example, we are moving towards equivalent and comparable accounting standards so that we can avoid costly reconciliation between Europe's International Financial Reporting Standards and the U.S. GAAP. The U.S. also agreed to reduce the regulatory burden of Sarbanes-Oxley by introducing more flexible timelines for the implementation of Section 404 for foreign firms. And we are getting rid of the Hotel California problem on foreign deregistration. Under current SEC rules companies are welcome to enter the U.S. stock market but can (almost) never leave again. Only companies with fewer than 300 U.S. shareholders can deregister. The new SEC proposal would allow those foreign companies to deregister whose U.S. trading volume is less than 5% of the trading volume in their primary market. This would markedly increase the number of EU firms eligible for deregistration and improve the situation.

But we need to do more. And the need to do so is growing every day as trans-Atlantic markets further integrate. So we have to shift up a gear and chart a route to recognize each other's audit oversight bodies, implement the Basel II banking accord in a way that benefits banks and customers on both sides, and move to a risk-based system of reinsurance regulation that benefits homeowners and policyholders alike. I am in Washington and New York this week to promote this agenda.

Transatlantic regulatory cooperation in capital markets should lead from the front. If we can show that it works then Japan, China, India, Russia and others will join us. This would be a big win-win for the global economy -- and guarantee that the boats will keep bobbing in the East River.

Mr. McCreevy is EU commissioner for the internal market and services.

Taking Genocide To Court (NYT)

The New York Times, March 5, 2007

Genocide moves swiftly, kills promiscuously and keeps finding new perpetrators, despite the world's repeated vows of "never again."

In the face of such rampaging horror, carefully considered court verdicts, like last week's World Court ruling on the 1995 Srebrenica massacre in Bosnia, and patiently assembled dossiers, like the one that International Criminal Court prosecutors have now filed against two accused masterminds of Darfur's ongoing slaughter, seem frustratingly inadequate.

Yet short of the international military interventions that never seem to come in time, the incremental enforcement of international law is one of the most important tools available for establishing accountability and deterring future genocides.

Genocide became an international crime almost 60 years ago. But no country was ever prosecuted for it until Bosnia accused Serbia of direct responsibility for the murder of nearly 8,000 Muslim men and boys in Srebrenica. The World Court, which rules on disputes between nations, concluded that genocide did take place, and that while the Serbian government of that

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period had not directly ordered the murders, it “could and should” have acted to stop them, as the United Nations Convention on Genocide requires.

That nuanced distinction, based on evidence collected by the special tribunal that tried Slobodan Milosevic, the former Serbian leader, and other individuals accused of Balkan war crimes, spared Serbia from costly financial reparations. But it also established the official complicity of the former Serbian government.

That is something the current Serbian government now needs to acknowledge. Belgrade should also heed the court’s formal order to turn over Ratko Mladic, the Bosnian Serb general who directed the Srebrenica genocide.

The Darfur cases are being pursued in the International Criminal Court, which prosecutes individuals for grave violations of international law. The first two suspects sought for trial are Ahmad Harun, formerly Sudan’s minister in charge of Darfur security, and Ali Muhammad Ali Abd-al-Rahman, a janjaweed militia commander. Mr. Harun is accused of inciting, financing and arming militia fighters to conduct genocidal attacks. Mr. Rahman is charged with directing one such attack that resulted in hundreds of deaths, systematic rapes and summary executions.

Court rulings can never compensate the survivors of these horrors. But by strengthening the reach and authority of international law, these cases should give pause to those tempted to unleash future genocides — and to those who stand by.

Malaria Pills Without Profit (NYT)

The New York Times, March 5, 2007

The big pharmaceutical companies are rightly criticized for concentrating on the development and marketing of drugs that sell for high prices in the industrialized world while neglecting to produce medications that could save millions of lives in the poorest countries. So it came as especially welcome news last week that Paris-based Sanofi-Aventis, the world’s fourth-largest drug company, working in collaboration with a nonprofit drug-development organization pioneered by Doctors Without Borders, will soon introduce a cheap and easy-to-use pill to combat malaria in sub-Saharan Africa.

The pill combines two drugs that are already in use into a single medication that can be taken once a day for three days by young children and twice a day for three days by adults to cure the infection.

The course of treatment is notably cheap — less than 50 cents for children and less than $1 for adults. Sanofi will make no profit on sales to public health agencies and international institutions that typically serve poor people. But it will also produce a branded version to be sold in the private markets of developing countries at three or four times the public price.

To its additional credit, the company has agreed not to seek a patent on the one-pill formulation so that generic companies, like those in India, can produce the pills cheaply and add to the quantities of medicine needed to treat many millions of malaria victims around the world.

Now that Sanofi has shown, in the words of one executive, that “we are not nasty people working against poor countries and seeking only profits,” let us hope that many other big drug companies feel the same humanitarian impulse.

Brussels Punching Bag (WSJ)

The Wall Street Journal, March 5, 2007

Each round of the European Union's battle royal with Microsoft has revealed more about flaws in the bloc's antitrust office than about the stubbornness of the American software giant. Brussels' latest sucker punch is no exception.

Last Thursday, EU antitrust czarina Neelie Kroes threatened to fine Microsoft up to €3 million, or about $4 million, a day because she doesn't like the prices the company wants to charge for licensing its technology. The fines, which would come on top of nearly $1 billion in previous penalties in the three-year-old case, are retroactive to December 2005 and could total as much as $1 billion through last month. Microsoft has four weeks to respond.

The technology in question would allow non-Microsoft servers to work with servers and PCs that run the firm's Windows software. Ms. Kroes claims that "there is no significant innovation" in the programming codes to justify the prices Microsoft has set.

But exactly how "innovativeness" should be measured in this case is disputed. Microsoft notes that agencies in the U.S. and Europe have granted 36 patents for this technology, with 37 applications still pending. "This seems to be a case of one government agency [patent offices] disagreeing with another government agency [the Commission]," Microsoft General Counsel

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Brad Smith tells us. "The first agency actually has the expertise" to make these judgments, he adds. "The second says, 'We're not going to adhere to what they said.'"

So Brussels no longer acts as merely prosecutor, judge, jury and executioner in antitrust cases; it now claims the power to assess the worth of patents, too. While no doubt the patent systems on both sides of the Atlantic could use some work, that doesn't seem to be the issue here.

The heart of the matter is revealed in Ms. Kroes's observation that other software makers provide comparable interoperability technologies at no cost. EU antitrust officials make no secret of their preference for the open-source business model practiced by the companies behind all the complaints against Microsoft, among them such heavyweights as IBM, Sun Microsystems and Oracle. Many of these firms don't want to pay anything to license Microsoft's technology.

The Commission insists that it isn't asking Microsoft to give away technology that has cost it multiple millions to develop. In practice, though, that seems to be just what Brussels wants. Commission officials are either unwilling or unable to describe exactly what Microsoft would have to do for its technology to be deemed "new" enough. It's the old story of the EU punishing Microsoft for not meeting a standard that was never specified.

If Microsoft's response doesn't satisfy Ms. Kroes, she could level an enormous fine for the second time since last April, when an EU court in Luxembourg heard Microsoft's appeal of the original ruling. The Commission argues that it is well within its rights to enforce its ruling unless it is overturned. And that's true.

But the EU antitrust office has a poor track record with the Luxembourg court: Several high-profile decisions by Ms. Kroes's predecessor, Mario Monti, who issued the original Microsoft ruling in 2004, have been overturned on appeal. So one has to wonder if the Commission is hedging its bets by issuing a series of fines, each of which Microsoft would have to appeal even if it wins the primary case. Perhaps the EU's logic is that if the company wins the primary case on appeal -- a ruling is expected shortly -- it may still be willing to settle the noncompliance fines simply to get the Commission out of its hair. Thus the EU wouldn't come away empty-handed after such an epic fight.

Maybe such thinking is too cynical even for eurocrats. But even if that's not their intent, threatening another multimillion-dollar fine when the appeals court is due to rule soon on the original judgment smacks of spite.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Arab Bank Accused Of Funding Terrorists (LAT)

By Josh Meyer

The Los Angeles Times, March 5, 2007

WASHINGTON — A three-year investigation into the activities of one of the Middle East's largest and most influential banks is producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors.

The information being turned up by government inquiries and lawyers suing Arab Bank "will give people a better understanding of the way money moves in that part of the world to support Hamas" and other militant groups in the West Bank and Gaza Strip, said Stephen Kroll, a terrorism finance specialist and until recently counsel to the U.S. Senate Committee on Banking, Housing and Urban Affairs.

"It's important in focusing the public's attention on the issue of what is and what is not acceptable for banks to be involved in," Kroll said.

The Justice Department is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and individuals accused of terrorism, according to three former U.S. counter-terrorism officials.

In 2005, the bank agreed to pay the federal government $24 million in fines for violating U.S. laws aimed at preventing terrorist financing, including failing to report suspicious transactions.

The bank is also being sued in federal court in Brooklyn by Americans and Israelis injured in suicide bombings or other fighting in Israel and the occupied territories, and by the relatives of others who were killed. No trial date has been set, but assuming the cases go to trial, they could establish ground rules for what obligations banks have in handling money bound for militant groups. They could also provide an unusually detailed and public look at the flow of money from Saudi donors to Palestinian groups that the U.S. and Israel list as terrorist.

Lawyers suing Arab Bank accuse the firm of facilitating acts of terrorism by providing accounts and other financial services to Hamas, Islamic Jihad and similar groups. Arab Bank also acted as the administrator of a plan in which suicide bombers and others designated as "martyrs" by the Palestinian Authority and other organizations were compensated for their actions on a sliding scale, based on the extent of their injuries, according to documents filed in the cases. The lawsuits charge that the payments — and thus Arab Bank — provided an incentive for suicide bombings.

Arab Bank officials deny such charges and say they have never knowingly supported acts of terrorism. Bank officials say their agreement to pay the fine in 2005 was not an acknowledgment of any wrongdoing.

Bank officials say they provide an important financial service in the impoverished Palestinian territories and that they were merely acting as intermediaries between banks representing Saudi donors and Palestinian organizations and individuals who were being compensated for suffering at Israeli hands.

They also say that a "martyr" can mean almost any Palestinian killed or injured as part of the struggle with Israel, including innocent victims.

"Arab Bank had reason to believe these were humanitarian payments or social welfare payments, and there was certainly nothing in any of the public information that suggested to the bank at the time that these were in any way [meant] to induce terrorism or reward terrorism," said Robert Chlopak, a Washington-based spokesman for the bank.

Chlopak said the bank had checked out clients and transactions and that it did not process any payments to individuals or organizations that were designated as terrorist.

In one instance in which plaintiffs' lawyers allege that Arab Bank maintained an account for Hamas in Beirut, bank officials said that once they learned of the suspicious account, they froze it and reported it to authorities.

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Arab Bank also said that it was primarily transferring funds sent to it from other banks on behalf of legitimate Saudi donors that have not been linked to terrorist activities. To win their case, the plaintiffs' lawyers would have to prove that Arab Bank knew that it was doing business with terrorist individuals or entities.

In 2005, the Treasury Department and the Office of the Comptroller of the Currency found that Arab Bank's New York branch had transferred funds between 2001 and 2004 for organizations that were later designated by the U.S. as terrorist groups. The Treasury Department said the bank had "largely complied" with the requirement to stop the transfers after the groups were identified.

But the department said that after the government designated these groups as terrorist, the bank failed to go back and review its accounts to see what dealings it had had with them and report any suspicious activities.

Some of the initial allegations in the lawsuits, most of which were filed in 2004, were based on documents seized by the Israeli military during raids on charities, businesses and other locations in the West Bank and Gaza in 2002. Among the documents were records indicating that Arab Bank provided financial services for Hamas and at least 41 organizations and individuals allegedly related to it or to Islamic Jihad.

Plaintiffs' lawyers Gary Osen and Michael Elsner used those records as a jumping-off point for a wider investigation in which they have gained access to tens of thousands of financial records from Arab Bank.

The records detail financial transactions that began in 2000 with the start of the second Palestinian intifada, or uprising. Saudi government officials created two special fundraising committees to help Palestinians battle Israeli forces and otherwise resist the occupation, according to court documents.

One of them, the Saudi Committee for Aid to the Al Quds Intifada, decreed that the life of anyone who died as a "martyr" in the conflict with Israel was worth 20,000 Saudi riyals, about $5,300 at the time. The committee began wiring that sum into accounts that families were instructed to set up at Arab Bank branches, the lawsuits allege. The average Palestinian salary is about $3,000 a year.

In all, the Saudi Committee made about 200,000 wire transfers for the Palestinian cause, totaling more than $90 million, Shukry Bishara, Arab Bank's chief banking officer, said in a court declaration. Much of that money went to pay for hospitals and social welfare programs, or to compensate people injured or imprisoned — or the families of those killed — in the Israeli-Palestinian conflict.

But the money also included an undetermined amount paid to the families of suicide bombers, and those injured or imprisoned by Israel, according to the lawsuits.

The plaintiffs allege that bank officials knew that those listed as "martyrs" included suicide bombers because it was publicly advertised. They cited a Feb. 10, 2001, edition of the Saudi newspaper Al Jazirah in which the Saudi Committee listed the names of Palestinian martyrs, including those killed in suicide bombings, whose families received payments.

Several lawmakers and Bush administration officials involved in the investigation of Arab Bank have expressed concerns about its activities.

At one House Finance Committee hearing in May 2005, Treasury Undersecretary Stuart Levey said that during his visit to the West Bank city of Ramallah to discuss the issue, the Arab Bank manager for the Palestinian territories told him that he "had not filed a single suspicious activity report in the past two years across all the Arab Bank branches in the West Bank and in Gaza."

"It appears that such controls were indeed sorely lacking at Arab Bank across all of their global operation," Levey said.

Terror Case Prosecutor Assails Defense Lawyer (NYT)

By Raymond Bonner

The New York Times, March 5, 2007

SYDNEY, Australia, March 4 — The chief prosecutor for the American military commissions that will try suspected terrorists being held at Guantánamo Bay, Cuba, has lashed out at the military lawyer for one of the detainees, a newspaper here reported in its weekend edition.

The prosecutor, Col. Morris D. Davis, said that the lawyer, Maj. Michael Mori of the United States Marine Corps, should not be making public appearances in Australia in uniform on behalf of his client, David Hicks, and that he faced possible prosecution for some of his remarks.

“I don’t know what Major Mori’s plans are right now but if he wants to come back home and represent his client, that would be helpful,” Colonel Davis was quoted as saying by The Australian. “Certainly in the U.S. it would not be tolerated having a U.S. marine in uniform actively inserting himself into the political process. It is very disappointing to see that happening in Australia, and if that was any of my prosecutors, they would be held accountable.”

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Colonel Davis, who is an Air Force lawyer, added that it would be up to the Marine Corps whether to charge Major Mori with violation of Article 88 of the Uniform Code of Military Justice, which makes it a crime for a military officer to use "contemptuous words" about the president, vice president, secretary of defense and other high public officials.

Major Mori, who was in Australia this past week, for the seventh time in three years, reacted with anger. "Are they trying to intimidate me?" he said in a telephone interview on Sunday.

He compared Colonel Davis's statements with remarks made last year by a senior Pentagon official, Charles D. Stimson, who was then the deputy assistant secretary of defense for detainee affairs, who said that corporations should consider not using law firms that represented Guantánamo detainees pro bono. His remarks brought a torrent of objections, and he was forced to resign.

Col. Dwight Sullivan, the chief defense counsel in the military commissions procedure, said in an interview on Sunday night in Washington that Major Mori's behavior was "absolutely proper." Colonel Sullivan, a Marine lawyer, said that under military ethics rules, "a military defense lawyer is supposed to provide the same level of representation as a civilian lawyer." He said that in pressing Mr. Hicks's case in Australia, "Major Mori is fulfilling his duty as an officer and as an attorney."

Colonel Davis, reached by e-mail Sunday night, said his comments reflected his view that Major Mori's remarks in Australia had crossed the threshold of what was proper for a military defense lawyer. He said his remarks did not mean he was pressing for any action to be taken against Major Mori, only that he believed that the major had gone too far.

"Most of the defense counsel say the commissions are unfair and criticize the process as they are entitled to do," Colonel Davis wrote in response to a request for comment. But he said that Major Mori "goes further than any defense counsel I've ever known."

Colonel Davis said that it was improper for Major Mori to have made statements alleging that the president, the secretary of defense and Congress "intentionally created a rigged system that guarantees convictions in order to cover up wrongdoing" and that "everyone involved is potentially guilty of war crimes greater than the charge against" Mr. Hicks.

Colonel Davis said he would not permit the prosecutors on his team to make equivalent comments or "inject themselves into the political picture in an allied country."

Major Mori has been strikingly blunt in his comments about the military commissions, on at least one occasion calling them kangaroo courts.

Major Mori has been a "very effective" advocate for his client, said a senior member of the government of the Australian prime minister, John Howard, on the condition that he not be identified because he was expressing a view that the government would not state publicly.

Last week, the United States military announced that it was filing only one charge against Mr. Hicks, for "material support for terrorism," a major reduction from the initial charges, which had included conspiracy to commit murder, attempted murder and aiding the enemy.

HOMELAND RESPONSE:

Holt Wants Hearings On FBI Anthrax Investigation (AP)

AP, March 5, 2007

TRENTON --Rep. Rush Holt (D-Princeton) wants hearings into what he says is a lack of headway in the FBI's investigation into the deadly anthrax attacks of 2001.

"It seems to me this investigation is not making progress. I can't say for sure. They

won't brief me," Holt told The Times of Trenton for Saturday newspapers.

"Not briefing Congress on the status of the probe into the biggest biological attack in United States history is inexcusable," he said.

The anthrax attacks through the postal system killed five people across the country and sickened 17 in the weeks after Sept. 11, 2001. Investigators have not determined who was responsible for the attacks.

Over the years, Holt has been a vocal critic of the bureau's handling of the case,

especially because anthrax contamination was found in mail facilities in and near Holt's district.

Holt on Friday called on four committee chairmen and one subcommittee chairman in the House to hold oversight hearings into the investigation. His request may carry more weight now that his party is in the majority in Congress.

Several earlier attempts to receive information failed. In September and October 2006, Holt formally requesting that the FBI brief Congress on the investigation. He was denied.

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In December, a bipartisan group of 32 House and Senate members called on Attorney General Alberto R. Gonzales to direct that the FBI brief Congress on the investigation. That request was also denied.

Richard J. Kolko, a bureau spokesman, defended the handling of the anthrax probe, saying it is "one of the largest and most complex" ever conducted. He said the investigation is still a high priority.

Flirting With Disaster (editorial) (WP)

The Washington Post, March 4, 2007

AMERICA HAS a bad habit of building in areas that don't make sense environmentally or actuarially. That habit has been aided and abetted by public officials who bend to the will of developers and their customers, despite storms, floods, earthquakes and other natural calamities that destroy lives and break banks. The latest example of this can be found in Florida. By rolling back insurance rates, spreading the risk and fiddling with its catastrophe fund, the Sunshine State has invited more development in dangerous places.

Make no mistake, Floridians needed relief from insurance premiums that had doubled or tripled. But in keeping a campaign promise to cut rates, Gov. Charlie Crist (R) and the legislature not only are gambling with the state's fiscal future but also are giving people an incentive to keep putting themselves in harm's way.

Florida is the country's first pin in hurricane alley. The major storms of the 2004 and 2005 seasons and their respective $20 billion and $10 billion payouts sent the insurance industry fleeing from the state. Those that stayed either stripped high-risk policyholders of coverage or jacked up premiums so high that they threatened to cripple Florida's economy, which is dependent upon development and the people who move there because of it.

So here's what Crist & Co. did: The state-run insurer of last resort, Citizens Property Insurance Corp., which is also the state's largest property insurer, rolled back planned rate increases. It can now spread the risk by offering other policies, such as fire and theft. And it will offer its subsidized rates to commercial property. Private companies buying reinsurance from the state at greatly reduced rates must pass the savings to consumers through lower premiums.

Meanwhile, the threshold for troubled insurers to tap into the Florida Hurricane Catastrophe Fund was dropped from $6 billion to $3 billion and the upper limit on claims to be paid out by the state was raised from $16 billion to $32 billion. There's only $1 billion in the fund. If another major storm hits Florida -- a likelihood on a par with the sun rising in the east -- the state is on the hook. The "no big deal, we'll just bond it out" attitude is as irresponsible as the "let's pray we don't get hit by another Big One" wishful thinking gripping many in Tallahassee.

We live in an era of rapid climate change with the potential for more frequent and more destructive storms. Everyone -- from politicians to the voters they aim to please -- must understand that there is a cost to offering below-market insurance that fuels unrestrained building in high-risk areas. Betting against Mother Nature is never a winning proposition.

Sensible Security Fixes (WP)

The Washington Post, March 5, 2007

ALONG-DORMANT battle over the Department of Homeland Security's labor practices resurfaced last week in the Senate. The White House threatened to veto a generally sensible homeland security bill that was based on the Sept. 11 commission's recommendations, because of a provision that would allow Transportation Security Administration employees to engage in collective bargaining. In the Senate, 36 Republicans are promising to sustain that decision by President Bush.

He shouldn't veto, and they shouldn't vote to sustain if he does. Other employees of the Department of Homeland Security enjoy the benefits of collective bargaining without endangering Americans' safety. Sen. Joseph I. Lieberman (I-Conn.), who sponsored the bill, points out that TSA employees have unnecessarily limited access to redress, which contributes to the TSA's high turnover, high absenteeism and low morale. Meanwhile, there's a lot more to the bill than this one provision.

The legislation, for example, proposes to distribute federal anti-terrorism grants to cities and states according to a formula that the bill's backers say will put the most money into regions that face the most risk. It would thus direct more money to high-risk cities such as Washington than would the House version. That's good but not good enough; the bill still requires that every state receive some money, regardless of risk. We hope the Senate reconsiders this wasteful formulation in coming days, especially after the farcical example of last year's Homeland Security grant-giving -- marked by huge declines in funding for New York City and Washington and huge increases for cities such as Louisville.

On the other hand, the bill contains a range of solid proposals -- from grants to ease communication among first responders to measures that would promote intelligence sharing. The bill's sponsors also exercised good sense when they excluded a requirement that all sea cargo containers be scanned for harmful materials before entering the United States. This bad idea made its way into the House version of the bill, its supporters claiming that it reflected the will of the Sept. 11 commission when in fact the panel supported no such measure. Requiring 100 percent scanning would be likely to disrupt trade

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and inflict massive costs on businesses and consumers with meager benefits. A pilot program testing the mere feasibility of scanning all containers is far from complete. If 100 percent scanning stays out of the legislation and Congress sends the money to areas that really need it, President Bush ought to forgo the politics and sign the bill.

WAR NEWS:

Bush, Cheney Turn Focus To Terrorism (WT)

By Jon Ward

The Washington Times, March 5, 2007

Both President Bush and Vice President Dick Cheney will give speeches in the next few days on the war on terrorism, to the applause of Republicans who say the White House needs to be more aggressive in selling the successes in Iraq.

"The administration should step it up when it comes to messaging," said Sen. Lindsey Graham, South Carolina Republican, who is one of the strongest supporters in Congress of the president's Iraq policy. "I think the president has to do more. People like myself have to do more."

Mr. Graham said the president is "doing a better job of connecting the outcome in Iraq to the global war on terror," but added that Mr. Bush should "mix it up" in how he communicates the war's stakes. "Don't always go to a place where there's a bunch of troops behind you," he said, referring to Mr. Bush's many speeches at military bases.

Mr. Bush will speak on Iraq and the war against terrorism tomorrow in a speech to the American Legion. Mr. Cheney will speak today to the Veterans of Foreign Wars legislative convention.

A senior Bush administration official, however, said that "more than anything else, the actions on the ground in Iraq, part in Baghdad, are going to dictate how it's interpreted, so, the president, we view his role in this is to give the broader context."

Politically, the White House is happy that the center of the Iraq war debate has shifted to Capitol Hill, giving the Democrats the chance to fail on their campaign promises to end the war.

"Some of the favorite things for Democrats to unite and kind of coalesce around is to be against the president," the senior official said. "I think as you saw in that House debate. We let them have that debate themselves."

After Democrats predicted last month that 40 to 50 Republicans would vote for a nonbinding resolution against Mr. Bush's plan to send 21,500 additional U.S. troops to Iraq, only 17 Republicans defected.

"The president's going to stay at a certain level on this," the Bush official said. "We're not going to get in the weeds of the political debate on Capitol Hill."

Some Republicans on Capitol Hill say this has been the best political strategy, allowing the debate to focus on the merits of each sides' arguments and whether the Democrats have a plan, instead of uniting Democrats in opposing the president. But other House Republicans, however, say Mr. Bush has not convincingly argued that Iraq is a fight against al Qaeda and other Islamist groups, and not just a maelstrom of Islamic sectarian violence.

"I think it's been difficult for the White House to turn up the volume on this fact -- on the true nature and intentions of the enemy -- above the din of the Democrats' defeatism. But we all better find a more effective way to do just that," said a Republican leadership aide. "It's much easier for Americans to support a precipitous withdrawal strategy when they don't know how serious the stakes are."

The senior Bush official said the White House thinks the president has "found about the right level of engagement on it."

White House spokeswoman Dana Perino said the president has "stepped up outreach ... with Congress."

"We're aware that the war and the surge are unpopular. No question about it," Mrs. Perino said. "Our challenge is to keep showing progress and making the case in a variety of ways."

Hundreds Of U.S., Iraqi Troops Sweep Sadr City (USAT)

By Rick Jervis

USA Today, March 5, 2007

BAGHDAD — U.S. and Iraqi troops conducted door-to-door searches in the Shiite stronghold of Sadr City on Sunday, marking a critical step in the new Baghdad security plan.

More than 600 U.S. troops and 550 Iraqi soldiers cleared out safe houses and searched for militants and weapons, according to a U.S. military statement. They met no major resistance.

The troops seek to establish a permanent security outpost in Sadr City, home to the powerful Mahdi Army militia. The operation marks a major shift in strategy by Iraq's Shiite-led government, which blocked several attempts last year by U.S. troops to enter the area.

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"Many people felt we would never go into Sadr City because that was the prime minister's power base," said Lt. Col. Christopher Garver, a spokesman for the U.S. military in Iraq. "It's just another example of the political will that the prime minister and council of representatives are exerting to make this work."

The Bush administration has demanded all sectarian militias be disarmed as part of a broad security initiative that includes an increase of 21,500 U.S. troops in Iraq.

"The law must prevail," Iraqi Prime Minister Nouri al-Maliki said Sunday. "Everyone will be affected, regardless of sect."

The crowded neighborhood on Baghdad's eastern outskirts is home to about 2 million Shiite Muslims, many of whom credit the Mahdi Army for protecting them from Sunni insurgents. However, Sunni politicians have blamed the militia for killing civilians and pleaded with al-Maliki to stop the violence.

"We don't know if (al-Maliki) has a change of heart, but certainly there is a change of tactic," theU.S. ambassador to Iraq, Zalmay Khalilzad, told CNN.

Mahdi Army militants have displayed little resistance to the security campaign. Sunday was no exception: U.S. forces swept through the eastern corner of Sadr City with barely a sign of opposition, Garver said.

Some Sadr City residents said the area has been calm, although the militia continues to work in the shadows. "The Mahdi Army is still operating," said Ammar Abbas, a cigarette vendor near the area where the sweep took place Sunday. "We're still afraid of them."

The militia's leader, the anti-American cleric Muqtada al-Sadr, has not been seen in public since January. The U.S. military said last month that he was in Iran, although al-Sadr's spokesmen denied he left the country.

Hundreds of Mahdi Army leaders have been arrested in recent weeks, the Iraqi government says.

Garver said the militants could be laying low to strike in the near future. "We know the enemy wants to strike on his time," he said.

Also Sunday:

·For a third consecutive day, Baghdad was spared a car bombing or other attack bringing mass casualties.

However, a Shiite newspaper editor and a police officer were gunned down. After nightfall, U.S. artillery was heard across Baghdad. In recent days, U.S. gunners have hit suspected Sunni insurgents' staging grounds south of the city.

·Outside Baghdad, Lt. Col. Valery Keaveny described a raid last week that uncovered a suspected Sunni "torture site" and the rescue of two Iraqi captives, who apparently had been spared immediate execution because the militants' video camera broke, and they wanted to record the killings.

Basra Raid Finds Prisoners With Signs Of Torture (WP)

By Sudarsan Raghavan

The Washington Post, March 5, 2007

BAGHDAD, March 5 -- Iraqi special operation forces and British troops swept into an Iraqi intelligence ministry building Sunday morning in the southern city of Basra and found prisoners with signs of torture, British officials said.

All 30 prisoners escaped during the surprise raid, which was triggered by information gleaned from suspects arrested hours earlier in another sweep, a British military spokesman said Monday morning.

"It is unclear how it occurred, but what is clear is that the Iraqi forces did not let them escape," said Maj. David Gell, who called the escape "regrettable."

In a statement, Prime Minister Nouri al-Maliki called the raid an "unlawful and irresponsible act." He ordered an investigation of the raid, but did not comment on the allegations of torture at the facility that was the Basra headquarters of the National Iraqi Intelligence Agency. The spokesman for the Shiite-led Interior Ministry, which controls the agency, could not be reached.

A British military statement said its forces acted quickly because it had gained information hours earlier that presented a high threat. "It was therefore not possible for either the Iraqi units or multinational forces to pre-warn the relevant provincial authorities," it said.

The operation began at 12:45 a.m. when Iraqi special forces and British troops entered the Basra neighborhood of al-Puwaysa, where they arrested five suspects allegedly involved in car-bomb attacks against British forces, as well as kidnappings, torture and murder. Information from the suspects prompted the raid on the intelligence agency compound, Gell said.

The raid highlighted the insecure conditions in Iraq's Shiite-controlled south at a time when Britain has announced a significant drawdown of its forces. It was the latest instance of U.S. and British forces finding evidence of torture in Iraq's Shiite-dominated security and intelligence facilities that has raised questions about human rights and the rule of law in Iraq.

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The operation came as more than 1,100 U.S. and Iraqi troops pushed into the Shiite militia haven of Sadr City on Sunday, the largest operation in nearly three years in the sprawling, turbulent slum. Control of the area is viewed as pivotal to stabilizing the capital and preventing Iraq's slide toward civil war.

Riding in Humvees and armored personnel carriers, the troops put up checkpoints and conducted door-to-door searches for illegal weapons and militia fighters. They met no resistance, according to U.S. military, Iraqi officials and residents. No weapons caches were found and no suspects detained, the military said.

The operation represented the most serious effort yet by the government of Maliki to neutralize the Mahdi Army, which is headed by firebrand cleric Moqtada al-Sadr and is the country's largest and most violent Shiite militia.

Maliki, a Shiite, has for months faced intense U.S. pressure to send troops into Sadr City and assert the government's authority. But he has long avoided doing so because Sadr, who controls six ministries and 30 seats in parliament, is his political benefactor.

Sunday's push occurred only after Sadr had agreed to support Maliki's new Baghdad security plan, Iraqi officials said, and after negotiations with civil leaders and Sadr's representatives on the role of U.S. troops in Sadr City.

The operation lasted several hours and primarily targeted an area near a busy market, according to residents interviewed in Sadr City. By afternoon, there were no signs of U.S. or Iraqi soldiers in the densely crowded streets lined with posters of Sadr and banners lauding the Mahdi Army.

U.S. military officials said they would continue the security sweeps to facilitate a plan to house U.S. and Iraqi troops in a police station on the edge of Sadr City, where as many as 2 million people live. The new military post, similar to those being constructed in other neighborhoods, is a key component of Maliki's security plan to build public trust in Iraq's security forces and ensure that areas are not retaken by insurgents.

"It is a multi-day operation, continuing operation," said Lt. Col. Christopher C. Garver, a U.S. military spokesman.

In Sadr City, black-clad militiamen have vanished from the streets. Senior Sadr officials and Mahdi Army leaders have fled to Shiite cities in southern Iraq or to neighboring Iran. Some fighters said in interviews that they wanted to engage the U.S. troops but were under strict orders from Sadr to maintain a low profile.

"We feel upset, but what can we do?" said Laith Abu Bakr, 34, a Mahdi Army fighter. "We have orders not to act."

Sadr's motive for allowing the security operation in his stronghold was unclear. Some Shiite politicians have suggested he wants to boost his political credentials and improve his image, but others say he hopes to rid his movement of rogue elements and rivals.

Publicly, however, he has started to criticize the U.S. involvement in what he said should be an Iraqi operation. Sadr has long opposed the U.S. occupation and has issued strong calls for a troop withdrawal. In 2004, the Mahdi Army staged an uprising in Shiite areas, prompting U.S. forces to storm Sadr City.

On Sunday, Rahim al-Daraji, the mayor of Sadr City, said "as long as there is an Iraqi leadership, they are most welcome. The Americans can go into Sadr City."

"The people were very cooperative and were very happy because these forces are coming to protect them," he said.

But some residents said they felt safe under militia protection and questioned the presence of U.S. troops.

The Mahdi Army is "treating us very well," said Riyad Hamid Swadi, 40, the owner of a small junk shop. "What are the Americans doing here?"

A senior Sadr official said he did not believe that Sadr had agreed to allow U.S. troops to be stationed inside Sadr City and warned that their presence could provoke the Mahdi Army.

"This will create a spark," Sheik Ayad al-Khabi said. "They are going to drag the Shiites into a fight."

Separately, Maliki announced plans to reshuffle his cabinet in the next two weeks, a move he has promised for months. Maliki's aides have indicated that he intends to replace several Sadr loyalists in charge of key ministries, including the Health Ministry, which has been plagued by allegations of corruption.

Falah Shanshal, of the Sadr bloc in parliament, said that Sadr's supporters had given Maliki a list of replacements for the ministry posts and that they would block attempts to wrest ministries from their control.

U.S. Gingerly Enters Sensitive Iraq Neighborhood (LAT)

By Tina Susman

The Los Angeles Times, March 5, 2007

BAGHDAD, Iraq -- Just after 8 a.m. Sunday, U.S. and Iraqi troops tapped on Saif Mirwan's front gate in the Shiite stronghold of Sadr City and politely asked to search his house. They looked in each room, asked how his family was doing, checked out the pigeons he keeps on his roof, and then left with handshakes and a thank you.

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With that, Sadr City, whose fearsome reputation and political clout had rendered it largely off-limits to U.S. and Iraqi government troops for nearly three years, became an official part of the latest U.S.-Iraqi security crackdown.

In the first daylight door-to-door weapons searches here since the crackdown began, there was none of the bloodshed that greeted American troops the last time they tried to police the district in the spring of 2004.

But the limited raid, in the Jamila section of the sprawling slum, also raised the question of how long things will stay quiet, given the opposition to foreign troops of anti-U.S. Shiite cleric Muqtada al-Sadr, whose Mahdi Army militia took control of Sadr City's streets after the U.S.-led invasion of Iraq in 2003.

More than 600 U.S. soldiers and 550 Iraqi troops, backed by a column of armored vehicles, took part in Sunday's operation, described as a first step toward establishing a permanent U.S.-Iraqi security station within Sadr City. Military officials say these stations will foster trust between local residents and troops and will form the backbone of the security plan, which is seen as a last-ditch effort to quell sectarian warfare between Sunni Arabs and Shiites, fueled in large part by execution-style killings attributed to Shiite militias including the Mahdi Army.

At least 15 stations have been established in other neighborhoods of Baghdad, according to the U.S. military, and several more are planned. Those in Sunni neighborhoods are aimed at quelling the Sunni-led insurgency, which has used bombings, roadside explosives and sniper attacks to kill American troops and spread terror among the Shiite majority.

Setting up in Sadr City, which is named for al-Sadr's late father, a revered cleric, is a tricky maneuver because al-Sadr is politically influential with fellow Shiites, including Iraqi Prime Minister Nouri al-Maliki.

The troops arriving Sunday participated in what they termed a "soft-knock" operation, clearly aware that one wrong move could stoke anger among al-Sadr supporters. The troops avoided pounding or kicking on doors and, according to people whose homes were searched, were unfailingly polite and observant of Muslim sensibilities.

"They thanked us with respect and a smile," said Shihab Ahmed, a teacher, noting that the Americans greeted him in Arabic and asked permission before entering his house with a bomb-sniffing dog. "I am happy that such a campaign is done in my neighborhood. It doesn't upset me, as it is aiming to clear the area of weapons."

In a few hours, the operation was over for the day. A checkpoint was dismantled, allowing traffic to move normally. The convoy rumbled away, and shopkeepers returned to business as usual.

Still unclear is what will happen when troops return to establish a permanent presence, and how long al-Sadr will keep a lid on his militia.

The cleric pulled his militiamen off the streets when the security plan officially was launched Feb. 13 as a favor to al-Maliki. But al-Sadr's impatience with the plan has grown as attacks on Shiites by Sunni Arab insurgents have soared in recent days. On Saturday, al-Sadr issued a statement through associates rejecting recent statements by U.S. and Iraqi government officials that negotiations had cleared the way for a government security station in Sadr City.

Some analysts believe al-Sadr will keep his troops at bay -- at least for the time being.

"It's very clear al-Sadr's policy is to absorb the initial punch of the surge, not to engage the Americans, not to give them an excuse to focus on the Shiites," said Vali Nasr, an expert on Iraq and on the Sunni-Shiite conflict at the Naval Post-graduate School in Monterey, Calif.

But as U.S. troops continue to hand over security functions to Iraqi forces in coming months, Nasr said, al-Sadr will be well-positioned to revive his Mahdi Army, which most Shiites consider far more capable than Iraqi forces at protecting them. Al-Maliki will have to support him in exchange for his cooperation with the security plan, and his loyalists will embrace the return of his bullying but effective militiamen, Nasr predicted.

Across Baghdad, there were reminders of the ongoing sectarian war. Police said that since Saturday, they had found 20 bodies of men who were believed to be victims of Shiite death squads. And at least three Iraqi civilians died in bombings.

One car bomb exploded near an Iraqi police patrol in Doura, a troubled Sunni area in southern Baghdad and killed one civilian. Another Iraqi died when a bomb exploded in the Shiite district of Karada, and a third was killed when a blast hit near a downtown bank.

South of the city, three women and one child were killed when a bomb targeting a U.S. military convoy exploded. The victims were inside a minibus that took a direct hit from the blast.

Times staff writers Raheem Salman and Saif Rasheed, and special correspondents in Baghdad contributed to this report.

Notes From Baghdad (WSJ)

By Mohammed Fadhil And Omar Fadhil

The Wall Street Journal, March 5, 2007

BAGHDAD -- The new strategy to secure Baghdad has been dubbed by Prime Minister Nouri al-Maliki as "Operation Imposing the Law." After weeks of waiting and anxiety it is finally underway, and early signs are encouraging.

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The government information campaign and the news about thousands of additional troops coming had a positive impact even before the operation started. Commanders and lieutenants of various militant groups abandoned their positions in Baghdad and in some cases fled the country. Diyala province to the east of Baghdad was the destination for many Sunni extremists, while Shiite militiamen went to Babil and Diwaniya in the south. Some higher-ranking members of Shiite and Sunni militant groups fled to Iran and Syria respectively. This migration motivated the government to announce supporting security measures in five provinces around Baghdad, to make sure that fleeing bad guys do not regroup in other cities.

This indicates that both the addition of more troops and the tough words of Prime Minister Maliki are doing the job of intimidating the militants. The extremists understand only the language of power, and any reluctance or softness on the part of the Iraqi or U.S. government would only embolden them. In this way the clearly voiced commitment of President Bush and Prime Minister Maliki was exactly the type of strong message that needed to be sent.

One difference between this and earlier -- failed -- attempts to secure Baghdad is the willingness of the Iraqi and U.S. governments to commit enough resources for enough time to make it work. Another important point is the insistence of the Iraqi government that political factions not interfere with the progress of military action. The commanders and the prime minister have made it clear that no one will be above the law, and that even places of worship and the offices of politicians will be subject to searches and raids if evidence of involvement in violence is found.

The Iraqi commanders are also trying to give the operation a national stamp by including troops from across the country -- even from Kurdistan and far provinces like Basra, where politicians and officers have been long opposed to being involved in Baghdad. Yet another aspect that makes "Imposing Law" unique is its ascending intensity. Unlike other operations that always started from a peak and soon lost momentum, this plan is becoming stricter and gaining momentum by the day as more troops pour into the city, allowing for a better implementation of the "clear and hold" strategy. People here always want the "hold" part to materialize, and feel safe when they go out and find the Army and police maintaining their posts -- the bad guys can't intimidate as long as the troops are staying.

The Iraqi people themselves are playing their role in the plan. Recent figures from U.S. officers in Baghdad show that the joint forces have been receiving an average of 250 security tips from civilians since the beginning of the operation, about twice previous figures. With help from a government-appointed committee, people in some Baghdad neighborhoods are returning occupied mosques to their original keepers and worshippers, and holding joint prayers between the two sects in mixed neighborhoods.

So after only a couple weeks we can feel, despite the continuing violence, that much has been accomplished. Many Baghdadis feel hopeful again about the future, and the fear of civil war is slowly being replaced by optimism that peace might one day return to this city. This change in mood is something huge by itself.

The brightest image of the past two weeks was the scene of displaced families returning home; more than a thousand families are back to their homes under the protection of the Army and police. This figure invites hope that Baghdad will restore its social, ethnic and religious mosaic.

Marketplaces are seeing more activity and stores that were long shuttered are reopening -- including even some liquor stores that came under vicious attacks in the past. This is a sign that extremists no longer can intimidate people and hold the city hostage. All of this gives the sense that law is being imposed.

Checkpoints are not seen as scary threats to the innocent. They look more professional and impartial as they include members of the police, Army, Multinational Forces and even traffic cops with laptops verifying registration papers. We've lost the fear that checkpoints might be traps set by death squads; they search everyone, even official convoys and ambulances.

We feel safer about moving in the city now, and politicians who used to hide behind the walls of the Green Zone are venturing out. Watching Mr. Maliki walking on Palestine Street in central Baghdad gave a positive impression that the state, and not the gangs, owns the streets.

It is true that not all of Baghdad has seen the same amount of progress, but we realize that patience is necessary. People do not complain about delays at checkpoints but instead say they'd like to see stricter inspection.

Military-wise, the results are not humble either; hundreds of militants have been killed, more hundreds arrested, and dozens of weapons caches discovered and destroyed. The frequency of attacks has declined drastically, and the terrifying scene of bullet-riddled bodies has become a rarer incident.

Our people want to see this effort succeed. We know it's not going to be an easy fight. Rescuing all of Baghdad's districts from the grip of militants and terrorists will require sacrifice and hard work. We hope the troops and the governments in Baghdad and America do not lose their resolve.

Mohammed and Omar Fadhil write a blog, IraqTheModel.com, from Baghdad.

U.S. Hopes For Results In Iraq Outreach (AP)

DOJ_NMG_0139518

By Ryan Lenz
AP, March 5, 2007
YOUSSIFIYAH, Iraq - It was the kind of exchange that U.S. troops are counting on.

Medics treated an electrical burn on an Iraqi man injured doing home wiring. In return, he passed along a tip: Powerful local clan leaders have ordered a fresh crop of roadside bombs against U.S.-led forces.

The whispered warning - in the shadow of a mosque believed to support Sunni insurgents - is just what the soldiers want to hear as part of a new strategy to move some units off big, fortress-like bases and into outposts in Iraq's most violent places.

The plan hinges on hopes that increased contact with ordinary Iraqis will help soldiers separate innocent civilians from militants hiding among them, and try to rebuild a battered U.S. image after four years of fighting.

The shift also stands as an indirect indictment of the Pentagon's old counterinsurgency plans after years of losing touch with the Iraqi streets - and access to the crucial rumor mills and informants.

"I live where I work. It puts me so much closer to the people. That's what this is all about. The people are the center of gravity in this fight," said Capt. Richard Ince, a native of Georgetown, Texas.

His company - part of the Army's 2nd Battalion, 5th Cavalry Regiment - has turned a water treatment plant into a military compound near Youssifiyah, a volatile area 12 miles south of Baghdad. It's in the so-called "Triangle of Death" because of relentless attacks on U.S. military units patrolling its dirt and gravel roads.

On Friday, he made the five-minute walk from the base to near the mosque in a grove of palm and pine trees on the outskirts of Youssifiyah. Until recently, such a stroll would have been considered foolhardy - if not a breach of orders - for U.S. forces.

Now, it's encouraged.

Troops quickly turned the stone courtyard of an abandoned home into an open-air clinic. They did not advertise their plans in advance, fearing insurgents could plot an attack. Instead, word was spread by knocking on a few doors and letting the local grapevine do the rest.

Within minutes, dozens of people waited behind razor wire for treatment. In Iraq, even humanitarian outreach is accompanied by full-bore security. Every patient was searched and even babies were patted down.

Medics doled out children's Tylenol and antibiotics to parents with sick children. A smiling sergeant was handing out rainbow-colored pencils and candies to youngsters when a man holding his arm approached.

It was charred by a serious electrical burn, which oozed blood. Then, through an interpreter, he told Ince about how local tribal chiefs had called for more roadside bombs in the area.

Ince nodded and spoke quietly into a radio.

Sgt. James Farris, 31, of Tullahoma, Tenn., who had been listening to the exchange, said soldiers have heard dozens of tips like this since they moved into their new post earlier this year.

Some were credible and others viewed with suspicion. But it's opening the channels that's needed, he said.

Along with the advantages, however, come risks. A coordinated attack last month on the outpost in Tarmiyah, about 30 miles north of Baghdad, killed two soldiers and wounded dozens more.

About two hours after the clinic outside Youssifiyah opened, it was ordered closed. Nurses rushed to pack crates. Soldiers, who had watched quietly through the morning, suddenly took defensive positions.

There was no direct threat. Ince simply didn't want to press his luck.

"The longer you stay out here, the more you open yourself to negative action," Ince said, rushing to leave. "When you're ahead at the craps table, that's when you pick up your chips and go home."

Basra Raid Finds Dozens Detained By Iraq Spy Unit (NYT)

By Kirk Semple
The New York Times, March 5, 2007
BAGHDAD, Monday, March 5 — Iraqi special forces and British troops stormed the offices of an Iraqi government intelligence agency in the southern city of Basra on Sunday, and British officials said they discovered about 30 prisoners, some showing signs of torture.

The raid appeared to catch Iraq's central government by surprise and raised new questions about the rule of law in the Shiite-dominated south, where less than two weeks ago Britain announced plans for a significant reduction in its forces because of improved stability.

News of the Basra raid, with its resonant themes of torture and sectarian-driven conflict, coincided with the next stage of the intensified security plan here in Baghdad, where more than 1,100 American and Iraqi soldiers moved into Sadr City, a stronghold of Iraq's largest Shiite militia. The soldiers met no resistance in what the Americans called the plan's biggest test yet.

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Prime Minister Nuri Kamal al-Maliki, a conservative Shiite, condemned the raid in Basra. He publicly said nothing about the evidence of torture.

"The prime minister has ordered an immediate investigation into the incident of breaking into the security compound in Basra and stressed the need to punish those who have carried out this illegal and irresponsible act," said the full text of a statement issued late Sunday by his office.

It remained unclear why he sought to pursue the raiding force aggressively rather than the accusations of prisoner abuse. Efforts to reach officials in his office were unsuccessful.

The discovery of prisoners in the Basra offices, which the British described as the headquarters of Iraq's government intelligence agency, echoed other recent cases in which American or British forces stumbled onto a government-run detention center that held people showing signs of torture.

As recently as December, a combined force of British and Iraqi troops assaulted a police station in Basra and rescued 127 prisoners from fetid conditions. Some of the prisoners had been tortured.

The most significant recent case involved a secret Baghdad prison run by the Shiite-controlled Interior Ministry, known as Site 4 and discovered by American and Iraqi troops last year, where more than 1,400 prisoners were discovered and where some had been subjected to systematic abuse.

Mr. Maliki has been under considerable pressure, particularly from American officials and Sunni Arab leaders, to rid the country's Shiite-run security and intelligence forces of militia influence and human rights abuses. American officials have warned Iraqi leaders that they might curtail aid to the Interior Ministry, which runs the country's police forces, if officials who commit "gross violations of human rights" and are not held accountable.

The Interior Ministry, dominated by Shiites, has long been accused by Sunni Arabs of complicity in torture and killings.

It was unclear whether the Basra detainees were still in custody, and there was no further information on the of the detainees or their captors. A spokesman for the British military command in Basra, Maj. David Gell, said in a telephone interview early Monday that he could not provide any further information about them. [A] news agency said the detainees included a woman and two children.

The raid in Basra comes as the British command is planning a drawdown of as many as 1,600 of its 7,200 troops, a decision driven by the British government's assessment that Iraqi forces are strong enough to manage the security of the region on their own. In announcing the reduction on Feb. 22, Prime Minister Tony Blair said that while the Basra area remained dangerous, British troops faced far less violence than Americans farther north and that "the next chapter in Basra's history can be written by Iraqis."

It was unclear whether the discovery in Basra would have any impact on British planning.

Major Gell said the intelligence agency office was raided after an investigation earlier Sunday led to the capture of five suspected bomb makers and evidence that pointed to possible violations at the agency's offices. In those offices, he said, "Evidence of significant criminal activity such as torture was found."

In Baghdad, Iraqi and American soldiers began to patrol the streets of Sadr City and conducted house-to-house searches for illegal weapons and militia fighters linked to sectarian crimes, according to residents and the American military command. No shots were fired.

"Local residents were receptive and cooperative with coalition and Iraqi forces," said Lt. Col. Scott R. Bleichwehl, a military spokesman in Baghdad. The operation is the most ambitious since the implementation of the latest security plan for Baghdad nearly three weeks ago. The push into Sadr City, a bastion of Shiite militancy and anti-Americanism, will serve as a test of Mr. Maliki's willingness to seriously confront the country's Shiite militias, particularly the Mahdi Army, which is based in Sadr City and is led by Moktada al-Sadr, a powerful cleric.

Sadr City residents said they witnessed American soldiers converting a police station into a small garrison on the neighborhood's western flank. American and Iraqi military officials would not confirm this report, but officials have been planning to open a joint Iraqi-American security station there, one of several in the plan to pacify Baghdad, unveiled by President Bush in January.

The sweep on Sunday amounted to the largest military operation in Sadr City involving American troops since 2004, when the Americans suppressed a violent uprising of the Mahdi Army with ground forces and aerial bombardments.

American officials have been pressing Mr. Maliki to send troops into Sadr City and wrest control from the Mahdi Army, which has been accused of driving the cycle of sectarian bloodshed but is considered by many Shiite followers of Mr. Sadr to be a bulwark defense against Sunni insurgents.

The prime minister has also been under pressure from the Americans and his Iraqi critics to distance himself politically from Mr. Sadr, whose backing was decisive in Mr. Maliki's campaign for prime minister last year.

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On Sunday, Mr. Maliki announced that he planned to reshuffle his cabinet within the next two weeks, possibly eroding Mr. Sadr's influence in the administration. While the prime minister did not identify whom he would replace, two prominent Shiite politicians said in interviews on Sunday that the Health Ministry, the most powerful of the six ministries run by a Sadr loyalist, would be removed from Mr. Sadr's faction's control.

The military incursion into Sadr City, widely anticipated for days, lacked any element of surprise. It followed protracted negotiations — among representatives of Mr. Sadr, neighborhood leaders, Iraqi government officials and American and British military commanders — regarding the American role in Sadr City, home to at least 1.5 million people.

Mr. Sadr has long demanded an American withdrawal from Iraq. But he has promised not to impede the government's latest crackdown in Baghdad, which involves a so-called surge of about 20,000 American troops in the capital. The cleric has privately ordered his militia fighters not to resist the military sweeps regardless of provocation.

Many militia leaders, in turn, have left Sadr City and sought sanctuary in Shiite-dominated southern Iraq and Iran, possibly figuring that they can wait out the offensive and return to the capital later. Their subordinates, foot soldiers who have for years operated openly in Sadr City, manning checkpoints and maintaining neighborhood watches, have also remained out of sight in recent days.

For the past two weeks, American and Iraqi forces have been conducting sweeps of neighborhoods bordering Sadr City. These operations, in eastern Baghdad, have been the centerpiece of the new security plan, which is viewed by many here as a last-ditch effort to save the country from all-out civil war. American and Iraqi commanders say they have conducted thousands of patrols and detained hundreds of suspects.

Abdul Hassan Jubara al-Kahbi, the manager of the Sadr City governing council, warned that a prolonged American presence in the neighborhood might eventually incite militia members to retaliate.

Other residents, however, had more mundane concerns, like the traffic jams the sweep caused.

"You can see a vehicle at the entrance of each street," said a 45-year-old baker, who gave only his nickname, Abu Aqil. "It took me two hours to reach the grocery store and return home."

Elsewhere, the American command said Sunday that one marine and one sailor were killed on Friday while conducting a combat mission in Anbar Province, and another marine was killed on Saturday, also while on a combat mission in Anbar.

In an operation unrelated to the Sadr City incursion, American soldiers in Baghdad raided a mosque on Sunday and captured three suspected insurgents hiding inside, according to the American military.

In the western Baghdad neighborhood of Jamiya, the authorities discovered the bodies of eight Shiite pilgrims who were apparently on their way to a holy city south of the capital to celebrate an Islamic holiday this weekend. The bodies were handcuffed and had bullet holes in their heads, according to an official at Yarmouk Hospital.

In Hilla, a bomb killed four other Shiite pilgrims — three women and a child — on their way to Karbala, one of the southern holy cities. The bomb was apparently intended for an American convoy but missed, according to an official at the Interior Ministry. Two others were wounded.

In Baghdad, three people were killed and seven were wounded in a series of attacks. In one, an editor for the Iraqi newspaper Al Mashriq was shot and killed by gunmen while he waited to catch a bus to go to work, an official at the Interior Ministry and a colleague said.

Iraq Ousts 10,000 In Security Ministry (USAT)

By Rick Jervis

USA Today, March 5, 2007

BAGHDAD — Iraq's Interior Ministry has fired or reassigned more than 10,000 employees, including high-ranking police, who were found to have tortured prisoners, accepted bribes or had ties to militias, a ministry spokesman has disclosed.

A soon-to-be-released internal inquiry also details 41 incidents of human rights abuse at the ministry. In one case, four members of the national police hanged prisoners from a ceiling and beat them with sticks in a ministry-run prison known as Site 4, according to the report by the ministry's inspector general.

The United States has pressured Iraq's Shiite-led government to clean up its security forces as they undertake a broad plan to reduce sectarian violence. Sunni politicians have accused Iraq's police of collaborating with Shiite death squads.

More than half of those fired or reassigned since June were found to have militia ties, Jassim Hanoon, the Interior Ministry's deputy spokesman, said in a weekend interview. The investigation is ongoing.

"We are struggling against this disease," Hanoon said of militia infiltration at the ministry.

The Interior Ministry employs about 270,000 people, including police, emergency response units and administrative staff.

"Maybe we aren't 100% cured," Hanoon said. "But we're getting better day by day." Some ministry employees were fired for arresting innocent people, while others had past criminal records, he said.

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Investigators are using information gathered within the ministry to probe political leaders and members of parliament, something not previously done, Hanoon said. Prime Minister Nouri al-Maliki has vowed to pursue criminal charges against political figures — including members of parliament — linked to extremist groups.

The cases of human rights abuse were detailed in a 250-page annual report that will be released this week, Akeel Saeel, the Interior Ministry's inspector general, said in an interview.

The four policemen allegedly involved in the Site 4 case were arrested and handed over to Iraq's criminal court system, Saeel said.

"Under Saddam, investigators had this ideology. Torturing was routine," Saeel said. "I do feel we're having an impact, but it takes time, step by step."

U.S. military advisers are working to better screen and train police, including requiring 15 to 20 hours of human rights training for recruits, said Lt. Col. Pablo Hernandez, a spokesman with the U.S. military unit responsible for training Iraqi police.

"If you look at what they had in the past and the product they're putting out today, it's a lot better," Hernandez said.

No U.S. Backup Strategy For Iraq (WP)

By Karen Deyoung And Thomas E. Ricks

The Washington Post, March 5, 2007

During a White House meeting last week, a group of governors asked President Bush and Marine Gen. Peter Pace, chairman of the Joint Chiefs of Staff, about their backup plan for Iraq. What would the administration do if its new strategy didn't work?

The conclusion they took away, the governors later said, was that there is no Plan B. "I'm a Marine," Pace told them, "and Marines don't talk about failure. They talk about victory."

Pace had a simple way of summarizing the administration's position, Gov. Phil Bredesen (D-Tenn.) recalled. "Plan B was to make Plan A work."

In the weeks since Bush announced the new plan for Iraq -- including an increase of 21,500 U.S. combat troops, additional reconstruction assistance and stepped-up pressure on the Iraqi government -- senior officials have rebuffed questions about other options in the event of failure. Eager to appear resolute and reluctant to provide fodder for skeptics, they have responded with a mix of optimism and evasion.

Even if the administration is not talking about Plan B, the subject is on a lot of minds inside and outside the government. "I would be irresponsible if I weren't thinking about what the alternatives might be," Defense Secretary Robert M. Gates acknowledged last month to Congress, where many favor gradual or immediate withdrawal.

Gates did not elaborate. Several administration officials, while insisting that a wide range of options was discussed before Bush's Jan. 10 announcement, firmly closed the door on the subject of fallback plans. "I don't think anyone is going to be inclined to discuss any contingency-type planning," said National Security Council spokesman Gordon Johndroe.

National security experts outside the government have stepped into the void, offering detailed options through public papers, speeches and policy proposals over the past several weeks.

"The ultimate Plan B is pull everybody out," said Stephen D. Biddle, a senior fellow at the Council on Foreign Relations and an adviser to the Defense Department. "Nobody wants to do that. Most are looking at the middle ground between surge and pullout."

Most options involve partial or complete U.S. redeployment from Baghdad and other violent urban centers, followed by containment of the civil war within Iraq's borders -- keeping out meddlesome neighbors such as Iran and preventing a wider, regional conflict. Retired Marine Gen. Anthony Zinni, a former chief of Central Command, the U.S. military headquarters for the Middle East, said Congress is "drifting toward containment" and predicted that option will soon begin gaining popularity.

Daniel L. Byman and Kenneth M. Pollack of the Brookings Institution last month released the most comprehensive public exploration of containment. The two national security experts seemed to wince even as they proposed keeping up to 80,000 troops along Iraq's borders, cautioning that "there would be no end in sight either for the war or for their mission." But it is "the only rational course of action," they wrote.

"I firmly believe that is where we should wind up, and is what we should be doing now," said retired Air Force Gen. Charles F. Wald, formerly the No. 2 U.S. officer in Europe.

One military officer involved in long-term planning for Iraq said he does not think the idea is feasible. "It would be a massive operation," the officer said. "But having said that, it's probably the best option if they go into open civil war."

Other senior military officials are skeptical of containment, fearing that it would be almost impossible to achieve and that a policy of standing back and letting Iraqis kill each other would be morally indefensible and a recruiting boon for al-Qaeda and

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other extremist groups. Even proponents of containment warn that it would leave U.S. troops as concentrated targets while limiting their ability to control the situation militarily.

A related option would involve redeploying U.S. forces to the relative safety of the Kurdish region in northern Iraq, to more peaceful areas in the south and to Anbar in the west, where they could focus on fighting al-Qaeda. "You can have your civil war without us," columnist Charles Krauthammer recently suggested that Bush tell Iraqi Prime Minister Nouri al-Maliki. "We will be around to pick up the pieces as best we can."

Biddle, who noted that new Iraq strategy proposals "proliferate hourly" in the public domain, said another variant is to set up "heavily defended forward operating bases out in the desert somewhere [and] either sit there and mind our own business and do nothing except be present -- enabling us to say we're still there -- or, in a somewhat more activist flavor, to conduct raids of various kinds" against al-Qaeda bases and rescue missions for Iraqi military units.

Steven N. Simon, senior fellow for Middle Eastern studies at the Council on Foreign Relations and the NSC's director for national security threats during the Clinton administration, last month proposed U.S. disengagement from Iraq itself, calling for containment from the outside with a reinforced U.S. presence elsewhere in the region and the opening of a regional diplomatic dialogue. Those steps should be initiated immediately, Simon wrote, before the costs of the war begin to widen across the Middle East and beyond.

Still other withdrawal possibilities center on the replacement of conventional troops with a significant Special Forces contingent to engage in counterterrorism, along with what Biddle called "facilitating ethnic cleansing" by providing armed escorts for Iraqis who want to leave contested areas.

Any containment option is likely to add substantially to the nearly 4 million Iraqis who have fled to Jordan and Syria or have been displaced from their homes within Iraq, said Carlos Pascual of the Brookings Institution, who served as director of the State Department's Office of Reconstruction and Stabilization until October 2005. Humanitarian agencies are already drawing up plans for huge refugee camps inside and around Iraq's borders, although many are concerned they will only add to the country's problems.

"When refugees and displaced persons start collecting in camps," Pascual said, "you get a vulnerable population -- and a lot of unemployed men -- who are subject to attack, recruitment and internal violence. This is where you often get further radicalization, and the camps themselves become a source of the problem."

Over the years of U.S. involvement in Iraq, new plans have been launched with assurances of success -- the return of sovereignty to a handpicked Iraqi administration in the summer of 2004; a democratically elected government in January 2005; "Plan Baghdad," designed to retake the capital from insurgents and militias, in the summer of 2006. The current Plan A is arguably already Plan D or beyond.

Since last summer, public opinion has turned against Bush's handling of the war and favors withdrawing, rather than increasing, troops. Although the administration has said the new strategy should show progress within months, many officials privately say it could be years, if ever, and the Democratic majority in Congress has shown little inclination to wait patiently.

Any substantive administration planning for other contingencies is occurring at the margins of policy, far from key decision-makers. "Planners plan, but I don't think anyone is saying, 'Let's do the partition,' or 'Let's pull back and let Baghdad burn,' " one Pentagon official said. "That would be a tectonic shift. That would be catastrophic failure."

One military officer and another defense expert said they believe that retired Army Col. James Kurtz, a specialist in strategic planning, has been asked by the Pentagon to begin studying alternative strategies at the Institute for Defense Analyses, a government-run think tank. "It's just not appropriate to ask for that," Kurtz said in response to an inquiry. "We keep what we do with our sponsors, okay?"

Bush has warned that the U.S. commitment to Iraq is not open-ended and will require increased effort from Iraqis. Pressed to specify U.S. limits, Secretary of State Condoleezza Rice promised the Senate Foreign Relations Committee that there would be ample opportunity "to see whether or not in fact the Iraqis are living up to the assurances they gave us."

"And what if they don't?" Sen. John F. Kerry (D-Mass.) asked.

"I don't think you go to Plan B," Rice replied. "You work with Plan A."

How To Stop Genocide In Iraq (LAT)

By Samantha Power, Samantha Power, A Professor At Harvard University's Kennedy School Of Government, Is The Author Of T

The Los Angeles Times, March 5, 2007

Offering the carrot of U.S. withdrawal may be the best way to end ethnic cleansing in Iraq.

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THOSE WHO SUPPORT remaining in Iraq increasingly can be heard invoking the specter of genocide as grounds for staying. Sen. John McCain (R-Ariz.) warned that, if U.S. troops leave, "You'll see a bloodletting in Baghdad that makes Srebrenica look like a Sunday school picnic."

Some defenders of President Bush's approach, having backed the Iraq war from the start, have now settled on genocide warnings after each of their original justifications for being in Iraq — weapons of mass destruction, terrorism prevention, energy diversification, regional stabilization and democracy promotion — has crumbled one by one.

Other proponents of remaining in Iraq are not, in fact, looking to redeem their own faulty judgment. They are genuinely frightened that, as ferocious as the civil war there has become, a U.S. withdrawal could unleash an all-out slaughter. With increasing numbers of civilian corpses piling up every day, they have reason to worry.

Although critics of withdrawal do a masterful job of painting a grim picture of the apocalypse that awaits, they offer no account of how U.S. forces in Iraq will do more than preserve a status quo that is already deteriorating into wholesale ethnic cleansing. Although more than 115,000 U.S. troops have been in Iraq for the last four years, about 3.8 million Iraqis have fled their homes and at least 50,000 Iraqis are fleeing each month. It would be nice to think the surge of troops to Baghdad would help to staunch the flow. But with only one-third of the new troops on duty at any given time in a city of 6 million people, they will have no more success deterring the militias intent on carving out homogeneous Shiite or Sunni neighborhoods than U.S. forces have had to date. About 74% of Shiites polled and 91% of Sunnis — the people who have the most to fear from genocide — would like to see U.S. forces gone by the end of the year.

Unfortunately, many of those who favor a U.S. exit have recklessly waved off atrocity warnings or taken to blaming Iraqis for their plight. What is needed to stave off even greater carnage than we see today is neither assuming massacres won't happen nor suspending thought until the surge has demonstrably failed in six months — at which point other options may no longer be viable. Rather, we must announce our intention to depart and use the intervening months to prioritize civilian protection by pursuing a bold set of measures combining political pressure, humanitarian relocation and judicial deterrence.

First, although it has a familiar and thus unsatisfying ring to it, the most viable long-term route to preventing mass atrocities is to use remaining U.S. leverage to bring about a political compromise that makes Iraqi Shiites, Sunnis and Kurds feel economically stable, physically secure and adequately represented in political structures. This is consistent with the position of leading U.S. generals and the members of the bipartisan Iraq Study Group, who have stressed that there is no military solution to Iraq's meltdown and urged the administration, the Iraqis and regional players to reopen broad-ranging political negotiations.

Instead of simply lining up behind Iraqi Prime Minister Nouri Maliki's government in the hopes that it will one day decide to stop ethnic cleansing, recent withdrawal proposals in Congress use the leverage of the proposed redeployment to press Iraqis to reach a political solution. A plan put forth by Sen. Barack Obama (D-Ill.) has come under neoconservative fire for setting a target departure date, but it provides for flexibility to suspend the U.S. drawdown if Iraqis meet the key economic, political and security benchmarks they have committed to achieve this year. The plan would also retain some U.S. forces in Iraq and the region to help deter atrocities by sectarian militias and aggression from Iraq's neighbors.

However, if this political pressure fails and U.S. forces remain unable to stave off an ever-widening civil war, the U.S. should go further and announce its willingness to assist in the voluntary transport and relocation of Iraqi civilians in peril. If Iraqis tell us that they would feel safer in religiously homogenous neighborhoods, and we lack the means to protect them where they are, we should support and protect them in their voluntary, peaceful evacuation — a means, one might say, to preempt genocide in advance of our departure.

The administration must help secure asylum for those Iraqis — and there are millions who fit this bill — who have a "well-founded fear of persecution." At the U.N. High Commissioner for Refugees' conference scheduled for April, which will be attended by Jordan, Iran, Iraq, Syria and the United States, the overburdened countries of first asylum (Syria is sheltering 1 million Iraqis; Jordan has taken in 700,000) must be persuaded to reopen their gates to fleeing Iraqis. And Western countries must dramatically expand the number of resettlement slots for Iraqis. Astoundingly, the U.S. took in just 202 Iraqis last year and, although the maximum for this year was recently raised to 7,000, this is still not sufficient.

Finally, if we are serious about preventing further sectarian horrors, the U.S. must send a clear signal to the militias and political leaders who order or carry out atrocities that they will be brought to justice for their crimes. That means offering belated U.S. support to the International Criminal Court, the only credible, independent body with the jurisdiction to prosecute crimes against humanity and genocide.

Many of those who say U.S. troops should stay in Iraq to prevent genocide are the same people who for political reasons refuse to acknowledge the gravity of the calamity unfolding on our watch. The same people who modeled a war on best-case scenarios are now resisting ending a war by invoking worst-case scenarios. But after years of using the alleged needs of the Iraqi people to justify U.S. political postures, it is long past time to use the leverage we still have to actually advance Iraqi welfare.

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Supplemental Sows Discord (RC)

By Susan Davis And Emily Pierce

Roll Call, March 5, 2007

The still-evolving bill to pay for military operations in Iraq and Afghanistan has rapidly become a political headache for Democratic and GOP leaders, as the debate over what to include in the measure has exacerbated intraparty tensions in both chambers.

The House Appropriations Committee could mark up the $100-plus billion emergency supplemental spending bill as early as Thursday, but knowledgeable Democratic aides cautioned last week that the schedule has not been confirmed and could spill into the week of March 12.

Procedurally, three legislative days are required after a bill has been dropped in order to have a markup, so if language is not circulated by Tuesday, a markup is unlikely to occur this week, aides said.

Staffers were expected to work through the weekend, and failure to produce language early in the week will be further indication of the challenges facing Democratic leaders to build consensus between the conservative and liberal flanks of the party who have vastly divergent views on the war that will be difficult to reconcile.

While Democratic leaders have emphasized their party's unity on the mid-February resolution condemning the proposed troop increase, the supplemental measure is already straining that accord.

The divisions have presented a serious test for Speaker Nancy Pelosi's (D-Calif.) leadership, as well as for Appropriations Chairman David Obey (D-Wis.), who must shepherd the legislation.

"It's a big tent, and I'm glad I'm not in Nancy Pelosi's shoes." said Rep. Lynn Woolsey (D-Calif.), co-chairwoman of the Progressive Caucus as well as the co-founder of the Out of Iraq Caucus.

Rep. John Murtha (D-Pa.), chairman of the Appropriations subcommittee on Defense, has been a lightning rod for Democrats on the Iraq War since he announced plans — without first vetting it with leadership or the full Democratic Caucus — to include conditions and guidelines in the supplemental that critics have charged would unfairly restrict President Bush's ability to conduct the war.

While Murtha appears to have relented on some of his stronger positions — such as putting in conditions that would make it difficult to fund the additional troops Bush wants to send to Iraq — after strong backlash from both sides of the aisle, there continues to be significant discontent among the rank-and-file Members who supported Murtha's plan.

A potentially large segment of the Out of Iraq Caucus, which numbers 71 and overlaps heavily with the Progressive Caucus, is not expected to support the supplemental spending bill if it contains funds that do support the president's plan to deploy more troops.

"The only conditions I'll vote for are full-funding to bring our troops home from Iraq," Woolsey said Thursday.

But the California lawmaker declined to say whether she and other anti-war lawmakers would vote against the bill if, combined with potential GOP opposition to the bill, it meant it would doom the measure.

"I hope we get to a place where that's not necessary," Woolsey said.

But while emergency funding requests for the Iraq War have previously received strong bipartisan support, Minority Leader John Boehner (R-Ohio) announced last week that Republicans were ready to take the rare step of formally whipping against the bill if it contained any measures that they believe would put roadblocks up for the White House on Iraq.

"I think placing arbitrary or punitive political hurdles before the commander in chief in a time of war, especially under the guise of supporting our troops, is wrong and it is reckless," Boehner said late last week.

Boehner said the GOP would adhere to two principles in the supplemental: to oppose any effort to "put handcuffs" on Bush, or to add "unnecessary" additional spending in the bill that does not pertain to the war effort.

Democrats have floated the proposal to give the president waiver authority to make the terms outlined in the supplemental for troop readiness less binding, but Boehner said it was unclear if that would be enough.

"It may. But at the end of the day, these are unnecessary obstacles that will not support our troops ... and will not support the president," he said. "And if they want to cut the funding, they ought to have the courage to stand up and do it forthright."

Rep. Bill Young (R-Fla.), the ranking member on the Defense subcommittee, said late last week that he did not believe waiver authority would be enough to appease most Republicans.

"I think it's accurate to say that our leadership and our defense folks would be opposed to those restrictions with or without a waiver," he said.

Democrats are also expected to include billions of dollars in additional funds in the supplemental for issues ranging from agriculture relief to the State Children's Health Insurance Plan, among others. And knowledgeable Democratic aides have said they are considering including funds to improve conditions at Walter Reed Army Medical Center.

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A spokesman for Pelosi said Democrats were hopeful Republicans would ultimately vote for the funding bill.

"Democrats want to make sure that our troops have the equipment and training they deserve and that the Iraqi government meets the benchmarks President Bush endorsed," said spokesman Nadeam Elshami. "Republican leaders should be supporting our efforts and not threatening to vote against the troops and accountability in Iraq."

If GOP leaders seek to make this vote a test of party loyalty, it will take a significant whip effort to get the rank-and-file Members to vote against a war supplemental. As one Democratic aide observed, it is difficult to explain the nuance of such votes to the public who see "a vote to shut down the supplemental as a vote to shut down the DOD." The aide said leaders and appropriators are so far not fearful of being able to pass the bill on the House floor. "If [Boehner] wants to whip against it he does so at his party's peril," the aide said.

"If the Democrats insert language that really does hamstring our ability to fight and win this war, then I think it will be an easy whip," countered a GOP leadership aide, adding that Democrats will face great difficulties uniting their own Caucus. "If it does nothing to hasten troop withdrawal, they lose their Members in the left wing, and if they do put conditions on funding, they lose a whole different segment of the Caucus."

Meanwhile, Senate Republicans said the Democrats' apparent inability to forge a consensus on how to address the Iraq War in the supplemental and in other ways made their opposition to funding restrictions or cuts much easier.

"One of the first rules of politics is when your opponent is in disarray, don't stop them," said Senate GOP Conference Vice Chairman John Cornyn (Texas). "That's where the Democrats are right now. I don't think they have a coherent strategy."

Cornyn indicated that GOP opposition coupled with the possible objections of centrist Democrats likely would produce a supplemental "without any nonbinding resolutions or strings attached."

Indeed, Democrats said Senate Majority Leader Harry Reid (D-Nev.) has little appetite for including funding restrictions in the supplemental.

One Democratic Senator said that view was largely shared within the Democratic leadership and Caucus. Additionally, the Senator indicated that Senate Appropriations Chairman Robert Byrd (D-W.Va.) and other members of the spending panel would face pressure to keep any language restricting funds out of the committee mark of the bill.

"What is done will be done on the floor, not in committee," said the Senator.

Byrd spokesman Tom Gavin said the topic of restricting funding in the supplemental has not even come up in talks among committee members.

"Has there been any discussion of putting strings on the supplemental? No," Gavin said.

If such language is not included in the committee version of the bill, it likely will be much harder for any Senator to add restrictive provisions on the floor, because it would almost certainly be filibustered by Republicans, several Senators indicated.

Still, Democrats said they would continue to look for ways — either on the supplemental or in other legislation — to force the White House to change its tactics in Iraq.

"We are continuing discussions on how best to affect a change in the administration's policy on Iraq," said Reid spokesman Jim Manley.

Sen. Ted Stevens (R-Alaska), who serves as the ranking member on the Appropriations subcommittee on Defense, said his discussions with Democrats gave him "the feeling that they want this bill to pass, but they really want to challenge the president on a number of things."

One of those "things," Stevens said, was the addition of funds for poor children's health insurance, continuing Gulf Coast hurricane disaster assistance, and other "emergency" funding issues that are not part of the Iraq War effort.

Stevens said Republican Senators may be forced to accept those add-ons, even if they oppose them, because Reid plans to vote on the measure in late March, which will leave precious little time to make sure the bill is reconciled with the House version and enacted before the Pentagon runs out of money on April 15.

"It will affect us and our willingness to accept things we might not otherwise accept under the circumstances," said Stevens.

Gavin acknowledged that the Senate bill likely will include money for non-war-related emergency expenses, such as for recovery from Hurricanes Katrina and Rita and for SCHIP.

Manley confirmed that Reid plans to bring up the supplemental during the last week of March, right before the Senate is scheduled to break for a week-long recess. The Senate Appropriations Committee will mark up the bill March 20, Gavin said.

Stevens said he was unsure of what Senate Republicans' reaction would be to any inclusion of funding restrictions in the bill, whether they were adopted in committee or on the floor. But he suggested that the restrictions might be easier to swallow if the president were given "the authorization to waive the restrictions in order to protect the forces."

Democrats Benefit From Public Shift On War (WT)

By Christina Bellantoni And S.a. Miller

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The Washington Times, March 5, 2007

As the war in Iraq and the broader battle against terror were being fought abroad, the political calculus at home changed, with public opinion shifting to favor the Democrats on an issue that long had been a Republican winner.

Republicans won the 2002 and 2004 elections in part because voters were convinced that Democrats were weak on defense and lacked the political will to protect the U.S. from terrorists. That changed as the war in Iraq grew more unpopular -- a major factor in the sweeping Democratic gains last fall, allowing the party to regain congressional power.

Anti-war sentiment has been bolstered lately, with polls showing the majority of Americans disapproving of President Bush's plan to send a "surge" of 21,500 more troops to Iraq. Most surveyed instead want to see troops withdrawn from Iraq with varying degrees of dispatch.

Rep. Jim McGovern, Massachusetts Democrat, said oversight hearings and the House's nonbinding resolution showing disapproval with the surge plan were "long overdue," and helped the public to realize their calls for action on Iraq have been heard.

"The American people are way ahead of the politicians in Washington," he said. "In many cases, we're playing catch-up, but Democrats have been able to give some meaning to public dissatisfaction with the war.

"Now the challenge is how the war comes to an end," he said.

Despite assertions the Democrats are all on the same page when it comes to war strategy, party leaders have spent weeks trying to craft a unified position. They will give details today for a plan that would link funding to troop readiness and put more responsibility on the Iraqi government to meet benchmarks.

Rep. John P. Murtha of Pennsylvania, who is chairman of the defense subcommittee of the House Appropriations Committee, yesterday acknowledged the Democrats "don't have the votes" to cut off troop funding.

"The public doesn't want, they don't want that to happen. They want the troops to be entirely funded," he said on NBC's "Meet the Press."

But that hasn't stopped Rep. Dennis J. Kucinich of Ohio, a Democratic presidential hopeful, from pushing a bill to use existing funding to withdraw U.S. troops from Iraq and seek to replace them with an international peacekeeping force.

"I don't look at polls," the outspoken war critic said. "I look at casualty counts. [The American people] are not interested in polls, either. They want the troops home."

Two national polls taken last week each showed 46 percent of respondents want Congress to use the power of the purse.

In a Fox News/Opinion Dynamics poll, 46 percent said they would personally "vote against funding the war altogether to try to force a withdrawal." In the survey of 900 registered voters taken Tuesday and Wednesday, 45 percent wanted to keep funding the current level of troops and 9 percent were unsure.

In the other poll, an ABC News/Washington Post survey of 1,082 adults conducted Feb. 22-25, 46 percent said they would support "Congress trying to block Bush's [surge] plan" by "restricting funding for the war," versus 51 percent opposed and 3 percent undecided.

That same survey also showed more support -- 58 percent -- for Mr. Murtha's approach of putting onerous readiness rules that U.S. forces could not meet, thus choking off the war. And 56 percent said U.S. troops should be withdrawn even if Iraq is left unstable.

Both polls had a three percentage point margin of error.

A senior Republican aide said the tables had turned on the Democrats in terms of the war debate, even if the war itself remains unpopular.

"In terms of the PR campaign and in terms of the message to the American people, the Democrats have again come across as fractured and the Republicans have come across as unified," the aide said. "Republicans play politics better than Democrats."

The war has also turned the Republican presidential race on its head, dragging down the popularity of one-time front-runner and war hawk Sen. John McCain of Arizona and bolstering anti-war candidates.

"I would much rather lose a campaign than lose a war," Mr. McCain has said in defending his stance of wanting to send more troops to Iraq.

The senator told The Washington Times he sees his party's rank and file recoiling from Democrats' anti-war rhetoric.

"Where I've been traveling -- which is talking to Republicans -- the Republican base is coming back and supporting the president because the Democrats have overreached," said Mr. McCain, a decorated Vietnam veteran.

Iraq: Silence Of The Sadrists (NSWK)

By Rod Nordland

Newsweek, March 5, 2007

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So far the Mahdi Army is lying low. But for how long?

Early in the latest U.S. and Iraqi attempt to bring peace to Baghdad, one high-ranking Iraqi official included Moqtada al-Sadr in his prayers. "Allah, lo yehdih, lo yedahdih," he prayed, a pun that roughly translates as "Allah, show him the way, or kick him aside." As far as the official, who would only speak anonymously, is concerned, his prayer has been answered. Sadr has all but disappeared from the Iraqi scene the past three weeks, and Sadr's Mahdi Army has been notably quiet, too. Officially, the Iraqi government is attributing that to the new Baghdad security plan, part of a surge of forces that will eventually include 21,500 new American troops. But this official says what's really happening is the taming of Moqtada.

The U.S. military announced plans to set up a base inside Shia-dominated Sadr City only late last week. Most U.S. reinforcements are still en route. Yet despite an upsurge in suicide bombings by Sunni extremists, mostly aimed at Shia civilians, the number of reprisal killings is down dramatically since the security plan was launched on Feb. 14. Human Rights Minister Wijdan Salim said last week that "sectarian killings have dropped to a fourth what they had been [two weeks earlier], a very big decline." The senior Iraqi official credits pressure on Sadr from his former patrons in Iran, as well as from Ayatollah Sistani and the Marjaiyah, the Shia clerical leadership in Najaf. He says Iran is withholding military advice and aid to Sadrists as well as other rogue elements, and leaning on them to stop the killings. "Sadr is convinced that there's no real outcome of this struggle, and [death-squad reprisals have] backfired," he says.

Washington takes a less sanguine view of Iran's role in Iraq. U.S. military authorities have publicized a series of weapons seizures in recent days, including material for making the deadly "explosively formed projectiles," or EFPs, bombs allegedly of Iranian origin that can penetrate armored vehicles. But Iranian officials have publicly supported the Baghdad security plan, and have agreed to join a regional conference on Iraq's future with the United States and other nations. "Iran's strategy is to strengthen and support the [Shia-dominated] central government in Iraq," says a senior Iranian intelligence official who asked for anonymity because of his line of work, "when and how it sees appropriate."

The threat of American action certainly had something to do with Sadr's silence, too. Even before Feb. 14, U.S. and Iraqi troops had begun targeting top and middle-level officials in Sadr's organization, arresting several key ones and killing at least two who resisted. Even more critical may have been the intervention of Shia elders. Alarmed at the U.S. crackdown, Sadr had an 11 p.m. meeting with Sistani about a month ago, according to an aide to the grand ayatollah, speaking on condition of anonymity in keeping with practice in the cleric's office. "He asked the sayyid what he should do about the attacks against him, and [Sistani] told him, 'You have two options: bear the consequences, on you and Shias in general, or withdraw into a corner'."

The corner Sadr chose was likely somewhere in Iran. U.S. and Iraqi officials say he left for Iran two weeks ago. "As far as I know, he's still there," says Sami al-Askari, an adviser to Prime Minister Nuri al-Maliki. "He's a secretive man." Both Tehran and Sadr's spokesmen vehemently deny he's hiding in Iran, but it's notable that he has been absent from his usual Friday sermons at the Kufah mosque for three weeks now, and hasn't appeared elsewhere in public. A former Mahdi Army commander in Baghdad, Abu Hazim, says, "Sadr is following a strategy called 'bending before the wind' because he's lost part of his control over the Mahdi Army. It's not like it was in 2004," when an uprising called by the young radical threatened to engulf much of the country.

Some analysts worry that Sadr and Shia extremists are just biding their time. But as additional U.S. troops arrive during the next two months, that may prove an uncomfortable wait. Already, in Karbala, a group of Sadrists recently split after one of them blamed other Sadr followers for killing civilians, including a prominent sheik close to Sistani. Police in Karbala went on to arrest 50 of Sadr's followers. "Even if they lie low, they will lose contact with their people," says the senior Iraqi official. "Even an organized army would lose its command and control." When the surge is over, says U.S. Embassy political officer Margaret Scobie, the Sadrists "may find their opportunities to resume are limited." In the meantime, authorities can breathe a little easier with only one set of extremists to fight.

The Things That Get You (USNEWS)

By Alex Kingsbury

U.S. News and World Report, March 4, 2007

FORWARD OPERATING BASE KALSU—There are plenty of nasty ways to meet with death or injury in Iraq. Examples of some of the cleverest devices targeting American troops are mounted on large sheets of plywood outside a dining hall at FOB Kalsu, about 25 miles south of Baghdad. It's a sobering display of the ingenuity and resourcefulness of the enemy: antipersonnel mines hidden in household items, pressure-sensitive explosives fashioned from slats of wood and wire, garage door openers that trigger artillery shells to rip open tanks.

The letters IED, for improvised explosive device, have become forever associated with the war in Iraq. These weapons are the greatest day-to-day threat to U.S. forces. The military reported that at least 60 U.S. troops have been killed in IED attacks so far this year (the military doesn't report the cause of death in all instances). IEDs were responsible for more than half of American hostile-fire deaths in the past 12 months.

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The military has struggled to develop practices and gear to counter the IED threat, with an array of devices designed to trigger the bombs prematurely or render them harmless. It's punch and counterpunch, as each new design breeds a new defense, and vice versa.

The display at FOB Kalsu, intended to help troops recognize common IEDs, is a poignant reminder of the dangers that soldiers routinely face in or out of their vehicles. The variety known as explosively formed penetrators—which American officials assert are coming from Iran—are particularly dangerous because of their ability to penetrate even armored vehicles. An EFP consists of a short tube that acts as a barrel for a machine-milled concave copper plate. When the explosive charge detonates, the force of the explosion creates a hot copper projectile that shoots from the barrel at hypervelocity and through nearly anything in its path.

"Getting clever." It's hard to fully appreciate the force of this small weapon, even seeing how it can punch a hole through a vehicle's armor. One EFP attack on an American light armored vehicle a few weeks ago sent a copper slug a distance of more than 70 yards, through a concrete wall, then through the rear of a car, tearing through the trunk and the front and back seats, and finally settling in the engine block. In this case, the slug missed its intended target, and no one was injured.

Increasingly sophisticated EFP attacks involve four or more such explosives timed to explode simultaneously or in sequence against a single target. "They are getting clever about aiming EFPs at the engine and troop compartments," says an American commander who witnessed an EFP attack.

But the EFPs against patrols and convoys are only the latest weapons of choice for targeting U.S. troops. Insurgents still use traditional military weapons like mortars as well. Either hand-held or mounted on the back of a pickup truck, mortars can fire an explosive shell a distance of a mile or so, delivering a powerful, if often inaccurate, punch.

The mortar alarms that sound in Camp Kalsu are sometimes ignored, as soldiers have become accustomed to the attacks. Playing dominoes in a large tent, a group of soldiers barely glance up as a mortar alarm begins to sound. The sharp whump of a nearby mortar hit sends them scrambling outside their tent into reinforced concrete shelters. "The worst is when you get four or five alarms and attacks in one night," says a sergeant, leaning on his rifle and peering out of the bunker. "It's hard to sleep through all of that, and you wind up running into the shelter wearing only your boxers."

Phil Hubbard doesn't show his office to many visitors, but the manager of an Internet cafe and coffee shop at FOB Kalsu has had some close calls. Looking at the 20 jagged shrapnel holes in his office wall, he gestures to the point of impact a few yards behind his trailer. "The guy who was working in here at the time just missed being turned into Swiss cheese," he says. Shrapnel tore through the wall, punching several holes into the faux leather chair at his desk, then through another wall on the opposite side of the room. Several soldiers were injured in the attack, one of the largest mortar attacks against FOB Kalsu.

Incidentally, the camp itself was named for the only recently active professional football player killed in the Vietnam War. Robert Kalsu was a lineman from the University of Oklahoma who was voted the Buffalo Bills team rookie of the year in 1968, his first and only season with the team. He was killed two years later in the A Shau Valley in Vietnam during a mortar attack.

10 Questions For Ted Kennedy (TIME)

By Massimo Calabresi

Time, March 5, 2007

As Ted Kennedy enters his 45th year in Congress, the arch-liberal senior Senator from Massachusetts has a lot on his plate. Between playing a lead role in the antiwar movement, working to push through a hike in the minimum wage and getting ready to reauthorize No Child Left Behind, Kennedy sat down with TIME's Massimo Calabresi to talk about politics, his ever-present Portuguese water dogs and, naturally, the Kennedy clan.

Are you the only Senator to keep dogs in your offices?

No. Bob Dole had a dog, Leader. Elizabeth Dole has a dog. And Bob Byrd has his dog. Elizabeth Dole and I are going to form a dog caucus, and we're going to be co-presidents. We don't think we're going to be president of anything else.

Admirable bipartisanship. Democrats have the country with them against the war in Iraq but aren't acting to end it. Why?

This war is the major blunder in American foreign policy. We ought to free ourselves from our troop involvement. But if you look back on Vietnam, it wasn't until 1973 that we passed the resolution that actually halted troops and money. There's no question that this is a slow-moving institution, and it's no new statement to say that we are behind what's happening out in the countryside.

But there was fallout for Democrats appearing weak on Vietnam.

It's been the Democrats who have been for armor for the troops. We have been for investing in our servicemen when they come back from Iraq. And it is the Democrats who want to get our American troops out of the civil-war cross fire. Democrats are concerned about the security of the fighting person. Too often Republicans are more interested in protecting the reputation of the President than protecting the troops.

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Do you intend to endorse one of the Democrats running for President?

I have no plans. I just got re-elected. I'm going to spend my time here doing what I was elected to do.

It's easy to pick up a newspaper and see some comparison between your brothers and Barack Obama. Is there any validity to that comparison?

Barack is certainly an extremely gifted and talented individual. But my brothers are on a special plateau for me. They're my heroes.

You know Mitt Romney pretty well.

I've had my differences with Mitt, but I wouldn't underestimate him. That's certainly also true for Senator [John] McCain. I have differences with him--the Iraq war is the most obvious example--but I've worked with him quite a bit on the patients' bill of rights, and I've worked with him on immigration.

Your long-sought minimum-wage bill is stuck in conference, thanks to a debate on the size of small-business tax breaks. What's going on?

It's going to get through. The differences are not significant. We're not talking about hundreds of billions of dollars. We're talking about a few billion dollars. It's been 10 years since we've increased the minimum wage, and I want to get this increase to the beneficiaries. I'm convinced we'll get it done within the next two weeks.

Some on the left wing of the Democratic Party would like to see No Child Left Behind done away with. Are you going to deliver reauthorization this year?

The concept of including every child in education as a national goal is one that I wholeheartedly and completely agree with. But there are children left out. If this were the space program, we would have gone to the moon, landed and gotten halfway back. We have work to do in the reauthorization of No Child Left Behind and plenty of it. But do I believe we can get a reauthorization? Yes, I do.

You just celebrated your 75th birthday. Or rather the celebrations are ongoing.

My sister Eunice wants to know why I have to have several, and I told her, Well, I was the ninth member of the family. I had two sisters who had their birthdays on Feb. 20, and mine's on Feb. 22, so the house was always lively on Feb. 20, and then [the next day] someone would say, Oh, my goodness, Teddy's birthday is coming up tomorrow. So I've been wanting to make up for it.

You had a costume party. Who did you go as?

Most people think I was John Quincy Adams. I'll probably leave it there.

Confronting Iraq's Exodus (TIME)

By Massimo Calabresi

Time, March 5, 2007

The war in Iraq has driven nearly 4 million people from their homes. As many as 2 million have fled the country, in what Refugees International calls the fastest-growing crisis in the world. As detailed in the stories that follow, the burden of coping with this exodus has fallen most heavily on Iraq's neighbors, such as Syria, Jordan and Iran, who have absorbed the vast majority of exiles. But the war's reverberations are being felt beyond the Middle East, in places as seemingly distant and incongruous as Sweden, which has taken in more than 11,000 Iraqis since 2005.

The U.S., however, has been reluctant to open its doors, admitting just 18 Iraqi refugees in 2005 and 202 in 2006. In February the State Department announced that it would admit up to 7,000 more, giving special consideration to those Iraqis who worked for the U.S. government. But that's still just a fraction of the number of Iraqis in need. And although the Bush Administration has offered to cover about a third of the $60 million that the U.N. says is needed for the refugees, the U.S.'s European and Arab allies think Washington should cover far more of the costs resulting from what they view as America's war.

So why the parsimony? U.S. officials argue that resettling Iraqis will accelerate the country's brain drain. Admitting large numbers of Arabs also raises anxieties among some Americans that terrorists could slip in--even though refugees are among the most exhaustively screened migrants. But Bush Administration critics say the biggest reason Washington has been slow to act is that doing so would be an admission of failure in Iraq. Says Harold Koh, dean of Yale Law School and former Assistant Secretary of State for Democracy, Human Rights and Labor: "If the U.S. government were to do an active resettlement regime for Iraqi refugees, it would be conceding that its own rhetoric about the situation in Iraq becoming safe and stable anytime soon is a fantasy."

The U.S. has been cool to refugees before. In World War II, Secretary of State Cordell Hull infamously declined to accept Jewish Holocaust refugees, adhering instead to prewar immigration quotas. Thirty years later, the U.S. watched as a crisis built ahead of the April 1975 collapse of South Vietnam, in part because 54% of Americans were against admitting Vietnamese who were fleeing the communists.

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In both cases, U.S. leaders calculated that the country's national interests trumped its moral responsibilities. But in Iraq, a more magnanimous stance toward refugees would help the U.S.'s broader interests. It would be good propaganda in the Arab world, where the U.S. image needs burnishing. It would be a tool to counter one of the root causes of terrorism: regional instability caused by mass migration. And it would provide Washington with a basis for talks with Iran and Syria, whose help the U.S. needs to stabilize Iraq. Despite the recommendations of the Iraq Study Group, the Bush Administration has refused to negotiate directly with either country. But Secretary of State Condoleezza Rice has taken a first step toward engagement, announcing that the U.S. will participate next month in talks on Iraq's future that will include representatives from Iran and Syria.

Tackling the refugee crisis may be the Bush Administration's best chance to repair some of the damage to U.S. prestige caused by the Iraq war. After the fall of Saigon, Congress bucked public opinion and embraced its obligation to Indochinese asylum seekers, using refugee aid to countries like Thailand and Laos to build relationships and counter the spread of communism.

Opening the doors to Iraq's departed would be smart as well as moral. And it would allow this generation of Americans to live up to George Washington's pledge that "America is open to receive not only the opulent and respectable stranger, but the oppressed and persecuted of all nations and religions."

Syria. (TIME)

By Andrew Lee Butters

Time, March 5, 2007

What happens to a country when its population grows by more than 10% in three years? In Syria, which has absorbed more than a million Iraqi refugees, you can see cosmetic transformations. Iraqi-accented Arabic is heard constantly in the cafÃ©s and streets of Damascus. Real estate prices have skyrocketed. Food prices are rising. There's even a neighborhood in the capital called Fallujah that's popular with Iraqis.

The Iraqi-refugee issue is also changing Syria in deeper ways, altering the country's image in the Middle East--and bolstering its leverage with the U.S. While the Bush Administration has accused it of supporting terrorism in Iraq, Israel and Lebanon, Syria has established itself as the lifeboat of the Arab world. Having taken in 180,000 temporary Lebanese refugees fleeing the war with Israel last summer, Syria is the only Arab country that has been equally welcoming to all of Iraq's religious sects, according to Syrian human-rights groups. Only Jordan--which has received 750,000 Iraqis but has stopped accepting more--comes close to matching Syria's largesse. "The price of this disaster is being paid mainly by the refugees themselves and by two countries: Syria and Jordan," says AntÃ³nio Guterres, the U.N.'s High Commissioner for Refugees. "The international community can't let [them] bear this burden alone."

Syria wants more than bromides for its openness. The humanitarian crisis in Iraq could be the issue that brings Syria out of international isolation and into semi-respectability. Although the Bush Administration has long resisted diplomatic engagement with Syria, cracks are appearing. Secretary of State Condoleezza Rice has authorized the U.S. embassy in Damascus to talk with Syrian officials as long as their discussions are limited to the refugee crisis. Syrian officials say their willingness to take in so many refugees has helped stabilize the region. Now they want something in return: a softer U.S. line on Syrian involvement in Lebanon and more pressure on Israel to give back occupied land in the Golan Heights. "One million refugees is a huge number," says Redwan Ziadeh, director of the Damascus Center for Human Rights Studies. "It is a card that Syria can play with the U.S."

Damascus may not have that card for long. Internally, the refugee issue poses long-term dilemmas for the Baathist regime of Syrian President Bashar Assad. The presence of so many needy Iraqis has exposed the government's failure to make economic reforms. The Syrian government--dominated by a secular core of Alawite Muslims who rule a country that is 74% Sunni Muslim--may have to stop the influx as a measure of self-preservation. Assad is particularly concerned about extremists re-entering the country from Iraq, according to Syrian security analysts. "We used to call them the Afghan Arabs," a security analyst says, referring to extremists who served with the Taliban and al-Qaeda in Afghanistan. "Now we are worried about the Iraqi Syrians."

The government has begun to limit the amount of time it allows Iraqis without residency status to stay in Syria, down from three months to two weeks. In mid-February, Syria shut its border with Iraq and wouldn't let any Iraqis enter for three days. The border is back open, but the message to Iraq and the U.S. was clear: Stop taking Syrian help for granted. The U.S. still needs to prove to Syria that playing a constructive role in the Middle East can pay off too.

Sweden. (TIME)

By Vivienne Walt

Time, March 5, 2007

DOJ_NMG_0139531

The view from Alaa's apartment reveals streets and sidewalks carpeted in fresh snow, a tableau of tranquillity half a world away from the chaos of Iraq. But inside, the war is never far from his mind. The television set is turned at high volume to a talk show on Baghdadi TV, an Iraqi satellite channel. Only Arabic books line the bookshelves in the living room; Alaa and his roommate, Ali Hamad, an ophthalmologist from Baghdad, barely speak English, let alone the language of the country in which they have sought refuge. As he welcomes a visitor with the typical Iraqi drink of sugared mint tea, Alaa laughs. "This is Little Iraq," he says.

Alaa, 29, left Baghdad in January, a few days after Saddam Hussein was hanged. A group of gunmen had smashed in his front door and ransacked the house. Alaa, a Shi'ite television producer who was at work at the time, believes that Sunni militants wanted to kill him for covering Saddam's trial. And so, as hundreds of Iraqis do each day, Alaa decided to pack up his things and flee. At the time he wasn't sure where he was going or who would take him in. Now he finds himself sharing a two-room apartment with people who were complete strangers just weeks ago, in a country he knows little about--but that is, for the foreseeable future, his new home: Sweden.

This country of 9 million has long prided itself on being one of the world's most hospitable to foreigners fleeing war and hardship. After the 1991 Gulf War, Sweden took in thousands of Iraqi Shi'ites and Kurds. But nothing could have prepared Swedes for the numbers of Iraqis who are pouring in today. While most of the 2 million Iraqis who have left since the U.S. invasion in 2003 have remained in the Middle East, a growing number are trying to make their way out of the region, in search of refuge and the promise of a new life in the West. Having granted asylum to 2,330 Iraqis in 2005, Sweden received nearly four times that many last year. In December, 1,566 Iraqis arrived, nearly five times the figure in February 2006. And with Iraq's civil war still raging, Swedish officials say they are bracing for a possible 35,000 this year.

For both the new Iraqi arrivals and their Scandinavian hosts, coexistence has not come easily. Swedish officials fret about the potential security risks and the costs posed by a swelling population of displaced Muslims. Although relieved to have escaped the grinding violence of Iraq, Sweden's Iraqis face the prospect of having to rebuild shattered lives and find work in an alien society. For many, the trauma of Iraq is inescapable. Recent arrivals like Alaa say they fear being hunted down by sectarian rivals in Stockholm. "We don't know who is who here," says Alaa. In a Swedish government asylum office, he was shocked to see Iraqis in "long beards and short pants" who looked like extremist Sunnis. "I'm scared that among those people who Sweden helps are crazy Salafis who might kill me," he says.

Yet the fact that Alaa made it to Stockholm at all qualifies him as one of the lucky ones. Among Western countries, Sweden is unique in allowing entry to all Iraqis who can prove they have fled central and southern Iraq, no matter what their political involvement or how they reached Scandinavia, according to officials at the Swedish Migration Board.

Being accepted into Sweden is relatively simple compared with what it takes to actually get there. Iraqis say the odyssey north typically costs $10,000 per person and involves relying on a network of nameless smugglers and middlemen. Most Iraqis flee first to Jordan; from there smugglers arrange flights to Istanbul, where it is easy to find illegal European Union passports--red passports, as the Iraqis call them, which contain the refugees' real photos but use other people's names. "Daniel," 23, a Christian Iraqi student sitting in a Stockholm cafÃ©, said he bought a fake Iraqi passport for $300 in Baghdad and used it to take a smuggler's ride through Syria to Turkey. In Turkey a smuggler traded Daniel's Iraqi passport for a false European passport for $8,000--paid by his parents in Baghdad. Then he hid in the back of a cargo truck with three other Iraqi men for the duration of the 3,000-mile journey into Sweden.

For many Iraqis, the initial relief of fleeing the war is replaced by the shock of being shipped to one of Sweden's overcrowded refugee camps, an hour's drive from Stockholm. Only Iraqis who can prove they will live with relatives in Sweden are permitted to stay outside government housing when they arrive; others slowly try to find accommodations once their refugee status is officially approved, usually within a few weeks of arrival. Most end up in Sweden's heavily immigrant ghettos, like the Stockholm neighborhood of Rinkeby. The area's expanse of characterless high-rise apartment buildings dates back to the 1960s, when the Swedish government poured billions into public housing. Driving into the area from Stockholm's gracious old city is like entering another country. In fact, there are few reasons that Swedes would ever visit. Little Swedish is heard in the Middle Eastern and African supermarkets, barbershops and call-service outlets; these days the street-side talk is increasingly in Arabic.

Government officials say they try to steer Iraqis to smaller towns, where housing is cheaper and their skills are in greater demand. But Iraqis resist. "It's a major problem for us," says Mattias SjÃ¶berg, a migration officer at the Swedish Migration Board in Stockholm. "We send people to the north or down south, but in the end many Iraqis end up in Stockholm, where there is a [Muslim] community."

Even in Stockholm, Iraqis often find their careers stalled while they spend months in Swedish-language classes. The government has made attendance in language classes a precondition for receiving asylum benefits. Then comes the slog of requalifying in their profession. While Iraqis in Stockholm praise the Swedes' welcome, they struggle to persuade locals to hire them for professional jobs. "We have a lot of highly educated people driving taxis," says Faried al-Suheil, who fled Baghdad for

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Stockholm in 1993, moved back in 2003, then returned to Stockholm last summer. He stood at the doorway of the Iraqi prayer hall in the Stockholm suburb of Jakobsberg late one evening. Six taxis were parked along the snowbound sidewalk while the drivers celebrated the Shi'ite holiday of Ashura inside. "The Swedes don't want to hire us" for skilled work, al-Suheil says.

But as is true around the world these days, the Iraqis in Sweden reserve their most bitter words for one another. As Iraq's ethnic fighting has intensified, so have the tensions among refugees living thousands of miles from the war. "Before, in Sweden, we never talked about who was who," says Salam Karam, an ethnic Kurdish journalist from Baghdad who moved to Stockholm with his family in 1990. "Now people talk about who's a Shi'ite, who's a former Baathist. Have they come here to hunt us?" He says he was shocked to find that when he taught Swedish to Iraqi refugees last year, "my Shi'ite students never spoke to those who were Sunnis."

The Swedish government has opted to grant refuge even to Iraqis who enter illegally rather than pursue them for using forged documents. "We don't turn anyone back," says Gunn Sundberg-Hjelm, an asylum officer at the Swedish Migration Board. "Look at the circumstances they have left." But how long can the warm welcome last? Swedish voters last September ousted the leftist government, largely over fears about growing unemployment and the country's costly welfare system. That nervousness may increasingly be directed at the new Iraqi refugees, who benefit hugely from Sweden's social services. The country has spent tens of millions of dollars on the new arrivals, who receive a daily allowance, housing and free health care. Beyond the burden to Sweden's economy, the influx could also pose a security risk, says Magnus Norell, senior analyst for the government-funded Swedish Defense Research Agency and a former Swedish Secret Service special analyst on terrorism. "It's not just that Iraqis are swamping the system," says Norell. "The government realizes that there are several people in this country who should not be here, people who would not get in because they have involvement with Islamist organizations in Iraq and Europe." With the numbers of Iraqi refugees soaring, the government doesn't "have time to do the proper investigation."

But for both the thousands of Iraqis who have found their way to Stockholm and the European hosts who have taken them in, there is no going back. Hunched over a borrowed computer in his small apartment, Alaa, the television producer, spends hours a day looking at digital photographs of his small son playing on his bed back in Iraq. Alaa hopes to get his Swedish residence papers sometime this year, allowing his wife and year-old boy to join him in Stockholm--two more Iraqis seeking escape from a world gone wrong.

Japan Weighs Extending Iraq Mission (AP)

AP, March 5, 2007

Japan's top government spokesman said Monday that Tokyo is undecided about whether to extend the nation's air force mission in Iraq when it expires in July, but that a decision is expected by the end of this month.

Tokyo has been airlifting U.N. and coalition personnel and supplies into Baghdad and other Iraqi cities from nearby Kuwait since last year as part of efforts to support the reconstruction of Iraq.

The mission is set to end July 31, and debate is already gearing up about whether Tokyo will continue its contributions to a war increasingly unpopular at home.

"Discussions are going on, but we have not decided on any specific policy yet," Chief Cabinet spokesman Yasuhisa Shiozaki said. "A decision will be made by the end of this month."

Japan backed the U.S. invasion of Iraq and provided ground troops for a non-combat, humanitarian mission in the southern Iraqi city of Samawah from early 2004.

Japan withdrew the ground troops in July last year, and has since expanded its Kuwait-based air operations.

The Iraq mission is part of Japan's bid to boost its international profile. Tokyo also approved in late October a one-year extension of its naval mission in the Indian Ocean to support the U.S.-led anti-terrorism campaign in Afghanistan.

But some in Japan criticize the operations for violating the pacifist constitution, which prohibits the use of force in solving international disputes.

Bilateral Talks With U.S. Still On The Table (WT)

The Washington Times, March 5, 2007

U.S. and Iranian officials, in separate remarks yesterday, both left open the possibility of bilateral talks on the sidelines of a regional meeting this week in Baghdad.

Zalmay Khalilzad, the U.S. ambassador to Iraq, said Washington had not decided whether it would meet one-on-one with the Iranians when regional countries and world powers meet Saturday to try to get Iraq's neighbors to contribute to stabilizing the country.

"We have not decided at this point with regard to anything bilateral [with Iran], but we will be prepared to play our role as constructively as possible," Mr. Khalilzad said in an interview with CNN yesterday.

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"There have been some recent indications that [the Iranians] are interested in a dialogue with regard to Iraq," he said.

Iranian Foreign Ministry spokesman Mohammed Ali Hosseini, meanwhile, said his country has not decided whether it will attend the Baghdad conference but did not rule out a decision to meet directly with Mr. Khalilzad.

"Recently, the United States has proposed negotiations with Iran through different channels over the Iraq issue," Mr. Hosseini was quoted as saying by the Associated Press. "Meeting with Americans on the sidelines of the Baghdad conference is not on the agenda of Iran, for the time being."

The meeting will bring together working-level officials in Baghdad before a second session, involving ministers, as early as next month, U.S. officials said. Secretary of State Condoleezza Rice has said she would attend the later session.

Mr. Khalilzad said on CNN that the U.S. was "prepared to talk" with the Iranians about U.S. accusations that Iran is sending weapons to Iraqi militants.

He said he was concerned primarily about roadside bombs known as "explosively formed projectiles" (EFPs), which have killed a large number of U.S. soldiers.

"It is my understanding that EFPs do come across the border [from Iran] and there is continuing support and assistance from elements in Iran to elements in Iraq. That continues," he said. The U.S. military thinks the Quds Force, part of Iran's Revolutionary Guard, is behind the weapons shipments, he said.

"Should the opportunity arise to talk to the Iranians, we will focus on the weapons that come across the border," he said. "The purpose of any talks that take place, the bilateral talks, will be very much the security of our forces."

The United States has no diplomatic relations with Iran and is involved in a war of words to stop Tehran's nuclear program, which Iran says is aimed solely at producing electricity.

President Bush has stepped up accusations that Iran is backing Shi'ite militants in Iraq. The U.S. military has strengthened its presence in the Gulf and detained several Iranians in Iraq. Washington also is leading a push for stronger sanctions against Iran over its nuclear defiance.

Syria, which has agreed to attend the Baghdad meeting, indicated that its government is hoping to engage the United States.

The Al-Ba'ath state newspaper said in an editorial yesterday that the Baghdad conference should open the way for talks between the two countries, whose relations have been strained for years.

"How could attendees of a conference who are sitting at the same table ignore each other?" said Al-Ba'ath. "The entire region sees in the conference a glimpse of hope and optimism to start a series of solutions."

Washington accuses Syria of allowing militants to cross into Iraq, a charge Syria denies. Last week, a the Syrian government called Washington's decision to attend the conference a step toward comprehensive dialogue with Syria on the Middle East.

16 Civilians Die As U.S. Troops Fire On Afghan Road (NYT)

By Carlotta Gall

The New York Times, March 5, 2007

KABUL, Afghanistan, March 4 — American troops opened fire on a highway filled with civilian cars and bystanders on Sunday, American and Afghan officials said, in an incident that the Americans said left 16 civilians dead and 24 wounded after a suicide car bombing in eastern Afghanistan. One American was also wounded.

The shooting sparked demonstrations, with local people blocking the highway, the main road east from the town of Jalalabad to the border with Pakistan. And there were differences in some of the accounts of the incident, with the Americans saying that the civilians were caught in cross-fire between the troops and militants, and Afghan witnesses and some authorities blaming the Americans for indiscriminately shooting at civilian vehicles in anger after the explosion.

The United States military said the unit came under fire after a suicide bomber detonated his explosive-laden car near their convoy “as part of a complex ambush involving enemy small-arms fire from several directions.”

Members of the unit, on patrol near Jalalabad airfield, returned fire, and the civilians were killed and wounded in the cross-fire during the battle, according to a statement from the military press office at Bagram Air Base, 40 miles north of Kabul.

“We regret the death of innocent Afghan citizens as a result of the Taliban extremists’ cowardly act,” Lt. Col. David Accetta, a military spokesman, said in the statement. “Once again the terrorists demonstrated their blatant disregard for human life by attacking coalition forces in a populated area, knowing full well that innocent Afghans would be killed and wounded in the attack.”

Yet some of the wounded interviewed in the hospital by news agencies said the only shooting came from the American troops. A hospital official, who asked not to be identified, said all the wounded were suffering from bullet wounds and not shrapnel from the bomb explosion.

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Hundreds of Afghans blocked the road and threw rocks at police officers in protest afterward, with some demonstrators shouting "Death to America! Death to Karzai!" a reference to President Hamid Karzai, The Associated Press reported.

The shooting will be a setback for American forces in Afghanistan, who have been working to contain the continuing insurgent attacks, in particular roadside bombs and suicide attacks, and win the support of the people with reconstruction and development projects. Deadly riots shook Kabul last May after American troops were involved in a fatal car crash and then opened fire on the crowd.

Among the dead on Sunday morning were a woman and two children in their early teens, said Dr. Ajmal Pardez, the provincial director of health, speaking by telephone from the Jalalabad city hospital. He said the hospital received 10 dead and 25 wounded people from the incident, with four people in critical condition.

After the suicide attack, the Americans treated every car and person along the highway as a potential attacker, though none of the people showed hostile intent, Muhammad Khan Katawazi, the district chief of Shinwar, told The A.P.

"They were firing everywhere, and they even opened fire on 14 to 15 vehicles passing on the highway," said Tur Gul, 38, who was standing on the roadside by a gas station and was shot twice in the right hand. "They opened fire on everybody, the ones inside the vehicles and the ones on foot."

Some of the wounded interviewed by The A.P. said the soldiers opened fire indiscriminately on passing cars and pedestrians on the busy main road.

"When we parked our vehicle, when they passed us, they opened fire on our vehicle," said 15-year-old Mohammad Ishaq, who was hit by two bullets, in the left arm and right ear. "It was a convoy of three American Humvees. All three Humvees were firing around."

In other fighting, two British soldiers were killed Saturday in southern Afghanistan, the British Defense Ministry said Sunday. The men were involved in heavy fighting that has raged for three days in the town of Sangin, said Col. Tom Collins, a NATO spokesman in Kabul. Townspeople have fled the town and abandoned their shops as Taliban insurgents and British forces stationed there have been trading artillery and rocket fire, according to a resident of the area.

Insurgents Strike Marine Convoy; 10 Dead In Melee (WT/AP)

By Rahim Faiez

The Washington Times, March 5, 2007

BARIKAW, Afghanistan -- Insurgents struck a convoy of Marines with an explosives-rigged minivan and followed up with a fusillade from the roadside, U.S. officials said yesterday.

As many as 10 people were killed and 34 wounded as the convoy made a frenzied escape, and injured Afghans said many were killed by Americans who fired on civilian cars and pedestrians as they sped away.

U.S. officials said militants' gunfire may have killed or injured civilians, but Afghanistan's Interior Ministry and wounded Afghans said most of the bullets were American. Hundreds of angry Afghans protested near the blast site, denouncing the U.S. presence.

As the Americans fled, they treated every car and person along the busy highway as a potential attacker, said Mohammed Khan Katawazi, the district chief of Shinwar in eastern Afghanistan's Nangarhar province.

"I saw them turning and firing in this direction, then turning and firing in that direction," Ahmed Najib, a 23-year-old hit by a bullet in his right shoulder, said of the U.S. forces. "I even saw a farmer shot by the Americans."

Lt. Col. David Accetta, the top U.S. military spokesman in Afghanistan, said gunmen may have fired on U.S. forces at multiple points during the escape. He said it was not yet clear how the casualties happened, though he left open the possibility that U.S. forces had shot civilians.

"It's not entirely clear right now if the people killed or wounded by gunfire were killed or wounded by coalition forces' gunfire or enemy attackers' gunfire," he said.

The accusation that U.S. forces killed or wounded so many Afghans was likely to cause an uproar in a country that has seen an untold number of civilians killed by international forces since the U.S.-led invasion in 2001. A high-level delegation was appointed to investigate.

President Hamid Karzai has pleaded repeatedly for Western troops not to harm civilians, and in December wept during a speech lamenting civilian deaths at the hands of foreign forces.

The U.S.-based Human Rights Watch estimates that more than 100 Afghan civilians died as a result of NATO and coalition assaults in 2006. An AP tally, based on reports from Afghan, NATO and coalition officials, puts the overall civilian death toll in 2006 at 834, most from militants' attacks.

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Nine witnesses -- including five Afghans recuperating from bullet wounds in the hospital -- said in interviews that U.S. forces fired indiscriminately along at least a six-mile stretch of one of eastern Afghanistan's busiest highways -- a route often filled not only with cars and trucks, but Afghans on foot and bicycles.

"They were firing everywhere, and they even opened fire on 14 to 15 vehicles passing on the highway," said Tur Gul, 38, who was standing on the roadside by a gas station and was shot twice in his right hand. "They opened fire on everybody, the ones inside the vehicles and the ones on foot."

The tolls varied. The Interior Ministry said 10 persons were killed, while the provincial health chief said eight died.

The U.S. military said eight civilians were killed and 34 wounded after earlier saying 16 were killed and 24 wounded. It did not explain the revised, lower death toll, saying only that the new figures were "the most accurate numbers to date." A U.S. Marine was also injured in the suicide blast.

Interior Ministry spokesman Zemeri Bashary said the chief of the Interior Ministry's criminal division would lead a delegation including a U.S.-led coalition official to Nangarhar province today to investigate.

"The coalition says they have proof that gunmen opened fire," said Mr. Bashary. "But I think more of the gunfire was from the [U.S.] side."

Marines Open Fire After Afghan Ambush (WP)

By Griff Witte

The Washington Post, March 5, 2007

ISLAMABAD, Pakistan, March 4 -- At least eight Afghan civilians were killed Sunday in eastern Afghanistan when U.S. Marines traveling in a convoy were hit by a car bomb and responded by firing in a way that some witnesses called reckless.

The incident, which the U.S. military said resulted from a "complex ambush," was followed by angry demonstrations in which hundreds of Afghans took to the streets, many chanting anti-government and anti-American slogans.

According to Afghan and U.S. accounts, the Marine convoy was struck by a van packed with explosives as it traveled along a roadway connecting the eastern city of Jalalabad to the Pakistani border, in the district of Mohmand Dara. The portion of the road where the explosion occurred is flanked by shops and was crowded at the time of the blast.

Immediately afterward, the convoy was attacked by "small-arms fire from several directions," said Lt. Col. David Accetta, a U.S. military spokesman. "The coalition forces returned fire in self-defense. It's unclear whether the casualties were from the car bomb blast or from the small-arms fire."

The Associated Press quoted several wounded Afghans as saying that the Marines fired indiscriminately as they fled the scene.

"They were firing everywhere, and they even opened fire on 14 to 15 vehicles passing on the highway," Tur Gul, 38, told the AP. Gul was standing on the roadside near a gas station and was shot twice in his right hand. "They opened fire on everybody, the ones inside the vehicles and the ones on foot."

The AP also quoted an Afghan police official who supported the civilian accounts.

Accetta said that the allegations would be investigated but that "at this point we don't have any information that there was any wrongdoing by the coalition forces."

Noor Agha Zuwak, spokesman for the provincial governor, said the roadway was shut down for two hours by the crowds of protesters that formed after the incident. They were shouting "Down with the U.S.!" he said, and "Down with Karzai!" a reference to Afghan President Hamid Karzai.

The U.S. military at one point said 16 civilians were killed but later changed that estimate to eight. An official at a local hospital said late Sunday that 14 people had died. The military said 35 people were wounded, among them a coalition service member.

Baz Mohammed Shirzad, deputy director of the hospital where the wounded were treated, said doctors saw both bullet and shrapnel injuries. He said four patients were in critical condition Sunday night, but others were lucid enough to talk about what they saw. "An explosion took place, then firing took place. After that, they don't know what happened," he said.

Accetta said the anger aimed at the foreign troops following the incident was misdirected. "It should have been directed against the extremist forces who initiated this attack in a crowded area when they knew there would be civilian casualties," he said.

The incident is the latest to spark public outrage over the perception that foreign troops are not taking enough precautions to avoid civilian casualties. Last May, for instance, a U.S. military cargo truck lost control and struck 12 vehicles, killing one person and injuring six. A riot ensued in Kabul, the capital, and 20 people died, 160 were injured and dozens of buildings were damaged or destroyed.

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The United States has 27,000 troops in Afghanistan, 15,000 of whom are under NATO command. The incident Sunday involved Marine Special Forces who are not part of the NATO mission.

Also Sunday, the NATO-led force said that two of its soldiers were killed Saturday during a firefight in southern Afghanistan. Officials later said the soldiers were British.

8 Afghans Die After Attack On U.S. Convoy (LAT)

By Shafiqullah Azimi And Laura King, Special To The Times

The Los Angeles Times, March 5, 2007

Protesters riot after a suicide blast targeting troops results in gunfire that claims civilian lives.

KABUL, AFGHANISTAN — A suicide bombing Sunday targeting an American military convoy triggered chaotic gunfire on a busy highway in eastern Afghanistan, leaving at least eight Afghan civilians dead and about three dozen wounded, officials said.

The incident outside the city of Jalalabad set off a riot in which hundreds of protesters, charging that American troops fired indiscriminately, threw stones and shouted slogans denouncing the United States and the Afghan government.

It was the highest civilian death toll this year in an incident involving U.S. or other foreign troops. Such casualties erode public support for Afghan President Hamid Karzai, who has repeatedly called on coalition forces to exercise greater care to avoid harming civilians.

The incident occurred as the five-vehicle U.S. convoy was on patrol near the Jalalabad airfield, a large base that lies just off a heavily traveled highway to the Pakistani border.

U.S. military officials said American forces opened fire after a suicide attacker detonated a minivan packed with explosives as the convoy passed through the small market town of Bari Kot, whose bazaar was filled with morning shoppers.

Calling the ambush "complex," the military said that U.S. troops also came under fire from several directions during the suicide attack.

Witnesses, however, said the gunfire appeared to come mainly from U.S. troops whose convoy sped along the highway shooting other vehicles and pedestrians for up to five miles from the blast scene.

"They were firing everywhere," Tur Gul told the Associated Press. Gul, who was standing at the roadside and suffered gunshot wounds, said he saw more than a dozen cars hit.

"They opened fire on everybody, the ones inside the vehicles and the ones on foot," he said.

Two Afghan journalists working for the Associated Press said a U.S. soldier deleted their photos and video of a four-wheel-drive vehicle in which three people had been shot to death, about 100 yards from the suicide bombing site, the news service reported. The news service said it planned to lodge a protest with the American military.

Coalition officials blamed the Taliban for the civilian casualties, saying the attackers bore responsibility regardless of whether bystanders were hit by U.S. or insurgent fire.

"We regret the death of innocent Afghan citizens as a result of the Taliban extremists' cowardly act," said Lt. Col. David Accetta, a U.S. spokesman. "Once again the terrorists demonstrated their blatant disregard for human life by attacking coalition forces in a populated area, knowing full well that innocent Afghans would be killed and wounded in the attack."

Casualty counts varied, as is often the case in such attacks. Provincial police spokesman Abdul Ghafor said 10 people were killed and about three dozen injured. The U.S. military initially reported 34 civilians killed and 24 wounded, but it later revised its death toll to eight, with 35 hurt.

An American serviceman also was wounded. The dead were said to include at least one woman and two children.

After the incident, demonstrators blocked the roadway near Jalalabad and hurled rocks at police. "Death to America! Death to Karzai!" some shouted.

Afghan and U.S. military officials announced that they would investigate the shootings, which came as the country braced for a new round of fighting that often comes with the warming temperatures that will soon melt the snow in high mountain passes.

Both NATO generals and Taliban commanders have declared they will try to seize the offensive.

Coalition forces have overwhelming military superiority, but Taliban-led insurgents increasingly have turned to nonconventional tactics such as roadside bombings and suicide attacks.

The coalition troops are under orders to be extremely vigilant against suicide bombings, which are a near-daily occurrence. But increasing numbers of Afghan civilians have been shot when troops mistakenly believed they posed a threat.

Last year was the bloodiest in Afghanistan since the Taliban regime was toppled by U.S.-led forces in 2001. More than 4,000 people were killed in 2006, most of them militants.

Coalition forces in Afghanistan are at their highest levels since the fall of the Taliban, with U.S. and North Atlantic Treaty Organization troops now totaling more than 45,000.

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Special correspondent Azimi reported from Kabul and Times staff writer King from Istanbul, Turkey.

New Justice, No Peace (NYT)

By Richard May
The New York Times, March 5, 2007
Washington

LATE last month some 25,000 people held a rally in the Afghan capital, Kabul. Were they calling for more aid? Were they rallying to demand military action against the Taliban? No, they were urging President Hamid Karzai to sign a law providing legal amnesty for actions committed during the civil war that raged in Afghanistan during and after the Soviet occupation.

While the law has passed both houses of Afghanistan's Parliament, the United Nations High Commissioner for Human Rights and several humanitarian groups have argued against it on the grounds that it eliminates any possibility for justice for the people killed, tortured and raped during that awful period. Some have made subtle threatens, saying that should Mr. Karzai sign the law, he might have a harder time getting international aid. I understand such humanitarian feelings and the calls for justice, but President Karzai should sign the law — for four good reasons.

First, while most international groups feel that the law is simply about absolving the most violent warlords, the fact is that almost all Afghans have blood on their hands. In a country that has been enmeshed in war for more than 25 years it is hard to find people who have not taken up arms at some point in their lives. Children drafted into militias and farmers who armed themselves to protect their homes could easily be called "soldiers" of the warlords at some point and face charges.

Second, political participation like the pro-amnesty rally is a good sign for the future. While many saw it as an effort to forgive warlords, I saw something much better: progress through participation. When the people of a country that has experienced only war and tyranny for 25 years feel free to go to the streets to have their voices heard, democracy is working.

It is worth noting that not a single person was hurt during this rally — not one police officer or soldier or marcher. Whatever the views of the crowd, they demonstrated their position through a nonviolent method — a tremendous advance in recent Afghan history. And, while the global humanitarian groups want to resolve the past, the rally showed that many of the survivors of those dark years want nothing more than to put it behind them and rebuild their country democratically.

Third, the rejection of the amnesty law could easily turn the people against the government and the coalition forces that operate in Afghanistan. Should Mr. Karzai refuse to sign, it would convince many Afghans that their government is more interested in the views of the international community than that of its own people.

Fourth, calls for justice tend to ignore the reality of the civil war. When Westerners hear the term "warlord" they think of tyrannical criminals who are self-serving instruments of death. But in Afghanistan things are more complex. Most warlords came to power protecting their families, clans and land from Soviet troops. The members of the militias the warlords commanded were cousins, sons and neighbors. The warlords were, and in many cases still are, closer to the people than the Kabul government has ever been. By negating the amnesty law, Mr. Karzai would effectively shun a large segment of the population and potentially turn it toward the Taliban.

The fragile government in Kabul cannot focus on dividing its country over past acts. It must look to the future with a vision that accepts all elements of its society. President Karzai should err on the side of unity and act not for the future of his government, but for the future of Afghanistan.

Cheney In The War Zone (TIME)

By Aryn Baker / Kabul
Time, March 2, 2007

A suicide bomber outside the main U.S. military base in Afghanistan on Feb. 27 killed about two dozen people--and underscored the mission of Dick Cheney, who had arrived less than 24 hours earlier to meet with Afghan President Hamid Karzai. The Vice President had just come from Pakistan, where he urged President Pervez Musharraf to crack down on the activities of the Taliban--which claimed responsibility for the attack, saying it was timed to Cheney's visit--and al-Qaeda.

U.S. National Intelligence Director Michael McConnell believes al-Qaeda is regaining a foothold in the border area of Waziristan. He told the Senate Armed Services Committee on Feb. 27 that "to the best of our knowledge, the senior leadership, No. 1 and No. 2, are there, and they are attempting to re-establish and rebuild." Tasneem Aslam, Pakistan's Foreign Ministry spokeswoman, says Pakistan is policing the region with 80,000 troops, some 800 of whom have died in skirmishes with militants. "We are doing our utmost to stop the cross-border activity," Aslam says. "What are the Afghans doing to combat this problem? Or the U.S.?"

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Musharraf is in a bind. Even if he doubled the number of troops on the border, says a Western diplomat in Pakistan, it would probably just exacerbate regional violence by fueling antigovernment sentiment. "The only way you are going to solve the problem of militancy in the tribal areas is through a massive influx of development," he says. "And even then, we are talking 10 to 15 years." That's a grim analysis, given the claim of senior Taliban commander Mullah Dadullah that he will soon be able to field some 10,000 soldiers, including 2,000 suicide bombers. While few believe the Taliban has that kind of strength, it's still a worrying indication that the fighting will get worse this spring.

Cheney Gets To See A Resurgent Taliban (NSWK)

By Michael Hirsh And Sami Yousafzai

Newsweek, March 5, 2007

Dick Cheney was cool and collected, just as he had been on that September morning five years before when two Secret Service agents burst into his White House office and half-carried him into the bunker. Last week the vice president found himself under attack again—and rushed into a bomb shelter by his Secret Service detail. Only this time Cheney was in Afghanistan, and the perpetrators were the resurgent Taliban. "I was sitting in my quarters when I heard a loud boom," Cheney recalled later to a small group of reporters accompanying him on his weeklong trip to Asia. "Shortly after, the Secret Service came in and said there had apparently been an attack on the main gate."

When the barbarians are at the gate, it may be time to get serious. The Feb. 27 attack on Baghram air base during Cheney's surprise visit was the most vivid reminder to date that, half a decade after they were supposedly vanquished, the Taliban is back in force, along with its onetime Qaeda guests. And the jihadists are now confident enough to launch a frontal suicide assault on the main U.S. stronghold in South Asia. Cheney shrugged off the attack, which killed 23 people including a U.S. soldier, noting that it did not affect his plans to visit the badly weakened Afghan president, Hamid Karzai, later that day in Kabul. "Never an option," he told reporters before he boarded his plane home carrying a thick book ("A History of the English-Speaking Peoples Since 1900," by the Tory historian Andrew Roberts). Even so, Cheney's visit was ordered by a worried President George W. Bush, who announced two weeks ago that he was extending the deployment of 3,200 U.S. troops in Afghanistan amid a doubling of the size of the Afghan Army. The Bush team's main concern now is that the Taliban's "spring offensive" could topple Karzai or turn him into a more isolated figure, hunkered down in Kabul.

An even scarier prospect is that a newly Talibanized Afghanistan, along with sympathetic areas of neighboring Pakistan, could become a launchpad for the next plot against America. A senior administration official, briefing reporters on Cheney's plane after his meeting with Karzai, said Bush was preoccupied with a renewed "threat to the homeland" from the region. He has cause for concern. Taliban officials tell NEWSWEEK that they have carved out a huge border zone of their own. And they say Qaeda "foreigners"—mainly Arabs bent on killing Westerners—are being welcomed back into parts of Afghanistan and Pakistan's North Waziristan region, where Pakistani President Pervez Musharraf signed a controversial peace deal with tribal elders last September.

Under that pact, the Pakistan military agreed to end its military operations and dismantle its checkpoints. In return, the tribesmen promised not to allow militants to conduct cross-border operations and to expel all foreign fighters from the area. That latter pledge has been largely ignored. As NEWSWEEK has previously reported, informal terror training facilities have cropped up in the tribal area. In contrast to the open-air camps seen in pre-9/11 Qaeda videos, these sites are set up inside tribal-style compounds of mud-brick houses surrounded by high walls, so as to stay out of sight of U.S. and Pakistani reconnaissance aircraft. Several of those inside are being trained as suicide bombers. "I hope one day I will get my dream and hit the U.S. Army and that will be the best moment for my soul and spirit," one Pakistani trainee told NEWSWEEK last week.

NATO has expanded its forces in Afghanistan to more than 20,000, and it has had some success in recent campaigns. And in an interview last week, Pakistani Foreign Minister Mian Khurshid Mehmood Kasuri sought to counter the impression in Washington—especially in Congress—that Musharraf wasn't doing all he could to stop the Taliban from using his country as a base. "There is a lot of cooperation between the ISI [the Pakistan intelligence service] and the CIA," he said. But Kasuri also criticized the Bush administration, saying that it was failing at counterinsurgency by mounting a purely military response. "Let's be honest. There are a lot of people all over the Muslim world, from Indonesia to Somalia, who are hostile to what they regard as American foreign policy. You need to tackle the root causes." Further complicating such efforts is a bitter feud between Musharraf and Karzai, with each blaming the other for harboring Taliban leaders.

U.S. officials believe Karzai is only getting weaker and Musharraf generally takes a minimalist approach to reining in extremists, in part because he must balance U.S. demands for action with the rising Islamist sentiment in his country. Until last week, it had been more than a year since Pakistan had publicly offered up a high-level target to Washington (a U.S. airstrike took out one of Taliban leader Mullah Mohammed Omar's top commanders in December, though Islamabad did not publicize its cooperation). But after weeks of denying that Mullah Omar or other senior Taliban officials were in the Pakistani city of Quetta—a

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known haven of jihadists—Pakistani officials said they arrested a senior Taliban official named Mullah Obaidullah Akhund there on Monday. That also happened to be the day of Cheney's visit. U.S. officials could not immediately confirm the arrest.

Cheney may not have achieved much else on his trip other than to inspire his handlers at Baghram to rethink their security measures. Indeed, America is so constrained in Iraq, in terms of troops and resources, that it can't afford to lose Musharraf or Karzai as an ally right now. Mainly, said Kasuri, the Pakistani president and the American vice president "talked about the spring offensive. Naturally, we are worried, and the Americans are worried." And if they're worried, so should we be.

Senators: Pakistan Must Address Al-Qaida (AP)

By Hope Yen

AP, March 5, 2007

Pakistan must do more to stem al-Qaida in its ungoverned territories amid growing signs operatives plan a spring offensive against allied forces in Afghanistan, lawmakers on the intelligence committees said Sunday.

Sen. Dianne Feinstein, D-Calif., and Rep. Peter Hoekstra, R-Mich., also said the U.S. must work to ensure that North Korea sticks to its promise to limit its nuclear program. They complained that Congress still lacks meaningful intelligence about the world's hot spots.

"We still don't have the intelligence community overall to give us, as policymakers, the information that we need to make good decisions in North Korea, Iran and other places," said Hoekstra, the top Republican on the House intelligence committee. "We've been disappointed with the stand-up from the leadership in the intelligence community."

In response, National Intelligence Director Mike McConnell's spokesman said that intelligence has been strengthened by changes intended to identify gaps in intelligence and ensure analysts have the information they need. Chad Kolton said one of McConnell's priorities "is to build on those reforms by improving penetration of our hardest intelligence targets."

Feinstein, the No. 2 Democrat on the Senate intelligence committee, criticized what she called half-measures by Pakistan's president, Gen. Pervez Musharraf, at a critical moment for the United States and its allies. She said "pinpoint attacks" are needed against al-Qaida before a possible spring offensive.

"The Pakistanis either have to let us go in or go in themselves when they have intelligence," she said. "There's no question that there's going to be a spring offensive in Afghanistan, that they're trying to reach out, that training is going on, recruitment is going on."

Last week, McConnell told Congress that the U.S. is concerned that al-Qaida's top two leaders — Osama bin Laden and Ayman al-Zawahri — may be hiding in the rugged frontiers of northwestern Pakistan and are attempting to establish an operational base.

McConnell's push for action along the Afghan-Pakistani border came after Vice President Dick Cheney met earlier in the week with Musharraf.

Hoekstra agreed that the Pakistan region was a growing threat but cautioned that a balancing act was required to ensure that Musharraf's government stays in power. Musharraf faces elections in September.

"We need stability in the regime. We need this regime to survive," he said. "The Pakistanis have been doing a number of things to help us go after al-Qaida."

On Iran, Feinstein said similar regional discussions are needed to stem that country's nuclear program. She said she believes the U.S. could exploit a leadership split in Iran's government to work out some agreement.

Hoekstra called Iran a very troubling area overall given its activities in Iraq and their relationships with Hamas and Hezbollah.

"This is not an ally in the war against militant radicalism. They're not an ally in getting us to be successful in Iraq," he said. "We need to focus on them and I think some of the changes and some of the steps that are being taken by the administration are very positive."

As for North Korea, Feinstein praised the country's initial steps to comply with the Feb. 13 agreement on its nuclear program. She stressed the need for cooperation from neighboring Asian countries.

"I don't think you can underestimate the value of China in keeping the North Koreans on track now in seeing that this plutonium-based program is disassembled and that North Korea is brought into the mainstream," Feinstein said.

Like Hoekstra, Feinstein was highly critical of U.S. intelligence efforts aimed at understanding North Korea, specifically the lack of information on how many nuclear devices North Korea has assembled and where that work is happening.

"North Korea is a long way from us, and the intelligence infrastructure is not that good, to be very candid with you," she said.

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In the past week, considerable attention has focused on whether U.S. intelligence analysts have softened their assessments on whether North Korea is pursuing a uranium enrichment program. That effort would be happening alongside the North's plutonium program, which resulted in a successful test of a nuclear device last year.

But McConnell's office pushed back on the notion that spy agencies' views had changed.

In a statement Sunday, the director's mission manager for North Korea, Joseph DeTrani, said there has been "considerable misinterpretation" of the spy agencies assessments on the uranium program.

He said U.S. intelligence had strong information in 2002 that allowed analysts to make a judgment with high confidence that North Korea was acquiring a uranium enrichment capability. That view has not changed.

At the time, the CIA found that North Korea secretly had purchased centrifuges and other equipment needed to construct a large-scale enrichment facility. The U.S. confronted North Korea with that information.

Since then, DeTrani said, "all intelligence community agencies have at least moderate confidence that North Korea's past efforts to acquire a uranium enrichment capability continue today."

Feinstein and Hoekstra appeared on "Fox News Sunday."

Where Does Al Qaeda Stand Now? (CSM)

By Peter Grier

The Christian Science Monitor, March 5, 2007

WASHINGTON

Hidden in the harsh terrain of Pakistan's tribal lands near the Afghan border, Al Qaeda's senior leaders have quietly been rebuilding their terrorist network – including lines of command to cells in other nations.

This resurgence does not mean the group has regained its old strength, say US intelligence officials and outside experts. Al Qaeda's top levels are now filled with inexperienced commanders, and its new camps can train only a fraction of the recruits the pre-2001 infrastructure in Afghanistan could handle.

Al Qaeda's goals also remain murky. It is not clear whether the organization has a specific plan to strike within the United States or whether it considers Europe, or Iraq, more important in its war to impose its vision of Islam on the Middle East.

"We have no evidence that they have a coherent strategy" to attack US targets, says Martin Libicki, lead author of a recently published RAND Corp. study on the subject.

The capabilities of a possibly resurgent Al Qaeda became a hot topic in Washington last week following Vice President Dick Cheney's surprise trip to Pakistan. During his visit, Cheney told Pakistani President Pervez Musharraf of US concerns that Al Qaeda is regrouping in Pakistan's tribal regions, and that the group's Taliban allies may mount a spring offensive into Afghanistan.

Regrouping along the Afghan border

In a Senate hearing last week, US intelligence officials reiterated that terrorist groups remain their greatest challenge. Al Qaeda still tops the list of single threats.

"Its core elements are resilient," said the director of national intelligence, retired Vice Adm. Michael McConnell.

Al Qaeda would still like to inflict mass casualties upon the US, and it continues to seek weapons of mass destruction, Admiral McConnell said.

In addition, it is "forging stronger operational connections that radiate outward" from Pakistan to affiliated groups in the Middle East, North Africa, and Europe, according to US intelligence.

Still, Al Qaeda remains a loose network of like-minded individuals, instead of a tightly controlled terrorist hierarchy. Three-quarters of Al Qaeda's pre-9/11 leaders were killed or captured, according to US estimates. Aside from Osama bin Laden and his deputy Ayman al-Zawahiri, many of its leaders are relative rookies.

Nor has Al Qaeda's new Pakistani infrastructure replaced the multiple camps it operated in Afghanistan, capable of training thousands of recruits at once. "The numbers are not the same, but there are volunteers who are attempting to reestablish [training grounds]," McConnell said.

That Al Qaeda is resurgent in its remaining small corner of the world should not come as surprising news, some outside experts say.

"It's been true for a long time," says Jessica Stern, a terrorism expert at Harvard's Kennedy School of Government.

After all, US intelligence has long thought that Osama bin Laden disappeared into Pakistan's wild tribal frontier after the fall of the Taliban in Afghanistan. The area is so remote that for centuries it has largely remained beyond the control of central authorities. Border security is nonexistent.

Al Qaeda's reach

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As to evidence of Al Qaeda regaining its ability to reach out and mount attacks, in a videotape released last year Mr. Zawahiri claimed responsibility for the July 2005 London bombings. Similarly, investigators have long believed that last years' failed plot to blow up airliners from London was Al Qaeda-related, in part because it resembled a mid-1990s plan to explode airliners over the Pacific.

Some critics of the White House are surprised that many of the recent warnings about Al Qaeda come from administration officials. In essence, critics say, the White House confirms something they've long held to be true: the central front in the war on terror is along Pakistan's border with Afghanistan, not in Iraq.

"We went to Iraq and left the serious terrorist problem to fester," Ms. Stern says.

On the subject of Iraq and Al Qaeda, the Defense Intelligence Agency (DIA) estimates that less than 10 percent of the Iraqi insurgency consists of foreign fighters. Of those, most are suicide bombers.

Violence perpetrated by terrorists accounts for "only a fraction" of insurgent violence in Iraq, according to a written statement submitted to the Senate Armed Services Committee by DIA director Lt. Gen. Michael Maples. The attacks have a disproportionate impact on Iraq's stability because of the high-profile nature of the terrorist operations and tactics, the DIA says.

US remains a potential target

According to General Maples's statement, documents captured in a raid on a safehouse belonging to Al Qaeda in Iraq revealed that the group was planning operations in the US.

"Despite being forced to decentralize its network, Al Qaeda retains the ability to organize complex, mass-casualty attacks and inspire others," Maples wrote.

The DIA and other US intelligence sources maintain that Al Qaeda is still focused on striking the US. But that is not the same as having a specific plan or a discernable strategy for the goals it hopes to achieve by doing so, the RAND study says.

The study examined a number of hypothesis that might explain Al Qaeda's thinking with regard to hitting within the US: that the group's leaders might be interested in rallying supporters around the world or in coercing the US into leaving the Middle East.

The most likely scenario, RAND concluded, was that Al Qaeda would pick targets that would simultaneously create fear and damage the US economy. It might attack US agriculture or food industries, for instance; or employ radiological "dirty" bombs.

But, the study says, the terrorist organization itself has given few real clues about where or when it might strike, or if its leadership is even thinking in such terms, said the RAND study.

DOJ:

Domenici Says He Called Fired Prosecutor (AP)

By Jennifer Talhelm

AP, March 5, 2007

New Mexico Sen. Pete Domenici acknowledged Sunday that he called a federal prosecutor to ask about a criminal investigation several months after calling for his replacement, but insisted he never pressured nor threatened his state's U.S. attorney.

The prosecutor, David Iglesias, was fired by the Justice Department in December. Iglesias says he believes he was dismissed for resisting pressure from two members of Congress before last year's election to rush indictments in a Democratic kickback investigation.

Ethics experts said Domenici's conduct may have violated Senate rules, which generally bar communications between members of Congress and federal prosecutors about ongoing criminal investigations.

Iglesias, a Republican, has said he would not name the lawmakers unless asked under oath.

A House Judiciary subcommittee subpoenaed the prosecutor last week to appear Tuesday and testify under oath. He also was scheduled to appear before a Senate committee the same day. Domenici refused last week to say if he had contacted Iglesias, insisting in a brief interview with the Associated Press, "I have no idea what he's talking about."

But in his statement Sunday, the Republican senator said he called Iglesias last year and asked "if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at.

"It was a very brief conversation, which concluded when I was told that the courthouse investigation would be continuing for a lengthy period," Domenici said in the statement.

"In retrospect, I regret making that call and I apologize," Domenici said. "However, at no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter. I have never pressured him nor threatened him in any way."

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Domenici noted in his statement that he had recommended Iglesias' appointment in 2001, but subsequently became disillusioned with him and recommended to the Justice Department "several months" before the telephone call that he be replaced.

Kenneth Gross, a Washington lawyer who specializes in congressional ethics rules, said Domenici's phone call to Iglesias could have violated Senate ethics rules if there was an element of pressure or coercion to his inquiry.

"It doesn't sound very good to me," Gross said. "But requests for the status of cases are generally considered permissible."

Punishment for such violations range from a warning and reprimand to expulsion from office.

Abbe D. Lowell, a criminal defense lawyer who served as special assistant to the attorney general during the Carter Administration, said it was hard to determine if there was a violation without knowing what Domenici knew about the investigation when he made the call and what exactly he said.

But Lowell added, "The safest course of a member of Congress is not to make inquiries of prosecutors about pending matters so their motives and actions cannot be misunderstood."

Iglesias said last week that he was shocked to receive two separate phone calls in mid-October from lawmakers who asked about details of the investigation and seemed eager to see an indictment before the 2006 election.

"I frankly felt violated," Iglesias said. "They were very troubling phone calls."

When Iglesias testifies Tuesday before the House panel, he is expected to say that Domenici and Rep. Heather Wilson, R-N.M., contacted him to discuss moving forward on indictments in a high-profile corruption case involving a Democrat before the November congressional elections, according to a Democratic aide who is familiar with Iglesias' planned testimony.

The aide spoke on condition of anonymity because he was not authorized to discuss the issue publicly before the hearings.

Corruption in the New Mexico Democratic Party was a major issue in Wilson's re-election campaign and further indictments might have helped her. Wilson last week refused to say if she had contacted Iglesias, referring questions about "that personnel matter" to the Justice Department.

Iglesias is one of eight U.S. attorneys who were fired in December, some without cause, according to the department. Federal prosecutors serve at the pleasure of the president and can be fired for any reason, or none at all.

Congressional Democrats say the firings indicate the Bush administration is using a new part of the terrorism-fighting Patriot Act to reward political allies with coveted jobs as U.S. attorneys without having to submit them to Senate confirmation.

This provision, enacted a year ago with the law's reauthorization, removes a time limit by which the Senate must confirm appointees to such jobs. Attorney General Alberto Gonzales, however, has said he intends to submit the name of every nominee to vacant U.S. attorney job to the Senate for confirmation.

The House Judiciary subcommittee that subpoenaed Iglesias also issued subpoenas for three other dismissed U.S. attorneys — Carol Lam of California, H.E. "Bud" Cummins of Arkansas and John McKay of Seattle.

The Senate also has asked those four and two others, Daniel Bogden of Nevada and Paul Charlton of Arizona to appear voluntarily at a hearing Tuesday.

Domenici Says He Contacted Prosecutor (WP)

By Dan Eggen

The Washington Post, March 5, 2007

Sen. Pete V. Domenici (R-N.M.) acknowledged yesterday that he contacted the U.S. attorney in Albuquerque last year to ask about an ongoing corruption probe of Democrats, but said he "never pressured him nor threatened him in any way."

Domenici also said in a statement that he told the Justice Department it should replace U.S. Attorney David C. Iglesias, one of eight federal prosecutors fired in December. But Domenici said the recommendation came before his call to Iglesias about the criminal investigation.

"In retrospect, I regret making that call and I apologize," Domenici said of talking to Iglesias. "However, at no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter. I have never pressured him nor threatened him in any way."

Legal experts say it violates congressional ethics rules for a senator or House member to communicate with a federal prosecutor regarding an ongoing criminal investigation.

Domenici's remarks came four days after Iglesias alleged that two New Mexico lawmakers called him in mid-October and pressured him about the pace of the investigation. Iglesias said he believes the calls were at the root of his dismissal.

When asked last week about Iglesias's allegations, Domenici said: "I have no idea what he's talking about."

Rep. Heather A. Wilson (R-N.M.) has yet to comment; the rest of the New Mexico congressional delegation has denied placing any calls to Iglesias.

Two sources with knowledge of the calls have said Wilson made the first contact, followed by Domenici about a week later. The sources spoke on the condition of anonymity because they did not want to be named discussing the matter before a congressional hearing tomorrow.

The Justice Department said last night that Domenici called Deputy Attorney General Paul J. McNulty during the first week of October to discuss Iglesias.

This followed three calls to Attorney General Alberto R. Gonzales in September 2005, January 2006 and April 2006 during which, Justice Department spokesman Brian Roehrkasse said, Domenici "expressed general concerns about the performance of U.S. Attorney Iglesias and questioned whether he was up to the job . . .

"At no time in those calls did the senator mention this corruption case," nor did he specifically ask for Iglesias's ouster, Roehrkasse said.

The spokesman said he is not aware of any similar calls or complaints to the Justice Department from Wilson.

Iglesias and five other fired prosecutors are scheduled to testify tomorrow before Congress. Iglesias declined to comment in detail yesterday on Domenici's statement, saying he was refraining from further public remarks before the hearings.

"As to Senator Domenici's apology, I accept it and look forward to testifying on Tuesday," he said in an e-mail message.

The Senate Ethics Manual advises senators that contact with prosecutors and regulatory agency officials is "generally permitted, where the communication is with the agency and not directed at the court, where the agency is not engaged in an ongoing enforcement, investigative or other quasi-judicial proceeding."

Stanley Brand, an ethics lawyer who served as House counsel in the 1980s, said a senator should contact a federal prosecutor about an ongoing investigation only if he or she has evidence or information related to the probe.

"It's going to precipitate a huge problem," Brand said, warning of a potential review by the Justice Department.

Staff members on the Senate Ethics Committee could not be reached to comment yesterday.

The firings, which had already sparked congressional interest, became more controversial last week with Iglesias's allegations of political interference.

Democrats allege that the Justice Department was sacking qualified prosecutors to reward political cronies, and they have proposed legislation to limit Gonzales's power to appoint interim replacements.

Administration officials acknowledged Friday that the White House approved the unusual firings, in which seven of the prosecutors were called Dec. 7 and asked to resign, even though most had positive job reviews. An eighth prosecutor, in Arkansas, was informed of his firing earlier, opening the job for a former aide to presidential adviser Karl Rove.

Domenici said in his statement that he called Iglesias to ask about a criminal probe of courthouse construction kickbacks, which the FBI had turned over to Iglesias's office. Officials say the probe centers on a former Democratic state senator; no charges have been filed in the case.

"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," Domenici said. "It was a very brief conversation, which concluded when I was told that the courthouse investigation would be continuing for a lengthy period."

Domenici is not specific about when the call took place, saying only that he made it "late last year." Iglesias said the calls occurred in mid-October.

At that time, Wilson, a close Domenici ally, was locked in a tight reelection battle with state Attorney General Patricia Madrid (D). Their race included widespread discussion of alleged corruption among New Mexico Democrats.

Domenici said his unhappiness with Iglesias began before he inquired about the probe of Democrats. He said he was concerned about resource problems in the U.S. attorney's office and "an inability within the office to move more quickly on cases."

"This ongoing dialogue and experience led me, several months before my call with Mr. Iglesias, to conclude and recommend to the Department of Justice that New Mexico needed a new United States attorney," Domenici said.

Justice officials have said they were never notified that lawmakers had called Iglesias and have said the issue did not play a role in his firing. Iglesias has acknowledged he erred by not informing Washington officials about the calls, as Justice rules require.

The House Judiciary subcommittee has issued subpoenas for Iglesias, Bud Cummins of Little Rock, Carol Lam of San Diego and John McKay of Seattle. The Senate Judiciary Committee has also asked Daniel Bogden of Las Vegas and Paul K. Charlton of Phoenix to testify, in addition to the four others.

"No one believes anymore these U.S. attorneys were fired for any good reason," said Charles E. Schumer (D-N.Y.), a member of the Senate Judiciary Committee, "and we will start to uncover the real truth at our hearing on Tuesday."

In a related matter, administration officials said they were mistaken in saying that McNulty consulted his predecessor, James B. Comey, about some of the U.S. attorneys before they were fired. Comey was not consulted, the officials said.

Senator Sought Dismissal Of New Mexico Prosecutor (NYT)

By David Johnston

The New York Times, March 5, 2007

WASHINGTON, March 4 — Senator Pete V. Domenici, Republican of New Mexico, said Sunday that he had urged the Justice Department to dismiss the state's top federal prosecutor, who in December was one of eight United States attorneys ousted from their jobs.

In addition, Mr. Domenici said in a statement that last year he called the prosecutor, David C. Iglesias, to ask about the status of a federal inquiry in New Mexico. The case centered on accusations of kickbacks in a courthouse construction project in which a former Democratic state official was said to be involved.

"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," Mr. Domenici said. "It was a very brief conversation which concluded when I was told that the courthouse investigation would be continuing for a lengthy period."

Mr. Domenici apologized in the statement and said he regretted making the call, but added that he had not urged any course of action in any investigation. "I have never pressured him nor threatened him in any way," he said.

A Justice Department spokesman said on Sunday that records at the agency showed that the senator complained about Mr. Iglesias in calls to Attorney General Alberto R. Gonzales in September 2005 and again in January and April 2006. The senator made a brief call to Paul J. McNulty, the deputy attorney general, in October 2006 when the deliberations over Mr. Iglesias's dismissla began.

In each of these calls, said Brian Roehrkasse, a Justice Department spokesman, Mr. Domenici expressed general concerns about Mr. Iglesias and questioned whether he was "up to the job." Mr. Roehrkasse added, "At no time did they discuss the public corruption case."

A Justice Department official said Mr. Domenici's criticism of Mr. Iglesias was a factor in the decision to remove the prosecutor, adding that the decision was also based on an internal evaluation at Justice Department headquarters regarding his handling of the job.

Mr. Iglesias, who is among five of the ousted prosecutors scheduled to testify in Congress on Tuesday, has said he interpreted the call from Mr. Domenici, and another from an unidentified federal lawmaker, as an effort to pressure him into bringing indictments before the November elections in an effort to embarrass Democrats.

He said that his unwillingness to be pressured into moving more quickly led to his removal.

The identity of the other lawmaker who contacted Mr. Iglesias remains unknown. Mr. Domenici is one of three Republican members of the state's Congressional delegation. One of the others, Representative Steve Pearce, has said he did not contact Mr. Iglesias. The third, Representative Heather A. Wilson, has said she will not comment on the matter.

Justice Department officials have said Mr. Iglesias did not report the call to the agency's headquarters and have insisted that none of the eight dismissed United States attorneys were removed because of their action or inaction in any political corruption cases. They have also said that the prosecutors were placed on the dismissal list for a variety of reasons, but have denied that any were removed because of political pressure from outside the Justice Department.

But repeated complaints from a veteran lawmaker like Mr. Domenici, who has been in the Senate since 1972 and is influential on law enforcement and border issues, would be unlikely to be easily dismissed by the Justice Department.

Mr. Domenici said that several months before his call, he recommended to the Justice Department "that New Mexico needed a new United States attorney," even though he had recommended Mr. Iglesias's appointment in 2001.

Mr. Domenici said that by 2004 and 2005, he and his staff had "expressed my frustration with the U.S. Attorney's Office to the Justice Department" because it was moving too slowly on prosecutions.

Justice officials have said that F.B.I. officials complained that Mr. Iglesias was not bringing corruption cases fast enough, but have not mentioned Mr. Domenici's efforts to remove him.

GOP Lawmakers Played A Role In U.S. Attorney Purge (NSWK)

By Michael Isikoff

Newsweek, March 5, 2007

The firings of eight U.S. attorneys has put the heat on top Justice Department officials—and some GOP members of Congress. The unusual mass dismissals took place late last year, but the controversy escalated last week when David Iglesias, the former U.S. attorney in New Mexico, went public with a dramatic charge: that he had gotten phone calls from two unidentified GOP lawmakers in D.C. last October, pressing him to bring indictments in a high-profile corruption case involving a prominent local Democrat before the November election. Iglesias—a former Navy prosecutor who was the model for Tom Cruise's

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character in "A Few Good Men"—said he refused to answer. Six weeks later, a Justice official ordered him to resign. This week, Iglesias has been subpoenaed along with three other fired prosecutors to testify before Congress. He plans to name the lawmakers who called him as Rep. Heather Wilson (who was in a tight re-election battle at the time) and Sen. Pete Domenici (who originally sponsored him for the job), according to two sources familiar with his account who asked not to be identified talking about the upcoming testimony. An aide to Wilson said "no comment." Domenici's office didn't return repeated phone calls. A senior Justice official, anonymous because of the confidential subject, confirmed to NEWSWEEK that Domenici "did express general concerns" about Iglesias to senior DOJ officials—but insisted he did not specifically complain about the corruption case. "It's absolutely 100 percent inaccurate" to suggest that Iglesias's failure to bring the corruption case against the Democrat led to his dismissal, department spokesman Brian Roehrkasse said.

The decision to fire the U.S. attorneys en masse was made late last year by two top aides to Attorney General Alberto Gonzales—chief of staff Kyle Sampson and deputy A.G. Paul McNulty—according to a senior department official who asked not to be identified talking about personnel. McNulty may have fueled the controversy when he told the Senate last month that most of the fired prosecutors were let go because of "performance-related issues." That infuriated some of the dismissed prosecutors (all of them Bush appointees), prompting them to defend themselves. "When I heard him say that, I lit up like a tree," said one of the prosecutors, who asked not to be identified because of pending congressional testimony. In fact, internal Justice performance evaluations seen by NEWSWEEK show that those who were fired had gotten mostly glowing reviews. Congressional Dems now smell blood. After this week's hearings featuring the fired prosecutors, "I expect we will have 100 more questions for the Justice Department," said one Democratic staffer who requested anonymity.

Editorial: Stop The Bush Purge (MJS)

Milwaukee Journal Sentinel, March 5, 2007

The administration is using its new anti-terrorism power to push out some federal prosecutors. Congress must rein this in and investigate the dismissal of the eight U.S. attorneys.From the Journal SentinelPosted: March 4, 2007

The Bush administration slipped a provision into the USA Patriot Act that Congress renewed last year allowing the attorney general to appoint interim U.S. attorneys for indefinite periods without congressional approval. Previously, such appointments could last for only 120 days. Lawmakers may have figured that the extra leeway might help in rare emergencies.

Well, surprise, surprise. The Justice Department has so far used this provision eight times - and not for emergencies. In a move unprecedented for its scope, the agency has fired eight U.S. attorneys. And indications are that the dismissed prosecutors were too independent, even though President Bush had appointed them. The administration appears to be replacing them with those more pliable.

Congress must stop the purge and reimpose the time limit. Commendably, a House judiciary subcommittee is issuing subpoenas to four of the dismissed prosecutors to appear before it on Tuesday, and the Senate Judiciary Committee is poised to follow suit. Sworn testimony should shed some light on what may be an administration effort to get prosecutors to toe the party line.

Among those called on to testify are prosecutors with stellar records.

Carol Lam, dismissed as U.S. attorney in San Diego, nailed Rep. Randy Cunningham, a California Republican, for accepting bribes from defense contractors. H.E. "Bud" Cummins III was removed as U.S. attorney in Little Rock, Ark., only to make room for an aide to presidential adviser Karl Rove, a Justice Department official has admitted. And New Mexico's David Iglesias charged that he was let go because he refused a request from two Republican congressmen to speed up a probe of possible Democratic wrongdoing to improve GOP election chances - an allegation the Justice Department vigorously denies.

The dispute is all the more reason to set the record straight in hearings.

Also, Congress must retract the permission it gave the Justice Department to appoint interim prosecutors indefinitely - permission the administration has abused.

CRIMINAL LAW:

FBI Helps Probe Kremlin Critic's Shooting (WSJ)

By Evan Perez And Alan Cullison

The Wall Street Journal, March 5, 2007

Federal agents joined local police in investigating the shooting in a Maryland suburb of an intelligence expert who suggested the Kremlin was involved in the poisoning death of a former Russian agent in London.

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Investigators haven't publicly suggested a motive for the shooting of Paul M. Joyal in Adelphi, Md., Thursday, and the case is being handled as a local criminal matter. A federal law-enforcement official said local police asked for help from the Federal Bureau of Investigation in part because of Mr. Joyal's activities in the Russian emigré community in the U.S. and his views on the poisoning in London last year of Alexander Litvinenko, who worked for the KGB and its successor agency, the Federal Security Service of Russia.

On "Dateline NBC," broadcast Feb. 25, Mr. Joyal said the Litvinenko murder was a message "to anyone who wants to speak out against the Kremlin: 'If you do, no matter who you are, where you are, we will find you and we will silence you -- in the most horrible way possible.' "

Mr. Joyal was shot in the groin as he stood on his driveway after emerging from his car. Witnesses told investigators he argued with two black males before the shooting and the two men fled. He was hospitalized in serious condition and breathing with a respirator, according to associates. No arrests have been made in the incident, which occurred in an area just inside the Washington Beltway where violent crime is a problem.

The Prince George's County (Md.) police department hasn't publicly released details of the case.

A Russian diplomat in Washington referred calls on the matter to a spokesman who didn't return calls seeking comment.

While the shooting doesn't bear all the hallmarks of a political attack, it comes at a time of tensions with Russia and doubts about the Kremlin's direction under President Vladimir Putin. Experts say Mr. Litvinenko's poisoning with a rare radioactive isotope, polonium 210, in November would have been difficult without some kind of government sponsorship.

Formal charges haven't been filed in Mr. Litvinenko's murder, but the British investigation has focused on a Russian security service veteran, Andrei Lugovoi, who met Mr. Litvinenko in a London cafe shortly before he fell ill.

Alexander Goldfarb, a friend of Mr. Litvinenko, said that Mr. Joyal telephoned him about an hour before the shooting, and that Mr. Joyal was "deeply involved" in the public debate over Mr. Litvinenko's death. Mr. Joyal had been pushing for Congressional hearings into the matter, he said.

Mr. Joyal was director of security for the Senate Select Committee on Intelligence from 1980 to 1989, according to a biography on the Web site of National Strategies Inc., a Washington consulting firm where he is a vice president. In recent years, he also ran business ventures in Russia and the central Asian nation of Georgia, while editing an intelligence newsletter on Russia.

With the U.S. presidential campaign heating up, American policy toward Russia could be fodder for critics of President Bush, who started his presidency by claiming a warm personal relationship with Mr. Putin.

Some in Congress have called for a tougher line against Mr. Putin, who has taken reprisals against his political opponents at home and a more strident stand against the U.S. internationally. Russia is also scheduled to hold elections of its own. Mr. Putin has pledged to step down after his term expires next year, but he is expected to name a successor whose victory will be assured in a carefully orchestrated electoral contest.

Within Russia, Mr. Putin's presidency has been troubled by a number of unexplained deaths, often people critical of the Kremlin. Until recently, assassinations abroad were thought to be a feature of Soviet times.

Last summer, Russia's parliament passed a law that essentially legalized targeted assassinations of people abroad who are deemed a threat to national security. The last confirmed "wet work" by Russia against an enemy abroad was in Qatar in 2004: Two Russian agents were convicted in Qatar of attaching a 4.4 pound bomb to the underside of a Toyota Land Cruiser owned by the former president of the breakaway region of Chechnya. The former president, Zelimkhan Yandarbiyev, was killed and his son seriously injured in the incident.

Write to Evan Perez at evan.perez@wsj.com1 and Alan Cullison at alan.cullison@wsj.com2

Doubts Over KGB Link To US Shooting (FT)

By Demetri Sevastopulo And Catherine Belton

Financial Times, March 5, 2007

A former senior KGB officer who met a Russia intelligence expert just hours before his shooting in the US, on Sunday expressed doubt that the incident was related to the case of Alexander Litvinenko, a former KGB officer poisoned last year in London.

The Federal Bureau of Investigation is assisting a police inquiry into the shooting on Thursday of Paul Joyal, a former Senate intelligence committee security director and editor of a newsletter on Russia. Mr Joyal recently accused the Kremlin on US national television of involvement in the Litvinenko death.

Oleg Kalugin, the former head of KGB counter-intelligence who on Thursday evening met Mr Joyal at Zola, a bar in the International Spy Museum building in Washington, said he would not rule out a connection with the Litvinenko case. But he said the shooting was more likely to be a local crime.

"I have doubts because of the way it went down," said Mr Kalugin. "It does not fit well with the pattern of security services [in Russia] as I know them."

Mr Joyal, an employee of National Strategies, told NBC's Dateline in a programme broadcast last month, that the Litvinenko killing was intended to send a message. "A message has been communicated to anyone who wants to speak out against the Kremlin. 'If you do, no matter who you are, where you are, we will find you and we will silence you in the most horrible way possible'," Mr Joyal said.

Police have not commented on the shooting. But a law-enforcement official said Mr Joyal, who remains in critical condition, appeared to have been the victim of a robbery. The official said he was shot after resisting two men who had robbed him.

The case has raised interest partly because Daniel McGrory, a reporter with The Times who appeared on the same NBC programme as Mr Joyal, died five days before the broadcast. There has been no official an-nouncement about the cause of death but he is believed to have died from a stroke.

Alex Goldfarb, a friend of Mr Litvinenko and acquaintance of Mr Joyal, was also sceptical about Russian government involvement but he too would not rule it out.

"It looks like a regular street mugging," he said. "But in Soviet times, when they wanted to organise a hit on someone they would hire someone local."

Mr Goldfarb, who met Mr Joyal several weeks ago, said Mr Joyal was pushing for Senate hearings on the Litvinenko affair and was hoping Mr Goldfarb would testify. He said he had received a text message from Mr Joyal before the shooting saying he was discussing the possibility of congressional hearings with Mr Kalugin.

The Kremlin has strongly denied any suggestions that it was involved in the poisoning of Litvinenko, a fierce critic of the Russian regime. British police are investigating his death.

NBC has provided bodyguards for reporters who worked on the programme about the Litvinenko case.

Analyst Robbed During Shooting (WP)

By Eric Rich

The Washington Post, March 5, 2007

The noted expert in Russian intelligence who was shot outside his house in Prince George's County last week -- a crime that raised the possibility of international intrigue in the Washington suburbs -- also was robbed of his wallet and briefcase, law enforcement sources said yesterday.

That property was taken from Paul Joyal supports the theory that he was shot during a robbery rather than in retaliation for public criticism of the Kremlin, according to two sources who spoke on condition of anonymity because the investigation is ongoing.

Joyal, 53, was critically wounded in the driveway of his home in the Adelphi area Thursday evening, four days after he alleged in a television broadcast that the government of Russian President Vladimir Putin was involved in the fatal poisoning last fall of Alexander Litvinenko, a former KGB agent who was living in London.

Speaking on TV's "Dateline NBC" on Feb. 25 about the poisoning, Joyal said, "A message has been communicated to anyone who wants to speak out against the Kremlin: 'If you do, no matter who you are, where you are, we will find you and we will silence you -- in the most horrible way possible.' "

The timing of Joyal's shooting raised the possibility that he was targeted in an attack similar to the one he had publicly deplored. The disclosure the next day that the FBI was helping with the case seemed for many to reinforce that notion.

In addition, robberies are rare in the suburban area where Joyal lives, and police spokesmen have declined to talk about possible motives or say whether property was taken from Joyal.

But another law enforcement source, who also spoke on condition of anonymity, said yesterday that Joyal was driving a Chrysler 300, a vehicle sought by carjackers, suggesting that the assailants might have followed Joyal home rather than waited there to attack him. Police have described the suspects as two black males.

Joyal, a longtime critic of the Putin regime, said on "Dateline" that Litvinenko's poisoning -- with polonium-210, a rare radioactive isotope -- was an act of "political retribution." Speculation that Putin and the Russian government were involved in Litvinenko's death in November has been widespread, in part because Litvinenko was looking into the killing of Russian journalist Anna Politkovskaya. Putin and Kremlin officials have denied involvement.

For some, the possibility of a conspiracy in the shooting of Joyal was compounded by the recent death of another person featured in the TV segment.

Daniel McGrory, 54, a reporter for the Times of London, died at his home Feb. 20. MSNBC reported that McGrory's cause of death was a heart attack.

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Joyal was shot hours after meeting with a former KGB general, Oleg Kalugin, near the Spy Museum in Washington. Kalugin, a family friend and a member of the museum's board, has said he was shocked when Joyal's wife called later that evening to tell him that Joyal had been shot.

Joyal, who was struck in the groin, remained hospitalized Saturday. His condition could not be determined yesterday.

Intelligence Specialist's Shooting Stirs Speculation (WP)

By Candace Rondeaux, Lori Aratani

The Washington Post, March 4, 2007

No Motive Known As Comments on Putin Are Debated

In some ways, the shooting of Paul Joyal last week in a quiet, middle-class enclave of Prince George's County would seem like nothing more than a random act of violence.

But for those who know the 53-year-old expert on Russian intelligence and former staff member of the U.S. Senate's intelligence committee, the shooting has raised suspicions that his background might be behind the incident.

Law enforcement sources have said it is unclear whether the gunmen were trying to rob Joyal. He was shot in the driveway of his home shortly after returning from a trip to the International Spy Museum in the District with a friend.

Two men shot Joyal about 7:35 p.m. Thursday, sources said. The shooting occurred four days after Joyal alleged in a television broadcast that the government of Russian President Vladimir Putin was involved in the fatal poisoning of a former KGB agent in London.

Prince George's police officers have released few details about the incident, and several calls requesting comment were not returned yesterday. Joyal remained hospitalized yesterday.

But an FBI official confirmed yesterday that the agency is looking into the shooting. Joseph Persichini Jr., the FBI's assistant director in charge of the Washington field office, said his office is assisting Prince George's and the Baltimore office of the FBI in the investigation.

"We're pursuing this as hard as possible. We're not at all sure of the motive," Persichini said.

Joyal, who has long been an outspoken critic of the Putin regime, appeared in a segment on "Dateline NBC" Feb. 25 about the Alexander Litvinenko case. Litvinenko's death in November from radiation poisoning has caused widespread speculation that Putin and the Russian government were involved, because Litvinenko, a former KGB agent, was looking into the killing of a Russian journalist. Putin and Kremlin officials have repeatedly denied involvement.

In the "Dateline" interview, Joyal pointedly accused the Putin regime of silencing its critics and poisoning Litvinenko with polonium-210, a rare radioactive substance.

"It's clear-cut. It has to be a state-run or a state-managed operation," Joyal said in the interview.

The circumstances of Joyal's shooting seem worthy of a spy novel.

"I would not rule out anything, but it's hard to believe that a few days [after the broadcast] that some guys would shoot him. It could be just a regular criminal assault," said longtime family friend and former business associate Oleg Kalugin.

Kalugin, a former KGB general and Putin's former boss in the agency, met with Joyal for drinks at a restaurant at the Spy Museum a few hours before the shooting. Kalugin, a member of the museum's board, said in a phone interview yesterday that Joyal seemed in good spirits before leaving for home.

Kalugin said he was shocked when he received a panicked phone call from Joyal's wife about an hour after the men had parted, saying that Joyal had been shot in front of his Adelphi area home.

"I could not believe my ears when she said he was shot. She said Paul drove up to the house, and as he opened the door and left [the car], there were two guys, and they shot him," Kalugin said.

A source close to Joyal, who requested anonymity because the investigation is ongoing, said the unidentified assailants shot Joyal in the groin and escaped.

Joyal's wife, who is a nurse, was at home at the time and ran to assist her husband as he lay bleeding in the driveway, the sources said.

Joyal was taken to a hospital, where he was initially in critical condition. A source said yesterday that Joyal had improved and that doctors were "cautiously optimistic" that he will recover.

Yesterday, four cars were parked in the driveway at Joyal's brick ranch on Lackawanna Road. A boy who answered the door declined to speak to a reporter.

Neighbors and friends said Joyal, who is a member of the Prince George's law enforcement task force, is the father of three and coaches youth basketball.

Prince George's State's Attorney Glenn F. Ivey, who befriended Joyal through his work in local law enforcement, said he did not know details about the investigation.

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"He's a wonderful man with a strong commitment to the community," Ivey said.

Attorney General To Investigate Maywood Police (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, March 5, 2007

California Atty. Gen. Jerry Brown has announced plans to conduct a "top to bottom" review of the Maywood Police Department, following allegations of sexual misconduct, racism and brutality among officers in the small suburb southeast of Los Angeles.

The probe, made public Friday, comes amid residents' growing anger toward the 37-member department.

Officers have been accused of beating residents and stalking and sexually abusing women. One woman said an officer groped her 14-year-old daughter.

Critics have charged that the department's afternoon sobriety checks were designed to snare unlicensed illegal immigrants and generate money. About 96% of the city's population is Latino and more than half are foreign born.

The City Council recently stopped those checks, and said it would become a "sanctuary city" for illegal immigrants.

That sparked tension in town, with some opposed to having the Police Department cease its afternoon checkpoints.

Earlier this year, Assembly Speaker Fabian Nuñez (D-Los Angeles), who represents the area, told the Maywood City Council he was troubled by the allegations against the Police Department.

Nuñez and the council then requested that Brown's office investigate.

In a March 1 letter to Nuñez, Brown said his office would review the department's training, supervision, use of force and citizen complaints.

The Los Angeles County district attorney's office and the FBI also are investigating the department, Maywood City Councilman Sam Peña said.

Peña said he thought the Police Department had "done all the right things" in investigating internally and cooperating with outside investigations.

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Matty 'The Horse' On His Last Ride (AP)

By Larry Mcshane, Associated Press Writer

AP, March 5, 2007

At an age when most of his contemporaries were long out to pasture or in prison, Matty "The Horse" Ianniello was still riding high.

Retirement held no appeal for the old man — and why would it? The notorious Genovese crime family captain, an eyewitness to gangland history from the slaying of "Crazy Joey" Gallo through the conviction of Vincent "The Chin" Gigante, ascended to family boss just three years before his 80th birthday.

It was 1997, and big money was rolling in from rackets in Little Italy, the garbage industry, a mobbed-up union local. The silver-haired Ianniello kept $130,000 in cash around his suburban home, adding a touch of green to his golden years.

It took almost a decade, but "The Horse" now faces the last roundup: He pleaded guilty in a pair of racketeering cases last year. Death behind bars is a possibility for the mobster, who eschewed a graceful exit and ignored organized crime history — the boss always becomes the No. 1 target of law enforcement.

Even if he's 86 years old. Even if he knows better.

"You know these mob guys — it's a way of life," said mob expert Howard Abadinsky, a St. John's University professor and author of several books on organized crime. "To leave is like walking away from family, except with quote marks around `family.'

"He's part of that life."

But Ianniello's life went beyond just "The Life." He was a decorated World War II veteran. In the 1970s, he joined authorities searching for a 6-year-old named Etan Patz after the boy disappeared on a Manhattan street. He was a businessman in a world where brutality often spoke loudest, operating like a CEO rather than a street thug.

And now, instead of cashing Social Security checks, he's facing 2 1/2 years in prison at a March sentencing.

When Ianniello pleaded guilty last year to corrupting a Queens bus drivers union, he arrived in court propped up by a cane. His voice was difficult to understand during his plea; Ianniello's lawyer blamed his client's garbled diction on a stroke.

Others were more skeptical, suggesting Ianniello was as healthy as — well, a horse.

"Don't let his age fool you," said assistant FBI special agent Matt Heron after one of Matty's arrests. "He's still an influential player."

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During a crime career dating to the era of godfathers like Joe Bonanno and Carlo Gambino, Matthew Ianniello was known in their world as two things: A good earner, and a stand-up guy.

"Matty was basically a nice guy," recalled "Joe Dogs" Iannuzzi, a mob informant who knew Ianniello in the mid-1970s. "A powerful man, but helpful to people he liked."

His former attorney, Gerry Lefcourt, remembered Ianniello as a gentleman who enjoyed discussions about civil liberties and the ramifications of war.

"He was a businessman," said Lefcourt. "There's never been any suggestion of violence with him. ... He was one of those people who got what he wanted because he was smart about things."

Ianniello's nickname came from his build: 6 feet tall and 220 pounds at his fighting weight.

Before his move into organized crime, Ianniello was a World War II hero, winning a Purple Heart and a Bronze Star as an Army artillery gunner in the Philippines.

Like many veterans, Ianniello lived on Long Island and commuted to work in Manhattan. He and his wife raised a family of five in Old Westbury.

While many in the mob made money through violence, Ianniello handled his affairs like a large corporation — albeit one where millions of dollars were skimmed. Authorities said he kept dual sets of books to hide his vast illegal income, and worked with a "board of directors" composed of Genovese associates.

"Joe Dogs" Iannuzzi recalled "The Horse" stopping a violent dispute in the mid-1970s by simply reaching out to another Mafiosi — diplomacy over death. "All politics, you know?" said Iannuzzi, whose preferred method of problem resolution was more physical.

By the mid-1970s, Ianniello's empire covered every bar, restaurant and sex shop from Fifth Avenue to the Hudson River between 34th and 59th Streets — they all paid "The Horse," part of the cost of doing business, authorities said. Two of his more infamous holdings were Hungry Hilda's, a topless bar on Eighth Avenue, and a nearby transvestite bar, the Gilded Grape.

Although law enforcement was aware of his business, the cigar-chomping Ianniello beat charges of narcotics and extortion. Even a 1971 conviction for criminal contempt — he declined to answer questions from a Manhattan grand jury probing police corruption — only produced a suspended one-year sentence and a $1,500 fine.

It was a year later when Ianniello lived through one of the most infamous mob hits ever.

Ianniello was in the kitchen at his Little Italy restaurant, Umberto's Clam House, when mobster "Crazy Joey" Gallo rolled in at 5 a.m. It was April 7, Gallo's last stop after a night on the town for his 43rd birthday.

Gallo took a seat with his back to the front door of the restaurant. It was a mistake he wouldn't live to repeat.

A hitman with a .38-caliber handgun fired on Gallo, who staggered to the street and died alongside his parked Cadillac. No one was ever arrested.

Gallo's bodyguard, "Pete the Greek" Diapioulas, charged into Umberto's kitchen and found Ianniello.

When the bodyguard accused "The Horse" of setting Gallo up, Ianniello quickly denied it. "You think I'm crazy?" Ianniello asked. "To let this happen in this place?"

The shooting in some ways "made" the restaurant. It operated on Mulberry Street for the next 24 years, drawing tourists who scanned the woodwork and kitchen door for bullet holes.

Seven years after Gallo's last meal, a 6-year-old boy on his way to school disappeared in Greenwich Village — the same neighborhood where Ianniello and Gigante shared their headquarters.

Etan Patz's name would soon become synonymous with missing children, but on the morning of May 25, 1979, police were simply looking for a lost little boy.

Authorities eventually reached out to Ianniello for help, and the mobster agreed to investigate things through his contacts. Despite the efforts, Patz was never found.

In 1985, when he became eligible for Social Security, Ianniello was convicted of skimming $2 million from an assortment of Manhattan restaurants and food suppliers — including one that provided the hot dogs for Yankee Stadium. Three years later, he was convicted of racketeering and sentenced to 13 years.

By 1986, when Fortune magazine rated the nation's 50 biggest Mafia leaders, Ianniello was listed at No. 35 — behind Gigante (No. 19) but ahead of Philadelphia's powerful "Little Nicky" Scarfo (No. 43).

And in 1987, Ianniello finally went to jail on his racketeering conviction.

Ianniello did his time and was released on Sept. 29, 1995, at the age of 75. But that wasn't the end of his career.

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On April 7, 1997, 25 years to the day after the death of Joey Gallo, Gigante entered a Brooklyn courtroom in a typically grungy get-up. It was the end of a long run as the family's head when the bathrobe-and-slipper-wearing Gigante admitted feigning dementia to avoid prosecution.

Ianniello knew the top guy drew unwanted attention from law enforcement. But authorities say that didn't stop him from stepping up when the family asked him to take over following the guilty plea by Gigante, who died in prison in 2005.

"He's got to take `The Seat' because this is what the family needs," said mob expert Abadinsky. "He's a stand-up guy, who played by the family rules. ... Nobody around has the status like Matty has. Who's around?

"Who are you going to turn to?"

Within three years, "The Horse" was deep into a Queens union representing city bus drivers. A medical center that rented space from Local 1181 was forced to pony up $100,000 to renew its lease. With Ianniello's backing, the center was forced to make regular cash payments.

In Connecticut, "The Horse" imposed a mob tax on various garbage businesses and collected more than $800,000 between 2001 and 2005. The money was paid by the companies to ensure no one infringed on their trash-hauling routes — a scenario right out of "The Sopranos."

His legal woes mounted, but Ianniello kept his mouth shut. He pleaded guilty to racketeering charges and tax evasion, but his plea agreement allowed him to avoid testifying against any of his two dozen co-defendants.

He's ready now to do his time, even at his age.

"What can I say, right?" Ianniello said after leaving court in Connecticut last year. "Nothing."

Mistrial Sought In Federal Capital Case (WT)

By Jim McElhatton, The Washington Times

The Washington Times, March 4, 2007

The defendant in a rare death-penalty case in the District is asking for a mistrial.

Larry Gooch, accused of being the enforcer for the violent M Street Crew drug gang in Northeast, last week asked the federal court judge in the case to declare a mistrial. He claims he is not receiving adequate legal representation.

Mr. Gooch said he wants a mistrial because one of his attorneys recently elicited "damaging" testimony from Metropolitan Police Department Detective Carlton Herndon, according to defense filings.

Under cross-examination by defense attorney Thomas Heslep, the detective told jurors he thought Mr. Gooch wasn't seen around 18th and M streets Northeast after April 30, 2003, "because he shot people" in an alley, defense attorneys say.

Mr. Gooch, 27, is accused of carrying out the fatal shootings of Yolanda Miller and her boyfriend, Calvin Cooper, on Feb. 21, 2003. Prosecutors said he shot them because he suspected they were stealing drugs or cooperating with police. Mr. Cooper was found shot three times in the back in an alley.

Mr. Gooch faces murder, kidnapping, racketeering and other felony charges.

He requested the mistrial after more than a month of testimony and the same week that Mr. Gooch's attorneys filed court papers stating they provided their client with "ineffective assistance of counsel."

Prosecutors say the request for a mistrial is "totally devoid of merit" and that the attorneys' filing only shows "disharmony" among them.

The death penalty is banned under D.C. law, but it can be sought for some federal crimes.

Mr. Gooch also is charged in the Aug. 1, 2000, shooting deaths of Christopher Lane, 19, and William Cunningham, 27, and the Sept. 13, 2002, shooting death of Miguel Miles, 34. Prosecutors say Mr. Gooch killed Mr. Cunningham during a home invasion robbery, while a co-defendant killed Mr. Lane.

More than two dozen people connected to the case were arrested by 2004. Several of the gang's leaders have been tried and convicted, including three men serving sentences of life in prison, but Mr. Gooch is the only M Street Crew defendant facing a death penalty.

Testimony began last month and is expected to resume today. U.S. District Judge Rosemary M. Collyer has not ruled on Mr. Gooch's request for a mistrial, according to court filings.

Even if the judge denies the request, Mr. Gooch has asked that Mr. Heslep be removed from the defense team, according to filings.

Prosecutor also object to that request.

"Defense [attorneys] should not lose focus on their ultimate obligation, which is to represent the interests of their client," Assistant U.S. Attorney John P. Dominguez stated in court pleadings. "They should subordinate all other concerns to fulfill this objective and should put aside any petty bickering and simply find a way to work together to achieve this objective."

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Federal Act Preventing County Prosecutors From Trying Olsen (AP)

AP, March 5, 2007

SALT LAKE CITY (AP) - A federal act is preventing prosecutors from moving forward in the murder case against Timmy Brent Olsen.

He was charged with murder last January in the 1995 disappearance and death of 15-year-old Kiplyn Davis.

Olsen is in a federal prison in Phoenix, Arizona, serving a 12-year sentence for perjury for lying to a federal grand jury investigating the girl's disappearance. He is appealing that conviction.

Prosecutors can't force him to return to face the state murder charges without potentially having to dismiss the charges on a technicality. And Olsen won't sign a waiver of the federal act that is keeping him from facing the Utah charges.

Prosecutors say they are willing to wait for him to exhaust his federal appeals, at which time he would have no choice but to face the murder charge. They say that could take a year.

Nevada Governor Retains Top Lawyer (WSJ)

By John R. Wilke

The Wall Street Journal, March 5, 2007

Nevada Gov. Jim Gibbons, facing a federal investigation of whether he accepted improper gifts or payments from a federal contractor, retained Abbe Lowell, one of the nation's best-known criminal defense lawyers.

Mr. Gibbons, a Republican, represented Nevada in Congress for five terms before his election as governor last year. He served on the House intelligence and armed services committees, and used his position to help a Reno software maker, eTreppid Technologies LLC, seek federal contracts.

Mr. Gibbons and eTreppid's owner, Warren Trepp, said they did nothing improper. Mr. Gibbons has said his advocacy for eTreppid was part of his efforts to help Nevada companies win government work.

Mr. Trepp, who was Michael Milken's chief bond trader at collapsed junk-bond dealer Drexel Burnham Lambert, has been a major contributor to Mr. Gibbons. The Wall Street Journal reported Nov. 1 that Mr. Trepp paid for private jet flights and a Caribbean cruise for Mr. Gibbons and his family two years ago; the matter is the subject of a preliminary investigation by federal prosecutors.

Mr. Lowell, a partner at Chadbourne & Parke LLP, is representing Jack Abramoff, the former Republican lobbyist who is cooperating with federal officials in a public-corruption probe. Mr. Abramoff is also serving a prison sentence for fraud.

Mr. Trepp has assembled a formidable legal team as well, including Reid Weingarten, a top white-collar defense attorney at Steptoe & Johnson LLP in Washington who previously served in the Justice Department's Public Integrity Section. Mr. Weingarten didn't return a call seeking comment. In a statement, Mr. Gibbons's attorneys said the governor will cooperate with any inquiry.

Nearly 20% Of Released Sex Felons Are Missing (SAEN)

By Polly Ross Hughes, Austin Bureau

San Antonio Express-News, March 5, 2007

AUSTIN — When Anselmo Pruneda Jr. left prison last May, the forwarding address he left to a Houston boarding house almost sounded like an invitation to the cops for tea.

"O Do Drop In," he wrote.

No such place exists.

Pruneda, who had spent a dozen years in prison related to the sexual assault of a 9-year-old boy and failing to register as a sex offender, didn't register as required with the Houston police, either.

Lawmakers created sex offender registries so people could check how close potential predators lived to their neighborhoods, playgrounds or schools. But these registries are not fool-proof.

The Houston Chronicle and San Antonio Express-News examined the whereabouts of more than 800 sex offenders released from prison to Harris or Bexar counties during the 18 months ending last December.

All had been rejected for early release and had served their entire sentences. Almost 20 percent of them either failed to register as sex offenders or their addresses in the state registry were incomplete, "unknown," "absconded" "out of state" or "homeless."

And that's not counting how many false or out-of-date addresses are only detected when too few local police officers try to knock on too many sex-offender doors.

"You're going to send the citizens into a panic" when they learn police lack the manpower to keep track of sex offenders who frequently change addresses, predicted Houston Police Sgt. Glen Shepherd.

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More than 46,000 adults in Texas are registered as sex offenders for crimes ranging from indecent exposure to aggravated sexual assault of a child.

As state leaders in Austin clamor to get tough on violent sex offenders who target children, calling for longer sentences with no possibility of parole or possibly the death penalty, police who work with sex offenders say politicians are overlooking a disturbing trend.

Increasingly, sex offenders deemed too dangerous for early parole return home unsupervised once they have completed their entire sentences. And under the current system, they are less scrutinized, not more.

When paroled, sex offenders aren't released until officials verify and approve where they will live. When registering with local authorities, they must prove their address with a state ID card or drivers license.

But sex offenders who complete their sentences can refuse to tell prison authorities where they will live. Or they can claim they will leave Texas or name a location in the vaguest of terms. They still are required to register with local law enforcement upon release, but police say they often go undetected if they don't.

Nearly 2,200 sex offenders are registered as living in San Antonio and Bexar County, according to the Texas Department of Public Safety.

Prison authorities aren't required to verify their whereabouts. Yet, the Texas Department of Criminal Justice will forward any information sex offenders volunteer to the Texas Department of Public Safety. It then appears on the state registry, accurate or not.

"It's like a giant chalk board. Whatever local agencies send to us, that's what goes on," said DPS spokesman Tom Vinger. "The sex offender registry is based on what sex offenders tell us, and sex offenders are known to be dishonest."

Also, since no parole officer will monitor their movements, police say unsupervised sex offenders seem the most adept at slipping from view.

"It's a total honor system, and you're relying on the most cunning, diabolical, secretive type of felon," said Andy Kahan, Houston Mayor Bill White's crime victim's director.

The U.S. Justice Department, in the most comprehensive study to date, found that 5.3 percent of sex offenders were re-arrested for another sex crime within three years of their release. When compared to non-sex offenders, they were four times more likely to be arrested for a sex crime.

John Walsh from the television show "America's Most Wanted" stressed during a January news conference with Lt. Gov. David Dewhurst that, as Texas leaders take aim at child sex offenders, they must close gaps in the state's sex offender registry.

"They have to know where these creeps are," Walsh said. "How do you find out if they're in compliance or noncompliance when they (flout) the law? When you give a bogus address or say you live in a homeless shelter or on the street, you're in noncompliance right off the bat. How can you track that sex offender?"

The Legislature's proposed "Jessica's laws," named after child murder victim Jessica Lunsford of Florida, don't answer those questions.

Some of the proposals would further restrict where sex offenders can live, barring residences too close to schools, school bus stops or public parks. But more restrictions could prove to be an even greater incentive for sex offenders to try thwarting the registry, authorities worry.

Plus, police and deputies complain that politicians talk tough, but they aren't offering local law enforcement more state money to beef up enforcement.

"This is what's known as an unfunded mandate by the state upon local governments," said Capt. Jim Rickhoff at the Bexar County Sheriff's Department. "Lord knows I'm going to be banging the drum at the next budget session for some personnel."

Attorney General Greg Abbott, who operates a sex offender unit, has asked the House Appropriations Committee for $7.7 million over the next two years so he can send deputies out regionally to help local police.

"Not all these people play by the rules. Many of them abscond, many of them fail to register later, many of them are back out on the streets looking for their next victim to harm," Abbott told budget writers.

As for Pruneda, Houston police began looking for him last week, after the Houston Chronicle asked how he managed to elude authorities. Shepherd said he was surprised to hear his compliance team was checking up on Pruneda, also known as John Perez.

"He's not registered with us," Shepherd said. "Basically, he's just out there in the cracks until a police officer stops him or he has some altercation with the police."

It turns out Houston police did pick up Pruneda last December for a minor infraction but turned him back to the streets, not knowing he was a sex offender eluding the registry.

"Apparently, he knows the system," Shepherd said. "He's gambling and taking a chance."

His luck finally ran out, though.

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Last Friday, Pruneda was arrested in Houston for failure to register, Abbott's office reported. He had been living in a tent behind a convenience store.

FBI Watching Mortgage Fraud (MBSN)

By Mark Morris

Myrtle Beach (SC) Sun News, March 5, 2007

KANSAS CITY, Mo. - Mortgage fraud is being called the country's fastest-growing white-collar crime.

It costs lenders more than $1 billion a year and has turned increasing numbers of federal agents into experts on real estate paperwork. These days, they quickly crack cases that once took years to work, experts say.

Two Kansas City politicians recently learned just how quickly.

The very day last fall when Katheryn Shields, who was then county executive in Jackson County, Mo., and her husband signed paperwork selling their home, an FBI agent notified them they were the targets of a criminal investigation involving the sale.

The documents purportedly showed that the $475,000 house they purchased in 1999 somehow was worth a $1.2 million mortgage in 2006.

Agents also wrapped up an investigation of Kansas City City Councilwoman Saundra McFadden-Weaver just months after she unsuccessfully tried to refinance a $400,000 Lee's Summit, Mo., home. According to prosecutors, McFadden-Weaver had purchased it even though she had no plans to live there or make payments.

By contrast, the largest previous high-profile case in the area, involving a Belton, Mo., real estate investor, took years to develop.

Shields, who is campaigning to be Kansas City's mayor, and McFadden-Weaver have pleaded not guilty to conspiracy and wire fraud charges and have denied all wrongdoing. Shields, a Democrat, said she was the target of "political terrorism" by appointees in the Republican Bush administration. McFadden-Weaver said she innocently was trying to help a needy acquaintance in a real-estate transaction.

Though these relatively high-profile defendants cast new light on mortgage fraud, it already was a regular docket item in Kansas City and in federal courthouses throughout the country.

Mortgage fraud occurs when somebody lies or misrepresents a fact on a statement that a lender uses to make a loan. Banks and mortgage lenders generally are the prime victims when loans are not repaid, but the fallout from a large-scale scam also can devastate individual investors, who sometimes must file for bankruptcy.

Communities also suffer when swaths of properties sucked into a scheme go vacant and deteriorate.

Estimates of mortgage fraud losses vary widely, but experts said trend lines pointed up. Although schemes can prosper during good times - such as the recent mid-decade boom when as much as $2.5 trillion in mortgage loans were made each year - they also can flower as the market cools.

The surge in cases in recent years has led investigators, regulators, lawmakers and industry groups to consider a number of solutions.

Many think that existing fraud statutes are adequate, but four states - New Jersey, Utah, Oklahoma and Colorado - are considering laws that would make mortgage fraud a specific crime, in part to spur more local enforcement.

Ultimately, tthe real estate industry must work harder to weed out fraud, and consumers must become better educated.

John Fougere, a spokesman for the Missouri attorney general's office, said if you don't understand what you're being asked to sign, ask questions until you're comfortable.

"Take that extra step," Fougere said. "You would be amazed at the amount of grief you can save yourself."

How to avoid fraud

The Kansas Association of Mortgage Brokers offers these tips:

Verify that the mortgage company is properly licensed in the state.

Thoroughly read all documents provided by your mortgage company. Question anything that might appear out of order.

Do not sign the loan application if you aren't comfortable with the information typed on it. Remember, any misrepresentation on the application could result in civil or criminal penalties.

While the loan is being processed, question anything that appears out of the ordinary.

At closing, read everything thoroughly. Don't sign if you're uncomfortable with any of the information represented. Review the final loan application to see if there is any incorrect information that might affect your approval, such as an investment property marked as your primary residence or a significant error in your income.

Arrest Sparks Worries Over Implications Of Corporate Law (HC/AP)

By John Christoffersen, Associated Press

Houston Chronicle, March 5, 2007

NEW HAVEN, Conn. — The arrest of a prominent attorney on charges of destroying evidence in a child pornography investigation is raising alarm bells that a law targeting corporate accounting schemes could be used to prosecute lawyers over work done on their clients' behalf.

"Every criminal defense lawyer in the country has to be alarmed at the indictment," said New York University law professor Stephen Gillers. "It's going to upset a lot of assumptions about how lawyers can represent clients. I think this is a boundary-pushing case."

Philip Russell was charged Feb. 16 with destroying a computer that contained child pornography at Christ Church in Greenwich. Former President George H.W. Bush attended the church while growing up and funeral services for his parents were held there.

Russell, the former attorney for the church, is accused of obstructing an FBI investigation that led to the January conviction of the church's music director, Robert Tate, for possessing child pornography.

Russell was charged under the Sarbanes-Oxley Act, which Congress passed in 2002 after a wave of corporate accounting scandals to make it easier to prosecute such cases. He faces up to 40 years in prison if convicted.

"The case will test the meaning of those new provisions," Gillers said.

The law, which was aimed at cases involving corporate document shredding, made it easier to prosecute obstruction of justice by requiring only that an investigation was foreseeable rather than already pending. Prosecutors also no longer have to show the defendant acted with corrupt intent to keep evidence from investigators, experts say.

While legal experts agree that lawyers can't destroy evidence, they are concerned that prosecutors' use of Sarbanes-Oxley will pressure defense attorneys to betray their clients' confidences and report potential evidence to authorities or risk prosecution themselves.

"The most troubling aspect is it tries to make lawyers shills or hand maidens for police and government investigators," said Jon Schoenhorn, president of the Connecticut Criminal Defense Lawyers Association.

Future cases could be murkier than child pornography, involving bank records or other documents and items that might incriminate a client in a future investigation, experts say.

"Lawyers will have to be soothsayers," said Martin Pinales, president of the National Association of Criminal Defense Lawyers. "They will have to figure out what some prosecutor in the future may or may not be charging."

Russell, whose wife is a member of the church, does not dispute that he destroyed the computer, said his attorney, Robert Casale. But denies he broke the law.

"He didn't do it to interfere or compromise any government investigation," Casale said.

The case dates back to Oct. 7, when an employee at Christ Church discovered images of naked boys while using Tate's computer, according to the indictment. A day later, church officials sealed and wrapped Tate's laptop, treating it as evidence, authorities said.

Russell destroyed Tate's computer after learning it contained images of naked boys, according to the indictment.

"Those who possess child pornography or hinder the prosecution of those who do by destroying evidence and impeding investigations will be prosecuted, particularly when the obstructionists are attorneys and officers of the court," U.S. Attorney Kevin O'Connor said.

Federal authorities declined further comment because the case is pending.

Schoenhorn said defense attorneys should advise their clients that it's illegal to possess child pornography, but should leave it up to their client on how to treat the evidence.

"Obviously a lawyer should not destroy evidence, but that begs the question what is evidence?" Schoenhorn said.

Russell plans to challenge the use of the Sarbanes-Oxley Act in his case. Others besides attorneys could be liable if authorities are allowed to apply the law broadly, Casale said.

Federal law has a provision designed to protect attorneys. That shield could be a defense for Russell, but it's rarely been tested, experts say.

The trial in April could spell the end of a career for Russell, whose recent clients included Andrew Kissel, a wealthy Greenwich developer charged in a multi-million dollar real estate fraud case. Kissell was found slain in his home last year days before he was to plead guilty.

"Any criminal conviction will devastate him," Casale said. "It's like capital punishment."

D'Amato Never Folds (NYT)

By Gary Rivlin And Matt Richtel

The New York Times, March 5, 2007

For years, Alfonse M. D'Amato, the former Republican senator from New York, was the host at a Thursday evening poker game at his Capitol Hill office, playing with other lawmakers, staff members and lobbyists late into the night over pots that ranged from a few dollars to a few hundred.

Once New Yorkers collectively informed Mr. D'Amato that it was time to find a new line of work, he graduated to a higher-stakes game, playing with Howard Stern, among others. He is now a stalwart of a weekly game on Long Island where a bad night might mean that a player drops $5,000 or more.

As Mr. D'Amato tells it, and as his card-playing cronies confirm, he rarely leaves a game a loser. Yet it is a safe bet that his love of poker never proved so lucrative as it did last week, when he signed a lobbying deal with the Poker Players Alliance, a nascent group that hopes that Mr. D'Amato will help them become players in Washington politics, too.

Most immediately, the group is hoping that Mr. D'Amato, long known for his connections to Washington insiders and his ability to deliver perks to his constituents and interest groups, can help them overturn a new federal ban on Internet gambling — or at least exempt poker from its provisions.

"John Smith, maybe he doesn't have the financial means or the ability" to travel to a casino, Mr. D'Amato said, gesturing with his hands and speaking volubly in his trademark accent. "The poor guy at home can't bet $50 because we pass this law."

The first big assault on poker players came in October when President Bush signed a bill aimed at online gambling by making it a crime to use credit cards or online payment systems for poker and other online casino games and sports betting conducted over the Internet. The law did not make it impossible or illegal for Americans to bet online, but it did make it trickier for players to get their cash to the offshore casinos that run the Internet sites.

"I think it's fair to say that most poker players see themselves as nonpolitical," said Walt Thiessen, 49, an entrepreneur from Warrenton, Va., who recently joined the alliance. "But the more that the government does to impede poker players, the more angry and frustrated they're going to become."

The booming popularity of poker has spawned any number of cable television shows and made media figures of professionals like Chris Moneymaker and Daniel Negreanu. Tens of millions of Americans play, primarily in home games but also at casinos, legal and illegal card rooms, and at scores of Web sites.

So perhaps it was inevitable that poker enthusiasts would assert themselves as another special interest demanding to be heard in Washington. The Poker Players Alliance, which says it has more than 160,000 members, most paying at least $20 to join the group, will open an office in Washington in the next two months "to oversee our political efforts there," the group's president, Michael Bolcerek, said. It hopes to build a grassroots organization whose political presence is felt in all 50 states, he said.

But even though Mr. D'Amato's involvement in the lobbying effort is bound to generate plenty of talk, it is not expected to lead to overturning the new law anytime soon.

Moreover, Mr. D'Amato, for all his ability to attract attention and parlay his reputation into big money, may not have much sway in a Democratic-controlled Congress preoccupied with war, budget deficits and presidential politics. There is little interest there at the moment in turning back to a subject decided a year ago, when Republicans ruled.

Mr. D'Amato and his backers, said I. Nelson Rose, law professor at Whittier Law School in Costa Mesa, Calif., and an expert on gambling law, "think they have a pair of queens. But what have they really got? They don't even have a pair."

Still, former Representative Jim Leach, an Iowa Republican and one of the authors of the Internet gambling ban, said that Mr. D'Amato certainly added heft to the effort.

"Don't ever underestimate Al," he said on hearing of Mr. D'Amato's role.

Certainly, Mr. D'Amato's poker buddies have learned that lesson. "He's tenacious, he's fearless and he's aggressive," said Gary Melius, the host of the Monday game where Mr. D'Amato is now a regular. "He's also really good at reading people."

Subtlety has never been Mr. D'Amato's long suit, and he has already embraced his new role with characteristic fervor. During an interview in his offices in a high-rise on Park Avenue in Manhattan, Mr. D'Amato did not answer questions about online poker as much as filibuster on the issue.

To him the implications of prohibiting online poker are profound, touching on matters as wide ranging as the war on terrorism, national security, the rights of the elderly and the handicapped and equal protection under the law. At times, he pounded his desk to make his point.

The money being spent to outlaw poker and enforce the ban, Mr. D'Amato said, could be better spent "in the battle against money laundering, trafficking in drugs, or trafficking in terrorism."

He takes issue with Congress's decision to lump in poker, a game of skill as well as luck, with games of pure chance like roulette and craps. "It's really a great sport," Mr. D'Amato said, perhaps the country's favorite sport. "You don't have 70 million people participating in baseball."

It is not clear that poker has 70 million players, either. (Mr. D'Amato's source is a study commissioned by the poker association.)

But one of his trademark tactics is throwing around numbers that might or might not be considered, well, a bluff. He talks of the million players who have already joined the poker association — a misstatement that prompted his handler, presidential style, to clarify that what the former senator meant is that the group hoped one day soon to have that many names on its rolls.

After New York voters replaced Mr. D'Amato with Charles E. Schumer, a Democrat, in 1998, the former senator opened Park Strategies, a lobbying and corporate strategy firm whose client list includes banks, telecommunications companies and a few racetrack owners.

He acknowledged that he did not understand the impulse that prompted a person to place a wager on a horse. But he spoke rhapsodically about the sense of community that poker has fostered in his life, and the banter, camaraderie and friendly competition that can make the game so engaging.

The intimacy of the game, in fact, produced some political headaches for Mr. D'Amato while he was chairman of the Senate Banking Committee after an article in The New York Times disclosed that he had invited lobbyists to play in his office. That gave extraordinary access, some charged, to those representing banks, securities firms and other financial institutions.

Mr. D'Amato has a different view, defending his activity as an innocent pastime that followed in the footsteps of President Harry S. Truman's poker games with cronies. "It was a great way to while the time away — to have fun and talk politics," he said.

Plenty of Americans are still playing poker online, if no longer at sites run by publicly traded companies, which fear reprisals from Washington despite being based overseas.

Instead, online players have shifted to smaller, privately owned sites. They are forced to find other means for transferring money in and out of their accounts, given that the new law more closely monitors financial institutions processing wagers.

"I play as much now as I did before the ban," said Ethan Ruby, a member of the poker alliance who lives and works in Manhattan. Mr. Ruby said he simply took the money he had on account at PartyPoker, his old site, and transferred it to Full Tilt. He then linked his poker account to his checking account instead of a credit card.

"It's a much more tedious process now," Mr. Ruby said.

Still, it only took a few days. "You can't cork this," Mr. D'Amato said. "You can't stop this through some silly bill."

Online poker will only go further underground, he continued, providing an opening for unscrupulous foreign operators seeking to take advantage of the hunger of Americans to play poker.

"When you have regulation, where you have openness, you can ensure you have a game that won't be unfairly cut or disadvantaged or manipulated," Mr. D'Amato said. You can also tax the winnings of players whose ups and downs are tracked online, a figure the poker alliance puts potentially in the billions.

Mr. Rose, the law professor, while doubtful of the chances for the lobbying effort in the short run, said Mr. D'Amato and his backers would be well served in keeping the issue alive until there is more interest in the matter. "If they stay active the next two years," he said, "then there could be a serious bill" to carve out an exception for poker.

Certainly, Mr. D'Amato has staying power.

"The later the game goes, the more Al is going to win," said Larry Elovich, a Long Island lawyer who said he has been playing poker on and off with Mr. D'Amato for 50 years. "He has the ability to stay awake when the rest of the players are all tired."

A Record Of Failure At Center For Sex Offenders (NYT)

By Abby Goodnough And Monica Davey

The New York Times, March 5, 2007

ARCADIA, Fla. — Inside a privately run treatment center here for pedophiles and rapists who have completed their prison sentences, where they are supposed to reflect on their crimes and learn to control their sexual urges, bikini posters were pinned to walls.

Two men took their shirts off, rubbed each other's backs and held hands, while others disappeared together into dormitory rooms. Some of the sex offenders appeared to be drunk from homemade "buck" liquor secretly brewed and sold here.

And some of the center's employees, who openly ignored the breaking of rules ("As long as they are happy, we let them go," one explained), reported that a high turnover rate among staff members was mostly because of female employees leaving their jobs after having had sex with the offenders.

These and other observations were included in a memorandum composed in 2004 by six employees on loan here from Pennsylvania. They had been dispatched by the Liberty Behavioral Health Corporation, which ran the facility, the Florida Civil Commitment Center, and a facility in Pennsylvania.

Nineteen states have laws that allow them to confine or restrict sex criminals beyond prison in a trend that is expanding around the country, with legislators in New York last week announcing agreement on a new civil commitment law there.

The courts have upheld the constitutionality of such laws in part because they are meant to furnish treatment where possible. Most of the states run their own centers to hold and treat such predators, generally with meager results, but at a time when private solutions are popular for prisons, toll roads and other state functions, a few have teamed with private industry.

Yet as the story of the center here in Arcadia reveals, even a $19 million partnership between the state and a company that describes itself as "a national leader in the field of specialized sex offender treatment and management" failed to meet a central purpose: treating sex offenders so they would be well enough to return to society.

"It was like walking into a war zone," Jared Lamantia, one of the visiting workers who signed the memorandum, recalled in an interview. "The residents in that place ran the whole facility."

The memorandum is among thousands of pages of public and private documents about the Florida center reviewed by The New York Times, providing a rare window into the lives of civilly committed sexual predators and the people who guard and treat them. While programs like Florida's are popular because they keep sex offenders locked away past their prison terms, they cost far more than prison — in the case of Florida, on average twice as much — with no measurable benefit beyond confinement.

For more than seven years, Liberty was in charge of almost every facet of the Florida center, where more than 500 men are held beyond their criminal sentences in a crowded former prison surrounded by cow pastures.

That ended last June in a cloud of claims and counterclaims, investigations and legislative hearings. By the end, after the state did not renew Liberty's contract, the Florida Department of Children and Families was virtually at war with the company, with each side pinning blame on the other — the state accused of failing to properly finance the center, the company accused of failing to manage it.

"The place is a cesspool of despair and depression and drug abuse — of people being lost," said Don Sweeney, a mental health counselor in St. Petersburg who treats some former residents of the center, reflecting on Liberty's tenure there.

Many outside experts, even some of the center's critics, said the state's insufficient financing of the center made Florida as much to blame as Liberty for the many failings, many of which are common in other states. Florida spends less than $42,000 a year per resident, one of the lowest rates in the country.

"There was no money to support that facility and to do what had to be done," Dr. Robert Bellino, a psychiatrist who worked at the center here, said of the company. "It's a political football. They were always turning the screws on Liberty — 'Cut this, cut that, don't spend this, don't spend that.' "

Ambitious Private Contractors

As legislators across the nation have answered public outrage about heinous sex crimes with civil commitment laws, a bevy of companies and well-paid specialists have cropped up like constellations around the expanding demand.

Liberty Behavioral Health and Liberty Healthcare Corporation, affiliates with common ownership, have emerged as the most ambitious private contractors in the commitment center arena. As recently as last year, the affiliates had accumulated contracts worth up to $26 million a year in California, Illinois, Pennsylvania and Florida, which was the biggest both in terms of compensation and responsibility.

Growing out of a company that provided emergency room employees to hospitals starting in the mid 1970s, Liberty Healthcare Corporation was founded in 1986 as a provider of mental health, developmental disability and primary care services. In its earliest days, it had no experience treating sex offenders and, its officials said, there was never a particular moment when company officials said to one another, "Let's go into the sex offender business."

Yet as Shan Jumper, Liberty's clinical director in Illinois, tells it, after "analyzing market trends and seeing what areas they could jump into," Liberty executives apparently recognized the potential.

By 1998, the company, which is privately held and based in Bala Cynwyd, Pa., won its first contract to provide services inside a civil commitment center, in Illinois. Rick Robinson, executive vice president and chief operating officer of Liberty Healthcare, described the move as a natural outgrowth of its work, which included creating an adolescent sex offender unit in an Arkansas hospital in 1995.

The states that have hired private companies reason that outside experts have more background in the complex realm of detaining and treating sex offenders than most public workers, and in several states where Liberty holds contracts, officials say they have been impressed with the company's expertise.

But at the Florida center, even beyond a string of embarrassing failures — an escape, the death of an offender after a fight with another over a bag of chips, a sit-in that the state ultimately quashed with hundreds of law enforcement officers — the treatment record was poor.

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In Liberty's tenure, only one of the hundreds of men here progressed far enough in therapy to earn a recommendation from company clinicians that he be released. At various points, many residents were not attending the group therapy specifically addressing sex offending; in May 2005, 35 percent of the center's 484 residents fell into that category.

In written responses to questions from The New York Times, as well as court depositions, legislative testimony, e-mail messages, letters and memorandums, Liberty defended its treatment record, blamed Florida as insufficiently financing its commitment program and, for years, failing to define exactly what it expected of Liberty.

Early Praise and Promise

Liberty's early tenure in Florida won praise from independent evaluators who said the treatment program showed promise. Over the first four years the state asked for few changes, and on matters such as the treatment of mentally ill residents, had a "just do the best you can" attitude, as Susan Keenan Nayda, vice president of operations for behavioral health programs at Liberty, said in a court deposition.

But problems began to surface publicly in June 2000 in dramatic fashion when a resident escaped in a helicopter that an accomplice had landed inside the center's perimeter. The helicopter crashed after departing with the escapee, who was caught 26 hours later in a canal with the pilot, 2 handguns and 28 rounds of ammunition. The pilot, a longtime friend, had visited the escapee 10 times in the five months before the escape.

The bizarre incident raised worrisome questions and the first hints of a conflict over the center's combined goals of security and treatment. Too few Liberty staff members were in the yard when the escape occurred, a report by state officials found, and the center's director had ordered razor wire removed from a security fence because, he said, the wire was damaging volleyballs from a nearby court the residents used.

The report also complained about the state's role, questioning why corrections officers, who were in charge of security on the perimeter, were unarmed. Commitment centers across the country have wavered between following the legal mandate to run a therapeutic program, as laid out by the courts, and the politically acceptable alternative of a more prisonlike one.

In Florida, the conflict emerged again and again. The state's emphasis swung, at various points, toward and away from a "correctional" approach, company officials suggested. At one point, Ms. Nayda told a Florida State Senate committee that even she was not entirely sure what the center was trying to be.

"There's a little bit of confusion," Ms. Nayda said. "What is this place? Is it a prison? Is it a mental health center? A residential treatment facility where people are clients? What is it? We ask that question sometimes too. We really don't have a lot of guidance around what it is the state wants the facility to be, and we would encourage the state to look at that."

By the end of 2000, the state moved its civil commitment center from Martin County on the state's East Coast to its current home here in Arcadia, a 14-acre compound with eight dormitories and other buildings.

From there, the population rose swiftly, even as staff levels mostly stayed put. Liberty repeatedly sought more money from the state for the center's operations, for special treatment of its large severely mentally ill population and for creation of a supervised release program.

Asked to respond to Liberty's complaints about financing, Rod Hall, director of the mental health program office for the state Department of Children and Families, said, "The funding provided to operate the facility was the amount negotiated and agreed upon by Liberty prior to its signing of the contracts."

Liberty's monthly reports began suggesting that the company was feeling the crunch. The reports noted frequent troubling incidents: residents having sex, assaulting staff members and each another, hiding knives in their rooms.

Liberty also said it faced an unusual challenge in Florida, where hundreds of the center's residents are not formally committed, but awaiting trials for commitment. These "detainees," the company said, often reject treatment to focus on their legal battles.

Some critics, meanwhile, began questioning the treatment. Ted Shaw, a forensic psychologist who evaluates civilly committed sex offenders, complained that Liberty held men back in treatment as punishment for minor infractions.

Liberty officials deny the allegations, but Michael Canty, a child molester who was detained at the center but was never formally committed, concurred with Dr. Shaw, saying Liberty staff members would "harass, taunt — try to get you in trouble so you would get kicked out of treatment."

Rising Tensions, and Violence

By the time the six workers from Liberty's facility in Pennsylvania arrived here in 2004, tensions inside the center and with the state authorities were reaching a peak.

In April of that year, a mentally ill man jumped off the center's roof and was injured after staff members rushed at him to get him down. In June, a resident stabbed another 12 times and the staff had residents mop up the blood, destroying evidence before outside law enforcement officials arrived, an internal report showed.

"It was basically a free-for-all prison, out of control," said Josh Stiles, another of the visiting workers from Pennsylvania.

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Liberty officials said they investigated and immediately took "appropriate actions" regarding all that their Pennsylvania employees reported. But they also said the atmosphere in the center at the time was "probably very conducive for allegations that were either unfounded or exaggerated," and noted that a second group from the Pennsylvania facility, including its director, returned to Florida several weeks later and reported no similar problems.

Nonetheless, Lynda Sommers, a consultant hired by the state to monitor the facility over a number of years, also found it in disarray in the period after the second Pennsylvania group.

Ms. Sommers reported suspected sexual relationships between staff members and offenders, staff members who slept on the job, crumbling facilities, and vague policies on punishing troublemakers and treating the mentally ill.

Liberty's own internal investigator, Kenneth Dudding, was also deeply critical of hiring decisions for low-level staff members, whose salaries started at a base rate of $12.89 an hour.

"You could have worked at Wal-Mart last week, they put you in front of a computer to read policy for a few hours, then they send you to a dorm and let you go," said Mr. Dudding, who left after clashing with Liberty's management.

As for female security workers, Mr. Dudding said they were easily manipulated by the sex offenders. "It's like putting candy in front of a baby," he said.

Mr. Dudding said he ultimately called a state whistle-blower's hot line.

The inspector general of the Department of Children and Families investigated and issued stinging reports, saying that the facility's safety director had tried to cover up wrongdoing by tampering with evidence, that an employee was suspected of selling marijuana, and that alcohol was being made and sold there.

Liberty officials said the safety director was fired for "failure to properly function in her role" before they received the inspector general's critique, and they said they fired the worker suspected of drug sales — on whom no contraband was found — for an unrelated reason.

Then a group of residents, angry when the fire marshal demanded that they not have so many personal items, moved into a yard. For months, the staff could not persuade them to go back to their rooms, creating a scene one law enforcement officer called "Woodstock gone amok."

Liberty said it first asked for help from the Department of Corrections and was turned down, only to ultimately get a response the company called "excessive." In February 2005, several hundred corrections and law enforcement officers in riot gear arrived and restored order.

That spring, Liberty's requests to the state grew more insistent. The company asked for $31.1 million for the next fiscal year; it received $18.7 million, the same as the year before.

By April, having described an "alarming" set of "chronic and serious" issues at the facility, the state was preparing to end its relationship with Liberty.

New Company Takes Over

In the end, the struggle between security and treatment may help explain Liberty's doomed tenure at the Florida center.

"I had imagined that we would be trying to do research or publish or be innovative or at least use state-of-the-art equipment," said Dean Cauley, a former therapist at the center. "When I arrived, the equipment wasn't being used, tests were outdated and treatment was very much secondary to maintaining security."

Liberty officials said that treating patients had always been their company's reason for being. Most of the company leaders, including Dr. Herbert T. Caskey, the founder, were originally clinicians, not business people.

If states wanted simply to lock up, not treat, the worst sexual predators, Kenneth Carabello, Liberty's director of regional operations for California and the western United States, said, "We'd let somebody else do this."

Despite the center's history, Don Ryce, the father of Jimmy Ryce, the 9-year-old boy whose 1995 rape and murder spurred the Florida Legislature to adopt a civil commitment law in his name three years later, said the law's "overall intention" had been accomplished.

"There are a lot of people who are confined who otherwise I guarantee you would be out there reoffending," Mr. Ryce said, though he added, "I'm not going to pretend there aren't serious problems that need to be addressed."

As Liberty departed, Florida picked another private company, the GEO Group Inc., to run the center here.

The GEO Group, once known as Wackenhut Corrections Corporation, has more than 23 years of experience running prisons. Of 63 centers GEO operates worldwide, 58 are correctional and detention facilities.

Last fall, under GEO's watch, a new glimpse of turmoil began emerging. Early one morning, a resident said he was attacked by another in his bunk. His screaming, kicking and banging on his door went unanswered for almost 15 minutes before staff members responded, other residents said.

GEO officials said workers from the company and the Department of Corrections "responded promptly" to what GEO described as a "resident upon resident" fight, an assessment echoed in a DeSoto County sheriff's report.

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But some 100 residents signed a letter calling for an end to the practice of housing two residents in a single room. The center “is supposed to be a mental health facility, not a prison,” the residents wrote. “We are to be treated as patients, not state convicts.”

Early Struggles Helped Forge Lanier's Resilience (WP)

By Allison Klein

The Washington Post, March 5, 2007

Cathy L. Lanier's career could have dead-ended in her fourth year with the D.C. police department.

A new sergeant, she was sent east of the Anacostia River to the 6th Police District, one of the city's most crime-ridden areas. From the start, things were bad.

Lanier's supervisor, a lieutenant, propositioned her sexually and humiliated her in public by making lewd remarks about her, she said. Once, during a meeting with Lanier and a group of male officers, the lieutenant grabbed her ponytail and made a comment about pulling a woman's hair during sex.

It was 1995, and, Lanier said, she had no clue about the law on sexual harassment. Some officers urged her to file a complaint. But another supervisor warned that the department's good-old-boy culture would ensure that if she took action, she would never be promoted.

She retained a lawyer and, along with another woman making similar allegations, went to court. The city settled their lawsuit, and each woman got $75,000. The lieutenant was shifted to a different police district.

Lanier thought her career was over. But there were no repercussions, she said, because she had a solid track record. "Your reputation in the department is either as a hard, loyal worker or someone who will do anything to get out of work. I was a worker," she said.

Now, at 39, she is awaiting D.C. Council confirmation as the city's first permanent female police chief and one of the youngest leaders to head the department.

She has achieved success after struggles in her personal and professional life, including a teenage pregnancy that led her to drop out of high school and an early marriage that failed. Her resiliency will be tested as she inherits a police department in a high-crime city that residents say is out of touch with the community. She is already facing extra scrutiny as a white, female chief of a force that is mostly black and male.

Running the 3,800-member department requires a commanding presence, stamina and the ability to plan while dealing with the inevitable crises. As her predecessor, Charles H. Ramsey, put it: "There are things coming at you all the time and nobody to pass it off to. The buck stops there."

D.C. Council member Phil Mendelson (D-At Large), who heads the Public Safety and Judiciary Committee, said that Lanier gets high marks since taking over as acting chief in December but that "the proof will be over time."

"To the average citizen, the chief of police is the personification of crime fighting. In reality, the chief of police is the manager of a large bureaucracy," Mendelson said. "That's the role she's got to play."Challenges From the Start

Lanier was raised by her mother after her father left when she was 4. She and two older brothers lived with their mother in a modest home in the D.C. suburb of Tuxedo, in Prince George's County.

She dropped out of high school at 14 to have a baby. She wed the boy's father, a marriage that lasted two years, then went on welfare. At 16, she received her GED and became a secretary. She later sold awnings and canopies, worked in real estate and waited tables. Her mother helped her care for the baby.

At 23, she followed her father and two brothers into public service. Her late father, Walter Lanier Sr., was deputy fire chief in Prince George's. One brother is a captain in the county fire department, the other a detective with Greenbelt police.

As a police officer, she came into her own, said her mother, Helen Lanier, a retired legal secretary. "She seemed to blossom."

Cathy Lanier's first assignment was as a foot patrol officer in the 4th District in Northeast and Northwest Washington. A 6-foot-tall blond woman in uniform, she stood out. She remembers stopping by neighborhood playgrounds, shooting hoops with the kids for a few minutes and letting them wear her police cap. She'd give them bubble gum, and they knew she'd be back.

She got to know every street and alley, said her former commander, Robert C. White, now chief in Louisville. "She knew the good people and the thugs. She wasn't afraid or intimidated."

Lanier grew frustrated, however. Some officers were slacking off, she said. "I felt like everybody wasn't pulling their weight."

So she decided to become a training officer, teaching rookies how to work a beat.

"My rule was we didn't take lunch," Lanier said. "We ate, but we didn't take lunch."

Sgt. Brett Parson vividly remembers Lanier's training when he joined the force in 1994. The first day they were out together, they patrolled the lower Georgia Avenue area, and she was teaching him to watch for drug dealing.

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"All of a sudden, she slammed on the brakes, jumped out of the car and handcuffed a guy," Parson said. "I had no idea what happened. I hadn't even gotten out of the car."

Diane Groomes, now commander of the 1st District, recalls competing with Lanier to see who could make more arrests. "We'd usually tie," Groomes said.Changes Won Attention

By 1998, the harassment case was settled, and Lanier began a steady ascent. She became a captain after ranking third on a promotion exam; she has always excelled at such tests. "I wasn't as smart as everybody else, but I would out-study them," she said.

Ramsey took over the department the same year, and he identified a handful of go-getters. Ramsey said he was looking for bright, enthusiastic leaders with at least 10 years ahead of them in the department. Lanier had all of that.

"If there was anything lacking in Cathy at all, it was self-confidence," Ramsey recently recalled.

The meteoric rise was set in motion: five new commands over the next eight years -- leading to chief.

Lanier burnished her police credentials with outside studies, receiving bachelor's and master's degrees from Johns Hopkins University. She also had management training at Harvard University.

Ramsey promoted her to inspector and put her in charge of narcotics. Then, when the department was accused of not doing enough to investigate fatal traffic accidents, Ramsey put Lanier in charge of that unit, too.

She went to every fatal crash and made changes to improve the unit's performance. The unit was staffed round-the-clock, and investigators were ordered to regularly update victims' families.

Lanier took a similar approach when Ramsey put her in charge of the 4th District -- the place she began her career. She blanketed high-crime areas with officers in marked police cars, lights flashing. Crime dipped within 90 days. And she met with residents so that they bought into the strategy.

Her gung-ho personality and self-assured manner earned her praise from neighborhood leaders and caught the attention of Adrian M. Fenty, then a Democratic council member representing Ward 4. They realized they had the same style: Both were responsive to community needs, loved talking to people and had a habit of working through the night.

Lanier moved on, but Fenty would remember the impact she made on the police district.A Surprising Choice

Ronald Reagan's funeral. George W. Bush's inauguration. Countless demonstrations. Lanier oversaw security for big events as head of the Special Operations Division, a 250-member unit she took over in 2002. Among other duties, the division investigates bomb threats, deals with armed standoffs and escorts dignitaries in the city.

As she expanded her reach, Lanier also headed the police board that reviews the use of force and helped negotiate two union contracts. Her final assignment under Ramsey came last year, when he put her in charge of the force's first homeland security division.

Her rise has not been without controversy. Still pending are two lawsuits, one accusing Lanier of unfairly breaking up a canine squad and the other of illegally demoting officers from the mounted unit after they complained about mismanagement. She would not comment on the cases.

After Fenty won the mayoral election in the fall, he made it clear that he would not keep Ramsey. But Lanier said it was one of the biggest shocks of her life when Fenty offered her the job in November -- she hadn't applied.

The choice was also a surprise for another reason: After years of criticizing Ramsey, Fenty chose one of the chief's proteges for the top job.

There were complaints from some in the black community that Fenty passed over African American candidates who they felt would better represent the mostly black city. The force is 76 percent male and 63 percent black.

Some doubts remain. Ronald E. Hampton, executive director of the National Black Police Association and a former D.C. police officer, said picking Lanier was "risky" for Fenty.

"The chief of police ought to be a person of color," Hampton said. "We've got a lot of white people in these positions, and that becomes problematic for recruitment. You wonder why young kids in the black community don't want to be police officers."

Lanier said she should be judged on her performance. "People who know me realize it's not an issue," she said of the racial question.

She is adding foot patrols in neighborhoods that have been craving them for years and tailoring new crime-fighting programs with input from the community.

As a show of support for beat officers, Lanier began a policy that ones who live in the District are the first to have take-home police cars. She is also trying to streamline arduous paperwork.

That goes a long way, said Officer Kristopher Baumann, chairman of the Fraternal Order of Police's Labor Committee. "Officers like that she is the real police, she's out there on the street and she's out in the districts," Baumann said.

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As she learns to manage her position, Lanier has been in near-constant motion, typically starting work early in the morning and winding up late at night. She shows up at crime scenes, has endless meet-and-greets with community groups and still finds time to spend with her boyfriend, D.C. police Sgt. Jim Schaefer, who inspects city trucks, as well as her mother and son, now 24.

At a recent event at an elementary school in Southeast Washington, she agreed to mentor a child for four hours a week. A worried look crossed the face of her aides, familiar with her overpacked schedule.

"Who doesn't have four hours a week to spare?" she asked.

Besides, she still eats her meals in the car on the way to meetings. She eats lunch -- but she doesn't take lunch.

CIVIL LAW:

FEDERAL DIARY: Slowing Down The Revolving Door (WP)

By Stephen Barr

Washington Post, March 5, 2007

Adjusting the spin of the revolving door is never easy.

A House committee has approved legislation that would lengthen employment restrictions for federal procurement officials who take certain jobs when they leave government, from one year to two years. It also would prohibit newly hired procurement officials from awarding contracts to their former employers for two years.

Tightening employment restrictions will bring more accountability to government, contends Rep. Henry A. Waxman (D-Calif.), chairman of the House Oversight and Government Reform Committee. Recent lobbying and procurement scandals are proof that something needs to be done, he points out.

But Paul A. Denett, the procurement policy chief at the Office of Management and Budget, argues that the proposed restrictions "would do great damage" to the government's ability to hire and keep qualified contracting personnel.

"They will have the unintended effect of harming the career prospects of the overwhelming number of honest, experienced government employees and encourage them to leave government service early," Denett said in a recent letter to Waxman. An estimated 20 percent of the government's 28,000 contracting professionals are eligible to retire, Denett noted.

Congress has been trying to regulate the revolving door -- the rotation of federal officials and business executives into and out of government -- since at least 1872, according to the Congressional Research Service.

Over the decades, Congress has sought to protect the government from former employees who took sensitive information with them and used it to promote the interests of a private party. Congress also has devised rules to discourage federal employees from cashing in on their inside knowledge or becoming snarled in conflicts of interest with companies doing business with the government.

"The question here is priorities," said Dave Nadler, a partner at Dickstein Shapiro. "It requires Congress to balance two important policy considerations."

One set of considerations is based on the very real concerns about the federal workforce and whether workforce shortages will increase over time; the other considerations involve the need to respond to the perception that industry and government are becoming too cozy, Nadler said.

"Given the recent high-profile scandals in the procurement community, Congress is clearly focused on addressing ethics and standards of conduct in government contracting," he said.

The scandals include last year's influence-peddling case involving convicted former lobbyist Jack Abramoff and the 2004 scandal involving former Air Force acquisition official Darleen A. Druyun, who had negotiated a job with an airplane manufacturer and admitted in federal court to favoring the company in several procurement decisions.

Currently, federal procurement officials dealing with contracts worth more than $10 million may not receive compensation from a company involved in that contract for one year after leaving the government. The House bill would extend that compensation ban to two years.

This "procurement integrity" ban augments other cooling-off periods that limit contacts and lobbying by former federal officials.

The bill also would stop a "reverse revolving door," prohibiting federal executives who worked for private contractors from awarding contracts to their former employers after entering the government.

Denett said that provision would make it hard for the government "to obtain experienced procurement officials from the private sector" and use their knowledge to evaluate contractor proposals and their work.

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Stan Z. Soloway, president of the Professional Services Council, which represents companies that hold federal contracts, agreed, saying the provision would hamper recruitment of mid-career professionals who might come into government to work on a project but have little interest in a long-term federal career.

"There has to be some balance," Soloway said. "You run a risk of over-regulating in a way that is a disservice to the federal workforce of today and tomorrow."

He added, "Before we start adding restrictions, I really think it ought to be underpinned by some clear, cogent evidence that the current system doesn't work."

But James A. Thurber, an American University professor who testified in support of the House bill, said changes are needed, noting that loopholes in some laws permit a federal procurement official to be hired by a company to which he awarded contracts.

Though most federal employees moving to the private sector "do so with good intentions," he said in prepared testimony, "the temptations of future employment in the private sector are there and when acted upon, the public loses."

CIVIL RIGHTS:

Neighbors Of Ruined Store Call For Healing (OWH)

By Jennifer Greff, WORLD-HERALD STAFF WRITER

Omaha World-Herald, March 5, 2007

The arson fire that blew a wall off Bob's Food Mart last month exposed not only the store's contents but also racial tension in the surrounding community of east Omaha.

And as with Hurricane Katrina, underlying problems surfaced, north Omaha leader LaVon Stennis Williams said at a community meeting Sunday at St. Therese of the Child Jesus Catholic Church.

The Feb. 18 robbery and arson at Bob's Food Mart, which police said may have been a racially motivated hate crime, sparked community outcry - and now, an avenue for change.

Two white men robbed the store and ordered Kassahun Goshime, an Ethiopian immigrant, into the basement. His hands and mouth were bound with duct tape and the store was set on fire. Goshime escaped.

His family owns the store. Racist graffiti has been found spray-painted on his home as well as on the store, at 16th and Fort Streets.

Bill Whitcomb, a race relations mediator with the Kansas City office of the U.S. Department of Justice, will be in Omaha next week to lead three discussions on race relations and develop a plan to address the issue, Stennis Williams said.

One of those meetings, a forum scheduled for March 15 at 6:30 p.m., is open to the public. Whitcomb also will lead a meeting with community leaders and another with elected officials.

Stennis Williams said others have told her of racial tensions in the area.

"It was an embarrassment to me to realize we're dealing with this in the 21st century," Stennis Williams said.

More than two dozen people attended Sunday's community meeting. Contributing to Sunday's discussion were Tommie Wilson, president of the Omaha chapter of the NAACP; Tristan Bonn, Omaha's former public safety auditor; and representatives of the Anti-Defamation League.

Some of the neighbors attending were interested in talking about the racism that they say plagues their community. But at least one, an older woman, was fearful enough of reprisal in the neighborhood that she asked not to be identified.

Others expressed exasperation at continuing vandalism, retaliation and slow police response in east Omaha neighborhoods.

Most people came to support Goshime, who allowed neighbors to remove goods from the damaged store.

"Here is a community that is pissed off at what is going on and what happened," said the Rev. Ken Vavrina, pastor of St. Therese. "(Goshime) is a great example for us all."

One woman, moved to tears, invited Goshime to her home for dinner. A man in the audience likened Goshime to Mother Teresa and the Rev. Martin Luther King Jr.

Vavrina suggested that Goshime be elected businessman of the year, then went a step further and hailed him the next president of the United States as the audience applauded.

"If you have the courage and wherewithal to reopen, 99 percent of the community will support you and patronize you," Vavrina said.

Goshime said he had not yet decided whether to rebuild in the same location. And concerning the racist people in the world, he said: "We have to teach them peace and love."

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Police have not yet made an arrest.

Ruling Awaited On Contested Ga. Tech Policies (WT)

By Joyce Howard Price

The Washington Times, March 5, 2007

Two women whose 2006 lawsuit against the Georgia Institute of Technology led to the repeal of the school's speech code await a federal judge's opinion on two other unresolved issues in their civil rights case.

Plaintiffs Ruth Malhotra and Orit T. Sklar -- both conservative student leaders at Georgia Tech -- say a ruling is pending by U.S. District Judge J. Owen Forrester of the Northern District of Georgia on their requests to overturn a school policy that bans funding of religious and political groups with student activity fees and to shut down an administration-run program that challenges biblical doctrine concerning homosexuality.

"The clock is ticking away" on the rest of Judge Forrester's decision, which "could come at any time," said David French, director of the Alliance Defense Fund Center for Academic Freedom, which is representing Miss Malhotra, a graduate student in international affairs from Georgia, and Miss Sklar, a senior in Tech's undergraduate civil-engineering program.

Mr. French describes ADF as a "Christian public-interest legal organization" that promotes religious liberty on college campuses.

The plaintiffs and ADF brought the lawsuit a year ago, claiming that Tech's policies designed to protect students from intolerance actually discriminated against conservative religious students who speak out against issues such as homosexuality, abortion and feminism.

Miss Malhotra accused Georgia Tech of "unlawfully promoting its own [left-wing] agenda while stifling the free expression" of students who hold positions the institution does not share. Both women have been active in College Republicans.

A spokesman for Georgia Tech declined last week to discuss the students' suit, saying the case is in the hands of the Georgia state Attorney General's Office.

"We got a great victory in August, when Judge Forrester repealed Georgia Tech's speech code," Miss Malhotra said.

She said her Christian faith compels her to denounce homosexuality. But Tech had a policy that banned speech about sexual orientation that people may find offensive.

Charging "viewpoint discrimination," Miss Malhotra cited prior incidents in which Tech blocked protests she staged against an affirmation-action rally and a play.

In his ruling last summer, Judge Forrester ordered Tech to delete wording from its speech code that prohibits students from any attempt to "injure, harm" or "malign" a person because of "race, religious belief, color, sexual/affectational orientation, national origin, disability, age or gender."

Miss Malhotra said she is eager to have the court address the school's involvement in a program called "Safe Space" that she says "endorses some religions and denigrates others," depending on their view of homosexuality.

Miss Malhotra points out that she is a Southern Baptist and knows that members of her faith have been condemned in the program because of their objections to homosexuality.

As for the plaintiffs' bid to force Tech to allow private religious and political groups to receive funding from student activities fees, Mr. French and Miss Malhotra said they find it inconsistent that the school recently funded "Islamic Awareness Week."

Disabled Woman Is Able Ally For Parents (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, March 5, 2007

A Denver mom is legally blind, in a wheelchair and determined to keep her children. As a lawyer, she battles for others in similar spots.

Denver — CARRIE Ann Lucas is confined to a wheelchair. She breathes with the aid of a ventilator. She cannot hear and can see only at close range.

She begins most days about 4 a.m. with newspapers and e-mails. About 5:30, she wakes her three disabled daughters. She and an aide dress the two who use wheelchairs. The girls cannot feed themselves, so Lucas and the aide plug feeding tubes into their bellies. She pours cereal for the one daughter who can eat on her own. She puts the girls on their school buses, the last leaving by 7:10.

Lucas cherishes these mornings, tough as they are, because she knows how hard it is to keep a family together.

She is one of a handful of attorneys in the country whose specialty is representing disabled parents like herself. Her mission: making sure they get the same chance as everyone else to be moms and dads.

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According to the U.S. Census Bureau, 15% of all parents with children in the household have some disability. These parents are far more likely to have the government try to take their children away. Even Lucas lives in fear that social services may seize her children. She knows the sorrow of losing a child — a 7-year-old girl whom she wanted to adopt was taken from her after a difficult court fight.

"I love my kids so much and I love being a parent so much, and I know my [clients] do too," said Lucas, 35, a wisecracking woman who once wrote an essay titled "one of the many joys of crip parenting."

"My clients have fought and fought and fought" to raise their children, she said. Her brassy voice wobbled as her eyes watered behind her tinted glasses. "It's just discrimination."

Lucas works her cases out of a seventh-floor office at the Colorado Cross-Disability Coalition in central Denver. The walls are papered with magazine articles about disabled parents. A bumper sticker in the shape of a shark that reads "Lawyer" is prominently displayed. More disabled people seek help from the coalition than Lucas, who carries about a dozen cases at a time, can handle.

Among those she has worked with was a deaf woman in suburban Denver, whose two toddlers were taken away and put up for adoption after social workers deemed her an unfit mother because she could not hear her children's cries for attention. Lucas could identify with her — she sleeps with a sound-activated pager that vibrates when one of her daughters calls for her.

She advised attorneys for a wheelchair-bound mother in Montana who fended off requirements from social services that someone who could walk be in the house 24 hours a day if her kids were to live there.

Another client, a blind woman in Denver, was refused treatment at a fertility clinic because the staff there did not think she could be a proper mother. She was asked: "How are you going to drive your kid to soccer practice?" The woman lost: A jury ruled that the clinic had no obligation to treat her.

"It's really indicative of how people view parents with disabilities," Lucas said.

STILL, Lucas readily acknowledges that some disabled people should not be parents. She herself admits that she's not a perfect parent. "I'm sure there are people who can do a better job than I can," Lucas said. A wealthier mother could afford to stay home with the children, but that wouldn't be a legitimate reason to take them, she said.

"We shouldn't be social-engineering families," Lucas said, "on the basis of things like poverty and disabilities."

The Lucas family lives in a middle-class neighborhood in south Denver, with a huge honey locust tree in the frontyard and a short ramp to the front door. With ample space to turn wheelchairs, all Lucas had to do to make the house accessible was widen doorways to accommodate wheelchairs and lower kitchen and bathroom sinks and

counters.

On a recent Sunday afternoon, Lucas wheeled into the living room, where bookshelves overflowed with law books. Propped on a shelf was a stuffed figure of Timmy, a character in a wheelchair from the cartoon "South Park." Heather, the oldest child, lay on the floor. She suffers from a rare condition that has left her deaf, unable to walk or fully sign, and looking far younger than her 16 years. Lucas pivoted Heather to face a box of toys and games, but the teen seemed uninterested. "She's mad about something," Lucas guessed.

In the middle of the room, transfixed by images on the flat-screen television, were Lucas' two other children, Adrianne, 8, who has cerebral palsy and uses a wheelchair, and Asiza, 11, who has a mild developmental disability. Asiza was bouncing as she watched a singsong segment showing children how to communicate in sign language.

Lucas turned to Adrianne and asked, "Can you sign 'imagination'?" Lucas tickled her daughter, who smiled and turned back to the show.

At the kitchen table, Lucas' younger sister, Courtney Lucas, 32, was making cookies. Courtney was working as Lucas' aide that Sunday. (Lucas gets assistance at home every day from helpers paid by Medicaid, and an assistant drives her to court appearances.) Courtney proudly talked about her sister: "She has, as long as I can remember, been the most stubborn person I've ever met. She's never been one to let anyone tell her she can't do something."

CARRIE Ann Lucas grew up in a small town 57 miles northeast of Denver. She was healthy in her youth, playing basketball and running track. She went to college in Washington state and studied sports medicine. There she began developing unexplained bone tumors and excruciating muscle pain.

After graduation in 1993, Lucas moved to Saipan, where she taught at a beachfront school and scuba-dived regularly. Her illness advanced, and she had to go to Guam and Hawaii for medical treatment. She returned to Colorado after two years, and was eventually diagnosed with a rare degenerative disease called central core disorder that she knew would impose limits on her. She began using a wheelchair and lost her hearing.

She enrolled in seminary, but found that a pastor's life was not for her. "I'm just not that much of a touchy-feely person," she said.

Then, in 2000, Heather entered her world.

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Social workers had taken Heather from Lucas' half-brother in Tennessee and placed her in foster care. When Lucas heard this, she made a snap decision. "I wasn't about to let my niece stay in foster care," she said.

Tennessee was skeptical Lucas would be a good parent. The caseworker made Lucas demonstrate repeatedly that she could care for the girl and required that she prove she could lift Heather's wheelchair into her rented van. She visited her niece several times and filled out form after form for almost a year — while the child was in a Tennessee foster home — before Tennessee let her adopt Heather.

Back in Colorado, Lucas ran into trouble. The straps on Heather's wheelchair clearly made her uncomfortable, so Lucas got rid of the restraints. One of Heather's teachers reported Lucas to social services for modifying the chair. Another reported Lucas for failing to cut her daughter's hair, saying she had unrealistically high expectations for the child's social life by letting her hair grow out.

The complaints, though resolved in her favor, were an indication of the scrutiny that disabled parents face.

But that did not stop her from wanting to adopt Ariana, a 7-year-old in a wheelchair whose biological parents were giving her up. In Lucas' home with its lowered sink, Ariana was able to get herself a glass of water for the first time. "It was a level of mobility and access she'd never experienced," Lucas said.

Then Ariana's aunt and uncle decided they wanted to adopt the child. As biological relatives, they had priority. After 10 months, Lucas lost custody.

"Losing my kid was one of the worst things I've been through," Lucas said. It took three years before she was emotionally ready to adopt her other two children.

At the time, Lucas was working as a legal assistant at the Cross-Disability Coalition, where disabled parents sought help to hold on to their children. Even some of the group's disabled executives and board members found themselves fighting for their rights as parents.

"We realized if that's happening to us, who're really connected, who know our stuff, are professionals with advanced degrees, what's happening to other people?" Lucas said.

SHE enrolled in law school at the University of Denver. Her vision began to fail, and she added Braille to civil procedure and evidence as study subjects. She graduated in 2005, by then legally blind but able to scan documents and lip-read at close range.

The Cross-Disability Coalition has another lawyer who mainly handles accessibility and employment discrimination cases, but was eager to have Lucas help parents full time. The group struggled to find a way to fund her position, finally securing a grant from the law firm Greenberg Traurig.

Lee Dancer, 39, feels lucky that he found Lucas. The airport concession worker has an IQ of 73, and social services took his newborn daughter more than two years ago. After years of court battles, Dancer went online and searched for attorneys who could help. "Even though she's got all these disabilities," Dancer said of Lucas, "she doesn't let anyone walk over her."

It was just in time — the state had moved to terminate his parental rights, which could prevent him from seeing his daughter again.

"This is a very heartbreaking case," Donna Schmalberger, an assistant Arapahoe County attorney, told a judge last month as the trial opened in a suburban courthouse. Dancer and the girl's mother, who has a mild developmental disability, "desperately want to be able to parent [the child] but simply are not able to."

The case is ongoing, and Lucas sees it as another example of the government being too critical of disabled parents. She noted that Dancer had no problems helping to raise a 13-year-old son from another relationship. "Every parent can improve," she said, "but his skills are adequate."

Dancer's daughter is developmentally disabled, and one of Lucas' arguments for disabled parents is that they can serve as strong role models. It's why Lucas has gone out of her way to adopt disabled children.

Back in the Lucas home on that Sunday afternoon, Lucas and her sister split feeding duties. Courtney inserted a syringe of high-protein fluid into the tube that plugs into a shunt in Adrianne's belly while Lucas did the same with Heather. Asiza and Courtney's son Gavin frolicked around the living room.

Talk turned to past family camping trips in wheelchair-accessible cabins and an upcoming vacation to Florida. Then Asiza dashed up to Lucas and said, out of the blue: "Can I be a cowboy?"

Lucas turned in her wheelchair, fixed her glasses at Asiza, and reassured her child with words mothers have used for ages. "You," Lucas said firmly, "can be whatever you want to be."

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NAACP Leader Quits Over Group's Focus (WT/AP)

By Erin Texeira

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The Washington Times, March 5, 2007

NEW YORK -- NAACP President Bruce S. Gordon is quitting the civil rights organization, leaving after just 19 months at the helm, citing growing strain with board members over the group's style and operations.

"I believe that any organization that's going to be effective will only be effective if the board and the CEO are aligned, and I don't think we are aligned," Mr. Gordon said yesterday. "This compromises the ability of the board to be as effective as it can be."

Mr. Gordon said he will give up his duties before month's end. He spoke to AP by phone from Los Angeles, where he had attended the NAACP Image Awards.

Dennis C. Hayes, general counsel of the Baltimore-based National Association for the Advancement of Colored People (NAACP), is expected to serve as interim president, Mr. Gordon said. Mr. Hayes filled the same role after Kweisi Mfume resigned the presidency in 2004 after nine years.

Mr. Gordon said that while the NAACP is an advocacy organization, it needs to be more focused on service and finding solutions.

"I'm used to a CEO running an organization, with the board approving strategy and policy," Mr. Gordon said. "But the NAACP board is very much involved."

He said he made the decision in recent weeks and told the board at its annual meeting in New York in mid-February. NAACP leaders were surprised by his decision and engaged in hours of discussion, he said.

"They expressed disappointment," Mr. Gordon said. "We attempted to see whether there was a way to continue, but that didn't happen."

Asked about his plans after leaving the NAACP, Mr. Gordon said: "I'm going to catch my breath."

"What I've clearly learned in my tenure here is that all is not well in black America, that's for sure," he said. "I believe I have a lot to offer. I've got to find a way to be engaged that optimizes what it is I bring to the table. My intention is not to disengage, but to find a different way."

NAACP spokesman Richard McIntire declined to comment.

Mr. Gordon, 61, was a surprise pick for the NAACP's top post. When he took over on Aug. 1, 2005, he had no track record in traditional civil rights circles. He had spent 35 years in the telecommunications industry and retired in 2003 from his post as president of the Retail Markets Group for Verizon Corp.

Critics said he wouldn't be a good fit for the nearly 98-year-old organization.

However, he smoothed strained relations between the NAACP and the White House, meeting with President Bush three times in less than a year. He used his corporate ties to lend quick assistance to black New Orleans residents after Hurricane Katrina in 2005. And he hired a number of key national employees whose reputations inspired staff members.

Mr. Gordon "brought a level of competence that we hadn't had," Julian Bond, chairman of the board, said last year.

Mr. Bond has acknowledged that, with 64 members, the NAACP's board of directors is large and sometimes unwieldy. But he has defended it, saying it allows a wide range of members' voices to be heard.

Ronald Walters, a University of Maryland political science professor, was surprised at the news but added that he had suspected that Mr. Gordon may not fit in at the NAACP.

"I thought very early on that there might be a cultural conflict," Mr. Walters said. "Somebody who came out of a corporate culture and was used to a set of agenda items and management style in one field might not have been able to make the adjustment totally to another field."

Willis Edwards, a board member from Los Angeles, said: "We tried a certain type of guy, a business guy. We didn't have a civil rights guy. Maybe he had a different philosophy of what a civil rights organization is about."

Rupert Richardson, a board member from Louisiana, said it was clear Mr. Gordon wanted the NAACP to do more social service work, but that was not the decades-old mission of the group.

"I think he saw his job as remaking us to make us more effective, but his job was to do what the board and management wanted," she said. "He was not a good fit for us."

President Is Leaving N.A.A.C.P. (NYT)

By Raymond Hernandez

The New York Times, March 5, 2007

WASHINGTON, March 4 — The president of the National Association for the Advancement of Colored People said on Sunday that he was stepping down after only 19 months on the job, signaling divisions within the organization, the nation's oldest and largest civil rights group.

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The president, Bruce S. Gordon, 61, a former Verizon executive who was relatively unknown in the civil rights community when he was tapped to run the N.A.A.C.P., said he resigned because of differences with the board over his role and the direction of the organization.

"In order for any organization to be effective, there has to be a tight alignment between the C.E.O. and the board," Mr. Gordon said. "That alignment in this case does not exist."

In interviews, black leaders close to the organization said the reasons behind his departure stemmed from a dispute over its future role in a nation where the battlefront for civil rights has shifted.

"We want it to be a social justice organization; he wanted it to be more of a social service organization," said Julian Bond, the chairman of the N.A.A.C.P. board. "Our mission is to fight racial discrimination and provide social justice. Social service organizations deal with the effects of racial discrimination. We deal with the beast itself.

"There are many organizations that provide social services," Mr. Bond continued. "We say, 'Good for them.' But we are one of the very few that provide social justice. It is popular to say that we are in a post-civil rights period, but we don't believe that."

Mr. Gordon said he did not believe that the organization should abandon its civil rights mission but rather that it should expand its role to include providing social services. "This is not an either/or," he said. "There needs to be the right balance between advocacy and service."

"It would be insane to give up on advocacy," he continued. "I just think we can do more than that, and should."

The news of Mr. Gordon's resignation came on a pivotal day for civil rights advocates, as hundreds of people, including longtime civil rights activists and politicians, traveled to Selma, Ala., to commemorate the 42nd anniversary of Bloody Sunday, a police attack on civil rights protesters that became a turning point in the struggle for black voting rights.

The news shook civil rights advocates and diverted attention from the celebrations in Selma, where Senators Barack Obama and Hillary Rodham Clinton, who are running for president, were among those on hand to pay homage to the leaders of the Bloody Sunday march.

"On a day when you had so many positive signs that there was new life in the civil rights movement, to hear of Bruce's departure is surprising and shocking," said Donna Brazile, a Democratic strategist who is black. "We all pray that the N.A.A.C.P. is able to recover and regroup."

Ms. Brazile added, "To have the nation's oldest and largest civil rights organization without a leader is troublesome."

Mr. Gordon made the decision to resign in recent weeks and told the executive committee at its annual meeting in New York City in mid-February, Mr. Bond said.

Mr. Gordon said he would leave the post before the end of the month. Mr. Bond said Dennis C. Hayes, the organization's general counsel, would serve as interim president until a permanent replacement was selected.

When he was named in June 2005 to succeed Kweisi Mfume, a former member of the House of Representatives, as president of the N.A.A.C.P., Mr. Gordon took over a 500,000-member organization that was beset by a series of problems that raised serious concerns about its long-term viability, including revenue shortfalls and stagnant membership.

The organization also faced ethical questions about Mr. Mfume, who had been accused of giving raises and promotions to women at the N.A.A.C.P. with whom he had had relationships. Mr. Mfume denied the accusations and cited the need to spend more time with his youngest son when he resigned.

In taking the helm at the organization in July 2005, Mr. Gordon said he would apply his 35 years' experience in corporate America to push the N.A.A.C.P. toward a more economic-based approach to civil rights, including prodding pension funds and corporations to hire more black managers.

"We've got to get the right emphasis placed on economic equality," Mr. Gordon said in an interview shortly after being named president. "I happen to think that when you have economic stability and equality that often becomes an enabler for social equality."

From the start, there were questions about whether he was a good fit for the organization. Since its founding in 1909, it had been led by lawyers, ministers and, in Mr. Mfume's case, a politician, with backgrounds in the civil rights struggle.

But Mr. Gordon was a creature of the corporate boardroom. After earning a bachelor's degree from Gettysburg College and a master's from the Massachusetts Institute of Technology, Mr. Gordon went to work at Bell of Pennsylvania and spent the rest of his corporate career in the telecommunications industry. Before retiring from Verizon in 2003, he was president of the retail markets group.

His supporters said his lack of overt political activism and his corporate ties would make it easier for him to work with Republicans, particularly President Bush, who had a strained relationship with the organization. But others in the civil rights movement questioned whether he would lead the group away from its tradition of political confrontation.

Mr. Gordon's difficulties with the board went beyond philosophical differences. Several people close to the organization said he thought the board was too meddlesome and did not give him the authority he felt he should have to run the organization.

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Members of the board, in turn, resented what they regarded as his belief that they were merely there to rubber-stamp his policies, these people said.

Mr. Gordon made reference to these tensions on Sunday. “I did not take this role to follow orders,” he said, while acknowledging that he needed the board to approve his agenda.

The news of Mr. Gordon’s resignation caught many people in and out of the organization off guard.

Alice Huffman, a national board member from California, said that she was “stunned” by news of Mr. Gordon’s resignation on Sunday and noted that board members had told him before he was hired that the organization’s focus was civil rights, not social services.

“He knew that coming in,” Ms. Huffman said. “I’m really sad he opted to bail out so soon.”

NAACP President Quits, Cites Conflicts (WP)

By Darryl Fears

The Washington Post, March 5, 2007

Bruce S. Gordon, the former telecom executive who was named NAACP president in a surprise choice less than two years ago, has resigned after a long-running disagreement with the group's 64-member board over how to steward the nation's oldest and largest civil rights organization.

Gordon's confirmation yesterday in Los Angeles that he quit the NAACP's leadership caught numerous members by surprise, including Lorraine Miller, president of the District's chapter, and the Rev. Morris L. Shearin, the chapter's vice president, who also is a member of the national board of directors.

Friction between the president and a micromanaging board is a fact of life at the NAACP, members said, but Shearin said "I never knew" things were this bad.

The Rev. Benjamin Hooks of Memphis, who served as NAACP president for more than 15 years, said in a telephone interview that he was "very surprised" by the resignation because "I thought things were moving along smoothly."

Hooks said his relationship with the NAACP board was also strained when he took over the organization in 1977, but within a short time that changed. "After I had been there a year or two, when they trusted me, I ran it lock, stock and barrel," he said. "But they have to believe in you. I had no trouble for a number of years, but I had trouble at first."

When Gordon, 61, was selected president in June 2005, succeeding former congressman Kweisi Mfume (D-Md.), Hooks said he offered some advice: "I cautioned Brother Gordon that he would have some problems. The board wants to do a number of things."

Dennis C. Hayes, who ran the Baltimore-based organization as interim president after Mfume resigned in December 2004, after nine years at the helm, will again assume that role as a search committee looks for a replacement. Gordon is expected to leave the job by month's end.

Gordon was en route to New York yesterday and could not be reached for comment. NAACP Chairman Julian Bond did not respond to messages.

The Associated Press first reported Gordon's resignation. "I believe that any organization that's going to be effective will only be effective if the board and the CEO are aligned, and I don't think we are aligned," Gordon told the news agency.

In choosing Gordon, the NAACP veered from its tradition of selecting ministers, politicians and civil rights figures. Gordon's strong management skills and fundraising ability as a former Verizon Communications Inc. executive factored into why he was selected to run the 500,000-member NAACP. The organization struggled financially in the mid-1990s before Myrlie Evers-Williams, widow of slain Mississippi civil rights leader Medgar Evers, took over as chairman and began to eliminate massive debt.

The group's $27 million operating budget has been criticized as paltry, and the size of its membership has been the same since the 1940s.

During his tenure, Gordon closed the rift between the 98-year-old NAACP and the White House. In July, President Bush addressed the organization's annual convention in Washington. With the speech, Bush avoided becoming the first president since Warren G. Harding not to address the most recognized black American rights group throughout his term.

The NAACP was among the organizations that strongly challenged the results of the Florida balloting in the 2000 presidential election, which was ultimately decided in Bush's favor. In the run-up to his reelection, Bond referred to far-right members of the Republican Party as "the Taliban wing." Mfume routinely criticized the administration's policies.

In 2004, the Internal Revenue Service threatened to revoke the NAACP's nonpartisan, tax-exempt status because Bond "condemned the administration policies of George W. Bush" in a speech, according to documents provided by NAACP lawyers.

Gordon's push to move the NAACP's headquarters to Washington was embraced by numerous board members, including Bond, but was unpopular with executive committee members because it would increase costs, according to a member who is familiar with the talks.

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Education, Education, Education (NYT)

By Bob Herbert

The New York Times, March 5, 2007

It's an article of faith that the key to success in real estate is location, location, location.

For young black boys looking ahead to a difficult walk in life, the mantra should be education, education, education.

We've watched for decades — watched in horror, actually — as the lives of so many young blacks, men and boys especially, have been consumed by drugs, crime, poverty, ignorance, racial prejudice, misguided social pressures, and so on.

At the same time, millions of blacks have thrived, building strong families and successful careers at rates previously unseen. By far, the most important difference between these two very large groups has been educational attainment.

If anything, the role that education plays in the life prospects of black Americans is even more dramatic than in the population as a whole. It's the closest thing to a magic potion for black people that I can think of. For boys and men, it is very often the antidote to prison or an early grave.

A new report from the Center for Labor Market Studies at Northeastern University in Boston tells us that young adults in general have been struggling in the labor market. Many have been left behind by the modest economic recovery of the past few years, especially those with limited education credentials.

The report, which focuses on black males, emphasizes the importance of education in overcoming this tough employment environment:

"For males in each of the three race-ethnic groups (blacks, Hispanics and whites), employment rates in 2005 increased steadily and strongly with their educational attainment. This was especially true for black males, for whom employment rates rose from a low of 33 percent among high school dropouts to 57 percent among high school graduates, and to a high of 86 percent among four-year college graduates.

"The fact that only one of every three young black male high school dropouts was able to obtain any type of job during an average month in 2005 should be viewed as particularly distressing, since many of these young men will end up being involved in criminal activities during their late teens and early 20s and then bear the severe economic consequences for convictions and incarcerations over the remainder of their working lives."

There is no way, in my opinion, for blacks to focus too much or too obsessively on education. It's the fuel that powers not just the race for success but the quest for a happy life. It represents the flip side of failure.

The differences in rates of employment between white men and black men narrow considerably as black men gain additional schooling. After comparing the percentage of the male population that is employed in each race or ethnic group, the Northeastern study found:

"The gap in [employment to population] ratios between young white and black males narrows from 20 percentage points among high school dropouts, to 16 percentage points among high school graduates, to eight percentage points among those men completing 1-3 years of college, and to only two percentage points for four-year college graduates."

For anyone deluded enough to question whether education is the ticket to a better life for black boys and men, consider that a black male who drops out of high school is 60 times more likely to find himself in prison than one with a bachelor's degree.

Black males who graduate from a four-year college will make, over the course of a lifetime, more than twice the mean earnings of a black high school graduate, which is a difference of more than a million dollars.

According to the study, "Black males with college degrees and strong literacy/math skills also are far more likely to marry and live with their children and pay substantially more in taxes to state and national government than they receive in cash and in-kind benefits."

This is not a close-call issue. It is becoming very hard for anyone to succeed in this society without a college education. To leave school without even a high school education, as so many males — and especially black males — are doing, is extremely self-destructive.

The effort to bolster the educational background of black men has to begin very early. It's extremely difficult to turn a high school dropout into a college graduate. This effort can succeed on a large scale only if there is a cultural change in the black community — a powerful change that acknowledges as the 21st century unfolds that there is no more important life tool for black children than education, education, education.

Governor Gunslinger (NYT)

The New York Times, March 5, 2007

A sleepy breakfast with New York City business and civic leaders last week turned into another lively battleground for Gov. Eliot Spitzer. As he defended his efforts to rein in Medicaid spending, representatives of the hospitals and health workers fumed

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in the front row, especially when he contradicted their mawkish television ads. When a reporter later mentioned how Mr. Spitzer had come out “guns blazing” at the health establishment, he smiled and warned, “that wasn’t guns going.”

Using such tactics, the governor has an impressive list of victories so far. In his first two months, he has chalked up reforms of the budget process, state ethics, and a workers’ compensation system widely viewed as the worst in the country. A campaign finance reform agreement is also said to be close. These are problems that have been mired for years in Albany’s political quicksand.

As with all such successes, there are some problems. In the case of workers’ comp, for example, there are still questions about how insurance companies can be persuaded to lower costs of compensation insurance. Mr. Spitzer has also had one notable loss so far, his effort to get an experienced hand to take over as the new state comptroller. The Assembly Democrats chose one of their own.

Mr. Spitzer’s one reform to date that is troubling is last week’s agreement on civil confinement legislation for dealing with sexual predators. It would be a profound shift in how the state treats those who have already served their time, and would mean locking people up for crimes they might commit in the future. The Legislature should hold new hearings to assess the wisdom of this specific proposal. The Spitzer confinement laws should not become this administration’s version of the unfair Rockefeller drug laws.

For all of his early successes, Mr. Spitzer has not yet managed to change the way things get done in Albany. These reforms were largely worked out the old-fashioned way — in the back rooms of the State Capitol. It makes sense that Mr. Spitzer wanted to push through some early victories, but if he plans to succeed over time, he should be doing more to bring the public into the discussion.

Polls show that Mr. Spitzer is enormously popular, and that the public backs his efforts to shake up state government. When the going gets rough, as it surely will, having the strong support of the public may be the most powerful weapon in his arsenal.

ANTITRUST:

The Big Deal Goes Green (TIME)

By Cathy Booth Thomas

Time, March 5, 2007

Al Gore, take another bow. Hollywood is not the only place concerned about global warming. Now Wall Street is worried too. On Feb. 25, the Texas utility TXU Corp. agreed to a proposed $45 billion buyout--the biggest deal ever to take a public company private--with major environmental initiatives attached.

Turns out the barbarians at the gate--Henry Kravis of Kohlberg Kravis Roberts & Co. and David Bonderman of Texas Pacific Group (TPG)--have a little tree hugger in them. Even before the deal with TXU was sealed, the buyout shops called up environmentalists and, in a 17-hr. meeting at San Francisco's Mandarin Oriental Hotel, agreed to roll back carbon emissions from all TXU power plants to 1990 levels by 2020. Four days later, the company's board accepted the buyout offer, agreeing to drop controversial plans for eight of 11 new coal-fired power plants and to support a federal cap on carbon emissions.

TPG's man in the negotiations, William Reilly, who was Environmental Protection Agency chief under the first President Bush, tells TIME the pre-deal deal with Environmental Defense and the Natural Resources Defense Council was not just a nicety. "Although this might have been doable without an environmental commitment, it would not have been done with us," says Reilly. "If you're going to do an energy investment today, you have to take into account the concerns people have about climate change." The motive is one part caring about the planet and one part turning around the p.r. nightmare that was threatening TXU's future projects.

The deal has implications far beyond Texas. The Lone Star State is No. 7 in the world for greenhouse gases (emitting more CO2 than Britain), and TXU is the state's biggest corporate contributor. Those 11 coal-fired plants would have thrown off 78 tons of carbon dioxide a year--double the savings expected from California's Clean Cars legislation, passed last year. The buyout firms promised not only to halt eight of the Texas plants but also to terminate plans for coal-fired operations in New Jersey, Virginia and Maryland--a recognition that momentum is growing in Washington for legislation to mandate caps on carbon emissions. On Feb. 26, California and four other states agreed to establish within 18 months a market to trade emission credits. TXU, as part of its agreement, plans to join DuPont, Alcoa, General Electric and seven other firms in pushing Congress for a national cap-and-trade program, that would give companies "credits" for carbon emissions to use--or sell at a profit. It's a win for the environment, notes Reilly, and not bad for the bottom line either.

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Intellectual Property Verdicts Exceed $1.3 Billion In 2006 (LAW)

By Sheri Qualters, The National Law Journal

National Law Journal, March 5, 2007

Companies -- especially in the tech sector -- are prepared to go to the mat to protect intangible assets

Finisar Corp. employs dozens of Ph.D.-level scientists to create technology for its high-speed data communication components and testing business, but one of the company's most lucrative inventions may be a patent outside of its core business that generated a court victory worth $117.3 million last year.

In June 2006, the Sunnyvale, Calif.-based Finisar won a $78.9 million jury verdict in a patent infringement case against broadcast satellite company The DirecTV Group Inc. of El Segundo, Calif. Although appeals are in the works, fines are racking up, including a judge's $25 million enhancement for willful infringement and $13.4 million for prejudgment interest, post-judgment interest and a compulsory license. Finisar Corp. v. DirecTV Group Inc., No. 05-00264 (E.D. Texas).

Amid a worldwide market expansion for technology products, the Finisar case is one of a burgeoning number of blockbuster verdicts in intellectual property cases. These verdicts exceeded $1.3 billion in 2006, according to VerdictSearch, an affiliate of the National Law Journal, and our own research.

There's a direct correlation between intellectual property jury verdicts and the importance of the technology protected by the patent, said Eric Maschoff, a shareholder at Workman Nydegger of Salt Lake City, who served as Finisar's lead patent prosecution counsel on the case. "Companies are looking more and more towards their intellectual property portfolio as an asset, and they're exploiting that asset," Maschoff said.

Lawyers report that the sheer market size of high-technology products based on the patents in those portfolios can lead to massive infringement verdicts. Companies' rising inclination to bring such cases to trial, and the emergence of high-tech courtrooms that enable the use of animation and other visual aids, also boost the possibility of gargantuan verdicts.

The verdict in Finisar was much lower than Finisar's requested $1.7 billion, an amount representing 3 percent of its gross revenue during the alleged infringement period of about six years, said DirecTV's lead trial lawyer, Victor Savikas, a partner in Jones Day's Los Angeles office.

Savikas also noted the link between a company's sales and a jury verdict in a patent infringement case.

"Successful businesses generate lots of money and become big targets," he said. "DirecTV has millions of subscribers and the damage period is a six-year time span. Creative plaintiffs get a chance to put lots of numbers in front of the jury."

Similarly, annual sales of tens of millions of dollars in the dynamic random access memory (DRAM) computer memory chip market was a factor in Rambus Inc.'s $306.9 million jury verdict against Hynix Semiconductor Inc., said Rambus lawyer Gregory Stone of Los Angeles-based Munger, Tolles & Olson. The Los Altos, Calif.-based Rambus develops and licenses DRAM while Hynix, of Icheon, Korea, makes DRAM chips. Hynix Semiconductor Inc. v. Rambus Inc., No. 00-20905 (N.D. Calif.).

Even after the judgment was reduced on remittitur, Hynix still owes $133.6 million. Another phase of the trial is under way, so it's too soon for an appeal.

"My case reflects a very large industry being involved in a series of problems, from price-fixing to patent infringement," Stone said.

As of December, the U.S. Department of Justice had fined companies in the DRAM industry more than $732 million for price-fixing.

Hynix lawyer Daniel Furniss of the Palo Alto, Calif., office of San Francisco-based Townsend and Townsend and Crew agreed that DRAM's "huge royalty base" played a role in the numbers.

"There's DRAM in every computer in the world," Furniss said. "Every computer has at least five and more likely 15 or 20. You have a large base."

A global market and colossal sales of technology products are part of the story. A willingness to take disputes all the way through a trial is another factor, said Larry Laycock, a Workman Nydegger partner who led Finisar's trial team.

Earlier in his career, Laycock saw many cases like Finisar settle before trial. "The rise in the number of large verdicts is due to the number of cases wending their way to trial," he said.

Finisar, for example, decided several years ago to develop its patent portfolio to protect its technology development, and a court case is the next step in that process, said Maschoff. "The [case against] DirecTV is an example of seeing some advantage come out of Finisar's effort," he said. "They're able to use the court system as a means to do that."

Litigation goes through cycles, said Ernie Brooks, president of Southfield, Mich.-based intellectual property boutique Brooks Kushman. Antitrust verdicts were common in the 1960s and 1970s, but today they're rarely seen. These days, the culture is receptive to intellectual property litigation. "It's a question of cultural or societal set of conditions and what legal barriers are in sync and supported by the culture," he said.

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Brooks' team won a $115 million verdict against Microsoft Corp. of Redmond, Wash., and $18 million against San Rafael, Calif.-based software company Autodesk Inc. for z4 Technologies Inc., an anti-piracy technology company. Microsoft's verdict has since been enhanced by $25 million for willful infringement, and the Commerce Township, Mich.-based z4 reached a confidential settlement with Autodesk. z4 Technologies Inc. v. Microsoft Corp., No. 06-00142 (E.D. Texas).

Although verdicts of more than $10 million are increasingly common, Professor Paul Janicke at the University of Houston Law Center, who has tracked jury verdicts in the Eastern District of Texas, concluded that tales of runaway patent juries are "strictly anecdotal." Janicke has seen plenty of verdicts below $3 million, including some below $1 million.

Janicke is studying intellectual property verdicts at such top jurisdictions as the Central and Northern districts of California and the Eastern District of Texas, along with Delaware, a lower-ranked but popular East Coast venue.

"My feeling is that [verdict averages are] a lot lower than the financial press has been suggesting," Janicke said.

Because ending the infringement is often the chief objective, many companies file patent infringement cases soon after a violation begins. Quick filings produce small accumulated damages, he said. "For ongoing business entities, the injunction is what is mainly moving them," Janicke said.

In Finisar's case, the patent covering data transmission via satellite was invented during the company's startup days, but the company never commercialized the technology. Finisar offered licenses to DirecTV's predecessor company and then DirecTV when it learned of the infringement, Laycock said. Finisar has grown into a public company with $364.3 million in annual sales, and enforcing the patent through the courts was "the right thing to do for its shareholders," Laycock said.

Using plain, everyday language is key, said one of Texas Instruments Inc.'s trial lawyers, Liza Walsh of Roseland, N.J.-based Connell Foley. In a case against GlobespanVirata Inc., the team for Dallas-based Texas Instruments used visuals that depicted digital subscriber line (DSL) signals, which are used for high-speed Internet service, as trucks and cars passing each other in lanes.

The visuals helped Texas Instruments seal a $112 million infringement verdict against GlobespanVirata, which was acquired by Newport Beach, Calif.-based Conexant Systems Inc. before the trial, said Walsh, who served as co-counsel on the case with Heller Ehrman attorneys. GlobespanVirata Inc. v. Texas Instruments, No. 03-02854 (D.N.J.).

"If I had any advice it would be make it simple, through plain speaking, plain language, and reduce the technology to something everyday men and women understand," Walsh said.

N.Y. Federal Judge Rebuffs Recusal Motion Citing Clients Of Husband's Firm (LAW)

By Beth Bar, New York Law Journal

New York Law Journal, March 5, 2007

A federal judge has rejected a request that she recuse herself from a high-profile litigation involving the music industry on the ground that her attorney husband and his firm have represented some of the defendants in other matters.

Lead attorneys for plaintiffs in the case expressed concern that because Southern District of New York Judge Loretta A. Preska's husband, Thomas J. Kavaler, and his firm, Cahill Gordon & Reindel, represented several of the music company defendants in other litigation, she might be inclined to tilt toward the defendants.

But Preska rejected the argument in In re Digital Music Antitrust Litigation, 06 MDL 1780, finding that the plaintiffs' motion for recusal was not only time-barred, but was wrong on its merits.

"Courts have uniformly rejected the argument that an appearance of impropriety exists in the following situation: (i) a judge's spouse is a partner in a law firm that represents a litigant in other matters before the judge; and (ii) the spouse did not perform any work at the law firm for the litigant or worked for the litigant on unrelated matters," she said.

Numerous lawsuits have been filed by online music downloaders who claim that the music divisions of Sony, Bertelsmann, Universal, Time Warner and EMI Music North America "conspired artificially to fix or maintain prices" of digital music recordings offered for sale over the Internet in violation of federal and state antitrust laws.

Two of those cases were originally assigned to Preska. She presided over Seley v. Universal Music Group, 06 Civ. 1887, after the case was filed on March 9, 2006, and in Devine v. Universal Music Group, 06 Civ. 4211.

On June 12, 2006, Preska issued a memo in the Devine case informing the parties that her husband and his firm "from time to time" represent Sony, Warner and Universal.

On July 3, 2006, Christopher Lovell, a partner at Lovell Stewart Halebian who represents a plaintiff in the case, sent a letter to the judge asserting a possible conflict. But Lovell did not formally request that the judge recuse herself.

Preska held a conference to discuss the issue on July 26, 2006, and concluded that, because neither her husband nor Cahill Gordon was representing any of the defendants pending before her, "no further action on this issue was warranted." Lovell said his clients agreed, and he did not pursue the matter.

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Meanwhile, in March 2006, the Judicial Panel on Multidistrict Litigation (JPML) consolidated the more than 30 related lawsuits and transferred them to Preska for pretrial motions. She said it "does not appear" that the recusal issue was raised with, or considered by, the JPML.

The parties participated in a pretrial conference in November 2006, but her purported potential conflict was not raised. Rather, attorneys for the plaintiffs were seeking discovery of information already provided by the music companies to law enforcement agencies in connection with those agencies' investigations relating to the distribution of digital music. Preska ultimately denied the request.

She said the recusal issue was raised for the first time in the consolidated action one month after the initial conference. On Dec. 20, 2006, plaintiffs attorneys John J. Stoia Jr., a partner at Lerach Coughlin Stoia Geller Rudman & Robbins, and Lovell, in their capacity as co-lead counsel for the plaintiffs, sent Preska a letter requesting additional information concerning "the scope and substance of Mr. Kaveler's and Cahill Gordon's former and/or current representation of [Sony, Warner and Universal]."

Because the judge's husband and his firm had represented some of the music companies in what Stoia and Lovell said was prior similar litigation, they suggested that Preska was more likely to rule in the music companies' favor.

'LIKELIHOOD OF OVERLAP'

Stoia and Lovell stated that "there is a significant likelihood of overlap and interplay between th[e] [Consolidated Action] and the [action] where Kavaler and Cahill Gordon represented Sony Music Entertainment, and ... a companion state action where Cahill Gordon represented Sony Music Entertainment."

They also stated that "[b]ased upon press reports ... [t]he New York Attorney General and the Department of Justice Antitrust Division are investigating whether [D]efendants have restrained trade in the market for digital downloads," and said that they "do not know whether Mr. Kavaler and/or Cahill Gordon have been consulted or are representing one or more of the [d]efendants in these ... investigations."

The music companies responded, arguing that the issue of recusal was untimely, and in any event, meritless. On Jan. 18, 2007, they offered an affidavit by Kavaler, Preska's husband, stating that, during 2006 Cahill Gordon logged fewer than 30 hours out of a total of 200 hours chargeable to Sony BMG on the supposedly overlapping cases.

"Moreover, my husband averred that he 'was not the partner with day to day involvement in the matters,'" Preska said. "My husband further averred that billable hours chargeable to Sony BMG Music Entertainment represented fewer than approximately .05 percent of Cahill Gordon's total hours billed in 2006."

Stoia and Lovell wanted to know if Cahill Gordon was involved in representing any of the major music companies in any "governmental investigations relating to digital music." In his affidavit, Kavaler said it did not.

The co-lead plaintiffs attorneys then sent a Jan. 31, 2007, letter asking for additional information from Kavaler.

He submitted a supplemental affidavit on Feb. 8, 2007, in which he said the partner at Cahill Gordon with "day to day" involvement with certain possible overlapping cases and issues was Dean Ringel. Kavaler therefore said he would not be the "appropriate person" from the firm to testify as to these issues.

Stoia and Lovell did not formally make a motion for recusal, but Preska construed the two letters sent by them as one.

FOUR FACTORS

In reviewing the timeliness of the recusal motion, the judge cited to Apple v. Jewish Hosp. & Med. Ctr., 829 F.2d 326, 333 (2d Cir. 1987), in which the 2nd U.S. Circuit Court of Appeals set out four factors to consider when deciding whether a recusal motion is timely: (i) "the movant has participated in a substantial manner in trial or pretrial proceedings"; (ii) "granting the motion would represent a waste of judicial resources"; (iii) "the motion was made after the entry of judgment"; and (iv) "the movant can demonstrate good cause for delay."

Preska said the third factor was not relevant in this case, but the remaining factors all weigh in favor of finding the motion for recusal untimely. She said both Lovell and Stoia participated in a substantial manner, and held that it would be "inefficient and contrary to the purpose of the rules of multidistrict litigation" for her to recuse herself.

"Granting the motion for recusal would clearly represent a waste of judicial resources of this Court and the JPML," she said.

Noting that the recusal issue was not raised until after she ruled against the plaintiffs on the discovery requested at the initial conference, the judge said she could not exclude the possibility that the plaintiffs were "dissatisfied with this decision and now seek a second bite at the apple before a different judge."

In reviewing the merits of the request, Preska said her husband has worked for some of these defendants in prior, assertedly related litigation.

"Nevertheless, courts which have addressed this situation have concluded that a spouse's or child's work on ongoing, related litigation does not rise to the level of an appearance of impropriety," she said, citing to Microsoft Corp. v. United States, 530 U.S. 1301, 121 S.Ct. 25, 26 (2000).

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Preska finally said she had no financial interest in outcome of the case because her husband's firm was not appearing in the matter.

Kavaler declined to comment on his wife's decision, as did Kenneth R. Logan, a partner at Simpson Thacher & Bartlett who represents defendant Warner Music Group.

Stoia did not return calls for comment, but Lovell called the situation unpleasant and "awkward."

He said he signed the letters to Preska in the consolidated case not on behalf of his clients, but as co-lead counsel for the class.

Judge Dismisses Lucent Patent Suit Against Microsoft (WSJ)

By Roger Cheng And Carmen Fleetwood

The Wall Street Journal, March 5, 2007

A federal judge ruled that Microsoft Corp. did not violate an Alcatel-Lucent patent for speech recognition.

This is the second of several patent disputes between the two companies. Last week, a jury awarded1 Alcatel-Lucent $1.5 billion from Microsoft in regards to violating two patents involving MP3 technology.

U.S. District Court Judge Rudi Brewster in San Diego dismissed all claims late Thursday regarding the speech-recognition dispute so that the jury trial set to start later this month will not happen. But Alcatel-Lucent intends to continue pursuing its options in the case.

"We plan to appeal this decision and are comfortable with our chances of success as the case makes its way through the legal system," said Alcatel-Lucent spokeswoman Joan Campion.

"This ruling reaffirms our confidence that once there's judicial review of these complex patent cases, these Alcatel-Lucent claims ultimately won't stand up," said Tom Burt, Microsoft corporate vice president and deputy general counsel.

Open Call From The Patent Office (WP)

By Alan Sipress

The Washington Post, March 5, 2007

The government is about to start opening up the process of reviewing patents to the modern font of wisdom: the Internet.

The Patent and Trademark Office is starting a pilot project that will not only post patent applications on the Web and invite comments but also use a community rating system designed to push the most respected comments to the top of the file, for serious consideration by the agency's examiners. A first for the federal government, the system resembles the one used by Wikipedia, the popular user-created online encyclopedia.

"For the first time in history, it allows the patent-office examiners to open up their cubicles and get access to a whole world of technical experts," said David J. Kappos, vice president and assistant general counsel at IBM.

It's quite a switch. For generations, the agency responsible for awarding patents, one of the cornerstones of innovation, has kept its distance from the very technological advances it has made possible. The project, scheduled to begin in the spring, evolved out of a meeting between IBM, the top recipient of U.S. patents for 14 years in a row, and New York Law School Professor Beth Noveck. Noveck called the initiative "revolutionary" and said it will bring about "the first major change to our patent examination system since the 19th century."

Most federal agencies invite interested parties to weigh in on proceedings, and even the patent office allows some public comment, but never to the degree now suggested .

Until now, patent examiners rarely sought outside opinions, instead relying on scientific writings and archived records of previous patents. For security reasons -- in particular, out of concern that examiners could inadvertently reveal proprietary information if their online searches were tracked -- patent officials have at times even been barred from using the Internet for research.

But their mission has grown increasingly unwieldy. Last year, the agency's 4,000 examiners, headquartered in Alexandria, completed a record 332,000 applications. The tremendous workload has often left examiners with little time to conduct thorough reviews, according to sympathetic critics.

Under the pilot project, some companies submitting patent applications will agree to have them reviewed via the Internet. The list of volunteers already contains some of the most prominent names in computing, including Microsoft, Intel, Hewlett-Packard and Oracle, as well as IBM, though other applicants are welcome.

Brigid Quinn, a spokeswoman for the patent office, said the program will begin with about 250 applications from the realm of software design, where it is especially difficult for examiners to find related documentation. Unlike specialists in many other fields, software designers often forgo publishing their innovations in technical journals and elsewhere.

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Anyone who believes he knows of information relating to these proposed patents will be able to post this online and solicit comments from others. But this will suddenly make available reams of information, which could be from suspect sources, and so the program includes a "reputation system" for ranking the material and evaluating the expertise of those submitting it.

With so much money riding on patent decisions -- for instance, a federal jury ordered Microsoft last month to pay $1.52 billion for infringing two digital-music patents -- the program's designers acknowledge that the incentive to manipulate the system is immense.

"I'm sure there will be a degree of gaming. There always is," Kappos said.

Maintaining a reliable Web-based reputation has become an increasingly pressing concern for Web companies as they seek to reassure users that they can trust the strangers they do business with online. So the designers of the new patent-review system consulted some of the Internet's leading experts on reputation, Noveck recounted. These included specialists from eBay and Rob Malda, aka CmdrTaco, the founder of the popular technology Web site Slashdot.org.

EBay, for example, established its position as the Web's premier auctioneer after pioneering a public feedback system that has buyers and sellers rate one another based on customer service, the quality of the goods, and timeliness of delivery and payments. Amazon.com, the Web's leading bookseller, provides reviews of its offerings, then allows readers to rank its reviewers based on the usefulness of their evaluation.

The new patent system will try to help separate experts from posers by offering extensive details about the people sending information to the site. To help others evaluate the quality of this information, called prior art, each posting will include several measures gauging the quality of his other contributions to the site. Patent examiners, for instance, will award "gold stars" to people who previously submitted the most useful information for judging earlier applications, Noveck said.

Ultimately, those registered to participate in this online forum will vote on all the nominated information, and the top 10 items will be passed on to the examiner, who will serve as the final arbiter on whether to award a patent.

Noveck said the online program would not only produce better information for examiners to consider but also make the patent process more democratic. "The idea is to make something as important as decision-making about innovation more transparent to the public and more accountable to the public," she said.

During discussions about the patent review project, its developers initially considered limiting or weighting the votes to reflect the expertise of the participants. For the time being, they have instead decided to go with one person, one vote.

But Noveck and others involved in creating the online review system said it was likely to evolve. To assure that the outcome can be trusted, some of those involved in designing the program say some kind of weighted voting system may eventually be required.

"If voting is necessary, you'll have to have some rules about who gets to vote," said Paul Resnick, a professor of information at the University of Michigan.

INDIAN AFFAIRS:

Tribe Slave Descendants Face Uncertainty (HC/AP)

By Sean Murphy Associated Press Writer, The Associated Press

Houston Chronicle, March 5, 2007

OKLAHOMA CITY — The Cherokee Nation vote this weekend to revoke the citizenship of the descendants of people the Cherokee once owned as slaves was a blow to people who have relied on tribal benefits.

Charlene White, a descendant of freed Cherokee slaves who were adopted into the tribe in 1866 under a treaty with the U.S. government, wondered Sunday where she would now go for the glaucoma treatment she has received at a tribal hospital in Stilwell.

"I've got to go back to the doctor, but I don't know if I can go back to the clinic or if they're going to oust me right now," said White, 56, a disabled Tahlequah resident who lives on a fixed income.

In Saturday's special election, more than 76 percent of voters decided to amend the Cherokee Nation's constitution to remove the estimated 2,800 freedmen descendants from the tribal rolls, according to results posted Sunday on the tribe's Web site.

Marilyn Vann, president of the Descendants of Freedmen of the Five Civilized Tribes, said the election results undoubtedly will be challenged.

"We will pursue the legal remedies that are available to us to stop people from not only losing their voting rights, but to receiving medical care and other services to which they are entitled under law," Vann said Sunday.

"This is a fight for justice to stop these crimes against humanity."

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Cherokee Nation spokesman Mike Miller said Sunday that election results will not be finalized until after a protest period that extends through March 12. Services currently being received by freedmen descendants will not immediately be suspended, he said.

"There isn't going to be some sort of sudden stop of a service that's ongoing," Miller said. "There will be some sort of transition period so that people understand what's going on."

In a statement late Saturday, Cherokee Nation Principal Chief Chad Smith said he was pleased with the turnout and election result.

"Their voice is clear as to who should be citizens of the Cherokee Nation," Smith said. "No one else has the right to make that determination. It was a right of self-government, affirmed in 23 treaties with Great Britain and the United States and paid dearly with 4,000 lives on the Trail of Tears."

The petition drive for the ballot measure followed a March 2006 ruling by the Cherokee Nation Supreme Court that said an 1866 treaty assured freedmen descendants of tribal citizenship.

A similar situation occurred in 2000 when the Seminole Nation voted to cast freedmen descendants out of its tribe, said attorney Jon Velie of Norman, an expert on Indian law who has represented freedmen descendants in previous cases.

"The United States, when posed the same situation with the Seminoles, would not recognize the election and they ultimately cut off most federal programs to the Seminoles," Velie said. "They also determined the Seminoles, without this relationship with the government, were not authorized to conduct gaming."

Ultimately, the Seminole freedmen were allowed back into the tribe, Velie said.

Velie said Saturday's vote already has hurt the tribe's public perception.

"It's throwback, old-school racist rhetoric," Velie said.

"And it's really heartbreaking, because the Cherokees are good people and have a very diverse citizenship," he said.

Miller, the tribal spokesman, defended the Cherokees against charges of racism, saying that Saturday's vote showed the tribe was open to allowing its citizens vote on whether non-Indians be allowed membership.

"I think it's actually the opposite. To say that the Cherokee Nation is intolerant or racist ignores the fact that we have an open dialogue and have the discussion, he said.

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On the Net:

Cherokee Nation: http://www.cherokee.org/

FBI/DEA/ATF/USMS:

FBI Sending Investigators To Guatemala Ahead Of Bush Visit (MCT)

By Nancy San Martin, McClatchy Newspapers

McClatchy Newspapers, March 5, 2007

GUATEMALA CITY - Three murdered Salvadoran legislators. Four cops, suspected in the killings, themselves shot to death in a maximum security prison. Broken government agencies. And more questions than answers.

That's what FBI investigators will face when they arrive this week to help sort out the stunning murders, which have highlighted the wave of drug-fueled corruption and crime lashing a country President Bush will visit in seven days.

"The number of murders in this country is offensive and, unfortunately, authorities have done little to stop the blood bath," said the government's own Human Rights Ombudsman Sergio Morales.

Authorities and activists say the problems date back to a decade-old peace treaty that ended a bloody civil war but did little to cleanse the ranks of a historically violent police and other security forces.

"We had 30 years of war, with more than 100,000 dead, and no tribunals were ever carried out," said Interior Minister Carlos Vielmann. "Then we had 10 years of the formation of a new police force, but again, there was no serious action to resolve internal problems."

Luis Ramirez, an analyst with the watchdog Guatemalan Institute of Comparative Studies on Penal Science, said that while the 1996 peace accord called for dismantling the old police force, a new one was never really created.

"They changed uniforms but everything stayed the same," Ramirez said. "Historical problems have now come to surface. These murders are like an x-ray: They show the profound problems that exist."

Add the corruption and crime generated by drug smuggling - U.S. estimates show that 75 percent of the Colombian cocaine hitting American streets passes through here - and security agencies can be easily overwhelmed.

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"It's not that organized crime has penetrated the police force or the Interior Ministry," said Ramirez. "Organized crime is directing the police, the ministry and the military."

The murder rate in this country of 12.7 million rose each year since 1999 and now stands at 45 per 100,000 residents, compared to Florida's five per 100,000 in 2005. Many say that if the recent victims had not been well-known Salvadorans, they would have received little attention.

The gruesome drama began Feb. 19, when the Salvadorans and their driver were found shot and burned to death 20 miles southeast of the capital. They served on the Central American Parliament, which meets in Guatemala City, and were members of El Salvador's ruling ARENA party.

Initially, speculation that a settling of political scores from Central America's old civil wars was sparked by the fact that one of the victims, Eduardo D'Aubuisson, was the son of the late Roberto D'Aubuisson, a founder of ARENA and accused death squad leader in the 1980s.

Three days later, four police officers - including the head of the Guatemalan National Police organized crime unit - were arrested in the killings and jailed in the El Boqueron maximum security facility 40 miles east of the capital.

Three more days later, the cops were shot dead in their cells - killed by either fellow inmates or what witnesses described as a heavily armed group of men wearing prison guard uniforms who drove to the prison in a dark vehicle.

Authorities have arrested 24 prison officials, including its director, lending credence to the allegation that the cops' murders were carried out with inside help. Guatemala's head of criminal investigations was removed from his post and the country's second-highest ranking police official resigned.

Last week, another cop suspected in the Salvadorans' killings turned himself in. Authorities say they are still looking for another policeman and a seventh unidentified person in the first killings.

And on Friday, authorities said they believe other inmates may have killed the four cops. Four guns were found hidden inside a DVD player, a television and speakers.

Evidence clearly points to the four dead cops' involvement in the Salvadorans' murders - their car was reportedly equipped with a Global Positioning System that puts them at the place and time of the killings.

But the rest remains unknown. Why were the Salvadorans killed? Was one or more of them involved in a drug deal gone bad? Was it a simple case of highway robbery? And who killed the jailed policemen?

The FBI team arriving this week will provide technical and scientific support to try to find some answers.

Interior Minister Vielmann said all lines of investigation remain open - from a possible case of mistaken identity "to something much more profound," including ties to organized crime.

"All we've resolved is the part of the operation that ends with the assassinations," Vielmann told The Miami Herald.

Alvaro Matus, the public prosecutor in charge of the Salvadorans' case, told the Herald that while nailing corrupt officers will be difficult "because they know how to operate and try not to leave any evidence behind, we are not going to conceal anything or anyone - not civilians, not police, not military."

But even if that case is solved, the underlying problem persists. Among other incidents in the past six months:

Eight men were shot to death in a restaurant by gunmen who arrived in three cars and opened fire with automatic rifles and pistols.

More than 3,000 police and soldiers stormed the Pavon penitentiary east of the capital, sparking a fierce battle with grenades and automatic rifles that killed seven inmates.

Two former senior anti-narcotics agency officers pleaded guilty in federal court in Washington. They were busted in 2005 after accepting $25,000 from undercover U.S. Drug Enforcement Administration agents to protect cocaine shipments.

Guatemalan President Oscar Berger is pressing Congress to create an independent commission to investigate corruption and present its findings for prosecution. And there's a push to reverse laws that require police fired for suspicion of corruption be reinstated unless there's substantial evidence. More than 1,000 police officers have been dismissed on corruption charges in the past 2 1/2 years and about 250 are currently in jail.

But both measures are sure to face resistance from opposition political parties, and activists fear that politics will get in the way of much-needed reforms.

"These cases have presented two doors: one of danger and one of opportunity," said Iduvina Hernandez, director of the independent Association for the Study and Promotion of Security in a Democracy.

"We want to open the door of opportunity to renovate the security system and strengthen the democratic framework," she said. "We want a Guatemala in peace, with social justice."

In Guatemala, Officers' Killings Echo Dirty War (NYT)

By James C. McKinley Jr.

DOJ_NMG_0139580

The New York Times, March 5, 2007

GUATEMALA CITY, March 3 — After three Salvadoran congressmen were waylaid and killed on a road in Guatemala last month, it did not take the authorities long to find the culprits: they were Guatemalan police officers, and their unmarked police car had a tracking device that proved they were at the scene.

They quickly confessed, saying they thought their victims were drug dealers, and were sent to a maximum-security prison.

It is a measure of the weakness of the crime-plagued Guatemalan state that what happened just four days later remains something of a mystery — aside from the indisputable fact that the four who confessed ended up dead.

The police and the interior minister say that rioting gang members inside the prison shot and stabbed them. But other inmates and their visitors that day say a group of heavily armed men in military garb and ski masks made their way through seven locked doors and executed them, with no interference from guards, removing any possibility that they could identify co-conspirators.

The two sets of brazen killings set off a vicious diplomatic conflict between Guatemala and El Salvador — heightened by news reports suggesting that the congressmen were indeed drug dealers — and ignited a political scandal here. It shed light on how corrupt the National Police has become, and raised questions about links between drug dealers and high-level police officials, as well as whether the government can contain drug trafficking without international help.

One assistant police chief has been forced to resign and another has been suspended. On Thursday, the interior minister and top police officials appeared before Congress, where they were grilled not only on whether death squads exist inside the police force, but on how the state failed to protect the four officers.

Perhaps more important, the whole episode has exposed to the world the rampant police corruption, lawlessness and drug trafficking that plagues much of Central America, and Guatemala in particular.

This small country of 12.3 million people has more than 5,000 homicides a year, many of them vigilante killings or gangland murders, human rights advocates say. Arrests are made in only 2 percent of the cases.

Drug trafficking fuels the violence, and United States officials say Guatemala's record on taking down drug lords leaves much to be desired. At least two-thirds of the cocaine used in American cities — much of it made from coca cultivated in Colombia and Bolivia — passes through Guatemala, American officials report, and several former military officers have been accused of trafficking.

President Óscar Berger and his minister of interior say they are attacking the problem and point out it was Guatemalan police officers who caught the rogue officers in the first place. Mr. Berger has also backed a proposal to create an international commission to investigate human rights abuses by the police.

Since 1993, the United States has twice helped set up special antinarcotics forces here, only to watch their commanders become embroiled in the drug trade themselves. President Bush is scheduled to visit next week, and American diplomats say the lack of public security here is near the top of his agenda.

Human rights advocates and opposition politicians have taken the two sets of killings as proof that criminal gangs have corrupted Guatemala's national police force and that groups of officers are operating like drug syndicates, robbing and killing competing dealers.

The squads of rogue officers, human rights experts and others say, are in a sense an outgrowth of Guatemala's long internal conflict. Some former military officers who came of age during the bloody counterinsurgency operations of the 1980's are members of the new rogue squads, according to human rights experts and opposition politicians. They say other members are younger, but have adopted the old practices of assassination and terrorism to combat crime and, sometimes, to line their own pockets.

"The truth, I think, is the problem comes from the end of the armed conflict, when the state tried to protect itself against rebels," said the editor of La Hora newspaper, Óscar Clemente Marroquín. "When the war stopped, the apparatus kept operating the same way but now it doesn't protect the military. Now it protects organized crime."

A high-ranking United Nations official here, who requested anonymity to protect his diplomatic neutrality, said he believed the Interior Ministry and the National Police created death squads over the last three years, trying to combat the wave of violent crime by gangs like the notorious Mara Salvatrucha, a group started in Los Angeles by the children of Central American civil-war refugees of the 1980s.

The officers in those squads belong to evangelical churches, the official said, and see the extrajudicial killings of gang members, known here as "social cleansing," as holy work. But they have also begun to commit crimes for their own profit. "It gets out of their hands," the official said. "They create a Frankenstein."

Otto Pérez Molina, the leader of the Patriotic Party and a candidate for president, has also charged there are at least two separate groups of rogue officers operating within the National Police, each controlled by a deputy commissioner.

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Erwin Sperisen, the national police chief, denies that the force harbors death squads, though he acknowledges that his department is riddled with corrupt officers who sometimes commit crimes. Because of strong labor laws and poor vetting procedures, he said, he has not been able to purge the 19,000-member force of officers who came from the two main police forces that controlled the country during the civil war and were schooled in torture and assassination.

"One has to break with this kind of schooling," he said.

At first, the killings of the Salvadoran congressmen appeared to be politically motivated. One of the three was Eduardo José D'Aubuisson, son of Roberto D'Aubuisson, the late Salvadoran right-wing leader and founder of the current governing party. But now many here say Eduardo and the others, along with their driver, were the latest victims of rogue police officers run amok. The three were there to attend a meeting of the Central American Parliament, a regional body.

About 10:30 a.m. on Feb. 19, Luis Arturo Herrera, a decorated officer who was head of the Guatemalan National Police organized crime unit, and three other officers used their unmarked sedan to cut off the congressmen's luxury four-wheel-drive car in front of a shopping center on the outskirts of Guatemala City, prosecutors say.

They forced the driver and Mr. D'Aubuisson into their sedan, leaving the other two congressmen in their car, and then drove both vehicles back down the highway toward El Salvador, where a traffic camera filmed them, according to the prosecutor in charge of the inquiry, Álvaro Matus.

A short time later, witnesses told prosecutors, they also stopped at a gasoline station, where they were joined by at least two other police officers and two people in civilian clothes.

The two cars then continued to an empty stretch of road near the town of Santa Elena Barilla, where according to statements by the four officers, they searched the car and beat the victims, Chief Sperisen said. Later in the afternoon, around 4:30, they went down a dirt road to a farm, where called Las Conchas. There they executed the four men with gunshots, then burned the car and the bodies. Some people living nearby found the remains about two hours later, prosecutors said.

The officers who confessed said they had been told that the congressmen were Colombian drug dealers carrying cash, according to Chief Sperisen. The whole episode appeared to be a botched robbery based on misinformation, he said.

El Salvador's chief of national police, Rodrigo Ávila, agreed that the officers probably intended to rob the group and panicked when they learned who their victims were. "When they realized they were really congressmen is when they made the decision to kill them," he said.

Mr. Ávila said his government had not ruled out the possibility the police officers were tricked. "They could have been manipulated by someone to hit the congressmen, but we don't know," he said.

The Salvadoran president, Elías Antonio Saca, and top security officials have accused Guatemalan authorities of allowing the four officers who confessed to be killed as part of a cover-up. The Salvadorans have also bristled at theories put forward by Guatemalan investigators that the congressmen might have been carrying drugs or illicit cash.

Mr. Matus, the prosecutor, says he still has not determined why the three congressmen were killed.

Nor have prosecutors made much progress getting to the bottom of what happened at El Boquerón prison on Feb. 25.

The warden at El Boquerón and more than 20 guards have been arrested but have shed no light on the matter. The police have discovered pistols hidden in the inmates' quarters that may have been used in the killings, though some of the shells recovered inside the prison came from assault rifles.

For their part, the inmates maintain they rioted only after the killings, fearing they would become scapegoats. They took hostages and forced the government to send in a television news crew and the country's human rights ombudsman to hear their version of events.

Family members of the inmates, meanwhile, told local reporters they were ordered out of the prison before visiting hours were over, which they took as a sign the guards knew something was about to happen.

The country's top prosecutor, Juan Luis Florido, has promised to get to the bottom of both crimes, even if they reach to the upper echelons of the police or government.

But human rights advocates are skeptical. The attorney general's office does not have the resources, the independence or the strength to investigate the National Police, they say.

"I wouldn't go so far as to call it a failed state, but it's very dysfunctional," said Dan Wilkinson of Human Rights Watch. "The main thing is the drugs and corruption. There is a huge amount of money there. And you have extremely weak institutions that are no match for these organized crime groups."

Reddit Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, March 5, 2007

A Nelson Mandela for an Earlier Time

DOJ_NMG_0139582

Most White House reporters stick to what they know when it comes time to pen a book. But Cox Newspapers correspondent Bob Deans thought bigger. "I found it fascinating to write about the first great leader we know of in English America—Chief Powhatan. "Yes, the father of Pocahontas and the first native big shot the British encountered. In The River Where America Began, Deans charts civilization along Virginia's James and finds the chief to be more than the despot others have called him. If Powhatan had been born today, Deans thinks he knows whom the chief would be compared to: "It's not hard to imagine Powhatan as a kind of 17th-century Nelson Mandela, standing boldly for the cause of his people."

Juicing the GOP Message

Florida's Rep.Adam Putnam, the No. 3 House Republican, isn't shy about his Sunshine State pride. After his alma mater University of Florida Gators won the national football championship, he met with reporters in the Capitol sitting next to an alligator head. Since then, he's talked politics with reporters over jugs of Florida's Natural orange juice, produced from a farming co-op begun in 1933 that his family is a part of. "We try to sweeten the reporters' dispositions," he jokes, and he thinks it's working. "We've been having a couple of good-message weeks."

What's With Watts and Richardson?

It could have been the environment, the Clinton School of Public Service in Little Rock, or the brash frankness of an ex-politician. But former Rep. J. C. Watts, once the House GOP's main communicator and a sometimes entry on Republican vice presidential lists, fessed up at the University of Arkansas last month that he likes Democratic New Mexico Gov. Bill Richardson in the 2008 presidential race. "Personally, I'm a Bill Richardson fan," he admits. "I think he has the Bill Clinton touch with people."

A G-Man's Version of Oprah's List

He's no Oprah. But FBI Director and avid reader Robert Mueller has started a new bureau reading list to help his G-men broaden their horizons. The list has more than 60 books about the FBI's history, terrorism, intelligence, and professional development. "He just thought," says an insider, "that we must have more formalized intellectual stimulation." Some gems: Public Enemies, by Bryan Burrough, about the birth of the FBI; The Looming Tower, Lawrence Wright's book about al Qaeda's road to 9/11; China, Inc. by Ted Fishman; and Louis Gerstner's Who Says Elephants Can't Dance? about IBM's historic turnaround. We also hear that Mueller's a big fan of former GE bigwig Jack Welch. So naturally, Welch's Winning also gets top billing.

Brown-on-black Violence Plagues South State (SACBEE)

By Aurelio Rojas, Bee Capitol Bureau

The Sacramento Bee, March 5, 2007

Slaying of girl, 14, put a face on city's growing problem.

LOS ANGELES -- It took political officials nearly a month to respond to the slaying of Cheryl Green. Since then, the 14-year-old African American girl has become the face of brown-on-black violence in this city.

The FBI has joined the Los Angeles Police Department in cracking down on gangs. The Police Department, breaking with tradition, has publicly named the city's worst 11 gangs.

And a city-sponsored report has called for an anti-gang Marshall Plan, a reference to the post-World War II strategy of making massive investments to win the peace in former enemy territory.

The racially motivated shooting of the eighth-grader, which occurred Dec. 15 in broad daylight as she chatted with friends, was one of 269 gang-related murders citywide in 2006.

Outside the African American community, widespread outrage that a schoolgirl could be killed because of her color was muffled by the cacophony of the holiday season.

"She was my baby," Charlene Lovett said recently of the youngest of her four children. "She wasn't raised to see colors. I couldn't understand how everyone wouldn't be horrified by this."

African American activists came to her aid, holding rallies to call attention to similar attacks in South Los Angeles neighborhoods where Latinos have supplanted African Americans as the dominant group.

Hate crimes rose 34 percent in 2005 in Los Angeles, the latest year for which statistics are available, and African Americans were the main target. Overall crime is down in the city for the fifth straight year, but gang crime rose 14 percent in 2006.

On Jan. 18, Mayor Antonio Villaraigosa held a news conference near where the teenager was killed to announce a plan to "dismantle" the Latino gang blamed for the girl's slaying. He was joined by Police Chief William Bratton and FBI Director Robert Mueller.

By then, Gov. Arnold Schwarzenegger had delivered his second inaugural address, which he began by boasting that "people from all over the world live in harmony" in California.

In an interview with The Bee two weeks later, the governor conceded "we have a big gang problem." But he said the girl's death did not represent a larger problem in California.

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"No matter which country you go to, you always have some instances like that," he said. "You know, the Russian mafia or some kind of gang violence in some country.

"Or if it is soccer fans going crazy and trying to kill each other on the soccer field. ... You know, there's crazy things all over the world."

Members of the California Legislative Black Caucus responded to Schwarzenegger's comments with dismay.

The governor, said state Sen. Mark Ridley-Thomas, needs "to raise his IQ about the problem."

"This is an urgent matter and it needs to be addressed," the Los Angeles Democrat said, adding that the Senate Public Safety Committee on which he sits would take up the issue.

Assemblywoman Karen Bass, D-Los Angeles, said that during town hall meetings she held in black communities around the state she collected "anecdotal" evidence that brown-on-black crime is on the rise elsewhere.

"We know that every time there is a study about hate crime, that African Americans are the No. 1 figure," she said when the caucus recently released its "State of California" report. "I think it's absolutely important that we address that."

Assembly Speaker Fabian Núñez, D-Los Angeles, told the caucus that racial violence is escalating in other cities as well and will require a unified response.

"We've got to put our heads together and work hard to eliminate what we're seeing in places like Oakland, San Diego, Fresno, Santa Ana and Los Angeles, where we see far too much brown-on-black crime," Núñez said. "We have to put an end to that."

Cheryl Green was gunned down in a hail of bullets while standing near her scooter in the Harbor Gateway area of Los Angeles, east of Torrance.

She was with a group of friends when they were approached by two men. Witnesses and police said that without a word, one man pulled a gun and opened fire, killing Green and wounding three others.

Cash And Cocaine, But No Conviction (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, March 5, 2007

Jurors, Lawyers Reflect on Where Case Prosecuting District's Largest Drug Seizure Faltered

The haul was unprecedented. A wiretap on the cellphone of a reputed drug kingpin led police to a stash house where they found almost 100 kilos of cocaine and nearly $1 million. A force of more than 100 federal and local agents swept up nearly a dozen suspects in raids across the region.

The evidence to put everyone away seemed strong. There were the drugs, the cash and the wiretaps, filled with curious talk of "tickets" -- "little tickets," "VIP tickets" -- code, prosecutors said, for wholesale quantities of cocaine.

And there was the Global Positioning System device, secretly planted in the suspected kingpin's car, tracking his comings and goings between the stash house in Fort Washington and his supposed customers in and around Washington.

Then the case went before a jury in U.S. District Court. The outcome was hardly what authorities would have expected on that October morning a year and a half ago when they found themselves staring at the biggest seizure ever made in a D.C. drug investigation.

The jurors, after deliberating for weeks, deadlocked earlier this year on many charges against alleged kingpin Antoine Jones, including the most serious: conspiracy. And on more than a dozen other counts, the jury came back with verdicts of not guilty. The three men on trial with him, charged with conspiracy as well, fared even better.

Kevin L. Holland and Adrian Jackson were acquitted of all charges; Michael A. Huggins was acquitted of all but one lesser charge, and that eventually was dismissed by the government. All three men, jailed for more than a year pending trial, are now free. Jones remains in jail, awaiting retrial.

It was a stunning loss for prosecutors and police, who claimed they had busted a major drug-trafficking ring with direct links to suppliers in Mexico. But the case had weaknesses that became apparent once it went to trial.

First was the profile of the alleged conspiracy. Unlike cases against other such enterprises, this one did not allege that anyone was killed or even assaulted by Jones or his alleged co-conspirators. Although the absence of violence was a relief for investigators, it also could have had consequences with the jury, lawyers said.

"If there's blood in the case, it kind of spreads out to everybody," said Jon W. Norris, who won an acquittal for Jackson. "But when there's not, the jury can really evaluate the evidence against each person -- as they're supposed to."

Nothing in the law requires prosecutors to present evidence of violence to prove a conspiracy to distribute narcotics. And whether the lack of bodies was pivotal in this case is a question that veteran prosecutors debate.

But experience tells many prosecutors that a body, or two or three, can make juries more apt to tie defendants together in a conspiracy and return verdicts in which everyone shares blame.

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Without the sort of violence people have come to expect from major drug gangs, a case such as the one against Jones can seem more like an elaborate financial crime, lawyers say. A jury may see a lot of money and perhaps a bit of greed, but it doesn't see any pain and perhaps doesn't feel much emotion. And that could sway a case.

Before they were convicted in 2003 of murder, racketeering and other offenses, Kevin Gray and Rodney Moore, two of the biggest players in the District's drug trade, left a long trail of blood that ultimately landed them in prison for the rest of their lives.

"Everything that I had was somehow connected to drug violence," said Timothy J. Heaphy, the lead prosecutor in the trial of Gray, who was convicted of 19 murders, and Moore, who was convicted of 10.

Prosecutors faced other obstacles in Jones's case. Although all four defendants had previous drug convictions, in this case none of them was caught with or near especially large quantities of cocaine, and Jones was not caught with any drugs. Only the testimony of cooperating co-defendants tied the defendants directly to the supply of drugs passing through the stash house. It wasn't enough for jurors.

"We all just thought the government didn't present the case like they should have," Esther Roberson, 68, said in an interview. It's not that she wasn't troubled by some of what she heard, she said; she just wasn't persuaded. "Sometimes it was a little suspicious, but it wasn't really proved to me."

She and another juror noted that Jones was never photographed entering or leaving the stash house, which was secluded and difficult for investigators to stake out. So what jurors got was video footage of Jones's Jeep outside the house, which he did not own or rent, and the data from the GPS device, which placed the vehicle in the immediate area of the house.

When police arrested Jones at his home in Waldorf, they found more than $60,000 in the Jeep, money prosecutors argued was surely the profits of a drug enterprise but the defense suggested could have been from a club he owned. The jurors interviewed said the source of the cash was unclear.

And if Jones were running so much cocaine, one of the jurors asked, why couldn't police catch him with drugs in hand? "If they're saying he was selling drugs to all those people, I'm sure they could have intercepted him one of those times," said the juror, asking to be identified only as a senior citizen.

In 2005, the activities looked more than compelling to the FBI agents and D.C. police investigators, who concluded that Jones was a key broker for cocaine coming into the Washington area from a Mexican cartel operating around the Texas border town of McAllen. For weeks, investigators monitored Jones's cellphone calls.

Jones, who has drug convictions in the District and Virginia, lives in Waldorf and owned a nightclub in Northeast Washington called Levels. The now-closed club, prosecutors argued, was the hub of the conspiracy, providing a place to launder drug proceeds and a pretense for all the coded telephone talk of "tickets" and "music" -- allegedly terms for drugs.

But "tickets" and "music" can also mean just that. A. Eduardo Balarezo, Jones's defense attorney, said that Jones was a businessman and that his contacts with Holland, Jackson, Huggins and others were business-related and hardly part of any criminal conspiracy.

"My client ran a legitimate nightclub, a successful nightclub," Balarezo said in an interview. "He was a businessman, and the government quite frankly tried to make hay where there wasn't any."

A music promoter, Holland recently said that his ties to Jones were legitimate business dealings and that his past is in the past. Prosecutors are trying to lock him up again, this time as a probation violator -- using the same set of facts already considered by the jury.

At least six people have pleaded guilty in the case, including two who testified for the prosecution. But Jones was the biggest target. He is to be retried on the remaining charges in November. Three other defendants, including one from Mexico, will be tried with him.

When he is back in court, he will face a lot of familiar evidence -- evidence that the prosecutors, Assistant U.S. Attorneys Rachel Carlson Lieber and John V. Geise, argued reflect the unmistakable actions of a drug trafficker, checking on incoming shipments, arranging drop-offs and collecting payments.

In one call to Jones from a cellphone registered to a man in McAllen, the subject is music, ostensibly related to the nightlife business.

Jones is told that the caller is trying to find "some new music" but that it is getting a little rough, according to court papers in the case. But the caller tries to reassure Jones, telling him that he has "good people" who make "good music" and that he is just waiting for them. Jones goes on to tell the caller that he is satisfied with the music he's received so far, that "they love the sound, they love the entertainers, they love it," the papers stated.

Norris suggested that by putting everyone into the same pot with Jones and charging them all with conspiracy, the government overreached and undermined its case.

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"I think they really thought that evidence was going to carry the day," Norris said. But in the end there was very little evidence against the three co-defendants, and the jury acquitted them, he said. "And I think the lack of evidence against those defendants undermined the evidence against Mr. Jones."

Texas Man Convicted Of Cocaine Distribution, Money Laundering (SHREVET)

Shreveport Times, March 5, 2007

A Rowlett, Texas man has been convicted by a Shreveport jury on cocaine distribution and money laundering charges.

Ronald King, 40, was convicted Friday, charged with one count of conspiracy to possess with intent to distribute cocaine, one count of money laundering and one count of forfeiture, according to a press release from Donald Washington, United States attorney for the western district of Louisiana.

His sentencing is set for June 21 at 1:15 p.m. where he faces a sentence of life in prison, a $4 million fine or both.

“Testimony at trial revealed that King had been distributing cocaine in Shreveport for approximately 20 years,” the release said. “King used a small fleet of vehicles with hidden compartments to transport drug proceeds from Shreveport back to the Dallas area where he and other co-conspirators used financial institutions to launder the proceeds.”

Evidence obtained also showed that King invested some of the money in real estate in Shreveport.

As a result of the investigation, the task force seized more than $40,000 in cash, a house in Shreveport and several firearms, the release said.

King was caught after an investigation conducted by the Organized Crime Drug Enforcement Task Force which includes Shreveport and Bossier City police departments, the Federal Bureau of Investigation in Shreveport and the Caddo Parish Sheriff’s Office.

Top Bodybuilders Allegedly Received Steroids From Internet Pharmacy (NYDN)

New York Daily News, March 2, 2007

It may shock no one to learn that two world champion bodybuilders may have been using steroids or growth hormone, but two giants of that well-muscled world were among the athletes who received drugs in a shady Internet pharmacy operation, sources have told the New York Daily News.

Eight-time Mr. Universe Ronnie Coleman, a former BALCO client, and top Mr. Universe contestant Victor Martinez were among the many clients in an ongoing, multistate investigation that led to the raids on several pharmacies in Florida this week, a source said. But like the other athletes whose names have been leaked, Coleman and Martinez are not targets.

"We know that thousands of people in New York alone have been getting steroids this way over the Internet," said a law enforcement official involved in the investigation. "But you have got to go after the source, and that is what we are doing."

Also Thursday, baseball officials said they want to talk to Albany County District Attorney David Soares about Angels outfielder Gary Matthews Jr.'s alleged links to a pharmacy in Mobile, Ala., that is part of the investigation.

However, whether the subject is sources or users, the current investigation keeps overlapping with the more famous BALCO case from the San Francisco area. Coleman, listed among clients on the Web site for BALCO founder Victor Conte's nutritional business, shares the record for Mr. Olympia titles with fellow former BALCO client Lee Haney, who worked out with Evander Holyfield, one of the athletes reportedly connected to the newest raids. While both Coleman and Haney have ties to BALCO, neither was ever accused of receiving drugs from the lab.

Returning from Florida Thursday, Soares said as many as 24 people will be rounded up in the days ahead. Rather than finding a hero's welcome, however, Soares was immediately hit with criticism from local law enforcement officials over his tactics, and with complaints from local reporters that he had favored the Albany Times-Union with a scoop when the raids were carried out Tuesday.

In the days since the highly publicized raids and arrests of pharmacists, Albany cops have challenged Soares' claims that steroid abuse is a growing problem in upstate communities, and thus justified his decision to lead raids in Florida. Soares fired back Thursday, saying his police critics have "never focused on anything other than the guy they can pick up and make $500 of overtime on," a strategy he said has doomed the war on drugs.

"If every member of law enforcement in Albany County was focused on actually putting away criminals instead of arguing with each other and engaging in turf battles, we would have a reduction in the crime rate of about 50 percent," Soares said.

A source with knowledge of the probe said another one of the steroid customers is a supervisor with the Albany Police Department's narcotics squad. Albany cops have been among Soares' most vocal critics.

With Soares and about 2,000 pounds of confiscated documents arriving in Albany Thursday, sources said other pharmacies are soon to be raided, and several employees of Florida pharmacies are expected to surrender to authorities in

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Albany on Monday. But while Soares defended his decision to go after suppliers and not users, as is the case with most drug prosecutions, attention will remain on the documents and the names they may contain.

"You won't find another Barry Bonds, but there are some names people will know," a source close to the investigation said. But only if the documents are unsealed or if the names are leaked.

The four people arrested Tuesday at Signature Compounding Pharmacy in Orlando - Stan and Naomi Loomis, Michael Loomis and Kirk Calvert - waived extradition Thursday and must surrender themselves in Albany by Thursday.

So far, the names of Holyfield - the former heavyweight boxing champion - Matthews, ex-major league pitcher Jason Grimsley and retired slugger Jose Canseco reportedly have been connected to Applied Pharmacy Services in Mobile.

Mobile-based DEA agents searched Applied in August with a federal warrant, and the Albany Times-Union reported Thursday that two Applied owners had been indicted by an Albany County grand jury. But Arthur Madden, an attorney for the pharmacy's owners, said he had not been told his clients are targets in the investigation or have been indicted.

"I know nothing about a New York State proceeding," he said. "I read this stuff with horrid fascination."

Madden said he doesn't know why his clients, Jason and Sam Kelley, would be targets.

"Applied is not an Internet pharmacy where you go online and fill out a form and some doctor writes a prescription," he said. "It's a real pharmacy, it's a brick and mortar place, it's regulated by the FDA and DEA. It's a licensed pharmacy that dispenses prescriptions written by real doctors."

Internet Brings Drug Dealing Into The Home (ALBANYTU)

By Brendan J. Lyons, Senior Writer

Albany Times Union, March 4, 2007

Placing orders online becomes an easy way to get controlled substances

ALBANY -- Ryan Haight was just 17 when he began suffering from back and joint pain.

He was an honors student, a gifted athlete and, like many teenagers, he knew how to navigate the Internet. When his pain worsened, Haight used his computer to find an Oklahoma pharmacy from which he ordered painkillers and anti-depressants.

A medical doctor he never met provided a prescription for the drugs, and the pharmacy mailed them out.

On Feb. 21, 2001, Haight, a resident of La Mesa, Calif., died at the age of 18 after mixing morphine and two prescription anti-depressants with Hydrocodone, a highly addictive painkiller.

Haight's tragic story has been told to various congressional committees, and it underscores what many federal agencies have acknowledged for years: Internet pharmacies are fast becoming one of the nation's primary delivery systems for controlled substances. The issue took on heightened awareness last week with the raid of several Orlando, Fla., pharmacies that were selling drugs to customers in New York.

The problem is bad, federal authorities say, and becoming worse each year. While police continue to wage their war on street drugs, many law enforcement experts say more needs to be done about Internet pharmacies.

Indeed, a 2005 study by the National Center on Addiction and Substance Abuse (CASA) showed that abuse of pharmaceutical controlled substances has grown at a rate twice that of marijuana, five times that of cocaine, and 60 times that of heroin, between 1992 and 2003.

"Perhaps most disturbing is that many of these Internet pharmaceutical sites ... are hiding behind a facade of legitimacy by pretending to ask customers health questions," said Joseph T. Rannazzisi, a Drug Enforcement Administration deputy assistant administrator, in testimony in 2005 before before a House subcommittee on Oversight and Investigations.

"After customers fill out a superficial questionnaire, which is given an even more cursory review, if any, by a doctor employed by the Internet pharmacy, these sites provide pharmaceutical products with no face-to-face medical examination, no tests, no drug interaction screening, and no follow-up care," Rannazzisi added.

Last week, when Albany County District Attorney David Soares helped steer the arrest of several doctors, pharmacists and business owners in a multi-state investigation of illicit pharmacies, he was subsequently criticized, in a politically charged attack, for his decision to prosecute the case.

Yet a review of dozens of reports to Congress in the past eight years shows that federal sentencing guidelines for a conviction of distributing pharmaceutical drugs are weak when compared to the penalties many states impose. In addition, the Food and Drug Administration and other federal agencies have encouraged states to prosecute Internet pharmacy cases, citing a lack of resources at the FDA and other oversight agencies.

The U.S. Government Accountability Office issued a report two years ago showing "that although extensive time and resources are required to locate, charge and convict criminal anabolic steroid dealers, the penalties under the federal sentencing guidelines faced by persons convicted of such offenses do not reflect the seriousness of their crimes or provide adequate deterrence."

The Albany County case has drawn national attention because of its revelation that many professional athletes allegedly obtained performance-enhancing drugs, including steroids, from some of the pharmacies involved. But an agent in the case, and court records, show that many of the pharmacies and doctors targeted in the investigation also routinely prescribed controlled substances that include Hydrocodone, Vicodin and other addictive substances.

In some ways, the investigation is similar to a law enforcement initiative to detect and arrest pedophiles who troll the Internet for victims. To combat the problem, the Albany and Guilderland police departments and several other area law enforcement agencies have assigned officers to a cyber-crime task force at the Albany FBI facility.

There, the officers comb Web sites for pedophiles, routinely arresting suspects from other areas and states who are then prosecuted locally. The Internet, law enforcement experts say, has blurred jurisdictional boundaries and is forcing many local prosecutors to take on multi-state prosecutions of crimes such as identity theft, fraud, sexual misconduct and drug dealing.

James A. Dahl, the retired assistant director of the FDA's Office of Criminal Investigation, warned Congress two years ago that Internet pharmacies had become the next front in the war on drug abuse.

"The problem of foreign and domestic Internet sales of controlled substances and other dangerous pharmaceutical products is a large and complex issue that appears to be growing exponentially," Dahl said. "The only real concern of the owners of these Internet operations is not the health and well being of the consumer, but their ability to collect payment through the credit card used for the purchase."

In February 2005, an article in U.S. News and World Report magazine disclosed that prescription-drug abuse was rising in all age groups, especially among teenagers. The magazine reported that one in 10 high school seniors has tried the painkiller Vicodin without a prescription, and 1 in 20 has taken the potent pill OxyContin.

Another study by the federal government has shown that nearly 3 percent of high school seniors use steroids, a figure that is climbing. In addition, children as young as 13 now experiment with steroids, according to an FDA report.

"For young people in particular, online pharmacies seem especially seductive. For this generation, the Internet is a familiar medium and it feels safe," said U.S. Rep. Ed Whitfield, R-Ky., during a hearing on Internet pharmacies in December 2005 before the House Subcommittee on Oversight and Investigations. "The seduction and convenience of the Internet coupled with the wide availability of controlled substances raises a disturbing prospect of many young people hooked on drugs with the ease of logging on to a computer."

The prosecution undertaken by Soares' office, which began in 2005, has resulted in several arrests of New York residents, including a Colonie man, Daniel Mori, who was arrested in January on charges of insurance fraud, drug possession and hindering prosecution for allegedly trying to warn others about the Albany County grand jury investigation.

Signature Pharmacy of Orlando, which was raided Tuesday, is a registered out-of-state pharmacy in New York and did nearly $10 million in sales here over the past two years, authorities said.

Orlando's Metropolitan Bureau of Investigation, staffed by federal and state law enforcement agencies, is one of the lead agencies in the case. The bureau convinced Albany County authorities to get involved in the investigation after Orlando investigators found "many of Signature's doctors, as well as a large part of their business, were located in New York," according to an internal memorandum provided to state officials recently by Albany prosecutors.

Several people arrested in the case are scheduled to appear in Albany County Court this week on sealed indictments charging them with felonies that include criminal diversion of prescription medicines and insurance fraud.

Schumer Calls For HGH Regulation (NSDY)

By Daniel Wagner

Newsday, March 4, 2007

Following last week's steroid bust that implicated professional and college athletes, and high school coaches, Sen. Charles Schumer yesterday proposed additional federal regulation of a substance he said has become the "drug of choice" for those seeking a quick boost in athletic performance.

"All of a sudden, there are these illegal online pharmacies that have been set up ... and they have engaged in a crooked scheme with doctors," Schumer (D-N.Y.) said. "The doctors have become no more than drug dealers -- they've given up their oath."

He said human growth hormone, or HGH, is popular because it is harder to detect in drug tests and more difficult to prosecute than anabolic steroids, which are illegal to possess without a prescription. Distributing HGH for non-approved medical uses is already illegal under federal law.

Under Schumer's proposal, HGH regulation would be put on a par with current steroid laws, and federal law enforcement would be able to prosecute doctors who write prescriptions "in bad faith" -- an act already illegal in New York State.

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Schumer made the announcement with Albany County District Attorney David Soares, whose year-long, multistate investigation led to last week's sting in Florida. Soares' office took the lead because those implicated could be prosecuted under tougher New York laws, spokeswoman Heather Orth said. She said federal prosecutors need a law like New York's to "get these drugs out of the hands of anyone from professional athletes to kids in high school."

Schumer also said in an interview that there would be "many more" arrests today in addition to four in Florida last week. Those defendants will be arraigned in Albany today. Neither Schumer nor Orth would elaborate; she said there will be more information today.

Governmental concern about HGH is nothing new.

In 2001, the Drug Enforcement Administration acted against a California doctor who had given an agent HGH during a 1994 investigation. And last year, the federal sentencing commission requested public comment on how HGH violations should be punished under amendments to a 2004 anti-steroid law.

Marigolds Make Way For Marijuana In Suburbia (CSM)

By Patrik Jonsson

The Christian Science Monitor, March 5, 2007

SNELLVILLE, GA.

The only permanent residents in the manicured, multigabled ranch east of Atlanta were illegal.

No, not that kind. They were little green creatures of the cannabis family – in short, marijuana plants.

Raids on 40 houses in 12 suburban Georgia counties over the past two weeks are one recent sign of what police say is a national trend in marijuana marketing: growing the illicit crop year-round indoors, using suburban homes as "grow-houses."

Grow-houses – a spacious incarnation of the old grow-room – have proliferated like suburban-garden gnomes, as antidrug squads have chased growers off remote mountainsides and out of cornfields. In these basements, lights hum with thousands of watts across a sea of plants lodged in a hydroponic soup of nutrients. Upstairs, there's usually no furniture, police say, except a cot, a chair, and a rabbit-ear TV.

"It's the most impressive thing I've seen in 20 years of law enforcement," says Lt. Jody Thomas of the Fayette County Drug Taskforce.

Police say the 'burbs give growers a degree of solace and safety, protected by suburbia's premium on privacy and even a 2001 US Supreme Court ruling that prevents law officers from aiming heat-sensing equipment at homes unless they first obtain search warrants.

The trend also signals that "production is moving closer to consumption" – a path that leads straight to the suburbs, says Jon Gettman, editor of the Bulletin of Cannabis Reform in Lovettsville, Va., which promotes legalizing marijuana for medicinal use.

Alarm about suburban pot-growing is rising, and some worry that efforts to eradicate crops grown outdoors are driving the illicit industry to become more entrenched in middle-class America, a la Showtime's hit TV show "Weeds," about a suburban mom who sells pot.

"This is horrifying," says Sue Rusche, president of National Families in Action, which works to help children and teens resist drug use.

In the early 1980s, 80 percent of marijuana on US streets was imported, mostly from Mexico, according to the National Organization for the Reform of Marijuana Laws (NORML), which works to stop arrests of marijuana smokers. Today, 40 percent of the supply is grown domestically – about half of it indoors under high-wattage lights that turn dank basements into sweltering hothouses.

While outdoor growing is risky and the results inconsistent, indoor growing, which began 30 years ago, has become a science, as amateur botanists produce potent varieties in controlled environments. Experts say it was only a matter of time before syndicates began applying basic black-market principles: higher potency and consistent yields equal more profit.

"It's Adam Smith 101," says Allen St. Pierre, executive director of NORML in Washington. "In a world of prohibition, if you can grow it in your little suburban home and cure it properly, it goes right to the top of the market and you see an incredible level of profit that all the other dealers don't enjoy."

Here's how it worked, according to Fayette County's Lieutenant Thomas: A wealthy buyer tied to a group of Cuban nationals in Miami bought homes in the endless suburbs of metro Atlanta. So as not to raise suspicion, growers illegally cut into public utilities such as water and electricity. Fences would go up in the backyards, and basement windows would be blacked over. "Baby sitters" would arrive late at night in pickup trucks, often talking on cellphones. Sometimes they would live in the homes on cots.

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Harvested at 90-day intervals, the cured "buds" fetched as much as $6,000 a pound in New York City, where most of the suburban Atlanta crop was shipped. Police say a single house could yield more than $1 million in profit a year. Others say the figure is probably lower because authorities often overestimate per-plant yields.

Georgia has lagged behind in indoor busts, with just one last year. The US government eradicates some 3.5 million marijuana plants each year, mostly outdoors, according to the Drug Enforcement Administration. Of some 800,000 marijuana-related arrests in 2005, 90,000 were for trafficking or growing, according to the FBI. The bureau does not further break out its numbers, but experts say growers by far make up the fewest number of arrests.

"We would never have found it without this tip from Florida," says Thomas, referring to a similar series of busts of the same organization in the Miami area earlier this year. "It's so extravagant, yet it has some amount of legitimacy. There's often a car parked in the yard, but no traffic in and out, no buyers."

Growers may have had several reasons for setting up shop in subdivisions like Summit Chase here in Snellville. A key one, though, is the privacy ethos. Darrell Lamb, a local high schooler, says the smell of pot would "slap me across the face" as he and some friends shot arrows in the nearby woods. But he never called the police.

Pat Edwards, who lives across the street, says privacy and anonymity trumped suspicion of the "unfriendly" men who tended the house at 2851 Creekwood Drive, but who evidently did not live there.

"Nobody really speaks to each other on this street, and that's how we all like it," she says. "Maybe these guys sensed that."

Still, people talk. Pre-bust, the biggest gossip in the neighborhood was how the house at 2851 Creekwood fetched one of the highest sales prices in the subdivision, $219,000. Post-bust, speculation centered on whether it would affect property values. Closing up a yard sale across the street, Ms. Edwards struck a pragmatic note as she looks to leave the city for her childhood home in south Georgia.

"Maybe they want to buy my house," she jokes. "I've got a big basement."

Bust Yields Bumper Crop Of Pot Farms In Basements (AJC)

The Atlanta Journal-Constitution, March 5, 2007

Until the cops showed up, people living in the Cloister subdivision in Lawrenceville thought lawns were the most pampered grass in their neighborhood.

But, as it turned out, in the basement of the quiet home at 2350 Friars Gate Drive, somebody was growing marijuana. This wasn't your garden variety home-stash plant under a grow light.

This was big.

About 500 plants worth of big, said police.

Each four feet tall, the potted plants were arrayed like row crops in the huge basement. They were hydroponic — grown without soil — and irrigated and fed by a elaborate network of pipes. Grow lights were set up to burn at different intensities and hours to imitate the seasons.

The growers had invested tens of thousands of dollars in heating and air conditioning upgrades to create a semitropical climate where the air was a slightly humid 81 degrees.

To save money — the operation can burn about $2,500 worth of electricity a month — and avoid detection by electric meter, the growers had hotwired the power system, digging a hole and tapping into an underground electrical line.

The discovery of the basement pot farm shocked residents. But for authorities, last week's bust was part of an improbably predictable pattern.

The Friar's Gate raid — which resulted in the arrest of Eduardo Rodriguez-Ibarra, 43, Jose Felipe-Bruno, 35, and Jorge Gonzalez-Sanchez, 36 — was the 34th home basement marijuana farm found in 13 metro Atlanta counties in the last three weeks.

"This is amazing, and it's not over yet," Capt. Mike Pruitt, commander of the Fayette County Sheriff's Office Drug Task Force. "It's like a snowball rolling down a hill. It just keeps getting bigger and bigger."

Pruitt, a 27-year veteran of drug enforcement, has become the defacto drug enforcement czar of the case by channeling information his investigators obtained after the Feb. 13 arrests of Merquiades Martinez, 35, and Blanca Botello, 34, in Fayetteville, to other police agencies. The husband and wife team masterminded the network of underground pot farms, police say.

The couple, and 24 others nabbed in the first bust, are charged with manufacturing and trafficking marijuana.

Steve Harris, an attorney for Botello, said she knew nothing about the pot growing operation. She and Martinez are scheduled to appear in Fayette Magistrate Court on Tuesday.

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When Fayette County District Attorney Scott Ballard held a press conference on Feb. 14, he said it was a $12 million drug enterprise, involving 12 homes. The number of homes has since almost tripled, and the number of people arrested is more than 40.

Friday morning, Pruitt's office was a hubub of activity. The phone rang constantly. One minute, it was an investigator. Another minute, it was the Fayette DA calling about the case. After another call, Pruitt hung up wearily.

"Looks like there could be two more, maybe, in Barrow County," he said. "And now it sounds like somebody from Lawrenceville drove a truck down there and dumped a load of pot in Tampa [Fla.] — they're running scared."

Authorities still won't say how long Martinez and Botello allegedly have been in the basement-grown pot business. She was a licensed ReMax Realtor who sold at least six of the houses that have been seized by police. Those purchases were made in 2005, Pruitt said.

Police say Botello was in on the scam and found and sold houses to operatives knowing they would convert basements to pot farms.

But cops didn't pick up the scent until they got a call about three months ago from an investigator with the Drug Enforcement Agency in Miami. "All he gave us was a name, Merquiades Martinez, and information that he was a master grower," Pruitt said.

Martinez ran a garden supply store just north of Fayetteville in a rundown strip shopping center on Georgia 85, next door to an alternator repair shop and an abandoned pool hall.

According to county business records, he obtained the business license for Panoramic Garden Hydroponics in Botello's name, in June 2006.

From the outside, the store appears anything but prosperous. A sign on the door reads "Walk-ins welcome." But few did, said investigators who staked out the place.

The store — which had shelves of plant food and books on hydroponic gardening — was usually closed during the day. Martinez would drop by at night, often pick up a few things, then head off to destinations around metro Atlanta.

"To be honest with you, we thought we'd find three or four houses at most," Pruitt said.

But after two months of tracking Martinez's movements, the investigators had connected him to 11 homes in Fayette, Henry, Coweta, Butts, Newton and Rockdale counties. The houses all had a similar setup.

They were new homes, pricey ($300,000 to $450,000), had big finished basements (1,500 to 2,500 square feet) and were in upper middle class neighborhoods, often widely spaced from neighbors.

Every home had a "baby sitter" who slept upstairs with spare accommodations — often just an inflatable mattress, a TV, a few pots and pans in the kitchen — and monitored the plants. The sitter followed instructions, written in Spanish, on the care of the crop. Many of the homes had red ribbons on front doors or on mailboxes, and good luck symbols of Santeria, an African-based religious practice, similar to voodoo, that originated in Cuba and Brazil. Investigators also found garlic cloves placed behind TV sets and in other locations in some of the houses.

The crops were harvested in 90-day cycles, said Pruitt. The marijuana is a potent hybrid, water-grown under controlled conditions and known as "hydro." It sells for six times as much as Mexican outdoor grown pot, said Pruitt.

"This hydro stuff goes for $3,600 a pound in Atlanta," he said. "But a lot of this is being shipped to New York City, where it sells for $6,000. It's really potent. The THC (the active ingredient that makes a user high) just drips off the leaves."

When investigators arrested Martinez at a pot house he allegedly set up in Coweta, they also served a search warrant on his garden supply store and seized his computer and paper records.

Those records became the blueprint for investigations and arrests across the rest of the metro area, including four drug house busts last week in Gwinnett. The revelation that the pot houses were stealing electricity alerted power companies who are also now a part of the investigation.

"They were having power surges, and they couldn't figure out why all the fuse panels were getting blown," said Pruitt. "Now they know. So, anywhere they're having transformer problems, they're letting us know. We've hit a few houses based on their information and haven't missed yet."

Ruth Porter-Whipple, a DEA spokesperson, said the indoor scheme was unusual for Georgia, where agents routinely find outdoor crops.

"The indoor grown is more desirable because it's more potent. But it's more expensive because of the electricity," she said.

As the number of busts grows, law enforcement agents are finding some of the basement pot farms abandoned, and the equipment left behind.

Some marijuana is being dumped, too. A worker discovered trash bags of discarded pot in a trash bin behind a Lawrenceville deli last week and alerted police.

Harris, Botello's lawyer, said his client was not involved in the pot-growing scheme.

"She was just a front so Martinez could get a license," he said. "The first time she even heard about this was the night agents showed up in the middle of the night and arrested her. She is just a real estate agent and had no idea these houses were for growing pot."

"They don't have a shred of evidence that she has ever used the word 'marijuana,'" he said, "let alone grows it."

Police: Couple Ran Pot Farm At Home (PL)

Patriot Ledger, March 2, 2007

BRAINTREE - A local couple has been busted for running a marijuana farm worth hundreds of thousands of dollars in their suburban home.

Peter Sakalis, 35, and his wife, Cynthia, 37, were arrested after police found 367 marijuana plants growing in the basement of their rented 250 Elm St. home.

Police also found dozens of boxes of harvested plants, cocaine and pills, drug packaging materials, a handgun and rifle ammunition.

The grow house operation is believed to be the largest ever uncovered in Braintree, according to Deputy Chief Russell Jenkins.

''(Sakalis) had a pretty good operation going for himself,'' he said. ''For an indoor grow, this is pretty significant.''

The charges are reminiscent of the popular HBO cable television series ''Weeds,'' which features a suburban housewife who turns to selling marijuana after her husband's death. In the show's second season, characters start a grow house out of a leased home in a gated bedroom community.

The Sakalises pleaded innocent in Quincy District Court yesterday to a series of charges including drug possession with intent to distribute, conspiracy to violate the Controlled Substances Act, intent to distribute within 1,000 feet of a school, possession of a large capacity magazine and possession of ammunition.

Following his arraignment, Sakalis was arrested again for allegedly failing to pay child support.

The couple's 6-year-old daughter, who was home at the time of the bust, was placed in the care of a grandmother.

Jenkins said while Sakalis was known to Braintree drug detectives, they had no idea about his alleged green thumb. Detectives Brian Cohoon and Michael Reynolds went to the Elm Street home early Wednesday morning as part of a multi-agency task force looking to arrest Cynthia Sakalis and her 17-year-old son on non-drug-related warrants.

''It was quite unexpected, to say the least,'' Jenkins said of the discovery.

Sakalis answered the door and told police that his wife was upstairs but that her son had spent the night at his father's house in Roslindale. While searching the house for the son, officers were ''overcome'' by the odor of marijuana inside the house, according to a police report.

When questioned about a locked door leading to the basement, Sakalis allegedly told police that the landlord kept it locked and that he had no key. Officers broke the lock and found hundreds of marijuana plants as well as equipment needed to grow the plants, such as high-intensity lights, an ozone generator and fertilizers.

According to town records, the house is owned by Demetra Poursanidis of Boston. Jenkins said there are no plans to charge her in connection with the grow house.

Reached by telephone, Poursanidis, who bought the house in June, declined to comment.

Jenkins said detectives plan to search electricity records for the house to determine how long the growing has been going on. The lights used to grow the plants consume a large amount of electricity.

Jenkins said police did not immediately know how much the seized crop was worth.

According to outside law enforcement agencies interviewed by The Patriot Ledger, the value could be anywhere from a couple hundred thousand to as much as $1 million, depending on the variety of marijuana being grown, and how much of the drug each plant yielded.

The Drug Enforcement Administration places a standard $1,000 price tag on each individual marijuana plant.

Lt. Paul Hayes, a detective with the Massachusetts State Police narcotics unit, said skilled growers can cultivate up to a pound of marijuana from each plant. A pound goes for $4,000 on the street, he said.

Jenkins said that Peter Sakalis told police that he had kept his wife in the dark about the growing.

''No one in that house could have been unaware of what was going on down there,'' Jenkins said.

Lafayette Man Pleads Guilty In Pot-candy Case (SFC)

By Henry K. Lee, Chronicle Staff Writer

San Francisco Chronicle, March 2, 2007

DOJ_NMG_0139592

OAKLAND -- The ringleader of an Oakland group that made marijuana-laced candy and soft drinks resembling popular confections was sentenced today to 70 months in prison, authorities said.

Kenneth Affolter, 39, of Lafayette pleaded guilty in September to a single count of conspiring to manufacture and distribute marijuana for making doctored treats that authorities said were packaged for shipment throughout the West Coast.

Affolter admitted that under the product name Beyond Bomb, he made a range of pot-laced treats with names like Buddahfingers, Munchy Way, Rasta Reece's, Puff-a-Mint Pattie, Keef Kat, Stoney Ranchers, Puffsi, Trippy, Pot Tart, Budtella and Toka-Cola. At a hearing today in Oakland, U.S. District Judge D. Lowell Jensen also ordered Affolter to pay a $250,000 fine and placed him on four years of supervised release.

The case was the latest pitting federal officials against medicinal marijuana advocates.

According to the Drug Enforcement Administration, marijuana is illegal regardless of why someone uses it and no matter what form it takes, especially marijuana candy products that mimic mainstream candies and are attractive to youths.

But angry medicinal marijuana users have said that the raids proved that the DEA and other law-enforcement agencies are running roughshod over local and state laws that allow for medicinal cannabis use.

In 1996, California voters approved Proposition 215, which allows the use of marijuana for medical purposes with a doctor's recommendation. Despite the law, authorities -- from the California Highway Patrol to the DEA -- have regularly pounced on local marijuana-growing operations in the Bay Area.

One of those raids was on March 16, 2006, when drug agents searched two adjoining warehouses at 1055 and 1071 Yerba Buena Ave. and at 3960 Adeline St. in Emeryville.

Investigators learned that a $3,913 PG&E balance for a month's period covered all three locations and was billed to Affolter, Drug Enforcement Administration Special Agent William Armstrong wrote in an affidavit.

Affolter told Oakland police officers who responded to a silent alarm at one of the Yerba Buena warehouses in February 2006 that "he made soaps and candles," agents wrote.

Investigators also searched Affolter's Lafayette home and a location on Telegraph Avenue in Oakland.

During the raids, investigators seized about $100,000 in cash, 11,692 rooted marijuana plants, 17,736 unrooted "clone" plants, marijuana-growing equipment, three weapons, an electronic money counter and hundreds of sodas and candy laced with marijuana, authorities said.

Yet Affolter, in a monitored telephone call to his parents from Santa Rita Jail in Dublin, boasted that the DEA "got a lot of money, but they didn't get it all!" Assistant U.S. Attorney Dana Wagner wrote Thursday in a sentencing memorandum.

In the same phone call, which took place shortly after his arrest, Affolter told his mother, "I am financially taken care of" and discussed spending "a couple of years" traveling the world, Wagner wrote.

Citing Affolter's apparent access to "significant undisclosed financial resources," the federal prosecutor urged the judge to impose a $500,000 fine.

A number of Affolter's former employees, who are codefendants, have also been convicted in the case.

Amy Teresa Arata of Oakland and Jesse Monko of Walnut Creek both admitted to performing supervisory roles in Affolter's marijuana operation. Each pleaded guilty to felony conspiracy counts. On Thursday, Jensen sentenced Arata to 18 months in prison; Monko received the same sentence today.

Nathan Woodard was sentenced today to two months in prison.

Jaime Alvarez-Lopez, Barbara Alvarez and Elizabeth Ramirez pleaded guilty to misdemeanor marijuana offenses. Each was sentenced in January to a year in prison.

Camilo Ruiz-Rodriguez was sentenced to eight months for a misdemeanor marijuana offense.

Last month, Maria Alarcon-Romero was placed on probation for a year.

Teresa Rojas will be sentenced on March 9, and James White and Robert Blackwell are scheduled to be sentenced on March 23.

Drug Smugglers Reroute Shipments Via Central America (LAT)

By Héctor Tobar

The Los Angeles Times, March 5, 2007

MANAGUA, NICARAGUA — Central America has become a crucial way station in the billiondollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies, U.S. and regional sources say.

The recent killings of three Salvadoran legislators in Guatemala underscored the shift, intelligence sources say. The lawmakers were shot and their bodies set ablaze last month, allegedly by a group of Guatemalan policemen working on behalf of Mexican drug traffickers.

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All sorts of people have been swept up in the drug trade as the smuggling routes have changed, including impoverished fishermen, small-town mayors, legislators and high-ranking police officials. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico.

Although it remains unclear whether the dead Salvadorans had ties to traffickers, other lawmakers from the country have been linked to the trade. Guatemalan officials have said the killings point to widespread infiltration of the country's police force by organized crime.

The four police officers charged in the killings, including the head of Guatemala's organized-crime unit, were later slain in their prison cells, in a stunning raid by armed men who may have entered the facility with the aid of guards and prison officials.

An intelligence official working in the region said the slain police officers worked for a Mexican cartel that ships drugs along the Pacific coast of Central America. The officers were enforcers dedicated to "knocking down" rival traffickers, the source said.

"This is a crime that can best be understood as part of the dynamic that sees drugs flow between Mexico and Colombia," said a second intelligence official, referring to the killing of the legislators. The officials asked not to be named, given the sensitive political nature of the crime — one of the victims was Eduardo Jose D'Aubuisson, the son of the founder of El Salvador's ruling party.

Although drug trafficking has long been common in remote areas of the region, such as the Caribbean coast of Nicaragua, the growing power of Mexican cartels has increased the importance of Central America as a transshipment point.

Smuggling routes across the Caribbean have largely fallen into disuse thanks to U.S. interdiction efforts there, and Colombian drug producers have ceded the bulk of the transportation business to Mexicans.

About 90% of the estimated 780 tons of cocaine entering the United States each year passes through the hands of Mexican drug traffickers, according to U.S. studies. Mexican traffickers see Central America as a natural hub between their Colombian suppliers and the smuggling routes the Mexicans control on the U.S. border.

The "Mexico-Central America corridor is … the predominant transit route for cocaine destined for the United States," U.S. officials wrote in the 2007 National Drug Threat Assessment.

Michael A. Braun, chief of operations for the U.S. Drug Enforcement Administration, said in a 2005 congressional hearing that "the corrupting power of illicit drug trafficking organizations on the governmental institutions of Central America significantly increases the difficulty of successful drug interdiction efforts."

Central America will remain the primary transit zone for U.S.-bound drugs "for the foreseeable future," Braun added.

The growing trade has reached areas of Central America where drug trafficking was rare just a few years ago. Police and military forces there are often undermanned and outgunned.

Nicaragua's small navy, for example, only has enough boats to patrol its coastline 12 days a month, officials say, a fact that helps shape the traffickers' strategy. "They know what our limitations are," said Capt. Roger Gonzalez Diaz of the Nicaraguan navy.

On the Pacific coast, the Nicaraguan navy has no craft larger than 40-foot-long "go fast" boats with outboard motors, vessels nearly identical to those the drug traffickers use. In fact, many of the navy's boats are vessels that were discarded by smugglers, Gonzalez Diaz said.

Operatives of Mexico's Sinaloa cartel arrived on the Pacific coast two years ago, officials with Nicaragua's National Police said.

With their Mexican accents, the men stood out. They were eager to buy old, abandoned farms along the beach. They didn't look like farmers, but they bought several tractors. They collected boats, too, but they didn't look like fishermen.

"The tractors were to build new airstrips and also to rehabilitate old ones," said a Nicaraguan police officer who specializes in drug intelligence.

One of the men was Samuel "Sammy" Gutierrez, a Colombian with Mexican identity documents, police said. He and two brothers from Mazatlan, Jorge and Roberto Garcia Villasenor, were air and sea "transportation specialists," police said.

The drug cartel operatives soon found themselves in a cat-and-mouse game with police leading to a plane crash on a rural highway and the arrest of a Mexican couple with nearly $300,000 in cash at a Managua airport.

"We confiscated three tons of cocaine," said an intelligence official with Nicaragua's national police. "We hit them hard."

Nearly all of the cocaine that enters the United States is produced in Colombia, according to U.S. studies. Most of it enters the U.S. through a two-stage process in which it is offloaded and stored at least once in Mexico or Central America.

Cocaine is shipped out of Colombia by sea and air, usually in amounts of a ton or more, through what U.S. officials call "the transit zone" — the stretch of ocean between Colombia and Mexico. Sometimes the traffickers hopscotch up the coast from Colombia to Panama, Costa Rica and other countries in the "go fast" boats.

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Or they may take a more circuitous route in a larger ship that will travel around the Galapagos Islands in the Pacific southwest and later offload to smaller vessels.

Once in Mexico, the drug traffickers benefit from well-traveled smuggling routes protected by corrupt state and local officials, as they move their shipments northward overland to the U.S. border. A war among competing cartels to control those routes, known as "plazas" in Mexico, led to more than 2,000 killings last year.

The various routes through the "transit zone" pass through the beaches of Belize, seaside villages in Honduras and ports along the Pacific coast of Mexico and many other places, according to data from the U.S. government's Joint Interagency Task Force South, based in Florida.

In 2005, U.S. officials discovered, via satellite imagery, an "aircraft graveyard" in the Peten jungle of Guatemala where drug traffickers had disposed of light aircraft that brought shipments from South America. The drugs were eventually smuggled overland into Mexico.

U.S. officials said that Central American organized-crime groups, working with the Mexican and Colombian cartels under a subcontracting system, are reaping huge profits. That money, in turn, is fueling a crime wave, especially in Guatemala and El Salvador.

In El Salvador, sources pointed to a key killing that went largely unnoticed in the local media: the 2005 shooting death of Jose "El Cranky" Cortes outside a San Salvador nightclub.

According to a Salvadoran academic who has studied the drug trade, Cortes controlled the retail drug trade in an urban region of El Salvador and was assassinated for trying to make connections with Colombian suppliers without the permission of other gang leaders.

It was the first time officials had documented contacts between high-level Salvadoran gang leaders and Colombian traffickers, the source said.

Along the impoverished Pacific coast of El Salvador and Guatemala, mayors and other low-level officials in seaside towns find that the sums of money offered by the traffickers are often too tempting to resist.

"This guy tells you that you can make $60,000 easily, very quietly," said one intelligence official who was not authorized to speak publicly.

The same networks that smuggle drugs northward are responsible for shipping several billion dollars in cash southward, usually in $20 bills, DEA officials said. So vast is the money flow that it is routine to arrest couriers carrying $1 million in cash or more in Central America.

The huge sums of money involved in the drug trade have already ensnared top officials in El Salvador.

Last year, William Eliu Martinez, a former Salvadoran congressman, received a 29-year prison sentence from a U.S. judge in Washington after being convicted of smuggling more than 30 tons of cocaine into the United States.

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The Los Angeles Times, March 4, 2007

Most Colombian cocaine entering the U.S. comes through the area, with cartels infiltrating security forces and government agencies.

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Special correspondent Alex Renderos contributed to this report from San Salvador.

IMMIGRATION:

Bush's Last Chance On Immigration (TIME)

By Massimo Calabresi / Washington

Time, March 5, 2007

People say a lot of things on the campaign trail, but when Texas Governor George W. Bush stood before conservative Iowa crowds in 1999 and talked about the urgency of immigration reform, it was hard not to believe he was speaking from the heart. "Family values do not stop at the Rio Grande," he said back then, and the felicitous phrase became a touchstone of compassionate conservatism for his campaign and his presidency. For Bush, making immigration fair and safe "is a matter of very strong personal commitment," says his spokesman, Tony Snow.

Bush is about to get his last chance to prove that that commitment is real. Immigration reform stands out as the unfulfilled promise of the Bush presidency, and as Congress prepares to debate a compromise bill in the coming weeks, Democratic leaders in the House and Senate say Bush's help is crucial. "We're going to need Republican votes," says Jim Manley, spokesman for Senate majority leader Harry Reid. "And we're going to need the President." But power is sluicing out of the White House, Iraq is draining the Administration's remaining energies, and the President is entering a difficult period with a Congress he has never treated with much respect.

November's Democratic victory in Congress should have improved Bush's odds of getting what he calls "comprehensive immigration reform": tightened border controls and work-site enforcement, a new guest-worker program and a solution to the problem of the U.S.'s 12 million illegal immigrants. Although some Democrats side with unions in opposition to the President's

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proposed guest-worker program, a majority favor his broad immigration reforms. At the same time, some of Bush's most outspoken Republican opponents lost in races to Democrats who back his position. Post-election polls showed Hispanic voters punishing Republicans, abandoning the G.O.P. in larger numbers than the rest of the electorate in what some analysts saw as a backlash against tough G.O.P. rhetoric on immigration. That impression may drive fence-sitting Republicans who represent Latinos to support Bush's moderate plans.

The election effect alone is not enough to deliver Bush the votes he needs, though, especially in the House. Privately, lawmakers and key aides in both parties are skeptical that he can make up those votes. Republicans say Bush's political weakness is too great to coerce enough wavering G.O.P. lawmakers to risk their seats out of loyalty to the President. "What leverage does he have? Not a lot," says a senior Senate Republican aide. Bush's influence has ebbed since the last Congress, when he failed to rally Republicans behind an immigration deal. Democrats say Bush's biggest problem is his style of dealing with Congress. "He likes to be the closer, bringing in the last five fence-sitters," says a senior House Democratic aide. "But this time he needs to engage early in the process to prove this is a real priority for him."

Bush's hardest challenge will be selling a fix for the 12 million illegal immigrants already living in the U.S. The new immigration bill, to be introduced in the Senate as early as next week by Democrat Ted Kennedy and Republican John McCain, will set most of them on a "path to citizenship." Opponents call that amnesty. Bush has been vague in his support for legalization. But Kennedy says that at a private meeting on Jan. 8, Bush gave him a commitment to back "comprehensive" legislation, which Kennedy believes is a commitment to granting them eventual citizenship.

One last opportunity for Bush may have come thanks to G.O.P. hard-liners. The only immigration bill that Congress managed to push through last session cracked down on illegal border crossing. At the same time, the Department of Homeland Security has stepped up work-site enforcement of laws banning the employment of illegal immigrants. The effect has been a marked labor shortage, especially in agriculture. Growers nationwide blame the shortage for losses in the hundreds of thousands of dollars. With business leaning on lawmakers to do something, the crackdown has "increased the chances of comprehensive immigration reform," says a senior Senate Republican aide.

Bush doesn't have much time. Democratic aides say Reid plans to get the new bipartisan bill to the floor this spring in the hope of forcing it through Congress before the presidential campaign paralyzes Washington. If it's not done by August, says one, "it's dead."

TAX:

Here Comes The AMT (USNEWS)

By Leonard Wiener

U.S. News and World Report, March 4, 2007

If your 2006 tax return is among the 3.5 million to 4 million that are projected to be hit by the alternative minimum tax, your only choice may be to grit your teeth. But don't feel neglected. Virtually everyone agrees that the AMT is out of control and needs to be fixed. The big question is how and at what cost in lost potential tax revenue—roughly $1.2 trillion over 10 years if the AMT is totally repealed.

So far, Congress has enacted short-term boosts in exemptions from the tax to slow its expanding reach from only about 1.3 million taxpayers five years ago. If a new temporary or permanent fix isn't enacted for 2007, the number of returns affected could soar to 23 million.

Good intentions. The AMTis an auxiliary tax with fewer deductions than regular tax and kicks in if your tax figured under its formula is greater than your tax figured normally. It was originally aimed at upper-income taxpayers who were avoiding very large amounts of tax through shelters and other manipulations, and it was never intended to be the nuisance it has become.

A failure to index the AMT to inflation and reductions in regular tax are among factors now extending the AMT's reach to some middle-class families.

The original purpose of closing tax shelters has in fact become a much smaller factor in the AMT's impact. Large payments of property tax and state income tax can trigger the AMT since those items aren't deductible when figuring it. People with many dependent exemptions are also susceptible.

"You could just be a normal person living your life and fall into it," says Bill Stone, investment director at PNC Bank's wealth management operation.

The AMT can erase part of the benefits of tax reductions and the cut in the capital-gains rate.

Dealing with the AMT can involve planning the year in which to take certain deductions, timing the receipt of income, manipulating the type and amount of debt, and other arcane issues. The tax is fertile ground for selling tax software or

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professional help, since you may have to go through complex calculations to figure out if you are hit by it, and tactics to minimize or avoid it in the future can be fraught with gotchas.

But maybe for those already affected, and those who soon could be, this all will turn out to be a tax horror story with a happy ending.

This story appears in the March 12, 2007 print edition of U.S. News & World Report.

CONGRESS-ADMINISTRATION:

Senators Vow Quick Action On Walter Reed (AP)

By John Heilprin

AP, March 5, 2007

Lawmakers promised a quick response and sought an independent commission as they expressed outrage Sunday over the poor conditions at Walter Reed Army Medical Center for soldiers wounded in Iraq and Afghanistan.

"I'm worried about if it's this bad at the outpatient facilities at Walter Reed, how is it in the rest of the country? Because Walter Reed is our crown jewel," said Sen. Charles Schumer, D-N.Y.

In a letter Sunday to Defense Secretary Robert Gates on Sunday, Schumer asked for an independent commission, possibly headed by former Secretary of State Colin Powell, to investigate all post-combat medical facilities and recommend changes.

"To think that men and women are serving their country in the most honorable and courageous way possible and all we give them is a dilapidated, rat-infested, run-down building to recover is a disgrace," Schumer wrote. "My fear is that Walter Reed is just the tip of the iceberg, and merely highlights the pervasive and systemic mistreatment of our service members."

President Bush last week ordered a comprehensive review of conditions at the nation's network of military and veteran hospitals. They have been overwhelmed by injured troops from the wars in Iraq and Afghanistan.

The White House said the president would name a bipartisan commission to assess whether the problems at Walter Reed exist at other facilities. Last week, Gates created an outside panel to review the situation at Walter Reed and the other major military hospital in the Washington area, the National Naval Medical Center at Bethesda, Md.

Gates also dismissed Army Secretary Francis J. Harvey, who had fired the medical center's previous commander, Maj. Gen. George Weightman, and replaced him with Lt. Gen. Kevin Kiley, the Army's surgeon general and a former commander of Walter Reed. Gates said that Harvey's response was not aggressive enough.

The Army announced that Maj. Gen. Eric B. Schoomaker will be the new commander of Walter Reed, which is in Washington.

In addition, the Army took disciplinary action against several lower-level soldiers at Walter Reed, but officials have declined to publicly confirm any details of those actions. Peter Geren, the undersecretary of the Army, will serve as Harvey's temporary replacement until Bush nominates a new secretary.

The moves came in response to a series of Washington Post reports about substandard conditions and bureaucratic snafus affecting the care of injured soldiers returning from Iraq and Afghanistan to Walter Reed, one of the military's highest-profile and busiest medical facilities, and its outpatient facilities.

The reports embarrassed the Army and the Bush administration at a time when the White House is scrambling to shore up eroding support for the Iraq war. They have prompted numerous calls in the newly Democratic Congress for more information, and sullied the reputation of what is supposed to be one of the military's foremost medical centers.

Sen. Carl Levin, D-Mich., said the scandal is emblematic of the Bush administration.

"I believe this disgraceful neglect has been the result of two things. One is a lack of accountability," said Levin, who is chairman of the Senate Armed Services Committee. "Almost no high-level people have ever been held accountable until Secretary Gates came along."

Levin said the second factor "is the overoptimism which just symbolized this administration right from the beginning of this war, that the mission was accomplished."

Sen. Dianne Feinstein, D-Calif., also praised Gates' quick response. "He's taken action, and not only low-level people but high-level people have been replaced, and I think that's welcome action."

Sen. Trent Lott, R-Miss., said he probably would support a commission such as what Schumer proposes. "Investigations are not always the best way to go, but I think we ought to do whatever's necessary," he said.

Lott said the revelations show that President Bush and Congress should take a look at all Veterans Affairs hospitals and military hospitals to be sure they are providing adequate services.

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"It is indefensible and appalling," Lott said. "Why didn't we know more and do more? I'm not, you know, trying to fix blame. I want to know how we're going to fix it."

Rep. Peter Hoekstra, R-Mich., called it an "appalling situation. Hopefully they're putting in place the leadership that will make sure that our troops get exactly the kind of quality care that they make. The sooner they get focused on this, the better."

Schumer and Lott spoke on ABC's "This Week." Feinstein and Hoekstra appeared on "Fox News Sunday." Levin was interviewed on CBS' "Face the Nation."

Democrats Fume Over Walter Reed Scandal (LAT)

By Noam N. Levey,

The Los Angeles Times, March 5, 2007

Sen. Charles Schumer says he fears this 'is just the tip of the iceberg.'

WASHINGTON — Congressional Democrats on Sunday kept up their attacks on substandard care for injured soldiers at Walter Reed Army Medical Center as they prepared for hearings on the issue this week.

"If it's this bad at the outpatient facilities at Walter Reed, how is it in the rest of the country?" Sen. Charles E. Schumer (D-N.Y.) said on ABC's "This Week." "Walter Reed is our crown jewel."

In a letter sent Sunday to Defense Secretary Robert M. Gates, Schumer called for the creation of an independent commission to examine conditions at all medical facilities treating military personnel and veterans. He suggested that former Secretary of State Colin L. Powell, a retired Army general and former chairman of the Joint Chiefs of Staff, lead the panel.

"To think that men and women are serving their country in the most honorable and courageous way possible and all we give them is a dilapidated, rat-infested, rundown building to recover is a disgrace," he wrote. "My fear is that Walter Reed is just the tip of the iceberg, and merely highlights the pervasive and systemic mistreatment of our service members."

Schumer's call for an independent panel follows a promise from President Bush last week to name a bipartisan commission for the same purpose.

The scandal over the living conditions and care for soldiers at a Walter Reed outpatient facility, detailed in a recent series of articles in the Washington Post, claimed two generals and the Army's top civilian last week. On Thursday, in response to the articles, Army Secretary Francis J. Harvey replaced the hospital's commander for the last six months, Maj. Gen. George W. Weightman, with Lt. Gen. Kevin C. Kiley, who had headed the hospital from 2002 to 2004. But veterans groups and legislators criticized that appointment, saying Kiley had known about problems and failed to act; a day later, Kiley lost the command and Harvey resigned under pressure, attacked for appointing Kiley.

Members of Congress from both parties have expressed outrage at the substandard care. The revelations have also embarrassed the Bush administration as it has been laboring to build support for sending 21,500 additional troops to Iraq.

Rep. Henry A. Waxman (D-Los Angeles), who heads the powerful Committee on Oversight and Government Reform, plans to hold a hearing at the hospital today. Weightman and Kiley are to testify.

The Senate Armed Services Committee plans a hearing on the matter Tuesday.

Meanwhile, Rep. John P. Murtha (D-Pa.), a staunch Iraq war critic, said that today he would unveil his plan to put new restrictions on the administration's war effort.

Murtha, chairman of the House Appropriations subcommittee on defense, has been working on ways to attach conditions to a nearly $100-billion emergency supplemental bill that would require troops to be fully trained and equipped before they are deployed.

"We should not send troops into combat if they don't have equipment and if they don't have the training they need," Murtha, a Vietnam veteran, said on NBC's "Meet the Press."

Murtha has also suggested requiring the withdrawal of U.S. forces unless the Iraqi government meets benchmarks showing progress toward reducing sectarian strife.

The proposal has been attacked by Republicans and some Democrats as an effort to micromanage the war, a critique reiterated Sunday by Sen. Lindsey Graham (R-S.C.), a leading supporter of the president's plans to boost the number of U.S. forces in Iraq.

"Some of these resolutions are just nightmares for a commander. You can fight Al Qaeda, but you can't fight people involved in sectarian violence. You can go here, and you can't go there," Graham said on NBC. "There's a reason there's only one commander in chief."

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Walter Reed Hearing To Put Spotlight On Kiley's Leadership (WP)

By Josh White

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The Washington Post, March 5, 2007

When the first congressional hearing about the care of wounded soldiers at Walter Reed Army Medical Center opens this morning in a campus auditorium, many eyes will turn to Lt. Gen. Kevin C. Kiley, who has served as the Army's top doctor since he gave up command of the hospital in 2004. The hearing will allow Kiley to explain why bureaucratic tangles and horrid conditions made life so difficult for outpatients at the Army's premier hospital, while also likely putting him in a position of defending his job.

Though members of Congress have called for Kiley to step down and take responsibility for the problems at Walter Reed, he has been spared so far. Other leaders have not been so fortunate: Maj. Gen. George W. Weightman, the hospital's commander the past six months, was fired on Thursday, and Army Secretary Francis J. Harvey was forced to resign on Friday, in part because he appointed Kiley to temporarily take over Weightman's job.

Kiley, the commander of Walter Reed from 2002 to 2004, has been accused of being brash and indifferent to concerns raised about problems there. After a series of Washington Post articles described the outpatient conditions at Walter Reed, Kiley said the problems "weren't serious and there weren't a lot of them," and that they were not "emblematic of a process of Walter Reed that has abandoned soldiers and their families."

People close to Kiley say he realizes he could lose his job over the problems that occurred on his watch, but many who have known him over the past several decades said it would be unlike him to give up. Many colleagues and former commanders described him as a dogged and aggressive leader -- sometimes to a fault. Others described him as constantly career-minded and focused on personal success. Through Army spokesmen, Kiley declined to be interviewed for this article.

Now at the pinnacle of Army medicine as the service's 41st surgeon general, Kiley is capping a diverse career with the challenge of a devastating scandal. Critics argue that his indifference exacerbated the problems; supporters say that he is the only person who can turn the situation around.

"Even if there were sins of omission on the part of General Kiley as he was focused on the soldiers' primary care, now that this will receive his attention in a way that he is uniquely capable of applying it, the Army couldn't have a better guy to do it," said Mike Sullivan, a retired Army colonel who has known and worked with Kiley since the early 1990s and considers him a friend. "He will be utterly ruthless in approaching the problem. I've seen him utterly ruthless any number of times, and it's a thing of beauty."

After graduating from medical school at Georgetown University, Kiley began his Army career as an obstetrics and gynecology specialist, a clinical area that doesn't often produce top Army brass. But he became the division surgeon with the 10th Mountain Division and later deployed to Saudi Arabia as commander of the 15th Evacuation Hospital in support of operations Desert Shield and Desert Storm, giving him wartime field experience.

Gen. William W. Crouch, who retired after serving as the Army's vice chief of staff and worked with Kiley at several commands, praised his ability to motivate staff members. Crouch said Kiley, an avid runner, was able to whip a group of doctors and nurses into shape before they deployed from Fort Polk, La., to the Middle East.

"I particularly remember him leading doctors, nurses and staff on early-morning runs," said Crouch, who in the early 1990s commanded the 5th Infantry Division at Fort Polk. "They probably did not like it, but he was preparing them for the rigors of war."

After graduating from the Army War College, Kiley went to Germany and as a colonel took command of the Landstuhl Regional Medical Center. There, he supervised the military's largest hospital outside of the United States and dealt with medical issues surrounding missions in the Balkans.

While there, he both impressed colleagues and irked them. In interviews, some said he was a deft leader, but others criticized his apparent desire to stick to the budget and increase productivity while sacrificing care.

"His last concern was his concern for the patient," said retired Col. Robert M. Tabachnikoff, chief of obstetrics and gynecology under Kiley at Landstuhl in the mid-1990s. Tabachnikoff said Kiley wanted to discharge new mothers within 24 hours of delivery to keep beds free and counted phone calls as office visits. "He was more concerned for meeting requirements and advancing his own career. . . . At last, it's catching up with him. His leadership style is being exposed."

Carolyn Bulliner, a retired colonel who has known Kiley since 1993, said he is a strong leader who has always thought the soldiers in his care were the most important aspect of his job. Bulliner, who now works down the hall from Kiley in the Army Health Facility Planning Agency, also said he is a dedicated family man, devoted to his three children. Two have followed Kiley into military service.

"All I can say is that he absolutely worked his best to ensure the right things were done for his soldiers," said Bulliner, who was director of nursing at Landstuhl. "He trusted and relied on us as his staff to do what we were supposed to do. . . . He got involved when he needed to get involved."

Retired Lt. Gen. Ronald R. Blanck, who commanded Walter Reed from 1992 to 1996 and then served as the Army's surgeon general until 2000, said he always found Kiley on top of things. In conversations with Kiley over the past few years,

Blanck noticed that he was particularly interested in front-line care for the wounded and appeared to delegate responsibility when the wounded returned to the United States.

"I don't think he saw himself as someone who should micromanage," Blanck said, adding that he thinks Kiley and Weightman were weighed down by the ballooning casualties from Iraq and Afghanistan. "It's just tragic all around. The problems could have easily been addressed by people paying attention. They were overwhelmed by the number of casualties and they unfortunately let that kind of thing slip."

Kiley's comments about Walter Reed are not the first time he has played down allegations of concerns with the Army medical community. In 2005, when Kiley's office reviewed detainee medical operations in Iraq, Afghanistan and Guantanamo Bay, Cuba, after the Abu Ghraib prison abuses, he said that no systemic problems were found but did not mention that his office found serious flaws in detainee health care overseas, and that it had identified dozens of abuse cases.

"The majority of medical personnel interviewed did not observe any abuse, and with few exceptions, those medical personnel who did observe suspected abuse reported it," Kiley said at a Pentagon news conference in July 2005. "The assessment results demonstrate that the nation can be proud of our military medical professionals."

The report, released the next day, showed that there were major gaps in detainee care and that there was little official guidance on how to treat detainees. Kiley also said he supported using psychiatrists and physicians on Behavioral Science Consultation Teams that were using medical information from detainees to guide military intelligence interrogations -- against the recommendations of a two-star general who led the assessment.

Leonard S. Rubenstein, executive director of Physicians for Human Rights, said that Kiley was not necessarily responsible for coming up with tactics that cross ethical boundaries, but that he defended them. "He did not oppose the use of physicians in military interrogations," Rubenstein said. "It's an invitation to abuse, because the involvement of physicians tends to aggravate the situation."

Kiley, as a three-star general, has gone as high as he can go within the Army's medical hierarchy, and most surgeon generals retire at the end of their four-year terms. Should Kiley weather this storm, he could hold his position until September 2008.

US Army Scrambles To Clean Walter Reed (CSM)

By Gordon Lubold

The Christian Science Monitor, March 5, 2007

WASHINGTON

The abrupt departure of the secretary of the Army, taking place as an angry Defense secretary responded to public criticism of how the Pentagon has treated its war wounded, is giving Congress fresh reasons to look more closely at war operations.

Monday, lawmakers are to begin a week of hearings that will look into the situation at Walter Reed Army Medical Center in Washington – how conditions worsened there and why it appeared, at least, that no one was paying attention. The Army's surgeon general, Army Lt. Gen. Kevin Kiley, and the commander of the hospital who was relieved of his duties, Army Maj. Gen. George Weightman, are to appear Monday on Capitol Hill. Intense questioning is expected from lawmakers on a subcommittee of the Oversight and Government Reform Committee.

The Army, meanwhile, is scrambling to rectify the situation: It's moving patients out of certain areas of Walter Reed in preparation for those places being refurbished, and it's creating new support initiatives to help wounded veterans of the war in Iraq.

"We've got to make sure that our VA hospitals and our military hospitals in this country are equipped to provide the services [so] that our men and women in uniform and our veterans can be confident that they're going to get the help they need," said Sen. Trent Lott (R) of Mississippi, appearing on "This Week" on ABC.

It's important to find out what happened, not to point fingers, Senator Lott said. "Why didn't we know more and do more?" he said. "I'm not ... trying to fix blame. I want to know how we're going to fix it."

The unraveling at the Pentagon began after a story in the Feb. 18 editions of The Washington Post, which detailed problems at what's been considered the nation's premier military medical facility. The story outlined issues with the physical condition of one of the buildings, Building 18, where troops recuperate, receive counseling, or await outprocessing from the military. The report included details of rotting walls and mold and pest infestation, as well as bureaucratic bungling that delayed services or support.

The portrayal of the hospital in the story sparked a furor in Washington. Within days, the Army had relieved General Weightman, and its leadership had identified General Kiley as the acting commander. A number of other, lower-level military personnel were also reassigned.

But that was not enough for Defense Secretary Robert Gates, who didn't like the way the Army, which runs the hospital, was responding. For example, Kiley, in a press tour of the hospital in the wake of the newspaper article, criticized the report for being too one-sided.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to the outpatient care at Walter Reed," Secretary Gates said in a briefing last Friday. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

Following Gates' remarks, the Army announced that Maj. Gen. Eric Schoomaker, a physician, would be named as the permanent commander of the hospital. General Schoomaker's older brother, Gen. Peter Schoomaker, is the Army's chief of staff. Another flag officer who is not a physician is expected to be named to the hospital's command structure to ensure someone without a medical background can keep an eye on the improvements, according to a Washington Post report Sunday.

Weightman's side of the story may emerge during the hearings. This may include the information that he did in fact listen to internal warnings last year about problems with staffing.

The Army released a statement Saturday that indicated Weightman had responded to those internal warnings from Army Col. Peter Garibaldi, the Walter Reed garrison commander. Colonel Garibaldi had warned that "patient care services are at risk of mission failure" due to a privatization effort that left the hospital short-staffed. According to media reports, Garibaldi said that Weightman had addressed each of three issues raised.

Rep. Henry Waxman (D) of California, who leads the Oversight and Government Reform Committee, said the Garibaldi memo raises "a new dimension to the problems at Walter Reed."

The problems at Walter Reed could be symbolic of the kind of neglect that many lawmakers believe exists across the military. Funding for a war that costs up to $7 billion per month has strapped resources that normally would be spent elsewhere.

Rep. John Murtha (D) of Pennsylvania, a respected Marine veteran who is pushing to bring troops home, asserted Sunday that the problems at Walter Reed have occurred because war costs have trumped so many other needs.

"It happened because the resources are so much in Iraq. They've spent so much money that they've ignored the very thing that is so important to our troops at home," Representative Murtha said on "Meet the Press."

'It Is Just Not Walter Reed' (WP)

By Anne Hull And Dana Priest, Washington Post Staff Writers

The Washington Post, March 5, 2007

Soldiers Share Troubling Stories Of Military Health Care Across U.S.

Ray Oliva went into the spare bedroom in his home in Kelseyville, Calif., to wrestle with his feelings. He didn't know a single soldier at Walter Reed, but he felt he knew them all. He worried about the wounded who were entering the world of military health care, which he knew all too well. His own VA hospital in Livermore was a mess. The gown he wore was torn. The wheelchairs were old and broken.

"It is just not Walter Reed," Oliva slowly tapped out on his keyboard at 4:23 in the afternoon on Friday. "The VA hospitals are not good either except for the staff who work so hard. It brings tears to my eyes when I see my brothers and sisters having to deal with these conditions. I am 70 years old, some say older than dirt but when I am with my brothers and sisters we become one and are made whole again."

Oliva is but one quaking voice in a vast outpouring of accounts filled with emotion and anger about the mistreatment of wounded outpatients at Walter Reed Army Medical Center. Stories of neglect and substandard care have flooded in from soldiers, their family members, veterans, doctors and nurses working inside the system. They describe depressing living conditions for outpatients at other military bases around the country, from Fort Lewis in Washington state to Fort Dix in New Jersey. They tell stories -- their own versions, not verified -- of callous responses to combat stress and a system ill equipped to handle another generation of psychologically scarred vets.

The official reaction to the revelations at Walter Reed has been swift, and it has exposed the potential political costs of ignoring Oliva's 24.3 million comrades -- America's veterans -- many of whom are among the last standing supporters of the Iraq war. In just two weeks, the Army secretary has been fired, a two-star general relieved of command and two special commissions appointed; congressional subcommittees are lining up for hearings, the first today at Walter Reed; and the president, in his weekly radio address, redoubled promises to do right by the all-volunteer force, 1.5 million of whom have fought in Iraq and Afghanistan.

But much deeper has been the reaction outside Washington, including from many of the 600,000 new veterans who left the service after Iraq and Afghanistan. Wrenching questions have dominated blogs, talk shows, editorial cartoons, VFW spaghetti suppers and the solitary late nights of soldiers and former soldiers who fire off e-mails to reporters, members of Congress and the White House -- looking, finally, for attention and solutions.

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Several forces converged to create this intense reaction. A new Democratic majority in Congress is willing to criticize the administration. Senior retired officers pounded the Pentagon with sharp questions about what was going on. Up to 40 percent of the troops fighting in Iraq are National Guard members and reservists -- "our neighbors," said Ron Glasser, a physician and author of a book about the wounded. "It all adds up and reaches a kind of tipping point," he said. On top of all that, America had believed the government's assurances that the wounded were being taken care of. "The country is embarrassed" to know otherwise, Glasser said.

The scandal has reverberated through generations of veterans. "It's been a potent reminder of past indignities and past traumas," said Thomas A. Mellman, a professor of psychiatry at Howard University who specializes in post-traumatic stress and has worked in Veterans Affairs hospitals. "The fact that it's been responded to so quickly has created mixed feelings -- gratification, but obvious regret and anger that such attention wasn't given before, especially for Vietnam veterans."

Across the country, some military quarters for wounded outpatients are in bad shape, according to interviews, Government Accountability Office reports and transcripts of congressional testimony. The mold, mice and rot of Walter Reed's Building 18 compose a familiar scenario for many soldiers back from Iraq or Afghanistan who were shipped to their home posts for treatment. Nearly 4,000 outpatients are currently in the military's Medical Holding or Medical Holdover companies, which oversee the wounded. Soldiers and veterans report bureaucratic disarray similar to Walter Reed's: indifferent, untrained staff; lost paperwork; medical appointments that drop from the computers; and long waits for consultations.

Sandy Karen was horrified when her 21-year-old son was discharged from the Naval Medical Center in San Diego a few months ago and told to report to the outpatient barracks, only to find the room swarming with fruit flies, trash overflowing and a syringe on the table. "The staff sergeant says, 'Here are your linens' to my son, who can't even stand up," said Karen, of Brookeville, Md. "This kid has an open wound, and I'm going to put him in a room with fruit flies?" She took her son to a hotel instead.

"My concern is for the others, who don't have a parent or someone to fight for them," Karen said. "These are just kids. Who would have ever looked in on my son?"

Capt. Leslie Haines was sent to Fort Knox in Kentucky for treatment in 2004 after being flown out of Iraq. "The living conditions were the worst I'd ever seen for soldiers," he said. "Paint peeling, mold, windows that didn't work. I went to the hospital chaplain to get them to issue blankets and linens. There were no nurses. You had wounded and injured leading the troops."

Hundreds of soldiers contacted The Washington Post through telephone calls and e-mails, many of them describing their bleak existence in Medhold.

From Fort Campbell in Kentucky: "There were yellow signs on the door stating our barracks had asbestos."

From Fort Bragg in North Carolina: "They are on my [expletive] like a diaper. . . . there are people getting chewed up everyday."

From Fort Dix in New Jersey: "Scare tactics are used against soldiers who will write sworn statement to assist fellow soldiers for their medical needs."

From Fort Irwin in California: "Most of us have had to sign waivers where we understand that the housing we were in failed to meet minimal government standards."

Soldiers back from Iraq worry that their psychological problems are only beginning to surface. "The hammer is just coming down, I can feel it," said retired Maj. Anthony DeStefano of New Jersey, describing his descent into post-traumatic stress and the Army's propensity to medicate rather than talk. When he returned home, Army doctors put him on the antipsychotic drug Seroquel. "That way, you can screw their lights out and they won't feel a thing," he said of patients like himself. "By the time they understand what is going on, they are through the Board and stuck with an unfavorable percentage of disability" benefits.

Nearly 64,000 of the more than 184,000 Iraq and Afghanistan war veterans who have sought VA health care have been diagnosed with potential symptoms of post-traumatic stress, drug abuse or other mental disorders as of the end of June, according to the latest report by the Veterans Health Administration. Of those, nearly 30,000 have possible post-traumatic stress disorder, the report said.

VA hospitals are also receiving a surge of new patients after more than five years of combat. At the sprawling James J. Peters VA Medical Center in the Bronx, N.Y., Spec. Roberto Reyes Jr. lies nearly immobile and unable to talk. Once a strapping member of Charlie Company, 1st Battalion, 5th Cavalry, Reyes got too close to an improvised explosive device in Iraq and was sent to Walter Reed, where doctors did all they could before shipping him to the VA for the remainder of his life. A cloudy bag of urine hangs from his wheelchair. His mother and his aunt are constant bedside companions; Reyes, 25, likes for them to get two inches from his face, so he can pull on their noses with the few fingers he can still control.

Maria Mendez, his aunt, complained about the hospital staff. "They fight over who's going to have to give him a bath -- in front of him!" she said. Reyes suffered third-degree burns on his leg when a nurse left him in a shower unattended. He was unable to move himself away from the scalding water. His aunt found out only later, when she saw the burns.

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Among the most aggrieved are veterans who have lived with the open secret of substandard, underfunded care in the 154 VA hospitals and hundreds of community health centers around the country. They vented their fury in thousands of e-mails and phone calls and in chat rooms.

"I have been trying to get someone, ANYBODY, to look into my allegations" at the Dayton VA, pleaded Darrell Hampton.

"I'm calling from Summerville, South Carolina, and I have a story to tell," began Horace Williams, 62. "I'm a Marine from the Vietnam era, and it took me 20 years to get the benefits I was entitled to."

The VA has a backlog of 400,000 benefit claims, including many concerning mental health. Vietnam vets whose post-traumatic stress has been triggered by images of war in Iraq are flooding the system for help and are being turned away.

For years, politicians have received letters from veterans complaining of bad care across the country. Last week, Walter Reed was besieged by members of Congress who toured the hospital and Building 18 to gain first-hand knowledge of the conditions. Many of them have been visiting patients in the hospital for years, but now they are issuing news releases decrying the mistreatment of the wounded.

Sgt. William A. Jones had recently written to his Arizona senators complaining about abuse at the VA hospital in Phoenix. He had written to the president before that. "Not one person has taken the time to respond in any manner," Jones said in an e-mail.

From Ray Oliva, the distraught 70-year-old vet from Kelseyville, Calif., came this: "I wrote a letter to Senators Feinstein and Boxer a few years ago asking why I had to wear Hospital gowns that had holes in them and torn and why some of the Vets had to ask for beds that had good mattress instead of broken and old. Wheel chairs old and tired and the list goes on and on. I never did get a response."

Oliva lives in a house on a tranquil lake. His hearing is shot from working on fighter jets on the flight line. "Gun plumbers," as they called themselves, didn't get earplugs in the late 1950s, when Oliva served with the Air Force. His hands had been burned from touching the skin of the aircraft. All is minor compared with what he later saw at the VA hospital where he received care.

"I sat with guys who'd served in 'Nam," Oliva said. "We had terrible problems with the VA. But we were all so powerless to do anything about them. Just like Walter Reed."

Staff researcher Julie Tate contributed to this report.

Army Hospitals: Finally, Some Action (NSWK)

By John Barry And Richard Wolffe

Newsweek, March 5, 2007

For a lot of soldiers, tangled bureaucracy and shabby living quarters are a way of life. Perhaps that's why the brass didn't respond to reports of mismanagement and decay at the Walter Reed Army Medical Center with more urgency. But the grim stories, first reported in The Washington Post, appalled the one person who really mattered: the new secretary of Defense, Robert Gates. He promised President Bush that high-level officials would be held accountable—and seemed to get that when the commander of the hospital, Maj. Gen. George W. Weightman, was fired. But then Gates found that the temporary replacement—Lt. Gen. Kevin C. Kiley, named after Weightman was sacked—had earlier run the place himself. According to a senior Defense official who didn't want to be named discussing personnel matters, a furious Gates demanded the resignation of the secretary of the Army, Francis J. Harvey.

Will it end there? Before he resigned, Harvey told reporters he had broadened the Army's own inquiry to include facilities such as Landstuhl Regional Medical Center in Germany, a target of complaints by some vets. Bush created a commission to study soldiers' health care, asking for "concrete recommendations" within months, and a final report within the year, according to a White House aide who couldn't be named discussing internal deliberations. It can't come too soon.

Reddit Washington Whispers (USNEWS)

By Paul Bedard

U.S. News and World Report, March 4, 2007

Nothing screams change to an old setting like a new set of furniture and edgy decorations. President Bush signaled a new, more formal tone when he junked former President Clinton's gaudy Oval Office furnishings. Nancy Pelosi returned grace and style to the House speaker's office with flowers and bowls of chocolates. And Bob Gates, the latest defense secretary, is doing it at the Pentagon.

Distinguishing himself from Don Rumsfeld's combativeness, Gates held his first press conference around a big table in a small conference room. But it was too cramped, so he set his sights on making the larger briefing room cozier. Gone is the lone podium, replaced by a set that would better fit a morning TV news show: a big table for himself and Gen. Peter Pace, chairman

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of the Joint Chiefs of Staff, in front of a world map. And unlike Rummy, Gates likes to sit, despite formerly heading Texas A&M University, where the "12th Man" tradition keeps students on their feet for Aggie games. "Frankly," says Gates, "I get tired when I stand up too long."

Now the decorations. Gates thinks the office looks better with a few trinkets from Aggieland, says spokesperson Hollen Wheeler. That, naturally, riled the larger corps of brass, who hail from the University of Texas. But Wheeler, herself a Longhorn, says the UT gang doesn't feel too threatened: They outnumber Aggies 9 to 2.

Breaking Bread Now, Heads Later

The groundwork is being laid for the first meeting between the two party chairmen, longtime Democratic boss Howard Dean and GOP newbie Sen. Mel Martinez. But it's not just to gab over a cup of Starbucks. Both sides want to make sure that the other won't let states hold primaries before New Hampshire's first. We hear that the GOP will activate a rule to punish state parties if they do by slashing their number of delegates at the nominating convention in half. The Democrats don't have a similar rule.

No Retreat, and a Plan to Get Even

Former House Majority Leader Tom DeLay is joining the activist world with a plan to return conservatives to dominance. DeLay calls his new group the Coalition for a Conservative Majority, and it has one mission: recruiting and electing conservatives in all 50 states. He plans to begin building it during an April book tour to promote No Retreat, No Surrender, his blueprint for victory. Ironically, DeLay was inspired by Democrats who followed their loss to President Bush in 2000 with what he calls a liberal shadow party that ousted the GOP last year and is aimed at installing Sen.Hillary Rodham Clinton in the White House.

Don't Mess With This Texan's Picks

Katrina cleanup czar Donald Powell didn't get his Super Bowl picks right, but he did correctly predict the vastly underrated New Orleans Saints and San Diego Chargers would make the playoffs. So considering those creds, we asked him his pick for the World Series. "The Houston Astros vs. the California Angels," he tells us. It's an authoritative guess: He talks baseball with former President Bush, a longtime fan, and current President Bush, a former Texas Rangers partner.

A Nelson Mandela for an Earlier Time

Most White House reporters stick to what they know when it comes time to pen a book. But Cox Newspapers correspondent Bob Deans thought bigger. "I found it fascinating to write about the first great leader we know of in English America—Chief Powhatan. "Yes, the father of Pocahontas and the first native big shot the British encountered. In The River Where America Began, Deans charts civilization along Virginia's James and finds the chief to be more than the despot others have called him. If Powhatan had been born today, Deans thinks he knows whom the chief would be compared to: "It's not hard to imagine Powhatan as a kind of 17th-century Nelson Mandela, standing boldly for the cause of his people."

Juicing the GOP Message

Florida's Rep.Adam Putnam, the No. 3 House Republican, isn't shy about his Sunshine State pride. After his alma mater University of Florida Gators won the national football championship, he met with reporters in the Capitol sitting next to an alligator head. Since then, he's talked politics with reporters over jugs of Florida's Natural orange juice, produced from a farming co-op begun in 1933 that his family is a part of. "We try to sweeten the reporters' dispositions," he jokes, and he thinks it's working. "We've been having a couple of good-message weeks."

What's With Watts and Richardson?

It could have been the environment, the Clinton School of Public Service in Little Rock, or the brash frankness of an ex-politician. But former Rep. J. C. Watts, once the House GOP's main communicator and a sometimes entry on Republican vice presidential lists, fessed up at the University of Arkansas last month that he likes Democratic New Mexico Gov. Bill Richardson in the 2008 presidential race. "Personally, I'm a Bill Richardson fan," he admits. "I think he has the Bill Clinton touch with people."

A G-Man's Version of Oprah's List

He's no Oprah. But FBI Director and avid reader Robert Mueller has started a new bureau reading list to help his G-men broaden their horizons. The list has more than 60 books about the FBI's history, terrorism, intelligence, and professional development. "He just thought," says an insider, "that we must have more formalized intellectual stimulation." Some gems: Public Enemies, by Bryan Burrough, about the birth of the FBI; The Looming Tower, Lawrence Wright's book about al Qaeda's road to 9/11; China, Inc. by Ted Fishman; and Louis Gerstner's Who Says Elephants Can't Dance? about IBM's historic turnaround. We also hear that Mueller's a big fan of former GE bigwig Jack Welch. So naturally, Welch's Winning also gets top billing.

Paul Bedard's blog is at www.usnews.com/whispers

With Anna Mulrine, Silla Brush, Suzi Parker and Chitra Ragavan

Focus Is On Veterans' Chief As Inquiries On Care Begin (NYT)

By Lynette Clemetson

The New York Times, March 5, 2007

WASHINGTON, March 4 — As President Bush ordered an investigation of the military's care of wounded soldiers and veterans last week, Jim Nicholson, secretary of veterans affairs, darted between events, seeking to put a positive public face on his beleaguered agency.

In Chicago on Friday, Mr. Nicholson spoke to a group of Navy boot camp graduates, toured the North Chicago V.A. Medical Center, and visited a private trauma clinic to gather ideas on providing special care for injuries like brain trauma.

"If there is even one injured veteran that falls through the cracks then that is too many," he said in a telephone interview at the end of the day. "It pains me to hear about problems in our system, but I am a competitor, and I am finding that it is strengthening my resolve and deepening my commitment."

In the wake of the shake-up last week in the Defense Department medical system — which included the firing of the two-star general in charge of Walter Reed Army Medical Center and the resignation of Francis J. Harvey as secretary of the Army — the Department of Veterans Affairs is facing intense political and public scrutiny. The agency operates the country's largest health care system, serving more than 5.5 million veterans a year.

On Monday, the House Committee on Oversight and Government Reform is to conduct a hearing at Walter Reed on the problems there, and the Senate Armed Services Committee has set a hearing for Tuesday. Mr. Nicholson's agency is also likely to come under scrutiny at the hearings.

"I welcome Congressional oversight, and the oversight of the president and the commission he is forming," Mr. Nicholson said. "I welcome them looking at us and taking a measure of how we are doing, so we can improve any deficiencies that are found."

Mr. Nicholson, 69, a Vietnam War veteran and past chairman of the Republican National Committee, was appointed by Mr. Bush to lead the department in 2005.

He has been accused by some veterans and the organizations that represent them of being primarily a mouthpiece for the Bush administration and of being slow to respond to increasing strains on his agency as returning soldiers move from facilities like Walter Reed, which is run by the Defense Department, into the veterans affairs system.

Critics say he has under-emphasized his agency's budget needs to Congress, has not responded to calls for more mental health workers and brain trauma specialists and has failed to overhaul disability claims procedures. Some leaders of veterans groups say Mr. Nicholson is less communicative than his predecessors.

"We're supposed to be partners, but there is no free flow of information since he took over," said Bill Bradshaw, director of National Veterans Service for the Veterans of Foreign Wars. "We often learn about changes after they are done, and there is little consultation."

Mr. Nicholson says his agency is making changes. It is putting procedures in place to screen all veterans from Iraq and Afghanistan for signs of brain trauma and the agency is also researching how to shorten the claims process, he said.

"I am willing to take responsibility for the mistakes in the system, but at the same time I am entitled to credit for all the good things and advances happening at the V.A.," Mr. Nicholson said. He said the V.A. system had been cited "as among the best, if not the best" integrated health systems in the country. Mr. Nicholson called the 2008 budget request of nearly $87 billion "a landmark request" and said that V.A. financing had increased by 77 percent since Mr. Bush took office in 2001. (Critics point out that there are also increased demands from the wars in Iraq and Afghanistan.)

Friends and colleagues say that Mr. Nicholson, a deeply religious man from dirt-poor Iowa roots, has maintained a chin-up response. But his wife, Suzanne, said the scrutiny and criticisms had shaken him.

"He's not one to show his emotions. When he is upset and worried a calmness comes over him," said Suzanne Nicholson, 62. "But it keeps him awake at night. It is terribly distressing and awful for him."

His stoicism and determination, said his wife and close friends, are an outgrowth of his tough childhood. Born in the small, rural town of Struble, Iowa, he was the third of seven children of an alcoholic father and a devout Catholic mother who taught her children nightly catechism lessons by kerosene lamp because the family had no electricity and no car to get them to daily Mass.

After high school, he was accepted to West Point. He was an Army ranger and was awarded a Bronze Star in Vietnam. Later, after law school, he became a legal counsel for the Denver Home Builders Association, and later a developer.

Mr. Nicholson was viewed skeptically by some in Washington when he was elected in 1997 to succeed Haley Barbour as Republican Party chairman. But he eventually won respect, even praise, as a skilled fund-raiser and a tough, credible leader. Mr. Bush appointed him ambassador to the Vatican in 2001.

Through his varied careers, Mr. Nicholson has never run anything even close to the size of the Department of Veterans Affairs, which operates 155 medical centers and roughly 900 outpatient clinics. With a staff of 235,000, it is the second-largest government agency behind the Defense Department.

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His detractors, including some leaders of veterans groups, say Mr. Nicholson has a far less cooperative relationship with their groups than his predecessors had. Some say he is more attentive to his bosses in the administration than the veterans he serves and that he lacks deep experience in veterans affairs.

"Mr. Nicholson is purely a political appointee who comes from a background of no involvement in veterans issues," said David W. Gorman, executive director of Disabled American Veterans. "He very much wants to do what he believes is the right thing to do, but not knowing the system as one needs to, he is at a distinct disadvantage."

Not all veterans representatives are as critica. John F. Sommer, executive director of the Washington office of the American Legion, the largest veterans service organization, said Mr. Nicholson had been attentive to his organization's needs.

"Are there problems with the V.A.? Sure. But did Jim Nicholson cause the problems? I don't think so," Mr. Sommer said. "Especially when it comes to funding, you have to look at the amount of money the V.A. is getting from Congress."

Some Congressional leaders say Mr. Nicholson and his agency are victims of political maneuvering. "Mr. Nicholson just happens to be in the wrong party," said Senator Larry Craig, Republican of Idaho, the ranking member of the Committee on Veterans Affairs. "People now want to say that not only are they against the war and the way the president has handled it, but now they want to take aim at the way the government takes care of the veterans."

More serious than complaints about Mr. Nicholson's style are charges that he has not sufficiently addressed efficiency and preparedness. Linda J. Bilmes, a professor of public finance at Harvard, recently completed a study of the long-term costs of providing medical care and benefits to veterans of the wars in Iraq and Afghanistan. The Department of Veterans Affairs, she said, "is overwhelmed in every area."

Valor And Squalor (NYT)

By Paul Krugman

The New York Times, March 5, 2007

When Salon, the online magazine, reported on mistreatment of veterans at the Walter Reed Army Medical Center two years ago, officials simply denied that there were any problems. And they initially tried to brush off last month's exposé in The Washington Post.

But this time, with President Bush's approval at 29 percent, Democrats in control of Congress, and Donald Rumsfeld no longer defense secretary — Robert Gates, his successor, appears genuinely distressed at the situation — the whitewash didn't stick.

Yet even now it's not clear whether the public will be told the full story, which is that the horrors of Walter Reed's outpatient unit are no aberration. For all its cries of "support the troops," the Bush administration has treated veterans' medical care the same way it treats everything else: nickel-and-diming the needy, protecting the incompetent and privatizing everything it can.

What makes this a particular shame is that in the Clinton years, veterans' health care — like the Federal Emergency Management Agency — became a shining example of how good leadership can revitalize a troubled government program. By the early years of this decade the Veterans Health Administration was, by many measures, providing the highest-quality health care in America. (It probably still is: Walter Reed is a military facility, not run by the V.H.A.)

But as with FEMA, the Bush administration has done all it can to undermine that achievement. And the Walter Reed scandal is another Hurricane Katrina: the moment when the administration's misgovernment became obvious to everyone.

The problem starts with money. The administration uses carefully cooked numbers to pretend that it has been generous to veterans, but the historical data contained in its own budget for fiscal 2008 tell the true story. The quagmire in Iraq has vastly increased the demands on the Veterans Administration, yet since 2001 federal outlays for veterans' medical care have actually lagged behind overall national health spending.

To save money, the administration has been charging veterans for many formerly free services. For example, in 2005 Salon reported that some Walter Reed patients were forced to pay hundreds of dollars each month for their meals.

More important, the administration has broken longstanding promises of lifetime health care to those who defend our nation. Two months before the invasion of Iraq the V.H.A., which previously offered care to all veterans, introduced severe new restrictions on who is entitled to enroll in its health care system. As the agency's Web site helpfully explains, veterans whose income exceeds as little as $27,790 a year, and who lack "special eligibilities such as a compensable service connected condition or recent combat service," will be turned away.

So when you hear stories of veterans who spend months or years fighting to get the care they deserve, trying to prove that their injuries are service-related, remember this: all this red tape was created not by the inherent inefficiency of government bureaucracy, but by the Bush administration's penny-pinching.

But money is only part of the problem.

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We know from Hurricane Katrina postmortems that one of the factors degrading FEMA's effectiveness was the Bush administration's relentless push to outsource and privatize disaster management, which demoralized government employees and drove away many of the agency's most experienced professionals. It appears that the same thing has been happening to veterans' care.

The redoubtable Henry Waxman, chairman of the House Committee on Oversight and Government Reform, points out that IAP Worldwide Services, a company run by two former Halliburton executives, received a large contract to run Walter Reed under suspicious circumstances: the Army reversed the results of an audit concluding that government employees could do the job more cheaply.

And Mr. Waxman, who will be holding a hearing on the issue today, appears to have solid evidence, including an internal Walter Reed memo from last year, that the prospect of privatization led to a FEMA-type exodus of skilled personnel.

What comes next? Francis J. Harvey, who as far as I can tell was the first defense contractor appointed secretary of the Army, has been forced out. But the parallels between what happened at Walter Reed and what happened to New Orleans — not to mention parallels with the mother of all scandals, the failed reconstruction of Iraq — tell us that the roots of the scandal run far deeper than the actions of a few bad men.

At The Pentagon, Gates Seen As Liberator (WP)

By Thomas E. Ricks

The Washington Post, March 5, 2007

Robert M. Gates is finding Donald H. Rumsfeld an easy act to follow, as the new defense secretary wins hearts and minds throughout Washington and overseas.

"Stylistically, it's night and day," said Rep. Mark Udall (D-Colo.), a member of the House Armed Services Committee. With Gates's modest manner, Udall said, "He's the anti-Rumsfeld."

At the Pentagon, where Gates has been greeted as a liberator, "you can already feel the stability," said retired Air Force Lt. Gen. Charles F. Wald, formerly the deputy U.S. commander in Europe. He said he considers the appointment of Gates to be the Bush administration's best move in years.

At the same time, Gates has shown that he can act decisively, as when he fired Army Secretary Francis J. Harvey on Friday over the handling of the growing patient-care scandal at Walter Reed Army Medical Center. Expressing disappointment, Gates said that "the problems at Walter Reed appear to be problems of leadership."

Former national security adviser Brent Scowcroft urged caution on Gates's honeymoon. "How much of it is Bob Gates as a personality, manager and leader, and how much of it is Rumsfeld being gone, is hard to say," said Scowcroft, who has known Gates for 30 years. "Rumsfeld was a difficult man to work for."

Indeed, in his first months at the Pentagon, Gates has been welcomed largely because of who he is not rather than what he has done, noted a longtime friend who has held top national security posts. In the months ahead, however, Gates will be judged on his own decision-making in the war he has inherited from Rumsfeld. Speaking privately with members of Congress, Gates has said he has three priorities in his new job: "Iraq, Iraq and Iraq."

It isn't clear that the goodwill Gates has engendered will help him manage the war. "I don't know that anybody can do that job," former defense secretary William S. Cohen said. "I think he'll do as well as anyone can do."

Gates said he finds it "amusing" to see people parsing out whether he is distinguishing himself from his predecessor. Rather, he told reporters in Spain last month, "I'm just going along doing what feels right for me."

One thing that apparently feels right is slyly alluding to Rumsfeld's memorable statements. Speaking at a recent security conference in Germany, Gates said that divisions such as "Old Europe versus New" were "characterizations [that] belong to the past" -- a reference to a crack made by Rumsfeld in January 2003 that rankled some longtime NATO allies.

One major difference for Gates from his previous work in intelligence -- he spent 27 years at the CIA, serving as director from 1991 to 1993 -- is the amount of time he must spend in the public eye, testifying before Congress, holding news conferences and visiting foreign capitals. In his first 2 1/2 months as defense secretary, he has visited Iraq, Afghanistan and Europe.

He has made it clear he doesn't intend to emulate Rumsfeld's bravura-filled televised briefings. "I feel more at ease in a more informal setting," he said last month. "I like a setting that is more of a conversation than a one-way means of communication."

Some experts worry that Gates's inexperience in military affairs will make him rely too much on a defense establishment that was slow to adjust to reality in Iraq. Others argue that his expertise will help. "This is an intelligence war," said Andrew Krepinevich, a retired Army officer who directs the Center for Strategic and Budgetary Assessments. "How many tanks we have doesn't matter. So Gates being an intelligence guy might be a real advantage." Gates was also a member of the Iraq Study

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Group, which in December called for the United States to withdraw most combat forces from Iraq early next year -- a move the Bush administration has rejected.

In contrast to Rumsfeld's damn-the-torpedoes style, Gates conceded in the conference in Germany that the United States sometimes makes mistakes and must better explain its actions, especially with issues such as the treatment of terrorism suspects held at the detention facility at Guantanamo Bay, Cuba. The audience of 250 security officials and experts applauded enthusiastically.

A significant step Gates took at the Pentagon early on was putting the word out that he would keep almost everyone in their jobs -- including some officials seen as Rumsfeld men. "His choice to work with people already in place rather than bring in a new team sent a very strong signal of confidence in the professionalism of the organization, and they were thirsting for that after Secretary Rumsfeld's erratic irascibility," said Kori Schake, who worked with the Rumsfeld Pentagon as a White House defense official and now teaches at West Point.

Despite some departmental friction over the burdens of Iraq, Gates seems to have a better relationship with Secretary of State Condoleezza Rice than did Rumsfeld. Both are Soviet experts, and they have known each other since they were on the staff of the National Security Council during the George H.W. Bush administration. Last year Rice asked Gates to be her deputy. "I think they have a real compatibility," Cohen said.

World Bank Slow To Inform Employees Of Baghdad Shooting (WP)

By Al Kamen

The Washington Post, March 5, 2007

World Bank employees were surprised late Thursday by an e-mail advising them that a bank driver in Iraq had been seriously wounded in a shooting in Baghdad the previous week, and had been evacuated from the country.

Usually, news of serious staff injuries goes up quickly on the internal intranet. "When anything like this happens in a country it's supposed to go up there immediately," one staffer explained. "People are concerned, maybe it's someone they know, and injuries can often occur while working in Third World countries. And they want to know the bank is looking out for them."

But Thursday's e-mail, sent at 6:16 p.m. from Daniela Gressani, a vice president for the Middle East and North Africa (MENA), came hours after employees had been passing around a story by the Inter Press Service news agency about the shooting -- and accusing the bank of keeping it quiet so as not to disturb efforts to recruit employees to work in Iraq.

In her e-mail, Gressani -- who recently replaced another vice president who had questioned World Bank President Paul Wolfowitz's decision to go big-time into nation-building in Iraq -- said that MENA employees at a Feb. 22 meeting "were informed that we had just evacuated a bank driver from Baghdad who had been injured when caught in a cross-fire at a checkpoint.

"Many of you have asked about his progress," she wrote, reporting that he had been "evacuated and treated in a hospital" in Amman, Jordan. The employee's name and that of his family were being withheld for his privacy and their safety, she said. His condition was "stable and improving daily and we expect a full recovery."

The bank's rank and file were upset because the Inter Press article was the first time many headquarters employees -- for example, those who work in the Asia, Africa or Latin America regions -- and others stationed around the world -- had heard of the shooting. The intranet postings, we're told, are the first thing bank employees check every morning when they get to work.

We began calling the bank Thursday afternoon about the incident in order to knock down the accusation that the bank had kept the matter under wraps, but have not gotten a response.

First Lady Weighs In on Iraq, Then Finds Safety in Seals

First lady Laura Bush raised a few eyebrows last Monday when she weighed in on the Iraq war during an interview with CNN's Larry King.

She acknowledged that the war was "wearying," and "probably" would continue after she and her husband leave town, and then reminded us that the media make things seem worse than they really are.

"Many parts of Iraq are stable now," she told King. "But, of course, what we see on television is the one bombing a day that discourages everybody."

Even President Bush, who used to make the press-bashing argument, no longer does so.

But, judging from a White House release Friday, she was back on message.

"This is a great way to end today, with the monk seals," she told reporters after visiting the Hawaiian Monk Seal Captive Care Project at Midway, "because so far today it's looked like this is all really bird life, but the real huge number of species, and one of the reasons this has been named a national monument, is because of the marine life -- the fish that we didn't get to see today, of course, we didn't snorkel, but if you were here in the summer, you probably could do that -- and all the other algae and other things that are below the water that are so important to this national marine monument."

A reporter asked a question about the visit.

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"Well, I love the monk seals, of course, everyone loves them, loves the way they look," she said. "And then I fell in love with all those little albatross chicks. You feel very protective of them, they're so vulnerable, sitting on their nests. It's so important that they don't have -- they don't have any natural predators here in their natural life, and it's really important that no invasive predators ever come."

Can't argue with that.

Bob Ney, Still Glad He Didn't 'Miss the Dance'

Some people, reflecting on a particularly bad patch in their lives, often turn to poets, writers, spiritual leaders and the like for philosophical ballast.

Former representative Bob Ney (R-Ohio) -- heading to the federal pen last week for 30 months for taking free meals, gifts and trips from disgraced lobbyist Jack Abramoff-- turned to Garth Brooks.

In an e-mail to supporters obtained by Gannett News Service, Ney said he would "not have access to e-mail so this will be my last for awhile. i wanted to drop you a short e-mail to give you my address," in Morgantown, W.Va., he wrote, including his inmate number -- 28882-016. The e-mail, typed in all lowercase letters, can be found at http://www.zanesvilletimesrecorder.com/apps/pbcs.dll/article?AID=/20070301/NEWS01/70301003. Ney said, "someone asked me the other day, if i wish i had never ran for office. i answered that i am glad that i did. nothing can erase the wonderful memories . . . working to bring jobs to the district, helping constituents . . . trying to change law to help people. . . ." Not to mention that wonderful golf trip to Scotland.

Then he did a Rumsfeld-style self-interview. "would I change things if i could,sure. am i sorry for things that happened, absolutely, and i will pay the price."

He closed: "As garth brooks said in his song the dance:

and now I'm glad I didn't know
the way it all would end, the way it all would go
our lives are better left to chance,
i could have missed the pain,
but i'd have had to miss, the dance."

Cheney Takes His Line, if Not His Cue, From Gore

Former U.N. ambassador John Bolton has been trashing the administration lately, but Vice President Cheney had only praise for him at the Conservative Political Action Conference here last week, saying he wanted "especially" to recognize Bolton, "who did a superb job for America at the United Nations."

Cheney even stole a line from Al Gore. "Like it or not," he said, "the enemy we face in the war on terror has made Iraq the primary front in that war. To use a popular phrase, this is an inconvenient truth." The crowd laughed and applauded.

Out Of Stocks, And Into ...? (WSJ)

By E.s. Browning

The Wall Street Journal, March 5, 2007

All dressed up with no place to go.

That's the problem confronting the investment dollar in the wake of last week's stock slide.

As billions of dollars came out of the world's stock markets last week, the money didn't just evaporate. It is trying to decide where to alight.

The economy continues to grow, generating profits. Market interest rates remain low -- in fact they have been falling again -- making it cheap to borrow money. So there is no shortage of cash.

The question is where, once the dust settles a bit, the cash will go. Some lately has been heading for safety, to such things as Treasury bonds. In the longer run it is likely to go elsewhere as well, and where you think it will go depends a lot on what you think just happened to the financial markets.

Analysts see at least three ways to view last week's trouble, which resulted in a 4.2% drop in the Dow Jones Industrial Average. Goldman Sachs economists Ed McKelvey and Andrew Tilton outlined three competing views in a report last week.

1. A much-overdue short-term pullback. The Dow Jones industrials hadn't fallen as much as 2% from a high in more than seven months, and hadn't fallen 10% in almost four years. That is an exceptionally long time without a serious hiccup.

If last week's trouble was just a hiccup, then stocks should rebound in the next few weeks, and the trick is to pick out the stocks likely to rebound the most.

"This does not mark the end of the cyclical bull market," wrote veteran money manager Steve Leuthold, chairman of Leuthold Weeden Research, in a special report to clients after Tuesday's 416-point Dow selloff.

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"I am extremely doubtful that this big down day marks the start of the market's widely anticipated 7%-10% correction phase," Mr. Leuthold wrote. "Why? Because far too many CNBC pundits now expect this to happen." He said he would be looking for stocks to buy, including adding to his investments in China.

Some analysts think that even if the problems are just temporary, they could last a little longer. In this view, hedge funds -- large, loosely regulated pools of private capital -- had more money invested in stocks than they really wanted, to avoid being left behind by the market's rampant gains. Now, with the market clearly no longer rampant, hedge funds will take the opportunity to pull back and bet on declines -- and while they do so, stocks could remain under pressure.

2. A flight from risky investments. If that is what is going on, then the market shift is more serious.

At least for now, this appears to be happening. Investors suddenly have pulled back from a raft of risky securities, from developing-country stocks and bonds to junk bonds and small stocks in the U.S.

"I would caution people not to say that this is over," says Marc Stern, chief investment officer at Bessemer Investment Management in New York. His view is that investors had become blasé about risky securities, paid too much for them, and now are seeing the prices of those assets fall back to a more normal level. "One should naturally expect heightened volatility to persist. A healthy correction in this time period wouldn't surprise us," he says -- meaning he thinks risky investments could fall further.

Mr. Stern, in other words, won't be following Mr. Leuthold into China anytime soon. He won't be buying developing-country bonds until their prices have fallen to a level he considers more realistic. Earlier this year, Mr. Stern had built up his cash hoard and has pulled back from risky securities. Once the storm seems to be passing, he says, he likely will buy larger, blue-chip stocks that can withstand the possibility of more stormy weather as the year progresses.

"Some of the easy money that went elsewhere may be coming back to the U.S.," says Richard Sichel, chief investment officer at Philadelphia Trust, who also thinks the stocks of big U.S. multinational companies could come back into favor. Big-stock bulls have been predicting such a shift for more than a year, and big stocks generally have lagged behind other investments, but the bulls think they will come into their own now.

Nervousness about risk also is evident in the way investors have been using stock options. For months, investors didn't feel much need to buy and sell stock options to protect themselves from sudden market changes. An index measuring the use of options, called the Vix and tracked by the Chicago Board Options Exchange, has been unusually low for months. Last week it jumped 70%, an almost unheard-of gain in percentage terms. In absolute terms, however, the Vix is still well below its historic average.

3. A sign of a weaker economy to come. This could be the most troubling prognosis. Some investors took former U.S. Federal Reserve Chairman Alan Greenspan at his word last week when he said a recession later this year couldn't be ruled out. These investors see the flight to bonds as another sign conservative investors are hunkering down for a period of economic trouble.

Until last week, investors who had bet on a softening economy hadn't done very well. Consumer spending and corporate profits repeatedly have come in stronger than most pundits expected. Reports of the consumer's demise have been exaggerated.

Despite this, the Goldman economists say in their report that they think economic growth, the housing market and consumer spending all may be softer this year than more bullish analysts are forecasting. They also don't rule out the possibility that default problems in the lower end of the mortgage market could bleed into other lending markets.

The Goldman economists see a silver lining: They expect the Fed to step in by June and begin cutting its target interest rates.

Early this year, before the U.S. government slashed its once-strong estimate of fourth-quarter economic growth, many investors thought the robust economy would prevent the Fed from cutting interest rates until year's end, if then. Today, with the economy appearing to be growing more like 2% than 3% annually, bond yields and interest-rate futures suggest many investors think the Fed will cut rates by summer to give the economy a boost.

Lower interest rates support stronger economic growth. They also support home sales because they make it cheaper to invest in land and to take out a mortgage.

And cheap money makes it easier for people to borrow money and invest in financial markets. A big source of support for the stock market over the past four years, and for a wide variety of riskier investments, has been the huge amount of cash sloshing around, looking for a place to go. The availability of cheap money has made investors a lot more comfortable about taking risk.

As long as the Fed is expected to cut rates -- rather than raise them, as it was doing in 2000, when the last bear market began -- the cheap money can continue supporting stocks. Cheap money would help offset some of the worries these days about slowing economic growth, a credit crunch, a weak housing market and investor exposure to risky assets.

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Mortgage Crisis Spirals, And Casualties Mount (NYT)

By Julie Creswell And Vikas Bajaj

The New York Times, March 5, 2007

Even in affluent Orange County, Calif., the growing wealth of executives and brokers in the booming mortgage industry was hard to miss.

For Kal Elsayed, a former executive at New Century Financial, a large lender based in Irvine, driving a red convertible Ferrari to work at a company that provided home loans to people with low incomes and weak credit might have appeared ostentatious, he now acknowledges. But, he says, that was nothing compared with the private jets that executives at other companies had.

"You just lost touch with reality after a while because that's just how people were living," said Mr. Elsayed, 42, who spent nine years at New Century before leaving to start his own mortgage firm in 2005. "We made so much money you couldn't believe it. And you didn't have to do anything. You just had to show up."

Just as the technology boom of the late 1990s turned twenty-something programmers into dot-com billionaires, and leveraged buyouts a decade earlier turned Wall Street bankers into Masters of the Universe, the explosive growth in subprime lending turned mortgage bankers and brokers into multimillionaires seemingly overnight.

Now an escalating crisis in the market, which seemed to reach a new crescendo late last week, is threatening a wide band of people. Foremost are the poor and minority homeowners who used easy credit to buy houses that are turning out to be too expensive for them now that mortgage rates are going up, but the pain is also being felt widely throughout the business world.

Large companies that bought subprime lenders during the boom, like H&R Block and HSBC, are now scrambling to sell them or scale back their exposure. Many investors are also likely to suffer: Wall Street firms made billions in fees, commissions and trading revenue from packaging and selling subprime mortgages to them as bonds.

New Century has emerged as a poster child for the lenders that rode that boom to the top and are now in free fall. The company disclosed on Friday that federal prosecutors and securities regulators were investigating stock sales and accounting errors. The latter could jeopardize billions of dollars in financing for the company, which issued $39.4 billion in subprime loans in the first nine months of last year.

Weakening home prices and rising default rates have rocked the subprime business. But for those who cashed out before the market turned, the ride up was particularly sweet. The three founders of New Century, for example, together made more than $40.5 million in profits from selling shares in the company from 2004 to 2006, according to an analysis by Thomson Financial. They collected millions of dollars more in dividends, salaries, bonuses and perks.

The company said in a statement yesterday that the founders were "still significant shareholders," noting that they collectively owned about 7 percent of the company at the end of last year.

New Century's stock price, which seemed to mirror the trajectory of the subprime business, peaked at nearly $66 a share in December of 2004 and traded in the $40s most of last year; on Friday, it was trading at $11 a share after the market closed. In a series of sales from August to November, two of the company's founders sold shares for an average price of about $40 a share, for a total profit of $21.4 million.

It is not known whether the stock sales by the founders are among the sales being examined by federal investigators. Some of them had been part of scheduled stock sales that are often used by executives to diversify their portfolios. But some of the sales occurred on the same day that the executives entered the plans. A New Century spokeswoman, Laura Oberhelman, said that executives declined further comment.

The founders' stock also rose in the social circles of southern California, the epicenter of the boom in subprime. Five of the 10 biggest providers of subprime mortgages last year had their headquarters in the region.

Robert K. Cole, 60, a co-founder who retired as chairman and chief executive last year, lives in a 6,100-square-foot oceanfront home in Laguna Beach that is valued at tens of millions of dollars and was once owned by the chief executive of Pimco Advisors, the giant bond trading and management firm. Edward F. Gotschall, 52, another co-founder who is vice chairman of the board, donated $3 million for an expanded trauma center at Mission Hospital that will be named for him and his wife Susan.

The executives from New Century are by no means alone in cashing in on the bonanza, and they do not appear to have scored the biggest profits. That title may be claimed by Angelo R. Mozilo, the chief executive of Countrywide Financial, the nation's largest stand-alone mortgage company and one of the largest subprime lenders last year. He reaped more than $270 million in profits from sales of stock and the exercise of stock options from 2004 to the start of this year, according to the Thompson analysis.

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Of course, most of the 500,000 people who work in the mortgage industry did not cash in so grandly. The wealth was concentrated among executives, loan officers and brokers, because the greatest rewards were meted out in the form of commissions, bonuses and stock awards.

"In the hot times, it was not unusual to see a broker make a million bucks," said Guy Cecala, publisher of Inside Mortgage Finance, a trade publication. "You can carry that up further to people who ran the companies. The whole business revolves around personal compensation."

The hot times are clearly over.

New Century's disclosure of the federal investigations on Friday was the most serious in a string of shocks to have rocked the industry in the last three months.

A handful of lenders have sought bankruptcy protection, several have been acquired and a few have been shut down. Also on Friday, Fremont General, a top-five lender, said it planned to leave the business.

Industry officials say they are seeing an exodus of executives and salespeople as companies fold, cut jobs and push out early leaders.

"Everyone has run for the hills," said William D. Dallas, whose company, Ownit Mortgage, filed for bankruptcy protection in December after it lost financing from Merrill Lynch and other banks.

For the borrowers of these mortgages, it may become more difficult to refinance if lending standards are tightened significantly. Many are already facing the prospect of payment shock when low, fixed-interest mortgage rates adjust to higher, variable rates.

On Wall Street, big investment banks could lose a significant source of revenue if the appetite for bonds backed by mortgages dries up.

In the last two years many skeptics began warning that the red-hot housing market and adjustable-rate loans would blend into a toxic brew. Last year, subprime loans totaled $600 billion, or about 20 percent of all mortgages, up from $120 billion and 5 percent in 2001, according to Inside Mortgage Finance. More than half of subprime loans have adjustable rates.

Many of the problems that have surfaced thus far are not tied to the resetting of rates. Rather, they stem from a sharp and early spike in the default rates among loans issued last year.

For example, about 13.8 percent of the loans in a group of mortgages New Century sold to investors in April were behind in payments or in foreclosure by January. By comparison, only 6 percent of loans in a pool sold to investors in March 2005 had met that same fate by January 2006.

Investors and regulators fear that the problems will only worsen as so many borrowers have fallen behind so quickly, especially at a time when the overall economy is healthy. The phenomenon suggests that lending standards were significantly weakened last year and that lenders were not as watchful for fraudulent transactions.

For New Century, the early payment defaults pose significant financial problems. In the first nine months of last year, Wall Street banks and investors that it does business with forced it to buy back $469 million in loans it had sold to them, up from $240 million for the same period in 2005.

The company was able to sell back about half of those loans at a discount of 26.5 percent. How it handled the remainder — about $227 million — is now under scrutiny. According to accounting rules the company should have valued the loans on its books for what they were worth today, not their previous face value. But it did not.

If it had, the company would have seen its earnings fall by about $60 million before taxes, wiping out most of its profit in the third quarter, according to Zach Gast, an analyst at the Center for Financial Research and Analysis, a forensic accounting firm.

This is important, because the company's financing agreements require that it not lose money for any rolling six-month period. On Friday, New Century said it did not expect to make a profit in the six months that ended in December and that it was negotiating with lenders to waive the requirement but has only secured six of 11 waivers it needs.

"They had losses sitting on their balance sheets," Mr. Gast said.

In August, the company's chief financial officer, Patti M. Dodge, announced she was stepping down from her post to oversee investor relations, a department that typically reports to the chief financial officer. Taj S. Bindra, a former executive at Washington Mutual, replaced her in November.

For the second time in a decade, New Century finds itself fighting to survive. The firm's roots were planted at Plaza Home Mortgage Bank where the three founders of New Century — Mr. Cole, a longtime mortgage executive; Mr. Gotschall; and a lawyer named Bradley A. Morrice — worked together. The three formed New Century in 1995 after Plaza was sold to Fleet Mortgage Group, now a part of Washington Mutual.

In the late 1990s, New Century narrowly survived accounting concerns and a scare in the bond market after Russia' s default in 1998. It pulled through thanks to an investment by U.S. Bancorp, a bank based in Minneapolis.

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With interest rates at historic lows, it quickly grabbed a big share of the fast-growing subprime market during the housing boom.

“They walked into a niche industry at a time when everything was lining up perfectly for what they did,” said W. Scott Simon, a managing director at Pimco Advisors. “In 2001, 2002 and 2003 the subprime business was just phenomenally profitable. Home prices kept appreciating and it seemed that no loans ever went bad.”

From Serving In Iraq To Living On The Streets (WP)

By Christian Davenport

The Washington Post, March 5, 2007

It was a bad week for Aaron Chesley. He talked back to the staff at a Baltimore homeless shelter, got into an argument with a fellow veteran and missed an appointment for his post-traumatic stress disorder counseling session.

"Are you still watching the news?" his counselor, Anthony Holmes, asked.

Maybe that's what had set Chesley off. He had been showing progress since he came to the program last fall. But television footage from the war could cast him back in Iraq in an instant, back to fingering the trigger of his machine gun, scanning the horizon for insurgents. And Holmes knew it wouldn't take much for Chesley to land back on the streets.

"No. If the news is on, I turn my back," Chesley said.

In a homeless shelter filled with Vietnam War veterans, Chesley, 26, a former Catonsville High School honors student who joined the West Virginia Army National Guard in 2000 to help pay for college, was the only one in the facility who fought in the country's latest conflict. But across the nation, veterans of recent combat in Iraq and Afghanistan are slowly starting to trickle into shelters, officials say.

The number of homeless veterans from recent wars is hard to gauge. From 2004 to 2006, the Department of Veterans Affairs provided shelter to 300 veterans of Iraq and Afghanistan tours, out of the tens of thousands who have served.

That figure "is not even close to accurate," said Paul Rieckhoff, executive director of the Iraq and Afghanistan Veterans of America, because it doesn't include the "others sleeping in buses, their cars or on the streets."

In New York City alone, he said his organization has helped 60 homeless veterans since 2004.

As in the Vietnam War era, when thousands of vets ended up homeless, there are already signs that the recent conflicts are taking a traumatic psychological toll on some service members. Many veterans' advocates said that despite unprecedented attempts by the military and Veterans Affairs to care for veterans, increasing numbers of the new generation of warriors are ending up homeless.

"This is something we need to be concerned about," said Cheryl Beversdorf, president of the National Coalition for Homeless Veterans, a Washington-based nonprofit.

Not everyone agrees, however, that the wars will spark a significant uptick in homelessness. Peter H. Dougherty, director of Veteran Affairs' Homeless Veterans programs, said that the administration is "light years ahead" of where it was during the Vietnam era. Without a draft, today's all-voluntary military is "better physically and mentally prepared" for combat, he said. The department now also provides free health care for two years after Iraq and Afghanistan vets get out of the military, and it's focusing on preventive services that help veterans and their families cope.

"We are continuing to expand services, but we don't see any influx yet," he said.

* * *

The debate comes as Army studies have found that up to 30 percent of soldiers coming home from Iraq have suffered from depression, anxiety or PTSD. A recent study found that those who have served multiple tours are 50 percent more likely to suffer from acute combat stress.

Veterans' homeless shelters across the country, such as the Maryland Center for Veterans Education and Training in Baltimore, are bracing for increased demand. "The wave has not hit yet, but it will," said retired Army Col. Charles Williams, MCVET's executive director.

Nearby, the South Baltimore Station shelter is doubling the size of its program in anticipation of the Iraq war vets it expects to serve, said Woody Curry, the center's program director. He thinks it will be several years before they start showing up in large numbers.

"Usually it takes a period of time before it surfaces -- the PTSD," he said. "And the military mentality leads you to try to tough it out and not say anything."

He said he was particularly worried about members of the National Guard and Reserves who return to their civilian lives after their service. "A lot of these guys were just everyday working people, and then you put them in a situation like that," he said. In Iraq, "you're on a hyper-vigilant state all the time. You can't turn that off. It becomes who you are."

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Meanwhile, a report by the Democratic staff of the House Veterans Affairs Committee found that from October 2005 to June 2006, the number of Iraq and Afghanistan veterans seeking services from walk-in veterans centers doubled, from 4,467 to 9,103.

"It's clear from the report that Vet Center capacity has not kept pace with demand for services, and the administration has failed to properly plan and prepare for the mental health needs of returning veterans and their families," U.S. Rep. Michael H. Michaud (D-Maine), a member of the committee, said in a statement.

But Dougherty said the increase shows that more veterans were receiving treatment, and that the department's efforts to reach out them has succeeded. It has started sending letters to vets returning from Iraq and Afghanistan with the location of the nearest veterans center and "encouraging them to go," he said.

"One of the big differences now is we're much more in a preventative health-care mode than we were in the past," he said. "We're hoping by getting that early intervention we'll be able to take care of them."

Although many vets suffer from PTSD, "epidemiologic studies do not suggest that there is a causal connection between military service, service in Vietnam, or exposure to combat and homelessness among veterans," according to the Veteran Affairs Web site. Rather, homelessness in veterans is cause by an amalgam of forces: family support, finances, education, mental illness -- the same factors that cause homelessness in the general population.

The veterans department is going to considerable lengths to reach out to Iraq and Afghanistan veterans and their families, Dougherty said. There are also specialized services for women, who are an increasing part of the military force and are seeing combat in Iraq. Meanwhile, the total number of homeless veterans has gone down from about 250,000 10 years ago to about 194,000 this year.

The Army has increased the number of mental health professionals in Iraq and Afghanistan, and a pilot program where primary care physicians at Army bases screen patients for PTSD and other disorders is expanding. The military has also started following up on service members three to six months after they return from war to check on their overall physical and mental health.

* * *

In Iraq, Chesley's unit provided convoy security, which meant the Army specialist was out on the roads exposed, always wondering when the next roadside bomb would explode.

He became hardened, he said, prepared to die: "It was kind of like you embrace death to stay alive. If you were going to die, you were going to die."

When he got home in March 2005, he struggled to adapt from the first day. He was excited to be home, and he knew his family was waiting, but as he got off the plane he felt dizzy.

Once gregarious and engaging, Chesley was withdrawn and sullen. This was not the young man who was a star athlete and an honors student, whose walls were adorned with plaques and certificates, whose principal, Robert Tomback, recently remembered him as "bright, quite charming and enormously popular."

Chesley started drinking heavily, he said, "putting coffee in my vodka just to get going in the morning." Drinking led to drugs and that led to trouble.

He stole about $600 from his mother. He was arrested twice for DUI, once after he hit a police car, the other after he flipped the truck with the windows he tinted so no one could see him drinking and smoking pot as he drove. He ended up floating between family members' homes.

He tried to resume his studies at West Virginia University, but he couldn't regain his old life.

Finally, his stepfather brought him to a VA Hospital in Baltimore, and Chesley was diagnosed with PTSD and bipolar disorder. Later, he enrolled in MCVET, the nonprofit shelter that provides drug and alcohol counseling and other services.

Sitting across from Holmes at the counseling session, Chesley was a model of contrition and promise. He vowed to take his medicine, to talk to someone if he felt rage creeping up, to "work on being respectful even if I'm angry."

Holmes finally let him go but worried.

"He's still got a lot of anger from the war," Holmes said after Chesley left. "He's on thin ice. He's on real thin ice."

A few weeks later, Chesley left the program, and its director of student services said he didn't know what happened to him.

Chesley's stepfather, Bennie Price, said he recently enrolled in a veterans program in West Virginia after "hitting rock bottom again."

Reached by phone last night, Chesley admitted he had slipped. "But I know I need help," he vowed. "And I want to succeed."

For Rep. Sanchez, A Hot-tomato Label Means A Hot Potato (LAT)

By Ashley Powers

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The Los Angeles Times, March 5, 2007

Pacing next to the desk and U.S. flag in her district office in Garden Grove, the paradox that is Rep. Loretta Sanchez was on full display.

The congresswoman ticked off a meaty legislative to-do list: immigration reform, port safety, stopping sex trafficking, revamping "terrible management" at the Department of Homeland Security. She was articulate and sharp, even magnetic.

At the same time, she was shedding a red St. John Knits suit and shimmying into an ao dai, a traditional Vietnamese tunic and pants, for her next event. Meaning that she was telling a female reporter about her chairmanship of the House Subcommittee on Border, Maritime and Global Counterterrorism while wearing only pants and a black bra.

Was this a glimpse of Loretta Sanchez, siren, a politician known for her strenuous workout regimen and fondness for come-hither heels? Or was this Loretta Sanchez, harried congresswoman, too wrapped up in important national issues to take a break in the name of modesty?

Few members of Congress, if any, are such a walking Rorschach test. In the decade that Sanchez has represented central Orange County, the Democrat has been viewed alternately as a masterful fundraiser, legislative lightweight, political mentor, headstrong politician, leading Latina voice and one of Congress' "babes."

Her latest headline-maker, quitting the Congressional Hispanic Caucus, mixes two familiar elements in Sanchez's career: politics and the risque.

Sanchez had told Politico, a new website covering Capitol Hill, that her departure was due in part to Rep. Joe Baca's demeaning manner toward women and his gossiping that she was a "whore," both of which he has denied.

Comedy Central's Stephen Colbert then devoted an entire "Colbert Report" segment to pondering, "Is Loretta Sanchez a whore?" (No, the comedian decided.) Last week, several caucus members unsuccessfully tried to oust Baca, a Democrat from Rialto, as the group's chairman, the Hill newspaper reported.

In the coming months, Sanchez will be tested on whether her reputation will be more coquette or congresswoman. Entrenched in the House majority for the first time, she is allied with House Speaker Nancy Pelosi (D-San Francisco) and sits on two of the most prominent committees: Armed Services and Homeland Security, being the second-ranking Democrat on the latter.

Sanchez, 47, has also recently considered a gubernatorial run, creating a committee, People for Loretta 2010, that allows her to raise money. Among her biggest hurdles to a statewide win, she said while rushing from her office to Little Saigon's Tet Festival: "I don't sit on the fence and nuance things, and sometimes voters don't like that." The plain-speaking Sanchez is an intriguing study at a time when female politicians have reached new heights — House speaker and viable presidential contender, to name but two — but she still gets criticized for a flirtatious nature.

"I think that traditionally what the public has seen as far as a woman in politics is someone that dresses a certain way and has a certain demeanor and is always very serious, because that's what it took to break through," Sanchez said. "I think you're seeing a whole new set of women … feeling much more comfortable about being themselves versus being some blob that will blend in."

Fred Smoller, a Chapman University political scientist who backed the appointment of Sanchez to the school's Board of Trustees in 2001, said that if the congresswoman were male, she would be described as "feisty and independent" and be taken more seriously.

"My God, if we can have a former action hero as governor, why not someone who served 10 years in Congress?"

Sanchez sauntered onto the national stage in 1996 with the nickname "Dragon Slayer" after ousting longtime incumbent Republican Rep. Robert Dornan. Her victory coincided with the national emergence of Latinos as a voting power — within once-homogenous Orange County, as well — and gave her a prominent platform.

She trumpeted a rousing personal narrative: shy second child of seven born to Mexican immigrants who won a scholarship to Chapman University in Orange, earned an MBA from American University in Washington, D.C., and became a financial consultant. (Sanchez's husband of 14 years, Stephen Brixey, filed for divorce in 2004, citing irreconcilable differences.)

After taking office, she expressed a disappointment in an interview with the New York Times: "The news stories tend to say I won because I'm Latina or because Bob Dornan was extreme — not because I was strategic or smart."

That disappointment lingered, even as Sanchez pummeled a new GOP challenger every two years in a district where Democrats hold a slight registration edge, but which President Bush won in 2004 and which Gov. Arnold Schwarzenegger took last year, according to an analysis by the nonpartisan California Target Book.

A close talker with a penchant for patting arms and gripping shoulders, Sanchez has a style that some label friendly and others flirtatious. With animated eyes and a build she describes on her MySpace page as "5'4"/Slim/Slender," she was initially labeled by Washingtonian magazine as one of the House's new "babes."

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But the magazine's subsequent surveys of Capitol Hill aides have also placed Sanchez on lists such as "No Altar Boy/Girl" and "No Rocket Scientist." A reporter once asked Sanchez who would play her on television. Jennifer Lopez, she replied, since "I've got a big booty."

Rep. Linda T. Sanchez (D-Lakewood) said critics fixate on her sister's personality because they "can't pick apart the substance of who she is as a person or her work…. Everyone complains about how boring members of Congress are, but as soon as someone exhibits a personality, puts their own stamp on something, everyone comes out with a dagger."

Sanchez has indeed been skewered as squandering her national platform — and reaping publicity for, of all things, her cheeky holiday cards. Starring her long-haired cat, Gretzky, they have shown the pair in a red convertible, in bed and most recently on a beach chair — with the feline in her lap — under the phrase "Pet the Cat."

"She is not accused of anything except being in-your-face: 'She stands too close. She's too flirtatious,' " said Carol Hardy-Fanta, director of the Center for Women in Politics and Public Policy at the University of Massachusetts. "There are so few women in Congress that when one's a little flamboyant, she stands out."

Other sore spots: Sanchez doles out endorsements sparingly, despite being one of the GOP-dominant county's few Democrats with little competition. And a onetime business associate who was her first campaign manager, Howard Kieffer, had gone to prison for federal tax fraud in 1989.

Then there is Bunnygate. During the 2000 Democratic National Convention, Sanchez riled party members by scheduling a fundraiser at the Playboy Mansion; the Bunnies were to don more modest cocktail attire. Democratic leaders took away her speaking slot at the convention. Sanchez moved the event and again was offered a speaking slot. She declined. A staffer for the congresswoman christened the office goldfish "Hef."

"Show me three important national pieces of legislation that have come out of her office," said UC Irvine political scientist Mark Petracca. "If I were her, I'd be scared. You had an excuse all these years" — being in the minority party — "and you could play frivolous. Not anymore."

Among her legislative accomplishments, Sanchez lists a resolution that rebuked the Vietnamese government for confiscating private property; voting against the Iraq war and opposing the president's plan for a troop surge; and made an issue of military sexual assault laws and — before it dominated headlines — how military tribunals operate.

There is little dispute about her fundraising prowess. In her most recent race, Sanchez pocketed $1.3 million, a formidable war chest for an election that was dismissed as a cakewalk. Republican challenger Tan Nguyen mustered a little more than $500,000, according to the Center for Responsive Politics.

Backed heavily by unions, Sanchez helped sister Linda, a former labor organizer, top a tough Democratic field in 2002. Sanchez's mentoring is often credited with launching fellow O.C. Democrats Lou Correa and Joe Dunn to Sacramento.

"She could charm wallets out of pockets," said John Hanna, a trustee for the Rancho Santiago Community College District in Santa Ana. It's a skill that has blocked county Republicans from wooing a viable challenger.

Though Sanchez's key supporters are Latino, she has won over the district's Vietnamese American leaders by so doggedly criticizing their homeland's human rights record that she has been repeatedly denied a visa.

When Nguyen asked Tony Lam, a former Westminster councilman, for his endorsement in their November race, Lam said: "I told him, 'You're not ready yet. There's no way you can run against her.' "

That hasn't kept some from speculating that a strong Vietnamese American candidate such as Assemblyman Van Tran (R-Garden Grove) could unseat her. But Sanchez has also nurtured a strong relationship with her district by spending her weekends jumping from parades to banquets to festivals to ribbon-cuttings — events that Dornan, her predecessor, often eschewed.

On a recent Saturday, after she shook hands at the Tet Festival, Sanchez again donned the red knit suit and headed to the Veterans Affairs hospital in Long Beach before attending a formal event in her district. As Sanchez chatted with a patient about his mother's enchiladas and planted a kiss on his forehead, a hospital staffer whispered that the congresswoman shows up far more often than other politicians.

Sanchez also helped another patient dial his cellphone and later teased a doctor: "You're Vietnamese? Why aren't you at the Tet Festival?"

In the lobby, punctuating each word with a gesture, she said she couldn't grasp the policy wonks in Congress dreading time among the kind of constituents who relish her candor and unpredictability.

"They say I'm a legislator. She crinkled her nose for emphasis. "Well, I'm a politician and a legislator."

A Senator's Railroad No-Brainer (WP)

By Robert D. Novak

The Washington Post, March 5, 2007

DOJ_NMG_0139618

The Federal Railroad Administration handed a rare victory to the American taxpayer last week by denying a questionable $2.3 billion loan application by the Dakota, Minnesota and Eastern (DM&E) Railroad. What makes this news of special interest is the paramount role Sen. John Thune (R-S.D.) played in boosting the loan. Here is a cautionary tale of political life in Washington and how it corrupts.

Thune guided through Congress legislative changes that made the loan possible. But an assessment that DM&E was a poor credit risk was shared by two other conservative senators -- Tom Coburn of Oklahoma and Jim DeMint of South Carolina -- who took the extraordinary step of advocating rejection of a colleague's pet project. Making matters worse, Thune worked as a paid lobbyist for the South Dakota-based railroad before his election to the Senate and has received political contributions from company executives.

Thune entered the Senate in 2005 as a rising GOP star after defeating Democratic leader Tom Daschle. He declared himself eager to rein in spending in a Republican-controlled government. But instead of aligning with his party's reformers, Thune has been energetic in promoting pork for South Dakota. After the embarrassment of the DM&E loan rejection, a Republican Senate source who did not want to be identified said: "One can hope this episode helps Thune recover his revolutionary zeal."

DM&E applied for the loan guarantee under the Railroad Rehabilitation and Improvement Financing (RRIF) program to build and renovate a railway from the Powder River Basin in Wyoming, across South Dakota and into Minnesota to carry coal, ethanol and other agricultural products. This area is already served by two railway giants, Union Pacific and Burlington Northern Santa Fe.

The fact that RRIF still exists is testimony to Thune's energy and skill. The program was zeroed out of President Bush's 2005 and 2006 budgets, but it was saved and revised behind closed doors under Thune's leadership as part of the 2005 transportation appropriations bill (which contained the infamous "Bridge to Nowhere"). Indeed, Thune took credit for it, traveling through South Dakota in November 2005 to spread the good news.

Whether this qualifies as an earmark is a matter of opinion. Coburn and DeMint contend that the loan is about policy. Normally, when senators dislike a colleague's protected project, they follow the chamber's politesse and swallow their objections. Not Coburn and DeMint, who since their election in 2004 have waged war on pork.

On Jan. 23, without telling Thune, they wrote Transportation Secretary Mary Peters: "Because the applicant could not secure private funding, we are concerned that a loan of this size unnecessarily puts taxpayers at risk." Rep. Jeff Flake (R-Ariz.), the leading House opponent of earmarks, opposed the loan for the same reason, as did the conservative National Taxpayers Union and Citizens Against Government Waste.

Last Monday, Federal Railroad Administrator Joseph H. Boardman indicated he agreed, denying the loan application because there was "too high a risk concerning the railroad's ability to repay."

None of these critics mentions Thune's connections with DM&E. Since 2001, the railroad's executives have given him $21,750 in contributions (all but $2,000 before his election in 2004). In 2003 and 2004, when Thune was a private citizen between service in the House and Senate, he received $220,000 as a lobbyist for DM&E. (Thune says he never worked on the loan application as a lobbyist.)

If he had it to do over again, I asked the senator last week, would he still advocate the loan project? Thune replied: "I don't know what else I could do. I was strong for my state. It was a no-brainer."

The DM&E loan cannot prove a cautionary tale for Thune unless he knows he went in the wrong direction and admits it, at least to himself. If he has not come to terms with this, he is not alone. Well-meaning conservatives such as Thune get caught up in procuring the benefits of the federal leviathan for their states and their constituents. It is much of what ails the Republicans.

Going Down With The Ships (WP)

By Craig Hooper

The Washington Post, March 5, 2007

Over the past six years, 79 condemned Navy ships have been towed out to sea and destroyed by Air Force bombs, submarine-launched torpedoes or hails of gunfire. These exercises, long considered the most cost-effective way to dispose of unwanted naval vessels, have eaten away at America's inventory of still-useful retired warships. Soon every vessel capable of serving in America's reserve combat fleet could vanish, leaving an overextended Navy with no viable backup forces. This unwise drawdown goes against Navy tradition.

As the Navy budget, already under pressure because of the wars in Iraq and Afghanistan, is hoarded for new shipbuilding initiatives, the inactive reserve, an emergency fleet of second-string warships, is quietly becoming a sham.

Denied maintenance funding and protected only from "fire, flooding and pilferage," decommissioned warships are quickly deteriorating past any hope of recall. The aircraft carrier USS Constellation, "mothballed" in 2003, went from the battle fleet to designation for the artificial-reef donation program in a mere three years.

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Since being sworn in early last year, Secretary Donald C. Winter, a former Northrop Grumman executive, has headed a Navy that is continuing to dispatch vessels with an efficiency unseen since just after World War II, when the battle fleet was chopped from 6,768 ships to 634.

Important reserve warships are disappearing. The USS Belleau Wood, an amphibious assault vessel used to carry helicopters and Marines, returned from a Persian Gulf deployment in 2004, was decommissioned in 2005 and was sunk just eight months later.

At one time, prudent thinking would have dictated that the Belleau Wood undergo a life-extending refit and return to service for 15 more years. But that mind-set is long gone. Meanwhile, a better candidate for target practice, the former USS New Orleans, a helicopter carrier decommissioned in 1997, rots away, still waiting to be sunk.

As the United States confronts an enormous budget deficit and a looming shortage of already overtasked amphibious assault vessels, the expense of mothballing -- and in an emergency, repairing and operating -- venerable Marine "Gators" might seem trivial compared with the cost of the replacement vessels, the Northrop Grumman LHA(R) assault ship.

Even relatively fresh vessels are being wrecked. According the Naval Vessel Registry, the ex-USS Valley Forge, a billion-dollar antiaircraft and missile-defense cruiser (also made by Northrop Grumman), was blasted after serving barely half of an expected 40-year lifetime. Four other recently decommissioned Aegis cruisers will probably follow suit.

This flurry of ship disposal suggests the administration is getting rid of useful warships to compel construction of pricey new vessels such as the next-generation CG(X) anti-missile cruiser or the $3.3 billion DDG-1000 land-attack destroyer. When the Clinton administration pruned the national stockpile of reserve destroyers, only eight feeble, 46-year-old hulks went to the bottom. But the Bush administration has sunk (so far) a 31-year-old fleet of 27 destroyers. Twenty-two others have been scrapped or sold, and additional disposals are pending.

In this carnage, virtually all 31 of the country's middle-aged submarine-hunting Spruance-class destroyers have been sunk, scrapped or scheduled for destruction. As China readies a deep-ocean submarine fleet and more navies deploy cruise missiles on ultra-quiet diesel submarines, the rationale for eliminating a mothballed reserve fleet of sub-killing destroyers is scanty at best. The administration is destroying a cheap insurance policy.

An inactive reserve has always been a national safety net. The country's first large warship, the frigate USS United States, was maintained in mothballs after the Revolutionary War and returned to fight during the War of 1812. In the early days of World War II, when Britain and Canada needed anti-submarine escorts to fight Germany, reserves provided 50 World War I-era destroyers on short notice.

After World War II, prudent Navy leaders invested $213 million to mothball a "Ghost Fleet" of 2,000 surplus vessels. That supplied 381 much-needed warships during the Korean War, including 13 aircraft carriers and two battleships. Other ships were recalled for Vietnam, and even the enormous Iowa-class battlewagons returned to finish out the Cold War.

Some tired Navy assets will always be sunk. Sinking exercises grant an unparalleled opportunity to hone ship-killing skills while simultaneously collecting data that can make new vessels less vulnerable. Real battle data are so valuable that during World War II, the Navy shipped a bombed-out destroyer, the former USS Welles, back from Europe for research. But now, rather than extract all possible value from stricken ships, America appears uneager to study many of its sinking exercises.

This is no way to run a navy. With each sinking, the Navy risks becoming a hollow force, dependent on the construction of pricey ships that, given America's overextended finances, may never arrive.

The writer is a lecturer at the Goldman School of Public Policy at the University of California at Berkeley. He served on the Chief of Naval Operations' Maritime Strategy Working Group at the Naval War College last fall.

Deep Trouble For Deepwater (USNEWS)

By Angie C. Marek

U.S. News and World Report, March 4, 2007

At the time, it looked like a triumphant moment for the U.S. Coast Guard. Last Veterans Day, about 1,000 people joined Coast Guard Commandant Thad Allen and Michael Chertoff, the homeland security chief, at a shipyard owned by defense giant Northrop Grumman in Pascagoula, Miss., to christen the first major cutter—or large enforcement ship—the agency had acquired in 35 years. As a peppy military band played, Allen predicted the cutter would "be the most capable" the agency had ever had.

It was a heady time. The Coast Guard was still riding a wave of goodwill inspired by the service's response to Hurricane Katrina, when its helicopter rescuers hoisted more than 33,000 people to safety while the rest of the federal effort floundered. President George W. Bush had sworn in Allen—a popular admiral who took over the federal government's response to Katrina from Federal Emergency Management chief Michael Brown—as head of the Coast Guard in May 2006.

Lemons. But now that November gathering is starting to look like a party on the deck of the Titanic. Audits have revealed that the cutter's cost has grown by millions of dollars since it was commissioned and that it has potentially fatal design flaws. And

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that's only part of the bad news. The 38,000-person military service has been accused of buying what one member of Congress called "a series of lemons" with a $24 billion megacontract to replace nearly all its ships and planes. Meanwhile, the Coast Guard is also dealing with the shocking deaths of two rescue swimmers and allegations of assault at its academy. The Coast Guard's motto is semper paratus—or "always ready"—but its supporters wonder if even Allen can fix all this.

The Coast Guard had traditionally been known for doing more with less. Back in the 1990s, slim budgets left the service with a badly aging fleet that was "a huge embarrassment," says former Rear Adm. George Naccara. By 2002, of the 39 similar cutter fleets around the world, only two were older than the Coast Guard's. Yet the agency's mission was rapidly expanding; after 9/11, it joined the Department of Homeland Security, took over some new port and chemical-plant security roles, and saw its budget grow by 50 percent.

Those new responsibilities added urgency to the massive Deepwater program, an unprecedented effort kicked off in 2002 to upgrade virtually all of the service's fleet. Two large defense contractors—Lockheed Martin and Northrop Grumman—led the team that won a contract to provide a catalog of 91 ships, 49 aviation drones, 124 small boats, and 195 new or upgraded helicopters, all connected by a new communications system. The contracting team advises the Coast Guard on what to buy, chooses the parts providers, and serves as prime builder. Because of staff shortages, the Coast Guard restricted itself initially to a mostly advisory role. "We thought this was a way to eliminate redundancy and save a whole pile of money," says Tom Schatz, president of Citizens Against Government Waste.

Today, that sentiment seems more than a bit ironic. Originally a $17 billion contract, Deepwater was repegged at $24 billion in 2005. A recent DHS inspector general report said that the cost of the first two of the largest cutters—originally estimated at $517 million together—has risen to $775 million and is headed higher still. Allen says much of the swell was caused by his agency's "evolving needs" in an age of terrorism. That 418-foot national security cutter christened in November, for instance, now must be able to sail even if a nuclear bomb is dropped nearby.

But Deepwater has other problems as well—like the need to rework designs for ships that have already been partially built. The national security cutter is getting an upgrade because of fatigue concerns; auditors say it won't survive its 30-year life span, a notion Northrop officials strongly deny. Congress, however, has reason to be skeptical: The Coast Guard used about $90 million to overhaul eight patrol boats, only to withdraw them from service in November when fissures in the hulls and engine troubles made them unseaworthy.

The contractors have defended their work. Leo McKay, Lockheed Martin's lead executive on the project, has said Deepwater has "already resulted in measurable progress with the Coast Guard's rescue, enforcement, and interdiction missions on the high seas." And experts point to the non-drone aircraft—including newly engined helicopters that can carry twice the weight of their predecessors—as bona fide Deepwater successes. But the program's bottom line still seems troubling: The Coast Guard has spent about $4 billion on the contract so far but today has fewer operational cutters than it had before 9/11. "This didn't need to happen," Capt. Kevin Jarvis, a retired Coast Guard engineer, said recently. He described government employees futilely writing memos about already-visible safety problems even before ships were built. Rep. Henry Waxman, chairman of a House oversight committee, calls Deepwater "one of the worst contract organizations that I've ever seen."

All that comes on top of other difficulties. Last summer, for the first time in its history, the service court-martialed an academy cadet for sexual assault. Then in August, two of the service's storied corps of rescue swimmers died during a routine training dive in the Arctic Ocean, the first such drownings since 1974. Sen. Maria Cantwell, the top Democrat overseeing the Coast Guard, has promised to investigate. The service's own probe revealed that some members of the divers' support team had been drinking and misinterpreted distress calls. The number of dive teams more than tripled after 9/11, causing oversight challenges: Some of their equipment was years overdue for inspection.

Allen, who's garnered kudos for a no-nonsense style, is attacking the problems vigorously. "We will not accept," he wrote to the entire Coast Guard in January, "preventable [life] loss or injury." In the days after the drownings, he halted all diving until every piece of underwater equipment in use was reinspected. To clean up troubles at the Coast Guard Academy in New London, Conn., he created a task force in September to study the climate there after reports of drinking and promiscuity. A related investigation has already resulted in the reprimand of a senior Coast Guard official.

Deepwater, however, is arguably more daunting. "We'll never have the organizational structure you'll find in the [U.S.] Navy," Allen says of the service's ability to coordinate massive purchases, "but ... I'm trying to create as much of that capability in the Coast Guard as I can." He recently gave the service's chief engineer the authority to veto designs. He's also incorporating regular third-party evaluations of contracting work, calling for robust training of oversight personnel, and reorganizing the entire Coast Guard to limit layers of bureaucracy that may have contributed to Deepwater's problems. And more is coming: Between now and June, Allen can rewrite portions of the contract. Last week, the Coast Guard revealed it would reach outside the contract for one of the ships, which was to be provided by the Lockheed-Northrop team. The reason: Coast Guard officials think they can get similar boats for $100,000 less apiece than the price quoted by the contracting team.

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Still, some wonder if it'll be enough. "At this point," Cantwell says, "I think we need legal advice" on recouping contract costs. Rep. Bob Filner, formerly the ranking House Democrat overseeing the service, has urged dropping the contract arrangement altogether. "The first thing you do when you've dug yourself into a hole," Filner says, "is stop digging."

That Film's Real Message? It Could Be: 'Buy A Ticket' (NYT)

By Michael Cieply

The New York Times, March 5, 2007

LOS ANGELES, March 4 — Three weeks ago a handful of reporters at an international press junket here for the Warner Brothers movie "300," about the battle of Thermopylae some 2,500 years ago, cornered the director Zack Snyder with an unanticipated question.

"Is George Bush Leonidas or Xerxes?" one of them asked.

The questioner, by Mr. Snyder's recollection, insisted that Mr. Bush was Xerxes, the Persian emperor who led his force against Greek's city states in 480 B.C., unleashing an army on a small country guarded by fanatical guerilla fighters so he could finish a job his father had left undone. More likely, another reporter chimed in, Mr. Bush was Leonidas, the Spartan king who would defend freedom at any cost.

Mr. Snyder, who said he intended neither analogy when he set out to adapt the graphic novel created by Frank Miller with Lynn Varley in 1998, suddenly knew he had the contemporary version of a water-cooler movie on his hands. And it has turned out to be one that could be construed as a thinly veiled polemic against the Bush administration, or be seen by others as slyly supporting it.

In the era of media clutter, film marketers increasingly welcome controversy as a way to get attention for their more provocative fare. The companies behind the Dixie Chicks documentary "Shut Up & Sing" and "Borat: Cultural Learnings of America for Make Benefit Glorious Nation of Kazakhstan," for example, positively reveled in it.

But the dance can be more delicate when viewers find a potentially divisive message in big studio movies that were meant more to entertain than enlighten. The danger is that an accidental political overtone will alienate part of the potential audience for a film that needs broad appeal to succeed.

Spontaneous debate on the Internet and around the office can be a film's best friend when, as with a picture like "The Passion of the Christ," even potential negatives, like accusations of anti-Semitic undertones, feed curiosity.

"Whatever the question is, it's wonderful for the movie," said Peter Sealey, a former Columbia Pictures executive who is now an adjunct professor of marketing at Claremont Graduate University's Drucker School of Management.

Yet studios can be wary of seeming to foster it. Walt Disney largely sidestepped arguments about whether its Pixar-created animated film "The Incredibles" was quietly channeling Ayn Rand. "We feel that the longer we either refute or debate a subject like that, the more the story will live," said Dennis Rice, senior vice president of marketing for Disney's Buena Vista Pictures unit. "So we chose to do nothing."

Executives at Warner, which is releasing "300" in the United States on Friday declined to discuss the studio's approach in marketing the film. Billboards and trailers, seeming to mirror Disney's tack with "The Incredibles," have focused heavily on the picture's battle action and visual flamboyance — "Prepare for Glory!" runs the most oft-repeated advertising line — while avoiding some deeper story elements that are stirring unexpectedly heated reactions, especially abroad.

Shortly after his press-junket grilling Mr. Snyder — an established commercials director, whose best-known previous credit was a remake of George Romero's "Dawn of the Dead" — ran into some surprising reactions at the Berlinale film festival in Germany. Some attendees walked out of a screening there, while others insisted on seeing its presentation of the Spartans' defense of Western civilization in the face of a Persian horde as propaganda for America's position vis-à-vis Iraq and Iran. (By contrast it drew applause at a Los Angeles screening last month.)

"Don't you think it's interesting that your movie was funded at this point?" Mr. Snyder recalled being asked in Berlin. "The implication was that funding came from the U.S. government."

When a Feb. 22 report on Wired.com carried a brief mention of the question about Mr. Bush's proper parallel in the film, Web commentators in the United States began to lock on its supposed political vibe. Yet attempts by both the left and the right to appropriate the lessons of Thermopylae clearly predated the movie.

Mr. Bush has been compared to Xerxes at least since his "axis of evil" speech in the wake of 9/11, for instance, while the Spartan cry "Molon labe," or "Come and take them," has long been a rallying call for supporters of the right to bear arms.

According to Deborah Snyder, Mr. Snyder's wife and an executive producer of "300" (which has more than a dozen credited producers of various levels, including Mark Canton and Gianni Nunnari), some changes to Mr. Miller's original story may have inadvertently amplified its political resonance.

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In a key twist Mr. Snyder and his collaborators expanded the presence of Gorgo, the Spartan queen and Leonidas's wife, including, among other things, a sequence in which she inspires a wavering populace and weak-willed council to resist the Eastern armies even at the cost of battle deaths. "Her story is that she is trying to rally the troops," said Ms. Snyder, who dismissed as irrelevant a question about her and her husband's personal political philosophies.

Mr. Snyder acknowledged that Mr. Miller — who declined to be interviewed for this article — had opened the door for contemporary comparisons with his passionate, if not entirely accurate, portrayal of the ancient Spartans as saviors of Western civilization. "He'd be on their side regardless of who they were fighting, because he just loves them," Mr. Snyder said.

Thanks to computer-generated effects that contribute to "300's" highly stylized look, the film's cost, according to its makers, was considerably less than the outsized production budgets of "Troy," which did relatively well for Warner, and "Alexander," which did not. But Warner could use a hit after finishing last year behind several competitors at the domestic box office. (A success in the second half of 2006, like "Happy Feet," could only do so much to make up for duds like "Poseidon.")

And the enormous expense of making and marketing any major studio picture — the combined costs appear likely to exceed $100 million in the case of "300" — sharpens the risk in alienating a portion of the hoped-for audience.

In any case Mr. Snyder said he was pleased about the debate, though he never meant the movie to provoke it. "If that's a by-product, that's good," he said.

Blog The Debt Away (NYT)

The New York Times, March 5, 2007

Public humiliation in the stocks long ago fell out of fashion. A virtual version is making a comeback. This time it's a self-imposed punishment for debtors trying to abase their way back into the black.

As John Leland reported recently in The Times, people have started their own debt blogs to share the most intimate details of their faltering finances, hoping their online confessions will help them develop some self-restraint.

Every time the bloggers reach for a credit card, the realization that they will have to confess any splurges is supposed to give them pause. The 29-year-old woman who writes bloggingawaydebt.com — identified only as Tricia — keeps a running tally of her obligations in the upper-right-hand corner of the Web page (just over $22,000 right now, down from almost $38,000). Right below that is the button that allows readers to sign up to receive updates: 349 regulars are keeping a watchful eye.

They were fairly understanding when she and her husband went roughly $100 over budget on Christmas presents for their son, though one comment suggested they "start the new year with redoubled determination." Hard to be too tough on them since they've already wiped out over $15,000 in debt.

Consumers are asking others to help them develop self-control because so many companies are not showing any restraint. The Federal Reserve estimates that credit card companies sent out more than six billion direct-mail solicitations in 2005. Last year the average American household was $21,000 in debt, about a third of that on credit cards.

In response to the explosion in consumer debt, Congress passed a law in 2005 making it more difficult for individuals to declare bankruptcy. But legislators did nothing to curb the blizzard of pre-approved cards that fall through the mail slots. Often the most profitable customers are the least responsible ones. At a Senate Banking Committee hearing in January, Chairman Christopher Dodd cited a study estimating that credit-card penalty fees had risen to $17.1 billion in 2006 from $1.7 billion in 1996.

Credit can be a good thing, both for simplifying transactions and helping people get over a temporary crunch. But Congress needs to do more to make rates and fees more transparent while putting an end to some of the most abusive policies. In a fairly common practice known as universal default, for instance, a credit card company raises interest rates because a consumer missed or was late with a payment on a different company's account. Citigroup just announced that its credit-card business would voluntarily end the practice. That's something good to blog about for a change.

OTHER NEWS:

Without Health Benefits, A Good Life Turns Fragile (NYT)

By Robert Pear

The New York Times, March 5, 2007

SALISBURY, N.C. — Vicki H. Readling vividly remembers the start of 2006.

"Everybody was saying, 'Happy new year,' " Ms. Readling recalled. "But I remember going straight to bed and lying down scared to death because I knew that at that very minute, after midnight, I was without insurance. I was kissing away a bad year of cancer. But I was getting ready to open up to a door of hell."

Ms. Readling, a 50-year-old real estate agent, is one of nearly 47 million people in America with no health insurance.

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Increasingly, the problem affects middle-class people like Ms. Readling, who said she made about $60,000 last year. As an independent contractor, like many real estate agents, Ms. Readling does not receive health benefits from an employer. She tried to buy a policy in the individual insurance market, but — having had cancer — could not obtain coverage, except at a price exceeding $27,000 a year, which was more than she could pay.

"I don't know which was worse, being told that I had cancer or finding that I could not get insurance," Ms. Readling (pronounced RED-ling) said in an interview in her office, near the tree-lined streets and stately old homes of this city in the Piedmont region of North Carolina.

It is well known that the ranks of the uninsured have been swelling; federal figures show an increase of 6.8 million since 2000.

But the surprise is that the uninsured are not necessarily the poor, the unemployed and the undocumented. Solidly middle-class people like Ms. Readling are one of the fastest growing subgroups.

And that is one reason, according to a recent New York Times/CBS News poll, that the problems of the uninsured have jumped to the top of the domestic political agenda in Washington and on the campaign trail.

Today, more than one-third of the uninsured — 17 million of the nearly 47 million — have family incomes of $40,000 or more, according to the Employee Benefit Research Institute, a nonpartisan organization. More than two-thirds of the uninsured are in households with at least one full-time worker.

Ms. Readling's experience is typical; people who have had serious illnesses often have difficulty obtaining insurance. If coverage is available, the premiums are often more than they can afford.

While the government does not have an official definition of "middle class," one commonly used point of reference is the median household income, which was $46,326 in 2005.

Katherine Swartz, a professor of health policy and economics at Harvard, said the soaring cost of health care was a major reason for the increase in the number of uninsured. She said it also reflected long-term changes in the economy, like the decline in manufacturing jobs and the growth in the share of workers in service industries and small businesses, which are less likely to provide health benefits.

Moreover, Ms. Swartz said, "Companies have become more aggressive in hiring people as temporary or contract workers with no fringe benefits."

The National Association of Realtors says 28 percent of its 1.3 million members are without health insurance.

"Because real estate agents are independent contractors, they are forced into the individual insurance market, where there is no negotiating or leverage," said Pat V. Combs, president of the association.

As an independent contractor with a Century 21 real estate brokerage, Ms. Readling had bought insurance on her own, a temporary extension of coverage from a prior job. But she was unable to renew it after she had surgery for breast cancer in 2005. Most insurers would not offer her coverage, she said, and one carrier quoted a price of $2,300 a month for coverage with a deductible of $5,000 a year.

Concerns about health insurance permeate her life.

To save money, Ms. Readling said, she defers visits to the doctor and stretches out her cancer medication, which costs her about $300 a month. She takes the tiny pills three or four times a week, rather than seven days a week as prescribed.

"I really try to stay away from the doctor because I am so scared of what everything will cost," said Ms. Readling, who is divorced and has twin 18-year-old sons. Before every doctor's visit and test, she asks, "How much are you going to charge me?" She says she tries to arrange "the best deals I can." But in many cases, the price is still unaffordable, and "I have to do without."

Even those with insurance have reason to be concerned, economists say, because they end up paying for the uninsured in various ways. Some of the costs are also passed on to taxpayers and employers. To help cover the cost of treating the uninsured, hospitals often increase charges to other patients. Insurers then increase premiums for companies that provide health benefits, and they in turn shift some costs to employees.

Ms. Readling is engaged to be married in June, to another real estate agent. But she said she may postpone the wedding because she would not want her husband to be legally responsible for her medical bills.

"I am scared to get married because I don't have insurance," Ms. Readling said. "If I have to go to the hospital and I can't pay my hospital bills, what happens? Do they go after him? Can they take your home?"

To collect unpaid medical bills, health care providers often obtain judgments against a patient's spouse, as well as the patient, and file liens against their homes. Ms. Readling says she does not own a house, but her fiancé does.

The idea of universal coverage, in the form proposed by President Bill Clinton, proved politically untenable. Since the Clinton plan collapsed in 1994, the politics of health care have changed because of the steady rise in health costs, the increase in the number of uninsured and the erosion of employer-sponsored insurance. Politicians are once again speaking about

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universal coverage as a goal, though opinion polls show that many voters still oppose the idea of a government-run health care system.

Ms. Readling said it was stressful enough visiting doctors every few months for her cancer follow-ups. Without coverage, she said, the experience is even more stressful.

"When you go to any medical person and they ask for your insurance card, you are so ashamed because you have to say, 'I don't have insurance,' " Ms. Readling said. "You just feel like you are dirt."

Ms. Readling said she often woke up at night, terrified of the cost of getting sick without insurance.

"Anything that goes wrong with my health could destroy me financially," Ms. Readling said. "I could be ruined."

She said she had never voluntarily allowed her insurance to lapse and could not understand why she was being blackballed.

"What did I do wrong?" Ms. Read-ling asked. "Why am I being punished? I just don't understand how I could have fallen through this horrible, horrible crack."

Knowing her health benefits from her prior job would expire in January 2006, she began shopping for a new policy in May 2005. But in June 2005, she learned she had cancer.

"At that point," Ms. Readling said, "I called everybody I could think of, begging for help. But no insurer would touch me."

Barbara Morales Burke, the chief deputy insurance commissioner of North Carolina, said state law did not guarantee the availability of health insurance for individuals. "Most insurers decline to issue policies to those individuals whom they deem to be too risky because of their medical history," Ms. Morales Burke said.

Blue Cross and Blue Shield of North Carolina will sell to anyone, regardless of the person's medical condition, she added, but the premiums may be very high for people who have had serious illnesses.

Heidi Deja, a spokeswoman for Blue Cross and Blue Shield of North Carolina, said, "Rates are based on the anticipated cost of providing care." For people who have had serious illnesses, she said, monthly premiums "can run into the thousands of dollars."

A 1996 federal law limited the ability of insurers to discriminate against people because of pre-existing conditions. But consumer protections are much more extensive in the group health insurance market.

"In the individual market, the federal protections provide precious little help to people seeking coverage," said Karen L. Pollitz, a research professor at the Georgetown University Health Policy Institute.

When Ms. Readling was shopping for insurance, she found two responses particularly galling. One insurer, she said, suggested she return to her prior job, at a furniture company, so she could participate in its group health plan, though she loved her work as a real estate agent. Another insurer suggested she remarry her former husband to get back on his insurance plan.

Working with her doctors, Ms. Readling raced to get as many tests as possible before her coverage expired. She recalled her anxiety in the final months: "It's like a freight train coming at you, and it's going to get you. And there was nothing I could do."

Ms. Readling said she was mystified by the inability of real estate agents to band together and buy health insurance as a group.

"Why can't Realtors in North Carolina, or a few counties, have coverage under one umbrella?" she asked. "You would think that some insurance company would want our business."

Janet S. Trautwein, executive vice president of the National Association of Health Underwriters, which represents insurance agents and brokers, said employee groups were more attractive to insurers for several reasons.

"In a group health plan," Ms. Trautwein said, "the employer typically pays a large share of the premium, so most employees sign up as soon as they are eligible, regardless of their health status."

"The health plan covers a mix of sick and healthy workers," she said. "By contrast, individuals and independent contractors are more likely to defer coverage until they need it, so the pool of people insured is, over all, less healthy. Sick people consume more health care. As a result, the cost to insure them is higher."

Though satisfied with her care, Ms. Readling continually wonders if doctors and nurses treat her differently because she is uninsured.

"Are they going to turn their nose up at you because you don't have insurance?" Ms. Readling asked. "Will they take care of other people first? They can make more money on patients with insurance. What am I? I am just a financial loss to them."

Oil Innovations Pump New Life Into Old Wells (NYT)

By Jad Mouawad

The New York Times, March 5, 2007

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BAKERSFIELD, Calif. — The Kern River oil field, discovered in 1899, was revived when Chevron engineers here started injecting high-pressured steam to pump out more oil. The field, whose production had slumped to 10,000 barrels a day in the 1960s, now has a daily output of 85,000 barrels.

In Indonesia, Chevron has applied the same technology to the giant Duri oil field, discovered in 1941, boosting production there to more than 200,000 barrels a day, up from 65,000 barrels in the mid-1980s.

And in Texas, Exxon Mobil expects to double the amount of oil it extracts from its Means field, which dates back to the 1930s. Exxon, like Chevron, will use three-dimensional imaging of the underground field and the injection of a gas — in this case, carbon dioxide — to flush out the oil.

Within the last decade, technology advances have made it possible to unlock more oil from old fields, and, at the same time, higher oil prices have made it economical for companies to go after reserves that are harder to reach. With plenty of oil still left in familiar locations, forecasts that the world's reserves are drying out have given way to predictions that more oil can be found than ever before.

In a wide-ranging study published in 2000, the U.S. Geological Survey estimated that ultimately recoverable resources of conventional oil totaled about 3.3 trillion barrels, of which a third has already been produced. More recently, Cambridge Energy Research Associates, an energy consultant, estimated that the total base of recoverable oil was 4.8 trillion barrels. That higher estimate — which Cambridge Energy says is likely to grow — reflects how new technology can tap into more resources.

"It's the fifth time to my count that we've gone through a period when it seemed the end of oil was near and people were talking about the exhaustion of resources," said Daniel Yergin, the chairman of Cambridge Energy and author of a Pulitzer Prize-winning history of oil, who cited similar concerns in the 1880s, after both world wars and in the 1970s. "Back then we were going to fly off the oil mountain. Instead we had a boom and oil went to $10 instead of $100."

There is still a minority view, held largely by a small band of retired petroleum geologists and some members of Congress, that oil production has peaked, but the theory has been fading. Equally contentious for the oil companies is the growing voice of environmentalists, who do not think that pumping and consuming an ever-increasing amount of fossil fuel is in any way desirable.

Increased projections for how much oil is extractable may become a political topic on many different fronts and in unpredictable ways. By reassuring the public that supplies will meet future demands, oil companies may also find legislators more reluctant to consider opening Alaska and other areas to new exploration.

On a global level, the Organization of the Petroleum Exporting Countries, which has coalesced around a price of $50 a barrel for oil, will likely see its clout reinforced in coming years. The 12-country cartel, which added Angola as its newest member this year, is poised to control more than 50 percent of the oil market in coming years, up from 35 percent today, as Western oil production declines.

Oil companies say they can provide enough supplies — which might eventually lead to lower oil and gasoline prices — but that they see few alternatives to fossil fuels. Inevitably, this means that global carbon emissions used in the transportation sector will continue to increase, and so will their contribution to global warming.

The oil industry is well known for seeking out new sources of fossil fuel in far-flung places, from the icy plains of Siberia to the deep waters off West Africa. But now the quest for new discoveries is taking place alongside a much less exotic search that is crucial to the world's energy supplies. Oil companies are returning to old or mature fields partly because there are few virgin places left to explore, and, of those, few are open to investors.

At Bakersfield, for example, Chevron is using steam-flooding technology and computerized three-dimensional models to boost the output of the field's heavy oil reserves. Even after a century of production, engineers say there is plenty of oil left to be pumped from Kern River.

"We're still finding new opportunities here," said Steve Garrett, a geophysicist with Chevron. "It's not over until you abandon the last well, and even then it's not over."

Some forecasters, studying data on how much oil is used each year and how much is still believed to be in the ground, have argued that at some point by 2010, global oil production will peak — if it has not already — and begin to fall. That drop would usher in an uncertain era of shortages, price spikes and economic decline.

"I am very, very seriously worried about the future we are facing," said Kjell Aleklett, the president of the Association for the Study of Peak Oil and Gas. "It is clear that oil is in limited supplies."

Many oil executives say that these so-called peak-oil theorists fail to take into account the way that sophisticated technology, combined with higher prices that make searches for new oil more affordable, are opening up opportunities to develop supplies. As the industry improves its ability to draw new life from old wells and expands its forays into ever-deeper corners of the globe, it is providing a strong rebuttal in the long-running debate over when the world might run out of oil.

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Typically, oil companies can only produce one barrel for every three they find. Two usually are left behind, either because they are too hard to pump out or because it would be too expensive to do so. Going after these neglected resources, energy experts say, represents a tremendous opportunity.

"Ironically, most of the oil we will discover is from oil we've already found," said Lawrence Goldstein, an energy analyst at the Energy Policy Research Foundation, an industry-funded group. "What has been missing is the technology and the threshold price that will lead to a revolution in lifting that oil."

Nansen G. Saleri, the head of reservoir management at the state-owned Saudi Aramco, said that new seismic tools giving geologists a better view of oil fields, real-time imaging software and the ability to drill horizontal wells could boost global reserves.

Mr. Saleri said that Saudi Arabia's total reserves were almost three times higher that the kingdom's officially published figure of 260 million barrels, or about a quarter of the world's proven total.

He estimated the kingdom's resources at 716 billion barrels, including oil that has already been produced as well as more uncertain reserves. And thanks to more sophisticated technology, Mr. Saleri said he "wouldn't be surprised" if ultimate reserves in Saudi Arabia eventually reached 1 trillion barrels.

Even if the Saudi estimates are impossible to verify, they underline the fact that oil companies are constantly looking for new ways to unlock more oil from the ground.

At the Kern River field just outside of Bakersfield, millions of gallons of steam are injected into the field to melt the oil, which has the unusually dense consistency of very thick molasses. The steamed liquid is then drained through underground reservoirs and pumped out by about 8,500 production wells scattered around the field, which covers 20 square miles.

Initially, engineers expected to recover only 10 percent of the field's oil. Now, thanks to decades of trial and error, Chevron believes it will be able to recover up to 80 percent of the oil from the field, more than twice the industry's average recovery rate, which is typically around 35 percent. Each well produces about 10 barrels a day at a cost of $16 each. That compares with production costs of only $1 or $2 a barrel in the Persian Gulf, home to the world's lowest-cost producers.

Chevron hopes to use the knowledge it has obtained from this vast open-air, and underground, laboratory and apply it to similar heavy oil fields around the world. It is also planning a large pilot program to test the technology in an area between Saudi Arabia and Kuwait, for example.

Oil companies have been perfecting so-called secondary and tertiary recovery methods — injecting all sorts of exotic gases and liquids into oil fields, including water and soap, natural gas, carbon dioxide and even hydrogen sulfide, a foul-smelling and poisonous gas.

Since the dawn of the Petroleum Age more than a century ago, the world has consumed more than 1 trillion barrels of oil. Most of that was of the light, liquid kind that was easy to find, easy to pump and easy to refine. But as these light sources are depleted, a growing share of the world's oil reserves are made out of heavier oil.

Analysts estimate there are about 1 trillion barrels of heavy oil, tar sands, and shale-oil deposits in places like Canada, Venezuela and the United States that can be turned into liquid fuel by enhanced recovery methods like steam-flooding.

"This is an industry that moves in cycles, and right now, enormous amounts of innovation, technology and investments are being unleashed," said Mr. Yergin, the author and energy consultant.

After years of underinvestment, oil companies are now in a global race to increase supplies to catch the growth of consumption. The world consumed about 31 billion barrels of oil last year. Because of population and economic growth, especially in Asian and developing countries, oil demand is forecast to rise 40 percent by 2030 to 43 billion barrels, according to the Energy Information Administration.

Back in California, the Kern River field itself seems little changed from what it must have looked like 100 years ago. The same dusty hills are now littered with a forest of wells, with gleaming pipes running along dusty roads. Seismic technology and satellites are now used to monitor operations while sensors inside the wells record slight changes in temperature or pressure. Each year, the company drills some 850 new wells there.

Amazingly, there are very few workers in the field. Engineers in air-conditioned control rooms can get an accurate picture of the field's underground reservoir and pinpoint with accuracy the areas they want to explore. None of that technology was available just a decade ago.

"Yes, there are finite resources in the ground, but you never get to that point," Jeff Hatlen, an engineer with Chevron, said on a recent tour of the field.

In 1978, when he started his career here, operators believed the field would be abandoned within 15 years. "That's why peak oil is a moving target," Mr. Hatlen said. "Oil is always a function of price and technology."

Romney: Blogs More Open Than Mainstream Media (POL)

By Roger Simon And Mike Allen

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The Politico, March 5, 2007

Mitt Romney's Republican presidential campaign needed an adrenaline jolt after a couple of weeks of Rudymania in the press and polls. The former Massachusetts governor got it (sort of) Saturday evening when the Conservative Political Action Conference, the annual Woodstock of the activist right, gave him first place in its highly publicized -- if somewhat meaningless -- straw poll.

Sen. John McCain of Arizona, knowing he would fare poorly, didn't show up for the 5,000-plus gathering at a Washington hotel. Former New York Mayor Rudolph Giuliani gave a well-received speech at lunchtime Friday, and then was hustled out of the Omni Shoreham, with aides saying he had a plane to catch. Neither of those two, who lead in national polls, had a booth in the massive exhibit hall.

Romney was more leisurely, speaking on Friday afternoon and then sticking around for a reception that was open to all attendees. In the voting, where he took 21 percent, to Giuliani's 17 percent and McCain's 12 percent, despite a dude in a dolphin suit who was wandering around the convention with a sign calling himself "Flip Romney, another Flip-Flopper from Massachusetts." The hot CPAC souvenir was the Romney Flip Flop -- cheap foam footwear available in green, orange, yellow and red. These shots aimed at what many Republicans view as Romney's greatest liability—the perception that he is guided by opportunism rather than principle. Romney wanted to win badly enough that he stacked the deck by bringing a group of college kids in to vote for him.

Despite the flak and his recent slide in the polls, Romney seemed unruffled when he sat down for an interview with the Politico, which came after a stroll along CPAC's Radio Row, where conservative stations from around the country had talk shows set up.

Surrounded by cameras and supporters, Romney also wandered past a section the American Conservative Union, the group's sponsor, had set up for bloggers. Romney has given several interviews to bloggers and he has a director of online communications, Stephen Smith, who is respected by New Media types. Smith is responsible for reaching and monitoring the blogosphere.

The Politico interview took place outside the "Mitt" booth at CPAC, behind a blue curtain that separated the "exhibit hall" from a parking garage. His wife of nearly 38 years, Ann Romney, joined the conversation. Here are excerpts of the interview that did not make the cut for an upcoming column on Romney and his new campaign plan:

Politico: Governor, you're pretty popular on blog row.

Romney: Well, it's a great group, I'll tell you that. I appreciate the blogs because the blogs are able to really zero in on issues and find the truth. Sometimes the mainstream media writes one article and it sits out there and it may be accurate, it may not be accurate. But the blogs are open – there's a discourse, there's back and forth and it allows us to get to the truth. And that's why the blogs are playing such an important role, particularly in grassroots organization of American politics.

Politico: How helpful do you think the blogs have been so far?

Romney: Oh, I don't know at this stage that you can point to great advances for anybody based on blogs alone. But I think what you're seeing is that blogs are able to get to bottom of things and to cut through the spin. The spin has a huge impact on the mainstream media. Candidates are able to go to the mainstream media, spin their story, they write it and sometimes it's accurate, sometimes it's not. The blogs actually are open for comment and debate and they ultimately get the truth out. And that's critical, in my opinion. Because there are going to be a lot of opposition research folks on other campaigns trying to put up things that aren't accurate.

Politico: Governor, what did you mean by "spin"?

Romney: Well, sometimes an opposition research team will go to the mainstream media and try and slant or direct a story in favor of their viewpoint. And the nice thing about blogs is that if that happens to them, why they still are open to get the views of the other side and you see the truth getting ultimately told.

Politico: Governor, how do you unite a polarized country?

Romney: I think that what we have to do is have Republicans and Democrats be willing to reach across the aisle and find common ground on important issues. I remember Ronald Reagan used to sit down with Tip O'Neill -- they were friends even though they were competitors, from a political standpoint. I have, in my service as governor, sat down almost weekly with the Senate president and the speaker of the House of the opposition party. We work on issues together. We sometimes agree, sometimes we don't. But communications, openness and searching for common ground is what America wants to see. They do not like the fact that the polarity in our political process has yielded an absence of action. They want Washington to change and I represent a change in the way business has been done in Washington.

Politico: Do you have any hope for doing that?

Romney: I do, because I've done it in Massachusetts. Here I was in a state that had a legislature 85 percent Democrat, and I balanced the budget all four years without raising taxes. I also put in place, together with the legislature, an insurance plan

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that took some mandates off insurance companies -- I wanted to take off more -- but got insurance for all of our citizens without the requirement of raising taxes and without a government takeover. That's the kind of conservative thinking that's willing to reach across the aisle and find common ground with Democrats.

Politico: Are you concerned that only people of vague faith will be able to run, if someone who's strong and vocal about their faith gets picked apart, as your Mormon faith has been?

Romney: When people don't know a great deal about a person's faith, they're just not sure what it means. And as they focus in on my faith, I think that they'll see Ann and my marriage, they'll see our family and they'll say Hey, there's nothing wrong with that. Whatever has produced those guys has got to be OK. And I don't mean by that they we're perfect -- we're a long way from that. But our faith has certainly made us better than we certainly would have been otherwise. I'm proud of the fact that my parents were of my faith, and I've learned from them. I think you will find that the people of America, as they get to know us better, will be pretty darn comfortable with us as a couple and me as a politician.

Politico: Mrs. Romney, do you mind joining the conversation? (The former governor smiles and playfully shoves two of the four tape recorders on the table in front of her.) On ABC's "This Week" and at a recent event in Salt Lake City, you were quite candid or blunt about the fact that you saw this was going to be a difficult process, but you seem to have steeled yourself for that. Could you just talk about what you think this is going to be like?

Ann Romney: It's interesting. If you go to Iowa, South Carolina, New Hampshire, Atlanta – wherever it is, in Orlando – you LOVE meeting people. That is not hard. You love, actually, even, the fundraisers. They're great. People are wonderful and supportive. The only part that's distasteful is, unfortunately, the media. (Smiles.) Here you guys sit.

Romney (chuckling): These aren't the media. These guys are open, honest, fair and balanced guys.

Ann Romney: All the rest of it is an extraordinary honor, to be able to be doing what we're doing. I'm awed by it. People in Iowa and South Carolina and New Hampshire take their citizenship very personally and responsibly. It is impressive to me, and I'm buoyed up by it. (Refers to the media.) It keeps people out of that arena. That's very unfortunate.

Romney: You've got to have a pretty thick skin to be able to do it. And I've grown up in a home where politics was spoken about and then my dad ran for office and my mom did. And I've learned that you can develop thick skin and just don't worry about it.

Politico: Mrs. Romney, how involved do you plan to be in the campaign? (Ann Romney was diagnosed with multiple sclerosis in 1998. She says she's healthy now but worries the stress of the campaign could inflame her MS.)

Ann Romney: As involved as my heath will allow. We're not quite sure where that line is yet. I can't keep up with him. There's no question about that. I also am an equestrian – I love to ride horses. They keep me balanced and healthy and feeling great about life. Besides my family, it's the joy of my life. So I have to get out every once in awhile and see my horses. I've got to tell you: They don't care whether Republic or Democrat. They just want to know if their oats are coming. It's kind of stabilizing and balancing and being able to pull out every once in awhile – see the grandkids, see the horse, get my bearings, and then jump back in.

Politico: Governor, how do you strike a balance between being your own candidate, without renouncing the president?

Romney: I just have to do what Popeye used to say: "I am what I am and that's all I am." I indicate what my positions are, what I think about issues. I try and do so with respect. In doing so, in some respects I'm going to be acknowledging the president's leadership. In other cases, I'm going to be critical, just by virtue of my positions -- not intentionally, but just every person is different. Even if you're in the same party, you have different views on certain issues and I don't line up that I know of with any Republican, exactly -- even Ann. (Gestures toward his wife.) And so people will draw their distinctions. I've lived a different career, I have a different management style than does the president and do other Republicans, and people will draw that distinction as they think as appropriate.

Politico: What is the difference in your management style?

Romney: Oh, I'm going to have to let you make that assessment. I wouldn't try and characterize the president's. My management style is to bring in a lot of people who are bright and have more skill and experience in certain areas than I, to gather a lot of data and insist on an analytically driven decision-making process, to ask for a lot of debate, a lot of discussion of the pros, the cons, the upsides, the downsides. I like a highly deliberative process for making decisions. Now, I can pull up and shoot whenever I need to. But I like having a very extensive debate of people who agree and disagree on issues in order to make a final and best answer

Politico: What have you learned about the country so far in this process?

Romney: I read, some time back, excerpts from Jimmy Carter's malaise speech, which says that the problem in America is the American people and that the wonderful government leaders are doing their job but the American people could just wake up – effectively, that's what is says. What I've learned is, as I have always believed, the greatness of America is the American people – that the heart of the American people is strong and well and the American people are looking for leadership in

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Washington to finally get their act together and lead. And that's why I am in this. It's because I'm very concerned about the America that I'm going to leave to my kids and grandkids and your kids and grandkids and I think I can make a real difference.

Politico: Governor, what books should we be reading?

Romney: I like reading – I read a lot of books.

Politico: Even during this process?

Romney: Yeah, yeah. "The Looming Tower," I just read, by Lawrence Wright, which I found very interesting. "The Cube and the Cathedral" – a very good book, about Europe. "America Alone," by Mark Steyn – I read that. I just read one called "The River of Doubt," about Teddy Roosevelt. "Mayflower," by Nathaniel Philbrick. So I like reading.

Ann Romney: We pass the books between us.

Politico: Ever fiction?

Romney: I LOVE fiction. Right now, we're reading a lot of Vince Flynn. I've read every Louis L'Amour book there is – I love those old Westerns. Unfortunately, those are gone – although, as my memory gets weaker, I can go back and read some of them again. Vince Flynn is a spy-novel type.

Ann Romney: Vince Flynn? I'm on his third one. It would really be nice if those characters that were in those books were real and were really doing some of this stuff.

Romney: What's the other one that I like? The great CIA operative? Mitch Rapp!

Politico: What the White House reporters really want to know is whether your Crawford will be in Deer Valley, Utah, or Lake Winnipesaukee, N.H.? (He has homes both places.)

Romney: Well, that's a hard choice. But without a question, it would have to be in Lake Winnipesaukee, N.H. We've actually chuckled about that, thinking about it the last couple of weeks and months. I wouldn't want to impose the Secret Service and the press corps on our nice little community New Hampshire. So maybe I'd get to visit once a year for a quick weekend and then get the heck out. Because I wouldn't want to intrude on the beauty and the calm of that fabulous place.

Romney Gets The Nod From CPAC (FT)

By Caroline Daniel In Washington

Financial Times, March 5, 2007

Mitt Romney's efforts to become the preferred candidate for social conservatives were rewarded at the weekend when he won a straw poll asking attendees at the Conservative Political Ac-tion Conference who they thought was most likely to be the Republican presidential nominee in 2008.

Mr Romney, a former governor of Massachusetts, had faced scepticism at the conference amid charges that he had flip-flopped on some of the critical issues for conservatives, changing his stance on gay and abortion rights. The initial reception to his speech at the conference on Friday was far less enthusiastic than the rousing greeting for the celebrity figure of Rudy Giuliani, former mayor of New York.

About a third of the 6,000 attendees at the three-day conference voted in the poll. Mr Romney won with 21 per cent of the vote, followed by Mr Giuliani, with 17 per cent. Senator John McCain, the only Republican presidential front-runner not to attend CPAC, languished in the poll, ranking fifth with 12 per cent.

Mr Romney's campaign was the best organised at the conference. Dozens of students wearing blue Mitt Romney T shirts and carrying red Mitt Styrofoam baseball mitts were bussed in to encourage activists to vote in the poll. Even so, national polls have consistently shown Mr Romney as trailing in third place. His national campaign has appeared to stall as attention shifted to Mr Giuliani as his presidential ambitions have become clearer.

Unlike at the recent parade for the Democratic presidential candidates last month at the Democratic National Committee meeting, where the main preoccupation was to set out assertive stances on the Iraq war and for withdrawing troops, the Republican candidates largely avoided the subject, focusing instead on the need to win the war on terror.

Other than Mr McCain, the other notable missing figure at the conference was President George W. Bush.

CPAC Embraces Steele, Gingrich (WT)

By Ralph Z. Hallow And Stephen Dinan

The Washington Times, March 5, 2007

Michael S. Steele and Newt Gingrich were the biggest stars according to activists who attended the three-day Conservative Political Action Conference.

Former New York Mayor Rudolph W. Giuliani pulled off CPAC's biggest coup, former Virginia Gov. James S. Gilmore III was the biggest surprise, and Ann Coulter was the biggest loser.

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Mr. Steele, the former Maryland lieutenant governor -- rejected last fall by the Bush White House for chairmanship of the Republican National Committee (RNC) -- was mobbed by hundreds of attendees wanting their picture taken with him on the dais after he served as master of ceremonies at the Thursday banquet featuring Vice President Dick Cheney and former U.S. ambassador to the United Nations, John R. Bolton.

"He acknowledged the November shellacking that he and the rest of the GOP took, but was upbeat and essentially said, 'Hey, I'm an African-American Roman Catholic Republican from Maryland, so overcoming odds is nothing new to me,' " said Cleta Mitchell, a Washington lawyer and board member of the American Conservative Union (ACU). "He was funny, smart, warm, and representative of all we stand for."

This year's CPAC was also a boon for Mr. Gingrich, as the former House speaker acknowledged after his Saturday speech that closed the conference.

"I got more bang for my buck than the other [2008 presidential hopefuls]," a smiling Mr. Gingrich told The Washington Times after he marched from the back of the Regency Ballroom at the Omni Shoreham Hotel, amid stirring music nearly drowned out by applause and cheers.

Mr. Gingrich was the only top-tier potential contender for the Republican nomination who hadn't formed a presidential exploratory committee or bought any CPAC banquet tables for supporters. Yet in the largest presidential preference straw poll in the conference's history, he placed fourth (14 percent) -- ahead of Arizona Sen. John McCain (12 percent), who rejected an invitation to address the event.

Mr. Giuliani made his decision to accept CPAC's speaking invitation four days before the conference, yet managed to place second (17 percent) in the straw poll behind former Massachusetts Gov. Mitt Romney (21 percent), who had invested heavily in pre-event organization.

Perhaps most importantly, the conference poll conducted by the Fabrizio-McLaughlin firm allowed attendees to indicate their second preferences. Mr. Gingrich and Mr. Giuliani each got 16 percent of the second-choice votes, so that when first- and second-place were combined, Mr. Giuliani was on top (at 33 percent), with Mr. Romney and Mr. Gingrich tied for second at 30 percent each.

"I think Giuliani is doing much better among conservative audiences than anybody could have imagined six months ago," said Michael Toner, a Federal Election Commission member appointed by President Bush.

Following Mr. Giuliani's Friday speech, several previously skeptical conservatives stopped a reporter to express their admiration for how thoughtful Mr. Giuliani appeared and to say they liked the way he conveyed a sense of leadership.

However, when questioned Saturday night after both Mr. Gilmore's and Mr. Gingrich's speeches, more CPAC attendees remembered the former Virginia governor's address and said the Virginian -- a former RNC chairman who headed the Gilmore Commission to assess terrorism threats -- got all the nuances right on foreign policy, while also praising Mr. Gingrich's emphasis on basic Republican themes of individual freedom.

"Newt showed he is the strongest spokesperson for today's conservatives," said Tom Edmonds, a veteran campaign strategist and chief executive officer of the Edmonds Hackney media-consulting firm.

Mr. Steele, who lost his 2006 Senate bid in a bad year for Republicans, got high marks from CPAC attendees for his easygoing humor as master of ceremonies at the gala banquet on opening night.

"Michael Steele showed himself clearly to be a significant figure in the future of the conservative movement," said Joe Morris, a Chicago lawyer and ACU board member who noted that Mr. Steele, who now heads GOPAC, has been nominated for the ACU board, "a tribute to his campaign last year."

Several conference attendees said they were shocked by an apparently offhand remark Miss Coulter made during her standing-room-only speech Friday.

Asked to comment on Democratic presidential candidate John Edwards, Miss Coulter said, "It turns out you have to go into rehab if you use the word 'faggot,' so I'm kind of at an impasse -- I can't really talk about Edwards."

Mrs. Mitchell said that Miss Coulter -- a best-selling author, TV commentator and a frequent speaker at campus conservative events who also drew criticism for using an anti-Arab epithet in her 2006 CPAC speech -- has become an "embarrassing ... caricature" who is hurting the movement.

"No question -- we shouldn't give Coulter a serious platform when she is seriously out of line," said Mrs. Mitchell, an Oklahoma native whose clients include many top Republican candidates. "She is the Howard Stern of so-called conservative commentators, and we should take her off the list in my view."

Former Republican congressional staffer Gil Macklin agreed.

"Every time Ann Coulter opens her mouth, taste takes a holiday," Mr. Macklin said. "No blow is too low for Coulter to throw."

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Pollster Tony Fabrizio took an unusual turn in the spotlight as the conference concluded Saturday evening, eliciting sometimes deafening boos from the packed ballroom every time he mentioned a poll finding associated with Mr. McCain. The Arizona senator snubbed CPAC, and a McCain spokesman called the annual gathering a bunch of Washington insiders even though the poll showed that 85 percent of its 4,800 registered attendees came from 47 states outside of Maryland, Virginia and the District of Columbia.

A Mood Of Gloom At CPAC (POL)

By Jonathan Martin

The Politico, March 3, 2007

At first blush, the state of the Vast Right-Wing Conspiracy appears to be strong. Here at the annual Conservative Political Action Conference (CPAC), a few thousand students, activists, hopeful pols and professional hangers-on have descended on one of Washington's larger hotels to affirm and amplify the right-wing gospel.

But even though every conservative group from the Islamic Free Market Institute to The American Protectionist is here in force, there is considerable grumbling about the health of the movement. From conservative pioneers to up-and-coming true believers, many attendees are looking for leaders -- and they're uncertain about the current crop of presidential candidates and not even thrilled with the current occupant of the White House.

"I'm disenchanted, I'm disenfranchised, I'm just dissed," quipped David Bossie, the president of Citizens United and a tireless congressional investigator in the Clinton era.

"It's a struggle," said conservative activist and public relations specialist Mike Thompson. "Conservatives want to win, but they aren't really sure the guys at the top of the field are conservative." Reconciling purity and pragmatism is always a challenge, Thompson added, but it's especially so going into 2008 because "of the fear of the other side."

Some of the ire at the CPAC conclave is directed squarely at Sen. John McCain (R-Ariz.), whom many conservatives suspect talks the talk when it comes to movement ideals but harbors dangerously moderate instincts.

On Thursday, Bossie gleefully unveiled a 22-page dossier kneecapping McCain ("He's No Ronald Reagan: Why Conservatives Should Not Vote for John McCain"). But Bossie also said his beef wasn't just with the one Republican presidential aspirant – McCain -- who skipped the CPAC festivities

His McCain manifesto "may be the first, but it's not going to be the only," Bossie said by way of warning to the other GOP aspirants.

For More Info Visit Our Candidates Page

It's not just skepticism about McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney that has members of the movement in a funk.

While conservatives here are appreciative of his steadfastness in the war on terror, President Bush has disappointed some on the right who had high hopes.

Bush has "made so many mistakes," said the Eagle Forum's Phyllis Schlafly. "The war is a disaster and he flubbed the [immigration] issue."

And the leading GOP contenders to succeed Bush? "They're all equally unacceptable," Schlafly said.

Comparisons with the ultimate CPAC icon, Ronald Reagan, are, of course, inevitable in this crowd. While Bush has never addressed the gathering, now in its 34th year, CPAC proudly posts on its Web site all the years that Reagan addressed the conference (12 times all told). And as veteran activists recall, the Gipper did far more than give perfunctory after-dinner remarks.

"Reagan wasn't just at the head table," said a wistful Richard Viguerie, "he walked among us." The direct mail guru said conservatives "are leaderless at this point in time."

"They no longer look to Republican leaders, whether it's President Bush or Republicans in Congress."

Conservatives, Bossie said, "are desperately looking for an heir to Reagan's mantle." And among the top three contenders, "I don't think that any of these candidates are up to that."

But it's not just the old-timers, pining for the good old days that always look better in hindsight, who have soured the mood at CPAC.

"There is no agenda," said Soren Dayton, a young consultant and blogger, complaining that GOP candidates are only offering up predictable platitudes. "You say you're pro-life, you say you'll ban gay marriage and you say you'll cut taxes."

Many of the younger bloggers here, at least those not actively working for a campaign, are in no hurry to get on board with the 2008 contenders.

"I'm for letting them fight it out for a while," said Mary Katharine Ham, who writes for the conservative TownHall.

Some GOP gurus dismiss the overlay of pessimism. Grover Norquist admits that "there's no Ronald Reagan that everybody's in love with," but he takes a more hopeful view of the rightward shifts of Romney, McCain and Giuliani.

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"We have candidates going to where Reagan is," pointed out the anti-tax crusader. "That's good, that's called progress."

Conservatism would be in trouble, Norquist added, if the top candidates were saying, 'I'm not where Reagan is, and I don't want to be.' "

"There's no Rockefeller wing of the party left," he observed.

Indeed, the conservative movement has consolidated their control over the GOP and kept successive Democratic hopefuls out of the White House.

As John O'Neill, Sen. John F. Kerry's fellow Swift Boat veteran-turned-nemesis put it when I asked him about the 2004 race: "mission accomplished."

The question now is what the next mission is and who will lead it.

Giuliani's Not-so-wild Card In 2008 (USAT)

By Chuck Raasch

USA Today, March 5, 2007

WASHINGTON — In a paradoxical way, George W. Bush's struggles as president may be benefiting 2008 candidate Rudy Giuliani, who has a solid lead in head-to-head polls among fellow Republicans.

National horserace polls usually aren't worth the money spent on them until you get closer to primary and caucus season, and even then, they can be cruelly fickle. Otherwise, it would have been President Howard Dean.

But in Giuliani's case, a recent surge in national polls so defies conventional wisdom that it may be indicative of important contours in the 2008 campaign, at least as it is shaping up today. The search for a candidate identified with strong leadership qualities, as Giuliani has carried since 9/11, may be trumping some of the threshold requirements on abortion rights and other cultural issues that have marked GOP presidential primaries for over a quarter century.

Conventional wisdom has been that as Giuliani's support of abortion rights, gay rights and gun control becomes better known, he will be toast among social conservatives who vote in GOP primaries and caucuses. The negative primary and caucus ads that could be run against Giuliani almost write themselves. The only question is which opponent attempts to draw first blood and when.

But Giuliani's poll standing has risen the more he has been on the stump, where a lot of coverage has focused on this twice-divorced candidate's attempts to explain himself to dubious cultural conservatives. Yet, as he has moved around the country, Giuliani leads Sen. John McCain, R-Ariz., to 44-21% in the latest Washington Post-ABC News poll, taken Feb. 22-25. A month earlier, Giuliani enjoyed a 7 percentage-point advantage.

As Sen. Hillary Clinton, D-N.Y., maintains her front-runner status among Democrats (she led Sen. Barack Obama, D-Ill., 41-17 in the Post-ABC survey), the fear and loathing created on the right over the thought of another Clinton administration might also be fueling Giuliani's surge. The calculations over the best available candidate to defeat Clinton may be trumping ideological fealty among Republicans. There is no guarantee this equation will survive the hurly-burly of debates and mega-campaign ad blitzes. But that no clear cultural conservative champion has yet arisen in the GOP field accrues to Giuliani's favor.

Bush may be a lame duck, but it is almost impossible to create an election scenario in 2008 that is not a referendum on his leadership. With opposition to the war in Iraq building, Democratic presidential candidates are already being measured in the distance they are putting between themselves and Bush on the war. Democratic rhetoric is heavily built around the notion that this has been a failed presidency, and Democrats are banking that a majority of Americans will agree with them in November of 2008 — no matter who their nominee turns out to be.

Conversely, Republican presidential candidates are facing a tougher balancing act between stressing support for an embattled fellow Republican versus separation on issues that have not gone well for the president, most notably Iraq and immigration reform. Three out of four Republicans in a recent USA TODAY poll still gave Bush favorable ratings.

Even if Iraq stabilizes in the coming months, as Bush struggles to make his "surge" work, the president's leadership still would be the subject of referendum, this time accruing favorably to Republicans in a redemptive, stay-the-course way.

In many ways, Bush is unlike any other president. In an upcoming book, "Second-Term Blues," by the Brookings Institution Press, eminent presidential scholar Charles O. Jones describes Bush as "fascinatingly paradoxical," his presidency featuring "many firsts, mosts and leasts." Jones said it has been a presidency marked — some would say marred — by wide swings in favorability, and branded with counterintuitive acts and leadership style.

Jones describes Bush as "the president with the least political standing of those elected in modern history," yet he is "among the most boldly aggressive policy advocates."

Bush's presidency has been marked by "agenda-bending" events, Jones said, including 9/11, Katrina, Iraq, rising nuclear threats in Iran and North Korea. He is the first president to govern in a post-9/11 reality that two oceans and history's most sophisticated military no longer protects Americans from distant terror and turmoil.

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The American people often understand the magnitude of the challenges better than the tacticians and wedge-drivers inside campaigns.

This is why leadership, strength, and clarity of national purpose could transcend narrower ideological tests when Americans choose their next president.

The Real Rudy Giuliani: A Profile (NSWK)

By Jonathan Darman

Newsweek, March 5, 2007

Rudy Giuliani had been speaking for six minutes before anyone in the audience thought to clap, which was exactly the way he wanted it. Talking to a political crowd in North Spartanburg, S.C., last month, the former New York City mayor and 2008 presidential candidate was not there to excite but to warn; he was less interested in making political promises than he was in sketching out the perils we face. He spoke in the hushed tones of the day that marked him for history, September 11, 2001, his voice barely filling the somber setting—not a hotel ballroom or a church basement, but a firehouse, festooned with American flags.

America's struggle was far from over, Giuliani warned the crowd. The terrorists who tested the nation that morning were still plotting to destroy its spirit. He wouldn't even use the word "if" to talk about future attacks: "I think probably the way I have to say it is, when we're attacked. That's the only way we're going to be safe." The crowd remained silent. "We're going to be in this war for quite some time," Giuliani concluded. "Not by our choosing, but by theirs."

His remarks were dramatic, which was fitting, since Giuliani has always been a man of drama, always thriving at moments of crisis. Growing up in the Long Island suburbs of New York in the placid 1950s, he would close the door to his bedroom and listen to Italian operas, in which each song contained a challenge, a confession or a choice. As a college student he read the words of Winston Churchill, perhaps dreaming that he, too, might one day feel as though he were "walking with Destiny." For a pudgy, Brooklyn-born undergraduate at Manhattan College, his aspirations seemed somewhat outlandish. Sometimes they still do. In his daily interactions, Giuliani can be arrogant, abrasive and imperious, an average-size man trying too hard to prove himself a giant.

But when the crises come, Giuliani has proved to be big enough. New York City was crime-ridden with a dwindling middle class when he became mayor in 1994. By the millennium, the city was safe, swaggering—and the envy of much of the nation. On 9/11, with the president hidden from view, "America's Mayor" steeled the country by speaking the terrible truth: "The number of casualties will be more than any of us can bear." Now, with the war in Iraq in chaos and Al Qaeda still unvanquished, he is pitching himself to Republican primary voters as the man destined to steady the party and the nation in a time of trial.

The Republicans will require some convincing. Giuliani is a social moderate running in a party dominated by Christian conservatives; he supports gay rights and gun control, and hopes to be his party's first pro-choice presidential nominee since Gerald Ford more than 30 years ago. His tenure at city hall—in which he donned fishnet stockings to dance alongside the Rockettes and sauntered for the press corps as a pink-chiffon-clad Marilyn Monroe—is a case study in why no New York City mayor has gone on to higher office since 1868.

Yet with their party in turmoil after the disastrous 2006 midterm elections, some conservatives seem willing to overlook the mayor's colorful past. After a slow start, Giuliani's candidacy has gained ground in recent weeks, thanks in part to former front runner John McCain's staunch advocacy for escalating the troop presence in Iraq and the emerging impression that none of the top-tier candidates (Giuliani, McCain, former Massachusetts governor Mitt Romney) is a true believer on social issues. In the new NEWSWEEK Poll, Giuliani leads McCain by 25 points (59 to 34 percent) as the choice of registered Republicans and voters leaning Republican for the party's nomination, while Romney trails both men by more than 30 points.

As Giuliani campaigns to protect the country from disaster, he will have to account for calamities from his own past and of his own making. Twice divorced, he has lived a life more to the tastes of New York tabloid editors than evangelical voters in South Carolina. "I can guarantee you that the majority of Southern Baptists will not vote for Giuliani," says Richard Land, president of the Ethics and Religious Liberty Commission of the Southern Baptist Convention. "President Truman said he would never hire someone who cheated on his wife, because if a person breaks his marriage oath he could also break his oath of office."

Mindful of Giuliani's vulnerabilities, his campaign has controlled his exposure to the media tightly. He declined to be interviewed or photographed for this story. But with the Iowa caucuses still 10 months away, Republican primary voters will soon learn all about the Real Rudy that New Yorkers know so well. The former mayor's life story is that of a man with a righteous sense of right and wrong who excels when the world presents him with a crisis, and, when left to his own devices, creates crises for himself.

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Born in 1944, Rudolph William Giuliani was raised to be tough in moments of peril. On a school trip to Washington, D.C., at the age of 17, he stayed up late with other boys, horsing around in the hallway of the hotel. The commotion attracted the attention of an angry hotel manager. "He said to us, 'Pack your bags, you're out of there'," recalls Peter Powers, a Giuliani friend since childhood. The other teenagers panicked; Giuliani was unimpressed. "He's bluffing," said the future mayor. "I'm going to bed." Sure enough, the manager was never heard from again.

Giuliani was taught to venerate courage by his father, Harold, a man with a complex moral history. In 2000, Wayne Barrett, author of "Rudy!", uncovered court documents showing that Harold had served time for armed robbery in Manhattan when he was 26. Barrett's account also quoted eyewitnesses who claimed Harold had served as an enforcer for a brother-in-law who ran a loan-sharking business out of a Brooklyn bar. But Giuliani, who said he knew only "parts" of Harold's checkered past, still spoke of his father with awe. Powers recalls Harold as a moral pillar: "He would ... tell us, 'Behave, do the right thing'."

Young Rudy adopted a black-and-white sense of justice. After Manhattan College and New York University Law School, he set off on a career as a prosecutor singularly focused on battling evil. He made a name for himself as a young assistant U.S. attorney in the Southern District of New York, chasing drug rings and corrupt cops. Friends recall an exceptionally driven prosecutor. "Rudy's professional life always took precedence over his personal life," says Jeffrey Harris, a colleague from the Southern District. "If that meant canceling a vacation or not being at home much in order to ensure he ... performed at the highest level, he was willing to make the personal sacrifice." The sacrifice was real: Giuliani's first marriage, to his second cousin Regina Peruggi, ended in divorce. (It was later annulled by the Roman Catholic Church on the ground that the couple hadn't gotten a special dispensation required for blood relatives to marry.) But his star turn earned him an appointment as Ronald Reagan's associate attorney general, the Justice Department's No. 3 position, in 1981.

At Justice, Giuliani had a knack for causing a ruckus. Shortly after arriving in Washington, he held a highly unusual meeting with the general counsel of McDonnell Douglas. The aeronautics corporation was under federal indictment on charges of fraud and conspiracy at the time and allegedly applied pressure to Republican lawmakers to get the Justice Department to back off. Informed of Giuliani's backdoor session, the two career prosecutors handling the case dashed off a letter to him claiming he'd created the "appearance that certain influential defendants have access to senior officials." The letter quickly found its way into the press. Enraged, Giuliani called the two prosecutors into his office. "He was raising his hands, screaming, 'How dare we send a note like this!' " recalls Michael Lublin, one of the prosecutors. "I've never seen a public official who behaved like that." The scandal passed, but Giuliani held a grudge. After the McDonnell flap, he was slated to give awards to Lublin and his fellow prosecutor, George Mendelson, at a Justice Department ceremony. Giuliani refused to present the honor, Lublin says. (Giuliani's campaign did not respond to a request for comment.)

Within two years, Giuliani had earned the trust of Reagan administration officials and was offered the job he really wanted: U.S. attorney for the Southern District of New York. He logged long hours and brought a string of high-profile cases against mobsters, corrupt public officials and Wall Street inside traders. And he developed an addiction to media attention. To make a point about the city's rampant drug problem, he and New York Sen. Alfonse D'Amato donned black leather jackets and dark shades and cruised the streets of an uptown neighborhood to make undercover crack buys.

By then, Giuliani had come to rely on an influential adviser: his wife. On a trip to Miami in 1982, Giuliani was introduced to an attractive local anchorwoman named Donna Hanover. Hooked, he pursued her intently and proposed within six weeks. Together in New York, Hanover helped Giuliani navigate the tricky tabloid culture. This was no idle exercise; Giuliani had long viewed the Southern District as a jumping-off point for elected office in New York. In 1989, he ran as the Republican candidate for mayor against David Dinkins. He lost by three points.

Bitter about his defeat, Giuliani was convinced he would have to intensify his efforts to survive the bedlam of New York politics. Targeting Dinkins in a 1993 rematch, he brought in a steady stream of outside experts to run a series of seminars on city government. "He didn't want Dinkins to know something he didn't," says Henry Stern, a New York City parks commissioner under Giuliani. One snowy morning in 1991, while Stern was out walking his dog, he ran into Giuliani and his young son, Andrew, in a park on Manhattan's Upper East Side. "When are we going to get a dog, Daddy?" Andrew asked his father. "When we live in Gracie Mansion, we'll have a dog," Giuliani replied. The seminars paid off: in 1993, Giuliani defeated Dinkins by 2.9 points.

The crisis facing New York when Giuliani took over city hall was vast. With a $2 billion deficit, the city was struggling to provide basic services, and the persistence of violent crime had forced many urban professionals to move their families to the suburbs. The problems were so vast, some observers wondered if Giuliani, or any mayor, could do much to solve them. Dismissing the doubters, Giuliani seemed to revel in the challenge, casting it as historical drama. "Winston Churchill," he said in a December 1993 speech, "didn't walk out in the middle of the Battle of Britain and say, 'You know, those bombs may really win out in the long run and we may lose to the Nazis'."

Giuliani wouldn't rest until New York was safe. He ordered the NYPD to scale back its feel-good community-liaison projects and simply patrol the streets. As his police commissioner he recruited William Bratton, a media-friendly Boston police

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commissioner who subscribed to the "broken windows" approach to enforcement. The theory held that areas that tolerated small-time crime would eventually become havens for more-serious offenses. (A single broken window would lead to more broken windows, which would lead to squatters' breaking into a building.) Graffiti artists, loiterers and prostitutes became the targets of the swift hand of the law. Bratton introduced CompStat—a system for mapping real-time crime statistics to allocate policing resources more precisely and keep track of officers' performance. Questions persisted about whether pursuing squeegee men—panhandlers who washed the windows of cars waiting in traffic—was the best use of the mayor's and his police force's time. But the strategies seemed to work: by the end of Giuliani's first year, homicides in the city were down 18 percent.

New York was emerging from adversity and Giuliani wanted the credit. It was widely reported that he was enraged when Bratton appeared on the cover of a January 1996 Time magazine under the headline FINALLY, WE'RE WINNING THE WAR AGAINST CRIME. Bratton stepped down from the NYPD within months. (Giuliani denied publicity was the issue; "Bratton didn't understand that he had a boss," says Giuliani friend Powers. "It's not a question of credit.") By this time, New Yorkers had grown accustomed to a mayor who loved combat—with allies and adversaries alike. "For Rudy, governing New York was conquering New York," says Mitchell Moss, a professor of urban policy and planning at New York University. "He thrived on confrontation." As long as Rudy got results, the public didn't particularly care how he did it, or how many fights he picked. The squeegee men were gone, as were turnstile jumpers and the more notorious pornographic emporiums. In terms of quality of life, he delivered. The rest was just drama—drama that exhausted those involved, yes, but what mattered was New York was livable again. Suburban parents no longer automatically vetoed children's trips into the city. By the end of his first term, Giuliani had cut 20,000 workers from the city's payrolls, was dramatically reducing the welfare rolls and had violent crime approaching a 30-year low. The public rewarded him with 55 percent of the vote when he ran for re-election in 1997.

His city delivered from strife, Giuliani went, in John Quincy Adams's phrase, in search of monsters to destroy. Sometimes the mayor created them when a lot of people didn't think they really existed. Where to begin? First, there was the New York Magazine ad campaign in which the magazine called itself "possibly the only good thing in New York Rudy hasn't taken credit for." Giuliani banned the ad from city buses, prompting the magazine to sue, successfully, on the ground that the mayor had violated its First Amendment rights. Then there was the risqué Brooklyn Museum exhibit that included a portrait of the Virgin Mary that the artist had stained with a clump of elephant dung. Whatever one might think of the exhibit's artistic merits—and reasonable people could disagree—Giuliani went to war in a way even some of his friends found rhetorically extreme. Outraged, he responded as though the museum was poised to destroy Christendom. "You don't have a right to government subsidy for desecrating someone else's religion," the mayor said. Some old supporters wondered if he'd lost his sense of proportion. "It was almost as if he became so enamored of his press," says Floyd Flake, a former Democratic congressman from Queens who supported Giuliani in 1993, "that he had to be solving something, even if there wasn't any problem to solve."

The mayor's largely cultural or political skirmishes—bus ads, art exhibits—were particularly irksome to minorities, who believed he was ignoring a real problem: the city's racial divide. To some community activists, Giuliani's police force seemed especially eager to practice its tough new enforcement tactics on black New Yorkers, guilty or not. Tensions boiled over on Feb. 4, 1999, when NYPD officers fired 41 shots at Amadou Diallo, an unarmed Guinean immigrant, in the vestibule of his Bronx apartment building. Giuliani expressed regret over the killing but seemed primarily concerned with protecting the police department's image. Ed Koch, the former New York mayor who'd supported Giuliani in the 1993 and '97 campaigns, became an ardent critic. "Blacks and Hispanics ... would say to me, 'He's a racist!'" Koch tells NEWSWEEK. "I said, 'Absolutely not, he's nasty to everybody'."

Giuliani was also embroiled in personal crises. By the late '90s, he and Hanover were leading largely separate lives. In 1999 the mayor met Judi Nathan, an attractive East Side divorcée. He was smitten. Over the next year, Nathan and Giuliani spent time together. When Giuliani was diagnosed with prostate cancer in the spring of 2000, forcing him out of a Senate race against Hillary Clinton, Nathan, a registered nurse, helped him as he underwent treatment. Finally, in May 2000, after the New York Daily News published photos of the couple, Giuliani confirmed that Nathan was his "very good friend."

Then a bizarre sequence unfolded: a week after the photos appeared, Giuliani announced in his daily press briefing that he and Hanover would begin divorce proceedings. But later that day, in a hastily arranged press conference, Hanover had her own announcement: Giuliani's announcement had caught her by surprise.

Giuliani's private life was a shambles—and on full display. Another mayor of another city might have moved swiftly to settle the unseemly matter quietly; Giuliani, however, hired Raoul Felder, a celebrity divorce attorney never known to be shy of publicity. When Hanover's lawyers filed a "paramour access motion" seeking to prevent Nathan from entering Gracie Mansion, where Hanover continued to live, Felder accused Hanover of "howling like a stuck pig." (After a judge banned Nathan from the mansion, Giuliani moved into a suite in the home of his friend Howard Koeppel and his partner Mark Hsiao.) No detail seemed too personal for the papers—even the fact that Giuliani's cancer treatment had rendered him temporarily impotent was used to counter the idea that Nathan was his mistress. ("The mayor can't have a paramour if he can't paraform," the comedian Jackie

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Mason, a Giuliani friend, explained to the New York Post.) Giuliani and Hanover eventually reached a settlement, but by the summer of 2001, Giuliani, savior of Gotham in his first term, had fallen from his early heroic heights. He was unpopular, even irrelevant, as New Yorkers prepared to elect his successor in the autumn of the first year of the new century.

And then came the cold horror of September 11. In those morning and midday hours Giuliani was transformed into the man of destiny he'd seemed to always believe himself to be. Some New Yorkers will remember that awful day as a sheer struggle for survival, a crazed exodus from lower Manhattan. Others will recall the frantic search for a loved one feared to be in one of the towers or on one of the doomed planes. But when the vast majority of Americans look back on 9/11, they will, for the ages, think of Giuliani walking through ash and soot. He was honest, sad and strong; he was heroic. Alone that night, before going to bed, he read Churchill's May 1940 speech to the House of Commons: I have nothing to offer but blood, toil, tears and sweat.

September 11 made Giuliani untouchable. Queen Elizabeth named him an honorary knight. French President Jacques Chirac called him "Rudy the Rock." He became a fixture at Republican rallies around the country in the elections of 2002, 2004—the year the GOP convention came to Madison Square Garden—and 2006. Once reviled by his party for his moderate views, he leapt to the top of opinion polls of potential 2008 Republican nominees.

There were other, more immediate rewards. After leaving the mayor's office in January 2002, Giuliani eventually commanded $100,000 per engagement on the lecture circuit. He found joy spending his new money with Nathan. "She became a socialite," says a friend who would comment on the couple only anonymously. "She helped his hair, she helped his suits." In May 2003, Michael Bloomberg, Giuliani's successor as mayor, married them in a star-studded ceremony on the lawn of the mayor's residence. Wearing an antique white Vera Wang gown and a pearl-and-diamond tiara, Nathan was finally mistress of Gracie, if only for one night.

Giuliani had found the good life, but that didn't stop him from playing a role in the arena, with very mixed results. In 2004, when the Bush administration was looking for a new Homeland Security secretary, Giuliani enthusiastically made the case for Bernard Kerik, who'd served as his police chief on 9/11. Gruff and hard-charging, Kerik was a Giuliani favorite; when the former mayor started Giuliani Partners, a security firm, he brought Kerik onboard, along with other associates such as Anthony Carbonetti and Denny Young. His recommendation helped Kerik win White House support. "Rudy got the door open for Bernie," says an administration official familiar with the Kerik nomination who would discuss personnel matters only anonymously.

Kerik's nomination was a disaster from the moment Bush announced it. Reporters inundated the White House with allegations of his seemingly shady behavior, including a sweetheart stock deal, improper use of police resources and connections to Mafia-linked construction moguls. (In 2006, Kerik pleaded guilty to two misdemeanors for accepting $165,000 in renovations to his Bronx apartment from a company attempting to win city contracts and for failing to report a $28,000 loan from a real-estate developer.) The White House was caught completely off guard. Bush withdrew Kerik's name after a week and a half, and the botched nomination threw Giuliani's political future into doubt. By the end of 2006, he had yet to assemble a serious political team for a 2008 run. The New York Daily News published an embarrassingly amateurish memo from his staff laying out potential fund-raising targets (many of whom had already been scooped up by McCain) and forecasting potential weaknesses. More than a few Republicans concluded he wasn't serious about running.

Then, once again, Giuliani surprised. "I'm running," he told Larry King in an interview last month before setting off on a series of carefully staged campaign events around the country to prove the point. Just showing that he meant it gave Giuliani a serious bump in the polls and worried his rivals. "I have thought for the longest time that [Giuliani] had zero chance," says an aide to another Republican candidate who asked for anonymity talking up the chances of his boss's rival. "But he's got real momentum. And if there's a terrorist attack between now and the election, he could be the next president of the United States."

Social conservatives remain skeptical and suspicious. "Giuliani is highly respected by lots of Americans because of his leadership after 9/11," says Gary Bauer, president of the conservative nonprofit organization American Values. "In fact, there is evidence that it might be the only thing people could tell you about him." A particular weakness for Giuliani may be gun control, a cause he advocated again and again as part of his crimefighting plan in New York. Grover Norquist, president of Americans for Tax Reform, asks: "The question is, do you need someone who is 100 percent on these issues, or someone who reaches a threshold? He wouldn't be polling so well if he wasn't coming close to a certain threshold."

Giuliani may well be his own worst enemy. His strength in crisis can blur into stubbornness; his resolute conviction sometimes leads to churlishness and a tendency to divide the world into good and evil, with little apparently in between. Voters will have to decide whether his virtues are worth his vices in the White House.

But make no mistake: he is a man of formidable virtues, and mastering the brutal politics of New York is good training for a fast-paced nomination fight and what will likely be a close-run general election.

Will conventional considerations—that is, the ordinary expectations voters have of presidential candidates—apply to Giuliani, or does 9/11 loom so large in the national consciousness even now that Americans will give the mayor a pass on the

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temperament question in favor of a man who is both strong and competent? (It is hard to imagine a President Giuliani botching the response to Katrina in the way President Bush did.)

The numbers may be strong now, but as British Prime Minister Harold Wilson used to say, a week is an eternity in politics, much less a year. At the event last month in South Carolina, Giuliani looked unsteady as he fielded questions on jobs, immigration and free trade. He still seems un-comfortable when coaxed off his national-security script. But no one knows better than Giuliani that every day is not 9/11, and while the crises of a campaign may seem inane, they are far from inconsequential. In the coming months, there will be a million small disasters—ways to falter or chances to become a man of destiny once more.

With Susannah Meadows, Mark Hosenball, Michael Isikoff, Eve Conant, Sarah Childress, Andrew Romano and Jonathan Mummolo

What Makes Rudy Run (USNEWS)

By Gloria Borger

U.S. News and World Report, March 4, 2007

I know, it's early. The public hasn't really focused on the presidential race yet. It's all a bunch of background noise. Except when it's not. And there is something happening in the Republican Party these days that goes beyond the usual rat-a-tat-tat of early campaigns and polls, because it's so mind-boggling: Rudy Giuliani is surging. The pro-abortion rights, pro-gun control, pro-gay rights, thrice-married former New York mayor—who as part of a spoof once dressed in drag and got cozy with Donald Trump—is ahead. And not just in one poll; in most every poll. And not just because he's a well-known name; GOP voters specifically rate him above the rest of the field as a leader, both inspirational and electable. In one recent poll, the putative front-runner, John McCain, beat him on just a single quality-experience. For whatever that's worth these days.

So are GOP voters just remembering the moment on 9/11 when Rudy took charge? Or can it be that they might actually embrace a candidate whose positions on social issues are nothing less than a heresy to the party's right flank? Just months ago, that seemed like a nutty idea, particularly with the once-maverick McCain going Establishment. But the inevitability of McCain took a hit with Iraq—and his support for the president's plan for a troop surge. No matter how much McCain says the war was botched—and he says it all the time now—he's still Bush's guy on adding more troops. And that's a problem.

Enter Rudy. His bid is a huge gamble with a simple premise: that, in the end, the appeal of his personality, leadership cred, and the new primary schedule (which could be full of big states with large urban areas with lots of moderate Republicans), will give a city boy a chance to win the nomination. From the minute Giuliani announced his intention to announce (that's how they do it these days), he's been in the top tier. But guess who isn't? "Not one of the leading candidates is a conservative," says William Bennett, a conservative who hosts a radio talk show. The best horse conservatives have is Sen. Sam Brownback of Kansas—smart, but not exactly about to catch fire.

Cultural conservatives are, to put it mildly, miffed about "Rudy McRomney." While McCain has spent years burnishing his conservative credentials—and has a clear antiabortion voting record—the purists still consider him suspect. (After all, he supports embryonic stem cell research.) And Mitt Romney, the former Massachusetts governor positioning himself as the conservative alternative to McCain, has a few credibility problems, starting with this: He was for abortion rights just two years ago, before a sudden (pre-convention?) conversion. For Republicans, who like their primaries orderly, it's all just so unsettling. To calm them down, the Giuliani crowd likes to say its guy is just like Bush, only articulate. "Republicans still believe Bush is right on the principles," says a Giuliani backer. "They just wish he could say it—and do it—better." That's obviously the strong suit for the mayor who captivated the nation on 9/11. "If your complaint is that Bush hasn't gotten results in the war on terror, you should be with Rudy," says an adviser. Rudy gets results! Sound like a slogan?

Guns and gays. But is that enough to push aside the GOP social agenda? Not if you're a cultural conservative like Tony Perkins, who runs the Family Research Council. He says that once GOP voters figure out where Giuliani stands on the issues, they'll dump him. And if they don't, he warns, "an unenthusiastic Republican base will suppress turnout and set up a Democratic victory." But what if Giuliani finds a way to finesse his liberal past by, say, promising to appoint conservative judges, as he did recently on the stump? "I would want judges who are strict constructionists because I am," he said. As for his support for gay civil rights, an adviser says, "since when are voters not open to tolerance?" And when it comes to guns, he adds, Giuliani had a city in crisis, got the guns off the streets, and reduced crime. And, in a pitch to conservatives last week, Giuliani himself called Ronald Reagan his "hero."

Will all of this work? It's unknowable. But here's what we do know: In 1999, George Bush was the only Republican candidate who could raise about $70 million to get elected. Now each man in the top tier can raise that, and more. That means they can last until they kill each other off—and get ready. Stories about Giuliani's marriages, McCain's temper, Romney's Mormonism: It'll be a food fight.

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Alter: Wrong Time For An Urban Cowboy? (NSWK)

By Jonathan Alter

Newsweek, March 5, 2007

Presidential elections are said to be about the future, but they also end up as verdicts on the past. Voters often reject the type of leadership they have recently experienced. In 1960, young JFK was the antidote to dowdy Ike. In 1976, Jimmy ("I'll never lie to you") Carter campaigned to wipe away the stain left by Richard Nixon. In 1980, sunny Ronald Reagan tapped into disgust with the malaise of the Carter years. In 2000, George W. Bush took on not just Al Gore, but Bill Clinton and Monica Lewinsky.

The reason the 2008 campaign favors Democrats—at least for now—is that Bush has failed so badly that the next president may be the one who resembles him least. Job One in 2009 will be reviving the prestige of the United States, which is a prerequisite for confronting nuclear threats, jihadists, climate change—you name it—none of which can tackled by Americans acting alone.

So to be effective, Bush's successor must be a tough-minded but flexible and humble chief executive with a talent for building bridges, not burning them. For instance, preventing terrorism is less a matter of war than a subtle diplomatic challenge involving international coordination and a convincing projection of Western values. It's a group activity, which means that the next commander in chief will need a Tom Sawyer-like skill in getting other kids in the global neighborhood to paint the fence. This requires charm and leadership.

Which brings us to Rudy Giuliani. On one level, his consistent lead in the polls makes perfect sense. The trauma of 9/11 still moves through the national bloodstream like a time-release capsule. For many Americans, it was the most significant public event of their lifetimes. If Gen. William Henry Harrison could be elected in 1840 on the strength of his victory over Indian "terrorists" at the Battle of Tippecanoe three decades earlier, the cataclysmic events of 2001 might yet make "America's Mayor" president, whatever his views on other issues.

But from a different angle, Giuliani's leadership style seems out of sync with history's pendulum. Why would voters want to replace a my-way-or-the-highway Texan with a shut-up-and-listen New Yorker? Exchange a Crawford cowboy for an urban cowboy? A woman, African-American, Hispanic, Mormon or Vietnam POW would represent a sharper break from the immediate past.

Not that Giuliani is a Bush clone. He performed in slashing crime and helping to save New York. But Rudy was often petulant and polarizing. To give just one example (minor in itself, but revealing): he broke diplomatic relations with the Manhattan borough president, Virginia Fields, because she dared to criticize him. (Giuliani was feuding with Harlem politicians at the time.) When, amid a racial crisis in the city, I went to Gracie Mansion to ask him how he could refuse to speak for more than two years to the highest-ranking African-American in town, he scoffed that there was no point.

Of course, such detail about his fitness for the give-and-take of the presidency is too nuanced to be a campaign issue. So is the dictatorial way he dealt with local dissent. Unless his temper explodes on the trail, which is not as likely as his detractors predict, we probably won't squarely face the question of whether America is Ready for Petty. The more that liberal New Yorkers warn Republicans in the rest of the country about Giuliani, the more those Republicans will bond with him. The mayor once described by Jimmy Breslin as "a small man in search of a balcony" has found one, and with lots of people standing in rapt attention below.

Including me. In the days after 9/11, I went with Giuliani five times to Ground Zero and to the funerals of several firefighters. Up close, his compassion and calm command were every bit as impressive as advertised. I fell hard for him and what he was doing for New York and the country. Too hard. When he said it was "cynical" to believe he should leave office at the end of his term—nearly four months after 9/11—I bought his argument for an extension. I was fearful enough to write that he had "practical reasons" for moving in an extraconstitutional direction amid the emergency. When cooler heads than mine prevailed, he eventually backed down on that idea, as well as his insistence on changing the city constitution so he could run for a third term.

Rudy was a good mayor in many ways, but his appeal now is based on fear. When terrorists attack again, we'd want him at the helm for the first few weeks. But after that? Even the most skeptical among us might bend too easily to his will, with frightening consequences. As Giuliani moves toward the big prize, voters will have to look closely at how his history and character could condition his behavior in the White House, where past is always prologue.

Clinton, Obama Praise Civil Rights Achievements (USAT)

By Alvin Benn And Jamie Kizzire

USA Today, March 5, 2007

Two Democratic presidential candidates — one black, the other a woman — speaking three blocks apart on a street named for Martin Luther King Jr.

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Sens. Barack Obama of Illinois and Hillary Clinton of New York came here Sunday to help commemorate Bloody Sunday, a 1965 march that became a seminal moment in the civil rights movement.

The re-enactment of the march over the Edmond Pettus Bridge into Selma was the first time in their campaigns that the candidates appeared together. Later, they watched former President Bill Clinton inducted into the National Voting Rights Hall of Fame.

At the churches and in early appearances, the senators told how the civil rights movement touched their lives.

"I could not be here if not for the foot soldiers," Obama said at a breakfast.

At the pulpit of First Baptist Church, Clinton described herself as a "grateful friend" and "beneficiary" of the civil rights movement.

Obama focused on continuing the struggle in his remarks at Brown Chapel AME Church.

Everyone, he stressed, makes a difference.

"Don't tell me we can't do better by our children," said the 45-year-old senator. "We can achieve. We can do it. The power is in our hands.

"I know if cousin Pookie would vote, if brother Jethro would get off the couch and stop watching SportsCenter and go register some people and get them to the polls, we'd have a different kind of politics," Obama said. "Kick off your bedroom slippers, put on your marching shoes!"

Clinton also embraced the theme of pushing the movement forward.

Bloody Sunday and other major civil rights events such as the integration of Little Rock's Central High School "do not mark the end of the journey," said Clinton, 59.

"We've got a march to finish. The brave men and women of Bloody Sunday did not lose heart. We can do no less."

Clinton recalled how her life changed in 1963 when she attended a speech by King.

She then turned to the future, touching on national issues including health care, education and care for wounded soldiers. After speaking at length about voting irregularities in the last two presidential elections, she vowed to push for federal election reform.

Outside, Cheryl Griffin and Barbara Mann recalled the 1965 demonstrations that changed the political face of America. Students at Alabama State University, they joined the marchers when they got to Montgomery.

"I did it because my mother couldn't vote because of the poll tax," said Griffin, who was of age but also could not vote. "I marched for both of us."

Clintons, Obama Honor Activists In Selma (AP)

By Nedra Pickler

AP, March 5, 2007

Presidential candidates Barack Obama and Hillary Clinton crossed campaign paths for the first time Sunday as they paid homage to civil rights activists who they said helped give them the chance to break barriers to the White House.

The two candidates and former President Clinton, making his first appearance with his wife since her campaign began, linked arms with activists who 42 years ago were attacked by police with billyclubs during a peaceful voting rights march. "Bloody Sunday" shocked the nation and helped bring attention to the racist voting practices that kept blacks from the polls.

"I'm here because somebody marched for our freedom," Obama, who would become the first black president, said from the Brown Chapel AME Church where the march began on March 7, 1965. "I'm here because you all sacrificed for me. I stand on the shoulders of giants."

Not to be outdone in the hunt for black votes, Hillary Clinton also spoke in Selma at a church three blocks away and brought a secret weapon — her husband. Three days before the march anniversary, her campaign announced that the former president who is so popular among blacks would accompany her for his induction into Selma's Voting Rights Hall of Fame.

Sen. Clinton said the Voting Rights Act and the Selma march made possible her presidential campaign, as well as those of Obama and New Mexico Gov. Bill Richardson, who would be the first Hispanic to occupy the Oval Office.

"After all the hard work getting rid of literacy tests and poll taxes, we've got to stay awake because we've got a march to continue," Clinton said in a speech interrupted numerous times by applause and shouts of approval. "How can we rest while poverty and inequality continue to rise?"

Clinton and Obama both appeared outside Brown Chapel for a pre-march rally, but came from opposite sides of the podium and did not interact. Despite the intense rivalry between their campaigns, the two praised each other.

"It's excellent that we have a candidate like Barack Obama who embodies what all of you fought for here 42 years ago," Clinton said. Obama said Clinton is "doing an excellent job for this country and we're going to be marching arm-in-arm."

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But they did not join arms when the commemorative march attended by thousands got under way. Instead, Clinton held hands with her husband and Obama was several people down the line. Obama, who shed his coat and tie for the march, approached Hillary Clinton at one point and the two chatted for a few seconds before moving back to opposite sides of the street.

The two candidates sounded similar themes in their speeches. Both said the civil rights movement is not over because inequality still exists in education, health care and the economy. Both criticized the Bush administration for failing to return Hurricane Katrina victims to their homes.

But Obama, who was three years old on Bloody Sunday, delivered a call to action that would be politically unfeasible for Clinton or any of his other white rivals. He said the current generation of blacks does not always honor the civil rights movement and needs to take responsibility for improving their lives by rejecting violence; cleaning up "40-ounce bottles" and other trash that litters urban neighborhoods; and voting instead of complaining that the government is not helping them.

"How can it be that our voting rates dropped down to 30, 40, 50 percent when people shed their blood to allow us to vote?" Obama asked at a unity breakfast with community leaders.

At the breakfast, Obama got a key to the city and another to surrounding Dallas County from a probate judge, Kim Ballard. "Forty-two years ago he might would have needed it because I understand it would open the jail cells," Ballard said. "But not today."

Obama said the fight for civil rights reverberated across the globe and inspired his father to aspire to something beyond his job herding goats in Kenya. His father moved to Hawaii to get an education under a program for African students and met Obama's mother, a fellow student from Kansas.

Obama said he was not surprised when it was reported this week that his white ancestors on his mother's side owned slaves. "That's no surprise in America," he said and added that the civil rights struggle made it possible for such a diverse couple to fall in love.

"If it hasn't been for Selma, I wouldn't be here," Obama said. "This is the site of my conception. I am the fruits of your labor. I am the offspring of the movement. When people ask me whether I've been to Selma before, I tell them I'm coming home."

But the former president stole the show from the two candidates. The audience cheered loudest for him when the three took the stage at the end of the march and the crowd mobbed him as he tried to make it to his limousine, delaying his departure.

Speaking at his induction, Clinton said the 2008 campaign features "a rainbow coalition running for president."

"If it hadn't been for the Voting Rights Act, the South would have never recovered and two white southerners — Jimmy Carter and Bill Clinton — never could have become president," Clinton said.

Other Democratic candidates are not leaving the black vote to Obama and Clinton. John Edwards, the 2004 vice presidential nominee, was speaking about Selma and civil rights at the University of California, Berkeley.

"The fight for civil rights and equal rights and economic and social justice is more than just going to celebrations, even as wonderful as the one in Selma," Edwards said in remarks prepared for delivery as he referred to Berkeley janitors' fight for a wage increase. "The fight is going on right here, right now."

Candidates Obama, Clinton Vie For Black Voters In Selma (MCT)

By Matt Stearns

McClatchy Newspapers, March 5, 2007

SELMA, Ala. - Sens. Barack Obama and Hillary Clinton brought their increasingly intense battle for the Democratic party's base to this heart of the American civil rights movement Sunday.

Obama, the upstart Illinois Democrat, brought the hot vibe of the cool new. Clinton, the veteran New Yorker, brought her long history and a ringer: husband and former President Bill Clinton, whom black author Toni Morrison once called the "first black president."

The trio came to Selma for the 42nd anniversary of a seminal event in American civil rights history - the bloody protest march from Selma to Montgomery in defiance of a ban on protest marches by then-Gov. George Wallace. Hundreds of marchers were savagely beaten by Alabama state troopers on March 7, 1965, as they attempted to cross the Edmund Pettus Bridge on the highway to Montgomery. The national outcry helped lead to a successful five-day march of thousands two weeks later. Within months, the Voting Rights Act was signed into law, forever changing American society.

The annual celebration of the event has become a civil rights demonstrators' reunion and political pilgrimage, thrown into high relief this year by the fight for the 2008 Democratic presidential nomination. Obama and Clinton already had a high-profile tiff over deep-pocketed Hollywood support; this weekend, both were vying for black voters, a key element of the Democratic primary vote, especially in the South.

A recent Washington Post-ABC News poll late last month found that Obama, once trailing Clinton by 40 points in support among black voters, had gone 11 points up on Clinton among them.

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Obama accepted an invitation to a unity breakfast and to speak at a local church several weeks ago; Clinton days later accepted an own invitation. Then last week, Clinton's campaign announced that her still popular husband would come to Selma to be inducted into Selma's Voting Rights Museum Hall of Fame. Originally, Hillary was to accept on Bill's behalf.).

The rhetoric Sunday was lofty despite the gamesmanship. Obama, a toddler at the time of the Selma demonstrations, said the civil rights measures that Selma begat made his rise possible.

"If it hadn't been for Selma, I wouldn't be here," Obama said. "This is the site of my conception. I am the fruits of your labor. I am the offspring of the movement. When people ask me if I've been to Selma before, I tell them I'm coming home."

Sen. Clinton took the idea further, saying that the civil rights movement had made possible not just Obama's candidacy but New Mexico Gov. Bill Richardson's and her own.

Some voters had already made up their minds as they massed on Martin Luther King Jr. Street to see Obama at Bethel Chapel A.M.E. Church or Clinton at First Baptist. The two old "movement" churches are just a few hundred yards apart, separated by a public housing project.

Waiting in line after a four-hour drive to see Obama, Fran Gholston wore an Obama T-shirt and carried a sign saying "I Have the Audacity of Hope," a reference to Obama's best-selling book.

"It's a new beginning, a time for a change," Gholston said of her support for Obama. "I like Hillary, too. And I love Bill. If he were running…It's just time for a change."

"I'm still open," said Dennis Middlebrooks, of Tarrant, Ala. "I was sold on Clinton until he stepped up…I need to investigate both."

The weekend-long celebration was the classic Southern dichotomy of Saturday night fun and Sunday morning solemnity. Both showed how far Selma had come since "Bloody Sunday", the March 7 morning that marchers came under attack on the bridge.

Saturday night saw much of a downtown street closed for a rollicking block party that featured teens in long t-shirts and baggy pants and adults dressed to the nines, munching on plates of barbecue and giant turkey legs. Many danced to a blues band and the crowd was almost entirely black.

Leaning against a telephone pole, Vinney Cooper remembered that in his youth, before the movement, such celebrating never would have been allowed to happen: "There was one place we could do something, twice a year, for one day." (Cooper himself, whose older brothers were injured on Bloody Sunday, later became one of Alabama's first black state troopers.)

Next morning, Selma, a poor town in the old cotton fields of west-central Alabama's Black Belt, was transformed. Now it was the set for something unimaginable 42 years ago: two presidential candidates vying for crucial black votes _ one candidate black, one female.

"If the men and women who crossed that bridge could see…I could hear Dr. King saying, 'We're about at the mountaintop'," said U.S. Rep. Emanuel Cleaver a Missouri Democrat.

Crowds Jam Selma Churches To See Obama, Clinton (AJC)

By By Scott Shepard

The Atlanta Journal-Constitution, March 5, 2007

Selma, Ala. — The stars fell on Alabama on Sunday in political pageantry that looked to be an early defining moment in the campaign for the 2008 Democratic presidential nomination.

Overflow crowds of mostly African-Americans jammed two historic churches to hear sermon-like speeches from the front-runners for the party's nomination, Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois.

But the crowds swelled even larger when former President Bill Clinton, one of the most popular political figures ever among African-Americans, led a re-enactment of the famous 1965 "Bloody Sunday" march that produced landmark federal legislation guaranteeing minorities the right to vote.

Obama acknowledged his debt to a generation of civil rights "foot soldiers" during his remarks at Brown Chapel AME Church, the sanctuary from which the voting rights marchers set out on their fateful walk on March 7, 1965, across the Edmund Pettus Bridge and into the violence of club-wielding law enforcement officers.

"We're in the presence today of ... giants whose shoulders we stand on," he said. "Because of what they endured, they led a people out of bondage. It's because of them that the next generation has not been so bloody. It's because of them I stand before you today."

Indeed, among those in the audience were the Rev. Joseph Lowery of Atlanta, a lieutenant of the Rev. Martin Luther King Jr. who took over the Southern Christian Leadership Conference after King's assassination, and Rep. John Lewis (D-Ga.), who led the original "Bloody Sunday" march, a prelude to King's Selma-to-Montgomery march days later.

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Speaking to the crowd, Lewis said, "Forty-two years ago it was almost impossible for people of color to register to vote. We got in the way. We stood up. That's why we come back [to mark the anniversary]." Lewis sat next to Obama inside the church, but in his remarks, he did not indicate a preference for Obama or Clinton in the 2008 Democratic presidential contest.

African-Americans are one of the most important constituencies in the Democratic Party, and the face-to-face confrontation between Clinton and Obama in Selma underscored how actively both plan to court black voters.

Comments from those who heard the speeches Sunday did not provide definitive proof of which candidate carried the day.

"We love the Clintons, but it's a brand new day," said Freddie Gholston, 55, an African-American from Trinity, Ala., who attends the "Bridge Crossing Jubilee" every year. "It's really possible for Obama to become president."

But Althea Roy, 67, a lifelong resident of Selma, said of Clinton: "I think she would be good for our people. Her husband was."

Obama, who is seeking to become the country's first African-American president, was just three years old when state and local police turned back Lewis and the other "Bloody Sunday" marchers, producing television images that galvanized the nation against election tactics >used mostly in Southern states to legally disenfranchise blacks.

In a breakfast speech at a local community college earlier Sunday, he told students that his father, a goat herder in Kenya, also was inspired by the struggles in Selma. He moved to Hawaii to attend school and there met the white woman from Kansas who would become his wife and the senator's mother.

"If it hadn't been for Selma, I wouldn't be here," Obama said. "I am the offspring of the movement."

Sen. Clinton also credited the struggle in Selma and the 1965 Voting Rights Act it produced with proving new opportunities for women and Hispanics.

"It is the gift that keeps on giving," she said of the Voting Rights Act.

"It is giving Senator Obama a chance to run for president, [New Mexico Gov.] Bill Richardson, a Hispanic, a chance to run, and it is giving me a chance," she said. "I know where my chance came from, and I am grateful."

Clinton, who is seeking to become the first female president, spoke at the First Baptist Church, located just two blocks from Brown Chapel. During the voting rights demonstrations in the early 1960s, the Baptist church often served as a meeting place for King and SCLC organizers.

Drawing upon biblical scriptures and the sermons of King, she said after all the "hard work getting rid of literacy tests and poll taxes, we've got to stay awake because we've got a march to continue." To shouts of approval and applause, she added, "How can we rest while poverty and inequality continue to rise? We all know we have to finish the march. That is the call to our generation."

Following the church services, Clinton and Obama praised each other as they appeared together outside Brown Chapel for a rally that kicked off the march from the church over the Edmund Pettus Bridge.

"It is excellent that we have a candidate like Barack Obama who embodies what all of you fought for here 42 years ago," Sen. Clinton said. Clinton is "doing an excellent job for this country, and we're going to be marching arm-in-arm," Obama said of his Senate colleague.

When the commemorative march began, Obama linked arms with Lowery, who had led the Selma-to-Montgomery march at the request of King, and Clinton joined arms with her husband in their first joint appearance since she announced her presidential campaign in January.

The march ended with a ceremony in a park at the foot of the bridge heralding the induction of the former president into Selma's Voting Rights Hall of Fame.

Obama Praises Selma Achievements (USAT)

By Alvin Benn

USA Today, March 5, 2007

SELMA, Ala. — Sen. Barack Obama praised Selma for its civil rights achievements Sunday morning, and said that his presidential candidacy has a direct relation to the events of 1965.

"I am the product of your legend," Obama, D-Ill., said at the Wallace Community College gymnasium, where he spoke to about 1,000 supporters.

The school is named for Alabama's famous, former segregationist governor, George C. Wallace, who once stood in the doors at the University of Alabama to keep black students from entering.

Obama and Sen. Hillary Clinton, D-N.Y., are in Alabama to participate in events Sunday marking the 42nd anniversary of the Selma to Montgomery march. Former President Bill Clinton will also participate.

Political historians consider the weekend visit by two candidates for the Democratic presidential nomination significant.

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"This city has become the symbolic place to come for the African-American vote in this country," Selma historian Alston Fitts said Friday.

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By Rob Carr, AP

Sen. Barack Obama, D-Ill., spoke Sunday morning at the Martin and Coretta King Beloved Community Unity Breakfast, in Selma, Ala.

Obama, Clinton Seek Votes At Civil Rights Landmark (CHIT)

By Dahleen Glanton And Mike Dorning

Chicago Tribune, March 5, 2007

SELMA, Ala. -- Two of the Democratic Party's leading presidential candidates came to an emotionally evocative touchstone of the civil rights movement Sunday seeking to strengthen their bonds with African American voters and tie their campaigns to the cause's unfinished work.

Speaking at two of the city's oldest black churches, located yards from each other, Sens. Barack Obama of Illinois and Hillary Clinton of New York presented their campaigns as legacies of the struggle for political equality.

With African American votes crucial to winning Democratic primaries in the South, Clinton and Obama have been making a determined effort to win over black voters. The candidates came to Selma for the 42nd commemoration of Bloody Sunday, when civil rights marchers were beaten by state troopers as they tried to cross the Edmund Pettus Bridge.

Sunday marked the first entrance into the presidential campaign by former President Bill Clinton, a popular figure with African-Americans whom writer Toni Morrison once called "our first black president." He avoided upstaging his wife at her speech by staying away from the church. But people cheered and rushed to be near him when he joined his wife and Obama for a re-enactment of the 1965 march.

In a keynote address for the commemoration, Obama declared himself part of a new wave of black political leaders that he called "the Joshua Generation." It was Joshua, the Biblical successor to Moses, who led the Jewish people to the Promised Land after Moses delivered them from slavery in Egypt.

"We are in the presence today of a lot of Moseses, ... of giants whose shoulders we stand on," said Obama, surrounded by civil rights veterans. But, he added, "We've got to remember now that Joshua still has a job to do."

While Obama did not explicitly claim for himself the role of Joshua, that was clearly the implication, coming during a campaign to be elected the nation's highest leader.

Speaking at the First Baptist Church, Clinton said that three Democratic contenders for the presidency-Obama, an African-American, New Mexico Gov. Bill Richardson, a Latino, and herself, a woman-benefited from the civil rights movement.

"I come here as a ... great beneficiary of what happened in Selma," said Clinton.

"In the last two elections, we have seen our right to vote tampered with ... in state after state," Clinton said.

Clinton began the presidential race with a huge lead among African Americans, many of whom have deep affection for the former Clinton White House, but recent polls have shown Obama leading her among black voters. Though Obama is African American, he is a newcomer to national politics and is not as well known as the former first lady.

Black voters could play an important role in the selection of the next Democratic nominee. South Carolina, where blacks make up about half of the Democratic primary electorate, will hold one of the earliest nominating contests. Several other Southern states, including Alabama, are considering moving up their primaries.

Marching at the front of the procession through downtown Selma and across the bridge, the Clintons and Obama were separated in line by two black congressmen and several other civil rights leaders. People along the route snapped pictures and yelled out the names of Obama and the Clintons. Many of them fell in behind as the march passed.

"It is important for us to see what they stand for," Patrick Dick, a 33-year-old heating and ventilation technician from Birmingham, said of the candidates. "It will be a difficult decision because both of them seem like they are there for us and want to make the world better."

Before the procession, Obama spoke at Brown Chapel A.M.E. Church, the meeting place for Selma civil rights organizers during the 1960s and the starting point for the Bloody Sunday march. Obama was joined there by the local congressman, Artur Davis (D-Ala.), who has endorsed Obama, and by Rep. John Lewis (D-Ga.), who was badly beaten on the bridge and returns for every anniversary.

Obama placed his own life in the broader experience of black Americans and noted recent news accounts of his genealogy showing a white ancestor once owned slaves.

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His father, a black man from Kenya, "met this woman whose great great-great-great grandfather had owned slaves," he said.

Some commentators have argued that Obama's biography-he is the son of a white woman from Kansas and a black man from Kenya and was raised by white grandparents in Hawaii-gives him a different experience from most black Americans.

But he asserted his ancestors in colonial Africa suffered many of the same humiliations as blacks in the Jim Crow-era South, noting his African grandfather was a "house boy" whom even in old age his British employers addressed by his first name, rather than his last.

"Sound familiar?" Obama said, rousing a chorus of affirmations.

He offered his life story as a legacy of the civil rights movement, asserting formative events in his life as touchstones of the movement's achievements: election to high office, the opportunity to study at prestigious Ivy League universities, and even his birth of a mixed-race marriage.

"There was something stirring across the country because of what happened in Selma, Ala., because some folks are willing to march across a bridge. So they got together and Barack Obama Jr. was born," Obama said.

Obama was born in 1961, four years before the march across the Edmund Pettus Bridge. But spokesman Bill Burton said Obama was "speaking metaphorically about the civil rights movement as a whole."

During Sunday's commemoration, Bill Clinton was inducted into the National Voting Rights Museum Hall of Fame.

His wife said much work remains to be done in this country, including providing health care for 46 million uninsured Americans, creating an efficient energy policy and taking care of American soldiers fighting in Iraq.

"How do we refuse to march when our young men and women are in harm's way and when they come back our government does not take care of them," she said.

She added, "The brave men and women [in the 1960s] did not lose heart. We can do no less."

Clinton And Obama Unite In Pleas To Blacks (NYT)

By Patrick Healy And Jeff Zeleny

The New York Times, March 5, 2007

SELMA, Ala., March 4 — Evoking the passions and rivalries of the civil rights era, Senators Barack Obama and Hillary Rodham Clinton made deeply personal appeals to voters in the sanctuaries of black churches here on Sunday, and then joined former President Bill Clinton for a march across a bridge where white police officers beat protesters, most of them black, nearly 42 years ago.

It was an extraordinary sight: the Clintons and Mr. Obama, two of them competitors for the Democratic presidential nomination, walking — with two black congressman, and sometimes others, in between them — down Martin Luther King Jr. Street to commemorate the footsteps of black demonstrators who were met with violence as they tried to march to Montgomery to demand civil rights in 1965.

The visit to Selma, a historically rich, economically struggling city, became a proxy battle for black support between Mrs. Clinton and Mr. Obama, whose candidacy represents a threat to Mrs. Clinton's traditional base. That competitive dynamic intensified on Sunday with the debut of Mr. Clinton on the campaign trail, six weeks into his wife's bid, and among a bloc of voters who are at once devoted to the former president and torn between his wife and Mr. Obama.

It was the first side-by-side appearance of Mr. Obama and Mrs. Clinton in the 2008 presidential campaign, and the political theater of the two campaigns overlapped repeatedly, but with a polite tone that contrasted with their political skirmishing of recent weeks. Mr. Obama and Mrs. Clinton spoke at services on the same street, three blocks apart, and the lines of worshipers were so long that they nearly intermingled. Both candidates paid homage to the same civil rights leaders, and both concluded the services by locking arms with worshipers and swaying to "We Shall Overcome."

At different points, both Clintons said that the Voting Rights Act of 1965 had paved the way for Mr. Obama to run for president.

"Today it is giving Senator Obama the chance to run for president," Mrs. Clinton told worshipers at the First Baptist Church, to enthusiastic applause. "And by its logic and spirit, it is giving the same chance to Gov. Bill Richardson to run as a Hispanic. And, yes, it is giving me that chance."

Mr. Obama, before the commemoration march, praised both Clintons and said of the political campaign under way, "We don't have time for other folks to divide us."

Mr. Clinton, arguably the most cadence-blessed speaker of the three, half-joked Sunday afternoon that he had been bested by the other two. "All the good speaking has been done by Hillary and Senator Obama already — I'm just sort of bringing up the rear," he said.

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If Mr. Obama and Mrs. Clinton had one overarching theme in their remarks, it was the honoring of the civil rights movement that had contributed to their own rise in politics and quests for the nomination.

"We're in the presence today of giants whose shoulders we stand on," Mr. Obama said at the Brown Chapel A.M.E. Church. "People who battled on behalf not just of African-Americans but on behalf of all Americans, who battled for America's soul, that shed blood, that endured taunts and torment."

In a 35-minute address, interrupted repeatedly by applause and shouts of praise from worshipers, Mr. Obama said it was time for his generation to pick up the work of those who had toiled before. He said it was time for the "Joshua generation" — a biblical reference to the leader who succeeded Moses — to urge family and friends to shake their apathy to engage in politics and action.

"I know if cousin Pookie would vote, if brother Jethro would get off the couch and stop watching Sports- Center and go register some folks and go to the polls, we'd have a different kind of politics," Mr. Obama said, the crowd rising to its feet. "Kick off your bedroom slippers, put on your marching shoes!"

Down the street, meanwhile, the congregation warmly welcomed Mrs. Clinton, who blended personal anecdotes with a fluidly thematic set of remarks, in which she said the civil rights march "is not over yet."

"We've got to stay awake, we've got to stay awake because we have a march to finish," Mrs. Clinton said, "a march towards one America."

Her voice rising, she said: "Poverty and growing inequality matter. Health care matters. The people of the Gulf Coast matter. Our soldiers matter. Our future matters."

Both candidates, too, turned to stories from their past to show their connection to the civil rights movement.

Mr. Obama relayed a story of how his Kenyan father and his Kansan mother fell in love because of the tumult of Selma, but he was born in 1961, four years before the confrontation at Selma took place. When asked later, Mr. Obama clarified himself, saying: "I meant the whole civil rights movement." He also acknowledged for the first time a recent revelation by a genealogist that his mother's ancestors in Kentucky owned slaves, something reported by The Baltimore Sun last week.

"It turns out that her great-great-great-great-grandfather actually owned slaves," Mr. Obama said before another audience, over breakfast, at George C. Wallace Community College. "That's no surprise. That's part of our tortured, tangled history."

Mrs. Clinton, meanwhile, recalled going with her church youth minister as a teenager in 1963 to hear the Rev. Martin Luther King Jr. speak in Chicago. Yet, in her autobiography and elsewhere, Mrs. Clinton has described growing up Republican and being a "Goldwater Girl" in 1964 — in other words, a supporter of the presidential candidacy of Senator Barry M. Goldwater, who opposed the 1964 Civil Rights Act.

After the services, the senators were joined on the steps of the Brown Chapel by Mr. Clinton, who flew to Selma to campaign with his wife and be inducted into the National Voting Rights Hall of Fame.

Indeed, the start of the re-enactment march was delayed as a crowd swarmed around Mr. Clinton, who smiled and hugged his admirers, a few of whom were even wearing Obama buttons.

Mary Broadnax, 52, was walking closely behind, absorbing a moment she would never have imagined growing up in nearby Montgomery. After hearing Mr. Obama speak, she said she would do whatever she could to see him win the presidency.

"I love Bill Clinton, but if he came up to me and asked me to support Hillary, I would have to say I'm sorry," Ms. Broadnax said, pausing before unspooling a long string of attributes about Mr. Obama. "He's the right man for our time."

The two political rivals, followed by large entourages and curious onlookers, had come to Selma three days before the anniversary of Bloody Sunday, a violent afternoon near the Edmund Pettus Bridge that became a turning point in the American civil rights movement. Dozens of congressmen and other elected officials also came for the ceremonies; among them was a House leader, Representative Rahm Emanuel, who represents the same state as Mr. Obama, was a former aide to Mr. Clinton and went to church Sunday with Mrs. Clinton. He has not endorsed anyone in the race.

As they re-enacted the 1965 march, making their way to the Alabama River, the Clintons were at the front of the assembly, while Mr. Obama was often only two people away, separated by John Lewis and Artur Davis, the Democratic congressmen from Georgia and Alabama. They were all linked arm in arm throughout as they slowly moved forward on the two-mile walk.

Clinton, Obama Link Selma March To Present (WP)

By Anne E. Kornblut And Peter Whoriskey

The Washington Post, March 5, 2007

SELMA, Ala., Mar. 4 -- Sen. Barack Obama (D-Ill.), describing himself as "the offspring of the movement," paid homage Sunday to the civil rights protesters whose violent beatings here at the hands of state troopers and sheriff's deputies 42 years ago sparked national outrage and led to legislation ensuring the voting rights of African Americans throughout the South.

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Just a few blocks away, Sen. Hillary Rodham Clinton (D-N.Y.) claimed the same inheritance, describing the civil rights movement as "the gift that keeps on giving" as it propels new types of politicians onto the national stage. Their simultaneous appearance at the annual commemoration of one of the most famous moments in the civil rights struggle embodied the historic nature of a presidential race in which an African American and a woman lead the Democratic field.

The two presidential candidates spoke at separate Sunday morning services and later joined in the ritual march across the Edmund Pettus Bridge, led by Rep. John Lewis (D-Ga.), who as a young civil rights leader was beaten on the bridge with other protesters on the morning of March 7, 1965, as they began a voting-rights march to Montgomery.

Clinton marched with her husband, former president Bill Clinton, who came to Selma to be inducted into the National Voting Rights Museum's hall of fame. It was the first time the Clintons had appeared together at a major event in the 2008 campaign and an appearance much-debated in Hillary Clinton's campaign before it was announced Thursday night.

In the days leading up to the commemoration of "Bloody Sunday," advisers to Obama and Clinton had insisted it would not be a day for politics. But their mere presence in Alabama signaled the extraordinary importance of black voters in the upcoming Democratic primaries, with recent surveys indicating that Obama is jeopardizing Clinton's lead in the race by gaining among African Americans.

Any pretense that it was not part of the presidential campaign was dropped as they day went on. Supporters carried signs for the two campaigns, former president Clinton joked about the "rainbow coalition" of candidates on the Democratic ballot, and Rep. Artur Davis, the Alabama Democrat who represents Selma, unabashedly introduced Obama in his keynote address at Brown Chapel AME Church as the next president of the United States.

The crowd in and around Obama's appearance was decidedly larger -- his audience included 15 members of Congress, compared with four who went to hear Clinton. Obama, who was 3 years old at the time of the Selma clash, used his keynote address to mark his place in a younger generation of black Americans who do not march in the streets -- but still, in his words, are required "to fulfill that legacy, to fulfill the obligations and the debt that we owe to those who allowed us to be here today."

Referring to his heritage, Obama said that although his own ancestors were not slaves, the civil rights movement inspired his African father to move from Kenya to seek an American education and eventually marry his white mother -- "whose great, great-great-grandfather had owned slaves." "But she had a different idea," Obama said.

"Something stirred across the country because of what happened in Selma, Alabama, because some folks were willing to march across a bridge," Obama said, explaining that, as a result, his parents "got together and Barack Obama Jr. was born." Earlier in the day at a prayer breakfast the Illinois Democrat said: "If it hadn't been for Selma, I wouldn't be here."

"This is the site of my conception. I am the fruits of your labor," Obama told an audience of civil rights movement veterans. "When people ask me if I've been to Selma before, I tell them I'm coming home." An aide later said that the senator did not mean to imply his birth was a literal result of the Selma marches but rather the movement overall.

As Brown Chapel filled to capacity, crowds spilled out onto the lawn and the street, swaying and singing along to gospel music broadcast from speakers set up to accommodate the large number of churchgoers. A lighthearted skirmish broke out among visitors seeking programs featuring Obama. Dueling barbecues served hot dogs and hamburgers -- selling out of both even before thousands gathered mid-afternoon to walk across the bridge.

A smaller group of union members and families lingered outside the First Baptist Church, another civil rights landmark, after Hillary Clinton went inside to speak. Addressing the congregation from the pulpit where the Rev. Martin Luther King Jr. once spoke, Clinton, after singing along to a jaunty version of "Battle Hymn of the Republic," described herself, as well as her main Democratic rival, as beneficiaries of the movement.

Democratic Reps. Anthony Weiner (N.Y.) and Rahm Emanuel (Ill.) went to hear Clinton speak. The bulk of the other members of Congress in Selma on Sunday, including Lewis, went to hear Obama.

Clinton described the civil rights era as a gift, saying: "Today it is giving Senator Obama the chance to run for president."

"And by its logic and spirit, it is giving the same chance to Governor Bill Richardson, a Hispanic, and yes, it is giving it to me," Clinton said.

In her 20-minute speech, Clinton recalled going with a church group as a girl to hear King speak in Chicago in 1963. "I come here as a sister in worship," she told the churchgoers.

Clinton then linked the spirit of the civil rights march and its future to the ideals underlying her agenda: insuring the uninsured, improving schools, reducing the nation's dependency on foreign oil and answering the threat of climate change, which she characterized as "tinkering with God's creation."

The civil rights movement, she said, was not just for "the history books." The march has "carried us a mighty long way," she said. "But we all know we have to finish the march." "How do we say that everything is fine -- Bloody Sunday is for the history books -- when over 96,000 of our citizens, the victims of Hurricane Katrina, are still living in mobile homes and trailers, which is a national disgrace?" The line drew loud applause.

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Speaking late in the afternoon at his induction ceremony at the National Voting Rights Museum, Bill Clinton promised to be brief because "all the good speaking today has been done by Hillary and Senator Obama."

Urging the crowd to pursue the ideal of the civil rights movement, he advised them to find support in the idea that in 1965, most of the progress today might have seemed unimaginable.

"A lot of what you hoped for has happened. A lot of what you thought you would never see, you have seen," Clinton said. "We got a rainbow coalition running for president and Reverend [Al] Sharpton is tied to Strom Thurmond. I thought I'd never see it."

Davis Hits HRC On War Vote As Obama Ties Himself To Movement (POL)

The Politico, March 5, 2007

SELMA, Ala., -- Turns out Obama didn't have to wait for all those speakers to get his turn. In a nod to his full schedule, the organizers here allowed their special guest to take the mic ahead of schedule.

Before he did, though, Rep. Artur Davis offered a glowing introduction of his colleague and candidate that included a direct shot at Sen. Hillary Rodham Clinton.

Noting how the same knock against Obama, "longevity," had been used against "Dr. King and Jack and Bobby," Davis said seniority wasn't always an asset.

"Longevity," Davis said, "can make you too cautious. It can make you calculate when you cast your vote on a war."

Asked to respond, Clinton spokesman Mo Elleithee said, "Today is not a day for politics."

Obama's address weaved together a tribute to "the foot soldiers" of the movement, many of whom were in attendance here, with an explanation of how he is connected to their struggle.

"My grandfather at age of 60 was still called a houseboy by his employers," Obama said of his paternal kin in Kenya. Even white children in the country, Obama noted to an audience that included many who knew such indignities, "called him by his first name because they didn't want to dignify him."

It was the reverberations of the Civil Rights Movement that got the attention of his father, a goat herder, and inspired him "to set his sights a little bit higher" and eventually pursue his education in America, Obama said.

Turning to his mother, Obama addressed with almost nonchalance the recent discovery that her descendants owned slaves.

"As if that were a surprise," Obama quipped to a crowd of head's nodding knowingly. "That's no surprise."

"That's part of our tortured tangled history."

Obama pivoted to present problems and his vision for the future by invoking the language of scripture and the movement. "Our work is not done," he declared.

"We haven't yet crossed the river...we haven't yet reached the promised land."

Obama talked of racial and economic gaps in health care and education and offered tweaks of President Bush on the war and affirmative action but said nothing direct or indirect about Clinton or his other Democratic opponents.

But he also chided his own community, by saying that just as his generation stands on the shoulders of the giants who preceded them, "our children are going to have to stand on our shoulders."

"We're going to have to strengthen our shoulders, broaden our shoulders," Obama implored.

Further funding of education is critical, he said, but "money will not make a dimes bit of a difference if you don't turn off the television set and put away the Game Boy and make sure you're talking to the teacher and get over the anti-intellectualism that still exists in some of our community"

Obama got loud applause for that line and many others -- not to mention more than a few "mmm-hmms" and "that's-right's" -- but was subdued in his delivery. He raised his volume and cadence at the end of his remarks, paying tribute again to the sacrifices of those who went before, but mostly offered unembellished rhetoric.

Silicon Valley Looks To Obama (WT)

By Christina Bellantoni

The Washington Times, March 5, 2007

Silicon Valley leaders whose endorsements have been key in past presidential races give Sen. Hillary Rodham Clinton high marks, but say there is little to learn about her candidacy. Instead, they have bubbling curiosity about her fellow 2008 contender, Sen. Barack Obama.

"He's a once-in-a-generation talent. He's just the real deal," said Jude Barry, longtime Silicon Valley political observer who founded Obama for America. "He's not well known here but he will take off like a hot IPO."

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Translation: Local insiders who track stock deals and initial public offerings the way Washingtonians follow politics have growing interest in the Illinois Democrat. Many of them think Mr. Obama could be Silicon Valley's next new thing.

Mrs. Clinton, New York Democrat, who spent time in the valley during her husband's two terms as president, is a known commodity and is still the liberal Bay Area's presumptive favorite. But in California's innovation hotbed, investors, executives and valley politicians are always looking for new blood.

Santa Clara County Assessor Larry Stone has been a force in Democratic politics for decades, and prides himself on his early endorsement of Bill Clinton in 1990.

When former Virginia Gov. Mark Warner opted against running this cycle, Mr. Stone was left in what he describes as a "confusing dilemma."

"In my younger days I was about ideology, now I am just about winning," he said. "I like Hillary a lot and I know her the best of everybody, but I just question whether she can win."

Mr. Obama is courting Mr. Stone, and asked him recently what it would take to "make this deal."

It's a good question for Mr. Stone, who says Mrs. Clinton would be a good president but concedes that probably isn't enough to embrace her for 2008: "She clearly has it together but it just doesn't seem to excite people."

That sentiment echoes throughout the valley.

Mr. Barry, Howard Dean's state director in California in 2004, started the Obama group without ever meeting the senator and raised $30,000 in a matter of hours.

"I was surprised at how easy it was, and it portends great things for him out here," said Mr. Barry, once the spokesman for former San Jose Mayor Ron Gonzales.

Given Mr. Obama's anti-war stance and appeal to youth, Mr. Barry predicts the first-term senator will break all of Mr. Dean's online fundraising records.

"Obama really has a buzz in the valley because he's something new," agreed Victor Arranaga, a longtime San Jose political fixture who works in government affairs for a major tech firm.

Mr. Obama got an early endorsement from former state Controller Steve Westly, a Democrat who made his name as an EBay leader.

In 1992, a group of Silicon Valley business executives from the world's most powerful technology companies gathered at San Jose's Tech Museum three weeks before the general election to endorse Mr. Clinton over an incumbent Republican president.

The CEOs of companies such as Hewlett Packard and Apple Computer -- Republicans, Democrats and independents -- said then they chose Mr. Clinton over George Bush because he would be better for economy and innovation.

The informal Silicon Valley group has become even more influential this cycle, with a wide-open field sending candidates flocking to the Bay Area for money and to prove their tech mettle.

Russell Hancock, CEO of Joint Venture: Silicon Valley Network, said valley leaders are curious about Mr. Obama. "Folks are really interested to see what he is like. He hasn't spent enough time out here yet," he said.

Fueling the need for candidates to visit the valley is the likelihood California's 2008 primaries will be moved from June to Feb 5. Gov. Arnold Schwarzenegger says he will sign a bill changing the date.

Former San Jose Mayor Tom McEnery, a Democrat, remembers when Apple's John Sculley and HP's John Young -- lifelong Republicans -- joined 30 fellow valley powerhouses to endorse Mr. Clinton.

"They were people who looked to accomplishment and to the future," he said. "Since then, every presidential candidate makes a stop in Silicon Valley because they understand the future is being invented here every day. It's an absolute necessity."

This time around, the executives are equally interested in Republican presidential candidates.

Sen. John McCain, Arizona Republican, announced recently that Cisco CEO John Chambers will serve as his campaign's national co-chairman and as economic and technology adviser.

Mr. Chambers, a Republican, said Mr. McCain can "move America forward" because "he understands the value that technology contributes to economic prosperity and growth."

Mr. McEnery called Mr. McCain "the type of independent with real appeal to the valley."

Former New York Mayor Rudolph W. Giuliani also has broad valley support, with many viewing him as a leader with centrist credentials.

Former Sen. John Edwards of North Carolina is no Silicon Valley favorite because of his ties to trial lawyers. "He's not a good fit," Mr. McEnery said.

"Trial lawyers are like poison," agreed Mr. Stone.

The Senator's 'Streak' Ends At 57th Vote (WP)

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By Paul Kane
The Washington Post, March 5, 2007

Sure, it wasn't quite DiMaggio-esque in terms of its pop culture mythology, as far as "streaks" go. But Barack Obama's reign as the only perfect attendee of Senate votes among presidential hopefuls came to a crashing end last week.

After 56 straight votes this year on the chamber floor, Obama (D-Ill.) missed his 57th on Friday, bypassing his senatorial duties on a homeland security bill to deliver a speech to the American Israel Public Affairs Committee meeting in Chicago.

"He really hoped to make it back to Washington in time, but it turns out, that was just the audacity of hope," spokesman Ben LaBolt said of the streak ending.

Obama was the last of the six senators already declared for the presidential campaign to have made every vote in the chamber this year. He missed a second vote Friday as well. Both were amendments that sailed to easy passage in the ongoing debate on the homeland security bill.

Obama wasn't alone: Declared candidates Joseph Biden (D-Del.), Christopher Dodd (D-Conn.) and John McCain (R-Ariz.) missed both votes.

But if politics were baseball, Biden and McCain were barely on the field last week. Out of six votes on the homeland security bill, they made it to one apiece.

Weekend At Obama's (WSJ)

The Wall Street Journal, March 5, 2007

False hope springs eternal, which is one way to look at the recent concordat between Barack Obama and John McCain to "save" the public financing of Presidential election campaigns.

In case you haven't been following this political version of "Weekend at Bernie's" -- and you need a hobby if you have -- nearly every major Presidential candidate has decided not to abide by public-spending limits for the 2008 campaign. That includes Messrs. Obama and McCain. This decision is entirely rational, because the amount of money needed to compete in the primaries exceeds the limits imposed by our campaign-finance scolds.

But now comes the Illinois Senator to say that if he wins the Democratic nomination, he will ask his GOP opponent to agree with him to accept public money and spending limits for the 2008 general election. Mr. McCain quickly matched the offer. In some media precincts, this is being hailed as an achievement, and other candidates are being challenged to follow suit.

We hope they don't. The public-financing regime is collapsing of its own misguided assumption that only public money in politics is uncorrupting. But campaign limits on individual contributions have instead made candidates even more reliant on organized special interests, and they reduce political competition by favoring the rich and famous. Messrs. Obama and McCain are trying to prop up a policy corpse that deserves to rest in peace.

Clinton Brings Debt Worries To The Fore (WSJ)

By Deborah Solomon And John Harwood
The Wall Street Journal, March 5, 2007

WASHINGTON -- Sen. Hillary Clinton, sounding a theme likely to recur among 2008 presidential hopefuls, is warning about the "economic vulnerabilities" posed by foreign interests owning large amounts of U.S. debt.

In remarks on the Senate floor and a letter to Federal Reserve Chairman Ben Bernanke and Treasury Secretary Henry Paulson, Mrs. Clinton said President Bush's economic policies have contributed to an "erosion of U.S. economic sovereignty." She also said it is "undeniable that the exponential growth of foreign debt in the last six years has undermined our economic standing."

The comments by Mrs. Clinton, considered the front-runner for the Democratic presidential nomination, are an early indication of how big an issue the growing unease over globalization and free trade will be in the 2008 campaign. Many Democrats won election last year in part by arguing that global trade leads to job losses and lower wages. They also are warning about the nation's heavy reliance on foreign debt to finance domestic needs, including the federal budget deficit. With polls showing voters are concerned about jobs and wages, Republicans are also expected to address the issue.

Currently, the U.S. imports more goods than it exports from places like China, resulting in a trade deficit, and it borrows heavily from abroad to finance its domestic investment. Foreign interests own about $2.2 trillion of U.S. Treasury securities -- or about 52% of the public debt not held by the U.S. government, compared with about 20% in the early 1990s, during the Clinton administration. The U.S. has come to rely on foreign capital because Americans don't save enough to finance the nation's domestic investment.

But there are differences over how to attack the issue. In her letter, Mrs. Clinton suggested she might support setting a benchmark for foreign-held U.S. debt that would trigger some type of White House action.

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An aide to another 2008 presidential candidate, Connecticut Sen. Christopher Dodd, chairman of the Senate Banking Committee, said such a move could rattle markets and would require extensive consultation with the Federal Reserve. Similar concerns were raised by an aide to Sen. Barack Obama (D., Ill). A top economic adviser to the Republican presidential campaign of John McCain also questioned the soundness of setting a specific benchmark for U.S.-held foreign debt.

Still, there is broad concern that the growing reliance on foreign investors puts the U.S. at risk, and some say the way to address it is to begin saving money at home by erasing the current $248 billion budget deficit, moving into a surplus and putting money aside to pay for costly obligations like Social Security and Medicare.

Edwin Truman, a former Treasury assistant secretary in the Clinton administration and a senior fellow at the Peter G. Peterson Institute for International Economics, a pro-globalization think tank here, said that while Mrs. Clinton is right to call attention to the growing reliance on foreign debt, there are no "magic numbers" that should be used as a benchmark for a trigger. Mrs. Clinton said in her letter that she supported legislation last year "that sounds an alarm bell when U.S. foreign-owned debt reaches 25% of GDP or the trade deficit reaches 5%" of gross domestic product.

Mr. Paulson, meanwhile, disagreed with Mrs. Clinton's concerns, saying the willingness of foreigners to buy U.S. Treasurys helps keep interest rates low and is a sign of the U.S.'s strong economy. "We're holding our economic fate in our own hands, and if we keep our economy growing, they're going to invest here," Mr. Paulson said yesterday on the ABC program "This Week."

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Crafting The New Hillary (USNEWS)

By Kenneth T. Walsh

U.S. News and World Report, March 4, 2007

The moment she stepped into the room, the crowd of 100 union and environmental activists burst into applause, and Hillary Rodham Clinton began dispensing hugs and air kisses. As photographers followed, Senator Clinton made her way to a front table and blurted out, "Hi, Anna," when she saw labor leader Anna Burger at the podium. At that point, an embarrassed Hillary quickly raised her hand to cover her face as she realized she had interrupted Burger's speech. "Sorry," Clinton said, prompting good-natured laughter from the activists, who had gathered in Washington for a national strategy conference. In her own address, Clinton sounded more like a motivational speaker than a presidential contender, urging the crowd to fight global warming and help reduce U.S. reliance on fossil fuels. "We're makin' progress," she exhorted. "Do not grow weary. You are doing good, as the gospel would say."

Her presentation was devoid of hard edges, contrary to her longtime image among critics as a harridan and a polarizer. Instead, Clinton has begun trying to present a warmer, more genial side—and she's having some success. Forty percent of Americans have an unfavorable view of Hillary Clinton, but 58 percent see her favorably, according to the latest USA Today/Gallup poll. That's an improvement from just a few years ago (chart, Page 26). And she enjoys a substantial lead over her Democratic rivals for the 2008 presidential nomination. In a hypothetical matchup, 36 percent of Democrats support Clinton, while 24 percent back Illinois Sen. Barack Obama, 14 percent support former Vice President Al Gore, and 12 percent endorse former North Carolina Sen. John Edwards, according to a recent Washington Post/ABC News survey.

The New York senator's basic strategy is to scare off potential donors and supporters of her competitors by campaigning as the favorite of the Democratic establishment—and the inevitable nominee. After conducting a "vulnerability assessment," Clinton and her advisers have embarked on a two-pronged plan to expand her lead. First, they are emphasizing her strengths—high name identification, a seemingly endless string of endorsements, lots of Washington experience, a reputation for toughness and intelligence, and enormous fundraising potential. Just last week, her campaign announced that it had collected more than $1 million from a seven-day online money drive.

Equally important, Hillaryland, as her team calls itself, is placing more emphasis on her personal qualities—friendliness, a sense of humor, and a willingness to listen—all in a crucial effort to improve her image. "People have dark notions about her. They think the Clintons are all-or-nothing people and that she is vindictive, angry, cold, and calculating," says a prominent Republican strategist. "A man who is cold and calculating is smart and shrewd. A woman who is cold and calculating is considered 'a bitch.'"

Attack. The tough side of Senator Clinton, 59, was evident in her dust-up with Obama a few weeks ago. After Hollywood mogul David Geffen, a former fundraiser for Bill Clinton, endorsed Obama and strongly criticized Bill and Hillary, the empire struck back. Howard Wolfson, Hillary's campaign spokesman, called on Obama to apologize for Geffen's remarks and to return his campaign contributions. Obama refused. "It reminded people that the Clinton instinct always is to attack," says a GOP adviser with close ties to the White House. "They can't help themselves." Many GOP strategists say this image is more than a little harmful to Senator Clinton, especially with men and independent voters. But there was no retreat. "When you're attacked,"

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she declared in Iowa in late January, "you have to deck your opponents. You can count on me to stand my ground and fight back."

With that kind of rhetoric, perhaps it's no wonder that Hillary is just as polarizing as President Bush, maybe more so. Republican strategists, in fact, say she has so many detractors that she could never persuade more than a bare majority of Americans to vote for her. This again raises the nagging question of her electability, long a sore point. Her advisers are doing their best to counteract it.

"Hillary has just come off two landslide elections [for the Senate in New York]," says Mark Penn, Senator Clinton's chief presidential strategist. Penn says Clinton is competitive in all major polls with her likely Republican rivals, and notes that she's leading her Democratic competitors or is near the top of the heap in the early primary and caucus states of Iowa, Nevada, New Hampshire, and South Carolina.

Why Hillary? "People see her as an experienced leader who has what it takes to govern in difficult times," Penn told U.S. News. "They see her as smart, strong ... someone who can relate to international leaders and restore respect to America." Penn says men are drawn to her "strength of leadership" while women, a majority of the electorate and the core of her support, see "the idea she can be the first woman president as an emotional and important event in their lives."

Clinton is also trying to come across as more cautious and centrist, if often ambiguous in her policy stands, to reassure independents and conservatives. In an interview with CNBC's Power Lunch last week, she urged Bush to address fundamental problems in the economy, such as soaring foreign debt and massive budget deficits. She called the stock market plunge a "wake-up call" and encouraged the administration to find some "sensible and reasonable" answers.

So far, the crafting of her new persona appears to be working, at least to a degree. "Hillary," as she prefers to be called, is not only maintaining a lead over Democratic rivals; she has also increased her favorability ratings among voters. In another surprise to critics who have claimed she's unelectable, recent polls find that she is running even with or within striking distance of the leading Republican candidates, Rudy Giuliani and John McCain, and running ahead of Mitt Romney.

"The electability argument has faded," a prominent GOP strategist admits. "It's a credit to her and her campaign that she has moderated her personality step by step." In addition to hewing to the center on some issues, such as abortion and free trade, she has talked openly about her belief in prayer and has worked on legislation with a number of conservative senators, including South Carolina's Lindsey Graham, who helped lead the impeachment drive against her husband. And she has refused to endorse immediate withdrawal from Iraq, despite demands from many antiwar activists.

Her aides are also confronting the "Bill problem." Asked if the former president and his history of adultery and impeachment will cause her problems with voters, a senior Hillary aide says, "They wanted him to continue to be their president even in the middle of the [impeachment]. He is living an exemplary life raising hundreds of millions of dollars for charity. And Bill has always been an asset in New York [in Hillary's two campaigns there]." In fact, the Bill problem might be overrated. A new Gallup Poll finds that Americans, by a margin of 70 percent to 28 percent, believe he would be more helpful than harmful to his wife's presidency; 61 percent want him to advise her unofficially.

Pride. Women form the core of her constituency—and make up 54 percent of the electorate, a powerful base of support. To capitalize on this, Hillary talks openly about her pride in being a woman and a mother. About 59 percent of women have a favorable view of Clinton, compared with 39 percent who have an unfavorable view, according to the Washington Post/ABC News poll. She is especially popular among women 18 to 34, of whom 66 percent have a favorable view. In her re-election to the Senate from New York last November, she won 73 percent of the female vote.

But Clinton is much less popular among men. Forty-eight percent of men have a favorable view of her, and 49 percent are unfavorable. Her share of the male vote in New York last year, 61 percent, was strong but lagged substantially behind the women.

In one way, history is on her side, since the establishment candidate generally wins major-party nominations, as did John Kerry in 2004, Al Gore in 2000, and many Republicans over the years. But the establishment candidate also sometimes stumbles and falls, as did Ed Muskie in losing the nomination to George McGovern in 1972. As the front-runner, Hillary knows she will be everyone's favorite target.

"She's got the old guard, the establishment," says a Democratic strategist with close ties to a rival presidential campaign. "But is this a year when all the accouterments of the old guard and the establishment will be more of a hindrance than a help? You've got an electorate looking for change, and they're not looking to Washington." Adds Frank Donatelli, former political director in the Reagan White House: "The American people look to the future, not the past. Hillary Clinton can only be a candidate of the past."

All this insider chatter seemed far away during her talk to the union and environmental activists in Washington last week. While her friend Anna Burger spoke, a smiling Senator Clinton, like a schoolmarm admiring a star pupil, nodded approvingly. When it was her turn, Clinton wonkishly called for the creation of a strategic energy fund, starting with $50 billion from the

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government raided partly from the repeal of tax breaks for the oil companies, to help develop renewable energy and create energy security. She criticized a "hint of fatalism" that has crept into Washington during the Bush administration and called for Americans to renew their optimism and unite behind new solutions to the nation's problems. "This is what Americans do best," she said with a big smile. "We are problem solvers."

That's certainly an uplifting theme, but it's far from clear at this point that Hillary Rodham Clinton is the right messenger.

Bloomberg: The Waiting Game (NSWK)

By Eleanor Clift

Newsweek, March 5, 2007

In the aftermath of 9/11, nobody thought he could fill Rudy Giuliani's shoes. But under billionaire Michael Bloomberg, New York City's Democrat-turned-Republican mayor, the city rebounded. He's overseen a continued decline in the crime rate, forced restaurants to go smoke-free and has made vast strides in improving the public schools, the bane of any urban mayor. Not as ill-tempered as Giuliani, Bloomberg is doing a good job—perhaps, some New Yorkers might say, even a better job than his predecessor did. So why isn't he the one running for president?

Publicly, Bloomberg is focused on his second term and leaving the city in better shape than he got it. Privately, Bloomberg and political adviser Kevin Sheekey are meeting with pollsters and consultants to assess the mayor's chances as a third-party, independent candidate. "There is no Bloomberg campaign," Sheekey tells NEWSWEEK. "But we have certainly reached out." At a dinner last year with Al From, founder of the centrist Democratic Leadership Council, Bloomberg was candid and self-deprecating, wondering what chance a 5-foot-7, divorced Jew has in the celebrity-sweepstakes presidential contest.

The answer is that it depends on who the nominees are for the two major parties, and how much cash Bloomberg is willing to spend. The money part is easy for a self-made media mogul. "He could spend $500 million in a campaign and not even think about it," says From. But he'd probably do it only if buyer's remorse sets in among the voters. Because the primary process is so front-loaded this cycle, the winners will be known in early February, leaving nine months until the election for voters to get antsy. "He won't say anything until March of next year," says a former aide privy to the early discussions who didn't want to be named talking about them. "The guiding philosophy is who the Democratic and Republican nominees are, and the mood of the country once they know who those two people are."

It's hard to project a year in advance if that opening will be there, but there is so much discontent with the two parties that the stage could be set for an independent run. Hamilton Jordan, who masterminded Jimmy Carter's 1976 come-from-nowhere candidacy, and Doug Bailey, a longtime Republican consultant, have teamed up to offer a third-party centrist ticket to be chosen online in a virtual convention in June 2008. So far, 35,000 members have signed on—hardly a groundswell, but Jordan and Bailey are working to get on the ballot in all 50 states. Bloomberg would be a catch for their "Unity '08" ticket, though he might bristle at the rule that the slate has to be bipartisan and just go it alone. Still, Jordan initiated a meeting with Sheekey. Says Jordan: "I let him know there's an opening."

The Kucinich Conundrum (TIME)

By Joel Stein

Time, March 5, 2007

Remember that kid in high school who ran for class president, the one who wasn't popular, who didn't have money or dress well or even make a decent hallway poster? Now imagine if he sticks to it so long he starts to win. And by the time he's 23, he's a city councilman in Cleveland. At 31, he's the country's youngest big city mayor. All this success, you figure, would make his skin glow a little, his suits a bit spiffier, his speeches a little punchier. But what if he was so damn earnest that it didn't? What if at 60 he still looked and sounded like Dennis Kucinich?

You would make fun of him. And you did.

But Kucinich--a six-term Congressman who is running for President despite consistently coming in last in the 2004 primaries and first in talk-show monologues--doesn't care. Because he's so sure that what he's been saying for four years is right--he's for an immediate withdrawal from Iraq, ratifying Kyoto, universal health care--he's convinced there's a moment coming, some event or speech or interview, when voters will suddenly realize he's not a joke: "When people see what I have to say, they go, 'Hey, wait. He's right about the war. Ha-ha. He's right about health care. Ha-ha.'" Kucinich believes deeply in the coming of this grand American epiphany even if no one outside his tiny camp does. "How can you take someone seriously that led us to war and not take someone seriously who stood for peace? It's a commentary on where we are as a society," he says. "Do we value celebrity over truth?"

That, of course, is a decision that society made when Star magazine launched. And Kucinich isn't a celebrity; he's an aging, 5-ft. 7-in. vegan. Last Saturday, as he spoke at a lectern on the corner of Hollywood and Vine in Los Angeles, accepting a

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Champion for Peace Award from the members of Military Families Speak Out at an Oscars for Peace event, none of the hundreds of people who walked right in front of him stopped, despite the fact that he was standing next to an 8-ft.-tall Oscar clad in camouflage and missing a leg.

Unlike most fringe presidential candidates, Kucinich has years of experience in elective office. But even mainstream liberals won't support a candidate who wants to end the war on drugs and create a Department of Peace. Nancy Pelosi and Henry Waxman passed over him for chairman of the National Security and Foreign Affairs Subcommittee, which he was in line to take over. Even Shirley MacLaine, who has been friends with Kucinich since the '70s, sees how his party won't embrace him. "Maybe it's because he doesn't speak doublespeak and we're so used to seeing that as leadership," she says. "Or maybe it's because he's so short."

And yet the universe has been going his way lately. Even his old kooky ideas are looking pretty good these days. His decision to allow Cleveland to default instead of selling its electric-utility company cost him re-election and landed him in a book about the worst mayors in American history, but he was later honored by the city council for refusing to sell, a move that saved customers nearly $200 million over 10 years. More inconceivable, less than two years ago, his office was visited by a stunning 6-ft.-tall Julianne Moore look-alike 31 years his junior, a Brit who was working for the American Monetary Institute. After some smooth wooing on his part ("I gave her a copy of my Department of Peace legislation and my e-mail address") and one date (at MacLaine's house), she agreed to marry him. If that happened to you, you'd think you could be President too.

Kucinich said he knew after that first meeting that Elizabeth would be his third wife: "I went up to Stephanie Tubbs Jones [Ohio Democratic Congresswoman], and I said, 'I met her.' And Stephanie said, 'Shut up!'" Now with his new bride constantly at his side, Kucinich has picked up his campaigning a little. Speaking to the Rainbow/PUSH Coalition, he broke into Sixteen Tons (standing ovation from Jesse Jackson; four stars on YouTube). At an event in Nevada, Kucinich ended his speech with his new move: after listing his goals, he asks, "Why is it I'm able to do this?" Then he puts his arms out and spins, waiting for someone to yell, "No strings!" Once someone does, he twirls more and then yells, "A President with no strings!" (five stars on YouTube).

Kucinich will run all the way, waiting for that moment when he transforms from punch line to President. And he insists that he isn't frustrated that it hasn't happened yet. "Not at all," he says. "The real test of power is whether you can endure the setbacks and still meet each day with integrity and courage." That, though, is the test of moral fiber, not the test of power. The test of power is whether you can persuade others to do your will. And it may be that an earnest man with progressive ideas who still can't make a decent campaign poster will always fail that test.

Susan Collins May Be Vulnerable, But Don't Underestimate Her (RC)

By Stuart Rothenberg

Roll Call, March 5, 2007

If you listen to Sen. Susan Collins (R-Maine) talk for a few minutes, you are likely to think that she doesn't have the toughness and quickness to hold off her likely Democratic challenger, Rep. Tom Allen.

Well, stop thinking that way.

I don't know whether Collins will be able to swim against a potentially strong anti-President Bush, anti-Iraq War current in 2008, but at this point, I'm certainly not going to bet against her.

Collins was the third moderate Republican woman elected to the Senate from Maine in a 30-year period, following in the footsteps of the late Margaret Chase Smith (elected to her final term in 1966) and Olympia Snowe (first elected in 1994), who currently occupies the state's other Senate seat.

A native of Caribou, Collins worked for two GOP moderates, former Maine Gov. John McKernan and former Sen. Bill Cohen, before taking a job as Massachusetts' deputy treasurer. She returned to her home state to run for governor in 1994, finishing a disappointing third behind Joe Brennan (D) and the winner, Independent Angus King.

Two years later, she ran for Cohen's open Senate seat. Her prospects didn't look good, but she won a three-way primary for the Republican nomination and went on to defeat Brennan, 49.2 percent to 43.9 percent in the 1996 general election.

More notable is that Collins drew 298,422 votes in that race at the same time that her party's presidential candidate, then-Sen. Bob Dole (Kan.), was drawing just 186,378 votes (30.8 percent). Collins ran an incredible 18.3 points ahead of Dole and garnered 112,000 more votes than he did.

Collins' strength that year, in an open seat and a hostile environment for Republicans, suggests that she ran a good race and had considerable personal appeal. It also confirmed the state's reputation for independence.

Six years after she was first elected to the Senate, Collins went on to pummel 2002 Senate opponent Chellie Pingree (D), who was then a state legislator and widely viewed as a credible challenger.

Collins won that second term with 58.4 percent, winning all five of the state's largest counties — Androscoggin (Lewiston-Auburn), Cumberland (Portland), Kennebec (Augusta and Waterville), Penobscot (Bangor and Orono) and York (Kennebunk,

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Biddeford and Saco). In the presidential election two years earlier, Bush won only one of those counties (Penobscot), and he did so with less than 50 percent of the vote. Collins won York and Penobscot, the most Republican of the five, with more than 60 percent of the vote.

If Allen runs, he almost certainly will be a threat to the Senator all the way until Election Day.

A former Rhodes Scholar with an undergraduate degree from Bowdoin College and a law degree from Harvard, Allen is serving his sixth term in Congress. He served on the non-partisan Portland City Council, including a term as mayor (appointed by his fellow councilmembers).

In his initial Congressional race, Allen won a heavily contested primary against Dale McCormick, an openly gay liberal state Senator who helped found the Maine Lesbian and Gay Political Alliance. The primary was widely portrayed as a test of ideology and activism, with Allen the establishment and the moderate candidate and McCormick the insurgent and the liberal.

McCormick counted on her ideological message and intensely loyal base, and the outcome was extremely close. But Allen won the nomination 51.6 percent to 48.4 percent and went on to handily defeat the sitting Congressman, Jim Longley (R).

Since elected, Allen's liberal and organized labor interest group ratings have been at or near 100 percent. National Journal's ratings place him as the 86th most liberal Member of the House in 2006, sandwiching him between Rep. Lucille Roybal-Allard (D-Calif.) and Rep. Robert Wexler (D-Fla.). In contrast, Collins ranked as the 46th most liberal Member of the Senate in 2006.

Once a reliable GOP bastion, Maine now at least leans Democratic. While Republicans control both of the state's Senate seats, Democrats sit in both House seats, occupy the governor's office and hold majorities in both chambers of the Legislature (though their majority in the state Senate is a paper-thin one seat).

The last Republican to carry the state for president was George H.W. Bush in 1988. Since then, the best GOP presidential showing was in 2004, when incumbent Bush won just 44 percent of Maine's vote.

Collins and Snowe seem to have discovered the formula for winning elections in Maine. Both of the moderate women come from the state's 2nd district — Snowe represented it in Congress, while Collins hails from it — and have been able to rally support in that more conservative part of the state, while at the same time neutralizing some of the Democrats' advantage in the normally more liberal 1st district.

Democrats no doubt will attack Collins for supporting the Bush agenda, as well as for breaking a two-term pledge. Some of those attacks may stick, but she will be able to cite a number of high-profile instances where she broke with the president or her GOP colleagues, including her "not guilty" votes on the articles of impeachment of former President Bill Clinton, her vote against opening the Arctic National Wildlife Refuge to drilling and her generally moderate views on abortion.

Though it is early, Collins' electoral fate seems tied to whether Maine voters see her reelection as a referendum on Bush and the Iraq War or as a referendum on Collins herself. Since she has been able to run far ahead of other GOP candidates in the past, and since Bush won't be the party standard-bearer during the 2008 general election, Collins begins with the edge. But Democrats will come after her aggressively, and she must expect a difficult contest.

City Council Race Shows Changed Face Of Beverly Hills (WSJ)

By Peter Sanders

The Wall Street Journal, March 5, 2007

BEVERLY HILLS, Calif. -- When voters here go to the polls tomorrow, Jimmy Delshad is a favorite to be re-elected to the City Council. Under the city's system, he would also become mayor -- the first Iranian-born mayor of this glitzy city, known around the world more for its palm trees and movie stars than its sizable Jewish Iranian-American population.

At a time when tension between the U.S. and Iranian governments is on the rise, Mr. Delshad, a 66-year-old Jewish immigrant, is on the brink of becoming one of the highest-ranking Iranian-American elected officials in the U.S. So what are some of the political issues he feels most passionate about? Traffic-light timing, reducing sprinkler-water use at local parks and even beautifying the city's alleys.

"I want to make Beverly Hills one of the safest cities in the nation, in order to protect our residents and visitors," Mr. Delshad said in a recent interview. "Oh, and free wireless too."

Roughly 8,000 of the approximately 35,000 residents of Beverly Hills are of Iranian descent -- an influx that began in earnest nearly 30 years ago after the fall of the shah of Iran and has fundamentally changed one of America's most iconic cities. The sensitivity of the situation was underscored recently when the city, for the first time, printed its entire ballot in English and Farsi -- a move that prompted an outpouring of complaints, including a number from Iranian-Americans. (See a sample ballot.1)

See Beverly Hills' new English-Farsi ballot2.

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Six candidates in tomorrow's election will be vying for two seats on the Beverly Hills City Council. Three are Persian. Mr. Delshad -- who changed his first name to Jimmy from Jamshid when he became a U.S. citizen -- first won election to the City Council in 2003. If re-elected, he would become mayor; council members rotate the job each year, based on seniority.

While Mr. Delshad effectively mobilized the Persian community to vote in larger numbers than ever before during his 2003 campaign, he has said this race should be tougher. As an incumbent, he has received the endorsement of both of the city's local newspapers. However, in a small city like Beverly Hills, which traditionally sees a low voter turnout, results can be unexpected.

A former computer entrepreneur, Mr. Delshad says he's not fazed by seeking a high-profile role at a time when the U.S. and Iran are facing off on the world stage. "It doesn't keep me up at night," he says. "This is the bed I made and I'm going to sleep in it." A registered Democrat, Mr. Delshad declined to comment on the global issues surrounding Iran.

He prefers to focus on challenges facing other small-town mayors, like traffic congestion and development. But because Beverly Hills is so prominent, he's also keenly interested in securing the city against possible terrorist strikes. He wants to increase video surveillance in public spaces and continue to add license-plate scanners to police vehicles.

At times, he has worried for his own safety. In 2003, during his first City Council campaign, Mr. Delshad hired three bodyguards after he received written death threats in his native Farsi language. He also carried a panic button that could summon local police. He says he never knew who was behind the threats or why he received them, but he kept the bodyguards for a few months even after he was elected.

While there have been other Iranian-born candidates for public office, Mr. Delshad's election would be a watershed, says Trita Parsi, president of the National Iranian American Council, in Washington. "This is a man with long ties in the community who has risen through the process," Dr. Parsi says. Mr. Delshad has lived in the U.S. nearly 50 years, the last 18 in Beverly Hills.

The demographics of today's Beverly Hills are a far cry from days past. Early residents included Douglas Fairbanks and Mary Pickford who built their "Pickfair" mansion here in 1919; Charlie Chaplin, Gloria Swanson and Buster Keaton also called the city home. Its first honorary mayor was humorist Will Rogers.

Hollywood stars and executive moguls still live here today. But beginning with the Islamic Revolution in 1979, thousands of Iranians -- most of them Jewish -- immigrated to the city and over the next few years sent for relatives. Once here, the immigrants retained strong family bonds and connections, often keeping them from integrating into the larger community, Mr. Delshad and others say.

Disputes have surfaced in zoning battles over so-called "Persian Palaces," large homes decorated in a sometimes gaudy style that some said clashed with the surroundings. The city found compromises, some brokered by Mr. Delshad. In 2004, the city passed an ordinance that greatly restricted the proliferation of such structures, by offering specific design choices and a review board for new homes.

The split in the community was nowhere more evident than at Sinai Temple, a 101-year-old conservative Jewish congregation a few blocks west of city limits. Today, Persian members account for nearly half of its 1,900 families, says its rabbi, David Wolpe. The influx of Persian families caused tensions and some longtime congregants left the temple. Everyone else self-segregated, sitting on opposite sides of the aisle, he says.

In 1999, Mr. Delshad was elected president of the temple, which he says may be the first time an Iranian-American has led a temple founded and previously run by European Jews. "Jimmy's presidency here was a way of saying that you can have a Persian president of an American synagogue and the sky doesn't fall," says Mr. Wolpe.

Today, both he and Mr. Delshad say, assimilation of the cultures has reduced the tensions at the temple and in Beverly Hills. "The fact that Persians have been in the community for many years now and have issues they're concerned with -- things like their kids and zoning issues -- requires them to get more involved in things that affect their lives," Mr. Wolpe adds.

Mr. Delshad, born in the southern Iranian city of Shiraz, came to the U.S. in 1958, following his brother, then a college student, to Mankato, Minn. Their father, a jeweler and goldsmith in Iran, would later join his sons in the U.S.

Mr. Delshad took university-extension courses and worked as a janitor to make ends meet. He and two brothers eventually formed the "Delshad Trio" playing the santur, a Persian string instrument. They moved to Los Angeles's growing Iranian community, playing music as they put themselves through college.

After graduating with a degree in electrical engineering, Mr. Delshad joined a fledgling computer firm. For about two decades, he ran his own computer-hardware company, which he sold in 1999, when he became president of the temple. Married 38 years, he is the father of two grown children.

The recent dustup over the Farsi ballot demonstrated that, despite strides the Iranian community has made, its presence can still be a lightning rod. City Hall has received about 300 complaints since absentee ballots went to voters at the beginning of last month, says Byron Pope, the city's clerk, who decided to translate the ballots into Farsi. (A separate Spanish ballot is available, too.) Mr. Pope says he made the move in consultation with an outside election-services firm and was complying with the federal Voting Rights Act, which says that a jurisdiction that has more than 5% of its voting-age population in "a single

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language group" should have a ballot available in that language. In the 2005 city election, some information was translated into Farsi, but not the entire ballot, he says.

For Mr. Delshad, the ballot issue was a "blip that most people have gotten over." Traffic, he says, is the true Beverly Hills issue of the day.

Justice Restored (WP)

The Washington Post, March 5, 2007

IT ATTRACTED little notice, but Virginia's legislature took a big step last month toward reforming the antediluvian rules that make adequate legal representation a pipe dream for many poor defendants in serious criminal cases.

Alone among states, Virginia until now has set ironclad caps on the fees paid to court-appointed defense attorneys, caps that cannot be waived under any circumstances, even by judges. The capped fees are so low that often the effect is to force defense lawyers to work for peanuts or discourage them from working enough, in all but the most open-and-shut cases.

For instance, a court-appointed lawyer representing an indigent client facing life in prison would be paid a maximum of just $1,235, even if the case went to trial and dragged on for weeks, requiring scores or hundreds of hours of legal work. In less serious felony cases, capped compensation is even more ludicrous: $445 for attorneys representing poor defendants facing prison terms of up to 20 years. (The exception is death penalty cases, which are not subject to a cap.)

This sorry state of affairs is shockingly common because a large majority of criminal defendants cannot afford legal representation and about half live in jurisdictions without public defender offices and must rely on court-appointed lawyers.

After years of shrugging off the problem, the General Assembly finally addressed it last month, thanks to the bipartisan efforts of Gov. Timothy M. Kaine, a Democrat, and Attorney General Robert F. McDonnell, a Republican. With scarcely a murmur of opposition, lawmakers approved a measure to raise the caps for court-appointed lawyers handling adult felony cases -- and, far more significantly, to allow the caps to be waived with judicial approval.

The legislation is not perfect and would benefit from amendments that Mr. Kaine ought to offer. Under the bill as written, the no-waiver rule would remain for cases involving defendants under the age of 18 if they are tried in juvenile court, as well as for misdemeanor cases in district courts. In both instances it is possible to imagine scenarios under which the fee caps now in place would discourage court-appointed lawyers from mounting vigorous defenses.

What's more, real reform is still at least a year off as a matter of practice. Since the courts could not determine the probable cost of the higher caps and waivers, lawmakers appropriated an extra $8 million, a token amount; the understanding is that fee data collected under the new rules in the coming year will allow for a more precise estimate of actual costs and a more realistic appropriation.

As Mr. McDonnell pointed out, any justice system will not work unless both sides of a criminal case are represented by competent, fairly compensated attorneys. Until now too many defendants in Virginia were denied that basic right. Now, at least, there is the real prospect of a fix.

Bush Poised To Counter Chávez (WSJ)

By John D. McKinnon And Matt Moffett

The Wall Street Journal, March 5, 2007

President Bush travels to Latin America this week to take on Hugo Chávez's militant brand of economic populism. But the weakened U.S. president could spend much of the trip defending against charges his own economic policies have helped shortchange the region.

In a speech in Washington today, Mr. Bush is expected to lay out a central theme of his Latin America tour -- that democracy is key to improving life for the millions of working poor in the region. As an example, he is expected to cite the Millennium Challenge Account, a U.S. government-sponsored program set up in 2004 to channel aid to poor countries that meet certain democratic standards. During his trip, which begins Thursday, he also is expected to tout an agreement with Brazil to spread production of ethanol throughout the region, as a way of promoting greater prosperity -- and countering the influence of Venezuelan President Chavez's oil wealth.

Mr. Bush's message seeks to respond to widespread complaints in the region that globalization and international-development policies -- of which he is viewed by many there as a main champion -- have done little to improve the lives of ordinary people there. The president also hopes to use the democracy theme to push back against what he views as Mr. Chávez's authoritarian tendencies.

Mr. Bush won't venture into any countries that have moved into Mr. Chávez's sphere of influence, including Argentina, Bolivia, Ecuador and Nicaragua. Instead, he plans during his weeklong trip to visit five generally friendly countries: Brazil, Uruguay, Colombia, Guatemala and Mexico.

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Mr. Chávez and his allies are preparing a typical street-theater response to Mr. Bush's visit. Argentina's President Nestor Kirchner has invited Mr. Chávez to a public demonstration, most likely in Buenos Aires, that probably will coincide with Mr. Bush's visit to neighboring Uruguay at the end of the week .

Mr. Chávez has also been talking up confrontation with Mr. Bush on his daily radio program. He has alleged that Mr. Bush will use his latest trip to weaken the South American common market, known as Mercosur, that Mr. Chávez wants to use to promote trade and investment ties among members and to counteract U.S. dominance in the region. Besides Venezuela, Mercosur's members include Brazil, Argentina, Uruguay and Paraguay.

In Brazil, labor unions and social groups plan protests against Mr. Bush. Demonstrations are likely in Venezuela and elsewhere in the region.

Mr. Chávez has his own problems. Many in Latin America view the Venezuelan leader as a meddler with militaristic tendencies. A regionwide poll taken in December by the Latinobarometro firm of Santiago, Chile, found that 39% of Latin Americans viewed both Messrs. Bush and Chávez negatively -- a level of disapproval exceeded among the region's leaders only by Cuba's Fidel Castro, Mr. Chávez's ally and mentor.

The prospect of further conflict between Messrs. Bush and Chávez threatens to distract from the U.S. president's efforts to rebuild ties to the region, which have suffered given the U.S. focus on terrorism and the Middle East.

The most important stop for Mr. Bush may be Brazil, the largest Latin economy, where he is scheduled to meet with President Luiz Inácio Lula da Silva. In São Paulo, South America's biggest city, Mr. Bush is expected to take a firsthand look at the region's poverty, underscoring his concern for economic development.

Mr. Bush aims to accelerate his drive for alternative fuels by announcing a partnership with Brazil to broaden the global market for ethanol. The plan envisions production across Latin America and the Caribbean, as well as greater standardization. Mr. da Silva is expected to seek lower U.S. tariffs on Brazil's sugar-based ethanol, but prospects of that are slim in Congress.

Beyond ethanol, Mr. Bush "wants to maintain [Mr. da Silva] as a mediator in Latin America and a counterweight to Chávez," said Gilberto Dupas, a specialist in international relations at the University of São Paulo. Despite Brazil's strong trade ties and cordial relations with Venezuela, Brazilians blame Mr. Chávez for encouraging Bolivian President Evo Morales to announce the nationalization of the country's oil industry last year.

Mr. Bush's next stop, Uruguay, could give him another wedge against Mr. Chávez and Mercosur. The U.S. has been seeking a free-trade agreement with Uruguay, and Mercosur would have to ease its rules to allow Uruguay to remain a member, if it strikes a deal with the U.S.

Mr. Bush is expected to get a warm reception in Colombia, where he is relatively popular. That is due largely to Plan Colombia, a U.S. military- and social-assistance program started under the Clinton administration.

In Guatemala, Mr. Bush is expected to toast early benefits of the Central American Free Trade Agreement, a regional, tariff-reducing pact ratified by Congress in 2005, as well as the country's progress toward building a democracy.

In Mexico, the country with the closest ties to the U.S., Mr. Bush is set to meet with recently inaugurated Mexican leader Felipe Calderón to discuss such sensitive issues as immigration. Hoping to nudge U.S. immigration reform, Mr. Calderón introduced a plan Tuesday aimed at providing better treatment to the Central Americans who come through Mexico's southern border.

Analysts said Mr. Calderón is likely to use the initiative to show that progress can be made on bilateral issues facing the U.S. and Mexico. That, in turn, could help Mr. Bush persuade Congress to pass a comprehensive immigration-reform bill that includes a guest-worker provision.

Chavez Calls Envoy 'Professional Killer' (AP)

By Elizabeth M. Nunez

AP, March 5, 2007

President Hugo Chavez on Sunday said he believes enemies including the CIA are out to kill him, and called U.S. diplomat John Negroponte a "professional killer."

Chavez said Venezuelan officials have intelligence that associates of jailed Cuban anti-communist militant Luis Posada Carriles also are involved in plotting to assassinate him.

He said the death plot idea has "gained weight" due to various factors, including the recent appointment of Negroponte, the former director of national intelligence, as deputy to Secretary of State Condoleezza Rice.

"Who did they swear in ... there at the White House as deputy secretary of state? A professional killer: John Negroponte," Chavez said.

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Chavez did not elaborate, but his government has previously accused Negroponte of playing a key role in the Contra war against the leftist Sandinista government of Nicaragua when he served as ambassador to Honduras — a haven for clandestine Contra bases — from 1981 to 1985.

U.S. Embassy officials could not immediately be reached for comment, but they have denied Chavez's repeated accusations that they are plotting to oust him.

Chavez was asked about reports of assassination plots during a televised interview.

"They have assigned special units of the CIA, true assassins, who go around not only here in Venezuela, in Central America, in South America," Chavez said, without elaborating.

He added that while Posada Carriles, a former CIA operative, remains jailed in the U.S. on immigration charges, "Posada Carriles' people are very active in Central America and searching for contacts in Venezuela ... They are going around searching for explosives in large quantities, thinking about a sort of car bombing or searching for ground-to-air missiles, thinking about the presidential plane."

Chavez did not give details. His government has demanded that the U.S. extradite Posada Carriles, a naturalized Venezuelan, to stand trial for allegedly masterminding the 1976 bombing of a Cuban airliner that killed 73 people. Posada Carriles denies involvement in that incident.

Chávez's Oil Largesse Winning Fans Abroad (CSM)

By Sara Miller Llana And Mark Rice-Oxley

The Christian Science Monitor, March 5, 2007

The London bus has come to symbolize many things over the years. It's a national icon, a picture postcard paragon of public transport, a byword for frustration and irregularity.

But a harbinger of international socialism? Far-fetched perhaps, but less so after the latest move by Venezuela's President Hugo Chávez to offer cut-rate fuel so that 250,000 Londoners on welfare can travel half-price throughout one of the world's most expensive cities.

The double-decker trademark isn't the only trace of Mr. Chávez's so-called "21st century socialism:" For the past year residents in New York, Boston, and other major US cities have scored cheaper heating bills, thanks to Venezuela. Chávez has also sent cheap oil to Cuba, Nicaragua, and more than a dozen other countries.

His offerings go beyond oil and have been announced with particular frenzy since he won a third term in December, promising $500 million in financing for Ecuador, $135 million for a dairy cooperative in Argentina, and a development plan in Nicaragua that includes generators to ease blackouts as well as a new development bank.

Analysts say his projects both in Latin America and beyond are singular among leaders sitting on vast energy reserves, as Chávez sets out to create a counterbalance to US dominance with a flurry of deals, measures, gifts, and grandiose schemes. To his harshest critics he's an egomaniac using an "energy bribe" to inflate his reputation. To fans he's the consummate humanitarian. Both agree that his moves have amounted to a PR coup, and some analysts even say the fallout could lead to a shift in social, economic, and political balances across the region.

"By situating Venezuela in these various international arenas of cooperation, the Chávez government is also attempting to limit what the US can do to isolate Venezuela," says Miguel Tinker-Salas, a Latin America oil and politics expert at Pomona College in California.

Certainly, providing subsidized oil to help residents pay bills and access public transportation has raised his visibility, cloaking him in the role of benefactor, says Larry Birns, director of the left- leaning Council on Hemispheric Affairs in Washington. "I think that these actions have projected an image for the average Latin American of great good will."

That has put pressure on other Latin American leaders, such as Brazil's Lula da Silva, for example. "I could easily see Lula throwing up his hands over Chávez's antics, but Lula regularly goes to Caracas hugging Chávez because he needs that for domestic consumption," says Mr. Birns.

It is this type of "demonstration effect," as Mr. Tinker-Salas calls it, that could ultimately prove lasting in the region and beyond.

In the US, Venezuela is sending oil subsidized at a 40 percent discount from the delivery price to 16 states – double from the year before – as well as 163 native American tribes. That represents 100 million gallons of fuel this winter. The program brochure describes it this way: "This is a people-to-people program that comes from the heart of Venezuela to the homes of American families who just can't pay their energy bills."

"In New York, residents wonder why a foreign country has to provide this. They want to know, 'Why can't you provide it? Or BP and Shell?' " says Tinker-Salas. "It's highlighting what those countries are not doing for their own populations."

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That was the sentiment in November in a neighborhood called Las Torres, one of the poorest in Nicaragua's capital, Managua, which has been plagued by blackouts over the past year. "Light? Of course not," says Flor de Maria Flores, who regularly lights her home by candle, and, like so many of her neighbors, cooks over an open fire. She was vaguely aware of Chávez's plan to send discounted oil to her nation to help ease power blackout problems. "I'm glad someone is doing something about it," she says.

Chávez's latest scheme, signed by London's leftist mayor Ken Livingstone on Feb. 20, will save the city $32 million a year. In return, London transport chiefs will visit Caracas next month to advise on traffic management and urban planning. "The agreement with Venezuela is to use the energy cost contribution to alleviate the impact of high energy costs for some of the poorest Londoners," says a spokesperson for Mayor Livingstone.

But critics have questioned the logic of the deal. "I find it strange that the capital of a G-8 country is effectively receiving foreign aid from a poor country," says Richard Barnes, a Livingstone opponent in the Greater London Assembly. "Thirty-eight percent of [Venezuela's] people live below the poverty line and here [Venezuela] is subsidizing London's poor."

London joins a growing list of locales receiving Chávez largesse. Venezuela's oil has gone to at least 18 nations. Cheap oil is sent to needy Caribbean nations as part of Chávez's Petrocaribe initiative. Recently he pledged to send Nicaragua 10,000 barrels of discounted oil and oil products a day.

In its most obvious defiance against the US, Venezuela sends 100,000 barrels of oil a day to Cuba at subsidized rates. The projects go beyond oil. Venezuela gave Argentina $2.5 billion to pay off its debt to the International Monetary Fund (IMF) last year, and promised to help Bolivia to continue nationalizing key industries.

Programs strike a chord with the poor

Chávez's programs, especially in Latin America, have tapped into a widespread disenchantment with the free-market policies championed throughout most of the region in the past couple decades, a sentiment reflected by the recent electoral wins of Chávez allies, including longtime US foe Daniel Ortega in Nicaragua, Rafael Correa in Ecuador, and Evo Morales in Bolivia.

"I think that there has been significant erosion of US-Latin American dependence, psychological as well as actual dependence, on the US," says Birns.

Yet some say that his influence is overestimated. "He needs the US more than the US needs him," says Gal Luft, co-director of the conservative Institute for the Analysis of Global Security in Washington, an energy security think tank. "I don't think we should scare ourselves to death by what Hugo Chávez is doing," he says pointing out that Venezuela is the fourth biggest supplier of US crude imports.

An 'energy bribe'?

Mr. Luft dubs Chávez's moves an "energy bribe" and says that most leaders will leave his side when he runs out of money. "There is a great game going on now in Latin America, in which he is trying to pour a little oil money into every one of the chess squares," says Luft. "If someone offers you a gift, it's hard to turn down. Hugo Chávez does all kinds of things that make a lot of headlines but at the end of the day everyone knows who he is."

In fact, his popularity may have surged in pockets where residents are direct beneficiaries of his aid, but overall his popularity has not changed dramatically. According to a regional survey in late 2006 by Latinobarometro, a polling firm in Chile, respondents grouped Chávez, Cuba's Fidel Castro, and President Bush all as bad leaders.

Chávez's reputation also took a blow last fall when he failed to win a seat on the UN Security Council despite fierce lobbying, after he called President Bush "the devil" at the United Nations.

Michael Shifter, the vice president for policy at the Inter-American Dialogue in Washington who is coming out with a report this week on the challenges the Chávez administration poses to US policy makers, says that Chávez is able to point out what is wrong with Latin America, but his direction is not necessarily a solution. "He offers a seductive project, and his appeal is totally understandable. His gift is to tap into ... this resentment toward the US, which has a real basis," says Shifter. "But I don't think Chávez has an answer to the problems either."

U.S. To Offer North Korea Face-Saving Nuclear Plan (NYT)

By David E. Sanger

The New York Times, March 5, 2007

WASHINGTON, March 4 — In an effort to make the best of newly murky intelligence about North Korea, Bush administration officials say they plan to tell the North's nuclear negotiators on Monday that Washington's doubts about how much progress the country has made in enriching uranium gives North Korea a face-saving way to surrender its nuclear equipment.

The new approach to solve a dispute over the existence and extent of a uranium program, which intelligence agencies say could have been developed using equipment that the North Koreans purchased from Pakistan, will come at a meeting with North

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Korea at the United Nations. It is the first session intended to hammer out a schedule under which North Korea is supposed to disable its main nuclear plant and then account for all its nuclear programs.

Because the agreement includes providing North Korea with a million tons of fuel oil before it turns over its suspected arsenal of nuclear arms and fuel, some of President Bush's conservative allies have denounced it as a dangerous concession. Mr. Bush has called it a "first step," though it bears similarities to the kind of deal that the administration rejected in its first term.

On Sunday, Christopher R. Hill, the assistant secretary of state for East Asian and Pacific affairs, said that at the meeting he planned to "form an agenda to work on our bilateral relationship — what's involved in the establishment of diplomatic relations, what's involved before North Korea can get off the state-sponsor-of-terrorism list, and how to get them off the Trading with the Enemies Act." He said he would be "pressing for disclosure of all their nuclear programs, including highly enriched uranium."

Persuading North Korea to address that program will be particularly challenging — both because the North Koreans have denied seeking to enrich uranium and because a top American intelligence official told Congress last week that there was only moderate confidence that the equipment North Korea bought had been used. But that ambiguity, officials say, may give North Korea the chance to turn over its equipment with a vague explanation that an effort to produce energy, rather than a bomb, did not work out.

That is a very different tone than intelligence officials struck in November 2002, just after American officials told the North Koreans that they had discovered evidence of the purchase of centrifuges, the high-speed devices that enrich uranium, from Abdul Qadeer Khan, the head of Pakistan's nuclear program.

In an unclassified, single-page report distributed to members of Congress at the time, top agency officials, headed by George J. Tenet, then the director of the Central Intelligence Agency, reported, "We recently learned that the North is constructing a plant that could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational — which could be as soon as mid-decade."

On Friday, three days after the testimony of Joseph DeTrani, the North Korea coordinator for the director of national intelligence, suggesting doubts about the current state of the program, Senator Carl Levin, Democrat of Michigan and the chairman of the Senate Armed Services Committee, sent a letter to Secretary of State Condoleezza Rice and Secretary of Defense Robert M. Gates seeking more answers.

"Is this still the intelligence community's assessment?" he asked of the 2002 report. "If not, why, and when did the intelligence community revise this assessment? What is the current intelligence community assessment?"

He also asked what underlay the conclusion that an enrichment plant was under construction.

US, North Korea Begin Thaw In Relations (AFP)

AFP, March 5, 2007

Landmark US-North Korea talks on normalizing relations were to get underway Monday amid questions in Washington over whether US intelligence had exaggerated Pyongyang's nuclear threat.

US officials were cautioning that the talks in New York are only a small first step towards establishing diplomatic ties and that North Korea needs to meet a series of denuclearization benchmarks in order to end a half century of enmity between the two states.

Washington's chief negotiator, Assistant Secretary of State Christopher Hill, and his North Korean counterpart, Kim Kye-gwan, will kick off the meetings with a dinner Monday night at a New York hotel and then hold a full day of talks on Tuesday, US officials said.

The talks come as the International Atomic Energy Agency said the UN atomic watchdog's chief Mohamed ElBaradei will travel to North Korea on March 13 to discuss how to monitor its promised dismantling of nuclear facilities.

"The plan is for Dr. ElBaradei to arrive in Beijing on March 12 and leave for North Korea on the 13th for a two-day visit," spokeswoman Melissa Fleming said.

The bilateral talks between Washington and Pyongyang meet a long-standing condition set by the reclusive communist regime for abandoning its nuclear ambitions, and could bring the two sides the closest ever since Korea was divided in the wake of World War II.

But they come amid controversy in Washington over whether US intelligence agencies overstated Pyongyang's alleged secret uranium enrichment program in 2002, and whether the agencies' ability to provide information on the North is adequate and reliable.

"We still don't have the intelligence community overall to give us, as policymakers, the information that we need to make good decisions in North Korea, Iran and other places," Republican Representative Peter Hoekstra said Sunday.

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"You always make policy with imprecise information, but you know, there are some things that we've been disappointed with," he told the Fox News Sunday program.

"It's a concern about the leadership in the intelligence community, not the folks who are working this 24/7," Hoekstra added.

The talks Monday come as part of the six-nation deal reached February 13 to end North Korea's nuclear weapons program.

Under the multi-phase agreement, North Korea said it would shut down its main nuclear facility and begin steps towards giving up its nuclear weapons program in exchange for some 300 million dollars in aid and moves towards "full diplomatic relations" with the US.

While the rapid start to those normalization talks took many by surprise -- in 2002 President George W. Bush branded North Korea part of the "axis of evil" -- US officials stressed that the talks would yield no breakthroughs.

"Don't look at it as a meeting that's going to produce immediate results," said State Department spokesman Sean McCormack last week.

He said the talks were more likely to focus on "organizational" issues like setting a framework and agenda for what are hoped will be ongoing discussions.

But observers of Bush administration foreign policy said this week's meetings turned an important page for Washington.

"In and of itself the meeting Monday is historic," said Joseph Cirincione, a North Korea and non-proliferation expert at the Center for American Progress.

Cirincione said the talks showed that, "In the end, the relationship with the US matters more to the North Koreans than their nuclear weapons."

But amid US lawmakers there was lingering concern over whether Washington could obtain enough and reliable information about what the Koreans are up to.

Last week Joseph DeTrani, the North Korea mission manager for the Directorate of National Intelligence told a Congress panel that US spy agencies are less confident now than they were in 2002 about accusations that Pyongyang was secretly enriching uranium.

"We still have confidence that the program is in existence -- at the mid-confidence level," told the US Senate Armed Services Committee.

The US accusations in 2002 that the North was running a secret uranium program, in addition to its declared plutonium-based nuclear operation, led to the collapse of a 1994 denuclearization deal with Pyongyang.

Subsequent tit-for-tat actions led to Pyongyang's atomic bomb test in October 2006, a move that some officials say might have been avoided.

On Sunday De Trani complained in a written statement about "considerable misinterpretation" of what he had told the panel.

"We have continued to assess efforts by North Korea since 2002," he said. "All intelligence community agencies have at least moderate confidence that North Korea's past efforts to acquire a uranium enrichment capability continue today."

N. Korea: Intelligence And Uncertainty (NSWK)

By Michael Hirsh And Mark Hosenball

Newsweek, March 5, 2007

Intel analysis is an art, not a science—and one that sometimes depends on the politics of the moment. Last week the government's senior North Korea intel analyst, Joseph DeTrani, told Congress that American officials now had only "midlevel confidence" in the same intel that led the Bush administration to assert in 2002 the North was actively "enriching" uranium—and could have a bomb-making plant up and running soon. During a confrontation with Pyongyang officials in October 2002 over the North's secret program, the then Assistant Secretary of State Jim Kelly says he actually had little certainty. He told NEWSWEEK last week that the North Koreans themselves "gave no specifics about what kind of program they had." According to several current and former administration officials, speaking on condition of anonymity because of the sensitivity of the matter, Kelly knew that Pyongyang was buying equipment for some 20 centrifuges from Pakistan in return for shipping Nodong missiles. He also had some tentative intel that the North Koreans might be building a factory. But "I don't think it was known then and apparently it's not known now what they've done with this stuff they've bought," Kelly said. The rest was creative interpretation, especially a CIA assessment to Congress that said the North was building a plant to make weapons-grade uranium that could be "fully operational" by "mid-decade."

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Now, post-Iraq, the intel community is more cautious. And with the administration eager to pursue an aid-for-nukes agreement with Kim Jong Il, there's less interest in putting the worst possible spin on what is known. CIA spokesman Paul Gimigliano says the agency stands by its earlier assessment, saying "the classified assessments ... contain far more detail."

Kim Jong Il's Word (WSJ)

The Wall Street Journal, March 5, 2007

North Korean officials arrived in New York over the weekend for discussions on normalizing relations with the U.S. as part of the nuclear disarmament accord struck last month. Chief U.S. negotiator Christopher Hill is scheduled to meet today and tomorrow with his counterpart, Vice Foreign Minister Kim Kye Gwan.

May we suggest that, before he sits down, Mr. Hill take a look at the brief statement issued quietly Thursday by the United Nations Development Program (UNDP). There is no better guide to Kim Jong Il's negotiating style, nor to the North Korean dictator's habit of breaking his word. Nuclear negotiators, beware.

The agency announced, in an item on its Web site, that it is suspending all operations in North Korea because the "necessary conditions set out by the Executive Board on 25 January 2007 have not been met." The UNDP's 20 or so projects will be shut down, we're told, and its eight international staffers will be pulled out of the country. The U.N. isn't known for its tough love, and no one we've talked to can recall another example of the UNDP suspending operations in a country that refused to comply with the regulations.

The "necessary conditions" were imposed at the last board meeting in response to an outcry over the UNDP's lack of oversight over its programs in North Korea. U.N. documents, produced reluctantly after prodding by the U.S. mission to the U.N., showed numerous irregularities dating back into the late 1990s. Tens of millions of dollars for programs that were supposed to help the poor appear instead to have been handed over to Kim's dictatorship.

As the March 1 deadline for compliance approached, North Korea decided to throw a tantrum to see if it could get excused from its obligations. It deemed the conditions politically motivated -- especially the one that limits aid to programs that directly help the people and bans assistance that could aid the government -- and demanded a renegotiation.

Never mind that North Korea sits on the Executive Board and had agreed to abide by the terms thrashed out in January. To its credit, the UNDP refused to be bullied into extending the deadline and is holding Pyongyang to its commitments. The suspension applies to all existing projects; the board had already suspended new projects until an audit could be completed and better oversight provided.

The U.N. has another deadline fast approaching in North Korea. At the end of January, Secretary General Ban Ki Moon ordered a full investigation of all U.N. programs in North Korea, to be completed within three months. Those include Unicef, the World Food Program and the U.N. Population Fund. As the end-of-April deadline for that audit comes closer, it will be instructive to watch Pyongyang's degree of cooperation.

Meanwhile, the talks on North Korea's nuclear program are moving ahead, with the U.S., South Korea and Japan all holding bilateral meetings with Pyongyang this month toward the goal of normalizing relations. At the top of Japan's agenda is the whereabouts of its citizens who were kidnapped by North Korean agents in the late 1970s and 1980s and forced to train North Korean spies. Negotiations with Pyongyang have so far yielded the return of only five abductees along with preposterous explanations for how the rest have supposedly died.

The preference in some diplomatic circles, including the U.S. State Department and perhaps now in the White House, is to dismiss the U.N. corruption in North Korea as well as the abductee and other human-rights violations as side-issues to the more vital objective of getting Kim to give up his nuclear program.

We'd argue that international focus on these issues is an essential part of keeping up the pressure on Kim's regime. But even if you buy the argument that these are ancillary issues, there's still an important lesson here: If Kim won't abide by the pledges he made regarding UNDP aid to his country, how can he be expected to keep his promises on nuclear disarmament?

Former U.S. Ambassador to the U.N. John Bolton lays out the troubling case of changing American intelligence judgments toward North Korea on the opposite page. His point about the need for an intrusive inspection and verification regime is especially important. Under the six-party agreement announced on February 13, North Korea has 60 days to account for all of its nuclear programs. If it doesn't, or if Kim attempts to renegotiate the terms at the last minute, we'd like to think the U.S. would show at least as much fortitude as the United Nations, and tell Kim to take a hike.

Key Lawmakers Complain Of Weak Intelligence (WT)

By Eric Pfeiffer

The Washington Times, March 5, 2007

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American intelligence agencies are not providing adequate information for Congress to make policy decisions on key foreign-policy areas including Iran and North Korea, according to the top House Republican on the issue.

"We still don't have the intelligence community overall to give us, as policy-makers, the information that we need to make good decisions in North Korea, Iran and other places," said Rep. Peter Hoekstra of Michigan, the ranking Republican on the House Select Committee on Intelligence.

When told by "Fox News Sunday" host Chris Wallace that he was making a "pretty striking indictment" of the intelligence community, Mr. Hoekstra said, "Well, it is."

Mr. Hoekstra blamed the bureaucratic leadership in the intelligence community for what he said are delays in implementing necessary reforms after September 11 and intelligence failures in Iraq.

"We've had problems in standing this up and developing more bureaucracy, and it's a concern about the leadership in the intelligence community, not the folks who are working this 24/7," he said.

Sen. Dianne Feinstein, California Democrat and her party's second-ranking member on the intelligence panel, acknowledged the difficulty of obtaining workable intelligence from Iran and North Korea, but praised the administration for diplomatic progress with both regimes.

"I am very pleased to see the shift in the administration," she said during her own appearance on "Fox News Sunday." "When Secretary [of State Condoleezza] Rice came before the Senate Appropriations Committee and talked about this regional summit in which the United States would take part and the G-8 nations, I think that's exactly the way to go, to bring the light of day and the preponderance of nations into this effort."

Meanwhile, several leading Democrats said they are building support for a bill that would overturn the original Iraq war resolution. Still, they remain short of the 60 votes necessary to block a Republican filibuster.

"If we can focus on this purpose -- keeping American troops out of the middle of a civil war with the understanding that there needs to be a limited mission that remains after that -- I believe we can get almost all the Democratic votes, plus we can pick up some Republican votes," said Sen. Carl Levin, Michigan Democrat and Senate Armed Services Committee chairman, during an appearance on CBS' "Face the Nation."

"We want to change it, to have a much more narrow focus," said Sen. Charles E. Schumer, New York Democrat, during an appearance on ABC's "This Week." "We have a very broad consensus. We're hoping to get close to unanimity, like we did on the surge resolution, that requires the president to change that mission."

However, one leading U.S. commander said the surge was showing progress and could be completed within a year.

"We're starting to see some progress, but it's very slow," Maj. Gen. Raymond Odierno, the No. 2 U.S. military commander in Iraq, said in an interview with CNN's "Late Edition."

"I think that will take some time. I don't want to put an exact time on it but a minimum of six to nine months."

Sen. Trent Lott, Mississippi Republican, told ABC that the various resolutions to force a withdrawal of U.S. forces or the troop "surge" are just represent "Congress trying to micromanage the situation."

"When the going gets tough, they're trying to figure out how to get out. And they can't get their act together on how to defund the troops, so they're having all these different approaches. ... I mean, they can't get it together."

North Korea Climbdown (WSJ)

By John R. Bolton

The Wall Street Journal, March 5, 2007

Washington's most important person -- the Anonymous Senior Official ("ASO") -- was busy last week, briefing reporters on North Korea's uranium enrichment program.

The North's pursuit of nuclear weapons through uranium enrichment, an alternative to reprocessing plutonium from spent fuel at the Yongbyon reactor, constituted both a material breach of the 1994 Agreed Framework and an enormous challenge to the hope that it could ever be negotiated out of pursuing nuclear weapons. Based, however, on one public comment and much work by Mr./Ms. ASO, the media last week set about deconstructing a critical strategic concern underlying Bush administration Korea policy. According to their breathless reporting, yet another threat to America was disappearing, revealed as simply more intelligence hype from an administration that apparently did little else in its first term.

The reports raise three separate issues. First, what exactly is the intelligence judgment about North Korea's enrichment activities, and how valid was it in 2002? Second, what are the implications for the administration's ongoing negotiations with North Korea? And third, is Mr./Ms. ASO speaking for the Bush administration, or for those elements in the permanent bureaucracy that have consistently opposed key elements of the Bush foreign policy, at least as conducted until recently?

On the first question, concerning North Korea's enrichment activities, there is actually less here than meets the eye. The only attributable public comment is from Joseph DeTrani, mission manager for North Korea for the Director of National

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Intelligence, who said that he now had a "mid-confidence level" about North Korea's program, down from "high confidence." Mr. DeTrani's testimony before the Senate Armed Services Committee recounted how, in October 2002, the U.S. confronted Pyongyang "with information they were acquiring material sufficient for a production-scale capability of enriching uranium," and how North Korea "admitted to having such a program." Mr. DeTrani continued, "we've never walked away from that issue." Indeed, in 2002, intelligence community officials told me that new evidence erased existing, long-standing disagreements within the community about what the North was up to since the mid-1990s, producing a remarkable consensus that has not, to my knowledge, broken down since.

Neither in Mr. DeTrani's testimony, nor in any of Mr./Ms. ASO's backgrounding, is there any reversal on actual facts, only an apparent shift in the "confidence level." My understanding is that the decrease in confidence stems from the absence of significant new or contemporary information about North Korea's activities. This lack of new information may be attributable to a loss of sensitive sources and methods, or it may be attributable to the effectiveness of President Bush's Proliferation Security Initiative, or its creative financial sanctions, in drying up North Korea's procurement activity. But there has been no suggestion that the intelligence from 2002 and earlier has been contradicted or discredited. Mr. DeTrani's testimony is expressly to the contrary. Indeed, on Saturday he reiterated this precise point in a second public statement.

Moreover, as Donald Rumsfeld likes to say, "the absence of evidence is not evidence of absence." If we lack new intelligence, analysts should say so explicitly, and policy makers can draw appropriate conclusions, one of which might well be that the North is simply better at concealing its clandestine nuclear activities, not that those activities don't exist. What analysts should not do is to cast doubt on earlier intelligence, or change confidence levels, if there are no other reasons to do so. In any event, there is nothing here to allow anyone to conclude that the 2002 intelligence conclusions were flawed or hyped.

This raises the second issue. Mr./Ms. ASO's backgrounding is really about the ongoing six-party talks, and less about what happened in 2002. In any arms-control negotiation, the need for verification is directly correlated to the propensity of the other side to lie, cheat and conceal its undesirable activities. In the present case, the greater the likelihood that North Korea will make commitments it has absolutely no intention of following, the more intrusive and pervasive should be the verification mechanism we insist on. Determining in this or any other case how invasive the verification process must be obviously depends in large part on the historical record.

North Korea's aggressive mendacity puts it near the top of the list, perhaps tied with Iran for the lead, of countries that need the most transparent, most intrusive, most pervasive verification systems. For America to agree to anything less would be to make our national security, and that of close friends and allies like Japan, dependent on North Korea's word -- never a safe bet. And yet, it is precisely this extensive verification system that the North cannot accept, because the transparency we must require would threaten the very rock of domestic oppression on which the North Korean regime rests. North Korea's negotiators understand this contradiction. So do ours.

The only way around this problem is to conclude it doesn't exist, or is so minimal it can be "fixed" in negotiations. That's why Mr./Ms. ASO was busy, laying the foundation to argue that further deals with North Korea do not require much, if any, verification beyond what little the International Atomic Energy Agency can provide. If we continue this approach, what is already a bad deal will become a dangerous deal, whether we make it with North Korea directly or in the six-party talks. (As Nick Eberstadt has put it, a bad agreement with six parties is no better than a bad agreement with two parties.)

And that brings us to the third issue: Where exactly is the administration headed? Mr./Ms. ASO's identity is by definition unknown, but the view is spreading that this backgrounding is more than the bureaucracy's ruminations. I have my own unnamed senior officials who tell me it's not so, but the question remains. President Bush himself must speak, and sooner rather than later, to tell us what he thinks of the intelligence, and the direction of his own policy. Recent polls show his approval rating near 30%, with support among Republicans falling precipitously. If the president's conservative base erodes further, where will his support come from? From liberal editorialists enthusing about his newfound foreign policy "pragmatism"? Based on my personal experience, the president will not have both.

Mr. Bolton is a senior fellow at the American Enterprise Institute. and the author of "Surrender Is Not an Option: Defending America at the U.N. and Abroad," forthcoming this fall from Simon & Schuster.

Saudi-Iran Meeting Yields Little Substance (NYT)

By Hassan M. Fattah

The New York Times, March 5, 2007

RIYADH, Saudi Arabia, March 4 — President Mahmoud Ahmadinejad of Iran and King Abdullah of Saudi Arabia concluded an extraordinary meeting early Sunday promising a thaw in relations between the two regional powers. But they stopped short of agreeing on any concrete plans to tackle the escalating sectarian and political crises throughout the Middle East.

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Mr. Ahmadinejad said that the two countries had agreed to try to curb tensions between Shiite and Sunni Muslims and that they had discussed in detail issues related to the Palestinians and Iraq.

The leaders are believed to have focused on finding ways to end the political standoff in Lebanon between Hezbollah, backed by Iran, and the government of Fouad Siniora, which is supported by the United States.

Mr. Ahmadinejad's first official visit to Saudi Arabia, which began Saturday, was marked by decidedly public shows of warmth and friendship between the leaders, as the men embraced, at times held hands in an Arab sign of close friendship, and smiled to cameras. The event marked the culmination of months of diplomatic efforts between senior Saudi and Iranian officials to ease the political standoff in Lebanon, cool sectarian violence in Iraq and possibly avert a looming Iranian confrontation with the United States.

Analysts were divided on Sunday over the ultimate impact of the summit meeting, held at the behest of the Iranian president.

To some, it promised to break the spiraling cycle of brinkmanship in the region, focusing both countries on constructive solutions to their differences.

Skeptics, however, said the absence of any tangible resolutions or initiatives, coupled with Mr. Ahmadinejad's continuing aggressive speech, suggested that the meeting was more a public relations offensive meant to help Iran improve its image at home and in the Arab world as its confrontation with the United States appears to be escalating.

On Saturday, diplomats from Germany and the five permanent members of the United Nations Security Council discussed trying to impose tougher sanctions on Iran for its continued uranium enrichment efforts in defiance of the Security Council. The diplomats, speaking in a conference call, ended their discussion without an agreement.

But after Mr. Ahmadinejad landed in Tehran on Sunday, he repeated earlier warnings of a "conspiracy" to divide the Muslim world. This time, he included Saudi Arabia as one of his partners in resisting the plan.

"Both Iran and Saudi Arabia are aware of the enemies' conspiracies," Mr. Ahmadinejad told reporters. "We decided to take measures to confront such plots, and hopefully this will strengthen Muslim countries against oppressive pressures by the imperialist front."

Saudi officials had no comment about that. But there was conflict over another issue. The Saudi Press Agency reported that Mr. Ahmadinejad had expressed support for a Saudi-led land-for-peace initiative that would have Arab states recognize Israel in return for the establishment of a Palestinian state in the lands occupied by Israel in 1967. Arab foreign ministers meeting in Cairo on Sunday agreed to revive the plan ahead of the Arab League summit meeting in Riyadh later this month.

An Iranian official, speaking to Iran's state-run media, reportedly denied that the initiative was discussed during the summit meeting.

State Department officials on Sunday had no immediate comment on the meeting. But Sean McCormack, the State Department spokesman, said Friday, before the talks, that "it's going to be up to the Saudi leadership to decide how they interact with the Iranian president."

Mr. McCormack said, "We would hope that they send a message to the Iranian president that across a wide spectrum the Iranian behavior in the region and around the world is just unacceptable, whether it's their support for terrorism or their pursuit for weapons of mass destruction or their efforts to block any sort of progress in building a democracy in Lebanon or in the Palestinian areas. We would hope that the message to the Iranian leadership is that they need to change their behavior."

A Saudi analyst with close ties to the government said, "In the end, they both know this is a geopolitical struggle," adding, "They can offer big words about ending sectarian strife, but what can they really do about it? Ahmadinejad simply undertook this visit to make himself look cooperative with other Persian Gulf states."

Mr. Ahmadinejad has come under increased pressure in recent weeks to tone down his comments. In Tehran on Saturday, Akbar Alami, a member of Parliament, said members intended to ask him to appear before them to answer questions about his policies. Mr. Alami said the lawmakers wanted to question his "provocative speeches, positions that are against diplomatic norms and against the country's national interests," the ISNA student news agency reported.

Sunni-Muslim Saudi Arabia and Shiite Iran have vied for regional dominance, each carrying the banner of Islam and seeing itself as defending its majority sect. At the same time, the region's calculus has changed significantly with the American invasion of Iraq and the fall of Saddam Hussein.

Saudi Arabia in recent months has led an aggressive diplomatic effort to counterbalance Iran's growing influence in the region, most recently serving as a host for the major Palestinian factions at a meeting in which they said they had agreed to form a unity government.

Saudi Arabia is also said to be working to bring Lebanese parties together to arrive at a peaceful settlement of the three-month crisis. An important part of the discussion on Saturday, some analysts said, was how to bring Syria back into the Arab fold after two years of isolation.

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For much of the 1980s, Saudi Arabia and Iran had an adversarial relationship. Their relations thawed with the election of a reformist president in Iran, Mohammad Khatami, in 1997. But relations have cooled significantly since the election of Mr. Ahmadinejad in 2005.

The meeting on Saturday, though initiated by Iran, was an example of Saudi Arabia's muscle-flexing in the region.

"Saudi Arabia did what people have been asking the U.S. to do for so long, which is to extend a hand out to the Iranians," said Abdel Monem Said Aly, director of Al-Ahram Center for Political and Strategic Studies in Cairo. "The Saudis seized on the right time to give the Iranians a window of opportunity to get out of their mess."

Mr. Aly said the test of a détente between Saudi Arabia and Iran is yet to come. "Will the Iranians be willing to give the Saudis what they didn't give the Europeans, which is to stop their nuclear activity?" he said. "That will be a litmus test."

Iran, Saudi Hail 'friendly' Meeting (FT)

By Gareth Smyth

Financial Times, March 5, 2007

Returning from Riyadh on Sunday after meeting King Abdullah, Iranian president Mahmoud Ahmadi-Nejad said "friendly consultations" between Iran and Saudi Arabia would continue with the two countries sharing identical views on developments in Iraq.

Mr Ahmadi-Nejad's visit appeared designed to ease tensions between the leading powers of the Persian Gulf, mainly Sunni Muslim Saudi Arabia and mainly Shia Iran.

Suspicions have risen in recent months both over Iraq, where the Saudis are wary of a Shia Muslim-led government friendly with Iran, and over Iran's nuclear programme.

SPA, the official Saudi news agency, reported the two leaders had agreed "the greatest threats against the Muslim nation are attempts to spread strife" between Sunnis and Shias.

The two sides have also been at odds over Lebanon, where a Saudi-backed government faces an opposition led by Hizbollah, the Shia Muslim party allied to Tehran.

Nabih Berri, leader of Amal, a second Lebanese Shia group, was quoted on Sunday by Sharq al-Awsat newspaper that a deal on a national unity government could come "within 48 hours".

In Tehran, the state-owned Kayhan newspaper, which has criticised Saudi Arabia over alleged support for Sunni insurgents in Iraq, splashed Mr Ahmadi-Nejad's visit to Riyadh as the "centre of world attention".

The chances of Iran attending a conference in Baghdad later this month, at which the US will join other UN security council permanent members and Iraq's neighbours, also increased as Mohammad-Ali Husseini, Iran's foreign ministry spokesman, claimed the idea had come from Tehran.

Similar optimism was evident in Damascus, where al-Baath, newspaper of the ruling party of president Bashar al-Assad, said the conference could lead to direct talks between Syria, an ally of Iran, and the US.

The United Nations Security Council is due this week to consider imposing further sanctions on Iran after a series of discussions in the past few days among the five permanent members and Germany.

The US said that "a few outstanding issues" still needed to be resolved after the latest telephone conference between top diplomats from the six countries, on Saturday, adding that the issue would now move to New York.

South Africa, currently president of the Security Council, has said it expected a draft resolution to be discussed in the early part of this week.

The US shows little sign of lessening pressure on Iran, especially over its nuclear programme.

Dick Cheney, the US vice-president, said on Saturday that military force against Iran remained possible.

"It would be a serious mistake if a nation like Iran were to become a nuclear power," he warned during a visit to Australia. "All options are still on the table".

A report released on Monday by Oxford Research group, a London-based security think-tank, argues US attacks on Iran's nuclear facilities could encourage Iran to develop speedily a nuclear weapon.

Would Air Strikes Work? argues military strikes could not "both encompass all key facilities and be surgical and brief."

The author Frank Barnaby, a former scientist in Britain's atomic weapons programme, writes that attacks could embolden hardliners, bolster Iranian public support for the programme, and lead Iran to a crash programme for a bomb.

"If Iran devoted maximum effort and resources to building one nuclear bomb," he writes, "it could achieve this is a relatively short amount of time: less than the two years mooted as the time military strikes would set back the current programme."

Iran President, Saudis Vow Cooperation (AP)

By Donna Abu-Nasr

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AP, March 5, 2007

Following their first official talks in Saudi Arabia, the Iranian and Saudi leaders on Saturday pledged to fight the spread of sectarian strife in the Middle East, which they said was the biggest danger facing the region.

Iranian President Mahmoud Ahmadinejad and King Abdullah also stressed the importance of maintaining Palestinian unity and bringing security to Iraq, the official Saudi Press Agency said.

The agency quoted Ahmadinejad as saying he supported Saudi efforts to calm the situation in Lebanon and end its political crisis. Iran supports Lebanon's Shiite Hezbollah group, which is trying to topple the U.S.- and Saudi-backed government.

The talks between the two leaders have been touted as a possible means to defuse sectarian tensions in Iraq and Lebanon, and prevent Iran from sliding further into isolation.

"The two leaders asserted that the greatest danger threatening the Muslim nation at the present time is the attempt to spread strife between Sunni and Shiite Muslims and that efforts should be exerted to stop such attempts and close ranks," the Saudi Press Agency said.

Iran and Saudi Arabia have had chilly relations since the 2005 election of Ahmadinejad, whose refusal to suspend uranium enrichment has led to U.N. Security Council sanctions and made Iran's Arab neighbors increasingly wary of the country's nuclear program.

But Abdullah personally met Ahmadinejad at the airport before the two headed into a meeting. The king later threw a banquet in his guest's honor, the Saudi Press Agency said. The Iranian leader left Riyadh late Saturday after the talks.

Saudi and Iranian analysts said cooperation will benefit both countries, as well as the whole region. Shiite-majority Iran and Sunni-dominated Saudi Arabia are on different sides of the two conflicts that are threatening to ignite the Middle East — Iraq and Lebanon — and the Saudis have expressed concerns over Iran's nuclear program.

Dawood al-Shirian, a Saudi analyst, said the kingdom would not have agreed to receive Ahmadinejad "if it didn't know that the visit would add to its political achievements."

Top diplomats from the United States, Russia, China, Britain, France and Germany were negotiating Saturday on possible new sanctions against Iran.

State Department spokesman Kurtis Cooper said in an e-mail late Saturday the diplomats had "a good discussion," although there was still work to be done on a few outstanding issues. He said the negotiations will now move to envoys at U.N. headquarters in New York.

A breakthrough on the Muslim sectarian divide could also pave way for the success of the March 10 conference in Baghdad of Iraq's neighbors — Iran, Syria and Saudi Arabia — as well as the United States and other Western powers, and the annual Arab summit, which will be held at the end of the month in Riyadh.

"Iran has proved its capability of destabilization," wrote Ghassan Sharbil, the Lebanese editor of the Saudi-owned Al-Hayat daily. "Now, it's time to prove its ability to participate in creating stability."

"Ahmadinejad can invest in this summit to calm down the Arab world, the Islamic world and the whole globe in order to protect Iran against isolation, the dangers of an American strike and a new resolution by the Security Council," he added.

Riyadh broke off ties with Iran in 1988, accusing it of supporting terrorism and subversion. They were restored shortly after the 1991 Gulf War, but relations between Iran and Saudi Arabia plummeted again following Ahmadinejad's election in 2005.

Since then, Arab Gulf countries have offered quiet support for moves against Iran's nuclear program that the United States and its allies fear is aimed at creating weapons. Iran says its program is solely for peaceful purposes.

The chill in relations is partly due to Ahmadinejad's tough anti-Western talk, which has raised suspicions among Sunnis that Tehran is trying to expand its influence in the region.

"Since Ahmadinejad's harsh rhetoric is partly responsible for the cooling in relations, he is (now) taking this step to redress (the situation)," said independent Iranian writer Saeed Leylaz.

Saudi Arabia, Iran Target Mideast's Sectarian Discord (CSM)

By Scott Peterson

The Christian Science Monitor, March 5, 2007

TEHRAN, IRAN

The leaders of rival regional powers Iran and Saudi Arabia are vowing to curb the sectarian strife that is increasingly defining conflict across the Middle East.

The pledge to calm tensions, as Iranian President Mahmoud Ahmadinejad made his first official visit to meet Saudi King Abdullah in Riyadh on Saturday, illustrates the growing regional alarm over Shiite-Sunni violence. Sectarian bloodshed has soared in Iraq – often at the hands of allies and coreligionists of these rival nations – and is threatening stability in Lebanon.

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Yet while both leaders prefer to blame outside actors for the increase in sectarian tension – their promises to support peace notwithstanding – elements in Iran and Saudi Arabia have helped to finance sectarian militias in Iraq and, in the case of the Saudis, engaged in heated sectarian rhetoric. Still the leaders stated that the "greatest danger" to Islam is the "attempt to fuel the fire of strife between Sunni and Shiite Muslims" and called for unity, the official Saudi Press Agency reported.

Mr. Ahmadinejad said the pair discussed "the plots carried out by the enemies in order to divide the world of Islam." The two leaders, he said, "were fully aware of the threats of our enemies and we condemned them."

The archconservative Iranian president was almost certainly referring to the US, which has accused elite Iranian units of supplying weapons to Shiite militias in Iraq to target American soldiers. The militias are behind many sectarian killings.

Though Saudi Arabia is a close US ally, some Saudis and other Sunni benefactors have backed Sunni insurgents and Al Qaeda in Iraq, which has fueled the civil war there. The Iran-Saudi promise to lower sectarian passions comes after months of public warnings against Iran's rising power.

"[Talks] with Saudi Arabia could allay Arab and US uneasiness," says Davoud Hermidas Bavand, a professor of international law at Alameh University in Tehran. "Before this new strategy, the main problem [in Iraq] was Sunni elements ... behind the scenes, Jordan, Egypt, and Saudi are supporting [them]," says Professor Bavand. "But there was a change: All of a sudden, Iran appears the main troublemaker in Iraq."

The White House, which charges that Iran's commitment to nuclear power is a cover to make atomic bombs, is adding pressure with saber rattling, often repeating that "all options are on the table." Sunni leaders have warned ominously of a destabilizing "Shiite crescent" in the region, though in Iraq the worst violence by far has been carried out by Sunni militants. Ahmadinejad's uncompromising rhetoric, in which he most recently compared Iran's drive for nuclear power to a hurtling train without brakes, has raised concern anew among Sunnis.

But to speak of a Sunni-Shiite divide is not so simple.

"Iran has historically, and clearly in recent times, wanted to pose as a Middle Eastern leader that stands up to more powerful world actors," says Joost Hiltermann, the Mideast director for the Brussels-based International Crisis Group. Iran's support of Shiites in Lebanon and Iraq is "awkward," he says, because Iran's ambitions go beyond mere sectarianism.

"[Iran] wants to have the greatest influence possible, and it can only do that if it is not a sectarian actor," says Mr. Hiltermann, contacted in Amman, Jordan. "It can be more effective if it does not play the Shiite card. [Iran] has every interest in talking to Saudi Arabia, to suppress that aspect of its rise."

The visit to Riyadh comes a week before Iraq's neighbors and the US will hold crisis talks in Baghdad. Iran's foreign ministry said Sunday that Iran had not yet decided to attend the meeting though it "would spare no effort" to help bring peace.

"What good is our [Islamic world's] common cause if we waste our energies and resources on self-destruction rather than self-preservation?" asked an editorial in the Saudi Gazette newspaper. "Mr. President, your visit signals your best intentions." But Sunni-Shiite reconciliation will not be easy.

As Iran is seen to back its fellow Shiites – as well as Sunni Palestinian groups like Hamas – aspects of Wahhabism, the extremist salafi ideology embraced in Saudi Arabia, lead to conflict. "Wahhabis regard Shiites as heretics," says Bavand in Tehran. "Political necessity requires containment of this behavior. But the rise of militant Wahhabism is a sore point for Shiites." Indeed, visceral anti-Shiite preaching hasn't vanished from Saudi Arabia, where two clerics in January called Shiites "the most vicious enemy of Muslims."

By contrast, Iran's supreme religious leader, Ayatollah Sayed Ali Khamenei, delivered a warning in mid-January to a group of Sunni and Shiite clerics. He warned that "the colonial front" (meaning the US and Israel) was seeking to play up sectarian differences. "The issue is not that Shiites and Sunnis should accept one another's beliefs, [but] they should not listen to the enemy's enticements," Ayatollah Khamenei said. "They should not be enemies."

Palestinian Leaders Try To Resolve Split Over Key Posts (NYT)

By Isabel Kershner

The New York Times, March 5, 2007

JERUSALEM, March 4 — Mahmoud Abbas, the Palestinian Authority president and the leader of the Fatah faction, arrived in Gaza on Sunday to meet with Ismail Haniya, the caretaker prime minister from Hamas, in another effort to iron out differences over a possible Palestinian unity government.

Spokesmen from Fatah and Hamas expressed hopes over the weekend that the new government would be formed this week. But nearly a month after agreeing at Mecca, Saudi Arabia, to create a new government, Hamas and Fatah still disagree on important posts, including interior minister.

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The problem is not just the Interior Ministry portfolio, which controls some of the Palestinian Authority security services, but also the potential inclusion of representatives of other factions that are considered terrorist groups by the United States. Nor is it clear that the factions are agreed on a political document that is supposed to guide the government's work.

Fatah and Hamas signed the Mecca agreement on Feb. 8, paving the way for a unity government. Under the terms of the agreement, Hamas can nominate an independent candidate for the Interior Ministry, but the appointment has to be approved by Fatah. Two candidates proposed by Hamas have been rejected by Mr. Abbas.

Mr. Haniya officially resigned as prime minister on Feb. 15 and declared that he would form the new government within three weeks. Palestinian law gives him another two weeks' grace after that.

The process has already hit delays. Mr. Haniya had asked the factions to submit the names of their ministerial candidates by this past Friday, and he was supposed to have met with Mr. Abbas on Saturday.

Hamas announced Saturday that it had submitted its names to Mr. Haniya. But Fatah officials have suggested that it will take several days until their party presents its nominees.

A Fatah spokesman, Ahmad Abdul Rahman, told Palestinian radio that Mr. Abbas would stay in the Gaza Strip for several days.

The purpose of the unity government is to end internal Palestinian fighting, which has claimed about 100 lives in recent months, and to try to end the international economic boycott that crippled the previous Hamas-led government. Hamas came to power after winning elections in January 2006, but it is defined as a terrorist group by Israel, the United States and Europe.

The countries of the so-called quartet of negotiating partners — the United States, the European Union, the United Nations and Russia — have laid down conditions for a resumption of direct aid. In order to qualify, the new government would have to recognize Israel's right to exist, renounce violence and accept previous signed agreements.

Hamas has so far failed to meet the demands in any explicit way, though Palestinian leaders argue that a unity government would come some way toward doing so.

A Hamas spokesman, Ismail Radwan, said that in their meeting, Mr. Abbas and Mr. Haniya would discuss the "broad outlines" of a political program for the proposed government.

Mr. Radwan told Palestinian radio that Hamas's ministerial candidates "were chosen from the first, second and third ranks" of the Hamas leadership and were "far from the frame of political symbolism," suggesting a lower Hamas profile in the new government. Most have not served as ministers before and are not members of the Palestinian parliament, he said.

A Fatah "young guard" leader, Hatem Abdul Qader, said the candidates would also include new faces.

The post of finance minister has already been promised to Salam Fayyad, a political independent and a former finance minister who has gained the confidence of the West.

In a new development, the militant Popular Front for the Liberation of Palestine-General Command has apparently asked to join. The Popular Front is a Marxist splinter group based in Syria and is classified by the State Department as a terrorist organization.

Like Hamas, it rejected the Oslo accords that gave rise to the Palestinian Authority in the mid-1990s. Unlike Hamas, it has not run for election in the Palestinian territories and has practically no constituency there.

Mr. Radwan said that if its participation were approved, the Popular Front could be assigned one of the portfolios allocated for independents and smaller parties, or one of Hamas's own. "We are frankly interested in convening all the Palestinian factions in the national unity government," he said.

Small factions like the Popular Front are "in a struggle for survival," said Mahdi Abdul Hadi, director of Passia, a private Palestinian research center in Jerusalem. "They don't want to be forgotten."

Being in government would give them legitimacy, he added, and would empower them for the next round in the post-Mecca reshaping of the Palestinian political system — namely, the reconstitution of the Palestine Liberation Organization.

"This is like a business relationship, in which principles are put aside," Mr. Abdul Hadi said.

The small, radical Islamic Jihad faction is an exception, having announced that it would not participate in elections or in any unity government.

School Linked To Hamas Gets U.S. Cash (WT)

By Joel Mowbray

The Washington Times, March 5, 2007

Millions of dollars in U.S. foreign aid have been given in the past several years to two Palestinian universities -- one of them controlled by Hamas -- that have participated in the advocacy, support or glorification of terrorism.

The funding -- principally in scholarships to individual students -- is being eyed by several members of Congress and their aides, who say it may violate U.S. law.

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The U.S. Agency for International Development (USAID) has provided more than $140,000 in assistance to the Hamas-controlled Islamic University in Gaza -- including scholarships to 49 of its students -- since Congress changed the law in 2004 to restrict aid to entities or individuals "involved in or advocating terrorist activity."

No U.S. assistance was directed to Islamic University last year, but USAID continues to fund multimillion-dollar programs through American Near East Refugee Aid (ANERA), which is building a high-tech facility for the school. U.S. law requires that any recipient of U.S. aid have no association with terrorists.

USAID also gave $2.3 million in aid last year to Al-Quds University, which has student groups affiliated with designated terrorist organizations on campus and last month held a weeklong celebration of the man credited with designing and building the first suicide belts more than a decade ago.

"It is outrageous that U.S. taxpayer dollars are going toward institutions that support terrorists," said Rep. Gary L. Ackerman, New York Democrat and chairman of the House Foreign Affairs subcommittee on the Middle East and South Asia.

"These loopholes must be closed so that taxpayer funds are used for their intended purpose and not to subsidize terrorism and the promotion of hatred toward Israel and the United States."

Rep. Nita M. Lowey, New York Democrat and chairwoman of the committee responsible for USAID funding, said, "It goes without saying that U.S. taxpayer dollars should absolutely never be used for advocating or honoring terrorist activity. Support for terrorists and terrorism in any shape or form is unacceptable."

USAID adamantly denies that it has violated any laws.

"Every grant we give, every bit of assistance we provide, we do in a way that is fully compliant with the law," said a USAID official, who agreed to talk only on the condition of anonymity.

In the case of Islamic University, the official said, USAID vetted the school president, the vice president of academic affairs and the dean of the library. It provided $12,000 worth of computers and materials to the school's library.

Students are vetted for connections to terrorism before being granted scholarships, the official added, but, "We don't follow every student and track every meeting they go to." Unlike other U.S. aid recipients, the scholarship students have not been required to sign pledges not to participate in terrorism.

The latest congressional interest in USAID's funding in the West Bank and Gaza was triggered by a report from Palestinian Media Watch (PMW), a pro-Israel group that monitors the Palestinian press.

Included in the report were translations of several Palestinian newspaper articles that discuss the activities of student chapters of Hamas and Islamic Jihad at Al-Quds University and other Palestinian schools assisted by USAID since 2005. Hamas and Islamic Jihad are on the U.S. list of terrorist organizations.

The USAID official did not deny that student groups affiliated with terrorist organizations were on campuses of schools assisted by the agency, but stressed that such organizations receive minimal support from the schools and are not part of "the official administrative structure."

Aides to several congressmen said they were most troubled by USAID assistance to Islamic University in Gaza City, which is openly controlled by Hamas leaders.

The organization held a two-day conference in 2005 on the "martyrdom" of former Hamas spiritual leader and founder Sheik Ahmed Yassin, who was killed in an Israeli air strike in 2004. Sheik Yassin founded the school in 1978.

Sheik Yassin and former Hamas leader Abdel Aziz Rantisi used Islamic University as a base, as has Ismail Haniyeh, prime minister in the Hamas-led Palestinian government and a member of the school's board of trustees.

Sixteen Islamic University lecturers and teachers are elected Hamas members of the Palestinian legislature. In 2005, 78 percent of the student council vote went to Hamas, according to a Palestinian newspaper article provided by Palestinian Media Watch.

When challenged by Congress last year on its assistance to the school, USAID noted that the funding was not renewed last year. Nonetheless, the agency is providing millions in grants to ANERA, which is building a high-tech facility in Gaza City for the university. California-based Intel Corp. is underwriting the project.

In a document USAID sent to Congress last year, USAID wrote that ANERA "is required to ensure that no assistance is provided to terrorist organizations or individuals associated with terrorist activities, regardless of whether or not the activity involves [U.S. government] funding."

Also causing congressional concern is a PMW's report that Al-Quds University last month held a weeklong celebration honoring Yahya Ayyash, the Hamas leader known as "the shahid [martyr] engineer." He is credited with creating the first suicide belts in the mid-1990s and training the next generation of suicide bomb makers.

The opening event, as reported by a Palestinian newspaper and found in the PMW report, included a speech by university administrator Yusuf Dhiyab, "who discussed shahids and the mark that the shahids left on the history of the Palestinian nation and how they succeeded in uniting the nation."

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In September, USAID announced an "extraordinary one-time" issuance of 2,000 scholarships for Palestinian students attending Al-Quds University at a total cost of $2.2 million, according to USAID. Simultaneously, USAID provided $100,000 in "in-kind assistance" to Al-Quds University.

In a written statement, USAID said Al-Quds University requested emergency assistance last summer, and the $2.3 million was offered because "strong U.S. support existed for assistance to moderate Palestinian leaders."

The statement singled out Al-Quds University President Sari Nusseibeh as "one such prominent and respected figure."

But Mr. Nusseibeh appeared on the Al-Jazeera satellite channel in 2002 with Hamas political bureau chief Khalid Mashaal and the mother of a suicide bomber, according to a transcript provided by the Middle East Media Research Institute (MEMRI).

"When I hear the words of Umm Nidal, I recall the [Koranic] verse stating that 'Paradise lies under the feet of mothers,' " he said, according to MEMRI. "All respect is due to this mother; it is due to every Palestinian mother and every female Palestinian who is a Jihad fighter on this land."

White House Tussles On Doha (WSJ)

By Greg Hitt And Deborah Solomon

The Wall Street Journal, March 5, 2007

WASHINGTON -- As angst over the shaky state of the U.S. trade agenda grows, tensions are emerging within President Bush's inner circle over how best to get the stalled Doha round of world trade talks moving.

The chairman of the National Economic Council, presidential friend Allan Hubbard, and national-security adviser Stephen Hadley have privately voiced frustration with the tortured pace of action in the latest stage of comprehensive talks.

Launched in Doha, Qatar, soon after the terrorist attacks of Sept. 11, 2001, the talks had as their primary aim better integrating poor nations into the global trading system. Messrs. Hubbard and Hadley have pressed for a bolder U.S. offer in an effort to encourage other countries to compromise.

In one heated meeting among top Bush aides just before Christmas in the Old Executive Office Building, U.S. Trade Representative Susan Schwab opposed the idea of a grand offer. Ms. Schwab, who had seen a similar move by her predecessor flop, pushed instead for "quiet negotiations" focusing on details to build trust among Doha's participants.

Mr. Bush sided with Ms. Schwab, and has continued to back her. But she is now at risk of being overshadowed -- some fear undercut -- by new Treasury Secretary Henry Paulson, who is moving deeper into the public debate on Doha and trade.

In a speech Thursday, Mr. Paulson said increased trade is "essential to our growth" and cited Doha as especially important for the U.S. He noted that Ms. Schwab, who heads to Europe this week to confer with counterparts there, is "working hard to make progress toward a meaningful agreement."

Last week, World Trade Organization chief Pascal Lamy told The Wall Street Journal he was hopeful the U.S. and Europe were ready to make enough concessions on cutting farm aid to reopen the Doha talks soon, but he said a final deal still would face major hurdles.

Mr. Paulson, who recently named a former deputy U.S. trade representative to handle his China portfolio, will be abroad this week. He plans to argue for improved capital flows and lower trade barriers during a swing through Asia, including a stop in Seoul to pitch a free-trade pact with South Korea ahead of formal U.S.-Korean talks.

Mr. Paulson's higher profile reflects the widening sense of urgency within the Bush administration about the need to kick-start Washington's trade agenda, as doubts about the benefits of free trade and globalization have grown on Capitol Hill and among the public. Showing even modest progress on Doha could give the Democrat-controlled Congress impetus to renew the president's trade-negotiating authority, which expires in June. Extending his ability to present trade deals for a straight up-or-down vote by lawmakers would in turn buy Mr. Bush more time to close a Doha deal.

With the president endorsing quiet diplomacy, others in the administration are falling in behind Ms. Schwab. "We have looked to Sue's lead," Mr. Hubbard said. He said he doesn't recall the December meeting, adding, "We have a jillion meetings around here." A Hadley spokesman declined to comment on "internal deliberations."

For her part, Ms. Schwab said differences of opinion are healthy. "You always have to be thinking about different tactics and strategies," she said. But the trade official now faces pressure to show movement. In administration meetings, she has argued that informal meetings among major Doha players show signs of progress. And she will look smart if a deal comes together.

That is far from certain, though. Hence, Mr. Paulson's coming push on Doha, which administration officials say is designed to give some broader political momentum to the initiative.

The danger is that Mr. Paulson, a former Goldman Sachs chairman, could undercut Ms. Schwab's credibility. "You really risk further diminishing Sue in this, which is going to make it harder to get any deal," said Grant Aldonas, the top trade official at the Commerce Department during Mr. Bush's first term.

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Ms. Schwab isn't the first trade representative to get a chaperone. In the 1980s, then-Treasury Secretary James Baker helped trade chief Clayton Yeutter close a controversial deal with Canada. Clinton White House aide Gene Sperling accompanied then-trade ambassador Charlene Barshefsky to Beijing to finalize a deal paving the way for China to join the WTO, the group shepherding the Doha talks.

After Republicans lost control of Congress in November, Ms. Schwab made it a priority to work with Democrats, even as she continued negotiations abroad. But White House officials began looking to Mr. Paulson, who enjoys huge name recognition and respect overseas from his Goldman Sachs days, to buttress her efforts. "He's got an enormous amount of credibility," Mr. Hubbard says.

Mr. Paulson has a mandate from Mr. Bush to roam across issues within the administration. Taking office a few months after Ms. Schwab, he has carved an ever-greater role for himself as a free-trade advocate.

Aides to Ms. Schwab and Mr. Paulson said the two see their roles as complementary, and consult two or three times a week.

Things haven't always gone smoothly. In November, Mr. Paulson wrote an op-ed piece on Doha with his British counterpart, Gordon Brown. Ms. Schwab was caught unawares. The article was published the day before her own appearance at the U.S. Chamber of Commerce, where she intended to make a postelection overture to Democrats on trade. Mr. Paulson later apologized to Ms. Schwab, officials said.

Beijing Accelerates Its Military Spending (NYT)

By Jim Yardley And David Lague

The New York Times, March 5, 2007

BEIJING, March 4 — China announced its biggest increase in defense spending in five years on Sunday, a development that quickly prompted the United States to renew its calls for more transparency from the Chinese military about the scope and intent of its continuing, rapid arms buildup.

Jiang Enzhu, a spokesman for the National People's Congress, the Communist Party-controlled national legislature, said China's military budget would rise this year by 17.8 percent to roughly 350 billion yuan, or just under $45 billion.

"We must increase our military budget, as it is important to national security," Mr. Jiang said at a news conference. "China's military must modernize. Our overall defenses are weak."

But China's military modernization efforts, particularly its drive to develop advanced weaponry, have been raising concern from Washington to Tokyo to New Delhi, where officials are worried that the buildup could be as much offensive as defensive. In January, China set off fears of an arms race in space when it successfully tested an antisatellite missile that destroyed one its own aging weather satellites. A month earlier, the People's Liberation Army began deploying the country's first state-of-the-art jet fighter, the J-10.

These advances reflect China's intense focus on scientific and technological development, and are the fruits of more than a decade of increased military spending. China's defense outlays increased an average of about 15 percent a year from 1990 to 2005, according to the Chinese military. This year's jump is the largest one reported since military spending rose by 19.4 percent in 2002.

Military analysts in the United States and Europe say that China's public military budget actually reflects only a fraction of its overall defense spending, and that the real figure is likely to be two to four times higher. Most defense analysts agree that China's military focus is to build a force that would prevail in any conflict with Taiwan, which it regards as a renegade province, and also to be capable of creating a deterrent to American military intervention.

On Sunday, John D. Negroponte, the new deputy secretary of state, chose not to focus on the size of the latest budget increase, but instead emphasized that China needed to be less secretive about its military buildup.

Mr. Negroponte, who is touring Asia, said military officials from both countries were already holding informational exchanges, and called on China to use these discussions to better explain its military ambitions.

"I think the point we would make with respect to military spending and military acquisition of various types would be the point about transparency," Mr. Negroponte said at a news conference in Beijing.

Chinese officials, meanwhile, assailed Mr. Negroponte over a recent weapons deal in which the United States approved the sale of more than $400 million in air and ground missiles to Taiwan. The missiles are considered a defensive measure against the steady buildup of Chinese missiles aimed at Taiwan.

Chinese officials lobbied Mr. Negroponte to reverse the deal and urged the United States not to send "mistaken signals" to Taiwan.

The deputy secretary said any weapons sale to Taiwan "would be for strictly defensive purposes."

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Mr. Negroponte, who was appointed last month as the State Department's second-ranking official, held meetings with Foreign Minister Li Zhaoxing, State Councilor Tang Jiaxuan and two vice foreign ministers, Dai Bingguo and Yang Jiechi. He offered few details about the discussions, but said the topics included North Korea, Iran, trade tensions and regional security issues.

Mr. Negroponte emphasized the constructive working relationship between the United States and China. But China's military budget increase is a reminder of the growing unease in Washington about Beijing's long-term intentions. Japan and India are also watching China's military drive and increasing defense spending.

In a news conference before Mr. Negroponte's statements on the budget, Mr. Jiang, the National People's Congress spokesman, said that China's intentions were peaceful, and that any fears about its military ambitions were unfounded. He noted that China spent only a fraction of the proposed United States Defense Department's $481.4 billion budget for the next fiscal year — a figure that does not include spending on the wars in Iraq and Afghanistan.

He said China's new spending would be dedicated to increasing salaries and benefits for soldiers, as well as to overall modernization and technological upgrades.

"China is committed to taking a path of peaceful development and it pursues a defensive military posture," Mr. Jiang said.

The modernization efforts are also positioning China as a weapons supplier for other countries.

Military analysts say China's main motive in developing the J-10 is to diminish the technological advantage of Taiwan's Air Force. But analysts say China also plans to market the fighter plane to countries that cannot afford more expensive fighter planes sold by other countries.

China's technological push comes as the country continues to shrink the world's biggest standing army. Since 2003, the army's personnel has been reduced by 200,000 to 2.3 million soldiers, according to government figures. Spending is now focused on better training and equipment for this leaner force.

China Boosts Military Spending (WP)

By Edward Cody

The Washington Post, March 5, 2007

BEIJING, March 5 -- China announced Sunday that it will increase military spending at a sharply higher rate this year, budgeting a rise of nearly 18 percent, and a senior U.S. official immediately called for clarity on the planned expenditures.

Deputy Secretary of State John D. Negroponte said at a news conference at the end of his maiden visit to Beijing in his new post that the Bush administration is dissatisfied with China's unwillingness to share such information. "We think it's important in our dialogue that we understand what China's plans and intentions are," he said.

The government's military budget announcement and Negroponte's swift appeal for more transparency highlighted a particularly uneasy point in what has become a broad, close and increasingly important U.S.-China relationship.

Negroponte has been assigned the lead role in managing that relationship, a mission he emphasized by calling on Chinese officials so soon after his Feb. 13 swearing-in. Apparently by coincidence, the Chinese government chose the same moment to announce that its declared military expenditures for 2007 will amount to $44.94 billion, an increase of 17.8 percent.

According to Pentagon estimates, that declared total represents about a third of actual military spending if equipment purchases are taken into account. But even that would amount to only a fraction of the U.S. military budget, which is proposed to rise to about $623 billion for fiscal 2008.

China has been steadily increasing military expenditures for more than a decade, seeking to recover from a long lag compared with other major powers. But the figure for 2007 drew attention because it represents the biggest jump in several years.

In reaction to the spending climb and resulting improvements in China's forces, the United States has regularly urged China to open its ultra-secretive military to more scrutiny and share its strategic outlook with Washington to avoid misunderstandings in the region. The outgoing U.S. Pacific Command chief, Adm. William J. Fallon, was particularly active in seeking to organize more contacts between the two military hierarchies.

Negroponte said he, too, will push for closer connections. "It's not so much the budget and the increases as it is understanding these things through dialogue and contacts," he said.

A spokesman for the National People's Congress, which opened its annual session Monday, said military expenditures were rising to cover the cost of better training and higher salaries in the 2.3 million-member People's Liberation Army and benefits for about 200,000 soldiers shed from the ranks over the past several years. Reducing the lower ranks and improving technological training for remaining troops have been major parts of the country's long-range military improvement program.

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The spokesman, Jiang Enzhu, said China's military expenditures do not represent a threat to other countries because President Hu Jintao's government has vowed to use the military only in "defensive operations." He added that "China is committed to following the path of peaceful development, and it has adopted a defensive posture."

The official New China News Agency quoted the head of the military's General Logistics Department, Liao Xilong, as saying that the extra money would also go toward improving China's ability to wage high-tech warfare, to defend its information systems against jamming and to coordinate among land, air and sea forces.

"The present-day world is none too peaceful," he said, according to the news agency. "To protect national security and territorial integrity, we must adequately increase spending on military modernization."

Premier Wen Jiabao, delivering his annual government report to the National People's Congress, also underlined the country's determination to modernize its armed forces, saying they must be able to "effectively carry out the historic mission of the army in the new stage of the new century."

"We will intensify defense-related research and efforts to produce advanced weaponry and equipment," he told the legislature.

Laying out his government's aims for 2007, Wen also vowed to increase spending on environmental protection, rural education and health insurance for the poor. He forecast that China's economy will grow by 8 percent this year, which would be a drop from the more than 9 percent recorded in 2006.

Underlying China's determination to build a more modern military -- and a factor in the U.S. call for transparency -- is the risk of conflict over Taiwan, which sits 100 miles off the mainland.

The island has been self-ruled since Nationalist forces fled there in 1949 as Mao Zedong's Communist troops took power. But in Beijing's eyes it remains a Chinese province that must at some point return to the fold. The government here has vowed to use force as a last resort if Taiwan moves decisively toward formal independence.

Negroponte said Chinese officials raised with him the Bush administration's recent decision to sell Taiwan about 400 missiles, contending that the $421 million deal violated U.S. commitments to a one-China policy. In response, Negroponte said, he emphasized Washington's adherence to the one-China principle but reminded them of legislation mandating U.S. help for Taiwan's defense.

Chinese Military Spending To Rise By 18% (FT)

By Andrew Yeh In Beijing

Financial Times, March 5, 2007

China's defence spending will jump nearly 18 per cent year-on-year to Rmb350.9bn ($45.3bn, €34.4bn, £23.3bn) this year, the largest annual rise in spending in recent years, according to a forecast by Beijing's legislature.

Jiang Enzhu, a spokesman for the National People's Congress, which convenes in the capital on Monday, said on Sunday that the main reason for the rise was to "make up for the weak foundation" of the nation's armed forces.

The newly allocated funds for the People's Liberation Army will be about 7.5 per cent of the nation's total budgeted spending for the year, according to Mr Jiang. The real spending figure is believed to be much higher, however, since the official number probably does not include large procurements and other costs.

In the past, the Pentagon has said China's real military spending could be as much as three times the stated sum.

The Bush administration has, in recent weeks, expressed increased suspicion of the general objectives and technological sophistication of the Chinese military, which is extremely secretive.

John Negroponte, the US deputy secretary of state, called on Chinese leaders on Sunday to explain clearly what their "plans and intentions" are for the build-up.

"It's not so much the budget and the increases...as it is understanding those questions better through dialogue and transparency," he said at the US embassy.

Beijing's foreign ministry said at the weekend that it "resolutely opposes" recent US plans to sell 450 air and ground missiles to Taiwan. China considers Taiwan a renegade province and aims hundreds of missiles at the island.

"I stressed [to Chinese counterparts] that any weapons sales that we might make to Taiwan would be for strictly defensive purposes and consistent with the 'one China' policy," Mr Negroponte said.

His comments were made just days after Dick Cheney, the vice-president, said on a trip to Australia that China's stated peaceful spending rise was "not consistent" with its current military policies.

Mr Jiang said that the boosted funds would mainly go towards wages for armed forces personnel, improving living quarters and upgrading equipment. He did not elaborate further.

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“It’s a moderate increase in step with China’s economic development,” the Xinhua news agency quoted Liao Xilong, a member of the central military commission, as saying. Officials and legislators from around the country are gathered in Beijing to discuss laws and finances.

In a rare white paper on defence released last December, China estimated that its military spending in 2005 was only 6.2 per cent of total US spending and just over half that of the UK.

Mr Negroponte said there has been a lot of dialogue with Beijing since January, when China fired a missile to destroy an old satellite in space, becoming only the third country to do so.

China's Military Buildup Spurs Concerns (WSJ)

By Gordon Fairclough And Andrew Batson And Jason Leow

The Wall Street Journal, March 5, 2007

China says it plans to boost military spending by nearly 18% this year -- the largest increase in a decade -- in a move that could raise tensions with the U.S.

A spokesman for the National People's Congress, which is set to approve China's annual government budget this week, said China is trying to strengthen its armed forces in step with its rapid economic growth. He added that the increase would fund improvements in military technology as well as raise soldiers' pay.

The growth in China's publicly disclosed defense spending -- which many analysts believe understates the total actually devoted to military programs -- has drawn criticism from top U.S. officials, who question China's intentions.

During a visit to Australia late last month, Vice President Dick Cheney said China's "fast-paced military buildup" is "not consistent with China's stated goal of a 'peaceful rise.'"

China disclosed the 2007 spending figure just before a meeting between Deputy Secretary of State John Negroponte and China's foreign minister, Li Zhaoxing, in Beijing.

Speaking later to reporters, Mr. Negroponte said that while Pentagon officials in the past had discussed the issue of the defense buildup with the Chinese military, he remained unclear about China's motivations for the buildup. "We think it's important in our dialogue that we understand what China's plans and intentions are," he said. "This is in our view a perfectly reasonable suggestion which we would hope that they take into account."

The NPC spokesman, Jiang Enzhu, acknowledged such concerns. Speaking to reporters yesterday, he noted that "in international society, there are some people who are greatly concerned about China's defense spending."

Mr. Jiang said the increases are "still compensating for the weak foundation in national defense" that resulted from insufficient government investment during the 1980s, adding: "China will not become a threat to any country."

Despite double-digit increases in recent years, including last year's 14.7% rise, Chinese defense spending remains far below that of the U.S. and other major powers, in both relative and absolute terms.

China's defense budget for this year amounts to nearly $45 billion. The U.S. defense budget for the 2007 fiscal year, which ends Sept. 30, is expected to top $600 billion. China's spending is equivalent to somewhat more than 1% of the country's gross domestic product. The U.S. spends about 4% of GDP on defense.

Even so, the U.S. and China's Asian neighbors are increasingly concerned about China's strengthening military -- worries that escalated markedly after China's successful test of an antisatellite missile in January.

Chinese officials appeared taken aback at the international reaction to the unannounced missile test and have lately issued a number of statements meant to reassure foreign capitals that Beijing harbors no aggressive intent.

But China is determined to improve the technological capacity of its 2.3-million-member armed forces, which still lag far behind those of developed countries, in order to protect its increasingly global interests.

For Chinese strategic thinkers, the increased integration of China into the global economy is prompting a revolution in their views of the role of the military, which has been focused for most of its existence on domestic threats, territorial defense and border conflicts.

Much of China's military focus remains on Taiwan, which Beijing views as part of its territory. Chinese leaders' belief that their country's military has been incapable of using force to take Taiwan -- which buys weapons from the U.S. -- has long rankled and helped spur modernization efforts.

While not linking the military-spending increase directly to Taiwan, Mr. Jiang criticized the administration of President Chen Shui-bian, and reiterated China's intent eventually to rule the island. "We will strive with the greatest sincerity and the greatest effort to realize the prospect of peaceful reunification, but we will never tolerate Taiwan independence," Mr. Jiang said.

In Taipei, President Chen delivered strong pro-independence remarks apparently aimed at provoking China and appealing to his base. "Taiwan should be independent, Taiwan should go by its own name," he said at a banquet marking the 25th anniversary of the pro-independence group, the Formosan Association for Public Affairs.

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Both countries retain "China" in their formal names, with Taiwan known as the Republic of China and the communist-ruled mainland officially called the People's Republic of China. But in a bid to assert Taiwan's separate identity in the past year, Mr. Chen's independence-leaning administration has substituted "Taiwan" for "China" at the post office and two big government companies.

China Boosts Defense Fund As Talks End (WT)

By Ed Lanfranco, The Washington Times

The Washington Times, March 5, 2007

BEIJING -- Traditional fireworks ending China's lunar New Year celebrations were overshadowed yesterday by a display of political pyrotechnics that included a big boost in military spending, tough talk on Taiwan and a conclusion to two days of delicate diplomatic talks with the United States.

The biggest bombshell was a 17.8 percent increase in the defense budget, announced at a press conference ahead of the opening today of the annual meeting of the National People's Congress (NPC).

"China must increase the military budget for protecting national security and promoting the reunification of the motherland," said NPC spokesman Jiang Enzhu. "This increase is compensatory in nature in order to make up for the weak national defense foundation of our country."

The remark on reunification clearly was aimed at Taiwan, the island republic of 23 million people that the mainland government considers a breakaway province.

Mr. Jiang said that "deterring Taiwan's independence and maintaining peace in the Taiwan Strait" remained a "pressing task" for the NPC because of a "continuing push for de jure independence" in Taipei.

Arguing that secession efforts "will not enjoy popular support" in Taiwan, Mr. Jiang said, "If you want to push for independence for Taiwan, you will not have success at the end of the day."

John D. Negroponte, the newly confirmed U.S. deputy secretary of state, wound up two days of talks in Beijing made more delicate by reports that the United States plans to sell Taiwan 450 air and ground missiles to counter China's missile buildup.

"Any weapons sales we might make to Taiwan would be for strictly defensive purposes and consistent with the one-China policy," which considers Taiwan and the mainland as one country, Mr. Negroponte said after his talks.

On the jump in the defense budget, after several years of double-digit increases, Mr. Negroponte expressed concern that much of China's military spending is hidden from view.

"We think it's important in our dialogue that we understand what China's plans and intentions are," Mr. Negroponte said.

"We should continue, and perhaps intensify, dialogue so that we have a bit better understanding of exactly what it is the government of China has in mind with respect with its military modernization, what doctrines underlie this and what their intentions are."

Since Hu Jintao became the country's supreme leader in November 2002, China's defense budget has increased by 9.6 percent in 2003, 11.6 percent in 2004, 12.6 percent in 2005 and 14.7 percent last year.

The Pentagon and defense analysts think China's actual military spending may be three or four times higher than the budget figures, which do not include weapons procurements and key items such as research and development.

That would include the construction of five new nuclear-missile submarines first reported in The Washington Times last week.

The NPC spokesman said most of the increase in the defense budget will be used to boost wages and living allowances for the armed forces and to upgrade armaments that "enhance the military's ability to conduct defensive operations."

He characterized expenditures as "quite modest" compared with the military budgets of Britain, France, Japan and especially the United States.

Paulson Doesn't See China As Enemy (WT/AP)

The Washington Times, March 5, 2007

ASSOCIATED PRESS

Treasury Secretary Henry M. Paulson Jr. says the economy is healthy, inflation seems under control and the U.S. should not perceive China as an economic enemy.

Mr. Paulson, who this week makes his third visit to China as Treasury secretary, said in a television interview broadcast it is essential that both countries have strong economic ties. The former head of the investment company Goldman Sachs has said China is moving too slowly in overhauling its currency system and cracking down on copyright piracy. U.S. businesses blame these factors for the soaring U.S. trade deficit with China.

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"I would say that our relationship with China is multifaceted, and it's a very important relationship for the U.S. And I don't believe we need to make China an enemy," Mr. Paulson said.

Democrats in Congress have criticized the Bush administration for doing too little to protect U.S. workers from unfair foreign trade practices. Mr. Paulson thinks protectionist barriers in this country would hurt U.S. consumers and make the United States less competitive.

"[China's] whole economy is developing; their capital markets are not nearly as developed as their manufacturing economy. They're not reflective of the Chinese economy overall. They're largely cut off from the global capital markets," he said.

"But as they reform those capital markets and as they open them up to competition, this will make it possible for them to have a currency that trades in a competitive marketplace. This will help their economy develop in a way [that] it'll be good for them and good for us, because there will be a bigger market for our exports," Mr. Paulson said.

After a week in which the Dow Jones Industrial Average posted its worst weekly performance in more than four years, Mr. Paulson said yesterday that he felt good about the economy and discounted the chance of an economic downtown.

"Markets never move in any one direction forever in a straight line. And so I look at it and put it in perspective and say, over the last year, the Dow's up almost 11 percent, [the Standard & Poor's 500] up 9 percent, and I'll take it," Mr. Paulson said.

The Dow dropped 416 points Tuesday after big declines in China and other countries. The Dow fell 533 points for the week, rattling investor confidence about the state of the U.S. economy.

The sell-off followed comments a day earlier by former Federal Reserve Chairman Alan Greenspan that the economy might slip into recession by year's end. Weeks ago, the current chairman, Ben S. Bernanke, gave Congress a mostly upbeat assessment of the economy's prospects.

"Clearly, no one's got a crystal ball. So there's always a possibility that there will be a downturn, always a possibility," Mr. Paulson said. "But I don't see it. I think we have a healthy economy in the U.S.

"You know, a year ago, when the growth rates were much higher, I was concerned. I said, 'Is this going to be sustainable?' Now I'm looking at it and I'm seeing a situation where it looks like we're successfully making the transition.

"The consumer's strong. Exports have been greater than imports for quarters running, and they're adding to our growth," the secretary said in an interview taped Friday for "This Week" on ABC.

"We've got a very healthy labor market. ... Inflation seems to be contained. And what really makes a difference to me is the average worker is now beginning to feel the benefits. Real income is up 2.1 percent for the average American worker over the last year. So I'm feeling good about the U.S. economy."

On other topics, Mr. Paulson said:

· He opposes efforts in Congress to rein in executive pay. Last week, the head of the House Financial Services Committee and 21 other Democrats proposed legislation to give shareholders at public companies a formal say in executives' compensation packages.

"What upsets people in this country is pay for failure. And so I think it's very, very important that compensation be tied to performance," Mr. Paulson said.

· His talks with Mr. Bush about China usually bring up global warming.

"Almost every time I talk with the president on China, he asks me how we're doing on the environmental issues with China. Because they're building one coal plant every week, and a lot of it is with some of the more less-developed technology, and there's a lot we can be doing to make advances there," said Mr. Paulson, a former chairman of the Nature Conservancy.

Paulson Renews Yuan-Reform Talk (WSJ/AP)

The Wall Street Journal, March 5, 2007

WASHINGTON -- Treasury Secretary Henry Paulson said that the U.S. shouldn't make China an enemy, but that Beijing needs to step up reform of its currency to resolve short-term differences.

Mr. Paulson, who this week makes his third visit to China as Treasury secretary, said it is essential that both countries manage disagreements to maintain strong economic ties.

"I would say that our relationship with China is multifaceted and it's a very important relationship for the U.S. And I don't believe we need to make China an enemy," Mr. Paulson said on U.S. TV yesterday.

"If we manage the relationship -- the overall relationship with China properly, it's going to benefit both of our countries for a long time to come."

Mr. Paulson said it is "a top priority to get this long-term economic relationship right between our two countries and to deal with the most pressing short-term issues."

He said that he would continue to press for improving flexibility in the Chinese currency.

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Britain's Gordon Brown: A Change In Tone For US (CSM)

By Mark Rice-oxley

The Christian Science Monitor, March 5, 2007

LONDON

Ever since Tony Blair let slip in September 2004 that he had plans to step down, two questions have loomed large in Britain. When will he go, and what will his successor do differently?

Now that the answer to the first question is more or less settled – Mr. Blair is expected to move on by midsummer – the focus is turning to the second.

Barring an improbable political upset, that man will be Gordon Brown, an earnest Scot with a rigorous intellect and a passion for social justice who has served – not always comfortably – for 10 years as Blair's finance minister and right-hand man.

Members of Parliament, political analysts, and people who know Mr. Brown say he will be a much different prime minister from Blair. His interests are Africa and trade justice rather than the Middle East; he was never enthusiastic about Iraq; he appears to have little in common with President Bush.

But although Brown is sometimes seen as the embodiment of core Labour values, the caricature of him as a closet socialist suspicious of America and skeptical about war is off the mark.

"Gordon is very much an Americaphile, in some ways more than Blair," says Stephen Twigg, a former government minister who is now director of the Foreign Policy Center think tank in London. "When he goes on holiday abroad ,he tends to go to Cape Cod, while Blair normally holidays in Europe. Culturally, Gordon is very much an Atlanticist with strong connections to US politics."

Brown is not yet home free. Some in his Labour Party mutter that his diffident ways and clear association with 10 years of Blairism may make it difficult for him to appeal to voters. But so far, there is no sign of another Labour candidate coming forward to challenge him for the role of party leader that Blair will vacate. If no one does, Brown will accede unchallenged to the Labour helm, and as a result will take over as prime minister as well.

Americans may find him a very different proposition from Blair, more cautious, possibly less compliant. Some say the White House should prepare for a big change in style, if not substance. "There'll be a huge difference because Brown is not an actor like Blair," says Tom Bower, a journalist and author who wrote a 2004 biography of Brown. "But he is an Atlanticist and won't break the relationship with Washington."

What he might do, however, is accentuate the differences between London and Washington. Blair was always apt to minimize whatever disputes arose and stress the unity of the two allies, which often made him look obsequious and earned him the unflattering sobriquet "Bush's poodle."

But diplomats have criticized him for failing to extract enough influence for his unswerving support for Bush's wars. Brown may play a tougher game.

"In those areas where there is disagreement, as there has been on climate change [and] the International Criminal Court, Tony Blair has tended to underplay those, whereas Gordon Brown might be more overt," predicts Mr. Twigg. "He will quite deliberately give emphasis to areas where there are disagreements."

"He'll be much tougher on America than Blair was," predicts Ian Gibson, a Labour parliamentarian, who, like Brown, charted a course from provincial Scotland through Edinburgh University and on to national politics. "But he has a great interest in some of the good things in America," he adds, noting that Brown is more at ease among intellectuals than among defense and institutional types in Washington. "He's more pro-America than pro-Europe in fact."

Indeed, Europeans may be dreading the prospect of a Brown premiership. While Blair aimed to haul Britain into the heart of Europe, the chancellor has given few signs of being a Europhile over the past 10 years and, apart from brief appearances at meetings, rarely visits the continent.

On Iraq, few expect a sudden change. Blair has already started the countdown to exit with the announcement on Feb. 21 of a drawdown in troops. Brown will, experts say, want to draw a line in the sand. And he may change the tune about the war, because he was far less convinced than Blair about it.

"He doesn't suggest, like Blair does, that the war in Iraq was part of the fight against terrorism," says John Curtice, a politics professor at Strathclyde University in Scotland. "He has said as little as possible on Iraq, but has said enough to suggest that he won't give speeches implying that the war in Iraq contributed to reducing terrorism in the UK."

Mr. Curtice says Brown's main aim would be to get out of Iraq as quickly as possible. "The other question is will he be willing to say we made a mistake?" he adds.

Afghanistan is a different matter. Here Brown looks to be locked into current policy. The defense ministry has just announced another rise in troop numbers, to 7,700, and the campaign in the south is viewed very differently from Iraq. "Here, he

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can't avoid a commitment," warns Professor George Joffe, a Middle East expert at the Center for International Studies at Cambridge University. "But he will do so at the expense of Iraq."

While Blair's foreign policy has centered around active interventionism – the idea that the West has a moral duty to intervene militarily where it sees gross injustice – Brown's big ideas are different, though equally predicated on morality. "He clearly has a passion about Africa; issues around aid, debt relief, and trade justice," notes Twigg. But whether he backs away from moral interventionism remains to be seen. "The situation in Darfur will provide a major test" of that.

Brown has already started behaving like a prime minister. In speeches now, he strays well off the financial beat, positing ideas and policies on everything from Britishness and immigration to Britain's chances of hosting the 2018 soccer World Cup.

Allies say he will focus more on higher education, science, technology, and engineering. The need to stiffen economic competition against developing countries like India is a favored theme.

But some fret that a Brown premiership does not promise enough domestic change to revive a party suffering in the polls. Brown was, after all, the architect of many of Labour's reforms over the past decade.

As Frank Field, a former minister, wrote last week: "What new directions can be offered when the architect of current policies has merely moved up one place?"

EU-India Trade Pact Stumbles (FT)

By Jo Johnson

Financial Times, March 5, 2007

Indian objections to the inclusion of a standard "human rights and democracy" clause in a proposed free trade agreement with the European Union have emerged as a serious stumbling block, the Financial Times has learnt.

The row is a setback for the ambitious agenda set at the EU-India summit in Helsinki in October last year, when both sides pledged to deepen economic and political ties.

"This clause would, of course, be a deal-breaker," Kamal Nath, India's commerce minister, said in an interview.

"This is meant to be a -specifically targeted trade and investment agreement, which it will not be if other elements come into it."

Since a 1995 EU Council decision by member states, the European Commission has systematically included a so-called "essential elements" clause in bilateral trade and co-operation agreements. It now applies to agreements with more than 120 countries.

However, the Commission has triggered an intense debate among the EU's member states by pushing for an apparent exception for India, on the grounds that a 1994 EU-India co-operation agreement covers human rights questions.

Peter Power, spokesman for Peter Mandelson, EU trade commissioner, said: "Given how much both countries can get out of it, we feel we should forge ahead on the basis of strict economic criteria, leaving more political considerations for other agreements."

Commission officials privately acknowledged that the outcome of the debate in the EU Council was "too difficult to predict".

One said: "The council is going through the detail of the agreement at the moment. We are not out of the woods."

Bilateral trade in goods between India and the EU amounted to $40bn in 2006 and trade in services a further $8bn. Both sides say they want a "deep and comprehensive" agreement that goes beyond multilateral commitments and is not trade-diverting.

New Delhi argues that the "essential elements" clause conflicts with India's longstanding position that economic agreements should not be "contaminated" by political riders.

"India suspects that such clauses provide protectionist cover," said Pradeep S. Mehta, of Consumer Unity & Trust Society, an Indian trade think-tank.

"Because of its economic performance, India is now more self-confident about when it will give ground and when it will not give ground."

Mr Nath said: "This is a win-win deal for both sides and the EU must evaluate how much it has to gain from this agreement. It's up to the EU to work out how it wants to proceed."

India is a member of the United Nations Human Rights Council, but ranks low, according to the Asian Human Rights Commission, among the international community in terms of the ratification of international conventions and covenants.

Although it has signed the UN Convention against Torture, for example, it has resisted ratifying it on the grounds that domestic mechanisms within the country are capable of addressing the issue.

India is keen to launch an FTA with the EU as soon as possible. Manmohan Singh, prime minister, regards it as a low-key way of keeping the reforms process moving forward at a time when there is no consensus for more overt liberalisation.

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Ivory Coast Leader Signs Accord With Rebels (NYT)

By Lydia Polgreen

The New York Times, March 5, 2007

DAKAR, Senegal, March 4 — The president of Ivory Coast and the leader of a rebel group that controls its northern half signed a new agreement on Sunday to end a political impasse and reunite the country, which has been divided by war.

The plan is the latest in a long string of agreements seeking to end a simmering conflict that has kept Ivory Coast, once one of the most peaceful and prosperous nations in West Africa, divided in two and hobbled economically. Laurent Gbagbo, Ivory Coast's president, and Guillaume Soro, leader of the New Forces rebel group, met in Ouagadougou, capital of Burkina Faso, to sign the agreement.

The two sides plan to form a unity government within five weeks and form a joint military command. The agreement was brokered by Burkina Faso's president, Blaise Compaoré, after a month of negotiations.

Civil war broke out in Ivory Coast in September 2002 after a long period of upheaval and economic decline that followed the death of its first leader, Félix Houphouët-Boigny, in 1993.

The causes of the conflict were complex, rooted largely in the tension between the predominantly Muslim north, where many people are descendants of immigrants from neighboring countries like Burkina Faso and Mali, and the largely Christian and animist ethnic people of the south, some of whom claim to be the true Ivorians.

The war was brief, lasting only a few months before France and the United Nations intervened, dividing the country between the rebel forces in the north and the government-controlled south. A buffer zone was established, and since January 2003, a series of peace agreements built on the principle of power-sharing have been signed.

Each agreement so far has foundered on the difficult but essential questions that caused the war in the first place. The two sides have been unable to agree on voter registration rules and identity cards for long-postponed elections, or on how to disarm rebel groups and the pro-government militias.

Political leaders in the south, fearing that they will lose power to people of foreign descent, have excluded popular northern candidates from running through laws that bar candidates whose grandparents were not born in Ivory Coast.

Elections to choose a new president have been postponed twice, most recently under a United Nations plan that requires that elections be held before Oct. 31.

Under the current agreement, President Gbagbo is supposed to be sharing power with a prime minister, Charles Konan Banny, who was appointed in 2005 as a consensus candidate when elections could not be held in time. But Mr. Banny and Mr. Gbagbo have repeatedly clashed over the question of who has authority to run the country.

Sweden's Pension Antidote Finds A Global Audience (WSJ)

By Joellen Perry

The Wall Street Journal, March 5, 2007

As aging populations and shaky public finances make overhauling pension systems a global priority, an initiative implemented nearly a decade ago in Sweden is looking like the pension world's next big thing.

By pegging public pensions to individual earnings and overall life-expectancy rates, Sweden has given its citizens incentives to be more productive and retire later -- and sidestepped the political paralysis that has stymied change elsewhere.

SCANDINAVIAN MODERN

· The Issue: Sweden's decade-old pension system may offer a model for other countries coping with aging populations.

· The Background: Pension payouts are tied to salaries, life-expectancy rates and the health of the economy.

· The Bottom Line: Swedes are retiring later now. The formula averts some political friction.

Some Eastern European nations have already ditched their struggling post-Communist systems and gone Swedish. Steps taken in countries as diverse as Brazil and Russia boast some Swedish elements. A World Bank book based on the Swedish model has been translated into Chinese. And next month, Egypt's government will review plans to chuck the country's failing system for a Swedish version.

"There's no magic solution to the pension problem. But governments world-wide are looking at" Sweden, says Kent Weaver, political-science professor at Georgetown University in Washington. "It's starting to be seen as the best among what are now seen to be imperfect options."

Sweden's plan -- designed in part by an American expatriate -- is conventional in that current workers' contributions fund current retirees' benefits, much as the Social Security system does in the U.S. But calculating payouts according to salaries and aging projections gives it the flexibility to accommodate revenue and population shifts. If the economy does poorly, the thinking

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goes, future pension payments will go down. And the longer people in a particular age group are projected to live, the smaller their pension payouts will be.

Or at least that is the theory. The changeover was made in 1999, so not enough time has elapsed to thoroughly test it. In fact, Sweden's economy has done so well since 2003 -- when benefits started being calculated in part under the new rules -- that pensioners have received more than they would have under the old structure. The downside is that if and when growth falters, retirees will get less. "It hasn't happened yet, but it will," says Ole Settergren, director of the pensions department at Sweden's Social Insurance Agency.

That approach is a break from the typical pay-as-you-go system, which defines a guaranteed benefit in advance but often saddles the state with underfunded obligations -- particularly when times are bad.

Sweden's system "is not a good system if you want to subsidize leisure," says Edward Palmer, a professor of social-insurance economics at Stockholm's Uppsala University and a Colorado native who helped design the plan.

It can be a good system, however, for politicians wary of revamping pensions, because it allows them to defer to a formula rather than promoting the unpopular options of later retirement and smaller benefits. "The political discussions behind [things like] increasing the retirement age are much more cumbersome than if it just happens mathematically," says Robert Holzmann, senior director of the World Bank's Social Protection unit in Washington.

Skeptics point out, however, that politicians still could eventually be pressured to change the system if benefits get too skimpy.

Sweden's plan has other critics. It is a tough sell elsewhere in Western Europe, where many see generous pensions as a right. Other critics include the International Labor Organization, which holds that earnings-related pensions should guarantee 40% of a person's prior average earnings. Swedes, unlike the majority of Western Europeans, get no such assurance. The system also preserves existing income inequality: Workers who earn more get more when they retire.

In the U.S., Social Security tracks what people pay through the bulk of their careers, but it reroutes contributions from wealthier citizens to prop up poorer workers' pensions.

The bottom line of the Swedish model: Most people will have to work harder to reap the kinds of pensions their grandparents could take for granted. "It puts the cost of aging onto the individual, rather than onto society," says Sarah Brooks, an Ohio State University political-science professor who has studied the plan.

Last February, the World Bank endorsed the Swedish plan as a possible antidote to pension woes world-wide. Economists at the European Central Bank followed up last fall, highlighting Sweden's approach for the 13-nation euro zone, where one-third of the population will be older than 64 by 2050.

In countries with strapped budgets, the Swedish plan's attraction is its premise that something is better than nothing -- in other words, stingier payouts help ensure the system doesn't collapse. That was crucial to persuading unions in Egypt to endorse that country's new Swedish-inspired pension plan. "They know [the old plan] is generous, but they also know it will not be there," says David Robalino, a World Bank economist who has been working in Egypt.

In Poland, where a public-relations campaign helped ensure an enthusiastic transition to a Swedish-style system in 1999, the fiscal benefits are already clear. A recent European Union report said that, despite having some of the worst demographics on the Continent, "the long-term budgetary impact of aging in Poland is the lowest in the EU."

Like Sweden, Poland mandated that a slice of pension contributions go into private accounts similar to a 401(k), where the money is invested in mutual funds. Swedes contribute 18.5% of their salaries to the pension system; only a small portion of that -- 2.5 percentage points -- is held in individual accounts. Poles contribute a total of 19.52% of their gross salaries to the system, with 7.3 percentage points going into private accounts.

The concept of individual accounts has been key to selling the plan to Swedes. Sweden sends its workers statements -- mailed annually in bright orange envelopes -- showing what they have put into their pension and what they would get at retirement. The money isn't really there for them (it is being paid to current retirees). But advocates say seeing it expressed as an individual account should have the psychological effect of encouraging people to work longer to win bigger benefits.

It may be working. Sweden's official retirement age is 61 years old. Since the change took effect, the average age at which Swedes retire has risen to 63.

Even partially adopting the Swedish plan can have benefits. Brazil doesn't send its citizens annual statements, and there is no private-account component. But individual-contribution and life-expectancy rates have been used to calculate private-sector pension payouts since 1999. Brazilian officials made the change after studying the Swedish model, and they have seen costs fall since.

Perhaps the Swedish plan's biggest drawback is that it remains relatively untested. The first wave of retirees who get all their benefits based on the new model won't hit for another few years, and the country hasn't suffered a major economic slowdown since adopting the plan.

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"It certainly has the virtue of spelling out, in anticipation, what people have agreed should happen," says Olivia Mitchell, director of the Pension Research Council at the University of Pennsylvania's Wharton School. "But that doesn't necessarily mean that it will."

Castro's Gulag (WSJ)

By Armando Valladares

The Wall Street Journal, March 5, 2007

Like thousands of other Cubans, I was arrested in the middle of the night. Fidel Castro's police raided my parents' home, stuck a machine gun in my face and took me away. It was 1960 and I was 22 years old.

The news that the Cuban dictator is gravely ill floods my mind with memories of my years spent in captivity. I believe that those of us who were political prisoners know his legacy better than anyone. For 22 years, I was an inmate in his vast prison system, mostly confined to an island gulag, for crimes I did not commit.

Like the majority of Cubans in 1959, I cheered Castro's victory over Fulgencio Batista, a dictator on friendly terms with the U.S. Castro called himself the enemy of all dictatorships; he had a cross hanging round his neck and he swore that there would be free and fair elections. But as his near five decades of uninterrupted power proved, he tricked everyone and replaced the dictatorship of Batista with his own bloodier version.

In a famous 1959 appearance on "Meet the Press," Castro answered a question put to him by Lawrence Spivak, "Democracy is my ideal, really . . . I am not communist . . . There is no doubt for me between democracy and communism." Once Castro began making his sympathies overt, I began speaking out against his ideological shift amongst the people in my workplace, the postal savings bank.

At the time, the government was distributing placards with the slogan: "If Fidel is a communist, then put me on the list. He's got the right idea." The phrase was ubiquitous, from decals to billboards. When officials in the bank demanded that I put the slogan on my worktable, I refused. When they asked if I had anything against Fidel, I told them that if he was a communist, then, yes, I did. I had no desire to become a symbol of political dissidence. That decision was made for me that day.

Thirteen days after my arrest, I was tried on charges of threatening the powers of state security, even though there was no evidence against me. The justice system under Castro was a mockery of the rule of law; members of my tribunal were Communist Party apparatchiks who sat with their boots up on tables, smoking cigars and reading comic books. Their very presence was but a formality; the verdicts had already been decided. I was not permitted an attorney.

I received a 30-year prison sentence as a potential conspirator. Two men in the same court room falsely accused of shooting at a government spokesman were executed by firing squad. When their defense attorney (whom they had met just minutes before) pleaded with the prosecutor to reduce the sentence, the prosecutor responded that he had received orders to have them shot, no matter what, as a means of social prophylaxis.

Once in prison, if the guards felt like punishing us, they would put us in cages, with mesh roofs, and walk along the edge while pouring buckets of urine and excrement all over our bodies. Sometimes, guards would shoot prisoners for target practice. That is how they killed Alfredo Carrion and Diosdado Aquit. Many of the men whom Castro had imprisoned, tortured and killed had been his comrades in overthrowing Batista. But most of them were innocent people eliminated in Ernesto "Che" Guevara's psychotic quest for what he and Castro called the "new man."

The impunity of Castro's dictatorship was marked by its cruelty. A prisoner in my block, Julio Tan, once refused an order by a prison guard to dig weeds. The guard struck him with his bayonet, another hit him with a hoe, and a gang of guards beat him until he bled to death in just a matter of minutes. My friend Pedro Luis Boitel, a student leader and courageous opponent of Batista, went on a hunger strike in 1972 to protest his treatment. On the 49th day of the strike, Castro personally ordered that Boitel be denied drinking water. Boitel died of thirst, in horrific agony, five days later.

Terror was Castro's main tool. The tactics used for enemies of the regime included the exploitation of phobias such as reptiles and rats; the use of drugs so as to have prisoners lose all notion of time and place; blindfolding prisoners, hanging them by their feet, and then lowering them into wells they were told are filled with crocodiles; the use of guard dogs that had their teeth removed and which were set upon prisoners with hands tied behind their backs. Usually, these dogs attacked the genitals first. All of this was investigated and extensively documented by a visiting delegation from the United Nations. The evidence can be found in Geneva.

The legacy of Castro for Cuba will be much like that of Stalin in Russia, Pol Pot and Ieng Sari in Cambodia and Hitler in Germany. It will be the memories of the unknown numbers of victims, of concentration camps, torture, murder, exile, families torn apart, death, tears and blood. Castro will go down in history as one of the cruelest of all dictators -- a man who tormented his own people.

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But his poisonous legacy will also include the double standard by foreign governments, intellectuals and journalists who fought ferociously against the unspeakable violations of human rights by right-wing dictatorships, yet applauded Castro. To this day many of these intellectuals serve as apologists and accomplices in the subjugation of the Cuban people. Rafael Correa, the recently inaugurated president of Ecuador, has declared that in Cuba there is no dictatorship. Evo Morales, president of Bolivia, considers Castro his mentor and has already shown that he is willing to silence his own critics at the point of a gun. Venezuela, once a democracy, is the new Cuba, replete with a growing population of political prisoners.

Castro hemmed and hawed in the early 1960s, concealing his ideological allegiance to the most murderous system of government humanity has ever experienced. Today's Latin American caudillos openly express their allegiance to communist ideals. "I am very much of Trotsky's line -- the permanent revolution," Venezuelan President Hugo Chávez said in January.

If we have learned anything from Fidel Castro, it is that the totalitarian impulse outlives even its most hardened -- and ruinous -- practitioners.

Mr. Valladares, former U.S. ambassador to the U.N. Commission on Human Rights, is chairman of the New York-based Human Rights Foundation and author of "Against All Hope: A Memoir of Life in Castro's Gulag" (National Book Network, 2001).

The House's Ottoman Agenda (WP)

By Jackson Diehl

The Washington Post, March 5, 2007

Can a nonbinding congressional resolution really matter? Most are ignored by everyone except the special interests they are usually directed at. Even the House's recent resolution on Iraq was dismissed by both President Bush and Democratic antiwar leader John Murtha. Yet a vote expected next month on a nonbinding House resolution describing a "genocide" in the Ottoman Empire beginning in 1915 has the potential to explode U.S. relations with Turkey, sway the outcome of upcoming Turkish elections and spill over into several other strategic American interests, including Iraq and Iran.

So, yes: The Armenian Genocide Resolution sponsored by Rep. Adam Schiff does matter, logically or not. Turkish Foreign Minister Abdullah Gul spent several days in Washington last month lobbying against it, though the Turkish-American agenda is chockablock with seemingly more important issues. Friends of Turkey in Washington, from American Jewish organizations to foreign policy satraps, are working the Hill; so is the Bush team. On the other side is the well-organized and affluent Armenian American community, 1.4 million strong, and some powerful friends -- including the new House speaker, Nancy Pelosi.

Here is a debate that could occur only in Washington -- a bizarre mix of frivolity and moral seriousness, of constituent pandering, far-flung history and front-line foreign policy. And that's just on the American side; in Turkey there is the painful struggle of a deeply nationalist society to come to terms with its past, and in the process become more of the Western democracy it wants to be.

Start with the pandering: Schiff, a Democrat from Los Angeles, cheerfully concedes that there are 70,000 to 80,000 ethnic Armenians in his district, for whom the slaughter of Armenians by the Young Turk regime during World War I is "anything but ancient history." Local politics also explains why a resolution that has failed numerous times in the past 20 years is suddenly looking like a juggernaut: Pelosi, of San Francisco, also has many Armenian supporters.

"There's a sense of momentum now about the resolution that we haven't had before," Schiff told me. "The votes are there in the committee. The votes are there on the floor." If Pelosi allows the resolution to be brought up, as she has reportedly pledged to do, it will probably pass. Its language is almost comically heavy-handed: It begins by declaring that the House "finds" a series of 30 paragraphs of facts about the genocide, ranging from the number killed (1.5 million) to the assertion that "the failure . . . to punish those responsible" helps explain subsequent atrocities, including the Holocaust.

Imagine the 435 members of the House, many of whom still don't know the difference between Iraqi Shiites and Sunnis, solemnly weighing whether Schiff's version of events 92 years ago in northeastern Turkey deserves congressional endorsement. But the consequences of passage could be deadly serious: To begin with, Turkey's powerful military has been hinting that U.S. access to the Incirlik air base, which plays a key role in the wars in Iraq and Afghanistan, could be restricted. Gul warned that a nationalist tidal wave could sweep Turkey and force the government to downgrade its cooperation with the United States, which needs Turkey's help this year to stabilize Iraq and contain Iran. Candidates in upcoming presidential and parliamentary elections could compete in their anti-American reactions.

No wonder the Bush administration as well as even Democratic-leaning foreign policy experts, such as Clinton-era ambassador Mark Parris, are trying to stop the resolution. Yet theirs, too, is a contorted campaign. After all, historians outside of Turkey are pretty much unanimous in agreeing that atrocities against Armenians worthy of the term genocide did occur. Though Congress may look silly with its "findings," the continuing inability of the Turkish political class to come to terms with history, and temper its nationalism, may be the country's single most serious political problem. Prominent Turkish intellectuals, including a

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Nobel Prize winner, have been prosecuted in recent years under laws criminalizing "insults" to Turkey -- such as accurate accounts of the genocide. In January a prominent ethnic Armenian journalist was murdered by an ultranationalist teenager.

Maybe Congress has no business debating Turkish history, maybe it is doing so for the wrong reasons. Yet if Turkey is to become the stable, Western-oriented democracy that it aspires to be, its politicians will have to learn, at least, to react the way everyone else does to nonbinding House resolutions: that is, with a shrug.

Doctors Without Refuge (WP)

By Leonard S. Rubenstein

The Washington Post, March 5, 2007

In war, health workers are often heroes and often victims. Though the Geneva Conventions are supposed to protect them as they fulfill their ethical duty to provide care to wounded combatants without regard to affiliation -- what is known as medical neutrality -- they frequently become targets by attending to the enemies of one side or another.

The United States has always stood up for the protection of health workers in war, condemning violations of medical neutrality. And until now, it has offered asylum to doctors, nurses and other health workers forced to flee their home countries after they complied with their obligations to treat any and all wounded. But in another instance of the corrosion of human rights that has been the hallmark of this administration since Sept. 11, 2001 -- including torture, secret detention and denial of due process -- the Department of Homeland Security is contesting asylum requests by health workers whose lives are at risk for having provided assistance to wounded members of rebel groups.

The government claims that providing such medical care amounts to prohibited "material support" to terrorists and thus is a basis for denying asylum. Its position is as radical a departure from past practice -- where it protested interference with a physician's duty to treat without political distinction -- as it is chilling. For example, the State Department's human rights report for 1999 condemned the Serbian government of Slobodan Milosevic for having "threatened and intimidated doctors working in the province to prevent them from treating [Kosovo Liberation Army] members."

The reversal is even more dramatically illustrated by the position the U.S. government took regarding a physician caught up in the brutal war in Chechnya. Performing surgery in late 1999 and early 2000 under conditions resembling those of the American Civil War, this doctor adhered to the highest traditions of medicine and medical ethics and saved the lives of civilians, Russian soldiers and Chechen rebels. Because he treated fighters from both sides, though, the physician became a target of Russian forces as well as the rebel groups. The rebels distrusted and threatened him while Russian forces labeled him the "bandit doctor." He was detained overnight and later warned by both Russian and Chechen fighters that he could be arrested and executed.

The doctor escaped and, with the help of the U.S. Embassy, made his way to the United States. When he applied for asylum, his request, as someone persecuted for upholding medical ethics in wartime, was granted in a mere two weeks.

But now the U.S. government is appealing an immigration judge's decision granting asylum to a Nepalese health worker who was twice kidnapped by a Maoist group that wanted him to attend to a wounded rebel. It rejected the asylum claim of a Colombian nurse who was kidnapped by the Revolutionary Armed Forces of Colombia, assaulted and forced at gunpoint to provide medical care to its members.

These actions are part of a larger and disturbing pattern of denying asylum even for victims of the most horrific human rights violations. A report by Human Rights First last year showed how the Department of Homeland Security's interpretation of the ban on providing "material support" to terrorists has extended to victims of abuse, such as a journalist who gave money to a rebel group after being beaten and a fisherman who was abducted and forced to pay ransom for his release.

The administration's interpretation goes far beyond what the law requires. Indeed, medical care is not even included among the practices Congress listed as amounting to "material support." In response to an outcry about its policy, the administration said it would offer selected waivers from the "material support" exclusion. While providing justice for some, that stance doesn't begin to restore the commitment to refugee protection that has been central to our values and our policies.

Congress must revise the law to protect medical ethics and restore America's commitment to being a place of refuge for those fleeing persecution. This step is also essential to revive principles of medical neutrality. Just as the government diminished itself and U.S. standing by adopting perverse interpretations of law and medical ethics to justify torture and to enlist doctors' help in breaking down detainees, it is undermining America's long and critical support for medical services for the wounded in war.

The writer is executive director of Physicians for Human Rights.

Capital Marketplace (WSJ)

By Charlie Mccreevy

The Wall Street Journal, March 5, 2007

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Are the lights being switched off on Wall Street and lighting up in Frankfurt, Paris and London? Is the water being drained out of the East River and diverted straight into the River Thames?

You might think so judging by recent speeches, reports and articles on America's, and in particular New York's, competitiveness from Treasury Secretary Henry M. Paulson, Mayor Michael Bloomberg, Sen. Chuck Schumer and others.

I don't disagree with them that change is underway. European Union capital market revenues are growing by an impressive 20% a year, compared to only 7% in America. The U.S. share of global IPOs has fallen to 16% last year from 57% in 2001, while Europe's has gone up to 63% from 33% during the same period.

Many seem to see the regulatory burden of the Sarbanes-Oxley Act, such as Section 404, as a significant reason for reduced U.S. capital market competitiveness. The detailed requirements for internal control of public companies have turned out to be extremely expensive to implement. Some in London have gone as far as to suggest, tongue-in-cheek, erecting statues for Sarbanes and Oxley. This is silly talk.

For one thing, anything that hurts U.S. capital markets also hurts European companies and our economy. Economic integration runs deep, particularly in financial markets. Companies active on both sides of the Atlantic are also affected by the rules on both sides of the Atlantic. Competitiveness is a two-way street.

We in Europe have improved the competitiveness of our financial markets by integrating, changing our financial regulatory structures, adopting best practice and transparent policy making, and avoiding intervention except when really necessary.

As European commissioner in this area, my approach is simple: We should not and cannot prescribe rules for every conceivable situation. There is a difference between accountancy and rocket science. The latter is science; the former is not and shouldn't be. Regulation must allow and encourage new ideas and innovation. As an accountant by profession, I might be expected to empathize with the urge some regulators seem to have to control every detail. But I think that box-ticking alone doesn't work. We need responsible judgment and disclosure.

This is why I strongly favor a principles-based over a rules-based approach. Eliminating all risk is an illusion and will lead to unwanted consequences: less innovation and growth, a false sense of security, and reduced pressure to behave responsibly. That is why I reject the siren calls for tougher regulation of hedge funds in Europe and why I strongly agree with the recent report of the President's Working Group on this issue. We must not endanger the benefits hedge funds and private equity have brought. They have increased efficiency and liquidity in our capital markets while keeping company managers on their toes. Are the regulatory hawks perhaps trying to protect weak management from shareholder activism?

What the EU and U.S. both need is top-class regulation based on best practice -- sound investor protection, balanced with a good dose of freedom for market participants. But if we want to have competitive and open capital markets in the U.S. and EU, we need to do something else: cooperate. We need to build on the regulatory pillars of the U.S., EU and other mature economies, based on equivalent but not identical standards that work for our investors and our markets.

Over the past few years, I have worked with Christopher Cox, Ben Bernanke, John Snow, Hank Paulson, Mark Olson and others to build this new cooperation. For example, we are moving towards equivalent and comparable accounting standards so that we can avoid costly reconciliation between Europe's International Financial Reporting Standards and the U.S. GAAP. The U.S. also agreed to reduce the regulatory burden of Sarbanes-Oxley by introducing more flexible timelines for the implementation of Section 404 for foreign firms. And we are getting rid of the Hotel California problem on foreign deregistration. Under current SEC rules companies are welcome to enter the U.S. stock market but can (almost) never leave again. Only companies with fewer than 300 U.S. shareholders can deregister. The new SEC proposal would allow those foreign companies to deregister whose U.S. trading volume is less than 5% of the trading volume in their primary market. This would markedly increase the number of EU firms eligible for deregistration and improve the situation.

But we need to do more. And the need to do so is growing every day as trans-Atlantic markets further integrate. So we have to shift up a gear and chart a route to recognize each other's audit oversight bodies, implement the Basel II banking accord in a way that benefits banks and customers on both sides, and move to a risk-based system of reinsurance regulation that benefits homeowners and policyholders alike. I am in Washington and New York this week to promote this agenda.

Transatlantic regulatory cooperation in capital markets should lead from the front. If we can show that it works then Japan, China, India, Russia and others will join us. This would be a big win-win for the global economy -- and guarantee that the boats will keep bobbing in the East River.

Mr. McCreevy is EU commissioner for the internal market and services.

Taking Genocide To Court (NYT)

The New York Times, March 5, 2007

Genocide moves swiftly, kills promiscuously and keeps finding new perpetrators, despite the world's repeated vows of "never again."

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In the face of such rampaging horror, carefully considered court verdicts, like last week's World Court ruling on the 1995 Srebrenica massacre in Bosnia, and patiently assembled dossiers, like the one that International Criminal Court prosecutors have now filed against two accused masterminds of Darfur's ongoing slaughter, seem frustratingly inadequate.

Yet short of the international military interventions that never seem to come in time, the incremental enforcement of international law is one of the most important tools available for establishing accountability and deterring future genocides.

Genocide became an international crime almost 60 years ago. But no country was ever prosecuted for it until Bosnia accused Serbia of direct responsibility for the murder of nearly 8,000 Muslim men and boys in Srebrenica. The World Court, which rules on disputes between nations, concluded that genocide did take place, and that while the Serbian government of that period had not directly ordered the murders, it "could and should" have acted to stop them, as the United Nations Convention on Genocide requires.

That nuanced distinction, based on evidence collected by the special tribunal that tried Slobodan Milosevic, the former Serbian leader, and other individuals accused of Balkan war crimes, spared Serbia from costly financial reparations. But it also established the official complicity of the former Serbian government.

That is something the current Serbian government now needs to acknowledge. Belgrade should also heed the court's formal order to turn over Ratko Mladic, the Bosnian Serb general who directed the Srebrenica genocide.

The Darfur cases are being pursued in the International Criminal Court, which prosecutes individuals for grave violations of international law. The first two suspects sought for trial are Ahmad Harun, formerly Sudan's minister in charge of Darfur security, and Ali Muhammad Ali Abd-al-Rahman, a janjaweed militia commander. Mr. Harun is accused of inciting, financing and arming militia fighters to conduct genocidal attacks. Mr. Rahman is charged with directing one such attack that resulted in hundreds of deaths, systematic rapes and summary executions.

Court rulings can never compensate the survivors of these horrors. But by strengthening the reach and authority of international law, these cases should give pause to those tempted to unleash future genocides — and to those who stand by.

Malaria Pills Without Profit (NYT)

The New York Times, March 5, 2007

The big pharmaceutical companies are rightly criticized for concentrating on the development and marketing of drugs that sell for high prices in the industrialized world while neglecting to produce medications that could save millions of lives in the poorest countries. So it came as especially welcome news last week that Paris-based Sanofi-Aventis, the world's fourth-largest drug company, working in collaboration with a nonprofit drug-development organization pioneered by Doctors Without Borders, will soon introduce a cheap and easy-to-use pill to combat malaria in sub-Saharan Africa.

The pill combines two drugs that are already in use into a single medication that can be taken once a day for three days by young children and twice a day for three days by adults to cure the infection.

The course of treatment is notably cheap — less than 50 cents for children and less than $1 for adults. Sanofi will make no profit on sales to public health agencies and international institutions that typically serve poor people. But it will also produce a branded version to be sold in the private markets of developing countries at three or four times the public price.

To its additional credit, the company has agreed not to seek a patent on the one-pill formulation so that generic companies, like those in India, can produce the pills cheaply and add to the quantities of medicine needed to treat many millions of malaria victims around the world.

Now that Sanofi has shown, in the words of one executive, that "we are not nasty people working against poor countries and seeking only profits," let us hope that many other big drug companies feel the same humanitarian impulse.

Brussels Punching Bag (WSJ)

The Wall Street Journal, March 5, 2007

Each round of the European Union's battle royal with Microsoft has revealed more about flaws in the bloc's antitrust office than about the stubbornness of the American software giant. Brussels' latest sucker punch is no exception.

Last Thursday, EU antitrust czarina Neelie Kroes threatened to fine Microsoft up to €3 million, or about $4 million, a day because she doesn't like the prices the company wants to charge for licensing its technology. The fines, which would come on top of nearly $1 billion in previous penalties in the three-year-old case, are retroactive to December 2005 and could total as much as $1 billion through last month. Microsoft has four weeks to respond.

The technology in question would allow non-Microsoft servers to work with servers and PCs that run the firm's Windows software. Ms. Kroes claims that "there is no significant innovation" in the programming codes to justify the prices Microsoft has set.

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But exactly how "innovativeness" should be measured in this case is disputed. Microsoft notes that agencies in the U.S. and Europe have granted 36 patents for this technology, with 37 applications still pending. "This seems to be a case of one government agency [patent offices] disagreeing with another government agency [the Commission]," Microsoft General Counsel Brad Smith tells us. "The first agency actually has the expertise" to make these judgments, he adds. "The second says, 'We're not going to adhere to what they said.'"

So Brussels no longer acts as merely prosecutor, judge, jury and executioner in antitrust cases; it now claims the power to assess the worth of patents, too. While no doubt the patent systems on both sides of the Atlantic could use some work, that doesn't seem to be the issue here.

The heart of the matter is revealed in Ms. Kroes's observation that other software makers provide comparable interoperability technologies at no cost. EU antitrust officials make no secret of their preference for the open-source business model practiced by the companies behind all the complaints against Microsoft, among them such heavyweights as IBM, Sun Microsystems and Oracle. Many of these firms don't want to pay anything to license Microsoft's technology.

The Commission insists that it isn't asking Microsoft to give away technology that has cost it multiple millions to develop. In practice, though, that seems to be just what Brussels wants. Commission officials are either unwilling or unable to describe exactly what Microsoft would have to do for its technology to be deemed "new" enough. It's the old story of the EU punishing Microsoft for not meeting a standard that was never specified.

If Microsoft's response doesn't satisfy Ms. Kroes, she could level an enormous fine for the second time since last April, when an EU court in Luxembourg heard Microsoft's appeal of the original ruling. The Commission argues that it is well within its rights to enforce its ruling unless it is overturned. And that's true.

But the EU antitrust office has a poor track record with the Luxembourg court: Several high-profile decisions by Ms. Kroes's predecessor, Mario Monti, who issued the original Microsoft ruling in 2004, have been overturned on appeal. So one has to wonder if the Commission is hedging its bets by issuing a series of fines, each of which Microsoft would have to appeal even if it wins the primary case. Perhaps the EU's logic is that if the company wins the primary case on appeal -- a ruling is expected shortly -- it may still be willing to settle the noncompliance fines simply to get the Commission out of its hair. Thus the EU wouldn't come away empty-handed after such an epic fight.

Maybe such thinking is too cynical even for eurocrats. But even if that's not their intent, threatening another multimillion-dollar fine when the appeals court is due to rule soon on the original judgment smacks of spite.

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TERRORISM NEWS:

Terrorist Groups Turn To Internet As Essential Tool. The CBS Evening News (3/3, story 9, 2:45, Assuras, 7.66M) reported, "Terrorist groups continue recruiting and are using a new, powerful tool." CBS (Sieberg): "It's chilling to watch: Apparent video of an American helicopter shot down by Iraqi insurgents, seven Marines on board killed. It's been viewed by thousands, all over the world, thanks to the Internet. It's one of hundreds of videos posted by terrorist groups that can be found on popular web sites like YouTube." Paul Kurtz, CBS News terrorism consultant: "It is the 'killer app' for terrorist organizations. It's viral marketing at its best."

Houston Al Qaeda Suspect Tied To Muslim Web Site Designer. The Houston Chronicle (3/4, Crowe, 530K) reports, "Daniel Maldonado, the American accused of training with al-Qaida and waging jihad in Somalia, came to Houston two years ago to work for a 24-year-old Web designer linked to Internet sites frequented by terrorism suspects. That man, Sarfaraz Jamal…is emerging as an unlikely yet intriguing figure in the Maldonado saga. And his story helps explain how Maldonado wound up in Houston, where he now awaits trial. Jamal denies any wrongdoing and the FBI is mum, refusing to say even whether he's under investigation. But Jamal acknowledges a connection to Maldonado, saying in an e-mail to the Houston Chronicle that he had hired him to do odd jobs on the Houston-based IslamicNetwork.com."

Arab Bank May Have Directed Saudi Funds To Palestinian Terror Groups. Under the headline, "Arab Bank Accused Of Funding Terrorists," the Los Angeles Times (3/4, Meyer, 850K) reports, "A three-year investigation into the activities of one of the Middle East's largest and most influential banks is producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors." The Justice Department "is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and

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individuals accused of terrorism, according to three former U.S. counter-terrorism officials."

Congress Urged To Reinstate Detainees' Habeas Corpus Protection. In an op-ed for the Washington Post (3/4, B7, 690K) Alberto J. Mora general counsel of the Navy from 2001 to 2006, and Thomas R. Pickering, U.S. ambassador to the United Nations from 1989 to 1992, note the Military Commissions Act "eliminates the federal courts' ability to hear habeas petitions filed by certain noncitizens detained by the United States at Guantanamo Bay and elsewhere. Late last month the U.S. Court of Appeals for the D.C. Circuit upheld this provision and dismissed the lawsuits filed by many of the Guantanamo detainees. We fully recognize that our government must have the power to detain suspected foreign terrorists to protect national security. But removing the federal courts' ability to hear habeas corpus claims does not serve that goal. On the contrary, habeas corpus is crucial to ensure that the government's power to detain is exercised wisely, lawfully and consistently with American values. That is why we have joined with the Constitution Project's broad and bipartisan group of judges, former members of Congress, executive branch officials, scholars and others to urge Congress to restore federal court jurisdiction to hear these habeas corpus petitions."

NYTimes Calls On Congress To Reverse Bush's "Lawless" Anti-Terror Measures. The New York Times (3/4, WK11, 1.16M), in an editorial, writes, "The Bush administration's assault on some of the founding principles of American democracy marches onward despite the Democratic victory in the 2006 elections. The new Democratic majorities in Congress can block the sort of noxious measures that the Republican majority rubber-stamped. But preventing new assaults on civil liberties is not nearly enough. … It will require forceful steps by this Congress to undo the damage. A few lawmakers are offering bills intended to do just that, but they are only a start. Taking on this task is a moral imperative that will show the world the United States can be tough on terrorism without sacrificing its humanity and the rule of law. Today we're offering a list — which, sadly, is hardly exhaustive — of things that need to be done to reverse the unwise and lawless policies of President Bush and Vice President Dick Cheney. Many will require a rewrite of the Military Commissions Act of 2006, an atrocious measure pushed through Congress with the help of three Republican senators, Arlen Specter, Lindsey Graham and John McCain."

HOMELAND RESPONSE:

Bush Brings Support And Sympathy To Tornado-Hit Alabama, Georgia. President Bush's visit to tornado-scarred Alabama and Georgia was the subject of detailed lead reports on all three broadcast networks last night, but print coverage is scant and limited mainly to wire reports. Several stories contrast the quick federal response and the President's immediate attention with Washington's reaction to Hurricane Katrina.

ABC World News (3/3, lead story, 2:40, Weir, 8.78M) said Bush visited "to see the devastation for himself, and offer a shoulder to lean on." ABC (Osunsami): "At Enterprise High School this morning, where a tornado claimed the lives of eight students, the President walked over broken glass and twisted metal remains. He saw for himself what's left of the school's cafeteria. At one point, he passed by the science wing where a number of students took cover and managed to escape." Bush: "One hundred kids got out of here alive. A miracle." Osunsami: "President Bush spent time alone with the families of the children who were killed. He also met with Megan Parks, head of the school's student government association. She explained to him, two of the boys who died were dear friends." Bush: "We can never replace lives and we can't heal hearts except through prayer. And I know, I want the students to know and the families to know, there's a lot of people praying for them." Osunsami: "He shared this same message hours later when he traveled to storm-ravaged neighborhoods in southern Georgia."

The CBS Evening News (3/3, lead story, 3:30, Assuras, 7.66M) reported Bush "got a firsthand look today at the worst of the damage from Thursday's killer tornadoes. In Americus, Georgia, where two people died, the President saw dozens of devastated homes and businesses. Earlier in the day, he was in Enterprise, Alabama, where a high school was directly in the twister's path." CBS (Strassman): "If seeing is believing, then President Bush saw a true disaster here today in Enterprise. He said it looked just as bad in the air as it does here on the ground. … Bush stepped in to a community's sorrow, declared a disaster, and promised Washington will help rebuild it." Bush: "Out of the devastation can come hope and a better tomorrow." Strassman: "Many students are as torn apart as their school. … But in Enterprise, nobody is

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sitting around waiting for the federal government to come in and help. They're helping each other and they're helping themselves. This is about neighbor helping neighbor, even in many instances when the neighbors have never met before."

NBC Nightly News (3/3, lead story, 2:20, Seigenthaler, 9.87M) reported, "President Bush made his way through Alabama and Georgia today to offer comfort and support to communities devastated by this week's tornados. Twenty people died when the severe weather ripped across the south. The President promised quick assistance from the federal government." NBC (Sanders): "The President met with several students here and told them he believes the strength of the community will hold them together and he promised they are not alone. Today President Bush stood where high school students huddled when a tornado struck their school Thursday walking over textbooks, desks, past collapsed walls. He promised the federal government will help." Bush: "We can rebuild buildings. The fundamental question is, will the spirit stay strong in Enterprise, Alabama. I predict it will be strengthened." Sanders: "President Bush visited Americus, Georgia, today, surprising victims on the street where another tornado killed two victims. Today's visit through the south a marked difference to the President's response to hurricane Katrina, staying clear of New Orleans. Also different: federal aid arriving immediately. Today FEMA-supplied blue tarps went up on the roofs."

The Washington Post/AP (3/4, A12, Riechmann) reports Bush "handed out hugs Saturday to people in the South who survived killer tornadoes, and he mourned those who died in the storms, including eight high school students. 'Out of this rubble will emerge a better tomorrow,' Bush said. … 'Today I have walked through devastation that is hard to describe,' he said, standing with students, one of whom had a tear running down her face. 'A hundred kids got out of here alive, which is a miracle.'" The trip, "quickly put together Friday, was intended to highlight the Bush administration's stepped-up efforts, through the Federal Emergency Management Agency in particular, to help disaster victims." FEMA Administrator R. David Paulison "was on the telephone with state emergency officials hours after the storms hit." This AP story appeared in various forms in well over 200 newspapers or news Web sites.

The New York Times (3/4, A24, Stolberg, 1.16M) reports Bush "picked his way through the rubble of the tornado-stricken South on Saturday, promising federal aid for some Alabamians and turning up unexpectedly in a largely African-American neighborhood here in Georgia, where startled residents rushed out of their damaged houses, cell phone cameras in hand, to greet him. The hastily arranged trip...was intended to send an image of a compassionate president leading a competent government response, in sharp contrast with the lingering images of federal indifference and ineptitude after Hurricane Katrina."

CNN.com (3/3) reports Bush "implored Americans to help out any way they can. 'Some people are going to need your help,' he said. 'I would ask you out of the generosity of your heart to help the folks down here.'" Paulison "said Bush's visit was indicative of 'the new FEMA.'"

Nagin Admits New Orleans "Piled It On" In Assessing Damages. The AP (3/3) reports, "Only $1 billion of the $77 billion the city is seeking from the Army Corps of Engineers is for infrastructure damages it says it suffered because of levee breaches during Hurricane Katrina. The rest is for such things as the city's tarnished image and tourist industry losses. The city 'looked at everything and just kind of piled it on,' Mayor Ray Nagin said. 'We got some advice from some attorneys to be aggressive with the number, and we'll see what happens,' he said."

WPost Contends CFIUS Discouraging Investment In US. The Washington Post (3/4, B6, 690K) editorializes that "since the hysteria of a year ago over Dubai Ports World proposing to manage some U.S. seaports, the Committee on Foreign Investment in the United States (CFIUS), the federal panel responsible for ensuring that national security interests are not harmed by foreign acquisition of U.S. assets, seems to have slid in the opposite direction. A recent study by David Marchick, a former Clinton State Department official, concluded that the CFIUS approval process has become overly difficult and increasingly uncertain, making it riskier for non-Americans to invest in the country. … Enter the House of Representatives, which unanimously passed a bill Wednesday designed to revamp the CFIUS approval process. By making the committee's procedures explicit in statute, the bill would usefully allow foreign investors to plan with some assurance."

Opposition To TSA's "Virtual Strip Search" Noted. In a column for the Washington Post (3/4, B2, 690K) Slate's William Saletan writes, "Last week, TSA began using backscatters to screen airline passengers for weapons. The first machine is up and running in Phoenix. The next ones

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will be in New York and Los Angeles. The machines have been modified with a 'privacy algorithm' to clean up what they show. But even the more cartoon-like images they now display tell you more than you need to know about the people seated next to you. … The American Civil Liberties Union and the Electronic Privacy Information Center have fought backscatters, calling them a 'virtual strip search.' But the purpose of a strip search is the search. Stripping is just a means. Virtual inspections achieve the same end by other means. They don't extend the practice of strip-searching. They abolish it."

Editorial Urges Greater Security Protections At Supermax Prison. The Canon City Daily Record (3/4) editorializes, "When federal and state bigwigs toured Florence's Supermax prison Feb. 22, officials came away with different views on the safety of the facility. … U.S. Attorney General Alberto Gonzales was assertive as he said the United States Penitentiary Administrative Maximum Security prison, which houses many high-profile terrorists, was being well guarded and mail was being properly monitored. … 'I am confident we are doing what we should be doing, monitoring communications in and out of the facility,' he said." The Record adds, "Not everyone is brimming with Gonzales' confidence. And how much weight that opinion carries should be questioned after just one visit by the Attorney General. … John Gage, President of the American Federation of Government Employees also toured the Florence prison and as expected feels more should be done. Gage represents 600,000 federal union workers across the country, including Bureau of Prisons employees. … Supermax has 208 employees, short of the 240 it had when the prison opened in 1994. Nationwide, the Bureau of Prisons has pledged to reduce its 35,000-strong workforce by 3,118 correction officers. That's cause for concern for not only the Florence prison but other high-profile correction facilities across the United States." The Record notes, "In the absence of more guards, technology is being touted as a sufficient replacement. Bureau Director Harley Lappin said the addition of a number of cameras around the complex have created a safer environment. … But Gage and some others aren't buying that argument. … While Gonzales' tour may not have answered concerns by critics, it certainly has brought more attention to the prison. Officials should continue to monitor security concerns as an obligation to the men and women who work at the prison and the surrounding communities. … An approach that includes continual monitoring of security conditions makes more sense than waiting for a tragic incident to occur, especially one that could have been prevented."

WAR NEWS:

US Airstrikes Hit Insurgents; Three US Soldiers Killed. ABC World News (3/3, story 4, :15, Weir, 8.78M) reported, "US forces say militant bases with links to Al Qaeda were the targets of air strikes and ground raids. In Baghdad, three soldiers were killed on patrol when a roadside bomb exploded next to their vehicle."

CBS Evening News (3/3, story 3, :20, Assuras, 7.66M) reported, "In the battle for Iraq, three US soldiers were killed today in central Baghdad. A roadside bomb exploded near their vehicle while they were on patrol." NBC Nightly News (3/3, story 3, 3:00, Seigenthaler, 9.87M) reported, "In Iraq today word that three more American soldiers were killed in central Baghdad when a bomb exploded next to their vehicle."

The Washington Post (3/4, A16, Raghavan, 690K) reports, "Several al-Qaeda in Iraq insurgents who had targeted U.S. helicopters were killed in an airstrike north of Baghdad, the U.S. military said Saturday. A second strike killed members of another al-Qaeda cell that has orchestrated car bombings. Meanwhile, three U.S. soldiers on patrol in central Baghdad were killed by a roadside bomb, the military said. The first air assault, near Taji, north of Baghdad, destroyed trucks mounted with antiaircraft guns in an area where several American helicopters have been shot down in recent weeks."

The New York Times (3/4, A10, Cave, 1.16M) reports, "The United States military said Saturday that an airstrike north of Baghdad had killed several insurgents with Al Qaeda in Mesopotamia who were using heavy artillery and machine guns to fire at American helicopters." US spokesman Lt. Col. Christopher Garver "said the strike did not appear to eliminate the threat to American aircraft because other weapons had been used against helicopters in Falluja and other parts of the country."

British Trace Missile Used Against Helicopter To Iran. The Washington Times/London Sunday Telegraph (3/4, Rayment) reports, "A missile that brought down a Royal Air Force Lynx helicopter and killed five British service members was smuggled into Iraq by Iranian agents, an

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official inquiry into the attack will reveal. The Sunday Telegraph has learned that a British Army Board of Inquiry (BOI) into the events surrounding the May attack will state that the weapon, a shoulder-launched surface-to-air missile known as an SA14 Strella, came from Iran."

Security Plan Irks Sadr City Locals. McClatchy (3/4, Sly) says the US military "has reached an agreement with representatives of the Shiite community in Baghdad's Sadr City enclave that will allow American forces to maintain a permanent presence in the militia stronghold for the first time since 2004, U.S. and Iraqi officials said Saturday." But as the Los Angeles Times (3/4, Susman, Salman, 850K) reports, "mixed signals" from Moqtada al-Sadr and Mahdi Army leaders "reflect the delicate situation U.S. and Iraqi officials face as they prepare to bring their security crackdown, seen as a last-ditch effort to quell Baghdad's sectarian warfare, to al-Sadr's stronghold. On the one hand, residents there crave safety and protection from attacks by Sunni Arab insurgents. On the other hand, most are ideologically opposed to what they consider foreign invaders and say al-Sadr's own al-Mahdi Army militia and Iraq's Shiite-led security forces should oversee security."

Weapons From Iran-Iraq War Said To Fuel Violence. A separate AP (3/3, Frayer) report focuses on the continuing role of Iran-Iraq War weaponry on violence in Iraq. "Attention has been focused on the porous, 900-mile border because U.S. military officials allege that Iranian weapons, including advanced roadside bombs, are being smuggled to Shiite extremists." However, "despite the recent spotlight on Iran, U.S. officials say the majority of weapons used by Sunni and Shiite extremists have been in this country for years and were looted from Iraqi military arsenals after" April 2003.

Aid Groups Leaving Iraq As Violence Worsens. The Los Angeles Times (3/4, Susman, 850K) reports, "Eventually, for the U.S. nonprofit organization training Iraqi healthcare workers, the risks outweighed the returns. Iraqis couldn't come to them. Americans couldn't go to the Iraqis. So to avoid working in Baghdad, RTI International moved classes to Jordan and Egypt, flying trainees back and forth. ... Most groups pulled out after the 2003 bombing of the United Nations headquarters in Baghdad. Fewer than 10 remain, a minuscule number given the level of need, say those in the aid community. And there are concerns that the number could shrink further after the killing in January of an American woman working for the National Democratic Institute."

Hoagland Says Desperation Helps US Narrow Strategy Options. In the Washington Post (3/4, B7, 690K), columnist Jim Hoagland writes, "The Bush administration is tossing babies off the Iraq sled as the wolves of disintegration creep closer. ... And so it should. Desperation is the right conclusion to reach, and to communicate, to an Iraq that totters on the edge of extinction as a nation-state. ... The sense that even President Bush will be eyeing the exit if Iraq's chaos worsens has spurred Prime Minister Nouri al-Maliki to take serious steps -- at long last -- to encourage Iraqis to look for compromise ... The sobering effect that these steps are having may turn out to be more important than the immediate practical outcomes of the overlapping and in places contradictory initiatives that the administration has recently unveiled."

Changes In Store For Walter Reed As Scrutiny Continues. All three broadcast networks reported on the unfolding Walter Reed Army Medical Center story, with reports portraying Defense Secretary Robert Gates, and his quick reaction to the scandal, favorably. Several stories add that congressional hearings on the problems at Walter Reed begin Monday.

ABC World News (3/3, story 6, 3:00, Weir, 8.78M) reported, "Careers are coming to an abrupt end off revelations of shabby conditions and slow treatment for wounded vets" at Walter Reed. ABC (Hendren): "Today, President Bush announced an investigation into the entire military medical system." Bush: "This review will examine their treatment from the time they leave the battlefield through their return to civilian life as veterans." Paul Rieckhoff, Iraq and Afghanistan Veterans of America: "Walter Reed is really just the tip of iceberg. And the VA Is chronically under-resourced and under-funded. They are just not ready to receive the over one million veterans who have been through Iraq and Afghanistan." Hendren: "In August, the VA's own inspector general listed 119 hospitals where improvements were needed. Among the problems, access to post-traumatic stress treatment." VA Secretary James Nicholson: "I'm committed to assuring and proving to America's veterans that even in a system that now has over one million patient visits a week that one failure is unacceptable."

The CBS Evening News (3/3, story 4, 2:05, Assuras, 7.66M) reported, "The scandal over the substandard care and poor living conditions for veterans at Walter Reed Army Medical Center continues to shake the Bush Administration

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and the military establishment. But swift, sure reaction by the new defense secretary has signaled new and different leadership at the Pentagon." CBS (Chen): "In an unusually blunt and swift, by Washington standards, reaction, Defense Secretary Robert Gates ousted Army chief Frances Harvey over Harvey's handling of a spiraling scandal at the nation's premier military hospital." Michael O'Hanlon, Brookings Institution: "He wanted to send a message early that this was a different kind of leadership and a different kind of accountability." Chen: "In less than three months on the job Gates' hands-on, no-holds Texas-style has quickly come into play. Jetting off to see the troops on the ground as soon as he was sworn in, and in contrast to the distance reporters had with former Pentagon boss Donald Rumsfeld, setting up a new relationship with the press."

NBC Nightly News (3/3, story 2, 2:15, Yang, 9.87M) reported, "President Bush spent much of the day dealing with tornado damage in the South. He was also dealing with political damage here in Washington. The conditions for wounds soldiers at the Army's premier hospital drew the first public comments from President Bush today." Bush: "It's unacceptable to me, to our country and it is not going to continue." Yang: "Mr. Bush announced a bipartisan committee to review military medical care. … Gates has moved aggressively firing the commander of Walter Reed and just yesterday the Army secretary." Yang: "The Administration is desperate to defuse angry veteran groups. They say the Pentagon's health care system can't cope with the large number of wounded. … On Capitol Hill it is providing more ammunition to those already opposed to the war." Sen. Patrick Leahy: "I think America should look at what happened in Walter Reed with shame and sorrow." Yang: "President Bush can expect more rhetoric like that next week when Walter Reed is the focus of two Congressional hearings."

The Washington Post (3/4, A4, White, Vogel, 690K) reports, "Army officials plan to revise the command structure at Walter Reed Army Medical Center, installing a nonmedical general officer as deputy commander to ensure that administrative operations run smoothly, in the wake of reports of serious problems with outpatient care at the facility, officials said yesterday. A one-star general -- who has not yet been identified -- will work with Maj. Gen. Eric B. Schoomaker, a physician who was named on Friday to head Walter Reed, according to two defense officials." Congressional hearings on Walter Reed "are scheduled to begin tomorrow. Lt. Gen. Kevin C. Kiley, the Army's surgeon general, is expected to face tough questioning about the facility."

Maliki Promises Cabinet Shuffle, Restructuring This Week. The AP (3/4, Reid, Abdul-Zahra) reports Iraqi Prime Minister Nouri al-Maliki "said Saturday he will reshuffle his Cabinet within two weeks and pursue criminal charges against political figures linked to extremists as a sign of his government's resolve to restore stability during the U.S.-led security crackdown in Baghdad." He "did not say how many Cabinet members would be replaced. But some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shiite cleric Muqtada al-Sadr, an al-Maliki ally." The AP says Maliki "has been under pressure from the U.S. to bring order into his factious government of Shiites, Sunnis and Kurds since it took office last May. Rumors of Cabinet changes have surfaced before, only to disappear because of pressure from coalition members seeking to keep power." Also in the interview, Maliki "said he was encouraged by Iraqi public response to the new Baghdad security operation — which has led to a sharp drop in violence in the capital. He also defended his government, saying it managed to 'achieve a lot of harmony and stability' despite attacks by al-Qaida and Saddam Hussein loyalists."

The CBS Evening News (3/3, story 3, :20, Assuras, 7.66M) reported Maliki "said he will announce a cabinet shuffle within days."

Slain Sunnis Had Participated In Reconciliation Conference. The Washington Times/AP (3/4, A1, Murphy) reports, "Gunmen rounded up two Sunni families who had received death threats for joining U.S.-organized talks with local Shi'ites, hauling away the men and boys and killing all six yesterday in a campaign by suspected Sunni insurgents to keep opponents from cooperating with Iraq's government." Another AP (3/3, Murphy) article reports the slayings, saying that on the video of the troops' murder, "Male voices chant repeatedly in Arabic during the video: 'At your service, sister' - a likely reference to the revenge for the allegedly raped Sunni woman."

The Los Angeles Times (3/4, Susman, Salman, 850K) also reports the slayings of the family members and policemen. The CBS Evening News (3/3, story 3, :20, Assuras, 7.66M) reported the family members' slayings in a single sentence.

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Once-Strong Shiite-Sunni Interpersonal Bonds Said To Fray. Both the New York Times (3/4, Cave, 1.16M) and the Washington Post (3/4, A16, Raghavan, 690K) run lengthy stories today on the increasing difficulties of Shiite-Sunni cooperation in daily life. The Times reports, "After centuries full of vibrant interaction, of marrying, sharing and selling across sects and classes, Baghdad has become a capital of corrosive and violent borderlines. Streets never crossed. Conversations never started. Doors never entered. Sunnis and Shiites in many professions now interact almost exclusively with colleagues of the same sect." The Post focuses its coverage on cross-sectarian marriages, noting, "As U.S. and Iraqi forces attempt to pacify the capital, mixed couples who symbolize Iraq's once famous tolerance are increasingly entangled by hate. Forced by militias or insurgents to leave their homes because one partner is from the wrong sect, they find few havens because of the other partner's affiliation. These strains, fueled by displacement, separation and fear, are beginning to tear apart such families, weakening bonds that for many Iraqis hold the hope of sectarian reconciliation."

Iraqis Resort To Dating Online. The Los Angeles Times (3/3, Zavis, 850K) reports, "Young Iraqis, trapped in their homes in the mean streets of this bloodstained capital, are increasingly turning to the Internet to chat with relatives, hang out with friends and search for love."

Feldman Says US Must Choose Sectarian Allies On "Case-By-Case Basis." In the New York Times Magazine (3/4), Noah Feldman writes, "As the Sunni-Shiite conflict in Iraq polarizes Muslims across the globe, the United States finds itself in the odd position of seeming to favor a Shiite government in Iraq and Sunni leaders everywhere else. ... For the United States to defuse anti-American Islamism, it must be willing to embrace moderates and democrats of all stripes, Sunni or Shiite. From a strategic standpoint, it would also be an error to communicate to Muslims worldwide that the United States supports either Sunnis or Shiites as such. ... So choosing our friends on a case-by-case basis is both morally better and practically wiser."

Military Faces Growing Numbers Of Bereaved Families. The AP (3/4, Crary) reports from Fort Hood, "A few blocks away is a more poignant symbol: an office building recently converted into a first-of-its-kind support center for women and children whose husbands and fathers have died in Iraq and Afghanistan. From Fort Hood alone, the toll has passed 365. ... Of the 3,350 Americans who died in Iraq and Afghanistan through early January, 1,586 of them -- 47.3 percent -- were married. Those fallen warriors left behind 1,954 children, according to the Pentagon's Manpower Data Center. More recent deaths have pushed that figure past 2,000. ... the new generation of bereaved spouses has been vocal ... in pressing for more compassionate, effective support." The result of their pressure "has been numerous policy changes, ranging from improved benefits to better training for the officers who break the grim news of war-zone deaths."

Small-Town 18-Year-Old Joins Army. In a front-page article, the New York Times (3/4, A1, Barry, 1.16M) reports from Needles, Calif., "It is time. The fresh young soldier has a plane to catch. ... The uniform has a name patch, KANE, for Pvt. Resha Kane. Eighteen years old and five feet tall. Of Needles High School, Class of 2006, and, lately, of the United States Army, Fourth Infantry Division." Accompanied by supportive local motorcyclists, "riding in the midst of this caravan of protection and respect, she is bound for Fort Hood in Texas to await deployment — probably to Iraq, she says."

Marine Cross Winner Battles Survivor's Guilt, PTSD. The Washington Post (3/4, D1, Carlson, 690K) reports on Marine and Navy Cross winner Jeremiah Workman, "When the narrator finished reading the story of Workman's 'extraordinary heroism' in Iraq, Brig. Gen. Richard T. Tryon pinned the Navy Cross to Workman's chest ... It was a moment of well-deserved triumph, but it didn't make Workman feel any better." After returning from combat in Fallujah, Workman says, "I would dream this: a staircase, never ending. And I'm running back and forth, being chased by insurgents, and they're throwing grenades at me." A diagnosed PTSD sufferer, Workman "was transferred to Quantico and stationed at the new National Museum of the Marine Corps. He walks around in his uniform, talking to tourists, sometimes posing for pictures with the ones who recognize the importance of the Navy Cross ribbon on his chest." He still "wants to go back to Iraq," saying, "A lot of my friends have been there three or four times. I think if I got one more tour over there, I'd feel better in the heart."

Soldier Convicted Of Negligent Homicide. The AP (3/3) reports, "An Arkansas soldier has been convicted of negligent homicide for the shooting death of a fellow guardsman in Iraq." Spc. Daniel Turner "was

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convicted Monday in Baghdad and sentenced to 15 years in a military prison." The circumstances surrounding Derek Plowman's death "have not been released by the military. The Defense Department did not immediately return a message seeking comment Saturday."

Military Medical Teams See Brain Injuries. NBC Nightly News (3/3, story 3, 3:00, Bazell, 9.87M) reported, "At the combat hospitals in Iraq, the vast majority of the injuries are from roadside bombs." Unidentified doctor: "Injury to his right head." Bazell: "Many experts worry about long-term brain damage from exposure to so many explosions. The chief army surgical advisor for the Iraqi theatre says the military worries too." Dr. Philip Quanka: "They can do all of the basic things but they have subtle neurological signs that are difficult to tell if it is just fatigue or headache like you or I may have." Bazell: "For now the military has no sense how wide the problem may be."

Former Fallujah Warden Remembers Experiences. In the Los Angeles Times (3/4, 850K), Mike Carlson, the "officer in charge of the Camp Fallouja Regional Detention Facility from March 2006 to October," gives 12 suggestions on how to cope with "taking charge of a detention center in Iraq." Carlson estimates, "One-third are innocents caught up in sweeps; one-third are jihadists who will slit your throat, and one-third are opportunists who will rat out their neighbors." After leaving Iraq, "You will turn off the TV and sit in the dark and feel your eyes water as you think about how you took 55 Marines and sailors into a combat zone and brought all 55 back home, and that no one in America besides you and those 55 really cares or understands what you went through. You processed 1,230 detainees, without a single incident of abuse, while America sat on the couch and watched girls go wild."

Congress Spurs Debate Over War Authorization Powers. In the New York Times (3/4, WK1, 1.16M), law professor Jeff Rosen writes that current Democratic proposals "raise serious constitutional questions that could affect not only the conduct of the Iraq war, but also the balance of power between Congress and the president in wartime." However, two scholars conclude that "a constitutional crisis may not be the inevitable outcome," with NYU law professor Samuel Issacharoff saying, "I think this will be resolved politically, as it has been in the past, and either the president or Congress will back down." Harvard Law School's Jack Goldsmith says, "Congress will be much more careful in the future about authorizing force without restrictions on presidential power."

Antiwar Caucus Strives To Be Heard. The New York Times (3/4, A23, Luo, 1.16M) reports on the "Out of Iraq Congressional Caucus," "Now, with a change in power in Congress and a new military strategy to increase the number of American troops in Iraq, the members of the group — most of them liberals — are suddenly much in demand, finding themselves at the center of the debate over the war. Yet even with a majority of Americans opposing the war, the caucus is struggling to overcome its fringe image and is becoming increasingly frustrated by what its members say is the Democratic leadership's unwillingness to heed their calls for decisive action to the end the war. ... They reflect the broader struggle among Democrats in Congress, who have been unable to coalesce around a single position on how strongly to confront President Bush over the war."

US Forces Seek "High-Value" Target In Afghanistan. ABC World News (3/3, story 3, 2:10, Weir, 8.78M) reported "out of Afghanistan" that "US forces were involved in an assault aimed at senior leaders of Al Qaeda. The operation is in a very remote area and details are still rough." ABC (Karl): "Our sources in Afghanistan tell us there's a major military operation going on in Kunar province; this is a remote lawless area that borders Pakistan, local sources tell us the operation, is aimed at a high-value Al Qaeda target. ... But we've been down this road before. We've seen false alarms. ... [US officials] hope on both sides of the border to go after top Taliban and Al Qaeda leaders."

Pakistan Denies US Has Authority To Target Militants On Its Territory. The AP (3/3) reports, "Pakistan vehemently denied Saturday the U.S. military's claim that coalition forces in Afghanistan have the authority to pursue Taliban fleeing across the border into Pakistani territory." Representatives of the Pakistani army and Foreign Ministry both rejected the claim: "Aslam's and Arshad's comments came two days after [Lt. Gen. Douglas] Lute told the Senate Armed Services Committee in Washington that 'we have all the authorities we need to pursue, either with (artillery) fire or on the ground, across the border.'" Pakistanis have "arrested at least 700 al-Qaida and Taliban" since 9/11, "But there is growing international pressure on Pakistan to crack down further on Taliban militants on its side of the border, a

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message delivered on Monday by Vice President Dick Cheney during a visit to Islamabad."

Troops Return To Fort Dix After Year In Afghanistan. The New York Times (3/4, Fahim, 1.16M) reports, "Then slowly, the painting dropped to the ground, and mother and daughter stood quietly, amid the whirl of tearful, laughing, shouting soldiers who had returned to New Jersey after more than a year in Afghanistan. ... Specialist Siverio was among 80 soldiers from the 50th Personnel Services Battalion, based in Lawrenceville, who arrived at Fort Dix on Friday. Many of the returning soldiers were leaving the Guard. Others remained on active duty, and some re-enlisted. In Afghanistan, they had mostly engaged the enemy of paperwork, functioning as a human resources and postal division ... None were killed, and none were seriously injured." However, "many of them were at Bagram Air Base on Tuesday" when a suicide bomber attacked during Vice President Cheney's visit.

DOJ:

DOJ Says US Attorneys Were Removed Due To Performance. The New York Times (3/4, Johnston, Lipton, Yardley, 1.16M), in a front-page article, reports that the "ouster" of eight US attorneys "has set off a furor in Washington that took the Bush administration by surprise. Summoning five of the dismissed prosecutors for hearings on Tuesday, the newly empowered Congressional Democrats have charged that the mass firing is a political purge, intended to squelch corruption investigations or install less independent-minded successors." Several prosecutors "believe they were forced out for replacements who could gild résumés," while others "may have been vulnerable because they had had run-ins with the Justice Department." Justice Department officials "deny that the dismissals were politically motivated or that the action resulted from White House pressure." DOJ spokesman Brian Roehrkasse said, "These decisions were based on the individual concerns about each U.S. attorney's overall performance."

More Commentary. In a column for the Las Vegas Review-Journal (3/4), John L. Smith writes, "How quickly they forget. … On a rainy Tuesday morning in August 2003, Attorney General John Ashcroft came to the Lloyd D. George U.S. Courthouse to address members of the U.S. attorney's office on the importance of teamwork in implementing the USA Patriot Act." Smith continues, "At Ashcroft's side that day was his loyal soldier in the war on terrorism, U.S. Attorney Daniel Bogden. A career federal prosecutor, Bogden was so square he squeaked. Despite the numerous constitutional concerns over the Patriot Act's use, in a post-9/11 world Ashcroft received rousing support from his troops in the Southern Nevada office. … 'You are the doers,' Ashcroft said. 'You are the achievers. You are the soldiers ... on the ground and in the trenches ... who put your lives on the line to defend life and liberty. Your spirit is the heroic spirit we saw on September 11th, when New York's finest and New York's bravest ran up the stairs of the World Trade Center while others were running down the stairs.' … Bogden appeared so devoted to the prevailing cause, in fact, that civil libertarians questioned his office's use of the Patriot Act to retrieve bank documents in the FBI's public corruption investigation of members of the Clark County Commission. It was believed then to be an unprecedented use of an act touted as essential to fighting the war on terrorism. … Ridiculed by some, Bogden took one for the team as his office moved methodically, if not always successfully, to prosecute corrupt politicians, warring bikers, drug traffickers, topless bar wiseguys and criminals of every stripe." Smith notes, "During his five-year tenure, which ended last week after his unceremonious sacking by the Department of Justice, some colleagues questioned his decisions, but no one questioned his competence. He was a professional, a public servant in the best sense of the words. … Now the 51-year-old Bogden is one of a half dozen terminated U.S. attorneys from around the West in what stacks up as a nakedly political and brazenly hypocritical move by the Bush administration and Attorney General Alberto Gonzales. What some critics recently called a glorified attempt at GOP résumé-building by the administration has backfired into one of the most embarrassing moments in recent Department of Justice history." Smith concludes, "On that August morning in 2003, Ashcroft invoked dramatic images of Sept. 11 and said, 'It has transformed the mission of the Justice Department.' … Was this what he had in mind? … The terminations also make a liar out of Gonzales when he talks about how 'our commitment to the rule of law allows ordinary citizens to rely on and expect ... honesty of government officials.' … What could be less honest than playing politics with top federal prosecutors?"

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CRIMINAL LAW:

Many States Instituting Indefinite Commitment Of Sex Offenders. The New York Times (3/4, Davey, Goodnough, 1.16M), in a front-page article, reports, "The decision by New York to confine sex offenders beyond their prison terms places the state at the forefront of a growing national movement that is popular with politicians and voters. But such programs have almost never met a stated purpose of treating the worst criminals until they no longer pose a threat." Gov. Eliot Spitzer "suggested that New York's proposed civil commitment law would 'become a national model' and go well beyond confining the most violent predators to also include mental health treatment and intensive supervised release for offenders. … But in state after state, such expectations have fallen short." While the US Supreme Court "has upheld the constitutionality of the laws in part because their aim is to furnish treatment if possible, not punish someone twice for the same crime," only a "small fraction of committed offenders have ever completed treatment to the point where they could be released free and clear."

Former Government Witness Emerges From Shadows. The New York Times (3/4, Roberts) reports, "The 74-year-old man who used to be Leroy Nicholas Barnes, owner of 60 pairs of custom-made shoes, 27 full-length leather coats and more than one Mercedes-Benz, wears baggy Lee dungarees these days and drives to work in a used car he bought five years ago. … With his slight limp and mostly bald pate, he seems the antithesis of his former persona as Mr. Untouchable, the dashing Harlem heroin dealer who posed 30 years ago on a magazine cover in a blue denim suit and a red, white and blue tie." The Times continues, "Mr. Barnes's posture of smug invulnerability so affronted President Jimmy Carter that he ordered his attorney general to, as they say, prosecute Mr. Barnes to the fullest extent of the law. … The Justice Department did just that. And in 1977, Mr. Barnes — a former addict with a junior high education who made a fortune flooding black neighborhoods with heroin and swaggered around as an invincible outlaw — was sentenced to life in prison without parole. … 'He was the No. 1; he had charisma,' said Sterling Johnson Jr., a federal judge and former special narcotics prosecutor in New York City. 'Have you been in the presence of Bill Clinton when he walks down the street? That was Nicky Barnes.'" The Times adds, "While Mr. Barnes, widely known as Nicky, languished behind bars, though, his former cronies, his wife and his girlfriends began cavorting, he said, squandering the criminal enterprise that had made them all millionaires. So much for honor among thieves. Mr. Barnes felt betrayed. … 'They had a sleeping lion, a caged lion,' he recalled, 'and they woke him up.' And so Mr. Barnes roared, so ferocious a government witness that scores of drug dealers were convicted. He was released into the federal witness protection program in 1998. … And then he disappeared." The Times notes, "Years ago, a former associate predicted how difficult it would be for Mr. Barnes to adjust to a life of anonymity if he ever turned informer and was granted a fresh identity. … For nearly a decade, though, Mr. Barnes says, he has managed to seamlessly insinuate himself into mainstream America, this time untouchable by those he incriminated and the friends and families of foes he murdered. … Last weekend, though, Mr. Barnes surfaced briefly, and pseudonymously, to promote a new book about his old life in the feral 1970s, 'Mr. Untouchable,' written with Tom Folsom. This summer, he will appear in a documentary with the same name and later this year a movie, 'American Gangster,' is to be released. It stars Cuba Gooding Jr. as Mr. Barnes, but, to his exasperation, focuses on his chief rival in Harlem's heroin trade, Frank Lucas."

States Holding Sex Offenders Past Prison Terms. The New York Times (3/4, A1, Davey, Goodnough) reports, "The decision by New York to confine sex offenders beyond their prison terms places the state at the forefront of a growing national movement that is popular with politicians and voters. But such programs have almost never met a stated purpose of treating the worst criminals until they no longer pose a threat." The Times continues, "About 2,700 pedophiles, rapists and other sexual offenders are already being held indefinitely, mostly in special treatment centers, under so-called civil commitment programs in 19 states, which on average cost taxpayers four times more than keeping the offenders in prison. … In announcing a deal with legislative leaders on Thursday, Gov. Eliot Spitzer, a Democrat, suggested that New York's proposed civil commitment law would 'become a national model' and go well beyond confining the most violent predators to also include mental health treatment and intensive supervised release for offenders. … 'No one has a bill like this, nobody,'

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said State Senator Dale M. Volker, a Republican from western New York and a leading proponent in the Legislature of civil confinement. … But in state after state, such expectations have fallen short. The United States Supreme Court has upheld the constitutionality of the laws in part because their aim is to furnish treatment if possible, not punish someone twice for the same crime. Yet only a small fraction of committed offenders have ever completed treatment to the point where they could be released free and clear." The Times notes, "Leroy Hendricks, a convicted child molester in Kansas, finished his prison term 13 years ago, but he remains locked up at a cost to taxpayers in that state of $185,000 a year — more than eight times the cost of keeping someone in prison there. … Mr. Hendricks, who is 72 and unsuccessfully challenged his confinement in the Supreme Court, spends most days in a wheelchair or leaning on a cane, because of diabetes, circulation ailments and the effects of a stroke. He may not live long enough to 'graduate' from treatment. … Few ever make such progress: Nationwide, of the 250 offenders released unconditionally since the first law was passed in 1990, about half of them were let go on legal or technical grounds unrelated to treatment. … Still, political leaders, like those in New York, are vastly expanding such programs to keep large numbers of rapists and pedophiles off the streets after their prison terms in a response to public fury over grisly sex crimes."

CIVIL RIGHTS:

FBI To Probe North Carolina Civil Rights Cold Cases. The Raleigh News & Observer (3/4, Locke) reports, "Federal Bureau of Investigation agents received a tall order last week when they were asked to take a close look at the deaths of three North Carolina men a half century ago." The N&O continues, "The names of three men who died during the height of the civil rights era landed on the desks of field agents in Charlotte last week as federal Justice Department officials promised to crack open a batch of cold cases flagged by the Southern Poverty Law Center in Alabama. … The center has collected information since the late 1980s on what it feared were 'racially motivated' homicides that were never resolved, said Andrew Blejwas, the center's communications coordinator." The N&O adds, "Ken Lucas, spokesman for the FBI in Charlotte, said agents will scratch at the three cases, hoping to turn up evidence that allows them to prosecute after these many years. It's not clear how much the cases were investigated at the time, if at all. … In Shelby, many older black residents still remember Dr. George Singleton, who was killed in an explosion and fire in his office in 1957. … Details are skimpy for the other two cases. Both men -- William Dallas Owens of New Bern and Clarence Cloninger of Gaston, outside Roanoke Rapids -- died while in jail. … Owens, a disabled World War II veteran, died in jail after being arrested by New Bern police for being drunk. Details in his published obituary suggest Owens was white. His Army unit had not been integrated during World War II. The church and funeral home that handled his burial is traditionally white. … The Southern Poverty Law Center and FBI officials were not aware of Owens' race when he was added to the list. … They will take a look at his case anyway, Lucas said. Federal civil rights laws protect against abuses in local jails and prisons. Plus, it's possible Owens sympathized with blacks during the civil rights movement."

Prosecutor Praises Grand Jury Inaction In Till Case. The AP (3/4) reports, "Even as the U.S. Department of Justice was announcing a fresh look at unsolved civil-rights-era killings around the South, a Mississippi Delta prosecutor was closing the books on perhaps the most notorious of those cold cases - the brutal 1955 murder of 14-year-old Emmett Till." The AP continues, "To some, the Leflore County grand jury's decision not to return an indictment in the case after an exhaustive three-year federal investigation was a sign that not much has changed in Mississippi in the past 52 years. … But others, including the prosecutor herself, felt that it showed the opposite - a maturing of racial justice in this part of the South. … 'It would have been very easy for that grand jury to have returned a true bill based solely on emotion and the rage they felt, and I commend them for not doing that,' says Joyce Chiles, the black district attorney who directed the case in which the grand jury declined to charge Carolyn Bryant Donham, 73, the object of Till's infamous wolf whistle." The AP notes, "If the grand jurors had acted on the basis of hate, not evidence, Chiles says, that would have been like the Jim Crow justice of 1955. … When federal officials reopened the case in 2004, many had hopes that someone would at last be made to pay for killing the boy whose defiled, river-savaged face helped drive mass opposition to segregation. … The FBI determined that the statutes of limitations had run out on all possible federal crimes. The agency turned the file over to Chiles, with a recommendation that she take a close look at Donham. At the time, Roy Bryant had denied that his wife came along on Till's abduction."

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More Commentary. The Sacramento Bee (3/4) reports, "Decades have passed, but the ghosts of Mississippi and the South demand justice. It is no small thing when federal officials stand up and vow to stay on the trail of murderers. Such a public commitment occurred Tuesday when Attorney General Alberto Gonzales and FBI Director Robert S. Mueller linked forces with the National Association for the Advancement of Colored People, National Urban League and Southern Poverty Law Center in Montgomery, Ala." The Bee continues, "They announced their commitment to solve racially motivated murders of the civil rights era, when some considered it open season on black people in the South. A year ago, the FBI began identifying hate-crime murders that occurred before 1969. The slayings weren't investigated or reported, or were misclassified as accidental deaths or disappearances." The Bee adds, "Civil rights groups have long wanted Washington's power circle to focus on the lynchings. At long last it has happened. Federal authorities will make about a dozen of 100 cold cases their priority for investigation and prosecution. They didn't disclose which ones. … With new forensic tools available and civil rights groups providing information, authorities should be equipped to right injustices. The passage of time has not erased the need for this country to stand up for its ideals and for the forgotten ones."

Fat Tuesday Presidential Primary Questioned. The Mobile Press-Register (AL) (3/4, Murtaugh) reports, "A presidential primary election on Fat Tuesday next year would most directly impact majority-black voting districts, possibly violating federal voting rights laws, according to local officials and lawyers. … 'I really would be extremely surprised if the Justice Department would approve of a Feb. 5 presidential primary,' said Beth Marietta Lyons, an attorney and a lobbyist for the city of Mobile and the Mobile County Probate Court." The Press-Register continues, "The federal Voting Rights Act of 1965 stipulates that several states, including Alabama, cannot change voting procedures unless the U.S. Department of Justice determines that the change had no discriminatory purpose and no discriminatory effect. … Last year, Alabama's Legislature voted to move the state's presidential primary from early June to the first Tuesday in February in order to make the state a more enticing campaign stop for national politicians. … That created a conflict for 2008, as both the primary and Fat Tuesday are scheduled for Feb. 5." The Press-Register adds, "Fat Tuesday parades run through three Mobile voting precincts, all of which are majority black, according to U.S. Census Bureau data for 2000: … While a Mardi Gras primary would affect all of Mobile County, voters in those three precincts would have the hardest time getting to their polling places, according to Probate Judge Don Davis. … He agreed with Lyons that the Justice Department might object if state lawmakers don't change the date. 'That's a factor I would look at if I were in their position,' Davis said."

Texas Juvenile Justice System Roiled By Probes. The New York Times (3/4, Blumenthal) reports, "A sexual abuse scandal in the Texas juvenile justice system has state politics in an uproar, with accusations that damning reports were doctored and shelved and sexual predators in high positions were allowed to resign without facing charges." The Times continues, "Late Friday, Ronnie Earle, the district attorney of Travis County who has jurisdiction over Austin, the state capital, announced a criminal investigation into possible records tampering at the Texas Youth Commission. … And Gov. Rick Perry, pressed by angry legislators to put the commission into conservatorship, appointed a special master, Jay Kimbrough, a former deputy state attorney general and state director of homeland security, to lead an investigation into the agency and 'reports of failures and wrongdoings.'" The Times adds, "According to officials, at least 13 boys and girls were molested by staff members at two state schools run by the commission. Even before Mr. Earle and Mr. Perry took action on Friday, there were already inquiries under a previously appointed special prosecutor and legislative committees. … At a State Senate hearing in the capital Tuesday, parents complained of sexual abuse and other mistreatment of their children in state facilities. … With the state's Republican leadership under strong challenge, a high-level legislative audit committee called on Governor Perry on Friday to appoint a conservator to take over the commission, or, failing that, to send in state auditors to investigate how it was handling nearly 8,000 youthful felons, misdemeanants and parolees in 36 facilities."

New York Suburb Will Not Appeal Election Ruling. The AP (3/4) reports from Port Chester, NY, "Officials in a suburban New York village will not appeal a federal judge's decision to temporarily block its upcoming election after federal officials said the voting method discriminates against Hispanics and violates the Voting

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Rights Act." The AP continues, "An appeal was 'not an effective use of taxpayer dollars,' Port Chester Mayor Gerald Logan said after a meeting Saturday with the village trustees." The AP adds, "Officials haven't yet decided whether to continue trying to preserve an at-large method of electing trustees that Justice Department lawyers say has kept Hispanics from gaining elected office. … The village is about 25 miles from New York City and is governed by a mayor and six trustees. It has used at-large elections since 1868. The village, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee. … U.S. District Judge Stephen Robinson granted a preliminary injunction Friday stopping the trustees vote from taking place, saying the Justice Department was likely to prevail in its case against the village. The Justice Department wants to divide the village into six districts, including one in which a Hispanic-favored candidate would be more likely to win."

ANTITRUST:

Blackstone Mulls Chrysler Bid. The AP (3/4) reports, "Private equity firm Blackstone Group has emerged as a leading contender to buy DaimlerChrysler's struggling Chrysler unit, according to a report published Saturday." The AP continues, "The Detroit News, citing people familiar with the Chrysler sale process that it didn't name, reported that Blackstone is moving forward with a detailed analysis of Chrysler's finances and operations with an eye toward making a formal bid." The AP adds, "The development is the latest in a series of reports that have surfaced since DaimlerChrysler Chairman Dieter Zetsche said Feb. 14 that all options are on the table for the money-losing Chrysler business and he would not rule out a possible sale. … Among those that analysts say are exploring a purchase of the struggling company are General Motors plus four private equity firms, including Blackstone, Apollo Management, the Carlyle Group and Cerberus Capital Management."

Arizona School District Under E-Rate Probe. The Arizona Daily Star (3/4, Sánchez) reports, "The Tucson Unified School District is being investigated by federal and state officials for wide-ranging problems in its technology department — and has lost multiple opportunities at tens of millions of dollars in federal aid as a result." The Star continues, "Authorities declined to discuss the investigations, but TUSD's problems are evident: Students have slow Web access on school computers, and the technology department is without a director or a coherent technology plan for the future. And — as long as the shadow of the investigations hangs over TUSD — there's little chance the district can obtain federal money to solve the problems. … The turmoil began in 2004, when TUSD officials applied for federal funds to upgrade the district's computer network and phone system. … Not long afterward, employees in the technology department secretly alerted authorities, concerned that the millions of dollars in contracts would go to a small, local company instead of the major national corporations with which the district previously had contracted. … The employees also were concerned the company may have received special treatment because of a friendship between its president and TUSD's technology director." The Star adds, "Two years later, TUSD's Governing Board asked the Arizona Attorney General's Office to investigate the department, citing concerns of possible bid-rigging by a paid consultant. … Hundreds of pages of records obtained by the Arizona Daily Star, many through public records requests, along with dozens of interviews and months of investigation, paint a picture of a department in distress and under deep scrutiny. … Since federal funds for technology improvement — E-Rate funds — became available in 1998, TUSD has had problems obtaining them, and hasn't received any since 2002. In that time, more than $6.2 billion has been disbursed nationwide. … Despite the investigations, TUSD continues to apply for the federal funds — because there's no other single source with that much money to give."

Sirius CEO Seen As Ultimate Salesman. The New York Times (3/4, Siklos) reports, "Mel Karmazin could sell microwavable ice to Eskimos. He started his career in ad sales at WCBS radio in New York four decades ago, quickly proved himself to be a master closer, and has been peddling his wares ever since. … 'Mel is the singular best salesman I have ever met in my life,' said Joel Hollander, the chief executive of CBS Radio, who spent much of his career working for Mr. Karmazin. 'He's very aggressive, to say the least.'" The Times continues, "The capping moment of Mr. Karmazin's radio career came in 1997, when he sold Infinity Broadcasting (now CBS Radio), a vast collection of stations he and partners had built, to what was then the broadcast company CBS Inc. … Though he had little experience in

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television, Mr. Karmazin's hero status on Wall Street and his zeal for growth catapulted him into the chief executive's chair at CBS after only a couple of years. A mere nine months later, he pulled off another coup and sold CBS to Viacom, on the condition that he would run the combined media conglomerate as its president." The Times adds, "The Karmazin rocket finally ran out of fuel in 2001, when Viacom's chief executive and controlling shareholder, Sumner M. Redstone, lost confidence in Mr. Karmazin's relentless focus on costs and quarter-to-quarter results, coupled with an unpardonable failure to invite the billionaire to lunch. (Mr. Redstone went a step further last year by sort of undoing the deal and splitting off a new CBS Corporation, which he also controls.) … Anyway, gazing at Mr. Karmazin's career, you start to get the picture behind what happens when you put him in the big chair: he is forever building and selling, even when it looks like he's buying. And so, two years after he became the chief executive of Sirius Satellite Radio, it should come as no shock that he has struck a deal to merge the company with its only direct rival, XM Satellite Radio. … Not coincidentally, if the deal goes through, he will again end up running the combined entity."

INDIAN AFFAIRS:

DOJ Grant Will Help Track Tribal Crime. The AP (3/4, Forliti) reports from Minneapolis, "Sgt. Bill Blake gave his anti-gang presentation to American Indian communities so many times, he says, that his daughter knew it by heart. Yet it wasn't enough: 'Dad, you have to do more,' he recalls her saying." The AP continues, "Nearly four years later, 20-year-old Erica Rae Blake was dead -- shot in the head at a party on a Wisconsin reservation. Her death was ruled an accident, but memory is driving Blake to work even harder to fight violence on reservations." The AP adds, "Blake set out to improve cooperation between tribal police, federal and local law enforcement, but quickly found a big obstacle: Nobody tracks hard data on crime occurring on tribal lands. … With the help of another Minneapolis police officer, Larry Loonsfoot, and an expected $600,000 grant from the Department of Justice, Blake hopes to create a database that would give tribes a tool to spot trends, share information and track offenders who seek sanctuary elsewhere. … 'We're never going to be able to address these problems and make things better in tribal communities when it comes to crime and quality of life unless we get the data,' said Blake, a member of the Red Lake Band of Chippewa." The AP notes, "The goal is to collect the data in a central location so law enforcement and tribes can identify problems and apply resources where needed. … 'I think what's unique about the Indian community is there is always some connection to the reservation,' said Loonsfoot, a member of Michigan's Keweenaw Bay Indian Community. 'We need to bridge that communication gap where we can directly enforce both ends.' … Blake said the I-CARE project -- it stands for Indian Crime Awareness Research and Evaluation -- will start small, with the ultimate goal of creating a national database. … Technology and money -- too little of both -- sometimes play a part in whether tribes collect and share crime data. A maze of overlapping jurisdictions hurts, too. For example, a crime on a Minnesota reservation may be handled by tribal police, a county sheriff, the Bureau of Indian Affairs, the FBI or any combination of law enforcement. … That means data is absorbed by different agencies and a true picture of crime on a reservation can be harder to get. Without good numbers, a tribe may have a hard time getting grant money for a particular problem, or might not make the right choices for spending its crime-fighting dollars, Blake said."

FBI/DEA/ATF/USMS:

Judge To Rule On Medical Marijuana Case. The New York Times (3/4, Marshall) reports from San Francisco, "A federal judge has asked the United States attorney here to submit all trial preparation memorandums in the case against a leading advocate of medical marijuana so that the court can determine if the government has been pursuing a 'vindictive prosecution.'" The Times continues, "The judge, Charles R. Breyer, ordered the review at the request of lawyers for Ed Rosenthal, a spokesman in the effort to legalize marijuana who has been in a closely watched court battle with the government. … At a motion hearing in Federal District Court here on Friday, defense lawyers for Mr. Rosenthal urged Judge Breyer to dismiss an array of federal drug, money laundering and tax evasion charges against their client, saying an appellate court judge had overturned his conviction in a nearly identical case last year." The Times adds, "The new charges, outlined in a federal grand jury indictment issued in October, accuse Mr. Rosenthal of 14 felonies, including conspiracy to grow and sell marijuana for medical use, laundering $1,850 and failing to report income from the sale of crop plants on his tax returns. … The overall

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charges are nearly identical to a 2003 federal case against Mr. Rosenthal, which ended with a one-day prison sentence after members of the jury disavowed the verdict, having learned belatedly that Mr. Rosenthal was growing marijuana under Proposition 215, the state's medical marijuana law. … The United States attorney, George Beven, declined to answer questions about the case, citing an office policy. But at Friday's hearing he agreed to provide Judge Breyer with all interoffice memorandums pertaining to his office's decision to seek another trial and expanded charges."

ATF Helps Iowa Police Tracking Firearms. The Waterloo-Cedar Falls (IA) Courier (3/4, Reinitz) reports, "A new computer program has sped up the first step Waterloo police take when tracing firearms they come across during criminal investigations. The Courier continues, "Last fall, three Waterloo officers were certified to use the U.S. Bureau of Alcohol, Tobacco and Firearm's eTrace system, which discloses the name of the person who first bought a certain weapon, the seller and the date of that sale. … In the past, police had to fill out paperwork which was then sent to ATF officials. Unless the trace was a high priority, it could take weeks or longer to get results. … 'Now it's Web-based, so you just go in and run it yourself,' said Sgt. Keith Smith, who works in the police department's crime lab." The Courier adds, "Results aren't instant and can still take hours or weeks. … An officer with investigations and an agent with the Tri-County Drug Enforcement Task Force are also authorized to use eTrace. … Aside from make, model and serial number, eTrace users type in a long list of information about the gun -- - the caliber, the type of crime it was used in, what part of the house it was found in and so on. … Smith said the ATF apparently crunches that information for future statistics."

Man Charged After California Police Find Arsenal In Burning House. The Riverside (CA) Press-Enterprise (3/4, Klein) reports, "A man who authorities described as a survivalist after investigators found a cache of weapons and ammunitions at his burning (Norco, CA) home has been arrested and jailed, the Riverside County Sheriff's Department said Saturday." The P-E continues, "Thomas Lee McKiernan, 62, of Norco was arrested on suspicion of possession of assault weapons, possession of illegal ammunition, and possession of explosives, according to the sheriff's department. … McKiernan, who had been held since Thursday for a mental evaluation, remained at the Robert Presley Detention Center. His bail is currently set for $100,000 and he is scheduled to appear in Riverside Superior Court on Tuesday, according to his booking information." The P-E adds, "The only illegal items investigators have identified so far are five assault rifles, several high-capacity magazines and the 60 pounds of gunpowder, they said. It is illegal to possess more than one pound of gunpowder, Gutierrez said. … The cause of the fire is still unknown. Authorities condemned the house because of the tunnel. … It will take days for deputies and federal agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives to document all the weapons and ammunition, Sheriff's spokesman Dennis Gutierrez said."

IMMIGRATION:

Administration Faces Quandary In Border Agents' Case. The Houston Chronicle (3/4, Mittelstadt) reports, "For weeks, defenders of the two former Border Patrol agents imprisoned for shooting a Mexican drug trafficker have bombarded the White House with calls, e-mails and petitions. … Their demand is straightforward: A presidential pardon for a pair of Texans they view as heroes persecuted for doing their jobs. … But the issue is far from simple for President Bush, who is being asked to wade into a highly controversial case where even the most basic facts are in dispute. The quandary for the president: Whether to side with former Border Patrol agents Jose Compean and Ignacio Ramos or with the prosecutors who contend they were rogue officers who wounded a fleeing, unarmed man and then concealed evidence." The Chronicle continues, "During a February 2005 incident near Fabens, Texas, Compean and Ramos pursued Osvaldo Aldrete-Davila and fired 15 rounds at him as he ran back toward Mexico after ditching a vehicle with 743 pounds of marijuana. The wounded trafficker later was given immunity to testify against the agents in a case that has drawn a tremendous outcry from conservatives on and off Capitol Hill, who believe the Bush administration sided with a drug trafficker over its own law enforcement agents. … Though clemency is the one area in which a president has power unlimited by the courts or Congress, Bush thus far has indicated no inclination to sidestep the Justice Department regulations typically followed for pardons cases. … The Justice Department rules require that people petitioning for a pardon wait until five years after they have completed their sentence before filing an application. And the applications must be submitted by the guilty parties themselves." The

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Chronicle adds, "Compean and Ramos have not applied for a pardon or a commutation of their sentences, Justice Department spokesman Erik Ablin said. … Rep. Ted Poe, a Republican from Humble who has championed the ex-agents' cause, has no use for what he views as needless red tape. … Douglas Berman, an Ohio State University law professor who has followed the Texas case, argues that while the Justice rules may protect the president, they also 'eliminate some of the virtue' of the pardon power. … By citing the regulations, Bush 'may be trying to cushion himself from the public clamoring to do something in this case,' Berman said."

DOJ Says Prosecutor In Border Agents Case Is Safe. The San Antonio Express-News (3/4, Contreras) reports, "The Justice Department's recent firings of eight top federal prosecutors across the country have come amid allegations that the agency bowed to political pressure. … Even as the Justice Department rebuts the accusations, some are wondering who might be next." The Express-News continues, "In Central and West Texas, Johnny Sutton has held the post of U.S. attorney for more than five years, but he has come under fire recently over a case in El Paso in which Sutton's office gained convictions of Border Patrol agents who shot an alleged drug smuggler. … In a federal trial in El Paso last year, jurors convicted Ignacio 'Nacho' Ramos and Jose Alonso Compean on charges that they shot the alleged smuggler in the buttocks Feb. 17, 2005, and counts alleging they covered up the shooting. Ramos got 11 years in prison. Compean was sentenced to 12. Both have appealed. … Hailing them as 'heroes' who were wrongly convicted, some foes of illegal immigration and Republican members of Congress are pushing for President Bush to pardon them. … Without a satisfactory answer from the White House on the request, supporters of the agents are aiming at Sutton who, from Austin, supervises 120 federal prosecutors in the largest federal district in the country, a territory that stretches from Waco to San Antonio, south to Del Rio and west to El Paso and Midland/Odessa. … Sutton 'has violated the public's trust, and must be removed from office immediately,' said .J. Bonner, president of the National Border Patrol Council, the union that represents 10,000 Border Patrol agents. … 'Our federal government had to make a choice between prosecuting somebody who was bringing in $1 million worth of drugs, and prosecuting two border agents who did not follow policy,' said U.S. Rep. Ted Poe, R-Humble, who stopped short of seeking Sutton's removal but has collected more than 40 signatures from fellow House members seeking congressional hearings on the case. 'The government chose the wrong side.' … The Justice Department had no comment Friday on whether mounting criticism would have an effect on Sutton's post. But a high-ranking department official told the Senate Judiciary Committee last month that Sutton's job is safe. The Feb. 6 hearing was to review the wave of terminated U.S. attorneys, the transcripts show. … 'No,' Paul J. McNulty, the No. 2 man in the Justice Department, responded to a question of whether Sutton's job was in danger over the controversial border agent case."

Colorado Using Inmates To Ease Farm Labor Shortage. The New York Times (3/4, A25, Frosch, 1.16M) reports, "As migrant laborers flee Colorado because of tough new immigration restrictions, worried farmers are looking to prisoners to fill their places in the fields. In a pilot program run by the state Corrections Department, supervised teams of low-risk inmates beginning this month will be available to harvest the swaths of sweet corn, peppers and melons that sweep the southeastern portion of the state. Under the program, which has drawn criticism from groups concerned about immigrants' rights and from others seeking changes in the criminal justice system, farmers will pay a fee to the state, and the inmates, who volunteer for the work, will be paid about 60 cents a day, corrections officials said." The Times notes that last year, the Colorado General Assembly "passed tough legislation that included giving local law enforcement broader powers to check immigration status and restricting access to social services for workers without proper documentation."

Illegals Pay Thousands Of Dollars For Citizenship Documentation. The Washington Times/AP (3/4) reports, "Government raids at meatpacking plants in six states in December stemmed from an investigation that uncovered up to 4,300 workers with questionable documentation." Immigration and Customs Enforcement spokesman Tim Counts "said that investigation revealed documents were available for a price in places as open as Kmart parking lots. He said genuine documents were the most expensive, costing up to $1,500, and the most effective against detection." Department of Homeland Security spokesman Russ Knocke "said there isn't much specific information on the extent of the problem. 'Irrespective of the mode of identity

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theft, the issue itself is prevalent and it's something we're striking at very aggressively,' Mr. Knocke said.'"

Congress May Ease Restrictions On Children Of Filipino WWII Vets. The Washington Post (3/4, A6, Aizenman, 690K) reports, "virtually everyone in Congress appears to agree" that Filipino-born veterans "who fought alongside U.S. troops during World War II deserve a break. Denied the right to immigrate to the United States until 1990, they came hoping that their children could follow them here later, just as other groups have done. But the adult children have been required to wait twice as long -- up to 16 years -- as anyone else. With the veterans often too old and sick to travel home, many have died while waiting to be reunited with their families. Now, after several longtime backers have risen to key positions in Congress, Filipino American advocates are hopeful that legislation will be pushed through to exempt the veterans' children from the immigration delay. They also are optimistic about a potentially more controversial bill that would grant Filipino veterans military pensions."

WPost Questions Bush's Commitment To "Pathway To Citizenship." The Washington Post (3/4, B6, 690K), in an editorial, writes, "The early signs" regarding the prospects for immigration reform "are generally encouraging. The authors of the most realistic legislation in the last Congress…are again preparing to introduce a bipartisan bill. As for Mr. Bush, he has also sounded the right notes by calling in his State of the Union address for a 'legal and orderly path for foreign workers to enter our country,' and for resolving the status of more than 11 million illegal immigrants already here, 'without animosity and without amnesty.' Still, the president's fuzziness is worrying. He did not mention a pathway to citizenship for illegal immigrants already in the country in the State of the Union speech, and two of his Cabinet secretaries sidestepped it during recent testimony on Capitol Hill."

Columnist Says "We Should Uphold Our End Of The Bargain" For Immigrants. In his column for the Los Angeles Times (3/4, 850K) Gregory Rodriguez writes, "For hardworking illegal immigrants who've established roots here, we should uphold our end of the bargain and give them a chance to achieve their piece of the American dream."

TAX:

Cost Of AMT Repeal Analyzed. In a "Week in review" piece for the New York Times (3/4, WK7, 1.16M), David Cay Johnston writes, "Repealing the alternative minimum tax would cost the government almost $70 billion this year, while putting everyone on the alternative and repealing the regular income tax would cost only $63 billion. Simply removing personal tax exemptions and credits and indexing for inflation would reduce the number of taxpayers affected by 85 percent. … For now, the only area of wide agreement is to keep enacting temporary patches until Congress and some future administration tackle fundamental changes in the tax code."

CONGRESS-ADMINISTRATION:

Democrats Champion Substantial Expansion Of CHIP Coverage. The Washington Post (3/4, A8, Lee, 690K) reports the "success" of the Children's Health Insurance Program "is exposing Washington's familiar ideological divisions over health care." Members of Congress from both parties "want to continue the popular $5 billion-a-year effort, which at any given time provides health insurance to more than 4 million children. … But Republicans and Democrats cannot agree on how much money the program should get, and whom it should cover." The CBO estimates CHIP "will require $13 billion to $15 billion above current funding levels just to keep covering the same number of children for the next five years. The Bush administration has proposed $4.8 billion, saying that is enough to maintain enrollment for 'priority low-income children.' Many Democrats on Capitol Hill and advocates for children call the White House proposal inadequate, but the dispute is about more than numbers. Some Democrats…would like to increase funding levels by as much as $50 billion over five years to extend coverage to many of the nation's 8.3 million uninsured children -- and to some uninsured parents and childless adults as well."

WPost Urges Congress To Include Dental Care As CHIP Benefit. The Washington Post (3/4, B6, 690K), in an editorial, notes that 12-year-old Deamonte Driver "died last week because of a succession of breakdowns in a system set up to ensure that children get basic dental care that is critical to their health. Equally tragic is that there are many more children like Deamonte who are at risk. … Although not required, most states provide dental care under the State Children's Health Insurance Program to low-income children who don't qualify for Medicaid. That act is now up for reauthorization. Congress would do well to include dental

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care in the menu of benefits, as well as help out states that face budget shortfalls. Those worried about cost should think about Deamonte."

Warhead Plan Provokes Congressional Opposition. The Washington Post (3/4, A5, Pincus, 690K) reports, "The selection of a basic design for what could become a new generation of U.S. nuclear warheads has drawn immediate opposition from some key members of Congress." Rep. Peter J. Visclosky, the "new chairman of the House Appropriations subcommittee that controls the funds for the nuclear weapons complex, has sharply questioned why a new warhead is needed," while Sen. Dianne Feinstein, "a longtime opponent of new nuclear weapons, has declared that she is '100 percent opposed' to building the RRW." However, some lawmakers support the plan, including Rep. Ellen Tauscher, whose district includes Livermore.

FDA On Verge Of Approving Antibiotic Despite Mounting Concerns. The Washington Post (3/4, Weiss, 690K), in a front-page article titled, "FDA Rules Override Warnings About Drug," reports the government "is on track to approve a new antibiotic to treat a pneumonia-like disease in cattle, despite warnings from health groups and a majority of the agency's own expert advisers that the decision will be dangerous for people. The drug, called cefquinome, belongs to a class of highly potent antibiotics that are among medicine's last defenses against several serious human infections. No drug from that class has been approved in the United States for use in animals." The FDA's advisory board last fall rejected a request "to market the drug for cattle. Yet by all indications, the FDA will approve cefquinome this spring."

Boxer, Waxman Question Regulator's Ties To Chemical Industry. The Los Angeles Times (3/4, Cone, 850K) reports on its front page, "For nearly a decade, a federal agency has been responsible for assessing the dangers that chemicals pose to reproductive health. But much of the agency's work has been conducted by a private consulting company that has close ties to the chemical industry, including manufacturers of a compound in plastics that has been linked to reproductive damage. In 1998, the Center for the Evaluation of Risks to Human Reproduction was established within the National Institutes of Health to assess the dangers of chemicals and help determine which ones should be regulated. Sciences International, an Alexandria, Va., consulting firm that has been funded by more than 50 industrial companies, has played a key role in the center's activities." Sen. Barbara Boxer and Rep. Henry Waxman "called for an explanation of the company's role and disclosure of its potential conflicts of interest before the panel convenes Monday."

Two New Books Jab At Bush From Different Angles. In a piece for the New York Times Book Review (3/4), Jacob Heilbrunn reviews "Leviathan On The Right: How Big-Government Conservatism Brought Down the Republican Revolution," by Michael D. Tanner; and "It Can Happen Here: Authoritarian Peril in the Age of Bush" by Joe Conason. Tanner "offers the fullest exposition" of the argument that Bush "isn't conservative enough" and exposes "Bush and the Republican leadership as apostates who foolishly believe big government can be employed for conservative ends." As for Conason, he "surveys the concentration of corporate and political power in Washington. He ably catalogs the Bush administration's attempts to subvert civil liberties. But it soon becomes apparent that he has a proclivity for substituting hyperbole for insight."

Newsweek Poll Finds Bush Approval At 31%, Cheney At 33%. A Newsweek poll of 1,017 registered voters surveyed February 28-March 1 (+/- 3%) finds 31% approve of the way President Bush is handling his job, while 61% disapprove and 8% don't know. On Iraq, 27% approve of Bush's performance, while 67% disapprove and 6% don't know. On terrorism and homeland security, 43% approve of Bush's performance, while 50% disapprove and 7% don't know. As for Vice President Cheney, 33% approve of the way he is handling his job, while 51% disapprove and 16% don't know.

OTHER NEWS:

Bernanke "Quietly" Making His Presence Felt. The CBS Evening News (3/3, story 5, 2:10, Assuras, 7.66M) reported Federal Reserve Chairman Ben Bernanke was left with "big shoes to fill" when he succeeded Alan Greenspan, who had "reached cult-like status and he still holds a lot of sway." Bernanke "faced his first major challenge" last week "when the Dow and Nasdaq suffered their biggest weekly drop in more than four years. How did

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Bernanke do?" CBS (Mason): "Quietly, Bernanke has tried to put his own imprint on the economy and the Fed…and Wall Street generally gives him high marks for keeping the economy on track, even as it slows down." Charles Schwab Chief Investment Strategist Liz Ann Sonders: "I think we will look back in history at an environment where Bernanke probably became as important and as noted as Alan Greenspan."

LATimes Sees Rarity Of Market Sell-Offs As Evidence Of Economic Stability. The Los Angeles Times (3/4, 850K), in an editorial, contends the "remarkable thing about last week's harrowing stock market plunge was how remarkable it was. And that's because for all the talk of the dangers of a post-9/11 world vulnerable to terrorism, oil shocks, warfare and rising anti-Americanism, the last few years have been unusually prosperous and stable for the global economy."

Newsweek Poll Finds Tight General Election Matchups. A Newsweek poll of 1,017 registered voters surveyed February 28-March 1 (+/- 3%) finds Rudy Giuliani leading Sen. Hillary Clinton 47% to 46% in a general election matchup. Giuliani leads Sen. Barack Obama 48% to 43%, and Giuliani leads John Edwards 47% to 45%. Clinton leads Sen. John McCain 47% to 46%, while Obama leads McCain 45% to 43%, and Edwards leads McCain 48% to 43%. Clinton leads Mitt Romney 53% to 38%, Obama leads Romney 54% to 34%, and Edwards leads Romney 58% to 30%. Among Democrats (+/- 6%), in a one-on-one nomination race Clinton leads Obama 55% to 35%, Clinton leads Edwards 62% to 29%, and Obama leads Edwards 46% to 39%. Among Republicans (+/- 7%), in a one-on-one nomination race Giuliani leads McCain 59% to 34%, McCain leads Romney 59% to 26%, and Giuliani leads Romney 70% to 20%. Also among Republican respondents, 51% said they are not sure where Giuliani stands on abortion, while 12% said he is pro-life; 67% are not sure where Giuliani stands on gun control; and 70% said they are not sure where Giuliani stands on gay marriage.

Romney Wins CPAC Straw Poll, With Giuliani Finishing Second. Mitt Romney won the presidential straw poll at the Conservative Political Action Conference, where 21% of the 1,705 voting attendees named the former Massachusetts governor as their first choice for the GOP nomination. Rudy Giuliani was second with 17%, followed by Sen. Sam Brownback at 15%, Newt Gingrich at 14%, and Sen. John McCain at 12%, with no other candidate topping five percent. ABC World News (3/3, story 8, 2:00, Weir, 8.78M) was the only network to report on CPAC, saying "it was the weekend for the conservatives to prove what they're made of. GOP presidential hopefuls are in Washington trying to show they have the conservative pedigree to win the crucial backing of the party's right wing."

The Washington Post (3/4, A4, Shear, 690K) said Romney's win is "a very early indication of how an important Republican constituency might vote," and "underscored the difficulty" McCain is facing in "drawing conservative support because of past views and statements." The Los Angeles Times (3/4, Hamburger, 850K) says McCain was "the only leading candidate who did not attend the event… and the mention of his name drew occasional boos from the audience."

On its front page, the Washington Times (3/4, Hallow, Dinan, 88K) says Gingrich "received a hero's welcome" at CPAC, tying Romney "for second place in the conference's combined first- and second-choice straw poll." With second-choice ballots included, Giuliani "vaulted to the top," followed by Gingrich and Romney, Brownback, McCain, and Rep. Tom Tancredo. American Conservative Union Executive Vice President J. William Lauderback said the "combined choice is the most important yardstick because it measures depth of support. … 'The Romney [second choice] number was markedly shallow at 9 percent,' he said."

The AP (3/3) says in last year's CPAC straw poll, then-Sen. George Allen led with 22%, followed by McCain at 20%, Giuliani at 12%, and Secretary of State Condoleezza Rice at 10%.

GOP Frontrunners Condemn Coulter's Remark About Edwards. The New York Times (3/4, A24, Nagourney, 1.16M) reports Giuliani, McCain, and Romney all "denounced" Ann Coulter, "one of their party's best-known conservative commentators," for "using an antigay epithet" in commenting on Democrat John Edwards in her Friday CPAC Speech. The three GOP frontrunners' statements "came after Democrats, gay rights groups and bloggers raised a storm of protest over the remarks." Giuliani said, "The comments were completely inappropriate and there should be no place for such name-calling in political debate." A McCain spokesman said, "The comments were wildly inappropriate." A Romney spokesman said, "It was an offensive remark. Gov. Romney believes all people should be

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treated with dignity and respect." The Times says the "criticisms by the Republican candidates put them in a difficult position" because CPAC "has been gathering for conservative and Republican leaders for over 25 years."

CNN.com (3/4) says "prominent politicians from both parties" were among those who "condemned right-wing commentator"
Coulter. The Edwards campaign "posted the video on their Web site, and asked readers to help them 'raise $100,000 in "Coulter Cash" this week to keep this campaign charging ahead and fight back against the politics of bigotry.'"

In a commentary for The Politico (3/3), conservative writer Jennifer Rubin says, "It's about time for a presidential contender, perhaps all of them in the spirit of Newt Gingrich's crusade for improving public discourse, to say 'enough.' Coulter's never-ending stream of venom is not amusing, unhelpful to Republicans, and not in keeping with the ideals of a party that fancies itself as the proponent of a colorblind society and heir to Lincoln."

Giuliani Tests Assumptions About His Ability To Win Nomination. Under the front-page headline "Giuliani Has No Real Chance With GOP Voters... Or Does He?" the Washington Post (3/4, Balz, 690K) writes that though the "presidential campaign is just weeks old," already "an article of faith within the Republican Party -- the belief that no politician who favors abortion rights and gay rights can win the GOP nomination -- is being challenged" by Rudy Giuliani. The former New York mayor "is now leading in a slew of national polls. He is testing whether cultural and religious conservatives in the GOP will support a candidate who offers strong leadership on security and terrorism rather than ideological purity on social issues." Former Republican National Committee chairman Ed Gillespie, "who is neutral in the nominating battle," said, "This is the first Republican presidential primary since Sept. 11. Rudy Giuliani is a candidate who can clearly test the proposition that a Republican who is more moderate on social issues can capture the nomination. He's testing it now."

Romney Defends Judeo-Christian Tradition. The New Hampshire Union Leader (3/4, Rayno) reports Mitt Romney "said the Judeo-Christian values that helped found America continue to guide the country today. On the campaign trail and in the media, Romney has faced questions about his Mormon faith" and whether it will hurt his campaign. Romney said that "while this country welcomes Muslims, Hindus, Buddhists and other faiths…the Judeo-Christian tradition remains its foundation." In an interview, Romney said, "The fundamental principle of faith of Judeo-Christian [belief] is there is a God, who is our heavenly Father and all the people on this earth and every speck of humanity on this earth is a creation of God…and every creation of humanity is a child of God."

Hunter Campaign Drops Two South Carolina State Co-Chairmen. South Carolina's The State (3/4) reports the presidential campaign of Rep. Duncan Hunter has "dropped" two state co-chairmen "for making unpopular remarks." Last week, Horry County Auditor Lois Eargle said she "told a woman looking for free legal help for her abused child 'to get back to Mexico.'" In addition, Henry Jordan, a onetime school board member, was cut from the campaign because he said during a board meeting 10 years ago, "Screw the Buddhists and kill the Muslims." The campaign "took the pair off its list of a fistful of state co-chairmen -- honorary titles for regional supporters -- because it feared the increasing scrutiny from bloggers and media, said Ron Tyler, Hunter's spokesman."

Thompson Campaigns In Iowa. The AP (3/3) reports Tommy Thompson "may not have drawn huge crowds during campaign stops across southern Iowa" Saturday, "but some of the Iowans who saw him liked what they heard. Thompson covered several domestic issues and detailed his plan for handling the Iraq war to about three dozen people at a Mount Pleasant restaurant." One man said Thompson "has qualities the country needs in a president including intelligent leadership," while one woman "says she liked Thompson's solutions to welfare reform in Wisconsin."

Selma Is Latest Stop In Clinton-Obama Fight For Black Support. The New York Times (3/4, Zeleny, 1.16M) reports on its front page that Democratic frontrunners Sen. Hillary Clinton, John Edwards, and Sen. Barack Obama "are embroiled in what party officials believe is one of the most competitive scrambles for black supporters since the Voting Rights Act was passed four decades ago." Clinton and Obama will be in Selma, Alabama, today to "commemorate the 42nd anniversary of Bloody Sunday, when hundreds of activists…crossed the Edmund Pettus Bridge during a civil rights march from Selma to Montgomery." Edwards will be speaking on civil rights at the University of California,

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Berkeley. Rep. John Lewis, a Selma marcher, says he "is agonizing over whether to choose Mr. Obama, whom he once described as 'the future of the Democratic Party,'" or Clinton. The Times says in early primaries in states like Alabama and South Carolina, "black support could be vital," and "at least 16 states are considering voting on Feb. 5, including Florida, California, Illinois, New York and Texas, all states where black voters could hold considerable sway."

The Washington Post (3/4, D1, 690K) interviews Lewis, who said, "If you have Mrs. Clinton and Mr. Obama in a formal presence there on the bridge walking together, I think it will send a strong message of people coming together. It will be beyond politics. What happened in Selma 42 years ago, and what I hope will happen [today], transcends politics. It says something about the distance we've come and the progress we've made as a nation and a people, to have the top two contenders for the nomination for president to be a woman and an African American."

Newsday (3/4, Thrush) says 21-year-old South Carolina State Rep. Bakari Sellers, the "youngest legislator in the United States and one of the African-American Democrats most rabidly courted by the 2008 presidential contenders," was "personally lobbied" by Clinton, but he is now about to endorse Obama. Seller said, "For her sake, she needs to get Bill Clinton out there a lot more."

Geffen Feud Said To Have Hurt Clinton Against Obama. The Washington Times (3/4, Lambro, 88K) reports on its front page that "political pollsters said" Clinton's "decline in the polls stems partly from her attack" on Obama. The "numbers changed after the senators traded political blows through their spokesmen when movie mogul David Geffen" criticized Clinton. The Los Angeles Times (3/4, Braun, Morain, 850K) examines the relationship between ex-President Clinton and Geffen, saying that while Geffen "lavished nearly $1.2 million on the Clintons and other Democrats during the Clinton White House years, gaining extraordinary access to the president," their relations "were in constant flux. Intimates of the two said that flashpoints surfaced often." Their alliance "was marked by genuine affection, colleagues say, and a large measure of self-interest. Whether its meltdown has any lasting significance remains to be seen, but Geffen's recent broadside against the Clintons left the political world agape."

In his Washington Post (3/4, B7, 690K) column, George Will writes that Clinton's campaign "did not display overconfidence when it directed the recent fusillade" at Obama. Her campaign's "rhetorical megatonnage was in response to a prominent Obama contributor saying rude things about her. Her overreaction was one of several developments that have clarified the Democratic contest. Bill Clinton has said, regarding presidential candidates, that Republicans like to fall in line and Democrats like to fall in love. Which explains the Clinton campaign's palpable panic: Democrats have fallen in love, but not with her." Her supposed "aura of inevitability…annoys voters by telling them that they really have no choice. And that can provoke them to play the game that G.K. Chesterton called 'Cheat the Prophet': The players listen politely to explanations of what is inevitable, then they make something else happen."

In his New York Times (3/4, WK12, 1.16M) column, Frank Rich says the "long-running Iraq catastrophe is now poised to mow down a second generation of political prey: presidential hopefuls who might have strongly challenged Bush war policy when it counted and didn't." As for Clinton, her poll numbers "are showing erosion -- some of it because of Mr. Obama's growing profile among African-Americans, but some of it…after her dust-up with the Hollywood tycoon David Geffen. Most Washington hands declared Mrs. Clinton the winner in that spat because she had forced Mr. Obama off his high horse of 'hope.' But there's no evidence to support this theory. In the real world, most Americans don't know who Mr. Geffen is. … The most revealing aspect of the incident was not in any case the who's-up-who's-down prognostications for a primary process some 10 months away. Rather, it was the fervor with which the Clinton campaign accused Mr. Geffen and Mr. Obama of practicing 'the politics of personal destruction.' This over-the-top reaction seemed detached from reality, almost as if the Clinton camp were nostalgically wishing it could refight the last political war -- and once again clobber repellent old impeachment nemeses."

Clinton's Style Of Apologizing Examined. The New York Times (3/4, WK4, Healy, 1.16M) says Clinton does not have "an allergy to apologizing. She just does it in her own, very Hillary way, as a review of her apologies shows." She "can be rather artful" at "turning around her apologies to generate sympathy for herself," and "self-deprecation is another trademark." And, "like many talented politicians, on matters of state…her admission of error can be so nuanced that listeners may wonder if an apology was really her point."

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Obama Addresses Labor Activists In Chicago. ABC World News (3/3, story 7, :20, Weir, 8.78M) reported, "On the campaign trail today, Sen. Barack Obama rallied supporters in Chicago promising to back legislation friendly to organized labor." The Chicago Tribune (3/4, McCormick, 617K) reports Obama, addressing about 1,500 labor activists, "reflected on the crusades of Martin Luther King in support of the labor movement. 'He didn't just march for justice that day,' he said. 'They were marching for jobs.'" Two protesters "briefly interrupted Obama's speech. One of them carried a large sign that appeared to be critical" of Obama's Friday assertion that he "would not rule out military action against Iran. … 'OK. We appreciate that,' Obama said, trying to deflect the situation, as the protesters were escorted from the ballroom. 'I oppose the war in Iraq.'" The AP (3/3) also reports on Obama's speech.

Richardson Says He Will Work Harder Than Frontrunners To Win. The Des Moines Register (3/3, Beaumont, 160K) reports Gov. Bill Richardson "said Friday on his first trip to Iowa as a presidential candidate that he will challenge the better-known Democrats running for the 2008 nomination by working harder to reach party activists in the leadoff caucus state." Richardson said, "My campaign mode is shaking hands, meeting people, being scrutinized, talking issues. Iowans, I understand, like to decide . They like to decide, not who the pundits and the polls decide." He said that "getting U.S. troops out of Iraq within a year and dramatically diminishing the nation's use of petroleum in 10 years" are his "top priorities. … 'Bill Richardson is not a rock star,' Richardson said during a taping of Iowa Press, a public affairs program on Iowa Public Television. 'Bill Richardson is a grass-roots candidate.'"

Brooks Lauds Richardson. In a flattering column in the New York Times (3/4, WK12, 1.16M) headlined "Neither Clinton, Nor Obama," David Brooks considers Richardson's candidacy, writing that while "watching a cattle call of Democratic presidential candidates on C-Span," he was "quietly contemplating suicide. … In their five-minute speeches, they were laying it on thick with poll-tested, consultant-driven clichés of the Our Children Are Our Future variety. The thought of having to spend the next two years listening to this drivel set me wondering if it was literally possible to be bored to death. Then Bill Richardson walked onstage" and "gave the best presentation, by far." He is "the most experienced person running for president. He served in Congress for 14 years. He was the energy secretary. … He's a successful two-term governor…with foreign policy experience. He was U.N. ambassador. He worked in the State Department. He's made a second career of negotiating on special assignments with dictators like Saddam, Castro and Kim Jong Il. He negotiated a truce in Sudan." Brooks says he "wouldn't bet a paycheck on Richardson. But I wouldn't count him out. At the moment, he's the candidate most likely to rise."

Kucinich Lays Out Iraq Withdrawal Plan In New Hampshire. The New Hampshire Union Leader (3/4, Kozubek) reports Rep. Dennis Kucinich "outlined his 12-point plan for an immediate withdrawal from Iraq during a meeting with residents in the basement of the Merrimack Public Library yesterday." Kucinich said the "initial and perhaps most important step for a stable Iraq is to stop funding military operations that are contributing to a civil war, insurgency and more casualties."

Past GOP House Candidates Call For Changes At NRCC. The Boston Globe (3/4, Klein, 413K) reports that "four months after Republicans lost control of Congress," many defeated or slimly elected Republicans "are calling for major changes" at the National Republican Congressional Committee. They "depict the committee as a rogue attack-ad shop that shielded party leaders from having to account for the claims in their ads -- encouraging over-the-top accusations that often hurt GOP candidates." Ray Meier, a GOP candidate in upstate New York "whose Democratic opponent was wrongly accused of making adult fantasy calls," said, "They weren't just attacking my opponent -- they were, bit by bit, destroying a reputation that I had spent years and years building." Rep. Christopher Shays, "who is among the 2006 candidates who feel the NRCC's actions hurt his campaign, said he plans to file a bill that would allow candidates in both parties to prohibit the national parties from advertising on their behalf." But Rep. Tom Reynolds, who headed the NRCC during the 2006 cycle, "defended the ads, saying they were well-documented and generally effective. He conceded that his independent expenditure arm 'took a lot of liberties,' but said Democratic committees also stretched the truth." He said NRCC ads "saved 10 to 20 Republican-held seats."

Pioneering Lobbyist Cassidy Profiled. The Washington Post (3/4, A1, Kaiser, 690K) profiles Gerald

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Cassidy, founder of Cassidy & Associates, saying he "helped invent the new Washington, which had made him seriously rich. … He and his original partner, whom he forced out of the firm 20 years earlier, devised a new kind of business, subsequently mimicked by many others. Their innovation was the first modern 'earmarked appropriations.'" The Post says that while the Jack Abramoff story "is a crude pulp thriller punctuated by free dinners, lavish golfing outings, big campaign contributions, arm-twisting and old-fashioned bribery," Cassidy's "is a subtler epic that probably reveals more about the culture of Washington, D.C. It, too, involves favors, gifts and contributions, but they are supplemented by the disciplined application of intellect, hard work, salesmanship and connections."

Defense Appropriations Bill Earmarks Described. The Washington Post (3/4, B2, 690K) reports, "Last week, the Washington group Taxpayers for Common Sense released a compendium of 2,646 spending projects earmarked for lawmakers' home states and congressional districts in the 2007 defense appropriations bill. In many cases, the legislation itself provides only a vague description of the project, and omits the name of the company or community that would benefit. Taxpayers for Common Sense filled in the details by using lobbying disclosure databases, congressional news releases and Internet sites. New measures passed by Congress this year will require detailed disclosure in future legislation of the recipient of such earmarks, as well as the identity of the member seeking them." The Post goes on to list several earmarks and provide brief background information on their origins.

Bush's Recent Foreign Policy Shifts Draw Mixed Reaction. In an analysis piece, Peter Baker writes in the Washington Post (3/4, A5, 690K) that the "same president who mocked the idea of talking with Iran and Syria as recently as two weeks ago is now sending emissaries to a regional conference to talk with Iran and Syria. … Last week's decision was the latest of several reversals on issues on which he once refused to budge." Bush has fired Defense Secretary Donald Rumsfeld, "authorized direct talks with North Korea, sent more troops to Iraq," and "agreed to discuss the contours of a Palestinian state in Middle East peace negotiations" -- all ideas "he rejected earlier." Among those quoted in the piece who approve of the president's recent moves are ex-Rep. Lee Hamilton and ex-Sen. Warren Rudman, but Michael Ledeen of the American Enterprise Institute is quoted as saying, "I have never seen an administration with such an enormous gulf between the president's public statements and its actions. … Presidential statements should reflect policy. They don't seem to in this administration."

Bush May Encounter "Aura" Of Chavez During Latin America Trip. The Houston Chronicle (3/4, Althaus, Otis, Reinert, 530K) previews President Bush's Latin America trip, which begins Thursday. "Packing strategies for fostering trade, fighting drug-traffickers and fending off the regionwide shift to the political left," Bush will "start a swing through the friendlier parts of Latin America. He'll talk energy and free trade in Brazil and Uruguay. Those topics -- as well as crime, punishment and border jumping -- will dominate the conversations in Colombia, Guatemala and Mexico." The Chronicle adds, "At every turn, Bush almost certainly will work to counter" Venezuelan President Hugo Chavez, who "ranks among the world's more vocal and influential Bush-bashers" and whose "aura hovers over Bush's trip like a holiday-spoiling drizzle." The White House is trying to portray the trip "as a show of support for democratic governments." Assistant Secretary of State Thomas Shannon said "the visit also is meant to deliver the message that the governments must lift up their poor and vulnerable."

Ahmadinejad, Abdullah Agree To Curb Middle East Violence. ABC World News (3/3, story 5, :20, Weir, 8.78M) reported, "The president of Iran, Mahmoud Ahmadinejad, made his first official visit to Saudi Arabia today. Since the Saudis are major American allies and Sunnis, there is hope talks with the Shiite Iranians could help ease tensions throughout the Middle East. The White House still accuses Iran of fueling violence in Iraq and Lebanon while secretly building nuclear weapons."

The New York Times (3/4, A10, Fattah, 1.16M) reports the two leaders met in Riyadh yesterday "to address the Middle East's growing sectarian and political crises." Ahmadinejad "was greeted at the airport by King Abdullah, a rare honor from the aging monarch," and "he was the guest of honor at a state dinner put on by the king and attended by top Saudi officials and dignitaries." The visit "is widely believed to have been set up at the behest of the Iranians. It was the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries." The two leaders "were believed to be focused on finding ways to end

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the political standoff in Lebanon between Hezbollah" and Prime Minister Fouad Siniora's government. Saudi Arabia and Iran "have expressed alarm at the sectarian violence in Iraq, worrying that it could fuel similar tensions throughout the Middle East."

AFP (3/3, Georgi) says the talks "had been expected to focus on the sectarian bloodshed in Iraq, the crisis in Lebanon and Tehran's nuclear row with the West." BBC.com (3/4) notes the two leaders "agreed to work together to fight sectarian strife in the Middle East." Their "summit comes at a time of sectarian division and tension between Saudis and Iran over events in Iraq and Lebanon."

Iranian Merchants Not Pleased By Their President. NBC Nightly News (3/3, story 4, 2:30, Ian Williams, 9.87M) sampled public opinion inside Iran, where "politically powerful" merchants "are not a particularly happy bunch." Reza Elmanan, carpet trader: "Mahmoud Ahmadinejad has not delivered on his economic promises." Williams: "Inflation and Iran's growing isolation are hitting them where it hurts most, in their wallets." Mohamad Yasrebi, jewelry trader: "Sales are much worse than last we're year. I am worried about sanctions. Things will get even worse than they already are." Williams: "Many blame as what they see as Mahmoud Ahmadinejad reckless policy towards the United States."

North Korean Nuclear Inspections Could Test US Claims. Under the headline, "North Korea Inspections Will Put U.S. To The Test Too," the Los Angeles Times (3/4, Drogin, 850K) reports, "North Korea's unexpected promise last month to open its nuclear weapons arsenals and production facilities to U.N. inspectors provided a welcome foreign policy success for the White House, but may prove embarrassing as well." Renewed inspections could show whether or not "the Bush administration overstated a purported secret North Korean program to produce highly enriched uranium for nuclear bombs in 2002." Deputy Secretary of State John Negroponte "said Friday that inspections should resolve the questions. The recent accord calls for a 'full and complete' accounting of North Korea's nuclear programs, including 'its uranium enrichment activities,' he told reporters in Tokyo." An anonymous "U.S. diplomat with access to the intelligence said the administration was 'trying to walk back some of the rhetoric. The problem is they've opened up a can of worms. Was this another case of faulty intelligence, like Iraq? Or is it possible they cooked the books?'"

A McClatchy (3/4) analysis of this week's North Korean talks says the dialogue "will be a turning point for both countries -- and it could be the beginning of a transformation for President Bush." Noting "a bipartisan tradition of two-term presidents turning to diplomacy in their final years in office," McClatchy says "one big question about Bush's opening to North Korea and steps last week that could lead to a dialogue with Iran and Syria is whether a vision of peace is the driving force or desperation over a string of diplomatic failures, last fall's elections and a failing war in Iraq."

China Warns Negroponte Against Missile Sales To Taiwan. The AP (3/4, McDonald) reports Chinese officials "pressed visiting Deputy Secretary of State John Negroponte on Saturday to reject a proposed sale of missiles to Taiwan, the self-ruled island that Beijing claims as its own territory." A Chinese Foreign Ministry spokesman is quoted saying, "The Chinese side expressed that it is firmly opposed to the export and sale of weapons to Taiwan and the United States maintaining official relations with Taiwan." Taiwan "is trying to buy 218 AMRAAM medium range air-to-air missiles and another 235 Maverick missiles at an estimated cost of $421 million." Under the headline, "China Warns Negroponte On Taiwan Arms Sales," AFP (3/4, Martin) notes Beijing "warned" Negroponte "that plans to sell American missiles to Taiwan threatened to harm Sino-US ties."

Amid "Renewed Confidence," Beijing To Accelerate Defense Spending. The AP (3/4) notes comments by National People's Congress spokesman Jiang Enzhu that Beijing's "military spending, a point of contention with the United States, will jump 17.8 percent this year." Jiang said "that military spending would hit $44.94 billion in 2007 — an increase of $6.84 billion over last year, though experts believe the true figure of China's military spending could be several times the amount that it reports." He "said most of the money would be spent on boosting wages and living allowances for the 2.5 million-member People's Liberation Army, and on upgrading armaments." The AP says Beijing's "renewed confidence" and "certainty says much about change in a political system in which the Communist Party tightly controls the reins of power but ordinary Chinese, emboldened by economic and social changes, feel increasingly free to voice opinions."

Chinese Stock Markets Evolve As Status Grows. In a front-page piece, the Washington Post (3/4, Cha, 690K)

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examines the growing international importance of China's "quirky" stock markets. "The Shanghai exchange and its smaller counterpart in Shenzhen, near the country's extreme southern border, have long been viewed skeptically by global capitalists, even those enthusiastic about the broader Chinese economy. … Though China's is one of the fastest-growing economies in the world, it remains heavily influenced by the Communist state. The stock markets are not the main source of capital in China -- that role is played by banks, all of them controlled or heavily influenced by the Chinese government. Many analysts also see the stock markets as subject to more government manipulation than is the norm in capitalist countries." A New York Times (3/4, WK3, Porter, 1.16M) piece looks at the possible ramifications of last weeks' nine percent drop in the Shanghai stock exchange.

Researcher Says US Policies Have Strengthened China. In a Washington Post (3/4, B7, 690K) op-ed today, novelist and Claremont Institute fellow Mark Helprin says US policymakers should focus their nuclear nonproliferation efforts on Beijing, not Pyongyang. Chinese officials have found success amid "chaos, poverty and without modern arms, but with strategy bred in the bone." Beijing has "received generous assistance from the past two American presidents, who have accomplished first a carefree diminution of our orders of battle and then the incompetent deployment of what was left, in a campaign analogous to losing a protracted struggle with Portugal. China advances and we decline because, among other things, its vision is disciplined and clear, while ours is burdened by fear, decadence and officials who understand neither Chinese grand strategy nor its nuclear component." Helprin clarifies, "The danger lies not solely in quantitative instabilities but in potential nuclear strategies that technical evolution has elevated above Cold War paradigms."

Anti-Putin Rally In St. Petersburg Ends In Violence, Arrests. Under the headline, "Russian Police Beat Democracy Activists," the Washington Post/AP (3/4, A14) notes Russian "police clubbed protesters and dragged them into waiting buses Saturday in response to a defiant demonstration against the Kremlin in the heart of President Vladimir Putin's home town." Protesting "what they said was Russia's rollback from democracy," the activists created "a rare gathering of the country's often fractious opposition." The AP notes "riot police beat dozens of protesters with truncheons, but several thousand broke through police cordons." Garry Kasparov, "who helped organize the event, said on Echo Moskvy radio that as many as 6,000 people participated, though the crowd appeared to be about half that number." The New York Times (3/4, Kramer, 1.16M) calls the protest "one of the higher-profile actions by Mr. Kasparov since he retired from professional chess to dedicate himself to opposition politics."

Russian Academic Says Cooperation Begins With Recognizing Russia's Role. In an op-ed in today's Washington Post (3/4, B5, 690K), the Russian Academy of Sciences' Sergey Rogov says both Russia and the US are to "blame" for their failure to become "strategic partners" after the Cold War ended. "The relationship with Russia no longer dominates America's foreign policy. Washington has stopped treating Moscow as an equal player. … On issues of international security, Russia has been treated as a second-rate power whose complaints can be ignored." In addition, "the old arms-control regime is half-dead." Russia is back as an international player" and "should be treated as a responsible player, sharing the rights and the duties of membership in the community of democratic market economies in a globalized world." Both nations' "goal should be a new cooperation, not a new Cold War."

Pentagon Policy Review Could Remove Balkans' "Combat" Designation. The Washington Post (3/4, A6, White, 690K) notes Defense Department officials "are considering a proposal to downgrade the combat status of U.S. forces who are part of the NATO peacekeeping mission in Kosovo, a decision that could cause the 1,500 U.S. soldiers currently deployed there to lose hundreds or even thousands of dollars each month in tax benefits and combat pay." That move "would indicate that Pentagon officials do not believe Kosovo is still a combat zone, despite rising tensions in the Balkans over Kosovo's ongoing bid for independence and frequent U.S. missions that involve dangerous interdictions of smuggling rings, raids on armed extremist groups and encounters with improvised bombs."

Ethnic Albanians Demonstrate In Kosovo's Capital. The New York Times (3/4, A6, Wood, 1.16M) reports, "For the second time in less than a month, thousands of ethnic Albanians took to the streets" of Kosovo's capital city, Pristina, "on Saturday to protest a United Nations proposal for Kosovo's future — a plan that they say falls far short of their desire for an independent state." Protests leaders "complain

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that [the UN] proposal is merely a ruse to sustain foreign domination and give unacceptable rights to the province's Serbs."

Mexican Drug Cartels Shift To Overland Trafficking Routes. On its front page today, the Los Angeles Times (3/4, Tobar, 850K) says "Central America has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies." The Times adds, "Everyone from impoverished fishermen and small-town mayors to legislators and high-ranking police officials has been swept up in the drug trade as the smuggling routes have changed. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico." A DEA official said "Central America will remain the primary transit zone for U.S.-bound drugs 'for the foreseeable future.'"

Paredes Takes Over Leadership Of Mexico's PRI. The Los Angeles Times (3/4, Enriquez, Sánchez, 850K) reports former governor and federal lawmaker Beatriz Paredes will attempt "to steer the PRI toward the left and back to glory." Today she "assumes leadership of the Institutional Revolutionary Party, which in the span of a decade sank from Mexico's greatest political force to third-place finisher in last year's presidential election." While the PRI "still holds a majority of local and state offices," it "is fractured by competing interest groups and politicians, and broad discontent among its formerly loyal base, Mexico's 50 million poor." Paredes said "she would lead a new, more democratic PRI."

Sudan's President Refuses To Extradite Accused War Criminals. The AP (3/4, Osman) notes Sudanese President Omar al-Bashir "said again on Saturday that his country would not hand over for trial any citizen sought by international courts for crimes against humanity." He is quoted saying, "(The) Sudanese judiciary is honest and qualified to try any Sudanese… The government will not hand over any citizen for trial outside the country." Last week, an International Criminal Court "prosecutor accused a minister and a member of the security forces of a combined 51 counts of war crimes and crimes against humanity for their actions in Darfur."

Frist Implores US To Intervene To End Attacks On Aid Workers. In an op-ed in the Washington Times (3/4, 88K), former Senate Majority Leader Bill Frist says "the world's effort to stop genocide [in Darfur] has run into serious trouble." He argues that "it's time for the United States and the rest of the developed world to take serious action and ensure the aid flow continues." The "very presence of international aid operations has made a truly awful disaster a tad less terrible. … The risks in Darfur are particularly grave: Because of Darfur's climate, even a brief disruption of water supplies alone can kill children and any who already are sick." Now, "the perpetrators of the genocide appear intent on launching a systematic campaign of violence against humanitarian aid workers." Frist concludes that, should attacks on aid workers continue, "an already gruesome death toll will grow even higher. The United States needs to help."

New Indian Child Labor Law Has "Little Effect" On Industry. The New York Times (3/4, A8, Gentleman, 1.16M) says changes to Indian child labor laws have not curtailed abuses. "India has no outright ban on child labor and had long allowed the employment of children under 14 in all but what are deemed 'hazardous' occupations. But last October a stricter law took effect; it prohibits the employment of children under 14 in hotels and restaurants, and as domestic servants. Five months later, children's rights advocates say, the law has had little effect. Under-age children, mostly girls, are as in demand as ever to be maids and nannies." Officials estimate "that 12 million children under 14 are employed; children's advocates say the figure could be closer to 60 million."

British MP Says US-UK Relations Could Rebound After Blair. In an op-ed in the Washington Post (3/4, B1, 690K), British MP and former Cabinet minister Sir Malcolm Rifkind writes, "The British have been puzzled about Tony Blair for some time. Americans, particularly the one who lives in the White House, must be beginning to share the same feelings." Blair announced British troop reductions in Iraq "at precisely the same time that President Bush, his close friend, is trying to convince Congress and the American people of the wisdom of a substantial increase in the U.S. troop commitment to the same country." Blair's "own domestic weakness dictated this timetable," and Rifkind says

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"there is now a widespread belief in the United Kingdom that Iraq has been the worst disaster in British foreign policy since" the 1956 invasion of Egypt. … It would be wrong to ignore the fact that the Iraq war and the unilateral, Manichaean foreign policy of the Bush presidency has had a profound impact on British opinion." However, "that mood is far from irreversible," and "there is little evidence of British public opinion turning to the European Union as an alternative to the United States in its affections."

Kristof Lauds US Base In Djibouti For Diplomatic Humanitarian Outreach. In his New York Times (3/4, WK13, 1.16M) column, Nicholas Kristof praises the "little-known" US military in Djibouti "that represents one of our best strategies to fight terrorism in the coming years: The aim is to build things rather than blow them up." He continues, "After 9/11, the focus of America's response to terrorism has been mostly on using military force to destroy possible threats in places like Iraq and intimidate just about everyone." This "strategy has backfired catastrophically, particularly in Iraq, and turned us into Al Qaeda's best recruiter. So that's why the softer touch in Centcom's strategy [in Djibouit] is so welcome. It aims to help bring stability to northeastern Africa and to address humanitarian needs -- knowing that humanitarian involvement will make us safer as well."

Authors Attribute Local Climate Changes To Global Trends. Today the New York Times (3/4, 1.16M) features three international authors' takes on global climate change. Iain McCalman writes that Australia "feels like a war zone. Cities and towns across the country are enveloped in a perpetual smoke haze, and the braying of fire sirens is as commonplace as birdsong." Tahmima Anam says a "mere two-degree rise in the global climate will cause large tracts" of the Bangladesh delta "to disappear, and two degrees after that, the rivers will be wider than the plains, and two degrees after that, the water will have swallowed Bangladesh." Kristin Steinsdottir says in the icinity of Reykjavik, Iceland, "the skiing areas had been shut down one by one during the previous winters, and the little snow that actually fell was always blown away. … The last 10 years in Reykjavik were the warmest on record, at least since records have been kept."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Drug Traffickers Re-Route Through Central America."
"Chemical Regulators Tied To Products."
"Sloan Tries To Make MGM Roar Again."
"Disney 'Fairy Tale' Isn't For Everyone."

New York Times:

"Doubts Rise As States Hold Sex Offenders After Prison Terms."
"Recalling Civil Rights, Democrats Seek Black Votes."
"A Teenage Soldier's Goodbyes On The Road To Over There."
"A New Mystery To Prosecutors: Their Lost Jobs."
"In Baghdad, Sectarian Lines Too Deadly To Cross."
"Facing N.C.A.A., The Best Defense Is A Legal Team."

Washington Post:

"The Power Player: How The Rise Of One Lobbying Firm Helped Transform The Way Washington Works."
"FDA Rules Override Warnings About Drug."
"China's Quirky Stock Market Finally Matters."
"Giuliani Has No Real Chance With GOP Voters… Or Does He?"

Washington Times:

"Not In Race, Gingrich Still Has Right Stuff."
"Sunnis Slain Over Talks With Shi'ites."
"State Ruling Awaited On Sex-Ed Challenge."
"Hillary's Snipe At Obama Erodes Standing In Polls."
"Silicon Valley Redirects Its Energies To Clean Fuels."

Detroit Free Press:

"Manhunt Continues."
"Stephen Grant: 'I Was The Perfect Mom -- Not Tara.'"
"Harper Woods Car Crash Leaves Three Dead."
"Indians Show Tigers Their Muscle."

Atlanta Journal-Constitution:

"Survivor: 'I Knew We Were Flipping.'"
"Father 'Had A Really Bad Feeling.'"
"Many Crashes At Northside Exit."
"Players Visit Injured Coach."

Dallas Morning News:

"Fair Park-Area Businesses Hope Rivalry Games Stay Put."
"Power Failure Came Before TXU Buyout."

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"Dallas Mayoral Hopefuls Need Diverse Support."
"FW Law Students Reviewing Dallas County Cases."
"Ishmael Beah's Memoir Details Horrors Of Life As A Child Soldier."
"The Gift Of Friendship."
"Longhorns Can't Finish What They Started."
"Seniors Have Their Day For A&M."

Houston Chronicle:
"Freed Sex Offenders Fall Through Cracks."
"Job Lured Alleged Al-Qaida Trainee To Houston."
"Pastor, Gamer Nabbed In Texas Warrant Sweep."
"Chavez's Clout Clouds Bush Latin America Trip."
"Two Charged In Montrose Marijuana House Case."
"Texans Redo Johnson's Deal, Miss Out On QB."
"Rockets Lose Poise, Fall 97-74 To Spurs."
"Hip-Hop Stars Help Fans Focus On Finances."
"Cy-Fair Girls Come Up Short In Bid For A State Title."
"Houston Officials Plan For Inner Loop Growth."

Story Lineup From Last Night's Network News:
ABC: Bush-Tornado Areas; Midwestern Storm; Al Qaeda-Afghanistan; Iraq Violence; Ahmadinejad-Saudi Arabia; Walter Reed; Obama-Clinton; CPAC; Atlanta Bus Crash; Stolen Rockwell; Denmark Riots; Homelessness; Swiss-Lichtenstein; Rock Camp.
CBS: Bush-Tornado Areas; Atlanta Bus Crash; Iraq Violence; Walter Reed; Bernanke-Economy; Subprime Mortgages; Stolen Rockwell; Lunar Eclipse; Terrorism Web Sites; Free Throw Coach.
NBC: Bush-Tornado Areas; Atlanta Bus Crash; Walter Reed; Military Medical Teams; Iran-Public Opinion; Denmark Riots; Stolen Rockwell; Daylight Savings Time; Lunar Eclipse; Adventure Vacations.

WASHINGTON'S SCHEDULE

Today's Events In Washington.
White House:
PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: Jim Phillipps, 202-942-4220. Notes: Media may obtain a conference press pass by visiting the Bancroft Room on the Terrace Level. Contact Jim Philipps at 202-942-4220 or jphilippsnaco.org for more information.

INTERNATIONAL BANKERS _ The Institute of International Bankers holds its Washington conference. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW. Contacts: William Goodwin, 212-421-1611 ext 12.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, MARCH 4, 2007 7:45 AM EST

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TERRORISM NEWS:

Terrorist Groups Turn To Internet As Essential Tool. The CBS Evening News (3/3, story 9, 2:45, Assuras, 7.66M) reported, "Terrorist groups continue recruiting and are using a new, powerful tool." CBS (Sieberg): "It's chilling to watch: Apparent video of an American helicopter shot down by Iraqi insurgents, seven Marines on board killed. It's been viewed by thousands, all over the world, thanks to the Internet. It's one of hundreds of videos posted by terrorist groups that can be found on popular web sites like YouTube." Paul Kurtz, CBS News terrorism consultant: "It is the 'killer app' for terrorist organizations. It's viral marketing at its best."

Houston Al Qaeda Suspect Tied To Muslim Web Site Designer. The Houston Chronicle (3/4, Crowe, 530K) reports, "Daniel Maldonado, the American accused of training with al-Qaida and waging jihad in Somalia, came to Houston two years ago to work for a 24-year-old Web designer linked to Internet sites frequented by terrorism suspects. That man, Sarfaraz Jamal…is emerging as an unlikely yet intriguing figure in the Maldonado saga. And his story helps explain how Maldonado wound up in Houston, where he now awaits trial. Jamal denies any wrongdoing and the FBI is mum, refusing to say even whether he's under investigation. But Jamal acknowledges a connection to Maldonado, saying in an e-mail to the Houston Chronicle that he had hired him to do odd jobs on the Houston-based IslamicNetwork.com."

Arab Bank May Have Directed Saudi Funds To Palestinian Terror Groups. Under the headline, "Arab Bank Accused Of Funding Terrorists," the Los Angeles Times (3/4, Meyer, 850K) reports, "A three-year investigation into the activities of one of the Middle East's largest and most influential banks is producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors." The Justice Department "is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and individuals accused of terrorism, according to three former U.S. counter-terrorism officials."

Congress Urged To Reinstate Detainees' Habeas Corpus Protection. In an op-ed for the Washington Post (3/4, B7, 690K) Alberto J. Mora general counsel of the Navy from 2001 to 2006, and Thomas R. Pickering, U.S. ambassador to the United Nations from 1989 to 1992, note the Military Commissions Act "eliminates the federal courts' ability to hear habeas petitions filed by certain noncitizens detained by the United States at Guantanamo Bay and elsewhere. Late last month the U.S. Court of Appeals for the D.C. Circuit upheld this provision and dismissed the lawsuits filed by many of the Guantanamo detainees. We fully recognize that our government must have the power to detain suspected foreign terrorists to protect national security. But removing the federal courts' ability to hear habeas corpus claims does not serve that goal. On the contrary, habeas corpus is crucial to ensure that the government's power to detain is exercised wisely, lawfully and consistently with American values. That is why we have joined with the Constitution Project's broad and bipartisan group of judges, former members of Congress, executive branch officials, scholars and others to urge Congress to restore federal court jurisdiction to hear these habeas corpus petitions."

NYTimes Calls On Congress To Reverse Bush's "Lawless" Anti-Terror Measures. The New York Times (3/4, WK11, 1.16M), in an editorial, writes, "The Bush administration's assault on some of the founding principles of American democracy marches onward despite the Democratic victory in the 2006 elections. The new Democratic majorities in Congress can block the sort of noxious measures that the Republican majority rubber-stamped. But preventing new assaults on civil liberties is not nearly enough. … It will require forceful steps by this Congress to undo the damage. A few lawmakers are offering

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bills intended to do just that, but they are only a start. Taking on this task is a moral imperative that will show the world the United States can be tough on terrorism without sacrificing its humanity and the rule of law. Today we're offering a list — which, sadly, is hardly exhaustive — of things that need to be done to reverse the unwise and lawless policies of President Bush and Vice President Dick Cheney. Many will require a rewrite of the Military Commissions Act of 2006, an atrocious measure pushed through Congress with the help of three Republican senators, Arlen Specter, Lindsey Graham and John McCain."

HOMELAND RESPONSE:

Bush Brings Support And Sympathy To Tornado-Hit Alabama, Georgia. President Bush's visit to tornado-scarred Alabama and Georgia was the subject of detailed lead reports on all three broadcast networks last night, but print coverage is scant and limited mainly to wire reports. Several stories contrast the quick federal response and the President's immediate attention with Washington's reaction to Hurricane Katrina.

ABC World News (3/3, lead story, 2:40, Weir, 8.78M) said Bush visited "to see the devastation for himself, and offer a shoulder to lean on." ABC (Osunsami): "At Enterprise High School this morning, where a tornado claimed the lives of eight students, the President walked over broken glass and twisted metal remains. He saw for himself what's left of the school's cafeteria. At one point, he passed by the science wing where a number of students took cover and managed to escape." Bush: "One hundred kids got out of here alive. A miracle." Osunsami: "President Bush spent time alone with the families of the children who were killed. He also met with Megan Parks, head of the school's student government association. She explained to him, two of the boys who died were dear friends." Bush: "We can never replace lives and we can't heal hearts except through prayer. And I know, I want the students to know and the families to know, there's a lot of people praying for them." Osunsami: "He shared this same message hours later when he traveled to storm-ravaged neighborhoods in southern Georgia."

The CBS Evening News (3/3, lead story, 3:30, Assuras, 7.66M) reported Bush "got a firsthand look today at the worst of the damage from Thursday's killer tornadoes. In Americus, Georgia, where two people died, the President saw dozens of devastated homes and businesses. Earlier in the day, he was in Enterprise, Alabama, where a high school was directly in the twister's path." CBS (Strassman): "If seeing is believing, then President Bush saw a true disaster here today in Enterprise. He said it looked just as bad in the air as it does here on the ground. … Bush stepped in to a community's sorrow, declared a disaster, and promised Washington will help rebuild it." Bush: "Out of the devastation can come hope and a better tomorrow." Strassman: "Many students are as torn apart as their school. … But in Enterprise, nobody is sitting around waiting for the federal government to come in and help. They're helping each other and they're helping themselves. This is about neighbor helping neighbor, even in many instances when the neighbors have never met before."

NBC Nightly News (3/3, lead story, 2:20, Seigenthaler, 9.87M) reported, "President Bush made his way through Alabama and Georgia today to offer comfort and support to communities devastated by this week's tornados. Twenty people died when the severe weather ripped across the south. The President promised quick assistance from the federal government." NBC (Sanders): "The President met with several students here and told them he believes the strength of the community will hold them together and he promised they are not alone. Today President Bush stood where high school students huddled when a tornado struck their school Thursday walking over textbooks, desks, past collapsed walls. He promised the federal government will help." Bush: "We can rebuild buildings. The fundamental question is, will the spirit stay strong in Enterprise, Alabama. I predict it will be strengthened." Sanders: "President Bush visited Americus, Georgia, today, surprising victims on the street where another tornado killed two victims. Today's visit through the south a marked difference to the President's response to hurricane Katrina, staying clear of New Orleans. Also different: federal aid arriving immediately. Today FEMA-supplied blue tarps went up on the roofs."

The Washington Post/AP (3/4, A12, Riechmann) reports Bush "handed out hugs Saturday to people in the South who survived killer tornadoes, and he mourned those who died in the storms, including eight high school students. 'Out of this rubble will emerge a better tomorrow,' Bush said. … 'Today I have walked through devastation that is hard to describe,' he said, standing with students, one of whom had a tear running down her face. 'A hundred kids got out of here alive, which is a miracle.'" The trip, "quickly put together Friday, was intended to highlight the Bush administration's stepped-up efforts, through the Federal Emergency Management Agency in particular, to help disaster victims." FEMA Administrator R. David Paulison "was on the telephone with state emergency officials hours after the storms hit." This AP story appeared in various forms in well over 200 newspapers or news Web sites.

The New York Times (3/4, A24, Stolberg, 1.16M) reports Bush "picked his way through the rubble of the tornado-stricken South on Saturday, promising federal aid for some Alabamians and turning up unexpectedly in a largely African-American neighborhood here in Georgia, where startled residents rushed out of their damaged houses, cell phone cameras in hand, to greet him. The hastily arranged

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trip...was intended to send an image of a compassionate president leading a competent government response, in sharp contrast with the lingering images of federal indifference and ineptitude after Hurricane Katrina."

CNN.com (3/3) reports Bush "implored Americans to help out any way they can. 'Some people are going to need your help,' he said. 'I would ask you out of the generosity of your heart to help the folks down here.'" Paulison "said Bush's visit was indicative of 'the new FEMA.'"

Nagin Admits New Orleans "Piled It On" In Assessing Damages. The AP (3/3) reports, "Only $1 billion of the $77 billion the city is seeking from the Army Corps of Engineers is for infrastructure damages it says it suffered because of levee breaches during Hurricane Katrina. The rest is for such things as the city's tarnished image and tourist industry losses. The city 'looked at everything and just kind of piled it on,' Mayor Ray Nagin said. 'We got some advice from some attorneys to be aggressive with the number, and we'll see what happens,' he said."

WPost Contends CFIUS Discouraging Investment In US. The Washington Post (3/4, B6, 690K) editorializes that "since the hysteria of a year ago over Dubai Ports World proposing to manage some U.S. seaports, the Committee on Foreign Investment in the United States (CFIUS), the federal panel responsible for ensuring that national security interests are not harmed by foreign acquisition of U.S. assets, seems to have slid in the opposite direction. A recent study by David Marchick, a former Clinton State Department official, concluded that the CFIUS approval process has become overly difficult and increasingly uncertain, making it riskier for non-Americans to invest in the country. … Enter the House of Representatives, which unanimously passed a bill Wednesday designed to revamp the CFIUS approval process. By making the committee's procedures explicit in statute, the bill would usefully allow foreign investors to plan with some assurance."

Opposition To TSA's "Virtual Strip Search" Noted. In a column for the Washington Post (3/4, B2, 690K) Slate's William Saletan writes, "Last week, TSA began using backscatters to screen airline passengers for weapons. The first machine is up and running in Phoenix. The next ones will be in New York and Los Angeles. The machines have been modified with a 'privacy algorithm' to clean up what they show. But even the more cartoon-like images they now display tell you more than you need to know about the people seated next to you. … The American Civil Liberties Union and the Electronic Privacy Information Center have fought backscatters, calling them a 'virtual strip search.' But the purpose of a strip search is the search. Stripping is just a means. Virtual inspections achieve the same end by other means. They don't extend the practice of strip-searching. They abolish it."

Editorial Urges Greater Security Protections At Supermax Prison. The Canon City Daily Record (3/4) editorializes, "When federal and state bigwigs toured Florence's Supermax prison Feb. 22, officials came away with different views on the safety of the facility. … U.S. Attorney General Alberto Gonzales was assertive as he said the United States Penitentiary Administrative Maximum Security prison, which houses many high-profile terrorists, was being well guarded and mail was being properly monitored. … 'I am confident we are doing what we should be doing, monitoring communications in and out of the facility,' he said." The Record adds, "Not everyone is brimming with Gonzales' confidence. And how much weight that opinion carries should be questioned after just one visit by the Attorney General. … John Gage, President of the American Federation of Government Employees also toured the Florence prison and as expected feels more should be done. Gage represents 600,000 federal union workers across the country, including Bureau of Prisons employees. … Supermax has 208 employees, short of the 240 it had when the prison opened in 1994. Nationwide, the Bureau of Prisons has pledged to reduce its 35,000-strong workforce by 3,118 correction officers. That's cause for concern for not only the Florence prison but other high-profile correction facilities across the United States." The Record notes, "In the absence of more guards, technology is being touted as a sufficient replacement. Bureau Director Harley Lappin said the addition of a number of cameras around the complex have created a safer environment. … But Gage and some others aren't buying that argument. … While Gonzales' tour may not have answered concerns by critics, it certainly has brought more attention to the prison. Officials should continue to monitor security concerns as an obligation to the men and women who work at the prison and the surrounding communities. … An approach that includes continual monitoring of security conditions makes more sense than waiting for a tragic incident to occur, especially one that could have been prevented."

WAR NEWS:

US Airstrikes Hit Insurgents; Three US Soldiers Killed. ABC World News (3/3, story 4, :15, Weir, 8.78M) reported, "US forces say militant bases with links to Al Qaeda were the targets of air strikes and ground raids. In Baghdad, three soldiers were killed on patrol when a roadside bomb exploded next to their vehicle."

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CBS Evening News (3/3, story 3, :20, Assuras, 7.66M) reported, "In the battle for Iraq, three US soldiers were killed today in central Baghdad. A roadside bomb exploded near their vehicle while they were on patrol." NBC Nightly News (3/3, story 3, 3:00, Seigenthaler, 9.87M) reported, "In Iraq today word that three more American soldiers were killed in central Baghdad when a bomb exploded next to their vehicle."

The Washington Post (3/4, A16, Raghavan, 690K) reports, "Several al-Qaeda in Iraq insurgents who had targeted U.S. helicopters were killed in an airstrike north of Baghdad, the U.S. military said Saturday. A second strike killed members of another al-Qaeda cell that has orchestrated car bombings. Meanwhile, three U.S. soldiers on patrol in central Baghdad were killed by a roadside bomb, the military said. The first air assault, near Taji, north of Baghdad, destroyed trucks mounted with antiaircraft guns in an area where several American helicopters have been shot down in recent weeks."

The New York Times (3/4, A10, Cave, 1.16M) reports, "The United States military said Saturday that an airstrike north of Baghdad had killed several insurgents with Al Qaeda in Mesopotamia who were using heavy artillery and machine guns to fire at American helicopters." US spokesman Lt. Col. Christopher Garver "said the strike did not appear to eliminate the threat to American aircraft because other weapons had been used against helicopters in Falluja and other parts of the country."

British Trace Missile Used Against Helicopter To Iran. The Washington Times/London Sunday Telegraph (3/4, Rayment) reports, "A missile that brought down a Royal Air Force Lynx helicopter and killed five British service members was smuggled into Iraq by Iranian agents, an official inquiry into the attack will reveal. The Sunday Telegraph has learned that a British Army Board of Inquiry (BOI) into the events surrounding the May attack will state that the weapon, a shoulder-launched surface-to-air missile known as an SA14 Strella, came from Iran."

Security Plan Irks Sadr City Locals. McClatchy (3/4, Sly) says the US military "has reached an agreement with representatives of the Shiite community in Baghdad's Sadr City enclave that will allow American forces to maintain a permanent presence in the militia stronghold for the first time since 2004, U.S. and Iraqi officials said Saturday." But as the Los Angeles Times (3/4, Susman, Salman, 850K) reports, "mixed signals" from Moqtada al-Sadr and Mahdi Army leaders "reflect the delicate situation U.S. and Iraqi officials face as they prepare to bring their security crackdown, seen as a last-ditch effort to quell Baghdad's sectarian warfare, to al-Sadr's stronghold. On the one hand, residents there crave safety and protection from attacks by Sunni Arab insurgents. On the other hand, most are ideologically opposed to what they consider foreign invaders and say al-Sadr's own al-Mahdi Army militia and Iraq's Shiite-led security forces should oversee security."

Weapons From Iran-Iraq War Said To Fuel Violence. A separate AP (3/3, Frayer) report focuses on the continuing role of Iran-Iraq War weaponry on violence in Iraq. "Attention has been focused on the porous, 900-mile border because U.S. military officials allege that Iranian weapons, including advanced roadside bombs, are being smuggled to Shiite extremists." However, "despite the recent spotlight on Iran, U.S. officials say the majority of weapons used by Sunni and Shiite extremists have been in this country for years and were looted from Iraqi military arsenals after" April 2003.

Aid Groups Leaving Iraq As Violence Worsens. The Los Angeles Times (3/4, Susman, 850K) reports, "Eventually, for the U.S. nonprofit organization training Iraqi healthcare workers, the risks outweighed the returns. Iraqis couldn't come to them. Americans couldn't go to the Iraqis. So to avoid working in Baghdad, RTI International moved classes to Jordan and Egypt, flying trainees back and forth. ... Most groups pulled out after the 2003 bombing of the United Nations headquarters in Baghdad. Fewer than 10 remain, a minuscule number given the level of need, say those in the aid community. And there are concerns that the number could shrink further after the killing in January of an American woman working for the National Democratic Institute."

Hoagland Says Desperation Helps US Narrow Strategy Options. In the Washington Post (3/4, B7, 690K), columnist Jim Hoagland writes, "The Bush administration is tossing babies off the Iraq sled as the wolves of disintegration creep closer. ... And so it should. Desperation is the right conclusion to reach, and to communicate, to an Iraq that totters on the edge of extinction as a nation-state. ... The sense that even President Bush will be eyeing the exit if Iraq's chaos worsens has spurred Prime Minister Nouri al-Maliki to take serious steps -- at long last -- to encourage Iraqis to look for compromise ... The sobering effect that these steps are having may turn out to be more important than the immediate practical outcomes of the overlapping and in places contradictory initiatives that the administration has recently unveiled."

Changes In Store For Walter Reed As Scrutiny Continues. All three broadcast networks reported on the unfolding Walter Reed Army Medical Center story, with reports portraying Defense Secretary Robert Gates, and his quick reaction to the scandal, favorably. Several stories add that congressional hearings on the problems at Walter Reed begin Monday.

ABC World News (3/3, story 6, 3:00, Weir, 8.78M) reported, "Careers are coming to an abrupt end off revelations of shabby conditions and slow treatment for wounded vets" at Walter Reed. ABC (Hendren): "Today, President Bush announced an investigation into the entire

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military medical system." Bush: "This review will examine their treatment from the time they leave the battlefield through their return to civilian life as veterans." Paul Rieckhoff, Iraq and Afghanistan Veterans of America: "Walter Reed is really just the tip of iceberg. And the VA Is chronically under-resourced and under-funded. They are just not ready to receive the over one million veterans who have been through Iraq and Afghanistan." Hendren: "In August, the VA's own inspector general listed 119 hospitals where improvements were needed. Among the problems, access to post-traumatic stress treatment." VA Secretary James Nicholson: "I'm committed to assuring and proving to America's veterans that even in a system that now has over one million patient visits a week that one failure is unacceptable."

The CBS Evening News (3/3, story 4, 2:05, Assuras, 7.66M) reported, "The scandal over the substandard care and poor living conditions for veterans at Walter Reed Army Medical Center continues to shake the Bush Administration and the military establishment. But swift, sure reaction by the new defense secretary has signaled new and different leadership at the Pentagon." CBS (Chen): "In an unusually blunt and swift, by Washington standards, reaction, Defense Secretary Robert Gates ousted Army chief Frances Harvey over Harvey's handling of a spiraling scandal at the nation's premier military hospital." Michael O'Hanlon, Brookings Institution: "He wanted to send a message early that this was a different kind of leadership and a different kind of accountability." Chen: "In less than three months on the job Gates' hands-on, no-holds Texas-style has quickly come into play. Jetting off to see the troops on the ground as soon as he was sworn in, and in contrast to the distance reporters had with former Pentagon boss Donald Rumsfeld, setting up a new relationship with the press."

NBC Nightly News (3/3, story 2, 2:15, Yang, 9.87M) reported, "President Bush spent much of the day dealing with tornado damage in the South. He was also dealing with political damage here in Washington. The conditions for wounds soldiers at the Army's premier hospital drew the first public comments from President Bush today." Bush: "It's unacceptable to me, to our country and it is not going to continue." Yang: "Mr. Bush announced a bipartisan committee to review military medical care. … Gates has moved aggressively firing the commander of Walter Reed and just yesterday the Army secretary." Yang: "The Administration is desperate to defuse angry veteran groups. They say the Pentagon's health care system can't cope with the large number of wounded. … On Capitol Hill it is providing more ammunition to those already opposed to the war." Sen. Patrick Leahy: "I think America should look at what happened in Walter Reed with shame and sorrow." Yang: "President Bush can expect more rhetoric like that next week when Walter Reed is the focus of two Congressional hearings."

The Washington Post (3/4, A4, White, Vogel, 690K) reports, "Army officials plan to revise the command structure at Walter Reed Army Medical Center, installing a nonmedical general officer as deputy commander to ensure that administrative operations run smoothly, in the wake of reports of serious problems with outpatient care at the facility, officials said yesterday. A one-star general -- who has not yet been identified -- will work with Maj. Gen. Eric B. Schoomaker, a physician who was named on Friday to head Walter Reed, according to two defense officials." Congressional hearings on Walter Reed "are scheduled to begin tomorrow. Lt. Gen. Kevin C. Kiley, the Army's surgeon general, is expected to face tough questioning about the facility."

Maliki Promises Cabinet Shuffle, Restructuring This Week. The AP (3/4, Reid, Abdul-Zahra) reports Iraqi Prime Minister Nouri al-Maliki "said Saturday he will reshuffle his Cabinet within two weeks and pursue criminal charges against political figures linked to extremists as a sign of his government's resolve to restore stability during the U.S.-led security crackdown in Baghdad." He "did not say how many Cabinet members would be replaced. But some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shiite cleric Muqtada al-Sadr, an al-Maliki ally." The AP says Maliki "has been under pressure from the U.S. to bring order into his factious government of Shiites, Sunnis and Kurds since it took office last May. Rumors of Cabinet changes have surfaced before, only to disappear because of pressure from coalition members seeking to keep power." Also in the interview, Maliki "said he was encouraged by Iraqi public response to the new Baghdad security operation — which has led to a sharp drop in violence in the capital. He also defended his government, saying it managed to 'achieve a lot of harmony and stability' despite attacks by al-Qaida and Saddam Hussein loyalists."

The CBS Evening News (3/3, story 3, :20, Assuras, 7.66M) reported Maliki "said he will announce a cabinet shuffle within days."

Slain Sunnis Had Participated In Reconciliation Conference. The Washington Times/AP (3/4, A1, Murphy) reports, "Gunmen rounded up two Sunni families who had received death threats for joining U.S.-organized talks with local Shi'ites, hauling away the men and boys and killing all six yesterday in a campaign by suspected Sunni insurgents to keep opponents from cooperating with Iraq's government." Another AP (3/3, Murphy) article reports the slayings, saying that on the video of the troops' murder, "Male voices chant repeatedly in Arabic during the video: 'At your service, sister' - a likely reference to the revenge for the allegedly raped Sunni woman."

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The Los Angeles Times (3/4, Susman, Salman, 850K) also reports the slayings of the family members and policemen. The CBS Evening News (3/3, story 3, :20, Assuras, 7.66M) reported the family members' slayings in a single sentence.

Once-Strong Shiite-Sunni Interpersonal Bonds Said To Fray. Both the New York Times (3/4, Cave, 1.16M) and the Washington Post (3/4, A16, Raghavan, 690K) run lengthy stories today on the increasing difficulties of Shiite-Sunni cooperation in daily life. The Times reports, "After centuries full of vibrant interaction, of marrying, sharing and selling across sects and classes, Baghdad has become a capital of corrosive and violent borderlines. Streets never crossed. Conversations never started. Doors never entered. Sunnis and Shiites in many professions now interact almost exclusively with colleagues of the same sect." The Post focuses its coverage on cross-sectarian marriages, noting, "As U.S. and Iraqi forces attempt to pacify the capital, mixed couples who symbolize Iraq's once famous tolerance are increasingly entangled by hate. Forced by militias or insurgents to leave their homes because one partner is from the wrong sect, they find few havens because of the other partner's affiliation. These strains, fueled by displacement, separation and fear, are beginning to tear apart such families, weakening bonds that for many Iraqis hold the hope of sectarian reconciliation."

Iraqis Resort To Dating Online. The Los Angeles Times (3/3, Zavis, 850K) reports, "Young Iraqis, trapped in their homes in the mean streets of this bloodstained capital, are increasingly turning to the Internet to chat with relatives, hang out with friends and search for love."

Feldman Says US Must Choose Sectarian Allies On "Case-By-Case Basis." In the New York Times Magazine (3/4), Noah Feldman writes, "As the Sunni-Shiite conflict in Iraq polarizes Muslims across the globe, the United States finds itself in the odd position of seeming to favor a Shiite government in Iraq and Sunni leaders everywhere else. ... For the United States to defuse anti-American Islamism, it must be willing to embrace moderates and democrats of all stripes, Sunni or Shiite. From a strategic standpoint, it would also be an error to communicate to Muslims worldwide that the United States supports either Sunnis or Shiites as such. ... So choosing our friends on a case-by-case basis is both morally better and practically wiser."

Military Faces Growing Numbers Of Bereaved Families. The AP (3/4, Crary) reports from Fort Hood, "A few blocks away is a more poignant symbol: an office building recently converted into a first-of-its-kind support center for women and children whose husbands and fathers have died in Iraq and Afghanistan. From Fort Hood alone, the toll has passed 365. ... Of the 3,350 Americans who died in Iraq and Afghanistan through early January, 1,586 of them -- 47.3 percent -- were married. Those fallen warriors left behind 1,954 children, according to the Pentagon's Manpower Data Center. More recent deaths have pushed that figure past 2,000. ... the new generation of bereaved spouses has been vocal ... in pressing for more compassionate, effective support." The result of their pressure "has been numerous policy changes, ranging from improved benefits to better training for the officers who break the grim news of war-zone deaths."

Small-Town 18-Year-Old Joins Army. In a front-page article, the New York Times (3/4, A1, Barry, 1.16M) reports from Needles, Calif., "It is time. The fresh young soldier has a plane to catch. ... The uniform has a name patch, KANE, for Pvt. Resha Kane. Eighteen years old and five feet tall. Of Needles High School, Class of 2006, and, lately, of the United States Army, Fourth Infantry Division." Accompanied by supportive local motorcyclists, "riding in the midst of this caravan of protection and respect, she is bound for Fort Hood in Texas to await deployment — probably to Iraq, she says."

Marine Cross Winner Battles Survivor's Guilt, PTSD. The Washington Post (3/4, D1, Carlson, 690K) reports on Marine and Navy Cross winner Jeremiah Workman, "When the narrator finished reading the story of Workman's 'extraordinary heroism' in Iraq, Brig. Gen. Richard T. Tryon pinned the Navy Cross to Workman's chest ... It was a moment of well-deserved triumph, but it didn't make Workman feel any better." After returning from combat in Fallujah, Workman says, "I would dream this: a staircase, never ending. And I'm running back and forth, being chased by insurgents, and they're throwing grenades at me." A diagnosed PTSD sufferer, Workman "was transferred to Quantico and stationed at the new National Museum of the Marine Corps. He walks around in his uniform, talking to tourists, sometimes posing for pictures with the ones who recognize the importance of the Navy Cross ribbon on his chest." He still "wants to go back to Iraq," saying, "A lot of my friends have been there three or four times. I think if I got one more tour over there, I'd feel better in the heart."

Soldier Convicted Of Negligent Homicide. The AP (3/3) reports, "An Arkansas soldier has been convicted of negligent homicide for the shooting death of a fellow guardsman in Iraq." Spc. Daniel Turner "was convicted Monday in Baghdad and sentenced to 15 years in a military prison." The circumstances surrounding Derek Plowman's death "have not been released by the military. The Defense Department did not immediately return a message seeking comment Saturday."

Military Medical Teams See Brain Injuries. NBC Nightly News (3/3, story 3, 3:00, Bazell, 9.87M) reported, "At the combat hospitals in Iraq, the vast majority of the injuries are from roadside bombs." Unidentified doctor: "Injury to his

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right head." Bazell: "Many experts worry about long-term brain damage from exposure to so many explosions. The chief army surgical advisor for the Iraqi theatre says the military worries too." Dr. Philip Quanka: "They can do all of the basic things but they have subtle neurological signs that are difficult to tell if it is just fatigue or headache like you or I may have." Bazell: "For now the military has no sense how wide the problem may be."

Former Fallujah Warden Remembers Experiences. In the Los Angeles Times (3/4, 850K), Mike Carlson, the "officer in charge of the Camp Fallouja Regional Detention Facility from March 2006 to October," gives 12 suggestions on how to cope with "taking charge of a detention center in Iraq." Carlson estimates, "One-third are innocents caught up in sweeps; one-third are jihadists who will slit your throat, and one-third are opportunists who will rat out their neighbors." After leaving Iraq, "You will turn off the TV and sit in the dark and feel your eyes water as you think about how you took 55 Marines and sailors into a combat zone and brought all 55 back home, and that no one in America besides you and those 55 really cares or understands what you went through. You processed 1,230 detainees, without a single incident of abuse, while America sat on the couch and watched girls go wild."

Congress Spurs Debate Over War Authorization Powers. In the New York Times (3/4, WK1, 1.16M), law professor Jeff Rosen writes that current Democratic proposals "raise serious constitutional questions that could affect not only the conduct of the Iraq war, but also the balance of power between Congress and the president in wartime." However, two scholars conclude that "a constitutional crisis may not be the inevitable outcome," with NYU law professor Samuel Issacharoff saying, "I think this will be resolved politically, as it has been in the past, and either the president or Congress will back down." Harvard Law School's Jack Goldsmith says, "Congress will be much more careful in the future about authorizing force without restrictions on presidential power."

Antiwar Caucus Strives To Be Heard. The New York Times (3/4, A23, Luo, 1.16M) reports on the "Out of Iraq Congressional Caucus," "Now, with a change in power in Congress and a new military strategy to increase the number of American troops in Iraq, the members of the group — most of them liberals — are suddenly much in demand, finding themselves at the center of the debate over the war. Yet even with a majority of Americans opposing the war, the caucus is struggling to overcome its fringe image and is becoming increasingly frustrated by what its members say is the Democratic leadership's unwillingness to heed their calls for decisive action to the end the war. ... They reflect the broader struggle among Democrats in Congress, who have been unable to coalesce around a single position on how strongly to confront President Bush over the war."

US Forces Seek "High-Value" Target In Afghanistan. ABC World News (3/3, story 3, 2:10, Weir, 8.78M) reported "out of Afghanistan" that "US forces were involved in an assault aimed at senior leaders of Al Qaeda. The operation is in a very remote area and details are still rough." ABC (Karl): "Our sources in Afghanistan tell us there's a major military operation going on in Kunar province; this is a remote lawless area that borders Pakistan, local sources tell us the operation, is aimed at a high-value Al Qaeda target. ... But we've been down this road before. We've seen false alarms. ... [US officials] hope on both sides of the border to go after top Taliban and Al Qaeda leaders."

Pakistan Denies US Has Authority To Target Militants On Its Territory. The AP (3/3) reports, "Pakistan vehemently denied Saturday the U.S. military's claim that coalition forces in Afghanistan have the authority to pursue Taliban fleeing across the border into Pakistani territory." Representatives of the Pakistani army and Foreign Ministry both rejected the claim: "Aslam's and Arshad's comments came two days after [Lt. Gen. Douglas] Lute told the Senate Armed Services Committee in Washington that 'we have all the authorities we need to pursue, either with (artillery) fire or on the ground, across the border.'" Pakistanis have "arrested at least 700 al-Qaida and Taliban" since 9/11, "But there is growing international pressure on Pakistan to crack down further on Taliban militants on its side of the border, a message delivered on Monday by Vice President Dick Cheney during a visit to Islamabad."

Troops Return To Fort Dix After Year In Afghanistan. The New York Times (3/4, Fahim, 1.16M) reports, "Then slowly, the painting dropped to the ground, and mother and daughter stood quietly, amid the whirl of tearful, laughing, shouting soldiers who had returned to New Jersey after more than a year in Afghanistan. ... Specialist Siverio was among 80 soldiers from the 50th Personnel Services Battalion, based in Lawrenceville, who arrived at Fort Dix on Friday. Many of the returning soldiers were leaving the Guard. Others remained on active duty, and some re-enlisted. In Afghanistan, they had mostly engaged the enemy of paperwork, functioning as a human resources and postal division ... None were killed, and none were seriously injured." However, "many of them were at Bagram Air Base on Tuesday" when a suicide bomber attacked during Vice President Cheney's visit.

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DOJ Says US Attorneys Were Removed Due To Performance. The New York Times (3/4, Johnston, Lipton, Yardley, 1.16M), in a front-page article, reports that the "ouster" of eight US attorneys "has set off a furor in Washington that took the Bush administration by surprise. Summoning five of the dismissed prosecutors for hearings on Tuesday, the newly empowered Congressional Democrats have charged that the mass firing is a political purge, intended to squelch corruption investigations or install less independent-minded successors." Several prosecutors "believe they were forced out for replacements who could gild résumés," while others "may have been vulnerable because they had had run-ins with the Justice Department." Justice Department officials "deny that the dismissals were politically motivated or that the action resulted from White House pressure." DOJ spokesman Brian Roehrkasse said, "These decisions were based on the individual concerns about each U.S. attorney's overall performance."

More Commentary. In a column for the Las Vegas Review-Journal (3/4), John L. Smith writes, "How quickly they forget. … On a rainy Tuesday morning in August 2003, Attorney General John Ashcroft came to the Lloyd D. George U.S. Courthouse to address members of the U.S. attorney's office on the importance of teamwork in implementing the USA Patriot Act." Smith continues, "At Ashcroft's side that day was his loyal soldier in the war on terrorism, U.S. Attorney Daniel Bogden. A career federal prosecutor, Bogden was so square he squeaked. Despite the numerous constitutional concerns over the Patriot Act's use, in a post-9/11 world Ashcroft received rousing support from his troops in the Southern Nevada office. … 'You are the doers,' Ashcroft said. 'You are the achievers. You are the soldiers ... on the ground and in the trenches ... who put your lives on the line to defend life and liberty. Your spirit is the heroic spirit we saw on September 11th, when New York's finest and New York's bravest ran up the stairs of the World Trade Center while others were running down the stairs.' … Bogden appeared so devoted to the prevailing cause, in fact, that civil libertarians questioned his office's use of the Patriot Act to retrieve bank documents in the FBI's public corruption investigation of members of the Clark County Commission. It was believed then to be an unprecedented use of an act touted as essential to fighting the war on terrorism. … Ridiculed by some, Bogden took one for the team as his office moved methodically, if not always successfully, to prosecute corrupt politicians, warring bikers, drug traffickers, topless bar wiseguys and criminals of every stripe." Smith notes, "During his five-year tenure, which ended last week after his unceremonious sacking by the Department of Justice, some colleagues questioned his decisions, but no one questioned his competence. He was a professional, a public servant in the best sense of the words. … Now the 51-year-old Bogden is one of a half dozen terminated U.S. attorneys from around the West in what stacks up as a nakedly political and brazenly hypocritical move by the Bush administration and Attorney General Alberto Gonzales. What some critics recently called a glorified attempt at GOP résumé-building by the administration has backfired into one of the most embarrassing moments in recent Department of Justice history." Smith concludes, "On that August morning in 2003, Ashcroft invoked dramatic images of Sept. 11 and said, 'It has transformed the mission of the Justice Department.' … Was this what he had in mind? … The terminations also make a liar out of Gonzales when he talks about how 'our commitment to the rule of law allows ordinary citizens to rely on and expect ... honesty of government officials.' … What could be less honest than playing politics with top federal prosecutors?"

CRIMINAL LAW:

Many States Instituting Indefinite Commitment Of Sex Offenders. The New York Times (3/4, Davey, Goodnough, 1.16M), in a front-page article, reports, "The decision by New York to confine sex offenders beyond their prison terms places the state at the forefront of a growing national movement that is popular with politicians and voters. But such programs have almost never met a stated purpose of treating the worst criminals until they no longer pose a threat." Gov. Eliot Spitzer "suggested that New York's proposed civil commitment law would 'become a national model' and go well beyond confining the most violent predators to also include mental health treatment and intensive supervised release for offenders. … But in state after state, such expectations have fallen short." While the US Supreme Court "has upheld the constitutionality of the laws in part because their aim is to furnish treatment if possible, not punish someone twice for the same crime," only a "small fraction of committed offenders have ever completed treatment to the point where they could be released free and clear."

Former Government Witness Emerges From Shadows. The New York Times (3/4, Roberts) reports, "The 74-year-old man who used to be Leroy Nicholas Barnes, owner of 60 pairs of custom-made shoes, 27 full-length leather coats and more than one Mercedes-Benz, wears baggy Lee dungarees these days and drives to work in a used car he bought five years ago. … With his slight limp and mostly bald pate, he seems the antithesis of his former persona as Mr. Untouchable, the dashing Harlem heroin

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dealer who posed 30 years ago on a magazine cover in a blue denim suit and a red, white and blue tie." The Times continues, "Mr. Barnes's posture of smug invulnerability so affronted President Jimmy Carter that he ordered his attorney general to, as they say, prosecute Mr. Barnes to the fullest extent of the law. … The Justice Department did just that. And in 1977, Mr. Barnes — a former addict with a junior high education who made a fortune flooding black neighborhoods with heroin and swaggered around as an invincible outlaw — was sentenced to life in prison without parole. … 'He was the No. 1; he had charisma,' said Sterling Johnson Jr., a federal judge and former special narcotics prosecutor in New York City. 'Have you been in the presence of Bill Clinton when he walks down the street? That was Nicky Barnes.'" The Times adds, "While Mr. Barnes, widely known as Nicky, languished behind bars, though, his former cronies, his wife and his girlfriends began cavorting, he said, squandering the criminal enterprise that had made them all millionaires. So much for honor among thieves. Mr. Barnes felt betrayed. … 'They had a sleeping lion, a caged lion,' he recalled, 'and they woke him up.' And so Mr. Barnes roared, so ferocious a government witness that scores of drug dealers were convicted. He was released into the federal witness protection program in 1998. … And then he disappeared." The Times notes, "Years ago, a former associate predicted how difficult it would be for Mr. Barnes to adjust to a life of anonymity if he ever turned informer and was granted a fresh identity. … For nearly a decade, though, Mr. Barnes says, he has managed to seamlessly insinuate himself into mainstream America, this time untouchable by those he incriminated and the friends and families of foes he murdered. … Last weekend, though, Mr. Barnes surfaced briefly, and pseudonymously, to promote a new book about his old life in the feral 1970s, 'Mr. Untouchable,' written with Tom Folsom. This summer, he will appear in a documentary with the same name and later this year a movie, 'American Gangster,' is to be released. It stars Cuba Gooding Jr. as Mr. Barnes, but, to his exasperation, focuses on his chief rival in Harlem's heroin trade, Frank Lucas."

States Holding Sex Offenders Past Prison Terms. The New York Times (3/4, A1, Davey, Goodnough) reports, "The decision by New York to confine sex offenders beyond their prison terms places the state at the forefront of a growing national movement that is popular with politicians and voters. But such programs have almost never met a stated purpose of treating the worst criminals until they no longer pose a threat." The Times continues, "About 2,700 pedophiles, rapists and other sexual offenders are already being held indefinitely, mostly in special treatment centers, under so-called civil commitment programs in 19 states, which on average cost taxpayers four times more than keeping the offenders in prison. … In announcing a deal with legislative leaders on Thursday, Gov. Eliot Spitzer, a Democrat, suggested that New York's proposed civil commitment law would 'become a national model' and go well beyond confining the most violent predators to also include mental health treatment and intensive supervised release for offenders. … 'No one has a bill like this, nobody,' said State Senator Dale M. Volker, a Republican from western New York and a leading proponent in the Legislature of civil confinement. … But in state after state, such expectations have fallen short. The United States Supreme Court has upheld the constitutionality of the laws in part because their aim is to furnish treatment if possible, not punish someone twice for the same crime. Yet only a small fraction of committed offenders have ever completed treatment to the point where they could be released free and clear." The Times notes, "Leroy Hendricks, a convicted child molester in Kansas, finished his prison term 13 years ago, but he remains locked up at a cost to taxpayers in that state of $185,000 a year — more than eight times the cost of keeping someone in prison there. … Mr. Hendricks, who is 72 and unsuccessfully challenged his confinement in the Supreme Court, spends most days in a wheelchair or leaning on a cane, because of diabetes, circulation ailments and the effects of a stroke. He may not live long enough to 'graduate' from treatment. … Few ever make such progress: Nationwide, of the 250 offenders released unconditionally since the first law was passed in 1990, about half of them were let go on legal or technical grounds unrelated to treatment. … Still, political leaders, like those in New York, are vastly expanding such programs to keep large numbers of rapists and pedophiles off the streets after their prison terms in a response to public fury over grisly sex crimes."

CIVIL RIGHTS:

FBI To Probe North Carolina Civil Rights Cold Cases. The Raleigh News & Observer (3/4, Locke) reports, "Federal Bureau of Investigation agents received a tall order last week when they were asked to take a close look at the deaths of three North Carolina men a half century ago." The N&O continues, "The names of three men who died during the height of the civil rights era landed on the desks of field agents in Charlotte last week as federal Justice Department officials promised to crack open a batch of cold cases flagged by the Southern Poverty Law Center in Alabama. … The center has collected information since the late 1980s on what it feared were 'racially motivated' homicides that were never resolved, said Andrew Blejwas, the center's communications coordinator." The N&O adds, "Ken Lucas, spokesman for the FBI in Charlotte, said agents will scratch at the three cases, hoping to turn up evidence that allows them to prosecute after

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these many years. It's not clear how much the cases were investigated at the time, if at all. … In Shelby, many older black residents still remember Dr. George Singleton, who was killed in an explosion and fire in his office in 1957. … Details are skimpy for the other two cases. Both men -- William Dallas Owens of New Bern and Clarence Cloninger of Gaston, outside Roanoke Rapids -- died while in jail. … Owens, a disabled World War II veteran, died in jail after being arrested by New Bern police for being drunk. Details in his published obituary suggest Owens was white. His Army unit had not been integrated during World War II. The church and funeral home that handled his burial is traditionally white. … The Southern Poverty Law Center and FBI officials were not aware of Owens' race when he was added to the list. … They will take a look at his case anyway, Lucas said. Federal civil rights laws protect against abuses in local jails and prisons. Plus, it's possible Owens sympathized with blacks during the civil rights movement."

Prosecutor Praises Grand Jury Inaction In Till Case. The AP (3/4) reports, "Even as the U.S. Department of Justice was announcing a fresh look at unsolved civil-rights-era killings around the South, a Mississippi Delta prosecutor was closing the books on perhaps the most notorious of those cold cases - the brutal 1955 murder of 14-year-old Emmett Till." The AP continues, "To some, the Leflore County grand jury's decision not to return an indictment in the case after an exhaustive three-year federal investigation was a sign that not much has changed in Mississippi in the past 52 years. … But others, including the prosecutor herself, felt that it showed the opposite - a maturing of racial justice in this part of the South. … 'It would have been very easy for that grand jury to have returned a true bill based solely on emotion and the rage they felt, and I commend them for not doing that,' says Joyce Chiles, the black district attorney who directed the case in which the grand jury declined to charge Carolyn Bryant Donham, 73, the object of Till's infamous wolf whistle." The AP notes, "If the grand jurors had acted on the basis of hate, not evidence, Chiles says, that would have been like the Jim Crow justice of 1955. … When federal officials reopened the case in 2004, many had hopes that someone would at last be made to pay for killing the boy whose defiled, river-savaged face helped drive mass opposition to segregation. … The FBI determined that the statutes of limitations had run out on all possible federal crimes. The agency turned the file over to Chiles, with a recommendation that she take a close look at Donham. At the time, Roy Bryant had denied that his wife came along on Till's abduction."

More Commentary. The Sacramento Bee (3/4) reports, "Decades have passed, but the ghosts of Mississippi and the South demand justice. It is no small thing when federal officials stand up and vow to stay on the trail of murderers. Such a public commitment occurred Tuesday when Attorney General Alberto Gonzales and FBI Director Robert S. Mueller linked forces with the National Association for the Advancement of Colored People, National Urban League and Southern Poverty Law Center in Montgomery, Ala." The Bee continues, "They announced their commitment to solve racially motivated murders of the civil rights era, when some considered it open season on black people in the South. A year ago, the FBI began identifying hate-crime murders that occurred before 1969. The slayings weren't investigated or reported, or were misclassified as accidental deaths or disappearances." The Bee adds, "Civil rights groups have long wanted Washington's power circle to focus on the lynchings. At long last it has happened. Federal authorities will make about a dozen of 100 cold cases their priority for investigation and prosecution. They didn't disclose which ones. … With new forensic tools available and civil rights groups providing information, authorities should be equipped to right injustices. The passage of time has not erased the need for this country to stand up for its ideals and for the forgotten ones."

Fat Tuesday Presidential Primary Questioned. The Mobile Press-Register (AL) (3/4, Murtaugh) reports, "A presidential primary election on Fat Tuesday next year would most directly impact majority-black voting districts, possibly violating federal voting rights laws, according to local officials and lawyers. … 'I really would be extremely surprised if the Justice Department would approve of a Feb. 5 presidential primary,' said Beth Marietta Lyons, an attorney and a lobbyist for the city of Mobile and the Mobile County Probate Court." The Press-Register continues, "The federal Voting Rights Act of 1965 stipulates that several states, including Alabama, cannot change voting procedures unless the U.S. Department of Justice determines that the change had no discriminatory purpose and no discriminatory effect. … Last year, Alabama's Legislature voted to move the state's presidential primary from early June to the first Tuesday in February in order to make the state a more enticing campaign stop for national politicians. … That created a conflict for 2008, as both the primary and Fat Tuesday are scheduled for Feb. 5." The Press-Register adds, "Fat Tuesday parades run through three Mobile voting precincts, all of which are majority black, according to U.S. Census Bureau data for 2000: … While a Mardi Gras primary would affect all of Mobile County, voters in those three precincts would have the hardest time getting to their polling places, according to Probate Judge Don Davis. … He agreed with Lyons that the Justice Department might object if state lawmakers don't change the date. 'That's a factor I would look at if I were in their position,' Davis said."

Texas Juvenile Justice System Roiled By Probes. The New York Times (3/4, Blumenthal) reports, "A sexual abuse scandal in the Texas juvenile justice system

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has state politics in an uproar, with accusations that damning reports were doctored and shelved and sexual predators in high positions were allowed to resign without facing charges." The Times continues, "Late Friday, Ronnie Earle, the district attorney of Travis County who has jurisdiction over Austin, the state capital, announced a criminal investigation into possible records tampering at the Texas Youth Commission. … And Gov. Rick Perry, pressed by angry legislators to put the commission into conservatorship, appointed a special master, Jay Kimbrough, a former deputy state attorney general and state director of homeland security, to lead an investigation into the agency and 'reports of failures and wrongdoings.'" The Times adds, "According to officials, at least 13 boys and girls were molested by staff members at two state schools run by the commission. Even before Mr. Earle and Mr. Perry took action on Friday, there were already inquiries under a previously appointed special prosecutor and legislative committees. … At a State Senate hearing in the capital Tuesday, parents complained of sexual abuse and other mistreatment of their children in state facilities. … With the state's Republican leadership under strong challenge, a high-level legislative audit committee called on Governor Perry on Friday to appoint a conservator to take over the commission, or, failing that, to send in state auditors to investigate how it was handling nearly 8,000 youthful felons, misdemeanants and parolees in 36 facilities."

New York Suburb Will Not Appeal Election Ruling. The AP (3/4) reports from Port Chester, NY, "Officials in a suburban New York village will not appeal a federal judge's decision to temporarily block its upcoming election after federal officials said the voting method discriminates against Hispanics and violates the Voting Rights Act." The AP continues, "An appeal was 'not an effective use of taxpayer dollars,' Port Chester Mayor Gerald Logan said after a meeting Saturday with the village trustees." The AP adds, "Officials haven't yet decided whether to continue trying to preserve an at-large method of electing trustees that Justice Department lawyers say has kept Hispanics from gaining elected office. … The village is about 25 miles from New York City and is governed by a mayor and six trustees. It has used at-large elections since 1868. The village, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee. … U.S. District Judge Stephen Robinson granted a preliminary injunction Friday stopping the trustees vote from taking place, saying the Justice Department was likely to prevail in its case against the village. The Justice Department wants to divide the village into six districts, including one in which a Hispanic-favored candidate would be more likely to win."

ANTITRUST:

Blackstone Mulls Chrysler Bid. The AP (3/4) reports, "Private equity firm Blackstone Group has emerged as a leading contender to buy DaimlerChrysler's struggling Chrysler unit, according to a report published Saturday." The AP continues, "The Detroit News, citing people familiar with the Chrysler sale process that it didn't name, reported that Blackstone is moving forward with a detailed analysis of Chrysler's finances and operations with an eye toward making a formal bid." The AP adds, "The development is the latest in a series of reports that have surfaced since DaimlerChrysler Chairman Dieter Zetsche said Feb. 14 that all options are on the table for the money-losing Chrysler business and he would not rule out a possible sale. … Among those that analysts say are exploring a purchase of the struggling company are General Motors plus four private equity firms, including Blackstone, Apollo Management, the Carlyle Group and Cerberus Capital Management."

Arizona School District Under E-Rate Probe. The Arizona Daily Star (3/4, Sánchez) reports, "The Tucson Unified School District is being investigated by federal and state officials for wide-ranging problems in its technology department — and has lost multiple opportunities at tens of millions of dollars in federal aid as a result." The Star continues, "Authorities declined to discuss the investigations, but TUSD's problems are evident: Students have slow Web access on school computers, and the technology department is without a director or a coherent technology plan for the future. And — as long as the shadow of the investigations hangs over TUSD — there's little chance the district can obtain federal money to solve the problems. … The turmoil began in 2004, when TUSD officials applied for federal funds to upgrade the district's computer network and phone system. … Not long afterward, employees in the technology department secretly alerted authorities, concerned that the millions of dollars in contracts would go to a small, local company instead of the major national corporations with which the district previously had contracted. … The employees also were concerned the company may have received special treatment because of a friendship between its president and TUSD's technology director." The Star adds, "Two years later, TUSD's Governing Board asked the Arizona Attorney General's Office to investigate the department, citing concerns of possible bid-rigging by a paid consultant. … Hundreds of pages of records obtained by the Arizona Daily Star, many through public records requests, along with dozens of interviews and months of investigation, paint a picture of a department in distress and under deep scrutiny. … Since federal funds for technology improvement — E-Rate funds — became available in 1998, TUSD has had

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problems obtaining them, and hasn't received any since 2002. In that time, more than $6.2 billion has been disbursed nationwide. … Despite the investigations, TUSD continues to apply for the federal funds — because there's no other single source with that much money to give."

Sirius CEO Seen As Ultimate Salesman. The New York Times (3/4, Siklos) reports, "Mel Karmazin could sell microwavable ice to Eskimos. He started his career in ad sales at WCBS radio in New York four decades ago, quickly proved himself to be a master closer, and has been peddling his wares ever since. … 'Mel is the singular best salesman I have ever met in my life,' said Joel Hollander, the chief executive of CBS Radio, who spent much of his career working for Mr. Karmazin. 'He's very aggressive, to say the least.'" The Times continues, "The capping moment of Mr. Karmazin's radio career came in 1997, when he sold Infinity Broadcasting (now CBS Radio), a vast collection of stations he and partners had built, to what was then the broadcast company CBS Inc. … Though he had little experience in television, Mr. Karmazin's hero status on Wall Street and his zeal for growth catapulted him into the chief executive's chair at CBS after only a couple of years. A mere nine months later, he pulled off another coup and sold CBS to Viacom, on the condition that he would run the combined media conglomerate as its president." The Times adds, "The Karmazin rocket finally ran out of fuel in 2001, when Viacom's chief executive and controlling shareholder, Sumner M. Redstone, lost confidence in Mr. Karmazin's relentless focus on costs and quarter-to-quarter results, coupled with an unpardonable failure to invite the billionaire to lunch. (Mr. Redstone went a step further last year by sort of undoing the deal and splitting off a new CBS Corporation, which he also controls.) … Anyway, gazing at Mr. Karmazin's career, you start to get the picture behind what happens when you put him in the big chair: he is forever building and selling, even when it looks like he's buying. And so, two years after he became the chief executive of Sirius Satellite Radio, it should come as no shock that he has struck a deal to merge the company with its only direct rival, XM Satellite Radio. … Not coincidentally, if the deal goes through, he will again end up running the combined entity."

INDIAN AFFAIRS:

DOJ Grant Will Help Track Tribal Crime. The AP (3/4, Forliti) reports from Minneapolis, "Sgt. Bill Blake gave his anti-gang presentation to American Indian communities so many times, he says, that his daughter knew it by heart. Yet it wasn't enough: 'Dad, you have to do more,' he recalls her saying." The AP continues, "Nearly four years later, 20-year-old Erica Rae Blake was dead -- shot in the head at a party on a Wisconsin reservation. Her death was ruled an accident, but memory is driving Blake to work even harder to fight violence on reservations." The AP adds, "Blake set out to improve cooperation between tribal police, federal and local law enforcement, but quickly found a big obstacle: Nobody tracks hard data on crime occurring on tribal lands. … With the help of another Minneapolis police officer, Larry Loonsfoot, and an expected $600,000 grant from the Department of Justice, Blake hopes to create a database that would give tribes a tool to spot trends, share information and track offenders who seek sanctuary elsewhere. … 'We're never going to be able to address these problems and make things better in tribal communities when it comes to crime and quality of life unless we get the data,' said Blake, a member of the Red Lake Band of Chippewa." The AP notes, "The goal is to collect the data in a central location so law enforcement and tribes can identify problems and apply resources where needed. … 'I think what's unique about the Indian community is there is always some connection to the reservation,' said Loonsfoot, a member of Michigan's Keweenaw Bay Indian Community. 'We need to bridge that communication gap where we can directly enforce both ends.' … Blake said the I-CARE project -- it stands for Indian Crime Awareness Research and Evaluation -- will start small, with the ultimate goal of creating a national database. … Technology and money -- too little of both -- sometimes play a part in whether tribes collect and share crime data. A maze of overlapping jurisdictions hurts, too. For example, a crime on a Minnesota reservation may be handled by tribal police, a county sheriff, the Bureau of Indian Affairs, the FBI or any combination of law enforcement. … That means data is absorbed by different agencies and a true picture of crime on a reservation can be harder to get. Without good numbers, a tribe may have a hard time getting grant money for a particular problem, or might not make the right choices for spending its crime-fighting dollars, Blake said."

FBI/DEA/ATF/USMS:

Judge To Rule On Medical Marijuana Case. The New York Times (3/4, Marshall) reports from San Francisco, "A federal judge has asked the United States attorney here to submit all trial preparation memorandums in the case against a leading advocate of medical marijuana so that the court can determine if the government has been pursuing a 'vindictive prosecution.'" The Times continues, "The judge, Charles R. Breyer, ordered the review at the request of lawyers for Ed Rosenthal, a spokesman in the effort to legalize marijuana who has been in a closely watched court battle with the government. … At a motion hearing in Federal District Court here on Friday, defense lawyers for Mr. Rosenthal urged Judge Breyer to dismiss an array of federal drug, money

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laundering and tax evasion charges against their client, saying an appellate court judge had overturned his conviction in a nearly identical case last year." The Times adds, "The new charges, outlined in a federal grand jury indictment issued in October, accuse Mr. Rosenthal of 14 felonies, including conspiracy to grow and sell marijuana for medical use, laundering $1,850 and failing to report income from the sale of crop plants on his tax returns. … The overall charges are nearly identical to a 2003 federal case against Mr. Rosenthal, which ended with a one-day prison sentence after members of the jury disavowed the verdict, having learned belatedly that Mr. Rosenthal was growing marijuana under Proposition 215, the state's medical marijuana law. … The United States attorney, George Beven, declined to answer questions about the case, citing an office policy. But at Friday's hearing he agreed to provide Judge Breyer with all interoffice memorandums pertaining to his office's decision to seek another trial and expanded charges."

ATF Helps Iowa Police Tracking Firearms. The Waterloo-Cedar Falls (IA) Courier (3/4, Reinitz) reports, "A new computer program has sped up the first step Waterloo police take when tracing firearms they come across during criminal investigations. The Courier continues, "Last fall, three Waterloo officers were certified to use the U.S. Bureau of Alcohol, Tobacco and Firearm's eTrace system, which discloses the name of the person who first bought a certain weapon, the seller and the date of that sale. … In the past, police had to fill out paperwork which was then sent to ATF officials. Unless the trace was a high priority, it could take weeks or longer to get results. … 'Now it's Web-based, so you just go in and run it yourself,' said Sgt. Keith Smith, who works in the police department's crime lab." The Courier adds, "Results aren't instant and can still take hours or weeks. … An officer with investigations and an agent with the Tri-County Drug Enforcement Task Force are also authorized to use eTrace. … Aside from make, model and serial number, eTrace users type in a long list of information about the gun --- the caliber, the type of crime it was used in, what part of the house it was found in and so on. … Smith said the ATF apparently crunches that information for future statistics."

Man Charged After California Police Find Arsenal In Burning House. The Riverside (CA) Press-Enterprise (3/4, Klein) reports, "A man who authorities described as a survivalist after investigators found a cache of weapons and ammunitions at his burning (Norco, CA) home has been arrested and jailed, the Riverside County Sheriff's Department said Saturday." The P-E continues, "Thomas Lee McKiernan, 62, of Norco was arrested on suspicion of possession of assault weapons, possession of illegal ammunition, and possession of explosives, according to the sheriff's department. … McKiernan, who had been held since Thursday for a mental evaluation, remained at the Robert Presley Detention Center. His bail is currently set for $100,000 and he is scheduled to appear in Riverside Superior Court on Tuesday, according to his booking information." The P-E adds, "The only illegal items investigators have identified so far are five assault rifles, several high-capacity magazines and the 60 pounds of gunpowder, they said. It is illegal to possess more than one pound of gunpowder, Gutierrez said. … The cause of the fire is still unknown. Authorities condemned the house because of the tunnel. … It will take days for deputies and federal agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives to document all the weapons and ammunition, Sheriff's spokesman Dennis Gutierrez said."

IMMIGRATION:

Administration Faces Quandary In Border Agents' Case. The Houston Chronicle (3/4, Mittelstadt) reports, "For weeks, defenders of the two former Border Patrol agents imprisoned for shooting a Mexican drug trafficker have bombarded the White House with calls, e-mails and petitions. … Their demand is straightforward: A presidential pardon for a pair of Texans they view as heroes persecuted for doing their jobs. … But the issue is far from simple for President Bush, who is being asked to wade into a highly controversial case where even the most basic facts are in dispute. The quandary for the president: Whether to side with former Border Patrol agents Jose Compean and Ignacio Ramos or with the prosecutors who contend they were rogue officers who wounded a fleeing, unarmed man and then concealed evidence." The Chronicle continues, "During a February 2005 incident near Fabens, Texas, Compean and Ramos pursued Osvaldo Aldrete-Davila and fired 15 rounds at him as he ran back toward Mexico after ditching a vehicle with 743 pounds of marijuana. The wounded trafficker later was given immunity to testify against the agents in a case that has drawn a tremendous outcry from conservatives on and off Capitol Hill, who believe the Bush administration sided with a drug trafficker over its own law enforcement agents. … Though clemency is the one area in which a president has power unlimited by the courts or Congress, Bush thus far has indicated no inclination to sidestep the Justice Department regulations typically followed for pardons cases. … The Justice Department rules require that people petitioning for a pardon wait until five years after they have completed their sentence before filing an application. And the applications must be submitted by the guilty parties themselves." The Chronicle adds, "Compean and Ramos have not applied for a pardon or a commutation of their sentences, Justice Department spokesman Erik Ablin said. … Rep. Ted Poe, a

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Republican from Humble who has championed the ex-agents' cause, has no use for what he views as needless red tape. … Douglas Berman, an Ohio State University law professor who has followed the Texas case, argues that while the Justice rules may protect the president, they also 'eliminate some of the virtue' of the pardon power. … By citing the regulations, Bush 'may be trying to cushion himself from the public clamoring to do something in this case,' Berman said."

DOJ Says Prosecutor In Border Agents Case Is Safe. The San Antonio Express-News (3/4, Contreras) reports, "The Justice Department's recent firings of eight top federal prosecutors across the country have come amid allegations that the agency bowed to political pressure. … Even as the Justice Department rebuts the accusations, some are wondering who might be next." The Express-News continues, "In Central and West Texas, Johnny Sutton has held the post of U.S. attorney for more than five years, but he has come under fire recently over a case in El Paso in which Sutton's office gained convictions of Border Patrol agents who shot an alleged drug smuggler. … In a federal trial in El Paso last year, jurors convicted Ignacio 'Nacho' Ramos and Jose Alonso Compean on charges that they shot the alleged smuggler in the buttocks Feb. 17, 2005, and counts alleging they covered up the shooting. Ramos got 11 years in prison. Compean was sentenced to 12. Both have appealed. … Hailing them as 'heroes' who were wrongly convicted, some foes of illegal immigration and Republican members of Congress are pushing for President Bush to pardon them. … Without a satisfactory answer from the White House on the request, supporters of the agents are aiming at Sutton who, from Austin, supervises 120 federal prosecutors in the largest federal district in the country, a territory that stretches from Waco to San Antonio, south to Del Rio and west to El Paso and Midland/Odessa. … Sutton 'has violated the public's trust, and must be removed from office immediately,' said .J. Bonner, president of the National Border Patrol Council, the union that represents 10,000 Border Patrol agents. … 'Our federal government had to make a choice between prosecuting somebody who was bringing in $1 million worth of drugs, and prosecuting two border agents who did not follow policy,' said U.S. Rep. Ted Poe, R-Humble, who stopped short of seeking Sutton's removal but has collected more than 40 signatures from fellow House members seeking congressional hearings on the case. 'The government chose the wrong side.' … The Justice Department had no comment Friday on whether mounting criticism would have an effect on Sutton's post. But a high-ranking department official told the Senate Judiciary Committee last month that Sutton's job is safe. The Feb. 6 hearing was to review the wave of terminated U.S. attorneys, the transcripts show. … 'No,' Paul J. McNulty, the No. 2 man in the Justice Department, responded to a question of whether Sutton's job was in danger over the controversial border agent case."

Colorado Using Inmates To Ease Farm Labor Shortage. The New York Times (3/4, A25, Frosch, 1.16M) reports, "As migrant laborers flee Colorado because of tough new immigration restrictions, worried farmers are looking to prisoners to fill their places in the fields. In a pilot program run by the state Corrections Department, supervised teams of low-risk inmates beginning this month will be available to harvest the swaths of sweet corn, peppers and melons that sweep the southeastern portion of the state. Under the program, which has drawn criticism from groups concerned about immigrants' rights and from others seeking changes in the criminal justice system, farmers will pay a fee to the state, and the inmates, who volunteer for the work, will be paid about 60 cents a day, corrections officials said." The Times notes that last year, the Colorado General Assembly "passed tough legislation that included giving local law enforcement broader powers to check immigration status and restricting access to social services for workers without proper documentation."

Illegals Pay Thousands Of Dollars For Citizenship Documentation. The Washington Times/AP (3/4) reports, "Government raids at meatpacking plants in six states in December stemmed from an investigation that uncovered up to 4,300 workers with questionable documentation." Immigration and Customs Enforcement spokesman Tim Counts "said that investigation revealed documents were available for a price in places as open as Kmart parking lots. He said genuine documents were the most expensive, costing up to $1,500, and the most effective against detection." Department of Homeland Security spokesman Russ Knocke "said there isn't much specific information on the extent of the problem. 'Irrespective of the mode of identity theft, the issue itself is prevalent and it's something we're striking at very aggressively,' Mr. Knocke said.'"

Congress May Ease Restrictions On Children Of Filipino WWII Vets. The Washington Post (3/4, A6, Aizenman, 690K) reports, "virtually everyone in Congress appears to agree" that Filipino-born veterans "who fought alongside U.S. troops during World War II deserve a break. Denied the right to immigrate to the United States until 1990, they came hoping that their children could follow them here later, just as other groups have done. But the adult children have been required to wait twice as long -- up to 16 years -- as anyone else. With the veterans often too old and sick to travel home, many have died while waiting to be reunited with their families. Now, after several longtime backers have risen to key positions in Congress, Filipino American advocates are hopeful that legislation will be pushed through to exempt the veterans' children from the immigration delay. They also are optimistic about a potentially more controversial bill that would grant Filipino veterans military pensions."

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WPost Questions Bush's Commitment To "Pathway To Citizenship." The Washington Post (3/4, B6, 690K), in an editorial, writes, "The early signs" regarding the prospects for immigration reform "are generally encouraging. The authors of the most realistic legislation in the last Congress…are again preparing to introduce a bipartisan bill. As for Mr. Bush, he has also sounded the right notes by calling in his State of the Union address for a 'legal and orderly path for foreign workers to enter our country,' and for resolving the status of more than 11 million illegal immigrants already here, 'without animosity and without amnesty.' Still, the president's fuzziness is worrying. He did not mention a pathway to citizenship for illegal immigrants already in the country in the State of the Union speech, and two of his Cabinet secretaries sidestepped it during recent testimony on Capitol Hill."

Columnist Says "We Should Uphold Our End Of The Bargain" For Immigrants. In his column for the Los Angeles Times (3/4, 850K) Gregory Rodriguez writes, "For hardworking illegal immigrants who've established roots here, we should uphold our end of the bargain and give them a chance to achieve their piece of the American dream."

TAX:

Cost Of AMT Repeal Analyzed. In a "Week in review" piece for the New York Times (3/4, WK7, 1.16M), David Cay Johnston writes, "Repealing the alternative minimum tax would cost the government almost $70 billion this year, while putting everyone on the alternative and repealing the regular income tax would cost only $63 billion. Simply removing personal tax exemptions and credits and indexing for inflation would reduce the number of taxpayers affected by 85 percent. … For now, the only area of wide agreement is to keep enacting temporary patches until Congress and some future administration tackle fundamental changes in the tax code."

CONGRESS-ADMINISTRATION:

Democrats Champion Substantial Expansion Of CHIP Coverage. The Washington Post (3/4, A8, Lee, 690K) reports the "success" of the Children's Health Insurance Program "is exposing Washington's familiar ideological divisions over health care." Members of Congress from both parties "want to continue the popular $5 billion-a-year effort, which at any given time provides health insurance to more than 4 million children. … But Republicans and Democrats cannot agree on how much money the program should get, and whom it should cover." The CBO estimates CHIP "will require $13 billion to $15 billion above current funding levels just to keep covering the same number of children for the next five years. The Bush administration has proposed $4.8 billion, saying that is enough to maintain enrollment for 'priority low-income children.' Many Democrats on Capitol Hill and advocates for children call the White House proposal inadequate, but the dispute is about more than numbers. Some Democrats…would like to increase funding levels by as much as $50 billion over five years to extend coverage to many of the nation's 8.3 million uninsured children -- and to some uninsured parents and childless adults as well."

WPost Urges Congress To Include Dental Care As CHIP Benefit. The Washington Post (3/4, B6, 690K), in an editorial, notes that 12-year-old Deamonte Driver "died last week because of a succession of breakdowns in a system set up to ensure that children get basic dental care that is critical to their health. Equally tragic is that there are many more children like Deamonte who are at risk. … Although not required, most states provide dental care under the State Children's Health Insurance Program to low-income children who don't qualify for Medicaid. That act is now up for reauthorization. Congress would do well to include dental care in the menu of benefits, as well as help out states that face budget shortfalls. Those worried about cost should think about Deamonte."

Warhead Plan Provokes Congressional Opposition. The Washington Post (3/4, A5, Pincus, 690K) reports, "The selection of a basic design for what could become a new generation of U.S. nuclear warheads has drawn immediate opposition from some key members of Congress." Rep. Peter J. Visclosky, the "new chairman of the House Appropriations subcommittee that controls the funds for the nuclear weapons complex, has sharply questioned why a new warhead is needed," while Sen. Dianne Feinstein, "a longtime opponent of new nuclear weapons, has declared that she is '100 percent opposed' to building the RRW." However, some lawmakers support the plan, including Rep. Ellen Tauscher, whose district includes Livermore.

FDA On Verge Of Approving Antibiotic Despite Mounting Concerns. The Washington Post (3/4, Weiss, 690K), in a front-page article titled, "FDA Rules Override Warnings About Drug," reports the government "is on track to approve a new antibiotic to treat a pneumonia-like disease in cattle, despite warnings from health groups and a majority of the agency's own expert advisers that the decision will be dangerous for people. The drug, called cefquinome, belongs to a class of highly potent antibiotics that are among medicine's last defenses against several serious human infections. No drug from that class has been approved in the United States for use in animals." The FDA's advisory board

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last fall rejected a request "to market the drug for cattle. Yet by all indications, the FDA will approve cefquinome this spring."

Boxer, Waxman Question Regulator's Ties To Chemical Industry. The Los Angeles Times (3/4, Cone, 850K) reports on its front page, "For nearly a decade, a federal agency has been responsible for assessing the dangers that chemicals pose to reproductive health. But much of the agency's work has been conducted by a private consulting company that has close ties to the chemical industry, including manufacturers of a compound in plastics that has been linked to reproductive damage. In 1998, the Center for the Evaluation of Risks to Human Reproduction was established within the National Institutes of Health to assess the dangers of chemicals and help determine which ones should be regulated. Sciences International, an Alexandria, Va., consulting firm that has been funded by more than 50 industrial companies, has played a key role in the center's activities." Sen. Barbara Boxer and Rep. Henry Waxman "called for an explanation of the company's role and disclosure of its potential conflicts of interest before the panel convenes Monday."

Two New Books Jab At Bush From Different Angles. In a piece for the New York Times Book Review (3/4), Jacob Heilbrunn reviews "Leviathan On The Right: How Big-Government Conservatism Brought Down the Republican Revolution," by Michael D. Tanner; and "It Can Happen Here: Authoritarian Peril in the Age of Bush" by Joe Conason. Tanner "offers the fullest exposition" of the argument that Bush "isn't conservative enough" and exposes "Bush and the Republican leadership as apostates who foolishly believe big government can be employed for conservative ends." As for Conason, he "surveys the concentration of corporate and political power in Washington. He ably catalogs the Bush administration's attempts to subvert civil liberties. But it soon becomes apparent that he has a proclivity for substituting hyperbole for insight."

Newsweek Poll Finds Bush Approval At 31%, Cheney At 33%. A Newsweek poll of 1,017 registered voters surveyed February 28-March 1 (+/- 3%) finds 31% approve of the way President Bush is handling his job, while 61% disapprove and 8% don't know. On Iraq, 27% approve of Bush's performance, while 67% disapprove and 6% don't know. On terrorism and homeland security, 43% approve of Bush's performance, while 50% disapprove and 7% don't know. As for Vice President Cheney, 33% approve of the way he is handling his job, while 51% disapprove and 16% don't know.

OTHER NEWS:

Bernanke "Quietly" Making His Presence Felt. The CBS Evening News (3/3, story 5, 2:10, Assuras, 7.66M) reported Federal Reserve Chairman Ben Bernanke was left with "big shoes to fill" when he succeeded Alan Greenspan, who had "reached cult-like status and he still holds a lot of sway." Bernanke "faced his first major challenge" last week "when the Dow and Nasdaq suffered their biggest weekly drop in more than four years. How did Bernanke do?" CBS (Mason): "Quietly, Bernanke has tried to put his own imprint on the economy and the Fed…and Wall Street generally gives him high marks for keeping the economy on track, even as it slows down." Charles Schwab Chief Investment Strategist Liz Ann Sonders: "I think we will look back in history at an environment where Bernanke probably became as important and as noted as Alan Greenspan."

LATimes Sees Rarity Of Market Sell-Offs As Evidence Of Economic Stability. The Los Angeles Times (3/4, 850K), in an editorial, contends the "remarkable thing about last week's harrowing stock market plunge was how remarkable it was. And that's because for all the talk of the dangers of a post-9/11 world vulnerable to terrorism, oil shocks, warfare and rising anti-Americanism, the last few years have been unusually prosperous and stable for the global economy."

Newsweek Poll Finds Tight General Election Matchups. A Newsweek poll of 1,017 registered voters surveyed February 28-March 1 (+/- 3%) finds Rudy Giuliani leading Sen. Hillary Clinton 47% to 46% in a general election matchup. Giuliani leads Sen. Barack Obama 48% to 43%, and Giuliani leads John Edwards 47% to 45%. Clinton leads Sen. John McCain 47% to 46%, while Obama leads McCain 45% to 43%, and Edwards leads McCain 48% to 43%. Clinton leads Mitt Romney 53% to 38%, Obama leads Romney 54% to 34%, and Edwards leads Romney 58% to 30%. Among Democrats (+/- 6%), in a one-on-one nomination race Clinton leads Obama 55% to 35%, Clinton leads Edwards 62% to 29%, and Obama leads Edwards 46% to 39%. Among Republicans (+/- 7%), in a one-on-one nomination race Giuliani leads McCain 59% to 34%, McCain leads Romney 59% to 26%, and Giuliani leads Romney 70% to 20%. Also among Republican respondents, 51% said they are not sure where Giuliani stands on abortion, while 12% said he is pro-life; 67% are not sure where Giuliani stands on gun control; and 70% said they are not sure where Giuliani stands on gay marriage.

Romney Wins CPAC Straw Poll, With Giuliani Finishing Second. Mitt Romney won the presidential

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straw poll at the Conservative Political Action Conference, where 21% of the 1,705 voting attendees named the former Massachusetts governor as their first choice for the GOP nomination. Rudy Giuliani was second with 17%, followed by Sen. Sam Brownback at 15%, Newt Gingrich at 14%, and Sen. John McCain at 12%, with no other candidate topping five percent. ABC World News (3/3, story 8, 2:00, Weir, 8.78M) was the only network to report on CPAC, saying "it was the weekend for the conservatives to prove what they're made of. GOP presidential hopefuls are in Washington trying to show they have the conservative pedigree to win the crucial backing of the party's right wing."

The Washington Post (3/4, A4, Shear, 690K) said Romney's win is "a very early indication of how an important Republican constituency might vote," and "underscored the difficulty" McCain is facing in "drawing conservative support because of past views and statements." The Los Angeles Times (3/4, Hamburger, 850K) says McCain was "the only leading candidate who did not attend the event… and the mention of his name drew occasional boos from the audience."

On its front page, the Washington Times (3/4, Hallow, Dinan, 88K) says Gingrich "received a hero's welcome" at CPAC, tying Romney "for second place in the conference's combined first- and second-choice straw poll." With second-choice ballots included, Giuliani "vaulted to the top," followed by Gingrich and Romney, Brownback, McCain, and Rep. Tom Tancredo. American Conservative Union Executive Vice President J. William Lauderback said the "combined choice is the most important yardstick because it measures depth of support. … 'The Romney [second choice] number was markedly shallow at 9 percent,' he said."

The AP (3/3) says in last year's CPAC straw poll, then-Sen. George Allen led with 22%, followed by McCain at 20%, Giuliani at 12%, and Secretary of State Condoleezza Rice at 10%.

GOP Frontrunners Condemn Coulter's Remark About Edwards. The New York Times (3/4, A24, Nagourney, 1.16M) reports Giuliani, McCain, and Romney all "denounced" Ann Coulter, "one of their party's best-known conservative commentators," for "using an antigay epithet" in commenting on Democrat John Edwards in her Friday CPAC Speech. The three GOP frontrunners' statements "came after Democrats, gay rights groups and bloggers raised a storm of protest over the remarks." Giuliani said, "The comments were completely inappropriate and there should be no place for such name-calling in political debate." A McCain spokesman said, "The comments were wildly inappropriate." A Romney spokesman said, "It was an offensive remark. Gov. Romney believes all people should be treated with dignity and respect." The Times says the "criticisms by the Republican candidates put them in a difficult position" because CPAC "has been gathering for conservative and Republican leaders for over 25 years."

CNN.com (3/4) says "prominent politicians from both parties" were among those who "condemned right-wing commentator"
Coulter. The Edwards campaign "posted the video on their Web site, and asked readers to help them 'raise $100,000 in "Coulter Cash" this week to keep this campaign charging ahead and fight back against the politics of bigotry.'"

In a commentary for The Politico (3/3), conservative writer Jennifer Rubin says, "It's about time for a presidential contender, perhaps all of them in the spirit of Newt Gingrich's crusade for improving public discourse, to say 'enough.' Coulter's never-ending stream of venom is not amusing, unhelpful to Republicans, and not in keeping with the ideals of a party that fancies itself as the proponent of a colorblind society and heir to Lincoln."

Giuliani Tests Assumptions About His Ability To Win Nomination. Under the front-page headline "Giuliani Has No Real Chance With GOP Voters... Or Does He?" the Washington Post (3/4, Balz, 690K) writes that though the "presidential campaign is just weeks old," already "an article of faith within the Republican Party -- the belief that no politician who favors abortion rights and gay rights can win the GOP nomination -- is being challenged" by Rudy Giuliani. The former New York mayor "is now leading in a slew of national polls. He is testing whether cultural and religious conservatives in the GOP will support a candidate who offers strong leadership on security and terrorism rather than ideological purity on social issues." Former Republican National Committee chairman Ed Gillespie, "who is neutral in the nominating battle," said, "This is the first Republican presidential primary since Sept. 11. Rudy Giuliani is a candidate who can clearly test the proposition that a Republican who is more moderate on social issues can capture the nomination. He's testing it now."

Romney Defends Judeo-Christian Tradition. The New Hampshire Union Leader (3/4, Rayno) reports Mitt Romney "said the Judeo-Christian values that helped found America continue to guide the country today. On the campaign trail and in the media, Romney has faced questions about his Mormon faith" and whether it will hurt his campaign. Romney said that "while this country welcomes Muslims, Hindus, Buddhists and other faiths…the Judeo-Christian tradition remains its foundation." In an interview, Romney said, "The fundamental principle of faith of Judeo-Christian [belief] is there is a God, who is our heavenly Father and all the people on this earth and every speck of humanity on this earth is a creation of God…and every creation of humanity is a child of God."

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Hunter Campaign Drops Two South Carolina State Co-Chairmen. South Carolina's The State (3/4) reports the presidential campaign of Rep. Duncan Hunter has "dropped" two state co-chairmen "for making unpopular remarks." Last week, Horry County Auditor Lois Eargle said she "told a woman looking for free legal help for her abused child 'to get back to Mexico.'" In addition, Henry Jordan, a onetime school board member, was cut from the campaign because he said during a board meeting 10 years ago, "Screw the Buddhists and kill the Muslims." The campaign "took the pair off its list of a fistful of state co-chairmen -- honorary titles for regional supporters -- because it feared the increasing scrutiny from bloggers and media, said Ron Tyler, Hunter's spokesman."

Thompson Campaigns In Iowa. The AP (3/3) reports Tommy Thompson "may not have drawn huge crowds during campaign stops across southern Iowa" Saturday, "but some of the Iowans who saw him liked what they heard. Thompson covered several domestic issues and detailed his plan for handling the Iraq war to about three dozen people at a Mount Pleasant restaurant." One man said Thompson "has qualities the country needs in a president including intelligent leadership," while one woman "says she liked Thompson's solutions to welfare reform in Wisconsin."

Selma Is Latest Stop In Clinton-Obama Fight For Black Support. The New York Times (3/4, Zeleny, 1.16M) reports on its front page that Democratic frontrunners Sen. Hillary Clinton, John Edwards, and Sen. Barack Obama "are embroiled in what party officials believe is one of the most competitive scrambles for black supporters since the Voting Rights Act was passed four decades ago." Clinton and Obama will be in Selma, Alabama, today to "commemorate the 42nd anniversary of Bloody Sunday, when hundreds of activists…crossed the Edmund Pettus Bridge during a civil rights march from Selma to Montgomery." Edwards will be speaking on civil rights at the University of California, Berkeley. Rep. John Lewis, a Selma marcher, says he "is agonizing over whether to choose Mr. Obama, whom he once described as 'the future of the Democratic Party,'" or Clinton. The Times says in early primaries in states like Alabama and South Carolina, "black support could be vital," and "at least 16 states are considering voting on Feb. 5, including Florida, California, Illinois, New York and Texas, all states where black voters could hold considerable sway."

The Washington Post (3/4, D1, 690K) interviews Lewis, who said, "If you have Mrs. Clinton and Mr. Obama in a formal presence there on the bridge walking together, I think it will send a strong message of people coming together. It will be beyond politics. What happened in Selma 42 years ago, and what I hope will happen [today], transcends politics. It says something about the distance we've come and the progress we've made as a nation and a people, to have the top two contenders for the nomination for president to be a woman and an African American."

Newsday (3/4, Thrush) says 21-year-old South Carolina State Rep. Bakari Sellers, the "youngest legislator in the United States and one of the African-American Democrats most rabidly courted by the 2008 presidential contenders," was "personally lobbied" by Clinton, but he is now about to endorse Obama. Seller said, "For her sake, she needs to get Bill Clinton out there a lot more."

Geffen Feud Said To Have Hurt Clinton Against Obama. The Washington Times (3/4, Lambro, 88K) reports on its front page that "political pollsters said" Clinton's "decline in the polls stems partly from her attack" on Obama. The "numbers changed after the senators traded political blows through their spokesmen when movie mogul David Geffen" criticized Clinton. The Los Angeles Times (3/4, Braun, Morain, 850K) examines the relationship between ex-President Clinton and Geffen, saying that while Geffen "lavished nearly $1.2 million on the Clintons and other Democrats during the Clinton White House years, gaining extraordinary access to the president," their relations "were in constant flux. Intimates of the two said that flashpoints surfaced often." Their alliance "was marked by genuine affection, colleagues say, and a large measure of self-interest. Whether its meltdown has any lasting significance remains to be seen, but Geffen's recent broadside against the Clintons left the political world agape."

In his Washington Post (3/4, B7, 690K) column, George Will writes that Clinton's campaign "did not display overconfidence when it directed the recent fusillade" at Obama. Her campaign's "rhetorical megatonnage was in response to a prominent Obama contributor saying rude things about her. Her overreaction was one of several developments that have clarified the Democratic contest. Bill Clinton has said, regarding presidential candidates, that Republicans like to fall in line and Democrats like to fall in love. Which explains the Clinton campaign's palpable panic: Democrats have fallen in love, but not with her." Her supposed "aura of inevitability…annoys voters by telling them that they really have no choice. And that can provoke them to play the game that G.K. Chesterton called 'Cheat the Prophet': The players listen politely to explanations of what is inevitable, then they make something else happen."

In his New York Times (3/4, WK12, 1.16M) column, Frank Rich says the "long-running Iraq catastrophe is now poised to mow down a second generation of political prey: presidential hopefuls who might have strongly challenged Bush war policy when it counted and didn't." As for Clinton, her poll numbers "are showing erosion -- some of it because

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of Mr. Obama's growing profile among African-Americans, but some of it…after her dust-up with the Hollywood tycoon David Geffen. Most Washington hands declared Mrs. Clinton the winner in that spat because she had forced Mr. Obama off his high horse of 'hope.' But there's no evidence to support this theory. In the real world, most Americans don't know who Mr. Geffen is. … The most revealing aspect of the incident was not in any case the who's-up-who's-down prognostications for a primary process some 10 months away. Rather, it was the fervor with which the Clinton campaign accused Mr. Geffen and Mr. Obama of practicing 'the politics of personal destruction.' This over-the-top reaction seemed detached from reality, almost as if the Clinton camp were nostalgically wishing it could refight the last political war -- and once again clobber repellent old impeachment nemeses."

Clinton's Style Of Apologizing Examined. The New York Times (3/4, WK4, Healy, 1.16M) says Clinton does not have "an allergy to apologizing. She just does it in her own, very Hillary way, as a review of her apologies shows." She "can be rather artful" at "turning around her apologies to generate sympathy for herself," and "self-deprecation is another trademark." And, "like many talented politicians, on matters of state…her admission of error can be so nuanced that listeners may wonder if an apology was really her point."

Obama Addresses Labor Activists In Chicago. ABC World News (3/3, story 7, :20, Weir, 8.78M) reported, "On the campaign trail today, Sen. Barack Obama rallied supporters in Chicago promising to back legislation friendly to organized labor." The Chicago Tribune (3/4, McCormick, 617K) reports Obama, addressing about 1,500 labor activists, "reflected on the crusades of Martin Luther King in support of the labor movement. 'He didn't just march for justice that day,' he said. 'They were marching for jobs.'" Two protesters "briefly interrupted Obama's speech. One of them carried a large sign that appeared to be critical" of Obama's Friday assertion that he "would not rule out military action against Iran. … 'OK. We appreciate that,' Obama said, trying to deflect the situation, as the protesters were escorted from the ballroom. 'I oppose the war in Iraq.'" The AP (3/3) also reports on Obama's speech.

Richardson Says He Will Work Harder Than Frontrunners To Win. The Des Moines Register (3/3, Beaumont, 160K) reports Gov. Bill Richardson "said Friday on his first trip to Iowa as a presidential candidate that he will challenge the better-known Democrats running for the 2008 nomination by working harder to reach party activists in the leadoff caucus state." Richardson said, "My campaign mode is shaking hands, meeting people, being scrutinized, talking issues. Iowans, I understand, like to decide . They like to decide, not who the pundits and the polls decide." He said that "getting U.S. troops out of Iraq within a year and dramatically diminishing the nation's use of petroleum in 10 years" are his "top priorities. … 'Bill Richardson is not a rock star,' Richardson said during a taping of Iowa Press, a public affairs program on Iowa Public Television. 'Bill Richardson is a grass-roots candidate.'"

Brooks Lauds Richardson. In a flattering column in the New York Times (3/4, WK12, 1.16M) headlined "Neither Clinton, Nor Obama," David Brooks considers Richardson's candidacy, writing that while "watching a cattle call of Democratic presidential candidates on C-Span," he was "quietly contemplating suicide. … In their five-minute speeches, they were laying it on thick with poll-tested, consultant-driven clichés of the Our Children Are Our Future variety. The thought of having to spend the next two years listening to this drivel set me wondering if it was literally possible to be bored to death. Then Bill Richardson walked onstage" and "gave the best presentation, by far." He is "the most experienced person running for president. He served in Congress for 14 years. He was the energy secretary. … He's a successful two-term governor…with foreign policy experience. He was U.N. ambassador. He worked in the State Department. He's made a second career of negotiating on special assignments with dictators like Saddam, Castro and Kim Jong Il. He negotiated a truce in Sudan." Brooks says he "wouldn't bet a paycheck on Richardson. But I wouldn't count him out. At the moment, he's the candidate most likely to rise."

Kucinich Lays Out Iraq Withdrawal Plan In New Hampshire. The New Hampshire Union Leader (3/4, Kozubek) reports Rep. Dennis Kucinich "outlined his 12-point plan for an immediate withdrawal from Iraq during a meeting with residents in the basement of the Merrimack Public Library yesterday." Kucinich said the "initial and perhaps most important step for a stable Iraq is to stop funding military operations that are contributing to a civil war, insurgency and more casualties."

Past GOP House Candidates Call For Changes At NRCC. The Boston Globe (3/4, Klein, 413K) reports that "four months after Republicans lost control of Congress," many defeated or slimly elected Republicans "are calling for major changes" at the National Republican Congressional Committee. They "depict the committee as a rogue attack-ad shop that shielded party leaders from having to account for the claims in their ads -- encouraging over-the-top accusations that often hurt GOP candidates." Ray Meier, a GOP candidate in upstate New York "whose Democratic opponent was wrongly accused of making adult fantasy calls," said, "They weren't just attacking my opponent -- they were, bit by bit, destroying a reputation that I had spent years

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and years building." Rep. Christopher Shays, "who is among the 2006 candidates who feel the NRCC's actions hurt his campaign, said he plans to file a bill that would allow candidates in both parties to prohibit the national parties from advertising on their behalf." But Rep. Tom Reynolds, who headed the NRCC during the 2006 cycle, "defended the ads, saying they were well-documented and generally effective. He conceded that his independent expenditure arm 'took a lot of liberties,' but said Democratic committees also stretched the truth." He said NRCC ads "saved 10 to 20 Republican-held seats."

Pioneering Lobbyist Cassidy Profiled. The Washington Post (3/4, A1, Kaiser, 690K) profiles Gerald Cassidy, founder of Cassidy & Associates, saying he "helped invent the new Washington, which had made him seriously rich. … He and his original partner, whom he forced out of the firm 20 years earlier, devised a new kind of business, subsequently mimicked by many others. Their innovation was the first modern 'earmarked appropriations.'" The Post says that while the Jack Abramoff story "is a crude pulp thriller punctuated by free dinners, lavish golfing outings, big campaign contributions, arm-twisting and old-fashioned bribery," Cassidy's "is a subtler epic that probably reveals more about the culture of Washington, D.C. It, too, involves favors, gifts and contributions, but they are supplemented by the disciplined application of intellect, hard work, salesmanship and connections."

Defense Appropriations Bill Earmarks Described. The Washington Post (3/4, B2, 690K) reports, "Last week, the Washington group Taxpayers for Common Sense released a compendium of 2,646 spending projects earmarked for lawmakers' home states and congressional districts in the 2007 defense appropriations bill. In many cases, the legislation itself provides only a vague description of the project, and omits the name of the company or community that would benefit. Taxpayers for Common Sense filled in the details by using lobbying disclosure databases, congressional news releases and Internet sites. New measures passed by Congress this year will require detailed disclosure in future legislation of the recipient of such earmarks, as well as the identity of the member seeking them." The Post goes on to list several earmarks and provide brief background information on their origins.

Bush's Recent Foreign Policy Shifts Draw Mixed Reaction. In an analysis piece, Peter Baker writes in the Washington Post (3/4, A5, 690K) that the "same president who mocked the idea of talking with Iran and Syria as recently as two weeks ago is now sending emissaries to a regional conference to talk with Iran and Syria. … Last week's decision was the latest of several reversals on issues on which he once refused to budge." Bush has fired Defense Secretary Donald Rumsfeld, "authorized direct talks with North Korea, sent more troops to Iraq," and "agreed to discuss the contours of a Palestinian state in Middle East peace negotiations" -- all ideas "he rejected earlier." Among those quoted in the piece who approve of the president's recent moves are ex-Rep. Lee Hamilton and ex-Sen. Warren Rudman, but Michael Ledeen of the American Enterprise Institute is quoted as saying, "I have never seen an administration with such an enormous gulf between the president's public statements and its actions. … Presidential statements should reflect policy. They don't seem to in this administration."

Bush May Encounter "Aura" Of Chavez During Latin America Trip. The Houston Chronicle (3/4, Althaus, Otis, Reinert, 530K) previews President Bush's Latin America trip, which begins Thursday. "Packing strategies for fostering trade, fighting drug-traffickers and fending off the regionwide shift to the political left," Bush will "start a swing through the friendlier parts of Latin America. He'll talk energy and free trade in Brazil and Uruguay. Those topics -- as well as crime, punishment and border jumping -- will dominate the conversations in Colombia, Guatemala and Mexico." The Chronicle adds, "At every turn, Bush almost certainly will work to counter" Venezuelan President Hugo Chavez, who "ranks among the world's more vocal and influential Bush-bashers" and whose "aura hovers over Bush's trip like a holiday-spoiling drizzle." The White House is trying to portray the trip "as a show of support for democratic governments." Assistant Secretary of State Thomas Shannon said "the visit also is meant to deliver the message that the governments must lift up their poor and vulnerable."

Ahmadinejad, Abdullah Agree To Curb Middle East Violence. ABC World News (3/3, story 5, :20, Weir, 8.78M) reported, "The president of Iran, Mahmoud Ahmadinejad, made his first official visit to Saudi Arabia today. Since the Saudis are major American allies and Sunnis, there is hope talks with the Shiite Iranians could help ease tensions throughout the Middle East. The White House still accuses Iran of fueling violence in Iraq and Lebanon while secretly building nuclear weapons."

The New York Times (3/4, A10, Fattah, 1.16M) reports the two leaders met in Riyadh yesterday "to address the Middle East's growing sectarian and political crises." Ahmadinejad "was greeted at the airport by King Abdullah, a rare honor from the aging monarch," and "he was the guest of honor at a state dinner put on by the king and attended by top Saudi officials and dignitaries." The visit "is widely believed to have been set up at the behest of the Iranians. It was the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries." The two leaders

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"were believed to be focused on finding ways to end the political standoff in Lebanon between Hezbollah" and Prime Minister Fouad Siniora's government. Saudi Arabia and Iran "have expressed alarm at the sectarian violence in Iraq, worrying that it could fuel similar tensions throughout the Middle East."

AFP (3/3, Georgi) says the talks "had been expected to focus on the sectarian bloodshed in Iraq, the crisis in Lebanon and Tehran's nuclear row with the West." BBC.com (3/4) notes the two leaders "agreed to work together to fight sectarian strife in the Middle East." Their "summit comes at a time of sectarian division and tension between Saudis and Iran over events in Iraq and Lebanon."

Iranian Merchants Not Pleased By Their President. NBC Nightly News (3/3, story 4, 2:30, Ian Williams, 9.87M) sampled public opinion inside Iran, where "politically powerful" merchants "are not a particularly happy bunch." Reza Elmanan, carpet trader: "Mahmoud Ahmadinejad has not delivered on his economic promises." Williams: "Inflation and Iran's growing isolation are hitting them where it hurts most, in their wallets." Mohamad Yasrebi, jewelry trader: "Sales are much worse than last we're year. I am worried about sanctions. Things will get even worse than they already are." Williams: "Many blame as what they see as Mahmoud Ahmadinejad reckless policy towards the United States."

North Korean Nuclear Inspections Could Test US Claims. Under the headline, "North Korea Inspections Will Put U.S. To The Test Too," the Los Angeles Times (3/4, Drogin, 850K) reports, "North Korea's unexpected promise last month to open its nuclear weapons arsenals and production facilities to U.N. inspectors provided a welcome foreign policy success for the White House, but may prove embarrassing as well." Renewed inspections could show whether or not "the Bush administration overstated a purported secret North Korean program to produce highly enriched uranium for nuclear bombs in 2002." Deputy Secretary of State John Negroponte "said Friday that inspections should resolve the questions. The recent accord calls for a 'full and complete' accounting of North Korea's nuclear programs, including 'its uranium enrichment activities,' he told reporters in Tokyo." An anonymous "U.S. diplomat with access to the intelligence said the administration was 'trying to walk back some of the rhetoric. The problem is they've opened up a can of worms. Was this another case of faulty intelligence, like Iraq? Or is it possible they cooked the books?'"

A McClatchy (3/4) analysis of this week's North Korean talks says the dialogue "will be a turning point for both countries -- and it could be the beginning of a transformation for President Bush." Noting "a bipartisan tradition of two-term presidents turning to diplomacy in their final years in office," McClatchy says "one big question about Bush's opening to North Korea and steps last week that could lead to a dialogue with Iran and Syria is whether a vision of peace is the driving force or desperation over a string of diplomatic failures, last fall's elections and a failing war in Iraq."

China Warns Negroponte Against Missile Sales To Taiwan. The AP (3/4, McDonald) reports Chinese officials "pressed visiting Deputy Secretary of State John Negroponte on Saturday to reject a proposed sale of missiles to Taiwan, the self-ruled island that Beijing claims as its own territory." A Chinese Foreign Ministry spokesman is quoted saying, "The Chinese side expressed that it is firmly opposed to the export and sale of weapons to Taiwan and the United States maintaining official relations with Taiwan." Taiwan "is trying to buy 218 AMRAAM medium range air-to-air missiles and another 235 Maverick missiles at an estimated cost of $421 million." Under the headline, "China Warns Negroponte On Taiwan Arms Sales," AFP (3/4, Martin) notes Beijing "warned" Negroponte "that plans to sell American missiles to Taiwan threatened to harm Sino-US ties."

Amid "Renewed Confidence," Beijing To Accelerate Defense Spending. The AP (3/4) notes comments by National People's Congress spokesman Jiang Enzhu that Beijing's "military spending, a point of contention with the United States, will jump 17.8 percent this year." Jiang said "that military spending would hit $44.94 billion in 2007 — an increase of $6.84 billion over last year, though experts believe the true figure of China's military spending could be several times the amount that it reports." He "said most of the money would be spent on boosting wages and living allowances for the 2.5 million-member People's Liberation Army, and on upgrading armaments." The AP says Beijing's "renewed confidence" and "certainty says much about change in a political system in which the Communist Party tightly controls the reins of power but ordinary Chinese, emboldened by economic and social changes, feel increasingly free to voice opinions."

Chinese Stock Markets Evolve As Status Grows. In a front-page piece, the Washington Post (3/4, Cha, 690K) examines the growing international importance of China's "quirky" stock markets. "The Shanghai exchange and its smaller counterpart in Shenzhen, near the country's extreme southern border, have long been viewed skeptically by global capitalists, even those enthusiastic about the broader Chinese economy. … Though China's is one of the fastest-growing economies in the world, it remains heavily influenced by the Communist state. The stock markets are not the main source of capital in China -- that role is played by banks, all of them controlled or heavily influenced by the Chinese government. Many analysts also see the stock markets as

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subject to more government manipulation than is the norm in capitalist countries." A New York Times (3/4, WK3, Porter, 1.16M) piece looks at the possible ramifications of last weeks' nine percent drop in the Shanghai stock exchange.

Researcher Says US Policies Have Strengthened China. In a Washington Post (3/4, B7, 690K) op-ed today, novelist and Claremont Institute fellow Mark Helprin says US policymakers should focus their nuclear nonproliferation efforts on Beijing, not Pyongyang. Chinese officials have found success amid "chaos, poverty and without modern arms, but with strategy bred in the bone." Beijing has "received generous assistance from the past two American presidents, who have accomplished first a carefree diminution of our orders of battle and then the incompetent deployment of what was left, in a campaign analogous to losing a protracted struggle with Portugal. China advances and we decline because, among other things, its vision is disciplined and clear, while ours is burdened by fear, decadence and officials who understand neither Chinese grand strategy nor its nuclear component." Helprin clarifies, "The danger lies not solely in quantitative instabilities but in potential nuclear strategies that technical evolution has elevated above Cold War paradigms."

Anti-Putin Rally In St. Petersburg Ends In Violence, Arrests. Under the headline, "Russian Police Beat Democracy Activists," the Washington Post/AP (3/4, A14) notes Russian "police clubbed protesters and dragged them into waiting buses Saturday in response to a defiant demonstration against the Kremlin in the heart of President Vladimir Putin's home town." Protesting "what they said was Russia's rollback from democracy," the activists created "a rare gathering of the country's often fractious opposition." The AP notes "riot police beat dozens of protesters with truncheons, but several thousand broke through police cordons." Garry Kasparov, "who helped organize the event, said on Echo Moskvy radio that as many as 6,000 people participated, though the crowd appeared to be about half that number." The New York Times (3/4, Kramer, 1.16M) calls the protest "one of the higher-profile actions by Mr. Kasparov since he retired from professional chess to dedicate himself to opposition politics."

Russian Academic Says Cooperation Begins With Recognizing Russia's Role. In an op-ed in today's Washington Post (3/4, B5, 690K), the Russian Academy of Sciences' Sergey Rogov says both Russia and the US are to "blame" for their failure to become "strategic partners" after the Cold War ended. "The relationship with Russia no longer dominates America's foreign policy. Washington has stopped treating Moscow as an equal player. … On issues of international security, Russia has been treated as a second-rate power whose complaints can be ignored." In addition, "the old arms-control regime is half-dead." Russia is back as an international player" and "should be treated as a responsible player, sharing the rights and the duties of membership in the community of democratic market economies in a globalized world." Both nations' "goal should be a new cooperation, not a new Cold War."

Pentagon Policy Review Could Remove Balkans' "Combat" Designation. The Washington Post (3/4, A6, White, 690K) notes Defense Department officials "are considering a proposal to downgrade the combat status of U.S. forces who are part of the NATO peacekeeping mission in Kosovo, a decision that could cause the 1,500 U.S. soldiers currently deployed there to lose hundreds or even thousands of dollars each month in tax benefits and combat pay." That move "would indicate that Pentagon officials do not believe Kosovo is still a combat zone, despite rising tensions in the Balkans over Kosovo's ongoing bid for independence and frequent U.S. missions that involve dangerous interdictions of smuggling rings, raids on armed extremist groups and encounters with improvised bombs."

Ethnic Albanians Demonstrate In Kosovo's Capital. The New York Times (3/4, A6, Wood, 1.16M) reports, "For the second time in less than a month, thousands of ethnic Albanians took to the streets" of Kosovo's capital city, Pristina, "on Saturday to protest a United Nations proposal for Kosovo's future — a plan that they say falls far short of their desire for an independent state." Protests leaders "complain that [the UN] proposal is merely a ruse to sustain foreign domination and give unacceptable rights to the province's Serbs."

Mexican Drug Cartels Shift To Overland Trafficking Routes. On its front page today, the Los Angeles Times (3/4, Tobar, 850K) says "Central America has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies." The Times adds, "Everyone from impoverished fishermen and small-town mayors to legislators and high-ranking police officials has been swept up in the drug trade as the smuggling routes have changed. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico." A DEA official said "Central America will remain the primary transit zone for U.S.-bound drugs 'for the foreseeable future.'"

Paredes Takes Over Leadership Of Mexico's PRI. The Los Angeles Times (3/4, Enriquez, Sánchez, 850K) reports former governor and federal lawmaker Beatriz

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Paredes will attempt "to steer the PRI toward the left and back to glory." Today she "assumes leadership of the Institutional Revolutionary Party, which in the span of a decade sank from Mexico's greatest political force to third-place finisher in last year's presidential election." While the PRI "still holds a majority of local and state offices," it "is fractured by competing interest groups and politicians, and broad discontent among its formerly loyal base, Mexico's 50 million poor." Paredes said "she would lead a new, more democratic PRI."

Sudan's President Refuses To Extradite Accused War Criminals. The AP (3/4, Osman) notes Sudanese President Omar al-Bashir "said again on Saturday that his country would not hand over for trial any citizen sought by international courts for crimes against humanity." He is quoted saying, "(The) Sudanese judiciary is honest and qualified to try any Sudanese… The government will not hand over any citizen for trial outside the country." Last week, an International Criminal Court "prosecutor accused a minister and a member of the security forces of a combined 51 counts of war crimes and crimes against humanity for their actions in Darfur."

Frist Implores US To Intervene To End Attacks On Aid Workers. In an op-ed in the Washington Times (3/4, 88K), former Senate Majority Leader Bill Frist says "the world's effort to stop genocide [in Darfur] has run into serious trouble." He argues that "it's time for the United States and the rest of the developed world to take serious action and ensure the aid flow continues." The "very presence of international aid operations has made a truly awful disaster a tad less terrible. … The risks in Darfur are particularly grave: Because of Darfur's climate, even a brief disruption of water supplies alone can kill children and any who already are sick." Now, "the perpetrators of the genocide appear intent on launching a systematic campaign of violence against humanitarian aid workers." Frist concludes that, should attacks on aid workers continue, "an already gruesome death toll will grow even higher. The United States needs to help."

New Indian Child Labor Law Has "Little Effect" On Industry. The New York Times (3/4, A8, Gentleman, 1.16M) says changes to Indian child labor laws have not curtailed abuses. "India has no outright ban on child labor and had long allowed the employment of children under 14 in all but what are deemed 'hazardous' occupations. But last October a stricter law took effect; it prohibits the employment of children under 14 in hotels and restaurants, and as domestic servants. Five months later, children's rights advocates say, the law has had little effect. Under-age children, mostly girls, are as in demand as ever to be maids and nannies." Officials estimate "that 12 million children under 14 are employed; children's advocates say the figure could be closer to 60 million."

British MP Says US-UK Relations Could Rebound After Blair. In an op-ed in the Washington Post (3/4, B1, 690K), British MP and former Cabinet minister Sir Malcolm Rifkind writes, "The British have been puzzled about Tony Blair for some time. Americans, particularly the one who lives in the White House, must be beginning to share the same feelings." Blair announced British troop reductions in Iraq "at precisely the same time that President Bush, his close friend, is trying to convince Congress and the American people of the wisdom of a substantial increase in the U.S. troop commitment to the same country." Blair's "own domestic weakness dictated this timetable," and Rifkind says "there is now a widespread belief in the United Kingdom that Iraq has been the worst disaster in British foreign policy since" the 1956 invasion of Egypt. … It would be wrong to ignore the fact that the Iraq war and the unilateral, Manichaean foreign policy of the Bush presidency has had a profound impact on British opinion." However, "that mood is far from irreversible," and "there is little evidence of British public opinion turning to the European Union as an alternative to the United States in its affections."

Kristof Lauds US Base In Djibouti For Diplomatic Humanitarian Outreach. In his New York Times (3/4, WK13, 1.16M) column, Nicholas Kristof praises the "little-known" US military in Djibouti "that represents one of our best strategies to fight terrorism in the coming years: The aim is to build things rather than blow them up." He continues, "After 9/11, the focus of America's response to terrorism has been mostly on using military force to destroy possible threats in places like Iraq and intimidate just about everyone." This "strategy has backfired catastrophically, particularly in Iraq, and turned us into Al Qaeda's best recruiter. So that's why the softer touch in Centcom's strategy [in Djibouit] is so welcome. It aims to help bring stability to northeastern Africa and to address humanitarian needs -- knowing that humanitarian involvement will make us safer as well."

Authors Attribute Local Climate Changes To Global Trends. Today the New York Times (3/4, 1.16M) features three international authors' takes on global climate change. Iain McCalman writes that Australia "feels like a war zone. Cities and towns across the country are enveloped in a perpetual smoke haze, and the braying of fire sirens is as commonplace as birdsong." Tahmima Anam says a "mere two-degree rise in the global climate will cause large tracts" of the Bangladesh delta "to disappear, and two degrees after that, the rivers will be wider than the plains, and two degrees

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after that, the water will have swallowed Bangladesh." Kristin Steinsdottir says in the icinity of Reykjavik, Iceland, "the skiing areas had been shut down one by one during the previous winters, and the little snow that actually fell was always blown away. … The last 10 years in Reykjavik were the warmest on record, at least since records have been kept."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Drug Traffickers Re-Route Through Central America."
"Chemical Regulators Tied To Products."
"Sloan Tries To Make MGM Roar Again."
"Disney 'Fairy Tale' Isn't For Everyone."

New York Times:
"Doubts Rise As States Hold Sex Offenders After Prison Terms."
"Recalling Civil Rights, Democrats Seek Black Votes."
"A Teenage Soldier's Goodbyes On The Road To Over There."
"A New Mystery To Prosecutors: Their Lost Jobs."
"In Baghdad, Sectarian Lines Too Deadly To Cross."
"Facing N.C.A.A., The Best Defense Is A Legal Team."

Washington Post:
"The Power Player: How The Rise Of One Lobbying Firm Helped Transform The Way Washington Works."
"FDA Rules Override Warnings About Drug."
"China's Quirky Stock Market Finally Matters."
"Giuliani Has No Real Chance With GOP Voters… Or Does He?"

Washington Times:
"Not In Race, Gingrich Still Has Right Stuff."
"Sunnis Slain Over Talks With Shi'ites."
"State Ruling Awaited On Sex-Ed Challenge."
"Hillary's Snipe At Obama Erodes Standing In Polls."
"Silicon Valley Redirects Its Energies To Clean Fuels."

Detroit Free Press:
"Manhunt Continues."
"Stephen Grant: 'I Was The Perfect Mom -- Not Tara.'"
"Harper Woods Car Crash Leaves Three Dead."
"Indians Show Tigers Their Muscle."

Atlanta Journal-Constitution:
"Survivor: 'I Knew We Were Flipping.'"
"Father 'Had A Really Bad Feeling.'"
"Many Crashes At Northside Exit."
"Players Visit Injured Coach."

Dallas Morning News:
"Fair Park-Area Businesses Hope Rivalry Games Stay Put."
"Power Failure Came Before TXU Buyout."
"Dallas Mayoral Hopefuls Need Diverse Support."
"FW Law Students Reviewing Dallas County Cases."
"Ishmael Beah's Memoir Details Horrors Of Life As A Child Soldier."
"The Gift Of Friendship."
"Longhorns Can't Finish What They Started."
"Seniors Have Their Day For A&M."

Houston Chronicle:
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"Job Lured Alleged Al-Qaida Trainee To Houston."
"Pastor, Gamer Nabbed In Texas Warrant Sweep."
"Chavez's Clout Clouds Bush Latin America Trip."
"Two Charged In Montrose Marijuana House Case."
"Texans Redo Johnson's Deal, Miss Out On QB."
"Rockets Lose Poise, Fall 97-74 To Spurs."
"Hip-Hop Stars Help Fans Focus On Finances."
"Cy-Fair Girls Come Up Short In Bid For A State Title."
"Houston Officials Plan For Inner Loop Growth."

Story Lineup From Last Night's Network News:
ABC: Bush-Tornado Areas; Midwestern Storm; Al Qaeda-Afghanistan; Iraq Violence; Ahmadinejad-Saudi Arabia; Walter Reed; Obama-Clinton; CPAC; Atlanta Bus Crash; Stolen Rockwell; Denmark Riots; Homelessness; Swiss-Lichtenstein; Rock Camp.
CBS: Bush-Tornado Areas; Atlanta Bus Crash; Iraq Violence; Walter Reed; Bernanke-Economy; Subprime Mortgages; Stolen Rockwell; Lunar Eclipse; Terrorism Web Sites; Free Throw Coach.
NBC: Bush-Tornado Areas; Atlanta Bus Crash; Walter Reed; Military Medical Teams; Iran-Public Opinion; Denmark Riots; Stolen Rockwell; Daylight Savings Time; Lunar Eclipse; Adventure Vacations.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:
PRESIDENT BUSH — No public schedule.
VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: Jim Phillipps, 202-942-4220. Notes: Media may obtain a conference press pass by visiting the Bancroft Room

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on the Terrace Level. Contact Jim Philipps at 202-942-4220 or jphilippsnaco.org for more information.

INTERNATIONAL BANKERS _ The Institute of International Bankers holds its Washington conference. Location: Four Seasons Hotel, 2800 Pennsylvania Ave. NW. Contacts: William Goodwin, 212-421-1611 ext 12.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SUNDAY, MARCH 4, 2007 7:45 AM EST

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TERRORISM NEWS:

Job Lured Alleged Al-Qaida Trainee To Houston (HC)

By Robert Crowe

Houston Chronicle, March 4, 2007

Daniel Maldonado, the American accused of training with al-Qaida and waging jihad in Somalia, came to Houston two years ago to work for a 24-year-old Web designer linked to Internet sites frequented by terrorism suspects.

That man, Sarfaraz Jamal, a former BMX enthusiast and "Seinfeld" fan from suburban Columbus, Ohio, is emerging as an unlikely yet intriguing figure in the Maldonado saga. And his story helps explain how Maldonado wound up in Houston, where he now awaits trial.

Jamal denies any wrongdoing and the FBI is mum, refusing to say even whether he's under investigation.

But Jamal acknowledges a connection to Maldonado, saying in an e-mail to the Houston Chronicle that he had hired him to do odd jobs on the Houston-based IslamicNetwork.com.

"A small kind of job, answering e-mails, etc." is how he described it.

Jamal said he continued to pay him after Maldonado moved to Egypt.

"I had no idea he was going anywhere but Egypt," said Jamal, who is now living in Jordan so he, his wife and their children can study Islam. "Had I known, I would not have probably risked the whole guilt-by-association thing. ... I would have tried to stop him had I known of his motivation to go there."

Others who knew Jamal in Houston say he wasn't always so interested in Islam.

"According to what I've heard from him, (Jamal) was not a practicing Muslim," said Shaikh Isam Rajab of Masjid Hamza, a mosque in far southwest Houston, who arranged for Jamal to design the Web site for the Arees Institute, an Islamic school. "So he was considering himself a bad person, and then he started practicing. And maybe that's what got to him, and he became so enthusiastic."

Married and convertedMaldonado, 28, accused of training with al-Qaida from September to January and studying bomb-making with a man who produced explosives in Somalia, faces up to life in prison if convicted. He awaits trial here because his last U.S. address was an apartment in a sprawling complex off Beltway 8 in southwest Houston.

Maldonado, the son of Puerto Rican immigrants, grew up in New Hampshire, where he met and later married Tamekia Cunningham. After their marriage, they converted to Islam. In August 2005, they moved to Houston, and Jamal helped them settle in.

Jamal grew up in a family that regularly attended mosque — his parents were from Pakistan — but he took more interest in his Hoffman BMX bike and the Internet before discovering Islam. His passions for computers and religion would soon converge.

While living in his parents' Ohio home in 2001, the teenager started ClearGuidance.com, an online discussion site for young Muslims. According to a profile in The Globe and Mail, a Canadian newspaper, the Web site began with 172 members but its audience quickly grew to thousands, "from the suburbs of Detroit to the suburbs of London."

ClearGuidance made the news after Canadian authorities thwarted a plot to bomb the Toronto Stock Exchange and Canadian Parliament last June, and the newspaper disclosed that some of the suspects had been on the site discussing using weapons and killing infidels.

Jamal, also known as Sas, shut down the site in 2004.

"It was a bit too distracting. I got bored of it," he told the Chronicle. "And it was overrun by people who spent more time on it than I did."

Helped Maldonado relocateInternet relationships played a key role in Jamal's move to Houston from his parents' house in Ohio. He met Fatima Hye, a Clear Lake High School graduate and daughter of a prominent Quran translator on AlMaghrib.com. They married in 2004.

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For Hye, now 31, just divorced with three children and deep roots here, moving in with Jamal's parents in Ohio wasn't practical.

She and Jamal established a new Web site, Islamic Network, and ran it from their southwest Houston apartment.

"Even if we are radical, I don't think it's much different from what people see as 'Jesus freaks,'" Hye told the Chronicle by telephone. "We're just really into our religion."

Jamal also stayed in touch with Maldonado, whom he had met at an Islamic conference, through mutual acquaintances and the Internet. After the Maldonados arrived in Houston in the fall of 2005, Jamal realized he couldn't afford to cover their expenses and pay his own family's bills. Islamic Network does not generate revenue, Hye said, adding that Jamal earns a living through contract computer programming, graphics and Web design.

Because Maldonado had expressed an interest in living in a Muslim country, Jamal and Hye helped the family relocate to Egypt, where Maldonado could still work for Islamic Network via the Internet, Hye said.

But living in Egypt was more difficult than expected. Maldonado didn't speak Arabic, the $270 a month Jamal paid him didn't cover expenses, Internet connectivity was spotty at best and Tamekia was pregnant.

"We just lost touch," said Hye, explaining that she heard the news of Daniel's arrest and Tamekia's death from malaria "when the world did."

Of Tamekia's death, she said, "it just broke my heart because she was my sister."

Mentoring JamalAlso in the fall of 2005, Jamal met Shaikh Rajab, who had recently moved to Houston to work at Masjid Hamza. The tech-savvy Jamal asked him if he would answer questions on Islamic Network.

"He's an amazing person with very weird stuff sometimes, but that's what attracted me," said Rajab. "Some of his ideas, they're really great."

Though he was warned about Jamal, Rajab thought he could be a mentor to the young man.

"Some people came to me and told me, 'Be careful, this guy, uh, he has a past,'" Rajab said. "So I asked him what happened. He said, 'No. No. Nothing. There was just a Web site with some problems, and it was just closed.'"

Rajab added, "Youth can get overzealous. They can do some crazy stuff. But I believe Sas has finally bypassed that stage. He is finally weighing things."

Uncensored dialogueThe FBI warned Congress in September about violent extremism on the Internet, and the possibility of radicalizing a small group of American Muslims.

"These online activities further their indoctrination, create links between extremists located around the world and may serve as a springboard for future terrorist activities," said Donald Van Duyn, deputy assistant director of the FBI's counterterrorism division.

Jamal and Hye say Islamic Network — as ClearGuidance once did — encourages uncensored dialogue about such controversial topics as polygamy, jihad and U.S. foreign policy — " ... which is why I guess 'extremists' will talk more on some of the sites I am a part of versus talking less on sites which censor people," Jamal told the Chronicle by e-mail.

Under the user name Daniel Aljughaifi, Maldonado was a paid message board moderator for Islamic Network. Before his capture in January while fleeing Somalia, he was one of many members to discuss attempts to establish Islamic law in that African nation.

He's now the first American to be charged with joining Islamic extremists in Somalia.

Arab Bank Accused Of Funding Terrorists (LAT)

By Josh Meyer

The Los Angeles Times, March 5, 2007

WASHINGTON — A three-year investigation into the activities of one of the Middle East's largest and most influential banks is producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors.

The information being turned up by government inquiries and lawyers suing Arab Bank "will give people a better understanding of the way money moves in that part of the world to support Hamas" and other militant groups in the West Bank

and Gaza Strip, said Stephen Kroll, a terrorism finance specialist and until recently counsel to the U.S. Senate Committee on Banking, Housing and Urban Affairs.

"It's important in focusing the public's attention on the issue of what is and what is not acceptable for banks to be involved in," Kroll said.

The Justice Department is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and individuals accused of terrorism, according to three former U.S. counter-terrorism officials.

In 2005, the bank agreed to pay the federal government $24 million in fines for violating U.S. laws aimed at preventing terrorist financing, including failing to report suspicious transactions.

The bank is also being sued in federal court in Brooklyn by Americans and Israelis injured in suicide bombings or other fighting in Israel and the occupied territories, and by the relatives of others who were killed. No trial date has been set, but assuming the cases go to trial, they could establish ground rules for what obligations banks have in handling money bound for militant groups. They could also provide an unusually detailed and public look at the flow of money from Saudi donors to Palestinian groups that the U.S. and Israel list as terrorist.

Lawyers suing Arab Bank accuse the firm of facilitating acts of terrorism by providing accounts and other financial services to Hamas, Islamic Jihad and similar groups. Arab Bank also acted as the administrator of a plan in which suicide bombers and others designated as "martyrs" by the Palestinian Authority and other organizations were compensated for their actions on a sliding scale, based on the extent of their injuries, according to documents filed in the cases. The lawsuits charge that the payments — and thus Arab Bank — provided an incentive for suicide bombings.

Arab Bank officials deny such charges and say they have never knowingly supported acts of terrorism. Bank officials say their agreement to pay the fine in 2005 was not an acknowledgment of any wrongdoing.

Bank officials say they provide an important financial service in the impoverished Palestinian territories and that they were merely acting as intermediaries between banks representing Saudi donors and Palestinian organizations and individuals who were being compensated for suffering at Israeli hands.

They also say that a "martyr" can mean almost any Palestinian killed or injured as part of the struggle with Israel, including innocent victims.

"Arab Bank had reason to believe these were humanitarian payments or social welfare payments, and there was certainly nothing in any of the public information that suggested to the bank at the time that these were in any way [meant] to induce terrorism or reward terrorism," said Robert Chlopak, a Washington-based spokesman for the bank.

Chlopak said the bank had checked out clients and transactions and that it did not process any payments to individuals or organizations that were designated as terrorist.

In one instance in which plaintiffs' lawyers allege that Arab Bank maintained an account for Hamas in Beirut, bank officials said that once they learned of the suspicious account, they froze it and reported it to authorities.

Arab Bank also said that it was primarily transferring funds sent to it from other banks on behalf of legitimate Saudi donors that have not been linked to terrorist activities. To win their case, the plaintiffs' lawyers would have to prove that Arab Bank knew that it was doing business with terrorist individuals or entities.

In 2005, the Treasury Department and the Office of the Comptroller of the Currency found that Arab Bank's New York branch had transferred funds between 2001 and 2004 for organizations that were later designated by the U.S. as terrorist groups. The Treasury Department said the bank had "largely complied" with the requirement to stop the transfers after the groups were identified.

But the department said that after the government designated these groups as terrorist, the bank failed to go back and review its accounts to see what dealings it had had with them and report any suspicious activities.

Some of the initial allegations in the lawsuits, most of which were filed in 2004, were based on documents seized by the Israeli military during raids on charities, businesses and other locations in the West Bank and Gaza in 2002. Among the documents were records indicating that Arab Bank provided financial services for Hamas and at least 41 organizations and individuals allegedly related to it or to Islamic Jihad.

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Plaintiffs' lawyers Gary Osen and Michael Elsner used those records as a jumping-off point for a wider investigation in which they have gained access to tens of thousands of financial records from Arab Bank.

The records detail financial transactions that began in 2000 with the start of the second Palestinian intifada, or uprising. Saudi government officials created two special fundraising committees to help Palestinians battle Israeli forces and otherwise resist the occupation, according to court documents.

One of them, the Saudi Committee for Aid to the Al Quds Intifada, decreed that the life of anyone who died as a "martyr" in the conflict with Israel was worth 20,000 Saudi riyals, about $5,300 at the time. The committee began wiring that sum into accounts that families were instructed to set up at Arab Bank branches, the lawsuits allege. The average Palestinian salary is about $3,000 a year.

In all, the Saudi Committee made about 200,000 wire transfers for the Palestinian cause, totaling more than $90 million, Shukry Bishara, Arab Bank's chief banking officer, said in a court declaration. Much of that money went to pay for hospitals and social welfare programs, or to compensate people injured or imprisoned — or the families of those killed — in the Israeli-Palestinian conflict.

But the money also included an undetermined amount paid to the families of suicide bombers, and those injured or imprisoned by Israel, according to the lawsuits.

The plaintiffs allege that bank officials knew that those listed as "martyrs" included suicide bombers because it was publicly advertised. They cited a Feb. 10, 2001, edition of the Saudi newspaper Al Jazirah in which the Saudi Committee listed the names of Palestinian martyrs, including those killed in suicide bombings, whose families received payments.

Several lawmakers and Bush administration officials involved in the investigation of Arab Bank have expressed concerns about its activities.

At one House Finance Committee hearing in May 2005, Treasury Undersecretary Stuart Levey said that during his visit to the West Bank city of Ramallah to discuss the issue, the Arab Bank manager for the Palestinian territories told him that he "had not filed a single suspicious activity report in the past two years across all the Arab Bank branches in the West Bank and in Gaza."

"It appears that such controls were indeed sorely lacking at Arab Bank across all of their global operation," Levey said.

Extend Legal Rights To Guantanamo (WP)

By Alberto J. Mora, Thomas R. Pickering

The Washington Post, March 4, 2007

For more than 200 years, the courts have served as the ultimate safeguard for our civil liberties. A critical part of this role has been the judicial branch's ability to consider writs of habeas corpus, through which people who have been imprisoned can challenge the decision to hold them in government custody. In this way, habeas corpus has provided an important check on executive power. However, because of a provision of the Military Commissions Act passed last fall, this fundamental role of the courts has been seriously reduced.

Habeas corpus -- the Great Writ -- has been the preeminent safeguard of individual liberty for centuries by providing meaningful judicial review of executive action and ensuring that our government has complied with the Constitution and the laws of the United States. Habeas review has always been most critical in cases of executive detention without charge because it provides prisoners a meaningful opportunity to contest their detention before a neutral decision maker.

In 2004, the Supreme Court held that the protections of habeas corpus extend to detainees at Guantanamo Bay, who may rely on them to challenge the lawfulness of their indefinite detentions. The court noted that at its historical core, "the writ of habeas corpus has served as a means of reviewing the legality of Executive detention, and it is in that context that its protections have been strongest."

But the Military Commissions Act eliminates the federal courts' ability to hear habeas petitions filed by certain noncitizens detained by the United States at Guantanamo Bay and elsewhere. Late last month the U.S. Court of Appeals for the D.C. Circuit upheld this provision and dismissed the lawsuits filed by many of the Guantanamo detainees.

We fully recognize that our government must have the power to detain suspected foreign terrorists to protect national security. But removing the federal courts' ability to hear habeas corpus claims does not serve that goal. On the contrary, habeas

corpus is crucial to ensure that the government's power to detain is exercised wisely, lawfully and consistently with American values. That is why we have joined with the Constitution Project's broad and bipartisan group of judges, former members of Congress, executive branch officials, scholars and others to urge Congress to restore federal court jurisdiction to hear these habeas corpus petitions.

The unconventional nature of the "war on terrorism" makes habeas corpus more, not less, important. Unlike what is found in traditional conflicts, there is no clearly defined enemy, no identifiable battlefield and no foreseeable end to the fighting. The government claims the power to imprison individuals without charge indefinitely, potentially forever. It is essential that there be a meaningful process to ensure that the United States does not mistakenly deprive innocent people of their liberty. Habeas corpus provides that process.

We recognize that the Military Commissions Act still enables the Guantanamo detainees to have hearings before a Combatant Status Review Tribunal, which is charged with determining whether the detainee is in fact an "enemy combatant." But unlike court hearings, the tribunal hearings rely on secret evidence, deny detainees the chance to obtain and present their own evidence, and allow the government to use evidence obtained by coercive interrogation methods. While these tribunals have some utility, they cannot replace the critical role of habeas corpus.

The government has detained some Guantanamo prisoners for more than five years without giving them a meaningful opportunity to be heard. The United States cannot expect other nations to afford its citizens the basic guarantees provided by habeas corpus unless it provides those guarantees to others.

And in our constitutional system of checks and balances, it is unwise for the legislative branch to limit an established and traditional avenue of judicial review.

Americans should be proud of their commitment to the rule of law and not diminish the protections it provides. Our country's detention policy has undermined its reputation around the world and has weakened support for the fight against terrorism. Restoring habeas corpus rights would help repair the damage and demonstrate U.S. commitment to a counterterrorism policy that is tough but that also respects individual rights. Congress should restore the habeas corpus rights that were eliminated by the Military Commissions Act, and President Bush should sign that bill into law.

Alberto J. Mora was general counsel of the Navy from 2001 to 2006. Thomas R. Pickering was undersecretary of state for political affairs from 1997 to 2000 and U.S. ambassador to the United Nations from 1989 to 1992.

The Must-Do List (NYT)

The New York Times, March 4, 2007

The Bush administration's assault on some of the founding principles of American democracy marches onward despite the Democratic victory in the 2006 elections. The new Democratic majorities in Congress can block the sort of noxious measures that the Republican majority rubber-stamped. But preventing new assaults on civil liberties is not nearly enough.

Five years of presidential overreaching and Congressional collaboration continue to exact a high toll in human lives, America's global reputation and the architecture of democracy. Brutality toward prisoners, and the denial of their human rights, have been institutionalized; unlawful spying on Americans continues; and the courts are being closed to legal challenges of these practices.

It will require forceful steps by this Congress to undo the damage. A few lawmakers are offering bills intended to do just that, but they are only a start. Taking on this task is a moral imperative that will show the world the United States can be tough on terrorism without sacrificing its humanity and the rule of law.

Today we're offering a list — which, sadly, is hardly exhaustive — of things that need to be done to reverse the unwise and lawless policies of President Bush and Vice President Dick Cheney. Many will require a rewrite of the Military Commissions Act of 2006, an atrocious measure pushed through Congress with the help of three Republican senators, Arlen Specter, Lindsey Graham and John McCain; Senator McCain lent his moral authority to improving one part of the bill and thus obscured its many other problems.

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Our list starts with three fundamental tasks:

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Restore Habeas Corpus

One of the new act's most indecent provisions denies anyone Mr. Bush labels an "illegal enemy combatant" the ancient right to challenge his imprisonment in court. The arguments for doing this were specious. Habeas corpus is nothing remotely like a get-out-of-jail-free card for terrorists, as supporters would have you believe. It is a way to sort out those justly detained from those unjustly detained. It will not "clog the courts," as Senator Graham claims. Senator Patrick Leahy of Vermont, the Democratic chairman of the Judiciary Committee, has a worthy bill that would restore habeas corpus. It is essential to bringing integrity to the detention system and reviving the United States' credibility.

Stop Illegal Spying

Mr. Bush's program of intercepting Americans' international calls and e-mail messages without a warrant has not ceased. The agreement announced recently — under which a secret court supposedly gave its blessing to the program — did nothing to restore judicial process or ensure that Americans' rights are preserved. Congress needs to pass a measure, like one proposed by Senator Dianne Feinstein, to force Mr. Bush to obey the law that requires warrants for electronic surveillance.

Ban Torture, Really

The provisions in the Military Commissions Act that Senator McCain trumpeted as a ban on torture are hardly that. It is still largely up to the president to decide what constitutes torture and abuse for the purpose of prosecuting anyone who breaks the rules. This amounts to rewriting the Geneva Conventions and puts every American soldier at far greater risk if captured. It allows the president to decide in secret what kinds of treatment he will permit at the Central Intelligence Agency's prisons. The law absolves American intelligence agents and their bosses of any acts of torture and abuse they have already committed.

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Many of the tasks facing Congress involve the way the United States takes prisoners, and how it treats them. There are two sets of prisons in the war on terror. The military runs one set in Iraq, Afghanistan and Guantánamo Bay. The other is even more shadowy, run by the C.I.A. at secret places.

Close the C.I.A. Prisons

When the Military Commissions Act passed, Mr. Bush triumphantly announced that he now had the power to keep the secret prisons open. He cast this as a great victory for national security. It was a defeat for America's image around the world. The prisons should be closed.

Account for 'Ghost Prisoners'

The United States has to come clean on all of the "ghost prisoners" it has in the secret camps. Holding prisoners without any accounting violates human rights norms. Human Rights Watch says it has identified nearly 40 men and women who have disappeared into secret American-run prisons.

Ban Extraordinary Rendition

This is the odious practice of abducting foreign citizens and secretly flying them to countries where everyone knows they will be tortured. It is already illegal to send a prisoner to a country if there is reason to believe he will be tortured. The administration's claim that it got "diplomatic assurances" that prisoners would not be abused is laughable.

A bill by Representative Edward Markey, Democrat of Massachusetts, would require the executive branch to list countries known to abuse and torture prisoners. No prisoner could be sent to any of them unless the secretary of state certified that the country's government no longer abused its prisoners or offered a way to verify that a prisoner will not be mistreated. It says "diplomatic assurances" are not sufficient.

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Congress needs to completely overhaul the military prisons for terrorist suspects, starting with the way prisoners are classified. Shortly after 9/11, Mr. Bush declared all members of Al Qaeda and the Taliban to be "illegal enemy combatants" not entitled to the protections of the Geneva Conventions or American justice. Over time, the designation was applied to anyone the administration chose, including some United States citizens and the entire detainee population of Gitmo.

To address this mess, the government must:

Tighten the Definition of Combatant

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"Illegal enemy combatant" is assigned a dangerously broad definition in the Military Commissions Act. It allows Mr. Bush — or for that matter anyone he chooses to designate to do the job — to apply this label to virtually any foreigner anywhere, including those living legally in the United States.

Screen Prisoners Fairly and Effectively

When the administration began taking prisoners in Afghanistan, it did not much bother to screen them. Hundreds of innocent men were sent to Gitmo, where far too many remain to this day. The vast majority will never even be brought before tribunals and still face indefinite detention without charges.

Under legal pressure, Mr. Bush created "combatant status review tribunals," but they are a mockery of any civilized legal proceeding. They take place thousands of miles from the point of capture, and often years later. Evidence obtained by coercion and torture is permitted. The inmates do not get to challenge this evidence. They usually do not see it.

The Bush administration uses the hoary "fog of war" dodge to justify the failure to screen prisoners, saying it is not practical to do that on the battlefield. That's nonsense. It did not happen in Afghanistan, and often in Iraq, because Mr. Bush decided just to ship the prisoners off to Gitmo.

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Prisoners designated as illegal combatants are subject to trial rules out of the Red Queen's playbook. The administration refuses to allow lawyers access to 14 terrorism suspects transferred in September from C.I.A. prisons to Guantánamo. It says that if they had a lawyer, they might say that they were tortured or abused at the C.I.A. prisons, and anything that happened at those prisons is secret.

At first, Mr. Bush provided no system of trial at the Guantánamo camp. Then he invented his own military tribunals, which were rightly overturned by the Supreme Court. Congress then passed the Military Commissions Act, which did not fix the problem. Some tasks now for Congress:

Ban Tainted Evidence

The Military Commissions Act and the regulations drawn up by the Pentagon to put it into action, are far too permissive on evidence obtained through physical abuse or coercion. This evidence is unreliable. The method of obtaining it is an affront.

Ban Secret Evidence

Under the Pentagon's new rules for military tribunals, judges are allowed to keep evidence secret from a prisoner's lawyer if the government persuades the judge it is classified. The information that may be withheld can include interrogation methods, which would make it hard, if not impossible, to prove torture or abuse.

Better Define 'Classified' Evidence

The military commission rules define this sort of secret evidence as "any information or material that has been determined by the United States government pursuant to statute, executive order or regulation to require protection against unauthorized disclosure for reasons of national security." This is too broad, even if a president can be trusted to exercise the power fairly and carefully. Mr. Bush has shown he cannot be trusted to do that.

Respect the Right to Counsel

Soon after 9/11, the Bush administration allowed the government to listen to conversations and intercept mail between some prisoners and their lawyers. This had the effect of suspending their right to effective legal representation. Since then, the administration has been unceasingly hostile to any lawyers who defend detainees. The right to legal counsel does not exist to coddle serial terrorists or snarl legal proceedings. It exists to protect innocent people from illegal imprisonment.

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Beyond all these huge tasks, Congress should halt the federal government's race to classify documents to avoid public scrutiny — 15.6 million in 2005, nearly double the 2001 number. It should also reverse the grievous harm this administration has done to the Freedom of Information Act by encouraging agencies to reject requests for documents whenever possible. Congress should curtail F.B.I. spying on nonviolent antiwar groups and revisit parts of the Patriot Act that allow this practice.

The United States should apologize to a Canadian citizen and a German citizen, both innocent, who were kidnapped and tortured by American agents.

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Oh yes, and it is time to close the Guantánamo camp. It is a despicable symbol of the abuses committed by this administration (with Congress's complicity) in the name of fighting terrorism.

HOMELAND RESPONSE:

Bush Tours Tornado-Damaged Areas In South (WP/AP)

By Deb Riechmann

The Washington Post, March 4, 2007

ENTERPRISE, Ala., March 3 -- President Bush handed out hugs Saturday to people in the South who survived killer tornadoes, and he mourned those who died in the storms, including eight high school students.

"Out of this rubble will emerge a better tomorrow," Bush said.

Bush climbed over piles of concrete, roofing, insulation, broken glass and textbooks at shattered Enterprise High School. Be strong and set an example for the other 1,200 students, he told the student government president and three others.

The president walked alone down a hallway lined by blue lockers, the corridor where the eight students succumbed and scores more were trapped in Thursday's storm. He also saw the school wing, now just rubble, where students had hunkered down -- and survived -- as the tornado approached.

"Today I have walked through devastation that is hard to describe," he said, standing with students, one of whom had a tear running down her face. "A hundred kids got out of here alive, which is a miracle."

During the visit, Bush designated Coffee County as a disaster area, releasing federal dollars for recovery and individual assistance. His disaster relief chief came along for a firsthand look at the damage so he could make quick recommendations to the White House on requests for help from Washington.

The trip, quickly put together Friday, was intended to highlight the Bush administration's stepped-up efforts, through the Federal Emergency Management Agency in particular, to help disaster victims. The White House came under withering criticism for its sluggish response to Hurricane Katrina in 2005.

In southeastern Alabama, a tornado injured 50 people and damaged or destroyed about 370 homes among the 22,000 residents.

Bush also toured Americus, Ga., about 120 miles south of Atlanta, where storms killed two people and destroyed dozens of homes and businesses.

Before visiting the Alabama school, he got a bird's-eye view of the scene as his Marine One helicopter followed the storm's extensive path. The town's white water tower -- with the words "Enterprise, City of Progress" -- still stood. But nearby, the high school looked like a wrecking ball had struck it.

R. David Paulison, the head of FEMA, said he was on the telephone with state emergency officials hours after the storms hit. Agency teams have nearly completed preliminary damage assessments in Alabama and planned to begin similar work in Georgia on Saturday.

He said FEMA moved in truckloads of water, ice, tarps, plastic sheeting and communications equipment to help states take care of residents -- a response he called "the new FEMA."

Bush Consoles Victims Of Tornadoes In The South (NYT)

By Sheryl Gay Stolberg

The New York Times, March 4, 2007

AMERICUS, Ga., March 3 — President Bush picked his way through the rubble of the tornado-stricken South on Saturday, promising federal aid for some Alabamians and turning up unexpectedly in a largely African-American neighborhood here in Georgia, where startled residents rushed out of their damaged houses, cell phone cameras in hand, to greet him.

The hastily arranged trip, following a massive storm system that produced at least 31 tornadoes from Minnesota to the Gulf of Mexico, was intended to send an image of a compassionate president leading a competent government response, in sharp contrast with the lingering images of federal indifference and ineptitude after Hurricane Katrina.

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The president's day began in Enterprise, Ala., where eight students were killed as a tornado on Thursday ripped apart Enterprise High School. Mr. Bush, accompanied by Mayor Kenneth Boswell and several student leaders, made his way through a destroyed wing of the school, stopping in the hallway, where raining chunks of metal and concrete cost the students their lives.

"Out of this rubble will emerge a better tomorrow," the president said afterward, his hands resting gently on the shoulders of the 17-year-old student government president, Megan Parks. He called the scene one of "devastation that's hard to believe," adding, "The biggest effect of the storm is the shattered lives."

Ms. Parks, clearly shaken, bit her lip and wiped away tears as Mr. Bush spoke. She had left school 30 minutes before the storm hit, stopping along the way to pick up her little brother from elementary school to take him home. Saturday was her first time back.

"It's so hard to see our school like this," she said.

The president declared Coffee County, which encompasses Enterprise, a federal disaster area. The designation allows affected households to receive up to $28,200 in aid, according to R. David Paulison, director of the Federal Emergency Management Agency, who accompanied Mr. Bush on the trip.

Mr. Paulison said he had worked through the night preparing paperwork for the disaster declaration, which Mr. Bush approved aboard Air Force One on Saturday morning. White House officials said a similar declaration for Georgia was being considered.

After the Enterprise visit, Mr. Bush took an hour-long helicopter ride to hard-hit Americus, south of Atlanta, where his published schedule listed only a briefing here by local officials in the parking lot of a damaged hospital. Instead, the president's motorcade drove straight to a modest neighborhood of faded clapboard homes, stopping at a duplex where two people had died seeking shelter from the storm.

As Mr. Bush made his way from house to house to shake hands, giddy residents thrust their cell phones at him, imploring him to stop for pictures and, in some cases, to talk to boyfriends or girlfriends on the other end of the line. Laughing, he obliged.

It was a striking post-Katrina image for a president whose standing among black voters — never very high to begin with — fell even lower after the hurricane.

"He's lifting spirits in a very difficult situation," said Senator Johnny Isakson, Republican of Georgia, who accompanied Mr. Bush.

One person whose spirits appeared lifted was Felicia Stafford, who said the tornado had blown the roof off her house and ruined its wood floors. "He's very nice, loving and warm," she said after meeting Mr. Bush. "He's got very soft hands."

Bush To Americans: 'Help The Folks Down Here' (CNN)

CNN.com, March 3, 2007

AMERICUS, Georgia (CNN) -- President Bush assured tornado victims Saturday that help is on the way as he toured towns in Alabama and Georgia that were among the hardest hit by Thursday's storms.

Bush called the devastation "hard to describe" as he visited with officials in Americus, Georgia, where the storms had claimed two lives and shut down Sumter Regional Hospital as doctors cared for victims.

Sumter is one of six Georgia counties that Gov. Sonny Perdue has declared in a state of emergency.

Earlier Saturday, Bush was in Enterprise, Alabama -- where nine people, including eight students in a high school, were killed. He told Gov. Bob Riley and Mayor Kenneth Boswell that Coffee County had been declared "a major disaster area." That designation means extra federal dollars for recovery.

"You can never heal a heart, but you can provide comfort knowing that the federal government will provide help for those whose houses were destroyed or automobiles were destroyed," the president said.

Bush also implored Americans to help out any way they can.

"Some people are going to need your help," he said. "I would ask you out of the generosity of your heart to help the folks down here."

Speaking to reporters on Air Force One en route to Alabama, Federal Emergency Management Agency Director David Paulison said Bush's visit was indicative of "the new FEMA."

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Before Paulison's tenure, the agency drew fierce criticism for its handling of the Hurricane Katrina aftermath. Paulison told reporters that in the past FEMA didn't intervene in disaster recovery until the state and local community became overwhelmed.

That system doesn't work, Paulison said. After Thursday's storms, FEMA immediately sent 14 teams armed with food, water, ice, tarps, plastic sheeting and communications equipment.

"We have to go in as partners, so that's what we're going to be doing," Paulison told reporters.

In all, Thursday's storms killed 20 people: 10 in Alabama, nine in Georgia and a 7-year-old girl in Missouri.

Bush attended a morning briefing at the Enterprise Municipal Airport before embarking on a tour of the town's storm damage and later meeting with families.

Bush's visit to Enterprise came on the heels of a tour by Riley, who declared a state of emergency for the area and ordered the National Guard to send troops, medics and roving security patrols to the southern portion of the state.

The president visited Enterprise High School, where eight 16- and 17-year-olds were killed while seeking shelter in the school auditorium.

Thinking the Thursday tornado warnings constituted a standard drill, students were joking around in the auditorium as they waited out the storm. That is, until the school went black and glass from a skylight crashed to the ground.

"Everyone got really quiet -- we knew it was serious. No more than five seconds later, it was just like a big explosion and everything -- debris started hitting us," said Mitchell Mock, who was injured during the tornado.

Students were huddled in the building's interior, away from all windows, but no place was safe when the school took a direct hit from a tornado shortly after 1 p.m. The school's roof partially collapsed, trapping students in an avalanche of rubble.

"I had a wall fall on top of me, and the roof fell on top of us," student Brent Smith said.

"There was just hundreds of kids coming down the hallway, and a lot of them were covered with blood," said Kim Lewis, Mitchell's mother.

Dylan Lewis was trapped under rubble after the twister passed. When he emerged, "there were no more people -- it was just cement and air-conditioning parts," he said.

His collarbone was broken, but Dylan and his brothers helped rescue others before going to the emergency room themselves.

Four juniors, two sophomores and two seniors were killed. The Enterprise School Board identified the dead as Michael J. Bowen, 16; Peter James Dunn II, 16; Andrew Joel Jackson, 16; Ryan Andrew Mohler, 17; Kathryn Madora Strunk, 16; Michael D. Tompkins, 17; Jamie Ann Vidensek, 17; and Alice Michelle Wilson, 16.

Officials said the storms killed at least two others in Alabama, one of them in Enterprise and one in Wilcox County.

After delivering havoc to south Alabama, the storms moved into Georgia where nine people were killed -- six in Baker County, two in Americus and one in Taylor County -- spokesman Buzz Weiss of the Georgia Emergency Management Agency said.

In Americus, a tornado slammed into the Sumter Regional Hospital, shutting it down as health workers were treating victims coming in from the storm, Weiss said.

The patients, none of whom was killed, were transferred to other hospitals, Weiss said.

The twister also destroyed the local headquarters of the Red Cross, its generators and three of its disaster trailers, an official said.

Mayor: New Orleans 'Piled It On' For $77 Billion Lawsuit (AP)

AP, March 3, 2007

NEW ORLEANS, Louisiana (AP) -- Only $1 billion of the $77 billion the city is seeking from the Army Corps of Engineers is for infrastructure damages it says it suffered because of levee breaches during Hurricane Katrina. The rest is for such things as the city's tarnished image and tourist industry losses.

The city "looked at everything and just kind of piled it on," Mayor Ray Nagin said.

"We got some advice from some attorneys to be aggressive with the number, and we'll see what happens," he said.

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New Orleans has joined big business and thousands of homeowners in filing claims seeking compensation from the corps for damages sustained when the levees broke during the 2005 storm, flooding 80 percent of the city.

The claims allege poor design and negligence by the corps led to the failure of flood walls and levees.

The city attorney's office also considered such things as "decreases in the city's image, tourist industry activity and potential business industry, losses in the tax base and generated revenue, and a decrease in the city's overall population," in making the assessment, according to a statement from City Hall.

A spokeswoman for the mayor could not explain how the city quantified losses not tied to infrastructure. A 43-page form filed with the corps, reserving the city's right to sue for $77 billion, also provides little insight. It does not quantify "loss of tax revenue," for example, and supporting documents for city-owned properties, such as a police crime lab and libraries, omit any estimates of property values or flood-related damages, The Times-Picayune newspaper reported Saturday.

After Dubai Ports World (WP)

The Washington Post, March 4, 2007

Investing in the United States should be easier.

KEEPING AMERICA a magnet for foreign investment should be an obvious national priority. Flows of foreign cash provide the U.S. economy with valuable capital and access to innovation, and they help mitigate the country's large trade deficit. U.S. policymakers aggressively hawk the benefits of a liberal investment climate to other countries.

But since the hysteria of a year ago over Dubai Ports World proposing to manage some U.S. seaports, the Committee on Foreign Investment in the United States (CFIUS), the federal panel responsible for ensuring that national security interests are not harmed by foreign acquisition of U.S. assets, seems to have slid in the opposite direction. A recent study by David Marchick, a former Clinton State Department official, concluded that the CFIUS approval process has become overly difficult and increasingly uncertain, making it riskier for non-Americans to invest in the country.

In 2006, Mr. Marchick found, voluntary filings of paperwork with the committee were up dramatically, indicating that foreign investors are increasingly worried about possible CFIUS scrutiny. The committee opted to conduct many more time-consuming second-stage investigations of proposed transactions than in years past, leading to more investors withdrawing during the approval process. And the Financial Times reported last week that CFIUS is threatening to impose enormous penalties on companies that violate even minor points in agreements brokered by the panel. These are bad signs.

Enter the House of Representatives, which unanimously passed a bill Wednesday designed to revamp the CFIUS approval process. By making the committee's procedures explicit in statute, the bill would usefully allow foreign investors to plan with some assurance. Especially given its provenance in the Dubai Ports World controversy, the bill, introduced by Rep. Carolyn B. Maloney (D-N.Y.) and shepherded through the House by Finance Committee Chairman Barney Frank (D-Mass.), represents sensible middle ground.

Now the action moves to the Senate, which last year passed a needlessly and harmfully stringent reform bill sponsored by Sen. Richard C. Shelby (R-Ala.). This year we hope that the Senate emulates the House in finding a better balance between security and economic freedom. Sen. Christopher J. Dodd (D-Conn.), the new chairman of the Banking, Housing and Urban Affairs Committee, has said that he will introduce CFIUS legislation. He should do so soon; Americans cannot let their fears continue to scare off valuable investment.

Naked Came The Passenger (WP)

By William Saletan

The Washington Post, March 4, 2007

Psssst. Want to see Susan Hallowell naked? Look at the Feb. 24 New York Times. She's on page A10.

Hallowell runs the Transportation Security Administration's research lab. Four years ago, she volunteered to be scanned by a backscatter X-ray machine, which sees through clothing. She was wearing a skirt and a blazer. But in the picture, she's as good as naked.

Last week, TSA began using backscatters to screen airline passengers for weapons. The first machine is up and running in Phoenix. The next ones will be in New York and Los Angeles. The machines have been modified with a "privacy algorithm" to

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clean up what they show. But even the more cartoon-like images they now display tell you more than you need to know about the people seated next to you.

Are you up for this? Are you ready to get naked for your country?

This is no joke. The government needs to look under your clothes. Ceramic knives, plastic guns and liquid explosives have made metal detectors obsolete. Carry-on bags are X-rayed, so the safest place to hide a weapon is on your body. Puffer machines can detect explosives, but only if you're sloppy. Backscatters are different. They can scan your whole surface, locating and identifying anything of unusual density -- not just metals, which have high atomic numbers, but drugs and explosives, which have low ones.

Why isn't this technology in lots of airports already? One reason is fear of radiation. That's a needless worry. You get less radiation from a scan than from sitting on a plane for two minutes. If that's too much for you, don't fly.

The main stumbling block has been privacy. The American Civil Liberties Union and the Electronic Privacy Information Center have fought backscatters, calling them a "virtual strip search." But the purpose of a strip search is the search. Stripping is just a means. Virtual inspections achieve the same end by other means. They don't extend the practice of strip-searching. They abolish it.

When American Science and Engineering, which makes the backscatter machines, introduced the technology in prisons nine years ago, the point was to replace strip searches. "The scan requires no physical contact between the operator and the subject, thus vastly reducing the threat of assault against law enforcement personnel and the spread of communicable diseases," the company argued. The rationale, like the machine, conveyed not an ounce of human warmth. The inmates preferred to be seen rather than touched. Better to be depersonalized than degraded.

Because of terrorism, the rest of us now face the same choice. Under TSA policy, if you set off an airport metal detector or are chosen for secondary screening, you're subject to a pat-down inspection that "may include sensitive areas of the body," such as your chest and thighs. Unless, that is, you're lucky enough to be in Phoenix, where you can choose a backscatter instead.

The impersonality of machines can also filter out racism. Five years ago, the ACLU objected to body scans because they were administered selectively, "based on profiles that are racially discriminatory." But the best way to remove selection bias would be to scan everyone. In Phoenix, the TSA has put the backscatter monitors in a room 50 feet from the security checkpoint, so the officers who staff them can't see you. All they can see are X-ray images, which capture density, not pigment.

The key to reconciling airport security with privacy is that the officer who sees you on the monitor never sees you in the flesh -- never sees your face, never knows who you are. In Phoenix, the TSA hasn't just put the monitors in a separate room. It's laying cables to put them in an entirely different terminal. Likewise, the officer who sees you in the flesh never sees you on the monitor. It's like the blind men and the elephant: Nobody has the whole picture.

That brings us back to Susan Hallowell. The Times did not name the naked woman in its Feb. 24 photo. It did, however, mention that the machines were made by ASE. On the company's Web site, I found a news release complaining that pictures circulating in the media were obsolete, because they had been taken in 2003. Then I ran across a 2004 article that said Hallowell had demonstrated the technology the previous year. I typed her name into a search engine, and up came a 2003 wire story with a photo of her, fully clothed, next to a monitor showing her essentially naked except for a bomb and gun she had hidden under outfit. It is the same image that appeared in the Times.

Hallowell volunteered for this publicity. But this sort of easy identification is exactly what must not happen to others. In the age of body scans, privacy means keeping your name, your face and your nude image apart. That job doesn't end at the security gate; it begins there. Will your scan leak? "Images will not be printed, stored or transmitted," TSA swears on its Web site. Directly above that assurance, the agency has posted four nude pictures -- "actual images shown to the Transportation Security Officer during the backscatter process." And you thought airport screeners had no sense of humor.

Enough with the fairy tales. We lost our innocence when the planes hit the twin towers. Now we're losing our modesty. If we're going to be ogled, at least protect us from being Googled.

Editorial: Everyone Not As Confident As AG On Supermax (CCDR)

Canon City Daily Record, March 4, 2007

DOJ_NMG_0139760

When federal and state bigwigs toured Florence's Supermax prison Feb. 22, officials came away with different views on the safety of the facility.

U.S. Attorney General Alberto Gonzales was assertive as he said the United States Penitentiary Administrative Maximum Security prison, which houses many high-profile terrorists, was being well guarded and mail was being properly monitored.

"I am confident we are doing what we should be doing, monitoring communications in and out of the facility," he said.

Not everyone is brimming with Gonzales' confidence. And how much weight that opinion carries should be questioned after just one visit by the Attorney General.

John Gage, President of the American Federation of Government Employees also toured the Florence prison and as expected feels more should be done. Gage represents 600,000 federal union workers across the country, including Bureau of Prisons employees.

"There have been cuts in correctional officers," Gage said. "There have been cuts in service. The number of assaults on guards are up. We want something done about this."

Supermax has 208 employees, short of the 240 it had when the prison opened in 1994. Nationwide, the Bureau of Prisons has pledged to reduce its 35,000-strong workforce by 3,118 correction officers. That's cause for concern for not only the Florence prison but other high-profile correction facilities across the United States.

In the absence of more guards, technology is being touted as a sufficient replacement. Bureau Director Harley Lappin said the addition of a number of cameras around the complex have created a safer environment.

But Gage and some others aren't buying that argument.

"The thing that really irritates me about this technology argument is they have cameras, but they're not manned," he said. "This is not replacement technology for a professional correctional officer."

While Gonzales' tour may not have answered concerns by critics, it certainly has brought more attention to the prison. Officials should continue to monitor security concerns as an obligation to the men and women who work at the prison and the surrounding communities.

An approach that includes continual monitoring of security conditions makes more sense than waiting for a tragic incident to occur, especially one that could have been prevented.

WAR NEWS:

Airstrikes Kill Insurgents, U.S. Says (WP)

By Sudarsan Raghavan

The Washington Post, March 4, 2007

First of Two Assaults Hits Area Where Helicopters Were Downed

BAGHDAD, March 3 -- Several al-Qaeda in Iraq insurgents who had targeted U.S. helicopters were killed in an airstrike north of Baghdad, the U.S. military said Saturday. A second strike killed members of another al-Qaeda cell that has orchestrated car bombings.

Meanwhile, three U.S. soldiers on patrol in central Baghdad were killed by a roadside bomb, the military said.

The first air assault, near Taji, north of Baghdad, destroyed trucks mounted with antiaircraft guns in an area where several American helicopters have been shot down in recent weeks.

"Coalition forces believe key terrorists were killed during the airstrike," the military said in a statement. "Results are still being assessed at this time."

Sunni insurgents say they have downed at least six U.S. helicopters since Jan. 20. After several helicopters crashed in the first weeks of this year, U.S. officials ordered a reevaluation of how troops are moved around in an increasingly hostile war zone. Helicopters are being used more frequently in Iraq because sophisticated roadside bombs have made ground travel more dangerous.

The second airstrike destroyed a car bomb factory in southern Baghdad, killing seven people inside, the U.S. military said, adding that "this cell is responsible for a large and devastating number" of attacks in the capital.

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In Ramadi, 60 miles west of Baghdad, a car bomb apparently targeting an Iraqi police checkpoint exploded about noon near Anbar University. At least 12 people were killed, including two police officers, and 15 were injured, police said.

In Yusufiyah, about 15 miles south of Baghdad, gunmen killed six male members of a Sunni family after raiding their home. The attack apparently was in response to the family's efforts to reconcile with local Shiites, news services reported.

A senior adviser to Iraq's defense minister was kidnapped in western Baghdad, according to Iraqi television reports.

Meanwhile, a roadside bomb targeting the top police commander in Salahuddin province, Brig. Hamad al-Jubury, killed two of his bodyguards, police said.

U.S. Airstrikes Hit Qaeda Post In Iraq (NYT)

By Damien Cave

The New York Times, March 4, 2007

BAGHDAD, March 3 — The United States military said Saturday that an airstrike north of Baghdad had killed several insurgents with Al Qaeda in Mesopotamia who were using heavy artillery and machine guns to fire at American helicopters.

The strike occurred Friday west of Taji, where several American helicopters were shot down in recent weeks, and the American assault destroyed at least two pickup trucks with mounted machine guns, said Lt. Col. Christopher Garver, a military spokesman in Baghdad.

He said the strike did not appear to eliminate the threat to American aircraft because other weapons had been used against helicopters in Falluja and other parts of the country.

“We have seen other systems,” he said. “When the other helicopters were shot down, it wasn’t always heavy machine guns that did that. Part of the assessment we’re doing now is trying to figure out where in the network these weapons fit in.”

Military authorities on Saturday night were still investigating the identities of the gunmen and how many men were killed. An American military statement said, “Coalition forces believe key terrorists were killed during the airstrike.”

The attack was the latest effort to eliminate an emerging threat to American troops. At least eight American helicopters have crashed or been shot down since January.

Military officials have said that Sunni insurgents might be especially motivated to shoot down helicopters as a way of discrediting the new American and Iraqi security plan and undermining military transportation.

Helicopters have also become ever more important over the past few years as ground convoys became increasingly vulnerable. Army helicopters logged 240,000 hours in 2005, 334,000 hours in 2006, and are projected to log 400,000 hours in 2007, the military said.

And in a sign of what officials have described as an increased use of offensive air power in Iraq, a second airstrike destroyed a car bomb factory on Saturday in southern Baghdad, the United States military said.

Two precision-guided bombs destroyed a building and killed at least seven people suspected of being insurgents who had been firing at American troops in the area, an American military statement said.

Colonel Garver said that the announcement of two airstrikes on the same day did not necessarily mean that more bombs were being dropped, but that it did reflect a broadened presence of American air power over Iraq, with more jets in the air flying closer to American troops on the ground.

“The role has expanded to include other missions that we maybe have not used it for in the past, such as a show of force,” he said.

Three American soldiers died Saturday after a roadside bomb exploded beside their vehicle in central Baghdad, the military said in a statement.

Witnesses in the Sunni Adhamiya section of Baghdad said that two roadside bombs hit an American convoy around 2:30 p.m. The first explosion burned the lead Humvee, and when the convoy tried to escape from the area, a second blast tore through another Humvee, rolling it onto its side as it slid into a small shack on the side of the road.

American reinforcements arrived about 15 minutes later to secure the area and search nearby homes alongside Iraqi Army soldiers. Residents said at least 15 people were detained, and that one resident might have been shot during the searches.

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The military also said that an Iraqi detainee died Friday at an American-run prison from "injuries sustained after being assaulted from other detainees."

The detainee's death is under investigation, according to a military statement.

In Yusifiya, gunmen killed six Sunni men, including four brothers, at a family gathering, the local authorities said.

Wire services reported that insurgents had sent death threats to members of the family after they had met local Shiite leaders to pursue reconciliation.

But an official of the local security forces said that the killing appeared to have been motivated by an intratribal dispute over property. The attackers approached the family on foot and fled immediately after shooting.

Four separate roadside bombings against Baghdad police patrols killed at least one officer and wounded at least eight others, an Interior Ministry official said.

In the contested neighborhood of Ghazaliya in western Baghdad, a commander of a Baghdad police brigade was also shot and killed in what appeared to be an assassination, the official said.

In Ramadi, a suicide bomber killed at least 12 people, including a child and 5 policemen, when he blew up his car at an Iraqi police checkpoint near Anbar University, the Iraqi police said. At least 22 others were wounded.

Police officials in Saladin Province reported that a roadside bomb aimed at the province's top commander, Maj. Gen. Hamad al-Jubori, killed two of his guards. General Jubori survived.

British Trace Missile In Copter Strike To Iran (WT)

By Sean Rayment

The Washington Times, March 4, 2007

LONDON -- A missile that brought down a Royal Air Force Lynx helicopter and killed five British service members was smuggled into Iraq by Iranian agents, an official inquiry into the attack will reveal.

The Sunday Telegraph has learned that a British Army Board of Inquiry (BOI) into the events surrounding the May attack will state that the weapon, a shoulder-launched surface-to-air missile known as an SA14 Strella, came from Iran.

The attack, which was responsible for the death of Flight Lt. Sarah Mulvihill, the first British servicewoman to be killed on active service since World War II, appears to provide further evidence of Iran's direct involvement in the deaths of British troops serving in Iraq.

A Defense Ministry spokesman declined to comment on the inquiry.

"The board of inquiry process has not yet been concluded. It would be wrong to speculate about the cause of the crash until this process has finished," a ministry spokesman said.

It is understood that the inquiry, which has assessed evidence from military engineers and scientists, will conclude that the aircraft was shot down with an Iranian SA14 missile. The inquiry, which is conducted by senior air force and army officers, will deliver its finding to defense chiefs next month.

The report also will reveal whether the helicopter's self-defense systems were working properly and whether they provided adequate protection from a missile fired from relatively short range.

Traditionally, the role of a military board of inquiry, which can examine everything from the loss of a piece of equipment to the deaths of servicemen, is not to attribute "blame" for a particular incident. Instead, senior officers make recommendations to prevent another similar incident.

The Foreign Office is expected to use the findings to step up diplomatic pressure on the Iranian government, which has been asked to crack down on units within its defense and security services believed to be supplying weapons and bomb-making technology to insurgents in Iraq.

Dozens of British soldiers have been killed in Iraq by improvised explosive devices in the form of roadside bombs, thought to have either been manufactured in Iran or by insurgents trained by the Iranians.

Hundreds of thousands of Strellas were produced by the Soviet Union in the 1970s and were used to equip armies throughout the Warsaw Pact, Central Asia and the Middle East, including Syria and Iran. The same weapon system is also thought to have been responsible for bringing down several U.S. helicopters in Iraq.

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Although the weapon is cheap to produce and easy to assemble, operators need some skill to use it effectively, suggesting that the missile was fired either by an Iranian agent or by someone who had been trained by a skilled soldier.

The attack also claimed the life of the most senior British officer to have been killed in the three-year conflict, Wing Cmdr. John Coxen, 46, who was about to take over command of the British helicopter fleet in southern Iraq.

The other three men killed were the pilot, Lt. Cmdr. Darren Chapman, 40; his co-pilot, Capt. David Dobson, 27; and the door gunner, Marine Paul Collins, 21.

The Lynx Mark 7 was traveling low over central Basra on a sortie to familiarize Cmdr. Coxen with the dangers his pilots might face. Although it was believed at first that the helicopter had been brought down by a "lucky hit" from a rocket-propelled grenade, British troops found discarded missile parts in a nearby building after the incident.

Agreement Allows U.S. Presence In Sadr City (KCS/MCT)

The Kansas City Star/McClatchy, March 4, 2007

The U.S. military has reached an agreement with representatives of the Shiite community in Baghdad's Sadr City enclave that will allow American forces to maintain a permanent presence in the militia stronghold for the first time since 2004, U.S. and Iraqi officials said Saturday.

Under the agreement, the U.S. will open one of the joint security stations that are a prominent feature of the new Baghdad security plan, living alongside Iraqi forces in a police station just inside the impoverished neighborhood, said Rahim al-Daraji, one of Sadr City's two mayors.

But there is still some uncertainty about the degree to which U.S. forces at the combat outpost will be welcome to move freely around the neighborhood, the scene of two fierce battles in 2004 between the U.S. and the Mahdi Army militia headed by anti-American Shiite cleric Muqtada al-Sadr.

Al-Daraji said the deal means U.S. forces will man checkpoints, conduct raids and mount patrols in conjunction with Iraqi forces throughout Sadr City, just as they are doing elsewhere in Baghdad. It is expected they will move into the station by mid-March, said al-Daraji, an independent politician who has been negotiating with U.S. officials on ways to secure the entry of American forces into the neighborhood since late January.

"All movements and political tendencies are ready to welcome the multinational forces into Sadr City in order to make the security plan succeed," he said. "There will be multinational forces at every checkpoint alongside Iraqi forces."

However, Naim Kaabi, a Sadrist official and one of Baghdad's deputy mayors, said only a small number of U.S. troops would be based at the police station and they would not be permitted to move around Sadr City on a regular basis, only to act as emergency backup for Iraqi security forces.

"The Iraqi security forces are welcomed here, and there is no need to have any American forces," he said. "Americans will not get involved unless there is an emergency. They will not do operations, and this is part of the agreement."

Maj. Steven Lamb, a military spokesman in Baghdad, declined to discuss details of the upcoming deployment and said there are still some specifics to be worked out. The intention is to treat Sadr City just like any other Baghdad neighborhood, he said.

"Things are looking very favorable," he said. "I can say that the Sadr City people are very welcoming to us at this time."

He wouldn't say how many soldiers will eventually move into Sadr City, but according to a U.S. military statement, troops are preparing for a "significantly increased presence" in the 6-square-mile district of 2 million people.

The 2nd Brigade Combat Team of the 82nd Airborne Division, newly arrived in Baghdad, is expected to deploy at the joint security station, one of dozens of smaller military outposts being established across Baghdad in an effort to bring U.S. forces into closer contact with local communities.

The brigade is the first of five extra units due to be deployed as part of President Bush's troop escalation in support of the Baghdad security plan, the central plank in his revised Iraq strategy and the biggest effort yet to bring the capital under control.

Since the plan formally went into effect Feb. 14, U.S. troops have significantly intensified their presence on the streets, and U.S. officials have expressed cautious optimism as the level of violence appears to be falling.

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There were no reported bombings against Iraqi targets in Baghdad on Saturday, an unusually quiet day, but three U.S. soldiers were killed when a roadside bomb struck their convoy in Baghdad, the military said.

Though car bombings blamed on Sunni insurgents have continued, the sectarian killings for which Shiite militias were held largely responsible have dropped, suggesting the Mahdi Army is complying with orders from its leaders to stay off the streets.

Al-Sadr has also dropped out of sight and is reportedly in Iran. A week ago, a representative read a statement on al-Sadr's behalf to his followers in Sadr City in which he criticized U.S. involvement in the security plan but also said Iraqi security forces should be supported in their efforts to pacify the city.

The statement was widely interpreted as a gesture of support for the government of Prime Minister Nouri al-Maliki, though it left uncertain the question of how the Mahdi Army will respond if U.S. troops extend their reach deep into Sadr City.

If American forces do deploy in the streets of the slum, the Mahdi Army will not confront them, predicted Sadr City's other mayor, Hassan Karim, an al-Sadr supporter. He said he has not been informed of the agreement and does not want to see U.S. forces based at the police station.

"But of course there will be no resistance," he said. "American forces are already everywhere on the ground in Iraq, and we do not welcome them anywhere."

Iran War Weapons Fuel Iraq Insurgency (AP)

By Lauren Frayer, Associated Press Writer

AP, March 4, 2007

Mud roads crisscross green hills between palm groves. Snowcapped mountains rise in the distance across the Iranian border. Donkeys stroll along footpaths, carrying the region's harvest — land mines.

Risking their lives, Iraqi shepherds are increasingly venturing into these deadly fields to dig up mines planted during the Iran-Iraq war two decades ago, according to U.S. soldiers, who say insurgents then use the mines to fashion roadside bombs that kill American troops.

With Iraq's economy still struggling, shepherds need the money. And the insurgents are looking for more sources of weapons and explosives as the war enters its fifth year.

"They're going out there and farming them," said Capt. Jesse Stewart of Seattle, Wash., who runs a training school for Iraqi border guards at this border station 90 miles northeast of Baghdad. "Shepherds are digging them up and selling them on the black market."

Old Iran-Iraq war era land mines were used in about 15 percent of the roadside bombs that exploded or were detected in northern Iraq during January, according to Navy Lt. Sarah Wilson, an explosives officer based in Tikrit.

Many of them were believed to have come from this border area.

"All of that unexploded ordnance, minefields and shrapnel — it's still out there," said Lt. Col. Ron Ward, 49, who helps train Iraqi guards.

The vast majority of harvested mines reach their insurgent buyers undetected.

In November, U.S. troops confiscated 53 anti-tank mines and a rocket strapped to the backs of six donkeys found wandering on a footpath outside Khanaqin, about five miles from Iran.

The mines were older Soviet and Italian models of the same type Saddam Hussein's army used along this border during the Iran-Iraq war, the U.S. military said.

And there's plenty more where that came from.

The International Campaign to Ban Landmines estimates that Saddam ordered between 12 and 16 million mines planted along the border with Iran during the war. A U.N. project cleared less than 10,000 mines between 1998 and 2002 before work was halted.

Attention has been focused on the porous, 900-mile border because U.S. military officials allege that Iranian weapons, including advanced roadside bombs, are being smuggled to Shiite extremists here. Iran has denied the allegation, but U.S. officials insist they have compelling evidence that components for "explosively formed projectiles" were manufactured in Iran.

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American officials say the EPFs account for a relatively small percentage of the roadside bombs used in Iraq but have still killed more than 170 U.S. and coalition soldiers since mid-2004.

Despite the recent spotlight on Iran, U.S. officials say the majority of weapons used by Sunni and Shiite extremists have been in this country for years and were looted from Iraqi military arsenals after the fall of Saddam in April 2003.

About 30 percent of the insurgent weapons found here in Diyala province date back to the Iran-Iraq war, said Maj. Suzanne MacDonald, an intelligence officer with the 1st Cavalry Division's 3rd Brigade.

They include not only mines planted along the Iranian border but also weapons caches buried by the Iraqi military decades ago in a labyrinth of clay dunes and stone outcroppings, said MacDonald, 38, from Georgetown, Texas.

"Terrorists go and collect those weapons — land mines and mortars — that are left from the Iran-Iraq war," said Gen. Nazim Shareef Muhamed, a former Kurdish guerrilla fighter who heads the Iraqi Department of Border Enforcement in Khanaqin.

It is easier for locals, who have farmed this difficult terrain for generations, to find the buried weaponry, said Maj. Gen. Benjamin Mixon, commander of U.S. forces in northern Iraq.

They "don't need night vision technology" to locate it, Mixon said. The Iraqis then presumably remove the detonators before transporting the mines for sale to insurgents.

Those recycled weapons have been used against U.S. and Iraqi forces across a wide area of eastern Iraq.

"In Balad Ruz, we got hit by 18 anti-tank mines that I'm 100 percent sure came from right here," Stewart said, referring to a town about 60 miles to the south.

The Red Cross said in 2001 that an average of 30 Iraqis per month were injured by land mines and unexploded ordnance in this region. But surveys have been impossible since then and many injuries are believed to go unreported. An Iraqi border guard lost his leg last year in an explosion from a land mine here.

U.S. officers believe economics is responsible for an increase in the harvesting of old mines and weapons — although they did not know how much an anti-tank or anti-personnel mine can fetch on the black market.

And with Iraq's economy faltering and unemployment in some areas as high as 60 percent, Iraqis who have no direct role in the insurgency are turning to small-scale arms deals for their livelihood.

"If you're working either for the bad guys or just to feed your family, you've just found a couple dollars that might take care of your family for the week if you sell it," said Wilson, the Navy lieutenant in Tikrit.

Human Rights Watch estimates than nearly 150,000 Iraqi families — or about 900,000 people — live in communities near mine fields. The area is mostly Kurdish but has substantial numbers of Arabs.

"Most folks here don't think there will be success in the Iraqi government," MacDonald said. "The less optimism they have for the future, the more they think of themselves and their clan or hometown."

Anti-tank mines are the safest to collect because they are not as sensitive as anti-personnel mines and are less likely to explode during harvesting, said Wilson, from Moon Township, Pa.

And, she added, "They're the easiest thing for the enemy to use against us, because they're already manufactured. It's simple: Drop and go."

Iraq Violence Takes Toll On Aid Groups (LAT)

By Tina Susman

The Los Angeles Times, March 4, 2007

There are fewer than 10 organizations active in the country, but the number may fall after the killing of a worker.

BAGHDAD — First it was the curfew. Then the checkpoints and the car bombs. Later, it was the Iraqis' fear of being seen entering a compound occupied by foreigners.

Eventually, for the U.S. nonprofit organization training Iraqi healthcare workers, the risks outweighed the returns. Iraqis couldn't come to them. Americans couldn't go to the Iraqis.

So to avoid working in Baghdad, RTI International moved classes to Jordan and Egypt, flying trainees back and forth.

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RTI trained hundreds of Iraqis, who in turn trained thousands more when they returned to Iraq. But the hurdles they encountered along the way are typical of the challenges facing the handful of international aid and development organizations still working in Iraq.

Most groups pulled out after the 2003 bombing of the United Nations headquarters in Baghdad. Fewer than 10 remain, a minuscule number given the level of need, say those in the aid community.

And there are concerns that the number could shrink further after the killing in January of an American woman working for the National Democratic Institute, a Washington-based group that since 2003 has been helping Iraqis build their new government.

The attack was a stark reminder of the perils of aid work in Iraq, be it building sewer systems, teaching fair polling practices or tending to people displaced by sectarian violence.

At least 82 foreign and Iraqi staffers of the U.N. and nonprofit organizations, known as NGOs, have been killed since the war began in March 2003, according to the umbrella group NGO Coordination Committee in Iraq. Scores of workers have been abducted.

For aid groups, which step in when governments cannot or will not care for their people, the decision to leave can be agonizing, particularly when the crisis is growing as clearly as it is in Iraq.

After a decade of sanctions, a foreign invasion and now a civil war, Iraq is in need of everything from road repairs to security — just drive along Baghdad's gray and battered streets, past the concrete blast barriers, the sagging, bullet-pocked buildings and intersections guarded by gunmen.

Tens of thousands of people have been driven from their homes in the sectarian "cleansing" that followed the February 2006 bombing of the Golden Mosque in Samarra, a revered Shiite shrine. The population shifts have disrupted schools and medical facilities, overwhelming them in areas suddenly flooded with newcomers.

People's fear of simply stepping outside has made it difficult for many to shop for food, send their children to school or visit doctors, which over time can lead to increased malnutrition, illiteracy and illness.

"If I look at how many NGOs are at work in Iraq, and I look at the violence and the threats of violence to the average Iraqis, all I can tell you is the need is huge," said David Holdridge of Mercy Corps, an international organization with headquarters in the U.S. and Britain that has remained in Iraq.

A group's decision to pull out usually comes after the death or abduction of an employee. Even then, aid workers wrestle with their consciences.

The New York-based International Rescue Committee left Iraq at the end of 2004 because of security concerns after an employee was kidnapped. George Biddle, the IRC's senior vice president, said it left in part also because the humanitarian crisis anticipated early in the war had not materialized by 2004. The assistance needed then was large-scale reconstruction, which the group does not provide.

The humanitarian needs have soared since then, but so have the security risks. Choosing to stay away is difficult, Biddle said, "but if NGOs don't feel they can go about their business, they spend all their time and resources focusing on security."

Security is such a major concern among organizations still in Iraq that most refuse even to acknowledge their presence.

Nearly all are U.S.-based groups, and, like the National Democratic Institute, they depend on U.S. government money to fund their projects. Because of that, even those that admit to being in Iraq refuse to say where their projects or their employees are based.

Holdridge says Mercy Corps has been able to work in Iraq by never launching projects without first winning the support of local tribal and religious leaders.

However, this can require altering programs to suit the leaders, many of them Shiite Muslim clerics who have objected to, among other things, women leading computer courses. "The message was clear: Don't cross the boundaries," Holdridge said.

An aid worker involved in the RTI project, who declined to be identified for security reasons, said the problems the North Carolina-based nonprofit group encountered grew after the Samarra mosque bombing.

A government-imposed curfew in Baghdad after the blast made it difficult for trainees to get to their sessions on time. As violence increased, Iraqis needed to leave for home earlier to get off the streets before dark.

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The growing number of car bombs and militia checkpoints scared many of them off the road altogether, as did the risk of entering the compound where the training was taking place, said the aid worker. It became virtually impossible for trainees coming from outside Baghdad to reach the city safely.

"It became harder and harder to recruit people as the situation deteriorated," the aid worker said.

RTI says the 20-month program, which ended in December, nevertheless was a success and showed that by adjusting methods to suit the environment, aid organizations could continue their work. More than 4,600 Iraqis, from doctors to social workers, have been trained, most of them by other Iraqis who were taught by RTI.

But organizations such as the National Democratic Institute, which work closely with political groups and leaders, cannot necessarily achieve their goals from a distance.

Their ability to help Iraqis build democratic government institutions depends on regular face-to-face contact, even if that means visiting dangerous areas where the arrival of heavily guarded foreigners cannot be missed. The NDI workers were attacked after one such meeting.

A Western aid official working with another U.S. group, which has programs similar to NDI's but fears going public because of security issues, says the organization rarely has direct contact with Iraqis anymore.

Non-Iraqi staffers only leave their compound to visit the fortified Green Zone, where U.S. and Iraqi government and military headquarters are based. Even those trips are rare. Visiting staffers outside Baghdad is impossible, as is visiting programs to gauge their effectiveness.

None of this bodes well for success in Iraq, say aid workers, who emphasize the need for their organizations to form partnerships with Iraqi communities they are trying to assist.

That means being on the ground with them, having regular contact and, in essence, being "embedded in a community," said Sam Worthington, the president of InterAction, an alliance of U.S.-based aid organizations. "Without that being present, it makes it very difficult for reconstruction, let alone the building of a society."

Desperation Helps Out In Baghdad (WP)

By Jim Hoagland

The Washington Post, March 4, 2007

The Bush administration is tossing babies off the Iraq sled as the wolves of disintegration creep closer. Desperation runs through the flurry of initiatives that the White House and State Department have breathlessly wheeled out to deal with Iraq's war in recent weeks.

And so it should. Desperation is the right conclusion to reach, and to communicate, to an Iraq that totters on the edge of extinction as a nation-state. Desperation is Iraq's ground truth, a ground truth the administration has long sought to deny and evade.

The sense that even President Bush will be eyeing the exit if Iraq's chaos worsens has spurred Prime Minister Nouri al-Maliki to take serious steps -- at long last -- to encourage Iraqis to look for compromise rather than endlessly pursue revenge against each other and to persuade Washington to give Iraq more room to deal with its neighbors in its own right.

The sobering effect that these steps are having may turn out to be more important than the immediate practical outcomes of the overlapping and in places contradictory initiatives that the administration has recently unveiled. These include Bush's military "surge," a regional political "realignment" and an international conference in Baghdad. Individually, none of these measures does much beyond buying time while the administration stalls critics and moves to define success in Iraq downward.

"The administration has been so focused on perception that it has frequently missed the point" of Iraq's complex realities, says Qubad Talabani, Washington representative of the Kurdistan Regional Government. "If how it looks in Washington becomes more important than how it works out in Baghdad, we all lose."

That is a caution that applies to war critics who insist on unrealistic benchmarks or deadlines as well as to war supporters who insist on Bush's freedom of action. Both tend to overestimate U.S. ability to manage withdrawal -- or escalation -- on its own terms, relegating Iraqis and others in the region to the status of bit players in an American political drama.

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The addition of 17,500 troops into Baghdad that Bush announced Jan. 10 smacked initially of being another gimmick, of resembling an exit-covering escalation, as in an old Western where the gunslinger backs out the saloon door with guns blazing.

But the impression of impending crisis has either prompted or helped Maliki to develop a political initiative of his own to accompany the surge -- and has encouraged U.S. officials to give him more room to maneuver. Bypassing the dysfunctional " national unity" cabinet that U.S. officials helped force on him nearly a year ago, the prime minister has created four committees to work directly with Gen. David Petraeus in implementing the new Baghdad security plan.

"General Petraeus seems to agree that the prime minister's Baghdad security plan should not be seen as a crackdown but as a political effort that has important security aspects," Ahmed Chalabi, who heads the committee charged with building public support for the new effort, told me by telephone from Baghdad last week.

Maliki has turned to the energetic but controversial Chalabi -- once supported by key figures in the Bush administration and then dumped by the White House, allegedly because of his ties to Iran -- to work on the task of reconciliation between Shiites and Sunnis at the neighborhood level. "People are fed up with the violence" and may be ready to overcome old differences, says Chalabi, who seems to have noticeably softened his harsh judgments of the limited place ex-Baathists should occupy in Iraqi society.

Another sign of change: Washington settled last week for effective federalism in Iraq rather than clinging to unrealistic hopes for centralization of state power. U.S. officials prodded Maliki's cabinet into accepting a new petroleum law allowing the Kurdish regional government to let contracts for exploration and production in the north while promising Sunnis a fair share of all oil revenue.

Iraq-centered realism may also be at work on the diplomatic track. Secretary of State Condoleezza Rice's newly declared willingness to go to Baghdad to meet with Iranian, Syrian and other regional officials -- if a preparatory ambassadorial meeting to be held there Saturday makes progress -- rewards persistent efforts by Iraqi Foreign Minister Hoshyar Zebari to host an international conference in the Iraqi capital. This looks like a more promising option than Rice's previously announced effort to exploit a diplomatic "realignment" that in effect would have pitted Sunnis against Shiites throughout the region.

These shifts amount to straws in a hurricane that still has to run its course. But in the Middle East, as elsewhere, desperation is frequently the mother of all progress.

Walter Reed Changes Planned (WP)

By Josh White, Steve Vogel

The Washington Post, March 4, 2007

Nonmedical General To Be Named as Deputy Commander

Army officials plan to revise the command structure at Walter Reed Army Medical Center, installing a nonmedical general officer as deputy commander to ensure that administrative operations run smoothly, in the wake of reports of serious problems with outpatient care at the facility, officials said yesterday.

A one-star general -- who has not yet been identified -- will work with Maj. Gen. Eric B. Schoomaker, a physician who was named on Friday to head Walter Reed, according to two defense officials. The new deputy will be a general who will bring a nonmedical eye to the operation to "make it run like it's supposed to run," said one Army official familiar with the decision.

Gen. Richard A. Cody, the Army's vice chief of staff, has also directed that an infantry officer -- one who recently served in Iraq -- assume the leadership of a new unit at Walter Reed called the "Wounded Warrior Transition Brigade," whose specific aim is to take care of outpatients. The brigade will address problems such as those identified in a series of Washington Post reports about substandard conditions and bureaucratic tangles that affected the care of injured soldiers who had returned from Iraq and Afghanistan.

"The changes will allow commanders to provide direct organizational leadership without any other distraction," said Brig. Gen. Anthony A. Cucolo III, the Army's top spokesman.

Since the problems at Walter Reed were made public, the Army has begun refurbishing Building 18, an off-campus facility where dozens of outpatients stay, Maj. Gen. George W. Weightman was relieved as Walter Reed commander, and Army Secretary Francis J. Harvey resigned under pressure from Defense Secretary Robert M. Gates.

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Congressional hearings on Walter Reed are scheduled to begin tomorrow. Lt. Gen. Kevin C. Kiley, the Army's surgeon general, is expected to face tough questioning about the facility. Kiley commanded Walter Reed until 2004, when he became the Army's top doctor.

Also yesterday, the Army released a statement indicating Weightman acted upon a warning last year from a subordinate about a shortage of workers at Walter Reed and resolved the critical issues that were raised. Col. Peter Garibaldi, the Walter Reed garrison commander, issued a statement through the Army to follow up on an internal memorandum he wrote in September.

In that memo, released publicly Friday by the House Committee on Oversight and Government Reform, Garibaldi warned that "patient care services are at risk of mission failure" because of staff shortages brought on by the privatization of the hospital's support workforce.

Garibaldi said yesterday that Weightman "evaluated the situation and recognized its importance. Consequently, all of three critical issues I highlighted were resolved."

On Friday, Oversight and Government Reform Committee Chairman Henry A. Waxman (D-Calif.) and Rep. John F. Tierney (D-Mass.), who heads the panel's national security subcommittee, cited Garibaldi's memo as raising "a new dimension to the problems at Walter Reed."

Tierney said Friday that he intends to ask Army officials at tomorrow's hearing, about the memo and the reasons that the workforce was privatized.

Iraq PM Vows Cabinet Shakeup In 2 Weeks (AP)

By Robert H. Reid And Qassim Abdul-Zahra, Associated Press Writers

AP, March 4, 2007

Iraq's prime minister said Saturday he will reshuffle his Cabinet within two weeks and pursue criminal charges against political figures linked to extremists as a sign of his government's resolve to restore stability during the U.S.-led security crackdown in Baghdad.

Prime Minister Nouri al-Maliki also told The Associated Press during an interview at his Green Zone office that Iraq will work hard to ensure the success of a regional security conference.

The conference in Baghdad, tentatively set for next weekend, is expected to bring together all of Iraq's neighbors, including Iran and Syria, as well as the United States and Britain to find ways to ease this country's security crisis.

Iran has not announced whether it will attend, but Iraqi officials believe that Tehran will send a representative.

Al-Maliki has been under pressure from the U.S. to bring order into his factious government of Shiites, Sunnis and Kurds since it took office last May. Rumors of Cabinet changes have surfaced before, only to disappear because of pressure from coalition members seeking to keep power.

Nevertheless, al-Maliki said there would be a Cabinet reshuffle "either this week or next."

After the changes are announced, al-Maliki said he would undertake a "change in the ministerial structure," presumably consolidating and streamlining the 39-member Cabinet.

The prime minister did not say how many Cabinet members would be replaced. But some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shiite cleric Muqtada al-Sadr, an al-Maliki ally.

Al-Sadr also controls 30 of the 275 parliament seats, and his support for al-Maliki has been responsible for the government's reluctance to crack down on the cleric's Mahdi Army militia, blamed for much of the Shiite-Sunni slaughter of the past year.

U.S. officials had been urging al-Maliki to cut his ties to al-Sadr and form a new alliance of mainstream Shiites, moderate Sunnis and Kurds. Al-Maliki had been stalling, presumably at the urging of the powerful Shiite clerical hierarchy that wants to maintain Shiite unity.

But pressure for change has mounted since President Bush ordered 21,500 U.S. troops to Iraq last January despite widespread opposition in Congress and among the U.S. public — weary of the nearly four-year-long war.

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Last month, U.S. and Iraqi troops arrested Deputy Health Minister Hakim al-Zamili, an al-Sadr ally, for allegedly diverting millions of dollars in government funds to the Mahdi Army and allowing death squads to use ambulances and government hospitals to carry out kidnappings and killings.

During the interview, al-Maliki said other top officials would face prosecution for ties to insurgents, sectarian militias and death squads — including members of parliament.

"There has been coordination between us and the Multinational Forces ... starting at the beginning of this year ... to determine who should arrested and the reasons behind arresting them," he said.

Al-Maliki did not elaborate on the U.S.-Iraqi coordination but said Iraqi judicial authorities were reviewing case files to decide which to refer to an Iraqi investigative judge, who must decide whether there is enough evidence to order a trial.

Al-Maliki said he was encouraged by Iraqi public response to the new Baghdad security operation — which has led to a sharp drop in violence in the capital.

He also defended his government, saying it managed to "achieve a lot of harmony and stability" despite attacks by al-Qaida and Saddam Hussein loyalists.

The prime minister did not say how many politicians and officials might be targeted for formal investigation, an Iraqi legal step that corresponds to a grand jury probe.

But five senior Iraqis — two of them generals and three from Shiite and Sunni parties — have told the AP that up to 100 prominent figures could face legal proceedings.

The five spoke on condition of anonymity because they were not authorized to talk about the subject to the media. All five had direct knowledge of the case review.

U.S. officials have said privately that a number of prominent Iraqis were believed to have ties to armed groups.

One Shiite parliament member, Jamal Jaafar Mohammed, is believed to have fled to Iran after U.S. authorities learned that he was convicted by a Kuwaiti court in absentia and sentenced to death in the 1983 bombing of the U.S. and French embassies in Kuwait.

Mohammed fled Kuwait for Iran before he could be arrested and returned after the fall of Saddam Hussein in 2003. U.S. officials have alleged he was a conduit for Iranian weapons and supplies smuggled to Shiite militias.

U.S. military officials have expressed concern over alleged Iranian weapons shipments and financial support to Shiite parties allied with al-Maliki. The Shiite-led government hopes the upcoming regional conference will ease tensions between the U.S. and Shiite-dominated Iran — and allay Washington's fears of Tehran's influence here.

The U.S. also hopes the conference will encourage Syria and other Arab countries — most of them Sunni-led — to increase their support for Iraqi's leadership, despite regional unease over the Shiite-led government's ties to Iran.

"In fact the importance of the upcoming conference lies in the fact that the Iraqi government has the ability to serve as a proper venue for solving conflicts," al-Maliki said.

"So we will exert the utmost effort to find solutions to all pending questions, either among regional countries themselves or between them and Iraq, or between them and powers such as the U.S. and Britain and the international community."

Sunnis Slain Over Talks With Shi'ites (WT/AP)

By Brian Murphy

The Washington Times, March 4, 2007

BAGHDAD -- Gunmen rounded up two Sunni families who had received death threats for joining U.S.-organized talks with local Shi'ites, hauling away the men and boys and killing all six yesterday in a campaign by suspected Sunni insurgents to keep opponents from cooperating with Iraq's government.

Also, the al Qaeda-affiliated group Islamic State of Iraq posted an online video of the execution of 18 Iraqi security troops, shot in the back of their heads while kneeling in a field.

The three-minute video, posted on a Web site previously used by the Islamists, said the 18 kidnapped government security personnel were slain in retaliation for the purported rape of a Sunni woman by members of the Shi'ite-dominated police. The video's authenticity could not be immediately verified.

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The group also claimed responsibility for the deaths of 14 policemen whose bodies were found Friday in the northeast province of Diyala.

Some of the victims were decapitated, according to an Associated Press photographer. Their remains were cleansed in Muslim tradition before burial in the Shi'ite city of Najaf, 100 miles south of Baghdad.

U.S. forces, meanwhile, reported air strikes and raids on what they described as Sunni militant bases linked to the group al Qaeda in Iraq.

A recent wave of Sunni reprisals appears linked to increasingly high-profile attempts to stir popular momentum against Sunni terrorists and militants who are trying to drive out the Shi'ite-led government and its American backers.

Those targeted include a range of Sunnis raising their voices against violence: imams, clan-based vigilantes and activists trying to bridge deep rifts with majority Shi'ites.

"We are seeing more people beginning to challenge the insurgents," said Marine Brig. Gen. John Allen, who oversees units in the militant heartland west of Baghdad.

The families gunned down at sunrise yesterday had received death threats for weeks after attending gatherings of Sunni and Shi'ite leaders, police said.

The first meeting, organized by U.S. military officials on Feb. 13, brought together leaders of prominent clans from both sides, said military spokesman Maj. Webster M. Wright III.

The clan chiefs held another round on their own about a week later and appointed a joint council "to discuss the terms of reconciliation" around Youssifiyah, a Sunni-dominated area about 12 miles south of Baghdad, Maj. Wright said.

At dawn, gunmen stormed the home of two families belonging to the influential Sunni Mashhada tribe, said police 1st Lt. Haider Satar. Two fathers and their four sons were separated from their wives and sisters. They were executed at point-blank range.

In the morgue in nearby Mahmoudiya, AP Television News footage showed at least two victims had their hands bound behind their backs.

Prime Minister Nouri al-Maliki, a Shi'ite, is under pressure from Washington to take a stronger stand against Sunni insurgents, as well as a Shi'ite militia that forms part of his power base.

In an interview with the Associated Press, Mr. al-Maliki said he will reshuffle his 39-seat Cabinet "either this week or next" and pursue criminal charges against political figures -- and even members of parliament -- linked to extremists.

He said there has been coordination between Iraqi and multinational forces from the beginning of the year "to determine who should be arrested and the reasons behind arresting them."

The prime minister did not say how many Cabinet members would be replaced, but some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shi'ite cleric Muqtada al-Sadr, who leads the powerful Mahdi's Army militia.

U.S. officials had been urging Mr. al-Maliki to cut his ties to Sheik al-Sadr and form a new alliance of mainstream Shi'ites, moderate Sunnis and Kurds.

Mr. al-Maliki has won some breathing room in recent days with a notable -- but perhaps temporary -- drop in bloodshed in Baghdad. It comes as a U.S.-led security crackdown concentrates on areas considered staging grounds for Sunni insurgent car bombs and mortar attacks.

The Mahdi's Army also was strong-armed by Mr. al-Maliki to pull back. Its suspected death squads once left dozens of Sunni victims around the city -- a figure that has fallen off significantly.

In western Baghdad, meanwhile, a top adviser to Iraq's Defense Ministry was kidnapped in western Baghdad, said an aide to Adnan al-Dulaimi, a leader of the largest Sunni bloc in parliament.

In U.S. raids north of Baghdad, nine suspected insurgents were captured, including two thought to be responsible for recruiting and helping foreign militants in Baghdad, the U.S. military said. The suspects also were accused of harboring al Qaeda in Iraq leaders, it said, but gave no further details.

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U.S. warplanes also struck a suspected car bomb factory in Arab Jabour, south of Baghdad, the military said. Seven suspected insurgents were killed when two precision-guided bombs destroyed the structure where they were hiding, the military said.

Iraq Terror Group Posts Tape Of Killings (AP)

By Brian Murphy

AP, March 3, 2007

BAGHDAD, Iraq (AP) - An al-Qaida-affiliated group said Saturday it killed 18 kidnapped government security forces in retaliation for the alleged rape of a Sunni woman by members of the Shiite-dominated police, posting an online video of the officers being shot in the back of their heads while kneeling in a field.

The authenticity of the three-minute video, posted on a Web site previously used by the Islamic State of Iraq, could not be immediately verified.

The group also said it had killed 14 policemen, whose bodies were found Friday in the northeast province of Diyala, in retaliation for the alleged rape. Some of the victims were decapitated, according to an Associated Press photographer.

Meanwhile, gunmen rounded up two Sunni families that had received death threats for joining U.S.-organized talks with local Shiites, hauling away the men and boys and killing all six Saturday as suspected insurgents expanded a campaign of fear against opponents.

U.S. forces also reported airstrikes and raids on what it called Sunni militant bases linked to al-Qaida in Iraq.

A recent wave of Sunni reprisals appears linked to increasingly high-profile attempts to stir popular momentum against Sunni extremists trying to drive out the Shiite-led government and its American backers.

Among those targeted include a range of Sunnis raising their voices against violence: imams, clan-based vigilantes and activists trying to bridge deep rifts with majority Shiites.

The execution video released Saturday first depicts the 18 men, some in Iraqi military uniforms, blindfolded, hands tied behind their backs and lined up in three rows before a screen. The men in the front row are kneeling. Armed masked men were seen pointing machine guns at the captives.

Two masked militants, with checkered scarves on their heads, then fire from handguns at close range into the backs of the men's heads, while a third militant carries a black banner ahead of them. As they are shot, the victims fall, head forward to the ground. The shooting is accompanied by chants of "Allahu Akbar," or "God is the Greatest."

Male voices chant repeatedly in Arabic during the video: "At your service, sister" - a likely reference to the revenge for the allegedly raped Sunni woman.

Another male voice is heard reading from the Islamic State of Iraq's statement posted on the same Web site Friday, saying the group's court had ordered the 18 security troops executed because Prime Minister Nouri al-Maliki's government had failed to meet the group's demands to hand over the officers who allegedly assaulted the Sunni woman in Baghdad last month, and to release all Sunni women detainees from Iraqi prisons.

A 20-year-old woman told Arab television stations that she was detained in a Sunni area of west Baghdad on Feb. 18, taken to a police garrison and assaulted by three officers. The woman gave a name which identified her as Sunni.

Al-Maliki, a Shiite, announced an investigation Feb. 19 but cleared the officers the following day, stirring outrage among Sunni politicians. Al-Maliki said the rape claim was fabricated to tarnish the reputation of the police and the security crackdown in Baghdad.

The two families gunned down at sunrise Saturday had received death threats for weeks after attending gatherings of Sunni and Shiite leaders, police said.

The first meeting, organized by U.S. military officials on Feb. 13, brought together leaders of prominent clans from both sides, said military spokesman Maj. Webster M. Wright III.

The clan chiefs held another round on their own about a week later and appointed a joint council "to discuss the terms of reconciliation" around Youssifiyah, a Sunni-dominated area about 12 miles south of Baghdad, Wright said.

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In the morgue in nearby Mahmoudiya, AP Television News footage showed at least two victims had their hands bound behind their backs.

Al-Maliki is under strong pressure from Washington to take a stronger hand against Sunni insurgents and the Shiite militia that forms part of his power base.

In an interview with the AP, he said he will reshuffle his 39-seat Cabinet "either this week or next" and pursue criminal charges against political figures - and even members of parliament - linked to extremists.

He said there has been coordination between Iraqi and multinational forces from the beginning of the year "to determine who should arrested and the reasons behind arresting them."

The prime minister did not say how many Cabinet members would be replaced. But some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shiite cleric Muqtada al-Sadr, who leads the powerful Mahdi Army militia.

U.S. officials had been urging al-Maliki to cut his ties to al-Sadr and form a new alliance of mainstream Shiites, moderate Sunnis and Kurds.

Al-Maliki has won some breathing room in recent days with a notable - but perhaps temporary - drop in bloodshed in Baghdad. It comes as a U.S.-led security crackdown concentrates on areas considered staging grounds for Sunni insurgent car bombs and mortar attacks.

The Mahdi Army also was strong-armed by al-Maliki to pull back. Its suspected death squads once left dozens of Sunni victims around the city - a figure that has fallen off significantly.

For the second consecutive day, just one major explosion rocked the capital. The latest - a roadside bomb - killed three U.S. soldiers on patrol in central Baghdad, the military said.

In western Baghdad, meanwhile, a top adviser to Iraq's Defense Ministry was kidnapped in western Baghdad, said an aide to Adnan al-Dulaimi, a leader of the largest Sunni bloc in parliament.

Lt. Gen. Thamir Sultan hails from Saddam Hussein's tribe and had been mentioned as a possible defense minister when the current government was organized last year. The aide spoke on condition of anonymity because he was not authorized to release the information.

In U.S. raids north of Baghdad, nine suspected insurgents were captured, including two believed to be responsible for recruiting and helping foreign militants in Baghdad, the U.S. military said. The suspects were also accused of harboring al-Qaida in Iraq leaders, it said, but gave no further details.

U.S. warplanes also struck a suspected car bomb factory in Arab Jabour, south of Baghdad, the military said. Seven suspected insurgents were killed when two precision-guided bombs destroyed the structure where they were hiding, the military said.

In Baghdad, Sectarian Lines Too Deadly To Cross (NYT)

By Damien Cave

The New York Times, March 4, 2007

BAGHDAD, March 3 — After centuries full of vibrant interaction, of marrying, sharing and selling across sects and classes, Baghdad has become a capital of corrosive and violent borderlines. Streets never crossed. Conversations never started. Doors never entered.

Sunnis and Shiites in many professions now interact almost exclusively with colleagues of the same sect. Sunnis say they are afraid to visit hospitals because Shiites loyal to the cleric Moktada al-Sadr run the Health Ministry, while Shiite laborers who used to climb into the back of pickup trucks for work across the Tigris River in Sunni western Baghdad now take jobs only near home.

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The goal of the new Baghdad security plan is to fix all of this — to fashion a peace that stitches the city's cleaved neighborhoods back together. After three weeks, there are a few signs of progress. The number of bodies found daily has decreased to 20 or fewer from 35 to 50. In some areas closely patrolled by American troops, a few of the families that fled the violence are said to be returning.

But even in neighborhoods that are improving or are relatively calm, borders loom. Streets once crossed without a thought are now bullet-riddled and abandoned, the front lines of a block-by-block war among Shiite militias, Sunni insurgents, competing criminal gangs and Iraqi and American troops.

Some Americans who have seen both Bosnia and Iraq say Baghdad has come to resemble Sarajevo as it began to unravel in the 1990s, latticed with boundaries that are never openly indicated but are passed on in fearful whispers among neighbors who have suffered horrific losses.

Like jagged wounds, the boundaries mark histories of brutal violence. And for Iraqis, they underscore a vital question at the heart of the new plan: can scarred neighborhoods ever heal?

Fadhil/Sadriya

Sybaa Street used to be wall-to-wall people: sidewalks were crammed with shoppers, and roads were snarled with cars. In the heart of central Baghdad, Sybaa was known as the road to get from the automotive shops on one side of the market district to the hardware stores on the other.

Back then — as recently as two years ago, residents said — no one seemed to care that it was the border between the mostly Sunni neighborhood of Fadhil and the largely Shiite areas to the south, Sadriya and Sheik Omar.

But that has all changed. After six months of fighting between Sunnis and Shiites, Sybaa Street is now deserted and forsaken. On a recent afternoon, the only sign of life was a lone mechanic working inside a dark garage, his efforts lighted by a single bulb. Bullets from earlier battles punctured nearly everything — buildings, utility poles, even rusted mufflers hanging outside shuttered shops.

Um Shaima, 48, a garrulous Sunni widow who used to sell yogurt in the Sadriya market, lives just north of Sybaa Street in Fadhil. She said she used to visit the stores there for clothes. Her cousin Samir worked for years on the Sadriya side of Sybaa Street as a mechanic without any trouble.

Then a few months ago, Ms. Shaima said, he received a threat. "They told him, 'You are a Sunni, and all Sunnis are infidels and their women are prostitutes, so stop coming to Sadriya or you will be killed,' " she said.

"He didn't listen," she added.

The next day, he was kidnapped. Witnesses said Shiite militants yanked him off his motorcycle and threw him in the trunk of a sedan.

"They called his wife at 9 a.m. the next day," Ms. Shaima said, "telling her that they will kill all the Sunnis, and your husband is dead."

A Shiite nephew of Samir's later recovered his uncle's mutilated body from a trash pile east of Baghdad.

Ms. Shaima said her two sons now carried guns at night to protect her and her neighbors. The Shiite-led Iraqi government will not protect them because the Shiites "want to finish us," she said. "They will start breaking into our houses, raping us in front of our children, then killing us with our kids," she added. "They will let Iraq reach a point where Palestinian misery will seem like a picnic."

Across the border, in Sadriya, lies a mirror image of anger and fear. The response is similar, too: young men with guns who view themselves as protectors, who justify violence as the reasonable response to violence.

Nazar Sharif Abd Hussein, 35, a carpenter and a member of the Mahdi Army militia, said he did not hate all Sunnis; one of his sisters who lives outside of Baghdad just married one.

Mr. Hussein hardly looked fierce, at 5 feet 7 inches tall, wearing jeans and a gray sweater, with a short beard and sunken dark eyes. But he said he could be vicious when called upon because Sunni gangsters and insurgents in Fadhil had shown no respect for life.

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Last May, he said, his 17-year-old best friend, Salar, was shot dead while they both guarded an area near the edge of Fadhil. He said Salar was wearing a flak jacket but a stream of .50-caliber bullets perforated his side and ripped through his chest.

"I still remember that night," Mr. Hussein said, adding, "He was standing in the middle of the street."

The sectarian border now seems to define him. He said he lived alone, worked near his apartment by day and was a guard for the Mahdi Army at night. Because the militia has shut down bars and other places where people socialize (he offered no opinion of the policy), he said his life remained stalled. He said he expected it to stay that way.

"I don't want to get married because maybe I'll be killed or tortured," he said. "I'm afraid to bring a wife into this."

Saydia/Dora

Baghdad's relentless violence has also created a deeper divide that may prove equally hard to eliminate: the line between the known and the stranger.

As the unfamiliar has become the dangerous, Iraqis have developed elaborate disguises to help them pass as members of the other sect: ruses like adopting identification cards with false family names or developing elaborate fictional histories.

Even then, being a member of the same sect or a relative is no guarantee of safety in a city, Iraqis say, where Shiites have killed Shiites and Sunnis have killed Sunnis out of uncertainty over whom to trust.

Ali Abu Zainab, 50, a mechanic and a journalist, said the border between his neighborhood, Saydia, and Dora had left him and his three young daughters cut off from his extended family. Both neighborhoods have historically been populated by a mixture of Sunnis, Shiites and Christians. But because Dora has been a battleground for various militant groups for at least a year, he said, crossing over is impossible.

The Hilla highway, a wide road heading south that separates the two areas, and the Dora highway — the main road into the neighborhood of the same name — are nearly empty except for gunmen. A relative who was forced to drive down the Dora highway three months ago because of a surprise checkpoint saw bodies littering the streets, Mr. Zainab said.

So even though his favorite aunts and cousins in Dora live less than two miles away, he has been unable to visit for more than a year. In the fall, he said, he missed a cousin's wedding. After another cousin was killed by Shiite militants, he missed the funeral.

"I used to go frequently to Dora just like everyone else in Saydia," he said.

Now, he shops near home. When he leaves, he exits from the opposite side of the neighborhood. Still, the border's dangers seep in. Because Saydia has remained less violent than Dora, fewer residents have fled and security is not as tight. Fighters pushed out of Dora consider Saydia a good place to hide because they can blend in with civilians.

Three weeks ago, Mr. Zainab said, after American and Iraqi troops started an operation against insurgents in Dora, a battle broke out near his home. When the gunfire stopped, 10 people were dead. He said no one in the neighborhood seemed to know who had been fighting or what had set it off.

"Sectarian extremism is the reason for all of this," he said. "Iraqis are sentimental and their emotions lead them to follow those who pretend to be religious."

Noting that his neighborhood still contained both Sunnis and Shiites, he said that Iraqi politicians, with the help of the American-led invasion in 2003, seemed intent on stirring up hatred. "The problems are between them," he said. "Not between the people."

Kadhimiya/Huriya/Shuala

Some Iraqis draw the border at their own doorsteps.

Saadi Khazaal Jawad, 60, a Shiite former government worker and restaurateur, said his neighborhood was so dangerous, he was a virtual shut-in. He lives in Chikuk, a mixed area squeezed among the Sunni neighborhood of Huriya to the south and the Shiite Kadhimiya to the east and Shuala to the west.

As Shiites from the north and east have begun expanding their turf into Chikuk, Sunnis from Huriya have been fighting back, making every corner here a potential danger zone.

Mr. Jawad has a dusty blue Chevrolet Caprice that he almost never drives. He has two daughters and four sons whom he tries to keep home lest he lose them. He has forbidden his 16-year-old daughter to go to school.

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On most days, Mr. Jawad said, he prays, eats, naps, reads newspapers and watches television. Oprah Winfrey and Rachael Ray are among his favorites.

He also escapes with his birds, a gaggle of passenger pigeons in cages on his roof. The birds come from places he used to visit on vacations, like Mosul and Basra. They offer a way, he said, to flee.

"I spend about two or three hours here," he said as he fed the birds. "I forget everything when I'm here. And besides, I can't go anywhere. It's dangerous to go out."

Even Mr. Jawad has not entirely lost hope; he said he was rooting for the Iraqi government's efforts to shore up security, which he considered sincere. Some residents in Fadhil and Sadriya also said the recent Iraqi-American operation there had given a few of their friends enough confidence to leave their apartments and return to work.

But Iraqis all across Baghdad said it could take years for men like Mr. Hussein, the Mahdi militant in Sadriya, to give up their weapons, and for residents to let go of their fears. With American helicopters overhead every day and gunfire and explosions as regular as morning alarm clocks, Iraqis' sense of being trapped has yet to recede.

"I try to kill time," Mr. Jawad said. "We try to busy ourselves because when I have nothing to do, it makes time last longer."

Marriages Between Sects Come Under Siege In Iraq (WP)

By Sudarsan Raghavan

The Washington Post, March 4, 2007

Once a Sign of Tolerance, Unions Now Seen as Perilous Betrayals

BAGHDAD -- The note was slipped under the door of May Mahmoud's shop. Neatly typed on a computer, it read: "You must leave your home. We give you three days. Or we will kill you." It was addressed to her husband.

He was a Shiite Muslim. But she was a Sunni. Where would they go?

They fled from their mostly Sunni neighborhood to his mother's house in a nearby Shiite enclave. Within months, as Sunni insurgents pushed into that area, another death threat arrived at the shop. It was time to leave again. As she told the story, Mahmoud's voice shook, not out of anger, but despair.

"From that point on, our life became like hell," she said.

As U.S. and Iraqi forces attempt to pacify the capital, mixed couples who symbolize Iraq's once famous tolerance are increasingly entangled by hate. Forced by militias or insurgents to leave their homes because one partner is from the wrong sect, they find few havens because of the other partner's affiliation. These strains, fueled by displacement, separation and fear, are beginning to tear apart such families, weakening bonds that for many Iraqis hold the hope of sectarian reconciliation.

"In the absence of security, Iraqis are protecting themselves by turning to their sects and their tribes," said Zina Abdul Rasul, a U.N. human rights worker who herself is a product of a mixed marriage. "It is becoming normal to hear about mixed families breaking down."

Today, Mahmoud, a small woman with thin eyebrows curving over her almond-shaped eyes, lives with her relatives. Her husband lives in Cairo with his family. Her Sunni family is pressing her to divorce him because of his sect. His Shiite family is convinced all Sunnis are criminals. The couple have met twice since April.

"We love each other a lot," said Mahmoud, 37, a faint smile appearing on her oval face, framed by a lime green head scarf. "That's what makes it worse. We're suffering because we cannot live together."

She requested that her husband's name not be used because he is well known in her neighborhood. Seated inside a hotel, her voice dropped to a whisper whenever someone passed nearby.'It's Better If You Go'

The question came long before the death threats, long before the separation. Mahmoud remembers the day clearly. It was 2002, a few days before her marriage.

"Don't you understand that he is a Shia?" her brother asked.

She was surprised he crossed that line. "Yes, I know. I am a Muslim. He is a Muslim. That is all that matters," she replied.

While there are no official statistics, sociologists estimate that nearly a third of Iraqi marriages are unions between members of different sectarian or ethnic communities. In the aftermath of the U.S.-led invasion in 2003, many Iraqis argued that

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the prevalence of such unions showed that Iraqis cared more about their Arab or national identity than their sect, which would spare the country a civil war.

But Iraq's sectarian strife has risen sharply since the bombing of a revered Shiite shrine in Samarra by Sunni militants a year ago. Since then, more than 500,000 Iraqis have fled their homes, a number that is growing by 50,000 every month, according to the United Nations. The vast majority have left mixed areas, the main battlefields of the sectarian war.

For the past 23 years, Ahmad Shammari, 55, a Sunni, lived with his family in Baghdad's Hurriyah neighborhood. A few months ago, Shiite militias began to drive Sunnis from their homes. Still, he felt protected. The family of his Shiite wife had been in Hurriyah for 40 years. Then workers at a local Sunni mosque were killed, and more Sunnis fled.

One evening, Shammari and his wife had a conversation, he recalled.

"It's better if you go," she said.

Shammari refused. But a few days later, after more Sunni families left, he reconsidered. He worried that his wife might be seen as a collaborator for marrying a Sunni. He worried about Omar, his eldest son, who bears the most common of Sunni names. There was pressure from his wife's family, too.

"They felt a little scared that one of their women was married to a Sunni," Shammari said. "They were also scared that I would be killed. So they encouraged her to make me leave."

In late November, he told his three boys and two girls that he would be "gone for a short time." Later, Omar, 15, walked up to him and said: "I can't stay here. I feel scared." Shammari understood.

Early the next morning, they packed lightly. They didn't want to attract attention from the neighbors. At the door, Shammari cried. So did his wife.

Omar watched quietly. Father and son took a taxi to Shammari's parents' house in a majority-Sunni neighborhood. It is only seven miles away, but the violence, curfews and checkpoints have shackled his wife and children. They visit only occasionally. Always, his youngest children ask when he is returning home.

"I will be back soon, inshallah," he tells them, using the common Arabic expression for "God willing."Sorrow and Bitterness

Nowadays, even in a climate of deep suspicions, Iraqis of different sects mix when they can. But anecdotal evidence from interviews with social workers, U.N. officials and everyday Iraqis suggests that the strife is breeding mistrust within mixed families. Iraqis tell stories about family members being betrayed by relatives of a different sect.

Khaleel Ibrahim Fahad al-Janabi, 54, a former Iraqi army colonel, said his Sunni nephew, Ahmed, was shot dead by two brothers-in-law who were Shiite militiamen. Janabi now wishes one of his daughters, who is married to a Shiite, would divorce. He still has one unwed daughter.

"I would never ever give her in marriage to a Shia," Janabi said bitterly.

Samar Ahmed, a 25-year-old Iraqi government employee, remembered how her Sunni father turned against their family.

Ahmed's mother is Shiite. By 2005, her father had grown closer to his previous wife, a Sunni, and their children. When a son from that marriage was killed by Shiite militiamen, her father grew bitter, said Ahmed, who identifies herself as Shiite.

That's when he began pressuring Ahmed's mother to sign over to him the deed to a house in Baqubah, northeast of Baghdad, that her mother had inherited.

Ahmed, her sad voice quivering at times, said she still recalls her father's words when her maternal uncle went missing one day.

"He's just like the other Shia dogs, disappeared and killed like them," he said.

One day in October, her father came by the house. He carried a can of kerosene. As Ahmed and her younger brother watched helplessly, he poured it on his wife and threatened to set her on fire.

"He was beating her," Ahmed said. "He even pulled out a knife and said, 'I'll kill you.' " Her mother signed over the deed. Ahmed filed a complaint with the police, but they dismissed it as an internal family problem. A few weeks later, they learned that the house had been sold. She has not seen her father since that day.

"In neighborhoods, the Sunni are displacing the Shia or the Shia are displacing the Sunnis," said Ahmed with disgust. "In my family, it is my father who displaced us."Loyalties Divided

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After the second death threat, Mahmoud would lock her husband inside the house. They contemplated moving to the southern Shiite city of Najaf, but that made her uneasy.

"They may question why he married a Sunni," Mahmoud said.

So Mahmoud urged her husband to move to Cairo. "I gave him an ultimatum: 'You go to Egypt, or I will leave you. I cannot see you get killed,' " Mahmoud said. She would stay and work.

The day he left, she didn't tell anyone, not even her family. She was worried that someone might kidnap him on the way to the airport.

In May, a month after her husband moved to Egypt, his brother was kidnapped and has not been seen again. When Mahmoud visited her husband in October, she felt a change in his family.

"They began to refuse me because I am Sunni," Mahmoud said. "The person who kidnapped his brother was Sunni. It was not the same family as before. They talked about Sunnis as being criminals. They said Sunnis kill people."

Her husband, who is unemployed, wanted her to move to Cairo and live with his family. Mahmoud refused.

"I didn't feel comfortable," Mahmoud said.

She also had a good job in Baghdad. "If I go to Egypt, I will have to start from zero again," she said.

In Iraq, her family, too, had changed.

"They tell me not to go and live with his family. They say the situation is different now," Mahmoud said. "Now, I have become a problem to my family because they agreed to my marriage to a Shiite man. Some in my family are asking me to think about leaving my husband. They say: 'May, think of your life. Are you going to spend the rest of your life working and working and then traveling to see him?' "

Last month, Mahmoud tried to visit her husband. In a region growing weary of Iraq's refugees, the Egyptian government, she said, turned down her request for a visa.

In Iraq, 'Dating' Happens Online (LAT)

By Alexandra Zavis, Times Staff Writer

The Los Angeles Times, March 3, 2007

Civil war leaves young people largely cut off from one another. Normal life is tantalizingly out of reach.

BAGHDAD — For Ali and Noura, love blossomed in an Internet chat room.

Both were young, educated, devout Sunni Muslims who shared a passion for Jim Carrey movies and Arabic love tunes. For months, they chatted online obsessively. As the friendship deepened, she shyly agreed to a webcam meeting.

But their relationship was doomed from the start: He lives in a quiet, middle-class neighborhood of east Baghdad; she is across the Tigris River in the city's war-torn west. It was out of the question that they should ever meet.

"It seemed like a pointless relationship," says Ali, who now refers to Noura as "my ex-Internet girlfriend." He stopped responding to her messages and she eventually stopped sending them.

"She must be angry," he says, looking slightly embarrassed as he leans forward to stub out a cigarette. "Maybe if we could have been alone together, it would have been different."

Young Iraqis, trapped in their homes in the mean streets of this bloodstained capital, are increasingly turning to the Internet to chat with relatives, hang out with friends and search for love.

Such virtual relationships offer a refuge of sorts from numbing isolation and fear during a time of staggering violence. But all too often they are mirages — a seductive reminder of a life now tantalizingly out of reach for most.

"They are like birds in a cage," says Anas Attar, 22, one of a growing number of businessmen cashing in on the demand by selling access to their satellite-based Internet connections.

In Iraq, like many other Muslim countries, it has always been difficult for young men and women to spend time together. Introductions were frequently arranged by families and closely chaperoned. Many couples from more privileged backgrounds met at university, which was often the first time they attended a coed school. But they were rarely allowed to be alone together unless they were engaged.

As Iraq's civil war has deepened, even close relatives and friends have found it hard to get together.

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Reem, a striking 28-year-old with long dark hair, heavy makeup and lots of gold jewelry, used to meet regularly with a tight-knit group of college girlfriends. They would picnic in the park, go shopping and gossip at one another's homes.

She hasn't seen some of them for two years now. Many have fled the country. Those who remain venture outdoors only when they must.

Depressed and with too much time on her hands, Reem started posting love poems on an Internet forum for young Iraqis. Soon she was getting inquiries from lonely young men, with whom she chats about current events and vacations outside Iraq.

A civil servant who was afraid to give her last name, Reem isn't interested in meeting any of them, but she enjoys the unfettered conversations that are possible only online.

"It's very interesting to get to know a man away from the constraints of culture and tradition," she says. "They console me and tell me there will be a day when this mess will end."

Across the Middle East, more and more young people are doing the same thing. In Iraq, there are few other ways for them to interact.

Universities are becoming increasingly conservative, frowning on too much contact between male and female students. Many of the old hangouts — restaurants, cafes, parks, social clubs — are closed. At the end of the workday, Baghdad residents hurry home to beat the curfews and the approaching darkness with its terrors.

Ali Azawi, a tall, polished medical student from a well-to-do Baghdad family, was beginning to despair of ever having a girlfriend when he started trawling Arabic-language chat rooms and found Noura.

He composed a brief introduction, which he copied and pasted over and over for hours before getting a response: "My name is Ali, age 23. I live in Baghdad. I am looking for a young, beautiful woman."

Noura first approached him under a pseudonym — "Abbas" — which he says conjured up images of a large, oafish man.

She wanted to know what he did for a living and to which Muslim sect he belonged. Reassured by his answers, she revealed that she was a 24-year-old woman who taught English at a primary school a few blocks from her home.

They chatted for months, swapping jokes and music downloads and sharing the details of their lives on opposite sides of Baghdad.

As a man living in a relatively safe, religiously mixed neighborhood, Azawi could still get out and go to college. But life was very different for Noura, a woman in a Sunni-dominated area that has seen repeated clashes with Shiite militiamen.

"She was trapped between her four walls and in front of her PC 24/7," says Azawi, who declined to provide Noura's last name because he says her parents would not approve of her chatting with men on the Internet. "Every time I logged on, she was there."

The first time he saw her on a webcam, he says, he found her a little "puffy." But "I felt very special, because it is not an easy thing for a woman to do that."

Six months later, they still hadn't met. And he had lost hope of ever bridging the few miles of real estate that divided them.

Azawi envies the ease of relationships in the United States.

"You have the bar, the streets, the freedom and no religion to judge you," he says. In Iraq, "it is a fight for the heart."

The Internet became available to Iraqis during the last years of Saddam Hussein's oppressive rule. Few knew how to use it, and access was tightly controlled.

After Hussein's fall, Internet cafes spread, bringing the Web to hundreds of thousands of Iraqis. Subscribers to the state-owned Internet provider, which has the monopoly on dial-up connections, jumped from about 75,000 in June 2004 to nearly 210,000 in May 2006, according to U.S. military figures.

Dozens of private providers also offer wireless connections to satellite-based hubs, bypassing Iraq's notorious phone lines.

In troubled parts of the capital, some cafes have received threats and closed. Militants accuse them of spreading pornography and providing a means to contact the U.S. military.

In Karada, a relatively safe neighborhood of east Baghdad, university students in jeans and baseball caps tap busily at dozens of computers in a converted house tiled in blue and white faux marble. Framed Koranic verses hang on the wall, and there are sodas in a fridge and a television set playing in the corner. But most of the overwhelmingly male customers stare intently at their screens.

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"All they do is chat, chat, chat," says owner Yousef Abdulla, 25, a computer sciences major who opened the Shirifi Internet Cafe three years ago. "They have the opportunity to expand their horizons with this portal and get whatever information they want about anything, but all they are interested in is chatting — especially with girls."

Many hope to find a wife in another country who will help them flee Iraq.

Evan Bazi, 21, also a computer sciences major, comes to the cafe almost every day and chats for hours with friends in the United States, the Philippines, Saudi Arabia, Egypt and Iraq, none of whom he has met. He describes these sessions as an "escape from a sad reality."

"I would like to find my mate," he says. But he has been disappointed by the girls he has met online.

"Most girls that I approached, or who have approached me, they're too materialistic and ask me what car I drive or how much money I have," he says glumly. "I want to find a girl who likes me and wants me for the person I am, not for the money that I have."

A few women also come to the cafe, but most are accompanied by a male relative and stay only a short while, Abdulla says. Those who can afford the monthly fee of $30 to $50 prefer to subscribe to the Internet at home.

They include Dahlia Muayed, a gregarious 29-year-old who flashes a cheery smile in the photograph she sends by e-mail after declining to risk a meeting with a Western reporter.

The petite brunet, who refuses to cover her trendy bob with a scarf, used to divide her time between a mental health charity and a radio station. But the charity closed because it couldn't get funding, and she quit the station after two close colleagues were killed in a car bombing outside their house.

Now she mostly keeps to the family home in west Baghdad, reading, watching DVDs and helping a sister-in law tend to her child. Very occasionally, she risks a furtive visit to a friend.

But she says her main connection to family, friends and the life she once knew is the Internet. Through e-mail and instant messaging, she is able "to spend time, to make relationships with others, to feel that I am important."

"I thank God I have that," she says. "I am not alone."

Times staff writers Zeena Kareem, Said Rifai, Saif Hameed and Saif Rasheed contributed to this report.

Choosing A Sect (NYT)

By Noah Feldman

The New York Times Magazine, March 4, 2007

As the Sunni-Shiite conflict in Iraq polarizes Muslims across the globe, the United States finds itself in the odd position of seeming to favor a Shiite government in Iraq and Sunni leaders everywhere else. As a result, there has been a lot of loose talk in policy circles recently about how the United States should finally choose sides. After all, the rift between the two denominations is almost as old as Islam itself — and so is unlikely to close soon. What began more than 1,300 years ago as an argument over whether the Prophet Muhammad should be succeeded by his cousin Ali or by an unrelated companion became a bloody civil war, then hardened over time into a theological split. As another civil war worsens in Iraq, the argument goes, America should pick a winner and back it to the hilt.

But who, exactly, is our natural ally in this historic conflict? Pro-Sunni analysts, sometimes reflecting the traditional realist (and Arabist) perspective of the foreign-policy establishment, tend to see a radical Shiite Iran and its subsidiary, Lebanese Hezbollah, as the most pressing threat to America's global interests. In their view, America's traditional policy — backing friendly Sunni powers like Saudi Arabia and Egypt — is the best way to contain Iran. Sunnis make up as much as 90 percent of the world's 1.3 billion Muslims. Our support for the Iranian-backed Shiite parties who run the government in Iraq hasn't exactly worked out so far. If we support Iraq's Shiites even when some are engaging in retaliatory massacres of Iraqi Sunnis, we risk alienating our traditional oil-producing Sunni allies while naïvely spilling American blood to serve the Iranians.

Those who support the party of Ali (as the Shiites were once known) tend to emphasize ideas and culture rather than geostrategy. Ayatollah Ruhollah Khomeini may have led Shiism down the garden path of anti-Americanism, they allow, but at its core, Shiite thought is extremely fertile and creative, open to synthesis with the ideals of liberal democracy. The mullahs in Qom study Western philosophy from Plato to Habermas, and important reformist intellectuals within Iran have been challenging

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Khomeinist orthodoxy using the cosmopolitan tools of modern and postmodern thought. Contemporary Iran, the most important Shiite base today, is still shaped by an ancient Persian civilization that predates Islam. Meanwhile, Sunni Islam is in a sorry state, dominated by a purist and anti-intellectual fundamentalism that has been bankrolled by Wahhabi Saudi Arabia. Lest it be forgotten, Osama bin Laden is a Sunni who condemns Shiite and American infidels in the same breath.

Yet both of these all-or-nothing approaches miss the reality of the Sunni-Shiite relationship — over the centuries and today. For most of Islamic history, the denominations have lived side by side in relative peace and harmony. Whole states have moved back and forth from one column to the other. Egypt's ruling dynasty belonged to the Ismaili branch of Shiism for a couple of centuries in the Middle Ages, and modern Egyptians still celebrate Ashura and other vestigially Shiite holidays. According to scholarly consensus, the southern tribes of Iraq became Shiite only in the 19th century, the better to strengthen economic ties with the predominantly Shiite pilgrimage sites of Najaf and Karbala. Some large Iraqi tribes still include both Shiite and Sunni clans, a continuing legacy of that nonviolent shift.

Even Sunni and Shiite belief structures have influenced each other more than is often recognized. In the Middle Ages, the great Islamic philosophers were mostly Sunnis, and the Shiites learned from them. More recently, the aspirations of Sunni Islamists have been shaped by Khomeini's novel version of Shiite political ideology.

This is not to say that the relationship has been trouble-free. In many Sunni-ruled states, Shiites have long been treated as an underclass. Violence has periodically flared up, as in Pakistan, where low-level sectarian attacks have been taking place for two decades. Nevertheless the last major ideological fighting between Sunnis and Shiites took place more than two centuries ago, even before the American Revolution, during the formation of the first Saudi state. Real theological disagreements mean that radicals on both sides can always find reasons to call their opponents heretics; but historically speaking, such a tactic has been rare.

That means it is a mistake to find that we must support one side in the latest iteration of the Sunni-Shiite conflict. The tendencies that make each denomination distinct are not unequivocally good or bad for the United States. Take the outsize influence of the Shiite clerics: Ayatollah Khomeini gave the world the theory of the Supreme Leader and a distinctive Islamic anti-Americanism; but in Iraq, Ayatollah Ali al-Sistani has given us a theory of clerical restraint and a policy of building democracy. The same flexibility is characteristic of Sunni salafis, whose emphasis on the Protestant-style individual reading of the Koran may favor either democratic reform or bin Ladenism. It all depends on who is doing the interpreting.

For the United States to defuse anti-American Islamism, it must be willing to embrace moderates and democrats of all stripes, Sunni or Shiite. From a strategic standpoint, it would also be an error to communicate to Muslims worldwide that the United States supports either Sunnis or Shiites as such. This would undercut the core realist principle that a country's allies are those who act in its interests, not those whom it prefers on the basis of race or creed. In this sense, realism is essentially anti-discriminatory — if not indiscriminate.

So choosing our friends on a case-by-case basis is both morally better and practically wiser. No matter what happens in Iraq, neither Shi'ism nor Sunnism is going to disappear. Just because some Muslims are willing to fight on the basis of who is Sunni and who Shiite doesn't mean we have to.

Military Faces Growing Ranks Of Bereaved (AP)

By David Crary,

AP, March 4, 2007

One of the first sights greeting visitors to Fort Hood is a day-care center's playground, brightly colored evidence of the Army's commitment to be family friendly.

A few blocks away is a more poignant symbol: an office building recently converted into a first-of-its-kind support center for women and children whose husbands and fathers have died in Iraq and Afghanistan. From Fort Hood alone, the toll has passed 365.

"It's our sanctuary," said Ursula Pirtle, whose daughter frequents a playroom at the center. Three-year-old Katie never met her father, Heath. He was killed in Iraq in 2003.

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Over the past 15 years, America's armed forces have taken huge strides to retain married service members — improving schools, health programs and child care. But now, as never before in this family-embracing era, the military is struggling with the toughest home-front problem of all: Doing right by the often outspoken and ever-growing ranks of the bereaved.

Of the 3,350 Americans who died in Iraq and Afghanistan through early January, 1,586 of them — 47.3 percent — were married. Those fallen warriors left behind 1,954 children, according to the Pentagon's Manpower Data Center. More recent deaths have pushed that figure past 2,000.

Compared to the heavily draftee combat troops of the Vietnam war, today's volunteer fighting force is older, more reliant on National Guard and Reserve citizen-soldiers, and more likely to be married.

And more so than their Vietnam counterparts, the new generation of bereaved spouses has been vocal — on their bases, at congressional hearings — in pressing for more compassionate, effective support.

It's a constituency that politicians and generals do not want to alienate. The result has been numerous policy changes, ranging from improved benefits to better training for the officers who break the grim news of war-zone deaths. Even the Fort Hood support center materialized due to pressure from widows and their allies.

But the learning process is ongoing and the results are mixed.

"The war on terror has presented us with new challenges we haven't seen before, in terms of number of casualties," said an Army spokesman, Lt. Col. Kevin Arata. "We know we're not perfect — there are things families have said we can do better, and we've listened to that."

Interviews with a dozen widows at Fort Hood and across the country reveal varied experiences, but also some common bonds.

Across the board, the widows are proud of their husbands — even if they disagree on the wisdom of the Iraq war. Each woman is still grieving, and those with children have extra worries — financial and psychological — that extend far into the future.

Some are deeply grateful for the support provided by the military after their husbands' deaths; others are critical. Among the common complaints — that notification and assistance officers were sometimes ill-informed or aloof, and that they were bounced through different parts of the military bureaucracy when seeking help.

"We have to have someone who knows what they're talking about," Pirtle said. "The blind-leading-the-blind system isn't working out."

Pirtle's daughter, Katie — born 26 days after her father's death in October 2003 — seems to be thriving. But many of the now-fatherless older children struggle emotionally — to the point where school can be anguishing and therapy is needed. The military pays for some such counseling, but there are limits, and families say the logistics can be difficult.

In Evans, Ga., Irene Prather is looking for a small Christian school for her 11-year-old son, Aaron, who has floundered at public school since his father, Army Chief Warrant Officer Clint Prather, was killed in Afghanistan two years ago.

"It seems like every day is a struggle for him," Prather said. "When we talk to the counselors, nobody understands what's really going on. They weren't prepared to deal with people who've lost somebody in the war."

Clint Prather served 11 years in the Army. His widow, who valued the tight-knit community on base, has found the shift to the civilian world difficult.

"It's kind of like you're pushed to the side," she said. "You're not part of that military family any more."

Other widows still feel those bonds, and reunite — often with children in tow — at "grief camps" or expenses-paid holidays arranged by charities.

Some stay in touch with buddies of their late husbands. A Palmer, Mass., widow, Melissa Storey, was still getting calls from soldiers in Iraq eight months after her husband, Staff Sgt. Clint Storey, was killed there.

"We're just as much a part of the Army as before he died," she said.

Storey, 29, has a 4-year-old daughter, Adela, who's had therapy sessions since her father's death. During the couple's final days together, she also became with pregnant with a son, to be named Clint. She considers her benefits package generous and praised the Army's outreach to families.

"But part of being a good military spouse is accepting that you don't come first — the mission comes first," she added. "It's a hard life. I don't want to sugarcoat it. You suck it up and deal with it."

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While many widows have kept a low public profile, some have testified before Congress to urge better benefits or have gained prominence by speaking out elsewhere.

Laura Youngblood of South Hempstead, N.Y., wife of a Navy corpsman killed in Iraq, made national TV appearances assailing anti-war activist Cindy Sheehan, whose son also died in Iraq. Hildi Halley of Falmouth, Maine, met with President Bush last year and blamed his policies for the death of her husband, National Guard Capt. Patrick Damon, from an apparent heart attack in Afghanistan.

"To have him die in a war you didn't agree with is that much worse," she said.

The resentment has been deepened by her experience with the military after her husband's death. She still fumes that his personal belongings reeked of insecticide when they belatedly arrived, and that she spent weeks wrestling with Army bureaucracy before finally reclaiming her own love letters to him that had been confiscated.

Her husband had urged her to seek support among other spouses, but Halley — a mother of two adolescents — feels estranged from other military wives who support the war.

"I couldn't have them as my support group," she said. "They're going through enough pain, and if they want to believe their fairy tale, who am I to wake them up?"

Even at Fort Hood, the Army's largest armored base with 43,900 military personnel and 17,800 family members, anti-war sentiment sometimes surfaces.

"I don't support this war," said Ursula Pirtle. "What did my husband die for? I don't believe what we're doing over there helps our country."

Yet she views her fallen husband as a hero. "When he was killed, I would love to have been there holding him," Pirtle said.

The campaign to establish Fort Hood's Gold Star Family Support Center was led by Debbie Busch, whose own Army husband is alive and well, but who grew dismayed by the lack of organized backing for widows she knew. Initially, there were weekly support meetings at a chapel; last September her group got its own building, complete with lounge, kitchenette and playrooms.

Calls have come from other bases, seeking advice on launching similar programs, and Busch's efforts have been noticed by senior Army officials.

"The fact that these families spoke out and said it could be done better, it gave the Army the opportunity to change things," Busch said.

A recent report by the Government Accountability Office examined some of the issues troubling bereaved families. It said support services were inconsistent and advised the Defense Department to improve its oversight.

"Most survivors don't know what they're entitled to, and that's a big deal," said the GAO's Derek Stewart. "There should be one place that survivors could go and, in one sitting, have an individual spell out all the services and entitlements coming your way."

Addressing some of the concerns, the Defense Department updated its guide to survivors' benefits, which have increased substantially since the Iraq war began. The so-called "death gratuity" for next of kin has climbed from $6,000 to $100,000; military life insurance payments have risen from $250,000 to $400,000.

Brad Snyder, a benefits expert with the Armed Forces Services Corp., said the package compares well to private-sector plans and can exceed $60,000 a year for a sergeant's widow with three children.

Children of fallen service members now get military medical coverage until adulthood, rather than losing it three years after the death. A bereaved family can now stay in military housing for a year, not six months.

Among the Fort Hood families benefiting from such changes are the widow and four children of Maj. William F. Hecker III, who was killed in January 2006 just six weeks after reaching Iraq. His prior duties included teaching a course on comparative war poetry at the U.S. Military Academy.

Richelle Hecker, his widow, said the children — the youngest 3, the oldest 11 — were helped by grief counseling.

"The counselors play games with them, let them talk about all those things that after a while other people don't want to hear anymore," Hecker said.

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She also noted the stream of casualties has prompted many military families to think more seriously about future risks and attend financial-planning sessions that once seemed morbid or unnecessary.

"It's making or breaking people," Hecker said. "I see some marriages growing stronger and others that aren't."

The Army, which accounts for more than two-thirds of the Iraq and Afghanistan deaths, has been striving to address the most prevalent complaints from widows.

In January, it completed an overhaul of the training for casualty notification and assistance officers — the ones who deal directly with grieving families. The goal is for these officers to exhibit "professional compassion."

Col. Patrick Gawkins, director of the Army's Casualty and Mortuary Affairs Operations Center, said the new curriculum includes video footage with actors portraying officers and family members.

The Army also launched a 'round-the-clock call center to assist survivor families with questions about benefits.

"The benefits issue comes across as very bureaucratic and hard to understand," Gawkins said. "We want to clarify and simplify the instruction to the greatest extent possible, given it's in a time of great emotional stress."

Joanne Steen, whose Navy aviator husband died in a helicopter crash in 1992, felt she was filling a gaping void last year by co-authoring "Military Widow: A Survival Guide" — offering advice about coping with the loss of a military husband.

"As a young widow, you may feel like a sideshow in a circus," she wrote. "Because you aren't supposed to be a widow at such a young age, you don't fit in anywhere."

Some widows, though, are well into middle age. Nancy Kelly, of Richmond, Maine, is 52 and has three grandchildren as well as three grown children.

She and her husband, Staff Sgt. Dale James Kelly Jr., had been married 25 years when he was killed in Iraq last May while deployed with the Maine Army National Guard. One tough task was explaining the absence of "Grandpa Kelly" to his grandchildren.

Herself an Air National Guard veteran, Kelly said her husband and his Guard colleagues were well-trained and aware of dangers they faced. But she suggested part of the problem for the Guard-dependent military is that troops' families are less steeled for the traumas of war than active-duty families.

"From a family standpoint, no, we're not prepared for this," Kelly said. "The men go off once a month and two weeks a year (for training), and for many of us wives, it's, 'Oh, that's the time we have dinner with the girls while they're off playing soldier.'"

She paused, reflecting on her husband.

"He was and is my soul mate," Kelly said. "My life as I knew it will never be the same."

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On the Net:

Fort Hood support center: http://www.goldstarfamilysupport.org/

Army families: http://www.armyfamiliesonline.org/skins/WBLO/home.aspx

A Teenage Soldier's Goodbyes On The Road To Over There (NYT)

By Dan Barry

The New York Times, March 4, 2007

It is time. The fresh young soldier has a plane to catch.

People file out of the dimness of V.F.W. Post 404 and into the morning light. They chat and smoke and mill about on the parking lot gravel, then come together to form a ragged circle of support.

The dozen motorcyclists among them finalize plans to escort the soldier for most of the two-hour ride to the airport in Las Vegas. Just before raising voices and fists to a recording of the country-western anthem "God Bless the U.S.A.," the crowd bows its collective head and asks God for another favor: to keep safe this soldier, just 10 months removed from her senior prom.

That night she wore a gown the color of valentines; this morning she wears fatigues the color of mud. The uniform has a name patch, KANE, for Pvt. Resha Kane. Eighteen years old and five feet tall. Of Needles High School, Class of 2006, and, lately, of the United States Army, Fourth Infantry Division.

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Earlier this morning, Private Kane walked out of her family home in Needles, a small railroad city in California just across the Colorado River. Before her, the family van, packed with two Army duffel bags. Behind her, a living room decorated with family portraits and a large mock check from her current employer.

"Reserved in the name of Resha Kane," the check reads, $37,200 from the Army College Fund and the Montgomery G.I. Bill. It represents her partial compensation for enlisting for three years and 22 weeks. She plans to study biochemistry some day.

At the moment, though, she stands outside this club for veterans of foreign wars, where a bar sign advertises Sunday bloody marys, a buck apiece, 10 to noon. Former soldiers tell her to keep her nose clean over there. Her father, Wesley Kane, has to leave soon for his job as a car dealership's lot manager, but he holds her tight and asks, again and again, do you know how to clean your weapon?

"Yes, Daddy," she says.

The motorcyclists, including some from a group called the Patriot Guard Riders, mount their bikes. Among them is Rich Poliska, a gray-bearded Air Force veteran who lives nearby, in Bullhead City. A Route 66 earring dangles from his left earlobe.

Several months ago Mr. Poliska and his daughter, Heather Ching, heard about a local soldier who had returned from Iraq to no welcome home. They decided to form the Bullhead Patriots, dedicated to honoring soldiers going off to war, or returning from it. This is the group's first deployment effort, he says. "But I've done six funerals and two homecomings."

The Bullhead Patriots had heard of Private Kane's imminent deployment from a veteran who knows a woman who works at the Family Dollar store with the soldier's mother, Patricia Kane. First a surprise potluck supper — the soldier left church on Sunday to find a limousine waiting to whisk her away to the V.F.W. — and now this: an escort to the airport.

Bike engines growl, signaling that it is time. Private Kane climbs into the family van, which features rear-window decals for Jesus and for the Army ("My Daughter Is Serving"). She sits in the back, surrounded by her three younger siblings and a sister's boyfriend. Her quiet mother takes the driver's seat.

Soon the caravan is crossing the Colorado River. It passes a man sitting on the back of a parked pickup, his fist raised in the air: the soldier's father.

This mobile honor guard continues on, heading north on Highway 95, into a desolate, arid stretch of southern Nevada. Motorcycles in front, motorcycles behind, and in the middle, a white van containing a young soldier with just-polished fingernails.

She took care of her siblings while her parents worked, and learned to make a mean baked chicken. She graduated in the upper ranks in a class of about 60. She was honored for her grades and for her abstract artwork of flowers and butterflies. She has yet to learn to drive.

She enlisted in April, the same month as her prom, because she saw the military as a way to further her education. Right after graduation she went through boot camp and some extra training, before coming home a couple of weeks ago to talk up the Army at her alma mater. "Hometown recruiting," the Army calls it.

"Everyone knows me there," Private Kane says of Needles High School, home of the Mustangs.

Now, riding in the midst of this caravan of protection and respect, she is bound for Fort Hood in Texas to await deployment — probably to Iraq, she says.

"Nobody wants to go, but it's our job," she said the other day, her tone all business. "That's what we're trained for. We'll go over, do our job and come back."

The motorcade stops briefly in the old gold-mining town of Searchlight, and a few bikers say goodbye. Then it continues on, across the nothingness, through spits of rain, before stopping again in Railroad Pass, about 20 miles south of the airport. The Bullhead Patriots say farewell to Private Kane.

"Best of luck to you," Mr. Poliska says.

A lone biker continues to lead the Kanes toward Las Vegas, a large American flag flapping from the rear of his motorcycle. He rumbles into the city of gamblers, past drivers oblivious to the now-common moment of a wartime soldier leaving home.

At the last moment the biker peels off. And the white family van follows the signs that say Departures.

A Hero Who Didn't Save Himself (WP)

By Peter Carlson

DOJ_NMG_0139786

The Washington Post, March 4, 2007

For Jeremiah Workman, Decorated for Bravery in Iraq, the Battle's Not Over Yet

Despite heavy resistance from enemy automatic weapon fire and a barrage of grenades, Corporal Workman fearlessly. . .

Jeremiah Workman stood at attention and tried to listen as the narrator read the citation that detailed what he'd done to earn the Navy Cross, an award for valor that is second only to the Medal of Honor.

. . . Corporal Workman again exposed himself to enemy fire while providing cover fire for the team when an enemy grenade exploded directly in front of him, causing shrapnel wounds to his arms and legs . . .

He was standing on the parade ground, facing a grandstand packed with hundreds of people, including his wife and his mother. Behind him were several hundred Marine recruits who were about to graduate from boot camp at Parris Island, S.C., where Workman had recently lost his job as a drill instructor after he suffered what he calls a "mental meltdown."

. . . Although injured, he led a third assault into the building, rallying his team one last time to extract isolated Marines . . .

When the narrator finished reading the story of Workman's "extraordinary heroism" in Iraq, Brig. Gen. Richard T. Tryon pinned the Navy Cross to Workman's chest and the crowd in the grandstand stood and cheered. It was a moment of well-deserved triumph, but it didn't make Workman feel any better.

"When they put that medal on me, from that point on, I sunk deeper into depression," he recalls. "Everybody says it must be awesome to win the Navy Cross. Well, as a matter of fact, it's not. I lost three guys that day, so for the longest time, I didn't even want to wear it. I'd look down at it and see three dead Marines."

Workman, 23, is sitting in a restaurant at the National Museum of the Marine Corps in Quantico, where he now works, his Navy Cross ribbon pinned to his uniform, just above his heart.

"If we lost three people, why did I get an award?" he says softly. "The last thing I think is that I'm a hero."

"I enlisted two days after my 17th birthday," Workman says. "I was a junior in high school. A year later, when I graduated, they shipped me to Parris Island."

He grew up in Marion, Ohio, son of a factory worker and a housewife. A jock in high school, he wanted to be an Ohio state trooper, but you have to be 21, so he figured he'd join the Marine Corps first.

"In my eyes, the Marine Corps was the elite, the tip of the spear," Workman says. "I walked into the recruiter's office and said, 'I want to be a Marine.' I was probably the easiest person they ever talked to."

After boot camp he spent two boring years guarding nuclear submarines at a base in Georgia. In August 2003, he married his high school sweetheart, Jessica Jordan.

In September 2004, he was sent to Iraq and stationed at a base outside Fallujah, the insurgent-controlled city where four American contractors had been killed in the spring, their corpses burned, dragged through the streets and hung from a bridge.

"Fallujah -- that was no man's land," he recalls. "When we drove past, you didn't even look because you knew it was a bad place."

In November 2004, Workman's platoon, part of 3rd Battalion, 5th Marines, got its orders: It would join the thousands of soldiers and Marines attacking Fallujah -- Operation Phantom Fury, the largest American military action since the invasion of Iraq. First, warplanes pounded the city with bombs. Then, in a driving rain, the Marines moved in.

Workman was a squad leader in a mortar platoon. For 17 days, they hunkered down in the mud in the northwest corner of Fallujah, firing at insurgent positions.

"We killed a lot of people with those mortar rounds," he says, "but it's not personal. You don't see the guys' eyes."

By mid-December, the Marines had conquered most of Fallujah and there wasn't much need for mortar fire anymore, so Workman's platoon was split in two and sent out to patrol the city, searching houses, looking for weapons. On Dec. 22, the other half of the platoon got into a nasty firefight.

"Some Marines were wounded pretty badly, and they're all charred. It looks like they've been in a fire," Workman recalls. "They come back and we're like, 'Holy cow!' So it's our turn to go out the next morning and we're kinda nervous. That night we're all still up at 2 o'clock in the morning, scrubbing our weapons, making sure they're perfect. We all had this gut feeling that the next day, we're gonna get in some sort of fight."Ambush in Fallujah

"It starts out like any other normal day," Workman says.

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Workman commanded one team of 10 Marines; his friend, Sgt. Jarrett Kraft, commanded another.

"I take my guys on the right side of the street. Kraft takes his guys on the left side of the street," he recalls. "We search the first two houses -- same old crap, we found some guns and ammo and carried it out to the street and threw it in the Humvee."

Searching the third house, Workman heard a blast of machine-gun fire from the house across the street, where Kraft and his men ran into a group of heavily armed insurgents.

"We were pretty much ambushed by a lot of insurgents on the second floor of the house," recalls Kraft, who is now a police officer in Fresno, Calif. He also was awarded a Navy Cross for his actions that day.

"I was scared," Workman says, laughing. "I really was. . . . When you get caught in a situation like that, it's a real man check. For two seconds, you have to look in that invisible mirror that's not there and look at yourself and question yourself as a man. And say, 'Okay, I'm a corporal in the Marine Corps and I have guys that are looking up to me for leadership. What am I going to do?' . . . So I grabbed everybody in the house and we come running."

Gun smoke rose from the windows of the house across the street. Workman ordered several men to guard the outside and then led the rest inside, where a lieutenant informed them that Marines were trapped on the second floor.

"The lieutenant looks at me and says, 'We gotta get in there.' I said, 'Okay, I'll follow you.' " He laughs. They then formed a line called a "stack" at the foot of the stairway.

"The lieutenant gets out of the way. Now, I'm the front man. I don't want to be." He laughs again. "In the citation, it says that Workman went in first every time. I'll be honest: It wasn't planned that way. . . . The lieutenant says, 'On three we're gonna go.' One, two, three. Bam! He kicks me and I go running up the stairs."

As he ran, machine-gun bullets buzzed past him, but he made it to the safety of the landing, protected from insurgent fire by a thick wall. But he was alone. Nobody had followed him.

"I remember him going up the staircase," says Kraft, who had managed to escape from the second floor after the ambush. There was a lot of confusion and the second guy in the stack sort of hesitated and that kept the rest of the stack back."

"So these guys are downstairs yelling at me, 'Get back down here.' And I'm like, 'You get up here.' I'm cussing at 'em," Workman says, smiling. "But it was a lieutenant, so I pretty much have to go down. I closed my eyes and did a Superman dive down the stairs."

The fall knocked the wind out of him. His buddies stood him back up.

They formed another stack with Workman again in front. He took off. This time, everybody followed and they reached the landing safely. They crept up another set of stairs toward the second floor. Workman had almost reached the top when a yellow grenade bounced into view.

"This thing went off and it felt like somebody hit me in the leg with a baseball bat," he says. "I look back and guys were laying down, knocked over. And I go, 'Is everybody good?' . . . Pretty much everybody got hit with shrapnel but we were all able to fight."

They climbed the stairs and fired at the insurgents, who were barricaded in a bedroom. After an intense firefight, the Marines ran low on ammunition and retreated outside to reload.

By then, two of the Marines they'd come to rescue were dead. Two other Marines dropped their bodies off a porch, then jumped down after them.

"One of the Marines comes stumbling out of this yard next to the house," Workman says. "He's covered with blood. He looked like a zombie. And he just falls over. I run up and grab him."

"Workman grabbed him and dragged him down the street while the insurgents were firing down at us from the rooftop," Kraft recalls. Workman carried the wounded Marine to a couple of Humvees, where a medical corpsman began working on him. Workman saw two other Marines sprawled in the back of a Humvee: Cpl. Raleigh Smith and Lance Cpl. Eric Hillenburg.

"Hey, doc!" he yelled. "Get up here!"

"They're all right," yelled the corpsman, who was treating the Marine that Workman had dragged to safety.

"I'm yelling, 'Doc, get your ass up here!' And he's yelling, 'They're all right, dammit, leave 'em be.' And I'm like, 'Get up here!' And he says, 'They're dead, man, they're dead.' "

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Workman jumped out of the Humvee. "This was the first time I'd ever seen a dead Marine, ever," he says. "It was like somebody flipped a switch, like it wasn't even me anymore. . . . I grabbed whoever's standing around and we ran back into the house. Now it's like vengeance. I want to take as many insurgents out as possible."

The house was dark, the air heavy with smoke. Workman led another charge up the stairs and ran into another grenade.

"It knocked most of us down," he says. "At this point, none of us wants to get up. We're like, 'We're gonna die here.' My buddy, he gets up and fights and I hear this horrendous scream. They hit him with an AK47 and it literally tore the whole triceps off his arm."

Workman pulled the pin on a grenade and tossed it into the bedroom where the insurgents were barricaded, and then the Marines tumbled back downstairs.

"I collapse at the bottom of the stairs," he says. "I'm, like, done. And Major [Todd] Desgrosseilliers grabbed me by the helmet and dragged me out of the house."

All the Marines were out of the building and an M1A1 tank had arrived. It blasted the house to rubble.

At least 24 insurgents were killed in the battle. The Marines lost three men -- Smith, Hillenburg and Lance Cpl. James R. Phillips.

"We went back to the makeshift morgue at Camp Fallujah," Workman says, "and we unloaded the bodies."A Recurring Nightmare

He's been talking for over a hour, sitting in the museum at a table in Tun's Tavern -- named for the place the Marine Corps was founded. He started out with laughs but now he's serious, his green eyes sad and tired.

"The next morning I felt like I'd been in a car accident," he says. Corpsmen had pulled some shrapnel out of him, some still remains. "Everybody was pretty much wounded. And three guys were dead. . . . Eric and James lived in the same bedroom. I went into that room and there are two empty racks. Seeing the empty cots, that's when it sank in. . . . When somebody dies, you gotta get all their belongings and take it back to base camp. You're going through the pockets in their cammies, finding pictures of their girlfriend, their mom and dad."

After a few days of rest, Workman's platoon was back out, patrolling roads and manning checkpoints outside Fallujah. They remained there until April 2005. Workman didn't see much action, but he kept busy enough that he didn't think too much about the day his buddies died.

He was promoted to sergeant and he reenlisted, requesting to become a drill instructor after his return. That spring, his platoon was back at Camp Pendleton in California.

"That's when the world came crashing down," he says. "That's when you have time to think about what really happened, that they're really gone."

Jessica, his wife, was back in Ohio, attending Nationwide Beauty Academy, studying to become a hairstylist. He was in California, partying every night.

"It's easy to self-medicate with alcohol," he says. "With Marines, you're not gonna get off the plane and say, 'I need help from a psychiatrist.' We adapt by getting drunk every night."

When he arrived at drill instructor school at Parris Island that September, he stopped drinking, he says. That's when the nightmares began:

"I would dream this: a staircase, never ending. And I'm running back and forth, being chased by insurgents, and they're throwing grenades at me. And I run and I run and I run until I finally get tired and I can't go on and they catch me and they kill me. Then I'd wake up and I'd be crying and I'd have mental pictures of my guys laying in the back of that truck."

He avoided the nightmare by avoiding sleep. All day he worked as a drill instructor, all night he paced and brooded about Iraq.

"Physically, I was a drill instructor," he says. "Mentally, I was somewhere else."

One day in the spring of 2006, he marched his recruits into the mess hall and then froze, staring into space.

"I didn't see the recruits, I didn't see anything," he recalls. "People are saying, 'Hey, what's going on?' I said, 'I don't give a [bleep] about you, I don't give a [bleep] about the recruits.' . . . I went downhill from there and they sent me to mental health."Suddenly a Hero

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The doctors concluded that Workman was suffering from post-traumatic stress disorder. They prescribed some pills and sent him home for 10 days.

"They wanted to get me home to be with my family to mellow out," he says.

Back in Ohio, he stayed with Jessica at her parents' house. Late one night, he got out of bed and wandered into the garage.

"He was out there for a while and I thought, 'What's he doing out there?' " Jessica remembers. "I went out there and he had my dad's rifle, and I asked him what he was doing and he said, 'I don't know why I'm here.' "

She took him inside and later that night saw him swallowing a handful of pills. "I had to literally stick my hands in his mouth and make him vomit," she recalls.

"Obviously, I probably wanted to hurt myself," Workman says. "But I don't remember much about it."

When he returned to Parris Island, he was no longer a drill instructor. Instead, he was assigned to do odd jobs, "basically like a janitor," he says.

And then he won the Navy Cross.

Suddenly, he was a hero. Reporters interviewed him. Generals posed for pictures with him. He met Donald Rumsfeld, Robert Gates, Ross Perot, Hillary Clinton and various other bigwigs. His home town declared Jeremiah Workman Day. Strangers begged to buy him a drink.

"Everybody else was more excited than I was," he says. "I was just slipping further into depression because I was reliving everything now. Everybody wants you to tell the story: How did you do it? How many people did you kill? I'm like, why don't you ask me to tell stories about my guys?"

His guys, Smith, Phillips and Hillenburg, haunted him. He saw them in his dreams. He saw them when he looked at his Navy Cross. They got killed and he got a medal. Did that make any sense? That summer, he had their names tattooed on his back.

"This," he says, "is what I have to put in my mind to be able to wear this medal and not be ashamed: I accepted this medal for three guys who didn't make it back. So it's really theirs."

In the fall, Workman was transferred to Quantico and stationed at the new National Museum of the Marine Corps. He walks around in his uniform, talking to tourists, sometimes posing for pictures with the ones who recognize the importance of the Navy Cross ribbon on his chest.

"I'm an ambassador for the Marine Corps, I guess," he says with a laugh.

Jessica found work as a hairstylist at a nearby spa. On February 21, she gave birth to their first child, a son, Devon.

Months ago, Workman stopped taking his medicines. "I don't want to be a pill popper," he says. "But I pay for it. I have more bad days than I probably would if I was on the medication."

"I'd rather that he was still on the medications," says Jessica. "His mood swings are so much worse. He'll be fine one minute and then he's freaking out. With PTSD, you never know. It's a roller coaster every day."'You Don't Have a Choice'

When people call you a hero, what do you think?

He thinks for a moment. "Hero?" he says. "I almost laugh."

And then he does laugh. But he quickly gets serious. "Almost any infantry Marine would have done what I did. You don't have a choice. What are you gonna do? Not do it? And live for the rest of your life knowing that you hesitated and didn't act and more people may have died because you didn't do anything?"

He risked his life for his fellow Marines and that pleases him. "I did learn a lot about myself that day," he says. "In front of family and friends, you're the big tough Marine but . . . you always question yourself about whether you have what it takes in a situation like that. Not everybody does. I answered my own question that day. I was scared and I didn't want to do it, but I did it. That gives me some pride, I guess."

But that was then, he points out, and this is now. "I couldn't tell you if I could do it again," he says. "I would love to believe that every time something like that happened, I would do the same thing, but I don't know."

He does know one thing: He wants to go back to Iraq.

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"I've volunteered. I've told everybody I can. Right now, they want to keep me here. . . . A lot of these high-ranking people think they know what's best for you. And in their minds, what's best for me is staying here and having a normal family life and going home every night. Whereas in my mind and in my heart, I want to get back into the fight."

He says: "A lot of my friends have been there three or four times. I think if I got one more tour over there, I'd feel better in the heart. I don't want to go down as a one-hit wonder."

Soldier Convicted Of Negligent Homicide In Iraq Shooting (AP)

AP, March 3, 2007

LITTLE ROCK (AP) — An Arkansas soldier has been convicted of negligent homicide for the shooting death of a fellow guardsman in Iraq.

Spc. Daniel E. Turner was convicted Monday in Baghdad and sentenced to 15 years in a military prison, the Arkansas Democrat-Gazette reported Saturday.

He is being held at Camp Arifjan, Kuwait until his conviction is formalized, the newspaper said.

Turner was convicted for the death of Spc. Derek Plowman, 20, of Everton, Ark.

The circumstances surrounding Plowman's death have not been released by the military. The Defense Department did not immediately return a message seeking comment Saturday.

As part of a pretrial agreement, Turner also received a bad conduct discharge, forfeited pay and was reduced in rank to private.

"The forfeitures are suspended right now," said Maj. Steve Zega, 142nd judge advocate. "In other words, they're still paying him right now. I understand the reason they worked that out is he has a very young child at home."

The Charlie Battery returned home last week from its year-long deployment in Iraq.

The Warden Of Fallouja (LAT)

By Mike Carlson

The Los Angeles Times, March 4, 2007

Taking charge of a detention center in Iraq? Here's what you need to remember.

Mike Carlson served as the officer in charge of the Camp Fallouja Regional Detention Facility from March 2006 to October.[

1]

They're not prisoners, they're "detainees."

It sounds better, as if they're merely inconvenienced rather than shoehorned into cinderblock cells, thumbing their military-issued Korans and waiting to be interrogated. One-third are innocents caught up in sweeps; one-third are jihadists who will slit your throat, and one-third are opportunists who will rat out their neighbors. You will hold them for 14 days, no more, while the interrogators try to figure out who is what. Each gets a CF, for Camp Fallouja, and a four-digit number. No names will be used, mainly because numbers fit more easily onto spreadsheets. They will be forever known as entas. "Enta" means "you" in Arabic, and that's what you call them day after day, meal after meal, port-a-potty call after port-a-potty call. "Enta, ishra mai," you say, and the enta drinks his water, and if you say, "Enta, ishra mai kulak," he drinks all of his water, every drop, and holds the bottle upside down to prove it.

[2]

It's not personal.

The enta who screams "meesta!" every 10 seconds for 48 hours straight isn't doing it to infuriate you, his captor. What it boils down to is that he can't pronounce "mister," and he was carrying that 155-millimeter round in the back of his pickup, and he was going to try to blow you up, and the reason he was picked by the insurgent leaders to haul the shell is that he's soft in the head, which is why he cannot stop screaming "meesta!"

The major who watches NASCAR races on satellite TV in his air-conditioned office at the battalion headquarters while you and your Marines march entas to and from the latrines in 120-degree heat isn't doing it to antagonize you, his subordinate. Frankly, he's just over here for the retirement money, and he didn't want to be in charge of four regional detention facilities in Al

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Anbar province any more than you wanted to end up as the warden in Fallouja. He wants to keep his head down and forget about the fact that if one, just one, of your Marines snaps and goes Abu Ghraib on a detainee, his pension is out the window.

[3]

You won't fire your weapon in anger.

You'll fire plenty of training rounds. You'll be awakened nightly by outgoing artillery shells being blasted into the ether a mere 400 meters from your tin-can hooch, where you fall asleep to the drone of your air-conditioning unit and the faint yelps from the sergeant-next-door's porn videos.

Your fingers will ache from absently squeezing the grip of your M16A4 during endless nighttime convoys, transporting detainees from Fallouja to Abu Ghraib or Camp Cropper. The only illumination in the back of the truck will come from the red-lens flashlight you pan across the entas to make sure none of them have wormed loose from their flex cuffs and hatched a plot to kill you.

Your truck will stop one night outside Abu Ghraib. You will wait for explosive ordnance techs to clear a suspicious burlap bag. Because there are so many bombs, you never know how long you'll sit exposed on the road. During the second hour, CF-4562 will ask you in perfect English if he can pee. You will escort him to the edge of the road. When he thinks you aren't looking, 4562 will slink away from you and your rifle. You will immediately see through such a feeble escape attempt, and here, outside the site of America's shame, this enta will be one sandal step away from giving you an absolutely justifiable reason to finally click your weapon's selector off of "safe."

You will raise the muzzle slowly with muscles that ache from humping 60 pounds of body armor and ammo and water and Quick-Clot coagulant, but before your thumb moves over the safety, you will automatically say "kiff," Arabic for "stop," because it's been drilled into you as part of the rules of engagement. You will want to shoot, and 4562 will hear that in your voice. He will stop. He will manage a feeble stream of urine before you shoo him back aboard the truck.

[4]

You will be a constant target outside the wire.

A green beam of light will dazzle you through the Cyclops lens of your night-vision goggles as it streaks toward the armored sides of your truck. You will grit your teeth, and the rocket-propelled grenade will hit, and then, by the grace of some malfunction, it will only gouge out a divot from the big green plates, an errant golf swing's worth of metal. You will pan your rifle barrel across the garbage-strewn fields and pockmarked buildings, but you will see nothing, just a stray dog scurrying away from the tiny blast. A feeling of anticlimax will wash over you, of one beer short of the perfect buzz and a throw just wide of the catcher's mitt. You are a Marine and trained to kill, but you can never find any insurgents to shoot.

[5]

You will tell yourself lies about how being shot at will change you.

You won't be able to tell your wife about the near-miss when you call home because you know she'll be worried, and when she worries, she cries, and you cannot, absolutely cannot, have her cry, mainly because it will make you cry, and you're a captain in a crowded phone center surrounded by junior Marines. Your neck will cramp up for two weeks, as if all your fears have been concentrated into a small kernel of misery somewhere north of your shoulder blade. Then, one day, the pain will be gone, and you will walk up to the side of the truck and place your fist inside the divot to remind yourself that it really happened.

[6]

You will screw up.

A sergeant will push one of your female Marines too hard during physical training, and she will turn on the waterworks and accuse him of sexual harassment. You will chew out the sergeant, but later discover that she is simply angry with him for forbidding her to visit her boyfriend in another unit.

You will apologize to the sergeant, but the incident will have cost you some of the platoon's trust, and you will find yourself hating her. She will hate you too, until she goes home early, knocked up by the very same boyfriend she was forbidden to see. You will feel a quick self-righteous high, followed by a prolonged low; your neglect of your own rule — don't take it personally — means you failed her as a leader.

[7]

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You will drink water until your urine is clear.

You will drink and drink and keep drinking until you've drained more than 800 bottles of water during your stay in the Iraqi desert.

[8]

Your interpreter will be your greatest hidden ally.

Ali is rotund, aged and bearded, a prototypical Islamic authority figure. He reads the facility rules to all new detainees, his face hidden behind dark glasses and a ball cap. Your understanding of Arabic progresses to the point where you know he's adding regulations. You take him aside, and he explains that he tells the new arrivals that there are snipers in every tower, that trapdoors lurk beyond the borders of each gravel path and that attacking a Marine in the facility would result in a coward's death, voiding the promise of 72 virgins. You allow him to continue.

[9]

You won't abuse any detainees.

Your property room will hold a sniper rifle that killed a Marine and bears the fingerprints of the man inside Cell 4A. Evidence photos will show a bomb crater and bloody boots with shinbones still laced inside, and wires that lead from the crater to the home of CF-7634. As you perform your daily cell checks, you will occasionally want to smash and kick and eye gouge and palm-heel strike. But you won't. You will need to look in the mirror tomorrow when you shave.

[10]

You will get by with 20 words of Arabic.

When your prisoner-release convoy is waved into a field strewn with basketball-sized boulders by an Army lieutenant too new to speak Arabic, that will be just enough to get the entas to stop washing their feet and shouting blessings to Allah and to herd them into the civil affairs compound. Later, an 18-year-old lance corporal will fall asleep at the wheel and swerve off the Fallouja cloverleaf. As the 7-ton rumbles down the embankment, the entas will fling themselves off the truck. One enta will break his arm, and, again, your 20 words will coax him into medical treatment. Through it all — the bungled release, the accident, the medevac — you will not be attacked. Two days later, a similar convoy traveling the exact same route will be blown up by an IED, and the ache in your neck will return for another two weeks.

[11]

After seven months, you will fly home.

On the way back to the U.S., your Marines will be told by Maj. NASCAR that they can drink, and they will — to excess. You will resign yourself to breaking up the inevitable fights, and as you step between two Marines about to swing, you will realize that this has been your purpose. You set limits.

[12]

You will return to civilian life.

You will be jumpy and vaguely unsatisfied, disconnected from the civilians around you who care only about text messages and gas prices and catty e-mails. Navy doctors will find Iraqi sand trapped in the innermost pathways of your ear canals. Your wife now snores, and all her unfamiliar noises combine to drive you from your bed.

On one such night, you will turn on the television news and see that Anna Nicole Smith's death has trumped the coverage of America's 3,118th fatality, 31-year-old Petty Officer 1st Class Gilbert Minjares Jr. You will note that, at 39, Smith was younger than most of the helicopters flying in Iraq. You will turn off the TV and sit in the dark and feel your eyes water as you think about how you took 55 Marines and sailors into a combat zone and brought all 55 back home, and that no one in America besides you and those 55 really cares or understands what you went through.

You processed 1,230 detainees, without a single incident of abuse, while America sat on the couch and watched girls go wild. As far as you know, you killed no one. This used to bother you, because killing is what Marines are trained to do. But now, after viewing documentaries and reports that paint American forces as Redcoat invaders, you take some comfort in the fact that you never pulled the trigger.

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Those numbers — 55, 1,230 and 0 — will allow you to sleep tonight, and the next night, and the next. But each night you will insert a mouth guard made of silicone before you go to sleep, because your dentist informs you that you are always, always, always unconsciously grinding your teeth.

In Wartime, Who Has The Power? (NYT)

By Jeffrey Rosen

The New York Times, March 4, 2007

THE Constitution seems relatively clear. The president is the commander in chief, and he has the power to deploy troops and to direct military strategy. Congress has the power to declare war and can use its control over the purse to end a war. But it has no say over how the war is actually prosecuted.

That poses a problem for Congress, as it debates the course of the Iraq war. Democratic proposals to check President Bush's increasing unpopular war range from Senator Barack Obama's "phased redeployment" of all combat troops out of Iraq by March 3, 2008, to Representative John Murtha's attempts to impose specific standards for the training and equipping of troops.

Regardless of how these proposals fare politically, they raise serious constitutional questions that could affect not only the conduct of the Iraq war, but also the balance of power between Congress and the president in wartime.

Legal scholars — both critics and supporters of the Iraq war — say that if Congress tries to manage the deployment and withdrawal of troops without cutting funds, the president's powers as commander in chief would be encroached, perhaps leading to a constitutional confrontation of historic proportions.

"If there were to be a binding resolution that said troops had to go from 120,000 to 80,000 by April 15, Congress would be, in my view, transgressing on the conduct of a military campaign," says Samuel Issacharoff, a law professor at New York University. "Congress can't tell the president to charge up the east side of the hill rather than the west, which is the definition of the president's military authority."

So how, exactly, can Congress assert power over the war, beyond its ability simply to pull the plug on its financing? History suggests that Congress has found ways of checking the president in the past without encroaching on his power as commander in chief. And, history suggests, as well, that neither side is that eager for a constitutional showdown.

There is little dispute that Congress could, if it had the political will, end the war in Iraq tomorrow by using its power over appropriations to cut off funds to the troops. "Congress could easily check the president," says W. Taylor Reveley III, the dean of William and Mary School of Law and author of "War Powers of the President and Congress."

"If Iraq continues to go badly or if it looks like the president might actually use force in Iran, I can easily see Congress passing something like the Cambodian or Vietnam spending cutoffs, which would force the setting of a timetable for withdrawal that was pretty brisk," he said.

If Congress used its appropriations power in this way, even the most vigorous defenders of executive power agree, President Bush would have to acquiesce. "He would have to comply, and he would comply," says John Yoo, the University of California at Berkeley law professor who, as a Bush administration official, defended the president's authority to act unilaterally. According to Professor Yoo, Congress could immediately cut funds, or could order a phased withdrawal by authorizing a fixed amount of money each month for specified numbers of troops.

"The idea that the funding tool is too blunt is a view held by people who have never worked in Congress," he says. "It can be a scalpel as well as a baseball bat."

The problem is not that Congress lacks the constitutional power to cut off funds, but that it may lack the political will to do so.

"I think it's inconceivable that Congress will cut off appropriations, because no one wants to leave people on the field without support," says Michael Gerhardt of the University of North Carolina Law School.

Congress, however, has other cudgels. During the War of 1812, Federalist critics of President James Madison forced the resignation of his secretary of war, and, decades later, the House passed a resolution censuring President James Polk for unconstitutionally beginning a war with Mexico.

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During the Civil War, Congressional Republicans wanted Lincoln to fire Gen. George B. McClellan and prosecute the war more aggressively. But they never tried to control actual troop movements. Instead, Congress tried to shame the Union generals into fighting by hauling them repeatedly before Congressional committees.

"It bordered on harassment, and Lincoln resisted some of the excesses, but even then, Congress never tried to issue orders about the deployment of troops," says Professor Issacharoff.

Congress, of course, could assert itself in similar ways today, according to Professor Gerhardt. "Congress is entitled to have oversight hearings to see how well things are going, and to figure out where we should go from here," he says.

Changes in technology also make it easier for Congress to micromanage military decisions if it chooses to do so. "In the 19th century, simply to send a command and find out what happened in the battle took weeks," says Professor Issacharoff. "So neither Congress nor the president could micromanage. Now you can have battlefield commanders in a speakerphone in the well of Congress — you could have 535 generals shouting instructions."

Congress would also be perfectly competent to examine civil liberties questions, like the restoration of habeas corpus for detainees held at Guantánamo Bay. It could pass resolutions opposing the war effort over Republican opposition, as Democrats have proposed to do. It could demand compliance with international norms about how the war is conducted.

But let's say Congress passed a binding resolution that reduced troop levels without actually cutting off funds. What then?

"What's likely to happen is that Congress will assert its power, and the executive will resist through delay, redeployment of troops elsewhere or simply disregarding Congress," Professor Issacharoff says. "It will never be presented to a court, because when both branches are involved in disputes about war and claim overlapping powers, the courts tend to back down."

Dean Reveley agrees. "These disputes about the powers of the president and Congress in wartime are waged with almost theological passion and conviction and the Supreme Court rarely intervenes, which is why war powers are still so murky," he says. "Every time we've gotten involved in an unpopular war, which has been all our wars except the two World Wars, there has been an enormous amount of bickering between the president and Congress when it didn't come out the way we wanted. Sometimes presidents have acted, Congress said 'Don't do that,' and the president acceded, as in Vietnam. But mostly Congress has stood on the sidelines and complained."

In other words, a constitutional crisis may not be the inevitable outcome.

"I think this will be resolved politically, as it has been in the past, and either the president or Congress will back down," Professor Issacharoff says. "My sense is that it's more likely to be Congress, because nobody wants to assume responsibility for managing a disaster."

Even if President Bush wins a constitutional confrontation, Congress may react by asserting its powers against future presidents. "Congress will be much more careful in the future about authorizing force without restrictions on presidential power," says Jack Goldsmith of Harvard Law School. "Every action on each side tends to provoke a counterreaction, which is probably what James Madison wanted."

Antiwar Caucus Wants To Be Heard Now (NYT)

By Michael Luo

The New York Times, March 4, 2007

WASHINGTON, March 2 — About a dozen members of the Out of Iraq Congressional Caucus gathered on a sunny day last summer on the terrace outside the Capitol for a news conference. The only problem: no reporters showed up.

The members of the group, made up entirely of House Democrats, cracked jokes among themselves before heading back inside, chalking it up as another failed attempt to get noticed.

"I had 30 press conferences where no one showed up," said Representative Maxine Waters, a California Democrat who leads the 75-member caucus in the House.

Now, with a change in power in Congress and a new military strategy to increase the number of American troops in Iraq, the members of the group — most of them liberals — are suddenly much in demand, finding themselves at the center of the debate over the war.

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Yet even with a majority of Americans opposing the war, the caucus is struggling to overcome its fringe image and is becoming increasingly frustrated by what its members say is the Democratic leadership's unwillingness to heed their calls for decisive action to the end the war.

At the same time, though the members are united in their desire to bring American military involvement in Iraq to a speedy end, they are still debating the best way to do so. In that sense, they reflect the broader struggle among Democrats in Congress, who have been unable to coalesce around a single position on how strongly to confront President Bush over the war.

House Democratic leaders this week seemed to back away slightly from a proposal by Representative John P. Murtha of Pennsylvania, chairman of the Defense Appropriations Subcommittee, to limit Mr. Bush's latest supplemental spending request for the war. Mr. Murtha's proposal would have required strict readiness for troops sent to Iraq, essentially limiting the president's ability to follow through on his plan to deploy an additional 21,500.

Mr. Murtha's conditions were favored by caucus members, though it has come under fire from Republicans who labeled it a "slow bleed" strategy. The proposed strategy has also run into opposition from conservative House Democrats, who argue that their concerns need to be taken seriously because they helped deliver the Democratic majority in the midterm elections. The Murtha proposal, they said, would leave the party vulnerable to charges of abandoning troops.

"My concern, representing the state where we've got the highest percentage call-up of guard and reserve in the country, I want to make sure Congress does not do anything that hamstrings troops on the ground," said Representative Jim Matheson, a Utah Democrat who is a member of the Blue Dogs, a coalition of party moderates and conservatives.

Democratic leaders have responded to critics by floating a new plan that would allow Mr. Bush to waive the readiness standards, a possibility that has left many of the party's vocal left wing unhappy. About 30 members of the Out of Iraq Caucus met Thursday to plot strategy. They warned that they might vote against any supplemental bill that did not more strictly limit the president's options, a vote that could prove embarrassing for a Democratic leadership trying to preserve a fragile majority.

"Nothing is going to happen unless we use the power of the purse," said Representative Jerrold Nadler of New York. "It's time to draw a line in the sand."

The House minority leader, John A. Boehner of Ohio, said Republicans would oppose any measure that "restricts the president's ability to win the war in Iraq."

Representative Barbara Lee, Democrat of California, a co-chairwoman of the Congressional Progressive Caucus and a founder of the Out of Iraq Caucus, is drafting an amendment that would allow financing only to protect American troops in Iraq pending a full withdrawal under a set timetable.

Assuming the supplemental bill is unsatisfactory to the caucus, war opponents are discussing whether to threaten to vote against it when it comes to a vote in the House floor in mid-March, unless the House leadership also permits a vote on the amendment from Ms. Lee.

Ms. Lee said her goal was to shift the discussion to a "fully funded withdrawal" from "cutting off funding."

"There's a distinction between cutting off funding and using the funding to begin a speedy and secure withdrawal within a specific timeframe," she said.

Created as an offshoot of the Progressive Caucus in the summer of 2005, the Out of Iraq group began with about 50 members. Its slow climb began when Mr. Murtha, an influential lawmaker and Vietnam veteran, unveiled his first plan calling for redeployment of troops in late 2005.

"The Out of Iraq Caucus grabbed onto Murtha," Ms. Waters said. "Don't forget, we were considered liberals and/or progressives that did not present a real threat to the administration, or even to the leadership."

Suddenly, though, they had Mr. Murtha's backing. The group's numbers have since swelled, and now include a third of the Democratic majority.

The roster includes nine House committee leaders. Also among its membership are Representative George Miller of California, a trusted confidant of Speaker Nancy Pelosi of California, and Representative John B. Larson of Connecticut, the vice-chair of the Democratic Caucus and the only member of the leadership in the group.

But many members rarely attend meetings. Some of its active members are lawmakers who play easily into Republican characterizations of some Democrats as peaceniks far from the mainstream. Ms. Lee was the lone dissenting vote in Congress

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against the resolution authorizing the president to use force to respond to the terrorist attacks on Sept. 11, 2001. In 2005, she co-sponsored a bill with Representative Dennis J. Kucinich, Democrat of Ohio (also a caucus member), and others to create a cabinet-level office called the Department of Peace.

With such a large tent, caucus members are hardly uniform in their views. Some are pondering whether they should simply continue to be patient. Representative Charles B. Rangel of New York, who heads the influential Ways and Means Committee, said he was not sure how he would vote on the supplemental measure.

He called the war "morally wrong" and said "it goes even beyond the brutality of slavery and the lynchings." At the same time, he said, Democratic leaders must be careful to carve out a consensus path.

Governing as a majority requires compromise, said Representative James P. Moran of Virginia, a caucus member who also sits on the Defense Appropriations Subcommittee. "Hopefully we don't have to compromise too much."

Pakistan Denies U.S. Claim Of Having Authority To Target Militants Inside Pakistan (AP)

AP, March 3, 2007

ISLAMABAD, Pakistan — Pakistan vehemently denied Saturday the U.S. military's claim that coalition forces in Afghanistan have the authority to pursue Taliban fleeing across the border into Pakistani territory.

"There is no authorization for hot pursuit of terrorists into our territory," Maj. Gen. Waheed Arshad, spokesman for the Pakistan Army, told The Associated Press on Saturday. "Whatever actions are needed to fight terrorism, we are taking them."

Pakistan's Foreign Ministry rejected an assertion by Lt. Gen. Douglas Lute, chief operations officer for the U.S. Joint Chiefs of Staff, that his forces routinely fire on and pursue Taliban into Pakistan.

"No foreign forces are allowed to cross into our territorial border," said Ministry spokeswoman Tasnim Aslam. "Pakistan and United States are partners in the war on terror — not adversaries."

Aslam's and Arshad's comments came two days after Lute told the Senate Armed Services Committee in Washington that "we have all the authorities we need to pursue, either with (artillery) fire or on the ground, across the border."

Lute provided a detailed description of when U.S. forces can fire on and pursue insurgents across the border into the Islamic nation of Pakistan, an important ally of the U.S. in its campaign against terrorism.

However, Lute did not elaborate on whether there were restrictions on how deep into Pakistan his soldiers could go. He said the decision is based not on distance, but on the immediacy of the threat involved.

Pakistan used to be a main supporter of Afghanistan's former Taliban regime, but it switched sides after the Sept. 11, 2001, attacks.

Its forces have since arrested at least 700 al-Qaida and Taliban.

But there is growing international pressure on Pakistan to crackdown further on Taliban militants on its side of the border, a message delivered on Monday by Vice President Dick Cheney during a visit to Islamabad.

In Kabul on Saturday, Afghan Foreign Minister Rangeen Dadfar Spanta told members of Parliament that Pakistan uses terror as its foreign policy and that the international community should not reward Pakistan with aid.

"Pakistan shouldn't use terror as its foreign policy," he said. "I wish that the international community wouldn't give rewards to countries that are supporting the Taliban."

Afghan officials frequently accuse Pakistani leaders of harboring Taliban fighters and commanders, though Pakistan insists it does all it can to fight terrorism. Pakistan has deployed about 80,000 troops near Afghanistan, where al-Qaida and Taliban remnants are believed to be hiding.

Nisar A. Memon, chairman of the Pakistani Senate's Standing Committee on Defense, said his country alone would take action against militants on its side of the border, but that Afghanistan should do more from its territory.

"Pakistan has contributed more than any other country to the successes in the fight against terrorism and extremism," he said. "On the Afghanistan side, there is equal responsibility of the coalition and Afghan forces to stop undesirable elements from crossing into our territory."

During his trip, Cheney had expressed concern to President Gen. Pervez Musharraf over al-Qaida regrouping inside Pakistan's tribal regions and an expected Taliban spring offensive in neighboring Afghanistan.

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Shortly after Cheney's visit, Pakistani intelligence officials said that Pakistani agents — during a raid in the southwestern city of Quetta — captured the Taliban's former defense minister Mullah Obaidullah Akhund.

Pakistan so far has not officially confirmed Akhund's arrest, although individuals with knowledge of Pakistani intelligence workings say the man was being questioned near the capital, Islamabad. Akhund is said to be a key associate of fugitive Taliban leader Mullah Omar.

Returning, Safe, After A Year's Service In Afghanistan (NYT)

By Kareem Fahim

The New York Times, March 4, 2007

FORT DIX, N.J., March 2 — In person, Specialist Lourdes Siverio looked remarkably like the picture her mother painted of her while she was away.

Her mother, Gloria Muniz, held the painting above her head on Friday as Specialist Siverio's National Guard unit marched crisply toward a reunion with loved ones. Then slowly, the painting dropped to the ground, and mother and daughter stood quietly, amid the whirl of tearful, laughing, shouting soldiers who had returned to New Jersey after more than a year in Afghanistan.

Specialist Siverio, 23, held on to Ms. Muniz with one hand. With the other, she dabbed tears from the cheek of her 13-year-old sister, Ruth Ruiz. The separation had been hard on the teenager. "It's like I've been an only child," Ruth said.

Specialist Siverio was among 80 soldiers from the 50th Personnel Services Battalion, based in Lawrenceville, who arrived at Fort Dix on Friday. Many of the returning soldiers were leaving the Guard. Others remained on active duty, and some re-enlisted.

In Afghanistan, they had mostly engaged the enemy of paperwork, functioning as a human resources and postal division for a United States contingent of more than 21,000: they delivered the mail, tracked the promotions and kept records of time spent on leave. None were killed, and none were seriously injured.

The danger they faced was mostly on the roads, although many of them were at Bagram Air Base on Tuesday when a suicide bomber blew himself up outside the base during a visit by Vice President Dick Cheney, killing at least 23 people.

They returned on the day the Army secretary, Francis J. Harvey, resigned because of revelations about inadequate treatment of wounded soldiers at the Walter Reed Army Medical Center; and a day after a panel found that members of the National Guard and Reserve did not receive enough money or equipment, though at times they have accounted for half the soldiers in Iraq.

There was little talk of those matters outside a recreation center at Fort Dix where relatives and friends held flags and balloons, and wore T-shirts that welcomed Daddy, or A. J., or someone else. The relatives smiled nervously and hid from the wind behind posters when the bus carrying the soldiers was delayed.

"I didn't think of getting balloons," an older woman said, until she was directed inside, where there were plenty.

Specialist Rosalie Martinsen's mother, Tammy, had baked two apple pies, which sat waiting in a homey wicker basket. "It's the best, flakiest crust," said her father, Rob.

Then, with a chapel framing the background, the unit marched along a narrow road toward the whoops and hollers, and a woman screaming over and over, "That's my baby!"

Inside the recreation center, alongside the video games and pool tables, a feast of sandwiches and pasta and mashed potatoes waited on long tables.

Sgt. Erick Rodriguez, 31, with one of his four children sitting in his lap, ate slowly from a plate piled high, as more than a dozen of his relatives watched every bite as if it were the first time they had seen him eat.

"What did you miss the most?" a woman in the group asked him. He rolled his eyes, and she changed the question. "O.K. What did you miss second?"

Unlike Sergeant Rodriguez, Sgt. Dawan Ginn, 24, had no one waiting for him; his family lives in Virginia. Returning home to uncertainty about his future, he decided to re-enlist. "I basically built my life around the military," Sergeant Ginn said. Of Afghanistan, he said, "It's a kind of messed up, poor country." For half of his deployment, he had been stationed in Qatar.

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Specialist Maladrique Wilson's father was working Friday night, and Specialist Wilson, standing with other soldiers near the entrance to the recreation room, understood. He had made friends in the unit, but he had also observed the strains and the fights. He saw the letters of support from schoolchildren, and he wondered why there was not more support from adults.

"Afghanistan is a process in life you have to go through with strength," Specialist Wilson said.

Specialist Samantha Nigro gave her family an equally grim assessment of Afghanistan, said her father, Joe. Specialist Nigro worked in the personnel department of the unit, where she processed identity cards. Others she knew handled death certificates.

Through Feb. 24, the number of United States military personnel killed in or around Afghanistan was 307, according to the Defense Department.

But Samantha was home. "Right now, we're ecstatic," her father said.

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A New Mystery To Prosecutors: Their Lost Jobs (NYT)

By David Johnston, Eric Lipton, William Yardley

The New York Times, March 4, 2007

WASHINGTON, March 3 — After Daniel G. Bogden got the call in December telling him that he was being dismissed as the United States attorney in Nevada, he pressed for an explanation.

Mr. Bogden, who was named the top federal prosecutor in Nevada in 2001 after 11 years of working his way up at the Justice Department, asked an official at the agency's headquarters if the firing was related to his performance or to that of his office. "That didn't enter into the equation," he said he was told.

After several more calls, Mr. Bogden reached a senior official who offered an answer. "There is a window of opportunity to put candidates into an office like mine," Mr. Bogden said, recalling the conversation. "They were attempting to open a slot and bring someone else in."

The ouster of Mr. Bogden and seven other United States attorneys has set off a furor in Washington that took the Bush administration by surprise.

Summoning five of the dismissed prosecutors for hearings on Tuesday, the newly empowered Congressional Democrats have charged that the mass firing is a political purge, intended to squelch corruption investigations or install less independent-minded successors.

Interviews with several of the prosecutors, Justice Department officials, lawmakers and others provide new details and a fuller picture of the events behind the dismissals. Like Mr. Bogden, some prosecutors believe they were forced out for replacements who could gild résumés; several heard that favored candidates had been identified.

Other prosecutors may have been vulnerable because they had had run-ins with the Justice Department, not over corruption cases against Republicans, but on less visible issues.

Paul Charlton in Arizona, for example, annoyed Federal Bureau of Investigation officials by pushing for confessions to be tape-recorded, while John McKay in Seattle had championed a computerized law enforcement information-sharing system that Justice Department officials did not want. Carol C. Lam of San Diego, who successfully prosecuted former Representative Randy Cunningham, had drawn complaints that she was not sufficiently aggressive on immigration cases.

Justice Department officials deny that the dismissals were politically motivated or that the action resulted from White House pressure.

Brian Roehrkasse, an agency spokesman, said, "These decisions were based on the individual concerns about each U.S. attorney's overall performance. This included performance concerns about ineffectively prosecuting departmental priority areas, failure to follow departmental guidelines, or just overall concerns about an ability to lead and effectively manage a U.S. attorney's office."

United States attorneys have four-year terms but can be removed at any time, and for almost any reason.

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But across the country, legal and public officials have expressed dismay over the firings. In Western Michigan, for example, lawyers and a federal judge came to the defense of Margaret M. Chiara, the United States attorney there, saying she was well regarded.

"It just doesn't look right," said James S. Brady, who was United States attorney in Western Michigan during the Carter administration. "It compromises the credibility that justice is being dealt with fairly and impartially. There is a fear that politics have entered in life and death situations."

Discussions began in October at the Justice Department about removing prosecutors who were considered flawed or deficient in carrying out administration policy by law enforcement officials, lawmakers and others, several officials said. The White House eventually approved the list and helped notify Republican lawmakers before the Dec. 7 dismissals, officials said.

While Justice Department officials expected that top assistant prosecutors in each office would probably fill the jobs initially, the officials said they had not chosen permanent successors. However, officials knew that if the replacements were to have a substantial tenure before Mr. Bush left office, they needed to be named quickly.

The list of prosecutors who were targets was approved by Attorney General Alberto R. Gonzales and the deputy attorney general, Paul J. McNulty, the day-to-day manager of the Justice Department since he was appointed in the fall of 2005.

Under Mr. Gonzales, Mr. McNulty has become a powerful deputy with a wide-ranging portfolio. He was a United States attorney in Virginia, but he worked in Congress for more than a decade and was once legal counsel to the House majority leader. He is regarded in legal circles as more attuned to policy and politics than his predecessor, James B. Comey, a former career prosecutor in New York.

That leadership change may explain the removal of prosecutors who had mostly been in place since the start of the Bush administration.

"I and my colleagues are the same people in December of 2006 that we were in 2001," said one former prosecutor who would speak only on the condition of anonymity. "The only thing that has changed is the administration of the Department of Justice. We were making the same arguments and the same points before."

Justice Department officials, who would speak about the department's decision making only anonymously because they were not authorized to discuss personnel matters publicly, now acknowledge that the dismissals were mishandled. They failed to anticipate how much attention the highly unusual group firing would draw, and the agency's contradictory accounts about whether the dismissals were performance-related helped spur suspicions.

In one case, they said that they were unaware of concerns by United States Attorney David C. Iglesias of New Mexico, which he has expressed publicly in recent days, about being pressured by two Republican lawmakers to rush indictments before last November's elections in a contract kickback investigation involving a former state Democratic official. New Mexico has three Republicans in Congress; Representative Steve Pearce has said he did not call Mr. Iglesias, while aides to Senator Pete V. Domenici and Representative Heather A. Wilson have said they would not comment.

The Justice Department still appears to have an uphill battle in convincing lawmakers that its actions were justified. Several Congressional officials who have been briefed on the decision making said they were not persuaded that the firings were a well intended if botched effort to oust a few problem prosecutors among the country's 93 United States attorneys.

Some said they suspected that the administration hoped to install its favorites in the jobs, as they did when J. Timothy Griffin, a prosecutor who had worked for Karl Rove, the White House political adviser, was chosen as the temporary replacement for H. E. Cummins III of Arkansas. Mr. Cummins was told last summer to step down after Harriet E. Miers, the former White House counsel, met with Mr. Gonzales's staff on Mr. Griffin's behalf.

Even Republicans who are generally supportive of the administration expressed skepticism about the Justice Department's explanations.

Former Senator Slade Gorton of Washington said, "The administration has a perfect right to ask people to leave and appoint other ones just because they want turnover."

But he said he was unhappy that Mr. McKay, the Seattle prosecutor, was dismissed. He was very effective, Mr. Gorton said, and it was a mistake for the Justice Department to characterize the firing as performance related.

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Mr. McKay, who is among the ousted prosecutors who have been summoned to testify before Congress, has said little about his dismissal. In interviews this week, officials in Seattle said he was a strong advocate for the expansion of law enforcement powers under the USA Patriot Act and a determined prosecutor who reorganized the office and allowed senior assistants to focus on complex cases.

"Institutions need to go through a period of renewal to be energized," said Norm Maleng, the King County prosecuting attorney. "That's what John did. He took it to a higher level."

Jeffrey C. Sullivan, who served as chief of criminal investigations under Mr. McKay and hopes to succeed him, said he was asked by the Justice Department to describe how the office had enacted "the attorney general's priorities." He said he responded that Mr. McKay created drug and gang task forces and pursued antiterrorism initiatives.

Mr. McKay had led efforts to start a computer system allowing law enforcement officials in the Seattle region to collect and analyze crime data. The program helped make him popular in local law enforcement circles, but his associates believed that Justice Department and F.B.I. officials in Washington objected, believing that such efforts should be undertaken on the national level.

Many Republicans and law enforcement officials in Washington say they are puzzled about the dismissal of Mr. McKay, whose brother is a former United States attorney in Seattle who was the state vice chairman of Mr. Bush's 2004 campaign.

Chris Vance, a former chairman of the state Republican Party, said some conservative activists were upset when Mr. McKay did not pursue a voter fraud investigation after a close election for governor was won by a Democrat in 2004, but that none of them had influence with the White House. Mr. Vance said in consulting with national party leaders at the time, Mr. McKay was not mentioned.

"They never said to me, 'Why isn't John McKay doing something?' " he said. "That never came up."

Justice Department officials said they regarded Mr. Bogden as competent but insufficiently aggressive, although they acknowledge that his removal was a tough call.

Mr. Bogden, whose last day was Wednesday, remains bitter about his dismissal. A Justice Department official said Mr. Bogden's conversation with the agency official who told him he was being moved out to make way for someone new was an effort to express sympathy for his situation, not an indication that his successor had already been chosen.

"You would think that you would be evaluated on your record, what your office has been able to achieve and what you have been able to accomplish as a United States attorney," Mr. Bogden said. "You hear something like that, there is a sense of disbelief."

JOHN L. SMITH: Patriot Act Lets Politics Trump Professionalism With U.S. Attorney's Firing (LVRJ)

Las Vegas Review-Journal, March 4, 2007

How quickly they forget.

On a rainy Tuesday morning in August 2003, Attorney General John Ashcroft came to the Lloyd D. George U.S. Courthouse to address members of the U.S. attorney's office on the importance of teamwork in implementing the USA Patriot Act.

At Ashcroft's side that day was his loyal soldier in the war on terrorism, U.S. Attorney Daniel Bogden. A career federal prosecutor, Bogden was so square he squeaked. Despite the numerous constitutional concerns over the Patriot Act's use, in a post-9/11 world Ashcroft received rousing support from his troops in the Southern Nevada office.

"You are the doers," Ashcroft said. "You are the achievers. You are the soldiers ... on the ground and in the trenches ... who put your lives on the line to defend life and liberty. Your spirit is the heroic spirit we saw on September 11th, when New York's finest and New York's bravest ran up the stairs of the World Trade Center while others were running down the stairs."

Bogden appeared so devoted to the prevailing cause, in fact, that civil libertarians questioned his office's use of the Patriot Act to retrieve bank documents in the FBI's public corruption investigation of members of the Clark County Commission. It was believed then to be an unprecedented use of an act touted as essential to fighting the war on terrorism.

Ridiculed by some, Bogden took one for the team as his office moved methodically, if not always successfully, to prosecute corrupt politicians, warring bikers, drug traffickers, topless bar wiseguys and criminals of every stripe.

During his five-year tenure, which ended last week after his unceremonious sacking by the Department of Justice, some colleagues questioned his decisions, but no one questioned his competence. He was a professional, a public servant in the best sense of the words.

Now the 51-year-old Bogden is one of a half dozen terminated U.S. attorneys from around the West in what stacks up as a nakedly political and brazenly hypocritical move by the Bush administration and Attorney General Alberto Gonzales. What some critics recently called a glorified attempt at GOP résumé-building by the administration has backfired into one of the most embarrassing moments in recent Department of Justice history.

Those looking for a good reason for Bogden's ouster won't find one. In fact, his office is credited with taking big risks by pursuing public corruption cases -- worthy work that in Southern Nevada's recent past often resulted in the vicious lambasting of federal prosecutors and FBI agents.

Ironically, a provision of the Patriot Act allows Gonzales to easily replace U.S. attorneys who are nominated by the president and confirmed by the Senate.

Those loyal soldiers put their careers on the line. Now they have been reminded that, beyond all the impassioned rhetoric and all the talk about making the world a safer place, there's someone above them itching to play politics.

They are the doers, the achievers, the soldiers.

And they are expendable.

I caught up with Bogden last week as he packed his office. Although he chose his words carefully, there's no question he was stinging from the insult after spending more than five years piling up convictions despite substantial staffing shortages.

"I've had my hands full," Bogden said. "It has been a 24-7 job. You fight the good fight. We've been able to at least get Washington to recognize our need for more resources."

Even as he cleared off his desk, he was left wondering why he'd been targeted for termination.

"I've never been told a reason why, and I guess that's one of those things that's hardest to deal with," Bogden said. "It would be nice to get an answer. ... I'd be a liar if I tell you it hasn't been an emotional time."

Now Bogden's capable assistant, Steven Myhre, will fill in as the acting U.S. attorney in an office obviously in turmoil.

On that August morning in 2003, Ashcroft invoked dramatic images of Sept. 11 and said, "It has transformed the mission of the Justice Department."

Was this what he had in mind?

The terminations also make a liar out of Gonzales when he talks about how "our commitment to the rule of law allows ordinary citizens to rely on and expect ... honesty of government officials."

What could be less honest than playing politics with top federal prosecutors?

John L. Smith's column appears Sunday, Tuesday, Wednesday and Friday. E-mail him at Smith@reviewjournal.com or call 383-0295.

CRIMINAL LAW:

Doubts Rise As States Hold Sex Offenders After Prison Terms (NYT)

By Monica Davey, Abby Goodnough

The New York Times, March 4, 2007

The decision by New York to confine sex offenders beyond their prison terms places the state at the forefront of a growing national movement that is popular with politicians and voters. But such programs have almost never met a stated purpose of treating the worst criminals until they no longer pose a threat.

About 2,700 pedophiles, rapists and other sexual offenders are already being held indefinitely, mostly in special treatment centers, under so-called civil commitment programs in 19 states, which on average cost taxpayers four times more than keeping the offenders in prison.

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In announcing a deal with legislative leaders on Thursday, Gov. Eliot Spitzer, a Democrat, suggested that New York's proposed civil commitment law would "become a national model" and go well beyond confining the most violent predators to also include mental health treatment and intensive supervised release for offenders.

"No one has a bill like this, nobody," said State Senator Dale M. Volker, a Republican from western New York and a leading proponent in the Legislature of civil confinement.

But in state after state, such expectations have fallen short. The United States Supreme Court has upheld the constitutionality of the laws in part because their aim is to furnish treatment if possible, not punish someone twice for the same crime. Yet only a small fraction of committed offenders have ever completed treatment to the point where they could be released free and clear.

Leroy Hendricks, a convicted child molester in Kansas, finished his prison term 13 years ago, but he remains locked up at a cost to taxpayers in that state of $185,000 a year — more than eight times the cost of keeping someone in prison there.

Mr. Hendricks, who is 72 and unsuccessfully challenged his confinement in the Supreme Court, spends most days in a wheelchair or leaning on a cane, because of diabetes, circulation ailments and the effects of a stroke. He may not live long enough to "graduate" from treatment.

Few ever make such progress: Nationwide, of the 250 offenders released unconditionally since the first law was passed in 1990, about half of them were let go on legal or technical grounds unrelated to treatment.

Still, political leaders, like those in New York, are vastly expanding such programs to keep large numbers of rapists and pedophiles off the streets after their prison terms in a response to public fury over grisly sex crimes.

In Coalinga, Calif., a $388 million facility will allow the state to greatly expand the offenders it holds to 1,500. Florida, Minnesota, Nebraska, Virginia and Wisconsin are also adding beds.

At the federal level, President Bush has signed a law offering money to states that commit sex offenders beyond their prison terms, and the Justice Department is creating a civil commitment program for federal prisoners.

Even with the enthusiasm among politicians, an examination by The New York Times of the existing programs found they have failed in a number of areas:

¶Sex offenders selected for commitment are not always the most violent; some exhibitionists are chosen, for example, while rapists are passed over. And some are past the age at which some scientists consider them most dangerous. In Wisconsin, a 102-year-old who wears a sport coat to dinner cannot participate in treatment because of memory lapses and poor hearing.

¶The treatment regimens are expensive and largely unproven, and there is no way to compel patients to participate. Many simply do not show up for sessions on their lawyers' advice — treatment often requires them to recount crimes, even those not known to law enforcement — and spend their time instead gardening, watching television or playing video games.

¶The cost of the programs is virtually unchecked and growing, with states spending nearly $450 million on them this year. The annual price of housing a committed sex offender averages more than $100,000, compared with about $26,000 a year for keeping someone in prison, because of the higher costs for programs, treatment and supervised freedoms.

¶Unlike prisons and other institutions, civil commitment centers receive little standard, independent oversight or monitoring; sex among offenders is sometimes rampant, and, in at least one facility, sex has been reported between offenders and staff members.

¶Successful treatment is often not a factor in determining the relatively few offenders who are released; in Iowa, of the nine men let go unconditionally, none had completed treatment or earned the center's recommendation for release.

¶Few states have figured out what to do when they do have graduates ready for supervised release. In California, the state made 269 attempts to find a home for one released pedophile. In Milwaukee, the authorities started searching in 2003 for a neighborhood for a 77-year-old offender, but have yet to find one.

Supporters of the laws offer no apologies for their shortcomings, insisting that the money is well spent. Born out of the anguish that followed a handful of high-profile sex crimes in the 1980s, the laws are proven and potent vote-getters that have withstood constitutional challenges.

"There has to be a process in place that prevents someone from rejoining society if they're still dangerous," said Jeffrey Klein, a Democratic member of the New York State Senate who has pushed for civil confinement there.

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Martin Andrews, 47, of Woodbridge, Va., who was abducted, buried in a box and repeatedly sexually assaulted for a week when he was 13, also supports the laws.

"If they can't control themselves," Mr. Andrews said, "we need to do it for them."

But the myriad problems have concerned some advocates for victims of sexual abuse, who suggest the money is being wasted and that other options for dealing with dangerous sex offenders — such as giving them longer prison terms, preventing sentencing deals with prosecutors and mandating treatment during incarceration — would be more effective.

"Civil commitment is a huge, huge assignment of resources," said Anne Liske, the former executive director of the New York State Coalition Against Sexual Assault, a victims' advocacy group. "This wholesale warehousing — without using the proper assessment tools and with throwing treatment in when they are not people who can be treated — has already proven not to be working, so why would we do it more?"

A Series of Convictions

Leroy Hendricks was a likely candidate for commitment as he prepared to leave a Kansas prison in 1994.

Mr. Hendricks's most recent crime, for which he had been convicted a decade earlier, had been "indecent liberties" with two 13-year-old boys in an electronics shop where he worked. All told, his convictions left a painful trail reaching back to 1955: exposing himself to young girls; molesting 7- and 8-year-old boys at a carnival where he was the ride foreman; molesting a 7-year-old girl; playing strip poker with a 14-year-old girl; preying on his own family members, including a boy with cerebral palsy.

Like Mr. Hendricks was, thousands of soon-to-be-released prisoners are screened for commitment each year by state corrections departments, prosecutors and panels. The process varies widely from state to state, as do standards for the evaluators, but in most states, those recommended for commitment have trials before judges or juries.

Mr. Hendricks may have sealed his own fate when he testified in 1994 that he could not "control the urge" to molest when he got "stressed out." He said his mother, Violet, had wanted a girl when he was born and had dressed him as one when he was growing up.

"I sure don't want to hurt anybody again," he told the court, but then conceded that he could not ensure the safety of children in his presence. "The only way to guarantee that is to die," he said.

More often, these cases come down to contentious duels between psychologists over how best to analyze an offender's history and likelihood of repeating crimes. In most states, commitment is for an indefinite period, but offenders are allowed to have their cases reviewed by a court periodically.

The results of the screening process are inconsistent. Some offenders are passed up for civil confinement, only to commit vicious crimes again; others' physical ailments alone make them unlikely repeat predators.

Even though Minnesota prison officials had classified Alfonso Rodriguez Jr., a convicted rapist, in a category of sex offenders most at risk to commit more crimes, Mr. Rodriguez went home when his term ended in May 2003. That November, he kidnapped and killed Dru Sjodin, a North Dakota college student who was beaten and raped.

Likewise, Jerry Buck Inman was charged with raping and strangling a college student in South Carolina last June, nine months after his release from a Florida prison after serving 17 years for rape and other crimes. The authorities in Florida looked at his records but decided not to seek commitment.

Meanwhile, some prosecutors seek commitment for others convicted of noncontact crimes like public exposure. In Florida, prosecutors tried unsuccessfully to civilly commit a man who was imprisoned for driving drunk even though his last sex arrest was decades earlier.

"The population that is being detained is a very, very mixed group," said Richard Wollert, a psychologist in Portland, Ore., who evaluates civilly committed offenders. "There are cases that are appalling in terms of being kept in custody at the taxpayers' expense when there are probably alternative placements for them."

Predicting who is likely to commit future sex crimes has become more of a science over the last decade, but many still find the methods questionable.

Actuarial formulas — akin to the tables used for life insurance — play a central role in deciding who is dangerous enough to be committed. They calculate someone's risk of offending again by looking at factors such as the number of prior sex offenses

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and the sex of the victims. Men with male victims are graded as higher risk, for example, because statistics show they are more often repeat offenders.

"The danger is that these numbers will blind people," said Eric Janus, a professor at William Mitchell College of Law in St. Paul who has challenged Minnesota's civil commitment law in court.

Politics and emotion also factor heavily into who gets committed, with decisions made by elected judges or juries who may be more affected by the raw facts of someone's offense history or the public spectacle over their crimes than the dry science of risk prediction.

"It's so emotional for them," said Stephen Watson, an assistant public defender who represented an offender in Florida. "They don't even want to hear the research."

New Laws Follow Publicized Cases

Earlier in the 20th century, many states had sexual psychopath laws that allowed them to hospitalize offenders deemed too sick for prison. But by the 1980s most such laws had been repealed or fallen into disuse.

But a handful of horrific and highly publicized cases in the 1980s and '90s spurred lawmakers to act again. Washington State adopted the first civil commitment law in 1990 after men with predatory histories killed a young woman in Seattle and sexually mutilated a boy in Tacoma.

After state courts upheld Washington's law, Kansas, Minnesota and Wisconsin passed versions in 1994, followed by California in 1996.

Then, in a 5-to-4 decision in 1997, the United States Supreme Court found civil commitment to be constitutional in Kansas v. Hendricks, the same Mr. Hendricks still confined in Kansas.

In the ruling, the justices found that a "mental abnormality" like pedophilia was enough to meet a standard to qualify someone for commitment, not the different standard of "mental illness" that had been traditionally used. The court also rejected the notion that civil commitment amounted to double jeopardy (a second criminal punishment for a single crime) or an ex post facto law (a new punishment for a past crime), noting that Kansas's statute was not meant to punish committed men but, like other acceptable civil commitment statutes, intended "both to incapacitate and to treat" them therapeutically.

"We have never held that the Constitution prevents a state from civilly detaining those for whom no treatment is available, but who nevertheless pose a danger to others," Justice Clarence Thomas wrote for the majority, later adding, "By furnishing such treatment, the Kansas Legislature has indicated that treatment, if possible, is at least an ancillary goal of the act, which easily satisfies any test for determining that the act is not punitive."

Since then, state officials, civil liberties advocates and lawyers have wrestled with exactly what that treatment requirement means.

"There's no question about it," Professor Janus of William Mitchell College said, "it's a very murky area of the law."

Since the Hendricks ruling, the courts have indicated that states have "wide latitude" when it comes to treatment for the civilly confined, meaning that unsuccessful treatment alone or an untreatable patient would not be enough to undo the laws.

In 2001, the Supreme Court, in Seling v. Young, decided the case of Andre Brigham Young, a committed man in Washington State who argued that the conditions he was being held under were so punitive and the treatment so inadequate as to amount to a second criminal sentence. The court ruled against Mr. Young.

A year later, in 2002, the Supreme Court made clear the limits of who may be committed by states, saying the authorities must prove not just that an offender is still dangerous and likely to commit more crimes but also that he or she has a "serious difficulty in controlling behavior."

Some civil libertarians and prisoner advocates, who still object to the laws, have not given up on finding a challenge that the Supreme Court might view favorably. Despite the court rulings, these groups insist civil commitment amounts to a second sentence for a crime.

Even the look of commitment centers reflects the dichotomy at the core of their stated reason for being — to lock away dangerous men (only three women are civilly committed) but also to treat them.

Most of the centers tend to look and feel like prisons, with clanking double doors, guard stations, fluorescent lighting, cinder-block walls, overcrowded conditions and tall fences with razor wire around the perimeters.

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Bedroom doors are often locked at night, and mail is searched by the staff for pornography or retail catalogs with pictures of women or children. Most states put their centers in isolated areas. Washington State's is on an island three miles offshore in Puget Sound.

Yet soothing artwork hangs at some centers, and cheerful fliers announce movie nights and other activities. The residents can wander the grounds and often spend their time as they please in an effort to encourage their cooperation, including sunbathing in courtyards and sometimes even ordering pizza for delivery. The new center in California will have a 20,000-book library, badminton courts and room for music and art therapy.

Diseases like hepatitis and diabetes are common among the committed, and severe mental illness — beyond the mental "abnormalities" described by the Supreme Court — a scourge. A survey in 2002 found that 12 percent of committed sex offenders suffered from serious psychiatric problems like schizophrenia and bipolar disorder.

Most severely mentally ill men cannot participate in sex offender treatment and receive few services besides medication. Verwayne Alexander, a self-described paranoid schizophrenic who has been detained at the Florida Civil Commitment Center since 2003, has sliced himself so many times with razor blades that a guard often watches him around the clock, lawyers said. Mr. Alexander has sought unsuccessfully to be moved to a psychiatric hospital.

Those who choose to participate in sex offender treatment spend an average of less than 10 hours a week doing so, but the hours differ vastly from state to state. The structure of therapy, too, varies widely, a reflection, perhaps, of the central question still looming in the field: Can treatment ever really work for these offenders?

Admitting to previous crimes is a crucial piece of a broad band of treatment, known as relapse prevention, that is used in at least 15 states and has been the most widely accepted model for about 20 years.

Some of the institutions, too, devote time to other therapies and activities that seem to have little bearing on sexual offending. In Pennsylvania, young residents take classes to improve their health and social habits called "Athlete's Foot," "Lactose Intolerance," "Male Pattern Baldness," "Flatulence" and "Proper Table Manners."

In California, they can join a Brazilian drum ensemble or classes like "Anger Management Through Art Therapy" and "Interpersonal Skills Through Mural Making."

But many of those committed get no treatment at all for sex offending, mainly by their own choice. In California, three-quarters of civilly committed sex offenders do not attend therapy. Many say their lawyers tell them to avoid it because admission of past misdeeds during therapy could make getting out impossible, or worse, lead to new criminal charges.

For those who decline treatment — sometimes including hundreds of "detainees" awaiting commitment trials — boredom, resentment and hostility to those in treatment lead to trouble. Some sneak in drugs, alcohol and cellphones, sometimes with the help of staff members, or beat up other residents, sometimes coercing them into having sex.

"There's rampant sexuality going on in there," said Natalie Novick Brown, a psychologist who has evaluated 250 men at Florida's center.

The people who run civil commitment centers say that a constant, nagging question hangs over them: How to keep order while not treating argumentative, sometimes violent offenders like prisoners? The low-level staff members are not prison guards and tend to be poorly educated, trained and paid. Their job titles — in Illinois, security therapy aide — reflect the awkward balance they must achieve between security and therapy.

Because civil commitment centers are neither prisons nor traditional mental health programs, no specialized oversight body exists. None has been created, in part because its base of financial support, the 19 civil commitment programs around the country, would be too small, several experts who study the programs said. But the need, they said, is urgent.

"They ought to be reviewed by an independent entity with the highest possible standards," said Dr. Fred Berlin, founder of the Johns Hopkins Sexual Disorders Clinic in Baltimore.

Few Signs of Progress

Around the country, relatively few committed sex offenders finish treatment and are released.

"Every year I go to his hearing, and every year there's no progress in his case," said Armand R. Cingolani III, a lawyer with a client in Pennsylvania who was committed in 2004 after being adjudicated as a juvenile for sexual assault on two different minors. "It doesn't seem that anyone gets better."

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Nearly 3,000 sex offenders have been committed since the first law passed in 1990. In 18 of the 19 states, about 50 have been released completely from commitment because clinicians or state-appointed evaluators deemed them ready. Some 115 other people have been sent home because of legal technicalities, court rulings, terminal illness or old age.

In discharging offenders, Arizona, the remaining state, has been the exception. That state has fully discharged 81 people; there, the facility's director said records were not available to indicate the reason for those discharges.

An additional 189 people have been released with supervision or conditions (excluding Texas, where there is no commitment center and those committed are treated only as outpatients). And an additional 68 (including 58 in Arizona) are in a higher, "transitional" phase of the program, but still technically committed and often living on state land.

The backlogs have led to an aging population. Inside many facilities, wheelchairs, walkers, high blood pressure and senility are increasingly expensive concerns. Florida's center filled 229 prescriptions for arthritis medication one recent month, and 300 for blood pressure and other heart problems.

More than 400 of the men in civil commitment are 60 or older, and a number of studies indicate a significant drop in the recidivism rate for this group, many of whom have health problems after years in prison. David Thornton, treatment director of Wisconsin's center and an expert on recidivism rates, said the decline was increasingly well-documented.

The growth of the committed population has become a political quagmire. No legislator wants to insist on the release of sex offenders, but few are able to swallow the mounting costs of civil commitment. The costs of aging and sick offenders, such as Mr. Hendricks in Kansas, are especially high in part because of their special needs and physical ailments.

From 2001 to 2005, the price of civil commitment in Kansas leapt to nearly $6.9 million from $1.2 million, a state audit there found. "Unless Kansas is willing to accept a higher level of risk and release more sexual predators from the program," the audit said, "few options exist to curb the growth of the program."

But as more states consider granting some offenders supervised release, the cost is turning out to be nearly as prohibitive.

For $1.7 million, Washington converted a warehouse in Seattle into a home for men on conditional release. It has 26 cameras monitoring residents, a dozen workers, a surveillance booth overseeing the living area and a 1,700-pound magnetic door.

Two men live there so far.

With the logjams and frustrations mounting, many states have lengthened prison sentences for sex offenders. Virginia last year increased the minimum sentence for certain sexual acts against children to 25 years, from 10, though it also sharply expanded the number of crimes that qualify an offender for civil commitment.

Ida Ballasiotes, whose daughter's rape and murder in 1988 helped spur the first civil commitment law, in Washington State, said that no sexual predator should walk free and that longer prison sentences should "absolutely" be considered.

"I don't believe they can be treated, period," Ms. Ballasiotes said.

After Release, Objections

Even for those sex offenders considered safe enough to be released, going home is no simple process. Kansas authorities decided two years ago that Mr. Hendricks, who was the first person that state committed under its law and who after a decade had progressed to one of the highest phases of treatment, should be moved from Larned State Hospital to a group home in a community where he would be watched around the clock.

Mr. Hendricks would not be allowed onto the home's porch or patio without an escort, according to court documents. Besides, his medical problems, including poor hearing and eyesight, meant he could not walk down the 40-yard gravel driveway outside the house without falling, the documents said.

But as with many men with his history, the community balked. In California, so many towns object to men leaving civil commitment that some of those released have to live in trailers outside prisons.

"You can't just sneak them in," said John Rodriguez, a recently retired deputy director in the California Department of Mental Health. "You've got hearings, the court announces it, it's all over the press."

In Mr. Hendricks's case, residents of Lawrence, where he was initially to be moved, collected petitions. "You can tell me that he's old, but as long as he can move his hands and his arms, he can hurt another child," said Missi Pfeifer, 37, a mother of three who led the petition drive with her two sisters and mother.

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Then officials in Leavenworth County, picked as an alternative, said the choice violated county zoning laws. Mr. Hendricks lasted two days there, in a house off a road not far from a pasture of horses, before a judge ordered him removed.

State officials said they had no choice but to move Mr. Hendricks back to a facility on the grounds of a different state hospital, where he still is.

Through a spokeswoman for the state Department of Social and Rehabilitation Services, Mr. Hendricks declined to speak to The New York Times.

Two years ago, he told The Lawrence Journal-World that he would be living in a group home "if somebody hadn't opened their damn mouth," adding, "I'm stuck here till something happens, and I don't know when that will be."

Crime's 'Mr. Untouchable' Emerges From Shadows (NYT)

By Sam Roberts

The New York Times, March 4, 2007

The 74-year-old man who used to be Leroy Nicholas Barnes, owner of 60 pairs of custom-made shoes, 27 full-length leather coats and more than one Mercedes-Benz, wears baggy Lee dungarees these days and drives to work in a used car he bought five years ago.

With his slight limp and mostly bald pate, he seems the antithesis of his former persona as Mr. Untouchable, the dashing Harlem heroin dealer who posed 30 years ago on a magazine cover in a blue denim suit and a red, white and blue tie.

Mr. Barnes's posture of smug invulnerability so affronted President Jimmy Carter that he ordered his attorney general to, as they say, prosecute Mr. Barnes to the fullest extent of the law.

The Justice Department did just that. And in 1977, Mr. Barnes — a former addict with a junior high education who made a fortune flooding black neighborhoods with heroin and swaggered around as an invincible outlaw — was sentenced to life in prison without parole.

"He was the No. 1; he had charisma," said Sterling Johnson Jr., a federal judge and former special narcotics prosecutor in New York City. "Have you been in the presence of Bill Clinton when he walks down the street? That was Nicky Barnes."

While Mr. Barnes, widely known as Nicky, languished behind bars, though, his former cronies, his wife and his girlfriends began cavorting, he said, squandering the criminal enterprise that had made them all millionaires. So much for honor among thieves. Mr. Barnes felt betrayed.

"They had a sleeping lion, a caged lion," he recalled, "and they woke him up." And so Mr. Barnes roared, so ferocious a government witness that scores of drug dealers were convicted. He was released into the federal witness protection program in 1998.

And then he disappeared.

Years ago, a former associate predicted how difficult it would be for Mr. Barnes to adjust to a life of anonymity if he ever turned informer and was granted a fresh identity.

"If he runs a Laundromat in Dubuque or a grocery store in Slippery Rock, that's one thing," the associate said. "But the man has a tremendous amount of charisma and intelligence. I don't think he's going to be innocuous anywhere."

For nearly a decade, though, Mr. Barnes says, he has managed to seamlessly insinuate himself into mainstream America, this time untouchable by those he incriminated and the friends and families of foes he murdered.

"A lot of people think I'm dead," he says. "The anonymity that cloaks middle America is the life I'm comfortable with, and what I want to be."

Last weekend, though, Mr. Barnes surfaced briefly, and pseudonymously, to promote a new book about his old life in the feral 1970s, "Mr. Untouchable," written with Tom Folsom. This summer, he will appear in a documentary with the same name and later this year a movie, "American Gangster," is to be released. It stars Cuba Gooding Jr. as Mr. Barnes, but, to his exasperation, focuses on his chief rival in Harlem's heroin trade, Frank Lucas.

The dapper Nicky Barnes that audiences will see bears little resemblance to the man he says he has become, a grandfather who puts in solid 40-hour weeks at an undisclosed job, who lives in a white neighborhood in an undisclosed state, and who matter-of-factly takes home doggie bags from restaurants.

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"Nicky Barnes is not around anymore," he said. "Nicky Barnes's lifestyle and his value system is extinct. I left Nicky Barnes behind."

Money is a common denominator between his lives past and present. Once he made so much that he worried about how to dispose of it. Now, he says he needs more to survive.

"I live within my paycheck," he said. "I want to get up every day and get in the car and go to work and be a respected member of my community. And I am respected. I know I am. I'm not looking in the rear view mirror to see if anyone is tailing me anymore. I don't turn on the blender when I'm at home so I can talk. That is not a part of my life. Sure, I'd love to have more money, but I am not willing to do anything but go to my job to get it."

Except sell some of the secrets of his old life.

He agreed to be interviewed, but not photographed, by The New York Times, as he was for its earlier magazine cover, somewhere in middle America. He would not divulge much about his new identity.

His mission, he insisted, was not some late-life effort to stroke his ego, seek vindication or arrange redemption. He just wants to make a buck off his autobiography.

"Ego? That's not what I need, not with gas at $3," he said. "I need bank, and this is my only way to get it."

The millions he made and squandered, he said, are gone.

"I miss it," he said. "There was glamour, money, influence, attractive women. I didn't have any financial concerns, and I do have them now. I'm concerned about being able to retire at some point comfortably. That's my principal concern."

He said he received no subsidy from the government for his cooperation. (His profits from the book might yet be diverted to his victims under the Son of Sam law in New York.)

Mr. Barnes is still on probation, which means he has to submit to a monthly urine test for drugs. He must regularly show his pay stubs to federal marshals and account for any expense over $500.

A former altar boy, he converted to Islam in prison. There he earned a bachelor's degree and taught fellow inmates math in a language they could understand: "Suppose you stick up someone and get away with X..." Nowadays, he doesn't believe in much, he says, but neither drinks nor smokes and plays by the government's rules.

"I look over my shoulder," he said. "I worry. I want to fly under the radar."

He lives in a middle-class neighborhood. So many of his neighbors are white that Mr. Barnes, who has not undergone plastic surgery, did not worry they would be watching when his criminal career was profiled recently on Black Entertainment Television.

"Everybody gets up, gets in their cars and goes to work," he said of his neighbors. "There's nobody with 20 pounds of heroin in their car."

He watches basketball on television and loved "Little Miss Sunshine." He has started writing rap lyrics and looks forward to spending time with his grandchildren. He can coolly recount drug deals with the Mafia and what he says were police payoffs.

But raise the right subject and, in a flash, Mr. Barnes can rip off the mask of frumpy respectability and transmogrify into a spitting, expletive-spewing image of the old days. Ask him, for example, whether he was ever framed by law enforcement.

"This case right here! This case right here!" he explodes. "The Constitution doesn't allow prosecutors to convict people because they're doing something morally wrong. Yeah, I was a drug dealer and I was doing everything they said I was doing. But they didn't catch me at it. I'm not saying I was innocent. I'm saying with all I was doing they could not get a conviction without a contrivance."

Mr. Barnes said federal agents eavesdropping on his associates had mistakenly transcribed "payroll" as "kilo."

He remains furious that while he was imprisoned some of his former confederates consorted with his wife and girlfriends. But hadn't he been a womanizer himself?

"The issue was the bond that we had among us," he replied. "Don't evaluate my moral character and start splitting eyelashes."

His autobiography is dedicated to Guy Fisher, a former associate serving a life sentence in federal prison, with this unambiguous message: "When you finish the last page, I want you to look up, see where I put you and ask yourself, was it worth it? Ask yourself that every day until you die."

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Mr. Barnes's story, indeed, is much more about revenge than redemption. He is a captivating conversationalist, but not a particularly sympathetic character. He unabashedly, though not necessarily proudly, admits to destroying lives, peddling heroin, committing murder, contributing to police corruption and informing on his confederates.

He was doomed to die in prison until he agreed to cooperate. After that, Rudolph W. Giuliani, a former United States attorney, was among those who intervened to get him out of prison and into witness protection.

Is there anything worse than being an informer?

"Being in prison for the rest of your life," Mr. Barnes said sharply. "I'd rather be out as a witness than be in there and what they characterize as a stand-up guy."

"I'm out," he said. "They're in."

In the new documentary, one former associate, Frank James, urges Mr. Barnes to deliver a positive message to black youth and to admit that what he did was wrong. "Frank is right," Mr. Barnes said. "I knew it was wrong then. I did it for money."

He said he opposed the legalization of drugs, not because that would be bad for business, but rather because making them readily available would kill more blacks. "It would increase the number of addicts in the inner-city community," he said.

He was matter of fact, though, in discussing how he would react if someone sold his family drugs. "It's not that person's fault," Mr. Barnes said. "Let's say I launched a crusade and killed 10 drug dealers. The user would find an 11th."

Mr. Barnes said his two daughters, who were raised in foster care after he was imprisoned, knew about his former life. His grandchildren do not.

A female friend doesn't know about his past either. "I don't think I could tell her, she wouldn't understand," he said. "That's how I know it won't be a long-term thing. For it to be a long-term thing, I think I would have to be able to tell her the truth about my past, and I can't."

After dinner in a crowded restaurant, it was time for Mr. Barnes to return to his life of mundane routines and aging secrets. He politely asked the waitress to pack up his leftover grilled salmon. She handed him a foam container.

"In the old days," he acknowledged, "I would've been embarrassed."

CIVIL RIGHTS:

FBI To Look At Deaths From Jim Crow Era (RNO)

By Mandy Locke, Staff Writer

Raleigh News & Observer, March 4, 2007

Agents will peer into past for clues in possible 'racially motivated' killings

Federal Bureau of Investigation agents received a tall order last week when they were asked to take a close look at the deaths of three North Carolina men a half century ago.

The names of three men who died during the height of the civil rights era landed on the desks of field agents in Charlotte last week as federal Justice Department officials promised to crack open a batch of cold cases flagged by the Southern Poverty Law Center in Alabama.

The center has collected information since the late 1980s on what it feared were "racially motivated" homicides that were never resolved, said Andrew Blejwas, the center's communications coordinator.

Ken Lucas, spokesman for the FBI in Charlotte, said agents will scratch at the three cases, hoping to turn up evidence that allows them to prosecute after these many years. It's not clear how much the cases were investigated at the time, if at all.

In Shelby, many older black residents still remember Dr. George Singleton, who was killed in an explosion and fire in his office in 1957.

Details are skimpy for the other two cases. Both men -- William Dallas Owens of New Bern and Clarence Cloninger of Gaston, outside Roanoke Rapids -- died while in jail.

Owens died of a skull fracture in 1957; Cloninger didn't get medical treatment after suffering a heart attack in 1960, his wife complained at the time.

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Lucas knows little more about the men. He said despite the media attention the cases received last week, it would take a solid piece of evidence for agents to launch a full-blown investigation of a 50-year-old death.

"The hype and hopes, we've got to stifle that a bit," Lucas said.

Owens, a disabled World War II veteran, died in jail after being arrested by New Bern police for being drunk. Details in his published obituary suggest Owens was white. His Army unit had not been integrated during World War II. The church and funeral home that handled his burial is traditionally white.

The Southern Poverty Law Center and FBI officials were not aware of Owens' race when he was added to the list.

They will take a look at his case anyway, Lucas said. Federal civil rights laws protect against abuses in local jails and prisons. Plus, it's possible Owens sympathized with blacks during the civil rights movement.

"Civil rights violations can extend beyond race lines," Lucas said.

Staff writer Mandy Locke can be reached at 829-8927 or mandy.locke@newsobserver.com.

Prosecutor Sees Virtue In Failure To Try Emmett Till Case (AP)

AP, March 4, 2007

Killing of boy promoted fight against segregation

Even as the U.S. Department of Justice was announcing a fresh look at unsolved civil-rights-era killings around the South, a Mississippi Delta prosecutor was closing the books on perhaps the most notorious of those cold cases - the brutal 1955 murder of 14-year-old Emmett Till.

To some, the Leflore County grand jury's decision not to return an indictment in the case after an exhaustive three-year federal investigation was a sign that not much has changed in Mississippi in the past 52 years.

But others, including the prosecutor herself, felt that it showed the opposite - a maturing of racial justice in this part of the South.

"It would have been very easy for that grand jury to have returned a true bill based solely on emotion and the rage they felt, and I commend them for not doing that," says Joyce Chiles, the black district attorney who directed the case in which the grand jury declined to charge Carolyn Bryant Donham, 73, the object of Till's infamous wolf whistle.

If the grand jurors had acted on the basis of hate, not evidence, Chiles says, that would have been like the Jim Crow justice of 1955.

When federal officials reopened the case in 2004, many had hopes that someone would at last be made to pay for killing the boy whose defiled, river-savaged face helped drive mass opposition to segregation.

The FBI determined that the statutes of limitations had run out on all possible federal crimes. The agency turned the file over to Chiles, with a recommendation that she take a close look at Donham. At the time, Roy Bryant had denied that his wife came along on Till's abduction.

Since 1989, officials in Mississippi and six other states had won convictions in nearly 25 civil-rights-era cases that most had considered stone cold.

Editorial: A Welcome Partnership To Right Old Injustices (SACBEE)

The Sacramento Bee, March 4, 2007

Who holds the secrets to the killings?

Decades have passed, but the ghosts of Mississippi and the South demand justice. It is no small thing when federal officials stand up and vow to stay on the trail of murderers. Such a public commitment occurred Tuesday when Attorney General Alberto Gonzales and FBI Director Robert S. Mueller linked forces with the National Association for the Advancement of Colored People, National Urban League and Southern Poverty Law Center in Montgomery, Ala.

They announced their commitment to solve racially motivated murders of the civil rights era, when some considered it open season on black people in the South. A year ago, the FBI began identifying hate-crime murders that occurred before 1969. The slayings weren't investigated or reported, or were misclassified as accidental deaths or disappearances.

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Civil rights groups have long wanted Washington's power circle to focus on the lynchings. At long last it has happened. Federal authorities will make about a dozen of 100 cold cases their priority for investigation and prosecution. They didn't disclose which ones.

Mueller noted that successful prosecutions of such cases since 2001 "have restored our hope and renewed our resolve." Those cases included the 1963 church bombing in Birmingham, Ala., that killed four young girls and the 1964 murders of Andrew Goodman, Michael Schwerner and James Chaney in Neshoba County, Miss.

With new forensic tools available and civil rights groups providing information, authorities should be equipped to right injustices. The passage of time has not erased the need for this country to stand up for its ideals and for the forgotten ones.

Primary On Mardi Gras Day Illegal? (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), March 4, 2007

A presidential primary election on Fat Tuesday next year would most directly impact majority-black voting districts, possibly violating federal voting rights laws, according to local officials and lawyers.

"I really would be extremely surprised if the Justice Department would approve of a Feb. 5 presidential primary," said Beth Marietta Lyons, an attorney and a lobbyist for the city of Mobile and the Mobile County Probate Court.

The federal Voting Rights Act of 1965 stipulates that several states, including Alabama, cannot change voting procedures unless the U.S. Department of Justice determines that the change had no discriminatory purpose and no discriminatory effect.

Last year, Alabama's Legislature voted to move the state's presidential primary from early June to the first Tuesday in February in order to make the state a more enticing campaign stop for national politicians.

That created a conflict for 2008, as both the primary and Fat Tuesday are scheduled for Feb. 5.

Fat Tuesday parades run through three Mobile voting precincts, all of which are majority black, according to U.S. Census Bureau data for 2000:

Precinct 14, which votes at Bishop State Community College and includes land north of Beauregard Street and Martin Luther King Boulevard, has 5,360 residents, 5,266 of whom are black.

Precinct 16, which votes at the Springhill Avenue Recreation Center and includes the downtown loop and parts of Midtown, has 3,832 residents, 2,086 of whom are black.

Precinct 18, which votes at the Mobile Civic Center and includes the Down the Bay community, has 2,752 residents, 2,169 of whom were black.

While a Mardi Gras primary would affect all of Mobile County, voters in those three precincts would have the hardest time getting to their polling places, according to Probate Judge Don Davis.

He agreed with Lyons that the Justice Department might object if state lawmakers don't change the date. "That's a factor I would look at if I were in their position," Davis said.

More than 100,000 people crowd along the parade routes in downtown Mobile on Mardi Gras Day. Barricades line many streets, and parking spots -- especially free parking -- are practically nonexistent.

Local attorney Cecil Gardner, who recently won a voting rights lawsuit against Gov. Bob Riley over his appointment of Juan Chastang to the Mobile County Commission, said he is researching whether this change in the primaries would violate the law.

"If a citizen were prohibited from getting to the polls, it would certainly raise my interest," Gardner said.

But Brian Fair, a law professor at the University of Alabama, said the Justice Department has narrowed its interpretation of what falls under the auspices of the Voting Rights Act and probably would not buy the argument that a Mardi Gras primary would violate it.

"I don't think a failure to do anything will necessarily implicate the Voting Rights Act," he said.

No one contacted by the Press-Register said he or she would file a lawsuit based on the Voting Rights Act if legislators don't move the date of the primaries.

A number of legislators from Mobile County have said they're working to change the primary date.

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Davis said he's concerned that lawmakers from elsewhere might hesitate to reschedule the whole state's primary just to accommodate one county. "The feedback I'm getting from Montgomery is that there seems to be the attitude that Mobile needs to cancel Mardi Gras so we can have the election that day, that Mobile just needs to suck it up and cancel the parades," Davis said.

For that reason, lawmakers may be stuck between a rock and a MoonPie: If they move the primaries to an even earlier date, the national parties have said they will penalize Alabama by decreasing the state's number of nominating delegates. If lawmakers move the vote to a later date, they risk losing the national relevance they sought in the first place.

Twenty-one other states, including California and Florida, have primaries set on or before Feb. 5, according to the National Association of Secretaries of State.

Davis is pushing for a Jan. 30 primary date -- the Wednesday before Mardi Gras -- when usually there are no parades scheduled. The date might lose Alabama some delegates, but it would give the state greater visibility, Davis said.

Another option would be to let Mobile County vote on Jan. 30, along with any other county that wants to, then seal the ballots and count them on Feb. 5, when the rest of the state votes, Lyons said.

Fair said there are other options, such as keeping polls open in Mobile County for several days or encouraging voters in affected areas to fill out absentee ballots.

"There are a lot of things you can do, short of not participating," he said.

Whatever happens, it will be the last time Alabama will have to worry about such a conflict for the near future. Fat Tuesday won't fall on the first Tuesday of February again until 2046.

Investigations Multiplying In Juvenile Abuse Scandal (NYT)

By Ralph Blumenthal

The New York Times, March 4, 2007

HOUSTON, March 3 — A sexual abuse scandal in the Texas juvenile justice system has state politics in an uproar, with accusations that damning reports were doctored and shelved and sexual predators in high positions were allowed to resign without facing charges.

Late Friday, Ronnie Earle, the district attorney of Travis County who has jurisdiction over Austin, the state capital, announced a criminal investigation into possible records tampering at the Texas Youth Commission.

And Gov. Rick Perry, pressed by angry legislators to put the commission into conservatorship, appointed a special master, Jay Kimbrough, a former deputy state attorney general and state director of homeland security, to lead an investigation into the agency and “reports of failures and wrongdoings.”

According to officials, at least 13 boys and girls were molested by staff members at two state schools run by the commission. Even before Mr. Earle and Mr. Perry took action on Friday, there were already inquiries under a previously appointed special prosecutor and legislative committees.

At a State Senate hearing in the capital Tuesday, parents complained of sexual abuse and other mistreatment of their children in state facilities.

“My son is home, but he is not the same since he was raped in the T.Y.C.,” said Mary Jane Martinez of San Antonio, who told the Senate Criminal Justice Committee that her 17-year-old son “is so ashamed of himself he built a wall.”

Ms. Martinez said her son refused to detail what happened to him at the Victory Field Correctional Academy in Vernon.

With the state’s Republican leadership under strong challenge, a high-level legislative audit committee called on Governor Perry on Friday to appoint a conservator to take over the commission, or, failing that, to send in state auditors to investigate how it was handling nearly 8,000 youthful felons, misdemeanants and parolees in 36 facilities.

One top Democratic lawmaker with bipartisan support said he would seek to introduce a bill on Monday ordering a takeover of the agency.

“The allegations of sick sexual abuse of troubled youths are so severe, the Legislature needs to bypass the bureaucracy and protect the victims and prevent more children from becoming victims,” said the lawmaker, Representative Jim Dunnam of Waco, leader of the House Democratic caucus.

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In recent days, top officials of the youth commission have resigned or been ousted. Many lawmakers — already furious with the governor for bypassing them last month on an order that sixth-grade girls be vaccinated against a sexually transmitted virus causing cancer — have criticized the commission as dysfunctional.

Officials who testified at the State Senate hearing said that the commission staff members trained for only 80 hours compared with 300 for adult criminal justice employees, and that last year the commission's staff turnover rate was 52 percent. There is only one staff member for each 18 juveniles ages 10-21.

"What scares me the most is what I don't know," Senator John H. Whitmire, the Houston Democrat heading the Criminal Justice Committee, told Neil Nichols, then the acting executive director, at the hearing this week.

Mr. Nichols, the longtime general counsel who took over last Friday upon the sudden retirement of the previous executive director, Dwight Harris, acknowledged that "T.Y.C. is in hard times," saying that some of the events "would be impossible to explain to a parent or family."

Mr. Nichols was among the officials replaced this week over the scandal.

The State Senate hearing drew anguished mothers like Katrina Cannon of Troy, near Waco, whose 17-year-old son is now at the McLennan County State Juvenile Correction Facility and who, she said, had once suffered an unexplained incident of rectal bleeding.

"I have asked him and he will not admit anything," Ms. Cannon said.

The revelations, disclosed in recent weeks by news organizations that had obtained long-secret reports by the youth commission and the Texas Rangers, have reverberated around the state.

Will Harrell, executive director of the American Civil Liberties Union of Texas, which has investigated juvenile mistreatment allegations for years, said the juvenile justice system was overwhelmed and needed alternatives to incarceration, like probation programs.

The furor is centered on the commission's handling of allegations of sexual abuse by two former high-ranking administrators.

One, Ray Brookins, a security director at the San Saba State School in central Texas, was allowed to transfer to the West Texas State School in Pyote on Oct. 1, 2003, although a commission report compiled in 2005 said he had been disciplined for having adult pornography on his work computer and had been admonished for regularly taking students into his office alone at night with the blinds drawn.

The report was not made public until last month.

The superintendent at Pyote, Lemuel Harrison, said he not been told of Mr. Brookins's history. But the report criticized Mr. Harrison as having ignored repeated complaints from staff members that within days of arriving, Mr. Brookins began taking boys out of the dormitory at night for sexual encounters.

A caseworker later reported overhearing a boy telling his mother that Mr. Brookins had molested him in the dormitory.

When Mr. Harrison went on medical leave in October 2004, Mr. Brookins became acting superintendent and, the report said, "used his authority and powers of persuasion to keep his victims and West Texas State School staff from reporting his conduct."

Mr. Brookins, 41, who was said at the Senate hearing to be working now at a bar in Austin, could not be reached for comment. Two Austin phone listings in his name were out of service and the youth commission has no way to reach him, said a spokesman, Tim Savoy.

Two weeks after Mr. Brookins's arrival at Pyote, the West Texas State School hired a new principal, John Paul Hernandez. Mr. Hernandez, too, began taking boys out of the dormitory to private late night encounters, the report said.

The Texas Rangers later found that both men "engaged in sexual contact with several students." Federal prosecutors declined jurisdiction in the matter and the findings were referred to the Ward County district attorney, Randall W. Reynolds, who said this week that the case was still active, if delayed.

"Frankly I wish it had moved quicker," Mr. Reynolds said. Now it has been turned over to a special prosecutor.

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Mr. Savoy of the commission said Mr. Hernandez had “staff sexual contact” with two 17-year-olds and a 20-year-old, and that Mr. Brookins had sexual contact with an 18-year-old and committed “unprofessional conduct” involving other sex-related offenses with six youths 15 to 19.

Both men resigned without criminal charges in 2005. The commission’s executive director at the time, Mr. Harris, ordered his own report, which remained secret until last month when The Texas Observer and The Dallas Morning News obtained it and other records and revealed the abuse allegations.

Mr. Hernandez was later named principal of a charter school, the Richard Milburn Academy in Midland. The superintendent, Norman Hall, said that he had not been told of Mr. Hernandez’s history at his hiring and that he had now suspended him.

Mr. Hernandez, 41, reached by phone on Wednesday, denied the charges but said he was declining to comment further on the advice of his lawyer.

Mr. Harrison was later named the commission’s director of juvenile corrections in charge of several state schools but has now also been suspended, Mr. Savoy, the commission spokesman, said.

Pete C. Alfaro, the chairman of the youth commission board from 2004 until he was demoted by Mr. Perry and announced he would resign this week, said the first he knew of Mr. Harris’s 2005 report was from the recent news accounts.

Mr. Earle, the district attorney, said he was investigating an account in The Austin American-Statesman that even when the 2005 commission report was released last month, a section showing that high agency officials had been alerted to the abuse, but ignored it, had been deleted.

N.Y. Suburb Scraps Election After Suit (AP)

The Associated Press

AP, March 4, 2007

PORT CHESTER, N.Y. -- Officials in a suburban New York village will not appeal a federal judge's decision to temporarily block its upcoming election after federal officials said the voting method discriminates against Hispanics and violates the Voting Rights Act.

An appeal was "not an effective use of taxpayer dollars," Port Chester Mayor Gerald Logan said after a meeting Saturday with the village trustees.

Officials haven't yet decided whether to continue trying to preserve an at-large method of electing trustees that Justice Department lawyers say has kept Hispanics from gaining elected office.

The village is about 25 miles from New York City and is governed by a mayor and six trustees. It has used at-large elections since 1868. The village, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee.

The village's planned March 20 election for two of the six seats on its Board of Trustees is canceled. The two trustees whose seats were up for election will continue on in the posts, village attorney Anthony Piscionere said.

U.S. District Judge Stephen Robinson granted a preliminary injunction Friday stopping the trustees vote from taking place, saying the Justice Department was likely to prevail in its case against the village. The Justice Department wants to divide the village into six districts, including one in which a Hispanic-favored candidate would be more likely to win.

ANTITRUST:

Report: Private Equity Firm Blackstone Considering Chrysler Bid (AP)

AP, March 4, 2007

AUBURN HILLS, Mich. (AP) — Private equity firm Blackstone Group has emerged as a leading contender to buy DaimlerChrysler's (DCX) struggling Chrysler unit, according to a report published Saturday.

The Detroit News, citing people familiar with the Chrysler sale process that it didn't name, reported that Blackstone is moving forward with a detailed analysis of Chrysler's finances and operations with an eye toward making a formal bid.

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A message seeking comment was left Saturday with a spokesman for Chrysler, which has declined to comment about speculation about a possible sale.

John Ford, a spokesman for New York-based Blackstone, said Saturday that he was aware of the report but couldn't comment.

The development is the latest in a series of reports that have surfaced since DaimlerChrysler Chairman Dieter Zetsche said Feb. 14 that all options are on the table for the money-losing Chrysler business and he would not rule out a possible sale.

Among those that analysts say are exploring a purchase of the struggling company are General Motors plus four private equity firms, including Blackstone, Apollo Management, the Carlyle Group and Cerberus Capital Management.

Feds, State Probe TUSD Tech Mess (AZDS)

By George B. Sánchez, Arizona Daily Star

The Arizona Daily Star, March 4, 2007

District has lost out on millions for computer, phone upgrades

The Tucson Unified School District is being investigated by federal and state officials for wide-ranging problems in its technology department — and has lost multiple opportunities at tens of millions of dollars in federal aid as a result.

Authorities declined to discuss the investigations, but TUSD's problems are evident: Students have slow Web access on school computers, and the technology department is without a director or a coherent technology plan for the future. And — as long as the shadow of the investigations hangs over TUSD — there's little chance the district can obtain federal money to solve the problems.

"I don't think any of the turmoil is affecting students," TUSD Superintendent Roger Pfeuffer said. But he admitted TUSD's infrastructure and computer network need improvement, and the current problems could have big effects in the future. "The longer we put it off, the more it will affect students."

The turmoil began in 2004, when TUSD officials applied for federal funds to upgrade the district's computer network and phone system.

Not long afterward, employees in the technology department secretly alerted authorities, concerned that the millions of dollars in contracts would go to a small, local company instead of the major national corporations with which the district previously had contracted.

The employees also were concerned the company may have received special treatment because of a friendship between its president and TUSD's technology director.

Two years later, TUSD's Governing Board asked the Arizona Attorney General's Office to investigate the department, citing concerns of possible bid-rigging by a paid consultant.

Hundreds of pages of records obtained by the Arizona Daily Star, many through public records requests, along with dozens of interviews and months of investigation, paint a picture of a department in distress and under deep scrutiny.

Since federal funds for technology improvement — E-Rate funds — became available in 1998, TUSD has had problems obtaining them, and hasn't received any since 2002. In that time, more than $6.2 billion has been disbursed nationwide.

Despite the investigations, TUSD continues to apply for the federal funds — because there's no other single source with that much money to give.

State education officials say the investigations hurt TUSD's chances but that it's still possible the district could receive funds, as long as all application rules are followed.

"The 2007-2008 application from TUSD would get reviewed just like all the other applications submitted this year," wrote Cathy J. Poplin, director of educational technology for the Arizona Department of Education. "However, final approval will depend on where the investigation is at."

E-Rate protocol

In March 2004, two TUSD Technology and Telecommunication Services (TTS) employees independently called the federal whistle-blower hotline, concerned with how district officials planned to use the federal funds they were seeking.

The E-Rate funds are administered by the SEARCH

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News | News Photos | Images | Web" /> Federal Communications Commission and are designed to give discounts to schools and libraries for telecommunications and Internet access. Those that apply for funds must already have picked vendors to perform the services detailed in the application.

TUSD requested nearly $16 million in 2004 for 41 services, FCC records show.

Thirty-five of those service contracts — totaling more than $10 million — were awarded to NVision Networking Inc., an eight-person technology company in Tucson that also was TUSD's E-Rate consultant that year. Some TTS employees said the contracts are inappropriate given NVision's consulting role.

NVision had worked with TUSD in the past, employees and TUSD records said. In 2003, TUSD awarded NVision $2.5 million for E-Rate services, though the money was never received because the government denied TUSD funding that year.

However, TTS employees were concerned about possible preferential treatment of NVision because of the relationship between its president, Dan Meyer, and TUSD's TTS director, Guyton Campbell. Campbell quietly resigned from his $93,000-a-year job in January.

"NVision (was) allowed access to director, manager, and schools during E-Rate proceeding not provided to other vendors," states a TTS memo obtained by the Star. The unsigned memo contains a list of concerns submitted in May 2004 to Superintendent Pfeuffer and TUSD's governing board. "Password to restricted district data on the Schools and Library E-Rate proceeding was provided to one contractor, NVision."

An e-mail obtained by the Star shows then-TTS manager Mary Veres shared an internal password with Meyer and an NVision co-worker. In it, she invites them to "look at what I've done so far" and concludes: "Any and all advice would be appreciated."

Sharing the code with a potential vendor violates E-Rate protocol. The e-mail also indicates the contract was arranged before the federally imposed bidding period ended, which the FCC noted in its explanation of why TUSD was denied funding.

Fractured department

Most alarming to TTS employees was the relationship between Campbell and Meyer.

"I have been friends with Guyton for many years," Meyer said when contacted by the Star in late February.

Meyer said the two worked together, as vendor and school technology director, when Campbell worked at the Arizona State Schools for the Deaf and the Blind as well as the Sunnyside Unified School District. Before that, Meyer recalled, the two set up a computer lab for a University of Arizona satellite campus.

On Jan. 19, Campbell submitted a two-page resignation letter, obtained by the Star via a public-records request. He wrote he'd been "the subject of various investigations for alleged issues arising out of the performance of my defined job and performing tasks that were assigned to me by my superiors."

The Star made more than a dozen attempts to contact Campbell, at his home, through all listed phone numbers, via TUSD officials and neighbors, and even the real-estate agency where he now hangs his license. A certified letter with written questions was sent to his home as well. He didn't respond.

Campbell's resignation letter reads: "My employer is attempting to eliminate me as an employee" because Campbell had "apparently offended an 'outside force' that enjoys a particularly cozy and profitable financial relationship with the district."

He concluded: "It would appear justifiable that TUSD consider fair compensation for what has transpired. I will await your reply."

The letter never identifies the "outside force."

When Campbell arrived at TUSD in late 2003, he'd been lauded for his work. But suspicions also followed him.

While at Sunnyside, he received the Computerworld Smithsonian Award and was honored alongside Stanford University and Harvard University Medical Center.

He'd gone on to spend four years at the Schools for the Deaf and the Blind. But the same month he left ASDB, the school received a $3,000 check, described in records as a donation, from a Florida software company for furniture for ASDB's Information Technologies Department. Thirteen months later, on the advice of the state Attorney General's Office, ASDB returned the check, an ASDB board member says. It isn't clear, though, if Campbell knew about the money.

Visions of a wireless network

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Internal memos and a federal mediation report obtained by the Star show TUSD's TTS department became fractured under his leadership. Employees said Campbell didn't detail to them his vision for the network's future and they were concerned that his plan was financially irresponsible.

Campbell's vision was to scrap TUSD's current network and create a wireless network spanning the district's 250 square miles. The ambitious project would have cost more than $50 million, current and former TTS employees say.

Officials say the idea for a wireless computer network was approved by voters, as part of 2004's $250 million bond issue. About $8 million of that would have gone to the wireless computer network.

But Campbell needed more support, and administrators accuse him of staging a campaign to discredit the existing system. Last year, TUSD's governing board applied for E-Rate money because members were told public safety hinged on it.

Pfeuffer and board members were told by Campbell and an outside consultant that TUSD's 911 system was defective, and that if someone at a school called 911, emergency responders would arrive at TUSD's headquarters at 1010 E. 10th St.

"That isn't accurate," Pfeuffer said in January.

Though there were problems with the system that caused some emergency responders to head to TUSD headquarters, the problems were nowhere near the systemic breakdown Campbell and TUSD's 2006 E-Rate consultant described. That consultant's recommendations are being investigated by the Attorney General's Office, too.

Pfeuffer admits that along with TUSD's alleged 911 problem, administrators and TUSD's Governing Board were never apprised of the various options to upgrade TUSD computer network and phone system.

"There were people who thought it was probably advantageous to simply, and I say simply and relatively cheaply, upgrade our current phone system," he said. "There were others that said the future is not in that kind of phone system. The future is in Voice over Internet Protocol."

Voice over Internet Protocol means replacing phone lines with a Web-based service, and, in this case, according to TUSD records, a wireless network.

That's what Campbell recommended, Pfeuffer said.

Audit pushes policy changes

At least a dozen TUSD employees have been interviewed by federal and state investigators. TUSD has conducted three internal investigations. And an outside audit found problems with TTS procurement policies, including the fact that TUSD's purchasing department was out of the loop.

In December 2004, investigators for the U.S. SEARCH

News | News Photos | Images | Web" /> Department of Justice's San Francisco office interviewed two TTS staffers.

"Some staff has spoken to federal officials," Pfeuffer said, but not for some time. "We know nothing about what's going on there."

Owen Clements, chief of special litigation for the city of San Francisco Attorney's Office, said that could be by design.

Though he's not connected to this case, his office was involved in a massive, nationwide E-Rate investigation that began in 2000. He said a federal statute called the False Claims Act lets anyone who discovers fraud involving federal funds file a civil complaint. The complaint is sealed during the investigation so the government can build its case and consider civil penalties or criminal charges.

Luke Macaulay, spokesman for the U.S. attorney's San Francisco office, declined to comment, and referred questions to Department of Justice's antitrust division in Washington, D.C. A spokeswoman there declined to comment as well.

Rudy Flores, TUSD's executive director of engineering and facilities, was interviewed under oath by the state Attorney General's Office in October. Flores was assistant director of TTS under Campbell from July 2005 to July 2006.

Though he said he'd twice been interviewed by investigators, he wouldn't disclose whether they were federal or state. "I'm not supposed to mention anything about any of that," he said.

Mary Veres, currently TUSD's interim-TTS director, also was interviewed. She also would not talk about the case.

When shown the e-mail in which she gave NVision internal passwords, she said: "I would love to discuss this with you because I think there's a lot of misinformation. But I don't feel like I should be doing it because the investigation is still going on."

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A 2005 audit of TUSD, by Heinfeld, Meech & Co., TUSD's auditors, found that the 2004 E-Rate application was handled by TTS, not TUSD's purchasing department, and, therefore, wasn't subject to proper oversight. The report also stated that TTS had few records of its 2004 E-Rate application.

The audit said the problems didn't merit notifying federal officials, but it recommended a significant policy change:

"All future request for proposals for E-rate services should be made through the Purchasing Department, where internal controls, purchasing procedures, and knowledge of applicable compliance requirements will help ensure all of the district's procurements are in compliance with the Arizona school district rules."

It could be months, if not years, before the federal and state investigations conclude.

The San Francisco City Attorney's Office took until 2004 to conclude its E-Rate investigation. In 2005, a federal grand jury returned a 22-count indictment against six companies and five people on charges of fraud, collusion, aiding and abetting and conspiracy. Two companies paid more than $20 million to settle the civil claims brought by the U.S. government.

"We've missed the boat"

Until contacted for this story, TUSD Governing Board member Judy Burns said she'd only heard rumors of a federal investigation. "The district is going to suffer and the students in class will suffer for not doing this in a legitimate, businesslike way," she said.

On Jan. 30, TUSD's governing board voted to apply for E-Rate funds for 2007. Absent from the meeting was Campbell, whose resignation had become official one week earlier. There was no public mention of his departure.

A new committee has been charged with writing a new technology plan for the district that likely will include various options to improve TUSD's network and phone system.

A plan that details technological improvements for teaching and classroom education does exist, but there's no plan for how TUSD will increase its bandwidth and provide classroom computers with the Web access expected of such a large district in the digital age.

In 2006, TUSD's governing board voted to apply for E-Rate funds with the caveat that the Attorney General's Office investigate whether procurement policies were followed. There were concerns about the consultant used that year, Jon Slaughter, and possible links to a vendor he'd recommended for a contract. At the time, Slaughter said his recommendations weren't influenced by any vendors, even though an ad for the company he recommended was on his Web site at the time.

Pfeuffer and the Governing Board expected a quick investigation. It's lasted more than a year.

In June, with no word from state investigators, TUSD withdrew its 2006 E-Rate application. Pfeuffer said district officials don't expect any 2006 funds.

"We've missed the boat here," Burns said. "We've missed many opportunities."

The Karmazin Way: Build It, Sell It, Run It, Repeat (NYT)

By Richard Siklos

The New York Times, March 4, 2007

MEL KARMAZIN could sell microwavable ice to Eskimos. He started his career in ad sales at WCBS radio in New York four decades ago, quickly proved himself to be a master closer, and has been peddling his wares ever since.

“Mel is the singular best salesman I have ever met in my life,” said Joel Hollander, the chief executive of CBS Radio, who spent much of his career working for Mr. Karmazin. “He’s very aggressive, to say the least.”

The capping moment of Mr. Karmazin’s radio career came in 1997, when he sold Infinity Broadcasting (now CBS Radio), a vast collection of stations he and partners had built, to what was then the broadcast company CBS Inc.

Though he had little experience in television, Mr. Karmazin’s hero status on Wall Street and his zeal for growth catapulted him into the chief executive’s chair at CBS after only a couple of years. A mere nine months later, he pulled off another coup and sold CBS to Viacom, on the condition that he would run the combined media conglomerate as its president.

The Karmazin rocket finally ran out of fuel in 2001, when Viacom’s chief executive and controlling shareholder, Sumner M. Redstone, lost confidence in Mr. Karmazin’s relentless focus on costs and quarter-to-quarter results, coupled with an

unpardonable failure to invite the billionaire to lunch. (Mr. Redstone went a step further last year by sort of undoing the deal and splitting off a new CBS Corporation, which he also controls.)

Anyway, gazing at Mr. Karmazin's career, you start to get the picture behind what happens when you put him in the big chair: he is forever building and selling, even when it looks like he's buying. And so, two years after he became the chief executive of Sirius Satellite Radio, it should come as no shock that he has struck a deal to merge the company with its only direct rival, XM Satellite Radio.

Not coincidentally, if the deal goes through, he will again end up running the combined entity.

Last week, Mr. Karmazin took his campaign to win over lawmakers and regulators to Washington with his pitch that a single satellite radio company would mean more choice and lower prices for consumers — rather than create a foreboding monopoly, as his former chums in the terrestrial radio business contend.

Speaking before an antitrust task force of the House Judiciary Committee, Mr. Karmazin said he was shocked by the very idea that anyone would see a monopoly as the logical result of merging the only two satellite radio broadcasters. "There is no monopoly or duopoly," he told the hearing. "That's the most bizarre thing I have ever heard."

Mr. Karmazin's essential message is that satellite radio is competing with all forms of audio entertainment and information — from commercial radio to iPod jacks in cars to Internet radio and maybe even people humming as they walk down the street.

On Feb. 19, the day the merger was announced, Mr. Karmazin had a similar message for me: that it was wrong to compare his proposed deal with the merger of the direct broadcast satellite companies DirecTV and EchoStar, which regulators turned down in 2004. "The only thing that you could even think of as similar between those companies and us is that they both use satellites," he said. By Mr. Karmazin's reasoning, the television business has an entirely different structure.

Whether this is conviction or sophistry, it is very hard to throw Mr. Karmazin off his message, even when he seems to be contradicting himself.

Early in his tenure at CBS, for example, he was dismissive of the Internet as a business. But he quickly changed tack and did some clever deals in which the company traded ad space on its TV network to Web start-up companies for equity, which it cashed in on shrewdly during the stock market bubble a few years ago.

Similarly, the pre-Sirius Mel was a satellite-radio skeptic. He later argued that what changed his mind was the defection of Howard Stern, whose career he had nurtured, from CBS/Infinity to Sirius for an estimated $500 million pay package. Mr. Karmazin said the potential of having the controversial but popular Mr. Stern anchoring Sirius helped entice him out of a brief post-Viacom retirement to join the company.

Sirius has certainly blossomed since Mr. Karmazin came on board in November 2004: it had just under 800,000 subscribers then but has more than six million now.

After chalking up billions of dollars in losses since its inception in the early 1990s, the company will begin generating positive cash flow this year, Mr. Karmazin says, and he contends that Sirius does not need to merge with XM and its eight million customers to survive.

But the costs of acquiring and keeping customers remain daunting. And what tears him up inside, he said, is Sirius's stock price, which, at a closing price on Friday of $3.55, is 28 percent lower than the day before he joined the company. "It's been a great two years," he told me. "If there weren't a Quotron in my office, it would have been the perfect job for me." (A key to Mr. Karmazin's legendary salesmanship is that he can be quite funny.)

One of the messages that Mr. Karmazin brought to Washington is that a combined satellite broadcaster is better for choice — Mr. Stern and major sports leagues would ultimately be available to subscribers of both services rather than one or the other.

Among the biggest hurdles he and XM face is persuading the regulators that merging would be better for consumers than the satellite radio rivals' long-promised and long-delayed new receivers that would allow listeners to switch from one service to the other without having to pull one receiver out of their cars and install another.

As far as price is concerned, Mr. Karmazin made it plain to the House committee that he would be willing to agree to a price cap for the combined service to seal the deal. The pitch is that raising prices isn't really feasible anyway because most of what satellite radio is competing with out there is free — particularly on the radio.

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ONCE more, this seems slightly at odds with statements that Mr. Karmazin made only a few months ago, Jonathan A. Jacoby, a Banc of America Securities analyst, wrote last week in a report. At an investor conference in December, Mr. Jacoby said, Mr. Karmazin talked up the potential for raising prices beyond the $12.95 a month most people pay now.

Clearly, Mr. Karmazin and his counterparts at XM have their work cut out for them in getting their deal past regulators. But one thing you can take to the bank is that he will do whatever it takes to get the deal done. If he does pull it off, the question will be this: What company would the master pitchman want to sell the combined XM-Sirius to next?

INDIAN AFFAIRS:

Tracking Crime On Tribal Lands (AP)

By Amy Forliti, Associated Press writer

AP, March 4, 2007

MINNEAPOLIS -- Sgt. Bill Blake gave his anti-gang presentation to American Indian communities so many times, he says, that his daughter knew it by heart. Yet it wasn't enough: "Dad, you have to do more," he recalls her saying.

Nearly four years later, 20-year-old Erica Rae Blake was dead -- shot in the head at a party on a Wisconsin reservation. Her death was ruled an accident, but memory is driving Blake to work even harder to fight violence on reservations.

Blake set out to improve cooperation between tribal police, federal and local law enforcement, but quickly found a big obstacle: Nobody tracks hard data on crime occurring on tribal lands.

With the help of another Minneapolis police officer, Larry Loonsfoot, and an expected $600,000 grant from the Department of Justice, Blake hopes to create a database that would give tribes a tool to spot trends, share information and track offenders who seek sanctuary elsewhere.

"We're never going to be able to address these problems and make things better in tribal communities when it comes to crime and quality of life unless we get the data," said Blake, a member of the Red Lake Band of Chippewa.

The goal is to collect the data in a central location so law enforcement and tribes can identify problems and apply resources where needed.

"I think what's unique about the Indian community is there is always some connection to the reservation," said Loonsfoot, a member of Michigan's Keweenaw Bay Indian Community. "We need to bridge that communication gap where we can directly enforce both ends."

Blake said the I-CARE project -- it stands for Indian Crime Awareness Research and Evaluation -- will start small, with the ultimate goal of creating a national database.

Technology and money -- too little of both -- sometimes play a part in whether tribes collect and share crime data. A maze of overlapping jurisdictions hurts, too. For example, a crime on a Minnesota reservation may be handled by tribal police, a county sheriff, the Bureau of Indian Affairs, the FBI or any combination of law enforcement.

That means data is absorbed by different agencies and a true picture of crime on a reservation can be harder to get. Without good numbers, a tribe may have a hard time getting grant money for a particular problem, or might not make the right choices for spending its crime-fighting dollars, Blake said.

"Nationally, crime statistics from Indian Country are not collected well," said Tom Heffelfinger, a former U.S. attorney in Minnesota. "It's one of the real impediments to improving public safety in Indian Country."

The FBI collects crime data each year, but many tribal communities don't participate. The Bureau of Indian Affairs doesn't collect crime statistics.

The Bureau of Justice Statistics publishes a report on American Indians and crime, but instead of tracking crime as it occurs, the data is collected by a variety of methods, including household survey.

Minneapolis Police Chief Tim Dolan said a database has "tremendous promise," and is trying to line up computers, clerical help and space for Blake's project, likely in one of the city's American Indian neighborhoods.

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"The connections between the tribal lands and the city of Minneapolis are very strong," Dolan said. "You see the same people that are involved in crime here are involved in crime there. There is a very selfish reason to want to create this database and create this sharing of information."

Ted Quasula, police chief of the Las Vegas Paiute Tribe in Las Vegas was intrigued by Blake's project. He said his department tracks crime, but doesn't link its information with other jurisdictions.

"Most criminals could care less about jurisdiction boundaries, in fact they enjoy it when jurisdictions fight," said Quasula, a member of the Hualapai Tribe of Arizona. Sharing information is vital, he said.

"If you kind of hole up and you've got your own island, it's going to be detrimental in the long run," he said.

George Goggleye Jr., chairman of the Leech Lake Band of Ojibwe in Cass Lake, Minn., was enthusiastic about Blake's idea, too. He said his tribe has been keeping statistics in the seven years since it established its police department, and already shares data with surrounding communities.

"It's just been fantastic," said Goggleye.

With the words of his daughter still fresh in his memory, Blake is determined to help prevent more violence.

"What I've learned is doing nothing will get your family killed," he said. "So if I were to sit back and still do nothing and lose somebody else that was close to me, I couldn't live with myself."

FBI/DEA/ATF/USMS:

Judge To Decide Validity Of Case On Marijuana (NYT)

By Carolyn Marshall

The New York Times, March 4, 2007

SAN FRANCISCO, March 3 — A federal judge has asked the United States attorney here to submit all trial preparation memorandums in the case against a leading advocate of medical marijuana so that the court can determine if the government has been pursuing a "vindictive prosecution."

The judge, Charles R. Breyer, ordered the review at the request of lawyers for Ed Rosenthal, a spokesman in the effort to legalize marijuana who has been in a closely watched court battle with the government.

At a motion hearing in Federal District Court here on Friday, defense lawyers for Mr. Rosenthal urged Judge Breyer to dismiss an array of federal drug, money laundering and tax evasion charges against their client, saying an appellate court judge had overturned his conviction in a nearly identical case last year.

The new charges, outlined in a federal grand jury indictment issued in October, accuse Mr. Rosenthal of 14 felonies, including conspiracy to grow and sell marijuana for medical use, laundering $1,850 and failing to report income from the sale of crop plants on his tax returns.

The overall charges are nearly identical to a 2003 federal case against Mr. Rosenthal, which ended with a one-day prison sentence after members of the jury disavowed the verdict, having learned belatedly that Mr. Rosenthal was growing marijuana under Proposition 215, the state's medical marijuana law.

"We are outraged that the prosecutor continues to pursue this case," said Shari L. Greenberger, a lawyer for Mr. Rosenthal. "The vindictive nature of the prosecutor is clear-cut and utterly shocking."

Despite the short sentence in the 2003 case, Mr. Rosenthal challenged the fairness of his trial, and in April, a federal judge with the Ninth Circuit Court of Appeals overturned the marijuana growing conviction, citing jury misconduct. The decision punctuated a contentious three-year volley of legal appeals and cross complaints that were given a second wind on Friday, with the start of the new case.

The United States attorney, George Beven, declined to answer questions about the case, citing an office policy. But at Friday's hearing he agreed to provide Judge Breyer with all interoffice memorandums pertaining to his office's decision to seek another trial and expanded charges.

ATF Computers Help Police Track Guns (WCFC)

DOJ_NMG_0139822

By Jeff Reinitz, Courier Staff Writer

The Waterloo-Cedar Falls (IA) Courier, March 4, 2007

WATERLOO --- A new computer program has sped up the first step Waterloo police take when tracing firearms they come across during criminal investigations

Last fall, three Waterloo officers were certified to use the U.S. Bureau of Alcohol, Tobacco and Firearm's eTrace system, which discloses the name of the person who first bought a certain weapon, the seller and the date of that sale.

In the past, police had to fill out paperwork which was then sent to ATF officials. Unless the trace was a high priority, it could take weeks or longer to get results.

"Now it's Web-based, so you just go in and run it yourself," said Sgt. Keith Smith, who works in the police department's crime lab.

Results aren't instant and can still take hours or weeks.

An officer with investigations and an agent with the Tri-County Drug Enforcement Task Force are also authorized to use eTrace.

Aside from make, model and serial number, eTrace users type in a long list of information about the gun --- the caliber, the type of crime it was used in, what part of the house it was found in and so on.

Smith said the ATF apparently crunches that information for future statistics.

"It relieved AT and F of some workload issues, and we may get our results quicker that way also," said Capt. Bruce Arends.

Smith's first trace with the system involved a fatal self-inflicted gunshot wound this fall. The handgun that was used was first purchased by a person with the same last name as the deceased --- likely a relative --- from a store that went out of business decades ago.

Another firearm being traced --- a pistol found with a juvenile --- was first sold to a Waterloo man. But this is just the starting point.

The sale was in 1990, so detectives now have to ferret out the information that isn't in any computer database, specifically how the weapon traded hands from the first buyer to the teenager.

"It's just a piece of the puzzle," Arends said.

Investigators will try to find the buyer and see if he remembers who he sold the gun to, and then try to find any subsequent owners.

Private owners aren't required to keep records of who they sell their guns to, so the chain can be easily broken.

Contact Jeff Reinitz at (319) 291-1578 or jeff.reinitz@wcfcourier.com.

Man With A Million Bullets In Home Charged (RPE)

By Kenny Klein, The Press-Enterprise

Riverside (CA) Press-Enterprise, March 4, 2007

ARSENAL: Authorities accuse him of possessing illegal assault weapons, illegal ammunition and explosives.

NORCO - A man who authorities described as a survivalist after investigators found a cache of weapons and ammunitions at his burning home has been arrested and jailed, the Riverside County Sheriff's Department said Saturday.

Thomas Lee McKiernan, 62, of Norco was arrested on suspicion of possession of assault weapons, possession of illegal ammunition, and possession of explosives, according to the sheriff's department.

McKiernan, who had been held since Thursday for a mental evaluation, remained at the Robert Presley Detention Center. His bail is currently set for $100,000 and he is scheduled to appear in Riverside Superior Court on Tuesday, according to his booking information.

The only illegal items investigators have identified so far are five assault rifles, several high-capacity magazines and the 60 pounds of gunpowder, they said. It is illegal to possess more than one pound of gunpowder, Gutierrez said.

The cause of the fire is still unknown. Authorities condemned the house because of the tunnel.

It will take days for deputies and federal agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives to document all the weapons and ammunition, Sheriff's spokesman Dennis Gutierrez said.

On Saturday, a locked fence surrounded the damaged property in the neighborhood of neatly kept homes. A number of boxes and other property were stacked in the front yard with four pickups.

McKiernan is a retired machinist who was identified as the home's owner by neighbors and property records.

Sheriff's investigators also found stashes of food and water.

Authorities said they found more than 125 rifles and handguns, about a million rounds of ammunition and 60 pounds of gunpowder in McKiernan's home on the 1800 block of Pali Drive. They said they also discovered a tunnel beneath the garage on Friday.

Fire crews discovered an eight-foot deep tunnel 30 feet from the middle of the garage to a spot beneath the main house. Local and federal officers pulled three barrels out of the tunnel using hooks and poles, said Norco Fire Department Battalion Chief Frank deBoer. They contained rice, water and cooking oil.

On Friday, investigators removed weapons from the kitchen, living room and bedrooms. They also found to safes with reinforcing chain that they have yet to open.

Two-thirds of the driveway leading to McKiernan's modest, shingle-roofed home was filled with ordnance. Cardboard boxes and green metal, military-style containers of ammunition were stacked next to canisters and cookie tins packed with gunpowder.

The ammunition ranged from .22 caliber bullets for small arms to .30 caliber rounds used in high-powered military rifles.

IMMIGRATION:

Bush In A Quandary Over Border Agents' Case (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, March 4, 2007

Border shooting uproar leaves him no easy option

WASHINGTON — For weeks, defenders of the two former Border Patrol agents imprisoned for shooting a Mexican drug trafficker have bombarded the White House with calls, e-mails and petitions.

Their demand is straightforward: A presidential pardon for a pair of Texans they view as heroes persecuted for doing their jobs.

"This is a terrible injustice, and I urge you to use your considerable authority and power to pardon these two agents and right this obvious wrong!" reads a petition from Grassfire.org, a conservative Web site that claims more than 337,000 people have signed the online form.

But the issue is far from simple for President Bush, who is being asked to wade into a highly controversial case where even the most basic facts are in dispute. The quandary for the president: Whether to side with former Border Patrol agents Jose Compean and Ignacio Ramos or with the prosecutors who contend they were rogue officers who wounded a fleeing, unarmed man and then concealed evidence.

Outcry from conservativesDuring a February 2005 incident near Fabens, Texas, Compean and Ramos pursued Osvaldo Aldrete-Davila and fired 15 rounds at him as he ran back toward Mexico after ditching a vehicle with 743 pounds of marijuana. The wounded trafficker later was given immunity to testify against the agents in a case that has drawn a tremendous outcry from conservatives on and off Capitol Hill, who believe the Bush administration sided with a drug trafficker over its own law enforcement agents.

Though clemency is the one area in which a president has power unlimited by the courts or Congress, Bush thus far has indicated no inclination to sidestep the Justice Department regulations typically followed for pardons cases.

"There is a process in any case for a president to make a pardon decision," Bush said during a Fox News Channel interview in January. "In other words, there is a series of steps that are followed so that the pardon process is, you know, a rational process."

The Justice Department rules require that people petitioning for a pardon wait until five years after they have completed their sentence before filing an application. And the applications must be submitted by the guilty parties themselves.

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Compean and Ramos have not applied for a pardon or a commutation of their sentences, Justice Department spokesman Erik Ablin said.

Rep. Ted Poe, a Republican from Humble who has championed the ex-agents' cause, has no use for what he views as needless red tape.

"The bureaucracy is getting in the way," Poe said. "The Constitution gives the president absolute power of pardon and parole, and the president can exercise it whenever he wishes."

'A good shield'Some clemency experts fret at the rules, saying no president should limit his pardon powers.

Douglas Berman, an Ohio State University law professor who has followed the Texas case, argues that while the Justice rules may protect the president, they also "eliminate some of the virtue" of the pardon power.

By citing the regulations, Bush "may be trying to cushion himself from the public clamoring to do something in this case," Berman said.

But Margaret Love, who headed Justice's pardons office during the Clinton and first Bush administrations, contends that the rules protect the president and the integrity of the process.

"It's been a good shield for the president," she said.

President Clinton sparked congressional hearings and a huge outcry over his pardon of fugitive financier Marc Rich, whose application bypassed the Justice Department and went directly to the White House without following the rules. And President Ford generated a tremendous public backlash with his pardon of Richard Nixon even before the former president had been charged with any crime in connection with Watergate.

Bush has known intense pressure on the clemency front.

He faced international and domestic pressure as governor of Texas in 1998 to save killer Karla Faye Tucker from the execution chamber. Bush refused to spare Tucker's life despite her reformation in prison and pleas from Pope John Paul II, evangelist Pat Robertson and others, making her the first woman executed in Texas since the Civil War.

Limited useThe Tucker case may hold some clues to Bush's thinking in the Border Patrol ex-agents' matter, said Daniel Kobil, a clemency expert at Capital University Law School in Columbus, Ohio.

"That would suggest that he may well not cave to pressure, even from his own supporters on something like this," he said.

Thus far, Kobil and other experts said, Bush has used his presidential clemency power in very limited fashion.

"It's just really very noncontroversial cases," Love said, calling them "a little unusual in their colorlessness."

White House spokesman Scott Stanzel declined to discuss the Texas case, any timeline for making a decision, or even how many e-mails, letters and calls have been received on behalf of the former Border Patrol agents.

Compean and Ramos, sentenced to 12 and 11 years respectively for shooting the trafficker, have filed a notice of appeal of their sentences, which they began serving in January.

Commutation vs. pardonSupporters argue that the two men deserve, at most, an administrative punishment such as suspension or firing for not reporting the shooting.

Kobil and Berman suggested that the ex-agents' backers might find better success if they argued for commutation of the sentence to time served rather than an outright pardon.

Legally, there is a difference. A pardon wipes the slate clean, forgiving the crime. Commutation reduces the sentence without negating the crime.

"That would be a compromise, obviously," Kobil said. Bush "may well say 'I'm not sure what happened, but they have suffered and they paid a serious price for this crime'," he said.

In light of the controversy surrounding the ex-agents' case, Kobil suggested that Bush might wait until the end of his term before issuing a pardon or commutation for the pair.

Such a stance would not suit Rep. John Culberson, R-Houston, and other conservatives who have rallied to the ex-agents' side.

"This is an utterly unique and outrageous set of circumstances that demands an immediate presidential pardon for the sake of national security and for the sake of the morale of our law enforcement officers on the border," Culberson said.

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Prosecutor Stands In Political Storm (SAEN)

By Guillermo Contreras, Express-News

San Antonio Express-News, March 4, 2007

The Justice Department's recent firings of eight top federal prosecutors across the country have come amid allegations that the agency bowed to political pressure.

Even as the Justice Department rebuts the accusations, some are wondering who might be next.

In Central and West Texas, Johnny Sutton has held the post of U.S. attorney for more than five years, but he has come under fire recently over a case in El Paso in which Sutton's office gained convictions of Border Patrol agents who shot an alleged drug smuggler.

In a federal trial in El Paso last year, jurors convicted Ignacio "Nacho" Ramos and Jose Alonso Compean on charges that they shot the alleged smuggler in the buttocks Feb. 17, 2005, and counts alleging they covered up the shooting. Ramos got 11 years in prison. Compean was sentenced to 12. Both have appealed.

Hailing them as "heroes" who were wrongly convicted, some foes of illegal immigration and Republican members of Congress are pushing for President Bush to pardon them.

More Information

Report of Investigation on Ignacio Ramos & Jose Compean

Without a satisfactory answer from the White House on the request, supporters of the agents are aiming at Sutton who, from Austin, supervises 120 federal prosecutors in the largest federal district in the country, a territory that stretches from Waco to San Antonio, south to Del Rio and west to El Paso and Midland/Odessa.

Sutton "has violated the public's trust, and must be removed from office immediately," said T.J. Bonner, president of the National Border Patrol Council, the union that represents 10,000 Border Patrol agents.

"Our federal government had to make a choice between prosecuting somebody who was bringing in $1 million worth of drugs, and prosecuting two border agents who did not follow policy," said U.S. Rep. Ted Poe, R-Humble, who stopped short of seeking Sutton's removal but has collected more than 40 signatures from fellow House members seeking congressional hearings on the case. "The government chose the wrong side."

The Justice Department had no comment Friday on whether mounting criticism would have an effect on Sutton's post. But a high-ranking department official told the Senate Judiciary Committee last month that Sutton's job is safe. The Feb. 6 hearing was to review the wave of terminated U.S. attorneys, the transcripts show.

"No," Paul J. McNulty, the No. 2 man in the Justice Department, responded to a question of whether Sutton's job was in danger over the controversial border agent case.

Sutton, a former Harris County prosecutor who has held criminal justice policy advisory roles for the Bush administration, said he does his job based on his experience and management of a large office of prosecutors. He added that deciding whether to prosecute is based on facts and evidence. He also said he had no plans to resign.

"Politics is not a consideration, and public pressure is not a consideration," Sutton said. "Those kinds of things are extraneous, and you just have to put them out of your mind."

"What happens is, the defenders of Compean and Ramos just don't like the result," he said. "They don't like the fact that a jury convicted these two men, and they're willing to change the facts or manipulate the facts to try to get a different result."

Immunity agreement

Hundreds of pages of trial transcripts, exhibits, court documents and reports reveal adrenaline-infused moments of border police work that can cut careers short.

Shortly after 1:10 p.m. Feb. 17, 2005, agents chased a van they suspected of being involved in smuggling undocumented immigrants or drugs back toward the Mexican border near Fabens, east of El Paso. It led to the shooting of Osvaldo Aldrete Davila.

Those involved in the incident agreed Aldrete ditched the van, which carried 743 pounds of marijuana, at the edge of a deep sewage ditch, not too far from the Rio Grande. Other agents involved in the pursuit gave conflicting statements about what they saw or heard. Three testified for the government during the trial after the prosecution gave them "proffer letters" that shielded

them from criminal prosecution but not from administrative punishment. The three were later terminated or resigned from the Border Patrol — one of them for violations that included his admission that he picked up some shell casings fired by Compean and threw them into the ditch, where they were never found.

Compean testified he fired at Aldrete as he ran off because he thought Aldrete turned his body toward the agent and appeared to have something "black, shiny" in his hand that Compean believed was a gun. One of the agents who received immunity testified he saw Compean fire several times with his handgun, reload and fire some more.

Ramos testified that he heard gunfire, saw Compean on the ground and fired once because, "I believed I saw a gun."

The agents claimed they did not believe they hit Aldrete because he fled into Mexico. The trial documents say Compean fired 14 times, and that the final shot fired by Ramos was the one that hit Aldrete in the buttocks.

The documents also said Ramos and Compean turned back toward the drainage ditch after the shooting and that Compean picked up some shell casings and threw them into the ditch. The reports they wrote did not mention the shooting.

Border Patrol policy on firearm discharges requires agents to verbally report such incidents within an hour to a supervisor. That didn't happen, the trial documents said, although the agents claimed they did.

The shooting investigation did not start until two weeks later, when Aldrete's family reported it to the relatives of another Border Patrol agent in Arizona who is originally from the El Paso area. That agent made inquiries that resulted in the Homeland Security Department's Office of Inspector General launching an administrative probe.

One thing not directly mentioned in the public records is that Aldrete was named in a U.S. Drug Enforcement Administration report as the alleged transporter of another 750 pounds of marijuana while he waited to testify at the border agents' trial. The November 2005 report identified Aldrete as the person responsible for stashing the marijuana in a van parked at a house in Clint, also east of El Paso, in October 2005, according to a story published Tuesday by the Inland Valley Daily Bulletin of Ontario, Calif.

U.S. District Judge Kathleen Cardone limited the defense's ability to question Aldrete about his alleged criminal activity in detail, ruling that such information would be prejudicial.

Prosecutors gave Aldrete limited use immunity, which shielded him from prosecution for his acts on the day he was shot. Additionally, no charges were filed in the October 2005 incident, infuriating the backers of Compean and Ramos. They claim the immunity deal he was originally given shows it extended beyond Feb. 17, 2005.

A civilian group in California, Friends of the Border Patrol, called for Sutton, his prosecutors and the judge to be fired. Cardone, appointed for life like all federal district judges, had no comment.

"It's clear this was a witch hunt," said the group's head, Andy Ramirez. "They protected a doper."

"We cannot comment about matters that are under seal or ongoing investigations," Sutton said in a statement. "This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it.

"We have clearly stated that the immunity necessarily afforded to Aldrete in the investigation and trial of Ramos and Compean for the February 17 (2005) incident would not extend to any subsequent or future criminal activity that may be alleged."

At Bush's side

Sutton calls the criticism "ironic," given his office's track record. Justice Department data shows his office last year led the nation's 94 federal districts in drug prosecutions and was second in prosecuting immigration cases.

Sutton has dealt with pressure before, albeit in a less serious role. As a left fielder for the University of Texas — where he said expectations were high — he played on the same baseball team with pitching great Roger Clemens that won the College World Series in 1983.

After choosing a career in law, he worked in the Harris County District Attorney's Office for eight years. It led to positions as Bush rose politically. When Bush was governor of Texas, Sutton served as his criminal justice policy director from 1995 to 2000.

Sutton later was a policy coordinator for the Bush-Cheney transition team before joining the Justice Department as an associate deputy attorney general.

Bush appointed Sutton as U.S. attorney in late 2001. He serves as the chairman of the Attorney General's Advisory Committee, a 17-member body picked by Attorney General Alberto Gonzales. The committee plays a significant role in determining Justice policies and programs and in carrying out the national goals set by the administration.

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Despite Sutton's closeness to Bush, some observers note that the fired U.S. attorneys were also appointed by Bush originally. Last week, New Mexico's David Iglesias publicly claimed to have been forced out after refusing a request by two congressmen to rush an indictment that could have helped Republicans in last November's election. Iglesias has refused to identify the two.

The Justice Department staunchly denied the charge that Iglesias or any of the eight federal prosecutors were dismissed for political reasons, according to the Associated Press.

U.S. attorneys serve at the pleasure of the president and can be fired for any reason — or none at all.

Given those circumstances, Carl W. Tobias, a law professor for the University of Richmond in Virginia, said it wouldn't be a stretch to assume that other prosecutors might not rest easy.

"The question is whether the Justice Department will listen to these people who are arguing for his removal," Tobias said of Sutton. "Whether they can get to him and whether the Justice Department would even listen, I don't know, but that's the kind of thing U.S. attorneys are worried about."

Inmates Will Replace Wary Migrants In Colorado Fields (NYT)

By Dan Frosch

The New York Times, March 4, 2007

DENVER, March 3 — As migrant laborers flee Colorado because of tough new immigration restrictions, worried farmers are looking to prisoners to fill their places in the fields.

In a pilot program run by the state Corrections Department, supervised teams of low-risk inmates beginning this month will be available to harvest the swaths of sweet corn, peppers and melons that sweep the southeastern portion of the state.

Under the program, which has drawn criticism from groups concerned about immigrants' rights and from others seeking changes in the criminal justice system, farmers will pay a fee to the state, and the inmates, who volunteer for the work, will be paid about 60 cents a day, corrections officials said.

Concerned about the possible shortage of field labor, Dorothy B. Butcher, a state representative from Pueblo and a supporter of the program, said, "The workers on these farms do the weeding, the harvesting, the storing, everything that comes with growing crops for the market."

"If we can't sustain our work force, we're going to be in trouble," said Ms. Butcher, a Democrat.

The program will make its debut in Pueblo County, where farmers have been hit hard by the labor shortage. Frank Sobolik, director of a Colorado State University extension program that works with farmers in Pueblo County, said he expected that about half of the 300 migrant workers employed by area farms might not return this season.

"There's a feeling, a perception that these laborers won't be back because it's safer for them to find work in other states," Mr. Sobolik said. "The farmers are really concerned. These are high-value crops we're talking about here with a high labor requirement."

Last year, the Colorado General Assembly passed tough legislation that included giving local law enforcement broader powers to check immigration status and restricting access to social services for workers without proper documentation.

The Colorado Immigrant Rights Coalition estimates that there are 150,000 illegal immigrants in Colorado, many of them involved in agriculture. Migrant workers typically travel here from Mexico, Texas and New Mexico for the crop season, where their labor can last from May through the late fall, before returning home to their families. But those numbers could soon be reduced drastically, as workers who are in the country illegally are unwilling to risk exposing their status.

Joe Pisciotta Jr., who owns a 700-acre produce farm in Pueblo County, said he had about 20 workers and expected to lose half of them. Mr. Pisciotta, a third-generation farmer, worried that such a reduction would undercut his ability to supply buyers with the watermelons, onions and pumpkins he grows.

"It's very frustrating," he said. "I'm definitely going to lose customers. We've never had an issue like this. With all of us trying to get enough workers on our farms, I'm worried this is going to turn into farmer against farmer."

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Although chain gangs and prison farms have long been staples of American correctional culture, the concept of inmates working on private farms is unusual. But there are signs that other states are following suit. The Iowa Department of Corrections is considering a similar program because of a migrant labor shortage in that state.

Several Iowa farmers called recently to request inmates in lieu of migrant workers, said Roger Baysden, the director of the state's prison industries program. One farmer asked for as many as 200 inmates, Mr. Baysden said.

In Colorado, Ms. Butcher said she hoped that the program, which could send up to 100 inmates to Pueblo County farmers, would remedy a situation that might otherwise turn into an economic disaster.

Immigrant rights group, however, said the Colorado program was myopic.

"Many immigrants are leaving Colorado for other states that will actually embrace their contributions as good citizens and hard workers," said Julien Ross, state coordinator for the Colorado Immigrant Rights Coalition. "This exodus from Colorado has profound negative consequences on our economy and the very fabric of our society."

Mr. Ross said his group was organizing a weeklong boycott of Colorado businesses beginning March 25 to demonstrate the workers' impact on the regional economy.

A group calling for changes in sentencing, the Colorado Criminal Justice Reform Coalition, is also uneasy about the program. The group views the inmates' pay as problematic.

"This feels like the re-invention of the plantation," said Christie Donner, the group's executive director. "You have a captive labor force essentially working for their room and board in order to benefit the employer. This isn't a job training program. It's an exploitative program."

But Ari Zavaras, executive director of the Colorado Department of Corrections, said the merit of a hard day's work outdoors was invaluable to an inmate.

"They won't be paid big bucks, but we're hoping this will help our inmates pick up significant and valuable job skills," Mr. Zavaras said. "We're also assisting farmers who, if they don't get help, are facing an inability to harvest their crops."

With the start of the farming season looming, Colorado's farmers are scrambling to figure out which crops to sow and in what quantity. Some are considering turning to field corn, which is mechanically harvested. And they are considering whether they want to pay for an urban inmate who could not single out a ripe watermelon or discern between a weed and an onion plant.

"This is not a cure-all," Mr. Pisciotta said. "What our farm laborers do is a skill. They're born with it, and they're good at it. It's not an easy job."

Americans Selling Personal Identity To Illegal Aliens (WT/AP)

The Washington Times, March 4, 2007

HARLINGEN, Texas (AP) -- Asked by a federal judge why she sold her birth certificate, Rosie Medellin said she needed a few bucks and didn't really think it through. Bobby Joe Flores said he sold his identification documents to buy drugs. Margarita Moya and her son did it to raise money for medicine for a loved one.

Their documents were destined for illegal aliens.

In all, seven defendants pleaded guilty in Corpus Christi last week to charges of selling their birth certificates and Social Security cards for $100 each. Seven other defendants pleaded guilty to buying or reselling those documents as part of a ring that sold documents to illegal aliens seeking jobs in Dodge City, Kan.

The federal government's attention has been on stolen or fabricated identity documents, and officials say they know little about people who sell their own legitimate documents.

Defense attorneys said prosecution for selling an ID may be something new.

"I've been practicing criminal law for years and this is the first I've seen in our Southern District," said Grant Jones, who represents a roofer with sporadic employment. "If they've (the government) been aware in the past, they've now decided to enforce the law."

However, Mr. Jones said his client told him that document selling was a well-known way to earn a quick buck.

Prosecutors declined to talk about the case until a sentencing hearing in May before U.S. District Judge Hayden Head Jr. in Corpus Christi. The defendants face anywhere from probation to five years in prison.

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Government raids at meatpacking plants in six states in December stemmed from an investigation that uncovered up to 4,300 workers with questionable documentation.

Tim Counts, an Immigration and Customs Enforcement spokesman in Bloomington, Minn., said that investigation revealed documents were available for a price in places as open as Kmart parking lots. He said genuine documents were the most expensive, costing up to $1,500, and the most effective against detection.

"We don't have an all-inclusive picture of it," Mr. Counts said. "What we do have is evidence and information from individual cases. ... We definitely know it happens."

The issue also has turned up elsewhere.

In June, a man pleaded guilty in Concord, N.H., to selling five genuine Texas birth certificates and six Social Security cards to informants. Three years earlier, 10 people in Beardstown, Ill., were charged with receiving or transferring real documents that originated in Texas. In August 2002, a man in Green Bay, Wis., was charged with intent to sell documents including genuine Puerto Rican birth certificates and Social Security cards.

Department of Homeland Security spokesman Russ Knocke said there isn't much specific information on the extent of the problem.

"Irrespective of the mode of identity theft, the issue itself is prevalent and it's something we're striking at very aggressively," Mr. Knocke said.

Hope For Amends To Filipino Immigrants (WP)

By N.C. Aizenman

The Washington Post, March 4, 2007

Bills to Speed Children's Moves to U.S., Give Military Pensions Show Political Assertion

Amid the wrangling over immigration reform, virtually everyone in Congress appears to agree on one point: Filipino-born veterans who fought alongside U.S. troops during World War II deserve a break.

Denied the right to immigrate to the United States until 1990, they came hoping that their children could follow them here later, just as other groups have done. But the adult children have been required to wait twice as long -- up to 16 years -- as anyone else. With the veterans often too old and sick to travel home, many have died while waiting to be reunited with their families.

Now, after several longtime backers have risen to key positions in Congress, Filipino American advocates are hopeful that legislation will be pushed through to exempt the veterans' children from the immigration delay. They also are optimistic about a potentially more controversial bill that would grant Filipino veterans military pensions.

About 5,000 veterans in the United States would stand to benefit from a change in immigration provisions, and an additional 10,000 in the Philippines could be eligible for pensions.

To many in the 2-million-strong Filipino American community, the issue represents a chance to cement their political identity in a nation where they have long felt invisible, even though Filipinos rank second, behind Mexicans, in the number of immigrants living in the United States.

"Historically, we Filipinos have always been looked down on as your little brown brothers -- as these acquiescent people who would just accept anything Uncle Sam would do to them," said Jon Melegrito, communications director of the National Federation of Filipino American Associations. "This is about asserting who we are as a people and how we served this country. . . . It's a call to action to stop acting like colonial slaves and to start acting like first-class citizens."

The effort builds on an association with the United States that dates to 1898, when the United States acquired the Philippines from Spain after winning the Spanish-American War.

Laws and discriminatory practices against all Asian immigrants kept Filipino numbers in the United States low through the first half of the 1900s. But in the Philippines, many residents were taught English and raised to think of themselves as something akin to Americans.

Celestino Almeda, 90, a veteran who lives in Alexandria, remembered that the director of his elementary school in Manila led students in a pledge of allegiance to the American flag every morning.

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"We also celebrated all the holidays: Washington's birthday, Armistice Day," Almeda said. "In our mind, it was like America was our mother country."

When Japan invaded the Philippines in 1941, more than 200,000 Filipinos joined Americans in waging a fierce resistance, enduring such horrors as the Bataan death march and the grueling guerrilla campaign that followed. Technically, the Filipino fighters were under overall U.S. command. But within months of the Allied victory, Congress stripped most of them of their rights as foreign veterans of U.S. forces -- including the opportunity to become U.S. citizens -- on the grounds that the Philippines was about to be granted independence.

Even so, the Philippines continued its close affiliation with the United States. Thousands of Filipinos joined the U.S. Navy, which until recently had major bases there. By 1970, there were more Filipinos in the U.S. Navy than in the Philippine Navy.

And, after 1965, when Congress repealed the nationality quota system that had practically prohibited Asians from immigrating, hundreds of thousands of Filipinos streamed in.

Ranging from unskilled workers and nannies to nurses and professionals who came in on occupational preference visas, the new arrivals immediately formed social, cultural and professional organizations. Before long, they were rising to prominent positions in government, unions and the military. Several won elected office, including in Prince George's County, where a sizable community settled.

Yet when it came to turning their clout into political activism on behalf of Filipino American causes, many of the immigrants hesitated, said Bing Cardenas Branigin, 50, a former regional chairman of the Filipino American federation.

"There was this sense that you shouldn't make trouble, that you shouldn't contradict the government," she said. "You should just pay your taxes and send your kids to school and keep quiet."

That began to change in the mid-1970s when anger spread over the repressive policies of the Filipino president, Ferdinand Marcos. As much as their opposition to Marcos galvanized the Filipino American community, it also caused rifts with those who supported Marcos.

After Marcos was ousted, community leaders looked to refocus their newfound energy on a more unifying issue. The fight for veterans' equity was a natural choice.

Since then, the veterans have won some of the benefits they lost after the war. Most notably, in 1990, Congress granted Filipino World War II veterans the same opportunity to naturalize offered to all other foreign nationals who served in the U.S. armed forces.

But the Filipino veterans remain ineligible for a military pension, forcing many of the more than 24,000 elderly veterans who became U.S. citizens after 1990 to live off food stamps and Supplemental Security Income payments.

Joaquin Tejada, 84, a former guerrilla fighter who survived two years resisting the Japanese from jungle hideouts, said he now struggles to get by with his $545 monthly SSI check. The rent for the two-bedroom apartment he shares with another Filipino World War II veteran in Columbia Heights takes $275.

"By the end of the month, it's hard to buy even basic food," said Tejada, who proudly sported an American flag tie during an interview.

Then there is the 16-year wait veterans face if they wish to bring over their adult children, an unintended consequence of the 1965 law lifting the quotas that had prevented most Asians from immigrating.

In their place, Congress introduced a complicated system meant to offer every country the same number of family reunification visas. But because Filipino applicants far outnumber the yearly slots allotted to them, they face the longest delays -- 22 years to sponsor an adult brother or sister, for instance, compared with 11 years for applicants of most other nationalities.

Candida Romulo, 72, said she and her husband, Bayani, a veteran who became a lawyer in Manila, would not have naturalized and moved to Oxon Hill had they known that the wait to sponsor their grown children would be so long.

"We did it because we wanted to give them the opportunities of living in this country. It was going to be our gift to them," Romulo said during an interview in a living room crammed with photographs of her four children.

Soon after the couple's arrival, Bayani developed a medical condition requiring frequent dialysis, making visits to the Philippines impossible. Because of their pending residency applications, his children were unable to get visas to visit him.

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When Bayani suffered a severe stroke in September, his eldest son wasn't able to relay his final words to his father over the phone before he died.

"The receiver couldn't reach his bed in the ICU," Candida Romulo said. "So I told my husband, 'Your son says that he loves you very much and that he's so proud that you are his father.' My husband couldn't speak, but I could tell that he understood, because there were tears in his eyes."

Now Romulo worries that her son may never gain entry to the United States, because if a sponsor dies while the visa application is pending, there is a chance that the application will be annulled.

But she said she is still praying that Congress will pass the legislation for the sake of those veterans who remain alive.

"If that happens, I know my husband will be very happy about it, even if he is already in heaven," she said.

Immigration Reform, Take 2 (WP)

The Washington Post, March 4, 2007

Learning the lessons of last year's debacle

ADVOCATES OF sweeping measures to reform the nation's broken-down muddle of an immigration policy are preparing to enter the fray once again: A new bill may be introduced in Congress as early as this week. This time hopes are high that the political map has changed just enough to make success a real possibility. Beware: Those hopes will be realized only if everyone involved in last year's debacle has drawn the right lessons from Congress's failure to enact a meaningful law.

What are the lessons? President Bush, who favored last year's Senate bill but went limp when it came under attack by anti-reform forces in the House, should note that passivity in the face of his own party's hard-liners is a prescription for further disappointment. Republican leaders in the House, who killed last year's legislation, should conclude that they gained nothing by trying to whip up the party base with misleading talk of an "amnesty" for illegal immigrants -- and probably alienated droves of coveted Hispanic voters at the elections in November.

As for Democrats, who have squabbled among themselves but now run Congress, they must take note of an opportunity staring them in the face. They have a chance to exercise leadership and score a victory on a major domestic policy problem.

The early signs are generally encouraging. The authors of the most realistic legislation in the last Congress -- Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.), and Reps. Jeff Flake (R-Ariz.) and Luis V. Gutierrez (D-Ill.) -- are again preparing to introduce a bipartisan bill. As for Mr. Bush, he has also sounded the right notes by calling in his State of the Union address for a "legal and orderly path for foreign workers to enter our country," and for resolving the status of more than 11 million illegal immigrants already here, "without animosity and without amnesty." Still, the president's fuzziness is worrying. He did not mention a pathway to citizenship for illegal immigrants already in the country in the State of the Union speech, and two of his Cabinet secretaries sidestepped it during recent testimony on Capitol Hill. It may be that their intent was to avoid, for now, inciting the hornets' nest of opponents to eventual citizenship. But without addressing the question frontally and without providing a venues by which the nation's underclass of undocumented workers may one day emerge from the legal shadows, the chances of an effective fix for immigration are nil.

To have a hope of success, both as legislation and as policy, immigration reform must also establish much tougher domestic controls and sanctions for employers; means by which they can verify prospective workers' status; and counterfeit-proof identity documents for workers. There must be a process by which new immigrants can come here legally in sufficient numbers to satisfy the obvious economic demand for them and according to rules that ensure that they will not become a permanent underclass. Time is short. Chances for a reform package will fade as the 2008 presidential campaign approaches. Let's hope that all the players take to heart last year's lessons as this year's debate is joined.

Illegal Immigrants -- They're Money (LAT)

Gregory Rodriguez

The Los Angeles Times, March 4, 2007

Bank of American is right to treat them as legitimate participants in our economy.

DAN STEIN, the premier American nativist and president of the Federation for American Immigration Reform, is shocked, shocked. He's mad at Bank of America for issuing credit cards to illegal immigrants. He says that to BofA "and other large

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corporations, illegal immigrants are a source of low-wage labor and an untapped customer market." You bet they are, and that's the American way.

Sure, I'm proud to be a citizen of a nation that portrays itself as a refuge for the "tired," "the poor" and the "huddled masses yearning to breathe free." But let's face it, Emma Lazarus, the poet who wrote those words, may have laid it on a bit thick. The truth, no less beautiful in its way, is a little more crass and self-serving. But it wouldn't have sounded nearly as poetic to say, "bring us your able-bodied, poor, hardworking masses yearning for a chance to climb out of poverty, establish a credit history and…. " We all love to rhapsodize about immigrants' embrace of the American dream, but it's more like a hard-nosed American deal — you come here, you work your tail off under grueling conditions, and you can try your damnedest to better your lot over time.

In their generational struggle for acceptance and security, from outsider to insider and, dare I say, from exploited to exploiter, immigrants could avail themselves of those inalienable rights that stand at the core of our national political philosophy — life, liberty and the pursuit of happiness.

But that, of course, was before the invention of illegal immigration.

Until the early 1900s, pretty much anybody who wasn't diseased, a criminal, a prostitute, a pauper, an anarchist or a Chinese laborer could gain entrance to the U.S. Between 1880 and 1914, only 1% of a total of 25 million European immigrants were excluded from this country. But after transatlantic crossings had already been halted by World War I, Congress buckled to anti-foreign sentiment and closed the proverbial Golden Door by passing a series of restrictionist laws in 1917, 1921 and 1924.

Yet even as the historical front door of the nation was being closed, business interests were busy prying open a new side-door. Only three months after the passage of the Immigration Act of 1917, which required all newcomers to pass a literacy test and pay a head tax, the U.S. secretary of Commerce waived the regulations for Mexican workers. Thus began America's dishonorable relationship with Mexican immigrant labor.

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FOR THE NEXT several decades, Mexican workers were brought in when the economy expanded and kicked out when times got bad. They were recruited in the 1920s, only to be deported in the 1930s. They were brought in again during the labor shortage in the 1940s. By the 1950s, one branch of the government recruited Mexican workers, under the illusion that they were "temporary," while another sought to keep them out.

The piece de resistance in the creation of the illegal immigrant is the Immigration Act of 1965. Although touted as a great piece of liberal legislation that ended discriminatory immigration barriers, it imposed an annual cap on migrants from the Western Hemisphere that was 40% less than the number that had been arriving yearly before 1965. A decade later, Congress placed a 20,000 limit per country in this hemisphere.

In other words, after importing millions of Mexicans over the decades, particularly during the bracero guest-worker program from 1942 to 1963, and establishing well-trod routes to employment north of the border, the U.S. drastically reduced the number of visas available to Mexicans. This reduction, of course, coincided with a rapid rise in Mexico's population. And guess what? When jobs were available on this side of the border, Mexicans just kept coming, whether they had papers or not.

Clearly, today as ever, mass migration to the U.S. is being driven by economic need — the immigrants' and our economy's. But the hard-nosed American deal has become unfair because, on top of the handicaps we have always imposed on new arrivals, we've added a rather brutal one — criminal status. Good luck with that pursuit of happiness as you engage in backbreaking labor when your place in society is summed up with that one cutting word, "illegal."

No, I'm not advocating open borders. Nor do I believe that immigrants should be guaranteed anything but a chance to achieve their end of the nation's cruel bargain. For hardworking illegal immigrants who've established roots here, we should uphold our end of the bargain and give them a chance to achieve their piece of the American dream. BofA is not wrong to give illegal immigrants the tools with which to compete legitimately in the marketplace. We as a nation are wrong for treating all these people as illegitimate.

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TAX:

The Untaxed Rich, Found And Then Lost (NYT)

By David Cay Johnston

The New York Times, March 4, 2007

FALSE advertising is part of the problem, and it's right there in the name: alternative minimum tax.

"Minimum," when the tax was conceived, meant that even the wealthiest Americans, with their buffet of deductions, loopholes and shelters, would still pay some income tax.

"Alternative," added to the name of the tax 21 years ago, suggests a choice, but it's not much of one for one in four taxpayers this year who must pay using this calculation unless Congress comes up with a different "alternative" when it takes up the matter this week.

What happened between 1969, when the minimum tax was born, and today, when it has few champions — and many people scratching their heads? And how could it be that a tax aimed squarely at rich investors who paid no income tax now hits middle-class families?

The '69 version of the tax was more or less what it set out to be, right or wrong. And that was a remedy to the disclosure by the Johnson administration that 155 rich families some of whom made millions in 1966 had not paid any taxes — taxes that for other Americans were rising to pay for the Vietnam War. If deductions like the ones for owning oil wells and leasing rail cars had whittled some tax bills down to nothing, these rich earners would be required to pay something.

But in 1986, when President Ronald Reagan and both parties on Capitol Hill agreed to a major change in the tax system, the law was subtly changed to aim at a wholly different set of deductions, the ones that everyone gets, like the personal exemption, state and local taxes, the standard deduction, certain expenses like union dues and even some medical costs for the seriously ill. At the same time it removed and revised some of the exotic investment deductions. A law for untaxed rich investors was refocused on families who own their homes in high tax states.

Taxes are now calculated two ways — using the traditional income tax formula, and using the 1986 alternative tax formula — and taxpayers owe the higher of the two numbers. The majority of families with two or more children earning $75,000 to $500,000 now owe more under the alternative tax — anywhere from hundreds of dollars to tens of thousands of dollars annually. Among such families with an adjusted gross income of $75,000 to $100,000, almost 80 percent are affected, compared with just a third of those with incomes of $1 million or more, according to computer modeling studies by the Tax Policy Center, a joint venture of the Brookings Institution and the Urban Institute.

Repealing the alternative minimum tax would cost the government almost $70 billion this year, while putting everyone on the alternative and repealing the regular income tax would cost only $63 billion.

Simply removing personal tax exemptions and credits and indexing for inflation would reduce the number of taxpayers affected by 85 percent, the center estimated. That would retain the few, weakened provisions still in effect from the 1969 law intended to tax the rich.

For now, the only area of wide agreement is to keep enacting temporary patches until Congress and some future administration tackle fundamental changes in the tax code.

Regardless, until another course is chosen, a law focused on rich investors who paid little or no tax is now a law that affects 23.4 million of the nation's 90 million taxpayers.

The story began on Jan. 17, 1969, three days before the Johnson administration was to end. Joseph W. Barr, who served only a few weeks as Treasury secretary, told a Congressional panel about the 155 families who paid no income tax, despite incomes of $1 million or more in today's dollars.

Mr. Barr's report made the front page of newspapers across the country the next morning and fueled debates in coffee shops, police stations and across kitchen tables. Congress in 1969 received more letters about these untaxed Americans than it did about Vietnam, according to Michael Graetz, a Yale Law School professor and tax adviser in the George H. W. Bush administration.

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While the idea of paying your fair share as a moral issue may seem strange today, it was central to tax debates in that era. The disclosure that some of those who had gained the most by living in the United States did not share in the costs of the war infuriated many taxpayers.

But in 1986, when the '69 remedy was fundamentally changed, there was virtually no news coverage because at the time the changes affected only a few people. The initial amount of deductions before the new alternative minimum tax kicked in was set so high that in the first year it raised only the $1.7 billion needed to plug a hole in President Reagan's budget.

The alternative tax's long-term effect was given no more consideration than, say, the exemptions on fuel-economy standards the government in the 1960s gave to sport utilities — vehicles that at the time were far less common and were used mostly for work that required hauling.

Since its inception, the alternative tax has raised more and more revenue each year, reducing the perennial federal budget deficits. Indeed, President Bush's 2001 income tax cut plan was premised on taking back a third of the tax cut through increasing alternative minimum tax revenues.

Left unchanged, the alternative tax this year will take back about 27 percent of the Bush tax cuts, mostly from people making $75,000 to $500,000, the Tax Policy Center calculated. The center's estimates are held in high regard by the administration and by administration critics.

Two major factors now push people into the alternative system. One is that the alternative tax rate of 21 percent in 1986 was raised in 1993 to rates of 26 and 28 percent, in tandem with the increased rates in the regular tax system that President Bill Clinton sponsored. This held the spread between the two systems steady, Professor Graetz said.

But when Mr. Bush sponsored his tax cuts in 2001, they applied only to the regular tax system, narrowing the spread and pushing many more people into the alternative system.

Because those on the alternative system cannot deduct state and local taxes, their marginal tax rates are often above 40 percent, a level many economists say is high enough to discourage earning more and to encourage cheating. Many of these taxpayers also lose the benefits of the lower capital gains and dividend rates that President Bush championed as tools for economic growth.

Professor Graetz says that a second factor is inflation, which has eroded the value of the exemption from the alternative tax, pushing millions of people into it. The dollar has lost more than 44 percent of its value since 1986.

Meanwhile the stated goal of the original tax is not being met under the successor tax enacted 21 years ago. A far greater number of well-off families still pay only small amounts of tax. More than 41,000 taxpayers with incomes of $200,000 or more in 2003, the last year for which figures are available, paid less than 10 percent of their income in individual income taxes. And the number of untaxed high-income families — once 155 — grew to 2,824.

CONGRESS-ADMINISTRATION:

Children's Health Care On Agenda (WP)

By Christopher Lee

The Washington Post, March 4, 2007

Divisions Surface as Congress Works to Renew Program

The success of the decade-old Children's Health Insurance Program is exposing Washington's familiar ideological divisions over health care as Congress begins to work on renewing the state-federal program.

Members of both parties want to continue the popular $5 billion-a-year effort, which at any given time provides health insurance to more than 4 million children from lower-income families that do not qualify for Medicaid but cannot afford insurance on their own. But Republicans and Democrats cannot agree on how much money the program should get, and whom it should cover.

The conflicts track long-standing divisions over the proper role of government in health care, with Democrats generally favoring more activist attempts to ensure that everyone has access and Republicans supporting a more limited role that focuses on helping the neediest.

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The nonpartisan Congressional Budget Office and other analysts estimate that the program, known as SCHIP, will require $13 billion to $15 billion above current funding levels just to keep covering the same number of children for the next five years. The Bush administration has proposed $4.8 billion, saying that is enough to maintain enrollment for "priority low-income children."

Many Democrats on Capitol Hill and advocates for children call the White House proposal inadequate, but the dispute is about more than numbers. Some Democrats, in control of Congress for the first time since 1994, would like to increase funding levels by as much as $50 billion over five years to extend coverage to many of the nation's 8.3 million uninsured children -- and to some uninsured parents and childless adults as well.

One possible source of money is the nearly $65 billion that the CBO says could be saved by erasing the gap between what the government pays private insurers that operate Medicare HMOs and what it pays doctors and hospitals for traditional fee-for-service care. A Medicare advisory panel reported Thursday that federal payments to the HMOs are an average of 12 percent higher.

"A lot of states, including my own, have more kids that are eligible for the program but are not enrolled that we'd like to reach out to," Rep. Frank Pallone Jr. (D-N.J.), chairman of the House Energy and Commerce subcommittee on health, said Thursday in an interview during a break in a hearing on the program. "I don't understand what the president is doing. . . . If he's going to hold to his commitment that he wants to cover the uninsured, this is the best way to do it. I would ask that he not look at this from an ideological perspective, and maybe not like it because it's a government program. Look at it practically -- it's working."

But President Bush and many congressional Republicans, wary of creeping growth in a federal social program, say the program is losing its way. They note that 14 states have taken advantage of the program's flexibility to cover not just children but also 639,000 adults, according to the Government Accountability Office. States such as Arizona, Michigan, Minnesota and Wisconsin covered more adults than children in 2005, the GAO found.

Moreover, seven states cover children from families that earn as much as 300 percent of the federal poverty level or more, or $61,950 for a family of four. Bush and some GOP lawmakers argue that the program should focus on children from families at or below 200 percent of the poverty level, or $41,300 for a family of four.

"I fear that using these limited federal dollars for adults has undermined coverage for low-income children," said Charles E. Grassley (Iowa), the ranking Republican on the Senate Finance Committee. "The issue is not whether or not coverage for adults is desirable: It is. The issue is not whether or not coverage for adults is beneficial for the family: It is. . . . The issue is whether SCHIP funds used to cover adults have drained resources targeted by Congress for kids."

Health and Human Services Secretary Mike Leavitt said last week that the program, which must be reauthorized by the end of September, should not be "the engine that pulls the train of a national health insurance program."

The partisan divisions do not carry over to state leaders. When a federal program is funded jointly with the states, governors generally prefer to see more money from Washington -- regardless of political affiliation. More than a dozen governors of both parties last week urged the White House and Congress to approve more funding for the program, including an immediate $745 million infusion to head off projected shortfalls this year in Maryland and 13 other states.

Continued funding is vital for people such as Craig and Kim Lee Bedford of Baltimore, who at a Senate committee hearing last month said that they struggled to pay high monthly private insurance premiums for their five children until they learned they were eligible for the federal program in 2004.

"We no longer have to decide whether a child is really sick enough to warrant a doctor's visit," said Kim Bedford, whose husband is an insurance agent. "We no longer have to decide whether a child really needs a certain medication prescribed by his pediatrician. . . . The times when we would have to make medical decisions for our children based on financial criteria were extremely stressful as parents, full of those impossible choices. Those are not the kinds of choices that parents in a society as advanced and as resourced as ours should be forced to make."

A Boy's Death (WP)

The Washington Post, March 4, 2007

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How could a toothache have such a tragic outcome?

THE WHAT-IFS of Deamonte Driver's short life are heartbreaking. Just 12 years old, the Prince George's County boy died last week because of a succession of breakdowns in a system set up to ensure that children get basic dental care that is critical to their health. Equally tragic is that there are many more children like Deamonte who are at risk.

Deamonte's death, as reported by The Post's Mary Otto, happened because he didn't get timely treatment for a decaying tooth. Bacteria from the problem tooth migrated to his brain, and after two operations and more than six weeks in the hospital, he died. Deamonte's death should be more than mourned. It should serve as a call to strengthen the safety net -- and the first step is not blaming the victim. We have been taken aback by the ire some have directed at the boy's mother.

Obviously there is always parental responsibility, but, as children's health advocates will attest, the real issues are with the system. The states, the federal government and the dental profession have to do more. Medicaid requires dental coverage for children who qualify. But there aren't enough dentists willing to either treat children (think of Deamonte's brother whose dental treatment was stopped when he squirmed too much) or to accept Medicaid. This is a nationwide problem; states such as Virginia and Tennessee have developed robust programs to increase the number of dentists willing to serve the needs of people on the margins.

Another solution is expanding the reach of public health: The Maryland legislature should approve a bill to increase public dental clinics by allocating $6 million over three years.

Although not required, most states provide dental care under the State Children's Health Insurance Program to low-income children who don't qualify for Medicaid. That act is now up for reauthorization. Congress would do well to include dental care in the menu of benefits, as well as help out states that face budget shortfalls. Those worried about cost should think about Deamonte. The loss of his life is immeasurable, but it's worth noting that the cost of his care is likely to top $250,000. There can't be a more vivid reminder of how shortsighted our system is in not fostering access to preventive health care that saves not only money but lives.

Nuclear Warhead Plan Draws Opposition (WP)

By Walter Pincus

The Washington Post, March 4, 2007

Some Lawmakers Are Against New Weapon, While Others Seek Justification

The selection of a basic design for what could become a new generation of U.S. nuclear warheads has drawn immediate opposition from some key members of Congress.

The National Nuclear Security Administration announced on Friday that it had selected a design by the California-based Lawrence Livermore National Laboratory for the Reliable Replacement Warhead (RRW). It would be the first of a new generation of secure and reliable nuclear warheads initially intended for the Navy's submarine-launched intercontinental ballistic missiles.

Within the next 12 months, a team from Livermore and the Navy is to put together cost estimates and an engineering and production plan that would be presented to Congress next year for approval, according to acting NNSA Administrator Thomas P. D'Agostino.

Rep. Peter J. Visclosky (D-Ind.), the new chairman of the House Appropriations subcommittee that controls the funds for the nuclear weapons complex, has sharply questioned why a new warhead is needed. Saying the NNSA announcement "puts the cart before the horse," he called on the Bush administration to present a "clear, coherent national policy" to justify the new warhead.

Visclosky said he plans to hold oversight hearings and may seek to slow or eliminate the RRW if the administration does not present a strategy "that defines the future mission, the emerging threats, and the specific U.S. nuclear stockpile necessary to achieve the strategic goals."

The same subcommittee, under the previous chairman, Rep. David L. Hobson (R-Ohio), helped eliminate the Bush administration's plan to develop a nuclear "bunker buster" weapon and, instead, initiated a program to upgrade the reliability of the current stockpile of Cold War weapons. The Bush administration turned this into a program to develop a new nuclear warhead.

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Sen. Dianne Feinstein (D-Calif.), a longtime opponent of new nuclear weapons, has declared that she is "100 percent opposed" to building the RRW. A member of the Senate Appropriations subcommittee that funds the nuclear complex, she said in a statement: "While I appreciate the fact that Lawrence Livermore was selected, this in no way answers my questions about the Reliable Replacement Warhead program."

She questioned how other countries would view the U.S. effort to develop new nuclear weapons at the same time that the United States is pushing Iran, North Korea and other countries to drop nuclear weapons programs. "What worries me is that the minute you begin to put more sophisticated warheads on the existing fleet, you are essentially creating a new nuclear weapon. And it's just a matter of time before other nations do the same thing," she said.

D'Agostino told reporters on Friday that the RRW "is not about starting a new nuclear arms race." He said the program would use a warhead design that was tested in the 1980s but package it with new features, such as insensitive high explosives less liable to explode by accident, as well as locking devices that would prevent the warhead from being used if it fell into the hands of terrorists.

There is congressional support for the warhead development. Rep. Ellen O. Tauscher (D-Calif.), chairman of the House Armed Services subcommittee on strategic forces, which also has jurisdiction over the weapons program, said she is "encouraged" by the NNSA decision. But she added that it "is only an early step in what will be a long evaluation process."

With the design going to Livermore, located in her district, Tauscher said the NNSA and the Pentagon "appear to have followed Congress's clear directions." She said her subcommittee's first hearings on the RRW will take place this week.

Sen. Pete V. Domenici (R) of New Mexico, home of Los Alamos National Laboratory, whose design lost out to Livermore's, said: "The important thing is that we're taking a step forward with the RRW to transform and reduce our stockpile, improve security and reliability, and lower the life-cycle cost." He hinted that this may only be the first of a series of RRWs, saying, "One system is not equivalent to a transformation, and we need to move on a second design competition."

Although Livermore's warhead is designed to be carried by a Navy intercontinental ballistic missile, the NNSA and the Pentagon are about to begin a study to determine what elements are needed for an RRW that would be carried by an Air Force ICBM.

FDA Rules Override Warnings About Drug (WP)

By Rick Weiss

The Washington Post, March 4, 2007

Cattle Antibiotic Moves Forward Despite Fears of Human Risk

The government is on track to approve a new antibiotic to treat a pneumonia-like disease in cattle, despite warnings from health groups and a majority of the agency's own expert advisers that the decision will be dangerous for people.

The drug, called cefquinome, belongs to a class of highly potent antibiotics that are among medicine's last defenses against several serious human infections. No drug from that class has been approved in the United States for use in animals.

The American Medical Association and about a dozen other health groups warned the Food and Drug Administration that giving cefquinome to animals would probably speed the emergence of microbes resistant to that important class of antibiotics, as has happened with other drugs. Those super-microbes could then spread to people.

Echoing those concerns, the FDA's advisory board last fall voted to reject the request by InterVet Inc. of Millsboro, Del., to market the drug for cattle.

Yet by all indications, the FDA will approve cefquinome this spring. That outcome is all but required, officials said, by a recently implemented "guidance document" that codifies how to weigh the threats to human health posed by proposed new animal drugs.

The wording of "Guidance for Industry #152" was crafted within the FDA after a long struggle. In the end, the agency adopted language that, for drugs like cefquinome, is more deferential to pharmaceutical companies than is recommended by the World Health Organization.

Cefquinome's seemingly inexorable march to market shows how a few words in an obscure regulatory document can sway the government's approach to protecting public health.

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Industry representatives say they trust Guidance #152's calculation that cefquinome should be approved. "There is reasonable certainty of no harm to public health," Carl Johnson, InterVet's director of product development, told the FDA last fall.

Others say Guidance #152 makes it too difficult for the FDA to say no to some drugs.

"The industry says that 'until you show us a direct link to human mortality from the use of these drugs in animals, we don't think you should preclude their use,' " said Edward Belongia, an epidemiologist at the Marshfield Clinic Research Foundation in Wisconsin. "But do we really want to drive more resistance genes into the human population? It's easy to open the barn door, but it's hard to close the door once it's open."

The FDA knows how hard it can be to close that door. In the mid-1990s, overriding the objections of public health experts from the Centers for Disease Control and Prevention (CDC), the drug agency approved the marketing of two drugs, Baytril and SaraFlox, for use in poultry. Both are fluoroquinolones, a class of drugs important for their ability to fight the bioterror bacterium that causes anthrax and a food-borne bacterium called campylobacter, which causes a serious diarrheal disease in people.

Before long, doctors began finding fluoroquinolone-resistant strains of campylobacter in patients hospitalized with severe diarrhea. When studies showed a link to poultry, the FDA sought a ban. But while Abbott Laboratories, which made SaraFlox, pulled its product, Baytril's manufacturer, Bayer Corp., pushed back.

"They fought this tooth and nail. It took years," said Kirk Smith, an epidemiologist at the Minnesota Department of Health.

Finally, late in 2005, Bayer gave up, but not before fluoroquinolone resistance had spread even further.A Question of Resistance

Microbes are constantly mutating, and some of those mutations happen to confer immunity to one drug or another. Exacerbating the problem, bacteria constantly exchange bits of DNA with each other, spreading that resistance.

Given those realities, experts agree that all antibiotics should be used judiciously.

"If a drug is used less, then less resistance emerges," said Patricia Griffin, chief of intestinal disease epidemiology for the CDC.

Prudence is especially important for medicines of last resort, which is why the cefquinome application stirred such a storm.

Cefquinome is a fourth-generation cephalosporin, the most recent of several steadily improving versions of the cephalosporin family of antibiotics. Only one medicine from that family has been approved in the United States -- a powerful human drug called cefepime (brand name Maxipime), which is the only effective treatment for serious infections in cancer patients and a reliable lifesaver against several other nearly invincible infections.

InterVet developed cefquinome to treat bovine respiratory disease, the most common disease in cattle. Recognizing the potential public health implications of using a close cousin of cefepime in animals, the FDA's Center for Veterinary Medicine, which oversees animal drug approvals, convened its expert advisers in September.

One of the first things the group learned was that more than a dozen medicines are already on the market for the respiratory syndrome, and all are still effective.

"If we have no susceptibility problem, why do we need one more new drug?" asked James E. Leggett Jr., a professor of medicine at Oregon Health & Science University, whom the FDA brought in as a consultant on the cefquinome question.

The panel also learned that the disease would be a relatively minor issue but for the stressful conditions under which U.S. cattle are raised, including high-density living spaces and routine shipment on crowded trains for hundreds or thousands of miles. Those "production dynamics" suppress the animals' immune systems, explained feedlot consultant Kelly Lechtenberg of Oakland, Neb., and virtually guarantee that bovine respiratory disease will be a major problem.

Yet Stephen Sundlof, head of the FDA's Veterinary Medicine Center, told the panel members that under agency rules they should ignore those issues and consider only the language in Guidance #152.Flaws Seen in Rules

Guidance #152 is essentially a checklist of points to consider when weighing the potential human impact of a new animal drug.

After the Baytril debacle, the public health community embraced the idea of a guidance document. A formalized risk-assessment process promised to minimize the chances of making a bad regulatory call.

But a struggle ensued when the FDA hosted meetings to spell out the criteria to be used for measuring risk, often with veterinarians and veterinary drug companies on one side and doctors and public health experts on the other.

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When differences could not be resolved after repeated drafts and months of work, the agency sidestepped some tough issues and adopted language that both sides agree can block approval of the most worrisome drugs -- those such as Baytril that are put in animal feed or water, and so are easily overused. But public health experts say the wording tilts the playing field toward industry for other kinds of drugs. They want to see it revised.

Most glaring, they say, is that the guidance makes it almost impossible to say no to a new animal drug unless it is likely to threaten the effectiveness of an antibiotic that is a critical player against food-borne illnesses. By contrast, the World Health Organization recommends saying no if approval would spur resistance to any antibiotic that is important for fighting "serious human disease" -- not just food-borne illnesses.

Cefquinome's primary threat is that it may undermine the usefulness of the closely related human drug, cefepime. But as it turns out, the FDA does not consider cefepime a front-line drug against food-borne infections. So although it is a highly important drug in human medicine generally -- and although the Infectious Diseases Society of America even recommends it against some food-borne bacteria -- that risk does not count under the terms of Guidance #152.

A related problem is that the guidance's definition of "food-borne" is conservative, said Margaret Mellon of the Union of Concerned Scientists, a science policy advocacy group. For example, most urinary tract infections are caused by intestinal bacteria acquired from food, and cefepime is prescribed for those infections. If the FDA counted those infections as food-borne, then the guidance's formula would call for rejecting cefquinome for cattle.

"But FDA didn't do that," Mellon said. "That restricted the analysis right there."

Moreover, the guidance does not take into account that when microbes become resistant to fourth-generation cephalosporins, they often gain resistance to third-generation versions, too.

Third-generation cephalosporins are among the only effective therapies for serious gastrointestinal diseases in children and are the sole therapies for many cases of meningitis. That means the emergence of resistance to fourth-generation cephalosporins "could have a much more far-reaching effect" than is considered under the terms of Guidance #152, John H. Powers, a medical officer at the FDA's Center for Drug Evaluation and Research, told the agency's panel of experts.How Great a Risk?

Richard Carnevale, vice president for scientific and regulatory affairs at the Animal Health Institute, which represents veterinary drugmakers, said critics should not presume that a dozen drugs effective against bovine respiratory syndrome are enough.

"It's not a question of whether there is a need or not," Carnevale said. "The answer is, there's always a need."

The institute contends that the risk to human health posed by animal antibiotics has been overblown.

Officials at InterVet declined several requests to be interviewed. In a statement, the company said it "fully supports the prudent use of antibiotics in animals."

The statement also said that in Europe, fourth-generation cephalosporins similar to cefquinome have been used in animals for the past decade "without compromising the interests of public health."

Yet recent European data indicate that resistance against this class of antibiotics is on the rise.

An analysis of E. coli bacteria in pigs and other animals in Spain, published in December, found high levels of the resistance that renders fourth-generation cephalosporins useless. A January report from Britain documented similar resistance patterns emerging at 10 farms.

Microbes resistant to fourth-generation cephalosporins have also begun to pop up in European patients. Such resistance is virtually unknown in the United States, where fourth-generation cefepime has been used in patients since 1997. That suggests that the resistance emerging in Europe is a result of veterinary use, said Steve Roach of the Food Animal Concerns Trust, a Chicago public interest group.

Roach says he is concerned that history is about to repeat itself. U.S. cattle were free of bacteria resistant to third-generation cephalosporins in 1997, but by 2003 one of every five samples was resistant. "This is exactly what should be avoided with cefquinome," he said.Merely Suggestions

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At the FDA advisory meeting in September, the agency's experts defied Guidance #152 and voted 6 to 4 against approval of cefquinome. But that day, and in follow-up interviews, Sundlof, the agency's veterinary chief, made it plain that the vote was "not binding."

"I think we all agreed . . . that Guidance for Industry #152 would be the criteria against which we would base our decisions on safety," Sundlof said at the meeting.

Concerned that the FDA is poised to approve cefquinome, Congress's only microbiologist recently wrote to the agency.

"Given the recent outbreaks of E. coli and other food borne illnesses across the nation, it is hardly the time to ignore the advice of scientists, and potentially impair our ability to treat deadly infections," wrote Rep. Louise M. Slaughter (D-N.Y.), who chairs the House Rules Committee.

Yet, being realists, the FDA advisers in September said more than just no. They told the FDA that if it approves cefquinome, then it should at least impose limits to minimize the potential consequences. One suggestion was to explicitly preclude "off label" use of the drug -- that is, to tell veterinarians that it can be used only for bovine respiratory disease.

But Sundlof said that, under FDA rules, those decisions must be left up to veterinarians unless there is clear evidence that wider use is causing harm.

"We have to take a fairly legal interpretation," Sundlof said in an interview. "If we have no evidence of a problem, or sparse evidence, we would not be able to make the prohibition prior to approval."

However, raising a point that opponents do not find very reassuring, he noted: "As soon as we have the first glimpse of evidence that off-label use of a drug is causing resistance, we have the authority to prohibit off-label use."

The advisers also urged that as a condition of approval, the FDA should demand that InterVet provide annual reports on how much cefquinome was used and in which animals -- data that would help scientists detect links between the drug's use and patterns of resistance that emerge in people.

"Without reliable, meaningful data on the quantity of use, the purpose of use, the type, number and location of animals treated, it will be exceedingly difficult to interpret fluctuations in rates of resistance," said Susan Prolman of the Union of Concerned Scientists.

But Sundlof offered little hope for that outcome.

"That is information that would be useful to have," he said. But the agency does not have the authority to demand it.

Public Health Agency Linked To Chemical Industry (LAT)

By Marla Cone

The Los Angeles Times, March 4, 2007

The work of a federal risk-assessment center is guided by a company with manufacturing ties. Some scientists see bias.

For nearly a decade, a federal agency has been responsible for assessing the dangers that chemicals pose to reproductive health. But much of the agency's work has been conducted by a private consulting company that has close ties to the chemical industry, including manufacturers of a compound in plastics that has been linked to reproductive damage.

In 1998, the Center for the Evaluation of Risks to Human Reproduction was established within the National Institutes of Health to assess the dangers of chemicals and help determine which ones should be regulated. Sciences International, an Alexandria, Va., consulting firm that has been funded by more than 50 industrial companies, has played a key role in the center's activities, reviewing the risks of chemicals, preparing reports, and helping select members of its scientific review panel and setting their agendas, according to government and company documents.

The company produces the first draft of the center's reports on the risks of chemicals, including a new one on bisphenol A, a widely used compound in polycarbonate plastic food containers, including baby bottles, as well as lining for food cans.

The center's work is considered important to public health because people are exposed to hundreds of chemicals that have been shown to skew the reproductive systems of newborn lab animals and could be causing similar damage in humans. Chemical companies and industry groups have staunchly opposed regulation of the compounds and have developed their own research to dispute studies by government and university scientists.

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The bisphenol A report, which some scientists say has a pro-industry bias, is a public document scheduled for review by the center's scientific panel on Monday. Employees of Sciences International involved in writing it will preside over the meeting.

Sen. Barbara Boxer (D-Calif.) and Rep. Henry A. Waxman (D-Los Angeles) in a Wednesday letter called for an explanation of the company's role and disclosure of its potential conflicts of interest before the panel convenes Monday. Boxer chairs the Senate's environmental committee and Waxman chairs the House's government oversight and reform committee.

Sciences International executives declined to comment to The Times, referring all questions to the National Institute of Environmental Health Sciences.

Michael Shelby, director of the federal reproductive health center, which is based in North Carolina's Research Triangle Park, also declined to discuss Sciences International.

But Robin Mackar, a spokeswoman for the National Institute of Environmental Health Sciences, which oversees the reproductive center, said Sciences International "has worked for the center since 1998 without any problems" and has participated in reports on 17 chemicals.

"These contractors have no decision-making or analytical responsibilities," she said.

But according to company and government websites and Federal Register documents, Sciences International is involved in management and plays a principal scientific investigative role at the federal center. The company has a $5-million contract with the center, according to an NIEHS document.

"The most significant project at our firm is the management of the National Toxicology Program's Center for the Evaluation of Risks to Human Reproduction," the Sciences International website says. It says half its clients are from the private sector, but its health studies are independent and it "is proud of its reputation for objective science."

Its current website contains no list of industry clients. But a 2006 version names BASF and Dow Chemical — which manufacture the plastics compound BPA — as well as DuPont, Chevron, ExxonMobil, 3-M, Union Carbide, the National Assn. of Manufacturers, and 45 other manufacturing companies and industry groups.

In 1999, Sciences International represented R.J. Reynolds Tobacco Co. in fighting an Environmental Protection Agency proposal to regulate a pesticide used on tobacco crops. In 2004, its vice president, Dr. Anthony Scialli, who is identified as the federal center's "principal investigator," co-wrote a study with a Dow Chemical Co. researcher on how to extrapolate data from animal tests to humans.

In addition, another Sciences International employee who works at the federal agency, Gloria Jahnke, has collaborated nine times on chemicals research with another company that gets funding from the plastics industry, according to a Times review of medical publications.

Sciences International's president boasted about its close collaboration with the federal reproductive health center, as well as the EPA and other federal agencies, in a letter soliciting R.J. Reynolds as a client in 1999.

Signed by company founder Elizabeth Anderson, the letter stated that Sciences International "serves the private sector, including many trade associations, on a wide range of health and risk assessment issues. However, we are different from most other consulting firms in that we also currently serve government agencies," which, the letter said, gives the company "a unique credibility to negotiate with regulators on behalf of our private sector clients."

The role of Sciences International in the federal center's work came to the attention of Environmental Working Group, a nonprofit advocacy group focused on environmental health, last month after some scientists who saw the report on BPA complained that it was biased toward the industry's position that low doses have no effect.

"We are unaware of any other instance in which nearly all of the functions of a public health agency have been outsourced to a private entity," wrote Richard Wiles, the working group's executive director, in a letter to the director of the NIH's National Toxicology Program, which runs the reproductive health center. "Questions about the objectivity and adequacy of this review process and the reviewers must be resolved before a final decision on BPA is reached."

Debate over BPA is one of the most contentious environmental health issues faced by government and industry. Traces are found in the bodies of nearly all Americans tested, and low levels — similar to amounts that can leach from infant and water bottles — mimic estrogen and have caused genetic changes in animals that lead to prostate cancer, as well as decreased

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testosterone, low sperm counts and signs of early female puberty, according to more than 100 government-funded studies. About a dozen industry-funded studies found no effects.

Fred vom Saal, a University of Missouri-Columbia scientist conducting NIH-funded BPA research, said the draft report written by Sciences International downplays the risks of the plastics chemical and makes critical mistakes.

"It's a combination of inaccurate information and blatant bias as it exists in its draft form," vom Saal said. "They specifically ignore fatal flaws in industry-sponsored publications." He said the 300-page report misrepresented government-funded studies that found effects by inaccurately portraying their findings, and failed to note industry funding of some studies cited.

Shelby, the center's director, in a late February memo to the Environmental Working Group, said Sciences International reviews the scientific literature on chemicals and writes the basic reports, but that conclusions are prepared by the center's panel of independent scientists, which "serves to minimize or eliminate any bias that might possibly be introduced by the contractor."

Shelby wrote that there are no requirements for Sciences International or other contractors to disclose financial conflicts of interest.

Mackar, of the National Institute of Environmental Health Sciences, said the chemical reviews are "all open and public" and "we're confident in our scientific panel."

But Vom Saal said that although the scientific panel includes many good, independent scientists, "none of them have expertise with this chemical."

A Federal Register document describing the center's creation in 1998 said scientists from Sciences International and the center "constitute a core committee" that "selects the expert panel membership and establishes the meeting agenda."

Why They Fight (NYT)

By Jacob Heilbrunn

The New York Times Book Review, March 4, 2007

George W. Bush, reviled by the left ever since he became president, has recently accomplished the feat of acquiring a new and unlikely set of detractors. The longer he flounders in domestic and foreign policy, the more a vocal contingent of intellectuals and columnists allied to the Republican Party is attacking him. Unlike that of most Bush critics, however, their complaint isn't that the president has veered too far to the right. It's that he isn't conservative enough.

In "Leviathan on the Right," Michael D. Tanner offers the fullest exposition of this line of reasoning to date. Tanner, the director of health and welfare studies at the libertarian Cato Institute, comes not to bury but to resurrect the conservative cause. By exposing Bush and the Republican leadership as apostates who foolishly believe big government can be employed for conservative ends, Tanner hopes to persuade the right to return to what he sees as its original ideals of limited government and individual responsibility.

To dramatize this fall from grace, Tanner evokes a lost conservative golden age that stretched from Barry Goldwater to Ronald Reagan. Goldwater, the founding father of modern conservatism, prepared the stage for the revolt against big government that eventually swept the country and allowed Reagan to win the presidency in 1980. Reagan, Tanner suggests, was a paragon of fiscal restraint: he boldly declared in his first Inaugural Address that he intended to "curb the size and influence of the federal establishment." Reagan's successes, though, were quickly frittered away by his pallid successor, George H. W. Bush — "a man of no discernible ideology, who allowed government to begin growing again."

This was not all. The Republican class of 1994, which had championed the rollback of the federal government, became the cat's-paw of K Street lobbyists. By 2006, Republican legislators were approving billions in pork barrel spending, thereby replicating the corruption of the Democrats that had originally allowed the Republican Party to take power. In Tanner's view, Bush himself has been no better: while his sweeping tax cuts are laudable, he has presided over the creation of new federal agencies like the Homeland Security Department and spent wildly.

Who are the intellectual authors of the Bush administration's deviation from free-market orthodoxy? Tanner fingers neoconservatives like Irving Kristol who he thinks have always been dangerously complacent about accepting the existence of the welfare state, hoping to reform rather than abolish it outright. Matters only worsened with the advent of a younger generation of neoconservatives led by the Weekly Standard editor William Kristol and the New York Times columnist David Brooks, who tout a

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"national greatness conservatism." Tanner rebukes them for being "suspicious of unfettered free-market capitalism" and for rejecting "the primacy of individual choice." As he sees it, the neoconservatives, like the religious right, are dangerously obsessed with trying to legislate morality through socially responsible government programs.

Tanner is a lucid writer and vigorous polemicist who scores a number of points against the Republican Party's fiscal transgressions, but he has ultimately produced a fairy tale. The notion that Reagan actually fought for small government is wishful thinking. The Gipper didn't abolish a single major federal agency, he strengthened Social Security by approving a payroll tax hike and he added $1.4 trillion to the national debt. It was Bill Clinton who left behind a $236 billion surplus in 2000, which Bush promptly squandered. Contrary to Tanner and many other Reagan idolaters, Bush hasn't forsaken Reagan's legacy; by engaging in simultaneous tax cuts, massive military spending and deficit spending, he has continued it.

What's more, Tanner glides rather easily from linking the corruption of the Republican Congress to big government. There is no necessary connection between the two. The fact that a Republican Congress looted the government on behalf of big business and itself does not discredit Social Security, Medicare and a host of other programs. It simply testifies to the venality of the Republican Congress. Perhaps Tanner's most questionable claim is that "politically, for all the internal disagreements, support for a strong national defense remains the glue that holds the various wings of the Republican Party together. The debate that will truly matter is whether or not conservatives still believe in small government." Like it or not, conservatives such as Tanner will have to grapple with the political, moral and fiscal consequences of an imperial foreign policy.

At first glance, Joe Conason's "It Can Happen Here" — a play on the title of Sinclair Lewis's 1935 dystopian novel, "It Can't Happen Here" — might seem to provide a valuable opportunity to do just that. Conason, a liberal columnist for The New York Observer and the author of "Big Lies" and "The Raw Deal," surveys the concentration of corporate and political power in Washington. He ably catalogs the Bush administration's attempts to subvert civil liberties. But it soon becomes apparent that he has a proclivity for substituting hyperbole for insight.

Conason briskly arraigns the usual suspects: Bush and the neoconservatives, for conducting an Iraq war he believes was launched partly to deflect attention from mounting corporate scandals; the political theorist and neoconservative mentor Leo Strauss; and Roger Ailes of Fox News, which the author says has a "journalistically illicit relationship" with the Bush administration. In Conason's view, Bush and Dick Cheney relied on "an enormous organizational apparatus ... in and around the Republican Party" as they "swept aside law, liberty and tradition to implement their new order." In case that allusion to the Third Reich's "New Order" is too ambiguous, Conason also refers to "the direction of dictatorship" and "potential tyranny."

The Bush administration has trampled on the intelligence reforms that Congress passed in the mid-1970s. But Conason appears to view the administration's machinations with something approaching lascivious horror. His language is seldom less than apocalyptic: "It is possible that the future of democratic governance in America will be determined in the final two years of the Bush presidency, when the Republicans may yet secure a court majority that reinterprets the Constitution as a mandate for theocratic dominion and untrammeled presidential power. That would raise the real prospect of an authoritarian regime acting under color of the Constitution and the law while eviscerating both." In his zeal to indict the Republicans, Conason sounds as strident as Karl Rove depicting the Democrats as gutless appeasers.

It's also the case that Conason's alarmism inadvertently buys into Bush and Cheney's own hokum by attributing a kind of implacable and infallible power to the administration. Whatever its intentions, however, the hallmark of the administration hasn't turned out to be Machiavellian cunning but sheer ineptitude. Rather like the American cold warriors who insisted that the Soviet Union was vying for world domination even as it was going poof in the late 1980s, Conason seems reluctant to recognize that the conservative movement has been heading toward collapse. Far from consolidating a right-wing dictatorship, Bush's actual political legacy may well turn out to be resuscitating American liberalism.

OTHER NEWS:

The Return Of Volatility (LAT)

The Los Angeles Times, March 4, 2007

Investors may have the jitters, but politicians could always make it worse by overreacting to them.

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THE REMARKABLE THING about last week's harrowing stock market plunge was how remarkable it was. And that's because for all the talk of the dangers of a post-9/11 world vulnerable to terrorism, oil shocks, warfare and rising anti-Americanism, the last few years have been unusually prosperous and stable for the global economy. Indeed, before Tuesday, when the Dow Jones industrial average fell 3.3%, the index was enjoying its longest run since 1954 without a 2% single-day decline.

Around the world, economic stability has made investors somewhat cavalier about risk. Lower-risk premiums required for everything from sovereign nations' bonds to margin stock trading in China and sub-prime mortgage lending in the United States have made this a time of plentiful, cheap capital. Last week's sell-off, triggered by the Shanghai exchange's 9% drop Tuesday, reintroduced investors to the concept of risk — fear even — and the dangers of getting overextended.

The U.S. economy remains solid, but a "soft landing" is still a landing. Former Federal Reserve Chairman Alan Greenspan pointed out last week that the slowdown in corporate profits is a sign that "we are in the later stages of a cycle."

Last week was also a reminder of the growing interdependence of global markets. Unfortunately, the days when President Clinton and Treasury Secretary Robert E. Rubin could quickly reassure markets as an overseas financial crises loomed, and reaffirm the desirability of stronger links between the U.S. and other economies, are long gone. In a far more protectionist climate that is wary of the outside world, there is a danger that both Republican and Democratic members of Congress will unleash a political backlash to relatively minor financial hiccups, which could trigger a financial panic or even a recession.

It would be a disaster, for instance, if Congress allowed the president's trade promotion authority — under which he can negotiate trade deals that Congress must put to an up-or-down vote — to lapse, or if it persists in erecting new roadblocks to foreign investment in this country.

And then there is the incessant temptation to vilify China. Sen. Hillary Rodham Clinton (D-N.Y.), who should know better given the example set by her husband, used the Shanghai sell-off to issue a statement expressing concern about the amount of U.S. public debt owned by China and the ensuing "erosion of U.S. economic sovereignty." The fact that foreigners, including China's central bank, are eager to invest in the U.S. economy has been a huge benefit to American living standards and a win-win for the global economy. Pressed on CNBC whether she would propose limiting the amount of Treasury bills foreigners could purchase, Clinton said "not at this time."

Even assuming she was merely pandering to xenophobic voices in her party, it's not encouraging. If enough politicians follow her lead, modest financial corrections could turn into greater trouble for the U.S. economy.

Romney Wins Conservatives' Straw Poll (WP)

By Michael D. Shear

The Washington Post, March 4, 2007

Giuliani, Brownback Next in CPAC Vote

Presidential candidate and former Massachusetts governor Mitt Romney yesterday won a straw poll of conservative political activists gathered in Washington, a very early indication of how an important Republican constituency might vote.

Romney was the first choice for the GOP nomination, with 21 percent of the 1,705 activists who voted at the 34th annual Conservative Political Action Conference. Former New York mayor Rudolph W. Giuliani came in second with 17 percent, and Sen. Sam Brownback (Kan.) was third with 15 percent.

Last year, the activists said they preferred as their presidential candidate then- senator George Allen (Va.). He lost his reelection bid in November.

The nation's first primary is more than 10 months away, making such votes little more than a popularity contest among a slice of the population that might not represent any electorate.

But the result underscored the difficulty that one GOP candidate, Sen. John McCain (Ariz.), faces in drawing conservative support because of past views and statements. McCain -- who did not attend the convention, unlike Romney and Giuliani -- came in fifth in the straw poll, and the mention of his name yesterday drew boos from the crowd.

Former House speaker Newt Gingrich (Ga.) brought the convention to a raucous close yesterday with a speech in which he urged conservatives not to compromise and called for a broader national debate about ideas.

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He called on eventual presidential nominees to commit to nine, 90-minute debates after Labor Day 2008. "We need to find a way to have an honest dialogue that is far beyond the kind of baloney you get in nine-second sound bites," Gingrich said.

Gingrich, who has not yet said he is running for president, was virtually mobbed by the crowd as he entered the ballroom. He finished fourth in the straw poll, with 14 percent.

Conservatives Pick Romney In Straw Poll (LAT)

By Tom Hamburger

The Los Angeles Times, March 4, 2007

Despite his record on social issues, the former Massachusetts governor is the top choice for the GOP nomination.

WASHINGTON — Republican presidential candidate Mitt Romney is struggling in national public opinion polls but, after a concerted effort, was named the winner Saturday of a straw poll of conservative activists at an annual gathering.

Despite skepticism about his record on social issues, the former Massachusetts governor received 21% of the 1,705 votes cast by paid attendees to the Conservative Political Action Conference who were asked to name their top choice for the 2008 GOP presidential nomination.

Former New York Mayor Rudolph W. Giuliani, whose past positions on abortion and gay rights also stand at odds with social conservatives, came in second in the informal poll, with 17% of the votes.

Both men received standing ovations from the thousands of conservatives who gathered for three days to, among other things, assess damage to their once powerful movement inflicted by the increasingly costly war in Iraq and the 2006 election.

Sen. John McCain of Arizona, the only leading candidate who did not attend the event, received 12% of the votes, and the mention of his name drew occasional boos from the audience.

McCain came in behind his Senate colleague Sam Brownback of Kansas. Backed enthusiastically by social conservatives who admire his strong opposition to abortion, Brownback received 15% of the votes.

Former House Speaker Newt Gingrich of Georgia, who hasn't decided whether to run, also topped McCain, receiving 14% in the straw vote.

Romney's win among the conservatives gathered in Washington contrasts with his showing in other polls. A Newsweek poll released this weekend shows Giuliani surging ahead of McCain and Romney among Republican voters.

The former mayor led McCain 59% to 34% in the Newsweek poll. When matched against Romney in the poll, Giuliani led the former governor 70% to 20%. In a McCain-Romney matchup, respondents preferred McCain by 59% to 26%.

Giuliani also did well when pitted against Democrats. Giuliani was closely matched against Sen. Hillary Rodham Clinton of New York in the Newsweek poll, with 47% to her 46%. When paired up against Sen. Barack Obama of Illinois, he led 48% to 43%. The margin of error for the poll was 3 percentage points.

The poll provided another, incidental boost for the former mayor: Eighty-two percent of registered Republicans surveyed said a candidate's marital history was not an important consideration for them. Giuliani has been married three times.

Though behind in the polls, Romney has racked up endorsements from prominent Republican officeholders and party leaders. He has been pushing to establish his bona fides among conservatives who have openly worried about his changing positions on abortion and gay rights issues.

Romney paid the registration fees of some student attendees, and his campaign's representatives were visible throughout the conference.

Giuliani has not disavowed his advocacy on some social issues but has pledged to appoint "strict constructionist judges" if elected.

He received a warm reception when he spoke.

A ballot that combined conference attendees' first and second choices for the Republican nomination in 2008 showed Giuliani coming in first with 34%, compared with Romney and Gingrich, who were tied for second with 30%. McCain received 20% in the combined category.

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Conservatives pondering how to respond to the Democratic takeover on Capitol Hill received no shortage of recommendations during the three-day conference. Many speakers such as author and activist Richard Viguerie said party leaders had lost their way and had betrayed true conservatism.

Minnesota Gov. Tim Pawlenty called on conservatives to address populist concerns such as healthcare, the environment and economic security.

This year's parade of candidates at the conservative gathering "is a reflection of the fact that there is no Reagan in the field," said David A. Keene, chairman of the American Conservative Union, which sponsored the convention. "It is not a slam dunk for anybody."

Keene said he detected a detached skepticism among this year's conventioneers.

"You see the attentiveness with which people are listening — it's not with adoration," he said. "They view themselves more as judges than advocates."

Not In Race, Gingrich Still Has Right Stuff (WT)

By Ralph Z. Hallow, Stephen Dinan

The Washington Times, March 4, 2007

Newt Gingrich received a hero's welcome at the Conservative Political Action Conference yesterday, but it was Tom DeLay who gave the thousands of activists their marching orders: Unite conservative interest groups into a machine that can overpower the unity of their liberal counterparts.

Mr. Gingrich, who won't decide whether he will run for president until after September, tied former Massachusetts Gov. Mitt Romney for second place in the conference's combined first- and second-choice straw poll with 30 percent each, trailing only former New York City Mayor Rudolph W. Giuliani, who won with a combined 34 percent.

"We will not defeat the Clinton machine by being negative," Mr. Gingrich said, referring to Democratic front-runner Sen. Hillary Rodham Clinton of New York. "We will defeat the Clinton machine by offering better solutions based on better values with a deeper reach into the American people's lives and psyche."

The former House speaker challenged all of the candidates to commit to a new way of conducting the last nine weeks of the presidential campaign: Forgo attack ads and meet once a week for 90-minute in-depth discussions, "no Mickey Mouse," with just a timekeeper, no moderator and no panel of questioners.

In the straw poll of 1,705 CPAC attendees who voted, Mr. Romney was the top choice of 21 percent, followed by Mr. Giuliani at 17 percent, Sen. Sam Brownback of Kansas at 15 percent, then Mr. Gingrich at 14 percent and Sen. John McCain of Arizona at 12 percent.

But combined with second-choice ballots, Mr. Giuliani vaulted to the top -- followed by Mr. Romney and Mr. Gingrich. Mr. Brownback was fourth, Mr. McCain fifth, and Rep. Tom Tancredo sixth with 9 percent.

The combined choice is the most important yardstick because it measures depth of support, said J. William Lauderback, executive vice president of the American Conservative Union, the conference's chief sponsor.

"The Romney [second choice] number was markedly shallow at 9 percent," he said.

Mr. McCain was the only major candidate not to attend CPAC. He told Mort Kondracke of the Fox News Channel he didn't need to attend because CPAC was mostly Washington insiders.

Conference organizers said yesterday that the 5,200 people who registered for CPAC, held at the Omni Shoreham hotel in Northwest, came from 49 states, and just 15 percent were from Maryland, Virginia and the District.

"Newt Gingrich is probably the only rock star in the conservative world right now," Georgia Republican activist Phil Kent said. "You saw the energy when he entered the ballroom. I didn't see that for any of the others."

Mr. DeLay, the former House majority leader, who left Congress under the cloud of an indictment in Texas, criticized CPAC and other conservative gatherings for never offering plans of action to defeat the left. He said he is forming a Coalition for a Conservative Majority that would unite the various conservative interest groups into a single message for the conservative cause.

"When I left Congress, I had two things to do: support the conservative cause and defend Israel," he said.

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Mr. DeLay said conservatives must overcome their independent streak and match liberal groups' willingness to take up each other's goals.

"You'll get abortionists working on labor policy. You'll get unions working for abortionists," he said of the liberal machine. "We need to understand that all of these conservative groups out there need to come together and work together to maximize our resources."

But some conservatives are not yet ready to forgive Mr. DeLay for saying, during the spending spree after Hurricane Katrina, that the money should be added to the deficit because Republicans had pared the budget down so well already.

"As a conservative activist, I'm still hoping he is going to retract his comments that there is not any more fat in the federal budget," said George Primbs, 44, a database marketing manager from Woodbridge, who was attending his 20th CPAC.

Speaking earlier in the day, former Virginia Gov. James S. Gilmore III called himself "the real conservative" in the race. He cited Mr. Romney's admission he voted for Democrat Paul Tsongas in 1992 and Mr. Giuliani's acknowledged vote for Democrat Mario Cuomo for New York governor in 1994 as evidence the others fall short.

"What are we expected to do?" Mr. Gilmore asked. "There is not a person in this room who was so confused in those days they would have voted for Paul Tsongas and Mario Cuomo."

He also attacked Mr. McCain, saying he fits the label "maverick" more than "conservative" for having opposed President Bush's tax cuts and supporting "amnesty" for illegal aliens.

"Gilmore had the best message, and he delivered it beautifully," said Donald J. Devine, who headed President Reagan's Office of Personnel Management.

The straw poll also made it clear that Mr. Bush is mostly irrelevant to the conservative movement. In the poll, 79 percent described themselves as a "Ronald Reagan Republican," but just 3 percent said they were a "George W. Bush Republican."

Romney Favored Among Conservatives In Straw Poll (AP)

AP, March 3, 2007

WASHINGTON (AP) -- Mitt Romney won the most support for the Republican presidential nomination in a Saturday straw poll of GOP activists attending an annual conference.

Despite his record of inconsistency on some social issues, the former Massachusetts governor got 21 percent of the 1,705 votes cast by paid registrants to the three-day Conservative Political Action Conference.

They were asked who their first choice would be for the Republican nomination.

Rudy Giuliani, the former New York City mayor whose moderate stances on social issues irks the party's right wing, was second with 17 percent.

Both were among the more than half-dozen White House hopefuls who spoke at the conference.

Republican Sen. John McCain of Arizona, who rounds out the top tier of serious GOP contenders, skipped the event -- and was punished for it. He got only 12 percent of the vote.

Ahead of him were Romney, Giuliani and two others. Sen. Sam Brownback of Kansas, a favorite of religious conservatives, got 15 percent, while former House Speaker Newt Gingrich of Georgia, who says he won't decide whether to run until the fall, got 14 percent.

Others got 5 percent or less.

A year ago, then-Virginia Sen. George Allen received 22 percent of the vote. His presidential chances evaporated last year as he struggled to win -- and eventually lost -- his Senate re-election race.

In that CPAC poll last year, McCain had 20 percent, Giuliani had 12 percent, Secretary of State Condoleezza Rice had 10 percent, and Gingrich had 5 percent.

G.O.P. Candidates Criticize Slur By Conservative Author (NYT)

By Adam Nagourney

The New York Times, March 4, 2007

DOJ_NMG_0139848

WASHINGTON, March 3 — Three of the leading Republican presidential candidates on Saturday denounced one of their party's best-known conservative commentators for using an antigay epithet when discussing a Democratic presidential contender at a gathering of conservatives here.

The remarks by Ann Coulter, an author who regularly speaks at conservative events, were sharply denounced by the candidates, Senator John McCain of Arizona, Rudolph W. Giuliani of New York and Mitt Romney of Massachusetts. Their statements came after Democrats, gay rights groups and bloggers raised a storm of protest over the remarks.

Speaking at the Conservative Political Action Conference before an overflow crowd on Friday, Ms. Coulter said, "I was going to have a few comments on the other Democratic presidential candidate John Edwards, but it turns out you have to go into rehab if you use the word 'faggot,' so I — so kind of an impasse, can't really talk about Edwards."

Mr. Edwards's aides responded with an e-mail message that attacked Ms. Coulter and urged supporters to donate to Mr. Edwards's campaign. "John was singled out for a personal attack because the Republican establishment knows he poses the greatest threat to their power," said his campaign manager, David E. Bonior. "Since they have nothing real to use against him, Coulter's resorting to the classic right-wing strategy of riling up hate to smear a progressive champion."

Ms. Coulter, asked for a reaction to the Republican criticism, said in an e-mail message: "C'mon, it was a joke. I would never insult gays by suggesting that they are like John Edwards. That would be mean."

At the conference, she said she was likely to support Mr. Romney.

The criticisms by the Republican candidates put them in a difficult position because the Conservative Political Action Conference has been gathering for conservative and Republican leaders for over 25 years.

The speakers this year included Vice President Dick Cheney and most of the presidential candidates, whose presence suggested the political influence the group holds in the party's nominating process. Mr. Cheney was not at the event on Friday.

Of the major Republican candidates, only Mr. McCain did not attend, but he denounced her remarks on Saturday morning. "The comments were wildly inappropriate," said his spokesman, Brian Jones.

Mr. Giuliani said, "The comments were completely inappropriate and there should be no place for such name-calling in political debate."

Kevin Madden, a spokesman for Mr. Romney, said: "It was an offensive remark. Governor Romney believes all people should be treated with dignity and respect."

Mr. Romney preceded Ms. Coulter at the event and mentioned that she was speaking later — he jokingly referred to her as a "moderate." But he was not in the room when she spoke, Mr. Madden said.

Coulter Drops F-bomb Onto Political Battlefield (CNN)

CNN.com, March 4, 2007

WASHINGTON (CNN) -- Prominent politicians from both parties and a gay-rights group on Saturday condemned right-wing commentator Ann Coulter for her reference Friday to Democratic presidential candidate John Edwards as a "faggot."

"Ann Coulter's use of an anti-gay slur yesterday was un-American and indefensible," Edwards said in a posting on his Web site, www.johnedwards.com.

"In America, we strive for equality and embrace diversity. The kind of hateful language she used has no place in political debate or our society at large.

"I believe it is our moral responsibility to speak out against that kind of bigotry and prejudice every time we encounter it."

Edwards' campaign posted the video on their Web site, and asked readers to help them "raise $100,000 in 'Coulter Cash' this week to keep this campaign charging ahead and fight back against the politics of bigotry."

Coulter made her comment in Washington during an address to the 34th annual meeting of the Conservative Political Action Conference, during which she gave her opinions about the Democrats' slate of presidential hopefuls.

"I was going to have a few comments on the other Democratic presidential candidate, John Edwards, but it turns out that you have to go into rehab if you use the word 'faggot,' so I'm - so, kind of at an impasse, can't really talk about Edwards, so I think I'll just conclude here and take your questions," said Coulter, whose comment was followed by applause.

CNN has reached out to Coulter's representative, and received no response.

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But the New York Times reported that she responded, in an e-mail, "C'mon, it was a joke. I would never insult gays by suggesting that they are like John Edwards. That would be mean."

A spokesman for Sen. John McCain, a Republican presidential candidate, called Coulter's comments to the conservative group "wildly inappropriate."

In a written statement, Sen. Edward Kennedy, D-Mass., said, "Ann Coulter's words of hate have no place in the public sphere much less our political discourse. Not only should she apologize but those who participated in the conference with her should denounce her shameful and divisive actions."

"Ann Coulter's use of this anti-gay slur is vile and unacceptable," said Neil G. Giuliano, president of the Gay & Lesbian Alliance Against Defamation, "and the applause from her audience is an important reminder that Coulter's ugly brand of bigotry is at the root of the discriminatory policies being promoted at this gathering."

In a written statement, Democratic National Committee Chairman Howard Dean called on Republicans to denounce her remarks. "There is no place in political discourse for this kind of hate-filled and bigoted comments," he said.

During a question-and-answer session, Coulter referred back to the issue of gays by alluding to the bid for the Republican presidential nomination being made by former Massachusetts Gov. Mitt Romney.

"I do want to point out one thing that has been driving me crazy with the media -- how they keep describing Mitt Romney's position as being pro-gays, and that's going to upset the right wingers," she said. "Well, you know, screw you! I'm not anti-gay. We're against gay marriage. I don't want gays to be discriminated against."

She added, "I don't know why all gays aren't Republican. I think we have the pro-gay positions, which is anti-crime and for tax cuts. Gays make a lot of money and they're victims of crime. No, they are! They should be with us."

A spokesman for Romney called Coulter's use of the slur "offensive."

Ann Coulter, You're No Sister Souljah (POL)

By Jennifer Rubin

The Politico, March 3, 2007

Ann Coulter is not African-American, does not sing and never said “If black people kill black people every day, why not have a week and kill white people?” However, she is the closest the Republicans will get to Sister Souljah.

Coulter has made a career of interspersing insightful and cutting political criticism with outrageous and morally repugnant remarks. She attracted considerable attention with her crack about the group of 9/11 widows dubbed the “Jersey girls,” with a line in one of her books, “These broads are millionaires, lionized on TV and in articles about them, reveling in their status as celebrities and stalked by grief-arazzis. These self-obsessed women seemed genuinely unaware that 9/11 was an attack on our nation and acted as if the terrorist attacks happened only to them. ... I’ve never seen people enjoying their husbands' deaths so much.”

Then, there was her crack about Muslims at last year’s Conservative Political Action Conference (CPAC): “I think our motto should be post-9-11, ‘rag head talks tough, rag head faces consequences.’” At CPAC on Thursday, in endorsing Republican presidential aspirant Mitt Romney, who needs more bad press like a hole in the head, she piped up with this one: “I was going to say something about John Edwards, but it turns out you have to go into rehab if you use the word ‘faggot.’”

It's about time for a presidential contender, perhaps all of them in the spirit of Newt Gingrich’s crusade for improving public discourse, to say “enough.” Coulter’s never-ending stream of venom is not amusing, unhelpful to Republicans, and not in keeping with the ideals of a party that fancies itself as the proponent of a colorblind society and heir to Lincoln.

It is not “caving” into political correctness to distance and indeed condemn such remarks as unworthy of a political event like CPAC. To the contrary, it is altogether fitting that a group that ostensibly searches for the best in conservative ideas, rewards political courage and encourages intellectual debate, should be able to differentiate the amusing from the offensive, and the clever from the vile.

Conservatives take great glee in condemning ideological opponents who share stages with Al Sharpton or give a convention seat to Michael Moore. It would certainly boost their credibility to toss their own baggage out.

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Would it be a stunt to call out Coulter, who obviously revels in the attention of provocative pronouncements? No. Excommunication is not being suggested, just a public rebuke. By clearly stating her comments are beyond the bounds of civil discourse and her presence not a welcome addition to a mature political party, the Republicans could do themselves a world of good. How often does a party have the opportunity to display some measure of dignity, restraint and self-reflection.?

So who will play the role of Bill Clinton to Coulter's Sister Souljah? It would be a sad commentary on the GOP if the answer is "no one."

Jennifer Rubin is a writer who lives in Virginia. Her columns appear in the Weekly Standard, the American Spectator, Human Events, abc.com and National Review Online.

Giuliani Has No Real Chance With GOP Voters... Or Does He? (WP)

By Dan Balz

The Washington Post, March 4, 2007

The 2008 presidential campaign is just weeks old, but already an article of faith within the Republican Party -- the belief that no politician who favors abortion rights and gay rights can win the GOP nomination -- is being challenged by the candidacy of former New York mayor Rudolph W. Giuliani.

The man who was named Time magazine's "Person of the Year" for his response to the Sept. 11, 2001, attacks is now leading in a slew of national polls. He is testing whether cultural and religious conservatives in the GOP will support a candidate who offers strong leadership on security and terrorism rather than ideological purity on social issues.

"This is the first Republican presidential primary since Sept. 11," said Ed Gillespie, a former Republican National Committee chairman who is neutral in the nominating battle. "Rudy Giuliani is a candidate who can clearly test the proposition that a Republican who is more moderate on social issues can capture the nomination. He's testing it now."

Whit Ayres, a Georgia-based Republican pollster, said he has been struck by the number of conservatives he has encountered who disagree with Giuliani on abortion or gay rights but are still attracted to him as a possible Republican nominee. The issue is whether that appeal can survive a long campaign in which Giuliani's New York record, his position on issues, his three marriages and his complex business dealings will be subjected to withering scrutiny.

"It truly is the question in Republican presidential politics at the moment," Ayres said. "There are a lot of people with a more traditional view who think that his leading in the polls is just a mirage and that he has no real chance. I don't believe that. I think there's more to this than simply name ID. "

Many GOP strategists still question whether Giuliani can survive the scrutiny and develop a message that appeals to voters across the spectrum of Republican conservatism. Based on his speech Friday at the Conservative Political Action Conference in Washington, there are good reasons for doubt. Giuliani highlighted his record as a tax cutter, crime fighter and welfare reformer. But he offered little resembling a traditional conservative agenda for the future, other than saying the United States must remain on offense against terrorism. The speech won a polite but hardly enthusiastic response from the audience of activists.

Still, the former mayor's decision to show up at a conference that the other leading candidate for the nomination, Sen. John McCain (R-Ariz.), skipped may earn some goodwill with an audience not predisposed to support him.

His strength in recent national polls and some state polls has already prompted many strategists, including some in rival camps, to reexamine their long-held assumptions about a party that is approaching not only its first nomination battle since the terrorist attacks but also the first since the 2006 midterm elections, which put Democrats back into power in Washington. With President Bush's approval ratings still low, Republicans are looking for a winner.

For many months, McCain has been seen as the closest thing there is to a front-runner in the Republican contest. But Giuliani has emerged not only as the popular choice for the GOP nomination but also as the Republican candidate who is currently most highly regarded by the American people -- Republicans, Democrats and independents alike.

The latest Washington Post-ABC News poll showed Giuliani leading McCain 44 percent to 21 percent, with former House speaker Newt Gingrich at 15 percent and former Massachusetts governor Mitt Romney at 4 percent. A month ago, Giuliani's lead was much narrower: 34 percent to 27 percent. Without Gingrich in the field, the most recent poll showed Giuliani's margin over McCain was 53 percent to 23 percent.

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A veteran Republican strategist, who spoke on the condition of anonymity to candidly assess the situation, said he is among those who long believed that a Republican with Giuliani's profile would have no chance. He still believes the former mayor faces significant obstacles but said the odds of Giuliani winning the nomination are not as remote as they once seemed.

He gave three reasons: the absence of a strong, traditional conservative in the GOP field; continuing antipathy among many social and religious conservatives toward McCain; and the prospect of Sen. Hillary Rodham Clinton (D-N.Y.) becoming the next president.

Giuliani "looks like he can beat Hillary, make the party competitive again in the Northeast, competitive again in California and allow us to keep our strong electoral advantage in the South and Rocky Mountain states," the strategist said.

The former mayor's campaign team believes it has found a credible path to the nomination. Its foundation is a conclusion that while the overwhelming majority of Republicans differ with Giuliani on abortion, gay rights and gun control, a much smaller percentage of GOP primary voters -- perhaps no more than a quarter -- are single-issue voters who would never vote for him because of his views on those issues, a percentage borne out by the latest Post-ABC News poll.

Giuliani's advisers see that as a reason for optimism. They say those findings still leave a significant majority of the party beginning the campaign open to his candidacy, and they think the more he can emphasize his conservatism on issues such as taxes, welfare and crime, as well as his leadership on national security issues, the more voters are likely to back him.

"Rudy Giuliani and Republican voters are going to find a tremendous amount of common ground on a wide variety of issues important to Republican voters," said Mike DuHaime, Giuliani's campaign manager.

That raises the question of what it would say about the Republican Party if Giuliani were to become the nominee. Joe Gaylord, a GOP strategist close to Gingrich, said Giuliani's well-deserved celebrity appeal from his Sept. 11 response is a powerful attribute in the current environment. But he gave voice to something other Republican strategists are saying, which is that if Giuliani were to win the nomination, "this is a different Republican Party than I know."

Giuliani's advisers also challenge the assumption that he is doing well among Republicans because they remember his post-Sept. 11 job performance but know little about his positions on social issues. They believe that many Republicans are aware of both sides of the story and still find him an attractive candidate. Even some strategists in rival campaigns share that view, based on their own analyses.

Another factor may be working in Giuliani's favor. Many big states -- California, New Jersey and Florida among them -- could hold their primaries Feb. 5. If the former mayor survives early tests in Iowa, New Hampshire and South Carolina, his advisers argue, he will be positioned to do well in the larger states.

Social conservatives make up a significant portion of the GOP primary and caucus electorates in South Carolina and Iowa -- about two-thirds of South Carolina Republican voters oppose abortion, for example. The role of social conservatives is considered to be less decisive in New Hampshire, where low taxes are a bigger priority among GOP voters than abortion.

"I believe the compression [of the nomination] calendar helps us," DuHaime said.

All that assumes that Giuliani's early strength is not a mirage and that he finds a way to transcend his disagreements with conservatives. GOP strategists say he cannot change his positions, as Romney has done in some cases, but Giuliani's advisers believe he can reassure conservatives that he is not bent on a change in party orthodoxy.

On social issues, Giuliani has tried to shift the focus from his positions on abortion and gay rights to his argument that, as president, he would appoint federal judges akin to Supreme Court Justices Antonin Scalia and Samuel A. Alito Jr. His record in New York does not necessarily support that, according to an analysis recently published in the Politico, but a Giuliani adviser said the selection process there is quite different.

Giuliani's having been married three times could hamper his efforts to appeal to culturally conservative voters, although Gingrich faces the same issue if he enters the race. Similarly, Giuliani may have to answer for his past association with former New York police commissioner Bernard B. Kerik, who was forced to withdraw as Bush's nominee to be secretary of homeland security.

Other Republicans will be watching for signs that Giuliani's candidacy is built for the long haul. Right now, he trails McCain and Romney in building a national network of organizations. Giuliani has substantial fundraising appeal, but his first-quarter

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numbers, due at the end of this month, will be an indicator of whether he can tap his full potential. His skills as a campaigner will undergo continual examination.

"I think that people like him, and likeability is a big, big factor in presidential politics," a senior Republican strategist said. "Right now, I think his numbers reflect that. As you get closer to the Iowa caucuses and the New Hampshire primary, likeability may give way to vote-determinative issues, like abortion."

Said Ayres: "I don't think there's any question those issues will come into play. The question is, will they get traction?"

Romney Values Old Time Religion (NHUL)

By Garry Rayno

New Hampshire Union Leader, March 4, 2007

MANCHESTER – Presidential candidate Mitt Romney said the Judeo Christian values that helped found America continue to guide the country today.

On the campaign trail and in the media, Romney has faced questions about his Mormon faith and whether it could hurt his chances to win the Republican Party's nomination.

"The fundamental principle of faith of Judeo Christian (belief) is there is a God, who is our heavenly Father and all the people on this earth and every speck of humanity on this earth is a creation of God ... And every creation of humanity is a child of God," Romney told the New Hampshire Union Leader and Sunday News in an interview last week.

While this country welcomes Muslims, Hindus, Buddhists and other faiths, he said, the Judeo Christian tradition remains its foundation.

Romney's positions on abortion, same-sex marriages and stem cell research have changed and are now in line with religious conservatives. Once a moderate on social issues, Romney now says: "If you had somebody in the private sector who didn't change their mind when they knew they were wrong, you fired them because they were stubborn.

"I'm happy to admit when I make mistakes and go on. And my experience is that to the voters, the response is overwhelmingly positive: 'We've got a guy who'll admit his mistakes, tell us what he's going to do and he'll honor that,'" Romney told the Associated Press after an appearance in Concord Thursday.

Having Judeo Christian values also means as a people, Americans reach out to people in need, he said at the New Hampshire Union Leader and Sunday News offices. "When we see people suffering, we feel as though it's a brother or a sister suffering," said Romney, who has a vacation home in Wolfeboro.

Seeing what is going on in Darfur, Sudan, brings pain to people's hearts, he said, just as the world's problems cause concerns.

Romney said he believes the First Amendment of the Constitution has been misinterpreted to mean that no religion should be established. Instead, he said, some believe that means establishing secularism, which is not a religion.

Romney said he would retain the word "God" in the Pledge of Allegiance to the flag, on U.S. money and in public places. "They give us a sense of remembrance of who we are and we are all related through our Divine heritage," he said. "There is a creator, and we are the family of humankind."

America's culture is what has made the country successful and the power it is, Romney said. "By in large, we are a God-fearing people."

But he noted, American culture is under attack by radical Islamists, by the economies of China and India and from within by problems such as out-of-control immigration and too many people without access to health care.

"The family structure is critical to our society. We will not succeed if 60 percent of our children are born out of wedlock," he said.

But, he added, "I'm not wringing my hands with worry. America does well when faced by challenges ... Washington is the problem. It's not a Republican or a Democratic thing."

Romney portrayed himself as an outsider who is not a career politician and is willing to work in a bipartisan manner to make needed changes.

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"I am not a life-long politician. I'm in this because I care about my kids and my grandkids and I care about your kids and grandkids," Romney said.

He said he does not want America to become the "France of the 21st century," noting that France began the 20th century as a world power, but lost that designation by the end of the century.

America still has time to deal with the issues that must be addressed in order to avoid a similar fate, Romney said.

He said the United States needs to do more to free itself from the grip of oil-producing countries, many of which are not friendly. "It's like paying the cannibals to eat you last," he said.

Romney, who as Massachusetts governor opposed a proposed wind farm off Cape Cod, said he would favor such a proposal in Buzzard's Bay. "I'd be happy to have a wind farm, but not in Nantucket Sound, or the Grand Canyon, or Chesapeake Bay or the Bay of Fundy," he said.

Along with alternative energy sources, the country needs to strive for greater energy efficiencies, Romney said. This country has yet to make a real effort to save energy, he noted, saying it cannot be done in 10 years, but could be accomplished in 20 years.

If the country becomes energy independent, he noted, it would not have to deal with someone like Hugo Chavez, the president of Venezuela, who is providing cheap heating oil to low-income residents of many Northeastern states, while severely criticizing the Bush administration.

"We have stopped thinking about Latin America in this country and we need to change that," Romney said.

He first gained national recognition for his role in turning around the 2002 Winter Olympics.

From 1978 to 1984, Romney was vice president at Bain & Company, Inc. In 1984, he founded Bain Capital, a venture capital and investment company.

Romney received his B.A. from Brigham Young University in 1971, and was awarded an MBA from Harvard Business School, and received his law degree, cum laude, from Harvard Law School.

Auditor Kicked Off Campaign (TSSC)

The State, March 4, 2007

MYRTLE BEACH — Lois Eargle felt the sting of the political whip this week when she was one of two people cut from a presidential campaign for making unpopular remarks.

Eargle, the Horry County auditor, knows she'll be taking the lashes for a long time just by looking at the fate of the other person dropped by the Duncan Hunter campaign — Henry Jordan, whose words have stuck with him for a decade.

"I guess, darling, just to put it in a nutshell, that's politics," she said.

Ten years ago during a school board meeting, former board member Jordan said, "Screw the Buddhists and kill the Muslims," adding, "And put that in the minutes." He said it was a joke.

Last week, Eargle said she told a woman looking for free legal help for her abused child "to get back to Mexico."

Eargle later said she was misquoted, but in further interviews she restated her view that the woman should return to Mexico.

The campaign took the pair off its list of a fistful of state co-chairmen — honorary titles for regional supporters — because it feared the increasing scrutiny from bloggers and media, said Ron Tyler, Hunter's spokesman.

"It'll never die, so it doesn't matter if she made an error," Tyler said. "For the campaign, it was a fatal error."

But Eargle said she was sure it would not affect her popularity at home.

"That's not going to have anything to do with me, honey, because the people in Horry County know who I am and know I'll stand up for what's right," she said. "I have enough backbone to stand up and say something that other politicians are thinking but won't say."

Eargle went on to rip Hunter, a California Republican, dismissing him as a viable candidate.

"He's not even going to win South Carolina," the former supporter said. "He lied to me. ... A politician is fake. There's a difference between a politician and a statesman. He is no statesman — he's a politician."

Jordan blamed his woes on the media, which he said paid more attention to things conservatives said than liberals.

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"Let me tell you how I feel," he said. "The daggum news media's got nothing to write about. I made a joke about Muslims and the daggum news media won't forget it. They keep bringing it up and bringing it up."

Jordan said Hunter had told him some bloggers in California had already begun bringing up his infamous remarks. "He said he thought it might be an issue," Jordan said. "The last thing we want to do is hurt his campaign."

Former Wisconsin Governor Campaigns In Iowa (AP)

AP, March 3, 2007

MOUNT PLEASANT, Iowa -- Former Wisconsin Governor Tommy Thompson may not have drawn huge crowds during campaign stops across southern Iowa today, but some of the Iowans who saw him liked what they heard.

Thompson covered several domestic issues and detailed his plan for handling the Iraq war to about three dozen people at a Mount Pleasant restaurant.

Mount Pleasant Republican Bill Layne says Thompson has qualities the country needs in a president including intelligent leadership.Diane Brinkmeyer, of New London, says she liked Thompson's solutions to welfare reform in Wisconsin. And, she says he's personable, which a politician must be to win today.

Thompson criticized health care policy in the United States as stupid, saying it spends almost all the money on care after people are sick instead of prevention.He offered a three-part plan on Iraq including an Iraqi parliament vote on whether the U.S. military should remain in the country, establishment of 18 territories in Iraq and giving one-third of the revenue from the country's oil industry directly to the people.

Thompson also campaigned in Burlington, Ottumwa and Fairfield today.

Recalling Civil Rights, Democrats Seek Black Votes (NYT)

By Jeff Zeleny

The New York Times, March 4, 2007

SELMA, Ala., March 3 — Representative John Lewis, whose political career grew out of the civil rights movement, had longed for the day he could vote for someone that he believed could become the nation's first black president. So when Senator Barack Obama entered the race, he was on the cusp of declaring his support.

Until Bill Clinton called.

Now, Mr. Lewis said, he is agonizing over whether to choose Mr. Obama, whom he once described as "the future of the Democratic Party," or Senator Hillary Rodham Clinton.

"One day I lean one way, the next day I lean another way," said Mr. Lewis, Democrat of Georgia. "Sometimes, you have to have what I call an executive session with yourself, a come-to-Jesus meeting, and somehow, some way we will all have to make a decision."

In the opening stretch of the 2008 Democratic presidential contest, Mrs. Clinton, Mr. Obama and John Edwards, the former North Carolina senator, are embroiled in what party officials believe is one of the most competitive scrambles for black supporters since the Voting Rights Act was passed four decades ago. The chief rivals will be here on Sunday when the Clintons and Mr. Obama commemorate the 42nd anniversary of Bloody Sunday, when hundreds of activists — Mr. Lewis among them — crossed the Edmund Pettus Bridge during a civil rights march from Selma to Montgomery.

Representative Artur Davis, Democrat of Alabama, invited Mr. Obama to deliver the keynote address at the historic Brown Chapel on Sunday. After Mr. Obama agreed, Mr. Davis said, Mrs. Clinton accepted an invitation to speak at a church just down the street. And two days ago, Mr. Clinton said he would join his wife in Selma, the first time since she formally entered the race that he has been called on to use his clout so directly to give her a hand.

"Her timing speaks for itself," said Mr. Davis, who supports Mr. Obama.

It will be the first time Mrs. Clinton and Mr. Obama share the same campaign turf, and curiosity was building Saturday evening as hundreds gathered in the historic district for the weekend festival. Aides to Mrs. Clinton dismissed suggestions that they were following Mr. Obama, but members of Congress traveling to Selma said they were encouraged by her allies to attend her speech, not his.

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Mr. Obama also adjusted his schedule, a spokesman said, postponing a fund-raiser in Boston on Sunday evening after learning that the Clintons would be attending the daylong series of events here.

Mr. Edwards declined an invitation. He plans to be in California on Sunday to deliver a speech — about Selma and civil rights — at the University of California, Berkeley.

Black voters are a crucial component of the Democratic electorate. In 2004, despite intensive efforts by President Bush to break the Democratic dominance, Senator John Kerry of Massachusetts won about 89 percent of the black vote.

In contested primaries, particularly in South Carolina, black support could be vital to the Democratic nominee. About 50 percent of the primary voters in South Carolina are black, and the state is fourth in line on the nominating calendar. Alabama, where about 60 percent of the primary voters are black, is making plans to move its contest to Feb. 2. And at least 16 states are considering voting on Feb. 5, including Florida, California, Illinois, New York and Texas, all states where black voters could hold considerable sway.

But the weekend appearances also offer a window into a broader struggle among the candidates to define themselves to the country and to associate themselves with the legacy of the civil rights movement in a way that could help them appeal not only to blacks but also to white Democratic voters who are proud of their party's role in that struggle.

Mr. Obama, who was born in 1961, four years before the Selma march, grew up in Hawaii and Indonesia, far from the civil rights battles that played out in the American South. While he plunged into racial issues as a young adult, he has traveled to the region only in recent years, beginning to build relationships with older leaders of the movement.

Mrs. Clinton, who was born in 1947, had her political sensibilities forged during the tumult of the late 1960s. She has benefited from her husband's immense popularity among black voters, built gradually during their years in Arkansas and then the White House. Mr. Clinton will be in Selma to be inducted into the Voting Rights Hall of Fame.

Mr. Edwards, who was born in 1953 and raised in North Carolina, often discusses growing up in the segregated South and the obligation that brings him to address issues of race and class. He has courted black support in both of his presidential campaigns.

For Mrs. Clinton, the Selma appearance could be a test of her ability to connect with black audiences, and of Mr. Clinton's ability to transfer his political aura to his wife.

It also gives Mr. Obama a chance to show he can compete with the Clintons, both in connecting the language and themes of the civil rights movement to the politics of today and in keeping the spotlight on himself in the middle of a head-to-head political spectacle.

"President Clinton remains popular and Senator Clinton will benefit a lot from that, but there are a lot of African-Americans who see the possibility of this," said Representative Elijah E. Cummings, Democrat of Maryland, who supports Mr. Obama. "People say, 'He's like my son or my grandson, and before I die, I'd like to have a chance to vote for someone who can win.' "

Clinton advisers said they were not concerned about polls showing some early signs of a tightened race for black support. They have been honing both a public message and a private political strategy to deal with what they acknowledge is the unmatchable personal appeal of Mr. Obama as a black candidate courting black voters.

"African-Americans historically align with people based on issues, not personality," said Minyon Moore, a senior Clinton adviser who, among other things, has focused on building support in the black community. "People will look at her record, look at her biography, look at her experience, and support her as a real champion of their issues."

Asked how Mrs. Clinton would compete for black votes with Mr. Obama Ms. Moore said: "It's probably a proud moment for us all. But there's so much history to be made this time around — having the first woman president, having the first African-American nominee, having the first Latino nominee." The latter was a reference to Gov. Bill Richardson of New Mexico, another Democratic candidate.

Ertharin Cousin, a senior adviser to the Obama campaign, said Mr. Obama needed to introduce himself to all voters, including blacks. "We have a responsibility to tell his story, to paint his narrative," Ms. Cousin said. "He may not be of the civil rights era, but he is definitely an extension of the work that was done of that era."

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While Mr. Obama must appear credible to civil rights leaders, he is also looking beyond the establishment of black political leaders. He is seeking to give voters a deeper look at him, advisers said, hoping to drive home the notion that a black candidate can win the presidency.

For Mrs. Clinton, the strategy for reaching black voters at this early stage of the campaign involves strong outreach to black elected officials, business leaders and others, followed by phone calls to reinforce her candidacy from her husband and supporters like Robert L. Johnson, who founded Black Entertainment Television.

Mrs. Clinton is seeking to deepen her own relationships with black voters, Mr. Johnson said. "When she's running for president, it's far more important that someone say, 'Gee, it's Hillary Clinton on the phone,' and not, 'President Clinton's calling to ask if we can support his wife,' " Mr. Johnson said. "Hillary knows the black community's attachment to her husband doesn't transfer to her."

It may, however, buy her time to win over voters on her own.

Mr. Lewis, one of the few icons of the civil rights era still active in politics, has been enamored with Mr. Obama since he arrived in Washington. Long before Mr. Lewis knew Mr. Obama would run for president, he invited him to headline a 40th anniversary gala of the Voting Rights Act, saying, "I think the hopes and dreams and aspirations of so many of us are riding on this one man."

Nevertheless, his strong sentiment toward Mr. Clinton has been enough for him to remain neutral in the presidential race.

"I talked with President Clinton. I know him a little better than I know Mrs. Clinton," Mr. Lewis said. "Some of us are caught in between, but isn't it healthy that we have the luxury to choose between two wonderful, gifted politicians?"

The Bridge From Selma, 42 Years Down The Road (WP)

The Washington Post, March 4, 2007

Forty-two years after a 25-year-old activist named John Lewis led voting-rights marchers onto the Edmund Pettus Bridge outside Selma, Ala., only to be beaten and tear-gassed by state troopers on what became known as Bloody Sunday, the bridge is the scene of another kind of showdown. Today, Sens. Barack Obama and Hillary Clinton are joining Lewis, now a Democratic congressman from Georgia, and thousands of participants in the annual commemoration of the march from Selma to Montgomery, which was finally completed two weeks after Bloody Sunday with the Rev. Martin Luther King.

In an interview yesterday, Lewis reflected on how history might dignify politics -- and whether politics could cheapen history.

-- David Montgomery

Q. Can this annual pilgrimage to keep the memory of Bloody Sunday alive inform the political discourse of today?

A.It is important to cross the Edmund Pettus Bridge again . . . People must never forget that 42 years ago, all across the South, people of color could not participate in the democratic process. It was very hard, almost impossible, to become a registered voter. In Selma, 2.1 percent of African Americans were registered to vote. . . . The journey is to remind us what happened and how it happened. And to try to get the nation to take lessons from the past and build on those lessons and go forward.

Do you fear that the political attention will take away from the historical memory, that the anniversary will be over-politicized?

When we go to Selma and walk across the river, we will be traveling across a very special place where people gave a little blood. I think Senator Clinton and Senator Obama will be mindful that this is not some political march or political gathering. This is a gathering to commemorate, to pay tribute, but to also say to another generation they too can make a difference by getting involved in their own communities.

Do you worry that you and the marchers and these sacred places -- that bridge -- will end up being used as props?

It is my hope and my prayer that with the presence of the media and the presence of these two candidates for the Democratic nomination, that bridge will not become a prop. People want to be identified with these sacred places. It's like going to the Holy Land, going to Mecca, going to some shrine.

Do you expect Clinton and Obama to put aside their rivalry, link arms and walk together across the bridge?

If you have Mrs. Clinton and Mr. Obama in a formal presence there on the bridge walking together, I think it will send a strong message of people coming together. It will be beyond politics. What happened in Selma 42 years ago, and what I hope

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will happen [today], transcends politics. It says something about the distance we've come and the progress we've made as a nation and a people, to have the top two contenders for the nomination for president to be a woman and an African American.

What will you be thinking about as you cross the bridge?

As I walked across that bridge 42 years ago, it was so quiet, so peaceful, so orderly, no one was saying a word. . . . When we got to the highest point on the Edmund Pettus Bridge, looking down across the river, we could see a sea of blue: Alabama state troopers. . . . You saw these guys putting on gas masks, they came toward us, beating us with nightsticks, trampling us with horses and releasing tear gas. . . . I was hit in the head by a state trooper with a nightstick, I thought I was going to die, I had a concussion on the bridge. Forty-two years later, I don't recall how I made it back across the bridge to the streets of Selma to the [Brown Chapel AME] church. Seventeen of us were hospitalized. . . . As I walk across the bridge, I will be reliving those moments.

Will Clinton's speaking simultaneously at First Baptist Church take away from Obama's keynote address at Brown Chapel AME Church?

I don't think it will take away. The churches are so close, both are on the same street. During the height of the movement, during the height of the whole struggle in Selma, Brown Chapel would be full sometimes to capacity, and First Baptist would be full, and the speakers would rotate. We would leave Brown Chapel and go to First Baptist. It's going to be a large crowd [at the anniversary]. They won't all be able to get into Brown Chapel, some people will go to First Baptist.

How will you decide whom to vote for?

Senator Obama is a friend, a wonderful friend. Mrs. Clinton is a friend. Her husband is a friend. . . . It's a luxury, in a sense, it's a good thing to have two strong viable candidates vying for the Democratic nomination, and one happens to be a woman and one happens to be African American. During the movement, from time to time, I would have an "executive session" with myself. I think I'll do that.

Clinton Courts Black Support Amid Obama Surge (NSDY)

By Glenn Thrush

Newsday, March 4, 2007

WASHINGTON -- At 21, South Carolina State Rep. Bakari Sellers is the youngest legislator in the United States and one of the African-American Democrats most rabidly courted by the 2008 presidential contenders.

Sen. Hillary Rodham Clinton personally lobbied Sellers, the son of 1960s civil rights activists, who defeated an incumbent six decades his senior last year.

But he's about to endorse Illinois Sen. Barack Obama and offered some friendly advice for the former first lady about winning the African-American vote.

"For her sake, she needs to get Bill Clinton out there a lot more," said Sellers, one of a half-dozen South Carolina politicians set to endorse Obama.

Her advisers had planned to hold Bill Clinton off the campaign trail until later in the race. But a stunning surge by Obama among black voters in recent weeks has made the former president's help "all the more pressing," according to a person close to the campaign.

That may explain the rushed scheduling of the Clintons at today's anniversary commemoration of the 1965 civil rights march in Selma, Ala., which is shaping up to be a political showdown between political pioneers Obama and Clinton.

Obama confirmed that he'd be attending the event about two weeks ago, followed a week later by Hillary Clinton, who was to accept an award for her husband. In an increasingly claustrophobic race, they'll both be delivering sermons about 11 a.m. to churches scarcely a block apart.

Clinton aides insisted her trip wasn't a me-too excursion -- even though she had to wedge it between a round-trip schlep to California on Saturday and Sunday night-to-Monday swing through Iowa.

On Thursday, the campaign announced that Bill Clinton would also be flying down to Alabama.

The timing aroused suspicion. On Tuesday an eye-popping ABC News/Washington Post poll showed Obama had erased Clinton's 40-point lead among blacks in the past month, jumping out to an 11-point lead.

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Despite Obama's gains, the former first lady is entering friendly territory in Alabama. She holds a 34 to 19 percent lead over Obama among Alabama Democrats, according to a Feb. 28 poll making the rounds among party leaders, with John Edwards finishing third with 10 percent.

But longer-term problems loom, exacerbated by the Clintons' own push to create a 20-state super primary on Feb. 5, 2008. Many of the states scheduled to take part -- including Alabama, Mississippi and Florida and Georgia -- are dominated by black voters. That was fine in pre-Obama days, but now she's in for a fight against a racial native son.

"[The Feb. 5 primary] amplifies the Democratic vote in the South, and this is a region where blacks play a very, very strong role," said Joe Reed, a Democratic National Committee member who runs the influential Alabama Teachers Association.

It's not clear if Clinton needs to win a majority of African-American primary voters to take the nomination, but she has to fight, aides say. And that's why Bill Clinton -- famously mothballed by Al Gore in 2000 -- is coming back to center stage so quickly in the campaign.

"Hillary's in a battle and she needs her best artillery," said New York-based political consultant Hank Sheinkopf, who advises Alabama Democrats. "Bill's the best artillery."

Hillary's Snipe At Obama Erodes Standing In Polls (WT)

By Donald Lambro

The Washington Times, March 4, 2007

Front-runner Hillary Rodham Clinton's decline in the polls stems partly from her attack on Sen. Barack Obama, her chief rival for the 2008 Democratic presidential nomination, political pollsters said.

The poll numbers changed after the senators traded political blows through their spokesmen when movie mogul David Geffen called Mrs. Clinton a disingenuous, "incredibly polarizing figure" who isn't electable and appeared to allude to her husband's past infidelity. Mr. Geffen, a former Clinton ally, is now backing Mr. Obama.

A Fox News survey of 900 registered voters nationwide conducted Feb. 27-28 found Mrs. Clinton's support had fallen to 34 percent, down from 43 percent the month before. Mr. Obama's support, however, climbed to 23 percent from 15 percent.

"From a national perspective, there has been an erosion in Hillary's support among Democrats and especially among independents, while Obama's numbers have risen among these voters," said pollster Del Ali of Research 2000, a media polling firm based in Rockville.

"I think the attack by her campaign on Obama was a negative for her because of a perception that it was calculated, that it was an attempt to break Obama's momentum. Second, whether fair or unfair, it was seen as the typical Clinton attack machine, where she doesn't do the attacking, but her surrogates do," Mr. Ali said.

An ABC News/Washington Post poll completed four days after the attack story broke showed Mrs. Clinton's support dropping to 36 percent from 41 percent in January, while Mr. Obama's numbers rose to 24 percent from 17 percent.

The poll also showed that voters overall had a less favorable opinion of Mrs. Clinton, with 49 percent holding a positive impression of her, down from 54 percent.

Pollster David Johnson of Strategic Vision, a Republican media marketing firm, said that his polls in key states -- including Florida, Iowa, Michigan, Pennsylvania, Washington and Wisconsin -- showed Mrs. Clinton had "a basic support level of between 30 percent and 35 percent, but she's never been able to go much beyond that."

The Clinton campaign's attacks on Mr. Obama changed the complexion of the campaign and the way some voters perceived her candidacy, Mr. Johnson said.

"The feud knocked the Clintons off their pedestal and affected the polling numbers somewhat," he said. "She's still in first place, but there definitely has been erosion in her support among the Democrats."

Pollsters also say that Mr. Obama's candidacy has hurt Mrs. Clinton's campaign among black voters, who were among her husband's most loyal Democratic supporters during his two terms in office.

Mrs. Clinton had led among black voters in January by 60 percent to 20 percent, but the latest ABC/Washington Post poll shows Mr. Obama leading among blacks, 44 percent to 33 percent.

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"Of course, 44 percent is a far cry from the 85 percent of the black vote he will need to win, but it's quite a turnaround in the past month," former Clinton campaign adviser Dick Morris wrote Friday on the Townhall.com political Web site.

Mr. Obama's surge in the polls was especially impressive in Georgia, where increased support from a large black vote has helped to push his approval numbers higher.

"Obama has gone from 18 percent support to 25 percent. Hillary has fallen from 35 percent to 28 percent. He's really surged in that state," Mr. Johnson said.

Geffen, Clinton Were Often At Odds (LAT)

By Stephen Braun, Dan Morain

The Los Angeles Times, March 4, 2007

The billionaire shocked many when he criticized the former first lady. But his friendship with the former president was rocky.

WASHINGTON — Long before the fractious public airing of their poisoned relations, the political friendship between David Geffen and Bill and Hillary Rodham Clinton was an unconventional alliance with a cloudy future.

The outspoken Hollywood mogul Geffen lavished nearly $1.2 million on the Clintons and other Democrats during the Clinton White House years, gaining extraordinary access to the president while hosting the couple at intimate dinners at his Malibu beachfront home and sleepovers at his estate in Beverly Hills.

But their relations were in constant flux. Intimates of the two said that flashpoints surfaced often: Clinton's "don't ask, don't tell" policy on gays in the military. The president's scolding of Hollywood after the Columbine school massacre. The Monica S. Lewinsky affair and Clinton's impeachment. And finally, the 11th-hour flurry of controversial pardons that excluded a convicted murderer whose release Geffen had championed.

Their alliance was marked by genuine affection, colleagues say, and a large measure of self-interest. Whether its meltdown has any lasting significance remains to be seen, but Geffen's recent broadside against the Clintons left the political world agape.

Aimed chiefly at Hillary Clinton, who was mostly a bystander to the friendship, Geffen's waspish comments to a New York Times columnist gave voice to the kind of sentiments — that she is polarizing, dishonest, far too ambitious — that her presidential campaign expected from the right, not from a political soul mate.

Geffen has since retreated into silence. He declined to comment for this account, as did spokesmen for both Clintons.

But others who know the principals well described the arc of the star-crossed friendship. Most would only speak anonymously, fearful of risking Geffen's legendary ire and political retribution from the Clintons.

Timely alliance

Geffen first joined forces with Bill Clinton in 1992, soon after becoming a billionaire from the sale of his record company to MCA. Nearing 50, he was about to openly acknowledge his homosexuality.

Several intimates said he grew unnerved by the sway of social and religious conservatives backing the reelection campaign of President George H.W. Bush. Conservative Pat Buchanan's call to arms for a "cultural war," and his mocking that Democrats were radicals posing as moderates in an "exhibition of cross-dressing," nudged Geffen toward a high-profile role in funding the Clinton ticket.

"They were talking about an America that was about being white, Christian, heterosexual male," Geffen said in a 1993 Times interview. "Well, you know there are people who just don't fit into that category."

Eagerly assuming the role of campaign benefactor, Geffen was a leading light among 150 guests who paid $5,000 to honor Clinton at the Beverly Hills home of MCA mogul Lew Wasserman. By the time Clinton won in November, Geffen had donated nearly $100,000 to the campaign and other Democratic causes.

Geffen didn't attend the inaugural festivities. But he joined Clinton at an economic summit in Los Angeles. The agenda was dry financial policy — not Geffen's cup of tea. But the invitation from the White House had thrilled him.

"I can't imagine him doing it for anyone else," the associate said. "But for Clinton, he sat there and got into it. Or at least he pretended to."

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The associate said that Geffen openly admired Clinton, intrigued by his mix of Arkansas informality, wonkish fluency and political shrewdness. But at the same time, "David was pretty level-headed about the relationship. He wasn't a showoff about it … you didn't see him dial him up in front of other people to show what kind of access he had."

Geffen had joined a rarified group of Hollywood liberals shepherding millions to campaign coffers, including director Steven Spielberg and film executive Jeffrey Katzenberg, who would become Geffen's partners in founding DreamWorks SKG, the film studio.

One former White House aide said Clinton was particularly "star-struck" by Spielberg and Katzenberg, and eagerly rubbed elbows with them. He roomed overnight at their sumptuous Los Angeles homes, in the Hamptons and in ski country. Geffen opened his beachfront home to Clinton and, on occasion, the first lady.

Several former Clinton aides and fundraisers said that although Geffen could be counted on to open his checkbook, he was prickly and not easily pleased. White House aides "thought of him as high-maintenance," said one Clintonista. Another called him a "whiner." A veteran fundraiser watched Geffen stand on a dining room chair at one event to lecture top Democrats on social policy.

"He's a passionate guy, and he's not cowed by anyone," the fundraiser said. "He'll give you anything you ask for if he thinks it's in his interest. And he'll decide on a dime to dry up that support if he's mad at you."

Friendship tested

Almost from the start, Geffen's presidential friendship was tested by political tensions of the day. Once elected, Clinton retreated from a promise to allow acknowledged homosexuals to serve in the military. Instead, he adopted a "don't ask, don't tell" policy of letting gays remain in the military as long as they kept their sexual orientation quiet.

Geffen helped bankroll a media campaign led by gay activists to pressure Clinton. "No one in Hollywood did more on gays and lesbians in the military than David Geffen," said David Mixner, an old Clinton friend. But Clinton stuck with his compromise. For gay leaders like Mixner, this led to a severing of ties. Geffen remained a Clinton ally.

"He consciously decided he didn't want it to be a rupture point," an associate said. "David's tendency was to get mad, but he realized he had larger fish to fry, and why give up a good relationship?"

"They had a deep friendship. You could see it," said former Clinton White House Chief of Staff Leon E. Panetta, who joined Geffen and the president at a private Malibu dinner in 1994.

Geffen took care not to neglect the first lady. He co-chaired a January 1994 banquet for AIDS Project Los Angeles where she was feted for her support of AIDS programs. Geffen intimates say that he saw Hillary Clinton as a benign figure on the periphery of his friendship with the president. "She wasn't a political candidate then; she was the first lady," a Geffen colleague pointed out.

Bill Clinton's affair with Lewinsky in 1998 and the impeachment crisis that followed was another test of Geffen's loyalty. At the time, associates say, Geffen privately advised Clinton on how to deal with the media and the public. "They were still close, and they spoke," one Geffen colleague said. "They discussed the issues that were confronting the president."

But Geffen's outlook on Clinton "began to sour," the colleague said. Clinton had also found a new pal in Los Angeles: supermarket magnate Ron Burkle, a political supporter who became a close personal friend.

During one of Clinton's visits to the West Coast in 1999, according to a California Democrat, Geffen insisted that Clinton stay at his home even though Geffen would be out of town. Clinton spent much of the evening at an event at Burkle's 8-bedroom, 13-bath mansion in Beverly Hills, but then dutifully went around the block to neighbor Geffen's estate (8 bedrooms, 9 baths) for the night.

In April 1999, after the Columbine High School rampage, Clinton surprised Hollywood by ordering a commission to investigate how the entertainment industry marketed violent video games to teenagers.

DreamWorks called it "finger-pointing," and Geffen questioned what he perceived as the administration's failure to press hard for tougher firearms controls.

Still, Geffen joined Spielberg and Katzenberg that May in hosting the Clintons at a fete in Beverly Hills. While tenor Andrea Bocelli serenaded the attendees, more than $1.5 million in checks was written to pump up the Democratic Party's 2000 Senate campaigns. One of the new candidates was Hillary Clinton.

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If Geffen had become skeptical of the first lady, it didn't prevent him from backing her. Geffen donated $2,000 to her campaign and $13,000 to party political committees that aided her. Geffen also promised $1 million toward the planned Clinton library in Little Rock, Ark., and sent $200,000 as a down payment.

No special favor

As the Clinton presidency neared its end, Geffen also pressed for a favor. He had become a supporter of a campaign to win a presidential pardon for Leonard Peltier, a Native American activist serving a life sentence in the shooting deaths of two FBI agents in 1975 at the Pine Ridge Indian Reservation in South Dakota. Peltier's advocates say he was wrongly convicted.

A pardon was a long shot. Senate Majority Leader Tom Daschle (D-S.D.) was opposed, and more than 500 federal agents and their families protested outside the White House.

According to Geffen associates, DreamWorks corporate spokesman Andy Spahn contacted the White House three times on Peltier's behalf, and Geffen spoke to Clinton about it. Clinton associates recalled only that there were "general contacts." Clinton was "noncommittal," a Geffen intimate said.

When Clinton denied Peltier's petition, Geffen told an aide, "This guy's a politician; you know what they're like."

Geffen's disappointment turned to ire when he learned who did win pardons. They included Marc Rich, a wealthy commodities trader who had fled to Switzerland after he was indicted in 1983 for tax evasion, and convicted Los Angeles drug dealer Carlos Vignali, whose case was pressed by Hugh Rodham, Hillary Clinton's brother.

Several Geffen intimates say he was most angered by a Time magazine article quoting Clinton as telling friends that his denial of the Peltier pardon showed he had not traded pardons for money. "David Geffen will barely talk to me!" Clinton reportedly said.

"That sent him up the wall," an associate said of Geffen. "He had a thing about people who used him to prop themselves up."

Their friendship dissolved overnight. The DreamWorks executive sent a final $800,000 to honor his pledge to the Clinton library, but that was his last stipend. Geffen remained a loyal benefactor to other Democrats, even donating $5,000 to a PAC that aided Daschle, despite his opposition to the Peltier pardon.

Geffen shut down his donations to Hillary Clinton's Senate campaign and began saying she had no future as a presidential candidate. His recent criticisms of her were not the first.

"She can't win," Geffen said during a public forum at the 92nd Street Y in New York in 2002. "She's an incredibly polarizing figure. I think ambition is not a good enough reason."

By then, Geffen had met with a new Senate hopeful, Barack Obama of Illinois. DreamWorks' Spahn had been impressed and urged the two men to meet, so Geffen invited Obama to his Malibu home for a private dinner with several other Democratic Party supporters.

"They hit it off," Spahn recalled.

Meanwhile, Geffen had ended all contact with the Clintons.

According to one Clinton intimate, the former president tried to keep the relationship alive. "He called a bunch of times, but Geffen never called back," the Clinton associate said. "Eventually, he stopped trying."

Tripping Over The Inevitable (WP)

By George F. Will

The Washington Post, March 4, 2007

The Coming Backlash Against the Clintons

In the 1920s, the Brooklyn Dodgers finished in sixth place seven times in eight years. Late in that unfortunate period, a droll sportswriter, noting the team's listless play, wrote, "Overconfidence may yet cost Brooklyn sixth place."

Hillary Clinton's campaign did not display overconfidence when it directed the recent fusillade at Barack Obama. Her campaign's rhetorical megatonnage was in response to a prominent Obama contributor saying rude things about her. Her overreaction was one of several developments that have clarified the Democratic contest.

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Bill Clinton has said, regarding presidential candidates, that Republicans like to fall in line and Democrats like to fall in love. Which explains the Clinton campaign's palpable panic: Democrats have fallen in love, but not with her.

Republicans tend to nominate the next person in line: Vice President Richard Nixon, not Gov. Nelson Rockefeller, to follow President Dwight Eisenhower in 1960; Vice President George H.W. Bush, not Sen. Robert Dole, to follow President Ronald Reagan in 1988; Dole rather than Lamar Alexander or any other contender in 1996; Gov. George W. Bush, whose dynastic lineage propelled him past Sen. John McCain in 2000.

There is a Republican tinge to Sen. Clinton's campaign: She is next in line. That fact -- combined with the Clintons' (how often the plural is pertinent) money machine, combined with the Clintons' earned reputation for ferocity -- is supposed to impart to her an aura of inevitability.

But such an aura annoys voters by telling them that they really have no choice. And that can provoke them to play the game that G.K. Chesterton called "Cheat the Prophet": The players listen politely to explanations of what is inevitable, then they make something else happen, which defeats boredom.

Boredom, the sociologist Robert Nisbet wrote, is among the universal and insistent forces driving human behavior. Mankind's nervous system evolved during millions of dangerous years (saber-toothed tigers, etc.). Now, however, mankind has suddenly, in a few millennia, encountered the monotony of orderly life, which bothers human brains formed by and for hazardous circumstances.

Among the cures of boredom that Nisbet listed are war, murder, revolution, suicide, alcohol, narcotics and pornography. He might have added presidential politics. Memo to the Clinton campaign: Inevitability is boring.

So is a narrow range of choices. Democrats have many interesting candidates, but governors often are the most plausible candidates to be the nation's chief executive and only one remains in the Democratic race -- New Mexico's Bill Richardson. Three former governors -- Virginia's Mark Warner, Indiana's Evan Bayh and Iowa's Tom Vilsack -- have left the field.

Vilsack said the demise of his candidacy was determined by " money and only money." Well, yes, but there were reasons, political and ideological, why he could not find buyers for what he was selling. Nevertheless, his statement triggered the usual laments about the determinative role of money in politics. This year we are told to be horrified by the fact that by November 2008 the presidential contest will have cost $1 billion. Which means that the two-year process will cost half as much as Americans spend every year on Easter candy.

Candidates do have to spend too much time raising money. But that is because the government, by banning large campaign contributions, has transformed a huge American surplus -- money -- into an artificial scarcity. The government began to do this for anti-competitive purposes.

The modern drive for campaign finance "reforms" is usually said to have been initiated by Democrats in response to Watergate. Democrats did start it, but before Watergate, in response to their traumas of 1968.

That year, Sen. Gene McCarthy's anti-Vietnam insurgency disturbed the Democratic Party's equilibrium by mounting a serious challenge to the renomination of President Lyndon Johnson. McCarthy was able to do that only because a few wealthy people gave him large contributions. Democrats also were alarmed by former Alabama governor George Wallace's success in 1968, and they mistakenly assumed that Wallace, too, was mostly funded by a few very large contributions.

According to John Samples of the Cato Institute (in his book " The Fallacy of Campaign Finance Reform"), congressional Democrats began the process that culminated in criminalizing large contributions -- the kind that can give long-shot candidates, such as Vilsack, a chance to become competitive. Yes, the initial aim of campaign "reforms" was less the proclaimed purpose of combating corruption or "the appearance" thereof than it was to impede the entry of inconvenient candidates into presidential campaigns. In that sense, campaign reform is a government program that has actually worked, unfortunately.

Bring Back The Politics Of Personal Destruction (NYT)

By Frank Rich

The New York Times, March 4, 2007

IF you had to put a date on when the Iraq war did in the Bush administration, it would be late summer 2005. That's when the bungled federal response to Hurricane Katrina re-enacted the White House bungling of the war, this time with Americans as

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the principal victims. The stuff happening on Brownie's watch in New Orleans was recognizably the same stuff that had happened on Donald Rumsfeld's watch in Baghdad. Television viewers connected the dots and the president's poll numbers fell into the 30s. There they have largely remained — at least until Friday, when the latest New York Times-CBS News Poll put him at 29.

Now this pattern is repeating itself: a searing re-enactment of the Iraq war's lethal mismanagement is playing out on the home front, again with potentially grave political consequences. The Washington Post's exposé of the squalor at Walter Reed Army Medical Center — where some of our most grievously wounded troops were treated less like patients than detainees — has kicked off the same spiral of high-level lying and blame-shifting that followed FEMA's Katrina disasters.

Just as the debacle on the gulf was a call to arms for NBC's Brian Williams and CNN's Anderson Cooper, so the former ABC anchor Bob Woodruff has returned from his own near-death experience in Iraq to champion wounded troops let down by their government. And not just at Walter Reed. His powerful ABC News special last week unearthed both a systemic national breakdown in veterans' medical care and a cover-up. The Veterans Affairs Department keeps "two sets of books" — one telling the public that the official count of nonfatal battlefield casualties in Iraq and Afghanistan stands at 23,000, the other showing an actual patient count of 205,000. Why the discrepancy? A new Brownie — Jim Nicholson, the former Republican National Committee hack whom President Bush installed as veterans affairs secretary — tells Mr. Woodruff "a lot of them come in for dental problems."

Yet 2007 is not 2005, and little more damage can be inflicted on the lame-duck Bush White House. The long-running Iraq catastrophe is now poised to mow down a second generation of political prey: presidential hopefuls who might have strongly challenged Bush war policy when it counted and didn't. That list starts with the candidates long regarded as their parties' 2008 favorites, John McCain and Hillary Clinton.

Senator McCain, who, unlike Senator Clinton, fervently supports the war and the surge, is morbidly aware of his predicament. This once-ebullient politician has been off his game since a conspicuously listless January "Meet the Press" appearance; on Thursday, he had to publicly apologize after telling David Letterman, in an unguarded moment of genuine straight talk, that American lives were being "wasted" in Iraq. (Barack Obama had already spoken the same truth and given the same pro forma apology.) Last week a Washington Post-ABC News Poll confirmed Mr. McCain's worst political fears. Rudy Giuliani now leads him two to one among Republicans, a tripling of Mr. Giuliani's lead in a single month.

Mr. Giuliani is also a war supporter and even contributed a Brownie of his own to the fiasco, the now disgraced Bernard Kerik, who helped botch the training of the Iraqi police. But, unlike Mr. McCain, Mr. Giuliani isn't dogged by questions about Iraq. To voters, his war history begins and ends with the war against the enemy that actually attacked America on 9/11. He wasn't a cheerleader for the subsequent detour into Iraq, wasn't in office once the war started, and actively avoids speaking about it in any detail.

What makes Mr. Giuliani's rise particularly startling is that his liberal views and messy personal history are thought to make him a nonstarter with his own party faithful. These handicaps haven't kicked in, the Beltway explanation has it, because benighted Republican voters don't yet really know that "America's mayor" once married a cousin or that he describes himself as "pro-choice." But perhaps these voters aren't as ignorant as Washington thinks. After the flameouts of Tom DeLay, Bill Frist, Rick Santorum, Ralph Reed and other Bible-thumping politicos who threw themselves on the altars of Terri Schiavo or Jack Abramoff, maybe most Republicans could use a rest from the moral brigade. Maybe these voters, too, care more about the right to life of troops thrust into an Iraqi civil war than that of discarded embryos used in stem-cell research.

The same cultural dynamic is playing out among Democrats, though Mrs. Clinton doesn't seem to know it. Her poll numbers, too, are showing erosion — some of it because of Mr. Obama's growing profile among African-Americans, but some of it (in a Time survey) after her dust-up with the Hollywood tycoon David Geffen. Most Washington hands declared Mrs. Clinton the winner in that spat because she had forced Mr. Obama off his high horse of "hope." But there's no evidence to support this theory. In the real world, most Americans don't know who Mr. Geffen is. There wasn't even any video of him to run on "Hardball," where the Clinton campaign spokesman's Jim Cramer-esque hyperbole made him look threatened by Mr. Obama's rising popularity.

The most revealing aspect of the incident was not in any case the who's-up-who's-down prognostications for a primary process some 10 months away. Rather, it was the fervor with which the Clinton campaign accused Mr. Geffen and Mr. Obama of

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practicing "the politics of personal destruction." This over-the-top reaction seemed detached from reality, almost as if the Clinton camp were nostalgically wishing it could refight the last political war — and once again clobber repellent old impeachment nemeses. But that battle may not be in the offing. Anti-Clinton rage has cooled, and the Clinton hating industry ain't what it used to be. As The Times reported last month, even Richard Mellon Scaife, who bankrolled much of the vast right-wing conspiracy, has moved on. As with Mr. Giuliani's marital history, any scandalous new revelation about the Clintons' private lives might play out less momentously in post-9/11 America than it did in the last century.

You can't blame the Clinton campaign for praying it had Kenneth Starr and The American Spectator to kick around again. It would be easier to fight that war than confront the one in Iraq. Far easier. Senator Clinton's words about the war still don't parse. When I made this point previously, a Clinton ally phoned to say that whatever the senator's Iraq statements, she is an exceptionally smart and capable leader by any presidential standard. I agree, and besides, Iraq isn't the only issue in 2008. But Iraq will overshadow every candidate and every other subject as long as the war grinds gruesomely on, whether in Baghdad or at a V.A. hospital.

The issue is not that Mrs. Clinton voted for the war authorization in 2002 or that she refuses to call it a mistake in 2007. Those are footnotes. The larger issue is judgment, then and now. Take her most persistent current formulation on Iraq: "Obviously, if we knew then what we know now, there wouldn't have been a vote and I certainly wouldn't have voted that way." It's fair to ask: Knew what then? Not everyone was so easily misled by the White House's manipulated intelligence and propaganda campaign. Some of her fellow leaders in Washington — not just Mr. Obama out in Illinois, not just Al Gore out of power — knew plenty in the fall of 2002. Why didn't she?

Bob Graham, then Senate Intelligence Committee chairman, was publicly and privately questioning the W.M.D. intelligence. So was Nancy Pelosi. Chuck Hagel warned that the war was understaffed, that an Iraq distraction might cause Afghanistan "to go down again" and that the toppling of Saddam could be followed by chaos. Joe Biden convened hearings to warn of the perils of an ill-planned post-Saddam Iraq.

Some of these politicians ended up voting to authorize war exactly as Mrs. Clinton did (Senators Hagel and Biden). Some didn't. But all of them — and there were others as well — asked tougher questions and exerted more leadership. John Edwards, by the way, did not: he was as trigger-happy about speeding up the war authorization then ("The time has come for decisive action") as he is gung-ho about withdrawal now, despite being an Intelligence Committee member when Mr. Graham sounded alarms about the Bush administration's W.M.D. claims.

Another fair question is what Mrs. Clinton learned once the war began. Even in the summer of 2003 — after the insurgency had started, after the W.M.D. had failed to materialize, after the White House had retracted the president's 16 words about "uranium from Africa," more than two months after "Mission Accomplished" had failed to end major combat operations — she phoned a reporter at The Daily News, James Gordon Meek, to reiterate that she still had no second thoughts about the war. (Mr. Meek first wrote about this July 14, 2003, conversation in December 2005.) Was that what this smart woman really believed then, or political calculation?

Either way, she made a judgment, and she will not be able to spend month after month explaining it away to voters with glib, lawyerly statements. The politics of personal destruction, should they actually visit the Clintons once more, will not take America's mind off the politics of mass destruction in Iraq.

Politics Means Sometimes Having To Say You're Sorry (NYT)

By Patrick Healy

The New York Times, March 4, 2007

O.K., so Senator Hillary Rodham Clinton won't accede to demands from some Democrats to apologize for her 2002 vote authorizing military action in Iraq.

But that doesn't mean she has an allergy to apologizing.

She just does it in her own, very Hillary way, as a review of her apologies shows.

Mrs. Clinton can be rather artful, for instance, at turning around her apologies to generate sympathy for herself. During her husband's campaign against President George H. W. Bush in 1992, amid the Gennifer Flowers fracas, Mrs. Clinton casually

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mentioned to a journalist rumors that Mr. Bush had engaged in extramarital "carrying on." She soon paid penance for her gossiping this way:

"It was a mistake. People were asking me questions at the time and I responded. But nobody knows better than I the pain that can be caused by even discussing rumors in private conversation, and I did not mean to be hurtful to anyone."

Said Mary Matalin, a Bush campaign aide at the time: "They call that an apology?"

Self-deprecation is another trademark. After a head-shaker of a line in 2004 — that Gandhi used to run a gas station in St. Louis — she poked at herself by saying: "I have admired the work and life of Mahatma Gandhi. I truly regret if a lame attempt at humor suggested otherwise."

Like many talented politicians, on matters of state — such as the 1994 defeat of the health care reform effort she led — her admission of error can be so nuanced that listeners may wonder if an apology was really her point.

"I'm not bitter," she said in the fall of 1994. "We made mistakes. But I actually feel good about the way we ended up. We got people talking about national health care. People say, 'Don't give up.' So I won't."

Thus, people who say that Senator Clinton is too self-righteous to admit fault on Iraq are at least half-wrong. There are plenty of examples of her saying she was wrong. And sometimes she does it quickly, as she did in 1992 to the country singer Tammy Wynette, famous for the 1969 hit, "Stand by Your Man," after saying that she was not "some little woman standing by my man like Tammy Wynette."

She can also drag her heels on admitting a mistake — and has regretted it. She says in her autobiography that she did not appreciate the political toll of the Whitewater scandal, and that, as a result, public relations mistakes were made. At a Whitewater news conference in 1994, she said that one of her biggest regrets was that her reluctance to provide information to the news media had fed an image that she was hiding something.

Some of her Democratic rivals are thirstily trying to make a character issue out of her refusal to apologize on Iraq. Twice in the last two weeks, former Senator John Edwards of North Carolina, has said that voters want a president "to tell the truth when you believe you have made a mistake," as he put it during a visit to New York.

But beyond the fact that Mrs. Clinton says she has nothing to apologize for, she knows, as with Whitewater, that apologizing in the midst of political warfare is risky. Indeed, she has said that she is willing to lose voters rather than make an apology she does not believe in.

"In politics, people demand an apology from an opponent in order to humiliate them," said Deborah Tannen, a linguistics professor at Georgetown who has written on apologies.

Many Americans don't love leaders who apologize willy-nilly. In 2004, voters chose a Republican for president who stood his ground on the war against all critics instead of a Democrat who sounded apologetic when he said that he voted for $87 billion in troop funding before he voted against it.

And President Clinton was derided in some quarters as the apologizer in chief, not just for personal foibles (see Lewinsky, Monica) but for a whole history book of national wrongs (from the slave trade to Rwanda).

Graham Dodds, a political scientist at Concordia University in Montreal, who has studied political apologies, said of Mrs. Clinton, "She comes from a household that is well versed in the art of political apology, and, I'm sure, knows the risks in coming off as overly apologetic." .

On foreign affairs, beyond Iraq, Mrs. Clinton hasn't been much of a target for apology-seekers. She speaks with precise care on national security matters.

In a review of her history of apologizing, only one mea culpa on the international stage stands out: That she did not immediately reject remarks by Suha Arafat, wife of the Palestinian leader Yasir Arafat, at a joint event where Mrs. Arafat suggested that Israel had used poison gas to control Palestinians. Mrs. Clinton denounced the remark a day later, saying she had gotten an incomplete translation.

Conventional wisdom holds that a commander in chief cannot look weak, and a female candidate for the office faces an even stricter standard for toughness.

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"We're a very macho culture, and I think every women in public office has to find her path to negotiate that," Ms. Tannen said. "To the extent she's a woman and has to prove she's tough, standing her ground is the best thing to do. And to the extent she's a woman and people don't tolerate toughness in women, she's going to be faulted for that."

Professor Tannen sees four elements to a good apology: You admit fault; you express regret; you acknowledge the damage done; and you either promise to make amends, or promise not to make the same mistake again.

On the matter of her 2002 Iraq vote, Senator Clinton has put the fault on President Bush. She has expressed regret that he used the 2002 Senate vote as a means for war, acknowledged that the war was poorly conducted, and promised that she would not vote the same way again. Not exactly a rationale for an apology.

In this regard, Professor Dodds said, she is more like President Bush than her husband.

"It's a hallmark of Bush that he sticks to his guns no matter what," Mr. Dodds said. "If she were to apologize now, she would open herself up to the charge of flip-flopping."

Phony apologies, too, can easily fail the smell test. So do half-way admissions of remorse.

"The thing about an apology is that it can make powerful people look weak, such as if Hillary admitted mistakes on Iraq and Democrats didn't accept that," Mr. Dodds said. "An apology does not always work."

Obama Headlines Labor Rally (CHIT)

By John McCormick

Chicago Tribune, March 4, 2007

With Democrats in control of Congress and seeking to boost a struggling labor movement, national union leaders joined Illinois' two senators at a rally Saturday in Chicago to promote legislation to make it easier for workers to join a union against the wishes of their employers.

"We will pass the Employee Free Choice Act. It's not a matter of if, it's a matter of when," said Sen. Barack Obama (D-Ill.). "We may have to wait for the next president to sign it, but we will get this thing done."

The Democratic presidential candidate headlined the rally before traveling to Alabama for a Sunday event commemorating the 1965 Selma-to-Montgomery voting rights march, an occasion that also will attract Sen. Hillary Rodham Clinton (D-N.Y.) and her husband.

In his speech to about 1,500 labor activists at the Hyatt Regency Chicago, Obama reflected on the crusades of Martin Luther King in support of the labor movement.

"He didn't just march for justice that day," he said. "They were marching for jobs."

Two protesters briefly interrupted Obama's speech. One of them carried a large sign that appeared to be critical of statements the senator made Friday to a pro-Israel group in Chicago where he said he would not rule out military action against Iran because of its uranium-enrichment program.

"OK. We appreciate that," Obama said, trying to deflect the situation, as the protesters were escorted from the ballroom. "I oppose the war in Iraq."

For the second day, Obama made no mention of Friday's Baltimore Sun report that some of his mother's ancestors owned slaves. Despite a crush of local reporters seeking comment, he exited the ballroom without answering any questions after several minutes of shaking hands, posing for photos and signing books.

The labor rally followed a vote Thursday in the House, where Democrats, in a nod to organized labor for its help in retaking control of Congress, approved a bill that would take away the right of employers to demand secret balloting by workers before unions could be recognized.

Under the bill, the National Labor Relations Board would certify a union if it wins a majority of cards signed by workers. Currently, the NLRB calls for a secret vote if more than 30 percent of workers say they support a union. In order to win the election, the union must garner the majority of the workers' votes.

Unions argue that change is needed because employers intimidate workers before voting and by legally battling elections for so long that the victories become meaningless.

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Should the legislation pass both chambers of Congress, President Bush would almost certainly veto it. The rally was sponsored by the American Federation of State, County and Municipal Employees Council 31, which has 100,000 active and retired members.

As part of the event, the local union received a check from its national parent for $1 million to aid an ongoing labor-organizing effort involving Chicago-area hospital operator Resurrection Health Care. AFSCME President Gerald McEntee, who was joined on stage by AFL-CIO President John Sweeney, delivered the check for what is the largest private-sector union drive in the nation.

In his address at the rally, Sen. Dick Durbin (D-Ill.) lamented the movement of American jobs overseas and pledged his support in the Senate for the bill.

"If we're going to end this race to the bottom … we need to restore balance in the American workplace," he said. "Workers need to be free to choose whether they want to be in a union."

Durbin also reiterated his support for his junior senator's campaign. "You can tell your papa. You can tell your mama. This voter is for President Barack Obama," he said.

Obama: Senate Will Pass Labor Union-backed Measure (AP)

AP, March 3, 2007

CHICAGO – Democratic Presidential candidate Barack Obama said yesterday that the Senate would pass legislation making it easier for workers to start unions against companies' wishes. Getting it past President Bush is another matter, he said.

"We may have to wait for the next President to sign it, but we will pass it," the Illinois senator told a cheering crowd of more than 1,000 people at a labor rally. "We will get this thing done."

Despite Obama's optimism, the Senate's Republican leader, Kentucky's Mitch McConnell, has said he will block the measure and the White House says Bush will veto it if it gets to him.

The House passed the Employee Free Choice Act on Thursday.

Obama headlined a rally that included national and local labor leaders, and state politicians. The event was sponsored by the American Federation of State, County and Municipal Employees Council 31, which has 100,000 active and retired members in Illinois.

It was Obama's second major public appearance in his hometown in as many days. The state's junior senator did not take questions from reporters at either event.

On Friday, Obama told the American Israel Public Affairs Committee that he was committed to the security of Israel.

He also criticized the Bush administration for what he said were failings in Iraq that have strengthened Iran's position in the region.

The senator said he planned to be in Selma, Ala., today to commemorate the 42nd anniversary of the civil rights march that helped end segregation in the South.

Richardson Vows To Outwork Rivals (DMR)

By Thomas Beaumont

Des Moines Register, March 3, 2007

New Mexico Gov. Bill Richardson said Friday on his first trip to Iowa as a presidential candidate that he will challenge the better-known Democrats running for the 2008 nomination by working harder to reach party activists in the leadoff caucus state.

"My campaign mode is shaking hands, meeting people, being scrutinized, talking issues," Richardson said in a Des Moines Register interview at the outset of his two-day campaign swing. "Iowans, I understand, like to decide. They like to decide, not who the pundits and the polls decide."

Former Iowa Gov. Tom Vilsack's withdrawal from the race last week leaves Richardson the only governor in the large Democratic field. The rest of the better-known candidates are members or former members of Congress.

Richardson served seven terms in the U.S. House, but his executive experience, plus past work as U.S. energy secretary and ambassador to the United Nations, makes him the most qualified, he said.

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Getting U.S. troops out of Iraq within a year and dramatically diminishing the nation's use of petroleum in 10 years are Richardson's top priorities, he said during appearances in Des Moines.

"Bill Richardson is not a rock star," Richardson said during a taping of Iowa Press, a public affairs program on Iowa Public Television. "Bill Richardson is a grass-roots candidate."

A national Fox News poll published Friday showed Richardson with support from 1 percent of Democrats. The poll's leaders were New York Sen. Hillary Clinton with 34 percent, Illinois Sen. Barack Obama with 23 percent and former North Carolina Sen. John Edwards with 12 percent.

As Clinton planned to return to Iowa on Sunday for a quick overnight visit, Richardson was making several stops throughout central Iowa on Friday and today.

Richardson met with about two-dozen Democratic elected officials from Polk County at an east-side restaurant in Des Moines before attending a reception with students at Drake University. He also planned to attend a reception at the home of state Rep. Mark Davitt in Indianola, the first of several similar receptions he was scheduled to attend during his two-day trip.

Thursday's blizzard threatened the trip, and forced him to wait until Friday morning to take off from Santa Fe, N.M.

"It was a little dicey," Richardson said about his arrival in Iowa on a small private jet. "Like, zero visibility and 40-mile-per-hour winds."

Richardson plans to meet with a group of Democratic women, then with union leaders in Des Moines today before headlining local party gatherings in Marshalltown, Ames and Boone.

While Richardson has registered in the low single digits in early Iowa polls, he has signed as a top consultant one of the party's most notable veteran organizers with Iowa experience. Steve Murphy, who managed former U.S. Rep. Dick Gephardt's 1988 and 2004 presidential campaigns, is signed on with Richardson.

Richardson's national success relies on doing well in the Nevada caucuses, scheduled for five days after Iowa's. But Iowa, scheduled to host the first nominating event of 2008 on Jan. 14, could give him a boost before heading to the first Western contest.

"It's probably hard to win here, but I've got to break through here," Richardson said. "What I don't want is to get buried here, so I'm going to be here a lot."

Neither Clinton, Nor Obama (NYT)

By David Brooks

The New York Times, March 4, 2007

So there I was, sitting in my office, quietly contemplating suicide. I was watching a cattle call of Democratic presidential candidates on C-Span. In their five-minute speeches, they were laying it on thick with poll-tested, consultant-driven clichés of the Our Children Are Our Future variety. The thought of having to spend the next two years listening to this drivel set me wondering if it was literally possible to be bored to death.

Then Bill Richardson walked onstage. He was dressed differently — in slacks and a sports jacket. He told jokes that didn't seem repeated for the 5,000th time. He seemed recognizably human, unlike some of his overpolished peers. He gave the best presentation, by far.

Then a heretical question entered my head: What if Richardson does this well at forums for the next 10 months? Is it possible to imagine him as a leading candidate for the nomination?

When you think that way, it becomes absurdly easy to picture him rising toward the top. He is, after all, the most experienced person running for president. He served in Congress for 14 years. He was the energy secretary (energy's kind of vital).

He's a successful two-term governor who was re-elected with 69 percent of the vote in New Mexico, a red state. Moreover, he's a governor with foreign policy experience. He was U.N. ambassador. He worked in the State Department. He's made a second career of negotiating on special assignments with dictators like Saddam, Castro and Kim Jong Il. He negotiated a truce in Sudan.

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Most of all, he's not a senator. Since 1961, 40 senators have run for president and their record is 0-40. A senator may win this year, but you'd be foolish to assume it.

When it comes to policy positions, he's perfectly positioned — not by accident — to carry liberals and independents. As governor, he's covered the normal Democratic bases: he raised teacher pay, he expanded children's health insurance, he began programs to stall global warming, he built a light rail line.

But he also cut New Mexico's top income tax rate from 8.2 percent to 4.9 percent. He handed out tax credits to stimulate economic growth. (He's the only Democrat completely invulnerable on the tax cut issue.) He supports free trade, with reservations. And he not only balanced the budget — he also ran a surplus.

On cultural issues, Richardson has the distinct advantage of not setting off any culture war vibes. He was in college in the late 1960s, but he was listening to the Beach Boys, not Janis Joplin. He was playing baseball in the Cape Cod League, not going to Woodstock. He idolized Humphrey, not McCarthy.

Richardson is actually something of a throwback pol — a Daley or La Guardia who doesn't treat politics as a moral crusade. That might appeal this year.

On the nuts and bolts of the campaign, he has some advantages as well. He won't have the $150 million war chests that Clinton and Obama will have. On the other hand, he won't have the gigantic apparatuses that fund-raising on that scale requires. While those campaigns may be bloated, overmanaged and remote, Richardson has the potential to be small and nimble.

Furthermore, he could generate waves of free media the way John McCain did in 2000. He's a reporters' favorite — candid, accessible and fun to be around. "I'm a real person, not canned. I don't have a whole bunch of advisers. I'm a little overweight, though I'm trying to dress better," he told me last week. So far, rumors of personal peccadilloes are unfounded.

Finally, there is the matter of his personal style. This is his biggest drawback. He's baggy-faced, sloppy (we like our leaders well groomed), shamelessly ambitious and inelegant. On the other hand, once a century or so the Democratic Party actually nominates somebody the average person would like to have a beer with. Bill Richardson is that kind of guy.

He is garrulous, amusing, touchy-feely (to a fault), a little rough-edged and comfortably mass-market. He's Budweiser, not microbrew. It doesn't hurt that he's Hispanic and Western.

In short, when you try to think forward to next winter, you see that this campaign will at some point leave the "American Idol"/"Celebrity Deathmatch" phase. The Clinton-Obama psychodrama may cease to fascinate while the sheer intensity of coverage will create a topsy-turvy series of revolutions.

I wouldn't bet a paycheck on Richardson. But I wouldn't count him out. At the moment, he's the candidate most likely to rise.

Kucinich Outlines Plan For Iraq Withdrawal (NHUL)

By Jim Kozubek

New Hampshire Union Leader, March 4, 2007

MERRIMACK – Ohio Rep. Dennis Kucinich outlined his 12-point plan for an immediate withdrawal from Iraq during a meeting with residents in the basement of the Merrimack Public Library yesterday.

The initial and perhaps most important step for a stable Iraq is to stop funding military operations that are contributing to a civil war, insurgency and more casualties, said Kucinich, a Democratic candidate for President.

Congress is preparing to vote for $100 billion in supplemental funding for the operation, money that he said might be used for military strikes in Iran, covert operations, and what some suspect, funding for insurgencies to maintain a balance of power in the region.

The executive branch has exploited the War Powers Act, and Congress has tacitly supported the war every step of the way by rubber-stamping funding, he said.

"The funding of this war has been voted on at least 12 or 13 times, and Congress keeps reauthorizing the war all over again," he said, adding that candidates Hillary Clinton, Barack Obama and John Edwards have repeatedly voted to renew funding.

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Kucinich said the government often does not even have a record for how funds are spent, and corrupt contractors and enemies might end up with money with no specified earmarks.

"Iraqi holdings were originally taken and shipped to the United States and converted into $10.8 billion in hundred dollar bills, shrink-wrapped, put on pallets and loaded on a cargo plane, and nobody knows what happened to that money," he said.

Kucinich said the United States should turn Iraq and its oil reserves back over to its countrymen to restore accountability and enable them to control their own assets.

The U.S. has an obligation to pay reparations to the families of the 650,000 collateral deaths caused since the start of the war, and to provide some backing to an Iraqi government that will gradually begin to take on international loans, he said.

The U.S. subsequently has a responsibility to ensure that loans granted by the World Bank are negotiated fairly, without conditions that in return impose corporate interests such as the privatization of oil on the country, he said.

Corporate-dominated trade negotiations have already compromised domestic policies and economic prospects, he said.

"I want to restore bilateral trade for worker rights, human rights and the environment," he said. "Before NAFTA and other such trade agreements, there was more of a balance, but since these agreements, we have seen a trade deficit and wages depressed."

Kucinich also said one out of every four dollars currently paid for health care was going for profit, and he would like to develop a non-profit health care system with savings that could easily cover the expense of modern medicine.

Andy Sylvia, chairman of the Merrimack Democratic Committee, said he wasn't sure who he was going to vote for yet, but was especially impressed with Kucinich's stance on Iraq.

"I appreciate the clarity he has brought to the Iraq issue," Sylvia said. "We were kind of railroaded into this and he stood up to that."

Ex-GOP Candidates Turn Attacks Back On National Panel (BOS)

By Rick Klein

The Boston Globe, March 4, 2007

WASHINGTON -- One advertisement accused the rival candidate of billing taxpayers for a call to a phone-sex line. One alleged that a candidate "fixed" his daughter's speeding tickets. Still others stated that a candidate endorsed a "coffee talk with the Taliban," and that another was supported by the Communist Party.

Each charge was misleading at best, demonstrably false at worst. Yet the National Republican Congressional Committee paid for each of those ads last year, and its leaders said they could do nothing to pull them, even after some of the Republicans whom the ads were designed to help demanded that they come down.

Now, four months after Republicans lost control of Congress, many of their former candidates are calling for major changes at the NRCC. They depict the committee as a rogue attack-ad shop that shielded party leaders from having to account for the claims in their ads -- encouraging over-the-top accusations that often hurt GOP candidates.

"They weren't just attacking my opponent -- they were, bit by bit, destroying a reputation that I had spent years and years building," said Ray Meier, a Republican candidate in upstate New York whose Democratic opponent was wrongly accused of making adult fantasy calls.

The NRCC funneled more than $83 million through a special "independent expenditure" arm that made all decisions regarding ads.

The creation of the independent entity meant that when candidates such as Meier called NRCC headquarters to complain about the ads, committee officials said they couldn't discuss them, much less yank them from the air, without violating campaign-finance law.

The law places strict limits on how much help national parties can offer candidates; in 2006, they were limited to about $80,000 in direct support of each House candidate. But court rulings have established the right of independent groups to spend unlimited sums.

Thus, national parties have been funneling their giant war chests into independent committees -- putting vast resources behind ads of a type that used to exist only on the political fringes.

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The 1988 "Willie Horton" ad aimed at Democratic presidential candidate Michael Dukakis, for instance, was run by an independent group that had no ties to the Bush-Quayle campaign. Likewise, the Swift Boat Veterans for Truth attacked Democrat John F. Kerry in 2004, but was independent of President Bush's campaign.

But now, taking advantage of the latest loophole in the campaign-finance system, the national parties have started putting most of their advertising money into independent groups of their own creation. In 2006, spending by the Democratic and Republican parties' independent expenditure arms jumped 65 percent from 2004, to $202.4 million, according to Federal Election Commission data.

The parties have essentially created their own version of the Swift Boat Veterans -- entities that operate outside the normal political apparatus, said Fred Wertheimer, president of the government watchdog group Democracy 21.

"There's no accountability," he said. "When you have unaccountability on this stuff, people start overreaching. And this idea of creating a Chinese wall within the party, where the people who are doing the ads are kept separate from the people who are doing the expenditures, is a fiction."

Though both parties spent heavily on negative ads through their independent expenditure arms, the NRCC was by far the biggest spender last year, spreading around $20 million more than its Democratic counterpart. And watchdog groups have tagged the Republicans -- and the NRCC in particular -- as the worst offenders in stretching the truth.

Annenberg Political Fact Check, a nonpartisan group that studies campaign advertisements, called the NRCC's ads "the very definition of political mudslinging."

"The National Republican [Congressional] Committee's work stands out this year for the sheer volume of assaults on the personal character of Democratic House challengers," stated the Fact Check report, which also cited one Democratic ad as based on "flimsy evidence at best."

Representative Christopher Shays, a Connecticut Republican who is among the 2006 candidates who feel the NRCC's actions hurt his campaign, said he plans to file a bill that would allow candidates in both parties to prohibit the national parties from advertising on their behalf.

"I would have been better off if they didn't spend one penny on my race," said Shays. "The least we should do is give a candidate the ability to say no. "

The NRCC's chairman during the 2006 elections, Representative Thomas M. Reynolds of New York, defended the ads, saying they were well-documented and generally effective. He conceded that his independent expenditure arm "took a lot of liberties," but said Democratic committees also stretched the truth.

NRCC ads saved 10 to 20 Republican-held seats, Reynolds said. "Everybody has an opinion, and hindsight after an election is about 20-20," he said.

Last year, Reynolds put a veteran NRCC operative, Carl Forti, in charge of the party's independent committee. Reynolds said that, in keeping with the law, Forti made all advertising decisions and had no contact with his bosses at the NRCC while working on independent ads.

Forti, who now works as political director of the presidential campaign of former governor Mitt Romney, declined to comment, citing the NRCC's policy of not discussing independent expenditure operations publicly.

The independent expenditure operation spent $77 million attacking Democratic House candidates, while spending $6.6 million in positive ads boosting Republicans, according to FEC disclosures.

Among the attack ads was the television spot in Meier's race against Michael Arcuri, a former county district attorney. Arcuri's hotel bill from a business trip included a one-minute call to an adult talk service, which cost taxpayers $1.25. Immediately thereafter, another call was placed to a number that was identical except for the area code: the number for the state Department of Criminal Justice Services.

It was clearly a wrong number, but the NRCC stood by the ad. Arcuri won the race.

Similar alleged misstatements reverberated in races across the country. In North Carolina, an NRCC ad said that Democrat Heath Shuler was "caught again not paying his taxes on time." But Shuler had sold his majority stake in the business referenced in the ad in 2003. Shuler won his race, defeating an incumbent Republican.

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In Indiana, Democrat Brad Ellsworth was accused of "fixing" his daughter's speeding tickets while serving as a county sheriff, though Annenberg Political Fact Check found the ticket was paid in full. Ellsworth also unseated an incumbent Republican.

In Iowa, an NRCC ad suggested that Democrat Bruce Braley was backed by the Communist Party, citing the fact that a party newspaper labeled Braley a "peace candidate." Republican candidate Mike Whalen said he immediately called friends in Washington to pressure the NRCC to take the ad down, but was told that nothing could be done because it was a product of the independent expenditure arm.

"I went ballistic, desperately trying to send the message through back channels," Whalen said. "They didn't care. They said, 'We don't have any control over it.' . . . That ad in particular I think sullied my reputation, and I will always resent that ad."

Braley beat Whalen by 12 percentage points in a district that had long been a GOP stronghold.

Voters in Connecticut received an NRCC mailing that accused Democrat Diane Farrell of wanting to have a "coffee talk with the Taliban." The NRCC's evidence: Farrell accepted a campaign contribution from a group that included a board member who had once suggested establishing talks with the Taliban.

Farrell's Republican opponent -- Shays -- said he called allies at the White House and the Republican National Committee to press the NRCC to repudiate the mailing.

But NRCC officials, Shays said, prevented him from speaking directly with Reynolds. Reynolds defended that move, saying the committee would have been violating the law if it permitted candidates to coordinate with the independent expenditure arm .

But some campaign-finance specialists dispute the claim that party committees couldn't stop ads they were paying for. While the law prevents party leaders from coordinating messages with their independent arms, they could have refused to pay for ads they disapproved of, said Paul S. Ryan, associate legal counsel at the Campaign Legal Center, a nonpartisan group.

"The party leadership can close the purse strings when and if they don't like the ad coming out of their independent expenditure arm," Ryan said.

Because the Supreme Court has affirmed parties' rights to set up independent committees, party leaders say, they are likely to continue the practice .

Nonetheless, the NRCC's new leaders say they are listening to candidates' complaints. The new NRCC chairman, Representative Tom Cole of Oklahoma, appointed a task force to reevaluate the party's independent expenditure strategy.

Acknowledging lapses in "political judgment" last year, Cole said he wants assurances that his committee's ads will be factual as well as politically wise.

"When you get a lot of consultants in a hothouse, late in the campaign, and people really aren't responsible [for the message] because you're not working for the candidate, it's really easy to take a flier," Cole said.

Until party leaders take more responsibility for their ads, they are likely to frustrate more candidates. Meier, who gave up his state Senate seat to run for Congress, said he found it maddening to watch the campaign he waged on local issues make a sudden turn to the gutter.

"These scandalous and slanderous ads became the topic of conversation," Meier said. "Never having run for national office before, you know this is a mean business. You have no idea how mean."

The Power Player (WP)

By Robert G. Kaiser

The Washington Post, March 4, 2007

How the Rise of One Lobbying Firm Helped Transform the Way Washington Works

For Gerald Sylvester Joseph Cassidy, creator and proprietor of the most lucrative lobbying firm in Washington, May 17, 2005, was a day to exult. That bright, clear spring Tuesday marked the 30th birthday of Cassidy & Associates, and an impressive crowd had come to pay tribute to a godfather of the influence business.

Hundreds of guests gathered on the rooftop terrace of a handsome new office building at the foot of Capitol Hill, 13 stories above Constitution Avenue. A vivid orange sun descended gently behind the Washington Monument and the Lincoln Memorial at the western end of the Mall, casting angular beams of light across the assembled throng. The guests' view from the roof was

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filled by the United States Capitol, which from this startling vantage point could be seen, from end to end, in a single field of vision. The Capitol looked contained and compact, almost a plaything within easy reach.

As the setting sun illuminated the scene, the party illuminated a new Washington -- a capital transformed by big money in the 30 years since Cassidy became a lobbyist. This new Washington operated on new ethical norms, embraced new standards of risk and reward and offered tempting new career choices for former officials, members of Congress, their spouses and their aides.

Cassidy helped invent the new Washington, which had made him seriously rich. His personal fortune exceeded $125 million. He and his original partner, whom he forced out of the firm 20 years earlier, devised a new kind of business, subsequently mimicked by many others. Their innovation was the first modern "earmarked appropriations" -- federal funds directed by Congress to both public and private institutions when no federal agency had proposed spending the money. Over the subsequent three decades, the government dispensed billions of dollars in "earmarks," and lobbying for such appropriations became a booming Washington industry.

Cassidy may be the richest Washington lobbyist, but he is far from the best-known. Since a scandal erupted that bears his name, that title belongs to Jack Abramoff, the confessed felon, bribe-payer and tax evader who is now an inmate in the federal prison camp in Cumberland, Md. He is still cooperating in a widening federal probe of corruption on Capitol Hill.

Abramoff's brazen behavior fit a stereotypical caricature of the Washington lobbyist as a willful rogue eager to corrupt members of Congress. The Abramoff story is a crude pulp thriller punctuated by free dinners, lavish golfing outings, big campaign contributions, arm-twisting and old-fashioned bribery.

Cassidy's is a subtler epic that probably reveals more about the culture of Washington, D.C. It, too, involves favors, gifts and contributions, but they are supplemented by the disciplined application of intellect, hard work, salesmanship and connections. In Cassidy's story, all these can influence the decisions of government to the benefit of private parties -- Cassidy's clients.

On a personal level, Cassidy's saga is a variation on the classic American myth: A determined man from nowhere accumulates great wealth and rises to the top. At different moments it evokes Charles Foster Kane, Jay Gatsby or a character from a Horatio Alger tale. Like them, Cassidy is a self-made man who fulfilled many of his most ambitious dreams. But material success has not pacified all of his personal demons. He is tough, temperamental, driven and, according to many around him, rather lonely.

Over the next five weeks, The Washington Post will tell Gerald Cassidy's story in a unique way. On Monday, the series will jump to the newspaper's Web site, washingtonpost.com, to begin a 25-chapter serial narrative that will describe how Cassidy built his business, how he made the deals that earned his millions, and how he and his fellow lobbyists influenced decisions of government and helped create the money-centric culture of modern Washington.A Gatsbyesque Affair

Charlie Palmer Steak, the gleaming Washington outpost of a famous Las Vegas restaurant, had catered Cassidy's party. Restaurant staff circulated with platters of miniature hamburgers and tartlets of goat cheese and mushrooms. The restaurant occupies much of the ground floor of the building at 101 Constitution Ave., where the rooftop party was held. One of the restaurant's owners is the same Gerald Cassidy, a man of many investments.

He had turned 65 a month before the party, and he looked spiffing. His full beard of uniformly short whiskers was trimmed to a triangle of white. His fullback's frame was perfectly draped in a dark gray, double-breasted and pin-striped suit made by Alan Flusser in New York, Cassidy's home town. Flusser's custom suits start at $3,800. A white shirt with French cuffs and a silk tie in a pattern of black and white checks completed the ensemble. The checked tie set against the suit's prominent pin stripes evoked a Las Vegas defense attorney.

The outfit advertised the distance Cassidy had come from his difficult childhood in a troubled Irish American family. None of its other members, denizens of Brooklyn and Queens, wore custom-made suits; none had even graduated from college before Cassidy did in 1963. Cassidy's memories of his youth are short on nostalgia, long on deprivation. "I remember evictions, repossessions, things you never forget." Jack Cassidy, his stepfather, was a pugnacious Navy veteran and former boxer who sometimes threw a punch at his son.

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At his big party Cassidy's shyness was displaced by pride; he was virtually preening. He presided with a certain dignified formality, greeting guests with a warm smile but never slipping out of character. Like Gatsby, F. Scott Fitzgerald's self-invented tycoon, Cassidy seemed to enjoy the idea of the party at least as much as the party itself.

Gatsby sought riches to reclaim a lost love who had rejected him when he was young and poor; Cassidy, too, sought riches as armor against poverty and rejection. Both were dreamers who would be forced by circumstances to become realists.

For Cassidy, the urge to accumulate money drove him to succeed. "I'm a big fan of financial security," he said in one of numerous extended interviews. "I didn't have a lot of it as a kid, so I wanted to be successful and financially secure." He never pretended not to be interested in money nor tried to deny who he was or how he made his cash. He proudly, though quietly, made large donations to numerous charities.

His candor about his business and his pursuit of wealth set him apart from the most successful lobbyists of earlier generations, who often were reticent about their trade. Washington powerbroker Clark Clifford was a good example; he never registered as a lobbyist and would deny heatedly that he was one, even as he helped his law firm's corporate clients solve problems in Washington for handsome fees. Clifford wanted to be known as an elder statesman.

Cassidy made no bones about his work. He liked to talk about his ability to get things done: winning hundreds of millions in federal dollars for his university clients, getting Ocean Spray Cranberry juice into school lunches, helping General Dynamics save the billion-dollar Seawolf submarine, smoothing the way for the president of Taiwan to make a speech at Cornell despite a U.S. ban on such visits.

Cassidy's career has spanned an astounding boom in the lobbying business. When Cassidy became a lobbyist in 1975, the total revenue of Washington lobbyists was less than $100 million a year. In 2006 the fees paid to registered lobbyists surpassed $2.5 billion; the Cassidy firm's 51 lobbyists earned about $29 million. In 1975 the rare hiring of a former member of Congress as a lobbyist made eyebrows rise. Today 200 former members of the House and Senate are registered lobbyists. Two of them, tall, gregarious men named Marty Russo and Jack Quinn, work for Cassidy, and at the 30th birthday party they worked the crowd with relish.

The business involves giving as well as receiving. As lobbying became more and more lucrative, Cassidy realized that members of Congress who helped his clients could be thanked with campaign contributions. "You can't be in this business and not give," he once explained.

He encouraged his colleagues to give, and he gave prolifically himself. In the quarter century leading up to his party, Cassidy, his employees and their spouses had personally given at least $5.3 million to candidates for the House and Senate and to the two major parties. Cassidy and his wife, Loretta, donated more than a million of that themselves. The lobbyists of Cassidy & Associates had received many times that much in fees from their clients -- almost always in the form of monthly retainers. The clients had received hundreds of millions in earmarked appropriations and other benefits worth hundreds of millions more.

Cassidy's appetite for lobbying revenue could lead him into trouble. It was the cause of one of the few public mistakes of his career: his 2004 offer to the soon-to-be notorious Abramoff to join Cassidy & Associates as a consultant just after the law firm of Greenberg Traurig had fired him. Abramoff accepted the offer, but then Cassidy had to withdraw it. Abramoff was not invited to the 30th birthday party.Starting with McGovern

The party crowd looked like a typical A-List Washington gathering, sprinkled with past and present senators, House members and Washington hangers-on of many varieties. But there was a story up on the roof that evening that wasn't obvious to most of the guests -- the story of Gerry Cassidy's remarkable career.

The crowd included figures from every stage of Cassidy's life in Washington, beginning with George McGovern.

The long-retired Senator and 1972 Democratic presidential nominee had flown in from South Dakota to toast Cassidy, whom he had first met 36 years earlier in Immokalee, Fla., when McGovern chaired the Senate Select Committee on Nutrition and Human Needs.

In 1969, Cassidy, then a young legal aid lawyer for migrant workers, helped McGovern's staff organize hearings in Immokalee on hunger among those workers. Cassidy then escorted the senator around one of the most impoverished areas in the United States. The hearings drew extensive television and newspaper coverage, one of McGovern's first moments in a national spotlight. Just two months later, Cassidy made his way to Washington and knocked on the nutrition committee's door.

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Could he have a job? In April 1969, Gerry Cassidy arrived in the nation's capital to join the staff of McGovern's committee. He has been here ever since.

When Cassidy moved up from Florida, he and Loretta rented a small apartment in Arlington. Today, they own grand houses in McLean and on the Eastern Shore and a condo on Key West.

Cassidy and McGovern have maintained friendly if not close relations over the years -- a typical pattern for Cassidy, who has many acquaintances but few real friends. McGovern expresses personal amazement at Cassidy's financial success, and also gratitude for it. The lobbyist has contributed $100,000 to the George and Eleanor McGovern Library, which was dedicated in October at Dakota Wesleyan University in Mitchell, S.D.

Both men say they have forgotten that McGovern fired Cassidy from the nutrition committee in early 1975 to make room on the staff for Bob Shrum, at the time a young political operative who McGovern hoped could help him run for president again in 1976. Shrum went on to advise eight losing Democratic presidential candidates.

McGovern's order to fire Cassidy, in a letter to Kenneth S. Schlossberg, staff director of the nutrition committee, can be found in McGovern's papers at Princeton University. Schlossberg interpreted that letter as a cue that it was also time for him to find a new job. He proposed to Cassidy that they start a consulting business, he recalled in an interview. They became 50-50 partners in a firm called Schlossberg-Cassidy & Associates, though they had no associates.

When they first set up shop in a tiny, one-room office, Schlossberg and Cassidy sent letters to everyone they knew offering to provide whatever assistance might be needed in Washington. One of the first to respond was Jean Mayer, a renowned nutritionist, who had just become president of Tufts University in Medford, Mass., outside Boston. Mayer summoned Schlossberg to Tufts to talk about his dream of building a human nutrition research center. He recounted how House Speaker Thomas P. "Tip" O'Neill had once told him about the childhood days when he and his brother sneaked onto Tufts' playing fields to play ball. "If I can do anything to help you, let me know," O'Neill had said.

Mayer hired Schlossberg-Cassidy to figure out how O'Neill might help him. And they did. After two years of work by the young lobbyists, Congress appropriated $27 million for the human nutrition center. Over the course of the next three decades, that $27 million would be followed by hundreds of millions more in directed, earmarked appropriations to Cassidy clients -- colleges, universities, hospitals, corporations and state and local governments.The Absent Alumni

Many of Cassidy's Democratic friends were in attendance at the rooftop party. Rep. Ed Markey (D-Mass.), for example, came prancing across the canvas "carpet" that had been laid on the roof to greet his host: "My Cassidy!" he proclaimed with a mischievous Irish grin, "I'm a fan of yours!"

Cassidy has long had good relations with members of the Massachusetts delegation, going back to his friend O'Neill, the speaker from 1977 to 1987, boom years for Cassidy's firm. Many of the early clients were Massachusetts institutions. By the end of that period, Cassidy was paying himself as much as $5 million a year, several times more than the earnings of even Washington's fanciest lawyers.

One of the loudest guests at the party was Russo, the former Congressman from the suburbs of Chicago who was defeated in 1992 and joined Cassidy the next year. At the party, Russo greeted his pals from the House with a booming voice, and had hugs and pats on the back for many -- a Chicago pol of the old school. On his Cassidy & Associates calling card, Russo has put an embossed, golden Seal of the United States and identifies himself as "Marty Russo, Member of Congress, Retired."

The guest list for the party was long, but so was the list of people who had played a prominent part in building the Cassidy firm but had not been invited. Many of the professional and personal relationships Cassidy developed over three decades had not survived. His mercurial personality and sometimes violent temper put an end to some of them; his ways of doing business ended others. Some left him for greener pastures.

Members of a large Cassidy alumni association could be found in lobby shops and public relations firms all around town. When someone left the firm, Cassidy tended to take it badly. He got into a prolonged legal action with one former employee and forced him into a settlement, a story that quickly made the rounds and had the desired effect. Only a fraction of the former employees was invited to the party on the roof, though the event had been the talk of the alumni for weeks.

The uninvited included some of the most important people in the history of the firm -- first of all James P. Fabiani. Fabiani was the third person to join the firm, after Schlossberg and Cassidy. He designed many of its procedures; he became its most

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successful marketer, luring in dozens of clients. But he and Cassidy fell out after 15 years of working together. Fabiani thought the firm had changed: "It went from . . . hard-charging, driven, we're-going-to-succeed-for-our-clients to a company preoccupied with money."

Schlossberg was absent, too, an ironic status for the actual founder of the firm -- despite many references in the firm's literature and on its Web site to Cassidy as its founder. The two men's gradual estrangement had culminated in 1984, when they agreed on a settlement that dissolved their partnership. Schlossberg left with $812,600 as his share of the enterprise. Today he runs a family business, the Schlossberg Memorial Chapel, providing funeral services to the Jewish community on Boston's South Shore. He and Cassidy haven't spoken in 22 years.

The two had an achingly complicated relationship. "He only agreed to the deal we finally settled on," Schlossberg said recently of Cassidy, "because he knew that if we actually ended up in court I would make sure the whole city knew every last detail about our business and no clients would be left after that." The money Schlossberg received proved to be a piddling amount. Eventually, in a series of complicated financial transactions from 1989 to 1999, Cassidy sold his interest in the firm for a total of $30 million, while staying in place to run the business for a handsome salary.Ten-Percenters

One of the alumni who did make it to the rooftop terrace was William F. Cloherty, a feisty little fireplug of a man who came up with an idea that helped Cassidy soar. Cloherty had been working in the Tufts administration when Cassidy and Schlossberg won that first earmark for Jean Mayer. He quickly grasped that what Schlossberg-Cassidy had accomplished for Tufts could become the basis of a real business.

Through a connection with John Silber, the resourceful president of Boston University, Cloherty got to know Cassidy. Intense, bright, disheveled and hopelessly disorganized, Cloherty quickly bonded with Cassidy, a fellow hustling Irishman.

Cloherty proposed to work for Cassidy on a commission basis. He would receive ten percent of whatever fees the clients he brought in paid to the firm. By 1985 Cloherty had signed up 10 clients, eight of them universities. Over the years Cloherty collected hundreds of thousands of dollars in commissions without doing any lobbying himself. Cloherty's success prompted Cassidy and Fabiani to build a large stable of "ten-percenters," who became critical to the firm's early growth.

At the party, Cloherty spent a long time chatting with Silber, who had flown to Washington for the occasion. Prior to joining Cassidy, Cloherty had worked for Silber as BU's government liaison. Over a quarter century, BU has paid Cassidy millions of dollars in lobbying fees, and the school has received $106.5 million in earmarks from the federal government.

Cloherty's success reflected the firm's. For years in the 1980s, Cassidy and his colleagues could truthfully tell prospective clients that they never failed to win an earmark for an institution that had retained them. "Sometimes it took longer than we expected," admitted Elliott Fiedler, who worked at the firm from 1987 to 1995, "and sometimes the client had to settle for a good deal less than it hoped for. But for years every client eventually got something."

From its inception the firm also represented businesses. One of Cassidy's earliest corporate clients was the Ocean Spray Cranberry cooperative, a national organization of cranberry and grapefruit growers. Ocean Spray got him into the political contributions business; he set up a political action committee for the group and decided which members of Congress would receive its largesse. That only increased Cassidy's influence.

His firm has also organized hundreds of fundraisers for members of Congress, many of them breakfasts in the firm's conference room. Cassidy believes in giving money to his friends for their election campaigns. The system doesn't bother him in the least.

"Lobbyists have always been contributors; they always will be," he said in an interview. "It's like if you lived in a rural community and you wanted to be part of that community, and they had a volunteer fire department. If you didn't participate, you wouldn't be very well accepted in the community. It's as simple as that."Selling the Firm Again and Again

In the decade that began in 1989, Cassidy & Associates was transformed. Cassidy was able to fulfill his dream of becoming not just prosperous and successful, but rich. In two stages, he sold a portion of the firm to an Employee Stock Ownership Plan, an unusual financial transaction that put $15 million in his pocket.

He used some of the money to greatly expand his business. He created Powell-Tate, a public relations firm named for its key partners, Jody Powell, President Jimmy Carter's press secretary, and Sheila Tate, press secretary to first lady Nancy Reagan. Cassidy also acquired a Republican lobbying firm, a polling firm and a grass-roots lobbying firm.

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The Republican victory in 1994, taking control of Congress from the Democrats whom Cassidy had spent more than 20 years befriending, cost the firm about $6 million in revenue, or roughly 20 percent of what it had been making. Cassidy cut his own salary way back; for a couple of years he earned no bonus. But he survived, and business slowly picked up again.

In 1999, Cassidy sold the firm to InterPublic Group (IPG), a British advertising and public relations conglomerate, in a stock transaction that netted about $60 million. Cassidy's share would total just over $15 million. His timing was impeccable; he used a financial device called a collar to sell the IPG shares he received in the deal at what turned out to be a historic high. Within months, the IPG shares lost half their value. Most of Cassidy's associates held on to their shares and suffered heavy losses.

For an entrepreneur who had created a business and shaped it in his own image, becoming the property of an international conglomerate was not easy. At first Cassidy's relationship with IPG was rocky. Some executives working for the new owner thought it might be best to ease Cassidy out of the firm and turn it over to his longtime associate, Fabiani. The gambit failed with the new owner, and Cassidy remained the boss. But the firm fell on hard times. Fabiani left, and the earmarked appropriations business was suddenly crowded with new competitors. And Congress, which loved earmarks, loved them so well that their number burgeoned, but their average size shrank radically.'A Republican Lobbying Firm'

Another guest at the 30th birthday party was Rep. Roy Blunt of Missouri, the Republican whip in the House. Ten years earlier, a Republican as important as Blunt probably would not have attended an event honoring a Democratic lobbyist. But times changed after the Republicans took control of Congress in 1994, forcing Cassidy to adapt to Republican tastes.

His latest adaptation had been the hiring of Gregg Hartley, an open, friendly Missourian like Blunt, who had worked as Blunt's right-hand man for nearly all his political career. In 2003, following a path trod by countless other Congressional aides, Hartley had decided to "go downtown" -- to become a lobbyist. A bidding war for his services ensued. Cassidy won it with an offer of just under $1 million a year plus a substantial percentage of the lobbying fees paid by clients Hartley could bring to the firm.

Hartley had earned $150,000 as Blunt's senior aide. Now he was the chief operating officer of Cassidy & Associates. Hartley worked the crowd at the party with a friendly, low-key style. A number of the guests represented corporate clients he had attracted to the firm.

Blunt was a nice catch for the Cassidy party, but not in the class of the man who arrived soon afterward, surrounded by a bustling entourage. That was Tom DeLay of Texas, then still the House majority leader. His presence was probably a favor to Hartley, who had belonged to the House leadership's inner circle.

To have someone with Hartley's connections essentially running Cassidy's firm, as he has since 2005, showed how the times had changed Cassidy. "I'm running a Republican lobbying firm," Cassidy quipped sheepishly to an old friend.

* * *

One of the most influential guests at the party was a senior senator who once went after Cassidy in public -- Robert C. Byrd (W.Va.), ranking Democratic member of the Senate Appropriations Committee. In 1989, just after Byrd became that committee's chairman, he threw a theatrical temper tantrum when The Washington Post reported that the University of West Virginia had hired the Cassidy firm to help win an earmarked appropriation for an $18 million facility to study the uses of coal. When this became public knowledge, Byrd decided he was furious. He actually blocked the $18 million, which the House had already approved, and forced his home state university to fire Cassidy. In a speech on the Senate floor he denounced "lobbyists who collect exorbitant fees to create projects and have them earmarked in appropriation bills . . . for the benefit of their clients," a thinly veiled reference to Cassidy.

The episode created a political opportunity, prompting Byrd to draft the "Byrd Amendment," putting new restrictions on all lobbyists. It appeared to be a memorial to his anger at Cassidy.

So why, 16 years later, when he was 87 and frail, had Byrd come to a party to celebrate Cassidy? He responded to that question a little testily: "I'm here because I'm here. I was invited, and I decided to come."

Soon after the party another successful Washington lobbyist ventured an explanation: "That's simple. It's his cycle. He's up." Indeed he was. Republicans thought Byrd might be vulnerable, and they had targeted him in 2006. He was busily raising money to defend his seat, and Cassidy, it turned out, was doing his best to help.

Byrd's re-election committee later reported to the Federal Elections Commission that six weeks before his party, Gerald Cassidy had made a $2,000 contribution.

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Then in November 2006, six months after the 30th birthday party, Cassidy & Associates' Political Action Committee made a $938 "in-kind" contribution to organize and pay the tab for a Byrd fundraiser at Finemondo, an Italian restaurant downtown. That event raised $16,645 more for Byrd, nearly all of it from employees of the Cassidy firm. One $2,000 donation was recorded in the name of Loretta Cassidy, the lobbyist's wife, whose pretty smile and high spirits lit up the party on the roof on May 17.

* * *

As the sun set and the party wound down, Cassidy took a microphone and spoke, very briefly:

"All I want to say is it's been a great time, I've enjoyed it. . . . I've had a great time over the years because of all of you. . . . I've loved being in Washington working on important issues. . . . My boss is here, Senator McGovern. He brought me to Washington 35 years ago and opened the door to a great life. Thank you."

Your Tax Dollars At Work: Buckytubes And RedOwls (WP)

The Washington Post, March 4, 2007

Last week, the Washington group Taxpayers for Common Sense released a compendium of 2,646 spending projects earmarked for lawmakers' home states and congressional districts in the 2007 defense appropriations bill. In many cases, the legislation itself provides only a vague description of the project, and omits the name of the company or community that would benefit. Taxpayers for Common Sense filled in the details by using lobbying disclosure databases, congressional news releases and Internet sites.

New measures passed by Congress this year will require detailed disclosure in future legislation of the recipient of such earmarks, as well as the identity of the member seeking them. The following is a sample from the conference report:

p. 243. $1.6 million for the "Weapons of Mass Destruction Marking Set."

Explanation: Rep. David Obey (Wis.), then-ranking Democrat on the House Appropriations Committee, obtained this for Rex Systems, Inc., of Chippewa Falls. The system is a mobile laboratory that samples air, water and soil for signs of WMD. The lobbyist is JEH Government Consulting of Chippewa Falls. An Obey news release also announced that Pliant Corp., employing 182, would receive $2.4 million to continue to develop better packaging for military rations -- known as meals ready to eat (MREs).

* * *

p. 303. $2 million for "Electronic Type-specific Buckytubes for Next Generation Defense Electronics."

Explanation: Then-House Majority Whip Roy Blunt (R-Mo.) obtained this for Carbon Nanotechnologies Inc. and Brewer Science (both of Springfield) for work to be done on failure-resistant electronics at Missouri State University's Roy Blunt Jordan Valley Innovation Center. The Washington lobbying firm of Fabiani and Co. represents Brewer Science.

p. 98. $4.5 million for "Golden Hour Technology Containers."

Explanation: Minnesota Sens. Norm Coleman (R) and Mark Dayton (D) obtained this earmark for Minnesota Thermal Science Co. in Plymouth. The containers are temperature-controlled devices for transporting blood products. The lobbyist is mCapitol Management.

* * *

p. 243. $2.25 million for "Electroconversion of Energetic Materials."

Explanation: Sen. Mike Enzi (R-Wyo.) obtained this earmark for Nanomaterials Discovery Corp. of Cheyenne.

* * *

p. 216. $3.2 million for "Palmtop Emergency Action for Chemicals (PEAC)."

Explanation: Sen. Mike Enzi (R-Wyo.) obtained this earmark for AristaTek of Laramie, which is developing the software system capable of detecting up to 10,000 chemicals. The company's lobbyist is American Business Development Group in Arlington.

* * *

p. 241. $1 million for "Defect-Free Commercially Viable Si/C Semiconductors Using Superlattice Technology."

Explanation: Rep. Michael R. McNulty (D-N.Y.) obtained this for C9 Corp. in Kingston.

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p. 327. $2 million for a "Secure Advanced Electronics Fabrication Facility."

Explanation: This earmark, for a facility at the University of Albany, was obtained by Rep. Michael R. McNulty (D-N.Y.).

* * *

p. 276. $5 million for the "Thermal Management Systems for High-Density Electronics. "

Explanation: This earmark for Rocky Research Inc. of Boulder City was obtained by Nevada Sens. Harry M. Reid (D) and John Ensign (R). The company's lobbyist is Stirling Strategic Services.

* * *

p. 240: $4.5 million for the "RedOwl Acoustic Targeting Device/Photonics Center."

Explanation: Development of the sniper detecting sensor system at Boston University, represented by Cassidy & Associates, was backed by Massachusetts's senators.

Bush Shows New Willingness To Reverse Course (WP)

By Peter Baker

The Washington Post, March 4, 2007

He was against it before he was for it.

The same president who mocked the idea of talking with Iran and Syria as recently as two weeks ago is now sending emissaries to a regional conference to talk with Iran and Syria.

For President Bush, last week's decision was the latest of several reversals on issues on which he once refused to budge. Since Democrats captured Congress, Bush has fired Defense Secretary Donald H. Rumsfeld, authorized direct talks with North Korea, sent more troops to Iraq, agreed to discuss the contours of a Palestinian state in Middle East peace negotiations, and even proposed a tax increase for millions of Americans -- all ideas he rejected earlier.

"It's not really surprising to me that they're beginning to change," said former congressman Lee H. Hamilton (D-Ind.), co-chairman of the bipartisan Iraq Study Group, whose report in December recommended opening talks with Iran and Syria. "The realities of the situation are becoming more apparent to them. . . . Presidents begin to focus very much on their legacy, and he recognizes that insufficient progress has been made on some of these international issues."

Some of Bush's shifts are being welcomed by Democrats and some Republicans, although often with the caveat that, in their view, he has not gone far enough. "Any administration, including this one, has to face reality that changes over time," said former senator Warren B. Rudman (R-N.H.), an ally of the president's father. "They should. Circumstances change. I'd hate to see an administration that was so rigid that it didn't react to that."

But it can be a bitter pill for a politician who got to the nation's highest office by stressing his unwavering fidelity to core principles and painting his opponents -- first Al Gore, then John F. Kerry -- as flip-floppers who changed their minds depending on the political currents. Now, suddenly, it is George W. Bush -- the stubborn, resolute, "never give in" leader -- who finds himself explaining how he can reject a position one moment and embrace it the next.

All politicians flip-flop at times, of course, though few characterize it that way. Governance sometimes requires it and, if skillfully presented, it can be seen as thoughtfulness or growth in office. As Gore and Kerry showed, though, it can be a political killer if it becomes central to one's image. That's why Republican Mitt Romney is struggling to explain his changing positions on abortion and gay rights, while Democrat Hillary Rodham Clinton refuses to apologize for her 2002 vote for the Iraq war despite pressure from liberal activists.

In Bush's case, he sometimes acknowledges a shift and attributes it to evolving conditions, such as his decision to increase the number of troops in Iraq after years of insisting he had sent enough to do the job. In other instances, though, the White House denies any change of position at all, offering nuanced arguments for why the latest move is consistent with past statements.

Bush's new health-care plan, for example, would raise taxes on 30 million Americans. The White House says this is not a real tax increase, because the proceeds would finance tax cuts for 100 million other Americans and the overall plan would be revenue-neutral.

Likewise, after the announcement that U.S. envoys will attend an Iraqi-sponsored conference of its neighbors, White House spokesman Tony Snow complained that the move was being portrayed as a policy switch. At a briefing, he read a list of

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multinational meetings attended by U.S. and Iranian diplomats in the past and chastised reporters for mischaracterizing the situation.

"You guys are getting it wrong, and I don't know how to get you to get it through your heads that it's not new," Snow said. "I mean, it's not new. What's going on here is something that has a long-seated precedence. There are multilateral forums where, if the Iranians are there, we're not going to walk out."

The same list of past meetings, though, has been cited repeatedly by critics in recent months in asking why Bush has refused to talk with Iran and Syria lately. Until last week, the president had said he would not talk with either until Tehran suspended its uranium enrichment, Damascus stopped interfering in Lebanon, and both dropped support for terrorist groups.

He made his attitude abundantly clear at a news conference last month when he mocked those calling for him to negotiate. "This is a world in which people say, 'Meet! Sit down and meet!' " Bush said in a sarcastic tone. "And my answer is: If it yields results, that's what I'm interested in." Just two weeks later, he agreed to sit down and meet in the context of a conference of Iraq's neighbors and major powers -- even though none of his previous conditions has been met.

Conservatives expressed exasperation. "I have never seen an administration with such an enormous gulf between the president's public statements and its actions," said Michael A. Ledeen, a scholar at the American Enterprise Institute. "Presidential statements should reflect policy. They don't seem to in this administration."

Ledeen said Bush should not talk with Iran, given the charges that it is arming Iraqi militants: "They're killing our kids. They're in open warfare against us. So we're going to sit around a conference table with them to talk about the security of Iraq, which they have no interest in?"

Other Bush allies say that the president flip-flopped on North Korea's nuclear program. Whereas he used to reject one-on-one talks with Pyongyang, insisting that negotiations take place in a six-nation forum, he reversed himself and authorized direct talks in Berlin in January, which ultimately led to a breakthrough agreement.

John R. Bolton, Bush's former ambassador to the United Nations, said the Berlin meeting "was clearly a shift" that yielded a deal rewarding North Korea for bad behavior.

Bolton was further disturbed by reports last week about administration officials backing off assertions about North Korea's uranium enrichment. "There's a risk that the administration looks weak through the media spin," Bolton said, "and if the president doesn't like the media spin, he should correct it immediately."

Bush has strategically changed positions in the past when it suited him, perhaps most notably when he embraced the creation of a Department of Homeland Security after initially opposing it. But he has cultivated an image of a leader who rarely veers from course -- to the point of irritating many who wish he would, particularly on Iraq.

That could immunize him now to an extent from charges of flip-flopping. "It actually may be greeted warmly, and you may see his poll numbers tick up," said Scott Reed, who ran Republican Robert J. Dole's 1996 presidential campaign.

More important to Bush, Reed added, is burnishing the record before his term expires: "They're really playing for the history books now."

Chavez's Influence Hovers Over Bush Trip To Latin America (HC)

By Dudley Althaus, John Otis, Patty Reinert

Houston Chronicle, March 4, 2007

U.S. is hoping Latin American tour tempers the leftist, shores up allies' support

MEXICO CITY — Like many Americans at this time of year, President Bush is striking out for southern climes.

Packing strategies for fostering trade, fighting drug-traffickers and fending off the regionwide shift to the political left, Bush flies out Thursday to start a swing through the friendlier parts of Latin America.

He'll talk energy and free trade in Brazil and Uruguay. Those topics — as well as crime, punishment and border jumping — will dominate the conversations in Colombia, Guatemala and Mexico.

At every turn, Bush almost certainly will work to counter Hugo Chavez, Venezuela's leftist president. Chavez ranks among the world's more vocal and influential Bush-bashers, and his aura hovers over Bush's trip like a holiday-spoiling drizzle.

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"It's a very calculated effort to become more proactive in confronting Chavez and shoring up U.S. allies in the region," said Cynthia Arnson, who heads the Latin America program at the Woodrow Wilson International Center for Scholars in Washington, D.C.

Brazil and Uruguay are governed by moderate leftists inclined to support market economics and trade. Colombia, Guatemala and Mexico have elected conservative presidents who probably would feel among brethren at a GOP fundraiser.

Still, the trip's rhetoric likely will exceed its reach, Arnson and other analysts say.

"He's coming at a time of extreme vulnerability," said Rafael Fernandez de Castro, who teaches foreign relations at ITAM, a leading Mexico City university.

What Bush is up againstThe White House world view remains centered on the Iraq war and its consequences. The 2008 U.S. presidential campaign already has begun, sapping some of Bush's domestic influence. Latin America continues both veering left and riding a commodities boom that has loosened its dependence on the Bush administration's economic policies.

For its part, Washington is trying to portray the seven-day, five-country trip — Bush's eighth to Latin America since taking office — as a show of support for democratic governments. But the visit also is meant to deliver the message that the governments must lift up their poor and vulnerable, said the administration's top diplomat for the region, Thomas Shannon.

The foray is Bush's first extended trip to the region since a September 2005 visit to Argentina and Brazil that many analysts rate a disaster. Attending a regional summit, Bush weathered large street protests — some led by Chavez — that denounced the Iraq war and Washington-sponsored free trade.

Emphasizing his continued opposition to Bush, Chavez plans to visit Argentina at the same time Bush is touring neighboring Brazil and Uruguay. At a recent news conference in Venezuela, Chavez said Bush's swing through the region is an attempt to divide the loyalties of its leaders and public. He called for street protests at every stop.

Chavez's role in regionBankrolled by more than $50 billion a year in oil earnings, much of it from sales to U.S. consumers, Chavez has been throwing money in the region like a rich uncle.

He's bought up more than $3 billion worth of risky debt in Argentina, built roads and schools in Bolivia, promised electricity plants in Nicaragua and sold oil on the cheap to many friendly countries.

In contrast, the Bush administration often has seemed like a tight-fisted distant relative. U.S. aid to the region totals $1.7 billion this year — nearly half of that going to Colombia — and will drop to about $300 million in 2008.

Not surprisingly, Argentine President Nestor Kirchner has been cozy with Chavez, and Bolivia's Evo Morales, Ecuador's Rafael Correa and Nicaragua's Daniel Ortega appear to be ardent allies.

"Free trade and counternarcotics have always been the Bush administration's agenda, and these are things that — with a few notable exceptions — Latin America does not see as a priority," said Arnson, the Washington analyst.

"Poverty, inequality and exclusion constitute the social agenda of the hemisphere and explain the rise of so many leftist governments," she said.

Then there's the moderatesStill, Brazil's president — Luiz Inacio Lula da Silva, who's universally called Lula — and Uruguay's Tabare Vazquez have proved more moderate leftists, publicly expressing their friendship with Chavez while maintaining cordial ties to the Bush administration.

Although Lula trends left, Brazil remains a functioning democracy with a stable economy that offers an alternative to Chavez-style politics.

"This is precisely the type of government the United States would like to see in South America," said Paolo Sotero, a Brazilian analyst at the Wilson Center. "Brazil is a natural ally."

In addition, Brazil and the United States are the world leaders in producing ethanol, the plant-based fuel being used as a blend with gasoline in cars. Combined, the two countries could expand and dominate the world ethanol market, Sotero said.

Closer to home, the Bush administration sees Mexico as another foil to Chavez in the region, a key trading partner and as a crucial ally in the drug war. Few were more relieved than the White House when Calderon won a controversial squeaker election over leftist rival Andres Manuel Lopez Obrador in the summer.

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Both Calderon and the White House intend to push for an overhaul of immigration law this year, of which Mexico would be the prime beneficiary. And Calderon has moved in his first three months in office to strengthen cooperation with the United States in narcotics enforcement.

"The administration really wants Calderon to succeed," said Pamela Starr, a Mexico analyst with the Eurasia Group risk-analysis firm in Washington.

Dealing with ColombiaEn route to meeting Calderon in Mexico, Bush will make a short layover in Colombia, where President Alvaro Uribe has become embroiled in a scandal linking senior members of his government with right-wing militias that finance themselves in part through the cocaine trade.

But Uribe strongly supported the Iraq war and is a no-holds-barred anti-drug warrior. That ranks him among Washington's closest allies in the region.

Uribe wants a new package of nearly $750 million in mostly military aid and is pushing for a longer-term commitment of U.S. support. A U.S.-Colombia trade agreement remains pending in the Congress.

On a two-day visit to Guatemala, Bush will meet with President Oscar Berger, also a conservative, in what one analyst called payback for that country's challenge last year to Chavez's failed bid for a rotating seat on the U.N. Security Council.

Like most winter sojourns, Bush's tour may prove a pleasant respite from the pressures at home. But analysts say that like a hastily acquired suntan, the trip's impact, for both the White House and Latin America, will soon fade.

"There isn't time to do anything," Fernandez de Castro said, referring to Bush's remaining months in office. "He will be just another president who came into office promising to pay attention to the region who ended up not doing that."

Iran President Meets Saudi To Discuss Mideast Issues (NYT)

By Hassan M. Fattah

The New York Times, March 4, 2007

RIYADH, Saudi Arabia, Sunday, March 4 — President Mahmoud Ahmadinejad of Iran met with King Abdullah here in the Saudi capital on Saturday to address the Middle East's growing sectarian and political crises.

Mr. Ahmadinejad, who arrived in Riyadh in the afternoon, was greeted at the airport by King Abdullah, a rare honor from the aging monarch, and talks began shortly afterward, the official Saudi Press Agency reported. Later, he was the guest of honor at a state dinner put on by the king and attended by top Saudi officials and dignitaries, and he held further meetings with the king.

Without elaboration, Prince Saud al-Faisal, the Saudi foreign minister, told [a news organization], "The two parties have agreed to stop any attempt aimed at spreading sectarian strife in the region."

The trip was Mr. Ahmadinejad's first official visit to the Saudi kingdom, and is widely believed to have been set up at the behest of the Iranians. It was the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries.

The two leaders met just as diplomats from Germany and the five permanent members of the United Nations Security Council talked Saturday about tougher sanctions on Iran for its continued uranium enrichment efforts in defiance of the Council. The diplomats, speaking in a conference call, ended their discussion without an agreement.

King Abdullah and Mr. Ahmadinejad were believed to be focused on finding ways to end the political standoff in Lebanon between Hezbollah, backed by Iran, and the government of Fouad Siniora, supported by the United States. Saudi Arabia and Iran have expressed alarm at the sectarian violence in Iraq, worrying that it could fuel similar tensions throughout the Middle East.

Saudi Arabia has in recent months led an aggressive diplomatic effort to counterbalance Iran's growing influence in the region, most recently playing host in Mecca to the warring Palestinian organizations, Hamas and Fattah, to resolve their differences and to arrive at a government of national unity. Saudi Arabia is also said to be working to bring Lebanese parties together to reach a peaceful settlement of the three-month crisis.

But many analysts also expected Mr. Ahmadinejad to offer a more stark message warning to Arab governments that everyone would be harmed by any possible United States attack on Iran. The United States has been expanding its naval presence in the Persian Gulf in recent weeks, with a second aircraft carrier group now in the region.

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Mr. Ahmadinejad departed late Saturday night, the Saudi Press Agency reported, after about eight hours on the ground, despite initial plans for him to leave on Sunday.

Iran's Ahmadinejad Visits Saudi Amid Regional Crises (AFP)

By Lydia Georgi

AFP, March 3, 2007

Iranian President Mahmoud Ahmadinejad left Saudi Arabia late Saturday after talks with King Abdullah which had been expected to focus on the sectarian bloodshed in Iraq, the crisis in Lebanon and Tehran's nuclear row with the West.

Saudi officials said Ahmadinejad departed after spending some seven hours in the kingdom, but did not give details about the talks, which lasted around two hours.

The Saudi monarch hosted a dinner for the Iranian leader, whom he greeted earlier at an airbase in Riyadh in a red-carpet but brief ceremony which underlined the working nature of the visit.

Ahmadinejad, who previously saw the king at an Islamic summit in Mecca in December 2005, said before leaving Tehran that he would discuss how Iran and the kingdom could work together to reduce tensions in the Middle East.

"We will discuss with King Abdullah the joint work that we have to carry out in the Islamic world and the region," he told reporters.

"Iran and Saudi Arabia are two significant countries whose relations in recent years have been expanding and developing, and we are interested in expanding our stable ties," he said.

Relations between the two regional heavyweights have been strained over non-Arab Iran's growing influence in Iraq and its perceived backing of Shiite militias battling the once-ruling Sunni minority there.

The Iranian president, whose country has been accused by the United States of meddling in the region, also said Iran was ready to do all it could to reduce political tensions in Lebanon.

"If Lebanon requests the Islamic Republic of Iran to assist its national unity and independence then we are ready to help," he said.

Lebanon has severely tested ties between predominantly Shiite Iran and Sunni-dominated Saudi Arabia, a key US ally which provides substantial financial aid to Beirut and which has close links with the Western-backed government of Sunni Prime Minister Fuad Siniora.

The anti-Syrian Lebanese administration has been crippled by an opposition ministerial walkout and an open-ended protest spearheaded by the Iranian-backed Shiite movement Hezbollah, raising fears of Sunni-Shiite clashes.

Lebanon's parliamentary majority leader Saad Hariri arrived in Riyadh earlier on Saturday. A source close to Hariri told AFP he would have contacts with Saudi officials on issues connected to Lebanon and the region.

Iran is also accused by the United States, Riyadh's top Western ally, of arming Shiite militants attacking US forces in Iraq -- a charge that Tehran vehemently denies.

"We should allow the Iraqis to implement their decisions and enforce security themselves," Ahmadinejad said on Saturday.

In December, King Abdullah likened the situation in the Arab world to "a powder keg waiting for a spark to explode," and Riyadh and Tehran recently began working together to reduce tensions in Lebanon.

The two oil powerhouses have sought to contain differences over Iraq, which at one point saw Saudi Arabia accusing the United States of effectively handing the country to Iran and triggered reports -- swiftly denied by Riyadh -- of possible Saudi intervention on behalf of Sunnis.

Saudi commentators saw Ahmadinejad's visit as a sign that the two countries are pooling efforts to ease regional crises at a time when Tehran is under heavy Western pressure over its nuclear ambitions and Riyadh is keen to avert a US-Iran military showdown which could destabilise the entire Gulf region.

The visit "might yield a joint initiative" to break the deadlock in Lebanon and lead to "an understanding that will ease the conflict in Iraq," analyst Anwar Eshki told AFP.

The leading daily Al-Riyadh said a "half success" of the Saudi-Iranian summit would be "better than the continuation of crises" in regional trouble spots.

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"Mr President," said the Saudi Gazette, "your visit in this darkest hour yet for our region offers hope" of achieving Muslim unity.

"As we people of the desert know, it's always darkest before dawn."

Ahmadinejad's moderate predecessor, Mohammad Khatami, visited Saudi Arabia in 1999 and 2002, repairing relations which had nosedived after Iran's 1979 Islamic revolution.

Mid-East Vow To Curb Sectarianism (BBC)

BBC.com, March 4, 2007

Iran's President Mahmoud Ahmadinejad and Saudi Arabia's King Abdullah have agreed to work together to fight sectarian strife in the Middle East.

The announcement followed a visit by Mr Ahmadinejad to Riyadh for rare talks.

Speaking on his return to Tehran, he said the two countries would stand together against "enemy plots" seeking to divide the Muslim world.

The summit comes at a time of sectarian division and tension between Saudis and Iran over events in Iraq and Lebanon.

Saudi Arabia, a major Sunni power in the region, and Iran, an important Shia power, have found themselves aligned with groups on opposing political sides.

Correspondents say Saudi Arabia has led a diplomatic drive in recent months to counterbalance what it sees as Iran's growing influence in Iraq, Lebanon and the Palestinian territories.

Closing ranks

An account of the talks was issued by the official Saudi Press Agency early on Sunday, shortly after Mr Ahmadinejad left Riyadh to return home to Tehran.

Iran and Saudi Arabia oppose the dominance of enemies over the region and their conspiracies. During this trip, we tried to devise some measures to prevent the enemies from harming the Muslim world and to foil their plots

President Ahmadinejad "The two leaders asserted that the greatest danger threatening the Muslim nation at the present time is the attempt to spread strife between Sunni and Shia Muslims and that efforts should be exerted to stop such attempts and close ranks," it said.

The agency quoted Mr Ahmadinejad as saying he supported Saudi attempts to calm the situation in Lebanon and resolve the political crisis there.

There has been a recent flurry of contacts between Saudi Arabia, which is influential with Lebanon's Sunnis, and Iran, which backs Hezbollah and is also allied to Syria.

The two leaders also reportedly stressed the importance of Palestinian unity and the need to safeguard Iraq's independence and integrity.

'Common views'

Speaking in Tehran after the talks, Mr Ahmadinejad said: "We discussed the Palestinian and Iraq issues comprehensively. We have common views in this regard."

He also said that "plots carried out by the enemies in order to divide the world of Islam were discussed" and that the Saudis had joined Iran in condemning them, the AFP news agency reports.

Mr Ahmadinejad said he supported Saudi efforts to calm Lebanon "Iran and Saudi Arabia oppose the dominance of enemies over the region and their conspiracies. During this trip, we tried to devise some measures to prevent the enemies from harming the Muslim world and to foil their plots," Mr Ahmadinejad said.

Mr Ahmadinejad's trip to Riyadh came as Iran is under growing pressure from the West over its refusal to halt its uranium enrichment programme.

The US has also claimed that the "highest levels" of Iran's government are supplying arms used by Shia militants in Iraq.

Watching anxiously

Iran is a rising power bolstered by the removal by the US of its two great enemies - the Taleban in Afghanistan and Saddam Hussein's regime in Iraq - the BBC's diplomatic correspondent Jonathan Marcus says.

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Iran's Shia allies are now the dominant force in Iraq, while Tehran's influence is spreading more widely into Lebanon and the Palestinian territories.

Sunni-ruled states like Jordan and Saudi Arabia are watching Iran's rise with a degree of anxiety, our correspondent adds.

It makes sense for the Saudis and the Iranians to talk as neither country has an interest in a Sunni-Shia rivalry in the region getting out of control, our correspondent says.

Indeed, the fact that this bilateral meeting has come ahead of a wider multilateral gathering on Iraq suggests that some sort of new understanding just might be in the works, he says.

North Korea Inspections Will Put U.S. To The Test Too (LAT)

By Bob Drogin

The Los Angeles Times, March 4, 2007

The return of U.N. monitors could disprove White House assertions about Pyongyang's nuclear program.

WASHINGTON — North Korea's unexpected promise last month to open its nuclear weapons arsenals and production facilities to U.N. inspectors provided a welcome foreign policy success for the White House, but may prove embarrassing as well.

At stake is whether the Bush administration overstated a purported secret North Korean program to produce highly enriched uranium for nuclear bombs in 2002. President Bush's charges that autumn about the alleged program helped derail an accord intended to freeze the weapons effort before it could produce fissile material for a bomb.

North Korea tossed out United Nations nuclear inspectors, built up a stockpile of plutonium and finally tested a small nuclear device last October, using plutonium rather than enriched uranium as fuel.

Under last month's agreement among North Korea, the U.S. and four other countries, the U.N.'s chief nuclear inspector, Mohamed ElBaradei, has scheduled a three-day visit to Pyongyang, the North Korean capital, beginning March 13 to arrange the inspectors' return. The inspectors could validate the U.S. suspicions, or could prove them unfounded.

Questions about the uranium enrichment effort emerged last week when the chief U.S. intelligence officer for North Korea, Joseph R. DeTrani, appeared to suggest during a congressional hearing that intelligence authorities had backtracked from their original classified assessments.

Afterward, senior intelligence officials argued that their assessments had not changed.

They said the evidence was clear that in mid-2002, North Korea obtained uranium-spinning centrifuges and other tools and components necessary for an illicit enrichment program. However, they said, the evidence has always appeared far less conclusive as to whether Pyongyang procured enough equipment to start industrial-scale enrichment of uranium, whether it installed and operated any of the machinery or whether it has sought additional supplies.

The intelligence officials and some others spoke on condition of anonymity when discussing internal interpretations of intelligence assessments.

John D. Negroponte, deputy secretary of State, said Friday that inspections should resolve the questions. The recent accord calls for a "full and complete" accounting of North Korea's nuclear programs, including "its uranium enrichment activities," he told reporters in Tokyo.

Negroponte, the former director of national intelligence, said the judgment of the intelligence community "is that they are very confident that North Korea had an enrichment program in the past, and they are moderately confident that this program still continues."

A U.S. intelligence official in Washington said the apparent shift in language is "not a change in what the confidence level was. It's not an effort to look back at what we thought of the program. It's an effort to look at where it is in the present."

Another U.S. intelligence official said the question of what North Korea did with its centrifuges, and how far or how quickly it progressed in uranium enrichment, "was always presented as murky and with caveats. Nothing has changed. We are absolutely not backtracking or changing the judgment."

But a U.S. diplomat with access to the intelligence said the administration was "trying to walk back some of the rhetoric."

"The problem is they've opened up a can of worms," the diplomat said. "Was this another case of faulty intelligence, like Iraq? Or is it possible they cooked the books?"

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Senate Armed Services Committee Chairman Carl Levin (D-Mich.) sought clarification from Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, asking them in a letter whether any intelligence assessments on North Korea's programs had changed since 2002. "If so, when did it change, why did it change and how did it change?" he wrote.

The Senate Intelligence Committee also is "taking steps to understand the evolution" of the assessments on North Korea since 2002, an aide said.

Few doubts appeared in White House statements and public CIA reports on the enrichment program in 2002.

At a news conference in November that year, President Bush said: "We discovered that, contrary to an agreement they had with the United States, they're enriching uranium, with a desire of developing a weapon."

In an unclassified estimate for Congress that month, the CIA wrote that North Korea "is constructing a plant that could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational — which could be as soon as mid-decade."

Robert Gallucci, who was the chief U.S. negotiator with North Korea in the mid-1990s, called the mid-decade conjecture a "worst-case scenario."

"It could also be 10 to 20 years," he said last week. "The estimates were a wild guess."

David Albright, an arms expert who heads the Institute for Science and International Security, a nonprofit group that tracks nuclear issues and opposes arms proliferation, said the U.S. assessments of North Korea's uranium enrichment effort "appear to be flawed." He compared them to prewar misjudgments on Iraq's alleged weapons of mass destruction.

"I think there were deliberate attempts to hype all this," Albright said. "Now that the administration has got a deal with North Korea, they're on the other side. They don't want to slit their own throats with things they said back in 2002."

N. Korea Talks May Lead To New Era (MCT)

McClatchy, March 4, 2007

WASHINGTON -- As North Korean and U.S. officials sit down Monday to begin mending fences after 55 years of hot war and cold peace, it will be a turning point for both countries -- and it could be the beginning of a transformation for President Bush.

Republican presidents in the past have made policy shifts that Democrats feared to take. Dwight Eisenhower ended the Korean War, and Richard Nixon opened relations with communist China.

There's also a bipartisan tradition of two-term presidents turning to diplomacy in their final years in office.

Ronald Reagan railed against the Soviet "Evil Empire" in his first term, then cut nuclear arms deals with Mikhail Gorbachev in his second, opening the way to ending the Cold War. Bill Clinton mostly ignored foreign policy in his first term, then threw himself into Middle East peacemaking as his days in office drew to a close, although he came up short.

But one big question about Bush's opening to North Korea and steps last week that could lead to a dialogue with Iran and Syria is whether a vision of peace is the driving force or desperation over a string of diplomatic failures, last fall's elections and a failing war in Iraq.

The other big question is whether the administration is sincerely interested in negotiating normal relations with North Korea, Iran and Syria or remains interested in overthrowing them.

The talks in New York between U.S. envoy Chris Hill and North Korean Vice Minister Kim Kye Gwan will occur a week after the United States agreed to sit down at an international conference on Iraq with representatives of Iran and Syria.

Many foreign-policy observers say the decisions add up to a major turn, or at least the start of one.

"The point is, it's an important shift. But it's only a start," said Daniel Serwer of the U.S. Institute of Peace. Serwer was the executive director of the bipartisan Iraq Study Group, which urged Bush to launch a diplomatic initiative on Iraq that included Iran and Syria.

"You have to have sincere talks with these people," he said. "Getting results is going to be tough. Let's face it, America is much weakened by this experience" in Iraq.

Vision doesn't seem to be the prime motivator of Bush's shift on North Korea: It may have been more a shift of advisers. Confrontation with North Korea, advocated by a hard-line faction in the administration, may have helped provoke Pyongyang into developing and testing a nuclear weapon, the opposite of U.S. intent.

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But now the hard-line faction, led by Vice President Dick Cheney, has been weakened by the U.S. failure in Iraq, the perjury trial of Cheney's former chief of staff and the departure of some of his allies in the administration, among them Donald H. Rumsfeld as defense secretary and John Bolton as U.S. ambassador to the United Nations. This has worked to the advantage of Secretary of State Condoleezza Rice, who was facing a grim final two years in office with little to show for it.

Her own official version is that the openings to Iran, Syria and North Korea are part of a well-planned strategy.

"What you have to understand is, this didn't happen overnight. OK? These policies have been put in place over a period of years," State Department spokesman Sean McCormack said. "Now you are seeing the administration in a position to be able to reap some of the benefits of the diplomatic groundwork that has been laid."

There's little evidence that Bush, who usually portrays himself more as a rough and tumble politician than as a visionary, undertook the opening to Iran and Syria with a long-term aim of normalizing relations.

The talks in Iraq won't be direct negotiations, and the only real development will be that U.S. officials will sit at the same table with Iranian and Syrian officials at talks hosted by the government of Iraq.

Some suspect that Rice's announcement before a Senate committee was aimed mostly at defusing rising congressional criticism of Bush's Iraq policy.

"A lot of our discussions and the votes over the last several weeks, I think, have prompted the administration to begin a diplomatic effort, which is long overdue," said Sen. Jack Reed, D-R.I.

The toughest critics of the president's shift are conservatives, who fear that U.S. adversaries will see the administration as severely weakened by the war in Iraq.

"Negotiating with bad guys from a position of weakness is not the right place to start," said Danielle Pletka, the vice president of the conservative American Enterprise Institute.

U.S. Urged To Reject Taiwan Missile Sale (AP)

By Joe McDonald, Associated Press Writer

AP, March 4, 2007

China pressed visiting Deputy Secretary of State John Negroponte on Saturday to reject a proposed sale of missiles to Taiwan, the self-ruled island that Beijing claims as its own territory.

Negroponte was visiting Beijing on a three-nation Asian tour focused on North Korea and regional security.

In his meetings with Chinese officials, "the Chinese side expressed that it is firmly opposed to the export and sale of weapons to Taiwan and the United States maintaining official relations with Taiwan," said Qin Gang, a Chinese Foreign Ministry spokesman.

An American Embassy spokeswoman said the U.S. government had no comment on the meetings.

China and Taiwan separated in 1949 but the communist Beijing government claims the island as part of its territory and has threatened repeatedly to attack. The United States is Taiwan's main arms supplier, though Beijing vehemently objects to such sales.

Taiwan is trying to buy 218 AMRAAM medium range air-to-air missiles and another 235 Maverick missiles at an estimated cost of $421 million.

"China is improving its military power and we treat that as a threat," Rear Adm. Wu Chi-fang, a Taiwanese Defense Ministry spokesman, said Saturday.

A statement on the proposed sale issued earlier this week said it would improve Taiwan's security and promote "political stability, military balance and economic progress in the region."

Negroponte met with Chinese Foreign Ministers Yang Jiechi and Dai Bingguo after arriving Saturday from Tokyo. He was due to meet later with Foreign Minister Li Zhaoxing and State Councilor Tang Jiaxuan.

The sides did not discuss Iran or North Korea but might later, Qin said.

The Chinese Foreign Ministry said earlier that the proposed missile sale would "seriously violate" previous commitments made by Washington to reduce arms sales to Taiwan and be a "rude interference into China's internal affairs."

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"The Chinese side hopes that the United States can definitively keep its promise to work with the Chinese side together and fight and contain Taiwan independence in order to maintain peace and stability across the Taiwan Strait," Qin said.

Negroponte's tour of Japan, China and South Korea is his first foreign trip since being confirmed last month as Secretary of State Condoleezza Rice's deputy.

A focus of the trip is relations with China, a major U.S. trading partner and key player on such diplomatic issues as North Korea, Iran and Sudan.

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Associated Press Writer Eric Talmadge contributed to this report from Taipei, Taiwan.

China Warns Negroponte On Taiwan Arms Sales (AFP)

By Dan Martin

AFP, March 4, 2007

China warned visiting US Deputy Secretary of State John Negroponte that plans to sell American missiles to Taiwan threatened to harm Sino-US ties, a Chinese spokesman said Saturday.

Negroponte arrived Saturday for a three-day visit and met with Deputy Foreign Minister Dai Bingguo for talks the US State Department had said would touch on a range of issues including Iran, Iraq, the North Korean nuclear pact and trade.

But they spent Saturday explaining their positions on touchy bilateral topics such as the perceived threat of China's military rise and US plans to sell 450 air and ground missiles to Taiwan, Foreign Ministry spokesman Qin Gang told reporters.

The planned purchase by democratic Taiwan has upset the leaders of China's Communist Party, which views the island as a renegade province to be reunited with the motherland.

"In order to ensure the healthy development of China-US relations, China resolutely opposes US weapons sales to Taiwan," Qin quoted Dai as telling Negroponte during their two-hour meeting.

Ties had already cooled somewhat after US Vice President Dick Cheney's comments, on a trip to Australia, that China's military growth and recent test of a satellite-killer missile did not jibe with its stated peaceful aims.

Qin said Dai told Negroponte that China was not to be feared.

"China will always adhere to the path of peaceful development. In international affairs it will continue to be a constructive and cooperative participant. China's development is peaceful and poses no threat to the United States or to the world," Qin said.

Negroponte's stop in Beijing is the second leg of a trip that has already taken him to Japan and will include a stop next week in South Korea.

All three are US partners in the six-nation effort to get North Korea to give up its nuclear weapons and part of his trip is expected to focus on how to make sure Pyongyang holds up its end of the deal.

After exhaustive negotiations, the United States and North Korea signed a new six-nation agreement last month under which Pyongyang agreed to give up its nuclear weapons programmes in exchange for economic and energy aid.

Negroponte, formerly the top US spy chief and installed last month as number two to Secretary of State Condoleezza Rice, told the Senate during his confirmation hearings that the US should pursue a policy of engagement with China "on all levels," rather than one of confrontation.

China and the US had worked closely together on hammering out the North Korea nuclear deal.

China To Increase Its Military Budget (AP)

AP, March 4, 2007

China's military spending, a point of contention with the United States, will jump 17.8 percent this year, the spokesman for the National People's Congress said Sunday.

Jiang Enzhu told a news conference on the eve of the annual meeting of China's legislature that military spending would hit $44.94 billion in 2007 — an increase of $6.84 billion over last year, though experts believe the true figure of China's military spending could be several times the amount that it reports.

Jiang said most of the money would be spent on boosting wages and living allowances for the 2.5 million-member People's Liberation Army, and on upgrading armaments. He did not give any other details.

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The announcement of the increased budget comes as China's leaders display renewed confidence in their ability to control divisive political debate, putting to a vote a toughly contested bill on property rights at this year's session of the national legislature.

The proposed property rights law and an uncontroversial corporate tax bill are the only pieces of legislation before the congress in its 12-day session which opens Monday. The two measures are all but certain to pass, legal scholars and Chinese political watchers said.

Such certainty says much about change in a political system in which the Communist Party tightly controls the reins of power but ordinary Chinese, emboldened by economic and social changes, feel increasingly free to voice opinions.

Dominated by the party, the congress is largely powerless. Still, a year ago an angry campaign by conservative communists that portrayed the property bill as a sellout of popular interests to a corrupt business elite — and that was amplified by fiery Internet postings — forced leaders to scuttle plans to put the measure before the congress.

Now, "the central leadership is quite comfortable with the debate because they can control it," said Cheng Li, a Chinese politics specialist at Washington's Brookings Institute. At the congress session, "they want to create a kind of atmosphere. They want to show there's some openness."

In power for nearly five years, ever-cautious party chief Hu Jintao, Premier Wen Jiabao and other leaders are coming into their own, putting their stamp on policies to spread the benefits of economic growth more evenly across a society with a large rich-poor gap. The initiatives, though still works in progress, have proven popular.

Heavy politicking is always the main agenda at the congress, which is comprised of nearly 3,000 members drawn mainly from provincial political notables and military commanders. This year's session is more so, with Hu and his allies seeking support for a renewed mandate at a pivotal once-in-five-years party conclave to be held later this year.

Congress deputies are to pass the government's budget, including the hefty increase in military spending, and endorse policies to keep the economy humming along at a slightly moderated pace from its double-digit growth of the past four years.

China's increased military spending has drawn comments from the United States, most recently from Vice President Dick Cheney, who on a swing through Asia last month said some of Beijing's actions were at odds with its words about its military expansion being peaceful.

In smaller groups, the deputies are also expected to discuss pressing social issues — extending health care insurance to rural Chinese, avoiding volatility in the high-flying stock markets, and excising the rampant corruption that excites public anger.

Hu and his colleagues have in the past year launched a robust anti-corruption campaign, cashiering a handful of top officials and tens of thousands of lower-level ones.

Jiang said Sunday that former Shanghai party chief Chen Liangyu, who is under arrest for a pension scandal in China's financial capital, would not be attending the legislature.

The pending property law, drafted and redrafted over eight years, could also set off passions. The lack of clear ownership rights and protections is a crucial impediment to further market reforms, complicating business mergers and leaving ordinary Chinese at risk of land seizures by local governments.

But Jiang rejected criticism the property law went against China's Constitution, saying it gave equal protection to public and private property. He said that "under a socialist market economy," state, collective and private property should be entitled to equal rights.

China's Quirky Stock Market Finally Matters (WP)

By Ariana Eunjung Cha

The Washington Post, March 4, 2007

Its Problems Become the World's

SHANGHAI -- Looking at the facts, the past year seems to have been disastrous for Worldbest Pharmaceutical. First, there were reports of accounting irregularities and exaggerated profit. Half the managers were fired. Then, in the summer, six people died and at least 80 fell ill after receiving an antibiotic injection manufactured by a subsidiary. Most recently, the company warned investors that it was likely to report its third consecutive year of losses.

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None of that cooled the enthusiasm of investors on China's Shanghai Stock Exchange, who since the end of March 2006 have driven the value of Worldbest's shares up 44 percent.

The Shanghai exchange and its smaller counterpart in Shenzhen, near the country's extreme southern border, have long been viewed skeptically by global capitalists, even those enthusiastic about the broader Chinese economy. The markets were considered too new, too small, too closed and too quirky to matter.

That attitude was put to a test last week when, for the first time, a big drop in the Chinese markets helped spark a global stock sell-off. Suddenly, it seemed, the views of Chinese investors mattered to the rest of the world.

And as the Chinese government takes steps to clean up market practices and allow more foreign investments, the rest of the world's markets are likely to continue to feel its growing pains.

Though China's is one of the fastest-growing economies in the world, it remains heavily influenced by the Communist state. The stock markets are not the main source of capital in China -- that role is played by banks, all of them controlled or heavily influenced by the Chinese government. Many analysts also see the stock markets as subject to more government manipulation than is the norm in capitalist countries.

It remains murky exactly what role the Chinese government played last week, when the Shanghai composite index fell 9 percent, either in setting off the panic by talking about new regulations or in countering it after it started by buying securities.

"There were some reports of state buying -- I don't know how reliable those are. But it's also possible people may have decided 9 percent in one day was too much and they are still bullish on stocks," said Stephen Green, senior economist at Standard Chartered Bank in Shanghai. "I don't think anyone really knows where we go from here."

The Chinese markets made up half of Tuesday's losses in Wednesday's rebound. The Shanghai composite index ended the week down about 4 percent, at 2831.53. Global markets also stabilized after Tuesday's drop and then rose modestly. But the fall left investors wondering whether China's new influence over stock markets adds fresh risks to a global financial picture already plagued by huge trade imbalances and bubbles in the prices of many assets.

China's strict capital controls -- the fact that it is hard to convert the yuan into other currencies and vice versa -- for years insulated its stock markets from outside tremors. Concerns about transparency and corruption have also kept some investors away. Although foreign institutional investors have increased the number of shares of Chinese-listed companies they own in recent years, they still hold less than 4 percent in the Shanghai and Shenzhen markets.

"When you think of the Shanghai market, it's best to think of it as another continent or even another planet," said Jonathan Anderson, UBS chief economist for Asia.

Concerned that isolation would stall its economic transformation, China has introduced a number of reforms in recent years. As a result, China's equity market is becoming increasingly integrated into the rest of the world's. Dual listings of Chinese companies have meant that rumors that start on the mainland can jump to Hong Kong. London companies with large shares in public Chinese companies mean that their bottom line could fluctuate based on what happens in the Shanghai market. Hedge funds, lightly regulated investment pools that specialize in risky investments, hold stocks in China as well as New York. That has meant that an automatic sell-off of one fund could affect more than one market.

Economic success in China and other Asian countries has given the region large foreign reserves, producing a global money glut that has driven down interest rates and driven up the price of assets from San Francisco to Sydney to Shanghai, creating worries of an asset bubble in China and elsewhere. The Chinese government has been trying to address those imbalances, but it is unclear whether that can happen in an orderly way in an economy so heavily controlled by a Communist government.

An announcement by the Chinese government that it was cracking down on illegal trading contributed to the Shanghai stock exchange's dramatic slide on Tuesday.

Established in 1990, the Shanghai market has for most of its existence has been considered one of the world's worst stock exchanges.

From 2002 until the beginning of 2006, even as the Chinese economy grew 10 percent a year, the stock market fell. And as late as mid-2006, large Chinese companies would not list their stocks on the mainland markets as a matter of course. But

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Chinese policymakers pushed changes to improve the credibility of the market. Instead of requiring only annual or semiannual reports, for example, companies now have to release quarterly reports.

Three years ago, Chinese officials took control of five brokerages that had engaged in illegal trading. Last year, securities regulators freed the more than 1,300 listed companies to sell their state-owned shares over time, in effect putting $270 billion in government-controlled assets into the public sphere.

Analysts think that was at least partially responsible for setting off the recent stock market boom. Another factor was the increasing number of Chinese consumers borrowing against real estate and investing in stocks. State-owned enterprises and large Chinese investment firms control 40 to 50 percent of shares, with the rest owned by individual Chinese shareholders. This differs from the United States and other more mature markets, where institutions control 80 or more percent of shares.

As of the end of 2006, 842 companies were listed on the Shanghai Stock Exchange. Its composite index was up 130 percent from the previous year, far outperforming the Dow Jones industrial average, which was up 16 percent.

In recent months, the Shanghai and Shenzhen exchanges have had a combined market capitalization of roughly $1.4 trillion, compared with the New York Stock Exchange's $20 trillion.

There are other indicators that the government influence on the markets is starting to recede.

Ninety to 95 percent of the companies listed, such as China Telecom, Baoshan Iron & Steel and the Industrial and Commercial Bank of China, remain state-owned. But in recent months, "we're finally seeing for the first time, good, big companies listing rather than heading straight for Hong Kong," said Peter Alexander, founder and principal of Z-Ben Advisors, an investment consultancy in Shanghai.

Many challenges to achieving a fully transparent and fair stock exchange remain, however.

Part of the difficulty is that the typical structure of Chinese companies listed on the exchanges differs from those of the United States in that most have state-owned parent companies that are not listed.

"There is a degree of interconnectedness among companies and parent companies and stockbrokers and securities companies that really is pretty much without parallel. There is a possibility for insider transactions is much greater in China than most places," said Barry J. Naughton, a professor of Chinese economy at the University of California at San Diego and a contributor to the Hoover Institution's China Leadership Monitor publication.

Still, UBS's Anderson said many investors stay in the stock market knowing full well that the system and companies may have some problems.

Take the case of Worldbest Pharmaceutical. Or that of Pudong Development Bank. In June, the bank announced that it was duped by a customer who used fake identity papers to apply for 126 million yuan in loans that he used to buy 91 luxury properties that had since fallen in value. Then, in September, it discovered that 12 bank employees from its wealth-management operations had misused 73 million yuan.

Share prices fell briefly after the two announcements but quickly rebounded. Today, the stock is up more than 140 percent from when first announcement was made, closing at 21.95 yuan a share on Friday.

Shanghai-listed Sichuan Mingxing Electric Power has been informing shareholders that its biggest shareholder, Zhou Yiming, had been effectively embezzling hundreds of millions of yuan in company assets by pledging them against loans. But the company's stock has soared 81 percent from 3.66 yuan a share since January 2006, when the company warned the scandal would affect its bottom line, forcing it into the red.

On Internet bulletin boards for the three stocks, investors dissect the companies' troubles but then say they will hold or buy anyway. One reason is optimism that China is growing so fast that any stock whose value depends on Chinese consumers -- medicine, banking services, or energy -- can only go up. Then there's a sense among some investors that if things go wrong the state will bail them out.

For example, Worldbest was flagged for "special treatment" by the stock exchange in April 2006. That is usually bad news, that trading may be suspended or that the stock may be delisted. But Worldbest investors figured that it meant the state had become aware of the company's problems and was preparing to step in. They took it as a buy signal.

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"It's a recognition of reality that the Chinese government has the ability to move these markets. Nobody doubts that," Naughton said. But faith that the Chinese government, despite its deep pockets, will always be around to help is misplaced, he said. "They may have the ability to make the markets go up. But they don't have the ability to make them go up forever."

Shanghai What-If: How A Shock Can Become A Shock Wave (NYT)

By Eduardo Porter

The New York Times, March 4, 2007

COULD this be the global financial meltdown? Less than a week ago, it might have seemed preposterous to suggest that a 9 percent fall in the Shanghai stock exchange could jolt markets across the world, triggering declines in everything from European stocks to American corporate bonds.

Yet such unlikely chains of events have been known to occur. Less than 10 years ago, the devaluation of the Thai baht on July 2, 1997, triggered a wave of currency collapses across East Asia and beyond.

By December of that year, the currencies of Indonesia, Korea, Malaysia and the Philippines had depreciated by about 75 percent, on average. Then the ruble fell. The Russian government defaulted on its domestic debt. By the time the dust settled, Brazil had devalued the real, Turkey had devalued the lira and the Argentine peso had collapsed.

Economies contracted from Ecuador to Singapore. And the high-flying hedge fund Long Term Capital Management, which had borrowed heaps of money to make risky bets across the globe, was only saved from the brink through a bailout organized by the Federal Reserve.

“These panics can be set off by any number of things and spread in many wondrous ways,” said Alan Blinder, an economist at Princeton University who was vice chairman of the Federal Reserve from 1994 to 1996. “Every one of these is different.”

The world, of course, is a different place than it was in the late 1990s. Developing countries are in much better shape, mostly growing fast and running trade surpluses rather than deficits. Many have repaid much of their foreign debt. And they have piled up humongous reserves.

Moreover, despite a slowdown in the United States, the global economy appears to be doing swimmingly. Growth in Europe and Japan has picked up. The International Monetary Fund expects the world economy to grow around 5 percent in 2007, about the same pace as last year.

Even so, there are some dangers lurking, notably America’s enormous trade deficit. But decisions by investors last week to dump risky assets like stocks in China or Brazil and instead buy safer bets like United States Treasury bonds actually makes it easier to finance America’s shortfall.

Still, the financial commotion last week underscored the extent to which financial markets everywhere are propped up by the same shaky crutch that has played a prominent role in the events leading up to crises in the past: overconfidence. “It was a bit of a wake-up call to investors about the risks out there,” said Kristin J. Forbes, an economist at the Massachusetts Institute of Technology who was on President Bush’s Council of Economic Advisers from 2003 to 2005. “Up to now investors had become too complacent about risk.”

Facing paltry yields on high quality assets like United States Treasury bonds, and diminishing returns on more stocks in industrial countries, investors have delved farther afield in pursuit of higher returns.

They rushed again into developing countries — pouring more than $500 billion into “emerging markets” last year and a similar amount in 2005. At its peak on Feb. 8, the Bombay stock market index was 49 percent higher than a year earlier. The Mexican market index was up about 55 percent in the year at its peak on Feb. 21. Even after the crack on Tuesday, the Shanghai stock market index is still twice as high as it was a year ago.

Investors have also rushed to buy dicey assets closer to home, like corporate bonds with a relatively high risk of default.

Last year, even as the housing market started tottering, investors snapped up $483 billion in bonds backed by sub-prime mortgages issued to the riskiest borrowers. The year before they bought over $500 billion worth of the shaky paper.

And many large investors, from pension funds to hedge funds, have doubled up their risk-taking not only by making these bets with borrowed money, but by borrowing it in Japan, where short-term interest rates have been exceptionally low. This could expose them to abrupt losses were the dollar to fall against the yen.

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The question is, how does this all unwind?

According to the benign scenario, which most economists are betting on, including Ms. Forbes and Mr. Blinder, last week's financial troubles will be short-lived — merely an instance of investors recovering their sense of risk and pulling back from some of their crazier investments, but doing no harm to the real economy.

"So far the betting is this is more a healthy correction rather than a plunge," said William Cline, a senior fellow at the Peterson Institute for International Economics.

Still, crises move in mysterious ways. And there are plausible paths for the financial turbulence to worsen. As Ms. Forbes acknowledged, "The crisis of the future never looks like the crisis of the past."

Let's imagine, for instance, that one unlucky hedge fund borrowed oodles of yen to invest in sub-prime mortgage-backed bonds and Turkish debt.

Let's also say that the yen continued to rise, as it did last week, as more investors caught by the financial crunch sold their losing investments to buy yen in order to repay their Japanese borrowings.

Meanwhile, mortgage-backed bonds and Turkish debt continued to fall.

This could mean trouble for the hedge fund, which would find itself owing yen that were rising in value but owning assets that were falling in value.

That might mean trouble for the banks that lent it money. And if the hedge fund were forced into a fire sale of Turkish bonds, say because it needs more collateral to back up a loan, it could be a problem for Turkey, because the sudden flood of its bonds on the market would cause their prices to drop. And if the price of its bonds fell, Turkey would have a tougher time trying to raise the cash it needs to finance its current deficit.

If Turkey were to go ...

As Mr. Cline put it, "these things are so predictable in hindsight."

The Nuclear Threat From China (WP)

By Mark Helprin

The Washington Post, March 4, 2007

Before rejoicing over detente with Kim Jong Il, it might be useful to remember that although agreements were reached in the past, his countrymen later built a number of nuclear weapons and carried out a test. Also, North Korea, with a rich chemical and biological arsenal having long ago neutralized American tactical nuclear weapons on the Korean Peninsula, has embarked solely on a program of survival by extortion and will gladly forfeit a power it does not need in exchange for recognition and some essential commodities. The Asian nuclear power of which we must take account is not North Korea but China.

The forerunners of China's government were able to defeat Chiang Kai-shek, fight the United States to a draw in Korea and, merely by means of their country's looming potential, help defeat America in Vietnam. This they did in chaos, poverty and without modern arms, but with strategy bred in the bone. Since 1978, using their extraordinary and sustained economic and technical growth to build military capacity, the Chinese have deliberately modeled themselves on the Meiji (who rapidly transformed feudal Japan into an industrial state able to vanquish the Russian fleet at Tsushima).

In altering their position relative to that of the United States, the Chinese have received generous assistance from the past two American presidents, who have accomplished first a carefree diminution of our orders of battle and then the incompetent deployment of what was left, in a campaign analogous to losing a protracted struggle with Portugal. China advances and we decline because, among other things, its vision is disciplined and clear, while ours is burdened by fear, decadence and officials who understand neither Chinese grand strategy nor its nuclear component.

This has led the United States unwittingly to encourage China to move toward nuclear parity. In the next five years, as we reduce our arsenal from 10,000 strategic warheads to 1,700, China's MIRV'd silo-based missiles and imminent generations of MIRV'd mobile and sea-based ICBMs will easily allow a breakout from warhead numbers now variously estimated to range from 80 to 1,800.

Once, the vast imbalance (in 1987, 500:1) might have discouraged China from such augmentation, but no longer. Our reductions and their growth provide fewer targets for more missiles and will create the possibility and therefore the temptation,

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however remote, of a first strike. As we have cut the stable sea-based leg of our nuclear deterrent from 37 ballistic missile submarines to 14, China works to build its own and a fleet that can provide protected bastions at sea as well as hunt down the small number of American boats on station.

Nuclear competition between mature and newly emerging powers is neither unprecedented nor unexpected, but the rule has always been that if nuclear potential exists it must be countered. Although we may no longer subscribe to this, China does. Aware that the United States planned to use nuclear weapons had China violated the Korean armistice, China would understandably seek nuclear balance, if not preponderance.

The danger lies not solely in quantitative instabilities but in potential nuclear strategies that technical evolution has elevated above Cold War paradigms. It is one thing for a few experts to foresee these strategies but quite another to obtain from a people no longer confident of its right to self-defense the political consensus, appropriations and authority to counter them. Consider just one scenario, highlighted by the recent successful test of China's anti-satellite weapon, part of a strategy to exploit technological asymmetries.

Given China's appetites and our alliances and interests, a war is not inconceivable in Taiwan, or in Korea. To remove American nuclear escalation from the equation, China would need not parity but only a deterrent such as it has long possessed. The Chinese, however, whose nuclear thresholds are dissimilar to ours, would have other options.

They know that every facet of America's economy, military and society depends on individual and networked electronic devices. Were these to fail all at once and irreparably, the nation would seize up, perhaps for years.

Faced with victory, or with loss, they might choose to -- and who would venture to guarantee that they would not? -- detonate half a dozen high-megatonnage nuclear charges in the mesosphere, in an electro-magnetic pulse (EMP) strike perhaps not even in American airspace, cooking almost every circuit and semiconductor, rendering the American government blind, deaf and dumber than it is already and the country unable to resist the inroads that would surely follow.

Though we would undoubtedly respond in kind, China is not as technically dependent as are we. Nor, given China's sufficiency for a counterstrike, could we deter an EMP attack with the prospect of massive retaliation, especially because an EMP strike, with no immediate casualties, would seem as peaceful as snow in still air.

The trick in nuclear strategy is to maintain stability by balancing potentials and thus to discourage events from converting the hypothetical to the actual. Required in this case -- only one of many -- is the electronic hardening, redundancy and redesign of essential systems and networks; and missile defense, which would not only close the first-strike window by shielding our second-strike capacity from destruction but protect against an EMP strike directly and dissuade China in the first place by making its deterrent less certain.

Were we to proceed along these lines, we could diminish the chances that China might in the not-so-distant future be tempted to win a nuclear war without fighting a nuclear war. But given that we have ignored explicit warnings of the congressionally chartered EMP commission, what are the chances that we will act on an opinion we dare not even form? In regard to war and the sometimes counterintuitive actions for avoiding it, we are no longer either confident or clearsighted. What a pity to have come so far to find that our rivals and enemies all over the world can run rings around us because half of our politicians have lost their intelligence and the other half have lost their nerve.

Mark Helprin, a novelist, is a senior fellow at the Claremont Institute and a distinguished visiting fellow at Hillsdale College. This article will also appear in the Claremont Review of Books.

Russian Police Beat Democracy Activists (WP/AP)

The Washington Post, March 4, 2007

Dozens Detained During March in St. Petersburg

ST. PETERSBURG, March 3 -- Police clubbed protesters and dragged them into waiting buses Saturday in response to a defiant demonstration against the Kremlin in the heart of President Vladimir Putin's home town.

Several thousand people chanted "Shame!" as they marched down St. Petersburg's main avenue to protest what they said was Russia's rollback from democracy. The demonstration, called the "march of those who disagree," was a rare gathering of the country's often fractious opposition.

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St. Petersburg authorities had prohibited the march, granting permission only for a rally far from the city center, but the activists defied the ban and marched down Nevsky Prospekt, St. Petersburg's main street.

Riot police beat dozens of protesters with truncheons, but several thousand broke through police cordons. They marched toward the city center and rallied for about 40 minutes until police moved in again, detaining people and dragging them into buses.

Several activists attacked a law enforcement officer. Between 20 and 30 people were detained, the ITAR-Tass news agency reported, citing police officials.

Former world chess champion Garry Kasparov, who helped organize the event, said on Echo Moskvy radio that as many as 6,000 people participated, though the crowd appeared to be about half that number.

"The authorities are destroying . . . the constitutional structure, rights and freedoms," said former prime minister Mikhail Kasyanov, who now heads an opposition movement. "Unfortunately, we are going through a very difficult time in our country, but we will continue to fight for our rights."

The activists accused Putin's government of cracking down on the opposition, stifling freedom of speech and hampering democratic institutions by abolishing direct election of provincial governors and creating an obedient parliament.

Mayor Valentina Matviyenko, a close ally of Putin's, called the protesters "guest stars from Moscow" and "youths of extremist persuasion," accusing them of stirring turmoil ahead of elections for the city legislature this month.

The campaign has been marred by allegations of intimidation and harassment after the Yabloko party, one of the country's two main liberal parties, was eliminated from the ballot for what it called groundless technical reasons.

Police And Protesters Clash In St. Petersburg (NYT)

By Andrew E. Kramer

The New York Times, March 4, 2007

ST. PETERSBURG, Russia, March 3 — An unusually large and unruly protest against the government of President Vladimir V. Putin ended here Saturday in clashes with the police and the arrest of opposition leaders. Rally organizers and the police said more than 100 people were arrested after a midafternoon scuffle between marchers and riot police on the main street, Nevsky Prospekt, in the heart of the city's tourist district. St. Petersburg, Russia's second-largest city, is Mr. Putin's hometown.

The rally was held in advance of local elections scheduled for March 11. Opposition events typically draw no more than several hundred people, but several thousand gathered for the rally in Vosstaniya Square.

Two leaders of what is left of Russia's liberal opposition, Garry Kasparov, the former chess grandmaster, and Mikhail A. Kasyanov, a former prime minister, spoke to the crowd. Then the protesters, accompanied by Mr. Kasparov, marched most of the length of the street, pushing through three police cordons as sirens wailed and Interior Ministry riot police scrambled to block their path.

The rally marked one of the higher-profile actions by Mr. Kasparov since he retired from professional chess to dedicate himself to opposition politics.

"This is our first real victory," Mr. Kasparov, speaking over a bullhorn, told the crowd on the muddy street, surrounded by rows of police. "I congratulate you for overcoming your fear. We will have victory when we get our Russia back. We have 364 days before the election in 2008."

Minutes after Mr. Kasparov spoke and left the area, the police broke up the crowd, first arresting the speaker who had taken Mr. Kasparov's place.

Mr. Kasparov had handed the bullhorn to Sergey V. Gulayev, a member of an opposition faction in the local legislature in St. Petersburg.

"The government is afraid of the slightest wind," Mr. Gulayev he told the crowd. "The government is fragile, and afraid, and will collapse with one push."

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As he spoke, riot police shoved through the crowd and grabbed the bullhorn from his hands, smashing it against the wall of a building. A policeman put Mr. Gulayev, grimacing, in a headlock and dragged him into a police vehicle as members of the crowd yelled "Shame! Shame!"

A wedge of police officers swinging nightsticks then divided the crowd and pushed it toward the sidewalks. Some protesters fought back and a melee erupted, lasting about a minute.

At one point, a black plastic riot helmet torn from a police officer was flung into the air and clanged onto the muddy pavement, as news photographers and other protesters scrambled away from the swirling fight.

On Friday, Mr. Kasparov, Mr. Kasyanov and Eduard Limonov, head of the National Bolshevik party, led a meeting of the United Civil Front opposition group in St. Petersburg. Mr. Limonov, whose party is aligned with the main liberal opposition, was arrested Saturday morning before the march. He said the group was close to nominating Mr. Kasyanov as its candidate for president in the 2008 elections.

A Russian Plea For Collaboration (WP)

By Sergey Rogov

The Washington Post, March 4, 2007

My generation arrived in this world when Russia and America were engaged in a Cold War confrontation. I've spent 40 years -- all my adult life -- studying the United States and Russian-American relations, and now I'm afraid that when my generation leaves this world, America and Russia will be adversaries again. The Cold War ended nearly two decades ago. When communism collapsed, the expectations were high that former enemies would become strategic partners. But it never happened. Why?

Many people in Russia blame America. Many people in America blame Russia. Unfortunately, both are right. Nice but empty declarations cannot substitute for a clear strategy. Personal chemistry between presidents cannot substitute for institutionalized cooperation and common policies. Predictably, the backlash against the unfulfilled hopes and promises is strong today in both countries.

The 1990s were a very difficult time for Russia. Some in the United States saw the beginning of a golden age of democracy, but Russians saw and felt the disintegration of a former superpower. President Boris Yeltsin brought out tanks to fire on the parliament to impose his policy of speedy privatization of industry, business and natural resources, so a few became super-rich and many were pushed into poverty. My country nearly became a failed state. But the worst-case scenario was avoided. With a lot of help from high oil prices, Russia has managed to begin an economic revival. Today the standard of living is going up, and the threat of a civil war is gone. We still face a long and difficult path to a mature democracy and a modern market economy, of course. New mistakes can still be made, but Russia is on its way to recovery.

Meanwhile the United States has enjoyed the fruits of "victory" in the Cold War. Since the collapse of the Soviet Union, Washington's strategy has been to prevent the emergence of a new peer competitor and to extend "the unipolar moment" as long as possible into the 21st century. America has failed to resist the temptation of unilateralism and preemption. A new surge of the arrogance of power brought the United States into Iraq.

The relationship with Russia no longer dominates America's foreign policy. Washington has stopped treating Moscow as an equal player. Instead, Russians have been lectured on the need for domestic reforms, and sometimes given assistance when it directly served U.S. interests. But with the exception of the Nunn-Lugar program to help the former Soviet republics dismantle nuclear weapons, there has been no substantial assistance, no Marshall Plan for Russia.

In fact, Russia has had to repay all the Soviet sovereign debt plus International Monetary Fund and World Bank credits. The flow of capital from Russia (including official transfers and the much bigger illegal and unofficial flight of capital) has exceeded by many times all Western assistance and private investment in Russia. Even today, Russia helps to finance the U.S. federal budget deficit, holding hundreds of billions of dollars in foreign currency reserves (though not as much as China).

Ironically, while some Russian oligarchs make huge investments in America, the U.S. Congress has never repealed the 35-year-old Jackson-Vanik amendment, which treats Russia as a centrally planned economy undeserving of most-favored-nation trading status. This still stings in Moscow.

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On issues of international security, Russia has been treated as a second-rate power whose complaints can be ignored. At the end of the Cold War, President George H.W. Bush proposed a new security system "from Vancouver to Vladivostok," but this idea was quickly forgotten. So was NATO's promise not to expand its military infrastructure eastward beyond West Germany.

"The winner takes all" -- so despite Russia's objections, all former Soviet clients in Eastern Europe have been admitted into NATO, including three former republics of the Soviet Union. And two more former republics -- Georgia and Ukraine -- could be next. Russia's objections were also ignored when NATO started its first war in Kosovo.

At the same time, the old arms-control regime is half-dead. The two strategic arms-limitation agreements on the books will expire in 2009 and 2012. Today there are no serious negotiations between Russia and America about any new arms-control arrangements, and the Bush administration says that there is no more need for legally binding treaties. To demonstrate its point, the administration unilaterally withdrew from the Anti-Ballistic Missile Treaty, ignoring Russian objections.

Now the United States wants to deploy the components of missile defenses (interceptors and a radar) in Poland and the Czech Republic. Now Russians are complaining that the deployment of American missile defense systems so close to Russia could undermine Russian nuclear deterrence.

Many in Russia say that the United States violates a commitment to avoid a "substantial deployment of forces" in Eastern Europe, which America and the West made, when the Russia-NATO Founding Act was signed in 1997. The perception of violated promises and mistrust of American intentions produced calls in Moscow to deploy nuclear and conventional medium-range missiles. This could lead to new tensions.

Unfortunately, Russia and America have never fully escaped from the Cold War doctrine of "mutual assured destruction." Both pretend that they may someday confront each other with nuclear weapons. Meanwhile, the nuclear club continues to grow ominously. It now has five official and three "de facto" members. North Korea and Iran could also join, if diplomatic efforts fail. A new wave of proliferators would surely follow. What used to be primarily a bilateral Soviet-American nuclear arms race during the Cold War already looks like a multilateral competition that might make a real nuclear war more possible. And with China's recent anti-satellite test, we are threatened with a new arms race in outer space.

After Iraq, the United States will not be able to act as the world's policeman. The American public does not want to play that role. To avoid chaos, there must be a workable, multipolar international system based on multilateral rules of the game that are accepted by all major players.

America and Russia have unique responsibilities here. If they revert to confrontation, we cannot expect, say, China or France to lead efforts to create a new world order and control the proliferation of nuclear weapons. Only Americans and Russians can lead the world away from the biggest dangers. To do so effectively, they must begin serious cooperation in three areas:

First, a real effort to reinvent arms control. I'm not suggesting the restoration of old treaties. Both countries should make a commitment to take seriously each other's security concerns and avoid actions that the other side might perceive as a threat. The dispute over anti-missile equipment in Eastern Europe should be resolved through a compromise, not a confrontation.

Even more important are Russian-American initiatives to invite other nuclear countries to demonstrate self-restraint and abstain from the unnecessary buildup of their nuclear arsenals. Joint brainstorming is needed to prevent the collapse of the nuclear Non-Proliferation Treaty, which is at serious risk.

Second, Russia and the United States must cooperate on bilateral and multilateral efforts to manage regional conflicts. The success of the six-party negotiations on North Korea proves that when the United States gives priority to non-proliferation instead of a regime change, solutions are possible. The same approach should be applied to Iran.

Multilateral efforts must be expanded to prevent the Taliban from restoring its grip on Afghanistan. Russia, China and India can help NATO politically and economically, and even militarily, if Russia can overcome its "Afghanistan syndrome."

If the United States agrees that the way out of the Iraq quagmire requires multilateral arrangements, Russia also can help. And it can share responsibility for implementing the "road map" to an Israeli-Palestinian peace settlement.

Third are the problems of democracy and values. Russia and the United States face serious problems related to terrorist threats. It is premature to claim that either has found the best ways to expand human rights and democratic freedoms. America hardly occupies the high moral ground that would enable it to lecture others. Neither does Russia, which is debating a vague

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concept of "sovereign democracy," trying to understand how to apply universal standards of human rights and democratic procedures.

It would be a great blunder to revive the spirit of the ideological crusade that gave us the Cold War. Propagandistic campaigns should belong to history. While there are heated debates on these issues in each country, we need a Russian-American dialogue instead of mutual accusations.

Russia is back as an international player. While it is not a superpower (except in the number of its nuclear weapons) and is still amid a difficult internal transformation, no one should be surprised that Russia wants to protect its national interests. Russia should be treated as a responsible player, sharing the rights and the duties of membership in the community of democratic market economies in a globalized world. That was President Vladimir Putin's message in the speech he gave last month in Munich. And Russia, if necessary, should be criticized for her mistakes, as should America, or China, or other members of the international community. But the goal should be a new cooperation, not a new Cold War.

Sergey Rogov is the director of the Institute of USA and Canada Studies of the Russian Academy of Sciences in Moscow.

American Troops In Kosovo May Lose Their Combat Status (WP)

By Josh White

The Washington Post, March 4, 2007

Top Defense Department officials are considering a proposal to downgrade the combat status of U.S. forces who are part of the NATO peacekeeping mission in Kosovo, a decision that could cause the 1,500 U.S. soldiers currently deployed there to lose hundreds or even thousands of dollars each month in tax benefits and combat pay.

Such a decision, expected within the next month, would indicate that Pentagon officials do not believe Kosovo is still a combat zone, despite rising tensions in the Balkans over Kosovo's ongoing bid for independence and frequent U.S. missions that involve dangerous interdictions of smuggling rings, raids on armed extremist groups and encounters with improvised bombs.

It would also mean that hundreds of National Guardsmen and Reservists -- many from Virginia and Massachusetts who are on lengthy deployments away from their families and careers -- would lose a coveted tax exclusion that allows them to earn their pay tax-free while tacking on hundreds more in combat pay. They would also lose government-funded flights back to the United States when they take leave.

The issue puts a spotlight on soldiers who are part of a U.S. mission that began in 1999 but now receives little attention amid the worsening wars in Iraq and Afghanistan. In recent interviews, soldiers and officers with the Virginia Army National Guard there said they put their lives on the line every day as part of the Kosovo Force, or KFOR -- and believe they deserve the benefits of combat pay.

"I stand to lose a decent chunk of money, and it's hard to believe that if that came through we'd get paid the same amount as someone who gets to go home to their wife and kids every day, gets to have a beer with dinner, and we're away for a year and a half," said Cpl. Will Larsen, 22, of Fairfax.

Larsen, an assistant infantry squad leader, put his senior year at Virginia Tech on hold to deploy. "It's a very important time here, and it's a big deal. The extremist ends on both sides are angry. . . . There are a lot of people back home who don't even know we're here. I just don't want them to forget about us."

Defense officials said all areas designated as combat zones are under a periodic review and that early policy recommendations from the Pentagon are that all areas in the Balkans -- designated as a combat zone under presidential order since March 24, 1999 -- be downgraded because of improved security there. Top military officers in Europe have officially disagreed, but they have been told the change could come as early as April 1.

"Combat Zone Tax Exclusion and Imminent Danger Pay are both under review for all designated areas," Maj. Stewart Upton, a Pentagon spokesman, said in an e-mail. "The Department will not comment beyond that until the reviews are complete."

John W. Warner (R-Va.), a member of the Senate Armed Services Committee, on Friday sent a letter to Defense Secretary Robert M. Gates urging him not to change the status of the more than 500 soldiers from Virginia who are deployed in Kosovo. Warner wrote that he thinks the soldiers "are performing dangerous missions on a daily basis."

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"I respectfully request that you carefully consider the ramifications of any proposals that would adjust the combat zone designation for KFOR," Warner wrote, according to a copy of the letter provided to The Washington Post. "I am sure you agree that our soldiers and their families must receive appropriate compensation for their service."

The soldiers in Kosovo understand their work is not as dangerous as that of U.S. troops in Iraq, but they operate in a region where the government is shaky and where criminal enterprises use violence as a means of intimidation. Strife between Albanians and Serbs in Kosovo has calmed, but military commanders are concerned about the possibility for increased tension as a plan for Kosovo's statehood and separation from Serbia is scheduled to go before the U.N. Security Council next weekend.

[Yesterday, several thousand ethnic Albanians marched through Pristina, Kosovo's capital, and protested the proposed plan, saying it falls short of full independence, the Associated Press reported. No incidents were reported during the march, but last month a similar protest sparked a clash in which two demonstrators were killed by U.N. police.]

Brig. Gen. Douglas Earhart, commander of the 29th Infantry Division and leader of the Kosovo Multinational Task Force East, said that since the Sept. 11, 2001, attacks in the United States, the Kosovo mission has gone from a major military operation to one out of the limelight. But Earhart sees his region as vulnerable to radical Islamists because of high unemployment and porous borders, combined with reports of armed extremist ethic groups forming camps in rural outposts.

"This mission is absolutely critical now," Earhart said. "We stopped ethnic cleansing effectively. We started a peace-enforcement mission. We're doing now what we'd like to be doing in Iraq and Afghanistan."

His soldiers do daily patrols in local communities, seeking to get out in front of potential violence and to help foster tolerance between ethnic groups. Some soldiers have adopted a local school, organized ski trips for Serbian and Albanian youth, and helped fix crumbling infrastructure. They also conduct armed raids on smuggling hideouts and go after masked men who attack drivers at night.

Sgt. James Gerlinger, 22, of Lynchburg, Va., frequently works with children in Kosovo to help them set aside ethnic differences. Previously deployed for a year to the U.S. military detention facility at Guantanamo Bay, Cuba, he was told he was going into a combat zone for his deployment to Kosovo and is relying on the combat pay.

"We don't do this job for the money, and it's always mission first," Gerlinger said, adding that he is concerned about morale in his unit if the combat-tax exclusion is revoked. "I think a lot of times, any other mission than Iraq and Afghanistan is long forgotten. While it may not be as dangerous, the sacrifice here is still the same."

The Enlisted Association of the National Guard has contacted members of Congress because it is concerned that soldiers deployed to Kosovo could suffer financial hardship if they were to lose significant amounts of pay. "The families are counting on this every month to pay their bills," said Frank Yoakum, the group's legislative director. "And it's a morale killer. It says that what they were doing was important yesterday, but today not so much."

Should a status change occur, Staff Sgt. Stanley Britton, 34, of South Boston, Va., would probably lose about $1,000 of his monthly salary -- money he uses to support his wife and two daughters while he is away from his job as a sheriff's deputy in Halifax County. After a 2005 tour in Iraq, he said he enjoys helping the people in Kosovo because they trust U.S. forces and come to them for help. "It's an honor and a great opportunity to be a part of a team and to help people who are in dire need of assistance," Britton said. "And yes, I do think it's a combat zone here."

Again, Kosovar Albanians Demonstrate Against U.N. (NYT)

By Nicholas Wood

The New York Times, March 4, 2007

PRISTINA, Kosovo, March 3 — For the second time in less than a month, thousands of ethnic Albanians took to the streets of this city on Saturday to protest a United Nations proposal for Kosovo's future — a plan that they say falls far short of their desire for an independent state.

Amid shouts of "U.N. out," the crowd, mainly young men, filed peacefully through the city, led by an advocacy group that seems to be emerging as the focal point for ethnic Albanian frustrations in this province, which is still officially part of Serbia.

The group, Vetevendosje, whose name means self-determination, has been gathering growing numbers during the continuing uncertainty over the future of the region.

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According to a proposal announced in January by Martti Ahtisaari, the United Nations chief negotiator for the region, Kosovo would gain de facto nationhood — an army, a constitution and a flag — but still be overseen by the international community to provide protection for the province's ethnic Serbs, who are the minority. Officials in Mr. Ahtisaari's office said he would present his proposal to the United Nations Security Council this month for a vote, but the vote has not been scheduled.

The leaders of the protests on Saturday complain that Mr. Ahtisaari's proposal is merely a ruse to sustain foreign domination and give unacceptable rights to the province's Serbs.

"We are hostages of Serbia," said Glauk Konsjufca, one of Vetevendosje's leaders, addressing supporters gathered around a truck decked with loudspeakers. "We are hostages of just 5 percent of the population."

Local analysts say that Vetevendosje, while not a political party, has given voice to many ethnic Albanians tired of international supervision.

"I am fed up with the way the international community is treating us," said Perparim Rama, a 31-year-old architect who took part in the demonstration. "Initially the United Nations did a great job, but the whole process has been prolonged."

"U.N. employees sit on a different level," Mr. Rama said. "You see that in salary differences. They basically are not in touch with the population. Here, the economy is going down, and United Nations employees are traveling to Greece every weekend for breaks."

Kosovo, although still formally part of Serbia, has been administered by the United Nations since 1999. Serbian security forces, accused of committing widespread atrocities during a conflict with ethnic Albanian guerrillas, were forced to leave the region in June 1999 after a 78-day bombing campaign led by NATO.

Most of Kosovo's ethnic Albanian politicians say they support the United Nations' plan. However, the continued uncertainty surrounding the settlement — Russia has suggested it might not support the proposal once it reaches the United Nations Security Council — has caused growing tensions in Kosovo. Russia is an ally to Serbia, which wants to retain Kosovo.

Last month, United Nations police officers using rubber bullets killed two protesters at an ethnic Albanian demonstration.

Some feared that Saturday's demonstration could turn violent, but protesters and heavily armed ethnic Albanian riot police officers kept their distance from each other.

Traffickers Re-route Drugs Through Central America (LAT)

By Hector Tobar

The Los Angeles Times, March 4, 2007

MANAGUA, Nicaragua -- Central America has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies, U.S. and regional sources say.

The recent killings of three Salvadoran legislators in Guatemala underscored the shift, intelligence sources say. The lawmakers were shot and their bodies set ablaze last month, allegedly by a group of Guatemalan policemen working on behalf of Mexican drug traffickers.

Everyone from impoverished fishermen and small-town mayors to legislators and high-ranking police officials has been swept up in the drug trade as the smuggling routes have changed. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico.

Although it remains unclear whether the dead Salvadorans were tied to traffickers, other lawmakers from the country have been linked to the trade. And Guatemalan officials have said the killings point to widespread infiltration of the country's police force by organized crime.

The four police officers charged in the killings, including the head of the country's organized-crime unit, later were slain in their prison cells, in a stunning raid by armed men who might have entered the facility with the aid of guards and prison officials.

An intelligence official working in the region said the slain police officers worked for a Mexican cartel that ships drugs along the Pacific coast of Central America. The officers were enforcers dedicated to "knocking down" rival traffickers, the source said.

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"This is a crime that can best be understood as part of the dynamic that sees drugs flow between Mexico and Colombia," said a second intelligence official, referring to the killing of the legislators. The officials asked not to be named, given the sensitive political nature of the crime -- one of the victims was Eduardo Jose D'Aubuisson, the son of the founder of El Salvador's ruling party.

Although drug trafficking has long been common in remote areas of the region, such as the Caribbean coast of Nicaragua, the growing power of the Mexican cartels has increased the importance of Central America as a transshipment point.

Smuggling routes across the Caribbean have fallen out of fashion thanks to U.S. interdiction efforts there, and Colombian drug producers have ceded the bulk of the transportation business to Mexicans.

About 90 percent of the estimated 780 tons of cocaine entering the United States annually passes through the hands of Mexican drug traffickers, according to U.S. studies. Mexican traffickers see Central America as a natural hub between their Colombian suppliers and the smuggling routes the Mexicans control on the U.S. border.

The "Mexico-Central America corridor is ... the predominant transit route for cocaine destined for the United States," U.S. officials wrote in the 2007 National Drug Threat Assessment.

Michael A. Braun, chief of operations for the U.S. Drug Enforcement Administration, said in a recent congressional hearing that, "The corrupting power of illicit drug trafficking organizations on the governmental institutions of Central America significantly increases the difficulty of successful drug interdiction efforts."

Central America will remain the primary transit zone for U.S.-bound drugs "for the foreseeable future," Braun added.

The growing trade has reached areas of Central America where drug trafficking was rare just a few years back. Police and military forces there are often undermanned and outgunned.

Nicaragua's small navy, for example, has only enough boats to patrol its coastline 12 days each month, officials say, a fact that helps shape the traffickers' strategy. "They know what our limitations are," said Capt. Roger Gonzalez Diaz of the Nicaraguan navy.

On the Pacific coast, the Nicaraguan navy has no craft larger than 40-foot-long "go fast" boats with outboard motors, vessels nearly identical to those the drug traffickers use. In fact, many of the craft used by the navy are boats that were discarded by smugglers, Gonzalez Diaz said.

Operatives of Mexico's Sinaloa cartel arrived on the Pacific coast two years ago, according to officials with Nicaragua's National Police.

With their Mexican accents, the men stood out. They were eager to buy old, abandoned farms along the beach. They didn't look like farmers, but they bought several tractors. They collected boats, too, but they didn't look like fishermen.

"The tractors were to build new airstrips and also to rehabilitate old ones," said one Nicaraguan police officer who specializes in drug intelligence.

One of the men was Samuel "Sammy" Gutierrez, a Colombian with Mexican identity documents, police said. He and two brothers from Mazatlan, Jorge and Roberto Garcia Villasenor, were air and sea "transportation specialists," police said.

The cartel operatives soon found themselves in a cat-and-mouse game with police that included a plane crash on a rural highway and the arrest of a Mexican couple at a Managua airport with nearly $300,000 in cash.

"We confiscated three tons of cocaine," said an intelligence official with Nicaragua's national police. "We hit them hard."

Nearly all of the cocaine that enters the United States is produced in Colombia, according to studies by U.S. officials. Most of the cocaine enters the U.S. through a two-stage process in which it is off-loaded and stored at least once in Mexico or Central America.

Cocaine is shipped out of Colombia by sea and air, usually in amounts of a ton or more, through what U.S. officials call "the transit zone" -- the stretch of ocean between Colombia and Mexico. Sometimes the traffickers hopscotch up the coast from Colombia to Panama, Costa Rica and other countries in the "go fast" boats. Or they might take a more circuitous route that involves a larger ship that will travel around the Galapagos Islands in the Pacific southwest of the Colombian coast and later off-load to smaller vessels.

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Once in Mexico, the drug traffickers benefit from well-traveled smuggling routes protected by corrupt state and local officials as their shipments move northward overland to the U.S. border. A war among competing cartels to control those routes, known as "plazas" in Mexico, led to more than 2,000 killings last year.

The various routes through the "transit zone" pass through the beaches of Belize, seaside villages in Honduras and ports along the Pacific coast of Mexico and many other places, according to data from the U.S. Government's Joint Interagency Task Force South, based in Florida.

U.S. officials said that Central American organized-crime groups, working with the Mexican and Colombian cartels under a subcontracting system, are reaping huge profits. That money, in turn, is fueling a crime wave, especially in Guatemala and El Salvador.

In El Salvador, sources pointed to a key killing that went largely unnoticed in the local media: the 2005 shooting death of Jose "El Cranky" Cortes outside a San Salvador nightclub.

According to a Salvadoran academic who has studied the drug trade, Cortes controlled the retail drug trade in an urban region of El Salvador and was assassinated for trying to make connections with Colombian suppliers without the permission of other gang leaders.

It was the first time officials had documented contacts between high-level Salvadoran gang leaders and Colombian traffickers, the source said.

Along the impoverished Pacific coast of El Salvador and Guatemala, mayors and other low-level officials in seaside towns find that the sums of money offered by the traffickers are often too tempting to resist.

"This guy tells you that you can make $60,000 easily, very quietly," said one intelligence official who asked not to be named because he was not authorized to speak publicly.

The same networks that smuggle drugs northward are responsible for shipping several billion dollars in cash southward, usually in $20 bills, according to DEA officials. So vast is the money flow that arrests of couriers carrying $1 million in cash or more have become routine in Central America.

The astronomical sums of money involved in the drug trade have ensnared top officials in El Salvador.

Last year, William Eliu Martinez, a Salvadoran congressman, received a 29-year prison sentence from a U.S. judge after being convicted in Washington, D.C., of smuggling more than 30 tons of cocaine into the United States.

If the privileged can be drawn into the drug trade, then what hope is there that a poorly paid policeman, soldier or sailor can resist the temptation?

Capt. Gonzalez Diaz of the Nicaraguan navy asks himself that question often.

"It's a constant struggle with our personnel," he said. "We tell them, 'Anyone would be tempted if they offered you $500 or $5,000. But for that, you're disgraced. . . . And if you owe them anything, they'll come after you or your wife and kids.'"

Mexico's No. 2 Party Gets A New Leader (LAT)

By Sam Enriquez, Cecilia Sánchez

The Los Angeles Times, March 4, 2007

Beatriz Paredes aims to steer the PRI toward the left and back to glory.

MEXICO CITY — Former governor and federal lawmaker Beatriz Paredes today assumes leadership of the Institutional Revolutionary Party, which in the span of a decade sank from Mexico's greatest political force to third-place finisher in last year's presidential election.

Paredes takes over a party that still holds a majority of local and state offices, but is fractured by competing interest groups and politicians, and broad discontent among its formerly loyal base, Mexico's 50 million poor.

Paredes, 53, said in an interview that she would lead a new, more democratic PRI, the initials the party is known by. She said she wanted to steer the PRI to the left, where presidential candidate Andres Manuel Lopez Obrador of the Democratic Revolution Party mined votes to come within a hair of winning the July election.

"You can't judge the PRI of the past against the PRI of today," she said. "My objective is to build a PRI of the 21st century."

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Her promises of consensus and unity, analysts say, are more pragmatic than ideological: Neither she nor any other Mexican leader has the power to select presidents and governors with the pointing of a finger, once the PRI's prerogative.

The party began crumbling 10 years ago, when the PRI first lost its majority in Congress' lower house. In 2000, the party lost its first presidential election in seven decades to former President Vicente Fox and the National Action Party, or PAN.

But the party still matters. Mexican President Felipe Calderon, who completes his first 100 days in office Saturday, will need cooperation from PRI lawmakers to pass legislative reforms such as creating a new national energy policy before Mexico's oil runs dry, and figuring out how to get people to pay income taxes.

Mexico's Congress is roughly split three ways among the PRI, Calderon's PAN and Lopez Obrador's left-leaning PRD. Calderon and Paredes were both lower-house party leaders during the first half of the Fox administration, and she said she expected a cooperative relationship with him now.

"We've always had a good dialogue," she said.

During Fox's six-year term, the PRI sometimes used its congressional votes to block reform proposals. Other times, Fox lacked the political will or skill to complete them. Paredes focuses on the latter. "Fox never took responsibility for his failures," she said.

The PRI's obstructionist policy in parliament is credited to Roberto Madrazo, who took over as party president in 2002 and essentially spent the next four years running for office. He lost badly in the presidential race.

Madrazo failed largely because voters found him untrustworthy. He also played hardball with rivals, alienating some party leaders who responded with tepid support for his campaign. Madrazo accused one would-be PRI candidate of corruption, a charge that evaporated days after the man dropped out of the party's presidential primary.

"We've learned that a divided PRI is an electoral loser," said Mariano Palacios Alcocer, the outgoing interim party president.

Madrazo defeated Paredes for the PRI leadership in 2002. This time, she won easily with the help of many old-line party leaders in a vote last month.

In the aftermath of PRI's 2006 presidential trouncing, she's seen by many party loyalists as a negotiator skillful enough to steer the PRI to the center-left. They hope her skills will give the party a shot at picking up seats during the 2009 midterm congressional elections and finding a polished contender for the 2012 presidential race.

A party activist since age 20, she studied sociology at Mexico's National Autonomous University. She was governor of Tlaxcala from 1987 to 1992. Paredes served four terms in the lower house and one term in the Senate.

Among the groups she'll have to win over are the party's 17 governors, the most of any party. They hold much greater authority and influence than their U.S. counterparts. She also will have to build support in the party's congressional bloc, which is divided among regional, union and ideological interests. And Mexico's poor are angry about the country's move from an economy of price-controlled staples and government-subsidized enterprises to a more freewheeling, open-market system.

"The party presidency of Beatriz Paredes is not going to be easy," said Alfonso Zarate, a political analyst. "She's going to have to maintain a fragile equilibrium among these distinct political forces, as well as those who helped her win."

Sudan President: No Handover Of Citizens (AP)

By Mohamed Osman, Associated Press Writer

AP, March 4, 2007

Sudan's president said again on Saturday that his country would not hand over for trial any citizen sought by international courts for crimes against humanity.

The International Criminal Court at The Hague, Netherlands this week accused a junior Sudanese Cabinet minister and a member of the security forces of war crimes and crimes against humanity for atrocities committed in Darfur, the conflict-ridden region in western Sudan. Sudan has denied the accusations.

"(The) Sudanese judiciary is honest and qualified to try any Sudanese" who commit crimes against humanity, President Omar al-Bashir was quoted as saying by the official SUNA news agency. "The government will not hand over any citizen for trial outside the country."

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In Sudan, "anyone who makes a mistake will be held responsible for it, but we are not going to take any dictates from abroad," the agency quoted al-Bashir as saying.

The ICC prosecutor accused a minister and a member of the security forces of a combined 51 counts of war crimes and crimes against humanity for their actions in Darfur. Sudan's government has rejected the allegations and said it would not hand over the two men for trial.

The Darfur conflict began in February 2003 when ethnic African tribesmen took up arms against what they saw as decades of neglect and discrimination by the Arab government in Khartoum. The government responded with a counterinsurgency campaign.

Arab militias known as the janjaweed committed widespread rape, looting and killing. An International Criminal Court prosecutor said the janjaweed was armed and financed by the Sudanese government, a charge Khartoum has always denied.

More than 200,000 people have died and 2.5 million people have been displaced in four years of Darfur fighting.

Al-Bashir focused instead on the U.S. occupation of Iraq, saying he wanted people who "committed crimes against the Iraqi people — who are being killed, displaced and their infrastructure destroyed at the hands of the alliance forces ... to be brought before courts of law and find prompt justice."

The Sudanese leader's comments come a day after U.S. envoy to Sudan Andrew Natsios arrived in Khartoum for talks with officials on the Darfur crisis and how to draw into negotiations rebel factions who did not sign a peace deal last year in Abuja, Nigeria.

SUNA described Natsios' meeting Saturday with the No. 2 in the ruling National Congress Party, Nafie Ali Nafie, as reflecting "rapprochement of viewpoints between the two sides" to speed up the political process.

Nastios is expected to visit Darfur, as well as Juba, the southern capital, during his seven-day trip.

Despair In Darfur (WT)

By Bill Frist

The Washington Times, March 4, 2007

I have just returned from a medical mission trip to Sudan's Darfur region and I've found the world's effort to stop genocide there has run into serious trouble.

In the last few months, an all-out war has begun against the 13,000 foreign aid workers in Darfur. This has dried up humanitarian assistance flows on which Darfur depends. As many as 400,000 noncombatants have already died in Darfur. These new attacks could easily bring the toll above a million. Based on what I have seen and heard on the ground, I believe it's time for the United States and the rest of the developed world to take serious action and ensure the aid flow continues.

Even before the attacks on aid workers began, Darfur faced a grim situation. Since the conflict began four years ago this month, Sudan's government in Khartoum and its allied Janjaweed militias have massacred Fur, Masalit, and Zaghawa ethnic groups in Darfur. As a senator, I played a role in highlighting the genocide.

Subsequently, the State Department, our president and most nations in the developed world roundly condemned it and sent aid. Time and again (most recently in January) the Sudanese government has promised to stop the killing and Darfur-based rebel groups have sworn to lay down their arms. This has never happened.

But the very presence of international aid operations has made a truly awful disaster a tad less terrible. In every recorded genocide from the Nazi Holocaust to Rwanda, enormous numbers died due to starvation, disease, exposure and lack of sanitation. The risks in Darfur are particularly grave: Because of Darfur's climate, even a brief disruption of water supplies alone can kill children and any who already are sick.

While overall conditions for displaced Darfurians never became comfortable, the international aid flows largely deprived the Khartoum regime of the opportunity to carry out a silent genocide. Mortality and malnutrition rates in camps for displaced people in Darfur declined steadily from the beginning of major aid operations in 2004 until the attacks on aid workers began late last year.

But now, the perpetrators of the genocide appear intent on launching a systematic campaign of violence against humanitarian aid workers. Just last month in Nyala, South Darfur, government police beat five U.N. staffers and raped one of

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them. Late last year, a single day saw six targeted, violent attacks on humanitarian compounds. Hundreds of aid workers had to flee and more than 130,000 Darfurians went without aid. On another day in December, 30 civilians died when fighters attacked an aid-carrying truck with rocket-propelled grenades.

The last six months have seen more attacks on aid workers than the previous two years. At least one organization has withdrawn and more may follow. Aid workers I met said they live in fear. Rebel groups fighting the government launch some of the attacks, but all have the same consequence: increased deaths for all Darfur.

New reports pour in all the time and, in the end, attacks on aid workers will only stop when both the government and all rebel forces lay down their arms. Because it provides more than all other nations combined, the United States needs to take a leadership role ending the attacks on aid workers and getting all factions to reach a peaceful, political settlement of their differences.

To move toward such a peace agreement, the United States needs to act resolutely and make Darfur a priority. To begin with, the current African Union peacekeeping force in Darfur needs more people and resources and a crystal-clear mandate to protect civilian aid workers. The Bush administration should lead efforts to provide this force what it needs through increased in-kind and monetary aid coupled with a management review. In particular, the U.S. should help the AU add Rwandan and other African troops to the peacekeeping force.

At the same time, the United States should push for deployment of the stronger, larger United Nations peacekeeping force that the Sudanese government has resisted. Such a force would integrate with that of the AU and might include additional support troops from outside Africa. Finally, the U.S. should work with its allies to establish a controlled no-fly zone over Darfur.

Quite simply, the attacks on aid workers in Darfur have made an already terrible situation even worse. If they do not stop, an already gruesome death toll will grow even higher. The United States needs to help.

Bill Frist, a Nashville surgeon, is former U.S. Senate majority leader from Tennessee. He has traveled to Africa yearly as a medical missionary.

Stricter Law Fails To Diminish The Demand For Child Laborers In India (NYT)

By Amelia Gentleman

The New York Times, March 4, 2007

CALCUTTA, India — Seven days a week, 8-year-old Jasmina K. rises before dawn to fetch water for the household where she works as a maid. She washes, sweeps and hauls until about 11 at night, when she lies down to sleep on the floor by the bathroom door.

Her employers have little patience with her exhaustion.

"I get tired and forget things, so they hit me," she said, her eyes cast down. "They want the shoes polished. If I don't do it fast enough, they hit me with a cooking spoon. They want to go to the toilet. If I don't get the water fast enough, I get a beating."

Jasmina has been a member of India's child labor force for more than a year now. After her father died, she said, her mother sent her and her sister from their West Bengal village to work as maids here. Each month, she is paid 100 rupees, or about $2.25.

India has no outright ban on child labor and had long allowed the employment of children under 14 in all but what are deemed "hazardous" occupations. But last October a stricter law took effect; it prohibits the employment of children under 14 in hotels and restaurants, and as domestic servants.

Five months later, children's rights advocates say, the law has had little effect. Under-age children, mostly girls, are as in demand as ever to be maids and nannies.

"Because of the booming economy and the spread of the nuclear family, we've seen a rise in demand for domestic help at a time when it's becoming more expensive to employ people," said Surina Rajan of the International Labor Organization. "So families are looking for a cheaper option."

Hiring an obedient 8-year-old, fresh from India's rural heartland, is a simple matter. Impoverished villagers willingly turn their children over to middlemen who promise a better life in the cities, children's advocacy groups say.

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"Placement agencies in Delhi and Mumbai are growing like mushrooms," said Manabendra Nath Ray of Save the Children U.K. "It is an extremely lucrative business. This is a slave trade. Parents are, directly or indirectly, selling their children."

The Indian government estimates that 12 million children under 14 are employed; children's advocates say the figure could be closer to 60 million. It is unclear how many of these children work as maids.

Children's rights advocates fault the government for not cracking down hard enough on the recruiters of children and not helping parents to keep their children at home. They have called for more educational and job opportunities in the struggling countryside of West Bengal and the neighboring states of Bihar and Jharkhand, the source of most of the children in domestic service. "We are disappointed," Mr. Ray said.

Officials with the Ministry of Labor and Employment said it would take time before the effects of the law were evident. Shahid Meezan, director of the ministry's child labor division, said that dealing with under-age domestic servants was harder than, say, with under-age factory workers. "You can't just start raiding people's private homes," he said. "You have to tread carefully."

Because the government is moving so slowly to require compliance with the law, advocacy groups have tried to at least encourage employers to treat the children they have illegally hired better. One program, for instance, demands that children be given time off for education.

Save the Children has also set up several antitrafficking committees in West Bengal to disrupt the supply network through grass-roots action, including educating parents about the risks to their children and urging the police to enforce the law.

At the weekly meeting of a committee in Rajbati, a hamlet of mud huts two hours' drive southwest of Calcutta, a dozen teachers, parents and village officials said they were fighting a three-tier system, made up of child recruiters, middlemen and placement agencies in the cities.

Charts on the walls showed how nearby villages had been stripped of children. In Sankda, with 150 families, 70 children had been sent away to work; in Ajgara, home to 300 families, 105 children had left.

The recruiters who comb the villages, they said, are usually women whose extensive personal contacts in the region help them identify vulnerable targets: families with six or more children, single mothers, recently widowed fathers, the permanently unemployed and alcoholics.

They list the advantages of sending a girl into service: the child, they promise, will send back monthly earnings, do a bit of light housework and learn city ways, which will enhance her marriage prospects.

Often the recruiters are met with gratitude, children's advocates say. Despite reports of abuse of children by employers and the failure of agents to send back the children's wages, parents remain susceptible to the agents' main argument that sending the child away to work will guarantee him or her a better life than staying in the village.

Karuna Mondal, a Rajbati resident who sent her teenage daughter, Soma, to Calcutta to work in a lawyer's house, said it had not been a difficult decision. "I thought it would be a good opportunity for her," she said. "She had dropped out of school. What was there for her to do here?" she asked, looking around at the family home, a bare, thatched shack without running water or electricity.

In the end, her daughter returned home with the help of a local charity, because the girl said she had been badly treated.

Even if a child does not send money, the family can be better off, said Asha Iyer of Save the Children. "It's one less mouth to feed," she said.

The recruiter also stands to profit, earning 3,000 to 10,000 rupees, about $65 to $225, per child, as well as a percentage of the child's wages.

"The rate varies depending on the quality of the child," Mr. Ray, of Save the Children, said. "Is she good looking? Does she have some basic education? Can she communicate well? They are treated as commodities. The really nice-looking girls get diverted into prostitution, which means a higher fee for the agent."

Hemlata Mondal, a homemaker who lives near Rajbati and who used to scour villages for candidates, said she got into the business when she realized how lucrative it could be.

"No one has shunned me for the work I did," she said. "I felt I was doing something good for the families."

She stopped work last year after the police, under pressure from the activists, threatened her with arrest.

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So far, the government's focus has been on the employers rather than the suppliers.

"This is typically a middle-class issue," said Sudha Pillai, a senior bureaucrat in the Ministry of Labor and Employment. "It is important to reach out to the newspaper-reading middle classes to make sure that they know that this is not innocuous."

"A lot of euphemisms are used," she said in an interview, adding that girls were sometimes called "playmates" for babies or household helpers. "We have to repeat the message that this is a crime," she said.

Mohammad Ashraf Ali of Right Track, a charity based in Calcutta that combats children's domestic work, said the government was not doing enough to get that message out. He said many employers were still unaware of the law or believed that it did not apply to them.

"Most argue that they are doing something noble by helping feed and clothe poor village children," he said. "But the maids are usually badly dressed and hungry."

Jasmina, the 8-year-old maid, knows nothing of the legislation that has made her job illegal and sees little prospect of respite from her drudgery. Interviewed on a rare free afternoon, granted by her employers under pressure from Right Track, she said she dreamed of another life. "I'd like to be at school," she said with a crooked smile, swinging her spindly legs. "I want to be a teacher."

Our Brit Poodle, Off His Leash (WP)

By Malcolm Rifkind

The Washington Post, March 4, 2007

The British have been puzzled about Tony Blair for some time. Americans, particularly the one who lives in the White House, must be beginning to share the same feelings.

Recently the prime minister announced the first major reduction of British troops in Iraq. He chose to do so at precisely the same time that President Bush, his close friend, is trying to convince Congress and the American people of the wisdom of a substantial increase in the U.S. troop commitment to the same country.

Not surprisingly, this has been a gift to Democrats and other critics of the president, and has made a difficult task all the more complicated. What happened to the idea of a friend in need?

The prime minister has, characteristically, tried to minimize the damage. He pointed out that Basra, where the British are based, is quite different than Baghdad. There are no Shiite-Sunni sectarian conflicts, as the region is overwhelmingly Shiite. Al-Qaeda and other international jihadists have made little impact. The bulk of British troops will, in any event, remain at least for another year.

These claims are justified but they conceal as much as they reveal. Basra and the south of Iraq is a serious mess despite the impressive and professional work of British forces over the past three years. The writ of the Iraqi government is weak. The reason there is little sectarian conflict is that most of the Sunni minority have been driven out through ethnic cleansing. The militias in Basra are all-powerful. The two main ones may both be Shiite but they spend most of the time battling each other for power in the region. They have regularly attacked British forces to show their prowess and because of their hostility to the presence of foreign troops. Blair himself told Parliament that British troops would not be leaving Basra in the condition in which they would like.

It is the timing of Blair's announcement of the British withdrawal that is most revealing. He could have delayed it for weeks if his interest had been to help the president. But his own domestic weakness dictated this timetable. As his prime ministership draws to a less-than-illustrious end, he has had to find a way to reassure the British public that his Iraq adventure will indeed end, too. There is now a widespread belief in the United Kingdom that Iraq has been the worst disaster in British foreign policy since 1956, when Britain and France invaded Egypt with Israeli help after Gamal Abdel Nasser nationalized the Suez Canal. British voters of all parties tend to agree that the prime minister must shoulder the blame for insisting on British support for the invasion of Iraq.

But in British eyes, the problem is far wider than the merits of the Iraq war. Much of the criticism that Blair has faced has been for the apparent unconditional support he has given Bush. That is not because of any serious anti-Americanism. The British

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are, traditionally, among the most pro-American groups in the world. They expect their prime ministers to be close to the U.S. president, and that has rarely been controversial.

Blair is, however, accused of being different than his predecessors, from both the Labor and Conservative parties, in appearing to support the White House through hell or high water. There is considerable truth in this charge. Winston Churchill often disagreed with Franklin D. Roosevelt over Soviet Union policy. Harold Wilson declined to send British troops to Vietnam despite Lyndon B. Johnson's repeated requests. John Major and Bill Clinton had severe disagreements over Bosnia.

Even Margaret Thatcher, who was close to Ronald Reagan, did not hesitate to say so publicly when she thought that U.S. policy was unwise. This happened when the United States invaded Grenada without informing Queen Elizabeth II, who happens to be Grenada's head of state. It also occurred when the United States put pressure on Britain not to trade with the Soviets over a proposed gas pipeline in the 1980s. Thatcher, politely but firmly, told Reagan that she would decide with whom Britain would trade.

Blair, in contrast, has been viewed as so loyal to the White House that he is regularly lampooned in the media as Bush's poodle. The charge may be unfair, but it has done him severe political damage in his own Labor Party and with the public.

Sir Christopher Meyer, a former British ambassador to Washington, has said that Blair has rarely used his relationship with Bush to press for substantial changes in U.S. policy. This was not just true on Iraq. When the president unexpectedly indicated that the United States was willing to support changes in Israel's frontiers to include some of the settlements on the West Bank, Blair announced his own support for the proposal without any discussion in the House of Commons or with Britain's partners in the European Union.

Bringing some of our troops back home has been one of the few welcome statements that he has been able to make on Iraq since the invasion almost four years ago. If it appeared to be at odds with U.S. policy, that will not have done him any harm. Blair will soon be a figure of the past, as he has promised to step down as prime minister by June at the latest. His successor is almost certain to be Gordon Brown, the chancellor of the Exchequer or finance minister, who has been the second-most-powerful member of the government for the past 10 years.

Brown is well disposed to the United States, but most of his close friends have been in the Federal Reserve Bank, the Finance Department and other economic institutions. Alan Greenspan has been an admirer, as have other important Americans.

Brown has had little involvement or interest in foreign affairs and has made little contribution to these highly charged debates over the past 10 years. That has partly been because he was content to submerge himself in financial and economic policy. However, it reflects the deal he made with Blair when the latter became leader of the Labor Party in 1994. Brown had expected to become leader, but when it became clear that Blair had far more support, Brown offered to stand down if he was recognized as the number two in the land.

The result has made him as powerful in relation to Blair as Vice President Cheney has been to Bush. He has been very quiet on Iraq, in part because foreign policy was not his brief but also because he was highly sensitive to the unpopularity of the government's policy with his Labor colleagues.

If Brown becomes prime minister, he will have no intention of clashing with Bush or of pursuing an anti-American foreign policy. But there is little doubt that he will neither wish, nor be able, to replicate the umbilical link that appears to exist been Bush and Blair.

Brown is considerably brighter than Blair but he does not begin to have Blair's political skills or his ability to win the enthusiasm or affection of those who are not his natural allies. He has little charm, can be abrasive and demands total loyalty. To describe him as a cross between Cheney and Donald H. Rumsfeld might be appropriate, though it would probably offend all three of them.

Brown admires the United States and likes Americans. But his political survival in Britain will require him to have a correct rather than a warm relationship with Bush. Britain, under him, will continue to draw down its forces in Iraq while giving diplomatic support to Washington even if the president continues to fight on. This may not seem logical, but it will meet the political imperative. It will suit both the president and the new prime minister to stand shoulder to shoulder even if the body language is cool and the empathy less obvious than it has been in recent times.

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The same will apply if the opposition Conservative Party, under new leader David Cameron, comes to power in the next general election. It is not due for two to three years. By that time, the United States will have a new president and Iraq will either be improving or have already collapsed into a vicious civil war. Whatever the controversies of the past, both a Brown and a Cameron government would recognize the need to rebuild stability and good governance in Iraq, and would recognize the need for American leadership in that endeavor.

The Conservatives, who originally supported the invasion of Iraq in 2003, have been distancing themselves from Blair since it emerged that there were no weapons of mass destruction, and as Iraq has slid into anarchy. (Some Conservatives, myself included, opposed the war from the beginning.) But the Conservatives, unlike some elements of the Labor Party, have no history of anti-Americanism and will want to work closely with either a Republican or Democratic administration. They already have close links with Sen. John McCain (R-Ariz.) and will be wishing to develop them with other presidential candidates. A handshake, however, with the current incumbent of the White House is, I'm afraid, no longer seen as an automatic vote-winner back home.

It would be wrong to ignore the fact that the Iraq war and the unilateral, Manichaean foreign policy of the Bush presidency has had a profound impact on British opinion. I represent Kensington and Chelsea in the House of Commons. They are the two wealthiest districts in the United Kingdom. Most of their residents are high-earners. Overwhelmingly they vote Conservative. By a margin of about 3 to 1, these instinctive pro-Americans have been highly critical of U.S. foreign policy over the past five years.

That mood is far from irreversible. The basic empathy with the United States remains. There is little evidence of British public opinion turning to the European Union as an alternative to the United States in its affections.

Many years ago, Churchill remarked that you can always rely on the United States to do the right thing -- after it has tried every other option. There is much hope, and some evidence, that that is where we may now be heading.

Sir Malcolm Rifkind is a former foreign secretary and a former defense secretary of the United Kingdom. He is member of Parliament for Kensington and Chelsea.

Aid Workers With Guns (NYT)

By Nicholas D. Kristof

The New York Times, March 4, 2007

CAMP LEMONIER, Djibouti

The U.S. has built a little-known military base here that represents one of our best strategies to fight terrorism in the coming years: The aim is to build things rather than blow them up.

This base in Africa, established in 2003, sits at the entrance to the Red Sea in the small Muslim country of Djibouti, next to Somalia. Security is as tight as the sun is hot, with lots of bomb shelters, but the most apparent threats are distinctly, well, African.

"We've got two hyenas out there," said Cmdr. Darryl Centanni of the Navy, executive officer of Camp Lemonier, pointing to a jogging trail on which troops were running through the semidesert. "So the running gets pretty interesting."

He added that a pack of wild dogs also speeds up joggers but that the dogs mostly get food by catching fish in the sea. (I'm not sure I trust military intelligence on that one.)

After 9/11, the focus of America's response to terrorism has been mostly on using military force to destroy possible threats in places like Iraq and intimidate just about everyone. The ethos was borrowed from the ancient Romans: "Oderint, dum metuant" — "Let them hate, so long as they fear."

Yet all in all, that strategy has backfired catastrophically, particularly in Iraq, and turned us into Al Qaeda's best recruiter.

So that's why the softer touch in Centcom's strategy here is so welcome. It aims to help bring stability to northeastern Africa and to address humanitarian needs — knowing that humanitarian involvement will make us safer as well.

"The U.S. started to realize that there's more to counterterrorism than capture-kill kinetics," said Capt. Patrick Myers of the Navy, director of plans and policy here. "Our mission is 95 percent at least civil affairs. ... It's trying to get at the root causes of why people want to take on the U.S."

One humanitarian mission for which the U.S. military is superbly prepared is responding to natural disasters. While the U.S. has spent vast sums broadcasting propaganda to the Muslim world, the two most successful efforts at winning good will both

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involved the military. One was the dispatch of soldiers to help Indonesia after the 2004 tsunami, and the other was the use of U.S. forces to help Pakistan after the Kashmir earthquake.

The 1,800 troops here do serve a traditional military purpose, for the base was used to support operations against terrorists in Somalia recently and is available to reach Sudan, Yemen or other hot spots. But the forces here spend much of their time drilling wells or building hospitals; they rushed to respond when a building collapsed in Kenya and when a passenger ferry capsized in Djibouti.

Rear Adm. James Hart, commander of the task force at Camp Lemonier, suggested that if people in nearby countries feel they have opportunities to improve their lives, then "the chance of extremism being welcomed greatly, if not completely, diminishes."

The U.S. announced last month that it would form a new Africa Command, aimed partly at blocking the rise of ungoverned spaces that nurture terrorism. The new command offers tremendous humanitarian potential as well, for in some poor countries the most useful "aid workers" are the ones in camouflage carrying guns.

In the Central African Republic in September I visited a town with a lovely new hospital built as a foreign aid project. But the hospital was an empty shell, gutted by militias rampaging through the area. In places like that, there's no point in building schools or clinics unless you also help with security.

Some of the most successful aid projects in Africa have been the dispatch of armed peacekeepers to Mozambique and British troops to Sierra Leone. In both places, troops brought what the besieged population most desperately needed — order — and laid the groundwork for recovery. We should be far more aggressive about dispatching small numbers of troops to impose a no-fly zone over Darfur or to destroy Sudanese militias that invade Chad and the Central African Republic.

We can also do far more to train armies in Africa. The deal we offer African presidents should be along these lines: You run a country cleanly and tolerate dissent, and we'll help ensure that no brutal rebel force comes out of the jungle to create chaos and overthrow you.

Helping fragile countries with security is just as important as helping them with education and medical care. So let's hope that this new base in Africa is the start of a broad new policy that doesn't aim to make us hated or feared, but respected.

While Australia Burns (NYT)

By Iain McCalman

The New York Times, March 4, 2007

Canberra, Australia

THIS summer, Australia feels like a war zone. Cities and towns across the country are enveloped in a perpetual smoke haze, and the braying of fire sirens is as commonplace as birdsong. Every evening television commentators deliver grim-faced reports from the front lines. Tired farmers look dazedly into the camera. Firemen with soot-smeared clothes and chili-red eyes shake their heads and mumble that they have never known anything like it. As with every modern war report, helicopters make a ubiquitous backdrop. They dip down in front of shrinking reservoirs, then stagger toward the fire front, their water pouches swaying marsupial-like underneath their bellies.

''Why? Why, Kamarrang?" asks a tall, slightly stooped Aboriginal man from western Arnhem Land in the far north of Australia. He is Bardayal Nadjamerrek, an elder of the Mok clan, and he is talking to a grizzled "white fellah" named Peter Cook, an ecological scientist. They are discussing the disappearance of whole groups of animals from the plateau of Mr. Nadjamerrek's youth. He repeats the question, this time looking upward to address the "Old People" — his ever-present ancestors — with whom he habitually discusses such issues.

This scene opens a nearly completed film, "Fire in the Land of Honey," of which I'm a producer. The work of the filmmaker Kim McKenzie, it is one of a trilogy of documentaries about Mr. Nadjamerrek and his native land, which his people call Ankung Djang. Collectively, the films will tell how some 50 years ago the Aboriginal people left this vast plateau, the size of Belgium, drawn by the lure of money, tobacco and other novelties offered by distant buffalo camps, mines, stock stations and missions. Today it is a lost world, emptied of people but filled with rock paintings so intricate, ancient and beautiful they take your breath away. He is among the last people to grow up on the plateau, to know its lore and habitat, and to speak its languages.

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He has returned to Ankung Djang with his wife, Kalkiwarra, because he has a task. It is to show his own grandchildren, as well as Peter Cook and other scientists, how his people used to look after the country long ago. He is also telling Mr. McKenzie, the filmmaker, all that he remembers of the history and culture of this ancient place. They are recording his knowledge because otherwise Ankung Djang will cease to have a history. Mr. Nadjamerrek is over 80 and his memory is getting shaky; names and places are starting to fade like the old trails he traveled as a young man to gather spear-making materials.

But his most urgent quest is to find out why his country is out of kilter. Since his people left half a century ago, fire — a staple tool of Aboriginal life — has turned into an uncontrollable monster, careering across the landscape, devouring the plateau's trees, plants, birds, animals and insects (including Mr. Nadjamerrek's beloved native bees).

In truth, none of us can really answer his question: "Why?" We do know the controlled-fire regimens that Aboriginal people practiced for millenniums to nurture the land must be reinstated. But, like Mr. Nadjamerrek, we also suspect something larger is going on — we fear that Australia's soaring heat, vanishing water and rampant fires are connected to larger global patterns of climate change. Thankfully, we Australians at least have Bardayal Nadjamerrek and the Old People to advise us; the rest of the globe is not so lucky.

Losing Bangladesh, By Degrees (NYT)

By Tahmima Anam

The New York Times, March 4, 2007

Dhaka, Bangladesh

IMAGINE, if you will, a country marooned between a snowy mountain range and a churning sea. The country is small, a thumbprint on a vast continent. It holds the youngest and largest delta in the world. This means the landscape is fickle, the rivers often shifting and swallowing giant swaths of land.

It is cleaved by two of the world's mightiest rivers, the Ganges and the Brahmaputra. They perform vanishing acts and conjuring tricks. One day your house is dry and the chilis are airing in the courtyard. The next it has disappeared altogether. You do not want to rebuild so close to the river, but you do: there is no space; the country is full.

For whatever else it strains to hold, it is the crush of humanity that makes Bangladesh what it is: a calamitous country, a country so full of people that every slight shift in circumstance has dire consequences. The weather does not have to be extreme. It has only to be intemperate, and the country does the rest.

How does such a small place hold so much? You worry that it will burst. But your worry is misplaced. You should worry that it will sink. For as the sea level rises, its waters will flow upward like fingers into a glove, turning the sweet river water into salt. The salt will destroy the crops and kill the fish and raze the forests. At the same time, the Himalayan peaks will melt, and they, too, will flow into the country. The rising sea and the melting mountains will meet on this tiny patch of the world, and the people who strain at its seams will drown with it, or be blown away to distant shores, casualties and refugees by the millions.

Here in the capital, winter is a festive season. The cool weather allows women to wear their heaviest saris and wrap thick twists of gold around their necks. There is little rain, the ground is solid — good for high heels. Buildings across the city are draped with strings of lights. You can buy hot, crunchy jilapis by the roadside; the markets are full of winter vegetables.

One day this winter, I landed at Dhaka airport just before dawn. The fog that had delayed my flight clung to the ground and looked like snow; as it lifted, a milky haze took its place. On the way home I saw groups of men huddled over coal fires by the side of the road. They wore puffy jackets and acrylic sweaters, castoffs from the sweatshops that dot the highways between the airport and the city. When they blew on their hands, I saw clouds whistling out of their mouths. Their heads were wrapped in shawls and towels and mosquito nets. The sun did not make an appearance until noon that day, and even then it was only a heatless, watery orb.

In the evening I went to the other side of town, where my uncles live by the long, pencil-shaped Dhanmondi Lake. I watched from the window as the lake appeared to go still, as though deciding whether it was cold enough to freeze over, and there were tiny dots of fish moving toward the shore, not swimming but belly up, drowned.

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According to the United Nations, the temperatures this winter in some parts of Bangladesh were the coldest in 38 years. The last time it was this cold, Bangladesh was called East Pakistan. Looked at another way, however, the mean temperature was only two degrees below the average for January.

Yet in a country so precariously balanced, two degrees meant the difference between life and death. In the districts of Rajshahi, Nilphamari, Srimangal and Gaibandha, people died of the cold because they had no protection against the weather, no walls between them and the elements — not a long sleeve or a sock. Only two degrees, but instead of enjoying their jilapis and weddings and cauliflower, 134 people died. A mere two-degree rise in the global climate will cause large tracts of the delta to disappear, and two degrees after that, the rivers will be wider than the plains, and two degrees after that, the water will have swallowed Bangladesh.

Two degrees either way for this country is not two degrees: it is catastrophe itself, borne on the waves of our warming world.

Memories Of A Colder Iceland (NYT)

By Kristin Steinsdottir

The New York Times, March 4, 2007

Reykjavik, Iceland

WOULD it be possible to go skiing over the weekend? This was her first thought when she pulled the curtains in the morning. Last weekend had been unusual. It shimmered like a beam of light in her memory and sent warmth into every nerve of her body. White ski slopes, sunshine, laughter and joyful shouting. Wasn't it a bit like being a child again?

Such a weekend wouldn't have been unusual at all 30 years ago, but in the vicinity of Reykjavik, the skiing areas had been shut down one by one during the previous winters, and the little snow that actually fell was always blown away. Now she looked at the snow in the trees, vaguely remembering crawling through an upper-story window a long time ago to watch her father dig his way down to the front door. Or was it perhaps only a lapse of memory? After all, she had been a little girl at that time and in memory everything becomes larger than life.

After a mild and rainy fall in 2006 no one in the city expected snow. The rain had poured from the sky and run down the streets, gathering into large puddles, reminding her of lakes. This past October she felt that the rain was more frequent and heavier than the years before. Some people missed the old windy rain, spoke of "foreign rain," said the rain wasn't behaving as it used to, and that they needed to get an umbrella. Using an umbrella in Iceland is actually just a joke since the wind usually blows from all directions, flips over the umbrella and destroys it. No one uses an umbrella in Iceland except foreigners.

The fall went by and it started getting colder, but it was on and off, as it often is in Iceland. There is an old saying that people never know what to put on when they leave the house. The sun may be shining when you go out, but you return in the rain or even a storm — and vice versa. It is said that this is due to the shifting weather conditions. But weren't the weather conditions shifting even more now? Wasn't there more of everything this winter?

She furrowed her brow, looked over the garden and tried to answer herself: blocked roads, snowstorms and sudden snowfall in the city after many winters with hardly any snow at all ... rainfall above average in the same city ... an unusual surging of rivers all over the country just before Christmas. These days she also felt more often as if the roof of her house might get blown off in passing storms. Rescue teams were constantly being sent out; air travel was interrupted more and more.

People wondered. Were these interruptions the result of stepped-up safety measures? Was the roof just getting older? But what about the temperatures? Although January was cold, the last 10 years in Reykjavik were the warmest on record, at least since records have been kept.

She looked at the glacier through the window. It appeared in full view across the bay in the morning sun and reminded her of an old pyramid. The glacier Snaefellsjokull is supposed to be one of the seven sources of spiritual energy in the world. Many tap into its energy. Once the glacier had an even snow cap on all sides. Now the cap was uneven and here and there rocks were visible through the ice.

The glacier is melting like others of its kind in Iceland. When looking at it she was reminded of another glacier, Vatnajokull, one of the largest in Europe. It would be gone within the next 200 years, it was said.

When she drew the curtains in the evening it had started to rain.

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TERRORISM NEWS:

Job Lured Alleged Al-Qaida Trainee To Houston (HC)

By Robert Crowe

Houston Chronicle, March 4, 2007

Daniel Maldonado, the American accused of training with al-Qaida and waging jihad in Somalia, came to Houston two years ago to work for a 24-year-old Web designer linked to Internet sites frequented by terrorism suspects.

That man, Sarfaraz Jamal, a former BMX enthusiast and "Seinfeld" fan from suburban Columbus, Ohio, is emerging as an unlikely yet intriguing figure in the Maldonado saga. And his story helps explain how Maldonado wound up in Houston, where he now awaits trial.

Jamal denies any wrongdoing and the FBI is mum, refusing to say even whether he's under investigation.

But Jamal acknowledges a connection to Maldonado, saying in an e-mail to the Houston Chronicle that he had hired him to do odd jobs on the Houston-based IslamicNetwork.com.

"A small kind of job, answering e-mails, etc." is how he described it.

Jamal said he continued to pay him after Maldonado moved to Egypt.

"I had no idea he was going anywhere but Egypt," said Jamal, who is now living in Jordan so he, his wife and their children can study Islam. "Had I known, I would not have probably risked the whole guilt-by-association thing. ... I would have tried to stop him had I known of his motivation to go there."

Others who knew Jamal in Houston say he wasn't always so interested in Islam.

"According to what I've heard from him, (Jamal) was not a practicing Muslim," said Shaikh Isam Rajab of Masjid Hamza, a mosque in far southwest Houston, who arranged for Jamal to design the Web site for the Arees Institute, an Islamic school. "So he was considering himself a bad person, and then he started practicing. And maybe that's what got to him, and he became so enthusiastic."

Married and convertedMaldonado, 28, accused of training with al-Qaida from September to January and studying bomb-making with a man who produced explosives in Somalia, faces up to life in prison if convicted. He awaits trial here because his last U.S. address was an apartment in a sprawling complex off Beltway 8 in southwest Houston.

Maldonado, the son of Puerto Rican immigrants, grew up in New Hampshire, where he met and later married Tamekia Cunningham. After their marriage, they converted to Islam. In August 2005, they moved to Houston, and Jamal helped them settle in.

Jamal grew up in a family that regularly attended mosque — his parents were from Pakistan — but he took more interest in his Hoffman BMX bike and the Internet before discovering Islam. His passions for computers and religion would soon converge.

While living in his parents' Ohio home in 2001, the teenager started ClearGuidance.com, an online discussion site for young Muslims. According to a profile in The Globe and Mail, a Canadian newspaper, the Web site began with 172 members but its audience quickly grew to thousands, "from the suburbs of Detroit to the suburbs of London."

ClearGuidance made the news after Canadian authorities thwarted a plot to bomb the Toronto Stock Exchange and Canadian Parliament last June, and the newspaper disclosed that some of the suspects had been on the site discussing using weapons and killing infidels.

Jamal, also known as Sas, shut down the site in 2004.

"It was a bit too distracting. I got bored of it," he told the Chronicle. "And it was overrun by people who spent more time on it than I did."

Helped Maldonado relocateInternet relationships played a key role in Jamal's move to Houston from his parents' house in Ohio. He met Fatima Hye, a Clear Lake High School graduate and daughter of a prominent Quran translator on AlMaghrib.com. They married in 2004.

For Hye, now 31, just divorced with three children and deep roots here, moving in with Jamal's parents in Ohio wasn't practical.

She and Jamal established a new Web site, Islamic Network, and ran it from their southwest Houston apartment.

"Even if we are radical, I don't think it's much different from what people see as 'Jesus freaks,'" Hye told the Chronicle by telephone. "We're just really into our religion."

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Jamal also stayed in touch with Maldonado, whom he had met at an Islamic conference, through mutual acquaintances and the Internet. After the Maldonados arrived in Houston in the fall of 2005, Jamal realized he couldn't afford to cover their expenses and pay his own family's bills. Islamic Network does not generate revenue, Hye said, adding that Jamal earns a living through contract computer programming, graphics and Web design.

Because Maldonado had expressed an interest in living in a Muslim country, Jamal and Hye helped the family relocate to Egypt, where Maldonado could still work for Islamic Network via the Internet, Hye said.

But living in Egypt was more difficult than expected. Maldonado didn't speak Arabic, the $270 a month Jamal paid him didn't cover expenses, Internet connectivity was spotty at best and Tamekia was pregnant.

"We just lost touch," said Hye, explaining that she heard the news of Daniel's arrest and Tamekia's death from malaria "when the world did."

Of Tamekia's death, she said, "it just broke my heart because she was my sister."

Mentoring JamalAlso in the fall of 2005, Jamal met Shaikh Rajab, who had recently moved to Houston to work at Masjid Hamza. The tech-savvy Jamal asked him if he would answer questions on Islamic Network.

"He's an amazing person with very weird stuff sometimes, but that's what attracted me," said Rajab. "Some of his ideas, they're really great."

Though he was warned about Jamal, Rajab thought he could be a mentor to the young man.

"Some people came to me and told me, 'Be careful, this guy, uh, he has a past,'" Rajab said. "So I asked him what happened. He said, 'No. No. Nothing. There was just a Web site with some problems, and it was just closed.'"

Rajab added, "Youth can get overzealous. They can do some crazy stuff. But I believe Sas has finally bypassed that stage. He is finally weighing things."

Uncensored dialogueThe FBI warned Congress in September about violent extremism on the Internet, and the possibility of radicalizing a small group of American Muslims.

"These online activities further their indoctrination, create links between extremists located around the world and may serve as a springboard for future terrorist activities," said Donald Van Duyn, deputy assistant director of the FBI's counterterrorism division.

Jamal and Hye say Islamic Network — as ClearGuidance once did — encourages uncensored dialogue about such controversial topics as polygamy, jihad and U.S. foreign policy — " ... which is why I guess 'extremists' will talk more on some of the sites I am a part of versus talking less on sites which censor people," Jamal told the Chronicle by e-mail.

Under the user name Daniel Aljughaifi, Maldonado was a paid message board moderator for Islamic Network. Before his capture in January while fleeing Somalia, he was one of many members to discuss attempts to establish Islamic law in that African nation.

He's now the first American to be charged with joining Islamic extremists in Somalia.

Arab Bank Accused Of Funding Terrorists (LAT)

By Josh Meyer

The Los Angeles Times, March 5, 2007

WASHINGTON — A three-year investigation into the activities of one of the Middle East's largest and most influential banks is producing extensive evidence of how tens of millions of dollars have flowed from wealthy Saudi Arabians to Palestinian groups that allegedly used some of the money to pay off suicide bombers and their survivors.

The information being turned up by government inquiries and lawyers suing Arab Bank "will give people a better understanding of the way money moves in that part of the world to support Hamas" and other militant groups in the West Bank and Gaza Strip, said Stephen Kroll, a terrorism finance specialist and until recently counsel to the U.S. Senate Committee on Banking, Housing and Urban Affairs.

"It's important in focusing the public's attention on the issue of what is and what is not acceptable for banks to be involved in," Kroll said.

The Justice Department is conducting a criminal investigation into the New York branch of Arab Bank, which is based in Jordan, and its financial links to organizations and individuals accused of terrorism, according to three former U.S. counter-terrorism officials.

In 2005, the bank agreed to pay the federal government $24 million in fines for violating U.S. laws aimed at preventing terrorist financing, including failing to report suspicious transactions.

The bank is also being sued in federal court in Brooklyn by Americans and Israelis injured in suicide bombings or other fighting in Israel and the occupied territories, and by the relatives of others who were killed. No trial date has been set, but assuming the cases go to trial, they could establish ground rules for what obligations banks have in handling money bound for

militant groups. They could also provide an unusually detailed and public look at the flow of money from Saudi donors to Palestinian groups that the U.S. and Israel list as terrorist.

Lawyers suing Arab Bank accuse the firm of facilitating acts of terrorism by providing accounts and other financial services to Hamas, Islamic Jihad and similar groups. Arab Bank also acted as the administrator of a plan in which suicide bombers and others designated as "martyrs" by the Palestinian Authority and other organizations were compensated for their actions on a sliding scale, based on the extent of their injuries, according to documents filed in the cases. The lawsuits charge that the payments — and thus Arab Bank — provided an incentive for suicide bombings.

Arab Bank officials deny such charges and say they have never knowingly supported acts of terrorism. Bank officials say their agreement to pay the fine in 2005 was not an acknowledgment of any wrongdoing.

Bank officials say they provide an important financial service in the impoverished Palestinian territories and that they were merely acting as intermediaries between banks representing Saudi donors and Palestinian organizations and individuals who were being compensated for suffering at Israeli hands.

They also say that a "martyr" can mean almost any Palestinian killed or injured as part of the struggle with Israel, including innocent victims.

"Arab Bank had reason to believe these were humanitarian payments or social welfare payments, and there was certainly nothing in any of the public information that suggested to the bank at the time that these were in any way [meant] to induce terrorism or reward terrorism," said Robert Chlopak, a Washington-based spokesman for the bank.

Chlopak said the bank had checked out clients and transactions and that it did not process any payments to individuals or organizations that were designated as terrorist.

In one instance in which plaintiffs' lawyers allege that Arab Bank maintained an account for Hamas in Beirut, bank officials said that once they learned of the suspicious account, they froze it and reported it to authorities.

Arab Bank also said that it was primarily transferring funds sent to it from other banks on behalf of legitimate Saudi donors that have not been linked to terrorist activities. To win their case, the plaintiffs' lawyers would have to prove that Arab Bank knew that it was doing business with terrorist individuals or entities.

In 2005, the Treasury Department and the Office of the Comptroller of the Currency found that Arab Bank's New York branch had transferred funds between 2001 and 2004 for organizations that were later designated by the U.S. as terrorist groups. The Treasury Department said the bank had "largely complied" with the requirement to stop the transfers after the groups were identified.

But the department said that after the government designated these groups as terrorist, the bank failed to go back and review its accounts to see what dealings it had had with them and report any suspicious activities.

Some of the initial allegations in the lawsuits, most of which were filed in 2004, were based on documents seized by the Israeli military during raids on charities, businesses and other locations in the West Bank and Gaza in 2002. Among the documents were records indicating that Arab Bank provided financial services for Hamas and at least 41 organizations and individuals allegedly related to it or to Islamic Jihad.

Plaintiffs' lawyers Gary Osen and Michael Elsner used those records as a jumping-off point for a wider investigation in which they have gained access to tens of thousands of financial records from Arab Bank.

The records detail financial transactions that began in 2000 with the start of the second Palestinian intifada, or uprising. Saudi government officials created two special fundraising committees to help Palestinians battle Israeli forces and otherwise resist the occupation, according to court documents.

One of them, the Saudi Committee for Aid to the Al Quds Intifada, decreed that the life of anyone who died as a "martyr" in the conflict with Israel was worth 20,000 Saudi riyals, about $5,300 at the time. The committee began wiring that sum into accounts that families were instructed to set up at Arab Bank branches, the lawsuits allege. The average Palestinian salary is about $3,000 a year.

In all, the Saudi Committee made about 200,000 wire transfers for the Palestinian cause, totaling more than $90 million, Shukry Bishara, Arab Bank's chief banking officer, said in a court declaration. Much of that money went to pay for hospitals and social welfare programs, or to compensate people injured or imprisoned — or the families of those killed — in the Israeli-Palestinian conflict.

But the money also included an undetermined amount paid to the families of suicide bombers, and those injured or imprisoned by Israel, according to the lawsuits.

The plaintiffs allege that bank officials knew that those listed as "martyrs" included suicide bombers because it was publicly advertised. They cited a Feb. 10, 2001, edition of the Saudi newspaper Al Jazirah in which the Saudi Committee listed the names of Palestinian martyrs, including those killed in suicide bombings, whose families received payments.

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Several lawmakers and Bush administration officials involved in the investigation of Arab Bank have expressed concerns about its activities.

At one House Finance Committee hearing in May 2005, Treasury Undersecretary Stuart Levey said that during his visit to the West Bank city of Ramallah to discuss the issue, the Arab Bank manager for the Palestinian territories told him that he "had not filed a single suspicious activity report in the past two years across all the Arab Bank branches in the West Bank and in Gaza."

"It appears that such controls were indeed sorely lacking at Arab Bank across all of their global operation," Levey said.

Extend Legal Rights To Guantanamo (WP)

By Alberto J. Mora, Thomas R. Pickering

The Washington Post, March 4, 2007

For more than 200 years, the courts have served as the ultimate safeguard for our civil liberties. A critical part of this role has been the judicial branch's ability to consider writs of habeas corpus, through which people who have been imprisoned can challenge the decision to hold them in government custody. In this way, habeas corpus has provided an important check on executive power. However, because of a provision of the Military Commissions Act passed last fall, this fundamental role of the courts has been seriously reduced.

Habeas corpus -- the Great Writ -- has been the preeminent safeguard of individual liberty for centuries by providing meaningful judicial review of executive action and ensuring that our government has complied with the Constitution and the laws of the United States. Habeas review has always been most critical in cases of executive detention without charge because it provides prisoners a meaningful opportunity to contest their detention before a neutral decision maker.

In 2004, the Supreme Court held that the protections of habeas corpus extend to detainees at Guantanamo Bay, who may rely on them to challenge the lawfulness of their indefinite detentions. The court noted that at its historical core, "the writ of habeas corpus has served as a means of reviewing the legality of Executive detention, and it is in that context that its protections have been strongest."

But the Military Commissions Act eliminates the federal courts' ability to hear habeas petitions filed by certain noncitizens detained by the United States at Guantanamo Bay and elsewhere. Late last month the U.S. Court of Appeals for the D.C. Circuit upheld this provision and dismissed the lawsuits filed by many of the Guantanamo detainees.

We fully recognize that our government must have the power to detain suspected foreign terrorists to protect national security. But removing the federal courts' ability to hear habeas corpus claims does not serve that goal. On the contrary, habeas corpus is crucial to ensure that the government's power to detain is exercised wisely, lawfully and consistently with American values. That is why we have joined with the Constitution Project's broad and bipartisan group of judges, former members of Congress, executive branch officials, scholars and others to urge Congress to restore federal court jurisdiction to hear these habeas corpus petitions.

The unconventional nature of the "war on terrorism" makes habeas corpus more, not less, important. Unlike what is found in traditional conflicts, there is no clearly defined enemy, no identifiable battlefield and no foreseeable end to the fighting. The government claims the power to imprison individuals without charge indefinitely, potentially forever. It is essential that there be a meaningful process to ensure that the United States does not mistakenly deprive innocent people of their liberty. Habeas corpus provides that process.

We recognize that the Military Commissions Act still enables the Guantanamo detainees to have hearings before a Combatant Status Review Tribunal, which is charged with determining whether the detainee is in fact an "enemy combatant." But unlike court hearings, the tribunal hearings rely on secret evidence, deny detainees the chance to obtain and present their own evidence, and allow the government to use evidence obtained by coercive interrogation methods. While these tribunals have some utility, they cannot replace the critical role of habeas corpus.

The government has detained some Guantanamo prisoners for more than five years without giving them a meaningful opportunity to be heard. The United States cannot expect other nations to afford its citizens the basic guarantees provided by habeas corpus unless it provides those guarantees to others.

And in our constitutional system of checks and balances, it is unwise for the legislative branch to limit an established and traditional avenue of judicial review.

Americans should be proud of their commitment to the rule of law and not diminish the protections it provides. Our country's detention policy has undermined its reputation around the world and has weakened support for the fight against terrorism. Restoring habeas corpus rights would help repair the damage and demonstrate U.S. commitment to a counterterrorism policy that is tough but that also respects individual rights. Congress should restore the habeas corpus rights that were eliminated by the Military Commissions Act, and President Bush should sign that bill into law.

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Alberto J. Mora was general counsel of the Navy from 2001 to 2006. Thomas R. Pickering was undersecretary of state for political affairs from 1997 to 2000 and U.S. ambassador to the United Nations from 1989 to 1992.

The Must-Do List (NYT)

The New York Times, March 4, 2007

The Bush administration's assault on some of the founding principles of American democracy marches onward despite the Democratic victory in the 2006 elections. The new Democratic majorities in Congress can block the sort of noxious measures that the Republican majority rubber-stamped. But preventing new assaults on civil liberties is not nearly enough.

Five years of presidential overreaching and Congressional collaboration continue to exact a high toll in human lives, America's global reputation and the architecture of democracy. Brutality toward prisoners, and the denial of their human rights, have been institutionalized; unlawful spying on Americans continues; and the courts are being closed to legal challenges of these practices.

It will require forceful steps by this Congress to undo the damage. A few lawmakers are offering bills intended to do just that, but they are only a start. Taking on this task is a moral imperative that will show the world the United States can be tough on terrorism without sacrificing its humanity and the rule of law.

Today we're offering a list — which, sadly, is hardly exhaustive — of things that need to be done to reverse the unwise and lawless policies of President Bush and Vice President Dick Cheney. Many will require a rewrite of the Military Commissions Act of 2006, an atrocious measure pushed through Congress with the help of three Republican senators, Arlen Specter, Lindsey Graham and John McCain; Senator McCain lent his moral authority to improving one part of the bill and thus obscured its many other problems.

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Our list starts with three fundamental tasks:

Restore Habeas Corpus

One of the new act's most indecent provisions denies anyone Mr. Bush labels an "illegal enemy combatant" the ancient right to challenge his imprisonment in court. The arguments for doing this were specious. Habeas corpus is nothing remotely like a get-out-of-jail-free card for terrorists, as supporters would have you believe. It is a way to sort out those justly detained from those unjustly detained. It will not "clog the courts," as Senator Graham claims. Senator Patrick Leahy of Vermont, the Democratic chairman of the Judiciary Committee, has a worthy bill that would restore habeas corpus. It is essential to bringing integrity to the detention system and reviving the United States' credibility.

Stop Illegal Spying

Mr. Bush's program of intercepting Americans' international calls and e-mail messages without a warrant has not ceased. The agreement announced recently — under which a secret court supposedly gave its blessing to the program — did nothing to restore judicial process or ensure that Americans' rights are preserved. Congress needs to pass a measure, like one proposed by Senator Dianne Feinstein, to force Mr. Bush to obey the law that requires warrants for electronic surveillance.

Ban Torture, Really

The provisions in the Military Commissions Act that Senator McCain trumpeted as a ban on torture are hardly that. It is still largely up to the president to decide what constitutes torture and abuse for the purpose of prosecuting anyone who breaks the rules. This amounts to rewriting the Geneva Conventions and puts every American soldier at far greater risk if captured. It allows the president to decide in secret what kinds of treatment he will permit at the Central Intelligence Agency's prisons. The law absolves American intelligence agents and their bosses of any acts of torture and abuse they have already committed.

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Many of the tasks facing Congress involve the way the United States takes prisoners, and how it treats them. There are two sets of prisons in the war on terror. The military runs one set in Iraq, Afghanistan and Guantánamo Bay. The other is even more shadowy, run by the C.I.A. at secret places.

Close the C.I.A. Prisons

When the Military Commissions Act passed, Mr. Bush triumphantly announced that he now had the power to keep the secret prisons open. He cast this as a great victory for national security. It was a defeat for America's image around the world. The prisons should be closed.

Account for 'Ghost Prisoners'

The United States has to come clean on all of the "ghost prisoners" it has in the secret camps. Holding prisoners without any accounting violates human rights norms. Human Rights Watch says it has identified nearly 40 men and women who have disappeared into secret American-run prisons.

Ban Extraordinary Rendition

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This is the odious practice of abducting foreign citizens and secretly flying them to countries where everyone knows they will be tortured. It is already illegal to send a prisoner to a country if there is reason to believe he will be tortured. The administration's claim that it got "diplomatic assurances" that prisoners would not be abused is laughable.

A bill by Representative Edward Markey, Democrat of Massachusetts, would require the executive branch to list countries known to abuse and torture prisoners. No prisoner could be sent to any of them unless the secretary of state certified that the country's government no longer abused its prisoners or offered a way to verify that a prisoner will not be mistreated. It says "diplomatic assurances" are not sufficient.

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Congress needs to completely overhaul the military prisons for terrorist suspects, starting with the way prisoners are classified. Shortly after 9/11, Mr. Bush declared all members of Al Qaeda and the Taliban to be "illegal enemy combatants" not entitled to the protections of the Geneva Conventions or American justice. Over time, the designation was applied to anyone the administration chose, including some United States citizens and the entire detainee population of Gitmo.

To address this mess, the government must:

Tighten the Definition of Combatant

"Illegal enemy combatant" is assigned a dangerously broad definition in the Military Commissions Act. It allows Mr. Bush — or for that matter anyone he chooses to designate to do the job — to apply this label to virtually any foreigner anywhere, including those living legally in the United States.

Screen Prisoners Fairly and Effectively

When the administration began taking prisoners in Afghanistan, it did not much bother to screen them. Hundreds of innocent men were sent to Gitmo, where far too many remain to this day. The vast majority will never even be brought before tribunals and still face indefinite detention without charges.

Under legal pressure, Mr. Bush created "combatant status review tribunals," but they are a mockery of any civilized legal proceeding. They take place thousands of miles from the point of capture, and often years later. Evidence obtained by coercion and torture is permitted. The inmates do not get to challenge this evidence. They usually do not see it.

The Bush administration uses the hoary "fog of war" dodge to justify the failure to screen prisoners, saying it is not practical to do that on the battlefield. That's nonsense. It did not happen in Afghanistan, and often in Iraq, because Mr. Bush decided just to ship the prisoners off to Gitmo.

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Prisoners designated as illegal combatants are subject to trial rules out of the Red Queen's playbook. The administration refuses to allow lawyers access to 14 terrorism suspects transferred in September from C.I.A. prisons to Guantánamo. It says that if they had a lawyer, they might say that they were tortured or abused at the C.I.A. prisons, and anything that happened at those prisons is secret.

At first, Mr. Bush provided no system of trial at the Guantánamo camp. Then he invented his own military tribunals, which were rightly overturned by the Supreme Court. Congress then passed the Military Commissions Act, which did not fix the problem. Some tasks now for Congress:

Ban Tainted Evidence

The Military Commissions Act and the regulations drawn up by the Pentagon to put it into action, are far too permissive on evidence obtained through physical abuse or coercion. This evidence is unreliable. The method of obtaining it is an affront.

Ban Secret Evidence

Under the Pentagon's new rules for military tribunals, judges are allowed to keep evidence secret from a prisoner's lawyer if the government persuades the judge it is classified. The information that may be withheld can include interrogation methods, which would make it hard, if not impossible, to prove torture or abuse.

Better Define 'Classified' Evidence

The military commission rules define this sort of secret evidence as "any information or material that has been determined by the United States government pursuant to statute, executive order or regulation to require protection against unauthorized disclosure for reasons of national security." This is too broad, even if a president can be trusted to exercise the power fairly and carefully. Mr. Bush has shown he cannot be trusted to do that.

Respect the Right to Counsel

Soon after 9/11, the Bush administration allowed the government to listen to conversations and intercept mail between some prisoners and their lawyers. This had the effect of suspending their right to effective legal representation. Since then, the administration has been unceasingly hostile to any lawyers who defend detainees. The right to legal counsel does not exist to coddle serial terrorists or snarl legal proceedings. It exists to protect innocent people from illegal imprisonment.

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Beyond all these huge tasks, Congress should halt the federal government's race to classify documents to avoid public scrutiny — 15.6 million in 2005, nearly double the 2001 number. It should also reverse the grievous harm this administration has done to the Freedom of Information Act by encouraging agencies to reject requests for documents whenever possible. Congress should curtail F.B.I. spying on nonviolent antiwar groups and revisit parts of the Patriot Act that allow this practice.

The United States should apologize to a Canadian citizen and a German citizen, both innocent, who were kidnapped and tortured by American agents.

Oh yes, and it is time to close the Guantánamo camp. It is a despicable symbol of the abuses committed by this administration (with Congress's complicity) in the name of fighting terrorism.

HOMELAND RESPONSE:

Bush Tours Tornado-Damaged Areas In South (WP/AP)

By Deb Riechmann

The Washington Post, March 4, 2007

ENTERPRISE, Ala., March 3 -- President Bush handed out hugs Saturday to people in the South who survived killer tornadoes, and he mourned those who died in the storms, including eight high school students.

"Out of this rubble will emerge a better tomorrow," Bush said.

Bush climbed over piles of concrete, roofing, insulation, broken glass and textbooks at shattered Enterprise High School. Be strong and set an example for the other 1,200 students, he told the student government president and three others.

The president walked alone down a hallway lined by blue lockers, the corridor where the eight students succumbed and scores more were trapped in Thursday's storm. He also saw the school wing, now just rubble, where students had hunkered down -- and survived -- as the tornado approached.

"Today I have walked through devastation that is hard to describe," he said, standing with students, one of whom had a tear running down her face. "A hundred kids got out of here alive, which is a miracle."

During the visit, Bush designated Coffee County as a disaster area, releasing federal dollars for recovery and individual assistance. His disaster relief chief came along for a firsthand look at the damage so he could make quick recommendations to the White House on requests for help from Washington.

The trip, quickly put together Friday, was intended to highlight the Bush administration's stepped-up efforts, through the Federal Emergency Management Agency in particular, to help disaster victims. The White House came under withering criticism for its sluggish response to Hurricane Katrina in 2005.

In southeastern Alabama, a tornado injured 50 people and damaged or destroyed about 370 homes among the 22,000 residents.

Bush also toured Americus, Ga., about 120 miles south of Atlanta, where storms killed two people and destroyed dozens of homes and businesses.

Before visiting the Alabama school, he got a bird's-eye view of the scene as his Marine One helicopter followed the storm's extensive path. The town's white water tower -- with the words "Enterprise, City of Progress" -- still stood. But nearby, the high school looked like a wrecking ball had struck it.

R. David Paulison, the head of FEMA, said he was on the telephone with state emergency officials hours after the storms hit. Agency teams have nearly completed preliminary damage assessments in Alabama and planned to begin similar work in Georgia on Saturday.

He said FEMA moved in truckloads of water, ice, tarps, plastic sheeting and communications equipment to help states take care of residents -- a response he called "the new FEMA."

Bush Consoles Victims Of Tornadoes In The South (NYT)

By Sheryl Gay Stolberg

The New York Times, March 4, 2007

AMERICUS, Ga., March 3 — President Bush picked his way through the rubble of the tornado-stricken South on Saturday, promising federal aid for some Alabamians and turning up unexpectedly in a largely African-American neighborhood here in Georgia, where startled residents rushed out of their damaged houses, cell phone cameras in hand, to greet him.

The hastily arranged trip, following a massive storm system that produced at least 31 tornadoes from Minnesota to the Gulf of Mexico, was intended to send an image of a compassionate president leading a competent government response, in sharp contrast with the lingering images of federal indifference and ineptitude after Hurricane Katrina.

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The president's day began in Enterprise, Ala., where eight students were killed as a tornado on Thursday ripped apart Enterprise High School. Mr. Bush, accompanied by Mayor Kenneth Boswell and several student leaders, made his way through a destroyed wing of the school, stopping in the hallway, where raining chunks of metal and concrete cost the students their lives.

"Out of this rubble will emerge a better tomorrow," the president said afterward, his hands resting gently on the shoulders of the 17-year-old student government president, Megan Parks. He called the scene one of "devastation that's hard to believe," adding, "The biggest effect of the storm is the shattered lives."

Ms. Parks, clearly shaken, bit her lip and wiped away tears as Mr. Bush spoke. She had left school 30 minutes before the storm hit, stopping along the way to pick up her little brother from elementary school to take him home. Saturday was her first time back.

"It's so hard to see our school like this," she said.

The president declared Coffee County, which encompasses Enterprise, a federal disaster area. The designation allows affected households to receive up to $28,200 in aid, according to R. David Paulison, director of the Federal Emergency Management Agency, who accompanied Mr. Bush on the trip.

Mr. Paulison said he had worked through the night preparing paperwork for the disaster declaration, which Mr. Bush approved aboard Air Force One on Saturday morning. White House officials said a similar declaration for Georgia was being considered.

After the Enterprise visit, Mr. Bush took an hour-long helicopter ride to hard-hit Americus, south of Atlanta, where his published schedule listed only a briefing here by local officials in the parking lot of a damaged hospital. Instead, the president's motorcade drove straight to a modest neighborhood of faded clapboard homes, stopping at a duplex where two people had died seeking shelter from the storm.

As Mr. Bush made his way from house to house to shake hands, giddy residents thrust their cell phones at him, imploring him to stop for pictures and, in some cases, to talk to boyfriends or girlfriends on the other end of the line. Laughing, he obliged.

It was a striking post-Katrina image for a president whose standing among black voters — never very high to begin with — fell even lower after the hurricane.

"He's lifting spirits in a very difficult situation," said Senator Johnny Isakson, Republican of Georgia, who accompanied Mr. Bush.

One person whose spirits appeared lifted was Felicia Stafford, who said the tornado had blown the roof off her house and ruined its wood floors. "He's very nice, loving and warm," she said after meeting Mr. Bush. "He's got very soft hands."

Bush To Americans: 'Help The Folks Down Here' (CNN)

CNN.com, March 3, 2007

AMERICUS, Georgia (CNN) -- President Bush assured tornado victims Saturday that help is on the way as he toured towns in Alabama and Georgia that were among the hardest hit by Thursday's storms.

Bush called the devastation "hard to describe" as he visited with officials in Americus, Georgia, where the storms had claimed two lives and shut down Sumter Regional Hospital as doctors cared for victims.

Sumter is one of six Georgia counties that Gov. Sonny Perdue has declared in a state of emergency.

Earlier Saturday, Bush was in Enterprise, Alabama -- where nine people, including eight students in a high school, were killed. He told Gov. Bob Riley and Mayor Kenneth Boswell that Coffee County had been declared "a major disaster area." That designation means extra federal dollars for recovery.

"You can never heal a heart, but you can provide comfort knowing that the federal government will provide help for those whose houses were destroyed or automobiles were destroyed," the president said.

Bush also implored Americans to help out any way they can.

"Some people are going to need your help," he said. "I would ask you out of the generosity of your heart to help the folks down here."

Speaking to reporters on Air Force One en route to Alabama, Federal Emergency Management Agency Director David Paulison said Bush's visit was indicative of "the new FEMA."

Before Paulison's tenure, the agency drew fierce criticism for its handling of the Hurricane Katrina aftermath. Paulison told reporters that in the past FEMA didn't intervene in disaster recovery until the state and local community became overwhelmed.

That system doesn't work, Paulison said. After Thursday's storms, FEMA immediately sent 14 teams armed with food, water, ice, tarps, plastic sheeting and communications equipment.

"We have to go in as partners, so that's what we're going to be doing," Paulison told reporters.

In all, Thursday's storms killed 20 people: 10 in Alabama, nine in Georgia and a 7-year-old girl in Missouri.

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Bush attended a morning briefing at the Enterprise Municipal Airport before embarking on a tour of the town's storm damage and later meeting with families.

Bush's visit to Enterprise came on the heels of a tour by Riley, who declared a state of emergency for the area and ordered the National Guard to send troops, medics and roving security patrols to the southern portion of the state.

The president visited Enterprise High School, where eight 16- and 17-year-olds were killed while seeking shelter in the school auditorium.

Thinking the Thursday tornado warnings constituted a standard drill, students were joking around in the auditorium as they waited out the storm. That is, until the school went black and glass from a skylight crashed to the ground.

"Everyone got really quiet -- we knew it was serious. No more than five seconds later, it was just like a big explosion and everything -- debris started hitting us," said Mitchell Mock, who was injured during the tornado.

Students were huddled in the building's interior, away from all windows, but no place was safe when the school took a direct hit from a tornado shortly after 1 p.m. The school's roof partially collapsed, trapping students in an avalanche of rubble.

"I had a wall fall on top of me, and the roof fell on top of us," student Brent Smith said.

"There was just hundreds of kids coming down the hallway, and a lot of them were covered with blood," said Kim Lewis, Mitchell's mother.

Dylan Lewis was trapped under rubble after the twister passed. When he emerged, "there were no more people -- it was just cement and air-conditioning parts," he said.

His collarbone was broken, but Dylan and his brothers helped rescue others before going to the emergency room themselves.

Four juniors, two sophomores and two seniors were killed. The Enterprise School Board identified the dead as Michael J. Bowen, 16; Peter James Dunn II, 16; Andrew Joel Jackson, 16; Ryan Andrew Mohler, 17; Kathryn Madora Strunk, 16; Michael D. Tompkins, 17; Jamie Ann Vidensek, 17; and Alice Michelle Wilson, 16.

Officials said the storms killed at least two others in Alabama, one of them in Enterprise and one in Wilcox County.

After delivering havoc to south Alabama, the storms moved into Georgia where nine people were killed -- six in Baker County, two in Americus and one in Taylor County -- spokesman Buzz Weiss of the Georgia Emergency Management Agency said.

In Americus, a tornado slammed into the Sumter Regional Hospital, shutting it down as health workers were treating victims coming in from the storm, Weiss said.

The patients, none of whom was killed, were transferred to other hospitals, Weiss said.

The twister also destroyed the local headquarters of the Red Cross, its generators and three of its disaster trailers, an official said.

Mayor: New Orleans 'Piled It On' For $77 Billion Lawsuit (AP)

AP, March 3, 2007

NEW ORLEANS, Louisiana (AP) -- Only $1 billion of the $77 billion the city is seeking from the Army Corps of Engineers is for infrastructure damages it says it suffered because of levee breaches during Hurricane Katrina. The rest is for such things as the city's tarnished image and tourist industry losses.

The city "looked at everything and just kind of piled it on," Mayor Ray Nagin said.

"We got some advice from some attorneys to be aggressive with the number, and we'll see what happens," he said.

New Orleans has joined big business and thousands of homeowners in filing claims seeking compensation from the corps for damages sustained when the levees broke during the 2005 storm, flooding 80 percent of the city.

The claims allege poor design and negligence by the corps led to the failure of flood walls and levees.

The city attorney's office also considered such things as "decreases in the city's image, tourist industry activity and potential business industry, losses in the tax base and generated revenue, and a decrease in the city's overall population," in making the assessment, according to a statement from City Hall.

A spokeswoman for the mayor could not explain how the city quantified losses not tied to infrastructure. A 43-page form filed with the corps, reserving the city's right to sue for $77 billion, also provides little insight. It does not quantify "loss of tax revenue," for example, and supporting documents for city-owned properties, such as a police crime lab and libraries, omit any estimates of property values or flood-related damages, The Times-Picayune newspaper reported Saturday.

After Dubai Ports World (WP)

The Washington Post, March 4, 2007

Investing in the United States should be easier.

DOJ_NMG_0139925

KEEPING AMERICA a magnet for foreign investment should be an obvious national priority. Flows of foreign cash provide the U.S. economy with valuable capital and access to innovation, and they help mitigate the country's large trade deficit. U.S. policymakers aggressively hawk the benefits of a liberal investment climate to other countries.

But since the hysteria of a year ago over Dubai Ports World proposing to manage some U.S. seaports, the Committee on Foreign Investment in the United States (CFIUS), the federal panel responsible for ensuring that national security interests are not harmed by foreign acquisition of U.S. assets, seems to have slid in the opposite direction. A recent study by David Marchick, a former Clinton State Department official, concluded that the CFIUS approval process has become overly difficult and increasingly uncertain, making it riskier for non-Americans to invest in the country.

In 2006, Mr. Marchick found, voluntary filings of paperwork with the committee were up dramatically, indicating that foreign investors are increasingly worried about possible CFIUS scrutiny. The committee opted to conduct many more time-consuming second-stage investigations of proposed transactions than in years past, leading to more investors withdrawing during the approval process. And the Financial Times reported last week that CFIUS is threatening to impose enormous penalties on companies that violate even minor points in agreements brokered by the panel. These are bad signs.

Enter the House of Representatives, which unanimously passed a bill Wednesday designed to revamp the CFIUS approval process. By making the committee's procedures explicit in statute, the bill would usefully allow foreign investors to plan with some assurance. Especially given its provenance in the Dubai Ports World controversy, the bill, introduced by Rep. Carolyn B. Maloney (D-N.Y.) and shepherded through the House by Finance Committee Chairman Barney Frank (D-Mass.), represents sensible middle ground.

Now the action moves to the Senate, which last year passed a needlessly and harmfully stringent reform bill sponsored by Sen. Richard C. Shelby (R-Ala.). This year we hope that the Senate emulates the House in finding a better balance between security and economic freedom. Sen. Christopher J. Dodd (D-Conn.), the new chairman of the Banking, Housing and Urban Affairs Committee, has said that he will introduce CFIUS legislation. He should do so soon; Americans cannot let their fears continue to scare off valuable investment.

Naked Came The Passenger (WP)

By William Saletan

The Washington Post, March 4, 2007

Psssst. Want to see Susan Hallowell naked? Look at the Feb. 24 New York Times. She's on page A10.

Hallowell runs the Transportation Security Administration's research lab. Four years ago, she volunteered to be scanned by a backscatter X-ray machine, which sees through clothing. She was wearing a skirt and a blazer. But in the picture, she's as good as naked.

Last week, TSA began using backscatters to screen airline passengers for weapons. The first machine is up and running in Phoenix. The next ones will be in New York and Los Angeles. The machines have been modified with a "privacy algorithm" to clean up what they show. But even the more cartoon-like images they now display tell you more than you need to know about the people seated next to you.

Are you up for this? Are you ready to get naked for your country?

This is no joke. The government needs to look under your clothes. Ceramic knives, plastic guns and liquid explosives have made metal detectors obsolete. Carry-on bags are X-rayed, so the safest place to hide a weapon is on your body. Puffer machines can detect explosives, but only if you're sloppy. Backscatters are different. They can scan your whole surface, locating and identifying anything of unusual density -- not just metals, which have high atomic numbers, but drugs and explosives, which have low ones.

Why isn't this technology in lots of airports already? One reason is fear of radiation. That's a needless worry. You get less radiation from a scan than from sitting on a plane for two minutes. If that's too much for you, don't fly.

The main stumbling block has been privacy. The American Civil Liberties Union and the Electronic Privacy Information Center have fought backscatters, calling them a "virtual strip search." But the purpose of a strip search is the search. Stripping is just a means. Virtual inspections achieve the same end by other means. They don't extend the practice of strip-searching. They abolish it.

When American Science and Engineering, which makes the backscatter machines, introduced the technology in prisons nine years ago, the point was to replace strip searches. "The scan requires no physical contact between the operator and the subject, thus vastly reducing the threat of assault against law enforcement personnel and the spread of communicable diseases," the company argued. The rationale, like the machine, conveyed not an ounce of human warmth. The inmates preferred to be seen rather than touched. Better to be depersonalized than degraded.

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Because of terrorism, the rest of us now face the same choice. Under TSA policy, if you set off an airport metal detector or are chosen for secondary screening, you're subject to a pat-down inspection that "may include sensitive areas of the body," such as your chest and thighs. Unless, that is, you're lucky enough to be in Phoenix, where you can choose a backscatter instead.

The impersonality of machines can also filter out racism. Five years ago, the ACLU objected to body scans because they were administered selectively, "based on profiles that are racially discriminatory." But the best way to remove selection bias would be to scan everyone. In Phoenix, the TSA has put the backscatter monitors in a room 50 feet from the security checkpoint, so the officers who staff them can't see you. All they can see are X-ray images, which capture density, not pigment.

The key to reconciling airport security with privacy is that the officer who sees you on the monitor never sees you in the flesh -- never sees your face, never knows who you are. In Phoenix, the TSA hasn't just put the monitors in a separate room. It's laying cables to put them in an entirely different terminal. Likewise, the officer who sees you in the flesh never sees you on the monitor. It's like the blind men and the elephant: Nobody has the whole picture.

That brings us back to Susan Hallowell. The Times did not name the naked woman in its Feb. 24 photo. It did, however, mention that the machines were made by ASE. On the company's Web site, I found a news release complaining that pictures circulating in the media were obsolete, because they had been taken in 2003. Then I ran across a 2004 article that said Hallowell had demonstrated the technology the previous year. I typed her name into a search engine, and up came a 2003 wire story with a photo of her, fully clothed, next to a monitor showing her essentially naked except for a bomb and gun she had hidden under outfit. It is the same image that appeared in the Times.

Hallowell volunteered for this publicity. But this sort of easy identification is exactly what must not happen to others. In the age of body scans, privacy means keeping your name, your face and your nude image apart. That job doesn't end at the security gate; it begins there. Will your scan leak? "Images will not be printed, stored or transmitted," TSA swears on its Web site. Directly above that assurance, the agency has posted four nude pictures -- "actual images shown to the Transportation Security Officer during the backscatter process." And you thought airport screeners had no sense of humor.

Enough with the fairy tales. We lost our innocence when the planes hit the twin towers. Now we're losing our modesty. If we're going to be ogled, at least protect us from being Googled.

Editorial: Everyone Not As Confident As AG On Supermax (CCDR)

Canon City Daily Record, March 4, 2007

When federal and state bigwigs toured Florence's Supermax prison Feb. 22, officials came away with different views on the safety of the facility.

U.S. Attorney General Alberto Gonzales was assertive as he said the United States Penitentiary Administrative Maximum Security prison, which houses many high-profile terrorists, was being well guarded and mail was being properly monitored.

"I am confident we are doing what we should be doing, monitoring communications in and out of the facility," he said.

Not everyone is brimming with Gonzales' confidence. And how much weight that opinion carries should be questioned after just one visit by the Attorney General.

John Gage, President of the American Federation of Government Employees also toured the Florence prison and as expected feels more should be done. Gage represents 600,000 federal union workers across the country, including Bureau of Prisons employees.

"There have been cuts in correctional officers," Gage said. "There have been cuts in service. The number of assaults on guards are up. We want something done about this."

Supermax has 208 employees, short of the 240 it had when the prison opened in 1994. Nationwide, the Bureau of Prisons has pledged to reduce its 35,000-strong workforce by 3,118 correction officers. That's cause for concern for not only the Florence prison but other high-profile correction facilities across the United States.

In the absence of more guards, technology is being touted as a sufficient replacement. Bureau Director Harley Lappin said the addition of a number of cameras around the complex have created a safer environment.

But Gage and some others aren't buying that argument.

"The thing that really irritates me about this technology argument is they have cameras, but they're not manned," he said. "This is not replacement technology for a professional correctional officer."

While Gonzales' tour may not have answered concerns by critics, it certainly has brought more attention to the prison. Officials should continue to monitor security concerns as an obligation to the men and women who work at the prison and the surrounding communities.

An approach that includes continual monitoring of security conditions makes more sense than waiting for a tragic incident to occur, especially one that could have been prevented.

WAR NEWS:

Airstrikes Kill Insurgents, U.S. Says (WP)

By Sudarsan Raghavan

The Washington Post, March 4, 2007

First of Two Assaults Hits Area Where Helicopters Were Downed

BAGHDAD, March 3 -- Several al-Qaeda in Iraq insurgents who had targeted U.S. helicopters were killed in an airstrike north of Baghdad, the U.S. military said Saturday. A second strike killed members of another al-Qaeda cell that has orchestrated car bombings.

Meanwhile, three U.S. soldiers on patrol in central Baghdad were killed by a roadside bomb, the military said.

The first air assault, near Taji, north of Baghdad, destroyed trucks mounted with antiaircraft guns in an area where several American helicopters have been shot down in recent weeks.

"Coalition forces believe key terrorists were killed during the airstrike," the military said in a statement. "Results are still being assessed at this time."

Sunni insurgents say they have downed at least six U.S. helicopters since Jan. 20. After several helicopters crashed in the first weeks of this year, U.S. officials ordered a reevaluation of how troops are moved around in an increasingly hostile war zone. Helicopters are being used more frequently in Iraq because sophisticated roadside bombs have made ground travel more dangerous.

The second airstrike destroyed a car bomb factory in southern Baghdad, killing seven people inside, the U.S. military said, adding that "this cell is responsible for a large and devastating number" of attacks in the capital.

In Ramadi, 60 miles west of Baghdad, a car bomb apparently targeting an Iraqi police checkpoint exploded about noon near Anbar University. At least 12 people were killed, including two police officers, and 15 were injured, police said.

In Yusufiyah, about 15 miles south of Baghdad, gunmen killed six male members of a Sunni family after raiding their home. The attack apparently was in response to the family's efforts to reconcile with local Shiites, news services reported.

A senior adviser to Iraq's defense minister was kidnapped in western Baghdad, according to Iraqi television reports.

Meanwhile, a roadside bomb targeting the top police commander in Salahuddin province, Brig. Hamad al-Jubury, killed two of his bodyguards, police said.

U.S. Airstrikes Hit Qaeda Post In Iraq (NYT)

By Damien Cave

The New York Times, March 4, 2007

BAGHDAD, March 3 — The United States military said Saturday that an airstrike north of Baghdad had killed several insurgents with Al Qaeda in Mesopotamia who were using heavy artillery and machine guns to fire at American helicopters.

The strike occurred Friday west of Taji, where several American helicopters were shot down in recent weeks, and the American assault destroyed at least two pickup trucks with mounted machine guns, said Lt. Col. Christopher Garver, a military spokesman in Baghdad.

He said the strike did not appear to eliminate the threat to American aircraft because other weapons had been used against helicopters in Falluja and other parts of the country.

“We have seen other systems,” he said. “When the other helicopters were shot down, it wasn’t always heavy machine guns that did that. Part of the assessment we’re doing now is trying to figure out where in the network these weapons fit in.”

Military authorities on Saturday night were still investigating the identities of the gunmen and how many men were killed. An American military statement said, “Coalition forces believe key terrorists were killed during the airstrike.”

The attack was the latest effort to eliminate an emerging threat to American troops. At least eight American helicopters have crashed or been shot down since January.

Military officials have said that Sunni insurgents might be especially motivated to shoot down helicopters as a way of discrediting the new American and Iraqi security plan and undermining military transportation.

Helicopters have also become ever more important over the past few years as ground convoys became increasingly vulnerable. Army helicopters logged 240,000 hours in 2005, 334,000 hours in 2006, and are projected to log 400,000 hours in 2007, the military said.

And in a sign of what officials have described as an increased use of offensive air power in Iraq, a second airstrike destroyed a car bomb factory on Saturday in southern Baghdad, the United States military said.

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Two precision-guided bombs destroyed a building and killed at least seven people suspected of being insurgents who had been firing at American troops in the area, an American military statement said.

Colonel Garver said that the announcement of two airstrikes on the same day did not necessarily mean that more bombs were being dropped, but that it did reflect a broadened presence of American air power over Iraq, with more jets in the air flying closer to American troops on the ground.

"The role has expanded to include other missions that we maybe have not used it for in the past, such as a show of force," he said.

Three American soldiers died Saturday after a roadside bomb exploded beside their vehicle in central Baghdad, the military said in a statement.

Witnesses in the Sunni Adhamiya section of Baghdad said that two roadside bombs hit an American convoy around 2:30 p.m. The first explosion burned the lead Humvee, and when the convoy tried to escape from the area, a second blast tore through another Humvee, rolling it onto its side as it slid into a small shack on the side of the road.

American reinforcements arrived about 15 minutes later to secure the area and search nearby homes alongside Iraqi Army soldiers. Residents said at least 15 people were detained, and that one resident might have been shot during the searches.

The military also said that an Iraqi detainee died Friday at an American-run prison from "injuries sustained after being assaulted from other detainees."

The detainee's death is under investigation, according to a military statement.

In Yusifiya, gunmen killed six Sunni men, including four brothers, at a family gathering, the local authorities said.

Wire services reported that insurgents had sent death threats to members of the family after they had met local Shiite leaders to pursue reconciliation.

But an official of the local security forces said that the killing appeared to have been motivated by an intratribal dispute over property. The attackers approached the family on foot and fled immediately after shooting.

Four separate roadside bombings against Baghdad police patrols killed at least one officer and wounded at least eight others, an Interior Ministry official said.

In the contested neighborhood of Ghazaliya in western Baghdad, a commander of a Baghdad police brigade was also shot and killed in what appeared to be an assassination, the official said.

In Ramadi, a suicide bomber killed at least 12 people, including a child and 5 policemen, when he blew up his car at an Iraqi police checkpoint near Anbar University, the Iraqi police said. At least 22 others were wounded.

Police officials in Saladin Province reported that a roadside bomb aimed at the province's top commander, Maj. Gen. Hamad al-Jubori, killed two of his guards. General Jubori survived.

British Trace Missile In Copter Strike To Iran (WT)

By Sean Rayment

The Washington Times, March 4, 2007

LONDON -- A missile that brought down a Royal Air Force Lynx helicopter and killed five British service members was smuggled into Iraq by Iranian agents, an official inquiry into the attack will reveal.

The Sunday Telegraph has learned that a British Army Board of Inquiry (BOI) into the events surrounding the May attack will state that the weapon, a shoulder-launched surface-to-air missile known as an SA14 Strella, came from Iran.

The attack, which was responsible for the death of Flight Lt. Sarah Mulvihill, the first British servicewoman to be killed on active service since World War II, appears to provide further evidence of Iran's direct involvement in the deaths of British troops serving in Iraq.

A Defense Ministry spokesman declined to comment on the inquiry.

"The board of inquiry process has not yet been concluded. It would be wrong to speculate about the cause of the crash until this process has finished," a ministry spokesman said.

It is understood that the inquiry, which has assessed evidence from military engineers and scientists, will conclude that the aircraft was shot down with an Iranian SA14 missile. The inquiry, which is conducted by senior air force and army officers, will deliver its finding to defense chiefs next month.

The report also will reveal whether the helicopter's self-defense systems were working properly and whether they provided adequate protection from a missile fired from relatively short range.

Traditionally, the role of a military board of inquiry, which can examine everything from the loss of a piece of equipment to the deaths of servicemen, is not to attribute "blame" for a particular incident. Instead, senior officers make recommendations to prevent another similar incident.

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The Foreign Office is expected to use the findings to step up diplomatic pressure on the Iranian government, which has been asked to crack down on units within its defense and security services believed to be supplying weapons and bomb-making technology to insurgents in Iraq.

Dozens of British soldiers have been killed in Iraq by improvised explosive devices in the form of roadside bombs, thought to have either been manufactured in Iran or by insurgents trained by the Iranians.

Hundreds of thousands of Strellas were produced by the Soviet Union in the 1970s and were used to equip armies throughout the Warsaw Pact, Central Asia and the Middle East, including Syria and Iran. The same weapon system is also thought to have been responsible for bringing down several U.S. helicopters in Iraq.

Although the weapon is cheap to produce and easy to assemble, operators need some skill to use it effectively, suggesting that the missile was fired either by an Iranian agent or by someone who had been trained by a skilled soldier.

The attack also claimed the life of the most senior British officer to have been killed in the three-year conflict, Wing Cmdr. John Coxen, 46, who was about to take over command of the British helicopter fleet in southern Iraq.

The other three men killed were the pilot, Lt. Cmdr. Darren Chapman, 40; his co-pilot, Capt. David Dobson, 27; and the door gunner, Marine Paul Collins, 21.

The Lynx Mark 7 was traveling low over central Basra on a sortie to familiarize Cmdr. Coxen with the dangers his pilots might face. Although it was believed at first that the helicopter had been brought down by a "lucky hit" from a rocket-propelled grenade, British troops found discarded missile parts in a nearby building after the incident.

Agreement Allows U.S. Presence In Sadr City (KCS/MCT)

The Kansas City Star/McClatchy, March 4, 2007

The U.S. military has reached an agreement with representatives of the Shiite community in Baghdad's Sadr City enclave that will allow American forces to maintain a permanent presence in the militia stronghold for the first time since 2004, U.S. and Iraqi officials said Saturday.

Under the agreement, the U.S. will open one of the joint security stations that are a prominent feature of the new Baghdad security plan, living alongside Iraqi forces in a police station just inside the impoverished neighborhood, said Rahim al-Daraji, one of Sadr City's two mayors.

But there is still some uncertainty about the degree to which U.S. forces at the combat outpost will be welcome to move freely around the neighborhood, the scene of two fierce battles in 2004 between the U.S. and the Mahdi Army militia headed by anti-American Shiite cleric Muqtada al-Sadr.

Al-Daraji said the deal means U.S. forces will man checkpoints, conduct raids and mount patrols in conjunction with Iraqi forces throughout Sadr City, just as they are doing elsewhere in Baghdad. It is expected they will move into the station by mid-March, said al-Daraji, an independent politician who has been negotiating with U.S. officials on ways to secure the entry of American forces into the neighborhood since late January.

"All movements and political tendencies are ready to welcome the multinational forces into Sadr City in order to make the security plan succeed," he said. "There will be multinational forces at every checkpoint alongside Iraqi forces."

However, Naim Kaabi, a Sadrist official and one of Baghdad's deputy mayors, said only a small number of U.S. troops would be based at the police station and they would not be permitted to move around Sadr City on a regular basis, only to act as emergency backup for Iraqi security forces.

"The Iraqi security forces are welcomed here, and there is no need to have any American forces," he said. "Americans will not get involved unless there is an emergency. They will not do operations, and this is part of the agreement."

Maj. Steven Lamb, a military spokesman in Baghdad, declined to discuss details of the upcoming deployment and said there are still some specifics to be worked out. The intention is to treat Sadr City just like any other Baghdad neighborhood, he said.

"Things are looking very favorable," he said. "I can say that the Sadr City people are very welcoming to us at this time."

He wouldn't say how many soldiers will eventually move into Sadr City, but according to a U.S. military statement, troops are preparing for a "significantly increased presence" in the 6-square-mile district of 2 million people.

The 2nd Brigade Combat Team of the 82nd Airborne Division, newly arrived in Baghdad, is expected to deploy at the joint security station, one of dozens of smaller military outposts being established across Baghdad in an effort to bring U.S. forces into closer contact with local communities.

The brigade is the first of five extra units due to be deployed as part of President Bush's troop escalation in support of the Baghdad security plan, the central plank in his revised Iraq strategy and the biggest effort yet to bring the capital under control.

Since the plan formally went into effect Feb. 14, U.S. troops have significantly intensified their presence on the streets, and U.S. officials have expressed cautious optimism as the level of violence appears to be falling.

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There were no reported bombings against Iraqi targets in Baghdad on Saturday, an unusually quiet day, but three U.S. soldiers were killed when a roadside bomb struck their convoy in Baghdad, the military said.

Though car bombings blamed on Sunni insurgents have continued, the sectarian killings for which Shiite militias were held largely responsible have dropped, suggesting the Mahdi Army is complying with orders from its leaders to stay off the streets.

Al-Sadr has also dropped out of sight and is reportedly in Iran. A week ago, a representative read a statement on al-Sadr's behalf to his followers in Sadr City in which he criticized U.S. involvement in the security plan but also said Iraqi security forces should be supported in their efforts to pacify the city.

The statement was widely interpreted as a gesture of support for the government of Prime Minister Nouri al-Maliki, though it left uncertain the question of how the Mahdi Army will respond if U.S. troops extend their reach deep into Sadr City.

If American forces do deploy in the streets of the slum, the Mahdi Army will not confront them, predicted Sadr City's other mayor, Hassan Karim, an al-Sadr supporter. He said he has not been informed of the agreement and does not want to see U.S. forces based at the police station.

"But of course there will be no resistance," he said. "American forces are already everywhere on the ground in Iraq, and we do not welcome them anywhere."

Iran War Weapons Fuel Iraq Insurgency (AP)

By Lauren Frayer, Associated Press Writer

AP, March 4, 2007

Mud roads crisscross green hills between palm groves. Snowcapped mountains rise in the distance across the Iranian border. Donkeys stroll along footpaths, carrying the region's harvest — land mines.

Risking their lives, Iraqi shepherds are increasingly venturing into these deadly fields to dig up mines planted during the Iran-Iraq war two decades ago, according to U.S. soldiers, who say insurgents then use the mines to fashion roadside bombs that kill American troops.

With Iraq's economy still struggling, shepherds need the money. And the insurgents are looking for more sources of weapons and explosives as the war enters its fifth year.

"They're going out there and farming them," said Capt. Jesse Stewart of Seattle, Wash., who runs a training school for Iraqi border guards at this border station 90 miles northeast of Baghdad. "Shepherds are digging them up and selling them on the black market."

Old Iran-Iraq war era land mines were used in about 15 percent of the roadside bombs that exploded or were detected in northern Iraq during January, according to Navy Lt. Sarah Wilson, an explosives officer based in Tikrit.

Many of them were believed to have come from this border area.

"All of that unexploded ordnance, minefields and shrapnel — it's still out there," said Lt. Col. Ron Ward, 49, who helps train Iraqi guards.

The vast majority of harvested mines reach their insurgent buyers undetected.

In November, U.S. troops confiscated 53 anti-tank mines and a rocket strapped to the backs of six donkeys found wandering on a footpath outside Khanaqin, about five miles from Iran.

The mines were older Soviet and Italian models of the same type Saddam Hussein's army used along this border during the Iran-Iraq war, the U.S. military said.

And there's plenty more where that came from.

The International Campaign to Ban Landmines estimates that Saddam ordered between 12 and 16 million mines planted along the border with Iran during the war. A U.N. project cleared less than 10,000 mines between 1998 and 2002 before work was halted.

Attention has been focused on the porous, 900-mile border because U.S. military officials allege that Iranian weapons, including advanced roadside bombs, are being smuggled to Shiite extremists here. Iran has denied the allegation, but U.S. officials insist they have compelling evidence that components for "explosively formed projectiles" were manufactured in Iran.

American officials say the EPFs account for a relatively small percentage of the roadside bombs used in Iraq but have still killed more than 170 U.S. and coalition soldiers since mid-2004.

Despite the recent spotlight on Iran, U.S. officials say the majority of weapons used by Sunni and Shiite extremists have been in this country for years and were looted from Iraqi military arsenals after the fall of Saddam in April 2003.

About 30 percent of the insurgent weapons found here in Diyala province date back to the Iran-Iraq war, said Maj. Suzanne MacDonald, an intelligence officer with the 1st Cavalry Division's 3rd Brigade.

They include not only mines planted along the Iranian border but also weapons caches buried by the Iraqi military decades ago in a labyrinth of clay dunes and stone outcroppings, said MacDonald, 38, from Georgetown, Texas.

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"Terrorists go and collect those weapons — land mines and mortars — that are left from the Iran-Iraq war," said Gen. Nazim Shareef Muhamed, a former Kurdish guerrilla fighter who heads the Iraqi Department of Border Enforcement in Khanaqin.

It is easier for locals, who have farmed this difficult terrain for generations, to find the buried weaponry, said Maj. Gen. Benjamin Mixon, commander of U.S. forces in northern Iraq.

They "don't need night vision technology" to locate it, Mixon said. The Iraqis then presumably remove the detonators before transporting the mines for sale to insurgents.

Those recycled weapons have been used against U.S. and Iraqi forces across a wide area of eastern Iraq.

"In Balad Ruz, we got hit by 18 anti-tank mines that I'm 100 percent sure came from right here," Stewart said, referring to a town about 60 miles to the south.

The Red Cross said in 2001 that an average of 30 Iraqis per month were injured by land mines and unexploded ordnance in this region. But surveys have been impossible since then and many injuries are believed to go unreported. An Iraqi border guard lost his leg last year in an explosion from a land mine here.

U.S. officers believe economics is responsible for an increase in the harvesting of old mines and weapons — although they did not know how much an anti-tank or anti-personnel mine can fetch on the black market.

And with Iraq's economy faltering and unemployment in some areas as high as 60 percent, Iraqis who have no direct role in the insurgency are turning to small-scale arms deals for their livelihood.

"If you're working either for the bad guys or just to feed your family, you've just found a couple dollars that might take care of your family for the week if you sell it," said Wilson, the Navy lieutenant in Tikrit.

Human Rights Watch estimates than nearly 150,000 Iraqi families — or about 900,000 people — live in communities near mine fields. The area is mostly Kurdish but has substantial numbers of Arabs.

"Most folks here don't think there will be success in the Iraqi government," MacDonald said. "The less optimism they have for the future, the more they think of themselves and their clan or hometown."

Anti-tank mines are the safest to collect because they are not as sensitive as anti-personnel mines and are less likely to explode during harvesting, said Wilson, from Moon Township, Pa.

And, she added, "They're the easiest thing for the enemy to use against us, because they're already manufactured. It's simple: Drop and go."

Iraq Violence Takes Toll On Aid Groups (LAT)

By Tina Susman

The Los Angeles Times, March 4, 2007

There are fewer than 10 organizations active in the country, but the number may fall after the killing of a worker.

BAGHDAD — First it was the curfew. Then the checkpoints and the car bombs. Later, it was the Iraqis' fear of being seen entering a compound occupied by foreigners.

Eventually, for the U.S. nonprofit organization training Iraqi healthcare workers, the risks outweighed the returns. Iraqis couldn't come to them. Americans couldn't go to the Iraqis.

So to avoid working in Baghdad, RTI International moved classes to Jordan and Egypt, flying trainees back and forth.

RTI trained hundreds of Iraqis, who in turn trained thousands more when they returned to Iraq. But the hurdles they encountered along the way are typical of the challenges facing the handful of international aid and development organizations still working in Iraq.

Most groups pulled out after the 2003 bombing of the United Nations headquarters in Baghdad. Fewer than 10 remain, a minuscule number given the level of need, say those in the aid community.

And there are concerns that the number could shrink further after the killing in January of an American woman working for the National Democratic Institute, a Washington-based group that since 2003 has been helping Iraqis build their new government.

The attack was a stark reminder of the perils of aid work in Iraq, be it building sewer systems, teaching fair polling practices or tending to people displaced by sectarian violence.

At least 82 foreign and Iraqi staffers of the U.N. and nonprofit organizations, known as NGOs, have been killed since the war began in March 2003, according to the umbrella group NGO Coordination Committee in Iraq. Scores of workers have been abducted.

For aid groups, which step in when governments cannot or will not care for their people, the decision to leave can be agonizing, particularly when the crisis is growing as clearly as it is in Iraq.

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After a decade of sanctions, a foreign invasion and now a civil war, Iraq is in need of everything from road repairs to security — just drive along Baghdad's gray and battered streets, past the concrete blast barriers, the sagging, bullet-pocked buildings and intersections guarded by gunmen.

Tens of thousands of people have been driven from their homes in the sectarian "cleansing" that followed the February 2006 bombing of the Golden Mosque in Samarra, a revered Shiite shrine. The population shifts have disrupted schools and medical facilities, overwhelming them in areas suddenly flooded with newcomers.

People's fear of simply stepping outside has made it difficult for many to shop for food, send their children to school or visit doctors, which over time can lead to increased malnutrition, illiteracy and illness.

"If I look at how many NGOs are at work in Iraq, and I look at the violence and the threats of violence to the average Iraqis, all I can tell you is the need is huge," said David Holdridge of Mercy Corps, an international organization with headquarters in the U.S. and Britain that has remained in Iraq.

A group's decision to pull out usually comes after the death or abduction of an employee. Even then, aid workers wrestle with their consciences.

The New York-based International Rescue Committee left Iraq at the end of 2004 because of security concerns after an employee was kidnapped. George Biddle, the IRC's senior vice president, said it left in part also because the humanitarian crisis anticipated early in the war had not materialized by 2004. The assistance needed then was large-scale reconstruction, which the group does not provide.

The humanitarian needs have soared since then, but so have the security risks. Choosing to stay away is difficult, Biddle said, "but if NGOs don't feel they can go about their business, they spend all their time and resources focusing on security."

Security is such a major concern among organizations still in Iraq that most refuse even to acknowledge their presence.

Nearly all are U.S.-based groups, and, like the National Democratic Institute, they depend on U.S. government money to fund their projects. Because of that, even those that admit to being in Iraq refuse to say where their projects or their employees are based.

Holdridge says Mercy Corps has been able to work in Iraq by never launching projects without first winning the support of local tribal and religious leaders.

However, this can require altering programs to suit the leaders, many of them Shiite Muslim clerics who have objected to, among other things, women leading computer courses. "The message was clear: Don't cross the boundaries," Holdridge said.

An aid worker involved in the RTI project, who declined to be identified for security reasons, said the problems the North Carolina-based nonprofit group encountered grew after the Samarra mosque bombing.

A government-imposed curfew in Baghdad after the blast made it difficult for trainees to get to their sessions on time. As violence increased, Iraqis needed to leave for home earlier to get off the streets before dark.

The growing number of car bombs and militia checkpoints scared many of them off the road altogether, as did the risk of entering the compound where the training was taking place, said the aid worker. It became virtually impossible for trainees coming from outside Baghdad to reach the city safely.

"It became harder and harder to recruit people as the situation deteriorated," the aid worker said.

RTI says the 20-month program, which ended in December, nevertheless was a success and showed that by adjusting methods to suit the environment, aid organizations could continue their work. More than 4,600 Iraqis, from doctors to social workers, have been trained, most of them by other Iraqis who were taught by RTI.

But organizations such as the National Democratic Institute, which work closely with political groups and leaders, cannot necessarily achieve their goals from a distance.

Their ability to help Iraqis build democratic government institutions depends on regular face-to-face contact, even if that means visiting dangerous areas where the arrival of heavily guarded foreigners cannot be missed. The NDI workers were attacked after one such meeting.

A Western aid official working with another U.S. group, which has programs similar to NDI's but fears going public because of security issues, says the organization rarely has direct contact with Iraqis anymore.

Non-Iraqi staffers only leave their compound to visit the fortified Green Zone, where U.S. and Iraqi government and military headquarters are based. Even those trips are rare. Visiting staffers outside Baghdad is impossible, as is visiting programs to gauge their effectiveness.

None of this bodes well for success in Iraq, say aid workers, who emphasize the need for their organizations to form partnerships with Iraqi communities they are trying to assist.

That means being on the ground with them, having regular contact and, in essence, being "embedded in a community," said Sam Worthington, the president of InterAction, an alliance of U.S.-based aid organizations. "Without that being present, it makes it very difficult for reconstruction, let alone the building of a society."

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Desperation Helps Out In Baghdad (WP)

By Jim Hoagland

The Washington Post, March 4, 2007

The Bush administration is tossing babies off the Iraq sled as the wolves of disintegration creep closer. Desperation runs through the flurry of initiatives that the White House and State Department have breathlessly wheeled out to deal with Iraq's war in recent weeks.

And so it should. Desperation is the right conclusion to reach, and to communicate, to an Iraq that totters on the edge of extinction as a nation-state. Desperation is Iraq's ground truth, a ground truth the administration has long sought to deny and evade.

The sense that even President Bush will be eyeing the exit if Iraq's chaos worsens has spurred Prime Minister Nouri al-Maliki to take serious steps -- at long last -- to encourage Iraqis to look for compromise rather than endlessly pursue revenge against each other and to persuade Washington to give Iraq more room to deal with its neighbors in its own right.

The sobering effect that these steps are having may turn out to be more important than the immediate practical outcomes of the overlapping and in places contradictory initiatives that the administration has recently unveiled. These include Bush's military "surge," a regional political "realignment" and an international conference in Baghdad. Individually, none of these measures does much beyond buying time while the administration stalls critics and moves to define success in Iraq downward.

"The administration has been so focused on perception that it has frequently missed the point" of Iraq's complex realities, says Qubad Talabani, Washington representative of the Kurdistan Regional Government. "If how it looks in Washington becomes more important than how it works out in Baghdad, we all lose."

That is a caution that applies to war critics who insist on unrealistic benchmarks or deadlines as well as to war supporters who insist on Bush's freedom of action. Both tend to overestimate U.S. ability to manage withdrawal -- or escalation -- on its own terms, relegating Iraqis and others in the region to the status of bit players in an American political drama.

The addition of 17,500 troops into Baghdad that Bush announced Jan. 10 smacked initially of being another gimmick, of resembling an exit-covering escalation, as in an old Western where the gunslinger backs out the saloon door with guns blazing.

But the impression of impending crisis has either prompted or helped Maliki to develop a political initiative of his own to accompany the surge -- and has encouraged U.S. officials to give him more room to maneuver. Bypassing the dysfunctional " national unity" cabinet that U.S. officials helped force on him nearly a year ago, the prime minister has created four committees to work directly with Gen. David Petraeus in implementing the new Baghdad security plan.

"General Petraeus seems to agree that the prime minister's Baghdad security plan should not be seen as a crackdown but as a political effort that has important security aspects," Ahmed Chalabi, who heads the committee charged with building public support for the new effort, told me by telephone from Baghdad last week.

Maliki has turned to the energetic but controversial Chalabi -- once supported by key figures in the Bush administration and then dumped by the White House, allegedly because of his ties to Iran -- to work on the task of reconciliation between Shiites and Sunnis at the neighborhood level. "People are fed up with the violence" and may be ready to overcome old differences, says Chalabi, who seems to have noticeably softened his harsh judgments of the limited place ex-Baathists should occupy in Iraqi society.

Another sign of change: Washington settled last week for effective federalism in Iraq rather than clinging to unrealistic hopes for centralization of state power. U.S. officials prodded Maliki's cabinet into accepting a new petroleum law allowing the Kurdish regional government to let contracts for exploration and production in the north while promising Sunnis a fair share of all oil revenue.

Iraq-centered realism may also be at work on the diplomatic track. Secretary of State Condoleezza Rice's newly declared willingness to go to Baghdad to meet with Iranian, Syrian and other regional officials -- if a preparatory ambassadorial meeting to be held there Saturday makes progress -- rewards persistent efforts by Iraqi Foreign Minister Hoshyar Zebari to host an international conference in the Iraqi capital. This looks like a more promising option than Rice's previously announced effort to exploit a diplomatic "realignment" that in effect would have pitted Sunnis against Shiites throughout the region.

These shifts amount to straws in a hurricane that still has to run its course. But in the Middle East, as elsewhere, desperation is frequently the mother of all progress.

Walter Reed Changes Planned (WP)

By Josh White, Steve Vogel

The Washington Post, March 4, 2007

Nonmedical General To Be Named as Deputy Commander

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Army officials plan to revise the command structure at Walter Reed Army Medical Center, installing a nonmedical general officer as deputy commander to ensure that administrative operations run smoothly, in the wake of reports of serious problems with outpatient care at the facility, officials said yesterday.

A one-star general -- who has not yet been identified -- will work with Maj. Gen. Eric B. Schoomaker, a physician who was named on Friday to head Walter Reed, according to two defense officials. The new deputy will be a general who will bring a nonmedical eye to the operation to "make it run like it's supposed to run," said one Army official familiar with the decision.

Gen. Richard A. Cody, the Army's vice chief of staff, has also directed that an infantry officer -- one who recently served in Iraq -- assume the leadership of a new unit at Walter Reed called the "Wounded Warrior Transition Brigade," whose specific aim is to take care of outpatients. The brigade will address problems such as those identified in a series of Washington Post reports about substandard conditions and bureaucratic tangles that affected the care of injured soldiers who had returned from Iraq and Afghanistan.

"The changes will allow commanders to provide direct organizational leadership without any other distraction," said Brig. Gen. Anthony A. Cucolo III, the Army's top spokesman.

Since the problems at Walter Reed were made public, the Army has begun refurbishing Building 18, an off-campus facility where dozens of outpatients stay, Maj. Gen. George W. Weightman was relieved as Walter Reed commander, and Army Secretary Francis J. Harvey resigned under pressure from Defense Secretary Robert M. Gates.

Congressional hearings on Walter Reed are scheduled to begin tomorrow. Lt. Gen. Kevin C. Kiley, the Army's surgeon general, is expected to face tough questioning about the facility. Kiley commanded Walter Reed until 2004, when he became the Army's top doctor.

Also yesterday, the Army released a statement indicating Weightman acted upon a warning last year from a subordinate about a shortage of workers at Walter Reed and resolved the critical issues that were raised. Col. Peter Garibaldi, the Walter Reed garrison commander, issued a statement through the Army to follow up on an internal memorandum he wrote in September.

In that memo, released publicly Friday by the House Committee on Oversight and Government Reform, Garibaldi warned that "patient care services are at risk of mission failure" because of staff shortages brought on by the privatization of the hospital's support workforce.

Garibaldi said yesterday that Weightman "evaluated the situation and recognized its importance. Consequently, all of three critical issues I highlighted were resolved."

On Friday, Oversight and Government Reform Committee Chairman Henry A. Waxman (D-Calif.) and Rep. John F. Tierney (D-Mass.), who heads the panel's national security subcommittee, cited Garibaldi's memo as raising "a new dimension to the problems at Walter Reed."

Tierney said Friday that he intends to ask Army officials at tomorrow's hearing, about the memo and the reasons that the workforce was privatized.

Iraq PM Vows Cabinet Shakeup In 2 Weeks (AP)

By Robert H. Reid And Qassim Abdul-Zahra, Associated Press Writers

AP, March 4, 2007

Iraq's prime minister said Saturday he will reshuffle his Cabinet within two weeks and pursue criminal charges against political figures linked to extremists as a sign of his government's resolve to restore stability during the U.S.-led security crackdown in Baghdad.

Prime Minister Nouri al-Maliki also told The Associated Press during an interview at his Green Zone office that Iraq will work hard to ensure the success of a regional security conference.

The conference in Baghdad, tentatively set for next weekend, is expected to bring together all of Iraq's neighbors, including Iran and Syria, as well as the United States and Britain to find ways to ease this country's security crisis.

Iran has not announced whether it will attend, but Iraqi officials believe that Tehran will send a representative.

Al-Maliki has been under pressure from the U.S. to bring order into his factious government of Shiites, Sunnis and Kurds since it took office last May. Rumors of Cabinet changes have surfaced before, only to disappear because of pressure from coalition members seeking to keep power.

Nevertheless, al-Maliki said there would be a Cabinet reshuffle "either this week or next."

After the changes are announced, al-Maliki said he would undertake a "change in the ministerial structure," presumably consolidating and streamlining the 39-member Cabinet.

The prime minister did not say how many Cabinet members would be replaced. But some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shiite cleric Muqtada al-Sadr, an al-Maliki ally.

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Al-Sadr also controls 30 of the 275 parliament seats, and his support for al-Maliki has been responsible for the government's reluctance to crack down on the cleric's Mahdi Army militia, blamed for much of the Shiite-Sunni slaughter of the past year.

U.S. officials had been urging al-Maliki to cut his ties to al-Sadr and form a new alliance of mainstream Shiites, moderate Sunnis and Kurds. Al-Maliki had been stalling, presumably at the urging of the powerful Shiite clerical hierarchy that wants to maintain Shiite unity.

But pressure for change has mounted since President Bush ordered 21,500 U.S. troops to Iraq last January despite widespread opposition in Congress and among the U.S. public — weary of the nearly four-year-long war.

Last month, U.S. and Iraqi troops arrested Deputy Health Minister Hakim al-Zamili, an al-Sadr ally, for allegedly diverting millions of dollars in government funds to the Mahdi Army and allowing death squads to use ambulances and government hospitals to carry out kidnappings and killings.

During the interview, al-Maliki said other top officials would face prosecution for ties to insurgents, sectarian militias and death squads — including members of parliament.

"There has been coordination between us and the Multinational Forces ... starting at the beginning of this year ... to determine who should arrested and the reasons behind arresting them," he said.

Al-Maliki did not elaborate on the U.S.-Iraqi coordination but said Iraqi judicial authorities were reviewing case files to decide which to refer to an Iraqi investigative judge, who must decide whether there is enough evidence to order a trial.

Al-Maliki said he was encouraged by Iraqi public response to the new Baghdad security operation — which has led to a sharp drop in violence in the capital.

He also defended his government, saying it managed to "achieve a lot of harmony and stability" despite attacks by al-Qaida and Saddam Hussein loyalists.

The prime minister did not say how many politicians and officials might be targeted for formal investigation, an Iraqi legal step that corresponds to a grand jury probe.

But five senior Iraqis — two of them generals and three from Shiite and Sunni parties — have told the AP that up to 100 prominent figures could face legal proceedings.

The five spoke on condition of anonymity because they were not authorized to talk about the subject to the media. All five had direct knowledge of the case review.

U.S. officials have said privately that a number of prominent Iraqis were believed to have ties to armed groups.

One Shiite parliament member, Jamal Jaafar Mohammed, is believed to have fled to Iran after U.S. authorities learned that he was convicted by a Kuwaiti court in absentia and sentenced to death in the 1983 bombing of the U.S. and French embassies in Kuwait.

Mohammed fled Kuwait for Iran before he could be arrested and returned after the fall of Saddam Hussein in 2003. U.S. officials have alleged he was a conduit for Iranian weapons and supplies smuggled to Shiite militias.

U.S. military officials have expressed concern over alleged Iranian weapons shipments and financial support to Shiite parties allied with al-Maliki. The Shiite-led government hopes the upcoming regional conference will ease tensions between the U.S. and Shiite-dominated Iran — and allay Washington's fears of Tehran's influence here.

The U.S. also hopes the conference will encourage Syria and other Arab countries — most of them Sunni-led — to increase their support for Iraqi's leadership, despite regional unease over the Shiite-led government's ties to Iran.

"In fact the importance of the upcoming conference lies in the fact that the Iraqi government has the ability to serve as a proper venue for solving conflicts," al-Maliki said.

"So we will exert the utmost effort to find solutions to all pending questions, either among regional countries themselves or between them and Iraq, or between them and powers such as the U.S. and Britain and the international community."

Sunnis Slain Over Talks With Shi'ites (WT/AP)

By Brian Murphy

The Washington Times, March 4, 2007

BAGHDAD -- Gunmen rounded up two Sunni families who had received death threats for joining U.S.-organized talks with local Shi'ites, hauling away the men and boys and killing all six yesterday in a campaign by suspected Sunni insurgents to keep opponents from cooperating with Iraq's government.

Also, the al Qaeda-affiliated group Islamic State of Iraq posted an online video of the execution of 18 Iraqi security troops, shot in the back of their heads while kneeling in a field.

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The three-minute video, posted on a Web site previously used by the Islamists, said the 18 kidnapped government security personnel were slain in retaliation for the purported rape of a Sunni woman by members of the Shi'ite-dominated police. The video's authenticity could not be immediately verified.

The group also claimed responsibility for the deaths of 14 policemen whose bodies were found Friday in the northeast province of Diyala.

Some of the victims were decapitated, according to an Associated Press photographer. Their remains were cleansed in Muslim tradition before burial in the Shi'ite city of Najaf, 100 miles south of Baghdad.

U.S. forces, meanwhile, reported air strikes and raids on what they described as Sunni militant bases linked to the group al Qaeda in Iraq.

A recent wave of Sunni reprisals appears linked to increasingly high-profile attempts to stir popular momentum against Sunni terrorists and militants who are trying to drive out the Shi'ite-led government and its American backers.

Those targeted include a range of Sunnis raising their voices against violence: imams, clan-based vigilantes and activists trying to bridge deep rifts with majority Shi'ites.

"We are seeing more people beginning to challenge the insurgents," said Marine Brig. Gen. John Allen, who oversees units in the militant heartland west of Baghdad.

The families gunned down at sunrise yesterday had received death threats for weeks after attending gatherings of Sunni and Shi'ite leaders, police said.

The first meeting, organized by U.S. military officials on Feb. 13, brought together leaders of prominent clans from both sides, said military spokesman Maj. Webster M. Wright III.

The clan chiefs held another round on their own about a week later and appointed a joint council "to discuss the terms of reconciliation" around Youssifiyah, a Sunni-dominated area about 12 miles south of Baghdad, Maj. Wright said.

At dawn, gunmen stormed the home of two families belonging to the influential Sunni Mashhada tribe, said police 1st Lt. Haider Satar. Two fathers and their four sons were separated from their wives and sisters. They were executed at point-blank range.

In the morgue in nearby Mahmoudiya, AP Television News footage showed at least two victims had their hands bound behind their backs.

Prime Minister Nouri al-Maliki, a Shi'ite, is under pressure from Washington to take a stronger stand against Sunni insurgents, as well as a Shi'ite militia that forms part of his power base.

In an interview with the Associated Press, Mr. al-Maliki said he will reshuffle his 39-seat Cabinet "either this week or next" and pursue criminal charges against political figures -- and even members of parliament -- linked to extremists.

He said there has been coordination between Iraqi and multinational forces from the beginning of the year "to determine who should be arrested and the reasons behind arresting them."

The prime minister did not say how many Cabinet members would be replaced, but some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shi'ite cleric Muqtada al-Sadr, who leads the powerful Mahdi's Army militia.

U.S. officials had been urging Mr. al-Maliki to cut his ties to Sheik al-Sadr and form a new alliance of mainstream Shi'ites, moderate Sunnis and Kurds.

Mr. al-Maliki has won some breathing room in recent days with a notable -- but perhaps temporary -- drop in bloodshed in Baghdad. It comes as a U.S.-led security crackdown concentrates on areas considered staging grounds for Sunni insurgent car bombs and mortar attacks.

The Mahdi's Army also was strong-armed by Mr. al-Maliki to pull back. Its suspected death squads once left dozens of Sunni victims around the city -- a figure that has fallen off significantly.

In western Baghdad, meanwhile, a top adviser to Iraq's Defense Ministry was kidnapped in western Baghdad, said an aide to Adnan al-Dulaimi, a leader of the largest Sunni bloc in parliament.

In U.S. raids north of Baghdad, nine suspected insurgents were captured, including two thought to be responsible for recruiting and helping foreign militants in Baghdad, the U.S. military said. The suspects also were accused of harboring al Qaeda in Iraq leaders, it said, but gave no further details.

U.S. warplanes also struck a suspected car bomb factory in Arab Jabour, south of Baghdad, the military said. Seven suspected insurgents were killed when two precision-guided bombs destroyed the structure where they were hiding, the military said.

Iraq Terror Group Posts Tape Of Killings (AP)

By Brian Murphy

DOJ_NMG_0139937

AP, March 3, 2007

BAGHDAD, Iraq (AP) - An al-Qaida-affiliated group said Saturday it killed 18 kidnapped government security forces in retaliation for the alleged rape of a Sunni woman by members of the Shiite-dominated police, posting an online video of the officers being shot in the back of their heads while kneeling in a field.

The authenticity of the three-minute video, posted on a Web site previously used by the Islamic State of Iraq, could not be immediately verified.

The group also said it had killed 14 policemen, whose bodies were found Friday in the northeast province of Diyala, in retaliation for the alleged rape. Some of the victims were decapitated, according to an Associated Press photographer.

Meanwhile, gunmen rounded up two Sunni families that had received death threats for joining U.S.-organized talks with local Shiites, hauling away the men and boys and killing all six Saturday as suspected insurgents expanded a campaign of fear against opponents.

U.S. forces also reported airstrikes and raids on what it called Sunni militant bases linked to al-Qaida in Iraq.

A recent wave of Sunni reprisals appears linked to increasingly high-profile attempts to stir popular momentum against Sunni extremists trying to drive out the Shiite-led government and its American backers.

Among those targeted include a range of Sunnis raising their voices against violence: imams, clan-based vigilantes and activists trying to bridge deep rifts with majority Shiites.

The execution video released Saturday first depicts the 18 men, some in Iraqi military uniforms, blindfolded, hands tied behind their backs and lined up in three rows before a screen. The men in the front row are kneeling. Armed masked men were seen pointing machine guns at the captives.

Two masked militants, with checkered scarves on their heads, then fire from handguns at close range into the backs of the men's heads, while a third militant carries a black banner ahead of them. As they are shot, the victims fall, head forward to the ground. The shooting is accompanied by chants of "Allahu Akbar," or "God is the Greatest."

Male voices chant repeatedly in Arabic during the video: "At your service, sister" - a likely reference to the revenge for the allegedly raped Sunni woman.

Another male voice is heard reading from the Islamic State of Iraq's statement posted on the same Web site Friday, saying the group's court had ordered the 18 security troops executed because Prime Minister Nouri al-Maliki's government had failed to meet the group's demands to hand over the officers who allegedly assaulted the Sunni woman in Baghdad last month, and to release all Sunni women detainees from Iraqi prisons.

A 20-year-old woman told Arab television stations that she was detained in a Sunni area of west Baghdad on Feb. 18, taken to a police garrison and assaulted by three officers. The woman gave a name which identified her as Sunni.

Al-Maliki, a Shiite, announced an investigation Feb. 19 but cleared the officers the following day, stirring outrage among Sunni politicians. Al-Maliki said the rape claim was fabricated to tarnish the reputation of the police and the security crackdown in Baghdad.

The two families gunned down at sunrise Saturday had received death threats for weeks after attending gatherings of Sunni and Shiite leaders, police said.

The first meeting, organized by U.S. military officials on Feb. 13, brought together leaders of prominent clans from both sides, said military spokesman Maj. Webster M. Wright III.

The clan chiefs held another round on their own about a week later and appointed a joint council "to discuss the terms of reconciliation" around Youssifiyah, a Sunni-dominated area about 12 miles south of Baghdad, Wright said.

At dawn, gunmen stormed the home of two families belonging to the influential Sunni Mashhada tribe, said police 1st Lt. Haider Satar. Two fathers and their four sons were separated from their wives and sisters. They were executed at point-blank range.

In the morgue in nearby Mahmoudiya, AP Television News footage showed at least two victims had their hands bound behind their backs.

Al-Maliki is under strong pressure from Washington to take a stronger hand against Sunni insurgents and the Shiite militia that forms part of his power base.

In an interview with the AP, he said he will reshuffle his 39-seat Cabinet "either this week or next" and pursue criminal charges against political figures - and even members of parliament - linked to extremists.

He said there has been coordination between Iraqi and multinational forces from the beginning of the year "to determine who should arrested and the reasons behind arresting them."

The prime minister did not say how many Cabinet members would be replaced. But some officials said about nine would lose their jobs, including all six Cabinet members loyal to radical anti-American Shiite cleric Muqtada al-Sadr, who leads the powerful Mahdi Army militia.

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U.S. officials had been urging al-Maliki to cut his ties to al-Sadr and form a new alliance of mainstream Shiites, moderate Sunnis and Kurds.

Al-Maliki has won some breathing room in recent days with a notable - but perhaps temporary - drop in bloodshed in Baghdad. It comes as a U.S.-led security crackdown concentrates on areas considered staging grounds for Sunni insurgent car bombs and mortar attacks.

The Mahdi Army also was strong-armed by al-Maliki to pull back. Its suspected death squads once left dozens of Sunni victims around the city - a figure that has fallen off significantly.

For the second consecutive day, just one major explosion rocked the capital. The latest - a roadside bomb - killed three U.S. soldiers on patrol in central Baghdad, the military said.

In western Baghdad, meanwhile, a top adviser to Iraq's Defense Ministry was kidnapped in western Baghdad, said an aide to Adnan al-Dulaimi, a leader of the largest Sunni bloc in parliament.

Lt. Gen. Thamir Sultan hails from Saddam Hussein's tribe and had been mentioned as a possible defense minister when the current government was organized last year. The aide spoke on condition of anonymity because he was not authorized to release the information.

In U.S. raids north of Baghdad, nine suspected insurgents were captured, including two believed to be responsible for recruiting and helping foreign militants in Baghdad, the U.S. military said. The suspects were also accused of harboring al-Qaida in Iraq leaders, it said, but gave no further details.

U.S. warplanes also struck a suspected car bomb factory in Arab Jabour, south of Baghdad, the military said. Seven suspected insurgents were killed when two precision-guided bombs destroyed the structure where they were hiding, the military said.

In Baghdad, Sectarian Lines Too Deadly To Cross (NYT)

By Damien Cave

The New York Times, March 4, 2007

BAGHDAD, March 3 — After centuries full of vibrant interaction, of marrying, sharing and selling across sects and classes, Baghdad has become a capital of corrosive and violent borderlines. Streets never crossed. Conversations never started. Doors never entered.

Sunnis and Shiites in many professions now interact almost exclusively with colleagues of the same sect. Sunnis say they are afraid to visit hospitals because Shiites loyal to the cleric Moktada al-Sadr run the Health Ministry, while Shiite laborers who used to climb into the back of pickup trucks for work across the Tigris River in Sunni western Baghdad now take jobs only near home.

The goal of the new Baghdad security plan is to fix all of this — to fashion a peace that stitches the city's cleaved neighborhoods back together. After three weeks, there are a few signs of progress. The number of bodies found daily has decreased to 20 or fewer from 35 to 50. In some areas closely patrolled by American troops, a few of the families that fled the violence are said to be returning.

But even in neighborhoods that are improving or are relatively calm, borders loom. Streets once crossed without a thought are now bullet-riddled and abandoned, the front lines of a block-by-block war among Shiite militias, Sunni insurgents, competing criminal gangs and Iraqi and American troops.

Some Americans who have seen both Bosnia and Iraq say Baghdad has come to resemble Sarajevo as it began to unravel in the 1990s, latticed with boundaries that are never openly indicated but are passed on in fearful whispers among neighbors who have suffered horrific losses.

Like jagged wounds, the boundaries mark histories of brutal violence. And for Iraqis, they underscore a vital question at the heart of the new plan: can scarred neighborhoods ever heal?

Fadhil/Sadriya

Sybaa Street used to be wall-to-wall people: sidewalks were crammed with shoppers, and roads were snarled with cars. In the heart of central Baghdad, Sybaa was known as the road to get from the automotive shops on one side of the market district to the hardware stores on the other.

Back then — as recently as two years ago, residents said — no one seemed to care that it was the border between the mostly Sunni neighborhood of Fadhil and the largely Shiite areas to the south, Sadriya and Sheik Omar.

But that has all changed. After six months of fighting between Sunnis and Shiites, Sybaa Street is now deserted and forsaken. On a recent afternoon, the only sign of life was a lone mechanic working inside a dark garage, his efforts lighted by a single bulb. Bullets from earlier battles punctured nearly everything — buildings, utility poles, even rusted mufflers hanging outside shuttered shops.

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Um Shaima, 48, a garrulous Sunni widow who used to sell yogurt in the Sadriya market, lives just north of Sybaa Street in Fadhil. She said she used to visit the stores there for clothes. Her cousin Samir worked for years on the Sadriya side of Sybaa Street as a mechanic without any trouble.

Then a few months ago, Ms. Shaima said, he received a threat. "They told him, 'You are a Sunni, and all Sunnis are infidels and their women are prostitutes, so stop coming to Sadriya or you will be killed,' " she said.

"He didn't listen," she added.

The next day, he was kidnapped. Witnesses said Shiite militants yanked him off his motorcycle and threw him in the trunk of a sedan.

"They called his wife at 9 a.m. the next day," Ms. Shaima said, "telling her that they will kill all the Sunnis, and your husband is dead."

A Shiite nephew of Samir's later recovered his uncle's mutilated body from a trash pile east of Baghdad.

Ms. Shaima said her two sons now carried guns at night to protect her and her neighbors. The Shiite-led Iraqi government will not protect them because the Shiites "want to finish us," she said. "They will start breaking into our houses, raping us in front of our children, then killing us with our kids," she added. "They will let Iraq reach a point where Palestinian misery will seem like a picnic."

Across the border, in Sadriya, lies a mirror image of anger and fear. The response is similar, too: young men with guns who view themselves as protectors, who justify violence as the reasonable response to violence.

Nazar Sharif Abd Hussein, 35, a carpenter and a member of the Mahdi Army militia, said he did not hate all Sunnis; one of his sisters who lives outside of Baghdad just married one.

Mr. Hussein hardly looked fierce, at 5 feet 7 inches tall, wearing jeans and a gray sweater, with a short beard and sunken dark eyes. But he said he could be vicious when called upon because Sunni gangsters and insurgents in Fadhil had shown no respect for life.

Last May, he said, his 17-year-old best friend, Salar, was shot dead while they both guarded an area near the edge of Fadhil. He said Salar was wearing a flak jacket but a stream of .50-caliber bullets perforated his side and ripped through his chest.

"I still remember that night," Mr. Hussein said, adding, "He was standing in the middle of the street."

The sectarian border now seems to define him. He said he lived alone, worked near his apartment by day and was a guard for the Mahdi Army at night. Because the militia has shut down bars and other places where people socialize (he offered no opinion of the policy), he said his life remained stalled. He said he expected it to stay that way.

"I don't want to get married because maybe I'll be killed or tortured," he said. "I'm afraid to bring a wife into this."

Saydia/Dora

Baghdad's relentless violence has also created a deeper divide that may prove equally hard to eliminate: the line between the known and the stranger.

As the unfamiliar has become the dangerous, Iraqis have developed elaborate disguises to help them pass as members of the other sect: ruses like adopting identification cards with false family names or developing elaborate fictional histories.

Even then, being a member of the same sect or a relative is no guarantee of safety in a city, Iraqis say, where Shiites have killed Shiites and Sunnis have killed Sunnis out of uncertainty over whom to trust.

Ali Abu Zainab, 50, a mechanic and a journalist, said the border between his neighborhood, Saydia, and Dora had left him and his three young daughters cut off from his extended family. Both neighborhoods have historically been populated by a mixture of Sunnis, Shiites and Christians. But because Dora has been a battleground for various militant groups for at least a year, he said, crossing over is impossible.

The Hilla highway, a wide road heading south that separates the two areas, and the Dora highway — the main road into the neighborhood of the same name — are nearly empty except for gunmen. A relative who was forced to drive down the Dora highway three months ago because of a surprise checkpoint saw bodies littering the streets, Mr. Zainab said.

So even though his favorite aunts and cousins in Dora live less than two miles away, he has been unable to visit for more than a year. In the fall, he said, he missed a cousin's wedding. After another cousin was killed by Shiite militants, he missed the funeral.

"I used to go frequently to Dora just like everyone else in Saydia," he said.

Now, he shops near home. When he leaves, he exits from the opposite side of the neighborhood. Still, the border's dangers seep in. Because Saydia has remained less violent than Dora, fewer residents have fled and security is not as tight. Fighters pushed out of Dora consider Saydia a good place to hide because they can blend in with civilians.

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Three weeks ago, Mr. Zainab said, after American and Iraqi troops started an operation against insurgents in Dora, a battle broke out near his home. When the gunfire stopped, 10 people were dead. He said no one in the neighborhood seemed to know who had been fighting or what had set it off.

"Sectarian extremism is the reason for all of this," he said. "Iraqis are sentimental and their emotions lead them to follow those who pretend to be religious."

Noting that his neighborhood still contained both Sunnis and Shiites, he said that Iraqi politicians, with the help of the American-led invasion in 2003, seemed intent on stirring up hatred. "The problems are between them," he said. "Not between the people."

Kadhimiya/Huriya/Shuala

Some Iraqis draw the border at their own doorsteps.

Saadi Khazaal Jawad, 60, a Shiite former government worker and restaurateur, said his neighborhood was so dangerous, he was a virtual shut-in. He lives in Chikuk, a mixed area squeezed among the Sunni neighborhood of Huriya to the south and the Shiite Kadhimiya to the east and Shuala to the west.

As Shiites from the north and east have begun expanding their turf into Chikuk, Sunnis from Huriya have been fighting back, making every corner here a potential danger zone.

Mr. Jawad has a dusty blue Chevrolet Caprice that he almost never drives. He has two daughters and four sons whom he tries to keep home lest he lose them. He has forbidden his 16-year-old daughter to go to school.

On most days, Mr. Jawad said, he prays, eats, naps, reads newspapers and watches television. Oprah Winfrey and Rachael Ray are among his favorites.

He also escapes with his birds, a gaggle of passenger pigeons in cages on his roof. The birds come from places he used to visit on vacations, like Mosul and Basra. They offer a way, he said, to flee.

"I spend about two or three hours here," he said as he fed the birds. "I forget everything when I'm here. And besides, I can't go anywhere. It's dangerous to go out."

Even Mr. Jawad has not entirely lost hope; he said he was rooting for the Iraqi government's efforts to shore up security, which he considered sincere. Some residents in Fadhil and Sadriya also said the recent Iraqi-American operation there had given a few of their friends enough confidence to leave their apartments and return to work.

But Iraqis all across Baghdad said it could take years for men like Mr. Hussein, the Mahdi militant in Sadriya, to give up their weapons, and for residents to let go of their fears. With American helicopters overhead every day and gunfire and explosions as regular as morning alarm clocks, Iraqis' sense of being trapped has yet to recede.

"I try to kill time," Mr. Jawad said. "We try to busy ourselves because when I have nothing to do, it makes time last longer."

Marriages Between Sects Come Under Siege In Iraq (WP)

By Sudarsan Raghavan

The Washington Post, March 4, 2007

Once a Sign of Tolerance, Unions Now Seen as Perilous Betrayals

BAGHDAD -- The note was slipped under the door of May Mahmoud's shop. Neatly typed on a computer, it read: "You must leave your home. We give you three days. Or we will kill you." It was addressed to her husband.

He was a Shiite Muslim. But she was a Sunni. Where would they go?

They fled from their mostly Sunni neighborhood to his mother's house in a nearby Shiite enclave. Within months, as Sunni insurgents pushed into that area, another death threat arrived at the shop. It was time to leave again. As she told the story, Mahmoud's voice shook, not out of anger, but despair.

"From that point on, our life became like hell," she said.

As U.S. and Iraqi forces attempt to pacify the capital, mixed couples who symbolize Iraq's once famous tolerance are increasingly entangled by hate. Forced by militias or insurgents to leave their homes because one partner is from the wrong sect, they find few havens because of the other partner's affiliation. These strains, fueled by displacement, separation and fear, are beginning to tear apart such families, weakening bonds that for many Iraqis hold the hope of sectarian reconciliation.

"In the absence of security, Iraqis are protecting themselves by turning to their sects and their tribes," said Zina Abdul Rasul, a U.N. human rights worker who herself is a product of a mixed marriage. "It is becoming normal to hear about mixed families breaking down."

Today, Mahmoud, a small woman with thin eyebrows curving over her almond-shaped eyes, lives with her relatives. Her husband lives in Cairo with his family. Her Sunni family is pressing her to divorce him because of his sect. His Shiite family is convinced all Sunnis are criminals. The couple have met twice since April.

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"We love each other a lot," said Mahmoud, 37, a faint smile appearing on her oval face, framed by a lime green head scarf. "That's what makes it worse. We're suffering because we cannot live together."

She requested that her husband's name not be used because he is well known in her neighborhood. Seated inside a hotel, her voice dropped to a whisper whenever someone passed nearby.'It's Better If You Go'

The question came long before the death threats, long before the separation. Mahmoud remembers the day clearly. It was 2002, a few days before her marriage.

"Don't you understand that he is a Shia?" her brother asked.

She was surprised he crossed that line. "Yes, I know. I am a Muslim. He is a Muslim. That is all that matters," she replied.

While there are no official statistics, sociologists estimate that nearly a third of Iraqi marriages are unions between members of different sectarian or ethnic communities. In the aftermath of the U.S.-led invasion in 2003, many Iraqis argued that the prevalence of such unions showed that Iraqis cared more about their Arab or national identity than their sect, which would spare the country a civil war.

But Iraq's sectarian strife has risen sharply since the bombing of a revered Shiite shrine in Samarra by Sunni militants a year ago. Since then, more than 500,000 Iraqis have fled their homes, a number that is growing by 50,000 every month, according to the United Nations. The vast majority have left mixed areas, the main battlefields of the sectarian war.

For the past 23 years, Ahmad Shammari, 55, a Sunni, lived with his family in Baghdad's Hurriyah neighborhood. A few months ago, Shiite militias began to drive Sunnis from their homes. Still, he felt protected. The family of his Shiite wife had been in Hurriyah for 40 years. Then workers at a local Sunni mosque were killed, and more Sunnis fled.

One evening, Shammari and his wife had a conversation, he recalled.

"It's better if you go," she said.

Shammari refused. But a few days later, after more Sunni families left, he reconsidered. He worried that his wife might be seen as a collaborator for marrying a Sunni. He worried about Omar, his eldest son, who bears the most common of Sunni names. There was pressure from his wife's family, too.

"They felt a little scared that one of their women was married to a Sunni," Shammari said. "They were also scared that I would be killed. So they encouraged her to make me leave."

In late November, he told his three boys and two girls that he would be "gone for a short time." Later, Omar, 15, walked up to him and said: "I can't stay here. I feel scared." Shammari understood.

Early the next morning, they packed lightly. They didn't want to attract attention from the neighbors. At the door, Shammari cried. So did his wife.

Omar watched quietly. Father and son took a taxi to Shammari's parents' house in a majority-Sunni neighborhood. It is only seven miles away, but the violence, curfews and checkpoints have shackled his wife and children. They visit only occasionally. Always, his youngest children ask when he is returning home.

"I will be back soon, inshallah," he tells them, using the common Arabic expression for "God willing."Sorrow and Bitterness

Nowadays, even in a climate of deep suspicions, Iraqis of different sects mix when they can. But anecdotal evidence from interviews with social workers, U.N. officials and everyday Iraqis suggests that the strife is breeding mistrust within mixed families. Iraqis tell stories about family members being betrayed by relatives of a different sect.

Khaleel Ibrahim Fahad al-Janabi, 54, a former Iraqi army colonel, said his Sunni nephew, Ahmed, was shot dead by two brothers-in-law who were Shiite militiamen. Janabi now wishes one of his daughters, who is married to a Shiite, would divorce. He still has one unwed daughter.

"I would never ever give her in marriage to a Shia," Janabi said bitterly.

Samar Ahmed, a 25-year-old Iraqi government employee, remembered how her Sunni father turned against their family.

Ahmed's mother is Shiite. By 2005, her father had grown closer to his previous wife, a Sunni, and their children. When a son from that marriage was killed by Shiite militiamen, her father grew bitter, said Ahmed, who identifies herself as Shiite.

That's when he began pressuring Ahmed's mother to sign over to him the deed to a house in Baqubah, northeast of Baghdad, that her mother had inherited.

Ahmed, her sad voice quivering at times, said she still recalls her father's words when her maternal uncle went missing one day.

"He's just like the other Shia dogs, disappeared and killed like them," he said.

One day in October, her father came by the house. He carried a can of kerosene. As Ahmed and her younger brother watched helplessly, he poured it on his wife and threatened to set her on fire.

"He was beating her," Ahmed said. "He even pulled out a knife and said, 'I'll kill you.' " Her mother signed over the deed. Ahmed filed a complaint with the police, but they dismissed it as an internal family problem. A few weeks later, they learned that the house had been sold. She has not seen her father since that day.

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"In neighborhoods, the Sunni are displacing the Shia or the Shia are displacing the Sunnis," said Ahmed with disgust. "In my family, it is my father who displaced us."Loyalties Divided

After the second death threat, Mahmoud would lock her husband inside the house. They contemplated moving to the southern Shiite city of Najaf, but that made her uneasy.

"They may question why he married a Sunni," Mahmoud said.

So Mahmoud urged her husband to move to Cairo. "I gave him an ultimatum: 'You go to Egypt, or I will leave you. I cannot see you get killed,' " Mahmoud said. She would stay and work.

The day he left, she didn't tell anyone, not even her family. She was worried that someone might kidnap him on the way to the airport.

In May, a month after her husband moved to Egypt, his brother was kidnapped and has not been seen again. When Mahmoud visited her husband in October, she felt a change in his family.

"They began to refuse me because I am Sunni," Mahmoud said. "The person who kidnapped his brother was Sunni. It was not the same family as before. They talked about Sunnis as being criminals. They said Sunnis kill people."

Her husband, who is unemployed, wanted her to move to Cairo and live with his family. Mahmoud refused.

"I didn't feel comfortable," Mahmoud said.

She also had a good job in Baghdad. "If I go to Egypt, I will have to start from zero again," she said.

In Iraq, her family, too, had changed.

"They tell me not to go and live with his family. They say the situation is different now," Mahmoud said. "Now, I have become a problem to my family because they agreed to my marriage to a Shiite man. Some in my family are asking me to think about leaving my husband. They say: 'May, think of your life. Are you going to spend the rest of your life working and working and then traveling to see him?' "

Last month, Mahmoud tried to visit her husband. In a region growing weary of Iraq's refugees, the Egyptian government, she said, turned down her request for a visa.

In Iraq, 'Dating' Happens Online (LAT)

By Alexandra Zavis, Times Staff Writer

The Los Angeles Times, March 3, 2007

Civil war leaves young people largely cut off from one another. Normal life is tantalizingly out of reach.

BAGHDAD — For Ali and Noura, love blossomed in an Internet chat room.

Both were young, educated, devout Sunni Muslims who shared a passion for Jim Carrey movies and Arabic love tunes. For months, they chatted online obsessively. As the friendship deepened, she shyly agreed to a webcam meeting.

But their relationship was doomed from the start: He lives in a quiet, middle-class neighborhood of east Baghdad; she is across the Tigris River in the city's war-torn west. It was out of the question that they should ever meet.

"It seemed like a pointless relationship," says Ali, who now refers to Noura as "my ex-Internet girlfriend." He stopped responding to her messages and she eventually stopped sending them.

"She must be angry," he says, looking slightly embarrassed as he leans forward to stub out a cigarette. "Maybe if we could have been alone together, it would have been different."

Young Iraqis, trapped in their homes in the mean streets of this bloodstained capital, are increasingly turning to the Internet to chat with relatives, hang out with friends and search for love.

Such virtual relationships offer a refuge of sorts from numbing isolation and fear during a time of staggering violence. But all too often they are mirages — a seductive reminder of a life now tantalizingly out of reach for most.

"They are like birds in a cage," says Anas Attar, 22, one of a growing number of businessmen cashing in on the demand by selling access to their satellite-based Internet connections.

In Iraq, like many other Muslim countries, it has always been difficult for young men and women to spend time together. Introductions were frequently arranged by families and closely chaperoned. Many couples from more privileged backgrounds met at university, which was often the first time they attended a coed school. But they were rarely allowed to be alone together unless they were engaged.

As Iraq's civil war has deepened, even close relatives and friends have found it hard to get together.

Reem, a striking 28-year-old with long dark hair, heavy makeup and lots of gold jewelry, used to meet regularly with a tight-knit group of college girlfriends. They would picnic in the park, go shopping and gossip at one another's homes.

She hasn't seen some of them for two years now. Many have fled the country. Those who remain venture outdoors only when they must.

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Depressed and with too much time on her hands, Reem started posting love poems on an Internet forum for young Iraqis. Soon she was getting inquiries from lonely young men, with whom she chats about current events and vacations outside Iraq.

A civil servant who was afraid to give her last name, Reem isn't interested in meeting any of them, but she enjoys the unfettered conversations that are possible only online.

"It's very interesting to get to know a man away from the constraints of culture and tradition," she says. "They console me and tell me there will be a day when this mess will end."

Across the Middle East, more and more young people are doing the same thing. In Iraq, there are few other ways for them to interact.

Universities are becoming increasingly conservative, frowning on too much contact between male and female students. Many of the old hangouts — restaurants, cafes, parks, social clubs — are closed. At the end of the workday, Baghdad residents hurry home to beat the curfews and the approaching darkness with its terrors.

Ali Azawi, a tall, polished medical student from a well-to-do Baghdad family, was beginning to despair of ever having a girlfriend when he started trawling Arabic-language chat rooms and found Noura.

He composed a brief introduction, which he copied and pasted over and over for hours before getting a response: "My name is Ali, age 23. I live in Baghdad. I am looking for a young, beautiful woman."

Noura first approached him under a pseudonym — "Abbas" — which he says conjured up images of a large, oafish man.

She wanted to know what he did for a living and to which Muslim sect he belonged. Reassured by his answers, she revealed that she was a 24-year-old woman who taught English at a primary school a few blocks from her home.

They chatted for months, swapping jokes and music downloads and sharing the details of their lives on opposite sides of Baghdad.

As a man living in a relatively safe, religiously mixed neighborhood, Azawi could still get out and go to college. But life was very different for Noura, a woman in a Sunni-dominated area that has seen repeated clashes with Shiite militiamen.

"She was trapped between her four walls and in front of her PC 24/7," says Azawi, who declined to provide Noura's last name because he says her parents would not approve of her chatting with men on the Internet. "Every time I logged on, she was there."

The first time he saw her on a webcam, he says, he found her a little "puffy." But "I felt very special, because it is not an easy thing for a woman to do that."

Six months later, they still hadn't met. And he had lost hope of ever bridging the few miles of real estate that divided them.

Azawi envies the ease of relationships in the United States.

"You have the bar, the streets, the freedom and no religion to judge you," he says. In Iraq, "it is a fight for the heart."

The Internet became available to Iraqis during the last years of Saddam Hussein's oppressive rule. Few knew how to use it, and access was tightly controlled.

After Hussein's fall, Internet cafes spread, bringing the Web to hundreds of thousands of Iraqis. Subscribers to the state-owned Internet provider, which has the monopoly on dial-up connections, jumped from about 75,000 in June 2004 to nearly 210,000 in May 2006, according to U.S. military figures.

Dozens of private providers also offer wireless connections to satellite-based hubs, bypassing Iraq's notorious phone lines.

In troubled parts of the capital, some cafes have received threats and closed. Militants accuse them of spreading pornography and providing a means to contact the U.S. military.

In Karada, a relatively safe neighborhood of east Baghdad, university students in jeans and baseball caps tap busily at dozens of computers in a converted house tiled in blue and white faux marble. Framed Koranic verses hang on the wall, and there are sodas in a fridge and a television set playing in the corner. But most of the overwhelmingly male customers stare intently at their screens.

"All they do is chat, chat, chat," says owner Yousef Abdulla, 25, a computer sciences major who opened the Shirifi Internet Cafe three years ago. "They have the opportunity to expand their horizons with this portal and get whatever information they want about anything, but all they are interested in is chatting — especially with girls."

Many hope to find a wife in another country who will help them flee Iraq.

Evan Bazi, 21, also a computer sciences major, comes to the cafe almost every day and chats for hours with friends in the United States, the Philippines, Saudi Arabia, Egypt and Iraq, none of whom he has met. He describes these sessions as an "escape from a sad reality."

"I would like to find my mate," he says. But he has been disappointed by the girls he has met online.

"Most girls that I approached, or who have approached me, they're too materialistic and ask me what car I drive or how much money I have," he says glumly. "I want to find a girl who likes me and wants me for the person I am, not for the money that I have."

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A few women also come to the cafe, but most are accompanied by a male relative and stay only a short while, Abdulla says. Those who can afford the monthly fee of $30 to $50 prefer to subscribe to the Internet at home.

They include Dahlia Muayed, a gregarious 29-year-old who flashes a cheery smile in the photograph she sends by e-mail after declining to risk a meeting with a Western reporter.

The petite brunet, who refuses to cover her trendy bob with a scarf, used to divide her time between a mental health charity and a radio station. But the charity closed because it couldn't get funding, and she quit the station after two close colleagues were killed in a car bombing outside their house.

Now she mostly keeps to the family home in west Baghdad, reading, watching DVDs and helping a sister-in law tend to her child. Very occasionally, she risks a furtive visit to a friend.

But she says her main connection to family, friends and the life she once knew is the Internet. Through e-mail and instant messaging, she is able "to spend time, to make relationships with others, to feel that I am important."

"I thank God I have that," she says. "I am not alone."

Times staff writers Zeena Kareem, Said Rifai, Saif Hameed and Saif Rasheed contributed to this report.

Choosing A Sect (NYT)

By Noah Feldman

The New York Times Magazine, March 4, 2007

As the Sunni-Shiite conflict in Iraq polarizes Muslims across the globe, the United States finds itself in the odd position of seeming to favor a Shiite government in Iraq and Sunni leaders everywhere else. As a result, there has been a lot of loose talk in policy circles recently about how the United States should finally choose sides. After all, the rift between the two denominations is almost as old as Islam itself — and so is unlikely to close soon. What began more than 1,300 years ago as an argument over whether the Prophet Muhammad should be succeeded by his cousin Ali or by an unrelated companion became a bloody civil war, then hardened over time into a theological split. As another civil war worsens in Iraq, the argument goes, America should pick a winner and back it to the hilt.

But who, exactly, is our natural ally in this historic conflict? Pro-Sunni analysts, sometimes reflecting the traditional realist (and Arabist) perspective of the foreign-policy establishment, tend to see a radical Shiite Iran and its subsidiary, Lebanese Hezbollah, as the most pressing threat to America's global interests. In their view, America's traditional policy — backing friendly Sunni powers like Saudi Arabia and Egypt — is the best way to contain Iran. Sunnis make up as much as 90 percent of the world's 1.3 billion Muslims. Our support for the Iranian-backed Shiite parties who run the government in Iraq hasn't exactly worked out so far. If we support Iraq's Shiites even when some are engaging in retaliatory massacres of Iraqi Sunnis, we risk alienating our traditional oil-producing Sunni allies while naïvely spilling American blood to serve the Iranians.

Those who support the party of Ali (as the Shiites were once known) tend to emphasize ideas and culture rather than geostrategy. Ayatollah Ruhollah Khomeini may have led Shiism down the garden path of anti-Americanism, they allow, but at its core, Shiite thought is extremely fertile and creative, open to synthesis with the ideals of liberal democracy. The mullahs in Qom study Western philosophy from Plato to Habermas, and important reformist intellectuals within Iran have been challenging Khomeinist orthodoxy using the cosmopolitan tools of modern and postmodern thought. Contemporary Iran, the most important Shiite base today, is still shaped by an ancient Persian civilization that predates Islam. Meanwhile, Sunni Islam is in a sorry state, dominated by a purist and anti-intellectual fundamentalism that has been bankrolled by Wahhabi Saudi Arabia. Lest it be forgotten, Osama bin Laden is a Sunni who condemns Shiite and American infidels in the same breath.

Yet both of these all-or-nothing approaches miss the reality of the Sunni-Shiite relationship — over the centuries and today. For most of Islamic history, the denominations have lived side by side in relative peace and harmony. Whole states have moved back and forth from one column to the other. Egypt's ruling dynasty belonged to the Ismaili branch of Shiism for a couple of centuries in the Middle Ages, and modern Egyptians still celebrate Ashura and other vestigially Shiite holidays. According to scholarly consensus, the southern tribes of Iraq became Shiite only in the 19th century, the better to strengthen economic ties with the predominantly Shiite pilgrimage sites of Najaf and Karbala. Some large Iraqi tribes still include both Shiite and Sunni clans, a continuing legacy of that nonviolent shift.

Even Sunni and Shiite belief structures have influenced each other more than is often recognized. In the Middle Ages, the great Islamic philosophers were mostly Sunnis, and the Shiites learned from them. More recently, the aspirations of Sunni Islamists have been shaped by Khomeini's novel version of Shiite political ideology.

This is not to say that the relationship has been trouble-free. In many Sunni-ruled states, Shiites have long been treated as an underclass. Violence has periodically flared up, as in Pakistan, where low-level sectarian attacks have been taking place for two decades. Nevertheless the last major ideological fighting between Sunnis and Shiites took place more than two centuries ago, even before the American Revolution, during the formation of the first Saudi state. Real theological disagreements mean

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that radicals on both sides can always find reasons to call their opponents heretics; but historically speaking, such a tactic has been rare.

That means it is a mistake to find that we must support one side in the latest iteration of the Sunni-Shiite conflict. The tendencies that make each denomination distinct are not unequivocally good or bad for the United States. Take the outsize influence of the Shiite clerics: Ayatollah Khomeini gave the world the theory of the Supreme Leader and a distinctive Islamic anti-Americanism; but in Iraq, Ayatollah Ali al-Sistani has given us a theory of clerical restraint and a policy of building democracy. The same flexibility is characteristic of Sunni salafis, whose emphasis on the Protestant-style individual reading of the Koran may favor either democratic reform or bin Ladenism. It all depends on who is doing the interpreting.

For the United States to defuse anti-American Islamism, it must be willing to embrace moderates and democrats of all stripes, Sunni or Shiite. From a strategic standpoint, it would also be an error to communicate to Muslims worldwide that the United States supports either Sunnis or Shiites as such. This would undercut the core realist principle that a country's allies are those who act in its interests, not those whom it prefers on the basis of race or creed. In this sense, realism is essentially anti-discriminatory — if not indiscriminate.

So choosing our friends on a case-by-case basis is both morally better and practically wiser. No matter what happens in Iraq, neither Shi'ism nor Sunnism is going to disappear. Just because some Muslims are willing to fight on the basis of who is Sunni and who Shiite doesn't mean we have to.

Military Faces Growing Ranks Of Bereaved (AP)

By David Crary,

AP, March 4, 2007

One of the first sights greeting visitors to Fort Hood is a day-care center's playground, brightly colored evidence of the Army's commitment to be family friendly.

A few blocks away is a more poignant symbol: an office building recently converted into a first-of-its-kind support center for women and children whose husbands and fathers have died in Iraq and Afghanistan. From Fort Hood alone, the toll has passed 365.

"It's our sanctuary," said Ursula Pirtle, whose daughter frequents a playroom at the center. Three-year-old Katie never met her father, Heath. He was killed in Iraq in 2003.

Over the past 15 years, America's armed forces have taken huge strides to retain married service members — improving schools, health programs and child care. But now, as never before in this family-embracing era, the military is struggling with the toughest home-front problem of all: Doing right by the often outspoken and ever-growing ranks of the bereaved.

Of the 3,350 Americans who died in Iraq and Afghanistan through early January, 1,586 of them — 47.3 percent — were married. Those fallen warriors left behind 1,954 children, according to the Pentagon's Manpower Data Center. More recent deaths have pushed that figure past 2,000.

Compared to the heavily draftee combat troops of the Vietnam war, today's volunteer fighting force is older, more reliant on National Guard and Reserve citizen-soldiers, and more likely to be married.

And more so than their Vietnam counterparts, the new generation of bereaved spouses has been vocal — on their bases, at congressional hearings — in pressing for more compassionate, effective support.

It's a constituency that politicians and generals do not want to alienate. The result has been numerous policy changes, ranging from improved benefits to better training for the officers who break the grim news of war-zone deaths. Even the Fort Hood support center materialized due to pressure from widows and their allies.

But the learning process is ongoing and the results are mixed.

"The war on terror has presented us with new challenges we haven't seen before, in terms of number of casualties," said an Army spokesman, Lt. Col. Kevin Arata. "We know we're not perfect — there are things families have said we can do better, and we've listened to that."

Interviews with a dozen widows at Fort Hood and across the country reveal varied experiences, but also some common bonds.

Across the board, the widows are proud of their husbands — even if they disagree on the wisdom of the Iraq war. Each woman is still grieving, and those with children have extra worries — financial and psychological — that extend far into the future.

Some are deeply grateful for the support provided by the military after their husbands' deaths; others are critical. Among the common complaints — that notification and assistance officers were sometimes ill-informed or aloof, and that they were bounced through different parts of the military bureaucracy when seeking help.

"We have to have someone who knows what they're talking about," Pirtle said. "The blind-leading-the-blind system isn't working out."

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Pirtle's daughter, Katie — born 26 days after her father's death in October 2003 — seems to be thriving. But many of the now-fatherless older children struggle emotionally — to the point where school can be anguishing and therapy is needed. The military pays for some such counseling, but there are limits, and families say the logistics can be difficult.

In Evans, Ga., Irene Prather is looking for a small Christian school for her 11-year-old son, Aaron, who has floundered at public school since his father, Army Chief Warrant Officer Clint Prather, was killed in Afghanistan two years ago.

"It seems like every day is a struggle for him," Prather said. "When we talk to the counselors, nobody understands what's really going on. They weren't prepared to deal with people who've lost somebody in the war."

Clint Prather served 11 years in the Army. His widow, who valued the tight-knit community on base, has found the shift to the civilian world difficult.

"It's kind of like you're pushed to the side," she said. "You're not part of that military family any more."

Other widows still feel those bonds, and reunite — often with children in tow — at "grief camps" or expenses-paid holidays arranged by charities.

Some stay in touch with buddies of their late husbands. A Palmer, Mass., widow, Melissa Storey, was still getting calls from soldiers in Iraq eight months after her husband, Staff Sgt. Clint Storey, was killed there.

"We're just as much a part of the Army as before he died," she said.

Storey, 29, has a 4-year-old daughter, Adela, who's had therapy sessions since her father's death. During the couple's final days together, she also became with pregnant with a son, to be named Clint. She considers her benefits package generous and praised the Army's outreach to families.

"But part of being a good military spouse is accepting that you don't come first — the mission comes first," she added. "It's a hard life. I don't want to sugarcoat it. You suck it up and deal with it."

While many widows have kept a low public profile, some have testified before Congress to urge better benefits or have gained prominence by speaking out elsewhere.

Laura Youngblood of South Hempstead, N.Y., wife of a Navy corpsman killed in Iraq, made national TV appearances assailing anti-war activist Cindy Sheehan, whose son also died in Iraq. Hildi Halley of Falmouth, Maine, met with President Bush last year and blamed his policies for the death of her husband, National Guard Capt. Patrick Damon, from an apparent heart attack in Afghanistan.

"To have him die in a war you didn't agree with is that much worse," she said.

The resentment has been deepened by her experience with the military after her husband's death. She still fumes that his personal belongings reeked of insecticide when they belatedly arrived, and that she spent weeks wrestling with Army bureaucracy before finally reclaiming her own love letters to him that had been confiscated.

Her husband had urged her to seek support among other spouses, but Halley — a mother of two adolescents — feels estranged from other military wives who support the war.

"I couldn't have them as my support group," she said. "They're going through enough pain, and if they want to believe their fairy tale, who am I to wake them up?"

Even at Fort Hood, the Army's largest armored base with 43,900 military personnel and 17,800 family members, anti-war sentiment sometimes surfaces.

"I don't support this war," said Ursula Pirtle. "What did my husband die for? I don't believe what we're doing over there helps our country."

Yet she views her fallen husband as a hero. "When he was killed, I would love to have been there holding him," Pirtle said.

The campaign to establish Fort Hood's Gold Star Family Support Center was led by Debbie Busch, whose own Army husband is alive and well, but who grew dismayed by the lack of organized backing for widows she knew. Initially, there were weekly support meetings at a chapel; last September her group got its own building, complete with lounge, kitchenette and playrooms.

Calls have come from other bases, seeking advice on launching similar programs, and Busch's efforts have been noticed by senior Army officials.

"The fact that these families spoke out and said it could be done better, it gave the Army the opportunity to change things," Busch said.

A recent report by the Government Accountability Office examined some of the issues troubling bereaved families. It said support services were inconsistent and advised the Defense Department to improve its oversight.

"Most survivors don't know what they're entitled to, and that's a big deal," said the GAO's Derek Stewart. "There should be one place that survivors could go and, in one sitting, have an individual spell out all the services and entitlements coming your way."

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Addressing some of the concerns, the Defense Department updated its guide to survivors' benefits, which have increased substantially since the Iraq war began. The so-called "death gratuity" for next of kin has climbed from $6,000 to $100,000; military life insurance payments have risen from $250,000 to $400,000.

Brad Snyder, a benefits expert with the Armed Forces Services Corp., said the package compares well to private-sector plans and can exceed $60,000 a year for a sergeant's widow with three children.

Children of fallen service members now get military medical coverage until adulthood, rather than losing it three years after the death. A bereaved family can now stay in military housing for a year, not six months.

Among the Fort Hood families benefiting from such changes are the widow and four children of Maj. William F. Hecker III, who was killed in January 2006 just six weeks after reaching Iraq. His prior duties included teaching a course on comparative war poetry at the U.S. Military Academy.

Richelle Hecker, his widow, said the children — the youngest 3, the oldest 11 — were helped by grief counseling.

"The counselors play games with them, let them talk about all those things that after a while other people don't want to hear anymore," Hecker said.

She also noted the stream of casualties has prompted many military families to think more seriously about future risks and attend financial-planning sessions that once seemed morbid or unnecessary.

"It's making or breaking people," Hecker said. "I see some marriages growing stronger and others that aren't."

The Army, which accounts for more than two-thirds of the Iraq and Afghanistan deaths, has been striving to address the most prevalent complaints from widows.

In January, it completed an overhaul of the training for casualty notification and assistance officers — the ones who deal directly with grieving families. The goal is for these officers to exhibit "professional compassion."

Col. Patrick Gawkins, director of the Army's Casualty and Mortuary Affairs Operations Center, said the new curriculum includes video footage with actors portraying officers and family members.

The Army also launched a 'round-the-clock call center to assist survivor families with questions about benefits.

"The benefits issue comes across as very bureaucratic and hard to understand," Gawkins said. "We want to clarify and simplify the instruction to the greatest extent possible, given it's in a time of great emotional stress."

Joanne Steen, whose Navy aviator husband died in a helicopter crash in 1992, felt she was filling a gaping void last year by co-authoring "Military Widow: A Survival Guide" — offering advice about coping with the loss of a military husband.

"As a young widow, you may feel like a sideshow in a circus," she wrote. "Because you aren't supposed to be a widow at such a young age, you don't fit in anywhere."

Some widows, though, are well into middle age. Nancy Kelly, of Richmond, Maine, is 52 and has three grandchildren as well as three grown children.

She and her husband, Staff Sgt. Dale James Kelly Jr., had been married 25 years when he was killed in Iraq last May while deployed with the Maine Army National Guard. One tough task was explaining the absence of "Grandpa Kelly" to his grandchildren.

Herself an Air National Guard veteran, Kelly said her husband and his Guard colleagues were well-trained and aware of dangers they faced. But she suggested part of the problem for the Guard-dependent military is that troops' families are less steeled for the traumas of war than active-duty families.

"From a family standpoint, no, we're not prepared for this," Kelly said. "The men go off once a month and two weeks a year (for training), and for many of us wives, it's, 'Oh, that's the time we have dinner with the girls while they're off playing soldier.'"

She paused, reflecting on her husband.

"He was and is my soul mate," Kelly said. "My life as I knew it will never be the same."

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On the Net:

Fort Hood support center: http://www.goldstarfamilysupport.org/

Army families: http://www.armyfamiliesonline.org/skins/WBLO/home.aspx

A Teenage Soldier's Goodbyes On The Road To Over There (NYT)

By Dan Barry

The New York Times, March 4, 2007

It is time. The fresh young soldier has a plane to catch.

People file out of the dimness of V.F.W. Post 404 and into the morning light. They chat and smoke and mill about on the parking lot gravel, then come together to form a ragged circle of support.

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The dozen motorcyclists among them finalize plans to escort the soldier for most of the two-hour ride to the airport in Las Vegas. Just before raising voices and fists to a recording of the country-western anthem "God Bless the U.S.A.," the crowd bows its collective head and asks God for another favor: to keep safe this soldier, just 10 months removed from her senior prom.

That night she wore a gown the color of valentines; this morning she wears fatigues the color of mud. The uniform has a name patch, KANE, for Pvt. Resha Kane. Eighteen years old and five feet tall. Of Needles High School, Class of 2006, and, lately, of the United States Army, Fourth Infantry Division.

Earlier this morning, Private Kane walked out of her family home in Needles, a small railroad city in California just across the Colorado River. Before her, the family van, packed with two Army duffel bags. Behind her, a living room decorated with family portraits and a large mock check from her current employer.

"Reserved in the name of Resha Kane," the check reads, $37,200 from the Army College Fund and the Montgomery G.I. Bill. It represents her partial compensation for enlisting for three years and 22 weeks. She plans to study biochemistry someday.

At the moment, though, she stands outside this club for veterans of foreign wars, where a bar sign advertises Sunday bloody marys, a buck apiece, 10 to noon. Former soldiers tell her to keep her nose clean over there. Her father, Wesley Kane, has to leave soon for his job as a car dealership's lot manager, but he holds her tight and asks, again and again, do you know how to clean your weapon?

"Yes, Daddy," she says.

The motorcyclists, including some from a group called the Patriot Guard Riders, mount their bikes. Among them is Rich Poliska, a gray-bearded Air Force veteran who lives nearby, in Bullhead City. A Route 66 earring dangles from his left earlobe.

Several months ago Mr. Poliska and his daughter, Heather Ching, heard about a local soldier who had returned from Iraq to no welcome home. They decided to form the Bullhead Patriots, dedicated to honoring soldiers going off to war, or returning from it. This is the group's first deployment effort, he says. "But I've done six funerals and two homecomings."

The Bullhead Patriots had heard of Private Kane's imminent deployment from a veteran who knows a woman who works at the Family Dollar store with the soldier's mother, Patricia Kane. First a surprise potluck supper — the soldier left church on Sunday to find a limousine waiting to whisk her away to the V.F.W. — and now this: an escort to the airport.

Bike engines growl, signaling that it is time. Private Kane climbs into the family van, which features rear-window decals for Jesus and for the Army ("My Daughter Is Serving"). She sits in the back, surrounded by her three younger siblings and a sister's boyfriend. Her quiet mother takes the driver's seat.

Soon the caravan is crossing the Colorado River. It passes a man sitting on the back of a parked pickup, his fist raised in the air: the soldier's father.

This mobile honor guard continues on, heading north on Highway 95, into a desolate, arid stretch of southern Nevada. Motorcycles in front, motorcycles behind, and in the middle, a white van containing a young soldier with just-polished fingernails.

She took care of her siblings while her parents worked, and learned to make a mean baked chicken. She graduated in the upper ranks in a class of about 60. She was honored for her grades and for her abstract artwork of flowers and butterflies. She has yet to learn to drive.

She enlisted in April, the same month as her prom, because she saw the military as a way to further her education. Right after graduation she went through boot camp and some extra training, before coming home a couple of weeks ago to talk up the Army at her alma mater. "Hometown recruiting," the Army calls it.

"Everyone knows me there," Private Kane says of Needles High School, home of the Mustangs.

Now, riding in the midst of this caravan of protection and respect, she is bound for Fort Hood in Texas to await deployment — probably to Iraq, she says.

"Nobody wants to go, but it's our job," she said the other day, her tone all business. "That's what we're trained for. We'll go over, do our job and come back."

The motorcade stops briefly in the old gold-mining town of Searchlight, and a few bikers say goodbye. Then it continues on, across the nothingness, through spits of rain, before stopping again in Railroad Pass, about 20 miles south of the airport. The Bullhead Patriots say farewell to Private Kane.

"Best of luck to you," Mr. Poliska says.

A lone biker continues to lead the Kanes toward Las Vegas, a large American flag flapping from the rear of his motorcycle. He rumbles into the city of gamblers, past drivers oblivious to the now-common moment of a wartime soldier leaving home.

At the last moment the biker peels off. And the white family van follows the signs that say Departures.

A Hero Who Didn't Save Himself (WP)

By Peter Carlson

The Washington Post, March 4, 2007

DOJ_NMG_0139949

For Jeremiah Workman, Decorated for Bravery in Iraq, the Battle's Not Over Yet

Despite heavy resistance from enemy automatic weapon fire and a barrage of grenades, Corporal Workman fearlessly. . .

Jeremiah Workman stood at attention and tried to listen as the narrator read the citation that detailed what he'd done to earn the Navy Cross, an award for valor that is second only to the Medal of Honor.

. . . Corporal Workman again exposed himself to enemy fire while providing cover fire for the team when an enemy grenade exploded directly in front of him, causing shrapnel wounds to his arms and legs . . .

He was standing on the parade ground, facing a grandstand packed with hundreds of people, including his wife and his mother. Behind him were several hundred Marine recruits who were about to graduate from boot camp at Parris Island, S.C., where Workman had recently lost his job as a drill instructor after he suffered what he calls a "mental meltdown."

. . . Although injured, he led a third assault into the building, rallying his team one last time to extract isolated Marines . . .

When the narrator finished reading the story of Workman's "extraordinary heroism" in Iraq, Brig. Gen. Richard T. Tryon pinned the Navy Cross to Workman's chest and the crowd in the grandstand stood and cheered. It was a moment of well-deserved triumph, but it didn't make Workman feel any better.

"When they put that medal on me, from that point on, I sunk deeper into depression," he recalls. "Everybody says it must be awesome to win the Navy Cross. Well, as a matter of fact, it's not. I lost three guys that day, so for the longest time, I didn't even want to wear it. I'd look down at it and see three dead Marines."

Workman, 23, is sitting in a restaurant at the National Museum of the Marine Corps in Quantico, where he now works, his Navy Cross ribbon pinned to his uniform, just above his heart.

"If we lost three people, why did I get an award?" he says softly. "The last thing I think is that I'm a hero."

"I enlisted two days after my 17th birthday," Workman says. "I was a junior in high school. A year later, when I graduated, they shipped me to Parris Island."

He grew up in Marion, Ohio, son of a factory worker and a housewife. A jock in high school, he wanted to be an Ohio state trooper, but you have to be 21, so he figured he'd join the Marine Corps first.

"In my eyes, the Marine Corps was the elite, the tip of the spear," Workman says. "I walked into the recruiter's office and said, 'I want to be a Marine.' I was probably the easiest person they ever talked to."

After boot camp he spent two boring years guarding nuclear submarines at a base in Georgia. In August 2003, he married his high school sweetheart, Jessica Jordan.

In September 2004, he was sent to Iraq and stationed at a base outside Fallujah, the insurgent-controlled city where four American contractors had been killed in the spring, their corpses burned, dragged through the streets and hung from a bridge.

"Fallujah -- that was no man's land," he recalls. "When we drove past, you didn't even look because you knew it was a bad place."

In November 2004, Workman's platoon, part of 3rd Battalion, 5th Marines, got its orders: It would join the thousands of soldiers and Marines attacking Fallujah -- Operation Phantom Fury, the largest American military action since the invasion of Iraq. First, warplanes pounded the city with bombs. Then, in a driving rain, the Marines moved in.

Workman was a squad leader in a mortar platoon. For 17 days, they hunkered down in the mud in the northwest corner of Fallujah, firing at insurgent positions.

"We killed a lot of people with those mortar rounds," he says, "but it's not personal. You don't see the guys' eyes."

By mid-December, the Marines had conquered most of Fallujah and there wasn't much need for mortar fire anymore, so Workman's platoon was split in two and sent out to patrol the city, searching houses, looking for weapons. On Dec. 22, the other half of the platoon got into a nasty firefight.

"Some Marines were wounded pretty badly, and they're all charred. It looks like they've been in a fire," Workman recalls. "They come back and we're like, 'Holy cow!' So it's our turn to go out the next morning and we're kinda nervous. That night we're all still up at 2 o'clock in the morning, scrubbing our weapons, making sure they're perfect. We all had this gut feeling that the next day, we're gonna get in some sort of fight."Ambush in Fallujah

"It starts out like any other normal day," Workman says.

Workman commanded one team of 10 Marines; his friend, Sgt. Jarrett Kraft, commanded another.

"I take my guys on the right side of the street. Kraft takes his guys on the left side of the street," he recalls. "We search the first two houses -- same old crap, we found some guns and ammo and carried it out to the street and threw it in the Humvee."

Searching the third house, Workman heard a blast of machine-gun fire from the house across the street, where Kraft and his men ran into a group of heavily armed insurgents.

"We were pretty much ambushed by a lot of insurgents on the second floor of the house," recalls Kraft, who is now a police officer in Fresno, Calif. He also was awarded a Navy Cross for his actions that day.

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"I was scared," Workman says, laughing. "I really was. . . . When you get caught in a situation like that, it's a real man check. For two seconds, you have to look in that invisible mirror that's not there and look at yourself and question yourself as a man. And say, 'Okay, I'm a corporal in the Marine Corps and I have guys that are looking up to me for leadership. What am I going to do?' . . . So I grabbed everybody in the house and we come running."

Gun smoke rose from the windows of the house across the street. Workman ordered several men to guard the outside and then led the rest inside, where a lieutenant informed them that Marines were trapped on the second floor.

"The lieutenant looks at me and says, 'We gotta get in there.' I said, 'Okay, I'll follow you.' " He laughs. They then formed a line called a "stack" at the foot of the stairway.

"The lieutenant gets out of the way. Now, I'm the front man. I don't want to be." He laughs again. "In the citation, it says that Workman went in first every time. I'll be honest: It wasn't planned that way. . . . The lieutenant says, 'On three we're gonna go.' One, two, three. Bam! He kicks me and I go running up the stairs."

As he ran, machine-gun bullets buzzed past him, but he made it to the safety of the landing, protected from insurgent fire by a thick wall. But he was alone. Nobody had followed him.

"I remember him going up the staircase," says Kraft, who had managed to escape from the second floor after the ambush. There was a lot of confusion and the second guy in the stack sort of hesitated and that kept the rest of the stack back."

"So these guys are downstairs yelling at me, 'Get back down here.' And I'm like, 'You get up here.' I'm cussing at 'em," Workman says, smiling. "But it was a lieutenant, so I pretty much have to go down. I closed my eyes and did a Superman dive down the stairs."

The fall knocked the wind out of him. His buddies stood him back up.

They formed another stack with Workman again in front. He took off. This time, everybody followed and they reached the landing safely. They crept up another set of stairs toward the second floor. Workman had almost reached the top when a yellow grenade bounced into view.

"This thing went off and it felt like somebody hit me in the leg with a baseball bat," he says. "I look back and guys were laying down, knocked over. And I go, 'Is everybody good?' . . . Pretty much everybody got hit with shrapnel but we were all able to fight."

They climbed the stairs and fired at the insurgents, who were barricaded in a bedroom. After an intense firefight, the Marines ran low on ammunition and retreated outside to reload.

By then, two of the Marines they'd come to rescue were dead. Two other Marines dropped their bodies off a porch, then jumped down after them.

"One of the Marines comes stumbling out of this yard next to the house," Workman says. "He's covered with blood. He looked like a zombie. And he just falls over. I run up and grab him."

"Workman grabbed him and dragged him down the street while the insurgents were firing down at us from the rooftop," Kraft recalls. Workman carried the wounded Marine to a couple of Humvees, where a medical corpsman began working on him. Workman saw two other Marines sprawled in the back of a Humvee: Cpl. Raleigh Smith and Lance Cpl. Eric Hillenburg.

"Hey, doc!" he yelled. "Get up here!"

"They're all right," yelled the corpsman, who was treating the Marine that Workman had dragged to safety.

"I'm yelling, 'Doc, get your ass up here!' And he's yelling, 'They're all right, dammit, leave 'em be.' And I'm like, 'Get up here!' And he says, 'They're dead, man, they're dead.' "

Workman jumped out of the Humvee. "This was the first time I'd ever seen a dead Marine, ever," he says. "It was like somebody flipped a switch, like it wasn't even me anymore. . . . I grabbed whoever's standing around and we ran back into the house. Now it's like vengeance. I want to take as many insurgents out as possible."

The house was dark, the air heavy with smoke. Workman led another charge up the stairs and ran into another grenade.

"It knocked most of us down," he says. "At this point, none of us wants to get up. We're like, 'We're gonna die here.' My buddy, he gets up and fights and I hear this horrendous scream. They hit him with an AK47 and it literally tore the whole triceps off his arm."

Workman pulled the pin on a grenade and tossed it into the bedroom where the insurgents were barricaded, and then the Marines tumbled back downstairs.

"I collapse at the bottom of the stairs," he says. "I'm, like, done. And Major [Todd] Desgrosseilliers grabbed me by the helmet and dragged me out of the house."

All the Marines were out of the building and an M1A1 tank had arrived. It blasted the house to rubble.

At least 24 insurgents were killed in the battle. The Marines lost three men -- Smith, Hillenburg and Lance Cpl. James R. Phillips.

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"We went back to the makeshift morgue at Camp Fallujah," Workman says, "and we unloaded the bodies."A Recurring Nightmare

He's been talking for over a hour, sitting in the museum at a table in Tun's Tavern -- named for the place the Marine Corps was founded. He started out with laughs but now he's serious, his green eyes sad and tired.

"The next morning I felt like I'd been in a car accident," he says. Corpsmen had pulled some shrapnel out of him, some still remains. "Everybody was pretty much wounded. And three guys were dead. . . . Eric and James lived in the same bedroom. I went into that room and there are two empty racks. Seeing the empty cots, that's when it sank in. . . . When somebody dies, you gotta get all their belongings and take it back to base camp. You're going through the pockets in their cammies, finding pictures of their girlfriend, their mom and dad."

After a few days of rest, Workman's platoon was back out, patrolling roads and manning checkpoints outside Fallujah. They remained there until April 2005. Workman didn't see much action, but he kept busy enough that he didn't think too much about the day his buddies died.

He was promoted to sergeant and he reenlisted, requesting to become a drill instructor after his return. That spring, his platoon was back at Camp Pendleton in California.

"That's when the world came crashing down," he says. "That's when you have time to think about what really happened, that they're really gone."

Jessica, his wife, was back in Ohio, attending Nationwide Beauty Academy, studying to become a hairstylist. He was in California, partying every night.

"It's easy to self-medicate with alcohol," he says. "With Marines, you're not gonna get off the plane and say, 'I need help from a psychiatrist.' We adapt by getting drunk every night."

When he arrived at drill instructor school at Parris Island that September, he stopped drinking, he says. That's when the nightmares began:

"I would dream this: a staircase, never ending. And I'm running back and forth, being chased by insurgents, and they're throwing grenades at me. And I run and I run and I run until I finally get tired and I can't go on and they catch me and they kill me. Then I'd wake up and I'd be crying and I'd have mental pictures of my guys laying in the back of that truck."

He avoided the nightmare by avoiding sleep. All day he worked as a drill instructor, all night he paced and brooded about Iraq.

"Physically, I was a drill instructor," he says. "Mentally, I was somewhere else."

One day in the spring of 2006, he marched his recruits into the mess hall and then froze, staring into space.

"I didn't see the recruits, I didn't see anything," he recalls. "People are saying, 'Hey, what's going on?' I said, 'I don't give a [bleep] about you, I don't give a [bleep] about the recruits.' . . . I went downhill from there and they sent me to mental health."Suddenly a Hero

The doctors concluded that Workman was suffering from post-traumatic stress disorder. They prescribed some pills and sent him home for 10 days.

"They wanted to get me home to be with my family to mellow out," he says.

Back in Ohio, he stayed with Jessica at her parents' house. Late one night, he got out of bed and wandered into the garage.

"He was out there for a while and I thought, 'What's he doing out there?' " Jessica remembers. "I went out there and he had my dad's rifle, and I asked him what he was doing and he said, 'I don't know why I'm here.' "

She took him inside and later that night saw him swallowing a handful of pills. "I had to literally stick my hands in his mouth and make him vomit," she recalls.

"Obviously, I probably wanted to hurt myself," Workman says. "But I don't remember much about it."

When he returned to Parris Island, he was no longer a drill instructor. Instead, he was assigned to do odd jobs, "basically like a janitor," he says.

And then he won the Navy Cross.

Suddenly, he was a hero. Reporters interviewed him. Generals posed for pictures with him. He met Donald Rumsfeld, Robert Gates, Ross Perot, Hillary Clinton and various other bigwigs. His home town declared Jeremiah Workman Day. Strangers begged to buy him a drink.

"Everybody else was more excited than I was," he says. "I was just slipping further into depression because I was reliving everything now. Everybody wants you to tell the story: How did you do it? How many people did you kill? I'm like, why don't you ask me to tell stories about my guys?"

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His guys, Smith, Phillips and Hillenburg, haunted him. He saw them in his dreams. He saw them when he looked at his Navy Cross. They got killed and he got a medal. Did that make any sense? That summer, he had their names tattooed on his back.

"This," he says, "is what I have to put in my mind to be able to wear this medal and not be ashamed: I accepted this medal for three guys who didn't make it back. So it's really theirs."

In the fall, Workman was transferred to Quantico and stationed at the new National Museum of the Marine Corps. He walks around in his uniform, talking to tourists, sometimes posing for pictures with the ones who recognize the importance of the Navy Cross ribbon on his chest.

"I'm an ambassador for the Marine Corps, I guess," he says with a laugh.

Jessica found work as a hairstylist at a nearby spa. On February 21, she gave birth to their first child, a son, Devon.

Months ago, Workman stopped taking his medicines. "I don't want to be a pill popper," he says. "But I pay for it. I have more bad days than I probably would if I was on the medication."

"I'd rather that he was still on the medications," says Jessica. "His mood swings are so much worse. He'll be fine one minute and then he's freaking out. With PTSD, you never know. It's a roller coaster every day."'You Don't Have a Choice'

When people call you a hero, what do you think?

He thinks for a moment. "Hero?" he says. "I almost laugh."

And then he does laugh. But he quickly gets serious. "Almost any infantry Marine would have done what I did. You don't have a choice. What are you gonna do? Not do it? And live for the rest of your life knowing that you hesitated and didn't act and more people may have died because you didn't do anything?"

He risked his life for his fellow Marines and that pleases him. "I did learn a lot about myself that day," he says. "In front of family and friends, you're the big tough Marine but . . . you always question yourself about whether you have what it takes in a situation like that. Not everybody does. I answered my own question that day. I was scared and I didn't want to do it, but I did it. That gives me some pride, I guess."

But that was then, he points out, and this is now. "I couldn't tell you if I could do it again," he says. "I would love to believe that every time something like that happened, I would do the same thing, but I don't know."

He does know one thing: He wants to go back to Iraq.

"I've volunteered. I've told everybody I can. Right now, they want to keep me here. . . . A lot of these high-ranking people think they know what's best for you. And in their minds, what's best for me is staying here and having a normal family life and going home every night. Whereas in my mind and in my heart, I want to get back into the fight."

He says: "A lot of my friends have been there three or four times. I think if I got one more tour over there, I'd feel better in the heart. I don't want to go down as a one-hit wonder."

Soldier Convicted Of Negligent Homicide In Iraq Shooting (AP)

AP, March 3, 2007

LITTLE ROCK (AP) — An Arkansas soldier has been convicted of negligent homicide for the shooting death of a fellow guardsman in Iraq.

Spc. Daniel E. Turner was convicted Monday in Baghdad and sentenced to 15 years in a military prison, the Arkansas Democrat-Gazette reported Saturday.

He is being held at Camp Arifjan, Kuwait until his conviction is formalized, the newspaper said.

Turner was convicted for the death of Spc. Derek Plowman, 20, of Everton, Ark.

The circumstances surrounding Plowman's death have not been released by the military. The Defense Department did not immediately return a message seeking comment Saturday.

As part of a pretrial agreement, Turner also received a bad conduct discharge, forfeited pay and was reduced in rank to private.

"The forfeitures are suspended right now," said Maj. Steve Zega, 142nd judge advocate. "In other words, they're still paying him right now. I understand the reason they worked that out is he has a very young child at home."

The Charlie Battery returned home last week from its year-long deployment in Iraq.

The Warden Of Fallouja (LAT)

By Mike Carlson

The Los Angeles Times, March 4, 2007

Taking charge of a detention center in Iraq? Here's what you need to remember.

DOJ_NMG_0139953

Mike Carlson served as the officer in charge of the Camp Fallouja Regional Detention Facility from March 2006 to October.[

1]

They're not prisoners, they're "detainees."

It sounds better, as if they're merely inconvenienced rather than shoehorned into cinderblock cells, thumbing their military-issued Korans and waiting to be interrogated. One-third are innocents caught up in sweeps; one-third are jihadists who will slit your throat, and one-third are opportunists who will rat out their neighbors. You will hold them for 14 days, no more, while the interrogators try to figure out who is what. Each gets a CF, for Camp Fallouja, and a four-digit number. No names will be used, mainly because numbers fit more easily onto spreadsheets. They will be forever known as entas. "Enta" means "you" in Arabic, and that's what you call them day after day, meal after meal, port-a-potty call after port-a-potty call. "Enta, ishra mai," you say, and the enta drinks his water, and if you say, "Enta, ishra mai kulak," he drinks all of his water, every drop, and holds the bottle upside down to prove it.

[2]

It's not personal.

The enta who screams "meesta!" every 10 seconds for 48 hours straight isn't doing it to infuriate you, his captor. What it boils down to is that he can't pronounce "mister," and he was carrying that 155-millimeter round in the back of his pickup, and he was going to try to blow you up, and the reason he was picked by the insurgent leaders to haul the shell is that he's soft in the head, which is why he cannot stop screaming "meesta!"

The major who watches NASCAR races on satellite TV in his air-conditioned office at the battalion headquarters while you and your Marines march entas to and from the latrines in 120-degree heat isn't doing it to antagonize you, his subordinate. Frankly, he's just over here for the retirement money, and he didn't want to be in charge of four regional detention facilities in Al Anbar province any more than you wanted to end up as the warden in Fallouja. He wants to keep his head down and forget about the fact that if one, just one, of your Marines snaps and goes Abu Ghraib on a detainee, his pension is out the window.

[3]

You won't fire your weapon in anger.

You'll fire plenty of training rounds. You'll be awakened nightly by outgoing artillery shells being blasted into the ether a mere 400 meters from your tin-can hooch, where you fall asleep to the drone of your air-conditioning unit and the faint yelps from the sergeant-next-door's porn videos.

Your fingers will ache from absently squeezing the grip of your M16A4 during endless nighttime convoys, transporting detainees from Fallouja to Abu Ghraib or Camp Cropper. The only illumination in the back of the truck will come from the red-lens flashlight you pan across the entas to make sure none of them have wormed loose from their flex cuffs and hatched a plot to kill you.

Your truck will stop one night outside Abu Ghraib. You will wait for explosive ordnance techs to clear a suspicious burlap bag. Because there are so many bombs, you never know how long you'll sit exposed on the road. During the second hour, CF-4562 will ask you in perfect English if he can pee. You will escort him to the edge of the road. When he thinks you aren't looking, 4562 will slink away from you and your rifle. You will immediately see through such a feeble escape attempt, and here, outside the site of America's shame, this enta will be one sandal step away from giving you an absolutely justifiable reason to finally click your weapon's selector off of "safe."

You will raise the muzzle slowly with muscles that ache from humping 60 pounds of body armor and ammo and water and Quick-Clot coagulant, but before your thumb moves over the safety, you will automatically say "kiff," Arabic for "stop," because it's been drilled into you as part of the rules of engagement. You will want to shoot, and 4562 will hear that in your voice. He will stop. He will manage a feeble stream of urine before you shoo him back aboard the truck.

[4]

You will be a constant target outside the wire.

A green beam of light will dazzle you through the Cyclops lens of your night-vision goggles as it streaks toward the armored sides of your truck. You will grit your teeth, and the rocket-propelled grenade will hit, and then, by the grace of some malfunction, it will only gouge out a divot from the big green plates, an errant golf swing's worth of metal. You will pan your rifle barrel across the garbage-strewn fields and pockmarked buildings, but you will see nothing, just a stray dog scurrying away from the tiny blast. A feeling of anticlimax will wash over you, of one beer short of the perfect buzz and a throw just wide of the catcher's mitt. You are a Marine and trained to kill, but you can never find any insurgents to shoot.

[5]

You will tell yourself lies about how being shot at will change you.

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You won't be able to tell your wife about the near-miss when you call home because you know she'll be worried, and when she worries, she cries, and you cannot, absolutely cannot, have her cry, mainly because it will make you cry, and you're a captain in a crowded phone center surrounded by junior Marines. Your neck will cramp up for two weeks, as if all your fears have been concentrated into a small kernel of misery somewhere north of your shoulder blade. Then, one day, the pain will be gone, and you will walk up to the side of the truck and place your fist inside the divot to remind yourself that it really happened.

[6]

You will screw up.

A sergeant will push one of your female Marines too hard during physical training, and she will turn on the waterworks and accuse him of sexual harassment. You will chew out the sergeant, but later discover that she is simply angry with him for forbidding her to visit her boyfriend in another unit.

You will apologize to the sergeant, but the incident will have cost you some of the platoon's trust, and you will find yourself hating her. She will hate you too, until she goes home early, knocked up by the very same boyfriend she was forbidden to see. You will feel a quick self-righteous high, followed by a prolonged low; your neglect of your own rule — don't take it personally — means you failed her as a leader.

[7]

You will drink water until your urine is clear.

You will drink and drink and keep drinking until you've drained more than 800 bottles of water during your stay in the Iraqi desert.

[8]

Your interpreter will be your greatest hidden ally.

Ali is rotund, aged and bearded, a prototypical Islamic authority figure. He reads the facility rules to all new detainees, his face hidden behind dark glasses and a ball cap. Your understanding of Arabic progresses to the point where you know he's adding regulations. You take him aside, and he explains that he tells the new arrivals that there are snipers in every tower, that trapdoors lurk beyond the borders of each gravel path and that attacking a Marine in the facility would result in a coward's death, voiding the promise of 72 virgins. You allow him to continue.

[9]

You won't abuse any detainees.

Your property room will hold a sniper rifle that killed a Marine and bears the fingerprints of the man inside Cell 4A. Evidence photos will show a bomb crater and bloody boots with shinbones still laced inside, and wires that lead from the crater to the home of CF-7634. As you perform your daily cell checks, you will occasionally want to smash and kick and eye gouge and palm-heel strike. But you won't. You will need to look in the mirror tomorrow when you shave.

[10]

You will get by with 20 words of Arabic.

When your prisoner-release convoy is waved into a field strewn with basketball-sized boulders by an Army lieutenant too new to speak Arabic, that will be just enough to get the entas to stop washing their feet and shouting blessings to Allah and to herd them into the civil affairs compound. Later, an 18-year-old lance corporal will fall asleep at the wheel and swerve off the Fallouja cloverleaf. As the 7-ton rumbles down the embankment, the entas will fling themselves off the truck. One enta will break his arm, and, again, your 20 words will coax him into medical treatment. Through it all — the bungled release, the accident, the medevac — you will not be attacked. Two days later, a similar convoy traveling the exact same route will be blown up by an IED, and the ache in your neck will return for another two weeks.

[11]

After seven months, you will fly home.

On the way back to the U.S., your Marines will be told by Maj. NASCAR that they can drink, and they will — to excess. You will resign yourself to breaking up the inevitable fights, and as you step between two Marines about to swing, you will realize that this has been your purpose. You set limits.

[12]

You will return to civilian life.

You will be jumpy and vaguely unsatisfied, disconnected from the civilians around you who care only about text messages and gas prices and catty e-mails. Navy doctors will find Iraqi sand trapped in the innermost pathways of your ear canals. Your wife now snores, and all her unfamiliar noises combine to drive you from your bed.

On one such night, you will turn on the television news and see that Anna Nicole Smith's death has trumped the coverage of America's 3,118th fatality, 31-year-old Petty Officer 1st Class Gilbert Minjares Jr. You will note that, at 39, Smith was younger than most of the helicopters flying in Iraq. You will turn off the TV and sit in the dark and feel your eyes water as you think about

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how you took 55 Marines and sailors into a combat zone and brought all 55 back home, and that no one in America besides you and those 55 really cares or understands what you went through.

You processed 1,230 detainees, without a single incident of abuse, while America sat on the couch and watched girls go wild. As far as you know, you killed no one. This used to bother you, because killing is what Marines are trained to do. But now, after viewing documentaries and reports that paint American forces as Redcoat invaders, you take some comfort in the fact that you never pulled the trigger.

Those numbers — 55, 1,230 and 0 — will allow you to sleep tonight, and the next night, and the next. But each night you will insert a mouth guard made of silicone before you go to sleep, because your dentist informs you that you are always, always, always unconsciously grinding your teeth.

In Wartime, Who Has The Power? (NYT)

By Jeffrey Rosen

The New York Times, March 4, 2007

THE Constitution seems relatively clear. The president is the commander in chief, and he has the power to deploy troops and to direct military strategy. Congress has the power to declare war and can use its control over the purse to end a war. But it has no say over how the war is actually prosecuted.

That poses a problem for Congress, as it debates the course of the Iraq war. Democratic proposals to check President Bush's increasing unpopular war range from Senator Barack Obama's "phased redeployment" of all combat troops out of Iraq by March 3, 2008, to Representative John Murtha's attempts to impose specific standards for the training and equipping of troops.

Regardless of how these proposals fare politically, they raise serious constitutional questions that could affect not only the conduct of the Iraq war, but also the balance of power between Congress and the president in wartime.

Legal scholars — both critics and supporters of the Iraq war — say that if Congress tries to manage the deployment and withdrawal of troops without cutting funds, the president's powers as commander in chief would be encroached, perhaps leading to a constitutional confrontation of historic proportions.

"If there were to be a binding resolution that said troops had to go from 120,000 to 80,000 by April 15, Congress would be, in my view, transgressing on the conduct of a military campaign," says Samuel Issacharoff, a law professor at New York University. "Congress can't tell the president to charge up the east side of the hill rather than the west, which is the definition of the president's military authority."

So how, exactly, can Congress assert power over the war, beyond its ability simply to pull the plug on its financing? History suggests that Congress has found ways of checking the president in the past without encroaching on his power as commander in chief. And, history suggests, as well, that neither side is that eager for a constitutional showdown.

There is little dispute that Congress could, if it had the political will, end the war in Iraq tomorrow by using its power over appropriations to cut off funds to the troops. "Congress could easily check the president," says W. Taylor Reveley III, the dean of William and Mary School of Law and author of "War Powers of the President and Congress."

"If Iraq continues to go badly or if it looks like the president might actually use force in Iran, I can easily see Congress passing something like the Cambodian or Vietnam spending cutoffs, which would force the setting of a timetable for withdrawal that was pretty brisk," he said.

If Congress used its appropriations power in this way, even the most vigorous defenders of executive power agree, President Bush would have to acquiesce. "He would have to comply, and he would comply," says John Yoo, the University of California at Berkeley law professor who, as a Bush administration official, defended the president's authority to act unilaterally. According to Professor Yoo, Congress could immediately cut funds, or could order a phased withdrawal by authorizing a fixed amount of money each month for specified numbers of troops.

"The idea that the funding tool is too blunt is a view held by people who have never worked in Congress," he says. "It can be a scalpel as well as a baseball bat."

The problem is not that Congress lacks the constitutional power to cut off funds, but that it may lack the political will to do so.

"I think it's inconceivable that Congress will cut off appropriations, because no one wants to leave people on the field without support," says Michael Gerhardt of the University of North Carolina Law School.

Congress, however, has other cudgels. During the War of 1812, Federalist critics of President James Madison forced the resignation of his secretary of war, and, decades later, the House passed a resolution censuring President James Polk for unconstitutionally beginning a war with Mexico.

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During the Civil War, Congressional Republicans wanted Lincoln to fire Gen. George B. McClellan and prosecute the war more aggressively. But they never tried to control actual troop movements. Instead, Congress tried to shame the Union generals into fighting by hauling them repeatedly before Congressional committees.

"It bordered on harassment, and Lincoln resisted some of the excesses, but even then, Congress never tried to issue orders about the deployment of troops," says Professor Issacharoff.

Congress, of course, could assert itself in similar ways today, according to Professor Gerhardt. "Congress is entitled to have oversight hearings to see how well things are going, and to figure out where we should go from here," he says.

Changes in technology also make it easier for Congress to micromanage military decisions if it chooses to do so. "In the 19th century, simply to send a command and find out what happened in the battle took weeks," says Professor Issacharoff. "So neither Congress nor the president could micromanage. Now you can have battlefield commanders in a speakerphone in the well of Congress — you could have 535 generals shouting instructions."

Congress would also be perfectly competent to examine civil liberties questions, like the restoration of habeas corpus for detainees held at Guantánamo Bay. It could pass resolutions opposing the war effort over Republican opposition, as Democrats have proposed to do. It could demand compliance with international norms about how the war is conducted.

But let's say Congress passed a binding resolution that reduced troop levels without actually cutting off funds. What then?

"What's likely to happen is that Congress will assert its power, and the executive will resist through delay, redeployment of troops elsewhere or simply disregarding Congress," Professor Issacharoff says. "It will never be presented to a court, because when both branches are involved in disputes about war and claim overlapping powers, the courts tend to back down."

Dean Reveley agrees. "These disputes about the powers of the president and Congress in wartime are waged with almost theological passion and conviction and the Supreme Court rarely intervenes, which is why war powers are still so murky," he says. "Every time we've gotten involved in an unpopular war, which has been all our wars except the two World Wars, there has been an enormous amount of bickering between the president and Congress when it didn't come out the way we wanted. Sometimes presidents have acted, Congress said 'Don't do that,' and the president acceded, as in Vietnam. But mostly Congress has stood on the sidelines and complained."

In other words, a constitutional crisis may not be the inevitable outcome.

"I think this will be resolved politically, as it has been in the past, and either the president or Congress will back down," Professor Issacharoff says. "My sense is that it's more likely to be Congress, because nobody wants to assume responsibility for managing a disaster."

Even if President Bush wins a constitutional confrontation, Congress may react by asserting its powers against future presidents. "Congress will be much more careful in the future about authorizing force without restrictions on presidential power," says Jack Goldsmith of Harvard Law School. "Every action on each side tends to provoke a counterreaction, which is probably what James Madison wanted."

Antiwar Caucus Wants To Be Heard Now (NYT)

By Michael Luo

The New York Times, March 4, 2007

WASHINGTON, March 2 — About a dozen members of the Out of Iraq Congressional Caucus gathered on a sunny day last summer on the terrace outside the Capitol for a news conference. The only problem: no reporters showed up.

The members of the group, made up entirely of House Democrats, cracked jokes among themselves before heading back inside, chalking it up as another failed attempt to get noticed.

"I had 30 press conferences where no one showed up," said Representative Maxine Waters, a California Democrat who leads the 75-member caucus in the House.

Now, with a change in power in Congress and a new military strategy to increase the number of American troops in Iraq, the members of the group — most of them liberals — are suddenly much in demand, finding themselves at the center of the debate over the war.

Yet even with a majority of Americans opposing the war, the caucus is struggling to overcome its fringe image and is becoming increasingly frustrated by what its members say is the Democratic leadership's unwillingness to heed their calls for decisive action to the end the war.

At the same time, though the members are united in their desire to bring American military involvement in Iraq to a speedy end, they are still debating the best way to do so. In that sense, they reflect the broader struggle among Democrats in Congress, who have been unable to coalesce around a single position on how strongly to confront President Bush over the war.

House Democratic leaders this week seemed to back away slightly from a proposal by Representative John P. Murtha of Pennsylvania, chairman of the Defense Appropriations Subcommittee, to limit Mr. Bush's latest supplemental spending request

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for the war. Mr. Murtha's proposal would have required strict readiness for troops sent to Iraq, essentially limiting the president's ability to follow through on his plan to deploy an additional 21,500.

Mr. Murtha's conditions were favored by caucus members, though it has come under fire from Republicans who labeled it a "slow bleed" strategy. The proposed strategy has also run into opposition from conservative House Democrats, who argue that their concerns need to be taken seriously because they helped deliver the Democratic majority in the midterm elections. The Murtha proposal, they said, would leave the party vulnerable to charges of abandoning troops.

"My concern, representing the state where we've got the highest percentage call-up of guard and reserve in the country, I want to make sure Congress does not do anything that hamstrings troops on the ground," said Representative Jim Matheson, a Utah Democrat who is a member of the Blue Dogs, a coalition of party moderates and conservatives.

Democratic leaders have responded to critics by floating a new plan that would allow Mr. Bush to waive the readiness standards, a possibility that has left many of the party's vocal left wing unhappy. About 30 members of the Out of Iraq Caucus met Thursday to plot strategy. They warned that they might vote against any supplemental bill that did not more strictly limit the president's options, a vote that could prove embarrassing for a Democratic leadership trying to preserve a fragile majority.

"Nothing is going to happen unless we use the power of the purse," said Representative Jerrold Nadler of New York. "It's time to draw a line in the sand."

The House minority leader, John A. Boehner of Ohio, said Republicans would oppose any measure that "restricts the president's ability to win the war in Iraq."

Representative Barbara Lee, Democrat of California, a co-chairwoman of the Congressional Progressive Caucus and a founder of the Out of Iraq Caucus, is drafting an amendment that would allow financing only to protect American troops in Iraq pending a full withdrawal under a set timetable.

Assuming the supplemental bill is unsatisfactory to the caucus, war opponents are discussing whether to threaten to vote against it when it comes to a vote in the House floor in mid-March, unless the House leadership also permits a vote on the amendment from Ms. Lee.

Ms. Lee said her goal was to shift the discussion to a "fully funded withdrawal" from "cutting off funding."

"There's a distinction between cutting off funding and using the funding to begin a speedy and secure withdrawal within a specific timeframe," she said.

Created as an offshoot of the Progressive Caucus in the summer of 2005, the Out of Iraq group began with about 50 members. Its slow climb began when Mr. Murtha, an influential lawmaker and Vietnam veteran, unveiled his first plan calling for redeployment of troops in late 2005.

"The Out of Iraq Caucus grabbed onto Murtha," Ms. Waters said. "Don't forget, we were considered liberals and/or progressives that did not present a real threat to the administration, or even to the leadership."

Suddenly, though, they had Mr. Murtha's backing. The group's numbers have since swelled, and now include a third of the Democratic majority.

The roster includes nine House committee leaders. Also among its membership are Representative George Miller of California, a trusted confidant of Speaker Nancy Pelosi of California, and Representative John B. Larson of Connecticut, the vice-chair of the Democratic Caucus and the only member of the leadership in the group.

But many members rarely attend meetings. Some of its active members are lawmakers who play easily into Republican characterizations of some Democrats as peaceniks far from the mainstream. Ms. Lee was the lone dissenting vote in Congress against the resolution authorizing the president to use force to respond to the terrorist attacks on Sept. 11, 2001. In 2005, she co-sponsored a bill with Representative Dennis J. Kucinich, Democrat of Ohio (also a caucus member), and others to create a cabinet-level office called the Department of Peace.

With such a large tent, caucus members are hardly uniform in their views. Some are pondering whether they should simply continue to be patient. Representative Charles B. Rangel of New York, who heads the influential Ways and Means Committee, said he was not sure how he would vote on the supplemental measure.

He called the war "morally wrong" and said "it goes even beyond the brutality of slavery and the lynchings." At the same time, he said, Democratic leaders must be careful to carve out a consensus path.

Governing as a majority requires compromise, said Representative James P. Moran of Virginia, a caucus member who also sits on the Defense Appropriations Subcommittee. "Hopefully we don't have to compromise too much."

Pakistan Denies U.S. Claim Of Having Authority To Target Militants Inside Pakistan (AP)

AP, March 3, 2007

ISLAMABAD, Pakistan — Pakistan vehemently denied Saturday the U.S. military's claim that coalition forces in Afghanistan have the authority to pursue Taliban fleeing across the border into Pakistani territory.

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"There is no authorization for hot pursuit of terrorists into our territory," Maj. Gen. Waheed Arshad, spokesman for the Pakistan Army, told The Associated Press on Saturday. "Whatever actions are needed to fight terrorism, we are taking them."

Pakistan's Foreign Ministry rejected an assertion by Lt. Gen. Douglas Lute, chief operations officer for the U.S. Joint Chiefs of Staff, that his forces routinely fire on and pursue Taliban into Pakistan.

"No foreign forces are allowed to cross into our territorial border," said Ministry spokeswoman Tasnim Aslam. "Pakistan and United States are partners in the war on terror — not adversaries."

Aslam's and Arshad's comments came two days after Lute told the Senate Armed Services Committee in Washington that "we have all the authorities we need to pursue, either with (artillery) fire or on the ground, across the border."

Lute provided a detailed description of when U.S. forces can fire on and pursue insurgents across the border into the Islamic nation of Pakistan, an important ally of the U.S. in its campaign against terrorism.

However, Lute did not elaborate on whether there were restrictions on how deep into Pakistan his soldiers could go. He said the decision is based not on distance, but on the immediacy of the threat involved.

Pakistan used to be a main supporter of Afghanistan's former Taliban regime, but it switched sides after the Sept. 11, 2001, attacks.

Its forces have since arrested at least 700 al-Qaida and Taliban.

But there is growing international pressure on Pakistan to crackdown further on Taliban militants on its side of the border, a message delivered on Monday by Vice President Dick Cheney during a visit to Islamabad.

In Kabul on Saturday, Afghan Foreign Minister Rangeen Dadfar Spanta told members of Parliament that Pakistan uses terror as its foreign policy and that the international community should not reward Pakistan with aid.

"Pakistan shouldn't use terror as its foreign policy," he said. "I wish that the international community wouldn't give rewards to countries that are supporting the Taliban."

Afghan officials frequently accuse Pakistani leaders of harboring Taliban fighters and commanders, though Pakistan insists it does all it can to fight terrorism. Pakistan has deployed about 80,000 troops near Afghanistan, where al-Qaida and Taliban remnants are believed to be hiding.

Nisar A. Memon, chairman of the Pakistani Senate's Standing Committee on Defense, said his country alone would take action against militants on its side of the border, but that Afghanistan should do more from its territory.

"Pakistan has contributed more than any other country to the successes in the fight against terrorism and extremism," he said. "On the Afghanistan side, there is equal responsibility of the coalition and Afghan forces to stop undesirable elements from crossing into our territory."

During his trip, Cheney had expressed concern to President Gen. Pervez Musharraf over al-Qaida regrouping inside Pakistan's tribal regions and an expected Taliban spring offensive in neighboring Afghanistan.

Shortly after Cheney's visit, Pakistani intelligence officials said that Pakistani agents — during a raid in the southwestern city of Quetta — captured the Taliban's former defense minister Mullah Obaidullah Akhund.

Pakistan so far has not officially confirmed Akhund's arrest, although individuals with knowledge of Pakistani intelligence workings say the man was being questioned near the capital, Islamabad. Akhund is said to be a key associate of fugitive Taliban leader Mullah Omar.

Returning, Safe, After A Year's Service In Afghanistan (NYT)

By Kareem Fahim

The New York Times, March 4, 2007

FORT DIX, N.J., March 2 — In person, Specialist Lourdes Siverio looked remarkably like the picture her mother painted of her while she was away.

Her mother, Gloria Muniz, held the painting above her head on Friday as Specialist Siverio's National Guard unit marched crisply toward a reunion with loved ones. Then slowly, the painting dropped to the ground, and mother and daughter stood quietly, amid the whirl of tearful, laughing, shouting soldiers who had returned to New Jersey after more than a year in Afghanistan.

Specialist Siverio, 23, held on to Ms. Muniz with one hand. With the other, she dabbed tears from the cheek of her 13-year-old sister, Ruth Ruiz. The separation had been hard on the teenager. "It's like I've been an only child," Ruth said.

Specialist Siverio was among 80 soldiers from the 50th Personnel Services Battalion, based in Lawrenceville, who arrived at Fort Dix on Friday. Many of the returning soldiers were leaving the Guard. Others remained on active duty, and some re-enlisted.

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In Afghanistan, they had mostly engaged the enemy of paperwork, functioning as a human resources and postal division for a United States contingent of more than 21,000: they delivered the mail, tracked the promotions and kept records of time spent on leave. None were killed, and none were seriously injured.

The danger they faced was mostly on the roads, although many of them were at Bagram Air Base on Tuesday when a suicide bomber blew himself up outside the base during a visit by Vice President Dick Cheney, killing at least 23 people.

They returned on the day the Army secretary, Francis J. Harvey, resigned because of revelations about inadequate treatment of wounded soldiers at the Walter Reed Army Medical Center; and a day after a panel found that members of the National Guard and Reserve did not receive enough money or equipment, though at times they have accounted for half the soldiers in Iraq.

There was little talk of those matters outside a recreation center at Fort Dix where relatives and friends held flags and balloons, and wore T-shirts that welcomed Daddy, or A. J., or someone else. The relatives smiled nervously and hid from the wind behind posters when the bus carrying the soldiers was delayed.

"I didn't think of getting balloons," an older woman said, until she was directed inside, where there were plenty.

Specialist Rosalie Martinsen's mother, Tammy, had baked two apple pies, which sat waiting in a homey wicker basket. "It's the best, flakiest crust," said her father, Rob.

Then, with a chapel framing the background, the unit marched along a narrow road toward the whoops and hollers, and a woman screaming over and over, "That's my baby!"

Inside the recreation center, alongside the video games and pool tables, a feast of sandwiches and pasta and mashed potatoes waited on long tables.

Sgt. Erick Rodriguez, 31, with one of his four children sitting in his lap, ate slowly from a plate piled high, as more than a dozen of his relatives watched every bite as if it were the first time they had seen him eat.

"What did you miss the most?" a woman in the group asked him. He rolled his eyes, and she changed the question. "O.K. What did you miss second?"

Unlike Sergeant Rodriguez, Sgt. Dawan Ginn, 24, had no one waiting for him; his family lives in Virginia. Returning home to uncertainty about his future, he decided to re-enlist. "I basically built my life around the military," Sergeant Ginn said. Of Afghanistan, he said, "It's a kind of messed up, poor country." For half of his deployment, he had been stationed in Qatar.

Specialist Maladrique Wilson's father was working Friday night, and Specialist Wilson, standing with other soldiers near the entrance to the recreation room, understood. He had made friends in the unit, but he had also observed the strains and the fights. He saw the letters of support from schoolchildren, and he wondered why there was not more support from adults.

"Afghanistan is a process in life you have to go through with strength," Specialist Wilson said.

Specialist Samantha Nigro gave her family an equally grim assessment of Afghanistan, said her father, Joe. Specialist Nigro worked in the personnel department of the unit, where she processed identity cards. Others she knew handled death certificates.

Through Feb. 24, the number of United States military personnel killed in or around Afghanistan was 307, according to the Defense Department.

But Samantha was home. "Right now, we're ecstatic," her father said.

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A New Mystery To Prosecutors: Their Lost Jobs (NYT)

By David Johnston, Eric Lipton, William Yardley

The New York Times, March 4, 2007

WASHINGTON, March 3 — After Daniel G. Bogden got the call in December telling him that he was being dismissed as the United States attorney in Nevada, he pressed for an explanation.

Mr. Bogden, who was named the top federal prosecutor in Nevada in 2001 after 11 years of working his way up at the Justice Department, asked an official at the agency's headquarters if the firing was related to his performance or to that of his office. "That didn't enter into the equation," he said he was told.

After several more calls, Mr. Bogden reached a senior official who offered an answer. "There is a window of opportunity to put candidates into an office like mine," Mr. Bogden said, recalling the conversation. "They were attempting to open a slot and bring someone else in."

The ouster of Mr. Bogden and seven other United States attorneys has set off a furor in Washington that took the Bush administration by surprise.

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Summoning five of the dismissed prosecutors for hearings on Tuesday, the newly empowered Congressional Democrats have charged that the mass firing is a political purge, intended to squelch corruption investigations or install less independent-minded successors.

Interviews with several of the prosecutors, Justice Department officials, lawmakers and others provide new details and a fuller picture of the events behind the dismissals. Like Mr. Bogden, some prosecutors believe they were forced out for replacements who could gild résumés; several heard that favored candidates had been identified.

Other prosecutors may have been vulnerable because they had had run-ins with the Justice Department, not over corruption cases against Republicans, but on less visible issues.

Paul Charlton in Arizona, for example, annoyed Federal Bureau of Investigation officials by pushing for confessions to be tape-recorded, while John McKay in Seattle had championed a computerized law enforcement information-sharing system that Justice Department officials did not want. Carol C. Lam of San Diego, who successfully prosecuted former Representative Randy Cunningham, had drawn complaints that she was not sufficiently aggressive on immigration cases.

Justice Department officials deny that the dismissals were politically motivated or that the action resulted from White House pressure.

Brian Roehrkasse, an agency spokesman, said, "These decisions were based on the individual concerns about each U.S. attorney's overall performance. This included performance concerns about ineffectively prosecuting departmental priority areas, failure to follow departmental guidelines, or just overall concerns about an ability to lead and effectively manage a U.S. attorney's office."

United States attorneys have four-year terms but can be removed at any time, and for almost any reason.

But across the country, legal and public officials have expressed dismay over the firings. In Western Michigan, for example, lawyers and a federal judge came to the defense of Margaret M. Chiara, the United States attorney there, saying she was well regarded.

"It just doesn't look right," said James S. Brady, who was United States attorney in Western Michigan during the Carter administration. "It compromises the credibility that justice is being dealt with fairly and impartially. There is a fear that politics have entered in life and death situations."

Discussions began in October at the Justice Department about removing prosecutors who were considered flawed or deficient in carrying out administration policy by law enforcement officials, lawmakers and others, several officials said. The White House eventually approved the list and helped notify Republican lawmakers before the Dec. 7 dismissals, officials said.

While Justice Department officials expected that top assistant prosecutors in each office would probably fill the jobs initially, the officials said they had not chosen permanent successors. However, officials knew that if the replacements were to have a substantial tenure before Mr. Bush left office, they needed to be named quickly.

The list of prosecutors who were targets was approved by Attorney General Alberto R. Gonzales and the deputy attorney general, Paul J. McNulty, the day-to-day manager of the Justice Department since he was appointed in the fall of 2005.

Under Mr. Gonzales, Mr. McNulty has become a powerful deputy with a wide-ranging portfolio. He was a United States attorney in Virginia, but he worked in Congress for more than a decade and was once legal counsel to the House majority leader. He is regarded in legal circles as more attuned to policy and politics than his predecessor, James B. Comey, a former career prosecutor in New York.

That leadership change may explain the removal of prosecutors who had mostly been in place since the start of the Bush administration.

"I and my colleagues are the same people in December of 2006 that we were in 2001," said one former prosecutor who would speak only on the condition of anonymity. "The only thing that has changed is the administration of the Department of Justice. We were making the same arguments and the same points before."

Justice Department officials, who would speak about the department's decision making only anonymously because they were not authorized to discuss personnel matters publicly, now acknowledge that the dismissals were mishandled. They failed to anticipate how much attention the highly unusual group firing would draw, and the agency's contradictory accounts about whether the dismissals were performance-related helped spur suspicions.

In one case, they said that they were unaware of concerns by United States Attorney David C. Iglesias of New Mexico, which he has expressed publicly in recent days, about being pressured by two Republican lawmakers to rush indictments before last November's elections in a contract kickback investigation involving a former state Democratic official. New Mexico has three Republicans in Congress; Representative Steve Pearce has said he did not call Mr. Iglesias, while aides to Senator Pete V. Domenici and Representative Heather A. Wilson have said they would not comment.

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The Justice Department still appears to have an uphill battle in convincing lawmakers that its actions were justified. Several Congressional officials who have been briefed on the decision making said they were not persuaded that the firings were a well intended if botched effort to oust a few problem prosecutors among the country's 93 United States attorneys.

Some said they suspected that the administration hoped to install its favorites in the jobs, as they did when J. Timothy Griffin, a prosecutor who had worked for Karl Rove, the White House political adviser, was chosen as the temporary replacement for H. E. Cummins III of Arkansas. Mr. Cummins was told last summer to step down after Harriet E. Miers, the former White House counsel, met with Mr. Gonzales's staff on Mr. Griffin's behalf.

Even Republicans who are generally supportive of the administration expressed skepticism about the Justice Department's explanations.

Former Senator Slade Gorton of Washington said, "The administration has a perfect right to ask people to leave and appoint other ones just because they want turnover."

But he said he was unhappy that Mr. McKay, the Seattle prosecutor, was dismissed. He was very effective, Mr. Gorton said, and it was a mistake for the Justice Department to characterize the firing as performance related.

Mr. McKay, who is among the ousted prosecutors who have been summoned to testify before Congress, has said little about his dismissal. In interviews this week, officials in Seattle said he was a strong advocate for the expansion of law enforcement powers under the USA Patriot Act and a determined prosecutor who reorganized the office and allowed senior assistants to focus on complex cases.

"Institutions need to go through a period of renewal to be energized," said Norm Maleng, the King County prosecuting attorney. "That's what John did. He took it to a higher level."

Jeffrey C. Sullivan, who served as chief of criminal investigations under Mr. McKay and hopes to succeed him, said he was asked by the Justice Department to describe how the office had enacted "the attorney general's priorities." He said he responded that Mr. McKay created drug and gang task forces and pursued antiterrorism initiatives.

Mr. McKay had led efforts to start a computer system allowing law enforcement officials in the Seattle region to collect and analyze crime data. The program helped make him popular in local law enforcement circles, but his associates believed that Justice Department and F.B.I. officials in Washington objected, believing that such efforts should be undertaken on the national level.

Many Republicans and law enforcement officials in Washington say they are puzzled about the dismissal of Mr. McKay, whose brother is a former United States attorney in Seattle who was the state vice chairman of Mr. Bush's 2004 campaign.

Chris Vance, a former chairman of the state Republican Party, said some conservative activists were upset when Mr. McKay did not pursue a voter fraud investigation after a close election for governor was won by a Democrat in 2004, but that none of them had influence with the White House. Mr. Vance said in consulting with national party leaders at the time, Mr. McKay was not mentioned.

"They never said to me, 'Why isn't John McKay doing something?' " he said. "That never came up."

Justice Department officials said they regarded Mr. Bogden as competent but insufficiently aggressive, although they acknowledge that his removal was a tough call.

Mr. Bogden, whose last day was Wednesday, remains bitter about his dismissal. A Justice Department official said Mr. Bogden's conversation with the agency official who told him he was being moved out to make way for someone new was an effort to express sympathy for his situation, not an indication that his successor had already been chosen.

"You would think that you would be evaluated on your record, what your office has been able to achieve and what you have been able to accomplish as a United States attorney," Mr. Bogden said. "You hear something like that, there is a sense of disbelief."

JOHN L. SMITH: Patriot Act Lets Politics Trump Professionalism With U.S. Attorney's Firing (LVRJ)

Las Vegas Review-Journal, March 4, 2007

How quickly they forget.

On a rainy Tuesday morning in August 2003, Attorney General John Ashcroft came to the Lloyd D. George U.S. Courthouse to address members of the U.S. attorney's office on the importance of teamwork in implementing the USA Patriot Act.

At Ashcroft's side that day was his loyal soldier in the war on terrorism, U.S. Attorney Daniel Bogden. A career federal prosecutor, Bogden was so square he squeaked. Despite the numerous constitutional concerns over the Patriot Act's use, in a post-9/11 world Ashcroft received rousing support from his troops in the Southern Nevada office.

"You are the doers," Ashcroft said. "You are the achievers. You are the soldiers ... on the ground and in the trenches ... who put your lives on the line to defend life and liberty. Your spirit is the heroic spirit we saw on September 11th, when New York's finest and New York's bravest ran up the stairs of the World Trade Center while others were running down the stairs."

Bogden appeared so devoted to the prevailing cause, in fact, that civil libertarians questioned his office's use of the Patriot Act to retrieve bank documents in the FBI's public corruption investigation of members of the Clark County Commission. It was believed then to be an unprecedented use of an act touted as essential to fighting the war on terrorism.

Ridiculed by some, Bogden took one for the team as his office moved methodically, if not always successfully, to prosecute corrupt politicians, warring bikers, drug traffickers, topless bar wiseguys and criminals of every stripe.

During his five-year tenure, which ended last week after his unceremonious sacking by the Department of Justice, some colleagues questioned his decisions, but no one questioned his competence. He was a professional, a public servant in the best sense of the words.

Now the 51-year-old Bogden is one of a half dozen terminated U.S. attorneys from around the West in what stacks up as a nakedly political and brazenly hypocritical move by the Bush administration and Attorney General Alberto Gonzales. What some critics recently called a glorified attempt at GOP résumé-building by the administration has backfired into one of the most embarrassing moments in recent Department of Justice history.

Those looking for a good reason for Bogden's ouster won't find one. In fact, his office is credited with taking big risks by pursuing public corruption cases -- worthy work that in Southern Nevada's recent past often resulted in the vicious lambasting of federal prosecutors and FBI agents.

Ironically, a provision of the Patriot Act allows Gonzales to easily replace U.S. attorneys who are nominated by the president and confirmed by the Senate.

Those loyal soldiers put their careers on the line. Now they have been reminded that, beyond all the impassioned rhetoric and all the talk about making the world a safer place, there's someone above them itching to play politics.

They are the doers, the achievers, the soldiers.

And they are expendable.

I caught up with Bogden last week as he packed his office. Although he chose his words carefully, there's no question he was stinging from the insult after spending more than five years piling up convictions despite substantial staffing shortages.

"I've had my hands full," Bogden said. "It has been a 24-7 job. You fight the good fight. We've been able to at least get Washington to recognize our need for more resources."

Even as he cleared off his desk, he was left wondering why he'd been targeted for termination.

"I've never been told a reason why, and I guess that's one of those things that's hardest to deal with," Bogden said. "It would be nice to get an answer. ... I'd be a liar if I tell you it hasn't been an emotional time."

Now Bogden's capable assistant, Steven Myhre, will fill in as the acting U.S. attorney in an office obviously in turmoil.

On that August morning in 2003, Ashcroft invoked dramatic images of Sept. 11 and said, "It has transformed the mission of the Justice Department."

Was this what he had in mind?

The terminations also make a liar out of Gonzales when he talks about how "our commitment to the rule of law allows ordinary citizens to rely on and expect ... honesty of government officials."

What could be less honest than playing politics with top federal prosecutors?

John L. Smith's column appears Sunday, Tuesday, Wednesday and Friday. E-mail him at Smith@reviewjournal.com or call 383-0295.

CRIMINAL LAW:

Doubts Rise As States Hold Sex Offenders After Prison Terms (NYT)

By Monica Davey, Abby Goodnough

The New York Times, March 4, 2007

The decision by New York to confine sex offenders beyond their prison terms places the state at the forefront of a growing national movement that is popular with politicians and voters. But such programs have almost never met a stated purpose of treating the worst criminals until they no longer pose a threat.

About 2,700 pedophiles, rapists and other sexual offenders are already being held indefinitely, mostly in special treatment centers, under so-called civil commitment programs in 19 states, which on average cost taxpayers four times more than keeping the offenders in prison.

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In announcing a deal with legislative leaders on Thursday, Gov. Eliot Spitzer, a Democrat, suggested that New York's proposed civil commitment law would "become a national model" and go well beyond confining the most violent predators to also include mental health treatment and intensive supervised release for offenders.

"No one has a bill like this, nobody," said State Senator Dale M. Volker, a Republican from western New York and a leading proponent in the Legislature of civil confinement.

But in state after state, such expectations have fallen short. The United States Supreme Court has upheld the constitutionality of the laws in part because their aim is to furnish treatment if possible, not punish someone twice for the same crime. Yet only a small fraction of committed offenders have ever completed treatment to the point where they could be released free and clear.

Leroy Hendricks, a convicted child molester in Kansas, finished his prison term 13 years ago, but he remains locked up at a cost to taxpayers in that state of $185,000 a year — more than eight times the cost of keeping someone in prison there.

Mr. Hendricks, who is 72 and unsuccessfully challenged his confinement in the Supreme Court, spends most days in a wheelchair or leaning on a cane, because of diabetes, circulation ailments and the effects of a stroke. He may not live long enough to "graduate" from treatment.

Few ever make such progress: Nationwide, of the 250 offenders released unconditionally since the first law was passed in 1990, about half of them were let go on legal or technical grounds unrelated to treatment.

Still, political leaders, like those in New York, are vastly expanding such programs to keep large numbers of rapists and pedophiles off the streets after their prison terms in a response to public fury over grisly sex crimes.

In Coalinga, Calif., a $388 million facility will allow the state to greatly expand the offenders it holds to 1,500. Florida, Minnesota, Nebraska, Virginia and Wisconsin are also adding beds.

At the federal level, President Bush has signed a law offering money to states that commit sex offenders beyond their prison terms, and the Justice Department is creating a civil commitment program for federal prisoners.

Even with the enthusiasm among politicians, an examination by The New York Times of the existing programs found they have failed in a number of areas:

¶Sex offenders selected for commitment are not always the most violent; some exhibitionists are chosen, for example, while rapists are passed over. And some are past the age at which some scientists consider them most dangerous. In Wisconsin, a 102-year-old who wears a sport coat to dinner cannot participate in treatment because of memory lapses and poor hearing.

¶The treatment regimens are expensive and largely unproven, and there is no way to compel patients to participate. Many simply do not show up for sessions on their lawyers' advice — treatment often requires them to recount crimes, even those not known to law enforcement — and spend their time instead gardening, watching television or playing video games.

¶The cost of the programs is virtually unchecked and growing, with states spending nearly $450 million on them this year. The annual price of housing a committed sex offender averages more than $100,000, compared with about $26,000 a year for keeping someone in prison, because of the higher costs for programs, treatment and supervised freedoms.

¶Unlike prisons and other institutions, civil commitment centers receive little standard, independent oversight or monitoring; sex among offenders is sometimes rampant, and, in at least one facility, sex has been reported between offenders and staff members.

¶Successful treatment is often not a factor in determining the relatively few offenders who are released; in Iowa, of the nine men let go unconditionally, none had completed treatment or earned the center's recommendation for release.

¶Few states have figured out what to do when they do have graduates ready for supervised release. In California, the state made 269 attempts to find a home for one released pedophile. In Milwaukee, the authorities started searching in 2003 for a neighborhood for a 77-year-old offender, but have yet to find one.

Supporters of the laws offer no apologies for their shortcomings, insisting that the money is well spent. Born out of the anguish that followed a handful of high-profile sex crimes in the 1980s, the laws are proven and potent vote-getters that have withstood constitutional challenges.

"There has to be a process in place that prevents someone from rejoining society if they're still dangerous," said Jeffrey Klein, a Democratic member of the New York State Senate who has pushed for civil confinement there.

Martin Andrews, 47, of Woodbridge, Va., who was abducted, buried in a box and repeatedly sexually assaulted for a week when he was 13, also supports the laws.

"If they can't control themselves," Mr. Andrews said, "we need to do it for them."

But the myriad problems have concerned some advocates for victims of sexual abuse, who suggest the money is being wasted and that other options for dealing with dangerous sex offenders — such as giving them longer prison terms, preventing sentencing deals with prosecutors and mandating treatment during incarceration — would be more effective.

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"Civil commitment is a huge, huge assignment of resources," said Anne Liske, the former executive director of the New York State Coalition Against Sexual Assault, a victims' advocacy group. "This wholesale warehousing — without using the proper assessment tools and with throwing treatment in when they are not people who can be treated — has already proven not to be working, so why would we do it more?"

A Series of Convictions

Leroy Hendricks was a likely candidate for commitment as he prepared to leave a Kansas prison in 1994.

Mr. Hendricks's most recent crime, for which he had been convicted a decade earlier, had been "indecent liberties" with two 13-year-old boys in an electronics shop where he worked. All told, his convictions left a painful trail reaching back to 1955: exposing himself to young girls; molesting 7- and 8-year-old boys at a carnival where he was the ride foreman; molesting a 7-year-old girl; playing strip poker with a 14-year-old girl; preying on his own family members, including a boy with cerebral palsy.

Like Mr. Hendricks was, thousands of soon-to-be-released prisoners are screened for commitment each year by state corrections departments, prosecutors and panels. The process varies widely from state to state, as do standards for the evaluators, but in most states, those recommended for commitment have trials before judges or juries.

Mr. Hendricks may have sealed his own fate when he testified in 1994 that he could not "control the urge" to molest when he got "stressed out." He said his mother, Violet, had wanted a girl when he was born and had dressed him as one when he was growing up.

"I sure don't want to hurt anybody again," he told the court, but then conceded that he could not ensure the safety of children in his presence. "The only way to guarantee that is to die," he said.

More often, these cases come down to contentious duels between psychologists over how best to analyze an offender's history and likelihood of repeating crimes. In most states, commitment is for an indefinite period, but offenders are allowed to have their cases reviewed by a court periodically.

The results of the screening process are inconsistent. Some offenders are passed up for civil confinement, only to commit vicious crimes again; others' physical ailments alone make them unlikely repeat predators.

Even though Minnesota prison officials had classified Alfonso Rodriguez Jr., a convicted rapist, in a category of sex offenders most at risk to commit more crimes, Mr. Rodriguez went home when his term ended in May 2003. That November, he kidnapped and killed Dru Sjodin, a North Dakota college student who was beaten and raped.

Likewise, Jerry Buck Inman was charged with raping and strangling a college student in South Carolina last June, nine months after his release from a Florida prison after serving 17 years for rape and other crimes. The authorities in Florida looked at his records but decided not to seek commitment.

Meanwhile, some prosecutors seek commitment for others convicted of noncontact crimes like public exposure. In Florida, prosecutors tried unsuccessfully to civilly commit a man who was imprisoned for driving drunk even though his last sex arrest was decades earlier.

"The population that is being detained is a very, very mixed group," said Richard Wollert, a psychologist in Portland, Ore., who evaluates civilly committed offenders. "There are cases that are appalling in terms of being kept in custody at the taxpayers' expense when there are probably alternative placements for them."

Predicting who is likely to commit future sex crimes has become more of a science over the last decade, but many still find the methods questionable.

Actuarial formulas — akin to the tables used for life insurance — play a central role in deciding who is dangerous enough to be committed. They calculate someone's risk of offending again by looking at factors such as the number of prior sex offenses and the sex of the victims. Men with male victims are graded as higher risk, for example, because statistics show they are more often repeat offenders.

"The danger is that these numbers will blind people," said Eric Janus, a professor at William Mitchell College of Law in St. Paul who has challenged Minnesota's civil commitment law in court.

Politics and emotion also factor heavily into who gets committed, with decisions made by elected judges or juries who may be more affected by the raw facts of someone's offense history or the public spectacle over their crimes than the dry science of risk prediction.

"It's so emotional for them," said Stephen Watson, an assistant public defender who represented an offender in Florida. "They don't even want to hear the research."

New Laws Follow Publicized Cases

Earlier in the 20th century, many states had sexual psychopath laws that allowed them to hospitalize offenders deemed too sick for prison. But by the 1980s most such laws had been repealed or fallen into disuse.

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But a handful of horrific and highly publicized cases in the 1980s and '90s spurred lawmakers to act again. Washington State adopted the first civil commitment law in 1990 after men with predatory histories killed a young woman in Seattle and sexually mutilated a boy in Tacoma.

After state courts upheld Washington's law, Kansas, Minnesota and Wisconsin passed versions in 1994, followed by California in 1996.

Then, in a 5-to-4 decision in 1997, the United States Supreme Court found civil commitment to be constitutional in Kansas v. Hendricks, the same Mr. Hendricks still confined in Kansas.

In the ruling, the justices found that a "mental abnormality" like pedophilia was enough to meet a standard to qualify someone for commitment, not the different standard of "mental illness" that had been traditionally used. The court also rejected the notion that civil commitment amounted to double jeopardy (a second criminal punishment for a single crime) or an ex post facto law (a new punishment for a past crime), noting that Kansas's statute was not meant to punish committed men but, like other acceptable civil commitment statutes, intended "both to incapacitate and to treat" them therapeutically.

"We have never held that the Constitution prevents a state from civilly detaining those for whom no treatment is available, but who nevertheless pose a danger to others," Justice Clarence Thomas wrote for the majority, later adding, "By furnishing such treatment, the Kansas Legislature has indicated that treatment, if possible, is at least an ancillary goal of the act, which easily satisfies any test for determining that the act is not punitive."

Since then, state officials, civil liberties advocates and lawyers have wrestled with exactly what that treatment requirement means.

"There's no question about it," Professor Janus of William Mitchell College said, "it's a very murky area of the law."

Since the Hendricks ruling, the courts have indicated that states have "wide latitude" when it comes to treatment for the civilly confined, meaning that unsuccessful treatment alone or an untreatable patient would not be enough to undo the laws.

In 2001, the Supreme Court, in Seling v. Young, decided the case of Andre Brigham Young, a committed man in Washington State who argued that the conditions he was being held under were so punitive and the treatment so inadequate as to amount to a second criminal sentence. The court ruled against Mr. Young.

A year later, in 2002, the Supreme Court made clear the limits of who may be committed by states, saying the authorities must prove not just that an offender is still dangerous and likely to commit more crimes but also that he or she has a "serious difficulty in controlling behavior."

Some civil libertarians and prisoner advocates, who still object to the laws, have not given up on finding a challenge that the Supreme Court might view favorably. Despite the court rulings, these groups insist civil commitment amounts to a second sentence for a crime.

Even the look of commitment centers reflects the dichotomy at the core of their stated reason for being — to lock away dangerous men (only three women are civilly committed) but also to treat them.

Most of the centers tend to look and feel like prisons, with clanking double doors, guard stations, fluorescent lighting, cinder-block walls, overcrowded conditions and tall fences with razor wire around the perimeters.

Bedroom doors are often locked at night, and mail is searched by the staff for pornography or retail catalogs with pictures of women or children. Most states put their centers in isolated areas. Washington State's is on an island three miles offshore in Puget Sound.

Yet soothing artwork hangs at some centers, and cheerful fliers announce movie nights and other activities. The residents can wander the grounds and often spend their time as they please in an effort to encourage their cooperation, including sunbathing in courtyards and sometimes even ordering pizza for delivery. The new center in California will have a 20,000-book library, badminton courts and room for music and art therapy.

Diseases like hepatitis and diabetes are common among the committed, and severe mental illness — beyond the mental "abnormalities" described by the Supreme Court — a scourge. A survey in 2002 found that 12 percent of committed sex offenders suffered from serious psychiatric problems like schizophrenia and bipolar disorder.

Most severely mentally ill men cannot participate in sex offender treatment and receive few services besides medication. Verwayne Alexander, a self-described paranoid schizophrenic who has been detained at the Florida Civil Commitment Center since 2003, has sliced himself so many times with razor blades that a guard often watches him around the clock, lawyers said. Mr. Alexander has sought unsuccessfully to be moved to a psychiatric hospital.

Those who choose to participate in sex offender treatment spend an average of less than 10 hours a week doing so, but the hours differ vastly from state to state. The structure of therapy, too, varies widely, a reflection, perhaps, of the central question still looming in the field: Can treatment ever really work for these offenders?

Admitting to previous crimes is a crucial piece of a broad band of treatment, known as relapse prevention, that is used in at least 15 states and has been the most widely accepted model for about 20 years.

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Some of the institutions, too, devote time to other therapies and activities that seem to have little bearing on sexual offending. In Pennsylvania, young residents take classes to improve their health and social habits called "Athlete's Foot," "Lactose Intolerance," "Male Pattern Baldness," "Flatulence" and "Proper Table Manners."

In California, they can join a Brazilian drum ensemble or classes like "Anger Management Through Art Therapy" and "Interpersonal Skills Through Mural Making."

But many of those committed get no treatment at all for sex offending, mainly by their own choice. In California, three-quarters of civilly committed sex offenders do not attend therapy. Many say their lawyers tell them to avoid it because admission of past misdeeds during therapy could make getting out impossible, or worse, lead to new criminal charges.

For those who decline treatment — sometimes including hundreds of "detainees" awaiting commitment trials — boredom, resentment and hostility to those in treatment lead to trouble. Some sneak in drugs, alcohol and cellphones, sometimes with the help of staff members, or beat up other residents, sometimes coercing them into having sex.

"There's rampant sexuality going on in there," said Natalie Novick Brown, a psychologist who has evaluated 250 men at Florida's center.

The people who run civil commitment centers say that a constant, nagging question hangs over them: How to keep order while not treating argumentative, sometimes violent offenders like prisoners? The low-level staff members are not prison guards and tend to be poorly educated, trained and paid. Their job titles — in Illinois, security therapy aide — reflect the awkward balance they must achieve between security and therapy.

Because civil commitment centers are neither prisons nor traditional mental health programs, no specialized oversight body exists. None has been created, in part because its base of financial support, the 19 civil commitment programs around the country, would be too small, several experts who study the programs said. But the need, they said, is urgent.

"They ought to be reviewed by an independent entity with the highest possible standards," said Dr. Fred Berlin, founder of the Johns Hopkins Sexual Disorders Clinic in Baltimore.

Few Signs of Progress

Around the country, relatively few committed sex offenders finish treatment and are released.

"Every year I go to his hearing, and every year there's no progress in his case," said Armand R. Cingolani III, a lawyer with a client in Pennsylvania who was committed in 2004 after being adjudicated as a juvenile for sexual assault on two different minors. "It doesn't seem that anyone gets better."

Nearly 3,000 sex offenders have been committed since the first law passed in 1990. In 18 of the 19 states, about 50 have been released completely from commitment because clinicians or state-appointed evaluators deemed them ready. Some 115 other people have been sent home because of legal technicalities, court rulings, terminal illness or old age.

In discharging offenders, Arizona, the remaining state, has been the exception. That state has fully discharged 81 people; there, the facility's director said records were not available to indicate the reason for those discharges.

An additional 189 people have been released with supervision or conditions (excluding Texas, where there is no commitment center and those committed are treated only as outpatients). And an additional 68 (including 58 in Arizona) are in a higher, "transitional" phase of the program, but still technically committed and often living on state land.

The backlogs have led to an aging population. Inside many facilities, wheelchairs, walkers, high blood pressure and senility are increasingly expensive concerns. Florida's center filled 229 prescriptions for arthritis medication one recent month, and 300 for blood pressure and other heart problems.

More than 400 of the men in civil commitment are 60 or older, and a number of studies indicate a significant drop in the recidivism rate for this group, many of whom have health problems after years in prison. David Thornton, treatment director of Wisconsin's center and an expert on recidivism rates, said the decline was increasingly well-documented.

The growth of the committed population has become a political quagmire. No legislator wants to insist on the release of sex offenders, but few are able to swallow the mounting costs of civil commitment. The costs of aging and sick offenders, such as Mr. Hendricks in Kansas, are especially high in part because of their special needs and physical ailments.

From 2001 to 2005, the price of civil commitment in Kansas leapt to nearly $6.9 million from $1.2 million, a state audit there found. "Unless Kansas is willing to accept a higher level of risk and release more sexual predators from the program," the audit said, "few options exist to curb the growth of the program."

But as more states consider granting some offenders supervised release, the cost is turning out to be nearly as prohibitive.

For $1.7 million, Washington converted a warehouse in Seattle into a home for men on conditional release. It has 26 cameras monitoring residents, a dozen workers, a surveillance booth overseeing the living area and a 1,700-pound magnetic door.

Two men live there so far.

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With the logjams and frustrations mounting, many states have lengthened prison sentences for sex offenders. Virginia last year increased the minimum sentence for certain sexual acts against children to 25 years, from 10, though it also sharply expanded the number of crimes that qualify an offender for civil commitment.

Ida Ballasiotes, whose daughter's rape and murder in 1988 helped spur the first civil commitment law, in Washington State, said that no sexual predator should walk free and that longer prison sentences should "absolutely" be considered.

"I don't believe they can be treated, period," Ms. Ballasiotes said.

After Release, Objections

Even for those sex offenders considered safe enough to be released, going home is no simple process. Kansas authorities decided two years ago that Mr. Hendricks, who was the first person that state committed under its law and who after a decade had progressed to one of the highest phases of treatment, should be moved from Larned State Hospital to a group home in a community where he would be watched around the clock.

Mr. Hendricks would not be allowed onto the home's porch or patio without an escort, according to court documents. Besides, his medical problems, including poor hearing and eyesight, meant he could not walk down the 40-yard gravel driveway outside the house without falling, the documents said.

But as with many men with his history, the community balked. In California, so many towns object to men leaving civil commitment that some of those released have to live in trailers outside prisons.

"You can't just sneak them in," said John Rodriguez, a recently retired deputy director in the California Department of Mental Health. "You've got hearings, the court announces it, it's all over the press."

In Mr. Hendricks's case, residents of Lawrence, where he was initially to be moved, collected petitions. "You can tell me that he's old, but as long as he can move his hands and his arms, he can hurt another child," said Missi Pfeifer, 37, a mother of three who led the petition drive with her two sisters and mother.

Then officials in Leavenworth County, picked as an alternative, said the choice violated county zoning laws. Mr. Hendricks lasted two days there, in a house off a road not far from a pasture of horses, before a judge ordered him removed.

State officials said they had no choice but to move Mr. Hendricks back to a facility on the grounds of a different state hospital, where he still is.

Through a spokeswoman for the state Department of Social and Rehabilitation Services, Mr. Hendricks declined to speak to The New York Times.

Two years ago, he told The Lawrence Journal-World that he would be living in a group home "if somebody hadn't opened their damn mouth," adding, "I'm stuck here till something happens, and I don't know when that will be."

Crime's 'Mr. Untouchable' Emerges From Shadows (NYT)

By Sam Roberts

The New York Times, March 4, 2007

The 74-year-old man who used to be Leroy Nicholas Barnes, owner of 60 pairs of custom-made shoes, 27 full-length leather coats and more than one Mercedes-Benz, wears baggy Lee dungarees these days and drives to work in a used car he bought five years ago.

With his slight limp and mostly bald pate, he seems the antithesis of his former persona as Mr. Untouchable, the dashing Harlem heroin dealer who posed 30 years ago on a magazine cover in a blue denim suit and a red, white and blue tie.

Mr. Barnes's posture of smug invulnerability so affronted President Jimmy Carter that he ordered his attorney general to, as they say, prosecute Mr. Barnes to the fullest extent of the law.

The Justice Department did just that. And in 1977, Mr. Barnes — a former addict with a junior high education who made a fortune flooding black neighborhoods with heroin and swaggered around as an invincible outlaw — was sentenced to life in prison without parole.

"He was the No. 1; he had charisma," said Sterling Johnson Jr., a federal judge and former special narcotics prosecutor in New York City. "Have you been in the presence of Bill Clinton when he walks down the street? That was Nicky Barnes."

While Mr. Barnes, widely known as Nicky, languished behind bars, though, his former cronies, his wife and his girlfriends began cavorting, he said, squandering the criminal enterprise that had made them all millionaires. So much for honor among thieves. Mr. Barnes felt betrayed.

"They had a sleeping lion, a caged lion," he recalled, "and they woke him up." And so Mr. Barnes roared, so ferocious a government witness that scores of drug dealers were convicted. He was released into the federal witness protection program in 1998.

And then he disappeared.

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Years ago, a former associate predicted how difficult it would be for Mr. Barnes to adjust to a life of anonymity if he ever turned informer and was granted a fresh identity.

"If he runs a Laundromat in Dubuque or a grocery store in Slippery Rock, that's one thing," the associate said. "But the man has a tremendous amount of charisma and intelligence. I don't think he's going to be innocuous anywhere."

For nearly a decade, though, Mr. Barnes says, he has managed to seamlessly insinuate himself into mainstream America, this time untouchable by those he incriminated and the friends and families of foes he murdered.

"A lot of people think I'm dead," he says. "The anonymity that cloaks middle America is the life I'm comfortable with, and what I want to be."

Last weekend, though, Mr. Barnes surfaced briefly, and pseudonymously, to promote a new book about his old life in the feral 1970s, "Mr. Untouchable," written with Tom Folsom. This summer, he will appear in a documentary with the same name and later this year a movie, "American Gangster," is to be released. It stars Cuba Gooding Jr. as Mr. Barnes, but, to his exasperation, focuses on his chief rival in Harlem's heroin trade, Frank Lucas.

The dapper Nicky Barnes that audiences will see bears little resemblance to the man he says he has become, a grandfather who puts in solid 40-hour weeks at an undisclosed job, who lives in a white neighborhood in an undisclosed state, and who matter-of-factly takes home doggie bags from restaurants.

"Nicky Barnes is not around anymore," he said. "Nicky Barnes's lifestyle and his value system is extinct. I left Nicky Barnes behind."

Money is a common denominator between his lives past and present. Once he made so much that he worried about how to dispose of it. Now, he says he needs more to survive.

"I live within my paycheck," he said. "I want to get up every day and get in the car and go to work and be a respected member of my community. And I am respected. I know I am. I'm not looking in the rear view mirror to see if anyone is tailing me anymore. I don't turn on the blender when I'm at home so I can talk. That is not a part of my life. Sure, I'd love to have more money, but I am not willing to do anything but go to my job to get it."

Except sell some of the secrets of his old life.

He agreed to be interviewed, but not photographed, by The New York Times, as he was for its earlier magazine cover, somewhere in middle America. He would not divulge much about his new identity.

His mission, he insisted, was not some late-life effort to stroke his ego, seek vindication or arrange redemption. He just wants to make a buck off his autobiography.

"Ego? That's not what I need, not with gas at $3," he said. "I need bank, and this is my only way to get it."

The millions he made and squandered, he said, are gone.

"I miss it," he said. "There was glamour, money, influence, attractive women. I didn't have any financial concerns, and I do have them now. I'm concerned about being able to retire at some point comfortably. That's my principal concern."

He said he received no subsidy from the government for his cooperation. (His profits from the book might yet be diverted to his victims under the Son of Sam law in New York.)

Mr. Barnes is still on probation, which means he has to submit to a monthly urine test for drugs. He must regularly show his pay stubs to federal marshals and account for any expense over $500.

A former altar boy, he converted to Islam in prison. There he earned a bachelor's degree and taught fellow inmates math in a language they could understand: "Suppose you stick up someone and get away with X..." Nowadays, he doesn't believe in much, he says, but neither drinks nor smokes and plays by the government's rules.

"I look over my shoulder," he said. "I worry. I want to fly under the radar."

He lives in a middle-class neighborhood. So many of his neighbors are white that Mr. Barnes, who has not undergone plastic surgery, did not worry they would be watching when his criminal career was profiled recently on Black Entertainment Television.

"Everybody gets up, gets in their cars and goes to work," he said of his neighbors. "There's nobody with 20 pounds of heroin in their car."

He watches basketball on television and loved "Little Miss Sunshine." He has started writing rap lyrics and looks forward to spending time with his grandchildren. He can coolly recount drug deals with the Mafia and what he says were police payoffs.

But raise the right subject and, in a flash, Mr. Barnes can rip off the mask of frumpy respectability and transmogrify into a spitting, expletive-spewing image of the old days. Ask him, for example, whether he was ever framed by law enforcement.

"This case right here! This case right here!" he explodes. "The Constitution doesn't allow prosecutors to convict people because they're doing something morally wrong. Yeah, I was a drug dealer and I was doing everything they said I was doing. But they didn't catch me at it. I'm not saying I was innocent. I'm saying with all I was doing they could not get a conviction without a contrivance."

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Mr. Barnes said federal agents eavesdropping on his associates had mistakenly transcribed "payroll" as "kilo."

He remains furious that while he was imprisoned some of his former confederates consorted with his wife and girlfriends. But hadn't he been a womanizer himself?

"The issue was the bond that we had among us," he replied. "Don't evaluate my moral character and start splitting eyelashes."

His autobiography is dedicated to Guy Fisher, a former associate serving a life sentence in federal prison, with this unambiguous message: "When you finish the last page, I want you to look up, see where I put you and ask yourself, was it worth it? Ask yourself that every day until you die."

Mr. Barnes's story, indeed, is much more about revenge than redemption. He is a captivating conversationalist, but not a particularly sympathetic character. He unabashedly, though not necessarily proudly, admits to destroying lives, peddling heroin, committing murder, contributing to police corruption and informing on his confederates.

He was doomed to die in prison until he agreed to cooperate. After that, Rudolph W. Giuliani, a former United States attorney, was among those who intervened to get him out of prison and into witness protection.

Is there anything worse than being an informer?

"Being in prison for the rest of your life," Mr. Barnes said sharply. "I'd rather be out as a witness than be in there and what they characterize as a stand-up guy."

"I'm out," he said. "They're in."

In the new documentary, one former associate, Frank James, urges Mr. Barnes to deliver a positive message to black youth and to admit that what he did was wrong. "Frank is right," Mr. Barnes said. "I knew it was wrong then. I did it for money."

He said he opposed the legalization of drugs, not because that would be bad for business, but rather because making them readily available would kill more blacks. "It would increase the number of addicts in the inner-city community," he said.

He was matter of fact, though, in discussing how he would react if someone sold his family drugs. "It's not that person's fault," Mr. Barnes said. "Let's say I launched a crusade and killed 10 drug dealers. The user would find an 11th."

Mr. Barnes said his two daughters, who were raised in foster care after he was imprisoned, knew about his former life. His grandchildren do not.

A female friend doesn't know about his past either. "I don't think I could tell her, she wouldn't understand," he said. "That's how I know it won't be a long-term thing. For it to be a long-term thing, I think I would have to be able to tell her the truth about my past, and I can't."

After dinner in a crowded restaurant, it was time for Mr. Barnes to return to his life of mundane routines and aging secrets. He politely asked the waitress to pack up his leftover grilled salmon. She handed him a foam container.

"In the old days," he acknowledged, "I would've been embarrassed."

CIVIL RIGHTS:

FBI To Look At Deaths From Jim Crow Era (RNO)

By Mandy Locke, Staff Writer

Raleigh News & Observer, March 4, 2007

Agents will peer into past for clues in possible 'racially motivated' killings

Federal Bureau of Investigation agents received a tall order last week when they were asked to take a close look at the deaths of three North Carolina men a half century ago.

The names of three men who died during the height of the civil rights era landed on the desks of field agents in Charlotte last week as federal Justice Department officials promised to crack open a batch of cold cases flagged by the Southern Poverty Law Center in Alabama.

The center has collected information since the late 1980s on what it feared were "racially motivated" homicides that were never resolved, said Andrew Blejwas, the center's communications coordinator.

Ken Lucas, spokesman for the FBI in Charlotte, said agents will scratch at the three cases, hoping to turn up evidence that allows them to prosecute after these many years. It's not clear how much the cases were investigated at the time, if at all.

In Shelby, many older black residents still remember Dr. George Singleton, who was killed in an explosion and fire in his office in 1957.

Details are skimpy for the other two cases. Both men -- William Dallas Owens of New Bern and Clarence Cloninger of Gaston, outside Roanoke Rapids -- died while in jail.

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Owens died of a skull fracture in 1957; Cloninger didn't get medical treatment after suffering a heart attack in 1960, his wife complained at the time.

Lucas knows little more about the men. He said despite the media attention the cases received last week, it would take a solid piece of evidence for agents to launch a full-blown investigation of a 50-year-old death.

"The hype and hopes, we've got to stifle that a bit," Lucas said.

Owens, a disabled World War II veteran, died in jail after being arrested by New Bern police for being drunk. Details in his published obituary suggest Owens was white. His Army unit had not been integrated during World War II. The church and funeral home that handled his burial is traditionally white.

The Southern Poverty Law Center and FBI officials were not aware of Owens' race when he was added to the list.

They will take a look at his case anyway, Lucas said. Federal civil rights laws protect against abuses in local jails and prisons. Plus, it's possible Owens sympathized with blacks during the civil rights movement.

"Civil rights violations can extend beyond race lines," Lucas said.

Staff writer Mandy Locke can be reached at 829-8927 or mandy.locke@newsobserver.com.

Prosecutor Sees Virtue In Failure To Try Emmett Till Case (AP)

AP, March 4, 2007

Killing of boy promoted fight against segregation

Even as the U.S. Department of Justice was announcing a fresh look at unsolved civil-rights-era killings around the South, a Mississippi Delta prosecutor was closing the books on perhaps the most notorious of those cold cases - the brutal 1955 murder of 14-year-old Emmett Till.

To some, the Leflore County grand jury's decision not to return an indictment in the case after an exhaustive three-year federal investigation was a sign that not much has changed in Mississippi in the past 52 years.

But others, including the prosecutor herself, felt that it showed the opposite - a maturing of racial justice in this part of the South.

"It would have been very easy for that grand jury to have returned a true bill based solely on emotion and the rage they felt, and I commend them for not doing that," says Joyce Chiles, the black district attorney who directed the case in which the grand jury declined to charge Carolyn Bryant Donham, 73, the object of Till's infamous wolf whistle.

If the grand jurors had acted on the basis of hate, not evidence, Chiles says, that would have been like the Jim Crow justice of 1955.

When federal officials reopened the case in 2004, many had hopes that someone would at last be made to pay for killing the boy whose defiled, river-savaged face helped drive mass opposition to segregation.

The FBI determined that the statutes of limitations had run out on all possible federal crimes. The agency turned the file over to Chiles, with a recommendation that she take a close look at Donham. At the time, Roy Bryant had denied that his wife came along on Till's abduction.

Since 1989, officials in Mississippi and six other states had won convictions in nearly 25 civil-rights-era cases that most had considered stone cold.

Editorial: A Welcome Partnership To Right Old Injustices (SACBEE)

The Sacramento Bee, March 4, 2007

Who holds the secrets to the killings?

Decades have passed, but the ghosts of Mississippi and the South demand justice. It is no small thing when federal officials stand up and vow to stay on the trail of murderers. Such a public commitment occurred Tuesday when Attorney General Alberto Gonzales and FBI Director Robert S. Mueller linked forces with the National Association for the Advancement of Colored People, National Urban League and Southern Poverty Law Center in Montgomery, Ala.

They announced their commitment to solve racially motivated murders of the civil rights era, when some considered it open season on black people in the South. A year ago, the FBI began identifying hate-crime murders that occurred before 1969. The slayings weren't investigated or reported, or were misclassified as accidental deaths or disappearances.

Civil rights groups have long wanted Washington's power circle to focus on the lynchings. At long last it has happened. Federal authorities will make about a dozen of 100 cold cases their priority for investigation and prosecution. They didn't disclose which ones.

Mueller noted that successful prosecutions of such cases since 2001 "have restored our hope and renewed our resolve." Those cases included the 1963 church bombing in Birmingham, Ala., that killed four young girls and the 1964 murders of Andrew Goodman, Michael Schwerner and James Chaney in Neshoba County, Miss.

With new forensic tools available and civil rights groups providing information, authorities should be equipped to right injustices. The passage of time has not erased the need for this country to stand up for its ideals and for the forgotten ones.

Primary On Mardi Gras Day Illegal? (MR)

By Dan Murtaugh, Staff Reporter

Mobile Press-Register (AL), March 4, 2007

A presidential primary election on Fat Tuesday next year would most directly impact majority-black voting districts, possibly violating federal voting rights laws, according to local officials and lawyers.

"I really would be extremely surprised if the Justice Department would approve of a Feb. 5 presidential primary," said Beth Marietta Lyons, an attorney and a lobbyist for the city of Mobile and the Mobile County Probate Court.

The federal Voting Rights Act of 1965 stipulates that several states, including Alabama, cannot change voting procedures unless the U.S. Department of Justice determines that the change had no discriminatory purpose and no discriminatory effect.

Last year, Alabama's Legislature voted to move the state's presidential primary from early June to the first Tuesday in February in order to make the state a more enticing campaign stop for national politicians.

That created a conflict for 2008, as both the primary and Fat Tuesday are scheduled for Feb. 5.

Fat Tuesday parades run through three Mobile voting precincts, all of which are majority black, according to U.S. Census Bureau data for 2000:

Precinct 14, which votes at Bishop State Community College and includes land north of Beauregard Street and Martin Luther King Boulevard, has 5,360 residents, 5,266 of whom are black.

Precinct 16, which votes at the Springhill Avenue Recreation Center and includes the downtown loop and parts of Midtown, has 3,832 residents, 2,086 of whom are black.

Precinct 18, which votes at the Mobile Civic Center and includes the Down the Bay community, has 2,752 residents, 2,169 of whom were black.

While a Mardi Gras primary would affect all of Mobile County, voters in those three precincts would have the hardest time getting to their polling places, according to Probate Judge Don Davis.

He agreed with Lyons that the Justice Department might object if state lawmakers don't change the date. "That's a factor I would look at if I were in their position," Davis said.

More than 100,000 people crowd along the parade routes in downtown Mobile on Mardi Gras Day. Barricades line many streets, and parking spots -- especially free parking -- are practically nonexistent.

Local attorney Cecil Gardner, who recently won a voting rights lawsuit against Gov. Bob Riley over his appointment of Juan Chastang to the Mobile County Commission, said he is researching whether this change in the primaries would violate the law.

"If a citizen were prohibited from getting to the polls, it would certainly raise my interest," Gardner said.

But Brian Fair, a law professor at the University of Alabama, said the Justice Department has narrowed its interpretation of what falls under the auspices of the Voting Rights Act and probably would not buy the argument that a Mardi Gras primary would violate it.

"I don't think a failure to do anything will necessarily implicate the Voting Rights Act," he said.

No one contacted by the Press-Register said he or she would file a lawsuit based on the Voting Rights Act if legislators don't move the date of the primaries.

A number of legislators from Mobile County have said they're working to change the primary date.

Davis said he's concerned that lawmakers from elsewhere might hesitate to reschedule the whole state's primary just to accommodate one county. "The feedback I'm getting from Montgomery is that there seems to be the attitude that Mobile needs to cancel Mardi Gras so we can have the election that day, that Mobile just needs to suck it up and cancel the parades," Davis said.

For that reason, lawmakers may be stuck between a rock and a MoonPie: If they move the primaries to an even earlier date, the national parties have said they will penalize Alabama by decreasing the state's number of nominating delegates. If lawmakers move the vote to a later date, they risk losing the national relevance they sought in the first place.

Twenty-one other states, including California and Florida, have primaries set on or before Feb. 5, according to the National Association of Secretaries of State.

Davis is pushing for a Jan. 30 primary date -- the Wednesday before Mardi Gras -- when usually there are no parades scheduled. The date might lose Alabama some delegates, but it would give the state greater visibility, Davis said.

Another option would be to let Mobile County vote on Jan. 30, along with any other county that wants to, then seal the ballots and count them on Feb. 5, when the rest of the state votes, Lyons said.

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Fair said there are other options, such as keeping polls open in Mobile County for several days or encouraging voters in affected areas to fill out absentee ballots.

"There are a lot of things you can do, short of not participating," he said.

Whatever happens, it will be the last time Alabama will have to worry about such a conflict for the near future. Fat Tuesday won't fall on the first Tuesday of February again until 2046.

Investigations Multiplying In Juvenile Abuse Scandal (NYT)

By Ralph Blumenthal

The New York Times, March 4, 2007

HOUSTON, March 3 — A sexual abuse scandal in the Texas juvenile justice system has state politics in an uproar, with accusations that damning reports were doctored and shelved and sexual predators in high positions were allowed to resign without facing charges.

Late Friday, Ronnie Earle, the district attorney of Travis County who has jurisdiction over Austin, the state capital, announced a criminal investigation into possible records tampering at the Texas Youth Commission.

And Gov. Rick Perry, pressed by angry legislators to put the commission into conservatorship, appointed a special master, Jay Kimbrough, a former deputy state attorney general and state director of homeland security, to lead an investigation into the agency and "reports of failures and wrongdoings."

According to officials, at least 13 boys and girls were molested by staff members at two state schools run by the commission. Even before Mr. Earle and Mr. Perry took action on Friday, there were already inquiries under a previously appointed special prosecutor and legislative committees.

At a State Senate hearing in the capital Tuesday, parents complained of sexual abuse and other mistreatment of their children in state facilities.

"My son is home, but he is not the same since he was raped in the T.Y.C.," said Mary Jane Martinez of San Antonio, who told the Senate Criminal Justice Committee that her 17-year-old son "is so ashamed of himself he built a wall."

Ms. Martinez said her son refused to detail what happened to him at the Victory Field Correctional Academy in Vernon.

With the state's Republican leadership under strong challenge, a high-level legislative audit committee called on Governor Perry on Friday to appoint a conservator to take over the commission, or, failing that, to send in state auditors to investigate how it was handling nearly 8,000 youthful felons, misdemeanants and parolees in 36 facilities.

One top Democratic lawmaker with bipartisan support said he would seek to introduce a bill on Monday ordering a takeover of the agency.

"The allegations of sick sexual abuse of troubled youths are so severe, the Legislature needs to bypass the bureaucracy and protect the victims and prevent more children from becoming victims," said the lawmaker, Representative Jim Dunnam of Waco, leader of the House Democratic caucus.

In recent days, top officials of the youth commission have resigned or been ousted. Many lawmakers — already furious with the governor for bypassing them last month on an order that sixth-grade girls be vaccinated against a sexually transmitted virus causing cancer — have criticized the commission as dysfunctional.

Officials who testified at the State Senate hearing said that the commission staff members trained for only 80 hours compared with 300 for adult criminal justice employees, and that last year the commission's staff turnover rate was 52 percent. There is only one staff member for each 18 juveniles ages 10-21.

"What scares me the most is what I don't know," Senator John H. Whitmire, the Houston Democrat heading the Criminal Justice Committee, told Neil Nichols, then the acting executive director, at the hearing this week.

Mr. Nichols, the longtime general counsel who took over last Friday upon the sudden retirement of the previous executive director, Dwight Harris, acknowledged that "T.Y.C. is in hard times," saying that some of the events "would be impossible to explain to a parent or family."

Mr. Nichols was among the officials replaced this week over the scandal.

The State Senate hearing drew anguished mothers like Katrina Cannon of Troy, near Waco, whose 17-year-old son is now at the McLennan County State Juvenile Correction Facility and who, she said, had once suffered an unexplained incident of rectal bleeding.

"I have asked him and he will not admit anything," Ms. Cannon said.

The revelations, disclosed in recent weeks by news organizations that had obtained long-secret reports by the youth commission and the Texas Rangers, have reverberated around the state.

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Will Harrell, executive director of the American Civil Liberties Union of Texas, which has investigated juvenile mistreatment allegations for years, said the juvenile justice system was overwhelmed and needed alternatives to incarceration, like probation programs.

The furor is centered on the commission's handling of allegations of sexual abuse by two former high-ranking administrators.

One, Ray Brookins, a security director at the San Saba State School in central Texas, was allowed to transfer to the West Texas State School in Pyote on Oct. 1, 2003, although a commission report compiled in 2005 said he had been disciplined for having adult pornography on his work computer and had been admonished for regularly taking students into his office alone at night with the blinds drawn.

The report was not made public until last month.

The superintendent at Pyote, Lemuel Harrison, said he not been told of Mr. Brookins's history. But the report criticized Mr. Harrison as having ignored repeated complaints from staff members that within days of arriving, Mr. Brookins began taking boys out of the dormitory at night for sexual encounters.

A caseworker later reported overhearing a boy telling his mother that Mr. Brookins had molested him in the dormitory.

When Mr. Harrison went on medical leave in October 2004, Mr. Brookins became acting superintendent and, the report said, "used his authority and powers of persuasion to keep his victims and West Texas State School staff from reporting his conduct."

Mr. Brookins, 41, who was said at the Senate hearing to be working now at a bar in Austin, could not be reached for comment. Two Austin phone listings in his name were out of service and the youth commission has no way to reach him, said a spokesman, Tim Savoy.

Two weeks after Mr. Brookins's arrival at Pyote, the West Texas State School hired a new principal, John Paul Hernandez. Mr. Hernandez, too, began taking boys out of the dormitory to private late night encounters, the report said.

The Texas Rangers later found that both men "engaged in sexual contact with several students." Federal prosecutors declined jurisdiction in the matter and the findings were referred to the Ward County district attorney, Randall W. Reynolds, who said this week that the case was still active, if delayed.

"Frankly I wish it had moved quicker," Mr. Reynolds said. Now it has been turned over to a special prosecutor.

Mr. Savoy of the commission said Mr. Hernandez had "staff sexual contact" with two 17-year-olds and a 20-year-old, and that Mr. Brookins had sexual contact with an 18-year-old and committed "unprofessional conduct" involving other sex-related offenses with six youths 15 to 19.

Both men resigned without criminal charges in 2005. The commission's executive director at the time, Mr. Harris, ordered his own report, which remained secret until last month when The Texas Observer and The Dallas Morning News obtained it and other records and revealed the abuse allegations.

Mr. Hernandez was later named principal of a charter school, the Richard Milburn Academy in Midland. The superintendent, Norman Hall, said that he had not been told of Mr. Hernandez's history at his hiring and that he had now suspended him.

Mr. Hernandez, 41, reached by phone on Wednesday, denied the charges but said he was declining to comment further on the advice of his lawyer.

Mr. Harrison was later named the commission's director of juvenile corrections in charge of several state schools but has now also been suspended, Mr. Savoy, the commission spokesman, said.

Pete C. Alfaro, the chairman of the youth commission board from 2004 until he was demoted by Mr. Perry and announced he would resign this week, said the first he knew of Mr. Harris's 2005 report was from the recent news accounts.

Mr. Earle, the district attorney, said he was investigating an account in The Austin American-Statesman that even when the 2005 commission report was released last month, a section showing that high agency officials had been alerted to the abuse, but ignored it, had been deleted.

N.Y. Suburb Scraps Election After Suit (AP)

The Associated Press

AP, March 4, 2007

PORT CHESTER, N.Y. -- Officials in a suburban New York village will not appeal a federal judge's decision to temporarily block its upcoming election after federal officials said the voting method discriminates against Hispanics and violates the Voting Rights Act.

An appeal was "not an effective use of taxpayer dollars," Port Chester Mayor Gerald Logan said after a meeting Saturday with the village trustees.

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Officials haven't yet decided whether to continue trying to preserve an at-large method of electing trustees that Justice Department lawyers say has kept Hispanics from gaining elected office.

The village is about 25 miles from New York City and is governed by a mayor and six trustees. It has used at-large elections since 1868. The village, with a population of about 28,000, is 43 percent Hispanic, according to the 2000 Census. The citizen voting-age population was 22 percent Hispanic, but no Hispanic has ever been elected as a trustee.

The village's planned March 20 election for two of the six seats on its Board of Trustees is canceled. The two trustees whose seats were up for election will continue on in the posts, village attorney Anthony Piscionere said.

U.S. District Judge Stephen Robinson granted a preliminary injunction Friday stopping the trustees vote from taking place, saying the Justice Department was likely to prevail in its case against the village. The Justice Department wants to divide the village into six districts, including one in which a Hispanic-favored candidate would be more likely to win.

ANTITRUST:

Report: Private Equity Firm Blackstone Considering Chrysler Bid (AP)

AP, March 4, 2007

AUBURN HILLS, Mich. (AP) — Private equity firm Blackstone Group has emerged as a leading contender to buy DaimlerChrysler's (DCX) struggling Chrysler unit, according to a report published Saturday.

The Detroit News, citing people familiar with the Chrysler sale process that it didn't name, reported that Blackstone is moving forward with a detailed analysis of Chrysler's finances and operations with an eye toward making a formal bid.

A message seeking comment was left Saturday with a spokesman for Chrysler, which has declined to comment about speculation about a possible sale.

John Ford, a spokesman for New York-based Blackstone, said Saturday that he was aware of the report but couldn't comment.

The development is the latest in a series of reports that have surfaced since DaimlerChrysler Chairman Dieter Zetsche said Feb. 14 that all options are on the table for the money-losing Chrysler business and he would not rule out a possible sale.

Among those that analysts say are exploring a purchase of the struggling company are General Motors plus four private equity firms, including Blackstone, Apollo Management, the Carlyle Group and Cerberus Capital Management.

Feds, State Probe TUSD Tech Mess (AZDS)

By George B. Sánchez, Arizona Daily Star

The Arizona Daily Star, March 4, 2007

District has lost out on millions for computer, phone upgrades

The Tucson Unified School District is being investigated by federal and state officials for wide-ranging problems in its technology department — and has lost multiple opportunities at tens of millions of dollars in federal aid as a result.

Authorities declined to discuss the investigations, but TUSD's problems are evident: Students have slow Web access on school computers, and the technology department is without a director or a coherent technology plan for the future. And — as long as the shadow of the investigations hangs over TUSD — there's little chance the district can obtain federal money to solve the problems.

"I don't think any of the turmoil is affecting students," TUSD Superintendent Roger Pfeuffer said. But he admitted TUSD's infrastructure and computer network need improvement, and the current problems could have big effects in the future. "The longer we put it off, the more it will affect students."

The turmoil began in 2004, when TUSD officials applied for federal funds to upgrade the district's computer network and phone system.

Not long afterward, employees in the technology department secretly alerted authorities, concerned that the millions of dollars in contracts would go to a small, local company instead of the major national corporations with which the district previously had contracted.

The employees also were concerned the company may have received special treatment because of a friendship between its president and TUSD's technology director.

Two years later, TUSD's Governing Board asked the Arizona Attorney General's Office to investigate the department, citing concerns of possible bid-rigging by a paid consultant.

Hundreds of pages of records obtained by the Arizona Daily Star, many through public records requests, along with dozens of interviews and months of investigation, paint a picture of a department in distress and under deep scrutiny.

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Since federal funds for technology improvement — E-Rate funds — became available in 1998, TUSD has had problems obtaining them, and hasn't received any since 2002. In that time, more than $6.2 billion has been disbursed nationwide.

Despite the investigations, TUSD continues to apply for the federal funds — because there's no other single source with that much money to give.

State education officials say the investigations hurt TUSD's chances but that it's still possible the district could receive funds, as long as all application rules are followed.

"The 2007-2008 application from TUSD would get reviewed just like all the other applications submitted this year," wrote Cathy J. Poplin, director of educational technology for the Arizona Department of Education. "However, final approval will depend on where the investigation is at."

E-Rate protocol

In March 2004, two TUSD Technology and Telecommunication Services (TTS) employees independently called the federal whistle-blower hotline, concerned with how district officials planned to use the federal funds they were seeking.

The E-Rate funds are administered by the SEARCH

News | News Photos | Images | Web" /> Federal Communications Commission and are designed to give discounts to schools and libraries for telecommunications and Internet access. Those that apply for funds must already have picked vendors to perform the services detailed in the application.

TUSD requested nearly $16 million in 2004 for 41 services, FCC records show.

Thirty-five of those service contracts — totaling more than $10 million — were awarded to NVision Networking Inc., an eight-person technology company in Tucson that also was TUSD's E-Rate consultant that year. Some TTS employees said the contracts are inappropriate given NVision's consulting role.

NVision had worked with TUSD in the past, employees and TUSD records said. In 2003, TUSD awarded NVision $2.5 million for E-Rate services, though the money was never received because the government denied TUSD funding that year.

However, TTS employees were concerned about possible preferential treatment of NVision because of the relationship between its president, Dan Meyer, and TUSD's TTS director, Guyton Campbell. Campbell quietly resigned from his $93,000-a-year job in January.

"NVision (was) allowed access to director, manager, and schools during E-Rate proceeding not provided to other vendors," states a TTS memo obtained by the Star. The unsigned memo contains a list of concerns submitted in May 2004 to Superintendent Pfeuffer and TUSD's governing board. "Password to restricted district data on the Schools and Library E-Rate proceeding was provided to one contractor, NVision."

An e-mail obtained by the Star shows then-TTS manager Mary Veres shared an internal password with Meyer and an NVision co-worker. In it, she invites them to "look at what I've done so far" and concludes: "Any and all advice would be appreciated."

Sharing the code with a potential vendor violates E-Rate protocol. The e-mail also indicates the contract was arranged before the federally imposed bidding period ended, which the FCC noted in its explanation of why TUSD was denied funding.

Fractured department

Most alarming to TTS employees was the relationship between Campbell and Meyer.

"I have been friends with Guyton for many years," Meyer said when contacted by the Star in late February.

Meyer said the two worked together, as vendor and school technology director, when Campbell worked at the Arizona State Schools for the Deaf and the Blind as well as the Sunnyside Unified School District. Before that, Meyer recalled, the two set up a computer lab for a University of Arizona satellite campus.

On Jan. 19, Campbell submitted a two-page resignation letter, obtained by the Star via a public-records request. He wrote he'd been "the subject of various investigations for alleged issues arising out of the performance of my defined job and performing tasks that were assigned to me by my superiors."

The Star made more than a dozen attempts to contact Campbell, at his home, through all listed phone numbers, via TUSD officials and neighbors, and even the real-estate agency where he now hangs his license. A certified letter with written questions was sent to his home as well. He didn't respond.

Campbell's resignation letter reads: "My employer is attempting to eliminate me as an employee" because Campbell had "apparently offended an 'outside force' that enjoys a particularly cozy and profitable financial relationship with the district."

He concluded: "It would appear justifiable that TUSD consider fair compensation for what has transpired. I will await your reply."

The letter never identifies the "outside force."

When Campbell arrived at TUSD in late 2003, he'd been lauded for his work. But suspicions also followed him.

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While at Sunnyside, he received the Computerworld Smithsonian Award and was honored alongside Stanford University and Harvard University Medical Center.

He'd gone on to spend four years at the Schools for the Deaf and the Blind. But the same month he left ASDB, the school received a $3,000 check, described in records as a donation, from a Florida software company for furniture for ASDB's Information Technologies Department. Thirteen months later, on the advice of the state Attorney General's Office, ASDB returned the check, an ASDB board member says. It isn't clear, though, if Campbell knew about the money.

Visions of a wireless network

Internal memos and a federal mediation report obtained by the Star show TUSD's TTS department became fractured under his leadership. Employees said Campbell didn't detail to them his vision for the network's future and they were concerned that his plan was financially irresponsible.

Campbell's vision was to scrap TUSD's current network and create a wireless network spanning the district's 250 square miles. The ambitious project would have cost more than $50 million, current and former TTS employees say.

Officials say the idea for a wireless computer network was approved by voters, as part of 2004's $250 million bond issue. About $8 million of that would have gone to the wireless computer network.

But Campbell needed more support, and administrators accuse him of staging a campaign to discredit the existing system. Last year, TUSD's governing board applied for E-Rate money because members were told public safety hinged on it.

Pfeuffer and board members were told by Campbell and an outside consultant that TUSD's 911 system was defective, and that if someone at a school called 911, emergency responders would arrive at TUSD's headquarters at 1010 E. 10th St.

"That isn't accurate," Pfeuffer said in January.

Though there were problems with the system that caused some emergency responders to head to TUSD headquarters, the problems were nowhere near the systemic breakdown Campbell and TUSD's 2006 E-Rate consultant described. That consultant's recommendations are being investigated by the Attorney General's Office, too.

Pfeuffer admits that along with TUSD's alleged 911 problem, administrators and TUSD's Governing Board were never apprised of the various options to upgrade TUSD computer network and phone system.

"There were people who thought it was probably advantageous to simply, and I say simply and relatively cheaply, upgrade our current phone system," he said. "There were others that said the future is not in that kind of phone system. The future is in Voice over Internet Protocol."

Voice over Internet Protocol means replacing phone lines with a Web-based service, and, in this case, according to TUSD records, a wireless network.

That's what Campbell recommended, Pfeuffer said.

Audit pushes policy changes

At least a dozen TUSD employees have been interviewed by federal and state investigators. TUSD has conducted three internal investigations. And an outside audit found problems with TTS procurement policies, including the fact that TUSD's purchasing department was out of the loop.

In December 2004, investigators for the U.S. SEARCH

News | News Photos | Images | Web" /> Department of Justice's San Francisco office interviewed two TTS staffers.

"Some staff has spoken to federal officials," Pfeuffer said, but not for some time. "We know nothing about what's going on there."

Owen Clements, chief of special litigation for the city of San Francisco Attorney's Office, said that could be by design.

Though he's not connected to this case, his office was involved in a massive, nationwide E-Rate investigation that began in 2000. He said a federal statute called the False Claims Act lets anyone who discovers fraud involving federal funds file a civil complaint. The complaint is sealed during the investigation so the government can build its case and consider civil penalties or criminal charges.

Luke Macaulay, spokesman for the U.S. attorney's San Francisco office, declined to comment, and referred questions to Department of Justice's antitrust division in Washington, D.C. A spokeswoman there declined to comment as well.

Rudy Flores, TUSD's executive director of engineering and facilities, was interviewed under oath by the state Attorney General's Office in October. Flores was assistant director of TTS under Campbell from July 2005 to July 2006.

Though he said he'd twice been interviewed by investigators, he wouldn't disclose whether they were federal or state. "I'm not supposed to mention anything about any of that," he said.

Mary Veres, currently TUSD's interim-TTS director, also was interviewed. She also would not talk about the case.

When shown the e-mail in which she gave NVision internal passwords, she said: "I would love to discuss this with you because I think there's a lot of misinformation. But I don't feel like I should be doing it because the investigation is still going on."

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A 2005 audit of TUSD, by Heinfeld, Meech & Co., TUSD's auditors, found that the 2004 E-Rate application was handled by TTS, not TUSD's purchasing department, and, therefore, wasn't subject to proper oversight. The report also stated that TTS had few records of its 2004 E-Rate application.

The audit said the problems didn't merit notifying federal officials, but it recommended a significant policy change:

"All future request for proposals for E-rate services should be made through the Purchasing Department, where internal controls, purchasing procedures, and knowledge of applicable compliance requirements will help ensure all of the district's procurements are in compliance with the Arizona school district rules."

It could be months, if not years, before the federal and state investigations conclude.

The San Francisco City Attorney's Office took until 2004 to conclude its E-Rate investigation. In 2005, a federal grand jury returned a 22-count indictment against six companies and five people on charges of fraud, collusion, aiding and abetting and conspiracy. Two companies paid more than $20 million to settle the civil claims brought by the U.S. government.

"We've missed the boat"

Until contacted for this story, TUSD Governing Board member Judy Burns said she'd only heard rumors of a federal investigation. "The district is going to suffer and the students in class will suffer for not doing this in a legitimate, businesslike way," she said.

On Jan. 30, TUSD's governing board voted to apply for E-Rate funds for 2007. Absent from the meeting was Campbell, whose resignation had become official one week earlier. There was no public mention of his departure.

A new committee has been charged with writing a new technology plan for the district that likely will include various options to improve TUSD's network and phone system.

A plan that details technological improvements for teaching and classroom education does exist, but there's no plan for how TUSD will increase its bandwidth and provide classroom computers with the Web access expected of such a large district in the digital age.

In 2006, TUSD's governing board voted to apply for E-Rate funds with the caveat that the Attorney General's Office investigate whether procurement policies were followed. There were concerns about the consultant used that year, Jon Slaughter, and possible links to a vendor he'd recommended for a contract. At the time, Slaughter said his recommendations weren't influenced by any vendors, even though an ad for the company he recommended was on his Web site at the time.

Pfeuffer and the Governing Board expected a quick investigation. It's lasted more than a year.

In June, with no word from state investigators, TUSD withdrew its 2006 E-Rate application. Pfeuffer said district officials don't expect any 2006 funds.

"We've missed the boat here," Burns said. "We've missed many opportunities."

The Karmazin Way: Build It, Sell It, Run It, Repeat (NYT)

By Richard Siklos

The New York Times, March 4, 2007

MEL KARMAZIN could sell microwavable ice to Eskimos. He started his career in ad sales at WCBS radio in New York four decades ago, quickly proved himself to be a master closer, and has been peddling his wares ever since.

“Mel is the singular best salesman I have ever met in my life,” said Joel Hollander, the chief executive of CBS Radio, who spent much of his career working for Mr. Karmazin. “He’s very aggressive, to say the least.”

The capping moment of Mr. Karmazin’s radio career came in 1997, when he sold Infinity Broadcasting (now CBS Radio), a vast collection of stations he and partners had built, to what was then the broadcast company CBS Inc.

Though he had little experience in television, Mr. Karmazin’s hero status on Wall Street and his zeal for growth catapulted him into the chief executive’s chair at CBS after only a couple of years. A mere nine months later, he pulled off another coup and sold CBS to Viacom, on the condition that he would run the combined media conglomerate as its president.

The Karmazin rocket finally ran out of fuel in 2001, when Viacom’s chief executive and controlling shareholder, Sumner M. Redstone, lost confidence in Mr. Karmazin’s relentless focus on costs and quarter-to-quarter results, coupled with an unpardonable failure to invite the billionaire to lunch. (Mr. Redstone went a step further last year by sort of undoing the deal and splitting off a new CBS Corporation, which he also controls.)

Anyway, gazing at Mr. Karmazin’s career, you start to get the picture behind what happens when you put him in the big chair: he is forever building and selling, even when it looks like he’s buying. And so, two years after he became the chief executive of Sirius Satellite Radio, it should come as no shock that he has struck a deal to merge the company with its only direct rival, XM Satellite Radio.

Not coincidentally, if the deal goes through, he will again end up running the combined entity.

DOJ_NMG_0139978

Last week, Mr. Karmazin took his campaign to win over lawmakers and regulators to Washington with his pitch that a single satellite radio company would mean more choice and lower prices for consumers — rather than create a foreboding monopoly, as his former chums in the terrestrial radio business contend.

Speaking before an antitrust task force of the House Judiciary Committee, Mr. Karmazin said he was shocked by the very idea that anyone would see a monopoly as the logical result of merging the only two satellite radio broadcasters. “There is no monopoly or duopoly,” he told the hearing. “That’s the most bizarre thing I have ever heard.”

Mr. Karmazin’s essential message is that satellite radio is competing with all forms of audio entertainment and information — from commercial radio to iPod jacks in cars to Internet radio and maybe even people humming as they walk down the street.

On Feb. 19, the day the merger was announced, Mr. Karmazin had a similar message for me: that it was wrong to compare his proposed deal with the merger of the direct broadcast satellite companies DirecTV and EchoStar, which regulators turned down in 2004. “The only thing that you could even think of as similar between those companies and us is that they both use satellites,” he said. By Mr. Karmazin’s reasoning, the television business has an entirely different structure.

Whether this is conviction or sophistry, it is very hard to throw Mr. Karmazin off his message, even when he seems to be contradicting himself.

Early in his tenure at CBS, for example, he was dismissive of the Internet as a business. But he quickly changed tack and did some clever deals in which the company traded ad space on its TV network to Web start-up companies for equity, which it cashed in on shrewdly during the stock market bubble a few years ago.

Similarly, the pre-Sirius Mel was a satellite-radio skeptic. He later argued that what changed his mind was the defection of Howard Stern, whose career he had nurtured, from CBS/Infinity to Sirius for an estimated $500 million pay package. Mr. Karmazin said the potential of having the controversial but popular Mr. Stern anchoring Sirius helped entice him out of a brief post-Viacom retirement to join the company.

Sirius has certainly blossomed since Mr. Karmazin came on board in November 2004: it had just under 800,000 subscribers then but has more than six million now.

After chalking up billions of dollars in losses since its inception in the early 1990s, the company will begin generating positive cash flow this year, Mr. Karmazin says, and he contends that Sirius does not need to merge with XM and its eight million customers to survive.

But the costs of acquiring and keeping customers remain daunting. And what tears him up inside, he said, is Sirius’s stock price, which, at a closing price on Friday of $3.55, is 28 percent lower than the day before he joined the company. “It’s been a great two years,” he told me. “If there weren’t a Quotron in my office, it would have been the perfect job for me.” (A key to Mr. Karmazin’s legendary salesmanship is that he can be quite funny.)

One of the messages that Mr. Karmazin brought to Washington is that a combined satellite broadcaster is better for choice — Mr. Stern and major sports leagues would ultimately be available to subscribers of both services rather than one or the other.

Among the biggest hurdles he and XM face is persuading the regulators that merging would be better for consumers than the satellite radio rivals’ long-promised and long-delayed new receivers that would allow listeners to switch from one service to the other without having to pull one receiver out of their cars and install another.

As far as price is concerned, Mr. Karmazin made it plain to the House committee that he would be willing to agree to a price cap for the combined service to seal the deal. The pitch is that raising prices isn’t really feasible anyway because most of what satellite radio is competing with out there is free — particularly on the radio.

ONCE more, this seems slightly at odds with statements that Mr. Karmazin made only a few months ago, Jonathan A. Jacoby, a Banc of America Securities analyst, wrote last week in a report. At an investor conference in December, Mr. Jacoby said, Mr. Karmazin talked up the potential for raising prices beyond the $12.95 a month most people pay now.

Clearly, Mr. Karmazin and his counterparts at XM have their work cut out for them in getting their deal past regulators. But one thing you can take to the bank is that he will do whatever it takes to get the deal done. If he does pull it off, the question will be this: What company would the master pitchman want to sell the combined XM-Sirius to next?

INDIAN AFFAIRS:

Tracking Crime On Tribal Lands (AP)

By Amy Forliti, Associated Press writer

AP, March 4, 2007

MINNEAPOLIS -- Sgt. Bill Blake gave his anti-gang presentation to American Indian communities so many times, he says, that his daughter knew it by heart. Yet it wasn't enough: "Dad, you have to do more," he recalls her saying.

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Nearly four years later, 20-year-old Erica Rae Blake was dead -- shot in the head at a party on a Wisconsin reservation. Her death was ruled an accident, but memory is driving Blake to work even harder to fight violence on reservations.

Blake set out to improve cooperation between tribal police, federal and local law enforcement, but quickly found a big obstacle: Nobody tracks hard data on crime occurring on tribal lands.

With the help of another Minneapolis police officer, Larry Loonsfoot, and an expected $600,000 grant from the Department of Justice, Blake hopes to create a database that would give tribes a tool to spot trends, share information and track offenders who seek sanctuary elsewhere.

"We're never going to be able to address these problems and make things better in tribal communities when it comes to crime and quality of life unless we get the data," said Blake, a member of the Red Lake Band of Chippewa.

The goal is to collect the data in a central location so law enforcement and tribes can identify problems and apply resources where needed.

"I think what's unique about the Indian community is there is always some connection to the reservation," said Loonsfoot, a member of Michigan's Keweenaw Bay Indian Community. "We need to bridge that communication gap where we can directly enforce both ends."

Blake said the I-CARE project -- it stands for Indian Crime Awareness Research and Evaluation -- will start small, with the ultimate goal of creating a national database.

Technology and money -- too little of both -- sometimes play a part in whether tribes collect and share crime data. A maze of overlapping jurisdictions hurts, too. For example, a crime on a Minnesota reservation may be handled by tribal police, a county sheriff, the Bureau of Indian Affairs, the FBI or any combination of law enforcement.

That means data is absorbed by different agencies and a true picture of crime on a reservation can be harder to get. Without good numbers, a tribe may have a hard time getting grant money for a particular problem, or might not make the right choices for spending its crime-fighting dollars, Blake said.

"Nationally, crime statistics from Indian Country are not collected well," said Tom Heffelfinger, a former U.S. attorney in Minnesota. "It's one of the real impediments to improving public safety in Indian Country."

The FBI collects crime data each year, but many tribal communities don't participate. The Bureau of Indian Affairs doesn't collect crime statistics.

The Bureau of Justice Statistics publishes a report on American Indians and crime, but instead of tracking crime as it occurs, the data is collected by a variety of methods, including household survey.

Minneapolis Police Chief Tim Dolan said a database has "tremendous promise," and is trying to line up computers, clerical help and space for Blake's project, likely in one of the city's American Indian neighborhoods.

"The connections between the tribal lands and the city of Minneapolis are very strong," Dolan said. "You see the same people that are involved in crime here are involved in crime there. There is a very selfish reason to want to create this database and create this sharing of information."

Ted Quasula, police chief of the Las Vegas Paiute Tribe in Las Vegas was intrigued by Blake's project. He said his department tracks crime, but doesn't link its information with other jurisdictions.

"Most criminals could care less about jurisdiction boundaries, in fact they enjoy it when jurisdictions fight," said Quasula, a member of the Hualapai Tribe of Arizona. Sharing information is vital, he said.

"If you kind of hole up and you've got your own island, it's going to be detrimental in the long run," he said.

George Goggleye Jr., chairman of the Leech Lake Band of Ojibwe in Cass Lake, Minn., was enthusiastic about Blake's idea, too. He said his tribe has been keeping statistics in the seven years since it established its police department, and already shares data with surrounding communities.

"It's just been fantastic," said Goggleye.

With the words of his daughter still fresh in his memory, Blake is determined to help prevent more violence.

"What I've learned is doing nothing will get your family killed," he said. "So if I were to sit back and still do nothing and lose somebody else that was close to me, I couldn't live with myself."

FBI/DEA/ATF/USMS:

Judge To Decide Validity Of Case On Marijuana (NYT)

By Carolyn Marshall

The New York Times, March 4, 2007

DOJ_NMG_0139980

SAN FRANCISCO, March 3 — A federal judge has asked the United States attorney here to submit all trial preparation memorandums in the case against a leading advocate of medical marijuana so that the court can determine if the government has been pursuing a "vindictive prosecution."

The judge, Charles R. Breyer, ordered the review at the request of lawyers for Ed Rosenthal, a spokesman in the effort to legalize marijuana who has been in a closely watched court battle with the government.

At a motion hearing in Federal District Court here on Friday, defense lawyers for Mr. Rosenthal urged Judge Breyer to dismiss an array of federal drug, money laundering and tax evasion charges against their client, saying an appellate court judge had overturned his conviction in a nearly identical case last year.

The new charges, outlined in a federal grand jury indictment issued in October, accuse Mr. Rosenthal of 14 felonies, including conspiracy to grow and sell marijuana for medical use, laundering $1,850 and failing to report income from the sale of crop plants on his tax returns.

The overall charges are nearly identical to a 2003 federal case against Mr. Rosenthal, which ended with a one-day prison sentence after members of the jury disavowed the verdict, having learned belatedly that Mr. Rosenthal was growing marijuana under Proposition 215, the state's medical marijuana law.

"We are outraged that the prosecutor continues to pursue this case," said Shari L. Greenberger, a lawyer for Mr. Rosenthal. "The vindictive nature of the prosecutor is clear-cut and utterly shocking."

Despite the short sentence in the 2003 case, Mr. Rosenthal challenged the fairness of his trial, and in April, a federal judge with the Ninth Circuit Court of Appeals overturned the marijuana growing conviction, citing jury misconduct. The decision punctuated a contentious three-year volley of legal appeals and cross complaints that were given a second wind on Friday, with the start of the new case.

The United States attorney, George Beven, declined to answer questions about the case, citing an office policy. But at Friday's hearing he agreed to provide Judge Breyer with all interoffice memorandums pertaining to his office's decision to seek another trial and expanded charges.

ATF Computers Help Police Track Guns (WCFC)

By Jeff Reinitz, Courier Staff Writer

The Waterloo-Cedar Falls (IA) Courier, March 4, 2007

WATERLOO --- A new computer program has sped up the first step Waterloo police take when tracing firearms they come across during criminal investigations

Last fall, three Waterloo officers were certified to use the U.S. Bureau of Alcohol, Tobacco and Firearm's eTrace system, which discloses the name of the person who first bought a certain weapon, the seller and the date of that sale.

In the past, police had to fill out paperwork which was then sent to ATF officials. Unless the trace was a high priority, it could take weeks or longer to get results.

"Now it's Web-based, so you just go in and run it yourself," said Sgt. Keith Smith, who works in the police department's crime lab.

Results aren't instant and can still take hours or weeks.

An officer with investigations and an agent with the Tri-County Drug Enforcement Task Force are also authorized to use eTrace.

Aside from make, model and serial number, eTrace users type in a long list of information about the gun --- the caliber, the type of crime it was used in, what part of the house it was found in and so on.

Smith said the ATF apparently crunches that information for future statistics.

"It relieved AT and F of some workload issues, and we may get our results quicker that way also," said Capt. Bruce Arends.

Smith's first trace with the system involved a fatal self-inflicted gunshot wound this fall. The handgun that was used was first purchased by a person with the same last name as the deceased --- likely a relative --- from a store that went out of business decades ago.

Another firearm being traced --- a pistol found with a juvenile --- was first sold to a Waterloo man. But this is just the starting point.

The sale was in 1990, so detectives now have to ferret out the information that isn't in any computer database, specifically how the weapon traded hands from the first buyer to the teenager.

"It's just a piece of the puzzle," Arends said.

Investigators will try to find the buyer and see if he remembers who he sold the gun to, and then try to find any subsequent owners.

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Private owners aren't required to keep records of who they sell their guns to, so the chain can be easily broken.

Contact Jeff Reinitz at (319) 291-1578 or jeff.reinitz@wcfcourier.com.

Man With A Million Bullets In Home Charged (RPE)

By Kenny Klein, The Press-Enterprise

Riverside (CA) Press-Enterprise, March 4, 2007

ARSENAL: Authorities accuse him of possessing illegal assault weapons, illegal ammunition and explosives.

NORCO - A man who authorities described as a survivalist after investigators found a cache of weapons and ammunitions at his burning home has been arrested and jailed, the Riverside County Sheriff's Department said Saturday.

Thomas Lee McKiernan, 62, of Norco was arrested on suspicion of possession of assault weapons, possession of illegal ammunition, and possession of explosives, according to the sheriff's department.

McKiernan, who had been held since Thursday for a mental evaluation, remained at the Robert Presley Detention Center. His bail is currently set for $100,000 and he is scheduled to appear in Riverside Superior Court on Tuesday, according to his booking information.

The only illegal items investigators have identified so far are five assault rifles, several high-capacity magazines and the 60 pounds of gunpowder, they said. It is illegal to possess more than one pound of gunpowder, Gutierrez said.

The cause of the fire is still unknown. Authorities condemned the house because of the tunnel.

It will take days for deputies and federal agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives to document all the weapons and ammunition, Sheriff's spokesman Dennis Gutierrez said.

On Saturday, a locked fence surrounded the damaged property in the neighborhood of neatly kept homes. A number of boxes and other property were stacked in the front yard with four pickups.

McKiernan is a retired machinist who was identified as the home's owner by neighbors and property records.

Sheriff's investigators also found stashes of food and water.

Authorities said they found more than 125 rifles and handguns, about a million rounds of ammunition and 60 pounds of gunpowder in McKiernan's home on the 1800 block of Pali Drive. They said they also discovered a tunnel beneath the garage on Friday.

Fire crews discovered an eight-foot deep tunnel 30 feet from the middle of the garage to a spot beneath the main house. Local and federal officers pulled three barrels out of the tunnel using hooks and poles, said Norco Fire Department Battalion Chief Frank deBoer. They contained rice, water and cooking oil.

On Friday, investigators removed weapons from the kitchen, living room and bedrooms. They also found to safes with reinforcing chain that they have yet to open.

Two-thirds of the driveway leading to McKiernan's modest, shingle-roofed home was filled with ordnance. Cardboard boxes and green metal, military-style containers of ammunition were stacked next to canisters and cookie tins packed with gunpowder.

The ammunition ranged from .22 caliber bullets for small arms to .30 caliber rounds used in high-powered military rifles.

IMMIGRATION:

Bush In A Quandary Over Border Agents' Case (HC)

By Michelle Mittelstadt, Houston Chronicle Washington Bureau

Houston Chronicle, March 4, 2007

Border shooting uproar leaves him no easy option

WASHINGTON — For weeks, defenders of the two former Border Patrol agents imprisoned for shooting a Mexican drug trafficker have bombarded the White House with calls, e-mails and petitions.

Their demand is straightforward: A presidential pardon for a pair of Texans they view as heroes persecuted for doing their jobs.

"This is a terrible injustice, and I urge you to use your considerable authority and power to pardon these two agents and right this obvious wrong!" reads a petition from Grassfire.org, a conservative Web site that claims more than 337,000 people have signed the online form.

But the issue is far from simple for President Bush, who is being asked to wade into a highly controversial case where even the most basic facts are in dispute. The quandary for the president: Whether to side with former Border Patrol agents Jose Compean and Ignacio Ramos or with the prosecutors who contend they were rogue officers who wounded a fleeing, unarmed man and then concealed evidence.

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Outcry from conservativesDuring a February 2005 incident near Fabens, Texas, Compean and Ramos pursued Osvaldo Aldrete-Davila and fired 15 rounds at him as he ran back toward Mexico after ditching a vehicle with 743 pounds of marijuana. The wounded trafficker later was given immunity to testify against the agents in a case that has drawn a tremendous outcry from conservatives on and off Capitol Hill, who believe the Bush administration sided with a drug trafficker over its own law enforcement agents.

Though clemency is the one area in which a president has power unlimited by the courts or Congress, Bush thus far has indicated no inclination to sidestep the Justice Department regulations typically followed for pardons cases.

"There is a process in any case for a president to make a pardon decision," Bush said during a Fox News Channel interview in January. "In other words, there is a series of steps that are followed so that the pardon process is, you know, a rational process."

The Justice Department rules require that people petitioning for a pardon wait until five years after they have completed their sentence before filing an application. And the applications must be submitted by the guilty parties themselves.

Compean and Ramos have not applied for a pardon or a commutation of their sentences, Justice Department spokesman Erik Ablin said.

Rep. Ted Poe, a Republican from Humble who has championed the ex-agents' cause, has no use for what he views as needless red tape.

"The bureaucracy is getting in the way," Poe said. "The Constitution gives the president absolute power of pardon and parole, and the president can exercise it whenever he wishes."

'A good shield'Some clemency experts fret at the rules, saying no president should limit his pardon powers.

Douglas Berman, an Ohio State University law professor who has followed the Texas case, argues that while the Justice rules may protect the president, they also "eliminate some of the virtue" of the pardon power.

By citing the regulations, Bush "may be trying to cushion himself from the public clamoring to do something in this case," Berman said.

But Margaret Love, who headed Justice's pardons office during the Clinton and first Bush administrations, contends that the rules protect the president and the integrity of the process.

"It's been a good shield for the president," she said.

President Clinton sparked congressional hearings and a huge outcry over his pardon of fugitive financier Marc Rich, whose application bypassed the Justice Department and went directly to the White House without following the rules. And President Ford generated a tremendous public backlash with his pardon of Richard Nixon even before the former president had been charged with any crime in connection with Watergate.

Bush has known intense pressure on the clemency front.

He faced international and domestic pressure as governor of Texas in 1998 to save killer Karla Faye Tucker from the execution chamber. Bush refused to spare Tucker's life despite her reformation in prison and pleas from Pope John Paul II, evangelist Pat Robertson and others, making her the first woman executed in Texas since the Civil War.

Limited useThe Tucker case may hold some clues to Bush's thinking in the Border Patrol ex-agents' matter, said Daniel Kobil, a clemency expert at Capital University Law School in Columbus, Ohio.

"That would suggest that he may well not cave to pressure, even from his own supporters on something like this," he said.

Thus far, Kobil and other experts said, Bush has used his presidential clemency power in very limited fashion.

"It's just really very noncontroversial cases," Love said, calling them "a little unusual in their colorlessness."

White House spokesman Scott Stanzel declined to discuss the Texas case, any timeline for making a decision, or even how many e-mails, letters and calls have been received on behalf of the former Border Patrol agents.

Compean and Ramos, sentenced to 12 and 11 years respectively for shooting the trafficker, have filed a notice of appeal of their sentences, which they began serving in January.

Commutation vs. pardonSupporters argue that the two men deserve, at most, an administrative punishment such as suspension or firing for not reporting the shooting.

Kobil and Berman suggested that the ex-agents' backers might find better success if they argued for commutation of the sentence to time served rather than an outright pardon.

Legally, there is a difference. A pardon wipes the slate clean, forgiving the crime. Commutation reduces the sentence without negating the crime.

"That would be a compromise, obviously," Kobil said. Bush "may well say 'I'm not sure what happened, but they have suffered and they paid a serious price for this crime'," he said.

In light of the controversy surrounding the ex-agents' case, Kobil suggested that Bush might wait until the end of his term before issuing a pardon or commutation for the pair.

Such a stance would not suit Rep. John Culberson, R-Houston, and other conservatives who have rallied to the ex-agents' side.

"This is an utterly unique and outrageous set of circumstances that demands an immediate presidential pardon for the sake of national security and for the sake of the morale of our law enforcement officers on the border," Culberson said.

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Prosecutor Stands In Political Storm (SAEN)

By Guillermo Contreras, Express-News

San Antonio Express-News, March 4, 2007

The Justice Department's recent firings of eight top federal prosecutors across the country have come amid allegations that the agency bowed to political pressure.

Even as the Justice Department rebuts the accusations, some are wondering who might be next.

In Central and West Texas, Johnny Sutton has held the post of U.S. attorney for more than five years, but he has come under fire recently over a case in El Paso in which Sutton's office gained convictions of Border Patrol agents who shot an alleged drug smuggler.

In a federal trial in El Paso last year, jurors convicted Ignacio "Nacho" Ramos and Jose Alonso Compean on charges that they shot the alleged smuggler in the buttocks Feb. 17, 2005, and counts alleging they covered up the shooting. Ramos got 11 years in prison. Compean was sentenced to 12. Both have appealed.

Hailing them as "heroes" who were wrongly convicted, some foes of illegal immigration and Republican members of Congress are pushing for President Bush to pardon them.

More Information

Report of Investigation on Ignacio Ramos & Jose Compean

Without a satisfactory answer from the White House on the request, supporters of the agents are aiming at Sutton who, from Austin, supervises 120 federal prosecutors in the largest federal district in the country, a territory that stretches from Waco to San Antonio, south to Del Rio and west to El Paso and Midland/Odessa.

Sutton "has violated the public's trust, and must be removed from office immediately," said T.J. Bonner, president of the National Border Patrol Council, the union that represents 10,000 Border Patrol agents.

"Our federal government had to make a choice between prosecuting somebody who was bringing in $1 million worth of drugs, and prosecuting two border agents who did not follow policy," said U.S. Rep. Ted Poe, R-Humble, who stopped short of seeking Sutton's removal but has collected more than 40 signatures from fellow House members seeking congressional hearings on the case. "The government chose the wrong side."

The Justice Department had no comment Friday on whether mounting criticism would have an effect on Sutton's post. But a high-ranking department official told the Senate Judiciary Committee last month that Sutton's job is safe. The Feb. 6 hearing was to review the wave of terminated U.S. attorneys, the transcripts show.

"No," Paul J. McNulty, the No. 2 man in the Justice Department, responded to a question of whether Sutton's job was in danger over the controversial border agent case.

Sutton, a former Harris County prosecutor who has held criminal justice policy advisory roles for the Bush administration, said he does his job based on his experience and management of a large office of prosecutors. He added that deciding whether to prosecute is based on facts and evidence. He also said he had no plans to resign.

"Politics is not a consideration, and public pressure is not a consideration," Sutton said. "Those kinds of things are extraneous, and you just have to put them out of your mind."

"What happens is, the defenders of Compean and Ramos just don't like the result," he said. "They don't like the fact that a jury convicted these two men, and they're willing to change the facts or manipulate the facts to try to get a different result."

Immunity agreement

Hundreds of pages of trial transcripts, exhibits, court documents and reports reveal adrenaline-infused moments of border police work that can cut careers short.

Shortly after 1:10 p.m. Feb. 17, 2005, agents chased a van they suspected of being involved in smuggling undocumented immigrants or drugs back toward the Mexican border near Fabens, east of El Paso. It led to the shooting of Osvaldo Aldrete Davila.

Those involved in the incident agreed Aldrete ditched the van, which carried 743 pounds of marijuana, at the edge of a deep sewage ditch, not too far from the Rio Grande. Other agents involved in the pursuit gave conflicting statements about what they saw or heard. Three testified for the government during the trial after the prosecution gave them "proffer letters" that shielded them from criminal prosecution but not from administrative punishment. The three were later terminated or resigned

from the Border Patrol — one of them for violations that included his admission that he picked up some shell casings fired by Compean and threw them into the ditch, where they were never found.

Compean testified he fired at Aldrete as he ran off because he thought Aldrete turned his body toward the agent and appeared to have something "black, shiny" in his hand that Compean believed was a gun. One of the agents who received immunity testified he saw Compean fire several times with his handgun, reload and fire some more.

Ramos testified that he heard gunfire, saw Compean on the ground and fired once because, "I believed I saw a gun."

The agents claimed they did not believe they hit Aldrete because he fled into Mexico. The trial documents say Compean fired 14 times, and that the final shot fired by Ramos was the one that hit Aldrete in the buttocks.

The documents also said Ramos and Compean turned back toward the drainage ditch after the shooting and that Compean picked up some shell casings and threw them into the ditch. The reports they wrote did not mention the shooting.

Border Patrol policy on firearm discharges requires agents to verbally report such incidents within an hour to a supervisor. That didn't happen, the trial documents said, although the agents claimed they did.

The shooting investigation did not start until two weeks later, when Aldrete's family reported it to the relatives of another Border Patrol agent in Arizona who is originally from the El Paso area. That agent made inquiries that resulted in the Homeland Security Department's Office of Inspector General launching an administrative probe.

One thing not directly mentioned in the public records is that Aldrete was named in a U.S. Drug Enforcement Administration report as the alleged transporter of another 750 pounds of marijuana while he waited to testify at the border agents' trial. The November 2005 report identified Aldrete as the person responsible for stashing the marijuana in a van parked at a house in Clint, also east of El Paso, in October 2005, according to a story published Tuesday by the Inland Valley Daily Bulletin of Ontario, Calif.

U.S. District Judge Kathleen Cardone limited the defense's ability to question Aldrete about his alleged criminal activity in detail, ruling that such information would be prejudicial.

Prosecutors gave Aldrete limited use immunity, which shielded him from prosecution for his acts on the day he was shot. Additionally, no charges were filed in the October 2005 incident, infuriating the backers of Compean and Ramos. They claim the immunity deal he was originally given shows it extended beyond Feb. 17, 2005.

A civilian group in California, Friends of the Border Patrol, called for Sutton, his prosecutors and the judge to be fired. Cardone, appointed for life like all federal district judges, had no comment.

"It's clear this was a witch hunt," said the group's head, Andy Ramirez. "They protected a doper."

"We cannot comment about matters that are under seal or ongoing investigations," Sutton said in a statement. "This office will pursue criminal charges where there is prosecutable criminal activity and competent evidence to prove it.

"We have clearly stated that the immunity necessarily afforded to Aldrete in the investigation and trial of Ramos and Compean for the February 17 (2005) incident would not extend to any subsequent or future criminal activity that may be alleged."

At Bush's side

Sutton calls the criticism "ironic," given his office's track record. Justice Department data shows his office last year led the nation's 94 federal districts in drug prosecutions and was second in prosecuting immigration cases.

Sutton has dealt with pressure before, albeit in a less serious role. As a left fielder for the University of Texas — where he said expectations were high — he played on the same baseball team with pitching great Roger Clemens that won the College World Series in 1983.

After choosing a career in law, he worked in the Harris County District Attorney's Office for eight years. It led to positions as Bush rose politically. When Bush was governor of Texas, Sutton served as his criminal justice policy director from 1995 to 2000.

Sutton later was a policy coordinator for the Bush-Cheney transition team before joining the Justice Department as an associate deputy attorney general.

Bush appointed Sutton as U.S. attorney in late 2001. He serves as the chairman of the Attorney General's Advisory Committee, a 17-member body picked by Attorney General Alberto Gonzales. The committee plays a significant role in determining Justice policies and programs and in carrying out the national goals set by the administration.

Despite Sutton's closeness to Bush, some observers note that the fired U.S. attorneys were also appointed by Bush originally. Last week, New Mexico's David Iglesias publicly claimed to have been forced out after refusing a request by two congressmen to rush an indictment that could have helped Republicans in last November's election. Iglesias has refused to identify the two.

The Justice Department staunchly denied the charge that Iglesias or any of the eight federal prosecutors were dismissed for political reasons, according to the Associated Press.

U.S. attorneys serve at the pleasure of the president and can be fired for any reason — or none at all.

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Given those circumstances, Carl W. Tobias, a law professor for the University of Richmond in Virginia, said it wouldn't be a stretch to assume that other prosecutors might not rest easy.

"The question is whether the Justice Department will listen to these people who are arguing for his removal," Tobias said of Sutton. "Whether they can get to him and whether the Justice Department would even listen, I don't know, but that's the kind of thing U.S. attorneys are worried about."

Inmates Will Replace Wary Migrants In Colorado Fields (NYT)

By Dan Frosch

The New York Times, March 4, 2007

DENVER, March 3 — As migrant laborers flee Colorado because of tough new immigration restrictions, worried farmers are looking to prisoners to fill their places in the fields.

In a pilot program run by the state Corrections Department, supervised teams of low-risk inmates beginning this month will be available to harvest the swaths of sweet corn, peppers and melons that sweep the southeastern portion of the state.

Under the program, which has drawn criticism from groups concerned about immigrants' rights and from others seeking changes in the criminal justice system, farmers will pay a fee to the state, and the inmates, who volunteer for the work, will be paid about 60 cents a day, corrections officials said.

Concerned about the possible shortage of field labor, Dorothy B. Butcher, a state representative from Pueblo and a supporter of the program, said, "The workers on these farms do the weeding, the harvesting, the storing, everything that comes with growing crops for the market."

"If we can't sustain our work force, we're going to be in trouble," said Ms. Butcher, a Democrat.

The program will make its debut in Pueblo County, where farmers have been hit hard by the labor shortage. Frank Sobolik, director of a Colorado State University extension program that works with farmers in Pueblo County, said he expected that about half of the 300 migrant workers employed by area farms might not return this season.

"There's a feeling, a perception that these laborers won't be back because it's safer for them to find work in other states," Mr. Sobolik said. "The farmers are really concerned. These are high-value crops we're talking about here with a high labor requirement."

Last year, the Colorado General Assembly passed tough legislation that included giving local law enforcement broader powers to check immigration status and restricting access to social services for workers without proper documentation.

The Colorado Immigrant Rights Coalition estimates that there are 150,000 illegal immigrants in Colorado, many of them involved in agriculture. Migrant workers typically travel here from Mexico, Texas and New Mexico for the crop season, where their labor can last from May through the late fall, before returning home to their families. But those numbers could soon be reduced drastically, as workers who are in the country illegally are unwilling to risk exposing their status.

Joe Pisciotta Jr., who owns a 700-acre produce farm in Pueblo County, said he had about 20 workers and expected to lose half of them. Mr. Pisciotta, a third-generation farmer, worried that such a reduction would undercut his ability to supply buyers with the watermelons, onions and pumpkins he grows.

"It's very frustrating," he said. "I'm definitely going to lose customers. We've never had an issue like this. With all of us trying to get enough workers on our farms, I'm worried this is going to turn into farmer against farmer."

Although chain gangs and prison farms have long been staples of American correctional culture, the concept of inmates working on private farms is unusual. But there are signs that other states are following suit. The Iowa Department of Corrections is considering a similar program because of a migrant labor shortage in that state.

Several Iowa farmers called recently to request inmates in lieu of migrant workers, said Roger Baysden, the director of the state's prison industries program. One farmer asked for as many as 200 inmates, Mr. Baysden said.

In Colorado, Ms. Butcher said she hoped that the program, which could send up to 100 inmates to Pueblo County farmers, would remedy a situation that might otherwise turn into an economic disaster.

Immigrant rights group, however, said the Colorado program was myopic.

"Many immigrants are leaving Colorado for other states that will actually embrace their contributions as good citizens and hard workers," said Julien Ross, state coordinator for the Colorado Immigrant Rights Coalition. "This exodus from Colorado has profound negative consequences on our economy and the very fabric of our society."

Mr. Ross said his group was organizing a weeklong boycott of Colorado businesses beginning March 25 to demonstrate the workers' impact on the regional economy.

A group calling for changes in sentencing, the Colorado Criminal Justice Reform Coalition, is also uneasy about the program. The group views the inmates' pay as problematic.

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"This feels like the re-invention of the plantation," said Christie Donner, the group's executive director. "You have a captive labor force essentially working for their room and board in order to benefit the employer. This isn't a job training program. It's an exploitative program."

But Ari Zavaras, executive director of the Colorado Department of Corrections, said the merit of a hard day's work outdoors was invaluable to an inmate.

"They won't be paid big bucks, but we're hoping this will help our inmates pick up significant and valuable job skills," Mr. Zavaras said. "We're also assisting farmers who, if they don't get help, are facing an inability to harvest their crops."

With the start of the farming season looming, Colorado's farmers are scrambling to figure out which crops to sow and in what quantity. Some are considering turning to field corn, which is mechanically harvested. And they are considering whether they want to pay for an urban inmate who could not single out a ripe watermelon or discern between a weed and an onion plant.

"This is not a cure-all," Mr. Pisciotta said. "What our farm laborers do is a skill. They're born with it, and they're good at it. It's not an easy job."

Americans Selling Personal Identity To Illegal Aliens (WT/AP)

The Washington Times, March 4, 2007

HARLINGEN, Texas (AP) -- Asked by a federal judge why she sold her birth certificate, Rosie Medellin said she needed a few bucks and didn't really think it through. Bobby Joe Flores said he sold his identification documents to buy drugs. Margarita Moya and her son did it to raise money for medicine for a loved one.

Their documents were destined for illegal aliens.

In all, seven defendants pleaded guilty in Corpus Christi last week to charges of selling their birth certificates and Social Security cards for $100 each. Seven other defendants pleaded guilty to buying or reselling those documents as part of a ring that sold documents to illegal aliens seeking jobs in Dodge City, Kan.

The federal government's attention has been on stolen or fabricated identity documents, and officials say they know little about people who sell their own legitimate documents.

Defense attorneys said prosecution for selling an ID may be something new.

"I've been practicing criminal law for years and this is the first I've seen in our Southern District," said Grant Jones, who represents a roofer with sporadic employment. "If they've (the government) been aware in the past, they've now decided to enforce the law."

However, Mr. Jones said his client told him that document selling was a well-known way to earn a quick buck.

Prosecutors declined to talk about the case until a sentencing hearing in May before U.S. District Judge Hayden Head Jr. in Corpus Christi. The defendants face anywhere from probation to five years in prison.

Government raids at meatpacking plants in six states in December stemmed from an investigation that uncovered up to 4,300 workers with questionable documentation.

Tim Counts, an Immigration and Customs Enforcement spokesman in Bloomington, Minn., said that investigation revealed documents were available for a price in places as open as Kmart parking lots. He said genuine documents were the most expensive, costing up to $1,500, and the most effective against detection.

"We don't have an all-inclusive picture of it," Mr. Counts said. "What we do have is evidence and information from individual cases. ... We definitely know it happens."

The issue also has turned up elsewhere.

In June, a man pleaded guilty in Concord, N.H., to selling five genuine Texas birth certificates and six Social Security cards to informants. Three years earlier, 10 people in Beardstown, Ill., were charged with receiving or transferring real documents that originated in Texas. In August 2002, a man in Green Bay, Wis., was charged with intent to sell documents including genuine Puerto Rican birth certificates and Social Security cards.

Department of Homeland Security spokesman Russ Knocke said there isn't much specific information on the extent of the problem.

"Irrespective of the mode of identity theft, the issue itself is prevalent and it's something we're striking at very aggressively," Mr. Knocke said.

Hope For Amends To Filipino Immigrants (WP)

By N.C. Aizenman

The Washington Post, March 4, 2007

Bills to Speed Children's Moves to U.S., Give Military Pensions Show Political Assertion

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Amid the wrangling over immigration reform, virtually everyone in Congress appears to agree on one point: Filipino-born veterans who fought alongside U.S. troops during World War II deserve a break.

Denied the right to immigrate to the United States until 1990, they came hoping that their children could follow them here later, just as other groups have done. But the adult children have been required to wait twice as long -- up to 16 years -- as anyone else. With the veterans often too old and sick to travel home, many have died while waiting to be reunited with their families.

Now, after several longtime backers have risen to key positions in Congress, Filipino American advocates are hopeful that legislation will be pushed through to exempt the veterans' children from the immigration delay. They also are optimistic about a potentially more controversial bill that would grant Filipino veterans military pensions.

About 5,000 veterans in the United States would stand to benefit from a change in immigration provisions, and an additional 10,000 in the Philippines could be eligible for pensions.

To many in the 2-million-strong Filipino American community, the issue represents a chance to cement their political identity in a nation where they have long felt invisible, even though Filipinos rank second, behind Mexicans, in the number of immigrants living in the United States.

"Historically, we Filipinos have always been looked down on as your little brown brothers -- as these acquiescent people who would just accept anything Uncle Sam would do to them," said Jon Melegrito, communications director of the National Federation of Filipino American Associations. "This is about asserting who we are as a people and how we served this country. . . . It's a call to action to stop acting like colonial slaves and to start acting like first-class citizens."

The effort builds on an association with the United States that dates to 1898, when the United States acquired the Philippines from Spain after winning the Spanish-American War.

Laws and discriminatory practices against all Asian immigrants kept Filipino numbers in the United States low through the first half of the 1900s. But in the Philippines, many residents were taught English and raised to think of themselves as something akin to Americans.

Celestino Almeda, 90, a veteran who lives in Alexandria, remembered that the director of his elementary school in Manila led students in a pledge of allegiance to the American flag every morning.

"We also celebrated all the holidays: Washington's birthday, Armistice Day," Almeda said. "In our mind, it was like America was our mother country."

When Japan invaded the Philippines in 1941, more than 200,000 Filipinos joined Americans in waging a fierce resistance, enduring such horrors as the Bataan death march and the grueling guerrilla campaign that followed. Technically, the Filipino fighters were under overall U.S. command. But within months of the Allied victory, Congress stripped most of them of their rights as foreign veterans of U.S. forces -- including the opportunity to become U.S. citizens -- on the grounds that the Philippines was about to be granted independence.

Even so, the Philippines continued its close affiliation with the United States. Thousands of Filipinos joined the U.S. Navy, which until recently had major bases there. By 1970, there were more Filipinos in the U.S. Navy than in the Philippine Navy.

And, after 1965, when Congress repealed the nationality quota system that had practically prohibited Asians from immigrating, hundreds of thousands of Filipinos streamed in.

Ranging from unskilled workers and nannies to nurses and professionals who came in on occupational preference visas, the new arrivals immediately formed social, cultural and professional organizations. Before long, they were rising to prominent positions in government, unions and the military. Several won elected office, including in Prince George's County, where a sizable community settled.

Yet when it came to turning their clout into political activism on behalf of Filipino American causes, many of the immigrants hesitated, said Bing Cardenas Branigin, 50, a former regional chairman of the Filipino American federation.

"There was this sense that you shouldn't make trouble, that you shouldn't contradict the government," she said. "You should just pay your taxes and send your kids to school and keep quiet."

That began to change in the mid-1970s when anger spread over the repressive policies of the Filipino president, Ferdinand Marcos. As much as their opposition to Marcos galvanized the Filipino American community, it also caused rifts with those who supported Marcos.

After Marcos was ousted, community leaders looked to refocus their newfound energy on a more unifying issue. The fight for veterans' equity was a natural choice.

Since then, the veterans have won some of the benefits they lost after the war. Most notably, in 1990, Congress granted Filipino World War II veterans the same opportunity to naturalize offered to all other foreign nationals who served in the U.S. armed forces.

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But the Filipino veterans remain ineligible for a military pension, forcing many of the more than 24,000 elderly veterans who became U.S. citizens after 1990 to live off food stamps and Supplemental Security Income payments.

Joaquin Tejada, 84, a former guerrilla fighter who survived two years resisting the Japanese from jungle hideouts, said he now struggles to get by with his $545 monthly SSI check. The rent for the two-bedroom apartment he shares with another Filipino World War II veteran in Columbia Heights takes $275.

"By the end of the month, it's hard to buy even basic food," said Tejada, who proudly sported an American flag tie during an interview.

Then there is the 16-year wait veterans face if they wish to bring over their adult children, an unintended consequence of the 1965 law lifting the quotas that had prevented most Asians from immigrating.

In their place, Congress introduced a complicated system meant to offer every country the same number of family reunification visas. But because Filipino applicants far outnumber the yearly slots allotted to them, they face the longest delays -- 22 years to sponsor an adult brother or sister, for instance, compared with 11 years for applicants of most other nationalities.

Candida Romulo, 72, said she and her husband, Bayani, a veteran who became a lawyer in Manila, would not have naturalized and moved to Oxon Hill had they known that the wait to sponsor their grown children would be so long.

"We did it because we wanted to give them the opportunities of living in this country. It was going to be our gift to them," Romulo said during an interview in a living room crammed with photographs of her four children.

Soon after the couple's arrival, Bayani developed a medical condition requiring frequent dialysis, making visits to the Philippines impossible. Because of their pending residency applications, his children were unable to get visas to visit him.

When Bayani suffered a severe stroke in September, his eldest son wasn't able to relay his final words to his father over the phone before he died.

"The receiver couldn't reach his bed in the ICU," Candida Romulo said. "So I told my husband, 'Your son says that he loves you very much and that he's so proud that you are his father.' My husband couldn't speak, but I could tell that he understood, because there were tears in his eyes."

Now Romulo worries that her son may never gain entry to the United States, because if a sponsor dies while the visa application is pending, there is a chance that the application will be annulled.

But she said she is still praying that Congress will pass the legislation for the sake of those veterans who remain alive.

"If that happens, I know my husband will be very happy about it, even if he is already in heaven," she said.

Immigration Reform, Take 2 (WP)

The Washington Post, March 4, 2007

Learning the lessons of last year's debacle

ADVOCATES OF sweeping measures to reform the nation's broken-down muddle of an immigration policy are preparing to enter the fray once again: A new bill may be introduced in Congress as early as this week. This time hopes are high that the political map has changed just enough to make success a real possibility. Beware: Those hopes will be realized only if everyone involved in last year's debacle has drawn the right lessons from Congress's failure to enact a meaningful law.

What are the lessons? President Bush, who favored last year's Senate bill but went limp when it came under attack by anti-reform forces in the House, should note that passivity in the face of his own party's hard-liners is a prescription for further disappointment. Republican leaders in the House, who killed last year's legislation, should conclude that they gained nothing by trying to whip up the party base with misleading talk of an "amnesty" for illegal immigrants -- and probably alienated droves of coveted Hispanic voters at the elections in November.

As for Democrats, who have squabbled among themselves but now run Congress, they must take note of an opportunity staring them in the face. They have a chance to exercise leadership and score a victory on a major domestic policy problem.

The early signs are generally encouraging. The authors of the most realistic legislation in the last Congress -- Sens. Edward M. Kennedy (D-Mass.) and John McCain (R-Ariz.), and Reps. Jeff Flake (R-Ariz.) and Luis V. Gutierrez (D-Ill.) -- are again preparing to introduce a bipartisan bill. As for Mr. Bush, he has also sounded the right notes by calling in his State of the Union address for a "legal and orderly path for foreign workers to enter our country," and for resolving the status of more than 11 million illegal immigrants already here, "without animosity and without amnesty." Still, the president's fuzziness is worrying. He did not mention a pathway to citizenship for illegal immigrants already in the country in the State of the Union speech, and two of his Cabinet secretaries sidestepped it during recent testimony on Capitol Hill. It may be that their intent was to avoid, for now, inciting the hornets' nest of opponents to eventual citizenship. But without addressing the question frontally and without providing avenues by which the nation's underclass of undocumented workers may one day emerge from the legal shadows, the chances of an effective fix for immigration are nil.

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To have a hope of success, both as legislation and as policy, immigration reform must also establish much tougher domestic controls and sanctions for employers; means by which they can verify prospective workers' status; and counterfeit-proof identity documents for workers. There must be a process by which new immigrants can come here legally in sufficient numbers to satisfy the obvious economic demand for them and according to rules that ensure that they will not become a permanent underclass. Time is short. Chances for a reform package will fade as the 2008 presidential campaign approaches. Let's hope that all the players take to heart last year's lessons as this year's debate is joined.

Illegal Immigrants -- They're Money (LAT)

Gregory Rodriguez

The Los Angeles Times, March 4, 2007

Bank of American is right to treat them as legitimate participants in our economy.

DAN STEIN, the premier American nativist and president of the Federation for American Immigration Reform, is shocked, shocked. He's mad at Bank of America for issuing credit cards to illegal immigrants. He says that to BofA "and other large corporations, illegal immigrants are a source of low-wage labor and an untapped customer market." You bet they are, and that's the American way.

Sure, I'm proud to be a citizen of a nation that portrays itself as a refuge for the "tired," "the poor" and the "huddled masses yearning to breathe free." But let's face it, Emma Lazarus, the poet who wrote those words, may have laid it on a bit thick. The truth, no less beautiful in its way, is a little more crass and self-serving. But it wouldn't have sounded nearly as poetic to say, "bring us your able-bodied, poor, hardworking masses yearning for a chance to climb out of poverty, establish a credit history and…. " We all love to rhapsodize about immigrants' embrace of the American dream, but it's more like a hard-nosed American deal — you come here, you work your tail off under grueling conditions, and you can try your damnedest to better your lot over time.

In their generational struggle for acceptance and security, from outsider to insider and, dare I say, from exploited to exploiter, immigrants could avail themselves of those inalienable rights that stand at the core of our national political philosophy — life, liberty and the pursuit of happiness.

But that, of course, was before the invention of illegal immigration.

Until the early 1900s, pretty much anybody who wasn't diseased, a criminal, a prostitute, a pauper, an anarchist or a Chinese laborer could gain entrance to the U.S. Between 1880 and 1914, only 1% of a total of 25 million European immigrants were excluded from this country. But after transatlantic crossings had already been halted by World War I, Congress buckled to anti-foreign sentiment and closed the proverbial Golden Door by passing a series of restrictionist laws in 1917, 1921 and 1924.

Yet even as the historical front door of the nation was being closed, business interests were busy prying open a new side-door. Only three months after the passage of the Immigration Act of 1917, which required all newcomers to pass a literacy test and pay a head tax, the U.S. secretary of Commerce waived the regulations for Mexican workers. Thus began America's dishonorable relationship with Mexican immigrant labor.

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FOR THE NEXT several decades, Mexican workers were brought in when the economy expanded and kicked out when times got bad. They were recruited in the 1920s, only to be deported in the 1930s. They were brought in again during the labor shortage in the 1940s. By the 1950s, one branch of the government recruited Mexican workers, under the illusion that they were "temporary," while another sought to keep them out.

The piece de resistance in the creation of the illegal immigrant is the Immigration Act of 1965. Although touted as a great piece of liberal legislation that ended discriminatory immigration barriers, it imposed an annual cap on migrants from the Western Hemisphere that was 40% less than the number that had been arriving yearly before 1965. A decade later, Congress placed a 20,000 limit per country in this hemisphere.

In other words, after importing millions of Mexicans over the decades, particularly during the bracero guest-worker program from 1942 to 1963, and establishing well-trod routes to employment north of the border, the U.S. drastically reduced the number of visas available to Mexicans. This reduction, of course, coincided with a rapid rise in Mexico's population. And guess what? When jobs were available on this side of the border, Mexicans just kept coming, whether they had papers or not.

Clearly, today as ever, mass migration to the U.S. is being driven by economic need — the immigrants' and our economy's. But the hard-nosed American deal has become unfair because, on top of the handicaps we have always imposed on new arrivals, we've added a rather brutal one — criminal status. Good luck with that pursuit of happiness as you engage in backbreaking labor when your place in society is summed up with that one cutting word, "illegal."

No, I'm not advocating open borders. Nor do I believe that immigrants should be guaranteed anything but a chance to achieve their end of the nation's cruel bargain. For hardworking illegal immigrants who've established roots here, we should

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uphold our end of the bargain and give them a chance to achieve their piece of the American dream. BofA is not wrong to give illegal immigrants the tools with which to compete legitimately in the marketplace. We as a nation are wrong for treating all these people as illegitimate.

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TAX:

The Untaxed Rich, Found And Then Lost (NYT)

By David Cay Johnston

The New York Times, March 4, 2007

FALSE advertising is part of the problem, and it's right there in the name: alternative minimum tax.

"Minimum," when the tax was conceived, meant that even the wealthiest Americans, with their buffet of deductions, loopholes and shelters, would still pay some income tax.

"Alternative," added to the name of the tax 21 years ago, suggests a choice, but it's not much of one for one in four taxpayers this year who must pay using this calculation unless Congress comes up with a different "alternative" when it takes up the matter this week.

What happened between 1969, when the minimum tax was born, and today, when it has few champions — and many people scratching their heads? And how could it be that a tax aimed squarely at rich investors who paid no income tax now hits middle-class families?

The '69 version of the tax was more or less what it set out to be, right or wrong. And that was a remedy to the disclosure by the Johnson administration that 155 rich families some of whom made millions in 1966 had not paid any taxes — taxes that for other Americans were rising to pay for the Vietnam War. If deductions like the ones for owning oil wells and leasing rail cars had whittled some tax bills down to nothing, these rich earners would be required to pay something.

But in 1986, when President Ronald Reagan and both parties on Capitol Hill agreed to a major change in the tax system, the law was subtly changed to aim at a wholly different set of deductions, the ones that everyone gets, like the personal exemption, state and local taxes, the standard deduction, certain expenses like union dues and even some medical costs for the seriously ill. At the same time it removed and revised some of the exotic investment deductions. A law for untaxed rich investors was refocused on families who own their homes in high tax states.

Taxes are now calculated two ways — using the traditional income tax formula, and using the 1986 alternative tax formula — and taxpayers owe the higher of the two numbers. The majority of families with two or more children earning $75,000 to $500,000 now owe more under the alternative tax — anywhere from hundreds of dollars to tens of thousands of dollars annually. Among such families with an adjusted gross income of $75,000 to $100,000, almost 80 percent are affected, compared with just a third of those with incomes of $1 million or more, according to computer modeling studies by the Tax Policy Center, a joint venture of the Brookings Institution and the Urban Institute.

Repealing the alternative minimum tax would cost the government almost $70 billion this year, while putting everyone on the alternative and repealing the regular income tax would cost only $63 billion.

Simply removing personal tax exemptions and credits and indexing for inflation would reduce the number of taxpayers affected by 85 percent, the center estimated. That would retain the few, weakened provisions still in effect from the 1969 law intended to tax the rich.

For now, the only area of wide agreement is to keep enacting temporary patches until Congress and some future administration tackle fundamental changes in the tax code.

Regardless, until another course is chosen, a law focused on rich investors who paid little or no tax is now a law that affects 23.4 million of the nation's 90 million taxpayers.

The story began on Jan. 17, 1969, three days before the Johnson administration was to end. Joseph W. Barr, who served only a few weeks as Treasury secretary, told a Congressional panel about the 155 families who paid no income tax, despite incomes of $1 million or more in today's dollars.

Mr. Barr's report made the front page of newspapers across the country the next morning and fueled debates in coffee shops, police stations and across kitchen tables. Congress in 1969 received more letters about these untaxed Americans than it did about Vietnam, according to Michael Graetz, a Yale Law School professor and tax adviser in the George H. W. Bush administration.

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While the idea of paying your fair share as a moral issue may seem strange today, it was central to tax debates in that era. The disclosure that some of those who had gained the most by living in the United States did not share in the costs of the war infuriated many taxpayers.

But in 1986, when the '69 remedy was fundamentally changed, there was virtually no news coverage because at the time the changes affected only a few people. The initial amount of deductions before the new alternative minimum tax kicked in was set so high that in the first year it raised only the $1.7 billion needed to plug a hole in President Reagan's budget.

The alternative tax's long-term effect was given no more consideration than, say, the exemptions on fuel-economy standards the government in the 1960s gave to sport utilities — vehicles that at the time were far less common and were used mostly for work that required hauling.

Since its inception, the alternative tax has raised more and more revenue each year, reducing the perennial federal budget deficits. Indeed, President Bush's 2001 income tax cut plan was premised on taking back a third of the tax cut through increasing alternative minimum tax revenues.

Left unchanged, the alternative tax this year will take back about 27 percent of the Bush tax cuts, mostly from people making $75,000 to $500,000, the Tax Policy Center calculated. The center's estimates are held in high regard by the administration and by administration critics.

Two major factors now push people into the alternative system. One is that the alternative tax rate of 21 percent in 1986 was raised in 1993 to rates of 26 and 28 percent, in tandem with the increased rates in the regular tax system that President Bill Clinton sponsored. This held the spread between the two systems steady, Professor Graetz said.

But when Mr. Bush sponsored his tax cuts in 2001, they applied only to the regular tax system, narrowing the spread and pushing many more people into the alternative system.

Because those on the alternative system cannot deduct state and local taxes, their marginal tax rates are often above 40 percent, a level many economists say is high enough to discourage earning more and to encourage cheating. Many of these taxpayers also lose the benefits of the lower capital gains and dividend rates that President Bush championed as tools for economic growth.

Professor Graetz says that a second factor is inflation, which has eroded the value of the exemption from the alternative tax, pushing millions of people into it. The dollar has lost more than 44 percent of its value since 1986.

Meanwhile the stated goal of the original tax is not being met under the successor tax enacted 21 years ago. A far greater number of well-off families still pay only small amounts of tax. More than 41,000 taxpayers with incomes of $200,000 or more in 2003, the last year for which figures are available, paid less than 10 percent of their income in individual income taxes. And the number of untaxed high-income families — once 155 — grew to 2,824.

CONGRESS-ADMINISTRATION:

Children's Health Care On Agenda (WP)

By Christopher Lee

The Washington Post, March 4, 2007

Divisions Surface as Congress Works to Renew Program

The success of the decade-old Children's Health Insurance Program is exposing Washington's familiar ideological divisions over health care as Congress begins to work on renewing the state-federal program.

Members of both parties want to continue the popular $5 billion-a-year effort, which at any given time provides health insurance to more than 4 million children from lower-income families that do not qualify for Medicaid but cannot afford insurance on their own. But Republicans and Democrats cannot agree on how much money the program should get, and whom it should cover.

The conflicts track long-standing divisions over the proper role of government in health care, with Democrats generally favoring more activist attempts to ensure that everyone has access and Republicans supporting a more limited role that focuses on helping the neediest.

The nonpartisan Congressional Budget Office and other analysts estimate that the program, known as SCHIP, will require $13 billion to $15 billion above current funding levels just to keep covering the same number of children for the next five years. The Bush administration has proposed $4.8 billion, saying that is enough to maintain enrollment for "priority low-income children."

Many Democrats on Capitol Hill and advocates for children call the White House proposal inadequate, but the dispute is about more than numbers. Some Democrats, in control of Congress for the first time since 1994, would like to increase funding

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levels by as much as $50 billion over five years to extend coverage to many of the nation's 8.3 million uninsured children -- and to some uninsured parents and childless adults as well.

One possible source of money is the nearly $65 billion that the CBO says could be saved by erasing the gap between what the government pays private insurers that operate Medicare HMOs and what it pays doctors and hospitals for traditional fee-for-service care. A Medicare advisory panel reported Thursday that federal payments to the HMOs are an average of 12 percent higher.

"A lot of states, including my own, have more kids that are eligible for the program but are not enrolled that we'd like to reach out to," Rep. Frank Pallone Jr. (D-N.J.), chairman of the House Energy and Commerce subcommittee on health, said Thursday in an interview during a break in a hearing on the program. "I don't understand what the president is doing. . . . If he's going to hold to his commitment that he wants to cover the uninsured, this is the best way to do it. I would ask that he not look at this from an ideological perspective, and maybe not like it because it's a government program. Look at it practically -- it's working."

But President Bush and many congressional Republicans, wary of creeping growth in a federal social program, say the program is losing its way. They note that 14 states have taken advantage of the program's flexibility to cover not just children but also 639,000 adults, according to the Government Accountability Office. States such as Arizona, Michigan, Minnesota and Wisconsin covered more adults than children in 2005, the GAO found.

Moreover, seven states cover children from families that earn as much as 300 percent of the federal poverty level or more, or $61,950 for a family of four. Bush and some GOP lawmakers argue that the program should focus on children from families at or below 200 percent of the poverty level, or $41,300 for a family of four.

"I fear that using these limited federal dollars for adults has undermined coverage for low-income children," said Charles E. Grassley (Iowa), the ranking Republican on the Senate Finance Committee. "The issue is not whether or not coverage for adults is desirable: It is. The issue is not whether or not coverage for adults is beneficial for the family: It is. . . . The issue is whether SCHIP funds used to cover adults have drained resources targeted by Congress for kids."

Health and Human Services Secretary Mike Leavitt said last week that the program, which must be reauthorized by the end of September, should not be "the engine that pulls the train of a national health insurance program."

The partisan divisions do not carry over to state leaders. When a federal program is funded jointly with the states, governors generally prefer to see more money from Washington -- regardless of political affiliation. More than a dozen governors of both parties last week urged the White House and Congress to approve more funding for the program, including an immediate $745 million infusion to head off projected shortfalls this year in Maryland and 13 other states.

Continued funding is vital for people such as Craig and Kim Lee Bedford of Baltimore, who at a Senate committee hearing last month said that they struggled to pay high monthly private insurance premiums for their five children until they learned they were eligible for the federal program in 2004.

"We no longer have to decide whether a child is really sick enough to warrant a doctor's visit," said Kim Bedford, whose husband is an insurance agent. "We no longer have to decide whether a child really needs a certain medication prescribed by his pediatrician. . . . The times when we would have to make medical decisions for our children based on financial criteria were extremely stressful as parents, full of those impossible choices. Those are not the kinds of choices that parents in a society as advanced and as resourced as ours should be forced to make."

A Boy's Death (WP)

The Washington Post, March 4, 2007

How could a toothache have such a tragic outcome?

THE WHAT-IFS of Deamonte Driver's short life are heartbreaking. Just 12 years old, the Prince George's County boy died last week because of a succession of breakdowns in a system set up to ensure that children get basic dental care that is critical to their health. Equally tragic is that there are many more children like Deamonte who are at risk.

Deamonte's death, as reported by The Post's Mary Otto, happened because he didn't get timely treatment for a decaying tooth. Bacteria from the problem tooth migrated to his brain, and after two operations and more than six weeks in the hospital, he died. Deamonte's death should be more than mourned. It should serve as a call to strengthen the safety net -- and the first step is not blaming the victim. We have been taken aback by the ire some have directed at the boy's mother.

Obviously there is always parental responsibility, but, as children's health advocates will attest, the real issues are with the system. The states, the federal government and the dental profession have to do more. Medicaid requires dental coverage for children who qualify. But there aren't enough dentists willing to either treat children (think of Deamonte's brother whose dental treatment was stopped when he squirmed too much) or to accept Medicaid. This is a nationwide problem; states such as Virginia

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and Tennessee have developed robust programs to increase the number of dentists willing to serve the needs of people on the margins.

Another solution is expanding the reach of public health: The Maryland legislature should approve a bill to increase public dental clinics by allocating $6 million over three years.

Although not required, most states provide dental care under the State Children's Health Insurance Program to low-income children who don't qualify for Medicaid. That act is now up for reauthorization. Congress would do well to include dental care in the menu of benefits, as well as help out states that face budget shortfalls. Those worried about cost should think about Deamonte. The loss of his life is immeasurable, but it's worth noting that the cost of his care is likely to top $250,000. There can't be a more vivid reminder of how shortsighted our system is in not fostering access to preventive health care that saves not only money but lives.

Nuclear Warhead Plan Draws Opposition (WP)

By Walter Pincus

The Washington Post, March 4, 2007

Some Lawmakers Are Against New Weapon, While Others Seek Justification

The selection of a basic design for what could become a new generation of U.S. nuclear warheads has drawn immediate opposition from some key members of Congress.

The National Nuclear Security Administration announced on Friday that it had selected a design by the California-based Lawrence Livermore National Laboratory for the Reliable Replacement Warhead (RRW). It would be the first of a new generation of secure and reliable nuclear warheads initially intended for the Navy's submarine-launched intercontinental ballistic missiles.

Within the next 12 months, a team from Livermore and the Navy is to put together cost estimates and an engineering and production plan that would be presented to Congress next year for approval, according to acting NNSA Administrator Thomas P. D'Agostino.

Rep. Peter J. Visclosky (D-Ind.), the new chairman of the House Appropriations subcommittee that controls the funds for the nuclear weapons complex, has sharply questioned why a new warhead is needed. Saying the NNSA announcement "puts the cart before the horse," he called on the Bush administration to present a "clear, coherent national policy" to justify the new warhead.

Visclosky said he plans to hold oversight hearings and may seek to slow or eliminate the RRW if the administration does not present a strategy "that defines the future mission, the emerging threats, and the specific U.S. nuclear stockpile necessary to achieve the strategic goals."

The same subcommittee, under the previous chairman, Rep. David L. Hobson (R-Ohio), helped eliminate the Bush administration's plan to develop a nuclear "bunker buster" weapon and, instead, initiated a program to upgrade the reliability of the current stockpile of Cold War weapons. The Bush administration turned this into a program to develop a new nuclear warhead.

Sen. Dianne Feinstein (D-Calif.), a longtime opponent of new nuclear weapons, has declared that she is "100 percent opposed" to building the RRW. A member of the Senate Appropriations subcommittee that funds the nuclear complex, she said in a statement: "While I appreciate the fact that Lawrence Livermore was selected, this in no way answers my questions about the Reliable Replacement Warhead program."

She questioned how other countries would view the U.S. effort to develop new nuclear weapons at the same time that the United States is pushing Iran, North Korea and other countries to drop nuclear weapons programs. "What worries me is that the minute you begin to put more sophisticated warheads on the existing fleet, you are essentially creating a new nuclear weapon. And it's just a matter of time before other nations do the same thing," she said.

D'Agostino told reporters on Friday that the RRW "is not about starting a new nuclear arms race." He said the program would use a warhead design that was tested in the 1980s but package it with new features, such as insensitive high explosives less liable to explode by accident, as well as locking devices that would prevent the warhead from being used if it fell into the hands of terrorists.

There is congressional support for the warhead development. Rep. Ellen O. Tauscher (D-Calif.), chairman of the House Armed Services subcommittee on strategic forces, which also has jurisdiction over the weapons program, said she is "encouraged" by the NNSA decision. But she added that it "is only an early step in what will be a long evaluation process."

With the design going to Livermore, located in her district, Tauscher said the NNSA and the Pentagon "appear to have followed Congress's clear directions." She said her subcommittee's first hearings on the RRW will take place this week.

Sen. Pete V. Domenici (R) of New Mexico, home of Los Alamos National Laboratory, whose design lost out to Livermore's, said: "The important thing is that we're taking a step forward with the RRW to transform and reduce our stockpile, improve

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security and reliability, and lower the life-cycle cost." He hinted that this may only be the first of a series of RRWs, saying, "One system is not equivalent to a transformation, and we need to move on a second design competition."

Although Livermore's warhead is designed to be carried by a Navy intercontinental ballistic missile, the NNSA and the Pentagon are about to begin a study to determine what elements are needed for an RRW that would be carried by an Air Force ICBM.

FDA Rules Override Warnings About Drug (WP)

By Rick Weiss

The Washington Post, March 4, 2007

Cattle Antibiotic Moves Forward Despite Fears of Human Risk

The government is on track to approve a new antibiotic to treat a pneumonia-like disease in cattle, despite warnings from health groups and a majority of the agency's own expert advisers that the decision will be dangerous for people.

The drug, called cefquinome, belongs to a class of highly potent antibiotics that are among medicine's last defenses against several serious human infections. No drug from that class has been approved in the United States for use in animals.

The American Medical Association and about a dozen other health groups warned the Food and Drug Administration that giving cefquinome to animals would probably speed the emergence of microbes resistant to that important class of antibiotics, as has happened with other drugs. Those super-microbes could then spread to people.

Echoing those concerns, the FDA's advisory board last fall voted to reject the request by InterVet Inc. of Millsboro, Del., to market the drug for cattle.

Yet by all indications, the FDA will approve cefquinome this spring. That outcome is all but required, officials said, by a recently implemented "guidance document" that codifies how to weigh the threats to human health posed by proposed new animal drugs.

The wording of "Guidance for Industry #152" was crafted within the FDA after a long struggle. In the end, the agency adopted language that, for drugs like cefquinome, is more deferential to pharmaceutical companies than is recommended by the World Health Organization.

Cefquinome's seemingly inexorable march to market shows how a few words in an obscure regulatory document can sway the government's approach to protecting public health.

Industry representatives say they trust Guidance #152's calculation that cefquinome should be approved. "There is reasonable certainty of no harm to public health," Carl Johnson, InterVet's director of product development, told the FDA last fall.

Others say Guidance #152 makes it too difficult for the FDA to say no to some drugs.

"The industry says that 'until you show us a direct link to human mortality from the use of these drugs in animals, we don't think you should preclude their use,' " said Edward Belongia, an epidemiologist at the Marshfield Clinic Research Foundation in Wisconsin. "But do we really want to drive more resistance genes into the human population? It's easy to open the barn door, but it's hard to close the door once it's open."

The FDA knows how hard it can be to close that door. In the mid-1990s, overriding the objections of public health experts from the Centers for Disease Control and Prevention (CDC), the drug agency approved the marketing of two drugs, Baytril and SaraFlox, for use in poultry. Both are fluoroquinolones, a class of drugs important for their ability to fight the bioterror bacterium that causes anthrax and a food-borne bacterium called campylobacter, which causes a serious diarrheal disease in people.

Before long, doctors began finding fluoroquinolone-resistant strains of campylobacter in patients hospitalized with severe diarrhea. When studies showed a link to poultry, the FDA sought a ban. But while Abbott Laboratories, which made SaraFlox, pulled its product, Baytril's manufacturer, Bayer Corp., pushed back.

"They fought this tooth and nail. It took years," said Kirk Smith, an epidemiologist at the Minnesota Department of Health.

Finally, late in 2005, Bayer gave up, but not before fluoroquinolone resistance had spread even further.A Question of Resistance

Microbes are constantly mutating, and some of those mutations happen to confer immunity to one drug or another. Exacerbating the problem, bacteria constantly exchange bits of DNA with each other, spreading that resistance.

Given those realities, experts agree that all antibiotics should be used judiciously.

"If a drug is used less, then less resistance emerges," said Patricia Griffin, chief of intestinal disease epidemiology for the CDC.

Prudence is especially important for medicines of last resort, which is why the cefquinome application stirred such a storm.

Cefquinome is a fourth-generation cephalosporin, the most recent of several steadily improving versions of the cephalosporin family of antibiotics. Only one medicine from that family has been approved in the United States -- a powerful

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human drug called cefepime (brand name Maxipime), which is the only effective treatment for serious infections in cancer patients and a reliable lifesaver against several other nearly invincible infections.

InterVet developed cefquinome to treat bovine respiratory disease, the most common disease in cattle. Recognizing the potential public health implications of using a close cousin of cefepime in animals, the FDA's Center for Veterinary Medicine, which oversees animal drug approvals, convened its expert advisers in September.

One of the first things the group learned was that more than a dozen medicines are already on the market for the respiratory syndrome, and all are still effective.

"If we have no susceptibility problem, why do we need one more new drug?" asked James E. Leggett Jr., a professor of medicine at Oregon Health & Science University, whom the FDA brought in as a consultant on the cefquinome question.

The panel also learned that the disease would be a relatively minor issue but for the stressful conditions under which U.S. cattle are raised, including high-density living spaces and routine shipment on crowded trains for hundreds or thousands of miles. Those "production dynamics" suppress the animals' immune systems, explained feedlot consultant Kelly Lechtenberg of Oakland, Neb., and virtually guarantee that bovine respiratory disease will be a major problem.

Yet Stephen Sundlof, head of the FDA's Veterinary Medicine Center, told the panel members that under agency rules they should ignore those issues and consider only the language in Guidance #152.Flaws Seen in Rules

Guidance #152 is essentially a checklist of points to consider when weighing the potential human impact of a new animal drug.

After the Baytril debacle, the public health community embraced the idea of a guidance document. A formalized risk-assessment process promised to minimize the chances of making a bad regulatory call.

But a struggle ensued when the FDA hosted meetings to spell out the criteria to be used for measuring risk, often with veterinarians and veterinary drug companies on one side and doctors and public health experts on the other.

When differences could not be resolved after repeated drafts and months of work, the agency sidestepped some tough issues and adopted language that both sides agree can block approval of the most worrisome drugs -- those such as Baytril that are put in animal feed or water, and so are easily overused. But public health experts say the wording tilts the playing field toward industry for other kinds of drugs. They want to see it revised.

Most glaring, they say, is that the guidance makes it almost impossible to say no to a new animal drug unless it is likely to threaten the effectiveness of an antibiotic that is a critical player against food-borne illnesses. By contrast, the World Health Organization recommends saying no if approval would spur resistance to any antibiotic that is important for fighting "serious human disease" -- not just food-borne illnesses.

Cefquinome's primary threat is that it may undermine the usefulness of the closely related human drug, cefepime. But as it turns out, the FDA does not consider cefepime a front-line drug against food-borne infections. So although it is a highly important drug in human medicine generally -- and although the Infectious Diseases Society of America even recommends it against some food-borne bacteria -- that risk does not count under the terms of Guidance #152.

A related problem is that the guidance's definition of "food-borne" is conservative, said Margaret Mellon of the Union of Concerned Scientists, a science policy advocacy group. For example, most urinary tract infections are caused by intestinal bacteria acquired from food, and cefepime is prescribed for those infections. If the FDA counted those infections as food-borne, then the guidance's formula would call for rejecting cefquinome for cattle.

"But FDA didn't do that," Mellon said. "That restricted the analysis right there."

Moreover, the guidance does not take into account that when microbes become resistant to fourth-generation cephalosporins, they often gain resistance to third-generation versions, too.

Third-generation cephalosporins are among the only effective therapies for serious gastrointestinal diseases in children and are the sole therapies for many cases of meningitis. That means the emergence of resistance to fourth-generation cephalosporins "could have a much more far-reaching effect" than is considered under the terms of Guidance #152, John H. Powers, a medical officer at the FDA's Center for Drug Evaluation and Research, told the agency's panel of experts.How Great a Risk?

Richard Carnevale, vice president for scientific and regulatory affairs at the Animal Health Institute, which represents veterinary drugmakers, said critics should not presume that a dozen drugs effective against bovine respiratory syndrome are enough.

"It's not a question of whether there is a need or not," Carnevale said. "The answer is, there's always a need."

The institute contends that the risk to human health posed by animal antibiotics has been overblown.

Officials at InterVet declined several requests to be interviewed. In a statement, the company said it "fully supports the prudent use of antibiotics in animals."

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The statement also said that in Europe, fourth-generation cephalosporins similar to cefquinome have been used in animals for the past decade "without compromising the interests of public health."

Yet recent European data indicate that resistance against this class of antibiotics is on the rise.

An analysis of E. coli bacteria in pigs and other animals in Spain, published in December, found high levels of the resistance that renders fourth-generation cephalosporins useless. A January report from Britain documented similar resistance patterns emerging at 10 farms.

Microbes resistant to fourth-generation cephalosporins have also begun to pop up in European patients. Such resistance is virtually unknown in the United States, where fourth-generation cefepime has been used in patients since 1997. That suggests that the resistance emerging in Europe is a result of veterinary use, said Steve Roach of the Food Animal Concerns Trust, a Chicago public interest group.

Roach says he is concerned that history is about to repeat itself. U.S. cattle were free of bacteria resistant to third-generation cephalosporins in 1997, but by 2003 one of every five samples was resistant. "This is exactly what should be avoided with cefquinome," he said.Merely Suggestions

At the FDA advisory meeting in September, the agency's experts defied Guidance #152 and voted 6 to 4 against approval of cefquinome. But that day, and in follow-up interviews, Sundlof, the agency's veterinary chief, made it plain that the vote was "not binding."

"I think we all agreed . . . that Guidance for Industry #152 would be the criteria against which we would base our decisions on safety," Sundlof said at the meeting.

Concerned that the FDA is poised to approve cefquinome, Congress's only microbiologist recently wrote to the agency.

"Given the recent outbreaks of E. coli and other food borne illnesses across the nation, it is hardly the time to ignore the advice of scientists, and potentially impair our ability to treat deadly infections," wrote Rep. Louise M. Slaughter (D-N.Y.), who chairs the House Rules Committee.

Yet, being realists, the FDA advisers in September said more than just no. They told the FDA that if it approves cefquinome, then it should at least impose limits to minimize the potential consequences. One suggestion was to explicitly preclude "off label" use of the drug -- that is, to tell veterinarians that it can be used only for bovine respiratory disease.

But Sundlof said that, under FDA rules, those decisions must be left up to veterinarians unless there is clear evidence that wider use is causing harm.

"We have to take a fairly legal interpretation," Sundlof said in an interview. "If we have no evidence of a problem, or sparse evidence, we would not be able to make the prohibition prior to approval."

However, raising a point that opponents do not find very reassuring, he noted: "As soon as we have the first glimpse of evidence that off-label use of a drug is causing resistance, we have the authority to prohibit off-label use."

The advisers also urged that as a condition of approval, the FDA should demand that InterVet provide annual reports on how much cefquinome was used and in which animals -- data that would help scientists detect links between the drug's use and patterns of resistance that emerge in people.

"Without reliable, meaningful data on the quantity of use, the purpose of use, the type, number and location of animals treated, it will be exceedingly difficult to interpret fluctuations in rates of resistance," said Susan Prolman of the Union of Concerned Scientists.

But Sundlof offered little hope for that outcome.

"That is information that would be useful to have," he said. But the agency does not have the authority to demand it.

Public Health Agency Linked To Chemical Industry (LAT)

By Marla Cone

The Los Angeles Times, March 4, 2007

The work of a federal risk-assessment center is guided by a company with manufacturing ties. Some scientists see bias.

For nearly a decade, a federal agency has been responsible for assessing the dangers that chemicals pose to reproductive health. But much of the agency's work has been conducted by a private consulting company that has close ties to the chemical industry, including manufacturers of a compound in plastics that has been linked to reproductive damage.

In 1998, the Center for the Evaluation of Risks to Human Reproduction was established within the National Institutes of Health to assess the dangers of chemicals and help determine which ones should be regulated. Sciences International, an Alexandria, Va., consulting firm that has been funded by more than 50 industrial companies, has played a key role in the center's activities, reviewing the risks of chemicals, preparing reports, and helping select members of its scientific review panel and setting their agendas, according to government and company documents.

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The company produces the first draft of the center's reports on the risks of chemicals, including a new one on bisphenol A, a widely used compound in polycarbonate plastic food containers, including baby bottles, as well as lining for food cans.

The center's work is considered important to public health because people are exposed to hundreds of chemicals that have been shown to skew the reproductive systems of newborn lab animals and could be causing similar damage in humans. Chemical companies and industry groups have staunchly opposed regulation of the compounds and have developed their own research to dispute studies by government and university scientists.

The bisphenol A report, which some scientists say has a pro-industry bias, is a public document scheduled for review by the center's scientific panel on Monday. Employees of Sciences International involved in writing it will preside over the meeting.

Sen. Barbara Boxer (D-Calif.) and Rep. Henry A. Waxman (D-Los Angeles) in a Wednesday letter called for an explanation of the company's role and disclosure of its potential conflicts of interest before the panel convenes Monday. Boxer chairs the Senate's environmental committee and Waxman chairs the House's government oversight and reform committee.

Sciences International executives declined to comment to The Times, referring all questions to the National Institute of Environmental Health Sciences.

Michael Shelby, director of the federal reproductive health center, which is based in North Carolina's Research Triangle Park, also declined to discuss Sciences International.

But Robin Mackar, a spokeswoman for the National Institute of Environmental Health Sciences, which oversees the reproductive center, said Sciences International "has worked for the center since 1998 without any problems" and has participated in reports on 17 chemicals.

"These contractors have no decision-making or analytical responsibilities," she said.

But according to company and government websites and Federal Register documents, Sciences International is involved in management and plays a principal scientific investigative role at the federal center. The company has a $5-million contract with the center, according to an NIEHS document.

"The most significant project at our firm is the management of the National Toxicology Program's Center for the Evaluation of Risks to Human Reproduction," the Sciences International website says. It says half its clients are from the private sector, but its health studies are independent and it "is proud of its reputation for objective science."

Its current website contains no list of industry clients. But a 2006 version names BASF and Dow Chemical — which manufacture the plastics compound BPA — as well as DuPont, Chevron, ExxonMobil, 3-M, Union Carbide, the National Assn. of Manufacturers, and 45 other manufacturing companies and industry groups.

In 1999, Sciences International represented R.J. Reynolds Tobacco Co. in fighting an Environmental Protection Agency proposal to regulate a pesticide used on tobacco crops. In 2004, its vice president, Dr. Anthony Scialli, who is identified as the federal center's "principal investigator," co-wrote a study with a Dow Chemical Co. researcher on how to extrapolate data from animal tests to humans.

In addition, another Sciences International employee who works at the federal agency, Gloria Jahnke, has collaborated nine times on chemicals research with another company that gets funding from the plastics industry, according to a Times review of medical publications.

Sciences International's president boasted about its close collaboration with the federal reproductive health center, as well as the EPA and other federal agencies, in a letter soliciting R.J. Reynolds as a client in 1999.

Signed by company founder Elizabeth Anderson, the letter stated that Sciences International "serves the private sector, including many trade associations, on a wide range of health and risk assessment issues. However, we are different from most other consulting firms in that we also currently serve government agencies," which, the letter said, gives the company "a unique credibility to negotiate with regulators on behalf of our private sector clients."

The role of Sciences International in the federal center's work came to the attention of Environmental Working Group, a nonprofit advocacy group focused on environmental health, last month after some scientists who saw the report on BPA complained that it was biased toward the industry's position that low doses have no effect.

"We are unaware of any other instance in which nearly all of the functions of a public health agency have been outsourced to a private entity," wrote Richard Wiles, the working group's executive director, in a letter to the director of the NIH's National Toxicology Program, which runs the reproductive health center. "Questions about the objectivity and adequacy of this review process and the reviewers must be resolved before a final decision on BPA is reached."

Debate over BPA is one of the most contentious environmental health issues faced by government and industry. Traces are found in the bodies of nearly all Americans tested, and low levels — similar to amounts that can leach from infant and water bottles — mimic estrogen and have caused genetic changes in animals that lead to prostate cancer, as well as decreased testosterone, low sperm counts and signs of early female puberty, according to more than 100 government-funded studies. About a dozen industry-funded studies found no effects.

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Fred vom Saal, a University of Missouri-Columbia scientist conducting NIH-funded BPA research, said the draft report written by Sciences International downplays the risks of the plastics chemical and makes critical mistakes.

"It's a combination of inaccurate information and blatant bias as it exists in its draft form," vom Saal said. "They specifically ignore fatal flaws in industry-sponsored publications." He said the 300-page report misrepresented government-funded studies that found effects by inaccurately portraying their findings, and failed to note industry funding of some studies cited.

Shelby, the center's director, in a late February memo to the Environmental Working Group, said Sciences International reviews the scientific literature on chemicals and writes the basic reports, but that conclusions are prepared by the center's panel of independent scientists, which "serves to minimize or eliminate any bias that might possibly be introduced by the contractor."

Shelby wrote that there are no requirements for Sciences International or other contractors to disclose financial conflicts of interest.

Mackar, of the National Institute of Environmental Health Sciences, said the chemical reviews are "all open and public" and "we're confident in our scientific panel."

But Vom Saal said that although the scientific panel includes many good, independent scientists, "none of them have expertise with this chemical."

A Federal Register document describing the center's creation in 1998 said scientists from Sciences International and the center "constitute a core committee" that "selects the expert panel membership and establishes the meeting agenda."

Why They Fight (NYT)

By Jacob Heilbrunn

The New York Times Book Review, March 4, 2007

George W. Bush, reviled by the left ever since he became president, has recently accomplished the feat of acquiring a new and unlikely set of detractors. The longer he flounders in domestic and foreign policy, the more a vocal contingent of intellectuals and columnists allied to the Republican Party is attacking him. Unlike that of most Bush critics, however, their complaint isn't that the president has veered too far to the right. It's that he isn't conservative enough.

In "Leviathan on the Right," Michael D. Tanner offers the fullest exposition of this line of reasoning to date. Tanner, the director of health and welfare studies at the libertarian Cato Institute, comes not to bury but to resurrect the conservative cause. By exposing Bush and the Republican leadership as apostates who foolishly believe big government can be employed for conservative ends, Tanner hopes to persuade the right to return to what he sees as its original ideals of limited government and individual responsibility.

To dramatize this fall from grace, Tanner evokes a lost conservative golden age that stretched from Barry Goldwater to Ronald Reagan. Goldwater, the founding father of modern conservatism, prepared the stage for the revolt against big government that eventually swept the country and allowed Reagan to win the presidency in 1980. Reagan, Tanner suggests, was a paragon of fiscal restraint: he boldly declared in his first Inaugural Address that he intended to "curb the size and influence of the federal establishment." Reagan's successes, though, were quickly frittered away by his pallid successor, George H. W. Bush — "a man of no discernible ideology, who allowed government to begin growing again."

This was not all. The Republican class of 1994, which had championed the rollback of the federal government, became the cat's-paw of K Street lobbyists. By 2006, Republican legislators were approving billions in pork barrel spending, thereby replicating the corruption of the Democrats that had originally allowed the Republican Party to take power. In Tanner's view, Bush himself has been no better: while his sweeping tax cuts are laudable, he has presided over the creation of new federal agencies like the Homeland Security Department and spent wildly.

Who are the intellectual authors of the Bush administration's deviation from free-market orthodoxy? Tanner fingers neoconservatives like Irving Kristol who he thinks have always been dangerously complacent about accepting the existence of the welfare state, hoping to reform rather than abolish it outright. Matters only worsened with the advent of a younger generation of neoconservatives led by the Weekly Standard editor William Kristol and the New York Times columnist David Brooks, who tout a "national greatness conservatism." Tanner rebukes them for being "suspicious of unfettered free-market capitalism" and for rejecting "the primacy of individual choice." As he sees it, the neoconservatives, like the religious right, are dangerously obsessed with trying to legislate morality through socially responsible government programs.

Tanner is a lucid writer and vigorous polemicist who scores a number of points against the Republican Party's fiscal transgressions, but he has ultimately produced a fairy tale. The notion that Reagan actually fought for small government is wishful thinking. The Gipper didn't abolish a single major federal agency, he strengthened Social Security by approving a payroll tax hike and he added $1.4 trillion to the national debt. It was Bill Clinton who left behind a $236 billion surplus in 2000, which Bush promptly squandered. Contrary to Tanner and many other Reagan idolaters, Bush hasn't forsaken Reagan's legacy; by engaging in simultaneous tax cuts, massive military spending and deficit spending, he has continued it.

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What's more, Tanner glides rather easily from linking the corruption of the Republican Congress to big government. There is no necessary connection between the two. The fact that a Republican Congress looted the government on behalf of big business and itself does not discredit Social Security, Medicare and a host of other programs. It simply testifies to the venality of the Republican Congress. Perhaps Tanner's most questionable claim is that "politically, for all the internal disagreements, support for a strong national defense remains the glue that holds the various wings of the Republican Party together. The debate that will truly matter is whether or not conservatives still believe in small government." Like it or not, conservatives such as Tanner will have to grapple with the political, moral and fiscal consequences of an imperial foreign policy.

At first glance, Joe Conason's "It Can Happen Here" — a play on the title of Sinclair Lewis's 1935 dystopian novel, "It Can't Happen Here" — might seem to provide a valuable opportunity to do just that. Conason, a liberal columnist for The New York Observer and the author of "Big Lies" and "The Raw Deal," surveys the concentration of corporate and political power in Washington. He ably catalogs the Bush administration's attempts to subvert civil liberties. But it soon becomes apparent that he has a proclivity for substituting hyperbole for insight.

Conason briskly arraigns the usual suspects: Bush and the neoconservatives, for conducting an Iraq war he believes was launched partly to deflect attention from mounting corporate scandals; the political theorist and neoconservative mentor Leo Strauss; and Roger Ailes of Fox News, which the author says has a "journalistically illicit relationship" with the Bush administration. In Conason's view, Bush and Dick Cheney relied on "an enormous organizational apparatus ... in and around the Republican Party" as they "swept aside law, liberty and tradition to implement their new order." In case that allusion to the Third Reich's "New Order" is too ambiguous, Conason also refers to "the direction of dictatorship" and "potential tyranny."

The Bush administration has trampled on the intelligence reforms that Congress passed in the mid-1970s. But Conason appears to view the administration's machinations with something approaching lascivious horror. His language is seldom less than apocalyptic: "It is possible that the future of democratic governance in America will be determined in the final two years of the Bush presidency, when the Republicans may yet secure a court majority that reinterprets the Constitution as a mandate for theocratic dominion and untrammeled presidential power. That would raise the real prospect of an authoritarian regime acting under color of the Constitution and the law while eviscerating both." In his zeal to indict the Republicans, Conason sounds as strident as Karl Rove depicting the Democrats as gutless appeasers.

It's also the case that Conason's alarmism inadvertently buys into Bush and Cheney's own hokum by attributing a kind of implacable and infallible power to the administration. Whatever its intentions, however, the hallmark of the administration hasn't turned out to be Machiavellian cunning but sheer ineptitude. Rather like the American cold warriors who insisted that the Soviet Union was vying for world domination even as it was going poof in the late 1980s, Conason seems reluctant to recognize that the conservative movement has been heading toward collapse. Far from consolidating a right-wing dictatorship, Bush's actual political legacy may well turn out to be resuscitating American liberalism.

OTHER NEWS:

The Return Of Volatility (LAT)

The Los Angeles Times, March 4, 2007

Investors may have the jitters, but politicians could always make it worse by overreacting to them.

THE REMARKABLE THING about last week's harrowing stock market plunge was how remarkable it was. And that's because for all the talk of the dangers of a post-9/11 world vulnerable to terrorism, oil shocks, warfare and rising anti-Americanism, the last few years have been unusually prosperous and stable for the global economy. Indeed, before Tuesday, when the Dow Jones industrial average fell 3.3%, the index was enjoying its longest run since 1954 without a 2% single-day decline.

Around the world, economic stability has made investors somewhat cavalier about risk. Lower-risk premiums required for everything from sovereign nations' bonds to margin stock trading in China and sub-prime mortgage lending in the United States have made this a time of plentiful, cheap capital. Last week's sell-off, triggered by the Shanghai exchange's 9% drop Tuesday, reintroduced investors to the concept of risk — fear even — and the dangers of getting overextended.

The U.S. economy remains solid, but a "soft landing" is still a landing. Former Federal Reserve Chairman Alan Greenspan pointed out last week that the slowdown in corporate profits is a sign that "we are in the later stages of a cycle."

Last week was also a reminder of the growing interdependence of global markets. Unfortunately, the days when President Clinton and Treasury Secretary Robert E. Rubin could quickly reassure markets as an overseas financial crises loomed, and reaffirm the desirability of stronger links between the U.S. and other economies, are long gone. In a far more protectionist climate

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that is wary of the outside world, there is a danger that both Republican and Democratic members of Congress will unleash a political backlash to relatively minor financial hiccups, which could trigger a financial panic or even a recession.

It would be a disaster, for instance, if Congress allowed the president's trade promotion authority — under which he can negotiate trade deals that Congress must put to an up-or-down vote — to lapse, or if it persists in erecting new roadblocks to foreign investment in this country.

And then there is the incessant temptation to vilify China. Sen. Hillary Rodham Clinton (D-N.Y.), who should know better given the example set by her husband, used the Shanghai sell-off to issue a statement expressing concern about the amount of U.S. public debt owned by China and the ensuing "erosion of U.S. economic sovereignty." The fact that foreigners, including China's central bank, are eager to invest in the U.S. economy has been a huge benefit to American living standards and a win-win for the global economy. Pressed on CNBC whether she would propose limiting the amount of Treasury bills foreigners could purchase, Clinton said "not at this time."

Even assuming she was merely pandering to xenophobic voices in her party, it's not encouraging. If enough politicians follow her lead, modest financial corrections could turn into greater trouble for the U.S. economy.

Romney Wins Conservatives' Straw Poll (WP)

By Michael D. Shear

The Washington Post, March 4, 2007

Giuliani, Brownback Next in CPAC Vote

Presidential candidate and former Massachusetts governor Mitt Romney yesterday won a straw poll of conservative political activists gathered in Washington, a very early indication of how an important Republican constituency might vote.

Romney was the first choice for the GOP nomination, with 21 percent of the 1,705 activists who voted at the 34th annual Conservative Political Action Conference. Former New York mayor Rudolph W. Giuliani came in second with 17 percent, and Sen. Sam Brownback (Kan.) was third with 15 percent.

Last year, the activists said they preferred as their presidential candidate then- senator George Allen (Va.). He lost his reelection bid in November.

The nation's first primary is more than 10 months away, making such votes little more than a popularity contest among a slice of the population that might not represent any electorate.

But the result underscored the difficulty that one GOP candidate, Sen. John McCain (Ariz.), faces in drawing conservative support because of past views and statements. McCain -- who did not attend the convention, unlike Romney and Giuliani -- came in fifth in the straw poll, and the mention of his name yesterday drew boos from the crowd.

Former House speaker Newt Gingrich (Ga.) brought the convention to a raucous close yesterday with a speech in which he urged conservatives not to compromise and called for a broader national debate about ideas.

He called on eventual presidential nominees to commit to nine, 90-minute debates after Labor Day 2008. "We need to find a way to have an honest dialogue that is far beyond the kind of baloney you get in nine-second sound bites," Gingrich said.

Gingrich, who has not yet said he is running for president, was virtually mobbed by the crowd as he entered the ballroom. He finished fourth in the straw poll, with 14 percent.

Conservatives Pick Romney In Straw Poll (LAT)

By Tom Hamburger

The Los Angeles Times, March 4, 2007

Despite his record on social issues, the former Massachusetts governor is the top choice for the GOP nomination.

WASHINGTON — Republican presidential candidate Mitt Romney is struggling in national public opinion polls but, after a concerted effort, was named the winner Saturday of a straw poll of conservative activists at an annual gathering.

Despite skepticism about his record on social issues, the former Massachusetts governor received 21% of the 1,705 votes cast by paid attendees to the Conservative Political Action Conference who were asked to name their top choice for the 2008 GOP presidential nomination.

Former New York Mayor Rudolph W. Giuliani, whose past positions on abortion and gay rights also stand at odds with social conservatives, came in second in the informal poll, with 17% of the votes.

Both men received standing ovations from the thousands of conservatives who gathered for three days to, among other things, assess damage to their once powerful movement inflicted by the increasingly costly war in Iraq and the 2006 election.

Sen. John McCain of Arizona, the only leading candidate who did not attend the event, received 12% of the votes, and the mention of his name drew occasional boos from the audience.

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McCain came in behind his Senate colleague Sam Brownback of Kansas. Backed enthusiastically by social conservatives who admire his strong opposition to abortion, Brownback received 15% of the votes.

Former House Speaker Newt Gingrich of Georgia, who hasn't decided whether to run, also topped McCain, receiving 14% in the straw vote.

Romney's win among the conservatives gathered in Washington contrasts with his showing in other polls. A Newsweek poll released this weekend shows Giuliani surging ahead of McCain and Romney among Republican voters.

The former mayor led McCain 59% to 34% in the Newsweek poll. When matched against Romney in the poll, Giuliani led the former governor 70% to 20%. In a McCain-Romney matchup, respondents preferred McCain by 59% to 26%.

Giuliani also did well when pitted against Democrats. Giuliani was closely matched against Sen. Hillary Rodham Clinton of New York in the Newsweek poll, with 47% to her 46%. When paired up against Sen. Barack Obama of Illinois, he led 48% to 43%. The margin of error for the poll was 3 percentage points.

The poll provided another, incidental boost for the former mayor: Eighty-two percent of registered Republicans surveyed said a candidate's marital history was not an important consideration for them. Giuliani has been married three times.

Though behind in the polls, Romney has racked up endorsements from prominent Republican officeholders and party leaders. He has been pushing to establish his bona fides among conservatives who have openly worried about his changing positions on abortion and gay rights issues.

Romney paid the registration fees of some student attendees, and his campaign's representatives were visible throughout the conference.

Giuliani has not disavowed his advocacy on some social issues but has pledged to appoint "strict constructionist judges" if elected.

He received a warm reception when he spoke.

A ballot that combined conference attendees' first and second choices for the Republican nomination in 2008 showed Giuliani coming in first with 34%, compared with Romney and Gingrich, who were tied for second with 30%. McCain received 20% in the combined category.

Conservatives pondering how to respond to the Democratic takeover on Capitol Hill received no shortage of recommendations during the three-day conference. Many speakers such as author and activist Richard Viguerie said party leaders had lost their way and had betrayed true conservatism.

Minnesota Gov. Tim Pawlenty called on conservatives to address populist concerns such as healthcare, the environment and economic security.

This year's parade of candidates at the conservative gathering "is a reflection of the fact that there is no Reagan in the field," said David A. Keene, chairman of the American Conservative Union, which sponsored the convention. "It is not a slam dunk for anybody."

Keene said he detected a detached skepticism among this year's conventioneers.

"You see the attentiveness with which people are listening — it's not with adoration," he said. "They view themselves more as judges than advocates."

Not In Race, Gingrich Still Has Right Stuff (WT)

By Ralph Z. Hallow, Stephen Dinan

The Washington Times, March 4, 2007

Newt Gingrich received a hero's welcome at the Conservative Political Action Conference yesterday, but it was Tom DeLay who gave the thousands of activists their marching orders: Unite conservative interest groups into a machine that can overpower the unity of their liberal counterparts.

Mr. Gingrich, who won't decide whether he will run for president until after September, tied former Massachusetts Gov. Mitt Romney for second place in the conference's combined first- and second-choice straw poll with 30 percent each, trailing only former New York City Mayor Rudolph W. Giuliani, who won with a combined 34 percent.

"We will not defeat the Clinton machine by being negative," Mr. Gingrich said, referring to Democratic front-runner Sen. Hillary Rodham Clinton of New York. "We will defeat the Clinton machine by offering better solutions based on better values with a deeper reach into the American people's lives and psyche."

The former House speaker challenged all of the candidates to commit to a new way of conducting the last nine weeks of the presidential campaign: Forgo attack ads and meet once a week for 90-minute in-depth discussions, "no Mickey Mouse," with just a timekeeper, no moderator and no panel of questioners.

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In the straw poll of 1,705 CPAC attendees who voted, Mr. Romney was the top choice of 21 percent, followed by Mr. Giuliani at 17 percent, Sen. Sam Brownback of Kansas at 15 percent, then Mr. Gingrich at 14 percent and Sen. John McCain of Arizona at 12 percent.

But combined with second-choice ballots, Mr. Giuliani vaulted to the top -- followed by Mr. Romney and Mr. Gingrich. Mr. Brownback was fourth, Mr. McCain fifth, and Rep. Tom Tancredo sixth with 9 percent.

The combined choice is the most important yardstick because it measures depth of support, said J. William Lauderback, executive vice president of the American Conservative Union, the conference's chief sponsor.

"The Romney [second choice] number was markedly shallow at 9 percent," he said.

Mr. McCain was the only major candidate not to attend CPAC. He told Mort Kondracke of the Fox News Channel he didn't need to attend because CPAC was mostly Washington insiders.

Conference organizers said yesterday that the 5,200 people who registered for CPAC, held at the Omni Shoreham hotel in Northwest, came from 49 states, and just 15 percent were from Maryland, Virginia and the District.

"Newt Gingrich is probably the only rock star in the conservative world right now," Georgia Republican activist Phil Kent said. "You saw the energy when he entered the ballroom. I didn't see that for any of the others."

Mr. DeLay, the former House majority leader, who left Congress under the cloud of an indictment in Texas, criticized CPAC and other conservative gatherings for never offering plans of action to defeat the left. He said he is forming a Coalition for a Conservative Majority that would unite the various conservative interest groups into a single message for the conservative cause.

"When I left Congress, I had two things to do: support the conservative cause and defend Israel," he said.

Mr. DeLay said conservatives must overcome their independent streak and match liberal groups' willingness to take up each other's goals.

"You'll get abortionists working on labor policy. You'll get unions working for abortionists," he said of the liberal machine. "We need to understand that all of these conservative groups out there need to come together and work together to maximize our resources."

But some conservatives are not yet ready to forgive Mr. DeLay for saying, during the spending spree after Hurricane Katrina, that the money should be added to the deficit because Republicans had pared the budget down so well already.

"As a conservative activist, I'm still hoping he is going to retract his comments that there is not any more fat in the federal budget," said George Primbs, 44, a database marketing manager from Woodbridge, who was attending his 20th CPAC.

Speaking earlier in the day, former Virginia Gov. James S. Gilmore III called himself "the real conservative" in the race. He cited Mr. Romney's admission he voted for Democrat Paul Tsongas in 1992 and Mr. Giuliani's acknowledged vote for Democrat Mario Cuomo for New York governor in 1994 as evidence the others fall short.

"What are we expected to do?" Mr. Gilmore asked. "There is not a person in this room who was so confused in those days they would have voted for Paul Tsongas and Mario Cuomo."

He also attacked Mr. McCain, saying he fits the label "maverick" more than "conservative" for having opposed President Bush's tax cuts and supporting "amnesty" for illegal aliens.

"Gilmore had the best message, and he delivered it beautifully," said Donald J. Devine, who headed President Reagan's Office of Personnel Management.

The straw poll also made it clear that Mr. Bush is mostly irrelevant to the conservative movement. In the poll, 79 percent described themselves as a "Ronald Reagan Republican," but just 3 percent said they were a "George W. Bush Republican."

Romney Favored Among Conservatives In Straw Poll (AP)

AP, March 3, 2007

WASHINGTON (AP) -- Mitt Romney won the most support for the Republican presidential nomination in a Saturday straw poll of GOP activists attending an annual conference.

Despite his record of inconsistency on some social issues, the former Massachusetts governor got 21 percent of the 1,705 votes cast by paid registrants to the three-day Conservative Political Action Conference.

They were asked who their first choice would be for the Republican nomination.

Rudy Giuliani, the former New York City mayor whose moderate stances on social issues irks the party's right wing, was second with 17 percent.

Both were among the more than half-dozen White House hopefuls who spoke at the conference.

Republican Sen. John McCain of Arizona, who rounds out the top tier of serious GOP contenders, skipped the event -- and was punished for it. He got only 12 percent of the vote.

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Ahead of him were Romney, Giuliani and two others. Sen. Sam Brownback of Kansas, a favorite of religious conservatives, got 15 percent, while former House Speaker Newt Gingrich of Georgia, who says he won't decide whether to run until the fall, got 14 percent.

Others got 5 percent or less.

A year ago, then-Virginia Sen. George Allen received 22 percent of the vote. His presidential chances evaporated last year as he struggled to win -- and eventually lost -- his Senate re-election race.

In that CPAC poll last year, McCain had 20 percent, Giuliani had 12 percent, Secretary of State Condoleezza Rice had 10 percent, and Gingrich had 5 percent.

G.O.P. Candidates Criticize Slur By Conservative Author (NYT)

By Adam Nagourney

The New York Times, March 4, 2007

WASHINGTON, March 3 — Three of the leading Republican presidential candidates on Saturday denounced one of their party's best-known conservative commentators for using an antigay epithet when discussing a Democratic presidential contender at a gathering of conservatives here.

The remarks by Ann Coulter, an author who regularly speaks at conservative events, were sharply denounced by the candidates, Senator John McCain of Arizona, Rudolph W. Giuliani of New York and Mitt Romney of Massachusetts. Their statements came after Democrats, gay rights groups and bloggers raised a storm of protest over the remarks.

Speaking at the Conservative Political Action Conference before an overflow crowd on Friday, Ms. Coulter said, "I was going to have a few comments on the other Democratic presidential candidate John Edwards, but it turns out you have to go into rehab if you use the word 'faggot,' so I — so kind of an impasse, can't really talk about Edwards."

Mr. Edwards's aides responded with an e-mail message that attacked Ms. Coulter and urged supporters to donate to Mr. Edwards's campaign. "John was singled out for a personal attack because the Republican establishment knows he poses the greatest threat to their power," said his campaign manager, David E. Bonior. "Since they have nothing real to use against him, Coulter's resorting to the classic right-wing strategy of riling up hate to smear a progressive champion."

Ms. Coulter, asked for a reaction to the Republican criticism, said in an e-mail message: "C'mon, it was a joke. I would never insult gays by suggesting that they are like John Edwards. That would be mean."

At the conference, she said she was likely to support Mr. Romney.

The criticisms by the Republican candidates put them in a difficult position because the Conservative Political Action Conference has been gathering for conservative and Republican leaders for over 25 years.

The speakers this year included Vice President Dick Cheney and most of the presidential candidates, whose presence suggested the political influence the group holds in the party's nominating process. Mr. Cheney was not at the event on Friday.

Of the major Republican candidates, only Mr. McCain did not attend, but he denounced her remarks on Saturday morning. "The comments were wildly inappropriate," said his spokesman, Brian Jones.

Mr. Giuliani said, "The comments were completely inappropriate and there should be no place for such name-calling in political debate."

Kevin Madden, a spokesman for Mr. Romney, said: "It was an offensive remark. Governor Romney believes all people should be treated with dignity and respect."

Mr. Romney preceded Ms. Coulter at the event and mentioned that she was speaking later — he jokingly referred to her as a "moderate." But he was not in the room when she spoke, Mr. Madden said.

Coulter Drops F-bomb Onto Political Battlefield (CNN)

CNN.com, March 4, 2007

WASHINGTON (CNN) -- Prominent politicians from both parties and a gay-rights group on Saturday condemned right-wing commentator Ann Coulter for her reference Friday to Democratic presidential candidate John Edwards as a "faggot."

"Ann Coulter's use of an anti-gay slur yesterday was un-American and indefensible," Edwards said in a posting on his Web site, www.johnedwards.com.

"In America, we strive for equality and embrace diversity. The kind of hateful language she used has no place in political debate or our society at large.

"I believe it is our moral responsibility to speak out against that kind of bigotry and prejudice every time we encounter it."

Edwards' campaign posted the video on their Web site, and asked readers to help them "raise $100,000 in 'Coulter Cash' this week to keep this campaign charging ahead and fight back against the politics of bigotry."

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Coulter made her comment in Washington during an address to the 34th annual meeting of the Conservative Political Action Conference, during which she gave her opinions about the Democrats' slate of presidential hopefuls.

"I was going to have a few comments on the other Democratic presidential candidate, John Edwards, but it turns out that you have to go into rehab if you use the word 'faggot,' so I'm - so, kind of at an impasse, can't really talk about Edwards, so I think I'll just conclude here and take your questions," said Coulter, whose comment was followed by applause.

CNN has reached out to Coulter's representative, and received no response.

But the New York Times reported that she responded, in an e-mail, "C'mon, it was a joke. I would never insult gays by suggesting that they are like John Edwards. That would be mean."

A spokesman for Sen. John McCain, a Republican presidential candidate, called Coulter's comments to the conservative group "wildly inappropriate."

In a written statement, Sen. Edward Kennedy, D-Mass., said, "Ann Coulter's words of hate have no place in the public sphere much less our political discourse. Not only should she apologize but those who participated in the conference with her should denounce her shameful and divisive actions."

"Ann Coulter's use of this anti-gay slur is vile and unacceptable," said Neil G. Giuliano, president of the Gay & Lesbian Alliance Against Defamation, "and the applause from her audience is an important reminder that Coulter's ugly brand of bigotry is at the root of the discriminatory policies being promoted at this gathering."

In a written statement, Democratic National Committee Chairman Howard Dean called on Republicans to denounce her remarks. "There is no place in political discourse for this kind of hate-filled and bigoted comments," he said.

During a question-and-answer session, Coulter referred back to the issue of gays by alluding to the bid for the Republican presidential nomination being made by former Massachusetts Gov. Mitt Romney.

"I do want to point out one thing that has been driving me crazy with the media -- how they keep describing Mitt Romney's position as being pro-gays, and that's going to upset the right wingers," she said. "Well, you know, screw you! I'm not anti-gay. We're against gay marriage. I don't want gays to be discriminated against."

She added, "I don't know why all gays aren't Republican. I think we have the pro-gay positions, which is anti-crime and for tax cuts. Gays make a lot of money and they're victims of crime. No, they are! They should be with us."

A spokesman for Romney called Coulter's use of the slur "offensive."

Ann Coulter, You're No Sister Souljah (POL)

By Jennifer Rubin

The Politico, March 3, 2007

Ann Coulter is not African-American, does not sing and never said “If black people kill black people every day, why not have a week and kill white people?” However, she is the closest the Republicans will get to Sister Souljah.

Coulter has made a career of interspersing insightful and cutting political criticism with outrageous and morally repugnant remarks. She attracted considerable attention with her crack about the group of 9/11 widows dubbed the “Jersey girls,” with a line in one of her books, “These broads are millionaires, lionized on TV and in articles about them, reveling in their status as celebrities and stalked by grief-arazzis. These self-obsessed women seemed genuinely unaware that 9/11 was an attack on our nation and acted as if the terrorist attacks happened only to them. ... I’ve never seen people enjoying their husbands' deaths so much.”

Then, there was her crack about Muslims at last year’s Conservative Political Action Conference (CPAC): “I think our motto should be post-9-11, ‘rag head talks tough, rag head faces consequences.’” At CPAC on Thursday, in endorsing Republican presidential aspirant Mitt Romney, who needs more bad press like a hole in the head, she piped up with this one: “I was going to say something about John Edwards, but it turns out you have to go into rehab if you use the word ‘faggot.’”

It's about time for a presidential contender, perhaps all of them in the spirit of Newt Gingrich’s crusade for improving public discourse, to say “enough.” Coulter’s never-ending stream of venom is not amusing, unhelpful to Republicans, and not in keeping with the ideals of a party that fancies itself as the proponent of a colorblind society and heir to Lincoln.

It is not “caving” into political correctness to distance and indeed condemn such remarks as unworthy of a political event like CPAC. To the contrary, it is altogether fitting that a group that ostensibly searches for the best in conservative ideas, rewards political courage and encourages intellectual debate, should be able to differentiate the amusing from the offensive, and the clever from the vile.

Conservatives take great glee in condemning ideological opponents who share stages with Al Sharpton or give a convention seat to Michael Moore. It would certainly boost their credibility to toss their own baggage out.

Would it be a stunt to call out Coulter, who obviously revels in the attention of provocative pronouncements? No. Excommunication is not being suggested, just a public rebuke. By clearly stating her comments are beyond the bounds of civil

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discourse and her presence not a welcome addition to a mature political party, the Republicans could do themselves a world of good. How often does a party have the opportunity to display some measure of dignity, restraint and self-reflection.?

So who will play the role of Bill Clinton to Coulter's Sister Souljah? It would be a sad commentary on the GOP if the answer is "no one."

Jennifer Rubin is a writer who lives in Virginia. Her columns appear in the Weekly Standard, the American Spectator, Human Events, abc.com and National Review Online.

Giuliani Has No Real Chance With GOP Voters... Or Does He? (WP)

By Dan Balz

The Washington Post, March 4, 2007

The 2008 presidential campaign is just weeks old, but already an article of faith within the Republican Party -- the belief that no politician who favors abortion rights and gay rights can win the GOP nomination -- is being challenged by the candidacy of former New York mayor Rudolph W. Giuliani.

The man who was named Time magazine's "Person of the Year" for his response to the Sept. 11, 2001, attacks is now leading in a slew of national polls. He is testing whether cultural and religious conservatives in the GOP will support a candidate who offers strong leadership on security and terrorism rather than ideological purity on social issues.

"This is the first Republican presidential primary since Sept. 11," said Ed Gillespie, a former Republican National Committee chairman who is neutral in the nominating battle. "Rudy Giuliani is a candidate who can clearly test the proposition that a Republican who is more moderate on social issues can capture the nomination. He's testing it now."

Whit Ayres, a Georgia-based Republican pollster, said he has been struck by the number of conservatives he has encountered who disagree with Giuliani on abortion or gay rights but are still attracted to him as a possible Republican nominee. The issue is whether that appeal can survive a long campaign in which Giuliani's New York record, his position on issues, his three marriages and his complex business dealings will be subjected to withering scrutiny.

"It truly is the question in Republican presidential politics at the moment," Ayres said. "There are a lot of people with a more traditional view who think that his leading in the polls is just a mirage and that he has no real chance. I don't believe that. I think there's more to this than simply name ID. "

Many GOP strategists still question whether Giuliani can survive the scrutiny and develop a message that appeals to voters across the spectrum of Republican conservatism. Based on his speech Friday at the Conservative Political Action Conference in Washington, there are good reasons for doubt. Giuliani highlighted his record as a tax cutter, crime fighter and welfare reformer. But he offered little resembling a traditional conservative agenda for the future, other than saying the United States must remain on offense against terrorism. The speech won a polite but hardly enthusiastic response from the audience of activists.

Still, the former mayor's decision to show up at a conference that the other leading candidate for the nomination, Sen. John McCain (R-Ariz.), skipped may earn some goodwill with an audience not predisposed to support him.

His strength in recent national polls and some state polls has already prompted many strategists, including some in rival camps, to reexamine their long-held assumptions about a party that is approaching not only its first nomination battle since the terrorist attacks but also the first since the 2006 midterm elections, which put Democrats back into power in Washington. With President Bush's approval ratings still low, Republicans are looking for a winner.

For many months, McCain has been seen as the closest thing there is to a front-runner in the Republican contest. But Giuliani has emerged not only as the popular choice for the GOP nomination but also as the Republican candidate who is currently most highly regarded by the American people -- Republicans, Democrats and independents alike.

The latest Washington Post-ABC News poll showed Giuliani leading McCain 44 percent to 21 percent, with former House speaker Newt Gingrich at 15 percent and former Massachusetts governor Mitt Romney at 4 percent. A month ago, Giuliani's lead was much narrower: 34 percent to 27 percent. Without Gingrich in the field, the most recent poll showed Giuliani's margin over McCain was 53 percent to 23 percent.

A veteran Republican strategist, who spoke on the condition of anonymity to candidly assess the situation, said he is among those who long believed that a Republican with Giuliani's profile would have no chance. He still believes the former mayor faces significant obstacles but said the odds of Giuliani winning the nomination are not as remote as they once seemed.

He gave three reasons: the absence of a strong, traditional conservative in the GOP field; continuing antipathy among many social and religious conservatives toward McCain; and the prospect of Sen. Hillary Rodham Clinton (D-N.Y.) becoming the next president.

Giuliani "looks like he can beat Hillary, make the party competitive again in the Northeast, competitive again in California and allow us to keep our strong electoral advantage in the South and Rocky Mountain states," the strategist said.

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The former mayor's campaign team believes it has found a credible path to the nomination. Its foundation is a conclusion that while the overwhelming majority of Republicans differ with Giuliani on abortion, gay rights and gun control, a much smaller percentage of GOP primary voters -- perhaps no more than a quarter -- are single-issue voters who would never vote for him because of his views on those issues, a percentage borne out by the latest Post-ABC News poll.

Giuliani's advisers see that as a reason for optimism. They say those findings still leave a significant majority of the party beginning the campaign open to his candidacy, and they think the more he can emphasize his conservatism on issues such as taxes, welfare and crime, as well as his leadership on national security issues, the more voters are likely to back him.

"Rudy Giuliani and Republican voters are going to find a tremendous amount of common ground on a wide variety of issues important to Republican voters," said Mike DuHaime, Giuliani's campaign manager.

That raises the question of what it would say about the Republican Party if Giuliani were to become the nominee. Joe Gaylord, a GOP strategist close to Gingrich, said Giuliani's well-deserved celebrity appeal from his Sept. 11 response is a powerful attribute in the current environment. But he gave voice to something other Republican strategists are saying, which is that if Giuliani were to win the nomination, "this is a different Republican Party than I know."

Giuliani's advisers also challenge the assumption that he is doing well among Republicans because they remember his post-Sept. 11 job performance but know little about his positions on social issues. They believe that many Republicans are aware of both sides of the story and still find him an attractive candidate. Even some strategists in rival campaigns share that view, based on their own analyses.

Another factor may be working in Giuliani's favor. Many big states -- California, New Jersey and Florida among them -- could hold their primaries Feb. 5. If the former mayor survives early tests in Iowa, New Hampshire and South Carolina, his advisers argue, he will be positioned to do well in the larger states.

Social conservatives make up a significant portion of the GOP primary and caucus electorates in South Carolina and Iowa -- about two-thirds of South Carolina Republican voters oppose abortion, for example. The role of social conservatives is considered to be less decisive in New Hampshire, where low taxes are a bigger priority among GOP voters than abortion.

"I believe the compression [of the nomination] calendar helps us," DuHaime said.

All that assumes that Giuliani's early strength is not a mirage and that he finds a way to transcend his disagreements with conservatives. GOP strategists say he cannot change his positions, as Romney has done in some cases, but Giuliani's advisers believe he can reassure conservatives that he is not bent on a change in party orthodoxy.

On social issues, Giuliani has tried to shift the focus from his positions on abortion and gay rights to his argument that, as president, he would appoint federal judges akin to Supreme Court Justices Antonin Scalia and Samuel A. Alito Jr. His record in New York does not necessarily support that, according to an analysis recently published in the Politico, but a Giuliani adviser said the selection process there is quite different.

Giuliani's having been married three times could hamper his efforts to appeal to culturally conservative voters, although Gingrich faces the same issue if he enters the race. Similarly, Giuliani may have to answer for his past association with former New York police commissioner Bernard B. Kerik, who was forced to withdraw as Bush's nominee to be secretary of homeland security.

Other Republicans will be watching for signs that Giuliani's candidacy is built for the long haul. Right now, he trails McCain and Romney in building a national network of organizations. Giuliani has substantial fundraising appeal, but his first-quarter numbers, due at the end of this month, will be an indicator of whether he can tap his full potential. His skills as a campaigner will undergo continual examination.

"I think that people like him, and likeability is a big, big factor in presidential politics," a senior Republican strategist said. "Right now, I think his numbers reflect that. As you get closer to the Iowa caucuses and the New Hampshire primary, likeability may give way to vote-determinative issues, like abortion."

Said Ayres: "I don't think there's any question those issues will come into play. The question is, will they get traction?"

Romney Values Old Time Religion (NHUL)

By Garry Rayno

New Hampshire Union Leader, March 4, 2007

MANCHESTER – Presidential candidate Mitt Romney said the Judeo Christian values that helped found America continue to guide the country today.

On the campaign trail and in the media, Romney has faced questions about his Mormon faith and whether it could hurt his chances to win the Republican Party's nomination.

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"The fundamental principle of faith of Judeo Christian (belief) is there is a God, who is our heavenly Father and all the people on this earth and every speck of humanity on this earth is a creation of God ... And every creation of humanity is a child of God," Romney told the New Hampshire Union Leader and Sunday News in an interview last week.

While this country welcomes Muslims, Hindus, Buddhists and other faiths, he said, the Judeo Christian tradition remains its foundation.

Romney's positions on abortion, same-sex marriages and stem cell research have changed and are now in line with religious conservatives. Once a moderate on social issues, Romney now says: "If you had somebody in the private sector who didn't change their mind when they knew they were wrong, you fired them because they were stubborn.

"I'm happy to admit when I make mistakes and go on. And my experience is that to the voters, the response is overwhelmingly positive: 'We've got a guy who'll admit his mistakes, tell us what he's going to do and he'll honor that,'" Romney told the Associated Press after an appearance in Concord Thursday.

Having Judeo Christian values also means as a people, Americans reach out to people in need, he said at the New Hampshire Union Leader and Sunday News offices. "When we see people suffering, we feel as though it's a brother or a sister suffering," said Romney, who has a vacation home in Wolfeboro.

Seeing what is going on in Darfur, Sudan, brings pain to people's hearts, he said, just as the world's problems cause concerns.

Romney said he believes the First Amendment of the Constitution has been misinterpreted to mean that no religion should be established. Instead, he said, some believe that means establishing secularism, which is not a religion.

Romney said he would retain the word "God" in the Pledge of Allegiance to the flag, on U.S. money and in public places. "They give us a sense of remembrance of who we are and we are all related through our Divine heritage," he said. "There is a creator, and we are the family of humankind."

America's culture is what has made the country successful and the power it is, Romney said. "By in large, we are a God-fearing people."

But he noted, American culture is under attack by radical Islamists, by the economies of China and India and from within by problems such as out-of-control immigration and too many people without access to health care.

"The family structure is critical to our society. We will not succeed if 60 percent of our children are born out of wedlock," he said.

But, he added, "I'm not wringing my hands with worry. America does well when faced by challenges ... Washington is the problem. It's not a Republican or a Democratic thing."

Romney portrayed himself as an outsider who is not a career politician and is willing to work in a bipartisan manner to make needed changes.

"I am not a life-long politician. I'm in this because I care about my kids and my grandkids and I care about your kids and grandkids," Romney said.

He said he does not want America to become the "France of the 21st century," noting that France began the 20th century as a world power, but lost that designation by the end of the century.

America still has time to deal with the issues that must be addressed in order to avoid a similar fate, Romney said.

He said the United States needs to do more to free itself from the grip of oil-producing countries, many of which are not friendly. "It's like paying the cannibals to eat you last," he said.

Romney, who as Massachusetts governor opposed a proposed wind farm off Cape Cod, said he would favor such a proposal in Buzzard's Bay. "I'd be happy to have a wind farm, but not in Nantucket Sound, or the Grand Canyon, or Chesapeake Bay or the Bay of Fundy," he said.

Along with alternative energy sources, the country needs to strive for greater energy efficiencies, Romney said. This country has yet to make a real effort to save energy, he noted, saying it cannot be done in 10 years, but could be accomplished in 20 years.

If the country becomes energy independent, he noted, it would not have to deal with someone like Hugo Chavez, the president of Venezuela, who is providing cheap heating oil to low-income residents of many Northeastern states, while severely criticizing the Bush administration.

"We have stopped thinking about Latin America in this country and we need to change that," Romney said.

He first gained national recognition for his role in turning around the 2002 Winter Olympics.

From 1978 to 1984, Romney was vice president at Bain & Company, Inc. In 1984, he founded Bain Capital, a venture capital and investment company.

Romney received his B.A. from Brigham Young University in 1971, and was awarded an MBA from Harvard Business School, and received his law degree, cum laude, from Harvard Law School.

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Auditor Kicked Off Campaign (TSSC)

The State, March 4, 2007

MYRTLE BEACH — Lois Eargle felt the sting of the political whip this week when she was one of two people cut from a presidential campaign for making unpopular remarks.

Eargle, the Horry County auditor, knows she'll be taking the lashes for a long time just by looking at the fate of the other person dropped by the Duncan Hunter campaign — Henry Jordan, whose words have stuck with him for a decade.

"I guess, darling, just to put it in a nutshell, that's politics," she said.

Ten years ago during a school board meeting, former board member Jordan said, "Screw the Buddhists and kill the Muslims," adding, "And put that in the minutes." He said it was a joke.

Last week, Eargle said she told a woman looking for free legal help for her abused child "to get back to Mexico."

Eargle later said she was misquoted, but in further interviews she restated her view that the woman should return to Mexico.

The campaign took the pair off its list of a fistful of state co-chairmen — honorary titles for regional supporters — because it feared the increasing scrutiny from bloggers and media, said Ron Tyler, Hunter's spokesman.

"It'll never die, so it doesn't matter if she made an error," Tyler said. "For the campaign, it was a fatal error."

But Eargle said she was sure it would not affect her popularity at home.

"That's not going to have anything to do with me, honey, because the people in Horry County know who I am and know I'll stand up for what's right," she said. "I have enough backbone to stand up and say something that other politicians are thinking but won't say."

Eargle went on to rip Hunter, a California Republican, dismissing him as a viable candidate.

"He's not even going to win South Carolina," the former supporter said. "He lied to me. ... A politician is fake. There's a difference between a politician and a statesman. He is no statesman — he's a politician."

Jordan blamed his woes on the media, which he said paid more attention to things conservatives said than liberals.

"Let me tell you how I feel," he said. "The daggum news media's got nothing to write about. I made a joke about Muslims and the daggum news media won't forget it. They keep bringing it up and bringing it up."

Jordan said Hunter had told him some bloggers in California had already begun bringing up his infamous remarks. "He said he thought it might be an issue," Jordan said. "The last thing we want to do is hurt his campaign."

Former Wisconsin Governor Campaigns In Iowa (AP)

AP, March 3, 2007

MOUNT PLEASANT, Iowa -- Former Wisconsin Governor Tommy Thompson may not have drawn huge crowds during campaign stops across southern Iowa today, but some of the Iowans who saw him liked what they heard.

Thompson covered several domestic issues and detailed his plan for handling the Iraq war to about three dozen people at a Mount Pleasant restaurant.

Mount Pleasant Republican Bill Layne says Thompson has qualities the country needs in a president including intelligent leadership.Diane Brinkmeyer, of New London, says she liked Thompson's solutions to welfare reform in Wisconsin. And, she says he's personable, which a politician must be to win today.

Thompson criticized health care policy in the United States as stupid, saying it spends almost all the money on care after people are sick instead of prevention.He offered a three-part plan on Iraq including an Iraqi parliament vote on whether the U.S. military should remain in the country, establishment of 18 territories in Iraq and giving one-third of the revenue from the country's oil industry directly to the people.

Thompson also campaigned in Burlington, Ottumwa and Fairfield today.

Recalling Civil Rights, Democrats Seek Black Votes (NYT)

By Jeff Zeleny

The New York Times, March 4, 2007

SELMA, Ala., March 3 — Representative John Lewis, whose political career grew out of the civil rights movement, had longed for the day he could vote for someone that he believed could become the nation's first black president. So when Senator Barack Obama entered the race, he was on the cusp of declaring his support.

Until Bill Clinton called.

Now, Mr. Lewis said, he is agonizing over whether to choose Mr. Obama, whom he once described as "the future of the Democratic Party," or Senator Hillary Rodham Clinton.

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"One day I lean one way, the next day I lean another way," said Mr. Lewis, Democrat of Georgia. "Sometimes, you have to have what I call an executive session with yourself, a come-to-Jesus meeting, and somehow, some way we will all have to make a decision."

In the opening stretch of the 2008 Democratic presidential contest, Mrs. Clinton, Mr. Obama and John Edwards, the former North Carolina senator, are embroiled in what party officials believe is one of the most competitive scrambles for black supporters since the Voting Rights Act was passed four decades ago. The chief rivals will be here on Sunday when the Clintons and Mr. Obama commemorate the 42nd anniversary of Bloody Sunday, when hundreds of activists — Mr. Lewis among them — crossed the Edmund Pettus Bridge during a civil rights march from Selma to Montgomery.

Representative Artur Davis, Democrat of Alabama, invited Mr. Obama to deliver the keynote address at the historic Brown Chapel on Sunday. After Mr. Obama agreed, Mr. Davis said, Mrs. Clinton accepted an invitation to speak at a church just down the street. And two days ago, Mr. Clinton said he would join his wife in Selma, the first time since she formally entered the race that he has been called on to use his clout so directly to give her a hand.

"Her timing speaks for itself," said Mr. Davis, who supports Mr. Obama.

It will be the first time Mrs. Clinton and Mr. Obama share the same campaign turf, and curiosity was building Saturday evening as hundreds gathered in the historic district for the weekend festival. Aides to Mrs. Clinton dismissed suggestions that they were following Mr. Obama, but members of Congress traveling to Selma said they were encouraged by her allies to attend her speech, not his.

Mr. Obama also adjusted his schedule, a spokesman said, postponing a fund-raiser in Boston on Sunday evening after learning that the Clintons would be attending the daylong series of events here.

Mr. Edwards declined an invitation. He plans to be in California on Sunday to deliver a speech — about Selma and civil rights — at the University of California, Berkeley.

Black voters are a crucial component of the Democratic electorate. In 2004, despite intensive efforts by President Bush to break the Democratic dominance, Senator John Kerry of Massachusetts won about 89 percent of the black vote.

In contested primaries, particularly in South Carolina, black support could be vital to the Democratic nominee. About 50 percent of the primary voters in South Carolina are black, and the state is fourth in line on the nominating calendar. Alabama, where about 60 percent of the primary voters are black, is making plans to move its contest to Feb. 2. And at least 16 states are considering voting on Feb. 5, including Florida, California, Illinois, New York and Texas, all states where black voters could hold considerable sway.

But the weekend appearances also offer a window into a broader struggle among the candidates to define themselves to the country and to associate themselves with the legacy of the civil rights movement in a way that could help them appeal not only to blacks but also to white Democratic voters who are proud of their party's role in that struggle.

Mr. Obama, who was born in 1961, four years before the Selma march, grew up in Hawaii and Indonesia, far from the civil rights battles that played out in the American South. While he plunged into racial issues as a young adult, he has traveled to the region only in recent years, beginning to build relationships with older leaders of the movement.

Mrs. Clinton, who was born in 1947, had her political sensibilities forged during the tumult of the late 1960s. She has benefited from her husband's immense popularity among black voters, built gradually during their years in Arkansas and then the White House. Mr. Clinton will be in Selma to be inducted into the Voting Rights Hall of Fame.

Mr. Edwards, who was born in 1953 and raised in North Carolina, often discusses growing up in the segregated South and the obligation that brings him to address issues of race and class. He has courted black support in both of his presidential campaigns.

For Mrs. Clinton, the Selma appearance could be a test of her ability to connect with black audiences, and of Mr. Clinton's ability to transfer his political aura to his wife.

It also gives Mr. Obama a chance to show he can compete with the Clintons, both in connecting the language and themes of the civil rights movement to the politics of today and in keeping the spotlight on himself in the middle of a head-to-head political spectacle.

"President Clinton remains popular and Senator Clinton will benefit a lot from that, but there are a lot of African-Americans who see the possibility of this," said Representative Elijah E. Cummings, Democrat of Maryland, who supports Mr. Obama. "People say, 'He's like my son or my grandson, and before I die, I'd like to have a chance to vote for someone who can win.' "

Clinton advisers said they were not concerned about polls showing some early signs of a tightened race for black support. They have been honing both a public message and a private political strategy to deal with what they acknowledge is the unmatchable personal appeal of Mr. Obama as a black candidate courting black voters.

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"African-Americans historically align with people based on issues, not personality," said Minyon Moore, a senior Clinton adviser who, among other things, has focused on building support in the black community. "People will look at her record, look at her biography, look at her experience, and support her as a real champion of their issues."

Asked how Mrs. Clinton would compete for black votes with Mr. Obama Ms. Moore said: "It's probably a proud moment for us all. But there's so much history to be made this time around — having the first woman president, having the first African-American nominee, having the first Latino nominee." The latter was a reference to Gov. Bill Richardson of New Mexico, another Democratic candidate.

Ertharin Cousin, a senior adviser to the Obama campaign, said Mr. Obama needed to introduce himself to all voters, including blacks. "We have a responsibility to tell his story, to paint his narrative," Ms. Cousin said. "He may not be of the civil rights era, but he is definitely an extension of the work that was done of that era."

While Mr. Obama must appear credible to civil rights leaders, he is also looking beyond the establishment of black political leaders. He is seeking to give voters a deeper look at him, advisers said, hoping to drive home the notion that a black candidate can win the presidency.

For Mrs. Clinton, the strategy for reaching black voters at this early stage of the campaign involves strong outreach to black elected officials, business leaders and others, followed by phone calls to reinforce her candidacy from her husband and supporters like Robert L. Johnson, who founded Black Entertainment Television.

Mrs. Clinton is seeking to deepen her own relationships with black voters, Mr. Johnson said. "When she's running for president, it's far more important that someone say, 'Gee, it's Hillary Clinton on the phone,' and not, 'President Clinton's calling to ask if we can support his wife,' " Mr. Johnson said. "Hillary knows the black community's attachment to her husband doesn't transfer to her."

It may, however, buy her time to win over voters on her own.

Mr. Lewis, one of the few icons of the civil rights era still active in politics, has been enamored with Mr. Obama since he arrived in Washington. Long before Mr. Lewis knew Mr. Obama would run for president, he invited him to headline a 40th anniversary gala of the Voting Rights Act, saying, "I think the hopes and dreams and aspirations of so many of us are riding on this one man."

Nevertheless, his strong sentiment toward Mr. Clinton has been enough for him to remain neutral in the presidential race.

"I talked with President Clinton. I know him a little better than I know Mrs. Clinton," Mr. Lewis said. "Some of us are caught in between, but isn't it healthy that we have the luxury to choose between two wonderful, gifted politicians?"

The Bridge From Selma, 42 Years Down The Road (WP)

The Washington Post, March 4, 2007

Forty-two years after a 25-year-old activist named John Lewis led voting-rights marchers onto the Edmund Pettus Bridge outside Selma, Ala., only to be beaten and tear-gassed by state troopers on what became known as Bloody Sunday, the bridge is the scene of another kind of showdown. Today, Sens. Barack Obama and Hillary Clinton are joining Lewis, now a Democratic congressman from Georgia, and thousands of participants in the annual commemoration of the march from Selma to Montgomery, which was finally completed two weeks after Bloody Sunday with the Rev. Martin Luther King.

In an interview yesterday, Lewis reflected on how history might dignify politics -- and whether politics could cheapen history.

-- David Montgomery

Q. Can this annual pilgrimage to keep the memory of Bloody Sunday alive inform the political discourse of today?

A.It is important to cross the Edmund Pettus Bridge again . . . People must never forget that 42 years ago, all across the South, people of color could not participate in the democratic process. It was very hard, almost impossible, to become a registered voter. In Selma, 2.1 percent of African Americans were registered to vote. . . . The journey is to remind us what happened and how it happened. And to try to get the nation to take lessons from the past and build on those lessons and go forward.

Do you fear that the political attention will take away from the historical memory, that the anniversary will be over-politicized?

When we go to Selma and walk across the river, we will be traveling across a very special place where people gave a little blood. I think Senator Clinton and Senator Obama will be mindful that this is not some political march or political gathering. This is a gathering to commemorate, to pay tribute, but to also say to another generation they too can make a difference by getting involved in their own communities.

Do you worry that you and the marchers and these sacred places -- that bridge -- will end up being used as props?

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It is my hope and my prayer that with the presence of the media and the presence of these two candidates for the Democratic nomination, that bridge will not become a prop. People want to be identified with these sacred places. It's like going to the Holy Land, going to Mecca, going to some shrine.

Do you expect Clinton and Obama to put aside their rivalry, link arms and walk together across the bridge?

If you have Mrs. Clinton and Mr. Obama in a formal presence there on the bridge walking together, I think it will send a strong message of people coming together. It will be beyond politics. What happened in Selma 42 years ago, and what I hope will happen [today], transcends politics. It says something about the distance we've come and the progress we've made as a nation and a people, to have the top two contenders for the nomination for president to be a woman and an African American.

What will you be thinking about as you cross the bridge?

As I walked across that bridge 42 years ago, it was so quiet, so peaceful, so orderly, no one was saying a word. . . . When we got to the highest point on the Edmund Pettus Bridge, looking down across the river, we could see a sea of blue: Alabama state troopers. . . . You saw these guys putting on gas masks, they came toward us, beating us with nightsticks, trampling us with horses and releasing tear gas. . . . I was hit in the head by a state trooper with a nightstick, I thought I was going to die, I had a concussion on the bridge. Forty-two years later, I don't recall how I made it back across the bridge to the streets of Selma to the [Brown Chapel AME] church. Seventeen of us were hospitalized. . . . As I walk across the bridge, I will be reliving those moments.

Will Clinton's speaking simultaneously at First Baptist Church take away from Obama's keynote address at Brown Chapel AME Church?

I don't think it will take away. The churches are so close, both are on the same street. During the height of the movement, during the height of the whole struggle in Selma, Brown Chapel would be full sometimes to capacity, and First Baptist would be full, and the speakers would rotate. We would leave Brown Chapel and go to First Baptist. It's going to be a large crowd [at the anniversary]. They won't all be able to get into Brown Chapel, some people will go to First Baptist.

How will you decide whom to vote for?

Senator Obama is a friend, a wonderful friend. Mrs. Clinton is a friend. Her husband is a friend. . . . It's a luxury, in a sense, it's a good thing to have two strong viable candidates vying for the Democratic nomination, and one happens to be a woman and one happens to be African American. During the movement, from time to time, I would have an "executive session" with myself. I think I'll do that.

Clinton Courts Black Support Amid Obama Surge (NSDY)

By Glenn Thrush

Newsday, March 4, 2007

WASHINGTON -- At 21, South Carolina State Rep. Bakari Sellers is the youngest legislator in the United States and one of the African-American Democrats most rabidly courted by the 2008 presidential contenders.

Sen. Hillary Rodham Clinton personally lobbied Sellers, the son of 1960s civil rights activists, who defeated an incumbent six decades his senior last year.

But he's about to endorse Illinois Sen. Barack Obama and offered some friendly advice for the former first lady about winning the African-American vote.

"For her sake, she needs to get Bill Clinton out there a lot more," said Sellers, one of a half-dozen South Carolina politicians set to endorse Obama.

Her advisers had planned to hold Bill Clinton off the campaign trail until later in the race. But a stunning surge by Obama among black voters in recent weeks has made the former president's help "all the more pressing," according to a person close to the campaign.

That may explain the rushed scheduling of the Clintons at today's anniversary commemoration of the 1965 civil rights march in Selma, Ala., which is shaping up to be a political showdown between political pioneers Obama and Clinton.

Obama confirmed that he'd be attending the event about two weeks ago, followed a week later by Hillary Clinton, who was to accept an award for her husband. In an increasingly claustrophobic race, they'll both be delivering sermons about 11 a.m. to churches scarcely a block apart.

Clinton aides insisted her trip wasn't a me-too excursion -- even though she had to wedge it between a round-trip schlep to California on Saturday and Sunday night-to-Monday swing through Iowa.

On Thursday, the campaign announced that Bill Clinton would also be flying down to Alabama.

The timing aroused suspicion. On Tuesday an eye-popping ABC News/Washington Post poll showed Obama had erased Clinton's 40-point lead among blacks in the past month, jumping out to an 11-point lead.

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Despite Obama's gains, the former first lady is entering friendly territory in Alabama. She holds a 34 to 19 percent lead over Obama among Alabama Democrats, according to a Feb. 28 poll making the rounds among party leaders, with John Edwards finishing third with 10 percent.

But longer-term problems loom, exacerbated by the Clintons' own push to create a 20-state super primary on Feb. 5, 2008. Many of the states scheduled to take part -- including Alabama, Mississippi and Florida and Georgia -- are dominated by black voters. That was fine in pre-Obama days, but now she's in for a fight against a racial native son.

"[The Feb. 5 primary] amplifies the Democratic vote in the South, and this is a region where blacks play a very, very strong role," said Joe Reed, a Democratic National Committee member who runs the influential Alabama Teachers Association.

It's not clear if Clinton needs to win a majority of African-American primary voters to take the nomination, but she has to fight, aides say. And that's why Bill Clinton -- famously mothballed by Al Gore in 2000 -- is coming back to center stage so quickly in the campaign.

"Hillary's in a battle and she needs her best artillery," said New York-based political consultant Hank Sheinkopf, who advises Alabama Democrats. "Bill's the best artillery."

Hillary's Snipe At Obama Erodes Standing In Polls (WT)

By Donald Lambro

The Washington Times, March 4, 2007

Front-runner Hillary Rodham Clinton's decline in the polls stems partly from her attack on Sen. Barack Obama, her chief rival for the 2008 Democratic presidential nomination, political pollsters said.

The poll numbers changed after the senators traded political blows through their spokesmen when movie mogul David Geffen called Mrs. Clinton a disingenuous, "incredibly polarizing figure" who isn't electable and appeared to allude to her husband's past infidelity. Mr. Geffen, a former Clinton ally, is now backing Mr. Obama.

A Fox News survey of 900 registered voters nationwide conducted Feb. 27-28 found Mrs. Clinton's support had fallen to 34 percent, down from 43 percent the month before. Mr. Obama's support, however, climbed to 23 percent from 15 percent.

"From a national perspective, there has been an erosion in Hillary's support among Democrats and especially among independents, while Obama's numbers have risen among these voters," said pollster Del Ali of Research 2000, a media polling firm based in Rockville.

"I think the attack by her campaign on Obama was a negative for her because of a perception that it was calculated, that it was an attempt to break Obama's momentum. Second, whether fair or unfair, it was seen as the typical Clinton attack machine, where she doesn't do the attacking, but her surrogates do," Mr. Ali said.

An ABC News/Washington Post poll completed four days after the attack story broke showed Mrs. Clinton's support dropping to 36 percent from 41 percent in January, while Mr. Obama's numbers rose to 24 percent from 17 percent.

The poll also showed that voters overall had a less favorable opinion of Mrs. Clinton, with 49 percent holding a positive impression of her, down from 54 percent.

Pollster David Johnson of Strategic Vision, a Republican media marketing firm, said that his polls in key states -- including Florida, Iowa, Michigan, Pennsylvania, Washington and Wisconsin -- showed Mrs. Clinton had "a basic support level of between 30 percent and 35 percent, but she's never been able to go much beyond that."

The Clinton campaign's attacks on Mr. Obama changed the complexion of the campaign and the way some voters perceived her candidacy, Mr. Johnson said.

"The feud knocked the Clintons off their pedestal and affected the polling numbers somewhat," he said. "She's still in first place, but there definitely has been erosion in her support among the Democrats."

Pollsters also say that Mr. Obama's candidacy has hurt Mrs. Clinton's campaign among black voters, who were among her husband's most loyal Democratic supporters during his two terms in office.

Mrs. Clinton had led among black voters in January by 60 percent to 20 percent, but the latest ABC/Washington Post poll shows Mr. Obama leading among blacks, 44 percent to 33 percent.

"Of course, 44 percent is a far cry from the 85 percent of the black vote he will need to win, but it's quite a turnaround in the past month," former Clinton campaign adviser Dick Morris wrote Friday on the Townhall.com political Web site.

Mr. Obama's surge in the polls was especially impressive in Georgia, where increased support from a large black vote has helped to push his approval numbers higher.

"Obama has gone from 18 percent support to 25 percent. Hillary has fallen from 35 percent to 28 percent. He's really surged in that state," Mr. Johnson said.

Geffen, Clinton Were Often At Odds (LAT)

By Stephen Braun, Dan Morain

The Los Angeles Times, March 4, 2007

The billionaire shocked many when he criticized the former first lady. But his friendship with the former president was rocky.

WASHINGTON — Long before the fractious public airing of their poisoned relations, the political friendship between David Geffen and Bill and Hillary Rodham Clinton was an unconventional alliance with a cloudy future.

The outspoken Hollywood mogul Geffen lavished nearly $1.2 million on the Clintons and other Democrats during the Clinton White House years, gaining extraordinary access to the president while hosting the couple at intimate dinners at his Malibu beachfront home and sleepovers at his estate in Beverly Hills.

But their relations were in constant flux. Intimates of the two said that flashpoints surfaced often: Clinton's "don't ask, don't tell" policy on gays in the military. The president's scolding of Hollywood after the Columbine school massacre. The Monica S. Lewinsky affair and Clinton's impeachment. And finally, the 11th-hour flurry of controversial pardons that excluded a convicted murderer whose release Geffen had championed.

Their alliance was marked by genuine affection, colleagues say, and a large measure of self-interest. Whether its meltdown has any lasting significance remains to be seen, but Geffen's recent broadside against the Clintons left the political world agape.

Aimed chiefly at Hillary Clinton, who was mostly a bystander to the friendship, Geffen's waspish comments to a New York Times columnist gave voice to the kind of sentiments — that she is polarizing, dishonest, far too ambitious — that her presidential campaign expected from the right, not from a political soul mate.

Geffen has since retreated into silence. He declined to comment for this account, as did spokesmen for both Clintons.

But others who know the principals well described the arc of the star-crossed friendship. Most would only speak anonymously, fearful of risking Geffen's legendary ire and political retribution from the Clintons.

Timely alliance

Geffen first joined forces with Bill Clinton in 1992, soon after becoming a billionaire from the sale of his record company to MCA. Nearing 50, he was about to openly acknowledge his homosexuality.

Several intimates said he grew unnerved by the sway of social and religious conservatives backing the reelection campaign of President George H.W. Bush. Conservative Pat Buchanan's call to arms for a "cultural war," and his mocking that Democrats were radicals posing as moderates in an "exhibition of cross-dressing," nudged Geffen toward a high-profile role in funding the Clinton ticket.

"They were talking about an America that was about being white, Christian, heterosexual male," Geffen said in a 1993 Times interview. "Well, you know there are people who just don't fit into that category."

Eagerly assuming the role of campaign benefactor, Geffen was a leading light among 150 guests who paid $5,000 to honor Clinton at the Beverly Hills home of MCA mogul Lew Wasserman. By the time Clinton won in November, Geffen had donated nearly $100,000 to the campaign and other Democratic causes.

Geffen didn't attend the inaugural festivities. But he joined Clinton at an economic summit in Los Angeles. The agenda was dry financial policy — not Geffen's cup of tea. But the invitation from the White House had thrilled him.

"I can't imagine him doing it for anyone else," the associate said. "But for Clinton, he sat there and got into it. Or at least he pretended to."

The associate said that Geffen openly admired Clinton, intrigued by his mix of Arkansas informality, wonkish fluency and political shrewdness. But at the same time, "David was pretty level-headed about the relationship. He wasn't a showoff about it … you didn't see him dial him up in front of other people to show what kind of access he had."

Geffen had joined a rarified group of Hollywood liberals shepherding millions to campaign coffers, including director Steven Spielberg and film executive Jeffrey Katzenberg, who would become Geffen's partners in founding DreamWorks SKG, the film studio.

One former White House aide said Clinton was particularly "star-struck" by Spielberg and Katzenberg, and eagerly rubbed elbows with them. He roomed overnight at their sumptuous Los Angeles homes, in the Hamptons and in ski country. Geffen opened his beachfront home to Clinton and, on occasion, the first lady.

Several former Clinton aides and fundraisers said that although Geffen could be counted on to open his checkbook, he was prickly and not easily pleased. White House aides "thought of him as high-maintenance," said one Clintonista. Another called him a "whiner." A veteran fundraiser watched Geffen stand on a dining room chair at one event to lecture top Democrats on social policy.

"He's a passionate guy, and he's not cowed by anyone," the fundraiser said. "He'll give you anything you ask for if he thinks it's in his interest. And he'll decide on a dime to dry up that support if he's mad at you."

Friendship tested

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Almost from the start, Geffen's presidential friendship was tested by political tensions of the day. Once elected, Clinton retreated from a promise to allow acknowledged homosexuals to serve in the military. Instead, he adopted a "don't ask, don't tell" policy of letting gays remain in the military as long as they kept their sexual orientation quiet.

Geffen helped bankroll a media campaign led by gay activists to pressure Clinton. "No one in Hollywood did more on gays and lesbians in the military than David Geffen," said David Mixner, an old Clinton friend. But Clinton stuck with his compromise. For gay leaders like Mixner, this led to a severing of ties. Geffen remained a Clinton ally.

"He consciously decided he didn't want it to be a rupture point," an associate said. "David's tendency was to get mad, but he realized he had larger fish to fry, and why give up a good relationship?"

"They had a deep friendship. You could see it," said former Clinton White House Chief of Staff Leon E. Panetta, who joined Geffen and the president at a private Malibu dinner in 1994.

Geffen took care not to neglect the first lady. He co-chaired a January 1994 banquet for AIDS Project Los Angeles where she was feted for her support of AIDS programs. Geffen intimates say that he saw Hillary Clinton as a benign figure on the periphery of his friendship with the president. "She wasn't a political candidate then; she was the first lady," a Geffen colleague pointed out.

Bill Clinton's affair with Lewinsky in 1998 and the impeachment crisis that followed was another test of Geffen's loyalty. At the time, associates say, Geffen privately advised Clinton on how to deal with the media and the public. "They were still close, and they spoke," one Geffen colleague said. "They discussed the issues that were confronting the president."

But Geffen's outlook on Clinton "began to sour," the colleague said. Clinton had also found a new pal in Los Angeles: supermarket magnate Ron Burkle, a political supporter who became a close personal friend.

During one of Clinton's visits to the West Coast in 1999, according to a California Democrat, Geffen insisted that Clinton stay at his home even though Geffen would be out of town. Clinton spent much of the evening at an event at Burkle's 8-bedroom, 13-bath mansion in Beverly Hills, but then dutifully went around the block to neighbor Geffen's estate (8 bedrooms, 9 baths) for the night.

In April 1999, after the Columbine High School rampage, Clinton surprised Hollywood by ordering a commission to investigate how the entertainment industry marketed violent video games to teenagers.

DreamWorks called it "finger-pointing," and Geffen questioned what he perceived as the administration's failure to press hard for tougher firearms controls.

Still, Geffen joined Spielberg and Katzenberg that May in hosting the Clintons at a fete in Beverly Hills. While tenor Andrea Bocelli serenaded the attendees, more than $1.5 million in checks was written to pump up the Democratic Party's 2000 Senate campaigns. One of the new candidates was Hillary Clinton.

If Geffen had become skeptical of the first lady, it didn't prevent him from backing her. Geffen donated $2,000 to her campaign and $13,000 to party political committees that aided her. Geffen also promised $1 million toward the planned Clinton library in Little Rock, Ark., and sent $200,000 as a down payment.

No special favor

As the Clinton presidency neared its end, Geffen also pressed for a favor. He had become a supporter of a campaign to win a presidential pardon for Leonard Peltier, a Native American activist serving a life sentence in the shooting deaths of two FBI agents in 1975 at the Pine Ridge Indian Reservation in South Dakota. Peltier's advocates say he was wrongly convicted.

A pardon was a long shot. Senate Majority Leader Tom Daschle (D-S.D.) was opposed, and more than 500 federal agents and their families protested outside the White House.

According to Geffen associates, DreamWorks corporate spokesman Andy Spahn contacted the White House three times on Peltier's behalf, and Geffen spoke to Clinton about it. Clinton associates recalled only that there were "general contacts." Clinton was "noncommittal," a Geffen intimate said.

When Clinton denied Peltier's petition, Geffen told an aide, "This guy's a politician; you know what they're like."

Geffen's disappointment turned to ire when he learned who did win pardons. They included Marc Rich, a wealthy commodities trader who had fled to Switzerland after he was indicted in 1983 for tax evasion, and convicted Los Angeles drug dealer Carlos Vignali, whose case was pressed by Hugh Rodham, Hillary Clinton's brother.

Several Geffen intimates say he was most angered by a Time magazine article quoting Clinton as telling friends that his denial of the Peltier pardon showed he had not traded pardons for money. "David Geffen will barely talk to me!" Clinton reportedly said.

"That sent him up the wall," an associate said of Geffen. "He had a thing about people who used him to prop themselves up."

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Their friendship dissolved overnight. The DreamWorks executive sent a final $800,000 to honor his pledge to the Clinton library, but that was his last stipend. Geffen remained a loyal benefactor to other Democrats, even donating $5,000 to a PAC that aided Daschle, despite his opposition to the Peltier pardon.

Geffen shut down his donations to Hillary Clinton's Senate campaign and began saying she had no future as a presidential candidate. His recent criticisms of her were not the first.

"She can't win," Geffen said during a public forum at the 92nd Street Y in New York in 2002. "She's an incredibly polarizing figure. I think ambition is not a good enough reason."

By then, Geffen had met with a new Senate hopeful, Barack Obama of Illinois. DreamWorks' Spahn had been impressed and urged the two men to meet, so Geffen invited Obama to his Malibu home for a private dinner with several other Democratic Party supporters.

"They hit it off," Spahn recalled.

Meanwhile, Geffen had ended all contact with the Clintons.

According to one Clinton intimate, the former president tried to keep the relationship alive. "He called a bunch of times, but Geffen never called back," the Clinton associate said. "Eventually, he stopped trying."

Tripping Over The Inevitable (WP)

By George F. Will

The Washington Post, March 4, 2007

The Coming Backlash Against the Clintons

In the 1920s, the Brooklyn Dodgers finished in sixth place seven times in eight years. Late in that unfortunate period, a droll sportswriter, noting the team's listless play, wrote, "Overconfidence may yet cost Brooklyn sixth place."

Hillary Clinton's campaign did not display overconfidence when it directed the recent fusillade at Barack Obama. Her campaign's rhetorical megatonnage was in response to a prominent Obama contributor saying rude things about her. Her overreaction was one of several developments that have clarified the Democratic contest.

Bill Clinton has said, regarding presidential candidates, that Republicans like to fall in line and Democrats like to fall in love. Which explains the Clinton campaign's palpable panic: Democrats have fallen in love, but not with her.

Republicans tend to nominate the next person in line: Vice President Richard Nixon, not Gov. Nelson Rockefeller, to follow President Dwight Eisenhower in 1960; Vice President George H.W. Bush, not Sen. Robert Dole, to follow President Ronald Reagan in 1988; Dole rather than Lamar Alexander or any other contender in 1996; Gov. George W. Bush, whose dynastic lineage propelled him past Sen. John McCain in 2000.

There is a Republican tinge to Sen. Clinton's campaign: She is next in line. That fact -- combined with the Clintons' (how often the plural is pertinent) money machine, combined with the Clintons' earned reputation for ferocity -- is supposed to impart to her an aura of inevitability.

But such an aura annoys voters by telling them that they really have no choice. And that can provoke them to play the game that G.K. Chesterton called "Cheat the Prophet": The players listen politely to explanations of what is inevitable, then they make something else happen, which defeats boredom.

Boredom, the sociologist Robert Nisbet wrote, is among the universal and insistent forces driving human behavior. Mankind's nervous system evolved during millions of dangerous years (saber-toothed tigers, etc.). Now, however, mankind has suddenly, in a few millennia, encountered the monotony of orderly life, which bothers human brains formed by and for hazardous circumstances.

Among the cures of boredom that Nisbet listed are war, murder, revolution, suicide, alcohol, narcotics and pornography. He might have added presidential politics. Memo to the Clinton campaign: Inevitability is boring.

So is a narrow range of choices. Democrats have many interesting candidates, but governors often are the most plausible candidates to be the nation's chief executive and only one remains in the Democratic race -- New Mexico's Bill Richardson. Three former governors -- Virginia's Mark Warner, Indiana's Evan Bayh and Iowa's Tom Vilsack -- have left the field.

Vilsack said the demise of his candidacy was determined by " money and only money." Well, yes, but there were reasons, political and ideological, why he could not find buyers for what he was selling. Nevertheless, his statement triggered the usual laments about the determinative role of money in politics. This year we are told to be horrified by the fact that by November 2008 the presidential contest will have cost $1 billion. Which means that the two-year process will cost half as much as Americans spend every year on Easter candy.

Candidates do have to spend too much time raising money. But that is because the government, by banning large campaign contributions, has transformed a huge American surplus -- money -- into an artificial scarcity. The government began to do this for anti-competitive purposes.

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The modern drive for campaign finance "reforms" is usually said to have been initiated by Democrats in response to Watergate. Democrats did start it, but before Watergate, in response to their traumas of 1968.

That year, Sen. Gene McCarthy's anti-Vietnam insurgency disturbed the Democratic Party's equilibrium by mounting a serious challenge to the renomination of President Lyndon Johnson. McCarthy was able to do that only because a few wealthy people gave him large contributions. Democrats also were alarmed by former Alabama governor George Wallace's success in 1968, and they mistakenly assumed that Wallace, too, was mostly funded by a few very large contributions.

According to John Samples of the Cato Institute (in his book " The Fallacy of Campaign Finance Reform"), congressional Democrats began the process that culminated in criminalizing large contributions -- the kind that can give long-shot candidates, such as Vilsack, a chance to become competitive. Yes, the initial aim of campaign "reforms" was less the proclaimed purpose of combating corruption or "the appearance" thereof than it was to impede the entry of inconvenient candidates into presidential campaigns. In that sense, campaign reform is a government program that has actually worked, unfortunately.

Bring Back The Politics Of Personal Destruction (NYT)

By Frank Rich

The New York Times, March 4, 2007

IF you had to put a date on when the Iraq war did in the Bush administration, it would be late summer 2005. That's when the bungled federal response to Hurricane Katrina re-enacted the White House bungling of the war, this time with Americans as the principal victims. The stuff happening on Brownie's watch in New Orleans was recognizably the same stuff that had happened on Donald Rumsfeld's watch in Baghdad. Television viewers connected the dots and the president's poll numbers fell into the 30s. There they have largely remained — at least until Friday, when the latest New York Times-CBS News Poll put him at 29.

Now this pattern is repeating itself: a searing re-enactment of the Iraq war's lethal mismanagement is playing out on the home front, again with potentially grave political consequences. The Washington Post's exposé of the squalor at Walter Reed Army Medical Center — where some of our most grievously wounded troops were treated less like patients than detainees — has kicked off the same spiral of high-level lying and blame-shifting that followed FEMA's Katrina disasters.

Just as the debacle on the gulf was a call to arms for NBC's Brian Williams and CNN's Anderson Cooper, so the former ABC anchor Bob Woodruff has returned from his own near-death experience in Iraq to champion wounded troops let down by their government. And not just at Walter Reed. His powerful ABC News special last week unearthed both a systemic national breakdown in veterans' medical care and a cover-up. The Veterans Affairs Department keeps "two sets of books" — one telling the public that the official count of nonfatal battlefield casualties in Iraq and Afghanistan stands at 23,000, the other showing an actual patient count of 205,000. Why the discrepancy? A new Brownie — Jim Nicholson, the former Republican National Committee hack whom President Bush installed as veterans affairs secretary — tells Mr. Woodruff "a lot of them come in for dental problems."

Yet 2007 is not 2005, and little more damage can be inflicted on the lame-duck Bush White House. The long-running Iraq catastrophe is now poised to mow down a second generation of political prey: presidential hopefuls who might have strongly challenged Bush war policy when it counted and didn't. That list starts with the candidates long regarded as their parties' 2008 favorites, John McCain and Hillary Clinton.

Senator McCain, who, unlike Senator Clinton, fervently supports the war and the surge, is morbidly aware of his predicament. This once-ebullient politician has been off his game since a conspicuously listless January "Meet the Press" appearance; on Thursday, he had to publicly apologize after telling David Letterman, in an unguarded moment of genuine straight talk, that American lives were being "wasted" in Iraq. (Barack Obama had already spoken the same truth and given the same pro forma apology.) Last week a Washington Post-ABC News Poll confirmed Mr. McCain's worst political fears. Rudy Giuliani now leads him two to one among Republicans, a tripling of Mr. Giuliani's lead in a single month.

Mr. Giuliani is also a war supporter and even contributed a Brownie of his own to the fiasco, the now disgraced Bernard Kerik, who helped botch the training of the Iraqi police. But, unlike Mr. McCain, Mr. Giuliani isn't dogged by questions about Iraq. To voters, his war history begins and ends with the war against the enemy that actually attacked America on 9/11. He wasn't a cheerleader for the subsequent detour into Iraq, wasn't in office once the war started, and actively avoids speaking about it in any detail.

What makes Mr. Giuliani's rise particularly startling is that his liberal views and messy personal history are thought to make him a nonstarter with his own party faithful. These handicaps haven't kicked in, the Beltway explanation has it, because benighted Republican voters don't yet really know that "America's mayor" once married a cousin or that he describes himself as "pro-choice." But perhaps these voters aren't as ignorant as Washington thinks. After the flameouts of Tom DeLay, Bill Frist, Rick Santorum, Ralph Reed and other Bible-thumping politicos who threw themselves on the altars of Terri Schiavo or Jack Abramoff,

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maybe most Republicans could use a rest from the moral brigade. Maybe these voters, too, care more about the right to life of troops thrust into an Iraqi civil war than that of discarded embryos used in stem-cell research.

The same cultural dynamic is playing out among Democrats, though Mrs. Clinton doesn't seem to know it. Her poll numbers, too, are showing erosion — some of it because of Mr. Obama's growing profile among African-Americans, but some of it (in a Time survey) after her dust-up with the Hollywood tycoon David Geffen. Most Washington hands declared Mrs. Clinton the winner in that spat because she had forced Mr. Obama off his high horse of "hope." But there's no evidence to support this theory. In the real world, most Americans don't know who Mr. Geffen is. There wasn't even any video of him to run on "Hardball," where the Clinton campaign spokesman's Jim Cramer-esque hyperbole made him look threatened by Mr. Obama's rising popularity.

The most revealing aspect of the incident was not in any case the who's-up-who's-down prognostications for a primary process some 10 months away. Rather, it was the fervor with which the Clinton campaign accused Mr. Geffen and Mr. Obama of practicing "the politics of personal destruction." This over-the-top reaction seemed detached from reality, almost as if the Clinton camp were nostalgically wishing it could refight the last political war — and once again clobber repellent old impeachment nemeses. But that battle may not be in the offing. Anti-Clinton rage has cooled, and the Clinton hating industry ain't what it used to be. As The Times reported last month, even Richard Mellon Scaife, who bankrolled much of the vast right-wing conspiracy, has moved on. As with Mr. Giuliani's marital history, any scandalous new revelation about the Clintons' private lives might play out less momentously in post-9/11 America than it did in the last century.

You can't blame the Clinton campaign for praying it had Kenneth Starr and The American Spectator to kick around again. It would be easier to fight that war than confront the one in Iraq. Far easier. Senator Clinton's words about the war still don't parse. When I made this point previously, a Clinton ally phoned to say that whatever the senator's Iraq statements, she is an exceptionally smart and capable leader by any presidential standard. I agree, and besides, Iraq isn't the only issue in 2008. But Iraq will overshadow every candidate and every other subject as long as the war grinds gruesomely on, whether in Baghdad or at a V.A. hospital.

The issue is not that Mrs. Clinton voted for the war authorization in 2002 or that she refuses to call it a mistake in 2007. Those are footnotes. The larger issue is judgment, then and now. Take her most persistent current formulation on Iraq: "Obviously, if we knew then what we know now, there wouldn't have been a vote and I certainly wouldn't have voted that way." It's fair to ask: Knew what then? Not everyone was so easily misled by the White House's manipulated intelligence and propaganda campaign. Some of her fellow leaders in Washington — not just Mr. Obama out in Illinois, not just Al Gore out of power — knew plenty in the fall of 2002. Why didn't she?

Bob Graham, then Senate Intelligence Committee chairman, was publicly and privately questioning the W.M.D. intelligence. So was Nancy Pelosi. Chuck Hagel warned that the war was understaffed, that an Iraq distraction might cause Afghanistan "to go down again" and that the toppling of Saddam could be followed by chaos. Joe Biden convened hearings to warn of the perils of an ill-planned post-Saddam Iraq.

Some of these politicians ended up voting to authorize war exactly as Mrs. Clinton did (Senators Hagel and Biden). Some didn't. But all of them — and there were others as well — asked tougher questions and exerted more leadership. John Edwards, by the way, did not: he was as trigger-happy about speeding up the war authorization then ("The time has come for decisive action") as he is gung-ho about withdrawal now, despite being an Intelligence Committee member when Mr. Graham sounded alarms about the Bush administration's W.M.D. claims.

Another fair question is what Mrs. Clinton learned once the war began. Even in the summer of 2003 — after the insurgency had started, after the W.M.D. had failed to materialize, after the White House had retracted the president's 16 words about "uranium from Africa," more than two months after "Mission Accomplished" had failed to end major combat operations — she phoned a reporter at The Daily News, James Gordon Meek, to reiterate that she still had no second thoughts about the war. (Mr. Meek first wrote about this July 14, 2003, conversation in December 2005.) Was that what this smart woman really believed then, or political calculation?

Either way, she made a judgment, and she will not be able to spend month after month explaining it away to voters with glib, lawyerly statements. The politics of personal destruction, should they actually visit the Clintons once more, will not take America's mind off the politics of mass destruction in Iraq.

Politics Means Sometimes Having To Say You're Sorry (NYT)

By Patrick Healy

The New York Times, March 4, 2007

O.K., so Senator Hillary Rodham Clinton won't accede to demands from some Democrats to apologize for her 2002 vote authorizing military action in Iraq.

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But that doesn't mean she has an allergy to apologizing.

She just does it in her own, very Hillary way, as a review of her apologies shows.

Mrs. Clinton can be rather artful, for instance, at turning around her apologies to generate sympathy for herself. During her husband's campaign against President George H. W. Bush in 1992, amid the Gennifer Flowers fracas, Mrs. Clinton casually mentioned to a journalist rumors that Mr. Bush had engaged in extramarital "carrying on." She soon paid penance for her gossiping this way:

"It was a mistake. People were asking me questions at the time and I responded. But nobody knows better than I the pain that can be caused by even discussing rumors in private conversation, and I did not mean to be hurtful to anyone."

Said Mary Matalin, a Bush campaign aide at the time: "They call that an apology?"

Self-deprecation is another trademark. After a head-shaker of a line in 2004 — that Gandhi used to run a gas station in St. Louis — she poked at herself by saying: "I have admired the work and life of Mahatma Gandhi. I truly regret if a lame attempt at humor suggested otherwise."

Like many talented politicians, on matters of state — such as the 1994 defeat of the health care reform effort she led — her admission of error can be so nuanced that listeners may wonder if an apology was really her point.

"I'm not bitter," she said in the fall of 1994. "We made mistakes. But I actually feel good about the way we ended up. We got people talking about national health care. People say, 'Don't give up.' So I won't."

Thus, people who say that Senator Clinton is too self-righteous to admit fault on Iraq are at least half-wrong. There are plenty of examples of her saying she was wrong. And sometimes she does it quickly, as she did in 1992 to the country singer Tammy Wynette, famous for the 1969 hit, "Stand by Your Man," after saying that she was not "some little woman standing by my man like Tammy Wynette."

She can also drag her heels on admitting a mistake — and has regretted it. She says in her autobiography that she did not appreciate the political toll of the Whitewater scandal, and that, as a result, public relations mistakes were made. At a Whitewater news conference in 1994, she said that one of her biggest regrets was that her reluctance to provide information to the news media had fed an image that she was hiding something.

Some of her Democratic rivals are thirstily trying to make a character issue out of her refusal to apologize on Iraq. Twice in the last two weeks, former Senator John Edwards of North Carolina, has said that voters want a president "to tell the truth when you believe you have made a mistake," as he put it during a visit to New York.

But beyond the fact that Mrs. Clinton says she has nothing to apologize for, she knows, as with Whitewater, that apologizing in the midst of political warfare is risky. Indeed, she has said that she is willing to lose voters rather than make an apology she does not believe in.

"In politics, people demand an apology from an opponent in order to humiliate them," said Deborah Tannen, a linguistics professor at Georgetown who has written on apologies.

Many Americans don't love leaders who apologize willy-nilly. In 2004, voters chose a Republican for president who stood his ground on the war against all critics instead of a Democrat who sounded apologetic when he said that he voted for $87 billion in troop funding before he voted against it.

And President Clinton was derided in some quarters as the apologizer in chief, not just for personal foibles (see Lewinsky, Monica) but for a whole history book of national wrongs (from the slave trade to Rwanda).

Graham Dodds, a political scientist at Concordia University in Montreal, who has studied political apologies, said of Mrs. Clinton, "She comes from a household that is well versed in the art of political apology, and, I'm sure, knows the risks in coming off as overly apologetic." .

On foreign affairs, beyond Iraq, Mrs. Clinton hasn't been much of a target for apology-seekers. She speaks with precise care on national security matters.

In a review of her history of apologizing, only one mea culpa on the international stage stands out: That she did not immediately reject remarks by Suha Arafat, wife of the Palestinian leader Yasir Arafat, at a joint event where Mrs. Arafat suggested that Israel had used poison gas to control Palestinians. Mrs. Clinton denounced the remark a day later, saying she had gotten an incomplete translation.

Conventional wisdom holds that a commander in chief cannot look weak, and a female candidate for the office faces an even stricter standard for toughness.

"We're a very macho culture, and I think every women in public office has to find her path to negotiate that," Ms. Tannen said. "To the extent she's a woman and has to prove she's tough, standing her ground is the best thing to do. And to the extent she's a woman and people don't tolerate toughness in women, she's going to be faulted for that."

Professor Tannen sees four elements to a good apology: You admit fault; you express regret; you acknowledge the damage done; and you either promise to make amends, or promise not to make the same mistake again.

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On the matter of her 2002 Iraq vote, Senator Clinton has put the fault on President Bush. She has expressed regret that he used the 2002 Senate vote as a means for war, acknowledged that the war was poorly conducted, and promised that she would not vote the same way again. Not exactly a rationale for an apology.

In this regard, Professor Dodds said, she is more like President Bush than her husband.

"It's a hallmark of Bush that he sticks to his guns no matter what," Mr. Dodds said. "If she were to apologize now, she would open herself up to the charge of flip-flopping."

Phony apologies, too, can easily fail the smell test. So do half-way admissions of remorse.

"The thing about an apology is that it can make powerful people look weak, such as if Hillary admitted mistakes on Iraq and Democrats didn't accept that," Mr. Dodds said. "An apology does not always work."

Obama Headlines Labor Rally (CHIT)

By John McCormick

Chicago Tribune, March 4, 2007

With Democrats in control of Congress and seeking to boost a struggling labor movement, national union leaders joined Illinois' two senators at a rally Saturday in Chicago to promote legislation to make it easier for workers to join a union against the wishes of their employers.

"We will pass the Employee Free Choice Act. It's not a matter of if, it's a matter of when," said Sen. Barack Obama (D-Ill.). "We may have to wait for the next president to sign it, but we will get this thing done."

The Democratic presidential candidate headlined the rally before traveling to Alabama for a Sunday event commemorating the 1965 Selma-to-Montgomery voting rights march, an occasion that also will attract Sen. Hillary Rodham Clinton (D-N.Y.) and her husband.

In his speech to about 1,500 labor activists at the Hyatt Regency Chicago, Obama reflected on the crusades of Martin Luther King in support of the labor movement.

"He didn't just march for justice that day," he said. "They were marching for jobs."

Two protesters briefly interrupted Obama's speech. One of them carried a large sign that appeared to be critical of statements the senator made Friday to a pro-Israel group in Chicago where he said he would not rule out military action against Iran because of its uranium-enrichment program.

"OK. We appreciate that," Obama said, trying to deflect the situation, as the protesters were escorted from the ballroom. "I oppose the war in Iraq."

For the second day, Obama made no mention of Friday's Baltimore Sun report that some of his mother's ancestors owned slaves. Despite a crush of local reporters seeking comment, he exited the ballroom without answering any questions after several minutes of shaking hands, posing for photos and signing books.

The labor rally followed a vote Thursday in the House, where Democrats, in a nod to organized labor for its help in retaking control of Congress, approved a bill that would take away the right of employers to demand secret balloting by workers before unions could be recognized.

Under the bill, the National Labor Relations Board would certify a union if it wins a majority of cards signed by workers. Currently, the NLRB calls for a secret vote if more than 30 percent of workers say they support a union. In order to win the election, the union must garner the majority of the workers' votes.

Unions argue that change is needed because employers intimidate workers before voting and by legally battling elections for so long that the victories become meaningless.

Should the legislation pass both chambers of Congress, President Bush would almost certainly veto it. The rally was sponsored by the American Federation of State, County and Municipal Employees Council 31, which has 100,000 active and retired members.

As part of the event, the local union received a check from its national parent for $1 million to aid an ongoing labor-organizing effort involving Chicago-area hospital operator Resurrection Health Care. AFSCME President Gerald McEntee, who was joined on stage by AFL-CIO President John Sweeney, delivered the check for what is the largest private-sector union drive in the nation.

In his address at the rally, Sen. Dick Durbin (D-Ill.) lamented the movement of American jobs overseas and pledged his support in the Senate for the bill.

"If we're going to end this race to the bottom … we need to restore balance in the American workplace," he said. "Workers need to be free to choose whether they want to be in a union."

Durbin also reiterated his support for his junior senator's campaign. "You can tell your papa. You can tell your mama. This voter is for President Barack Obama," he said.

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Obama: Senate Will Pass Labor Union-backed Measure (AP)

AP, March 3, 2007

CHICAGO – Democratic Presidential candidate Barack Obama said yesterday that the Senate would pass legislation making it easier for workers to start unions against companies' wishes. Getting it past President Bush is another matter, he said.

"We may have to wait for the next President to sign it, but we will pass it," the Illinois senator told a cheering crowd of more than 1,000 people at a labor rally. "We will get this thing done."

Despite Obama's optimism, the Senate's Republican leader, Kentucky's Mitch McConnell, has said he will block the measure and the White House says Bush will veto it if it gets to him.

The House passed the Employee Free Choice Act on Thursday.

Obama headlined a rally that included national and local labor leaders, and state politicians. The event was sponsored by the American Federation of State, County and Municipal Employees Council 31, which has 100,000 active and retired members in Illinois.

It was Obama's second major public appearance in his hometown in as many days. The state's junior senator did not take questions from reporters at either event.

On Friday, Obama told the American Israel Public Affairs Committee that he was committed to the security of Israel.

He also criticized the Bush administration for what he said were failings in Iraq that have strengthened Iran's position in the region.

The senator said he planned to be in Selma, Ala., today to commemorate the 42nd anniversary of the civil rights march that helped end segregation in the South.

Richardson Vows To Outwork Rivals (DMR)

By Thomas Beaumont

Des Moines Register, March 3, 2007

New Mexico Gov. Bill Richardson said Friday on his first trip to Iowa as a presidential candidate that he will challenge the better-known Democrats running for the 2008 nomination by working harder to reach party activists in the leadoff caucus state.

"My campaign mode is shaking hands, meeting people, being scrutinized, talking issues," Richardson said in a Des Moines Register interview at the outset of his two-day campaign swing. "Iowans, I understand, like to decide. They like to decide, not who the pundits and the polls decide."

Former Iowa Gov. Tom Vilsack's withdrawal from the race last week leaves Richardson the only governor in the large Democratic field. The rest of the better-known candidates are members or former members of Congress.

Richardson served seven terms in the U.S. House, but his executive experience, plus past work as U.S. energy secretary and ambassador to the United Nations, makes him the most qualified, he said.

Getting U.S. troops out of Iraq within a year and dramatically diminishing the nation's use of petroleum in 10 years are Richardson's top priorities, he said during appearances in Des Moines.

"Bill Richardson is not a rock star," Richardson said during a taping of Iowa Press, a public affairs program on Iowa Public Television. "Bill Richardson is a grass-roots candidate."

A national Fox News poll published Friday showed Richardson with support from 1 percent of Democrats. The poll's leaders were New York Sen. Hillary Clinton with 34 percent, Illinois Sen. Barack Obama with 23 percent and former North Carolina Sen. John Edwards with 12 percent.

As Clinton planned to return to Iowa on Sunday for a quick overnight visit, Richardson was making several stops throughout central Iowa on Friday and today.

Richardson met with about two-dozen Democratic elected officials from Polk County at an east-side restaurant in Des Moines before attending a reception with students at Drake University. He also planned to attend a reception at the home of state Rep. Mark Davitt in Indianola, the first of several similar receptions he was scheduled to attend during his two-day trip.

Thursday's blizzard threatened the trip, and forced him to wait until Friday morning to take off from Santa Fe, N.M.

"It was a little dicey," Richardson said about his arrival in Iowa on a small private jet. "Like, zero visibility and 40-mile-per-hour winds."

Richardson plans to meet with a group of Democratic women, then with union leaders in Des Moines today before headlining local party gatherings in Marshalltown, Ames and Boone.

While Richardson has registered in the low single digits in early Iowa polls, he has signed as a top consultant one of the party's most notable veteran organizers with Iowa experience. Steve Murphy, who managed former U.S. Rep. Dick Gephardt's 1988 and 2004 presidential campaigns, is signed on with Richardson.

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Richardson's national success relies on doing well in the Nevada caucuses, scheduled for five days after Iowa's. But Iowa, scheduled to host the first nominating event of 2008 on Jan. 14, could give him a boost before heading to the first Western contest.

"It's probably hard to win here, but I've got to break through here," Richardson said. "What I don't want is to get buried here, so I'm going to be here a lot."

Neither Clinton, Nor Obama (NYT)

By David Brooks

The New York Times, March 4, 2007

So there I was, sitting in my office, quietly contemplating suicide. I was watching a cattle call of Democratic presidential candidates on C-Span. In their five-minute speeches, they were laying it on thick with poll-tested, consultant-driven clichés of the Our Children Are Our Future variety. The thought of having to spend the next two years listening to this drivel set me wondering if it was literally possible to be bored to death.

Then Bill Richardson walked onstage. He was dressed differently — in slacks and a sports jacket. He told jokes that didn't seem repeated for the 5,000th time. He seemed recognizably human, unlike some of his overpolished peers. He gave the best presentation, by far.

Then a heretical question entered my head: What if Richardson does this well at forums for the next 10 months? Is it possible to imagine him as a leading candidate for the nomination?

When you think that way, it becomes absurdly easy to picture him rising toward the top. He is, after all, the most experienced person running for president. He served in Congress for 14 years. He was the energy secretary (energy's kind of vital).

He's a successful two-term governor who was re-elected with 69 percent of the vote in New Mexico, a red state. Moreover, he's a governor with foreign policy experience. He was U.N. ambassador. He worked in the State Department. He's made a second career of negotiating on special assignments with dictators like Saddam, Castro and Kim Jong Il. He negotiated a truce in Sudan.

Most of all, he's not a senator. Since 1961, 40 senators have run for president and their record is 0-40. A senator may win this year, but you'd be foolish to assume it.

When it comes to policy positions, he's perfectly positioned — not by accident — to carry liberals and independents. As governor, he's covered the normal Democratic bases: he raised teacher pay, he expanded children's health insurance, he began programs to stall global warming, he built a light rail line.

But he also cut New Mexico's top income tax rate from 8.2 percent to 4.9 percent. He handed out tax credits to stimulate economic growth. (He's the only Democrat completely invulnerable on the tax cut issue.) He supports free trade, with reservations. And he not only balanced the budget — he also ran a surplus.

On cultural issues, Richardson has the distinct advantage of not setting off any culture war vibes. He was in college in the late 1960s, but he was listening to the Beach Boys, not Janis Joplin. He was playing baseball in the Cape Cod League, not going to Woodstock. He idolized Humphrey, not McCarthy.

Richardson is actually something of a throwback pol — a Daley or La Guardia who doesn't treat politics as a moral crusade. That might appeal this year.

On the nuts and bolts of the campaign, he has some advantages as well. He won't have the $150 million war chests that Clinton and Obama will have. On the other hand, he won't have the gigantic apparatuses that fund-raising on that scale requires. While those campaigns may be bloated, overmanaged and remote, Richardson has the potential to be small and nimble.

Furthermore, he could generate waves of free media the way John McCain did in 2000. He's a reporters' favorite — candid, accessible and fun to be around. "I'm a real person, not canned. I don't have a whole bunch of advisers. I'm a little overweight, though I'm trying to dress better," he told me last week. So far, rumors of personal peccadilloes are unfounded.

Finally, there is the matter of his personal style. This is his biggest drawback. He's baggy-faced, sloppy (we like our leaders well groomed), shamelessly ambitious and inelegant. On the other hand, once a century or so the Democratic Party actually nominates somebody the average person would like to have a beer with. Bill Richardson is that kind of guy.

He is garrulous, amusing, touchy-feely (to a fault), a little rough-edged and comfortably mass-market. He's Budweiser, not microbrew. It doesn't hurt that he's Hispanic and Western.

In short, when you try to think forward to next winter, you see that this campaign will at some point leave the "American Idol"/"Celebrity Deathmatch" phase. The Clinton-Obama psychodrama may cease to fascinate while the sheer intensity of coverage will create a topsy-turvy series of revolutions.

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I wouldn't bet a paycheck on Richardson. But I wouldn't count him out. At the moment, he's the candidate most likely to rise.

Kucinich Outlines Plan For Iraq Withdrawal (NHUL)

By Jim Kozubek

New Hampshire Union Leader, March 4, 2007

MERRIMACK – Ohio Rep. Dennis Kucinich outlined his 12-point plan for an immediate withdrawal from Iraq during a meeting with residents in the basement of the Merrimack Public Library yesterday.

The initial and perhaps most important step for a stable Iraq is to stop funding military operations that are contributing to a civil war, insurgency and more casualties, said Kucinich, a Democratic candidate for President.

Congress is preparing to vote for $100 billion in supplemental funding for the operation, money that he said might be used for military strikes in Iran, covert operations, and what some suspect, funding for insurgencies to maintain a balance of power in the region.

The executive branch has exploited the War Powers Act, and Congress has tacitly supported the war every step of the way by rubber-stamping funding, he said.

"The funding of this war has been voted on at least 12 or 13 times, and Congress keeps reauthorizing the war all over again," he said, adding that candidates Hillary Clinton, Barack Obama and John Edwards have repeatedly voted to renew funding.

Kucinich said the government often does not even have a record for how funds are spent, and corrupt contractors and enemies might end up with money with no specified earmarks.

"Iraqi holdings were originally taken and shipped to the United States and converted into $10.8 billion in hundred dollar bills, shrink-wrapped, put on pallets and loaded on a cargo plane, and nobody knows what happened to that money," he said.

Kucinich said the United States should turn Iraq and its oil reserves back over to its countrymen to restore accountability and enable them to control their own assets.

The U.S. has an obligation to pay reparations to the families of the 650,000 collateral deaths caused since the start of the war, and to provide some backing to an Iraqi government that will gradually begin to take on international loans, he said.

The U.S. subsequently has a responsibility to ensure that loans granted by the World Bank are negotiated fairly, without conditions that in return impose corporate interests such as the privatization of oil on the country, he said.

Corporate-dominated trade negotiations have already compromised domestic policies and economic prospects, he said.

"I want to restore bilateral trade for worker rights, human rights and the environment," he said. "Before NAFTA and other such trade agreements, there was more of a balance, but since these agreements, we have seen a trade deficit and wages depressed."

Kucinich also said one out of every four dollars currently paid for health care was going for profit, and he would like to develop a non-profit health care system with savings that could easily cover the expense of modern medicine.

Andy Sylvia, chairman of the Merrimack Democratic Committee, said he wasn't sure who he was going to vote for yet, but was especially impressed with Kucinich's stance on Iraq.

"I appreciate the clarity he has brought to the Iraq issue," Sylvia said. "We were kind of railroaded into this and he stood up to that."

Ex-GOP Candidates Turn Attacks Back On National Panel (BOS)

By Rick Klein

The Boston Globe, March 4, 2007

WASHINGTON -- One advertisement accused the rival candidate of billing taxpayers for a call to a phone-sex line. One alleged that a candidate "fixed" his daughter's speeding tickets. Still others stated that a candidate endorsed a "coffee talk with the Taliban," and that another was supported by the Communist Party.

Each charge was misleading at best, demonstrably false at worst. Yet the National Republican Congressional Committee paid for each of those ads last year, and its leaders said they could do nothing to pull them, even after some of the Republicans whom the ads were designed to help demanded that they come down.

Now, four months after Republicans lost control of Congress, many of their former candidates are calling for major changes at the NRCC. They depict the committee as a rogue attack-ad shop that shielded party leaders from having to account for the claims in their ads -- encouraging over-the-top accusations that often hurt GOP candidates.

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"They weren't just attacking my opponent -- they were, bit by bit, destroying a reputation that I had spent years and years building," said Ray Meier, a Republican candidate in upstate New York whose Democratic opponent was wrongly accused of making adult fantasy calls.

The NRCC funneled more than $83 million through a special "independent expenditure" arm that made all decisions regarding ads.

The creation of the independent entity meant that when candidates such as Meier called NRCC headquarters to complain about the ads, committee officials said they couldn't discuss them, much less yank them from the air, without violating campaign-finance law.

The law places strict limits on how much help national parties can offer candidates; in 2006, they were limited to about $80,000 in direct support of each House candidate. But court rulings have established the right of independent groups to spend unlimited sums.

Thus, national parties have been funneling their giant war chests into independent committees -- putting vast resources behind ads of a type that used to exist only on the political fringes.

The 1988 "Willie Horton" ad aimed at Democratic presidential candidate Michael Dukakis, for instance, was run by an independent group that had no ties to the Bush-Quayle campaign. Likewise, the Swift Boat Veterans for Truth attacked Democrat John F. Kerry in 2004, but was independent of President Bush's campaign.

But now, taking advantage of the latest loophole in the campaign-finance system, the national parties have started putting most of their advertising money into independent groups of their own creation. In 2006, spending by the Democratic and Republican parties' independent expenditure arms jumped 65 percent from 2004, to $202.4 million, according to Federal Election Commission data.

The parties have essentially created their own version of the Swift Boat Veterans -- entities that operate outside the normal political apparatus, said Fred Wertheimer, president of the government watchdog group Democracy 21.

"There's no accountability," he said. "When you have unaccountability on this stuff, people start overreaching. And this idea of creating a Chinese wall within the party, where the people who are doing the ads are kept separate from the people who are doing the expenditures, is a fiction."

Though both parties spent heavily on negative ads through their independent expenditure arms, the NRCC was by far the biggest spender last year, spreading around $20 million more than its Democratic counterpart. And watchdog groups have tagged the Republicans -- and the NRCC in particular -- as the worst offenders in stretching the truth.

Annenberg Political Fact Check, a nonpartisan group that studies campaign advertisements, called the NRCC's ads "the very definition of political mudslinging."

"The National Republican [Congressional] Committee's work stands out this year for the sheer volume of assaults on the personal character of Democratic House challengers," stated the Fact Check report, which also cited one Democratic ad as based on "flimsy evidence at best."

Representative Christopher Shays, a Connecticut Republican who is among the 2006 candidates who feel the NRCC's actions hurt his campaign, said he plans to file a bill that would allow candidates in both parties to prohibit the national parties from advertising on their behalf.

"I would have been better off if they didn't spend one penny on my race," said Shays. "The least we should do is give a candidate the ability to say no. "

The NRCC's chairman during the 2006 elections, Representative Thomas M. Reynolds of New York, defended the ads, saying they were well-documented and generally effective. He conceded that his independent expenditure arm "took a lot of liberties," but said Democratic committees also stretched the truth.

NRCC ads saved 10 to 20 Republican-held seats, Reynolds said. "Everybody has an opinion, and hindsight after an election is about 20-20," he said.

Last year, Reynolds put a veteran NRCC operative, Carl Forti, in charge of the party's independent committee. Reynolds said that, in keeping with the law, Forti made all advertising decisions and had no contact with his bosses at the NRCC while working on independent ads.

Forti, who now works as political director of the presidential campaign of former governor Mitt Romney, declined to comment, citing the NRCC's policy of not discussing independent expenditure operations publicly.

The independent expenditure operation spent $77 million attacking Democratic House candidates, while spending $6.6 million in positive ads boosting Republicans, according to FEC disclosures.

Among the attack ads was the television spot in Meier's race against Michael Arcuri, a former county district attorney. Arcuri's hotel bill from a business trip included a one-minute call to an adult talk service, which cost taxpayers $1.25. Immediately

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thereafter, another call was placed to a number that was identical except for the area code: the number for the state Department of Criminal Justice Services.

It was clearly a wrong number, but the NRCC stood by the ad. Arcuri won the race.

Similar alleged misstatements reverberated in races across the country. In North Carolina, an NRCC ad said that Democrat Heath Shuler was "caught again not paying his taxes on time." But Shuler had sold his majority stake in the business referenced in the ad in 2003. Shuler won his race, defeating an incumbent Republican.

In Indiana, Democrat Brad Ellsworth was accused of "fixing" his daughter's speeding tickets while serving as a county sheriff, though Annenberg Political Fact Check found the ticket was paid in full. Ellsworth also unseated an incumbent Republican.

In Iowa, an NRCC ad suggested that Democrat Bruce Braley was backed by the Communist Party, citing the fact that a party newspaper labeled Braley a "peace candidate." Republican candidate Mike Whalen said he immediately called friends in Washington to pressure the NRCC to take the ad down, but was told that nothing could be done because it was a product of the independent expenditure arm.

"I went ballistic, desperately trying to send the message through back channels," Whalen said. "They didn't care. They said, 'We don't have any control over it.' . . . That ad in particular I think sullied my reputation, and I will always resent that ad."

Braley beat Whalen by 12 percentage points in a district that had long been a GOP stronghold.

Voters in Connecticut received an NRCC mailing that accused Democrat Diane Farrell of wanting to have a "coffee talk with the Taliban." The NRCC's evidence: Farrell accepted a campaign contribution from a group that included a board member who had once suggested establishing talks with the Taliban.

Farrell's Republican opponent -- Shays -- said he called allies at the White House and the Republican National Committee to press the NRCC to repudiate the mailing.

But NRCC officials, Shays said, prevented him from speaking directly with Reynolds. Reynolds defended that move, saying the committee would have been violating the law if it permitted candidates to coordinate with the independent expenditure arm.

But some campaign-finance specialists dispute the claim that party committees couldn't stop ads they were paying for. While the law prevents party leaders from coordinating messages with their independent arms, they could have refused to pay for ads they disapproved of, said Paul S. Ryan, associate legal counsel at the Campaign Legal Center, a nonpartisan group.

"The party leadership can close the purse strings when and if they don't like the ad coming out of their independent expenditure arm," Ryan said.

Because the Supreme Court has affirmed parties' rights to set up independent committees, party leaders say, they are likely to continue the practice .

Nonetheless, the NRCC's new leaders say they are listening to candidates' complaints. The new NRCC chairman, Representative Tom Cole of Oklahoma, appointed a task force to reevaluate the party's independent expenditure strategy.

Acknowledging lapses in "political judgment" last year, Cole said he wants assurances that his committee's ads will be factual as well as politically wise.

"When you get a lot of consultants in a hothouse, late in the campaign, and people really aren't responsible [for the message] because you're not working for the candidate, it's really easy to take a flier," Cole said.

Until party leaders take more responsibility for their ads, they are likely to frustrate more candidates. Meier, who gave up his state Senate seat to run for Congress, said he found it maddening to watch the campaign he waged on local issues make a sudden turn to the gutter.

"These scandalous and slanderous ads became the topic of conversation," Meier said. "Never having run for national office before, you know this is a mean business. You have no idea how mean."

The Power Player (WP)

By Robert G. Kaiser

The Washington Post, March 4, 2007

How the Rise of One Lobbying Firm Helped Transform the Way Washington Works

For Gerald Sylvester Joseph Cassidy, creator and proprietor of the most lucrative lobbying firm in Washington, May 17, 2005, was a day to exult. That bright, clear spring Tuesday marked the 30th birthday of Cassidy & Associates, and an impressive crowd had come to pay tribute to a godfather of the influence business.

Hundreds of guests gathered on the rooftop terrace of a handsome new office building at the foot of Capitol Hill, 13 stories above Constitution Avenue. A vivid orange sun descended gently behind the Washington Monument and the Lincoln Memorial at the western end of the Mall, casting angular beams of light across the assembled throng. The guests' view from the roof was

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filled by the United States Capitol, which from this startling vantage point could be seen, from end to end, in a single field of vision. The Capitol looked contained and compact, almost a plaything within easy reach.

As the setting sun illuminated the scene, the party illuminated a new Washington -- a capital transformed by big money in the 30 years since Cassidy became a lobbyist. This new Washington operated on new ethical norms, embraced new standards of risk and reward and offered tempting new career choices for former officials, members of Congress, their spouses and their aides.

Cassidy helped invent the new Washington, which had made him seriously rich. His personal fortune exceeded $125 million. He and his original partner, whom he forced out of the firm 20 years earlier, devised a new kind of business, subsequently mimicked by many others. Their innovation was the first modern "earmarked appropriations" -- federal funds directed by Congress to both public and private institutions when no federal agency had proposed spending the money. Over the subsequent three decades, the government dispensed billions of dollars in "earmarks," and lobbying for such appropriations became a booming Washington industry.

Cassidy may be the richest Washington lobbyist, but he is far from the best-known. Since a scandal erupted that bears his name, that title belongs to Jack Abramoff, the confessed felon, bribe-payer and tax evader who is now an inmate in the federal prison camp in Cumberland, Md. He is still cooperating in a widening federal probe of corruption on Capitol Hill.

Abramoff's brazen behavior fit a stereotypical caricature of the Washington lobbyist as a willful rogue eager to corrupt members of Congress. The Abramoff story is a crude pulp thriller punctuated by free dinners, lavish golfing outings, big campaign contributions, arm-twisting and old-fashioned bribery.

Cassidy's is a subtler epic that probably reveals more about the culture of Washington, D.C. It, too, involves favors, gifts and contributions, but they are supplemented by the disciplined application of intellect, hard work, salesmanship and connections. In Cassidy's story, all these can influence the decisions of government to the benefit of private parties -- Cassidy's clients.

On a personal level, Cassidy's saga is a variation on the classic American myth: A determined man from nowhere accumulates great wealth and rises to the top. At different moments it evokes Charles Foster Kane, Jay Gatsby or a character from a Horatio Alger tale. Like them, Cassidy is a self-made man who fulfilled many of his most ambitious dreams. But material success has not pacified all of his personal demons. He is tough, temperamental, driven and, according to many around him, rather lonely.

Over the next five weeks, The Washington Post will tell Gerald Cassidy's story in a unique way. On Monday, the series will jump to the newspaper's Web site, washingtonpost.com, to begin a 25-chapter serial narrative that will describe how Cassidy built his business, how he made the deals that earned his millions, and how he and his fellow lobbyists influenced decisions of government and helped create the money-centric culture of modern Washington.A Gatsbyesque Affair

Charlie Palmer Steak, the gleaming Washington outpost of a famous Las Vegas restaurant, had catered Cassidy's party. Restaurant staff circulated with platters of miniature hamburgers and tartlets of goat cheese and mushrooms. The restaurant occupies much of the ground floor of the building at 101 Constitution Ave., where the rooftop party was held. One of the restaurant's owners is the same Gerald Cassidy, a man of many investments.

He had turned 65 a month before the party, and he looked spiffing. His full beard of uniformly short whiskers was trimmed to a triangle of white. His fullback's frame was perfectly draped in a dark gray, double-breasted and pin-striped suit made by Alan Flusser in New York, Cassidy's home town. Flusser's custom suits start at $3,800. A white shirt with French cuffs and a silk tie in a pattern of black and white checks completed the ensemble. The checked tie set against the suit's prominent pin stripes evoked a Las Vegas defense attorney.

The outfit advertised the distance Cassidy had come from his difficult childhood in a troubled Irish American family. None of its other members, denizens of Brooklyn and Queens, wore custom-made suits; none had even graduated from college before Cassidy did in 1963. Cassidy's memories of his youth are short on nostalgia, long on deprivation. "I remember evictions, repossessions, things you never forget." Jack Cassidy, his stepfather, was a pugnacious Navy veteran and former boxer who sometimes threw a punch at his son.

At his big party Cassidy's shyness was displaced by pride; he was virtually preening. He presided with a certain dignified formality, greeting guests with a warm smile but never slipping out of character. Like Gatsby, F. Scott Fitzgerald's self-invented tycoon, Cassidy seemed to enjoy the idea of the party at least as much as the party itself.

Gatsby sought riches to reclaim a lost love who had rejected him when he was young and poor; Cassidy, too, sought riches as armor against poverty and rejection. Both were dreamers who would be forced by circumstances to become realists.

For Cassidy, the urge to accumulate money drove him to succeed. "I'm a big fan of financial security," he said in one of numerous extended interviews. "I didn't have a lot of it as a kid, so I wanted to be successful and financially secure." He never

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pretended not to be interested in money nor tried to deny who he was or how he made his cash. He proudly, though quietly, made large donations to numerous charities.

His candor about his business and his pursuit of wealth set him apart from the most successful lobbyists of earlier generations, who often were reticent about their trade. Washington powerbroker Clark Clifford was a good example; he never registered as a lobbyist and would deny heatedly that he was one, even as he helped his law firm's corporate clients solve problems in Washington for handsome fees. Clifford wanted to be known as an elder statesman.

Cassidy made no bones about his work. He liked to talk about his ability to get things done: winning hundreds of millions in federal dollars for his university clients, getting Ocean Spray Cranberry juice into school lunches, helping General Dynamics save the billion-dollar Seawolf submarine, smoothing the way for the president of Taiwan to make a speech at Cornell despite a U.S. ban on such visits.

Cassidy's career has spanned an astounding boom in the lobbying business. When Cassidy became a lobbyist in 1975, the total revenue of Washington lobbyists was less than $100 million a year. In 2006 the fees paid to registered lobbyists surpassed $2.5 billion; the Cassidy firm's 51 lobbyists earned about $29 million. In 1975 the rare hiring of a former member of Congress as a lobbyist made eyebrows rise. Today 200 former members of the House and Senate are registered lobbyists. Two of them, tall, gregarious men named Marty Russo and Jack Quinn, work for Cassidy, and at the 30th birthday party they worked the crowd with relish.

The business involves giving as well as receiving. As lobbying became more and more lucrative, Cassidy realized that members of Congress who helped his clients could be thanked with campaign contributions. "You can't be in this business and not give," he once explained.

He encouraged his colleagues to give, and he gave prolifically himself. In the quarter century leading up to his party, Cassidy, his employees and their spouses had personally given at least $5.3 million to candidates for the House and Senate and to the two major parties. Cassidy and his wife, Loretta, donated more than a million of that themselves. The lobbyists of Cassidy & Associates had received many times that much in fees from their clients -- almost always in the form of monthly retainers. The clients had received hundreds of millions in earmarked appropriations and other benefits worth hundreds of millions more.

Cassidy's appetite for lobbying revenue could lead him into trouble. It was the cause of one of the few public mistakes of his career: his 2004 offer to the soon-to-be notorious Abramoff to join Cassidy & Associates as a consultant just after the law firm of Greenberg Traurig had fired him. Abramoff accepted the offer, but then Cassidy had to withdraw it. Abramoff was not invited to the 30th birthday party.Starting with McGovern

The party crowd looked like a typical A-List Washington gathering, sprinkled with past and present senators, House members and Washington hangers-on of many varieties. But there was a story up on the roof that evening that wasn't obvious to most of the guests -- the story of Gerry Cassidy's remarkable career.

The crowd included figures from every stage of Cassidy's life in Washington, beginning with George McGovern.

The long-retired Senator and 1972 Democratic presidential nominee had flown in from South Dakota to toast Cassidy, whom he had first met 36 years earlier in Immokalee, Fla., when McGovern chaired the Senate Select Committee on Nutrition and Human Needs.

In 1969, Cassidy, then a young legal aid lawyer for migrant workers, helped McGovern's staff organize hearings in Immokalee on hunger among those workers. Cassidy then escorted the senator around one of the most impoverished areas in the United States. The hearings drew extensive television and newspaper coverage, one of McGovern's first moments in a national spotlight. Just two months later, Cassidy made his way to Washington and knocked on the nutrition committee's door. Could he have a job? In April 1969, Gerry Cassidy arrived in the nation's capital to join the staff of McGovern's committee. He has been here ever since.

When Cassidy moved up from Florida, he and Loretta rented a small apartment in Arlington. Today, they own grand houses in McLean and on the Eastern Shore and a condo on Key West.

Cassidy and McGovern have maintained friendly if not close relations over the years -- a typical pattern for Cassidy, who has many acquaintances but few real friends. McGovern expresses personal amazement at Cassidy's financial success, and also gratitude for it. The lobbyist has contributed $100,000 to the George and Eleanor McGovern Library, which was dedicated in October at Dakota Wesleyan University in Mitchell, S.D.

Both men say they have forgotten that McGovern fired Cassidy from the nutrition committee in early 1975 to make room on the staff for Bob Shrum, at the time a young political operative who McGovern hoped could help him run for president again in 1976. Shrum went on to advise eight losing Democratic presidential candidates.

McGovern's order to fire Cassidy, in a letter to Kenneth S. Schlossberg, staff director of the nutrition committee, can be found in McGovern's papers at Princeton University. Schlossberg interpreted that letter as a cue that it was also time for him to

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find a new job. He proposed to Cassidy that they start a consulting business, he recalled in an interview. They became 50-50 partners in a firm called Schlossberg-Cassidy & Associates, though they had no associates.

When they first set up shop in a tiny, one-room office, Schlossberg and Cassidy sent letters to everyone they knew offering to provide whatever assistance might be needed in Washington. One of the first to respond was Jean Mayer, a renowned nutritionist, who had just become president of Tufts University in Medford, Mass., outside Boston. Mayer summoned Schlossberg to Tufts to talk about his dream of building a human nutrition research center. He recounted how House Speaker Thomas P. "Tip" O'Neill had once told him about the childhood days when he and his brother sneaked onto Tufts' playing fields to play ball. "If I can do anything to help you, let me know," O'Neill had said.

Mayer hired Schlossberg-Cassidy to figure out how O'Neill might help him. And they did. After two years of work by the young lobbyists, Congress appropriated $27 million for the human nutrition center. Over the course of the next three decades, that $27 million would be followed by hundreds of millions more in directed, earmarked appropriations to Cassidy clients -- colleges, universities, hospitals, corporations and state and local governments.The Absent Alumni

Many of Cassidy's Democratic friends were in attendance at the rooftop party. Rep. Ed Markey (D-Mass.), for example, came prancing across the canvas "carpet" that had been laid on the roof to greet his host: "My Cassidy!" he proclaimed with a mischievous Irish grin, "I'm a fan of yours!"

Cassidy has long had good relations with members of the Massachusetts delegation, going back to his friend O'Neill, the speaker from 1977 to 1987, boom years for Cassidy's firm. Many of the early clients were Massachusetts institutions. By the end of that period, Cassidy was paying himself as much as $5 million a year, several times more than the earnings of even Washington's fanciest lawyers.

One of the loudest guests at the party was Russo, the former Congressman from the suburbs of Chicago who was defeated in 1992 and joined Cassidy the next year. At the party, Russo greeted his pals from the House with a booming voice, and had hugs and pats on the back for many -- a Chicago pol of the old school. On his Cassidy & Associates calling card, Russo has put an embossed, golden Seal of the United States and identifies himself as "Marty Russo, Member of Congress, Retired."

The guest list for the party was long, but so was the list of people who had played a prominent part in building the Cassidy firm but had not been invited. Many of the professional and personal relationships Cassidy developed over three decades had not survived. His mercurial personality and sometimes violent temper put an end to some of them; his ways of doing business ended others. Some left him for greener pastures.

Members of a large Cassidy alumni association could be found in lobby shops and public relations firms all around town. When someone left the firm, Cassidy tended to take it badly. He got into a prolonged legal action with one former employee and forced him into a settlement, a story that quickly made the rounds and had the desired effect. Only a fraction of the former employees was invited to the party on the roof, though the event had been the talk of the alumni for weeks.

The uninvited included some of the most important people in the history of the firm -- first of all James P. Fabiani. Fabiani was the third person to join the firm, after Schlossberg and Cassidy. He designed many of its procedures; he became its most successful marketer, luring in dozens of clients. But he and Cassidy fell out after 15 years of working together. Fabiani thought the firm had changed: "It went from . . . hard-charging, driven, we're-going-to-succeed-for-our-clients to a company preoccupied with money."

Schlossberg was absent, too, an ironic status for the actual founder of the firm -- despite many references in the firm's literature and on its Web site to Cassidy as its founder. The two men's gradual estrangement had culminated in 1984, when they agreed on a settlement that dissolved their partnership. Schlossberg left with $812,600 as his share of the enterprise. Today he runs a family business, the Schlossberg Memorial Chapel, providing funeral services to the Jewish community on Boston's South Shore. He and Cassidy haven't spoken in 22 years.

The two had an achingly complicated relationship. "He only agreed to the deal we finally settled on," Schlossberg said recently of Cassidy, "because he knew that if we actually ended up in court I would make sure the whole city knew every last detail about our business and no clients would be left after that." The money Schlossberg received proved to be a piddling amount. Eventually, in a series of complicated financial transactions from 1989 to 1999, Cassidy sold his interest in the firm for a total of $30 million, while staying in place to run the business for a handsome salary.Ten-Percenters

One of the alumni who did make it to the rooftop terrace was William F. Cloherty, a feisty little fireplug of a man who came up with an idea that helped Cassidy soar. Cloherty had been working in the Tufts administration when Cassidy and Schlossberg won that first earmark for Jean Mayer. He quickly grasped that what Schlossberg-Cassidy had accomplished for Tufts could become the basis of a real business.

Through a connection with John Silber, the resourceful president of Boston University, Cloherty got to know Cassidy. Intense, bright, disheveled and hopelessly disorganized, Cloherty quickly bonded with Cassidy, a fellow hustling Irishman.

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Cloherty proposed to work for Cassidy on a commission basis. He would receive ten percent of whatever fees the clients he brought in paid to the firm. By 1985 Cloherty had signed up 10 clients, eight of them universities. Over the years Cloherty collected hundreds of thousands of dollars in commissions without doing any lobbying himself. Cloherty's success prompted Cassidy and Fabiani to build a large stable of "ten-percenters," who became critical to the firm's early growth.

At the party, Cloherty spent a long time chatting with Silber, who had flown to Washington for the occasion. Prior to joining Cassidy, Cloherty had worked for Silber as BU's government liaison. Over a quarter century, BU has paid Cassidy millions of dollars in lobbying fees, and the school has received $106.5 million in earmarks from the federal government.

Cloherty's success reflected the firm's. For years in the 1980s, Cassidy and his colleagues could truthfully tell prospective clients that they never failed to win an earmark for an institution that had retained them. "Sometimes it took longer than we expected," admitted Elliott Fiedler, who worked at the firm from 1987 to 1995, "and sometimes the client had to settle for a good deal less than it hoped for. But for years every client eventually got something."

From its inception the firm also represented businesses. One of Cassidy's earliest corporate clients was the Ocean Spray Cranberry cooperative, a national organization of cranberry and grapefruit growers. Ocean Spray got him into the political contributions business; he set up a political action committee for the group and decided which members of Congress would receive its largesse. That only increased Cassidy's influence.

His firm has also organized hundreds of fundraisers for members of Congress, many of them breakfasts in the firm's conference room. Cassidy believes in giving money to his friends for their election campaigns. The system doesn't bother him in the least.

"Lobbyists have always been contributors; they always will be," he said in an interview. "It's like if you lived in a rural community and you wanted to be part of that community, and they had a volunteer fire department. If you didn't participate, you wouldn't be very well accepted in the community. It's as simple as that."Selling the Firm Again and Again

In the decade that began in 1989, Cassidy & Associates was transformed. Cassidy was able to fulfill his dream of becoming not just prosperous and successful, but rich. In two stages, he sold a portion of the firm to an Employee Stock Ownership Plan, an unusual financial transaction that put $15 million in his pocket.

He used some of the money to greatly expand his business. He created Powell-Tate, a public relations firm named for its key partners, Jody Powell, President Jimmy Carter's press secretary, and Sheila Tate, press secretary to first lady Nancy Reagan. Cassidy also acquired a Republican lobbying firm, a polling firm and a grass-roots lobbying firm.

The Republican victory in 1994, taking control of Congress from the Democrats whom Cassidy had spent more than 20 years befriending, cost the firm about $6 million in revenue, or roughly 20 percent of what it had been making. Cassidy cut his own salary way back; for a couple of years he earned no bonus. But he survived, and business slowly picked up again.

In 1999, Cassidy sold the firm to InterPublic Group (IPG), a British advertising and public relations conglomerate, in a stock transaction that netted about $60 million. Cassidy's share would total just over $15 million. His timing was impeccable; he used a financial device called a collar to sell the IPG shares he received in the deal at what turned out to be a historic high. Within months, the IPG shares lost half their value. Most of Cassidy's associates held on to their shares and suffered heavy losses.

For an entrepreneur who had created a business and shaped it in his own image, becoming the property of an international conglomerate was not easy. At first Cassidy's relationship with IPG was rocky. Some executives working for the new owner thought it might be best to ease Cassidy out of the firm and turn it over to his longtime associate, Fabiani. The gambit failed with the new owner, and Cassidy remained the boss. But the firm fell on hard times. Fabiani left, and the earmarked appropriations business was suddenly crowded with new competitors. And Congress, which loved earmarks, loved them so well that their number burgeoned, but their average size shrank radically.'A Republican Lobbying Firm'

Another guest at the 30th birthday party was Rep. Roy Blunt of Missouri, the Republican whip in the House. Ten years earlier, a Republican as important as Blunt probably would not have attended an event honoring a Democratic lobbyist. But times changed after the Republicans took control of Congress in 1994, forcing Cassidy to adapt to Republican tastes.

His latest adaptation had been the hiring of Gregg Hartley, an open, friendly Missourian like Blunt, who had worked as Blunt's right-hand man for nearly all his political career. In 2003, following a path trod by countless other Congressional aides, Hartley had decided to "go downtown" -- to become a lobbyist. A bidding war for his services ensued. Cassidy won it with an offer of just under $1 million a year plus a substantial percentage of the lobbying fees paid by clients Hartley could bring to the firm.

Hartley had earned $150,000 as Blunt's senior aide. Now he was the chief operating officer of Cassidy & Associates. Hartley worked the crowd at the party with a friendly, low-key style. A number of the guests represented corporate clients he had attracted to the firm.

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Blunt was a nice catch for the Cassidy party, but not in the class of the man who arrived soon afterward, surrounded by a bustling entourage. That was Tom DeLay of Texas, then still the House majority leader. His presence was probably a favor to Hartley, who had belonged to the House leadership's inner circle.

To have someone with Hartley's connections essentially running Cassidy's firm, as he has since 2005, showed how the times had changed Cassidy. "I'm running a Republican lobbying firm," Cassidy quipped sheepishly to an old friend.

* * *

One of the most influential guests at the party was a senior senator who once went after Cassidy in public -- Robert C. Byrd (W.Va.), ranking Democratic member of the Senate Appropriations Committee. In 1989, just after Byrd became that committee's chairman, he threw a theatrical temper tantrum when The Washington Post reported that the University of West Virginia had hired the Cassidy firm to help win an earmarked appropriation for an $18 million facility to study the uses of coal. When this became public knowledge, Byrd decided he was furious. He actually blocked the $18 million, which the House had already approved, and forced his home state university to fire Cassidy. In a speech on the Senate floor he denounced "lobbyists who collect exorbitant fees to create projects and have them earmarked in appropriation bills . . . for the benefit of their clients," a thinly veiled reference to Cassidy.

The episode created a political opportunity, prompting Byrd to draft the "Byrd Amendment," putting new restrictions on all lobbyists. It appeared to be a memorial to his anger at Cassidy.

So why, 16 years later, when he was 87 and frail, had Byrd come to a party to celebrate Cassidy? He responded to that question a little testily: "I'm here because I'm here. I was invited, and I decided to come."

Soon after the party another successful Washington lobbyist ventured an explanation: "That's simple. It's his cycle. He's up." Indeed he was. Republicans thought Byrd might be vulnerable, and they had targeted him in 2006. He was busily raising money to defend his seat, and Cassidy, it turned out, was doing his best to help.

Byrd's re-election committee later reported to the Federal Elections Commission that six weeks before his party, Gerald Cassidy had made a $2,000 contribution.

Then in November 2006, six months after the 30th birthday party, Cassidy & Associates' Political Action Committee made a $938 "in-kind" contribution to organize and pay the tab for a Byrd fundraiser at Finemondo, an Italian restaurant downtown. That event raised $16,645 more for Byrd, nearly all of it from employees of the Cassidy firm. One $2,000 donation was recorded in the name of Loretta Cassidy, the lobbyist's wife, whose pretty smile and high spirits lit up the party on the roof on May 17.

* * *

As the sun set and the party wound down, Cassidy took a microphone and spoke, very briefly:

"All I want to say is it's been a great time, I've enjoyed it. . . . I've had a great time over the years because of all of you. . . . I've loved being in Washington working on important issues. . . . My boss is here, Senator McGovern. He brought me to Washington 35 years ago and opened the door to a great life. Thank you."

Your Tax Dollars At Work: Buckytubes And RedOwls (WP)

The Washington Post, March 4, 2007

Last week, the Washington group Taxpayers for Common Sense released a compendium of 2,646 spending projects earmarked for lawmakers' home states and congressional districts in the 2007 defense appropriations bill. In many cases, the legislation itself provides only a vague description of the project, and omits the name of the company or community that would benefit. Taxpayers for Common Sense filled in the details by using lobbying disclosure databases, congressional news releases and Internet sites.

New measures passed by Congress this year will require detailed disclosure in future legislation of the recipient of such earmarks, as well as the identity of the member seeking them. The following is a sample from the conference report:

p. 243. $1.6 million for the "Weapons of Mass Destruction Marking Set."

Explanation: Rep. David Obey (Wis.), then-ranking Democrat on the House Appropriations Committee, obtained this for Rex Systems, Inc., of Chippewa Falls. The system is a mobile laboratory that samples air, water and soil for signs of WMD. The lobbyist is JEH Government Consulting of Chippewa Falls. An Obey news release also announced that Pliant Corp., employing 182, would receive $2.4 million to continue to develop better packaging for military rations -- known as meals ready to eat (MREs).

* * *

p. 303. $2 million for "Electronic Type-specific Buckytubes for Next Generation Defense Electronics."

Explanation: Then-House Majority Whip Roy Blunt (R-Mo.) obtained this for Carbon Nanotechnologies Inc. and Brewer Science (both of Springfield) for work to be done on failure-resistant electronics at Missouri State University's Roy Blunt Jordan Valley Innovation Center. The Washington lobbying firm of Fabiani and Co. represents Brewer Science.

p. 98. $4.5 million for "Golden Hour Technology Containers."

Explanation: Minnesota Sens. Norm Coleman (R) and Mark Dayton (D) obtained this earmark for Minnesota Thermal Science Co. in Plymouth. The containers are temperature-controlled devices for transporting blood products. The lobbyist is mCapitol Management.

* * *

p. 243. $2.25 million for "Electroconversion of Energetic Materials."

Explanation: Sen. Mike Enzi (R-Wyo.) obtained this earmark for Nanomaterials Discovery Corp. of Cheyenne.

* * *

p. 216. $3.2 million for "Palmtop Emergency Action for Chemicals (PEAC)."

Explanation: Sen. Mike Enzi (R-Wyo.) obtained this earmark for AristaTek of Laramie, which is developing the software system capable of detecting up to 10,000 chemicals. The company's lobbyist is American Business Development Group in Arlington.

* * *

p. 241. $1 million for "Defect-Free Commercially Viable Si/C Semiconductors Using Superlattice Technology."

Explanation: Rep. Michael R. McNulty (D-N.Y.) obtained this for C9 Corp. in Kingston.

* * *

p. 327. $2 million for a "Secure Advanced Electronics Fabrication Facility."

Explanation: This earmark, for a facility at the University of Albany, was obtained by Rep. Michael R. McNulty (D-N.Y.).

* * *

p. 276. $5 million for the "Thermal Management Systems for High-Density Electronics. "

Explanation: This earmark for Rocky Research Inc. of Boulder City was obtained by Nevada Sens. Harry M. Reid (D) and John Ensign (R). The company's lobbyist is Stirling Strategic Services.

* * *

p. 240: $4.5 million for the "RedOwl Acoustic Targeting Device/Photonics Center."

Explanation: Development of the sniper detecting sensor system at Boston University, represented by Cassidy & Associates, was backed by Massachusetts's senators.

Bush Shows New Willingness To Reverse Course (WP)

By Peter Baker

The Washington Post, March 4, 2007

He was against it before he was for it.

The same president who mocked the idea of talking with Iran and Syria as recently as two weeks ago is now sending emissaries to a regional conference to talk with Iran and Syria.

For President Bush, last week's decision was the latest of several reversals on issues on which he once refused to budge. Since Democrats captured Congress, Bush has fired Defense Secretary Donald H. Rumsfeld, authorized direct talks with North Korea, sent more troops to Iraq, agreed to discuss the contours of a Palestinian state in Middle East peace negotiations, and even proposed a tax increase for millions of Americans -- all ideas he rejected earlier.

"It's not really surprising to me that they're beginning to change," said former congressman Lee H. Hamilton (D-Ind.), co-chairman of the bipartisan Iraq Study Group, whose report in December recommended opening talks with Iran and Syria. "The realities of the situation are becoming more apparent to them. . . . Presidents begin to focus very much on their legacy, and he recognizes that insufficient progress has been made on some of these international issues."

Some of Bush's shifts are being welcomed by Democrats and some Republicans, although often with the caveat that, in their view, he has not gone far enough. "Any administration, including this one, has to face reality that changes over time," said former senator Warren B. Rudman (R-N.H.), an ally of the president's father. "They should. Circumstances change. I'd hate to see an administration that was so rigid that it didn't react to that."

But it can be a bitter pill for a politician who got to the nation's highest office by stressing his unwavering fidelity to core principles and painting his opponents -- first Al Gore, then John F. Kerry -- as flip-floppers who changed their minds depending on the political currents. Now, suddenly, it is George W. Bush -- the stubborn, resolute, "never give in" leader -- who finds himself explaining how he can reject a position one moment and embrace it the next.

All politicians flip-flop at times, of course, though few characterize it that way. Governance sometimes requires it and, if skillfully presented, it can be seen as thoughtfulness or growth in office. As Gore and Kerry showed, though, it can be a political killer if it becomes central to one's image. That's why Republican Mitt Romney is struggling to explain his changing positions on

abortion and gay rights, while Democrat Hillary Rodham Clinton refuses to apologize for her 2002 vote for the Iraq war despite pressure from liberal activists.

In Bush's case, he sometimes acknowledges a shift and attributes it to evolving conditions, such as his decision to increase the number of troops in Iraq after years of insisting he had sent enough to do the job. In other instances, though, the White House denies any change of position at all, offering nuanced arguments for why the latest move is consistent with past statements.

Bush's new health-care plan, for example, would raise taxes on 30 million Americans. The White House says this is not a real tax increase, because the proceeds would finance tax cuts for 100 million other Americans and the overall plan would be revenue-neutral.

Likewise, after the announcement that U.S. envoys will attend an Iraqi-sponsored conference of its neighbors, White House spokesman Tony Snow complained that the move was being portrayed as a policy switch. At a briefing, he read a list of multinational meetings attended by U.S. and Iranian diplomats in the past and chastised reporters for mischaracterizing the situation.

"You guys are getting it wrong, and I don't know how to get you to get it through your heads that it's not new," Snow said. "I mean, it's not new. What's going on here is something that has a long-seated precedence. There are multilateral forums where, if the Iranians are there, we're not going to walk out."

The same list of past meetings, though, has been cited repeatedly by critics in recent months in asking why Bush has refused to talk with Iran and Syria lately. Until last week, the president had said he would not talk with either until Tehran suspended its uranium enrichment, Damascus stopped interfering in Lebanon, and both dropped support for terrorist groups.

He made his attitude abundantly clear at a news conference last month when he mocked those calling for him to negotiate. "This is a world in which people say, 'Meet! Sit down and meet!' " Bush said in a sarcastic tone. "And my answer is: If it yields results, that's what I'm interested in." Just two weeks later, he agreed to sit down and meet in the context of a conference of Iraq's neighbors and major powers -- even though none of his previous conditions has been met.

Conservatives expressed exasperation. "I have never seen an administration with such an enormous gulf between the president's public statements and its actions," said Michael A. Ledeen, a scholar at the American Enterprise Institute. "Presidential statements should reflect policy. They don't seem to in this administration."

Ledeen said Bush should not talk with Iran, given the charges that it is arming Iraqi militants: "They're killing our kids. They're in open warfare against us. So we're going to sit around a conference table with them to talk about the security of Iraq, which they have no interest in?"

Other Bush allies say that the president flip-flopped on North Korea's nuclear program. Whereas he used to reject one-on-one talks with Pyongyang, insisting that negotiations take place in a six-nation forum, he reversed himself and authorized direct talks in Berlin in January, which ultimately led to a breakthrough agreement.

John R. Bolton, Bush's former ambassador to the United Nations, said the Berlin meeting "was clearly a shift" that yielded a deal rewarding North Korea for bad behavior.

Bolton was further disturbed by reports last week about administration officials backing off assertions about North Korea's uranium enrichment. "There's a risk that the administration looks weak through the media spin," Bolton said, "and if the president doesn't like the media spin, he should correct it immediately."

Bush has strategically changed positions in the past when it suited him, perhaps most notably when he embraced the creation of a Department of Homeland Security after initially opposing it. But he has cultivated an image of a leader who rarely veers from course -- to the point of irritating many who wish he would, particularly on Iraq.

That could immunize him now to an extent from charges of flip-flopping. "It actually may be greeted warmly, and you may see his poll numbers tick up," said Scott Reed, who ran Republican Robert J. Dole's 1996 presidential campaign.

More important to Bush, Reed added, is burnishing the record before his term expires: "They're really playing for the history books now."

Chavez's Influence Hovers Over Bush Trip To Latin America (HC)

By Dudley Althaus, John Otis, Patty Reinert

Houston Chronicle, March 4, 2007

U.S. is hoping Latin American tour tempers the leftist, shores up allies' support

MEXICO CITY — Like many Americans at this time of year, President Bush is striking out for southern climes.

Packing strategies for fostering trade, fighting drug-traffickers and fending off the regionwide shift to the political left, Bush flies out Thursday to start a swing through the friendlier parts of Latin America.

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He'll talk energy and free trade in Brazil and Uruguay. Those topics — as well as crime, punishment and border jumping — will dominate the conversations in Colombia, Guatemala and Mexico.

At every turn, Bush almost certainly will work to counter Hugo Chavez, Venezuela's leftist president. Chavez ranks among the world's more vocal and influential Bush-bashers, and his aura hovers over Bush's trip like a holiday-spoiling drizzle.

"It's a very calculated effort to become more proactive in confronting Chavez and shoring up U.S. allies in the region," said Cynthia Arnson, who heads the Latin America program at the Woodrow Wilson International Center for Scholars in Washington, D.C.

Brazil and Uruguay are governed by moderate leftists inclined to support market economics and trade. Colombia, Guatemala and Mexico have elected conservative presidents who probably would feel among brethren at a GOP fundraiser.

Still, the trip's rhetoric likely will exceed its reach, Arnson and other analysts say.

"He's coming at a time of extreme vulnerability," said Rafael Fernandez de Castro, who teaches foreign relations at ITAM, a leading Mexico City university.

What Bush is up againstThe White House world view remains centered on the Iraq war and its consequences. The 2008 U.S. presidential campaign already has begun, sapping some of Bush's domestic influence. Latin America continues both veering left and riding a commodities boom that has loosened its dependence on the Bush administration's economic policies.

For its part, Washington is trying to portray the seven-day, five-country trip — Bush's eighth to Latin America since taking office — as a show of support for democratic governments. But the visit also is meant to deliver the message that the governments must lift up their poor and vulnerable, said the administration's top diplomat for the region, Thomas Shannon.

The foray is Bush's first extended trip to the region since a September 2005 visit to Argentina and Brazil that many analysts rate a disaster. Attending a regional summit, Bush weathered large street protests — some led by Chavez — that denounced the Iraq war and Washington-sponsored free trade.

Emphasizing his continued opposition to Bush, Chavez plans to visit Argentina at the same time Bush is touring neighboring Brazil and Uruguay. At a recent news conference in Venezuela, Chavez said Bush's swing through the region is an attempt to divide the loyalties of its leaders and public. He called for street protests at every stop.

Chavez's role in regionBankrolled by more than $50 billion a year in oil earnings, much of it from sales to U.S. consumers, Chavez has been throwing money in the region like a rich uncle.

He's bought up more than $3 billion worth of risky debt in Argentina, built roads and schools in Bolivia, promised electricity plants in Nicaragua and sold oil on the cheap to many friendly countries.

In contrast, the Bush administration often has seemed like a tight-fisted distant relative. U.S. aid to the region totals $1.7 billion this year — nearly half of that going to Colombia — and will drop to about $300 million in 2008.

Not surprisingly, Argentine President Nestor Kirchner has been cozy with Chavez, and Bolivia's Evo Morales, Ecuador's Rafael Correa and Nicaragua's Daniel Ortega appear to be ardent allies.

"Free trade and counternarcotics have always been the Bush administration's agenda, and these are things that — with a few notable exceptions — Latin America does not see as a priority," said Arnson, the Washington analyst.

"Poverty, inequality and exclusion constitute the social agenda of the hemisphere and explain the rise of so many leftist governments," she said.

Then there's the moderatesStill, Brazil's president — Luiz Inacio Lula da Silva, who's universally called Lula — and Uruguay's Tabare Vazquez have proved more moderate leftists, publicly expressing their friendship with Chavez while maintaining cordial ties to the Bush administration.

Although Lula trends left, Brazil remains a functioning democracy with a stable economy that offers an alternative to Chavez-style politics.

"This is precisely the type of government the United States would like to see in South America," said Paolo Sotero, a Brazilian analyst at the Wilson Center. "Brazil is a natural ally."

In addition, Brazil and the United States are the world leaders in producing ethanol, the plant-based fuel being used as a blend with gasoline in cars. Combined, the two countries could expand and dominate the world ethanol market, Sotero said.

Closer to home, the Bush administration sees Mexico as another foil to Chavez in the region, a key trading partner and as a crucial ally in the drug war. Few were more relieved than the White House when Calderon won a controversial squeaker election over leftist rival Andres Manuel Lopez Obrador in the summer.

Both Calderon and the White House intend to push for an overhaul of immigration law this year, of which Mexico would be the prime beneficiary. And Calderon has moved in his first three months in office to strengthen cooperation with the United States in narcotics enforcement.

"The administration really wants Calderon to succeed," said Pamela Starr, a Mexico analyst with the Eurasia Group risk-analysis firm in Washington.

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Dealing with ColombiaEn route to meeting Calderon in Mexico, Bush will make a short layover in Colombia, where President Alvaro Uribe has become embroiled in a scandal linking senior members of his government with right-wing militias that finance themselves in part through the cocaine trade.

But Uribe strongly supported the Iraq war and is a no-holds-barred anti-drug warrior. That ranks him among Washington's closest allies in the region.

Uribe wants a new package of nearly $750 million in mostly military aid and is pushing for a longer-term commitment of U.S. support. A U.S.-Colombia trade agreement remains pending in the Congress.

On a two-day visit to Guatemala, Bush will meet with President Oscar Berger, also a conservative, in what one analyst called payback for that country's challenge last year to Chavez's failed bid for a rotating seat on the U.N. Security Council.

Like most winter sojourns, Bush's tour may prove a pleasant respite from the pressures at home. But analysts say that like a hastily acquired suntan, the trip's impact, for both the White House and Latin America, will soon fade.

"There isn't time to do anything," Fernandez de Castro said, referring to Bush's remaining months in office. "He will be just another president who came into office promising to pay attention to the region who ended up not doing that."

Iran President Meets Saudi To Discuss Mideast Issues (NYT)

By Hassan M. Fattah

The New York Times, March 4, 2007

RIYADH, Saudi Arabia, Sunday, March 4 — President Mahmoud Ahmadinejad of Iran met with King Abdullah here in the Saudi capital on Saturday to address the Middle East's growing sectarian and political crises.

Mr. Ahmadinejad, who arrived in Riyadh in the afternoon, was greeted at the airport by King Abdullah, a rare honor from the aging monarch, and talks began shortly afterward, the official Saudi Press Agency reported. Later, he was the guest of honor at a state dinner put on by the king and attended by top Saudi officials and dignitaries, and he held further meetings with the king.

Without elaboration, Prince Saud al-Faisal, the Saudi foreign minister, told [a news organization], "The two parties have agreed to stop any attempt aimed at spreading sectarian strife in the region."

The trip was Mr. Ahmadinejad's first official visit to the Saudi kingdom, and is widely believed to have been set up at the behest of the Iranians. It was the culmination of months of diplomatic efforts by the two regional powers, as well as other Arab countries.

The two leaders met just as diplomats from Germany and the five permanent members of the United Nations Security Council talked Saturday about tougher sanctions on Iran for its continued uranium enrichment efforts in defiance of the Council. The diplomats, speaking in a conference call, ended their discussion without an agreement.

King Abdullah and Mr. Ahmadinejad were believed to be focused on finding ways to end the political standoff in Lebanon between Hezbollah, backed by Iran, and the government of Fouad Siniora, supported by the United States. Saudi Arabia and Iran have expressed alarm at the sectarian violence in Iraq, worrying that it could fuel similar tensions throughout the Middle East.

Saudi Arabia has in recent months led an aggressive diplomatic effort to counterbalance Iran's growing influence in the region, most recently playing host in Mecca to the warring Palestinian organizations, Hamas and Fattah, to resolve their differences and to arrive at a government of national unity. Saudi Arabia is also said to be working to bring Lebanese parties together to reach a peaceful settlement of the three-month crisis.

But many analysts also expected Mr. Ahmadinejad to offer a more stark message warning to Arab governments that everyone would be harmed by any possible United States attack on Iran. The United States has been expanding its naval presence in the Persian Gulf in recent weeks, with a second aircraft carrier group now in the region.

Mr. Ahmadinejad departed late Saturday night, the Saudi Press Agency reported, after about eight hours on the ground, despite initial plans for him to leave on Sunday.

Iran's Ahmadinejad Visits Saudi Amid Regional Crises (AFP)

By Lydia Georgi

AFP, March 3, 2007

Iranian President Mahmoud Ahmadinejad left Saudi Arabia late Saturday after talks with King Abdullah which had been expected to focus on the sectarian bloodshed in Iraq, the crisis in Lebanon and Tehran's nuclear row with the West.

Saudi officials said Ahmadinejad departed after spending some seven hours in the kingdom, but did not give details about the talks, which lasted around two hours.

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The Saudi monarch hosted a dinner for the Iranian leader, whom he greeted earlier at an airbase in Riyadh in a red-carpet but brief ceremony which underlined the working nature of the visit.

Ahmadinejad, who previously saw the king at an Islamic summit in Mecca in December 2005, said before leaving Tehran that he would discuss how Iran and the kingdom could work together to reduce tensions in the Middle East.

"We will discuss with King Abdullah the joint work that we have to carry out in the Islamic world and the region," he told reporters.

"Iran and Saudi Arabia are two significant countries whose relations in recent years have been expanding and developing, and we are interested in expanding our stable ties," he said.

Relations between the two regional heavyweights have been strained over non-Arab Iran's growing influence in Iraq and its perceived backing of Shiite militias battling the once-ruling Sunni minority there.

The Iranian president, whose country has been accused by the United States of meddling in the region, also said Iran was ready to do all it could to reduce political tensions in Lebanon.

"If Lebanon requests the Islamic Republic of Iran to assist its national unity and independence then we are ready to help," he said.

Lebanon has severely tested ties between predominantly Shiite Iran and Sunni-dominated Saudi Arabia, a key US ally which provides substantial financial aid to Beirut and which has close links with the Western-backed government of Sunni Prime Minister Fuad Siniora.

The anti-Syrian Lebanese administration has been crippled by an opposition ministerial walkout and an open-ended protest spearheaded by the Iranian-backed Shiite movement Hezbollah, raising fears of Sunni-Shiite clashes.

Lebanon's parliamentary majority leader Saad Hariri arrived in Riyadh earlier on Saturday. A source close to Hariri told AFP he would have contacts with Saudi officials on issues connected to Lebanon and the region.

Iran is also accused by the United States, Riyadh's top Western ally, of arming Shiite militants attacking US forces in Iraq -- a charge that Tehran vehemently denies.

"We should allow the Iraqis to implement their decisions and enforce security themselves," Ahmadinejad said on Saturday.

In December, King Abdullah likened the situation in the Arab world to "a powder keg waiting for a spark to explode," and Riyadh and Tehran recently began working together to reduce tensions in Lebanon.

The two oil powerhouses have sought to contain differences over Iraq, which at one point saw Saudi Arabia accusing the United States of effectively handing the country to Iran and triggered reports -- swiftly denied by Riyadh -- of possible Saudi intervention on behalf of Sunnis.

Saudi commentators saw Ahmadinejad's visit as a sign that the two countries are pooling efforts to ease regional crises at a time when Tehran is under heavy Western pressure over its nuclear ambitions and Riyadh is keen to avert a US-Iran military showdown which could destabilise the entire Gulf region.

The visit "might yield a joint initiative" to break the deadlock in Lebanon and lead to "an understanding that will ease the conflict in Iraq," analyst Anwar Eshki told AFP.

The leading daily Al-Riyadh said a "half success" of the Saudi-Iranian summit would be "better than the continuation of crises" in regional trouble spots.

"Mr President," said the Saudi Gazette, "your visit in this darkest hour yet for our region offers hope" of achieving Muslim unity.

"As we people of the desert know, it's always darkest before dawn."

Ahmadinejad's moderate predecessor, Mohammad Khatami, visited Saudi Arabia in 1999 and 2002, repairing relations which had nosedived after Iran's 1979 Islamic revolution.

Mid-East Vow To Curb Sectarianism (BBC)

BBC.com, March 4, 2007

Iran's President Mahmoud Ahmadinejad and Saudi Arabia's King Abdullah have agreed to work together to fight sectarian strife in the Middle East.

The announcement followed a visit by Mr Ahmadinejad to Riyadh for rare talks.

Speaking on his return to Tehran, he said the two countries would stand together against "enemy plots" seeking to divide the Muslim world.

The summit comes at a time of sectarian division and tension between Saudis and Iran over events in Iraq and Lebanon.

Saudi Arabia, a major Sunni power in the region, and Iran, an important Shia power, have found themselves aligned with groups on opposing political sides.

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Correspondents say Saudi Arabia has led a diplomatic drive in recent months to counterbalance what it sees as Iran's growing influence in Iraq, Lebanon and the Palestinian territories.

Closing ranks

An account of the talks was issued by the official Saudi Press Agency early on Sunday, shortly after Mr Ahmadinejad left Riyadh to return home to Tehran.

Iran and Saudi Arabia oppose the dominance of enemies over the region and their conspiracies. During this trip, we tried to devise some measures to prevent the enemies from harming the Muslim world and to foil their plots

President Ahmadinejad "The two leaders asserted that the greatest danger threatening the Muslim nation at the present time is the attempt to spread strife between Sunni and Shia Muslims and that efforts should be exerted to stop such attempts and close ranks," it said.

The agency quoted Mr Ahmadinejad as saying he supported Saudi attempts to calm the situation in Lebanon and resolve the political crisis there.

There has been a recent flurry of contacts between Saudi Arabia, which is influential with Lebanon's Sunnis, and Iran, which backs Hezbollah and is also allied to Syria.

The two leaders also reportedly stressed the importance of Palestinian unity and the need to safeguard Iraq's independence and integrity.

'Common views'

Speaking in Tehran after the talks, Mr Ahmadinejad said: "We discussed the Palestinian and Iraq issues comprehensively. We have common views in this regard."

He also said that "plots carried out by the enemies in order to divide the world of Islam were discussed" and that the Saudis had joined Iran in condemning them, the AFP news agency reports.

Mr Ahmadinejad said he supported Saudi efforts to calm Lebanon "Iran and Saudi Arabia oppose the dominance of enemies over the region and their conspiracies. During this trip, we tried to devise some measures to prevent the enemies from harming the Muslim world and to foil their plots," Mr Ahmadinejad said.

Mr Ahmadinejad's trip to Riyadh came as Iran is under growing pressure from the West over its refusal to halt its uranium enrichment programme.

The US has also claimed that the "highest levels" of Iran's government are supplying arms used by Shia militants in Iraq.

Watching anxiously

Iran is a rising power bolstered by the removal by the US of its two great enemies - the Taleban in Afghanistan and Saddam Hussein's regime in Iraq - the BBC's diplomatic correspondent Jonathan Marcus says.

Iran's Shia allies are now the dominant force in Iraq, while Tehran's influence is spreading more widely into Lebanon and the Palestinian territories.

Sunni-ruled states like Jordan and Saudi Arabia are watching Iran's rise with a degree of anxiety, our correspondent adds.

It makes sense for the Saudis and the Iranians to talk as neither country has an interest in a Sunni-Shia rivalry in the region getting out of control, our correspondent says.

Indeed, the fact that this bilateral meeting has come ahead of a wider multilateral gathering on Iraq suggests that some sort of new understanding just might be in the works, he says.

North Korea Inspections Will Put U.S. To The Test Too (LAT)

By Bob Drogin

The Los Angeles Times, March 4, 2007

The return of U.N. monitors could disprove White House assertions about Pyongyang's nuclear program.

WASHINGTON — North Korea's unexpected promise last month to open its nuclear weapons arsenals and production facilities to U.N. inspectors provided a welcome foreign policy success for the White House, but may prove embarrassing as well.

At stake is whether the Bush administration overstated a purported secret North Korean program to produce highly enriched uranium for nuclear bombs in 2002. President Bush's charges that autumn about the alleged program helped derail an accord intended to freeze the weapons effort before it could produce fissile material for a bomb.

North Korea tossed out United Nations nuclear inspectors, built up a stockpile of plutonium and finally tested a small nuclear device last October, using plutonium rather than enriched uranium as fuel.

Under last month's agreement among North Korea, the U.S. and four other countries, the U.N.'s chief nuclear inspector, Mohamed ElBaradei, has scheduled a three-day visit to Pyongyang, the North Korean capital, beginning March 13 to arrange the inspectors' return. The inspectors could validate the U.S. suspicions, or could prove them unfounded.

Questions about the uranium enrichment effort emerged last week when the chief U.S. intelligence officer for North Korea, Joseph R. DeTrani, appeared to suggest during a congressional hearing that intelligence authorities had backtracked from their original classified assessments.

Afterward, senior intelligence officials argued that their assessments had not changed.

They said the evidence was clear that in mid-2002, North Korea obtained uranium-spinning centrifuges and other tools and components necessary for an illicit enrichment program. However, they said, the evidence has always appeared far less conclusive as to whether Pyongyang procured enough equipment to start industrial-scale enrichment of uranium, whether it installed and operated any of the machinery or whether it has sought additional supplies.

The intelligence officials and some others spoke on condition of anonymity when discussing internal interpretations of intelligence assessments.

John D. Negroponte, deputy secretary of State, said Friday that inspections should resolve the questions. The recent accord calls for a "full and complete" accounting of North Korea's nuclear programs, including "its uranium enrichment activities," he told reporters in Tokyo.

Negroponte, the former director of national intelligence, said the judgment of the intelligence community "is that they are very confident that North Korea had an enrichment program in the past, and they are moderately confident that this program still continues."

A U.S. intelligence official in Washington said the apparent shift in language is "not a change in what the confidence level was. It's not an effort to look back at what we thought of the program. It's an effort to look at where it is in the present."

Another U.S. intelligence official said the question of what North Korea did with its centrifuges, and how far or how quickly it progressed in uranium enrichment, "was always presented as murky and with caveats. Nothing has changed. We are absolutely not backtracking or changing the judgment."

But a U.S. diplomat with access to the intelligence said the administration was "trying to walk back some of the rhetoric."

"The problem is they've opened up a can of worms," the diplomat said. "Was this another case of faulty intelligence, like Iraq? Or is it possible they cooked the books?"

Senate Armed Services Committee Chairman Carl Levin (D-Mich.) sought clarification from Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates, asking them in a letter whether any intelligence assessments on North Korea's programs had changed since 2002. "If so, when did it change, why did it change and how did it change?" he wrote.

The Senate Intelligence Committee also is "taking steps to understand the evolution" of the assessments on North Korea since 2002, an aide said.

Few doubts appeared in White House statements and public CIA reports on the enrichment program in 2002.

At a news conference in November that year, President Bush said: "We discovered that, contrary to an agreement they had with the United States, they're enriching uranium, with a desire of developing a weapon."

In an unclassified estimate for Congress that month, the CIA wrote that North Korea "is constructing a plant that could produce enough weapons-grade uranium for two or more nuclear weapons per year when fully operational — which could be as soon as mid-decade."

Robert Gallucci, who was the chief U.S. negotiator with North Korea in the mid-1990s, called the mid-decade conjecture a "worst-case scenario."

"It could also be 10 to 20 years," he said last week. "The estimates were a wild guess."

David Albright, an arms expert who heads the Institute for Science and International Security, a nonprofit group that tracks nuclear issues and opposes arms proliferation, said the U.S. assessments of North Korea's uranium enrichment effort "appear to be flawed." He compared them to prewar misjudgments on Iraq's alleged weapons of mass destruction.

"I think there were deliberate attempts to hype all this," Albright said. "Now that the administration has got a deal with North Korea, they're on the other side. They don't want to slit their own throats with things they said back in 2002."

N. Korea Talks May Lead To New Era (MCT)

McClatchy, March 4, 2007

WASHINGTON -- As North Korean and U.S. officials sit down Monday to begin mending fences after 55 years of hot war and cold peace, it will be a turning point for both countries -- and it could be the beginning of a transformation for President Bush.

Republican presidents in the past have made policy shifts that Democrats feared to take. Dwight Eisenhower ended the Korean War, and Richard Nixon opened relations with communist China.

There's also a bipartisan tradition of two-term presidents turning to diplomacy in their final years in office.

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Ronald Reagan railed against the Soviet "Evil Empire" in his first term, then cut nuclear arms deals with Mikhail Gorbachev in his second, opening the way to ending the Cold War. Bill Clinton mostly ignored foreign policy in his first term, then threw himself into Middle East peacemaking as his days in office drew to a close, although he came up short.

But one big question about Bush's opening to North Korea and steps last week that could lead to a dialogue with Iran and Syria is whether a vision of peace is the driving force or desperation over a string of diplomatic failures, last fall's elections and a failing war in Iraq.

The other big question is whether the administration is sincerely interested in negotiating normal relations with North Korea, Iran and Syria or remains interested in overthrowing them.

The talks in New York between U.S. envoy Chris Hill and North Korean Vice Minister Kim Kye Gwan will occur a week after the United States agreed to sit down at an international conference on Iraq with representatives of Iran and Syria.

Many foreign-policy observers say the decisions add up to a major turn, or at least the start of one.

"The point is, it's an important shift. But it's only a start," said Daniel Serwer of the U.S. Institute of Peace. Serwer was the executive director of the bipartisan Iraq Study Group, which urged Bush to launch a diplomatic initiative on Iraq that included Iran and Syria.

"You have to have sincere talks with these people," he said. "Getting results is going to be tough. Let's face it, America is much weakened by this experience" in Iraq.

Vision doesn't seem to be the prime motivator of Bush's shift on North Korea: It may have been more a shift of advisers. Confrontation with North Korea, advocated by a hard-line faction in the administration, may have helped provoke Pyongyang into developing and testing a nuclear weapon, the opposite of U.S. intent.

But now the hard-line faction, led by Vice President Dick Cheney, has been weakened by the U.S. failure in Iraq, the perjury trial of Cheney's former chief of staff and the departure of some of his allies in the administration, among them Donald H. Rumsfeld as defense secretary and John Bolton as U.S. ambassador to the United Nations. This has worked to the advantage of Secretary of State Condoleezza Rice, who was facing a grim final two years in office with little to show for it.

Her own official version is that the openings to Iran, Syria and North Korea are part of a well-planned strategy.

"What you have to understand is, this didn't happen overnight. OK? These policies have been put in place over a period of years," State Department spokesman Sean McCormack said. "Now you are seeing the administration in a position to be able to reap some of the benefits of the diplomatic groundwork that has been laid."

There's little evidence that Bush, who usually portrays himself more as a rough and tumble politician than as a visionary, undertook the opening to Iran and Syria with a long-term aim of normalizing relations.

The talks in Iraq won't be direct negotiations, and the only real development will be that U.S. officials will sit at the same table with Iranian and Syrian officials at talks hosted by the government of Iraq.

Some suspect that Rice's announcement before a Senate committee was aimed mostly at defusing rising congressional criticism of Bush's Iraq policy.

"A lot of our discussions and the votes over the last several weeks, I think, have prompted the administration to begin a diplomatic effort, which is long overdue," said Sen. Jack Reed, D-R.I.

The toughest critics of the president's shift are conservatives, who fear that U.S. adversaries will see the administration as severely weakened by the war in Iraq.

"Negotiating with bad guys from a position of weakness is not the right place to start," said Danielle Pletka, the vice president of the conservative American Enterprise Institute.

U.S. Urged To Reject Taiwan Missile Sale (AP)

By Joe McDonald, Associated Press Writer

AP, March 4, 2007

China pressed visiting Deputy Secretary of State John Negroponte on Saturday to reject a proposed sale of missiles to Taiwan, the self-ruled island that Beijing claims as its own territory.

Negroponte was visiting Beijing on a three-nation Asian tour focused on North Korea and regional security.

In his meetings with Chinese officials, "the Chinese side expressed that it is firmly opposed to the export and sale of weapons to Taiwan and the United States maintaining official relations with Taiwan," said Qin Gang, a Chinese Foreign Ministry spokesman.

An American Embassy spokeswoman said the U.S. government had no comment on the meetings.

China and Taiwan separated in 1949 but the communist Beijing government claims the island as part of its territory and has threatened repeatedly to attack. The United States is Taiwan's main arms supplier, though Beijing vehemently objects to such sales.

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Taiwan is trying to buy 218 AMRAAM medium range air-to-air missiles and another 235 Maverick missiles at an estimated cost of $421 million.

"China is improving its military power and we treat that as a threat," Rear Adm. Wu Chi-fang, a Taiwanese Defense Ministry spokesman, said Saturday.

A statement on the proposed sale issued earlier this week said it would improve Taiwan's security and promote "political stability, military balance and economic progress in the region."

Negroponte met with Chinese Foreign Ministers Yang Jiechi and Dai Bingguo after arriving Saturday from Tokyo. He was due to meet later with Foreign Minister Li Zhaoxing and State Councilor Tang Jiaxuan.

The sides did not discuss Iran or North Korea but might later, Qin said.

The Chinese Foreign Ministry said earlier that the proposed missile sale would "seriously violate" previous commitments made by Washington to reduce arms sales to Taiwan and be a "rude interference into China's internal affairs."

"The Chinese side hopes that the United States can definitively keep its promise to work with the Chinese side together and fight and contain Taiwan independence in order to maintain peace and stability across the Taiwan Strait," Qin said.

Negroponte's tour of Japan, China and South Korea is his first foreign trip since being confirmed last month as Secretary of State Condoleezza Rice's deputy.

A focus of the trip is relations with China, a major U.S. trading partner and key player on such diplomatic issues as North Korea, Iran and Sudan.

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Associated Press Writer Eric Talmadge contributed to this report from Taipei, Taiwan.

China Warns Negroponte On Taiwan Arms Sales (AFP)

By Dan Martin

AFP, March 4, 2007

China warned visiting US Deputy Secretary of State John Negroponte that plans to sell American missiles to Taiwan threatened to harm Sino-US ties, a Chinese spokesman said Saturday.

Negroponte arrived Saturday for a three-day visit and met with Deputy Foreign Minister Dai Bingguo for talks the US State Department had said would touch on a range of issues including Iran, Iraq, the North Korean nuclear pact and trade.

But they spent Saturday explaining their positions on touchy bilateral topics such as the perceived threat of China's military rise and US plans to sell 450 air and ground missiles to Taiwan, Foreign Ministry spokesman Qin Gang told reporters.

The planned purchase by democratic Taiwan has upset the leaders of China's Communist Party, which views the island as a renegade province to be reunited with the motherland.

"In order to ensure the healthy development of China-US relations, China resolutely opposes US weapons sales to Taiwan," Qin quoted Dai as telling Negroponte during their two-hour meeting.

Ties had already cooled somewhat after US Vice President Dick Cheney's comments, on a trip to Australia, that China's military growth and recent test of a satellite-killer missile did not jibe with its stated peaceful aims.

Qin said Dai told Negroponte that China was not to be feared.

"China will always adhere to the path of peaceful development. In international affairs it will continue to be a constructive and cooperative participant. China's development is peaceful and poses no threat to the United States or to the world," Qin said.

Negroponte's stop in Beijing is the second leg of a trip that has already taken him to Japan and will include a stop next week in South Korea.

All three are US partners in the six-nation effort to get North Korea to give up its nuclear weapons and part of his trip is expected to focus on how to make sure Pyongyang holds up its end of the deal.

After exhaustive negotiations, the United States and North Korea signed a new six-nation agreement last month under which Pyongyang agreed to give up its nuclear weapons programmes in exchange for economic and energy aid.

Negroponte, formerly the top US spy chief and installed last month as number two to Secretary of State Condoleezza Rice, told the Senate during his confirmation hearings that the US should pursue a policy of engagement with China "on all levels," rather than one of confrontation.

China and the US had worked closely together on hammering out the North Korea nuclear deal.

China To Increase Its Military Budget (AP)

AP, March 4, 2007

China's military spending, a point of contention with the United States, will jump 17.8 percent this year, the spokesman for the National People's Congress said Sunday.

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Jiang Enzhu told a news conference on the eve of the annual meeting of China's legislature that military spending would hit $44.94 billion in 2007 — an increase of $6.84 billion over last year, though experts believe the true figure of China's military spending could be several times the amount that it reports.

Jiang said most of the money would be spent on boosting wages and living allowances for the 2.5 million-member People's Liberation Army, and on upgrading armaments. He did not give any other details.

The announcement of the increased budget comes as China's leaders display renewed confidence in their ability to control divisive political debate, putting to a vote a toughly contested bill on property rights at this year's session of the national legislature.

The proposed property rights law and an uncontroversial corporate tax bill are the only pieces of legislation before the congress in its 12-day session which opens Monday. The two measures are all but certain to pass, legal scholars and Chinese political watchers said.

Such certainty says much about change in a political system in which the Communist Party tightly controls the reins of power but ordinary Chinese, emboldened by economic and social changes, feel increasingly free to voice opinions.

Dominated by the party, the congress is largely powerless. Still, a year ago an angry campaign by conservative communists that portrayed the property bill as a sellout of popular interests to a corrupt business elite — and that was amplified by fiery Internet postings — forced leaders to scuttle plans to put the measure before the congress.

Now, "the central leadership is quite comfortable with the debate because they can control it," said Cheng Li, a Chinese politics specialist at Washington's Brookings Institute. At the congress session, "they want to create a kind of atmosphere. They want to show there's some openness."

In power for nearly five years, ever-cautious party chief Hu Jintao, Premier Wen Jiabao and other leaders are coming into their own, putting their stamp on policies to spread the benefits of economic growth more evenly across a society with a large rich-poor gap. The initiatives, though still works in progress, have proven popular.

Heavy politicking is always the main agenda at the congress, which is comprised of nearly 3,000 members drawn mainly from provincial political notables and military commanders. This year's session is more so, with Hu and his allies seeking support for a renewed mandate at a pivotal once-in-five-years party conclave to be held later this year.

Congress deputies are to pass the government's budget, including the hefty increase in military spending, and endorse policies to keep the economy humming along at a slightly moderated pace from its double-digit growth of the past four years.

China's increased military spending has drawn comments from the United States, most recently from Vice President Dick Cheney, who on a swing through Asia last month said some of Beijing's actions were at odds with its words about its military expansion being peaceful.

In smaller groups, the deputies are also expected to discuss pressing social issues — extending health care insurance to rural Chinese, avoiding volatility in the high-flying stock markets, and excising the rampant corruption that excites public anger.

Hu and his colleagues have in the past year launched a robust anti-corruption campaign, cashiering a handful of top officials and tens of thousands of lower-level ones.

Jiang said Sunday that former Shanghai party chief Chen Liangyu, who is under arrest for a pension scandal in China's financial capital, would not be attending the legislature.

The pending property law, drafted and redrafted over eight years, could also set off passions. The lack of clear ownership rights and protections is a crucial impediment to further market reforms, complicating business mergers and leaving ordinary Chinese at risk of land seizures by local governments.

But Jiang rejected criticism the property law went against China's Constitution, saying it gave equal protection to public and private property. He said that "under a socialist market economy," state, collective and private property should be entitled to equal rights.

China's Quirky Stock Market Finally Matters (WP)

By Ariana Eunjung Cha

The Washington Post, March 4, 2007

Its Problems Become the World's

SHANGHAI -- Looking at the facts, the past year seems to have been disastrous for Worldbest Pharmaceutical. First, there were reports of accounting irregularities and exaggerated profit. Half the managers were fired. Then, in the summer, six people died and at least 80 fell ill after receiving an antibiotic injection manufactured by a subsidiary. Most recently, the company warned investors that it was likely to report its third consecutive year of losses.

None of that cooled the enthusiasm of investors on China's Shanghai Stock Exchange, who since the end of March 2006 have driven the value of Worldbest's shares up 44 percent.

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The Shanghai exchange and its smaller counterpart in Shenzhen, near the country's extreme southern border, have long been viewed skeptically by global capitalists, even those enthusiastic about the broader Chinese economy. The markets were considered too new, too small, too closed and too quirky to matter.

That attitude was put to a test last week when, for the first time, a big drop in the Chinese markets helped spark a global stock sell-off. Suddenly, it seemed, the views of Chinese investors mattered to the rest of the world.

And as the Chinese government takes steps to clean up market practices and allow more foreign investments, the rest of the world's markets are likely to continue to feel its growing pains.

Though China's is one of the fastest-growing economies in the world, it remains heavily influenced by the Communist state. The stock markets are not the main source of capital in China -- that role is played by banks, all of them controlled or heavily influenced by the Chinese government. Many analysts also see the stock markets as subject to more government manipulation than is the norm in capitalist countries.

It remains murky exactly what role the Chinese government played last week, when the Shanghai composite index fell 9 percent, either in setting off the panic by talking about new regulations or in countering it after it started by buying securities.

"There were some reports of state buying -- I don't know how reliable those are. But it's also possible people may have decided 9 percent in one day was too much and they are still bullish on stocks," said Stephen Green, senior economist at Standard Chartered Bank in Shanghai. "I don't think anyone really knows where we go from here."

The Chinese markets made up half of Tuesday's losses in Wednesday's rebound. The Shanghai composite index ended the week down about 4 percent, at 2831.53. Global markets also stabilized after Tuesday's drop and then rose modestly. But the fall left investors wondering whether China's new influence over stock markets adds fresh risks to a global financial picture already plagued by huge trade imbalances and bubbles in the prices of many assets.

China's strict capital controls -- the fact that it is hard to convert the yuan into other currencies and vice versa -- for years insulated its stock markets from outside tremors. Concerns about transparency and corruption have also kept some investors away. Although foreign institutional investors have increased the number of shares of Chinese-listed companies they own in recent years, they still hold less than 4 percent in the Shanghai and Shenzhen markets.

"When you think of the Shanghai market, it's best to think of it as another continent or even another planet," said Jonathan Anderson, UBS chief economist for Asia.

Concerned that isolation would stall its economic transformation, China has introduced a number of reforms in recent years. As a result, China's equity market is becoming increasingly integrated into the rest of the world's. Dual listings of Chinese companies have meant that rumors that start on the mainland can jump to Hong Kong. London companies with large shares in public Chinese companies mean that their bottom line could fluctuate based on what happens in the Shanghai market. Hedge funds, lightly regulated investment pools that specialize in risky investments, hold stocks in China as well as New York. That has meant that an automatic sell-off of one fund could affect more than one market.

Economic success in China and other Asian countries has given the region large foreign reserves, producing a global money glut that has driven down interest rates and driven up the price of assets from San Francisco to Sydney to Shanghai, creating worries of an asset bubble in China and elsewhere. The Chinese government has been trying to address those imbalances, but it is unclear whether that can happen in an orderly way in an economy so heavily controlled by a Communist government.

An announcement by the Chinese government that it was cracking down on illegal trading contributed to the Shanghai stock exchange's dramatic slide on Tuesday.

Established in 1990, the Shanghai market has for most of its existence has been considered one of the world's worst stock exchanges.

From 2002 until the beginning of 2006, even as the Chinese economy grew 10 percent a year, the stock market fell. And as late as mid-2006, large Chinese companies would not list their stocks on the mainland markets as a matter of course. But Chinese policymakers pushed changes to improve the credibility of the market. Instead of requiring only annual or semiannual reports, for example, companies now have to release quarterly reports.

Three years ago, Chinese officials took control of five brokerages that had engaged in illegal trading. Last year, securities regulators freed the more than 1,300 listed companies to sell their state-owned shares over time, in effect putting $270 billion in government-controlled assets into the public sphere.

Analysts think that was at least partially responsible for setting off the recent stock market boom. Another factor was the increasing number of Chinese consumers borrowing against real estate and investing in stocks. State-owned enterprises and large Chinese investment firms control 40 to 50 percent of shares, with the rest owned by individual Chinese shareholders. This differs from the United States and other more mature markets, where institutions control 80 or more percent of shares.

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As of the end of 2006, 842 companies were listed on the Shanghai Stock Exchange. Its composite index was up 130 percent from the previous year, far outperforming the Dow Jones industrial average, which was up 16 percent.

In recent months, the Shanghai and Shenzhen exchanges have had a combined market capitalization of roughly $1.4 trillion, compared with the New York Stock Exchange's $20 trillion.

There are other indicators that the government influence on the markets is starting to recede.

Ninety to 95 percent of the companies listed, such as China Telecom, Baoshan Iron & Steel and the Industrial and Commercial Bank of China, remain state-owned. But in recent months, "we're finally seeing for the first time, good, big companies listing rather than heading straight for Hong Kong," said Peter Alexander, founder and principal of Z-Ben Advisors, an investment consultancy in Shanghai.

Many challenges to achieving a fully transparent and fair stock exchange remain, however.

Part of the difficulty is that the typical structure of Chinese companies listed on the exchanges differs from those of the United States in that most have state-owned parent companies that are not listed.

"There is a degree of interconnectedness among companies and parent companies and stockbrokers and securities companies that really is pretty much without parallel. There is a possibility for insider transactions is much greater in China than most places," said Barry J. Naughton, a professor of Chinese economy at the University of California at San Diego and a contributor to the Hoover Institution's China Leadership Monitor publication.

Still, UBS's Anderson said many investors stay in the stock market knowing full well that the system and companies may have some problems.

Take the case of Worldbest Pharmaceutical. Or that of Pudong Development Bank. In June, the bank announced that it was duped by a customer who used fake identity papers to apply for 126 million yuan in loans that he used to buy 91 luxury properties that had since fallen in value. Then, in September, it discovered that 12 bank employees from its wealth-management operations had misused 73 million yuan.

Share prices fell briefly after the two announcements but quickly rebounded. Today, the stock is up more than 140 percent from when first announcement was made, closing at 21.95 yuan a share on Friday.

Shanghai-listed Sichuan Mingxing Electric Power has been informing shareholders that its biggest shareholder, Zhou Yiming, had been effectively embezzling hundreds of millions of yuan in company assets by pledging them against loans. But the company's stock has soared 81 percent from 3.66 yuan a share since January 2006, when the company warned the scandal would affect its bottom line, forcing it into the red.

On Internet bulletin boards for the three stocks, investors dissect the companies' troubles but then say they will hold or buy anyway. One reason is optimism that China is growing so fast that any stock whose value depends on Chinese consumers -- medicine, banking services, or energy -- can only go up. Then there's a sense among some investors that if things go wrong the state will bail them out.

For example, Worldbest was flagged for "special treatment" by the stock exchange in April 2006. That is usually bad news, that trading may be suspended or that the stock may be delisted. But Worldbest investors figured that it meant the state had become aware of the company's problems and was preparing to step in. They took it as a buy signal.

"It's a recognition of reality that the Chinese government has the ability to move these markets. Nobody doubts that," Naughton said. But faith that the Chinese government, despite its deep pockets, will always be around to help is misplaced, he said. "They may have the ability to make the markets go up. But they don't have the ability to make them go up forever."

Shanghai What-If: How A Shock Can Become A Shock Wave (NYT)

By Eduardo Porter

The New York Times, March 4, 2007

COULD this be the global financial meltdown? Less than a week ago, it might have seemed preposterous to suggest that a 9 percent fall in the Shanghai stock exchange could jolt markets across the world, triggering declines in everything from European stocks to American corporate bonds.

Yet such unlikely chains of events have been known to occur. Less than 10 years ago, the devaluation of the Thai baht on July 2, 1997, triggered a wave of currency collapses across East Asia and beyond.

By December of that year, the currencies of Indonesia, Korea, Malaysia and the Philippines had depreciated by about 75 percent, on average. Then the ruble fell. The Russian government defaulted on its domestic debt. By the time the dust settled, Brazil had devalued the real, Turkey had devalued the lira and the Argentine peso had collapsed.

Economies contracted from Ecuador to Singapore. And the high-flying hedge fund Long Term Capital Management, which had borrowed heaps of money to make risky bets across the globe, was only saved from the brink through a bailout organized by the Federal Reserve.

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"These panics can be set off by any number of things and spread in many wondrous ways," said Alan Blinder, an economist at Princeton University who was vice chairman of the Federal Reserve from 1994 to 1996. "Every one of these is different."

The world, of course, is a different place than it was in the late 1990s. Developing countries are in much better shape, mostly growing fast and running trade surpluses rather than deficits. Many have repaid much of their foreign debt. And they have piled up humongous reserves.

Moreover, despite a slowdown in the United States, the global economy appears to be doing swimmingly. Growth in Europe and Japan has picked up. The International Monetary Fund expects the world economy to grow around 5 percent in 2007, about the same pace as last year.

Even so, there are some dangers lurking, notably America's enormous trade deficit. But decisions by investors last week to dump risky assets like stocks in China or Brazil and instead buy safer bets like United States Treasury bonds actually makes it easier to finance America's shortfall.

Still, the financial commotion last week underscored the extent to which financial markets everywhere are propped up by the same shaky crutch that has played a prominent role in the events leading up to crises in the past: overconfidence. "It was a bit of a wake-up call to investors about the risks out there," said Kristin J. Forbes, an economist at the Massachusetts Institute of Technology who was on President Bush's Council of Economic Advisers from 2003 to 2005. "Up to now investors had become too complacent about risk."

Facing paltry yields on high quality assets like United States Treasury bonds, and diminishing returns on more stocks in industrial countries, investors have delved farther afield in pursuit of higher returns.

They rushed again into developing countries — pouring more than $500 billion into "emerging markets" last year and a similar amount in 2005. At its peak on Feb. 8, the Bombay stock market index was 49 percent higher than a year earlier. The Mexican market index was up about 55 percent in the year at its peak on Feb. 21. Even after the crack on Tuesday, the Shanghai stock market index is still twice as high as it was a year ago.

Investors have also rushed to buy dicey assets closer to home, like corporate bonds with a relatively high risk of default.

Last year, even as the housing market started tottering, investors snapped up $483 billion in bonds backed by sub-prime mortgages issued to the riskiest borrowers. The year before they bought over $500 billion worth of the shaky paper.

And many large investors, from pension funds to hedge funds, have doubled up their risk-taking not only by making these bets with borrowed money, but by borrowing it in Japan, where short-term interest rates have been exceptionally low. This could expose them to abrupt losses were the dollar to fall against the yen.

The question is, how does this all unwind?

According to the benign scenario, which most economists are betting on, including Ms. Forbes and Mr. Blinder, last week's financial troubles will be short-lived — merely an instance of investors recovering their sense of risk and pulling back from some of their crazier investments, but doing no harm to the real economy.

"So far the betting is this is more a healthy correction rather than a plunge," said William Cline, a senior fellow at the Peterson Institute for International Economics.

Still, crises move in mysterious ways. And there are plausible paths for the financial turbulence to worsen. As Ms. Forbes acknowledged, "The crisis of the future never looks like the crisis of the past."

Let's imagine, for instance, that one unlucky hedge fund borrowed oodles of yen to invest in sub-prime mortgage-backed bonds and Turkish debt.

Let's also say that the yen continued to rise, as it did last week, as more investors caught by the financial crunch sold their losing investments to buy yen in order to repay their Japanese borrowings.

Meanwhile, mortgage-backed bonds and Turkish debt continued to fall.

This could mean trouble for the hedge fund, which would find itself owing yen that were rising in value but owning assets that were falling in value.

That might mean trouble for the banks that lent it money. And if the hedge fund were forced into a fire sale of Turkish bonds, say because it needs more collateral to back up a loan, it could be a problem for Turkey, because the sudden flood of its bonds on the market would cause their prices to drop. And if the price of its bonds fell, Turkey would have a tougher time trying to raise the cash it needs to finance its current deficit.

If Turkey were to go ...

As Mr. Cline put it, "these things are so predictable in hindsight."

The Nuclear Threat From China (WP)

By Mark Helprin

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The Washington Post, March 4, 2007

Before rejoicing over detente with Kim Jong Il, it might be useful to remember that although agreements were reached in the past, his countrymen later built a number of nuclear weapons and carried out a test. Also, North Korea, with a rich chemical and biological arsenal having long ago neutralized American tactical nuclear weapons on the Korean Peninsula, has embarked solely on a program of survival by extortion and will gladly forfeit a power it does not need in exchange for recognition and some essential commodities. The Asian nuclear power of which we must take account is not North Korea but China.

The forerunners of China's government were able to defeat Chiang Kai-shek, fight the United States to a draw in Korea and, merely by means of their country's looming potential, help defeat America in Vietnam. This they did in chaos, poverty and without modern arms, but with strategy bred in the bone. Since 1978, using their extraordinary and sustained economic and technical growth to build military capacity, the Chinese have deliberately modeled themselves on the Meiji (who rapidly transformed feudal Japan into an industrial state able to vanquish the Russian fleet at Tsushima).

In altering their position relative to that of the United States, the Chinese have received generous assistance from the past two American presidents, who have accomplished first a carefree diminution of our orders of battle and then the incompetent deployment of what was left, in a campaign analogous to losing a protracted struggle with Portugal. China advances and we decline because, among other things, its vision is disciplined and clear, while ours is burdened by fear, decadence and officials who understand neither Chinese grand strategy nor its nuclear component.

This has led the United States unwittingly to encourage China to move toward nuclear parity. In the next five years, as we reduce our arsenal from 10,000 strategic warheads to 1,700, China's MIRV'd silo-based missiles and imminent generations of MIRV'd mobile and sea-based ICBMs will easily allow a breakout from warhead numbers now variously estimated to range from 80 to 1,800.

Once, the vast imbalance (in 1987, 500:1) might have discouraged China from such augmentation, but no longer. Our reductions and their growth provide fewer targets for more missiles and will create the possibility and therefore the temptation, however remote, of a first strike. As we have cut the stable sea-based leg of our nuclear deterrent from 37 ballistic missile submarines to 14, China works to build its own and a fleet that can provide protected bastions at sea as well as hunt down the small number of American boats on station.

Nuclear competition between mature and newly emerging powers is neither unprecedented nor unexpected, but the rule has always been that if nuclear potential exists it must be countered. Although we may no longer subscribe to this, China does. Aware that the United States planned to use nuclear weapons had China violated the Korean armistice, China would understandably seek nuclear balance, if not preponderance.

The danger lies not solely in quantitative instabilities but in potential nuclear strategies that technical evolution has elevated above Cold War paradigms. It is one thing for a few experts to foresee these strategies but quite another to obtain from a people no longer confident of its right to self-defense the political consensus, appropriations and authority to counter them. Consider just one scenario, highlighted by the recent successful test of China's anti-satellite weapon, part of a strategy to exploit technological asymmetries.

Given China's appetites and our alliances and interests, a war is not inconceivable in Taiwan, or in Korea. To remove American nuclear escalation from the equation, China would need not parity but only a deterrent such as it has long possessed. The Chinese, however, whose nuclear thresholds are dissimilar to ours, would have other options.

They know that every facet of America's economy, military and society depends on individual and networked electronic devices. Were these to fail all at once and irreparably, the nation would seize up, perhaps for years.

Faced with victory, or with loss, they might choose to -- and who would venture to guarantee that they would not? -- detonate half a dozen high-megatonnage nuclear charges in the mesosphere, in an electro-magnetic pulse (EMP) strike perhaps not even in American airspace, cooking almost every circuit and semiconductor, rendering the American government blind, deaf and dumber than it is already and the country unable to resist the inroads that would surely follow.

Though we would undoubtedly respond in kind, China is not as technically dependent as are we. Nor, given China's sufficiency for a counterstrike, could we deter an EMP attack with the prospect of massive retaliation, especially because an EMP strike, with no immediate casualties, would seem as peaceful as snow in still air.

The trick in nuclear strategy is to maintain stability by balancing potentials and thus to discourage events from converting the hypothetical to the actual. Required in this case -- only one of many -- is the electronic hardening, redundancy and redesign of essential systems and networks; and missile defense, which would not only close the first-strike window by shielding our second-strike capacity from destruction but protect against an EMP strike directly and dissuade China in the first place by making its deterrent less certain.

Were we to proceed along these lines, we could diminish the chances that China might in the not-so-distant future be tempted to win a nuclear war without fighting a nuclear war. But given that we have ignored explicit warnings of the

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congressionally chartered EMP commission, what are the chances that we will act on an opinion we dare not even form? In regard to war and the sometimes counterintuitive actions for avoiding it, we are no longer either confident or clearsighted. What a pity to have come so far to find that our rivals and enemies all over the world can run rings around us because half of our politicians have lost their intelligence and the other half have lost their nerve.

Mark Helprin, a novelist, is a senior fellow at the Claremont Institute and a distinguished visiting fellow at Hillsdale College. This article will also appear in the Claremont Review of Books.

Russian Police Beat Democracy Activists (WP/AP)

The Washington Post, March 4, 2007

Dozens Detained During March in St. Petersburg

ST. PETERSBURG, March 3 -- Police clubbed protesters and dragged them into waiting buses Saturday in response to a defiant demonstration against the Kremlin in the heart of President Vladimir Putin's home town.

Several thousand people chanted "Shame!" as they marched down St. Petersburg's main avenue to protest what they said was Russia's rollback from democracy. The demonstration, called the "march of those who disagree," was a rare gathering of the country's often fractious opposition.

St. Petersburg authorities had prohibited the march, granting permission only for a rally far from the city center, but the activists defied the ban and marched down Nevsky Prospekt, St. Petersburg's main street.

Riot police beat dozens of protesters with truncheons, but several thousand broke through police cordons. They marched toward the city center and rallied for about 40 minutes until police moved in again, detaining people and dragging them into buses.

Several activists attacked a law enforcement officer. Between 20 and 30 people were detained, the ITAR-Tass news agency reported, citing police officials.

Former world chess champion Garry Kasparov, who helped organize the event, said on Echo Moskvy radio that as many as 6,000 people participated, though the crowd appeared to be about half that number.

"The authorities are destroying . . . the constitutional structure, rights and freedoms," said former prime minister Mikhail Kasyanov, who now heads an opposition movement. "Unfortunately, we are going through a very difficult time in our country, but we will continue to fight for our rights."

The activists accused Putin's government of cracking down on the opposition, stifling freedom of speech and hampering democratic institutions by abolishing direct election of provincial governors and creating an obedient parliament.

Mayor Valentina Matviyenko, a close ally of Putin's, called the protesters "guest stars from Moscow" and "youths of extremist persuasion," accusing them of stirring turmoil ahead of elections for the city legislature this month.

The campaign has been marred by allegations of intimidation and harassment after the Yabloko party, one of the country's two main liberal parties, was eliminated from the ballot for what it called groundless technical reasons.

Police And Protesters Clash In St. Petersburg (NYT)

By Andrew E. Kramer

The New York Times, March 4, 2007

ST. PETERSBURG, Russia, March 3 — An unusually large and unruly protest against the government of President Vladimir V. Putin ended here Saturday in clashes with the police and the arrest of opposition leaders. Rally organizers and the police said more than 100 people were arrested after a midafternoon scuffle between marchers and riot police on the main street, Nevsky Prospekt, in the heart of the city's tourist district. St. Petersburg, Russia's second-largest city, is Mr. Putin's hometown.

The rally was held in advance of local elections scheduled for March 11. Opposition events typically draw no more than several hundred people, but several thousand gathered for the rally in Vosstaniya Square.

Two leaders of what is left of Russia's liberal opposition, Garry Kasparov, the former chess grandmaster, and Mikhail A. Kasyanov, a former prime minister, spoke to the crowd. Then the protesters, accompanied by Mr. Kasparov, marched most of the length of the street, pushing through three police cordons as sirens wailed and Interior Ministry riot police scrambled to block their path.

The rally marked one of the higher-profile actions by Mr. Kasparov since he retired from professional chess to dedicate himself to opposition politics.

"This is our first real victory," Mr. Kasparov, speaking over a bullhorn, told the crowd on the muddy street, surrounded by rows of police. "I congratulate you for overcoming your fear. We will have victory when we get our Russia back. We have 364 days before the election in 2008."

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Minutes after Mr. Kasparov spoke and left the area, the police broke up the crowd, first arresting the speaker who had taken Mr. Kasparov's place.

Mr. Kasparov had handed the bullhorn to Sergey V. Gulayev, a member of an opposition faction in the local legislature in St. Petersburg.

"The government is afraid of the slightest wind," Mr. Gulayev he told the crowd. "The government is fragile, and afraid, and will collapse with one push."

As he spoke, riot police shoved through the crowd and grabbed the bullhorn from his hands, smashing it against the wall of a building. A policeman put Mr. Gulayev, grimacing, in a headlock and dragged him into a police vehicle as members of the crowd yelled "Shame! Shame!"

A wedge of police officers swinging nightsticks then divided the crowd and pushed it toward the sidewalks. Some protesters fought back and a melee erupted, lasting about a minute.

At one point, a black plastic riot helmet torn from a police officer was flung into the air and clanged onto the muddy pavement, as news photographers and other protesters scrambled away from the swirling fight.

On Friday, Mr. Kasparov, Mr. Kasyanov and Eduard Limonov, head of the National Bolshevik party, led a meeting of the United Civil Front opposition group in St. Petersburg. Mr. Limonov, whose party is aligned with the main liberal opposition, was arrested Saturday morning before the march. He said the group was close to nominating Mr. Kasyanov as its candidate for president in the 2008 elections.

A Russian Plea For Collaboration (WP)

By Sergey Rogov

The Washington Post, March 4, 2007

My generation arrived in this world when Russia and America were engaged in a Cold War confrontation. I've spent 40 years -- all my adult life -- studying the United States and Russian-American relations, and now I'm afraid that when my generation leaves this world, America and Russia will be adversaries again. The Cold War ended nearly two decades ago. When communism collapsed, the expectations were high that former enemies would become strategic partners. But it never happened. Why?

Many people in Russia blame America. Many people in America blame Russia. Unfortunately, both are right. Nice but empty declarations cannot substitute for a clear strategy. Personal chemistry between presidents cannot substitute for institutionalized cooperation and common policies. Predictably, the backlash against the unfulfilled hopes and promises is strong today in both countries.

The 1990s were a very difficult time for Russia. Some in the United States saw the beginning of a golden age of democracy, but Russians saw and felt the disintegration of a former superpower. President Boris Yeltsin brought out tanks to fire on the parliament to impose his policy of speedy privatization of industry, business and natural resources, so a few became super-rich and many were pushed into poverty. My country nearly became a failed state. But the worst-case scenario was avoided. With a lot of help from high oil prices, Russia has managed to begin an economic revival. Today the standard of living is going up, and the threat of a civil war is gone. We still face a long and difficult path to a mature democracy and a modern market economy, of course. New mistakes can still be made, but Russia is on its way to recovery.

Meanwhile the United States has enjoyed the fruits of "victory" in the Cold War. Since the collapse of the Soviet Union, Washington's strategy has been to prevent the emergence of a new peer competitor and to extend "the unipolar moment" as long as possible into the 21st century. America has failed to resist the temptation of unilateralism and preemption. A new surge of the arrogance of power brought the United States into Iraq.

The relationship with Russia no longer dominates America's foreign policy. Washington has stopped treating Moscow as an equal player. Instead, Russians have been lectured on the need for domestic reforms, and sometimes given assistance when it directly served U.S. interests. But with the exception of the Nunn-Lugar program to help the former Soviet republics dismantle nuclear weapons, there has been no substantial assistance, no Marshall Plan for Russia.

In fact, Russia has had to repay all the Soviet sovereign debt plus International Monetary Fund and World Bank credits. The flow of capital from Russia (including official transfers and the much bigger illegal and unofficial flight of capital) has exceeded by many times all Western assistance and private investment in Russia. Even today, Russia helps to finance the U.S. federal budget deficit, holding hundreds of billions of dollars in foreign currency reserves (though not as much as China).

Ironically, while some Russian oligarchs make huge investments in America, the U.S. Congress has never repealed the 35-year-old Jackson-Vanik amendment, which treats Russia as a centrally planned economy undeserving of most-favored-nation trading status. This still stings in Moscow.

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On issues of international security, Russia has been treated as a second-rate power whose complaints can be ignored. At the end of the Cold War, President George H.W. Bush proposed a new security system "from Vancouver to Vladivostok," but this idea was quickly forgotten. So was NATO's promise not to expand its military infrastructure eastward beyond West Germany.

"The winner takes all" -- so despite Russia's objections, all former Soviet clients in Eastern Europe have been admitted into NATO, including three former republics of the Soviet Union. And two more former republics -- Georgia and Ukraine -- could be next. Russia's objections were also ignored when NATO started its first war in Kosovo.

At the same time, the old arms-control regime is half-dead. The two strategic arms-limitation agreements on the books will expire in 2009 and 2012. Today there are no serious negotiations between Russia and America about any new arms-control arrangements, and the Bush administration says that there is no more need for legally binding treaties. To demonstrate its point, the administration unilaterally withdrew from the Anti-Ballistic Missile Treaty, ignoring Russian objections.

Now the United States wants to deploy the components of missile defenses (interceptors and a radar) in Poland and the Czech Republic. Now Russians are complaining that the deployment of American missile defense systems so close to Russia could undermine Russian nuclear deterrence.

Many in Russia say that the United States violates a commitment to avoid a "substantial deployment of forces" in Eastern Europe, which America and the West made, when the Russia-NATO Founding Act was signed in 1997. The perception of violated promises and mistrust of American intentions produced calls in Moscow to deploy nuclear and conventional medium-range missiles. This could lead to new tensions.

Unfortunately, Russia and America have never fully escaped from the Cold War doctrine of "mutual assured destruction." Both pretend that they may someday confront each other with nuclear weapons. Meanwhile, the nuclear club continues to grow ominously. It now has five official and three "de facto" members. North Korea and Iran could also join, if diplomatic efforts fail. A new wave of proliferators would surely follow. What used to be primarily a bilateral Soviet-American nuclear arms race during the Cold War already looks like a multilateral competition that might make a real nuclear war more possible. And with China's recent anti-satellite test, we are threatened with a new arms race in outer space.

After Iraq, the United States will not be able to act as the world's policeman. The American public does not want to play that role. To avoid chaos, there must be a workable, multipolar international system based on multilateral rules of the game that are accepted by all major players.

America and Russia have unique responsibilities here. If they revert to confrontation, we cannot expect, say, China or France to lead efforts to create a new world order and control the proliferation of nuclear weapons. Only Americans and Russians can lead the world away from the biggest dangers. To do so effectively, they must begin serious cooperation in three areas:

First, a real effort to reinvent arms control. I'm not suggesting the restoration of old treaties. Both countries should make a commitment to take seriously each other's security concerns and avoid actions that the other side might perceive as a threat. The dispute over anti-missile equipment in Eastern Europe should be resolved through a compromise, not a confrontation.

Even more important are Russian-American initiatives to invite other nuclear countries to demonstrate self-restraint and abstain from the unnecessary buildup of their nuclear arsenals. Joint brainstorming is needed to prevent the collapse of the nuclear Non-Proliferation Treaty, which is at serious risk.

Second, Russia and the United States must cooperate on bilateral and multilateral efforts to manage regional conflicts. The success of the six-party negotiations on North Korea proves that when the United States gives priority to non-proliferation instead of a regime change, solutions are possible. The same approach should be applied to Iran.

Multilateral efforts must be expanded to prevent the Taliban from restoring its grip on Afghanistan. Russia, China and India can help NATO politically and economically, and even militarily, if Russia can overcome its "Afghanistan syndrome."

If the United States agrees that the way out of the Iraq quagmire requires multilateral arrangements, Russia also can help. And it can share responsibility for implementing the "road map" to an Israeli-Palestinian peace settlement.

Third are the problems of democracy and values. Russia and the United States face serious problems related to terrorist threats. It is premature to claim that either has found the best ways to expand human rights and democratic freedoms. America hardly occupies the high moral ground that would enable it to lecture others. Neither does Russia, which is debating a vague concept of "sovereign democracy," trying to understand how to apply universal standards of human rights and democratic procedures.

It would be a great blunder to revive the spirit of the ideological crusade that gave us the Cold War. Propagandistic campaigns should belong to history. While there are heated debates on these issues in each country, we need a Russian-American dialogue instead of mutual accusations.

Russia is back as an international player. While it is not a superpower (except in the number of its nuclear weapons) and is still amid a difficult internal transformation, no one should be surprised that Russia wants to protect its national interests. Russia

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should be treated as a responsible player, sharing the rights and the duties of membership in the community of democratic market economies in a globalized world. That was President Vladimir Putin's message in the speech he gave last month in Munich. And Russia, if necessary, should be criticized for her mistakes, as should America, or China, or other members of the international community. But the goal should be a new cooperation, not a new Cold War.

Sergey Rogov is the director of the Institute of USA and Canada Studies of the Russian Academy of Sciences in Moscow.

American Troops In Kosovo May Lose Their Combat Status (WP)

By Josh White

The Washington Post, March 4, 2007

Top Defense Department officials are considering a proposal to downgrade the combat status of U.S. forces who are part of the NATO peacekeeping mission in Kosovo, a decision that could cause the 1,500 U.S. soldiers currently deployed there to lose hundreds or even thousands of dollars each month in tax benefits and combat pay.

Such a decision, expected within the next month, would indicate that Pentagon officials do not believe Kosovo is still a combat zone, despite rising tensions in the Balkans over Kosovo's ongoing bid for independence and frequent U.S. missions that involve dangerous interdictions of smuggling rings, raids on armed extremist groups and encounters with improvised bombs.

It would also mean that hundreds of National Guardsmen and Reservists -- many from Virginia and Massachusetts who are on lengthy deployments away from their families and careers -- would lose a coveted tax exclusion that allows them to earn their pay tax-free while tacking on hundreds more in combat pay. They would also lose government-funded flights back to the United States when they take leave.

The issue puts a spotlight on soldiers who are part of a U.S. mission that began in 1999 but now receives little attention amid the worsening wars in Iraq and Afghanistan. In recent interviews, soldiers and officers with the Virginia Army National Guard there said they put their lives on the line every day as part of the Kosovo Force, or KFOR -- and believe they deserve the benefits of combat pay.

"I stand to lose a decent chunk of money, and it's hard to believe that if that came through we'd get paid the same amount as someone who gets to go home to their wife and kids every day, gets to have a beer with dinner, and we're away for a year and a half," said Cpl. Will Larsen, 22, of Fairfax.

Larsen, an assistant infantry squad leader, put his senior year at Virginia Tech on hold to deploy. "It's a very important time here, and it's a big deal. The extremist ends on both sides are angry. . . . There are a lot of people back home who don't even know we're here. I just don't want them to forget about us."

Defense officials said all areas designated as combat zones are under a periodic review and that early policy recommendations from the Pentagon are that all areas in the Balkans -- designated as a combat zone under presidential order since March 24, 1999 -- be downgraded because of improved security there. Top military officers in Europe have officially disagreed, but they have been told the change could come as early as April 1.

"Combat Zone Tax Exclusion and Imminent Danger Pay are both under review for all designated areas," Maj. Stewart Upton, a Pentagon spokesman, said in an e-mail. "The Department will not comment beyond that until the reviews are complete."

John W. Warner (R-Va.), a member of the Senate Armed Services Committee, on Friday sent a letter to Defense Secretary Robert M. Gates urging him not to change the status of the more than 500 soldiers from Virginia who are deployed in Kosovo. Warner wrote that he thinks the soldiers "are performing dangerous missions on a daily basis."

"I respectfully request that you carefully consider the ramifications of any proposals that would adjust the combat zone designation for KFOR," Warner wrote, according to a copy of the letter provided to The Washington Post. "I am sure you agree that our soldiers and their families must receive appropriate compensation for their service."

The soldiers in Kosovo understand their work is not as dangerous as that of U.S. troops in Iraq, but they operate in a region where the government is shaky and where criminal enterprises use violence as a means of intimidation. Strife between Albanians and Serbs in Kosovo has calmed, but military commanders are concerned about the possibility for increased tension as a plan for Kosovo's statehood and separation from Serbia is scheduled to go before the U.N. Security Council next weekend.

[Yesterday, several thousand ethnic Albanians marched through Pristina, Kosovo's capital, and protested the proposed plan, saying it falls short of full independence, the Associated Press reported. No incidents were reported during the march, but last month a similar protest sparked a clash in which two demonstrators were killed by U.N. police.]

Brig. Gen. Douglas Earhart, commander of the 29th Infantry Division and leader of the Kosovo Multinational Task Force East, said that since the Sept. 11, 2001, attacks in the United States, the Kosovo mission has gone from a major military operation to one out of the limelight. But Earhart sees his region as vulnerable to radical Islamists because of high unemployment and porous borders, combined with reports of armed extremist ethic groups forming camps in rural outposts.

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"This mission is absolutely critical now," Earhart said. "We stopped ethnic cleansing effectively. We started a peace-enforcement mission. We're doing now what we'd like to be doing in Iraq and Afghanistan."

His soldiers do daily patrols in local communities, seeking to get out in front of potential violence and to help foster tolerance between ethnic groups. Some soldiers have adopted a local school, organized ski trips for Serbian and Albanian youth, and helped fix crumbling infrastructure. They also conduct armed raids on smuggling hideouts and go after masked men who attack drivers at night.

Sgt. James Gerlinger, 22, of Lynchburg, Va., frequently works with children in Kosovo to help them set aside ethnic differences. Previously deployed for a year to the U.S. military detention facility at Guantanamo Bay, Cuba, he was told he was going into a combat zone for his deployment to Kosovo and is relying on the combat pay.

"We don't do this job for the money, and it's always mission first," Gerlinger said, adding that he is concerned about morale in his unit if the combat-tax exclusion is revoked. "I think a lot of times, any other mission than Iraq and Afghanistan is long forgotten. While it may not be as dangerous, the sacrifice here is still the same."

The Enlisted Association of the National Guard has contacted members of Congress because it is concerned that soldiers deployed to Kosovo could suffer financial hardship if they were to lose significant amounts of pay. "The families are counting on this every month to pay their bills," said Frank Yoakum, the group's legislative director. "And it's a morale killer. It says that what they were doing was important yesterday, but today not so much."

Should a status change occur, Staff Sgt. Stanley Britton, 34, of South Boston, Va., would probably lose about $1,000 of his monthly salary -- money he uses to support his wife and two daughters while he is away from his job as a sheriff's deputy in Halifax County. After a 2005 tour in Iraq, he said he enjoys helping the people in Kosovo because they trust U.S. forces and come to them for help. "It's an honor and a great opportunity to be a part of a team and to help people who are in dire need of assistance," Britton said. "And yes, I do think it's a combat zone here."

Again, Kosovar Albanians Demonstrate Against U.N. (NYT)

By Nicholas Wood

The New York Times, March 4, 2007

PRISTINA, Kosovo, March 3 — For the second time in less than a month, thousands of ethnic Albanians took to the streets of this city on Saturday to protest a United Nations proposal for Kosovo's future — a plan that they say falls far short of their desire for an independent state.

Amid shouts of "U.N. out," the crowd, mainly young men, filed peacefully through the city, led by an advocacy group that seems to be emerging as the focal point for ethnic Albanian frustrations in this province, which is still officially part of Serbia.

The group, Vetevendosje, whose name means self-determination, has been gathering growing numbers during the continuing uncertainty over the future of the region.

According to a proposal announced in January by Martti Ahtisaari, the United Nations chief negotiator for the region, Kosovo would gain de facto nationhood — an army, a constitution and a flag — but still be overseen by the international community to provide protection for the province's ethnic Serbs, who are the minority. Officials in Mr. Ahtisaari's office said he would present his proposal to the United Nations Security Council this month for a vote, but the vote has not been scheduled.

The leaders of the protests on Saturday complain that Mr. Ahtisaari's proposal is merely a ruse to sustain foreign domination and give unacceptable rights to the province's Serbs.

"We are hostages of Serbia," said Glauk Konsjufca, one of Vetevendosje's leaders, addressing supporters gathered around a truck decked with loudspeakers. "We are hostages of just 5 percent of the population."

Local analysts say that Vetevendosje, while not a political party, has given voice to many ethnic Albanians tired of international supervision.

"I am fed up with the way the international community is treating us," said Perparim Rama, a 31-year-old architect who took part in the demonstration. "Initially the United Nations did a great job, but the whole process has been prolonged."

"U.N. employees sit on a different level," Mr. Rama said. "You see that in salary differences. They basically are not in touch with the population. Here, the economy is going down, and United Nations employees are traveling to Greece every weekend for breaks."

Kosovo, although still formally part of Serbia, has been administered by the United Nations since 1999. Serbian security forces, accused of committing widespread atrocities during a conflict with ethnic Albanian guerrillas, were forced to leave the region in June 1999 after a 78-day bombing campaign led by NATO.

Most of Kosovo's ethnic Albanian politicians say they support the United Nations' plan. However, the continued uncertainty surrounding the settlement — Russia has suggested it might not support the proposal once it reaches the United Nations Security Council — has caused growing tensions in Kosovo. Russia is an ally to Serbia, which wants to retain Kosovo.

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Last month, United Nations police officers using rubber bullets killed two protesters at an ethnic Albanian demonstration.

Some feared that Saturday's demonstration could turn violent, but protesters and heavily armed ethnic Albanian riot police officers kept their distance from each other.

Traffickers Re-route Drugs Through Central America (LAT)

By Hector Tobar

The Los Angeles Times, March 4, 2007

MANAGUA, Nicaragua -- Central America has become a crucial way station in the billion-dollar cocaine business, with traffickers shipping hundreds of tons northward from Colombia along the isthmus and increasingly infiltrating police and government agencies, U.S. and regional sources say.

The recent killings of three Salvadoran legislators in Guatemala underscored the shift, intelligence sources say. The lawmakers were shot and their bodies set ablaze last month, allegedly by a group of Guatemalan policemen working on behalf of Mexican drug traffickers.

Everyone from impoverished fishermen and small-town mayors to legislators and high-ranking police officials has been swept up in the drug trade as the smuggling routes have changed. In years past, the favored route was across the Caribbean to the southeastern United States. Now, with greater Mexican cartel involvement, the cocaine often moves up the coasts of Central America and overland through Mexico.

Although it remains unclear whether the dead Salvadorans were tied to traffickers, other lawmakers from the country have been linked to the trade. And Guatemalan officials have said the killings point to widespread infiltration of the country's police force by organized crime.

The four police officers charged in the killings, including the head of the country's organized-crime unit, later were slain in their prison cells, in a stunning raid by armed men who might have entered the facility with the aid of guards and prison officials.

An intelligence official working in the region said the slain police officers worked for a Mexican cartel that ships drugs along the Pacific coast of Central America. The officers were enforcers dedicated to "knocking down" rival traffickers, the source said.

"This is a crime that can best be understood as part of the dynamic that sees drugs flow between Mexico and Colombia," said a second intelligence official, referring to the killing of the legislators. The officials asked not to be named, given the sensitive political nature of the crime -- one of the victims was Eduardo Jose D'Aubuisson, the son of the founder of El Salvador's ruling party.

Although drug trafficking has long been common in remote areas of the region, such as the Caribbean coast of Nicaragua, the growing power of the Mexican cartels has increased the importance of Central America as a transshipment point.

Smuggling routes across the Caribbean have fallen out of fashion thanks to U.S. interdiction efforts there, and Colombian drug producers have ceded the bulk of the transportation business to Mexicans.

About 90 percent of the estimated 780 tons of cocaine entering the United States annually passes through the hands of Mexican drug traffickers, according to U.S. studies. Mexican traffickers see Central America as a natural hub between their Colombian suppliers and the smuggling routes the Mexicans control on the U.S. border.

The "Mexico-Central America corridor is ... the predominant transit route for cocaine destined for the United States," U.S. officials wrote in the 2007 National Drug Threat Assessment.

Michael A. Braun, chief of operations for the U.S. Drug Enforcement Administration, said in a recent congressional hearing that, "The corrupting power of illicit drug trafficking organizations on the governmental institutions of Central America significantly increases the difficulty of successful drug interdiction efforts."

Central America will remain the primary transit zone for U.S.-bound drugs "for the foreseeable future," Braun added.

The growing trade has reached areas of Central America where drug trafficking was rare just a few years back. Police and military forces there are often undermanned and outgunned.

Nicaragua's small navy, for example, has only enough boats to patrol its coastline 12 days each month, officials say, a fact that helps shape the traffickers' strategy. "They know what our limitations are," said Capt. Roger Gonzalez Diaz of the Nicaraguan navy.

On the Pacific coast, the Nicaraguan navy has no craft larger than 40-foot-long "go fast" boats with outboard motors, vessels nearly identical to those the drug traffickers use. In fact, many of the craft used by the navy are boats that were discarded by smugglers, Gonzalez Diaz said.

Operatives of Mexico's Sinaloa cartel arrived on the Pacific coast two years ago, according to officials with Nicaragua's National Police.

With their Mexican accents, the men stood out. They were eager to buy old, abandoned farms along the beach. They didn't look like farmers, but they bought several tractors. They collected boats, too, but they didn't look like fishermen.

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"The tractors were to build new airstrips and also to rehabilitate old ones," said one Nicaraguan police officer who specializes in drug intelligence.

One of the men was Samuel "Sammy" Gutierrez, a Colombian with Mexican identity documents, police said. He and two brothers from Mazatlan, Jorge and Roberto Garcia Villasenor, were air and sea "transportation specialists," police said.

The cartel operatives soon found themselves in a cat-and-mouse game with police that included a plane crash on a rural highway and the arrest of a Mexican couple at a Managua airport with nearly $300,000 in cash.

"We confiscated three tons of cocaine," said an intelligence official with Nicaragua's national police. "We hit them hard."

Nearly all of the cocaine that enters the United States is produced in Colombia, according to studies by U.S. officials. Most of the cocaine enters the U.S. through a two-stage process in which it is off-loaded and stored at least once in Mexico or Central America.

Cocaine is shipped out of Colombia by sea and air, usually in amounts of a ton or more, through what U.S. officials call "the transit zone" -- the stretch of ocean between Colombia and Mexico. Sometimes the traffickers hopscotch up the coast from Colombia to Panama, Costa Rica and other countries in the "go fast" boats. Or they might take a more circuitous route that involves a larger ship that will travel around the Galapagos Islands in the Pacific southwest of the Colombian coast and later off-load to smaller vessels.

Once in Mexico, the drug traffickers benefit from well-traveled smuggling routes protected by corrupt state and local officials as their shipments move northward overland to the U.S. border. A war among competing cartels to control those routes, known as "plazas" in Mexico, led to more than 2,000 killings last year.

The various routes through the "transit zone" pass through the beaches of Belize, seaside villages in Honduras and ports along the Pacific coast of Mexico and many other places, according to data from the U.S. Government's Joint Interagency Task Force South, based in Florida.

U.S. officials said that Central American organized-crime groups, working with the Mexican and Colombian cartels under a subcontracting system, are reaping huge profits. That money, in turn, is fueling a crime wave, especially in Guatemala and El Salvador.

In El Salvador, sources pointed to a key killing that went largely unnoticed in the local media: the 2005 shooting death of Jose "El Cranky" Cortes outside a San Salvador nightclub.

According to a Salvadoran academic who has studied the drug trade, Cortes controlled the retail drug trade in an urban region of El Salvador and was assassinated for trying to make connections with Colombian suppliers without the permission of other gang leaders.

It was the first time officials had documented contacts between high-level Salvadoran gang leaders and Colombian traffickers, the source said.

Along the impoverished Pacific coast of El Salvador and Guatemala, mayors and other low-level officials in seaside towns find that the sums of money offered by the traffickers are often too tempting to resist.

"This guy tells you that you can make $60,000 easily, very quietly," said one intelligence official who asked not to be named because he was not authorized to speak publicly.

The same networks that smuggle drugs northward are responsible for shipping several billion dollars in cash southward, usually in $20 bills, according to DEA officials. So vast is the money flow that arrests of couriers carrying $1 million in cash or more have become routine in Central America.

The astronomical sums of money involved in the drug trade have ensnared top officials in El Salvador.

Last year, William Eliu Martinez, a Salvadoran congressman, received a 29-year prison sentence from a U.S. judge after being convicted in Washington, D.C., of smuggling more than 30 tons of cocaine into the United States.

If the privileged can be drawn into the drug trade, then what hope is there that a poorly paid policeman, soldier or sailor can resist the temptation?

Capt. Gonzalez Diaz of the Nicaraguan navy asks himself that question often.

"It's a constant struggle with our personnel," he said. "We tell them, 'Anyone would be tempted if they offered you $500 or $5,000. But for that, you're disgraced. . . . And if you owe them anything, they'll come after you or your wife and kids.'"

Mexico's No. 2 Party Gets A New Leader (LAT)

By Sam Enriquez, Cecilia Sánchez

The Los Angeles Times, March 4, 2007

Beatriz Paredes aims to steer the PRI toward the left and back to glory.

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MEXICO CITY — Former governor and federal lawmaker Beatriz Paredes today assumes leadership of the Institutional Revolutionary Party, which in the span of a decade sank from Mexico's greatest political force to third-place finisher in last year's presidential election.

Paredes takes over a party that still holds a majority of local and state offices, but is fractured by competing interest groups and politicians, and broad discontent among its formerly loyal base, Mexico's 50 million poor.

Paredes, 53, said in an interview that she would lead a new, more democratic PRI, the initials the party is known by. She said she wanted to steer the PRI to the left, where presidential candidate Andres Manuel Lopez Obrador of the Democratic Revolution Party mined votes to come within a hair of winning the July election.

"You can't judge the PRI of the past against the PRI of today," she said. "My objective is to build a PRI of the 21st century."

Her promises of consensus and unity, analysts say, are more pragmatic than ideological: Neither she nor any other Mexican leader has the power to select presidents and governors with the pointing of a finger, once the PRI's prerogative.

The party began crumbling 10 years ago, when the PRI first lost its majority in Congress' lower house. In 2000, the party lost its first presidential election in seven decades to former President Vicente Fox and the National Action Party, or PAN.

But the party still matters. Mexican President Felipe Calderon, who completes his first 100 days in office Saturday, will need cooperation from PRI lawmakers to pass legislative reforms such as creating a new national energy policy before Mexico's oil runs dry, and figuring out how to get people to pay income taxes.

Mexico's Congress is roughly split three ways among the PRI, Calderon's PAN and Lopez Obrador's left-leaning PRD. Calderon and Paredes were both lower-house party leaders during the first half of the Fox administration, and she said she expected a cooperative relationship with him now.

"We've always had a good dialogue," she said.

During Fox's six-year term, the PRI sometimes used its congressional votes to block reform proposals. Other times, Fox lacked the political will or skill to complete them. Paredes focuses on the latter. "Fox never took responsibility for his failures," she said.

The PRI's obstructionist policy in parliament is credited to Roberto Madrazo, who took over as party president in 2002 and essentially spent the next four years running for office. He lost badly in the presidential race.

Madrazo failed largely because voters found him untrustworthy. He also played hardball with rivals, alienating some party leaders who responded with tepid support for his campaign. Madrazo accused one would-be PRI candidate of corruption, a charge that evaporated days after the man dropped out of the party's presidential primary.

"We've learned that a divided PRI is an electoral loser," said Mariano Palacios Alcocer, the outgoing interim party president.

Madrazo defeated Paredes for the PRI leadership in 2002. This time, she won easily with the help of many old-line party leaders in a vote last month.

In the aftermath of PRI's 2006 presidential trouncing, she's seen by many party loyalists as a negotiator skillful enough to steer the PRI to the center-left. They hope her skills will give the party a shot at picking up seats during the 2009 midterm congressional elections and finding a polished contender for the 2012 presidential race.

A party activist since age 20, she studied sociology at Mexico's National Autonomous University. She was governor of Tlaxcala from 1987 to 1992. Paredes served four terms in the lower house and one term in the Senate.

Among the groups she'll have to win over are the party's 17 governors, the most of any party. They hold much greater authority and influence than their U.S. counterparts. She also will have to build support in the party's congressional bloc, which is divided among regional, union and ideological interests. And Mexico's poor are angry about the country's move from an economy of price-controlled staples and government-subsidized enterprises to a more freewheeling, open-market system.

"The party presidency of Beatriz Paredes is not going to be easy," said Alfonso Zarate, a political analyst. "She's going to have to maintain a fragile equilibrium among these distinct political forces, as well as those who helped her win."

Sudan President: No Handover Of Citizens (AP)

By Mohamed Osman, Associated Press Writer

AP, March 4, 2007

Sudan's president said again on Saturday that his country would not hand over for trial any citizen sought by international courts for crimes against humanity.

The International Criminal Court at The Hague, Netherlands this week accused a junior Sudanese Cabinet minister and a member of the security forces of war crimes and crimes against humanity for atrocities committed in Darfur, the conflict-ridden region in western Sudan. Sudan has denied the accusations.

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"(The) Sudanese judiciary is honest and qualified to try any Sudanese" who commit crimes against humanity, President Omar al-Bashir was quoted as saying by the official SUNA news agency. "The government will not hand over any citizen for trial outside the country."

In Sudan, "anyone who makes a mistake will be held responsible for it, but we are not going to take any dictates from abroad," the agency quoted al-Bashir as saying.

The ICC prosecutor accused a minister and a member of the security forces of a combined 51 counts of war crimes and crimes against humanity for their actions in Darfur. Sudan's government has rejected the allegations and said it would not hand over the two men for trial.

The Darfur conflict began in February 2003 when ethnic African tribesmen took up arms against what they saw as decades of neglect and discrimination by the Arab government in Khartoum. The government responded with a counterinsurgency campaign.

Arab militias known as the janjaweed committed widespread rape, looting and killing. An International Criminal Court prosecutor said the janjaweed was armed and financed by the Sudanese government, a charge Khartoum has always denied.

More than 200,000 people have died and 2.5 million people have been displaced in four years of Darfur fighting.

Al-Bashir focused instead on the U.S. occupation of Iraq, saying he wanted people who "committed crimes against the Iraqi people — who are being killed, displaced and their infrastructure destroyed at the hands of the alliance forces ... to be brought before courts of law and find prompt justice."

The Sudanese leader's comments come a day after U.S. envoy to Sudan Andrew Natsios arrived in Khartoum for talks with officials on the Darfur crisis and how to draw into negotiations rebel factions who did not sign a peace deal last year in Abuja, Nigeria.

SUNA described Natsios' meeting Saturday with the No. 2 in the ruling National Congress Party, Nafie Ali Nafie, as reflecting "rapprochement of viewpoints between the two sides" to speed up the political process.

Nastios is expected to visit Darfur, as well as Juba, the southern capital, during his seven-day trip.

Despair In Darfur (WT)

By Bill Frist

The Washington Times, March 4, 2007

I have just returned from a medical mission trip to Sudan's Darfur region and I've found the world's effort to stop genocide there has run into serious trouble.

In the last few months, an all-out war has begun against the 13,000 foreign aid workers in Darfur. This has dried up humanitarian assistance flows on which Darfur depends. As many as 400,000 noncombatants have already died in Darfur. These new attacks could easily bring the toll above a million. Based on what I have seen and heard on the ground, I believe it's time for the United States and the rest of the developed world to take serious action and ensure the aid flow continues.

Even before the attacks on aid workers began, Darfur faced a grim situation. Since the conflict began four years ago this month, Sudan's government in Khartoum and its allied Janjaweed militias have massacred Fur, Masalit, and Zaghawa ethnic groups in Darfur. As a senator, I played a role in highlighting the genocide.

Subsequently, the State Department, our president and most nations in the developed world roundly condemned it and sent aid. Time and again (most recently in January) the Sudanese government has promised to stop the killing and Darfur-based rebel groups have sworn to lay down their arms. This has never happened.

But the very presence of international aid operations has made a truly awful disaster a tad less terrible. In every recorded genocide from the Nazi Holocaust to Rwanda, enormous numbers died due to starvation, disease, exposure and lack of sanitation. The risks in Darfur are particularly grave: Because of Darfur's climate, even a brief disruption of water supplies alone can kill children and any who already are sick.

While overall conditions for displaced Darfurians never became comfortable, the international aid flows largely deprived the Khartoum regime of the opportunity to carry out a silent genocide. Mortality and malnutrition rates in camps for displaced people in Darfur declined steadily from the beginning of major aid operations in 2004 until the attacks on aid workers began late last year.

But now, the perpetrators of the genocide appear intent on launching a systematic campaign of violence against humanitarian aid workers. Just last month in Nyala, South Darfur, government police beat five U.N. staffers and raped one of them. Late last year, a single day saw six targeted, violent attacks on humanitarian compounds. Hundreds of aid workers had to flee and more than 130,000 Darfurians went without aid. On another day in December, 30 civilians died when fighters attacked an aid-carrying truck with rocket-propelled grenades.

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The last six months have seen more attacks on aid workers than the previous two years. At least one organization has withdrawn and more may follow. Aid workers I met said they live in fear. Rebel groups fighting the government launch some of the attacks, but all have the same consequence: increased deaths for all Darfur.

New reports pour in all the time and, in the end, attacks on aid workers will only stop when both the government and all rebel forces lay down their arms. Because it provides more than all other nations combined, the United States needs to take a leadership role ending the attacks on aid workers and getting all factions to reach a peaceful, political settlement of their differences.

To move toward such a peace agreement, the United States needs to act resolutely and make Darfur a priority. To begin with, the current African Union peacekeeping force in Darfur needs more people and resources and a crystal-clear mandate to protect civilian aid workers. The Bush administration should lead efforts to provide this force what it needs through increased in-kind and monetary aid coupled with a management review. In particular, the U.S. should help the AU add Rwandan and other African troops to the peacekeeping force.

At the same time, the United States should push for deployment of the stronger, larger United Nations peacekeeping force that the Sudanese government has resisted. Such a force would integrate with that of the AU and might include additional support troops from outside Africa. Finally, the U.S. should work with its allies to establish a controlled no-fly zone over Darfur.

Quite simply, the attacks on aid workers in Darfur have made an already terrible situation even worse. If they do not stop, an already gruesome death toll will grow even higher. The United States needs to help.

Bill Frist, a Nashville surgeon, is former U.S. Senate majority leader from Tennessee. He has traveled to Africa yearly as a medical missionary.

Stricter Law Fails To Diminish The Demand For Child Laborers In India (NYT)

By Amelia Gentleman

The New York Times, March 4, 2007

CALCUTTA, India — Seven days a week, 8-year-old Jasmina K. rises before dawn to fetch water for the household where she works as a maid. She washes, sweeps and hauls until about 11 at night, when she lies down to sleep on the floor by the bathroom door.

Her employers have little patience with her exhaustion.

"I get tired and forget things, so they hit me," she said, her eyes cast down. "They want the shoes polished. If I don't do it fast enough, they hit me with a cooking spoon. They want to go to the toilet. If I don't get the water fast enough, I get a beating."

Jasmina has been a member of India's child labor force for more than a year now. After her father died, she said, her mother sent her and her sister from their West Bengal village to work as maids here. Each month, she is paid 100 rupees, or about $2.25.

India has no outright ban on child labor and had long allowed the employment of children under 14 in all but what are deemed "hazardous" occupations. But last October a stricter law took effect; it prohibits the employment of children under 14 in hotels and restaurants, and as domestic servants.

Five months later, children's rights advocates say, the law has had little effect. Under-age children, mostly girls, are as in demand as ever to be maids and nannies.

"Because of the booming economy and the spread of the nuclear family, we've seen a rise in demand for domestic help at a time when it's becoming more expensive to employ people," said Surina Rajan of the International Labor Organization. "So families are looking for a cheaper option."

Hiring an obedient 8-year-old, fresh from India's rural heartland, is a simple matter. Impoverished villagers willingly turn their children over to middlemen who promise a better life in the cities, children's advocacy groups say.

"Placement agencies in Delhi and Mumbai are growing like mushrooms," said Manabendra Nath Ray of Save the Children U.K. "It is an extremely lucrative business. This is a slave trade. Parents are, directly or indirectly, selling their children."

The Indian government estimates that 12 million children under 14 are employed; children's advocates say the figure could be closer to 60 million. It is unclear how many of these children work as maids.

Children's rights advocates fault the government for not cracking down hard enough on the recruiters of children and not helping parents to keep their children at home. They have called for more educational and job opportunities in the struggling countryside of West Bengal and the neighboring states of Bihar and Jharkhand, the source of most of the children in domestic service. "We are disappointed," Mr. Ray said.

Officials with the Ministry of Labor and Employment said it would take time before the effects of the law were evident. Shahid Meezan, director of the ministry's child labor division, said that dealing with under-age domestic servants was harder

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than, say, with under-age factory workers. “You can’t just start raiding people’s private homes,” he said. “You have to tread carefully.”

Because the government is moving so slowly to require compliance with the law, advocacy groups have tried to at least encourage employers to treat the children they have illegally hired better. One program, for instance, demands that children be given time off for education.

Save the Children has also set up several antitrafficking committees in West Bengal to disrupt the supply network through grass-roots action, including educating parents about the risks to their children and urging the police to enforce the law.

At the weekly meeting of a committee in Rajbati, a hamlet of mud huts two hours’ drive southwest of Calcutta, a dozen teachers, parents and village officials said they were fighting a three-tier system, made up of child recruiters, middlemen and placement agencies in the cities.

Charts on the walls showed how nearby villages had been stripped of children. In Sankda, with 150 families, 70 children had been sent away to work; in Ajgara, home to 300 families, 105 children had left.

The recruiters who comb the villages, they said, are usually women whose extensive personal contacts in the region help them identify vulnerable targets: families with six or more children, single mothers, recently widowed fathers, the permanently unemployed and alcoholics.

They list the advantages of sending a girl into service: the child, they promise, will send back monthly earnings, do a bit of light housework and learn city ways, which will enhance her marriage prospects.

Often the recruiters are met with gratitude, children’s advocates say. Despite reports of abuse of children by employers and the failure of agents to send back the children’s wages, parents remain susceptible to the agents’ main argument that sending the child away to work will guarantee him or her a better life than staying in the village.

Karuna Mondal, a Rajbati resident who sent her teenage daughter, Soma, to Calcutta to work in a lawyer’s house, said it had not been a difficult decision. “I thought it would be a good opportunity for her,” she said. “She had dropped out of school. What was there for her to do here?” she asked, looking around at the family home, a bare, thatched shack without running water or electricity.

In the end, her daughter returned home with the help of a local charity, because the girl said she had been badly treated.

Even if a child does not send money, the family can be better off, said Asha Iyer of Save the Children. “It’s one less mouth to feed,” she said.

The recruiter also stands to profit, earning 3,000 to 10,000 rupees, about $65 to $225, per child, as well as a percentage of the child’s wages.

“The rate varies depending on the quality of the child,” Mr. Ray, of Save the Children, said. “Is she good looking? Does she have some basic education? Can she communicate well? They are treated as commodities. The really nice-looking girls get diverted into prostitution, which means a higher fee for the agent.”

Hemlata Mondal, a homemaker who lives near Rajbati and who used to scour villages for candidates, said she got into the business when she realized how lucrative it could be.

“No one has shunned me for the work I did,” she said. “I felt I was doing something good for the families.”

She stopped work last year after the police, under pressure from the activists, threatened her with arrest.

So far, the government’s focus has been on the employers rather than the suppliers.

“This is typically a middle-class issue,” said Sudha Pillai, a senior bureaucrat in the Ministry of Labor and Employment. “It is important to reach out to the newspaper-reading middle classes to make sure that they know that this is not innocuous.”

“A lot of euphemisms are used,” she said in an interview, adding that girls were sometimes called “playmates” for babies or household helpers. “We have to repeat the message that this is a crime,” she said.

Mohammad Ashraf Ali of Right Track, a charity based in Calcutta that combats children’s domestic work, said the government was not doing enough to get that message out. He said many employers were still unaware of the law or believed that it did not apply to them.

“Most argue that they are doing something noble by helping feed and clothe poor village children,” he said. “But the maids are usually badly dressed and hungry.”

Jasmina, the 8-year-old maid, knows nothing of the legislation that has made her job illegal and sees little prospect of respite from her drudgery. Interviewed on a rare free afternoon, granted by her employers under pressure from Right Track, she said she dreamed of another life. “I’d like to be at school,” she said with a crooked smile, swinging her spindly legs. “I want to be a teacher.”

Our Brit Poodle, Off His Leash (WP)

By Malcolm Rifkind

The Washington Post, March 4, 2007

The British have been puzzled about Tony Blair for some time. Americans, particularly the one who lives in the White House, must be beginning to share the same feelings.

Recently the prime minister announced the first major reduction of British troops in Iraq. He chose to do so at precisely the same time that President Bush, his close friend, is trying to convince Congress and the American people of the wisdom of a substantial increase in the U.S. troop commitment to the same country.

Not surprisingly, this has been a gift to Democrats and other critics of the president, and has made a difficult task all the more complicated. What happened to the idea of a friend in need?

The prime minister has, characteristically, tried to minimize the damage. He pointed out that Basra, where the British are based, is quite different than Baghdad. There are no Shiite-Sunni sectarian conflicts, as the region is overwhelmingly Shiite. Al-Qaeda and other international jihadists have made little impact. The bulk of British troops will, in any event, remain at least for another year.

These claims are justified but they conceal as much as they reveal. Basra and the south of Iraq is a serious mess despite the impressive and professional work of British forces over the past three years. The writ of the Iraqi government is weak. The reason there is little sectarian conflict is that most of the Sunni minority have been driven out through ethnic cleansing. The militias in Basra are all-powerful. The two main ones may both be Shiite but they spend most of the time battling each other for power in the region. They have regularly attacked British forces to show their prowess and because of their hostility to the presence of foreign troops. Blair himself told Parliament that British troops would not be leaving Basra in the condition in which they would like.

It is the timing of Blair's announcement of the British withdrawal that is most revealing. He could have delayed it for weeks if his interest had been to help the president. But his own domestic weakness dictated this timetable. As his prime ministership draws to a less-than-illustrious end, he has had to find a way to reassure the British public that his Iraq adventure will indeed end, too. There is now a widespread belief in the United Kingdom that Iraq has been the worst disaster in British foreign policy since 1956, when Britain and France invaded Egypt with Israeli help after Gamal Abdel Nasser nationalized the Suez Canal. British voters of all parties tend to agree that the prime minister must shoulder the blame for insisting on British support for the invasion of Iraq.

But in British eyes, the problem is far wider than the merits of the Iraq war. Much of the criticism that Blair has faced has been for the apparent unconditional support he has given Bush. That is not because of any serious anti-Americanism. The British are, traditionally, among the most pro-American groups in the world. They expect their prime ministers to be close to the U.S. president, and that has rarely been controversial.

Blair is, however, accused of being different than his predecessors, from both the Labor and Conservative parties, in appearing to support the White House through hell or high water. There is considerable truth in this charge. Winston Churchill often disagreed with Franklin D. Roosevelt over Soviet Union policy. Harold Wilson declined to send British troops to Vietnam despite Lyndon B. Johnson's repeated requests. John Major and Bill Clinton had severe disagreements over Bosnia.

Even Margaret Thatcher, who was close to Ronald Reagan, did not hesitate to say so publicly when she thought that U.S. policy was unwise. This happened when the United States invaded Grenada without informing Queen Elizabeth II, who happens to be Grenada's head of state. It also occurred when the United States put pressure on Britain not to trade with the Soviets over a proposed gas pipeline in the 1980s. Thatcher, politely but firmly, told Reagan that she would decide with whom Britain would trade.

Blair, in contrast, has been viewed as so loyal to the White House that he is regularly lampooned in the media as Bush's poodle. The charge may be unfair, but it has done him severe political damage in his own Labor Party and with the public.

Sir Christopher Meyer, a former British ambassador to Washington, has said that Blair has rarely used his relationship with Bush to press for substantial changes in U.S. policy. This was not just true on Iraq. When the president unexpectedly indicated that the United States was willing to support changes in Israel's frontiers to include some of the settlements on the West Bank, Blair announced his own support for the proposal without any discussion in the House of Commons or with Britain's partners in the European Union.

Bringing some of our troops back home has been one of the few welcome statements that he has been able to make on Iraq since the invasion almost four years ago. If it appeared to be at odds with U.S. policy, that will not have done him any harm. Blair will soon be a figure of the past, as he has promised to step down as prime minister by June at the latest. His successor is almost certain to be Gordon Brown, the chancellor of the Exchequer or finance minister, who has been the second-most-powerful member of the government for the past 10 years.

Brown is well disposed to the United States, but most of his close friends have been in the Federal Reserve Bank, the Finance Department and other economic institutions. Alan Greenspan has been an admirer, as have other important Americans.

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Brown has had little involvement or interest in foreign affairs and has made little contribution to these highly charged debates over the past 10 years. That has partly been because he was content to submerge himself in financial and economic policy. However, it reflects the deal he made with Blair when the latter became leader of the Labor Party in 1994. Brown had expected to become leader, but when it became clear that Blair had far more support, Brown offered to stand down if he was recognized as the number two in the land.

The result has made him as powerful in relation to Blair as Vice President Cheney has been to Bush. He has been very quiet on Iraq, in part because foreign policy was not his brief but also because he was highly sensitive to the unpopularity of the government's policy with his Labor colleagues.

If Brown becomes prime minister, he will have no intention of clashing with Bush or of pursuing an anti-American foreign policy. But there is little doubt that he will neither wish, nor be able, to replicate the umbilical link that appears to exist been Bush and Blair.

Brown is considerably brighter than Blair but he does not begin to have Blair's political skills or his ability to win the enthusiasm or affection of those who are not his natural allies. He has little charm, can be abrasive and demands total loyalty. To describe him as a cross between Cheney and Donald H. Rumsfeld might be appropriate, though it would probably offend all three of them.

Brown admires the United States and likes Americans. But his political survival in Britain will require him to have a correct rather than a warm relationship with Bush. Britain, under him, will continue to draw down its forces in Iraq while giving diplomatic support to Washington even if the president continues to fight on. This may not seem logical, but it will meet the political imperative. It will suit both the president and the new prime minister to stand shoulder to shoulder even if the body language is cool and the empathy less obvious than it has been in recent times.

The same will apply if the opposition Conservative Party, under new leader David Cameron, comes to power in the next general election. It is not due for two to three years. By that time, the United States will have a new president and Iraq will either be improving or have already collapsed into a vicious civil war. Whatever the controversies of the past, both a Brown and a Cameron government would recognize the need to rebuild stability and good governance in Iraq, and would recognize the need for American leadership in that endeavor.

The Conservatives, who originally supported the invasion of Iraq in 2003, have been distancing themselves from Blair since it emerged that there were no weapons of mass destruction, and as Iraq has slid into anarchy. (Some Conservatives, myself included, opposed the war from the beginning.) But the Conservatives, unlike some elements of the Labor Party, have no history of anti-Americanism and will want to work closely with either a Republican or Democratic administration. They already have close links with Sen. John McCain (R-Ariz.) and will be wishing to develop them with other presidential candidates. A handshake, however, with the current incumbent of the White House is, I'm afraid, no longer seen as an automatic vote-winner back home.

It would be wrong to ignore the fact that the Iraq war and the unilateral, Manichaean foreign policy of the Bush presidency has had a profound impact on British opinion. I represent Kensington and Chelsea in the House of Commons. They are the two wealthiest districts in the United Kingdom. Most of their residents are high-earners. Overwhelmingly they vote Conservative. By a margin of about 3 to 1, these instinctive pro-Americans have been highly critical of U.S. foreign policy over the past five years.

That mood is far from irreversible. The basic empathy with the United States remains. There is little evidence of British public opinion turning to the European Union as an alternative to the United States in its affections.

Many years ago, Churchill remarked that you can always rely on the United States to do the right thing -- after it has tried every other option. There is much hope, and some evidence, that that is where we may now be heading.

Sir Malcolm Rifkind is a former foreign secretary and a former defense secretary of the United Kingdom. He is member of Parliament for Kensington and Chelsea.

Aid Workers With Guns (NYT)

By Nicholas D. Kristof

The New York Times, March 4, 2007

CAMP LEMONIER, Djibouti

The U.S. has built a little-known military base here that represents one of our best strategies to fight terrorism in the coming years: The aim is to build things rather than blow them up.

This base in Africa, established in 2003, sits at the entrance to the Red Sea in the small Muslim country of Djibouti, next to Somalia. Security is as tight as the sun is hot, with lots of bomb shelters, but the most apparent threats are distinctly, well, African.

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"We've got two hyenas out there," said Cmdr. Darryl Centanni of the Navy, executive officer of Camp Lemonier, pointing to a jogging trail on which troops were running through the semidesert. "So the running gets pretty interesting."

He added that a pack of wild dogs also speeds up joggers but that the dogs mostly get food by catching fish in the sea. (I'm not sure I trust military intelligence on that one.)

After 9/11, the focus of America's response to terrorism has been mostly on using military force to destroy possible threats in places like Iraq and intimidate just about everyone. The ethos was borrowed from the ancient Romans: "Oderint, dum metuant" — "Let them hate, so long as they fear."

Yet all in all, that strategy has backfired catastrophically, particularly in Iraq, and turned us into Al Qaeda's best recruiter.

So that's why the softer touch in Centcom's strategy here is so welcome. It aims to help bring stability to northeastern Africa and to address humanitarian needs — knowing that humanitarian involvement will make us safer as well.

"The U.S. started to realize that there's more to counterterrorism than capture-kill kinetics," said Capt. Patrick Myers of the Navy, director of plans and policy here. "Our mission is 95 percent at least civil affairs. ... It's trying to get at the root causes of why people want to take on the U.S."

One humanitarian mission for which the U.S. military is superbly prepared is responding to natural disasters. While the U.S. has spent vast sums broadcasting propaganda to the Muslim world, the two most successful efforts at winning good will both involved the military. One was the dispatch of soldiers to help Indonesia after the 2004 tsunami, and the other was the use of U.S. forces to help Pakistan after the Kashmir earthquake.

The 1,800 troops here do serve a traditional military purpose, for the base was used to support operations against terrorists in Somalia recently and is available to reach Sudan, Yemen or other hot spots. But the forces here spend much of their time drilling wells or building hospitals; they rushed to respond when a building collapsed in Kenya and when a passenger ferry capsized in Djibouti.

Rear Adm. James Hart, commander of the task force at Camp Lemonier, suggested that if people in nearby countries feel they have opportunities to improve their lives, then "the chance of extremism being welcomed greatly, if not completely, diminishes."

The U.S. announced last month that it would form a new Africa Command, aimed partly at blocking the rise of ungoverned spaces that nurture terrorism. The new command offers tremendous humanitarian potential as well, for in some poor countries the most useful "aid workers" are the ones in camouflage carrying guns.

In the Central African Republic in September I visited a town with a lovely new hospital built as a foreign aid project. But the hospital was an empty shell, gutted by militias rampaging through the area. In places like that, there's no point in building schools or clinics unless you also help with security.

Some of the most successful aid projects in Africa have been the dispatch of armed peacekeepers to Mozambique and British troops to Sierra Leone. In both places, troops brought what the besieged population most desperately needed — order — and laid the groundwork for recovery. We should be far more aggressive about dispatching small numbers of troops to impose a no-fly zone over Darfur or to destroy Sudanese militias that invade Chad and the Central African Republic.

We can also do far more to train armies in Africa. The deal we offer African presidents should be along these lines: You run a country cleanly and tolerate dissent, and we'll help ensure that no brutal rebel force comes out of the jungle to create chaos and overthrow you.

Helping fragile countries with security is just as important as helping them with education and medical care. So let's hope that this new base in Africa is the start of a broad new policy that doesn't aim to make us hated or feared, but respected.

While Australia Burns (NYT)

By Iain McCalman

The New York Times, March 4, 2007

Canberra, Australia

THIS summer, Australia feels like a war zone. Cities and towns across the country are enveloped in a perpetual smoke haze, and the braying of fire sirens is as commonplace as birdsong. Every evening television commentators deliver grim-faced reports from the front lines. Tired farmers look dazedly into the camera. Firemen with soot-smeared clothes and chili-red eyes shake their heads and mumble that they have never known anything like it. As with every modern war report, helicopters make a ubiquitous backdrop. They dip down in front of shrinking reservoirs, then stagger toward the fire front, their water pouches swaying marsupial-like underneath their bellies.

"Why? Why, Kamarrang?" asks a tall, slightly stooped Aboriginal man from western Arnhem Land in the far north of Australia. He is Bardayal Nadjamerrek, an elder of the Mok clan, and he is talking to a grizzled "white fellah" named Peter Cook, an ecological scientist. They are discussing the disappearance of whole groups of animals from the plateau of Mr. Nadjamerrek's

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youth. He repeats the question, this time looking upward to address the "Old People" — his ever-present ancestors — with whom he habitually discusses such issues.

This scene opens a nearly completed film, "Fire in the Land of Honey," of which I'm a producer. The work of the filmmaker Kim McKenzie, it is one of a trilogy of documentaries about Mr. Nadjamerrek and his native land, which his people call Ankung Djang. Collectively, the films will tell how some 50 years ago the Aboriginal people left this vast plateau, the size of Belgium, drawn by the lure of money, tobacco and other novelties offered by distant buffalo camps, mines, stock stations and missions. Today it is a lost world, emptied of people but filled with rock paintings so intricate, ancient and beautiful they take your breath away. He is among the last people to grow up on the plateau, to know its lore and habitat, and to speak its languages.

He has returned to Ankung Djang with his wife, Kalkiwarra, because he has a task. It is to show his own grandchildren, as well as Peter Cook and other scientists, how his people used to look after the country long ago. He is also telling Mr. McKenzie, the filmmaker, all that he remembers of the history and culture of this ancient place. They are recording his knowledge because otherwise Ankung Djang will cease to have a history. Mr. Nadjamerrek is over 80 and his memory is getting shaky; names and places are starting to fade like the old trails he traveled as a young man to gather spear-making materials.

But his most urgent quest is to find out why his country is out of kilter. Since his people left half a century ago, fire — a staple tool of Aboriginal life — has turned into an uncontrollable monster, careering across the landscape, devouring the plateau's trees, plants, birds, animals and insects (including Mr. Nadjamerrek's beloved native bees).

In truth, none of us can really answer his question: "Why?" We do know the controlled-fire regimens that Aboriginal people practiced for millenniums to nurture the land must be reinstated. But, like Mr. Nadjamerrek, we also suspect something larger is going on — we fear that Australia's soaring heat, vanishing water and rampant fires are connected to larger global patterns of climate change. Thankfully, we Australians at least have Bardayal Nadjamerrek and the Old People to advise us; the rest of the globe is not so lucky.

Losing Bangladesh, By Degrees (NYT)

By Tahmima Anam

The New York Times, March 4, 2007

Dhaka, Bangladesh

IMAGINE, if you will, a country marooned between a snowy mountain range and a churning sea. The country is small, a thumbprint on a vast continent. It holds the youngest and largest delta in the world. This means the landscape is fickle, the rivers often shifting and swallowing giant swaths of land.

It is cleaved by two of the world's mightiest rivers, the Ganges and the Brahmaputra. They perform vanishing acts and conjuring tricks. One day your house is dry and the chilis are airing in the courtyard. The next it has disappeared altogether. You do not want to rebuild so close to the river, but you do: there is no space; the country is full.

For whatever else it strains to hold, it is the crush of humanity that makes Bangladesh what it is: a calamitous country, a country so full of people that every slight shift in circumstance has dire consequences. The weather does not have to be extreme. It has only to be intemperate, and the country does the rest.

How does such a small place hold so much? You worry that it will burst. But your worry is misplaced. You should worry that it will sink. For as the sea level rises, its waters will flow upward like fingers into a glove, turning the sweet river water into salt. The salt will destroy the crops and kill the fish and raze the forests. At the same time, the Himalayan peaks will melt, and they, too, will flow into the country. The rising sea and the melting mountains will meet on this tiny patch of the world, and the people who strain at its seams will drown with it, or be blown away to distant shores, casualties and refugees by the millions.

Here in the capital, winter is a festive season. The cool weather allows women to wear their heaviest saris and wrap thick twists of gold around their necks. There is little rain, the ground is solid — good for high heels. Buildings across the city are draped with strings of lights. You can buy hot, crunchy jilapis by the roadside; the markets are full of winter vegetables.

One day this winter, I landed at Dhaka airport just before dawn. The fog that had delayed my flight clung to the ground and looked like snow; as it lifted, a milky haze took its place. On the way home I saw groups of men huddled over coal fires by the side of the road. They wore puffy jackets and acrylic sweaters, castoffs from the sweatshops that dot the highways between the airport and the city. When they blew on their hands, I saw clouds whistling out of their mouths. Their heads were wrapped in shawls and towels and mosquito nets. The sun did not make an appearance until noon that day, and even then it was only a heatless, watery orb.

In the evening I went to the other side of town, where my uncles live by the long, pencil-shaped Dhanmondi Lake. I watched from the window as the lake appeared to go still, as though deciding whether it was cold enough to freeze over, and there were tiny dots of fish moving toward the shore, not swimming but belly up, drowned.

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According to the United Nations, the temperatures this winter in some parts of Bangladesh were the coldest in 38 years. The last time it was this cold, Bangladesh was called East Pakistan. Looked at another way, however, the mean temperature was only two degrees below the average for January.

Yet in a country so precariously balanced, two degrees meant the difference between life and death. In the districts of Rajshahi, Nilphamari, Srimangal and Gaibandha, people died of the cold because they had no protection against the weather, no walls between them and the elements — not a long sleeve or a sock. Only two degrees, but instead of enjoying their jilapis and weddings and cauliflower, 134 people died. A mere two-degree rise in the global climate will cause large tracts of the delta to disappear, and two degrees after that, the rivers will be wider than the plains, and two degrees after that, the water will have swallowed Bangladesh.

Two degrees either way for this country is not two degrees: it is catastrophe itself, borne on the waves of our warming world.

Memories Of A Colder Iceland (NYT)

By Kristin Steinsdottir

The New York Times, March 4, 2007

Reykjavik, Iceland

WOULD it be possible to go skiing over the weekend? This was her first thought when she pulled the curtains in the morning. Last weekend had been unusual. It shimmered like a beam of light in her memory and sent warmth into every nerve of her body. White ski slopes, sunshine, laughter and joyful shouting. Wasn't it a bit like being a child again?

Such a weekend wouldn't have been unusual at all 30 years ago, but in the vicinity of Reykjavik, the skiing areas had been shut down one by one during the previous winters, and the little snow that actually fell was always blown away. Now she looked at the snow in the trees, vaguely remembering crawling through an upper-story window a long time ago to watch her father dig his way down to the front door. Or was it perhaps only a lapse of memory? After all, she had been a little girl at that time and in memory everything becomes larger than life.

After a mild and rainy fall in 2006 no one in the city expected snow. The rain had poured from the sky and run down the streets, gathering into large puddles, reminding her of lakes. This past October she felt that the rain was more frequent and heavier than the years before. Some people missed the old windy rain, spoke of "foreign rain," said the rain wasn't behaving as it used to, and that they needed to get an umbrella. Using an umbrella in Iceland is actually just a joke since the wind usually blows from all directions, flips over the umbrella and destroys it. No one uses an umbrella in Iceland except foreigners.

The fall went by and it started getting colder, but it was on and off, as it often is in Iceland. There is an old saying that people never know what to put on when they leave the house. The sun may be shining when you go out, but you return in the rain or even a storm — and vice versa. It is said that this is due to the shifting weather conditions. But weren't the weather conditions shifting even more now? Wasn't there more of everything this winter?

She furrowed her brow, looked over the garden and tried to answer herself: blocked roads, snowstorms and sudden snowfall in the city after many winters with hardly any snow at all ... rainfall above average in the same city ... an unusual surging of rivers all over the country just before Christmas. These days she also felt more often as if the roof of her house might get blown off in passing storms. Rescue teams were constantly being sent out; air travel was interrupted more and more.

People wondered. Were these interruptions the result of stepped-up safety measures? Was the roof just getting older? But what about the temperatures? Although January was cold, the last 10 years in Reykjavik were the warmest on record, at least since records have been kept.

She looked at the glacier through the window. It appeared in full view across the bay in the morning sun and reminded her of an old pyramid. The glacier Snaefellsjokull is supposed to be one of the seven sources of spiritual energy in the world. Many tap into its energy. Once the glacier had an even snow cap on all sides. Now the cap was uneven and here and there rocks were visible through the ice.

The glacier is melting like others of its kind in Iceland. When looking at it she was reminded of another glacier, Vatnajokull, one of the largest in Europe. It would be gone within the next 200 years, it was said.

When she drew the curtains in the evening it had started to rain.

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THE ATTORNEY GENERAL'S *NEWS BRIEFING*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Calls For Return Of Hicks Come From Across Australia's Political Spectrum. The New York Times (3/3, A6, Bonner, 1.16M) reports, "The decision by the United States military to charge an Australian citizen, David Hicks, with one terrorism-related offense comes as Prime Minister John Howard is under mounting pressure, even from conservatives in his own party, to have Mr. Hicks charged, tried and brought home. Mr. Hicks is the first detainee from the American base at Guantánamo Bay, Cuba, to be charged under the Military Commissions Act of 2006. But the single charge, of providing 'material support for terrorism,' after Mr. Hicks has been held for five years in Guantánamo, has been met with skepticism, disbelief and some anger here, from conservatives and liberals alike."

4th Circuit Upholds Dismissal Of al-Masri Suit Against CIA. The Washington Post (3/3, B5, Markon) reports, "A federal appeals court yesterday upheld the dismissal of the case of a German citizen who says he was wrongfully imprisoned by the CIA." The Post continues, "Khaled al-Masri had sued former CIA director George J. Tenet and 10 unnamed CIA officials in U.S. District Court in Alexandria. Sources have said that Masri was held by the CIA for five months in Afghanistan because of mistaken identity." The Post adds, "U.S. District Judge T.S. Ellis III last year sided with the Justice Department, which invoked a state-secrets privilege to argue for dismissing the lawsuit. The U.S. Court of Appeals for the 4th Circuit upheld Ellis's decision."

El-Masri Seeks Apology From US Government. In an op-ed for the Los Angeles Times (3/3, 850K) Khaled El-Masri, identified as a "a German citizen born in Lebanon,"

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who "was a car salesman before he was detained in December 2003," writes, "On New Year's Eve in 2003, I was seized at the border of Serbia and Macedonia by Macedonian police who mistakenly believed that I was traveling on a false German passport. I was detained incommunicado for more than three weeks. Then I was handed over to the American Central Intelligence Agency and was stripped, severely beaten, shackled, dressed in a diaper, injected with drugs, chained to the floor of a plane and flown to Afghanistan, where I was imprisoned in a foul dungeon for more than four months. Long after the American government realized that I was an entirely innocent man, I was blindfolded, put back on a plane, flown to Europe and left on a hilltop in Albania — without any explanation or apology for the nightmare that I had endured. My story is well known. … Why, then, does the American government insist that my ordeal is a state secret?"

HOMELAND RESPONSE:

Bush To Visit Tornado-Ravaged Alabama Today. The AP (3/3) reports President Bush "heads to Alabama today to visit areas damaged by this week's vicious storms and deadly tornadoes. Among his stops will be the high school where eight students were killed Thursday when a twister demolished their school." The AP (3/2) reported earlier that on Friday, the President "offered condolences to victims" of the storms, saying he "he had spoken to Alabama Gov. Bob Riley on Thursday afternoon and Georgia Gov. Sonny Perdue on Friday morning." Regarding his trip today, Bush said, "I go down with a heavy heart. I go down knowing full well that I'll be seeing people whose lives were turned upside down by the tornadoes. I'll do my very best to comfort them."

Reporting on the tornadoes dominated the broadcast network newscasts Friday night. ABC World News (3/2, Gibson, 8.78M) devoted its first eight minutes to the storms. The CBS Evening News (3/2, Couric, 7.66M) gave the story just under five minutes, and mentioned that "President Bush plans to visit this area tomorrow." NBC Nightly News (3/2, Savidge, 9.87M) gave the storms about four and one-half minutes, also reporting that "President Bush will tour the heavily-damaged region tomorrow."

New Orleans Seeks $77 Billion In Damages From Army Corps Of Engineers. The New York Times (3/3, A12, Eaton, 1.16M) reports the City of New Orleans "filed a $77 billion damage claim against the federal government on Thursday, joining thousands of residents who have flocked to the Army Corps of Engineers seeking compensation for their losses after Hurricane Katrina in 2005. The corps, which built and helped maintain much of the levee system that failed, has not tallied the number of claims or the total amount of money sought. It received 30,500 forms by late last month, a spokeswoman for the agency, Kathy Gibbs, said. … The claims were in part prompted by a ruling last month by a federal judge that raised the possibility that suits against the corps could proceed. Normally, federal law does not allow suits for damages resulting from the failures of flood-control projects. But on Feb. 2, Judge Stanwood R. Duval Jr. of Federal District Court in New Orleans ruled that at least one flooding source, the Mississippi River Gulf Outlet, might be considered a navigation channel and not a flood-control project."

The Los Angeles Times (3/3, Simmons, 850K) reports New Orleans officials "did not specify the damages to be covered, but in a statement, City Atty. Penya Moses-Fields said the claim was 'prudent at this stage to file.' Entergy New Orleans, the city's electrical utility that went bankrupt after Katrina, is seeking $655 million in damages and losses, and New Orleans Sewerage and Water is trying to recoup about $460 million. The corps has argued that the 1928 Flood Control Act gives it immunity from lawsuits."

WAR NEWS:

Bodies Of 14 Iraqi Policemen Found Following Abduction. The AP (3/2) reports, "The bodies of 14 policemen were found Friday northeast of Baghdad after an al-Qaeda-affiliated Sunni group said it abducted members of a government security force in retaliation for the rape of a Sunni woman by members of the Shiite-dominated police. ... Earlier Friday, the Islamic State of Iraq said in a Web statement that it seized 18 Interior Ministry employees in Diyala in retaliation for 'the crimes carried out ... against the Sunnis.'" However, an Interior Ministry spokesman "cast doubt on whether the 14 slain policemen were the same men shown on the website photos" posted by the group. The Los Angeles Times (3/3, Zavis, 850K) reports that the men were kidnapped even though they "had taken pains to travel inconspicuously, wearing civilian clothes and riding in sedans. ... It was unclear whether the officers were

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among the 18 blindfolded men pictured earlier on a website by a group calling itself the Islamic State in Iraq."

Sunni Insurgents "Ascendant" In Iraqi Bloodshed. The Washington Post (3/3, A11, Raghavan, 690K) reports, "More than two weeks into a new Baghdad security plan, Sunni insurgents are asserting responsibility for an increasing number of violent attacks against U.S. and Iraqi security forces and civilian targets, while Shiite militias are lowering their profile. In recent months, al-Qaeda in Iraq and other Sunni groups have begun to use more sophisticated tactics, downing U.S. helicopters and staging large attacks that have claimed the lives of hundreds of Iraqi civilians."

First Post In Sadr City Established By US, Iraqi Forces. AFP (3/2) reports that US forces "will gain their first foothold in Baghdad's Sadr City this week, a fortified joint security station from which to patrol the stronghold of radical Shiite cleric Moqtada Sadr, a senior US military official said Friday." Talks are still under way "with the mayor of Sadr City…and the US military will begin building the security station this week in the populous Shiite district in east Baghdad, said Brigadier General Joseph Anderson."

Anbar Sheik Battles Insurgents. The New York Times (3/3, A8, Wong, 1.16M) reports on Abdul Sattar Buzaigh al-Rishawi, the "public face of the Sunni Arab tribes in lawless Anbar Province who have turned against the Sunni jihadists of Al Qaeda in Mesopotamia, many of whom belong to other, sometimes more militant Iraqi tribes. ... There is talk that the sheik has received large amounts of money from the Iraqi government or the Americans. His face has been shown in anti-insurgent commercials on the government-run Iraqiya television network." But he "complains that he does not get nearly enough financial or military support." Anbar residents "say the split in the Sunni insurgency is widening, with moderate tribal leaders and nationalist guerrillas pitted against fundamentalist warriors and rival tribes. That has led to a sharp increase in Sunni-on-Sunni violence across Anbar, especially in the past week, deepening the chaos of Iraq's civil war."

More Women Moving Into Combat Roles. The Dallas Morning News (3/3, Kovach, 500K) reports, "More women than ever are close to combat or have actual combat roles, and the government and military leaders continue to struggle with the question of where and how to set limits." This is the "first war in which female U.S. troops have been authorized to shoot back. And they have -- as helicopter gunners, military police, and even truck drivers forced to defend themselves on a battlefield with no clear frontlines." Their service has aroused conflict between those who consider them "vital" and those "who believe the armed forces have already pushed them too far. ... More than 70 women service members have died in Iraq since the start of the war."

The CBS Evening News (3/2, story 6, 2:50, Couric, 7.66M) reported, "Tonight, the sacrifices made by American servicemen and women. Two more American soldiers were killed by a roadside bomb outside Baghdad today. The US death toll in Iraq is now at least 3,166, and that includes 71 women."

US Military Doctors Saving Lives In Iraq. In a sympathetic report, NBC Nightly News (3/2, story 6, 3:15, Brown, 9.87M) profiled "the brave American medical teams that work so hard to save the lives of those wounded in Iraq." NBC (Bazell): "On the roof of the Baghdad combat hospital during a quiet evening, the medical team comes to unwind." Dr. Darrell Pugh: "We never saw anything like this when we were training in the United States. There have been a couple of times when I have had to step back and say, how am I going to deal with this?" Bazell: "We weren't allowed to photograph it, but every time an American service person killed in action is transported out of here on a helicopter, the entire hospital staff lines up to show its respect."

Khalilzad Lauds Oil Deal As Template For Reconciliation. In an op-ed in today's Washington Post (3/3, A15, 690K), US Ambassador to Iraq Zalmay Khalilzad says Iraq's oil agreement "points the way forward," will "enable oil wealth to "serve as a vehicle to unify Iraq," and "will give all Iraqis a shared stake in their country's future." He calls the deal "a significant achievement for Iraqis' national reconciliation" and "central to overcoming internal divisions in Iraq." The "effective and equitable management of these resources is critical to economic growth as well as to developing a greater sense of shared purpose among Iraqi communities." Khalilzad says the new law achieves its authors' goals and "is a great success," and concludes, "This is the first time since 2003 that all major Iraqi communities have come together on a defining piece of legislation. … The agreement on the oil law should give us confidence that Iraqis are willing and able to take the steps needed for Iraq's success."

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Senior Taliban Leader Arrested In Pakistan. The Washington Post (3/3, A11, Witte, Khan, 690K) reports, "The arrest of a senior Taliban leader in a Pakistani city long reputed to be a haven for the group kindled guarded hope among Western and Afghan security officials Friday that the government here plans to move more aggressively against insurgents taking refuge on its territory." It "marks the first time since the Sept. 11, 2001, attacks that authorities here have acknowledged apprehending or killing a senior Taliban commander on Pakistani soil." Obaidullah Akhund, "arrested hours after Vice President Cheney made a visit to Islamabad this week, is a former Taliban defense minister and is viewed in intelligence circles as one of the highest-ranking figures in the Islamic movement."

Roadside Bomb Injures Pakistani Judge. The New York Times (3/3, A7, 1.16M) reports in a three-sentence article, "A bomb rigged to a bicycle exploded near a car carrying a judge to his court in central Multan, seriously wounding him and killing his driver, a policeman and a third man. The judge, Mian Bashir Bhatti, often hears cases against suspected militants and terrorists."

NATO Still Short Of Troops In Afghanistan. The Washington Post/AP (3/3, Baldor) reports in a pessimistic article, "Signs of a new spring offensive by Taliban insurgents in Afghanistan have begun to emerge, but NATO commanders are still short more than 1,000 combat troops, despite repeated requests to allied nations, the top commander said Friday." US Gen. John Craddock said that his forces were "losing the counter-narcotics war, and more work and greater coordination is needed in the reconstruction effort." He added that NATO would never "prevail" as long as Pakistan failed to exercise "greater control of the border areas."

Scholar Says US Must Destabilize Iran To Defeat Terrorism. In an op-ed in today's Wall Street Journal (3/3, A9, 2.04M), the American Enterprise Institute's Michael Ledeen says it "is a good thing" that the Administration is "clearly paying much more attention to Iran than" it did previously. "To restrict our national debate to Iraq and Afghanistan alone is to accept the failure of strategic vision that has plagued us from the war's earliest days." He says it "isn't good enough" to "fight in one place at a time, secure that area, and then move on." Noting that America's "primary enemies are states, which provide the jihadis with much of the wherewithal for their operations," Ledeen calls Iran "by far the most important," with Syria and Saudi Arabia also supporting terrorism. Tehran remains "the keystone of the terrorist edifice," and "it doesn't require more boots on the ground or bombing raids. It requires a traditional American policy: support for democratic revolution against our tyrannical enemies." Ledeen concludes, "We are engaged in a global war, and while we have done well in many respects, we have thus far refused to recognize the real nature of the fight."

DOJ:

White House Approved Firings Of Seven US Attorneys. The Washington Post (3/3, Solomon, Eggen, 690K), in a front-page article titled, "White House Backed U.S. Attorney Firings, Officials Say, reports that the White House "approved the firings of seven U.S. attorneys late last year after senior Justice Department officials identified the prosecutors they believed were not doing enough to carry out President Bush's policies on immigration, firearms and other issues, White House and Justice Department officials said yesterday. The list of prosecutors was assembled last fall, based largely on complaints from members of Congress, law enforcement officials and career Justice Department lawyers, administration officials said." The Post notes that "one of the complaints came from Sen. Pete V. Domenici, who specifically raised concerns with the Justice Department last fall about the performance of then-U.S. Attorney David C. Iglesias of New Mexico. … Iglesias has alleged that two unnamed New Mexico lawmakers pressured him in October to speed up the indictments of Democrats before the elections." The Post adds that "officials acknowledged that the ousters were based primarily on the administration's unhappiness with the prosecutors' policy decisions and revealed the White House's role in the matter. 'At the end of the day, this was a decision to pick the prosecutors we felt would most effectively carry out the department's policies and priorities in the last two years,' said Justice Department spokesman Brian Roehrkasse. Officials portrayed the firings as part of a routine process, saying the White House did not play any role in identifying which U.S. attorneys should be removed or encourage the dismissals."

The AP (3/3) reports, "The former U.S. attorney for Nevada said he declined an invitation to testify voluntarily before a congressional panel investigating the removal of at

least eight federal prosecutors around the nation. … But Daniel Bogden, who has said he was not given a reason for his removal this week, said he would appear if compelled by subpoena to appear before the House Judiciary Committee's subcommittee on commercial and administrative law." The AP continues, "Bogden did not immediately respond Friday to requests for comment. The 51-year-old prosecutor is one of several federal prosecutors removed in recent weeks by the Justice Department. His last day was Wednesday. No successor has been named. … On Thursday, Bogden told reporters that he remained unsure why he was removed." The AP adds, "Bogden told the Las Vegas Review-Journal that Michael Battle, director of the executive office for U.S. attorneys, did not provide a reason when he asked Bogden on Dec. 7 to step down from the post he had held since 2001. … Bogden said other Justice Department officials told him that the decision was reached at the highest levels of the department. … 'I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office,' Bogden said. … He noted that Deputy Attorney General Paul McNulty on Feb. 6 told the Senate Judiciary Committee and the dismissals of federal prosecutors were performance-related."

The Albuquerque Tribune (3/3) reports, "A brief news conference called today by Rep. Heather Wilson on veterans affairs devolved into a grilling over questions about former U.S. Attorney David Iglesias." The Tribune continues, "Wilson, after meeting with officials of the Department of Veterans Affairs, spoke to about four or five reporters about treatment of veterans from Iraq and Afghanistan. … After a couple of questions on that issue, the reporters turned their questioning to Iglesias - specifically, whether Wilson called him in the weeks before the Nov. 7 election to inquire about a high-profile corruption case being investigated by his office. … 'I have said very little about that, and I won't make any additional comment at this time,' the Albuquerque Republican told reporters gathered at the Veterans Administration Hospital." The Tribune adds, "She referred to Iglesias' ouster as she has before, as a personnel issue within the Department of Justice. … When asked how an alleged phone call to a U.S. attorney could be construed as a personnel matter, she replied that she 'did not have any additional comment at this time.' … Wilson offered the same response to a number of other questions on the same topic. … She would not comment on a report published Thursday identifying her and Sen. Pete Domenici as having called Iglesias in October."

Gonzales Dismisses Emanuel's Outside Counsel Suggestion. In his syndicated column, Robert Novak (3/3) writes that Gonzales "has indicated he is too busy to answer letters from Democratic congressional leaders about" the firings "though a lower-level Justice Department official rejected their proposals." Rep. Rahm Emanuel "had written Gonzales two letters suggesting that he name Carol Lam, fired as U.S. attorney in San Diego, as an outside counsel to continue her pursuit of the Duke Cunningham case. … Richard A. Hertling, the acting Justice Department lobbyist, responded Wednesday, 22 days after Emanuel's letter. He contended 'the Justice Department would not ever seek the resignation of a U.S. attorney if doing so would jeopardize a public corruption case' and rejected naming Lam as a special prosecutor."

WPost Plays Down Controversy. The Washington Post (3/3, A14, 690K), in an editorial, writes, "The Justice Department's firing of a group of U.S. attorneys is neither as sinister as critics suggest nor as benign as the department would have you believe, at least on the basis of the evidence revealed so far. But it is, both sides agree, highly unusual and warrants further inquiry. … Pending further investigation, the episode seems to reflect an unusual reaction to the normal tension between Justice headquarters and the would-be autonomous U.S. attorneys, in this case involving disagreements over how much to focus on immigration cases or when to seek the death penalty. Prosecutorial independence is important, but the president is entitled to have prosecutors who reflect his law-enforcement priorities and to replace those who balk at complying."

NYTimes Calls For Appointment Of "Impartial Investigator." The New York Times (3/3, A14, 1.16M), in an editorial, suggests Attorney General Alberto Gonzales "should appoint an impartial investigator to get to the bottom of this unfolding scandal." According to the Times, the Bush administration "trampled on prosecutorial independence."

Gonzales Touts Anti-Terror Efforts In California. The Sacramento Bee (3/3, Korber) reports, "For U.S. Attorney General Alberto Gonzales, every day is Sept. 12. … 'My No. 1 priority is protecting our nation and our citizens from another attack,' Gonzales said in a talk Friday at McGeorge School of Law in Oak Park. 'That is what drives me.'" The Bee continues, "While dozens of raucous

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protesters demonstrated outside, the nation's top cop spoke to a quieter audience of dignitaries and students who attended the invitation-only lecture at the school. … Gonzales' half-hour talk, read rapidly from notes, was a passionate defense of the Bush administration's anti-terrorism strategy on several fronts: domestic surveillance, the detention of foreign terror suspects at Guantánamo Bay, and the importance of the USA Patriot Act." The Bee adds, "Gonzales, who was sworn in as attorney general two years ago, previously served as President Bush's White House counsel. He recalled being with the president on Sept. 11, 2001. … 'I carry the memory and pain of that day -- the brutal murder of fathers and mothers, sons and daughters,' he said. 'Our enemies are smart. They are adaptable. And they are very, very patient. We must anticipate what our enemy is going to do next.' … To that end, he said, the administration must have new tools and rethink some old rules. He quoted a British report that described parts of the Geneva Convention as out of date, and he spoke of clarifying and modernizing those international standards of wartime behavior. … 'This is a new threat that requires a new way of thinking,' he said." The Bee notes, "At the end of his talk, Gonzales was asked how he thought history would judge him. … 'I will let history write that story,' he said. 'I can't worry about my legacy. I can't spend the next two years fighting defensive battles. I have an obligation to take the majestic powers of the Department of Justice and do good for the American people.' … Protesters outside the lecture hall -- primarily law students and some of their professors -- accused Gonzales of ignoring the Constitution in his pursuit of terrorism. They raised issues that have dogged Gonzales since his nomination, including his approval of an administration memo that condoned harsh treatment of suspected terrorists."

CBS 13 Sacramento (3/3) reports, "Protestors made a run for it over to McGeorge School of Law today to speak their mind on the war on terror. The target of their anger-- U.S. Attorney General, Alberto Gonzales who was invited to speak at McGeorge." CBS continues, "With a glance and a wave, It didn't take long for the attorney general to figure out he wasn't exactly being welcomed by some in a group of McGeorge students. … These protestors --many of them law students from McGeorge cut to the chase as they told us, in dramatic fashion, why they were here. CBS adds, "Rights being violated, this group would argue, by the U.S. Attorney General's office: … As they carried signs targeting the man who hired Gonzales-- President Bush. … Protestors ripped the administration and the Attorney General on how they handle so called enemy combatants; the guys at Guantanamo. But that was not all. … The tactics for handling the media's coverage of the attorney general's speech was a bit puzzling today. At first, CBS13 was told we'd be allowed in. Then, they shut all media out."

KNBC-TV in Los Angeles (3/2, 5:05 pm PT) broadcast, "US Attorney General Gonzalez in Los Angeles today touring one of the city's most successful gang prevention and intervention centers. Gonzalez and LA Mayor Villaraigosa toured Homeboy Industries. It's a silk screening business that gives jobs to at-risk youth and former gang members."

CORPORATE SCANDALS:

DOJ Probing New Century Financial's Stock Sales, Accounting. The New York Times (3/3, Bajaj, Creswell) reports, "Federal prosecutors and securities regulators are investigating stock sales and accounting errors at the New Century Financial Corporation, the biggest mortgage company that specializes in lending to people with weak, or subprime, credit, the company disclosed in a corporate filing yesterday. … The company also warned that a delay in filing its financials may put vital financing into jeopardy." The Times continues, "The troubles at New Century are the latest sign of the deterioration in subprime lending — until recently the fastest-growing segment of the mortgage business. The market has been struggling to contain the fallout from rising default rates and weakening home prices. Late last year, some smaller lenders started going out of business and last month several bigger companies, including New Century, started reporting problems. … Another large lender, the Fremont General Corporation, said yesterday that it planned to sell its subprime mortgage business after reaching an agreement with the Federal Deposit Insurance Corporation to restrict its activities in that area. As part of the agreement, Fremont will be able to continue taking deposits." The Times adds, "The investigations into New Century, which is based in Irvine, Calif., and wrote $33.9 billion in mortgages last year, started after the company said on Feb. 7 that it would restate earnings for three quarters, which sparked a huge sell-off in its shares. Yesterday, it said its problems had prevented it from filing its annual report, which was to be released Thursday. The board is conducting an investigation of the accounting problems. … The company's shares have fallen

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more than 53 percent since the start of the year — before the most recent announcement, which came after the stock market closed. Its shares were down $3.73, or 25 percent, to $10.92, in after-hours trading. … On Feb. 22, the company said the regulatory arm of the New York Stock Exchange contacted it about sales in the company's securities before that announcement. On Wednesday, it received notice from the United States attorney's office in Los Angeles that it was conducting a criminal investigation. Federal prosecutors are looking into trading in New Century securities and errors in how the company accounted for home loans that it was forced to buy back from Wall Street firms that buy its loans and package them into bonds. Also, the Securities and Exchange Commission has requested a meeting with its executives."

Ethics Complaint Limits Attorney's Role In Enron Case. The Houston Chronicle (3/3, Hays) reports, "One of the lawyers who represents Enron shareholders in a $40 billion lawsuit bound for trial next month in Houston has informed the judge he is facing an ethics complaint from the Washington, D.C., Bar Counsel." The Chronicle continues, "The lawyer, G. Paul Howes, told U.S. District Judge Melinda Harmon in a letter Friday that he will address the matter at a hearing before a committee of the District of Columbia Board of Professional Responsibility on April 11, the week before jury selection is scheduled to begin in the Enron case. … He also said that because of the complaint, he will have a nonspeaking role in the Enron trial and will help the lead trial lawyer, Patrick Coughlin." The Chronicle adds, "The allegations include that in 1993-94, during Howes' 11 years as a federal prosecutor in Washington before he went into private practice in 1995, he made improper voucher payments to witnesses when prosecuting two murder cases. … The Justice Department investigated the allegations and did not file criminal charges against Howes. But the agency said in a 1998 report that he had improperly distributed witness vouchers. The Justice Department forwarded its findings to the D.C. Bar Counsel, which filed the complaint last month. … Howes said in the letter that he has 'always accepted responsibility for my conduct and that of the police officers who worked with me' on extensive investigations that began in 1988. He declined comment beyond the letter."

CRIMINAL LAW:

Libby Jury Seek Clarification On "Reasonable Doubt" Standard. The Washington Post (3/3, A4, Goldstein, Leonnig, 690K) reports, "Jurors in the perjury trial of I. Lewis 'Scooter' Libby asked the presiding judge for help yesterday defining a core issue in their deliberations: how to set a standard for determining whether the vice president's former chief of staff is guilty beyond a 'reasonable doubt.' At the end of its eighth day of deliberations, the foreman of the 11-member jury sent U.S. District Judge Reggie B. Walton a two-sentence note. 'We would like clarification of the term 'reasonable doubt," the note said. 'Specifically, is it necessary for the government to present evidence that it is not humanly possible for someone not to recall an event in order to find guilt beyond a reasonable doubt?' … According to jury and evidence experts, the question…signifies that at least one juror is concerned how strictly to define reasonable doubt."

The New York Times (3/3, A11, Lewis, 1.16M) reports, "The question suggested that at least some of the jurors are wrestling with the imprecise and often vexing definition of reasonable doubt, as well as how to decide whether a false statement should be attributed to faulty memory or willful deception, the issue at the center of the case."

Louisiana Leads Nation In Katrina Fraud Cases. The New Orleans Times-Picayune (3/3, Alpert) reports, "In her application for federal emergency help, Tina Marie Gilmore told officials how she watched hopelessly as her two daughters, ages 5 and 6, were swept through the rushing floodwaters after Hurricane Katrina and was so distraught several months later that she couldn't function -- couldn't drive a car or even be in the same room with children. … But after mailing her a check for $4,358, the Federal Emergency Management Agency learned that not only did the 34-year-old woman not live in New Orleans when Hurricane Katrina devastated the city, but she also didn't have any children. Even her last name was a fake. The government said it wasn't Gilmore, but Winston. … Last month, U.S. District Judge William Stiehl sentenced the Belleville, Ill., woman to four years in jail. 'She took advantage of the taxpayers of this country under very tragic circumstances,' Stiehl said." The Times-Picayune adds, "Winston is one of about 600 people in 19 states and the District of Columbia

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who have been indicted for making fraudulent hurricane claims. Louisiana has the most cases, 140, followed by Mississippi, with 105, and California, 71. … One of the most prevalent schemes, according to the government, involved false claims for emergency $2,000 allocations from FEMA, money intended to pay emergency living expenses after Katrina forced hundreds of thousands of people from their homes. … But some of the scams were far more audacious. … U.S. Attorney Jim Letten said he isn't surprised that the Eastern District of Louisiana, which covers metropolitan New Orleans, is on the low end of fraud cases given that the devastation of the storm meant most of the area's residents suffered at least some damage during Katrina. … According to the Justice Department, the Eastern District had 18 cases, although Letten believes the actual number is in the 30s. Still, that's fewer cases than reported for the Eastern District of California, the Northern District of Alabama and middle district of Louisiana, which includes Baton Rouge."

Former DOD Official Pleads Guilty To Embezzlement. The Washington Times (3/3, Seper) reports, "A former Defense Department official yesterday pleaded guilty in federal court to charges of embezzling more than $100,000 in funds destined for use by government intelligence agents, Assistant Attorney General Alice S. Fisher said." The Times continues, "John Taylor, who worked at the department as an intelligence contingency-funds officer, admitted in U.S. District Court for the District of Columbia that he stole the money while assigned to the 500th Military Intelligence Brigade as part of the U.S. Army Intelligence and Security Command at Camp Zama, Japan." The Times adds, "In his Defense Department role, Mrs. Fisher said, Taylor was responsible for budgeting, disbursing and accounting for intelligence contingency funds for the official duties of government intelligence agents. She said he also was required to manage classified bank accounts and supervise agents engaged in classified intelligence-gathering activity. … As part of a plea agreement in the case, she said, Taylor admitted that from 2003 through January 2006, he used his official position to steal at least $106,000 in department funds designated for intelligence-related activities. … She said Taylor embezzled the money by withdrawing cash from a government bank account whose funds were intended for intelligence agents. To conceal his acts, she said, Taylor falsified Defense Department accounting vouchers and forms."

DOJ Meets With Internet Providers About Monitoring Users. CNET News.com (3/3, McCullagh) reports, "The Bush administration has accelerated its Internet surveillance push by proposing that Web sites must keep records of who uploads photographs or videos in case police determine the content is illegal and choose to investigate, CNET News.com has learned." CNET continues, "That proposal surfaced Wednesday in a private meeting during which U.S. Department of Justice officials, including Assistant Attorney General Rachel Brand, tried to convince industry representatives such as AOL and Comcast that data retention would be valuable in investigating terrorism, child pornography and other crimes. The discussions were described to News.com by several people who attended the meeting." CNET adds, "A second purpose of the meeting in Washington, D.C., according to the sources, was to ask Internet service providers how much it would cost to record details on their subscribers for two years. At the very least, the companies would be required to keep logs for police of which customer is assigned a specific Internet address. … Only universities and libraries would be excluded, one participant said. 'There's a PR concern with including the libraries, so we're not going to include them,' the participant quoted the Justice Department as saying. 'We know we're going to get a pushback, so we're not going to do that.'" CNET notes, "Attorney General Alberto Gonzales has been lobbying Congress for mandatory data retention, calling it a "national problem that requires federal legislation." Gonzales has convened earlier private meetings to pressure industry representatives. And last month, Republicans introduced a mandatory data retention bill in the U.S. House of Representatives that would let the attorney general dictate what must be stored and for how long. …. Supporters of the data retention proposal say it's necessary to help track criminals if police don't immediately discover illegal activity, such as child abuse. Industry representatives respond by saying major Internet providers have a strong track record of responding to subpoenas from law enforcement. … Wednesday's meeting represents the latest effort by the Bush administration to increase the ability of law enforcement and intelligence agencies to monitor Internet users. Since 2001, the administration has repeatedly pushed for more surveillance capabilities in the form of the Patriot Act and a follow-up proposal that--if it had been enacted--would have given the FBI online eavesdropping powers without a court order for up to 48 hours.""

Minnesota US Attorney Cracking Down On Child Porn. The Minneapolis Star Tribune (3/3, Browning) reports, "Bruce Betcher says he began searching the Web for sexually explicit photos of children in 2003, a predilection that led him to photograph two relatives -- both under 12 -- and three of their best friends in lascivious poses. … When he appears in federal court in Minneapolis on Tuesday, Betcher, a 53-year-old Burnsville property appraiser, could be sentenced to up to life in prison -- a longer term than if he had been convicted of first- or second-degree murder." The Tribune continues, "Extraordinary prison sentences for first-time offenders and a willingness of prosecutors to throw the book at them are evidence of an expanding crackdown by the federal government on anyone caught producing, possessing or distributing child pornography. Mandatory minimum sentences have been lengthened twice in the past three years, and a year ago the Department of Justice launched Project Safe Childhood, a no-holds-barred enforcement initiative that has made prosecution of child porn a top priority." The Tribune adds, "Rachel Paulose, the new U.S. attorney for Minnesota, helped draft that initiative and promised vigorous enforcement of existing laws. … A review of Minnesota cases brought by the government in the past year shows that it isn't prosecuting people who accidentally tripped across a photo or two. The cases thus far range from an international Internet consultant snared at the airport with child sex photos on his laptop to the father of three young girls who recorded himself raping and sodomizing them. … One man prosecuted in Minneapolis recently had more than 350,000 images of pornography, some of which included sexual penetration of toddlers. In another case, a Richfield man who worked as a pharmacy assistant sent child porn to an undercover agent and said he could drug young girls so they wouldn't remember being assaulted and photographed. … Though many of the cases were already underway when Paulose took office in February 2006, she's promising to bring more. Several recent search warrants indicate that she means it. … 'You will, over time, see an increase,' Paulose said." The Tribune notes, "Betcher's lawyer, Thomas Shiah, and other defense attorneys worry the federal sentencing guidelines are too harsh, particularly for first-time offenders like Betcher. … But in Betcher's case, Assistant U.S. Attorney Erica MacDonald urged the judge to follow the sentencing recommendation of life in prison. 'The lives of five little girls and their families were irreparably damaged by this man and his deviant behavior,' she said in a memo filed Friday. … Paulose, too, is unsympathetic to any pleas for mercy. … 'To be blunt, no sentence would ever be long enough for a person who takes the innocence of a child,' she said."

Director Spielberg Contacts FBI About Stolen Painting In His Collection. The Los Angeles Times (3/3, Krikorian, Khalil) reports, "A Norman Rockwell painting stolen from a Missouri gallery 34 years ago was recovered and authenticated Friday in the collection of movie mogul Steven Spielberg." The Times continues, "Spielberg's spokesman, Marvin Levy, said the director's staff contacted the FBI several weeks ago after seeing a bulletin from the agency's Art Crime Team seeking clues about the theft of the 'Russian Schoolroom' oil painting. … 'The second anybody said, "I think we have that painting," [our] office got a hold of the FBI,' Levy said." The Times adds, "Special Agent Chris Calarco of the FBI's Art Crime Team and Jessica Todd Smith, curator of American art for the Huntington Library, inspected the painting Friday afternoon at Spielberg's offices on the Universal Studios lot. The filmmaker was not present. … Calarco declined to speculate on the painting's value, but two sources close to the investigation said it is worth between $700,000 and $1 million. … The painting, depicting schoolchildren in a classroom looking at a bust of Soviet leader Vladimir Lenin, was stolen during an exhibit at a small art gallery in Clayton, Mo., in June 1973. … According to the FBI, its whereabouts were unknown until 1988, when it was sold at an auction in New Orleans for about $70,000."

O'Malley Considering Compromise On Death Penalty Repeal. The Washington Post (3/3, B2, Wagner, 690K) reports Maryland Gov. Martin O'Malley, "who testified last month in favor of repealing Maryland's death penalty, has started exploring a compromise with lawmakers that would limit the possibility of execution to just a few types of offenders, such as inmates who kill prison guards. Aides to O'Malley (D) say that such a deal might be the best hope for passing legislation that would tighten the scope of the state's death penalty. But that could put the governor at odds with advocates of a repeal, who say that the strategy could backfire and result in a bill that differs little from current law."

LATimes Says Police Are Curtailing High-Speed Chases. The Los Angeles Times (3/3, 850K)

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editorializes that "if you worry...about the dangers of high-speed police chases, don't expect the U.S. Supreme Court to impose new limits on the practice. This week, several justices reacted skeptically to the claim of a Georgia man that he should be allowed to sue a deputy sheriff because he was paralyzed after a police car rammed his vehicle. Fortunately, in Los Angeles and elsewhere, police forces are acting on their own to limit the dangers such chases pose to police, suspects and the public."

CIVIL RIGHTS:

DOJ Drops Involvement In Virginia Church Zoning Dispute. The Roanoke Times (3/3, Ribeiro) reports, "The Justice Department has dropped an inquiry into whether Bedford County violated a church's rights by limiting their ability to worship in a Moneta barn." The Times continues, "The Rev. Ray Bell of the Cowboy Church of Virginia made the announcement at a news conference Thursday. In a phone interview, he said he's 'puzzled, but not upset' about the agency's decision. … Controversy surrounded the Cowboy Church for months. Services temporarily ceased at the Moneta barn last spring when Bedford County cited violations to a zoning and safety ordinance." The Times adds, "Services resumed last summer after advocates flooded county officials with phone calls. The Constitution guarantees people the right to worship and assemble, supporters have argued -- and that includes followers of the cowboy culture who hold their weekday services on a farm. … A Feb. 16 letter to Bell from the Justice Department states: 'We carefully reviewed the information that you have provided and determined that no further action by the Department is warranted.' … Bell had provided information on the issue to the Justice Department, but only after the agency asked for it, he said. He did not personally request an investigation, Bell said."

The Richmond Times-Dispatch (3/3, Faulconer) reports, "Six months ago, the department began investigating whether the Religious Land Use and Institutionalized Persons Act was violated. Bell has opposed the county's requirement that a special-use permit be obtained to hold religious services, claiming it violates the separation of church and state."

Seale Attorneys Argue Judge Has Conflict Of Interest. The Jackson Clarion-Ledger (3/3, Mitchell) reports, "U.S. District Judge Henry Wingate and U.S. Magistrate Judge Linda Anderson should step down from the case involving the 1964 slayings of two black teenagers, the attorney for reputed Klansman James Seale said Friday." The Clarion-Ledger continues, "Wingate and Anderson happen to be the only African-American judges in the Southern District of Mississippi, but Federal Public Defender Dennis Joiner made no mention of that fact. Instead, he argued the judges have a prior association with the U.S. attorney's office and the case had been assigned to another judge and magistrate judge initially. … In January, Seale pleaded innocent to the federal kidnapping and conspiracy charges in connection with the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, reportedly by Klansmen. The teenagers were hitchhiking in Meadville when they were grabbed and beaten before being drowned in the Mississippi River, according to FBI reports." The Clarion-Ledger adds, "Seale, now 71, faces an April 2 trial. If convicted, he could receive life in prison. … Joiner accused U.S. Attorney Dunn Lampton of manipulating the system to have these judges hear the case. … 'The U.S. Attorney has had the sole ability to select which specific district court judge he wants to sit on any criminal case in the Jackson Division,' Joiner wrote. 'He does this by asking the grand jury to return an indictment during a month assigned to a particular judge.' … Joiner pointed out Wingate and Anderson both have served at the U.S. attorney's office - Anderson during the time the case was reinvestigated. Wingate was appointed to the bench in 1985. … It will be up to Wingate to rule on the matter."

Rights Group Pleased With Georgia Cold-Case Probe. The Savannah Morning News (3/3) reports, "A civil rights group that has pushed for years to reopen state and federal investigations into the decades-old lynching at Moore's Ford Bridge near Monroe said Friday they are pleased that the U.S. Department of Justice has decided to take another look at the case. … 'You just feel like the rule of law is going to prevail,' said state Rep. Tyrone Brooks, D-Atlanta, who is president of the Georgia Association of Black Elected Officials." The News continues, "The group has pushed since at least 1998 for new investigations into killings of two black couples - Mae and George Dorsey along with Dorothy and Roger Malcom - in the summer of 1946. … Brooks said his group has been aware for more than a year that the FBI was probing the Moore's Ford case again but kept the information quiet to avoid interfering with the probe.

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… But during a press conference Tuesday, U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller announced that the Justice Department was reopening the investigations of some Civil Rights Era killings, including the Moore's Ford case. The Georgia Bureau of Investigation reopened its investigation several years ago on the orders of then-Gov. Roy Barnes." The News notes, "Brooks said local activists have kept up with at least five living suspects who were identified in the original FBI report following the 1946 killings. Brooks' group and local organizations also have been talking to witnesses. … 'We're going to be making an appeal to the suspects to turn themselves in and avoid a long ordeal,' Brooks said."

Judge Halts New York Election. The New York Times (3/3, Whitaker) reports from White Plains, NY, "A federal judge on Friday stopped March elections for two seats on the Port Chester Board of Trustees, finding there was sufficient evidence to make the case that the village's at-large system for voting discriminates against Hispanic residents." The Times continues, "In a 32-page ruling read from the bench, Judge Stephen C. Robinson of Federal District Court found merit in virtually every argument made by Justice Department lawyers seeking an injunction to stop the March 20 elections. The village, however, may still hold a mayoral election scheduled for the same day, the judge ruled. … 'I think what we heard in court says everything,' said Cesar Ruiz, a Hispanic man who filed a complaint with the Justice Department after an unsuccessful bid for village trustee in 2001. 'I'm very pleased.'" The Times notes, "The village trustees scheduled an executive session for Saturday morning to discuss the case and decide whether to continue its fight against breaking the village into six voting districts, one of which would be predominantly Hispanic, to replace its at-large system. …. Anthony G. Piscionere, who is representing the village in the case, said he believed that the village still had a chance of winning, particularly if the case went to appeal. A trial date has been set for April 16 through April 20. … The lawsuit, filed by the Justice Department in December, charges that the at-large system — meaning that all residents of the village vote for all candidates on the ballot — is unfairly weighted against Hispanic residents, a violation of the Voting Rights Act of 1965. According to the lawsuit, the system allows for white bloc voting, which inhibits Hispanic voters' ability to elect their preferred candidate."

The New York Journal News (3/3, Sadler) reports, "In an oral decision, U.S. District Judge Stephen Robinson cited evidence of racial polarization in Port Chester's at-large election system. He said that if the case goes to trial, the U. S. Justice Department was likely to succeed in its claim that the current election system dilutes the Hispanic vote in violation of the federal Voting Rights Act. … 'It is clear to this court that Hispanic voters in Port Chester prefer different candidates, and that non-Hispanic voters generally vote as a bloc to defeat the Hispanic-preferred candidate,' Robinson said, capping a two-week hearing on whether the current election system discriminates against Hispanics. It is the first time a judge has stopped an election in Westchester County." The News adds, "Village officials expressed disappointment, but most declined to comment on whether they wanted to continue to fight the lawsuit. The board will meet with its lawyers today to discuss the next steps. It may choose to settle with the Justice Department and adopt voting districts or go to trial. The village also can appeal the injunction to the 2nd U.S. Circuit Court of Appeals. … It has already spent some $472,000 on lawyer fees and other legal expenses, draining what was a $2.5 million fund balance and raising some questions about whether to proceed. … U.S. Attorney Michael Garcia said in a statement: 'In bringing this suit, the Justice Department sought to vindicate the voting rights of minority citizens in the village of Port Chester. I am pleased that Judge Robinson ... found that the United States is likely to succeed on the merits of its claim that the village of Port Chester's system for electing its Board of Trustees violates Section 2 of the Voting Rights Act.'"

Cochran Law Firm Accused Of Racial Bias. The Los Angeles Times (3/3, Garrison) reports, "For decades, the law firm founded by the late Johnnie L. Cochran Jr. has been renowned as a black-run institution fighting for civil rights and against police abuse — not to mention getting O.J. Simpson acquitted of murder charges. … But now, in a development that has dismayed some in Los Angeles' African American community, attorney Shawn Chapman Holley has sued the firm, claiming, among other things, that its leaders discriminated against her because she is black." The Times continues, "Holley said that after Cochran's death in 2005, leadership of the firm was turned over to white men who began to discriminate against black lawyers and black clients. … Neither she nor her attorneys would comment on the suit, although she released a statement through her

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lawyer: … 'In deference to the memory of Johnnie Cochran and in deference to his family, I do not intend to engage in a public airing of our disagreements. The lawsuit speaks for itself, and this matter will be litigated in the courts.'" The Times adds, "Randy H. McMurray, a partner in the firm, denied Holley's charges. … 'We probably have the most diverse law firm in California. I don't know what race we would be discriminating against,' he said, noting that he and another partner in the L.A. office, Brian Dunn, are black. … News of the suit raised eyebrows among some members of the city's black establishment. … 'Racial discrimination at the Cochran firm?' asked public affairs consultant Kerman Maddox. 'When you think Johnnie Cochran, you think best and brightest in the black community. … I'm shocked. If true, that would be a devastating blow to the legacy of Johnnie Cochran.' … Cochran, the great-grandson of slaves, founded his firm in 1965. He was best known nationally for his successful defense of Simpson against charges that he murdered his ex-wife, Nicole Brown Simpson, and her friend Ronald Lyle Goldman. … But for decades before those 1994 killings, Cochran was well-known in Los Angeles for a string of cases in which he won historic financial settlements and helped bring about lasting changes in police procedure."

ANTITRUST:

SEC Probing TXU Trading Ahead Of Deal.

The Wall Street Journal (3/3, A3, Berman) reports, "On Feb. 23, rumors began circulating in Washington that Texas utility giant TXU Corp. was close to striking an agreement with environmentalists opposing the company's plans to build new power plants. The company's shares surged 4% that day, as did trading in its options. … There was a deal, in fact. It was to sell the entire company. And, according to a Securities and Exchange Commission complaint filed late Friday, someone apparently already had begun trading illegally on the information." The Journal continues, "The SEC issued a temporary restraining order on certain unknown accounts Friday, for trading in call options that first began on Feb. 21, two days before word leaked that the utility was to be sold to private-equity firms. These unknown traders -- the SEC plans to identify them in further litigation -- scored $5.4 million in profits, the agency alleges. … Such activity has been at the center of suspicious market moves around a number of recent mergers and acquisitions. The total dollar value of these moves, however, far exceeds the figures involved in this case, which was brought in a U.S. District Court for Northern Illinois." The Journal adds, "In the days leading up to the deal, TXU's buyers were in discussions with a number of outside parties. Their hope was to convince both environmental groups and Texas lawmakers about the merits of its offer. … Such discussions are usually governed by strict confidentiality agreements, which is supposed to guarantee negotiations go on in secret. These agreements are supposed to protect sellers from leaks that might affect its stock price."

The Financial Times (3/3, Grant, Kirchgaessner) reports, "US federal regulators on Friday secured a court order freezing more than $5m in assets belonging to unknown traders who bought TXU call options a few days before the $45bn sale of the US utility to private equity groups." The Times continues, "The Securities and Exchange Commission said the buyers of the options 'engaged in illegal insider trading'. The SEC said the "highly profitable and suspicious purchases" were made through overseas accounts late last month ahead of the deal announced on February 26. … In a sign of the global scope of the case, the SEC was helped by the UK's Financial Services Authority and Swiss counterparts. It comes in the same week that current and former employees of three top Wall Street banks were charged by federal prosecutors with insider trading." The Times notes, "Regulators uncovered the use of overseas accounts to trade options at the Chicago Board Options Exchange in advance of the announcement of TXU's purchase by Kohlberg Kravis Roberts, Texas Pacific Group and Goldman Sachs. … The SEC said unknown traders made purchases of call-option contracts three times last week through accounts at Credit Suisse in Zurich, broker Fimat in Frankfurt and UBS in London."

The New York Times (3/3, Dash) reports, "Federal investigators hope to track down the traders by untangling a web of transactions that passed through offshore accounts of several large banks and brokerage firms. … In papers filed yesterday in Federal District Court in Chicago, the S.E.C. froze more than $5.3 million that may be held in the domestic accounts of UBS Securities, Credit Suisse and Fimat Banque Frankfurt. It hopes to recover any gains linked to insider trading. Without the identities of any suspects, the commission said that it would need help from its counterparts overseas." The Times notes, "Yesterday's action comes as securities regulators have been signaling their intent to crack down on insider trading. On Thursday, the S.E.C. and the Justice Department accused more than a dozen people and

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hedge funds of making more than $15 million from an insider trading ring. … It is unclear whether the Justice Department is pursuing its own insider trading case related to TXU. A spokeswoman for the United States attorney's office in Dallas, Kathy Colvin, declined to comment about whether it is investigating. … But federal securities regulators said they were trying to track down the traders who placed big bets before reports of the TXU deal. Activity in the options market surrounding the stock was unusually high days before the takeover; TXU's shares jumped more than 13 percent the day the deal was announced."

Green Groups Feud Over TXU Buyout Terms. The Wall Street Journal (3/3, A1, Smith, Carlton) reports, "Just days after two of the nation's leading environmental groups blessed an investor plan to buy TXU Corp. and take the controversial Texas utility in a new and 'greener' direction, a battle has broken out in the environmental community over the terms of the deal." The Journal continues, "The Natural Resources Defense Council and Environmental Defense claimed victory Monday when a holding company formed by Kohlberg Kravis Roberts & Co., Texas Pacific Group and other investors announced the biggest buyout in history, a plan to take over TXU for $32 billion plus the assumption of around $12 billion in debt. The environmental groups, two of the most powerful and best-funded in the U.S., said they had extracted a pledge from the investors to cancel a slew of coal-fired power plants, cut emissions and back federal global-warming legislation. … But now, opponents of the deal, in a blizzard of emails and Internet posts, have put the two organizations on the defensive by accusing them of settling for too little. The critics, who encompass a broad range of smaller environmental groups and individuals, say TXU should have been forced to give up all, not just some, of its future plans involving coal-fired power plants. The plants release substantial amounts of carbon dioxide, a heat-trapping gas blamed in part for climate change." The Journal adds, "Even worse, some believe that the environmental interests were snookered. Since the buyout was announced, it has become apparent that some of the concessions involve projects that TXU was already planning to shelve for a variety of reasons. And TXU has fueled the skepticism further in recent days by outlining new loopholes in the pledge. … NRDC and Environmental Defense 'should be hung for what they've done,' fumed Tim Hermach, executive director of the Native Forest Council, a group in Eugene, Ore., whose main mission is protecting public forests from commercial logging and other industrial practices."

EMI Board Dismisses Warner $4.1 Billion Offer. The New York Times (3/3, Leeds) reports, "The EMI Group of Britain, which releases music by the Beatles and Bob Seger, rejected a $4.1 billion takeover proposal yesterday from the Warner Music Group, signaling the latest turn in a long merger dance." The Times continues, "EMI said its board decided against Warner Music's cash offer, which was subject to "numerous assumptions and conditions," because it was not in the best interests of shareholders and placed too low a value on the company. … EMI, which has issued two profit warnings this year and is undertaking a broad restructuring, also said the offer carried regulatory uncertainty and 'unacceptable operational risk at a critical time' for the company, which has been grappling with weak CD sales and sluggish industrywide sales of digital music. … EMI also said the bid of 260 pence a share, or $5.07, represented an 'inadequate' offer considering the risks and the potential cost savings of a merger. The offer reflects a 17 percent premium over EMI's share price at the time it last announced it had been approached by Warner Music."

The Financial Times (3/3, Terazono, Van Duyn) reports, "The latest twist in the protracted merger talks comes as the European Commission this week launched an in-depth investigation into the merger of Sony and Bertelsmann's recorded music businesses." The Times adds, "Warner submitted its proposals on Thursday evening. EMI's board met on Friday and quickly moved to reject the offer. It said Warner's proposals – which would depend on regulatory clearance – were 'subject to numerous assumptions and conditions', adding that 260p a share was inadequate. … EMI and Warner have been trying to create a combined group since 2000. After several failed attempts, talks revived last year, but were in effect put on ice when a European court ruled that the European Commission had made 'manifest errors' in approving the Sony-BMG deal in 2004, and ordered a new probe on competition grounds. A final decision is expected by July 2."

Bloomberg (3/3, Smith, Jeffrey) reports, "The rejection extends the maneuvering between two companies struggling with declining music sales and piracy. EMI and Warner abandoned $4.6 billion offers for each other in July on concern a combination would be blocked by European Union regulators." Bloomberg continues, "The combined company

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would have a quarter of the global market, moving ahead of Sony BMG Music Entertainment to rank second worldwide behind Vivendi SA's Universal Music Group. … EMI's rejection follows yesterday's decision by European Union regulators to begin a new investigation of the merger that created Sony BMG Music. A European court's rejection of that combination led EMI and Warner to abandon their bids last year."

Ashcroft Letter To DOJ Criticizes Sirius-XM Deal. Market Watch (3/3, Boles) reports, "Former Attorney General John Ashcroft, hired by opponents of the deal, has blasted the proposed merger of Sirius Satellite Radio Inc. , saying their merger would leave only one provider in the market." Market Watch continues, "Ashcroft, who served as head of the Justice Department for four years until January 2005, was hired by the National Association of Broadcasters to examine the merger scenario. … The NAB, which represents traditional radio broadcasters, has been a fierce critic of the $13 billion merger since it was announced last week." Market Watch adds, "In a letter sent on February 27 to his replacement as attorney general, Alberto Gonzales, Ashcroft concludes '...the proposed Sirius/XM merger, which reduces the number of competitors from two to one, raises most serious competition concerns.' … Ashcroft compared the current merger to the attempted takeover by satellite provider Echostar Communications Corp. of Hughes Electronic Corp. In that instance, he said, a merger would have reduced the competitors in the satellite television market in many areas from three to two. … 'The Department recognized that reducing competition from three to two was anticompetitive and opposed the transaction, which was eventually abandoned,' he said. … He also draws comparisons with the attempted tie-up between Echostar and DirectTV Group Inc. , in which the FCC reaffirmed its rule of not granting a single commercial license for satellite TV. That deal also wasn't allowed. … 'I would submit that a thorough study of consumer demands and preferences would show that terrestrial radio stations should not be considered part of the satellite radio market for the purposes of the review of the current merger...,' said the letter."

Ashcroft Shopped Services To XM Before Signing With NAB. Dow Jones Newswire (3/3) reports, "Former Attorney General John Ashcroft, who sent a letter this week to his successor Alberto Gonzales blasting the proposed merger of Sirius Satellite Radio Inc. (SIRI) and XM Satellite Radio Holdings Inc., approached XM in the days after the merger was announced offering the firm's consulting services, a spokesman for XM said Saturday. … The spokesman said XM declined Ashcroft's offer to work as a lobbyist for the company." Dow Jones continues, "Ashcroft was subsequently hired by the National Association of Broadcasters, which is fiercely opposed to the merger. On its behalf he conducted a review of the effects on competition if the two satellite radio companies were allowed to merge. … In a letter sent to Gonzales Feb. 27, Ashcroft concluded the merger would have a significant negative impact on competition in the market and urged the current Attorney General to withhold approval for the merger. … 'After the merger was announced, Mr. Ashcroft's firm contacted us about hiring him to assist us,' said Nathaniel Brown, a spokesman for XM. 'We declined. Apparently the National Association of Broadcasters opted to pay him to parrot their views.' … Dennis Wharton, the NAB's executive director, said Saturday, 'NAB approached former Attorney General Ashcroft to review the proposed XM-Sirius merger and offer his honest opinion as an antitrust expert. We are not aware of any alleged previous discussions between Mr. Ashcroft and officials at either satellite radio company.'" Dow Jones notes, "A revelation that Ashcroft was shopping his services to both sides of the debate over the merger may raise doubts in the eyes of some as to the rigor of his review conducted on behalf of the NAB. … The letter was forwarded by the NAB to lawmakers on the House and Senate Judiciary Committees."

US, EU Near Open Skies Agreement. The AP (3/3, White) reports, "EU and U.S. negotiators made 'decisive progress' in talks to lift restrictions on what trans-Atlantic routes airlines can offer, the European Union said Friday, a move that could mean lower prices for air travelers. … The pact will allow European airlines to fly from anywhere in the EU to any point in the U.S. without strict rules that dictate ticket prices." The AP continues, "The EU said this would bring economic benefits of up to euro12 billion (US$15.8 billion) in five years and create as many as 80,000 jobs in Europe and the United States. … Air travel in Europe and the United States accounts for 60 percent of global air traffic, and an ambitious EU-U.S. open skies deal could allow more airlines to fly the lucrative trans-Atlantic routes, possibly offering cheaper tickets." The AP adds, "Within five years, the deal could put an extra 26 million people on trans-Atlantic flights, the EU said. Just under 50 million travelers now make

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that trip every year. … But the deal may also mean the EU would be allowed to restrict U.S. investments in European airlines — a tit-for-tat move that follows the U.S. administration's failure to lift a 25-percent ceiling on foreign ownership of U.S. carriers. Dropping the restriction has been among the EU's key demands."

The Financial Times (3/3, Bounds) reports, "The European Commission said it would submit the agreement to EU governments this month after 'a breakthrough' in meetings in Brussels. However, there is expected to be fierce debate when transport ministers meet on March 22, as the US has given little ground on loosening restrictions on foreign ownership of its airlines." The Times adds, "The quest for an 'open skies' agreement has eluded the two sides since talks were launched four years ago. A 2005 deal foundered in December because of congressional opposition to easing the regulations limiting foreign investment in US airlines, which the EU made a condition of the deal. Foreign companies and individuals can own only 25 per cent of voting stock and a further 24.9 per cent of non-voting equity. … The draft agreement merely sets out in writing existing US policy, critics say. In 2004 the Commission sent a similar deal for EU approval, only to see resistance from the UK and Germany sink it." The Times notes, "The UK has in the past been determined to resist the loosening of restrictions on the lucrative market between London's Heathrow airport and the US, without reciprocal US concessions. Only British Airways, Virgin Atlantic, United Airlines and American Airlines have the right to direct fights on these routes. … The UK has 40 per cent of the transatlantic market. Its transport department refused to comment yesterday."

ENVIRONMENT:

EPA Issues Tighter Restrictions On Diesel Engines. The Washington Post (3/3, A2, Eilperin, 690K) reports the Environmental Protection Agency "issued stringent new rules yesterday curbing harmful emissions from diesel locomotive and marine engines. Over the next quarter-century the regulations…will cut these engines' annual emissions of nitrogen oxide, a key ingredient in smog, by 80 percent and fine particulate matter, or soot, by 90 percent. EPA officials estimated that by 2030 the health benefits associated with the new standards will outweigh the costs by 20 to 1, preventing 1,500 premature deaths and 1,100 hospitalizations a year. 'By tackling the greatest remaining source of diesel emissions, we're keeping our nation's clean-air progress moving full steam ahead,' EPA Administrator Stephen L. Johnson told reporters in a telephone news conference yesterday." According to the Post, "Environmentalists praised the administration's decision."

The New York Times (3/3, A12, Barringer, 1.16M) reports Johnson "said environmentalists, engine manufacturers like General Electric and railroads like CSX had widely differing opinions about the standard. 'Some were concerned about technology not being available in the time frames we were talking about,' Mr. Johnson said. 'Others believed it would be.' … Frank O'Donnell, president of Clean Air Watch, said the proposed rules were 'the final frontier when it comes to the really big sources of pollution.'"

Administration Report On Anticipated Emissions Levels Draws Criticism. The New York Times (3/3, A1, Revkin, 1.16M) reports the Bush administration "estimates that emissions by the United States of gases that contribute to global warming will grow nearly as fast through the next decade as they did the previous decade, according to a long-delayed report being completed for the United Nations. The document, the United States Climate Action Report, emphasizes that the projections show progress toward a goal Mr. Bush laid out in a 2002 speech: that emissions of carbon dioxide and other greenhouse gases grow at a slower rate than the economy. … Kristen A. Hellmer, a spokeswoman for the White House on environmental matters, said on Friday, 'The Climate Action Report will show that the president's portfolio of actions addressing climate change and his unparalleled financial commitments are working.' But when shown the report, an assortment of experts on climate trends and policy described the projected emissions as unacceptable given the rising evidence of risks from unabated global warming."

Pelosi Seeks "Greening" Of Capitol Hill Buildings. The Washington Times (3/3, Bellantoni, 88K) reports Congressional Democrats "called for the 'greening' of buildings on Capitol Hill, saying politicians have the responsibility to preserve the planet." Speaker Nancy Pelosi and "other top Democrats" wrote a letter "to the chief administrative officer of the House asking him to embark on a 'Green the Capitol' initiative. 'The Capitol complex should lead the nation in preserving our planet for future generations,' the Democrats wrote to Daniel P. Beard yesterday. … The Democrats asked Mr. Beard to provide them with a preliminary report by April 30 and a final report by

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June 30 on ways to conserve energy inside the Capitol and its adjoining congressional offices."

Congress Credited With Inducing Industries To Support Carbon Caps. The Wall Street Journal (3/3, A7, Timiraos, 2.04M) reports, "A growing number of businesses are calling for federal caps on greenhouse-gases, which could spur Congress to action. … In the past few weeks, three industry trade groups that have long fought such regulation, the Edison Electric Institute, the American Gas Association and the Electric Power Supply Association, dropped their opposition to a cap. That coincided with calls for an emissions cap by the two private-equity firms bidding for Texas utility TXU Corp. Earlier this year, 10 corporations, including Wal-Mart Stores Inc. and General Electric Co., announced their support for mandatory curbs on greenhouse gases. The shift underscores a growing belief that Congress eventually will pass mandatory emissions caps. Many business leaders have concluded it would be better for it to happen now rather than later, eliminating the current uncertainty. Moreover, they fear absent federal government action they'll be left to deal with a patchwork of state regulations. And they believe that by endorsing emissions caps, they'll be given a seat at the table in the negotiations over how such a cap would work."

WSJournal Questions Corporations' Motives For Embracing "Cap-And-Trade." The Wall Street Journal (3/3, A8, 2.04M) editorializes, "There's no market here unless the government creates one, and who has the profit opportunity depends entirely on who the government picks as the winners and the losers in designing this market in the first place. So it's no wonder that almost any business that has ever put an ounce of CO2 into the atmosphere is rushing to show its cap-and-trade bona fides. … The emerging alliance of business and environmental special interests may well prove powerful enough to give us cap-and-trade in CO2. It would make Hollywood elites feel virtuous, and it would make money for some very large corporations. But don't believe for a minute that this charade would do much about global warming."

NYTimes Highlights New Research On Drought Cycles In Southwest. The New York Times (3/3, A14, 1.16M) says in an editorial, "In the American Southwest, climatologists have found a surprisingly detailed record of weather patterns — especially patterns of moisture — in tree rings that show that prolonged periods of drought there are normal. Those findings immediately raise questions about how water is being used in the Southwest, and particularly about the Colorado River Compact, the 1922 legal agreement that governs water distribution in the vast Colorado River basin."

Judge Keeps Divine Strike Legal Issues Alive. The Las Vegas Review-Journal (3/3, Rogers) reports, "Plans for the massive non-nuclear Divine Strake blast at the Nevada Test Site are dead but legal issues surrounding the controversial bunker-buster experiment were resurrected Friday." The Review-Journal continues, "Eight days after a Pentagon agency canceled its plans for the Divine Strake detonation, Senior U.S. District Judge Lloyd George scheduled a status report for April 30. … George anticipates that motions will be filed by U.S. attorneys who want to dismiss a case by downwinders and some members of the Winnemucca Indian Colony challenging the test." The Review-Journal adds, "Opponents fear that the government will conduct smaller blasts that, while not as large as Divine Strake, could still stir up potentially deadly radioactive dust that lies on the ground of the test site and could be blown to their homes. … The opponents' lawyer, Robert Hager, of Reno, wants to keep the case alive by forcing the government to formally define the smaller scale "confirmatory" experiments that a Pentagon agency has said it intends to conduct in lieu of Divine Strake's cancellation. … In his words, George decided to 'keep it on the calendar so we can finally conclude this matter with satisfaction to everyone.' … 'You file whatever motions you choose to file,' he told Hager and Justice Department attorney Caroline Blanco, who presented their respective positions in a conference call at the Lloyd George U.S. Courthouse, named after the judge. … Referring to a Feb. 22 press release from the Defense Threat Reduction Agency canceling the test amid widespread opposition from downwinders and some politicians in Nevada, Utah and Idaho, Hager said he doesn't understand what agency director James Tegnelia meant by 'confirmatory experiments at a much smaller scale" will instead be conducted.'"

Anadarko Revives Suit Over Royalties. The New York Times (3/3, Andrews) reports, "One of the nation's biggest oil producers in the Gulf of Mexico is pressing ahead with a lawsuit that could, if successful, allow energy companies to avoid as much as $60 billion in royalties to the government over the next two decades." The Times

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continues, "Anadarko Petroleum, based in Houston, is suing the Interior Department to overturn regulations that force companies that drill in publicly owned waters to pay full royalties on oil and gas they produce during times of high energy prices." The Times adds, "Anadarko, which earned $4.8 billion in profit last year on sales of $10.2 billion, is arguing that Congress guaranteed oil companies a special incentive for drilling in deep water under which the companies could avoid paying the standard royalty on much of what they produced in the Gulf of Mexico. The Interior Department has adamantly argued that the incentives were never supposed to apply when oil prices climbed above about $34 a barrel. … The suit itself was filed a year ago by the Kerr-McGee Oil and Gas Corporation, which Anadarko acquired last year for $21 billion. But Anadarko put the suit on hold last year and began court-supervised mediation talks with the Interior Department." The Times notes, "On Thursday, a federal judge in Louisiana, Patricia Minaldi, declared that the mediation talks had failed and ordered both sides to start filing arguments in late May. The failure of the mediation poses a major problem for the Bush administration, which is already trying to prevent the loss of $10 billion in royalties as a result of a huge leasing error made during the Clinton administration. … If Anadarko is successful, the government would lose many more times that. The Government Accountability Office, the Congressional watchdog agency, estimated in January that the government would lose about $60 billion over 25 years. … The federal government leases millions of acres in the Gulf of Mexico to oil and gas producers. Companies are required to pay a royalty of 12 to 16 percent of their sales from the leases, but the government also offers royalty holidays as an incentive for deepwater drilling. …. The Interior Department contends that companies are not entitled to such royalty relief if oil prices climb above about $34 a barrel, as they have for the last three years. … But Anadarko, in its lawsuit, argued that Congress never authorized that kind of restriction and had 'guaranteed' the incentives for any leases signed from 1996 through 2000."

Evangelical Leaders Condemn Peer For Global Warming Activism. The Washington Post (3/3, A4, Cooperman, 690K) reports Focus on the Family's James Dobson and "other conservative Christian leaders" are calling on the National Association of Evangelicals "to silence or fire an official who has urged evangelicals to take global warming seriously. In a letter this week to the board of the NAE…Dobson and his two dozen co-signers said the Rev. Richard Cizik, the NAE's vice president for government relations, has waged a 'relentless campaign' that is 'dividing and demoralizing' evangelicals." The NAE's president, the Rev. Leith Anderson, "defended Cizik as 'a great asset.' He also said that the Dobson letter was released to the news media before it was received by the board. 'I guess that says it all,' he said."

The New York Times (3/3, A9, Goodstein, 1.16M) reports that Dobson's co-signers include Gary Bauer, president of Coalitions for America; Tony Perkins, president of the Family Research Council; and Paul Weyrich, a longtime political strategist who is chairman of American Values. The Times goes on to report that Evangelicals "have recently become a significant voice in the chorus on global warming. Last year more than 100 prominent pastors, theologians and college presidents signed an 'Evangelical Climate Initiative' calling for action on the issue. Among the signers were several board members of the National Association of Evangelicals."

DOE Routinely Misses Efficiency Standards Deadlines, GAO Finds. The Los Angeles Times (3/3, Hotz, 850K) reports, "Over the last three decades, the federal government has missed legal deadlines for setting stricter efficiency standards for common appliances, resulting in billions of dollars in higher utility bills and millions more tons of the greenhouse gases that fuel global warming, congressional investigators reported. All told, the Department of Energy has missed every one of 34 mandatory rule-making deadlines for setting minimum energy efficiency standards…analysts at the Government Accountability Office reported. The delays ranged from a few months to 15 years, according to the GAO report made public this week."

FBI/DEA/ATF/USMS:

Gonzales Faces Questions Over California Anti-Gang Funding. The Los Angeles Times (3/3, Mcgreevy) reports, "After huddling with visiting U.S. Atty. Gen. Alberto Gonzales on efforts to keep kids out of gangs, Mayor Antonio Villaraigosa said Friday that the city would increase dramatically the number of jobs offered to young people this year, to 10,000 — four times the number provided two years ago." The Times continues, "The mayor announced the increase after he and Gonzales toured a silk-screening plant

run by Homeboy Industries in South Los Angeles. … The nonprofit group, which received a $650,000 federal grant, hires former gang members who are trying to lead law-abiding lives. … 'Young people, when they feel there are no options, when there are no job opportunities, when they don't have the skills to make it, they lose hope,' Villaraigosa said. 'We are both committed to the idea that in a great and beautiful country like America we can invest in young people, that we have to address the issues of prevention and intervention.' … However, Gonzales' agency faced criticism from one city official Friday for delays in delivering on past promises." The Times notes, "The attorney general had been in Los Angeles nearly a year ago to announce a separate $2.5-million federal grant for gang intervention, suppression and prevention programs in South Los Angeles, but officials conceded recently that the money has not yet gone out to local programs. … 'We have waited too long for federal dollars that were promised almost a year ago,' said Councilwoman Janice Hahn, who represents the area. … 'We know that money is voted for, appropriated and spent much quicker on the war on Iraq. This war on gangs is no less urgent,' she said. … George Cardona of the U.S. attorney's office said federal officials had been meeting with community leaders to discuss the best way to spend the money. He added that the first installment of the funds probably will arrive before May. … Gonzales had been in Los Angeles last March to announce that the city was one of six awarded Justice Department grants, each consisting of $1 million earmarked for gang prevention, $1 million devoted to law enforcement and $500,000 to provide transitional housing and job placement help for released convicts. … Gonzales had said at the time that the money would be focused on a section of South Los Angeles that includes the Imperial Courts, Nickerson Gardens and Jordan Downs housing projects. … 'I don't know the specifics,' Gonzales said Friday when asked about the money. 'The way these things work is that we expect the state and local communities to develop a plan, hopefully an innovative plan that is focused on the needs of the community.'"

WTimes Praises DEA For Busting Mexican Drug Ring. In its "Nobles And Knave" editorial column, the Washington Times (3/3) praises the Drug Enforcement Agency "for busting a major Mexican drug-trafficking ring. … DEA agents arrested 66 persons on Wednesday, bringing the total number for their 20-month investigation of the Victor Emilio Cazares-Gastellum (also known as Victor Emilio Cazares-Salazar) drug-trafficking empire to 400. Agents seized more than 18 tons of marijuana, cocaine, methamphetamine and heroin, along with $45.2 million and various weapons and vehicles, according to the DEA Web site." The Times adds, "The Mexico-based group would smuggle the narcotics from Colombia and Venezuela through Mexico, then into the United States via points along the Southwest border. They even "built a bridge made of sandbags across the Colorado river near Yuma, Az., which allowed them to simply drive across the waterway," ABC News reported. Once in the United States, the drugs would be distributed to U.S. cells scattered across the country. … The investigation, known as 'Operation Imperial Emperor,' was led by the DEA but included the FBI, ICE and the IRS, among others. Attorney General Alberto Gonzales has praised the officers and agents for working together 'against a common foe.' DEA Administrator Karen P. Tandy said Wednesday that 'we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country ... and tossed it in the dustbin of history.' … For keeping 18 tons of illegal drugs out of the United States, the DEA is the Noble of the week."

Authorities Find Million Rounds Of Ammo At Southern California Fire. The Los Angeles Times (3/3, Abrams) reports, "Firefighters responding to a house fire in a Norco (CA) neighborhood were greeted with a dangerous surprise: gunfire. Lots of it." The Times continues, "Authorities on Thursday found a cache containing more than 1 million rounds of ammunition and 75 firearms, ranging from small handguns to assault rifles, throughout the burning home and in a shaft and tunnel under the garage. … The firefighters realized the stockpile was inside when rounds started going off. No injuries were reported. … 'The Fire Department knew exactly what was going on when they heard the sounds,' said Riverside County Sheriff's Sgt. Dennis Gutierrez." The Times adds, "The stockpile of ammunition is probably the largest ever confiscated in Riverside County, said Gutierrez. … A neighbor reported the fire Thursday afternoon and had dragged the homeowner, whom deputies did not identify, from the house, Gutierrez said. … Authorities are checking the serial numbers of the remaining firearms. … 'He could have gotten them from anywhere — a reputable gun store or a shooting range, but who knows?' said Susan Raichel,

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spokeswoman for the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives."

The Contra Costa Times (3/3, Flaccus) reports, "The day after the fire, an incongruous scene played out in the windy hilltop neighborhood of older middle-class tract homes set against a backdrop of the snow-capped San Bernardino Mountains -- part of a quiet semirural community that bills itself as 'Horsetown USA.' … Riverside County sheriff's deputies and federal Bureau of Alcohol, Tobacco, Firearms and Explosives agents carried charred boxes and pieces of furniture out of the house, stacked numerous boxes of ammunition in the driveway and examined seized rifles." The Times adds, "Two weapons were assault rifles that were illegal, and the man had no permit for 75 pounds of black gunpowder that was found, said sheriff's deputy Juan Zamora. … The tunnel, stretching from an entry in the garage 8 to 10 feet into the backyard, yielded three 25-gallon containers of fluid that was being analyzed by hazardous material experts, said Norco fire Battalion Chief Ron Knueven."

The AP (3/3) reports, "On Friday, sheriff's deputies and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives combed the house for evidence. … Dozens of metal and cardboard boxes filled with ammunition for shotguns, small handguns and assault rifles sat in a driveway. Two of the assault rifles were illegal, Zamora said. … The man had no permit for 75 pounds of black gunpowder that was also recovered, Zamora said. … No arrests had been made. The man, whose identity was not released, was taken to a hospital where he will receive a psychological evaluation, Zamora said."

Hundreds Of Guns Tied To Ohio Police Officer. The AP (3/3, Cohen) reports from Columbus, OH, "There were 501 guns in all, the government says - revolvers and pistols, Glocks and Rugers, a few rifles, too, a giant cache of firearms suitable for sport or self-protection. … Or felonies. … Or terrorism." The AP continues, "Five hundred one guns, tied to one man - 35-year-old Mark Nelson, a former Columbus cop who masterminded a conspiracy that flooded the streets with weapons. … Nelson insists he didn't knowingly do anything wrong. But prosecutors say he enlisted his family and others (including a drug dealer) to illegally acquire 501 guns, then directly - or indirectly - sold many of them. And soon after - within days, in a few cases - some of these guns began turning up in the wrong hands and the wrong places:" The AP adds, "A Raven Arms .25-caliber pistol used in a Brooklyn, N.Y., shooting. A Ruger 9 mm handgun found on a man charged with crack possession in Washington, D.C. A Smith & Wesson .40-caliber pistol recovered in Youngstown, Ohio, in a car driven by a man inexplicably wearing a bulletproof vest and carrying a winter face mask - in May. … It's all part of the shadowy world of gun trafficking, where lies, stealth and cold cash make it alarmingly easy for deadly weapons to be bought and sold - and surface days, months, even years later in crimes. … This is the story of how one trafficking case unfolded and how a handful of people, bogus paperwork, the lure of a profit and the constant demand for weapons combined for a black-market scheme that could haunt investigators for decades. More than 300 guns remain missing."

Washington ATF Center Curbing Crime Through Gun Tracking. The Seattle Post-Intelligencer (3/3, Gutierrez) reports, "When a corroded 9 mm handgun surfaced last year in a brushy West Seattle yard, police suspected it had been used nearby to kill a 14-year-old boy three years earlier. … But they needed proof." The P-I continues, "Using the gun's serial number, they traced it through the Bureau of Alcohol, Tobacco, Firearms and Explosives to a man who had bought it from a licensed gun dealer. That man turned out to be related to Demeko B. Holland, who police already considered a main suspect. … Information from the gun trace, which helped lead to a first-degree murder charge against Holland, is collected in the ATF's database. That database, with its lists of crime guns, suspects and firearms dealers, is central to the ATF's Regional Crime Gun Center, which opened last August in Seattle." The P-I adds, "The center is a clearinghouse for weapons that city and state police recover at crime scenes, or simply find in the streets. Its main purpose is to identify trafficking, and to determine how suspected criminals, especially felons such as Holland, get their weapons. … It's also helped identify some key trends in Washington. … One of those is that the state has become a leading source for guns being used in crimes in Western Canada, which has far more restrictive gun laws than the U.S. … 'If you purchase a gun here in Washington for $100, you could sell that for $300 in Canada -- that's U.S. not Canadian (dollars),' said supervisory special ATF agent Doug Krough. … Local police hope the center also will help curb a recent rise in gun violence in the Seattle metro area."

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IMMIGRATION:

Immigration Reform Seen As Necessary To Combat Farm Labor Shortage. In an op-ed for the Los Angeles Times (3/3, 850K), David Mas Masumoto, an organic farmer and fellow at the Kellogg Foundation, writes, "Last year, pears in California rotted on trees; two years ago, my raisin harvest was endangered, and for the last three years, I've struggled with peach harvests, terrified that just as the fruit was at the peak of perfection, I wouldn't have enough workers. … The agricultural industry supports federal legislation for a guest-worker program that would bring in temporary farm laborers when shortages arise. This remedy would fix short-term problems. However, a long-term solution lies in immigration reform that could change the nature of farming, especially when it comes to specialty crops and small-scale operations like mine. Without sufficient labor, organic and sustainable agricultural methods are jeopardized."

TAX:

IRS Audits Marriott's ESOP-Related Deductions. The Washington Post (3/3, D6) reports, "The Internal Revenue Service is auditing Marriott International's federal tax returns for fiscal 2000 through 2002 over $1 billion in deductions the hotel chain took related to its employee stock-ownership plan." The Post continues, "Bethesda-based Marriott said it received 'notices of proposed adjustment' from the IRS on Thursday that challenged most of the federal income tax deductions related to the plan, and the government agency proposed 'substantial excise taxes and penalties.' … 'We believe the IRS' proposed adjustments are incorrect, intend to vigorously defend our positions and are examining various procedural alternatives for resolution of this matter,' Marriott said in a filing yesterday with the Securities and Exchange Commission." The Post adds, "Thomas Marder, a spokesman for the company, said he couldn't provide guidance on the size of the proposed adjustment. When asked if the situation could significantly affect Marriott's bottom line, he referred to a regulatory filing from late last month, which came before the company received the proposed adjustment notice and said no material impact was expected. … He also said companies have used this type of tax transaction for more than 30 years." The Post notes, "The IRS is reviewing the ESOP feature of the company's 'Employees' Profit Sharing, Retirement and Savings Plan and Trust' implemented on June 13, 2000."

Michigan Man Arrested In Tax-Evasion Scheme. The Battle Creek (MI) Enquirer (3/3) reports, "U.S. Marshals on Thursday arrested Charles Conces of Battle Creek, the Justice Department announced." The Enquirer continues, "The arrest resulted from a federal judge's Feb. 23 order finding Conces in civil contempt of court for failing to obey a court order entered on Feb. 8. … Conces, who lives in Pennfield Township, has run for Michigan attorney general and secretary of state as a member of the U.S. Taxpayers Party and has staged public protests against county judges outside the Calhoun County courthouse in Battle Creek." The Enquirer adds, "The Feb. 8 order compelled Conces to disclose to the government the identities of certain persons for whom he drafted or provided advice regarding federal income taxes, the identities of the persons who are responsible for his Web site, and all documents that he drafted or assisted in drafting for these persons no later than Feb. 16. … Conces refused to disclose the identities and documents as ordered by the court. … On Feb. 23, the court held Conces in civil contempt and ordered him to report to the U.S. Marshal no later than noon on March 1, 2007. Conces reported to the U.S. Marshals and was taken into custody. According to the court's Feb. 23 order, Conces will remain in the custody of the U.S. Marshals until he complies with the order to disclose these identities and documents. … 'The Justice Department is not only committed to shutting down the tax scams that cheat the federal treasury and the taxpayers who pay into it, but also ensuring that such tax scams do not resurface later,' said Eileen J. O'Connor, assistant attorney general for the federal Justice Department's Tax Division, in a press release."

CONGRESS-ADMINISTRATION:

Army Secretary Ousted In Wake Of Walter Reed Scandal. Secretary of the Army Francis Harvey became the second top official to abruptly leave office in the wake of the scandal over conditions at Walter Reed Army Medical Center. The story led two of the three broadcast network newscasts Friday night, with ABC, CBS, and NBC devoting a combined nine minutes to the subject. Television and print reports make it clear that both President Bush and

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Defense Secretary Robert Gates are furious over the conditions at Walter Reed and the Army's response. The CBS Evening News (3/2, story 2, 1:00, Couric, 7.66M) said Bush "is very angry about all of this," with correspondent Jim Axelrod adding, "A former Pentagon official close to the situation says the President is so angry, quote, 'His hair is on fire.'"

ABC World News (3/2, story 6, 2:15, Gibson, 8.78M) reported that the "major shakeup at the Pentagon" comes following the revelation of "outrageous conditions" at Walter Reed. Bush "ordered a sweeping review of the medical care provided to all veterans and wounded troops." ABC (Karl): "Defense Secretary Robert Gates left no doubt" why Harvey "is out." Gates: "I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed." Karl: "Pentagon officials say Gates was upset by how the Army responded to the squalid conditions exposed by the Washington Post, which found some injured soldiers living in a building infested with mold, mice and cockroaches. Gates was said to be especially irritated when the Army named Kevin Kiley yesterday as the temporary commanding general at Walter Reed. Kiley had dismissed the Washington Post story as one-sided and inaccurate. Today, after only one day on the job, Kiley was replaced by Major General Eric R. Schoomaker." President Bush will "use his radio address to announce the thorough review of all medical facilities serving active-duty military personnel and veterans." Bush: "This is unacceptable to me, it is unacceptable to our country, and it's not going to continue." The CBS Evening News (3/2, story 2, 1:00, Axelrod, 7.66M) said that on the day the story broke, President Bush "told Gates to, quote, 'Fix it,' but the decision to fire the Secretary of the Army was apparently made by Gates, not the President. Still, the White House is well aware of the PR nightmare that it faces. The last thing this Administration can afford is another Katrina."

The CBS Evening News (3/2, lead story, 2:40, Couric, 7.66M) called Harvey "another casualty of the Walter Reed scandal" as the President "promises an investigation of conditions at military hospitals everywhere. … Firing the general in charge of the Army hospital did not end the national outcry over the shoddy conditions there, not after the Secretary of the Army replaced that general with another one who was just as deeply involved in the scandal. The outcry just got louder today, and tonight the secretary of the Army got the boot." CBS (Martin) said, "Fed up with what he considered the Army's indifferent reaction to the scandal," Gates "demanded and got the resignation of the secretary of the Army. Then he publicly read the Army the riot act." Gates: "I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed. Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems." Martin: "Gates' swift sword was immediately cheered by veterans' organizations." Paul Rieckhoff, Iraq-Afghanistan Veterans Of America: "We see massive and catastrophic leadership failures, and it's good to see people being held accountable. And I think it should also illustrate to people that this is a problem that extends beyond Walter Reed."

NBC Nightly News (3/2, lead story, 3:00, Miklaszewski, 9.87M) said that "from the very day this scandal broke," Gates "has been demanding accountability and today he got it. Gates himself made the announcement in the Pentagon briefing room." NBC also says Gates saw Kiley "as part of the problem," and "reportedly felt the army's decision to put Kiley back in charge showed a lack of judgment that led to today's firing of Harvey." But Senate Armed Forces Committee member Jack Reed said "the bigger problem is that the wars in Iraq and Afghanistan have produced so many wounded soldiers, Walter Reed was simply overwhelmed." Reed: "We're assessing responsibility. Now we've got to fix the problem and the problem is more resources in terms of personnel for Walter Reed."

The Washington Post (3/3, Abramowitz, Vogel, 690K) says in its front page report that Harvey was "fired," reporting that the Bush Administration "scrambled to contain fallout from the scandal." Kiley's selection "had angered soldiers and family groups -- and, more important, Gates -- because of their belief that he had been aware of problems at the hospital and done little to address them." Friday's events "highlighted the anger at the highest levels of the administration over the problems at Walter Reed, as well as the political danger for the White House. Veterans groups remain among the few strong supporters of the war." BBC.com (3/2) says "America's wounded veterans are regarded by most people in the country as truly heroic, so the fall-out has been considerable."

On its front page, the New York Times (3/3, A1, Cloud, 1.16M) says Gates was "grim-faced" in announcing Harvey's "dismissal," adding that "Gates's aggressiveness in addressing the problem has surprised many Pentagon officials who are still getting used to his style more than two

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months into his service. ... The scandal at Walter Reed is particularly embarrassing to the administration because many top officials have visited injured troops there." An anonymous Pentagon official said that Gates thought that Kiley's comments earlier "demonstrated a certain insensitivity" and that Gates would have accepted "almost anybody but Kiley" as temporary commander. The Chicago Tribune (3/3, Madhani, Biemer, 617K) also says Gates was unable to accept the Kiley appointment.

McClatchy (3/3, Hutcheson, Adams) says Gates "blamed the problems on Walter Reed's leadership, not its doctors, nurses and other health-care workers." The AP (3/3, Burns) calls it the "most dramatic move in an escalating removal of officials." Harvey "said he offered Gates his resignation because he believed the Army let the wounded soldiers down. ... His last day in the job will be March 9." CNN.com (3/2) says Gates "accepted no questions after his announcement, and didn't explain why Harvey resigned."

Gates Response Said To Differ From Rumsfeld Precedents. The Washington Post (3/3, A8, Ricks, Tyson, 690K) writes that "Harvey's firing sent a strong message across the top of the military establishment that the new Pentagon chief, though a newcomer to the world of defense, would not be a passive manager and would hold senior leaders accountable for their actions." The Post contrasts Gates with former Defense Secretary Donald Rumsfeld, saying that while Gates "did not explicitly mention his predecessor, the new defense secretary's approach" has contrasted with the way the Rumsfeld Pentagon "handled allegations of wrongdoing. In the Abu Ghraib prison scandal, Pentagon officials were quick to point the finger at low-ranking soldiers, and only one officer who worked at the prison has faced court proceedings, even after numerous investigations found high-level problems with interrogation policies." Along similar lines, the Los Angeles Times (3/3, Barnes, 850K) reports, "Military officers said the swift response by Gates and his willingness to move against top Army commanders and civilians was partly meant to differentiate him" from Rumsfeld.

Bush Urges Congress To Avoid "Watering Down" NCLB. The Los Angeles Times (3/3, Gerstenzang, 850K) reports President Bush "urged Congress to avoid broad changes" to the No Child Left Behind Act, saying Friday that "'watering down'…the Act 'would be doing thousands of children a disservice.' 'It's working,' Bush said. 'We can change parts of it for the better, but don't change the core of a piece of good legislation that's making a significant difference in the lives of a lot of children.'" Bush "spoke to a crowd in the gymnasium of an elementary school in New Albany, Ind." According to the Times, the president "has not said what changes he would accept. But he opposes relaxing testing requirements or requiring a national test to replace state exams. He said Friday that he also favored speeding up the process through which parents learn about a school's test results to make it easier for them to decide whether to seek additional help for their children."

Bush Aides Sought Ejection Of Attendees At 2005 Event. The Washington Post (3/3, A7, 690K) reports, "A volunteer said Friday that he was acting on orders from White House staffers when he helped eject three people from a taxpayer-funded event President Bush was attending, according to the man's attorney. The volunteer, Michael Casper, said in a deposition that two White House employees told him to throw out the three after Casper saw them behaving suspiciously, lawyer Sean R. Gallagher said. Casper named the White House employees as Steven A. Atkiss, deputy director for travel, and Jamie O'Keefe, lead advance staffer for the 2005 event, Gallagher said. … Leslie Weise and Alex Young, two of the three people who were thrown out, filed a federal lawsuit against Casper and Jay Bob Klinkerman, both volunteers with the event's host committee."

Justice Thomas Uses Rare Interview To Criticize Media. The Los Angeles Times (3/3, Savage, 850K) reports that in a "rare interview," Supreme Court Justice Clarence Thomas "bitterly rejected the idea that he benefited from affirmative action because he was black. 'That was the creation of the politicians, the people with a lot of mouth and nothing to say, and your industry,' Thomas told a writer for Business Week magazine. 'Everything becomes affirmative action.' … Thomas expressed disdain for the news media several times during the interview. 'One of the reasons I don't do media interviews is, in the past, the media often has its own script,' he said. 'The media, unfortunately, have been universally untrustworthy because they have their own notions of what I should think or I should do.'"

Livermore Chosen To Develop New Nuclear Warhead. The Washington Post (3/3, A8, Pincus, 690K) reports the National Nuclear Security Administration "has

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selected a design from Lawrence Livermore and Sandia national laboratories that could become the basis for the first new nuclear warhead produced by the United States in more than 20 years. The purpose of the new Reliable Replacement Warhead is to provide, beginning in 2012, a new generation of secure nuclear warheads -- initially for submarine-launched missiles -- that would provide a credible deterrent well into the mid-21st century."

The Los Angeles Times (3/3, Vartabedian, 850K) reports the Bush administration "said the program would improve the U.S. stockpile's reliability, security and safety and would allow for a reduction in the thousands of weapons held in reserve for a potential war. Critics reacted sharply, saying the program sent the wrong international message when the U.S. was trying to stop the spread of nuclear weapons. Key members of Congress said the program was moving too fast. 'I have serious concerns with the process leading up to today's announcement, and with the priorities of the Department of Energy,' said Rep. Peter J. Visclosky (D-Ind.), chairman of the appropriations subcommittee that would pay for the program."

The San Francisco Chronicle (3/3, A1, Sterngold, 384K) reports the Energy and Defense departments "have chosen the Lawrence Livermore National Laboratory to design the country's first new nuclear warhead since the Cold War, giving the Bay Area institution the central role in a program that could involve billions of dollars. The decision, announced Friday, was a clear victory for Livermore, which bested its storied sister lab, the Los Alamos National Laboratory in New Mexico, in a competition to lead the research." The AP (3/2, Hebert) reports, "One of the assurances given by defense officials to Congress is that the new warhead will not have to undergo actual testing." BBC.com (3/3) reports, "Critics have complained it sends the wrong signal at a time when the White House is leading efforts to curb Iran and North Korea's nuclear ambitions."

NYTimes Urges Pelosi To Institute Independent Ethics Oversight. The New York Times (3/3, A14, 1.16M), in an editorial, writes, "As the House's special task force considers whether Congress needs an outside monitoring panel to help enforce stronger integrity standards, we suggest that it start with an in-depth briefing on the Abramoff-Ney downfall — complete with cash-flow charts and poll data on how the scandal has tainted the public's view of lawmakers. … The Democratic Senate has already run away from a proposed integrity office. The House speaker, Nancy Pelosi, deserves credit for ordering consideration of the sensitive subject of an outside watchdog. But the study group must not be shrouded in secrecy nor its work be allowed to drag on beyond May 1. For all the tenderness of the task, lawmakers should focus on where and how Mr. Ney went wrong and try to ensure that it does not happen again."

Ornstein Says Congressional Leaders Should Not Be In Presidential Succession Line. In a Washington Post (3/3, A15, 690K) op-ed, Norman Ornstein of the American Enterprise Institute, senior counselor to the Continuity of Government Commission, considers whether the Speaker of the House should "even be in the line of succession" to the presidency. Ornstein details several constitutional flaws in a line of succession that goes through Congress, but says "having congressional leaders in the presidential line of succession is wrong for more than constitutional reasons." Congressional leaders frequently "are of the opposite party and viewpoint of a president; if a president and vice president were to die at the beginning of a term, the country would have four years of a president representing the opposite of what it voted for," and "congressional leaders have a built-in conflict of interest," since they can impeach and remove those above them in the succession line. Ornstein says a "better option would be to include top Cabinet members, such as the secretaries of State, Treasury and Defense, and then allow a president to designate several others -- all requiring Senate confirmation."

OTHER NEWS:

Wall Street Staggers To End Of Dow's Worst Week In Four Years. The Wall Street Journal (3/3, B1, McKay, 2.04M) reports on the end of "a tough week" on Wall Street that saw the Dow Jones drop 4.2%, "the biggest weekly percentage drop since March 2003, ending at 12114.10. The blue-chip average is now off 2.8% this year and more than 670 points below its record close less than three weeks ago." On Friday, "the market's newfound volatility remained on full display. The Dow opened lower, rose to show a gain of more than 13 points prior to midday, but finished near its intraday lows. In the end, the Dow stumbled 120.24 points, or 1%, on the day." The S&P 500 "fell 1.1% Friday, or 16.00 points, to 1387.17, off 4.4% on the week and down 2.2% this year,"

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while the Nasdaq "shed 1.5%, or 36.21 points," and "is now down 2% in 2007."

The Washington Post (3/3, D1, Tse, 690K) headlines its report "Dow Ends Its Worst Week Since 2003," and the AP (3/2, Paradis) also says it was the "worst week in over four years." ABC World News (3/2, story 8, :20, Gibson, 8.78M) NBC Nightly News (3/2, story 5, :15, Brown, 9.87M) briefly reported on the numbers.

The Financial Times (3/3, Brown-Humes, Davies, Beales) says the "turbulent week…more than eradicated all this year's gains, leaving investors on edge over the outlook for next week." The New York Times (3/3, C6, Peters, 1.16M) says "s investors and economists look to the week ahead, they see signs of encouragement but also some uncertainty about what could happen. Starting with a survey on the strength of the service sector on Monday and ending with the Labor Department's monthly employment report, investors will have a buffet of data to soothe or fray their nerves." The Wall Street Journal (3/3, A2, Whitehouse, 2.04M) also says investors "will get something big to chew on" in the form of the employment report.

Crude Oil Ends Week At $61.64 Per Barrel. The Wall Street Journal (3/3, B4, Chambers, 2.04M) reports, "The crude-oil futures market, which usually has an inverse price influence on shares, is closely eyeing U.S. stocks, as traders log their concern over the damage a slowdown in U.S. and Chinese growth could do to oil demand." Crude ended the week in New York "just 50 cents, or less than 1%, higher at $61.64 a barrel."

Bernanke Says Globalization May Have Increased US Inflation. The Wall Street Journal (3/3, A4, Ip, 2.04M) reports that in remarks "prepared for delivery Friday night to the Stanford Institute for Economic Policy Research in California," Federal Reserve Chairman Ben Bernanke said globalization "hasn't had a significant impact on reducing inflation in the U.S. and may have raised it."

New Jersey Jury Delivers Split Verdict In Vioxx Trial. The Wall Street Journal (3/3, A4, Tesoriero) reports, "A New Jersey state court jury delivered a split verdict in the first phase of the latest Vioxx trial, finding that Merck & Co. adequately warned doctors of the drug's heart-attack risks in the case of one plaintiff but not of another." The Journal continues, "The eight-person jury found that in the case of both plaintiffs the drug maker violated a state consumer-protection statute by misrepresenting the drug's cardiovascular risks in marketing. … The case of Frederick 'Mike' Humeston, 61 years old, of Boise, Idaho, now will move into a second phase to determine whether or not Vioxx was a cause of his heart attack -- and what damages, if any, should be awarded. … Mr. Humeston's case was tried previously in 2005, and Merck prevailed. New Jersey Superior Court Judge Carol Higbee later ordered a new trial after new evidence emerged." The Journal adds, "The other plaintiff in this trial, Kathleen Messerschmidt, sued Merck over the fatal heart attack of her brother, Brian Hermans, who died on Sept. 15, 2002. The Vioxx label was changed to include further cardiovascular risk information in April 2002, making it harder to prove that Mr. Hermans was the victim of a failure on Merck's part to warn doctors. But the jury will now hear evidence to determine whether damages for consumer fraud should be awarded to Ms. Messerschmidt. … Merck withdrew Vioxx from the market in September 2004 following a study that linked the drug to an increased risk of heart attacks and stroke. The company has been hit with some 28,000 lawsuits and has said it intends to fight each case. Since the first trial in the summer of 2005, the Whitehouse Station, N.J., company has won eight trials and lost four."

Bush Raises $2.1 Million For McConnell, NRSC. The Washington Post (3/3, A6, Fletcher, 690K) reports President Bush headlined a Louisville fundraiser for Senate Minority Leader Mitch McConnell and the National Republican Senatorial Committee netting $2.1 million. Organizers "called it the largest fundraiser in state history. … The event was the second GOP fundraiser in a week for Bush, who continues to be a major Republican draw despite his dismal approval ratings. On Monday, he spoke at a Washington event that raised $10.4 million for the Republican Governors Association."

Surveys Of Party Committee Members Give Clinton, Romney The Leads. The Los Angeles Times (3/3, Barabak, 850K) reports on its front page that Sen. Hillary Clinton and Mitt Romney "have emerged as the leading presidential favorites among party insiders, according to a new Los Angeles Times Poll, which found deep partisan divisions over the country's direction and top issues in the 2008 campaign." The survey showed John Edwards "in second place among Democratic Party leaders, ahead of Sen. Barack Obama," and "pointed up danger signs for Sen. John McCain," who trailed Romney and Rudy Giuliani. It also

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"signaled GOP concerns about holding the White House for another four years -- 42% of party leaders said it would be tougher to elect a Republican after eight years under President Bush, and just over half said the GOP nominee should campaign on moving the country in a new direction." The survey of 133 of the 165 Republican National Committee members found Romney backed by 20%, with Giuliani 14%, McCain 10%, and Newt Gingrich 8%. And in a "potentially worrisome sign for McCain, just over 1 in 10 RNC members said they would not support him if he won the party's nomination." Among the 313 of 386 Democratic National Committee members surveyed, Clinton was backed by 20%, Edwards 15%, Obama 11%, Al Gore 10%, and Gov. Bill Richardson 9%.

Advertising, Money Look Like Keys To 2008. On its front page, the Washington Times (3/3, Dinan, 88K) looks at the "long-haul strategy for '08," saying that "with a giant set of primaries increasingly likely for Feb. 5, the 2008 nomination will depend far more on television ads, and candidates will need a large bank account to compete."

GOP Hopefuls Woo Conservatives At Annual CPAC Meeting. Reports from the annual Conservative Political Action Conference meeting in Washington cast the mood of the attendees as low, with Democrats in power on Capitol Hill and no clear-cut conservative in the upper tier of Republican presidential candidates. The Washington Post (3/3, A4, Kornblut, 690K) says that at a traditional card game between "a handful of icons of the American conservative movement," the "mood around the poker table could hardly have been more glum. 'Nothing focuses the mind like an impending hanging,' said longtime conservative fundraiser Richard A. Viguerie, paraphrasing the English essayist Samuel Johnson. 'And Republicans feel an impending hanging with Hillary looming on the horizon.'" And while the "possibility of Sen. Hillary Rodham Clinton as president was bad enough," even worse "is the absence of a Republican candidate to rally around." American Conservative Union Chairman David Keene said the "movement's leaders 'are all pretty much agreed that there is no clear conservative choice…or even an unclear conservative choice."

ABC World News (3/2, story 7, :30, Gibson, 8.78M) reported it was the "first important gathering of Republican Presidential candidates. … Some conservative Republicans said they are not sold on any frontrunners." The Politico (3/3, Martin) headlines its write-up "A Mood Of Gloom At CPAC."

The Washington Times (3/3, Hallow, Dinan, 88K) focuses its more-upbeat front-page report on the GOP hopefuls who did try to convince the crowd of their conservative credentials, leading by saying Mitt Romney "delivered a faultlessly tailored appeal to more than 1,000 grass-roots conservative activists hungry for a renewed commitment to limited government," standing out "from the pack of Republican presidential aspirants that included Rudolph W. Giuliani and Mike Huckabee by promising to end taxes on earnings from interest, dividends and capital gains, and to cap federal spending and veto every attempt to break that cap -- whether proposed by a Republican or Democratic Congress." Giuliani drew "nearly as much applause but not the repeated standing ovations Mr. Romney received" when he spoke.

The New York Times (3/3, A11, Nagourney, 1.16M) says Romney and Giuliani "approached the task" of winning over the conservatives "in similar ways: by presenting themselves as devotees of Ronald Reagan who had tamed Democratic excesses in their communities. Mr. Giuliani talked about cutting crime, welfare and taxes; Mr. Romney talked of cutting taxes and the size of government. Yet they parted company on how they dealt with the more difficult question of their positions on social issues." Romney "portrayed himself as someone who stood at the barricades as his state sought to permit same-sex marriage and to remove restrictions from abortion and stem cell research." Giuliani "made no mention of his support for gay rights, abortion rights and gun control. Instead, he suggested that he and his audience had many more agreements than disagreements." Gannett (3/3, Raasch) says Giuliani, quoting Reagan, "said 'an 80% friend is not your 20% enemy.' Invoking Reagan's optimism and applying it to the war on terrorism, he said victory was inevitable -- if difficult -- because 'the human soul and the human heart is moving in our direction.'"

The Los Angeles Times (3/3, Hennessy-Fiske, 850K) says "four GOP candidates with more solid conservative credentials but lesser national identities" -- Sen. Sam Brownback, Huckabee, Rep. Duncan Hunter, and Tom Tancredo -- also addressed the crowd. Sen. John McCain was "noticeably absent." McCain "has sought to overcome opposition from the party's conservative base that helped doom his campaign in 2000. But McCain has made little discernible headway among the activists at Friday's event and he skipped it to campaign in Utah and his home state." In his

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syndicated column, Robert Novak (3/3) writes that McCain "was at a Salt Lake City lunch Thursday and a Phoenix reception Friday." The Denver Post (3/3, Mulkern, 256K) reports on Tancredo's speech, in which he "said it's imperative to crack down on illegal immigration and reject 'the cult of multi-culturalism' that he says is destroying American values."

The Los Angeles paper is alone among major dailies in mentioning in its main report that at the end of her speech, commentator "used a slur to refer to Democratic presidential candidate John Edwards." UPI (3/2) quotes Coulter saying, "It turns out you have to go into rehab if you use the word 'faggot,' so I'm kind of at an impasse -- I can't really talk about Edwards." The Washington Post (3/3, A2, 690K) does mention the comment in a Dana Milbank write-up that generally focuses on Romney.

McCain Wins Upset Victory In Spartanburg GOP Straw Poll. In an upset, Sen. John McCain "won a Spartanburg, South Carolina straw poll Friday, an early sign of how conservative South Carolinians might view the GOP presidential field," CNN.com (3/2, Mooney) reports. McCain received 164 votes, Rudy Giuliani 162, Rep. Duncan Hunter 158, Sen. Sam Brownback 85, Mitt Romney 80, Mike Huckabee 21, Rep. Tom Tancredo 10, John Cox 4, Rep. Ron Paul 4, Jim Gilmore 1, and Tommy Thompson 1. Secretary of State Condoleezza Rice received two write-in votes. South Carolina's The State (3/3) writes that McCain "was third when tallying was suspended Thursday. But by Friday afternoon, McCain had leapt into first in the final vote."

Ridge Says McCain "Prepared To Lead." Former Homeland Security secretary and Pennsylvania governor Tom Ridge discussed his reasons for supporting McCain on MSNBC's Hardball (3/2, Matthews), saying, "I have always admired his courage, his conviction. He doesn't seek to curry favor. A lot of people may disagree with him. He and I disagreed from time to time on issues. But he's not judgmental about other people's point of view. I think from day one he is prepared to lead. He has been conditioned and informed based on his variety of experiences he has had as a soldier, as a prisoner of war, as a congressman, as a senator. I think he's well-respected around the world, not just in this country. And I think he is ready to lead from day one."

Giuliani's Children Absent From His Campaign So Far. The New York Times (3/3, A11, Buettner, Pérez-Peña, 1.16M) reports that "as he embarks on a campaign for the presidency," Rudy Giuliani "is going forward without two people who once played supporting roles in his political life: his children, Andrew, 21, and Caroline, 17. Andrew Giuliani has been at his father's side in campaign commercials and inaugurations since he was a toddler, famously bounding across the stage in a rambunctious manner and mimicking his father's rhetorical flourishes during Mr. Giuliani's 1994 mayoral inauguration." But the candidate's relationship with his son "has grown strained and distant since his very public and bitter divorce from Andrew's mother, Donna Hanover, and his marriage to Judith Nathan," and a similar distance "appears to have developed between Mr. Giuliani and his daughter."

Fred Thompson Reportedly "Seriously Considering" Presidential Bid. Fox News (3/2, Cameron) reported, "The name of a new potential Republican presidential candidate surfaced today at the Conservative Political Action Conference in D.C. Amid some GOP dissatisfaction that the current field is not conservative enough, Fox News has learned Hollywood actor and former US Sen. Fred Thompson of Tennessee is seriously considering a run. He chaired the Senate Government Affairs Committee that investigated questionable Clinton campaign fundraising in the 1990's, rose to prominence as a GOP lawyer during the Watergate hearings, credited with urging lawmakers to ask the famous question, 'What did the President know and when did he know it?' Now he stars in the award-winning TV series 'Law and Order.' Supporters say Thompson has star power, and a consistently conservative record on such core issues as God, guns, gays, and abortion. Sources say no timetable for a decision has been set, but basic planning has begun in anticipation of an increasing conservative dissatisfaction with the GOP field and a Thompson candidacy."

Clintons, Obama To Attend Selma Anniversary March. CNN.com (3/2, Snow) reports, "As they battle for support in the black community in their quest for the 2008 Democratic presidential nomination, Sens. Hillary Clinton and Barack Obama will attend Sunday's commemoration of the historic 1965 Selma voting rights march. However, Clinton will bring along a not-so-secret weapon -- her husband, former President Bill Clinton." Democratic strategist Jamal Simmons said, "There is no

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white politician in America who is more popular in the African-American community than Bill Clinton. So she has a very strong card to play." Gannett (3/3, Radelat) says Obama spokeswoman Jen Psaki "said the senator -- who was 3 years old when the historic march took place -- wanted to make a 'personal trip' to the famed civil rights site. … But after polls this week showed Obama gaining popularity in the African-American community, Clinton raised the stakes by announcing that her husband" would march with her.

President Clinton's Impeachment Trial Defender Backs Obama. In his syndicated column, Robert Novak (3/3) writes, "Greg Craig, a Washington super-lawyer with close ties to the Clintons, is supporting Sen. Barack Obama for President." Craig, a White House special counsel defending President Bill Clinton in the Senate impeachment trial," called Obama "unique and added: 'I've never seen anyone who has made the impact on people and on me.'"

Pakistani Host Of Clinton Fundraisers Sought By FBI. The Los Angeles Times (3/3, Fields, Neubauer, 850K) reports Abdul Rehman Jinnah, "a Pakistani immigrant who hosted fundraisers in Southern California for Sen. Hillary Rodham Clinton," is being sought by the FBI "on charges that he funneled illegal contributions to Clinton's political action committee and Sen. Barbara Boxer's 2004 reelection campaign. … A federal law enforcement source said prosecutors had not dealt with the political committees in conducting their investigation and had no evidence that the committees knew the contributions were illegal. Officials for both committees said they were unaware of the investigation or indictments until they were contacted by The Times, and said they would not keep the donations." Jinnah and his family "donated more than $100,000 to the Democratic Party and Democratic candidates. Now friends say they believe Jinnah has returned to Pakistan."

Obama Says US Middle East Policy Has Strengthened Iran. The Chicago Tribune (3/3, McCormick, 617K) reports Sen. Barack Obama, "seeking to woo Jewish votes and contributions," told a Chicago audience that he "considers Iran 'one of the greatest threats to the United States, Israel and world peace' and pledged he would try to end that nation's uranium enrichment program. As he criticized the Bush administration's Iraq policies, the Democratic presidential candidate suggested that the danger posed by neighboring Iran has grown in recent years because of U.S. policy in the Middle East." Obama told an American Israel Public Affairs Committee regional meeting, "One of the most profound consequences of the administration's failed strategy in Iraq has been to strengthen Iran's strategic position, reduce U.S. credibility and influence in the region, and place Israel and other nations friendly to the United States in greater peril." The AP (3/2) headlines a report "Obama Blames U.S. For Stronger Iran," saying Obama "blamed Bush administration failings in Iraq for strengthening the strategic position of Iran, which he says must be stopped from acquiring nuclear weapons."

Genealogists Say Obama's White Ancestors Owned Slaves. The New York Times (3/3, A11, Swarns, 1.16M) follows up on a Friday Baltimore Sun report that Obama's "white maternal ancestors once owned slaves." Genealogists have discovered that Obama's great-great-great-great grandfather and great-great-great-great-great grandmother each owned two slaves.

Dowd Wonders If Obama Is Tough Enough For Campaign. In her New York Times (3/3, A15, 1.16M) column, Maureen Dowd writes, "As I sit across from Barack Obama in his Senate office, I feel like Ingrid Bergman in 'The Bells of St. Mary's,' when she plays a nun who teaches a schoolboy who's being bullied how to box. I'm just not certain, having watched the fresh-faced senator shy away from fighting with the feral Hillary over her Hollywood turf, that he understands that a campaign is inherently a conflict. The Democrats lost the last two excruciatingly close elections because Al Gore and John Kerry did not fight fiercely and cleverly enough. After David Geffen made critical comments about Hillary, she seized the chance to play Godzilla stomping on Obambi. As a woman, she clearly feels she must be aggressive in showing she can 'deck' opponents, as she put it -- whether it's Saddam with her war resolution vote or Senator Obama when he encroaches on areas that she and Bill had presumed were wrapped up, like Hollywood and now the black vote. If Hillary is in touch with her masculine side, Barry is in touch with his feminine side."

Dodd Urges Rivals To Take Part In April New Hampshire Debate. The New Hampshire Union Leader (3/3) reports Sen. Christopher Dodd "urged all his opponents for the Democratic Presidential nomination to participate in the April 5 political debate in Manchester. 'New Hampshire voters deserve a chance to see Presidential candidates on one stage answering tough questions,' said

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Beneva Schulte, communications director for Dodd." While several Democratic candidates "have committed to participating in the debate, Sens. Hillary Clinton and Barack Obama have not.

Dodd Seeks Funds From Banking Industry, Lobbyists. In his syndicated column, Robert Novak (3/3) writes that the "long shot" campaign of Senate Banking Chairman Dodd "solicited banking industry executives and lobbyists -- Democrats and Republicans alike -- for a fund-raising reception Wednesday. Melanie Wong, an experienced Democratic fund-raiser who identified herself as Dodd's 'mid-Atlantic regional finance director,' sent the invitations. They addressed lobbyists by their first names, even those she had never met and who had never contributed to Dodd."

Vilsack Criticizes Early Iowa Polls. The Des Moines Register (3/3, Beaumont, 160K) reports Tom Vilsack "criticized public opinion polls Friday and said his presidential campaign was running stronger in Iowa than early surveys reflected before he gave up his bid for the 2008 Democratic nomination a week ago. I don't want to sound like sour grapes, but you should not pay attention to early polls,' Vilsack said during taping of 'Iowa Press,' a public affairs program on Iowa Public Television." He said, "Iowa polls are not accurate in terms of caucus support. … We were absolutely convinced, and I remain convinced and will as long as I live, that I would have won the Iowa caucuses based on the information that we had that is legitimate."

Bush, Brazil's Lula Will Push Western Hemisphere Ethanol. A lengthy front-page New York Times (3/3, Andrews, Rohter, 1.16M) story reports President Bush, "hoping to reduce demand for oil in the Western Hemisphere, is preparing to finish an agreement with Brazil next week to promote the production and use of ethanol throughout Latin America and the Caribbean." That deal "could lead to substantial growth in the ethanol industry in Brazil as technology and manufacturing equipment developed there is exported to other countries in the region." The Times notes that sugar cane ethanol "is far cheaper to produce than the corn-based ethanol that has been nurtured by protective tariffs and government mandates in the United States." Officials "contend" that "the program could also reduce the influence of Hugo Chavez, the president of oil-rich Venezuela." The US-Brazil deal "calls for cooperation between the countries on research and common standards for biofuels, as well as on helping other countries replicate Brazil's expertise in producing ethanol from sugar," but Times sources claim "the agreement is largely a framework and provides few details."

Treasury "Ready" To Release North Korean Assets. The AP (3/3, Gearan) notes Washington "will soon recommend releasing a significant amount of frozen North Korean bank accounts, officials say, which diplomats hope will keep North Korea from reneging on its pledge to scrap nuclear weapons." The Treasury Department "could announce as soon as next week that several million dollars connected to North Korea are not tainted by links to rogue nuclear proliferation or allegations of counterfeiting, smuggling and other crimes." An unnamed source said "the U.S. move is expected to prompt overseas bank regulators to unfreeze between $8 million and $12 million from about $24 million in blocked assets." Treasury Under Secretary Stuart Levey is quoted saying yesterday, "We intend to handle this matter in a straightforward way based on the evidence and the law. As we have always said, the designation of Banco Delta Asia as a primary money laundering concern is separate from the nuclear talks."

South Korea Conditions Aid Resumption On Complete Dismantling Of Nuclear Program. On its front page, the Washington Times (3/3, Sands, Salmon, 88K) notes South Korean Foreign Minister Song Min-Soon "said yesterday that North Korea must abandon all aspects of its nuclear endeavors, including a suspected uranium enrichment program, as part of a deal to solve the peninsula's nuclear crisis, even if the program has barely gotten off the ground." However, he "sidestepped new questions over the state of Pyongyang's uranium-enrichment program, the key charge in the Bush administration's case that the North had violated past agreements to halt its nuclear weapons programs." Song "said he planned to coordinate closely with Washington as the nuclear deal moves ahead." The Times also reports that Seoul "refused to restore full aid shipments until the North's main nuclear reactor facility had been shut down."

The Washington Post/AP (3/3, A12) keys on the aid announcement, saying Seoul "added pressure on North Korea to comply with an international disarmament agreement, refusing the impoverished nation's demand to restore full aid shipments until after its main nuclear reactor is

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shut down." The New York Times (3/3, A7, Onishi, 1.16M) notes briefly that both Koreas "wrapped up high-level talks, agreeing to resume reunions of families separated by the Korean War and to test-run a cross-border train in the first half of this year."

Pakistan Tests Nuclear-Capable Short-Range Missile. The AP (3/3) reports Islamabad today "successfully test-fired a short-range missile capable of carrying a nuclear warhead." The launch of the "Haft-II Abdali missile, which has a range of 120 miles, was conducted from an unspecified location inside Pakistan, the military said." The AP notes that "relations between Pakistan and India have improved since they began a peace process in 2004 to resolve all their issues, including Kashmir. They will hold the fourth round of peace talks in Islamabad March 13-14."

In Interview, Qaddafi Redefines Outlook But Stays Faithful To Doctrine. The New York Times (3/3, A3, Slackman, 1.16M) details yesterday's press availability with Libyan leader Muammar el-Qaddafi. "After decades of international isolation, Libya may be changing. But there are very clear limits. A slightly newer and perhaps mellower version of Colonel Qaddafi was on display on Friday for the correspondents, as part of the celebration of the 30th anniversary of the system of government he instituted." The Times says he used "revolutionary words" to describe Libya's role in the world. He "is the same eccentric figure as always, dressed in elaborate Libyan robes jazzed up with striking colors and a modern flair. He still offers unusual ideas, like when he said all the nations of the world would someday meld into seven or eight blocs, and that all formal governments, parliaments, ministries and militaries would be dissolved. Only then, he said, would there be world peace." His remarks suggest "a man thinking about his legacy, and how to retool a system of governance that has failed to adequately administer the state. … He maintained a quiet, almost distant composure through much of the discussion. Occasionally he picked up a pen and jotted down notes, but he mostly spoke in a low voice. What has not changed, and what he made clear, is the core of what he believes."

BBC.com (3/2) keys on a statement by Gaddafi that Libya "has not been given adequate compensation for its decision to renounce nuclear weapons in 2003." He "said the failure by the West to reward Libya meant Iran and North Korea were reluctant to follow Tripoli's lead. He insisted there would be no return to the confrontation of the past, however."

Sudanese President Backs UN Darfur Force In Writing. The AP (3/2, Olson) carries a diplomatic statement that Sudanese President Omar al-Bashir "is sending a letter to Secretary-General Ban Ki-moon expressing his commitment to the deployment of several thousand U.N. peacekeepers to help end the violence in Darfur." The AP says that "deployment would be the second step of a three-stage U.N. plan that would culminate in a 22,000-strong joint UN-African Union peacekeeping mission." Bashir "has given conflicting signals about his commitment to the plan, and Ban asked him earlier this year to state his acceptance of the second phase in writing." Yesterday, "the U.S. State Department called on both Sudan and the United Nations to speed up the deployment of the full joint AU-UN force." Assistant Secretary McCormack "issued the appeal as U.S presidential envoy Andrew Natsios arrived in Sudan's capital, Khartoum, for a 10-day visit that will include stops in the western Darfur region and southern Sudan." McCormack "said the U.S. administration is not satisfied with the yearlong U.N. time frame for the deployment and that not enough countries are pledging troops for the mission."

Oil Could Aid Rebuilding But May Delay Peace. On its front page, the Los Angeles Times (3/3, Sanders, 850K) discusses the short- and long-term challenges of likely oil deposits beneath Darfur. "While exploration may bring needed investment in Sudan, some say it only exacerbates the fighting." Khartoum "is quietly escalating oil exploration inside the Darfur region, a step that has led to protests from rebel leaders in a volatile area where more than 200,000 people have been killed during three years of fighting." The Times adds that some experts believe the "untapped oil reserves might have been an underlying factor in the Darfur conflict all along, explaining why a seemingly barren wasteland of western Sudan would spark such a bitter tug of war between government forces and rebels, eventually drawing the intervention of international players such as the United States, Libya and the United Nations."

Morocco Promises Western Sahara Autonomy Plan Next Month. The AP (3/2, Thorne) reports a statement by a key Moroccan official that Rabat "will present an autonomy plan for Western Sahara to the United Nations next month in hopes of ending a three-decade

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conflict that has stranded 160,000 refugees in the Sahara." Khalihenna Ould Errachid, King Mohamed VI's "chief adviser" on the Western Sahara, said the "plan would give the disputed region a parliament, a chief of state, Cabinet ministries and a judiciary that would oversee day-to-day life." Rabat "says autonomy is the only way to end a conflict with the Polisario Front, an Algerian-backed independence movement" that "insists on holding a referendum on independence." The AP says the "stalled conflict has left refugees in bleak camps in the Algerian Sahara, poisoned relations between Morocco and Algeria, and inflicts heavy costs on Morocco, already struggling with widespread poverty and unemployment."

Former Official Lauds Moroccan Plan. In an op-ed in today's New York Times (3/3, A15, 1.16M), former Deputy Assistant Secretary of State and Ambassador Frederick Vreeland says the status quo "has envenomed relations among its neighbors and immiserated the Saharan population." Mohammed VI's proposal "is a rare instance, in the post-9/11 world, in which a little encouragement from the United States and other nations could pay large dividends, fostering not only a final resolution for the region's refugees but also creating a stable North African peace for the first time in decades — a peace that would serve as a bulwark against Islamic extremism." The US "must be forthright in its support for the Moroccan proposal. We would be aiding a modernizing, moderate Islamic country, and a strategic ally. More urgently and no less important, we would be helping the Western Sahara's people to regain their lost liberties and their right to peaceful existence."

Morocco Sentences Eight In Terror Attacks. The New York Times (3/3, A7, Smith, 1.16M) carries Moroccan state-run media reports that "a Moroccan court on Friday sentenced eight Islamists to prison terms of up to 15 years for plotting terrorist attacks in France, Italy and Morocco."

Tehran-Caracas Weekly Flights Highlight Alliance. A brief New York Times (3/3, A7, Romero, 1.16M) piece notes, "Iran is already Venezuela's closest ally outside Latin America, with ventures to produce oil and build cars and tractors together. Now, travelers between the countries can also take a weekly flight between Caracas and Tehran." The joint Conviasa-Iran Air flight "includes a stop in Damascus." The Times adds that Caracas "has tightened relations with Iran and expressed explicit support for its uranium enrichment program. … Venezuela is considering extending its economic cooperation agreements to the military sphere. It is discussing a venture with Iran to produce remotely piloted aircraft that could be used for surveillance along the border with Colombia."

Haitian Juvenile Justice System Reflects Nation's Poverty. A 1,600-word front-page Washington Post (3/3, Roig-Franzia, 690K) piece today examines the plight of imprisoned Haitian youth, which "reflects a country overwhelmed by the problems of its young -- more than 200,000 Haitian children have lost one or both parents to AIDS and 300,000 work as unpaid domestic servants in a system of bonded servitude, according to the U.N. Children's Fund."

Putin Ally Ratified To Lead Chechnya. An extensive AP (3/2, Sadulayev) piece notes the Chechen Parliament "approved a widely feared former security chief as president of the war-battered Russian republic in a nearly unanimous vote Friday, a day after President Vladimir Putin nominated him." Ramzan Kadyrov's "nomination won 56 votes in the 58-member, two-chamber legislature, with two ballots ruled invalid." The AP notes that "human rights groups allege that security forces under Kadyrov's control abduct and torture civilians suspected of ties to Chechnya's separatist rebels. Some observers suggest he was tied to last year's murder of Anna Politkovskaya, a journalist who had reported extensively on Chechnya's wars and sufferings." Kadyrov "is credited with a reconstruction boom that he administered as the region's prime minister, under which the capital, Grozny, is being transformed from a moonscape of rubble and shattered buildings in a region devastated by two separatist wars since the Soviet collapse." Kadyrov "has been at the heart of a Kremlin strategy to crush continued rebel resistance and establish order in the mostly Muslim region."

Under the headline, "Chechnya's Reins In Strongman's Hands," the Los Angeles Times (3/3, Holley, 850K) calls Kadyrov "a Kremlin-backed strongman who has spearheaded efforts to pacify war-battered Chechnya through a mix of repression and economic reconstruction." He "expressed his appreciation and loyalty to Putin in televised remarks Friday, declaring that 'there is support and understanding from the supreme commander in chief, and it only remains to serve him hand and foot.'"

WPost Calls Kadyrov A "Gangster President." Under the headline "Gangster President," the Washington Post (3/3, A14, 690K) editorializes, "This week Vladimir Putin

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delivered another clear message about the kind of state Russia is becoming. He did so by nominating" Kadyrov, who "has done Mr. Putin a great service: Using his own militia -- gang might be a better term -- he has imposed order in the name of the Kremlin on most of the rebellious republic, allowing the Russian president to declare victory in the war he started more than seven years ago. The Chechen's reward is to be installed as official head of the republic's government, where he can be expected to promote a cult of personality, employ state resources for his personal aggrandizement and murder his opponents with impunity."

Ex-Ambassador Decries Congressional Resolution On Armenian Genocide. In an op-ed in today's Wall Street Journal (3/3, A8, 2.04M), Brookings Institution scholar and former US Ambassador Mark Parris says congressional passage of an Armenian genocide resolution "will be a train wreck with an important, longstanding American ally: Turkey." This year is "a particularly sensitive moment in Turkish politics," with key government institutions possibly "inclined to loosen the strict barriers set up by Ataturk between religion and state." In addition, 2007 "will highlight the country's pivotal geography and relevance to U.S. strategic goals," including Iraq, Iran and energy policy. Turkey "goes into this defining year with its anchors to the West drifting or under strain. … The responsible choice for Congress's current leadership is to join their predecessors in concluding that passage of an Armenian genocide resolution does not serve American interests."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:

"Clinton, Romney Lead In Survey Of Party Insiders."
"Cochran Firm Sued For Race Bias."
"ACLU Challenges Skid Row Cleanup."
"Darfur Oil: Curse Now, Blessing Later?"

New York Times:

"Army Secretary Ousted In Furor On Hospital Care."
"On Day After Tornado, A School Tallies The Grief."
"U.S. Predicting Steady Increase For Emissions."
"U.S. And Brazil Seek To Promote Ethanol In West."
"Warm Winters Upset Rhythms Of Maple Sugar."
"Novice Art Collectors Find Access Is Priceless."

Washington Post:

"Bush Orders Review Of Service Members' Care."
"Haiti's Lost Boys."
"Steep Prices Projected For Hot Lanes."
"White House Backed U.S. Attorney Firings."
"Cherokee Nation To Vote To Override Treaty."

Washington Times:

"Romancing The Conservatives."
"Timing, Donors Drive Long-Haul Strategy For '08."
"Virginia Locales Eye Expense Of Illegals."
"Seoul Wants No Trace Of Nukes."
"Rap Music Taking A Dive, For Lack Of A Positive Vibe."
"Venting Anger Being Challenged As Better Than Just Staying Calm."

Detroit Free Press:

"Cops Search Grant Home."
"Wall St. King In Hunt For Chrysler."
"Pistons Nearly Erase 19-Point Deficit, But Heat Hang On."
"DPS Delays Decision On School Cuts."
"Tiger Fans Wait For Prime Seats As Sales Start Today."

Atlanta Journal-Constitution:

"Crash: 'Just Chaos In My Mind.'"

Dallas Morning News:

"A New Day At The Water Gardens."
"Boy's Death Highlights Rare Illness."
"Perry Appoints TYC Investigator."
"Women At War Are Fighting To Serve."
"Lunar Eclipse Might Be Tough To Spot."
"It's Not Spring Yet: Freeze Likely Sunday."
"Painting Stolen Decades Ago Found In Spielberg's Collection."

Houston Chronicle:

"City Workers, Bus Drivers Run Houston Red Lights."
"HPD Finds High-Tech Marijuana House In Montrose."
"Texas Teacher Loophole Use May Cost $2.2 Billion."
"Sex-Abuse Fears: Harris May Halt Transfers To TYC."
"Houston Attributes Dip In Homicides To New Moves."
"Army Secretary Out Amid Wounded Vets Scandal."
"Six Charged In Houston Human Smuggling Case."
"Lawmakers Seek Crackdown On Animal Torture."
"Astronaut Won't Face Attempted Murder Charge."

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Story Lineup From Last Night's Network News:

ABC: Tornado; Tornado Damage; Tornado Weather Analysis; Midwestern Tornados; Atlanta Bus Accident; Walter Reed; CPAC; Wall Street; Nowak Charges; Child Cold Medicine; "Cat In The Hat" Anniversary; Malaria-Developing Countries.

CBS: Walter Reed; Walter Reed Analysis; Tornado-Georgia; Tornado-Alabama; Atlanta Bus Crash; Female Soldiers; Child Cold Medicine; Poker Players.

NBC: Walter Reed; Tornado-Alabama; Tornado-Georgia; Atlanta Bus Crash; Wall Street; US Military Doctors In Iraq; Nowak Charges; Child Cold Medicine; Abandoned Newborns.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Travels to Alabama to visit tornado-hit areas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: CONSERVATIVES _ The Conservative Political Action Caucus holds its annual conference. Highlights: 10 a.m. Session on "Lessons From the Last Revolution," with Paul Weyrich, Free Congress Foundation; Richard Viguerie, ConservativesBetrayed.com and Muriel Coleman, 1980 Ronald Reagan National Campaign. 2 p.m. Minnesota Gov. Tim Pawlenty discusses "A Bold Conservative Agenda for Americas Suburbs." 2:30 p.m. Former Virginia Gov. James Gilmore. 3 p.m. Session on "No Retreat, No Surrender: Fighting the Shadow Party," with Tom DeLay, Coalition for a Conservative Majority; and David Horowitz, Freedom Center. 4:45 p.m. Newt Gingrich. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: n/a, 800-752-4391

COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: Jim Phillipps, 202-942-4220

CHILD CARE _ The National Association of Child Care Resource & Referral Agencies marks its 20th anniversary during its Annual Policy Symposium. This conference will culminate with the release of a report card ranking states on their child care standards, and a twentieth anniversary celebration. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Jen Schill, 703-341-4148

CIVIL AIR PATROL _ The Civil Air Patrol holds its 2007 winter meeting, marking its 65 anniversary. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington, unless otherwise noted. Contacts: Dan Bailey, 334-953-0500

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: SATURDAY, MARCH 3, 2007 7:45 AM EST

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TERRORISM NEWS:

Calls For Return Of Hicks Come From Across Australia's Political Spectrum. The New York Times (3/3, A6, Bonner, 1.16M) reports, "The decision by the United States military to charge an Australian citizen, David Hicks, with one terrorism-related offense comes as Prime Minister John Howard is under mounting pressure, even from conservatives in his own party, to have Mr. Hicks charged, tried and brought home. Mr. Hicks is the first detainee from the American base at Guantánamo Bay, Cuba, to be charged under the Military Commissions Act of 2006. But the single charge, of providing 'material support for terrorism,' after Mr. Hicks has been held for five years in Guantánamo, has been met with skepticism, disbelief and some anger here, from conservatives and liberals alike."

4th Circuit Upholds Dismissal Of al-Masri Suit Against CIA. The Washington Post (3/3, B5, Markon) reports, "A federal appeals court yesterday upheld the dismissal of the case of a German citizen who says he was wrongfully imprisoned by the CIA." The Post continues, "Khaled al-Masri had sued former CIA director George J. Tenet and 10 unnamed CIA officials in U.S. District Court in Alexandria. Sources have said that Masri was held by the CIA for five months in Afghanistan because of mistaken identity." The Post adds, "U.S. District Judge T.S. Ellis III last year sided with the Justice Department, which invoked a state-secrets privilege to argue for dismissing the lawsuit. The U.S. Court of Appeals for the 4th Circuit upheld Ellis's decision."

El-Masri Seeks Apology From US Government. In an op-ed for the Los Angeles Times (3/3, 850K) Khaled El-Masri, identified as a "a German citizen born in Lebanon," who "was a car salesman before he was detained in December 2003," writes, "On New Year's Eve in 2003, I was seized at the border of Serbia and Macedonia by Macedonian police who mistakenly believed that I was traveling on a false German passport. I was detained incommunicado for more than three weeks. Then I was handed over to the American Central Intelligence Agency and was stripped, severely beaten, shackled, dressed in a diaper, injected with drugs, chained to the floor of a plane and flown to Afghanistan, where I was imprisoned in a foul dungeon for more than four months. Long after the American government realized that I was an entirely innocent man, I was blindfolded, put back on a plane, flown to Europe and left on a hilltop in Albania — without any explanation or apology for the nightmare that I had endured. My story is well known. … Why, then, does the American government insist that my ordeal is a state secret?"

HOMELAND RESPONSE:

Bush To Visit Tornado-Ravaged Alabama Today. The AP (3/3) reports President Bush "heads to Alabama today to visit areas damaged by this week's vicious storms and deadly tornadoes. Among his stops will be the high school where eight students were killed Thursday when a twister demolished their school." The AP (3/2) reported earlier that on Friday, the President "offered condolences to victims" of the storms, saying he "he had spoken to Alabama

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Gov. Bob Riley on Thursday afternoon and Georgia Gov. Sonny Perdue on Friday morning." Regarding his trip today, Bush said, "I go down with a heavy heart. I go down knowing full well that I'll be seeing people whose lives were turned upside down by the tornadoes. I'll do my very best to comfort them."

Reporting on the tornadoes dominated the broadcast network newscasts Friday night. ABC World News (3/2, Gibson, 8.78M) devoted its first eight minutes to the storms. The CBS Evening News (3/2, Couric, 7.66M) gave the story just under five minutes, and mentioned that "President Bush plans to visit this area tomorrow." NBC Nightly News (3/2, Savidge, 9.87M) gave the storms about four and one-half minutes, also reporting that "President Bush will tour the heavily-damaged region tomorrow."

New Orleans Seeks $77 Billion In Damages From Army Corps Of Engineers. The New York Times (3/3, A12, Eaton, 1.16M) reports the City of New Orleans "filed a $77 billion damage claim against the federal government on Thursday, joining thousands of residents who have flocked to the Army Corps of Engineers seeking compensation for their losses after Hurricane Katrina in 2005. The corps, which built and helped maintain much of the levee system that failed, has not tallied the number of claims or the total amount of money sought. It received 30,500 forms by late last month, a spokeswoman for the agency, Kathy Gibbs, said. … The claims were in part prompted by a ruling last month by a federal judge that raised the possibility that suits against the corps could proceed. Normally, federal law does not allow suits for damages resulting from the failures of flood-control projects. But on Feb. 2, Judge Stanwood R. Duval Jr. of Federal District Court in New Orleans ruled that at least one flooding source, the Mississippi River Gulf Outlet, might be considered a navigation channel and not a flood-control project."

The Los Angeles Times (3/3, Simmons, 850K) reports New Orleans officials "did not specify the damages to be covered, but in a statement, City Atty. Penya Moses-Fields said the claim was 'prudent at this stage to file.' Entergy New Orleans, the city's electrical utility that went bankrupt after Katrina, is seeking $655 million in damages and losses, and New Orleans Sewerage and Water is trying to recoup about $460 million. The corps has argued that the 1928 Flood Control Act gives it immunity from lawsuits."

WAR NEWS:

Bodies Of 14 Iraqi Policemen Found Following Abduction. The AP (3/2) reports, "The bodies of 14 policemen were found Friday northeast of Baghdad after an al-Qaeda-affiliated Sunni group said it abducted members of a government security force in retaliation for the rape of a Sunni woman by members of the Shiite-dominated police. ... Earlier Friday, the Islamic State of Iraq said in a Web statement that it seized 18 Interior Ministry employees in Diyala in retaliation for 'the crimes carried out ... against the Sunnis.'" However, an Interior Ministry spokesman "cast doubt on whether the 14 slain policemen were the same men shown on the website photos" posted by the group. The Los Angeles Times (3/3, Zavis, 850K) reports that the men were kidnapped even though they "had taken pains to travel inconspicuously, wearing civilian clothes and riding in sedans. ... It was unclear whether the officers were among the 18 blindfolded men pictured earlier on a website by a group calling itself the Islamic State in Iraq."

Sunni Insurgents "Ascendant" In Iraqi Bloodshed. The Washington Post (3/3, A11, Raghavan, 690K) reports, "More than two weeks into a new Baghdad security plan, Sunni insurgents are asserting responsibility for an increasing number of violent attacks against U.S. and Iraqi security forces and civilian targets, while Shiite militias are lowering their profile. In recent months, al-Qaeda in Iraq and other Sunni groups have begun to use more sophisticated tactics, downing U.S. helicopters and staging large attacks that have claimed the lives of hundreds of Iraqi civilians."

First Post In Sadr City Established By US, Iraqi Forces. AFP (3/2) reports that US forces "will gain their first foothold in Baghdad's Sadr City this week, a fortified joint security station from which to patrol the stronghold of radical Shiite cleric Moqtada Sadr, a senior US military official said Friday." Talks are still under way "with the mayor of Sadr City…and the US military will begin building the security station this week in the populous Shiite district in east Baghdad, said Brigadier General Joseph Anderson."

Anbar Sheik Battles Insurgents. The New York Times (3/3, A8, Wong, 1.16M) reports on Abdul Sattar Buzaigh al-Rishawi, the "public face of the Sunni Arab tribes in lawless Anbar Province who have turned against the Sunni jihadists of Al Qaeda in Mesopotamia, many of whom belong to other, sometimes more militant Iraqi tribes. ... There is talk that the sheik has received large amounts of money from the Iraqi government or the Americans. His face has been shown in anti-insurgent commercials on the government-run Iraqiya television network." But he "complains that he does not get nearly enough financial or military support." Anbar residents "say the split in the Sunni insurgency is widening, with moderate tribal leaders and nationalist guerrillas pitted against fundamentalist warriors and rival tribes. That has led to a sharp increase in Sunni-on-Sunni violence across Anbar, especially in the past week, deepening the chaos of Iraq's civil war."

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More Women Moving Into Combat Roles. The Dallas Morning News (3/3, Kovach, 500K) reports, "More women than ever are close to combat or have actual combat roles, and the government and military leaders continue to struggle with the question of where and how to set limits." This is the "first war in which female U.S. troops have been authorized to shoot back. And they have -- as helicopter gunners, military police, and even truck drivers forced to defend themselves on a battlefield with no clear frontlines." Their service has aroused conflict between those who consider them "vital" and those "who believe the armed forces have already pushed them too far. ... More than 70 women service members have died in Iraq since the start of the war."

The CBS Evening News (3/2, story 6, 2:50, Couric, 7.66M) reported, "Tonight, the sacrifices made by American servicemen and women. Two more American soldiers were killed by a roadside bomb outside Baghdad today. The US death toll in Iraq is now at least 3,166, and that includes 71 women."

US Military Doctors Saving Lives In Iraq. In a sympathetic report, NBC Nightly News (3/2, story 6, 3:15, Brown, 9.87M) profiled "the brave American medical teams that work so hard to save the lives of those wounded in Iraq." NBC (Bazell): "On the roof of the Baghdad combat hospital during a quiet evening, the medical team comes to unwind." Dr. Darrell Pugh: "We never saw anything like this when we were training in the United States. There have been a couple of times when I have had to step back and say, how am I going to deal with this?" Bazell: "We weren't allowed to photograph it, but every time an American service person killed in action is transported out of here on a helicopter, the entire hospital staff lines up to show its respect."

Khalilzad Lauds Oil Deal As Template For Reconciliation. In an op-ed in today's Washington Post (3/3, A15, 690K), US Ambassador to Iraq Zalmay Khalilzad says Iraq's oil agreement "points the way forward," will "enable oil wealth to "serve as a vehicle to unify Iraq," and "will give all Iraqis a shared stake in their country's future." He calls the deal "a significant achievement for Iraqis' national reconciliation" and "central to overcoming internal divisions in Iraq." The "effective and equitable management of these resources is critical to economic growth as well as to developing a greater sense of shared purpose among Iraqi communities." Khalilzad says the new law achieves its authors' goals and "is a great success," and concludes, "This is the first time since 2003 that all major Iraqi communities have come together on a defining piece of legislation. … The agreement on the oil law should give us confidence that Iraqis are willing and able to take the steps needed for Iraq's success."

Senior Taliban Leader Arrested In Pakistan. The Washington Post (3/3, A11, Witte, Khan, 690K) reports, "The arrest of a senior Taliban leader in a Pakistani city long reputed to be a haven for the group kindled guarded hope among Western and Afghan security officials Friday that the government here plans to move more aggressively against insurgents taking refuge on its territory." It "marks the first time since the Sept. 11, 2001, attacks that authorities here have acknowledged apprehending or killing a senior Taliban commander on Pakistani soil." Obaidullah Akhund, "arrested hours after Vice President Cheney made a visit to Islamabad this week, is a former Taliban defense minister and is viewed in intelligence circles as one of the highest-ranking figures in the Islamic movement."

Roadside Bomb Injures Pakistani Judge. The New York Times (3/3, A7, 1.16M) reports in a three-sentence article, "A bomb rigged to a bicycle exploded near a car carrying a judge to his court in central Multan, seriously wounding him and killing his driver, a policeman and a third man. The judge, Mian Bashir Bhatti, often hears cases against suspected militants and terrorists."

NATO Still Short Of Troops In Afghanistan. The Washington Post/AP (3/3, Baldor) reports in a pessimistic article, "Signs of a new spring offensive by Taliban insurgents in Afghanistan have begun to emerge, but NATO commanders are still short more than 1,000 combat troops, despite repeated requests to allied nations, the top commander said Friday." US Gen. John Craddock said that his forces were "losing the counter-narcotics war, and more work and greater coordination is needed in the reconstruction effort." He added that NATO would never "prevail" as long as Pakistan failed to exercise "greater control of the border areas."

Scholar Says US Must Destabilize Iran To Defeat Terrorism. In an op-ed in today's Wall Street Journal (3/3, A9, 2.04M), the American Enterprise Institute's Michael Ledeen says it "is a good thing" that the Administration is "clearly paying much more attention to Iran than" it did previously. "To restrict our national debate to Iraq and Afghanistan alone is to accept the failure of strategic vision that has plagued us from the war's earliest days." He says it "isn't good enough" to "fight in one place at a time, secure that area, and then move on." Noting that America's "primary enemies are states, which provide the jihadis with much of the wherewithal for their operations," Ledeen calls Iran "by far the most important," with Syria and Saudi Arabia also supporting terrorism. Tehran remains "the keystone of the terrorist edifice," and "it doesn't require more boots on the

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ground or bombing raids. It requires a traditional American policy: support for democratic revolution against our tyrannical enemies." Ledeen concludes, "We are engaged in a global war, and while we have done well in many respects, we have thus far refused to recognize the real nature of the fight."

DOJ:

White House Approved Firings Of Seven US Attorneys. The Washington Post (3/3, Solomon, Eggen, 690K), in a front-page article titled, "White House Backed U.S. Attorney Firings, Officials Say, reports that the White House "approved the firings of seven U.S. attorneys late last year after senior Justice Department officials identified the prosecutors they believed were not doing enough to carry out President Bush's policies on immigration, firearms and other issues, White House and Justice Department officials said yesterday. The list of prosecutors was assembled last fall, based largely on complaints from members of Congress, law enforcement officials and career Justice Department lawyers, administration officials said." The Post notes that "one of the complaints came from Sen. Pete V. Domenici, who specifically raised concerns with the Justice Department last fall about the performance of then-U.S. Attorney David C. Iglesias of New Mexico. … Iglesias has alleged that two unnamed New Mexico lawmakers pressured him in October to speed up the indictments of Democrats before the elections." The Post adds that "officials acknowledged that the ousters were based primarily on the administration's unhappiness with the prosecutors' policy decisions and revealed the White House's role in the matter. 'At the end of the day, this was a decision to pick the prosecutors we felt would most effectively carry out the department's policies and priorities in the last two years,' said Justice Department spokesman Brian Roehrkasse. Officials portrayed the firings as part of a routine process, saying the White House did not play any role in identifying which U.S. attorneys should be removed or encourage the dismissals."

The AP (3/3) reports, "The former U.S. attorney for Nevada said he declined an invitation to testify voluntarily before a congressional panel investigating the removal of at least eight federal prosecutors around the nation. … But Daniel Bogden, who has said he was not given a reason for his removal this week, said he would appear if compelled by subpoena to appear before the House Judiciary Committee's subcommittee on commercial and administrative law." The AP continues, "Bogden did not immediately respond Friday to requests for comment. The 51-year-old prosecutor is one of several federal prosecutors removed in recent weeks by the Justice Department. His last day was Wednesday. No successor has been named. … On Thursday, Bogden told reporters that he remained unsure why he was removed." The AP adds, "Bogden told the Las Vegas Review-Journal that Michael Battle, director of the executive office for U.S. attorneys, did not provide a reason when he asked Bogden on Dec. 7 to step down from the post he had held since 2001. … Bogden said other Justice Department officials told him that the decision was reached at the highest levels of the department. … 'I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office,' Bogden said. … He noted that Deputy Attorney General Paul McNulty on Feb. 6 told the Senate Judiciary Committee and the dismissals of federal prosecutors were performance-related."

The Albuquerque Tribune (3/3) reports, "A brief news conference called today by Rep. Heather Wilson on veterans affairs devolved into a grilling over questions about former U.S. Attorney David Iglesias." The Tribune continues, "Wilson, after meeting with officials of the Department of Veterans Affairs, spoke to about four or five reporters about treatment of veterans from Iraq and Afghanistan. … After a couple of questions on that issue, the reporters turned their questioning to Iglesias - specifically, whether Wilson called him in the weeks before the Nov. 7 election to inquire about a high-profile corruption case being investigated by his office. … 'I have said very little about that, and I won't make any additional comment at this time,' the Albuquerque Republican told reporters gathered at the Veterans Administration Hospital." The Tribune adds, "She referred to Iglesias' ouster as she has before, as a personnel issue within the Department of Justice. … When asked how an alleged phone call to a U.S. attorney could be construed as a personnel matter, she replied that she 'did not have any additional comment at this time.' … Wilson offered the same response to a number of other questions on the same topic. … She would not comment on a report published Thursday identifying her and Sen. Pete Domenici as having called Iglesias in October."

Gonzales Dismisses Emanuel's Outside Counsel Suggestion. In his syndicated column, Robert Novak (3/3) writes that Gonzales "has indicated he is too busy to answer letters from Democratic congressional leaders about" the firings "though a lower-level Justice Department official rejected their proposals." Rep. Rahm Emanuel "had written Gonzales two letters suggesting that he name Carol Lam, fired as U.S. attorney in San Diego, as an outside counsel to continue her pursuit of the Duke Cunningham case. … Richard A. Hertling, the acting Justice Department lobbyist, responded Wednesday, 22 days after Emanuel's letter. He contended 'the Justice Department would not ever seek the resignation of a U.S. attorney if doing so would jeopardize a public corruption case' and rejected naming Lam as a special prosecutor."

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WPost Plays Down Controversy. The Washington Post (3/3, A14, 690K), in an editorial, writes, "The Justice Department's firing of a group of U.S. attorneys is neither as sinister as critics suggest nor as benign as the department would have you believe, at least on the basis of the evidence revealed so far. But it is, both sides agree, highly unusual and warrants further inquiry. … Pending further investigation, the episode seems to reflect an unusual reaction to the normal tension between Justice headquarters and the would-be autonomous U.S. attorneys, in this case involving disagreements over how much to focus on immigration cases or when to seek the death penalty. Prosecutorial independence is important, but the president is entitled to have prosecutors who reflect his law-enforcement priorities and to replace those who balk at complying."

NYTimes Calls For Appointment Of "Impartial Investigator." The New York Times (3/3, A14, 1.16M), in an editorial, suggests Attorney General Alberto Gonzales "should appoint an impartial investigator to get to the bottom of this unfolding scandal." According to the Times, the Bush administration "trampled on prosecutorial independence."

Gonzales Touts Anti-Terror Efforts In California. The Sacramento Bee (3/3, Korber) reports, "For U.S. Attorney General Alberto Gonzales, every day is Sept. 12. … 'My No. 1 priority is protecting our nation and our citizens from another attack,' Gonzales said in a talk Friday at McGeorge School of Law in Oak Park. 'That is what drives me.'" The Bee continues, "While dozens of raucous protesters demonstrated outside, the nation's top cop spoke to a quieter audience of dignitaries and students who attended the invitation-only lecture at the school. … Gonzales' half-hour talk, read rapidly from notes, was a passionate defense of the Bush administration's anti-terrorism strategy on several fronts: domestic surveillance, the detention of foreign terror suspects at Guantánamo Bay, and the importance of the USA Patriot Act." The Bee adds, "Gonzales, who was sworn in as attorney general two years ago, previously served as President Bush's White House counsel. He recalled being with the president on Sept. 11, 2001. … 'I carry the memory and pain of that day -- the brutal murder of fathers and mothers, sons and daughters,' he said. 'Our enemies are smart. They are adaptable. And they are very, very patient. We must anticipate what our enemy is going to do next.' … To that end, he said, the administration must have new tools and rethink some old rules. He quoted a British report that described parts of the Geneva Convention as out of date, and he spoke of clarifying and modernizing those international standards of wartime behavior. … 'This is a new threat that requires a new way of thinking,' he said." The Bee notes, "At the end of his talk, Gonzales was asked how he thought history would judge him. … 'I will let history write that story,' he said. 'I can't worry about my legacy. I can't spend the next two years fighting defensive battles. I have an obligation to take the majestic powers of the Department of Justice and do good for the American people.' … Protesters outside the lecture hall -- primarily law students and some of their professors -- accused Gonzales of ignoring the Constitution in his pursuit of terrorism. They raised issues that have dogged Gonzales since his nomination, including his approval of an administration memo that condoned harsh treatment of suspected terrorists."

CBS 13 Sacramento (3/3) reports, "Protestors made a run for it over to McGeorge School of Law today to speak their mind on the war on terror. The target of their anger-- U.S. Attorney General, Alberto Gonzales who was invited to speak at McGeorge." CBS continues, "With a glance and a wave, It didn't take long for the attorney general to figure out he wasn't exactly being welcomed by some in a group of McGeorge students. … These protestors --many of them law students from McGeorge cut to the chase as they told us, in dramatic fashion, why they were here. CBS adds, "Rights being violated, this group would argue, by the U.S. Attorney General's office: … As they carried signs targeting the man who hired Gonzales-- President Bush. … Protestors ripped the administration and the Attorney General on how they handle so called enemy combatants; the guys at Guantanamo. But that was not all. … The tactics for handling the media's coverage of the attorney general's speech was a bit puzzling today. At first, CBS13 was told we'd be allowed in. Then, they shut all media out."

KNBC-TV in Los Angeles (3/2, 5:05 pm PT) broadcast, "US Attorney General Gonzalez in Los Angeles today touring one of the city's most successful gang prevention and intervention centers. Gonzalez and LA Mayor Villaraigosa toured Homeboy Industries. It's a silk screening business that gives jobs to at-risk youth and former gang members."

CORPORATE SCANDALS:

DOJ Probing New Century Financial's Stock Sales, Accounting. The New York Times (3/3, Bajaj, Creswell) reports, "Federal prosecutors and securities regulators are investigating stock sales and accounting errors at the New Century Financial Corporation, the biggest mortgage company that specializes in lending to people with weak, or subprime, credit, the company disclosed in a corporate filing yesterday. … The company also warned that a delay in filing its financials may put vital financing into jeopardy." The Times continues, "The troubles at New Century are the latest sign of the deterioration in subprime lending — until recently the fastest-growing segment of the mortgage business. The market has been struggling to contain the fallout from rising default rates and weakening

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home prices. Late last year, some smaller lenders started going out of business and last month several bigger companies, including New Century, started reporting problems. … Another large lender, the Fremont General Corporation, said yesterday that it planned to sell its subprime mortgage business after reaching an agreement with the Federal Deposit Insurance Corporation to restrict its activities in that area. As part of the agreement, Fremont will be able to continue taking deposits." The Times adds, "The investigations into New Century, which is based in Irvine, Calif., and wrote $33.9 billion in mortgages last year, started after the company said on Feb. 7 that it would restate earnings for three quarters, which sparked a huge sell-off in its shares. Yesterday, it said its problems had prevented it from filing its annual report, which was to be released Thursday. The board is conducting an investigation of the accounting problems. … The company's shares have fallen more than 53 percent since the start of the year — before the most recent announcement, which came after the stock market closed. Its shares were down $3.73, or 25 percent, to $10.92, in after-hours trading. … On Feb. 22, the company said the regulatory arm of the New York Stock Exchange contacted it about sales in the company's securities before that announcement. On Wednesday, it received notice from the United States attorney's office in Los Angeles that it was conducting a criminal investigation. Federal prosecutors are looking into trading in New Century securities and errors in how the company accounted for home loans that it was forced to buy back from Wall Street firms that buy its loans and package them into bonds. Also, the Securities and Exchange Commission has requested a meeting with its executives."

Ethics Complaint Limits Attorney's Role In Enron Case. The Houston Chronicle (3/3, Hays) reports, "One of the lawyers who represents Enron shareholders in a $40 billion lawsuit bound for trial next month in Houston has informed the judge he is facing an ethics complaint from the Washington, D.C., Bar Counsel." The Chronicle continues, "The lawyer, G. Paul Howes, told U.S. District Judge Melinda Harmon in a letter Friday that he will address the matter at a hearing before a committee of the District of Columbia Board of Professional Responsibility on April 11, the week before jury selection is scheduled to begin in the Enron case. … He also said that because of the complaint, he will have a nonspeaking role in the Enron trial and will help the lead trial lawyer, Patrick Coughlin." The Chronicle adds, "The allegations include that in 1993-94, during Howes' 11 years as a federal prosecutor in Washington before he went into private practice in 1995, he made improper voucher payments to witnesses when prosecuting two murder cases. … The Justice Department investigated the allegations and did not file criminal charges against Howes. But the agency said in a 1998 report that he had improperly distributed witness vouchers. The Justice Department forwarded its findings to the D.C. Bar Counsel, which filed the complaint last month. … Howes said in the letter that he has 'always accepted responsibility for my conduct and that of the police officers who worked with me' on extensive investigations that began in 1988. He declined comment beyond the letter."

CRIMINAL LAW:

Libby Jury Seek Clarification On "Reasonable Doubt" Standard. The Washington Post (3/3, A4, Goldstein, Leonnig, 690K) reports, "Jurors in the perjury trial of I. Lewis 'Scooter' Libby asked the presiding judge for help yesterday defining a core issue in their deliberations: how to set a standard for determining whether the vice president's former chief of staff is guilty beyond a 'reasonable doubt.' At the end of its eighth day of deliberations, the foreman of the 11-member jury sent U.S. District Judge Reggie B. Walton a two-sentence note. 'We would like clarification of the term 'reasonable doubt," the note said. 'Specifically, is it necessary for the government to present evidence that it is not humanly possible for someone not to recall an event in order to find guilt beyond a reasonable doubt?' … According to jury and evidence experts, the question…signifies that at least one juror is concerned how strictly to define reasonable doubt."

The New York Times (3/3, A11, Lewis, 1.16M) reports, "The question suggested that at least some of the jurors are wrestling with the imprecise and often vexing definition of reasonable doubt, as well as how to decide whether a false statement should be attributed to faulty memory or willful deception, the issue at the center of the case."

Louisiana Leads Nation In Katrina Fraud Cases. The New Orleans Times-Picayune (3/3, Alpert) reports, "In her application for federal emergency help, Tina Marie Gilmore told officials how she watched hopelessly as her two daughters, ages 5 and 6, were swept through the rushing floodwaters after Hurricane Katrina and was so distraught several months later that she couldn't function -- couldn't drive a car or even be in the same room with children. … But after mailing her a check for $4,358, the Federal Emergency Management Agency learned that not only did the 34-year-old woman not live in New Orleans when Hurricane Katrina devastated the city, but she also didn't have any children. Even her last name was a fake. The government said it wasn't Gilmore, but Winston. … Last month, U.S. District Judge William Stiehl sentenced the Belleville, Ill., woman to four years in jail. 'She took advantage of the taxpayers of this country under very tragic circumstances,' Stiehl said." The

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Times-Picayune adds, "Winston is one of about 600 people in 19 states and the District of Columbia who have been indicted for making fraudulent hurricane claims. Louisiana has the most cases, 140, followed by Mississippi, with 105, and California, 71. … One of the most prevalent schemes, according to the government, involved false claims for emergency $2,000 allocations from FEMA, money intended to pay emergency living expenses after Katrina forced hundreds of thousands of people from their homes. … But some of the scams were far more audacious. … U.S. Attorney Jim Letten said he isn't surprised that the Eastern District of Louisiana, which covers metropolitan New Orleans, is on the low end of fraud cases given that the devastation of the storm meant most of the area's residents suffered at least some damage during Katrina. … According to the Justice Department, the Eastern District had 18 cases, although Letten believes the actual number is in the 30s. Still, that's fewer cases than reported for the Eastern District of California, the Northern District of Alabama and middle district of Louisiana, which includes Baton Rouge."

Former DOD Official Pleads Guilty To Embezzlement. The Washington Times (3/3, Seper) reports, "A former Defense Department official yesterday pleaded guilty in federal court to charges of embezzling more than $100,000 in funds destined for use by government intelligence agents, Assistant Attorney General Alice S. Fisher said." The Times continues, "John Taylor, who worked at the department as an intelligence contingency-funds officer, admitted in U.S. District Court for the District of Columbia that he stole the money while assigned to the 500th Military Intelligence Brigade as part of the U.S. Army Intelligence and Security Command at Camp Zama, Japan." The Times adds, "In his Defense Department role, Mrs. Fisher said, Taylor was responsible for budgeting, disbursing and accounting for intelligence contingency funds for the official duties of government intelligence agents. She said he also was required to manage classified bank accounts and supervise agents engaged in classified intelligence-gathering activity. … As part of a plea agreement in the case, she said, Taylor admitted that from 2003 through January 2006, he used his official position to steal at least $106,000 in department funds designated for intelligence-related activities. … She said Taylor embezzled the money by withdrawing cash from a government bank account whose funds were intended for intelligence agents. To conceal his acts, she said, Taylor falsified Defense Department accounting vouchers and forms."

DOJ Meets With Internet Providers About Monitoring Users. CNET News.com (3/3, McCullagh) reports, "The Bush administration has accelerated its Internet surveillance push by proposing that Web sites must keep records of who uploads photographs or videos in case police determine the content is illegal and choose to investigate, CNET News.com has learned." CNET continues, "That proposal surfaced Wednesday in a private meeting during which U.S. Department of Justice officials, including Assistant Attorney General Rachel Brand, tried to convince industry representatives such as AOL and Comcast that data retention would be valuable in investigating terrorism, child pornography and other crimes. The discussions were described to News.com by several people who attended the meeting." CNET adds, "A second purpose of the meeting in Washington, D.C., according to the sources, was to ask Internet service providers how much it would cost to record details on their subscribers for two years. At the very least, the companies would be required to keep logs for police of which customer is assigned a specific Internet address. … Only universities and libraries would be excluded, one participant said. 'There's a PR concern with including the libraries, so we're not going to include them,' the participant quoted the Justice Department as saying. 'We know we're going to get a pushback, so we're not going to do that.'" CNET notes, "Attorney General Alberto Gonzales has been lobbying Congress for mandatory data retention, calling it a "national problem that requires federal legislation." Gonzales has convened earlier private meetings to pressure industry representatives. And last month, Republicans introduced a mandatory data retention bill in the U.S. House of Representatives that would let the attorney general dictate what must be stored and for how long. …. Supporters of the data retention proposal say it's necessary to help track criminals if police don't immediately discover illegal activity, such as child abuse. Industry representatives respond by saying major Internet providers have a strong track record of responding to subpoenas from law enforcement. … Wednesday's meeting represents the latest effort by the Bush administration to increase the ability of law enforcement and intelligence agencies to monitor Internet users. Since 2001, the administration has repeatedly pushed for more surveillance capabilities in the form of the Patriot Act and a follow-up proposal that--if it had been enacted--would have given the FBI online eavesdropping powers without a court order for up to 48 hours.""

Minnesota US Attorney Cracking Down On Child Porn. The Minneapolis Star Tribune (3/3, Browning) reports, "Bruce Betcher says he began searching the Web for sexually explicit photos of children in 2003, a predilection that led him to photograph two relatives -- both under 12 -- and three of their best friends in lascivious poses. … When he appears in federal court in Minneapolis on Tuesday, Betcher, a 53-year-old Burnsville property appraiser, could be

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sentenced to up to life in prison -- a longer term than if he had been convicted of first- or second-degree murder." The Tribune continues, "Extraordinary prison sentences for first-time offenders and a willingness of prosecutors to throw the book at them are evidence of an expanding crackdown by the federal government on anyone caught producing, possessing or distributing child pornography. Mandatory minimum sentences have been lengthened twice in the past three years, and a year ago the Department of Justice launched Project Safe Childhood, a no-holds-barred enforcement initiative that has made prosecution of child porn a top priority." The Tribune adds, "Rachel Paulose, the new U.S. attorney for Minnesota, helped draft that initiative and promised vigorous enforcement of existing laws. … A review of Minnesota cases brought by the government in the past year shows that it isn't prosecuting people who accidentally tripped across a photo or two. The cases thus far range from an international Internet consultant snared at the airport with child sex photos on his laptop to the father of three young girls who recorded himself raping and sodomizing them. … One man prosecuted in Minneapolis recently had more than 350,000 images of pornography, some of which included sexual penetration of toddlers. In another case, a Richfield man who worked as a pharmacy assistant sent child porn to an undercover agent and said he could drug young girls so they wouldn't remember being assaulted and photographed. … Though many of the cases were already underway when Paulose took office in February 2006, she's promising to bring more. Several recent search warrants indicate that she means it. … 'You will, over time, see an increase,' Paulose said." The Tribune notes, "Betcher's lawyer, Thomas Shiah, and other defense attorneys worry the federal sentencing guidelines are too harsh, particularly for first-time offenders like Betcher. … But in Betcher's case, Assistant U.S. Attorney Erica MacDonald urged the judge to follow the sentencing recommendation of life in prison. 'The lives of five little girls and their families were irreparably damaged by this man and his deviant behavior,' she said in a memo filed Friday. … Paulose, too, is unsympathetic to any pleas for mercy. … 'To be blunt, no sentence would ever be long enough for a person who takes the innocence of a child,' she said."

Director Spielberg Contacts FBI About Stolen Painting In His Collection. The Los Angeles Times (3/3, Krikorian, Khalil) reports, "A Norman Rockwell painting stolen from a Missouri gallery 34 years ago was recovered and authenticated Friday in the collection of movie mogul Steven Spielberg." The Times continues, "Spielberg's spokesman, Marvin Levy, said the director's staff contacted the FBI several weeks ago after seeing a bulletin from the agency's Art Crime Team seeking clues about the theft of the 'Russian Schoolroom' oil painting. … 'The second anybody said, "I think we have that painting," [our] office got a hold of the FBI,' Levy said." The Times adds, "Special Agent Chris Calarco of the FBI's Art Crime Team and Jessica Todd Smith, curator of American art for the Huntington Library, inspected the painting Friday afternoon at Spielberg's offices on the Universal Studios lot. The filmmaker was not present. … Calarco declined to speculate on the painting's value, but two sources close to the investigation said it is worth between $700,000 and $1 million. … The painting, depicting schoolchildren in a classroom looking at a bust of Soviet leader Vladimir Lenin, was stolen during an exhibit at a small art gallery in Clayton, Mo., in June 1973. … According to the FBI, its whereabouts were unknown until 1988, when it was sold at an auction in New Orleans for about $70,000."

O'Malley Considering Compromise On Death Penalty Repeal. The Washington Post (3/3, B2, Wagner, 690K) reports Maryland Gov. Martin O'Malley, "who testified last month in favor of repealing Maryland's death penalty, has started exploring a compromise with lawmakers that would limit the possibility of execution to just a few types of offenders, such as inmates who kill prison guards. Aides to O'Malley (D) say that such a deal might be the best hope for passing legislation that would tighten the scope of the state's death penalty. But that could put the governor at odds with advocates of a repeal, who say that the strategy could backfire and result in a bill that differs little from current law."

LATimes Says Police Are Curtailing High-Speed Chases. The Los Angeles Times (3/3, 850K) editorializes that "if you worry…about the dangers of high-speed police chases, don't expect the U.S. Supreme Court to impose new limits on the practice. This week, several justices reacted skeptically to the claim of a Georgia man that he should be allowed to sue a deputy sheriff because he was paralyzed after a police car rammed his vehicle. Fortunately, in Los Angeles and elsewhere, police forces are acting on their own to limit the dangers such chases pose to police, suspects and the public."

CIVIL RIGHTS:

DOJ Drops Involvement In Virginia Church Zoning Dispute. The Roanoke Times (3/3, Ribeiro) reports, "The Justice Department has dropped an inquiry into whether Bedford County violated a church's rights by limiting their ability to worship in a Moneta barn." The Times continues, "The Rev. Ray Bell of the Cowboy Church of Virginia made the announcement at a news conference Thursday. In a phone interview, he said he's 'puzzled, but not

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upset' about the agency's decision. … Controversy surrounded the Cowboy Church for months. Services temporarily ceased at the Moneta barn last spring when Bedford County cited violations to a zoning and safety ordinance." The Times adds, "Services resumed last summer after advocates flooded county officials with phone calls. The Constitution guarantees people the right to worship and assemble, supporters have argued -- and that includes followers of the cowboy culture who hold their weekday services on a farm. … A Feb. 16 letter to Bell from the Justice Department states: 'We carefully reviewed the information that you have provided and determined that no further action by the Department is warranted.' … Bell had provided information on the issue to the Justice Department, but only after the agency asked for it, he said. He did not personally request an investigation, Bell said."

The Richmond Times-Dispatch (3/3, Faulconer) reports, "Six months ago, the department began investigating whether the Religious Land Use and Institutionalized Persons Act was violated. Bell has opposed the county's requirement that a special-use permit be obtained to hold religious services, claiming it violates the separation of church and state."

Seale Attorneys Argue Judge Has Conflict Of Interest. The Jackson Clarion-Ledger (3/3, Mitchell) reports, "U.S. District Judge Henry Wingate and U.S. Magistrate Judge Linda Anderson should step down from the case involving the 1964 slayings of two black teenagers, the attorney for reputed Klansman James Seale said Friday." The Clarion-Ledger continues, "Wingate and Anderson happen to be the only African-American judges in the Southern District of Mississippi, but Federal Public Defender Dennis Joiner made no mention of that fact. Instead, he argued the judges have a prior association with the U.S. attorney's office and the case had been assigned to another judge and magistrate judge initially. … In January, Seale pleaded innocent to the federal kidnapping and conspiracy charges in connection with the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, reportedly by Klansmen. The teenagers were hitchhiking in Meadville when they were grabbed and beaten before being drowned in the Mississippi River, according to FBI reports." The Clarion-Ledger adds, "Seale, now 71, faces an April 2 trial. If convicted, he could receive life in prison. … Joiner accused U.S. Attorney Dunn Lampton of manipulating the system to have these judges hear the case. … 'The U.S. Attorney has had the sole ability to select which specific district court judge he wants to sit on any criminal case in the Jackson Division,' Joiner wrote. 'He does this by asking the grand jury to return an indictment during a month assigned to a particular judge.' … Joiner pointed out Wingate and Anderson both have served at the U.S. attorney's office - Anderson during the time the case was reinvestigated. Wingate was appointed to the bench in 1985. … It will be up to Wingate to rule on the matter."

Rights Group Pleased With Georgia Cold-Case Probe. The Savannah Morning News (3/3) reports, "A civil rights group that has pushed for years to reopen state and federal investigations into the decades-old lynching at Moore's Ford Bridge near Monroe said Friday they are pleased that the U.S. Department of Justice has decided to take another look at the case. … 'You just feel like the rule of law is going to prevail,' said state Rep. Tyrone Brooks, D-Atlanta, who is president of the Georgia Association of Black Elected Officials." The News continues, "The group has pushed since at least 1998 for new investigations into killings of two black couples - Mae and George Dorsey along with Dorothy and Roger Malcom - in the summer of 1946. … Brooks said his group has been aware for more than a year that the FBI was probing the Moore's Ford case again but kept the information quiet to avoid interfering with the probe. … But during a press conference Tuesday, U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller announced that the Justice Department was reopening the investigations of some Civil Rights Era killings, including the Moore's Ford case. The Georgia Bureau of Investigation reopened its investigation several years ago on the orders of then-Gov. Roy Barnes." The News notes, "Brooks said local activists have kept up with at least five living suspects who were identified in the original FBI report following the 1946 killings. Brooks' group and local organizations also have been talking to witnesses. … 'We're going to be making an appeal to the suspects to turn themselves in and avoid a long ordeal,' Brooks said."

Judge Halts New York Election. The New York Times (3/3, Whitaker) reports from White Plains, NY, "A federal judge on Friday stopped March elections for two seats on the Port Chester Board of Trustees, finding there was sufficient evidence to make the case that the village's at-large system for voting discriminates against Hispanic residents." The Times continues, "In a 32-page ruling read from the bench, Judge Stephen C. Robinson of Federal District Court found merit in virtually every argument made by Justice Department lawyers seeking an injunction to stop the March 20 elections. The village, however, may still hold a mayoral election scheduled for the same day, the judge ruled. … 'I think what we heard in court says everything,' said Cesar Ruiz, a Hispanic man who filed a complaint with the Justice Department after an unsuccessful bid for village trustee in 2001. 'I'm very pleased.'" The Times notes, "The village trustees scheduled an executive session for Saturday morning to discuss the case and decide whether to continue its fight against breaking the village into six voting districts, one of which would be predominantly Hispanic, to replace its

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at-large system. …. Anthony G. Piscionere, who is representing the village in the case, said he believed that the village still had a chance of winning, particularly if the case went to appeal. A trial date has been set for April 16 through April 20. … The lawsuit, filed by the Justice Department in December, charges that the at-large system — meaning that all residents of the village vote for all candidates on the ballot — is unfairly weighted against Hispanic residents, a violation of the Voting Rights Act of 1965. According to the lawsuit, the system allows for white bloc voting, which inhibits Hispanic voters' ability to elect their preferred candidate."

The New York Journal News (3/3, Sadler) reports, "In an oral decision, U.S. District Judge Stephen Robinson cited evidence of racial polarization in Port Chester's at-large election system. He said that if the case goes to trial, the U. S. Justice Department was likely to succeed in its claim that the current election system dilutes the Hispanic vote in violation of the federal Voting Rights Act. … 'It is clear to this court that Hispanic voters in Port Chester prefer different candidates, and that non-Hispanic voters generally vote as a bloc to defeat the Hispanic-preferred candidate,' Robinson said, capping a two-week hearing on whether the current election system discriminates against Hispanics. It is the first time a judge has stopped an election in Westchester County." The News adds, "Village officials expressed disappointment, but most declined to comment on whether they wanted to continue to fight the lawsuit. The board will meet with its lawyers today to discuss the next steps. It may choose to settle with the Justice Department and adopt voting districts or go to trial. The village also can appeal the injunction to the 2nd U.S. Circuit Court of Appeals. … It has already spent some $472,000 on lawyer fees and other legal expenses, draining what was a $2.5 million fund balance and raising some questions about whether to proceed. … U.S. Attorney Michael Garcia said in a statement: 'In bringing this suit, the Justice Department sought to vindicate the voting rights of minority citizens in the village of Port Chester. I am pleased that Judge Robinson ... found that the United States is likely to succeed on the merits of its claim that the village of Port Chester's system for electing its Board of Trustees violates Section 2 of the Voting Rights Act.'"

Cochran Law Firm Accused Of Racial Bias. The Los Angeles Times (3/3, Garrison) reports, "For decades, the law firm founded by the late Johnnie L. Cochran Jr. has been renowned as a black-run institution fighting for civil rights and against police abuse — not to mention getting O.J. Simpson acquitted of murder charges. … But now, in a development that has dismayed some in Los Angeles' African American community, attorney Shawn Chapman Holley has sued the firm, claiming, among other things, that its leaders discriminated against her because she is black." The Times continues, "Holley said that after Cochran's death in 2005, leadership of the firm was turned over to white men who began to discriminate against black lawyers and black clients. … Neither she nor her attorneys would comment on the suit, although she released a statement through her lawyer: … 'In deference to the memory of Johnnie Cochran and in deference to his family, I do not intend to engage in a public airing of our disagreements. The lawsuit speaks for itself, and this matter will be litigated in the courts.'" The Times adds, "Randy H. McMurray, a partner in the firm, denied Holley's charges. … 'We probably have the most diverse law firm in California. I don't know what race we would be discriminating against,' he said, noting that he and another partner in the L.A. office, Brian Dunn, are black. … News of the suit raised eyebrows among some members of the city's black establishment. … 'Racial discrimination at the Cochran firm?' asked public affairs consultant Kerman Maddox. 'When you think Johnnie Cochran, you think best and brightest in the black community. … I'm shocked. If true, that would be a devastating blow to the legacy of Johnnie Cochran.' … Cochran, the great-grandson of slaves, founded his firm in 1965. He was best known nationally for his successful defense of Simpson against charges that he murdered his ex-wife, Nicole Brown Simpson, and her friend Ronald Lyle Goldman. … But for decades before those 1994 killings, Cochran was well-known in Los Angeles for a string of cases in which he won historic financial settlements and helped bring about lasting changes in police procedure."

ANTITRUST:

SEC Probing TXU Trading Ahead Of Deal. The Wall Street Journal (3/3, A3, Berman) reports, "On Feb. 23, rumors began circulating in Washington that Texas utility giant TXU Corp. was close to striking an agreement with environmentalists opposing the company's plans to build new power plants. The company's shares surged 4% that day, as did trading in its options. … There was a deal, in fact. It was to sell the entire company. And, according to a Securities and Exchange Commission complaint filed late Friday, someone apparently already had begun trading illegally on the information." The Journal continues, "The SEC issued a temporary restraining order on certain unknown accounts Friday, for trading in call options that first began on Feb. 21, two days before word leaked that the utility was to be sold to private-equity firms. These unknown traders -- the SEC plans to identify them in further litigation -- scored $5.4 million in profits, the agency alleges. … Such activity has been at the center of suspicious market moves around a number of recent mergers and acquisitions. The total dollar value of these moves, however, far exceeds the figures involved in this case, which was brought in a U.S. District Court for Northern Illinois." The Journal adds, "In the days leading up to

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the deal, TXU's buyers were in discussions with a number of outside parties. Their hope was to convince both environmental groups and Texas lawmakers about the merits of its offer. … Such discussions are usually governed by strict confidentiality agreements, which is supposed to guarantee negotiations go on in secret. These agreements are supposed to protect sellers from leaks that might affect its stock price."

The Financial Times (3/3, Grant, Kirchgaessner) reports, "US federal regulators on Friday secured a court order freezing more than $5m in assets belonging to unknown traders who bought TXU call options a few days before the $45bn sale of the US utility to private equity groups." The Times continues, "The Securities and Exchange Commission said the buyers of the options 'engaged in illegal insider trading'. The SEC said the "highly profitable and suspicious purchases" were made through overseas accounts late last month ahead of the deal announced on February 26. … In a sign of the global scope of the case, the SEC was helped by the UK's Financial Services Authority and Swiss counterparts. It comes in the same week that current and former employees of three top Wall Street banks were charged by federal prosecutors with insider trading." The Times notes, "Regulators uncovered the use of overseas accounts to trade options at the Chicago Board Options Exchange in advance of the announcement of TXU's purchase by Kohlberg Kravis Roberts, Texas Pacific Group and Goldman Sachs. … The SEC said unknown traders made purchases of call-option contracts three times last week through accounts at Credit Suisse in Zurich, broker Fimat in Frankfurt and UBS in London."

The New York Times (3/3, Dash) reports, "Federal investigators hope to track down the traders by untangling a web of transactions that passed through offshore accounts of several large banks and brokerage firms. … In papers filed yesterday in Federal District Court in Chicago, the S.E.C. froze more than $5.3 million that may be held in the domestic accounts of UBS Securities, Credit Suisse and Fimat Banque Frankfurt. It hopes to recover any gains linked to insider trading. Without the identities of any suspects, the commission said that it would need help from its counterparts overseas." The Times notes, "Yesterday's action comes as securities regulators have been signaling their intent to crack down on insider trading. On Thursday, the S.E.C. and the Justice Department accused more than a dozen people and hedge funds of making more than $15 million from an insider trading ring. … It is unclear whether the Justice Department is pursuing its own insider trading case related to TXU. A spokeswoman for the United States attorney's office in Dallas, Kathy Colvin, declined to comment about whether it is investigating. … But federal securities regulators said they were trying to track down the traders who placed big bets before reports of the TXU deal. Activity in the options market surrounding the stock was unusually high days before the takeover; TXU's shares jumped more than 13 percent the day the deal was announced."

Green Groups Feud Over TXU Buyout Terms. The Wall Street Journal (3/3, A1, Smith, Carlton) reports, "Just days after two of the nation's leading environmental groups blessed an investor plan to buy TXU Corp. and take the controversial Texas utility in a new and 'greener' direction, a battle has broken out in the environmental community over the terms of the deal." The Journal continues, "The Natural Resources Defense Council and Environmental Defense claimed victory Monday when a holding company formed by Kohlberg Kravis Roberts & Co., Texas Pacific Group and other investors announced the biggest buyout in history, a plan to take over TXU for $32 billion plus the assumption of around $12 billion in debt. The environmental groups, two of the most powerful and best-funded in the U.S., said they had extracted a pledge from the investors to cancel a slew of coal-fired power plants, cut emissions and back federal global-warming legislation. … But now, opponents of the deal, in a blizzard of emails and Internet posts, have put the two organizations on the defensive by accusing them of settling for too little. The critics, who encompass a broad range of smaller environmental groups and individuals, say TXU should have been forced to give up all, not just some, of its future plans involving coal-fired power plants. The plants release substantial amounts of carbon dioxide, a heat-trapping gas blamed in part for climate change." The Journal adds, "Even worse, some believe that the environmental interests were snookered. Since the buyout was announced, it has become apparent that some of the concessions involve projects that TXU was already planning to shelve for a variety of reasons. And TXU has fueled the skepticism further in recent days by outlining new loopholes in the pledge. … NRDC and Environmental Defense 'should be hung for what they've done,' fumed Tim Hermach, executive director of the Native Forest Council, a group in Eugene, Ore., whose main mission is protecting public forests from commercial logging and other industrial practices."

EMI Board Dismisses Warner $4.1 Billion Offer.

The New York Times (3/3, Leeds) reports, "The EMI Group of Britain, which releases music by the Beatles and Bob Seger, rejected a $4.1 billion takeover proposal yesterday from the Warner Music Group, signaling the latest turn in a long merger dance." The Times continues, "EMI said its board decided against Warner Music's cash offer, which was subject to "numerous assumptions and conditions," because it was not in the best interests of shareholders and placed too low a value on the company. … EMI, which has issued two profit warnings this year and is undertaking a broad restructuring, also said the offer carried regulatory uncertainty and 'unacceptable operational risk at a critical time' for the

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company, which has been grappling with weak CD sales and sluggish industrywide sales of digital music. … EMI also said the bid of 260 pence a share, or $5.07, represented an 'inadequate' offer considering the risks and the potential cost savings of a merger. The offer reflects a 17 percent premium over EMI's share price at the time it last announced it had been approached by Warner Music."

The Financial Times (3/3, Terazono, Van Duyn) reports, "The latest twist in the protracted merger talks comes as the European Commission this week launched an in-depth investigation into the merger of Sony and Bertelsmann's recorded music businesses." The Times adds, "Warner submitted its proposals on Thursday evening. EMI's board met on Friday and quickly moved to reject the offer. It said Warner's proposals – which would depend on regulatory clearance – were 'subject to numerous assumptions and conditions', adding that 260p a share was inadequate. … EMI and Warner have been trying to create a combined group since 2000. After several failed attempts, talks revived last year, but were in effect put on ice when a European court ruled that the European Commission had made 'manifest errors' in approving the Sony-BMG deal in 2004, and ordered a new probe on competition grounds. A final decision is expected by July 2."

Bloomberg (3/3, Smith, Jeffrey) reports, "The rejection extends the maneuvering between two companies struggling with declining music sales and piracy. EMI and Warner abandoned $4.6 billion offers for each other in July on concern a combination would be blocked by European Union regulators." Bloomberg continues, "The combined company would have a quarter of the global market, moving ahead of Sony BMG Music Entertainment to rank second worldwide behind Vivendi SA's Universal Music Group. … EMI's rejection follows yesterday's decision by European Union regulators to begin a new investigation of the merger that created Sony BMG Music. A European court's rejection of that combination led EMI and Warner to abandon their bids last year."

Ashcroft Letter To DOJ Criticizes Sirius-XM Deal. Market Watch (3/3, Boles) reports, "Former Attorney General John Ashcroft, hired by opponents of the deal, has blasted the proposed merger of Sirius Satellite Radio Inc. , saying their merger would leave only one provider in the market." Market Watch continues, "Ashcroft, who served as head of the Justice Department for four years until January 2005, was hired by the National Association of Broadcasters to examine the merger scenario. … The NAB, which represents traditional radio broadcasters, has been a fierce critic of the $13 billion merger since it was announced last week." Market Watch adds, "In a letter sent on February 27 to his replacement as attorney general, Alberto Gonzales, Ashcroft concludes '...the proposed Sirius/XM merger, which reduces the number of competitors from two to one, raises most serious competition concerns.' … Ashcroft compared the current merger to the attempted takeover by satellite provider Echostar Communications Corp. of Hughes Electronic Corp. In that instance, he said, a merger would have reduced the competitors in the satellite television market in many areas from three to two. … 'The Department recognized that reducing competition from three to two was anticompetitive and opposed the transaction, which was eventually abandoned,' he said. … He also draws comparisons with the attempted tie-up between Echostar and DirectTV Group Inc. , in which the FCC reaffirmed its rule of not granting a single commercial license for satellite TV. That deal also wasn't allowed. … 'I would submit that a thorough study of consumer demands and preferences would show that terrestrial radio stations should not be considered part of the satellite radio market for the purposes of the review of the current merger...,' said the letter."

Ashcroft Shopped Services To XM Before Signing With NAB. Dow Jones Newswire (3/3) reports, "Former Attorney General John Ashcroft, who sent a letter this week to his successor Alberto Gonzales blasting the proposed merger of Sirius Satellite Radio Inc. (SIRI) and XM Satellite Radio Holdings Inc., approached XM in the days after the merger was announced offering the firm's consulting services, a spokesman for XM said Saturday. … The spokesman said XM declined Ashcroft's offer to work as a lobbyist for the company." Dow Jones continues, "Ashcroft was subsequently hired by the National Association of Broadcasters, which is fiercely opposed to the merger. On its behalf he conducted a review of the effects on competition if the two satellite radio companies were allowed to merge. … In a letter sent to Gonzales Feb. 27, Ashcroft concluded the merger would have a significant negative impact on competition in the market and urged the current Attorney General to withhold approval for the merger. … 'After the merger was announced, Mr. Ashcroft's firm contacted us about hiring him to assist us,' said Nathaniel Brown, a spokesman for XM. 'We declined. Apparently the National Association of Broadcasters opted to pay him to parrot their views.' … Dennis Wharton, the NAB's executive director, said Saturday, 'NAB approached former Attorney General Ashcroft to review the proposed XM-Sirius merger and offer his honest opinion as an antitrust expert. We are not aware of any alleged previous discussions between Mr. Ashcroft and officials at either satellite radio company.'" Dow Jones notes, "A revelation that Ashcroft was shopping his services to both sides of the debate over the merger may raise doubts in the eyes of some as to the rigor of his review conducted on behalf of the NAB. … The letter was forwarded by the NAB to lawmakers on the House and Senate Judiciary Committees."

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US, EU Near Open Skies Agreement. The AP (3/3, White) reports, "EU and U.S. negotiators made 'decisive progress' in talks to lift restrictions on what trans-Atlantic routes airlines can offer, the European Union said Friday, a move that could mean lower prices for air travelers. … The pact will allow European airlines to fly from anywhere in the EU to any point in the U.S. without strict rules that dictate ticket prices." The AP continues, "The EU said this would bring economic benefits of up to euro12 billion (US$15.8 billion) in five years and create as many as 80,000 jobs in Europe and the United States. … Air travel in Europe and the United States accounts for 60 percent of global air traffic, and an ambitious EU-U.S. open skies deal could allow more airlines to fly the lucrative trans-Atlantic routes, possibly offering cheaper tickets." The AP adds, "Within five years, the deal could put an extra 26 million people on trans-Atlantic flights, the EU said. Just under 50 million travelers now make that trip every year. … But the deal may also mean the EU would be allowed to restrict U.S. investments in European airlines — a tit-for-tat move that follows the U.S. administration's failure to lift a 25-percent ceiling on foreign ownership of U.S. carriers. Dropping the restriction has been among the EU's key demands."

The Financial Times (3/3, Bounds) reports, "The European Commission said it would submit the agreement to EU governments this month after 'a breakthrough' in meetings in Brussels. However, there is expected to be fierce debate when transport ministers meet on March 22, as the US has given little ground on loosening restrictions on foreign ownership of its airlines." The Times adds, "The quest for an 'open skies' agreement has eluded the two sides since talks were launched four years ago. A 2005 deal foundered in December because of congressional opposition to easing the regulations limiting foreign investment in US airlines, which the EU made a condition of the deal. Foreign companies and individuals can own only 25 per cent of voting stock and a further 24.9 per cent of non-voting equity. … The draft agreement merely sets out in writing existing US policy, critics say. In 2004 the Commission sent a similar deal for EU approval, only to see resistance from the UK and Germany sink it." The Times notes, "The UK has in the past been determined to resist the loosening of restrictions on the lucrative market between London's Heathrow airport and the US, without reciprocal US concessions. Only British Airways, Virgin Atlantic, United Airlines and American Airlines have the right to direct fights on these routes. … The UK has 40 per cent of the transatlantic market. Its transport department refused to comment yesterday."

ENVIRONMENT:

EPA Issues Tighter Restrictions On Diesel Engines. The Washington Post (3/3, A2, Eilperin, 690K) reports the Environmental Protection Agency "issued stringent new rules yesterday curbing harmful emissions from diesel locomotive and marine engines. Over the next quarter-century the regulations…will cut these engines' annual emissions of nitrogen oxide, a key ingredient in smog, by 80 percent and fine particulate matter, or soot, by 90 percent. EPA officials estimated that by 2030 the health benefits associated with the new standards will outweigh the costs by 20 to 1, preventing 1,500 premature deaths and 1,100 hospitalizations a year. 'By tackling the greatest remaining source of diesel emissions, we're keeping our nation's clean-air progress moving full steam ahead,' EPA Administrator Stephen L. Johnson told reporters in a telephone news conference yesterday." According to the Post, "Environmentalists praised the administration's decision."

The New York Times (3/3, A12, Barringer, 1.16M) reports Johnson "said environmentalists, engine manufacturers like General Electric and railroads like CSX had widely differing opinions about the standard. 'Some were concerned about technology not being available in the time frames we were talking about,' Mr. Johnson said. 'Others believed it would be.' … Frank O'Donnell, president of Clean Air Watch, said the proposed rules were 'the final frontier when it comes to the really big sources of pollution.'"

Administration Report On Anticipated Emissions Levels Draws Criticism. The New York Times (3/3, A1, Revkin, 1.16M) reports the Bush administration "estimates that emissions by the United States of gases that contribute to global warming will grow nearly as fast through the next decade as they did the previous decade, according to a long-delayed report being completed for the United Nations. The document, the United States Climate Action Report, emphasizes that the projections show progress toward a goal Mr. Bush laid out in a 2002 speech: that emissions of carbon dioxide and other greenhouse gases grow at a slower rate than the economy. … Kristen A. Hellmer, a spokeswoman for the White House on environmental matters, said on Friday, 'The Climate Action Report will show that the president's portfolio of actions addressing climate change and his unparalleled financial commitments are working.' But when shown the report, an assortment of experts on climate trends and policy described the projected emissions as unacceptable given the rising evidence of risks from unabated global warming."

Pelosi Seeks "Greening" Of Capitol Hill Buildings. The Washington Times (3/3, Bellantoni, 88K) reports Congressional Democrats "called for the 'greening' of

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buildings on Capitol Hill, saying politicians have the responsibility to preserve the planet." Speaker Nancy Pelosi and "other top Democrats" wrote a letter "to the chief administrative officer of the House asking him to embark on a 'Green the Capitol' initiative. 'The Capitol complex should lead the nation in preserving our planet for future generations,' the Democrats wrote to Daniel P. Beard yesterday. … The Democrats asked Mr. Beard to provide them with a preliminary report by April 30 and a final report by June 30 on ways to conserve energy inside the Capitol and its adjoining congressional offices."

Congress Credited With Inducing Industries To Support Carbon Caps. The Wall Street Journal (3/3, A7, Timiraos, 2.04M) reports, "A growing number of businesses are calling for federal caps on greenhouse-gases, which could spur Congress to action. … In the past few weeks, three industry trade groups that have long fought such regulation, the Edison Electric Institute, the American Gas Association and the Electric Power Supply Association, dropped their opposition to a cap. That coincided with calls for an emissions cap by the two private-equity firms bidding for Texas utility TXU Corp. Earlier this year, 10 corporations, including Wal-Mart Stores Inc. and General Electric Co., announced their support for mandatory curbs on greenhouse gases. The shift underscores a growing belief that Congress eventually will pass mandatory emissions caps. Many business leaders have concluded it would be better for it to happen now rather than later, eliminating the current uncertainty. Moreover, they fear absent federal government action they'll be left to deal with a patchwork of state regulations. And they believe that by endorsing emissions caps, they'll be given a seat at the table in the negotiations over how such a cap would work."

WSJournal Questions Corporations' Motives For Embracing "Cap-And-Trade." The Wall Street Journal (3/3, A8, 2.04M) editorializes, "There's no market here unless the government creates one, and who has the profit opportunity depends entirely on who the government picks as the winners and the losers in designing this market in the first place. So it's no wonder that almost any business that has ever put an ounce of CO2 into the atmosphere is rushing to show its cap-and-trade bona fides. … The emerging alliance of business and environmental special interests may well prove powerful enough to give us cap-and-trade in CO2. It would make Hollywood elites feel virtuous, and it would make money for some very large corporations. But don't believe for a minute that this charade would do much about global warming."

NYTimes Highlights New Research On Drought Cycles In Southwest. The New York Times (3/3, A14, 1.16M) says in an editorial, "In the American Southwest, climatologists have found a surprisingly detailed record of weather patterns — especially patterns of moisture — in tree rings that show that prolonged periods of drought there are normal. Those findings immediately raise questions about how water is being used in the Southwest, and particularly about the Colorado River Compact, the 1922 legal agreement that governs water distribution in the vast Colorado River basin."

Judge Keeps Divine Strike Legal Issues Alive. The Las Vegas Review-Journal (3/3, Rogers) reports, "Plans for the massive non-nuclear Divine Strake blast at the Nevada Test Site are dead but legal issues surrounding the controversial bunker-buster experiment were resurrected Friday." The Review-Journal continues, "Eight days after a Pentagon agency canceled its plans for the Divine Strake detonation, Senior U.S. District Judge Lloyd George scheduled a status report for April 30. … George anticipates that motions will be filed by U.S. attorneys who want to dismiss a case by downwinders and some members of the Winnemucca Indian Colony challenging the test." The Review-Journal adds, "Opponents fear that the government will conduct smaller blasts that, while not as large as Divine Strake, could still stir up potentially deadly radioactive dust that lies on the ground of the test site and could be blown to their homes. … The opponents' lawyer, Robert Hager, of Reno, wants to keep the case alive by forcing the government to formally define the smaller scale "confirmatory" experiments that a Pentagon agency has said it intends to conduct in lieu of Divine Strake's cancellation. … In his words, George decided to 'keep it on the calendar so we can finally conclude this matter with satisfaction to everyone.' … 'You file whatever motions you choose to file,' he told Hager and Justice Department attorney Caroline Blanco, who presented their respective positions in a conference call at the Lloyd George U.S. Courthouse, named after the judge. … Referring to a Feb. 22 press release from the Defense Threat Reduction Agency canceling the test amid widespread opposition from downwinders and some politicians in Nevada, Utah and Idaho, Hager said he doesn't understand what agency director James Tegnelia meant by 'confirmatory experiments at a much smaller scale" will instead be conducted.'"

Anadarko Revives Suit Over Royalties. The New York Times (3/3, Andrews) reports, "One of the nation's biggest oil producers in the Gulf of Mexico is pressing ahead with a lawsuit that could, if successful, allow energy companies to avoid as much as $60 billion in royalties to the government over the next two decades." The Times continues, "Anadarko Petroleum, based in Houston, is suing the Interior Department to overturn regulations that force companies that drill in publicly owned waters to pay full royalties on oil and gas they produce during times of high energy prices." The Times adds, "Anadarko, which earned

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$4.8 billion in profit last year on sales of $10.2 billion, is arguing that Congress guaranteed oil companies a special incentive for drilling in deep water under which the companies could avoid paying the standard royalty on much of what they produced in the Gulf of Mexico. The Interior Department has adamantly argued that the incentives were never supposed to apply when oil prices climbed above about $34 a barrel. … The suit itself was filed a year ago by the Kerr-McGee Oil and Gas Corporation, which Anadarko acquired last year for $21 billion. But Anadarko put the suit on hold last year and began court-supervised mediation talks with the Interior Department." The Times notes, "On Thursday, a federal judge in Louisiana, Patricia Minaldi, declared that the mediation talks had failed and ordered both sides to start filing arguments in late May. The failure of the mediation poses a major problem for the Bush administration, which is already trying to prevent the loss of $10 billion in royalties as a result of a huge leasing error made during the Clinton administration. … If Anadarko is successful, the government would lose many more times that. The Government Accountability Office, the Congressional watchdog agency, estimated in January that the government would lose about $60 billion over 25 years. … The federal government leases millions of acres in the Gulf of Mexico to oil and gas producers. Companies are required to pay a royalty of 12 to 16 percent of their sales from the leases, but the government also offers royalty holidays as an incentive for deepwater drilling. …. The Interior Department contends that companies are not entitled to such royalty relief if oil prices climb above about $34 a barrel, as they have for the last three years. … But Anadarko, in its lawsuit, argued that Congress never authorized that kind of restriction and had 'guaranteed' the incentives for any leases signed from 1996 through 2000."

Evangelical Leaders Condemn Peer For Global Warming Activism. The Washington Post (3/3, A4, Cooperman, 690K) reports Focus on the Family's James Dobson and "other conservative Christian leaders" are calling on the National Association of Evangelicals "to silence or fire an official who has urged evangelicals to take global warming seriously. In a letter this week to the board of the NAE…Dobson and his two dozen co-signers said the Rev. Richard Cizik, the NAE's vice president for government relations, has waged a 'relentless campaign' that is 'dividing and demoralizing' evangelicals." The NAE's president, the Rev. Leith Anderson, "defended Cizik as 'a great asset.' He also said that the Dobson letter was released to the news media before it was received by the board. 'I guess that says it all,' he said."

The New York Times (3/3, A9, Goodstein, 1.16M) reports that Dobson's co-signers include Gary Bauer, president of Coalitions for America; Tony Perkins, president of the Family Research Council; and Paul Weyrich, a longtime political strategist who is chairman of American Values. The Times goes on to report that Evangelicals "have recently become a significant voice in the chorus on global warming. Last year more than 100 prominent pastors, theologians and college presidents signed an 'Evangelical Climate Initiative' calling for action on the issue. Among the signers were several board members of the National Association of Evangelicals."

DOE Routinely Misses Efficiency Standards Deadlines, GAO Finds. The Los Angeles Times (3/3, Hotz, 850K) reports, "Over the last three decades, the federal government has missed legal deadlines for setting stricter efficiency standards for common appliances, resulting in billions of dollars in higher utility bills and millions more tons of the greenhouse gases that fuel global warming, congressional investigators reported. All told, the Department of Energy has missed every one of 34 mandatory rule-making deadlines for setting minimum energy efficiency standards…analysts at the Government Accountability Office reported. The delays ranged from a few months to 15 years, according to the GAO report made public this week."

FBI/DEA/ATF/USMS:

Gonzales Faces Questions Over California Anti-Gang Funding. The Los Angeles Times (3/3, Mcgreevy) reports, "After huddling with visiting U.S. Atty. Gen. Alberto Gonzales on efforts to keep kids out of gangs, Mayor Antonio Villaraigosa said Friday that the city would increase dramatically the number of jobs offered to young people this year, to 10,000 — four times the number provided two years ago." The Times continues, "The mayor announced the increase after he and Gonzales toured a silk-screening plant run by Homeboy Industries in South Los Angeles. … The nonprofit group, which received a $650,000 federal grant, hires former gang members who are trying to lead law-abiding lives. … 'Young people, when they feel there are no options, when there are no job opportunities, when they don't have the skills to make it, they lose hope,' Villaraigosa said. 'We are both committed to the idea that in a great and beautiful country like America we can invest in young people, that we have to address the issues of prevention and intervention.' … However, Gonzales' agency faced criticism from one city official Friday for delays in delivering on past promises." The Times notes, "The attorney general had been in Los Angeles nearly a year ago to announce a separate $2.5-million federal grant for gang intervention, suppression and prevention programs in South Los Angeles, but officials conceded recently that the money has not yet gone out to local programs. … 'We have waited too long for federal

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dollars that were promised almost a year ago,' said Councilwoman Janice Hahn, who represents the area. … 'We know that money is voted for, appropriated and spent much quicker on the war on Iraq. This war on gangs is no less urgent,' she said. … George Cardona of the U.S. attorney's office said federal officials had been meeting with community leaders to discuss the best way to spend the money. He added that the first installment of the funds probably will arrive before May. … Gonzales had been in Los Angeles last March to announce that the city was one of six awarded Justice Department grants, each consisting of $1 million earmarked for gang prevention, $1 million devoted to law enforcement and $500,000 to provide transitional housing and job placement help for released convicts. … Gonzales had said at the time that the money would be focused on a section of South Los Angeles that includes the Imperial Courts, Nickerson Gardens and Jordan Downs housing projects. … 'I don't know the specifics,' Gonzales said Friday when asked about the money. 'The way these things work is that we expect the state and local communities to develop a plan, hopefully an innovative plan that is focused on the needs of the community.'"

WTimes Praises DEA For Busting Mexican Drug Ring. In its "Nobles And Knave" editorial column, the Washington Times (3/3) praises the Drug Enforcement Agency "for busting a major Mexican drug-trafficking ring. … DEA agents arrested 66 persons on Wednesday, bringing the total number for their 20-month investigation of the Victor Emilio Cazares-Gastellum (also known as Victor Emilio Cazares-Salazar) drug-trafficking empire to 400. Agents seized more than 18 tons of marijuana, cocaine, methamphetamine and heroin, along with $45.2 million and various weapons and vehicles, according to the DEA Web site." The Times adds, "The Mexico-based group would smuggle the narcotics from Colombia and Venezuela through Mexico, then into the United States via points along the Southwest border. They even "built a bridge made of sandbags across the Colorado river near Yuma, Az., which allowed them to simply drive across the waterway," ABC News reported. Once in the United States, the drugs would be distributed to U.S. cells scattered across the country. … The investigation, known as 'Operation Imperial Emperor,' was led by the DEA but included the FBI, ICE and the IRS, among others. Attorney General Alberto Gonzales has praised the officers and agents for working together 'against a common foe.' DEA Administrator Karen P. Tandy said Wednesday that 'we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country ... and tossed it in the dustbin of history.' … For keeping 18 tons of illegal drugs out of the United States, the DEA is the Noble of the week."

Authorities Find Million Rounds Of Ammo At Southern California Fire. The Los Angeles Times (3/3, Abrams) reports, "Firefighters responding to a house fire in a Norco (CA) neighborhood were greeted with a dangerous surprise: gunfire. Lots of it." The Times continues, "Authorities on Thursday found a cache containing more than 1 million rounds of ammunition and 75 firearms, ranging from small handguns to assault rifles, throughout the burning home and in a shaft and tunnel under the garage. … The firefighters realized the stockpile was inside when rounds started going off. No injuries were reported. … 'The Fire Department knew exactly what was going on when they heard the sounds,' said Riverside County Sheriff's Sgt. Dennis Gutierrez." The Times adds, "The stockpile of ammunition is probably the largest ever confiscated in Riverside County, said Gutierrez. … A neighbor reported the fire Thursday afternoon and had dragged the homeowner, whom deputies did not identify, from the house, Gutierrez said. … Authorities are checking the serial numbers of the remaining firearms. … 'He could have gotten them from anywhere — a reputable gun store or a shooting range, but who knows?' said Susan Raichel, spokeswoman for the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives."

The Contra Costa Times (3/3, Flaccus) reports, "The day after the fire, an incongruous scene played out in the windy hilltop neighborhood of older middle-class tract homes set against a backdrop of the snow-capped San Bernardino Mountains -- part of a quiet semirural community that bills itself as 'Horsetown USA.' … Riverside County sheriff's deputies and federal Bureau of Alcohol, Tobacco, Firearms and Explosives agents carried charred boxes and pieces of furniture out of the house, stacked numerous boxes of ammunition in the driveway and examined seized rifles." The Times adds, "Two weapons were assault rifles that were illegal, and the man had no permit for 75 pounds of black gunpowder that was found, said sheriff's deputy Juan Zamora. … The tunnel, stretching from an entry in the garage 8 to 10 feet into the backyard, yielded three 25-gallon containers of fluid that was being analyzed by hazardous material experts, said Norco fire Battalion Chief Ron Knueven."

The AP (3/3) reports, "On Friday, sheriff's deputies and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives combed the house for evidence. … Dozens of metal and cardboard boxes filled with ammunition for shotguns, small handguns and assault rifles sat in a driveway. Two of the assault rifles were illegal, Zamora said. … The man had no permit for 75 pounds of black gunpowder that was also recovered, Zamora said. … No arrests had

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been made. The man, whose identity was not released, was taken to a hospital where he will receive a psychological evaluation, Zamora said."

Hundreds Of Guns Tied To Ohio Police Officer. The AP (3/3, Cohen) reports from Columbus, OH, "There were 501 guns in all, the government says - revolvers and pistols, Glocks and Rugers, a few rifles, too, a giant cache of firearms suitable for sport or self-protection. … Or felonies. … Or terrorism." The AP continues, "Five hundred one guns, tied to one man - 35-year-old Mark Nelson, a former Columbus cop who masterminded a conspiracy that flooded the streets with weapons. … Nelson insists he didn't knowingly do anything wrong. But prosecutors say he enlisted his family and others (including a drug dealer) to illegally acquire 501 guns, then directly - or indirectly - sold many of them. And soon after - within days, in a few cases - some of these guns began turning up in the wrong hands and the wrong places:" The AP adds, "A Raven Arms .25-caliber pistol used in a Brooklyn, N.Y., shooting. A Ruger 9 mm handgun found on a man charged with crack possession in Washington, D.C. A Smith & Wesson .40-caliber pistol recovered in Youngstown, Ohio, in a car driven by a man inexplicably wearing a bulletproof vest and carrying a winter face mask - in May. … It's all part of the shadowy world of gun trafficking, where lies, stealth and cold cash make it alarmingly easy for deadly weapons to be bought and sold - and surface days, months, even years later in crimes. … This is the story of how one trafficking case unfolded and how a handful of people, bogus paperwork, the lure of a profit and the constant demand for weapons combined for a black-market scheme that could haunt investigators for decades. More than 300 guns remain missing."

Washington ATF Center Curbing Crime Through Gun Tracking. The Seattle Post-Intelligencer (3/3, Gutierrez) reports, "When a corroded 9 mm handgun surfaced last year in a brushy West Seattle yard, police suspected it had been used nearby to kill a 14-year-old boy three years earlier. … But they needed proof." The P-I continues, "Using the gun's serial number, they traced it through the Bureau of Alcohol, Tobacco, Firearms and Explosives to a man who had bought it from a licensed gun dealer. That man turned out to be related to Demeko B. Holland, who police already considered a main suspect. … Information from the gun trace, which helped lead to a first-degree murder charge against Holland, is collected in the ATF's database. That database, with its lists of crime guns, suspects and firearms dealers, is central to the ATF's Regional Crime Gun Center, which opened last August in Seattle." The P-I adds, "The center is a clearinghouse for weapons that city and state police recover at crime scenes, or simply find in the streets. Its main purpose is to identify trafficking, and to determine how suspected criminals, especially felons such as Holland, get their weapons. … It's also helped identify some key trends in Washington. … One of those is that the state has become a leading source for guns being used in crimes in Western Canada, which has far more restrictive gun laws than the U.S. … 'If you purchase a gun here in Washington for $100, you could sell that for $300 in Canada -- that's U.S. not Canadian (dollars),' said supervisory special ATF agent Doug Krough. … Local police hope the center also will help curb a recent rise in gun violence in the Seattle metro area."

IMMIGRATION:

Immigration Reform Seen As Necessary To Combat Farm Labor Shortage. In an op-ed for the Los Angeles Times (3/3, 850K), David Mas Masumoto, an organic farmer and fellow at the Kellogg Foundation, writes, "Last year, pears in California rotted on trees; two years ago, my raisin harvest was endangered, and for the last three years, I've struggled with peach harvests, terrified that just as the fruit was at the peak of perfection, I wouldn't have enough workers. … The agricultural industry supports federal legislation for a guest-worker program that would bring in temporary farm laborers when shortages arise. This remedy would fix short-term problems. However, a long-term solution lies in immigration reform that could change the nature of farming, especially when it comes to specialty crops and small-scale operations like mine. Without sufficient labor, organic and sustainable agricultural methods are jeopardized."

TAX:

IRS Audits Marriott's ESOP-Related Deductions. The Washington Post (3/3, D6) reports, "The Internal Revenue Service is auditing Marriott International's federal tax returns for fiscal 2000 through 2002 over $1 billion in deductions the hotel chain took related to its employee stock-ownership plan." The Post continues, "Bethesda-based Marriott said it received 'notices of proposed adjustment' from the IRS on Thursday that challenged most of the federal income tax deductions related to the plan, and the government agency proposed 'substantial excise taxes and penalties.' … 'We believe the IRS' proposed adjustments are incorrect, intend to vigorously defend our positions and are examining various procedural alternatives for resolution of this matter,' Marriott said in a filing yesterday with the Securities and Exchange Commission." The Post adds, "Thomas Marder, a spokesman for the company, said he couldn't provide guidance on the size of the proposed

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adjustment. When asked if the situation could significantly affect Marriott's bottom line, he referred to a regulatory filing from late last month, which came before the company received the proposed adjustment notice and said no material impact was expected. … He also said companies have used this type of tax transaction for more than 30 years." The Post notes, "The IRS is reviewing the ESOP feature of the company's 'Employees' Profit Sharing, Retirement and Savings Plan and Trust' implemented on June 13, 2000."

Michigan Man Arrested In Tax-Evasion Scheme. The Battle Creek (MI) Enquirer (3/3) reports, "U.S. Marshals on Thursday arrested Charles Conces of Battle Creek, the Justice Department announced." The Enquirer continues, "The arrest resulted from a federal judge's Feb. 23 order finding Conces in civil contempt of court for failing to obey a court order entered on Feb. 8. … Conces, who lives in Pennfield Township, has run for Michigan attorney general and secretary of state as a member of the U.S. Taxpayers Party and has staged public protests against county judges outside the Calhoun County courthouse in Battle Creek." The Enquirer adds, "The Feb. 8 order compelled Conces to disclose to the government the identities of certain persons for whom he drafted or provided advice regarding federal income taxes, the identities of the persons who are responsible for his Web site, and all documents that he drafted or assisted in drafting for these persons no later than Feb. 16. … Conces refused to disclose the identities and documents as ordered by the court. … On Feb. 23, the court held Conces in civil contempt and ordered him to report to the U.S. Marshal no later than noon on March 1, 2007. Conces reported to the U.S. Marshals and was taken into custody. According to the court's Feb. 23 order, Conces will remain in the custody of the U.S. Marshals until he complies with the order to disclose these identities and documents. … 'The Justice Department is not only committed to shutting down the tax scams that cheat the federal treasury and the taxpayers who pay into it, but also ensuring that such tax scams do not resurface later,' said Eileen J. O'Connor, assistant attorney general for the federal Justice Department's Tax Division, in a press release."

CONGRESS-ADMINISTRATION:

Army Secretary Ousted In Wake Of Walter Reed Scandal. Secretary of the Army Francis Harvey became the second top official to abruptly leave office in the wake of the scandal over conditions at Walter Reed Army Medical Center. The story led two of the three broadcast network newscasts Friday night, with ABC, CBS, and NBC devoting a combined nine minutes to the subject. Television and print reports make it clear that both President Bush and Defense Secretary Robert Gates are furious over the conditions at Walter Reed and the Army's response. The CBS Evening News (3/2, story 2, 1:00, Couric, 7.66M) said Bush "is very angry about all of this," with correspondent Jim Axelrod adding, "A former Pentagon official close to the situation says the President is so angry, quote, 'His hair is on fire.'"

ABC World News (3/2, story 6, 2:15, Gibson, 8.78M) reported that the "major shakeup at the Pentagon" comes following the revelation of "outrageous conditions" at Walter Reed. Bush "ordered a sweeping review of the medical care provided to all veterans and wounded troops." ABC (Karl): "Defense Secretary Robert Gates left no doubt" why Harvey "is out." Gates: "I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed." Karl: "Pentagon officials say Gates was upset by how the Army responded to the squalid conditions exposed by the Washington Post, which found some injured soldiers living in a building infested with mold, mice and cockroaches. Gates was said to be especially irritated when the Army named Kevin Kiley yesterday as the temporary commanding general at Walter Reed. Kiley had dismissed the Washington Post story as one-sided and inaccurate. Today, after only one day on the job, Kiley was replaced by Major General Eric R. Schoomaker." President Bush will "use his radio address to announce the thorough review of all medical facilities serving active-duty military personnel and veterans." Bush: "This is unacceptable to me, it is unacceptable to our country, and it's not going to continue." The CBS Evening News (3/2, story 2, 1:00, Axelrod, 7.66M) said that on the day the story broke, President Bush "told Gates to, quote, 'Fix it,' but the decision to fire the Secretary of the Army was apparently made by Gates, not the President. Still, the White House is well aware of the PR nightmare that it faces. The last thing this Administration can afford is another Katrina."

The CBS Evening News (3/2, lead story, 2:40, Couric, 7.66M) called Harvey "another casualty of the Walter Reed scandal" as the President "promises an investigation of conditions at military hospitals everywhere. … Firing the general in charge of the Army hospital did not end the national outcry over the shoddy conditions there, not after the Secretary of the Army replaced that general with another one who was just as deeply involved in the scandal. The outcry just got louder today, and tonight the secretary of the Army got the boot." CBS (Martin) said, "Fed up with what he considered the Army's indifferent reaction to the scandal," Gates "demanded and got the resignation of the secretary of the Army. Then he publicly read the Army the riot act." Gates: "I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed. Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems." Martin:

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"Gates' swift sword was immediately cheered by veterans' organizations." Paul Rieckhoff, Iraq-Afghanistan Veterans Of America: "We see massive and catastrophic leadership failures, and it's good to see people being held accountable. And I think it should also illustrate to people that this is a problem that extends beyond Walter Reed."

NBC Nightly News (3/2, lead story, 3:00, Miklaszewski, 9.87M) said that "from the very day this scandal broke," Gates "has been demanding accountability and today he got it. Gates himself made the announcement in the Pentagon briefing room." NBC also says Gates saw Kiley "as part of the problem," and "reportedly felt the army's decision to put Kiley back in charge showed a lack of judgment that led to today's firing of Harvey." But Senate Armed Forces Committee member Jack Reed said "the bigger problem is that the wars in Iraq and Afghanistan have produced so many wounded soldiers, Walter Reed was simply overwhelmed." Reed: "We're assessing responsibility. Now we've got to fix the problem and the problem is more resources in terms of personnel for Walter Reed."

The Washington Post (3/3, Abramowitz, Vogel, 690K) says in its front page report that Harvey was "fired," reporting that the Bush Administration "scrambled to contain fallout from the scandal." Kiley's selection "had angered soldiers and family groups -- and, more important, Gates -- because of their belief that he had been aware of problems at the hospital and done little to address them." Friday's events "highlighted the anger at the highest levels of the administration over the problems at Walter Reed, as well as the political danger for the White House. Veterans groups remain among the few strong supporters of the war." BBC.com (3/2) says "America's wounded veterans are regarded by most people in the country as truly heroic, so the fall-out has been considerable."

On its front page, the New York Times (3/3, A1, Cloud, 1.16M) says Gates was "grim-faced" in announcing Harvey's "dismissal," adding that "Gates's aggressiveness in addressing the problem has surprised many Pentagon officials who are still getting used to his style more than two months into his service. ... The scandal at Walter Reed is particularly embarrassing to the administration because many top officials have visited injured troops there." An anonymous Pentagon official said that Gates thought that Kiley's comments earlier "demonstrated a certain insensitivity" and that Gates would have accepted "almost anybody but Kiley" as temporary commander. The Chicago Tribune (3/3, Madhani, Biemer, 617K) also says Gates was unable to accept the Kiley appointment.

McClatchy (3/3, Hutcheson, Adams) says Gates "blamed the problems on Walter Reed's leadership, not its doctors, nurses and other health-care workers." The AP (3/3, Burns) calls it the "most dramatic move in an escalating removal of officials." Harvey "said he offered Gates his resignation because he believed the Army let the wounded soldiers down. ... His last day in the job will be March 9." CNN.com (3/2) says Gates "accepted no questions after his announcement, and didn't explain why Harvey resigned."

Gates Response Said To Differ From Rumsfeld Precedents. The Washington Post (3/3, A8, Ricks, Tyson, 690K) writes that "Harvey's firing sent a strong message across the top of the military establishment that the new Pentagon chief, though a newcomer to the world of defense, would not be a passive manager and would hold senior leaders accountable for their actions." The Post contrasts Gates with former Defense Secretary Donald Rumsfeld, saying that while Gates "did not explicitly mention his predecessor, the new defense secretary's approach" has contrasted with the way the Rumsfeld Pentagon "handled allegations of wrongdoing. In the Abu Ghraib prison scandal, Pentagon officials were quick to point the finger at low-ranking soldiers, and only one officer who worked at the prison has faced court proceedings, even after numerous investigations found high-level problems with interrogation policies." Along similar lines, the Los Angeles Times (3/3, Barnes, 850K) reports, "Military officers said the swift response by Gates and his willingness to move against top Army commanders and civilians was partly meant to differentiate him" from Rumsfeld.

Bush Urges Congress To Avoid "Watering Down" NCLB. The Los Angeles Times (3/3, Gerstenzang, 850K) reports President Bush "urged Congress to avoid broad changes" to the No Child Left Behind Act, saying Friday that "'watering down'…the Act 'would be doing thousands of children a disservice.' 'It's working,' Bush said. 'We can change parts of it for the better, but don't change the core of a piece of good legislation that's making a significant difference in the lives of a lot of children.'" Bush "spoke to a crowd in the gymnasium of an elementary school in New Albany, Ind." According to the Times, the president "has not said what changes he would accept. But he opposes relaxing testing requirements or requiring a national test to replace state exams. He said Friday that he also favored speeding up the process through which parents learn about a school's test results to make it easier for them to decide whether to seek additional help for their children."

Bush Aides Sought Ejection Of Attendees At 2005 Event. The Washington Post (3/3, A7, 690K) reports, "A volunteer said Friday that he was acting on orders from White House staffers when he helped eject three people from a taxpayer-funded event President Bush was attending, according to the man's attorney. The volunteer, Michael Casper, said in a deposition that two White House employees told him to throw out the three after Casper saw them

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behaving suspiciously, lawyer Sean R. Gallagher said. Casper named the White House employees as Steven A. Atkiss, deputy director for travel, and Jamie O'Keefe, lead advance staffer for the 2005 event, Gallagher said. … Leslie Weise and Alex Young, two of the three people who were thrown out, filed a federal lawsuit against Casper and Jay Bob Klinkerman, both volunteers with the event's host committee."

Justice Thomas Uses Rare Interview To Criticize Media. The Los Angeles Times (3/3, Savage, 850K) reports that in a "rare interview," Supreme Court Justice Clarence Thomas "bitterly rejected the idea that he benefited from affirmative action because he was black. 'That was the creation of the politicians, the people with a lot of mouth and nothing to say, and your industry,' Thomas told a writer for Business Week magazine. 'Everything becomes affirmative action.' … Thomas expressed disdain for the news media several times during the interview. 'One of the reasons I don't do media interviews is, in the past, the media often has its own script,' he said. 'The media, unfortunately, have been universally untrustworthy because they have their own notions of what I should think or I should do.'"

Livermore Chosen To Develop New Nuclear Warhead. The Washington Post (3/3, A8, Pincus, 690K) reports the National Nuclear Security Administration "has selected a design from Lawrence Livermore and Sandia national laboratories that could become the basis for the first new nuclear warhead produced by the United States in more than 20 years. The purpose of the new Reliable Replacement Warhead is to provide, beginning in 2012, a new generation of secure nuclear warheads -- initially for submarine-launched missiles -- that would provide a credible deterrent well into the mid-21st century."

The Los Angeles Times (3/3, Vartabedian, 850K) reports the Bush administration "said the program would improve the U.S. stockpile's reliability, security and safety and would allow for a reduction in the thousands of weapons held in reserve for a potential war. Critics reacted sharply, saying the program sent the wrong international message when the U.S. was trying to stop the spread of nuclear weapons. Key members of Congress said the program was moving too fast. 'I have serious concerns with the process leading up to today's announcement, and with the priorities of the Department of Energy,' said Rep. Peter J. Visclosky (D-Ind.), chairman of the appropriations subcommittee that would pay for the program."

The San Francisco Chronicle (3/3, A1, Sterngold, 384K) reports the Energy and Defense departments "have chosen the Lawrence Livermore National Laboratory to design the country's first new nuclear warhead since the Cold War, giving the Bay Area institution the central role in a program that could involve billions of dollars. The decision, announced Friday, was a clear victory for Livermore, which bested its storied sister lab, the Los Alamos National Laboratory in New Mexico, in a competition to lead the research." The AP (3/2, Hebert) reports, "One of the assurances given by defense officials to Congress is that the new warhead will not have to undergo actual testing." BBC.com (3/3) reports, "Critics have complained it sends the wrong signal at a time when the White House is leading efforts to curb Iran and North Korea's nuclear ambitions."

NYTimes Urges Pelosi To Institute Independent Ethics Oversight. The New York Times (3/3, A14, 1.16M), in an editorial, writes, "As the House's special task force considers whether Congress needs an outside monitoring panel to help enforce stronger integrity standards, we suggest that it start with an in-depth briefing on the Abramoff-Ney downfall — complete with cash-flow charts and poll data on how the scandal has tainted the public's view of lawmakers. … The Democratic Senate has already run away from a proposed integrity office. The House speaker, Nancy Pelosi, deserves credit for ordering consideration of the sensitive subject of an outside watchdog. But the study group must not be shrouded in secrecy nor its work be allowed to drag on beyond May 1. For all the tenderness of the task, lawmakers should focus on where and how Mr. Ney went wrong and try to ensure that it does not happen again."

Ornstein Says Congressional Leaders Should Not Be In Presidential Succession Line. In a Washington Post (3/3, A15, 690K) op-ed, Norman Ornstein of the American Enterprise Institute, senior counselor to the Continuity of Government Commission, considers whether the Speaker of the House should "even be in the line of succession" to the presidency. Ornstein details several constitutional flaws in a line of succession that goes through Congress, but says "having congressional leaders in the presidential line of succession is wrong for more than constitutional reasons." Congressional leaders frequently "are of the opposite party and viewpoint of a president; if a president and vice president were to die at the beginning of a term, the country would have four years of a president representing the opposite of what it voted for," and "congressional leaders have a built-in conflict of interest," since they can impeach and remove those above them in the succession line. Ornstein says a "better option would be to include top Cabinet members, such as the secretaries of State, Treasury and Defense, and then allow a president to designate several others -- all requiring Senate confirmation."

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OTHER NEWS:

Wall Street Staggers To End Of Dow's Worst Week In Four Years. The Wall Street Journal (3/3, B1, McKay, 2.04M) reports on the end of "a tough week" on Wall Street that saw the Dow Jones drop 4.2%, "the biggest weekly percentage drop since March 2003, ending at 12114.10. The blue-chip average is now off 2.8% this year and more than 670 points below its record close less than three weeks ago." On Friday, "the market's newfound volatility remained on full display. The Dow opened lower, rose to show a gain of more than 13 points prior to midday, but finished near its intraday lows. In the end, the Dow stumbled 120.24 points, or 1%, on the day." The S&P 500 "fell 1.1% Friday, or 16.00 points, to 1387.17, off 4.4% on the week and down 2.2% this year," while the Nasdaq "shed 1.5%, or 36.21 points," and "is now down 2% in 2007."

The Washington Post (3/3, D1, Tse, 690K) headlines its report "Dow Ends Its Worst Week Since 2003," and the AP (3/2, Paradis) also says it was the "worst week in over four years." ABC World News (3/2, story 8, :20, Gibson, 8.78M) NBC Nightly News (3/2, story 5, :15, Brown, 9.87M) briefly reported on the numbers.

The Financial Times (3/3, Brown-Humes, Davies, Beales) says the "turbulent week…more than eradicated all this year's gains, leaving investors on edge over the outlook for next week." The New York Times (3/3, C6, Peters, 1.16M) says "s investors and economists look to the week ahead, they see signs of encouragement but also some uncertainty about what could happen. Starting with a survey on the strength of the service sector on Monday and ending with the Labor Department's monthly employment report, investors will have a buffet of data to soothe or fray their nerves." The Wall Street Journal (3/3, A2, Whitehouse, 2.04M) also says investors "will get something big to chew on" in the form of the employment report.

Crude Oil Ends Week At $61.64 Per Barrel. The Wall Street Journal (3/3, B4, Chambers, 2.04M) reports, "The crude-oil futures market, which usually has an inverse price influence on shares, is closely eyeing U.S. stocks, as traders log their concern over the damage a slowdown in U.S. and Chinese growth could do to oil demand." Crude ended the week in New York "just 50 cents, or less than 1%, higher at $61.64 a barrel."

Bernanke Says Globalization May Have Increased US Inflation. The Wall Street Journal (3/3, A4, Ip, 2.04M) reports that in remarks "prepared for delivery Friday night to the Stanford Institute for Economic Policy Research in California," Federal Reserve Chairman Ben Bernanke said globalization "hasn't had a significant impact on reducing inflation in the U.S. and may have raised it."

New Jersey Jury Delivers Split Verdict In Vioxx Trial. The Wall Street Journal (3/3, A4, Tesoriero) reports, "A New Jersey state court jury delivered a split verdict in the first phase of the latest Vioxx trial, finding that Merck & Co. adequately warned doctors of the drug's heart-attack risks in the case of one plaintiff but not of another." The Journal continues, "The eight-person jury found that in the case of both plaintiffs the drug maker violated a state consumer-protection statute by misrepresenting the drug's cardiovascular risks in marketing. … The case of Frederick 'Mike' Humeston, 61 years old, of Boise, Idaho, now will move into a second phase to determine whether or not Vioxx was a cause of his heart attack -- and what damages, if any, should be awarded. … Mr. Humeston's case was tried previously in 2005, and Merck prevailed. New Jersey Superior Court Judge Carol Higbee later ordered a new trial after new evidence emerged." The Journal adds, "The other plaintiff in this trial, Kathleen Messerschmidt, sued Merck over the fatal heart attack of her brother, Brian Hermans, who died on Sept. 15, 2002. The Vioxx label was changed to include further cardiovascular risk information in April 2002, making it harder to prove that Mr. Hermans was the victim of a failure on Merck's part to warn doctors. But the jury will now hear evidence to determine whether damages for consumer fraud should be awarded to Ms. Messerschmidt. … Merck withdrew Vioxx from the market in September 2004 following a study that linked the drug to an increased risk of heart attacks and stroke. The company has been hit with some 28,000 lawsuits and has said it intends to fight each case. Since the first trial in the summer of 2005, the Whitehouse Station, N.J., company has won eight trials and lost four."

Bush Raises $2.1 Million For McConnell, NRSC. The Washington Post (3/3, A6, Fletcher, 690K) reports President Bush headlined a Louisville fundraiser for Senate Minority Leader Mitch McConnell and the National Republican Senatorial Committee netting $2.1 million. Organizers "called it the largest fundraiser in state history. … The event was the second GOP fundraiser in a week for Bush, who continues to be a major Republican draw despite his dismal approval ratings. On Monday, he spoke at a Washington event that raised $10.4 million for the Republican Governors Association."

Surveys Of Party Committee Members Give Clinton, Romney The Leads. The Los Angeles Times (3/3, Barabak, 850K) reports on its front page that Sen. Hillary Clinton and Mitt Romney "have emerged as the leading presidential favorites among party insiders, according to a new Los Angeles Times Poll, which found deep partisan divisions over the country's direction and top issues in the 2008 campaign." The survey showed John Edwards "in

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second place among Democratic Party leaders, ahead of Sen. Barack Obama," and "pointed up danger signs for Sen. John McCain," who trailed Romney and Rudy Giuliani. It also "signaled GOP concerns about holding the White House for another four years -- 42% of party leaders said it would be tougher to elect a Republican after eight years under President Bush, and just over half said the GOP nominee should campaign on moving the country in a new direction." The survey of 133 of the 165 Republican National Committee members found Romney backed by 20%, with Giuliani 14%, McCain 10%, and Newt Gingrich 8%. And in a "potentially worrisome sign for McCain, just over 1 in 10 RNC members said they would not support him if he won the party's nomination." Among the 313 of 386 Democratic National Committee members surveyed, Clinton was backed by 20%, Edwards 15%, Obama 11%, Al Gore 10%, and Gov. Bill Richardson 9%.

Advertising, Money Look Like Keys To 2008. On its front page, the Washington Times (3/3, Dinan, 88K) looks at the "long-haul strategy for '08," saying that "with a giant set of primaries increasingly likely for Feb. 5, the 2008 nomination will depend far more on television ads, and candidates will need a large bank account to compete."

GOP Hopefuls Woo Conservatives At Annual CPAC Meeting. Reports from the annual Conservative Political Action Conference meeting in Washington cast the mood of the attendees as low, with Democrats in power on Capitol Hill and no clear-cut conservative in the upper tier of Republican presidential candidates. The Washington Post (3/3, A4, Kornblut, 690K) says that at a traditional card game between "a handful of icons of the American conservative movement," the "mood around the poker table could hardly have been more glum. 'Nothing focuses the mind like an impending hanging,' said longtime conservative fundraiser Richard A. Viguerie, paraphrasing the English essayist Samuel Johnson. 'And Republicans feel an impending hanging with Hillary looming on the horizon.'" And while the "possibility of Sen. Hillary Rodham Clinton as president was bad enough," even worse "is the absence of a Republican candidate to rally around." American Conservative Union Chairman David Keene said the "movement's leaders 'are all pretty much agreed that there is no clear conservative choice…or even an unclear conservative choice."

ABC World News (3/2, story 7, :30, Gibson, 8.78M) reported it was the "first important gathering of Republican Presidential candidates. … Some conservative Republicans said they are not sold on any frontrunners." The Politico (3/3, Martin) headlines its write-up "A Mood Of Gloom At CPAC."

The Washington Times (3/3, Hallow, Dinan, 88K) focuses its more-upbeat front-page report on the GOP hopefuls who did try to convince the crowd of their conservative credentials, leading by saying Mitt Romney "delivered a faultlessly tailored appeal to more than 1,000 grass-roots conservative activists hungry for a renewed commitment to limited government," standing out "from the pack of Republican presidential aspirants that included Rudolph W. Giuliani and Mike Huckabee by promising to end taxes on earnings from interest, dividends and capital gains, and to cap federal spending and veto every attempt to break that cap -- whether proposed by a Republican or Democratic Congress." Giuliani drew "nearly as much applause but not the repeated standing ovations Mr. Romney received" when he spoke.

The New York Times (3/3, A11, Nagourney, 1.16M) says Romney and Giuliani "approached the task" of winning over the conservatives "in similar ways: by presenting themselves as devotees of Ronald Reagan who had tamed Democratic excesses in their communities. Mr. Giuliani talked about cutting crime, welfare and taxes; Mr. Romney talked of cutting taxes and the size of government. Yet they parted company on how they dealt with the more difficult question of their positions on social issues." Romney "portrayed himself as someone who stood at the barricades as his state sought to permit same-sex marriage and to remove restrictions from abortion and stem cell research." Giuliani "made no mention of his support for gay rights, abortion rights and gun control. Instead, he suggested that he and his audience had many more agreements than disagreements." Gannett (3/3, Raasch) says Giuliani, quoting Reagan, "said 'an 80% friend is not your 20% enemy.' Invoking Reagan's optimism and applying it to the war on terrorism, he said victory was inevitable -- if difficult -- because 'the human soul and the human heart is moving in our direction.'"

The Los Angeles Times (3/3, Hennessy-Fiske, 850K) says "four GOP candidates with more solid conservative credentials but lesser national identities" -- Sen. Sam Brownback, Huckabee, Rep. Duncan Hunter, and Tom Tancredo -- also addressed the crowd. Sen. John McCain was "noticeably absent." McCain "has sought to overcome opposition from the party's conservative base that helped doom his campaign in 2000. But McCain has made little discernible headway among the activists at Friday's event and he skipped it to campaign in Utah and his home state." In his syndicated column, Robert Novak (3/3) writes that McCain "was at a Salt Lake City lunch Thursday and a Phoenix reception Friday." The Denver Post (3/3, Mulkern, 256K) reports on Tancredo's speech, in which he "said it's imperative to crack down on illegal immigration and reject 'the cult of multi-culturalism' that he says is destroying American values."

The Los Angeles paper is alone among major dailies in mentioning in its main report that at the end of her speech, commentator "used a slur to refer to Democratic presidential candidate John Edwards." UPI (3/2) quotes Coulter saying,

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"It turns out you have to go into rehab if you use the word 'faggot,' so I'm kind of at an impasse -- I can't really talk about Edwards." The Washington Post (3/3, A2, 690K) does mention the comment in a Dana Milbank write-up that generally focuses on Romney.

McCain Wins Upset Victory In Spartanburg GOP Straw Poll. In an upset, Sen. John McCain "won a Spartanburg, South Carolina straw poll Friday, an early sign of how conservative South Carolinians might view the GOP presidential field," CNN.com (3/2, Mooney) reports. McCain received 164 votes, Rudy Giuliani 162, Rep. Duncan Hunter 158, Sen. Sam Brownback 85, Mitt Romney 80, Mike Huckabee 21, Rep. Tom Tancredo 10, John Cox 4, Rep. Ron Paul 4, Jim Gilmore 1, and Tommy Thompson 1. Secretary of State Condoleezza Rice received two write-in votes. South Carolina's The State (3/3) writes that McCain "was third when tallying was suspended Thursday. But by Friday afternoon, McCain had leapt into first in the final vote."

Ridge Says McCain "Prepared To Lead." Former Homeland Security secretary and Pennsylvania governor Tom Ridge discussed his reasons for supporting McCain on MSNBC's Hardball (3/2, Matthews), saying, "I have always admired his courage, his conviction. He doesn't seek to curry favor. A lot of people may disagree with him. He and I disagreed from time to time on issues. But he's not judgmental about other people's point of view. I think from day one he is prepared to lead. He has been conditioned and informed based on his variety of experiences he has had as a soldier, as a prisoner of war, as a congressman, as a senator. I think he's well-respected around the world, not just in this country. And I think he is ready to lead from day one."

Giuliani's Children Absent From His Campaign So Far. The New York Times (3/3, A11, Buettner, Pérez-Peña, 1.16M) reports that "as he embarks on a campaign for the presidency," Rudy Giuliani "is going forward without two people who once played supporting roles in his political life: his children, Andrew, 21, and Caroline, 17. Andrew Giuliani has been at his father's side in campaign commercials and inaugurations since he was a toddler, famously bounding across the stage in a rambunctious manner and mimicking his father's rhetorical flourishes during Mr. Giuliani's 1994 mayoral inauguration." But the candidate's relationship with his son "has grown strained and distant since his very public and bitter divorce from Andrew's mother, Donna Hanover, and his marriage to Judith Nathan," and a similar distance "appears to have developed between Mr. Giuliani and his daughter."

Fred Thompson Reportedly "Seriously Considering" Presidential Bid. Fox News (3/2, Cameron) reported, "The name of a new potential Republican presidential candidate surfaced today at the Conservative Political Action Conference in D.C. Amid some GOP dissatisfaction that the current field is not conservative enough, Fox News has learned Hollywood actor and former US Sen. Fred Thompson of Tennessee is seriously considering a run. He chaired the Senate Government Affairs Committee that investigated questionable Clinton campaign fundraising in the 1990's, rose to prominence as a GOP lawyer during the Watergate hearings, credited with urging lawmakers to ask the famous question, 'What did the President know and when did he know it?' Now he stars in the award-winning TV series 'Law and Order.' Supporters say Thompson has star power, and a consistently conservative record on such core issues as God, guns, gays, and abortion. Sources say no timetable for a decision has been set, but basic planning has begun in anticipation of an increasing conservative dissatisfaction with the GOP field and a Thompson candidacy."

Clintons, Obama To Attend Selma Anniversary March. CNN.com (3/2, Snow) reports, "As they battle for support in the black community in their quest for the 2008 Democratic presidential nomination, Sens. Hillary Clinton and Barack Obama will attend Sunday's commemoration of the historic 1965 Selma voting rights march. However, Clinton will bring along a not-so-secret weapon -- her husband, former President Bill Clinton." Democratic strategist Jamal Simmons said, "There is no white politician in America who is more popular in the African-American community than Bill Clinton. So she has a very strong card to play." Gannett (3/3, Radelat) says Obama spokeswoman Jen Psaki "said the senator -- who was 3 years old when the historic march took place -- wanted to make a 'personal trip' to the famed civil rights site. … But after polls this week showed Obama gaining popularity in the African-American community, Clinton raised the stakes by announcing that her husband" would march with her.

President Clinton's Impeachment Trial Defender Backs Obama. In his syndicated column, Robert Novak (3/3) writes, "Greg Craig, a Washington super-lawyer with close ties to the Clintons, is supporting Sen. Barack Obama for President." Craig, a White House special counsel defending President Bill Clinton in the Senate impeachment trial," called Obama "unique and added: 'I've never seen anyone who has made the impact on people and on me.'"

Pakistani Host Of Clinton Fundraisers Sought By FBI. The Los Angeles Times (3/3, Fields, Neubauer, 850K) reports Abdul Rehman Jinnah, "a Pakistani immigrant who hosted fundraisers in Southern California for Sen. Hillary Rodham Clinton," is being sought by the FBI "on charges that

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he funneled illegal contributions to Clinton's political action committee and Sen. Barbara Boxer's 2004 reelection campaign. … A federal law enforcement source said prosecutors had not dealt with the political committees in conducting their investigation and had no evidence that the committees knew the contributions were illegal. Officials for both committees said they were unaware of the investigation or indictments until they were contacted by The Times, and said they would not keep the donations." Jinnah and his family "donated more than $100,000 to the Democratic Party and Democratic candidates. Now friends say they believe Jinnah has returned to Pakistan."

Obama Says US Middle East Policy Has Strengthened Iran. The Chicago Tribune (3/3, McCormick, 617K) reports Sen. Barack Obama, "seeking to woo Jewish votes and contributions," told a Chicago audience that he "considers Iran 'one of the greatest threats to the United States, Israel and world peace' and pledged he would try to end that nation's uranium enrichment program. As he criticized the Bush administration's Iraq policies, the Democratic presidential candidate suggested that the danger posed by neighboring Iran has grown in recent years because of U.S. policy in the Middle East." Obama told an American Israel Public Affairs Committee regional meeting, "One of the most profound consequences of the administration's failed strategy in Iraq has been to strengthen Iran's strategic position, reduce U.S. credibility and influence in the region, and place Israel and other nations friendly to the United States in greater peril." The AP (3/2) headlines a report "Obama Blames U.S. For Stronger Iran," saying Obama "blamed Bush administration failings in Iraq for strengthening the strategic position of Iran, which he says must be stopped from acquiring nuclear weapons."

Genealogists Say Obama's White Ancestors Owned Slaves. The New York Times (3/3, A11, Swarns, 1.16M) follows up on a Friday Baltimore Sun report that Obama's "white maternal ancestors once owned slaves." Genealogists have discovered that Obama's great-great-great-great grandfather and great-great-great-great-great grandmother each owned two slaves.

Dowd Wonders If Obama Is Tough Enough For Campaign. In her New York Times (3/3, A15, 1.16M) column, Maureen Dowd writes, "As I sit across from Barack Obama in his Senate office, I feel like Ingrid Bergman in 'The Bells of St. Mary's,' when she plays a nun who teaches a schoolboy who's being bullied how to box. I'm just not certain, having watched the fresh-faced senator shy away from fighting with the feral Hillary over her Hollywood turf, that he understands that a campaign is inherently a conflict. The Democrats lost the last two excruciatingly close elections because Al Gore and John Kerry did not fight fiercely and cleverly enough. After David Geffen made critical comments about Hillary, she seized the chance to play Godzilla stomping on Obambi. As a woman, she clearly feels she must be aggressive in showing she can 'deck' opponents, as she put it -- whether it's Saddam with her war resolution vote or Senator Obama when he encroaches on areas that she and Bill had presumed were wrapped up, like Hollywood and now the black vote. If Hillary is in touch with her masculine side, Barry is in touch with his feminine side."

Dodd Urges Rivals To Take Part In April New Hampshire Debate. The New Hampshire Union Leader (3/3) reports Sen. Christopher Dodd "urged all his opponents for the Democratic Presidential nomination to participate in the April 5 political debate in Manchester. 'New Hampshire voters deserve a chance to see Presidential candidates on one stage answering tough questions,' said Beneva Schulte, communications director for Dodd." While several Democratic candidates "have committed to participating in the debate, Sens. Hillary Clinton and Barack Obama have not.

Dodd Seeks Funds From Banking Industry, Lobbyists. In his syndicated column, Robert Novak (3/3) writes that the "long shot" campaign of Senate Banking Chairman Dodd "solicited banking industry executives and lobbyists -- Democrats and Republicans alike -- for a fund-raising reception Wednesday. Melanie Wong, an experienced Democratic fund-raiser who identified herself as Dodd's 'mid-Atlantic regional finance director,' sent the invitations. They addressed lobbyists by their first names, even those she had never met and who had never contributed to Dodd."

Vilsack Criticizes Early Iowa Polls. The Des Moines Register (3/3, Beaumont, 160K) reports Tom Vilsack "criticized public opinion polls Friday and said his presidential campaign was running stronger in Iowa than early surveys reflected before he gave up his bid for the 2008 Democratic nomination a week ago. I don't want to sound like sour grapes, but you should not pay attention to early polls,' Vilsack said during taping of 'Iowa Press,' a public affairs program on Iowa Public Television." He said, "Iowa polls are not accurate in terms of caucus support. … We were absolutely convinced, and I remain convinced and will as long as I live, that I would have won the Iowa caucuses based on the information that we had that is legitimate."

Bush, Brazil's Lula Will Push Western Hemisphere Ethanol. A lengthy front-page New York Times (3/3, Andrews, Rohter, 1.16M) story reports President Bush, "hoping to reduce demand for oil in the Western Hemisphere, is preparing to finish an agreement with Brazil next week to promote the production and use of ethanol throughout Latin America and the Caribbean." That deal "could lead to substantial growth in the ethanol industry in

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Brazil as technology and manufacturing equipment developed there is exported to other countries in the region." The Times notes that sugar cane ethanol "is far cheaper to produce than the corn-based ethanol that has been nurtured by protective tariffs and government mandates in the United States." Officials "contend" that "the program could also reduce the influence of Hugo Chavez, the president of oil-rich Venezuela." The US-Brazil deal "calls for cooperation between the countries on research and common standards for biofuels, as well as on helping other countries replicate Brazil's expertise in producing ethanol from sugar," but Times sources claim "the agreement is largely a framework and provides few details."

Treasury "Ready" To Release North Korean Assets. The AP (3/3, Gearan) notes Washington "will soon recommend releasing a significant amount of frozen North Korean bank accounts, officials say, which diplomats hope will keep North Korea from reneging on its pledge to scrap nuclear weapons." The Treasury Department "could announce as soon as next week that several million dollars connected to North Korea are not tainted by links to rogue nuclear proliferation or allegations of counterfeiting, smuggling and other crimes." An unnamed source said "the U.S. move is expected to prompt overseas bank regulators to unfreeze between $8 million and $12 million from about $24 million in blocked assets." Treasury Under Secretary Stuart Levey is quoted saying yesterday, "We intend to handle this matter in a straightforward way based on the evidence and the law. As we have always said, the designation of Banco Delta Asia as a primary money laundering concern is separate from the nuclear talks."

South Korea Conditions Aid Resumption On Complete Dismantling Of Nuclear Program. On its front page, the Washington Times (3/3, Sands, Salmon, 88K) notes South Korean Foreign Minister Song Min-Soon "said yesterday that North Korea must abandon all aspects of its nuclear endeavors, including a suspected uranium enrichment program, as part of a deal to solve the peninsula's nuclear crisis, even if the program has barely gotten off the ground." However, he "sidestepped new questions over the state of Pyongyang's uranium-enrichment program, the key charge in the Bush administration's case that the North had violated past agreements to halt its nuclear weapons programs." Song "said he planned to coordinate closely with Washington as the nuclear deal moves ahead." The Times also reports that Seoul "refused to restore full aid shipments until the North's main nuclear reactor facility had been shut down."

The Washington Post/AP (3/3, A12) keys on the aid announcement, saying Seoul "added pressure on North Korea to comply with an international disarmament agreement, refusing the impoverished nation's demand to restore full aid shipments until after its main nuclear reactor is shut down." The New York Times (3/3, A7, Onishi, 1.16M) notes briefly that both Koreas "wrapped up high-level talks, agreeing to resume reunions of families separated by the Korean War and to test-run a cross-border train in the first half of this year."

Pakistan Tests Nuclear-Capable Short-Range Missile. The AP (3/3) reports Islamabad today "successfully test-fired a short-range missile capable of carrying a nuclear warhead." The launch of the "Haft-II Abdali missile, which has a range of 120 miles, was conducted from an unspecified location inside Pakistan, the military said." The AP notes that "relations between Pakistan and India have improved since they began a peace process in 2004 to resolve all their issues, including Kashmir. They will hold the fourth round of peace talks in Islamabad March 13-14."

In Interview, Qaddafi Redefines Outlook But Stays Faithful To Doctrine. The New York Times (3/3, A3, Slackman, 1.16M) details yesterday's press availability with Libyan leader Muammar el-Qaddafi. "After decades of international isolation, Libya may be changing. But there are very clear limits. A slightly newer and perhaps mellower version of Colonel Qaddafi was on display on Friday for the correspondents, as part of the celebration of the 30th anniversary of the system of government he instituted." The Times says he used "revolutionary words" to describe Libya's role in the world. He "is the same eccentric figure as always, dressed in elaborate Libyan robes jazzed up with striking colors and a modern flair. He still offers unusual ideas, like when he said all the nations of the world would someday meld into seven or eight blocs, and that all formal governments, parliaments, ministries and militaries would be dissolved. Only then, he said, would there be world peace." His remarks suggest "a man thinking about his legacy, and how to retool a system of governance that has failed to adequately administer the state. … He maintained a quiet, almost distant composure through much of the discussion. Occasionally he picked up a pen and jotted down notes, but he mostly spoke in a low voice. What has not changed, and what he made clear, is the core of what he believes."

BBC.com (3/2) keys on a statement by Gaddafi that Libya "has not been given adequate compensation for its decision to renounce nuclear weapons in 2003." He "said the failure by the West to reward Libya meant Iran and North Korea were reluctant to follow Tripoli's lead. He insisted there would be no return to the confrontation of the past, however."

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Sudanese President Backs UN Darfur Force In Writing. The AP (3/2, Olson) carries a diplomatic statement that Sudanese President Omar al-Bashir "is sending a letter to Secretary-General Ban Ki-moon expressing his commitment to the deployment of several thousand U.N. peacekeepers to help end the violence in Darfur." The AP says that "deployment would be the second step of a three-stage U.N. plan that would culminate in a 22,000-strong joint UN-African Union peacekeeping mission." Bashir "has given conflicting signals about his commitment to the plan, and Ban asked him earlier this year to state his acceptance of the second phase in writing." Yesterday, "the U.S. State Department called on both Sudan and the United Nations to speed up the deployment of the full joint AU-UN force." Assistant Secretary McCormack "issued the appeal as U.S presidential envoy Andrew Natsios arrived in Sudan's capital, Khartoum, for a 10-day visit that will include stops in the western Darfur region and southern Sudan." McCormack "said the U.S. administration is not satisfied with the yearlong U.N. time frame for the deployment and that not enough countries are pledging troops for the mission."

Oil Could Aid Rebuilding But May Delay Peace. On its front page, the Los Angeles Times (3/3, Sanders, 850K) discusses the short- and long-term challenges of likely oil deposits beneath Darfur. "While exploration may bring needed investment in Sudan, some say it only exacerbates the fighting." Khartoum "is quietly escalating oil exploration inside the Darfur region, a step that has led to protests from rebel leaders in a volatile area where more than 200,000 people have been killed during three years of fighting." The Times adds that some experts believe the "untapped oil reserves might have been an underlying factor in the Darfur conflict all along, explaining why a seemingly barren wasteland of western Sudan would spark such a bitter tug of war between government forces and rebels, eventually drawing the intervention of international players such as the United States, Libya and the United Nations."

Morocco Promises Western Sahara Autonomy Plan Next Month. The AP (3/2, Thorne) reports a statement by a key Moroccan official that Rabat "will present an autonomy plan for Western Sahara to the United Nations next month in hopes of ending a three-decade conflict that has stranded 160,000 refugees in the Sahara." Khalihenna Ould Errachid, King Mohamed VI's "chief adviser" on the Western Sahara, said the "plan would give the disputed region a parliament, a chief of state, Cabinet ministries and a judiciary that would oversee day-to-day life." Rabat "says autonomy is the only way to end a conflict with the Polisario Front, an Algerian-backed independence movement" that "insists on holding a referendum on independence." The AP says the "stalled conflict has left refugees in bleak camps in the Algerian Sahara, poisoned relations between Morocco and Algeria, and inflicts heavy costs on Morocco, already struggling with widespread poverty and unemployment."

Former Official Lauds Moroccan Plan. In an op-ed in today's New York Times (3/3, A15, 1.16M), former Deputy Assistant Secretary of State and Ambassador Frederick Vreeland says the status quo "has envenomed relations among its neighbors and immiserated the Saharan population." Mohammed VI's proposal "is a rare instance, in the post-9/11 world, in which a little encouragement from the United States and other nations could pay large dividends, fostering not only a final resolution for the region's refugees but also creating a stable North African peace for the first time in decades — a peace that would serve as a bulwark against Islamic extremism." The US "must be forthright in its support for the Moroccan proposal. We would be aiding a modernizing, moderate Islamic country, and a strategic ally. More urgently and no less important, we would be helping the Western Sahara's people to regain their lost liberties and their right to peaceful existence."

Morocco Sentences Eight In Terror Attacks. The New York Times (3/3, A7, Smith, 1.16M) carries Moroccan state-run media reports that "a Moroccan court on Friday sentenced eight Islamists to prison terms of up to 15 years for plotting terrorist attacks in France, Italy and Morocco."

Tehran-Caracas Weekly Flights Highlight Alliance. A brief New York Times (3/3, A7, Romero, 1.16M) piece notes, "Iran is already Venezuela's closest ally outside Latin America, with ventures to produce oil and build cars and tractors together. Now, travelers between the countries can also take a weekly flight between Caracas and Tehran." The joint Conviasa-Iran Air flight "includes a stop in Damascus." The Times adds that Caracas "has tightened relations with Iran and expressed explicit support for its uranium enrichment program. … Venezuela is considering extending its economic cooperation agreements to the military sphere. It is discussing a venture with Iran to produce remotely piloted aircraft that could be used for surveillance along the border with Colombia."

Haitian Juvenile Justice System Reflects Nation's Poverty. A 1,600-word front-page Washington Post (3/3, Roig-Franzia, 690K) piece today examines the plight of imprisoned Haitian youth, which "reflects a country overwhelmed by the problems of its young -- more than 200,000 Haitian children have lost one or both parents to AIDS and 300,000 work as unpaid domestic servants in a system of bonded servitude, according to the U.N. Children's Fund."

Putin Ally Ratified To Lead Chechnya. An extensive AP (3/2, Sadulayev) piece notes the Chechen

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Parliament "approved a widely feared former security chief as president of the war-battered Russian republic in a nearly unanimous vote Friday, a day after President Vladimir Putin nominated him." Ramzan Kadyrov's "nomination won 56 votes in the 58-member, two-chamber legislature, with two ballots ruled invalid." The AP notes that "human rights groups allege that security forces under Kadyrov's control abduct and torture civilians suspected of ties to Chechnya's separatist rebels. Some observers suggest he was tied to last year's murder of Anna Politkovskaya, a journalist who had reported extensively on Chechnya's wars and sufferings." Kadyrov "is credited with a reconstruction boom that he administered as the region's prime minister, under which the capital, Grozny, is being transformed from a moonscape of rubble and shattered buildings in a region devastated by two separatist wars since the Soviet collapse." Kadyrov "has been at the heart of a Kremlin strategy to crush continued rebel resistance and establish order in the mostly Muslim region."

Under the headline, "Chechnya's Reins In Strongman's Hands," the Los Angeles Times (3/3, Holley, 850K) calls Kadyrov "a Kremlin-backed strongman who has spearheaded efforts to pacify war-battered Chechnya through a mix of repression and economic reconstruction." He "expressed his appreciation and loyalty to Putin in televised remarks Friday, declaring that 'there is support and understanding from the supreme commander in chief, and it only remains to serve him hand and foot.'"

WPost Calls Kadyrov A "Gangster President." Under the headline "Gangster President," the Washington Post (3/3, A14, 690K) editorializes, "This week Vladimir Putin delivered another clear message about the kind of state Russia is becoming. He did so by nominating" Kadyrov, who "has done Mr. Putin a great service: Using his own militia -- gang might be a better term -- he has imposed order in the name of the Kremlin on most of the rebellious republic, allowing the Russian president to declare victory in the war he started more than seven years ago. The Chechen's reward is to be installed as official head of the republic's government, where he can be expected to promote a cult of personality, employ state resources for his personal aggrandizement and murder his opponents with impunity."

Ex-Ambassador Decries Congressional Resolution On Armenian Genocide. In an op-ed in today's Wall Street Journal (3/3, A8, 2.04M), Brookings Institution scholar and former US Ambassador Mark Parris says congressional passage of an Armenian genocide resolution "will be a train wreck with an important, longstanding American ally: Turkey." This year is "a particularly sensitive moment in Turkish politics," with key government institutions possibly "inclined to loosen the strict barriers set up by Ataturk between religion and state." In addition, 2007 "will highlight the country's pivotal geography and relevance to U.S. strategic goals," including Iraq, Iran and energy policy. Turkey "goes into this defining year with its anchors to the West drifting or under strain. … The responsible choice for Congress's current leadership is to join their predecessors in concluding that passage of an Armenian genocide resolution does not serve American interests."

THE BIG PICTURE

Headlines From Today's Front Pages.

Los Angeles Times:
"Clinton, Romney Lead In Survey Of Party Insiders."
"Cochran Firm Sued For Race Bias."
"ACLU Challenges Skid Row Cleanup."
"Darfur Oil: Curse Now, Blessing Later?"

New York Times:
"Army Secretary Ousted In Furor On Hospital Care."
"On Day After Tornado, A School Tallies The Grief."
"U.S. Predicting Steady Increase For Emissions."
"U.S. And Brazil Seek To Promote Ethanol In West."
"Warm Winters Upset Rhythms Of Maple Sugar."
"Novice Art Collectors Find Access Is Priceless."

Washington Post:
"Bush Orders Review Of Service Members' Care."
"Haiti's Lost Boys."
"Steep Prices Projected For Hot Lanes."
"White House Backed U.S. Attorney Firings."
"Cherokee Nation To Vote To Override Treaty."

Washington Times:
"Romancing The Conservatives."
"Timing, Donors Drive Long-Haul Strategy For '08."
"Virginia Locales Eye Expense Of Illegals."
"Seoul Wants No Trace Of Nukes."
"Rap Music Taking A Dive, For Lack Of A Positive Vibe."
"Venting Anger Being Challenged As Better Than Just Staying Calm."

Detroit Free Press:
"Cops Search Grant Home."
"Wall St. King In Hunt For Chrysler."
"Pistons Nearly Erase 19-Point Deficit, But Heat Hang On."
"DPS Delays Decision On School Cuts."
"Tiger Fans Wait For Prime Seats As Sales Start Today."

Atlanta Journal-Constitution:
"Crash: 'Just Chaos In My Mind.'"

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Dallas Morning News:
"A New Day At The Water Gardens."
"Boy's Death Highlights Rare Illness."
"Perry Appoints TYC Investigator."
"Women At War Are Fighting To Serve."
"Lunar Eclipse Might Be Tough To Spot."
"It's Not Spring Yet: Freeze Likely Sunday."
"Painting Stolen Decades Ago Found In Spielberg's Collection."

Houston Chronicle:
"City Workers, Bus Drivers Run Houston Red Lights."
"HPD Finds High-Tech Marijuana House In Montrose."
"Texas Teacher Loophole Use May Cost $2.2 Billion."
"Sex-Abuse Fears: Harris May Halt Transfers To TYC."
"Houston Attributes Dip In Homicides To New Moves."
"Army Secretary Out Amid Wounded Vets Scandal."
"Six Charged In Houston Human Smuggling Case."
"Lawmakers Seek Crackdown On Animal Torture."
"Astronaut Won't Face Attempted Murder Charge."

Story Lineup From Last Night's Network News:
ABC: Tornado; Tornado Damage; Tornado Weather Analysis; Midwestern Tornados; Atlanta Bus Accident; Walter Reed; CPAC; Wall Street; Nowak Charges; Child Cold Medicine; "Cat In The Hat" Anniversary; Malaria-Developing Countries.
CBS: Walter Reed; Walter Reed Analysis; Tornado-Georgia; Tornado-Alabama; Atlanta Bus Crash; Female Soldiers; Child Cold Medicine; Poker Players.
NBC: Walter Reed; Tornado-Alabama; Tornado-Georgia; Atlanta Bus Crash; Wall Street; US Military Doctors In Iraq; Nowak Charges; Child Cold Medicine; Abandoned Newborns.

WASHINGTON'S SCHEDULE

Today's Events In Washington.

White House:

PRESIDENT BUSH — Travels to Alabama to visit tornado-hit areas.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: Not in session.

US House: Not in session.

Other: CONSERVATIVES _ The Conservative Political Action Caucus holds its annual conference. Highlights: 10 a.m. Session on "Lessons From the Last Revolution," with Paul Weyrich, Free Congress Foundation; Richard Viguerie, ConservativesBetrayed.com and Muriel Coleman, 1980 Ronald Reagan National Campaign. 2 p.m. Minnesota Gov. Tim Pawlenty discusses "A Bold Conservative Agenda for Americas Suburbs." 2:30 p.m. Former Virginia Gov. James Gilmore. 3 p.m. Session on "No Retreat, No Surrender: Fighting the Shadow Party," with Tom DeLay, Coalition for a Conservative Majority; and David Horowitz, Freedom Center. 4:45 p.m. Newt Gingrich. Location: Omni Shoreham Hotel, 2500 Calvert St. NW. Contacts: n/a, 800-752-4391

COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW. Contacts: Jim Phillipps, 202-942-4220

CHILD CARE _ The National Association of Child Care Resource & Referral Agencies marks its 20th anniversary during its Annual Policy Symposium. This conference will culminate with the release of a report card ranking states on their child care standards, and a twentieth anniversary celebration. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW. Contacts: Jen Schill, 703-341-4148

CIVIL AIR PATROL _ The Civil Air Patrol holds its 2007 winter meeting, marking its 65 anniversary. Location: Marriott-Crystal Gateway, 1700 Jefferson Davis Highway, Arlington, unless otherwise noted. Contacts: Dan Bailey, 334-953-0500

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Growing Calls In Australia For Terror Suspect's Return (NYT)

By Raymond Bonner

The New York Times, March 3, 2007

SYDNEY, Australia, Saturday, March 3 — The decision by the United States military to charge an Australian citizen, David Hicks, with one terrorism-related offense comes as Prime Minister John Howard is under mounting pressure, even from conservatives in his own party, to have Mr. Hicks charged, tried and brought home.

Mr. Hicks is the first detainee from the American base at Guantánamo Bay, Cuba, to be charged under the Military Commissions Act of 2006. But the single charge, of providing "material support for terrorism," after Mr. Hicks has been held for five years in Guantánamo, has been met with skepticism, disbelief and some anger here, from conservatives and liberals alike.

The charge, which was announced by the Pentagon in Washington on Thursday, represents a substantial reduction in the case the Bush administration has claimed it has against Mr. Hicks, a high-school dropout who was captured in Afghanistan after the American invasion in 2001.

Only two weeks ago, the American ambassador to Australia, Robert D. McCallum Jr., described the Guantánamo detainees as "ruthless fanatics who would kill Australians and Americans without blinking an eye."

Mr. Hicks was initially charged with conspiracy to commit murder and engage in acts of terrorism, attempted murder and aiding the enemy. That was later reduced to attempted murder and "providing material support for terrorism."

Now all those charges, except material support, have been dropped, and there is a question if even that will stick. Mr. Hicks's lawyers argue that material support was not made a crime until 2006, five years after Mr. Hicks trained with Al Qaeda.

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The relatively minor, single charge after such a long detention "means they've botched it," said Barnaby Joyce, a federal senator for Australia's conservative National Party, which is part of the governing coalition. "They've completely abused the process of justice."

Mr. Joyce is one of an increasing number of conservative politicians and others who have joined the Bring David Hicks Home movement, which has gained considerable momentum here in the last few months.

In fact, the case has generated such political outrage that members of Mr. Howard's own center-right Liberal Party acknowledge that it is hurting the prime minister in his bid for re-election this year.

For nearly five years, Mr. Howard, one of President Bush's most stalwart supporters, was generally content to allow Mr. Hicks to remain in Guantánamo. But in recent weeks, he has been forced to take account of the strong shift in public opinion around the case, which has become a major irritant in American-Australian relations.

Last month, Mr. Howard raised the Hicks case directly with President Bush in a telephone call, and again with Vice President Dick Cheney when he was here last week.

Whether the charge finally leveled against Mr. Hicks was "the result of my representations to President Bush and Vice President Cheney, I don't know," Mr. Howard told Australian journalists on Friday, as reported by the BBC.

It is an issue that Mr. Hicks's lawyers are expected to explore, for if there was any influence of this kind on the bringing of the charge, it could result in the case being dismissed.

Mr. Hicks's lawyers are in any case certain to challenge the charge on the grounds that there was no such crime when Mr. Hicks was training with Al Qaeda in Afghanistan in 2001. The United States Constitution prohibits ex post facto laws, but in light of recent laws passed by Congress and various court rulings, it is not certain that Mr. Hicks will be afforded that protection.

The next probable step is that the United States government will try to get Mr. Hicks to plead guilty to this single charge, in exchange for a sentence of time served. That would have him back in Australia soon. Australian officials said this would be acceptable.

The groundswell of support for Mr. Hicks here does not arise because Australians believe that he is innocent, but rather because many here believe he has been denied justice by having been held so long without a regular trial.

"He may well be a rat bag, but even rat bags deserve their day in court," is how Senator Joyce put it.

"It is about due process of law, the principles we are fighting for in Iraq," he added in an interview. "In fighting the barbarians, we are starting to imitate the barbarians."

According to American and Australian officials, Mr. Hicks trained with Al Qaeda in Afghanistan, but officials have said he did not fire any shots during the war.

Described by one Australian police official as a "lost soul," Mr. Hicks was a kangaroo skinner in the Australian outback, went to Japan to train horses, and joined the Kosovo Liberation Army, which had the support of NATO in the war against Slobodan Milosevic.

Back in Australia, he tried unsuccessfully to enlist in the army. He joined an evangelical church, but eventually converted to Islam and went to Pakistan. There, he first joined up with Lashkar-e-Taiba, which was not declared a terrorist organization by the United States or Australia until the last week of 2001.

He was picked up by Afghan irregulars and turned over to the American troops for a ransom of several thousand dollars, according to his father, Terry Hicks, a printer by trade.

Mr. Hicks, an online organization, GetUp!, and his son's military lawyer, Maj. Michael Mori, have campaigned with increasing success to bring the case to light.

Often guided by liberal organizations like the Center for Constitutional Rights in New York, which has represented several Guantánamo detainees, Mr. Hicks kept his son's case alive with stunts, such as standing in a make-shift cage in the center of New York.

GetUp!, which is patterned after MoveOn.org, a liberal online organization in the United States, a few months ago hung a huge sign — "Bring David Hicks Home" — on the side of an office building at the entrance to the famed Sydney Harbor Bridge, which is passed every day by thousands of motorists commuting to work.

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To the surprise of the organization, within 72 hours, it collected 150,000 Australian dollars, about $118,000, for the cause. Altogether, it has raised at least $196,500, said Brett Simpson, the organization's executive director.

Major Mori has made seven trips here, always in his tightly pressed Marine Corps uniform. Initially, Australians were skeptical that a military man would put up a vigorous defense. Since then, he has become something of a folk hero here, drawing large crowds around the country.

Some American Embassy officials sought unsuccessfully to have the Pentagon bar Major Mori from coming to Australia, said an American official who was granted anonymity in order to reveal information that has not been made public.

The combined public relations strategy has recently gained traction. For nearly five years, the opposition center-left Labor Party stayed far away from the Hicks case, as did the Australian news media. In the first nine months of 2006, there were 63 mentions of David Hicks in The Australian, according to the paper's researchers; in the last five months, there have been 255.

The list of public leaders calling for David Hicks to be given an expeditious and fair trial has grown steadily longer and includes those from the Labor Party.

In January the director of military prosecutions in the Australian Army, Brig. Gen. Lyn McDade, called Mr. Hicks's detention "abominable."

"I don't care what he's done or alleged to have done," General McDade, a former prosecutor, told The Sydney Morning Herald. "I think he's entitled to a trial, and a fair one."

Appellate Judges Uphold Dismissal Of CIA Lawsuit (WP)

By Jerry Markon

The Washington Post, March 3, 2007

A federal appeals court yesterday upheld the dismissal of the case of a German citizen who says he was wrongfully imprisoned by the CIA. Khaled al-Masri had sued former CIA director George J. Tenet and 10 unnamed CIA officials in U.S. District Court in Alexandria. Sources have said that Masri was held by the CIA for five months in Afghanistan because of mistaken identity.

U.S. District Judge T.S. Ellis III last year sided with the Justice Department, which invoked a state-secrets privilege to argue for dismissing the lawsuit. The U.S. Court of Appeals for the 4th Circuit upheld Ellis's decision.

I Am Not A State Secret (LAT)

By Khaled El-masri, Khaled El-masri, A German Citizen Born In Lebanon, Was A Car Salesman Before He Was Detained In Dece

The Los Angeles Times, March 3, 2007

Having just lost in court, a CIA kidnap victim asks why the U.S. won't admit its error.

ON NEW YEAR'S EVE in 2003, I was seized at the border of Serbia and Macedonia by Macedonian police who mistakenly believed that I was traveling on a false German passport. I was detained incommunicado for more than three weeks. Then I was handed over to the American Central Intelligence Agency and was stripped, severely beaten, shackled, dressed in a diaper, injected with drugs, chained to the floor of a plane and flown to Afghanistan, where I was imprisoned in a foul dungeon for more than four months.

Long after the American government realized that I was an entirely innocent man, I was blindfolded, put back on a plane, flown to Europe and left on a hilltop in Albania — without any explanation or apology for the nightmare that I had endured.

My story is well known. It has been described in literally hundreds of newspaper articles and television news programs — many of them relying on sources within the U.S. government. It has been the subject of numerous investigations and reports by intergovernmental bodies, including the European Parliament. Most recently, prosecutors in my own country of Germany are pursuing indictments against 13 CIA agents and contractors for their role in my kidnapping, abuse and detention. Although I never could have imagined it, and certainly never wished it, I have become the public face of the CIA's "extraordinary rendition" program.

Why, then, does the American government insist that my ordeal is a state secret? This is something beyond my comprehension. In December 2005, with the help of the American Civil Liberties Union, I sued former CIA Director George Tenet

along with other CIA agents and contractors for their roles in my kidnapping, mistreatment and arbitrary detention. Above all, what I want from the lawsuit is a public acknowledgment from the U.S. government that I was innocent, a mistaken victim of its rendition program, and an apology for what I was forced to endure. Without this vindication, it has been impossible for me to return to a normal life.

The U.S. government does not deny that I was wrongfully kidnapped. Instead, it has argued in court that my case must be dismissed because any litigation of my claims will expose state secrets and jeopardize American security, even though President Bush has told the world about the CIA's detention program, and even though my allegations have been corroborated by eyewitnesses and other evidence. To my amazement and dismay, last May, a federal district court judge agreed with the government and threw out my case. And then Friday, the U.S. 4th Circuit Court of Appeals upheld that decision. It seems that the only place in the world where my case cannot be discussed is in a U.S. courtroom.

I did not bring this lawsuit to harm America. I brought the lawsuit because I want to know why America harmed me. I don't understand why the strongest nation on Earth believes that acknowledging a mistake will threaten its security. Isn't it more likely that showing the world that America cannot give justice to an innocent victim of its anti-terror policies will cause harm to America's image and security around the world?

IN NOVEMBER, I traveled to America for the first time to hear my lawyers argue my case before the appeals court in Richmond, Va. and to meet with members of Congress and their staff on Capitol Hill. (It's obvious that the U.S. government does not consider me a security threat, or I would not have been allowed to enter the country, much less be in the same room with federal judges and members of Congress.)

Although I did not understand all of the arguments made by the lawyers, I was impressed by the dignity of the proceedings and by the respect for the rule of law that I have always associated with America. I'm deeply disappointed to find that this same legal system denies me the chance to fully present my case.

If I were being treated fairly by the American legal system, perhaps we would not have reached the point where German prosecutors are bringing criminal charges against American citizens.

During my visit in November, many Americans offered me their personal apologies for the brutality that had been perpetrated against me in their name. I saw in their faces the true America, an America that is not held captive by fear of unknown enemies and that understands the strength and power of justice. That is the America that, I hope, one day will see me as a human being — not a state secret.

HOMELAND RESPONSE:

Bush To Visit Tornado-damaged Areas (AP)

AP, March 3, 2007

WHITE HOUSE (AP) -- President Bush heads to Alabama today to visit areas damaged by this week's vicious storms and deadly tornadoes.

Among his stops will be the the high school where eight students were killed Thursday when a twister demolished their school.

The president told reporters at the White House yesterday he's making the trip "with a heavy heart." He said he knows "full well" that he'll see people whose lives have been "turned upside down." The president's asking Americans to pray for the victims and their families.

At least 20 people were killed in the storms that ripped through Alabama, Georgia and Missouri. Federal emergency teams were sent to damaged areas immediately after the storm. The administration is hoping to draw a pointed contrast to it's sluggish response after Hurricane Katrina.

Bush Reaches Out To Tornado-Struck Areas (AP)

AP, March 2, 2007

DOJ_NMG_0140130

WASHINGTON - President Bush offered condolences to victims of violent storms and tornadoes that roared through several Southern states and said he would visit stricken areas on Saturday "with a heavy heart."

Bush told reporters at the White House Friday that he had spoken to Alabama Gov. Bob Riley on Thursday afternoon and Georgia Gov. Sonny Perdue on Friday morning.

He said he told the governors he wanted to express "my personal condolences as well as the condolences of the nation for those who lost their lives in the recent tragedies in those two states."

Bush will visit areas hit by a violent storm system that spawned tornadoes that struck an Alabama high school, killing eight students.

The White House said Bush would make two stops on Saturday, but his destinations were still being worked out with governors in the affected states.

"I go down with a heavy heart," the president said. "I go down knowing full well that I'll be seeing people whose lives were turned upside down by the tornadoes. I'll do my very best to comfort them."

The burst of tornadoes was part of a line of thunderstorms and snowstorms that stretched from Minnesota to the Gulf Coast. Authorities blamed tornadoes for the deaths of a 7-year-old girl in Missouri, 10 people in Alabama and nine in Georgia, and twisters also damaged homes in Kansas.

"I ask our nation, for those who are prayerful, to give a prayer for the victims of the storms," Bush said.

He spoke on the South Lawn of the White House as he prepared to board his helicopter as part of an unrelated trip to Indiana and Kentucky.

Aaron Walker, a spokesman for the Federal Emergency Management Agency said that the Georgia governor was working on a disaster-aid request on Friday.

Some 14 FEMA preliminary disaster assessment teams are already at work in Alabama, he said.

New Orleans Files Claim Against Corps For Billions (NYT)

By Leslie Eaton

The New York Times, March 3, 2007

The City of New Orleans filed a $77 billion damage claim against the federal government on Thursday, joining thousands of residents who have flocked to the Army Corps of Engineers seeking compensation for their losses after Hurricane Katrina in 2005.

The corps, which built and helped maintain much of the levee system that failed, has not tallied the number of claims or the total amount of money sought. It received 30,500 forms by late last month, a spokeswoman for the agency, Kathy Gibbs, said.

The filings that arrived last week “pretty much filled an 8-by-10 room, floor to ceiling,” Ms. Gibbs said.

The forms run two pages, with some including additional paperwork, she said.

The claims were in part prompted by a ruling last month by a federal judge that raised the possibility that suits against the corps could proceed. Normally, federal law does not allow suits for damages resulting from the failures of flood-control projects.

But on Feb. 2, Judge Stanwood R. Duval Jr. of Federal District Court in New Orleans ruled that at least one flooding source, the Mississippi River Gulf Outlet, might be considered a navigation channel and not a flood-control project.

Critics of the corps faulted the outlet, known as Mr. Go, for much of the flooding in eastern New Orleans. The corps has disputed that, but last year it announced a plan to close the channel to navigation.

Similar suits are under way on other canals and channels that flooded. Lawyers representing people who have sued the corps for negligence had urged residents to file claims by March 1 to preserve their rights in case the judge found the corps liable for property damage and personal injuries under maritime law.

The city did not explain how it came up with the $77 billion figure, and it did not respond to a request for more information. The New Orleans Sewerage and Water Board filed a claim for $470 million, said Robert Jackson, a spokesman for the board.

New Orleans Files Katrina Claim (LAT)

By Ann M. Simmons

The Los Angeles Times, March 3, 2007

DOJ_NMG_0140131

The city is seeking $77 billion from the Army Corps of Engineers.

NEW ORLEANS — With a $77-billion claim, the city of New Orleans led tens of thousands of homeowners and businesses seeking compensation from the U.S. Army Corps of Engineers for losses suffered when levees protecting the city ruptured under the storm surge of Hurricane Katrina.

Kathleen Gibbs, a spokeswoman in the corps' New Orleans district office, said that by Monday at least 34,500 claims had arrived by mail. And the bags and boxes filled with forms from residents who rushed to file before the Thursday midnight deadline could fill an 8-by-10-foot room.

"This is obviously a very significant and very emotional situation for many people," Gibbs said.

Many claimants argue that their properties survived the actual hurricane, but were flooded when the city's flood walls failed because of shoddy construction and corps negligence.

Lawyers said the number of claims could top 100,000. Forms were accepted at corps offices nationwide.

"It is important and necessary for people to let the Army Corps of Engineers and Congress know that they expect to receive compensation," said Joseph Bruno, a New Orleans lawyer who is leading a team of attorneys for hurricane victims. "The debate is simple: You broke it, you fix it."

Claims have run from thousands of dollars to the $77 billion that the city is pursuing.

New Orleans officials did not specify the damages to be covered, but in a statement, City Atty. Penya Moses-Fields said the claim was "prudent at this stage to file."

Entergy New Orleans, the city's electrical utility that went bankrupt after Katrina, is seeking $655 million in damages and losses, and New Orleans Sewerage and Water is trying to recoup about $460 million.

The corps has argued that the 1928 Flood Control Act gives it immunity from lawsuits. But last month, a U.S. District Court judge ruled that such protection is void in cases concerning navigational projects.

The claimants contend that the Mississippi River-Gulf Outlet and the 17th Street drainage canal, which caused much of the flooding, are navigation waterways.

Veda Manuel — whose home, along with her bicycle- and kayak-tour business in the city's Bayou St. John neighborhood, was destroyed by Katrina — said no amount of money could undo the trauma she and other residents have endured.

"The amount of chaos, uncertainty and disturbance … money will never compensate for that. But they must claim responsibility," said Manuel, 50, who is renovating her home using savings and help from friends. She would not disclose the size of her claim.

"Time stopped for us" the moment the levees broke, Manuel said. "I lost an entire year of my life."

WAR NEWS:

14 Iraqi Policemen Kidnapped, Killed (AP)

AP, March 2, 2007

BAGHDAD (AP) — The bodies of 14 policemen were found Friday northeast of Baghdad after an al-Qaeda-affilated Sunni group said it abducted members of a government security force in retaliation for the rape of a Sunni woman by members of the Shiite-dominated police.

Brig. Gen. Abdul-Karim Khalaf, an Interior Ministry spokesman, said the bodies were discovered Friday afternoon in Diyala province. The policemen were kidnapped Thursday on their way to their homes in Diyala for leave, he said.

Earlier Friday, the Islamic State of Iraq said in a Web statement that it seized 18 Interior Ministry employees in Diyala in retaliation for "the crimes carried out ... against the Sunnis," including the alleged rape last month of a Sunni woman by policemen in Baghdad.

In a second statement, the group announced that its "court" had ordered the "execution" of the men and that a video depicting their deaths would be posted later, according to the SITE Institute, which monitors extremist websites.

Photos accompanied the claim, showing up to 18 blindfolded men, seven of them wearing Iraqi military uniforms. All had their hands tied behind their backs.

DOJ_NMG_0140132

But Khalaf cast doubt on whether the 14 slain policemen were the same men shown on the website photos.

"We found the 14 policemen's bodies, but they are not those who are in the fabricated images on the website," he told The Associated Press. "The Diyala police told us that they don't know who those people shown on the web site were."

Nevertheless, he blamed al-Qaeda for the killings and said Iraqi authorities would "chase those who assassinated these unarmed people."

Also Friday, two U.S. soldiers and an interpreter were killed by a roadside bomb northwest of Baghdad as they were trying to clear a highway of explosives.

The military also announced that a U.S. Marine was killed two days before in combat in Anbar province, a Sunni insurgent area west of the capital.

The Islamic State of Iraq had threatened to kill the hostages within 24 hours if the Iraqi government did not hand over officers accused in the rape case, and release all Sunni women held in Iraqi prisons.

"This blessed operation is a response to crimes carried out by those infidels in their fight against the Sunnis," the statement said. "The latest of the crimes committed by these traitors was to rape our sister in religion."

A 20-year-old woman told Arab television stations that she was detained in a Sunni area of west Baghdad on Feb. 18, taken to a police garrison and assaulted by three officers. The woman gave a name which identified her as Sunni.

Prime Minister Nouri al-Maliki, a Shiite, announced an investigation Feb. 19 but cleared the officers the following day, stirring outrage among Sunni politicians.

Al-Maliki said the rape claim was fabricated to tarnish the reputation of the police and the ongoing security crackdown in Baghdad.

Friday's statement from the Islamic State of Iraq referred to the rape victim by her name, which identified her as Sunni.

However, officials of the Iraqi Islamic Party, the country's largest Sunni group, said the woman used a false name and that she is in fact a Shiite. The party's human rights office had been looking into the case.

Names of the officers involved in the case were not released, and it was unknown whether they were Sunni or Shiite.

In Baghdad, two car bombs killed at least 11 people in attacks Friday. The deadlier occurred at a used car lot near the Shiite militia stronghold of Sadr City, killing 10 people, wounding 17 and setting several cars ablaze, police said.

The other blast was near a police patrol in southwest Baghdad, killing a policeman and wounding two civilians, police reported.

The U.S. military also said Friday that eight suspected militants were killed a day earlier in a raid in Salman Pak, a town just southeast of Baghdad where Sunni and Shiite extremists have frequently clashed.

U.S. forces came under small-arms and mortar fire, and killed three armed men moving toward them, the statement said. Twenty minutes later, troops were fired on again and shot dead four suspects. Another man was killed in a vehicle nearby, the statement said.

Sniper rifles, AK-47s and rocket-propelled grenade launchers were removed from the scene, it added.

In Fallujah, 45 miles west of Baghdad, residents reported finding handbills warning local tribes to abandon checkpoints they had established to detain members of al-Qaeda. The handbills said al-Qaeda would retaliate if they checkpoints remain.

The warning followed reports by Iraqi police of clashes between al-Qaeda members and local residents opposed to the extremist group.

A roadside bomb exploded near an Iraqi army patrol 150 miles southeast of Baghdad, killing one soldier, police said.

Bodies Of 14 Iraqi Police Officers Found (LAT)

By Alexandra Zavis,

The Los Angeles Times, March 3, 2007

One group said it had kidnapped security forces to avenge an alleged rape.

BAGHDAD — The bodies of 14 missing police officers were found near a school in Diyala province Friday after a group linked to Al Qaeda claimed to have kidnapped members of a government security force in retribution for the alleged rape of a Sunni Arab woman.

DOJ_NMG_0140133

Police confirmed that the 14 men, members of a rapid-response unit, were found shot through the head with their hands tied behind their backs.

They disappeared Thursday on their way home on leave to the Shiite town of Khalis, police said. Because Sunni insurgents regularly target members of the Shiite-dominated security forces in the province, the men had taken pains to travel inconspicuously, wearing civilian clothes and riding in sedans.

It was unclear whether the officers were among the 18 blindfolded men pictured earlier on a website by a group calling itself the Islamic State in Iraq. Those men were standing and kneeling in rows with their hands tied behind their backs. Some were in civilian clothes, others in combat fatigues, and at least one wore the insignia of an Iraqi officer.

At least three Diyala officers, who said they were relatives and neighbors of the slain men, could not identify any of the people shown on the website, said Maj. Raul Marquez, a U.S. military spokesman in Baqubah, the capital of Diyala province.

"The quality of the photo was low, so it is very difficult to pull out details," Marquez said by e-mail.

A statement on the site claimed the men were seized in Diyala, but it did not specify when.

"This blessed operation is a response to the crimes committed by those infidels in their fight against the Sunnis," the statement said. "The latest crime committed by these treacherous institutions was to rape our sister Sabreen."

The group threatened to kill the men within 24 hours if the government did not hand over the responsible officers and release all Sunni women in Interior Ministry prisons.

A second statement said that the government had failed to respond to the group's demands and that its court had "ordered God's verdict applied."

Brig. Gen. Abdul Karim Khalaf, a spokesman for the Interior Ministry, said the government did not negotiate with hostage-takers. He cast doubt on the group's claims.

"We can't trust the Internet sites, and those pictures might not be authentic," he said. "Anyone can make a website and put any claim they want on it."

Last week, a 20-year-old woman who called herself Sabreen alleged in a television interview that she had been raped by three Shiite officers.

The woman's tearful claims sparked outrage. Prime Minister Nouri Maliki, who has promised an evenhanded effort to quell the nation's sectarian fighting, ordered an investigation. But within 24 hours, the Shiite premier had rejected the allegations, labeling the woman a liar and insurgent collaborator wanted by the authorities.

The government's handling of the case heightened sectarian tensions and deepened Sunnis' mistrust of the security forces, which authorities acknowledge have been infiltrated by Shiite militias. A second Sunni woman later emerged claiming that soldiers raped her during a raid of her home in the city of Tall Afar.

In a third statement posted Friday, the Islamic State of Iraq group declared it was launching an "honor revenge" campaign and threatened to kill 2,000 police and militiamen "for each sister that was violated."

The grisly find in Diyala province underscored fears that as U.S. and Iraqi forces focus their attention on Baghdad, violence could escalate elsewhere.

The troubled capital has seen an apparent dip in the execution-style killings that are the hallmark of Shiite death squads since thousands of extra troops started pouring into the streets last month. But the stream of bombings typically associated with Sunni insurgents has continued.

At least four bombs exploded in and around Baghdad on Friday, killing 13 Iraqis and injuring dozens. Two U.S. soldiers and an interpreter were also reported killed and another soldier injured in one of the blasts.

One of the bombs exploded in an area of used-car dealerships on the edge of Sadr City, a vast, mostly Shiite district of east Baghdad and a stronghold of the powerful Al Mahdi militia loyal to radical anti-American cleric Muqtada Sadr. The blast killed 10 people and injured 17, police said.

U.S. and Iraqi officials, wary of previous confrontations with Al Mahdi militiamen, have avoided major operations in Sadr City, fueling Sunni distrust of the security clampdown that began Feb. 13. But they have said they are nearing agreement with community leaders on plans to establish a permanent presence in the district.

DOJ_NMG_0140134

Brig. Gen. Joseph Anderson, chief of staff of Multinational Corps-Iraq, said he expected construction to begin on a joint U.S.-Iraqi security station in Sadr City in the next week.

"That will be the initial footprint, if you will, in Sadr City to begin further operations before increased patrols and those type of things occur, all within a month for sure," Anderson told journalists at the Pentagon by video link from Iraq.

A car bomb targeted a police patrol in a religiously mixed district of southwest Baghdad, killing one officer and injuring three, police said.

South of the capital, a roadside bomb killed two civilians and injured 10 in Sunni-dominated Latifiya, police said.

The two U.S. soldiers and interpreter who died were the victims of an explosive device detonated during a road-clearing patrol northwest of the capital, the military said. At least 3,166 U.S. personnel have been killed since the start of the Iraq war in 2003, according to the website icasualties.org, which tracks military casualties.

Police recovered at least five bodies in Baghdad, apparent victims of sectarian death squads. Another body was found shot execution-style in Iskandariya, south of the capital, police said.

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Times staff writers Mohammed Rasheed, Saif Hameed and Saif Rasheed in Baghdad and special correspondents in Baghdad and Babil contributed to this report.

Sunni Insurgents Ascendant In Iraq's Caldron Of Violence (WP)

By Sudarsan Raghavan

The Washington Post, March 3, 2007

14 Police Officers Found Shot to Death After Call for Retribution in Rape Case

BAGHDAD, March 2 -- In the photos, the 18 men were blindfolded, their hands tied behind their backs. They appeared Friday on the Web site of a Sunni insurgent group that said it had kidnapped the men to avenge the alleged rape of a Sunni woman by members of Iraq's Shiite-dominated police force.

The Islamic State of Iraq said on its site that it had demanded Thursday that the government of Prime Minister Nouri al-Maliki hand over the accused policemen and free all female prisoners within 24 hours.

On Friday, officials found the bodies of 14 policemen in Diyala province east of Baghdad. All had been shot in the head.

"The government did not give any importance to their blood," the Islamic State of Iraq said. A government official said he doubted the dead were the men in the photos.

More than two weeks into a new Baghdad security plan, Sunni insurgents are asserting responsibility for an increasing number of violent attacks against U.S. and Iraqi security forces and civilian targets, while Shiite militias are lowering their profile.

In recent months, al-Qaeda in Iraq and other Sunni groups have begun to use more sophisticated tactics, downing U.S. helicopters and staging large attacks that have claimed the lives of hundreds of Iraqi civilians.

Meanwhile, the Mahdi Army, the largest and most violent Shiite militia, headed by anti-American cleric Moqtada al-Sadr, has faded from neighborhoods it once visibly controlled. Sadr, whose forces have fiercely battled U.S. troops, appears to be cooperating with the security plan, although a statement attributed to him and released Sunday warned that the plan "will not be good if it is controlled and ruled by our enemies, the occupiers."

Mahdi Army militiamen "have certainly reduced their activities in the past couple of weeks," said Lt. Col. Scott Bleichwehl, a U.S. military spokesman. "What is their long-term intention? It is absolutely too early to tell."

The total number of attacks has fallen since mid-February, U.S. and Iraqi officials say. But the resurgence of Sunni militants may represent a change in the dynamics of violence in the capital.

After the February 2006 bombing of a Shiite shrine in Samarra and the killing of al-Qaeda in Iraq leader Abu Musab al-Zarqawi in June, Shiite militias were blamed for many of the atrocities. U.S. officials viewed them as a bigger threat than Sunni insurgents. Dismantling the power of the Shiite militias became a primary goal of the current security plan.

Sunni insurgents say they have downed at least six U.S. helicopters since Jan. 20. Since the Feb. 14 launch of the security plan, the largest attacks, purportedly by al-Qaeda in Iraq or other Sunni insurgents, have targeted Shiite-controlled areas or U.S. troops.

DOJ_NMG_0140135

They include two car bombings that killed at least 60 people in a crowded market in the mostly Shiite area of New Baghdad on Feb. 18. The next day, insurgents staged a brazen assault on an American military outpost, killing three U.S. soldiers and injuring 29 in the town of Tarmiyah, 19 miles north of Baghdad.

A suicide bomber detonated an explosives belt Feb. 25 at Baghdad's Mustansiriya University, where most students are Shiite, killing dozens.

In Sunni-dominated Anbar province, insurgents allied with al-Qaeda in Iraq have clashed with security forces and Sunni tribal groups that oppose them. One such battle occurred Wednesday.

And in a new tactic, insurgents recently have blown up trucks containing chlorine, killing seven and injuring dozens.

On Friday, a car bomb detonated in the Mahdi Army stronghold of Sadr City, killing 10 and injuring 17, the most serious attack in the area in several weeks.

U.S. officials say it is unclear whether Sunni insurgents are merely taking advantage of Sadr's decision to pull back his forces or whether they have embarked on a new strategy. Bleichwehl, the U.S. military spokesman, said an array of forces, including criminal elements, are fomenting the violence.

In Friday's Sadr City bombing, witnesses said the bomber drove the vehicle into a used-car market in the Habibiya neighborhood, parked and left. The car detonated just as potential customers gathered.

"We're tired from these ugly bombings," said Ali Abu Hisham, 34, who rushed to the scene when he heard the explosion. "We cannot stand anymore seeing bodies laying on the ground."

By then, in Diyala province, the bodies of the policemen had been found.

About 11 a.m. Thursday, the police officers had left their base in the provincial capital, Baqubah, about 35 miles north of Baghdad, and were returning to their homes near the town of Jdaidat al-Shat, near Baqubah, said 1st Lt. Fouad Ahmed of the Diyala police.

The insurgents, he said, forced the policemen to stop. "They got them out of their cars at gunpoint and took them to an unknown destination," Ahmed said.

Officials learned that the men had been kidnapped only after "the families started to report that their sons were missing," said Interior Ministry spokesman Abdul Kareem al-Kinani.

He added that he doubted that the 18 men shown on the Web site were among the slain policemen. "As for the pictures posted on the Net, we do not recognize the men in these photos. They could be fake pictures."

On Friday, the posting of the Islamic State of Iraq appeared. Nine photos showing the 18 men were displayed. Some of the men wore camouflage uniforms, while others were in civilian clothes.

The group warned that "God's verdict will be executed on them" if Iraq's "infidel government" does not comply with its demands.

The allegations of rape, rarely aired publicly in the Middle East, surfaced last week when a Sunni Arab woman went on television and accused three policemen of assaulting her. Maliki dismissed the allegations, causing a political uproar that widened the sectarian divide.

Also Friday, a roadside bomb killed two U.S. soldiers and an Iraqi interpreter northwest of Baghdad.

US, Iraqis To Build First Post In Sadr City This Week: US Military (AFP)

AFP, March 3, 2007

US forces will gain their first foothold in Baghdad's Sadr City this week, a fortified joint security station from which to patrol the stronghold of radical Shiite cleric Moqtada Sadr, a senior US military official said Friday.

Talks with the mayor of Sadr City are underway and the US military will begin building the security station this week in the populous Shiite district in east Baghdad, said Brigadier General Joseph Anderson.

"That will be the initial foot print in Sadr City to begin further operations for foot patrols and those types of things to occur. All within a month for sure," said Anderson, chief of staff of the Multi-National Forces-Iraq. He spoke to reporters here via video link from Baghdad.

DOJ_NMG_0140136

The entry of US forces into Sadr City will be a key test of a new strategy to flood Baghdad with US and Iraq forces to break a cycle of sectarian violence that has engulfed it in chaos.

Sadr City's mayor Sheikh Rahim al-Daraji is close to Moqtada Sadr, but Anderson said the talks have gone well.

"To the surprise of all of us the mayor has been very cooperative, and there is good dialogue going on the future operations and security of Sadr City, which if you'd asked us a month ago we probably wouldn't have thought that," he said.

Daraji said in a telephone interview with AFP earlier that agreement had been reached with US and Iraqi commanders on technical details of the Baghdad security plan, and that a joint security station would begin operating March 13.

He said the fortified stations would be located at the entrance to Sadr City.

But Daraji said there would be no cooperation with a special US-Iraqi unit that has been conducting arrests.

Anderson said levels of violence have subsided but there are still Shiite militia attacks, primarily with armor piercing explosives that the US has charged are coming into the country from Iran.

He estimated that attacks in Baghdad, which typically run from 85 to 90 a day, are down about 10 to 20 a day, he said.

The district's unofficial name honors Moqtada Sadr's father, a prominent Shia cleric, Grand Ayatollah Mohammed Sadiq al-Sadr, who was was assassinated in 1999 -- almost certainly on the orders of former dictator Saddam Hussein.

An Iraqi Tribal Chief Opposes The Jihadists, And Prays (NYT)

By Edward Wong

The New York Times, March 3, 2007

BAGHDAD, March 2 — The sheik stared at the cake that the hotel workers had brought up to his room as a gift. Across the red gelatinlike surface was written, “God protect you from the enemies and keep you for the Iraqi people.”

God is indeed his guardian, said the sheik, Abdul Sattar Buzaigh al-Rishawi. So were the three burly Iraqi men standing outside the door of his suite here in the Mansour Hotel, and the five others by the elevators at the end of the hall. They had walkie-talkies, Kalashnikov rifles and camouflage vests stuffed with ammunition clips.

The sheik needs as much protection as loyalty and prayers can bring, not to mention money. He is the public face of the Sunni Arab tribes in lawless Anbar Province who have turned against the Sunni jihadists of Al Qaeda in Mesopotamia, many of whom belong to other, sometimes more militant Iraqi tribes.

“I swear to God, if we have good weapons, if we have good vehicles, if we have good support, I can fight Al Qaeda all the way to Afghanistan,” he said recently as he sat smoking in a dark jacket and brown robes while meeting with a sheik from another Sunni tribe in his hotel room.

Sheik Abdul Sattar, a wiry 35-year-old with a thin goatee who comes from the provincial capital, Ramadi, is the most outspoken Sunni tribal figure in the country who is fighting, at least for now, on the side of the Shiite-led Iraqi government and the American military.

He has met three times with Prime Minister Nuri Kamal al-Maliki since announcing his campaign in September, and there is talk that the sheik has received large amounts of money from the Iraqi government or the Americans. His face has been shown in anti-insurgent commercials on the government-run Iraqiya television network.

But Sheik Abdul Sattar, as he is known to Iraqis and American commanders, complains that he does not get nearly enough financial or military support. “We don’t have enough weapons, cars, uniforms,” he said.

Part of the sheik’s mission is rooted in the tribal law of revenge. His father was killed by Al Qaeda in 2004 for opposing its kind of fundamentalism. Two brothers were abducted and never heard from again, and a third brother was shot dead, he said. He has survived three car bombs outside the home he shares with his wife and five children.

Residents in parts of Anbar say the split in the Sunni insurgency is widening, with moderate tribal leaders and nationalist guerrillas pitted against fundamentalist warriors and rival tribes. That has led to a sharp increase in Sunni-on-Sunni violence across Anbar, especially in the past week, deepening the chaos of Iraq’s civil war.

Al Qaeda remains a major force, and the relentless violence from all sides has turned the province into a failed region, according to a classified Marine intelligence assessment that was leaked to reporters last year.

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As part of a broad review of options in Iraq, President Bush is looking at whether to give greater support to Sunni Arab tribal leaders who have grown disillusioned with the radical arm of the insurgency. It is a strategy long urged by officials in Sunni-dominated Saudi Arabia and now vigorously backed by Secretary of State Condoleezza Rice.

The effort would have echoes of the American military's promotion of South Vietnamese "village militias" during the Vietnam War, which some American counterinsurgency experts say was a relative success.

Sheik Abdul Sattar and the Anbar Salvation Council, the group of 25 tribes that the sheik said he had helped pull together to fight Al Qaeda, would be central to any such move by the Americans.

The sheik said he and his allies, who also call themselves the Anbar Awakening, had recruited 6,000 fighters from the tribes into the Anbar police, helped appoint a new provincial police chief and formed a 2,500-member "emergency brigade" answering to him.

A United States Army civil affairs officer in Ramadi, Capt. Travis L. Patriquin, said in an e-mail message shortly before he was killed by a roadside bomb in Ramadi in December that the tribal fighters in the Iraqi police constituted "the first successful, large force of men we've had since the start of the war."

The captain wrote of Sheik Abdul Sattar, "He is the most effective local leader in Ramadi I believe the coalition has worked with since they arrived in Anbar in 2003."

Once the Anbar Salvation Council began its recruitment efforts, more than 300 people a month signed up to join the Iraqi police, up from just 30 in May, Captain Patriquin said. American commanders have armed the recruits with weapons, munitions and vehicles provided by the Iraqi Interior Ministry. The Americans have also taken the recruits to academies in Jordan or Baghdad for schooling and given them a week of specialized combat training at an American base in Ramadi.

The plan has risks. The Americans and governing Shiite parties could be building up a Sunni militia that will eventually turn against them, as one such group, the Falluja Brigade, did in 2004 after the Marines handed it control of Falluja.

Some moderate Sunni sheiks in Anbar have said that for purposes of survival, they might be forced to ally themselves with Al Qaeda if the American military and, in particular, the Shiite-led Iraqi government did not provide them with more money and weapons, given the powerful presence of Al Qaeda in the province.

Sheik Abdul Sattar speaks of the Iraqi government with ambivalence, praising its stated goals while criticizing its ties to Shiite militias and its ignorance of the power of the tribes.

"They're not cooperative, and they don't want security," he said. "This is true of all the political blocs."

He has been to Baghdad twice to ask senior Iraqi officials for financial backing and equipment. He has met with the prime minister and with Jawad al-Bolani, the interior minister. But he said Iraqi leaders here were reluctant to give him what he needed to fight Al Qaeda.

An adviser to the Iraqi cabinet on tribal affairs, Sheik Minahi Minshid Hussein al-Shammari, said the government had responded to Sheik Abdul Sattar's requests "within a limited capacity," because "this is what the government can give."

"The government extends a hand to anyone who wants to cooperate," he added.

The formation of the group in September shocked many Sunni Arabs. It was the most public stand anyone in Anbar had taken against Al Qaeda in Mesopotamia, which was founded by the Jordanian militant Abu Musab al-Zarqawi. In November, Sheik Harith al-Dhari, the leader of the Muslim Scholars Association, a hard-line Sunni religious group that calls itself the "legitimate resistance," denounced the Anbar Salvation Council in a television interview, saying, "They don't represent the Anbar tribes, and they are a group of criminals and thugs."

Sheik Abdul Sattar said his tribe, the Rishawi, which accounts for a tenth of the 400,000 residents of Ramadi, had always tried to make peace with the Americans in Anbar. That was one reason his father was killed while attending a funeral more than two years ago, he said. Al Qaeda had begun killing sheiks and clerics, even selling videos of the crimes.

"They became people who didn't distinguish between right and wrong, and that's when we believed these people were terrorists," he said.

Recent violence in Anbar has underscored the brutality of the fighting among the Sunnis there.

Two soccer players in Ramadi had been shot dead in front of teammates by masked gunmen who had accused them of having ties to the Anbar Salvation Council. On Thursday, a car bomb in Falluja killed at least seven people in a policeman's

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wedding party, while intense fighting broke out in Amariyat, a community to the south where residents say tribes aligned with Al Qaeda have been battling nationalist insurgent groups.

A car bomb next to a Ramadi mosque killed 15 people on Monday, and a truck bomb exploded in Habbaniya on Feb. 24, killing at least 31 people and wounding dozens, outside a Sunni mosque where the imam had been preaching resistance to Al Qaeda.

In their clashes with Al Qaeda, the sheik's tribal fighters have captured about 80 militants and put them into a "prison" in Ramadi, the sheik said.

Saudis and Syrians were among them, he said. The Saudis, under interrogation, said they had been recruited in their home country by being shown anti-American propaganda, including images of prisoner abuse at Abu Ghraib, the sheik said. Then they were shipped off to Syria to enter Iraq.

The sheik has little love for the Syrian government. One morning as he ate breakfast in his hotel room, a television program about the assassination of the Lebanese cabinet member Pierre Gemayel on Nov. 21 came on. "This is all Syria's doing," he said. "Syria is doing bad things."

Just as nefarious is Iran, with its ties to the Shiite militias, Sheik Abdul Sattar said.

"In my personal opinion, and in the opinion of most of the wise men of Anbar, if the American forces leave right now, there will be civil war and the area will fall into total chaos," he said. "If we complete the police and the army, if we make them strong enough, it'll be possible for the American forces to leave and go home, and they'll be friends of the Iraqis."

The evening call to prayer echoed through the streets of Baghdad as he ended the talk. Darkness had fallen. The sheik got up to show two foreign visitors from his room, warning them that no one could ensure their safety at that hour.

Four of his men were shot dead while driving through the capital the previous day, he said, and they surely would not be the last.

Women At War Are Fighting To Serve (DMN)

By Gretel C. Kovach

The Dallas Morning News, March 3, 2007

Female troops take on combat role despite doubters

Rachael Franklin was a headstrong high school student, bright and athletic, when her mother finally gave up and called the military recruiter.

Grounding her hadn't forced her daughter to follow orders. So Mom turned to the U.S. Army.

"She thought I'd be a secretary or something," Capt. Franklin recalled, amused. "She should have known better."

Military women fire off far more than typewritten memos these days. And the battlefields of Iraq and Afghanistan have been their proving ground. More women than ever are close to combat or have actual combat roles, and the government and military leaders continue to struggle with the question of where and how to set limits.

Capt. Franklin, 27, is an Apache pilot, one of three female attack helicopter pilots who deployed to Iraq this fall with the 1st Cavalry Division's 1st Battalion, 227th Aviation Regiment based at Fort Hood, Texas.

The last of the division's 19,000 troops arrived in Iraq in December, following the Air Combat Aviation Brigade overseas for a second yearlong deployment in Iraq. The troopers relieved another Fort Hood unit, the 4th Infantry Division.

Capt. Franklin spent almost a decade preparing to fly one of the most ferocious weapons in the Army arsenal.

Now, in one of the few direct combat roles open to women, her mission in the skies over Baghdad is to stalk hostile forces threatening U.S. troops – and destroy them.

During a break from grueling pre-deployment training, Capt. Franklin climbed into the cockpit of an AH-64D and explained why she chose the Apache.

Other helicopters fly faster and carry more troops. But Apache pilots can dive up close to a target and unleash the fury of Hellfire missiles, rockets and 30 mm cannons.

"If you're going to go to war, you might as well go with the biggest guns," she said.

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Though women are still barred from infantry and other ground combat units, this is the first war in which female U.S. troops have been authorized to shoot back. And they have – as helicopter gunners, military police, and even truck drivers forced to defend themselves on a battlefield with no clear frontlines.

Involved in all aspects

Lt. Col. Christopher Walach, the 1-227th's commanding officer, said female soldiers and leaders are integrated into every aspect of his battalion, from maintenance and support to administration and piloting of their fleet of Longbow Apache helicopters.

The women did "an absolutely outstanding job preparing themselves, their soldiers, and their equipment for combat," said Col. Walach, 40, of Las Vegas.

"But I look at all my aviators as aviators. We all receive the same training. We all perform at the same high level. It's immaterial, male or female," he said.

Today about 15 percent of the military is female. Advocates for women in the military say their contributions are vital as the armed forces struggle to keep pace with the demands of fighting two wars.

But the frontline service of these women has reignited another conflict – the battle on the home front between those who feel women soldiers should be entitled to the same opportunities as their male counterparts and those who believe the armed forces have already pushed them too far.

Congress debated legislation last year that would have barred women from ground combat support units. A compromise amendment signed into law this year required that the military get congressional approval before it makes changes that put women in new direct combat roles.

Retired Air Force Brig. Gen. Wilma Vaught said the Iraq War has forced the military to use female troops in new ways and has disproved some of the myths about how they would perform.

"It's the nature of the conflict and the size of the force we have deployed," said Gen. Vaught, president of the Women in Military Service for America Memorial Foundation. "We have to use everybody we've got."

Thrived in the military

Capt. Franklin, a tall, self-possessed young woman with freckles and eye shadow around her blue eyes, alternates between seriousness and giggles when she reflects on her career as a female attack helicopter pilot.

Her mother cried when she headed to basic training, rethinking her earlier enthusiasm. But Capt. Franklin thrived in the military.

She was selected for West Point and flight school, where she promptly chose the Apache.

"That was the most combat role I could do as a female. The most challenging, the most interesting," she said. "That's the main purpose of the Army, to fight. And being a female, you can't go infantry or armor, so you do the best you can."

Capt. Franklin said even some of her friends in the military are opposed to allowing women in ground combat units.

"Some of [their reasons] I agree with and some of them I think are bull," she said. "If you can handle the standards, you can handle it."

After what was generally seen as a positive performance by women in the Persian Gulf War, rules excluding women from jobs that directly exposed them to hostile fire or capture were rescinded. Women cannot serve in armor, Special Forces, field artillery or combat engineer units, but they can fly attack helicopters and attack aircraft that provide close air support for them.

Capt. Franklin's choice of aircraft carried a great responsibility, not just as a woman, but as a human being, she said – the responsibility to kill.

"You've got to take it seriously," she said. "Every single person who flies or even carries a weapon has to sit down and ask himself, 'Would I be willing to pull the trigger?'

"I decided I can."

More than 70 women service members have died in Iraq since the start of the war. Women have been captured. They have dragged wounded soldiers to safety. They have shot their way out of ambushes and earned the Silver Star for exceptional valor.

A greater loss?

Although many female troops insist that their lives are worth no more than the next man in uniform, the nation has grieved more deeply for the mothers, daughters, sisters and wives who became casualties of these wars.

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And some women soldiers say the deaths of their female comrades have sometimes resulted in restrictions being placed on them.

Sgt. Tawana Varice, 35, of Natchitoches, La., a soft-spoken mother of two boys, joined the 1st Cavalry Division's 2nd Battalion, 5th Cavalry Regiment after the unit returned from Iraq. She was a truck driver, but was reassigned as a clerk.

A female truck driver had been killed in combat in Iraq, and the battalion commanders weren't eager to put another woman in harm's way, she said.

Eventually, Sgt. Varice went back to driving a truck, and she is now one of several female drivers in the battalion. But it took awhile for her commanders to relent.

"They were kind of shook up," she remembered.

Effect on military moms

Also of concern is the impact of repeat deployments on families and military moms, who account for about 35 percent of the 346,000 female troops serving in the active duty and reserves.

Some say the focus on military mothers is overstated because fathers are equally concerned about long family separations.

Others say the reality is that mothers carry more responsibility for home life, which makes it harder for them to serve in the military during a time of war.

"I think we do have other things to think about," said Capt. Kennon Etheridge, 27, of Milledgeville, Ga., a 1st Cavalry Division preventive medicine officer with a young stepson. "I think guys, maybe they can leave their families easier. Girls, they have to make other arrangements."

Many female soldiers wait to marry or have children until they leave the military. Others do their best to juggle the demands of service and home.

Spc. Holly Jensen, 30, of Copperas Cove said her biggest concern before deploying with III Corps 7th Mobile Public Affairs Detachment was lining up enough home improvement projects to keep her husband too busy to miss her during the year in Iraq.

"He was in the military, so he understands," she said.

Capt. Franklin, the Apache pilot, said she was looking forward to her first tour of duty in Iraq.

She'd lost a couple of friends already in the war. A few more were injured by roadside bombs.

"Now it's my turn to go and contribute," she said, in the final days before the battalion left Texas.

And she doesn't care what anyone thinks about women going to war.

"I don't get in those battles," she said. "You know what? We're here and we're doing the job, just as well [as men] and with just as much pride. "

A Shared Stake In Iraq's Future (WP)

By Zalmay Khalilzad

The Washington Post, March 3, 2007

How the Oil Agreement Points the Way Forward

Under the national hydrocarbon law approved this week by Iraq's Council of Ministers, oil will serve as a vehicle to unify Iraq and will give all Iraqis a shared stake in their country's future. This is a significant achievement for Iraqis' national reconciliation. It demonstrates that the leaders of Iraq's principal communities can pull together to peacefully resolve difficult issues of national importance.

Resolving concerns about control of oil is central to overcoming internal divisions in Iraq. The country has the third-largest oil reserves in the world, and more than 90 percent of federal income comes from oil revenue. The effective and equitable management of these resources is critical to economic growth as well as to developing a greater sense of shared purpose among Iraqi communities.

The goal of Iraq's leaders was to draft a law that ensured that all Iraqis could be confident they would receive their fair share of the benefits of developing the country's resources, that the revenue from oil and gas would enable a decentralization of power while maintaining national unity, and that Iraq would adopt the best international practices for the development and management of its mineral wealth. By these standards, the hydrocarbon law is a great success. It:

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Â· Reaffirms that oil and gas resources are owned by all the people of Iraq and contains a firm commitment to revenue-sharing among regions and provinces on the basis of population.

Â· Establishes a predictable framework and processes for federal-regional cooperation that demonstrate the government's commitment to democracy and federalism.

Â· Creates a principal policymaking body for energy -- the Federal Council on Oil and Gas -- that will have representatives from all of Iraq's regions and oil-producing provinces.

Â· Ensures that all revenue from oil sales will go into a single national account and that provinces will receive direct shares of revenue, thereby significantly increasing local control of financial resources.

Â· Establishes international standards for transparency and mandates public disclosure of contracts and associated revenue and payments. This is essential to build confidence in the new political order and to counter corruption.

The law defines a role for the Oil Ministry that is primarily regulatory, which is the modern standard and which will also harness the market to achieve the optimal development of Iraq's resources. It provides the legal framework to enable international investment in Iraq's oil and gas sectors, a break from the statist and overcentralized practices of the past. It also requires best practices in environmental protection and field management and development, ensuring that the environment is not damaged and that hydrocarbon assets are not wasted by poor practices of the past.

While the draft law will need to be enacted by the Iraqi Council of Representatives when it returns from recess, the prospects for passage are excellent because all the major parliamentary blocs are represented in the cabinet. Companion legislation will be required in several areas, and Iraqi leaders hope to complete the entire package of hydrocarbon legislation by the end of May.

Arriving at this agreement was not easy. It has taken other countries years to complete such legislation. While negotiating this law presented special challenges for the federal government, the Kurdistan regional government and the leaders of key political blocs, the approval of the draft by the Council of Ministers sets a precedent for problem-solving and cooperation that is critical to the stabilization and development of Iraq.

This is the first time since 2003 that all major Iraqi communities have come together on a defining piece of legislation. A national reconciliation that stabilizes Iraq can be achieved if similar compromises are made on the future of de-Baathification and on amending the constitution. The agreement on the oil law should give us confidence that Iraqis are willing and able to take the steps needed for Iraq's success.

The writer is the U.S. ambassador to Iraq.

Arrest In Pakistan Spurs Hope Of Stronger Effort (WP)

By Griff Witte, Kamran Khan

The Washington Post, March 3, 2007

ISLAMABAD, Pakistan, March 3 -- The arrest of a senior Taliban leader in a Pakistani city long reputed to be a haven for the group kindled guarded hope among Western and Afghan security officials Friday that the government here plans to move more aggressively against insurgents taking refuge on its territory.

The arrest, confirmed by two senior Pakistani intelligence officials, marks the first time since the Sept. 11, 2001, attacks that authorities here have acknowledged apprehending or killing a senior Taliban commander on Pakistani soil. It comes as Pakistan faces pressure from the Bush administration to step up its involvement in a counterinsurgency campaign that has foundered in the past year, with Taliban attacks in Afghanistan becoming more deadly and audacious.

Obaidullah Akhund, arrested hours after Vice President Cheney made a visit to Islamabad this week, is a former Taliban defense minister and is viewed in intelligence circles as one of the highest-ranking figures in the Islamic movement, which U.S.-led forces drove from power in Afghanistan in late 2001.

Col. Tom Collins, a spokesman for the international security force that patrols Afghanistan, said Friday its forces were not involved in any operation against Akhund but that his arrest by Pakistan would be "a very good development."

"He's what we would consider tier-one Taliban," Collins said.

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Pakistani officials would not comment for the record Friday. While the arrest is likely to bolster Pakistan's counterterrorism bona fides, it is also potentially embarrassing: Akhund was caught in the southern Pakistani city of Quetta, where terrorism analysts believe much of the Taliban leadership resides, though Pakistan denies it.

Afghan officials have long asserted that Pakistan's government is either looking the other way as insurgents recruit and train on its soil or actively aiding the Taliban's cause. In recent months, U.S. officials have become sharply critical as well, saying Pakistan must crack down on border sanctuaries.

Cheney, traveling this week with the deputy director of the CIA, repeated that message here Monday to Pakistan's president, Gen. Pervez Musharraf. The next day, Cheney was in the largest U.S. air base in Afghanistan when a suicide bomber struck just outside the base's gate, killing 23 people.

A senior Pakistani intelligence official said Friday that the night Cheney left Pakistan for Afghanistan, Pakistani authorities arrested Akhund in Quetta. The arrest was reported Friday in the New York Times and in the Pakistani newspaper Dawn.

"It's pure coincidence and our good luck that we found . . . Obaidullah within 24 hours of Cheney's visit," said the official, who spoke from Quetta and on condition of anonymity. The official said the arrest begins a new thrust by Pakistani intelligence agencies to arrest about 100 prominent Taliban members.

A second senior intelligence official, in Islamabad, confirmed the initiative and said it was based on "massive intelligence-sharing that has been going on between us, Americans, NATO and Afghans."

Some analysts questioned whether Pakistan really would be more aggressive. In recent years, Pakistan has carried out raids on al-Qaeda targets to coincide with visits from Western officials. "The Pakistanis have done it again," said Marvin Weinbaum, scholar-in-residence at the Middle East Institute in Washington. "They've come up with a high-profile person at just the right time."

A senior Afghan official said: "We hope that more of these arrests are made, and not just for show when Vice President Cheney comes to town."

Khan reported from Karachi, Pakistan.

Pakistan: Roadside Blast Wounds Judge (NYT/AP)

The New York Times, March 3, 2007

A bomb rigged to a bicycle exploded near a car carrying a judge to his court in central Multan, seriously wounding him and killing his driver, a policeman and a third man. The judge, Mian Bashir Bhatti, often hears cases against suspected militants and terrorists. Two weeks ago, a suicide bomber blew himself up in a packed courtroom in southwestern Quetta, killing 15 people, including a senior judge.

NATO Short On Troops In Afghanistan (WP/AP)

By Lolita C. Baldor,

The Washington Post/AP, March 3, 2007

WASHINGTON -- Signs of a new spring offensive by Taliban insurgents in Afghanistan have begun to emerge, but NATO commanders are still short more than 1,000 combat troops, despite repeated requests to allied nations, the top commander said Friday.

U.S. Gen. John Craddock told reporters that while the allies are winning more battles with insurgents, they are losing the counter-narcotics war, and more work and greater coordination is needed in the reconstruction effort.

Craddock said there has already been a slight increase in suicide attacks and roadside bombs _ the beginnings of an expected increase in violence as the weather improves. And he said he is still short by as much as two battalions, largely combat units, despite recent commitments for about 7,000 additional troops there, including more than 3,500 from the United States. A battalion is generally about 800 soldiers.

Craddock also said that 30 percent to 40 percent of the 25 provincial reconstruction teams working to rebuild the country do not have all the people they need, particularly State Department and agricultural experts. In those cases, he said the agencies either have no presence or not enough people on the teams, which number about 100 people.

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The teams are small units of troops and civilian personnel placed around the country supporting local authorities and aid groups with security and assisting in setting up essential services for the provinces.

More agricultural experts are considered critical because officials are struggling to control a drug crop that dominates the country's economy and provides key financing for the insurgency. Opium production from poppies in Afghanistan last year rose 49 percent to 6,700 tons _ or enough to make about 670 tons of heroin, more than 90 percent of the world's supply.

Lt. Gen. Douglas Lute told the Senate Armed Services Committee on Thursday that there are typically one or two State Department specialists and an Agriculture Department specialist on the teams, because the economy is so reliant on agriculture. The rest of the team is largely military, including civil affairs and psychological operations officers. The U.S. is responsible for 12 of the 25 teams, which are assigned to provinces.

Craddock also agreed that Pakistan must do more to control its border, as Taliban and other insurgents continue to flow through the region into Afghanistan.

"NATO will not be able to prevail, ... will never control the border, without greater control of the border areas by Pakistan and greater coordination and cooperation between Pakistan and Afghanistan," said Craddock.

He said both countries need to put up more checkpoints and inspection stations along the border, and there needs to be more political cooperation between the two nations.

Craddock said the countries are making progress in efforts to cooperate more, and there is some expectation there will be increased political dialogue between the two governments this spring. And overall, he said, he is encouraged by the progress he is seeing.

While saying there will still be challenges particularly this spring, he said, "between the security aspect that's presently there and what NATO is capable of ... partnered with the reconstruction, we're seeing some progress and we're seeing increased capabilities."

Currently there are about 26,000 U.S. troops in Afghanistan. Roughly 15,000 of them are serving in the NATO-led force, which now totals about 35,000. The other 11,000 are special operations forces or are training Afghan troops.

The Wider War (WSJ)

By Michael A. Ledeen

The Wall Street Journal, March 3, 2007

The papers and airwaves are full of stories about an impending American assault on Iran. Some accounts claim we will target their nuclear facilities. Others speak of a far more ambitious attack designed to destroy the Islamic Republic's regime. Whatever the truth of these stories -- vigorously denied by the Bush administration -- we are clearly paying much more attention to Iran than we did in the past, and this is a good thing.

The terror war now extends to four continents -- running from Thailand and Indonesia to India and Pakistan, down the Horn of Africa to Somalia and Yemen and back up to Afghanistan, on to Iraq, Palestine/Israel, Lebanon, and thence to Europe and the United States. To restrict our national debate to Iraq and Afghanistan alone is to accept the failure of strategic vision that has plagued us from the war's earliest days.

We have decided to fight in one place at a time, secure that area, and then move on. That isn't good enough, because it gives our enemies the luxury of attacking us where, when and how they choose. Neither Iraq nor Afghanistan will ever have decent security so long as we only play defense; we have to attack our enemies when we wish, not respond to their initiatives, and their most important operational bases are outside Iraq and Afghanistan.

Our primary enemies are states, which provide the jihadis with much of the wherewithal for their operations: intelligence, weapons and other technology (including the advanced explosive devices Iran gives the terrorists in Iraq), false documents, safe havens and training facilities. (For a long time they needed money, too, but nowadays ransoms and drug profits have eased the burden on their state financiers.)

Until the fall of Saddam, there were four pre-eminent supporters of terrorist groups: Iraq, Iran, Syria and Saudi Arabia. Now there are three, and, as it has been all along, Iran is by far the most important. The Iranians created Hezbollah, probably the most

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lethal terrorist organization in the world, as well as Islamic Jihad. In all, they support no less than 30 terror groups, both Sunni and Shiite, including al Qaeda (several of whose leaders have been operating from Iran since the liberation of Afghanistan).

Syria works hand in mailed glove with the mullahs in Lebanon and Iraq. The Saudis provide money for terrorist groups and support a global network of radical Wahhabi mosques and schools that indoctrinate young Muslims in the ways of jihad.

Without the active support of those three countries, it would be a lot easier to defeat the terrorists on the battlefields. Without Syrian and Iranian support, Hezbollah would shrivel up and die. Ditto for Islamic Jihad, whose leader, the former Florida-based academic Ramadan Abdullah Shallah, recently met in Tehran with Iranian leaders, plus Hezbollah's operational chief, Imad Mughniyah, and Iraqi militia leader Moqtada al-Sadr.

Al Qaeda would be similarly weakened, and the many Palestinian terrorist organizations that keep their offices in Damascus would find it very difficult to relocate and maintain their effectiveness. All would be weakened by the loss of Saudi funding, and moderate Muslims everywhere, including in the U.S, would breathe a sigh of relief if the Wahhabi mosques were closed.

It doesn't require more boots on the ground or bombing raids. It requires a traditional American policy: support for democratic revolution against our tyrannical enemies.

Iran is the keystone of the terrorist edifice. Should there be free elections, no one wearing a turban would be elected to anything, and there is good reason to believe the country is ripe for a pro-Western democratic revolution.

The regime clearly has a cash-flow problem; its failure to meet scheduled payments has driven its friends, the Russians, to suspend construction of the Bushehr nuclear reactor. There are also demonstrations against it all over the country -- and no wonder, with more than 40% of the young population (two-thirds under 30 years of age) below the poverty line, widespread drug addiction, and thousands of women sold into sex slavery every year.

Nor is it surprising that some of the oppressed minorities have launched armed attacks against the Revolutionary Guards Corps and the fanatical Basij forces, the regime's prime instruments of oppression. There are open denunciations of President Ahmadinejad, of former President Rafsanjani and even of Supreme Leader Khamenei. All this is taking place against the background of the cancer-ridden Khamenei (who is expected to die in the near future), and a thinly veiled struggle for succession.

Pro-democracy organizations in Iran believe they can bring down the regime if they receive support from the U.S., of the same sort we gave to Solidarity in Poland, the Aquino forces in the Philippines, the Cedar revolutionaries in Lebanon, the Orange revolutionaries in the Ukraine, and so many others. They wish our leaders would openly endorse regime change, and they would like our radios and television to support freedom instead of apologizing for the mullahs.

We should call for Western trade unions to build a strike fund for Iranian workers, many of whom have not been paid for months, some for more than a year, and we should provide sympathetic Iranians with laptops, servers, cell and satellite phones and phone cards, so that they can communicate with one another.

Regime change in Iran does not require an invasion, or even the sort of bombing so many are now advocating in order to thwart the mullahs' program to build atomic bombs. The issue is the regime, not its instruments; thousands of Americans have already been killed and wounded by Iran's terror army. We should assault the mullahs with our most potent weapons, which are primarily political. The recent sanctions against Iran are welcome, but support for freedom is the key to regime change in Tehran.

The mullahs know their doom will come from their own people, which is why they have embarked on a new wave of mass repression, with a spate of public hangings in the Kurdish, Balouch and Ahwaz areas, a wave of arrests of pro-democracy leaders in Tehran and Isfahan (the most famous face of the Iranian resistance, Ahmad Batebi, reportedly suffered a stroke in the mullahs' torture chambers, and is now in a coma).

In Khuzestan -- the oil region in the south -- there are plans for a massive program of ethnic cleansing, moving more than a million Arabs to other regions. It brings back memories of Stalin's efforts to destroy Soviet "nationalities." All these actions bespeak a profound insecurity in Tehran, just waiting for the free world to exploit.

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A free Iran would deliver a devastating global blow to the terrorists, and would no doubt change the calculus -- and perhaps the regime -- of Syria. Under those happy circumstances, we might muster the will to insist that the Saudis shut down the Wahhabi schools and mosques, which constitute an assembly line of fanatics all over the world.

It's an ambitious strategy, but we are an ambitious people. We are engaged in a global war, and while we have done well in many respects, we have thus far refused to recognize the real nature of the fight.

Mr. Ledeen is the freedom scholar at the American Enterprise Institute.

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White House Backed U.S. Attorney Firings, Officials Say (WP)

By John Solomon, Dan Eggen

The Washington Post, March 3, 2007

The White House approved the firings of seven U.S. attorneys late last year after senior Justice Department officials identified the prosecutors they believed were not doing enough to carry out President Bush's policies on immigration, firearms and other issues, White House and Justice Department officials said yesterday.

The list of prosecutors was assembled last fall, based largely on complaints from members of Congress, law enforcement officials and career Justice Department lawyers, administration officials said.

One of the complaints came from Sen. Pete V. Domenici (R-N.M.), who specifically raised concerns with the Justice Department last fall about the performance of then-U.S. Attorney David C. Iglesias of New Mexico, according to administration officials and Domenici's office.

Iglesias has alleged that two unnamed New Mexico lawmakers pressured him in October to speed up the indictments of Democrats before the elections. Domenici has declined to comment on that allegation.

Since the mass firings were carried out three months ago, Justice Department officials have consistently portrayed them as personnel decisions based on the prosecutors' "performance-related" problems. But, yesterday, officials acknowledged that the ousters were based primarily on the administration's unhappiness with the prosecutors' policy decisions and revealed the White House's role in the matter.

"At the end of the day, this was a decision to pick the prosecutors we felt would most effectively carry out the department's policies and priorities in the last two years," said Justice Department spokesman Brian Roehrkasse.

Officials portrayed the firings as part of a routine process, saying the White House did not play any role in identifying which U.S. attorneys should be removed or encourage the dismissals. The administration previously said that the White House counsel recommended a GOP replacement for one U.S. attorney, in Arkansas, but did not say that the White House approved the seven other firings.

"If any agency wants to make a change regarding a presidential appointee, they run that change by the White House counsel's office," said White House spokeswoman Dana Perino. "That is standard operating procedure, and that is what happened here. The White House did not object to the Justice Department decision."

The seven prosecutors were first identified by the Justice Department's senior leadership shortly before the November elections, officials said. The final decision was supported by Attorney General Alberto R. Gonzales and his deputy, Paul J. McNulty, and cleared with the White House counsel's office, including deputy counsel William Kelly, they said.

The firings have sparked outrage from Democrats and some Republicans in Congress as details emerge about the unusual decision to remove so many at once on Dec. 7, in the middle of the administration's term. The issue escalated this week with the allegations from Iglesias, who has said he will name the two New Mexico lawmakers who called him if he is asked under oath.

The House Judiciary Committee has issued subpoenas for Iglesias and three other fired prosecutors, who are set to testify in both the House and the Senate on Tuesday. Lawmakers plan to press for answers, including what triggered the creation of the list and who else was involved.

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Most of the prosecutors have said they were given no reason for their dismissals and have responded angrily to the Justice Department's contention that they were fired because of their performance. At least five of the prosecutors, including Iglesias, were presiding over public corruption investigations when they were fired, but Justice Department officials have said that those probes played no role in the dismissals.

Domenici's office confirmed yesterday that it had raised concerns with the Justice Department about Iglesias's office, particularly on immigration.

"We had very legitimate concerns expressed to us by hundreds of New Mexicans -- in the media, in the legal communities and just regular citizens -- about the resources that were available to the U.S. attorney," said Steve Bell, Domenici's chief of staff.

Domenici and his aides have declined to comment on whether the lawmaker called Iglesias. Any communication by a senator or House member with a federal prosecutor regarding an ongoing criminal investigation is a violation of ethics rules.

The fired prosecutors in San Diego and Nevada are registered independents, while the rest are generally viewed as moderate Republicans, according to administration officials and many of the fired prosecutors.

In a recent briefing with lawmakers, McNulty said one factor in the decision to create the list of U.S. attorneys was the concern raised by various members of Congress and law enforcement officials that some U.S. attorneys were not following Bush administration policies or federal sentencing rules, administration officials said.

The Justice Department received several letters dating to 2005 and signed by more than a dozen California lawmakers, mostly Republicans, raising concerns about then-U.S. Attorney Carol S. Lam's approach to prosecuting immigration cases. Sen. Dianne Feinstein of California, a Democrat, also wrote Gonzales in June, saying that the "low prosecution rates have a demoralizing effect on the men and women patrolling our nation's borders."

On the job less than a year, McNulty consulted his predecessor as deputy attorney general, James B. Comey, about some of the prosecutors before approving the list, officials said. Comey, who did not return a telephone call seeking comment yesterday, praised Iglesias earlier this week as one of the department's best prosecutors.

The seven prosecutors outside Arkansas were informed about their ousters on Dec. 7, after the White House counsel's office signed off.

A few days before the firings, administration officials began the traditional process of calling lawmakers in the affected states to inform them about the decisions and to gather early input on possible successors, officials said.

Although the White House approved the firings, two administration officials said the counsel's office did not suggest replacements. But the officials said White House political affairs officials keep databases on potential job candidates that Justice Department officials could have accessed if they chose.

An administration official said White House Chief of Staff Joshua B. Bolten does not recall whether he was briefed about the firings before they occurred.

Privately, White House officials acknowledged that the administration mishandled the firings by not explaining more clearly to lawmakers that a large group was being terminated at once -- which is unusual -- and that the reason was the policy performance review.

Prosecutor Declined To Testify For Congress (AP)

AP, March 3, 2007

The former U.S. attorney for Nevada said he declined an invitation to testify voluntarily before a congressional panel investigating the removal of at least eight federal prosecutors around the nation.

But Daniel Bogden, who has said he was not given a reason for his removal this week, said he would appear if compelled by subpoena to appear before the House Judiciary Committee's subcommittee on commercial and administrative law.

Bogden did not immediately respond Friday to requests for comment. The 51-year-old prosecutor is one of several federal prosecutors removed in recent weeks by the Justice Department. His last day was Wednesday. No successor has been named.

On Thursday, Bogden told reporters that he remained unsure why he was removed.

Bogden told the Las Vegas Review-Journal that Michael Battle, director of the executive office for U.S. attorneys, did not provide a reason when he asked Bogden on Dec. 7 to step down from the post he had held since 2001.

Bogden said other Justice Department officials told him that the decision was reached at the highest levels of the department.

"I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office," Bogden said.

He noted that Deputy Attorney General Paul McNulty on Feb. 6 told the Senate Judiciary Committee and the dismissals of federal prosecutors were performance-related.

U.S. attorneys serve at the pleasure of the president, but congressional Democrats have raised concerns that the Bush administration might be punishing prosecutors for being too effective at pursuing political corruption cases.

Democrats on a House Judiciary subcommittee voted Thursday to subpoena fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Washington.

Iglesias said this week that he believes he was dismissed because he resisted pressure by two members of Congress to rush indictments before 2006's election in an investigation of an alleged Democratic kickback scheme. He has refused to name the lawmakers who called him.

Rep. Heather Wilson Grilled By Reporters On Role In Firing (ALBTRIB)

Albuquerque Tribune, March 3, 2007

A brief news conference called today by Rep. Heather Wilson on veterans affairs devolved into a grilling over questions about former U.S. Attorney David Iglesias.

Wilson, after meeting with officials of the Department of Veterans Affairs, spoke to about four or five reporters about treatment of veterans from Iraq and Afghanistan.

After a couple of questions on that issue, the reporters turned their questioning to Iglesias - specifically, whether Wilson called him in the weeks before the Nov. 7 election to inquire about a high-profile corruption case being investigated by his office.

"I have said very little about that, and I won't make any additional comment at this time," the Albuquerque Republican told reporters gathered at the Veterans Administration Hospital.

She referred to Iglesias' ouster as she has before, as a personnel issue within the Department of Justice.

When asked how an alleged phone call to a U.S. attorney could be construed as a personnel matter, she replied that she "did not have any additional comment at this time."

Wilson offered the same response to a number of other questions on the same topic.

She would not comment on a report published Thursday identifying her and Sen. Pete Domenici as having called Iglesias in October.

Iglesias has said he felt he was being pressured inappropriately to hurry the case and unseal indictments before the election.

The Justice Department has given performance issues as the official reason for Iglesias' losing his job. He says he believes the firing was political.

Earlier, Wilson, the only female veteran serving in Congress, said she was reassured after meeting with VA officials about the quality of care for Iraq and Afghanistan veterans.

After being grilled about Iglesias, she asked if there were any additional questions about the VA. When there were none, she left.

Two news outlets - McClatchy News Service and KRQE News 13 - reported Thursday that Wilson and Domenici called Iglesias in mid-October regarding the pace of his prosecution of Democrats on corruption charges.

Iglesias has not said who called him, only that he considered it political pressure and that he will reveal the names when he testifies before two congressional committees Tuesday.

McClatchy based its report on two people who "feared possible political repercussions" if they were identified. It says Wilson called in the final weeks of her neck-and-neck campaign against Attorney General Patricia Madrid, whom Wilson had labeled as soft on corruption.

The sources said "Wilson was curt" after Iglesias didn't respond to her questions on possible indictments.

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The FBI last fall confirmed it was investigating possible white-collar corruption involving the Metropolitan Court and other buildings in Albuquerque, and other sources said the investigation was focusing on former Democratic lawmakers, among others.

The U.S. Attorney's Office has refused to say anything about the investigation.

Domenici, for whom the federal courthouse Downtown is named, called Iglesias more than a week later, McClatchy reported, "and was more persistent than Wilson," its sources said. The story went on, "When Iglesias said an indictment wouldn't be handed down until at least December, the line went dead."

University of New Mexico political science professor Lonna Atkeson said Wilson or Domenici should speak up if they had inappropriate contact with Iglesias.

"If they did, they should come clean, because it's going to come out," Atkeson said.

The situation could prove more politically painful for Wilson than Domenici, she said.

"If it's true, it hurts Wilson more than Domenici because he wasn't running and it wasn't his direct political gain," she said.

Domenici "is so loved in New Mexico, it's hard to imagine this would be a major threat to his campaign two years out from an election."

Robert D. Novak: Another Hillary Defector (NOVAK)

Robert Novak, March 3, 2007

WASHINGTON – Greg Craig, a Washington super-lawyer with close ties to the Clintons, is supporting Sen. Barack Obama for President.

Craig was a White House special counsel defending President Bill Clinton in the Senate impeachment trial. A partner in the Williams & Connolly law firm founded by the legendary Edward Bennett Williams, Craig served as an adviser to Secretary of State Madeleine Albright and Sen. Edward M. Kennedy.

In confirming to this column his Presidential preference, Craig called Obama unique and added: "I've never seen anyone who has made the impact on people and on me." He said he was impressed with Obama when he first met him at the home of investment banker Vernon Jordan, an intimate friend and supporter of the Clintons.

MCCAIN'S WHEREABOUTS

While the other Republican Presidential candidates were attending the annual Conservative Political Action Conference (CPAC) in Washington beginning Thursday, Sen. John McCain was launching a nationwide fund-raising campaign.

McCain was at a Salt Lake City lunch Thursday and a Phoenix reception Friday. His money-raising schedule calls for subsequent stops in Grand Rapids, Mich., Detroit, New York City, Charlotte, N.C., Sacramento, Calif., La Jolla, Calif., Irvine, Calif., Riverside, Calif., Beverly Hills, Calif., San Francisco and Philadelphia.

A footnote: McCain's campaign staff did not mention these fund-raising commitments when it turned down CPAC's invitation. It said the senator's conservative record was known to everybody without him going to CPAC, but this decision was made only after heated debate within the McCain campaign.

PROBING GONZALES

Attorney General Alberto Gonzales has indicated he is too busy to answer letters from Democratic congressional leaders about his firing seven U.S. attorneys involved in probes of public corruption, though a lower-level Justice Department official rejected their proposals.

Rep. Rahm Emanuel, House Democratic Caucus chairman, had written Gonzales two letters suggesting that he name Carol Lam, fired as U.S. attorney in San Diego, as an outside counsel to continue her pursuit of the Duke Cunningham case. Asked by Melissa Charbonneau of the Christian Broadcasting Network about this column's report that Gonzales did not respond, Gonzales said: "I think that the American people lose if I spend all my time worrying about congressional requests for information, if I spend all my time responding to subpoenas."

Richard A. Hertling, the acting Justice Department lobbyist, responded Wednesday, 22 days after Emanuel's letter. He contended "the Justice Department would not ever seek the resignation of a U.S. attorney if doing so would jeopardize a public corruption case" and rejected naming Lam as a special prosecutor.

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DODD'S BUCKS

The long shot Democratic Presidential campaign by Christopher J. Dodd, the new Banking Committee chairman, solicited banking industry executives and lobbyists — Democrats and Republicans alike — for a fund-raising reception Wednesday.

Melanie Wong, an experienced Democratic fund-raiser who identified herself as Dodd's "mid-Atlantic regional finance director," sent the invitations. They addressed lobbyists by their first names, even those she had never met and who had never contributed to Dodd.

The evening event was held at Washington's luxurious Madison Hotel to find individual fund-raisers. A "Team of 46" will consist of supporters who pledge to raise $46,000 for Dodd.

BILL CLINTON'S PHOTO

The non-profit Clinton Foundation denied conservative writer R. Emmett Tyrrell Jr. permission to use in his new book a photograph taken last year of the Clinton-baiting editor of the American Spectator with the former president at Clinton's 60th birthday party in Toronto.

In the prologue of "The Clinton Crackup," Tyrrell describes how he managed to get an invitation to the lavish celebration Sept. 9. According to Tyrrell, Clinton did not recognize him despite confrontation between them at the Jockey Club restaurant in Washington in 1995. The Washington Post described the President going "ballistic" against Tyrrell.

When Tyrrell asked permission to use the photograph in his new anti- Clinton book, Canadian photographer Anil Mungal responded on Feb. 2: "I regret to report that the Clinton Foundation has not granted permission to release the photo."

Strange Justice (WP)

The Washington Post, March 3, 2007

The mass firing of U.S. attorneys has been poorly managed -- at best.

THE JUSTICE Department's firing of a group of U.S. attorneys is neither as sinister as critics suggest nor as benign as the department would have you believe, at least on the basis of the evidence revealed so far. But it is, both sides agree, highly unusual and warrants further inquiry. And it points to the need to fix a law that was changed for the worse not long ago.

U.S. attorneys head the local outposts of federal prosecutors' offices around the country. They are nominated by the president and serve at his pleasure. But it's uncommon for one to be replaced in the middle of an administration and apparently unprecedented for an entire group to be canned, as has happened with eight U.S. attorneys at last count.

The department and Attorney General Alberto R. Gonzales have served themselves and the public poorly with their ham-handed, hide-the-ball handling of the dismissals. "I would never, ever make a change in a U.S. attorney position for political reasons," Mr. Gonzales assured the Senate Judiciary Committee -- only to have Deputy Attorney General Paul J. McNulty acknowledge that the U.S. attorney in Little Rock, Bud Cummins, was ousted to make way for J. Timothy Griffin, a political ally of White House adviser Karl Rove. The revelation that all but one of the other U.S. attorneys had received positive to glowing performance reviews appeared to undercut the assertion that the prosecutors had been removed for "performance-related" reasons.

Meanwhile, the former U.S. attorney in New Mexico told McClatchy Newspapers that he believes he was sacked for failing, before the November election, to speed indictments in a probe of local Democrats; the prosecutor cited preelection phone calls from congressional Republicans as the basis for his suspicion. Justice said that had nothing to do with his dismissal, though it acknowledges that unspecified congressional concerns played a role.

Pending further investigation, the episode seems to reflect an unusual reaction to the normal tension between Justice headquarters and the would-be autonomous U.S. attorneys, in this case involving disagreements over how much to focus on immigration cases or when to seek the death penalty. Prosecutorial independence is important, but the president is entitled to have prosecutors who reflect his law-enforcement priorities and to replace those who balk at complying.

More troubling: Is the Bush administration seeking to circumvent the requirement that U.S. attorneys be confirmed by the Senate? The administration tucked into the renewal of the USA Patriot Act authority for the attorney general to name prosecutors who could serve indefinitely without confirmation. Justice viewed the previous law, under which unconfirmed replacements could serve for only 120 days, after which the district courts would name a successor, as an improper incursion of judicial authority into

executive branch appointments. Yet the new arrangement presents the greater risk of the executive branch doing an end run around Senate confirmation. The best way to prevent that would be to return the law to its previous state.

No More Denials, Please (NYT)

The New York Times, March 3, 2007

It is time for the Justice Department to stop issuing rote denials that are becoming increasingly hard to believe about the suspicious firing of eight United States attorneys. Attorney General Alberto Gonzales should appoint an impartial investigator to get to the bottom of this unfolding scandal.

Just this week, David Iglesias, one of the eight fired United States attorneys, charged that he was dismissed for resisting pressure to begin a politically charged prosecution before the 2006 election. His allegation came shortly after performance evaluations came to light that throw considerable doubt on the Justice Department's claim that the United States attorneys were fired for poor performance.

United States attorneys, the highest federal prosecutors at the state level, must be insulated from politics. Their decisions about whether to indict can ruin lives, and change the outcome of elections. To ensure their independence, United States attorneys are almost never removed during the term of the president who appointed them.

The Bush administration ignored this tradition, and trampled on prosecutorial independence, by firing eight United States attorneys in rapid succession, including one, Carol Lam of San Diego, who had put a powerful Republican congressman in jail. Mr. Iglesias, who was the U.S. attorney in New Mexico, says two members of Congress called him last October and urged him to pursue corruption charges against a prominent Democrat before the November election. He did not. He was dismissed.

Most of the fired United States attorneys' performance evaluations praise them for the quality of their work, and for following the priorities set in Washington. These do not appear to be the evaluations of people who were fired for poor performance.

A House subcommittee has subpoenaed several of the fired United States attorneys to testify next week. The Senate is doing its own investigation. They should question the fired prosecutors, as well as top members of the Justice Department, to find out how these dismissals came about. They should also investigate Mr. Iglesias's allegations about the two members of Congress, who may have violated Congressional rules, and even criminal law.

Mr. Gonzales should also begin his own inquiry. Mr. Iglesias has raised a serious question about politicization of the Justice Department. That, and not public relations, should be the attorney general's primary concern.

Every Day Is 9/12 For AG (SACBEE)

By Dorothy Korber, Bee Staff Writer

The Sacramento Bee, March 3, 2007

Alberto Gonzales says his main concern is protecting the U.S. against another Sept. 11 attack; capital protesters decry policies.

For U.S. Attorney General Alberto Gonzales, every day is Sept. 12.

"My No. 1 priority is protecting our nation and our citizens from another attack," Gonzales said in a talk Friday at McGeorge School of Law in Oak Park. "That is what drives me."

While dozens of raucous protesters demonstrated outside, the nation's top cop spoke to a quieter audience of dignitaries and students who attended the invitation-only lecture at the school.

Gonzales' half-hour talk, read rapidly from notes, was a passionate defense of the Bush administration's anti-terrorism strategy on several fronts: domestic surveillance, the detention of foreign terror suspects at Guantánamo Bay, and the importance of the USA Patriot Act.

Gonzales, who was sworn in as attorney general two years ago, previously served as President Bush's White House counsel. He recalled being with the president on Sept. 11, 2001.

"I carry the memory and pain of that day -- the brutal murder of fathers and mothers, sons and daughters," he said. "Our enemies are smart. They are adaptable. And they are very, very patient. We must anticipate what our enemy is going to do next."

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To that end, he said, the administration must have new tools and rethink some old rules. He quoted a British report that described parts of the Geneva Convention as out of date, and he spoke of clarifying and modernizing those international standards of wartime behavior.

"This is a new threat that requires a new way of thinking," he said.

At the end of his talk, Gonzales was asked how he thought history would judge him.

"I will let history write that story," he said. "I can't worry about my legacy. I can't spend the next two years fighting defensive battles. I have an obligation to take the majestic powers of the Department of Justice and do good for the American people."

Protesters outside the lecture hall -- primarily law students and some of their professors -- accused Gonzales of ignoring the Constitution in his pursuit of terrorism. They raised issues that have dogged Gonzales since his nomination, including his approval of an administration memo that condoned harsh treatment of suspected terrorists.

One sign read: "Protest Torture -- You May Be Next."

McGeorge professor John Sims, who teaches courses in constitutional law and international human rights, stood outside the lecture hall Friday, passing out a list of questions he thinks Gonzales should have been asked. All dealt with torture.

"I thought it would be more useful to stand out here and talk about questions he won't answer, rather than docilely listening and giving him polite applause," Sims said. "There are a lot of people in Sacramento and at McGeorge Law School who find the policies of the administration abhorrent and disgraceful. He has undermined the administration of justice in this country."

After Gonzales' talk, second-year McGeorge students Tina Poley and Matthew Christy both expressed disappointment that he spoke only of the war on terror and not about other duties of the attorney general.

"The entire thing was on the defensive about terrorism," said Poley, who had carried a protest sign before the lecture. "About treating every day like Sept. 12. Nothing at all about protecting civil rights or pursuing corruption."

Christy pointed out that Gonzales began the question/answer portion of the program by saying, "Bring it on!" -- an echo of President Bush's controversial challenge at the beginning of the Iraq war.

"You'd think he would have avoided that expression," said Christy, who wore a T-shirt proclaiming: "Give up war for Lent." Still, Christy was appreciative that Gonzales made the stop at McGeorge. "I'm glad he came here. It provides a forum for every one to discuss what's good and what's bad."

Later Friday, at the federal courthouse in downtown Sacramento, Gonzales touted the successes of Project Safe Childhood, an effort among local, state and federal authorities to aggressively investigate and prosecute cases of child exploitation.

Last year alone, the Eastern District of California had the highest number of federal indictments -- 71 -- in the country on cases ranging from Internet crimes against children, from child pornography to youth trafficking. The inland district runs from Bakersfield to the Oregon border.

Gonzales described such crimes as "horrendous" and applauded the efforts of law enforcement to take action "for the children of this community." About the writer:

The Bee's Dorothy Korber can be reached at (916) 321-1061 or dkorber@sacbee.com. Bee staff writer Crystal Carreon contributed to this report.

Gonzalez Appearance Unwelcome By Some Law Students (CBS13)

CBS 13 Sacramento, March 3, 2007

(CBS13) Protestors made a run for it over to McGeorge School of Law today to speak their mind on the war on terror. The target of their anger-- U.S. Attorney General, Alberto Gonzales who was invited to speak at McGeorge.

With a glance and a wave, It didn't take long for the attorney general to figure out he wasn't exactly being welcomed by some in a group of McGeorge students.

These protestors --many of them law students from McGeorge cut to the chase as they told us, in dramatic fashion, why they were here

Rights being violated, this group would argue, by the U.S. Attorney General's office:

As they carried signs targeting the man who hired Gonzales-- President Bush.

Protestors ripped the administration and the Attorney General on how they handle so called enemy combatants; the guys at Guantanamo. But that was not all.

The tactics for handling the media's coverage of the attorney general's speech was a bit puzzling today. At first, CBS13 was told we'd be allowed in. Then, they shut all media out.

Despite their opposition to his policies-- The protestors we spoke with say they were glad the attorney general took the time to come to their law school.

CORPORATE SCANDALS:

Authorities Investigate Big Lender (NYT)

By Vikas Bajaj And Julie Creswell

The New York Times, March 3, 2007

Federal prosecutors and securities regulators are investigating stock sales and accounting errors at the New Century Financial Corporation, the biggest mortgage company that specializes in lending to people with weak, or subprime, credit, the company disclosed in a corporate filing yesterday.

The company also warned that a delay in filing its financials may put vital financing into jeopardy.

The troubles at New Century are the latest sign of the deterioration in subprime lending — until recently the fastest-growing segment of the mortgage business. The market has been struggling to contain the fallout from rising default rates and weakening home prices. Late last year, some smaller lenders started going out of business and last month several bigger companies, including New Century, started reporting problems.

Another large lender, the Fremont General Corporation, said yesterday that it planned to sell its subprime mortgage business after reaching an agreement with the Federal Deposit Insurance Corporation to restrict its activities in that area. As part of the agreement, Fremont will be able to continue taking deposits.

The investigations into New Century, which is based in Irvine, Calif., and wrote $33.9 billion in mortgages last year, started after the company said on Feb. 7 that it would restate earnings for three quarters, which sparked a huge sell-off in its shares. Yesterday, it said its problems had prevented it from filing its annual report, which was to be released Thursday. The board is conducting an investigation of the accounting problems.

The company's shares have fallen more than 53 percent since the start of the year — before the most recent announcement, which came after the stock market closed. Its shares were down $3.73, or 25 percent, to $10.92, in after-hours trading.

On Feb. 22, the company said the regulatory arm of the New York Stock Exchange contacted it about sales in the company's securities before that announcement. On Wednesday, it received notice from the United States attorney's office in Los Angeles that it was conducting a criminal investigation. Federal prosecutors are looking into trading in New Century securities and errors in how the company accounted for home loans that it was forced to buy back from Wall Street firms that buy its loans and package them into bonds. Also, the Securities and Exchange Commission has requested a meeting with its executives.

It is unclear what stock sales investigators are looking at, but data from securities filings compiled by Thompson Financial show that two of the company's top executives sold sizable blocks of shares in the second half of last year. Robert K. Cole, a former chairman and a founder of the company, sold stock worth $6.7 million in the third and fourth quarters after not selling significant numbers of shares for the previous three quarters. And Edward F. Gotschall, another founder and vice chairman, sold shares worth $14.7 million after not selling significant numbers of shares for the previous six months.

Earlier last spring, the executives, both of whom are still on the board, said they would be moving out of their leadership positions. They later disclosed plans to sell stock.

A spokeswoman for New Century said the executives and the company would not comment beyond the company's filing. A spokesman for federal prosecutors in Los Angeles also declined to comment.

New Century, which was formed in 1995, narrowly survived a shakeout in the subprime sector in the late 1990's when concerns about faulty accounting and Russia's default scared investors away from risky bonds tied to subprime mortgages. The

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credit crunch caused several of its rivals to disappear, but New Century pulled through because it received a large cash infusion from U.S. Bancorp in Minneapolis at the time.

With fewer competitors, the company was well positioned to grab market share during the housing boom that began earlier this decade with the help of low interest rates. Subprime loans, which are largely given to poor and minority borrowers, had rapid growth but as more lenders jumped in lending standards were loosened and default rates for loans made in 2006 have been high.

New Century now appears to be facing a credit crunch similar to the one it encountered in the late 1990s.

The company said the delay in filing its financial reports had put its access to billions of dollars in credit lines and other financings into jeopardy. The company will have to seek a second set of waivers from banks that provide it credit lines totaling $17.4 billion if it does not file financial reports by March 15.

Also, the company will have to seek waivers from lenders that have provided it with 11 financing arrangements, because it will not have at least $1 in net income for the six months that ended in December. It has gotten six waivers so far, but they are contingent upon the company getting similar leniency from the other five.

The company's fate will probably hinge largely on the providers of its capital, which include Wall Street's biggest banks, which also own a hefty chunk of the company. Morgan Stanley, Goldman Sachs, Barclays Capital and Deutsche Bank own about 16 percent of the company, according to securities filings. Citigroup recently bought a 5.1 percent stake in the company and Greenlight Capital, a prominent hedge fund, owns 6.3 percent. Its president and co-founder, David Einhorn, sits on the board of New Century.

Ethics Case Will Limit Attorney's Enron Role (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, March 3, 2007

A plaintiffs' lawyer has hearing over unrelated work in capital

One of the lawyers who represents Enron shareholders in a $40 billion lawsuit bound for trial next month in Houston has informed the judge he is facing an ethics complaint from the Washington, D.C., Bar Counsel.

The lawyer, G. Paul Howes, told U.S. District Judge Melinda Harmon in a letter Friday that he will address the matter at a hearing before a committee of the District of Columbia Board of Professional Responsibility on April 11, the week before jury selection is scheduled to begin in the Enron case.

He also said that because of the complaint, he will have a nonspeaking role in the Enron trial and will help the lead trial lawyer, Patrick Coughlin.

The allegations include that in 1993-94, during Howes' 11 years as a federal prosecutor in Washington before he went into private practice in 1995, he made improper voucher payments to witnesses when prosecuting two murder cases.

The Justice Department investigated the allegations and did not file criminal charges against Howes. But the agency said in a 1998 report that he had improperly distributed witness vouchers. The Justice Department forwarded its findings to the D.C. Bar Counsel, which filed the complaint last month.

Howes said in the letter that he has "always accepted responsibility for my conduct and that of the police officers who worked with me" on extensive investigations that began in 1988. He declined comment beyond the letter.

Coughlin said in a statement Friday that Howes had acknow- ledged to the D.C. Bar Counsel that he acted in an "over-zealous manner in an effort to put away drug kingpins who were terrorizing entire communities in Washington." He also voiced support for Howes and his place on the plaintiffs' team.

CRIMINAL LAW:

Libby Jury Seeks Clarity On 'Reasonable Doubt' (WP)

By Amy Goldstein, Carol D. Leonnig

The Washington Post, March 3, 2007

DOJ_NMG_0140154

Jurors in the perjury trial of I. Lewis "Scooter" Libby asked the presiding judge for help yesterday defining a core issue in their deliberations: how to set a standard for determining whether the vice president's former chief of staff is guilty beyond a "reasonable doubt."

At the end of its eighth day of deliberations, the foreman of the 11-member jury sent U.S. District Judge Reggie B. Walton a two-sentence note. "We would like clarification of the term 'reasonable doubt,' " the note said. "Specifically, is it necessary for the government to present evidence that it is not humanly possible for someone not to recall an event in order to find guilt beyond a reasonable doubt?"

The question, which Walton plans to address when jurors resume deliberating Monday, reflects the central role that human memory played in the month-long testimony in the trial. According to jury and evidence experts, the question -- which refers to what information Libby might have forgotten -- signifies that at least one juror is concerned how strictly to define reasonable doubt.

The concept of reasonable doubt is among the most controversial issues in jury deliberations, experts say, because it is a vague term that people interpret differently. Though the standard is meant to require a very high probability of guilt, research conducted with juries after trials has demonstrated those who worked together to reach a unanimous verdict nevertheless may have used different benchmarks of what constituted reasonable doubt.

Northwestern University law professor Ronald Allen, an authority on trial evidence and procedure, said the Libby jury is wise to seek clarity but added that it is unlikely that any judge can dispel the standard's ambiguity.

"Some people might say beyond reasonable doubt is 99 or 98 percent," Allen said. "Some might say any doubt at all [is unacceptable]. There is literally no test."

Libby, 56, is charged with five felony counts alleging that in 2003 he lied to FBI agents and a federal grand jury investigating a leak by the Bush administration of the identity of Valerie Plame, an undercover CIA officer. Plame is married to former ambassador Joseph C. Wilson IV, a staunch early critic of President Bush's Iraq war policy.

Wilson was sent by the CIA to Africa in 2002 to assess reports that Iraq had been trying to buy uranium for a nuclear weapons program. Wilson concluded those reports were false. Shortly after the Iraq war began, he publicly lashed out at Bush and Vice President Cheney, accusing the administration of distorting his findings to justify the invasion.

Prosecutors allege that, in the spring and early summer of 2003, Libby aggressively sought out information about Wilson and Plame, then channeled word of her CIA job to journalists and the White House press secretary to imply that Wilson had been chosen for the mission to Niger out of nepotism.

The prosecution alleges that Libby deliberately lied to investigators to protect his job and spare the White House political embarrassment.

Defense attorneys contend their client simply misremembered his conversations about Wilson and Plame, because he was so busy with more important work. Special Counsel Patrick J. Fitzgerald sought to convince jurors that Libby could not plausibly have forgotten the conversations.

The question about reasonable doubt is the more significant of two notes the jury sent to the judge when they ended deliberations for the week at 2 p.m. yesterday. The other note concerns the count that alleges that Libby obstructed the leak probe.

Jurors asked the judge how much of Libby's grand jury testimony they should consider when deciding whether he is guilty on that count.

Libby Jury Leaves A Clue As It Heads Into Recess (NYT)

By Neil A. Lewis

The New York Times, March 3, 2007

WASHINGTON, March 2 — The jury deliberating the perjury and obstruction of justice case against I. Lewis Libby Jr. recessed for the weekend on Friday without reaching a verdict, but not before leaving an intriguing clue as to the state of deliberations.

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The jurors sent a note with a question to Judge Reggie B. Walton, who is expected to respond on Monday when deliberations resume. In the note, the jurors asked for further explanation of the concept of reasonable doubt, suggesting possible uncertainty or even disagreement over the core standard by which they are to measure the evidence and testimony about Mr. Libby, the former chief of staff to Vice President Dick Cheney.

"We would like clarification of the term 'reasonable doubt,' " the note said. "Specifically, is it necessary for the government to present evidence that it is not humanly possible for someone not to recall an event in order to find guilt beyond a reasonable doubt?"

The question suggested that at least some of the jurors are wrestling with the imprecise and often vexing definition of reasonable doubt, as well as how to decide whether a false statement should be attributed to faulty memory or willful deception, the issue at the center of the case.

Prosecutors have contended that Mr. Libby lied to a grand jury and F.B.I. agents who were investigating the leak of the identity of a C.I.A. operative, Valerie Wilson, in the summer of 2003. As part of their case, prosecutors have contended that they have demonstrated beyond a reasonable doubt that Mr. Libby lied when he said he did not discuss Ms. Wilson's role at the C.I.A. with two reporters. Moreover, the prosecutors have said that Mr. Libby also lied in an effort to cover up his role in the leak by testifying that he learned of Ms. Wilson's identity in a conversation with Tim Russert of NBC News on July 10 or 11.

Mr. Russert testified that in that conversation with Mr. Libby, they did not discuss Ms. Wilson.

Mr. Libby's lawyers asserted in their closing arguments that any misstatements Mr. Libby might have made were the result of a faulty memory. They also pressed the idea that memory is inherently imperfect, and that all the prosecution's witnesses demonstrated their own memory problems, which, by itself, was a demonstration of reasonable doubt.

The concept of reasonable doubt has proved troubling even for the Supreme Court, whose members have argued vigorously as to its definition and how it should be explained to a jury. There is, however, wide agreement that it is a more stringent standard than the "preponderance of the evidence," the usual standard for a finding in noncriminal lawsuits.

The Supreme Court first made explicit the requirement in 1970 that, to convict someone of a crime, the jury must find that person is guilty beyond a reasonable doubt.

But justices have, over the years, continued to disagree over whether various instructions given to juries by judges are acceptable. In 1992, the justices split in a ruling that upheld convictions in which judges had told juries that reasonable doubt was akin to moral certainty.

In his instructions to the Libby jury, Judge Walton said, "A reasonable doubt, as the name implies, is a doubt based on reason."

He also said that "if after careful, honest and impartial consideration of all the evidence, you cannot say that you are firmly convinced of the defendant's guilt, then you have a reasonable doubt."

He also noted, however, that "the government is not required to prove guilt beyond all doubt or to a mathematical certainty or to a scientific certainty."

Katrina Fraud Cases Flood Courts (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, March 3, 2007

Louisiana leads in number of cases

WASHINGTON -- In her application for federal emergency help, Tina Marie Gilmore told officials how she watched hopelessly as her two daughters, ages 5 and 6, were swept through the rushing floodwaters after Hurricane Katrina and was so distraught several months later that she couldn't function -- couldn't drive a car or even be in the same room with children.

But after mailing her a check for $4,358, the Federal Emergency Management Agency learned that not only did the 34-year-old woman not live in New Orleans when Hurricane Katrina devastated the city, but she also didn't have any children. Even her last name was a fake. The government said it wasn't Gilmore, but Winston.

Last month, U.S. District Judge William Stiehl sentenced the Belleville, Ill., woman to four years in jail. "She took advantage of the taxpayers of this country under very tragic circumstances," Stiehl said.

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Winston is one of about 600 people in 19 states and the District of Columbia who have been indicted for making fraudulent hurricane claims. Louisiana has the most cases, 140, followed by Mississippi, with 105, and California, 71.

One of the most prevalent schemes, according to the government, involved false claims for emergency $2,000 allocations from FEMA, money intended to pay emergency living expenses after Katrina forced hundreds of thousands of people from their homes.

But some of the scams were far more audacious.

According to the Justice Department, Lawanda Williams of Jackson, Ala., filed 28 separate claims for hurricane damage, listing addresses in Louisiana, Alabama, Mississippi and Florida and various Social Security numbers, addresses, phone numbers and post office box numbers. She had collected $267,377.15 before a FEMA staffer in Biloxi, Miss., noticed discrepancies in the applications and saw one common thread: All seemed connected to Williams.

On Feb. 1, Magistrate Bert Milling Jr. sentenced Williams to 75 months in prison and ordered her to reimburse FEMA for every penny she received, money the Justice Department says was used to buy a double-wide mobile home, a 50-inch television set and several used cars.

Other Katrina-related fraud charges include officials with FEMA and the Army Corps of Engineers demanding bribes for Katrina contracts or assistance; the sponsor of a Florida charity promising to fly in supplies to hurricane-devastated communities but doing no such thing; and 72 people, including 22 Red Cross employees, who the government says conspired to collect fraudulent payments through an emergency call center in Bakersfield, Calif. Most of the 72 have pleaded guilty to fraud charges.

"I'm never sure what really motivates the criminal," said Alice Fisher, head of the Justice Department's criminal division and coordinator of the Katrina Fraud Task Force that has coordinated the investigations for about 35 federal agencies. "But it's sad that in such a terrible disaster we'd have so many people steal money that is supposed to help people rebuild their homes and rebuild their lives."

'Sense of entitlement'

U.S. Attorney Jim Letten said he isn't surprised that the Eastern District of Louisiana, which covers metropolitan New Orleans, is on the low end of fraud cases given that the devastation of the storm meant most of the area's residents suffered at least some damage during Katrina.

According to the Justice Department, the Eastern District had 18 cases, although Letten believes the actual number is in the 30s. Still, that's fewer cases than reported for the Eastern District of California, the Northern District of Alabama and middle district of Louisiana, which includes Baton Rouge.

Katrina isn't the first time that people have tried to take advantage of a disaster and the programs intended to help the victims. After the Sept. 11, 2001, terrorist attacks, people were prosecuted for seeking government or charitable money by falsely claiming that they lost a close family member at the World Trade Center or the Pentagon.

Jeffrey Schaler, a psychologist and professor in the Department of Justice, Law and Society at American University, said it's not just major disasters that elicit fraudulent claims. Any time there's a major bus accident, he said, people come forward to falsely claim that they were passengers and suffered debilitating injuries.

Many share a common personality trait, according to Schaler.

"They have a sense of entitlement or what would be referred to in psychiatry as narcissism," he said. "They think somehow they are owed what other people have to work for."

Tracing the claims

And a disaster as big as Katrina might have seemed the perfect opportunity to make a fraudulent claim under the theory that the government had so many legitimate applications for help that it would be impossible to separate the good from the bad. That could help explain much of the $1.4 billion in fraudulent claims estimated by the Government Accountability Office. So far, the government has collected $18 million in restitution for false claims, some from people who settled to avoid prosecution.

Fisher said investigators have accepted a large number of guilty pleas, an indication that the fraud allegations are relatively easy to prove. "We have the person cashing the (government) check, and it's not that difficult to establish that a person didn't really live where he or she said they did," Fisher said.

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Sometimes, those filing false applications provide obvious clues. For example, Winston, the Illinois woman who claimed to have seen her two children drown, raised eyebrows because she listed different ages for her daughters in her written documents.

Also assisting the investigations, according to Fisher, was the willingness of federal law enforcement agencies to work together and share documents, something that didn't happen before the 2001 terrorist attacks, according to the 9/11 Commission.

In many instances, applicants used information they gleaned from watching real-life tragedies on TV in the extensive coverage that followed Hurricane Katrina's assault on the Gulf Coast on Aug. 29, 2005.

Storm schemes

Here are some of the schemes outlined by federal investigators:

-- In Florida, Gary S. Kraser set up the Web site www.AirKatrina.com, which in one day took in $40,000 in donations to pay for relief flights to hurricane-damaged communities. Kaiser said he would bring in medical supplies and airlift children and others in need of medical help, but did no such thing, according to the indictment. He was sentenced to 21 months in jail. The day after Hurricane Katrina struck, Kraser wrote on his Web site: "I am shaking as I write this as I just arrived home and just now allowed my body and mind to accept what I saw tonight. I saw people on their roofs that had used axes more than likely to cut through the roof, waving at us, as we were Air Rescue." According to the government, Kraser wasn't a pilot and didn't have an airplane.

-- In Washington, D.C., Jeffrey Alan Rothschild was sentenced to 102 months in prison after pleading guilty to collecting $100,000 from FEMA by submitting false claims on behalf of people he claimed were Katrina victims and cashing the checks himself. According to the government, Rothschild told investigators he would use New Orleans addresses on his applications that he either found on the Internet or made up. By the time the government caught up with him, he had collected 38 checks.

-- In Bakersfield, Calif., 72 people helped friends, relatives and others obtain Katrina emergency money for which they weren't entitled, according to a federal indictment. Among those indicted were Aminah Randle, Robert Johnson, Elizabeth Ray and Sheena Porter, who worked in a Red Cross call center.

-- In Missouri, Andrea Gholston admitted she had filed an application listing a fake New Orleans address and received $4,358 from FEMA, and then helped a friend fill out another fraudulent application, which netted more than $10,000.

-- In New Orleans, two FEMA employees, Andrew Rose and Loyd Holliman, both Colorado residents, solicited a bribe from a food contractor in exchange for inflating the number of people requiring meals at the Algiers base camp so the company could collect more federal fees. On Jan. 27, the two employees each took an envelope with $10,000 in cash, according to the Justice Department. They both got 21 months in prison and were fined $20,000.

-- In Mississippi, four people -- Devin Chuter, Allen Kitto, Clinton Miller and Lauren Robertson -- were accused of submitting false claims for debris-removal work.

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Ex-defense Official Pleads Guilty To Theft (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 3, 2007

A former Defense Department official yesterday pleaded guilty in federal court to charges of embezzling more than $100,000 in funds destined for use by government intelligence agents, Assistant Attorney General Alice S. Fisher said.

John Taylor, who worked at the department as an intelligence contingency-funds officer, admitted in U.S. District Court for the District of Columbia that he stole the money while assigned to the 500th Military Intelligence Brigade as part of the U.S. Army Intelligence and Security Command at Camp Zama, Japan.

In his Defense Department role, Mrs. Fisher said, Taylor was responsible for budgeting, disbursing and accounting for intelligence contingency funds for the official duties of government intelligence agents. She said he also was required to manage classified bank accounts and supervise agents engaged in classified intelligence-gathering activity.

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As part of a plea agreement in the case, she said, Taylor admitted that from 2003 through January 2006, he used his official position to steal at least $106,000 in department funds designated for intelligence-related activities.

She said Taylor embezzled the money by withdrawing cash from a government bank account whose funds were intended for intelligence agents. To conceal his acts, she said, Taylor falsified Defense Department accounting vouchers and forms.

Theft or embezzlement from the government carries a maximum penalty of 10 years in prison and a $250,000 fine. Sentencing was set for June 8.

The case was prosecuted by James A. Crowell IV and John P. Pearson of the Justice Department's Public Integrity Section and the FBI and the Criminal Investigation Division of the U.S. Army, in support of the Justice Department's National Procurement Fraud Task Force and the International Contract Corruption Initiative.

The National Procurement Fraud Initiative was announced by Deputy Attorney General Paul J. McNulty in October and is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

As part of this initiative, Mr. McNulty has created the National Procurement Fraud Task Force, which is chaired by Mrs. Fisher.

Justice Department Takes Aim At Image-sharing Sites (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News.com, March 3, 2007

Feds try during a private meeting to convince sites that allow photos or videos to be uploaded to monitor users, News.com has learned.

The Bush administration has accelerated its Internet surveillance push by proposing that Web sites must keep records of who uploads photographs or videos in case police determine the content is illegal and choose to investigate, CNET News.com has learned.

That proposal surfaced Wednesday in a private meeting during which U.S. Department of Justice officials, including Assistant Attorney General Rachel Brand, tried to convince industry representatives such as AOL and Comcast that data retention would be valuable in investigating terrorism, child pornography and other crimes. The discussions were described to News.com by several people who attended the meeting.

High ImpactWhat's new:

Officials from the U.S. Department of Justice held a private meeting to persuade Internet industry representatives to keep records of who uploads photographs or videos.Bottom line:

The meeting accelerates the Bush administration's effort to require Web sites to keep track of customers' actions on the Internet, a practice known as data retention.

More stories on this topic

A second purpose of the meeting in Washington, D.C., according to the sources, was to ask Internet service providers how much it would cost to record details on their subscribers for two years. At the very least, the companies would be required to keep logs for police of which customer is assigned a specific Internet address.

Only universities and libraries would be excluded, one participant said. "There's a PR concern with including the libraries, so we're not going to include them," the participant quoted the Justice Department as saying. "We know we're going to get a pushback, so we're not going to do that."

Attorney General Alberto Gonzales has been lobbying Congress for mandatory data retention, calling it a "national problem that requires federal legislation." Gonzales has convened earlier private meetings to pressure industry representatives. And last month, Republicans introduced a mandatory data retention bill in the U.S. House of Representatives that would let the attorney general dictate what must be stored and for how long.

Supporters of the data retention proposal say it's necessary to help track criminals if police don't immediately discover illegal activity, such as child abuse. Industry representatives respond by saying major Internet providers have a strong track record of responding to subpoenas from law enforcement.

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Wednesday's meeting represents the latest effort by the Bush administration to increase the ability of law enforcement and intelligence agencies to monitor Internet users. Since 2001, the administration has repeatedly pushed for more surveillance capabilities in the form of the Patriot Act and a follow-up proposal that--if it had been enacted--would have given the FBI online eavesdropping powers without a court order for up to 48 hours.

Often invoking terrorism and child pornography as justifications, the administration has argued that Internet providers must install backdoors for surveillance and has called for routers to be redesigned for easier eavesdropping. President Bush's electronic surveillance program, which was recently modified, has drawn an avalanche of lawsuits.

The Justice Department's request for information about compliance costs echoes a decade-ago debate over wiretapping digital telephones, which led to the 1994 Communications Assistance for Law Enforcement Act. To reduce opposition by telephone companies, Congress set aside $500 million for reimbursement and the legislation easily cleared both chambers by voice votes.

Once Internet providers come up with specific figures, privacy advocates worry, Congress will offer to write a generous check to cover all compliance costs and the process will repeat itself.

The Justice Department did not respond to a request for comment on Thursday. The U.S. Internet Service Provider Association, which has been critical of data retention proposals before, declined to comment.

Because the Justice Department did not circulate a written proposal at the private meeting, it's difficult to gauge the effects on Web sites that would be forced to record information on image uploads for two years. Meeting participants said that Justice officials (including Brand, the assistant attorney general for legal policy and a former White House attorney) did not answer questions about anonymously posted content and whether text comments on a blog would qualify for retention.

In practice, some Web businesses already make it a practice to store personal information forever. Google stores search terms indefinitely, for instance, while AOL says it deletes them after 30 days.

David Weekly, a San Francisco-area entrepreneur who founded popular Wiki-creation site PBWiki.com, said the Justice Department's proposal would be routinely evaded by people who use overseas sites to upload images. (PBWiki, which recently raised $2 million from Mohr Davidow Ventures, lets people embed photographs on pages they create with a point-and-click editor.)

If the proposal were to become law, PBWiki would already be in compliance, Weekly said. "We already keep all that data pretty much indefinitely because it's invaluable for us to mine and figure out how people use services," he said. "How do they use services now versus a year ago? Was February a bad month for traffic?...We already have the data there. It's already searchable. It's already indexed."

Getting Tough On Child Porn (MINNST)

By Dan Browning, Star Tribune

Minneapolis Star Tribune, March 3, 2007

Prosecuting child porn cases is a top priority for Minnesota's new U.S. attorney, who helped draft a no-holds-barred U.S. Department of Justice enforcement initiative a year ago. Child pornography isn't just dirty pictures, she says.

Bruce Betcher says he began searching the Web for sexually explicit photos of children in 2003, a predilection that led him to photograph two relatives -- both under 12 -- and three of their best friends in lascivious poses.

When he appears in federal court in Minneapolis on Tuesday, Betcher, a 53-year-old Burnsville property appraiser, could be sentenced to up to life in prison -- a longer term than if he had been convicted of first- or second-degree murder.

Extraordinary prison sentences for first-time offenders and a willingness of prosecutors to throw the book at them are evidence of an expanding crackdown by the federal government on anyone caught producing, possessing or distributing child pornography. Mandatory minimum sentences have been lengthened twice in the past three years, and a year ago the Department of Justice launched Project Safe Childhood, a no-holds-barred enforcement initiative that has made prosecution of child porn a top priority.

Rachel Paulose, the new U.S. attorney for Minnesota, helped draft that initiative and promised vigorous enforcement of existing laws.

A review of Minnesota cases brought by the government in the past year shows that it isn't prosecuting people who accidentally tripped across a photo or two. The cases thus far range from an international Internet consultant snared at the airport with child sex photos on his laptop to the father of three young girls who recorded himself raping and sodomizing them.

One man prosecuted in Minneapolis recently had more than 350,000 images of pornography, some of which included sexual penetration of toddlers. In another case, a Richfield man who worked as a pharmacy assistant sent child porn to an undercover agent and said he could drug young girls so they wouldn't remember being assaulted and photographed.

Though many of the cases were already underway when Paulose took office in February 2006, she's promising to bring more. Several recent search warrants indicate that she means it.

"You will, over time, see an increase," Paulose said.

Betcher's lawyer, Thomas Shiah, and other defense attorneys worry the federal sentencing guidelines are too harsh, particularly for first-time offenders like Betcher.

"You can do much more heinous crimes and do less time," Shiah said.

But in Betcher's case, Assistant U.S. Attorney Erica MacDonald urged the judge to follow the sentencing recommendation of life in prison. "The lives of five little girls and their families were irreparably damaged by this man and his deviant behavior," she said in a memo filed Friday.

Paulose, too, is unsympathetic to any pleas for mercy.

"To be blunt, no sentence would ever be long enough for a person who takes the innocence of a child," she said.

"Righteous sentences"

The government has been tightening the noose on child porn for years. Congress enacted the first law dealing specifically with child pornography in 1978. Ten years later, it made it illegal to use a computer to create or promote it.

The PROTECT Act, passed in 2003, set stiff mandatory minimum sentences. The Adam Walsh Child Protection and Safety Act, enacted last summer, stiffened sentences even more and, among other things, established the Dru Sjodin National Sex Offender public website.

Inexpensive digital cameras and the Internet have made it easier than ever for people to create, distribute and acquire child pornography, but they have also made it easier for investigators to track their footprints.

The Federal Bureau of Investigation says it has more agents working on child porn than any other program in its Cyber Division. Since 1996, the Innocent Images National Initiative to target child porn on the Internet has resulted in 5,752 criminal cases.

The Department of Justice began funding regional Internet Crimes Against Children (ICAC) task forces in 1998 to help state and local law enforcement agencies investigate online child exploitation. In January 2006, the Justice Department awarded $14 million to the 46 task forces. A month later, U.S. Attorney General Alberto Gonzales decreed child-porn prosecutions a top priority, and he said federal law enforcement agencies would help state investigators and nongovernmental agencies to attack the problem.

Until recently, Minnesota's ICAC task force had just one full-time investigator. But last year the Minnesota Legislature voted to kick in $1 million a year, and the task force is moving from the St. Paul Police Department into the Bureau of Criminal Apprehension (BCA), which is assigning four agents, two forensic analysts, an information technology expert and a trainer to the task force, according to BCA Superintendent Tim O'Malley.

Federal prison sentences for child porn producers more than doubled between 1994 and 2005, and defense attorneys expect them to get even longer as a result of recent congressional action.

Federal prosecutors in Minnesota are pushing for and getting maximum sentences.

"In the last six months we have obtained three sentences of terms that are 30 years, 30 years and 10 years, respectively," Paulose said. "We think those are righteous sentences."

Tougher laws and more resources will undoubtedly result in more criminals being brought to justice, said David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. But he cautioned that no one really knows whether the Internet has spawned an actual increase in child pornography production in recent years or merely helped law enforcement agents uncover it.

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St. Paul police Sgt. Bill Haider, the lone investigator on the Minnesota ICAC task force, said he hasn't noticed an increase recently in child porn cases in Minnesota. But the Internet has allowed people who have sexual interests in children to find others like themselves. "And for them, it leads them to believe that it's more normal," he said.

The FBI, U.S. Postal Inspection Service, Immigration and Customs Enforcement, Internal Revenue Service, Secret Service, and state and local police all play a role in finding child porn online. Investigators work undercover in chat rooms, trace suspects through Internet service providers (ISPs) and credit card companies, track down peer-to-peer file sharing networks and follow tips.

ISPs such as Yahoo and Comcast, though not required to look for child porn, are now legally required to report evidence of it on their networks.

Haider said that most of the cases he gets are referrals from the National Center for Missing and Exploited Children, a private nonprofit agency mandated by Congress to help law enforcement. It operates an online reporting service at www.cybertipline.com.

In 2004, the national center referred 492 reports in Minnesota, said Michelle Collins, director of the exploited-child unit. The total declined to 275 reports in 2005, but rose again last year to 353.

The center also works with U.S. law enforcement and Interpol to identify victims of child abuse, whose photos persist online for years. As of last week, the center had identified 992 children in these photos, up from 886 at the beginning of the year.

The increase is a direct result of law enforcement agencies working together, Collins said. And that's just what led to Betcher's arrest.

A Brownie uniform

In August 2005, federal agents in Atlanta seized a computer with more than 2,000 images of child pornography from a Georgia police sergeant. Alert investigators noticed the partial insignia of a Minnesota Brownie uniform, and that eventually led them to identify a girl in the photo as a relative of Betcher's. He was charged and convicted of 24 counts of producing child pornography, one count of distributing it and one count of possessing it.

The sentencing guidelines suggest piling on extra prison time because of the repeat nature of his offenses, and the fact that he was in a position of authority over the children he photographed.

A similar thing happened to Steven Koenen, 45, of Robbinsdale. He was snared by undercover FBI agents after he posted more than 30 child porn photos to an Internet news group in 2005. Investigators recovered more than 7,000 illicit images when they seized his computer equipment, and Koenen admitted to sexually assaulting three relatives, ages 3, 7 and 9.

Koenen is appealing a 30-year sentence meted out in July.

Paulose singled out his case as an example of why she's pursuing such cases so aggressively. Child pornography isn't just dirty pictures, she said.

"It's a visual depiction of a crime scene, and we need to take that seriously. I don't think a society can have any greater responsibility than protecting its children."

Stolen Painting Found In Spielberg's Collection (LAT)

By Greg Krikorian And Ashraf Khalil, Times Staff Writers

The Los Angeles Times, March 3, 2007

The director, a major collector of works by Rockwell, contacts the FBI. An agent calls the movie mogul an 'unknowing victim.'

A Norman Rockwell painting stolen from a Missouri gallery 34 years ago was recovered and authenticated Friday in the collection of movie mogul Steven Spielberg.

Spielberg's spokesman, Marvin Levy, said the director's staff contacted the FBI several weeks ago after seeing a bulletin from the agency's Art Crime Team seeking clues about the theft of the "Russian Schoolroom" oil painting.

"The second anybody said, 'I think we have that painting,' [our] office got a hold of the FBI," Levy said.

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Special Agent Chris Calarco of the FBI's Art Crime Team and Jessica Todd Smith, curator of American art for the Huntington Library, inspected the painting Friday afternoon at Spielberg's offices on the Universal Studios lot. The filmmaker was not present.

"He's an absolutely unknowing victim in this," Calarco said of Spielberg.

Calarco declined to speculate on the painting's value, but two sources close to the investigation said it is worth between $700,000 and $1 million.

The painting, depicting schoolchildren in a classroom looking at a bust of Soviet leader Vladimir Lenin, was stolen during an exhibit at a small art gallery in Clayton, Mo., in June 1973.

According to the FBI, its whereabouts were unknown until 1988, when it was sold at an auction in New Orleans for about $70,000.

Spielberg bought the painting from an art dealer in 1989 for an undisclosed sum, Calarco said.

The director is a high-profile Rockwell collector who helped found the Norman Rockwell Museum in Stockbridge, Mass.

As of last fall, he was listed as the museum's third vice president and a member of its board of trustees.

"He's certainly one of the collectors of Rockwell," said Levy, who wasn't sure how many Rockwell paintings Spielberg owns or where he kept "Russian Schoolroom." "We have a few in our office on the Universal lot."

The probe into the original theft lay dormant until 2004, when art crime investigators determined that the painting had been advertised for sale at a Norman Rockwell exhibit in New York in 1989.

Agents in the New York and Los Angeles field offices began putting out bulletins in art circles and tracking down known Rockwell collectors.

"We were basically just about to figure it out when the Spielberg people made the connection," Calarco said.

Linda Pero, curator of the Norman Rockwell Museum in Stockbridge, Mass., said: "I think it's really wonderful."

The FBI made the Spielberg link public late Friday, after an earlier notice — published in today's Calendar section — that the painting may have been found.

For now, the painting will remain in Spielberg's possession.

"I just advised them to hold on to it. It's safe there," Calarco said.

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Governor Weighs Compromise Plan On Death Penalty (WP)

By John Wagner

The Washington Post, March 3, 2007

Short of Repeal, O'Malley Seeks Limits

Gov. Martin O'Malley, who testified last month in favor of repealing Maryland's death penalty, has started exploring a compromise with lawmakers that would limit the possibility of execution to just a few types of offenders, such as inmates who kill prison guards.

Aides to O'Malley (D) say that such a deal might be the best hope for passing legislation that would tighten the scope of the state's death penalty. But that could put the governor at odds with advocates of a repeal, who say that the strategy could backfire and result in a bill that differs little from current law.

A debate that has focused on the death penalty's value as a deterrent along with problems with lethal injection, advocates say, could degenerate into a fight over which categories of killers -- including those who kidnap, rape and abuse children -- should be eligible for execution.

In an interview yesterday, O'Malley said he thinks most lawmakers are firm in their views on the death penalty, which could make it difficult to persuade enough of them to support a full repeal.

"I don't see that changing a lot in the four years ahead," O'Malley said. "I try to make progress wherever we can make progress, trusting future leaders and generations to reach perfection."

O'Malley met this week with Sen. Alex X. Mooney (R-Frederick), who is widely considered to hold the swing vote on the Senate committee considering the repeal, about whether he could support a bill narrowing eligibility for the death penalty.

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Mooney, who has also talked with an O'Malley legislative aide, said he is trying to keep an open mind. Among those he said he would like to see remain eligible for the death penalty are people who kill police officers and prison guards.

"I've never been for a full repeal of the death penalty, but I've left the door open a crack that maybe I could vote for an amended bill," said Mooney, a conservative Republican and practicing Catholic.

Del. Samuel I. Rosenberg (D-Baltimore), lead sponsor of the repeal effort in the House, is among several death penalty opponents who have said that nothing short of a full repeal is acceptable.

"We want a repeal of the death penalty," Rosenberg said. "It's a system that's broken. We can't tinker with it. We can't fix it. We can't just limit it to a certain number of crimes."

During testimony before legislative panels last month, O'Malley said that the death penalty is "inherently unjust" because wrongly convicted people could be put to death.

He also said that there is no evidence that executions are an effective deterrent to murder and that money spent prosecuting death penalty cases could be better spent fighting violent crime.

Five people have been put to death in Maryland since executions resumed in 1978, and one person has been released from death row after being exonerated. There are six people on death row.

Under current law, those guilty of first-degree murder are eligible for the death penalty if prosecutors can prove at least one of 10 aggravating factors, including killing a law enforcement officer and committing murder while in prison. Other categories include contract killings and killings of kidnap victims.

Debate over a bill that includes any of those categories inevitably will open the door to efforts to add others, lawmakers on both sides of the issue say.

"Once you say you're going to use the death penalty, it's difficult to draw lines and say who's worse than other guys on the list," said Sen. Brian E. Frosh (D-Montgomery), a death penalty opponent and chairman of the Judicial Proceedings Committee.

Senate President Thomas V. Mike Miller Jr. (D-Calvert), a death penalty supporter, said he cannot see his chamber limiting executions to just a few categories of killers.

Some death penalty opponents say they probably have the votes to pass a full repeal in the House this session. Even if they are short in the Senate, some say, it would be a mistake to compromise.

A court ruling in December halted executions until the state issues new regulations on lethal injection. Jane Henderson, executive director of Maryland Citizens Against State Executions, said she thinks it is unlikely that executions will resume before next year's legislative session, when odds of a repeal would be no worse.

"I think a year from now, we'll still have an effective moratorium," Henderson said. She also said that it makes no sense to reserve the death penalty for narrow classes of offenders. "My view is, this is about whether we should have the death penalty or not."

Richard J. Dowling, executive director of the Maryland Catholic Conference, said that a bill that stops short of a full repeal could be expanded. "A door that is ajar only slightly can be pushed wide open," he said.

Dangerous Pursuits (LAT)

The Los Angeles Times, March 3, 2007

The Supreme Court considers limits on high-speed chases, but police departments should be the ones changing policy.

IF YOU WORRY — as you should — about the dangers of high-speed police chases, don't expect the U.S. Supreme Court to impose new limits on the practice. This week, several justices reacted skeptically to the claim of a Georgia man that he should be allowed to sue a deputy sheriff because he was paralyzed after a police car rammed his vehicle.

Fortunately, in Los Angeles and elsewhere, police forces are acting on their own to limit the dangers such chases pose to police, suspects and the public. Sensible regulations are a better safeguard against out-of-control chases than a Supreme Court ruling making it easier for suspects injured in such cases to sue police officers.

A good thing too, because the case argued Monday was a poor candidate for a sweeping decision against police. A lawyer for Victor Harris, who is now a quadriplegic, asked the court to extend to car chases its 1985 ruling that police pursuing someone

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on foot may not use deadly force unless the suspect poses "a significant threat of death or serious physical injury to the officer or others."

Unluckily for Harris, the justices were able to view a videotape of the nine-mile chase that began when police tried to stop Harris for speeding. Justice Antonin Scalia called it "the scariest chase I ever saw since 'The French Connection.' "

A majority of the court seems likely to embrace the position of the Bush administration. Deputy U.S. Solicitor General Gregory Garre told the court that when a suspect "demonstrates a disregard for his own life and the lives of others in his path, the police may use force, including deadly force, to bring the suspect's vehicle flight to a halt and protect the public safety."

The problem is that police chases are often prolonged not because the officers fear that a driver will injure others but because they don't want to lose their man — even if the only crime he has committed is speeding, and even when pursuing him poses a danger to bystanders.

The best way to rein in overzealous officers is to do what the Los Angeles Police Department has done: establish a pursuit policy that places the safety of the public above the goal of apprehending a motorist who hasn't committed a serious crime or who can be arrested later. The policy says that ramming a fleeing car is a "last resort" to be used only when necessary to save lives.

Technology also may help. The LAPD has experimented with an air-propelled miniature dart equipped with a global positioning device. Fired from a patrol car, it sticks to a fleeing vehicle and allows police to track it.

However the Supreme Court rules in the Georgia case, responsible police departments will continue to tell officers to take it slow — for their own and the public's protection.

CIVIL RIGHTS:

Justice Department Drops Inquiry Into Cowboy Church's Worship Rights (ROT)

By Ana Ribeiro

Roanoke Times, March 3, 2007

Bedford County could review the ordinance the church was deemed to have violated.

The Justice Department has dropped an inquiry into whether Bedford County violated a church's rights by limiting their ability to worship in a Moneta barn.

The Rev. Ray Bell of the Cowboy Church of Virginia made the announcement at a news conference Thursday. In a phone interview, he said he's "puzzled, but not upset" about the agency's decision.

Controversy surrounded the Cowboy Church for months. Services temporarily ceased at the Moneta barn last spring when Bedford County cited violations to a zoning and safety ordinance.

Services resumed last summer after advocates flooded county officials with phone calls. The Constitution guarantees people the right to worship and assemble, supporters have argued -- and that includes followers of the cowboy culture who hold their weekday services on a farm.

A Feb. 16 letter to Bell from the Justice Department states: "We carefully reviewed the information that you have provided and determined that no further action by the Department is warranted."

Bell had provided information on the issue to the Justice Department, but only after the agency asked for it, he said. He did not personally request an investigation, Bell said.

Bell said he prayed for Bedford County not to have to pay fines as a result of a possible Justice Department decision against the county's ordinance, and had his prayers answered.

Now, it's likely that the county will talk about reviewing the ordinance, Bell said.

"The end product is we wanted the ordinance changed or modified," he said. "We're delighted that Bedford County didn't undergo any financial duress due to this."

U.S. Won't Corral 'cowboy' Church (RTD)

By Justin Faulconer, MEDIA GENERAL NEWS SERVICE

DOJ_NMG_0140165

Richmond Times-Dispatch, March 3, 2007

Justice Department decides not to get involved in zoning dispute in Bedford County

LYNCHBURG -- The U.S. Department of Justice has decided to step out of a zoning dispute between a "cowboy" church and Bedford County officials.

In letters last month to the Rev. Raymond Bell of the Cowboy Church of Virginia and George Nester, Bedford's community development director, the federal department concluded no further action is warranted in deciding if Bedford zoning laws infringe upon a federal act that protects religious land use.

The church holds services in a large barn off Horseshoe Bend Road in Moneta.

Six months ago, the department began investigating whether the Religious Land Use and Institutionalized Persons Act was violated. Bell has opposed the county's requirement that a special-use permit be obtained to hold religious services, claiming it violates the separation of church and state.

Nester said it's standard procedure that churches obtain a special-use permit to hold religious services in newly constructed buildings or new additions to existing buildings.

A spokesperson for the Department of Justice declined to comment about the matter. Bell also declined to comment but said he would have more to say later this week.

The Cowboy Church started meeting about a year ago in the Moneta barn, on a farm owned by Garland Simmons. Since then, it has been involved in zoning red tape with the county.

The county originally said using the barn as a church violated building codes and was unsafe for large gatherings. That matter has since been resolved because it was determined the structure is not predominantly used as a church, Nester said.

The church is still holding services under the Cowboy Church name because of its part-time utilization of the barn, Nester said.

"We have no problem with it operating as it is," he said.

County officials are reviewing and amending the Comprehensive Plan. The next step would be to review the zoning ordinance. Nester said the county should take a closer look at the language regarding religious land use to ensure there are no infringements on the federal act.

Justin Faulconer is a staff writer at The News & Advance in Lynchburg.

Defense Argues Conflict Of Interest In Seale Case (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, March 3, 2007

Lawyer says judge, magistrate have ties to U.S. attorney's office

U.S. District Judge Henry Wingate and U.S. Magistrate Judge Linda Anderson should step down from the case involving the 1964 slayings of two black teenagers, the attorney for reputed Klansman James Seale said Friday.

Wingate and Anderson happen to be the only African-American judges in the Southern District of Mississippi, but Federal Public Defender Dennis Joiner made no mention of that fact. Instead, he argued the judges have a prior association with the U.S. attorney's office and the case had been assigned to another judge and magistrate judge initially.

In January, Seale pleaded innocent to the federal kidnapping and conspiracy charges in connection with the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, reportedly by Klansmen. The teenagers were hitchhiking in Meadville when they were grabbed and beaten before being drowned in the Mississippi River, according to FBI reports.

Seale, now 71, faces an April 2 trial. If convicted, he could receive life in prison.

Joiner accused U.S. Attorney Dunn Lampton of manipulating the system to have these judges hear the case.

"The U.S. Attorney has had the sole ability to select which specific district court judge he wants to sit on any criminal case in the Jackson Division," Joiner wrote. "He does this by asking the grand jury to return an indictment during a month assigned to a particular judge."

Joiner pointed out Wingate and Anderson both have served at the U.S. attorney's office - Anderson during the time the case was reinvestigated. Wingate was appointed to the bench in 1985.

It will be up to Wingate to rule on the matter.

In his motion filed Friday with the U.S. District Court in Jackson, Joiner produced a July 25 document that showed the case then as being in the Western Division. By rule, all Western Division cases are assigned to U.S. District Judge David Bramlette, Joiner said.

Documents also show the case was originally assigned to U.S. Magistrate Judge James Sumner, Joiner said. "There has been no order entered in the record transferring the case from Judge Wingate to another district court judge, nor has there been any order transferring the case from James C. Sumner to another magistrate judge."

Lampton responded Friday that he doesn't know why the case was moved from Sumner to Anderson and that he had nothing to do with that switch.

He said there's nothing improper with the way his office has handled the case.

Documents filed Friday also make clear Charles Marcus Edwards will be a likely witness against Seale. Last year, federal authorities gave Edwards immunity in exchange for him testifying before the federal grand jury investigating the killings.

Both Seale and Edwards were arrested Nov. 6, 1964, in connection with the slayings. At the time, Edwards confessed his involvement in the beatings. Authorities confronted Seale about his alleged involvement, according to FBI records. "We know you did it. You know you did. The Lord above knows you did it."

"Yes," Seale was quoted as replying. "But I'm not going to admit it. You are going to have to prove it."

Local authorities never pursued the case, and it languished like many others from the civil rights era.

Justice Department officials announced this week they're reexamining about a dozen cases from that era in hopes they can be pursued.

The newly introduced Emmett Till Unsolved Crime Act would give the Justice Department additional resources to pursue these cases, said Alvin Sykes of Kansas City, who conceived the bill.

"We want anybody involved in killing, lynching or kidnapping investigated or prosecuted - or we want them to die in fear of being arrested," he said. "We want to find as much truth as possible so we can secure as much justice as possible."

Black Group Pleased With Federal Probe (SAVMN)

Savannah Morning News, March 3, 2007

ATLANTA - A civil rights group that has pushed for years to reopen state and federal investigations into the decades-old lynching at Moore's Ford Bridge near Monroe said Friday they are pleased that the U.S. Department of Justice has decided to take another look at the case.

"You just feel like the rule of law is going to prevail," said state Rep. Tyrone Brooks, D-Atlanta, who is president of the Georgia Association of Black Elected Officials.

The group has pushed since at least 1998 for new investigations into killings of two black couples - Mae and George Dorsey along with Dorothy and Roger Malcom - in the summer of 1946.

Brooks said his group has been aware for more than a year that the FBI was probing the Moore's Ford case again but kept the information quiet to avoid interfering with the probe.

But during a press conference Tuesday, U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller announced that the Justice Department was reopening the investigations of some Civil Rights Era killings, including the Moore's Ford case. The Georgia Bureau of Investigation reopened its investigation several years ago on the orders of then-Gov. Roy Barnes.

Brooks said local activists have kept up with at least five living suspects who were identified in the original FBI report following the 1946 killings. Brooks' group and local organizations also have been talking to witnesses.

"We're going to be making an appeal to the suspects to turn themselves in and avoid a long ordeal," Brooks said.

Brooks also said the group is working to boost its reward fund - from $27,000 to $100,000 - for information leading to the arrest and conviction of those guilty of the murders.

GABEO also announced its annual April 4 commemoration of the lynchings to coincide with the anniversary of the assassination of Dr. Martin Luther King Jr. and its July 25 re-enactment of the killings.

Brooks said one of the living suspects usually makes it a point to drive his pickup across the bridge during the re-enactments.

"He drives across real slow, and he'll look at us, and we'll look back," Brooks said.

This year, however, both sides will know that the investigation of what happened in that same place 61 years ago is not over.

"I think suspects should be getting a little nervous right now," Brooks said.

In Victory For Hispanics, Judge Halts Port Chester Elections (NYT)

By Barbara Whitaker

The New York Times, March 3, 2007

WHITE PLAINS, March 2 — A federal judge on Friday stopped March elections for two seats on the Port Chester Board of Trustees, finding there was sufficient evidence to make the case that the village's at-large system for voting discriminates against Hispanic residents.

In a 32-page ruling read from the bench, Judge Stephen C. Robinson of Federal District Court found merit in virtually every argument made by Justice Department lawyers seeking an injunction to stop the March 20 elections. The village, however, may still hold a mayoral election scheduled for the same day, the judge ruled.

"I think what we heard in court says everything," said Cesar Ruiz, a Hispanic man who filed a complaint with the Justice Department after an unsuccessful bid for village trustee in 2001. "I'm very pleased."

The village trustees scheduled an executive session for Saturday morning to discuss the case and decide whether to continue its fight against breaking the village into six voting districts, one of which would be predominantly Hispanic, to replace its at-large system.

Anthony G. Piscionere, who is representing the village in the case, said he believed that the village still had a chance of winning, particularly if the case went to appeal. A trial date has been set for April 16 through April 20.

"The question is whether the board wants to continue or not," he said.

Dan Brakewood, a trustee, said he thought it was time to bring an end to the case, which he estimated had cost the village $500,000.

"We have looked at whether we are in violation or not for 11 months," Mr. Brakewood said. "Now we have the facts and information we need to move on. We need to settle this. It's in the best interest of the community."

Mayor Gerald L. Logan defended the current system, saying that officials had reached out to Hispanics in an attempt to include them in the system. He noted that 10 percent of the Police Department is Hispanic and that Hispanics held positions on some village boards.

The lawsuit, filed by the Justice Department in December, charges that the at-large system — meaning that all residents of the village vote for all candidates on the ballot — is unfairly weighted against Hispanic residents, a violation of the Voting Rights Act of 1965. According to the lawsuit, the system allows for white bloc voting, which inhibits Hispanic voters' ability to elect their preferred candidate.

To support their case, the government presented statistics noting that more than 46 percent of the village's population and 21.9 percent of its voting age citizens are Hispanic, yet no Hispanic person has ever been elected to public office in the village. In arguments on whether the March elections should be held, David Kennedy, an assistant United States attorney, said going forward with the elections would perpetuate the discriminatory system.

Village lawyers argued that Hispanics have been invited to participate in the election process, but have often declined. They suggested that the problem is one of voter apathy and said steps are being taken to increase voter participation, particularly that of Hispanics, in the community. To divide the small village of 28,000, about 30 miles from New York City, into voting districts would ultimately segregate the village, lawyers argued.

In order to make a case for stopping the elections, the government had to prove several points, including that the minority group was geographically compact and sufficiently large enough to constitute a majority in a district; that the minority group was

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politically cohesive; and that the majority voted as a bloc to enable it to usually defeat the minority's preferred candidate. In addition, the government had to prove that there were other circumstances that impaired the ability of the minority.

Among the other points examined was whether there had been a history of discrimination that affected the rights of minorities to participate in the democratic process, whether elections were racially polarized, whether candidates had been denied access to the process to get on the ballot and the extent to which members of the minority group have been elected to public office in the jurisdiction.

The judge called the last stipulation one of the most important, noting that no one disputed that no member of the Hispanic community in Port Chester had ever been elected to public office.

"Indeed, in all the trustee elections studied by both sides in this case through 2006, only two Hispanics have ever been on the ballot in a Port Chester trustee election — Jose Santos in 1992 and Cesar Ruiz in 2001 — and both finished last in their respective fields," Judge Robinson said.

Federal Judge Halts Port Chester Election (NYJN)

By Liz Sadler, THE JOURNAL NEWS

New York Journal News, March 3, 2007

A federal judge yesterday halted Port Chester's March 20 election for two seats on the Board of Trustees, saying the village election system discriminates against Hispanic voters.

In an oral decision, U.S. District Judge Stephen Robinson cited evidence of racial polarization in Port Chester's at-large election system. He said that if the case goes to trial, the U. S. Justice Department was likely to succeed in its claim that the current election system dilutes the Hispanic vote in violation of the federal Voting Rights Act.

"It is clear to this court that Hispanic voters in Port Chester prefer different candidates, and that non-Hispanic voters generally vote as a bloc to defeat the Hispanic-preferred candidate," Robinson said, capping a two-week hearing on whether the current election system discriminates against Hispanics. It is the first time a judge has stopped an election in Westchester County.

Village officials expressed disappointment, but most declined to comment on whether they wanted to continue to fight the lawsuit. The board will meet with its lawyers today to discuss the next steps. It may choose to settle with the Justice Department and adopt voting districts or go to trial. The village also can appeal the injunction to the 2nd U.S. Circuit Court of Appeals.

It has already spent some $472,000 on lawyer fees and other legal expenses, draining what was a $2.5 million fund balance and raising some questions about whether to proceed.

"It is in the best interest of our village to reach a resolution with the Department of Justice," Democratic Trustee Daniel Brakewood said after the decision. "We cannot afford to spend more taxpayer dollars trying to maintain a flawed and outdated election system. This fight has also divided our community, and continued litigation will only make a bad situation worse."

Anthony Piscionere, a lawyer for the village, expressed doubts about whether he could win a trial before Robinson, but was already predicting the outcome of an appeal.

"I think this case is very winnable in the 2nd Circuit, from what we've seen so far," Piscionere said. "That's a decision the board is going to have to make."

U.S. Attorney Michael Garcia said in a statement: "In bringing this suit, the Justice Department sought to vindicate the voting rights of minority citizens in the village of Port Chester. I am pleased that Judge Robinson ... found that the United States is likely to succeed on the merits of its claim that the village of Port Chester's system for electing its Board of Trustees violates Section 2 of the Voting Rights Act."

Robinson's decision does not affect the March mayoral election, and retiring Mayor Gerald Logan, a Republican, said he saw no reason to postpone the race. As village officials huddled with their attorneys, Hispanic advocates basked in victory outside the courthouse.

"I feel very, very happy right now," said Cesar Ruiz, an unsuccessful trustee candidate whose complaint to the Justice Department triggered the federal investigation into Hispanic voter disenfranchisement in the village. He filed papers yesterday seeking to join the suit as a plaintiff.

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"What I like about this is it just doesn't open up the doors for myself," Ruiz said. "It opens it up for a lot of people in Port Chester that have been frustrated with the way this system is."

The Justice Department sued the village in December, challenging the method it uses to elect its six trustees. It wants the village to replace its voting system - in which trustees are elected in a villagewide vote - with one in which they are elected from different districts.

Robinson said his decision was based largely on the village trustee and mayoral elections from 2001 to 2006, when the candidates preferred by Hispanics lost 12 of 15 races. Robinson said he did not believe whites voted differently from Hispanics because of racial bias, but the results prove that "polarization is present in Port Chester."

The judge said he was also "struck" by a suggestion by Aldo Vitagliano, a lawyer from Port Chester, at an October public hearing on voting districts. Vitagliano asked Congress to introduce an amendment exempting Port Chester from the Voting Rights Act, then was appointed special counsel to a commission formed to examine how to best implement voting districts.

"That a lawyer would make such a suggestion is unusual enough, but the fact that the village subsequently named this individual as counsel to the newly formed Voting Rights Commission in the village was, to say the least, surprising," Robinson said. Vitagliano also served as associate counsel to Piscionere during the hearing.

In his decision, Robinson said the village had met the three preconditions established in a 1986 voting rights case, Thornburg vs. Gingles, to determine a violation of Section 2 - the minority is sufficiently large and geographically compact, the minority is politically cohesive and the white majority votes in a bloc that usually defeats the minority's preferred candidate.

"I think the judge's ruling today gives a strong sense of the likelihood of our success in court," said Democratic Trustee Dennis Pilla, who is running for mayor.

In Florida, Osceola County spent nearly 18 months and about $2 million fighting a similar federal voting rights suit, according to The Orlando Sentinel. In December, after losing at trial, county commissioners decided to abide by a federal judge's order to implement single-member voting.

Jon Greenbaum, a former Justice Department lawyer who now works for the Washington-based Lawyers' Committee for Civil Rights Under Law, a nonprofit legal organization, said the chances of Port Chester wining at trial are "very slight."

"You would think they would look to settle the case now," he said. "The advantage, if they settle the case, is they have some control of what the plan's going to look like. If they go to trial, they will get the first option in terms of proposing a remedy, but if they can't agree on a plan, the court could end up going with the plan the DOJ proposed."

Robinson has set aside trial dates of April 16-20.

Reach Liz Sadler at esadler@lohud.com or 914-694-3525.

Staff writer Noreen O'Donnell contributed to this report.

Black Lawyer's Suit Accuses Cochran Law Firm Of Racial Bias (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, March 3, 2007

For decades, the law firm founded by the late Johnnie L. Cochran Jr. has been renowned as a black-run institution fighting for civil rights and against police abuse — not to mention getting O.J. Simpson acquitted of murder charges.

But now, in a development that has dismayed some in Los Angeles' African American community, attorney Shawn Chapman Holley has sued the firm, claiming, among other things, that its leaders discriminated against her because she is black.

Holley said that after Cochran's death in 2005, leadership of the firm was turned over to white men who began to discriminate against black lawyers and black clients.

Neither she nor her attorneys would comment on the suit, although she released a statement through her lawyer:

"In deference to the memory of Johnnie Cochran and in deference to his family, I do not intend to engage in a public airing of our disagreements. The lawsuit speaks for itself, and this matter will be litigated in the courts."

Randy H. McMurray, a partner in the firm, denied Holley's charges.

"We probably have the most diverse law firm in California. I don't know what race we would be discriminating against," he said, noting that he and another partner in the L.A. office, Brian Dunn, are black.

News of the suit raised eyebrows among some members of the city's black establishment.

"Racial discrimination at the Cochran firm?" asked public affairs consultant Kerman Maddox. "When you think Johnnie Cochran, you think best and brightest in the black community.

"I'm shocked. If true, that would be a devastating blow to the legacy of Johnnie Cochran."

Cochran, the great-grandson of slaves, founded his firm in 1965. He was best known nationally for his successful defense of Simpson against charges that he murdered his ex-wife, Nicole Brown Simpson, and her friend Ronald Lyle Goldman.

But for decades before those 1994 killings, Cochran was well-known in Los Angeles for a string of cases in which he won historic financial settlements and helped bring about lasting changes in police procedure.

By the time of his death two years ago from an inoperable brain tumor, his firm had gone national, with offices in 20 U.S. cities.

Other changes brought controversy, including a merger with a national criminal defense firm, headquartered in Santa Monica, and the departure of Holley and another black partner, Eric Ferrer, who also had worked extensively with Cochran.

Holley, who worked with Cochran for 17 years, was appointed two years ago to be a liaison between the civil and criminal sides of the firm, according to her suit.

She claims that she became concerned about the quality of criminal representation being offered to clients. But when she raised her concerns with the partners at the Cochran firm, they ignored her, then demoted her, she says.

According to the suit, the demotion was approved by five managers of the firm, four of whom "are Caucasian males."

Then, in January 2006, according to her suit, she was fired.

McMurray, the Cochran firm partner, denied terminating Holley.

"She was not fired," he said. "Our perceptions of her leaving the firm are different."

jessica.garrison@latimes.com

ANTITRUST:

TXU Trading Ahead Of Deal Is Scrutinized (WSJ)

By Dennis K. Berman

The Wall Street Journal, March 3, 2007

On Feb. 23, rumors began circulating in Washington that Texas utility giant TXU Corp. was close to striking an agreement with environmentalists opposing the company's plans to build new power plants. The company's shares surged 4% that day, as did trading in its options.

There was a deal, in fact. It was to sell the entire company. And, according to a Securities and Exchange Commission complaint filed late Friday, someone apparently already had begun trading illegally on the information.

The SEC issued a temporary restraining order on certain unknown accounts Friday, for trading in call options that first began on Feb. 21, two days before word leaked that the utility was to be sold to private-equity firms. These unknown traders -- the SEC plans to identify them in further litigation -- scored $5.4 million in profits, the agency alleges.

REACTION FROM THE DEAL JOURNAL

• Dana Cimilluca: Christopher Cox is Listening1

Such activity has been at the center of suspicious market moves around a number of recent mergers and acquisitions. The total dollar value of these moves, however, far exceeds the figures involved in this case, which was brought in a U.S. District Court for Northern Illinois.

In the days leading up to the deal, TXU's buyers were in discussions with a number of outside parties. Their hope was to convince both environmental groups and Texas lawmakers about the merits of its offer.

Such discussions are usually governed by strict confidentiality agreements, which is supposed to guarantee negotiations go on in secret. These agreements are supposed to protect sellers from leaks that might affect its stock price.

Buyers are always free to get waivers for these sorts of things. But that didn't happen in this case, people familiar with the matter said.

TXU spokesman Brian Tulloh said that "We don't have any objections to the contacts that they made with environmental groups or policy makers."

Jeffer Eller, a spokesman for the buyers, said: "We believe that we complied with the confidentiality agreement."

Write to Dennis K. Berman at dennis.berman@wsj.com2

Watchdog Freezes Assets From TXU Trades (FT)

By Jeremy Grant And Stephanie Kirchgaessner In Washington

Financial Times, March 3, 2007

US federal regulators on Friday secured a court order freezing more than $5m in assets belonging to unknown traders who bought TXU call options a few days before the $45bn sale of the US utility to private equity groups.

The Securities and Exchange Commission said the buyers of the options "engaged in illegal insider trading". The SEC said the "highly profitable and suspicious purchases" were made through overseas accounts late last month ahead of the deal announced on February 26.

In a sign of the global scope of the case, the SEC was helped by the UK's Financial Services Authority and Swiss counterparts. It comes in the same week that current and former employees of three top Wall Street banks were charged by federal prosecutors with insider trading.

Regulators uncovered the use of overseas accounts to trade options at the Chicago Board Options Exchange in advance of the announcement of TXU's purchase by Kohlberg Kravis Roberts, Texas Pacific Group and Goldman Sachs.

The SEC said unknown traders made purchases of call-option contracts three times last week through accounts at Credit Suisse in Zurich, broker Fimat in Frankfurt and UBS in London.

The price of TXU shares jumped by 13 per cent after the deal was announced, netting the traders more than $5.3m.

The SEC has contacted the firms that handled the trades to try to identify the traders, but lawyers said they had enough evidence of insider trading without knowing who the perpetrators were.

Kevin Edmundson, trial counsel in the SEC's Fort Worth office, said: "The presumption is based on the timing and the sizes of the trades, particularly on February 23, which strongly suggests that a person or entity was acting on confidential information."

The TXU deal stands apart from traditional mergers and acquisitions because the companies involved engaged in a fairly widespread lobbying campaign to line up support for the transaction before it was announced.

A few days before the deal was first leaked on the CNBC television channel on Friday after the close of the market, representatives for the buy-out groups involved pitched the takeover to the Environmental Defense Fund, Public Citizen, and the Natural Resources Defense Council.

Then, on Thursday – a day before it was first reported – the buy-out groups reached out to legislators and the governor of Texas. It is far from clear whether the lobbying campaign is connected to the insider trading allegations.

U.S. Is Investigating Trades Made Just Before TXU Deal (NYT)

By Eric Dash

The New York Times, March 3, 2007

Federal regulators froze more than $5.3 million that they suspect may be profits from insider trading of TXU stock options that occurred just days before a $45 billion buyout of the Texas energy company.

The Securities and Exchange Commission is trying to identify who made at least three large and unusually well-timed bets that TXU's stock would rise.

The trading occurred from Feb. 21 to Feb. 23; two private equity firms, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, announced the deal on Feb. 26.

Federal investigators hope to track down the traders by untangling a web of transactions that passed through offshore accounts of several large banks and brokerage firms.

In papers filed yesterday in Federal District Court in Chicago, the S.E.C. froze more than $5.3 million that may be held in the domestic accounts of UBS Securities, Credit Suisse and Fimat Banque Frankfurt. It hopes to recover any gains linked to insider trading. Without the identities of any suspects, the commission said that it would need help from its counterparts overseas.

Yesterday's action comes as securities regulators have been signaling their intent to crack down on insider trading. On Thursday, the S.E.C. and the Justice Department accused more than a dozen people and hedge funds of making more than $15 million from an insider trading ring.

It is unclear whether the Justice Department is pursuing its own insider trading case related to TXU. A spokeswoman for the United States attorney's office in Dallas, Kathy Colvin, declined to comment about whether it is investigating.

But federal securities regulators said they were trying to track down the traders who placed big bets before reports of the TXU deal. Activity in the options market surrounding the stock was unusually high days before the takeover; TXU's shares jumped more than 13 percent the day the deal was announced.

In particular, according to court filings, investigators are zeroing-in on a transaction on Feb. 23, when a trader made about $4.7 million in profit. The unidentified trader bought 6,700 TXU call-option contracts that expired in March 2007, essentially betting that shares of the energy company would go up.

Unwinding the web of transactions could prove difficult. The trade was traced to an omnibus account at UBS Securities, an American broker-dealer. That account, in turn, was linked to an account of its British affiliate in London, which possibly contained the transactions of dozens of account holders, according to court filings.

According to the filings, a UBS compliance officer said that UBS London was acting on behalf of its affiliate in Zurich. And furthermore, the filings said, the S.E.C. learned that data suggested that the UBS Securities trade was on behalf of Julius Baer, a Swiss broker and bank.

Smaller trades passed through Credit Suisse and Fimat Banque in Germany, according to the S.E.C. complaint. On Feb. 21, unknown traders made about $457,300 from call options bought through Credit Suisse in Zurich; those trades were cleared through its Swiss American Securities subsidiary. On Feb. 21 and Feb. 22, traders made about $150,000 from call options bought through Fimat Banque.

Federal regulators said that they had been in contact with all the parties involved in the TXU takeover deal, whom they called helpful and cooperative. Officials at the banks and broker-dealers were not reached for comment.

FINE PRINT Environmentalist Groups Feud Over Terms Of The TXU Buyout (WSJ)

By Rebecca Smith And Jim Carlton

The Wall Street Journal, March 3, 2007

Just days after two of the nation's leading environmental groups blessed an investor plan to buy TXU Corp. and take the controversial Texas utility in a new and "greener" direction, a battle has broken out in the environmental community over the terms of the deal.

The Natural Resources Defense Council and Environmental Defense claimed victory Monday when a holding company formed by Kohlberg Kravis Roberts & Co., Texas Pacific Group and other investors announced the biggest buyout in history, a plan to take over TXU for $32 billion plus the assumption of around $12 billion in debt. The environmental groups, two of the most powerful and best-funded in the U.S., said they had extracted a pledge from the investors to cancel a slew of coal-fired power plants, cut emissions and back federal global-warming legislation.

DEAL JOURNAL

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But now, opponents of the deal, in a blizzard of emails and Internet posts, have put the two organizations on the defensive by accusing them of settling for too little. The critics, who encompass a broad range of smaller environmental groups and individuals, say TXU should have been forced to give up all, not just some, of its future plans involving coal-fired power plants. The plants release substantial amounts of carbon dioxide, a heat-trapping gas blamed in part for climate change.

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Even worse, some believe that the environmental interests were snookered. Since the buyout was announced, it has become apparent that some of the concessions involve projects that TXU was already planning to shelve for a variety of reasons. And TXU has fueled the skepticism further in recent days by outlining new loopholes in the pledge.

NRDC and Environmental Defense "should be hung for what they've done," fumed Tim Hermach, executive director of the Native Forest Council, a group in Eugene, Ore., whose main mission is protecting public forests from commercial logging and other industrial practices.

The infighting shows that tremendous disagreements remain over how tough green activists should be in their dealings with business. The TXU deal comes at a time when more businesses are choosing to work with environmentalists to avoid costly and embarrassing public fights on issues ranging from global warming to rampant logging. The Rainforest Action Network, for example, in recent years has forged deals with companies such as Home Depot Inc. to quit using wood products from endangered forests in exchange for public endorsements. Some timber companies in the Northwest have also gotten larger environmental groups to agree to forest-protection plans that allow for some degree of logging, despite continuing opposition from other grass-roots activists.

But it can be difficult to determine who is empowered to speak for the environmental movement. As is the case with TXU, these dealings often lead to charges from other environmentalists that their peers have been co-opted by big business in exchange for a seat at the table. "It can be flattering to be invited into this crowd," says Alan Muller, executive director of a group called Green Delaware, who is also among those criticizing the NRDC and Environmental Defense.

The environmentalists involved in the TXU negotiations scoff at that assertion. "We've been around long enough that we don't flatter very easily," said David Hawkins, director of the NRDC's climate center, who helped represent the 37-year-old organization in the deal.

Environmental Defense and the NRDC -- both based in New York -- are among the best-funded groups in the green world, with annual budgets totaling about $120 million combined. Both have policies against accepting most corporate contributions. The NRDC has a somewhat higher profile, with actors Robert Redford and Leonardo DiCaprio on its board of trustees.

TXU's would-be buyers also defend the deal. "I think it's inevitable there are critics to any change," said William K. Reilly, an administrator of the Environmental Protection Agency under former Presidents Bush and Clinton who now works as a senior advisor to Texas Pacific and led its group's talks with the environmentalists. "It's important to recognize that two of the most authoritative and experienced environmental organizations think this is a good deal."

(Separately, the Securities and Exchange Commission has filed court papers suggesting that it is investigating possible insider trading before the deal was announced. See related story4.)

New details of the agreement suggest it has big built-in loopholes that seem tailor-made for conflict. Under the agreement, the buyers said they'd suspend development efforts on eight of 11 planned coal-burning power plants.

But already, TXU Chief Executive C. John Wilder, who is expected to remain at the utility, is talking about the conditions that would allow TXU to "apply or reapply" for permits to build coal-fired plants in Texas. According to a transcript of a call with investors this week, Mr. Wilder said TXU wouldn't build plants burning pulverized coal "unless our customers face reliability issues, shortages leading to higher prices, or our competitors propose plants that are expected to have a meaningful impact on market dynamics."

Those circumstances appear likely to be met, perhaps as early as 2009, meaning TXU could revive construction efforts without breaking the deal if there's a scarcity of power caused by a dearth of new plants, or if plants come along that challenge TXU's strong position in the state's deregulated electricity market. Critics say these and other exceptions make it appear unlikely that TXU's agreement to move away from coal is as solid as it initially appeared. The state's grid operator said it fears reserves could slip into a danger zone as early as 2009, given a spurt in demand growth this year.

The environmental concessions were part of a package engineered by the private-equity buyers as a way of clearing political opposition to the TXU deal, which was bound to be controversial under any circumstances. Under Mr. Wilder's leadership, TXU has become greatly profitable, but also has drawn the ire of consumer and environmental groups for its rate increases and plans to build new coal-fired plants in Texas. Lately, TXU had been talking about building other such plants in other parts of the country.

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The concessions announced by the environmental groups and the prospective buyers were worked out in secretive sessions last week, before the proposed deal became public. The agreement involves not just cutting back on coal plants in Texas, but also a pledge to back away from such projects in other regions. The buyers agreed to a general cutback in carbon-dioxide emissions. And the buyers agreed to a rate cut for some TXU customers in Texas.

The environmentalists involved in the deals say these were hard-won victories. For example, Jim Marston, an Environmental Defense attorney in Austin who led negotiations for the group, said that, through tough bargaining, he got commitments from the buyers that TXU wouldn't build coal plants in Pennsylvania, Virginia and "elsewhere." TXU's would-be buyers say the utility also was considering building a coal plant in Maryland, while Mr. Marston says Georgia was another potential site.

But some environmental interests in Texas were immediately bitter that the deal allowed three coal plants in Texas to proceed. Robert and Josephine Cervenka, farmers near Waco, already live within a mile or two of existing TXU plants and within about five miles of six proposed plants, including two by TXU. They formed an organization to fight construction of more plants in an area Mr. Cervenka calls "the ring of fire."

Initially overjoyed when they heard about the environmental deal with TXU, they quickly soured after learning that the proposed plants nearest them were going forward. Now, with the well-heeled national environmental groups out of the picture, they wonder how long they'll be able to carry on the fight. "We need money bad," said Ms. Cervenka.

Negotiators for both Environmental Defense and the NRDC say they wanted the other plants tabled, too, but were told TXU had spent too much on the projects to suspend development efforts. Besides, Mr. Reilly, the former EPA administrator, said Texas would have difficulty meeting rising demand without the plants. "You can accomplish a fair amount by improving energy efficiency in the state, but to say you can do so without adding plants at all isn't really feasible," Mr. Reilly said.

What the environmentalists didn't learn until later was that TXU's board already was considering killing some of the projects to quiet public outcry and to respond to changing political winds in Washington. In his investor call, Mr. Wilder said the management team and board already were "reshaping our development program to focus on a smaller number of plants" when they were approached by the buyout team.

Mr. Hawkins of the NRDC's climate center said his group was unaware of that -- but he added such a move wasn't surprising, given all the criticism TXU has faced.

A big point of contention is the givebacks involving plants TXU was targeting for other states. In fact, TXU hasn't filed for air or water permits in any of these states, nor has it purchased or obtained options on any parcels of land. And, given the fire storm it ignited in Texas with its $10 billion construction program, many observers said they doubted TXU really intended to wade deeper into controversy anytime soon.

Sierra Club officials in Texas said they still will oppose TXU's remaining three new coal plants and eight more proposed by others, working with consumer and property-rights groups. Sierra Club officials added they have empathy for the bind the NRDC and Environmental Defense were in. "I've been there before where...we've had to compromise," said Ken Kramer, the Sierra Club's Texas director, in Austin.

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EMI's Board Rejects Warner's $4.1 Billion Bid As Inadequate (NYT)

By Jeff Leeds

The New York Times, March 3, 2007

The EMI Group of Britain, which releases music by the Beatles and Bob Seger, rejected a $4.1 billion takeover proposal yesterday from the Warner Music Group, signaling the latest turn in a long merger dance.

EMI said its board decided against Warner Music's cash offer, which was subject to "numerous assumptions and conditions," because it was not in the best interests of shareholders and placed too low a value on the company.

EMI, which has issued two profit warnings this year and is undertaking a broad restructuring, also said the offer carried regulatory uncertainty and "unacceptable operational risk at a critical time" for the company, which has been grappling with weak CD sales and sluggish industrywide sales of digital music.

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EMI also said the bid of 260 pence a share, or $5.07, represented an "inadequate" offer considering the risks and the potential cost savings of a merger. The offer reflects a 17 percent premium over EMI's share price at the time it last announced it had been approached by Warner Music.

Wall Street analysts have considered a merger of EMI and Warner Music as inevitable, though many say the risk of antitrust regulators scotching the deal remains high and the companies' fortunes are uncertain. One analyst, Richard Greenfield of Pali Research, wrote two weeks ago that Warner Music's stock could be overvalued even if it purchased EMI at 250 pence a share.

Warner Music declined to comment.

Any deal would reshape the architecture of the music business, which is dominated by two giant conglomerates, the Universal Music Group and Sony BMG Music Entertainment, each about twice the size of EMI or Warner Music.

But recent talks between the companies have stalled on various issues, among them the question of who should bear the risk that regulators would block the transaction, according to executives briefed on the discussions. The two companies recently began new merger conversations after breaking off a round of talks last summer. At the time, Warner had offered 320 pence a share.

Those talks stalled when a European court overturned a regulatory decision that cleared the 2004 merger of the music divisions of Sony and Bertelsmann. Antitrust regulators said this week that they would reconsider the deal for the next four months while they gather pricing data and other information.

Warner Music officials thought they had raised the odds for an approval by striking an accord securing support from Impala, a European organization representing independent record labels, which had objected to previous tie-ups. But, in a protest gesture, one of the largest independent labels, Ministry of Sound, resigned from another British trade group that backed the deal.

EMI Dismisses 'non-binding' Warner Offer (FT)

By Emiko Terazono In London And Aline Van Duyn In New York

Financial Times, March 3, 2007

EMI, the UK music group behind Norah Jones and The Beatles, on Friday said it had dismissed a "non-binding proposal" from Warner Music at 260p a share.

The latest twist in the protracted merger talks comes as the European Commission this week launched an in-depth investigation into the merger of Sony and Bertelsmann's recorded music businesses.

Warner submitted its proposals on Thursday evening. EMI's board met on Friday and quickly moved to reject the offer. It said Warner's proposals – which would depend on regulatory clearance – were "subject to numerous assumptions and conditions", adding that 260p a share was inadequate.

EMI and Warner have been trying to create a combined group since 2000. After several failed attempts, talks revived last year, but were in effect put on ice when a European court ruled that the European Commission had made "manifest errors" in approving the Sony-BMG deal in 2004, and ordered a new probe on competition grounds. A final decision is expected by July 2.

Warner declined to comment on the move, but people familiar with its plans said the US music group believed that if it has a merger agreement with EMI in place, it would be in a better position to influence the commission's deliberations.

"The Commission is looking at Sony and BMG. It is a good chance to throw EMI and Warner in there so they can look at the music market as a whole," said one person close to Warner.

However, one big EMI shareholder said the proposal was too conditional and vague for the board to accept. "They did the right thing. There is nothing concrete on the table," he said.

Some shareholders are hoping that private equity investors will make a bid, not least because that would avoid regulatory obstacles.

The main opposition over consolidation of large music groups has come from independent record labels, which have been concerned that the combined groups would crowd out smaller music groups.

However, last month Warner struck a truce with Impala, which represents independent record labels, clearing the way for the US-listed group to make a bid for EMI.

EMI Rejects 2.1 Billion-Pound Proposal From Warner (Update3) (BLOOM)

By Zimri Smith And Don Jeffrey

Bloomberg, March 3, 2007

March 2 (Bloomberg) -- EMI Group Plc, the world's third- largest music company, rejected a 2.1 billion-pound ($4.1 billion) takeover bid from Warner Music Group Corp. as too low.

Warner offered 260 pence a share, London-based EMI said in a statement today. The bid was 17 percent higher than EMI's closing price Feb. 19, the day before it said it received an approach from New York-based Warner Music. EMI today called the proposal ``inadequate."

The rejection extends the maneuvering between two companies struggling with declining music sales and piracy. EMI and Warner abandoned $4.6 billion offers for each other in July on concern a combination would be blocked by European Union regulators.

``EMI's holding out for a better premium," said Bishop Cheen, a bond analyst with Wachovia Securities in Charlotte, North Carolina. ``These two companies, because of their size, do belong together. But it's going to take a long time."

Shares of EMI gained 10.5 pence, or 4.5 percent, to 246.25 pence in London. They have fallen 7.1 percent this year. Warner shares fell 55 cents, or 2.8 percent, to $19.03 at 4 p.m. in New York Stock Exchange composite trading and have lost 17 percent.

Warner offered 320 pence a share for EMI last June.

The combined company would have a quarter of the global market, moving ahead of Sony BMG Music Entertainment to rank second worldwide behind Vivendi SA's Universal Music Group.

European Regulators

EMI's rejection follows yesterday's decision by European Union regulators to begin a new investigation of the merger that created Sony BMG Music. A European court's rejection of that combination led EMI and Warner to abandon their bids last year.

``I had thought Warner would wait for a definitive ruling from Europe," Hal Vogel, an independent analyst based in New York, said in an interview. ``Maybe they felt they should rush this now and take advantage of the management turmoil at EMI.''

EMI, which released albums by Robbie Williams and Norah Jones in the second half of its fiscal year, said Feb. 14 it was experiencing an ``unprecedented level of market decline" and ``an exceptionally high level of product returns."

The company ousted its top two music executives, Alain Levy and David Munns, on Jan. 12 after disappointing holiday sales. Eric Nicoli, then chairman, was named chief executive officer. In December, EMI ended talks to be acquired by buyout firm Permira Advisers LLP, after failing to agree on a price.

Shrinking Sales

The North American market for compact discs has contracted 19 percent this year through Feb. 18 from a year ago, according to Nielsen SoundScan, which tracks music sales.

Warner, under Chief Executive Officer Edgar Bronfman Jr., said Feb. 8 that sales of recorded music slid 13 percent in the quarter ended Dec. 31. Demand for new releases fell from a year earlier, when the company had new albums from Madonna, James Blunt and Enya.

The two companies backed away from attempts to combine last year, after a July 13 ruling by the European Court of First Instance in Luxembourg cast doubt on whether a merger would win approval. The court said the European Commission, the EU's Brussels-based antitrust regulator, had only carried out ``an extremely cursory examination" of the Sony BMG merger. The court ordered a new review and the commission said yesterday it would rule by July 2.

Independent Labels

EMI said today the proposal from Warner ``would entail prolonged regulatory uncertainty and unacceptable operational risk at a critical time for the company."

Some analysts said the renewed bid by Bronfman, 51, would have a better chance this time because Warner has the support of the Independent Music Publishers and Labels Association or Impala, a trade group whose opposition to Sony BMG led the court to order the review of that deal.

``Getting this pledge from Impala increases the chances the deal will be approved," Tuna Amobi, an equity analyst with Standard & Poor's, said on Feb. 20 when Warner disclosed its renewed interest in EMI.

Warner Music said then there was ``a compelling logic in the combination of the two companies." Spokesman Will Tanous declined to comment today on the latest bid.

EMI's Nicoli, 56, has tried since 2000 to buy Warner, the world's fourth-largest music company, as a way to reduce costs.

Warner and EMI dropped efforts to merge in 2000 after regulators opposed the plan. EMI's attempt to buy Bertelsmann AG's BMG unit in 2001 was also stymied by regulators. EMI again failed to combine with Warner in 2003, when a group led by Bronfman won the bidding for Time Warner Inc.'s music unit.

EMI has two divisions: EMI Music, the recorded music unit, and EMI Music Publishing, which manages song copyrights. EMI said last month that the publishing unit ``continues to perform in line with expectations."

The U.K. company reported a first-half loss of 30.6 million pounds in November, saying sales fell 6.1 percent because this year's release schedule is weighted to the second half more than usual. EMI's fiscal year ends March 31.

Ashcroft Criticizes Sirius/XM Merger In Letter To DOJ (MRKTWTCH)

By Corey Boles

Market Watch, March 3, 2007

WASHINGTON (MarketWatch) -- Former Attorney General John Ashcroft, hired by opponents of the deal, has blasted the proposed merger of Sirius Satellite Radio Inc. , saying their merger would leave only one provider in the market.

Ashcroft, who served as head of the Justice Department for four years until January 2005, was hired by the National Association of Broadcasters to examine the merger scenario.

The NAB, which represents traditional radio broadcasters, has been a fierce critic of the $13 billion merger since it was announced last week.

In a letter sent on February 27 to his replacement as attorney general, Alberto Gonzales, Ashcroft concludes "...the proposed Sirius/XM merger, which reduces the number of competitors from two to one, raises most serious competition concerns."

Ashcroft compared the current merger to the attempted takeover by satellite provider Echostar Communications Corp. of Hughes Electronic Corp. In that instance, he said, a merger would have reduced the competitors in the satellite television market in many areas from three to two.

"The Department recognized that reducing competition from three to two was anticompetitive and opposed the transaction, which was eventually abandoned," he said.

He also draws comparisons with the attempted tie-up between Echostar and DirectTV Group Inc. , in which the FCC reaffirmed its rule of not granting a single commercial license for satellite TV. That deal also wasn't allowed.

"I would submit that a thorough study of consumer demands and preferences would show that terrestrial radio stations should not be considered part of the satellite radio market for the purposes of the review of the current merger...," said the letter.

The companies' main argument for the deal being approved is that, while they are the only two satellite radio companies, they are in fact competing against the range of audio media including traditional radio, HD radio, Internet-based radio and applications like Apple Inc.'s (AAPL) iPod.

The letter was forwarded by the NAB to lawmakers on the House and Senate Judiciary Committees.

While neither panel has authority to block the deal, the House Judiciary Committee's newly formed Antitrust Task Force has already held a hearing into the matter.

Next week it is the turn of the House Commerce Committee's telecommunications subcommittee, headed by Massachusetts Democratic Rep. Edward Markey.

The merger must receive approval of both the Department of Justice's antitrust unit and the Federal Communications Commission. The latter would have to change its rules to allow one company to hold the only satellite radio license.

No one from either Sirius or XM was immediately available to comment for this report.

XM: Ashcroft Offered Services To XM Before Being Hired By NAB (DOW)

Dow Jones Newswire, March 3, 2007

WASHINGTON -(Dow Jones)- Former Attorney General John Ashcroft, who sent a letter this week to his successor Alberto Gonzales blasting the proposed merger of Sirius Satellite Radio Inc. (SIRI) and XM Satellite Radio Holdings Inc. (XMSR), approached XM in the days after the merger was announced offering the firm's consulting services, a spokesman for XM said Saturday.

The spokesman said XM declined Ashcroft's offer to work as a lobbyist for the company.

Ashcroft was subsequently hired by the National Association of Broadcasters, which is fiercely opposed to the merger. On its behalf he conducted a review of the effects on competition if the two satellite radio companies were allowed to merge.

In a letter sent to Gonzales Feb. 27, Ashcroft concluded the merger would have a significant negative impact on competition in the market and urged the current Attorney General to withhold approval for the merger.

"After the merger was announced, Mr. Ashcroft's firm contacted us about hiring him to assist us," said

Nathaniel Brown, a spokesman for XM. "We declined. Apparently the National Association of Broadcasters opted to pay him to parrot their views."

Dennis Wharton, the NAB's executive director, said Saturday, "NAB approached former Attorney General Ashcroft to review the proposed XM-Sirius merger and offer his honest opinion as an antitrust expert. We are not aware of any alleged previous discussions between Mr. Ashcroft and officials at either satellite radio company."

A revelation that Ashcroft was shopping his services to both sides of the debate over the merger may raise doubts in the eyes of some as to the rigor of his review conducted on behalf of the NAB.

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As Attorney General, Gonzales has ultimate responsibility for the Department of Justice, although Assistant Attorney General

Thomas O. Barnett is in charge of the department's antitrust unit.

Ashcroft served as head of the Justice Department for four years until January 2005. He then set up lobby firm The Ashcroft Group LLC.

According to the Web site opensecrets.com, the firm had revenue of $2.34 million in 2006. The NAB isn't listed as a client of the firm last year.

Clients of the firm included Ebay Inc. (EBAY), which paid $60,000 and Oracle Corp. (ORCL), which paid $480,000 to the firm for its services.

The NAB, which represents traditional radio broadcasters, has been a virulent critic of the $13 billion merger since it was announced last week.

No one from the Ashcroft Group was immediately available to comment for this article.

-By Corey Boles, Dow Jones Newswires; 202-862-6637; corey.boles@dowjones.com

U.S. And E.U. Near Air Travel Pact (AP)

By Aoife White, Ap Business Writer

AP, March 3, 2007

EU and U.S. negotiators made "decisive progress" in talks to lift restrictions on what trans-Atlantic routes airlines can offer, the European Union said Friday, a move that could mean lower prices for air travelers.

The pact will allow European airlines to fly from anywhere in the EU to any point in the U.S. without strict rules that dictate ticket prices.

The EU said this would bring economic benefits of up to euro12 billion (US$15.8 billion) in five years and create as many as 80,000 jobs in Europe and the United States.

Air travel in Europe and the United States accounts for 60 percent of global air traffic, and an ambitious EU-U.S. open skies deal could allow more airlines to fly the lucrative trans-Atlantic routes, possibly offering cheaper tickets.

Within five years, the deal could put an extra 26 million people on trans-Atlantic flights, the EU said. Just under 50 million travelers now make that trip every year.

But the deal may also mean the EU would be allowed to restrict U.S. investments in European airlines — a tit-for-tat move that follows the U.S. administration's failure to lift a 25-percent ceiling on foreign ownership of U.S. carriers. Dropping the restriction has been among the EU's key demands.

The EU's executive arm said EU investors' rights to own stakes in U.S. airlines were negotiated — but did not give details.

EU airlines would have some access rights to the "Fly America" program that requires U.S. government agencies use American airlines to fly passengers or freight, according to the EU.

The pact also would create antitrust immunity to help airlines develop alliances.

American and European negotiators as part of the pact would work together on climate change rules, the European Commission said, though no details were released. U.S. officials have threatened to sue the EU over rules that apply to all airlines — including non-EU carriers — to trade carbon emissions permits in an effort to cut greenhouse gas releases.

EU Transport Commissioner Jacques Barrot said he would ask EU nations to back the deal when EU transport ministers meet March 22.

The U.S. Congress must also support it before the new rules would kick in beginning Oct. 28.

"We have an opportunity to unlock major benefits on both sides of the Atlantic," Barrot said in a statement.

The pact picks up on a stalled agreement that will allow European airlines to fly from anywhere in the EU to any point in the U.S.

Right now, for example, a French airline can only fly to the U.S. from a French airport.

EU airlines will also be able to operate all-cargo flights starting outside the EU, stopping in the U.S. and going on to another country. At the moment any cargo flights making a U.S. stop must start their trip in Europe. The EU said this was "highly significant" because both regions account for 70 percent of the global fleet.

This was negotiated in November 2005 but a deal fell apart as the EU demanded the U.S. drop protectionist laws that restrict foreign ownership or control of U.S. airlines — requirements that go back to security concerns allowing a government to requisition aircraft in wartime.

U.S. Transportation Secretary Mary E. Peters said in December that her department bowed to job and security fears when it withdrew a proposal to lift the 25 percent limit on foreign ownership of U.S. carriers.

U.S. officials said they were willing to seek a less ambitious deal and would try to find other ways to open the U.S. aviation sector to foreigners.

The Association of European Airlines welcomed the deal but said it needed to read the small print.

"Some fairly fundamental issues needed to be resolved," said AEA Secretary General Ulrich Schulte-Strathaus, citing the "inequality of opportunities" for European airlines to invest in U.S. airlines.

"If the benefits can be confirmed ... today's agreement will be seen as a historic step in redefining international relations in air transport," Schulte-Strathaus said.

Scepticism Greets Draft Open Skies Agreement (FT)

By Andrew Bounds In Brussels

Financial Times, March 3, 2007

US and European Union negotiators concluded a fresh draft deal to deregulate the transatlantic airline market yesterday, amid scepticism over whether it would be approved.

The European Commission said it would submit the agreement to EU governments this month after "a breakthrough" in meetings in Brussels. However, there is expected to be fierce debate when transport ministers meet on March 22, as the US has given little ground on loosening restrictions on foreign ownership of its airlines.

The quest for an "open skies" agreement has eluded the two sides since talks were launched four years ago. A 2005 deal foundered in December because of congressional opposition to easing the regulations limiting foreign investment in US airlines, which the EU made a condition of the deal. Foreign companies and individuals can own only 25 per cent of voting stock and a further 24.9 per cent of non-voting equity.

The draft agreement merely sets out in writing existing US policy, critics say. In 2004 the Commission sent a similar deal for EU approval, only to see resistance from the UK and Germany sink it.

The UK has in the past been determined to resist the loosening of restrictions on the lucrative market between London's Heathrow airport and the US, without reciprocal US concessions. Only British Airways, Virgin Atlantic, United Airlines and American Airlines have the right to direct fights on these routes.

The UK has 40 per cent of the transatlantic market. Its transport department refused to comment yesterday.

Jacques Barrot, EU transport commissioner, said the deal was worth it. "In economic terms, this unprecedented agreement would represent a step change - it could be worth up to €12bn in economic benefits and up to 80,000 new jobs [and] . . . could be a centrepiece for a reinvigorated transatlantic relationship."

The US has offered EUairlines the ability to fly between the US and non-EU European countries, such as Norway, which have an open skies agreement with it. They could also operate cargo flights between the US and third countries, if these countries allowed it.

The EU has also won the right to restrict US investment in its airlines, and to carry passengers financed by the federal government under the "Fly America" programme, although not on routes between big cities.

The Association of European Airlines, which represents scheduled carriers, gave cautious backing to the deal. "Our initial reaction is that there seems to be a substantially improved balance in the wording of the agreement," said Ulrich Schulte-Strathaus, secretary-general.

The need for an agreement is pressing, since the European Court of Justice has ruled that the network of bilateral deals is illegal. If the talks failed, airline alliances would lose their protection under antitrust law.

ENVIRONMENT:

New Emissions Curbs For Diesel Trains, Ships (WP)

By Juliet Eilperin

The Washington Post, March 3, 2007

DOJ_NMG_0140181

The Environmental Protection Agency issued stringent new rules yesterday curbing harmful emissions from diesel locomotive and marine engines.

Over the next quarter-century the regulations -- which cover 40,000 marine vessels and nearly 21,000 diesel locomotives -- will cut these engines' annual emissions of nitrogen oxide, a key ingredient in smog, by 80 percent and fine particulate matter, or soot, by 90 percent.

EPA officials estimated that by 2030 the health benefits associated with the new standards will outweigh the costs by 20 to 1, preventing 1,500 premature deaths and 1,100 hospitalizations a year.

"By tackling the greatest remaining source of diesel emissions, we're keeping our nation's clean-air progress moving full steam ahead," EPA Administrator Stephen L. Johnson told reporters in a telephone news conference yesterday. "Over the last century, diesels have been America's economic workhorse, and through this rule, an economic workhorse is also becoming an environmental workhorse."

The federal government has already tightened diesel emissions from cars, sport-utility vehicles, trucks and non-road vehicles, prompting Johnson to call yesterday's rule "the last piece of this clean-diesel puzzle." Last year, the EPA revised its estimates for diesel train emissions and concluded that, without further action, these locomotives would generate nearly twice as much pollution in 2030 as administration officials previously projected.

Environmentalists praised the administration's decision. William Becker, executive director of the National Association of Clean Air Agencies, said diesel locomotive emissions rank as the largest remaining uncontrolled source of pollution in the Washington area.

"Every major metropolitan area in the country will benefit from the huge emissions reductions expected from this long-awaited rule. We estimate the emissions benefits will be equivalent to taking three-quarters of a million diesel trucks off the road each year," Becker said. "EPA deserves a 'thumbs-up' for this proposal."

Richard Kassel, a senior attorney who works on fuel and vehicle issues for the Natural Resources Defense Council, an advocacy group, said the engines covered by the regulations emit pollution equivalent to 150 coal-fired power plants. The new rules will cover all diesel trains in the United States, as well as ferries, tugboats and yachts, but not the foreign ships that make up the majority of ships in U.S. ports.

"Living near a rail yard or port is like living near the dirtiest of coal-fired power plants," Kassel said.

Initially, the regulations call for manufacturers to meet stricter standards on existing engines when overhauling them. By 2009 they must modify newly built diesel train and ship engine and combustion systems. By 2014 marine engine manufacturers must treat their exhaust through technological improvements, and a year later makers of locomotive engines must do the same.

General Electric, the country's largest locomotive engine manufacturer, had opposed the new rules on the grounds that they were not technically feasible. A GE spokesman did not return calls seeking comment.

Johnson said, however, that he was confident the nation's train and ship manufacturers could meet the stricter standards over time. "Through the ingenuity of the domestic manufacturers, we believe they can achieve these aggressive but practical standards," he said.

Environmental Agency Proposes Strict Standard For Some Diesel Engines (NYT)

By Felicity Barringer

The New York Times, March 3, 2007

WASHINGTON, March 2 — The Environmental Protection Agency, which for a decade has been ratcheting up its controls on off-road diesel equipment, diesel trucks and diesel fuel, proposed stringent new pollution standards Friday on diesel locomotives and marine vessels operating in the United States.

The new controls would gradually cut engine emissions of two air pollutants, with the cuts accelerating sharply by 2030. By then, the agency estimates, most existing engines would have been retooled or replaced.

An engine's emissions of nitrogen oxides, which are a precursor to things like acid rain and ozone, would be reduced by 80 percent; the direct emission of lethal fine soot would be reduced by 90 percent in 2030, after the new controls were phased in, the agency said.

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But because of the longevity of older, dirtier engines, and the expected growth of the fleet, the overall reduction in marine and railroad emissions of both pollutants would really be closer to 45 percent by 2030, according to the agency's supporting documents.

The proposal was announced by Bush administration officials at the Port of Elizabeth in New Jersey, against a backdrop of ships and trains. The E.P.A. administrator, Stephen L. Johnson, called it "the last piece of the clean diesel puzzle," following earlier curbs.

The agency's analysis said that by 2030, if the rule was made final in its present form, it would cost the marine and railroad industries $600 million, prevent 1,500 premature deaths and achieve overall health benefits worth $12 billion annually.

While other sources are responsible for more fine soot, the most lethal air pollutant regulated by the agency, few do as much as locomotives to deposit the pollutant into the air and lungs of the people who ride trains or live or work near rail lines.

In a conference call after the announcement, Mr. Johnson said environmentalists, engine manufacturers like General Electric and railroads like CSX had widely differing opinions about the standard.

"Some were concerned about technology not being available in the time frames we were talking about," Mr. Johnson said. "Others believed it would be."

The new standards are designed to force the development of new control technologies. A decision on the new rules is expected by year's end.

Environmental groups were enthusiastic about the new proposals; railroad industry officials were more subdued, indicating more lobbying would come from both sides.

Frank O'Donnell, president of Clean Air Watch, said the proposed rules were "the final frontier when it comes to the really big sources of pollution." In a later e-mail message, he said that without the rules, "diesel trains collectively will emit almost double the pollution by 2030 than all the trucks on the road combined."

Tom White, of the Association of American Railroads, said in an interview, "We're very supportive of improving efficiency and reducing the pollution from our locomotives." But, Mr. White said, "your biggest concerns always are that you have a timetable that you can meet and also that what is put out there is something doable; the technology to do this still does not exist."

Patrick Jarvis, a spokesman for the transportation division at General Electric, echoed some of Mr. White's concerns, adding, "We want to make sure the technology we bring to market is reliable and can sustain itself for the useful life of the locomotive."

The controls on marine vessels, many of which use a heavy, pollution-rich oil that packs the most power per pound, address vessels like Great Lakes freighters, ferries, fishing boats and tugboats, as well as smaller recreational boat engines.

As with locomotives, the proposed rules would take effect in stages. The first phase would affect the smallest marine diesel engines beginning in 2009; most other engines would come under the new mandate in 2012. The proposal sets long-term standards for new large marine diesel engines beginning in 2014.

The E.P.A. does not have direct authority to regulate the oceangoing vessels that burn the dirtiest fuel.

U.S. Predicting Steady Increase For Emissions (NYT)

By Andrew C. Revkin

The New York Times, March 3, 2007

The Bush administration estimates that emissions by the United States of gases that contribute to global warming will grow nearly as fast through the next decade as they did the previous decade, according to a long-delayed report being completed for the United Nations.

The document, the United States Climate Action Report, emphasizes that the projections show progress toward a goal Mr. Bush laid out in a 2002 speech: that emissions of carbon dioxide and other greenhouse gases grow at a slower rate than the economy. Since that speech, he has repeated his commitment to lessening "greenhouse gas intensity" without imposing formal limits on the gases.

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Kristen A. Hellmer, a spokeswoman for the White House on environmental matters, said on Friday, "The Climate Action Report will show that the president's portfolio of actions addressing climate change and his unparalleled financial commitments are working."

But when shown the report, an assortment of experts on climate trends and policy described the projected emissions as unacceptable given the rising evidence of risks from unabated global warming.

"As governor of Texas and as a candidate, the president supported mandatory limits on carbon dioxide emissions," said David W. Conover, who directed the administration's Climate Change Technology Program until February 2006 and is now counsel to the National Commission on Energy Policy, a nonpartisan research group that supports limits on gases. "When he announced his voluntary greenhouse-gas intensity reduction goal in 2002, he said it would be re-evaluated in light of scientific developments. The science now clearly calls for a mandatory program that establishes a price for greenhouse-gas emissions."

According to the new report, the administration's climate policy will result in emissions growing 11 percent in 2012 from 2002. In the previous decade, emissions grew at a rate of 11.6 percent, according to the Environmental Protection Agency.

The report also contains sections describing growing risks to water supplies, coasts and ecosystems around the United States from the anticipated temperature and precipitation changes driven by the atmospheric buildup of carbon dioxide and other heat-trapping greenhouse gases.

Drafts of the report were provided to The New York Times by a government employee at the request of a reporter. The employee did not say why this was done, but other officials involved with producing it said they have been frustrated with the slow pace of its preparation. It was due more than one year ago.

The report arrives at a moment when advocates of controls are winning new support in statehouses and Congress, not to mention Hollywood, where former Vice President Al Gore's cautionary documentary on the subject, "An Inconvenient Truth," just won an Academy Award. Five western governors have just announced plans to create a program to cap and then trade carbon-dioxide emissions. And on Capitol Hill, half a dozen bills have been introduced to curb emissions, with more expected.

Ms. Hellmer defended Mr. Bush's climate policy, saying the president was committed to actions, like moderating gasoline use and researching alternative energy, that limited climate risks while also increasing the country's energy and national security. She said Mr. Bush remained satisfied with voluntary measures to slow emissions.

Myron Ebell, who directs climate and energy policy for the Competitive Enterprise Institute, a group aligned with industries fighting curbs on greenhouse gases, said Mr. Bush was right to acknowledge the inevitability of growing emissions in a country with a growing population and economy. Mr. Ebell added that the United States was doing better at slowing emissions than many countries that had joined the Kyoto Protocol, the first binding international treaty limiting such gases.

"Since 1990, for every 1 percent increase in emissions the economy has grown about 3 percent," Mr. Ebell said. "That's good, and it's better than the European Union's performance."

Several environmental campaigners said there was no real distinction between Mr. Bush's target and "business as usual," adding that such mild steps were unacceptable given recent findings by the Intergovernmental Panel on Climate Change and other research groups tying recent warming more firmly than ever to smokestack and tailpipe gases.

"If you set the hurdle one inch above the ground you can't fail to clear it," said David D. Doniger, the director of climate policy for the Natural Resources Defense Council, which has long criticized the administration and sought binding cuts in greenhouse gases.

The report is the fourth in a series produced periodically by countries that are parties to the 1992 Framework Convention on Climate Change, a treaty signed by the first President Bush. It is a self-generated summary of climate-related trends and actions, including inventories of emissions of carbon dioxide and other greenhouse gases, research on impacts of climate change, and policies to limit climate risks and emissions.

The last such report, completed in 2002, put the administration in something of a bind because it listed many harmful or costly projected impacts from human-caused warming. Environmental groups used those findings to press President Bush to seek mandatory caps on greenhouse gases, while foes of such restrictions criticized the findings and criticized the administration for letting them stay in the document.

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While that report was approved by senior White House and State Department officials, Mr. Bush quickly distanced himself from it, saying it was "put out by the bureaucracy."

The new report has been bogged down for nearly two years. In April 2005, the State Department published a notice in the Federal Register saying it would be released for public comment that summer.

Several government officials and scientists involved with preparing or reviewing parts of the report said that the recent departures of several senior staff members running the administration's climate research program delayed its completion and no replacements have been named. The delays in finishing the report come even as Mr. Bush has elevated global warming higher on his list of concerns. This year, for the first time since he took office in 2001, he touched on "global climate change" in the State of the Union Message, calling it a "serious challenge."

The draft report contains fresh projections of significant effects of human-caused warming on the environment and resources of the United States and emphasized the need to increase the country's capacity to adapt to impending changes.

Drought, particularly, will become a persistent threat, it said: "Warmer temperatures expected with increasing concentrations of greenhouse gases are expected to exacerbate present drought risks in the United States by increasing the rate of evaporation."

Water supplies in the Northwest and Southwest are also at risk. "Much of the water used by people in the western United States comes from snow melt," the report said. "And a large fraction of the traditionally snow-covered areas of this region has experienced a decline in spring snow pack, especially since mid-century, despite increases in winter precipitation in many places." Animal and plant species face risks as climate zones shift but urbanized regions prevent ecosystems from shifting as well, according to the draft report.

"Because changes in the climate system are likely to persist into the future regardless of emissions mitigation, adaptation is an essential response for future protection of climate-sensitive ecosystems," it said.

Democrats Want Capitol Hill As A 'Green' Beacon For Planet (WT)

By Christina Bellantoni

The Washington Times, March 3, 2007

Democratic leaders yesterday called for the "greening" of buildings on Capitol Hill, saying politicians have the responsibility to preserve the planet.

Speaker Nancy Pelosi, who has led a charge to fight global warming, and other top Democrats wrote a letter to the chief administrative officer of the House asking him to embark on a "Green the Capitol" initiative.

"The Capitol complex should lead the nation in preserving our planet for future generations," the Democrats wrote to Daniel P. Beard yesterday.

The letter was signed by Mrs. Pelosi, Majority Leader Steny H. Hoyer of Maryland and Juanita Millender-McDonald of California, the chairman of the House Administration Committee.

The Democrats asked Mr. Beard to provide them with a preliminary report by April 30 and a final report by June 30 on ways to conserve energy inside the Capitol and its adjoining congressional offices.

"We are writing to direct you to undertake a critical initiative to address energy conservation, efficiency and cost savings," they wrote. "The House of Representatives should provide leadership to the nation in providing an environmentally responsible and healthy working environment for our employees."

They suggested Mr. Beard coordinate with his Senate counterparts, the Capitol Police and the Architect of the Capitol Office. Among their requests was to ensure the House has the most up-to-date standards for green building efforts.

It is the latest move highlighting Democrats' plans to take action on climate change. Mrs. Pelosi has created a special panel to study global warming and took the rare step of testifying before the Science and Technology Committee on the topic last month.

On the Senate side, there is bipartisan consensus that legislation is necessary to curb carbon emissions, though a method for achieving drastic reduction is far from agreed upon.

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Former Vice President Al Gore, whose film on global warming, "An Inconvenient Truth," won an Oscar, plans to testify on Capitol Hill this month and deliver hundreds of thousands of postcards he has collected from citizens demanding a climate-change bill.

Businesses Rethink Carbon Curbs (WSJ)

By Nick Timiraos

The Wall Street Journal, March 3, 2007

A growing number of businesses are calling for federal caps on greenhouse-gases, which could spur Congress to action.

For years, most of the business community has strongly opposed controls on carbon dioxide emissions, which contribute to global warming. Reducing emissions would inevitably place new costs on businesses, particularly utilities.

But in the past few weeks, three industry trade groups that have long fought such regulation, the Edison Electric Institute, the American Gas Association and the Electric Power Supply Association, dropped their opposition to a cap. That coincided with calls for an emissions cap by the two private-equity firms bidding for Texas utility TXU Corp. Earlier this year, 10 corporations, including Wal-Mart Stores Inc. and General Electric Co., announced their support for mandatory curbs on greenhouse gases.

The shift underscores a growing belief that Congress eventually will pass mandatory emissions caps. Many business leaders have concluded it would be better for it to happen now rather than later, eliminating the current uncertainty. Moreover, they fear absent federal government action they'll be left to deal with a patchwork of state regulations. And they believe that by endorsing emissions caps, they'll be given a seat at the table in the negotiations over how such a cap would work.

Here's a closer look at what a national emissions "cap-and-trade" system would look like:

How would a carbon "cap-and-trade" system work? Companies would be required to have a permit for each ton of carbon that they produce. The government would limit the amount of greenhouse-gas emissions that companies could produce and create a market for companies to buy and sell permits to produce emissions beyond their caps. Firms that went beyond the mandated limit would have to reduce their emissions or buy permits from companies that had gone under their limits. The aim is to create a marketplace that would provide incentives for companies to invest in new, environmentally friendly technologies.

The 1990 Clean Air Act established a similar cap-and-trade system to combat acid rain, and it has been widely viewed as a success.

What types of proposals will Congress consider? At least five bills propose tackling global warming with some type of cap-and-trade market. The most ambitious bill would reduce emissions to 80% below their 1990 levels by 2050. Sen. John McCain (R., Ariz.) and Sen. Joseph Lieberman (I., Conn.) have proposed a target of 60% below those levels by 2050. The bill has been voted down twice before.

Sen. Jeff Bingaman (D., N.M.) offers a more modest approach, stabilizing emissions at their 2013 level by 2020 and including a "safety valve" that would force the government to issue more permits if the price of those permits rose too sharply.

Who wins and loses in a carbon market? Since the devil is in the details, it's still unclear who will pay how much. Pollution permits could be sold in an auction market or given away to companies. Utilities in the Southeast and Midwest that rely on coal-fired power plants are lobbying for a higher cap or more permits to offset what would otherwise create steep price increases because coal releases more carbon emissions than any other fuel. Conversely, West Coast and Northeast states that rely on cleaner fuels could be more insulated from higher energy costs.

Either way, consumers can expect higher energy prices because most emissions caps target electricity producers, who will pass those costs on to customers. A study by the U.S. Energy Information Administration estimates that under the Bingaman bill, electricity prices could rise 3.5% by 2020. Resources for the Future, an environmental group, predicts that under the McCain measure electricity prices could rise as much as 35% by 2025.

Companies that produce low-carbon fuels or energy-efficiency products could benefit from a carbon cap. But the steel industry, which produces large amounts of carbon dioxide, warns that a cap would raise costs and hurt their ability to compete with overseas rivals that aren't subject to pollution penalties.

Cap And Charade (WSJ)

The Wall Street Journal, March 3, 2007

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But this is not, as Lenin once said, a case of capitalists selling the rope to hang themselves with. In most cases, it is good old-fashioned rent-seeking with a climate-change patina.

Start with the name. Most of those pushing this idea want you to think about it as cap-and-trade, with emphasis on the trading part. Senator Barbara Boxer touts all the jobs that would be created for people trying to game the system -- er, save the planet. And her colleague Jeff Bingaman calls cap-and-trade "market based," because, you know, people would trade stuff.

But for that to happen, the government would first have to put a cap on CO2 emissions, either for certain industries or even the economy as a whole. At the same time, it would allocate quotas for CO2 emissions, either based on current emissions, or on energy output, or some other standard. If a company then "over-complied," which means it produced less carbon dioxide than it was allowed to under the rules, it could sell the excess allowance to someone else. That someone else would buy the right to produce CO2 if doing so cost less than actually reducing emissions.

In this way, emissions would be reduced in an relatively efficient way: Those for whom reductions were cheap or easy would reduce, and if they reduced enough, they could sell their excess allowance to someone for whom the reductions were harder or more expensive. This kind of trading works, and we've argued in these columns that cap-and-trade beats the pants off just plain capping by lowering the overall economic burden of a cap.

The difficulties don't lie with the trading, but with the cap, which is where the companies lobbying for restrictions come in. James Rogers, CEO of Duke Energy, put it plainly earlier this year: "If you're not at the table when these negotiations are going on, you're going to be on the menu." Translation: If a cap is coming, better to design it in a way that you profit from it, instead of being killed by it.

Which is why the emphasis really should be cap-and-trade. It's all about the cap, because without it there's no trading. We don't buy our daily ration of oxygen because it's in abundant supply. Same with carbon dioxide -- there's no constraint on your ability to produce CO2 until the government creates one. When it does, it creates an artificial scarcity. What Duke, Entergy, TXU, BP, Dupont and all the rest want is to make sure that when the right to produce CO2 becomes limited, they're the ones that end up owning the allowances. Because that would mean they could sell them, and make money off something that previously wasn't worth a dime.

Thus, Entergy, a utility that relies heavily on natural gas and nuclear power and thus produces relatively less CO2, would love a cap that distributes the allowances based on how much electricity you churn out, rather than on how much CO2 you produce. Entergy's "carbon footprint" is small compared to some other utilities, so an electrical-output-based cap would be windfall city. Dupont, meanwhile, wants credit for reductions already made because it sees instant profit in costs already paid. It also wants a cap to cover as many industries as possible so it can make money selling emissions-reduction products.

We don't begrudge anyone the opportunity to make a buck. But there's a difference between making money by producing things people want and making money by gaming the regulatory process. There's no market here unless the government creates one, and who has the profit opportunity depends entirely on who the government picks as the winners and the losers in designing this market in the first place. So it's no wonder that almost any business that has ever put an ounce of CO2 into the atmosphere is rushing to show its cap-and-trade bona fides. * * *

By far the biggest question, however, is where the cap is set. The trading of emissions credits does nothing to lower the quantity of emissions -- it merely shifts around the right to emit. It's the cap that sets the amount of CO2 put into the air. And as Europe has learned, that figure is a political football unto itself. When the EU started emissions trading in 2005, the price of a ton of CO2 quickly tripled before cratering when participants realized that the cap hadn't been set low enough to create a genuine shortage.

The European Commission is now in the process of reviewing each country's plans for allocating emissions allowances for 2008, but in the first round it found that all but one national plan had set the cap too high to comply with Kyoto's 2008-2012 limits. Of course, even a stringent cap means nothing if countries don't comply, and so far Europe's commitment to Kyoto has been more hot air than action.

The reason is hardly a secret, though you rarely see climate-change activists admitting it. Despite all the talk of "alternative" fuels, some 80% of the energy that the world produces today comes from carbon-based fuels. Barring cold fusion or some other miracle technology, that ratio won't change much for decades to come. That means, in turn, that any stringent CO2 cap would

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inevitably have serious economic costs. We doubt voters will elect politicians who tell them the cost of reducing their "carbon footprint" is more blackouts or a lower standard of living. And in any case China is putting up a new coal-fired plant every week, raising emissions that will overwhelm whatever reductions cap-and-trade would yield in the U.S.

The emerging alliance of business and environmental special interests may well prove powerful enough to give us cap-and-trade in CO2. It would make Hollywood elites feel virtuous, and it would make money for some very large corporations. But don't believe for a minute that this charade would do much about global warming.

A Pattern Of Normal Drought (NYT)

The New York Times, March 3, 2007

It has taken humans awhile to realize that our idea of normal changes as our understanding of history deepens. Climate is a case in point. Over the past couple of decades, climatology has become a deeply historical science. In the American Southwest, climatologists have found a surprisingly detailed record of weather patterns — especially patterns of moisture — in tree rings that show that prolonged periods of drought there are normal.

Those findings immediately raise questions about how water is being used in the Southwest, and particularly about the Colorado River Compact, the 1922 legal agreement that governs water distribution in the vast Colorado River basin. The agreement was based on at most two decades of measuring river flows. But the testimony of tree rings shows that those years were much wetter than the long-term historical average.

This evidence — and its implications — have been gathered in a report released last month by a committee of the National Research Council. Its conclusions are stark. The Colorado River basin itself — some 240,000 square miles across the West and Southwest — has experienced staggering population growth. Precipitation patterns are changing, in part because of global warming, and the spring runoff from snowpack in the mountains takes place earlier than it used to, which means that less water is stored for later in the season. Nearly every drop of water that flows downstream is already allocated, which means that the only new water source for residential and commercial growth is water that has been allocated to agriculture.

So what is normal? Vast quantities of water devoted to subsidized agriculture? Vast quantities of water devoted to the growth of cities and suburbs that are, in the long historical view, unsustainable?

The immediate question this report raises is whether the forces that shape development from Wyoming to California will allow themselves to be guided by the scientific evidence and a starkly different vision than the one that was visible in 1922. Science is capable of changing its mind as the evidence it discovers becomes more precise and more conclusive. The fundamental challenge for us all is to change the way we live as well.

Divine Strake's Legal Issues Keep Controversy Alive (LVRJ)

By Keith Rogers, REVIEW-JOURNAL

Las Vegas Review-Journal, March 3, 2007

U.S. judge schedules status report

Plans for the massive non-nuclear Divine Strake blast at the Nevada Test Site are dead but legal issues surrounding the controversial bunker-buster experiment were resurrected Friday.

Eight days after a Pentagon agency canceled its plans for the Divine Strake detonation, Senior U.S. District Judge Lloyd George scheduled a status report for April 30.

George anticipates that motions will be filed by U.S. attorneys who want to dismiss a case by downwinders and some members of the Winnemucca Indian Colony challenging the test.

Opponents fear that the government will conduct smaller blasts that, while not as large as Divine Strake, could still stir up potentially deadly radioactive dust that lies on the ground of the test site and could be blown to their homes.

The opponents' lawyer, Robert Hager, of Reno, wants to keep the case alive by forcing the government to formally define the smaller scale "confirmatory" experiments that a Pentagon agency has said it intends to conduct in lieu of Divine Strake's cancellation.

In his words, George decided to "keep it on the calendar so we can finally conclude this matter with satisfaction to everyone."

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"You file whatever motions you choose to file," he told Hager and Justice Department attorney Caroline Blanco, who presented their respective positions in a conference call at the Lloyd George U.S. Courthouse, named after the judge.

Referring to a Feb. 22 press release from the Defense Threat Reduction Agency canceling the test amid widespread opposition from downwinders and some politicians in Nevada, Utah and Idaho, Hager said he doesn't understand what agency director James Tegnelia meant by "confirmatory experiments at a much smaller scale" will instead be conducted.

"I don't know what that means. ... To what extent smaller?" Hager asked during the conference call.

Tegnelia apologized last year for saying the blast from Divine Strake's 700-ton slurry of ammonium nitrate and fuel oil would send a "mushroom cloud over Las Vegas."

Hager and his clients and thousands who commented on the agency's plans fear that radioactive remnants from historic nuclear weapons tests at the test site would be lofted into the atmosphere and carried off the site with fine dust particles from the above-ground explosion.

Oil Company Revives Suit On Avoidance Of Royalties (NYT)

By Edmund L. Andrews

The New York Times, March 3, 2007

WASHINGTON, March 2 — One of the nation's biggest oil producers in the Gulf of Mexico is pressing ahead with a lawsuit that could, if successful, allow energy companies to avoid as much as $60 billion in royalties to the government over the next two decades.

Anadarko Petroleum, based in Houston, is suing the Interior Department to overturn regulations that force companies that drill in publicly owned waters to pay full royalties on oil and gas they produce during times of high energy prices.

Anadarko, which earned $4.8 billion in profit last year on sales of $10.2 billion, is arguing that Congress guaranteed oil companies a special incentive for drilling in deep water under which the companies could avoid paying the standard royalty on much of what they produced in the Gulf of Mexico. The Interior Department has adamantly argued that the incentives were never supposed to apply when oil prices climbed above about $34 a barrel.

The suit itself was filed a year ago by the Kerr-McGee Oil and Gas Corporation, which Anadarko acquired last year for $21 billion. But Anadarko put the suit on hold last year and began court-supervised mediation talks with the Interior Department.

On Thursday, a federal judge in Louisiana, Patricia Minaldi, declared that the mediation talks had failed and ordered both sides to start filing arguments in late May. The failure of the mediation poses a major problem for the Bush administration, which is already trying to prevent the loss of $10 billion in royalties as a result of a huge leasing error made during the Clinton administration.

If Anadarko is successful, the government would lose many more times that. The Government Accountability Office, the Congressional watchdog agency, estimated in January that the government would lose about $60 billion over 25 years.

The federal government leases millions of acres in the Gulf of Mexico to oil and gas producers. Companies are required to pay a royalty of 12 to 16 percent of their sales from the leases, but the government also offers royalty holidays as an incentive for deepwater drilling.

The Interior Department contends that companies are not entitled to such royalty relief if oil prices climb above about $34 a barrel, as they have for the last three years.

But Anadarko, in its lawsuit, argued that Congress never authorized that kind of restriction and had "guaranteed" the incentives for any leases signed from 1996 through 2000.

"Like other companies, Kerr-McGee responded and undertook significant risks and costs associated with deepwater exploration," the company said in its lawsuit, adding that it had invested $3.5 billion to acquire, explore and develop leases in the gulf.

The revival of the lawsuit could cause political problems for the oil industry, increasing hostility among Democratic leaders already angry about high energy prices and record industry profits.

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In January, House Democrats overwhelmingly passed a bill that would revoke $7.6 billion in tax breaks for oil companies and would impose a stiff additional fee on all companies that refused to renegotiate the flawed leases signed during the Clinton years.

Representative Edward J. Markey, Democrat of Massachusetts, who has criticized the Interior Department for being lax toward oil companies, accused Anadarko on Friday of intransigence and attempting a "colossal rip-off."

"This lawsuit is nothing more than a brazen attempt to fleece the American people out of billions of dollars," Mr. Markey said in a statement. "The Justice Department must put the full weight of its resources behind vigorously defending the American taxpayers."

Indeed, industry executives say that major oil companies are politically divided about the legal gauntlet thrown down by Kerr-McGee and Anadarko Petroleum.

"I think there are a lot of folks in the industry, particularly those involved in advocating the original legislation, that absolutely don't agree with Kerr-McGee," said John Northington, an industry lobbyist who worked in the Energy Department under President Clinton.

The Bush administration has repeatedly argued that Anadarko's case has no merit, but Interior officials have tried at least twice to settle the dispute without going to trial.

The most recent effort was led by C. Stephen Allred, assistant secretary for land and minerals management.

In December, the two sides hired Benjamin A. Civiletti, a lawyer and onetime Watergate prosecutor, to mediate talks about a possible compromise.

Evangelical Angers Peers With Call For Action On Global Warming (WP)

By Alan Cooperman

The Washington Post, March 3, 2007

Focus on the Family founder James C. Dobson and other conservative Christian leaders are calling for the National Association of Evangelicals to silence or fire an official who has urged evangelicals to take global warming seriously.

In a letter this week to the board of the NAE, which claims 30 million members, Dobson and his two dozen co-signers said the Rev. Richard Cizik, the NAE's vice president for government relations, has waged a "relentless campaign" that is "dividing and demoralizing" evangelicals.

Cizik has been a leader in efforts to broaden evangelicals' political agenda beyond abortion and same-sex marriage. He says Christians have a biblical imperative to protect the environment, which he calls "creation care."

"I speak with a voice that is authentically evangelical on all the issues, from religious freedom around the world, to compassion for the poor, ending oppression in Darfur -- and yes, creation care is one of those issues," Cizik said yesterday.

The NAE's board is scheduled to meet next week in Minnesota. Its former president, the Rev. Ted Haggard, resigned in November after a scandal involving sex and drugs.

His successor, the Rev. Leith Anderson, defended Cizik as "a great asset." He also said that the Dobson letter was released to the news media before it was received by the board. "I guess that says it all," he said.

Evangelical's Focus On Climate Draws Fire Of Christian Right (NYT)

By Laurie Goodstein

The New York Times, March 3, 2007

Leaders of several conservative Christian groups have sent a letter urging the National Association of Evangelicals to force its policy director in Washington to stop speaking out on global warming.

The conservative leaders say they are not convinced that global warming is human-induced or that human intervention can prevent it. And they accuse the director, the Rev. Richard Cizik, the association's vice president for government affairs, of diverting the evangelical movement from what they deem more important issues, like abortion and homosexuality.

The letter underlines a struggle between established conservative Christian leaders, whose priority has long been sexual morality, and challengers who are pushing to expand the evangelical movement's agenda to include issues like climate change and human rights.

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"We have observed," the letter says, "that Cizik and others are using the global warming controversy to shift the emphasis away from the great moral issues of our time."

Those issues, the signers say, are a need to campaign against abortion and same-sex marriage and to promote "the teaching of sexual abstinence and morality to our children."

The letter, dated Thursday, is signed by leaders like James C. Dobson, chairman of Focus on the Family; Gary L. Bauer, once a Republican presidential candidate and now president of Coalitions for America; Tony Perkins, president of the Family Research Council; and Paul Weyrich, a longtime political strategist who is chairman of American Values.

They acknowledge in the letter that none of their groups belong to the National Association of Evangelicals, a broad coalition that represents 30 million Christians in hundreds of denominations, organizations and academic institutions. But, they say, if Mr. Cizik "cannot be trusted to articulate the views of American evangelicals," then he should be encouraged to resign.

Mr. Cizik (pronounced SIZE-ik) did not respond to requests for an interview yesterday, and the association's chairman, L. Roy Taylor, was unavailable. But the Rev. Leith Anderson, president of the association, said, "We're talking about somebody here who's been in Washington for 25 years, has an amazing track record and is highly respected."

"I'm behind him," said Mr. Anderson, who was named president in November after the sudden resignation of the Rev. Ted Haggard, the Colorado pastor caught up in a scandal involving a gay prostitute.

Mr. Cizik, who is well known on Capitol Hill, has long served as one of the evangelical movement's agenda-setters. He helped put foreign policy on the evangelical agenda in the late 1990s, focusing on the persecution of Christians in other countries.

He said in an interview last year that he experienced a profound "conversion" on the global warming issue in 2002 after listening to scientists at a retreat. Now an emblem for a new breed of evangelical environmentalists, he has been written about in Vanity Fair and Newsweek and has appeared in "The Great Warming," a documentary on climate change.

Evangelicals have recently become a significant voice in the chorus on global warming. Last year more than 100 prominent pastors, theologians and college presidents signed an "Evangelical Climate Initiative" calling for action on the issue. Among the signers were several board members of the National Association of Evangelicals; Mr. Anderson, who has since been named its president; and W. Todd Bassett, who was then national commander of the Salvation Army and was appointed executive director of the association in January.

Mr. Haggard, then the president, and Mr. Cizik did not sign, after criticism from some of the same leaders who have now sent the letter about Mr. Cizik.

In interviews, some signers of this latest letter said they were wary of the global warming issue because they associated it with leftists, limits on free enterprise and population control, which they oppose.

"We're saying what is being done here," Mr. Perkins said, "is a concerted effort to shift the focus of evangelical Christians to these issues that draw warm and fuzzies from liberal crusaders."

Energy Dept.'s Missed Deadlines On Appliance Efficiency Cost Billions, Report Says (LAT)

By Robert Lee Hotz

The Los Angeles Times, March 3, 2007

The Energy Dept. was to tighten rules on appliance efficiency.

Over the last three decades, the federal government has missed legal deadlines for setting stricter efficiency standards for common appliances, resulting in billions of dollars in higher utility bills and millions more tons of the greenhouse gases that fuel global warming, congressional investigators reported.

All told, the Department of Energy has missed every one of 34 mandatory rule-making deadlines for setting minimum energy efficiency standards involving 20 products including refrigerators, dishwashers, freezers, pool heaters, furnaces and central air conditioners, analysts at the Government Accountability Office reported.

The delays ranged from a few months to 15 years, according to the GAO report made public this week. Of the 34 energy efficiency standards, 24 have yet to be set, involving 17 household and industrial product categories.

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"I have never seen anything like this," said GAO analyst Karla Springer, who led the group that prepared the report. "It is nearly 30 years of not meeting a deadline. It is kind of frightening."

Congress is about to consider new measures to control the emission of heat-trapping greenhouses gases, including stricter energy efficiency standards to reduce use of carbon-rich oil, coal and natural gas.

Analysts at the Lawrence Berkeley National Laboratory calculated that the missed deadlines for just four of the more popular appliances would ultimately cost consumers at least $28 billion in forgone energy savings — equivalent to the annual primary energy consumption of about 20 million households.

The delays will also result in 53 million tons of carbon dioxide emissions, about the same as 1% of total U.S. carbon dioxide emissions in 2004, the analysts reported.

"These missed deadlines have cost our nation more than we can afford," said Rep. John D. Dingell (D-Mich.), chairman of the Energy and Commerce Committee, which commissioned the audit.

Rep. Edward J. Markey (D-Mass.) called the missed deadlines the product of "a culture of incompetence and delay."

Since 1975, the Energy Department has been required to set minimum energy efficiency standards for many consumer products. The standards that have been set so far will save enough energy to operate all U.S. homes for more than two years, Energy Department officials said.

Department officials vowed this week to eliminate their backlog by 2011, though such an effort would require six times as much work with little or no increase in staff.

The GAO analysts were skeptical. The Energy Department, they said, has no way to ensure that anyone is held accountable for deadlines.

"They say they are going to do it," Springer said. "They said they were going to do it before."

FBI/DEA/ATF/USMS:

L.A. To Boost Jobs For Young People As Part Of Anti-gang Effort, Mayor Says (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, March 3, 2007

His proposal would increase employment to 10,000 -- four times the number two years ago.

After huddling with visiting U.S. Atty. Gen. Alberto Gonzales on efforts to keep kids out of gangs, Mayor Antonio Villaraigosa said Friday that the city would increase dramatically the number of jobs offered to young people this year, to 10,000 — four times the number provided two years ago.

The mayor announced the increase after he and Gonzales toured a silk-screening plant run by Homeboy Industries in South Los Angeles.

The nonprofit group, which received a $650,000 federal grant, hires former gang members who are trying to lead law-abiding lives.

"Young people, when they feel there are no options, when there are no job opportunities, when they don't have the skills to make it, they lose hope," Villaraigosa said. "We are both committed to the idea that in a great and beautiful country like America we can invest in young people, that we have to address the issues of prevention and intervention."

However, Gonzales' agency faced criticism from one city official Friday for delays in delivering on past promises.

The attorney general had been in Los Angeles nearly a year ago to announce a separate $2.5-million federal grant for gang intervention, suppression and prevention programs in South Los Angeles, but officials conceded recently that the money has not yet gone out to local programs.

"We have waited too long for federal dollars that were promised almost a year ago," said Councilwoman Janice Hahn, who represents the area.

"We know that money is voted for, appropriated and spent much quicker on the war on Iraq. This war on gangs is no less urgent," she said.

George Cardona of the U.S. attorney's office said federal officials had been meeting with community leaders to discuss the best way to spend the money. He added that the first installment of the funds probably will arrive before May.

Gonzales had been in Los Angeles last March to announce that the city was one of six awarded Justice Department grants, each consisting of $1 million earmarked for gang prevention, $1 million devoted to law enforcement and $500,000 to provide transitional housing and job placement help for released convicts.

Gonzales had said at the time that the money would be focused on a section of South Los Angeles that includes the Imperial Courts, Nickerson Gardens and Jordan Downs housing projects.

"I don't know the specifics," Gonzales said Friday when asked about the money. "The way these things work is that we expect the state and local communities to develop a plan, hopefully an innovative plan that is focused on the needs of the community."

The jobs discussed Friday by Villaraigosa generally are available to young people age 14 to 24, and most of them are provided during the summer, when many students are out of school, said Robert Sainz, an assistant general manager of the city Community Development Department.

Jobs are paid for with funds from the city, county and federal government, Sainz said, adding that the Los Angeles Area Chamber of Commerce has members who also provide some jobs.

The city provided 2,500 jobs to young people in fiscal 2005-06. After Villaraigosa took office in the summer of 2005, he won council approval to increase the number to 7,500 for the current fiscal year, which ends June 30. The budget he will propose next month for the coming fiscal year will call for 10,000 such jobs.

Better opportunity for jobs is a key component of Villaraigosa's campaign to reduce gang violence in the city, which increased 15.7% last year.

Gonzales said he was impressed by the work of the nonprofit Homeboy Industries, which has worked with former members of 600 gangs in Los Angeles County, providing help in removing tattoos, counseling and offering jobs in the five businesses it operates.

The attorney general said part of his job is to prosecute criminals, "but I'm equally concerned with making sure we are taking steps as the government … to provide educational campaigns, to provide job opportunities, to prevent these kids from joining gangs in the first place."

The mayor said he was working on a strategy for expanding gang prevention and intervention programs, adding that he discussed the need for more federal assistance with Gonzales.

"We did have a specific conversation about funding, a continued partnership with the federal government," Villaraigosa said, declining to reveal details of his request. "Let me just say I'm walking away with a good feeling about continuing that relationship."

Reminded by the mayor that the city is the "epicenter" for gang activity in the nation, Gonzales said he could not commit to any specific increase in federal funding.

"Los Angeles is in a unique situation, and we are going to look very, very hard at what additional resources we can make available," Gonzales said.

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Nobles And Knaves (WT)

The Washington Times, March 3, 2007

Noble: The Drug Enforcement Agency, for busting a major Mexican drug-trafficking ring.

DEA agents arrested 66 persons on Wednesday, bringing the total number for their 20-month investigation of the Victor Emilio Cazares-Gastellum (also known as Victor Emilio Cazares-Salazar) drug-trafficking empire to 400. Agents seized more than 18 tons of marijuana, cocaine, methamphetamine and heroin, along with $45.2 million and various weapons and vehicles, according to the DEA Web site.

The Mexico-based group would smuggle the narcotics from Colombia and Venezuela through Mexico, then into the United States via points along the Southwest border. They even "built a bridge made of sandbags across the Colorado river near

Yuma, Az., which allowed them to simply drive across the waterway," ABC News reported. Once in the United States, the drugs would be distributed to U.S. cells scattered across the country.

The investigation, known as "Operation Imperial Emperor," was led by the DEA but included the FBI, ICE and the IRS, among others. Attorney General Alberto Gonzales has praised the officers and agents for working together "against a common foe." DEA Administrator Karen P. Tandy said Wednesday that "we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country ... and tossed it in the dustbin of history."

For keeping 18 tons of illegal drugs out of the United States, the DEA is the Noble of the week.

Knave: D.C hospitals, for forgetting about the remains of infants.

This heartbreaking story exposes the Washington Hospital Center, Howard University Hospital and several others for keeping the remains of more than 100 stillborn babies and fetuses long past the city-mandated 30-day limit.

The issue surfaced when hospital workers at WHC found the remains of 95 infants in a box in the morgue refrigerator. Health officials were notified, which led to an investigation of other city hospitals. A letter obtained by The Washington Post and written by Janis M. Orlowski, the senior vice president and chief medical officer of WHC, to D.C. Health Director Gregg Pane, said that the hospital had implemented a new policy that allowed parents additional time to make decisions about the remains of the deceased. If bodies go unclaimed or the parents request it, the hospital is responsible for arrangements. But "[b]ecause of the retirement of one key employee and the death of another, the remains were not disposed of, even as the 30-day deadline passed, the letter said." Presumably, the other hospitals' mistake was due to similar administrative incompetency.

Besides being operationally stupid, this event has undoubtedly affected many D.C. families forced to rehash a miscarriage or the birth of a stillborn baby and then to wonder if he or she was left in a morgue refrigerator for upwards of five years. This story can only be described as horrific.

For their insensitivity and massive oversight, D.C. hospitals are the Knave of the week.

Exploding Ammunition Cache Greets Firefighters Arriving At Blaze In Norco (LAT)

By Jonathan Abrams, Times Staff Writer

The Los Angeles Times, March 3, 2007

Firefighters responding to a house fire in a Norco neighborhood were greeted with a dangerous surprise: gunfire. Lots of it.

Authorities on Thursday found a cache containing more than 1 million rounds of ammunition and 75 firearms, ranging from small handguns to assault rifles, throughout the burning home and in a shaft and tunnel under the garage.

The firefighters realized the stockpile was inside when rounds started going off. No injuries were reported.

"The Fire Department knew exactly what was going on when they heard the sounds," said Riverside County Sheriff's Sgt. Dennis Gutierrez.

"They knew it wasn't wood crackling over the fire."

The stockpile of ammunition is probably the largest ever confiscated in Riverside County, said Gutierrez.

A neighbor reported the fire Thursday afternoon and had dragged the homeowner, whom deputies did not identify, from the house, Gutierrez said.

The man later attempted to make his way back into the home.

Property records list the homeowner as Thomas McKiernan. Neighbors said McKiernan was a quiet man who had recently separated from his wife.

"We had to hold him down until the police got here and took him into custody," said Norco Fire Battalion Chief Ron Knueven. "He was swinging wildly and throwing some kicks."

Fire officials from Norco and Corona, agents from the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and Riverside County sheriff's deputies continued to inspect the house Friday. Much of the roof collapsed under the fire.

Authorities are not sure how the blaze started.

Authorities described the homeowner as a survivalist. He was taken for 72-hour psychiatric evaluation, and officials will then decide whether to press charges, Gutierrez said.

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The 4-by-8-foot shaft, at least 10 feet deep, extended through the garage foundation, and a tunnel of unknown size ran east toward the house, Gutierrez said. The ammunition was stored in cardboard boxes, wooden crates, plastic bins and large cooking pots.

Gutierrez said 75 pounds of black gunpowder and two semiautomatic assault rifles were also confiscated.

Gutierrez said it was legal to own up to 1 pound of the gunpowder, but illegal to possess the assault rifles.

Authorities are checking the serial numbers of the remaining firearms.

"He could have gotten them from anywhere — a reputable gun store or a shooting range, but who knows?" said Susan Raichel, spokeswoman for the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

"This isn't a hobby he just picked up last year. He has definitely been doing whatever it is he does for a very long time."

Residents in the quiet neighborhood expressed shock at the findings. Many gathered to view the ammunition accumulated on the homeowner's driveway.

Last April, authorities seized more than 900 guns in the nearby San Bernardino County city of Upland from a man who said he was planning to overthrow Cuban President Fidel Castro.

"That was the closest we've ever seen to something like this," Gutierrez said.

"But we've never seen this much ammunition."

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Burning Home Yields Weapons Cache (CCT)

By Gillian Flaccus

The Contra Costa Times, March 3, 2007

NORCO - More than a million rounds of ammunition, numerous weapons and a tunnel were found in a man's home after a fire exploded bullets and forced a neighborhood evacuation, authorities said Friday.

The homeowner was hospitalized for a 72-hour psychological evaluation after being rescued from the house by a neighbor and then struggling with authorities who prevented him from re-entering, but he was not arrested.

Gary Eppler, who lives across the street, identified the man as Thomas McKiernan, a retired machinist in his 60s who recently separated from his wife, has grown children and didn't seem unusual in the nine years he has known him.

Eppler said McKiernan had an interest in guns and has a son who is an Army sniper who went to Iraq last year and returned safely.

"I knew that he target-practiced and we'd talk about that. He'd go to a rifle range so I knew he had some ammunition," Eppler said.

McKiernan talked about reloading shell casings but said he hadn't done it in some time, Eppler said.

"I've been a psych nurse for 30 years and I didn't notice anything unusual," the neighbor said.

The day after the fire, an incongruous scene played out in the windy hilltop neighborhood of older middle-class tract homes set against a backdrop of the snow-capped San Bernardino Mountains -- part of a quiet semirural community that bills itself as "Horsetown USA."

Riverside County sheriff's deputies and federal Bureau of Alcohol, Tobacco, Firearms and Explosives agents carried charred boxes and pieces of furniture out of the house, stacked numerous boxes of ammunition in the driveway and examined seized rifles.

Two weapons were assault rifles that were illegal, and the man had no permit for 75 pounds of black gunpowder that was found, said sheriff's deputy Juan Zamora.

The tunnel, stretching from an entry in the garage 8 to 10 feet into the backyard, yielded three 25-gallon containers of fluid that was being analyzed by hazardous material experts, said Norco fire Battalion Chief Ron Knueven.

The tunnel was 5 feet wide and tall enough to allow someone to walk upright with room to spare, Zamora said.

Eppler said he was about to go on a bicycle ride Thursday afternoon when he noticed smoke coming from McKiernan's house. He said he alerted his wife, Linda, to call 911 and raced to his neighbor's home.

Inside, Eppler said, he found McKiernan on a couch.

"I looked and saw he was passed out on the couch and I woke him up and I had to help him up because he was staggering a little," Eppler said.

Eppler said it was smoky in the house but he didn't know whether McKiernan had been affected by it.

McKiernan then ran to the back of the house, grabbed a hose and tried to pour water on his roof, Eppler said.

Eppler said that when firefighters arrived, he persuaded McKiernan to come to the front of the house, but the man didn't think they were doing a good enough job because they weren't hosing down the roof, and he tried to re-enter the home. After McKiernan was restrained and put in a police car, ammunition began exploding, Eppler said.

The explosions forced evacuation of the area and kept firefighters at a distance. The blaze caused the roof to collapse before the fire was contained.

"It sounded like firecrackers, they were going off quite a bit," said neighbor Frank Jackson, who rushed home when he heard about the fire.

When he got there, he said firefighters were swarming over the burning house but the explosions were so intense that firefighters on the roof had to abandon it.

"The shells were going off and you had to back off," he said.

Authorities found a machine in the garage that was used to load the gunpowder into empty casings. The practice known as "reloading" is common and not illegal, ATF spokeswoman Susan Raichel said.

In 2003, McKiernan was quoted in a Riverside newspaper story about a fundraiser to build a military memorial in the city of Corona. McKiernan spoke to the Press-Enterprise about his brother Tim's 1968 death in the crash of a helicopter he was piloting in Vietnam, describing a heroic effort to avoid a school.

In 2002, he was in a newspaper photograph showing him hosing down his roof as a brush fire burned in the nearby Santa Ana River bottom.

1 Million Rounds Of Ammo, Tunnel Found After Fire At Southern California House (AP)

AP, March 3, 2007

NORCO, Calif. — More than 1 million rounds of ammunition, a cache of weapons and a tunnel were found at a man's home after an explosive fire that forced a neighborhood evacuation, authorities said Friday.

Crews worked to fortify the tunnel, which measured 5 feet wide by 8 feet long, to ensure it was safe. It appeared to be at least 10 feet deep and led into a back yard, authorities said.

The fire Thursday afternoon at the home in Norco, about 45 miles east of Los Angeles, caused some of the ammunition to explode.

The man tried to run back into the house after firefighters arrived and had to be restrained by sheriff's deputies, Riverside County sheriff's Deputy Juan Zamora said.

After the blaze was extinguished, crews discovered metal and wooden boxes of ammunition for shotguns, small handguns and assault rifles.

On Friday, sheriff's deputies and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives combed the house for evidence.

Dozens of metal and cardboard boxes filled with ammunition for shotguns, small handguns and assault rifles sat in a driveway. Two of the assault rifles were illegal, Zamora said.

The man had no permit for 75 pounds of black gunpowder that was also recovered, Zamora said.

No arrests had been made. The man, whose identity was not released, was taken to a hospital where he will receive a psychological evaluation, Zamora said.

Last April, authorities said they found more than 1,300 weapons and 89,000 rounds of ammunition in the San Bernardino County home of a man who claimed to belong to a militant group with aims to overthrow Cuban dictator Fidel Castro. Robert Ferro of Upland faces counts of unlawfully owning and failing to register guns.

500 Guns Tied To Columbus Cop (AP)

By Sharon Cohen, AP NATIONAL WRITER

AP, March 3, 2007

COLUMBUS There were 501 guns in all, the government says - revolvers and pistols, Glocks and Rugers, a few rifles, too, a giant cache of firearms suitable for sport or self-protection.

Or felonies.

Or terrorism.

Five hundred one guns, tied to one man - 35-year-old Mark Nelson, a former Columbus cop who masterminded a conspiracy that flooded the streets with weapons.

Nelson insists he didn't knowingly do anything wrong. But prosecutors say he enlisted his family and others (including a drug dealer) to illegally acquire 501 guns, then directly - or indirectly - sold many of them.

And soon after - within days, in a few cases - some of these guns began turning up in the wrong hands and the wrong places:

A Raven Arms .25-caliber pistol used in a Brooklyn, N.Y., shooting. A Ruger 9 mm handgun found on a man charged with crack possession in Washington, D.C. A Smith & Wesson .40-caliber pistol recovered in Youngstown, Ohio, in a car driven by a man inexplicably wearing a bulletproof vest and carrying a winter face mask - in May.

It's all part of the shadowy world of gun trafficking, where lies, stealth and cold cash make it alarmingly easy for deadly weapons to be bought and sold - and surface days, months, even years later in crimes.

This is the story of how one trafficking case unfolded and how a handful of people, bogus paperwork, the lure of a profit and the constant demand for weapons combined for a black-market scheme that could haunt investigators for decades. More than 300 guns remain missing.

"They're lost in the system," says federal prosecutor Doug Squires. "The point is we don't know where they are - and that's the real danger."

GUNS FOR TERROR?

At 5:59 a.m. on Aug. 13, 2005, a young Somali man, Mohammed Dirie, was stopped as he crossed the Peace Bridge from Buffalo, N.Y., to Fort Erie, Ontario.

Duct-taped to his thigh: a 9 mm pistol.

Agents also found a second gun on his thigh and an ammunition clip and bullets in his socks. His companion had a gun tucked in his waistband.

The two were imprisoned for illegal gun possession, but that wasn't the end of it; last summer, they were among 18 people charged in an alleged terrorist bombing plot in Canada. The two were also accused of importing weapons and ammunition.

The Taurus PT-111 pistol, authorities say, was traced back to Nelson's group.

How Dirie bought the gun is a mystery.

But one fact is not: It was purchased within five days of his arrest at the border.

HOT SELLER

When a federal judge recently sentenced Nelson to the maximum 10 years in prison, he called the former officer's behavior "a great risk to the public."

In a voice choking with emotion, Nelson, told the judge he had "high respect for the law." He portrayed himself as a man misunderstood and wronged.

Nelson claimed he was trying to sell guns as a business to supplement his police disability - he wasn't working because of back problems sustained on the job. He said he was misled by a firearms dealer who continued to sell him weapons even though the man knew it was illegal.

Nelson also said the dealer - who also pleaded guilty - told him to have others sign the legal paperwork for guns that would go to him. That's known as a "straw purchase," where an intermediary poses as the buyer for someone who can't pass the background check.

Nelson, a police officer for almost eight years, couldn't buy a gun himself because he was facing a charge in a road rage incident. So he enlisted others to claim they were the purchasers.

His wife, Phaedra, for instance, said she had bought 168 guns, his brother, Ricky, 83, according to the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. His father-in-law and two other men bought the others. All seven have pleaded guilty.

As proof he didn't hide his business, Nelson noted he bought and sold weapons to Columbus police officers, and when a customer traded in a gun and wouldn't remove the bullets, he took it to detectives for a fingerprint check. Nelson made those comments in a letter to the judge days before sentencing - written, he said, against his lawyer's advice.

But federal agents paint a far more sinister picture.

They say Nelson traveled to Minnesota and Washington, D.C., to make deals and sold guns from his car trunk, hotel rooms and gun shows, where an undercover ATF informant bought 26 weapons - even though the informant told him he had a "lot of felonies" and planned to resell them to drug dealers.

"He had no regard for who the guns were going to," says Wayne Dixie, the Columbus ATF chief. "He didn't care because it was a moneymaking scheme. Maybe there was some prestige, too. He's known as the guy to go to for guns. ... 'You need a quick firearm, you can come to me. I'm your man.'"

Agents also point out that when Nelson was arrested last summer, he seemed braced for trouble: He was wearing a bulletproof vest.

TRACKING GUNS

So far, law enforcement has traced 51 guns.

In Silver Spring, Md., a .25-caliber pistol turned up outside a high school. Witnesses said one student pointed the gun at another student's head; the incident was believed connected to the Bloods street gang.

In Minneapolis, a 9 mm pistol was discovered under a trash can by police responding to a report that some young men were pointing guns at people.

In Columbus, a 9 mm pistol was involved in the death of a man in a domestic dispute.

In Newark, N.J., a .22-caliber Derringer ended up in a very strange spot: The Essex County jail property room. A ballistics test was negative. Inmates and staff were interviewed. Cameras were checked. Nothing.

FLUID TRAFFICKING

Nelson's weapons have surfaced in six states - New York, Minnesota, North Carolina, New Jersey, Maryland and Ohio - as well as Washington, D.C., and the Canadian border.

Ohio has been known to funnel illegal guns to the East Coast, partly because of its proximity to big cities such as New York and Washington, where it's difficult to buy weapons.

But gun trafficking knows no geographic boundaries, says John Firman, director of research for the International Association of Chiefs of Police. "It's rampant. It's a national problem ... and very often it goes unrecognized," he says.

"It's also a moveable feast. Gun traffickers aren't stupid, they move on," Firman adds. "The corridors of transportation in this country are wide open. Nobody stops me at the border of Kansas and says, 'Let me look in your trunk.'"

Many Southern states - where gun laws tend to be less stringent - also have long been regarded as part of an "iron pipeline" feeding weapons to gangs and other criminals in big cities in the North.

In Alabama last year, 11 people were arrested - many in their 60s and 70s - and more than 700 guns were seized or purchased in undercover operations in flea markets and a gun show. Two others were later charged. Investigators linked hundreds of guns they previously sold to crimes, including a murder-for-hire scheme in New York and the attempted murder of a Chicago police officer.

A relatively small number of people can cause enormous damage. About 1 percent of licensed dealers account for nearly 60 percent of all crime guns sold in this country, says Joe Vince, a former ATF agent who now runs a consulting firm.

Like so many businesses, trafficking is fueled by supply and demand: The more desperate the buyer, the higher the price. A drug dealer, gang member or another criminal in a city where gun laws are strict will fork over three, four, even five times the store price for an unused weapon.

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"When they get a new gun from a box, they know it hasn't been used in a crime so there's no investigative trail that can trip them up," says Patrick Berarducci, a 30-year ATF veteran who recently retired to become police chief in Boardman, Ohio. "What they're buying is not the gun. What they're buying is the anonymity that goes with it."

GUNS TIED TO CRIMES

In Newark, N.J., a 9 mm pistol was found in a car along with a dead man and about four kilos of cocaine; another was found on two teens suspected in a cocaine-related robbery.

In Brooklyn, N.Y, a 7.62 mm rifle was recovered on a man carrying 75 grams of marijuana. He was identified as a member of the Bloods street gang.

In New York City, a .38-caliber revolver turned up with cocaine, marijuana and fake IDs after police stopped a car and two men tried to flee.

In Columbus, a 9 mm pistol was found along with suspected marijuana, crack, cocaine and drug paraphernalia after police approached a car that had been reported stolen and used Mace to subdue one man who tried to run away.

GUNS ON ORDER

Nelson pleaded guilty to a single charge of falsifying paperwork, which states he had acquired more than 300 guns illegally. (Federal officials put the total count at 501; Nelson's lawyer claims they overcounted.)

The ATF has recovered more than 100 guns, mostly from his home or the undercover ATF informant, along with the 51 others found on the streets.

Nelson met with federal agents several times to track the missing guns, but it did no good, says Squires, the prosecutor.

"He kept things from us," he says. "He minimized and evaded. He didn't know his customers. He didn't know their true identities."

For example, Squires says, Nelson didn't tell them he was robbed of his guns when he met with some prospective buyers in a hotel room outside Washington, D.C.

Nelson ordered guns from Illinois, Missouri, Indiana, and Florida - sometimes on the Internet - and had them shipped to a licensed firearms dealer in Ohio, Robert Cook, who was in on the deal, making $10 for each gun, according to the ATF.

Nelson wasn't trying to get rich, says Mark Collins, his lawyer.

"He was not trafficking drugs making $2 or $3 million," he says. He estimates Nelson probably made less than $40,000.

Squires, the prosecutor, says that while two men who were part of the scheme did receive some guns - he doesn't know how many - Nelson's family did not.

"They knew what they were doing was wrong," he says.

"But they were shocked by who the end users were and that they were the portals of crime."

Local ATF Center Brings The Gun Tracking Home (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, March 3, 2007

New program may help curb rising crime

When a corroded 9 mm handgun surfaced last year in a brushy West Seattle yard, police suspected it had been used nearby to kill a 14-year-old boy three years earlier.

But they needed proof.

Using the gun's serial number, they traced it through the Bureau of Alcohol, Tobacco, Firearms and Explosives to a man who had bought it from a licensed gun dealer. That man turned out to be related to Demeko B. Holland, who police already considered a main suspect.

Information from the gun trace, which helped lead to a first-degree murder charge against Holland, is collected in the ATF's database. That database, with its lists of crime guns, suspects and firearms dealers, is central to the ATF's Regional Crime Gun Center, which opened last August in Seattle.

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The center is a clearinghouse for weapons that city and state police recover at crime scenes, or simply find in the streets. Its main purpose is to identify trafficking, and to determine how suspected criminals, especially felons such as Holland, get their weapons.

It's also helped identify some key trends in Washington.

One of those is that the state has become a leading source for guns being used in crimes in Western Canada, which has far more restrictive gun laws than the U.S.

"If you purchase a gun here in Washington for $100, you could sell that for $300 in Canada -- that's U.S. not Canadian (dollars)," said supervisory special ATF agent Doug Krough.

Local police hope the center also will help curb a recent rise in gun violence in the Seattle metro area.

Agents first try to trace every weapon to its manufacturer, which points them to the licensed dealer where it was sold, and the customer who bought it. Agents analyze the database for patterns, or whether one suspect, one buyer, gun dealer or geographical area is linked to a high number of crime guns, which could point them to a supply source for criminals. Leads are investigated or kicked back out to police departments.

"It sounds basic, but it's not. One gun can take us across borders, across state lines, in and out of the country. One gun from these traces could expand the globe," said Special Agent Clarence Lawrence, head of ATF's Violent Gang Task Force.

Chief Gil Kerlikowske said his department, which has an analyst to work with the center, has tracked every crime gun for the past five years. About 950 guns were confiscated by Seattle police last year, according to police records. Kerlikowske would like to see more police departments trace every gun they recover.

"Whether they're found under a bush, taken off a suspect, etc., we want to know where they're coming from, and if any dealers are supplying more guns used in crimes than others," Kerlikowske said.

Trace information can return in less than 24 hours on homicides and serious crimes, such as with the handguns used in the Jewish Federation shootings last summer.

Before regional centers became operational in Seattle and other areas, much of the analysis was done at the ATF's National Tracing Center in West Virginia, said Special Agent-in-Charge Kelvin Crenshaw, who heads the ATF Seattle division.

"Before, we had to do it from a national standpoint. But with this, the Regional Crime Gun center, we're going to be able to pick up on those trends quickly and address the problems more effectively," he said.

Recent changes in federal law, pushed by gun-rights advocates, prevent the ATF from publicly sharing specific data about crime guns used, where they were bought, or in what geographical areas.

"The problem is that the tracing center can't tell the people who live in those communities about the crime guns it's tracing," said Dennis Henigan, legal director for the Brady Campaign to Prevent Gun Violence. "It can't tell them how fast they're moving into the illegal market and ... what kind of guns are being traced. That's all information that the ATF used to disclose to the public," through annual reports.

The law also restricts the agency from sharing its data with police outside of specific investigations, which some law enforcement sources and gun-control advocates say hinders its effectiveness. If Seattle police traced a crime gun to a person or dealer in Kent, only Seattle police would be entitled to the information. The ATF couldn't inform Kent police, Kerlikowske said.

Henigan points to a Brady Center analysis of ATF reports in 2000 that showed most crime guns were sold by a small portion of licensed firearms dealers, which he says indicates a few unscrupulous dealers are feeding the black market. That same report showed 44 percent of Seattle crime guns came from six dealers, according to the report.

But groups such as the National Rifle Association argue that allowing citizens or interest groups access to the data could jeopardize investigations and infringe on the privacy rights of law-abiding gun owners.

And since not all trace guns actually were used in crimes -- such as a rifle that someone lost while hunting -- the data can be misconstrued to paint law-abiding gun retailers as disreputable, said Andrew Arulanandam, an NRA spokesman.

"Our position has always been that trace information ought to be made available for law enforcement and for prosecuting entities. There's no conceivable reason for civilians, politicians or interest groups to have access to that data," he said.

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Tracking crime guns beyond the first purchaser is difficult, given about 90 percent of firearms change hands at least once before they're involved in a crime. Police and federal agents will take the case as far as possible, especially if it's involved in a violent crime.

Most were not stolen. Many criminals get their guns through "straw purchases," a term referring to the illegal practice of buying firearms on behalf of another whose criminal background would flunk the federally mandated background check, Crenshaw said.

"Once (the investigation) gets beyond the first person at the gun store, then it becomes labor intensive," Crenshaw said. "Now I'm asking an agent to say, 'OK, this is the guy who purchased the gun from the gun store, go see him and see what he did with it.' From that point we really need to be aggressive and find out what happened."

When one person's name pops up in connection to several crime guns, that could be a hint, he said.

Linking guns to other crimes also is done through an ATF nationwide database of spent casings collected from crime scenes. Forensic firearms experts such as Rick Wyant at the State Patrol Crime Lab in South Seattle use the database while testing guns under investigation by police.

Wyant shoots crime guns and compares the markings gouged into the casings or bullets with those on casings or rounds found at the scene. Every weapon has a unique signature, which under a microscope enables him to say whether a casing came from a certain gun, he said.

He enters images of each casing into the Integrated Ballistics Information System, a nationwide database maintained by ATF.

Every few months, he and his partner take boxes of miscellaneous guns recovered by Seattle police and shoot them so the casings can be entered into the national database, possibly linking them to gun crimes. Wyant also restores serial numbers criminals have filed off weapons to impede tracing efforts.

Wyant, like Kerlikowske, said he encourages law enforcement agencies to submit every gun for forensic testing, even if it was involved in a "victimless crime" or found discarded in the street.

"We tell all agencies that nobody throws away a perfectly good gun for no reason," he said.

IMMIGRATION:

For The Sake Of Peaches, Pass Immigration Reform (LAT)

By David Mas Masumoto, David Mas Masumoto, An Organic Farmer And Author In Fresno, Is A Fellow At The Kellogg Foundation.

The Los Angeles Times, March 3, 2007

Want tasty fruit? Then find a way to ensure a steady workforce.

I HAVE A CHOICE of growing one of two types of peaches, but which one will be decided by Congress and President Bush. Without immigration reform, the better peach will be lost.

One peach is complex; the other is simple. One involves many hands; the other would be the product of technology that controls the process as much as possible.

One peach can have an unbelievable taste if I get it right as I work with the intricacies of nature; the other would be bred for consistency and a "good enough" standard, a uniform product designed for efficiency and longer shelf life.

One fruit requires manual labor — an intensive operation of workers constantly in my fields; the other calls for reducing the need for labor, substituting mechanization whenever possible and creating a system that is not at the mercy of worker shortages.

But whether I can grow a better peach depends on whether I have enough field workers, and that's where immigration reform comes in. In recent years, farm labor has been tight, with some workers lost to construction jobs and others because of increased border security. Some farmers have responded by increasing wages, yet there were still not enough people willing to work the harvests. Last year, pears in California rotted on trees; two years ago, my raisin harvest was endangered, and for the last three years, I've struggled with peach harvests, terrified that just as the fruit was at the peak of perfection, I wouldn't have enough workers. Some of my best fruit has fallen from my trees.

The agricultural industry supports federal legislation for a guest-worker program that would bring in temporary farm laborers when shortages arise. This remedy would fix short-term problems. However, a long-term solution lies in immigration reform that could change the nature of farming, especially when it comes to specialty crops and small-scale operations like mine.

Without sufficient labor, organic and sustainable agricultural methods are jeopardized. The choice to work with nature as opposed to controlling it demands constant monitoring of the fruit and adapting and responding to the rhythms of the seasons. These systems require many hands. I want the human character to be part of my fields and my produce.

With more hands on my farm, I can grow delicate heirloom varieties, pick riper fruit and work with "just in time" management strategies. Dismiss and devalue these hands and the final outcome changes. A peach may look the same on the outside, but the process used to create it will result in a very different end product. Imagine the taste of a sauce made with minimal human touch, substituting prepackaged ingredients in order to reduce the labor needed.

Agriculture makes a mistake, though, if our sole goal in immigration reform is to seek an abundant supply of cheap labor. Farmers must acknowledge the human capital in our fields. Investments in workers, such as training, can benefit all parties. Skilled positions can then be created for a more willing and able labor pool. With the right kind of reform, workers' worth would be redefined; they would no longer be invisible.

As undocumented workers emerge from the shadows, new tensions will be created. Communities will change. The social contract in a region — the relationships that connect and bind us — will be tested.

New social justice issues will challenge employers. Workers with faces can't be as easily dismissed; their calls for better wages, health benefits and working conditions will no longer be whispers. We in the agricultural community have signaled an openness to reform and acknowledged the need for labor to fill "jobs that no one else wants." We also need to accept the responsibility for that labor.

In the future, could providing better farmworker benefits help define a region and industry? Could we create an appellation based on social justice and market a valued-added product, similar to "fair trade" coffee, which guarantees growers a designated price and decent working conditions? Could I then grow peaches with a conscience? Consumers have been willing to pay more when they understand the story behind their foods, be it organic or in support of living wages.

A grape or peach can acquire a distinctive flavor from terroir — the taste of region. Surely the way that individuals, rural communities and industries include "new Americans" in agricultural systems also will alter the delicate nuances of taste. After all, the true character of a pristine fruit is a result of multiple inputs: weather, soil and water as well as management and labor relations.

As we once again debate immigration reform, agriculture has an opportunity to educate the public about the role farmers and workers have in growing food, in satisfying our hunger. We're all part of a food system at the dinner table, and the policy we create will affect the nature of each bite.

TAX:

IRS Audits Marriott Over ESOP-Related Deductions (WP)

From News Services And Staff Reports

The Washington Post, March 3, 2007

The Internal Revenue Service is auditing Marriott International's federal tax returns for fiscal 2000 through 2002 over $1 billion in deductions the hotel chain took related to its employee stock-ownership plan.

Bethesda-based Marriott said it received "notices of proposed adjustment" from the IRS on Thursday that challenged most of the federal income tax deductions related to the plan, and the government agency proposed "substantial excise taxes and penalties."

"We believe the IRS' proposed adjustments are incorrect, intend to vigorously defend our positions and are examining various procedural alternatives for resolution of this matter," Marriott said in a filing yesterday with the Securities and Exchange Commission.

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Thomas Marder, a spokesman for the company, said he couldn't provide guidance on the size of the proposed adjustment. When asked if the situation could significantly affect Marriott's bottom line, he referred to a regulatory filing from late last month, which came before the company received the proposed adjustment notice and said no material impact was expected.

He also said companies have used this type of tax transaction for more than 30 years.

The IRS is reviewing the ESOP feature of the company's "Employees' Profit Sharing, Retirement and Savings Plan and Trust" implemented on June 13, 2000.

"Principal and interest on the debt related to the transaction was forgiven over a 26-month period as a mechanism for funding company contributions of elective deferrals and matching contributions to the plan," according to the filing. Marriott claimed $1 billion in federal income tax deductions for the forgiven principal and interest on the debt over that period.

"The benefit related to the tax deductions was reflected in equity and did not flow through the provision for income taxes," the filing said.

Local Man Arrested In Tax-evasion Scam (BATCE)

Battle Creek Enquirer, March 3, 2007

U.S. Marshals on Thursday arrested Charles Conces of Battle Creek, the Justice Department announced.

The arrest resulted from a federal judge's Feb. 23 order finding Conces in civil contempt of court for failing to obey a court order entered on Feb. 8.

Conces, who lives in Pennfield Township, has run for Michigan attorney general and secretary of state as a member of the U.S. Taxpayers Party and has staged public protests against county judges outside the Calhoun County courthouse in Battle Creek.

The Feb. 8 order compelled Conces to disclose to the government the identities of certain persons for whom he drafted or provided advice regarding federal income taxes, the identities of the persons who are responsible for his Web site, and all documents that he drafted or assisted in drafting for these persons no later than Feb. 16.

Conces refused to disclose the identities and documents as ordered by the court.

On Feb. 23, the court held Conces in civil contempt and ordered him to report to the U.S. Marshal no later than noon on March 1, 2007. Conces reported to the U.S. Marshals and was taken into custody. According to the court's Feb. 23 order, Conces will remain in the custody of the U.S. Marshals until he complies with the order to disclose these identities and documents.

In April 2006, the court permanently enjoined Conces and his organization, the National Lawman Committee for the Public Interest, from preparing tax returns for others and promoting several tax fraud schemes. The court had concluded that Conces promoted "tax evasion by creating and selling materials designed to obstruct the administration of the income tax laws."

"The Justice Department is not only committed to shutting down the tax scams that cheat the federal treasury and the taxpayers who pay into it, but also ensuring that such tax scams do not resurface later," said Eileen J. O'Connor, assistant attorney general for the federal Justice Department's Tax Division, in a press release.

"Tax scam promoters who disobey court orders and refuse to comply with established court procedures risk severe consequences."

CONGRESS-ADMINISTRATION:

Army Secretary Ousted (WP)

By Michael Abramowitz, Steve Vogel

The Washington Post, March 3, 2007

Second Firing Follows Walter Reed Revelations; Bush Vows a Probe

Defense Secretary Robert M. Gates fired the secretary of the Army yesterday and President Bush vowed to investigate allegations of substandard treatment of wounded soldiers as the administration scrambled to contain fallout from the scandal over squalid housing and bureaucratic delays in outpatient care at Walter Reed Army Medical Center.

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The Army named Maj. Gen. Eric B. Schoomaker as the new commander of Walter Reed only a day after picking Lt. Gen. Kevin C. Kiley, who had previously commanded the medical center, as the temporary chief. Kiley's selection had angered soldiers and family groups -- and, more important, Gates -- because of their belief that he had been aware of problems at the hospital and done little to address them. Kiley is the current Army surgeon general.

Gates made little secret of his dismay when he appeared before reporters yesterday to announce the resignation of Army Secretary Francis J. Harvey. Pentagon officials indicated that Harvey was forced to resign because Gates was angry with how the Army handled allegations of poor care detailed in a series of Washington Post reports. The facility's commander, Maj. Gen. George W. Weightman, was dismissed this week, and a captain and several lower-level soldiers were reassigned.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

Later, in an interview, an emotional Harvey appeared both apologetic and defensive. "It's unexcusable to have soldiers in that type of building," he said, explaining why he resigned.

But he also said that the Post stories lacked balance. "Where's the other side of the story?" he asked, his voice rising. "Two articles in your paper have ruined the career of General Weightman, who is a very decent man, and then a captain . . . and the secretary of the Army. If that satisfies the populace, maybe this will stop further dismissals."

In a sign of the seriousness with which Bush takes the situation, the White House announced that he will soon name a commission to look into whether there are similar problems at other military and veterans hospitals. Administration officials took the unusual step of releasing early the text of Bush's regular Saturday radio address, in which the president will vow to ensure that the government meets the physical and mental health needs of soldiers returning from Iraq and Afghanistan.

"Most of the people working at Walter Reed are dedicated professionals," Bush will say, according to the text. "Yet some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

Taken together, the developments yesterday highlighted the anger at the highest levels of the administration over the problems at Walter Reed, as well as the political danger for the White House. Veterans groups remain among the few strong supporters of the war and have been an important part of the president's political base, yet they -- along with military families -- have been outraged since the problems first became public two weeks ago.

Joe Davis, a spokesman for the Veterans of Foreign Wars, said that the reports have angered members across the country and that the group hopes Vice President Cheney will address the issue when he speaks to its legislative conference on Monday. "Nobody would believe the military would do this to their wounded," Davis said. "We want accountability."

Democrats in Congress, meanwhile, have strongly denounced the administration for what they call insufficient attention to the needs of returning soldiers. At least two committees are mobilizing to investigate the Walter Reed situation. The House Committee on Oversight and Government Reform issued a subpoena yesterday to compel Weightman to testify at a congressional hearing Monday.

The committee also released an internal Army memorandum reportedly written in September in which the Walter Reed garrison commander, Col. Peter Garibaldi, warned Weightman that "patient care services are at risk of mission failure" because of staff shortages brought on by the privatization of the hospital's support workforce.

Rep. James P. Moran Jr. (D-Va.), a member of the House Appropriations subcommittee on defense and a close ally of a leading war critic, Rep. John P. Murtha (D-Pa.), said Bush's new commission is too little too late. "He's the executive," Moran said. "This has been six years, and now six years later, after an awful lot of neglect, he's going to get around to putting a commission together, a study to tell him what to do. . . . I think he's feeling politically desperate."

White House officials said politics played no role in their decision to form the commission, saying that Bush is genuinely outraged by the conditions at Walter Reed and that he learned about them from the recent news reports. "Once the Walter Reed stories ran, there was a collective feeling in the building, and certainly from the president, that whatever reasons or excuses, it was unacceptable," said Tony Fratto, deputy White House press secretary.

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Eleven national volunteer organizations that help the wounded were called to the White House to meet with Bush on Wednesday, a meeting that White House officials said was planned before the Walter Reed stories broke. Cindy McGrew, founder of Operation Second Chance, a Maryland-based group that deals primarily with the wounded at Walter Reed, attended and said the president "wants to do all he can to help."

But the director of another organization, who spoke on the condition of anonymity so as not to anger the administration, called the event a "missed opportunity to ask people who have day-to-day interaction with the wounded to provide insight into how to fix this situation."

Anthony J. Principi, who served Bush as his first secretary of veterans affairs, said he was not sure Walter Reed is a political problem for the president but indicated that veterans groups are watching the situation carefully. "Veterans organizations have been very supportive of the president -- they respect and admire that he is stepping out on the issue and will hold people accountable. The president needs their support," he said.

The new commander of Walter Reed is Schoomaker, 58, currently commander of the U.S. Army Medical Research and Materiel Command at Fort Detrick, Md., home to biological weapon defense research. He is the younger brother of Gen. Peter J. Schoomaker, the Army chief of staff.

It appears he has his work cut out for him. Yesterday, soldiers living in Building 18, the site of the worst problems, were told to pack their things so that Walter Reed could properly renovate the dank structure besieged by mold, leaks and rot. Some of the wounded were moved to another building on the post, while others were driven to a hotel in Silver Spring.

One soldier who had been living in Building 18 for 16 months, waiting to be treated for back problems, was told to report to barracks in Fort Meade, Md., according to his father. The soldier arrived at Fort Meade yesterday afternoon with his gear but was unable to move into his new accommodations -- the building had no elevator, and the soldier could not climb the stairs.

US Army Secretary Quits Over Row (BBC)

BBC.com, March 2, 2007

US Army Secretary Francis Harvey has resigned amid a row over the treatment of wounded US soldiers.

The move follows critical reports in the US media about the care of troops wounded in Afghanistan and Iraq at Washington's Walter Reed hospital.

The Washington Post said last week that some of the soldiers lived in buildings infested with rodents and cockroaches.

Mr Harvey was appointed in November 2004 and was responsible for the efficient functioning of the US army.

Mr Harvey's resignation was announced by Defence Secretary Robert Gates.

Our wounded soldiers and their families have sacrificed much and they deserve the best we can offer

Robert Gates It came a day after the head of Walter Reed Army Medical Center, Maj Gen George Weightman, was fired.

"I am disappointed that some in the army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Mr Gates said.

"Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems," he added.

Francis Harvey was appointed army secretary in 2004

The Washington Post newspaper claimed in a series of articles that conditions at Walter Reed, the most famous veterans' hospital in the US, were poor.

Outpatients lived in rat-infested rooms and bureaucracy got in the way of those trying to provide help to often badly injured soldiers, the articles reported.

The BBC's Justin Webb in Washington says that America's wounded veterans are regarded by most people in the country as truly heroic, so the fall-out has been considerable.

Mr Gates said that he was "concerned that some do not properly understand the need to communicate to the wounded and their families that we have no higher priority than their care".

"Our wounded soldiers and their families have sacrificed much and they deserve the best we can offer," he added.

Presidential address

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According to our correspondent, the White House will hope that this trenchant intervention from Mr Gates will protect the president from political damage.

President George W Bush has been forced to address the issue in his weekly radio address - to be broadcast on Saturday - acknowledging that the treatment of the veterans has not been good enough.

"This is unacceptable to me, it is unacceptable to our country and it's not going to continue," he said, in an excerpt released by the White House.

He has announced that a cross-party commission will be formed to oversee health care for veterans.

Nonetheless, for many Americans it is a shock to discover that the men and women they care so deeply about have been so badly let down, our correspondent adds.

Army Secretary Ousted In Furor On Hospital Care (NYT)

By David S. Cloud

The New York Times, March 3, 2007

WASHINGTON, March 2 — Army Secretary Francis J. Harvey was forced to resign Friday over the handling of revelations that wounded soldiers were receiving shabby and slow treatment at Walter Reed Army Medical Center.

Even as the grim-faced defense secretary, Robert M. Gates, announced Mr. Harvey's dismissal, the Army put a new general in charge of the hospital, the second change of command in two days, and a clear signal that Mr. Gates wanted a clean break from the status quo.

Earlier, the White House had announced that President Bush would appoint a bipartisan panel to examine the medical treatment provided to wounded service members, both by the Defense Department and by the Department of Veterans Affairs.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation," Mr. Gates told reporters. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

A senior Pentagon official said Mr. Gates had demanded Mr. Harvey's resignation because he was displeased that Mr. Harvey on Thursday, in dismissing the commander of Walter Reed, temporarily named Lt. Gen. Kevin Kiley to take command. General Kiley, the Army's top medical officer, had earlier appeared to play down the problems at Walter Reed, where he was in command until 2004.

Mr. Gates's aggressiveness in addressing the problem has surprised many Pentagon officials who are still getting used to his style more than two months into his service.

Ordered by Mr. Gates to get an acceptable new commander in place by the end of the day, the Army announced late Friday that Maj. Gen. Eric B. Schoomaker, a veteran Army doctor and the brother of the current Army chief of staff, would take over command at Walter Reed.

In his weekly radio address, taped on Friday for broadcast on Saturday morning, Mr. Bush said, "This is unacceptable to me, it is unacceptable to our country, and it's not going to continue." The White House released a transcript without the usual embargo on its publication.

White House officials said the review ordered by Mr. Bush would examine soldiers' medical treatment starting when they were wounded, as they were moved to Defense Department hospitals and as they received care in V.A. facilities after leaving the armed services.

The White House commission seemed to overlap in at least some respects with a separate panel announced by Mr. Gates last week that he said had authority to examine living conditions, problems getting prompt care and any other issues at Walter Reed and other military-run hospitals the panel chose to examine.

Officials said the White House commission was likely to undertake a broader review and take longer with its investigation than the Pentagon panel, which has a 45-day deadline. Mr. Bush plans to name his commission's members next week.

House and Senate committees, too, are planning hearings on the matter next week. The House Committee on Oversight and Government Reform said Friday that it was issuing a subpoena to Maj. Gen. George W. Weightman, who had been in

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command of the hospital since last August before his firing on Thursday. The panel has scheduled a hearing at Walter Reed on Monday.

The committee also made public an internal hospital memorandum written last September that warned that an Army decision to privatize support services at Walter Reed was causing an exodus of experienced career personnel and putting patient care "at risk of mission failure."

The scandal at Walter Reed is particularly embarrassing to the administration because many top officials have visited injured troops there. Although Mr. Bush has visited Walter Reed several times, his spokesman, Tony Snow, said last month that the president had learned about the situation from the newspaper and that he had given orders to "find out what the problem is and fix it."

Army officials have defended the treatment provided to most patients at Walter Reed, especially the most serious cases, those admitted to inpatient wards on its campus a few miles from the center of Washington.

But the administration has been unable to explain why adequate improvements at Walter Reed's nearby satellite facilities used to house outpatients were not made before the shoddy conditions were disclosed last month in a series of articles in The Washington Post. And the furor is unlikely to abate soon.

Mr. Harvey, the senior civilian official overseeing the Army, joined the Pentagon in 2004 after a long career as an engineer working mainly for defense contractors. He was an executive with the Westinghouse Corporation from 1969 to 1997.

In a speech last year, he said improved efficiency could reduce both the federal work force and the number of contractors.

But the House committee leaders said that at Walter Reed, hiring a contractor had resulted in a steep decline in the number of support personnel like maintenance workers to fewer than 60 last month, from 300 in early 2006.

An Army spokesman, Paul Boyce, said that "didn't help" efforts over the last year to improve conditions for patients in Building 18, the dilapidated 50-room former hotel across the street from Walter Reed where outpatients are housed. Before rushed renovations last month, the building had moldy walls, stained carpets and infestations of rats.

Walter Reed officials have also acknowledged that the large number of wounded from Iraq and Afghanistan, currently around 650 patients and outpatients, has taxed doctors, nurses and other care providers and forced them to rely more heavily on overflow facilities.

General Kiley, commander of Walter Reed from 2002 to 2004, left when he was appointed Army surgeon general. On a tour of the outpatient facilities for reporters last month, he took issue with the way the conditions were portrayed in some accounts.

"While we have some issues here, this is not a horrific, catastrophic failure at Walter Reed," he said. "I mean these are not good, but you saw rooms that look perfectly acceptable, you saw the day rooms with the pool tables and plasma screen TVs, and we're working every day to make those rooms better."

But those comments and others did not please Mr. Gates, aides said. Even though he issued a statement Thursday endorsing the decision to remove General Weightman, he was not aware that the Army had chosen General Kiley to be the acting commander, an appointment that lasted just one day.

"It could have been almost anybody but Kiley," said a senior Pentagon official, who was granted anonymity because he was not authorized to discuss Mr. Gates's thinking. Referring to General Kiley's service as the hospital commander, he added: "Some of this may well have developed and even started on his watch. And his comments also demonstrated a certain insensitivity."

General Schoomaker, 58, the new commander, had been commander of the Army's Medical Research and Material Command at Fort Detrick, Md. His brother, Gen. Peter J. Schoomaker, the Army chief of staff, who is stepping down next month, was not involved in the decision to select him, the senior Pentagon official said.

In a visit to the outpatient facility last month before it was fixed up, Mr. Harvey called the conditions inexcusable. But he went on to place the blame for the situation on noncommissioned officers.

"We had some N.C.O.'s who weren't doing their job, period," Mr. Harvey said.

Army Secretary Quits In Walter Reed Scandal (CHIT)

By Aamer Madhani, John Biemer

Chicago Tribune, March 3, 2007

WASHINGTON -- Mired in controversy over the deplorable conditions at one of the Army's pre-eminent facilities for treating battle-scarred troops, Army Secretary Francis Harvey abruptly resigned Friday as the White House announced it would conduct a comprehensive review of the military's care of wounded soldiers.

Harvey's resignation came just a day after he ousted the two-star general who was commander of the Walter Reed Army Medical Center here after revelations that soldiers recovering from wounds suffered in Iraq and Afghanistan were being housed in moldy quarters, infested by mice and cockroaches.

Harvey had replaced the fired Maj. George Weightman as the head of Walter Reed with Lt. Gen. Kevin Kiley, a temporary replacement whose role in the scandal is still in question. Harvey's move angered Defense Secretary Robert Gates, who announced late Friday that he had accepted Harvey's resignation and that under-secretary Peter Geren would serve as acting secretary of the Army until a permanent replacement could be found. The Army also announced that Kiley would be replaced by Maj. Gen. Eric Schoomaker, the commanding general of the U.S. Army Medical Research and Materiel Command at Ft. Detrick, Md.

The Washington Post, which uncovered the decrepit conditions at Walter Reed, reported that Kiley had received complaints as early as 2003 but had done nothing to rectify the situation. After the newspaper's initial reports about the conditions late last month, Kiley derided the coverage as "one-sided."

Gates did not take questions from reporters, but made it clear that Harvey's ouster was related to his handling of the controversy.

"I am disappointed that some in of the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

The White House also announced on Friday that a presidential commission would review conditions at Walter Reed. President Bush expressed disappointment over the handling of the revelations and said that he has directed Gates to assess the situation, according to a White House transcript of the president's weekly radio address that is scheduled to air Saturday morning.

"These servicemen and women deserve the thanks of our country, and they deserve the best care our nation can provide," Bush said according to the transcript. "Yet some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

Veterans Affairs Secretary James Nicholson toured the Marionjoy Rehabilitation Hospital in Wheaton, Ill., west of Chicago on Friday. He said that the VA is doing its own inquiry into the care provided at its 155 medical centers throughout the country, which serve a million veterans a week, "to make sure that things are getting done the way they're supposed to be done."

Nicholson said that overall the VA is doing a good job in providing care for wounded veterans returning from the Iraq and Afghanistan wars.

"But these injuries are so serious that if there is just one that falls through the crack, it's unacceptable and it's painful to know about and so we have to get it perfect and that's the goal of the VA and I'm sure that's the goal of the Army," said Nicholson, who was also in town for a DuPage County Republican fundraiser.

Both the Senate and House armed services committees are planning hearings on the Walter Reed scandal, which has been compounded by recent news reports that many wounded Iraq veterans are receiving inadequate treatment from a beleaguered veterans health care system. The House Committee on Oversight and Government Reform announced it had issued a subpoena to compel Weightman, the ousted head of Walter Reed, to appear at a hearing on Monday to testify about an effort to privatize some support services at Walter Reed.

Rep. Henry Waxman (D-Calif.), chairman of the government oversight panel, and fellow committee member Rep. John Tierney (D-Mass.), told Weightman in a letter that privatization efforts at Walter Reed may have led to the management staff being cut from 300 to less than 60 earlier this year.

Walter Reed awarded a five-year, $120 million contract to IAP Worldwide Services for base operation support services, according to the letter. That company is tied to a former senior official of Halliburton, which has won millions of dollars in U.S.

contracts for providing support services in Iraq and Afghanistan. Vice President Dick Cheney served as Halliburton's chief executive from 1995 to 2000.

"It would be reprehensible if the deplorable conditions were caused or aggravated by an ideological commitment to privatize services regardless of the costs to taxpayers and the consequences for wounded soldiers," Waxman and Tierney wrote.

Bush Announces Plans To Investigate Veterans' Health Care (MCT)

By Ron Hutcheson And Chris Adams

McClatchy Newspapers, March 3, 2007

WASHINGTON - In more fallout from reports of appalling conditions at the Army's top medical facility, Army Secretary Francis Harvey resigned Friday and President Bush announced a far-reaching investigation into the quality of health care for wounded troops.

Bush said he'd appoint a bipartisan commission to examine the treatment of wounded military personnel "from the time they leave the battlefield through their return to civilian life." He said he was "deeply troubled" by reports of substandard care at the Walter Reed Army Medical Center, where some recuperating veterans complained of being neglected and left in moldy, deteriorating facilities.

The president will formally announce the new commission in his Saturday radio address, but the White House released an early transcript of his remarks. In an unusual move, it distributed his comments for immediate release, without waiting for his speech. He taped his comments Friday.

Bush said he would appoint the commission "in the coming days" and would set "a firm deadline" for a report.

Harvey's resignation came a day after Maj. Gen. George Weightman was ousted as the top commander at Walter Reed. Defense Secretary Robert Gates suggested that Harvey and Weightman were forced out because they downplayed problems highlighted by recent stories in The Washington Post. Some problems at Walter Reed were first reported as early as 2005 by the online magazine Salon.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said with what appeared to be barely contained anger. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

He blamed the problems on Walter Reed's leadership, not its doctors, nurses and other health-care workers.

The Army later announced that Maj. Gen. Eric Schoomaker would become the new commander at Walter Reed, replacing Lt. Gen. Kevin Kiley, who spent just a day in the post after Harvey tapped him to fill in. Kiley, who'd served a previous stint at Walter Reed, drew objections from critics, who said he'd failed to confront some of the same problems that recently came to light.

The treatment of wounded soldiers and veterans has become a sensitive issue in the context of the Iraq war.

Rep. Henry Waxman, D-Calif., the chairman of the House Oversight Committee, said the panel would subpoena Weightman to a hearing Monday. The Army had tried to prevent him from testifying.

The House Armed Services Committee announced plans for a hearing Thursday on conditions at Walter Reed.

Sen. Hillary Rodham Clinton, D-N.Y., toured Walter Reed on Friday and complained that wounded soldiers had been directed to stop talking to reporters. In a letter to Harvey before he resigned, the Democratic presidential candidate said wounded soldiers "have earned the right to have their voices heard."

The Washington Post stories on Walter Reed were among a series of recent news accounts highlighting problems in medical care for veterans and active-duty military personnel.

McClatchy Newspapers early last month detailed widespread gaps in the Department of Veterans Affairs' mental health-care system and showed how veterans in many parts of the country have limited access to specialized treatment for post-traumatic stress disorder, the most frequent mental-health problem to emerge from the wars in Iraq and Afghanistan.

McClatchy previously had documented problems in the VA's disability compensation and other benefits systems. An ABC News special this week highlighted troubles in the VA's care of veterans with traumatic brain injuries, and Newsweek magazine blasts the VA in its current cover story for a host of problems in its medical and benefits divisions.

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Veterans' health care is a sensitive issue for an administration that claims to offer the best equipment and care to active-duty troops and veterans.

Accounts of dismal conditions at Walter Reed were particularly embarrassing for the White House because Bush often visits the hospital. His last trip was in December, but aides said he was unaware of any problems until he read about them in the newspaper.

"Some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country and it's not going to continue," Bush says in his prepared radio remarks.

He adds, "As we work to improve conditions at Walter Reed, we're also taking steps to find out whether similar problems have occurred at other military and veterans hospitals."

Walter Reed is part of the Pentagon's military health system, designed to serve active-duty personnel. The VA's operations for military veterans are far larger, with more than 150 hospitals and more than 875 outpatient clinics nationwide.

In his radio speech, Bush points to the VA's expanding budget as evidence of "our ongoing effort to improve our service to our nation's veterans." If Congress approves his fiscal 2008 VA budget, he said, the agency's health-care budget will have jumped by 83 percent in the past six years and its overall budget will have increased 77 percent, to $86 billion.

There's no question that the VA's budget has grown recently, and the health system has received good marks for significant improvements.

At the same time, Democrats in Congress and others question whether the VA's budget is keeping pace with burdens imposed by increasing numbers of veterans coming back from the war, aging patients and rising medical-care costs.

"Yes, it has been increased, but certainly it hasn't been increased enough to meet the demands, the salary increases and inflationary factors," said Joe Violante, the national legislative director for Disabled American Veterans.

At a budget hearing two weeks ago, Sen. Patty Murray, D-Wash., questioned the administration's estimate that the VA would treat 263,000 Iraq and Afghanistan war veterans next year - a figure that she suggested was too low.

In addition, Violante and others say the VA suffers from inconsistent access: good hospitals and clinics in some part of the country and understaffed or overwhelmed hospitals elsewhere.

Army Secretary Resigns In Scandal's Wake (AP)

By Robert Burns,

AP, March 3, 2007

Army Secretary Francis J. Harvey abruptly stepped down Friday as the Bush administration struggled to cope with the fallout from a scandal over substandard conditions for war-wounded soldiers at Walter Reed Army Medical Center.

Harvey's departure, announced on short notice by a visibly agitated Defense Secretary Robert Gates, was the most dramatic move in an escalating removal of officials with responsibilities over one of the military's highest-profile and busiest medical facilities.

Hours earlier, President Bush ordered a comprehensive review of conditions at the nation's network of military and veteran hospitals, which has been overwhelmed by injured troops from the wars in Iraq and Afghanistan.

Gates said Harvey had resigned, but senior defense officials speaking on condition of anonymity said Gates had privately demanded that Harvey leave. Gates was displeased that the officer Harvey had chosen as interim commander of Walter Reed — Lt. Gen. Kevin Kiley, the current Army surgeon general and a former commander of Walter Reed — has been accused by critics of long knowing about the problems there and not improving outpatient care.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said in the Pentagon briefing room. He took no questions from reporters.

Harvey was at Fort Benning, Ga., on Friday morning when he cut short his visit to return to Washington to meet with Gates.

In an interview in his office shortly after the announcement, Harvey said he offered Gates his resignation because he believed the Army let the wounded soldiers down. He said the furor has depressed the staff at Walter Reed, and he wanted to prevent any others from leaving or being fired.

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"We can't have them leave," he said. "We can't have them be so demoralized that they leave. So I figured what the heck, if I offer my resignation that may stop all this bleeding and it was accepted."

Asked if Gates prodded him to leave, Harvey acknowledged the secretary wasn't happy with the way the Army handled the matter. But he said he had been thinking about stepping down for a few days and "I submitted my resignation."

He added, "We let the soldiers down, I'm the head of the Army. I thought it was necessary to do that."

On Thursday, Harvey fired the medical center's previous commander, Maj. Gen. George Weightman, for failures linked to the outpatient treatment controversy. Many had speculated that Weightman would be relieved of command, but Harvey's departure was a surprise. His last day in the job will be March 9.

Peter Geren, the undersecretary of the Army, will serve as Harvey's temporary replacement until Bush nominates a new secretary.

As Army secretary, Harvey is the service's top civilian official. He commands no troops. Along with the four-star general who is Army chief of staff, the secretary has statutory responsibility for training and equipping the Army. That includes responsibility for budgeting, recruiting and other personnel and resource policies.

The Army announced Friday that Maj. Gen. Eric B. Schoomaker, 58, will be the new commander of Walter Reed, which is located in Washington.

"From what I have learned, the problems at Walter Reed appear to be problems of leadership," Gates said. "The Walter Reed doctors, nurses and other staff are among the best and most caring in the world. They deserve our continued deepest thanks and strongest support."

Harvey said the Army was addressing the problems but added that since the revelations have now ruined Weightman's career and that of several other lower level solders, perhaps his own departure will "will stop further dismissals."

The revelations about shoddy facilities and wounded soldiers enduring long waits for treatment have embarrassed the Army and the Bush administration at a time when the White House is scrambling to shore up eroding support for the Iraq war. It has prompted numerous calls in Congress for more information, and sullied the reputation of what is supposed to be one of the military's foremost medical facilities.

An internal memo from Weightman last fall requested funding and additional personnel, saying that if shortfalls and the loss of skilled staff were not addressed "patient care services are at risk of mission failure."

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, applauded Harvey's departure.

"I commend him for taking responsibility for the problems at Walter Reed," Skelton said.

The defense secretary indicated he was unhappy with the way Army leaders had responded to the Walter Reed disclosures.

"Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems," Gates said. "Also I am concerned that some do not properly understand the need to communicate to the wounded and their families that we have no higher priority than their care and that addressing their concerns about the quality of their outpatient experience is critically important. Our wounded soldiers and their families have sacrificed much and they deserve the best we can offer."

The White House said the president would name a bipartisan commission to assess whether the problems at Walter Reed exist at other facilities. Last week, Gates created an outside panel to review the situation at Walter Reed and the other major military hospital in the Washington area, the National Naval Medical Center at Bethesda, Md.

The actions come after The Washington Post documented squalid living conditions for some outpatient soldiers at Walter Reed and bureaucratic problems that prevented many troops from getting adequate care.

Harvey has been Army secretary since November 2004.

He is the second consecutive Army secretary to be removed abruptly from office. In April 2003, then-Defense Secretary Donald H. Rumsfeld fired Thomas White, who had engaged in public disputes with Rumsfeld.

A former businessman trained as an engineer, Harvey counted as one of his proudest achievements a turnaround of the Army's recent recruiting slump. The Army missed its recruiting goal 2005 for the first time since 1999, and that same year Harvey instituted a series of changes that led to a recovery in recruiting.

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Associated Press writer Lolita C. Baldor contributed to this report.

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On the Net:

Defense Department: http://www.defenselink.mil

Army Secretary Quits In Wake Of Hospital Scandal (CNN)

CNN.com, March 2, 2007

WASHINGTON (CNN) -- Secretary of the Army Francis Harvey resigned Friday in the wake of recent reports of substandard conditions at Walter Reed Army Medical Center, a key facility treating troops wounded in Iraq.

Defense Secretary Robert Gates announced Harvey's resignation at the Pentagon, just a day after Harvey removed the hospital's commander, Maj. Gen. George Weightman, from his post.

Gates said Undersecretary of the Army Peter Geren will temporarily take Harvey's place. Harvey will leave on March 9.

"I thanked Dr. Harvey for his distinguished service to the department and to the nation," Gates said. "This flagship institution must have its new leadership in place as quickly as possible."

The Army later said Maj. Gen. Eric B. Schoomaker will take command of Walter Reed and the North Atlantic Regional Medical Command.

Schoomaker now commands the U.S. Army Medical Research and Material Command at Fort Detrick, Maryland.

Gates accepted no questions after his announcement, and didn't explain why Harvey resigned. However, he repeated something the Army said Thursday when Weightman was fired: The problems at the hospital reflect a lack of leadership.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertinent to outpatient care at Walter Reed. Some have shown too much defensiveness, and have not shown enough focus on digging into and addressing the problems."

Gates praised the doctors and other medical personnel at Walter Reed, and said they deserve support.

Troops recuperating from wounds they suffered in Iraq and Afghanistan were discovered to be living in substandard conditions in Building 18, an adjunct structure at Walter Reed that was once a hotel. There also were complaints of too much bureaucratic red tape.

Weightman, the fired commander, had said he was unaware of the substandard conditions.

But in a memo signed by a deputy to Weightman in September 2006, five months before reports of the problems at Walter Reed came to light, concerns were raised about care at the facility after the Army's decision to privatize support services there.

The memo obtained by the House Oversight and Government Reform Committee says Walter Reed "operations and patient care services are at risk of mission failure."

Harvey had been the Army's top civilian official since November 2004. Before President Bush appointed him to the position, he spent much of his career working for defense contractors, according his Army biography.

Earlier Friday, Bush said he is "deeply troubled" by the reports from Walter Reed and will form a bipartisan panel to assess medical care for wounded U.S. service members.

"This review will examine their treatment from the time they leave the battlefield through their return to civilian life as veterans, so we can ensure that we are meeting their physical and mental health needs," Bush will say in his weekly radio address, which is to air Saturday. A transcript was released by the White House on Friday.

He says he will soon announce commission members and set a deadline for their recommendations.

"Most of the people working at Walter Reed are dedicated professionals," Bush will say.

"Yet some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

The president said steps are being taken to find out whether there are similar problems at other military and veterans hospitals.

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Bush said he is asking Congress for more than $86 billion for veterans' services for fiscal year 2008. If approved, "we will have increased the VA's health-care budget by 83 percent over the past six years, from about $20 billion to more than $36 billion."

Defense Secretary Sends Stern Message About Accountability (WP)

By Thomas E. Ricks, Ann Scott Tyson

The Washington Post, March 3, 2007

Army Secretary Francis J. Harvey was traveling outside Washington yesterday when he was notified that Defense Secretary Robert M. Gates, his boss, wanted to see him as soon as possible.

By the end of the day, Harvey had returned from a trip to Fort Benning, Ga., and was out of a job -- fired because of the scandal over the poor treatment of outpatient soldiers at the Walter Reed Army Medical Center. He was the second Army secretary in a row to be relieved.

"The problems at Walter Reed appear to be problems of leadership," Gates said in a brief statement delivered at the Pentagon just after he met with Harvey.

Harvey's firing sent a strong message across the top of the military establishment that the new Pentagon chief, though a newcomer to the world of defense, would not be a passive manager and would hold senior leaders accountable for their actions. "There's a new boss in town, and the message is 'You guys need to do your job right,' " a Defense Department official said yesterday.

Indeed, in an interview shortly after Gates's statement, Harvey said: "We let the soldiers down. I'm the head of the Army. What can I say?"

The move was a "sudden, emotional decision on the parts of both secretaries," an Army official said, though Harvey maintained that it was his own decision to step down.

Pentagon officials said Gates was angry that as the scandal unfolded, the Army relieved the commander of Walter Reed, Maj. Gen. George W. Weightman, who had been in that job for only about half a year, and replaced him with Lt. Gen. Kevin C. Kiley, the Army surgeon general, who had previously commanded Walter Reed and was said by soldiers, their families and veterans' advocates to have long been aware of problems at the medical complex.

Harvey defended his decision to temporarily appoint Kiley as Walter Reed's commander. He said Kiley called him a few days ago and lambasted The Washington Post's series on the medical center. "He called me and said, 'I'm willing to defend myself. . . . I want to have an opportunity to defend myself, and it was wrong and it was yellow journalism at its worst, and I plan on doing it. Trust me.' " Harvey said. "I said, 'Okay, Kevin.' " Harvey added that Kiley was to be in the job only about a week until they could make a "thoughtful decision on who should replace him."

The Army's appointment of Kiley also set up a potentially embarrassing situation next week, when the general was scheduled to testify before two Senate committees about the Walter Reed situation. Yesterday, the Army appointed Maj. Gen. Eric B. Schoomaker as the new Walter Reed commander.

The White House also made it clear to the Pentagon that the scandal needed to be addressed more swiftly and vigorously than the Army appeared to be doing, defense officials said.

At a Senate Appropriations Committee hearing on Tuesday, Gates said he was "very concerned" about the situation at Walter Reed and wanted to make clear that "accountability on this will not be limited to a couple of [noncommissioned officers] and a junior officer once we know the facts."

While Gates did not explicitly mention his predecessor, the new defense secretary's approach to the problem has contrasted with the way Donald H. Rumsfeld's Pentagon handled allegations of wrongdoing. In the Abu Ghraib prison scandal, Pentagon officials were quick to point the finger at low-ranking soldiers, and only one officer who worked at the prison has faced court proceedings, even after numerous investigations found high-level problems with interrogation policies.

Gates said yesterday that "some in the Army have not adequately appreciated the seriousness" of the Walter Reed issue.

Former Army secretary Thomas E. White, who was fired by Rumsfeld in April 2003, said that the country being at war creates unique challenges for the service secretaries, especially the secretary of the Army. "The treatment of casualties is an

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extremely emotional issue, and there is a tremendous sense that these people should be well treated for the service they've rendered their country," White said. "And when they're not, that's an unacceptable situation."

Walter Reed Lapses Claim Another Top Army Official (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, March 3, 2007

Under pressure from Defense Secretary Gates, the Army secretary resigns.

WASHINGTON — Army Secretary Francis J. Harvey resigned Friday under pressure from Defense Secretary Robert M. Gates, becoming the second top Army official forced to step down because of revelations of problems in the care of seriously injured soldiers at Walter Reed Army Medical Center.

In an unusually harsh denunciation, Gates said he was displeased with some Army officials over their handling of disclosures that soldiers had received substandard housing and poor outpatient treatment at Walter Reed.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said at the Pentagon. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

The Army also named a new commander of Walter Reed on Friday — a day after Harvey had controversially appointed a previous head of Walter Reed, Lt. Gen. Kevin C. Kiley, as interim commander. A senior Pentagon official said Gates was upset that Harvey had appointed Kiley.

Military officers said the swift response by Gates and his willingness to move against top Army commanders and civilians was partly meant to differentiate him from his predecessor, Donald H. Rumsfeld. Throughout months of revelations of abuses by American soldiers at the Abu Ghraib prison in Iraq and elsewhere, Rumsfeld brushed off demands to punish ranking officers, and awarded one a medal for distinguished service.

President Bush, meanwhile, will tell the nation in his radio address today that he finds conditions at Walter Reed "unacceptable," and congressional Democrats have subpoenaed the hospital's former commander to what promises to be an acrimonious hearing at the Washington hospital Monday.

For Bush, the revelations came as an embarrassment. His radio speech — and its early release — represented an effort to contain the damage.

It was Harvey, the Army's top civilian official, who relieved Maj. Gen. George W. Weightman of his command of the hospital Thursday. In the same announcement, Harvey appointed Kiley, the Army's surgeon general and head of its Medical Command, as Walter Reed's acting commander.

But veterans groups, lawmakers and others had criticized Kiley — who headed Walter Reed from 2002 to 2004 — saying he had known about problems at the hospital and had failed to act.

On Friday, the Army appointed Maj. Gen. Eric B. Schoomaker as the new Walter Reed commander.

Last week, a day before Gates traveled to the hospital and publicly condemned the problems at Walter Reed, Kiley denied that there had been a "breakdown of leadership" and criticized the Washington Post stories that exposed problems at the hospital.

Although Gates declined to criticize Kiley last week, his comments Friday contradicted Kiley's stance that there had been no failure by hospital leaders. Gates singled out the doctors and nurses at the hospital for praise while criticizing the command.

"I want to reaffirm my confidence in the staff at Walter Reed and their professionalism and dedication to providing caring treatment," Gates said. "From what I have learned, the problems at Walter Reed appear to be problems of leadership."

Several military officials said Kiley also might be ousted from his post as surgeon general and Army medical commander. But the senior Pentagon official, speaking on condition of anonymity when discussing internal deliberations, said Kiley's fate would probably be determined by an independent review panel appointed by Gates last week to examine Army medical facilities.

Jerry Newberry, a spokesman for the Veterans of Foreign Wars, said Gates' actions had allayed his members' concerns that only low-level officials and officers would be held accountable for the problems at Walter Reed.

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"Obviously, [Gates] is a no-nonsense guy and means what he says. He's demanded people be held accountable and obviously they are," Newberry said.

Sen. Claire McCaskill (D-Mo.), a member of the Armed Services Committee, praised Gates' move.

"Secretary Gates gets a lot of points for what he did today," said McCaskill, who has drafted a measure to improve housing for wounded soldiers and to cut through bureaucracy.

But she said she did not think the problems at Walter Reed could be fixed until Kiley was replaced.

"He is responsible for the command culture that allowed the situation to continue even after he knew about it," she said. "It is clear he knew about it. The problems with the outpatients were brought to him. I hope Secretary Gates is not finished."

Military officials said Harvey had also failed to speak candidly enough about the problems.

On Thursday, during a round-table discussion with reporters, Harvey refused to entertain questions about the growing scandal, saying he had received legal advice against commenting on investigations of Army personnel.

When pressed to discuss the Army investigation, Harvey was curt: "Just let us do it," he said. "When it's done, we'll let you know."

Failure to take responsibility, acknowledge the problems or explain remedial steps was unacceptable to Gates, military officials said.

"Secretary Harvey was an outstanding leader, but he got it wrong on this one," said the senior Pentagon official. "And the secretary [Gates] is serious about accountability."

Although Army officials acknowledged Harvey's missteps in dealing with the hospital crisis, he has been popular with many officers.

Named Army secretary in 2004, Harvey is a former defense industry executive who spent much of his career as a senior executive for Westinghouse Corp. He has a doctorate in metallurgy and material sciences from the University of Pennsylvania.

In his radio address today, Bush is to announce the creation of a bipartisan presidential commission to review all medical care for wounded service members. The commission would be in addition to the independent panel appointed by Gates.

"Some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve," an advance Bush text says. "This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

Rep. Henry A. Waxman (D-Los Angeles) will head a congressional hearing at the hospital Monday.

At the hearing, Weightman, the medical center commander fired Thursday, will be questioned about a 2006 memo warning that a patient overload had strained hospital staffs and threatened care.

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Times staff writers Peter Spiegel and Joel Havemann contributed to this report.

Preserve 'Core' Of No Child Left Behind Act, Bush Urges (LAT)

By James Gerstenzang

The Los Angeles Times, March 3, 2007

He warns Congress against 'watering down' the education law.

LOUISVILLE, KY. — President Bush urged Congress to avoid broad changes to the education law that represented one of his key domestic policy accomplishments, saying Friday that "watering down" the No Child Left Behind Act "would be doing thousands of children a disservice."

"It's working," Bush said. "We can change parts of it for the better, but don't change the core of a piece of good legislation that's making a significant difference in the lives of a lot of children."

The law, which Bush signed in 2002, is to expire this year, and the president expressed his willingness to work with Capitol Hill's new Democratic majority on renewing it. He singled out the Democratic chairmen of the Senate and House education committees — Sen. Edward M. Kennedy of Massachusetts and Rep. George Miller of Martinez — as crucial to those negotiations.

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Kennedy and Miller helped provide bipartisan support for No Child Left Behind, but since its passage they and other Democrats have said that the administration has failed to provide sufficient funds to carry out its requirements.

Democratic leaders now can push for these and other changes to the law that they could not enact when Republicans controlled Congress.

Bush spoke to a crowd in the gymnasium of an elementary school in New Albany, Ind., before addressing a Republican Party fundraiser in nearby Louisville, Ky., later Friday.

Even as Bush focused on the education issue, reminders were plentiful of the foreign policy matters that have defined his presidency — his response to the Sept. 11 terrorist attacks and his decision to invade Iraq.

As Bush's motorcade neared the school, it passed a clutch of antiwar demonstrators; one held a sign reading, "War Leaves Every Child Left Behind." Elsewhere, he passed a banner reading, "Thank You for Keeping Us Safe."

At the fundraiser, Bush spoke to about 650 contributors to the National Republican Senatorial Committee and Mitch McConnell's 2008 reelection campaign. The Kentucky Republican, the Senate minority leader, will be seeking his fifth term.

McConnell estimated that Bush's appearance would take in about $2.1 million.

A key provision of the No Child Left Behind Act required states to establish uniform tests for assessing students' progress and school quality.

The measure's supporters say this has promoted greater accountability in public education and helped motivate improved student performance in some subjects.

But along with criticism of the funding level for the law, some skeptics have charged that it has hamstrung teachers by putting too much emphasis on "teaching to the test."

Earlier this year, an independent commission assembled by the nonpartisan Aspen Institute think tank recommended more than 70 changes to the law, including requiring an "exit exam" for high school seniors.

Bush has not said what changes he would accept. But he opposes relaxing testing requirements or requiring a national test to replace state exams.

He said Friday that he also favored speeding up the process through which parents learn about a school's test results to make it easier for them to decide whether to seek additional help for their children.

Bush Staffers Ordered 3 Ejected From Event, Man Says (WP/AP)

The Washington Post, March 3, 2007

DENVER, March 2 -- A volunteer said Friday that he was acting on orders from White House staffers when he helped eject three people from a taxpayer-funded event President Bush was attending, according to the man's attorney.

The volunteer, Michael Casper, said in a deposition that two White House employees told him to throw out the three after Casper saw them behaving suspiciously, lawyer Sean R. Gallagher said.

Casper named the White House employees as Steven A. Atkiss, deputy director for travel, and Jamie O'Keefe, lead advance staffer for the 2005 event, Gallagher said.

White House spokesman Blair Jones said he could not comment on pending litigation.

Leslie Weise and Alex Young, two of the three people who were thrown out, filed a federal lawsuit against Casper and Jay Bob Klinkerman, both volunteers with the event's host committee. Weise and Young say that they were told to leave because of their political views and that the White House had a policy of ejecting dissenters from the president's appearances.

Martha Tierney, an American Civil Liberties Union lawyer representing the plaintiffs, said Atkiss and O'Keefe would be added as defendants.

Justice Thomas Scorns Media, Affirmative Action In Interview (LAT)

By David G. Savage

The Los Angeles Times, March 3, 2007

'That's a lie,' he says of the notion that he was recruited for college.

WASHINGTON — In a rare interview, Supreme Court Justice Clarence Thomas described himself as a high-achieving student who was mentored by a prominent priest when he enrolled in a Catholic college in Massachusetts in the late 1960s. But he bitterly rejected the idea that he benefited from affirmative action because he was black.

"That was the creation of the politicians, the people with a lot of mouth and nothing to say, and your industry," Thomas told a writer for Business Week magazine. "Everything becomes affirmative action."

In 1968, shortly after the assassination of Dr. Martin Luther King Jr., the Rev. John Brooks began recruiting young black men to enroll at College of the Holy Cross, a Jesuit school in Worcester, Mass.

The initial class of 28 included Washington lawyer Theodore V. Wells Jr., who is representing former vice presidential aide I. Lewis "Scooter" Libby; Pulitzer Prize-winning novelist Edward P. Jones and investment banker and former New York City deputy mayor Stanley Grayson — as well as Thomas, the high court's only African American.

In an interview that accompanied the magazine's profile of Brooks, Thomas insisted he was not recruited to go to Holy Cross. After dropping out of a Missouri seminary in 1968, Thomas returned home to Savannah, Ga.

"A nun suggested Holy Cross. That's how I wound up there," he said. "Your industry [the news media] has suggested that we were all recruited. That's a lie. Really, it's a lie. I don't mean a mistake. It's a lie.

"That thing that has astounded me over the years is that there has been such an effort to roll that class into people's notion of affirmative action," he continued. "You hear this junk. It's just not consistent with what really happened."

Thomas expressed disdain for the news media several times during the interview.

"One of the reasons I don't do media interviews is, in the past, the media often has its own script," he said. "The media, unfortunately, have been universally untrustworthy because they have their own notions of what I should think or I should do."

At times, Thomas described himself as a solid student in college. "I had always been an honors student. I had always had really high grades, so that was never a problem." But he also said he struggled: "I'm not a school person. I never liked school. My best day of school was the day I graduated."

Thomas described how Brooks, then a dean of Holy Cross, won an "amnesty" for black students in December 1969 after they had quit the college en masse. Five black students had been singled out and expelled for taking part in a larger protest related to the Vietnam War. The other blacks decided to quit in solidarity with those who had been expelled. Thomas said his college career might have ended there had the priest not intervened.

"The black kids were being treated unfairly. I said: 'Look, if we're not going to be treated fairly here, let's leave,' " Thomas said. "Thank God for Ted [Wells] … and Father [Raymond] Swords and Father Brooks. They worked it…. What if he [Brooks] had just said: 'Let them go.' God only knows where I would be."

Brooks, now 83, told the magazine the initial decision to expel the five black students "was racism, basically." He persuaded Swords, the college president, to readmit them.

After graduating from Holy Cross in 1971, Thomas enrolled at Yale Law School and graduated in 1974. He took a job in Missouri with the state's then-attorney general, John Danforth. When Danforth was elected to the Senate, he took Thomas with him to Washington, and later lobbied to get him on the Supreme Court.

In 1991, when Justice Thurgood Marshall, the court's first African American, announced his retirement, President George H.W. Bush chose Thomas to succeed him.

In the interview, the now 58-year-old Thomas described his current life as an exhausting struggle. He pointed out a drawing in his office that shows an African American man draped over a desk with his hands stretching toward the floor. Thomas said a friend gave him the drawing because "he thought it captured my life."

"Look at the exhaustion," he said. "Mental. Physical. Spiritual. Just constant change. You just want to slow down. You see people take a walk and you want to, too."

U.S. Selects Design For New Nuclear Warhead (WP)

By Walter Pincus

The Washington Post, March 3, 2007

DOJ_NMG_0140217

The National Nuclear Security Administration has selected a design from Lawrence Livermore and Sandia national laboratories that could become the basis for the first new nuclear warhead produced by the United States in more than 20 years.

The purpose of the new Reliable Replacement Warhead is to provide, beginning in 2012, a new generation of secure nuclear warheads -- initially for submarine-launched missiles -- that would provide a credible deterrent well into the mid-21st century.

"RRW will take advantage of today's science to ensure long-term confidence in the future stockpile" of nuclear warheads, Thomas P. D'Agostino, the NNSA's acting administrator, said yesterday. The Livermore design beat out one submitted by Los Alamos National Laboratory because there was a "higher confidence" that it could be certified without underground nuclear testing, D'Agostino said. He added that the Los Alamos design has some "highly innovative" features that will be developed "in parallel with the Livermore effort."

The design team will work with the Navy over the next 10 months to define a cost schedule and a production plan. The NNSA's 2008 budget includes $88 million for the RRW, though Congress could limit that funding and slow the program.

According to a chart prepared by the NNSA for Congress and made available to The Washington Post, the RRW program "decreases the likelihood of the need for nuclear testing for certification." Another program goal is to build the warheads so that "unauthorized use of the weapon" would be "impossible without re-manufacture," according to NNSA charts.

The new warheads would require an upgrade of the nation's 50-year-old nuclear weapons manufacturing complex, according to the NNSA. The current U.S. stockpile of about 6,000 "legacy" warheads is already being refurbished. Beginning in the early 1990s, as the Cold War ended and a test moratorium between the United States and Soviet Union was reached, the United States halted the development of new warheads and shifted to supervising its stockpile, making sure the deployed warheads remained reliable. At the same time, those no longer needed began to be dismantled.

During the administrations of George H.W. Bush and Bill Clinton, the Pentagon and the Energy Department planned to put the stockpiles through a life-extension process every 20 to 30 years. The nonnuclear components of the warheads were to be tested and replaced if necessary. With the United States now committed to reducing its deployed warheads to between 1,700 and 2,200 by 2012, the stockpile five years from now would primarily consist of older warheads -- with fewer than half of them refurbished, according to the NNSA.

The Bush administration's 2001 Nuclear Posture Review called for a study on developing a new generation of nuclear weapons, including a controversial nuclear "bunker buster" and special warheads designed for destroying chemical or biological weapons. Congress did not fund those programs and, instead, redirected the money toward a refurbishment program for existing warheads -- a slow and time-consuming process.

It took almost 15 years to refurbish the W-87 warheads on the Minuteman III ICBMs -- six years to determine what needed replacement and eight more to complete the process, according to NNSA and Pentagon officials. And the W-76 -- the warhead for the Trident submarine-launched ICBM -- has been under study for refurbishment since 1998, but work on modernizing the warheads is just starting.

The NNSA has long said that one goal of the RRW is to "render unauthorized use of weapon impossible," a quote taken from the still-secret National Security Presidential Directive 28, titled "Nuclear Weapons Command, Control, Safety, and Security." The new RRW design includes a "use control" device, which locks the nuclear element of a weapon so it cannot be used should it fall into enemy hands.

Livermore Lab To Build Hydrogen Bomb (LAT)

By Ralph Vartabedian, Times Staff Writer

The Los Angeles Times, March 3, 2007

It's picked mostly because it assured that no underground testing would be necessary.

Lawrence Livermore National Laboratory on Friday was declared the winner in a competition to design the nation's first hydrogen bomb in two decades, a major step in restarting production of nuclear weapons.

The Bush administration said the program would improve the U.S. stockpile's reliability, security and safety and would allow for a reduction in the thousands of weapons held in reserve for a potential war.

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Critics reacted sharply, saying the program sent the wrong international message when the U.S. was trying to stop the spread of nuclear weapons.

Key members of Congress said the program was moving too fast.

"I have serious concerns with the process leading up to today's announcement, and with the priorities of the Department of Energy," said Rep. Peter J. Visclosky (D-Ind.), chairman of the appropriations subcommittee that would pay for the program.

"Although a lot of time and energy went in determining the winning design for a new nuclear warhead, there appears to have been little thought given to the question of why the United States needs to build new nuclear warheads at this time," he said.

The award culminates a frenetic competition held since 2005 between Livermore in the Bay Area and Los Alamos National Laboratory in New Mexico. Sandia National Laboratories, which provides engineering for the arming system, was part of both teams, and its California branch will continue the program with Livermore.

Research on some aspects of the Los Alamos design also will continue and may be included in the Livermore bomb, said Tom D'Agostino, acting chief of the Energy Department's National Nuclear Security Administration.

Livermore won largely because of its conservative approach, assuring it could build the bomb with no need for underground testing.

The U.S. temporarily halted underground testing in 1992 during the George H.W. Bush administration and then indefinitely during the Clinton administration. The program will spend eight to 12 months assessing the cost, schedule and scope of the effort, D'Agostino said.

The victory is an important boost for Livermore, which is managed under contract by the University of California.

"I can't tell you how honored the California team is," said Bruce Goodwin, chief of the nuclear weapons program at Livermore. "I am personally humbled by this."

Livermore Lab Tapped To Design New Nuke (SFC)

By James Sterngold

San Francisco Chronicle, March 3, 2007

The Energy and Defense departments have chosen the Lawrence Livermore National Laboratory to design the country's first new nuclear warhead since the Cold War, giving the Bay Area institution the central role in a program that could involve billions of dollars.

The decision, announced Friday, was a clear victory for Livermore, which bested its storied sister lab, the Los Alamos National Laboratory in New Mexico, in a competition to lead the research.

Officials said Los Alamos -- where the first atomic bombs were designed and built in the Manhattan Project in World War II -- would still be involved in nuclear weapons design but in an unaccustomed subordinate role.

The Sandia National Laboratories, an engineering program with facilities at Livermore and in New Mexico, also will be a partner with Livermore as the United States develops the most important, if strongly contested, nuclear weapons program in a generation.

The program -- called the Reliable Replacement Warhead -- is likely to have a modest initial impact on Livermore, which is managed by the University of California. Officials said there would be no significant increase in staffing or spending in the short term, and the next step would involve developing detailed budgets.

For the all the excitement over Livermore's victory -- and clear disappointment at Los Alamos -- the question of whether the new nuclear weapons actually will be built is still far from settled. The announcement was an important symbol of the Bush administration's efforts to revive the entire nuclear weapons production complex, based on an argument that the old stockpile is growing more difficult to maintain and should be replaced. But there is substantial resistance in Congress, among both Republicans and Democrats, and among some weapons experts.

Some argue that the current stockpile -- an estimated 6,000 warheads -- remains in excellent condition and will satisfy U.S. defense needs for decades to come. Others have expressed deep concern that a ramped-up manufacturing program could encourage other countries, such as Iran and North Korea, to push ahead with their own bomb programs.

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"What worries me is that the minute you begin to put more sophisticated warheads on the existing fleet, you are essentially creating a new nuclear weapon, and it's just a matter of time before other nations do the same thing," said Sen. Dianne Feinstein, D-Calif. "In fact, this could serve to encourage the very proliferation we are trying to prevent."

Rep. Pete Visclosky, D-Ind., the chairman of the House appropriations subcommittee, which controls nuclear weapons spending, described the weapons effort as having a "make-it-up-as-you-go-along character" and as an example of misplaced priorities.

"This announcement puts the cart before the horse," Visclosky said. "Although a lot of time and energy went into determining the winning design for a new nuclear warhead, there appears to have been little thought given to the question of why the United States needs to build new nuclear warheads at this time. My preference is that the Department of Energy would have spent their resources reconfiguring the old Cold War complex and dismantling obsolete warheads."

Rep. Ellen Tauscher, D-Walnut Creek, whose district includes Livermore, said she shared some of those concerns.

"I have to admit that I'm thrilled that Livermore won," said Tauscher, the chairwoman of the Strategic Forces Subcommittee of the House Armed Services Committee. But she agreed it was not clear that any new weapons were needed, and she insisted that Congress would hold the weapons complex on a tight leash by scrutinizing budgets carefully.

"This is just one step in what could be a long series of steps," she said.

Visclosky and Tauscher said they planned hearings on the new weapons program soon.

Lab and government officials, well aware of the skepticism in Congress, went out of their way Friday to stress that the program remained in a preliminary phase.

"This is absolutely not an announcement to build a new warhead," said Thomas D'Agostino, the acting director of the National Nuclear Security Administration, which oversees the weapons complex. "This is absolutely proceeding on a design effort. ... This is not about starting a new arms race."

D'Agostino also stressed that, if the United States were to build and deploy the new weapons, the increased reliability would mean the country could sharply reduce its stockpile down to levels not seen since the 1950s.

The Reliable Replacement Warhead program involves building weapons that would, in principle, be more reliable and safer than existing warheads but would fit on existing missiles. The first warheads would replace those on Trident missiles, which are carried on nuclear-powered submarines.

Congress has mandated that the weapons be built without any underground testing -- a technical feat that has never been tried before -- and that they could not involve new capabilities or new military missions. Underground testing has been banned since 1992.

The Bush administration has requested $119 million to support design studies for fiscal 2008. Government officials did not estimate the total cost of replacing the nation's nuclear stockpile, but experts generally agree that it would be a multi-billion-dollar endeavor over several decades.

Both Republicans and Democrats have insisted they will fund the research efforts on a year-to-year basis to ensure that the new weapons are built only if they are needed and can be deployed without testing.

But assessments of the program's designs by outside experts have undercut some of the government's assertions, and some experts have complained about the lack of a timetable or firm plan for how many new weapons would be needed.

C. Bruce Tarter, a former director of Livermore and head of a team of outside scientists that has been reviewing the designs, said at a scientific conference two weeks ago that there is no empirical evidence that the old weapons are deteriorating and need to be replaced. He also said the design just approved would be the first in a series of new generations of warheads to be built over a span of decades.

Only a small number of the claimed benefits of the new warheads, Tarter added, would be included in the first of the new warheads; it would take many generations and many years for all the promised benefits to be realized.

In addition, D'Agostino insisted Friday that the warhead was in an initial design phase. However, lab officials said researchers not only have produced extensive designs -- each lab prepared more than 1,000 pages of testing and design specifications -- but they have already conducted non-nuclear tests of the critical detonation devices and other components. They have even begun to plan in detail how the weapons would be manufactured.

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The officials said the designs presented by Los Alamos and Livermore had some critical differences. The Livermore design was based on a weapon that was built and actually tested during the Cold War but never deployed. This "robust test pedigree" gave Livermore the advantage, D'Agostino said.

The Los Alamos team designed a weapon that used previously tested elements, but it combined them in a more innovative way and incorporated more safety features. D'Agostino said the Livermore design was chosen because "it is the more conservative approach," but the more innovative features of the Los Alamos bomb might be incorporated later. Either way, he said, Los Alamos would continue to have extensive involvement in the design effort.

That was not much consolation for Los Alamos' proud scientists. Los Alamos has been criticized in recent years for a string of security lapses, and some officials there had believed it would be impossible to let Los Alamos win for political reasons.

Brad Holian, a retired Los Alamos scientist who still works part time in the weapons division, said the "team is thoroughly demoralized."

He described as "dog treats" the idea that Los Alamos scientists could participate by reviewing Livermore designs and working on some secondary components.

Feds Select Plan For New Nuclear Warhead (AP)

By H. Josef Hebert

AP, March 2, 2007

WASHINGTON (AP) -- The Bush administration selected a design Friday for a new generation of atomic warheads, taking a major step toward building the first new nuclear weapon since the end of the Cold War two decades ago.

The military and the Energy Department selected a design developed by the Lawrence Livermore National Laboratory in California over a competing design by the Los Alamos National Laboratory in New Mexico, according to government sources who spoke on condition of anonymity in advance of a formal announcement.

The decision to move ahead with the warhead, which eventually would replace the existing arsenal of weapons, has been criticized as sending the wrong signal to the world at a time when the United States is assailing attempts at nuclear weapons development in North Korea and Iran and striving to contain it.

But military and Energy Department officials have argued that the new U.S. warhead will not add to the nuclear arsenal. They maintain the new design will make the weapons stockpile more secure and reliable without the need for actual underground testing.

The warhead has been the focus of an intense competition between Los Alamos and Lawrence Livermore, the government's two premier nuclear weapons labs.

The two facilities submitted separate designs nearly a year ago. Lawrence Livermore's design is based on a warhead actually tested in an underground detonation in the 1980s. Los Alamos had a design based on a fresh approach that has not undergone testing.

One of the assurances given by defense officials to Congress is that the new warhead will not have to undergo actual testing. Once developed, it would be used in the Trident missiles on submarines and eventually would replace warheads on the Air Force's missile arsenal, officials said.

Administration officials, including the military, have argued that today's aging warheads are harder to maintain and as they age it will become more difficult to ensure their reliability.

The new design is advertised as being more robust with additional features to safeguard them against possible theft or misuse.

Of overriding concern to members of Congress has been that the warhead be developed without the need for underground tests. The administration has sought to assure Congress that the design would not require such testing.

The administration also argues that a phasing out of current warheads with the more modern design will allow additional reductions in the number of warheads that will be needed.

The decision Friday establishes a clear blueprint for designing the new warhead, officials said. A final go ahead is expected to be made by the president within two years, with the first warheads to be completed by 2012.

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It has not been determined how much the program will cost. The administration asked Congress for $119 million for the fiscal year beginning Oct. 1 to push ahead with further design work.

Advocates for the warhead say it would give military commanders greater assurance of reliability and could speed the reduction of the deployed number of nuclear warheads from 6,000 to fewer than 2,000 by 2012.

New Nuclear Warhead Design For US (BBC)

BBC.com, March 3, 2007

The Bush administration has selected the design for America's first new nuclear warhead in nearly two decades.

US officials say the warhead will not add to the country's nuclear arsenal, but will replace existing missiles.

Critics have complained it sends the wrong signal at a time when the White House is leading efforts to curb Iran and North Korea's nuclear ambitions.

The chosen design was developed in a Californian laboratory and is based on a warhead already tested in the 1980s.

The US Congress authorised design work on a new warhead in 2005 on the basis that there would not be any fresh missile tests.

No nuclear underground tests have been conducted since a ban in 1992.

The new warhead, due to be operational in five years' time, will be used to replace Trident missiles on submarines.

'No arms race'

Making the announcement, US officials said the plan was simply to replace older, less reliable warheads with a safer version.

"This is not about starting a new nuclear arms race," said Thomas P D'Agostino, acting head of the National Nuclear Security Administration (NNSA).

Scientists at the Lawrence Livermore National Laboratory would now continue work on the design, costing and development of the programme, he said.

Democratic Senator However, says the BBC's Jamie Coomarasamy in Washington, at a moment when the White House is trying to stop North Korea and Iran developing their nuclear programmes, some see the decision to press ahead with a new US warhead as sending an unfortunate mixed message.

Democratic Senator Dianne Feinstein was among the critics in Congress.

"The minute you begin to put more sophisticated nuclear warheads on the existing fleet, you are essentially creating a new nuclear weapon. And it's just a matter of time before other nations do the same," the Associated Press quotes her as saying.

"This could serve to encourage the very proliferation we are trying to prevent."

Nuclear non-proliferation groups have also criticised the move, warning that it could lead to proliferation and saying there is no need to replace the US' Cold War-era stockpile.

The NNSA has said the destruction of ageing warheads will mean that in five years' time, the number held by the US will be at its lowest since the 1950s.

Locking Up The Ghost Of Congress Past (NYT)

The New York Times, March 3, 2007

Congress's quid-pro-quo corruption scandal continues to haunt the Capitol as Bob Ney, the once-unbeatable lawmaker, slips off to his prison sentence of two and a half years for peddling influence to Jack Abramoff, the bribe-dishing lobbyist already doing six years in a Florida case.

As the House's special task force considers whether Congress needs an outside monitoring panel to help enforce stronger integrity standards, we suggest that it start with an in-depth briefing on the Abramoff-Ney downfall — complete with cash-flow charts and poll data on how the scandal has tainted the public's view of lawmakers.

It shouldn't take more than that to persuade the task force of what is needed.

The House ethics committee sat mute and petrified for a year while the news media and prosecutors peeled back the Abramoff scandal. An independent integrity office to investigate allegations of ethics violations is exactly the restorative needed by the ethics committee. Unfortunately, no one knows what is on the task force's agenda because the bipartisan group has decided

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to start its work with private meetings. Public hearings may or may not come later as the lawmakers face a May 1 deadline for making recommendations. There may be some virtue in eliciting candor in private, but sooner or later the House very much needs to hear from a galvanized public that sent a clear demand for ethical reform when it voted the Republicans out of power last year.

The Democratic Senate has already run away from a proposed integrity office. The House speaker, Nancy Pelosi, deserves credit for ordering consideration of the sensitive subject of an outside watchdog. But the study group must not be shrouded in secrecy nor its work be allowed to drag on beyond May 1. For all the tenderness of the task, lawmakers should focus on where and how Mr. Ney went wrong and try to ensure that it does not happen again.

A Better Way On Presidential Succession (WP)

By Norman Ornstein

The Washington Post, March 3, 2007

Since Sept. 11, 2001, the speaker of the House has been required for security purposes to take government planes for official business. The White House rightly called "silly" recent criticism of House Speaker Nancy Pelosi's desire to have a plane that could fly to her San Francisco district nonstop, which would be larger than the plane her predecessor used. But this flap raises a more serious issue -- that of presidential succession.

Pelosi takes a military plane because the speaker of the House is second in line to succeed the president, behind only the vice president. That's what drove the Department of Homeland Security to demand the extra level of security for then-Speaker Dennis Hastert. But should the speaker of the House even be in the line of succession?

Who succeeds a president (after the vice president) is set by law, not fixed in the Constitution. The process has been addressed seriously three times. In 1792, Congress put the president pro tempore of the Senate and the speaker of the House, in that order, in the line, behind the vice president. It added no others. After the assassination of President James Garfield in 1881, there was a lengthy period with no vice president and no congressional leaders -- and therefore no one in line to succeed President Chester Arthur. An 1886 act took out the lawmakers and put in Cabinet officers, starting with the secretary of state.

In 1946, President Harry Truman, who had recently taken a dangerous trip to Potsdam with his secretary of state and was aware that with no vice president the line of succession was thin, pushed hard for a new order. The act was revised in 1947 to put the two top lawmakers back in and included after them members of the Cabinet in order of the creation of their offices.

We still have that process today.

When the Second Congress enacted the first presidential succession act, it was highly controversial. Congress was dominated by Federalists; they did not want Secretary of State Thomas Jefferson, a leader of the rival Democratic-Republican Party, to be next behind the vice president. They turned to their own congressional leaders, a solution that was immediately challenged by James Madison, among others, as unconstitutional.

The Constitution says Congress can create a line of succession from among "Officers" of the United States, clearly meaning executive branch officials. But it also says that no one except the vice president shall serve simultaneously in the executive and legislative branches. The congressional majority brushed aside that argument. But it is a position accepted by most constitutional scholars.

Truman knew the constitutional arguments, but he believed strongly that more legitimacy came to a president who was not elected if that person had been previously elected to another office; thus, the top congressional leaders, national figures both, were restored to primacy (with the order reversed to mollify the more powerful House leaders of the time, Sam Rayburn and Joe Martin.) The constitutional issues, and any serious questions about the overall process, were pushed to the back burner and have remained there since.

But having congressional leaders in the presidential line of succession is wrong for more than constitutional reasons.

First, congressional leaders frequently are of the opposite party and viewpoint of a president; if a president and vice president were to die at the beginning of a term, the country would have four years of a president representing the opposite of what it voted for -- a situation made even worse if the change in direction came as a result of a terrorist action. Southern pro-

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slavery insurgents actually plotted to kill everyone in the line of succession to Abraham Lincoln to change the policy and political direction of the Union.

Second, congressional leaders have a built-in conflict of interest. When Andrew Johnson was impeached by the House and tried in the Senate, he escaped removal from office by one vote -- and among those who voted against him was the Senate president pro tempore, Benjamin Wade of Ohio, who would have succeeded Johnson had he been ousted.

The president pro tempore of the Senate, traditionally the most senior member of the majority party, poses another problem: He is usually the Senate's oldest member. For several years, Strom Thurmond, in his 90s and clearly not up to the job of president, was nonetheless third in line for the post.

The terrorism threat to Washington underscores a deeper problem -- everyone in the line of succession resides in Washington.

A suitcase nuclear bomb downtown or an attack at a presidential inauguration could wipe out everyone in that line and leave a vacuum in leadership at the worst possible time.

A better option would be to include top Cabinet members, such as the secretaries of State, Treasury and Defense, and then allow a president to designate several others -- all requiring Senate confirmation -- including qualified people of breadth who reside outside the capital area.

It won't be easy for Speaker Pelosi and President Pro Tem Robert C. Byrd to agree to take themselves out of the succession queue. Doing so -- while pushing for a meaningful update of presidential succession overall -- would be a great act of statesmanship. It would even be worth keeping the military plane.

The writer is a resident scholar at the American Enterprise Institute and senior counselor to the Continuity of Government Commission.

OTHER NEWS:

What History Books Teach About The Market's Drop (WSJ)

By Peter A. McKay

The Wall Street Journal, March 3, 2007

Investors have reason to hope that history repeats itself.

Although they may have to wait out some turbulence along the way, there is evidence that stock-market drops like the one on Tuesday often give way to solid gains.

Research by analysts at Legg Mason Capital Management of past market performance after the Dow Jones Industrial Average, Standard & Poor's 500-stock index and Nasdaq Composite Index all fell by at least 3% the same day, showed that one year later, each had gained at least 14%.

All three indexes were little changed one month after the big one-day selloffs. Including Tuesday, there have been 27 such daily drops, going back to 1974.

Sentiment on Wall Street this past week seemed to acknowledge that history. Most professional stock pickers fretted over the market's downturn but ultimately declined to slash their forecasts for the market's 2007 performance.

"The question on everyone's mind this week has been, are we going into a bear market?" said portfolio manager David Nelson, of Legg Mason. "To me, it seems the answer is no."

Many noted the stock market's relentless run-up since last summer and interpreted the selloff, which continued through the end of the week, as an unpleasant but necessary bump along a road that they believe will lead still higher in the long run.

Still, it was a tough week. The Dow industrials fell 4.2%, the biggest weekly percentage drop since March 2003, ending at 12114.10. The blue-chip average is now off 2.8% this year and more than 670 points below its record close less than three weeks ago.

On Friday, the market's newfound volatility remained on full display. The Dow opened lower, rose to show a gain of more than 13 points prior to midday, but finished near its intraday lows. In the end, the Dow stumbled 120.24 points, or 1%, on the day.

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Among its 30 components, insurance giant American International Group was a rare bright spot, up more than 3% after announcing a strong profit, a share-buyback plan and a more-generous dividend policy.

The broad S&P 500 fell 1.1% Friday, or 16.00 points, to 1387.17, off 4.4% on the week and down 2.2% this year. The tech-stock-focused Nasdaq Composite shed 1.5%, or 36.21 points, to close at 2368.00, off 5.8% on the week. The Nasdaq, which had been leading the Dow and the S&P in gains for the year, is now down 2% in 2007.

The University of Michigan announced a large, unexpected drop in its monthly reading of consumer confidence, adding to the bearish mood in the market.

Also, the yen continued its recent surge against the dollar. Analysts say the unwinding of what are known as carry trades, in which investors seek to profit from interest-rate differences between countries, seems to be draining money from the stock market in the U.S. The dollar fell 1.3% against the yen Friday.

In the wake of Tuesday's initial selloff, Robert E. Weissenstein, managing director at Credit Suisse Securities LLC, said he doesn't believe the current market volatility will persist.

"I think that we'll quickly get back to the level where you want to be an owner [of shares] again," Mr. Weissenstein said.

Strategist Stuart Schweitzer of J.P. Morgan Private Bank still sees risks in the months ahead, noting that it now seems slumping housing prices could last longer than most of Wall Street had been expecting.

But he added that the stock market's recent downturn was "healthy," since it may effectively head off the need for a sharp downturn later.

"You've had a lot of people expecting the market to correct at some point along the way, but they've been afraid to sell because the market looked like it was on a one-way stairway to heaven," Mr. Schweitzer said.

In U.S. market action Friday:

Stocks fell; bonds rose. The 10-year note gained 11/32 point, or $3.44 for each $1,000 invested, pushing the yield down to 4.515%. The 30-year bond rose 15/32 to yield 4.651%.

The dollar weakened, to 116.85 yen, from 117.59 yen. The euro rose to $1.3194 from $1.3186.

Dow Ends Its Worst Week Since 2003 (WP)

By Tomoeh Murakami Tse

The Washington Post, March 3, 2007

NEW YORK, March 2 -- The Dow Jones industrial average ended its worst weekly performance in four years Friday, as technology stocks sank and the yen continued to rally against the dollar.

The Dow shed 120.24, or 1 percent, to close at 12,114.10. For the week, the Dow was down 4.2 percent. The tech-heavy Nasdaq composite index fell 36.21. to close at 2368, down 5.9 percent for the week. The Standard & Poor's 500-stock index retreated 16 points, to 1387.17, and was down 4.4 percent for the week. Year-to-date gains for all three indicators evaporated.

"There's a growing sense of anxiety that there are more shoes to drop," said Stuart Schweitzer, global markets strategist at J.P. Morgan Private Bank. "I don't think it'll be over until there's more pain."

Heightened concerns about high-risk subprime mortgages added to the market's jitters, with federal bank regulators calling on lenders to exercise caution when making the loans.

The Dow seesawed mostly in negative territory throughout the day. Then, in late trading, it dropped another 50 points as traders tried to close out positions for the week. Although the final session of the week can often result in high trading volume, far fewer shares changed hands yesterday as the market searched for a bottom and money managers warned investors not to panic. Declining issues outnumbered gainers by 3 to 1 on the New York Stock Exchange.

The biggest losers included high-profile tech stocks, with Cisco Systems and Intel down substantially. Among the winners were some pharmaceutical stocks, including Merck, and American International Group, which announced a buyback of up to $8 billion in shares.

Some consumer staples and utilities showed strength, but three trading sessions after the Dow's 400-point plunge, the markets remained volatile.

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Yields on U.S. bonds fell yesterday, although not to the levels seen after the market's decline Tuesday. The yield on the benchmark 10-year Treasury note, which moves inversely to price, fell to 4.50 percent from 4.55 percent Thursday.

Gold fell 3.1 percent, to $641.50, for its biggest one-day loss in almost five months.

"You'd expect it to be higher," said Marc Chandler, head of foreign currency strategy at the banking firm Brown Brothers Harriman. "This is like the million-dollar question."

Traders and analysts said they were watching the yen as it continued its rally against the dollar. The yen closed at 116.75 to the dollar, compared with 117.58 Thursday. Against other major currencies, the dollar was mixed.

The ascent of the Japanese currency is worrisome because it suggests that investors who have been borrowing yen to invest in riskier, higher-yielding assets elsewhere in a flush market were reversing their bets. That could hurt the availability of capital worldwide.

"The pendulum had swung to greed for a long time, and now it's swinging back," Chandler said.Movers

American International Group rose $2.13, to $69.54, after announcing stock repurchasing plans and higher dividends.

Merck, which got a mixed verdict in a trial over its arthritis drug Vioxx, was up 20 cents, to $44.19.

Home Depot declined 44 cents, to $39.01, continuing a two-week slide.

Gap fell 63 cents, to $18.40, after announcing that its annual forecast was below analysts' estimates.

Stocks Post Worst Week In Over 4 Years (AP)

By Tim Paradis

AP, March 2, 2007

NEW YORK (AP) - Stocks stumbled in the final session of a tumultuous week Friday as the yen rallied against the dollar and concerns about the U.S. economy still dogged investors after Tuesday's huge drop. The Dow Jones industrials logged their worst weekly performance in more than four years.

The Dow, as it had Thursday, poked tentatively into positive territory Friday before retreating as the yen furthered its gains and investors failed to shake their unease.

Larger economic concerns such as the ascendent yen have dominated Wall Street for much of the week after Tuesday's worldwide selloff that sent the Dow down 416 points and rattled investor confidence about the state of the U.S. economy.

Neil Massa, senior trader at MFC Global Investment Management, said stocks wobbled Friday after the yen broke through a key resistance level of 116.80. The dollar fell 0.92 percent to 116.86 yen.

Concerns lingered about a decline in the yen carry trade, which refers to the process of borrowing yen to acquire assets with greater yields in other currencies. A slowdown could hurt liquidity worldwide. Concerns about Japanese interest rates also weighed on investors.

A well-received profit report from American International Group Inc. (AIG) kept the Dow industrials from falling further Friday; the insurer and pharmaceutical company Merck & Co. (MRK) were the only two advancers among the index's 30 stocks. Merck, which received a mixed verdict Friday in a trial over its former painkiller Vioxx, finished up 20 cents at $44.19.

The Dow fell 120.24, or 0.98 percent, to 12,114.10. The Dow has fallen seven of the last eight sessions.

Broader stock indicators also fell. The Standard & Poor's 500 index fell 16.00, or 1.14 percent, to 1,387.17 and the Nasdaq composite index slid 36.21, or 1.51 percent, to 2,368.00.

For the week, the Dow fell 3.3 percent, the S&P 500 lost 4.4 percent and the Nasdaq fell 5.9 percent. For the Dow and the S&P 500, it was their biggest weekly point drop since the week ended July 19, 2002. And for the Nasdaq, it was the poorest weekly showing since the week ended Sept. 21, 2001, the first week of trading after the 9/11 terror attacks.

Bond prices rose sharply as economic concerns lingered and raised hopes for an interest rate cut. The yield on the benchmark 10-year Treasury note fell to 4.51 percent from 4.55 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell sharply.

Light, sweet crude settled down 36 cents to $61.64 per barrel on the New York Mercantile Exchange after settling at a more than two month high Thursday.

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"I think looking at the world economies as a whole it just seems like growth is slowing across the board, or at least that's the impression," Massa said.

Diane Dercher, chief economist at Waddell & Reed, said investors are trying to sort through the myriad signals the markets have given off this week.

"Fundamentally, I don't think a lot has changed this week and I think it's been more of a psychological re-evaluation of risk and a lot of this is focused around what's happened in the Asian markets," she said.

"There is a renewed focus on how weak the economy is going to be and the data that we've gotten this week have been very mixed and that just adds to confusion," Dercher said.

With Friday offering little of the economic data that had at turns boosted and deflated sentiment during the week, investors again looked abroad for direction. Performance of overseas markets has taken on renewed importance this week after a nearly 9 percent drop in the Shanghai Composite Index helped touch off the worldwide selling and sent U.S. stocks reeling. The major U.S. indexes each lost more than 3 percent Tuesday, erasing $632 billion in shareholder equity, according to S&P.

The pullback in stocks came after an enviable run-up. The stock market had gone more than 45 months without a drop of more than 2 percent in a single session - until Tuesday, when concerns the economy would slow and dent corporate profits came to a boil.

Fed Chief Ben Bernanke told Congress during the week that a single event didn't trigger Tuesday's slide, which was the biggest point drop in the Dow since trading resumed following the Sept. 11 attacks. While the drop brought many tense moments for investors, many observers said stocks were overvalued and were due to consolidate.

On Friday, St. Louis Federal Reserve President William Poole told reporters in Santiago, Chile, the week's pullback didn't appear to be "a huge issue," according to wire service reports.

With trading Friday less frenetic than in previous days, investors had some time to parse individual stocks as they looked for bargains.

AIG's fourth-quarter profit rose sharply from a year earlier when the world's largest insurer spent $1.64 billion to settle charges over its accounting practices. Profits were slightly below Wall Street's forecast though investors were likely pleased by the company's announcement it would repurchase $5 billion in stock in 2007. The company also is targeting a 20 percent annual increase in its dividend. AIG rose $2.13, or 3.2 percent, to $69.54.

Dell Inc. (DELL) rose 17 cents to $23.18 after the computer maker's profit fell 33 percent amid weak laptop sales. While revenue fell more than expected, the overall results weren't as sour as some investors had feared.

Gap Inc. (GPS) fell 63 cents, or 3.3 percent, to $18.40 after the company's fourth-quarter earnings dropped 35 percent amid problems that include its newest chain, which the company plans to close.

Subprime lenders fell again Friday as investors remained concerned about soured loans. New Century Financial Corp. (NEW) warned it would restate financial results for three quarters last year to fix accounting errors for losses related to bad loans. New Century fell $1.20, or 7.6 percent, to $14.65.

Declining issues outnumbered advancers by about 3 to 1 on the New York Stock Exchange, where consolidated volume came to 3.36 billion shares, compared with an unusually heavy 3.92 billion shares traded Thursday.

The Russell 2000 index of smaller companies fell 15.59, or 1.97 percent, to 775.44.

Overseas, Japan's Nikkei stock average closed down 1.35 percent, while the Shanghai Composite Index was up 1.23 percent and Hong Kong's Hang Seng index added 0.49 percent. Britain's FTSE 100 finished higher by less than 0.01 percent, Germany's DAX index fell 0.56 percent, and France's CAC-40 slid 0.62 percent.

The Dow Jones industrial average ended the week down 533.38, or 4.22 percent, at 12,114.10. The Standard & Poor's 500 is down 64.02, or 4.41 percent, at 1,387.17; the Nasdaq composite is down 147.10, or 5.85 percent, at 2,368.00.

The Russell 2000 index closed the week down 51.20, or 6.19 percent, to end at 775.44.

The Dow Jones Wilshire 5000 Composite Index - a free-float weighted index that measures 5,000 U.S. based companies- ended the week at 14,060.13, down 669.70 points from last week. A year ago the index was at 13,022.96.

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Investors On Edge After Week Of Turmoil (FT)

By Christopher Brown-Humes, Paul J. Davies, Richard Beales

Financial Times, March 3, 2007

US stocks lost more ground on Friday after a turbulent week that saw European bourses endure their worst week for four years and Wall Street suffer its biggest one-day fall since markets reopened after the September 11 2001 terrorist attacks.

The global equity sell-off that began on Tuesday more than eradicated all this year's gains, leaving investors on edge over the outlook for next week.

"Investors had become complacent about the outlook for the global economy, especially the US, and the prices of many risky assets had been bid to unsustainably high levels," said Julian Jessop, of Capital Economics.

The flight from risky investments triggered a surge in volatility across financial markets. It began on Tuesday when Chinese stock markets fell 9 per cent amid concerns over the health of the US economy and the subprime mortgage market.

The worries about the US subprime mortgage market were underscored on Friday by the Federal Reserve and other US financial regulators who said they were worried that some borrowers did not understand the risks of such loans.

"It's a classic risk sell-off after a very strong bull run," said Robert Buckland, chief global equity strategist at Citigroup. "Whatever has gone up the most is going down the most."

Wall Street, which suffered its steepest one-day fall in equities since 2001 on Tuesday, remained under pressure on Friday. The S&P 500 closed 1.1 per cent lower at 1,387.17, the second-worst day in a week in which the index lost 4.4 per cent. The Dow Jones Industrial Average was down 4.2 per cent on the week.

A flight to safety boosted global government bond prices, with 10-year US Treasury yields falling to 4.5 per cent from 4.67 per cent a week earlier.

The Nikkei 225 Average in Japan ended the week down 5.3 per cent and the Shanghai Composite index fell 5.6 per cent.

The yen climbed 3.5 per cent against the dollar as investors cut back "carry trade" positions, which involve borrowing in low-yielding currencies to buy higher yielding assets elsewhere.

In Europe, the FTSE Eurofirst 300 suffered its biggest weekly fall since March 2003, dropping 5.2 per cent. In London, the FTSE 100 fell 4.5 per cent to 6,116.2 – also its worst week since March 2003.

Down End To A Very Down Week (NYT)

By Jeremy W. Peters

The New York Times, March 3, 2007

This week, investors heard that the economy was more vulnerable than they thought. A result was Wall Street's worst week in four years.

Share prices ended the week where they have spent seven of the last nine days: in the red.

After small but fleeting gains in the morning yesterday, the Dow Jones industrial average lost 120.24 points. The broader Standard & Poor's 500-stock index never turned positive yesterday and ended the day down about 1 percent.

The Dow fell 0.98 percent, to 12,114.10, yesterday. The S.& P. fell 16 points, to 1,387.17, and the Nasdaq fell 36.21 points, or 1.51 percent, to 2,368.00.

For the week, the Dow fell 4.2 percent, the S.& P. 500 lost 4.4 percent and the Nasdaq fell 5.9 percent.

As investors and economists look to the week ahead, they see signs of encouragement but also some uncertainty about what could happen.

Starting with a survey on the strength of the service sector on Monday and ending with the Labor Department's monthly employment report, investors will have a buffet of data to soothe or fray their nerves.

"The big question now is, Will the labor market tell us that the broader economy is O.K.?" said Julia Coronado, an economist with Barclays Capital. "Or will the labor market tell us in fact that things are weakening and we're heading down?"

One factor that investors and economists found reassuring during this week's stock slide was that the economy still appeared to be on steady footing. One reason for that was a strong job market.

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If the Labor Department's figures show that employment deteriorated in February, the market could take another dive on the assumption that economic weakness is much more widespread than previously thought.

Early indications are that the report could be weaker than January's. A survey of economists by Bloomberg News forecast that the unemployment rate would remain at 4.6 percent, but that the number of jobs added would fall to 98,000, from 111,000.

During the market's headier days, a low unemployment number could have spurred an upswing. Investors have been known to cheer downbeat economic data on the chance that it could move the Federal Reserve to cut interest rates.

But with a more anxious mood on Wall Street, a surprisingly bad number is the last thing investors want.

"The market liked the idea that rates were on hold and the economy was basically not going anywhere," said Rob Carnell, chief international economist for ING Financial Markets. "It was the stability that was the really useful, positive feature for equities markets over the last few months."

The employment number is particularly telling because the health of the job market has a cascading effect on the economy, with job growth and wages directly influencing consumer spending.

Consumer spending, in turn, influences manufacturing activity and capital investment, two segments of the economy that showed signs of trouble this week.

Two other economic indicators that will also be released next week have the potential to move the markets, but to a smaller degree than the employment report.

On Monday, the Institute for Supply Management will release its monthly survey on business activity for the service sector. Preliminary forecasts are predicting a decline from January.

And on Tuesday, the government releases revisions to its fourth-quarter data on productivity and labor costs. Productivity is expected to decline while labor costs are expected to jump.

"It's going to look very inflationary," Ms. Coronado said. "It could spook the market a bit."

Yesterday's decline heightened concerns that the sell-off might not be as temporary as many experts have said it will be. If the slump deepens next week, market experts said it would be even harder to undo as already-nervous investors pull back even further.

"People are stepping back a little bit, and they're going to be a little more careful about what decisions they make," said William Rhodes, chief investment strategist with Rhodes Analytics. "You have a good deal of uncertainty. You don't know how long it's going take this to work it's way out."

In the Treasury market, bonds rose yesterday, with the benchmark 10-year Treasury up 13/32, to 101. The yield, which moves in the opposite direction from the price, fell to 4.50 percent from 4.55 percent Thursday.

Jobs, Productivity Data Will Offer Nervous Investors A Lot To Chew On (WSJ)

By Mark Whitehouse

The Wall Street Journal, March 3, 2007

After a week in which stocks took their wildest ride in years, in which Alan Greenspan uttered the word "recession" and in which economic data pointed in various directions, investors are understandably desperate for any decent clues as to where the U.S. economy is headed.

They might not get what they want in the coming week, but they will get something big to chew on: the government's report on February employment. The monthly estimate of how many people companies added to their payrolls is notoriously volatile and subject to revision -- just the kind of data that tend to shock investors and send markets into gyrations. Nevertheless, taken together with previous readings, the full jobs report will offer some valuable insight.

Aside from a fresh glimpse at job growth and wages -- both important drivers of consumer spending -- the report will provide a clue as to how company executives are actually feeling. That is important, because recent data have suggested they aren't too optimistic about the future. The latest report on durable goods, for example, showed companies cutting back their spending on big-ticket capital goods such as computers and machine tools -- a sign that they might not be expecting to have a lot of business to do over the next year or so.

But if executives are genuinely pessimistic, they should also be hiring fewer people. So far, that hasn't been the case.

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Over the three months ended in January, nonfarm payrolls added a monthly average of 171,000 jobs, according to the government's most recent estimates. That is above the level consistent with an economy growing at its long-term, inflation-adjusted potential rate of about 3% annually.

Some economists worry that shifting weather patterns could make the February jobs number look pretty bad. That is because the Labor Department takes its payroll readings from the week that includes the 12th day of the month. That week was warm in January, but stormy and cold in February. "You could easily build houses in shirtsleeves in early January, but by the time you got to February the ground was frozen solid" in many parts of the country, says Richard Berner, chief U.S. economist at Morgan Stanley in New York. He estimates that nonfarm payrolls will add only 25,000 jobs in February.

Even if the payrolls number proves strong, though, that doesn't mean the economic outlook is rosy. Companies' hiring practices are sometimes a bit behind the times. Often they keep bringing on workers even as their markets are beginning to evaporate, and wait until things get really bad before letting people go. That is why, historically, the amount of output companies get out of each hour worked -- known as labor productivity -- has been a better harbinger of the future health of the economy than hiring.

According to the latest data available, productivity all but stopped growing in the third quarter of last year, and bounced back a bit in the fourth. But the government will revise its estimate of fourth-quarter productivity on Tuesday -- probably sharply downward, mirroring this week's downward revision of fourth-quarter economic activity. "That will not be viewed as good news," says Nariman Behravesh, chief economist at consultancy Global Insight.

Crude Edged Higher In Week, But Stock Drops Add Caution (WSJ)

By Matt Chambers

The Wall Street Journal, March 3, 2007

The crude-oil futures market, which usually has an inverse price influence on shares, is closely eyeing U.S. stocks, as traders log their concern over the damage a slowdown in U.S. and Chinese growth could do to oil demand.

While crude-oil prices often ignore, or cause, big moves in benchmark U.S. indexes, the latest stock market jitters are related to concern about Chinese economic growth, which is estimated to have accounted for nearly 40% of increased oil demand in 2006. As a result, benchmark oil prices on the New York Mercantile Exchange have been weighed down by uncertainty over stocks and ended the week just 50 cents, or less than 1%, higher at $61.64 a barrel. This is despite refinery glitches that helped push gasoline futures up 8% in that time amid forecasts for record U.S. summer fuel demand.

"The bull market in crude was mainly due to reduced spare [oil production] capacity and more demand," a large part of which was from China, said Kyle Cooper, director of research at consulting firm IAF Advisors in Houston. "There's concern China is looking to put the brakes on the economy, and there has also been talk of the possibility of a U.S. recession."

China's influence on the global economy was in full effect Tuesday when a slump in the volatile Shanghai Composite Index resulted in a U.S. stock selloff.

Oil's relationship to the stock market is usually seen in terms of the damage higher energy costs can do to economies, with crude spikes lowering share indices and lower oil prices doing the opposite.

"Crude and stock markets don't go hand in hand, typically they diverge, but given some of the views of investors, you're getting everything down on expectations we're slowing" said Joseph Quinlan, a market strategist at Bank of America Asset Management in New York. "The view that the twin engines of growth [China and America] are decelerating is going to filter into the oil markets."

In other commodity markets:

NATURAL GAS: With the heavy usage period winding down for the heating fuel, futures prices eased. Natural gas for April delivery on Nymex settled 4.5 cents lower at $7.243 a million British thermal units.

SUGAR: Futures raced to two-month highs. Top importer Russia decided not to raise the nation's raw sugar import duty in April. May-delivery sugar at the New York Board of Trade rose 0.25 cent to 11.22 cents a pound.

Bernanke Talks On Inflation, Globalization (WSJ)

By Greg Ip

DOJ_NMG_0140230

The Wall Street Journal, March 3, 2007

Globalization hasn't had a significant impact on reducing inflation in the U.S. and may have raised it, Federal Reserve Chairman Ben Bernanke said.

Nor has globalization weakened the Fed's control over interest rates, Mr. Bernanke said in remarks prepared for delivery Friday night to the Stanford Institute for Economic Policy Research in California.

Some economists have argued that globalization puts downward pressure on U.S. inflation, making the Fed's job easier. Former Fed Chairman Alan Greenspan Monday said the integration of many countries since the fall of the Soviet Union into the world economy has "brought world unit labor costs down, brought inflation down and interest rates down." But he also said that as that impact fades, long-term rates could rise by one to two percentage points world-wide in the next three to five years.

Mr. Bernanke, however, said increased trade with China has reduced U.S. inflation, now running at about 2%, by only about 0.1 percentage point. And he noted that while these emerging economies have added to the global supply of manufactured goods, they are also adding to the demand for oil and other commodities.

"There seems to be little basis for concluding that globalization overall has significantly reduced inflation in the U.S. in recent years; indeed, the opposite may be true," he said.

The Fed's outlook for inflation is influenced by spare capacity in the U.S. economy. But some economists and Fed officials have argued that because of globalization, the degree of spare capacity in the global economy also needs to be considered. While some research has found a link between global capacity and domestic inflation, Mr. Bernanke said Fed researchers have cast doubt on it.

Merck Receives A Split Verdict From New Jersey Jury In Vioxx Trial (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, March 3, 2007

A New Jersey state court jury delivered a split verdict in the first phase of the latest Vioxx trial, finding that Merck & Co. adequately warned doctors of the drug's heart-attack risks in the case of one plaintiff but not of another.

The eight-person jury found that in the case of both plaintiffs the drug maker violated a state consumer-protection statute by misrepresenting the drug's cardiovascular risks in marketing.

The case of Frederick "Mike" Humeston, 61 years old, of Boise, Idaho, now will move into a second phase to determine whether or not Vioxx was a cause of his heart attack -- and what damages, if any, should be awarded.

Mr. Humeston's case was tried previously in 2005, and Merck prevailed. New Jersey Superior Court Judge Carol Higbee later ordered a new trial after new evidence emerged.

The other plaintiff in this trial, Kathleen Messerschmidt, sued Merck over the fatal heart attack of her brother, Brian Hermans, who died on Sept. 15, 2002. The Vioxx label was changed to include further cardiovascular risk information in April 2002, making it harder to prove that Mr. Hermans was the victim of a failure on Merck's part to warn doctors. But the jury will now hear evidence to determine whether damages for consumer fraud should be awarded to Ms. Messerschmidt.

Merck withdrew Vioxx from the market in September 2004 following a study that linked the drug to an increased risk of heart attacks and stroke. The company has been hit with some 28,000 lawsuits and has said it intends to fight each case. Since the first trial in the summer of 2005, the Whitehouse Station, N.J., company has won eight trials and lost four.

Write to Heather Won Tesoriero at heather.tesoriero@wsj.com3

Bush Helps GOP Senators Raise $2.1 Million (WP)

By Michael A. Fletcher

The Washington Post, March 3, 2007

LOUISVILLE, March 2 -- President Bush headlined a fundraiser Friday for Senate Minority Leader Mitch McConnell (R-Ky.) and the National Republican Senatorial Committee that netted $2.1 million. Organizers called it the largest fundraiser in state history.

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Speaking to a dinner crowd at the century-old Seelbach Hilton Louisville Hotel, Bush defended his decision to send more troops to Iraq. He also criticized those in Congress who oppose the plan, saying, "They have a solemn responsibility to support those who wear the uniform of the United States."

The event was the second GOP fundraiser in a week for Bush, who continues to be a major Republican draw despite his dismal approval ratings. On Monday, he spoke at a Washington event that raised $10.4 million for the Republican Governors Association.

Before coming here, Bush spoke at Silver Street Elementary School in nearby New Albany, Ind., where he urged Congress to reauthorize the No Child Left Behind education law.

The measure, which requires states to set educational standards and to hold schools accountable for meeting them, is helping to improve student achievement, he said.

"This is a piece of legislation that is vital for the country, in my judgment," Bush said. "It is working, and we ought to make sure it stays in law."

Clinton, Romney Lead Among Insiders (LAT)

By Mark Z. Barabak

The Los Angeles Times, March 3, 2007

Party leaders' opinions about presidential candidates often shape the race. Deep partisan divisions remain.

Democrat Hillary Rodham Clinton and Republican Mitt Romney have emerged as the leading presidential favorites among party insiders, according to a new Los Angeles Times Poll, which found deep partisan divisions over the country's direction and top issues in the 2008 campaign.

The survey showed former Sen. John Edwards of North Carolina in second place among Democratic Party leaders, ahead of Sen. Barack Obama of Illinois. It pointed up danger signs for Sen. John McCain of Arizona, who trailed former Massachusetts Gov. Romney and former New York City Mayor Rudolph W. Giuliani, the leader among Republicans in national voter surveys.

It also signaled GOP concerns about holding the White House for another four years — 42% of party leaders said it would be tougher to elect a Republican after eight years under President Bush, and just over half said the GOP nominee should campaign on moving the country in a new direction.

"I love President Bush, I really do," Cindy S. Phillips, a Republican national committeewoman from Mississippi, said in a follow-up interview. "But you can't be the same as the person before you. You have to bring your own touch, your own ideas."

Phillips is looking hard at Giuliani.

The poll surveyed members of the Democratic and Republican national committees, the governing bodies of the two major political parties. Though relatively few, these insiders could have an important role in deciding which of their candidates face each other in November 2008, thanks to the influence many wield in their states.

"The DNC and RNC members are not just delegates" to the national nominating conventions, said Charlie Cook, a nonpartisan campaign analyst in Washington. "They are key organizers and opinion leaders. They can help build or kill a groundswell, make a candidate's challenge in a state easier or much harder. They matter a lot."

The poll also offers a different reading of sentiments than national voter surveys, which tend to be heavily influenced by name recognition at this early stage of the campaign.

A similar poll of DNC members about four years ago found significant backing for Sen. John F. Kerry of Massachusetts as well as surprising support for Edwards and former Vermont Gov. Howard Dean — at a time when the latter two made comparatively weak showings in voter surveys. The three ended up as the top contenders for the Democratic nomination, won by Kerry.

The Times Poll, directed by Susan Pinkus, interviewed 313 of 386 DNC members and 133 of 165 RNC members from Feb. 13-26. Since the poll attempted to interview current state members of each organization rather than a random sample, there is no margin of error.

The survey found no candidate enjoying a lock on institutional support. To the contrary, more than 1 in 3 RNC members had no favorite; just under 1 in 3 DNC members had no preference.

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Among Republicans, Romney had the most backing among party insiders, with 20% support, followed by Giuliani with 14%, McCain with 10% and former House Speaker Newt Gingrich of Georgia — who has said he might enter the race in the fall — with 8%.

In a potentially worrisome sign for McCain, just over 1 in 10 RNC members said they would not support him if he won the party's nomination in his second attempt.

"It shows just how much resistance there is within the Republican establishment to McCain and how open the party is to candidates who either aren't very conservative, like Giuliani, or only recently minted conservatives, like Romney," Cook said. "McCain has worked pretty hard since 2000 to be a team player, but these numbers would suggest that there is still a problem for him."

Among Democrats, Sen. Clinton of New York had the backing of 20% of party leaders, followed by Edwards with 15%, Obama with 11%, former Vice President Al Gore — who is not in the race — with 10% and New Mexico Gov. Bill Richardson with 9%.

Regardless of whom the insiders supported, Giuliani and Clinton were each rated their party's strongest prospective nominee with the best shot at winning the White House.

The insiders were divided over their most important criterion for backing a candidate. Just over a third of Republicans said issues were the most important factor. Nearly 4 in 10 Democrats said the most important factor was a candidate's chance of winning the White House.

The survey turned up a dramatic split over the direction of the country and the problems the presidential candidates should address.

Whereas 83% of Republicans said the country was on the right track — and all said the economy was doing well — 95% of Democrats said the country was headed the wrong way, and more than 6 in 10 said the economy was in bad shape.

Not surprisingly, partisans were also worlds apart over the war in Iraq, with the overwhelming majority of Republicans supporting Bush's policies and Democrats nearly unanimous in their opposition.

There was less agreement among Democrats over an exit strategy. Just over half of DNC members favored legislation requiring Bush to begin withdrawing U.S. troops; 17% favored the more dramatic step of cutting off funding. About 2 in 10 Democrats said Bush should not be required to withdraw troops.

Despite insiders' differences and the considerable attention the war has gotten in the campaign, particularly among Democrats, many said Iraq was unlikely to be the decisive issue in their respective party primaries. Sixty-five percent of Republicans and 50% of Democrats said the war would be an important issue in the 2008 contest, but not the most important. But 48% of Democrats said Iraq would be the most important issue.

"The Democrats, by and large, have similar positions on the war," said Terry Lierman, chairman of the Maryland Democratic Party, who is neutral in the primary. "What's going to differentiate them is a further vision and means to address everything from poverty to wages to jobs to a more equitable view of our foreign policy."

Asked the most important issue for Democrats to address, nearly 6 in 10 party insiders said healthcare, followed by Iraq. Among Republicans, about 1 in 3 said the war and reconstruction of Iraq, followed by domestic security and global terrorism. Just over 20% of Republicans cited the immigration issue as a priority, compared to 2% of Democrats.

Despite some big names lurking in the background — notably Gingrich and Gore — 85% of Republican insiders and 98% of Democrats said they were satisfied with those running.

Though Gore would make "an excellent candidate ... I think he's doing just fine where he is," said Marianne Stevens, vice chairwoman of the Maine Democratic Party, who is also uncommitted. "I'm not sure he'd want to put himself and his family through all that again."

Among Democrats, all of the candidates — declared and prospective — enjoyed overwhelmingly favorable ratings except three: Rep. Dennis J. Kucinich of Ohio, who is making his second White House bid; the Rev. Al Sharpton, who ran for president in 2004; and former Sen. Mike Gravel of Alaska. They were viewed more negatively than positively.

On the Republican side, views of the candidates were mixed. Giuliani and Romney were each viewed favorably by 83% of party leaders, and Gingrich by 78%. McCain was viewed favorably by 56% of GOP insiders and unfavorably by 38%.

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Other, lesser-known GOP candidates received generally favorable ratings, with two exceptions. Sen. Chuck Hagel of Nebraska, who has sharply criticized the war, and Rep. Tom Tancredo of Colorado, an outspoken foe of the president's immigration policy, were seen more negatively than positively.

There was little difference among Democrats and Republicans over the prospect of Americans electing an African American, Latino or woman president: Strong majorities in both parties said the country was ready.

Republicans were more optimistic about the chance of electing a Mormon, which probably reflects good feelings for Romney. Nearly 8 in 10 GOP insiders said the country would elect a Mormon president, compared to 48% of Democrats.

"It could be a hassle with some people," said Phillips, the GOP's Mississippi committeewoman. "One question I did ask was how far back [in Romney's family] is the plural marriage thing. They said his great-grandfather, and I said, 'OK, that's far enough.' "

Timing, Donors Drive Long-haul Strategy For '08 (WT)

By Stephen Dinan

The Washington Times, March 3, 2007

Richard M. Nixon, running for the Republican presidential nomination in 1968, refused to campaign until the last moment, filing his candidacy and driving into New Hampshire just six weeks before that state's first-in-the-nation primary.

Forty years later Pat Buchanan, a veteran of that Nixon campaign and a New Hampshire primary winner himself in 1996, still chuckles at the strategy, which was so successful it chased Mr. Nixon's opponent, George Romney, out of the race.

But Mr. Buchanan says it probably can't be repeated.

With 10 months to go before the first primary vote is cast, every serious campaign has a full operation -- promising a long, drawn-out affair that is likely to fatigue voters and the candidates themselves.

"All of this strategy is really about donors and timing, what's going to be best to raise money, rather than what's going to be best for keeping voters' interests in your campaign," said Michael McDonald, a professor at George Mason University who studies voter turnout.

With a giant set of primaries increasingly likely for Feb. 5, the 2008 nomination will depend far more on television ads, and candidates will need a large bank account to compete.

Chuck Larson, an adviser to Sen. John McCain's operation in Iowa, which traditionally holds the first caucuses, said the campaign is definitely starting earlier.

"In 1999, for example, eight years ago, we took our first trip down to meet then-Governor Bush on approximately March 3, to encourage him to run for president," Mr. Larson said. "Here we are almost eight years to the date and we have had campaigns with field staff on the ground in Iowa for nearly a year."

Still, he doubts Iowans will get fatigued, saying they enjoy their position with the first-in-the-nation caucuses.

Curtis Gans, director of the Committee for the Study of the American Electorate, said voter fatigue is a myth and when it comes time to vote, voters do their duty.

"On the elections, the major elections, when there's something to decide, people vote," he said.

Mark J. Rozell, another George Mason professor, said the problem is that political insiders already are dissecting and speculating about the campaigns, though the public isn't paying attention.

"We've had lots of polls and predictions already, and many more to come -- but we're all just talking to each other," Mr. Rozell said. "By the time the public gets seriously interested, anything important that there is to say about the candidates has already been said by leading observers."

If the campaigns seem early and intense to voters, to the campaign staffs it's only natural, said Katon Dawson, chairman of South Carolina's Republican Party.

"If anything it started late," he said. "This race is over this time next year. We have races for mayor that last seven months."

With a May 15 Republican debate scheduled for Columbia, S.C., Mr. Dawson said it's possible some candidates "may not make it off that stage."

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The grind of a long campaign is exactly what kept Mr. Nixon out of New Hampshire, Mr. Buchanan said. In his losing bid for the presidency in 1960, Mr. Nixon realized he wore himself out, which he thought was part of the reason he looked so tired in the famous decisive televised debate with John F. Kennedy.

Mr. Buchanan said Mr. Nixon told him waiting also would give the press time to beat up on his New Hampshire opponent, Mr. Romney.

"Let them chew on him for a little while," Mr. Nixon told Mr. Buchanan.

And once Mr. Nixon entered the race, he still only campaigned two or three days out of the week, spending the rest of the time recharging in Florida, using television ads to keep a presence. Mr. Romney, meanwhile, exhausted himself by doing a long series of events each day.

The strategy worked beautifully. On Feb. 28, two weeks before the primary, Mr. Romney took himself out of the running, delivering the state to Mr. Nixon.

Mr. Buchanan and Mr. McDonald both said the one potential candidate who could afford to wait this time around is former Vice President Al Gore, a Democrat.

Mr. McDonald said Republican Rudolph W. Giuliani, the former New York City mayor, also could have tried that, but he ended up jumping into the race to convince donors he is serious about running.

"The amount of money that's going to be spent in this campaign, the candidates have a real incentive to get that fundraising apparatus going," Mr. McDonald said.

Mr. Dawson said with a winner probably chosen in early February, the real difference this time around will be the long gulf between the time the nomination is settled and the nominating conventions, which will come in September.

"I can't imagine the search for a VP candidate -- that's what's going to consume some of the down time, along with fundraising and party building," he said.

Conservatives Look For A Winning Hand (WP)

By Michael D. Shear. Anne E. Kornblut

The Washington Post, March 3, 2007

Lack of Candidate to Rally Around Has Key GOP Constituency Feeling Glum

Each year for more than three decades, a handful of icons of the American conservative movement have met for a friendly game of seven-card stud in a Washington hotel suite the night before the annual Conservative Political Action Conference, or CPAC.

This week, according to several participants, the mood around the poker table could hardly have been more glum.

"Nothing focuses the mind like an impending hanging," said longtime conservative fundraiser Richard A. Viguerie, paraphrasing the English essayist Samuel Johnson. "And Republicans feel an impending hanging with Hillary looming on the horizon."

The possibility of Sen. Hillary Rodham Clinton as president was bad enough. Even worse is the absence of a Republican candidate to rally around.

The movement's leaders "are all pretty much agreed that there is no clear conservative choice," said the game's host, David A. Keene, chairman of the American Conservative Union. "Or even an unclear conservative choice."

The apprehension of Keene and his poker partners is shared not only by the more than 5,000 activists on hand as the conference began yesterday. It is mirrored across the broader constituency of the Republican Party.

Between the war in Iraq, President Bush's low approval ratings, the recent midterm defeats and a void at the top with neither the president nor the vice president in the race, several Republican strategists said the mood is drearier than it has been since 1992.

"There's a sense that the Republican brand is down and it needs to come back up again if there's going to be a chance," said John Feehery, who served as communications director for Tom DeLay when the Texan was House majority leader.

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Even among White House staff members, there are frequent morbid jokes that the next occupant will be a Democrat, and there has been no mass exodus of Bush administration officials to Republican campaigns as there might have been during a more optimistic time.

Polling data, though an unreliable predictor of an election 20 months away, suggest Republicans have as good a chance of keeping the White House as losing it. Republicans are marginally ahead in many of the hypothetical head-to-head contests, suggesting that the country as a whole is divided down the middle when it comes to choosing a president.

Still, the party's mood is shaping the contest, and even leading Republicans are not overly optimistic. "I'm confident that we'll do fine," Sen. John McCain of Arizona said with uncharacteristic caution last week when asked to gauge the party's chances in the next presidential campaign cycle.

McCain, considered a front-runner for the GOP nomination, said his belief is that the country is still a "right-of-center nation, and the Republican Party is still a right-of-center party," adding, with a broad grin, that the GOP nominee can win "if the guy's not too big of a jerk."

Other Senate Republicans dodged the question. Sen. John E. Sununu of New Hampshire said last week that he is not a good person to ask about the party's prospects next year. Sen. John W. Warner of Virginia, who has endorsed McCain, waved away a question about 2008.

"It's going to be bad," a senior aide to a Senate Republican said, "but maybe we've maxed out, and the only place to go now is up."

That sense of foreboding has helped propel several of the campaigns, particularly that of former New York mayor Rudolph W. Giuliani, who in another season might not have stood a chance among Republican voters. Now, fearing they may lose, some Republicans have said they would be willing to consider someone more moderate if that is their only chance of retaining control of the White House.

"I think there's concern because the president's numbers are down and we just came off a bad election," said Warren Tompkins, a prominent Republican operative in South Carolina who supports former Massachusetts governor Mitt Romney. "People are still a little down and a little shell-shocked from what happened in the last cycle."

One force who could revive the party is Clinton, Tompkins said, if she wins the Democratic nomination. "She will awaken us and get the party out of the doldrums, especially in my world," Tompkins said, referring to the South.

Polls give that theory credence, and they also suggest that either McCain or Giuliani would have greater luck drawing away independents and Democrats in a general election than the Democratic front-runners, Clinton and Sen. Barack Obama (Ill.), would have in attracting Republicans.

A recent Washington Post-ABC News poll showed Republicans having much more negative views of the Democratic contenders, particularly Clinton, than Democrats have of the Republican candidates.

Between pep talks from conservative leaders, activists at the CPAC yesterday listened to a series of Republican candidates -- minus McCain -- who trouped before them in hopes of sparking interest from the party's most committed base of supporters and a key part of the primary electorate.

The activists do not like Giuliani's support for abortion rights, gun control and gay rights. They are suspicious of Romney's positions on social issues given his more liberal pronouncements as governor. And they are wary of McCain, who did not help himself by skipping the convention. To express their dissatisfaction, some attendees wore stickers that said "Rudy McRomney" in a circle with a slash through the words.

Giuliani and Romney commanded huge crowds, many of them college students waving signs. But Giuliani's low-key speech had less partisan red meat than did Romney's, and the crowd reacted accordingly.

Giuliani gave only a glancing mention to social issues, emphasizing instead the areas of agreement. "I don't agree with myself on everything," he joked. He talked about the need for leadership, improving education and aggressively fighting terrorism.

Romney described having "stood at the center of the battlefield" on social issues as governor. "I fought to protect our family values," he said. He promised to appoint conservative judges and carry on the fight against terrorism.

The lesser-known candidates drew smaller, but often intense, crowds. Sen. Sam Brownback of Kansas fired them up with vows to oppose same-sex marriage and bring faith "back to the public square."

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"I don't think these people reflect my conservative beliefs," said Kyle Bristow, 20, a sophomore at Michigan State University and a supporter of long-shot presidential candidate Tom Tancredo, a congressman from Colorado. "Conservatives will lose if we're going to nominate liberals."

Viguerie, the movement veteran, said that he is not optimistic about victory in 2008 and that he tells conservatives to focus on the long term. "I think it will be '012 or '016," he said.

In the meantime, he suggested that conservative Republicans withhold support from McCain, Giuliani and Romney -- at least for the time being. "I don't think it's worth the conservative energy right now," Viguerie said.

A Mood Of Gloom At CPAC (POL)

By Jonathan Martin

The Politico, March 3, 2007

At first blush, the state of the Vast Right-Wing Conspiracy appears to be strong. Here at the annual Conservative Political Action Conference (CPAC), a few thousand students, activists, hopeful pols and professional hangers-on have descended on one of Washington's larger hotels to affirm and amplify the right-wing gospel.

But even though every conservative group from the Islamic Free Market Institute to The American Protectionist is here in force, there is considerable grumbling about the health of the movement. From conservative pioneers to up-and-coming true believers, many attendees are looking for leaders -- and they're uncertain about the current crop of presidential candidates and not even thrilled with the current occupant of the White House.

"I'm disenchanted, I'm disenfranchised, I'm just dissed," quipped David Bossie, the president of Citizens United and a tireless congressional investigator in the Clinton era.

"It's a struggle," said conservative activist and public relations specialist Mike Thompson. "Conservatives want to win, but they aren't really sure the guys at the top of the field are conservative." Reconciling purity and pragmatism is always a challenge, Thompson added, but it's especially so going into 2008 because "of the fear of the other side."

Some of the ire at the CPAC conclave is directed squarely at Sen. John McCain (R-Ariz.), whom many conservatives suspect talks the talk when it comes to movement ideals but harbors dangerously moderate instincts.

On Thursday, Bossie gleefully unveiled a 22-page dossier kneecapping McCain ("He's No Ronald Reagan: Why Conservatives Should Not Vote for John McCain"). But Bossie also said his beef wasn't just with the one Republican presidential aspirant – McCain -- who skipped the CPAC festivities

His McCain manifesto "may be the first, but it's not going to be the only," Bossie said by way of warning to the other GOP aspirants.

For More Info Visit Our Candidates Page

It's not just skepticism about McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney that has members of the movement in a funk.

While conservatives here are appreciative of his steadfastness in the war on terror, President Bush has disappointed some on the right who had high hopes.

Bush has "made so many mistakes," said the Eagle Forum's Phyllis Schlafly. "The war is a disaster and he flubbed the [immigration] issue."

And the leading GOP contenders to succeed Bush? "They're all equally unacceptable," Schlafly said.

Comparisons with the ultimate CPAC icon, Ronald Reagan, are, of course, inevitable in this crowd. While Bush has never addressed the gathering, now in its 34th year, CPAC proudly posts on its Web site all the years that Reagan addressed the conference (12 times all told). And as veteran activists recall, the Gipper did far more than give perfunctory after-dinner remarks.

"Reagan wasn't just at the head table," said a wistful Richard Viguerie, "he walked among us." The direct mail guru said conservatives "are leaderless at this point in time."

"They no longer look to Republican leaders, whether it's President Bush or Republicans in Congress."

Conservatives, Bossie said, "are desperately looking for an heir to Reagan's mantle." And among the top three contenders, "I don't think that any of these candidates are up to that."

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But it's not just the old-timers, pining for the good old days that always look better in hindsight, who have soured the mood at CPAC.

"There is no agenda," said Soren Dayton, a young consultant and blogger, complaining that GOP candidates are only offering up predictable platitudes. "You say you're pro-life, you say you'll ban gay marriage and you say you'll cut taxes."

Many of the younger bloggers here, at least those not actively working for a campaign, are in no hurry to get on board with the 2008 contenders.

"I'm for letting them fight it out for a while," said Mary Katharine Ham, who writes for the conservative TownHall.

Some GOP gurus dismiss the overlay of pessimism. Grover Norquist admits that "there's no Ronald Reagan that everybody's in love with," but he takes a more hopeful view of the rightward shifts of Romney, McCain and Giuliani.

"We have candidates going to where Reagan is," pointed out the anti-tax crusader. "That's good, that's called progress."

Conservatism would be in trouble, Norquist added, if the top candidates were saying, 'I'm not where Reagan is, and I don't want to be.' "

"There's no Rockefeller wing of the party left," he observed.

Indeed, the conservative movement has consolidated their control over the GOP and kept successive Democratic hopefuls out of the White House.

As John O'Neill, Sen. John F. Kerry's fellow Swift Boat veteran-turned-nemesis put it when I asked him about the 2004 race: "mission accomplished."

The question now is what the next mission is and who will lead it.

Romancing The Conservatives (WT)

By Ralph Z. Hallow, Stephen Dinan

The Washington Times, March 3, 2007

Former Massachusetts Gov. Mitt Romney yesterday delivered a faultlessly tailored appeal to more than 1,000 grass-roots conservative activists hungry for a renewed commitment to limited government.

Addressing the 34th annual Conservative Political Action Conference, Mr. Romney stood out from the pack of Republican presidential aspirants that included Rudolph W. Giuliani and Mike Huckabee by promising to end taxes on earnings from interest, dividends and capital gains, and to cap federal spending and veto every attempt to break that cap -- whether proposed by a Republican or Democratic Congress.

"I know how to veto. I like vetoes," Mr. Romney said.

Mr. Giuliani, the former New York City mayor who served in President Reagan's Justice Department, said the late president understood that ideas, not race or ethnicity, are what identify Americans.

Drawing nearly as much applause but not the repeated standing ovations Mr. Romney received, Mr. Giuliani said, "it's very critical to begin every discussion" of Iraq and Afghanistan with the understanding that the United States is a nation that covets peace.

"Maybe we made a mistake in calling it the 'war on terror.' It is a war [by terrorists] on us," he said.

Mr. Giuliani also told the conservatives he shared their goal of offering school choice. But he skimmed over other deep differences, telling the crowd they share some beliefs and not others, just like "your relationship, I think, with your husband, your wife, your children."

In interviews afterward, some attendees said Mr. Giuliani lost momentum when he heaped lavish praise on Abraham Lincoln.

While many conservatives regard the Civil War president as the spiritual founder of the Republican Party, others deeply resent him as a man who ruthlessly suspended constitutional rights and freedoms in order to militarily challenge the South's belief in its right to secede. Some saw similar disdain for individuals' rights in Mr. Giuliani's successful war on crime in New York City.

Mr. Giuliani took the side of the Bush administration on an issue that troubles civil libertarian conservatives, saying that "you need the tools like the Patriot Act and legal intelligence surveillance."

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"Rudy thought he was addressing a Republican audience," said Mike Long, chairman of the New York State Conservative Party. "Mitt understood this is an audience of people who are conservatives first."

Mr. Romney and Mr. Giuliani consistently rank in the top tier of Republican presidential contenders, along with Sen. John McCain of Arizona and former House Speaker Newt Gingrich. Mr. McCain is the only major candidate not to address CPAC, while Mr. Gingrich, who today is to give the closing speech of the three-day conference, has said he won't make a decision about running until September.

Many conservatives argue Republicans lost in last year's elections because they forgot conservative principles, particularly limited government. Rep. Mike Pence of Indiana, a key voice for limited government, said the elections were the bottom of a descent he has seen coming.

"We're no longer off course. We've run aground. Six years without a course correction was simply too much," he said.

So powerful is the anti-tax sentiment among conservatives here that Mr. Huckabee, who just recently had refused to rule out raising taxes, announced he was signing Americans for Tax Reform's Taxpayer Protection Pledge not to raise taxes.

Mr. Romney, though, made the boldest overture of the day, saying it is "time to take government apart and put it back together, but this time let's make it simpler, smarter and smaller."

Coming into the conference, conservatives were looking for a champion and Mr. Huckabee summed up the attitude of many.

"The theme might be, dude, where's my candidate?" the former Arkansas governor said. "Well, I like to think that maybe he's standing in front of you."

He urged conservatives to go beyond the powerful lures of money and name recognition in choosing whom to back.

"If celebrity and money are the criteria to be president of the United States then Paris Hilton might be our next president," Mr. Huckabee said, adding he was a consistent conservative during his more than 10 years as governor.

Sen. Sam Brownback, Kansas Republican, said he would be "the family president" who would be proudly pro-life, and also would tackle big government through a flat tax.

Holding up a copy of the tax code, he said, "This should be taken behind the barn and killed with a dull ax."

Rep. Tom Tancredo, a Colorado Republican who is also exploring a bid for president, said he was surprised by the quadrennial rush to the right for many of the leading candidates.

"For those of us who have been conservatives even before Al Gore invented the Internet, this is all mildly sort of amusing," he said.

Mr. Tancredo, a major opponent of illegal entry into the United States, concedes he probably won't win, but said he will make sure candidates address issues central to conservatism.

"The conservative movement is not supposed to choose a candidate; it's supposed to produce one," he said.

For his part, Rep. Duncan Hunter, California Republican, warned that the country is facing a growing threat from China, and said the country needs to change the trade policies that have sent key defense industries overseas.

"The arsenal of democracy is being fractured and sent across the world," he said.

Romney And Giuliani Make Pitch To Conservatives (NYT)

By Adam Nagourney

The New York Times, March 3, 2007

WASHINGTON, March 2 — Mitt Romney of Massachusetts and Rudolph W. Giuliani of New York are both Republican presidential candidates who have been voted into office by largely Democratic electorates. They both have a history of taking liberal positions on social issues. And both are viewed warily by conservative Republicans who are integral to the party's presidential nominating process.

Mr. Romney, the former governor of Massachusetts, and Mr. Giuliani, the former mayor of New York, sought to address those challenges on Friday with speeches to conservative advocates gathered for an annual conference in Washington.

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To a certain extent, they approached the task in similar ways: by presenting themselves as devotees of Ronald Reagan who had tamed Democratic excesses in their communities. Mr. Giuliani talked about cutting crime, welfare and taxes; Mr. Romney talked of cutting taxes and the size of government.

Yet they parted company on how they dealt with the more difficult question of their positions on social issues. Mr. Romney made no mention of his past support of abortion rights and gay rights, instead focusing on his current opposition to abortion and same-sex marriage. He portrayed himself as someone who stood at the barricades as his state sought to permit same-sex marriage and to remove restrictions from abortion and stem cell research.

"I stood at the center of the battlefield on every major social issue," Mr. Romney said in a speech to the gathering, the Conservative Political Action Conference. "I fought to preserve our traditional values, and to protect the sanctity of human life. I vetoed bills. I filed new bills. I enforced a law that banned out-of-state same-sex couples from coming to Massachusetts to get married."

Mr. Giuliani made no mention of his support for gay rights, abortion rights and gun control. Instead, he suggested that he and his audience had many more agreements than disagreements.

"Ronald Reagan used to say, 'My 80 percent ally is not my 20 percent enemy,' " Mr. Giuliani said. "What he meant by that is, we don't all see eye to eye on everything. You and I have a lot of common beliefs that are the same, and we have some that are different."

"We do believe in many of the same things, I'm sure," he said. "We believe in giving freedom to people. I think the core of the Republican Party and the historic mission of the Republican Party and the Republican Party makes its greatest contribution when it's giving more freedom to people."

The third major Republican presidential contender, Senator John McCain of Arizona, skipped the event; his aides said he was raising money in California and Utah. But his absence did not shield him from attacks, albeit indirect ones. Mr. Romney invoked bills Mr. McCain had sponsored to control campaign financing and his alliance with Senator Edward M. Kennedy of Massachusetts on legislation to permit some illegal immigrants to apply for citizenship, two unpopular measures in this audience.

"If I'm elected president, I will fight to repeal McCain-Feingold," Mr. Romney said, referring to the campaign spending bill.

The conference drew thousands of attendees, many of whom waited in a long line out the door for a late-afternoon appearance by Ann Coulter, the conservative author and commentator. Still, the tone of the conference was less excitement about the 2008 campaign than concern about the ideological credentials of the three leading contenders for the Republican nomination.

Mr. Giuliani arrived to a rousing reception, but the room grew silent and restless as Mr. Giuliani wandered through a speech that lasted 40 minutes. By contrast, Mr. Romney arrived to a much more subdued reception but left to rousing applause.

"The governor knocked this speech out of the park," said Paloma A. Zepeda, a marketing consultant and conservative blogger who said she came into the room with "serious doubts" about Mr. Romney, and left saying she was leaning toward supporting him. By contrast, she said, Mr. Giuliani "took a risk by coming to C.P.A.C., and he managed to not allay a single conservative fear about a Giuliani candidacy."

In perhaps an unlucky bit of scheduling, Mr. Giuliani appeared after Wayne LaPierre, the executive vice president of the National Rifle Association, who gave a blistering attack on gun laws pressed for New York City by Mayor Michael R. Bloomberg, also a Republican, who was elected with Mr. Giuliani's very strong support. "Everything they do in New York City on guns smacks of hypocrisy," Mr. LaPierre said.

He made no mention of Mr. Giuliani. Mr. Giuliani did not address Mr. LaPierre's criticism.

Mr. Giuliani focused on what has been one of his electoral strengths: his performance as mayor after the attacks on the World Trade Center. Mr. Giuliani departed from a standard criticism of President Bill Clinton by Republicans, who have faulted him for not recognizing the emerging terrorist threat after the first attack on the World Trade Center and the bombing of the U.S.S. Cole.

"I don't blame people for that," he said. " I don't think it's instructive or helpful to do that."

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The problem for conservatives is that the candidates they may be more inclined to support — Senator Sam Brownback of Kansas and Mike Huckabee, the former governor of Arkansas — are generally seen as being longer-shots to winning the nomination. Mr. Huckabee got in a jab, making reference to Mr. Romney's disclosure last week that he had only recently joined the National Rifle Association. "I'm not a latecomer to the N.R.A," Mr. Huckabee said. "I was the first governor in America to have a concealed carry permit, so don't mess with me."

GOP Candidates Preen For Conservatives (GAN)

By Chuck Raasch

Gannett, March 3, 2007

WASHINGTON — Invoking Ronald Reagan at every turn, a coterie of Republican presidential contenders tried to burnish their credentials Friday before the year's largest gathering of conservative activists.

Ex-New York Mayor Rudy Giuliani and ex-Massachusetts Gov. Mitt Romney both received warm but not raucous audience responses as they tried to calm doubts about their commitments to conservative principles.

Before an audience of several thousand at the Conservative Political Action Conference, a somewhat subdued Giuliani avoided the social issues that separate him from many conservatives — he supports abortion and gay rights — instead concentrating on his record as a tax-cutter, budget balancer and post-9/11 leader.

Quoting Reagan, Giuliani said "an 80% friend is not your 20% enemy." Invoking Reagan's optimism and applying it to the war on terrorism, he said victory was inevitable — if difficult — because "the human soul and the human heart is moving in our direction."

"We will get there the way Ronald Reagan got us there — peace through strength," Giuliani said, using another Reagan line.

Touching a conservative nerve, Romney said he'd appoint judges who would strictly interpret laws.

"It is the people who are sovereign in America, not a few folks in black robes," Romney said.

He explained his conversion from a pro-abortion rights Senate candidate in 1994 into an anti-abortion, anti-gay marriage position as the result of his being thrust in the middle of embryonic stem cell and the gay-marriage debates while he was governor of Massachusetts

"He gave a good, bullet point-like speech demonstrating how he beat back liberalism in Massachusetts while giving conservatives a lot to look forward to in a Romney administration," said veteran conservative strategist Greg Mueller, who had not yet endorsed a candidate.

Sen. John McCain, R-Ariz., decided to bypass the conference, which some activists said could hurt him. Romney had the most direct attack on McCain, calling for repeal of the 2002 campaign finance reform measures McCain sponsored with liberal Sen. Russ Feingold, D-Wis.

Several lesser-known candidates may have helped themselves, in the process taking veiled swipes at what they see as election-year conversions by Romney and Giuliani.

Mueller said Sen. Sam Brownback, R-Kan., did well defending "true-blue, unapologetic conservatism."

Ex-Gov. Mike Huckabee of Arkansas, who shares Bill Clinton's hometown of Hope, Ark., was applauded as he sought to portray himself as a lifelong conservative who believed in the Reaganesque "faith, family and freedom."

"This country is strong because there is a culture of life," Huckabee said.

Huckabee called abortion a "principled" and "defining" issue and said he was "troubled" by people who claim to be opposed to abortion but do not want to outlaw it. While Giuliani has not changed his support of abortion rights, he recently said in South Carolina that he would appoint "strict constructionists" — code words for conservative judges — if elected president.

Brownback said the Supreme Court is "one vote away from overturning Roe vs. Wade," and drew loud applause when he proclaimed that "there is not a fundamental right to abortion" in the Constitution.

Rep. Tom Tancredo, R-Colo., a staunch illegal immigration opponent and self-described "huge long shot" candidate, by inference mocked Giuliani and Romney.

"Conversions are supposed to be made on the road to Damascus, not on the road to Des Moines," he said.

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GOP Candidates Woo Key Conservatives (LAT)

By Molly Hennessy-Fiske

The Los Angeles Times, March 3, 2007

Giuliani and Romney draw large crowds while Ann Coulter's remarks prove to be the most controversial.

WASHINGTON — Republican presidential contenders Rudolph W. Giuliani and Mitt Romney made their case to influential conservatives Friday, positioning themselves as allies to the gathering despite mixed records on such high-profile social issues as abortion, gay marriage and stem cell research.

Romney, the former Massachusetts governor, and Giuliani, the former New York mayor who has staked out an early lead in polls of the GOP rank-and-file, each drew overflow crowds of several thousand at the annual meeting of the Conservative Political Action Conference.

Also addressing the crowd, but attracting less attention, were four GOP candidates with more solid conservative credentials but lesser national identities — Sen. Sam Brownback of Kansas, former Arkansas Gov. Mike Huckabee, Rep. Duncan Hunter of El Cajon, and Rep. Tom Tancredo of Colorado.

Noticeably absent was Sen. John McCain of Arizona, who in his second bid for the Republican presidential nomination has sought to overcome opposition from the party's conservative base that helped doom his campaign in 2000. But McCain has made little discernible headway among the activists at Friday's event and he skipped it to campaign in Utah and his home state.

The conference is sponsored by the American Conservative Union and dozens of other like-minded organizations, and it provides an opportunity for power brokers based in Washington and conservative leaders elsewhere in the country to compare notes and plot strategy.

Giuliani pitched himself as a fiscal conservative who in New York cut taxes, reduced crime and thinned out welfare rolls — and would do the same at the national level. He defended the Bush administration for launching the war in Iraq, conducting a controversial domestic spying program and enacting the Patriot Act, saying that the U.S. needs to remain "on the offensive" in fighting terrorism.

Giuliani did not disavow his support for abortion rights, gay rights and gun control — issues he did not mention in his speech. But in a clear reference to his stands, he called for conservatives to embrace President Reagan's brand of big-tent Republican politics.

"We don't all agree all the time," Giuliani told his audience. "But the point of a presidential election is to decide who you believe the most."

He received sporadic applause during his remarks. Romney, who spoke several hours later, provoked a more enthusiastic response.

Romney criticized McCain by name, taking the senator to task for his efforts to rewrite campaign finance laws and immigration policy — comments that brought applause.

The former governor did not mention Giuliani. But in a possible effort to contrast himself with the former mayor, who has been married three times, Romney invited his wife, Ann, to join him at the podium. She made a point of noting that they will celebrate their 38th wedding anniversary this month and that they have five sons and 10 grandchildren.

Romney's efforts to court support from conservatives has been hampered by criticism that he has only recently embraced their positions on various social causes after airing more liberal views while seeking office in Massachusetts. For instance, in a failed 1994 Senate race, he stressed his support for gay rights. And he has acknowledged that he has changed his view on abortion, opposing it after previously taking a pro-choice position.

On Friday, he detailed his efforts to fight gay marriage and stem cell research during his four years as governor.

"I stood at the center of the battlefield on every major social issue, and I defended the sanctity of human life," Romney said, prompting a standing ovation.

Some of those at the conference said they remain unconvinced that Romney or Giuliani would stay true to conservative causes if either won the White House.

"People are tired of seeing people coming in right and turning left," said the Rev. LeRoy Thomas, chaplain for the National Black Republican Assn. He supports Brownback.

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But David Bellows, an instructor at the Rev. Jerry Falwell's Liberty University in Lynchburg, Va., said many conservatives would be willing to compromise on candidates who do not agree with them on every issue but share their general values. "We need to … concentrate on whether they are conservative in their values, not necessarily whether they are antiabortion or not, " he said.

Some who arrived at the conference undecided left with Romney campaign signs, including Margo Saule, 65, a horse breeder from Charlottesville, Va.

Saule called Romney's speech "straightforward," saying "I liked his convictions."

As for his recent change on abortion, Saule said it did not bother her.

"People change their minds," she said. "I don't think he changed his opinions to become more electable."

Others said that Giuliani would do a better job of protecting the country from terrorism, and that his track record on national security trumped his liberal leanings on social issues.

"He's great on protecting us from terror, bringing down crime and taxes," said June Nichols, 70, a consultant from Merritt Island, Fla.

The day's most controversial speaker proved to be conservative pundit Ann Coulter, who at the end of her speech — which followed Romney's — used a slur to refer to Democratic presidential candidate John Edwards.

Coulter said she had intended to comment on the former senator from North Carolina, "but it turns out you have to go into rehab if you use the word 'faggot,' so I … can't really talk about Edwards."

The Democratic National Committee chairman, Howard Dean, quickly issued a statement calling on the GOP presidential candidates at the conference to "denounce her hateful remarks."

A Giuliani spokeswoman said she had not heard the speech, and a Romney spokesman did not return calls late Friday.

Tancredo Demos Stump Speech (DENP)

By Ann C. Mulkern

Denver Post, March 3, 2007

Washington -- The next president must possess core conservative principles or risk losing the election and much of what America stands for, Rep. Tom Tancredo told a cheering crowd today at a conservative convention.

The Littleton Republican who is considering a presidential run presented his political vision in a speech to the Conservative Political Action Conference.

In a packed and cheering ballroom, Tancredo said it's imperative to crack down on illegal immigration and reject "the cult of multi-culturalism" that he says is destroying American values. Tancredo also declared the need to return to traditional conservative ideals, including opposition to legalized abortion.

"With the world at war, and the very survival of Western Civilization at risk, with the Supreme Court potentially one death or retirement away from reversing Roe Vs. Wade," Tancredo said, referencing the case that legalized abortion, "real conservatives cannot afford to sit this one out."

Tancredo was one of several potential and declared presidential candidates appearing at the conference, an annual Washington D.C. gathering of the right wing of the Republican Party. In presidential election season, it serves as an audition for candidates wanting to capture conservative activists and impress the national media with their ability to draw crowds.

Tancredo has formed a presidential exploratory committee, saying he sees the need for a true conservative in the race. He touted his conservative credentials and used three Biblical references during his speech.

Former Massachusetts Gov. Mitt Romney, Sen. Sam Brownback, R-Kan., and Rep. Duncan Hunter, R-Calif., also spoke.

Conservative Political Action Conference members will take a straw poll Saturday indicating which candidates they most support.

Walking on to the stage to the strains of the theme from the movie "Rocky," Tancredo said he's a "huge long shot" and compared himself to the hero of the Oscar-winning boxing movie.

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Tancredo alternately spoke about his potential to win the presidency, saying he knows it's David vs. Goliath, but that "David won." But he also seemed to concede he won't advance when he said he wants "a candidate in this presidential election that I can vote for."

"I'm so tired of voting because the person is the lesser of two evils," Tancredo said. "I want to be able to vote for somebody &I believe is leading a crusade, somebody who I actually want to participate in that crusade because they inspire me to do so.

"I may not be that person, I understand," Tancredo said. "But look for that in whoever it is you're going to support."

Some Tancredo supporters at the event said they believe he can win the nomination, despite the fact that lead candidates are raising an estimated million dollars a week. Tancredo's congressional bank account had $189,000 when he made the last required disclosure at the end of 2006.

"I absolutely think he can get elected," said Nathan Rager, 21, of Virginia. "He's the most well-known conservative in this race."

According to Rager, Former New York Mayor Rudy Guiliani has a liberal record. Romney's record on conservative issues isn't consistent, he said. Sen. John McCain, R-Ariz., "is just an amnesty supporter," he said, referring to McCain's support of a legal status for illegal immigrants.

Republican K.C. McAlpin of Virginia didn't vote for President Bush in either 2000 or 2004, choosing instead an independent candidate. He wouldn't say whom. He said he'll do so again rather than vote for McCain, Romney or Guiliani.

Tancredo, McAlpin said "is an authentic conservative."

Romney supporter Ruth Malhotra, 23, of Georgia, however, said while Tancredo's done a "amazing work" on the immigration issue, he's "not presidential material.

"When you're looking at someone to lead our country, you need a strong record of leadership, more broadly defined," Malhotra said. "I don't think Tom Tancredo is the best person to lead our country."

During his speech, Tancredo demonstrated his fondness for controversy. He repeated his tempest-provoking remark made last year that Miami is like a Third World Country. He talked about the letter he received from then-Florida Gov. Jeb Bush. In that letter, Bush said Florida people celebrated diversity.

"I'm all for celebrating diversity," Tancredo told the crowd. "When you make a state religion out of it, that's when you have a problem."

He said that the country needs a leader who knows we need a strong national defense "because our enemies are psychopaths and our allies are the French."

When comparing himself to the fictional Rocky character, Tancredo joked that one of the differences between himself and Sylvester Stallone was that "probably Sylvester Stallone does not smoke cigars. But I do."

The crowd erupted in large cheers and hoots. Last month, a Capitol police officer came to Tancredo's congressional office after a neighbor smelled smoke and called police. Tancredo was smoking a cigar, which is legal in lawmakers' offices.

"Although we are in the middle of a place that's run by what I refer to as the lifestyle Nazis here in Washington D.C., that don't let you do things like smoke in public places, in my office in the capitol anyway, the smoking lap is lit, even if my next door neighbor doesn't like it."

Ann Coulter Calls John Edwards "Faggot" (UPI)

UPI, March 2, 2007

WASHINGTON, March 2 (UPI) -- Best-selling right-wing author Ann Coulter, speaking to a conservative audience in Washington Friday, called former Sen. John Edwards, D-N.C., a "faggot."

Coulter was a featured speaker at the 34th annual Conservative Political Action Conference. Following her prepared remarks, televised on C-Span, Coulter was asked to talk about Edwards.

"It turns out you have to go into rehab if you use the word 'faggot,' so I'm kind of at an impasse -- I can't really talk about Edwards," she said.

"Rehab" may have been a reference to "Grey's Anatomy" star Isaiah Washington's decision to go into rehab during a public relations firestorm after he called one of his co-stars a "faggot."

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Democratic National Committee Chairman Howard Dean called on Republican presidential candidates, especially those who attended the conference, to denounce Coulter's remark, Fox News reported.

Coulter has previously suggested that other prominent Democrats are gay -- including former Vice President Al Gore, former President Bill Clinton and Sen. Hillary Clinton, Editor & Publisher reported. All of them, including Edwards, are married, and Bill Clinton's heterosexual tendencies caused a certain amount of well publicized trouble for him as in the White House.

But Did Ginger Rogers Wear Flip-Flops? (WP)

By Dana Milbank

The Washington Post, March 3, 2007

"It's an honor to be here in high heels, walking backwards," Mitt Romney said yesterday as he began his address to the Conservative Political Action Conference.

Don't panic, Phyllis Schlafly: He was merely referring to a previous speaker's invocation of an old joke. But for a guy trying to win over religious conservatives, it was a strange opening line.

If the former Massachusetts governor is going to win the Republican presidential nomination, he is going to have to overcome suspicions that he is a supporter of alternative lifestyles and other things that rile the right -- and a discussion of women's footwear may not be the way to do it.

Outside the ballroom at the Omni Shoreham, a man was strolling about in a dolphin costume and a T-shirt declaring "Flip Romney: Just another Flip Flopper From Massachusetts." The porpoise was ready to burst his blowhole: "First he was pro-choice, now magically he's pro-life. First he's for gun control, then he's against it."

Other CPAC attendees handed out full-size yellow Romney flip-flops announcing, "1992: Romney voted for Democrat Paul Tsongas for president." On each chair was a "Romney multiple-choice exam" about gun control, taxes, abortion and gay rights; the answer to each question was "both A and B." Another flier juxtaposed Romney's photo with John Kerry's, warning that Romney "told Planned Parenthood he supports Roe v Wade!"

For Romney, it showed a measure of bravery just coming to CPAC. John McCain skipped the event, and Rudy Giuliani gave a timid speech that avoided abortion and gay rights. CPAC is, after all, not a place to showcase diverse viewpoints.

In the session preceding Romney, Rep. Sam Johnson (R-Tex.) said of Cindy Sheehan, whose son died in Iraq: "She's an idiot." In the session after Romney, Ann Coulter used an anti-gay slur to describe John Edwards (the line drew applause) and asked: "Did Al Gore actually swallow Michael Moore?" When a questioner asked Coulter why she praises marriage but broke off so many engagements, she responded by calling the questioner ugly.

Sen. Jim Inhofe (R-Okla.) got the crowd cheering early in the day. "I have been called -- my kids are all aware of this -- dumb, crazy man, science abuser, Holocaust denier, villain of the month, hate-filled, warmonger, Neanderthal, Genghis Khan and Attila the Hun," he announced. "And I can just tell you that I wear some of those titles proudly."

Inhofe repeated his view that man-made global warming is "the greatest hoax ever perpetrated on the American people," and he quarreled with a Bush administration proposal to list polar bears as a threatened species. "They're overpopulated," he declared. "Don't worry about it: The polar bear is fine." His staff handed out supporting documentation, including the claim that "MARS HAS GLOBAL WARMING DESPITE ABSENCE OF SUVs."

Still, even the CPAC faithful know that the true conservatives in the GOP presidential race, figures such as Rep. Duncan Hunter (Calif.), have little chance of prevailing. Attendees here were, instead, talking about the least bad options among the major contenders: McCain, Giuliani and Romney.

That explains why, of more than 5,000 CPAC attendees, only 336 were on hand to hear Hunter deliver a speech proposing a wall across the Mexican border. By contrast, 1,500 people jammed the room to hear Romney. Several hundred more had to watch on televisions in the hallway. "Note rapturous crowd applause," Romney's lawyer, Ben Ginsburg, instructed a reporter. There were, in fact, several red "Mitt" mitts and blue Romney signs among the attendees.

The governor got off to a bad start when anti-tax activist Grover Norquist, assigned to introduce Romney, couldn't be located. "Grover apparently made a pit stop," the master of ceremonies announced. The pit stop went on for five minutes, forcing organizers to entertain the crowd with video titled "The Hillary Show" by the anti-Clinton Web site Stophernow.com.

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Norquist said that the difficulty of being a conservative in Massachusetts made Romney like Ginger Rogers in the old joke: She "did everything Fred Astaire did, except backwards and in high heels."

The handsome Romney had a smooth delivery, but he looked mechanical as he used the teleprompter, which apparently malfunctioned while he was trying to quote Ronald Reagan. "I'll make sure I get it here right," he said, as he reached for his notes.

The governor began his discussion, sensibly, with economic policy, where his conservative credentials are not questioned. But he didn't quite have his message ready for a bumper sticker. "If I am elected president, I am going to cap non-defense discretionary spending at inflation minus 1 percent!" he vowed.

It was time for the social issues, and Romney wasn't holding back. "I stood at the center of the battlefield on every major social issue," said the man who once vowed to best Ted Kennedy in support of gay rights. "I fought to preserve our traditional values and to protect the sanctity of human life."

"This isn't the time for us to shrink from conservative principles," Romney said before he departed. Indeed, for Romney, it is the time to adopt them.

The speech didn't sway Flip the dolphin, who continued his rounds. But Romney had, at least, won over Coulter. "I think he's probably our best candidate," she said. She'd prefer Duncan Hunter, she said, but "I'm being realistic." And, besides, "I love Mormons," Coulter said. "In 1992, Bill Clinton came in third in Utah."

McCain Wins Spartanburg Straw Poll (CNN)

By Alexander Mooney

CNN.com, March 2, 2007

WASHINGTON (CNN) -- Arizona Sen. John McCain won a Spartanburg, South Carolina straw poll Friday, an early sign of how conservative South Carolinians might view the GOP presidential field.

McCain beat former New York City Mayor Rudy Giuliani by two votes, 164-162, according to Spartanburg County GOP chairman Rick Beltram. California Rep. Duncan Hunter came in third with 158 votes.

A total of 776 people voted in the straw poll.

Full results:

Arizona Sen. John McCain: 164

Former New York City Mayor Rudy Giuliani: 162

Colorado Rep. Tom Tancredo: 10

Attorney John Cox: 4

Texas Rep. Ron Paul: 4

Secretary of state Condoleezza Rice: 2 (write-in)

Former Virginia Gov. Jim Gilmore: 1

Former Health and Human Services Secretary Tommy Thompson: 1

Sanders (the party was unable to identify this candidate): 1 (write-in)

McCain Wins GOP Presidential Straw Poll (TSSC)

The State, March 3, 2007

U.S. Sen. John McCain, R-Ariz., won the Spartanburg County Republican Party presidential straw poll on the second day of vote counting.

McCain was third when tallying was suspended Thursday. But by Friday afternoon, McCain had leapt into first in the final vote, according to The Associated Press.

The final results were: McCain, 164; former New York City Mayor Rudy Giuliani, 162; U.S. Rep. Duncan Hunter, R-Calif., 158; U.S. Sen. Sam Brownback, R-Kan., 85; former Massachusetts Gov. Mitt Romney, 80; and former Arkansas Gov. Mike Huckabee, 21.

Noticeably Absent From The Giuliani Campaign: His Children (NYT)

By Russ Buettner, Richard Pérez-Peña

DOJ_NMG_0140246

The New York Times, March 3, 2007

As he embarks on a campaign for the presidency, former Mayor Rudolph W. Giuliani is going forward without two people who once played supporting roles in his political life: his children, Andrew, 21, and Caroline, 17.

Andrew Giuliani has been at his father's side in campaign commercials and inaugurations since he was a toddler, famously bounding across the stage in a rambunctious manner and mimicking his father's rhetorical flourishes during Mr. Giuliani's 1994 mayoral inauguration.

But Mr. Giuliani's relationship with Andrew has grown strained and distant since his very public and bitter divorce from Andrew's mother, Donna Hanover, and his marriage to Judith Nathan, according to Andrew and others familiar with the relationship.

In a telephone interview yesterday, Andrew, a sophomore and member of the golf team at Duke University, acknowledged having had difficulties with Ms. Nathan, and said that he and his father had recently tried to reconcile after not speaking "for a decent amount of time."

"There's obviously a little problem that exists between me and his wife," the younger Mr. Giuliani said. "And we're trying to figure that out. But as of right now it's not working as well as we would like."

Andrew Giuliani said he would not participate in his father's campaign, saying his devotion to becoming a professional golfer within three years allows no time for distraction.

While he would not say how long he had been estranged from his father, others close to the family said it appeared to have been for at least a year.

Similarly, a distance appears to have developed between Mr. Giuliani and his daughter, now a high school senior who is to attend Harvard University in September.

The familial tensions come as Mr. Giuliani prepares to run for president and as other Republican contenders deploy their children as campaign assets.

Mr. Giuliani's three marriages have already bubbled up as an issue. In February, Ann Romney, the wife of Mitt Romney, the former Massachusetts governor, noted that her husband "had only one wife" — comparing him to other leading Republican candidates who had gone through divorces.

Some campaign Web sites highlight pictures of candidates with family members, but Mr. Giuliani's does not mention his children, though it includes photographs and mentions of Ms. Nathan.

The Giuliani campaign declined to comment about the former mayor's relationship with his children, and Ms. Hanover did not respond to messages left at her home and office.

Mr. Giuliani once prided himself on attending all his children's events and went to Andrew's high school football games and Caroline's plays. But he stopped at some point after his marriage to Ms. Nathan in 2003. He missed his son's graduation, in 2005, and his daughter's plays in the last 18 months, said people who attended those events.

In the interview, Andrew Giuliani spoke of his father's campaign, aware that he would have to address his absence. He said the decision not to participate hinged on his goal of becoming a professional golfer.

"I am going to be focused on my golf for the next, well really I don't even know for the next how long, but definitely over the next bunch of years," he said. "So I'm not going to have time to, even if I wanted to, be in the campaign."

He said that he and his father had recently begun trying to reconcile. "For a while there, we weren't talking, for a decent amount of time," Andrew said. "But lately we've been having more contact and trying to figure things out."

In 1989, Ms. Hanover and Andrew, then 3, were at Mr. Giuliani's side when he declared his mayoral candidacy. Caroline appeared with the family in campaign commercials after her birth in August that year.

When Mr. Giuliani ran in 1993, he and Andrew were featured playing baseball; Caroline appeared in a commercial blowing soap bubbles.

Clintons, Obama Hope To Woo Black Support In Selma (CNN)

By Mary Snow

CNN.com, March 2, 2007

DOJ_NMG_0140247

NEW YORK (CNN) -- As they battle for support in the black community in their quest for the 2008 Democratic presidential nomination, Sens. Hillary Clinton and Barack Obama will attend Sunday's commemoration of the historic 1965 Selma voting rights march.

However, Clinton will bring along a not-so-secret weapon -- her husband, former President Bill Clinton.

"There is no white politician in America who is more popular in the African-American community than Bill Clinton," said Jamal Simmons, a Democratic strategist. "So she has a very strong card to play."

The results of one recent poll suggest that card is one she may need. (Watch how the former president can help Sen. Clinton)

An ABC News-Washington Post survey, taken late last week, found that Obama, from Illinois, was the choice of 44 percent of black Democrats, compared to 33 percent for Hillary Clinton, with a sampling error of plus or minus 8 percentage points. That was a marked shift from the beginning of the year, when she led Obama 60 percent to 20 percent. (Full story)

However, the poll found that the New York senator's favorable rating among black voters was 85 percent, compared to 70 percent for Obama, although his favorability has climbed 16 points since the beginning of the year.

Rep. John Lewis, D-Georgia, one of the leaders of the Selma march 42 years ago, said the competition for black voters between the senators is "a very difficult position to be in, but it's a good position to be in."

"We have choices," he said.

Simmons said that while black voters have a great deal of loyalty for Bill Clinton, "the question is whether that loyalty transfers to Hillary Clinton, and that's really the test she'll have to meet."

On Sunday in Selma, the former president will be inducted into the Voting Rights Hall of Fame. It will be the first major public appearance the Clintons have made together since Hillary Clinton announced in January that she would seek the Democratic nomination, and political observers will be looking keenly at how well she fares alongside her husband.

"There is, of course, something of a risk that when the Clintons appear next to one another, sometimes Bill can outshine her, and his connection to the community," said political analyst Stu Rothenberg of The Rothenberg Political Report.

Selma March Raises Political Stakes For Obama, Clinton (GAN)

By Ana Radelat

Gannett, March 3, 2007

WASHINGTON — When Democratic presidential candidates Hillary Rodham Clinton and Barack Obama march over the Edmund Pettus Bridge in Selma, Ala., on Sunday, their political fortunes may rise or fall with each step.

Clinton, who represents New York in the Senate, and Obama, who represents Illinois, are heading South to woo black voters who could decide key early primaries next year.

"It's smart politics," said Ron Haskins, a senior fellow at the Brookings Institution. "(Selma) is sacred civil rights ground."

Both candidates say they want to honor the memory of the historic 1965 march that captured the nation's attention and sped approval of the Voting Rights Act. Both will give speeches at historic black churches in Selma before they make their way across the bridge.

"This is an opportunity for her to show her respect for what was accomplished in Selma and the civil rights movement," said Mo Elleithee, spokesman for the Clinton campaign.

Jen Psaki, spokeswoman for the Obama campaign, said the senator — who was 3 years old when the historic march took place — wanted to make a "personal trip" to the famed civil rights site.

"His hope is that this is not something that is overly politicized," Psaki said.

But after polls this week showed Obama gaining popularity in the African-American community, Clinton raised the stakes by announcing that her husband, former President Bill Clinton, will march with her.

Bill and Hillary Clinton have strong support among African Americans, support they want to keep, Haskins said, while Obama is still in the process of introducing himself to that key Democratic constituency.

"Polls seem to show that when African Americans realize he's black, his support shoots up," Haskins said.

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Both candidates hope their words this weekend are heard by black voters in South Carolina, which will hold the first-in-the-South Democratic presidential primary Jan. 29, one week after the New Hampshire primary. Nearly half the voters in the South Carolina primary will be black.

Alabama, another state with large numbers of black Democratic primary voters, also hopes to move its primary election from June to early February so it would be held on the heels of the South Carolina contest.

The rivalry between Hillary Clinton and Obama for black voters has put some black leaders in a difficult position because they are uncomfortable endorsing a presidential candidate this early in the political season.

Rep. John Lewis, D-Ga., an original participant in the 1965 march who was beaten while trying to cross the Edmund Pettus Bridge, has repeatedly invited his congressional colleagues to join him in retracing his steps on the anniversary of the march. Lewis has declined to endorse either Hillary Clinton or Obama.

"This is not a political venture," said Brenda Jones, Lewis' press secretary. "For congressman Lewis, it is a spiritual experience."

Rep. James Clyburn, the black South Carolina lawmaker who is considered a king maker in his state's Democratic presidential primary election, also has refrained from backing either candidate.

But Rep. Artur Davis, D-Birmingham, who represents Selma in Congress, was among the first lawmakers to embrace Obama's candidacy.

Davis, who urged Obama to travel to Selma, has said the senator's candidacy would "ignite a feeling of national purpose and renewal that our country has not witnessed in my lifetime."

Clinton Donor Wanted By FBI In Scheme To Funnel Money (LAT)

By Robin Fields, Chuck Neubauer

The Los Angeles Times, March 3, 2007

The businessman, influential in Pakistani circles, also aided Boxer.

WASHINGTON — A Pakistani immigrant who hosted fundraisers in Southern California for Sen. Hillary Rodham Clinton is being sought by the FBI on charges that he funneled illegal contributions to Clinton's political action committee and Sen. Barbara Boxer's 2004 reelection campaign.

Authorities say Northridge businessman Abdul Rehman Jinnah, 56, fled the country after an indictment accused him of engineering more than $50,000 in illegal donations to the Democratic committees. A business associate charged as a co-conspirator has entered a guilty plea and is scheduled to be sentenced in Los Angeles next week.

A federal law enforcement source said prosecutors had not dealt with the political committees in conducting their investigation and had no evidence that the committees knew the contributions were illegal.

Officials for both committees said they were unaware of the investigation or indictments until they were contacted by The Times, and said they would not keep the donations.

The case has transformed Jinnah from a political point man on Pakistani issues, a man often photographed next to foreign dignitaries and U.S. leaders, into a fugitive with his mug shot on the FBI's "featured fugitives" wanted list.

Jinnah's profile peaked in 2004 and 2005 as he wooed members of Congress to join a caucus advancing Pakistani concerns and brought Clinton to speak to prominent Pakistani Americans, lauding their homeland's contributions to the war on terrorism and calling relations with Pakistan beneficial to U.S. interests.

Jinnah and his family donated more than $100,000 to the Democratic Party and Democratic candidates. Now friends say they believe Jinnah has returned to Pakistan.

Attempts to reach him and his relatives were unsuccessful. A "For Sale" sign stood in his yard on Thursday, and a neighbor said the family had not lived there for months.

Jinnah's troubles appear to have begun when he attempted to circumvent election laws by reimbursing friends, business contacts and their family members for contributions made in their names, according to court records. Federal statutes set limits on contributions to federal campaigns and political action committees and bar donations made in the names of others.

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Authorities say that from June 2004 to February 2005, Jinnah directly or indirectly solicited contributions from more than a dozen "conduits," reimbursing them with funds from his company, All American Distributing, a seller of cellphone service and accessories.

Authorities said the scheme allowed Jinnah to get around limits then in effect on individual donors of $5,000 per year to PACs and $2,000 per election to candidates, as well as the ban on using corporate money for political donations.

Jinnah's case has been handled with discretion by the U.S. attorney's office in Los Angeles, which recently lost a high-profile case against former Clinton campaign official David Rosen. Rosen was acquitted of charges of filing false reports about a Hollywood fundraiser given for Clinton in 2000.

The indictment of Jinnah, handed down in May without a news release, mentions only the initials of the committees that received the illegal donations, referring to them as "HP" and "FB." However, the charging document filed against Stuart Schoenburg, who authorities say is a co-conspirator, identifies one of the committees as HillPac, the leadership committee Clinton formed after her first Senate campaign and which she still uses.

Though Clinton cannot use HillPac to fund her presidential campaign directly, it has allowed her to donate to Democratic candidates and organizations, as well as to pay some political staff and travel expenses.

The Times was able to identify donations to Boxer's campaign by cross-referencing dates and contributors' initials listed in the indictment with campaign finance records. The "FB" in the indictment stood for "Friends of Barbara Boxer."

According to the indictment, Jinnah arranged $30,000 in donations to HillPac by having Schoenburg, a Tarzana television producer, approach family members and others to act as straw donors.

Schoenburg and five others contributed $5,000 apiece. Jinnah later reimbursed them with funds from his corporation, prosecutors say. In one instance, authorities allege, Jinnah and Schoenburg agreed to write "production" in a reimbursement check's memo line, falsely indicating it was payment for production services.

"The campaign clearly had no knowledge of these activities," said Howard Wolfson, a spokesman for Clinton.

He said HillPac would not keep the contributions cited in the indictment, as well as others from Jinnah and his family.

The indictment says Jinnah also found 14 straw donors to give $28,000 to the 2004 reelection campaign of Boxer (D-Calif.). Among the contributors were five employees of Jinnah's company, Schoenburg and several members of Schoenburg's family, records show.

Schoenburg, 76, pleaded guilty to a misdemeanor count of conspiracy in July. Contacted this week, he said he would not comment on the case. "My attorney told me not to talk to you," he said. His sentencing is scheduled for Monday, but his attorney said it was likely to be postponed.

Rose Kapolczynski, a consultant who ran Boxer's 2004 campaign, said no one on Boxer's staff knew of Jinnah's indictment or the illegal contributions.

"We were very surprised," she said, adding that neither the FBI nor the Justice Department had requested information from the campaign for the case.

Jinnah hosted or co-hosted two fundraisers for Boxer, she acknowledged.

In addition to the donations cited in the indictment, Boxer will also give away $8,000 contributed by Jinnah and his relatives, either to charity or the U.S. Treasury, Kapolczynski said.

Pakistani Americans are relatively new players in U.S. politics, not nearly as organized or affluent as Indian Americans, who often are on the opposite side of the same international issues.

In early 2000, a controversy erupted when a group of Pakistani Americans hosted a $50,000 fundraiser for Hillary Clinton as President Clinton was deciding whether to visit Pakistan on a Southeast Asia trip. The Clintons denied the contributions swayed the decision to make the stop.

Later that year, Jinnah hosted a luncheon fundraiser for then-First Lady Clinton at his house, an event depicted in a photo posted on the website Pakistanlink.com. Jinnah hosted a second fundraiser for Clinton in October 2004.

That year, he also helped form the Pakistani American Leadership Center, which describes itself as a coalition of Pakistani Americans seeking to further U.S.-Pakistan ties. It has helped persuade more than 70 House members to join the Congressional Pakistan Caucus.

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The group was particularly jubilant when Rep. Howard L. Berman (D-Valley Village), who had previously sponsored a bill targeting Pakistan for sanctions related to its nuclear program, agreed to become a member.

Jinnah met with Berman and then issued a statement welcoming the congressman to "a new and hopefully long-term relationship with the Pakistani American community."

Jinnah has been substantially less active in the last year, however. A spokesman for the leadership center said Jinnah had not attended group events since mid-2005 and had not paid his board dues for the year.

Jinnah, who is married with at least two children, has owned a string of businesses in Southern California since at least 1990, including frozen yogurt shops as well as cellphone-related enterprises. As a legal permanent resident, though not a U.S. citizen, he can make campaign contributions here.

In September, after his indictment, Jinnah put his latest company — Advanced Communication Technology Inc., which did business as All American Distributing — into Chapter 7 bankruptcy.

Most cases involving issues of campaign finance errors or improprieties are handled civilly by the Federal Election Commission, rather than criminally by the Justice Department. Spokesman Thom Mrozek said he could not comment on how the U.S. attorney's office came to investigate Jinnah.

Obama Calls Iran Threat To U.S., Israel (CHIT)

By John McCormick

Chicago Tribune, March 3, 2007

Seeking to woo Jewish votes and contributions, Sen. Barack Obama told an audience in Chicago Friday that he considers Iran "one of the greatest threats to the United States, Israel and world peace" and pledged he would try to end that nation's uranium enrichment program.

As he criticized the Bush administration's Iraq policies, the Democratic presidential candidate suggested that the danger posed by neighboring Iran has grown in recent years because of U.S. policy in the Middle East.

"One of the most profound consequences of the administration's failed strategy in Iraq has been to strengthen Iran's strategic position, reduce U.S. credibility and influence in the region, and place Israel and other nations friendly to the United States in greater peril," Obama (D-Ill.) said before a regional gathering of the American Israel Public Affairs Committee, a major pro-Israel lobbying group.

In advance of the group's national conference later this month in Washington, where Obama will court donors one-on-one, his campaign had been looking for a friendly audience to make a major policy speech on U.S.-Israel policy.

By speaking to about 800 of the committee's members at the Sheraton Chicago Hotel & Towers, Obama was able to reaffirm his support of Israel, as voters consider the early presidential field. Democratic front-runner Sen. Hillary Rodham Clinton (D-N.Y.) made a similar speech to the group's members in her home state on Feb. 1.

Despite the eagerness of local news crews for him to comment on the topic, Obama made no mention of a revelation reported Friday by the Baltimore Sun that he has white ancestors who owned slaves. A spokesman also said he would not be taking any media questions.

Racial issues will again be at the forefront Sunday, as the senator appears in Alabama to deliver the keynote address at an event that commemorates the 1965 Selma-to-Montgomery voting rights march, an occasion that will also attract Clinton and her husband, the nation's 42nd president. Before his departure, Obama will headline a major labor rally in Chicago Saturday morning.

Like labor, the Jewish community is an essential constituency for any Democrat running for the White House.

John Green, a senior fellow with the Pew Forum on Religion & Public Life, said research suggests it is not uncommon for Jews to represent as much as 20 percent of the donors in a presidential primary.

"Jews are strong Democrats as a group and are a very important source of money for presidential candidates," he said. "This is a pretty significant financial constituency."

Green said Jews represent only small part of the total electorate, but can also play a key role in swing states such as Florida. "In a close election, this is a critical bloc," he said.

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Although Green said Obama might struggle to differentiate himself from Clinton on social issues, his early opposition to the war in Iraq could help.

"Jews are particularly opposed to President Bush's positions in Iraq," he said. "She has had a little bit of a different policy position on the war in Iraq and that is a place where he could distinguish himself from her."

Rabbi Ira Youdovin, executive vice president of the Chicago Board of Rabbis, said some Jews were initially supportive of efforts to remove Saddam Hussein when reports of weapons of mass destruction were credible and Israel could be a target. "Today, there is far less approval and a sense that maybe the war wasn't a good idea," he said.

Josh Block, a spokesman for the American Israel Public Affairs Committee, said Jewish voters lean mostly Democratic, but that the group is not monolithic in its support for the party.

"It requires nurturing," he said. "It can't be taken for granted."

In one of many lines that drew applause, Obama called for "fully funding military assistance" for Israel and continued work on missile defense programs. "And when Israel is attacked, we must stand up for Israel's legitimate right to defend itself," he said.

Obama focused much of his speech on Iran, but stressed the need for greater communication among all players in the region. "My plan includes a robust regional diplomatic strategy that includes talking to Syria and Iran — something this administration has finally embraced," he said.

Earlier this week, Obama also met with family members of kidnapped Israeli soldier Ehud Goldwasser in Washington.

Jeff Simon, a financial planner from Northbrook who attended the speech, said the senator hit all the right notes for his audience.

"He touched on all the key issues," he said. "He said the right things."

Obama Blames U.S. For Stronger Iran (AP)

AP, March 2, 2007

CHICAGO (AP) -- Democrat presidential candidate Barack Obama on Friday blamed Bush administration failings in Iraq for strengthening the strategic position of Iran, which he says must be stopped from acquiring nuclear weapons.

Illinois senator said that means "direct engagement" with Iran similar to the meetings with the Soviet Union at the height of the Cold War.

"A consequence of the Administration's failed strategy in Iraq has been to strengthen Iran's strategic position; reduce U.S. credibility and influence in the region; and place Israel and other nations friendly to the United States in greater peril," according to a text of a speech Obama delivered to the American Israel Public Affairs Committee.

The Bush administration recently altered its position, with Secretary of State Condoleezza Rice saying this week that the U.S. is willing to talk to Iran on security in Iraq.

Obama also emphasized in his speech his commitment to protecting the security of Israel, which he called "our strongest ally in the region and its only established democracy."

"Our job is to renew the United States' efforts to help Israel achieve peace with its neighbors while remaining vigilant against those who do share this vision," Obama said.

The speech was the second time in recent months that Obama has formally addressed foreign policy in his hometown of Chicago. In November, Obama called for a reduction of U.S. forces in Iraq at the Chicago Council on Global Affairs.

But Obama focused on Iran Friday, calling President Mahmoud Ahmadinejad's regime "a threat to all of us."

A member of the Senate Foreign Relations Committee, Obama said the world _ not just the United States _ must stop Iran's uranium enrichment program.

"While we should take no option, including military action, off the table, sustained and aggressive diplomacy combined with tough sanctions should be our primary means to prevent Iran from building nuclear weapons," Obama said.

Obama said Iranian nuclear weapons would destabilize the region and could set off a new arms race.

Fellow senator and Democratic rival Hillary Rodham Clinton has warned Bush not to take any military action against Iran without congressional OK.

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Iran has refused to freeze its enrichment-related activities and the U.N. Security Council has imposed sanctions targeting its nuclear and missile programs and persons involved in them.

Iran has refused to halt its nuclear program, contending it is to provide energy _ not weapons _ for the country.

Obama Had Slaveowning Kin (NYT)

By Rachel L. Swarns

The New York Times, March 3, 2007

WASHINGTON, March 2 — Genealogists have uncovered a new ingredient in the melting pot identity of Senator Barack Obama, the Illinois Democrat who hopes to become the first black president. His white maternal ancestors once owned slaves.

Mr. Obama is the American-born son of a white woman from Kansas and a black man from Kenya. The genealogists, led by William Addams Reitwiesner, studied the family history of Mr. Obama's mother and determined that Mr. Obama's great-great-great-great grandfather, George Washington Overall, owned two slaves listed in the 1850 census in Nelson County, Ky.

Mr. Obama's great-great-great-great-great grandmother, Mary Duval, also owned two slaves, the records show.

Mr. Reitwiesner, who works for the Library of Congress, posted the information on his personal Web site a while ago, said a genealogist who worked with him. The Baltimore Sun reported the findings on Friday.

The details emerged the same week that the Rev. Al Sharpton disclosed that his great-grandfather was owned by a relative of Senator Strom Thurmond of South Carolina, once a defender of segregation.

Historians said the disclosures highlighted the deep, though often unknown and unacknowledged, imprint of slavery in the lives of present-day Americans.

Bill Burton, a spokesman for Mr. Obama, said the senator had long known that he was related to Jefferson Davis, president of the Confederacy, and that another forebear had fought for the Union in the Civil War. Mr. Burton said the findings showed Mr. Obama's ancestors were "representative of America."

"It is a true measure of progress that the descendant of a slave owner would come to marry a student from Kenya and produce a son who would grow up to be a candidate for president of the United States," Mr. Burton said.

Where's His Right Hook? (NYT)

By Maureen Dowd

The New York Times, March 3, 2007

As I sit across from Barack Obama in his Senate office, I feel like Ingrid Bergman in "The Bells of St. Mary's," when she plays a nun who teaches a schoolboy who's being bullied how to box.

I'm just not certain, having watched the fresh-faced senator shy away from fighting with the feral Hillary over her Hollywood turf, that he understands that a campaign is inherently a conflict.

The Democrats lost the last two excruciatingly close elections because Al Gore and John Kerry did not fight fiercely and cleverly enough.

After David Geffen made critical comments about Hillary, she seized the chance to play Godzilla stomping on Obambi.

As a woman, she clearly feels she must be aggressive in showing she can "deck" opponents, as she put it — whether it's Saddam with her war resolution vote or Senator Obama when he encroaches on areas that she and Bill had presumed were wrapped up, like Hollywood and now the black vote.

If Hillary is in touch with her masculine side, Barry is in touch with his feminine side.

He turned up his nose at his campaign's sharp response to Hillary and her pinstriped thug, Howard Wolfson. He told The Times's Jeff Zeleny that he had not been engaged in the vituperative exchange because he was traveling on a red-eye flight, getting a haircut and taking his daughters to school.

I ask why he couldn't have managed the donnybrook while he traveled and did errands. Since he's sitting across from me using his BlackBerry, I wonder: "Where was your BlackBerry? Did your aides not ask you how to respond or did you not want to ride herd on them — even just to tell them to ignore Hillary?"

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"Look, I came up through politics in Chicago," he says. "When I arrived in Chicago in 1985, I didn't know a single person. Seventeen years later, I was the United States senator and in a position to run for president. So I must know a little something about politics."

Channeling Ingrid, I press on and say: "I know you want to run a high-minded campaign, but do you worry that you might be putting yourself on a pedestal too much? Because people also want to see you mix it up a little. That's how they judge how you'd be with Putin."

"When I get into a tussle," he replies, "I want it to be over something real, not something manufactured. If someone wants to get in an argument with me, let's argue about how we're going to fix the health care system or where we need to go on Iraq."

If campaigns follow the arc of the hero myth. ...

"What's the demon that I've slain?" he finishes. "You're getting kind of deep on me here. I think that, for me, the story was overcoming a father's absence and reconciling the different strands of my background and coming out whole."

Has he ever been struck by the similiarity of Bill Clinton's growing up without his father?

"You don't want to go on with too much pop psychology," he replies. "Somebody said that every man is either trying to live up to his father's expectations or trying to make up for his father's mistakes. And in some ways, when your father's not there, you're doing both. You try to live up to the expectations of somebody who's not present to tell you that you've done a good job, but you're also trying to make up for the mistakes that partially led to his absence."

Does Al Gore have first dibs on the presidency?

"I love Al Gore," he replies. "He's a smart guy." He said he liked Mr. Gore's seriousness on issues he cares deeply about. "This sounds clichéd, but this week I had five mothers of folks headed to Iraq cry during rope lines where I was shaking hands and had me hug 'em. This stuff is just not a game. ... Now that doesn't mean that there's not the basic blocking and tackling of politics. I've got to raise money. I've got to manage my press. We've got to respond rapidly to attacks. But what I don't want to do is get drawn into the sport of it."

When the Tiger Woods of politics goes to a civil rights commemoration in Selma, Ala., this weekend — just as the story breaks that his white ancestors had slaves — he will compete for attention with Hillary and the man billed as the first black president. How does he feel about the Clintons double-teaming him?

Talking about the woman he described at the Beverly Hills fund-raiser as smarter, better-looking and meaner then he is, he grins: "My wife's pretty tough."

Dodd Urges Opponents To Attend NH Debate (NHUL)

New Hampshire Union Leader, March 3, 2007

Sen. Chris Dodd, D-Conn., yesterday urged all his opponents for the Democratic Presidential nomination to participate in the April 5 political debate in Manchester.

"New Hampshire voters deserve a chance to see Presidential candidates on one stage answering tough questions," said Beneva Schulte, communications director for Dodd.

"If it's not too early in the campaign season for candidates to host million dollar fundraisers, it's not too early to debate the issues."

While several Democratic hopefuls have committed to participating in the debate, Sen. Hillary Clinton of New York and Sen. Barack Obama of Illinois have not.

The debate will be co-sponsored by the New Hampshire Union Leader, CNN and WMUR-TV.

Vilsack Says Early Polls Didn't Show His Strength (DMR)

By Thomas Beaumont

Des Moines Register, March 3, 2007

Former Iowa Gov. Tom Vilsack criticized public opinion polls Friday and said his presidential campaign was running stronger in Iowa than early surveys reflected before he gave up his bid for the 2008 Democratic nomination a week ago.

"I don't want to sound like sour grapes, but you should not pay attention to early polls," Vilsack said during taping of "Iowa Press," a public affairs program on Iowa Public Television.

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"Iowa polls are not accurate in terms of caucus support," he added, saying that polls sponsored by news organizations do not screen for the small audience of Democratic Party activists who plan to attend their precinct caucuses.

The caucuses are scheduled to launch the sequence of nominating contests next year. Polls in Iowa showed Vilsack, who said he would win his state's pivotal nominating contest, trailing the field's nationally known candidates.

"We were absolutely convinced, and I remain convinced and will as long as I live, that I would have won the Iowa caucuses based on the information that we had that is legitimate," he added.

Vilsack insisted it was his inability to raise money that forced him from the race, not the difficulty of breaking through the buzz surrounding his better known peers, New York Sen. Hillary Clinton, former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama.

Vilsack had trailed Edwards, who has remained popular among Iowa Democrats since his second-place finish in the 2004 caucuses. Vilsack also had trailed Obama and Clinton in most polls, albeit closely.

Some polls are faulty, but it's wrong to paint all of them as imprecise, Des Moines pollster Ann Selzer said.

"Many polls are out there making headlines without a lot of discipline in their method to nail down the people who will show up on caucus night or vote in a primary. But not all polls are bad," said Selzer, who conducts The Des Moines Register's Iowa Poll and contracts with other newspapers. "I've seen several polls in Iowa with decent sampling, and not one says Tom Vilsack had a good shot to take Iowa on caucus night."

Vilsack said he planned to meet with several of his former competitors in the coming weeks. Clinton, Edwards and Obama have trips planned within the next 10 days. New Mexico Gov. Bill Richardson was planning to campaign in Iowa today and Saturday, having announced his candidacy in January. Likewise, Delaware Sen. Joseph Biden was planning to campaign in Iowa in early March.

Vilsack said he is most concerned with closing down his campaign, helping former staff members find work, and paying off a campaign debt. But as January approaches, he said he would look closely at the candidates with an eye toward making an endorsement.

"I think the chances are good that I'll do that, but I don't know that for certain," he said.

Vilsack also dismissed the idea that he planned to run for U.S. Senate. The former two-term governor, state senator and Mount Pleasant mayor has often said he had no interest in returning to a career as a legislator.

"I'm more of an executive kind of guy," he said.

U.S. And Brazil Seek To Promote Ethanol In West (NYT)

By Edmund L. Andrews, Larry Rohter

The New York Times, March 3, 2007

WASHINGTON, March 2 — President Bush, hoping to reduce demand for oil in the Western Hemisphere, is preparing to finish an agreement with Brazil next week to promote the production and use of ethanol throughout Latin America and the Caribbean, according to administration officials.

The agreement could lead to substantial growth in the ethanol industry in Brazil as technology and manufacturing equipment developed there is exported to other countries in the region.

Much of the ethanol produced there is made from sugar cane and is far cheaper to produce than the corn-based ethanol that has been nurtured by protective tariffs and government mandates in the United States.

But the agreement has already begun to prompt complaints from politicians from corn-producing regions of the United States. They fear that the plan would lead to an increase in imports of cheap foreign ethanol and undercut American producers.

By increasing ethanol production and consumption, particularly in countries that produce sugar, officials of the Bush administration hope to reduce the region's overall dependence on foreign oil and to take some of the pressure off oil prices.

As a side effect, American officials contend, the program could also reduce the influence of Hugo Chavez, the president of oil-rich Venezuela.

Mr. Bush is scheduled to meet in São Paulo next week with Brazil's president, Luiz Inácio Lula da Silva.

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Administration officials are hoping to complete a memorandum of understanding that calls for cooperation between the countries on research and common standards for biofuels, as well as on helping other countries replicate Brazil's expertise in producing ethanol from sugar.

The agreement is largely a framework and provides few details, according to administration officials who have been briefed on the agreement but who spoke on condition of anonymity because it has not yet been completed.

Government officials in Brazil confirmed the agreement. Senior Brazilian government officials said the most important effect of a collaboration with the United States would be in promoting a broader international market for Brazilian ethanol technology.

Brazil and the United States account for a total of more than 70 percent of global ethanol production. The agreement is aimed at encouraging other countries, especially small and poor sugar cane producing countries in the Caribbean and Central America, to become producers.

"This is more than a document, it's a point of convergence in the relationship that is denser and more intense than anything we've seen in the last 20 or 30 years," Antonio Simões, the director of the energy division of the Foreign Ministry of Brazil, said in a telephone interview from New York. "Brazil will profit, the United States will profit, and so will third countries. It's a win-win situation for everyone involved."

"The good thing is that a poor country can reduce what it pays for imported oil and earn money exporting this," Mr. Simões said. "That way they will have more money to invest in social programs, and the production of energy will be democratized in the world, with 100 countries producing energy instead of just 15 or 20."

Eventually, the two countries hope to use their accord to spur production of renewable fuels beyond the hemisphere. Brazil is interested in encouraging sugar-cane-based ethanol production in Africa, where it has extensive trade and cultural ties, and in Asian nations like Thailand.

Brazil's own direct exports of ethanol reached a record last year. But demand for the fuel is growing so rapidly within Brazil that the government's immediate priority is to satisfy its domestic market.

But Brazilian business groups see commercial opportunities in supplying advanced equipment to other countries setting up their own ethanol distilleries.

"We want ethanol to become a global commodity, and for that to happen, Brazil can't be the only producer," said José Luiz Oliverio, vice president for operations at Dedini Industries, Brazil's leading manufacturer of equipment for sugar cane and ethanol mills. "We've been growing and processing sugar for 500 years, and we are confident of our ability to maintain our leadership in this sector."

American officials expressed a similar enthusiasm for making ethanol and ethanol-producing equipment on a huge scale. The biggest area of cooperation, they said, will be in helping countries identify and remove obstacles to building their own ethanol production capacity.

Mindful of protests from domestic ethanol producers and from the powerful American farm lobby, administration officials are not expected to even hint at a reduction in American tariffs on foreign ethanol.

Nor does the administration appear ready to offer money or loan guarantees for construction of ethanol plants in other countries.

In a letter to President Bush on Thursday, Senator Charles Grassley, Republican of Iowa, said he failed to understand "why the United States would consider spending U.S. taxpayer dollars to encourage new ethanol production in other countries."

The proposed partnership, Mr. Grassley warned, could become a backdoor way for Brazil to escape the tariff on imported ethanol that currently insulates American producers.

The United States imposes a tariff of 54 cents a gallon on imported ethanol, but Caribbean nations and countries in the Central American Free Trade Agreement are exempt from those duties if they make the ethanol from products grown in their own countries. Using Brazilian technology for refining sugar-cane-based ethanol, such countries could in time become exporters to the United States.

In addition, Caribbean nations can export a limited amount of ethanol that comes indirectly from Brazil and other countries. Under the Caribbean Basin Initiative, which has been in force for years, countries can take partly processed ethanol from a

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country like Brazil and carry out the last step in processing before shipping it to the United States. But the region is allowed to export that kind of ethanol only up to a limit of 7 percent of United States' ethanol consumption.

Last year, the United States imported about 600 million gallons of ethanol, and about 200 million gallons came indirectly from Brazil through the Caribbean, according to Robert Dineen, president of the Renewable Fuels Association, a trade group that represents ethanol producers. The total imports of all kinds of ethanol amounted to slightly more than 10 percent of American consumption last year.

For the moment, American ethanol producers are watching warily but not protesting.

"I don't believe the fundamental objective of the administration is to produce ethanol in the Caribbean for export to the United States," Mr. Dineen said. But, he added, American companies will be watching to see if the initiative becomes "the camel's nose under the tent."

U.S. Ready To Release N. Korean Assets (AP)

By Anne Gearan

AP, March 3, 2007

The United States will soon recommend releasing a significant amount of frozen North Korean bank accounts, officials say, which diplomats hope will keep North Korea from reneging on its pledge to scrap nuclear weapons.

The Treasury Department could announce as soon as next week that several million dollars connected to North Korea are not tainted by links to rogue nuclear proliferation or allegations of counterfeiting, smuggling and other crimes.

The U.S. move is expected to prompt overseas bank regulators to unfreeze between $8 million and $12 million from about $24 million in blocked assets, one official said.

Treasury and State Department officials spoke on condition of anonymity to describe results of an ongoing Treasury review.

Although the amount of money is relatively small, the frozen accounts became an unexpectedly large stumbling block in troubled nuclear negotiations with Pyongyang. The move was an affront to the secretive communist regime, and it had a devastating ripple effect that further estranged North Korea from the global banking system.

North Korea pointed to what it called unfair U.S. sanctions as a reason to boycott disarmament talks for more than a year. The restrictions were still a sore point when the North did return to talks in December. The North Korean negotiator refused to discuss the country's weapons until Washington budged.

An agreement to resolve the matter within 30 days was key to a potential breakthrough deal that the North struck Feb. 13 with the United States and four other nations.

The money is held by a blacklisted bank in Macau that North Korea accuses of complicity in counterfeiting and money laundering. A Treasury Department delegation was in Macau, a semiautonomous territory of China, this week to discuss results of the department's 18-month review of the Banco Delta Asia accounts.

"We intend to handle this matter in a straightforward way based on the evidence and the law," Treasury Undersecretary Stuart Levey said Friday. "As we have always said, the designation of Banco Delta Asia as a primary money laundering concern is separate from the nuclear talks."

Secretary of State Condoleezza Rice and other diplomats had also said the financial restrictions were a law enforcement matter that should not affect the nuclear negotiations, but it was clear even before the Feb. 13 deal that one issue could not be resolved without the other.

"They've gathered a real mountain of information," State Department spokesman Sean McCormack said Wednesday. "They've gone through it ... and I expect in the coming period of time the Treasury will be addressing the issue of how they have resolved the issue related to Banco Delta Asia."

Washington slapped restrictions on Banco Delta Asia in 2005 and put it on a money-laundering blacklist, prompting Macau to freeze the $24 million. Banks worldwide then shunned North Korean business for fear of losing access to American markets.

Banco Delta Asia has said money might have been laundered at the bank, but there was no evidence the institution was aware it was being used for that purpose. It said it was a small, family owned bank that didn't have the technology to check big batches of U.S. currency for fake bills.

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The bank also said it used a dated computer system and it didn't pay enough attention to maintaining its own books. It also has said the bank didn't have adequate written anti-money-laundering policies for its staff.

South Korea's foreign minister met with Rice and other senior U.S. officials Friday at a crucial moment in North Korean disarmament efforts. The North said in the February accord that, in exchange for aid, it would close its main nuclear reactor within 60 days. A much larger shipment of aid — about $250 million worth — would follow once the North had declared all its nuclear programs and begun to disable them.

As part of the nuclear agreement, on Monday and Tuesday in New York, the lead U.S. envoy at the nuclear talks, Christopher Hill, and his North Korean negotiating counterpart, Vice Foreign Minister Kim Kye Gwan, are to discuss first steps toward establishing normal ties after decades of hostility that followed the 1950-53 Korean War. Kim arrived in New York Friday night from San Francisco, where he held private talks with a number of Asian experts.

Seoul Wants No Trace Of Nukes (WT)

By David R. Sands, Andrew Salmon

The Washington Times, March 3, 2007

South Korea's foreign minister said yesterday that North Korea must abandon all aspects of its nuclear endeavors, including a suspected uranium enrichment program, as part of a deal to solve the peninsula's nuclear crisis, even if the program has barely gotten off the ground.

Song Min-soon, Seoul's minister for foreign affairs and trade, sidestepped new questions over the state of Pyongyang's uranium-enrichment program, the key charge in the Bush administration's case that the North had violated past agreements to halt its nuclear weapons programs.

"Whether [the uranium program] is just a single piece of paper or actual, tangible facilities, all these efforts should be abolished in the course of implementing" the six-nation deal reached Feb. 13 to end the North's nuclear programs, Mr. Song said on a visit to Washington.

The South Korean envoy made the comment just before a meeting with Secretary of State Condoleezza Rice, in which the recent North Korea nuclear deal reached Feb. 13 in Beijing was a prime topic of conversation.

The latest nuclear crisis on the divided Korean Peninsula dates back to 2002, when Bush administration officials said the North admitted it was secretly enriching uranium even as it suspended a parallel plutonium program to make nuclear bombs. The North has denied it made the admission, and U.S. intelligence officials now say they do not know the scope of the North's uranium programs.

In Pyongyang yesterday, officials from the North and South agreed to work on the first phases of the Feb. 13 accord, as well as on reuniting divided families, testing a pan-Korean rail link and preparing new shipments of aid to the North.

"The South and the North will work jointly to ensure a sound implementation of the agreement on denuclearizing and peace on the Korean Peninsula," the two sides said in a joint statement issued after four days of ministerial-level talks.

The Beijing deal calls for a phased end to all the North's nuclear programs in return for aid, energy and the prospect of full diplomatic relations with the United States and countries in the region.

But South Korean officials yesterday refused to restore full aid shipments until the North's main nuclear reactor facility had been shut down. Seoul suspended aid after the North's missile tests last summer, and Pyongyang responded by cutting diplomatic contacts and meetings of divided families.

The South agreed verbally to provide the North with rice and fertilizer, but did not specify the date of delivery or the amount to be shipped.

"We plan to provide rice and fertilizer at the level of previous years," South Korean Unification Minister Lee Jae-joung told reporters, "but we will do it in stages, following the necessary process."

In Washington, Mr. Song said he planned to coordinate closely with Washington as the nuclear deal moves ahead.

Some U.S. conservatives have criticized the deal, saying the North will pocket the promised aid and renege again on promises to end its nuclear programs. But Mr. Song said "speculation" about whether Pyongyang could be trusted was "rather futile," and the key will be convincing the North that its own best interests lie in denuclearization.

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"Showing North Korea that the clouds hovering over it have a silver lining will help dispel its sense of insecurity so it may breathe comfortably in its nuclear-free future," he said. "In this case security is a subjective state of mind rather than an objective condition of being."

The International Atomic Energy Agency, the United Nations' nuclear watchdog, said yesterday its director, Mohamed ElBaradei, would be making a two-day visit to Pyongyang starting March 13 -- five years after the North expelled IAEA inspectors and resumed plutonium production for nuclear bombs.

The North's chief negotiator is also in the United States, preparing for unprecedented talks next week with U.S. officials on the opening of diplomatic relations. The talks are expected to take place next week.

•Andrew Salmon reported from Seoul.

S. Korea Refuses North's Request For Restored Aid (WP/AP)

The Washington Post, March 3, 2007

SEOUL, March 2 -- South Korea on Friday added pressure on North Korea to comply with an international disarmament agreement, refusing the impoverished nation's demand to restore full aid shipments until after its main nuclear reactor is shut down.

At the first high-level talks between the two Koreas since the North's underground nuclear test in October, the communist nation "agreed to make joint efforts for a smooth implementation" of its pledge last month to take initial steps toward dismantling its atomic program, according to a final statement.

The North and South also agreed to resume family reunions of relatives split by their border and planned test runs of railway lines between the countries.

North Korea and the International Atomic Energy Agency have agreed on March 13 as the starting date for a two-day visit by the agency's chief, Mohamed ElBaradei, U.N. officials said Friday. The officials asked for anonymity because they were not authorized to reveal specifics of the trip, which is expected to help alleviate some misgivings that the unpredictable regime might renege on its agreement to shut down its nuclear facilities.

This week's meetings in Pyongyang were part of the historic reconciliation launched between the Koreas since their leaders met in their first and only summit in 2000. The countries remain technically at war because the cease-fire that ended the 1950-53 Korean War has never been replaced by a peace treaty.

But attempts to bring the countries together have been complicated since 2002, when Washington accused North Korea of secret uranium enrichment efforts that the Bush administration said violated an earlier disarmament deal.

The situation deteriorated further last July when North Korea test-launched a series of missiles, prompting South Korea, one of the North's main sources of aid such as rice and fertilizer, to put the shipments on hold.

Relations worsened after North Korea's Oct. 9 nuclear test. But a breakthrough came last month after a revival of six-nation nuclear negotiations -- including China, Japan, Russia, the United States and the two Koreas -- in which the North pledged to make moves toward abandoning its nuclear program.

Koreas Agree To Resume Reunions (NYT)

By Norimitsu Onishi

The New York Times, March 3, 2007

South Korea and North Korea wrapped up high-level talks, agreeing to resume reunions of families separated by the Korean War and to test-run a cross-border train in the first half of this year. But the South said it would make a final decision on resuming humanitarian aid to the North only after Pyongyang began complying with the nuclear accord reached in the six-party talks last month and shutting down its main nuclear reactor. The North had pressed for an immediate resumption of aid during the ministerial talks, which resumed after a seven-month hiatus.

Pakistan Test-fires Short-range Missile (AP)

AP, March 3, 2007

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Pakistan on Saturday successfully test-fired a short-range missile capable of carrying a nuclear warhead, the military said, two weeks ahead of peace talks with archrival neighboring India.

The launch of the Haft-II Abdali missile, which has a range of 120 miles, was conducted from an unspecified location inside Pakistan, the military said.

The Abdali is considered capable of being fitted with a nuclear warhead.

Pakistan and India have fought three wars since gaining independence from Britain in 1947. The two South Asian nuclear-armed nations often carry out missile tests.

India became a declared atomic power in 1974, while Pakistan carried out underground nuclear tests in 1998.

Relations between Pakistan and India have improved, however, since they began a peace process in 2004 to resolve all their issues, including Kashmir.

They will hold the fourth round of peace talks in Islamabad March 13-14.

Qaddafi Heralds A Changing Libya, But Within Limits (NYT)

By Michael Slackman

The New York Times, March 3, 2007

SEBHA, Libya, March 2 — Col. Muammar el-Qaddafi had just spent two hours on Friday arguing that Libya's form of government was the truest democracy, when the call went out to a small group of foreign correspondents for questions.

This correspondent asked how democracy was compatible with a system that puts so much power in one man's hands.

Colonel Qaddafi's aides looked alarmed. The question was not translated and the event was over.

After decades of international isolation, Libya may be changing. But there are very clear limits.

A slightly newer and perhaps mellower version of Colonel Qaddafi was on display on Friday for the correspondents, as part of the celebration of the 30th anniversary of the system of government he instituted.

The man who once banned everything from Western music to teaching English in schools, who was condemned by Washington for support of terrorism, spoke of opening Libya to the world. "Undoubtedly Libya is part of this changing world dominated by globalization," he said during the discussion, itself a rarity. "Libya is riding this wave, taking this and that. Libya cannot row against the current."

Those are revolutionary words for a man who seized power in a coup 37 years ago. Seven years later, he announced the Declaration of the People's Authority, the foundation for a system that was designed to have every Libyan adult involved in governance of the nation through committee meetings.

Colonel Qaddafi is the same eccentric figure as always, dressed in elaborate Libyan robes jazzed up with striking colors and a modern flair. He still offers unusual ideas, like when he said all the nations of the world would someday meld into seven or eight blocs, and that all formal governments, parliaments, ministries and militaries would be dissolved. Only then, he said, would there be world peace.

Or when asked about women's rights. He said that women and men should have the same rights, but that women should not be made to do men's work because they are biologically different.

"If you say they are equal in rights and responsibilities, that's unfair for both," he said. "Do women have to be train drivers? Why do we let women have jobs that turn them into men? A pregnant woman or a breast-feeding woman, how can she drive the train or work in a factory? Unless we want to change them into men, they have different biological composition that doesn't allow them to take responsibilities of men."

In his 60s, Colonel Qaddafi comes across as a man thinking about his legacy, and how to retool a system of governance that has failed to adequately administer the state. Though it is the richest in North Africa because of its oil reserves, its schools, hospitals and infrastructure are in serious disrepair, according to consultants brought in to study the country and draft a plan for change.

So Colonel Qaddafi has begun to take steps that by all accounts were unthinkable just a few years ago. The discussion with him here, led by the television interviewer David Frost and including Western academics, was one such event. Colonel Qaddafi has rarely agreed to sit with a group of Western journalists.

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He maintained a quiet, almost distant composure through much of the discussion. Occasionally he picked up a pen and jotted down notes, but he mostly spoke in a low voice. What has not changed, and what he made clear, is the core of what he believes.

The problem in Libya, he said, is not with his ideas, but with their implementation. He said it took many years for people to learn the duties and responsibilities of self-rule.

In his philosophy, people should rule themselves, not select, or elect, the people to rule them. He said he modeled his ideas after the way ancient Athens was governed, with collective meetings and unanimous participation. In the past, Colonel Qaddafi has described his role as a guide, a steady hand leading his people while they learn the duties of his version of self-rule. The word dictator, strongman, or even president is never used. He is called Brother Leader.

During the discussion his role in building Libya's so-called democracy never came up. But the panelists did tell him that unlike ancient Athens, with just 20,000 citizens, ruling a country the size of Libya, with five million residents, would not work according to his vision.

Sir Anthony Giddens, a British sociologist, told him that Libya would be better off combining bits of representative democracy with individual democracy. But that was not an idea he seemed willing to accept.

The Libyan advocates of change and the outside consultants are careful to focus on the small signs of change — like the panel discussion itself. Until the event started, organizers said they were afraid it would be canceled by Colonel Qaddafi's team.

But it went off and therein was evidence, they said, of change.

"He actually engaged in a dialogue," one of the participants said after the event was over.

'No Reward' For Non-nuclear Libya (BBC)

BBC.com, March 2, 2007

Libyan leader Muammar Gaddafi has said his country has not been given adequate compensation for its decision to renounce nuclear weapons in 2003.

Speaking to the BBC, Colonel Gaddafi said the failure by the West to reward Libya meant Iran and North Korea were reluctant to follow Tripoli's lead.

He insisted there would be no return to the confrontation of the past, however.

Sanctions were lifted after Libya ended its nuclear weapons programme, and the US and UK have resumed diplomatic ties.

Libya was also removed from the US list of state sponsors of terror, a major step towards international rehabilitation.

Investment promise

However, Col Gaddafi says the West has not properly compensated his country because it has failed to transform its nuclear weapons programme into nuclear power.

Gaddafi: Libya 'let down' Speaking to BBC diplomatic correspondent James Robbins, Col Gaddafi said this meant the West had lost bargaining power with countries like Iran and North Korea.

"This should be a model to be followed, but Libya is disappointed because the promises given by America and Britain were not fulfilled," he said.

"And therefore those countries said 'we are not going to follow Libya's example because Libya abolished its programme without any compensation'."

Mr Gaddafi said that the US and Britain had a duty to help Libya develop civilian nuclear power plants.

"They said if you abolish your war programme we will help you to develop your nuclear abilities into peaceful ones. This has not happened."

Our correspondent says the Libyan leader may have been bargaining for foreign investment, but a return to hostility does not seem to be on the cards.

'International dictatorship'

Col Gaddafi spoke to the BBC as celebrations were taking place to mark the 30th anniversary of his declaration of Libya's unique system of "popular rule".

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He also held a rare public debate with Western scholars, in which he criticised the control that nations with military and economic power held over poorer countries.

It was a pragmatic desire to avoid being destroyed by the "international dictatorship" of such powers that had persuaded Libya to improve its relations with the world, he added.

Col Gaddafi's remarks come as six major powers - the US, Russia, China, the UK, France and Germany - discuss possible further sanctions against Iran over its refusal to halt its nuclear programme.

US officials have said ambassadors to the UN could begin drafting a new resolution on Iran next week.

Meanwhile, North Korea last month agreed at six-party talks to take the first steps towards nuclear disarmament, in return for economic and fuel aid.

Pressure to find a solution to the nuclear issue increased after Pyongyang conducted its first atomic test in October.

Sudan President Commits To Peacekeepers (AP)

By Alexandra Olson, Associated Press Writer

AP, March 3, 2007

Sudan's president is sending a letter to Secretary-General Ban Ki-moon expressing his commitment to the deployment of several thousand U.N. peacekeepers to help end the violence in Darfur, Sudan's U.N. envoy said Friday.

The deployment would be the second step of a three-stage U.N. plan that would culminate in a 22,000-strong joint UN-African Union peacekeeping mission.

Sudanese President Omar al-Bashir has given conflicting signals about his commitment to the plan, and Ban asked him earlier this year to state his acceptance of the second phase in writing.

Al-Bashir's letter expresses his commitment but also raises "issues of operational, technical and legal aspects" of the proposal, Sudanese Ambassador Abdalmahmood Abdalhaleem told The Associated Press. He declined to elaborate.

Sudan agreed to the initiative in November. Al-Bashir reiterated his commitment in a Dec. 23 letter to former U.N. Secretary-General Kofi Annan. But last month, al-Bashir said U.N. troops were not required in Darfur because the 7,000-member AU force on the ground could maintain order. The Sudanese president has insisted the AU force needs only technical and financial support from the U.N.

Abdalhaleem said Ban would be receiving the letter "at any moment." Ban's office said the secretary-general did not have the letter but was told al-Bashir had written it.

"Sudan of course is committed to the support by the U.N. to AMIS," Abdalhaleem said, referring to the AU force by its acronym.

On Friday, the U.S. State Department called on both Sudan and the United Nations to speed up the deployment of the full joint AU-UN force.

Spokesman Sean McCormack issued the appeal as U.S presidential envoy Andrew Natsios arrived in Sudan's capital, Khartoum, for a 10-day visit that will include stops in the western Darfur region and southern Sudan.

"We are pushing on the Sudanese — we as well as others — to make sure that those forces are able to deploy in the areas that they need to deploy to and push on the Sudanese to do everything that they can to stop the violence," McCormack said.

McCormack said the U.S. administration is not satisfied with the yearlong U.N. time frame for the deployment and that not enough countries are pledging troops for the mission.

"The timeline needs to be reduced," McCormack said. "This is too critical a humanitarian issue."

The first phase — a "light support" package adding some equipment, military officers and U.N. police to the AU operation — is nearly almost complete. The second phase is a "heavy support" package that includes the deployment of more than 3,000 U.N. military, police and civilian personnel.

Darfur's conflict erupted in 2003 when ethnic African rebels took up arms against the Arab-dominated central government, accusing it of neglect. More than 200,000 people have died and 2.5 million have fled their homes. The government is accused of unleashing militias known as the janjaweed, which are blamed for the bulk of the conflict's atrocities.

In a report Wednesday, Ban called on al-Bashir to "uphold his commitment" to the U.N.-AU peacekeeping plan.

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He also urged countries to provide "urgent contributions of human resources and equipment" for the joint force and said the second phase would cost $287.9 million.

On Friday, European Union defense ministers offered support the joint mission. However, the EU has provided most of the financing for the AU force now in Darfur — some $530 million since 2004 — and the bloc's special peace support fund for Africa has run dry.

EU foreign ministers are expected to seek extra funding Monday from the EU aid budget and from the coffers of its 27 member governments.

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Associated Press Writers George Gedda in Washington and Paul Ames in Wiesbaden, Germany, and Mohamed Osman in Khartoum, Sudan, contributed to this story.

Darfur Oil Seen As Curse Now, Blessing Later (LAT)

By Edmund Sanders

The Los Angeles Times, March 3, 2007

While exploration may bring needed investment in Sudan, some say it only exacerbates the fighting

The Sudanese government is quietly escalating oil exploration inside the Darfur region, a step that has led to protests from rebel leaders in a volatile area where more than 200,000 people have been killed during three years of fighting.

Political and humanitarian experts say oil in Darfur could deliver much-needed development and investment to the region but that attempts to search for oil now may intensify the conflict by raising the stakes in an already war-torn area. The government has recently awarded three new oil concessions in the region.

Rebel leaders say oil exploration in Darfur should be postponed until a peace deal is signed by all parties and stability returns.

"We are still fighting for our lives and our country," said rebel commander Jar Neby, who represents a faction of the Sudan Liberation Army. "We need water right now, not oil. We can talk about these issues after peace comes."

Some political analysts believe that untapped oil reserves might have been an underlying factor in the Darfur conflict all along, explaining why a seemingly barren wasteland of western Sudan would spark such a bitter tug of war between government forces and rebels, eventually drawing the intervention of international players such as the United States, Libya and the United Nations.

"When you don't find a reasonable explanation, this is what you have to conclude," said Eltayeb Hag Ateya, head of the Peace Studies Institute at Khartoum University. "I believe there must be something else — oil or some natural resource — about Darfur."

Salih Osman, a human rights attorney from Darfur, said government suspicions about oil in Darfur explain why regime officials reacted so strongly to rebel attacks in the region, starting in 2003. "I fear this will only make matters worse," he said, referring to the newly expanded exploration.

The government is accused of arming Arab militias known as janjaweed to attack and destroy scores of Darfur villages over the last three years. Government officials deny supporting the janjaweed and blame rebels for the violence.

A team of Middle Eastern oil companies, including Saudi Arabia-based Al Qahtani Sons Group and Ansan Wikfs, based in Yemen, agreed in November to spend $43 million for drilling rights to 125,000 square miles. The largely uninhabited area, known as Block 12a, is north of where much of Darfur's fighting is occurring.

The government's decision to offer new concessions in Darfur is part of an aggressive search for oil in the northern part of the country.

Since discovering oil in the 1970s, Sudan has become one of Africa's biggest producers. But most of the current production — worth an estimated $6 billion a year — is in the south, and a 2005 peace agreement with former southern rebels gives Sudanese there the right to break away from the rest of the country in 2011, taking much of the oil with them.

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"There's a real scramble to find oil in the north," said a government oil official, who, like several others interviewed for this report, requested that his name be withheld because of the government's sensitivity about speaking publicly. "The likelihood that there is oil in Darfur is quite high."

The government awarded two smaller concessions east of Nyala, the capital of South Darfur state, to a Yemen-led joint venture. But attempts to find an investor for a concession encompassing much of the rest of North Darfur state have been complicated by the region's instability, officials said.

Due in part to U.S. investment sanctions imposed on Sudan in the 1990s, China National Petroleum Corp. is Sudan's biggest oil partner and purchases two-thirds of its oil. One of China's oil-producing concessions straddles Darfur, but officials said current production is occurring in the state of Western Kordofan, not in Darfur itself. Officials at China National declined to comment.

An oil industry consultant who works with several of Sudan's major oil companies, and who also spoke on condition of anonymity, said he believed that efforts to look for oil in Darfur are aggravating the conflict.

"The main reason behind Darfur is oil," he said. "This fighting in Darfur had been going on for generations. There is no other reason for this area to have blown like this."

Others are hopeful that oil might help resolve the region's crisis by bringing all sides together. The discovery of oil in southern Sudan eventually helped end the two-decade civil war when both sides realized that neither would be able to profit from the oil if fighting continued.

"They will see that it's better to share in the oil than to leave it for someone else," said Salah Wahbi, president of Advanced Petroleum Co., a Sudanese joint venture that has invested more than $30 million to explore in a southern Darfur oil concession. "Oil will bring a better life and will bring a better agreement."

Under a fragile peace accord signed by the government and one rebel group in May, Darfurians have the right to share in whatever oil wealth is discovered.

The increased exploration has not gone unnoticed by Darfur rebels. In late November, two rebel groups attacked a Chinese oil facility in Abu Gabra, located between the states of South Darfur and Western Kordofan, according to a United Nations report. Both rebels and government troops claimed victory in the clash.

U.S. officials have downplayed speculation about oil in Darfur. Andrew S. Natsios, the Bush administration's special envoy for Darfur, dismissed criticism by some Sudanese that the U.S. interests in Darfur might be linked to oil.

"We're unaware of any significant amount of oil in Darfur," Natsios told reporters recently. "It's a small amount down in the southeast corner."

Oil companies, however, have been expanding their exploration, despite security concerns that make drilling in Darfur dangerous. Wahbi, whose joint venture was the first to drill inside Darfur, said some parts of his territory, known as Block C, remain a no-go zone because of the fighting. The company recently got a government extension to conduct exploratory drilling because it has been unable to enter some areas.

"Our workers are foreign contractors, and we don't want to put them at risk," Wahbi said.

Before drilling, his company meets with local tribal leaders to explain their work, he said. To appease concerns, the company has built six water wells for local communities affected by the drilling and treated hundreds in the company's mobile health clinic.

The company started drilling in late 2004 and accelerated it in 2005 and 2006. So far, workers have hit only dry wells, but three wells recently showed evidence of oil in the past. Company engineers are now chasing the suspected path of the crude.

"Every day we are getting more information," Wahbi said. "We are getting closer." He noted that his concession is adjacent to some of Sudan's top-producing oil regions, controlled by China National and others.

Advanced Petroleum is unique among Sudan's oil ventures because it is the only concession that is owned entirely by Sudanese investors, including private companies and the state government in Khartoum. Previously, the joint venture included Swiss-based Cliveden Group, but the company sold its stake a year ago because of U.S. pressure over Darfur, Wahbi said.

Morocco To Present Sahara Autonomy Plan (AP)

DOJ_NMG_0140264

By John Thorne, Associated Press Writer

AP, March 3, 2007

Morocco will present an autonomy plan for Western Sahara to the United Nations next month in hopes of ending a three-decade conflict that has stranded 160,000 refugees in the Sahara, a top Moroccan official said Friday.

The plan would give the disputed region a parliament, a chief of state, Cabinet ministries and a judiciary that would oversee day-to-day life, said Khalihenna Ould Errachid, King Mohamed VI's chief adviser on the territory.

Morocco, which took control of Western Sahara in the 1970s after Spain pulled out, says autonomy is the only way to end a conflict with the Polisario Front, an Algerian-backed independence movement. It first proposed autonomy in 2000.

The Polisario Front, though, insists on holding a referendum on independence. Morocco says a vote would be unworkable.

The stalled conflict has left refugees in bleak camps in the Algerian Sahara, poisoned relations between Morocco and Algeria, and inflicts heavy costs on Morocco, already struggling with widespread poverty and unemployment.

Last fall, key members of the U.N. Security Council made clear they wanted real progress on Western Sahara before the U.N. mission's current mandate runs out on April 30. The autonomy plan is expected to be presented at the U.N. in April.

"We can stay at an impasse, or seek a middle way that leaves neither winners nor losers — and that's autonomy," Ould Errachid said Wednesday in the first of two interviews this week.

A Western Sahara parliament could create laws — as long as they do not violate Morocco's national law, while regional courts would fall under the Moroccan legal system, he said.

The regional government would oversee areas like education, tourism and social services. Morocco would retain control of foreign relations, defense, finance and border control, he said.

Western Sahara would also keep Morocco's flag, currency and stamps. King Mohamed VI would continue to be recognized as the highest religious authority in the land.

Morocco currently subsidizes life for Western Sahara's 50,000 to 90,000 Saharawis and 200,000 Moroccan settlers. Under autonomy, the territory will be expected to pay its own way, Ould Errachid said.

Western Sahara boasts phosphates, fisheries and possible offshore oil, but the territory's disputed status has prevented their full exploitation. Last year, the European Union signed a fishing deal with Morocco allowing European fisherman to fish Western Sahara's waters.

Morocco and Mauritania split Western Sahara after its Spanish colonizers ceded them the territory in 1975. Full-scale war with the Polisario Front broke out in 1976, and Morocco took over most of Western Sahara after Mauritania pulled out in 1979.

The U.N. has said it upholds the principle of self-determination and that any solution to Western Sahara must be accepted by both Morocco and Polisario.

The U.N. brokered a cease-fire in 1991 and installed a mission to pave the way for an independence referendum. Morocco refused a 2003 U.N. peace plan, accepted by Polisario, that envisaged temporary autonomy followed by a referendum in which both Saharawis and Moroccan settlers would vote.

Will Freedom Bloom In The Desert? (NYT)

By Frederick Vreeland

The New York Times, March 3, 2007

Rome

A YEAR ago, unusually heavy rain storms destroyed half of the camps in Algeria where some 90,000 refugees from the disputed territory of the Western Sahara have been eking out a miserable existence for more than 30 years.

I have been involved in North African affairs for 40 years, and for most of that time the problem of the Western Sahara has envenomed relations among its neighbors and immiserated the Saharan population.

Thankfully, Morocco's young king, Mohammed VI, has devised a proposal for granting autonomous status to this region, and it behooves all members of the United Nations Security Council to support it. Here is a rare instance, in the post-9/11 world, in which a little encouragement from the United States and other nations could pay large dividends, fostering not only a final

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resolution for the region's refugees but also creating a stable North African peace for the first time in decades — a peace that would serve as a bulwark against Islamic extremism.

The Western Sahara, a Colorado-sized desert land on the Atlantic bordered by Algeria, Mauritania and Morocco, has deep roots in Moroccan history. It is here that the 11th-century Moroccans who founded the Andalusian empire, which stretched from Mauritania deep into Spain, originated.

Spain colonized the territory in 1884, then abandoned it in 1976. Around that time, thousands of unarmed Moroccans streamed into the Western Sahara and effectively reclaimed it for their homeland.

But neighboring Algeria helped create and then lent armed support to the Polisario Front, a guerrilla group that resisted Moroccan rule. The group's putative aim is independence for the Western Sahara, but it is worth noting that Algeria would gain a great deal by dominating an area with phosphate reserves and an Atlantic coastline.

For many years there was fierce fighting, from which tens of thousands of families fled, and eventually came under the care of the United Nations High Commissioner for Refugees. Though the violence concluded with a United Nations-brokered cease-fire in 1991, the Western Sahara's inhabitants remain caught in the unresolved conflict. Almost a quarter of the 400,000 Saharans, or Sahrawis, are living under deplorable conditions in Algeria, generally unable to leave the refugee camps, communicate with the outside world or maintain their traditional nomadic way of life.

While Morocco exercises control over the greater part of the Western Sahara and has an "open door" policy toward the refugees, the Polisario has made it virtually impossible for those Sahrawis living in the camps in southern Algeria to return. Holding on to the refugees is their strategy for "governing" these people, who exist solely on international assistance. Particularly troubling is the fact that the younger ones have never known life outside these bleak camps.

Enter Mohammed VI. Since assuming the throne seven years ago, the Moroccan king has brought about vital domestic reforms, including elevating and protecting the status of women, as well as establishing an independent commission to face up to Morocco's human rights record. In an effort to advance the Western Sahara issue, the king studied contemporary models of territorial conflict resolution to see which solutions proved viable and durable in similar situations around the world. He created an advisory council to gather the views of both Moroccans and the Sahrawi.

The result? After a year-long national discussion, Morocco is to propose, at the United Nations in April, a plan to establish the Western Sahara as an autonomous region under Moroccan sovereignty. Autonomy would provide effective self-determination for the Sahrawis, allowing for local decision-making and control over economic, social, linguistic and cultural issues. Successful autonomy regions like this exist elsewhere. The Trentino-Alto Adige region in Italy and the autonomous region of Madeira in Portugal are examples, as are Catalonia and the Basque Provinces in Spain. The creation of these quasi-states has unlocked longstanding disputes once thought resolvable only by force.

Mohammed VI is seeking a solution to the Western Sahara dispute based on common ground rather than conflict. His act of leadership is in everyone's interest. It is no secret that the young people in these horrible camps are prey for recruitment by Al Qaeda and local terrorist groups. Indeed, Algeria's most murderous terrorist group recently renamed itself Al Qaeda of the Islamic Maghreb, signaling its wider designs on the region.

This is why it is vital that the Security Council accept Morocco's proposal for an autonomous region and not be pushed into a debate for full Western Saharan independence. A weak independent state would likely morph into a terrorist-controlled one.

This is also why the United States must be forthright in its support for the Moroccan proposal. We would be aiding a modernizing, moderate Islamic country, and a strategic ally. More urgently and no less important, we would be helping the Western Sahara's people to regain their lost liberties and their right to peaceful existence.

8 Sentenced In Morocco For Plotting Terror Attacks (NYT)

By Craig S. Smith

The New York Times, March 3, 2007

PARIS, March 2 — A Moroccan court on Friday sentenced eight Islamists to prison terms of up to 15 years for plotting terrorist attacks in France, Italy and Morocco, the government news agency in Morocco reported.

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The eight included a Tunisian man, Muhammad Benhedi Msahel, who Moroccan prosecutors said was the leader of an Islamist cell in Milan with ties to North Africa's largest terrorist organization, the Salafist Group for Preaching and Combat.

Counterterrorism officials point to Mr. Msahel as evidence that the Salafist Group is organizing militants across North Afric a to bring the remnants of Al Qaeda into a new international force for jihad. In January, the group changed its name to Al Qaeda of the Islamic Maghreb.

European counterterrorism officials in particular are worried about the group because it is within easy striking distance of the Continent. Last year its leader, Abdelmalek Droukdel, singled out France as a target for attacks. United States officials are concerned because American interests have also been designated as targets.

Mr. Msahel and his colleagues were arrested in March last year after the arrest in Morocco in late 2005 of Anour Majrar, who told interrogators that he had visited the Salafist Group's leaders in Algeria with Mr. Msahel and an Algerian man, Amir Laaraj, who is still at large.

Moroccan prosecutors charged Mr. Msahel and Mr. Majrar with being part of a terrorist network that was planning attacks on the Paris Metro, Orly Airport and the headquarters of France's domestic intelligence agency, as well as Milan's police headquarters and the Basilica of San Petronio in Bologna, whose 15th-century fresco depicts the Prophet Muhammad in hell.

More than a dozen people have been arrested in Algeria, France and Italy in connection with the case. Mr. Majrar was sentenced in February to seven years in prison. The people arrested in Algeria, Italy and France have yet to be tried.

Venezuela And Iran Strengthen Ties With Caracas-to-Tehran Flight (NYT)

By Simon Romero

The New York Times, March 3, 2007

CARACAS, Venezuela, March 2 — Iran is already Venezuela's closest ally outside Latin America, with ventures to produce oil and build cars and tractors together. Now, travelers between the countries can also take a weekly flight between Caracas and Tehran.

The flight, which was inaugurated here on Friday and includes a stop in Damascus, Syria, is operated in a code-share agreement by the Venezuelan state-controlled airline Conviasa and Iran's national carrier, Iran Air.

Officials at Conviasa said that the company would use a Boeing 747 on the route and that soon it would also make available a European-made Airbus 340.

Under President Hugo Chávez, Venezuela has tightened relations with Iran and expressed explicit support for its uranium enrichment program.

Mr. Chávez has also reached out to Syria, making plans to build a $1.5 billion oil refining complex there. He sees relations with Iran and Syria, both under United States sanctions, as a centerpiece of a foreign policy aimed at countering American influence around the world.

Mr. Chávez "is much loved in our country, and our people want to come here to get to know this land," Abdullah Zifan, Iran's ambassador to Venezuela, said when plans for the flight were announced last month.

Venezuela is considering extending its economic cooperation agreements to the military sphere. It is discussing a venture with Iran to produce remotely piloted aircraft that could be used for surveillance along the border with Colombia.

Iranian officials are already a staple of state television shows here, invited to discuss the country's array of agreements in Venezuela, including one to produce Peugeot-inspired Semand sedans at a plant that is expected to start commercial output near Caracas this month.

For Conviasa, the Tehran route will raise its international profile. The airline said in a statement that it would "offer excellent service at solidarity prices," although no one at Conviasa could immediately say what a ticket to Tehran would cost.

Haiti's Lost Boys (WP)

By Manuel Roig-Franzia

The Washington Post, March 3, 2007

Port-au-Prince Prison Reflects Overwhelming Problems Facing Country's Children

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PORT-AU-PRINCE, Haiti -- In a small, walled courtyard ringed by coiled razor wire, a scrappy little boy punched and kicked at the humid air.

Mackenzy Sonson strutted one moment, cowered the next. Acted like a big man, then slipped into baby talk.

"I'm not tough," he said on a recent afternoon. Then he smacked a kid twice his size.

Mackenzy, better known as "Little Baron," lives in Cell C-4, back wall, bottom bunk, at Fort Dimanche, Port-au-Prince's children's prison. Cellmates dubbed him Baron because his dark black skin reminds them of Baron Samedi, the voodoo spirit who is believed to guard passage to the underworld. The "little" is obvious -- he says he's 8 years old.

This place where Little Baron is growing up, where he discovered Donald Duck cartoons and is learning to read, is a gallery of Haiti's woes. The boys warehoused at Fort Dimanche are the products of poverty, child abandonment, rampant homelessness and an educational system that has failed to enroll 1 million school-age children. Their plight reflects a country overwhelmed by the problems of its young -- more than 200,000 Haitian children have lost one or both parents to AIDS and 300,000 work as unpaid domestic servants in a system of bonded servitude, according to the U.N. Children's Fund.

Hardly any of the 120 boys at Fort Dimanche know when -- or if -- they will be released. Some were undoubtedly recruited to be child soldiers in gangs that lured them with food and shelter in return for help in kidnappings and robberies. Others are imprisoned here for years for minor crimes or are innocents nabbed in neighborhood sweeps by a notoriously corrupt police force, children's advocates say.

"This is where you see the total failure of the justice system," said Maryse Penette-Kedar, head of PRODEV, a foundation that is trying to improve conditions in the children's jail. "It's incompetence. It's total lack of management. People can't be in jail forever."

Haiti's dysfunctional criminal justice system offers no formal process for freeing child inmates, Penette-Kedar said. Those who have been formally charged are often accused of crimes as vague as "associating with bad people."

Some of the inmates of this hillside prison were as young as 6 when they arrived, although determining their true ages is an inexact science. The street kids who show up at the prison in Haiti generally come without birth certificates or parents; some don't even know their birthdays.

Penette-Kedar's organization -- backed in part by money from pop star Wyclef Jean's charitable foundation, Yele Haiti -- has begun a unique transformation of Fort Dimanche, hoping to make it Haiti's first child rehabilitation center. Young inmates who were once kept in lockdown 23 hours a day now get regular exercise and attend classes inside the prison.

Fort Dimanche, which means "Sunday Fort," sits on a craggy hillside in Delmas 33, a neighborhood of tightly packed cinder-block homes. The one-story children's wing, housing inmates up to age 17, is just steps away from a larger building where adult offenders are kept. There is always a line of visitors for the adult prison, but few come to see the children, most of whom are abandoned or orphaned.

The prison, for all its deprivations, can be a refuge from a hostile environment. Children have asked not to be released, Penette-Kedar said. A few parents have begged officials to imprison their children, even when they have not been accused of a crime, because they believe Fort Dimanche is safer than the streets. Several children were murdered by gang members shortly after being released because of suspicions that they gained their freedom by becoming informants.

But releases are few at Fort Dimanche, and a relentless stream of youngsters flows into the prison, the loud clang of metal gates signaling the beginning of an ordeal with no foreseeable end.

Little Baron's path to Fort Dimanche began on Port-au-Prince's airport road, where street children live amid the stench of rotting mountains of garbage. Like countless Haitian children, he was pushed into the streets by parents who couldn't afford to raise him, he says. By age 5, he was sleeping in the rusted carcasses of burned cars and picking through garbage heaps for food.

With no government social services to aid him, Little Baron gravitated toward "the big guys," his name for the young thugs who dominate the slums where he foraged. He became a kind of gofer, running errands that he won't talk about.

"I did favors," he said cautiously during a break between classes. "I did what I had to do to eat."

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One of those favors -- he won't say which -- landed him a year ago at Fort Dimanche and Cell C-4. He shares the approximately 20-by-12-foot cell with 28 other boys, 13 of whom sleep on the concrete floor because there are not enough bunks. The cell has its own hierarchy -- one of the oldest boys at the prison, a lanky 16-year-old, decides who sleeps on the floor.

"Some of these big guys are rapists and kidnappers," Little Baron whispered. "They boss us around."

When the cell door latched shut one recent afternoon, the noise inside was deafening, and the nearby latrine cast a foul odor into the crowded space. Little Baron took a flying leap into his bunk, trailed by a skinny kid who caught up with him and pounded him in the ribs.

In the next bunk, 11-year-old Ricardo Exgentis broke into a rap song he'd written during an arts class.

"Life is not easy," Ricardo rapped in sing-songy Creole. "Separation. We don't know our brother, our sister. We living like dogs. That's bad for Haiti."

Ricardo, who was arrested for banditry and sent here more than two years ago, took his first shower at Fort Dimanche. Living on the streets, he washed only when he could afford a bucket of cold water. In prison, Penette-Kedar's group has taught him how to bathe properly and brush his teeth.

But the shower still feels new and strange to Ricardo. He says he feels uncomfortable being naked among all those boys and sometimes flees without rinsing off the soap.

Talking about prison life made him angry. Rapping offered an escape.

"Give me a chance, that way I'll be able to tell the truth," he sang. "I'm rapping for all the kids in prison. I'm rapping for the mothers that's trying to make something out of nothing."

Ricardo's rapping was drowned out by the wall-mounted television clicking on. Three boys climbed onto an upper bunk and leaned forward, entranced by the explosions and the rat-a-tat-tat of machine guns in an action movie featuring Asian film star Chow Yun-Fat.

Pierre Sonson, a pensive 10-year-old who is not related to Little Baron, raved about Chow's clothes. He and the other inmates wear hand-me-downs, some with unlikely provenances. The boy next to him was decked out in a "Girls Softball" T-shirt from Sonoma, Calif., wine country.

"They look clean, they look like they smell good," Pierre said of the actors. "I'd like to smell good."

When the movie ended, Pierre and Jenson Germain, 11, talked excitedly about an upcoming holiday.

"There will be bands," Jenson said, his voice rising.

They smiled at the thought, but they were soon frowning. A tall boy with a knife scar on his face had butted roughly into the conversation. "You're not going to be released for the party," he said. "Face it, you're not going to have any fun."

Jenson, who has been imprisoned for nearly two years, gulped back what might have been a sign of weakness -- a tear. "I don't cry," he said a few minutes later.

Little Baron, tugging at his waistband, sidled up next to Jenson. The prison has no pants small enough for him, so he strings a shoelace through two belt loops and pulls it tight. Little Baron thrust his right foot into the air, imitating a karate kick he saw on television. His pants slipped to his knees. He and Jenson fell onto a bunk laughing.

Outside, a woman walked into the courtyard. This was a rare sight -- a mother visiting her son.

Yola Aeme settled onto a bench and stared wordlessly at her 16-year-old son, Antoine Menchy, who has spent a year and a half here. Aeme, 38, still seethes about the day her son was arrested. She was frantic when he didn't come home. No one had told her about the arrest.

"There's nobody I can see or talk to, no lawyer or anybody," Aeme said dejectedly. "I have no hope that they'll release him."

Antoine bunks next to a wisecracking 16-year-old with delicate, curled eyelashes named Rikensen Louis. Rikensen spends great chunks of his free time hunched over a pad of paper composing letters that he tries, always unsuccessfully, to persuade prison guards to relay to a judge.

"How you doing, Majesty?" Rikensen wrote recently. "I already spent 10 months in prison without knowing why would you think of me mister?"

Rikensen, who says he was imprisoned for stealing a radiator, stuffs his letters into a purple shirt. He always writes exactly the same words. Over and over. He's lost count of how many letters he has written.

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When he gets mad, he throws out all the letters and vows to stop writing. But weeks pass with no sign of hope, he said, and soon he finds himself writing those same words all over again.

Chechnya Legislature Confirms Putin Pick (AP)

By Musa Sadulayev, Associated Press Writer

AP, March 3, 2007

Chechnya's parliament approved a widely feared former security chief as president of the war-battered Russian republic in a nearly unanimous vote Friday, a day after President Vladimir Putin nominated him.

The confirmation of Ramzan Kadyrov, which had been seen as a foregone conclusion, cements his rise to power. His nomination won 56 votes in the 58-member, two-chamber legislature, with two ballots ruled invalid.

Human rights groups allege that security forces under Kadyrov's control abduct and torture civilians suspected of ties to Chechnya's separatist rebels. Some observers suggest he was tied to last year's murder of Anna Politkovskaya, a journalist who had reported extensively on Chechnya's wars and sufferings. Kadyrov has denied any involvement.

Kadyrov also is credited with a reconstruction boom that he administered as the region's prime minister, under which the capital, Grozny, is being transformed from a moonscape of rubble and shattered buildings in a region devastated by two separatist wars since the Soviet collapse.

Kadyrov has been at the heart of a Kremlin strategy to crush continued rebel resistance and establish order in the mostly Muslim region. He turned 30 in October, the minimum age for president, and had been expected to seek the job.

He became acting president after last week's dismissal of Alu Alkhanov, who had increasingly criticized Kadyrov.

Kadyrov is the son of Chechnya's first pro-Moscow president, Akhmad Kadyrov, who was assassinated in 2004. The elder Kadyrov became president in 2003 in a Kremlin-conducted aimed at undermining rebels by creating the image of Chechens being allowed a high degree of self-determination.

As prime minister, the younger Kadyrov led a largely federally funded campaign to rebuild the region. Two wars in the past dozen years between Russian forces and separatist rebels who increasingly voiced militant Islamic ideology left much of the republic in ruins and its people gripped by fear and resentment.

Major offensives died down early this decade, but small clashes continue and rebels attack Russian forces with booby-traps and remotely detonated explosives.

Construction and repairs have transformed the capital, Grozny, and the second-largest city, Gudermes. Buildings have been plastered with banners praising Kadyrov and his late father, part of a personality cult he claims to oppose.

But prominent Russian groups boycotted a human rights conference in Grozny this week, saying that attending would lend his government legitimacy. Council of Europe human rights commissioner Thomas Hammarberg, who was at the conference, said Friday that Chechnya continues to be plagued by allegations of torture and by officials' failure to respond to families seeking information about missing relatives.

Hammarberg declined to comment when asked for his opinion on Kadyrov as president and he did not point to Kadyrov's forces as responsible for abuses.

Of the detainees whom he interviewed in Chechnya that complained of torture, "several of them pointed at the activities of the federal police," he said in Moscow.

He recommended that Chechnya set up a "truth commission" similar to those in Latin American countries to try to bring those responsible for abuses to light.

Analysts say Putin has entrusted Kadyrov with power in part because he is seen as the only person who can keep large numbers of former rebels under control. Many former rebels now serve in the police and security forces.

But his growing clout is also seen as a risk for the Kremlin, particularly after Putin steps down at the end of his second term next year. Some see Kadyrov's loyalty to Russia as closely tied to his relationship with Putin.

Kadyrov has repeatedly praised Putin but has criticized the Russian government and the state-run oil company OAO Rosneft, calling for greater economic freedom for Chechnya and for a larger share of its oil revenues.

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Analysts say that with the power to foment new turmoil in fragile Chechnya and create serious problems for Russia, he could take a more demanding stance if his relations with the Kremlin become clouded.

The first war between rebels and Moscow's forces began in December 1994 and ended 20 months later with a humiliating Russian withdrawal after rebels fought them to standstill. Three years of de-facto independence followed, during which Chechnya became notoriously lawless, plagued by kidnappings and increasingly influenced by militant Islam.

Fighting resumed in 1999 after Chechen insurgents invaded neighboring Dagestan, apparently aiming to set up an Islamic caliphate, and after some 300 people were killed in apartment bombings that Russian authorities blamed on the rebels.

Chechen rebels have been involved in most of the terrorist attacks that have plagued Russia for more than a decade.

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Associated Press Writer Jim Heintz in Moscow contributed to this report.

Chechnya's Reins In Strongman's Hands (LAT)

By David Holley

The Los Angeles Times, March 3, 2007

The legislature in Grozny approves pro-Moscow Ramzan Kadyrov as president.

MOSCOW — A Kremlin-backed strongman who has spearheaded efforts to pacify war-battered Chechnya through a mix of repression and economic reconstruction won legislative approval Friday as the southern region's president.

Ramzan Kadyrov, the son of a former president of the republic of Chechnya who was assassinated in 2004, previously was prime minister. He has been the most powerful figure in the region since his father's death. However, he turned 30, the minimum age for the top post, only in October. Russian President Vladimir V. Putin nominated him for the position Thursday.

Kadyrov expressed his appreciation and loyalty to Putin in televised remarks Friday, declaring that "there is support and understanding from the supreme commander in chief, and it only remains to serve him hand and foot."

Kadyrov won parliamentary approval with 56 out of 58 votes, the Russian news agency RIA Novosti reported.

During the first Chechnya war, from 1994 to 1996, Kadyrov and his father, Akhmad Kadyrov, joined separatist rebels who won de facto self-rule for the republic. But the two men switched to the pro-Moscow side when Russian forces returned to Chechnya in 1999, launching the second Chechnya war.

Ramzan Kadyrov headed the presidential security force at the time of his father's death in a bombing in the Chechen capital of Grozny. He subsequently built up a powerful personal militia that was composed largely of other former rebels granted amnesty after switching sides.

Human rights organizations have frequently accused Kadyrov's militia of human rights abuses including kidnappings, torture and murder, allegations that he denies. Russian federal forces in Chechnya also have been accused of such abuses against civilians and suspected separatists.

In recent years, pro-Russia forces have killed several top separatist leaders. The strength of the insurgency has faded even as Moscow has granted ever-greater autonomy to the pro-Kremlin Chechen government.

Putin dismissed former Chechen President Alu Alkhanov last month, paving the way for Kadyrov. While Alkhanov and Kadyrov denied there was a power struggle, they had engaged in increasingly open disagreements in recent months.

Dmitry Kozak, Putin's envoy in southern Russia, alluded to those differences in televised comments Friday.

"With Kadyrov's appointment, all those contradictions that had undermined the efficiency of the government in Chechnya have disappeared," he said.

Alexei Malashenko, a Chechnya specialist at the Carnegie Moscow Center, said that despite questions about his commitment to human rights and democracy, Kadyrov has had some real achievements.

"Some called him simply a gangster, but Ramzan has managed to discharge three main obligations to the Chechen people," Malashenko said. "First, he established order in Chechnya, even though it is a totalitarian type of order. But before, it was not possible simply to walk around Grozny. Second, he promised amnesty to separatist fighters, and as a result most of them surrendered. Maybe 500 to 600 rebels remain, but they are not active right now. Third, Russian soldiers are not murdered anymore."

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Speaking at a Moscow news conference Friday, Thomas Hammarberg, the European Union commissioner for human rights, praised the pace of reconstruction in Chechnya.

But Hammarberg said that Chechen and Russian authorities hadn't tried hard enough to provide information about people who disappeared during the fighting. About 2,600 people are officially counted as having disappeared, he said.

Hammarberg said that in his meetings with the Chechens, he stressed the issue of accounting for those who have disappeared and allegations that law enforcement officers torture suspects.

Courts in Chechnya place too much reliance on written confessions from defendants, and this creates an incentive for police to use beatings and electrical shocks to try to extract confessions, he said.

Prisoners he spoke with complained about their treatment immediately after arrest and during interrogation, the EU envoy said. "I'm convinced that much of what I heard has a real background, and that these kinds of illegal interrogation methods are used at a fairly wide scale."

Gangster President (WP)

The Washington Post, March 3, 2007

Meet Ramzan Kadyrov, Vladimir Putin's favorite Chechen criminal.

THIS WEEK Vladimir Putin delivered another clear message about the kind of state Russia is becoming. He did so by nominating as the new president of the republic of Chechnya a man named Ramzan Kadyrov -- an unspeakably savage and corrupt warlord. Mr. Kadyrov has done Mr. Putin a great service: Using his own militia -- gang might be a better term -- he has imposed order in the name of the Kremlin on most of the rebellious republic, allowing the Russian president to declare victory in the war he started more than seven years ago. The Chechen's reward is to be installed as official head of the republic's government, where he can be expected to promote a cult of personality, employ state resources for his personal aggrandizement and murder his opponents with impunity.

Mr. Kadyrov has already been pursuing this agenda for some time. He and his "kadyrovtsy" are feared throughout the shattered republic: They are known for grisly acts of torture, extortion, kidnapping, rape and murder. The heads of slain rebels are displayed in some villages as a warning against crossing the new leader. Opponents outside Chechnya aren't safe, either. One, Movladi Baisarov, was gunned down in November in the center of Moscow while police looked on. Another, the independent journalist Anna Politkovskaya, was murdered outside her apartment in October; Mr. Kadyrov is one of several suspected sponsors of her slaying. Mr. Putin has taken no action to clear up either case.

In one sense Mr. Putin's sponsorship of Mr. Kadyrov is a measure of his desperation to find a way out of the war he started, which killed some 80,000 Chechens, most of them civilians, as well as unreported thousands of Russian soldiers. The new president is not a very reliable puppet; a former rebel himself, he once said that his "hero" was Shamil Basayev, the Chechen terrorist who staged the bloody attacks on a Moscow theater and a school in the town of Beslan. Mr. Kadyrov has expressed interest in introducing elements of Islamic sharia law in Chechnya, whose population is Muslim. His loyalty to the Russian state is nominal. Only 30 years old, he is likely to evolve into a self-sustaining despot whom Moscow could dislodge only by force.

By installing him, Mr. Putin is telling the world that Russia has become a place where the most sadistic criminals can be political leaders, where the murder of opponents is openly sanctioned and where the only qualification that matters is loyalty to Mr. Putin. Luckily, perhaps, for the Russian president, George W. Bush and the other leaders of the Group of Seven democracies, who continue to treat Mr. Putin as a strategic partner, are doing their best to ignore that message.

Don't Go Cold On Turkey (WSJ)

By Mark R. Parris

The Wall Street Journal, March 3, 2007

Once again, a resolution has been introduced in the House of Representatives asserting that the forcible deportation and massacre of Armenians by the Ottoman Empire in 1915 was "genocide." But this time around the resolution, sponsored by Reps. Frank Pallone, Adam Schiff, George Radanovich and Joe Knollenberg (and over 170 co-sponsors), appears likely to pass. The result will be a train wreck with an important, longstanding American ally: Turkey.

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It may never be the right time for one nation to pass legislation on another's history or morality, but there could be no worse time than now. It's a particularly sensitive moment in Turkish politics: A new president will be picked by parliament in late April (coinciding with Congress's likely decision on a resolution) and elections for a new parliament will follow by November. Based on current polling, Turkey by year's end could for the first time have a president, government, parliament and most municipalities under the control of a party -- Prime Minister Recep Tayyip Erdogan's ruling AK Party -- inclined to loosen the strict barriers set up by Ataturk between religion and state. One does not have to share secular fears of AKP's alleged "secret agenda" to Islamicize Turkish society to appreciate the strains this would generate in Turkish political life over the weeks and months ahead. Nor does it take much imagination to realize that, in such circumstances, Turkish politicians will compete with one another, should a resolution be passed, to show they cannot be pushed around by the U.S. Congress.

Turkish domestic politics isn't the only issue, however. This year will highlight the country's pivotal geography and relevance to U.S. strategic goals. As we struggle to find our footing in Iraq, for example, Turkey can either help or make our task much harder. Our forces in Iraq rely heavily on Turkey's Incirlik airbase for resupply. Turkish military intervention in the north, either to pre-empt cross-border terrorism by Turkish Kurdish PKK terrorists, or to stop Kirkuk from becoming part of the Kurdish federation, would complicate Gen. David Petraeus's already daunting assignment.

Then there is Iran. Will Turkey align itself with Washington and the West in efforts to ratchet up pressure against the Islamic Republic -- a major trading partner and ally against the PKK? Or will the Turks join Russia and others favoring a less-confrontational approach? And as the U.S. tries to forge a new alignment in the Middle East to roll back Iranian influence and restart Israeli-Palestinian talks, a Turkey that has both bulked up its influence in the Muslim world (particularly among Sunni Arabs) and kept its close relationship with Israel, will be an asset.

Turkey has quietly emerged as the prize in a new great game over who will develop and bring to world markets the vast oil and gas resources of former Soviet Central Asia. Experts know that Turkey will in the years ahead become one of the world's major energy hubs, supplied by new pipelines that will crisscross Anatolia. The question is whether this will happen according to Moscow's or Washington's vision of where those pipelines should run, and whose product should fill them. Ankara will likely make some of the key decisions this year.

Turkey goes into this defining year with its anchors to the West drifting or under strain. NATO, for decades the bedrock of Turkey's Western identity, particularly for its influential military, has lost luster as its mission has blurred. The European Union's ambivalence toward Turkey since formally beginning the accession process in October 2006 has soured many Turks on the project. Despite laudable garden-tending by senior officials on both sides, U.S.-Turkish relations haven't recovered the depth or breadth they had in the '90s; polls show anti-Americanism remains high in the Turkish "street." The winners have been Turkey's ultranationalists, whose vision of a Turkey that "goes it alone" and increasingly resorts to violence is chilling.

Some will interpret this analysis as realpolitik that simply postpones the moment when Turkey must deal with its pre-Republican history. That ignores the reality that Turks in growing numbers -- among them Nobel laureate Orhan Pamuk -- are speaking out in favor of a more candid debate on the events of 1915. Most fear their voices will be drowned out by the tsunami of nationalist outrage that a resolution will generate.

In the past, U.S. congressional leaders have repeatedly bowed to the findings of administrations of both parties that a genocide resolution would adversely affect vital American security interests. Given the equities America now has at stake in and around Turkey, those findings remain as valid as ever.

The U.S. has a lot of hard work to do in Turkey's neighborhood. In some cases, American lives will literally be at stake. Whatever the challenge we face in this troubled region, our success will be far more certain if we can work with Turkey, rather than having to work around it. The responsible choice for Congress's current leadership is to join their predecessors in concluding that passage of an Armenian genocide resolution does not serve American interests.

Mr. Parris, who was U.S. ambassador to Turkey from 1997 to 2000, is a visiting fellow at the Brookings Institution.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Growing Calls In Australia For Terror Suspect's Return (NYT)

By Raymond Bonner

The New York Times, March 3, 2007

SYDNEY, Australia, Saturday, March 3 — The decision by the United States military to charge an Australian citizen, David Hicks, with one terrorism-related offense comes as Prime Minister John Howard is under mounting pressure, even from conservatives in his own party, to have Mr. Hicks charged, tried and brought home.

Mr. Hicks is the first detainee from the American base at Guantánamo Bay, Cuba, to be charged under the Military Commissions Act of 2006. But the single charge, of providing "material support for terrorism," after Mr. Hicks has been held for five years in Guantánamo, has been met with skepticism, disbelief and some anger here, from conservatives and liberals alike.

The charge, which was announced by the Pentagon in Washington on Thursday, represents a substantial reduction in the case the Bush administration has claimed it has against Mr. Hicks, a high-school dropout who was captured in Afghanistan after the American invasion in 2001.

Only two weeks ago, the American ambassador to Australia, Robert D. McCallum Jr., described the Guantánamo detainees as "ruthless fanatics who would kill Australians and Americans without blinking an eye."

Mr. Hicks was initially charged with conspiracy to commit murder and engage in acts of terrorism, attempted murder and aiding the enemy. That was later reduced to attempted murder and "providing material support for terrorism."

Now all those charges, except material support, have been dropped, and there is a question if even that will stick. Mr. Hicks's lawyers argue that material support was not made a crime until 2006, five years after Mr. Hicks trained with Al Qaeda.

The relatively minor, single charge after such a long detention "means they've botched it," said Barnaby Joyce, a federal senator for Australia's conservative National Party, which is part of the governing coalition. "They've completely abused the process of justice."

Mr. Joyce is one of an increasing number of conservative politicians and others who have joined the Bring David Hicks Home movement, which has gained considerable momentum here in the last few months.

In fact, the case has generated such political outrage that members of Mr. Howard's own center-right Liberal Party acknowledge that it is hurting the prime minister in his bid for re-election this year.

For nearly five years, Mr. Howard, one of President Bush's most stalwart supporters, was generally content to allow Mr. Hicks to remain in Guantánamo. But in recent weeks, he has been forced to take account of the strong shift in public opinion around the case, which has become a major irritant in American-Australian relations.

Last month, Mr. Howard raised the Hicks case directly with President Bush in a telephone call, and again with Vice President Dick Cheney when he was here last week.

Whether the charge finally leveled against Mr. Hicks was "the result of my representations to President Bush and Vice President Cheney, I don't know," Mr. Howard told Australian journalists on Friday, as reported by the BBC.

It is an issue that Mr. Hicks's lawyers are expected to explore, for if there was any influence of this kind on the bringing of the charge, it could result in the case being dismissed.

Mr. Hicks's lawyers are in any case certain to challenge the charge on the grounds that there was no such crime when Mr. Hicks was training with Al Qaeda in Afghanistan in 2001. The United States Constitution prohibits ex post facto laws, but in light of recent laws passed by Congress and various court rulings, it is not certain that Mr. Hicks will be afforded that protection.

The next probable step is that the United States government will try to get Mr. Hicks to plead guilty to this single charge, in exchange for a sentence of time served. That would have him back in Australia soon. Australian officials said this would be acceptable.

The groundswell of support for Mr. Hicks here does not arise because Australians believe that he is innocent, but rather because many here believe he has been denied justice by having been held so long without a regular trial.

"He may well be a rat bag, but even rat bags deserve their day in court," is how Senator Joyce put it.

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"It is about due process of law, the principles we are fighting for in Iraq," he added in an interview. "In fighting the barbarians, we are starting to imitate the barbarians."

According to American and Australian officials, Mr. Hicks trained with Al Qaeda in Afghanistan, but officials have said he did not fire any shots during the war.

Described by one Australian police official as a "lost soul," Mr. Hicks was a kangaroo skinner in the Australian outback, went to Japan to train horses, and joined the Kosovo Liberation Army, which had the support of NATO in the war against Slobodan Milosevic.

Back in Australia, he tried unsuccessfully to enlist in the army. He joined an evangelical church, but eventually converted to Islam and went to Pakistan. There, he first joined up with Lashkar-e-Taiba, which was not declared a terrorist organization by the United States or Australia until the last week of 2001.

He was picked up by Afghan irregulars and turned over to the American troops for a ransom of several thousand dollars, according to his father, Terry Hicks, a printer by trade.

Mr. Hicks, an online organization, GetUp!, and his son's military lawyer, Maj. Michael Mori, have campaigned with increasing success to bring the case to light.

Often guided by liberal organizations like the Center for Constitutional Rights in New York, which has represented several Guantánamo detainees, Mr. Hicks kept his son's case alive with stunts, such as standing in a make-shift cage in the center of New York.

GetUp!, which is patterned after MoveOn.org, a liberal online organization in the United States, a few months ago hung a huge sign — "Bring David Hicks Home" — on the side of an office building at the entrance to the famed Sydney Harbor Bridge, which is passed every day by thousands of motorists commuting to work.

To the surprise of the organization, within 72 hours, it collected 150,000 Australian dollars, about $118,000, for the cause. Altogether, it has raised at least $196,500, said Brett Simpson, the organization's executive director.

Major Mori has made seven trips here, always in his tightly pressed Marine Corps uniform. Initially, Australians were skeptical that a military man would put up a vigorous defense. Since then, he has become something of a folk hero here, drawing large crowds around the country.

Some American Embassy officials sought unsuccessfully to have the Pentagon bar Major Mori from coming to Australia, said an American official who was granted anonymity in order to reveal information that has not been made public.

The combined public relations strategy has recently gained traction. For nearly five years, the opposition center-left Labor Party stayed far away from the Hicks case, as did the Australian news media. In the first nine months of 2006, there were 63 mentions of David Hicks in The Australian, according to the paper's researchers; in the last five months, there have been 255.

The list of public leaders calling for David Hicks to be given an expeditious and fair trial has grown steadily longer and includes those from the Labor Party.

In January the director of military prosecutions in the Australian Army, Brig. Gen. Lyn McDade, called Mr. Hicks's detention "abominable."

"I don't care what he's done or alleged to have done," General McDade, a former prosecutor, told The Sydney Morning Herald. "I think he's entitled to a trial, and a fair one."

Appellate Judges Uphold Dismissal Of CIA Lawsuit (WP)

By Jerry Markon

The Washington Post, March 3, 2007

A federal appeals court yesterday upheld the dismissal of the case of a German citizen who says he was wrongfully imprisoned by the CIA. Khaled al-Masri had sued former CIA director George J. Tenet and 10 unnamed CIA officials in U.S. District Court in Alexandria. Sources have said that Masri was held by the CIA for five months in Afghanistan because of mistaken identity.

U.S. District Judge T.S. Ellis III last year sided with the Justice Department, which invoked a state-secrets privilege to argue for dismissing the lawsuit. The U.S. Court of Appeals for the 4th Circuit upheld Ellis's decision.

I Am Not A State Secret (LAT)

By Khaled El-masri, Khaled El-masri, A German Citizen Born In Lebanon, Was A Car Salesman Before He Was Detained In Dece

The Los Angeles Times, March 3, 2007

Having just lost in court, a CIA kidnap victim asks why the U.S. won't admit its error.

ON NEW YEAR'S EVE in 2003, I was seized at the border of Serbia and Macedonia by Macedonian police who mistakenly believed that I was traveling on a false German passport. I was detained incommunicado for more than three weeks. Then I was handed over to the American Central Intelligence Agency and was stripped, severely beaten, shackled, dressed in a diaper, injected with drugs, chained to the floor of a plane and flown to Afghanistan, where I was imprisoned in a foul dungeon for more than four months.

Long after the American government realized that I was an entirely innocent man, I was blindfolded, put back on a plane, flown to Europe and left on a hilltop in Albania — without any explanation or apology for the nightmare that I had endured.

My story is well known. It has been described in literally hundreds of newspaper articles and television news programs — many of them relying on sources within the U.S. government. It has been the subject of numerous investigations and reports by intergovernmental bodies, including the European Parliament. Most recently, prosecutors in my own country of Germany are pursuing indictments against 13 CIA agents and contractors for their role in my kidnapping, abuse and detention. Although I never could have imagined it, and certainly never wished it, I have become the public face of the CIA's "extraordinary rendition" program.

Why, then, does the American government insist that my ordeal is a state secret? This is something beyond my comprehension. In December 2005, with the help of the American Civil Liberties Union, I sued former CIA Director George Tenet along with other CIA agents and contractors for their roles in my kidnapping, mistreatment and arbitrary detention. Above all, what I want from the lawsuit is a public acknowledgment from the U.S. government that I was innocent, a mistaken victim of its rendition program, and an apology for what I was forced to endure. Without this vindication, it has been impossible for me to return to a normal life.

The U.S. government does not deny that I was wrongfully kidnapped. Instead, it has argued in court that my case must be dismissed because any litigation of my claims will expose state secrets and jeopardize American security, even though President Bush has told the world about the CIA's detention program, and even though my allegations have been corroborated by eyewitnesses and other evidence. To my amazement and dismay, last May, a federal district court judge agreed with the government and threw out my case. And then Friday, the U.S. 4th Circuit Court of Appeals upheld that decision. It seems that the only place in the world where my case cannot be discussed is in a U.S. courtroom.

I did not bring this lawsuit to harm America. I brought the lawsuit because I want to know why America harmed me. I don't understand why the strongest nation on Earth believes that acknowledging a mistake will threaten its security. Isn't it more likely that showing the world that America cannot give justice to an innocent victim of its anti-terror policies will cause harm to America's image and security around the world?

IN NOVEMBER, I traveled to America for the first time to hear my lawyers argue my case before the appeals court in Richmond, Va. and to meet with members of Congress and their staff on Capitol Hill. (It's obvious that the U.S. government does not consider me a security threat, or I would not have been allowed to enter the country, much less be in the same room with federal judges and members of Congress.)

Although I did not understand all of the arguments made by the lawyers, I was impressed by the dignity of the proceedings and by the respect for the rule of law that I have always associated with America. I'm deeply disappointed to find that this same legal system denies me the chance to fully present my case.

If I were being treated fairly by the American legal system, perhaps we would not have reached the point where German prosecutors are bringing criminal charges against American citizens.

During my visit in November, many Americans offered me their personal apologies for the brutality that had been perpetrated against me in their name. I saw in their faces the true America, an America that is not held captive by fear of unknown enemies and that understands the strength and power of justice. That is the America that, I hope, one day will see me as a human being — not a state secret.

HOMELAND RESPONSE:

Bush To Visit Tornado-damaged Areas (AP)

AP, March 3, 2007

WHITE HOUSE (AP) -- President Bush heads to Alabama today to visit areas damaged by this week's vicious storms and deadly tornadoes.

Among his stops will be the the high school where eight students were killed Thursday when a twister demolished their school.

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The president told reporters at the White House yesterday he's making the trip "with a heavy heart." He said he knows "full well" that he'll see people whose lives have been "turned upside down." The president's asking Americans to pray for the victims and their families.

At least 20 people were killed in the storms that ripped through Alabama, Georgia and Missouri. Federal emergency teams were sent to damaged areas immediately after the storm. The administration is hoping to draw a pointed contrast to it's sluggish response after Hurricane Katrina.

Bush Reaches Out To Tornado-Struck Areas (AP)

AP, March 2, 2007

WASHINGTON - President Bush offered condolences to victims of violent storms and tornadoes that roared through several Southern states and said he would visit stricken areas on Saturday "with a heavy heart."

Bush told reporters at the White House Friday that he had spoken to Alabama Gov. Bob Riley on Thursday afternoon and Georgia Gov. Sonny Perdue on Friday morning.

He said he told the governors he wanted to express "my personal condolences as well as the condolences of the nation for those who lost their lives in the recent tragedies in those two states."

Bush will visit areas hit by a violent storm system that spawned tornadoes that struck an Alabama high school, killing eight students.

The White House said Bush would make two stops on Saturday, but his destinations were still being worked out with governors in the affected states.

"I go down with a heavy heart," the president said. "I go down knowing full well that I'll be seeing people whose lives were turned upside down by the tornadoes. I'll do my very best to comfort them."

The burst of tornadoes was part of a line of thunderstorms and snowstorms that stretched from Minnesota to the Gulf Coast. Authorities blamed tornadoes for the deaths of a 7-year-old girl in Missouri, 10 people in Alabama and nine in Georgia, and twisters also damaged homes in Kansas.

"I ask our nation, for those who are prayerful, to give a prayer for the victims of the storms," Bush said.

He spoke on the South Lawn of the White House as he prepared to board his helicopter as part of an unrelated trip to Indiana and Kentucky.

Aaron Walker, a spokesman for the Federal Emergency Management Agency said that the Georgia governor was working on a disaster-aid request on Friday.

Some 14 FEMA preliminary disaster assessment teams are already at work in Alabama, he said.

New Orleans Files Claim Against Corps For Billions (NYT)

By Leslie Eaton

The New York Times, March 3, 2007

The City of New Orleans filed a $77 billion damage claim against the federal government on Thursday, joining thousands of residents who have flocked to the Army Corps of Engineers seeking compensation for their losses after Hurricane Katrina in 2005.

The corps, which built and helped maintain much of the levee system that failed, has not tallied the number of claims or the total amount of money sought. It received 30,500 forms by late last month, a spokeswoman for the agency, Kathy Gibbs, said.

The filings that arrived last week “pretty much filled an 8-by-10 room, floor to ceiling,” Ms. Gibbs said.

The forms run two pages, with some including additional paperwork, she said.

The claims were in part prompted by a ruling last month by a federal judge that raised the possibility that suits against the corps could proceed. Normally, federal law does not allow suits for damages resulting from the failures of flood-control projects.

But on Feb. 2, Judge Stanwood R. Duval Jr. of Federal District Court in New Orleans ruled that at least one flooding source, the Mississippi River Gulf Outlet, might be considered a navigation channel and not a flood-control project.

Critics of the corps faulted the outlet, known as Mr. Go, for much of the flooding in eastern New Orleans. The corps has disputed that, but last year it announced a plan to close the channel to navigation.

Similar suits are under way on other canals and channels that flooded. Lawyers representing people who have sued the corps for negligence had urged residents to file claims by March 1 to preserve their rights in case the judge found the corps liable for property damage and personal injuries under maritime law.

The city did not explain how it came up with the $77 billion figure, and it did not respond to a request for more information. The New Orleans Sewerage and Water Board filed a claim for $470 million, said Robert Jackson, a spokesman for the board.

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New Orleans Files Katrina Claim (LAT)

By Ann M. Simmons

The Los Angeles Times, March 3, 2007

The city is seeking $77 billion from the Army Corps of Engineers.

NEW ORLEANS — With a $77-billion claim, the city of New Orleans led tens of thousands of homeowners and businesses seeking compensation from the U.S. Army Corps of Engineers for losses suffered when levees protecting the city ruptured under the storm surge of Hurricane Katrina.

Kathleen Gibbs, a spokeswoman in the corps' New Orleans district office, said that by Monday at least 34,500 claims had arrived by mail. And the bags and boxes filled with forms from residents who rushed to file before the Thursday midnight deadline could fill an 8-by-10-foot room.

"This is obviously a very significant and very emotional situation for many people," Gibbs said.

Many claimants argue that their properties survived the actual hurricane, but were flooded when the city's flood walls failed because of shoddy construction and corps negligence.

Lawyers said the number of claims could top 100,000. Forms were accepted at corps offices nationwide.

"It is important and necessary for people to let the Army Corps of Engineers and Congress know that they expect to receive compensation," said Joseph Bruno, a New Orleans lawyer who is leading a team of attorneys for hurricane victims. "The debate is simple: You broke it, you fix it."

Claims have run from thousands of dollars to the $77 billion that the city is pursuing.

New Orleans officials did not specify the damages to be covered, but in a statement, City Atty. Penya Moses-Fields said the claim was "prudent at this stage to file."

Entergy New Orleans, the city's electrical utility that went bankrupt after Katrina, is seeking $655 million in damages and losses, and New Orleans Sewerage and Water is trying to recoup about $460 million.

The corps has argued that the 1928 Flood Control Act gives it immunity from lawsuits. But last month, a U.S. District Court judge ruled that such protection is void in cases concerning navigational projects.

The claimants contend that the Mississippi River-Gulf Outlet and the 17th Street drainage canal, which caused much of the flooding, are navigation waterways.

Veda Manuel — whose home, along with her bicycle- and kayak-tour business in the city's Bayou St. John neighborhood, was destroyed by Katrina — said no amount of money could undo the trauma she and other residents have endured.

"The amount of chaos, uncertainty and disturbance … money will never compensate for that. But they must claim responsibility," said Manuel, 50, who is renovating her home using savings and help from friends. She would not disclose the size of her claim.

"Time stopped for us" the moment the levees broke, Manuel said. "I lost an entire year of my life."

WAR NEWS:

14 Iraqi Policemen Kidnapped, Killed (AP)

AP, March 2, 2007

BAGHDAD (AP) — The bodies of 14 policemen were found Friday northeast of Baghdad after an al-Qaeda-affilated Sunni group said it abducted members of a government security force in retaliation for the rape of a Sunni woman by members of the Shiite-dominated police.

Brig. Gen. Abdul-Karim Khalaf, an Interior Ministry spokesman, said the bodies were discovered Friday afternoon in Diyala province. The policemen were kidnapped Thursday on their way to their homes in Diyala for leave, he said.

Earlier Friday, the Islamic State of Iraq said in a Web statement that it seized 18 Interior Ministry employees in Diyala in retaliation for "the crimes carried out ... against the Sunnis," including the alleged rape last month of a Sunni woman by policemen in Baghdad.

In a second statement, the group announced that its "court" had ordered the "execution" of the men and that a video depicting their deaths would be posted later, according to the SITE Institute, which monitors extremist websites.

Photos accompanied the claim, showing up to 18 blindfolded men, seven of them wearing Iraqi military uniforms. All had their hands tied behind their backs.

But Khalaf cast doubt on whether the 14 slain policemen were the same men shown on the website photos.

"We found the 14 policemen's bodies, but they are not those who are in the fabricated images on the website," he told The Associated Press. "The Diyala police told us that they don't know who those people shown on the website were."

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Nevertheless, he blamed al-Qaeda for the killings and said Iraqi authorities would "chase those who assassinated these unarmed people."

Also Friday, two U.S. soldiers and an interpreter were killed by a roadside bomb northwest of Baghdad as they were trying to clear a highway of explosives.

The military also announced that a U.S. Marine was killed two days before in combat in Anbar province, a Sunni insurgent area west of the capital.

The Islamic State of Iraq had threatened to kill the hostages within 24 hours if the Iraqi government did not hand over officers accused in the rape case, and release all Sunni women held in Iraqi prisons.

"This blessed operation is a response to crimes carried out by those infidels in their fight against the Sunnis," the statement said. "The latest of the crimes committed by these traitors was to rape our sister in religion."

A 20-year-old woman told Arab television stations that she was detained in a Sunni area of west Baghdad on Feb. 18, taken to a police garrison and assaulted by three officers. The woman gave a name which identified her as Sunni.

Prime Minister Nouri al-Maliki, a Shiite, announced an investigation Feb. 19 but cleared the officers the following day, stirring outrage among Sunni politicians.

Al-Maliki said the rape claim was fabricated to tarnish the reputation of the police and the ongoing security crackdown in Baghdad.

Friday's statement from the Islamic State of Iraq referred to the rape victim by her name, which identified her as Sunni.

However, officials of the Iraqi Islamic Party, the country's largest Sunni group, said the woman used a false name and that she is in fact a Shiite. The party's human rights office had been looking into the case.

Names of the officers involved in the case were not released, and it was unknown whether they were Sunni or Shiite.

In Baghdad, two car bombs killed at least 11 people in attacks Friday. The deadlier occurred at a used car lot near the Shiite militia stronghold of Sadr City, killing 10 people, wounding 17 and setting several cars ablaze, police said.

The other blast was near a police patrol in southwest Baghdad, killing a policeman and wounding two civilians, police reported.

The U.S. military also said Friday that eight suspected militants were killed a day earlier in a raid in Salman Pak, a town just southeast of Baghdad where Sunni and Shiite extremists have frequently clashed.

U.S. forces came under small-arms and mortar fire, and killed three armed men moving toward them, the statement said. Twenty minutes later, troops were fired on again and shot dead four suspects. Another man was killed in a vehicle nearby, the statement said.

Sniper rifles, AK-47s and rocket-propelled grenade launchers were removed from the scene, it added.

In Fallujah, 45 miles west of Baghdad, residents reported finding handbills warning local tribes to abandon checkpoints they had established to detain members of al-Qaeda. The handbills said al-Qaeda would retaliate if they checkpoints remain.

The warning followed reports by Iraqi police of clashes between al-Qaeda members and local residents opposed to the extremist group.

A roadside bomb exploded near an Iraqi army patrol 150 miles southeast of Baghdad, killing one soldier, police said.

Bodies Of 14 Iraqi Police Officers Found (LAT)

By Alexandra Zavis,

The Los Angeles Times, March 3, 2007

One group said it had kidnapped security forces to avenge an alleged rape.

BAGHDAD — The bodies of 14 missing police officers were found near a school in Diyala province Friday after a group linked to Al Qaeda claimed to have kidnapped members of a government security force in retribution for the alleged rape of a Sunni Arab woman.

Police confirmed that the 14 men, members of a rapid-response unit, were found shot through the head with their hands tied behind their backs.

They disappeared Thursday on their way home on leave to the Shiite town of Khalis, police said. Because Sunni insurgents regularly target members of the Shiite-dominated security forces in the province, the men had taken pains to travel inconspicuously, wearing civilian clothes and riding in sedans.

It was unclear whether the officers were among the 18 blindfolded men pictured earlier on a website by a group calling itself the Islamic State in Iraq. Those men were standing and kneeling in rows with their hands tied behind their backs. Some were in civilian clothes, others in combat fatigues, and at least one wore the insignia of an Iraqi officer.

At least three Diyala officers, who said they were relatives and neighbors of the slain men, could not identify any of the people shown on the website, said Maj. Raul Marquez, a U.S. military spokesman in Baqubah, the capital of Diyala province.

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"The quality of the photo was low, so it is very difficult to pull out details," Marquez said by e-mail.

A statement on the site claimed the men were seized in Diyala, but it did not specify when.

"This blessed operation is a response to the crimes committed by those infidels in their fight against the Sunnis," the statement said. "The latest crime committed by these treacherous institutions was to rape our sister Sabreen."

The group threatened to kill the men within 24 hours if the government did not hand over the responsible officers and release all Sunni women in Interior Ministry prisons.

A second statement said that the government had failed to respond to the group's demands and that its court had "ordered God's verdict applied."

Brig. Gen. Abdul Karim Khalaf, a spokesman for the Interior Ministry, said the government did not negotiate with hostage-takers. He cast doubt on the group's claims.

"We can't trust the Internet sites, and those pictures might not be authentic," he said. "Anyone can make a website and put any claim they want on it."

Last week, a 20-year-old woman who called herself Sabreen alleged in a television interview that she had been raped by three Shiite officers.

The woman's tearful claims sparked outrage. Prime Minister Nouri Maliki, who has promised an evenhanded effort to quell the nation's sectarian fighting, ordered an investigation. But within 24 hours, the Shiite premier had rejected the allegations, labeling the woman a liar and insurgent collaborator wanted by the authorities.

The government's handling of the case heightened sectarian tensions and deepened Sunnis' mistrust of the security forces, which authorities acknowledge have been infiltrated by Shiite militias. A second Sunni woman later emerged claiming that soldiers raped her during a raid of her home in the city of Tall Afar.

In a third statement posted Friday, the Islamic State of Iraq group declared it was launching an "honor revenge" campaign and threatened to kill 2,000 police and militiamen "for each sister that was violated."

The grisly find in Diyala province underscored fears that as U.S. and Iraqi forces focus their attention on Baghdad, violence could escalate elsewhere.

The troubled capital has seen an apparent dip in the execution-style killings that are the hallmark of Shiite death squads since thousands of extra troops started pouring into the streets last month. But the stream of bombings typically associated with Sunni insurgents has continued.

At least four bombs exploded in and around Baghdad on Friday, killing 13 Iraqis and injuring dozens. Two U.S. soldiers and an interpreter were also reported killed and another soldier injured in one of the blasts.

One of the bombs exploded in an area of used-car dealerships on the edge of Sadr City, a vast, mostly Shiite district of east Baghdad and a stronghold of the powerful Al Mahdi militia loyal to radical anti-American cleric Muqtada Sadr. The blast killed 10 people and injured 17, police said.

U.S. and Iraqi officials, wary of previous confrontations with Al Mahdi militiamen, have avoided major operations in Sadr City, fueling Sunni distrust of the security clampdown that began Feb. 13. But they have said they are nearing agreement with community leaders on plans to establish a permanent presence in the district.

Brig. Gen. Joseph Anderson, chief of staff of Multinational Corps-Iraq, said he expected construction to begin on a joint U.S.-Iraqi security station in Sadr City in the next week.

"That will be the initial footprint, if you will, in Sadr City to begin further operations before increased patrols and those type of things occur, all within a month for sure," Anderson told journalists at the Pentagon by video link from Iraq.

A car bomb targeted a police patrol in a religiously mixed district of southwest Baghdad, killing one officer and injuring three, police said.

South of the capital, a roadside bomb killed two civilians and injured 10 in Sunni-dominated Latifiya, police said.

The two U.S. soldiers and interpreter who died were the victims of an explosive device detonated during a road-clearing patrol northwest of the capital, the military said. At least 3,166 U.S. personnel have been killed since the start of the Iraq war in 2003, according to the website icasualties.org, which tracks military casualties.

Police recovered at least five bodies in Baghdad, apparent victims of sectarian death squads. Another body was found shot execution-style in Iskandariya, south of the capital, police said.

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Times staff writers Mohammed Rasheed, Saif Hameed and Saif Rasheed in Baghdad and special correspondents in Baghdad and Babil contributed to this report.

Sunni Insurgents Ascendant In Iraq's Caldron Of Violence (WP)

By Sudarsan Raghavan

DOJ_NMG_0140282

The Washington Post, March 3, 2007

14 Police Officers Found Shot to Death After Call for Retribution in Rape Case

BAGHDAD, March 2 -- In the photos, the 18 men were blindfolded, their hands tied behind their backs. They appeared Friday on the Web site of a Sunni insurgent group that said it had kidnapped the men to avenge the alleged rape of a Sunni woman by members of Iraq's Shiite-dominated police force.

The Islamic State of Iraq said on its site that it had demanded Thursday that the government of Prime Minister Nouri al-Maliki hand over the accused policemen and free all female prisoners within 24 hours.

On Friday, officials found the bodies of 14 policemen in Diyala province east of Baghdad. All had been shot in the head.

"The government did not give any importance to their blood," the Islamic State of Iraq said. A government official said he doubted the dead were the men in the photos.

More than two weeks into a new Baghdad security plan, Sunni insurgents are asserting responsibility for an increasing number of violent attacks against U.S. and Iraqi security forces and civilian targets, while Shiite militias are lowering their profile.

In recent months, al-Qaeda in Iraq and other Sunni groups have begun to use more sophisticated tactics, downing U.S. helicopters and staging large attacks that have claimed the lives of hundreds of Iraqi civilians.

Meanwhile, the Mahdi Army, the largest and most violent Shiite militia, headed by anti-American cleric Moqtada al-Sadr, has faded from neighborhoods it once visibly controlled. Sadr, whose forces have fiercely battled U.S. troops, appears to be cooperating with the security plan, although a statement attributed to him and released Sunday warned that the plan "will not be good if it is controlled and ruled by our enemies, the occupiers."

Mahdi Army militiamen "have certainly reduced their activities in the past couple of weeks," said Lt. Col. Scott Bleichwehl, a U.S. military spokesman. "What is their long-term intention? It is absolutely too early to tell."

The total number of attacks has fallen since mid-February, U.S. and Iraqi officials say. But the resurgence of Sunni militants may represent a change in the dynamics of violence in the capital.

After the February 2006 bombing of a Shiite shrine in Samarra and the killing of al-Qaeda in Iraq leader Abu Musab al-Zarqawi in June, Shiite militias were blamed for many of the atrocities. U.S. officials viewed them as a bigger threat than Sunni insurgents. Dismantling the power of the Shiite militias became a primary goal of the current security plan.

Sunni insurgents say they have downed at least six U.S. helicopters since Jan. 20. Since the Feb. 14 launch of the security plan, the largest attacks, purportedly by al-Qaeda in Iraq or other Sunni insurgents, have targeted Shiite-controlled areas or U.S. troops.

They include two car bombings that killed at least 60 people in a crowded market in the mostly Shiite area of New Baghdad on Feb. 18. The next day, insurgents staged a brazen assault on an American military outpost, killing three U.S. soldiers and injuring 29 in the town of Tarmiyah, 19 miles north of Baghdad.

A suicide bomber detonated an explosives belt Feb. 25 at Baghdad's Mustansiriya University, where most students are Shiite, killing dozens.

In Sunni-dominated Anbar province, insurgents allied with al-Qaeda in Iraq have clashed with security forces and Sunni tribal groups that oppose them. One such battle occurred Wednesday.

And in a new tactic, insurgents recently have blown up trucks containing chlorine, killing seven and injuring dozens.

On Friday, a car bomb detonated in the Mahdi Army stronghold of Sadr City, killing 10 and injuring 17, the most serious attack in the area in several weeks.

U.S. officials say it is unclear whether Sunni insurgents are merely taking advantage of Sadr's decision to pull back his forces or whether they have embarked on a new strategy. Bleichwehl, the U.S. military spokesman, said an array of forces, including criminal elements, are fomenting the violence.

In Friday's Sadr City bombing, witnesses said the bomber drove the vehicle into a used-car market in the Habibiya neighborhood, parked and left. The car detonated just as potential customers gathered.

"We're tired from these ugly bombings," said Ali Abu Hisham, 34, who rushed to the scene when he heard the explosion. "We cannot stand anymore seeing bodies laying on the ground."

By then, in Diyala province, the bodies of the policemen had been found.

About 11 a.m. Thursday, the police officers had left their base in the provincial capital, Baqubah, about 35 miles north of Baghdad, and were returning to their homes near the town of Jdaidat al-Shat, near Baqubah, said 1st Lt. Fouad Ahmed of the Diyala police.

The insurgents, he said, forced the policemen to stop. "They got them out of their cars at gunpoint and took them to an unknown destination," Ahmed said.

Officials learned that the men had been kidnapped only after "the families started to report that their sons were missing," said Interior Ministry spokesman Abdul Kareem al-Kinani.

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He added that he doubted that the 18 men shown on the Web site were among the slain policemen. "As for the pictures posted on the Net, we do not recognize the men in these photos. They could be fake pictures."

On Friday, the posting of the Islamic State of Iraq appeared. Nine photos showing the 18 men were displayed. Some of the men wore camouflage uniforms, while others were in civilian clothes.

The group warned that "God's verdict will be executed on them" if Iraq's "infidel government" does not comply with its demands.

The allegations of rape, rarely aired publicly in the Middle East, surfaced last week when a Sunni Arab woman went on television and accused three policemen of assaulting her. Maliki dismissed the allegations, causing a political uproar that widened the sectarian divide.

Also Friday, a roadside bomb killed two U.S. soldiers and an Iraqi interpreter northwest of Baghdad.

US, Iraqis To Build First Post In Sadr City This Week: US Military (AFP)

AFP, March 3, 2007

US forces will gain their first foothold in Baghdad's Sadr City this week, a fortified joint security station from which to patrol the stronghold of radical Shiite cleric Moqtada Sadr, a senior US military official said Friday.

Talks with the mayor of Sadr City are underway and the US military will begin building the security station this week in the populous Shiite district in east Baghdad, said Brigadier General Joseph Anderson.

"That will be the initial foot print in Sadr City to begin further operations for foot patrols and those types of things to occur. All within a month for sure," said Anderson, chief of staff of the Multi-National Forces-Iraq. He spoke to reporters here via video link from Baghdad.

The entry of US forces into Sadr City will be a key test of a new strategy to flood Baghdad with US and Iraq forces to break a cycle of sectarian violence that has engulfed it in chaos.

Sadr City's mayor Sheikh Rahim al-Daraji is close to Moqtada Sadr, but Anderson said the talks have gone well.

"To the surprise of all of us the mayor has been very cooperative, and there is good dialogue going on the future operations and security of Sadr City, which if you'd asked us a month ago we probably wouldn't have thought that," he said.

Daraji said in a telephone interview with AFP earlier that agreement had been reached with US and Iraqi commanders on technical details of the Baghdad security plan, and that a joint security station would begin operating March 13.

He said the fortified stations would be located at the entrance to Sadr City.

But Daraji said there would be no cooperation with a special US-Iraqi unit that has been conducting arrests.

Anderson said levels of violence have subsided but there are still Shiite militia attacks, primarily with armor piercing explosives that the US has charged are coming into the country from Iran.

He estimated that attacks in Baghdad, which typically run from 85 to 90 a day, are down about 10 to 20 a day, he said.

The district's unofficial name honors Moqtada Sadr's father, a prominent Shia cleric, Grand Ayatollah Mohammed Sadiq al-Sadr, who was was assassinated in 1999 -- almost certainly on the orders of former dictator Saddam Hussein.

An Iraqi Tribal Chief Opposes The Jihadists, And Prays (NYT)

By Edward Wong

The New York Times, March 3, 2007

BAGHDAD, March 2 — The sheik stared at the cake that the hotel workers had brought up to his room as a gift. Across the red gelatinlike surface was written, “God protect you from the enemies and keep you for the Iraqi people.”

God is indeed his guardian, said the sheik, Abdul Sattar Buzaigh al-Rishawi. So were the three burly Iraqi men standing outside the door of his suite here in the Mansour Hotel, and the five others by the elevators at the end of the hall. They had walkie-talkies, Kalashnikov rifles and camouflage vests stuffed with ammunition clips.

The sheik needs as much protection as loyalty and prayers can bring, not to mention money. He is the public face of the Sunni Arab tribes in lawless Anbar Province who have turned against the Sunni jihadists of Al Qaeda in Mesopotamia, many of whom belong to other, sometimes more militant Iraqi tribes.

“I swear to God, if we have good weapons, if we have good vehicles, if we have good support, I can fight Al Qaeda all the way to Afghanistan,” he said recently as he sat smoking in a dark jacket and brown robes while meeting with a sheik from another Sunni tribe in his hotel room.

Sheik Abdul Sattar, a wiry 35-year-old with a thin goatee who comes from the provincial capital, Ramadi, is the most outspoken Sunni tribal figure in the country who is fighting, at least for now, on the side of the Shiite-led Iraqi government and the American military.

DOJ_NMG_0140284

He has met three times with Prime Minister Nuri Kamal al-Maliki since announcing his campaign in September, and there is talk that the sheik has received large amounts of money from the Iraqi government or the Americans. His face has been shown in anti-insurgent commercials on the government-run Iraqiya television network.

But Sheik Abdul Sattar, as he is known to Iraqis and American commanders, complains that he does not get nearly enough financial or military support. "We don't have enough weapons, cars, uniforms," he said.

Part of the sheik's mission is rooted in the tribal law of revenge. His father was killed by Al Qaeda in 2004 for opposing its kind of fundamentalism. Two brothers were abducted and never heard from again, and a third brother was shot dead, he said. He has survived three car bombs outside the home he shares with his wife and five children.

Residents in parts of Anbar say the split in the Sunni insurgency is widening, with moderate tribal leaders and nationalist guerrillas pitted against fundamentalist warriors and rival tribes. That has led to a sharp increase in Sunni-on-Sunni violence across Anbar, especially in the past week, deepening the chaos of Iraq's civil war.

Al Qaeda remains a major force, and the relentless violence from all sides has turned the province into a failed region, according to a classified Marine intelligence assessment that was leaked to reporters last year.

As part of a broad review of options in Iraq, President Bush is looking at whether to give greater support to Sunni Arab tribal leaders who have grown disillusioned with the radical arm of the insurgency. It is a strategy long urged by officials in Sunni-dominated Saudi Arabia and now vigorously backed by Secretary of State Condoleezza Rice.

The effort would have echoes of the American military's promotion of South Vietnamese "village militias" during the Vietnam War, which some American counterinsurgency experts say was a relative success.

Sheik Abdul Sattar and the Anbar Salvation Council, the group of 25 tribes that the sheik said he had helped pull together to fight Al Qaeda, would be central to any such move by the Americans.

The sheik said he and his allies, who also call themselves the Anbar Awakening, had recruited 6,000 fighters from the tribes into the Anbar police, helped appoint a new provincial police chief and formed a 2,500-member "emergency brigade" answering to him.

A United States Army civil affairs officer in Ramadi, Capt. Travis L. Patriquin, said in an e-mail message shortly before he was killed by a roadside bomb in Ramadi in December that the tribal fighters in the Iraqi police constituted "the first successful, large force of men we've had since the start of the war."

The captain wrote of Sheik Abdul Sattar, "He is the most effective local leader in Ramadi I believe the coalition has worked with since they arrived in Anbar in 2003."

Once the Anbar Salvation Council began its recruitment efforts, more than 300 people a month signed up to join the Iraqi police, up from just 30 in May, Captain Patriquin said. American commanders have armed the recruits with weapons, munitions and vehicles provided by the Iraqi Interior Ministry. The Americans have also taken the recruits to academies in Jordan or Baghdad for schooling and given them a week of specialized combat training at an American base in Ramadi.

The plan has risks. The Americans and governing Shiite parties could be building up a Sunni militia that will eventually turn against them, as one such group, the Falluja Brigade, did in 2004 after the Marines handed it control of Falluja.

Some moderate Sunni sheiks in Anbar have said that for purposes of survival, they might be forced to ally themselves with Al Qaeda if the American military and, in particular, the Shiite-led Iraqi government did not provide them with more money and weapons, given the powerful presence of Al Qaeda in the province.

Sheik Abdul Sattar speaks of the Iraqi government with ambivalence, praising its stated goals while criticizing its ties to Shiite militias and its ignorance of the power of the tribes.

"They're not cooperative, and they don't want security," he said. "This is true of all the political blocs."

He has been to Baghdad twice to ask senior Iraqi officials for financial backing and equipment. He has met with the prime minister and with Jawad al-Bolani, the interior minister. But he said Iraqi leaders here were reluctant to give him what he needed to fight Al Qaeda.

An adviser to the Iraqi cabinet on tribal affairs, Sheik Minahi Minshid Hussein al-Shammari, said the government had responded to Sheik Abdul Sattar's requests "within a limited capacity," because "this is what the government can give."

"The government extends a hand to anyone who wants to cooperate," he added.

The formation of the group in September shocked many Sunni Arabs. It was the most public stand anyone in Anbar had taken against Al Qaeda in Mesopotamia, which was founded by the Jordanian militant Abu Musab al-Zarqawi. In November, Sheik Harith al-Dhari, the leader of the Muslim Scholars Association, a hard-line Sunni religious group that calls itself the "legitimate resistance," denounced the Anbar Salvation Council in a television interview, saying, "They don't represent the Anbar tribes, and they are a group of criminals and thugs."

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Sheik Abdul Sattar said his tribe, the Rishawi, which accounts for a tenth of the 400,000 residents of Ramadi, had always tried to make peace with the Americans in Anbar. That was one reason his father was killed while attending a funeral more than two years ago, he said. Al Qaeda had begun killing sheiks and clerics, even selling videos of the crimes.

"They became people who didn't distinguish between right and wrong, and that's when we believed these people were terrorists," he said.

Recent violence in Anbar has underscored the brutality of the fighting among the Sunnis there.

Two soccer players in Ramadi had been shot dead in front of teammates by masked gunmen who had accused them of having ties to the Anbar Salvation Council. On Thursday, a car bomb in Falluja killed at least seven people in a policeman's wedding party, while intense fighting broke out in Amariyat, a community to the south where residents say tribes aligned with Al Qaeda have been battling nationalist insurgent groups.

A car bomb next to a Ramadi mosque killed 15 people on Monday, and a truck bomb exploded in Habbaniya on Feb. 24, killing at least 31 people and wounding dozens, outside a Sunni mosque where the imam had been preaching resistance to Al Qaeda.

In their clashes with Al Qaeda, the sheik's tribal fighters have captured about 80 militants and put them into a "prison" in Ramadi, the sheik said.

Saudis and Syrians were among them, he said. The Saudis, under interrogation, said they had been recruited in their home country by being shown anti-American propaganda, including images of prisoner abuse at Abu Ghraib, the sheik said. Then they were shipped off to Syria to enter Iraq.

The sheik has little love for the Syrian government. One morning as he ate breakfast in his hotel room, a television program about the assassination of the Lebanese cabinet member Pierre Gemayel on Nov. 21 came on. "This is all Syria's doing," he said. "Syria is doing bad things."

Just as nefarious is Iran, with its ties to the Shiite militias, Sheik Abdul Sattar said.

"In my personal opinion, and in the opinion of most of the wise men of Anbar, if the American forces leave right now, there will be civil war and the area will fall into total chaos," he said. "If we complete the police and the army, if we make them strong enough, it'll be possible for the American forces to leave and go home, and they'll be friends of the Iraqis."

The evening call to prayer echoed through the streets of Baghdad as he ended the talk. Darkness had fallen. The sheik got up to show two foreign visitors from his room, warning them that no one could ensure their safety at that hour.

Four of his men were shot dead while driving through the capital the previous day, he said, and they surely would not be the last.

Women At War Are Fighting To Serve (DMN)

By Gretel C. Kovach

The Dallas Morning News, March 3, 2007

Female troops take on combat role despite doubters

Rachael Franklin was a headstrong high school student, bright and athletic, when her mother finally gave up and called the military recruiter.

Grounding her hadn't forced her daughter to follow orders. So Mom turned to the U.S. Army.

"She thought I'd be a secretary or something," Capt. Franklin recalled, amused. "She should have known better."

Military women fire off far more than typewritten memos these days. And the battlefields of Iraq and Afghanistan have been their proving ground. More women than ever are close to combat or have actual combat roles, and the government and military leaders continue to struggle with the question of where and how to set limits.

Capt. Franklin, 27, is an Apache pilot, one of three female attack helicopter pilots who deployed to Iraq this fall with the 1st Cavalry Division's 1st Battalion, 227th Aviation Regiment based at Fort Hood, Texas.

The last of the division's 19,000 troops arrived in Iraq in December, following the Air Combat Aviation Brigade overseas for a second yearlong deployment in Iraq. The troopers relieved another Fort Hood unit, the 4th Infantry Division.

Capt. Franklin spent almost a decade preparing to fly one of the most ferocious weapons in the Army arsenal.

Now, in one of the few direct combat roles open to women, her mission in the skies over Baghdad is to stalk hostile forces threatening U.S. troops – and destroy them.

During a break from grueling pre-deployment training, Capt. Franklin climbed into the cockpit of an AH-64D and explained why she chose the Apache.

Other helicopters fly faster and carry more troops. But Apache pilots can dive up close to a target and unleash the fury of Hellfire missiles, rockets and 30 mm cannons.

"If you're going to go to war, you might as well go with the biggest guns," she said.

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Though women are still barred from infantry and other ground combat units, this is the first war in which female U.S. troops have been authorized to shoot back. And they have – as helicopter gunners, military police, and even truck drivers forced to defend themselves on a battlefield with no clear frontlines.

Involved in all aspects

Lt. Col. Christopher Walach, the 1-227th's commanding officer, said female soldiers and leaders are integrated into every aspect of his battalion, from maintenance and support to administration and piloting of their fleet of Longbow Apache helicopters.

The women did "an absolutely outstanding job preparing themselves, their soldiers, and their equipment for combat," said Col. Walach, 40, of Las Vegas.

"But I look at all my aviators as aviators. We all receive the same training. We all perform at the same high level. It's immaterial, male or female," he said.

Today about 15 percent of the military is female. Advocates for women in the military say their contributions are vital as the armed forces struggle to keep pace with the demands of fighting two wars.

But the frontline service of these women has reignited another conflict – the battle on the home front between those who feel women soldiers should be entitled to the same opportunities as their male counterparts and those who believe the armed forces have already pushed them too far.

Congress debated legislation last year that would have barred women from ground combat support units. A compromise amendment signed into law this year required that the military get congressional approval before it makes changes that put women in new direct combat roles.

Retired Air Force Brig. Gen. Wilma Vaught said the Iraq War has forced the military to use female troops in new ways and has disproved some of the myths about how they would perform.

"It's the nature of the conflict and the size of the force we have deployed," said Gen. Vaught, president of the Women in Military Service for America Memorial Foundation. "We have to use everybody we've got."

Thrived in the military

Capt. Franklin, a tall, self-possessed young woman with freckles and eye shadow around her blue eyes, alternates between seriousness and giggles when she reflects on her career as a female attack helicopter pilot.

Her mother cried when she headed to basic training, rethinking her earlier enthusiasm. But Capt. Franklin thrived in the military.

She was selected for West Point and flight school, where she promptly chose the Apache.

"That was the most combat role I could do as a female. The most challenging, the most interesting," she said. "That's the main purpose of the Army, to fight. And being a female, you can't go infantry or armor, so you do the best you can."

Capt. Franklin said even some of her friends in the military are opposed to allowing women in ground combat units.

"Some of [their reasons] I agree with and some of them I think are bull," she said. "If you can handle the standards, you can handle it."

After what was generally seen as a positive performance by women in the Persian Gulf War, rules excluding women from jobs that directly exposed them to hostile fire or capture were rescinded. Women cannot serve in armor, Special Forces, field artillery or combat engineer units, but they can fly attack helicopters and attack aircraft that provide close air support for them.

Capt. Franklin's choice of aircraft carried a great responsibility, not just as a woman, but as a human being, she said – the responsibility to kill.

"You've got to take it seriously," she said. "Every single person who flies or even carries a weapon has to sit down and ask himself, 'Would I be willing to pull the trigger?'

"I decided I can."

More than 70 women service members have died in Iraq since the start of the war. Women have been captured. They have dragged wounded soldiers to safety. They have shot their way out of ambushes and earned the Silver Star for exceptional valor.

A greater loss?

Although many female troops insist that their lives are worth no more than the next man in uniform, the nation has grieved more deeply for the mothers, daughters, sisters and wives who became casualties of these wars.

And some women soldiers say the deaths of their female comrades have sometimes resulted in restrictions being placed on them.

Sgt. Tawana Varice, 35, of Natchitoches, La., a soft-spoken mother of two boys, joined the 1st Cavalry Division's 2nd Battalion, 5th Cavalry Regiment after the unit returned from Iraq. She was a truck driver, but was reassigned as a clerk.

A female truck driver had been killed in combat in Iraq, and the battalion commanders weren't eager to put another woman in harm's way, she said.

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Eventually, Sgt. Varice went back to driving a truck, and she is now one of several female drivers in the battalion. But it took awhile for her commanders to relent.

"They were kind of shook up," she remembered.

Effect on military moms

Also of concern is the impact of repeat deployments on families and military moms, who account for about 35 percent of the 346,000 female troops serving in the active duty and reserves.

Some say the focus on military mothers is overstated because fathers are equally concerned about long family separations.

Others say the reality is that mothers carry more responsibility for home life, which makes it harder for them to serve in the military during a time of war.

"I think we do have other things to think about," said Capt. Kennon Etheridge, 27, of Milledgeville, Ga., a 1st Cavalry Division preventive medicine officer with a young stepson. "I think guys, maybe they can leave their families easier. Girls, they have to make other arrangements."

Many female soldiers wait to marry or have children until they leave the military. Others do their best to juggle the demands of service and home.

Spc. Holly Jensen, 30, of Copperas Cove said her biggest concern before deploying with III Corps 7th Mobile Public Affairs Detachment was lining up enough home improvement projects to keep her husband too busy to miss her during the year in Iraq.

"He was in the military, so he understands," she said.

Capt. Franklin, the Apache pilot, said she was looking forward to her first tour of duty in Iraq.

She'd lost a couple of friends already in the war. A few more were injured by roadside bombs.

"Now it's my turn to go and contribute," she said, in the final days before the battalion left Texas.

And she doesn't care what anyone thinks about women going to war.

"I don't get in those battles," she said. "You know what? We're here and we're doing the job, just as well [as men] and with just as much pride. "

A Shared Stake In Iraq's Future (WP)

By Zalmay Khalilzad

The Washington Post, March 3, 2007

How the Oil Agreement Points the Way Forward

Under the national hydrocarbon law approved this week by Iraq's Council of Ministers, oil will serve as a vehicle to unify Iraq and will give all Iraqis a shared stake in their country's future. This is a significant achievement for Iraqis' national reconciliation. It demonstrates that the leaders of Iraq's principal communities can pull together to peacefully resolve difficult issues of national importance.

Resolving concerns about control of oil is central to overcoming internal divisions in Iraq. The country has the third-largest oil reserves in the world, and more than 90 percent of federal income comes from oil revenue. The effective and equitable management of these resources is critical to economic growth as well as to developing a greater sense of shared purpose among Iraqi communities.

The goal of Iraq's leaders was to draft a law that ensured that all Iraqis could be confident they would receive their fair share of the benefits of developing the country's resources, that the revenue from oil and gas would enable a decentralization of power while maintaining national unity, and that Iraq would adopt the best international practices for the development and management of its mineral wealth. By these standards, the hydrocarbon law is a great success. It:

Â· Reaffirms that oil and gas resources are owned by all the people of Iraq and contains a firm commitment to revenue-sharing among regions and provinces on the basis of population.

Â· Establishes a predictable framework and processes for federal-regional cooperation that demonstrate the government's commitment to democracy and federalism.

Â· Creates a principal policymaking body for energy -- the Federal Council on Oil and Gas -- that will have representatives from all of Iraq's regions and oil-producing provinces.

Â· Ensures that all revenue from oil sales will go into a single national account and that provinces will receive direct shares of revenue, thereby significantly increasing local control of financial resources.

Â· Establishes international standards for transparency and mandates public disclosure of contracts and associated revenue and payments. This is essential to build confidence in the new political order and to counter corruption.

The law defines a role for the Oil Ministry that is primarily regulatory, which is the modern standard and which will also harness the market to achieve the optimal development of Iraq's resources. It provides the legal framework to enable

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international investment in Iraq's oil and gas sectors, a break from the statist and overcentralized practices of the past. It also requires best practices in environmental protection and field management and development, ensuring that the environment is not damaged and that hydrocarbon assets are not wasted by poor practices of the past.

While the draft law will need to be enacted by the Iraqi Council of Representatives when it returns from recess, the prospects for passage are excellent because all the major parliamentary blocs are represented in the cabinet. Companion legislation will be required in several areas, and Iraqi leaders hope to complete the entire package of hydrocarbon legislation by the end of May.

Arriving at this agreement was not easy. It has taken other countries years to complete such legislation. While negotiating this law presented special challenges for the federal government, the Kurdistan regional government and the leaders of key political blocs, the approval of the draft by the Council of Ministers sets a precedent for problem-solving and cooperation that is critical to the stabilization and development of Iraq.

This is the first time since 2003 that all major Iraqi communities have come together on a defining piece of legislation. A national reconciliation that stabilizes Iraq can be achieved if similar compromises are made on the future of de-Baathification and on amending the constitution. The agreement on the oil law should give us confidence that Iraqis are willing and able to take the steps needed for Iraq's success.

The writer is the U.S. ambassador to Iraq.

Arrest In Pakistan Spurs Hope Of Stronger Effort (WP)

By Griff Witte, Kamran Khan

The Washington Post, March 3, 2007

ISLAMABAD, Pakistan, March 3 -- The arrest of a senior Taliban leader in a Pakistani city long reputed to be a haven for the group kindled guarded hope among Western and Afghan security officials Friday that the government here plans to move more aggressively against insurgents taking refuge on its territory.

The arrest, confirmed by two senior Pakistani intelligence officials, marks the first time since the Sept. 11, 2001, attacks that authorities here have acknowledged apprehending or killing a senior Taliban commander on Pakistani soil. It comes as Pakistan faces pressure from the Bush administration to step up its involvement in a counterinsurgency campaign that has foundered in the past year, with Taliban attacks in Afghanistan becoming more deadly and audacious.

Obaidullah Akhund, arrested hours after Vice President Cheney made a visit to Islamabad this week, is a former Taliban defense minister and is viewed in intelligence circles as one of the highest-ranking figures in the Islamic movement, which U.S.-led forces drove from power in Afghanistan in late 2001.

Col. Tom Collins, a spokesman for the international security force that patrols Afghanistan, said Friday its forces were not involved in any operation against Akhund but that his arrest by Pakistan would be "a very good development."

"He's what we would consider tier-one Taliban," Collins said.

Pakistani officials would not comment for the record Friday. While the arrest is likely to bolster Pakistan's counterterrorism bona fides, it is also potentially embarrassing: Akhund was caught in the southern Pakistani city of Quetta, where terrorism analysts believe much of the Taliban leadership resides, though Pakistan denies it.

Afghan officials have long asserted that Pakistan's government is either looking the other way as insurgents recruit and train on its soil or actively aiding the Taliban's cause. In recent months, U.S. officials have become sharply critical as well, saying Pakistan must crack down on border sanctuaries.

Cheney, traveling this week with the deputy director of the CIA, repeated that message here Monday to Pakistan's president, Gen. Pervez Musharraf. The next day, Cheney was in the largest U.S. air base in Afghanistan when a suicide bomber struck just outside the base's gate, killing 23 people.

A senior Pakistani intelligence official said Friday that the night Cheney left Pakistan for Afghanistan, Pakistani authorities arrested Akhund in Quetta. The arrest was reported Friday in the New York Times and in the Pakistani newspaper Dawn.

"It's pure coincidence and our good luck that we found . . . Obaidullah within 24 hours of Cheney's visit," said the official, who spoke from Quetta and on condition of anonymity. The official said the arrest begins a new thrust by Pakistani intelligence agencies to arrest about 100 prominent Taliban members.

A second senior intelligence official, in Islamabad, confirmed the initiative and said it was based on "massive intelligence-sharing that has been going on between us, Americans, NATO and Afghans."

Some analysts questioned whether Pakistan really would be more aggressive. In recent years, Pakistan has carried out raids on al-Qaeda targets to coincide with visits from Western officials. "The Pakistanis have done it again," said Marvin Weinbaum, scholar-in-residence at the Middle East Institute in Washington. "They've come up with a high-profile person at just the right time."

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A senior Afghan official said: "We hope that more of these arrests are made, and not just for show when Vice President Cheney comes to town."

Khan reported from Karachi, Pakistan.

Pakistan: Roadside Blast Wounds Judge (NYT/AP)

The New York Times, March 3, 2007

A bomb rigged to a bicycle exploded near a car carrying a judge to his court in central Multan, seriously wounding him and killing his driver, a policeman and a third man. The judge, Mian Bashir Bhatti, often hears cases against suspected militants and terrorists. Two weeks ago, a suicide bomber blew himself up in a packed courtroom in southwestern Quetta, killing 15 people, including a senior judge.

NATO Short On Troops In Afghanistan (WP/AP)

By Lolita C. Baldor,

The Washington Post/AP, March 3, 2007

WASHINGTON -- Signs of a new spring offensive by Taliban insurgents in Afghanistan have begun to emerge, but NATO commanders are still short more than 1,000 combat troops, despite repeated requests to allied nations, the top commander said Friday.

U.S. Gen. John Craddock told reporters that while the allies are winning more battles with insurgents, they are losing the counter-narcotics war, and more work and greater coordination is needed in the reconstruction effort.

Craddock said there has already been a slight increase in suicide attacks and roadside bombs _ the beginnings of an expected increase in violence as the weather improves. And he said he is still short by as much as two battalions, largely combat units, despite recent commitments for about 7,000 additional troops there, including more than 3,500 from the United States. A battalion is generally about 800 soldiers.

Craddock also said that 30 percent to 40 percent of the 25 provincial reconstruction teams working to rebuild the country do not have all the people they need, particularly State Department and agricultural experts. In those cases, he said the agencies either have no presence or not enough people on the teams, which number about 100 people.

The teams are small units of troops and civilian personnel placed around the country supporting local authorities and aid groups with security and assisting in setting up essential services for the provinces.

More agricultural experts are considered critical because officials are struggling to control a drug crop that dominates the country's economy and provides key financing for the insurgency. Opium production from poppies in Afghanistan last year rose 49 percent to 6,700 tons _ or enough to make about 670 tons of heroin, more than 90 percent of the world's supply.

Lt. Gen. Douglas Lute told the Senate Armed Services Committee on Thursday that there are typically one or two State Department specialists and an Agriculture Department specialist on the teams, because the economy is so reliant on agriculture. The rest of the team is largely military, including civil affairs and psychological operations officers. The U.S. is responsible for 12 of the 25 teams, which are assigned to provinces.

Craddock also agreed that Pakistan must do more to control its border, as Taliban and other insurgents continue to flow through the region into Afghanistan.

"NATO will not be able to prevail, ... will never control the border, without greater control of the border areas by Pakistan and greater coordination and cooperation between Pakistan and Afghanistan," said Craddock.

He said both countries need to put up more checkpoints and inspection stations along the border, and there needs to be more political cooperation between the two nations.

Craddock said the countries are making progress in efforts to cooperate more, and there is some expectation there will be increased political dialogue between the two governments this spring. And overall, he said, he is encouraged by the progress he is seeing.

While saying there will still be challenges particularly this spring, he said, "between the security aspect that's presently there and what NATO is capable of ... partnered with the reconstruction, we're seeing some progress and we're seeing increased capabilities."

Currently there are about 26,000 U.S. troops in Afghanistan. Roughly 15,000 of them are serving in the NATO-led force, which now totals about 35,000. The other 11,000 are special operations forces or are training Afghan troops.

The Wider War (WSJ)

By Michael A. Ledeen

The Wall Street Journal, March 3, 2007

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The papers and airwaves are full of stories about an impending American assault on Iran. Some accounts claim we will target their nuclear facilities. Others speak of a far more ambitious attack designed to destroy the Islamic Republic's regime. Whatever the truth of these stories -- vigorously denied by the Bush administration -- we are clearly paying much more attention to Iran than we did in the past, and this is a good thing.

The terror war now extends to four continents -- running from Thailand and Indonesia to India and Pakistan, down the Horn of Africa to Somalia and Yemen and back up to Afghanistan, on to Iraq, Palestine/Israel, Lebanon, and thence to Europe and the United States. To restrict our national debate to Iraq and Afghanistan alone is to accept the failure of strategic vision that has plagued us from the war's earliest days.

We have decided to fight in one place at a time, secure that area, and then move on. That isn't good enough, because it gives our enemies the luxury of attacking us where, when and how they choose. Neither Iraq nor Afghanistan will ever have decent security so long as we only play defense; we have to attack our enemies when we wish, not respond to their initiatives, and their most important operational bases are outside Iraq and Afghanistan.

Our primary enemies are states, which provide the jihadis with much of the wherewithal for their operations: intelligence, weapons and other technology (including the advanced explosive devices Iran gives the terrorists in Iraq), false documents, safe havens and training facilities. (For a long time they needed money, too, but nowadays ransoms and drug profits have eased the burden on their state financiers.)

Until the fall of Saddam, there were four pre-eminent supporters of terrorist groups: Iraq, Iran, Syria and Saudi Arabia. Now there are three, and, as it has been all along, Iran is by far the most important. The Iranians created Hezbollah, probably the most lethal terrorist organization in the world, as well as Islamic Jihad. In all, they support no less than 30 terror groups, both Sunni and Shiite, including al Qaeda (several of whose leaders have been operating from Iran since the liberation of Afghanistan).

Syria works hand in mailed glove with the mullahs in Lebanon and Iraq. The Saudis provide money for terrorist groups and support a global network of radical Wahhabi mosques and schools that indoctrinate young Muslims in the ways of jihad.

Without the active support of those three countries, it would be a lot easier to defeat the terrorists on the battlefields. Without Syrian and Iranian support, Hezbollah would shrivel up and die. Ditto for Islamic Jihad, whose leader, the former Florida-based academic Ramadan Abdullah Shallah, recently met in Tehran with Iranian leaders, plus Hezbollah's operational chief, Imad Mughniyah, and Iraqi militia leader Moqtada al-Sadr.

Al Qaeda would be similarly weakened, and the many Palestinian terrorist organizations that keep their offices in Damascus would find it very difficult to relocate and maintain their effectiveness. All would be weakened by the loss of Saudi funding, and moderate Muslims everywhere, including in the U.S, would breathe a sigh of relief if the Wahhabi mosques were closed.

It doesn't require more boots on the ground or bombing raids. It requires a traditional American policy: support for democratic revolution against our tyrannical enemies.

Iran is the keystone of the terrorist edifice. Should there be free elections, no one wearing a turban would be elected to anything, and there is good reason to believe the country is ripe for a pro-Western democratic revolution.

The regime clearly has a cash-flow problem; its failure to meet scheduled payments has driven its friends, the Russians, to suspend construction of the Bushehr nuclear reactor. There are also demonstrations against it all over the country -- and no wonder, with more than 40% of the young population (two-thirds under 30 years of age) below the poverty line, widespread drug addiction, and thousands of women sold into sex slavery every year.

Nor is it surprising that some of the oppressed minorities have launched armed attacks against the Revolutionary Guards Corps and the fanatical Basij forces, the regime's prime instruments of oppression. There are open denunciations of President Ahmadinejad, of former President Rafsanjani and even of Supreme Leader Khamenei. All this is taking place against the background of the cancer-ridden Khamenei (who is expected to die in the near future), and a thinly veiled struggle for succession.

Pro-democracy organizations in Iran believe they can bring down the regime if they receive support from the U.S., of the same sort we gave to Solidarity in Poland, the Aquino forces in the Philippines, the Cedar revolutionaries in Lebanon, the Orange revolutionaries in the Ukraine, and so many others. They wish our leaders would openly endorse regime change, and they would like our radios and television to support freedom instead of apologizing for the mullahs.

We should call for Western trade unions to build a strike fund for Iranian workers, many of whom have not been paid for months, some for more than a year, and we should provide sympathetic Iranians with laptops, servers, cell and satellite phones and phone cards, so that they can communicate with one another.

Regime change in Iran does not require an invasion, or even the sort of bombing so many are now advocating in order to thwart the mullahs' program to build atomic bombs. The issue is the regime, not its instruments; thousands of Americans have

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already been killed and wounded by Iran's terror army. We should assault the mullahs with our most potent weapons, which are primarily political. The recent sanctions against Iran are welcome, but support for freedom is the key to regime change in Tehran.

The mullahs know their doom will come from their own people, which is why they have embarked on a new wave of mass repression, with a spate of public hangings in the Kurdish, Balouch and Ahwaz areas, a wave of arrests of pro-democracy leaders in Tehran and Isfahan (the most famous face of the Iranian resistance, Ahmad Batebi, reportedly suffered a stroke in the mullahs' torture chambers, and is now in a coma).

In Khuzestan -- the oil region in the south -- there are plans for a massive program of ethnic cleansing, moving more than a million Arabs to other regions. It brings back memories of Stalin's efforts to destroy Soviet "nationalities." All these actions bespeak a profound insecurity in Tehran, just waiting for the free world to exploit.

A free Iran would deliver a devastating global blow to the terrorists, and would no doubt change the calculus -- and perhaps the regime -- of Syria. Under those happy circumstances, we might muster the will to insist that the Saudis shut down the Wahhabi schools and mosques, which constitute an assembly line of fanatics all over the world.

It's an ambitious strategy, but we are an ambitious people. We are engaged in a global war, and while we have done well in many respects, we have thus far refused to recognize the real nature of the fight.

Mr. Ledeen is the freedom scholar at the American Enterprise Institute.

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White House Backed U.S. Attorney Firings, Officials Say (WP)

By John Solomon, Dan Eggen

The Washington Post, March 3, 2007

The White House approved the firings of seven U.S. attorneys late last year after senior Justice Department officials identified the prosecutors they believed were not doing enough to carry out President Bush's policies on immigration, firearms and other issues, White House and Justice Department officials said yesterday.

The list of prosecutors was assembled last fall, based largely on complaints from members of Congress, law enforcement officials and career Justice Department lawyers, administration officials said.

One of the complaints came from Sen. Pete V. Domenici (R-N.M.), who specifically raised concerns with the Justice Department last fall about the performance of then-U.S. Attorney David C. Iglesias of New Mexico, according to administration officials and Domenici's office.

Iglesias has alleged that two unnamed New Mexico lawmakers pressured him in October to speed up the indictments of Democrats before the elections. Domenici has declined to comment on that allegation.

Since the mass firings were carried out three months ago, Justice Department officials have consistently portrayed them as personnel decisions based on the prosecutors' "performance-related" problems. But, yesterday, officials acknowledged that the ousters were based primarily on the administration's unhappiness with the prosecutors' policy decisions and revealed the White House's role in the matter.

"At the end of the day, this was a decision to pick the prosecutors we felt would most effectively carry out the department's policies and priorities in the last two years," said Justice Department spokesman Brian Roehrkasse.

Officials portrayed the firings as part of a routine process, saying the White House did not play any role in identifying which U.S. attorneys should be removed or encourage the dismissals. The administration previously said that the White House counsel recommended a GOP replacement for one U.S. attorney, in Arkansas, but did not say that the White House approved the seven other firings.

"If any agency wants to make a change regarding a presidential appointee, they run that change by the White House counsel's office," said White House spokeswoman Dana Perino. "That is standard operating procedure, and that is what happened here. The White House did not object to the Justice Department decision."

The seven prosecutors were first identified by the Justice Department's senior leadership shortly before the November elections, officials said. The final decision was supported by Attorney General Alberto R. Gonzales and his deputy, Paul J. McNulty, and cleared with the White House counsel's office, including deputy counsel William Kelly, they said.

The firings have sparked outrage from Democrats and some Republicans in Congress as details emerge about the unusual decision to remove so many at once on Dec. 7, in the middle of the administration's term. The issue escalated this week with the allegations from Iglesias, who has said he will name the two New Mexico lawmakers who called him if he is asked under oath.

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The House Judiciary Committee has issued subpoenas for Iglesias and three other fired prosecutors, who are set to testify in both the House and the Senate on Tuesday. Lawmakers plan to press for answers, including what triggered the creation of the list and who else was involved.

Most of the prosecutors have said they were given no reason for their dismissals and have responded angrily to the Justice Department's contention that they were fired because of their performance. At least five of the prosecutors, including Iglesias, were presiding over public corruption investigations when they were fired, but Justice Department officials have said that those probes played no role in the dismissals.

Domenici's office confirmed yesterday that it had raised concerns with the Justice Department about Iglesias's office, particularly on immigration.

"We had very legitimate concerns expressed to us by hundreds of New Mexicans -- in the media, in the legal communities and just regular citizens -- about the resources that were available to the U.S. attorney," said Steve Bell, Domenici's chief of staff.

Domenici and his aides have declined to comment on whether the lawmaker called Iglesias. Any communication by a senator or House member with a federal prosecutor regarding an ongoing criminal investigation is a violation of ethics rules.

The fired prosecutors in San Diego and Nevada are registered independents, while the rest are generally viewed as moderate Republicans, according to administration officials and many of the fired prosecutors.

In a recent briefing with lawmakers, McNulty said one factor in the decision to create the list of U.S. attorneys was the concern raised by various members of Congress and law enforcement officials that some U.S. attorneys were not following Bush administration policies or federal sentencing rules, administration officials said.

The Justice Department received several letters dating to 2005 and signed by more than a dozen California lawmakers, mostly Republicans, raising concerns about then-U.S. Attorney Carol S. Lam's approach to prosecuting immigration cases. Sen. Dianne Feinstein of California, a Democrat, also wrote Gonzales in June, saying that the "low prosecution rates have a demoralizing effect on the men and women patrolling our nation's borders."

On the job less than a year, McNulty consulted his predecessor as deputy attorney general, James B. Comey, about some of the prosecutors before approving the list, officials said. Comey, who did not return a telephone call seeking comment yesterday, praised Iglesias earlier this week as one of the department's best prosecutors.

The seven prosecutors outside Arkansas were informed about their ousters on Dec. 7, after the White House counsel's office signed off.

A few days before the firings, administration officials began the traditional process of calling lawmakers in the affected states to inform them about the decisions and to gather early input on possible successors, officials said.

Although the White House approved the firings, two administration officials said the counsel's office did not suggest replacements. But the officials said White House political affairs officials keep databases on potential job candidates that Justice Department officials could have accessed if they chose.

An administration official said White House Chief of Staff Joshua B. Bolten does not recall whether he was briefed about the firings before they occurred.

Privately, White House officials acknowledged that the administration mishandled the firings by not explaining more clearly to lawmakers that a large group was being terminated at once -- which is unusual -- and that the reason was the policy performance review.

Prosecutor Declined To Testify For Congress (AP)

AP, March 3, 2007

The former U.S. attorney for Nevada said he declined an invitation to testify voluntarily before a congressional panel investigating the removal of at least eight federal prosecutors around the nation.

But Daniel Bogden, who has said he was not given a reason for his removal this week, said he would appear if compelled by subpoena to appear before the House Judiciary Committee's subcommittee on commercial and administrative law.

Bogden did not immediately respond Friday to requests for comment. The 51-year-old prosecutor is one of several federal prosecutors removed in recent weeks by the Justice Department. His last day was Wednesday. No successor has been named.

On Thursday, Bogden told reporters that he remained unsure why he was removed.

Bogden told the Las Vegas Review-Journal that Michael Battle, director of the executive office for U.S. attorneys, did not provide a reason when he asked Bogden on Dec. 7 to step down from the post he had held since 2001.

Bogden said other Justice Department officials told him that the decision was reached at the highest levels of the department.

"I was given an explanation that seemed to me to be political in nature, that had nothing to do with any issues with my performance or issues with the performance of my office," Bogden said.

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He noted that Deputy Attorney General Paul McNulty on Feb. 6 told the Senate Judiciary Committee and the dismissals of federal prosecutors were performance-related.

U.S. attorneys serve at the pleasure of the president, but congressional Democrats have raised concerns that the Bush administration might be punishing prosecutors for being too effective at pursuing political corruption cases.

Democrats on a House Judiciary subcommittee voted Thursday to subpoena fired prosecutors Carol Lam of California, David Iglesias of New Mexico, H.E. "Bud" Cummins of Arkansas and John McKay of Washington.

Iglesias said this week that he believes he was dismissed because he resisted pressure by two members of Congress to rush indictments before 2006's election in an investigation of an alleged Democratic kickback scheme. He has refused to name the lawmakers who called him.

Rep. Heather Wilson Grilled By Reporters On Role In Firing (ALBTRIB)

Albuquerque Tribune, March 3, 2007

A brief news conference called today by Rep. Heather Wilson on veterans affairs devolved into a grilling over questions about former U.S. Attorney David Iglesias.

Wilson, after meeting with officials of the Department of Veterans Affairs, spoke to about four or five reporters about treatment of veterans from Iraq and Afghanistan.

After a couple of questions on that issue, the reporters turned their questioning to Iglesias - specifically, whether Wilson called him in the weeks before the Nov. 7 election to inquire about a high-profile corruption case being investigated by his office.

"I have said very little about that, and I won't make any additional comment at this time," the Albuquerque Republican told reporters gathered at the Veterans Administration Hospital.

She referred to Iglesias' ouster as she has before, as a personnel issue within the Department of Justice.

When asked how an alleged phone call to a U.S. attorney could be construed as a personnel matter, she replied that she "did not have any additional comment at this time."

Wilson offered the same response to a number of other questions on the same topic.

She would not comment on a report published Thursday identifying her and Sen. Pete Domenici as having called Iglesias in October.

Iglesias has said he felt he was being pressured inappropriately to hurry the case and unseal indictments before the election.

The Justice Department has given performance issues as the official reason for Iglesias' losing his job. He says he believes the firing was political.

Earlier, Wilson, the only female veteran serving in Congress, said she was reassured after meeting with VA officials about the quality of care for Iraq and Afghanistan veterans.

After being grilled about Iglesias, she asked if there were any additional questions about the VA. When there were none, she left.

Two news outlets - McClatchy News Service and KRQE News 13 - reported Thursday that Wilson and Domenici called Iglesias in mid-October regarding the pace of his prosecution of Democrats on corruption charges.

Iglesias has not said who called him, only that he considered it political pressure and that he will reveal the names when he testifies before two congressional committees Tuesday.

McClatchy based its report on two people who "feared possible political repercussions" if they were identified. It says Wilson called in the final weeks of her neck-and-neck campaign against Attorney General Patricia Madrid, whom Wilson had labeled as soft on corruption.

The sources said "Wilson was curt" after Iglesias didn't respond to her questions on possible indictments.

The FBI last fall confirmed it was investigating possible white-collar corruption involving the Metropolitan Court and other buildings in Albuquerque, and other sources said the investigation was focusing on former Democratic lawmakers, among others.

The U.S. Attorney's Office has refused to say anything about the investigation.

Domenici, for whom the federal courthouse Downtown is named, called Iglesias more than a week later, McClatchy reported, "and was more persistent than Wilson," its sources said. The story went on, "When Iglesias said an indictment wouldn't be handed down until at least December, the line went dead."

University of New Mexico political science professor Lonna Atkeson said Wilson or Domenici should speak up if they had inappropriate contact with Iglesias.

"If they did, they should come clean, because it's going to come out," Atkeson said.

The situation could prove more politically painful for Wilson than Domenici, she said.

"If it's true, it hurts Wilson more than Domenici because he wasn't running and it wasn't his direct political gain," she said.

Domenici "is so loved in New Mexico, it's hard to imagine this would be a major threat to his campaign two years out from an election."

Robert D. Novak: Another Hillary Defector (NOVAK)

Robert Novak, March 3, 2007

WASHINGTON – Greg Craig, a Washington super-lawyer with close ties to the Clintons, is supporting Sen. Barack Obama for President.

Craig was a White House special counsel defending President Bill Clinton in the Senate impeachment trial. A partner in the Williams & Connolly law firm founded by the legendary Edward Bennett Williams, Craig served as an adviser to Secretary of State Madeleine Albright and Sen. Edward M. Kennedy.

In confirming to this column his Presidential preference, Craig called Obama unique and added: "I've never seen anyone who has made the impact on people and on me." He said he was impressed with Obama when he first met him at the home of investment banker Vernon Jordan, an intimate friend and supporter of the Clintons.

MCCAIN'S WHEREABOUTS

While the other Republican Presidential candidates were attending the annual Conservative Political Action Conference (CPAC) in Washington beginning Thursday, Sen. John McCain was launching a nationwide fund-raising campaign.

McCain was at a Salt Lake City lunch Thursday and a Phoenix reception Friday. His money-raising schedule calls for subsequent stops in Grand Rapids, Mich., Detroit, New York City, Charlotte, N.C., Sacramento, Calif., La Jolla, Calif., Irvine, Calif., Riverside, Calif., Beverly Hills, Calif., San Francisco and Philadelphia.

A footnote: McCain's campaign staff did not mention these fund-raising commitments when it turned down CPAC's invitation. It said the senator's conservative record was known to everybody without him going to CPAC, but this decision was made only after heated debate within the McCain campaign.

PROBING GONZALES

Attorney General Alberto Gonzales has indicated he is too busy to answer letters from Democratic congressional leaders about his firing seven U.S. attorneys involved in probes of public corruption, though a lower-level Justice Department official rejected their proposals.

Rep. Rahm Emanuel, House Democratic Caucus chairman, had written Gonzales two letters suggesting that he name Carol Lam, fired as U.S. attorney in San Diego, as an outside counsel to continue her pursuit of the Duke Cunningham case. Asked by Melissa Charbonneau of the Christian Broadcasting Network about this column's report that Gonzales did not respond, Gonzales said: "I think that the American people lose if I spend all my time worrying about congressional requests for information, if I spend all my time responding to subpoenas."

Richard A. Hertling, the acting Justice Department lobbyist, responded Wednesday, 22 days after Emanuel's letter. He contended "the Justice Department would not ever seek the resignation of a U.S. attorney if doing so would jeopardize a public corruption case" and rejected naming Lam as a special prosecutor.

DODD'S BUCKS

The long shot Democratic Presidential campaign by Christopher J. Dodd, the new Banking Committee chairman, solicited banking industry executives and lobbyists — Democrats and Republicans alike — for a fund-raising reception Wednesday.

Melanie Wong, an experienced Democratic fund-raiser who identified herself as Dodd's "mid-Atlantic regional finance director," sent the invitations. They addressed lobbyists by their first names, even those she had never met and who had never contributed to Dodd.

The evening event was held at Washington's luxurious Madison Hotel to find individual fund-raisers. A "Team of 46" will consist of supporters who pledge to raise $46,000 for Dodd.

BILL CLINTON'S PHOTO

The non-profit Clinton Foundation denied conservative writer R. Emmett Tyrrell Jr. permission to use in his new book a photograph taken last year of the Clinton-baiting editor of the American Spectator with the former president at Clinton's 60th birthday party in Toronto.

In the prologue of "The Clinton Crackup," Tyrrell describes how he managed to get an invitation to the lavish celebration Sept. 9. According to Tyrrell, Clinton did not recognize him despite confrontation between them at the Jockey Club restaurant in Washington in 1995. The Washington Post described the President going "ballistic" against Tyrrell.

When Tyrrell asked permission to use the photograph in his new anti- Clinton book, Canadian photographer Anil Mungal responded on Feb. 2: "I regret to report that the Clinton Foundation has not granted permission to release the photo."

Strange Justice (WP)

The Washington Post, March 3, 2007

The mass firing of U.S. attorneys has been poorly managed -- at best.

THE JUSTICE Department's firing of a group of U.S. attorneys is neither as sinister as critics suggest nor as benign as the department would have you believe, at least on the basis of the evidence revealed so far. But it is, both sides agree, highly unusual and warrants further inquiry. And it points to the need to fix a law that was changed for the worse not long ago.

U.S. attorneys head the local outposts of federal prosecutors' offices around the country. They are nominated by the president and serve at his pleasure. But it's uncommon for one to be replaced in the middle of an administration and apparently unprecedented for an entire group to be canned, as has happened with eight U.S. attorneys at last count.

The department and Attorney General Alberto R. Gonzales have served themselves and the public poorly with their ham-handed, hide-the-ball handling of the dismissals. "I would never, ever make a change in a U.S. attorney position for political reasons," Mr. Gonzales assured the Senate Judiciary Committee -- only to have Deputy Attorney General Paul J. McNulty acknowledge that the U.S. attorney in Little Rock, Bud Cummins, was ousted to make way for J. Timothy Griffin, a political ally of White House adviser Karl Rove. The revelation that all but one of the other U.S. attorneys had received positive to glowing performance reviews appeared to undercut the assertion that the prosecutors had been removed for "performance-related" reasons.

Meanwhile, the former U.S. attorney in New Mexico told McClatchy Newspapers that he believes he was sacked for failing, before the November election, to speed indictments in a probe of local Democrats; the prosecutor cited preelection phone calls from congressional Republicans as the basis for his suspicion. Justice said that had nothing to do with his dismissal, though it acknowledges that unspecified congressional concerns played a role.

Pending further investigation, the episode seems to reflect an unusual reaction to the normal tension between Justice headquarters and the would-be autonomous U.S. attorneys, in this case involving disagreements over how much to focus on immigration cases or when to seek the death penalty. Prosecutorial independence is important, but the president is entitled to have prosecutors who reflect his law-enforcement priorities and to replace those who balk at complying.

More troubling: Is the Bush administration seeking to circumvent the requirement that U.S. attorneys be confirmed by the Senate? The administration tucked into the renewal of the USA Patriot Act authority for the attorney general to name prosecutors who could serve indefinitely without confirmation. Justice viewed the previous law, under which unconfirmed replacements could serve for only 120 days, after which the district courts would name a successor, as an improper incursion of judicial authority into executive branch appointments. Yet the new arrangement presents the greater risk of the executive branch doing an end run around Senate confirmation. The best way to prevent that would be to return the law to its previous state.

No More Denials, Please (NYT)

The New York Times, March 3, 2007

It is time for the Justice Department to stop issuing rote denials that are becoming increasingly hard to believe about the suspicious firing of eight United States attorneys. Attorney General Alberto Gonzales should appoint an impartial investigator to get to the bottom of this unfolding scandal.

Just this week, David Iglesias, one of the eight fired United States attorneys, charged that he was dismissed for resisting pressure to begin a politically charged prosecution before the 2006 election. His allegation came shortly after performance evaluations came to light that throw considerable doubt on the Justice Department's claim that the United States attorneys were fired for poor performance.

United States attorneys, the highest federal prosecutors at the state level, must be insulated from politics. Their decisions about whether to indict can ruin lives, and change the outcome of elections. To ensure their independence, United States attorneys are almost never removed during the term of the president who appointed them.

The Bush administration ignored this tradition, and trampled on prosecutorial independence, by firing eight United States attorneys in rapid succession, including one, Carol Lam of San Diego, who had put a powerful Republican congressman in jail. Mr. Iglesias, who was the U.S. attorney in New Mexico, says two members of Congress called him last October and urged him to pursue corruption charges against a prominent Democrat before the November election. He did not. He was dismissed.

Most of the fired United States attorneys' performance evaluations praise them for the quality of their work, and for following the priorities set in Washington. These do not appear to be the evaluations of people who were fired for poor performance.

A House subcommittee has subpoenaed several of the fired United States attorneys to testify next week. The Senate is doing its own investigation. They should question the fired prosecutors, as well as top members of the Justice Department, to

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find out how these dismissals came about. They should also investigate Mr. Iglesias's allegations about the two members of Congress, who may have violated Congressional rules, and even criminal law.

Mr. Gonzales should also begin his own inquiry. Mr. Iglesias has raised a serious question about politicization of the Justice Department. That, and not public relations, should be the attorney general's primary concern.

Every Day Is 9/12 For AG (SACBEE)

By Dorothy Korber, Bee Staff Writer

The Sacramento Bee, March 3, 2007

Alberto Gonzales says his main concern is protecting the U.S. against another Sept. 11 attack; capital protesters decry policies.

For U.S. Attorney General Alberto Gonzales, every day is Sept. 12.

"My No. 1 priority is protecting our nation and our citizens from another attack," Gonzales said in a talk Friday at McGeorge School of Law in Oak Park. "That is what drives me."

While dozens of raucous protesters demonstrated outside, the nation's top cop spoke to a quieter audience of dignitaries and students who attended the invitation-only lecture at the school.

Gonzales' half-hour talk, read rapidly from notes, was a passionate defense of the Bush administration's anti-terrorism strategy on several fronts: domestic surveillance, the detention of foreign terror suspects at Guantánamo Bay, and the importance of the USA Patriot Act.

Gonzales, who was sworn in as attorney general two years ago, previously served as President Bush's White House counsel. He recalled being with the president on Sept. 11, 2001.

"I carry the memory and pain of that day -- the brutal murder of fathers and mothers, sons and daughters," he said. "Our enemies are smart. They are adaptable. And they are very, very patient. We must anticipate what our enemy is going to do next."

To that end, he said, the administration must have new tools and rethink some old rules. He quoted a British report that described parts of the Geneva Convention as out of date, and he spoke of clarifying and modernizing those international standards of wartime behavior.

"This is a new threat that requires a new way of thinking," he said.

At the end of his talk, Gonzales was asked how he thought history would judge him.

"I will let history write that story," he said. "I can't worry about my legacy. I can't spend the next two years fighting defensive battles. I have an obligation to take the majestic powers of the Department of Justice and do good for the American people."

Protesters outside the lecture hall -- primarily law students and some of their professors -- accused Gonzales of ignoring the Constitution in his pursuit of terrorism. They raised issues that have dogged Gonzales since his nomination, including his approval of an administration memo that condoned harsh treatment of suspected terrorists.

One sign read: "Protest Torture -- You May Be Next."

McGeorge professor John Sims, who teaches courses in constitutional law and international human rights, stood outside the lecture hall Friday, passing out a list of questions he thinks Gonzales should have been asked. All dealt with torture.

"I thought it would be more useful to stand out here and talk about questions he won't answer, rather than docilely listening and giving him polite applause," Sims said. "There are a lot of people in Sacramento and at McGeorge Law School who find the policies of the administration abhorrent and disgraceful. He has undermined the administration of justice in this country."

After Gonzales' talk, second-year McGeorge students Tina Poley and Matthew Christy both expressed disappointment that he spoke only of the war on terror and not about other duties of the attorney general.

"The entire thing was on the defensive about terrorism," said Poley, who had carried a protest sign before the lecture. "About treating every day like Sept. 12. Nothing at all about protecting civil rights or pursuing corruption."

Christy pointed out that Gonzales began the question/answer portion of the program by saying, "Bring it on!" -- an echo of President Bush's controversial challenge at the beginning of the Iraq war.

"You'd think he would have avoided that expression," said Christy, who wore a T-shirt proclaiming: "Give up war for Lent." Still, Christy was appreciative that Gonzales made the stop at McGeorge. "I'm glad he came here. It provides a forum for every one to discuss what's good and what's bad."

Later Friday, at the federal courthouse in downtown Sacramento, Gonzales touted the successes of Project Safe Childhood, an effort among local, state and federal authorities to aggressively investigate and prosecute cases of child exploitation.

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Last year alone, the Eastern District of California had the highest number of federal indictments -- 71 -- in the country on cases ranging from Internet crimes against children, from child pornography to youth trafficking. The inland district runs from Bakersfield to the Oregon border.

Gonzales described such crimes as "horrendous" and applauded the efforts of law enforcement to take action "for the children of this community." About the writer:

The Bee's Dorothy Korber can be reached at (916) 321-1061 or dkorber@sacbee.com. Bee staff writer Crystal Carreon contributed to this report.

Gonzalez Appearance Unwelcome By Some Law Students (CBS13)

CBS 13 Sacramento, March 3, 2007

(CBS13) Protestors made a run for it over to McGeorge School of Law today to speak their mind on the war on terror. The target of their anger-- U.S. Attorney General, Alberto Gonzales who was invited to speak at McGeorge.

With a glance and a wave, It didn't take long for the attorney general to figure out he wasn't exactly being welcomed by some in a group of McGeorge students.

These protestors --many of them law students from McGeorge cut to the chase as they told us, in dramatic fashion, why they were here

Rights being violated, this group would argue, by the U.S. Attorney General's office:

As they carried signs targeting the man who hired Gonzales-- President Bush.

Protestors ripped the administration and the Attorney General on how they handle so called enemy combatants; the guys at Guantanamo. But that was not all.

The tactics for handling the media's coverage of the attorney general's speech was a bit puzzling today. At first, CBS13 was told we'd be allowed in. Then, they shut all media out.

Despite their opposition to his policies-- The protestors we spoke with say they were glad the attorney general took the time to come to their law school.

CORPORATE SCANDALS:

Authorities Investigate Big Lender (NYT)

By Vikas Bajaj And Julie Creswell

The New York Times, March 3, 2007

Federal prosecutors and securities regulators are investigating stock sales and accounting errors at the New Century Financial Corporation, the biggest mortgage company that specializes in lending to people with weak, or subprime, credit, the company disclosed in a corporate filing yesterday.

The company also warned that a delay in filing its financials may put vital financing into jeopardy.

The troubles at New Century are the latest sign of the deterioration in subprime lending — until recently the fastest-growing segment of the mortgage business. The market has been struggling to contain the fallout from rising default rates and weakening home prices. Late last year, some smaller lenders started going out of business and last month several bigger companies, including New Century, started reporting problems.

Another large lender, the Fremont General Corporation, said yesterday that it planned to sell its subprime mortgage business after reaching an agreement with the Federal Deposit Insurance Corporation to restrict its activities in that area. As part of the agreement, Fremont will be able to continue taking deposits.

The investigations into New Century, which is based in Irvine, Calif., and wrote $33.9 billion in mortgages last year, started after the company said on Feb. 7 that it would restate earnings for three quarters, which sparked a huge sell-off in its shares. Yesterday, it said its problems had prevented it from filing its annual report, which was to be released Thursday. The board is conducting an investigation of the accounting problems.

The company's shares have fallen more than 53 percent since the start of the year — before the most recent announcement, which came after the stock market closed. Its shares were down $3.73, or 25 percent, to $10.92, in after-hours trading.

On Feb. 22, the company said the regulatory arm of the New York Stock Exchange contacted it about sales in the company's securities before that announcement. On Wednesday, it received notice from the United States attorney's office in Los Angeles that it was conducting a criminal investigation. Federal prosecutors are looking into trading in New Century securities and errors in how the company accounted for home loans that it was forced to buy back from Wall Street firms that buy

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its loans and package them into bonds. Also, the Securities and Exchange Commission has requested a meeting with its executives.

It is unclear what stock sales investigators are looking at, but data from securities filings compiled by Thompson Financial show that two of the company's top executives sold sizable blocks of shares in the second half of last year. Robert K. Cole, a former chairman and a founder of the company, sold stock worth $6.7 million in the third and fourth quarters after not selling significant numbers of shares for the previous three quarters. And Edward F. Gotschall, another founder and vice chairman, sold shares worth $14.7 million after not selling significant numbers of shares for the previous six months.

Earlier last spring, the executives, both of whom are still on the board, said they would be moving out of their leadership positions. They later disclosed plans to sell stock.

A spokeswoman for New Century said the executives and the company would not comment beyond the company's filing. A spokesman for federal prosecutors in Los Angeles also declined to comment.

New Century, which was formed in 1995, narrowly survived a shakeout in the subprime sector in the late 1990's when concerns about faulty accounting and Russia's default scared investors away from risky bonds tied to subprime mortgages. The credit crunch caused several of its rivals to disappear, but New Century pulled through because it received a large cash infusion from U.S. Bancorp in Minneapolis at the time.

With fewer competitors, the company was well positioned to grab market share during the housing boom that began earlier this decade with the help of low interest rates. Subprime loans, which are largely given to poor and minority borrowers, had rapid growth but as more lenders jumped in lending standards were loosened and default rates for loans made in 2006 have been high.

New Century now appears to be facing a credit crunch similar to the one it encountered in the late 1990s.

The company said the delay in filing its financial reports had put its access to billions of dollars in credit lines and other financings into jeopardy. The company will have to seek a second set of waivers from banks that provide it credit lines totaling $17.4 billion if it does not file financial reports by March 15.

Also, the company will have to seek waivers from lenders that have provided it with 11 financing arrangements, because it will not have at least $1 in net income for the six months that ended in December. It has gotten six waivers so far, but they are contingent upon the company getting similar leniency from the other five.

The company's fate will probably hinge largely on the providers of its capital, which include Wall Street's biggest banks, which also own a hefty chunk of the company. Morgan Stanley, Goldman Sachs, Barclays Capital and Deutsche Bank own about 16 percent of the company, according to securities filings. Citigroup recently bought a 5.1 percent stake in the company and Greenlight Capital, a prominent hedge fund, owns 6.3 percent. Its president and co-founder, David Einhorn, sits on the board of New Century.

Ethics Case Will Limit Attorney's Enron Role (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, March 3, 2007

A plaintiffs' lawyer has hearing over unrelated work in capital

One of the lawyers who represents Enron shareholders in a $40 billion lawsuit bound for trial next month in Houston has informed the judge he is facing an ethics complaint from the Washington, D.C., Bar Counsel.

The lawyer, G. Paul Howes, told U.S. District Judge Melinda Harmon in a letter Friday that he will address the matter at a hearing before a committee of the District of Columbia Board of Professional Responsibility on April 11, the week before jury selection is scheduled to begin in the Enron case.

He also said that because of the complaint, he will have a nonspeaking role in the Enron trial and will help the lead trial lawyer, Patrick Coughlin.

The allegations include that in 1993-94, during Howes' 11 years as a federal prosecutor in Washington before he went into private practice in 1995, he made improper voucher payments to witnesses when prosecuting two murder cases.

The Justice Department investigated the allegations and did not file criminal charges against Howes. But the agency said in a 1998 report that he had improperly distributed witness vouchers. The Justice Department forwarded its findings to the D.C. Bar Counsel, which filed the complaint last month.

Howes said in the letter that he has "always accepted responsibility for my conduct and that of the police officers who worked with me" on extensive investigations that began in 1988. He declined comment beyond the letter.

Coughlin said in a statement Friday that Howes had acknow- ledged to the D.C. Bar Counsel that he acted in an "over-zealous manner in an effort to put away drug kingpins who were terrorizing entire communities in Washington." He also voiced support for Howes and his place on the plaintiffs' team.

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CRIMINAL LAW:

Libby Jury Seeks Clarity On 'Reasonable Doubt' (WP)

By Amy Goldstein, Carol D. Leonnig

The Washington Post, March 3, 2007

Jurors in the perjury trial of I. Lewis "Scooter" Libby asked the presiding judge for help yesterday defining a core issue in their deliberations: how to set a standard for determining whether the vice president's former chief of staff is guilty beyond a "reasonable doubt."

At the end of its eighth day of deliberations, the foreman of the 11-member jury sent U.S. District Judge Reggie B. Walton a two-sentence note. "We would like clarification of the term 'reasonable doubt,' " the note said. "Specifically, is it necessary for the government to present evidence that it is not humanly possible for someone not to recall an event in order to find guilt beyond a reasonable doubt?"

The question, which Walton plans to address when jurors resume deliberating Monday, reflects the central role that human memory played in the month-long testimony in the trial. According to jury and evidence experts, the question -- which refers to what information Libby might have forgotten -- signifies that at least one juror is concerned how strictly to define reasonable doubt.

The concept of reasonable doubt is among the most controversial issues in jury deliberations, experts say, because it is a vague term that people interpret differently. Though the standard is meant to require a very high probability of guilt, research conducted with juries after trials has demonstrated those who worked together to reach a unanimous verdict nevertheless may have used different benchmarks of what constituted reasonable doubt.

Northwestern University law professor Ronald Allen, an authority on trial evidence and procedure, said the Libby jury is wise to seek clarity but added that it is unlikely that any judge can dispel the standard's ambiguity.

"Some people might say beyond reasonable doubt is 99 or 98 percent," Allen said. "Some might say any doubt at all [is unacceptable]. There is literally no test."

Libby, 56, is charged with five felony counts alleging that in 2003 he lied to FBI agents and a federal grand jury investigating a leak by the Bush administration of the identity of Valerie Plame, an undercover CIA officer. Plame is married to former ambassador Joseph C. Wilson IV, a staunch early critic of President Bush's Iraq war policy.

Wilson was sent by the CIA to Africa in 2002 to assess reports that Iraq had been trying to buy uranium for a nuclear weapons program. Wilson concluded those reports were false. Shortly after the Iraq war began, he publicly lashed out at Bush and Vice President Cheney, accusing the administration of distorting his findings to justify the invasion.

Prosecutors allege that, in the spring and early summer of 2003, Libby aggressively sought out information about Wilson and Plame, then channeled word of her CIA job to journalists and the White House press secretary to imply that Wilson had been chosen for the mission to Niger out of nepotism.

The prosecution alleges that Libby deliberately lied to investigators to protect his job and spare the White House political embarrassment.

Defense attorneys contend their client simply misremembered his conversations about Wilson and Plame, because he was so busy with more important work. Special Counsel Patrick J. Fitzgerald sought to convince jurors that Libby could not plausibly have forgotten the conversations.

The question about reasonable doubt is the more significant of two notes the jury sent to the judge when they ended deliberations for the week at 2 p.m. yesterday. The other note concerns the count that alleges that Libby obstructed the leak probe.

Jurors asked the judge how much of Libby's grand jury testimony they should consider when deciding whether he is guilty on that count.

Libby Jury Leaves A Clue As It Heads Into Recess (NYT)

By Neil A. Lewis

The New York Times, March 3, 2007

WASHINGTON, March 2 — The jury deliberating the perjury and obstruction of justice case against I. Lewis Libby Jr. recessed for the weekend on Friday without reaching a verdict, but not before leaving an intriguing clue as to the state of deliberations.

The jurors sent a note with a question to Judge Reggie B. Walton, who is expected to respond on Monday when deliberations resume. In the note, the jurors asked for further explanation of the concept of reasonable doubt, suggesting

possible uncertainty or even disagreement over the core standard by which they are to measure the evidence and testimony about Mr. Libby, the former chief of staff to Vice President Dick Cheney.

"We would like clarification of the term 'reasonable doubt,' " the note said. "Specifically, is it necessary for the government to present evidence that it is not humanly possible for someone not to recall an event in order to find guilt beyond a reasonable doubt?"

The question suggested that at least some of the jurors are wrestling with the imprecise and often vexing definition of reasonable doubt, as well as how to decide whether a false statement should be attributed to faulty memory or willful deception, the issue at the center of the case.

Prosecutors have contended that Mr. Libby lied to a grand jury and F.B.I. agents who were investigating the leak of the identity of a C.I.A. operative, Valerie Wilson, in the summer of 2003. As part of their case, prosecutors have contended that they have demonstrated beyond a reasonable doubt that Mr. Libby lied when he said he did not discuss Ms. Wilson's role at the C.I.A. with two reporters. Moreover, the prosecutors have said that Mr. Libby also lied in an effort to cover up his role in the leak by testifying that he learned of Ms. Wilson's identity in a conversation with Tim Russert of NBC News on July 10 or 11.

Mr. Russert testified that in that conversation with Mr. Libby, they did not discuss Ms. Wilson.

Mr. Libby's lawyers asserted in their closing arguments that any misstatements Mr. Libby might have made were the result of a faulty memory. They also pressed the idea that memory is inherently imperfect, and that all the prosecution's witnesses demonstrated their own memory problems, which, by itself, was a demonstration of reasonable doubt.

The concept of reasonable doubt has proved troubling even for the Supreme Court, whose members have argued vigorously as to its definition and how it should be explained to a jury. There is, however, wide agreement that it is a more stringent standard than the "preponderance of the evidence," the usual standard for a finding in noncriminal lawsuits.

The Supreme Court first made explicit the requirement in 1970 that, to convict someone of a crime, the jury must find that person is guilty beyond a reasonable doubt.

But justices have, over the years, continued to disagree over whether various instructions given to juries by judges are acceptable. In 1992, the justices split in a ruling that upheld convictions in which judges had told juries that reasonable doubt was akin to moral certainty.

In his instructions to the Libby jury, Judge Walton said, "A reasonable doubt, as the name implies, is a doubt based on reason."

He also said that "if after careful, honest and impartial consideration of all the evidence, you cannot say that you are firmly convinced of the defendant's guilt, then you have a reasonable doubt."

He also noted, however, that "the government is not required to prove guilt beyond all doubt or to a mathematical certainty or to a scientific certainty."

Katrina Fraud Cases Flood Courts (NOTP)

By Bruce Alpert, Washington Bureau

New Orleans Times-Picayune, March 3, 2007

Louisiana leads in number of cases

WASHINGTON -- In her application for federal emergency help, Tina Marie Gilmore told officials how she watched hopelessly as her two daughters, ages 5 and 6, were swept through the rushing floodwaters after Hurricane Katrina and was so distraught several months later that she couldn't function -- couldn't drive a car or even be in the same room with children.

But after mailing her a check for $4,358, the Federal Emergency Management Agency learned that not only did the 34-year-old woman not live in New Orleans when Hurricane Katrina devastated the city, but she also didn't have any children. Even her last name was a fake. The government said it wasn't Gilmore, but Winston.

Last month, U.S. District Judge William Stiehl sentenced the Belleville, Ill., woman to four years in jail. "She took advantage of the taxpayers of this country under very tragic circumstances," Stiehl said.

Winston is one of about 600 people in 19 states and the District of Columbia who have been indicted for making fraudulent hurricane claims. Louisiana has the most cases, 140, followed by Mississippi, with 105, and California, 71.

One of the most prevalent schemes, according to the government, involved false claims for emergency $2,000 allocations from FEMA, money intended to pay emergency living expenses after Katrina forced hundreds of thousands of people from their homes.

But some of the scams were far more audacious.

According to the Justice Department, Lawanda Williams of Jackson, Ala., filed 28 separate claims for hurricane damage, listing addresses in Louisiana, Alabama, Mississippi and Florida and various Social Security numbers, addresses, phone

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numbers and post office box numbers. She had collected $267,377.15 before a FEMA staffer in Biloxi, Miss., noticed discrepancies in the applications and saw one common thread: All seemed connected to Williams.

On Feb. 1, Magistrate Bert Milling Jr. sentenced Williams to 75 months in prison and ordered her to reimburse FEMA for every penny she received, money the Justice Department says was used to buy a double-wide mobile home, a 50-inch television set and several used cars.

Other Katrina-related fraud charges include officials with FEMA and the Army Corps of Engineers demanding bribes for Katrina contracts or assistance; the sponsor of a Florida charity promising to fly in supplies to hurricane-devastated communities but doing no such thing; and 72 people, including 22 Red Cross employees, who the government says conspired to collect fraudulent payments through an emergency call center in Bakersfield, Calif. Most of the 72 have pleaded guilty to fraud charges.

"I'm never sure what really motivates the criminal," said Alice Fisher, head of the Justice Department's criminal division and coordinator of the Katrina Fraud Task Force that has coordinated the investigations for about 35 federal agencies. "But it's sad that in such a terrible disaster we'd have so many people steal money that is supposed to help people rebuild their homes and rebuild their lives."

'Sense of entitlement'

U.S. Attorney Jim Letten said he isn't surprised that the Eastern District of Louisiana, which covers metropolitan New Orleans, is on the low end of fraud cases given that the devastation of the storm meant most of the area's residents suffered at least some damage during Katrina.

According to the Justice Department, the Eastern District had 18 cases, although Letten believes the actual number is in the 30s. Still, that's fewer cases than reported for the Eastern District of California, the Northern District of Alabama and middle district of Louisiana, which includes Baton Rouge.

Katrina isn't the first time that people have tried to take advantage of a disaster and the programs intended to help the victims. After the Sept. 11, 2001, terrorist attacks, people were prosecuted for seeking government or charitable money by falsely claiming that they lost a close family member at the World Trade Center or the Pentagon.

Jeffrey Schaler, a psychologist and professor in the Department of Justice, Law and Society at American University, said it's not just major disasters that elicit fraudulent claims. Any time there's a major bus accident, he said, people come forward to falsely claim that they were passengers and suffered debilitating injuries.

Many share a common personality trait, according to Schaler.

"They have a sense of entitlement or what would be referred to in psychiatry as narcissism," he said. "They think somehow they are owed what other people have to work for."

Tracing the claims

And a disaster as big as Katrina might have seemed the perfect opportunity to make a fraudulent claim under the theory that the government had so many legitimate applications for help that it would be impossible to separate the good from the bad. That could help explain much of the $1.4 billion in fraudulent claims estimated by the Government Accountability Office. So far, the government has collected $18 million in restitution for false claims, some from people who settled to avoid prosecution.

Fisher said investigators have accepted a large number of guilty pleas, an indication that the fraud allegations are relatively easy to prove. "We have the person cashing the (government) check, and it's not that difficult to establish that a person didn't really live where he or she said they did," Fisher said.

Sometimes, those filing false applications provide obvious clues. For example, Winston, the Illinois woman who claimed to have seen her two children drown, raised eyebrows because she listed different ages for her daughters in her written documents.

Also assisting the investigations, according to Fisher, was the willingness of federal law enforcement agencies to work together and share documents, something that didn't happen before the 2001 terrorist attacks, according to the 9/11 Commission.

In many instances, applicants used information they gleaned from watching real-life tragedies on TV in the extensive coverage that followed Hurricane Katrina's assault on the Gulf Coast on Aug. 29, 2005.

Storm schemes

Here are some of the schemes outlined by federal investigators:

-- In Florida, Gary S. Kraser set up the Web site www.AirKatrina.com, which in one day took in $40,000 in donations to pay for relief flights to hurricane-damaged communities. Kaiser said he would bring in medical supplies and airlift children and others in need of medical help, but did no such thing, according to the indictment. He was sentenced to 21 months in jail. The day after Hurricane Katrina struck, Kraser wrote on his Web site: "I am shaking as I write this as I just arrived home and just now allowed my body and mind to accept what I saw tonight. I saw people on their roofs that had used axes more than likely to cut through the roof, waving at us, as we were Air Rescue." According to the government, Kraser wasn't a pilot and didn't have an airplane.

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-- In Washington, D.C., Jeffrey Alan Rothschild was sentenced to 102 months in prison after pleading guilty to collecting $100,000 from FEMA by submitting false claims on behalf of people he claimed were Katrina victims and cashing the checks himself. According to the government, Rothschild told investigators he would use New Orleans addresses on his applications that he either found on the Internet or made up. By the time the government caught up with him, he had collected 38 checks.

-- In Bakersfield, Calif., 72 people helped friends, relatives and others obtain Katrina emergency money for which they weren't entitled, according to a federal indictment. Among those indicted were Aminah Randle, Robert Johnson, Elizabeth Ray and Sheena Porter, who worked in a Red Cross call center.

-- In Missouri, Andrea Gholston admitted she had filed an application listing a fake New Orleans address and received $4,358 from FEMA, and then helped a friend fill out another fraudulent application, which netted more than $10,000.

-- In New Orleans, two FEMA employees, Andrew Rose and Loyd Holliman, both Colorado residents, solicited a bribe from a food contractor in exchange for inflating the number of people requiring meals at the Algiers base camp so the company could collect more federal fees. On Jan. 27, the two employees each took an envelope with $10,000 in cash, according to the Justice Department. They both got 21 months in prison and were fined $20,000.

-- In Mississippi, four people -- Devin Chuter, Allen Kitto, Clinton Miller and Lauren Robertson -- were accused of submitting false claims for debris-removal work.

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Ex-defense Official Pleads Guilty To Theft (WT)

By Jerry Seper, The Washington Times

The Washington Times, March 3, 2007

A former Defense Department official yesterday pleaded guilty in federal court to charges of embezzling more than $100,000 in funds destined for use by government intelligence agents, Assistant Attorney General Alice S. Fisher said.

John Taylor, who worked at the department as an intelligence contingency-funds officer, admitted in U.S. District Court for the District of Columbia that he stole the money while assigned to the 500th Military Intelligence Brigade as part of the U.S. Army Intelligence and Security Command at Camp Zama, Japan.

In his Defense Department role, Mrs. Fisher said, Taylor was responsible for budgeting, disbursing and accounting for intelligence contingency funds for the official duties of government intelligence agents. She said he also was required to manage classified bank accounts and supervise agents engaged in classified intelligence-gathering activity.

As part of a plea agreement in the case, she said, Taylor admitted that from 2003 through January 2006, he used his official position to steal at least $106,000 in department funds designated for intelligence-related activities.

She said Taylor embezzled the money by withdrawing cash from a government bank account whose funds were intended for intelligence agents. To conceal his acts, she said, Taylor falsified Defense Department accounting vouchers and forms.

Theft or embezzlement from the government carries a maximum penalty of 10 years in prison and a $250,000 fine. Sentencing was set for June 8.

The case was prosecuted by James A. Crowell IV and John P. Pearson of the Justice Department's Public Integrity Section and the FBI and the Criminal Investigation Division of the U.S. Army, in support of the Justice Department's National Procurement Fraud Task Force and the International Contract Corruption Initiative.

The National Procurement Fraud Initiative was announced by Deputy Attorney General Paul J. McNulty in October and is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

As part of this initiative, Mr. McNulty has created the National Procurement Fraud Task Force, which is chaired by Mrs. Fisher.

Justice Department Takes Aim At Image-sharing Sites (CNET)

By Declan McCullagh, Staff Writer, CNET News.com

CNET News.com, March 3, 2007

Feds try during a private meeting to convince sites that allow photos or videos to be uploaded to monitor users, News.com has learned.

The Bush administration has accelerated its Internet surveillance push by proposing that Web sites must keep records of who uploads photographs or videos in case police determine the content is illegal and choose to investigate, CNET News.com has learned.

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That proposal surfaced Wednesday in a private meeting during which U.S. Department of Justice officials, including Assistant Attorney General Rachel Brand, tried to convince industry representatives such as AOL and Comcast that data retention would be valuable in investigating terrorism, child pornography and other crimes. The discussions were described to News.com by several people who attended the meeting.

High ImpactWhat's new:

Officials from the U.S. Department of Justice held a private meeting to persuade Internet industry representatives to keep records of who uploads photographs or videos.Bottom line:

The meeting accelerates the Bush administration's effort to require Web sites to keep track of customers' actions on the Internet, a practice known as data retention.

More stories on this topic

A second purpose of the meeting in Washington, D.C., according to the sources, was to ask Internet service providers how much it would cost to record details on their subscribers for two years. At the very least, the companies would be required to keep logs for police of which customer is assigned a specific Internet address.

Only universities and libraries would be excluded, one participant said. "There's a PR concern with including the libraries, so we're not going to include them," the participant quoted the Justice Department as saying. "We know we're going to get a pushback, so we're not going to do that."

Attorney General Alberto Gonzales has been lobbying Congress for mandatory data retention, calling it a "national problem that requires federal legislation." Gonzales has convened earlier private meetings to pressure industry representatives. And last month, Republicans introduced a mandatory data retention bill in the U.S. House of Representatives that would let the attorney general dictate what must be stored and for how long.

Supporters of the data retention proposal say it's necessary to help track criminals if police don't immediately discover illegal activity, such as child abuse. Industry representatives respond by saying major Internet providers have a strong track record of responding to subpoenas from law enforcement.

Wednesday's meeting represents the latest effort by the Bush administration to increase the ability of law enforcement and intelligence agencies to monitor Internet users. Since 2001, the administration has repeatedly pushed for more surveillance capabilities in the form of the Patriot Act and a follow-up proposal that--if it had been enacted--would have given the FBI online eavesdropping powers without a court order for up to 48 hours.

Often invoking terrorism and child pornography as justifications, the administration has argued that Internet providers must install backdoors for surveillance and has called for routers to be redesigned for easier eavesdropping. President Bush's electronic surveillance program, which was recently modified, has drawn an avalanche of lawsuits.

The Justice Department's request for information about compliance costs echoes a decade-ago debate over wiretapping digital telephones, which led to the 1994 Communications Assistance for Law Enforcement Act. To reduce opposition by telephone companies, Congress set aside $500 million for reimbursement and the legislation easily cleared both chambers by voice votes.

Once Internet providers come up with specific figures, privacy advocates worry, Congress will offer to write a generous check to cover all compliance costs and the process will repeat itself.

The Justice Department did not respond to a request for comment on Thursday. The U.S. Internet Service Provider Association, which has been critical of data retention proposals before, declined to comment.

Because the Justice Department did not circulate a written proposal at the private meeting, it's difficult to gauge the effects on Web sites that would be forced to record information on image uploads for two years. Meeting participants said that Justice officials (including Brand, the assistant attorney general for legal policy and a former White House attorney) did not answer questions about anonymously posted content and whether text comments on a blog would qualify for retention.

In practice, some Web businesses already make it a practice to store personal information forever. Google stores search terms indefinitely, for instance, while AOL says it deletes them after 30 days.

David Weekly, a San Francisco-area entrepreneur who founded popular Wiki-creation site PBWiki.com, said the Justice Department's proposal would be routinely evaded by people who use overseas sites to upload images. (PBWiki, which recently raised $2 million from Mohr Davidow Ventures, lets people embed photographs on pages they create with a point-and-click editor.)

If the proposal were to become law, PBWiki would already be in compliance, Weekly said. "We already keep all that data pretty much indefinitely because it's invaluable for us to mine and figure out how people use services," he said. "How do they use services now versus a year ago? Was February a bad month for traffic?...We already have the data there. It's already searchable. It's already indexed."

Getting Tough On Child Porn (MINNST)

By Dan Browning, Star Tribune

Minneapolis Star Tribune, March 3, 2007

Prosecuting child porn cases is a top priority for Minnesota's new U.S. attorney, who helped draft a no-holds-barred U.S. Department of Justice enforcement initiative a year ago. Child pornography isn't just dirty pictures, she says.

Bruce Betcher says he began searching the Web for sexually explicit photos of children in 2003, a predilection that led him to photograph two relatives -- both under 12 -- and three of their best friends in lascivious poses.

When he appears in federal court in Minneapolis on Tuesday, Betcher, a 53-year-old Burnsville property appraiser, could be sentenced to up to life in prison -- a longer term than if he had been convicted of first- or second-degree murder.

Extraordinary prison sentences for first-time offenders and a willingness of prosecutors to throw the book at them are evidence of an expanding crackdown by the federal government on anyone caught producing, possessing or distributing child pornography. Mandatory minimum sentences have been lengthened twice in the past three years, and a year ago the Department of Justice launched Project Safe Childhood, a no-holds-barred enforcement initiative that has made prosecution of child porn a top priority.

Rachel Paulose, the new U.S. attorney for Minnesota, helped draft that initiative and promised vigorous enforcement of existing laws.

A review of Minnesota cases brought by the government in the past year shows that it isn't prosecuting people who accidentally tripped across a photo or two. The cases thus far range from an international Internet consultant snared at the airport with child sex photos on his laptop to the father of three young girls who recorded himself raping and sodomizing them.

One man prosecuted in Minneapolis recently had more than 350,000 images of pornography, some of which included sexual penetration of toddlers. In another case, a Richfield man who worked as a pharmacy assistant sent child porn to an undercover agent and said he could drug young girls so they wouldn't remember being assaulted and photographed.

Though many of the cases were already underway when Paulose took office in February 2006, she's promising to bring more. Several recent search warrants indicate that she means it.

"You will, over time, see an increase," Paulose said.

Betcher's lawyer, Thomas Shiah, and other defense attorneys worry the federal sentencing guidelines are too harsh, particularly for first-time offenders like Betcher.

"You can do much more heinous crimes and do less time," Shiah said.

But in Betcher's case, Assistant U.S. Attorney Erica MacDonald urged the judge to follow the sentencing recommendation of life in prison. "The lives of five little girls and their families were irreparably damaged by this man and his deviant behavior," she said in a memo filed Friday.

Paulose, too, is unsympathetic to any pleas for mercy.

"To be blunt, no sentence would ever be long enough for a person who takes the innocence of a child," she said.

"Righteous sentences"

The government has been tightening the noose on child porn for years. Congress enacted the first law dealing specifically with child pornography in 1978. Ten years later, it made it illegal to use a computer to create or promote it.

The PROTECT Act, passed in 2003, set stiff mandatory minimum sentences. The Adam Walsh Child Protection and Safety Act, enacted last summer, stiffened sentences even more and, among other things, established the Dru Sjodin National Sex Offender public website.

Inexpensive digital cameras and the Internet have made it easier than ever for people to create, distribute and acquire child pornography, but they have also made it easier for investigators to track their footprints.

The Federal Bureau of Investigation says it has more agents working on child porn than any other program in its Cyber Division. Since 1996, the Innocent Images National Initiative to target child porn on the Internet has resulted in 5,752 criminal cases.

The Department of Justice began funding regional Internet Crimes Against Children (ICAC) task forces in 1998 to help state and local law enforcement agencies investigate online child exploitation. In January 2006, the Justice Department awarded $14 million to the 46 task forces. A month later, U.S. Attorney General Alberto Gonzales decreed child-porn prosecutions a top priority, and he said federal law enforcement agencies would help state investigators and nongovernmental agencies to attack the problem.

Until recently, Minnesota's ICAC task force had just one full-time investigator. But last year the Minnesota Legislature voted to kick in $1 million a year, and the task force is moving from the St. Paul Police Department into the Bureau of Criminal

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Apprehension (BCA), which is assigning four agents, two forensic analysts, an information technology expert and a trainer to the task force, according to BCA Superintendent Tim O'Malley.

Federal prison sentences for child porn producers more than doubled between 1994 and 2005, and defense attorneys expect them to get even longer as a result of recent congressional action.

Federal prosecutors in Minnesota are pushing for and getting maximum sentences.

"In the last six months we have obtained three sentences of terms that are 30 years, 30 years and 10 years, respectively," Paulose said. "We think those are righteous sentences."

Tougher laws and more resources will undoubtedly result in more criminals being brought to justice, said David Finkelhor, director of the Crimes Against Children Research Center at the University of New Hampshire. But he cautioned that no one really knows whether the Internet has spawned an actual increase in child pornography production in recent years or merely helped law enforcement agents uncover it.

St. Paul police Sgt. Bill Haider, the lone investigator on the Minnesota ICAC task force, said he hasn't noticed an increase recently in child porn cases in Minnesota. But the Internet has allowed people who have sexual interests in children to find others like themselves. "And for them, it leads them to believe that it's more normal," he said.

The FBI, U.S. Postal Inspection Service, Immigration and Customs Enforcement, Internal Revenue Service, Secret Service, and state and local police all play a role in finding child porn online. Investigators work undercover in chat rooms, trace suspects through Internet service providers (ISPs) and credit card companies, track down peer-to-peer file sharing networks and follow tips.

ISPs such as Yahoo and Comcast, though not required to look for child porn, are now legally required to report evidence of it on their networks.

Haider said that most of the cases he gets are referrals from the National Center for Missing and Exploited Children, a private nonprofit agency mandated by Congress to help law enforcement. It operates an online reporting service at www.cybertipline.com.

In 2004, the national center referred 492 reports in Minnesota, said Michelle Collins, director of the exploited-child unit. The total declined to 275 reports in 2005, but rose again last year to 353.

The center also works with U.S. law enforcement and Interpol to identify victims of child abuse, whose photos persist online for years. As of last week, the center had identified 992 children in these photos, up from 886 at the beginning of the year.

The increase is a direct result of law enforcement agencies working together, Collins said. And that's just what led to Betcher's arrest.

A Brownie uniform

In August 2005, federal agents in Atlanta seized a computer with more than 2,000 images of child pornography from a Georgia police sergeant. Alert investigators noticed the partial insignia of a Minnesota Brownie uniform, and that eventually led them to identify a girl in the photo as a relative of Betcher's. He was charged and convicted of 24 counts of producing child pornography, one count of distributing it and one count of possessing it.

The sentencing guidelines suggest piling on extra prison time because of the repeat nature of his offenses, and the fact that he was in a position of authority over the children he photographed.

A similar thing happened to Steven Koenen, 45, of Robbinsdale. He was snared by undercover FBI agents after he posted more than 30 child porn photos to an Internet news group in 2005. Investigators recovered more than 7,000 illicit images when they seized his computer equipment, and Koenen admitted to sexually assaulting three relatives, ages 3, 7 and 9.

Koenen is appealing a 30-year sentence meted out in July.

Paulose singled out his case as an example of why she's pursuing such cases so aggressively. Child pornography isn't just dirty pictures, she said.

"It's a visual depiction of a crime scene, and we need to take that seriously. I don't think a society can have any greater responsibility than protecting its children."

Stolen Painting Found In Spielberg's Collection (LAT)

By Greg Krikorian And Ashraf Khalil, Times Staff Writers

The Los Angeles Times, March 3, 2007

The director, a major collector of works by Rockwell, contacts the FBI. An agent calls the movie mogul an 'unknowing victim.'

A Norman Rockwell painting stolen from a Missouri gallery 34 years ago was recovered and authenticated Friday in the collection of movie mogul Steven Spielberg.

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Spielberg's spokesman, Marvin Levy, said the director's staff contacted the FBI several weeks ago after seeing a bulletin from the agency's Art Crime Team seeking clues about the theft of the "Russian Schoolroom" oil painting.

"The second anybody said, 'I think we have that painting,' [our] office got a hold of the FBI," Levy said.

Special Agent Chris Calarco of the FBI's Art Crime Team and Jessica Todd Smith, curator of American art for the Huntington Library, inspected the painting Friday afternoon at Spielberg's offices on the Universal Studios lot. The filmmaker was not present.

"He's an absolutely unknowing victim in this," Calarco said of Spielberg.

Calarco declined to speculate on the painting's value, but two sources close to the investigation said it is worth between $700,000 and $1 million.

The painting, depicting schoolchildren in a classroom looking at a bust of Soviet leader Vladimir Lenin, was stolen during an exhibit at a small art gallery in Clayton, Mo., in June 1973.

According to the FBI, its whereabouts were unknown until 1988, when it was sold at an auction in New Orleans for about $70,000.

Spielberg bought the painting from an art dealer in 1989 for an undisclosed sum, Calarco said.

The director is a high-profile Rockwell collector who helped found the Norman Rockwell Museum in Stockbridge, Mass.

As of last fall, he was listed as the museum's third vice president and a member of its board of trustees.

"He's certainly one of the collectors of Rockwell," said Levy, who wasn't sure how many Rockwell paintings Spielberg owns or where he kept "Russian Schoolroom." "We have a few in our office on the Universal lot."

The probe into the original theft lay dormant until 2004, when art crime investigators determined that the painting had been advertised for sale at a Norman Rockwell exhibit in New York in 1989.

Agents in the New York and Los Angeles field offices began putting out bulletins in art circles and tracking down known Rockwell collectors.

"We were basically just about to figure it out when the Spielberg people made the connection," Calarco said.

Linda Pero, curator of the Norman Rockwell Museum in Stockbridge, Mass., said: "I think it's really wonderful."

The FBI made the Spielberg link public late Friday, after an earlier notice — published in today's Calendar section — that the painting may have been found.

For now, the painting will remain in Spielberg's possession.

"I just advised them to hold on to it. It's safe there," Calarco said.

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Governor Weighs Compromise Plan On Death Penalty (WP)

By John Wagner

The Washington Post, March 3, 2007

Short of Repeal, O'Malley Seeks Limits

Gov. Martin O'Malley, who testified last month in favor of repealing Maryland's death penalty, has started exploring a compromise with lawmakers that would limit the possibility of execution to just a few types of offenders, such as inmates who kill prison guards.

Aides to O'Malley (D) say that such a deal might be the best hope for passing legislation that would tighten the scope of the state's death penalty. But that could put the governor at odds with advocates of a repeal, who say that the strategy could backfire and result in a bill that differs little from current law.

A debate that has focused on the death penalty's value as a deterrent along with problems with lethal injection, advocates say, could degenerate into a fight over which categories of killers -- including those who kidnap, rape and abuse children -- should be eligible for execution.

In an interview yesterday, O'Malley said he thinks most lawmakers are firm in their views on the death penalty, which could make it difficult to persuade enough of them to support a full repeal.

"I don't see that changing a lot in the four years ahead," O'Malley said. "I try to make progress wherever we can make progress, trusting future leaders and generations to reach perfection."

O'Malley met this week with Sen. Alex X. Mooney (R-Frederick), who is widely considered to hold the swing vote on the Senate committee considering the repeal, about whether he could support a bill narrowing eligibility for the death penalty.

Mooney, who has also talked with an O'Malley legislative aide, said he is trying to keep an open mind. Among those he said he would like to see remain eligible for the death penalty are people who kill police officers and prison guards.

"I've never been for a full repeal of the death penalty, but I've left the door open a crack that maybe I could vote for an amended bill," said Mooney, a conservative Republican and practicing Catholic.

Del. Samuel I. Rosenberg (D-Baltimore), lead sponsor of the repeal effort in the House, is among several death penalty opponents who have said that nothing short of a full repeal is acceptable.

"We want a repeal of the death penalty," Rosenberg said. "It's a system that's broken. We can't tinker with it. We can't fix it. We can't just limit it to a certain number of crimes."

During testimony before legislative panels last month, O'Malley said that the death penalty is "inherently unjust" because wrongly convicted people could be put to death.

He also said that there is no evidence that executions are an effective deterrent to murder and that money spent prosecuting death penalty cases could be better spent fighting violent crime.

Five people have been put to death in Maryland since executions resumed in 1978, and one person has been released from death row after being exonerated. There are six people on death row.

Under current law, those guilty of first-degree murder are eligible for the death penalty if prosecutors can prove at least one of 10 aggravating factors, including killing a law enforcement officer and committing murder while in prison. Other categories include contract killings and killings of kidnap victims.

Debate over a bill that includes any of those categories inevitably will open the door to efforts to add others, lawmakers on both sides of the issue say.

"Once you say you're going to use the death penalty, it's difficult to draw lines and say who's worse than other guys on the list," said Sen. Brian E. Frosh (D-Montgomery), a death penalty opponent and chairman of the Judicial Proceedings Committee.

Senate President Thomas V. Mike Miller Jr. (D-Calvert), a death penalty supporter, said he cannot see his chamber limiting executions to just a few categories of killers.

Some death penalty opponents say they probably have the votes to pass a full repeal in the House this session. Even if they are short in the Senate, some say, it would be a mistake to compromise.

A court ruling in December halted executions until the state issues new regulations on lethal injection. Jane Henderson, executive director of Maryland Citizens Against State Executions, said she thinks it is unlikely that executions will resume before next year's legislative session, when odds of a repeal would be no worse.

"I think a year from now, we'll still have an effective moratorium," Henderson said. She also said that it makes no sense to reserve the death penalty for narrow classes of offenders. "My view is, this is about whether we should have the death penalty or not."

Richard J. Dowling, executive director of the Maryland Catholic Conference, said that a bill that stops short of a full repeal could be expanded. "A door that is ajar only slightly can be pushed wide open," he said.

Dangerous Pursuits (LAT)

The Los Angeles Times, March 3, 2007

The Supreme Court considers limits on high-speed chases, but police departments should be the ones changing policy.

IF YOU WORRY — as you should — about the dangers of high-speed police chases, don't expect the U.S. Supreme Court to impose new limits on the practice. This week, several justices reacted skeptically to the claim of a Georgia man that he should be allowed to sue a deputy sheriff because he was paralyzed after a police car rammed his vehicle.

Fortunately, in Los Angeles and elsewhere, police forces are acting on their own to limit the dangers such chases pose to police, suspects and the public. Sensible regulations are a better safeguard against out-of-control chases than a Supreme Court ruling making it easier for suspects injured in such cases to sue police officers.

A good thing too, because the case argued Monday was a poor candidate for a sweeping decision against police. A lawyer for Victor Harris, who is now a quadriplegic, asked the court to extend to car chases its 1985 ruling that police pursuing someone on foot may not use deadly force unless the suspect poses "a significant threat of death or serious physical injury to the officer or others."

Unluckily for Harris, the justices were able to view a videotape of the nine-mile chase that began when police tried to stop Harris for speeding. Justice Antonin Scalia called it "the scariest chase I ever saw since 'The French Connection.' "

A majority of the court seems likely to embrace the position of the Bush administration. Deputy U.S. Solicitor General Gregory Garre told the court that when a suspect "demonstrates a disregard for his own life and the lives of others in his path, the police may use force, including deadly force, to bring the suspect's vehicle flight to a halt and protect the public safety."

The problem is that police chases are often prolonged not because the officers fear that a driver will injure others but because they don't want to lose their man — even if the only crime he has committed is speeding, and even when pursuing him poses a danger to bystanders.

The best way to rein in overzealous officers is to do what the Los Angeles Police Department has done: establish a pursuit policy that places the safety of the public above the goal of apprehending a motorist who hasn't committed a serious crime or

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who can be arrested later. The policy says that ramming a fleeing car is a "last resort" to be used only when necessary to save lives.

Technology also may help. The LAPD has experimented with an air-propelled miniature dart equipped with a global positioning device. Fired from a patrol car, it sticks to a fleeing vehicle and allows police to track it.

However the Supreme Court rules in the Georgia case, responsible police departments will continue to tell officers to take it slow — for their own and the public's protection.

CIVIL RIGHTS:

Justice Department Drops Inquiry Into Cowboy Church's Worship Rights (ROT)

By Ana Ribeiro

Roanoke Times, March 3, 2007

Bedford County could review the ordinance the church was deemed to have violated.

The Justice Department has dropped an inquiry into whether Bedford County violated a church's rights by limiting their ability to worship in a Moneta barn.

The Rev. Ray Bell of the Cowboy Church of Virginia made the announcement at a news conference Thursday. In a phone interview, he said he's "puzzled, but not upset" about the agency's decision.

Controversy surrounded the Cowboy Church for months. Services temporarily ceased at the Moneta barn last spring when Bedford County cited violations to a zoning and safety ordinance.

Services resumed last summer after advocates flooded county officials with phone calls. The Constitution guarantees people the right to worship and assemble, supporters have argued -- and that includes followers of the cowboy culture who hold their weekday services on a farm.

A Feb. 16 letter to Bell from the Justice Department states: "We carefully reviewed the information that you have provided and determined that no further action by the Department is warranted."

Bell had provided information on the issue to the Justice Department, but only after the agency asked for it, he said. He did not personally request an investigation, Bell said.

Bell said he prayed for Bedford County not to have to pay fines as a result of a possible Justice Department decision against the county's ordinance, and had his prayers answered.

Now, it's likely that the county will talk about reviewing the ordinance, Bell said.

"The end product is we wanted the ordinance changed or modified," he said. "We're delighted that Bedford County didn't undergo any financial duress due to this."

U.S. Won't Corral 'cowboy' Church (RTD)

By Justin Faulconer, MEDIA GENERAL NEWS SERVICE

Richmond Times-Dispatch, March 3, 2007

Justice Department decides not to get involved in zoning dispute in Bedford County

LYNCHBURG -- The U.S. Department of Justice has decided to step out of a zoning dispute between a "cowboy" church and Bedford County officials.

In letters last month to the Rev. Raymond Bell of the Cowboy Church of Virginia and George Nester, Bedford's community development director, the federal department concluded no further action is warranted in deciding if Bedford zoning laws infringe upon a federal act that protects religious land use.

The church holds services in a large barn off Horseshoe Bend Road in Moneta.

Six months ago, the department began investigating whether the Religious Land Use and Institutionalized Persons Act was violated. Bell has opposed the county's requirement that a special-use permit be obtained to hold religious services, claiming it violates the separation of church and state.

Nester said it's standard procedure that churches obtain a special-use permit to hold religious services in newly constructed buildings or new additions to existing buildings.

A spokesperson for the Department of Justice declined to comment about the matter. Bell also declined to comment but said he would have more to say later this week.

The Cowboy Church started meeting about a year ago in the Moneta barn, on a farm owned by Garland Simmons. Since then, it has been involved in zoning red tape with the county.

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The county originally said using the barn as a church violated building codes and was unsafe for large gatherings. That matter has since been resolved because it was determined the structure is not predominantly used as a church, Nester said.

The church is still holding services under the Cowboy Church name because of its part-time utilization of the barn, Nester said.

"We have no problem with it operating as it is," he said.

County officials are reviewing and amending the Comprehensive Plan. The next step would be to review the zoning ordinance. Nester said the county should take a closer look at the language regarding religious land use to ensure there are no infringements on the federal act.

Justin Faulconer is a staff writer at The News & Advance in Lynchburg.

Defense Argues Conflict Of Interest In Seale Case (JCL)

By Jerry Mitchell

Jackson Clarion-Ledger, March 3, 2007

Lawyer says judge, magistrate have ties to U.S. attorney's office

U.S. District Judge Henry Wingate and U.S. Magistrate Judge Linda Anderson should step down from the case involving the 1964 slayings of two black teenagers, the attorney for reputed Klansman James Seale said Friday.

Wingate and Anderson happen to be the only African-American judges in the Southern District of Mississippi, but Federal Public Defender Dennis Joiner made no mention of that fact. Instead, he argued the judges have a prior association with the U.S. attorney's office and the case had been assigned to another judge and magistrate judge initially.

In January, Seale pleaded innocent to the federal kidnapping and conspiracy charges in connection with the May 2, 1964, abduction of Henry Hezekiah Dee and Charles Eddie Moore, reportedly by Klansmen. The teenagers were hitchhiking in Meadville when they were grabbed and beaten before being drowned in the Mississippi River, according to FBI reports.

Seale, now 71, faces an April 2 trial. If convicted, he could receive life in prison.

Joiner accused U.S. Attorney Dunn Lampton of manipulating the system to have these judges hear the case.

"The U.S. Attorney has had the sole ability to select which specific district court judge he wants to sit on any criminal case in the Jackson Division," Joiner wrote. "He does this by asking the grand jury to return an indictment during a month assigned to a particular judge."

Joiner pointed out Wingate and Anderson both have served at the U.S. attorney's office - Anderson during the time the case was reinvestigated. Wingate was appointed to the bench in 1985.

It will be up to Wingate to rule on the matter.

In his motion filed Friday with the U.S. District Court in Jackson, Joiner produced a July 25 document that showed the case then as being in the Western Division. By rule, all Western Division cases are assigned to U.S. District Judge David Bramlette, Joiner said.

Documents also show the case was originally assigned to U.S. Magistrate Judge James Sumner, Joiner said. "There has been no order entered in the record transferring the case from Judge Wingate to another district court judge, nor has there been any order transferring the case from James C. Sumner to another magistrate judge."

Lampton responded Friday that he doesn't know why the case was moved from Sumner to Anderson and that he had nothing to do with that switch.

He said there's nothing improper with the way his office has handled the case.

Documents filed Friday also make clear Charles Marcus Edwards will be a likely witness against Seale. Last year, federal authorities gave Edwards immunity in exchange for him testifying before the federal grand jury investigating the killings.

Both Seale and Edwards were arrested Nov. 6, 1964, in connection with the slayings. At the time, Edwards confessed his involvement in the beatings. Authorities confronted Seale about his alleged involvement, according to FBI records. "We know you did it. You know you did. The Lord above knows you did it."

"Yes," Seale was quoted as replying. "But I'm not going to admit it. You are going to have to prove it."

Local authorities never pursued the case, and it languished like many others from the civil rights era.

Justice Department officials announced this week they're reexamining about a dozen cases from that era in hopes they can be pursued.

The newly introduced Emmett Till Unsolved Crime Act would give the Justice Department additional resources to pursue these cases, said Alvin Sykes of Kansas City, who conceived the bill.

"We want anybody involved in killing, lynching or kidnapping investigated or prosecuted - or we want them to die in fear of being arrested," he said. "We want to find as much truth as possible so we can secure as much justice as possible."

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Black Group Pleased With Federal Probe (SAVMN)

Savannah Morning News, March 3, 2007

ATLANTA - A civil rights group that has pushed for years to reopen state and federal investigations into the decades-old lynching at Moore's Ford Bridge near Monroe said Friday they are pleased that the U.S. Department of Justice has decided to take another look at the case.

"You just feel like the rule of law is going to prevail," said state Rep. Tyrone Brooks, D-Atlanta, who is president of the Georgia Association of Black Elected Officials.

The group has pushed since at least 1998 for new investigations into killings of two black couples - Mae and George Dorsey along with Dorothy and Roger Malcom - in the summer of 1946.

Brooks said his group has been aware for more than a year that the FBI was probing the Moore's Ford case again but kept the information quiet to avoid interfering with the probe.

But during a press conference Tuesday, U.S. Attorney General Alberto Gonzales and FBI Director Robert Mueller announced that the Justice Department was reopening the investigations of some Civil Rights Era killings, including the Moore's Ford case. The Georgia Bureau of Investigation reopened its investigation several years ago on the orders of then-Gov. Roy Barnes.

Brooks said local activists have kept up with at least five living suspects who were identified in the original FBI report following the 1946 killings. Brooks' group and local organizations also have been talking to witnesses.

"We're going to be making an appeal to the suspects to turn themselves in and avoid a long ordeal," Brooks said.

Brooks also said the group is working to boost its reward fund - from $27,000 to $100,000 - for information leading to the arrest and conviction of those guilty of the murders.

GABEO also announced its annual April 4 commemoration of the lynchings to coincide with the anniversary of the assassination of Dr. Martin Luther King Jr. and its July 25 re-enactment of the killings.

Brooks said one of the living suspects usually makes it a point to drive his pickup across the bridge during the re-enactments.

"He drives across real slow, and he'll look at us, and we'll look back," Brooks said.

This year, however, both sides will know that the investigation of what happened in that same place 61 years ago is not over.

"I think suspects should be getting a little nervous right now," Brooks said.

In Victory For Hispanics, Judge Halts Port Chester Elections (NYT)

By Barbara Whitaker

The New York Times, March 3, 2007

WHITE PLAINS, March 2 — A federal judge on Friday stopped March elections for two seats on the Port Chester Board of Trustees, finding there was sufficient evidence to make the case that the village's at-large system for voting discriminates against Hispanic residents.

In a 32-page ruling read from the bench, Judge Stephen C. Robinson of Federal District Court found merit in virtually every argument made by Justice Department lawyers seeking an injunction to stop the March 20 elections. The village, however, may still hold a mayoral election scheduled for the same day, the judge ruled.

"I think what we heard in court says everything," said Cesar Ruiz, a Hispanic man who filed a complaint with the Justice Department after an unsuccessful bid for village trustee in 2001. "I'm very pleased."

The village trustees scheduled an executive session for Saturday morning to discuss the case and decide whether to continue its fight against breaking the village into six voting districts, one of which would be predominantly Hispanic, to replace its at-large system.

Anthony G. Piscionere, who is representing the village in the case, said he believed that the village still had a chance of winning, particularly if the case went to appeal. A trial date has been set for April 16 through April 20.

"The question is whether the board wants to continue or not," he said.

Dan Brakewood, a trustee, said he thought it was time to bring an end to the case, which he estimated had cost the village $500,000.

"We have looked at whether we are in violation or not for 11 months," Mr. Brakewood said. "Now we have the facts and information we need to move on. We need to settle this. It's in the best interest of the community."

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Mayor Gerald L. Logan defended the current system, saying that officials had reached out to Hispanics in an attempt to include them in the system. He noted that 10 percent of the Police Department is Hispanic and that Hispanics held positions on some village boards.

The lawsuit, filed by the Justice Department in December, charges that the at-large system — meaning that all residents of the village vote for all candidates on the ballot — is unfairly weighted against Hispanic residents, a violation of the Voting Rights Act of 1965. According to the lawsuit, the system allows for white bloc voting, which inhibits Hispanic voters' ability to elect their preferred candidate.

To support their case, the government presented statistics noting that more than 46 percent of the village's population and 21.9 percent of its voting age citizens are Hispanic, yet no Hispanic person has ever been elected to public office in the village. In arguments on whether the March elections should be held, David Kennedy, an assistant United States attorney, said going forward with the elections would perpetuate the discriminatory system.

Village lawyers argued that Hispanics have been invited to participate in the election process, but have often declined. They suggested that the problem is one of voter apathy and said steps are being taken to increase voter participation, particularly that of Hispanics, in the community. To divide the small village of 28,000, about 30 miles from New York City, into voting districts would ultimately segregate the village, lawyers argued.

In order to make a case for stopping the elections, the government had to prove several points, including that the minority group was geographically compact and sufficiently large enough to constitute a majority in a district; that the minority group was politically cohesive; and that the majority voted as a bloc to enable it to usually defeat the minority's preferred candidate. In addition, the government had to prove that there were other circumstances that impaired the ability of the minority.

Among the other points examined was whether there had been a history of discrimination that affected the rights of minorities to participate in the democratic process, whether elections were racially polarized, whether candidates had been denied access to the process to get on the ballot and the extent to which members of the minority group have been elected to public office in the jurisdiction.

The judge called the last stipulation one of the most important, noting that no one disputed that no member of the Hispanic community in Port Chester had ever been elected to public office.

"Indeed, in all the trustee elections studied by both sides in this case through 2006, only two Hispanics have ever been on the ballot in a Port Chester trustee election — Jose Santos in 1992 and Cesar Ruiz in 2001 — and both finished last in their respective fields," Judge Robinson said.

Federal Judge Halts Port Chester Election (NYJN)

By Liz Sadler, THE JOURNAL NEWS

New York Journal News, March 3, 2007

A federal judge yesterday halted Port Chester's March 20 election for two seats on the Board of Trustees, saying the village election system discriminates against Hispanic voters.

In an oral decision, U.S. District Judge Stephen Robinson cited evidence of racial polarization in Port Chester's at-large election system. He said that if the case goes to trial, the U. S. Justice Department was likely to succeed in its claim that the current election system dilutes the Hispanic vote in violation of the federal Voting Rights Act.

"It is clear to this court that Hispanic voters in Port Chester prefer different candidates, and that non-Hispanic voters generally vote as a bloc to defeat the Hispanic-preferred candidate," Robinson said, capping a two-week hearing on whether the current election system discriminates against Hispanics. It is the first time a judge has stopped an election in Westchester County.

Village officials expressed disappointment, but most declined to comment on whether they wanted to continue to fight the lawsuit. The board will meet with its lawyers today to discuss the next steps. It may choose to settle with the Justice Department and adopt voting districts or go to trial. The village also can appeal the injunction to the 2nd U.S. Circuit Court of Appeals.

It has already spent some $472,000 on lawyer fees and other legal expenses, draining what was a $2.5 million fund balance and raising some questions about whether to proceed.

"It is in the best interest of our village to reach a resolution with the Department of Justice," Democratic Trustee Daniel Brakewood said after the decision. "We cannot afford to spend more taxpayer dollars trying to maintain a flawed and outdated election system. This fight has also divided our community, and continued litigation will only make a bad situation worse."

Anthony Piscionere, a lawyer for the village, expressed doubts about whether he could win a trial before Robinson, but was already predicting the outcome of an appeal.

"I think this case is very winnable in the 2nd Circuit, from what we've seen so far," Piscionere said. "That's a decision the board is going to have to make."

U.S. Attorney Michael Garcia said in a statement: "In bringing this suit, the Justice Department sought to vindicate the voting rights of minority citizens in the village of Port Chester. I am pleased that Judge Robinson ... found that the United States is likely to succeed on the merits of its claim that the village of Port Chester's system for electing its Board of Trustees violates Section 2 of the Voting Rights Act."

Robinson's decision does not affect the March mayoral election, and retiring Mayor Gerald Logan, a Republican, said he saw no reason to postpone the race. As village officials huddled with their attorneys, Hispanic advocates basked in victory outside the courthouse.

"I feel very, very happy right now," said Cesar Ruiz, an unsuccessful trustee candidate whose complaint to the Justice Department triggered the federal investigation into Hispanic voter disenfranchisement in the village. He filed papers yesterday seeking to join the suit as a plaintiff.

"What I like about this is it just doesn't open up the doors for myself," Ruiz said. "It opens it up for a lot of people in Port Chester that have been frustrated with the way this system is."

The Justice Department sued the village in December, challenging the method it uses to elect its six trustees. It wants the village to replace its voting system - in which trustees are elected in a villagewide vote - with one in which they are elected from different districts.

Robinson said his decision was based largely on the village trustee and mayoral elections from 2001 to 2006, when the candidates preferred by Hispanics lost 12 of 15 races. Robinson said he did not believe whites voted differently from Hispanics because of racial bias, but the results prove that "polarization is present in Port Chester."

The judge said he was also "struck" by a suggestion by Aldo Vitagliano, a lawyer from Port Chester, at an October public hearing on voting districts. Vitagliano asked Congress to introduce an amendment exempting Port Chester from the Voting Rights Act, then was appointed special counsel to a commission formed to examine how to best implement voting districts.

"That a lawyer would make such a suggestion is unusual enough, but the fact that the village subsequently named this individual as counsel to the newly formed Voting Rights Commission in the village was, to say the least, surprising," Robinson said. Vitagliano also served as associate counsel to Piscionere during the hearing.

In his decision, Robinson said the village had met the three preconditions established in a 1986 voting rights case, Thornburg vs. Gingles, to determine a violation of Section 2 - the minority is sufficiently large and geographically compact, the minority is politically cohesive and the white majority votes in a bloc that usually defeats the minority's preferred candidate.

"I think the judge's ruling today gives a strong sense of the likelihood of our success in court," said Democratic Trustee Dennis Pilla, who is running for mayor.

In Florida, Osceola County spent nearly 18 months and about $2 million fighting a similar federal voting rights suit, according to The Orlando Sentinel. In December, after losing at trial, county commissioners decided to abide by a federal judge's order to implement single-member voting.

Jon Greenbaum, a former Justice Department lawyer who now works for the Washington-based Lawyers' Committee for Civil Rights Under Law, a nonprofit legal organization, said the chances of Port Chester wining at trial are "very slight."

"You would think they would look to settle the case now," he said. "The advantage, if they settle the case, is they have some control of what the plan's going to look like. If they go to trial, they will get the first option in terms of proposing a remedy, but if they can't agree on a plan, the court could end up going with the plan the DOJ proposed."

Robinson has set aside trial dates of April 16-20.

Reach Liz Sadler at esadler@lohud.com or 914-694-3525.

Staff writer Noreen O'Donnell contributed to this report.

Black Lawyer's Suit Accuses Cochran Law Firm Of Racial Bias (LAT)

By Jessica Garrison, Times Staff Writer

The Los Angeles Times, March 3, 2007

For decades, the law firm founded by the late Johnnie L. Cochran Jr. has been renowned as a black-run institution fighting for civil rights and against police abuse — not to mention getting O.J. Simpson acquitted of murder charges.

But now, in a development that has dismayed some in Los Angeles' African American community, attorney Shawn Chapman Holley has sued the firm, claiming, among other things, that its leaders discriminated against her because she is black.

Holley said that after Cochran's death in 2005, leadership of the firm was turned over to white men who began to discriminate against black lawyers and black clients.

Neither she nor her attorneys would comment on the suit, although she released a statement through her lawyer:

"In deference to the memory of Johnnie Cochran and in deference to his family, I do not intend to engage in a public airing of our disagreements. The lawsuit speaks for itself, and this matter will be litigated in the courts."

Randy H. McMurray, a partner in the firm, denied Holley's charges.

"We probably have the most diverse law firm in California. I don't know what race we would be discriminating against," he said, noting that he and another partner in the L.A. office, Brian Dunn, are black.

News of the suit raised eyebrows among some members of the city's black establishment.

"Racial discrimination at the Cochran firm?" asked public affairs consultant Kerman Maddox. "When you think Johnnie Cochran, you think best and brightest in the black community.

"I'm shocked. If true, that would be a devastating blow to the legacy of Johnnie Cochran."

Cochran, the great-grandson of slaves, founded his firm in 1965. He was best known nationally for his successful defense of Simpson against charges that he murdered his ex-wife, Nicole Brown Simpson, and her friend Ronald Lyle Goldman.

But for decades before those 1994 killings, Cochran was well-known in Los Angeles for a string of cases in which he won historic financial settlements and helped bring about lasting changes in police procedure.

By the time of his death two years ago from an inoperable brain tumor, his firm had gone national, with offices in 20 U.S. cities.

Other changes brought controversy, including a merger with a national criminal defense firm, headquartered in Santa Monica, and the departure of Holley and another black partner, Eric Ferrer, who also had worked extensively with Cochran.

Holley, who worked with Cochran for 17 years, was appointed two years ago to be a liaison between the civil and criminal sides of the firm, according to her suit.

She claims that she became concerned about the quality of criminal representation being offered to clients. But when she raised her concerns with the partners at the Cochran firm, they ignored her, then demoted her, she says.

According to the suit, the demotion was approved by five managers of the firm, four of whom "are Caucasian males."

Then, in January 2006, according to her suit, she was fired.

McMurray, the Cochran firm partner, denied terminating Holley.

"She was not fired," he said. "Our perceptions of her leaving the firm are different."

jessica.garrison@latimes.com

ANTITRUST:

TXU Trading Ahead Of Deal Is Scrutinized (WSJ)

By Dennis K. Berman

The Wall Street Journal, March 3, 2007

On Feb. 23, rumors began circulating in Washington that Texas utility giant TXU Corp. was close to striking an agreement with environmentalists opposing the company's plans to build new power plants. The company's shares surged 4% that day, as did trading in its options.

There was a deal, in fact. It was to sell the entire company. And, according to a Securities and Exchange Commission complaint filed late Friday, someone apparently already had begun trading illegally on the information.

The SEC issued a temporary restraining order on certain unknown accounts Friday, for trading in call options that first began on Feb. 21, two days before word leaked that the utility was to be sold to private-equity firms. These unknown traders -- the SEC plans to identify them in further litigation -- scored $5.4 million in profits, the agency alleges.

REACTION FROM THE DEAL JOURNAL

· Dana Cimilluca: Christopher Cox is Listening1

Such activity has been at the center of suspicious market moves around a number of recent mergers and acquisitions. The total dollar value of these moves, however, far exceeds the figures involved in this case, which was brought in a U.S. District Court for Northern Illinois.

In the days leading up to the deal, TXU's buyers were in discussions with a number of outside parties. Their hope was to convince both environmental groups and Texas lawmakers about the merits of its offer.

Such discussions are usually governed by strict confidentiality agreements, which is supposed to guarantee negotiations go on in secret. These agreements are supposed to protect sellers from leaks that might affect its stock price.

Buyers are always free to get waivers for these sorts of things. But that didn't happen in this case, people familiar with the matter said.

TXU spokesman Brian Tulloh said that "We don't have any objections to the contacts that they made with environmental groups or policy makers."

Jeffer Eller, a spokesman for the buyers, said: "We believe that we complied with the confidentiality agreement."

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Write to Dennis K. Berman at dennis.berman@wsj.com2

Watchdog Freezes Assets From TXU Trades (FT)

By Jeremy Grant And Stephanie Kirchgaessner In Washington

Financial Times, March 3, 2007

US federal regulators on Friday secured a court order freezing more than $5m in assets belonging to unknown traders who bought TXU call options a few days before the $45bn sale of the US utility to private equity groups.

The Securities and Exchange Commission said the buyers of the options "engaged in illegal insider trading". The SEC said the "highly profitable and suspicious purchases" were made through overseas accounts late last month ahead of the deal announced on February 26.

In a sign of the global scope of the case, the SEC was helped by the UK's Financial Services Authority and Swiss counterparts. It comes in the same week that current and former employees of three top Wall Street banks were charged by federal prosecutors with insider trading.

Regulators uncovered the use of overseas accounts to trade options at the Chicago Board Options Exchange in advance of the announcement of TXU's purchase by Kohlberg Kravis Roberts, Texas Pacific Group and Goldman Sachs.

The SEC said unknown traders made purchases of call-option contracts three times last week through accounts at Credit Suisse in Zurich, broker Fimat in Frankfurt and UBS in London.

The price of TXU shares jumped by 13 per cent after the deal was announced, netting the traders more than $5.3m.

The SEC has contacted the firms that handled the trades to try to identify the traders, but lawyers said they had enough evidence of insider trading without knowing who the perpetrators were.

Kevin Edmundson, trial counsel in the SEC's Fort Worth office, said: "The presumption is based on the timing and the sizes of the trades, particularly on February 23, which strongly suggests that a person or entity was acting on confidential information."

The TXU deal stands apart from traditional mergers and acquisitions because the companies involved engaged in a fairly widespread lobbying campaign to line up support for the transaction before it was announced.

A few days before the deal was first leaked on the CNBC television channel on Friday after the close of the market, representatives for the buy-out groups involved pitched the takeover to the Environmental Defense Fund, Public Citizen, and the Natural Resources Defense Council.

Then, on Thursday – a day before it was first reported – the buy-out groups reached out to legislators and the governor of Texas. It is far from clear whether the lobbying campaign is connected to the insider trading allegations.

U.S. Is Investigating Trades Made Just Before TXU Deal (NYT)

By Eric Dash

The New York Times, March 3, 2007

Federal regulators froze more than $5.3 million that they suspect may be profits from insider trading of TXU stock options that occurred just days before a $45 billion buyout of the Texas energy company.

The Securities and Exchange Commission is trying to identify who made at least three large and unusually well-timed bets that TXU's stock would rise.

The trading occurred from Feb. 21 to Feb. 23; two private equity firms, Kohlberg Kravis Roberts & Company and the Texas Pacific Group, announced the deal on Feb. 26.

Federal investigators hope to track down the traders by untangling a web of transactions that passed through offshore accounts of several large banks and brokerage firms.

In papers filed yesterday in Federal District Court in Chicago, the S.E.C. froze more than $5.3 million that may be held in the domestic accounts of UBS Securities, Credit Suisse and Fimat Banque Frankfurt. It hopes to recover any gains linked to insider trading. Without the identities of any suspects, the commission said that it would need help from its counterparts overseas.

Yesterday's action comes as securities regulators have been signaling their intent to crack down on insider trading. On Thursday, the S.E.C. and the Justice Department accused more than a dozen people and hedge funds of making more than $15 million from an insider trading ring.

It is unclear whether the Justice Department is pursuing its own insider trading case related to TXU. A spokeswoman for the United States attorney's office in Dallas, Kathy Colvin, declined to comment about whether it is investigating.

But federal securities regulators said they were trying to track down the traders who placed big bets before reports of the TXU deal. Activity in the options market surrounding the stock was unusually high days before the takeover; TXU's shares jumped more than 13 percent the day the deal was announced.

In particular, according to court filings, investigators are zeroing-in on a transaction on Feb. 23, when a trader made about $4.7 million in profit. The unidentified trader bought 6,700 TXU call-option contracts that expired in March 2007, essentially betting that shares of the energy company would go up.

Unwinding the web of transactions could prove difficult. The trade was traced to an omnibus account at UBS Securities, an American broker-dealer. That account, in turn, was linked to an account of its British affiliate in London, which possibly contained the transactions of dozens of account holders, according to court filings.

According to the filings, a UBS compliance officer said that UBS London was acting on behalf of its affiliate in Zurich. And furthermore, the filings said, the S.E.C. learned that data suggested that the UBS Securities trade was on behalf of Julius Baer, a Swiss broker and bank.

Smaller trades passed through Credit Suisse and Fimat Banque in Germany, according to the S.E.C. complaint. On Feb. 21, unknown traders made about $457,300 from call options bought through Credit Suisse in Zurich; those trades were cleared through its Swiss American Securities subsidiary. On Feb. 21 and Feb. 22, traders made about $150,000 from call options bought through Fimat Banque.

Federal regulators said that they had been in contact with all the parties involved in the TXU takeover deal, whom they called helpful and cooperative. Officials at the banks and broker-dealers were not reached for comment.

FINE PRINT Environmentalist Groups Feud Over Terms Of The TXU Buyout (WSJ)

By Rebecca Smith And Jim Carlton

The Wall Street Journal, March 3, 2007

Just days after two of the nation's leading environmental groups blessed an investor plan to buy TXU Corp. and take the controversial Texas utility in a new and "greener" direction, a battle has broken out in the environmental community over the terms of the deal.

The Natural Resources Defense Council and Environmental Defense claimed victory Monday when a holding company formed by Kohlberg Kravis Roberts & Co., Texas Pacific Group and other investors announced the biggest buyout in history, a plan to take over TXU for $32 billion plus the assumption of around $12 billion in debt. The environmental groups, two of the most powerful and best-funded in the U.S., said they had extracted a pledge from the investors to cancel a slew of coal-fired power plants, cut emissions and back federal global-warming legislation.

DEAL JOURNAL

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But now, opponents of the deal, in a blizzard of emails and Internet posts, have put the two organizations on the defensive by accusing them of settling for too little. The critics, who encompass a broad range of smaller environmental groups and individuals, say TXU should have been forced to give up all, not just some, of its future plans involving coal-fired power plants. The plants release substantial amounts of carbon dioxide, a heat-trapping gas blamed in part for climate change.

Even worse, some believe that the environmental interests were snookered. Since the buyout was announced, it has become apparent that some of the concessions involve projects that TXU was already planning to shelve for a variety of reasons. And TXU has fueled the skepticism further in recent days by outlining new loopholes in the pledge.

NRDC and Environmental Defense "should be hung for what they've done," fumed Tim Hermach, executive director of the Native Forest Council, a group in Eugene, Ore., whose main mission is protecting public forests from commercial logging and other industrial practices.

The infighting shows that tremendous disagreements remain over how tough green activists should be in their dealings with business. The TXU deal comes at a time when more businesses are choosing to work with environmentalists to avoid costly and embarrassing public fights on issues ranging from global warming to rampant logging. The Rainforest Action Network, for example, in recent years has forged deals with companies such as Home Depot Inc. to quit using wood products from endangered forests in exchange for public endorsements. Some timber companies in the Northwest have also gotten larger environmental groups to agree to forest-protection plans that allow for some degree of logging, despite continuing opposition from other grass-roots activists.

But it can be difficult to determine who is empowered to speak for the environmental movement. As is the case with TXU, these dealings often lead to charges from other environmentalists that their peers have been co-opted by big business in exchange for a seat at the table. "It can be flattering to be invited into this crowd," says Alan Muller, executive director of a group called Green Delaware, who is also among those criticizing the NRDC and Environmental Defense.

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The environmentalists involved in the TXU negotiations scoff at that assertion. "We've been around long enough that we don't flatter very easily," said David Hawkins, director of the NRDC's climate center, who helped represent the 37-year-old organization in the deal.

Environmental Defense and the NRDC -- both based in New York -- are among the best-funded groups in the green world, with annual budgets totaling about $120 million combined. Both have policies against accepting most corporate contributions. The NRDC has a somewhat higher profile, with actors Robert Redford and Leonardo DiCaprio on its board of trustees.

TXU's would-be buyers also defend the deal. "I think it's inevitable there are critics to any change," said William K. Reilly, an administrator of the Environmental Protection Agency under former Presidents Bush and Clinton who now works as a senior advisor to Texas Pacific and led its group's talks with the environmentalists. "It's important to recognize that two of the most authoritative and experienced environmental organizations think this is a good deal."

(Separately, the Securities and Exchange Commission has filed court papers suggesting that it is investigating possible insider trading before the deal was announced. See related story4.)

New details of the agreement suggest it has big built-in loopholes that seem tailor-made for conflict. Under the agreement, the buyers said they'd suspend development efforts on eight of 11 planned coal-burning power plants.

But already, TXU Chief Executive C. John Wilder, who is expected to remain at the utility, is talking about the conditions that would allow TXU to "apply or reapply" for permits to build coal-fired plants in Texas. According to a transcript of a call with investors this week, Mr. Wilder said TXU wouldn't build plants burning pulverized coal "unless our customers face reliability issues, shortages leading to higher prices, or our competitors propose plants that are expected to have a meaningful impact on market dynamics."

Those circumstances appear likely to be met, perhaps as early as 2009, meaning TXU could revive construction efforts without breaking the deal if there's a scarcity of power caused by a dearth of new plants, or if plants come along that challenge TXU's strong position in the state's deregulated electricity market. Critics say these and other exceptions make it appear unlikely that TXU's agreement to move away from coal is as solid as it initially appeared. The state's grid operator said it fears reserves could slip into a danger zone as early as 2009, given a spurt in demand growth this year.

The environmental concessions were part of a package engineered by the private-equity buyers as a way of clearing political opposition to the TXU deal, which was bound to be controversial under any circumstances. Under Mr. Wilder's leadership, TXU has become greatly profitable, but also has drawn the ire of consumer and environmental groups for its rate increases and plans to build new coal-fired plants in Texas. Lately, TXU had been talking about building other such plants in other parts of the country.

The concessions announced by the environmental groups and the prospective buyers were worked out in secretive sessions last week, before the proposed deal became public. The agreement involves not just cutting back on coal plants in Texas, but also a pledge to back away from such projects in other regions. The buyers agreed to a general cutback in carbon-dioxide emissions. And the buyers agreed to a rate cut for some TXU customers in Texas.

The environmentalists involved in the deals say these were hard-won victories. For example, Jim Marston, an Environmental Defense attorney in Austin who led negotiations for the group, said that, through tough bargaining, he got commitments from the buyers that TXU wouldn't build coal plants in Pennsylvania, Virginia and "elsewhere." TXU's would-be buyers say the utility also was considering building a coal plant in Maryland, while Mr. Marston says Georgia was another potential site.

But some environmental interests in Texas were immediately bitter that the deal allowed three coal plants in Texas to proceed. Robert and Josephine Cervenka, farmers near Waco, already live within a mile or two of existing TXU plants and within about five miles of six proposed plants, including two by TXU. They formed an organization to fight construction of more plants in an area Mr. Cervenka calls "the ring of fire."

Initially overjoyed when they heard about the environmental deal with TXU, they quickly soured after learning that the proposed plants nearest them were going forward. Now, with the well-heeled national environmental groups out of the picture, they wonder how long they'll be able to carry on the fight. "We need money bad," said Ms. Cervenka.

Negotiators for both Environmental Defense and the NRDC say they wanted the other plants tabled, too, but were told TXU had spent too much on the projects to suspend development efforts. Besides, Mr. Reilly, the former EPA administrator, said Texas would have difficulty meeting rising demand without the plants. "You can accomplish a fair amount by improving energy efficiency in the state, but to say you can do so without adding plants at all isn't really feasible," Mr. Reilly said.

What the environmentalists didn't learn until later was that TXU's board already was considering killing some of the projects to quiet public outcry and to respond to changing political winds in Washington. In his investor call, Mr. Wilder said the management team and board already were "reshaping our development program to focus on a smaller number of plants" when they were approached by the buyout team.

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Mr. Hawkins of the NRDC's climate center said his group was unaware of that -- but he added such a move wasn't surprising, given all the criticism TXU has faced.

A big point of contention is the givebacks involving plants TXU was targeting for other states. In fact, TXU hasn't filed for air or water permits in any of these states, nor has it purchased or obtained options on any parcels of land. And, given the firestorm it ignited in Texas with its $10 billion construction program, many observers said they doubted TXU really intended to wade deeper into controversy anytime soon.

Sierra Club officials in Texas said they still will oppose TXU's remaining three new coal plants and eight more proposed by others, working with consumer and property-rights groups. Sierra Club officials added they have empathy for the bind the NRDC and Environmental Defense were in. "I've been there before where...we've had to compromise," said Ken Kramer, the Sierra Club's Texas director, in Austin.

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EMI's Board Rejects Warner's $4.1 Billion Bid As Inadequate (NYT)

By Jeff Leeds

The New York Times, March 3, 2007

The EMI Group of Britain, which releases music by the Beatles and Bob Seger, rejected a $4.1 billion takeover proposal yesterday from the Warner Music Group, signaling the latest turn in a long merger dance.

EMI said its board decided against Warner Music's cash offer, which was subject to "numerous assumptions and conditions," because it was not in the best interests of shareholders and placed too low a value on the company.

EMI, which has issued two profit warnings this year and is undertaking a broad restructuring, also said the offer carried regulatory uncertainty and "unacceptable operational risk at a critical time" for the company, which has been grappling with weak CD sales and sluggish industrywide sales of digital music.

EMI also said the bid of 260 pence a share, or $5.07, represented an "inadequate" offer considering the risks and the potential cost savings of a merger. The offer reflects a 17 percent premium over EMI's share price at the time it last announced it had been approached by Warner Music.

Wall Street analysts have considered a merger of EMI and Warner Music as inevitable, though many say the risk of antitrust regulators scotching the deal remains high and the companies' fortunes are uncertain. One analyst, Richard Greenfield of Pali Research, wrote two weeks ago that Warner Music's stock could be overvalued even if it purchased EMI at 250 pence a share.

Warner Music declined to comment.

Any deal would reshape the architecture of the music business, which is dominated by two giant conglomerates, the Universal Music Group and Sony BMG Music Entertainment, each about twice the size of EMI or Warner Music.

But recent talks between the companies have stalled on various issues, among them the question of who should bear the risk that regulators would block the transaction, according to executives briefed on the discussions. The two companies recently began new merger conversations after breaking off a round of talks last summer. At the time, Warner had offered 320 pence a share.

Those talks stalled when a European court overturned a regulatory decision that cleared the 2004 merger of the music divisions of Sony and Bertelsmann. Antitrust regulators said this week that they would reconsider the deal for the next four months while they gather pricing data and other information.

Warner Music officials thought they had raised the odds for an approval by striking an accord securing support from Impala, a European organization representing independent record labels, which had objected to previous tie-ups. But, in a protest gesture, one of the largest independent labels, Ministry of Sound, resigned from another British trade group that backed the deal.

EMI Dismisses 'non-binding' Warner Offer (FT)

By Emiko Terazono In London And Aline Van Duyn In New York

Financial Times, March 3, 2007

EMI, the UK music group behind Norah Jones and The Beatles, on Friday said it had dismissed a "non-binding proposal" from Warner Music at 260p a share.

The latest twist in the protracted merger talks comes as the European Commission this week launched an in-depth investigation into the merger of Sony and Bertelsmann's recorded music businesses.

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Warner submitted its proposals on Thursday evening. EMI's board met on Friday and quickly moved to reject the offer. It said Warner's proposals – which would depend on regulatory clearance – were "subject to numerous assumptions and conditions", adding that 260p a share was inadequate.

EMI and Warner have been trying to create a combined group since 2000. After several failed attempts, talks revived last year, but were in effect put on ice when a European court ruled that the European Commission had made "manifest errors" in approving the Sony-BMG deal in 2004, and ordered a new probe on competition grounds. A final decision is expected by July 2.

Warner declined to comment on the move, but people familiar with its plans said the US music group believed that if it has a merger agreement with EMI in place, it would be in a better position to influence the commission's deliberations.

"The Commission is looking at Sony and BMG. It is a good chance to throw EMI and Warner in there so they can look at the music market as a whole," said one person close to Warner.

However, one big EMI shareholder said the proposal was too conditional and vague for the board to accept. "They did the right thing. There is nothing concrete on the table," he said.

Some shareholders are hoping that private equity investors will make a bid, not least because that would avoid regulatory obstacles.

The main opposition over consolidation of large music groups has come from independent record labels, which have been concerned that the combined groups would crowd out smaller music groups.

However, last month Warner struck a truce with Impala, which represents independent record labels, clearing the way for the US-listed group to make a bid for EMI.

EMI Rejects 2.1 Billion-Pound Proposal From Warner (Update3) (BLOOM)

By Zimri Smith And Don Jeffrey

Bloomberg, March 3, 2007

March 2 (Bloomberg) -- EMI Group Plc, the world's third- largest music company, rejected a 2.1 billion-pound ($4.1 billion) takeover bid from Warner Music Group Corp. as too low.

Warner offered 260 pence a share, London-based EMI said in a statement today. The bid was 17 percent higher than EMI's closing price Feb. 19, the day before it said it received an approach from New York-based Warner Music. EMI today called the proposal ``inadequate."

The rejection extends the maneuvering between two companies struggling with declining music sales and piracy. EMI and Warner abandoned $4.6 billion offers for each other in July on concern a combination would be blocked by European Union regulators.

``EMI's holding out for a better premium," said Bishop Cheen, a bond analyst with Wachovia Securities in Charlotte, North Carolina. ``These two companies, because of their size, do belong together. But it's going to take a long time."

Shares of EMI gained 10.5 pence, or 4.5 percent, to 246.25 pence in London. They have fallen 7.1 percent this year. Warner shares fell 55 cents, or 2.8 percent, to $19.03 at 4 p.m. in New York Stock Exchange composite trading and have lost 17 percent.

Warner offered 320 pence a share for EMI last June.

The combined company would have a quarter of the global market, moving ahead of Sony BMG Music Entertainment to rank second worldwide behind Vivendi SA's Universal Music Group.

European Regulators

EMI's rejection follows yesterday's decision by European Union regulators to begin a new investigation of the merger that created Sony BMG Music. A European court's rejection of that combination led EMI and Warner to abandon their bids last year.

``I had thought Warner would wait for a definitive ruling from Europe," Hal Vogel, an independent analyst based in New York, said in an interview. ``Maybe they felt they should rush this now and take advantage of the management turmoil at EMI."

EMI, which released albums by Robbie Williams and Norah Jones in the second half of its fiscal year, said Feb. 14 it was experiencing an ``unprecedented level of market decline" and ``an exceptionally high level of product returns."

The company ousted its top two music executives, Alain Levy and David Munns, on Jan. 12 after disappointing holiday sales. Eric Nicoli, then chairman, was named chief executive officer. In December, EMI ended talks to be acquired by buyout firm Permira Advisers LLP, after failing to agree on a price.

Shrinking Sales

The North American market for compact discs has contracted 19 percent this year through Feb. 18 from a year ago, according to Nielsen SoundScan, which tracks music sales.

Warner, under Chief Executive Officer Edgar Bronfman Jr., said Feb. 8 that sales of recorded music slid 13 percent in the quarter ended Dec. 31. Demand for new releases fell from a year earlier, when the company had new albums from Madonna, James Blunt and Enya.

The two companies backed away from attempts to combine last year, after a July 13 ruling by the European Court of First Instance in Luxembourg cast doubt on whether a merger would win approval. The court said the European Commission, the EU's Brussels-based antitrust regulator, had only carried out ``an extremely cursory examination'' of the Sony BMG merger. The court ordered a new review and the commission said yesterday it would rule by July 2.

Independent Labels

EMI said today the proposal from Warner ``would entail prolonged regulatory uncertainty and unacceptable operational risk at a critical time for the company.''

Some analysts said the renewed bid by Bronfman, 51, would have a better chance this time because Warner has the support of the Independent Music Publishers and Labels Association or Impala, a trade group whose opposition to Sony BMG led the court to order the review of that deal.

``Getting this pledge from Impala increases the chances the deal will be approved,'' Tuna Amobi, an equity analyst with Standard & Poor's, said on Feb. 20 when Warner disclosed its renewed interest in EMI.

Warner Music said then there was ``a compelling logic in the combination of the two companies.'' Spokesman Will Tanous declined to comment today on the latest bid.

EMI's Nicoli, 56, has tried since 2000 to buy Warner, the world's fourth-largest music company, as a way to reduce costs.

Warner and EMI dropped efforts to merge in 2000 after regulators opposed the plan. EMI's attempt to buy Bertelsmann AG's BMG unit in 2001 was also stymied by regulators. EMI again failed to combine with Warner in 2003, when a group led by Bronfman won the bidding for Time Warner Inc.'s music unit.

EMI has two divisions: EMI Music, the recorded music unit, and EMI Music Publishing, which manages song copyrights. EMI said last month that the publishing unit ``continues to perform in line with expectations.''

The U.K. company reported a first-half loss of 30.6 million pounds in November, saying sales fell 6.1 percent because this year's release schedule is weighted to the second half more than usual. EMI's fiscal year ends March 31.

Ashcroft Criticizes Sirius/XM Merger In Letter To DOJ (MRKTWTCH)

By Corey Boles

Market Watch, March 3, 2007

WASHINGTON (MarketWatch) -- Former Attorney General John Ashcroft, hired by opponents of the deal, has blasted the proposed merger of Sirius Satellite Radio Inc. , saying their merger would leave only one provider in the market.

Ashcroft, who served as head of the Justice Department for four years until January 2005, was hired by the National Association of Broadcasters to examine the merger scenario.

The NAB, which represents traditional radio broadcasters, has been a fierce critic of the $13 billion merger since it was announced last week.

In a letter sent on February 27 to his replacement as attorney general, Alberto Gonzales, Ashcroft concludes "...the proposed Sirius/XM merger, which reduces the number of competitors from two to one, raises most serious competition concerns."

Ashcroft compared the current merger to the attempted takeover by satellite provider Echostar Communications Corp. of Hughes Electronic Corp. In that instance, he said, a merger would have reduced the competitors in the satellite television market in many areas from three to two.

"The Department recognized that reducing competition from three to two was anticompetitive and opposed the transaction, which was eventually abandoned," he said.

He also draws comparisons with the attempted tie-up between Echostar and DirectTV Group Inc. , in which the FCC reaffirmed its rule of not granting a single commercial license for satellite TV. That deal also wasn't allowed.

"I would submit that a thorough study of consumer demands and preferences would show that terrestrial radio stations should not be considered part of the satellite radio market for the purposes of the review of the current merger...," said the letter.

The companies' main argument for the deal being approved is that, while they are the only two satellite radio companies, they are in fact competing against the range of audio media including traditional radio, HD radio, Internet-based radio and applications like Apple Inc.'s (AAPL) iPod.

The letter was forwarded by the NAB to lawmakers on the House and Senate Judiciary Committees.

While neither panel has authority to block the deal, the House Judiciary Committee's newly formed Antitrust Task Force has already held a hearing into the matter.

Next week it is the turn of the House Commerce Committee's telecommunications subcommittee, headed by Massachusetts Democratic Rep. Edward Markey.

The merger must receive approval of both the Department of Justice's antitrust unit and the Federal Communications Commission. The latter would have to change its rules to allow one company to hold the only satellite radio license.

No one from either Sirius or XM was immediately available to comment for this report.

XM: Ashcroft Offered Services To XM Before Being Hired By NAB (DOW)

Dow Jones Newswire, March 3, 2007

WASHINGTON -(Dow Jones)- Former Attorney General John Ashcroft, who sent a letter this week to his successor Alberto Gonzales blasting the proposed merger of Sirius Satellite Radio Inc. (SIRI) and XM Satellite Radio Holdings Inc. (XMSR), approached XM in the days after the merger was announced offering the firm's consulting services, a spokesman for XM said Saturday.

The spokesman said XM declined Ashcroft's offer to work as a lobbyist for the company.

Ashcroft was subsequently hired by the National Association of Broadcasters, which is fiercely opposed to the merger. On its behalf he conducted a review of the effects on competition if the two satellite radio companies were allowed to merge.

In a letter sent to Gonzales Feb. 27, Ashcroft concluded the merger would have a significant negative impact on competition in the market and urged the current Attorney General to withhold approval for the merger.

"After the merger was announced, Mr. Ashcroft's firm contacted us about hiring him to assist us," said

Nathaniel Brown, a spokesman for XM. "We declined. Apparently the National Association of Broadcasters opted to pay him to parrot their views."

Dennis Wharton, the NAB's executive director, said Saturday, "NAB approached former Attorney General Ashcroft to review the proposed XM-Sirius merger and offer his honest opinion as an antitrust expert. We are not aware of any alleged previous discussions between Mr. Ashcroft and officials at either satellite radio company."

A revelation that Ashcroft was shopping his services to both sides of the debate over the merger may raise doubts in the eyes of some as to the rigor of his review conducted on behalf of the NAB.

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As Attorney General, Gonzales has ultimate responsibility for the Department of Justice, although Assistant Attorney General

Thomas O. Barnett is in charge of the department's antitrust unit.

Ashcroft served as head of the Justice Department for four years until January 2005. He then set up lobby firm The Ashcroft Group LLC.

According to the Web site opensecrets.com, the firm had revenue of $2.34 million in 2006. The NAB isn't listed as a client of the firm last year.

Clients of the firm included Ebay Inc. (EBAY), which paid $60,000 and Oracle Corp. (ORCL), which paid $480,000 to the firm for its services.

The NAB, which represents traditional radio broadcasters, has been a virulent critic of the $13 billion merger since it was announced last week.

No one from the Ashcroft Group was immediately available to comment for this article.

-By Corey Boles, Dow Jones Newswires; 202-862-6637; corey.boles@dowjones.com

U.S. And E.U. Near Air Travel Pact (AP)

By Aoife White, Ap Business Writer

AP, March 3, 2007

EU and U.S. negotiators made "decisive progress" in talks to lift restrictions on what trans-Atlantic routes airlines can offer, the European Union said Friday, a move that could mean lower prices for air travelers.

The pact will allow European airlines to fly from anywhere in the EU to any point in the U.S. without strict rules that dictate ticket prices.

The EU said this would bring economic benefits of up to euro12 billion (US$15.8 billion) in five years and create as many as 80,000 jobs in Europe and the United States.

Air travel in Europe and the United States accounts for 60 percent of global air traffic, and an ambitious EU-U.S. open skies deal could allow more airlines to fly the lucrative trans-Atlantic routes, possibly offering cheaper tickets.

Within five years, the deal could put an extra 26 million people on trans-Atlantic flights, the EU said. Just under 50 million travelers now make that trip every year.

But the deal may also mean the EU would be allowed to restrict U.S. investments in European airlines — a tit-for-tat move that follows the U.S. administration's failure to lift a 25-percent ceiling on foreign ownership of U.S. carriers. Dropping the restriction has been among the EU's key demands.

The EU's executive arm said EU investors' rights to own stakes in U.S. airlines were negotiated — but did not give details.

EU airlines would have some access rights to the "Fly America" program that requires U.S. government agencies use American airlines to fly passengers or freight, according to the EU.

The pact also would create antitrust immunity to help airlines develop alliances.

American and European negotiators as part of the pact would work together on climate change rules, the European Commission said, though no details were released. U.S. officials have threatened to sue the EU over rules that apply to all airlines — including non-EU carriers — to trade carbon emissions permits in an effort to cut greenhouse gas releases.

EU Transport Commissioner Jacques Barrot said he would ask EU nations to back the deal when EU transport ministers meet March 22.

The U.S. Congress must also support it before the new rules would kick in beginning Oct. 28.

"We have an opportunity to unlock major benefits on both sides of the Atlantic," Barrot said in a statement.

The pact picks up on a stalled agreement that will allow European airlines to fly from anywhere in the EU to any point in the U.S.

Right now, for example, a French airline can only fly to the U.S. from a French airport.

EU airlines will also be able to operate all-cargo flights starting outside the EU, stopping in the U.S. and going on to another country. At the moment any cargo flights making a U.S. stop must start their trip in Europe. The EU said this was "highly significant" because both regions account for 70 percent of the global fleet.

This was negotiated in November 2005 but a deal fell apart as the EU demanded the U.S. drop protectionist laws that restrict foreign ownership or control of U.S. airlines — requirements that go back to security concerns allowing a government to requisition aircraft in wartime.

U.S. Transportation Secretary Mary E. Peters said in December that her department bowed to job and security fears when it withdrew a proposal to lift the 25 percent limit on foreign ownership of U.S. carriers.

U.S. officials said they were willing to seek a less ambitious deal and would try to find other ways to open the U.S. aviation sector to foreigners.

The Association of European Airlines welcomed the deal but said it needed to read the small print.

"Some fairly fundamental issues needed to be resolved," said AEA Secretary General Ulrich Schulte-Strathaus, citing the "inequality of opportunities" for European airlines to invest in U.S. airlines.

"If the benefits can be confirmed ... today's agreement will be seen as a historic step in redefining international relations in air transport," Schulte-Strathaus said.

Scepticism Greets Draft Open Skies Agreement (FT)

By Andrew Bounds In Brussels

Financial Times, March 3, 2007

US and European Union negotiators concluded a fresh draft deal to deregulate the transatlantic airline market yesterday, amid scepticism over whether it would be approved.

The European Commission said it would submit the agreement to EU governments this month after "a breakthrough" in meetings in Brussels. However, there is expected to be fierce debate when transport ministers meet on March 22, as the US has given little ground on loosening restrictions on foreign ownership of its airlines.

The quest for an "open skies" agreement has eluded the two sides since talks were launched four years ago. A 2005 deal foundered in December because of congressional opposition to easing the regulations limiting foreign investment in US airlines, which the EU made a condition of the deal. Foreign companies and individuals can own only 25 per cent of voting stock and a further 24.9 per cent of non-voting equity.

The draft agreement merely sets out in writing existing US policy, critics say. In 2004 the Commission sent a similar deal for EU approval, only to see resistance from the UK and Germany sink it.

The UK has in the past been determined to resist the loosening of restrictions on the lucrative market between London's Heathrow airport and the US, without reciprocal US concessions. Only British Airways, Virgin Atlantic, United Airlines and American Airlines have the right to direct fights on these routes.

The UK has 40 per cent of the transatlantic market. Its transport department refused to comment yesterday.

Jacques Barrot, EU transport commissioner, said the deal was worth it. "In economic terms, this unprecedented agreement would represent a step change - it could be worth up to €12bn in economic benefits and up to 80,000 new jobs [and] . . . could be a centrepiece for a reinvigorated transatlantic relationship."

The US has offered EUairlines the ability to fly between the US and non-EU European countries, such as Norway, which have an open skies agreement with it. They could also operate cargo flights between the US and third countries, if these countries allowed it.

The EU has also won the right to restrict US investment in its airlines, and to carry passengers financed by the federal government under the "Fly America" programme, although not on routes between big cities.

The Association of European Airlines, which represents scheduled carriers, gave cautious backing to the deal. "Our initial reaction is that there seems to be a substantially improved balance in the wording of the agreement," said Ulrich Schulte-Strathaus, secretary-general.

The need for an agreement is pressing, since the European Court of Justice has ruled that the network of bilateral deals is illegal. If the talks failed, airline alliances would lose their protection under antitrust law.

ENVIRONMENT:

New Emissions Curbs For Diesel Trains, Ships (WP)

By Juliet Eilperin

The Washington Post, March 3, 2007

The Environmental Protection Agency issued stringent new rules yesterday curbing harmful emissions from diesel locomotive and marine engines.

Over the next quarter-century the regulations -- which cover 40,000 marine vessels and nearly 21,000 diesel locomotives -- will cut these engines' annual emissions of nitrogen oxide, a key ingredient in smog, by 80 percent and fine particulate matter, or soot, by 90 percent.

EPA officials estimated that by 2030 the health benefits associated with the new standards will outweigh the costs by 20 to 1, preventing 1,500 premature deaths and 1,100 hospitalizations a year.

"By tackling the greatest remaining source of diesel emissions, we're keeping our nation's clean-air progress moving full steam ahead," EPA Administrator Stephen L. Johnson told reporters in a telephone news conference yesterday. "Over the last century, diesels have been America's economic workhorse, and through this rule, an economic workhorse is also becoming an environmental workhorse."

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The federal government has already tightened diesel emissions from cars, sport-utility vehicles, trucks and non-road vehicles, prompting Johnson to call yesterday's rule "the last piece of this clean-diesel puzzle." Last year, the EPA revised its estimates for diesel train emissions and concluded that, without further action, these locomotives would generate nearly twice as much pollution in 2030 as administration officials previously projected.

Environmentalists praised the administration's decision. William Becker, executive director of the National Association of Clean Air Agencies, said diesel locomotive emissions rank as the largest remaining uncontrolled source of pollution in the Washington area.

"Every major metropolitan area in the country will benefit from the huge emissions reductions expected from this long-awaited rule. We estimate the emissions benefits will be equivalent to taking three-quarters of a million diesel trucks off the road each year," Becker said. "EPA deserves a 'thumbs-up' for this proposal."

Richard Kassel, a senior attorney who works on fuel and vehicle issues for the Natural Resources Defense Council, an advocacy group, said the engines covered by the regulations emit pollution equivalent to 150 coal-fired power plants. The new rules will cover all diesel trains in the United States, as well as ferries, tugboats and yachts, but not the foreign ships that make up the majority of ships in U.S. ports.

"Living near a rail yard or port is like living near the dirtiest of coal-fired power plants," Kassel said.

Initially, the regulations call for manufacturers to meet stricter standards on existing engines when overhauling them. By 2009 they must modify newly built diesel train and ship engine and combustion systems. By 2014 marine engine manufacturers must treat their exhaust through technological improvements, and a year later makers of locomotive engines must do the same.

General Electric, the country's largest locomotive engine manufacturer, had opposed the new rules on the grounds that they were not technically feasible. A GE spokesman did not return calls seeking comment.

Johnson said, however, that he was confident the nation's train and ship manufacturers could meet the stricter standards over time. "Through the ingenuity of the domestic manufacturers, we believe they can achieve these aggressive but practical standards," he said.

Environmental Agency Proposes Strict Standard For Some Diesel Engines (NYT)

By Felicity Barringer

The New York Times, March 3, 2007

WASHINGTON, March 2 — The Environmental Protection Agency, which for a decade has been ratcheting up its controls on off-road diesel equipment, diesel trucks and diesel fuel, proposed stringent new pollution standards Friday on diesel locomotives and marine vessels operating in the United States.

The new controls would gradually cut engine emissions of two air pollutants, with the cuts accelerating sharply by 2030. By then, the agency estimates, most existing engines would have been retooled or replaced.

An engine's emissions of nitrogen oxides, which are a precursor to things like acid rain and ozone, would be reduced by 80 percent; the direct emission of lethal fine soot would be reduced by 90 percent in 2030, after the new controls were phased in, the agency said.

But because of the longevity of older, dirtier engines, and the expected growth of the fleet, the overall reduction in marine and railroad emissions of both pollutants would really be closer to 45 percent by 2030, according to the agency's supporting documents.

The proposal was announced by Bush administration officials at the Port of Elizabeth in New Jersey, against a backdrop of ships and trains. The E.P.A. administrator, Stephen L. Johnson, called it "the last piece of the clean diesel puzzle," following earlier curbs.

The agency's analysis said that by 2030, if the rule was made final in its present form, it would cost the marine and railroad industries $600 million, prevent 1,500 premature deaths and achieve overall health benefits worth $12 billion annually.

While other sources are responsible for more fine soot, the most lethal air pollutant regulated by the agency, few do as much as locomotives to deposit the pollutant into the air and lungs of the people who ride trains or live or work near rail lines.

In a conference call after the announcement, Mr. Johnson said environmentalists, engine manufacturers like General Electric and railroads like CSX had widely differing opinions about the standard.

"Some were concerned about technology not being available in the time frames we were talking about," Mr. Johnson said. "Others believed it would be."

The new standards are designed to force the development of new control technologies. A decision on the new rules is expected by year's end.

Environmental groups were enthusiastic about the new proposals; railroad industry officials were more subdued, indicating more lobbying would come from both sides.

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Frank O'Donnell, president of Clean Air Watch, said the proposed rules were "the final frontier when it comes to the really big sources of pollution." In a later e-mail message, he said that without the rules, "diesel trains collectively will emit almost double the pollution by 2030 than all the trucks on the road combined."

Tom White, of the Association of American Railroads, said in an interview, "We're very supportive of improving efficiency and reducing the pollution from our locomotives." But, Mr. White said, "your biggest concerns always are that you have a timetable that you can meet and also that what is put out there is something doable; the technology to do this still does not exist."

Patrick Jarvis, a spokesman for the transportation division at General Electric, echoed some of Mr. White's concerns, adding, "We want to make sure the technology we bring to market is reliable and can sustain itself for the useful life of the locomotive."

The controls on marine vessels, many of which use a heavy, pollution-rich oil that packs the most power per pound, address vessels like Great Lakes freighters, ferries, fishing boats and tugboats, as well as smaller recreational boat engines.

As with locomotives, the proposed rules would take effect in stages. The first phase would affect the smallest marine diesel engines beginning in 2009; most other engines would come under the new mandate in 2012. The proposal sets long-term standards for new large marine diesel engines beginning in 2014.

The E.P.A. does not have direct authority to regulate the oceangoing vessels that burn the dirtiest fuel.

U.S. Predicting Steady Increase For Emissions (NYT)

By Andrew C. Revkin

The New York Times, March 3, 2007

The Bush administration estimates that emissions by the United States of gases that contribute to global warming will grow nearly as fast through the next decade as they did the previous decade, according to a long-delayed report being completed for the United Nations.

The document, the United States Climate Action Report, emphasizes that the projections show progress toward a goal Mr. Bush laid out in a 2002 speech: that emissions of carbon dioxide and other greenhouse gases grow at a slower rate than the economy. Since that speech, he has repeated his commitment to lessening "greenhouse gas intensity" without imposing formal limits on the gases.

Kristen A. Hellmer, a spokeswoman for the White House on environmental matters, said on Friday, "The Climate Action Report will show that the president's portfolio of actions addressing climate change and his unparalleled financial commitments are working."

But when shown the report, an assortment of experts on climate trends and policy described the projected emissions as unacceptable given the rising evidence of risks from unabated global warming.

"As governor of Texas and as a candidate, the president supported mandatory limits on carbon dioxide emissions," said David W. Conover, who directed the administration's Climate Change Technology Program until February 2006 and is now counsel to the National Commission on Energy Policy, a nonpartisan research group that supports limits on gases. "When he announced his voluntary greenhouse-gas intensity reduction goal in 2002, he said it would be re-evaluated in light of scientific developments. The science now clearly calls for a mandatory program that establishes a price for greenhouse-gas emissions."

According to the new report, the administration's climate policy will result in emissions growing 11 percent in 2012 from 2002. In the previous decade, emissions grew at a rate of 11.6 percent, according to the Environmental Protection Agency.

The report also contains sections describing growing risks to water supplies, coasts and ecosystems around the United States from the anticipated temperature and precipitation changes driven by the atmospheric buildup of carbon dioxide and other heat-trapping greenhouse gases.

Drafts of the report were provided to The New York Times by a government employee at the request of a reporter. The employee did not say why this was done, but other officials involved with producing it said they have been frustrated with the slow pace of its preparation. It was due more than one year ago.

The report arrives at a moment when advocates of controls are winning new support in statehouses and Congress, not to mention Hollywood, where former Vice President Al Gore's cautionary documentary on the subject, "An Inconvenient Truth," just won an Academy Award. Five western governors have just announced plans to create a program to cap and then trade carbon-dioxide emissions. And on Capitol Hill, half a dozen bills have been introduced to curb emissions, with more expected.

Ms. Hellmer defended Mr. Bush's climate policy, saying the president was committed to actions, like moderating gasoline use and researching alternative energy, that limited climate risks while also increasing the country's energy and national security. She said Mr. Bush remained satisfied with voluntary measures to slow emissions.

Myron Ebell, who directs climate and energy policy for the Competitive Enterprise Institute, a group aligned with industries fighting curbs on greenhouse gases, said Mr. Bush was right to acknowledge the inevitability of growing emissions in a country

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with a growing population and economy. Mr. Ebell added that the United States was doing better at slowing emissions than many countries that had joined the Kyoto Protocol, the first binding international treaty limiting such gases.

"Since 1990, for every 1 percent increase in emissions the economy has grown about 3 percent," Mr. Ebell said. "That's good, and it's better than the European Union's performance."

Several environmental campaigners said there was no real distinction between Mr. Bush's target and "business as usual," adding that such mild steps were unacceptable given recent findings by the Intergovernmental Panel on Climate Change and other research groups tying recent warming more firmly than ever to smokestack and tailpipe gases.

"If you set the hurdle one inch above the ground you can't fail to clear it," said David D. Doniger, the director of climate policy for the Natural Resources Defense Council, which has long criticized the administration and sought binding cuts in greenhouse gases.

The report is the fourth in a series produced periodically by countries that are parties to the 1992 Framework Convention on Climate Change, a treaty signed by the first President Bush. It is a self-generated summary of climate-related trends and actions, including inventories of emissions of carbon dioxide and other greenhouse gases, research on impacts of climate change, and policies to limit climate risks and emissions.

The last such report, completed in 2002, put the administration in something of a bind because it listed many harmful or costly projected impacts from human-caused warming. Environmental groups used those findings to press President Bush to seek mandatory caps on greenhouse gases, while foes of such restrictions criticized the findings and criticized the administration for letting them stay in the document.

While that report was approved by senior White House and State Department officials, Mr. Bush quickly distanced himself from it, saying it was "put out by the bureaucracy."

The new report has been bogged down for nearly two years. In April 2005, the State Department published a notice in the Federal Register saying it would be released for public comment that summer.

Several government officials and scientists involved with preparing or reviewing parts of the report said that the recent departures of several senior staff members running the administration's climate research program delayed its completion and no replacements have been named. The delays in finishing the report come even as Mr. Bush has elevated global warming higher on his list of concerns. This year, for the first time since he took office in 2001, he touched on "global climate change" in the State of the Union Message, calling it a "serious challenge."

The draft report contains fresh projections of significant effects of human-caused warming on the environment and resources of the United States and emphasized the need to increase the country's capacity to adapt to impending changes.

Drought, particularly, will become a persistent threat, it said: "Warmer temperatures expected with increasing concentrations of greenhouse gases are expected to exacerbate present drought risks in the United States by increasing the rate of evaporation."

Water supplies in the Northwest and Southwest are also at risk. "Much of the water used by people in the western United States comes from snow melt," the report said. "And a large fraction of the traditionally snow-covered areas of this region has experienced a decline in spring snow pack, especially since mid-century, despite increases in winter precipitation in many places." Animal and plant species face risks as climate zones shift but urbanized regions prevent ecosystems from shifting as well, according to the draft report.

"Because changes in the climate system are likely to persist into the future regardless of emissions mitigation, adaptation is an essential response for future protection of climate-sensitive ecosystems," it said.

Democrats Want Capitol Hill As A 'Green' Beacon For Planet (WT)

By Christina Bellantoni

The Washington Times, March 3, 2007

Democratic leaders yesterday called for the "greening" of buildings on Capitol Hill, saying politicians have the responsibility to preserve the planet.

Speaker Nancy Pelosi, who has led a charge to fight global warming, and other top Democrats wrote a letter to the chief administrative officer of the House asking him to embark on a "Green the Capitol" initiative.

"The Capitol complex should lead the nation in preserving our planet for future generations," the Democrats wrote to Daniel P. Beard yesterday.

The letter was signed by Mrs. Pelosi, Majority Leader Steny H. Hoyer of Maryland and Juanita Millender-McDonald of California, the chairman of the House Administration Committee.

The Democrats asked Mr. Beard to provide them with a preliminary report by April 30 and a final report by June 30 on ways to conserve energy inside the Capitol and its adjoining congressional offices.

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"We are writing to direct you to undertake a critical initiative to address energy conservation, efficiency and cost savings," they wrote. "The House of Representatives should provide leadership to the nation in providing an environmentally responsible and healthy working environment for our employees."

They suggested Mr. Beard coordinate with his Senate counterparts, the Capitol Police and the Architect of the Capitol Office. Among their requests was to ensure the House has the most up-to-date standards for green building efforts.

It is the latest move highlighting Democrats' plans to take action on climate change. Mrs. Pelosi has created a special panel to study global warming and took the rare step of testifying before the Science and Technology Committee on the topic last month.

On the Senate side, there is bipartisan consensus that legislation is necessary to curb carbon emissions, though a method for achieving drastic reduction is far from agreed upon.

Former Vice President Al Gore, whose film on global warming, "An Inconvenient Truth," won an Oscar, plans to testify on Capitol Hill this month and deliver hundreds of thousands of postcards he has collected from citizens demanding a climate-change bill.

Businesses Rethink Carbon Curbs (WSJ)

By Nick Timiraos

The Wall Street Journal, March 3, 2007

A growing number of businesses are calling for federal caps on greenhouse-gases, which could spur Congress to action.

For years, most of the business community has strongly opposed controls on carbon dioxide emissions, which contribute to global warming. Reducing emissions would inevitably place new costs on businesses, particularly utilities.

But in the past few weeks, three industry trade groups that have long fought such regulation, the Edison Electric Institute, the American Gas Association and the Electric Power Supply Association, dropped their opposition to a cap. That coincided with calls for an emissions cap by the two private-equity firms bidding for Texas utility TXU Corp. Earlier this year, 10 corporations, including Wal-Mart Stores Inc. and General Electric Co., announced their support for mandatory curbs on greenhouse gases.

The shift underscores a growing belief that Congress eventually will pass mandatory emissions caps. Many business leaders have concluded it would be better for it to happen now rather than later, eliminating the current uncertainty. Moreover, they fear absent federal government action they'll be left to deal with a patchwork of state regulations. And they believe that by endorsing emissions caps, they'll be given a seat at the table in the negotiations over how such a cap would work.

Here's a closer look at what a national emissions "cap-and-trade" system would look like:

How would a carbon "cap-and-trade" system work? Companies would be required to have a permit for each ton of carbon that they produce. The government would limit the amount of greenhouse-gas emissions that companies could produce and create a market for companies to buy and sell permits to produce emissions beyond their caps. Firms that went beyond the mandated limit would have to reduce their emissions or buy permits from companies that had gone under their limits. The aim is to create a marketplace that would provide incentives for companies to invest in new, environmentally friendly technologies.

The 1990 Clean Air Act established a similar cap-and-trade system to combat acid rain, and it has been widely viewed as a success.

What types of proposals will Congress consider? At least five bills propose tackling global warming with some type of cap-and-trade market. The most ambitious bill would reduce emissions to 80% below their 1990 levels by 2050. Sen. John McCain (R., Ariz.) and Sen. Joseph Lieberman (I., Conn.) have proposed a target of 60% below those levels by 2050. The bill has been voted down twice before.

Sen. Jeff Bingaman (D., N.M.) offers a more modest approach, stabilizing emissions at their 2013 level by 2020 and including a "safety valve" that would force the government to issue more permits if the price of those permits rose too sharply.

Who wins and loses in a carbon market? Since the devil is in the details, it's still unclear who will pay how much. Pollution permits could be sold in an auction market or given away to companies. Utilities in the Southeast and Midwest that rely on coal-fired power plants are lobbying for a higher cap or more permits to offset what would otherwise create steep price increases because coal releases more carbon emissions than any other fuel. Conversely, West Coast and Northeast states that rely on cleaner fuels could be more insulated from higher energy costs.

Either way, consumers can expect higher energy prices because most emissions caps target electricity producers, who will pass those costs on to customers. A study by the U.S. Energy Information Administration estimates that under the Bingaman bill, electricity prices could rise 3.5% by 2020. Resources for the Future, an environmental group, predicts that under the McCain measure electricity prices could rise as much as 35% by 2025.

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Companies that produce low-carbon fuels or energy-efficiency products could benefit from a carbon cap. But the steel industry, which produces large amounts of carbon dioxide, warns that a cap would raise costs and hurt their ability to compete with overseas rivals that aren't subject to pollution penalties.

Cap And Charade (WSJ)

The Wall Street Journal, March 3, 2007

But this is not, as Lenin once said, a case of capitalists selling the rope to hang themselves with. In most cases, it is good old-fashioned rent-seeking with a climate-change patina.

Start with the name. Most of those pushing this idea want you to think about it as cap-and-trade, with emphasis on the trading part. Senator Barbara Boxer touts all the jobs that would be created for people trying to game the system -- er, save the planet. And her colleague Jeff Bingaman calls cap-and-trade "market based," because, you know, people would trade stuff.

But for that to happen, the government would first have to put a cap on CO2 emissions, either for certain industries or even the economy as a whole. At the same time, it would allocate quotas for CO2 emissions, either based on current emissions, or on energy output, or some other standard. If a company then "over-complied," which means it produced less carbon dioxide than it was allowed to under the rules, it could sell the excess allowance to someone else. That someone else would buy the right to produce CO2 if doing so cost less than actually reducing emissions.

In this way, emissions would be reduced in an relatively efficient way: Those for whom reductions were cheap or easy would reduce, and if they reduced enough, they could sell their excess allowance to someone for whom the reductions were harder or more expensive. This kind of trading works, and we've argued in these columns that cap-and-trade beats the pants off just plain capping by lowering the overall economic burden of a cap.

The difficulties don't lie with the trading, but with the cap, which is where the companies lobbying for restrictions come in. James Rogers, CEO of Duke Energy, put it plainly earlier this year: "If you're not at the table when these negotiations are going on, you're going to be on the menu." Translation: If a cap is coming, better to design it in a way that you profit from it, instead of being killed by it.

Which is why the emphasis really should be cap-and-trade. It's all about the cap, because without it there's no trading. We don't buy our daily ration of oxygen because it's in abundant supply. Same with carbon dioxide -- there's no constraint on your ability to produce CO2 until the government creates one. When it does, it creates an artificial scarcity. What Duke, Entergy, TXU, BP, Dupont and all the rest want is to make sure that when the right to produce CO2 becomes limited, they're the ones that end up owning the allowances. Because that would mean they could sell them, and make money off something that previously wasn't worth a dime.

Thus, Entergy, a utility that relies heavily on natural gas and nuclear power and thus produces relatively less CO2, would love a cap that distributes the allowances based on how much electricity you churn out, rather than on how much CO2 you produce. Entergy's "carbon footprint" is small compared to some other utilities, so an electrical-output-based cap would be windfall city. Dupont, meanwhile, wants credit for reductions already made because it sees instant profit in costs already paid. It also wants a cap to cover as many industries as possible so it can make money selling emissions-reduction products.

We don't begrudge anyone the opportunity to make a buck. But there's a difference between making money by producing things people want and making money by gaming the regulatory process. There's no market here unless the government creates one, and who has the profit opportunity depends entirely on who the government picks as the winners and the losers in designing this market in the first place. So it's no wonder that almost any business that has ever put an ounce of CO2 into the atmosphere is rushing to show its cap-and-trade bona fides. * * *

By far the biggest question, however, is where the cap is set. The trading of emissions credits does nothing to lower the quantity of emissions -- it merely shifts around the right to emit. It's the cap that sets the amount of CO2 put into the air. And as Europe has learned, that figure is a political football unto itself. When the EU started emissions trading in 2005, the price of a ton of CO2 quickly tripled before cratering when participants realized that the cap hadn't been set low enough to create a genuine shortage.

The European Commission is now in the process of reviewing each country's plans for allocating emissions allowances for 2008, but in the first round it found that all but one national plan had set the cap too high to comply with Kyoto's 2008-2012 limits. Of course, even a stringent cap means nothing if countries don't comply, and so far Europe's commitment to Kyoto has been more hot air than action.

The reason is hardly a secret, though you rarely see climate-change activists admitting it. Despite all the talk of "alternative" fuels, some 80% of the energy that the world produces today comes from carbon-based fuels. Barring cold fusion or some other miracle technology, that ratio won't change much for decades to come. That means, in turn, that any stringent CO2 cap would inevitably have serious economic costs. We doubt voters will elect politicians who tell them the cost of reducing their "carbon

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footprint" is more blackouts or a lower standard of living. And in any case China is putting up a new coal-fired plant every week, raising emissions that will overwhelm whatever reductions cap-and-trade would yield in the U.S.

The emerging alliance of business and environmental special interests may well prove powerful enough to give us cap-and-trade in CO2. It would make Hollywood elites feel virtuous, and it would make money for some very large corporations. But don't believe for a minute that this charade would do much about global warming.

A Pattern Of Normal Drought (NYT)

The New York Times, March 3, 2007

It has taken humans awhile to realize that our idea of normal changes as our understanding of history deepens. Climate is a case in point. Over the past couple of decades, climatology has become a deeply historical science. In the American Southwest, climatologists have found a surprisingly detailed record of weather patterns — especially patterns of moisture — in tree rings that show that prolonged periods of drought there are normal.

Those findings immediately raise questions about how water is being used in the Southwest, and particularly about the Colorado River Compact, the 1922 legal agreement that governs water distribution in the vast Colorado River basin. The agreement was based on at most two decades of measuring river flows. But the testimony of tree rings shows that those years were much wetter than the long-term historical average.

This evidence — and its implications — have been gathered in a report released last month by a committee of the National Research Council. Its conclusions are stark. The Colorado River basin itself — some 240,000 square miles across the West and Southwest — has experienced staggering population growth. Precipitation patterns are changing, in part because of global warming, and the spring runoff from snowpack in the mountains takes place earlier than it used to, which means that less water is stored for later in the season. Nearly every drop of water that flows downstream is already allocated, which means that the only new water source for residential and commercial growth is water that has been allocated to agriculture.

So what is normal? Vast quantities of water devoted to subsidized agriculture? Vast quantities of water devoted to the growth of cities and suburbs that are, in the long historical view, unsustainable?

The immediate question this report raises is whether the forces that shape development from Wyoming to California will allow themselves to be guided by the scientific evidence and a starkly different vision than the one that was visible in 1922. Science is capable of changing its mind as the evidence it discovers becomes more precise and more conclusive. The fundamental challenge for us all is to change the way we live as well.

Divine Strake's Legal Issues Keep Controversy Alive (LVRJ)

By Keith Rogers, REVIEW-JOURNAL

Las Vegas Review-Journal, March 3, 2007

U.S. judge schedules status report

Plans for the massive non-nuclear Divine Strake blast at the Nevada Test Site are dead but legal issues surrounding the controversial bunker-buster experiment were resurrected Friday.

Eight days after a Pentagon agency canceled its plans for the Divine Strake detonation, Senior U.S. District Judge Lloyd George scheduled a status report for April 30.

George anticipates that motions will be filed by U.S. attorneys who want to dismiss a case by downwinders and some members of the Winnemucca Indian Colony challenging the test.

Opponents fear that the government will conduct smaller blasts that, while not as large as Divine Strake, could still stir up potentially deadly radioactive dust that lies on the ground of the test site and could be blown to their homes.

The opponents' lawyer, Robert Hager, of Reno, wants to keep the case alive by forcing the government to formally define the smaller scale "confirmatory" experiments that a Pentagon agency has said it intends to conduct in lieu of Divine Strake's cancellation.

In his words, George decided to "keep it on the calendar so we can finally conclude this matter with satisfaction to everyone."

"You file whatever motions you choose to file," he told Hager and Justice Department attorney Caroline Blanco, who presented their respective positions in a conference call at the Lloyd George U.S. Courthouse, named after the judge.

Referring to a Feb. 22 press release from the Defense Threat Reduction Agency canceling the test amid widespread opposition from downwinders and some politicians in Nevada, Utah and Idaho, Hager said he doesn't understand what agency director James Tegnelia meant by "confirmatory experiments at a much smaller scale" will instead be conducted.

"I don't know what that means. ... To what extent smaller?" Hager asked during the conference call.

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Tegnelia apologized last year for saying the blast from Divine Strake's 700-ton slurry of ammonium nitrate and fuel oil would send a "mushroom cloud over Las Vegas."

Hager and his clients and thousands who commented on the agency's plans fear that radioactive remnants from historic nuclear weapons tests at the test site would be lofted into the atmosphere and carried off the site with fine dust particles from the above-ground explosion.

Oil Company Revives Suit On Avoidance Of Royalties (NYT)

By Edmund L. Andrews

The New York Times, March 3, 2007

WASHINGTON, March 2 — One of the nation's biggest oil producers in the Gulf of Mexico is pressing ahead with a lawsuit that could, if successful, allow energy companies to avoid as much as $60 billion in royalties to the government over the next two decades.

Anadarko Petroleum, based in Houston, is suing the Interior Department to overturn regulations that force companies that drill in publicly owned waters to pay full royalties on oil and gas they produce during times of high energy prices.

Anadarko, which earned $4.8 billion in profit last year on sales of $10.2 billion, is arguing that Congress guaranteed oil companies a special incentive for drilling in deep water under which the companies could avoid paying the standard royalty on much of what they produced in the Gulf of Mexico. The Interior Department has adamantly argued that the incentives were never supposed to apply when oil prices climbed above about $34 a barrel.

The suit itself was filed a year ago by the Kerr-McGee Oil and Gas Corporation, which Anadarko acquired last year for $21 billion. But Anadarko put the suit on hold last year and began court-supervised mediation talks with the Interior Department.

On Thursday, a federal judge in Louisiana, Patricia Minaldi, declared that the mediation talks had failed and ordered both sides to start filing arguments in late May. The failure of the mediation poses a major problem for the Bush administration, which is already trying to prevent the loss of $10 billion in royalties as a result of a huge leasing error made during the Clinton administration.

If Anadarko is successful, the government would lose many more times that. The Government Accountability Office, the Congressional watchdog agency, estimated in January that the government would lose about $60 billion over 25 years.

The federal government leases millions of acres in the Gulf of Mexico to oil and gas producers. Companies are required to pay a royalty of 12 to 16 percent of their sales from the leases, but the government also offers royalty holidays as an incentive for deepwater drilling.

The Interior Department contends that companies are not entitled to such royalty relief if oil prices climb above about $34 a barrel, as they have for the last three years.

But Anadarko, in its lawsuit, argued that Congress never authorized that kind of restriction and had "guaranteed" the incentives for any leases signed from 1996 through 2000.

"Like other companies, Kerr-McGee responded and undertook significant risks and costs associated with deepwater exploration," the company said in its lawsuit, adding that it had invested $3.5 billion to acquire, explore and develop leases in the gulf.

The revival of the lawsuit could cause political problems for the oil industry, increasing hostility among Democratic leaders already angry about high energy prices and record industry profits.

In January, House Democrats overwhelmingly passed a bill that would revoke $7.6 billion in tax breaks for oil companies and would impose a stiff additional fee on all companies that refused to renegotiate the flawed leases signed during the Clinton years.

Representative Edward J. Markey, Democrat of Massachusetts, who has criticized the Interior Department for being lax toward oil companies, accused Anadarko on Friday of intransigence and attempting a "colossal rip-off."

"This lawsuit is nothing more than a brazen attempt to fleece the American people out of billions of dollars," Mr. Markey said in a statement. "The Justice Department must put the full weight of its resources behind vigorously defending the American taxpayers."

Indeed, industry executives say that major oil companies are politically divided about the legal gauntlet thrown down by Kerr-McGee and Anadarko Petroleum.

"I think there are a lot of folks in the industry, particularly those involved in advocating the original legislation, that absolutely don't agree with Kerr-McGee," said John Northington, an industry lobbyist who worked in the Energy Department under President Clinton.

The Bush administration has repeatedly argued that Anadarko's case has no merit, but Interior officials have tried at least twice to settle the dispute without going to trial.

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The most recent effort was led by C. Stephen Allred, assistant secretary for land and minerals management.

In December, the two sides hired Benjamin A. Civiletti, a lawyer and onetime Watergate prosecutor, to mediate talks about a possible compromise.

Evangelical Angers Peers With Call For Action On Global Warming (WP)

By Alan Cooperman

The Washington Post, March 3, 2007

Focus on the Family founder James C. Dobson and other conservative Christian leaders are calling for the National Association of Evangelicals to silence or fire an official who has urged evangelicals to take global warming seriously.

In a letter this week to the board of the NAE, which claims 30 million members, Dobson and his two dozen co-signers said the Rev. Richard Cizik, the NAE's vice president for government relations, has waged a "relentless campaign" that is "dividing and demoralizing" evangelicals.

Cizik has been a leader in efforts to broaden evangelicals' political agenda beyond abortion and same-sex marriage. He says Christians have a biblical imperative to protect the environment, which he calls "creation care."

"I speak with a voice that is authentically evangelical on all the issues, from religious freedom around the world, to compassion for the poor, ending oppression in Darfur -- and yes, creation care is one of those issues," Cizik said yesterday.

The NAE's board is scheduled to meet next week in Minnesota. Its former president, the Rev. Ted Haggard, resigned in November after a scandal involving sex and drugs.

His successor, the Rev. Leith Anderson, defended Cizik as "a great asset." He also said that the Dobson letter was released to the news media before it was received by the board. "I guess that says it all," he said.

Evangelical's Focus On Climate Draws Fire Of Christian Right (NYT)

By Laurie Goodstein

The New York Times, March 3, 2007

Leaders of several conservative Christian groups have sent a letter urging the National Association of Evangelicals to force its policy director in Washington to stop speaking out on global warming.

The conservative leaders say they are not convinced that global warming is human-induced or that human intervention can prevent it. And they accuse the director, the Rev. Richard Cizik, the association's vice president for government affairs, of diverting the evangelical movement from what they deem more important issues, like abortion and homosexuality.

The letter underlines a struggle between established conservative Christian leaders, whose priority has long been sexual morality, and challengers who are pushing to expand the evangelical movement's agenda to include issues like climate change and human rights.

"We have observed," the letter says, "that Cizik and others are using the global warming controversy to shift the emphasis away from the great moral issues of our time."

Those issues, the signers say, are a need to campaign against abortion and same-sex marriage and to promote "the teaching of sexual abstinence and morality to our children."

The letter, dated Thursday, is signed by leaders like James C. Dobson, chairman of Focus on the Family; Gary L. Bauer, once a Republican presidential candidate and now president of Coalitions for America; Tony Perkins, president of the Family Research Council; and Paul Weyrich, a longtime political strategist who is chairman of American Values.

They acknowledge in the letter that none of their groups belong to the National Association of Evangelicals, a broad coalition that represents 30 million Christians in hundreds of denominations, organizations and academic institutions. But, they say, if Mr. Cizik "cannot be trusted to articulate the views of American evangelicals," then he should be encouraged to resign.

Mr. Cizik (pronounced SIZE-ik) did not respond to requests for an interview yesterday, and the association's chairman, L. Roy Taylor, was unavailable. But the Rev. Leith Anderson, president of the association, said, "We're talking about somebody here who's been in Washington for 25 years, has an amazing track record and is highly respected."

"I'm behind him," said Mr. Anderson, who was named president in November after the sudden resignation of the Rev. Ted Haggard, the Colorado pastor caught up in a scandal involving a gay prostitute.

Mr. Cizik, who is well known on Capitol Hill, has long served as one of the evangelical movement's agenda-setters. He helped put foreign policy on the evangelical agenda in the late 1990s, focusing on the persecution of Christians in other countries.

He said in an interview last year that he experienced a profound "conversion" on the global warming issue in 2002 after listening to scientists at a retreat. Now an emblem for a new breed of evangelical environmentalists, he has been written about in Vanity Fair and Newsweek and has appeared in "The Great Warming," a documentary on climate change.

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Evangelicals have recently become a significant voice in the chorus on global warming. Last year more than 100 prominent pastors, theologians and college presidents signed an "Evangelical Climate Initiative" calling for action on the issue. Among the signers were several board members of the National Association of Evangelicals; Mr. Anderson, who has since been named its president; and W. Todd Bassett, who was then national commander of the Salvation Army and was appointed executive director of the association in January.

Mr. Haggard, then the president, and Mr. Cizik did not sign, after criticism from some of the same leaders who have now sent the letter about Mr. Cizik.

In interviews, some signers of this latest letter said they were wary of the global warming issue because they associated it with leftists, limits on free enterprise and population control, which they oppose.

"We're saying what is being done here," Mr. Perkins said, "is a concerted effort to shift the focus of evangelical Christians to these issues that draw warm and fuzzies from liberal crusaders."

Energy Dept.'s Missed Deadlines On Appliance Efficiency Cost Billions, Report Says (LAT)

By Robert Lee Hotz

The Los Angeles Times, March 3, 2007

The Energy Dept. was to tighten rules on appliance efficiency.

Over the last three decades, the federal government has missed legal deadlines for setting stricter efficiency standards for common appliances, resulting in billions of dollars in higher utility bills and millions more tons of the greenhouse gases that fuel global warming, congressional investigators reported.

All told, the Department of Energy has missed every one of 34 mandatory rule-making deadlines for setting minimum energy efficiency standards involving 20 products including refrigerators, dishwashers, freezers, pool heaters, furnaces and central air conditioners, analysts at the Government Accountability Office reported.

The delays ranged from a few months to 15 years, according to the GAO report made public this week. Of the 34 energy efficiency standards, 24 have yet to be set, involving 17 household and industrial product categories.

"I have never seen anything like this," said GAO analyst Karla Springer, who led the group that prepared the report. "It is nearly 30 years of not meeting a deadline. It is kind of frightening."

Congress is about to consider new measures to control the emission of heat-trapping greenhouses gases, including stricter energy efficiency standards to reduce use of carbon-rich oil, coal and natural gas.

Analysts at the Lawrence Berkeley National Laboratory calculated that the missed deadlines for just four of the more popular appliances would ultimately cost consumers at least $28 billion in forgone energy savings — equivalent to the annual primary energy consumption of about 20 million households.

The delays will also result in 53 million tons of carbon dioxide emissions, about the same as 1% of total U.S. carbon dioxide emissions in 2004, the analysts reported.

"These missed deadlines have cost our nation more than we can afford," said Rep. John D. Dingell (D-Mich.), chairman of the Energy and Commerce Committee, which commissioned the audit.

Rep. Edward J. Markey (D-Mass.) called the missed deadlines the product of "a culture of incompetence and delay."

Since 1975, the Energy Department has been required to set minimum energy efficiency standards for many consumer products. The standards that have been set so far will save enough energy to operate all U.S. homes for more than two years, Energy Department officials said.

Department officials vowed this week to eliminate their backlog by 2011, though such an effort would require six times as much work with little or no increase in staff.

The GAO analysts were skeptical. The Energy Department, they said, has no way to ensure that anyone is held accountable for deadlines.

"They say they are going to do it," Springer said. "They said they were going to do it before."

FBI/DEA/ATF/USMS:

L.A. To Boost Jobs For Young People As Part Of Anti-gang Effort, Mayor Says (LAT)

By Patrick Mcgreevy, Times Staff Writer

The Los Angeles Times, March 3, 2007

His proposal would increase employment to 10,000 -- four times the number two years ago.

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After huddling with visiting U.S. Atty. Gen. Alberto Gonzales on efforts to keep kids out of gangs, Mayor Antonio Villaraigosa said Friday that the city would increase dramatically the number of jobs offered to young people this year, to 10,000 — four times the number provided two years ago.

The mayor announced the increase after he and Gonzales toured a silk-screening plant run by Homeboy Industries in South Los Angeles.

The nonprofit group, which received a $650,000 federal grant, hires former gang members who are trying to lead law-abiding lives.

"Young people, when they feel there are no options, when there are no job opportunities, when they don't have the skills to make it, they lose hope," Villaraigosa said. "We are both committed to the idea that in a great and beautiful country like America we can invest in young people, that we have to address the issues of prevention and intervention."

However, Gonzales' agency faced criticism from one city official Friday for delays in delivering on past promises.

The attorney general had been in Los Angeles nearly a year ago to announce a separate $2.5-million federal grant for gang intervention, suppression and prevention programs in South Los Angeles, but officials conceded recently that the money has not yet gone out to local programs.

"We have waited too long for federal dollars that were promised almost a year ago," said Councilwoman Janice Hahn, who represents the area.

"We know that money is voted for, appropriated and spent much quicker on the war on Iraq. This war on gangs is no less urgent," she said.

George Cardona of the U.S. attorney's office said federal officials had been meeting with community leaders to discuss the best way to spend the money. He added that the first installment of the funds probably will arrive before May.

Gonzales had been in Los Angeles last March to announce that the city was one of six awarded Justice Department grants, each consisting of $1 million earmarked for gang prevention, $1 million devoted to law enforcement and $500,000 to provide transitional housing and job placement help for released convicts.

Gonzales had said at the time that the money would be focused on a section of South Los Angeles that includes the Imperial Courts, Nickerson Gardens and Jordan Downs housing projects.

"I don't know the specifics," Gonzales said Friday when asked about the money. "The way these things work is that we expect the state and local communities to develop a plan, hopefully an innovative plan that is focused on the needs of the community."

The jobs discussed Friday by Villaraigosa generally are available to young people age 14 to 24, and most of them are provided during the summer, when many students are out of school, said Robert Sainz, an assistant general manager of the city Community Development Department.

Jobs are paid for with funds from the city, county and federal government, Sainz said, adding that the Los Angeles Area Chamber of Commerce has members who also provide some jobs.

The city provided 2,500 jobs to young people in fiscal 2005-06. After Villaraigosa took office in the summer of 2005, he won council approval to increase the number to 7,500 for the current fiscal year, which ends June 30. The budget he will propose next month for the coming fiscal year will call for 10,000 such jobs.

Better opportunity for jobs is a key component of Villaraigosa's campaign to reduce gang violence in the city, which increased 15.7% last year.

Gonzales said he was impressed by the work of the nonprofit Homeboy Industries, which has worked with former members of 600 gangs in Los Angeles County, providing help in removing tattoos, counseling and offering jobs in the five businesses it operates.

The attorney general said part of his job is to prosecute criminals, "but I'm equally concerned with making sure we are taking steps as the government … to provide educational campaigns, to provide job opportunities, to prevent these kids from joining gangs in the first place."

The mayor said he was working on a strategy for expanding gang prevention and intervention programs, adding that he discussed the need for more federal assistance with Gonzales.

"We did have a specific conversation about funding, a continued partnership with the federal government," Villaraigosa said, declining to reveal details of his request. "Let me just say I'm walking away with a good feeling about continuing that relationship."

Reminded by the mayor that the city is the "epicenter" for gang activity in the nation, Gonzales said he could not commit to any specific increase in federal funding.

"Los Angeles is in a unique situation, and we are going to look very, very hard at what additional resources we can make available," Gonzales said.

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Nobles And Knaves (WT)

The Washington Times, March 3, 2007

Noble: The Drug Enforcement Agency, for busting a major Mexican drug-trafficking ring.

DEA agents arrested 66 persons on Wednesday, bringing the total number for their 20-month investigation of the Victor Emilio Cazares-Gastellum (also known as Victor Emilio Cazares-Salazar) drug-trafficking empire to 400. Agents seized more than 18 tons of marijuana, cocaine, methamphetamine and heroin, along with $45.2 million and various weapons and vehicles, according to the DEA Web site.

The Mexico-based group would smuggle the narcotics from Colombia and Venezuela through Mexico, then into the United States via points along the Southwest border. They even "built a bridge made of sandbags across the Colorado river near Yuma, Az., which allowed them to simply drive across the waterway," ABC News reported. Once in the United States, the drugs would be distributed to U.S. cells scattered across the country.

The investigation, known as "Operation Imperial Emperor," was led by the DEA but included the FBI, ICE and the IRS, among others. Attorney General Alberto Gonzales has praised the officers and agents for working together "against a common foe." DEA Administrator Karen P. Tandy said Wednesday that "we ripped out this empire's U.S. infrastructure from its commanders and transportation coordinators to its local distribution cells across the country ... and tossed it in the dustbin of history."

For keeping 18 tons of illegal drugs out of the United States, the DEA is the Noble of the week.

Knave: D.C hospitals, for forgetting about the remains of infants.

This heartbreaking story exposes the Washington Hospital Center, Howard University Hospital and several others for keeping the remains of more than 100 stillborn babies and fetuses long past the city-mandated 30-day limit.

The issue surfaced when hospital workers at WHC found the remains of 95 infants in a box in the morgue refrigerator. Health officials were notified, which led to an investigation of other city hospitals. A letter obtained by The Washington Post and written by Janis M. Orlowski, the senior vice president and chief medical officer of WHC, to D.C. Health Director Gregg Pane, said that the hospital had implemented a new policy that allowed parents additional time to make decisions about the remains of the deceased. If bodies go unclaimed or the parents request it, the hospital is responsible for arrangements. But "[b]ecause of the retirement of one key employee and the death of another, the remains were not disposed of, even as the 30-day deadline passed, the letter said." Presumably, the other hospitals' mistake was due to similar administrative incompetency.

Besides being operationally stupid, this event has undoubtedly affected many D.C. families forced to rehash a miscarriage or the birth of a stillborn baby and then to wonder if he or she was left in a morgue refrigerator for upwards of five years. This story can only be described as horrific.

For their insensitivity and massive oversight, D.C. hospitals are the Knave of the week.

Exploding Ammunition Cache Greets Firefighters Arriving At Blaze In Norco (LAT)

By Jonathan Abrams, Times Staff Writer

The Los Angeles Times, March 3, 2007

Firefighters responding to a house fire in a Norco neighborhood were greeted with a dangerous surprise: gunfire. Lots of it.

Authorities on Thursday found a cache containing more than 1 million rounds of ammunition and 75 firearms, ranging from small handguns to assault rifles, throughout the burning home and in a shaft and tunnel under the garage.

The firefighters realized the stockpile was inside when rounds started going off. No injuries were reported.

"The Fire Department knew exactly what was going on when they heard the sounds," said Riverside County Sheriff's Sgt. Dennis Gutierrez.

"They knew it wasn't wood crackling over the fire."

The stockpile of ammunition is probably the largest ever confiscated in Riverside County, said Gutierrez.

A neighbor reported the fire Thursday afternoon and had dragged the homeowner, whom deputies did not identify, from the house, Gutierrez said.

The man later attempted to make his way back into the home.

Property records list the homeowner as Thomas McKiernan. Neighbors said McKiernan was a quiet man who had recently separated from his wife.

"We had to hold him down until the police got here and took him into custody," said Norco Fire Battalion Chief Ron Knueven. "He was swinging wildly and throwing some kicks."

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Fire officials from Norco and Corona, agents from the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and Riverside County sheriff's deputies continued to inspect the house Friday. Much of the roof collapsed under the fire.

Authorities are not sure how the blaze started.

Authorities described the homeowner as a survivalist. He was taken for 72-hour psychiatric evaluation, and officials will then decide whether to press charges, Gutierrez said.

The 4-by-8-foot shaft, at least 10 feet deep, extended through the garage foundation, and a tunnel of unknown size ran east toward the house, Gutierrez said. The ammunition was stored in cardboard boxes, wooden crates, plastic bins and large cooking pots.

Gutierrez said 75 pounds of black gunpowder and two semiautomatic assault rifles were also confiscated.

Gutierrez said it was legal to own up to 1 pound of the gunpowder, but illegal to possess the assault rifles.

Authorities are checking the serial numbers of the remaining firearms.

"He could have gotten them from anywhere — a reputable gun store or a shooting range, but who knows?" said Susan Raichel, spokeswoman for the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives.

"This isn't a hobby he just picked up last year. He has definitely been doing whatever it is he does for a very long time."

Residents in the quiet neighborhood expressed shock at the findings. Many gathered to view the ammunition accumulated on the homeowner's driveway.

Last April, authorities seized more than 900 guns in the nearby San Bernardino County city of Upland from a man who said he was planning to overthrow Cuban President Fidel Castro.

"That was the closest we've ever seen to something like this," Gutierrez said.

"But we've never seen this much ammunition."

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Burning Home Yields Weapons Cache (CCT)

By Gillian Flaccus

The Contra Costa Times, March 3, 2007

NORCO - More than a million rounds of ammunition, numerous weapons and a tunnel were found in a man's home after a fire exploded bullets and forced a neighborhood evacuation, authorities said Friday.

The homeowner was hospitalized for a 72-hour psychological evaluation after being rescued from the house by a neighbor and then struggling with authorities who prevented him from re-entering, but he was not arrested.

Gary Eppler, who lives across the street, identified the man as Thomas McKiernan, a retired machinist in his 60s who recently separated from his wife, has grown children and didn't seem unusual in the nine years he has known him.

Eppler said McKiernan had an interest in guns and has a son who is an Army sniper who went to Iraq last year and returned safely.

"I knew that he target-practiced and we'd talk about that. He'd go to a rifle range so I knew he had some ammunition," Eppler said.

McKiernan talked about reloading shell casings but said he hadn't done it in some time, Eppler said.

"I've been a psych nurse for 30 years and I didn't notice anything unusual," the neighbor said.

The day after the fire, an incongruous scene played out in the windy hilltop neighborhood of older middle-class tract homes set against a backdrop of the snow-capped San Bernardino Mountains -- part of a quiet semirural community that bills itself as "Horsetown USA."

Riverside County sheriff's deputies and federal Bureau of Alcohol, Tobacco, Firearms and Explosives agents carried charred boxes and pieces of furniture out of the house, stacked numerous boxes of ammunition in the driveway and examined seized rifles.

Two weapons were assault rifles that were illegal, and the man had no permit for 75 pounds of black gunpowder that was found, said sheriff's deputy Juan Zamora.

The tunnel, stretching from an entry in the garage 8 to 10 feet into the backyard, yielded three 25-gallon containers of fluid that was being analyzed by hazardous material experts, said Norco fire Battalion Chief Ron Knueven.

The tunnel was 5 feet wide and tall enough to allow someone to walk upright with room to spare, Zamora said.

Eppler said he was about to go on a bicycle ride Thursday afternoon when he noticed smoke coming from McKiernan's house. He said he alerted his wife, Linda, to call 911 and raced to his neighbor's home.

Inside, Eppler said, he found McKiernan on a couch.

"I looked and saw he was passed out on the couch and I woke him up and I had to help him up because he was staggering a little," Eppler said.

Eppler said it was smoky in the house but he didn't know whether McKiernan had been affected by it.

McKiernan then ran to the back of the house, grabbed a hose and tried to pour water on his roof, Eppler said.

Eppler said that when firefighters arrived, he persuaded McKiernan to come to the front of the house, but the man didn't think they were doing a good enough job because they weren't hosing down the roof, and he tried to re-enter the home. After McKiernan was restrained and put in a police car, ammunition began exploding, Eppler said.

The explosions forced evacuation of the area and kept firefighters at a distance. The blaze caused the roof to collapse before the fire was contained.

"It sounded like firecrackers, they were going off quite a bit," said neighbor Frank Jackson, who rushed home when he heard about the fire.

When he got there, he said firefighters were swarming over the burning house but the explosions were so intense that firefighters on the roof had to abandon it.

"The shells were going off and you had to back off," he said.

Authorities found a machine in the garage that was used to load the gunpowder into empty casings. The practice known as "reloading" is common and not illegal, ATF spokeswoman Susan Raichel said.

In 2003, McKiernan was quoted in a Riverside newspaper story about a fundraiser to build a military memorial in the city of Corona. McKiernan spoke to the Press-Enterprise about his brother Tim's 1968 death in the crash of a helicopter he was piloting in Vietnam, describing a heroic effort to avoid a school.

In 2002, he was in a newspaper photograph showing him hosing down his roof as a brush fire burned in the nearby Santa Ana River bottom.

1 Million Rounds Of Ammo, Tunnel Found After Fire At Southern California House (AP)

AP, March 3, 2007

NORCO, Calif. — More than 1 million rounds of ammunition, a cache of weapons and a tunnel were found at a man's home after an explosive fire that forced a neighborhood evacuation, authorities said Friday.

Crews worked to fortify the tunnel, which measured 5 feet wide by 8 feet long, to ensure it was safe. It appeared to be at least 10 feet deep and led into a back yard, authorities said.

The fire Thursday afternoon at the home in Norco, about 45 miles east of Los Angeles, caused some of the ammunition to explode.

The man tried to run back into the house after firefighters arrived and had to be restrained by sheriff's deputies, Riverside County sheriff's Deputy Juan Zamora said.

After the blaze was extinguished, crews discovered metal and wooden boxes of ammunition for shotguns, small handguns and assault rifles.

On Friday, sheriff's deputies and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives combed the house for evidence.

Dozens of metal and cardboard boxes filled with ammunition for shotguns, small handguns and assault rifles sat in a driveway. Two of the assault rifles were illegal, Zamora said.

The man had no permit for 75 pounds of black gunpowder that was also recovered, Zamora said.

No arrests had been made. The man, whose identity was not released, was taken to a hospital where he will receive a psychological evaluation, Zamora said.

Last April, authorities said they found more than 1,300 weapons and 89,000 rounds of ammunition in the San Bernardino County home of a man who claimed to belong to a militant group with aims to overthrow Cuban dictator Fidel Castro. Robert Ferro of Upland faces counts of unlawfully owning and failing to register guns.

500 Guns Tied To Columbus Cop (AP)

By Sharon Cohen, AP NATIONAL WRITER

AP, March 3, 2007

COLUMBUS There were 501 guns in all, the government says - revolvers and pistols, Glocks and Rugers, a few rifles, too, a giant cache of firearms suitable for sport or self-protection.

Or felonies.

Or terrorism.

Five hundred one guns, tied to one man - 35-year-old Mark Nelson, a former Columbus cop who masterminded a conspiracy that flooded the streets with weapons.

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Nelson insists he didn't knowingly do anything wrong. But prosecutors say he enlisted his family and others (including a drug dealer) to illegally acquire 501 guns, then directly - or indirectly - sold many of them.

And soon after - within days, in a few cases - some of these guns began turning up in the wrong hands and the wrong places:

A Raven Arms .25-caliber pistol used in a Brooklyn, N.Y., shooting. A Ruger 9 mm handgun found on a man charged with crack possession in Washington, D.C. A Smith & Wesson .40-caliber pistol recovered in Youngstown, Ohio, in a car driven by a man inexplicably wearing a bulletproof vest and carrying a winter face mask - in May.

It's all part of the shadowy world of gun trafficking, where lies, stealth and cold cash make it alarmingly easy for deadly weapons to be bought and sold - and surface days, months, even years later in crimes.

This is the story of how one trafficking case unfolded and how a handful of people, bogus paperwork, the lure of a profit and the constant demand for weapons combined for a black-market scheme that could haunt investigators for decades. More than 300 guns remain missing.

"They're lost in the system," says federal prosecutor Doug Squires. "The point is we don't know where they are - and that's the real danger."

GUNS FOR TERROR?

At 5:59 a.m. on Aug. 13, 2005, a young Somali man, Mohammed Dirie, was stopped as he crossed the Peace Bridge from Buffalo, N.Y., to Fort Erie, Ontario.

Duct-taped to his thigh: a 9 mm pistol.

Agents also found a second gun on his thigh and an ammunition clip and bullets in his socks. His companion had a gun tucked in his waistband.

The two were imprisoned for illegal gun possession, but that wasn't the end of it; last summer, they were among 18 people charged in an alleged terrorist bombing plot in Canada. The two were also accused of importing weapons and ammunition.

The Taurus PT-111 pistol, authorities say, was traced back to Nelson's group.

How Dirie bought the gun is a mystery.

But one fact is not: It was purchased within five days of his arrest at the border.

HOT SELLER

When a federal judge recently sentenced Nelson to the maximum 10 years in prison, he called the former officer's behavior "a great risk to the public."

In a voice choking with emotion, Nelson, told the judge he had "high respect for the law." He portrayed himself as a man misunderstood and wronged.

Nelson claimed he was trying to sell guns as a business to supplement his police disability - he wasn't working because of back problems sustained on the job. He said he was misled by a firearms dealer who continued to sell him weapons even though the man knew it was illegal.

Nelson also said the dealer - who also pleaded guilty - told him to have others sign the legal paperwork for guns that would go to him. That's known as a "straw purchase," where an intermediary poses as the buyer for someone who can't pass the background check.

Nelson, a police officer for almost eight years, couldn't buy a gun himself because he was facing a charge in a road rage incident. So he enlisted others to claim they were the purchasers.

His wife, Phaedra, for instance, said she had bought 168 guns, his brother, Ricky, 83, according to the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. His father-in-law and two other men bought the others. All seven have pleaded guilty.

As proof he didn't hide his business, Nelson noted he bought and sold weapons to Columbus police officers, and when a customer traded in a gun and wouldn't remove the bullets, he took it to detectives for a fingerprint check. Nelson made those comments in a letter to the judge days before sentencing - written, he said, against his lawyer's advice.

But federal agents paint a far more sinister picture.

They say Nelson traveled to Minnesota and Washington, D.C., to make deals and sold guns from his car trunk, hotel rooms and gun shows, where an undercover ATF informant bought 26 weapons - even though the informant told him he had a "lot of felonies" and planned to resell them to drug dealers.

"He had no regard for who the guns were going to," says Wayne Dixie, the Columbus ATF chief. "He didn't care because it was a moneymaking scheme. Maybe there was some prestige, too. He's known as the guy to go to for guns. ... 'You need a quick firearm, you can come to me. I'm your man.'"

Agents also point out that when Nelson was arrested last summer, he seemed braced for trouble: He was wearing a bulletproof vest.

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TRACKING GUNS

So far, law enforcement has traced 51 guns.

In Silver Spring, Md., a .25-caliber pistol turned up outside a high school. Witnesses said one student pointed the gun at another student's head; the incident was believed connected to the Bloods street gang.

In Minneapolis, a 9 mm pistol was discovered under a trash can by police responding to a report that some young men were pointing guns at people.

In Columbus, a 9 mm pistol was involved in the death of a man in a domestic dispute.

In Newark, N.J., a .22-caliber Derringer ended up in a very strange spot: The Essex County jail property room. A ballistics test was negative. Inmates and staff were interviewed. Cameras were checked. Nothing.

FLUID TRAFFICKING

Nelson's weapons have surfaced in six states - New York, Minnesota, North Carolina, New Jersey, Maryland and Ohio - as well as Washington, D.C., and the Canadian border.

Ohio has been known to funnel illegal guns to the East Coast, partly because of its proximity to big cities such as New York and Washington, where it's difficult to buy weapons.

But gun trafficking knows no geographic boundaries, says John Firman, director of research for the International Association of Chiefs of Police. "It's rampant. It's a national problem ... and very often it goes unrecognized," he says.

"It's also a moveable feast. Gun traffickers aren't stupid, they move on," Firman adds. "The corridors of transportation in this country are wide open. Nobody stops me at the border of Kansas and says, 'Let me look in your trunk.'"

Many Southern states - where gun laws tend to be less stringent - also have long been regarded as part of an "iron pipeline" feeding weapons to gangs and other criminals in big cities in the North.

In Alabama last year, 11 people were arrested - many in their 60s and 70s - and more than 700 guns were seized or purchased in undercover operations in flea markets and a gun show. Two others were later charged. Investigators linked hundreds of guns they previously sold to crimes, including a murder-for-hire scheme in New York and the attempted murder of a Chicago police officer.

A relatively small number of people can cause enormous damage. About 1 percent of licensed dealers account for nearly 60 percent of all crime guns sold in this country, says Joe Vince, a former ATF agent who now runs a consulting firm.

Like so many businesses, trafficking is fueled by supply and demand: The more desperate the buyer, the higher the price. A drug dealer, gang member or another criminal in a city where gun laws are strict will fork over three, four, even five times the store price for an unused weapon.

"When they get a new gun from a box, they know it hasn't been used in a crime so there's no investigative trail that can trip them up," says Patrick Berarducci, a 30-year ATF veteran who recently retired to become police chief in Boardman, Ohio. "What they're buying is not the gun. What they're buying is the anonymity that goes with it."

GUNS TIED TO CRIMES

In Newark, N.J., a 9 mm pistol was found in a car along with a dead man and about four kilos of cocaine; another was found on two teens suspected in a cocaine-related robbery.

In Brooklyn, N.Y, a 7.62 mm rifle was recovered on a man carrying 75 grams of marijuana. He was identified as a member of the Bloods street gang.

In New York City, a .38-caliber revolver turned up with cocaine, marijuana and fake IDs after police stopped a car and two men tried to flee.

In Columbus, a 9 mm pistol was found along with suspected marijuana, crack, cocaine and drug paraphernalia after police approached a car that had been reported stolen and used Mace to subdue one man who tried to run away.

GUNS ON ORDER

Nelson pleaded guilty to a single charge of falsifying paperwork, which states he had acquired more than 300 guns illegally. (Federal officials put the total count at 501; Nelson's lawyer claims they overcounted.)

The ATF has recovered more than 100 guns, mostly from his home or the undercover ATF informant, along with the 51 others found on the streets.

Nelson met with federal agents several times to track the missing guns, but it did no good, says Squires, the prosecutor.

"He kept things from us," he says. "He minimized and evaded. He didn't know his customers. He didn't know their true identities."

For example, Squires says, Nelson didn't tell them he was robbed of his guns when he met with some prospective buyers in a hotel room outside Washington, D.C.

Nelson ordered guns from Illinois, Missouri, Indiana, and Florida - sometimes on the Internet - and had them shipped to a licensed firearms dealer in Ohio, Robert Cook, who was in on the deal, making $10 for each gun, according to the ATF.

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Nelson wasn't trying to get rich, says Mark Collins, his lawyer.

"He was not trafficking drugs making $2 or $3 million," he says. He estimates Nelson probably made less than $40,000.

Squires, the prosecutor, says that while two men who were part of the scheme did receive some guns - he doesn't know how many - Nelson's family did not.

"They knew what they were doing was wrong," he says.

"But they were shocked by who the end users were and that they were the portals of crime."

Local ATF Center Brings The Gun Tracking Home (SEAPI)

By Scott Gutierrez, P-I REPORTER

Seattle Post-Intelligencer, March 3, 2007

New program may help curb rising crime

When a corroded 9 mm handgun surfaced last year in a brushy West Seattle yard, police suspected it had been used nearby to kill a 14-year-old boy three years earlier.

But they needed proof.

Using the gun's serial number, they traced it through the Bureau of Alcohol, Tobacco, Firearms and Explosives to a man who had bought it from a licensed gun dealer. That man turned out to be related to Demeko B. Holland, who police already considered a main suspect.

Information from the gun trace, which helped lead to a first-degree murder charge against Holland, is collected in the ATF's database. That database, with its lists of crime guns, suspects and firearms dealers, is central to the ATF's Regional Crime Gun Center, which opened last August in Seattle.

The center is a clearinghouse for weapons that city and state police recover at crime scenes, or simply find in the streets. Its main purpose is to identify trafficking, and to determine how suspected criminals, especially felons such as Holland, get their weapons.

It's also helped identify some key trends in Washington.

One of those is that the state has become a leading source for guns being used in crimes in Western Canada, which has far more restrictive gun laws than the U.S.

"If you purchase a gun here in Washington for $100, you could sell that for $300 in Canada -- that's U.S. not Canadian (dollars)," said supervisory special ATF agent Doug Krough.

Local police hope the center also will help curb a recent rise in gun violence in the Seattle metro area.

Agents first try to trace every weapon to its manufacturer, which points them to the licensed dealer where it was sold, and the customer who bought it. Agents analyze the database for patterns, or whether one suspect, one buyer, gun dealer or geographical area is linked to a high number of crime guns, which could point them to a supply source for criminals. Leads are investigated or kicked back out to police departments.

"It sounds basic, but it's not. One gun can take us across borders, across state lines, in and out of the country. One gun from these traces could expand the globe," said Special Agent Clarence Lawrence, head of ATF's Violent Gang Task Force.

Chief Gil Kerlikowske said his department, which has an analyst to work with the center, has tracked every crime gun for the past five years. About 950 guns were confiscated by Seattle police last year, according to police records. Kerlikowske would like to see more police departments trace every gun they recover.

"Whether they're found under a bush, taken off a suspect, etc., we want to know where they're coming from, and if any dealers are supplying more guns used in crimes than others," Kerlikowske said.

Trace information can return in less than 24 hours on homicides and serious crimes, such as with the handguns used in the Jewish Federation shootings last summer.

Before regional centers became operational in Seattle and other areas, much of the analysis was done at the ATF's National Tracing Center in West Virginia, said Special Agent-in-Charge Kelvin Crenshaw, who heads the ATF Seattle division.

"Before, we had to do it from a national standpoint. But with this, the Regional Crime Gun center, we're going to be able to pick up on those trends quickly and address the problems more effectively," he said.

Recent changes in federal law, pushed by gun-rights advocates, prevent the ATF from publicly sharing specific data about crime guns used, where they were bought, or in what geographical areas.

"The problem is that the tracing center can't tell the people who live in those communities about the crime guns it's tracing," said Dennis Henigan, legal director for the Brady Campaign to Prevent Gun Violence. "It can't tell them how fast they're moving into the illegal market and ... what kind of guns are being traced. That's all information that the ATF used to disclose to the public," through annual reports.

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The law also restricts the agency from sharing its data with police outside of specific investigations, which some law enforcement sources and gun-control advocates say hinders its effectiveness. If Seattle police traced a crime gun to a person or dealer in Kent, only Seattle police would be entitled to the information. The ATF couldn't inform Kent police, Kerlikowske said.

Henigan points to a Brady Center analysis of ATF reports in 2000 that showed most crime guns were sold by a small portion of licensed firearms dealers, which he says indicates a few unscrupulous dealers are feeding the black market. That same report showed 44 percent of Seattle crime guns came from six dealers, according to the report.

But groups such as the National Rifle Association argue that allowing citizens or interest groups access to the data could jeopardize investigations and infringe on the privacy rights of law-abiding gun owners.

And since not all trace guns actually were used in crimes -- such as a rifle that someone lost while hunting -- the data can be misconstrued to paint law-abiding gun retailers as disreputable, said Andrew Arulanandam, an NRA spokesman.

"Our position has always been that trace information ought to be made available for law enforcement and for prosecuting entities. There's no conceivable reason for civilians, politicians or interest groups to have access to that data," he said.

Tracking crime guns beyond the first purchaser is difficult, given about 90 percent of firearms change hands at least once before they're involved in a crime. Police and federal agents will take the case as far as possible, especially if it's involved in a violent crime.

Most were not stolen. Many criminals get their guns through "straw purchases," a term referring to the illegal practice of buying firearms on behalf of another whose criminal background would flunk the federally mandated background check, Crenshaw said.

"Once (the investigation) gets beyond the first person at the gun store, then it becomes labor intensive," Crenshaw said. "Now I'm asking an agent to say, 'OK, this is the guy who purchased the gun from the gun store, go see him and see what he did with it.' From that point we really need to be aggressive and find out what happened."

When one person's name pops up in connection to several crime guns, that could be a hint, he said.

Linking guns to other crimes also is done through an ATF nationwide database of spent casings collected from crime scenes. Forensic firearms experts such as Rick Wyant at the State Patrol Crime Lab in South Seattle use the database while testing guns under investigation by police.

Wyant shoots crime guns and compares the markings gouged into the casings or bullets with those on casings or rounds found at the scene. Every weapon has a unique signature, which under a microscope enables him to say whether a casing came from a certain gun, he said.

He enters images of each casing into the Integrated Ballistics Information System, a nationwide database maintained by ATF.

Every few months, he and his partner take boxes of miscellaneous guns recovered by Seattle police and shoot them so the casings can be entered into the national database, possibly linking them to gun crimes. Wyant also restores serial numbers criminals have filed off weapons to impede tracing efforts.

Wyant, like Kerlikowske, said he encourages law enforcement agencies to submit every gun for forensic testing, even if it was involved in a "victimless crime" or found discarded in the street.

"We tell all agencies that nobody throws away a perfectly good gun for no reason," he said.

IMMIGRATION:

For The Sake Of Peaches, Pass Immigration Reform (LAT)

By David Mas Masumoto, David Mas Masumoto, An Organic Farmer And Author In Fresno, Is A Fellow At The Kellogg Foundation.

The Los Angeles Times, March 3, 2007

Want tasty fruit? Then find a way to ensure a steady workforce.

I HAVE A CHOICE of growing one of two types of peaches, but which one will be decided by Congress and President Bush. Without immigration reform, the better peach will be lost.

One peach is complex; the other is simple. One involves many hands; the other would be the product of technology that controls the process as much as possible.

One peach can have an unbelievable taste if I get it right as I work with the intricacies of nature; the other would be bred for consistency and a "good enough" standard, a uniform product designed for efficiency and longer shelf life.

One fruit requires manual labor — an intensive operation of workers constantly in my fields; the other calls for reducing the need for labor, substituting mechanization whenever possible and creating a system that is not at the mercy of worker shortages.

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But whether I can grow a better peach depends on whether I have enough field workers, and that's where immigration reform comes in. In recent years, farm labor has been tight, with some workers lost to construction jobs and others because of increased border security. Some farmers have responded by increasing wages, yet there were still not enough people willing to work the harvests. Last year, pears in California rotted on trees; two years ago, my raisin harvest was endangered, and for the last three years, I've struggled with peach harvests, terrified that just as the fruit was at the peak of perfection, I wouldn't have enough workers. Some of my best fruit has fallen from my trees.

The agricultural industry supports federal legislation for a guest-worker program that would bring in temporary farm laborers when shortages arise. This remedy would fix short-term problems. However, a long-term solution lies in immigration reform that could change the nature of farming, especially when it comes to specialty crops and small-scale operations like mine.

Without sufficient labor, organic and sustainable agricultural methods are jeopardized. The choice to work with nature as opposed to controlling it demands constant monitoring of the fruit and adapting and responding to the rhythms of the seasons. These systems require many hands. I want the human character to be part of my fields and my produce.

With more hands on my farm, I can grow delicate heirloom varieties, pick riper fruit and work with "just in time" management strategies. Dismiss and devalue these hands and the final outcome changes. A peach may look the same on the outside, but the process used to create it will result in a very different end product. Imagine the taste of a sauce made with minimal human touch, substituting prepackaged ingredients in order to reduce the labor needed.

Agriculture makes a mistake, though, if our sole goal in immigration reform is to seek an abundant supply of cheap labor. Farmers must acknowledge the human capital in our fields. Investments in workers, such as training, can benefit all parties. Skilled positions can then be created for a more willing and able labor pool. With the right kind of reform, workers' worth would be redefined; they would no longer be invisible.

As undocumented workers emerge from the shadows, new tensions will be created. Communities will change. The social contract in a region — the relationships that connect and bind us — will be tested.

New social justice issues will challenge employers. Workers with faces can't be as easily dismissed; their calls for better wages, health benefits and working conditions will no longer be whispers. We in the agricultural community have signaled an openness to reform and acknowledged the need for labor to fill "jobs that no one else wants." We also need to accept the responsibility for that labor.

In the future, could providing better farmworker benefits help define a region and industry? Could we create an appellation based on social justice and market a valued-added product, similar to "fair trade" coffee, which guarantees growers a designated price and decent working conditions? Could I then grow peaches with a conscience? Consumers have been willing to pay more when they understand the story behind their foods, be it organic or in support of living wages.

A grape or peach can acquire a distinctive flavor from terroir — the taste of region. Surely the way that individuals, rural communities and industries include "new Americans" in agricultural systems also will alter the delicate nuances of taste. After all, the true character of a pristine fruit is a result of multiple inputs: weather, soil and water as well as management and labor relations.

As we once again debate immigration reform, agriculture has an opportunity to educate the public about the role farmers and workers have in growing food, in satisfying our hunger. We're all part of a food system at the dinner table, and the policy we create will affect the nature of each bite.

TAX:

IRS Audits Marriott Over ESOP-Related Deductions (WP)

From News Services And Staff Reports

The Washington Post, March 3, 2007

The Internal Revenue Service is auditing Marriott International's federal tax returns for fiscal 2000 through 2002 over $1 billion in deductions the hotel chain took related to its employee stock-ownership plan.

Bethesda-based Marriott said it received "notices of proposed adjustment" from the IRS on Thursday that challenged most of the federal income tax deductions related to the plan, and the government agency proposed "substantial excise taxes and penalties."

"We believe the IRS' proposed adjustments are incorrect, intend to vigorously defend our positions and are examining various procedural alternatives for resolution of this matter," Marriott said in a filing yesterday with the Securities and Exchange Commission.

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Thomas Marder, a spokesman for the company, said he couldn't provide guidance on the size of the proposed adjustment. When asked if the situation could significantly affect Marriott's bottom line, he referred to a regulatory filing from late last month, which came before the company received the proposed adjustment notice and said no material impact was expected.

He also said companies have used this type of tax transaction for more than 30 years.

The IRS is reviewing the ESOP feature of the company's "Employees' Profit Sharing, Retirement and Savings Plan and Trust" implemented on June 13, 2000.

"Principal and interest on the debt related to the transaction was forgiven over a 26-month period as a mechanism for funding company contributions of elective deferrals and matching contributions to the plan," according to the filing. Marriott claimed $1 billion in federal income tax deductions for the forgiven principal and interest on the debt over that period.

"The benefit related to the tax deductions was reflected in equity and did not flow through the provision for income taxes," the filing said.

Local Man Arrested In Tax-evasion Scam (BATCE)

Battle Creek Enquirer, March 3, 2007

U.S. Marshals on Thursday arrested Charles Conces of Battle Creek, the Justice Department announced.

The arrest resulted from a federal judge's Feb. 23 order finding Conces in civil contempt of court for failing to obey a court order entered on Feb. 8.

Conces, who lives in Pennfield Township, has run for Michigan attorney general and secretary of state as a member of the U.S. Taxpayers Party and has staged public protests against county judges outside the Calhoun County courthouse in Battle Creek.

The Feb. 8 order compelled Conces to disclose to the government the identities of certain persons for whom he drafted or provided advice regarding federal income taxes, the identities of the persons who are responsible for his Web site, and all documents that he drafted or assisted in drafting for these persons no later than Feb. 16.

Conces refused to disclose the identities and documents as ordered by the court.

On Feb. 23, the court held Conces in civil contempt and ordered him to report to the U.S. Marshal no later than noon on March 1, 2007. Conces reported to the U.S. Marshals and was taken into custody. According to the court's Feb. 23 order, Conces will remain in the custody of the U.S. Marshals until he complies with the order to disclose these identities and documents.

In April 2006, the court permanently enjoined Conces and his organization, the National Lawman Committee for the Public Interest, from preparing tax returns for others and promoting several tax fraud schemes. The court had concluded that Conces promoted "tax evasion by creating and selling materials designed to obstruct the administration of the income tax laws."

"The Justice Department is not only committed to shutting down the tax scams that cheat the federal treasury and the taxpayers who pay into it, but also ensuring that such tax scams do not resurface later," said Eileen J. O'Connor, assistant attorney general for the federal Justice Department's Tax Division, in a press release.

"Tax scam promoters who disobey court orders and refuse to comply with established court procedures risk severe consequences."

CONGRESS-ADMINISTRATION:

Army Secretary Ousted (WP)

By Michael Abramowitz, Steve Vogel

The Washington Post, March 3, 2007

Second Firing Follows Walter Reed Revelations; Bush Vows a Probe

Defense Secretary Robert M. Gates fired the secretary of the Army yesterday and President Bush vowed to investigate allegations of substandard treatment of wounded soldiers as the administration scrambled to contain fallout from the scandal over squalid housing and bureaucratic delays in outpatient care at Walter Reed Army Medical Center.

The Army named Maj. Gen. Eric B. Schoomaker as the new commander of Walter Reed only a day after picking Lt. Gen. Kevin C. Kiley, who had previously commanded the medical center, as the temporary chief. Kiley's selection had angered soldiers and family groups -- and, more important, Gates -- because of their belief that he had been aware of problems at the hospital and done little to address them. Kiley is the current Army surgeon general.

Gates made little secret of his dismay when he appeared before reporters yesterday to announce the resignation of Army Secretary Francis J. Harvey. Pentagon officials indicated that Harvey was forced to resign because Gates was angry with how

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the Army handled allegations of poor care detailed in a series of Washington Post reports. The facility's commander, Maj. Gen. George W. Weightman, was dismissed this week, and a captain and several lower-level soldiers were reassigned.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

Later, in an interview, an emotional Harvey appeared both apologetic and defensive. "It's unexcusable to have soldiers in that type of building," he said, explaining why he resigned.

But he also said that the Post stories lacked balance. "Where's the other side of the story?" he asked, his voice rising. "Two articles in your paper have ruined the career of General Weightman, who is a very decent man, and then a captain . . . and the secretary of the Army. If that satisfies the populace, maybe this will stop further dismissals."

In a sign of the seriousness with which Bush takes the situation, the White House announced that he will soon name a commission to look into whether there are similar problems at other military and veterans hospitals. Administration officials took the unusual step of releasing early the text of Bush's regular Saturday radio address, in which the president will vow to ensure that the government meets the physical and mental health needs of soldiers returning from Iraq and Afghanistan.

"Most of the people working at Walter Reed are dedicated professionals," Bush will say, according to the text. "Yet some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

Taken together, the developments yesterday highlighted the anger at the highest levels of the administration over the problems at Walter Reed, as well as the political danger for the White House. Veterans groups remain among the few strong supporters of the war and have been an important part of the president's political base, yet they -- along with military families -- have been outraged since the problems first became public two weeks ago.

Joe Davis, a spokesman for the Veterans of Foreign Wars, said that the reports have angered members across the country and that the group hopes Vice President Cheney will address the issue when he speaks to its legislative conference on Monday. "Nobody would believe the military would do this to their wounded," Davis said. "We want accountability."

Democrats in Congress, meanwhile, have strongly denounced the administration for what they call insufficient attention to the needs of returning soldiers. At least two committees are mobilizing to investigate the Walter Reed situation. The House Committee on Oversight and Government Reform issued a subpoena yesterday to compel Weightman to testify at a congressional hearing Monday.

The committee also released an internal Army memorandum reportedly written in September in which the Walter Reed garrison commander, Col. Peter Garibaldi, warned Weightman that "patient care services are at risk of mission failure" because of staff shortages brought on by the privatization of the hospital's support workforce.

Rep. James P. Moran Jr. (D-Va.), a member of the House Appropriations subcommittee on defense and a close ally of a leading war critic, Rep. John P. Murtha (D-Pa.), said Bush's new commission is too little too late. "He's the executive," Moran said. "This has been six years, and now six years later, after an awful lot of neglect, he's going to get around to putting a commission together, a study to tell him what to do. . . . I think he's feeling politically desperate."

White House officials said politics played no role in their decision to form the commission, saying that Bush is genuinely outraged by the conditions at Walter Reed and that he learned about them from the recent news reports. "Once the Walter Reed stories ran, there was a collective feeling in the building, and certainly from the president, that whatever reasons or excuses, it was unacceptable," said Tony Fratto, deputy White House press secretary.

Eleven national volunteer organizations that help the wounded were called to the White House to meet with Bush on Wednesday, a meeting that White House officials said was planned before the Walter Reed stories broke. Cindy McGrew, founder of Operation Second Chance, a Maryland-based group that deals primarily with the wounded at Walter Reed, attended and said the president "wants to do all he can to help."

But the director of another organization, who spoke on the condition of anonymity so as not to anger the administration, called the event a "missed opportunity to ask people who have day-to-day interaction with the wounded to provide insight into how to fix this situation."

Anthony J. Principi, who served Bush as his first secretary of veterans affairs, said he was not sure Walter Reed is a political problem for the president but indicated that veterans groups are watching the situation carefully. "Veterans organizations have been very supportive of the president -- they respect and admire that he is stepping out on the issue and will hold people accountable. The president needs their support," he said.

The new commander of Walter Reed is Schoomaker, 58, currently commander of the U.S. Army Medical Research and Materiel Command at Fort Detrick, Md., home to biological weapon defense research. He is the younger brother of Gen. Peter J. Schoomaker, the Army chief of staff.

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It appears he has his work cut out for him. Yesterday, soldiers living in Building 18, the site of the worst problems, were told to pack their things so that Walter Reed could properly renovate the dank structure besieged by mold, leaks and rot. Some of the wounded were moved to another building on the post, while others were driven to a hotel in Silver Spring.

One soldier who had been living in Building 18 for 16 months, waiting to be treated for back problems, was told to report to barracks in Fort Meade, Md., according to his father. The soldier arrived at Fort Meade yesterday afternoon with his gear but was unable to move into his new accommodations -- the building had no elevator, and the soldier could not climb the stairs.

US Army Secretary Quits Over Row (BBC)

BBC.com, March 2, 2007

US Army Secretary Francis Harvey has resigned amid a row over the treatment of wounded US soldiers.

The move follows critical reports in the US media about the care of troops wounded in Afghanistan and Iraq at Washington's Walter Reed hospital.

The Washington Post said last week that some of the soldiers lived in buildings infested with rodents and cockroaches.

Mr Harvey was appointed in November 2004 and was responsible for the efficient functioning of the US army.

Mr Harvey's resignation was announced by Defence Secretary Robert Gates.

Our wounded soldiers and their families have sacrificed much and they deserve the best we can offer

Robert Gates It came a day after the head of Walter Reed Army Medical Center, Maj Gen George Weightman, was fired.

"I am disappointed that some in the army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Mr Gates said.

"Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems," he added.

Francis Harvey was appointed army secretary in 2004

The Washington Post newspaper claimed in a series of articles that conditions at Walter Reed, the most famous veterans' hospital in the US, were poor.

Outpatients lived in rat-infested rooms and bureaucracy got in the way of those trying to provide help to often badly injured soldiers, the articles reported.

The BBC's Justin Webb in Washington says that America's wounded veterans are regarded by most people in the country as truly heroic, so the fall-out has been considerable.

Mr Gates said that he was "concerned that some do not properly understand the need to communicate to the wounded and their families that we have no higher priority than their care".

"Our wounded soldiers and their families have sacrificed much and they deserve the best we can offer," he added.

Presidential address

According to our correspondent, the White House will hope that this trenchant intervention from Mr Gates will protect the president from political damage.

President George W Bush has been forced to address the issue in his weekly radio address - to be broadcast on Saturday - acknowledging that the treatment of the veterans has not been good enough.

"This is unacceptable to me, it is unacceptable to our country and it's not going to continue," he said, in an excerpt released by the White House.

He has announced that a cross-party commission will be formed to oversee health care for veterans.

Nonetheless, for many Americans it is a shock to discover that the men and women they care so deeply about have been so badly let down, our correspondent adds.

Army Secretary Ousted In Furor On Hospital Care (NYT)

By David S. Cloud

The New York Times, March 3, 2007

WASHINGTON, March 2 — Army Secretary Francis J. Harvey was forced to resign Friday over the handling of revelations that wounded soldiers were receiving shabby and slow treatment at Walter Reed Army Medical Center.

Even as the grim-faced defense secretary, Robert M. Gates, announced Mr. Harvey's dismissal, the Army put a new general in charge of the hospital, the second change of command in two days, and a clear signal that Mr. Gates wanted a clean break from the status quo.

Earlier, the White House had announced that President Bush would appoint a bipartisan panel to examine the medical treatment provided to wounded service members, both by the Defense Department and by the Department of Veterans Affairs.

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"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation," Mr. Gates told reporters. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

A senior Pentagon official said Mr. Gates had demanded Mr. Harvey's resignation because he was displeased that Mr. Harvey on Thursday, in dismissing the commander of Walter Reed, temporarily named Lt. Gen. Kevin Kiley to take command. General Kiley, the Army's top medical officer, had earlier appeared to play down the problems at Walter Reed, where he was in command until 2004.

Mr. Gates's aggressiveness in addressing the problem has surprised many Pentagon officials who are still getting used to his style more than two months into his service.

Ordered by Mr. Gates to get an acceptable new commander in place by the end of the day, the Army announced late Friday that Maj. Gen. Eric B. Schoomaker, a veteran Army doctor and the brother of the current Army chief of staff, would take over command at Walter Reed.

In his weekly radio address, taped on Friday for broadcast on Saturday morning, Mr. Bush said, "This is unacceptable to me, it is unacceptable to our country, and it's not going to continue." The White House released a transcript without the usual embargo on its publication.

White House officials said the review ordered by Mr. Bush would examine soldiers' medical treatment starting when they were wounded, as they were moved to Defense Department hospitals and as they received care in V.A. facilities after leaving the armed services.

The White House commission seemed to overlap in at least some respects with a separate panel announced by Mr. Gates last week that he said had authority to examine living conditions, problems getting prompt care and any other issues at Walter Reed and other military-run hospitals the panel chose to examine.

Officials said the White House commission was likely to undertake a broader review and take longer with its investigation than the Pentagon panel, which has a 45-day deadline. Mr. Bush plans to name his commission's members next week.

House and Senate committees, too, are planning hearings on the matter next week. The House Committee on Oversight and Government Reform said Friday that it was issuing a subpoena to Maj. Gen. George W. Weightman, who had been in command of the hospital since last August before his firing on Thursday. The panel has scheduled a hearing at Walter Reed on Monday.

The committee also made public an internal hospital memorandum written last September that warned that an Army decision to privatize support services at Walter Reed was causing an exodus of experienced career personnel and putting patient care "at risk of mission failure."

The scandal at Walter Reed is particularly embarrassing to the administration because many top officials have visited injured troops there. Although Mr. Bush has visited Walter Reed several times, his spokesman, Tony Snow, said last month that the president had learned about the situation from the newspaper and that he had given orders to "find out what the problem is and fix it."

Army officials have defended the treatment provided to most patients at Walter Reed, especially the most serious cases, those admitted to inpatient wards on its campus a few miles from the center of Washington.

But the administration has been unable to explain why adequate improvements at Walter Reed's nearby satellite facilities used to house outpatients were not made before the shoddy conditions were disclosed last month in a series of articles in The Washington Post. And the furor is unlikely to abate soon.

Mr. Harvey, the senior civilian official overseeing the Army, joined the Pentagon in 2004 after a long career as an engineer working mainly for defense contractors. He was an executive with the Westinghouse Corporation from 1969 to 1997.

In a speech last year, he said improved efficiency could reduce both the federal work force and the number of contractors.

But the House committee leaders said that at Walter Reed, hiring a contractor had resulted in a steep decline in the number of support personnel like maintenance workers to fewer than 60 last month, from 300 in early 2006.

An Army spokesman, Paul Boyce, said that "didn't help" efforts over the last year to improve conditions for patients in Building 18, the dilapidated 50-room former hotel across the street from Walter Reed where outpatients are housed. Before rushed renovations last month, the building had moldy walls, stained carpets and infestations of rats.

Walter Reed officials have also acknowledged that the large number of wounded from Iraq and Afghanistan, currently around 650 patients and outpatients, has taxed doctors, nurses and other care providers and forced them to rely more heavily on overflow facilities.

General Kiley, commander of Walter Reed from 2002 to 2004, left when he was appointed Army surgeon general. On a tour of the outpatient facilities for reporters last month, he took issue with the way the conditions were portrayed in some accounts.

"While we have some issues here, this is not a horrific, catastrophic failure at Walter Reed," he said. "I mean these are not good, but you saw rooms that look perfectly acceptable, you saw the day rooms with the pool tables and plasma screen TVs, and we're working every day to make those rooms better."

But those comments and others did not please Mr. Gates, aides said. Even though he issued a statement Thursday endorsing the decision to remove General Weightman, he was not aware that the Army had chosen General Kiley to be the acting commander, an appointment that lasted just one day.

"It could have been almost anybody but Kiley," said a senior Pentagon official, who was granted anonymity because he was not authorized to discuss Mr. Gates's thinking. Referring to General Kiley's service as the hospital commander, he added: "Some of this may well have developed and even started on his watch. And his comments also demonstrated a certain insensitivity."

General Schoomaker, 58, the new commander, had been commander of the Army's Medical Research and Material Command at Fort Detrick, Md. His brother, Gen. Peter J. Schoomaker, the Army chief of staff, who is stepping down next month, was not involved in the decision to select him, the senior Pentagon official said.

In a visit to the outpatient facility last month before it was fixed up, Mr. Harvey called the conditions inexcusable. But he went on to place the blame for the situation on noncommissioned officers.

"We had some N.C.O.'s who weren't doing their job, period," Mr. Harvey said.

Army Secretary Quits In Walter Reed Scandal (CHIT)

By Aamer Madhani, John Biemer

Chicago Tribune, March 3, 2007

WASHINGTON -- Mired in controversy over the deplorable conditions at one of the Army's pre-eminent facilities for treating battle-scarred troops, Army Secretary Francis Harvey abruptly resigned Friday as the White House announced it would conduct a comprehensive review of the military's care of wounded soldiers.

Harvey's resignation came just a day after he ousted the two-star general who was commander of the Walter Reed Army Medical Center here after revelations that soldiers recovering from wounds suffered in Iraq and Afghanistan were being housed in moldy quarters, infested by mice and cockroaches.

Harvey had replaced the fired Maj. George Weightman as the head of Walter Reed with Lt. Gen. Kevin Kiley, a temporary replacement whose role in the scandal is still in question. Harvey's move angered Defense Secretary Robert Gates, who announced late Friday that he had accepted Harvey's resignation and that under-secretary Peter Geren would serve as acting secretary of the Army until a permanent replacement could be found. The Army also announced that Kiley would be replaced by Maj. Gen. Eric Schoomaker, the commanding general of the U.S. Army Medical Research and Materiel Command at Ft. Detrick, Md.

The Washington Post, which uncovered the decrepit conditions at Walter Reed, reported that Kiley had received complaints as early as 2003 but had done nothing to rectify the situation. After the newspaper's initial reports about the conditions late last month, Kiley derided the coverage as "one-sided."

Gates did not take questions from reporters, but made it clear that Harvey's ouster was related to his handling of the controversy.

"I am disappointed that some in of the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

The White House also announced on Friday that a presidential commission would review conditions at Walter Reed. President Bush expressed disappointment over the handling of the revelations and said that he has directed Gates to assess the situation, according to a White House transcript of the president's weekly radio address that is scheduled to air Saturday morning.

"These servicemen and women deserve the thanks of our country, and they deserve the best care our nation can provide," Bush said according to the transcript. "Yet some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

Veterans Affairs Secretary James Nicholson toured the Marionjoy Rehabilitation Hospital in Wheaton, Ill., west of Chicago on Friday. He said that the VA is doing its own inquiry into the care provided at its 155 medical centers throughout the country, which serve a million veterans a week, "to make sure that things are getting done the way they're supposed to be done."

Nicholson said that overall the VA is doing a good job in providing care for wounded veterans returning from the Iraq and Afghanistan wars.

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"But these injuries are so serious that if there is just one that falls through the crack, it's unacceptable and it's painful to know about and so we have to get it perfect and that's the goal of the VA and I'm sure that's the goal of the Army," said Nicholson, who was also in town for a DuPage County Republican fundraiser.

Both the Senate and House armed services committees are planning hearings on the Walter Reed scandal, which has been compounded by recent news reports that many wounded Iraq veterans are receiving inadequate treatment from a beleaguered veterans health care system. The House Committee on Oversight and Government Reform announced it had issued a subpoena to compel Weightman, the ousted head of Walter Reed, to appear at a hearing on Monday to testify about an effort to privatize some support services at Walter Reed.

Rep. Henry Waxman (D-Calif.), chairman of the government oversight panel, and fellow committee member Rep. John Tierney (D-Mass.), told Weightman in a letter that privatization efforts at Walter Reed may have led to the management staff being cut from 300 to less than 60 earlier this year.

Walter Reed awarded a five-year, $120 million contract to IAP Worldwide Services for base operation support services, according to the letter. That company is tied to a former senior official of Halliburton, which has won millions of dollars in U.S. contracts for providing support services in Iraq and Afghanistan. Vice President Dick Cheney served as Halliburton's chief executive from 1995 to 2000.

"It would be reprehensible if the deplorable conditions were caused or aggravated by an ideological commitment to privatize services regardless of the costs to taxpayers and the consequences for wounded soldiers," Waxman and Tierney wrote.

Bush Announces Plans To Investigate Veterans' Health Care (MCT)

By Ron Hutcheson And Chris Adams

McClatchy Newspapers, March 3, 2007

WASHINGTON - In more fallout from reports of appalling conditions at the Army's top medical facility, Army Secretary Francis Harvey resigned Friday and President Bush announced a far-reaching investigation into the quality of health care for wounded troops.

Bush said he'd appoint a bipartisan commission to examine the treatment of wounded military personnel "from the time they leave the battlefield through their return to civilian life." He said he was "deeply troubled" by reports of substandard care at the Walter Reed Army Medical Center, where some recuperating veterans complained of being neglected and left in moldy, deteriorating facilities.

The president will formally announce the new commission in his Saturday radio address, but the White House released an early transcript of his remarks. In an unusual move, it distributed his comments for immediate release, without waiting for his speech. He taped his comments Friday.

Bush said he would appoint the commission "in the coming days" and would set "a firm deadline" for a report.

Harvey's resignation came a day after Maj. Gen. George Weightman was ousted as the top commander at Walter Reed. Defense Secretary Robert Gates suggested that Harvey and Weightman were forced out because they downplayed problems highlighted by recent stories in The Washington Post. Some problems at Walter Reed were first reported as early as 2005 by the online magazine Salon.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said with what appeared to be barely contained anger. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

He blamed the problems on Walter Reed's leadership, not its doctors, nurses and other health-care workers.

The Army later announced that Maj. Gen. Eric Schoomaker would become the new commander at Walter Reed, replacing Lt. Gen. Kevin Kiley, who spent just a day in the post after Harvey tapped him to fill in. Kiley, who'd served a previous stint at Walter Reed, drew objections from critics, who said he'd failed to confront some of the same problems that recently came to light.

The treatment of wounded soldiers and veterans has become a sensitive issue in the context of the Iraq war.

Rep. Henry Waxman, D-Calif., the chairman of the House Oversight Committee, said the panel would subpoena Weightman to a hearing Monday. The Army had tried to prevent him from testifying.

The House Armed Services Committee announced plans for a hearing Thursday on conditions at Walter Reed.

Sen. Hillary Rodham Clinton, D-N.Y., toured Walter Reed on Friday and complained that wounded soldiers had been directed to stop talking to reporters. In a letter to Harvey before he resigned, the Democratic presidential candidate said wounded soldiers "have earned the right to have their voices heard."

The Washington Post stories on Walter Reed were among a series of recent news accounts highlighting problems in medical care for veterans and active-duty military personnel.

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McClatchy Newspapers early last month detailed widespread gaps in the Department of Veterans Affairs' mental health-care system and showed how veterans in many parts of the country have limited access to specialized treatment for post-traumatic stress disorder, the most frequent mental-health problem to emerge from the wars in Iraq and Afghanistan.

McClatchy previously had documented problems in the VA's disability compensation and other benefits systems. An ABC News special this week highlighted troubles in the VA's care of veterans with traumatic brain injuries, and Newsweek magazine blasts the VA in its current cover story for a host of problems in its medical and benefits divisions.

Veterans' health care is a sensitive issue for an administration that claims to offer the best equipment and care to active-duty troops and veterans.

Accounts of dismal conditions at Walter Reed were particularly embarrassing for the White House because Bush often visits the hospital. His last trip was in December, but aides said he was unaware of any problems until he read about them in the newspaper.

"Some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country and it's not going to continue," Bush says in his prepared radio remarks.

He adds, "As we work to improve conditions at Walter Reed, we're also taking steps to find out whether similar problems have occurred at other military and veterans hospitals."

Walter Reed is part of the Pentagon's military health system, designed to serve active-duty personnel. The VA's operations for military veterans are far larger, with more than 150 hospitals and more than 875 outpatient clinics nationwide.

In his radio speech, Bush points to the VA's expanding budget as evidence of "our ongoing effort to improve our service to our nation's veterans." If Congress approves his fiscal 2008 VA budget, he said, the agency's health-care budget will have jumped by 83 percent in the past six years and its overall budget will have increased 77 percent, to $86 billion.

There's no question that the VA's budget has grown recently, and the health system has received good marks for significant improvements.

At the same time, Democrats in Congress and others question whether the VA's budget is keeping pace with burdens imposed by increasing numbers of veterans coming back from the war, aging patients and rising medical-care costs.

"Yes, it has been increased, but certainly it hasn't been increased enough to meet the demands, the salary increases and inflationary factors," said Joe Violante, the national legislative director for Disabled American Veterans.

At a budget hearing two weeks ago, Sen. Patty Murray, D-Wash., questioned the administration's estimate that the VA would treat 263,000 Iraq and Afghanistan war veterans next year - a figure that she suggested was too low.

In addition, Violante and others say the VA suffers from inconsistent access: good hospitals and clinics in some part of the country and understaffed or overwhelmed hospitals elsewhere.

Army Secretary Resigns In Scandal's Wake (AP)

By Robert Burns,

AP, March 3, 2007

Army Secretary Francis J. Harvey abruptly stepped down Friday as the Bush administration struggled to cope with the fallout from a scandal over substandard conditions for war-wounded soldiers at Walter Reed Army Medical Center.

Harvey's departure, announced on short notice by a visibly agitated Defense Secretary Robert Gates, was the most dramatic move in an escalating removal of officials with responsibilities over one of the military's highest-profile and busiest medical facilities.

Hours earlier, President Bush ordered a comprehensive review of conditions at the nation's network of military and veteran hospitals, which has been overwhelmed by injured troops from the wars in Iraq and Afghanistan.

Gates said Harvey had resigned, but senior defense officials speaking on condition of anonymity said Gates had privately demanded that Harvey leave. Gates was displeased that the officer Harvey had chosen as interim commander of Walter Reed — Lt. Gen. Kevin Kiley, the current Army surgeon general and a former commander of Walter Reed — has been accused by critics of long knowing about the problems there and not improving outpatient care.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said in the Pentagon briefing room. He took no questions from reporters.

Harvey was at Fort Benning, Ga., on Friday morning when he cut short his visit to return to Washington to meet with Gates.

In an interview in his office shortly after the announcement, Harvey said he offered Gates his resignation because he believed the Army let the wounded soldiers down. He said the furor has depressed the staff at Walter Reed, and he wanted to prevent any others from leaving or being fired.

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"We can't have them leave," he said. "We can't have them be so demoralized that they leave. So I figured what the heck, if I offer my resignation that may stop all this bleeding and it was accepted."

Asked if Gates prodded him to leave, Harvey acknowledged the secretary wasn't happy with the way the Army handled the matter. But he said he had been thinking about stepping down for a few days and "I submitted my resignation."

He added, "We let the soldiers down, I'm the head of the Army. I thought it was necessary to do that."

On Thursday, Harvey fired the medical center's previous commander, Maj. Gen. George Weightman, for failures linked to the outpatient treatment controversy. Many had speculated that Weightman would be relieved of command, but Harvey's departure was a surprise. His last day in the job will be March 9.

Peter Geren, the undersecretary of the Army, will serve as Harvey's temporary replacement until Bush nominates a new secretary.

As Army secretary, Harvey is the service's top civilian official. He commands no troops. Along with the four-star general who is Army chief of staff, the secretary has statutory responsibility for training and equipping the Army. That includes responsibility for budgeting, recruiting and other personnel and resource policies.

The Army announced Friday that Maj. Gen. Eric B. Schoomaker, 58, will be the new commander of Walter Reed, which is located in Washington.

"From what I have learned, the problems at Walter Reed appear to be problems of leadership," Gates said. "The Walter Reed doctors, nurses and other staff are among the best and most caring in the world. They deserve our continued deepest thanks and strongest support."

Harvey said the Army was addressing the problems but added that since the revelations have now ruined Weightman's career and that of several other lower level solders, perhaps his own departure will "will stop further dismissals."

The revelations about shoddy facilities and wounded soldiers enduring long waits for treatment have embarrassed the Army and the Bush administration at a time when the White House is scrambling to shore up eroding support for the Iraq war. It has prompted numerous calls in Congress for more information, and sullied the reputation of what is supposed to be one of the military's foremost medical facilities.

An internal memo from Weightman last fall requested funding and additional personnel, saying that if shortfalls and the loss of skilled staff were not addressed "patient care services are at risk of mission failure."

Rep. Ike Skelton, D-Mo., chairman of the House Armed Services Committee, applauded Harvey's departure.

"I commend him for taking responsibility for the problems at Walter Reed," Skelton said.

The defense secretary indicated he was unhappy with the way Army leaders had responded to the Walter Reed disclosures.

"Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems," Gates said. "Also I am concerned that some do not properly understand the need to communicate to the wounded and their families that we have no higher priority than their care and that addressing their concerns about the quality of their outpatient experience is critically important. Our wounded soldiers and their families have sacrificed much and they deserve the best we can offer."

The White House said the president would name a bipartisan commission to assess whether the problems at Walter Reed exist at other facilities. Last week, Gates created an outside panel to review the situation at Walter Reed and the other major military hospital in the Washington area, the National Naval Medical Center at Bethesda, Md.

The actions come after The Washington Post documented squalid living conditions for some outpatient soldiers at Walter Reed and bureaucratic problems that prevented many troops from getting adequate care.

Harvey has been Army secretary since November 2004.

He is the second consecutive Army secretary to be removed abruptly from office. In April 2003, then-Defense Secretary Donald H. Rumsfeld fired Thomas White, who had engaged in public disputes with Rumsfeld.

A former businessman trained as an engineer, Harvey counted as one of his proudest achievements a turnaround of the Army's recent recruiting slump. The Army missed its recruiting goal 2005 for the first time since 1999, and that same year Harvey instituted a series of changes that led to a recovery in recruiting.

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Associated Press writer Lolita C. Baldor contributed to this report.

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On the Net:

Defense Department: http://www.defenselink.mil

Army Secretary Quits In Wake Of Hospital Scandal (CNN)

CNN.com, March 2, 2007

WASHINGTON (CNN) -- Secretary of the Army Francis Harvey resigned Friday in the wake of recent reports of substandard conditions at Walter Reed Army Medical Center, a key facility treating troops wounded in Iraq.

Defense Secretary Robert Gates announced Harvey's resignation at the Pentagon, just a day after Harvey removed the hospital's commander, Maj. Gen. George Weightman, from his post.

Gates said Undersecretary of the Army Peter Geren will temporarily take Harvey's place. Harvey will leave on March 9.

"I thanked Dr. Harvey for his distinguished service to the department and to the nation," Gates said. "This flagship institution must have its new leadership in place as quickly as possible."

The Army later said Maj. Gen. Eric B. Schoomaker will take command of Walter Reed and the North Atlantic Regional Medical Command.

Schoomaker now commands the U.S. Army Medical Research and Material Command at Fort Detrick, Maryland.

Gates accepted no questions after his announcement, and didn't explain why Harvey resigned. However, he repeated something the Army said Thursday when Weightman was fired: The problems at the hospital reflect a lack of leadership.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertinent to outpatient care at Walter Reed. Some have shown too much defensiveness, and have not shown enough focus on digging into and addressing the problems."

Gates praised the doctors and other medical personnel at Walter Reed, and said they deserve support.

Troops recuperating from wounds they suffered in Iraq and Afghanistan were discovered to be living in substandard conditions in Building 18, an adjunct structure at Walter Reed that was once a hotel. There also were complaints of too much bureaucratic red tape.

Weightman, the fired commander, had said he was unaware of the substandard conditions.

But in a memo signed by a deputy to Weightman in September 2006, five months before reports of the problems at Walter Reed came to light, concerns were raised about care at the facility after the Army's decision to privatize support services there.

The memo obtained by the House Oversight and Government Reform Committee says Walter Reed "operations and patient care services are at risk of mission failure."

Harvey had been the Army's top civilian official since November 2004. Before President Bush appointed him to the position, he spent much of his career working for defense contractors, according his Army biography.

Earlier Friday, Bush said he is "deeply troubled" by the reports from Walter Reed and will form a bipartisan panel to assess medical care for wounded U.S. service members.

"This review will examine their treatment from the time they leave the battlefield through their return to civilian life as veterans, so we can ensure that we are meeting their physical and mental health needs," Bush will say in his weekly radio address, which is to air Saturday. A transcript was released by the White House on Friday.

He says he will soon announce commission members and set a deadline for their recommendations.

"Most of the people working at Walter Reed are dedicated professionals," Bush will say.

"Yet some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve. This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

The president said steps are being taken to find out whether there are similar problems at other military and veterans hospitals.

Bush said he is asking Congress for more than $86 billion for veterans' services for fiscal year 2008. If approved, "we will have increased the VA's health-care budget by 83 percent over the past six years, from about $20 billion to more than $36 billion."

Defense Secretary Sends Stern Message About Accountability (WP)

By Thomas E. Ricks, Ann Scott Tyson

The Washington Post, March 3, 2007

Army Secretary Francis J. Harvey was traveling outside Washington yesterday when he was notified that Defense Secretary Robert M. Gates, his boss, wanted to see him as soon as possible.

By the end of the day, Harvey had returned from a trip to Fort Benning, Ga., and was out of a job -- fired because of the scandal over the poor treatment of outpatient soldiers at the Walter Reed Army Medical Center. He was the second Army secretary in a row to be relieved.

"The problems at Walter Reed appear to be problems of leadership," Gates said in a brief statement delivered at the Pentagon just after he met with Harvey.

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Harvey's firing sent a strong message across the top of the military establishment that the new Pentagon chief, though a newcomer to the world of defense, would not be a passive manager and would hold senior leaders accountable for their actions. "There's a new boss in town, and the message is 'You guys need to do your job right,' " a Defense Department official said yesterday.

Indeed, in an interview shortly after Gates's statement, Harvey said: "We let the soldiers down. I'm the head of the Army. What can I say?"

The move was a "sudden, emotional decision on the parts of both secretaries," an Army official said, though Harvey maintained that it was his own decision to step down.

Pentagon officials said Gates was angry that as the scandal unfolded, the Army relieved the commander of Walter Reed, Maj. Gen. George W. Weightman, who had been in that job for only about half a year, and replaced him with Lt. Gen. Kevin C. Kiley, the Army surgeon general, who had previously commanded Walter Reed and was said by soldiers, their families and veterans' advocates to have long been aware of problems at the medical complex.

Harvey defended his decision to temporarily appoint Kiley as Walter Reed's commander. He said Kiley called him a few days ago and lambasted The Washington Post's series on the medical center. "He called me and said, 'I'm willing to defend myself. . . . I want to have an opportunity to defend myself, and it was wrong and it was yellow journalism at its worst, and I plan on doing it. Trust me.' " Harvey said. "I said, 'Okay, Kevin.' " Harvey added that Kiley was to be in the job only about a week until they could make a "thoughtful decision on who should replace him."

The Army's appointment of Kiley also set up a potentially embarrassing situation next week, when the general was scheduled to testify before two Senate committees about the Walter Reed situation. Yesterday, the Army appointed Maj. Gen. Eric B. Schoomaker as the new Walter Reed commander.

The White House also made it clear to the Pentagon that the scandal needed to be addressed more swiftly and vigorously than the Army appeared to be doing, defense officials said.

At a Senate Appropriations Committee hearing on Tuesday, Gates said he was "very concerned" about the situation at Walter Reed and wanted to make clear that "accountability on this will not be limited to a couple of [noncommissioned officers] and a junior officer once we know the facts."

While Gates did not explicitly mention his predecessor, the new defense secretary's approach to the problem has contrasted with the way Donald H. Rumsfeld's Pentagon handled allegations of wrongdoing. In the Abu Ghraib prison scandal, Pentagon officials were quick to point the finger at low-ranking soldiers, and only one officer who worked at the prison has faced court proceedings, even after numerous investigations found high-level problems with interrogation policies.

Gates said yesterday that "some in the Army have not adequately appreciated the seriousness" of the Walter Reed issue.

Former Army secretary Thomas E. White, who was fired by Rumsfeld in April 2003, said that the country being at war creates unique challenges for the service secretaries, especially the secretary of the Army. "The treatment of casualties is an extremely emotional issue, and there is a tremendous sense that these people should be well treated for the service they've rendered their country," White said. "And when they're not, that's an unacceptable situation."

Walter Reed Lapses Claim Another Top Army Official (LAT)

By Julian E. Barnes, Times Staff Writer

The Los Angeles Times, March 3, 2007

Under pressure from Defense Secretary Gates, the Army secretary resigns.

WASHINGTON — Army Secretary Francis J. Harvey resigned Friday under pressure from Defense Secretary Robert M. Gates, becoming the second top Army official forced to step down because of revelations of problems in the care of seriously injured soldiers at Walter Reed Army Medical Center.

In an unusually harsh denunciation, Gates said he was displeased with some Army officials over their handling of disclosures that soldiers had received substandard housing and poor outpatient treatment at Walter Reed.

"I am disappointed that some in the Army have not adequately appreciated the seriousness of the situation pertaining to outpatient care at Walter Reed," Gates said at the Pentagon. "Some have shown too much defensiveness and have not shown enough focus on digging into and addressing the problems."

The Army also named a new commander of Walter Reed on Friday — a day after Harvey had controversially appointed a previous head of Walter Reed, Lt. Gen. Kevin C. Kiley, as interim commander. A senior Pentagon official said Gates was upset that Harvey had appointed Kiley.

Military officers said the swift response by Gates and his willingness to move against top Army commanders and civilians was partly meant to differentiate him from his predecessor, Donald H. Rumsfeld. Throughout months of revelations of abuses by

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American soldiers at the Abu Ghraib prison in Iraq and elsewhere, Rumsfeld brushed off demands to punish ranking officers, and awarded one a medal for distinguished service.

President Bush, meanwhile, will tell the nation in his radio address today that he finds conditions at Walter Reed "unacceptable," and congressional Democrats have subpoenaed the hospital's former commander to what promises to be an acrimonious hearing at the Washington hospital Monday.

For Bush, the revelations came as an embarrassment. His radio speech — and its early release — represented an effort to contain the damage.

It was Harvey, the Army's top civilian official, who relieved Maj. Gen. George W. Weightman of his command of the hospital Thursday. In the same announcement, Harvey appointed Kiley, the Army's surgeon general and head of its Medical Command, as Walter Reed's acting commander.

But veterans groups, lawmakers and others had criticized Kiley — who headed Walter Reed from 2002 to 2004 — saying he had known about problems at the hospital and had failed to act.

On Friday, the Army appointed Maj. Gen. Eric B. Schoomaker as the new Walter Reed commander.

Last week, a day before Gates traveled to the hospital and publicly condemned the problems at Walter Reed, Kiley denied that there had been a "breakdown of leadership" and criticized the Washington Post stories that exposed problems at the hospital.

Although Gates declined to criticize Kiley last week, his comments Friday contradicted Kiley's stance that there had been no failure by hospital leaders. Gates singled out the doctors and nurses at the hospital for praise while criticizing the command.

"I want to reaffirm my confidence in the staff at Walter Reed and their professionalism and dedication to providing caring treatment," Gates said. "From what I have learned, the problems at Walter Reed appear to be problems of leadership."

Several military officials said Kiley also might be ousted from his post as surgeon general and Army medical commander. But the senior Pentagon official, speaking on condition of anonymity when discussing internal deliberations, said Kiley's fate would probably be determined by an independent review panel appointed by Gates last week to examine Army medical facilities.

Jerry Newberry, a spokesman for the Veterans of Foreign Wars, said Gates' actions had allayed his members' concerns that only low-level officials and officers would be held accountable for the problems at Walter Reed.

"Obviously, [Gates] is a no-nonsense guy and means what he says. He's demanded people be held accountable and obviously they are," Newberry said.

Sen. Claire McCaskill (D-Mo.), a member of the Armed Services Committee, praised Gates' move.

"Secretary Gates gets a lot of points for what he did today," said McCaskill, who has drafted a measure to improve housing for wounded soldiers and to cut through bureaucracy.

But she said she did not think the problems at Walter Reed could be fixed until Kiley was replaced.

"He is responsible for the command culture that allowed the situation to continue even after he knew about it," she said. "It is clear he knew about it. The problems with the outpatients were brought to him. I hope Secretary Gates is not finished."

Military officials said Harvey had also failed to speak candidly enough about the problems.

On Thursday, during a round-table discussion with reporters, Harvey refused to entertain questions about the growing scandal, saying he had received legal advice against commenting on investigations of Army personnel.

When pressed to discuss the Army investigation, Harvey was curt: "Just let us do it," he said. "When it's done, we'll let you know."

Failure to take responsibility, acknowledge the problems or explain remedial steps was unacceptable to Gates, military officials said.

"Secretary Harvey was an outstanding leader, but he got it wrong on this one," said the senior Pentagon official. "And the secretary [Gates] is serious about accountability."

Although Army officials acknowledged Harvey's missteps in dealing with the hospital crisis, he has been popular with many officers.

Named Army secretary in 2004, Harvey is a former defense industry executive who spent much of his career as a senior executive for Westinghouse Corp. He has a doctorate in metallurgy and material sciences from the University of Pennsylvania.

In his radio address today, Bush is to announce the creation of a bipartisan presidential commission to review all medical care for wounded service members. The commission would be in addition to the independent panel appointed by Gates.

"Some of our troops at Walter Reed have experienced bureaucratic delays and living conditions that are less than they deserve," an advance Bush text says. "This is unacceptable to me, it is unacceptable to our country, and it's not going to continue."

Rep. Henry A. Waxman (D-Los Angeles) will head a congressional hearing at the hospital Monday.

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At the hearing, Weightman, the medical center commander fired Thursday, will be questioned about a 2006 memo warning that a patient overload had strained hospital staffs and threatened care.

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Times staff writers Peter Spiegel and Joel Havemann contributed to this report.

Preserve 'Core' Of No Child Left Behind Act, Bush Urges (LAT)

By James Gerstenzang

The Los Angeles Times, March 3, 2007

He warns Congress against 'watering down' the education law.

LOUISVILLE, KY. — President Bush urged Congress to avoid broad changes to the education law that represented one of his key domestic policy accomplishments, saying Friday that "watering down" the No Child Left Behind Act "would be doing thousands of children a disservice."

"It's working," Bush said. "We can change parts of it for the better, but don't change the core of a piece of good legislation that's making a significant difference in the lives of a lot of children."

The law, which Bush signed in 2002, is to expire this year, and the president expressed his willingness to work with Capitol Hill's new Democratic majority on renewing it. He singled out the Democratic chairmen of the Senate and House education committees — Sen. Edward M. Kennedy of Massachusetts and Rep. George Miller of Martinez — as crucial to those negotiations.

Kennedy and Miller helped provide bipartisan support for No Child Left Behind, but since its passage they and other Democrats have said that the administration has failed to provide sufficient funds to carry out its requirements.

Democratic leaders now can push for these and other changes to the law that they could not enact when Republicans controlled Congress.

Bush spoke to a crowd in the gymnasium of an elementary school in New Albany, Ind., before addressing a Republican Party fundraiser in nearby Louisville, Ky., later Friday.

Even as Bush focused on the education issue, reminders were plentiful of the foreign policy matters that have defined his presidency — his response to the Sept. 11 terrorist attacks and his decision to invade Iraq.

As Bush's motorcade neared the school, it passed a clutch of antiwar demonstrators; one held a sign reading, "War Leaves Every Child Left Behind." Elsewhere, he passed a banner reading, "Thank You for Keeping Us Safe."

At the fundraiser, Bush spoke to about 650 contributors to the National Republican Senatorial Committee and Mitch McConnell's 2008 reelection campaign. The Kentucky Republican, the Senate minority leader, will be seeking his fifth term.

McConnell estimated that Bush's appearance would take in about $2.1 million.

A key provision of the No Child Left Behind Act required states to establish uniform tests for assessing students' progress and school quality.

The measure's supporters say this has promoted greater accountability in public education and helped motivate improved student performance in some subjects.

But along with criticism of the funding level for the law, some skeptics have charged that it has hamstrung teachers by putting too much emphasis on "teaching to the test."

Earlier this year, an independent commission assembled by the nonpartisan Aspen Institute think tank recommended more than 70 changes to the law, including requiring an "exit exam" for high school seniors.

Bush has not said what changes he would accept. But he opposes relaxing testing requirements or requiring a national test to replace state exams.

He said Friday that he also favored speeding up the process through which parents learn about a school's test results to make it easier for them to decide whether to seek additional help for their children.

Bush Staffers Ordered 3 Ejected From Event, Man Says (WP/AP)

The Washington Post, March 3, 2007

DENVER, March 2 -- A volunteer said Friday that he was acting on orders from White House staffers when he helped eject three people from a taxpayer-funded event President Bush was attending, according to the man's attorney.

The volunteer, Michael Casper, said in a deposition that two White House employees told him to throw out the three after Casper saw them behaving suspiciously, lawyer Sean R. Gallagher said.

Casper named the White House employees as Steven A. Atkiss, deputy director for travel, and Jamie O'Keefe, lead advance staffer for the 2005 event, Gallagher said.

White House spokesman Blair Jones said he could not comment on pending litigation.

Leslie Weise and Alex Young, two of the three people who were thrown out, filed a federal lawsuit against Casper and Jay Bob Klinkerman, both volunteers with the event's host committee. Weise and Young say that they were told to leave because of their political views and that the White House had a policy of ejecting dissenters from the president's appearances.

Martha Tierney, an American Civil Liberties Union lawyer representing the plaintiffs, said Atkiss and O'Keefe would be added as defendants.

Justice Thomas Scorns Media, Affirmative Action In Interview (LAT)

By David G. Savage

The Los Angeles Times, March 3, 2007

'That's a lie,' he says of the notion that he was recruited for college.

WASHINGTON — In a rare interview, Supreme Court Justice Clarence Thomas described himself as a high-achieving student who was mentored by a prominent priest when he enrolled in a Catholic college in Massachusetts in the late 1960s. But he bitterly rejected the idea that he benefited from affirmative action because he was black.

"That was the creation of the politicians, the people with a lot of mouth and nothing to say, and your industry," Thomas told a writer for Business Week magazine. "Everything becomes affirmative action."

In 1968, shortly after the assassination of Dr. Martin Luther King Jr., the Rev. John Brooks began recruiting young black men to enroll at College of the Holy Cross, a Jesuit school in Worcester, Mass.

The initial class of 28 included Washington lawyer Theodore V. Wells Jr., who is representing former vice presidential aide I. Lewis "Scooter" Libby; Pulitzer Prize-winning novelist Edward P. Jones and investment banker and former New York City deputy mayor Stanley Grayson — as well as Thomas, the high court's only African American.

In an interview that accompanied the magazine's profile of Brooks, Thomas insisted he was not recruited to go to Holy Cross. After dropping out of a Missouri seminary in 1968, Thomas returned home to Savannah, Ga.

"A nun suggested Holy Cross. That's how I wound up there," he said. "Your industry [the news media] has suggested that we were all recruited. That's a lie. Really, it's a lie. I don't mean a mistake. It's a lie.

"That thing that has astounded me over the years is that there has been such an effort to roll that class into people's notion of affirmative action," he continued. "You hear this junk. It's just not consistent with what really happened."

Thomas expressed disdain for the news media several times during the interview.

"One of the reasons I don't do media interviews is, in the past, the media often has its own script," he said. "The media, unfortunately, have been universally untrustworthy because they have their own notions of what I should think or I should do."

At times, Thomas described himself as a solid student in college. "I had always been an honors student. I had always had really high grades, so that was never a problem." But he also said he struggled: "I'm not a school person. I never liked school. My best day of school was the day I graduated."

Thomas described how Brooks, then a dean of Holy Cross, won an "amnesty" for black students in December 1969 after they had quit the college en masse. Five black students had been singled out and expelled for taking part in a larger protest related to the Vietnam War. The other blacks decided to quit in solidarity with those who had been expelled. Thomas said his college career might have ended there had the priest not intervened.

"The black kids were being treated unfairly. I said: 'Look, if we're not going to be treated fairly here, let's leave,' " Thomas said. "Thank God for Ted [Wells] … and Father [Raymond] Swords and Father Brooks. They worked it…. What if he [Brooks] had just said: 'Let them go.' God only knows where I would be."

Brooks, now 83, told the magazine the initial decision to expel the five black students "was racism, basically." He persuaded Swords, the college president, to readmit them.

After graduating from Holy Cross in 1971, Thomas enrolled at Yale Law School and graduated in 1974. He took a job in Missouri with the state's then-attorney general, John Danforth. When Danforth was elected to the Senate, he took Thomas with him to Washington, and later lobbied to get him on the Supreme Court.

In 1991, when Justice Thurgood Marshall, the court's first African American, announced his retirement, President George H.W. Bush chose Thomas to succeed him.

In the interview, the now 58-year-old Thomas described his current life as an exhausting struggle. He pointed out a drawing in his office that shows an African American man draped over a desk with his hands stretching toward the floor. Thomas said a friend gave him the drawing because "he thought it captured my life."

"Look at the exhaustion," he said. "Mental. Physical. Spiritual. Just constant change. You just want to slow down. You see people take a walk and you want to, too."

U.S. Selects Design For New Nuclear Warhead (WP)

By Walter Pincus

The Washington Post, March 3, 2007

The National Nuclear Security Administration has selected a design from Lawrence Livermore and Sandia national laboratories that could become the basis for the first new nuclear warhead produced by the United States in more than 20 years.

The purpose of the new Reliable Replacement Warhead is to provide, beginning in 2012, a new generation of secure nuclear warheads -- initially for submarine-launched missiles -- that would provide a credible deterrent well into the mid-21st century.

"RRW will take advantage of today's science to ensure long-term confidence in the future stockpile" of nuclear warheads, Thomas P. D'Agostino, the NNSA's acting administrator, said yesterday. The Livermore design beat out one submitted by Los Alamos National Laboratory because there was a "higher confidence" that it could be certified without underground nuclear testing, D'Agostino said. He added that the Los Alamos design has some "highly innovative" features that will be developed "in parallel with the Livermore effort."

The design team will work with the Navy over the next 10 months to define a cost schedule and a production plan. The NNSA's 2008 budget includes $88 million for the RRW, though Congress could limit that funding and slow the program.

According to a chart prepared by the NNSA for Congress and made available to The Washington Post, the RRW program "decreases the likelihood of the need for nuclear testing for certification." Another program goal is to build the warheads so that "unauthorized use of the weapon" would be "impossible without re-manufacture," according to NNSA charts.

The new warheads would require an upgrade of the nation's 50-year-old nuclear weapons manufacturing complex, according to the NNSA. The current U.S. stockpile of about 6,000 "legacy" warheads is already being refurbished. Beginning in the early 1990s, as the Cold War ended and a test moratorium between the United States and Soviet Union was reached, the United States halted the development of new warheads and shifted to supervising its stockpile, making sure the deployed warheads remained reliable. At the same time, those no longer needed began to be dismantled.

During the administrations of George H.W. Bush and Bill Clinton, the Pentagon and the Energy Department planned to put the stockpiles through a life-extension process every 20 to 30 years. The nonnuclear components of the warheads were to be tested and replaced if necessary. With the United States now committed to reducing its deployed warheads to between 1,700 and 2,200 by 2012, the stockpile five years from now would primarily consist of older warheads -- with fewer than half of them refurbished, according to the NNSA.

The Bush administration's 2001 Nuclear Posture Review called for a study on developing a new generation of nuclear weapons, including a controversial nuclear "bunker buster" and special warheads designed for destroying chemical or biological weapons. Congress did not fund those programs and, instead, redirected the money toward a refurbishment program for existing warheads -- a slow and time-consuming process.

It took almost 15 years to refurbish the W-87 warheads on the Minuteman III ICBMs -- six years to determine what needed replacement and eight more to complete the process, according to NNSA and Pentagon officials. And the W-76 -- the warhead for the Trident submarine-launched ICBM -- has been under study for refurbishment since 1998, but work on modernizing the warheads is just starting.

The NNSA has long said that one goal of the RRW is to "render unauthorized use of weapon impossible," a quote taken from the still-secret National Security Presidential Directive 28, titled "Nuclear Weapons Command, Control, Safety, and Security." The new RRW design includes a "use control" device, which locks the nuclear element of a weapon so it cannot be used should it fall into enemy hands.

Livermore Lab To Build Hydrogen Bomb (LAT)

By Ralph Vartabedian, Times Staff Writer

The Los Angeles Times, March 3, 2007

It's picked mostly because it assured that no underground testing would be necessary.

Lawrence Livermore National Laboratory on Friday was declared the winner in a competition to design the nation's first hydrogen bomb in two decades, a major step in restarting production of nuclear weapons.

The Bush administration said the program would improve the U.S. stockpile's reliability, security and safety and would allow for a reduction in the thousands of weapons held in reserve for a potential war.

Critics reacted sharply, saying the program sent the wrong international message when the U.S. was trying to stop the spread of nuclear weapons.

Key members of Congress said the program was moving too fast.

"I have serious concerns with the process leading up to today's announcement, and with the priorities of the Department of Energy," said Rep. Peter J. Visclosky (D-Ind.), chairman of the appropriations subcommittee that would pay for the program.

"Although a lot of time and energy went in determining the winning design for a new nuclear warhead, there appears to have been little thought given to the question of why the United States needs to build new nuclear warheads at this time," he said.

The award culminates a frenetic competition held since 2005 between Livermore in the Bay Area and Los Alamos National Laboratory in New Mexico. Sandia National Laboratories, which provides engineering for the arming system, was part of both teams, and its California branch will continue the program with Livermore.

Research on some aspects of the Los Alamos design also will continue and may be included in the Livermore bomb, said Tom D'Agostino, acting chief of the Energy Department's National Nuclear Security Administration.

Livermore won largely because of its conservative approach, assuring it could build the bomb with no need for underground testing.

The U.S. temporarily halted underground testing in 1992 during the George H.W. Bush administration and then indefinitely during the Clinton administration. The program will spend eight to 12 months assessing the cost, schedule and scope of the effort, D'Agostino said.

The victory is an important boost for Livermore, which is managed under contract by the University of California.

"I can't tell you how honored the California team is," said Bruce Goodwin, chief of the nuclear weapons program at Livermore. "I am personally humbled by this."

Livermore Lab Tapped To Design New Nuke (SFC)

By James Sterngold

San Francisco Chronicle, March 3, 2007

The Energy and Defense departments have chosen the Lawrence Livermore National Laboratory to design the country's first new nuclear warhead since the Cold War, giving the Bay Area institution the central role in a program that could involve billions of dollars.

The decision, announced Friday, was a clear victory for Livermore, which bested its storied sister lab, the Los Alamos National Laboratory in New Mexico, in a competition to lead the research.

Officials said Los Alamos -- where the first atomic bombs were designed and built in the Manhattan Project in World War II -- would still be involved in nuclear weapons design but in an unaccustomed subordinate role.

The Sandia National Laboratories, an engineering program with facilities at Livermore and in New Mexico, also will be a partner with Livermore as the United States develops the most important, if strongly contested, nuclear weapons program in a generation.

The program -- called the Reliable Replacement Warhead -- is likely to have a modest initial impact on Livermore, which is managed by the University of California. Officials said there would be no significant increase in staffing or spending in the short term, and the next step would involve developing detailed budgets.

For the all the excitement over Livermore's victory -- and clear disappointment at Los Alamos -- the question of whether the new nuclear weapons actually will be built is still far from settled. The announcement was an important symbol of the Bush administration's efforts to revive the entire nuclear weapons production complex, based on an argument that the old stockpile is growing more difficult to maintain and should be replaced. But there is substantial resistance in Congress, among both Republicans and Democrats, and among some weapons experts.

Some argue that the current stockpile -- an estimated 6,000 warheads -- remains in excellent condition and will satisfy U.S. defense needs for decades to come. Others have expressed deep concern that a ramped-up manufacturing program could encourage other countries, such as Iran and North Korea, to push ahead with their own bomb programs.

"What worries me is that the minute you begin to put more sophisticated warheads on the existing fleet, you are essentially creating a new nuclear weapon, and it's just a matter of time before other nations do the same thing," said Sen. Dianne Feinstein, D-Calif. "In fact, this could serve to encourage the very proliferation we are trying to prevent."

Rep. Pete Visclosky, D-Ind., the chairman of the House appropriations subcommittee, which controls nuclear weapons spending, described the weapons effort as having a "make-it-up-as-you-go-along character" and as an example of misplaced priorities.

"This announcement puts the cart before the horse," Visclosky said. "Although a lot of time and energy went into determining the winning design for a new nuclear warhead, there appears to have been little thought given to the question of why the United States needs to build new nuclear warheads at this time. My preference is that the Department of Energy would have spent their resources reconfiguring the old Cold War complex and dismantling obsolete warheads."

Rep. Ellen Tauscher, D-Walnut Creek, whose district includes Livermore, said she shared some of those concerns.

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"I have to admit that I'm thrilled that Livermore won," said Tauscher, the chairwoman of the Strategic Forces Subcommittee of the House Armed Services Committee. But she agreed it was not clear that any new weapons were needed, and she insisted that Congress would hold the weapons complex on a tight leash by scrutinizing budgets carefully.

"This is just one step in what could be a long series of steps," she said.

Visclosky and Tauscher said they planned hearings on the new weapons program soon.

Lab and government officials, well aware of the skepticism in Congress, went out of their way Friday to stress that the program remained in a preliminary phase.

"This is absolutely not an announcement to build a new warhead," said Thomas D'Agostino, the acting director of the National Nuclear Security Administration, which oversees the weapons complex. "This is absolutely proceeding on a design effort. ... This is not about starting a new arms race."

D'Agostino also stressed that, if the United States were to build and deploy the new weapons, the increased reliability would mean the country could sharply reduce its stockpile down to levels not seen since the 1950s.

The Reliable Replacement Warhead program involves building weapons that would, in principle, be more reliable and safer than existing warheads but would fit on existing missiles. The first warheads would replace those on Trident missiles, which are carried on nuclear-powered submarines.

Congress has mandated that the weapons be built without any underground testing -- a technical feat that has never been tried before -- and that they could not involve new capabilities or new military missions. Underground testing has been banned since 1992.

The Bush administration has requested $119 million to support design studies for fiscal 2008. Government officials did not estimate the total cost of replacing the nation's nuclear stockpile, but experts generally agree that it would be a multi-billion-dollar endeavor over several decades.

Both Republicans and Democrats have insisted they will fund the research efforts on a year-to-year basis to ensure that the new weapons are built only if they are needed and can be deployed without testing.

But assessments of the program's designs by outside experts have undercut some of the government's assertions, and some experts have complained about the lack of a timetable or firm plan for how many new weapons would be needed.

C. Bruce Tarter, a former director of Livermore and head of a team of outside scientists that has been reviewing the designs, said at a scientific conference two weeks ago that there is no empirical evidence that the old weapons are deteriorating and need to be replaced. He also said the design just approved would be the first in a series of new generations of warheads to be built over a span of decades.

Only a small number of the claimed benefits of the new warheads, Tarter added, would be included in the first of the new warheads; it would take many generations and many years for all the promised benefits to be realized.

In addition, D'Agostino insisted Friday that the warhead was in an initial design phase. However, lab officials said researchers not only have produced extensive designs -- each lab prepared more than 1,000 pages of testing and design specifications -- but they have already conducted non-nuclear tests of the critical detonation devices and other components. They have even begun to plan in detail how the weapons would be manufactured.

The officials said the designs presented by Los Alamos and Livermore had some critical differences. The Livermore design was based on a weapon that was built and actually tested during the Cold War but never deployed. This "robust test pedigree" gave Livermore the advantage, D'Agostino said.

The Los Alamos team designed a weapon that used previously tested elements, but it combined them in a more innovative way and incorporated more safety features. D'Agostino said the Livermore design was chosen because "it is the more conservative approach," but the more innovative features of the Los Alamos bomb might be incorporated later. Either way, he said, Los Alamos would continue to have extensive involvement in the design effort.

That was not much consolation for Los Alamos' proud scientists. Los Alamos has been criticized in recent years for a string of security lapses, and some officials there had believed it would be impossible to let Los Alamos win for political reasons.

Brad Holian, a retired Los Alamos scientist who still works part time in the weapons division, said the "team is thoroughly demoralized."

He described as "dog treats" the idea that Los Alamos scientists could participate by reviewing Livermore designs and working on some secondary components.

Feds Select Plan For New Nuclear Warhead (AP)

By H. Josef Hebert
AP, March 2, 2007

DOJ_NMG_0140357

WASHINGTON (AP) -- The Bush administration selected a design Friday for a new generation of atomic warheads, taking a major step toward building the first new nuclear weapon since the end of the Cold War two decades ago.

The military and the Energy Department selected a design developed by the Lawrence Livermore National Laboratory in California over a competing design by the Los Alamos National Laboratory in New Mexico, according to government sources who spoke on condition of anonymity in advance of a formal announcement.

The decision to move ahead with the warhead, which eventually would replace the existing arsenal of weapons, has been criticized as sending the wrong signal to the world at a time when the United States is assailing attempts at nuclear weapons development in North Korea and Iran and striving to contain it.

But military and Energy Department officials have argued that the new U.S. warhead will not add to the nuclear arsenal. They maintain the new design will make the weapons stockpile more secure and reliable without the need for actual underground testing.

The warhead has been the focus of an intense competition between Los Alamos and Lawrence Livermore, the government's two premier nuclear weapons labs.

The two facilities submitted separate designs nearly a year ago. Lawrence Livermore's design is based on a warhead actually tested in an underground detonation in the 1980s. Los Alamos had a design based on a fresh approach that has not undergone testing.

One of the assurances given by defense officials to Congress is that the new warhead will not have to undergo actual testing. Once developed, it would be used in the Trident missiles on submarines and eventually would replace warheads on the Air Force's missile arsenal, officials said.

Administration officials, including the military, have argued that today's aging warheads are harder to maintain and as they age it will become more difficult to ensure their reliability.

The new design is advertised as being more robust with additional features to safeguard them against possible theft or misuse.

Of overriding concern to members of Congress has been that the warhead be developed without the need for underground tests. The administration has sought to assure Congress that the design would not require such testing.

The administration also argues that a phasing out of current warheads with the more modern design will allow additional reductions in the number of warheads that will be needed.

The decision Friday establishes a clear blueprint for designing the new warhead, officials said. A final go ahead is expected to be made by the president within two years, with the first warheads to be completed by 2012.

It has not been determined how much the program will cost. The administration asked Congress for $119 million for the fiscal year beginning Oct. 1 to push ahead with further design work.

Advocates for the warhead say it would give military commanders greater assurance of reliability and could speed the reduction of the deployed number of nuclear warheads from 6,000 to fewer than 2,000 by 2012.

New Nuclear Warhead Design For US (BBC)

BBC.com, March 3, 2007

The Bush administration has selected the design for America's first new nuclear warhead in nearly two decades.

US officials say the warhead will not add to the country's nuclear arsenal, but will replace existing missiles.

Critics have complained it sends the wrong signal at a time when the White House is leading efforts to curb Iran and North Korea's nuclear ambitions.

The chosen design was developed in a Californian laboratory and is based on a warhead already tested in the 1980s.

The US Congress authorised design work on a new warhead in 2005 on the basis that there would not be any fresh missile tests.

No nuclear underground tests have been conducted since a ban in 1992.

The new warhead, due to be operational in five years' time, will be used to replace Trident missiles on submarines.

'No arms race'

Making the announcement, US officials said the plan was simply to replace older, less reliable warheads with a safer version.

"This is not about starting a new nuclear arms race," said Thomas P D'Agostino, acting head of the National Nuclear Security Administration (NNSA).

Scientists at the Lawrence Livermore National Laboratory would now continue work on the design, costing and development of the programme, he said.

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Democratic Senator However, says the BBC's Jamie Coomarasamy in Washington, at a moment when the White House is trying to stop North Korea and Iran developing their nuclear programmes, some see the decision to press ahead with a new US warhead as sending an unfortunate mixed message.

Democratic Senator Dianne Feinstein was among the critics in Congress.

"The minute you begin to put more sophisticated nuclear warheads on the existing fleet, you are essentially creating a new nuclear weapon. And it's just a matter of time before other nations do the same," the Associated Press quotes her as saying.

"This could serve to encourage the very proliferation we are trying to prevent."

Nuclear non-proliferation groups have also criticised the move, warning that it could lead to proliferation and saying there is no need to replace the US' Cold War-era stockpile.

The NNSA has said the destruction of ageing warheads will mean that in five years' time, the number held by the US will be at its lowest since the 1950s.

Locking Up The Ghost Of Congress Past (NYT)

The New York Times, March 3, 2007

Congress's quid-pro-quo corruption scandal continues to haunt the Capitol as Bob Ney, the once-unbeatable lawmaker, slips off to his prison sentence of two and a half years for peddling influence to Jack Abramoff, the bribe-dishing lobbyist already doing six years in a Florida case.

As the House's special task force considers whether Congress needs an outside monitoring panel to help enforce stronger integrity standards, we suggest that it start with an in-depth briefing on the Abramoff-Ney downfall — complete with cash-flow charts and poll data on how the scandal has tainted the public's view of lawmakers.

It shouldn't take more than that to persuade the task force of what is needed.

The House ethics committee sat mute and petrified for a year while the news media and prosecutors peeled back the Abramoff scandal. An independent integrity office to investigate allegations of ethics violations is exactly the restorative needed by the ethics committee. Unfortunately, no one knows what is on the task force's agenda because the bipartisan group has decided to start its work with private meetings. Public hearings may or may not come later as the lawmakers face a May 1 deadline for making recommendations. There may be some virtue in eliciting candor in private, but sooner or later the House very much needs to hear from a galvanized public that sent a clear demand for ethical reform when it voted the Republicans out of power last year.

The Democratic Senate has already run away from a proposed integrity office. The House speaker, Nancy Pelosi, deserves credit for ordering consideration of the sensitive subject of an outside watchdog. But the study group must not be shrouded in secrecy nor its work be allowed to drag on beyond May 1. For all the tenderness of the task, lawmakers should focus on where and how Mr. Ney went wrong and try to ensure that it does not happen again.

A Better Way On Presidential Succession (WP)

By Norman Ornstein

The Washington Post, March 3, 2007

Since Sept. 11, 2001, the speaker of the House has been required for security purposes to take government planes for official business. The White House rightly called "silly" recent criticism of House Speaker Nancy Pelosi's desire to have a plane that could fly to her San Francisco district nonstop, which would be larger than the plane her predecessor used. But this flap raises a more serious issue -- that of presidential succession.

Pelosi takes a military plane because the speaker of the House is second in line to succeed the president, behind only the vice president. That's what drove the Department of Homeland Security to demand the extra level of security for then-Speaker Dennis Hastert. But should the speaker of the House even be in the line of succession?

Who succeeds a president (after the vice president) is set by law, not fixed in the Constitution. The process has been addressed seriously three times. In 1792, Congress put the president pro tempore of the Senate and the speaker of the House, in that order, in the line, behind the vice president. It added no others. After the assassination of President James Garfield in 1881, there was a lengthy period with no vice president and no congressional leaders -- and therefore no one in line to succeed President Chester Arthur. An 1886 act took out the lawmakers and put in Cabinet officers, starting with the secretary of state.

In 1946, President Harry Truman, who had recently taken a dangerous trip to Potsdam with his secretary of state and was aware that with no vice president the line of succession was thin, pushed hard for a new order. The act was revised in 1947 to put the two top lawmakers back in and included after them members of the Cabinet in order of the creation of their offices.

We still have that process today.

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When the Second Congress enacted the first presidential succession act, it was highly controversial. Congress was dominated by Federalists; they did not want Secretary of State Thomas Jefferson, a leader of the rival Democratic-Republican Party, to be next behind the vice president. They turned to their own congressional leaders, a solution that was immediately challenged by James Madison, among others, as unconstitutional.

The Constitution says Congress can create a line of succession from among "Officers" of the United States, clearly meaning executive branch officials. But it also says that no one except the vice president shall serve simultaneously in the executive and legislative branches. The congressional majority brushed aside that argument. But it is a position accepted by most constitutional scholars.

Truman knew the constitutional arguments, but he believed strongly that more legitimacy came to a president who was not elected if that person had been previously elected to another office; thus, the top congressional leaders, national figures both, were restored to primacy (with the order reversed to mollify the more powerful House leaders of the time, Sam Rayburn and Joe Martin.) The constitutional issues, and any serious questions about the overall process, were pushed to the back burner and have remained there since.

But having congressional leaders in the presidential line of succession is wrong for more than constitutional reasons.

First, congressional leaders frequently are of the opposite party and viewpoint of a president; if a president and vice president were to die at the beginning of a term, the country would have four years of a president representing the opposite of what it voted for -- a situation made even worse if the change in direction came as a result of a terrorist action. Southern pro-slavery insurgents actually plotted to kill everyone in the line of succession to Abraham Lincoln to change the policy and political direction of the Union.

Second, congressional leaders have a built-in conflict of interest. When Andrew Johnson was impeached by the House and tried in the Senate, he escaped removal from office by one vote -- and among those who voted against him was the Senate president pro tempore, Benjamin Wade of Ohio, who would have succeeded Johnson had he been ousted.

The president pro tempore of the Senate, traditionally the most senior member of the majority party, poses another problem: He is usually the Senate's oldest member. For several years, Strom Thurmond, in his 90s and clearly not up to the job of president, was nonetheless third in line for the post.

The terrorism threat to Washington underscores a deeper problem -- everyone in the line of succession resides in Washington.

A suitcase nuclear bomb downtown or an attack at a presidential inauguration could wipe out everyone in that line and leave a vacuum in leadership at the worst possible time.

A better option would be to include top Cabinet members, such as the secretaries of State, Treasury and Defense, and then allow a president to designate several others -- all requiring Senate confirmation -- including qualified people of breadth who reside outside the capital area.

It won't be easy for Speaker Pelosi and President Pro Tem Robert C. Byrd to agree to take themselves out of the succession queue. Doing so -- while pushing for a meaningful update of presidential succession overall -- would be a great act of statesmanship. It would even be worth keeping the military plane.

The writer is a resident scholar at the American Enterprise Institute and senior counselor to the Continuity of Government Commission.

OTHER NEWS:

What History Books Teach About The Market's Drop (WSJ)

By Peter A. McKay

The Wall Street Journal, March 3, 2007

Investors have reason to hope that history repeats itself.

Although they may have to wait out some turbulence along the way, there is evidence that stock-market drops like the one on Tuesday often give way to solid gains.

Research by analysts at Legg Mason Capital Management of past market performance after the Dow Jones Industrial Average, Standard & Poor's 500-stock index and Nasdaq Composite Index all fell by at least 3% the same day, showed that one year later, each had gained at least 14%.

All three indexes were little changed one month after the big one-day selloffs. Including Tuesday, there have been 27 such daily drops, going back to 1974.

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Sentiment on Wall Street this past week seemed to acknowledge that history. Most professional stock pickers fretted over the market's downturn but ultimately declined to slash their forecasts for the market's 2007 performance.

"The question on everyone's mind this week has been, are we going into a bear market?" said portfolio manager David Nelson, of Legg Mason. "To me, it seems the answer is no."

Many noted the stock market's relentless run-up since last summer and interpreted the selloff, which continued through the end of the week, as an unpleasant but necessary bump along a road that they believe will lead still higher in the long run.

Still, it was a tough week. The Dow industrials fell 4.2%, the biggest weekly percentage drop since March 2003, ending at 12114.10. The blue-chip average is now off 2.8% this year and more than 670 points below its record close less than three weeks ago.

On Friday, the market's newfound volatility remained on full display. The Dow opened lower, rose to show a gain of more than 13 points prior to midday, but finished near its intraday lows. In the end, the Dow stumbled 120.24 points, or 1%, on the day.

Among its 30 components, insurance giant American International Group was a rare bright spot, up more than 3% after announcing a strong profit, a share-buyback plan and a more-generous dividend policy.

The broad S&P 500 fell 1.1% Friday, or 16.00 points, to 1387.17, off 4.4% on the week and down 2.2% this year. The tech-stock-focused Nasdaq Composite shed 1.5%, or 36.21 points, to close at 2368.00, off 5.8% on the week. The Nasdaq, which had been leading the Dow and the S&P in gains for the year, is now down 2% in 2007.

The University of Michigan announced a large, unexpected drop in its monthly reading of consumer confidence, adding to the bearish mood in the market.

Also, the yen continued its recent surge against the dollar. Analysts say the unwinding of what are known as carry trades, in which investors seek to profit from interest-rate differences between countries, seems to be draining money from the stock market in the U.S. The dollar fell 1.3% against the yen Friday.

In the wake of Tuesday's initial selloff, Robert E. Weissenstein, managing director at Credit Suisse Securities LLC, said he doesn't believe the current market volatility will persist.

"I think that we'll quickly get back to the level where you want to be an owner [of shares] again," Mr. Weissenstein said.

Strategist Stuart Schweitzer of J.P. Morgan Private Bank still sees risks in the months ahead, noting that it now seems slumping housing prices could last longer than most of Wall Street had been expecting.

But he added that the stock market's recent downturn was "healthy," since it may effectively head off the need for a sharp downturn later.

"You've had a lot of people expecting the market to correct at some point along the way, but they've been afraid to sell because the market looked like it was on a one-way stairway to heaven," Mr. Schweitzer said.

In U.S. market action Friday:

Stocks fell; bonds rose. The 10-year note gained 11/32 point, or $3.44 for each $1,000 invested, pushing the yield down to 4.515%. The 30-year bond rose 15/32 to yield 4.651%.

The dollar weakened, to 116.85 yen, from 117.59 yen. The euro rose to $1.3194 from $1.3186.

Dow Ends Its Worst Week Since 2003 (WP)

By Tomoeh Murakami Tse

The Washington Post, March 3, 2007

NEW YORK, March 2 -- The Dow Jones industrial average ended its worst weekly performance in four years Friday, as technology stocks sank and the yen continued to rally against the dollar.

The Dow shed 120.24, or 1 percent, to close at 12,114.10. For the week, the Dow was down 4.2 percent. The tech-heavy Nasdaq composite index fell 36.21. to close at 2368, down 5.9 percent for the week. The Standard & Poor's 500-stock index retreated 16 points, to 1387.17, and was down 4.4 percent for the week. Year-to-date gains for all three indicators evaporated.

"There's a growing sense of anxiety that there are more shoes to drop," said Stuart Schweitzer, global markets strategist at J.P. Morgan Private Bank. "I don't think it'll be over until there's more pain."

Heightened concerns about high-risk subprime mortgages added to the market's jitters, with federal bank regulators calling on lenders to exercise caution when making the loans.

The Dow seesawed mostly in negative territory throughout the day. Then, in late trading, it dropped another 50 points as traders tried to close out positions for the week. Although the final session of the week can often result in high trading volume, far fewer shares changed hands yesterday as the market searched for a bottom and money managers warned investors not to panic. Declining issues outnumbered gainers by 3 to 1 on the New York Stock Exchange.

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The biggest losers included high-profile tech stocks, with Cisco Systems and Intel down substantially. Among the winners were some pharmaceutical stocks, including Merck, and American International Group, which announced a buyback of up to $8 billion in shares.

Some consumer staples and utilities showed strength, but three trading sessions after the Dow's 400-point plunge, the markets remained volatile.

Yields on U.S. bonds fell yesterday, although not to the levels seen after the market's decline Tuesday. The yield on the benchmark 10-year Treasury note, which moves inversely to price, fell to 4.50 percent from 4.55 percent Thursday.

Gold fell 3.1 percent, to $641.50, for its biggest one-day loss in almost five months.

"You'd expect it to be higher," said Marc Chandler, head of foreign currency strategy at the banking firm Brown Brothers Harriman. "This is like the million-dollar question."

Traders and analysts said they were watching the yen as it continued its rally against the dollar. The yen closed at 116.75 to the dollar, compared with 117.58 Thursday. Against other major currencies, the dollar was mixed.

The ascent of the Japanese currency is worrisome because it suggests that investors who have been borrowing yen to invest in riskier, higher-yielding assets elsewhere in a flush market were reversing their bets. That could hurt the availability of capital worldwide.

"The pendulum had swung to greed for a long time, and now it's swinging back," Chandler said.Movers

American International Group rose $2.13, to $69.54, after announcing stock repurchasing plans and higher dividends.

Merck, which got a mixed verdict in a trial over its arthritis drug Vioxx, was up 20 cents, to $44.19.

Home Depot declined 44 cents, to $39.01, continuing a two-week slide.

Gap fell 63 cents, to $18.40, after announcing that its annual forecast was below analysts' estimates.

Stocks Post Worst Week In Over 4 Years (AP)

By Tim Paradis

AP, March 2, 2007

NEW YORK (AP) - Stocks stumbled in the final session of a tumultuous week Friday as the yen rallied against the dollar and concerns about the U.S. economy still dogged investors after Tuesday's huge drop. The Dow Jones industrials logged their worst weekly performance in more than four years.

The Dow, as it had Thursday, poked tentatively into positive territory Friday before retreating as the yen furthered its gains and investors failed to shake their unease.

Larger economic concerns such as the ascendent yen have dominated Wall Street for much of the week after Tuesday's worldwide selloff that sent the Dow down 416 points and rattled investor confidence about the state of the U.S. economy.

Neil Massa, senior trader at MFC Global Investment Management, said stocks wobbled Friday after the yen broke through a key resistance level of 116.80. The dollar fell 0.92 percent to 116.86 yen.

Concerns lingered about a decline in the yen carry trade, which refers to the process of borrowing yen to acquire assets with greater yields in other currencies. A slowdown could hurt liquidity worldwide. Concerns about Japanese interest rates also weighed on investors.

A well-received profit report from American International Group Inc. (AIG) kept the Dow industrials from falling further Friday; the insurer and pharmaceutical company Merck & Co. (MRK) were the only two advancers among the index's 30 stocks. Merck, which received a mixed verdict Friday in a trial over its former painkiller Vioxx, finished up 20 cents at $44.19.

The Dow fell 120.24, or 0.98 percent, to 12,114.10. The Dow has fallen seven of the last eight sessions.

Broader stock indicators also fell. The Standard & Poor's 500 index fell 16.00, or 1.14 percent, to 1,387.17 and the Nasdaq composite index slid 36.21, or 1.51 percent, to 2,368.00.

For the week, the Dow fell 3.3 percent, the S&P 500 lost 4.4 percent and the Nasdaq fell 5.9 percent. For the Dow and the S&P 500, it was their biggest weekly point drop since the week ended July 19, 2002. And for the Nasdaq, it was the poorest weekly showing since the week ended Sept. 21, 2001, the first week of trading after the 9/11 terror attacks.

Bond prices rose sharply as economic concerns lingered and raised hopes for an interest rate cut. The yield on the benchmark 10-year Treasury note fell to 4.51 percent from 4.55 percent late Thursday. The dollar was mixed against other major currencies, while gold prices fell sharply.

Light, sweet crude settled down 36 cents to $61.64 per barrel on the New York Mercantile Exchange after settling at a more than two month high Thursday.

"I think looking at the world economies as a whole it just seems like growth is slowing across the board, or at least that's the impression," Massa said.

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Diane Dercher, chief economist at Waddell & Reed, said investors are trying to sort through the myriad signals the markets have given off this week.

"Fundamentally, I don't think a lot has changed this week and I think it's been more of a psychological re-evaluation of risk and a lot of this is focused around what's happened in the Asian markets," she said.

"There is a renewed focus on how weak the economy is going to be and the data that we've gotten this week have been very mixed and that just adds to confusion," Dercher said.

With Friday offering little of the economic data that had at turns boosted and deflated sentiment during the week, investors again looked abroad for direction. Performance of overseas markets has taken on renewed importance this week after a nearly 9 percent drop in the Shanghai Composite Index helped touch off the worldwide selling and sent U.S. stocks reeling. The major U.S. indexes each lost more than 3 percent Tuesday, erasing $632 billion in shareholder equity, according to S&P.

The pullback in stocks came after an enviable run-up. The stock market had gone more than 45 months without a drop of more than 2 percent in a single session - until Tuesday, when concerns the economy would slow and dent corporate profits came to a boil.

Fed Chief Ben Bernanke told Congress during the week that a single event didn't trigger Tuesday's slide, which was the biggest point drop in the Dow since trading resumed following the Sept. 11 attacks. While the drop brought many tense moments for investors, many observers said stocks were overvalued and were due to consolidate.

On Friday, St. Louis Federal Reserve President William Poole told reporters in Santiago, Chile, the week's pullback didn't appear to be "a huge issue," according to wire service reports.

With trading Friday less frenetic than in previous days, investors had some time to parse individual stocks as they looked for bargains.

AIG's fourth-quarter profit rose sharply from a year earlier when the world's largest insurer spent $1.64 billion to settle charges over its accounting practices. Profits were slightly below Wall Street's forecast though investors were likely pleased by the company's announcement it would repurchase $5 billion in stock in 2007. The company also is targeting a 20 percent annual increase in its dividend. AIG rose $2.13, or 3.2 percent, to $69.54.

Dell Inc. (DELL) rose 17 cents to $23.18 after the computer maker's profit fell 33 percent amid weak laptop sales. While revenue fell more than expected, the overall results weren't as sour as some investors had feared.

Gap Inc. (GPS) fell 63 cents, or 3.3 percent, to $18.40 after the company's fourth-quarter earnings dropped 35 percent amid problems that include its newest chain, which the company plans to close.

Subprime lenders fell again Friday as investors remained concerned about soured loans. New Century Financial Corp. (NEW) warned it would restate financial results for three quarters last year to fix accounting errors for losses related to bad loans. New Century fell $1.20, or 7.6 percent, to $14.65.

Declining issues outnumbered advancers by about 3 to 1 on the New York Stock Exchange, where consolidated volume came to 3.36 billion shares, compared with an unusually heavy 3.92 billion shares traded Thursday.

The Russell 2000 index of smaller companies fell 15.59, or 1.97 percent, to 775.44.

Overseas, Japan's Nikkei stock average closed down 1.35 percent, while the Shanghai Composite Index was up 1.23 percent and Hong Kong's Hang Seng index added 0.49 percent. Britain's FTSE 100 finished higher by less than 0.01 percent, Germany's DAX index fell 0.56 percent, and France's CAC-40 slid 0.62 percent.

The Dow Jones industrial average ended the week down 533.38, or 4.22 percent, at 12,114.10. The Standard & Poor's 500 is down 64.02, or 4.41 percent, at 1,387.17; the Nasdaq composite is down 147.10, or 5.85 percent, at 2,368.00.

The Russell 2000 index closed the week down 51.20, or 6.19 percent, to end at 775.44.

The Dow Jones Wilshire 5000 Composite Index - a free-float weighted index that measures 5,000 U.S. based companies- ended the week at 14,060.13, down 669.70 points from last week. A year ago the index was at 13,022.96.

Investors On Edge After Week Of Turmoil (FT)

By Christopher Brown-Humes, Paul J. Davies, Richard Beales

Financial Times, March 3, 2007

US stocks lost more ground on Friday after a turbulent week that saw European bourses endure their worst week for four years and Wall Street suffer its biggest one-day fall since markets reopened after the September 11 2001 terrorist attacks.

The global equity sell-off that began on Tuesday more than eradicated all this year's gains, leaving investors on edge over the outlook for next week.

"Investors had become complacent about the outlook for the global economy, especially the US, and the prices of many risky assets had been bid to unsustainably high levels," said Julian Jessop, of Capital Economics.

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The flight from risky investments triggered a surge in volatility across financial markets. It began on Tuesday when Chinese stock markets fell 9 per cent amid concerns over the health of the US economy and the subprime mortgage market.

The worries about the US subprime mortgage market were underscored on Friday by the Federal Reserve and other US financial regulators who said they were worried that some borrowers did not understand the risks of such loans.

"It's a classic risk sell-off after a very strong bull run," said Robert Buckland, chief global equity strategist at Citigroup. "Whatever has gone up the most is going down the most."

Wall Street, which suffered its steepest one-day fall in equities since 2001 on Tuesday, remained under pressure on Friday. The S&P 500 closed 1.1 per cent lower at 1,387.17, the second-worst day in a week in which the index lost 4.4 per cent. The Dow Jones Industrial Average was down 4.2 per cent on the week.

A flight to safety boosted global government bond prices, with 10-year US Treasury yields falling to 4.5 per cent from 4.67 per cent a week earlier.

The Nikkei 225 Average in Japan ended the week down 5.3 per cent and the Shanghai Composite index fell 5.6 per cent.

The yen climbed 3.5 per cent against the dollar as investors cut back "carry trade" positions, which involve borrowing in low-yielding currencies to buy higher yielding assets elsewhere.

In Europe, the FTSE Eurofirst 300 suffered its biggest weekly fall since March 2003, dropping 5.2 per cent. In London, the FTSE 100 fell 4.5 per cent to 6,116.2 – also its worst week since March 2003.

Down End To A Very Down Week (NYT)

By Jeremy W. Peters

The New York Times, March 3, 2007

This week, investors heard that the economy was more vulnerable than they thought. A result was Wall Street's worst week in four years.

Share prices ended the week where they have spent seven of the last nine days: in the red.

After small but fleeting gains in the morning yesterday, the Dow Jones industrial average lost 120.24 points. The broader Standard & Poor's 500-stock index never turned positive yesterday and ended the day down about 1 percent.

The Dow fell 0.98 percent, to 12,114.10, yesterday. The S.& P. fell 16 points, to 1,387.17, and the Nasdaq fell 36.21 points, or 1.51 percent, to 2,368.00.

For the week, the Dow fell 4.2 percent, the S.& P. 500 lost 4.4 percent and the Nasdaq fell 5.9 percent.

As investors and economists look to the week ahead, they see signs of encouragement but also some uncertainty about what could happen.

Starting with a survey on the strength of the service sector on Monday and ending with the Labor Department's monthly employment report, investors will have a buffet of data to soothe or fray their nerves.

"The big question now is, Will the labor market tell us that the broader economy is O.K.?" said Julia Coronado, an economist with Barclays Capital. "Or will the labor market tell us in fact that things are weakening and we're heading down?"

One factor that investors and economists found reassuring during this week's stock slide was that the economy still appeared to be on steady footing. One reason for that was a strong job market.

If the Labor Department's figures show that employment deteriorated in February, the market could take another dive on the assumption that economic weakness is much more widespread than previously thought.

Early indications are that the report could be weaker than January's. A survey of economists by Bloomberg News forecast that the unemployment rate would remain at 4.6 percent, but that the number of jobs added would fall to 98,000, from 111,000.

During the market's headier days, a low unemployment number could have spurred an upswing. Investors have been known to cheer downbeat economic data on the chance that it could move the Federal Reserve to cut interest rates.

But with a more anxious mood on Wall Street, a surprisingly bad number is the last thing investors want.

"The market liked the idea that rates were on hold and the economy was basically not going anywhere," said Rob Carnell, chief international economist for ING Financial Markets. "It was the stability that was the really useful, positive feature for equities markets over the last few months."

The employment number is particularly telling because the health of the job market has a cascading effect on the economy, with job growth and wages directly influencing consumer spending.

Consumer spending, in turn, influences manufacturing activity and capital investment, two segments of the economy that showed signs of trouble this week.

Two other economic indicators that will also be released next week have the potential to move the markets, but to a smaller degree than the employment report.

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On Monday, the Institute for Supply Management will release its monthly survey on business activity for the service sector. Preliminary forecasts are predicting a decline from January.

And on Tuesday, the government releases revisions to its fourth-quarter data on productivity and labor costs. Productivity is expected to decline while labor costs are expected to jump.

"It's going to look very inflationary," Ms. Coronado said. "It could spook the market a bit."

Yesterday's decline heightened concerns that the sell-off might not be as temporary as many experts have said it will be. If the slump deepens next week, market experts said it would be even harder to undo as already-nervous investors pull back even further.

"People are stepping back a little bit, and they're going to be a little more careful about what decisions they make," said William Rhodes, chief investment strategist with Rhodes Analytics. "You have a good deal of uncertainty. You don't know how long it's going take this to work it's way out."

In the Treasury market, bonds rose yesterday, with the benchmark 10-year Treasury up 13/32, to 101. The yield, which moves in the opposite direction from the price, fell to 4.50 percent from 4.55 percent Thursday.

Jobs, Productivity Data Will Offer Nervous Investors A Lot To Chew On (WSJ)

By Mark Whitehouse

The Wall Street Journal, March 3, 2007

After a week in which stocks took their wildest ride in years, in which Alan Greenspan uttered the word "recession" and in which economic data pointed in various directions, investors are understandably desperate for any decent clues as to where the U.S. economy is headed.

They might not get what they want in the coming week, but they will get something big to chew on: the government's report on February employment. The monthly estimate of how many people companies added to their payrolls is notoriously volatile and subject to revision -- just the kind of data that tend to shock investors and send markets into gyrations. Nevertheless, taken together with previous readings, the full jobs report will offer some valuable insight.

Aside from a fresh glimpse at job growth and wages -- both important drivers of consumer spending -- the report will provide a clue as to how company executives are actually feeling. That is important, because recent data have suggested they aren't too optimistic about the future. The latest report on durable goods, for example, showed companies cutting back their spending on big-ticket capital goods such as computers and machine tools -- a sign that they might not be expecting to have a lot of business to do over the next year or so.

But if executives are genuinely pessimistic, they should also be hiring fewer people. So far, that hasn't been the case.

Over the three months ended in January, nonfarm payrolls added a monthly average of 171,000 jobs, according to the government's most recent estimates. That is above the level consistent with an economy growing at its long-term, inflation-adjusted potential rate of about 3% annually.

Some economists worry that shifting weather patterns could make the February jobs number look pretty bad. That is because the Labor Department takes its payroll readings from the week that includes the 12th day of the month. That week was warm in January, but stormy and cold in February. "You could easily build houses in shirtsleeves in early January, but by the time you got to February the ground was frozen solid" in many parts of the country, says Richard Berner, chief U.S. economist at Morgan Stanley in New York. He estimates that nonfarm payrolls will add only 25,000 jobs in February.

Even if the payrolls number proves strong, though, that doesn't mean the economic outlook is rosy. Companies' hiring practices are sometimes a bit behind the times. Often they keep bringing on workers even as their markets are beginning to evaporate, and wait until things get really bad before letting people go. That is why, historically, the amount of output companies get out of each hour worked -- known as labor productivity -- has been a better harbinger of the future health of the economy than hiring.

According to the latest data available, productivity all but stopped growing in the third quarter of last year, and bounced back a bit in the fourth. But the government will revise its estimate of fourth-quarter productivity on Tuesday -- probably sharply downward, mirroring this week's downward revision of fourth-quarter economic activity. "That will not be viewed as good news," says Nariman Behravesh, chief economist at consultancy Global Insight.

Crude Edged Higher In Week, But Stock Drops Add Caution (WSJ)

By Matt Chambers

The Wall Street Journal, March 3, 2007

The crude-oil futures market, which usually has an inverse price influence on shares, is closely eyeing U.S. stocks, as traders log their concern over the damage a slowdown in U.S. and Chinese growth could do to oil demand.

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While crude-oil prices often ignore, or cause, big moves in benchmark U.S. indexes, the latest stock market jitters are related to concern about Chinese economic growth, which is estimated to have accounted for nearly 40% of increased oil demand in 2006. As a result, benchmark oil prices on the New York Mercantile Exchange have been weighed down by uncertainty over stocks and ended the week just 50 cents, or less than 1%, higher at $61.64 a barrel. This is despite refinery glitches that helped push gasoline futures up 8% in that time amid forecasts for record U.S. summer fuel demand.

"The bull market in crude was mainly due to reduced spare [oil production] capacity and more demand," a large part of which was from China, said Kyle Cooper, director of research at consulting firm IAF Advisors in Houston. "There's concern China is looking to put the brakes on the economy, and there has also been talk of the possibility of a U.S. recession."

China's influence on the global economy was in full effect Tuesday when a slump in the volatile Shanghai Composite Index resulted in a U.S. stock selloff.

Oil's relationship to the stock market is usually seen in terms of the damage higher energy costs can do to economies, with crude spikes lowering share indices and lower oil prices doing the opposite.

"Crude and stock markets don't go hand in hand, typically they diverge, but given some of the views of investors, you're getting everything down on expectations we're slowing" said Joseph Quinlan, a market strategist at Bank of America Asset Management in New York. "The view that the twin engines of growth [China and America] are decelerating is going to filter into the oil markets."

In other commodity markets:

NATURAL GAS: With the heavy usage period winding down for the heating fuel, futures prices eased. Natural gas for April delivery on Nymex settled 4.5 cents lower at $7.243 a million British thermal units.

SUGAR: Futures raced to two-month highs. Top importer Russia decided not to raise the nation's raw sugar import duty in April. May-delivery sugar at the New York Board of Trade rose 0.25 cent to 11.22 cents a pound.

Bernanke Talks On Inflation, Globalization (WSJ)

By Greg Ip

The Wall Street Journal, March 3, 2007

Globalization hasn't had a significant impact on reducing inflation in the U.S. and may have raised it, Federal Reserve Chairman Ben Bernanke said.

Nor has globalization weakened the Fed's control over interest rates, Mr. Bernanke said in remarks prepared for delivery Friday night to the Stanford Institute for Economic Policy Research in California.

Some economists have argued that globalization puts downward pressure on U.S. inflation, making the Fed's job easier. Former Fed Chairman Alan Greenspan Monday said the integration of many countries since the fall of the Soviet Union into the world economy has "brought world unit labor costs down, brought inflation down and interest rates down." But he also said that as that impact fades, long-term rates could rise by one to two percentage points world-wide in the next three to five years.

Mr. Bernanke, however, said increased trade with China has reduced U.S. inflation, now running at about 2%, by only about 0.1 percentage point. And he noted that while these emerging economies have added to the global supply of manufactured goods, they are also adding to the demand for oil and other commodities.

"There seems to be little basis for concluding that globalization overall has significantly reduced inflation in the U.S. in recent years; indeed, the opposite may be true," he said.

The Fed's outlook for inflation is influenced by spare capacity in the U.S. economy. But some economists and Fed officials have argued that because of globalization, the degree of spare capacity in the global economy also needs to be considered. While some research has found a link between global capacity and domestic inflation, Mr. Bernanke said Fed researchers have cast doubt on it.

Merck Receives A Split Verdict From New Jersey Jury In Vioxx Trial (WSJ)

By Heather Won Tesoriero

The Wall Street Journal, March 3, 2007

A New Jersey state court jury delivered a split verdict in the first phase of the latest Vioxx trial, finding that Merck & Co. adequately warned doctors of the drug's heart-attack risks in the case of one plaintiff but not of another.

The eight-person jury found that in the case of both plaintiffs the drug maker violated a state consumer-protection statute by misrepresenting the drug's cardiovascular risks in marketing.

The case of Frederick "Mike" Humeston, 61 years old, of Boise, Idaho, now will move into a second phase to determine whether or not Vioxx was a cause of his heart attack -- and what damages, if any, should be awarded.

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Mr. Humeston's case was tried previously in 2005, and Merck prevailed. New Jersey Superior Court Judge Carol Higbee later ordered a new trial after new evidence emerged.

The other plaintiff in this trial, Kathleen Messerschmidt, sued Merck over the fatal heart attack of her brother, Brian Hermans, who died on Sept. 15, 2002. The Vioxx label was changed to include further cardiovascular risk information in April 2002, making it harder to prove that Mr. Hermans was the victim of a failure on Merck's part to warn doctors. But the jury will now hear evidence to determine whether damages for consumer fraud should be awarded to Ms. Messerschmidt.

Merck withdrew Vioxx from the market in September 2004 following a study that linked the drug to an increased risk of heart attacks and stroke. The company has been hit with some 28,000 lawsuits and has said it intends to fight each case. Since the first trial in the summer of 2005, the Whitehouse Station, N.J., company has won eight trials and lost four.

Write to Heather Won Tesoriero at heather.tesoriero@wsj.com3

Bush Helps GOP Senators Raise $2.1 Million (WP)

By Michael A. Fletcher

The Washington Post, March 3, 2007

LOUISVILLE, March 2 -- President Bush headlined a fundraiser Friday for Senate Minority Leader Mitch McConnell (R-Ky.) and the National Republican Senatorial Committee that netted $2.1 million. Organizers called it the largest fundraiser in state history.

Speaking to a dinner crowd at the century-old Seelbach Hilton Louisville Hotel, Bush defended his decision to send more troops to Iraq. He also criticized those in Congress who oppose the plan, saying, "They have a solemn responsibility to support those who wear the uniform of the United States."

The event was the second GOP fundraiser in a week for Bush, who continues to be a major Republican draw despite his dismal approval ratings. On Monday, he spoke at a Washington event that raised $10.4 million for the Republican Governors Association.

Before coming here, Bush spoke at Silver Street Elementary School in nearby New Albany, Ind., where he urged Congress to reauthorize the No Child Left Behind education law.

The measure, which requires states to set educational standards and to hold schools accountable for meeting them, is helping to improve student achievement, he said.

"This is a piece of legislation that is vital for the country, in my judgment," Bush said. "It is working, and we ought to make sure it stays in law."

Clinton, Romney Lead Among Insiders (LAT)

By Mark Z. Barabak

The Los Angeles Times, March 3, 2007

Party leaders' opinions about presidential candidates often shape the race. Deep partisan divisions remain.

Democrat Hillary Rodham Clinton and Republican Mitt Romney have emerged as the leading presidential favorites among party insiders, according to a new Los Angeles Times Poll, which found deep partisan divisions over the country's direction and top issues in the 2008 campaign.

The survey showed former Sen. John Edwards of North Carolina in second place among Democratic Party leaders, ahead of Sen. Barack Obama of Illinois. It pointed up danger signs for Sen. John McCain of Arizona, who trailed former Massachusetts Gov. Romney and former New York City Mayor Rudolph W. Giuliani, the leader among Republicans in national voter surveys.

It also signaled GOP concerns about holding the White House for another four years — 42% of party leaders said it would be tougher to elect a Republican after eight years under President Bush, and just over half said the GOP nominee should campaign on moving the country in a new direction.

"I love President Bush, I really do," Cindy S. Phillips, a Republican national committeewoman from Mississippi, said in a follow-up interview. "But you can't be the same as the person before you. You have to bring your own touch, your own ideas."

Phillips is looking hard at Giuliani.

The poll surveyed members of the Democratic and Republican national committees, the governing bodies of the two major political parties. Though relatively few, these insiders could have an important role in deciding which of their candidates face each other in November 2008, thanks to the influence many wield in their states.

"The DNC and RNC members are not just delegates" to the national nominating conventions, said Charlie Cook, a nonpartisan campaign analyst in Washington. "They are key organizers and opinion leaders. They can help build or kill a groundswell, make a candidate's challenge in a state easier or much harder. They matter a lot."

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The poll also offers a different reading of sentiments than national voter surveys, which tend to be heavily influenced by name recognition at this early stage of the campaign.

A similar poll of DNC members about four years ago found significant backing for Sen. John F. Kerry of Massachusetts as well as surprising support for Edwards and former Vermont Gov. Howard Dean — at a time when the latter two made comparatively weak showings in voter surveys. The three ended up as the top contenders for the Democratic nomination, won by Kerry.

The Times Poll, directed by Susan Pinkus, interviewed 313 of 386 DNC members and 133 of 165 RNC members from Feb. 13-26. Since the poll attempted to interview current state members of each organization rather than a random sample, there is no margin of error.

The survey found no candidate enjoying a lock on institutional support. To the contrary, more than 1 in 3 RNC members had no favorite; just under 1 in 3 DNC members had no preference.

Among Republicans, Romney had the most backing among party insiders, with 20% support, followed by Giuliani with 14%, McCain with 10% and former House Speaker Newt Gingrich of Georgia — who has said he might enter the race in the fall — with 8%.

In a potentially worrisome sign for McCain, just over 1 in 10 RNC members said they would not support him if he won the party's nomination in his second attempt.

"It shows just how much resistance there is within the Republican establishment to McCain and how open the party is to candidates who either aren't very conservative, like Giuliani, or only recently minted conservatives, like Romney," Cook said. "McCain has worked pretty hard since 2000 to be a team player, but these numbers would suggest that there is still a problem for him."

Among Democrats, Sen. Clinton of New York had the backing of 20% of party leaders, followed by Edwards with 15%, Obama with 11%, former Vice President Al Gore — who is not in the race — with 10% and New Mexico Gov. Bill Richardson with 9%.

Regardless of whom the insiders supported, Giuliani and Clinton were each rated their party's strongest prospective nominee with the best shot at winning the White House.

The insiders were divided over their most important criterion for backing a candidate. Just over a third of Republicans said issues were the most important factor. Nearly 4 in 10 Democrats said the most important factor was a candidate's chance of winning the White House.

The survey turned up a dramatic split over the direction of the country and the problems the presidential candidates should address.

Whereas 83% of Republicans said the country was on the right track — and all said the economy was doing well — 95% of Democrats said the country was headed the wrong way, and more than 6 in 10 said the economy was in bad shape.

Not surprisingly, partisans were also worlds apart over the war in Iraq, with the overwhelming majority of Republicans supporting Bush's policies and Democrats nearly unanimous in their opposition.

There was less agreement among Democrats over an exit strategy. Just over half of DNC members favored legislation requiring Bush to begin withdrawing U.S. troops; 17% favored the more dramatic step of cutting off funding. About 2 in 10 Democrats said Bush should not be required to withdraw troops.

Despite insiders' differences and the considerable attention the war has gotten in the campaign, particularly among Democrats, many said Iraq was unlikely to be the decisive issue in their respective party primaries. Sixty-five percent of Republicans and 50% of Democrats said the war would be an important issue in the 2008 contest, but not the most important. But 48% of Democrats said Iraq would be the most important issue.

"The Democrats, by and large, have similar positions on the war," said Terry Lierman, chairman of the Maryland Democratic Party, who is neutral in the primary. "What's going to differentiate them is a further vision and means to address everything from poverty to wages to jobs to a more equitable view of our foreign policy."

Asked the most important issue for Democrats to address, nearly 6 in 10 party insiders said healthcare, followed by Iraq. Among Republicans, about 1 in 3 said the war and reconstruction of Iraq, followed by domestic security and global terrorism. Just over 20% of Republicans cited the immigration issue as a priority, compared to 2% of Democrats.

Despite some big names lurking in the background — notably Gingrich and Gore — 85% of Republican insiders and 98% of Democrats said they were satisfied with those running.

Though Gore would make "an excellent candidate ... I think he's doing just fine where he is," said Marianne Stevens, vice chairwoman of the Maine Democratic Party, who is also uncommitted. "I'm not sure he'd want to put himself and his family through all that again."

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Among Democrats, all of the candidates — declared and prospective — enjoyed overwhelmingly favorable ratings except three: Rep. Dennis J. Kucinich of Ohio, who is making his second White House bid; the Rev. Al Sharpton, who ran for president in 2004; and former Sen. Mike Gravel of Alaska. They were viewed more negatively than positively.

On the Republican side, views of the candidates were mixed. Giuliani and Romney were each viewed favorably by 83% of party leaders, and Gingrich by 78%. McCain was viewed favorably by 56% of GOP insiders and unfavorably by 38%.

Other, lesser-known GOP candidates received generally favorable ratings, with two exceptions. Sen. Chuck Hagel of Nebraska, who has sharply criticized the war, and Rep. Tom Tancredo of Colorado, an outspoken foe of the president's immigration policy, were seen more negatively than positively.

There was little difference among Democrats and Republicans over the prospect of Americans electing an African American, Latino or woman president: Strong majorities in both parties said the country was ready.

Republicans were more optimistic about the chance of electing a Mormon, which probably reflects good feelings for Romney. Nearly 8 in 10 GOP insiders said the country would elect a Mormon president, compared to 48% of Democrats.

"It could be a hassle with some people," said Phillips, the GOP's Mississippi committeewoman. "One question I did ask was how far back [in Romney's family] is the plural marriage thing. They said his great-grandfather, and I said, 'OK, that's far enough.' "

Timing, Donors Drive Long-haul Strategy For '08 (WT)

By Stephen Dinan

The Washington Times, March 3, 2007

Richard M. Nixon, running for the Republican presidential nomination in 1968, refused to campaign until the last moment, filing his candidacy and driving into New Hampshire just six weeks before that state's first-in-the-nation primary.

Forty years later Pat Buchanan, a veteran of that Nixon campaign and a New Hampshire primary winner himself in 1996, still chuckles at the strategy, which was so successful it chased Mr. Nixon's opponent, George Romney, out of the race.

But Mr. Buchanan says it probably can't be repeated.

With 10 months to go before the first primary vote is cast, every serious campaign has a full operation -- promising a long, drawn-out affair that is likely to fatigue voters and the candidates themselves.

"All of this strategy is really about donors and timing, what's going to be best to raise money, rather than what's going to be best for keeping voters' interests in your campaign," said Michael McDonald, a professor at George Mason University who studies voter turnout.

With a giant set of primaries increasingly likely for Feb. 5, the 2008 nomination will depend far more on television ads, and candidates will need a large bank account to compete.

Chuck Larson, an adviser to Sen. John McCain's operation in Iowa, which traditionally holds the first caucuses, said the campaign is definitely starting earlier.

"In 1999, for example, eight years ago, we took our first trip down to meet then-Governor Bush on approximately March 3, to encourage him to run for president," Mr. Larson said. "Here we are almost eight years to the date and we have had campaigns with field staff on the ground in Iowa for nearly a year."

Still, he doubts Iowans will get fatigued, saying they enjoy their position with the first-in-the-nation caucuses.

Curtis Gans, director of the Committee for the Study of the American Electorate, said voter fatigue is a myth and when it comes time to vote, voters do their duty.

"On the elections, the major elections, when there's something to decide, people vote," he said.

Mark J. Rozell, another George Mason professor, said the problem is that political insiders already are dissecting and speculating about the campaigns, though the public isn't paying attention.

"We've had lots of polls and predictions already, and many more to come -- but we're all just talking to each other," Mr. Rozell said. "By the time the public gets seriously interested, anything important that there is to say about the candidates has already been said by leading observers."

If the campaigns seem early and intense to voters, to the campaign staffs it's only natural, said Katon Dawson, chairman of South Carolina's Republican Party.

"If anything it started late," he said. "This race is over this time next year. We have races for mayor that last seven months."

With a May 15 Republican debate scheduled for Columbia, S.C., Mr. Dawson said it's possible some candidates "may not make it off that stage."

The grind of a long campaign is exactly what kept Mr. Nixon out of New Hampshire, Mr. Buchanan said. In his losing bid for the presidency in 1960, Mr. Nixon realized he wore himself out, which he thought was part of the reason he looked so tired in the famous decisive televised debate with John F. Kennedy.

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Mr. Buchanan said Mr. Nixon told him waiting also would give the press time to beat up on his New Hampshire opponent, Mr. Romney.

"Let them chew on him for a little while," Mr. Nixon told Mr. Buchanan.

And once Mr. Nixon entered the race, he still only campaigned two or three days out of the week, spending the rest of the time recharging in Florida, using television ads to keep a presence. Mr. Romney, meanwhile, exhausted himself by doing a long series of events each day.

The strategy worked beautifully. On Feb. 28, two weeks before the primary, Mr. Romney took himself out of the running, delivering the state to Mr. Nixon.

Mr. Buchanan and Mr. McDonald both said the one potential candidate who could afford to wait this time around is former Vice President Al Gore, a Democrat.

Mr. McDonald said Republican Rudolph W. Giuliani, the former New York City mayor, also could have tried that, but he ended up jumping into the race to convince donors he is serious about running.

"The amount of money that's going to be spent in this campaign, the candidates have a real incentive to get that fundraising apparatus going," Mr. McDonald said.

Mr. Dawson said with a winner probably chosen in early February, the real difference this time around will be the long gulf between the time the nomination is settled and the nominating conventions, which will come in September.

"I can't imagine the search for a VP candidate -- that's what's going to consume some of the down time, along with fundraising and party building," he said.

Conservatives Look For A Winning Hand (WP)

By Michael D. Shear. Anne E. Kornblut

The Washington Post, March 3, 2007

Lack of Candidate to Rally Around Has Key GOP Constituency Feeling Glum

Each year for more than three decades, a handful of icons of the American conservative movement have met for a friendly game of seven-card stud in a Washington hotel suite the night before the annual Conservative Political Action Conference, or CPAC.

This week, according to several participants, the mood around the poker table could hardly have been more glum.

"Nothing focuses the mind like an impending hanging," said longtime conservative fundraiser Richard A. Viguerie, paraphrasing the English essayist Samuel Johnson. "And Republicans feel an impending hanging with Hillary looming on the horizon."

The possibility of Sen. Hillary Rodham Clinton as president was bad enough. Even worse is the absence of a Republican candidate to rally around.

The movement's leaders "are all pretty much agreed that there is no clear conservative choice," said the game's host, David A. Keene, chairman of the American Conservative Union. "Or even an unclear conservative choice."

The apprehension of Keene and his poker partners is shared not only by the more than 5,000 activists on hand as the conference began yesterday. It is mirrored across the broader constituency of the Republican Party.

Between the war in Iraq, President Bush's low approval ratings, the recent midterm defeats and a void at the top with neither the president nor the vice president in the race, several Republican strategists said the mood is drearier than it has been since 1992.

"There's a sense that the Republican brand is down and it needs to come back up again if there's going to be a chance," said John Feehery, who served as communications director for Tom DeLay when the Texan was House majority leader.

Even among White House staff members, there are frequent morbid jokes that the next occupant will be a Democrat, and there has been no mass exodus of Bush administration officials to Republican campaigns as there might have been during a more optimistic time.

Polling data, though an unreliable predictor of an election 20 months away, suggest Republicans have as good a chance of keeping the White House as losing it. Republicans are marginally ahead in many of the hypothetical head-to-head contests, suggesting that the country as a whole is divided down the middle when it comes to choosing a president.

Still, the party's mood is shaping the contest, and even leading Republicans are not overly optimistic. "I'm confident that we'll do fine," Sen. John McCain of Arizona said with uncharacteristic caution last week when asked to gauge the party's chances in the next presidential campaign cycle.

McCain, considered a front-runner for the GOP nomination, said his belief is that the country is still a "right-of-center nation, and the Republican Party is still a right-of-center party," adding, with a broad grin, that the GOP nominee can win "if the guy's not too big of a jerk."

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Other Senate Republicans dodged the question. Sen. John E. Sununu of New Hampshire said last week that he is not a good person to ask about the party's prospects next year. Sen. John W. Warner of Virginia, who has endorsed McCain, waved away a question about 2008.

"It's going to be bad," a senior aide to a Senate Republican said, "but maybe we've maxed out, and the only place to go now is up."

That sense of foreboding has helped propel several of the campaigns, particularly that of former New York mayor Rudolph W. Giuliani, who in another season might not have stood a chance among Republican voters. Now, fearing they may lose, some Republicans have said they would be willing to consider someone more moderate if that is their only chance of retaining control of the White House.

"I think there's concern because the president's numbers are down and we just came off a bad election," said Warren Tompkins, a prominent Republican operative in South Carolina who supports former Massachusetts governor Mitt Romney. "People are still a little down and a little shell-shocked from what happened in the last cycle."

One force who could revive the party is Clinton, Tompkins said, if she wins the Democratic nomination. "She will awaken us and get the party out of the doldrums, especially in my world," Tompkins said, referring to the South.

Polls give that theory credence, and they also suggest that either McCain or Giuliani would have greater luck drawing away independents and Democrats in a general election than the Democratic front-runners, Clinton and Sen. Barack Obama (Ill.), would have in attracting Republicans.

A recent Washington Post-ABC News poll showed Republicans having much more negative views of the Democratic contenders, particularly Clinton, than Democrats have of the Republican candidates.

Between pep talks from conservative leaders, activists at the CPAC yesterday listened to a series of Republican candidates -- minus McCain -- who trouped before them in hopes of sparking interest from the party's most committed base of supporters and a key part of the primary electorate.

The activists do not like Giuliani's support for abortion rights, gun control and gay rights. They are suspicious of Romney's positions on social issues given his more liberal pronouncements as governor. And they are wary of McCain, who did not help himself by skipping the convention. To express their dissatisfaction, some attendees wore stickers that said "Rudy McRomney" in a circle with a slash through the words.

Giuliani and Romney commanded huge crowds, many of them college students waving signs. But Giuliani's low-key speech had less partisan red meat than did Romney's, and the crowd reacted accordingly.

Giuliani gave only a glancing mention to social issues, emphasizing instead the areas of agreement. "I don't agree with myself on everything," he joked. He talked about the need for leadership, improving education and aggressively fighting terrorism.

Romney described having "stood at the center of the battlefield" on social issues as governor. "I fought to protect our family values," he said. He promised to appoint conservative judges and carry on the fight against terrorism.

The lesser-known candidates drew smaller, but often intense, crowds. Sen. Sam Brownback of Kansas fired them up with vows to oppose same-sex marriage and bring faith "back to the public square."

"I don't think these people reflect my conservative beliefs," said Kyle Bristow, 20, a sophomore at Michigan State University and a supporter of long-shot presidential candidate Tom Tancredo, a congressman from Colorado. "Conservatives will lose if we're going to nominate liberals."

Viguerie, the movement veteran, said that he is not optimistic about victory in 2008 and that he tells conservatives to focus on the long term. "I think it will be '012 or '016," he said.

In the meantime, he suggested that conservative Republicans withhold support from McCain, Giuliani and Romney -- at least for the time being. "I don't think it's worth the conservative energy right now," Viguerie said.

A Mood Of Gloom At CPAC (POL)

By Jonathan Martin

The Politico, March 3, 2007

At first blush, the state of the Vast Right-Wing Conspiracy appears to be strong. Here at the annual Conservative Political Action Conference (CPAC), a few thousand students, activists, hopeful pols and professional hangers-on have descended on one of Washington's larger hotels to affirm and amplify the right-wing gospel.

But even though every conservative group from the Islamic Free Market Institute to The American Protectionist is here in force, there is considerable grumbling about the health of the movement. From conservative pioneers to up-and-coming true believers, many attendees are looking for leaders -- and they're uncertain about the current crop of presidential candidates and not even thrilled with the current occupant of the White House.

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"I'm disenchanted, I'm disenfranchised, I'm just dissed," quipped David Bossie, the president of Citizens United and a tireless congressional investigator in the Clinton era.

"It's a struggle," said conservative activist and public relations specialist Mike Thompson. "Conservatives want to win, but they aren't really sure the guys at the top of the field are conservative." Reconciling purity and pragmatism is always a challenge, Thompson added, but it's especially so going into 2008 because "of the fear of the other side."

Some of the ire at the CPAC conclave is directed squarely at Sen. John McCain (R-Ariz.), whom many conservatives suspect talks the talk when it comes to movement ideals but harbors dangerously moderate instincts.

On Thursday, Bossie gleefully unveiled a 22-page dossier kneecapping McCain ("He's No Ronald Reagan: Why Conservatives Should Not Vote for John McCain"). But Bossie also said his beef wasn't just with the one Republican presidential aspirant – McCain -- who skipped the CPAC festivities

His McCain manifesto "may be the first, but it's not going to be the only," Bossie said by way of warning to the other GOP aspirants.

For More Info Visit Our Candidates Page

It's not just skepticism about McCain, former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney that has members of the movement in a funk.

While conservatives here are appreciative of his steadfastness in the war on terror, President Bush has disappointed some on the right who had high hopes.

Bush has "made so many mistakes," said the Eagle Forum's Phyllis Schlafly. "The war is a disaster and he flubbed the [immigration] issue."

And the leading GOP contenders to succeed Bush? "They're all equally unacceptable," Schlafly said.

Comparisons with the ultimate CPAC icon, Ronald Reagan, are, of course, inevitable in this crowd. While Bush has never addressed the gathering, now in its 34th year, CPAC proudly posts on its Web site all the years that Reagan addressed the conference (12 times all told). And as veteran activists recall, the Gipper did far more than give perfunctory after-dinner remarks.

"Reagan wasn't just at the head table," said a wistful Richard Viguerie, "he walked among us." The direct mail guru said conservatives "are leaderless at this point in time."

"They no longer look to Republican leaders, whether it's President Bush or Republicans in Congress."

Conservatives, Bossie said, "are desperately looking for an heir to Reagan's mantle." And among the top three contenders, "I don't think that any of these candidates are up to that."

But it's not just the old-timers, pining for the good old days that always look better in hindsight, who have soured the mood at CPAC.

"There is no agenda," said Soren Dayton, a young consultant and blogger, complaining that GOP candidates are only offering up predictable platitudes. "You say you're pro-life, you say you'll ban gay marriage and you say you'll cut taxes."

Many of the younger bloggers here, at least those not actively working for a campaign, are in no hurry to get on board with the 2008 contenders.

"I'm for letting them fight it out for a while," said Mary Katharine Ham, who writes for the conservative TownHall.

Some GOP gurus dismiss the overlay of pessimism. Grover Norquist admits that "there's no Ronald Reagan that everybody's in love with," but he takes a more hopeful view of the rightward shifts of Romney, McCain and Giuliani.

"We have candidates going to where Reagan is," pointed out the anti-tax crusader. "That's good, that's called progress."

Conservatism would be in trouble, Norquist added, if the top candidates were saying, 'I'm not where Reagan is, and I don't want to be.' "

"There's no Rockefeller wing of the party left," he observed.

Indeed, the conservative movement has consolidated their control over the GOP and kept successive Democratic hopefuls out of the White House.

As John O'Neill, Sen. John F. Kerry's fellow Swift Boat veteran-turned-nemesis put it when I asked him about the 2004 race: "mission accomplished."

The question now is what the next mission is and who will lead it.

Romancing The Conservatives (WT)

By Ralph Z. Hallow, Stephen Dinan

The Washington Times, March 3, 2007

Former Massachusetts Gov. Mitt Romney yesterday delivered a faultlessly tailored appeal to more than 1,000 grass-roots conservative activists hungry for a renewed commitment to limited government.

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Addressing the 34th annual Conservative Political Action Conference, Mr. Romney stood out from the pack of Republican presidential aspirants that included Rudolph W. Giuliani and Mike Huckabee by promising to end taxes on earnings from interest, dividends and capital gains, and to cap federal spending and veto every attempt to break that cap -- whether proposed by a Republican or Democratic Congress.

"I know how to veto. I like vetoes," Mr. Romney said.

Mr. Giuliani, the former New York City mayor who served in President Reagan's Justice Department, said the late president understood that ideas, not race or ethnicity, are what identify Americans.

Drawing nearly as much applause but not the repeated standing ovations Mr. Romney received, Mr. Giuliani said, "it's very critical to begin every discussion" of Iraq and Afghanistan with the understanding that the United States is a nation that covets peace.

"Maybe we made a mistake in calling it the 'war on terror.' It is a war [by terrorists] on us," he said.

Mr. Giuliani also told the conservatives he shared their goal of offering school choice. But he skimmed over other deep differences, telling the crowd they share some beliefs and not others, just like "your relationship, I think, with your husband, your wife, your children."

In interviews afterward, some attendees said Mr. Giuliani lost momentum when he heaped lavish praise on Abraham Lincoln.

While many conservatives regard the Civil War president as the spiritual founder of the Republican Party, others deeply resent him as a man who ruthlessly suspended constitutional rights and freedoms in order to militarily challenge the South's belief in its right to secede. Some saw similar disdain for individuals' rights in Mr. Giuliani's successful war on crime in New York City.

Mr. Giuliani took the side of the Bush administration on an issue that troubles civil libertarian conservatives, saying that "you need the tools like the Patriot Act and legal intelligence surveillance."

"Rudy thought he was addressing a Republican audience," said Mike Long, chairman of the New York State Conservative Party. "Mitt understood this is an audience of people who are conservatives first."

Mr. Romney and Mr. Giuliani consistently rank in the top tier of Republican presidential contenders, along with Sen. John McCain of Arizona and former House Speaker Newt Gingrich. Mr. McCain is the only major candidate not to address CPAC, while Mr. Gingrich, who today is to give the closing speech of the three-day conference, has said he won't make a decision about running until September.

Many conservatives argue Republicans lost in last year's elections because they forgot conservative principles, particularly limited government. Rep. Mike Pence of Indiana, a key voice for limited government, said the elections were the bottom of a descent he has seen coming.

"We're no longer off course. We've run aground. Six years without a course correction was simply too much," he said.

So powerful is the anti-tax sentiment among conservatives here that Mr. Huckabee, who just recently had refused to rule out raising taxes, announced he was signing Americans for Tax Reform's Taxpayer Protection Pledge not to raise taxes.

Mr. Romney, though, made the boldest overture of the day, saying it is "time to take government apart and put it back together, but this time let's make it simpler, smarter and smaller."

Coming into the conference, conservatives were looking for a champion and Mr. Huckabee summed up the attitude of many.

"The theme might be, dude, where's my candidate?" the former Arkansas governor said. "Well, I like to think that maybe he's standing in front of you."

He urged conservatives to go beyond the powerful lures of money and name recognition in choosing whom to back.

"If celebrity and money are the criteria to be president of the United States then Paris Hilton might be our next president," Mr. Huckabee said, adding he was a consistent conservative during his more than 10 years as governor.

Sen. Sam Brownback, Kansas Republican, said he would be "the family president" who would be proudly pro-life, and also would tackle big government through a flat tax.

Holding up a copy of the tax code, he said, "This should be taken behind the barn and killed with a dull ax."

Rep. Tom Tancredo, a Colorado Republican who is also exploring a bid for president, said he was surprised by the quadrennial rush to the right for many of the leading candidates.

"For those of us who have been conservatives even before Al Gore invented the Internet, this is all mildly sort of amusing," he said.

Mr. Tancredo, a major opponent of illegal entry into the United States, concedes he probably won't win, but said he will make sure candidates address issues central to conservatism.

"The conservative movement is not supposed to choose a candidate; it's supposed to produce one," he said.

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For his part, Rep. Duncan Hunter, California Republican, warned that the country is facing a growing threat from China, and said the country needs to change the trade policies that have sent key defense industries overseas.

"The arsenal of democracy is being fractured and sent across the world," he said.

Romney And Giuliani Make Pitch To Conservatives (NYT)

By Adam Nagourney

The New York Times, March 3, 2007

WASHINGTON, March 2 — Mitt Romney of Massachusetts and Rudolph W. Giuliani of New York are both Republican presidential candidates who have been voted into office by largely Democratic electorates. They both have a history of taking liberal positions on social issues. And both are viewed warily by conservative Republicans who are integral to the party's presidential nominating process.

Mr. Romney, the former governor of Massachusetts, and Mr. Giuliani, the former mayor of New York, sought to address those challenges on Friday with speeches to conservative advocates gathered for an annual conference in Washington.

To a certain extent, they approached the task in similar ways: by presenting themselves as devotees of Ronald Reagan who had tamed Democratic excesses in their communities. Mr. Giuliani talked about cutting crime, welfare and taxes; Mr. Romney talked of cutting taxes and the size of government.

Yet they parted company on how they dealt with the more difficult question of their positions on social issues. Mr. Romney made no mention of his past support of abortion rights and gay rights, instead focusing on his current opposition to abortion and same-sex marriage. He portrayed himself as someone who stood at the barricades as his state sought to permit same-sex marriage and to remove restrictions from abortion and stem cell research.

"I stood at the center of the battlefield on every major social issue," Mr. Romney said in a speech to the gathering, the Conservative Political Action Conference. "I fought to preserve our traditional values, and to protect the sanctity of human life. I vetoed bills. I filed new bills. I enforced a law that banned out-of-state same-sex couples from coming to Massachusetts to get married."

Mr. Giuliani made no mention of his support for gay rights, abortion rights and gun control. Instead, he suggested that he and his audience had many more agreements than disagreements.

"Ronald Reagan used to say, 'My 80 percent ally is not my 20 percent enemy,' " Mr. Giuliani said. "What he meant by that is, we don't all see eye to eye on everything. You and I have a lot of common beliefs that are the same, and we have some that are different."

"We do believe in many of the same things, I'm sure," he said. "We believe in giving freedom to people. I think the core of the Republican Party and the historic mission of the Republican Party and the Republican Party makes its greatest contribution when it's giving more freedom to people."

The third major Republican presidential contender, Senator John McCain of Arizona, skipped the event; his aides said he was raising money in California and Utah. But his absence did not shield him from attacks, albeit indirect ones. Mr. Romney invoked bills Mr. McCain had sponsored to control campaign financing and his alliance with Senator Edward M. Kennedy of Massachusetts on legislation to permit some illegal immigrants to apply for citizenship, two unpopular measures in this audience.

"If I'm elected president, I will fight to repeal McCain-Feingold," Mr. Romney said, referring to the campaign spending bill.

The conference drew thousands of attendees, many of whom waited in a long line out the door for a late-afternoon appearance by Ann Coulter, the conservative author and commentator. Still, the tone of the conference was less excitement about the 2008 campaign than concern about the ideological credentials of the three leading contenders for the Republican nomination.

Mr. Giuliani arrived to a rousing reception, but the room grew silent and restless as Mr. Giuliani wandered through a speech that lasted 40 minutes. By contrast, Mr. Romney arrived to a much more subdued reception but left to rousing applause.

"The governor knocked this speech out of the park," said Paloma A. Zepeda, a marketing consultant and conservative blogger who said she came into the room with "serious doubts" about Mr. Romney, and left saying she was leaning toward supporting him. By contrast, she said, Mr. Giuliani "took a risk by coming to C.P.A.C., and he managed to not allay a single conservative fear about a Giuliani candidacy."

In perhaps an unlucky bit of scheduling, Mr. Giuliani appeared after Wayne LaPierre, the executive vice president of the National Rifle Association, who gave a blistering attack on gun laws pressed for New York City by Mayor Michael R. Bloomberg, also a Republican, who was elected with Mr. Giuliani's very strong support. "Everything they do in New York City on guns smacks of hypocrisy," Mr. LaPierre said.

He made no mention of Mr. Giuliani. Mr. Giuliani did not address Mr. LaPierre's criticism.

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Mr. Giuliani focused on what has been one of his electoral strengths: his performance as mayor after the attacks on the World Trade Center. Mr. Giuliani departed from a standard criticism of President Bill Clinton by Republicans, who have faulted him for not recognizing the emerging terrorist threat after the first attack on the World Trade Center and the bombing of the U.S.S. Cole.

"I don't blame people for that," he said. " I don't think it's instructive or helpful to do that."

The problem for conservatives is that the candidates they may be more inclined to support — Senator Sam Brownback of Kansas and Mike Huckabee, the former governor of Arkansas — are generally seen as being longer-shots to winning the nomination. Mr. Huckabee got in a jab, making reference to Mr. Romney's disclosure last week that he had only recently joined the National Rifle Association. "I'm not a latecomer to the N.R.A.," Mr. Huckabee said. "I was the first governor in America to have a concealed carry permit, so don't mess with me."

GOP Candidates Preen For Conservatives (GAN)

By Chuck Raasch

Gannett, March 3, 2007

WASHINGTON — Invoking Ronald Reagan at every turn, a coterie of Republican presidential contenders tried to burnish their credentials Friday before the year's largest gathering of conservative activists.

Ex-New York Mayor Rudy Giuliani and ex-Massachusetts Gov. Mitt Romney both received warm but not raucous audience responses as they tried to calm doubts about their commitments to conservative principles.

Before an audience of several thousand at the Conservative Political Action Conference, a somewhat subdued Giuliani avoided the social issues that separate him from many conservatives — he supports abortion and gay rights — instead concentrating on his record as a tax-cutter, budget balancer and post-9/11 leader.

Quoting Reagan, Giuliani said "an 80% friend is not your 20% enemy." Invoking Reagan's optimism and applying it to the war on terrorism, he said victory was inevitable — if difficult — because "the human soul and the human heart is moving in our direction."

"We will get there the way Ronald Reagan got us there — peace through strength," Giuliani said, using another Reagan line.

Touching a conservative nerve, Romney said he'd appoint judges who would strictly interpret laws.

"It is the people who are sovereign in America, not a few folks in black robes," Romney said.

He explained his conversion from a pro-abortion rights Senate candidate in 1994 into an anti-abortion, anti-gay marriage position as the result of his being thrust in the middle of embryonic stem cell and the gay-marriage debates while he was governor of Massachusetts

"He gave a good, bullet point-like speech demonstrating how he beat back liberalism in Massachusetts while giving conservatives a lot to look forward to in a Romney administration," said veteran conservative strategist Greg Mueller, who had not yet endorsed a candidate.

Sen. John McCain, R-Ariz., decided to bypass the conference, which some activists said could hurt him. Romney had the most direct attack on McCain, calling for repeal of the 2002 campaign finance reform measures McCain sponsored with liberal Sen. Russ Feingold, D-Wis.

Several lesser-known candidates may have helped themselves, in the process taking veiled swipes at what they see as election-year conversions by Romney and Giuliani.

Mueller said Sen. Sam Brownback, R-Kan., did well defending "true-blue, unapologetic conservatism."

Ex-Gov. Mike Huckabee of Arkansas, who shares Bill Clinton's hometown of Hope, Ark., was applauded as he sought to portray himself as a lifelong conservative who believed in the Reaganesque "faith, family and freedom."

"This country is strong because there is a culture of life," Huckabee said.

Huckabee called abortion a "principled" and "defining" issue and said he was "troubled" by people who claim to be opposed to abortion but do not want to outlaw it. While Giuliani has not changed his support of abortion rights, he recently said in South Carolina that he would appoint "strict constructionists" — code words for conservative judges — if elected president.

Brownback said the Supreme Court is "one vote away from overturning Roe vs. Wade," and drew loud applause when he proclaimed that "there is not a fundamental right to abortion" in the Constitution.

Rep. Tom Tancredo, R-Colo., a staunch illegal immigration opponent and self-described "huge long shot" candidate, by inference mocked Giuliani and Romney.

"Conversions are supposed to be made on the road to Damascus, not on the road to Des Moines," he said.

GOP Candidates Woo Key Conservatives (LAT)

DOJ_NMG_0140375

By Molly Hennessy-Fiske

The Los Angeles Times, March 3, 2007

Giuliani and Romney draw large crowds while Ann Coulter's remarks prove to be the most controversial.

WASHINGTON — Republican presidential contenders Rudolph W. Giuliani and Mitt Romney made their case to influential conservatives Friday, positioning themselves as allies to the gathering despite mixed records on such high-profile social issues as abortion, gay marriage and stem cell research.

Romney, the former Massachusetts governor, and Giuliani, the former New York mayor who has staked out an early lead in polls of the GOP rank-and-file, each drew overflow crowds of several thousand at the annual meeting of the Conservative Political Action Conference.

Also addressing the crowd, but attracting less attention, were four GOP candidates with more solid conservative credentials but lesser national identities — Sen. Sam Brownback of Kansas, former Arkansas Gov. Mike Huckabee, Rep. Duncan Hunter of El Cajon, and Rep. Tom Tancredo of Colorado.

Noticeably absent was Sen. John McCain of Arizona, who in his second bid for the Republican presidential nomination has sought to overcome opposition from the party's conservative base that helped doom his campaign in 2000. But McCain has made little discernible headway among the activists at Friday's event and he skipped it to campaign in Utah and his home state.

The conference is sponsored by the American Conservative Union and dozens of other like-minded organizations, and it provides an opportunity for power brokers based in Washington and conservative leaders elsewhere in the country to compare notes and plot strategy.

Giuliani pitched himself as a fiscal conservative who in New York cut taxes, reduced crime and thinned out welfare rolls — and would do the same at the national level. He defended the Bush administration for launching the war in Iraq, conducting a controversial domestic spying program and enacting the Patriot Act, saying that the U.S. needs to remain "on the offensive" in fighting terrorism.

Giuliani did not disavow his support for abortion rights, gay rights and gun control — issues he did not mention in his speech. But in a clear reference to his stands, he called for conservatives to embrace President Reagan's brand of big-tent Republican politics.

"We don't all agree all the time," Giuliani told his audience. "But the point of a presidential election is to decide who you believe the most."

He received sporadic applause during his remarks. Romney, who spoke several hours later, provoked a more enthusiastic response.

Romney criticized McCain by name, taking the senator to task for his efforts to rewrite campaign finance laws and immigration policy — comments that brought applause.

The former governor did not mention Giuliani. But in a possible effort to contrast himself with the former mayor, who has been married three times, Romney invited his wife, Ann, to join him at the podium. She made a point of noting that they will celebrate their 38th wedding anniversary this month and that they have five sons and 10 grandchildren.

Romney's efforts to court support from conservatives has been hampered by criticism that he has only recently embraced their positions on various social causes after airing more liberal views while seeking office in Massachusetts. For instance, in a failed 1994 Senate race, he stressed his support for gay rights. And he has acknowledged that he has changed his view on abortion, opposing it after previously taking a pro-choice position.

On Friday, he detailed his efforts to fight gay marriage and stem cell research during his four years as governor.

"I stood at the center of the battlefield on every major social issue, and I defended the sanctity of human life," Romney said, prompting a standing ovation.

Some of those at the conference said they remain unconvinced that Romney or Giuliani would stay true to conservative causes if either won the White House.

"People are tired of seeing people coming in right and turning left," said the Rev. LeRoy Thomas, chaplain for the National Black Republican Assn. He supports Brownback.

But David Bellows, an instructor at the Rev. Jerry Falwell's Liberty University in Lynchburg, Va., said many conservatives would be willing to compromise on candidates who do not agree with them on every issue but share their general values. "We need to … concentrate on whether they are conservative in their values, not necessarily whether they are antiabortion or not, " he said.

Some who arrived at the conference undecided left with Romney campaign signs, including Margo Saule, 65, a horse breeder from Charlottesville, Va.

Saule called Romney's speech "straightforward," saying "I liked his convictions."

As for his recent change on abortion, Saule said it did not bother her.

"People change their minds," she said. "I don't think he changed his opinions to become more electable."

Others said that Giuliani would do a better job of protecting the country from terrorism, and that his track record on national security trumped his liberal leanings on social issues.

"He's great on protecting us from terror, bringing down crime and taxes," said June Nichols, 70, a consultant from Merritt Island, Fla.

The day's most controversial speaker proved to be conservative pundit Ann Coulter, who at the end of her speech — which followed Romney's — used a slur to refer to Democratic presidential candidate John Edwards.

Coulter said she had intended to comment on the former senator from North Carolina, "but it turns out you have to go into rehab if you use the word 'faggot,' so I … can't really talk about Edwards."

The Democratic National Committee chairman, Howard Dean, quickly issued a statement calling on the GOP presidential candidates at the conference to "denounce her hateful remarks."

A Giuliani spokeswoman said she had not heard the speech, and a Romney spokesman did not return calls late Friday.

Tancredo Demos Stump Speech (DENP)

By Ann C. Mulkern

Denver Post, March 3, 2007

Washington -- The next president must possess core conservative principles or risk losing the election and much of what America stands for, Rep. Tom Tancredo told a cheering crowd today at a conservative convention.

The Littleton Republican who is considering a presidential run presented his political vision in a speech to the Conservative Political Action Conference.

In a packed and cheering ballroom, Tancredo said it's imperative to crack down on illegal immigration and reject "the cult of multi-culturalism" that he says is destroying American values. Tancredo also declared the need to return to traditional conservative ideals, including opposition to legalized abortion.

"With the world at war, and the very survival of Western Civilization at risk, with the Supreme Court potentially one death or retirement away from reversing Roe Vs. Wade," Tancredo said, referencing the case that legalized abortion, "real conservatives cannot afford to sit this one out."

Tancredo was one of several potential and declared presidential candidates appearing at the conference, an annual Washington D.C. gathering of the right wing of the Republican Party. In presidential election season, it serves as an audition for candidates wanting to capture conservative activists and impress the national media with their ability to draw crowds.

Tancredo has formed a presidential exploratory committee, saying he sees the need for a true conservative in the race. He touted his conservative credentials and used three Biblical references during his speech.

Former Massachusetts Gov. Mitt Romney, Sen. Sam Brownback, R-Kan., and Rep. Duncan Hunter, R-Calif., also spoke.

Conservative Political Action Conference members will take a straw poll Saturday indicating which candidates they most support.

Walking on to the stage to the strains of the theme from the movie "Rocky," Tancredo said he's a "huge long shot" and compared himself to the hero of the Oscar-winning boxing movie.

Tancredo alternately spoke about his potential to win the presidency, saying he knows it's David vs. Goliath, but that "David won." But he also seemed to concede he won't advance when he said he wants "a candidate in this presidential election that I can vote for."

"I'm so tired of voting because the person is the lesser of two evils," Tancredo said. "I want to be able to vote for somebody &I believe is leading a crusade, somebody who I actually want to participate in that crusade because they inspire me to do so.

"I may not be that person, I understand," Tancredo said. "But look for that in whoever it is you're going to support."

Some Tancredo supporters at the event said they believe he can win the nomination, despite the fact that lead candidates are raising an estimated million dollars a week. Tancredo's congressional bank account had $189,000 when he made the last required disclosure at the end of 2006.

"I absolutely think he can get elected," said Nathan Rager, 21, of Virginia. "He's the most well-known conservative in this race."

According to Rager, Former New York Mayor Rudy Guiliani has a liberal record. Romney's record on conservative issues isn't consistent, he said. Sen. John McCain, R-Ariz., "is just an amnesty supporter," he said, referring to McCain's support of a legal status for illegal immigrants.

Republican K.C. McAlpin of Virginia didn't vote for President Bush in either 2000 or 2004, choosing instead an independent candidate. He wouldn't say whom. He said he'll do so again rather than vote for McCain, Romney or Guiliani.

Tancredo, McAlpin said "is an authentic conservative."

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Romney supporter Ruth Malhotra, 23, of Georgia, however, said while Tancredo's done a "amazing work" on the immigration issue, he's "not presidential material.

"When you're looking at someone to lead our country, you need a strong record of leadership, more broadly defined," Malhotra said. "I don't think Tom Tancredo is the best person to lead our country."

During his speech, Tancredo demonstrated his fondness for controversy. He repeated his tempest-provoking remark made last year that Miami is like a Third World Country. He talked about the letter he received from then-Florida Gov. Jeb Bush. In that letter, Bush said Florida people celebrated diversity.

"I'm all for celebrating diversity," Tancredo told the crowd. "When you make a state religion out of it, that's when you have a problem."

He said that the country needs a leader who knows we need a strong national defense "because our enemies are psychopaths and our allies are the French."

When comparing himself to the fictional Rocky character, Tancredo joked that one of the differences between himself and Sylvester Stallone was that "probably Sylvester Stallone does not smoke cigars. But I do."

The crowd erupted in large cheers and hoots. Last month, a Capitol police officer came to Tancredo's congressional office after a neighbor smelled smoke and called police. Tancredo was smoking a cigar, which is legal in lawmakers' offices.

"Although we are in the middle of a place that's run by what I refer to as the lifestyle Nazis here in Washington D.C., that don't let you do things like smoke in public places, in my office in the capitol anyway, the smoking lap is lit, even if my next door neighbor doesn't like it."

Ann Coulter Calls John Edwards "Faggot" (UPI)

UPI, March 2, 2007

WASHINGTON, March 2 (UPI) -- Best-selling right-wing author Ann Coulter, speaking to a conservative audience in Washington Friday, called former Sen. John Edwards, D-N.C., a "faggot."

Coulter was a featured speaker at the 34th annual Conservative Political Action Conference. Following her prepared remarks, televised on C-Span, Coulter was asked to talk about Edwards.

"It turns out you have to go into rehab if you use the word 'faggot,' so I'm kind of at an impasse -- I can't really talk about Edwards," she said.

"Rehab" may have been a reference to "Grey's Anatomy" star Isaiah Washington's decision to go into rehab during a public relations firestorm after he called one of his co-stars a "faggot."

Democratic National Committee Chairman Howard Dean called on Republican presidential candidates, especially those who attended the conference, to denounce Coulter's remark, Fox News reported.

Coulter has previously suggested that other prominent Democrats are gay -- including former Vice President Al Gore, former President Bill Clinton and Sen. Hillary Clinton, Editor & Publisher reported. All of them, including Edwards, are married, and Bill Clinton's heterosexual tendencies caused a certain amount of well publicized trouble for him as in the White House.

But Did Ginger Rogers Wear Flip-Flops? (WP)

By Dana Milbank

The Washington Post, March 3, 2007

"It's an honor to be here in high heels, walking backwards," Mitt Romney said yesterday as he began his address to the Conservative Political Action Conference.

Don't panic, Phyllis Schlafly: He was merely referring to a previous speaker's invocation of an old joke. But for a guy trying to win over religious conservatives, it was a strange opening line.

If the former Massachusetts governor is going to win the Republican presidential nomination, he is going to have to overcome suspicions that he is a supporter of alternative lifestyles and other things that rile the right -- and a discussion of women's footwear may not be the way to do it.

Outside the ballroom at the Omni Shoreham, a man was strolling about in a dolphin costume and a T-shirt declaring "Flip Romney: Just another Flip Flopper From Massachusetts." The porpoise was ready to burst his blowhole: "First he was pro-choice, now magically he's pro-life. First he's for gun control, then he's against it."

Other CPAC attendees handed out full-size yellow Romney flip-flops announcing, "1992: Romney voted for Democrat Paul Tsongas for president." On each chair was a "Romney multiple-choice exam" about gun control, taxes, abortion and gay rights; the answer to each question was "both A and B." Another flier juxtaposed Romney's photo with John Kerry's, warning that Romney "told Planned Parenthood he supports Roe v Wade!"

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For Romney, it showed a measure of bravery just coming to CPAC. John McCain skipped the event, and Rudy Giuliani gave a timid speech that avoided abortion and gay rights. CPAC is, after all, not a place to showcase diverse viewpoints.

In the session preceding Romney, Rep. Sam Johnson (R-Tex.) said of Cindy Sheehan, whose son died in Iraq: "She's an idiot." In the session after Romney, Ann Coulter used an anti-gay slur to describe John Edwards (the line drew applause) and asked: "Did Al Gore actually swallow Michael Moore?" When a questioner asked Coulter why she praises marriage but broke off so many engagements, she responded by calling the questioner ugly.

Sen. Jim Inhofe (R-Okla.) got the crowd cheering early in the day. "I have been called -- my kids are all aware of this -- dumb, crazy man, science abuser, Holocaust denier, villain of the month, hate-filled, warmonger, Neanderthal, Genghis Khan and Attila the Hun," he announced. "And I can just tell you that I wear some of those titles proudly."

Inhofe repeated his view that man-made global warming is "the greatest hoax ever perpetrated on the American people," and he quarreled with a Bush administration proposal to list polar bears as a threatened species. "They're overpopulated," he declared. "Don't worry about it: The polar bear is fine." His staff handed out supporting documentation, including the claim that "MARS HAS GLOBAL WARMING DESPITE ABSENCE OF SUVs."

Still, even the CPAC faithful know that the true conservatives in the GOP presidential race, figures such as Rep. Duncan Hunter (Calif.), have little chance of prevailing. Attendees here were, instead, talking about the least bad options among the major contenders: McCain, Giuliani and Romney.

That explains why, of more than 5,000 CPAC attendees, only 336 were on hand to hear Hunter deliver a speech proposing a wall across the Mexican border. By contrast, 1,500 people jammed the room to hear Romney. Several hundred more had to watch on televisions in the hallway. "Note rapturous crowd applause," Romney's lawyer, Ben Ginsburg, instructed a reporter. There were, in fact, several red "Mitt" mitts and blue Romney signs among the attendees.

The governor got off to a bad start when anti-tax activist Grover Norquist, assigned to introduce Romney, couldn't be located. "Grover apparently made a pit stop," the master of ceremonies announced. The pit stop went on for five minutes, forcing organizers to entertain the crowd with video titled "The Hillary Show" by the anti-Clinton Web site Stophernow.com.

Norquist said that the difficulty of being a conservative in Massachusetts made Romney like Ginger Rogers in the old joke: She "did everything Fred Astaire did, except backwards and in high heels."

The handsome Romney had a smooth delivery, but he looked mechanical as he used the teleprompter, which apparently malfunctioned while he was trying to quote Ronald Reagan. "I'll make sure I get it here right," he said, as he reached for his notes.

The governor began his discussion, sensibly, with economic policy, where his conservative credentials are not questioned. But he didn't quite have his message ready for a bumper sticker. "If I am elected president, I am going to cap non-defense discretionary spending at inflation minus 1 percent!" he vowed.

It was time for the social issues, and Romney wasn't holding back. "I stood at the center of the battlefield on every major social issue," said the man who once vowed to best Ted Kennedy in support of gay rights. "I fought to preserve our traditional values and to protect the sanctity of human life."

"This isn't the time for us to shrink from conservative principles," Romney said before he departed. Indeed, for Romney, it is the time to adopt them.

The speech didn't sway Flip the dolphin, who continued his rounds. But Romney had, at least, won over Coulter. "I think he's probably our best candidate," she said. She'd prefer Duncan Hunter, she said, but "I'm being realistic." And, besides, "I love Mormons," Coulter said. "In 1992, Bill Clinton came in third in Utah."

McCain Wins Spartanburg Straw Poll (CNN)

By Alexander Mooney

CNN.com, March 2, 2007

WASHINGTON (CNN) -- Arizona Sen. John McCain won a Spartanburg, South Carolina straw poll Friday, an early sign of how conservative South Carolinians might view the GOP presidential field.

McCain beat former New York City Mayor Rudy Giuliani by two votes, 164-162, according to Spartanburg County GOP chairman Rick Beltram. California Rep. Duncan Hunter came in third with 158 votes.

A total of 776 people voted in the straw poll.

Full results:

Arizona Sen. John McCain: 164

Former New York City Mayor Rudy Giuliani: 162

Colorado Rep. Tom Tancredo: 10

Attorney John Cox: 4

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Texas Rep. Ron Paul: 4
Secretary of state Condoleezza Rice: 2 (write-in)
Former Virginia Gov. Jim Gilmore: 1
Former Health and Human Services Secretary Tommy Thompson: 1
Sanders (the party was unable to identify this candidate): 1 (write-in)

McCain Wins GOP Presidential Straw Poll (TSSC)

The State, March 3, 2007

U.S. Sen. John McCain, R-Ariz., won the Spartanburg County Republican Party presidential straw poll on the second day of vote counting.

McCain was third when tallying was suspended Thursday. But by Friday afternoon, McCain had leapt into first in the final vote, according to The Associated Press.

The final results were: McCain, 164; former New York City Mayor Rudy Giuliani, 162; U.S. Rep. Duncan Hunter, R-Calif., 158; U.S. Sen. Sam Brownback, R-Kan., 85; former Massachusetts Gov. Mitt Romney, 80; and former Arkansas Gov. Mike Huckabee, 21.

Noticeably Absent From The Giuliani Campaign: His Children (NYT)

By Russ Buettner, Richard Pérez-Peña

The New York Times, March 3, 2007

As he embarks on a campaign for the presidency, former Mayor Rudolph W. Giuliani is going forward without two people who once played supporting roles in his political life: his children, Andrew, 21, and Caroline, 17.

Andrew Giuliani has been at his father's side in campaign commercials and inaugurations since he was a toddler, famously bounding across the stage in a rambunctious manner and mimicking his father's rhetorical flourishes during Mr. Giuliani's 1994 mayoral inauguration.

But Mr. Giuliani's relationship with Andrew has grown strained and distant since his very public and bitter divorce from Andrew's mother, Donna Hanover, and his marriage to Judith Nathan, according to Andrew and others familiar with the relationship.

In a telephone interview yesterday, Andrew, a sophomore and member of the golf team at Duke University, acknowledged having had difficulties with Ms. Nathan, and said that he and his father had recently tried to reconcile after not speaking "for a decent amount of time."

"There's obviously a little problem that exists between me and his wife," the younger Mr. Giuliani said. "And we're trying to figure that out. But as of right now it's not working as well as we would like."

Andrew Giuliani said he would not participate in his father's campaign, saying his devotion to becoming a professional golfer within three years allows no time for distraction.

While he would not say how long he had been estranged from his father, others close to the family said it appeared to have been for at least a year.

Similarly, a distance appears to have developed between Mr. Giuliani and his daughter, now a high school senior who is to attend Harvard University in September.

The familial tensions come as Mr. Giuliani prepares to run for president and as other Republican contenders deploy their children as campaign assets.

Mr. Giuliani's three marriages have already bubbled up as an issue. In February, Ann Romney, the wife of Mitt Romney, the former Massachusetts governor, noted that her husband "had only one wife" — comparing him to other leading Republican candidates who had gone through divorces.

Some campaign Web sites highlight pictures of candidates with family members, but Mr. Giuliani's does not mention his children, though it includes photographs and mentions of Ms. Nathan.

The Giuliani campaign declined to comment about the former mayor's relationship with his children, and Ms. Hanover did not respond to messages left at her home and office.

Mr. Giuliani once prided himself on attending all his children's events and went to Andrew's high school football games and Caroline's plays. But he stopped at some point after his marriage to Ms. Nathan in 2003. He missed his son's graduation, in 2005, and his daughter's plays in the last 18 months, said people who attended those events.

In the interview, Andrew Giuliani spoke of his father's campaign, aware that he would have to address his absence. He said the decision not to participate hinged on his goal of becoming a professional golfer.

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"I am going to be focused on my golf for the next, well really I don't even know for the next how long, but definitely over the next bunch of years," he said. "So I'm not going to have time to, even if I wanted to, be in the campaign."

He said that he and his father had recently begun trying to reconcile. "For a while there, we weren't talking, for a decent amount of time," Andrew said. "But lately we've been having more contact and trying to figure things out."

In 1989, Ms. Hanover and Andrew, then 3, were at Mr. Giuliani's side when he declared his mayoral candidacy. Caroline appeared with the family in campaign commercials after her birth in August that year.

When Mr. Giuliani ran in 1993, he and Andrew were featured playing baseball; Caroline appeared in a commercial blowing soap bubbles.

Clintons, Obama Hope To Woo Black Support In Selma (CNN)

By Mary Snow

CNN.com, March 2, 2007

NEW YORK (CNN) -- As they battle for support in the black community in their quest for the 2008 Democratic presidential nomination, Sens. Hillary Clinton and Barack Obama will attend Sunday's commemoration of the historic 1965 Selma voting rights march.

However, Clinton will bring along a not-so-secret weapon -- her husband, former President Bill Clinton.

"There is no white politician in America who is more popular in the African-American community than Bill Clinton," said Jamal Simmons, a Democratic strategist. "So she has a very strong card to play."

The results of one recent poll suggest that card is one she may need. (Watch how the former president can help Sen. Clinton)

An ABC News-Washington Post survey, taken late last week, found that Obama, from Illinois, was the choice of 44 percent of black Democrats, compared to 33 percent for Hillary Clinton, with a sampling error of plus or minus 8 percentage points. That was a marked shift from the beginning of the year, when she led Obama 60 percent to 20 percent. (Full story)

However, the poll found that the New York senator's favorable rating among black voters was 85 percent, compared to 70 percent for Obama, although his favorability has climbed 16 points since the beginning of the year.

Rep. John Lewis, D-Georgia, one of the leaders of the Selma march 42 years ago, said the competition for black voters between the senators is "a very difficult position to be in, but it's a good position to be in."

"We have choices," he said.

Simmons said that while black voters have a great deal of loyalty for Bill Clinton, "the question is whether that loyalty transfers to Hillary Clinton, and that's really the test she'll have to meet."

On Sunday in Selma, the former president will be inducted into the Voting Rights Hall of Fame. It will be the first major public appearance the Clintons have made together since Hillary Clinton announced in January that she would seek the Democratic nomination, and political observers will be looking keenly at how well she fares alongside her husband.

"There is, of course, something of a risk that when the Clintons appear next to one another, sometimes Bill can outshine her, and his connection to the community," said political analyst Stu Rothenberg of The Rothenberg Political Report.

Selma March Raises Political Stakes For Obama, Clinton (GAN)

By Ana Radelat

Gannett, March 3, 2007

WASHINGTON — When Democratic presidential candidates Hillary Rodham Clinton and Barack Obama march over the Edmund Pettus Bridge in Selma, Ala., on Sunday, their political fortunes may rise or fall with each step.

Clinton, who represents New York in the Senate, and Obama, who represents Illinois, are heading South to woo black voters who could decide key early primaries next year.

"It's smart politics," said Ron Haskins, a senior fellow at the Brookings Institution. "(Selma) is sacred civil rights ground."

Both candidates say they want to honor the memory of the historic 1965 march that captured the nation's attention and sped approval of the Voting Rights Act. Both will give speeches at historic black churches in Selma before they make their way across the bridge.

"This is an opportunity for her to show her respect for what was accomplished in Selma and the civil rights movement," said Mo Elleithee, spokesman for the Clinton campaign.

Jen Psaki, spokeswoman for the Obama campaign, said the senator — who was 3 years old when the historic march took place — wanted to make a "personal trip" to the famed civil rights site.

"His hope is that this is not something that is overly politicized," Psaki said.

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But after polls this week showed Obama gaining popularity in the African-American community, Clinton raised the stakes by announcing that her husband, former President Bill Clinton, will march with her.

Bill and Hillary Clinton have strong support among African Americans, support they want to keep, Haskins said, while Obama is still in the process of introducing himself to that key Democratic constituency.

"Polls seem to show that when African Americans realize he's black, his support shoots up," Haskins said.

Both candidates hope their words this weekend are heard by black voters in South Carolina, which will hold the first-in-the-South Democratic presidential primary Jan. 29, one week after the New Hampshire primary. Nearly half the voters in the South Carolina primary will be black.

Alabama, another state with large numbers of black Democratic primary voters, also hopes to move its primary election from June to early February so it would be held on the heels of the South Carolina contest.

The rivalry between Hillary Clinton and Obama for black voters has put some black leaders in a difficult position because they are uncomfortable endorsing a presidential candidate this early in the political season.

Rep. John Lewis, D-Ga., an original participant in the 1965 march who was beaten while trying to cross the Edmund Pettus Bridge, has repeatedly invited his congressional colleagues to join him in retracing his steps on the anniversary of the march. Lewis has declined to endorse either Hillary Clinton or Obama.

"This is not a political venture," said Brenda Jones, Lewis' press secretary. "For congressman Lewis, it is a spiritual experience."

Rep. James Clyburn, the black South Carolina lawmaker who is considered a king maker in his state's Democratic presidential primary election, also has refrained from backing either candidate.

But Rep. Artur Davis, D-Birmingham, who represents Selma in Congress, was among the first lawmakers to embrace Obama's candidacy.

Davis, who urged Obama to travel to Selma, has said the senator's candidacy would "ignite a feeling of national purpose and renewal that our country has not witnessed in my lifetime."

Clinton Donor Wanted By FBI In Scheme To Funnel Money (LAT)

By Robin Fields, Chuck Neubauer

The Los Angeles Times, March 3, 2007

The businessman, influential in Pakistani circles, also aided Boxer.

WASHINGTON — A Pakistani immigrant who hosted fundraisers in Southern California for Sen. Hillary Rodham Clinton is being sought by the FBI on charges that he funneled illegal contributions to Clinton's political action committee and Sen. Barbara Boxer's 2004 reelection campaign.

Authorities say Northridge businessman Abdul Rehman Jinnah, 56, fled the country after an indictment accused him of engineering more than $50,000 in illegal donations to the Democratic committees. A business associate charged as a co-conspirator has entered a guilty plea and is scheduled to be sentenced in Los Angeles next week.

A federal law enforcement source said prosecutors had not dealt with the political committees in conducting their investigation and had no evidence that the committees knew the contributions were illegal.

Officials for both committees said they were unaware of the investigation or indictments until they were contacted by The Times, and said they would not keep the donations.

The case has transformed Jinnah from a political point man on Pakistani issues, a man often photographed next to foreign dignitaries and U.S. leaders, into a fugitive with his mug shot on the FBI's "featured fugitives" wanted list.

Jinnah's profile peaked in 2004 and 2005 as he wooed members of Congress to join a caucus advancing Pakistani concerns and brought Clinton to speak to prominent Pakistani Americans, lauding their homeland's contributions to the war on terrorism and calling relations with Pakistan beneficial to U.S. interests.

Jinnah and his family donated more than $100,000 to the Democratic Party and Democratic candidates. Now friends say they believe Jinnah has returned to Pakistan.

Attempts to reach him and his relatives were unsuccessful. A "For Sale" sign stood in his yard on Thursday, and a neighbor said the family had not lived there for months.

Jinnah's troubles appear to have begun when he attempted to circumvent election laws by reimbursing friends, business contacts and their family members for contributions made in their names, according to court records. Federal statutes set limits on contributions to federal campaigns and political action committees and bar donations made in the names of others.

Authorities say that from June 2004 to February 2005, Jinnah directly or indirectly solicited contributions from more than a dozen "conduits," reimbursing them with funds from his company, All American Distributing, a seller of cellphone service and accessories.

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Authorities said the scheme allowed Jinnah to get around limits then in effect on individual donors of $5,000 per year to PACs and $2,000 per election to candidates, as well as the ban on using corporate money for political donations.

Jinnah's case has been handled with discretion by the U.S. attorney's office in Los Angeles, which recently lost a high-profile case against former Clinton campaign official David Rosen. Rosen was acquitted of charges of filing false reports about a Hollywood fundraiser given for Clinton in 2000.

The indictment of Jinnah, handed down in May without a news release, mentions only the initials of the committees that received the illegal donations, referring to them as "HP" and "FB." However, the charging document filed against Stuart Schoenburg, who authorities say is a co-conspirator, identifies one of the committees as HillPac, the leadership committee Clinton formed after her first Senate campaign and which she still uses.

Though Clinton cannot use HillPac to fund her presidential campaign directly, it has allowed her to donate to Democratic candidates and organizations, as well as to pay some political staff and travel expenses.

The Times was able to identify donations to Boxer's campaign by cross-referencing dates and contributors' initials listed in the indictment with campaign finance records. The "FB" in the indictment stood for "Friends of Barbara Boxer."

According to the indictment, Jinnah arranged $30,000 in donations to HillPac by having Schoenburg, a Tarzana television producer, approach family members and others to act as straw donors.

Schoenburg and five others contributed $5,000 apiece. Jinnah later reimbursed them with funds from his corporation, prosecutors say. In one instance, authorities allege, Jinnah and Schoenburg agreed to write "production" in a reimbursement check's memo line, falsely indicating it was payment for production services.

"The campaign clearly had no knowledge of these activities," said Howard Wolfson, a spokesman for Clinton.

He said HillPac would not keep the contributions cited in the indictment, as well as others from Jinnah and his family.

The indictment says Jinnah also found 14 straw donors to give $28,000 to the 2004 reelection campaign of Boxer (D-Calif.). Among the contributors were five employees of Jinnah's company, Schoenburg and several members of Schoenburg's family, records show.

Schoenburg, 76, pleaded guilty to a misdemeanor count of conspiracy in July. Contacted this week, he said he would not comment on the case. "My attorney told me not to talk to you," he said. His sentencing is scheduled for Monday, but his attorney said it was likely to be postponed.

Rose Kapolczynski, a consultant who ran Boxer's 2004 campaign, said no one on Boxer's staff knew of Jinnah's indictment or the illegal contributions.

"We were very surprised," she said, adding that neither the FBI nor the Justice Department had requested information from the campaign for the case.

Jinnah hosted or co-hosted two fundraisers for Boxer, she acknowledged.

In addition to the donations cited in the indictment, Boxer will also give away $8,000 contributed by Jinnah and his relatives, either to charity or the U.S. Treasury, Kapolczynski said.

Pakistani Americans are relatively new players in U.S. politics, not nearly as organized or affluent as Indian Americans, who often are on the opposite side of the same international issues.

In early 2000, a controversy erupted when a group of Pakistani Americans hosted a $50,000 fundraiser for Hillary Clinton as President Clinton was deciding whether to visit Pakistan on a Southeast Asia trip. The Clintons denied the contributions swayed the decision to make the stop.

Later that year, Jinnah hosted a luncheon fundraiser for then-First Lady Clinton at his house, an event depicted in a photo posted on the website Pakistanlink.com. Jinnah hosted a second fundraiser for Clinton in October 2004.

That year, he also helped form the Pakistani American Leadership Center, which describes itself as a coalition of Pakistani Americans seeking to further U.S.-Pakistan ties. It has helped persuade more than 70 House members to join the Congressional Pakistan Caucus.

The group was particularly jubilant when Rep. Howard L. Berman (D-Valley Village), who had previously sponsored a bill targeting Pakistan for sanctions related to its nuclear program, agreed to become a member.

Jinnah met with Berman and then issued a statement welcoming the congressman to "a new and hopefully long-term relationship with the Pakistani American community."

Jinnah has been substantially less active in the last year, however. A spokesman for the leadership center said Jinnah had not attended group events since mid-2005 and had not paid his board dues for the year.

Jinnah, who is married with at least two children, has owned a string of businesses in Southern California since at least 1990, including frozen yogurt shops as well as cellphone-related enterprises. As a legal permanent resident, though not a U.S. citizen, he can make campaign contributions here.

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In September, after his indictment, Jinnah put his latest company — Advanced Communication Technology Inc., which did business as All American Distributing — into Chapter 7 bankruptcy.

Most cases involving issues of campaign finance errors or improprieties are handled civilly by the Federal Election Commission, rather than criminally by the Justice Department. Spokesman Thom Mrozek said he could not comment on how the U.S. attorney's office came to investigate Jinnah.

Obama Calls Iran Threat To U.S., Israel (CHIT)

By John McCormick

Chicago Tribune, March 3, 2007

Seeking to woo Jewish votes and contributions, Sen. Barack Obama told an audience in Chicago Friday that he considers Iran "one of the greatest threats to the United States, Israel and world peace" and pledged he would try to end that nation's uranium enrichment program.

As he criticized the Bush administration's Iraq policies, the Democratic presidential candidate suggested that the danger posed by neighboring Iran has grown in recent years because of U.S. policy in the Middle East.

"One of the most profound consequences of the administration's failed strategy in Iraq has been to strengthen Iran's strategic position, reduce U.S. credibility and influence in the region, and place Israel and other nations friendly to the United States in greater peril," Obama (D-Ill.) said before a regional gathering of the American Israel Public Affairs Committee, a major pro-Israel lobbying group.

In advance of the group's national conference later this month in Washington, where Obama will court donors one-on-one, his campaign had been looking for a friendly audience to make a major policy speech on U.S.-Israel policy.

By speaking to about 800 of the committee's members at the Sheraton Chicago Hotel & Towers, Obama was able to reaffirm his support of Israel, as voters consider the early presidential field. Democratic front-runner Sen. Hillary Rodham Clinton (D-N.Y.) made a similar speech to the group's members in her home state on Feb. 1.

Despite the eagerness of local news crews for him to comment on the topic, Obama made no mention of a revelation reported Friday by the Baltimore Sun that he has white ancestors who owned slaves. A spokesman also said he would not be taking any media questions.

Racial issues will again be at the forefront Sunday, as the senator appears in Alabama to deliver the keynote address at an event that commemorates the 1965 Selma-to-Montgomery voting rights march, an occasion that will also attract Clinton and her husband, the nation's 42nd president. Before his departure, Obama will headline a major labor rally in Chicago Saturday morning.

Like labor, the Jewish community is an essential constituency for any Democrat running for the White House.

John Green, a senior fellow with the Pew Forum on Religion & Public Life, said research suggests it is not uncommon for Jews to represent as much as 20 percent of the donors in a presidential primary.

"Jews are strong Democrats as a group and are a very important source of money for presidential candidates," he said. "This is a pretty significant financial constituency."

Green said Jews represent only small part of the total electorate, but can also play a key role in swing states such as Florida. "In a close election, this is a critical bloc," he said.

Although Green said Obama might struggle to differentiate himself from Clinton on social issues, his early opposition to the war in Iraq could help.

"Jews are particularly opposed to President Bush's positions in Iraq," he said. "She has had a little bit of a different policy position on the war in Iraq and that is a place where he could distinguish himself from her."

Rabbi Ira Youdovin, executive vice president of the Chicago Board of Rabbis, said some Jews were initially supportive of efforts to remove Saddam Hussein when reports of weapons of mass destruction were credible and Israel could be a target. "Today, there is far less approval and a sense that maybe the war wasn't a good idea," he said.

Josh Block, a spokesman for the American Israel Public Affairs Committee, said Jewish voters lean mostly Democratic, but that the group is not monolithic in its support for the party.

"It requires nurturing," he said. "It can't be taken for granted."

In one of many lines that drew applause, Obama called for "fully funding military assistance" for Israel and continued work on missile defense programs. "And when Israel is attacked, we must stand up for Israel's legitimate right to defend itself," he said.

Obama focused much of his speech on Iran, but stressed the need for greater communication among all players in the region. "My plan includes a robust regional diplomatic strategy that includes talking to Syria and Iran — something this administration has finally embraced," he said.

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Earlier this week, Obama also met with family members of kidnapped Israeli soldier Ehud Goldwasser in Washington.

Jeff Simon, a financial planner from Northbrook who attended the speech, said the senator hit all the right notes for his audience.

"He touched on all the key issues," he said. "He said the right things."

Obama Blames U.S. For Stronger Iran (AP)

AP, March 2, 2007

CHICAGO (AP) -- Democrat presidential candidate Barack Obama on Friday blamed Bush administration failings in Iraq for strengthening the strategic position of Iran, which he says must be stopped from acquiring nuclear weapons.

Illinois senator said that means "direct engagement" with Iran similar to the meetings with the Soviet Union at the height of the Cold War.

"A consequence of the Administration's failed strategy in Iraq has been to strengthen Iran's strategic position; reduce U.S. credibility and influence in the region; and place Israel and other nations friendly to the United States in greater peril," according to a text of a speech Obama delivered to the American Israel Public Affairs Committee.

The Bush administration recently altered its position, with Secretary of State Condoleezza Rice saying this week that the U.S. is willing to talk to Iran on security in Iraq.

Obama also emphasized in his speech his commitment to protecting the security of Israel, which he called "our strongest ally in the region and its only established democracy."

"Our job is to renew the United States' efforts to help Israel achieve peace with its neighbors while remaining vigilant against those who do share this vision," Obama said.

The speech was the second time in recent months that Obama has formally addressed foreign policy in his hometown of Chicago. In November, Obama called for a reduction of U.S. forces in Iraq at the Chicago Council on Global Affairs.

But Obama focused on Iran Friday, calling President Mahmoud Ahmadinejad's regime "a threat to all of us."

A member of the Senate Foreign Relations Committee, Obama said the world _ not just the United States _ must stop Iran's uranium enrichment program.

"While we should take no option, including military action, off the table, sustained and aggressive diplomacy combined with tough sanctions should be our primary means to prevent Iran from building nuclear weapons," Obama said.

Obama said Iranian nuclear weapons would destabilize the region and could set off a new arms race.

Fellow senator and Democratic rival Hillary Rodham Clinton has warned Bush not to take any military action against Iran without congressional OK.

Iran has refused to freeze its enrichment-related activities and the U.N. Security Council has imposed sanctions targeting its nuclear and missile programs and persons involved in them.

Iran has refused to halt its nuclear program, contending it is to provide energy _ not weapons _ for the country.

Obama Had Slaveowning Kin (NYT)

By Rachel L. Swarns

The New York Times, March 3, 2007

WASHINGTON, March 2 — Genealogists have uncovered a new ingredient in the melting pot identity of Senator Barack Obama, the Illinois Democrat who hopes to become the first black president. His white maternal ancestors once owned slaves.

Mr. Obama is the American-born son of a white woman from Kansas and a black man from Kenya. The genealogists, led by William Addams Reitwiesner, studied the family history of Mr. Obama's mother and determined that Mr. Obama's great-great-great-great grandfather, George Washington Overall, owned two slaves listed in the 1850 census in Nelson County, Ky.

Mr. Obama's great-great-great-great-great grandmother, Mary Duval, also owned two slaves, the records show.

Mr. Reitwiesner, who works for the Library of Congress, posted the information on his personal Web site a while ago, said a genealogist who worked with him. The Baltimore Sun reported the findings on Friday.

The details emerged the same week that the Rev. Al Sharpton disclosed that his great-grandfather was owned by a relative of Senator Strom Thurmond of South Carolina, once a defender of segregation.

Historians said the disclosures highlighted the deep, though often unknown and unacknowledged, imprint of slavery in the lives of present-day Americans.

Bill Burton, a spokesman for Mr. Obama, said the senator had long known that he was related to Jefferson Davis, president of the Confederacy, and that another forebear had fought for the Union in the Civil War. Mr. Burton said the findings showed Mr. Obama's ancestors were "representative of America."

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"It is a true measure of progress that the descendant of a slave owner would come to marry a student from Kenya and produce a son who would grow up to be a candidate for president of the United States," Mr. Burton said.

Where's His Right Hook? (NYT)

By Maureen Dowd

The New York Times, March 3, 2007

As I sit across from Barack Obama in his Senate office, I feel like Ingrid Bergman in "The Bells of St. Mary's," when she plays a nun who teaches a schoolboy who's being bullied how to box.

I'm just not certain, having watched the fresh-faced senator shy away from fighting with the feral Hillary over her Hollywood turf, that he understands that a campaign is inherently a conflict.

The Democrats lost the last two excruciatingly close elections because Al Gore and John Kerry did not fight fiercely and cleverly enough.

After David Geffen made critical comments about Hillary, she seized the chance to play Godzilla stomping on Obambi.

As a woman, she clearly feels she must be aggressive in showing she can "deck" opponents, as she put it — whether it's Saddam with her war resolution vote or Senator Obama when he encroaches on areas that she and Bill had presumed were wrapped up, like Hollywood and now the black vote.

If Hillary is in touch with her masculine side, Barry is in touch with his feminine side.

He turned up his nose at his campaign's sharp response to Hillary and her pinstriped thug, Howard Wolfson. He told The Times's Jeff Zeleny that he had not been engaged in the vituperative exchange because he was traveling on a red-eye flight, getting a haircut and taking his daughters to school.

I ask why he couldn't have managed the donnybrook while he traveled and did errands. Since he's sitting across from me using his BlackBerry, I wonder: "Where was your BlackBerry? Did your aides not ask you how to respond or did you not want to ride herd on them — even just to tell them to ignore Hillary?"

"Look, I came up through politics in Chicago," he says. "When I arrived in Chicago in 1985, I didn't know a single person. Seventeen years later, I was the United States senator and in a position to run for president. So I must know a little something about politics."

Channeling Ingrid, I press on and say: "I know you want to run a high-minded campaign, but do you worry that you might be putting yourself on a pedestal too much? Because people also want to see you mix it up a little. That's how they judge how you'd be with Putin."

"When I get into a tussle," he replies, "I want it to be over something real, not something manufactured. If someone wants to get in an argument with me, let's argue about how we're going to fix the health care system or where we need to go on Iraq."

If campaigns follow the arc of the hero myth. ...

"What's the demon that I've slain?" he finishes. "You're getting kind of deep on me here. I think that, for me, the story was overcoming a father's absence and reconciling the different strands of my background and coming out whole."

Has he ever been struck by the similiarity of Bill Clinton's growing up without his father?

"You don't want to go on with too much pop psychology," he replies. "Somebody said that every man is either trying to live up to his father's expectations or trying to make up for his father's mistakes. And in some ways, when your father's not there, you're doing both. You try to live up to the expectations of somebody who's not present to tell you that you've done a good job, but you're also trying to make up for the mistakes that partially led to his absence."

Does Al Gore have first dibs on the presidency?

"I love Al Gore," he replies. "He's a smart guy." He said he liked Mr. Gore's seriousness on issues he cares deeply about. "This sounds clichéd, but this week I had five mothers of folks headed to Iraq cry during rope lines where I was shaking hands and had me hug 'em. This stuff is just not a game. ... Now that doesn't mean that there's not the basic blocking and tackling of politics. I've got to raise money. I've got to manage my press. We've got to respond rapidly to attacks. But what I don't want to do is get drawn into the sport of it."

When the Tiger Woods of politics goes to a civil rights commemoration in Selma, Ala., this weekend — just as the story breaks that his white ancestors had slaves — he will compete for attention with Hillary and the man billed as the first black president. How does he feel about the Clintons double-teaming him?

Talking about the woman he described at the Beverly Hills fund-raiser as smarter, better-looking and meaner then he is, he grins: "My wife's pretty tough."

Dodd Urges Opponents To Attend NH Debate (NHUL)

New Hampshire Union Leader, March 3, 2007

DOJ_NMG_0140386

Sen. Chris Dodd, D-Conn., yesterday urged all his opponents for the Democratic Presidential nomination to participate in the April 5 political debate in Manchester.

"New Hampshire voters deserve a chance to see Presidential candidates on one stage answering tough questions," said Beneva Schulte, communications director for Dodd.

"If it's not too early in the campaign season for candidates to host million dollar fundraisers, it's not too early to debate the issues."

While several Democratic hopefuls have committed to participating in the debate, Sen. Hillary Clinton of New York and Sen. Barack Obama of Illinois have not.

The debate will be co-sponsored by the New Hampshire Union Leader, CNN and WMUR-TV.

Vilsack Says Early Polls Didn't Show His Strength (DMR)

By Thomas Beaumont

Des Moines Register, March 3, 2007

Former Iowa Gov. Tom Vilsack criticized public opinion polls Friday and said his presidential campaign was running stronger in Iowa than early surveys reflected before he gave up his bid for the 2008 Democratic nomination a week ago.

"I don't want to sound like sour grapes, but you should not pay attention to early polls," Vilsack said during taping of "Iowa Press," a public affairs program on Iowa Public Television.

"Iowa polls are not accurate in terms of caucus support," he added, saying that polls sponsored by news organizations do not screen for the small audience of Democratic Party activists who plan to attend their precinct caucuses.

The caucuses are scheduled to launch the sequence of nominating contests next year. Polls in Iowa showed Vilsack, who said he would win his state's pivotal nominating contest, trailing the field's nationally known candidates.

"We were absolutely convinced, and I remain convinced and will as long as I live, that I would have won the Iowa caucuses based on the information that we had that is legitimate," he added.

Vilsack insisted it was his inability to raise money that forced him from the race, not the difficulty of breaking through the buzz surrounding his better known peers, New York Sen. Hillary Clinton, former North Carolina Sen. John Edwards and Illinois Sen. Barack Obama.

Vilsack had trailed Edwards, who has remained popular among Iowa Democrats since his second-place finish in the 2004 caucuses. Vilsack also had trailed Obama and Clinton in most polls, albeit closely.

Some polls are faulty, but it's wrong to paint all of them as imprecise, Des Moines pollster Ann Selzer said.

"Many polls are out there making headlines without a lot of discipline in their method to nail down the people who will show up on caucus night or vote in a primary. But not all polls are bad," said Selzer, who conducts The Des Moines Register's Iowa Poll and contracts with other newspapers. "I've seen several polls in Iowa with decent sampling, and not one says Tom Vilsack had a good shot to take Iowa on caucus night."

Vilsack said he planned to meet with several of his former competitors in the coming weeks. Clinton, Edwards and Obama have trips planned within the next 10 days. New Mexico Gov. Bill Richardson was planning to campaign in Iowa today and Saturday, having announced his candidacy in January. Likewise, Delaware Sen. Joseph Biden was planning to campaign in Iowa in early March.

Vilsack said he is most concerned with closing down his campaign, helping former staff members find work, and paying off a campaign debt. But as January approaches, he said he would look closely at the candidates with an eye toward making an endorsement.

"I think the chances are good that I'll do that, but I don't know that for certain," he said.

Vilsack also dismissed the idea that he planned to run for U.S. Senate. The former two-term governor, state senator and Mount Pleasant mayor has often said he had no interest in returning to a career as a legislator.

"I'm more of an executive kind of guy," he said.

U.S. And Brazil Seek To Promote Ethanol In West (NYT)

By Edmund L. Andrews, Larry Rohter

The New York Times, March 3, 2007

WASHINGTON, March 2 — President Bush, hoping to reduce demand for oil in the Western Hemisphere, is preparing to finish an agreement with Brazil next week to promote the production and use of ethanol throughout Latin America and the Caribbean, according to administration officials.

The agreement could lead to substantial growth in the ethanol industry in Brazil as technology and manufacturing equipment developed there is exported to other countries in the region.

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Much of the ethanol produced there is made from sugar cane and is far cheaper to produce than the corn-based ethanol that has been nurtured by protective tariffs and government mandates in the United States.

But the agreement has already begun to prompt complaints from politicians from corn-producing regions of the United States. They fear that the plan would lead to an increase in imports of cheap foreign ethanol and undercut American producers.

By increasing ethanol production and consumption, particularly in countries that produce sugar, officials of the Bush administration hope to reduce the region's overall dependence on foreign oil and to take some of the pressure off oil prices.

As a side effect, American officials contend, the program could also reduce the influence of Hugo Chavez, the president of oil-rich Venezuela.

Mr. Bush is scheduled to meet in São Paulo next week with Brazil's president, Luiz Inácio Lula da Silva.

Administration officials are hoping to complete a memorandum of understanding that calls for cooperation between the countries on research and common standards for biofuels, as well as on helping other countries replicate Brazil's expertise in producing ethanol from sugar.

The agreement is largely a framework and provides few details, according to administration officials who have been briefed on the agreement but who spoke on condition of anonymity because it has not yet been completed.

Government officials in Brazil confirmed the agreement. Senior Brazilian government officials said the most important effect of a collaboration with the United States would be in promoting a broader international market for Brazilian ethanol technology.

Brazil and the United States account for a total of more than 70 percent of global ethanol production. The agreement is aimed at encouraging other countries, especially small and poor sugar cane producing countries in the Caribbean and Central America, to become producers.

"This is more than a document, it's a point of convergence in the relationship that is denser and more intense than anything we've seen in the last 20 or 30 years," Antonio Simões, the director of the energy division of the Foreign Ministry of Brazil, said in a telephone interview from New York. "Brazil will profit, the United States will profit, and so will third countries. It's a win-win situation for everyone involved."

"The good thing is that a poor country can reduce what it pays for imported oil and earn money exporting this," Mr. Simões said. "That way they will have more money to invest in social programs, and the production of energy will be democratized in the world, with 100 countries producing energy instead of just 15 or 20."

Eventually, the two countries hope to use their accord to spur production of renewable fuels beyond the hemisphere. Brazil is interested in encouraging sugar-cane-based ethanol production in Africa, where it has extensive trade and cultural ties, and in Asian nations like Thailand.

Brazil's own direct exports of ethanol reached a record last year. But demand for the fuel is growing so rapidly within Brazil that the government's immediate priority is to satisfy its domestic market.

But Brazilian business groups see commercial opportunities in supplying advanced equipment to other countries setting up their own ethanol distilleries.

"We want ethanol to become a global commodity, and for that to happen, Brazil can't be the only producer," said José Luiz Oliverio, vice president for operations at Dedini Industries, Brazil's leading manufacturer of equipment for sugar cane and ethanol mills. "We've been growing and processing sugar for 500 years, and we are confident of our ability to maintain our leadership in this sector."

American officials expressed a similar enthusiasm for making ethanol and ethanol-producing equipment on a huge scale. The biggest area of cooperation, they said, will be in helping countries identify and remove obstacles to building their own ethanol production capacity.

Mindful of protests from domestic ethanol producers and from the powerful American farm lobby, administration officials are not expected to even hint at a reduction in American tariffs on foreign ethanol.

Nor does the administration appear ready to offer money or loan guarantees for construction of ethanol plants in other countries.

In a letter to President Bush on Thursday, Senator Charles Grassley, Republican of Iowa, said he failed to understand "why the United States would consider spending U.S. taxpayer dollars to encourage new ethanol production in other countries."

The proposed partnership, Mr. Grassley warned, could become a backdoor way for Brazil to escape the tariff on imported ethanol that currently insulates American producers.

The United States imposes a tariff of 54 cents a gallon on imported ethanol, but Caribbean nations and countries in the Central American Free Trade Agreement are exempt from those duties if they make the ethanol from products grown in their own countries. Using Brazilian technology for refining sugar-cane-based ethanol, such countries could in time become exporters to the United States.

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In addition, Caribbean nations can export a limited amount of ethanol that comes indirectly from Brazil and other countries. Under the Caribbean Basin Initiative, which has been in force for years, countries can take partly processed ethanol from a country like Brazil and carry out the last step in processing before shipping it to the United States. But the region is allowed to export that kind of ethanol only up to a limit of 7 percent of United States' ethanol consumption.

Last year, the United States imported about 600 million gallons of ethanol, and about 200 million gallons came indirectly from Brazil through the Caribbean, according to Robert Dineen, president of the Renewable Fuels Association, a trade group that represents ethanol producers. The total imports of all kinds of ethanol amounted to slightly more than 10 percent of American consumption last year.

For the moment, American ethanol producers are watching warily but not protesting.

"I don't believe the fundamental objective of the administration is to produce ethanol in the Caribbean for export to the United States," Mr. Dineen said. But, he added, American companies will be watching to see if the initiative becomes "the camel's nose under the tent."

U.S. Ready To Release N. Korean Assets (AP)

By Anne Gearan

AP, March 3, 2007

The United States will soon recommend releasing a significant amount of frozen North Korean bank accounts, officials say, which diplomats hope will keep North Korea from reneging on its pledge to scrap nuclear weapons.

The Treasury Department could announce as soon as next week that several million dollars connected to North Korea are not tainted by links to rogue nuclear proliferation or allegations of counterfeiting, smuggling and other crimes.

The U.S. move is expected to prompt overseas bank regulators to unfreeze between $8 million and $12 million from about $24 million in blocked assets, one official said.

Treasury and State Department officials spoke on condition of anonymity to describe results of an ongoing Treasury review.

Although the amount of money is relatively small, the frozen accounts became an unexpectedly large stumbling block in troubled nuclear negotiations with Pyongyang. The move was an affront to the secretive communist regime, and it had a devastating ripple effect that further estranged North Korea from the global banking system.

North Korea pointed to what it called unfair U.S. sanctions as a reason to boycott disarmament talks for more than a year. The restrictions were still a sore point when the North did return to talks in December. The North Korean negotiator refused to discuss the country's weapons until Washington budged.

An agreement to resolve the matter within 30 days was key to a potential breakthrough deal that the North struck Feb. 13 with the United States and four other nations.

The money is held by a blacklisted bank in Macau that North Korea accuses of complicity in counterfeiting and money laundering. A Treasury Department delegation was in Macau, a semiautonomous territory of China, this week to discuss results of the department's 18-month review of the Banco Delta Asia accounts.

"We intend to handle this matter in a straightforward way based on the evidence and the law," Treasury Undersecretary Stuart Levey said Friday. "As we have always said, the designation of Banco Delta Asia as a primary money laundering concern is separate from the nuclear talks."

Secretary of State Condoleezza Rice and other diplomats had also said the financial restrictions were a law enforcement matter that should not affect the nuclear negotiations, but it was clear even before the Feb. 13 deal that one issue could not be resolved without the other.

"They've gathered a real mountain of information," State Department spokesman Sean McCormack said Wednesday. "They've gone through it ... and I expect in the coming period of time the Treasury will be addressing the issue of how they have resolved the issue related to Banco Delta Asia."

Washington slapped restrictions on Banco Delta Asia in 2005 and put it on a money-laundering blacklist, prompting Macau to freeze the $24 million. Banks worldwide then shunned North Korean business for fear of losing access to American markets.

Banco Delta Asia has said money might have been laundered at the bank, but there was no evidence the institution was aware it was being used for that purpose. It said it was a small, family owned bank that didn't have the technology to check big batches of U.S. currency for fake bills.

The bank also said it used a dated computer system and it didn't pay enough attention to maintaining its own books. It also has said the bank didn't have adequate written anti-money-laundering policies for its staff.

South Korea's foreign minister met with Rice and other senior U.S. officials Friday at a crucial moment in North Korean disarmament efforts. The North said in the February accord that, in exchange for aid, it would close its main nuclear reactor

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within 60 days. A much larger shipment of aid — about $250 million worth — would follow once the North had declared all its nuclear programs and begun to disable them.

As part of the nuclear agreement, on Monday and Tuesday in New York, the lead U.S. envoy at the nuclear talks, Christopher Hill, and his North Korean negotiating counterpart, Vice Foreign Minister Kim Kye Gwan, are to discuss first steps toward establishing normal ties after decades of hostility that followed the 1950-53 Korean War. Kim arrived in New York Friday night from San Francisco, where he held private talks with a number of Asian experts.

Seoul Wants No Trace Of Nukes (WT)

By David R. Sands, Andrew Salmon

The Washington Times, March 3, 2007

South Korea's foreign minister said yesterday that North Korea must abandon all aspects of its nuclear endeavors, including a suspected uranium enrichment program, as part of a deal to solve the peninsula's nuclear crisis, even if the program has barely gotten off the ground.

Song Min-soon, Seoul's minister for foreign affairs and trade, sidestepped new questions over the state of Pyongyang's uranium-enrichment program, the key charge in the Bush administration's case that the North had violated past agreements to halt its nuclear weapons programs.

"Whether [the uranium program] is just a single piece of paper or actual, tangible facilities, all these efforts should be abolished in the course of implementing" the six-nation deal reached Feb. 13 to end the North's nuclear programs, Mr. Song said on a visit to Washington.

The South Korean envoy made the comment just before a meeting with Secretary of State Condoleezza Rice, in which the recent North Korea nuclear deal reached Feb. 13 in Beijing was a prime topic of conversation.

The latest nuclear crisis on the divided Korean Peninsula dates back to 2002, when Bush administration officials said the North admitted it was secretly enriching uranium even as it suspended a parallel plutonium program to make nuclear bombs. The North has denied it made the admission, and U.S. intelligence officials now say they do not know the scope of the North's uranium programs.

In Pyongyang yesterday, officials from the North and South agreed to work on the first phases of the Feb. 13 accord, as well as on reuniting divided families, testing a pan-Korean rail link and preparing new shipments of aid to the North.

"The South and the North will work jointly to ensure a sound implementation of the agreement on denuclearizing and peace on the Korean Peninsula," the two sides said in a joint statement issued after four days of ministerial-level talks.

The Beijing deal calls for a phased end to all the North's nuclear programs in return for aid, energy and the prospect of full diplomatic relations with the United States and countries in the region.

But South Korean officials yesterday refused to restore full aid shipments until the North's main nuclear reactor facility had been shut down. Seoul suspended aid after the North's missile tests last summer, and Pyongyang responded by cutting diplomatic contacts and meetings of divided families.

The South agreed verbally to provide the North with rice and fertilizer, but did not specify the date of delivery or the amount to be shipped.

"We plan to provide rice and fertilizer at the level of previous years," South Korean Unification Minister Lee Jae-joung told reporters, "but we will do it in stages, following the necessary process."

In Washington, Mr. Song said he planned to coordinate closely with Washington as the nuclear deal moves ahead.

Some U.S. conservatives have criticized the deal, saying the North will pocket the promised aid and renege again on promises to end its nuclear programs. But Mr. Song said "speculation" about whether Pyongyang could be trusted was "rather futile," and the key will be convincing the North that its own best interests lie in denuclearization.

"Showing North Korea that the clouds hovering over it have a silver lining will help dispel its sense of insecurity so it may breathe comfortably in its nuclear-free future," he said. "In this case security is a subjective state of mind rather than an objective condition of being."

The International Atomic Energy Agency, the United Nations' nuclear watchdog, said yesterday its director, Mohamed ElBaradei, would be making a two-day visit to Pyongyang starting March 13 -- five years after the North expelled IAEA inspectors and resumed plutonium production for nuclear bombs.

The North's chief negotiator is also in the United States, preparing for unprecedented talks next week with U.S. officials on the opening of diplomatic relations. The talks are expected to take place next week.

·Andrew Salmon reported from Seoul.

S. Korea Refuses North's Request For Restored Aid (WP/AP)

DOJ_NMG_0140390

The Washington Post, March 3, 2007

SEOUL, March 2 -- South Korea on Friday added pressure on North Korea to comply with an international disarmament agreement, refusing the impoverished nation's demand to restore full aid shipments until after its main nuclear reactor is shut down.

At the first high-level talks between the two Koreas since the North's underground nuclear test in October, the communist nation "agreed to make joint efforts for a smooth implementation" of its pledge last month to take initial steps toward dismantling its atomic program, according to a final statement.

The North and South also agreed to resume family reunions of relatives split by their border and planned test runs of railway lines between the countries.

North Korea and the International Atomic Energy Agency have agreed on March 13 as the starting date for a two-day visit by the agency's chief, Mohamed ElBaradei, U.N. officials said Friday. The officials asked for anonymity because they were not authorized to reveal specifics of the trip, which is expected to help alleviate some misgivings that the unpredictable regime might renege on its agreement to shut down its nuclear facilities.

This week's meetings in Pyongyang were part of the historic reconciliation launched between the Koreas since their leaders met in their first and only summit in 2000. The countries remain technically at war because the cease-fire that ended the 1950-53 Korean War has never been replaced by a peace treaty.

But attempts to bring the countries together have been complicated since 2002, when Washington accused North Korea of secret uranium enrichment efforts that the Bush administration said violated an earlier disarmament deal.

The situation deteriorated further last July when North Korea test-launched a series of missiles, prompting South Korea, one of the North's main sources of aid such as rice and fertilizer, to put the shipments on hold.

Relations worsened after North Korea's Oct. 9 nuclear test. But a breakthrough came last month after a revival of six-nation nuclear negotiations -- including China, Japan, Russia, the United States and the two Koreas -- in which the North pledged to make moves toward abandoning its nuclear program.

Koreas Agree To Resume Reunions (NYT)

By Norimitsu Onishi

The New York Times, March 3, 2007

South Korea and North Korea wrapped up high-level talks, agreeing to resume reunions of families separated by the Korean War and to test-run a cross-border train in the first half of this year. But the South said it would make a final decision on resuming humanitarian aid to the North only after Pyongyang began complying with the nuclear accord reached in the six-party talks last month and shutting down its main nuclear reactor. The North had pressed for an immediate resumption of aid during the ministerial talks, which resumed after a seven-month hiatus.

Pakistan Test-fires Short-range Missile (AP)

AP, March 3, 2007

Pakistan on Saturday successfully test-fired a short-range missile capable of carrying a nuclear warhead, the military said, two weeks ahead of peace talks with archrival neighboring India.

The launch of the Haft-II Abdali missile, which has a range of 120 miles, was conducted from an unspecified location inside Pakistan, the military said.

The Abdali is considered capable of being fitted with a nuclear warhead.

Pakistan and India have fought three wars since gaining independence from Britain in 1947. The two South Asian nuclear-armed nations often carry out missile tests.

India became a declared atomic power in 1974, while Pakistan carried out underground nuclear tests in 1998.

Relations between Pakistan and India have improved, however, since they began a peace process in 2004 to resolve all their issues, including Kashmir.

They will hold the fourth round of peace talks in Islamabad March 13-14.

Qaddafi Heralds A Changing Libya, But Within Limits (NYT)

By Michael Slackman

The New York Times, March 3, 2007

SEBHA, Libya, March 2 — Col. Muammar el-Qaddafi had just spent two hours on Friday arguing that Libya's form of government was the truest democracy, when the call went out to a small group of foreign correspondents for questions.

This correspondent asked how democracy was compatible with a system that puts so much power in one man's hands.

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Colonel Qaddafi's aides looked alarmed. The question was not translated and the event was over.

After decades of international isolation, Libya may be changing. But there are very clear limits.

A slightly newer and perhaps mellower version of Colonel Qaddafi was on display on Friday for the correspondents, as part of the celebration of the 30th anniversary of the system of government he instituted.

The man who once banned everything from Western music to teaching English in schools, who was condemned by Washington for support of terrorism, spoke of opening Libya to the world. "Undoubtedly Libya is part of this changing world dominated by globalization," he said during the discussion, itself a rarity. "Libya is riding this wave, taking this and that. Libya cannot row against the current."

Those are revolutionary words for a man who seized power in a coup 37 years ago. Seven years later, he announced the Declaration of the People's Authority, the foundation for a system that was designed to have every Libyan adult involved in governance of the nation through committee meetings.

Colonel Qaddafi is the same eccentric figure as always, dressed in elaborate Libyan robes jazzed up with striking colors and a modern flair. He still offers unusual ideas, like when he said all the nations of the world would someday meld into seven or eight blocs, and that all formal governments, parliaments, ministries and militaries would be dissolved. Only then, he said, would there be world peace.

Or when asked about women's rights. He said that women and men should have the same rights, but that women should not be made to do men's work because they are biologically different.

"If you say they are equal in rights and responsibilities, that's unfair for both," he said. "Do women have to be train drivers? Why do we let women have jobs that turn them into men? A pregnant woman or a breast-feeding woman, how can she drive the train or work in a factory? Unless we want to change them into men, they have different biological composition that doesn't allow them to take responsibilities of men."

In his 60s, Colonel Qaddafi comes across as a man thinking about his legacy, and how to retool a system of governance that has failed to adequately administer the state. Though it is the richest in North Africa because of its oil reserves, its schools, hospitals and infrastructure are in serious disrepair, according to consultants brought in to study the country and draft a plan for change.

So Colonel Qaddafi has begun to take steps that by all accounts were unthinkable just a few years ago. The discussion with him here, led by the television interviewer David Frost and including Western academics, was one such event. Colonel Qaddafi has rarely agreed to sit with a group of Western journalists.

He maintained a quiet, almost distant composure through much of the discussion. Occasionally he picked up a pen and jotted down notes, but he mostly spoke in a low voice. What has not changed, and what he made clear, is the core of what he believes.

The problem in Libya, he said, is not with his ideas, but with their implementation. He said it took many years for people to learn the duties and responsibilities of self-rule.

In his philosophy, people should rule themselves, not select, or elect, the people to rule them. He said he modeled his ideas after the way ancient Athens was governed, with collective meetings and unanimous participation. In the past, Colonel Qaddafi has described his role as a guide, a steady hand leading his people while they learn the duties of his version of self-rule. The word dictator, strongman, or even president is never used. He is called Brother Leader.

During the discussion his role in building Libya's so-called democracy never came up. But the panelists did tell him that unlike ancient Athens, with just 20,000 citizens, ruling a country the size of Libya, with five million residents, would not work according to his vision.

Sir Anthony Giddens, a British sociologist, told him that Libya would be better off combining bits of representative democracy with individual democracy. But that was not an idea he seemed willing to accept.

The Libyan advocates of change and the outside consultants are careful to focus on the small signs of change — like the panel discussion itself. Until the event started, organizers said they were afraid it would be canceled by Colonel Qaddafi's team.

But it went off and therein was evidence, they said, of change.

"He actually engaged in a dialogue," one of the participants said after the event was over.

'No Reward' For Non-nuclear Libya (BBC)

BBC.com, March 2, 2007

Libyan leader Muammar Gaddafi has said his country has not been given adequate compensation for its decision to renounce nuclear weapons in 2003.

Speaking to the BBC, Colonel Gaddafi said the failure by the West to reward Libya meant Iran and North Korea were reluctant to follow Tripoli's lead.

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He insisted there would be no return to the confrontation of the past, however.

Sanctions were lifted after Libya ended its nuclear weapons programme, and the US and UK have resumed diplomatic ties.

Libya was also removed from the US list of state sponsors of terror, a major step towards international rehabilitation.

Investment promise

However, Col Gaddafi says the West has not properly compensated his country because it has failed to transform its nuclear weapons programme into nuclear power.

Gaddafi: Libya 'let down' Speaking to BBC diplomatic correspondent James Robbins, Col Gaddafi said this meant the West had lost bargaining power with countries like Iran and North Korea.

"This should be a model to be followed, but Libya is disappointed because the promises given by America and Britain were not fulfilled," he said.

"And therefore those countries said 'we are not going to follow Libya's example because Libya abolished its programme without any compensation'."

Mr Gaddafi said that the US and Britain had a duty to help Libya develop civilian nuclear power plants.

"They said if you abolish your war programme we will help you to develop your nuclear abilities into peaceful ones. This has not happened."

Our correspondent says the Libyan leader may have been bargaining for foreign investment, but a return to hostility does not seem to be on the cards.

'International dictatorship'

Col Gaddafi spoke to the BBC as celebrations were taking place to mark the 30th anniversary of his declaration of Libya's unique system of "popular rule".

He also held a rare public debate with Western scholars, in which he criticised the control that nations with military and economic power held over poorer countries.

It was a pragmatic desire to avoid being destroyed by the "international dictatorship" of such powers that had persuaded Libya to improve its relations with the world, he added.

Col Gaddafi's remarks come as six major powers - the US, Russia, China, the UK, France and Germany - discuss possible further sanctions against Iran over its refusal to halt its nuclear programme.

US officials have said ambassadors to the UN could begin drafting a new resolution on Iran next week.

Meanwhile, North Korea last month agreed at six-party talks to take the first steps towards nuclear disarmament, in return for economic and fuel aid.

Pressure to find a solution to the nuclear issue increased after Pyongyang conducted its first atomic test in October.

Sudan President Commits To Peacekeepers (AP)

By Alexandra Olson, Associated Press Writer

AP, March 3, 2007

Sudan's president is sending a letter to Secretary-General Ban Ki-moon expressing his commitment to the deployment of several thousand U.N. peacekeepers to help end the violence in Darfur, Sudan's U.N. envoy said Friday.

The deployment would be the second step of a three-stage U.N. plan that would culminate in a 22,000-strong joint UN-African Union peacekeeping mission.

Sudanese President Omar al-Bashir has given conflicting signals about his commitment to the plan, and Ban asked him earlier this year to state his acceptance of the second phase in writing.

Al-Bashir's letter expresses his commitment but also raises "issues of operational, technical and legal aspects" of the proposal, Sudanese Ambassador Abdalmahmood Abdalhaleem told The Associated Press. He declined to elaborate.

Sudan agreed to the initiative in November. Al-Bashir reiterated his commitment in a Dec. 23 letter to former U.N. Secretary-General Kofi Annan. But last month, al-Bashir said U.N. troops were not required in Darfur because the 7,000-member AU force on the ground could maintain order. The Sudanese president has insisted the AU force needs only technical and financial support from the U.N.

Abdalhaleem said Ban would be receiving the letter "at any moment." Ban's office said the secretary-general did not have the letter but was told al-Bashir had written it.

"Sudan of course is committed to the support by the U.N. to AMIS," Abdalhaleem said, referring to the AU force by its acronym.

On Friday, the U.S. State Department called on both Sudan and the United Nations to speed up the deployment of the full joint AU-UN force.

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Spokesman Sean McCormack issued the appeal as U.S presidential envoy Andrew Natsios arrived in Sudan's capital, Khartoum, for a 10-day visit that will include stops in the western Darfur region and southern Sudan.

"We are pushing on the Sudanese — we as well as others — to make sure that those forces are able to deploy in the areas that they need to deploy to and push on the Sudanese to do everything that they can to stop the violence," McCormack said.

McCormack said the U.S. administration is not satisfied with the yearlong U.N. time frame for the deployment and that not enough countries are pledging troops for the mission.

"The timeline needs to be reduced," McCormack said. "This is too critical a humanitarian issue."

The first phase — a "light support" package adding some equipment, military officers and U.N. police to the AU operation — is nearly almost complete. The second phase is a "heavy support" package that includes the deployment of more than 3,000 U.N. military, police and civilian personnel.

Darfur's conflict erupted in 2003 when ethnic African rebels took up arms against the Arab-dominated central government, accusing it of neglect. More than 200,000 people have died and 2.5 million have fled their homes. The government is accused of unleashing militias known as the janjaweed, which are blamed for the bulk of the conflict's atrocities.

In a report Wednesday, Ban called on al-Bashir to "uphold his commitment" to the U.N.-AU peacekeeping plan.

He also urged countries to provide "urgent contributions of human resources and equipment" for the joint force and said the second phase would cost $287.9 million.

On Friday, European Union defense ministers offered support the joint mission. However, the EU has provided most of the financing for the AU force now in Darfur — some $530 million since 2004 — and the bloc's special peace support fund for Africa has run dry.

EU foreign ministers are expected to seek extra funding Monday from the EU aid budget and from the coffers of its 27 member governments.

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Associated Press Writers George Gedda in Washington and Paul Ames in Wiesbaden, Germany, and Mohamed Osman in Khartoum, Sudan, contributed to this story.

Darfur Oil Seen As Curse Now, Blessing Later (LAT)

By Edmund Sanders

The Los Angeles Times, March 3, 2007

While exploration may bring needed investment in Sudan, some say it only exacerbates the fighting

The Sudanese government is quietly escalating oil exploration inside the Darfur region, a step that has led to protests from rebel leaders in a volatile area where more than 200,000 people have been killed during three years of fighting.

Political and humanitarian experts say oil in Darfur could deliver much-needed development and investment to the region but that attempts to search for oil now may intensify the conflict by raising the stakes in an already war-torn area. The government has recently awarded three new oil concessions in the region.

Rebel leaders say oil exploration in Darfur should be postponed until a peace deal is signed by all parties and stability returns.

"We are still fighting for our lives and our country," said rebel commander Jar Neby, who represents a faction of the Sudan Liberation Army. "We need water right now, not oil. We can talk about these issues after peace comes."

Some political analysts believe that untapped oil reserves might have been an underlying factor in the Darfur conflict all along, explaining why a seemingly barren wasteland of western Sudan would spark such a bitter tug of war between government forces and rebels, eventually drawing the intervention of international players such as the United States, Libya and the United Nations.

"When you don't find a reasonable explanation, this is what you have to conclude," said Eltayeb Hag Ateya, head of the Peace Studies Institute at Khartoum University. "I believe there must be something else — oil or some natural resource — about Darfur."

Salih Osman, a human rights attorney from Darfur, said government suspicions about oil in Darfur explain why regime officials reacted so strongly to rebel attacks in the region, starting in 2003. "I fear this will only make matters worse," he said, referring to the newly expanded exploration.

The government is accused of arming Arab militias known as janjaweed to attack and destroy scores of Darfur villages over the last three years. Government officials deny supporting the janjaweed and blame rebels for the violence.

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A team of Middle Eastern oil companies, including Saudi Arabia-based Al Qahtani Sons Group and Ansan Wikfs, based in Yemen, agreed in November to spend $43 million for drilling rights to 125,000 square miles. The largely uninhabited area, known as Block 12a, is north of where much of Darfur's fighting is occurring.

The government's decision to offer new concessions in Darfur is part of an aggressive search for oil in the northern part of the country.

Since discovering oil in the 1970s, Sudan has become one of Africa's biggest producers. But most of the current production — worth an estimated $6 billion a year — is in the south, and a 2005 peace agreement with former southern rebels gives Sudanese there the right to break away from the rest of the country in 2011, taking much of the oil with them.

"There's a real scramble to find oil in the north," said a government oil official, who, like several others interviewed for this report, requested that his name be withheld because of the government's sensitivity about speaking publicly. "The likelihood that there is oil in Darfur is quite high."

The government awarded two smaller concessions east of Nyala, the capital of South Darfur state, to a Yemen-led joint venture. But attempts to find an investor for a concession encompassing much of the rest of North Darfur state have been complicated by the region's instability, officials said.

Due in part to U.S. investment sanctions imposed on Sudan in the 1990s, China National Petroleum Corp. is Sudan's biggest oil partner and purchases two-thirds of its oil. One of China's oil-producing concessions straddles Darfur, but officials said current production is occurring in the state of Western Kordofan, not in Darfur itself. Officials at China National declined to comment.

An oil industry consultant who works with several of Sudan's major oil companies, and who also spoke on condition of anonymity, said he believed that efforts to look for oil in Darfur are aggravating the conflict.

"The main reason behind Darfur is oil," he said. "This fighting in Darfur had been going on for generations. There is no other reason for this area to have blown like this."

Others are hopeful that oil might help resolve the region's crisis by bringing all sides together. The discovery of oil in southern Sudan eventually helped end the two-decade civil war when both sides realized that neither would be able to profit from the oil if fighting continued.

"They will see that it's better to share in the oil than to leave it for someone else," said Salah Wahbi, president of Advanced Petroleum Co., a Sudanese joint venture that has invested more than $30 million to explore in a southern Darfur oil concession. "Oil will bring a better life and will bring a better agreement."

Under a fragile peace accord signed by the government and one rebel group in May, Darfurians have the right to share in whatever oil wealth is discovered.

The increased exploration has not gone unnoticed by Darfur rebels. In late November, two rebel groups attacked a Chinese oil facility in Abu Gabra, located between the states of South Darfur and Western Kordofan, according to a United Nations report. Both rebels and government troops claimed victory in the clash.

U.S. officials have downplayed speculation about oil in Darfur. Andrew S. Natsios, the Bush administration's special envoy for Darfur, dismissed criticism by some Sudanese that the U.S. interests in Darfur might be linked to oil.

"We're unaware of any significant amount of oil in Darfur," Natsios told reporters recently. "It's a small amount down in the southeast corner."

Oil companies, however, have been expanding their exploration, despite security concerns that make drilling in Darfur dangerous. Wahbi, whose joint venture was the first to drill inside Darfur, said some parts of his territory, known as Block C, remain a no-go zone because of the fighting. The company recently got a government extension to conduct exploratory drilling because it has been unable to enter some areas.

"Our workers are foreign contractors, and we don't want to put them at risk," Wahbi said.

Before drilling, his company meets with local tribal leaders to explain their work, he said. To appease concerns, the company has built six water wells for local communities affected by the drilling and treated hundreds in the company's mobile health clinic.

The company started drilling in late 2004 and accelerated it in 2005 and 2006. So far, workers have hit only dry wells, but three wells recently showed evidence of oil in the past. Company engineers are now chasing the suspected path of the crude.

"Every day we are getting more information," Wahbi said. "We are getting closer." He noted that his concession is adjacent to some of Sudan's top-producing oil regions, controlled by China National and others.

Advanced Petroleum is unique among Sudan's oil ventures because it is the only concession that is owned entirely by Sudanese investors, including private companies and the state government in Khartoum. Previously, the joint venture included Swiss-based Cliveden Group, but the company sold its stake a year ago because of U.S. pressure over Darfur, Wahbi said.

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Morocco To Present Sahara Autonomy Plan (AP)

By John Thorne, Associated Press Writer

AP, March 3, 2007

Morocco will present an autonomy plan for Western Sahara to the United Nations next month in hopes of ending a three-decade conflict that has stranded 160,000 refugees in the Sahara, a top Moroccan official said Friday.

The plan would give the disputed region a parliament, a chief of state, Cabinet ministries and a judiciary that would oversee day-to-day life, said Khalihenna Ould Errachid, King Mohamed VI's chief adviser on the territory.

Morocco, which took control of Western Sahara in the 1970s after Spain pulled out, says autonomy is the only way to end a conflict with the Polisario Front, an Algerian-backed independence movement. It first proposed autonomy in 2000.

The Polisario Front, though, insists on holding a referendum on independence. Morocco says a vote would be unworkable.

The stalled conflict has left refugees in bleak camps in the Algerian Sahara, poisoned relations between Morocco and Algeria, and inflicts heavy costs on Morocco, already struggling with widespread poverty and unemployment.

Last fall, key members of the U.N. Security Council made clear they wanted real progress on Western Sahara before the U.N. mission's current mandate runs out on April 30. The autonomy plan is expected to be presented at the U.N. in April.

"We can stay at an impasse, or seek a middle way that leaves neither winners nor losers — and that's autonomy," Ould Errachid said Wednesday in the first of two interviews this week.

A Western Sahara parliament could create laws — as long as they do not violate Morocco's national law, while regional courts would fall under the Moroccan legal system, he said.

The regional government would oversee areas like education, tourism and social services. Morocco would retain control of foreign relations, defense, finance and border control, he said.

Western Sahara would also keep Morocco's flag, currency and stamps. King Mohamed VI would continue to be recognized as the highest religious authority in the land.

Morocco currently subsidizes life for Western Sahara's 50,000 to 90,000 Saharawis and 200,000 Moroccan settlers. Under autonomy, the territory will be expected to pay its own way, Ould Errachid said.

Western Sahara boasts phosphates, fisheries and possible offshore oil, but the territory's disputed status has prevented their full exploitation. Last year, the European Union signed a fishing deal with Morocco allowing European fisherman to fish Western Sahara's waters.

Morocco and Mauritania split Western Sahara after its Spanish colonizers ceded them the territory in 1975. Full-scale war with the Polisario Front broke out in 1976, and Morocco took over most of Western Sahara after Mauritania pulled out in 1979.

The U.N. has said it upholds the principle of self-determination and that any solution to Western Sahara must be accepted by both Morocco and Polisario.

The U.N. brokered a cease-fire in 1991 and installed a mission to pave the way for an independence referendum. Morocco refused a 2003 U.N. peace plan, accepted by Polisario, that envisaged temporary autonomy followed by a referendum in which both Saharawis and Moroccan settlers would vote.

Will Freedom Bloom In The Desert? (NYT)

By Frederick Vreeland

The New York Times, March 3, 2007

Rome

A YEAR ago, unusually heavy rain storms destroyed half of the camps in Algeria where some 90,000 refugees from the disputed territory of the Western Sahara have been eking out a miserable existence for more than 30 years.

I have been involved in North African affairs for 40 years, and for most of that time the problem of the Western Sahara has envenomed relations among its neighbors and immiserated the Saharan population.

Thankfully, Morocco's young king, Mohammed VI, has devised a proposal for granting autonomous status to this region, and it behooves all members of the United Nations Security Council to support it. Here is a rare instance, in the post-9/11 world, in which a little encouragement from the United States and other nations could pay large dividends, fostering not only a final resolution for the region's refugees but also creating a stable North African peace for the first time in decades — a peace that would serve as a bulwark against Islamic extremism.

The Western Sahara, a Colorado-sized desert land on the Atlantic bordered by Algeria, Mauritania and Morocco, has deep roots in Moroccan history. It is here that the 11th-century Moroccans who founded the Andalusian empire, which stretched from Mauritania deep into Spain, originated.

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Spain colonized the territory in 1884, then abandoned it in 1976. Around that time, thousands of unarmed Moroccans streamed into the Western Sahara and effectively reclaimed it for their homeland.

But neighboring Algeria helped create and then lent armed support to the Polisario Front, a guerrilla group that resisted Moroccan rule. The group's putative aim is independence for the Western Sahara, but it is worth noting that Algeria would gain a great deal by dominating an area with phosphate reserves and an Atlantic coastline.

For many years there was fierce fighting, from which tens of thousands of families fled, and eventually came under the care of the United Nations High Commissioner for Refugees. Though the violence concluded with a United Nations-brokered cease-fire in 1991, the Western Sahara's inhabitants remain caught in the unresolved conflict. Almost a quarter of the 400,000 Saharans, or Sahrawis, are living under deplorable conditions in Algeria, generally unable to leave the refugee camps, communicate with the outside world or maintain their traditional nomadic way of life.

While Morocco exercises control over the greater part of the Western Sahara and has an "open door" policy toward the refugees, the Polisario has made it virtually impossible for those Sahrawis living in the camps in southern Algeria to return. Holding on to the refugees is their strategy for "governing" these people, who exist solely on international assistance. Particularly troubling is the fact that the younger ones have never known life outside these bleak camps.

Enter Mohammed VI. Since assuming the throne seven years ago, the Moroccan king has brought about vital domestic reforms, including elevating and protecting the status of women, as well as establishing an independent commission to face up to Morocco's human rights record. In an effort to advance the Western Sahara issue, the king studied contemporary models of territorial conflict resolution to see which solutions proved viable and durable in similar situations around the world. He created an advisory council to gather the views of both Moroccans and the Sahrawi.

The result? After a year-long national discussion, Morocco is to propose, at the United Nations in April, a plan to establish the Western Sahara as an autonomous region under Moroccan sovereignty. Autonomy would provide effective self-determination for the Sahrawis, allowing for local decision-making and control over economic, social, linguistic and cultural issues. Successful autonomy regions like this exist elsewhere. The Trentino-Alto Adige region in Italy and the autonomous region of Madeira in Portugal are examples, as are Catalonia and the Basque Provinces in Spain. The creation of these quasi-states has unlocked longstanding disputes once thought resolvable only by force.

Mohammed VI is seeking a solution to the Western Sahara dispute based on common ground rather than conflict. His act of leadership is in everyone's interest. It is no secret that the young people in these horrible camps are prey for recruitment by Al Qaeda and local terrorist groups. Indeed, Algeria's most murderous terrorist group recently renamed itself Al Qaeda of the Islamic Maghreb, signaling its wider designs on the region.

This is why it is vital that the Security Council accept Morocco's proposal for an autonomous region and not be pushed into a debate for full Western Saharan independence. A weak independent state would likely morph into a terrorist-controlled one.

This is also why the United States must be forthright in its support for the Moroccan proposal. We would be aiding a modernizing, moderate Islamic country, and a strategic ally. More urgently and no less important, we would be helping the Western Sahara's people to regain their lost liberties and their right to peaceful existence.

8 Sentenced In Morocco For Plotting Terror Attacks (NYT)

By Craig S. Smith

The New York Times, March 3, 2007

PARIS, March 2 — A Moroccan court on Friday sentenced eight Islamists to prison terms of up to 15 years for plotting terrorist attacks in France, Italy and Morocco, the government news agency in Morocco reported.

The eight included a Tunisian man, Muhammad Benhedi Msahel, who Moroccan prosecutors said was the leader of an Islamist cell in Milan with ties to North Africa's largest terrorist organization, the Salafist Group for Preaching and Combat.

Counterterrorism officials point to Mr. Msahel as evidence that the Salafist Group is organizing militants across North Africa to bring the remnants of Al Qaeda into a new international force for jihad. In January, the group changed its name to Al Qaeda of the Islamic Maghreb.

European counterterrorism officials in particular are worried about the group because it is within easy striking distance of the Continent. Last year its leader, Abdelmalek Droukdel, singled out France as a target for attacks. United States officials are concerned because American interests have also been designated as targets.

Mr. Msahel and his colleagues were arrested in March last year after the arrest in Morocco in late 2005 of Anour Majrar, who told interrogators that he had visited the Salafist Group's leaders in Algeria with Mr. Msahel and an Algerian man, Amir Laaraj, who is still at large.

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Moroccan prosecutors charged Mr. Msahel and Mr. Majrar with being part of a terrorist network that was planning attacks on the Paris Metro, Orly Airport and the headquarters of France's domestic intelligence agency, as well as Milan's police headquarters and the Basilica of San Petronio in Bologna, whose 15th-century fresco depicts the Prophet Muhammad in hell.

More than a dozen people have been arrested in Algeria, France and Italy in connection with the case. Mr. Majrar was sentenced in February to seven years in prison. The people arrested in Algeria, Italy and France have yet to be tried.

Venezuela And Iran Strengthen Ties With Caracas-to-Tehran Flight (NYT)

By Simon Romero

The New York Times, March 3, 2007

CARACAS, Venezuela, March 2 — Iran is already Venezuela's closest ally outside Latin America, with ventures to produce oil and build cars and tractors together. Now, travelers between the countries can also take a weekly flight between Caracas and Tehran.

The flight, which was inaugurated here on Friday and includes a stop in Damascus, Syria, is operated in a code-share agreement by the Venezuelan state-controlled airline Conviasa and Iran's national carrier, Iran Air.

Officials at Conviasa said that the company would use a Boeing 747 on the route and that soon it would also make available a European-made Airbus 340.

Under President Hugo Chávez, Venezuela has tightened relations with Iran and expressed explicit support for its uranium enrichment program.

Mr. Chávez has also reached out to Syria, making plans to build a $1.5 billion oil refining complex there. He sees relations with Iran and Syria, both under United States sanctions, as a centerpiece of a foreign policy aimed at countering American influence around the world.

Mr. Chávez "is much loved in our country, and our people want to come here to get to know this land," Abdullah Zifan, Iran's ambassador to Venezuela, said when plans for the flight were announced last month.

Venezuela is considering extending its economic cooperation agreements to the military sphere. It is discussing a venture with Iran to produce remotely piloted aircraft that could be used for surveillance along the border with Colombia.

Iranian officials are already a staple of state television shows here, invited to discuss the country's array of agreements in Venezuela, including one to produce Peugeot-inspired Semand sedans at a plant that is expected to start commercial output near Caracas this month.

For Conviasa, the Tehran route will raise its international profile. The airline said in a statement that it would "offer excellent service at solidarity prices," although no one at Conviasa could immediately say what a ticket to Tehran would cost.

Haiti's Lost Boys (WP)

By Manuel Roig-Franzia

The Washington Post, March 3, 2007

Port-au-Prince Prison Reflects Overwhelming Problems Facing Country's Children

PORT-AU-PRINCE, Haiti -- In a small, walled courtyard ringed by coiled razor wire, a scrappy little boy punched and kicked at the humid air.

Mackenzy Sonson strutted one moment, cowered the next. Acted like a big man, then slipped into baby talk.

"I'm not tough," he said on a recent afternoon. Then he smacked a kid twice his size.

Mackenzy, better known as "Little Baron," lives in Cell C-4, back wall, bottom bunk, at Fort Dimanche, Port-au-Prince's children's prison. Cellmates dubbed him Baron because his dark black skin reminds them of Baron Samedi, the voodoo spirit who is believed to guard passage to the underworld. The "little" is obvious -- he says he's 8 years old.

This place where Little Baron is growing up, where he discovered Donald Duck cartoons and is learning to read, is a gallery of Haiti's woes. The boys warehoused at Fort Dimanche are the products of poverty, child abandonment, rampant homelessness and an educational system that has failed to enroll 1 million school-age children. Their plight reflects a country overwhelmed by the problems of its young -- more than 200,000 Haitian children have lost one or both parents to AIDS and 300,000 work as unpaid domestic servants in a system of bonded servitude, according to the U.N. Children's Fund.

Hardly any of the 120 boys at Fort Dimanche know when -- or if -- they will be released. Some were undoubtedly recruited to be child soldiers in gangs that lured them with food and shelter in return for help in kidnappings and robberies. Others are imprisoned here for years for minor crimes or are innocents nabbed in neighborhood sweeps by a notoriously corrupt police force, children's advocates say.

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"This is where you see the total failure of the justice system," said Maryse Penette-Kedar, head of PRODEV, a foundation that is trying to improve conditions in the children's jail. "It's incompetence. It's total lack of management. People can't be in jail forever."

Haiti's dysfunctional criminal justice system offers no formal process for freeing child inmates, Penette-Kedar said. Those who have been formally charged are often accused of crimes as vague as "associating with bad people."

Some of the inmates of this hillside prison were as young as 6 when they arrived, although determining their true ages is an inexact science. The street kids who show up at the prison in Haiti generally come without birth certificates or parents; some don't even know their birthdays.

Penette-Kedar's organization -- backed in part by money from pop star Wyclef Jean's charitable foundation, Yele Haiti -- has begun a unique transformation of Fort Dimanche, hoping to make it Haiti's first child rehabilitation center. Young inmates who were once kept in lockdown 23 hours a day now get regular exercise and attend classes inside the prison.

Fort Dimanche, which means "Sunday Fort," sits on a craggy hillside in Delmas 33, a neighborhood of tightly packed cinder-block homes. The one-story children's wing, housing inmates up to age 17, is just steps away from a larger building where adult offenders are kept. There is always a line of visitors for the adult prison, but few come to see the children, most of whom are abandoned or orphaned.

The prison, for all its deprivations, can be a refuge from a hostile environment. Children have asked not to be released, Penette-Kedar said. A few parents have begged officials to imprison their children, even when they have not been accused of a crime, because they believe Fort Dimanche is safer than the streets. Several children were murdered by gang members shortly after being released because of suspicions that they gained their freedom by becoming informants.

But releases are few at Fort Dimanche, and a relentless stream of youngsters flows into the prison, the loud clang of metal gates signaling the beginning of an ordeal with no foreseeable end.

Little Baron's path to Fort Dimanche began on Port-au-Prince's airport road, where street children live amid the stench of rotting mountains of garbage. Like countless Haitian children, he was pushed into the streets by parents who couldn't afford to raise him, he says. By age 5, he was sleeping in the rusted carcasses of burned cars and picking through garbage heaps for food.

With no government social services to aid him, Little Baron gravitated toward "the big guys," his name for the young thugs who dominate the slums where he foraged. He became a kind of gofer, running errands that he won't talk about.

"I did favors," he said cautiously during a break between classes. "I did what I had to do to eat."

One of those favors -- he won't say which -- landed him a year ago at Fort Dimanche and Cell C-4. He shares the approximately 20-by-12-foot cell with 28 other boys, 13 of whom sleep on the concrete floor because there are not enough bunks. The cell has its own hierarchy -- one of the oldest boys at the prison, a lanky 16-year-old, decides who sleeps on the floor.

"Some of these big guys are rapists and kidnappers," Little Baron whispered. "They boss us around."

When the cell door latched shut one recent afternoon, the noise inside was deafening, and the nearby latrine cast a foul odor into the crowded space. Little Baron took a flying leap into his bunk, trailed by a skinny kid who caught up with him and pounded him in the ribs.

In the next bunk, 11-year-old Ricardo Exgentis broke into a rap song he'd written during an arts class.

"Life is not easy," Ricardo rapped in sing-songy Creole. "Separation. We don't know our brother, our sister. We living like dogs. That's bad for Haiti."

Ricardo, who was arrested for banditry and sent here more than two years ago, took his first shower at Fort Dimanche. Living on the streets, he washed only when he could afford a bucket of cold water. In prison, Penette-Kedar's group has taught him how to bathe properly and brush his teeth.

But the shower still feels new and strange to Ricardo. He says he feels uncomfortable being naked among all those boys and sometimes flees without rinsing off the soap.

Talking about prison life made him angry. Rapping offered an escape.

"Give me a chance, that way I'll be able to tell the truth," he sang. "I'm rapping for all the kids in prison. I'm rapping for the mothers that's trying to make something out of nothing."

Ricardo's rapping was drowned out by the wall-mounted television clicking on. Three boys climbed onto an upper bunk and leaned forward, entranced by the explosions and the rat-a-tat-tat of machine guns in an action movie featuring Asian film star Chow Yun-Fat.

Pierre Sonson, a pensive 10-year-old who is not related to Little Baron, raved about Chow's clothes. He and the other inmates wear hand-me-downs, some with unlikely provenances. The boy next to him was decked out in a "Girls Softball" T-shirt from Sonoma, Calif., wine country.

"They look clean, they look like they smell good," Pierre said of the actors. "I'd like to smell good."

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When the movie ended, Pierre and Jenson Germain, 11, talked excitedly about an upcoming holiday.

"There will be bands," Jenson said, his voice rising.

They smiled at the thought, but they were soon frowning. A tall boy with a knife scar on his face had butted roughly into the conversation. "You're not going to be released for the party," he said. "Face it, you're not going to have any fun."

Jenson, who has been imprisoned for nearly two years, gulped back what might have been a sign of weakness -- a tear. "I don't cry," he said a few minutes later.

Little Baron, tugging at his waistband, sidled up next to Jenson. The prison has no pants small enough for him, so he strings a shoelace through two belt loops and pulls it tight. Little Baron thrust his right foot into the air, imitating a karate kick he saw on television. His pants slipped to his knees. He and Jenson fell onto a bunk laughing.

Outside, a woman walked into the courtyard. This was a rare sight -- a mother visiting her son.

Yola Aeme settled onto a bench and stared wordlessly at her 16-year-old son, Antoine Menchy, who has spent a year and a half here. Aeme, 38, still seethes about the day her son was arrested. She was frantic when he didn't come home. No one had told her about the arrest.

"There's nobody I can see or talk to, no lawyer or anybody," Aeme said dejectedly. "I have no hope that they'll release him."

Antoine bunks next to a wisecracking 16-year-old with delicate, curled eyelashes named Rikensen Louis. Rikensen spends great chunks of his free time hunched over a pad of paper composing letters that he tries, always unsuccessfully, to persuade prison guards to relay to a judge.

"How you doing, Majesty?" Rikensen wrote recently. "I already spent 10 months in prison without knowing why would you think of me mister?"

Rikensen, who says he was imprisoned for stealing a radiator, stuffs his letters into a purple shirt. He always writes exactly the same words. Over and over. He's lost count of how many letters he has written.

When he gets mad, he throws out all the letters and vows to stop writing. But weeks pass with no sign of hope, he said, and soon he finds himself writing those same words all over again.

Chechnya Legislature Confirms Putin Pick (AP)

By Musa Sadulayev, Associated Press Writer

AP, March 3, 2007

Chechnya's parliament approved a widely feared former security chief as president of the war-battered Russian republic in a nearly unanimous vote Friday, a day after President Vladimir Putin nominated him.

The confirmation of Ramzan Kadyrov, which had been seen as a foregone conclusion, cements his rise to power. His nomination won 56 votes in the 58-member, two-chamber legislature, with two ballots ruled invalid.

Human rights groups allege that security forces under Kadyrov's control abduct and torture civilians suspected of ties to Chechnya's separatist rebels. Some observers suggest he was tied to last year's murder of Anna Politkovskaya, a journalist who had reported extensively on Chechnya's wars and sufferings. Kadyrov has denied any involvement.

Kadyrov also is credited with a reconstruction boom that he administered as the region's prime minister, under which the capital, Grozny, is being transformed from a moonscape of rubble and shattered buildings in a region devastated by two separatist wars since the Soviet collapse.

Kadyrov has been at the heart of a Kremlin strategy to crush continued rebel resistance and establish order in the mostly Muslim region. He turned 30 in October, the minimum age for president, and had been expected to seek the job.

He became acting president after last week's dismissal of Alu Alkhanov, who had increasingly criticized Kadyrov.

Kadyrov is the son of Chechnya's first pro-Moscow president, Akhmad Kadyrov, who was assassinated in 2004. The elder Kadyrov became president in 2003 in a Kremlin-conducted aimed at undermining rebels by creating the image of Chechens being allowed a high degree of self-determination.

As prime minister, the younger Kadyrov led a largely federally funded campaign to rebuild the region. Two wars in the past dozen years between Russian forces and separatist rebels who increasingly voiced militant Islamic ideology left much of the republic in ruins and its people gripped by fear and resentment.

Major offensives died down early this decade, but small clashes continue and rebels attack Russian forces with booby-traps and remotely detonated explosives.

Construction and repairs have transformed the capital, Grozny, and the second-largest city, Gudermes. Buildings have been plastered with banners praising Kadyrov and his late father, part of a personality cult he claims to oppose.

But prominent Russian groups boycotted a human rights conference in Grozny this week, saying that attending would lend his government legitimacy. Council of Europe human rights commissioner Thomas Hammarberg, who was at the conference,

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said Friday that Chechnya continues to be plagued by allegations of torture and by officials' failure to respond to families seeking information about missing relatives.

Hammarberg declined to comment when asked for his opinion on Kadyrov as president and he did not point to Kadyrov's forces as responsible for abuses.

Of the detainees whom he interviewed in Chechnya that complained of torture, "several of them pointed at the activities of the federal police," he said in Moscow.

He recommended that Chechnya set up a "truth commission" similar to those in Latin American countries to try to bring those responsible for abuses to light.

Analysts say Putin has entrusted Kadyrov with power in part because he is seen as the only person who can keep large numbers of former rebels under control. Many former rebels now serve in the police and security forces.

But his growing clout is also seen as a risk for the Kremlin, particularly after Putin steps down at the end of his second term next year. Some see Kadyrov's loyalty to Russia as closely tied to his relationship with Putin.

Kadyrov has repeatedly praised Putin but has criticized the Russian government and the state-run oil company OAO Rosneft, calling for greater economic freedom for Chechnya and for a larger share of its oil revenues.

Analysts say that with the power to foment new turmoil in fragile Chechnya and create serious problems for Russia, he could take a more demanding stance if his relations with the Kremlin become clouded.

The first war between rebels and Moscow's forces began in December 1994 and ended 20 months later with a humiliating Russian withdrawal after rebels fought them to standstill. Three years of de-facto independence followed, during which Chechnya became notoriously lawless, plagued by kidnappings and increasingly influenced by militant Islam.

Fighting resumed in 1999 after Chechen insurgents invaded neighboring Dagestan, apparently aiming to set up an Islamic caliphate, and after some 300 people were killed in apartment bombings that Russian authorities blamed on the rebels.

Chechen rebels have been involved in most of the terrorist attacks that have plagued Russia for more than a decade.

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Associated Press Writer Jim Heintz in Moscow contributed to this report.

Chechnya's Reins In Strongman's Hands (LAT)

By David Holley

The Los Angeles Times, March 3, 2007

The legislature in Grozny approves pro-Moscow Ramzan Kadyrov as president.

MOSCOW — A Kremlin-backed strongman who has spearheaded efforts to pacify war-battered Chechnya through a mix of repression and economic reconstruction won legislative approval Friday as the southern region's president.

Ramzan Kadyrov, the son of a former president of the republic of Chechnya who was assassinated in 2004, previously was prime minister. He has been the most powerful figure in the region since his father's death. However, he turned 30, the minimum age for the top post, only in October. Russian President Vladimir V. Putin nominated him for the position Thursday.

Kadyrov expressed his appreciation and loyalty to Putin in televised remarks Friday, declaring that "there is support and understanding from the supreme commander in chief, and it only remains to serve him hand and foot."

Kadyrov won parliamentary approval with 56 out of 58 votes, the Russian news agency RIA Novosti reported.

During the first Chechnya war, from 1994 to 1996, Kadyrov and his father, Akhmad Kadyrov, joined separatist rebels who won de facto self-rule for the republic. But the two men switched to the pro-Moscow side when Russian forces returned to Chechnya in 1999, launching the second Chechnya war.

Ramzan Kadyrov headed the presidential security force at the time of his father's death in a bombing in the Chechen capital of Grozny. He subsequently built up a powerful personal militia that was composed largely of other former rebels granted amnesty after switching sides.

Human rights organizations have frequently accused Kadyrov's militia of human rights abuses including kidnappings, torture and murder, allegations that he denies. Russian federal forces in Chechnya also have been accused of such abuses against civilians and suspected separatists.

In recent years, pro-Russia forces have killed several top separatist leaders. The strength of the insurgency has faded even as Moscow has granted ever-greater autonomy to the pro-Kremlin Chechen government.

Putin dismissed former Chechen President Alu Alkhanov last month, paving the way for Kadyrov. While Alkhanov and Kadyrov denied there was a power struggle, they had engaged in increasingly open disagreements in recent months.

Dmitry Kozak, Putin's envoy in southern Russia, alluded to those differences in televised comments Friday.

"With Kadyrov's appointment, all those contradictions that had undermined the efficiency of the government in Chechnya have disappeared," he said.

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Alexei Malashenko, a Chechnya specialist at the Carnegie Moscow Center, said that despite questions about his commitment to human rights and democracy, Kadyrov has had some real achievements.

"Some called him simply a gangster, but Ramzan has managed to discharge three main obligations to the Chechen people," Malashenko said. "First, he established order in Chechnya, even though it is a totalitarian type of order. But before, it was not possible simply to walk around Grozny. Second, he promised amnesty to separatist fighters, and as a result most of them surrendered. Maybe 500 to 600 rebels remain, but they are not active right now. Third, Russian soldiers are not murdered anymore."

Speaking at a Moscow news conference Friday, Thomas Hammarberg, the European Union commissioner for human rights, praised the pace of reconstruction in Chechnya.

But Hammarberg said that Chechen and Russian authorities hadn't tried hard enough to provide information about people who disappeared during the fighting. About 2,600 people are officially counted as having disappeared, he said.

Hammarberg said that in his meetings with the Chechens, he stressed the issue of accounting for those who have disappeared and allegations that law enforcement officers torture suspects.

Courts in Chechnya place too much reliance on written confessions from defendants, and this creates an incentive for police to use beatings and electrical shocks to try to extract confessions, he said.

Prisoners he spoke with complained about their treatment immediately after arrest and during interrogation, the EU envoy said. "I'm convinced that much of what I heard has a real background, and that these kinds of illegal interrogation methods are used at a fairly wide scale."

Gangster President (WP)

The Washington Post, March 3, 2007

Meet Ramzan Kadyrov, Vladimir Putin's favorite Chechen criminal.

THIS WEEK Vladimir Putin delivered another clear message about the kind of state Russia is becoming. He did so by nominating as the new president of the republic of Chechnya a man named Ramzan Kadyrov -- an unspeakably savage and corrupt warlord. Mr. Kadyrov has done Mr. Putin a great service: Using his own militia -- gang might be a better term -- he has imposed order in the name of the Kremlin on most of the rebellious republic, allowing the Russian president to declare victory in the war he started more than seven years ago. The Chechen's reward is to be installed as official head of the republic's government, where he can be expected to promote a cult of personality, employ state resources for his personal aggrandizement and murder his opponents with impunity.

Mr. Kadyrov has already been pursuing this agenda for some time. He and his "kadyrovtsy" are feared throughout the shattered republic: They are known for grisly acts of torture, extortion, kidnapping, rape and murder. The heads of slain rebels are displayed in some villages as a warning against crossing the new leader. Opponents outside Chechnya aren't safe, either. One, Movladi Baisarov, was gunned down in November in the center of Moscow while police looked on. Another, the independent journalist Anna Politkovskaya, was murdered outside her apartment in October; Mr. Kadyrov is one of several suspected sponsors of her slaying. Mr. Putin has taken no action to clear up either case.

In one sense Mr. Putin's sponsorship of Mr. Kadyrov is a measure of his desperation to find a way out of the war he started, which killed some 80,000 Chechens, most of them civilians, as well as unreported thousands of Russian soldiers. The new president is not a very reliable puppet; a former rebel himself, he once said that his "hero" was Shamil Basayev, the Chechen terrorist who staged the bloody attacks on a Moscow theater and a school in the town of Beslan. Mr. Kadyrov has expressed interest in introducing elements of Islamic sharia law in Chechnya, whose population is Muslim. His loyalty to the Russian state is nominal. Only 30 years old, he is likely to evolve into a self-sustaining despot whom Moscow could dislodge only by force.

By installing him, Mr. Putin is telling the world that Russia has become a place where the most sadistic criminals can be political leaders, where the murder of opponents is openly sanctioned and where the only qualification that matters is loyalty to Mr. Putin. Luckily, perhaps, for the Russian president, George W. Bush and the other leaders of the Group of Seven democracies, who continue to treat Mr. Putin as a strategic partner, are doing their best to ignore that message.

Don't Go Cold On Turkey (WSJ)

By Mark R. Parris

The Wall Street Journal, March 3, 2007

Once again, a resolution has been introduced in the House of Representatives asserting that the forcible deportation and massacre of Armenians by the Ottoman Empire in 1915 was "genocide." But this time around the resolution, sponsored by Reps.

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Frank Pallone, Adam Schiff, George Radanovich and Joe Knollenberg (and over 170 co-sponsors), appears likely to pass. The result will be a train wreck with an important, longstanding American ally: Turkey.

It may never be the right time for one nation to pass legislation on another's history or morality, but there could be no worse time than now. It's a particularly sensitive moment in Turkish politics: A new president will be picked by parliament in late April (coinciding with Congress's likely decision on a resolution) and elections for a new parliament will follow by November. Based on current polling, Turkey by year's end could for the first time have a president, government, parliament and most municipalities under the control of a party -- Prime Minister Recep Tayyip Erdogan's ruling AK Party -- inclined to loosen the strict barriers set up by Ataturk between religion and state. One does not have to share secular fears of AKP's alleged "secret agenda" to Islamicize Turkish society to appreciate the strains this would generate in Turkish political life over the weeks and months ahead. Nor does it take much imagination to realize that, in such circumstances, Turkish politicians will compete with one another, should a resolution be passed, to show they cannot be pushed around by the U.S. Congress.

Turkish domestic politics isn't the only issue, however. This year will highlight the country's pivotal geography and relevance to U.S. strategic goals. As we struggle to find our footing in Iraq, for example, Turkey can either help or make our task much harder. Our forces in Iraq rely heavily on Turkey's Incirlik airbase for resupply. Turkish military intervention in the north, either to pre-empt cross-border terrorism by Turkish Kurdish PKK terrorists, or to stop Kirkuk from becoming part of the Kurdish federation, would complicate Gen. David Petraeus's already daunting assignment.

Then there is Iran. Will Turkey align itself with Washington and the West in efforts to ratchet up pressure against the Islamic Republic -- a major trading partner and ally against the PKK? Or will the Turks join Russia and others favoring a less-confrontational approach? And as the U.S. tries to forge a new alignment in the Middle East to roll back Iranian influence and restart Israeli-Palestinian talks, a Turkey that has both bulked up its influence in the Muslim world (particularly among Sunni Arabs) and kept its close relationship with Israel, will be an asset.

Turkey has quietly emerged as the prize in a new great game over who will develop and bring to world markets the vast oil and gas resources of former Soviet Central Asia. Experts know that Turkey will in the years ahead become one of the world's major energy hubs, supplied by new pipelines that will crisscross Anatolia. The question is whether this will happen according to Moscow's or Washington's vision of where those pipelines should run, and whose product should fill them. Ankara will likely make some of the key decisions this year.

Turkey goes into this defining year with its anchors to the West drifting or under strain. NATO, for decades the bedrock of Turkey's Western identity, particularly for its influential military, has lost luster as its mission has blurred. The European Union's ambivalence toward Turkey since formally beginning the accession process in October 2006 has soured many Turks on the project. Despite laudable garden-tending by senior officials on both sides, U.S.-Turkish relations haven't recovered the depth or breadth they had in the '90s; polls show anti-Americanism remains high in the Turkish "street." The winners have been Turkey's ultranationalists, whose vision of a Turkey that "goes it alone" and increasingly resorts to violence is chilling.

Some will interpret this analysis as realpolitik that simply postpones the moment when Turkey must deal with its pre-Republican history. That ignores the reality that Turks in growing numbers -- among them Nobel laureate Orhan Pamuk -- are speaking out in favor of a more candid debate on the events of 1915. Most fear their voices will be drowned out by the tsunami of nationalist outrage that a resolution will generate.

In the past, U.S. congressional leaders have repeatedly bowed to the findings of administrations of both parties that a genocide resolution would adversely affect vital American security interests. Given the equities America now has at stake in and around Turkey, those findings remain as valid as ever.

The U.S. has a lot of hard work to do in Turkey's neighborhood. In some cases, American lives will literally be at stake. Whatever the challenge we face in this troubled region, our success will be far more certain if we can work with Turkey, rather than having to work around it. The responsible choice for Congress's current leadership is to join their predecessors in concluding that passage of an Armenian genocide resolution does not serve American interests.

Mr. Parris, who was U.S. ambassador to Turkey from 1997 to 2000, is a visiting fellow at the Brookings Institution.

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Miller, Charles S

From: Miller, Charles S
Sent: Monday, March 5, 2007 10:37 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M.; Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Dupree, Thomas (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 3/5/07 Civil Division News

Risking Testy Justices and Faulty Justice

Appeals Court Upholds Dismissal of Abuse Suit

Prison attack spawns lawsuit; Two former inmates at the U.S. Penitentiary allege that prison officials were negligent.

Government recovers on Stark violation for payments made by mistake and unjust enrichment

Vaccine controversy featured in novel by award-winning author Sarah Collins Honenberger

New York Times

March 5, 2007

Risking Testy Justices and Faulty Justice

ADAM LIPTAK

What the Supreme Court says, goes. Usually.

But in a defiant decision two weeks ago, a federal appeals court in Washington conceded that it was ignoring parts of a 2004 Supreme Court decision on the rights of the men held at Guantanamo Bay, Cuba.

That can make the Supreme Court testy, and it may help the detainees. Their lawyers plan to ask the court today to hear the case.

The Supreme Court has already twice reversed decisions about Guantanamo from the same court, the United States Court of Appeals for the District of Columbia Circuit. Both times, the Supreme Court ruled for the detainees.

One more reversal will start to remind people of the Supreme Court's cross relationship with another appeals court. The justices have repeatedly rebuked the United States Court of Appeals for the Fifth Circuit, which hears appeals from inmates on Texas's death row, for dragging its feet in implementing Supreme Court decisions meant to limit the death penalty.

The Guantanamo cases are harder. On the one hand, the justices in the majority in the 2004 decision, Rasul v. Bush, certainly made statements indicating how they would decide a central issue in the new case, Boumediene v. Bush. But they made those statements in asides, in what lawyers call dicta.

They teach you in law school that only a decision's holdings count. Holdings are the narrow legal propositions on which decisions turn. Everything else -- all the observations and footnotes and erudition -- is dicta.

But the Supreme Court may be different, and judges on lower courts should probably listen to it with particular care. The court, after all, hears only a few cases, considers them thoroughly and, in painstaking and detailed decisions, often gives the lower courts broad guidance.

The dissenting appeals judge in the 2-to-1 decision in Boumediene, Judith W. Rogers, said her colleagues were thumbing their noses at the Supreme Court. She said they were "ignoring the Supreme Court's well-considered and binding dictum" concerning the historical roots and geographical scope of the prisoners' basic rights, and she cited a case from her own court that said that such statements "generally must be treated as authoritative."

The question sounds academic, if not impenetrable, but it matters. The Guantanamo docket has been moving with geological speed. If another Supreme Court reversal is inevitable, and if the court has already signaled how it will rule in Boumediene, it does the detainees a profound disservice for appeals court judges not to anticipate what the justices will do.

Almost three years ago, the Supreme Court ruled in Rasul that the detainees possessed an ancient and fundamental right -- the right to challenge the justness of their confinement in court by filing petitions for writs of habeas corpus.

In the crucial aside in Rasul, Justice John Paul Stevens, writing for the majority, said this right was not just a result of a law passed by Congress but was grounded in the Constitution. "Application of the habeas statute to persons detained at the base," he wrote, "is consistent with the historical reach of the writ of habeas corpus."

If that is right, a new law pushed by the Bush administration, the Military Commissions Act, could not have cut off the detainees' rights to habeas corpus. In a footnote, the appeals court majority basically acknowledged that. But it ruled that the Supreme Court's historical analysis was wrong and that Justice Stevens's dictum could be ignored. It upheld the new law.

Instead of looking to Rasul, which was recent and concerned Guantanamo, the appeals court justified its decision by citing a 1950 Supreme Court decision, Johnson v. Eisentrager. That case involved German citizens convicted of war crimes in China and held at a prison in Germany. The court ruled that they had no right to habeas corpus.

The court's reliance on Eisentrager was curious. Both Justice Antonin Scalia, dissenting in Rasul, and

John Yoo, an architect of the Bush administration's post-9/11 legal strategy, have written that they understood Rasul to have overruled Eisentrager.

The Eisentrager court had, moreover, listed six factors supporting its conclusion that the German prisoners there had no habeas rights, among them that they were citizens of a country we had been at war with, that they had been tried and convicted by military tribunals and that they were imprisoned outside the United States.

All of these points, Justice Stevens wrote in Rasul, counted in favor of the Guantanamo detainees.

"They are not nationals of countries at war with the United States," Justice Stevens wrote, "and they deny that they have engaged in or plotted acts of aggression against the United States; they have never been afforded access to any tribunal, much less charged with and convicted of wrongdoing; and for more than two years they have been imprisoned in territory over which the United States exercises exclusive jurisdiction and control."

The detainees will ask the Supreme Court to put Boumediene on a fast track, and it may not be long until we hear from Justice Stevens again.

END

New York Times

March 3, 2007

Appeals Court Upholds Dismissal of Abuse Suit

By ADAM LIPTAK

A German citizen who says he was kidnapped and abused by the Central Intelligence Agency cannot seek redress in court because his lawsuit would expose state secrets, a United States Court of Appeals ruled yesterday in Richmond, Va.

There is substantial evidence that the plaintiff in the suit, Khaled el-Masri, a German citizen of Lebanese descent, was subjected to the C.I.A.'s practice of extraordinary rendition, in which terrorism suspects are seized and sent for interrogation to other countries.

In June 2006, a report issued by the Council of Europe concluded that Mr. Masri's account of having been abducted and mistreated was substantially accurate. In January, a German court issued arrest warrants for 13 people it said were involved in the matter. Prosecutors would not identify the suspects.

The Central Intelligence Agency has never acknowledged any role in Mr. Masri's detention.

Mr. Masri said in his suit that he was seized by local law enforcement officials while on vacation in Macedonia on New Year's Eve in 2003. After 23 days, he said, he was handed over to C.I.A. operatives, who flew him to a secret C.I.A. prison near Kabul, Afghanistan.

In Afghanistan, Mr. Masri said, he was held in a small, filthy cell where he was drugged, beaten and interrogated. At the end of May 2004, he was released in a remote part of Albania.

In December 2005, Mr. Masri sued George Tenet, a former director of the C.I.A., three private companies, and employees of the agency and the companies. He said that Mr. Tenet and the C.I.A. operatives had violated the Constitution's due process clause, and that all of the defendants were liable under a federal law that allows some injury suits for violations of international laws prohibiting arbitrary detention and

cruel, inhuman or degrading treatment.

In May 2006, Judge T. S. Ellis III, of the Federal District Court in Alexandria, Va., dismissed the suit under the so-called state secrets privilege. The privilege can require courts to limit or dismiss suits that might disclose information harmful to national security. The decision yesterday, by the Court of Appeals for the Fourth Circuit, affirmed that ruling.

"We recognize the gravity of our conclusions that el-Masri must be denied a judicial forum for his complaint," Judge Robert B. King wrote for a unanimous three-judge panel of the court. "The inquiry is a difficult one, for its pits the judiciary's search for truth against the executive's duty to maintain the nation's security."

Lawyers for the American Civil Liberties Union, which represents Mr. Masri, said there was enough public information about his ordeal to allow his suit to be adjudicated without endangering national security. The appeals court disagreed, saying that Mr. Masri could not win his case without exposing "how the C.I.A. organizes, staffs and supervises its most sensitive intelligence operations."

Furthermore, the court continued, the defendants "could not properly defend themselves without using privileged evidence."

Judge King gave examples of the problems the defendants would face. "If, for example, the truth is that el-Masri was detained by the C.I.A. but his description of his treatment is inaccurate, that fact could be established only by disclosure of the actual circumstances of his detention, and its proof would require testimony by the personnel involved."

Anthony D. Romero, the executive director of the A.C.L.U., said that the court's decision had been "truly unbelievable" and that his group was "very seriously looking at all the avenues before us" for an appeal to the full appeals court or to the United States Supreme Court.

"Actions like this are reminiscent of third world countries," Mr. Romero said. "It's just not tenable to have the C.I.A. unaccountable for its most egregious violations of human rights."

END

Kansas City Star (MO)

March 3, 2007

Prison attack spawns lawsuit; Two former inmates at the U.S. Penitentiary allege that prison officials were negligent.

ROBERT A. CRONKLETON, The Kansas City Star

Two former U.S . Penitentiary inmates have sued the government, claiming that Leavenworth officials were negligent when they placed a suspect in a prison homicide in the inmates' cell.

Albert C. McCoy of Washington, D.C., and his nephew Anthony McCoy, currently imprisoned at the U.S. Penitentiary in Coleman, Fla., say they were attacked by the inmate.

The lawsuit was moved Thursday to U.S. District Court in Kansas City, Kan. It was initially filed in Washington last August.

Albert McCoy seeks $800,000 in damages for personal injury. His nephew seeks $600,000.

Prison officials could not be reached for comment Friday.

Jim Cross, a spokesman for the U.S. attorney's office in Kansas, said that the office had not been served with a copy of the lawsuit.

The suit involves a Dec. 31, 2002, death at the penitentiary.

Albert McCoy claims that he was punched in the face by an unnamed inmate and that shortly thereafter, that inmate was killed -- stabbed 28 times.

According to the suit, prison officials found a trail of blood leading from the scene of the stabbing to the cell of another inmate. Officials placed that second inmate, as well as McCoy, in detention pending an investigation. Two days later, McCoy's nephew was placed in the same cell as McCoy.

Then, in August 2003, prison officials placed the second inmate in the same cell as the McCoys, despite their desire that he not be housed with them.

About 10 days later, the McCoys claim, the inmate stabbed Albert McCoy 25 times and Anthony McCoy five times.

During the attack, the inmate allegedly said that Albert McCoy had been "snitching on him," which McCoy claims was not true.

The McCoys claim officials knew or should have known that the attacks were foreseeable.

END

CCH® Medicare

3/5/07

Government recovers on Stark violation for payments made by mistake and unjust enrichment

A home health agency (HHA) that submitted false claims to Medicare between 1999 and 2001 was liable to the government under theories of unjust enrichment and payments by mistake because the payments were made in violation of Stark II, which was enforceable prior to the issuance of final regulations in 2001.

Payments by mistake

The HHA accepted referrals from five physicians with whom it had financial relationships in violation of Stark. None of the arrangements satisfied the personal service arrangement exception. The physicians testified that they did not provide any legitimate advisory services as set forth in the agreements and were compensated for providing standard care to their patients or for doing nothing. The actual services performed were not specified in the agreement, not reasonably necessary, and exceeded fair market value.

Unjust enrichment

The HHA argued that the government should not recover under the unjust enrichment theory because the provider agreements between the HHA and the Medicare program constitute a contract for which there are various legal remedies available, such as breach of contract, administrative remedies under Stark II, criminal penalties and fines under the Anti-Kickback Act, and monetary damages under the False Claims

Act. Those remedies, however, arise under federal, not state, law. Breach of contract is not available because Medicare Provider Agreements create statutory, not contractual, rights. A showing of wrongful conduct, such as knowingly submitting a false claim, is required to establish guilt under the Anti-Kickback Act or liability under the False Claims Act; under Stark II, ". . . the United States is not required to pursue an administrative action before seeking an overpayment action under theories of unjust enrichment or payment by mistake." According to the court, judicial economy and legislative intent would not be served by requiring the government to pursue its legal remedies.

Source: *U.S. ex rel Roberts v. Aging Care Home Health, Inc.*, U.S. District Court for the Western District of Louisiana, No. 02-2199, Feb. 16, 2007,

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ClickPress

March 5, 2007

Vaccine controversy featured in novel by award-winning author Sarah Collins Honenberger

Inspired by an actual case, attorney-turned-author Sarah Collins Honenberger brings to light the reality of vaccine injuries and the controversies over the government's Vaccine Injury Compensation Fund in her new novel, White Lies: A Tale of Babies, Vaccines, and Deception.

Honenberger credits the widespread interest in this particular book to the subject matter—vaccine injuries and the recent medical link between childhood vaccinations and autism. Autism, classified by the National Institute of Health as an epidemic in December 2005, affects 1 in 166 children. The families of those children are filing for assistance to the same government compensation fund that figures in Honenberger's fictional version of real events involving one baby's seizures from the DPT vaccination.

"The manufacturers and the government made certain promises to the parents who were exposing their children to the risks in order to protect the general population from the disease. Then when the claims started coming in, they changed the statute so that it's harder to prove the link. It's like changing the rules after the cards are dealt." Honenberger, having practiced law for over twenty-five years, argues she is not advocating against vaccines. "Vaccines, properly tested and cautiously approved, reduce disease. But blind acceptance of a mandated vaccination schedule puts some children more at risk than others. Informed decisions and re-evaluations after an adverse reaction are a safer course."

Because White Lies is inspired by one mother's quest for the truth about her baby's seizures and brain damage, Honenberger hopes her book will help spread the word about vaccine-associated risks. "This mother is so upbeat despite all the bad things that happened to her. She was my inspiration. She still is. She's feisty and outspoken, a great advocate. When she finally gave me permission to tell the story, she hoped the book would encourage other families whose children had an adverse reaction to investigate before allowing a booster. And to go forward and file for assistance."

Cedar Creek Publishing, Honenberger's publisher, believes White Lies is more than an opportunity to raise awareness for vaccine injury issues. Publisher, Linda M. Layne, says, "Like a watercolor artist, Sarah has creatively blended a good book of fiction using a palette

of true experiences and raw emotions that take you into the minds of the characters and to the heart of the events. It's a story of conflict and loss, hope and redemption for a grieving mother and her disillusioned attorney."

Honenberger's talent for writing fiction has netted her first place awards in The Antietam Review, New Millenium, SouthLit and The HooK. When she's not writing, she's teaching creative writing, judging writing contests, appearing on literary panels at book festivals, or editing manuscripts for other writers. Currently she's on tour and available to talk about her new book as well as writing about health-related political issues in fiction. To read more about White Lies and the author, see www.readwhitelies.com. White Lies is available at www.Amazon.com.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Tuesday, March 06, 2007 8:04 AM
To:	USDOJ- Office of Public Affairs
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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Privacy Board Approves Two US Surveillance Programs. The AP (3/6, Yen) reports, "A White House privacy board is giving its stamp of approval to two of the Bush administration's controversial surveillance programs — electronic eavesdropping and financial tracking — and says they do not violate citizens' civil liberties." The AP continues, "Democrats newly in charge of Congress quickly criticized the findings, which they said were questionable given some of the board members' close ties with the Bush administration. … 'Their current findings and any additional conclusions they reach will be taken with a grain of salt until they become fully independent,' said Rep. Bennie Thompson, D-Miss., who chairs the House Homeland Security Committee." The AP adds, "After operating mostly in secret for a year, the five-member Privacy and Civil Liberties Board is preparing to release its first report to Congress next week. … The report finds that both the National Security Agency's warrantless eavesdropping program and the Treasury Department's monitoring of international banking transactions have sufficient privacy protections, three board members told The Associated Press in telephone interviews. … Both programs have multiple layers of review before sensitive information is accessed, they said." The AP notes, "The board's initial findings come as Congress is moving forward on measures to give the board more authority and make it more independent of the president. Created in late 2004, the panel was established as a compromise between Congress and the White House after a recommendation by the Sept. 11 commission. … Both conservative and liberal civil liberties groups have urged the members to aggressively review the eavesdropping program and have questioned whether board members would stand up to the president if he were flouting the law."

Study Said To Show Need For Redefinition Of Torture. The AP (3/6, Kole) reports, "Prisoners who endure poor or degrading treatment suffer much of the same long-term psychological distress as do captives who are tortured, suggests a study published Monday." The AP continues, "The study was based on interviews with victims of ill treatment and torture while imprisoned in the former Yugoslavia, and experts said the findings underscored the need for a broader definition of torture. … 'What is the basis for the distinction between torture and other cruel and degrading treatment? Science should inform this debate,' the study's lead author, Metin Basoglu of the Institute of Psychiatry at King's College in London, told The Associated Press in a telephone interview. The study was published in the Archives of General Psychiatry." The AP adds, "Steve H. Miles of the University of Minnesota's Center for Bioethics, who was not involved in the study, said the findings 'show that the severity of long-lasting adverse mental effects is unrelated to whether the torture or degrading treatment is physical or psychological.' … 'The wrongness of these inflicted harms is compounded by the fact that most abused prisoners, including those in the present war on terror, are innocent or ignorant of terrorist activities,' Miles said." The AP notes, "The Bush administration has said the U.S. uses legal interrogation techniques — not torture — to gain information that could head off terror attacks. It insists that the U.S. complies with the U.N. Convention Against Torture. … Yet Washington's definition of torture, as interpreted by the U.S. Justice Department after reports of American abuses at Guantanamo Bay and in Iraq and Afghanistan surfaced, is fairly narrow. … It excludes mental pain and suffering created by acts that do not cause severe physical pain, such as blindfolding, hooding, forced nudity, isolation and deprivation of sleep or light, the researchers said, citing a Dec. 30, 2004, Justice Department memo. The document also contends that for an act to be considered torture, there must be proof that it inflicts 'prolonged mental harm.' … 'The implications of such a narrow definition of torture have raised serious concerns in the human rights community,' said the study. 'These findings suggest that physical pain per se is not the most important determinant of traumatic stress in survivors of torture.'"

AFP (3/6, Daly) reports, "Researchers who evaluated the mental health of soldiers and civilians tortured during the 1990s Balkan wars found that victims of psychological abuse were just as likely to suffer from post-traumatic stress disorder (PTSD) and depression as victims of classic physical torture methods. … The researchers also reported that the torture victims rated some techniques such as stress positions, isolation, sleep deprivation and blindfolding as distressing as most physical torture methods." AFP adds, "In 2003, lawyers for the US Justice Department and a Pentagon working group report on detainee interrogations made the case for a narrow definition of torture that excludes procedures such as blindfolding and hooding, forced nudity, isolation and other psychological manipulations. … The Justice Department memorandum argued that the scope of the term torture should be limited to those acts which could be shown to result in 'prolonged mental harm,' according to the study. … The development followed allegations of human rights abuses at US detention facilities in Iraq, Afghanistan and Guantanamo Bay, Cuba. … However, the authors of this paper said that based on their analysis of the experiences of torture victims

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from the modern Balkans conflict, the US appears to be drawing a distinction without a difference."

High Court Hears Guantanamo Detainees' Request For Rights Guarantees. The AP (3/6, Sherman) reports, "Lawyers for Guantanamo detainees held more than five years without charges asked the Supreme Court Monday to step in a third time to guarantee that they can challenge their confinement in U.S. courts." The AP continues, "The detainees want the justices to hear their case and issue a decision before the Court ends its term in early summer. … 'Not only are these questions of paramount legal importance, but the extreme and worsening plight of the Guantanamo detainees make them questions of great humanitarian urgency as well,' lawyers for the detainees wrote in court papers urging the justices to decide the case." The AP adds, "The Court has twice ruled that foreigners imprisoned at the U.S. naval base in Cuba can pursue their cases in American courts, rejecting Bush administration arguments. … The latest Supreme Court appeal follows a federal appeals court ruling last month that limited detainees' legal rights. The 2-1 decision by the U.S. Court of Appeals for the D.C. Circuit upheld a key provision of the Military Commissions Act, which President George W. Bush pushed through Congress last year to set up a Defense Department system to prosecute terrorism suspects. Now, detainees must prove to three-officer military panels that they don't pose a terror threat. … Separately, the justices said they would not grant quick review in the cases of two other Guantanamo detainees who have been designated by the Pentagon to face criminal charges in front of a military tribunal."

WPost Calls Gitmo Prosecutors' Criticism Of Defense Lawyer "Disturbing." The Washington Post (3/6, A18, 690K), in an editorial, writes, "Cully Stimson…was the Pentagon official in charge of Guantanamo Bay prisoners who had to leave his post after suggesting that private law firms shouldn't be representing detainees. Now the Pentagon's chief Guantanamo prosecutor, Air Force Col. Morris Davis, has gotten into the attack-the-defense-lawyers act, this time complaining about the conduct of a military lawyer assigned to defend Australian David Hicks. … Hicks's outspoken military lawyer, Marine Maj. Michael Mori, has spent a good deal of time in Australia helping stir up public support for his client, and he has been unsparing in his criticism of the military tribunals." According to the Post, "Davis's unsubtle effort to quiet Maj. Mori may be even more disturbing than Mr. Stimson's remarks: It's not likely that private law firms are going to be intimidated out of representing their clients, but military lawyers who have to fear for their careers might think twice before zealously representing their clients."

HOMELAND RESPONSE:

New York Officials Seek Extension Of Terrorism Risk Insurance Act. The New York Times (3/6, Cardwell, 1.16M) reports New York officials "urged Congress yesterday to renew" the Terrorism Risk Insurance Act "set to expire at the end of this year that they said allowed the city's economy to recover and grow in the years after the Sept. 11 terror attack. The program, created…in 2002 and extended in 2005, was devised when insurers began excluding terrorism from their property policies after Sept. 11, 2001. Under its terms, the federal government would pay most of the cost of losses from a foreign terror attack, up to a total of $100 billion a year. In seeking its renewal, the officials told the House Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises at a hearing in Manhattan that without it, the city's robust development engine could sputter to a halt." Sen. Charles Schumer "said the cycle of pending expiration and renewal had created a damaging 'fear pattern' among insurers." Mayor Michael Bloomberg "also spoke in support of continuing the program, saying it was crucial to the city's overall economic health."

Senate To Vote On Union Rights For TSA Workers. The Washington Post (3/6, D4, Barr, 690K) "Federal Diary" column reports, "The Senate plans to vote today on whether to extend union rights to federal airport screeners, a fundamental question that confronted Congress when it created the Transportation Security Administration after the Sept. 11, 2001, terrorist attacks." However, the Post adds, "the administration is holding firm. Yesterday, at a Senate subcommittee hearing, Kip Hawley, head of the TSA, rejected proposals by [sponsor Joseph I. Lieberman (I-Conn.)] and Sen. Claire McCaskill (D-Mo.) that would provide bargaining rights for transportation security officers, popularly called security screeners. The proposals, Hawley said, pose 'a serious negative security impact.'" The Post notes, "Providing bargaining rights would allow unions to take grievances to outside arbitrators to review management decisions 'after the fact' and 'sets up a morass of wasted time that detracts from the focus on security,' Hawley said." The Post adds, "Aides to President Bush have said they will recommend a veto of the bill implementing the 9/11 panel's recommendations if it includes union rights for screeners. Senate Republicans hope to sustain the veto, noting that 36 GOP senators," signed "a letter to Bush objecting to the union provision."

WSJournal Accuses Democrats Of Putting "Big Labor" Ahead Of National Security. The Wall Street Journal (3/6, A18, 2.04M) editorializes that the two most

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recent examples of "favors that Democrats in Congress are doing for Big Labor" are "especially notable because they'd benefit unions at the expense of national security. First up is Senator Jim DeMint's (R., S.C.) proposal to bar certain convicted felons from working in ports." DeMint offered the amendment last year and it was removed by Democrats "under the cover of a House-Senate conference. … Mr. DeMint was back trying again last week, and every Senate Democrat once again voted for his amendment. However, they also voted for a separate amendment from Hawaii's Daniel Inouye that would allow future Administrations to delete the DeMint requirements." The Journal continues that "Democrats also keep trying to impose collective bargaining rights for all 43,000 screeners at the Transportation Security Administration. Congress expressly denied such organizing ability when it created TSA in 2001, on the sensible grounds that union work rules would compromise security."

ACLU Calls For Repeal Of Real ID. Anthony D. Romero, executive director of the American Civil Liberties Union, in an op-ed in USA Today (3/6, 12A, 2.27M) writes, "Real ID should be repealed, especially after the Department of Homeland Security (DHS) released its vague and evasive regulations last week. Rather than answer the hard questions and provide solid guidance, DHS told the states to find solutions by 2010, effectively passing the hot potato to the next administration." Romero continues that the act was "attached…to a must-pass Iraq war/tsunami relief bill. No hearings. No debate." Had it been exposed to "democratic scrutiny," Real ID would have been seen as "an unfunded mandate that violates the Constitution's 10th Amendment on state powers, destroys states' dual sovereignty and consolidates every American's private information, leaving all of us far more vulnerable to identity thieves." Furthermore, "Real ID is not a solution that can stop terrorism. Clever and resourceful 'terrorists' will always find ways to get IDs."

USA Today Says Security Trumps Real ID Concerns. In an opposing editorial, USA Today (3/6, 12A, 2.27M) notes that seven of the 9/11 terrorists had Virginia state licenses, "although none lived there. … Real ID has produced much howling about the costs, the likely hassles at state motor vehicle departments and the potential threat to privacy. All are valid concerns. But the fact is that driver's licenses are the nation's principal form of ID. As long as that's the case, they need to be credible."

WAR NEWS:

House Democratic Caucus Increasingly Divided Over Iraq. The Washington Post (3/6, A1, Weisman, 690K) reports, "Senior House Democrats, seeking to placate members of their party from Republican-leaning districts, are pushing a plan that would place restrictions on President Bush's ability to wage the war in Iraq but would allow him to waive them if he publicly justifies his position. Under the proposal, Bush would also have to set a date to begin troop withdrawals if the Iraqi government fails to meet benchmarks aimed at stabilizing the country that the president laid out in January." The plan "is an attempt to bridge the differences between anti-war Democrats, led by Rep. John P. Murtha (Pa.), who have wanted to devise standards of troop readiness strict enough to force Bush to delay some deployments and bring some troops home, and Democrats wary of seeming to place restrictions on the president's role as commander in chief." The Post adds, "The legislative jujitsu in the backrooms of Capitol Hill underscores the difficulties the Democrats face in confronting the issue that helped them regain control of Congress -- Iraq."

Meanwhile, The Politico (3/6) reports Speaker Nancy Pelosi "is facing a full-blown revolt from liberal House Democrats over the $98 billion Iraq supplemental bill, according to Democratic insiders. Anywhere between 50 to 75 Democrats are now threatening to vote against the bill because it doesn't go far enough toward ending the war, including setting a date certain for withdrawal of U.S. combat forces from Iraq, said the sources." Pelosi and Democratic leaders "are expected to postpone markup of the Iraq bill in the House Appropriations Committee by at least a week in order to buy time to resolve the matter." Liberals "are unhappy with the current proposal being discussed by…Murtha…and the Democratic leadership, which would prevent…Bush from sending more troops to Iraq unless they are certified as being properly equipped, trained and rested to take on combat missions." The Politico adds that "as happens so often in politics, if you move too far in appeasing one group, you then alienate another, which is what's happening here."

Roll Call (3/6, Pierce) offers a different picture of Democratic opinion on the supplemental, reporting "both liberal and conservative Democrats signaled that they might be willing to be team players if leaders accommodate them in small ways." Roll Call adds, "As of Monday evening, the chances of committee action on a bill this week were slipping away and it was unclear whether House Democratic leaders would include language, first proposed by" Murtha, "to restrict in some way the president's ability to deploy troops to Iraq unless he publicly acknowledges that he is sending troops into combat without meeting certain readiness requirements." However, "one House Democratic leadership aide indicated that the bill most likely would include a provision requiring the president to report to Congress on whether the benchmarks he set out for the Iraqi government are being met." And "there were other indications Monday that House Democratic

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leaders were considering language requiring the president to seek Congressional approval for any military action against Iran."

E.J. Dionne writes in the Washington Post (3/6, A19, 690K) that "this week could well determine whether Democrats splinter or find a new strategy on Iraq based on the unhappy but realistic assumption that -- unless Bush suddenly opens himself to new approaches -- the fight to change course in Iraq is likely to go on all this year, and perhaps into the next. … Democrats and the left face a testing time. For some in the antiwar movement, failing to end the war right now is immoral. But as Murtha suggested, a short-term strategy to end the war can't work. This is a long struggle, and those engaged in it need to battle for the long term."

White House To Ask For More War Funds. The AP (3/6, Taylor) reports, "The White House is ready to ask Congress for more money for…Bush's plan -- already hotly debated -- to send 21,500 new combat troops into Iraq." The move "would pay for support personnel and otherwise update last month's request for the Iraq war. It probably will draw criticism from Democrats who say the Pentagon had low-balled estimates of the costs of Bush's plan for improving security in Baghdad and Anbar province. The latest request could come as early as Tuesday, modifying last month's $93.4 billion request for military operations in Iraq and Afghanistan through Sept. 30. … The request probably will come to about $2 billion. It will be accompanied by equal-sized reductions elsewhere in the larger request, which contained money for two next-generation Joint Strike Fighters and a V-22 tilt rotor aircraft."

Gallup Poll Finds Only 28% Think US Will Win Iraq War. USA Today (3/6, 2.27M) reports, "A new USA TODAY/Gallup Poll shows deepening pessimism on Iraq, even as many Americans are reluctant to limit money or troops for the war effort. Only 28% say the United States will probably or definitely win the war, down from 35% in December and the lowest since the question was first asked in September 2005. The share of people who now call the war a mistake is 59% -- the same as September 2005 and the highest level in the 58 times the question has been asked since the war began." In addition, "six in 10 people said they want Congress to set a timetable to withdraw all U.S. troops by the end of 2008. Three-quarters said Congress should require that US troops come home if Iraqi leaders don't keep pledges to reduce violence, and that US troops have at least a year's stay in the USA between deployments to Iraq. The mandatory break is part of a plan by" Murtha.

Democrats Said To Face Tough Political Endgame In Iraq. Jonah Goldberg, editor at large of National Review Online, writes in USA Today (3/6, 13A, 2.27M), "There's a deep irony to the Democratic Party's dilemma over Iraq. For 30 years, the party's left-wing base has reflexively proclaimed every foreign policy challenge 'another Vietnam,'" and now they are "behaving as if Iraq is Vietnam all over again. But it is only now dawning on the Democrats that the Vietnam War wasn't exactly their finest hour." Goldberg adds, "The Democratic pickle is exquisitely simple: In the past election, they ran as the anti-war party and promised to bring the war to a close, but, like the dog who finally catches the car fender, they're at a loss about what to do now. As Virginia's Rep. Jim Moran says of his fellow Democrats, they 'want to make sure this is still…Bush's war,' but the only way they can end the war is to take possession of it. The Democratic base thinks that'd be fine. But, one gets the sense, someone in the party's leadership understands that might be a problem." If Bush's "surge is successful, odds are Americans will think it was all worth it. If, on the other hand, the Democrats are successful at ending the war in defeat, it's not at all clear Americans will see our loss as the unambiguous triumph Kennedy remembers in Vietnam. Nor is it clear they'll congratulate Democrats for securing a sure defeat rather than chancing a possible victory."

As Security Crackdown Continues, Suicide Bomb Kills 20 In Baghdad. The CBS Evening News (3/5, story 4, 2:25, Couric, 7.66M) reported that in Iraq yesterday, "a suicide car bomb went off in an area of the city known for its bookstores. At least 20 Iraqis were killed in the explosion which left bloody papers scattered everywhere." Meanwhile, "the security crackdown in Baghdad is now entering a new phase. US and Iraqi forces have been moving into the section known as Sadr City, home to two million people, and controlled by a radical Shiite militia."

NBC Nightly News (3/5, story 2, 2:50, Engel, 9.87M) said "Sadr City has been one of the most dangerous neighborhoods in all of Baghdad, completely out of government control. Today I went in with US forces trying to take it back. Soldiers from the 82nd Airborne today mounted up. And braced for what has been a no go zone for American forces. Sadr City. The last time US troops entered this Shiite slum of two million 2 1/2 years ago, they battled the Shiite militia, the Mahdi Army, for weeks. What the soldiers found today surprised them, no resistance. … The big question is, are they just regrouping, waiting to return?"

NBC Nightly News (3/5, lead story, 4:45, Williams, 9.87M) reported, "We have brought this broadcast back to Iraq for these next several days to see up close and once again the conflict that is quickly becoming the story of our times. And the story here, it is plain to see, is changing. There was violence here in Baghdad today, but the war we found at an outpost to the west of here today was different." The attack in Baghdad "comes during a period of change here. There are now pockets of relative peace where there

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had been awful ongoing violence." NBC Nightly News (3/5, story 8, 3:20, Williams, 9.87M) later reported, "Retired Army General, four-star General that is, Wayne Downing is with me on this trip, just as he was with me in Iraq for the initial invasion." Gen. Wayne Downing said, "One of the things that is striking is you didn't see a lot of children out waving, you didn't see people out working like that. So, I think that reflects the fact than not only the US forces are cracking down, but we saw a lot of Iraqi police and Iraqi army. They are right now breaking the grip of Al Qaeda. That is an Al Qaeda area that we were in today."

The Los Angeles Times (3/6, Berthelsen, 850K) says the suicide bombing "was the latest to underscore the difficulty faced by US and Iraqi forces as they try to stem sectarian violence here, and it raised questions about how long certain factions, such as Shiite Muslim militias, would continue to comply with the new security plan before taking revenge." Also, "around the capital Monday, police found the bodies of 25 men who had been shot to death, a number higher than in recent days and approaching the pre-crackdown average." The Times adds, "Since the operation was launched Feb. 13, it has seen some success in reducing such death squad killings, which are believed to be the work of Shiite militias."

The New York Times (3/6, Wong, Habeeb, 1.16M) reports, "The bombing was the latest of a half-dozen major blasts aimed at civilians in the capital in the three weeks since the Iraqi government and American military announced the start of a new Baghdad security drive. The number of gunshot killings attributed to sectarian death squads appears to have dropped as militia leaders have ordered their followers to lie low. But deadly bombings have continued with ferocity." The Times adds, "American officials have said they are still struggling to tamp down the bombings and intend to bring thousands of additional troops into Baghdad in the next two months."

The Washington Post (3/6, A10, Raghavan, 690K) reports, "For many victims, the attack brought questions about the effectiveness of a new security crackdown that Iraqi Prime Minister Nouri al-Maliki has already declared a success. Nearly three weeks after its launch, the number of violent attacks has dipped, but bombings continue to plague Baghdad." The Washington Times/AP (3/6, Frayer) runs a similar report.

Nine US Soldiers Killed In Iraq Bombings Today. The AP (3/6) reports, "Nine U.S. soldiers died in two separate incidents north of Baghdad, the military said Tuesday. Six soldiers were killed when a bomb exploded near their vehicles during a combat operation Monday in Salahuddin province, the military said in a statement. ... In another incident the same day, three more soldiers were killed by a roadside bomb in Diyala province, another statement said. ... All nine were assigned to Task Force Lightning."

US Focuses On "Microfinance Projects" In Effort To Stimulate Iraqi Economy. USA Today (3/6, 5A, Dorell, 2.27M) reports, "As U.S. military and civilian officials try to help Iraq's economy rebuild, they are placing a new emphasis on small businesses," and "through grants and loans -- often for a few hundred dollars each -- they're trying to stimulate job growth and eventually improve Iraq's security. So-called microfinance projects have proved more efficient at creating jobs than large-scale, multibillion-dollar reconstruction efforts, says Eric Nigh, executive director of the Iraqi-American Chamber of Commerce and Industry." USA Today adds, "Large infrastructure projects, such as power plants, required enormous spending on workers' security, says Ra'ad Omar, chief executive of the chamber. He said Iraqi contractors tended to invest their profits in real estate abroad rather than reinvest them at home. Many owners of larger Iraqi companies eventually left the country because of security issues."

Gogdanos Says US Soldiers Should Be Assigned To "Protecting Cultural Property." Matthew Bogdanos, a colonel in the Marine Reserves and an assistant district attorney in Manhattan, writes in the New York Times (3/6, 1.16M) that "it's a pretty tough sell to ask people to care about a bunch of old rocks with funny writing." But "the plunder of Iraq's 10,000 poorly guarded archaeological sites not only deprives future generations of incomparable works of art, but also finances the insurgents. … And what if Americans understood that our failure to appreciate the importance Iraqis place on their history has added to the chaos faced by our troops?" Bogdanos adds, "The lesson for the United States is that we must never again cede the moral high ground on cultural issues like this one. In advance of any future military action, we should assign units the task of protecting cultural property. And all troops scheduled to deploy overseas should receive cultural awareness training; the Archaeological Institute of America has already conducted some seminars at Camp Lejeune in North Carolina."

US Strike Accidentally Kills Nine Civilians. The CBS Evening News (3/5, story 5, :25, Couric, 7.66M) reported, "In Afghanistan, for the second day in a row, civilians were caught in the crossfire as NATO forces targeted militants. A NATO air strike north of Kabul last night killed nine people, including four young children. The bombs destroyed their family's mud brick home. The US military says the strike was meant to target insurgents who had attacked an American air base."

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The New York Times (3/6, Gall, Wafa, 1.16M) reports "a local representative of the provincial council, Suraya Bahadur, who comes from Nejarab district, where the bombing happened, condemned it. 'I condemn both the suicide attacks and the rocket attacks by the enemy of Afghanistan, and also I condemn these type of mistakes,' by American and NATO forces, she said. 'We never want our civilian people to be killed.'" John Sifton, "a senior researcher at Human Rights Watch, which is based in New York, also expressed concern about the level of force." The Washington Post (3/6, A10, Witte, 690K) and Washington Times/AP (3/6, Shah) also report the story.

UN Official Says Afghanistan Could Have Record Opium Crop. The New York Times (3/6, Gall, 1.16M) reports, "Afghanistan's opium harvest could be bigger than last year's record crop, with nearly half of the provinces showing an increase in planting this year, the director of the United Nations Office for Drugs and Crime said here Monday." His office "released an assessment of winter planting trends, which shows an increase in 15 provinces, no change in 6 provinces, and a decrease in 7 provinces. Six of Afghanistan's 34 provinces have no poppies, the study said."

New Intelligence Sparks Renewed Effort To Catch Bin Laden. ABC News' online blog "The Blotter" (3/6, Ross) reports, "Armed with fresh intelligence, the CIA is moving additional man power and equipment into Pakistan in the effort to find Osama bin Laden and his deputy Ayman al Zawahri, US officials tell ABC News. 'Reports that the trail has gone stone cold are not correct,' said one U.S. official. 'We are very much increasing our efforts there,' the official said." ABC adds, "People familiar with the CIA operation say undercover officers with paramilitary training have been ordered into Pakistan and the area across the border with Afghanistan as part of the ramp-up. … Although never publicly acknowledged, Pakistan has permitted CIA teams to secretly operate inside Pakistan."

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Rep. Wilson Says She Complained About Dismissed US Attorney. In a day of fast-moving developments in the widening controversy over the dismissal of several US Attorneys, media coverage focused on several aspects of the controversy. The AP (3/6, Kellman) reports, "The probe into the Bush administration's firings of U.S. attorneys intensified Monday as lawmakers ordered two more ousted officials to tell their stories and the Justice Department said Republican Sen. Pete Domenici had complained repeatedly to the attorney general about one prosecutor." The AP continues, "A second lawmaker from New Mexico, GOP Rep. Heather Wilson, acknowledged that she, too, had complained to the same prosecutor about the slow pace of an investigation. Like Domenici, she denied pressuring the U.S. attorney in her state." The AP adds, "The administration has said eight prosecutors were told to leave, all but one for performance-related reasons. However, Democrats have suggested ever more pointedly that politics was behind many of the dismissals, and the Domenici revelation fueled that idea. … Six of those fired, meanwhile, issued a stiff defense of their conduct and implied that they had had differences with Justice Department officials in Washington. … 'We leave with no regrets, because we served well and upheld the best traditions of the Department of Justice,' the group said in a joint statement released in advance of a Tuesday hearing by a House subcommittee." The AP notes, "The Justice Department, besieged by charges of cronyism, acknowledged that lawmakers — both Republican and Democratic — had complained about several of the eight. … One, David Iglesias of New Mexico, was the subject of four phone calls from Domenici to Attorney General Alberto Gonzales and his deputy questioning whether the prosecutor was 'up to the job,' department spokesman Brian Roehrkasse said. … It's unclear whether Iglesias was aware of the senator's calls to the Justice Department, but he knew of Domenici's interest in his work. Domenici said over the weekend that he had called the prosecutor in October 2006 to ask about the progress of a probe into an alleged Democratic kickback scheme. … Iglesias has said he received calls from two lawmakers — he has not named them publicly — who inquired about the case. He said that he felt pressured by them to rush indictments before the November elections."

USA Today (3/6, Johnson) reports, "Congressional inquiries into the Bush administration's dismissal of eight federal prosecutors deepened Monday, as the House Judiciary Committee announced it would seek subpoenas for two more of the prosecutors." USA continues, "The panel now plans to hear from as many as six of the ousted prosecutors today, and several of them are likely to also appear before the Senate Judiciary Committee. Both panels are investigating whether the administration unfairly dismissed the eight prosecutors — who serve at the pleasure of the president — as political retaliation for their investigative activities. … The House panel's announcement said it would seek testimony from former U.S. attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona. Previously scheduled to testify today were former U.S. attorneys H.E. 'Bud' Cummins of Arkansas, David Iglesias of New Mexico, Carol Lam of Southern California and John McKay of Washington state." USA adds "Administration officials, including Deputy Attorney General Paul McNulty, have said that all but one of the firings were related to the prosecutors' performance. Last month, McNulty told the Senate panel that Cummins was removed

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so he could be replaced by an ex-aide to White House political director Karl Rove. … Since then, the Senate panel has disclosed that Justice had issued generally favorable evaluations of all of the fired prosecutors. And Iglesias, the former U.S. attorney in New Mexico, has said that before he was dismissed in December he was contacted by two unidentified members of Congress who asked about the status of corruption probe looking at Democrats."

The Financial Times (3/6, Masters) reports, "Brian Roehrkasse, DoJ spokesman, said Mr Domenici had complained four times to top officials there about Mr Iglesias but never mentioned the corruption investigation. … 'Any suggestion that any US attorney was removed to inappropriately interfere with any investigation is plainly wrong and ill-conceived,' he said. 'These decisions were based on the individual concerns of each US attorney about their overall performance . . . [including] ineffectively prosecuting departmental priorities areas, failure to follow departmental guidelines or just an inability to lead.'"

ABC News (3/6, Wolf) reports, "The topic of conversation between Iglesias and Domenici was a corruption investigation Iglesias was conducting into an alleged kickback scheme involving New Mexico Democrats. … But the substance of that call is up for debate. Domenici, who admits to placing the call, said he was just interested in the timeframe for any potential indictments stemming from the investigation." ABC adds, "Iglesias, however, has said he felt violated by the call and sensed pressure to bring indictments sooner than he wanted to -- before the November election. The indictments never came. And last week Iglesias was fired by the Department of Justice. … Justice Department spokesmen have said Iglesias was among the attorneys let go because of poor performance."

Gonzales Defends Dismissals. The Wall Street Journal (3/6, A4, Perez) reports, "Attorney General Alberto Gonzales, facing criticism for the firing of eight U.S. attorneys, defended the action as appropriate but said the Justice Department handled the situation poorly. … 'We could have rolled out the decisions more smoothly,' he said in an interview. But he also rejected accusations from Democrats and other critics that the prosecutors were fired for failing to follow the Bush administration's political agenda. … 'To think we made these changes to retaliate or because they didn't carry out certain prosecutions?' he said. 'That did not occur here. I stand by the decision to make the changes.'" The Journal continues, "The tempest has been the latest imbroglio for the Justice Department and Mr. Gonzales, a longtime Bush friend and former White House counsel who has defended the administration's often-controversial law-enforcement programs, from domestic surveillance to the treatment of enemy combatants. … Part of the problem is the Justice Department's contention that the Dec. 7 dismissals were performance related, which came after initial suggestions that the moves were normal turnover. That switch has prompted protests from some of those let go. Some have taken to referring to the firings as the "Pearl Harbor Day Massacre." And some of have said they wouldn't have protested the moves otherwise. … Internal Justice Department documents, reviewed by The Wall Street Journal, show evaluations offering positive reviews for all the prosecutors' work as recently as last March. Mr. Gonzales said the written reviews were among several factors the department used to evaluate prosecutors, which include numbers and types of prosecutions and management issues. … Mr. Gonzales denied any political motivation for the moves. 'I made recommendations to the president' that the changes be made, he said. 'Ultimately, these are presidential appointees.'"

Wilson Complained About Pace Of Iglesias Probes. The Washington Post (3/6, A1, Kane, Eggen) reports, "Rep. Heather A. Wilson (R-N.M.) acknowledged yesterday that she contacted a federal prosecutor to complain about the pace of his public corruption investigations, as the Senate ethics committee signaled that it had opened a preliminary inquiry into a similar communication by her state's senior senator, Pete V. Domenici (R)." The Post continues, "Wilson denied allegations from former New Mexico U.S. Attorney David C. Iglesias that she pressured him to speed up a political corruption investigation involving Democrats in the waning days of her tight election campaign last fall. … 'I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way,' Wilson said in a statement to The Washington Post. 'The conversation was brief and professional.'" The Post adds, "Iglesias…is expected to tell Congress today that Wilson and Domenici were trying to sway the course of his investigation. Domenici acknowledged Sunday that he called Iglesias about the corruption case but said he did not pressure him. The telephone calls to Iglesias by Domenici and Wilson appear to put them in conflict with congressional ethics rules that bar contacts with federal agency officials during most active investigations." The Post adds, "Iglesias and three other ousted prosecutors are scheduled to appear before the Senate Judiciary Committee this morning. The same group and two others are slated to testify in the afternoon before a House Judiciary subcommittee. … The Senate Ethics Committee released a statement yesterday evening declining to address the allegations against Domenici, but it said that anytime a legitimate complaint is filed against a senator, a preliminary inquiry is begun. The statement, from the chairwoman, Sen. Barbara Boxer (D-Calif.), and Sen. John Cornyn (Tex.), the committee's ranking Republican, noted that preliminary inquiries can lead to wider investigations." The Post notes,

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"Wilson said in her statement that many of her constituents had complained about "the slow pace of federal prosecutions" in corruption cases and that one unidentified constituent told her that 'Iglesias was intentionally delaying corruption investigations.' … Wilson also said she was trying to help Iglesias. 'If the purpose of my call has somehow been misperceived, I am sorry for any confusion. I thought it was important for Mr. Iglesias to receive this information and, if necessary, have the opportunity to clear his name.' … Wilson said Iglesias's dismissal occurred 'without input from me.' Justice officials said they are not aware of any contacts by Wilson about Iglesias. But they said Sunday that Domenici complained about him to Gonzales three times in 2005 and 2006 and spoke to Deputy Attorney General Paul J. McNulty in the first week of October 2006."

Democrats Say DOJ Withholding Information On Dismissals. The Washington Times (3/6, Pfeiffer) reports, "Congressional Democrats say half a dozen former federal prosecutors were fired by the Bush administration for political reasons, and they're accusing the Justice Department of withholding information related to the dismissals. … 'Eleven months after the firings, we still haven't gotten straight answers from the Department of Justice, which changed its own story this weekend and admitted the firings weren't based on job performance,' said Rep. Linda T. Sanchez, California Democrat and chairman of the House Judiciary subcommittee on commercial and administrative law." The Times continues, "Both the House and Senate Judiciary committees will hold hearings today with the six former prosecutors. … Supporters of the administration's policy say the firings were not done improperly. U.S. attorneys have four-year terms, but can be removed or replaced at any time, and for nearly any reason, according to federal law. … 'We ought to not lose sight of the fact that president has the power to replace them,' said Sen. Arlen Specter, the ranking Republican on the Judiciary Committee. 'He doesn't have to have a reason. If it is a bad reason, that is different.' … The Pennsylvania Republican added he would listen to the Democrats' accusations of improper firings." The Times notes, "Democrats have specifically cited the case of former prosecutor Carol Lam of San Diego, who prosecuted former Rep. Randy 'Duke' Cunningham, California Republican. Cunningham resigned from office last year after pleading guilty to bribery charges in connection to a case involving military contractors. Cunningham received an eight-year sentence. … Mrs. Lam, who was appointed by Mr. Bush in 2002, was fired after the Justice Department issued a request for her dismissal in January. According to the Justice Department, Mrs. Lam was fired for not aggressively pursuing the prosecution of border crimes. … The other five former U.S. attorneys scheduled to testify today include Daniel Bogden of Las Vegas, Paul K. Charlton of Phoenix, Bud Cummins of Little Rock, Ark., David C. Iglesias of Albuquerque, N.M., and John McKay of Seattle."

DOJ Official Said To Have Threatened Dismissed US Attorney. McClatchy Newspapers (3/6, Taylor) reports, "A high-ranking Justice Department official told one of the U.S. attorneys fired by the Bush administration that if any of them continued to criticize the administration for their ousters, previously undisclosed details about the reasons they were fired might be released, two of the ousted prosecutors told McClatchy Newspapers." McClatchy continues, "While the U.S. attorney who got the call regarded the tone of the conversation as congenial, not intimidating, the prosecutor nonetheless passed the message on to five other fired U.S. attorneys. One of them interpreted the reported comments by Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, as a threat." McClatchy adds, "Justice Department officials denied that the conversation with the U.S. attorney ever took place, and Elston said he called several of the fired U.S. attorneys but never made any such comments. … 'I had no conversation in which I discussed with any U.S. attorney what they should or should not say to the media regarding their removal,' Elston said. … The two prosecutors who described the call demanded anonymity because, they said, they didn't want to antagonize the Justice Department further." McClatchy notes, "Justice Department spokesman Brian Roehrkasse criticized McClatchy for running the story. 'It is unfortunate that the press would choose to run an allegation from an anonymous source from a conversation that never took place,' he said." McClatchy adds, "According to one of the fired U.S. attorneys, Elston made the comments during a telephone conversation after Democrats began questioning whether the administration was attempting to purge more independent-minded Republican appointees in order to replace them with more partisan candidates. … According to the former U.S. attorney, Elston made a 'pointed comment that indicated that somehow anyone who talked might become more embarrassed if the story continued on.'"

DOJ Official Who Told US Attorneys Of Dismissal Quits. The New York Times (3/6, Johnston) reports, "The Justice Department official who told seven United States attorneys in December that they were being dismissed said Monday that he was resigning." The Times continues, "Michael A. Battle, director of the Executive Office for United States Attorneys, said in a statement that his departure was unrelated to the dismissals, but Democrats said he appeared to be a casualty of the uproar over the firings. … Mr. Battle, formerly a United States attorney in Buffalo, is not believed to have played a significant role in the decision to remove the United States attorneys, although Justice Department officials said he had accepted it." The Times adds, "Mr. Battle said in his statement that he had been planning to leave the agency

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since last June. … But Democrats in Congress said the timing of his departure, on March 16, appeared unusual."

The Hill (3/6, Schor, Crabtree) reports, "The circumstances surrounding Battle's departure add to questions Democrats plan to ask about whether politics played any role in the firings of seven U.S. attorneys, some of whom were pursuing public-corruption cases against GOP lawmakers. The House and Senate Judiciary committees will hold hearings featuring the testimony of several of the fired U.S. attorneys today to investigate the matter." The Hill continues, "A Department of Justice staffer said only that the public-affairs office planned to send out a statement about Battle's resignation; it did not do so by press time yesterday. … House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and Judiciary Subcommittee on Commercial and Administrative Law Chairwoman Linda Sánchez (D-Calif.) vowed to 'do everything in their power to unearth the facts surrounding Battle's resignation.' … 'The wheels seem to be coming off the Bush administration's increasingly hollow defense of its decision to fire eight U.S. attorneys,' Sánchez said. 'The administration's explanation of Mr. Battle's apparent resignation is as murky as everything else they have told us about this case.'"

Former Maryland US Attorney Says He Was Pressured To Resign. The New York Times (3/6, Lichtblau) reports, "The former federal prosecutor in Maryland said Monday that he was forced out in early 2005 because of political pressure stemming from public corruption investigations involving associates of the state's governor, a Republican. … 'There was direct pressure not to pursue these investigations,' said the former prosecutor, Thomas M. DiBiagio. 'The practical impact was to intimidate my office and shut down the investigations.'" The Times continues, "Mr. DiBiagio, a controversial figure who clashed with a number of Maryland politicians, had never publicly discussed the reasons behind his departure. But he agreed to an interview with The New York Times because he said he was concerned about what he saw as similarities with the recent firings of eight United States attorneys. … As in those cases, there are conflicting accounts of the circumstances that led to Mr. DiBiagio's ouster. The Justice Department disputes his version. … His office had been looking into whether associates of Gov. Robert L. Ehrlich Jr. had improperly funneled money from gambling interests to promote legalized slot machines in Maryland. Mr. DiBiagio said that several prominent Maryland Republicans had pressed him to back away from the inquiries and that one conversation had so troubled him that he reported it to an F.B.I. official as a threat. … But he said that the Justice Department had offered little support and that that made it 'impossible for me to stay.'" The Times notes, "Several current and former officials in the Baltimore office said Mr. DiBiagio voiced concerns in 2004 that the corruption inquiries were jeopardizing his career, a view that they shared. … The Justice Department rejected Mr. DiBiagio's explanation. An official in the department, David Margolis, said he told Mr. DiBiagio in 2004 that he had to leave because 'we had lost confidence in him.' … Mr. Margolis said the prosecutor's harsh management style had caused resentments in the office that ran 'wide and deep' and called 'an absolute fairy tale' the idea that Mr. DiBiagio's departure was tied to the gambling case or any other investigation."

Testimony Could Spark Ethics Probes. Roll Call (3/6, Van Dongen) reports, "A pair of Judiciary panel hearings today featuring testimony from at least four U.S. attorneys who were summarily fired by the Justice Department could spark the first major ethics probes of the 110th Congress." Roll Call continues, "The star witness at this morning's Senate Judiciary hearing and this afternoon's House Judiciary session will be ousted U.S. Attorney for New Mexico David Iglesias, who has told various media outlets that two New Mexico lawmakers contacted him in mid-October 2006 to inquire about the pace of an ongoing corruption probe of local Democrats. … Sen. Pete Domenici (R-N.M.) already has admitted to, and apologized for, making a phone call to Iglesias in mid-October. But Domenici denied doing anything improper, saying in a statement over the weekend that 'at no time in that conversation ... did I ever tell [Iglesias] what course of action I thought he should take on any legal matter.'" Roll Call adds, "On Monday, ethics attorneys off Capitol Hill said that Domenici's behavior involved seriously suspect activity and could result in Senate Ethics Committee action, a major investigation by the Justice Department or even an independent counsel. … 'Having been in Washington for 35 years, I'm sure we're headed to a full-blown obstruction investigation of some variety that will involve not only the Members of Congress but the Justice Department itself,' said Stan Brand, a former House general counsel who now works at Brand Law Group. … 'This isn't some rulemaking, this is serious stuff and I don't know where it ends or what the outcome is, but it's going to have to be investigated,' Brand added." Roll Call notes, "The Domenici revelations further fuel Democratic charges that there has been improper political interference by the Bush administration in judicial proceedings. They say at least seven U.S. attorneys were unfairly fired for political reasons and are set to be replaced with political cronies. The Justice Department maintains that the seven — with the exception of Bud Cummins III, the ex-U.S. attorney for Eastern Arkansas — were dismissed for 'performance based' reasons. … 'More than any other Justice Department officials, U.S. attorneys must be above reproach,' said Sen. Charles Schumer (D-N.Y.), who will chair today's Senate Judiciary hearing. 'Today's revelations call into serious question

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whether they allowed such independence in this administration.' … Schumer also questioned the timing of the imminent departure from the Justice Department of Mike Battle, the director of the executive office of U.S. attorneys. … 'This raises another question about a subject where there are already too many unanswered questions,' Schumer charged."

The Los Angeles Times (3/6, Serrano) reports that "a left-leaning congressional watchdog group on Monday called for a Senate ethics investigation into Sen. Pete V. Domenici (R-N.M.) for allegedly interfering with the work of the U.S. attorney in his state. That would be a violation of Senate rules. And the Justice Department revealed Monday that Domenici telephoned Atty. Gen. Alberto R. Gonzales or his deputy four times in the last two years to complain about the U.S. attorney in New Mexico, David Iglesias, and whether he was 'up for the job.'" The Times continues, "The Citizens for Responsibility and Ethics in Washington, which characterizes itself as progressive, filed a formal complaint Monday against Domenici, asking the Senate Select Committee on Ethics to investigate. 'He appears to have violated the prohibition on contacting agencies based on political considerations,' said the watchdog group's executive director, Melanie Sloan. … But others wonder if it isn't the Democrats who are playing politics. … William B. Canfield, a conservative lawyer and a former Senate ethics committee staffer, said that Domenici, a senator since 1973, would be 'too sophisticated a guy to have said anything to suggest he was improperly leaning on the U.S. attorney.' … 'U.S. attorneys probably take phone calls from members on a regular basis,' Canfield added. 'And there's nothing in the ethics rules in the Senate that says you can't make calls for a status report on where an investigation is going.'"

Yang Says Her Departure Was Unrelated To Dismissals. The Hill (3/6, Crabtree) reports, "A former U.S. attorney for Los Angeles, Debra Wong Yang, dismissed questions about the timing of her departure, which occurred about a month before several other U.S. attorneys were fired late last year." The Hill continues, "Wong Yang was heading up the investigation into Rep. Jerry Lewis's (R-Calif.) ties to a lobbying firm and the millions of dollars in contracts the firm's clients received from Congress. Wong Yang, the first Asian-American woman to serve as a U.S. attorney, left her post with Justice to become a partner at Gibson, Dunn and Crutcher, the law firm representing Lewis. She will co-chair the firm's crisis-management practice group, along with Washington, D.C., partner Theodore B. Olson, a former Bush administration solicitor general. … Wong Yang said her departure was a personal decision based on financial concerns and the fact that she is a single mother, and had nothing to do with the firings of other U.S. attorneys. She also said her departure would not affect the case against Lewis in any way, noting that the Justice Department said it would have allowed her to stay in the position 'as long as I wanted to.' … 'The investigation [into Lewis] would never be delayed or affected in any way because of my departure,' she said. 'We had 260 attorneys in that office.'"

Issa To Testify About Lam Dismissal. The North County Times (3/6, Bennett) reports, "U.S. Rep. Darrell Issa will testify Tuesday at one of two congressional hearings addressing the firing of former San Diego U.S. Attorney Carol Lam and a handful of other U.S. attorneys." The Times continues, "The hearings come in the wake of pressure from Democrats who have raised questions about whether the recent sacking of Lam and the other U.S. attorneys was politically motivated. … Issa has been one of the chief critics of the Yale-educated Lam, who left her post on Feb. 15 after being asked to resign in December. Issa criticized Lam for what he saw as a failure to prosecute illegal immigrant smugglers." The Times adds, "Issa said Monday that Lam lost her job because she failed to fulfill part of her mandate. … 'Clearly she needed to be fired for not implementing policy over a long period of time,' the Vista Republican said during a telephone interview. Issa's 49th District covers much of northern North County and Southwest Riverside County. … Starting in early 2004, Issa and other Republican members of Congress began sending letters to Lam and the attorney general's office complaining about the job she was doing. … Issa, who will testify before a House panel, said he takes 'maybe one twentieth' of the credit for Lam's dismissal, adding that he believes that California Democratic U.S. Sen. Dianne Feinstein also played a role. … On Monday, Issa's office sent to the North County Times a copy of a June letter from Feinstein to U.S. Attorney General Alberto Gonzales in which Feinstein expressed concerns about the low rate of human smuggler prosecutions by Lam's office. … A spokeswoman for Gonzales said privacy issues prevented her from talking about performance review details but confirmed Issa's position that the San Diego office had the lowest number of prosecutions of any U.S. attorney's office on the Southwest border. … The spokeswoman, Tasia Scolinos, also said the performance reviews Feinstein referred to evaluated the U.S. attorneys' offices as a whole and 'not necessarily ... the U.S. attorneys themselves.'"

Formerly Low-Profile Iglesias Now At Center Of Controversy. The Albuquerque Tribune (3/6, Gisick) reports, "Low-profile during his five years as New Mexico's U.S. attorney, David Iglesias now finds himself at the center a growing national controversy." The Tribune continues, "Although no member of the New Mexico delegation sits on the two congressional committees that will interview Iglesias and other dismissed U.S. attorneys Tuesday, Republicans are expected to ask tough questions about Iglesias' tenure. … Democrats say they believe Iglesias and other federal prosecutors were political victims, and want to know more."

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The Tribune adds, "In a written statement this weekend, Domenici apologized for his October phone call to Iglesias, then said he had been concerned for several years about the slow pace of prosecutions. … 'New Mexico needed a new U.S. attorney,' Domenici concluded."

More Commentary. The Washington Post (3/6, A18) editorializes, "When members of Congress call, people listen -- especially if those people are political appointees who owe their positions in part to support from the lawmaker at the other end of the line. That is why the phone calls made to David C. Iglesias, the since-replaced U.S. attorney in New Mexico, by home-state Republicans Sen. Pete V. Domenici and Rep. Heather A. Wilson are so troubling. The Senate and House ethics committees have a duty to investigate." The Post continues, "Mr. Iglesias should have reported the lawmakers' phone calls to the Justice Department in Washington, as protocol dictates. He is to testify on Capitol Hill about the calls today. That may be illuminating. But more urgent is for the Justice Department to stop hiding behind vague assertions of 'performance-related issues' and explain, finally and clearly, why Mr. Iglesias and seven other U.S. attorneys were dismissed."

In a piece posted on Slate.com (3/6), Dahlia Lithwick writes, "The U.S. attorneys purge scandal is heating up. The House and Senate have convened hearings for Tuesday, promising an orgy of named names and pointed fingers. Sen. Pete Domenici, R-N.M., now admits what he once denied: that he may have had a hand in the removal of New Mexico's U.S. attorney. And the senior Justice Department official who personally canned the U.S. attorneys has just announced the date of his resignation. … But as the political scandal spreads, the question at its heart gets less and less public attention: Who changed the Patriot Act to make it easier to replace U.S. attorneys without oversight, and how did it happen with nobody looking?" Lithwick continues, "U.S. attorneys are well aware that they serve at the president's pleasure, but new wording in the Patriot Act made it worth the president's while to fire a big, fat lot of them and hire a group of new ones. And while certainly half the scandal is that the Justice Department did that—let eight U.S. attorneys go, seemingly for no reason—we seem to have forgotten that even without the mass firings, this law had been changed in the sneakiest way imaginable. … On Feb. 6, when the Senate held hearings on the issue of prosecutorial independence, former judiciary committee Chairman Sen. Arlen Specter, R-Pa., proudly claimed to have been as clueless as the rest of us. Denying New York Democratic Sen. Charles Schumer's claim that he or his staff had 'slipped the new provision into the Patriot Act in the dead of night,' Specter asserted, 'The first I found out about the change in the Patriot Act occurred a few weeks ago when Sen. [Dianne] Feinstein approached me on the floor.' … Specter added that he only looked into how the provision was altered after Feinstein told him about it. As he explained, 'I then contacted my very able chief counsel, Michael O'Neill, to find out exactly what had happened. And Mr. O'Neill advised me that the requested change had come from the Department of Justice, that it had been handled by Brett Tolman, who is now the U.S. attorney for Utah, and that the change had been requested by the Department of Justice because there had been difficulty with the replacement of a U.S. attorney in South Dakota.'" Lithwick adds, "Thus, at least according to Specter, O'Neill had merely been following orders from the Department of Justice when he snuck new language into the Patriot Act that would consolidate executive branch authority. … Now, it's not necessarily outrageous that Sen. Specter didn't know what his subordinate slipped into the legislation. … But this was not some minor technical amendment. It was a substantial enhancement of executive power. So, Specter now finds himself in an exceedingly strange position: His staff either lied to him or misled him about what he acknowledges to be a significant legal change."

In a column for the Washington Post (3/6, A19), Eugene Robinson writes, "So this is what accountability looks, sounds and feels like. It's been so long -- since George W. Bush moved into the White House -- that we hardly recognize what used to be a commonplace phenomenon, as much a part of Washington's behavioral DNA as megalomania and mendacity." Robinson continues, "This administration's nonchalance about its most grievous transgressions has been stunning, and the only inference that fits the facts is that the people running our government don't really believe in government at all. They certainly haven't taken it seriously." Robinson adds, "Before Gates arrived, it was awfully difficult to get fired by this administration for failing to do your job. Brown hardly counts, since he never should have been hired in the first place. Donald Rumsfeld presided over the Iraq war mess for years before his policies were essentially rejected by the American people last November. Generally, though, incompetence has not been a firing offense. … Political incorrectness, on the other hand, seems to be more than enough to get you shoved aside. … In December, the Justice Department fired eight U.S. attorneys -- top federal prosecutors -- in New Mexico, Arizona, Nevada, California, Washington and Arkansas. The administration acknowledges that one of the prosecutors, Bud Cummins of Little Rock, was ousted so his job could be given to a former aide to White House political czar Karl Rove. Hey, what's wrong with that? … Another of the fired prosecutors, David C. Iglesias, said he was being pressured by two members of Congress to speed up a criminal investigation that involved a Democratic legislator. The pressure came last fall, before the midterm election, Iglesias said. Sen. Pete Domenici (R-N.M.) admitted on Sunday that he called Iglesias and asked about the

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investigation, saying he was looking for 'an idea of what time frame we were looking at' -- but he denies pressuring Iglesias. … The White House acknowledges that complaints from members of Congress factored into the decision to fire the prosecutors, who say they had no prior indication of unhappiness with their performance."

The Los Angeles Times (3/6) editorializes, "Last month, Deputy Atty. Gen. Paul J. McNulty assured the Senate Judiciary Committee that none of the removals were designed to thwart ongoing investigations or to punish prosecutors for investigating public corruption. At the same hearing, McNulty said that the firings were 'performance related.' Yet some of the dismissed prosecutors had received positive evaluations. This seeming contradiction needs to be cleared up, not just by Congress but by the Justice Department's inspector general. … That said, we continue to oppose a proposal by Sen. Dianne Feinstein (D-Calif.) that would return to federal judges the power to appoint interim U.S. attorneys. The bill is grounded in a suspicion that the Bush Justice Department wants to install cronies in U.S. attorneys' jobs indefinitely and without Senate confirmation — a claim the administration denies and must now refute with prompt presidential nominations subject to Senate confirmation." The Times adds, "Even after being approved by the Senate, a U.S. attorney — like a member of the Cabinet — is an officer of the executive branch who under our system of government can be removed by the president at a moment's notice. Congress has no business asking whether such dismissals are wise, but it has every right to determine whether they are intended to thwart or politicize the administration of justice. That question should be the focus of today's hearings."

The Houston Chronicle (3/6) editorializes, "The unprecedented dismissal of eight top U.S. prosecutors at the behest of the White House late last year finally is getting the attention it deserves. House and Senate judiciary committees are preparing to question the ousted U.S. attorneys." The Chronicle continues, "There are indications the purge was anything but the routine bureaucratic shuffle claimed by Justice Department spokesmen. Attorney General Alberto Gonzales' deputies gave conflicting explanations as to why the officials were forced to resign. … All of the ousted attorneys are Bush appointees, with good records as prosecutors. McNulty testified at a congressional hearing that the shake-up occurred because of performance-related issues, but he was mistaken. Most of the attorneys' personnel evaluations turned out to be highly complimentary." The Chronicle aedds, "The most innocuous explanation for the mass firing is that White House officials simply wanted to create vacancies so cronies could burnish their resumés during the closing years of Bush's presidency. … Considering that at least one of the dismissed prosecutors was highly effective in bringing corruption cases against high-ranking Republicans, partisan revenge probably played a role in some of the firings. … Getting rid of dedicated federal prosecutors in order to dispense their jobs as short-term plums places patronage above justice. If some government attorneys were dismissed in order to derail or speed up investigations for partisan gain, such conduct borders on the criminal."

CORPORATE SCANDALS:

High Court Turns Down Ebbers Appeal. The AP (3/6) reports, "The Supreme Court turned down an appeal Monday from former WorldCom chief Bernard Ebbers, who is serving a 25-year prison sentence for fraud and conspiracy." The AP continues, "The justices rejected without comment Ebbers' bid for review of his 2005 conviction based on his contention that he was denied a fair trial. … Ebbers argued in court papers that the trial judge improperly allowed prosecutors to use testimony from witnesses who had been given immunity, but denied immunity to potential defense witnesses. … The judge also instructed jurors that they could find Ebbers guilty if they believed he suspected a crime was being committed but intentionally looked the other way." The AP adds, "A federal appeals court upheld the conviction last year, acknowledging that Ebbers' sentence for a white-collar crime was longer than sentences routinely imposed by many states for violent crimes. The 2nd U.S. Circuit Court of Appeals said Ebbers' actions to hide WorldCom's financial problems were substantial and had cost investors dearly. … Ebbers was convicted for his role in the massive fraud that drove Clinton, Miss.-based WorldCom into bankruptcy in 2002."

Canadian Holding Company Pleads Guilty In Hollinger Fraud Case. The AP (3/6, Robinson) reports from Chicago, "A private Canadian holding company used by former media baron Conrad Black to control the Hollinger International newspaper publishing empire pleaded guilty Monday to defrauding Hollinger." The AP continues, "Toronto-based Ravelston Inc. entered its plea to a single count of mail fraud as lawyers for Black and the federal government prepared to start jury selection March 14 for his racketeering and fraud trial. … Black, 62, and three other former Hollinger executives are charged with plundering $80 million from Hollinger, mainly by selling off hundreds of community newspapers across the United States and Canada." The AP adds, "Black allegedly received sizable payments from the buyers in exchange for signing agreements not to compete with them by starting or buying newspapers in markets where the ones sold by Hollinger were circulating. … Prosecutors

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say the non-compete money should have gone to Hollinger shareholders and not into the pockets of Black and other executives. … Black and the three other executives have pleaded not guilty and vowed to fight the charges." The AP notes, "Ravelston had been trying for weeks to plead guilty, but the company was blocked until last week in a Canadian court from going ahead with the plea. … Black owns 65.1 percent of Ravelston and had sought to block the plea. But the company is in receivership and the receiver, who is responsible to the creditors, won permission from a Canadian court last week to go ahead and plead guilty."

Prosecutors Face Deadline In Stock Option Backdating Cases. The San Jose Mercury News (3/6, Wolverton) reports, "Federal prosecutors investigating the backdating of stock options are bumping up against a legal deadline that will probably affect when they file charges and what charges they bring." The News continues, "Under federal law, prosecutors typically have five years to bring charges of securities fraud. For many of the backdating cases, that time window could be closing, because the misdating of stock options largely ended in 2002 thanks to new regulations. … 'It's a prevailing issue in most of the cases,' said one Bay Area defense attorney, who asked not to be named. Added the attorney, who is a former federal prosecutor, 'Is the government under pressure (to make decisions) sooner rather than later? The answer is yes.'" The News adds, "The five-year deadline also means that the government could soon lose the chance to file charges on some of the most egregious instances of backdating. … There are ways around the deadline issue: The government can attempt to pause the clock, for instance, or file charges related to the backdating (for example, conspiracy or lying to prosecutors) if not on the backdating itself. But prosecutors can't get the clock to stop permanently, and the related charges could well be easier for defendants to challenge and can carry lighter penalties. … 'There's some room for creativity,' said another former federal prosecutor, who also asked not to be named. 'But they don't want to risk that. They want to go with the most solid theory they have.'" The News notes, "The U.S. Department of Justice investigated alleged backdating at Brocade Communications Systems for 18 months before moving to indict former Chief Executive Greg Reyes. Indictments of officials at other companies could take a fraction of that time, in part because of concern about this legal ticking clock. … Indeed, the pace of the overarching backdating investigation appears to have quickened. In recent days, federal prosecutors secured a guilty plea from a former executive at Monster Worldwide in a backdating case and are reportedly close to bringing similar charges against the former general counsel of McAfee. Take-Two's former CEO also recently pleaded guilty to backdating in New York state court. … Luke Macaulay, a spokesman for the U.S. Attorney's Office in San Francisco, declined to say whether the government felt pressured by the five-year deadline or if it would prompt quicker actions in outstanding cases. … 'It's something we're aware of,' said Macaulay, whose office has been handling the lion's share of the backdating investigations. 'It's something we take into account in the final analysis of how we are investigating and prosecuting cases.'"

Judge Declares Mistrial In Seidman Fraud Case. The Wall Street Journal/AP (3/6, C4) reports, "A judge declared a mistrial in a $170 million fraud case against accounting firm BDO Seidman LLP after an attorney for the Portuguese bank suing the firm mentioned the suicide of one of the company's executives, against the judge's orders. … Miami-Dade County Circuit Judge Jose M. Rodriguez agreed with BDO Seidman that it couldn't receive a fair trial." The AP continues, "A lawyer for Banco Espirito Santo SA last week mentioned the suicide while questioning a witness. The judge had prohibited references to the suicide, in an order issued before the trial began. … In a 2004 lawsuit, Banco Espirito Santo accused BDO Seidman of failing to uncover the fraud at a former partner of the bank, E.S. Bankest LLC. The bank said BDO Seidman, hired to audit Bankest's books, failed to find signs of the fraud beginning in the late 1990s in part because the firm had financial ties to another Bankest partner." The AP adds, "The Big Four accounting firms typically settle high-stakes cases. Those actions often involve damage claims that run to the billions, rather than millions, of dollars. But BDO, along with fellow second-tier firm Grant Thornton LLP, are often willing to risk a trial. … A lawyer representing BDO Seidman, Mark Schnapp, argued that the jury would associate the suicide with the uncovering of fraud at the financial-services firm, a connection that was never suggested."

RIM To Restate Earnings Amid Options Backdating Probe. The Wall Street Journal (3/6, A3, Vascellaro) reports, "In the latest fallout from the stock-options backdating scandal, Research in Motion Ltd. said it made widespread accounting errors in issuing some 3,000 improperly dated options grants going back to the 1990s and would take a roughly $250 million restatement." The Journal continues, "Co-Chief Executive Jim Balsillie, a recipient of some of the grants improperly accounted for, stepped down as chairman of RIM. He and co-CEO Mike Lazaridis, who also received options, agreed to pay about $4.25 million each 'to assist RIM in defraying costs' from the board probe and restatement, the company said. … Though some executives have repaid some gains from backdated shares, no executives have made such payments in the unfolding backdating scandal." The Journal adds, "RIM, the maker of

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the popular BlackBerry hand-held device, said all options granted before late February 2002 and approximately 321 grants made between that time and August 2006 were improperly accounted for. The 321 grants represent approximately 63% of the grants made by the company after Feb. 28, 2002. Correcting the accounting likely will cut earnings up to the end of RIM's fiscal year 2006 by $250 million, a much larger restatement than investors had expected. In September, RIM indicated it would have to restate between $25 million and $45 million in results. The company didn't name a new chairman. … RIM posted $382 million in net income on $2.1 billion in revenue in its most recently reported fiscal year, ended March 4, 2006. RIM said the announcement yesterday came after a seven-month probe by a special board committee. … RIM said an informal investigation is continuing by the Securities and Exchange Commission and the Ontario Securities Commission. … The improprieties identified by the board included the practice of backdating options -- that is, pretending they were issued at an earlier time than they actually were, when RIM's share price was lower. Such backdating can increase the payoff for recipients by setting an artificially low strike price, increasing the gain when the options are exercised. About 140 companies are under investigation for backdating."

Blackberry Ousts Chairman, Restate Earnings. The Washington Post/Bloomberg (3/6, D3, Fournier, Heiskanen) reports, "Research in Motion, maker of the BlackBerry e-mail phone, will restate earnings by about $250 million and said James Balsillie will give up his post as chairman following a review of its stock-options grants." Bloomberg continues, "Research in Motion did not find intentional misconduct by its executives, according to a statement released by the company, based in Waterloo, Ontario. The restatements, which are not yet complete, cover more than three years of results dating back to 2004." Bloomberg adds, "The adjustment exceeds an earlier prediction by Research in Motion, which forecast in January that restatements would cut past earnings by more than $45 million. In concluding its options probe, the company said Balsillie would remain co-chief executive as it separates the roles of chairman and chief executive to upgrade corporate governance. … Research in Motion is one of at least 200 companies that have disclosed internal or federal investigations into options. Investigators are trying to determine whether companies inflated the value of employee options by backdating or timing the grants to coincide with days when the stock price was low."

McAfee Chooses EMC Official As New CEO. The Wall Street Journal (3/6, A3, Vara, Lublin) reports, "McAfee Inc., trying to move past fallout from a federal investigation of its stock-options grants and revive its growth, named EMC Corp. executive David DeWalt as its new chief executive." The Journal continues, "The hiring of Mr. DeWalt, EMC's head of world-wide customer operations, comes as McAfee tries to stabilize its executive bench after a string of financial debacles, including probes into improperly dated stock-options grants. Mr. DeWalt, a 42-year-old software industry veteran, will be the Santa Clara, Calif., security-software maker's fourth CEO in six years. … George Samenuk, McAfee's last permanent chief executive before Mr. DeWalt, resigned in October after an internal probe found accounting irregularities related to stock-options grants. Last month, a Securities and Exchange Commission complaint claimed that Mr. Samenuk had known about a change to a 2002 stock-option grant made in his favor by a subordinate. The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in manipulating options and followed a criminal indictment of Mr. Roberts. Mr. Samenuk hasn't been charged." The Journal adds, "Mr. DeWalt, who starts at McAfee on April 2, is expected to clean up the mess. The company plans to restate several quarters of past financial results in the wake of the stock-options problems. Interim chief Dale Fuller, the board member who temporarily replaced Mr. Samenuk, will remain on the board. Chuck Robel will remain chairman. … Mr. DeWalt joins McAfee as the security-software industry enters a more difficult phase after years of go-go growth. McAfee's antivirus software for home users and companies was once in demand as computer users sought to protect themselves against viruses and worms. But new threats like 'phishing' have displaced the old ones, leaving McAfee and other security-software makers scrambling to catch up. Priorities have also shifted at businesses, where security officers are focused on new problems like keeping corporate data from getting lost or stolen. McAfee recently launched products to fight phishing and data leakage, but those areas are already crowded."

New York AG Names New Attorney In Grasso Case. The Wall Street Journal (3/6, C7, Lucchetti, Koppel) reports, "New York Attorney General Andrew Cuomo named lawyer Benjamin E. Rosenberg to be his chief trial counsel, a role that will include handling high-profile cases such as the long fight against former New York Stock Exchange Chief Executive Dick Grasso." The Journal continues, "Mr. Rosenberg, a partner with law firm Dechert LLP, will start in the state's law-enforcement office Monday, said a spokesman for the attorney general's office. His salary will be $140,000. Mr. Rosenberg, 48 years old, worked on several high-profile white-collar cases while at Dechert, said the attorney general's spokesman." The Journal adds, "The attorney general's office won a partial summary judgment in the Grasso case last year, but Mr. Grasso is appealing. A decision on the appeals is expected in coming months, and if Mr. Grasso loses, he may have to give $100 million or more

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of his compensation back to the NYSE, where he worked for decades. Mr. Grasso has been fighting the case and has said he did nothing to warrant giving back part of his pay package. … Mr. Cuomo's predecessor, New York Gov. Eliot Spitzer, brought the case. Mr. Spitzer harshly criticized Mr. Grasso for collecting a pay package of $187.5 million while at the NYSE, which at the time was a not-for-profit company under New York state law."

CRIMINAL LAW:

Libby Jury Remains Focused On Cooper Conversation. The Washington Post (3/6, A3, Leonnig, Goldstein, 690K) reports jurors "in the perjury trial of I. Lewis 'Scooter' Libby indicated yesterday they remain focused on whether Vice President Cheney's former chief of staff lied to the FBI about a July 12, 2003, conversation with Matthew Cooper, then a reporter for Time magazine." In a note "to the presiding judge late yesterday afternoon, jurors asked three questions about how they should decide whether Libby is guilty of making a false statement to investigators about his conversation with Cooper. After sending the note, the jury concluded its ninth day of deliberations without reaching a verdict." During that time, the jury "has sent U.S. District Judge Reggie B. Walton five questions about Libby's statements to the FBI regarding his conversation with Cooper."

The New York Times (3/6, 1.16M) reports the jury "suggested on Monday that some of its members were deeply uncertain about one of the five felony charges. Before the jurors departed at the end of their ninth day of deliberations, they sent a note to Judge Reggie B. Walton asking for clarification of Count 3, in which Mr. Libby is charged with giving a false statement to an agent of the Federal Bureau of Investigation." In the discussions Judge Walton "had with both sides' lawyers, it appeared that the jury was asking whether its members might consider Mr. Libby's testimony to the grand jury in March 2004 to help determine whether he made a false statement in his F.B.I. interview six months earlier."

FBI Investigating Wal-Mart Technician Who Tapped Phone Conversations. The Financial Times (3/6, Birchall) reports the FBI "is investigating the activities of a Wal-Mart 'technician' who was fired by the retailer after it learnt that the employee had been intercepting electronic messages transmitted by people outside the company. A company spokeswoman said the employee had used personal equipment to intercept all text messages sent 'within a few miles' of Wal-Mart's Bentonville headquarters, and had collected messages containing certain key words, without giving more details.

The Wall Street Journal (3/6, A4, McWilliams) reports, "Federal investigators are probing a Wal-Mart Stores Inc. employee's electronic interception of telephone conversations and text messages of other employees and outsiders, including a New York Times Co. reporter. People familiar with the issue said the criminal probe targets an employee who was searching for the identities of those who had leaked embarrassing company memos to the newspaper and others. Wal-Mart has been the subject of articles by the Times and others for its health-care, wage and benefit policies. The U.S. attorney for Western District of Arkansas confirmed it has begun a probe after being notified by the Bentonville, Ark., retailer of the recordings and electronic interceptions. Deborah Groom, first assistant U.S. attorney, declined to say whether it had subpoenaed records or interviewed employees of the world's largest retailer. Mona Williams, a Wal-Mart vice president, said the retailer fired two employees of its computer-systems department as a result of a nearly two-month internal review. One was a manager, who was dismissed yesterday. A third employee, also a computer-systems unit manager, was disciplined but not fired for 'failure to carry out management duties,' Ms. Williams said." Williams "confirmed agents of the Federal Bureau of Investigation were carrying out the probe for the U.S. Attorney's office."

The New York Times (3/6, Creswell) reports, "the United States attorney's office for the Western District of Arkansas and the Federal Bureau of Investigation are assessing the actions of the employee and others inside Wal-Mart to determine whether federal and state laws were broken and whether they have jurisdiction in the matter, according to spokesmen for the investigators' offices. Wal-Mart said the technician was not authorized to monitor and tape the conversations between members of its media relations staff and Michael Barbaro, a retail reporter for The Times. The company did not say what led the technician to make the recordings or why Mr. Barbaro's conversations were the target. Over the last year, Mr. Barbaro has written dozens of articles about Wal-Mart, including some that were based on internal company documents that were given to him by union-financed groups that were critical of Wal-Mart's business practices."

The Washington Post (3/6, D3, Mui) reports, "A spokesman for the FBI did not return several phone calls or respond to an e-mail asking whether an investigation was underway."

The AP (3/6) reports, "FBI officials in Washington said Monday the agency is reviewing the information 'to determine if there was a violation of federal law and if the FBI has jurisdiction.'"

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Newark Employee Accused Of Defrauding Cisco Systems. The AP (3/6, Robertson) reports, "A computer technician working for the city of Newark, N.J., was arrested on charges he defrauded technology giant Cisco Systems Inc. of more than $10 million by cheating one of the company's programs for replacing broken or defective parts. Michael Kyereme, 40, of Piscataway, N.J., was arrested Friday on a charge of mail fraud and made his initial appearance in Newark federal court on Monday, according to the FBI. He will remain in custody at least until a bail hearing Thursday. Kyereme worked as independent contractor for Newark, assisting city employees when their computers needed troubleshooting, the FBI said. … According to the criminal complaint, Kyereme ordered about 280 parts from Cisco since August 2002 _ some worth more than $250,000 _ and made false claims that they were replacements for Cisco parts in the city's computer system that were 'dead' or 'not responding.'"

Rhode Island Prosecutor Heads To New Orleans To Fight Crime. In a story distributed by Scripps Howard News Service (DC) (3/6, Stanton), the Providence Journal reports, "Federal prosecutor Richard Rose makes presentations at schools on a regular basis. He has T-shirts and runs through the names of those killed by gang violence in Providence." The Journal continues, "During the past few years, Rose has made a program called Street Smarts his mission as the anti-gang coordinator for the Rhode Island U.S. Attorney's office. He has spoken to more than 3,400 schoolchildren about the dangers of the streets, relating his own experiences as a fatherless black youth growing up in Providence. … Now Rose, the man best known for prosecuting ex-Providence Mayor Vincent A. Cianci Jr., is headed to New Orleans, where death is a near-daily occurrence in the wake of Hurricane Katrina in 2005." The Journal adds, "Rose, 48, is part of a federal task force of prosecutors and agents from throughout the country who will spend the next six months in the Crescent City, combating the escalating gun violence. He is among the second wave of federal reinforcements in a program that began last year. On Wednesday, Rose will report for duty at the U.S. Attorney's office there. … 'We've got to take the cowboys off the streets,' said Rose, in an interview last week. 'They had 161 murders last year, in a city of 200,000. Two weeks ago they had seven shootings in nine hours, five of them fatal -- that's a whole year for us!' … Katrina overwhelmed the city's law-enforcement structure, he noted. Floodwaters destroyed evidence and rendered courtrooms useless. Outside of the relatively safe tourist districts, criminals flooded lawless streets, emboldened by the chaos. Rose cried with his daughter as he watched television footage of refugees streaming across a bridge 'like survivors in a B-movie where the nuclear bomb is dropped.'"

Death Of Peacemaker Jeopardizes Boston Gang Truce. USA Today (3/6, Hampson) reports from Boston, "Two hooded strangers walked out of the darkness at the end of the street. … Jahmol Norfleet and his sister Teah, standing in front of their apartment house that night last November, stopped talking. On Holworthy Street, an unfamiliar face could mean danger — even since Jahmol, a leader of the notorious H Block gang, helped arrange a truce four months earlier in the city's bloodiest street war." USA continues, "In the 18 months before the truce, about two dozen people were shot. Jahmol himself was an inch from death; there was a crease where the bullet grazed his scalp. After that he took a gun to school, got busted and spent a year in jail. … Then the gangster turned peacemaker. At a secret summit, H Block and its rival gang, Heath Street, agreed to a truce. When word finally leaked out, Boston was enthralled. Perhaps the truce could spread across the city, maybe even across a nation where gang violence was helping jack up the crime rate for the first time in 15 years." USA adds, "So as the two strangers came down Holworthy, Teah would recall, she fought the impulse to run. After all, it was peacetime. Suddenly, the guys reached under their sweatshirts, pulled out pistols, charged through the parked cars and opened fire. … When it was over, Jahmol lay dead on the sidewalk. … The next day, Mayor Thomas Menino praised the young man for trying to 'change his neighborhood from a place of violence to a community of peace.' But now, three months after his death, it's unclear whether the gang truce is a national model, or even if it still exists." USA notes, "America has had street gangs almost as long as it's had streets. But gangs are turning up in more places, including towns, suburbs, even agricultural areas — 'spreading like a virus,' according to Sen. Charles Schumer, D-N.Y. … Kevin O'Connor, an associate deputy U.S. attorney general, said at a conference on gangs last month that there was 'a resurgence of gang violence in several U.S. cities.' The Justice Department is surveying about 20 communities to determine how bad the problem is. … The National Youth Gang Center estimates the national number of gang members rose to 760,000 in 2004, the most recent year figures are available, up from 731,000 two years earlier. Los Angeles alone has about 40,000 gang members; the police say violent gang-related crime rose 14% last year. … Law enforcers are trying many strategies — midnight basketball leagues, gun buybacks, neighborhood sweeps, 'start snitchin' ' campaigns. None has approached the success a decade ago of what Newsweek hailed as 'the Boston Miracle.' … In the mid-1990s a coalition of law enforcers, social workers and inner-city black ministers imposed a gang cease-fire with a

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carrot-and-stick promise to gangsters: Keep fighting and face tighter probation checks, arrests on outstanding warrants, federal prosecution; stop and have a chance at a summer job, tutoring, a break in sentencing."

Unresolved Corruption Probes Leave Officials In Limbo. The Arizona Republic (3/6, House) reports, "There has been a long list of recent Justice Department investigations announced or leaked to the media targeting current and former members of Congress. … In many of those cases, the public has been left for months, or longer, to wonder about whether lawmakers will be charged or what, if anything, the investigations revealed. That air of uncertainty, which may never be wiped away, could ultimately tarnish reputations or destroy careers. … That includes the so-called preliminary inquiry and assessment launched last fall by Paul Charlton, then U.S. attorney in Arizona, regarding activities of Rep. Rick Renzi, R-Ariz., and former Rep. Jim Kolbe, R-Ariz., respectively." The Republic continues, "In the months since, nothing has surfaced about either case. Both Renzi and Kolbe have denied wrongdoing. Meanwhile, Justice Department officials in Phoenix and Washington, after initially confirming the existence of both inquiries, have declined to give additional comment. At times, the Phoenix and Washington offices don't seem to have a handle on who is in charge, referring inquiries about the matters to each other. … Charlton, who left office in January, recently declined to comment. … Charlton was one of half a dozen top prosecutors forced out of office last year by the Justice Department. Some lawmakers say the move was related to investigations of politicians. Hearings will be held in Washington today." The Republic adds, "Meanwhile, potential targets wait to learn the status of the investigation. … Ex-Rep. J.D. Hayworth, R-Ariz., was linked in published news accounts in January 2006 to at least four other members of Congress reportedly under federal investigation in Virginia in connection with the influence-peddling scandal surrounding convicted former D.C. lobbyist Jack Abramoff. … Hayworth, who lost his re-election bid in November, has denied wrongdoing. Only one of the five lawmakers cited, former Rep. Bob Ney, R-Ohio, has been convicted in the Abramoff scandal. … There has been no word since about where the inquiry involving Hayworth has led. … And there probably won't be, federal officials say. … 'A lot of that is up to the discretion of the U.S. attorney. In some cases, they issue a statement clearing them,' said Bill Carter, a Justice Department spokesman in Washington. … 'In some cases, they say nothing at all,' Carter said. 'Or they send a letter to the individual, if requested.'"

Challenges To Death Penalty On The Rise. The National Law Journal (3/6, Jaksic) reports, "A perfect storm of problematic executions, wrongful convictions and recent court rulings against the practice of lethal injection has led a growing number of states to challenge the death penalty through lawsuits and legislative action. … Adding still more to the momentum are a public backlash against the cost of capital cases and the development of more effective defense techniques, such as mitigation specialists who humanize death row inmates." The Journal continues, "Eleven states have halted some or all executions -- including Florida and Maryland in December -- and more lawmakers have been speaking out against the death penalty. … Last month alone, Maryland's governor urged legislators to replace the death penalty with life without parole, North Carolina's governor said executions should be halted until issues surrounding lethal injection are solved and Montana's Senate voted to abolish the death penalty." The Journal adds, "Court decisions have also continued to come down, such as a Delaware judge granting class action status on Feb. 22 to all death row inmates based on a case challenging lethal injection. Jackson v. Danberg, No. Civ. 06-3000-SLR (D. Del.). 'It's probably the strongest momentum since the death penalty was reinstated in the mid-1970s,' said John Holdridge, director of the American Civil Liberties Union (ACLU) Capital Punishment Project, which advocates against the death penalty." The Journal notes, "The Death Penalty Information Center recently listed the following 11 states as those that have stopped some or all executions: Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, North Carolina, Ohio, South Dakota and Tennessee, according to Richard Dieter, executive director of the nonprofit Washington, D.C.-based organization, which opposes capital punishment. … North Carolina's officials were in talks last week in hopes of resolving the situation, and the state's attorney general hinted on March 1 that a solution may be imminent. The executions have stopped either through government-issued moratoriums or judges' rulings, and have had varying effect."

Russian Expert's Son, Wife Say He Was Not Robbed During Attack. The Washington Post (3/6, B2, Rich) reports, "The assailants who shot an expert on Russian intelligence in Prince George's County last week did not, as law enforcement sources said, take his wallet, the victim's adult son said yesterday, showing the billfold to a reporter. The disclosure, which contradicts a report in The Washington Post yesterday, adds to the allegations and theories about the shooting, which left Paul Joyal, 53, critically wounded in his driveway Thursday night. During a brief interview at the family's home in the Adelphi area, Alex Joyal said his father was in critical but stable condition. … The timing of the shooting -- four days after Paul Joyal said on 'Dateline NBC' that the government of Russian President

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Vladimir Putin was responsible for the poisoning death of former KGB agent Alexander Litvinenko -- raised the possibility that Joyal might have been targeted in retaliation for his comment." The post notes that "several news outlets, including The Post, have cited anonymous law enforcement officials as saying that the shooting appeared to have occurred during a botched robbery. The claim that a wallet and briefcase had been taken from Paul Joyal was seen as offering additional support for the theory that he was targeted in a robbery or perhaps a failed carjacking. A source in The Post's report said yesterday that the wallet and briefcase were initially thought to have been taken but that the wallet was found in Joyal's car. The location of the briefcase was unclear last night."

The Washington Post/AP (3/6, Manning) reports, "The wife of an expert on Russian intelligence who was shot last week challenged reports Monday that her husband had been robbed. In a brief interview at the couple's suburban Washington home, Elizabeth Joyal said reports that Paul Joyal's wallet and briefcase were taken were false. She didn't know of any motive for Thursday's shooting outside their home in what she said was a normally safe area. 'We really have no idea what the reason was,' said Elizabeth Joyal, but added that 'it could easily have been a random act of violence.'"

Gibbons Did Not Clear Legal Defense Fund With House Committee. The AP (3/6, Riley) reports, "A legal defense fund set up for Nevada Gov. Jim Gibbons in November, when he was dealing with brewing legal cases including a woman's claim he assaulted her, wasn't sanctioned by a House Committee even though Gibbons was still a congressman. But representatives of the governor, who now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor, say the fund was created properly. They add that the fund shouldn't run afoul of a state law limiting contributions during legislative sessions. Gibbons spokeswoman Melissa Subbotin said Monday that a U.S. House committee's approval of the defense fund wasn't sought in November because Gibbons, a Republican who served five terms in the House, was seeking election to a state office and not a federal office. … Attorneys Don Campbell of Las Vegas and Abbe Lowell of Washington, D.C., currently are helping Gibbons deal with FBI questions about his associations with Warren Trepp. Gibbons has denied that he accepted payments or gifts from Trepp in exchange for helping the wealthy Reno software contractor get defense contracts while Gibbons was a member of Congress."

Ford Returns To Memphis Council Following Grand Jury Subpoenas. The Memphis Commercial Appeal (3/6, Aaronson) reports, "City Councilman Edmund Ford will take his seat at the dais today for the first time since Memphis Light, Gas and Water Division president and CEO Joseph Lee admitted the politician received special treatment. But Ford's actions as a public official -- including during his tenure as chairman of the council committee that oversees MLGW's spending and budget -- are key to elevating the utility scandal to criminal charges. The crux of the case: Federal prosecutors need to prove that Ford used his position on the City Council to benefit MLGW improperly in exchange for leniency on his more than $16,000 in debt to the city-owned utility. … The federal investigation of MLGW became public following the delivery of grand jury subpoenas to the utility in mid-February. On Feb. 22, vice president of customer operations Alonzo Weaver and Gloria Washington, a top assistant to Lee, testified before the grand jury. Five days later, on Feb. 27, Lee responded to his grand jury subpoena. … If the government can document quid pro quo, prosecutors' law of choice could be the Hobbs Act, a federal code that prohibits bribery and extortion, among other crimes, affecting interstate commerce. As a utility company, MLGW engages in interstate commerce. The Hobbs Act allows crimes usually prosecuted in state courts -- from robbery to racketeering -- to be brought to U.S. District Court, which has strict penalty guidelines and no opportunities for parole.

Spending On Los Angeles Anti-Gang Initiative Questioned. The Los Angeles Times (3/6, Mcgreevy, Winton) reports, "Los Angeles has spent $100 million over the last decade on a gang-prevention program, even though it doesn't track how many youths it keeps out of gangs and has been repeatedly criticized for not adequately coordinating with schools and police." The Times continues, "Unlike anti-gang efforts in other cities that have been held up as models by the federal government, L.A. Bridges lacks a system for determining whether its clients are involved in gangs, so there is no way of knowing whether the program actually works. … The program has come under growing scrutiny at City Hall as L.A. and federal authorities have launched a new gang crackdown. Critics point out that in 2006, gang crime increased 15.7% over the year before, according to LAPD statistics." The Times adds, "Mayor Antonio Villaraigosa has vowed to increase funding for intervention programs, saying the gang crackdown can't focus solely on law enforcement. But he is limiting funding of L.A. Bridges through September while officials try to assess its effectiveness. … Supporters acknowledge that L.A. Bridges needs to do a better job of working with other agencies, but they maintain it provides a valuable community service and would be more effective if the city expanded it. … The city spends $14 million annually

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on Bridges, which essentially screens and gives money to community organizations that do the actual intervention. Bridges I is a gang prevention program that provides after-school tutoring, counseling and other services to students from 27 middle schools. Bridges II offers job training to gang members in the hope that employment will get them out of gang life. The contracts range from $227,000 to $1.7 million."

Some Dispute Benefits Of Sex Offender Therapy. The New York Times (3/6, Goodnough, Davey) reports from Atascadero, CA, "During five years of psychotherapy at a treatment center here for sex offenders who have finished their prison terms, Bill Price, a pedophile who admits to 21 victims as young as 3, has constructed a painstaking plan for staying straight. … A requirement of his treatment, the plan catalogs on five single-spaced pages the tactics Mr. Price has learned to stop molesting." The Times continues, "There are 42 so far, including avoiding places where children congregate, abstaining from alcohol, shunning the Internet and sniffing ammonia whenever he has a deviant thought. … 'It was just like a hunt for me,' Mr. Price, 59, a former Sunday school teacher, said of his sexual crimes. 'I kept choosing children because they were easier prey; they were easier to deal with than women.'" The Times adds, "Treatment plans like Mr. Price's, known as relapse prevention, have been a cornerstone of efforts to reform sex offenders for the past 20 years. Yet there is no convincing evidence that the approach works, or that others do either. … Similar to aspects of Alcoholics Anonymous, relapse prevention has sex offenders own up to wrongdoing and resign themselves to a lifelong day-to-day struggle with temptation. But one of the few authoritative studies of the method, conducted in California from 1985 to 2001, found that those who entered relapse prevention treatment were slightly more likely to offend again than those who got no therapy at all. … Clinicians who work with sex offenders cling to relapse prevention nonetheless, and its durability speaks volumes about the troubled, politically fraught science of treating sex offenders. Not only is relapse prevention of questionable value, but so are the tests to gauge whether sex offenders in treatment still get inappropriately aroused, the drugs used for so-called chemical castration and the methods of predicting risk of reoffending." The Times notes, "Treatment methods have become particularly topical as thousands of sex offenders are confined or restricted beyond their prison terms under civil commitment laws on the books in 19 states. The laws have been found constitutional in part because they aim to provide treatment if possible; New York legislators announced last week that the state would soon allow civil confinement. … On average, the civil commitment programs cost four times more than keeping sex offenders in prison. But too little research has been conducted into how to treat sex offenders, experts say, putting psychotherapists and others working in civil commitment centers at a distinct disadvantage."

US Probing Counterfeit Wine Sales. The Wall Street Journal (3/6, A1, Wilke) reports, "Federal prosecutors have uncorked a criminal investigation into counterfeit-wine sales, sending subpoenas to rare-wine collectors and to some of the world's leading auction houses, including Christie's in London and Zachys in New York." The Journal continues, "A federal grand jury in New York has begun hearing evidence in the case, and the art-fraud unit of the Federal Bureau of Investigation has conducted interviews, according to people who have been contacted in the course of the probe." The Journal adds, "The criminal investigation is focusing, among other things, on whether auction houses, collectors or importers knowingly sold counterfeit wines despite doubts about their authenticity, those close to the case said. Such sales could be prosecuted under federal fraud statutes. … The inquiry comes as wine sales are booming amid a broader surge in the market for luxury goods. Backed in part by robust profits on Wall Street, collectors and speculators increasingly are paying $1,000 or more per bottle, especially for the rare Bordeaux vintages of France. … That's raised new fears about counterfeiting, which is beginning to threaten confidence in the market for rare wines -- except those sold directly from wineries. Wine Spectator magazine recently estimated that as much as 5% of rare vintages sold privately or at auction today may be fake." The Journal notes, "The criminal investigation began in December, after several collectors began pressing auction houses and wine merchants to take some measure of responsibility for the alleged sale of counterfeit wines. The collectors included Russell Frye, a wealthy software entrepreneur, and William Koch, president of closely held Oxbow Corp., a global mining and energy concern. His billionaire brothers control Koch Industries, a $25 billion business empire. … Mr. Koch filed a civil suit last year in federal court in New York, alleging that a German wine merchant, Hardy Rodenstock, forged bottles of wine he claimed had belonged to Thomas Jefferson and had been discovered in a bricked-up cellar in Paris. Mr. Rodenstock also claimed to have other extremely rare wines, including a cache belonging to Czar Nicholas II of Russia, Mr. Koch alleged. "

Taxpayers Footing Legal Bills For Former FBI Agent In Mob Case. The New York Daily News (3/6, Sherman) reports, "Taxpayers are footing part of the mounting legal bills for an ex-FBI agent accused of helping a Brooklyn Mafia boss commit four murders, the Daily News has learned." The Daily News continues, "The Justice Department is helping fund retired agent Lindley DeVecchio's

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defense, which has cost more than $450,000 since his indictment last year by the Brooklyn district attorney's office. … 'It's an expensive litigation,' said DeVecchio's lawyer Douglas Grover, who declined to comment further." The Daily News adds, "A highly informed source confirmed the Justice Department contributions, saying, 'It's on an hourly rate. Not a top New York City rate, more like a federal public defenders' rate.' … It could not immediately be determined how much the department is paying. … 'There is a process in place by which employees or former [FBI] employees who are the subject of civil litigation or criminal charges can apply for coverage of their legal costs. The recommendation is forwarded to the Department of Justice, where a final determination is made,' FBI spokesman John Miller said. … In a case that rocked New York law enforcement, DeVecchio, 66, was indicted last year for providing information on informants and mob rivals to Colombo family boss Gregory Scarpa before the murders."

Opportunistic Scammers Flock To Midwest Casinos. USA Today (3/6, 3A, Keen) reports, "Casinos sprouting across the Midwest are attracting sophisticated cheaters from Las Vegas, Atlantic City and overseas who believe they can scam new, unseasoned staff, gambling officials say." USA continues, "Cheating is often discovered only when casinos' books don't add up, making it difficult to nab culprits, says Joe Diaz of the Iowa Division of Criminal Investigation. … 'We've had people coming in from out of state trying to take advantage of inexperienced staff or a staff that hasn't got all the bugs worked out,' he says. Most casinos' security staffs are aided by state or local police." USA adds, "Joe Massa, general manager of Iowa's Riverside Casino & Golf Resort, knew scammers might target his casino, which opened in August. He hired experienced pit and security staff, he says, and hasn't detected any out-of-state cheaters. … Nevertheless, casinos in Iowa — where a half-dozen have opened since 2000 — and other states allegedly have been hit by out-of-state cheats: … Three gamblers from the East Coast, including one from Atlantic City, were charged in Osceola, Iowa, with using shaved coins to trick slot machines into awarding credits. … A casino in Joliet, Ill., was targeted by a team that included a Nevadan. They were charged with using fake cash vouchers to steal $50,000. … Indiana, with help from the FBI and IRS, is investigating international cheaters. … 'They have gone from site to site, and they seem to prey on riverboats or smaller venues,' says Ernest Yelton of the Indiana Gaming Commission. 'They perhaps believe that we are less sophisticated.'"

NYTimes Blasts NYPD Theft Sting. The New York Times (3/6) editorializes, "The New York Police Department has been going fishing. Not content to nab criminals when they break the law on their own, the department has been planting unattended bags in subway stations to see who might take them, at which point waiting officers pounce." The Times continues, "As NY1 News reported last week, 220 people were arrested last year in the sting, known as Operation Lucky Bag. In dismissing one of these cases, a Brooklyn judge said the police 'do not need to manipulate a situation where temptation may overcome even people who would normally never think of committing a crime.' This program bothers us for that and many other reasons and should be discontinued immediately." The Times adds, "Civil libertarians have argued that the program is entrapment. That is a legal distinction for the courts to decide, but it certainly looks like that to a layperson. It is clearly a poor use of resources. People wandering off with lost property ranks far down the list of law enforcement priorities. … There is also the question of whether the sting does actual harm. In an era of terrorism, where the police have to rely on the help of average people to notice anything suspicious — including apparently abandoned bags — the last thing New York needs are cynical operations that encourage mistrust between the police and subway riders. … And of course, there is the effect on neighborliness. It is remarkable how many people in this city are willing to track down the owners of lost cellphones, wallets or bags. Arresting good Samaritans is bad enough, but encouraging them not to help in the future through this kind of overly aggressive policing is a downright shame. The best thing to do with this misbegotten program would be to end it."

Book Examines Savage DC Murder. The Washington Post (3/6, B1, Cauvin) reports, "It took Kevin Flynn just over a year to put away the man who killed Diane Hawkins and her 13-year-old daughter, Katrina Harris. … It has taken him almost 14 years to put to paper the story of that night in 1993 when Norman Harrell took the lives -- and the hearts -- of Hawkins, who was his ex-girlfriend, and her daughter." The Post continues, "Homicides were everyday occurrences in the District then. The city was in the clutches of a crack war and its impulsive, impersonal violence. But the slayings of Hawkins and Harris were different. They were personal, savage. … And they seized Flynn, then a 36-year-old homicide prosecutor who had just become a father, like no other case had -- or has." The Post adds, "The crime scene at the house in Northeast Washington was like nothing he had ever seen, the killer's rage so evident. Hawkins's heart was left adrift among her innards; her daughter's was gone. … And the sons and daughters, sisters and cousins Flynn first encountered at D.C. Superior Court were like no family he had met. Angry as they were, the victims' family shared a faith in God and a belief in the law and in Flynn himself. …

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Indeed, after the jurors had listened to him, even after they had convicted Harrell in the summer of 1994, Flynn found himself with more to say -- about Hawkins, her daughter, the incredible strength of the family they left behind and himself. … Many drafts -- and many murder cases -- later, Flynn's book, 'Relentless Pursuit,' arrived in stores this month. … It is a true-crime memoir by a prosecutor who took on the biggest trial of his career in the midst of his own family crisis. On the opening day of the trial, his father learned that lung cancer had spread to his brain and that he probably had only months to live. … It is also the story of how, in his own time of need, Flynn says he found a measure of comfort in the company of a family that was wrestling with painful emotions that have never gone away."

CIVIL LAW:

Radio Broadcasters Agree To Pay $12.5 Million Payola Fine. The Los Angeles Times (3/6, Puzzanghera) reports, "Four of the nation's largest broadcast radio companies have agreed to pay a combined $12.5 million to settle a federal investigation into 'pay-for-play' practices and will provide thousands of hours of free airtime to local musicians and independent record labels, sources familiar with the agreement said today." The Times continues, "Details of the settlement are being worked out and the Federal Communications Commission still must approve it. Under terms of the agreement, Clear Channel Communications Inc., CBS Radio Inc., Entercom Communications Corp. and Citadel Broadcasting Corp. would pay one of the largest fines ever levied by the FCC. The companies allegedly received money, airline tickets, clothing and other gifts from major record companies to play certain songs. … The under-the-table payments, known as payola, have been illegal since a series of pay-for-play scandals in the early days of rock 'n' roll in the 1950s. Any payment in exchange for airtime must be disclosed by broadcasters." The Times adds, "The $12.5-million fine to be paid by the four companies is in line with settlements two of the companies reached with former New York Attorney General Elliott Spitzer. CBS Radio agreed to pay $2 million in October and Entercom agreed to a $4.45 million fine two months later. … But the proposed FCC fine pales in comparison to big settlements Spitzer got from major record companies. Universal Music Group, for example, agreed last year to pay more than $12 million to settle payola allegations. The FCC's jurisdiction, however, is limited to broadcast radio stations."

The AP (3/6, Dunbar) reports, "The settlement was reached at the same time as a separate deal designed to lead to more airtime for smaller record companies and their lesser-known artists as well as local musicians." The AP continues, "The American Association of Independent Music, a group of independent record labels, has received a commitment from the same four broadcasters for the free airtime, the officials said. … In addition to airplay, the broadcasters and the independent labels have also negotiated a set of 'rules of engagement' that will guide how record company representatives and radio programmers interact. … The free airtime would be granted to companies not owned or controlled by the nation's four dominant music labels — Sony BMG Music Entertainment, Warner Music Group, Universal Music Group and EMI Group."

The Washington Post (3/6, D1, Babington) reports, "The four broadcast conglomerates, which together own more than 1,500 stations, have agreed to pay hefty fines and to provide air time for local artists and independent record labels, government and industry officials said yesterday. The negotiated settlement is meant to end a probe into the practice of what is known as 'payola,' in which large record companies quietly give cash or other benefits to radio station employees who agree to play music by the companies' artists. … 'This is the largest collective fine in the history of American broadcasting,' said Jonathan S. Adelstein, one of the five members of the Federal Communications Commission. 'It wipes payola off the radio dial,' he said, and gives lesser-known musicians a chance to reach a wider audience."

The Washington Times (3/6, Rowland) reports, "The monetary settlement with the FCC is part of a consent decree that has yet to be voted on by the full commission, sources said. It was reached at the same time broadcasters committed to providing 8,400 half-hour segments of airtime to small record labels and unsigned artists. … Broadcasters do not admit fault under the FCC deal, which calls for stricter oversight of their interactions with record labels. Some of the new requirements would include a limit on gifts from record companies; a special hot line for employees to report violations; and a fleet of compliance officers to monitor stations, which would list all items of value received from record companies in a database. … Of the four broadcasters involved, Clear Channel and CBS Radio own stations in the Washington area."

The New York Times (3/6, Leeds) reports, "If approved, the settlement would rank as the biggest penalty ever imposed at one time by the F.C.C. — at least until the agency levies another proposed fine, $24 million, against Univision, the Spanish broadcasting giant, which is accused of sidestepping its obligations to supply educational programming for children." The Times adds, "The F.C.C. started formal investigations of the radio companies last year after disclosures that radio programmers accepted gifts, luxury trips and other enticements surfaced as part of an inquiry led by Eliot Spitzer, then the New York attorney

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general. … Mr. Spitzer reached a series of settlements with the four major music conglomerates — the Universal Music Group, Sony BMG Music Entertainment, the EMI Group and the Warner Music Group — totaling more than $30 million. CBS Radio and Entercom settled cases with Mr. Spitzer's office for a combined $6.25 million. … The settlement with the F.C.C. comes at the same time as a separate arrangement in which the broadcasters agreed to devote more time to playing artists who are not signed to contracts with the four big record companies."

Fewer Congressional Constraints On Drug Prescriptions Urged. In an op-ed for the Wall Street Journal (3/6, A19), Dr. Scott Gottlieb, who was deputy commissioner of the FDA from 2005 to 2007 and is a resident fellow at the American Enterprise Institute, writes, "Inside the federal agencies that oversee parts of the health-care system, there is a palpable view that doctors can no longer be trusted to do the right thing. … The Food and Drug Administration, Medicare and even the Justice Department all believe they cannot rely on many doctors to heed safety warnings, wisely weigh new medical information, or follow treatment approaches that maximize health benefits or lower costs. So in recent years, these agencies have hatched rules that dictate when treatments should be delivered and even how they can be administered -- especially when it comes to new drugs." Gottlieb adds, "The result is increasing federal regulation of medical practice that constrains health-care providers and limits the choices patients have. It might get worse. New legislation offered by Sens. Edward Kennedy (D., Mass.,) and Michael Enzi (R., Wyo.,), intended to make drugs safer, would raise this regulatory burden by reducing a physician's discretion to exercise clinical judgment and erecting barriers that will exacerbate disparities in access to care. … The legislative proposal extends the FDA's ability to restrict which physicians can prescribe a medicine, and which pharmacies can dispense it, through risk-management plans that would accompany the approval of many new drugs. These 'RiskMAPs,' as they are called inside the FDA, already guide the use of about 30 marketed drugs as part of 'voluntary' arrangements with drug companies. … Right now, pharmaceutical companies propose the plans to better balance the risks and benefits of their drugs, in order to secure FDA approval. But these plans impose burdens, especially on patients who already face difficulty obtaining the specialist care that many RiskMAPs require for the dispensing of new drugs. Thus the FDA and the pharmaceutical industry have mostly confined RiskMAPs to drugs with unpredictable and potentially deadly risks, such as anaphylaxis or rapid organ failure." Gottlieb adds, "That sense of restraint is lifting. New proposals by Congress and the Institute of Medicine advocate RiskMAPs for mitigating a wider set of less-serious problems and to constrain the off-label prescribing of new drugs, even though such prescribing is the standard of care for many diseases. The proposals are gaining traction. Once the FDA is granted the authority to simply impose these RiskMAPs on drug companies, there will be a lot of political pressure on the agency to constrain prescription writing in the name of drug safety. … The solutions to any of the health-care problems that government is trying to mitigate will not rest in Washington's constraining 'fixes,' but with these organs of medicine working with agencies to promote practice standards and safety measures that do not sacrifice medical autonomy and patient choice."

CIVIL RIGHTS:

FBI To Probe Teen's Death At Maryland Juvenile Facility. The Baltimore Sun (3/6, Garland, Dechter) reports, "On the same day the state medical examiner ruled that the death of a student at the Bowling Brook Preparatory School was a homicide, the FBI said it is conducting an independent investigation into the incident." The Sun continues, "At a joint news conference Monday in Westminster, federal officials said their investigation into the death of 17-year-old Isaiah Simmons was ordered last week by the Justice Department. Local officials said they would present evidence already gathered by the Carroll County sheriff to a grand jury to determine whether criminal charges should be brought in Maryland. … Simmons died Jan. 23 after being physically restrained for three hours by counselors at Bowling Brook, a privately run residential program for juvenile offenders." The Sun adds, "Officials stressed that the medical examiner's ruling of a homicide -- meaning the death was the result of actions by another person or people -- does not necessarily mean a crime was committed. That will be decided by the grand jury next month, said David P. Daggett, Carroll County deputy state's attorney. … Kevin R. Lewis, the assistant special agent in charge of the FBI's Baltimore office, said at the press conference that federal authorities began monitoring the Simmons' case several weeks ago at the request of the sheriff's office. … Last week, the U.S. Department of Justice asked the FBI to formally launch a separate investigation to determine whether federal civil rights laws were violated, Lewis said. … The investigation will 'be starting right away,' he said, and the results will be reported to the Justice Department. … An FBI spokeswoman, Michelle Crnkovich, stressed that the investigation is not an indication that the federal government lacks confidence in Carroll County's probe. … 'Absolutely not. We have every confidence in them,' she said."

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DOJ To Monitor Elections In Four California Cities Today. The Fresno Bee (3/6) reports, "The U.S. Justice Department said Monday it planned to monitor municipal elections in four Southern California cities to ensure they comply with federal voting law." The Bee continues, "Federal observers on Tuesday will visit polling places in Azusa, Gardena, Paramount and Rosemead. … Last year federal investigators visited polling places in the region and determined that Azusa and Paramount failed to fully translate election materials into Spanish, as they are required to do under the federal Voting Rights Act. Authorities also said Rosemead failed to offer all voting materials in Spanish, Chinese and Vietnamese." The Bee adds, "The Voting Rights Act requires cities to provide election materials in any foreign language that is spoken by a substantial number of people within their boundaries. … Azusa, Paramount and Rosemead each signed federal consent decrees last July requiring them to fix flaws in their election procedures. … Gardena, which has a large non-English speaking population, said on its Web site that it planned to provide ballots and polling place officials who can speak in English, Spanish, Japanese, and Korean."

The Torrance (CA) Daily Breeze (3/6, Maddaus) reports, "The Department of Justice won't say why polling in the South Bay community will be receiving special attention on Tuesday. … The U.S. Department of Justice will monitor Tuesday's election in Gardena to ensure that the city complies with the federal Voting Rights Act. … In announcing the decision Monday, federal authorities did not explain why Gardena had been selected for special attention." The Breeze adds, "The other three cities chosen for election monitoring — Azusa, Rosemead and Paramount — are all subject to federal consent decrees related to ballot translations. But Gardena, which prints ballots in English, Spanish, Japanese and Korean, has not been cited for translation problems in the past. … 'It's not a sign of censure,' said Justice Department spokeswoman Cynthia Magnuson. 'It's routine. We want to do this to ensure compliance with the law.' … Federal observers will be on hand at polling places in the city throughout the day. An attorney from the Civil Rights Division will coordinate the office's activities."

DOJ To Tour Washington Jail. The Seattle Post-Intelligencer (3/6) reports, "Justice Department officials are expected to spend the next few days in Seattle as part of an ongoing federal investigation, touring the King County Jail and interviewing staff members." The P-I continues, "In October, the department sent a letter to King County officials announcing that it would be investigating the main jail in downtown Seattle. Primary concerns were occurrences of sexual misconduct by corrections officers, suicides, and controlling the spread of infectious diseases. … Federal investigators made their first visit in December. A final report could take six months to a year."

KING 5 Seattle (3/6) reports, "Jail Director Reed Holtgeerts told KING 5 News he welcomes the investigation and has already begun providing the requested documentation into jail safety and procedures. Holgeerts is meeting this afternoon with the Department of Justice and union representatives for corrections officers and others who work in the jail. … 'The message has been sent very clearly that there is zero tolerance (for sexual misconduct),' said Holgeerts. 'If we find it, you're gone and you're going to be charged.'" KING 5 adds, "During a KING 5 investigation in the fall of November, 2005, corrections officers said that they were being exposed to serious diseases such as MRSA (Methicillin-resistant Staphylococcus Aureus) and that the jail wasn't doing enough to prevent the spread of the highly contagious disease. Some guards told KING 5 they had contracted MRSA and passed it on to their spouses and children. … The American Civil Liberties Union toured the jail late last month and says that while some improvements have been made, more needs to be done to stop the spread of MRSA."

Los Angeles Police Object To Financial Disclosure Requirement. CBS 2 Los Angeles (3/6) reports, "Up to 600 Los Angeles Police Department anti-gang and narcotics officers have threatened to retire or transfer to other units if they are required to provide personal financial information, as mandated by a federal consent decree, police union representatives said Monday." CBS 2 continues, "Los Angeles Police Protective League officials are considering a lawsuit to block the disclosure requirement, which was imposed following the Rampart Division corruption scandal, in which gang officers were caught stealing drugs and framing suspects." CBS 2 adds, " The U.S. Justice Department's consent decree with the city requires future gang officers disclose their finances so supervisors might more easily tell if they were illegally profiting from police work. … 'We have seen the LAPD repeatedly allow gang members and others to manipulate the system to target officers,' Bob Baker, president of the league said. … 'We have little confidence that information will be safeguarded once it has been released,' Baker said. 'The simple fact is that the financial disclosure rules that the LAPD is about to implement open the Pandora's box, once somebody's financial information is available and public, there is no way to turn back and make it private again.' … In May, U.S. District Judge Gary Feess extended the five-year consent decree for another three years."

Suit Accuses Akin Gump Of Age Bias. The Legal Times (3/6, Schwartz) reports, "The old guard has been

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getting its dander up. First there was Sidley Austin, where partners are challenging the firm's mandatory retirement policy. … Other lawyers have followed, and just last week one Washington attorney filed suit in the U.S. District Court for the District of Columbia alleging that he was fired from one of the city's largest firms because he was too old." The Times continues, "Donald Gross, who is in his 50s, says he was let go from Akin Gump Strauss Hauer & Feld in October 2004, not even a year and a half after he was hired as senior counsel in the Korea practice. Before his termination, Gross alleges that his practice group's head, Sukhan Kim, 'reiterated to him that Akin Gump was terminating him not because of any defects in his performance, but because he was "too senior" because of his age and, therefore, "not a good fit."' … Pillsbury Winthrop Shaw Pittman partner Christine Kearns, who is representing Akin Gump, says the firm treated Gross fairly. 'The firm certainly denies the allegations of age discrimination,' she says." The Times adds, "Gross' case differs from some of the other suits that allege more systemic problems or forced retirements. But it paints a picture of the trouble an older attorney had acclimating to life in a law firm."

NYPD Officers Testify To Grand Jury About Killing Of Unarmed Black Man. The New York Times (3/6, Baker, Moynihan) reports, "Two of the five police officers involved in the killing of Sean Bell, an unarmed black man who died in a hail of 50 police bullets, testified yesterday before a grand jury in Queens that is weighing evidence in the case." The Times continues, "The two officers, Detective Paul Headley and Officer Michael Carey, testified voluntarily without immunity from prosecution in the case, officials said. Union officials and lawyers for the men said they had been eager to talk about what occurred on Nov. 25, when they and their colleagues opened fire on Mr. Bell's car outside the Club Kalua strip club in Jamaica, Queens." The Times adds, "Yesterday's events were noteworthy because city police officers who are the focus of grand juries sometimes stay silent about their roles in such shootings. And the first public appearances by the officers — more than three months after the shooting of Mr. Bell — made for a day filled with emotions. … In the morning, Detective Headley, 35, was surrounded by about a dozen people, including his lawyer and union officials, when he strode toward the office building in Queens where the grand jury is seated. He wore a blue suit, stepped confidently and appeared to be at ease. He testified for about two hours and then left the building about 2:30 p.m., again surrounded by supporters. … Officer Carey, 26, arrived later, about 3:30 p.m., also wearing a business suit but appearing tenser as he kept his expression fixed, his eyes set straight ahead. He testified, then left the building about 5:20 p.m. with supporters, including Patrick J. Lynch, the president of the Patrolmen's Benevolent Association, by his side." The Times notes, "Separately, each officer declined to discuss his testimony. But union officials and their lawyers spoke for them. 'My client is relieved that he had the opportunity to answer the questions the grand jury posed to him,' said John Arlia, the lawyer for Detective Headley. 'He is relieved he had the opportunity to speak to them and tell his version of the events.' … Stephen C. Worth, the lawyer for Officer Carey, said, 'This officer stood there and answered all of their questions.' He said his client testified for about an hour and a half."

LAPD Officers Charged In Beating Of Teen. The Los Angeles Times (3/6, Hong) reports, "A 41-year-old LAPD officer was charged today with unlawful use of force and filing a false police report for allegedly choking and punching a 16-year-old boy in the Central Division station in December." The Times continues, "Officer Sean Meade's actions were recorded by a hidden camera that had been installed after some chairs at the station had been vandalized. Police Chief William Bratton and Mayor Antonio Villaraigosa both expressed outrage at the incident. Bratton immediately called for the arrest of Meade." The Times adds, "Department sources who viewed the video said it appears to show Meade choking the boy, then removing his handcuffs and challenging him to a fight. … The teenager was arrested on suspicion of a curfew violation in Chinatown, and Bratton said the attack was without provocation. The boy was picked up about 1:30 a.m. while walking with a teenage girl. Police called the girl's parents, who picked her up, then took the boy to Central Division."

High Court Upholds Colorado Redistricting Map. The AP (3/6, Yost) reports, "The Supreme Court on Monday ruled against Colorado voters challenging a congressional redistricting plan favorable to Democrats." In a unanimous decision, "the justices said that three Republican voters were not entitled to sue in an effort to replace a redistricting plan ordered by a court with one passed by a Republican-controlled state legislature. The three voters were joined by a former Democratic state legislator who often voted with Republicans."

"Don't Ask, Don't Tell" Policy Comes Under New Scrutiny. The Christian Science Monitor (3/6, Lubold, 59K) reports, "'Don't ask, don't tell' – the 14-year-old policy that keeps openly declared gays from serving in the military – is coming under new scrutiny." Although "overturning it remains an unlikely prospect in the near term, given the political explosiveness of the issue," the "needs of war – and a fresh push by gay advocates in the courts and Congress – is pushing the policy back into the limelight." An annual "poll begun in 2003 by the independent Military Times

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newspapers has shown a yearly increase in support for homosexuals serving openly in the military. Nevertheless, in its latest poll, only 30 percent of a sampling of 6,000 of subscribers approved of the idea."

Transgender Professor Charges Evangelical College With Gender Bias. The Wall Street Journal (3/6, B1, Sataline) reports, "For 15 years, John Nemecek was a respected business professor and associate dean at Spring Arbor University, an evangelical college in Michigan. But after he started wearing makeup and earrings and asked friends to call him Julie, he was demoted, then fired, and told that his womanly appearance violated 'Christian behavior.'" The Journal continues, "Prof. Nemecek is contesting the dismissal under federal discrimination laws, presenting a test in a growing clash between religious and employee rights. The case is the latest of a number of conflicts pitting two constitutional principles against each other: the freedom of religious organizations to operate without government intrusion versus the rights of workers to be free of discrimination based on race, religion, sex or nationality." The Journal adds, "Prof. Nemecek's complaint to the federal Equal Employment Opportunity Commission, scheduled to be heard today, charges that the university, which is affiliated with the Free Methodist Church of North America, violated federal and state civil-rights laws by ordering the professor to groom and dress like a typical male. The school also violated Michigan's law protecting the disabled, the complaint says, because it allegedly treated Prof. Nemecek as if he had a disability that prevented him from doing his job. Spring Arbor declined to comment on the specific allegations in the EEOC complaint. … Since Congress passed the Civil Rights Act in 1964, courts have recognized that churches enjoy a 'ministerial exception' allowing them to discriminate to uphold their beliefs. This right is recognized when it comes to selecting clergy, such as allowing Catholics to exclude women priests, but courts have not settled on the sweep of this exception -- and whether it would cover teachers of secular subjects at religious institutions, says Eugene Volokh, a professor at the University of California Los Angeles School of Law. … Civil-rights groups said they have received a growing number of complaints from gay and transgender employees dismissed for religious and other reasons. … Federal courts have also issued mixed decisions on whether people changing their sex are protected by civil-rights laws, disagreeing over what constitutes discrimination based on sex. … Prof. Nemecek's lawyer is basing her argument on a 1989 U.S. Supreme Court opinion. The justices found that Price Waterhouse engaged in gender stereotyping by illegally denying Ann Hopkins a partnership because of her 'macho' behavior. … That ruling formed the backbone of a 2004 decision in U.S. District Court in Cincinnati. The judge ruled that Salem, Ohio, illegally fired a transsexual firefighter because the U.S. Civil Rights Act protects someone who does not 'act and/or identify with his or her gender.'"

Conservative Professor Settles With Community College Over Firing. The Washington Times (3/6, Richardson) reports from Denver, "Anson Rohr is known as an outspoken critic of global terrorism. Ordinarily, that wouldn't be enough to get a person fired. … But Mr. Rohr says that's what happened after he hung an anti-terrorism poster at his work space, urged a religion professor to present a balanced view of Islam and generally made no secret of his conservative views at Front Range Community College." The Times continues, "After he was fired last year from his job as an administrative assistant, Mr. Rohr sued college officials for violating his free-speech rights. Last week, he agreed to accept an undisclosed financial settlement. … In return, Mr. Rohr, 50, is prohibited from working again at the Westminster, Colo., college. Although he misses the flexible schedule and paycheck, he said, saying goodbye won't be a problem." The Times adds, "Mr. Rohr, who was employed at the college for five years, has a long history of conservative dissent. … He wrote letters to the campus newsletters responding to left-wing articles. He criticized an anti-war presentation at the college. He sent an e-mail to a religion professor asking for information about a course on Islam after hearing that the course presented an unbalanced view. … The last straw, however, was his decision to hang a poster at his desk depicting a scene from the school massacre at Beslan, Russia, where Muslim terrorists killed 334 students and adults in 2004. The print showed a man carrying a dead child. … A faculty member, Julie Voss, saw the poster and wrote an e-mail to administrators asking for its removal, saying she was 'deeply offended,' according to court documents." The Times notes, "Dean of Instruction Therese Brown called Mr. Rohr and ordered him to remove the picture, but he refused, citing his First Amendment rights. He also argued that other college employees were permitted to display signs with political messages. … Mr. Rohr, who had regularly received positive job reviews, said he hung up on the dean after she continued to berate him. She denied the accusation in court documents."

DOJ, FBI Praised For Reopening Civil Rights Cold Cases. The Richmond Times-Dispatch (3/6) editorializes, "An adage teaches that justice delayed is justice denied. In the case of those killed during the fight for civil rights in the mid-20th century, the tardy justice promised by Attorney General Alberto Gonzales and FBI Director Robert Mueller is important nonetheless." The Times-Dispatch continues, "Spurred by a string of successful prosecutions of murders dating to the civil-rights era, the Department of

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Justice and FBI announced they will open investigations into 12 additional unsolved cases. In all, Gonzales and Mueller expressed an interest in 40. To individuals who up to this point 'have quite literally gotten away with murder,' the FBI director spoke with clarity: 'You've not gotten away with anything. We're still on your trail.'" The Times-Dispatch adds, "Every murder is heinous, and all perpetrators should answer for their crimes. Yet those killed in the cases the DOJ and FBI have reopened often died only because they had dark brown skin. These victims deserve the special attention Washington will now focus on them. Society deserves the attention, too. The prosecutions serve a penitential function. … If the individuals who committed these crimes are still alive, they should be prosecuted to the fullest extent of the law, no matter how elderly the assailants or their conspirators. This rights a specific wrong, and it sends a proper message about the rule of law to the communities these crimes were calculated to intimidate. In these instances justice delayed is justice served."

NYTimes Praises Crist's Proposal To Restore Felons' Voting Rights. The New York Times (3/6, 1.16M) editorializes, "Florida is notorious for running elections badly, but its new governor is trying to fix one of the state's most unjust and undemocratic practices. He has called for tearing down the barriers that prevent as many as 950,000 ex-offenders from voting. The United States stands alone in the free world when it comes to laws that strip convicted felons of the right to vote -- sometimes for life -- even after they complete their sentences and go on to crime-free lives. … Gov. Charlie Crist has a better idea: automatically restoring voting rights to felons who complete their sentences. … That's an excellent proposal."

ANTITRUST:

Intel Says Emails Related To AMD Antitrust Case May Be Lost. The Wall Street Journal (3/6, B5, Clark) reports, "Intel Corp. said it may have lost many internal emails that it is obliged to produce for rival Advanced Micro Devices Inc. and other plaintiffs in high-profile antitrust litigation. … The disclosure -- which could further complicate AMD's antitrust suit against Intel -- comes as AMD warned that it expects to miss its first-quarter revenue target amid an intensifying battle with Intel, its far larger competitor." The Journal continues, "An Intel spokesman said it couldn't yet estimate the number of missing emails, expressing optimism that it will be able to recover most of them. Richard Horwitz, a lawyer representing Intel, wrote the judge overseeing the litigation that the company 'very much regrets this happened.'" The Journal adds, "AMD sued Intel in June 2005, accusing the company of using a variety of improper tactics to maintain a monopoly in sales of microprocessors that provide the calculating power for most personal computers and server systems. Private antitrust suits on behalf of Intel shareholders followed. Intel has insisted that its tactics are fair and legal. The AMD suit against Intel was filed in U.S. District Court in Delaware. … The wide-ranging cases touch on Intel's dealings with many computer makers, retailers and other companies. Chuck Mulloy, the Intel spokesman, said the company has already produced 17 million pages of documents to plaintiffs as of last week. … Mr. Horwitz's letter, and a court filing by AMD, point to a series of foul-ups in saving documents. Among other things, Intel continued to operate a system that automatically deleted employees' emails every 35 days. Employees designated as likely to have relevant documents were asked to identify and move them to avoid the automatic document purge. The company in October 2005 also began creating backup tapes of emails once a week from those employees as a last resort if there were lapses in individuals' data-retention efforts."

CNET News.com (3/6, Krazit) reports, "AMD was quick to respond to Intel's disclosure. 'Through what appears to be a combination of gross communication failures, an ill-conceived plan of document retention and lackluster oversight by outside counsel, Intel has apparently allowed evidence to be destroyed,' AMD said in a filing Monday with the U.S. District Court in Delaware." CNET adds, "The day after AMD filed suit, Intel preserved the data on its network, and later sent notices asking about 600 employees to retain specific information, the company said in its letter to Farnan. However, it did not instruct those employees to preserve e-mails from their 'sent' folders, and since Intel automatically erases e-mails older than a few weeks or months--depending on the employee--those messages could be gone. … The company also failed to send document-retention notices to employees identified in 2006 as additional targets for the document-retention policy, despite having put them on such a list. And despite having preserved data on its network after the complaint was filed, the company has identified "a small number of backup tapes" in its Munich offices that were erased." CNET notes, "Intel thinks it can assemble some of the missing documents by combing through other documents it has already preserved, said Chuck Mulloy, an Intel spokesman. For example, sent e-mails likely received a reply that was preserved in the sender's inbox, or other Intel employees on the list might have been copied on the sent e-mail and it would have appeared in their inbox. … Also, many of the e-mails in question might have been preserved on weekly backup tapes set up in October 2005 to capture documents from several hundred employees. However, not all the employees on the list were migrated to a special e-mail

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server set up for that purpose, and some of the tapes have been 'recycled,' Intel said in its letter."

Alltel Reportedly Shopping Itself To AT&T, Others. The San Antonio Express-News (3/6, Nowlin) reports, "Wireless communications provider Alltel Corp. reportedly is shopping itself to AT&T Inc. and other potential buyers, but it's unclear how likely it is to reach a deal, analysts said." The Express-News continues, "Alltel, based in Little Rock, Ark., has talked with AT&T, Verizon Communications Inc. and private equity firms about a buyout, the Wall Street Journal reported Monday. Talks for a sale of the nation's fifth-largest wireless carrier still are in early stages, the paper said, citing people familiar with the negotiations. … However, Alltel's $22 billion market value could be a significant obstacle to the deal, analysts said. Based on the company's current stock price, a bidder would need to spend $30 billion or more to close a transaction." The Express-News adds, "AT&T also could have other reservations about buying Alltel, experts said. … The nation's largest phone company has expanded aggressively with a string of big buyouts. However, AT&T closed its $86 billion takeover of BellSouth Corp. late last year amid intense regulatory scrutiny and may not think another big deal would pass antitrust review. … What's more, Alltel uses a different wireless technology than AT&T, meaning the acquiring company would need to replace equipment and handsets to convert customers to its system. … Even so, analysts said, a takeover of Alltel isn't without appeal for AT&T and its largest wireless rival, Verizon. Many expected Alltel to seek a buyer once it spun off its landline phone business last year."

Memo Shows Microsoft Threatened To Abandon Macintosh Office In 1997. Computerworld (3/6) reports, "Microsoft Corp. threatened to dump the Macintosh version of Office 10 years ago during talks with Apple Inc. because the move would 'do a great deal of harm' to its rival, according to a memo made public in a recently-settled antitrust case." Computerworld continues, "The 1997 memo from Ben Waldman, at the time the head of Microsoft's Macintosh development group, to then-CEO Bill Gates, urged Mac Office 97's release. The suite, which in June 1997 had not yet reached beta, was eventually released as Office 98 in March 1998. … But Waldman understood that the next Mac Office was a stick that could be used against Apple. 'The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately. I also think that Apple is taking this threat pretty seriously,' Waldman said in his e-mail to Gates." Computerworld adds, "Less than six weeks after Waldman's e-mail, Microsoft and Apple announced a deal under which the former bought $150 million of Apple stock. As part of the pact, Microsoft promised to release the next version of Office and was allowed to bundle Internet Explorer with the Mac OS. The two companies also agreed to a patent cross-licensing deal. … At the time, Apple was struggling. Steve Jobs had returned to the company only months before, and share prices were at all-time lows. The Microsoft-Apple agreement was seen by many as a bail-out of Apple by its long-time rival. … Later, the U.S. Department of Justice included the bundling of Internet Explorer among the charges it brought against Microsoft in its antitrust case. 'Microsoft, by threatening to cease development of its Office for Macintosh productivity suite, coerced Apple into making Internet Explorer the default browser on all Macintosh operating systems and to disadvantage competing browsers,' the federal agency charged in 1998." … Waldman also wrote in the memo -- which was revealed in the recently-settled Iowa antitrust case against Microsoft -- that keeping Mac Office alive was a good idea because the suite's users could be used as guinea pigs to test new features."

CreditSuisse Upgrades Value Of CME, CBOT Stocks. The AP (3/6) reports, "Shares of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. jumped Monday, as a CreditSuisse analyst upgraded the two commodities exchanges." The AP continues, "Analyst Howard Chen upgraded both stocks to 'Outperform' from 'Neutral.' CBOT, which operates the Chicago Board of Trade, accepted an $8 billion buyout offer from CME in October. Shareholders will vote on the deal April 4. Chen said the future CME Group Inc. will benefit from recent market volatility due to its diverse products." The AP adds, "CME is the world's largest exchange trade, while CBOT is the main U.S. bond market. The Department of Justice is reviewing the deal."

EU Gives Antitrust Nod To Areva's Bid For Repower. Bloomberg (3/6, Mcgee) reports, "Areva SA, the world's biggest maker of nuclear power plants, won European Union antitrust approval for its 600 million-euro ($786 million) bid for German wind turbine-maker Repower Systems AG." Bloomberg continues, The European Commission, the EU's Brussels-based antitrust regulator, announced the approval today after reviewing the transaction under a simplified procedure. … Suzlon Energy Ltd., India's biggest builder of wind turbines, on Feb. 9 offered 1.02 billion euros ($1.34 billion) for the German company, or 20 percent more than Areva's earlier bid. Repower's management is 'interested' in the offer, Suzlon said March 2. Alstom hasn't raised its price." Bloomberg adds, "Tulsi Tanti, Suzlon's chairman, is 'quite confident' that the bid will be successful, he said on a conference call last week. The offer is being made together

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with Martifer, a unit of Portuguese builder Mota-Engil SGPS SA that already owns a quarter of Repower. Areva would be a 'fitting strategic partner,' the German company said on Feb. 19 without endorsing either offer."

DaimlerChrysler Keeping Deal Options Open. The Financial Times (3/6, Reed, Simon) reports, "For the three weeks since DaimlerChrysler raised the prospect of decoupling the Detroit end of the US-German carmaker, merger talk, fevered rumours and even conspiracy theories have proliferated in an industry that has seen no large-scale tie-ups or dramatic partings since General Motors and Fiat severed their alliances in 2005." The Times continues, "The Stuttgart group's revelation that, after nine years, 'all options are on the table' for Chrysler was accompanied by the disclosure of a $1.4bn (€1.07bn, £728m) loss at the US unit last year - and the decision was not sudden. People familiar with the situation have told the Financial Times that DaimlerChrysler made the announcement on its lawyers' recommendation, be-cause of advanced talks on Chrysler's future." The Times adds, "JPMorgan Chase had already been advising on options that are said to include a sale in full or part, or a flotation. It also emerged that the bank had contacted several private equity houses, which are in discussion with others including Wolfgang Bernhard, former Chrysler chief operating officer, about a possible consortium bid. … Perhaps most intriguingly, Fritz Henderson, GM's chief financial officer, has assembled a task team to explore a possible alliance between the world's largest carmaker and its crosstown rival. According to people close to the process, DaimlerChrysler has considered the idea of accepting a stakeholding in GM as payment for part or all of Chrysler. … If implemented, the solution would be financially expedient for the cash-strapped GM. It would also be politically smart for DaimlerChrysler, which would not want to be seen as having dumped its US unit unceremoniously."

Microsoft Blasts Google Over Copyright Policy. The Financial Times (3/6, Gapper) reports, "Microsoft on Tuesday launches a fierce attack on Google over its 'cavalier' approach to copyright, accusing the internet company of exploiting books, music, films and television programmes without permission." The Times continues, "Tom Rubin, associate general counsel for Microsoft, will say in a speech in New York that while authors and publishers find it hard to cover costs, 'companies that create no content of their own, and make money solely on the back of other people's content, are raking in billions through advertising and initial public offerings'. … Mr Rubin's remarks, presaged in an article in Tuesday's Financial Times, come as Google faces criticism and legal pressure from media companies over services allowing users to search online for books, films, television programmes and news. Viacom, the US media group, instructed YouTube, which Google owns, to remove 100,000 clips of copyright material." The Times adds, "The Authors Guild and a group of publishers backed by the Association of American Publishers have separately sued Google for making digital copies of copyrighted books from libraries without permission. … Mr Rubin will tell the AAP's annual meeting that Google's decision to take digital copies of all books in various library collections, unless publishers tell it not to, 'systematically violates copyright, deprives authors and publishers of an important avenue for monetising their works and, in doing so, undermines incentives to create'. … He will say Google is breaching copyright law because it has 'bestowed upon itself the unilateral right to make entire copies of copyrighted books'. Google thinks it is acting legally because it publishes only 'snippets' of copyrighted works unless it has the publisher's permission. "

Citigroup Seeks Control Of Nikko Cordial. The Wall Street Journal (3/6, A10, Morse) reports, "Citigroup Inc. was poised to announce a tender offer to acquire more than 50% of Nikko Cordial Corp., a person familiar with the situation said. The prospective deal, which could be valued at as much as $5 billion, would be the biggest acquisition of a Japanese brokerage company by a foreign company. … Though the sides were close to an agreement, terms of a deal hadn't been finalized, the person said." The Journal continues, "Such a move would come as Tokyo-based Nikko Cordial looks to shore up its business, which has been hurt by an accounting scandal that erupted last December. An internal investigation by the brokerage firm, Japan's third-largest by revenue, revealed that it had inflated its earnings for two years, prompting an exodus of clients. … The Tokyo Stock Exchange is considering whether to delist the company." The Journal adds, "In a statement, Nikko Cordial said 'negotiations [with Citigroup] are being carried out from various perspectives.' … New York-based Citigroup and Nikko Cordial have long-standing ties. Citigroup recapitalized Nikko Cordial in 1998 and the two companies formed a joint venture investment bank, Nikko Cititgroup Ltd., which handles mergers-and-acquisitions advice and equity and debt underwritings. Citigroup still owns a little less than 5% of Nikko Cordial."

Blackstone Purchases Madame Tussauds Chain. The Washington Post (3/6, D3, Cho) reports, "Private-equity giant Blackstone Group said yesterday that it had created the world's second-largest theme park group, behind Walt Disney Co., with its $1.9 billion buyout of Madame Tussauds waxworks museums." The Post continues, "Madame Tussauds will be managed by Merlin Entertainments Group, which is controlled by Blackstone. The

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combined company said it will operate 50 theme parks throughout the world, including Legoland, Sea Life and the London Eye. They drew more than 30 million visitors in 2006, second only to Disney's parks." The Post adds, "The move by Blackstone is part of an aggressive push into the theme park business that began two years ago with its acquisition of Merlin, an international theme park company, for $187 million. It then backed Merlin's purchase of the Legoland chain later in 2005 and Gardaland, Italy's biggest theme park, last fall. … Blackstone, one of the largest private-equity firms in the world, also was a member of the group that bought Universal Studios in Orlando and is an investor in Six Flags theme parks. Last month Blackstone made a huge splash by closing the biggest buyout deal ever when it purchased Equity Office Properties Trust for $39 billion." The Post notes, "Merlin executives said they planned to focus on expanding the wax museum company, which has 14 million visitors a year and operates six museums around the world, as well as other theme parks, hotels and a castle in Europe. It recently bought the London Eye, a giant observatory in that city and one of England's most popular attractions."

A&P Agrees To Buy Rival Pathmark. The Philadelphia Inquirer (3/6, Brubaker) reports, "The Great Atlantic & Pacific Tea Co. Inc., the owner of Super Fresh, said yesterday that it had agreed to buy rival Pathmark Stores Inc. in a deal worth up to $1.3 billion, including the assumption of debt. The cash and stock portion of the deal was $689.7 million." The Inquirer continues, "The combined company would have 54 stores in the eight-county Philadelphia region with more than $1 billion in annual sales, making it the third-largest supermarket chain here behind Acme Markets Inc. and ShopRite Group P.L.C. … The Pathmark banner - which has a strong presence in urban neighborhoods - will remain, said executives at Great Atlantic, which is best known for its A&P stores." The Inquirer adds, "The deal is subject to review by the Federal Trade Commission and shareholder approval. … A&P said it expected the merged companies to cut $150 million in annual expenses within two years, but industry observers were skeptical about the combination of the two struggling chains. … Dutch company Royal Ahold N.V. tried to buy Pathmark in 1999, but backed out after the FTC demanded the sale of a large number of stores to maintain competitive markets. … An antitrust expert said he was confident that the FTC would look at the proposed acquisition carefully. 'The FTC will want to know what new chains or additional food retailers have come into Long Island and North Jersey,' said James Fishkin, a partner in Dechert L.L.P.'s Washington office who worked at the FTC for 15 years before entering private practice in 2002. He worked on the FTC review of Ahold's proposed purchase of Pathmark."

ENVIRONMENT:

Alaskan Bridge Projects Going Forward. The New York Times (3/6, Yardley, 1.16M) reports, "Long after Congress removed about $450 million in budget earmarks for two bridges in the Alaskan exurbs, the fight over whether to build them is not dead." Although "mocked as 'bridges to nowhere' by critics who saw them as the epitome of Congressional excess, preparations for the projects have been slowly moving forward even as big questions remain over whether the bridges will be built." When Congress "removed the earmarks for the bridges in 2005, it still gave the state the money, but it allowed Alaskan officials to decide how to spend it. The state reserved about $200 million for the proposed bridges, far less than the construction costs but enough to show that there was serious intent to complete the projects. Some environmental and planning work has already been done."

Documentary Calls Global Warming A "Scam." The Washington Times (3/6, Webb, 88K) reports, "With a packet of claims that are almost certain to defy conventional wisdom, a television documentary to be aired in Britain this week condemns man-made global warming as a myth that has become 'the biggest scam of modern times.'" The program "dismisses claims that high levels of greenhouse gases generated by human activity causes climate change. Instead, the program suggests that the sun itself is the real culprit." The documentary's director, Martin Durkin says "global warming 'is a multibillion-dollar worldwide industry, created by fanatically anti-industrial environmentalists, supported by scientists peddling scare stories to chase funding, and propped up by compliant politicians and the media.'" Channel 4, which is airing the program, "says that [it] features 'an impressive roll-call of experts,' including nine professors, who are experts in climatology, oceanography, meteorology, biogeography and paleoclimatology."

FBI/DEA/ATF/USMS:

US Indicts 14 In Smashing Texas Heroin Ring. The Austin American-Statesman (3/6) reports, "Austin police say 14 members of a heroin-trafficking organization have been indicted after a nearly two-year investigation." The American-Statesman continues, "Police said in a written statement that in mid-2005, the department's Organized Crime Narcotic Conspiracy Unit began investigating three brothers — Henry Castro, 30, Rene Gaitan Castro, 35, and Randy Gaitan Castro, 24, for suspected heroin trafficking. … The Drug Enforcement Administration and the Bureau of Alcohol, Tobacco and Firearms later joined in the

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investigation, and Austin police said officers 'made repeated seizures of heroin packaged within balloons for distribution, as well as seizures of 'black tar' heroin that had not been processed for distribution.' … The investigation comes on the heels of another major heroin trafficking case, police said. In November, a federal judge sentenced 17 members of the so-called 'Celedon' heroin trafficking organization. Fifteen received prison terms, while two received probation. Louis Celedon Jr., 31, received a 20-year prison sentence."

The KVUE-TV (3/6, Koski) reports, "In late 2005, a drug operation based in Southeast Austin was shut down. Investigators say that success opened the door for the Castro brothers. At that time undercover agents were wrapping up a crackdown on the Celedon drug family. That is when, according to investigators, three young brothers decided to move in and take over what the Celedon family lost. The group, police say, was lead by Henry, Rene and Randy Castro. … According to a federal indictment, the Castro drug business from Mexico to North Texas."

KTCB-TV, Austin (3/5) reported Austin police "say the city's biggest heroin dealers are out of business and behind bars. The bust is a result of a long-term joint operation with the federal government. Police say 14 people were involved with selling and distributing black-tar heroin or heroin from Mexico."

Eleven Accused In Nationwide Drug Ring Arraigned In New York. The New York Times (3/6, Confessore, Kovaleski) reports eleven people "accused of playing a role in a nationwide illegal prescription drug ring were arraigned [in Albany] on Monday, part of what prosecutors said was a broadening investigation into the recreational use of steroids and human growth hormone. … All 11 suspects have pleaded not guilty. … According to a law enforcement official familiar with the investigation, two people affiliated with Anti-Aging Centers are expected to surrender to the authorities on Tuesday."

The AP (3/6) reports, "People in three states have been arrested so far and as many as 24 could face felony charges. … Major league baseball players Gary Matthews Jr. and Jerry Hairston Jr., former slugger Jose Canseco and former heavyweight champion Evander Holyfield reportedly were on a customer list at Applied Pharmacy in Mobile, Ala., one of the two pharmacies raided. The NFL is looking into reports that a Pittsburgh Steelers doctor, Richard Rydze, was on the customer list of Signature Pharmacy in Florida, whose owners have been indicted by a grand jury in Albany."

Report: Notorious Brooklyn Gang Leader Admits Involvement With More Than 80 Shootings. The New York Post (3/5) reported John "Bloody Hatchet" Hatcher "has admitted to involvement in more than 80 shootings - including 30 homicides - while operating a notorious gang that made tens of millions of dollars selling crack, cocaine and marijuana. During a two-decade reign of terror, Hatcher and his gang, The Rugby Boys, littered the streets in the heart of Brooklyn with victims and bodies, authorities said. 'He was the crack epidemic,' said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York Office." Hatcher's "ring flourished like no other, before the DEA finally mounted a six-year operation buying $10 bags of crack that snared him. Rather than face a possible death-sentence prosecution, Hatcher, 43, spilled his guts."

UN Says Afghanistan's 2007 Opium Poppy Cultivation Could Expand. The AP (3/6) reports Afghanistan's 2007 opium poppy cultivation "could expand again after last year's record crop, the U.N. drug agency said Monday, underlining the weakness of an internationally backed drive against the country's booming narcotics trade. The Office on Drugs and Crime predicted an increase in a string of provinces, including southern Helmand — Afghanistan's largest poppy-growing region and an area wracked by a growing number of Taliban attacks. … The U.N. said poppy cultivation occurred in 100% of villages it visited in Helmand province; 93% of villages were growing opium poppies in neighboring Kandahar, the Taliban's former stronghold. The U.N. report did not detail how many villages were visited."

The New York Times (3/6, Gall) reports, "Although some of the country is showing a decrease in poppy cultivation this year, the south, which has been plagued by the insurgency and traditionally has been the biggest source of poppies, is showing a continued increase, 'which may result in an overall increase in opium poppy cultivation in 2007,' the report said."

BBC News (3/6) reports the UN "says although production of poppies…has fallen in the north and centre, a sharp rise is likely in the lawless south. It also cites a dramatic increase in cannabis growing, which it describes as a new and disturbing trend."

IMMIGRATION:

Congress Seen As Unlikely To Pass Immigration Reform. Roll Call (3/6, Stanton) reports, "With Republicans looking to regain control of the Senate and Democrats hoping to pad their majority in 2008, neither party appears inclined to make the political sacrifices necessary to pass a broad immigration bill this year and may be content to simply duel to a rhetorical draw this summer, lawmakers and strategists in both parties said." Leaders from both parties,

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Judiciary Chairman Patrick Leahy and Sen. Edward Kennedy "have all vowed to pass reform legislation this year, and Kennedy has been meeting with the White House and presidential hopeful Sen. John McCain (R-Ariz.) in recent weeks to work out a new compromise bill." But "despite these efforts, it still appears unlikely that comprehensive reforms will move out of the chamber before electoral concerns kill the bill." Roll Call adds, "In fact, GOP and Democratic aides contend that both parties may be best served by a political impasse over the issue, since such a scenario would allow Members to show they are standing firm on the hot-button issue while avoiding compromises that may upset base voters."

Chamber Of Commerce Opposes Hazleton Immigration Ordinance. USA Today (3/6, 2B, Kirchhoff, 2.27M) reports, "The US Chamber of Commerce Monday threw its considerable weight behind efforts to eliminate a groundbreaking Hazleton, Pa., law penalizing businesses that hire illegal workers and landlords who rent to them. The Hazleton ordinance, which also makes English the official language of the small town," has been challenged by the ACLU in a lawsuit set for trial next week. The Chamber "filed a legal document Monday in US District Court for the Middle District of Pennsylvania backing the ACLU position and calling the law unconstitutional" on the grounds that it "is pre-empted by federal law" and "violates due process protections because it doesn't give a business accused of hiring an illegal worker the right to challenge an allegation before losing its right to operate."

LATimes Criticizes Mexican Immigration Laws. In an editorial, the Los Angeles Times (3/6, 850K) writes, "When House Republicans last year sought to make the mere presence of illegal immigrants in the United States a felony punishable by one year in prison, the odious legislation sparked international condemnation. No country was more loudly indignant than Mexico." However, Mexico, where "foreign immigrants in Mexico illegally have been subject to prison sentences of two years" since 1974, is "hardly in a position to criticize."

TAX:

MyCFO Sold Tax Shelter Deal Later Nixed By IRS. The Wall Street Journal (3/6, A1, Waldman) reports, "John Doerr is the dean of Silicon Valley venture capitalists, one who helped launch tech icons like Google and Sun Microsystems. A billionaire, he works with rock star Bono to fight poverty in Africa and with others to increase aid for education and medical research." The Journal continues, "Mr. Doerr is less well known for one investment that didn't pan out. Called myCFO Inc., the firm set out to provide rich people a full menu of financial services, from wealth management to estate planning. It succeeded with only one: tax shelters that helped clients shield hundreds of millions of dollars from taxes. Less than two years after myCFO began selling them in 2000, the Internal Revenue Service said they were bogus." The Journal adds, "MyCFO ceased independent operations five years ago, but it still casts a shadow. A bank that underwrote some of its tax deals has admitted that they were shams. Former clients, hit with back-tax bills, are fighting the IRS. Two ex-clients have alleged that myCFO's tax deals were fraudulent. … Two lawyers who worked with myCFO are under tax-fraud indictment for their work on similar tax shelters. The Manhattan U.S. attorney's office, which has charged more than a dozen people in connection with tax shelters, said in a court filing last April that it had 'an ongoing criminal investigation' involving 'various former employees of myCFO.' … The financial backers and board members of myCFO were Silicon Valley royalty. They included James H. Clark, co-founder of Netscape Communications and Silicon Graphics; John Chambers of Cisco Systems Inc.; Thomas Jermoluk, former chairman of Excite@Home; and former Netscape boss James Barksdale. The firm's outside legal counsel was Larry Sonsini, lawyer to Silicon Valley's stars. … The firm was Mr. Clark's idea. Mr. Doerr led its financing and took a leading role on the board. In typical Silicon Valley fashion, board members were closely involved with strategy and operations, according to company documents and legal papers reviewed by The Wall Street Journal. The documents show that directors pushed ahead with the tax-shelter business despite signs that all wasn't right with the product."

US Looking For Ways To Close Tax Gap. USA Today (3/6, 1B, Block) reports, "If you're self-employed, sell used items occasionally on eBay or own a home, now would be a good time to start keeping really good records. Your tax returns could receive more scrutiny, thanks to a growing push to narrow the 'tax gap' — the billions of dollars in federal taxes that go uncollected every year." USA continues, "Democrats and Republicans don't agree on much, but they do share a desire to narrow the tax gap. That's not surprising. The IRS estimates that the tax gap exceeds more than $300 billion a year. Collecting even half that amount would let Congress repeal the alternative minimum tax — a parallel tax system that increasingly threatens middle-income taxpayers — without raising taxes or cutting government programs." USA adds, "Taxpayers like the idea of closing the tax gap, too. More than 86% of taxpayers believe that cheating on income taxes is unacceptable, according to a survey released last month by the IRS Oversight Board. … But closing the tax gap is a lot more complicated than chasing down the proverbial deadbeats who hide money under the mattress. Government proposals to narrow the gap would affect people

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who probably don't think of themselves as scofflaws. And tax experts say the IRS can't make a serious dent in the tax gap unless it conducts more audits. … The IRS estimates that unpaid taxes from individuals, as opposed to big corporations, account for more than 70% of the tax gap. And within that group, the self-employed are considered the biggest offenders. Sole proprietors who underreport their income and self-employment taxes account for roughly one-third of the tax gap, the IRS says." USA notes, "The Treasury Department has proposed requiring credit card companies to report to the IRS payments made to small businesses and other self-employed workers. That would allow the IRS to compare the self-employed workers' tax returns with the payments and determine whether they're underreporting their income. … But groups representing small-business owners worry that the proposal could increase the costs that credit card companies charge small businesses. More fundamentally, they say, the IRS figures fail to distinguish between sole proprietors who deliberately hide income and those who make honest mistakes."

CONGRESS-ADMINISTRATION:

Congress Hears Emotional Testimony From Soldiers About Walter Reed. Lawmakers yesterday heard testimony, described in media reports as "riveting," and "heart wrenching," from wounded servicemen and family members about poor living conditions and a bureaucratic morass during treatment at Walter Reed Army Hospital. Members of a House Oversight and Government Reform subcommittee also grilled top Army officials and medical officers about substandard conditions at Walter Reed and throughout the military medical system.

The emotional hearings were the top story on ABC and CBS last night, and garnered significant attention from major daily newspapers and wire services. ABC World News (3/5, lead story, 3:00, Kerley, 8.78M) reported, "Members of Congress that were here today say the problems are beyond the walls of Walter Reed." Rep. Henry Waxman: "What is going on here is Walter Reed may be the tip of the iceberg of what's going on all around the country." Kerley: "Annette McLeod had to take a leave to help her husband, Dell, through the red tape and paperwork." Annette McLeod: "My life was ripped apart the day that Dell was injured. But then having to live through the mess we've had to live through at Walter Reed has been worse than anything I've had to sacrifice in my life." Kerley: "That prompted an apology from the General who a week ago was dismissing reports of substandard care. George Weightman was fired as head of Walter Reed." In addition, an "internal Army investigation found 87 deficiencies within the entire medical system in the Army."

The CBS Evening News (3/5, lead story, 2:30, Couric, 7.66M) reported, "The bullet that cost Sergeant Dan Shannon his left eye still leaves him groping for words. But when a House Committee investigating conditions at Walter Reed Army Medical Center asked time key question of the day, he let it rip." Sgt. Shannon: "My biggest concern?" Unidentified member: "Yes, sir." Sgt. Shannon: "My biggest concern is having the young men and women that have had their lives shattered getting taken care of." Martin: "The most riveting testimony came from the wife of a National Guard soldier injured in Iraq." Annette McLeod "told of battling a system that wanted to blame her husband's mental problems not on his head injury but a preexisting condition." Annette McLeod: "He was considered fit enough to serve in the National Guard for 16 years. He was fit enough for deployment, but now they were saying his mental problems he had before he went to Iraq."

NBC Nightly News (3/5, story 3, 2:00, Williams, 9.87M) reported, "This was an emotional day in Washington where the topic was the unfolding scandal over treatment at Walter Reed Army Hospital." NBC (Miklaszewski) added, "Today's testimony was heart wrenching." Spc. Jeremy Duncan: "It was like a ghetto." Miklaszewski: "Specialist Jeremy Duncan wounded in Iraq is the one who blew the whistle on conditions at Walter Reed." Spc. Duncan: "It was unforgivable for anyone to live in the room like that." Miklaszewski: "Congressional lawmakers were outraged. Their wrath aimed primarily at the Army's Surgeon General, Lieutenant General Kevin Kiley, former commander at Walter Reed."

On NBC Nightly News (3/5, story 4, 1:20, Williams, 9.87M), Washington Post reporter Dana Priest said the problem is "quite large. We have received thousands of tips, documents, stories pouring in from all over the country from Army and Navy facilities, from people in Baghdad where you are. They are coming from soldiers and family members and veterans and doctors and nurses. And they all have one message and that is it is not just Walter Reed. They are talking about a dysfunctional bureaucracy. About neglect, about indifference from people who treat them. About substandard housing. And really, many, many of them are coming and telling us about horror stories in veteran's hospitals all over the word. These are issues that the government says it will start to address."

USA Today/AP (3/6, 2A, Flaherty) reports Army leaders "said Monday that they accept responsibility for substandard conditions at the service's flagship Walter Reed Army Medical Center but also said they hadn't known about most of the problems." At an "emotional House subcommittee hearing at the hospital, lawmakers suggested the failings go far beyond the hospital for wounded soldiers in Washington. They

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demanded action. Military leaders — and Vice President Cheney — promised they'd get it." Meanwhile, Veterans Affairs Secretary James Nicholson "said his office will hire 100 patient advocates, speed benefit claims and improve medical screenings for veterans at its facilities." On NPR's All Things Considered, Nicholson said, "Our goal is to do things that serve the veterans in the manner that they deserve the best way that we can."

McClatchy (3/6, Goldstein) reports the generals "in charge were apologetic, even as several said they were unaware of the conditions that blackened the reputation of the Army's premier medical facility." Gen. Peter Schoomaker, the Army chief of staff, said, "I couldn't be madder; I couldn't be more embarrassed. I'm ashamed." McClatchy adds McLeod, Duncan and Shannon "described a system in which the injured have to justify their wounds in order to earn their disability payments. They said that Army medical personnel can diagnose their conditions, but case managers can question the diagnoses, prolonging their ordeal."

The Los Angeles Times (3/6, Neuman, 850K) reports Gen. Weightman, "who was fired after reports of substandard medical care for veterans at Walter Reed Army Medical Center said today he agreed with critics that there was a failure of leadership at the facility." Weightman, who "headed Walter Reed for less than a year, acknowledged he did not realize how frustrated veterans and their families had become in dealing with a gargantuan bureaucracy overwhelmed by injured soldiers returning from war." The committee "also heard from the Army's top brass. Gen. Peter Schoomaker, chief of staff of the Army, said he was 'extraordinarily angry and embarrassed' by the disclosures."

The Washington Post (3/6, A1, Abramowitz, Vogel, 690K) reports in a front page story under the headline, "Army Chiefs Plead Ignorance, But Lawmakers Are Skeptical," that lawmakers "expressed skepticism that the generals had been unaware of the problems until they were spotlighted by the media two weeks ago." Lawmakers – "Democrats and Republicans alike -- seemed receptive to the candor voiced at the hearing of a panel of the House Oversight and Government Reform Committee, but they also cited earlier warnings from internal memos, government audits and news reports."

USA Today (3/6, Stanglin, 2.27M) reports Chairman Tierney "said problems at" Walter Reed "are only the 'tip of the iceberg' of poor treatment that extends throughout the military health care system." Tierney said, "Rats and cockroaches don't burrow and infest overnight. Mold and holes in ceilings don't occur in a week. And complaints of bureaucratic indifference have been reported for years." Tierney also "suggested that the treatment of a large number of wounded soldiers from Iraq reflected 'terrible planning' by the administration over the war."

On MSNBC's Hardball (3/5), Tierney said, "I hear from my colleagues who were on this committee in the last session - I was not, I was on leave of absence - that they actually did have some hearings on this issue. And when they had witnesses in from the Army, they were assured that all of the matters that were brought up before them were being dealt with. Obviously, that turns out not to be the case." Rep. David Dreier said, "There is bipartisan horror and outrage over this. We have an all-volunteer military. And Chairman Tierney knows very well that one of the most difficult -- the most difficult -- thing that we do is to talk to the families of those who've lost their lives in Iraq and Afghanistan, or anyplace in the world. And as we try to encourage people to serve in our military, the thought of not providing them with adequate care, to see something like building 18 is just outrageous."

Roll Call (3/6, Singer) reports Democrats "suggested that weak Republican oversight contributed to the problems experienced by wounded soldiers there." Speaker Nancy Pelosi (D-Calif.) "issued a statement proclaiming the beginning of 'long overdue oversight of the Bush administration.'" Roll Call adds Republicans "rejected the notion that they had failed to investigate conditions at Walter Reed, and cited a range of hearings and oversight activities on military health care that preceded the Democratic majority."

The New York Times (3/6, Luo, 1.16M) reports members of Congress "heard wrenching testimony on Monday from wounded soldiers treated at Walter Reed Army Medical Center and contrite promises from top Army officials to correct the conditions there." The Bush Administration "has been thrown on the defensive, and members of Congress have been quick to express outrage."

The Hill (3/6, Kaplan) reports the Walter Reed hearing "could further pressure Democratic leaders to adopt a more stringent approach to paying for the war in Iraq. House Democratic leaders are considering how to proceed on several war-related spending bills. After passing a resolution condemning Bush's troops surge with just 17 Republican votes, Democrats spent last week discussing how to challenge President Bush's authority to manage the war." A Democratic aide said, "The real pressure will be on Republicans to support our troops by voting for the supplemental spending bill." Rep. Chris Van Hollen (D-Md.), "chairman of the Democratic Congressional Campaign Committee (DCCC), attended yesterday's hearing and said he saw 'political dangers' ahead for the Bush administration." Van Hollen added the scandal "adds further support for the Democrats' position 'that the administration just botched this war from the beginning, not just in Iraq but to address the needs of returning soldiers,' he added."

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The Los Angeles Times (3/6, Neuman, Schreck, 850K) reports the story under the headline, "Walter Reed Hearing Brings Outrage And Apologies," noting that "top Army officials faced angry lawmakers during an emotional hearing Monday on shoddy medical treatment and living conditions at Walter Reed Army Medical Center, acknowledging that they had failed in the care of wounded veterans." Rep. Henry Waxman said the "scandal at Walter Reed" was "the tip of the iceberg of what is going on all around the country." Waxman "said veterans and their families were 'flooding us with complaints' about bad medical care."

Cheney Promises Quick Action To Remedy Army Medical Care Deficiencies. ABC World News (3/5, story 2, :30, Vargus, 8.78M) reported, "Vice President Cheney promised, on behalf of the Bush Administration, to change the way injured troops are treated. He told a gathering of war veterans that President Bush is creating a commission looking at the care being given to wounded servicemen and women when they return from war. And that fixing the Army's most fabled hospital would come first." Vice President Cheney: "There will be no excuses, only action. And the Federal bureaucracy will not slow that action down. We're going to fix the problems at Walter Reed, period."

The CBS Evening News (3/5, story 2, :25, Couric, 7.66M) reported, "President Bush is appointing a bipartisan commission, and in an address to a veterans group today, Vice President Cheney promised quick action."

Acceptance Of Responsibility By Kiley, Weightman Contrasted. In the Washington Post's "Washington Sketch" column (3/6, A1), Dana Milbank says, Kevin Kiley, "the three-star general in charge of all Army medical facilities, seemed stumped as he testified yesterday about his responsibility for the Walter Reed scandal. 'I'm trying not to say that I'm not accountable,' he told members of the House oversight committee. But try as he might, he couldn't fix blame on himself." Sitting "shoulder to shoulder with Kiley was one such commander, Gen. George Weightman, who last week was fired as chief of Walter Reed after just six months on the job. Weightman and Kiley, who ran Walter Reed from 2002 to 2004, wore matching Army dress uniforms, but their responses could not have been more divergent. While Kiley deflected blame, Weightman freely admitted failure -- even though the victims of Walter Reed's neglect testified, and the House committee members agreed, that he was not to blame."

WPost Says Army Needs To Revamp Hospitals, Bureaucracy. The Washington Post (3/6, 690K) editorializes about the Walter Reed scandal, "Being sorry is only the first step ... Fixing veterans' outpatient care will take a lot more than putting a new roof on Walter Reed's Building 18. It means revamping buildings and bureaucracies across the country. ... These men and women deserve clean accommodations and straightforward assistance -- not adversity -- from administrators."

Robinson: Harvey Firing An Exception For Bush Administration. In his Washington Post column (3/6, A19), Eugene Robinson says, "So this is what accountability looks, sounds and feels like. It's been so long -- since George W. Bush moved into the White House -- that we hardly recognize what used to be a commonplace phenomenon, as much a part of Washington's behavioral DNA as megalomania and mendacity. Imagine how surprised Army Secretary Francis J. Harvey must have been when Defense Secretary Robert Gates fired him last week over the shocking neglect of injured veterans at Walter Reed Army Medical Center." This administration's "nonchalance about its most grievous transgressions has been stunning, and the only inference that fits the facts is that the people running our government don't really believe in government at all. They certainly haven't taken it seriously."

Eaton Faults JCS Acquiescence, Rumsfeld's Legacy For Reed Scandal. In an op-ed for the New York Times (3/6, 1.16M), retired Maj. Gen. Paul Eaton writes, "Regrettably, the silence of our top officers has had a huge impact not just on the battlefield but also on how we have brought our injured warriors home from it. These planning failures led to the situation at Walter Reed Army Medical Center recently reported by The Washington Post." Fired Walter Reed commander George Weightman "has gone down with his ship — the victim of Mr. Rumsfeld's wrongheaded cost-cutting and the joint chiefs' failure to stand up to the civilian leadership." Eaton makes nine recommendations, including "increase financing for research into traumatic brain injuries," "revamp the Medical Evaluation Board process," rein in "the general effort by Mr. Rumsfeld and Mr. Harvey to privatize services," and keep money for health care out of the [cutback-prone] "Defense Department budget."

Cheney Treated For Blood Clot. The Wall Street Journal/AP (3/6) reports, "Doctors found a blood clot in Vice President Dick Cheney's left leg, but he was not admitted to a hospital and will be treated with blood thinning medication 'for several months,' his office said." USA Today (3/6, 11A, 2.27M) also runs a brief story on Cheney's ailment, which was covered by all three network newscasts last night. On the CBS Evening News (3/5, story 3, 1:55, 7.66M), Dr. Jon Lapook said, "We know back in 2005, Mr. Cheney had surgeries on the blood vessels in his legs and perhaps that played a role in increasing his risk. On the other hand, he developed this complication, like many people who do have no known medical problems, after a long plane flight. So I think he'll do very well. Mortality for this is less than 5% if it's treated early and correctly." ABC World News (3/5, story 3,

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1:40, Vargus, 8.78M) said Cheney's condition "is known as the economy class syndrome. The Vice President had just spent 65 hours in the air, flying to Afghanistan and back." And NBC Nightly News (3/5, story 6, 1:45, Mitchell, 9.87M) also reported Cheney's "recent travels may have contributed to this new problem." The Los Angeles Times (3/6, Gerstenzang, 850K), New York Times (3/6, Stolberg, Altman, 1.16M) and Washington Post (3/6, A4, Stein, 690K), among other newspapers, also report the story.

"Wage Insurance" Issue Could Be Central To Trade Debate. The Washington Post (3/6, D1, Montgomery, 690K) reports "congressional leaders want to expand" a "little-known federal program that pays up to $10,000 to certain workers dislocated by trade." The program is "known as wage insurance," and "some" argue that "it should be available to any worker who loses a job for almost any reason." The proposal "is part of a broader effort to ease the anxieties of middle-class Americans who feel threatened by the globalization of business and a churning U.S. labor market that creates and destroys about 30 million jobs a year. The proposal is also central to the debate in Washington over trade." Democrats "warn that it will be difficult for them to extend the Bush administration's authority to negotiate trade agreements unless the social safety net for US workers is significantly expanded. That authority expires in June."

Groups Lobby Budget Committee For Funding Increases. The Hill (3/6, Holzer) reports, "The farm lobby, higher-education advocates, veterans' organizations and a host of other groups are pressing their cases with budget committee staffers for increased funding as Democratic lawmakers look to release their spending blueprint as early as next week." The Veterans of Foreign Wars, "for example, wants a $4 billion increase in funding for veterans' healthcare over last year's level. The request is likely to resonate at least somewhat this year in the wake of the Walter Reed scandal." Meanwhile, hospital groups, doctors and "other recipients of payments under Medicare and Medicaid are pushing to forestall any program cuts in an environment where Congress is under intense budget pressure." The budget resolution "is not binding," but it "does cap the total amount of spending and revenue legislators have to work with without running afoul of budget rules."

Right To Life Group Clashes With Waxman Over Lobbying Disclosure. In the Washington Post's "In The Loop: On K Street" column (3/6, A17), Jeffrey Birnbaum says, "The National Right to Life Committee and Rep. Henry A. Waxman (D-Calif.) are locking horns -- not over abortion, but over whether thousands of top executive branch officials should have to disclose the names of people who lobby them." Driven by the "over-the-top, clandestine lobbying of Bush administration officials by now-convicted lobbyist Jack Abramoff, Waxman's House Committee on Oversight and Government Reform has unanimously approved the Executive Branch Reform Act. A spokesman for House Speaker Nancy Pelosi (D-Calif.) said that she backs the measure, which would require senior bureaucrats to report quarterly whom they speak to about government actions, and that she expects it to get a vote in the House." But Douglas Johnson, "legislative director of the National Right to Life Committee, is vowing to stop the bill at all costs. He thinks it would discourage officials from meeting with citizens, including his own members. That makes it downright undemocratic. And he is consistent: He led a coalition that helped kill broad ethics reform legislation last year because it would have imposed a similar type of reporting requirement on grass-roots lobbying."

Hispanic Caucus To Meet On Leadership Dispute. The AP (3/6, Werner) reports members of the Congressional Hispanic Caucus "scheduled a special meeting Tuesday to try to resolve an embarrassing leadership dispute that led one lawmaker to quit the group. Among the options is a power-sharing arrangement that would dilute the authority of the caucus' controversial chairman, Rep. Joe Baca, D-Calif." Baca has thus far "resisted any changes to the caucus' power structure, according to caucus members and staff. Baca is under fire from female lawmakers, including fellow California Democratic Rep. Loretta Sanchez, who quit the 21-member, all-Democratic group after accusing Baca of calling her a 'whore.'" The AP adds Baca "denies that. A meeting last Thursday broke up without resolution or a vote, and afterward Baca insisted that he was still in charge and that he was focusing on the future."

McConnell Wins Praise As Minority Leader. The Politico (3/6, Budoff) reports Senate Minority Leader Mitch McConnell "returned to the Senate in January with a conference slashed in size and chastened by voters. Neither the Republican president nor the Democratic-controlled Congress had much use for him. Colleagues whispered that the senator, with all the pizzazz of plain oatmeal, was terrible on television." But two months later, McConnell has "managed to make the Republican stance on Iraq -- oppose a rebuke of the president while pressing for continued war funding -- look downright vogue. In the process, even skeptics have acknowledged that McConnell knows how to work a chamber." Sen. Lindsey Graham said, "His stock is very high right now." The Politico adds that McConnell is "threading the needle between a conference in need of an opposition identity and a public mood divided on the position he has staked out. Insiders admire his tactical maneuvers on

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Iraq, but could he lose the broader public relations battle outside of Washington?" Norm Onstein of the American Enterprise Institute says, "They have a potential double whammy. They could ultimately be portrayed as obstructionists, and obstructionists in favor of a policy that deteriorates anyhow."

President, First Lady Dined At Rove's Home On Sunday. The Washington Post (3/6, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column, "In a rare foray out of the White House, George and Laura Bush had Sunday night supper at the Palisades home of Karl and Darby Rove. The presidential adviser took pity on the press outside in vans and sent out sausage and...quail wings? Sounds like something John Kerry would serve."

NYTimes Comes Out In Favor Of House Labor Legislation. The New York Times (3/6, 1.16M) editorializes, "There are many reasons for the long decline in the membership rolls for private sector unions, including powerful changes in the economy and the unions' past corruption scandals. And there is little doubt that federal rules and regulations for union organizing have also become increasingly hostile to labor, helping to drive unions' share of the work force down from a peak of 35 percent in the 1950s to a mere 7.4 percent today." The House of Representatives "passed a bill last week that would strengthen the rights of employees to form unions, and it drew an immediate veto threat from President Bush. But if Mr. Bush were, as he claims, truly concerned about rising income inequality and truly committed to improving the lives of America's middle class, he would support the legislation and urge the Senate to approve it." The Senate "should take up the House bill promptly and send it to the president for his signature."

WSJournal Calls For Expanded School Choice Under Reauthorized NCLB. The Wall Street Journal (3/6, A18, 2.04M) editorializes that the biggest priority for Congress's impending talks on reauthorizing No Child Left Behind should be to "do more to expand public and private school choice." The piece praises the increases in funding and attention to the achievement gap between white and minority students, but faults it for not sufficiently promoting school choice in its efforts to improve public schools. Moreover, the Journal faults NCLB's supplemental education services provisions as a "watered-down" version of President Bush's erstwhile school voucher plan. Meanwhile, "the Education Department has too often allowed school districts to skirt even these limited choice provisions, either by granting exemptions or looking the other way." The Journal criticizes the NCLB Commission's report for not promoting vouchers, while offering qualified praise to President Bush's proposed "promise scholarships."

OTHER NEWS:

US Stock Markets Down Again. The Wall Street Journal (3/6, C1, McKay, 2.04M), under the headline "Stocks Decline As Weakness In Asia Trumps Other News," reports "a big drop in oil prices didn't stanch the bloodletting in the stock market. As was the case last week, weakness in overseas markets, especially Asia, trumped any shreds of good news elsewhere. Signs of so-so growth in the US service sector didn't help matters." ABC World News (3/5, story 7, :25, Vargus, 8.78M) reported "late selling brought the Dow down by more than 60 points [to close at 12,050.41]. And the NASDAQ down by 27 [to close at 2,340.68]. Losses had been feared from the start, after a repeat of sharp losses in Asia, following further declines on major European markets." NBC Nightly News (3/5, story 5, :15, Brown, 9.87M) said "investors were bracing for a rough ride after Tokyo's Nikkei average plunged. But the US markets were pretty subdued. The Dow was down almost 64 points [to close at 12,050.41]. NASDAQ was lost more than 27 points [to close at 2,340.68]."

USA Today (3/6, 1B, Krantz, 2.27M) reports, "Money flowed out of global stock markets again Monday as fears of a coming economic slowdown continued to discourage investors around the world." The Los Angeles Times (3/6, Hamilton, Petruno, 850K) titles its report "US Stocks Drop As Investors Avert Risk," and the Washington Post (3/6, D1, Tse, 690K) says the markets went down as "concerns mounted about the health of a high-risk part of the home mortgage industry." The New York Times (3/6, Peters, Timmons, 1.16M) reports "the fallout from last week's global stock dive showed few signs of letting up yesterday, as markets from Hong Kong to New York deepened their losses."

Fed Governor Says Markets "Functioning Well." The Financial Times (3/6, Guha) reports, "Financial markets are 'functioning well amid higher volatility' while 'overall liquidity does not appear to be in short supply', the Federal Reserve governor Kevin Warsh said on Monday." Warsh, "who acts informally as a point of contact between the Washington-based Fed governors and Wall Street, said market discipline 'appears to be effective, as investors are reviewing their positions.'" The Wall Street Journal (3/6, A2, Ip, 2.04M) says Warsh also "cautioned it is too soon for a 'comprehensive' assessment."

Service Sector Growing At Slower Pace. The Financial Times (3/6, Pimlott) reports, "The US service sector saw a sharp drop off in activity last month, growing at its slowest rate since during the Iraq war in April 2003, according

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to data released on Monday." The Institute for Supply Management "said that its index of business activity for the services sector stood at 54.3, down 4.7 percentage points from January. The report badly missed economists' forecasts of a level of 57." The Wall Street Journal (3/6, A2, Dougherty, 2.04M) says that "given the weakness in housing and manufacturing, economists had expected the service index to drop: If companies make fewer goods, that will mean less demand for shipping, and with people buying fewer homes it follows that demand for services such as loans and homeowner's insurance would also slow. Though economists expected a decline, the drop was steeper than anticipated."

Bernanke Meeting With Eclectic Group Of Consultants. The Wall Street Journal (3/6, A2, Blackstone, Paletta, 2.04M) reports, "A Who's Who of economists from Wall Street, academia, consulting and central banking scored coveted meetings with Ben Bernanke during his first months as Federal Reserve chairman. Topping a list that included Wall Street heavyweights like Bear Stearns Cos. and Morgan Stanley, however, was a small St. Louis-based forecasting firm: Macroeconomic Advisers." Former Fed Gov. Laurence Meyer and former Fed economist Brian Sack, both now with Macroeconomic Advisers' Washington office, "enjoyed the greatest access to Mr. Bernanke among private-sector economists, the Fed chairman's visitor logs show." Bernanke's visitor log "was obtained by Dow Jones Newswires through a Freedom of Information Act request. It lists only the names of people cleared through security to meet with him specifically. He may have also met with other people who were cleared to meet with other Fed officials."

EU Economy 20 Years Behind US. The Financial Times (3/6, Buck) reports, "The European Union's economic development is only now reaching the level achieved by the US more than two decades ago, according to a study released yesterday. The US reached the EU's current level of gross domestic product per capita in 1985, according to the report by Eurochambres, the pan-European business lobby. The EU's employmentrate and level of investment in research and development were reached by the USin 1978, and its level of productivity (expressed in GDP per employed) was reached by the US in 1989, the report said. … Compared with the first such report by Eurochambres published two years ago, it shows the time lag widened between 2003 and 2006. The most drastic gap appears in R&D spending, where the time lag expanded from 23 to 28 years."

Democrats Debate Whether Clinton Or Obama Had Better Reception In Selma. The CBS Evening News (3/5, story 6, 2:30, Couric, 7.66M) reported the "debate today among Democrats is who won the first serious showdown involving the frontrunners, Senators Hillary Clinton and Barack Obama. They appeared yesterday at ceremonies in Selma, Alabama, commemorating a 1965 civil rights march when white police officers beat mostly black marchers. And for the first time, the Clinton campaign employed its not-so-secret weapon." CBS (Borger) added, "The decision to send Bill Clinton to march in Selma alongside his wife was made at the last minute and it was a delicate mission, to prop up Hillary Clinton's standing with African Americans while not overshadowing her. So while his wife preached at a Selma church, Bill Clinton was not sitting in the congregation." Bill Clinton: "All the good speaking has been done by Hillary and Senator Obama today already. I'm just sort of bringing up the rear." Borger: "It's a lesson the Clinton campaign learned after the President upstaged his wife at the funeral for Coretta Scott King." Before Obama "entered the Democratic race, there was a sense of inevitability about Hillary Clinton's nomination. But now there's a real political fight and on lots of levels, the big question is this: Will Bill Clinton help her or hurt?"

On CNN's Anderson Cooper's 360 (3/5), CNN national correspondent John King said, "I think President Clinton's presence certainly helped Senator Hillary Clinton. But I think the fact that he needed to be there is the lead of the story, in the sense that she is very much threatened by Senator Obama's continued inroads and advancing inroads in the African- American community. John Lewis, a congressman who is a hero of the civil rights movement, quoted in 'The New York Times' last week, saying he was leaning Obama's way -- then, President Clinton called him and said: Well, give my wife a chance. So, the fact that she needs to play the Bill card so soon in the community where he is so beloved is a sign of weakness, not strength."

On MSNBC's Hardball (3/5), Rep. Artur Davis, a supporter of Sen. Obama, said, "Three or four months ago, all the black community knew was that Senator Obama was popular and attractive. Over the last several months, he started to talk in detail about his passion for universal health insurance, his passion for universal college access. And what's happened is that the black community has realized he has a progressive agenda, and that's what resonates in the black community. Now, the black community has a lot of experience with politicians over the last 15 years who became famous but who didn't have a progressive agenda." Davis added, "The enthusiasm for Barack Obama in Alabama is off the charts now, in the black and the progressive white community."

On MSNBC's Hardball (3/5), G. Virginia Fields, former Manhattan Borough president and a supporter of Sen. Hillary Clinton, said, "I have worked with Hillary Clinton. I know of her commitment to the black community, as well as others, and this is not new for her. And I think at the end, people do want to know, who is going to be the best person to move forward the agenda on universal health care, health care

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disparities, education, eliminating poverty? And Hillary Clinton has been fully committed and with real results in all of those areas. That is part of why I have chosen to support Hillary, and I will be doing all that I can, including in my home state of Alabama, working for Mrs. Clinton."

On Fox News' Special Report roundtable (3/5), Morton Kondracke said, "I thought Obama got the better of the day. One, he confronted this issue, is he black enough, by saying that yeah, his mother was white and his father was an African, and yet his whole political career is based, in fact, it's existence is based on the opportunities created by the Civil Rights Revolution. … But, more importantly, I thought, to the extent that any white people were watching that around the country or got wind of it, he took the Bill Cosby view of what's wrong with African-American society. Kids think that to succeed in school is to act white, people don't turn out to the polls, parents do not watch with their children are doing, fathers abandon their children after conception, and stuff like that."

On Fox News' Special Report roundtable (3/5), Mara Liasson of National Public Radio said, "I think that Barack Obama is thrilling to African-Americans. That doesn't mean that they're going to abandon the Clintons, who they feel very strongly about, but there's going to be a real race for those votes."

On Fox News' Special Report roundtable (3/5), Fred Barnes of the Weekly Standard said, "She's not Rich Little, that's for sure. She's a bad impersonator. I'll bet she doesn't try that again [using a Southern accent], it was very strange, particularly coming from. It was not a good weekend for her. … There's not be fierce competition for the African-American vote. Obama's going to get it."

Obama Said To Have "Won" Selma. In his Washington Post column (3/6, A19), Richard Cohen says, "If you had to pick a winner in last weekend's Selma bake-off between Hillary Clinton and Barack Obama, it would have to be Obama. It is not just that he performed better than Hillary Clinton; it's that he had something very important to say to black America." Clinton's "speech was a recitation of Democratic Party cliches. Not so Obama's. As Clinton did, he voiced the expected obeisance to Democratic Party shibboleths about school funding, health care, pensions and such, some of which matter, some of which don't. But then he turned to what clearly does matter: 'discipline and fortitude . . . sometimes I feel like we've lost it a little bit.'" There was "nothing particularly new about this message. You might call it warmed-over Bill Cosby or even an echo of Jesse Jackson. But Cosby is an entertainer and Jackson never stood any chance of getting to the White House. So the uniqueness is not the message; it is the refreshing combination of this particular man and what he is saying."

Clinton Tells Gay Rights Group She Wants "Partnership." The AP (3/6, Barrett) reports Democrat Hillary Rodham Clinton "told the nation's leading gay rights group in an unpublicized speech that she wants a partnership with gays if elected president." Clinton also "said she opposes the 'don't ask, don't tell' policy regarding gays in the military that was instituted during her husband's presidency." In a keynote speech to the Human Rights Campaign on Friday, Clinton said, "I am proud to stand by your side." The AP adds that neither Clinton's campaign "nor her Senate office made any announcement that she would be making the Friday address. Asked twice at a Monday campaign stop in Iowa why she did not publicize her speech to the group, Clinton said: 'You'll have to ask my campaign.'" The AP adds that in the speech, Clinton "joked that she shares the same initials as the group, and pledged to maintain the same close working relationship that last year helped defeat the federal amendment which would have banned same-sex marriage."

Clinton Plans Outreach To Women. The New York Times (3/6, Healy, 1.16M) reports Sen. Clinton "will begin an ambitious effort on Tuesday to enlist thousands of women to play roles in her presidential campaign, hoping to build on the enthusiasm her candidacy has stirred among female voters at early campaign events." Clinton will "announce the drive, which will unfold through March to coincide with Women's History Month, in a speech at the annual luncheon held by Emily's List, a political group favoring Democratic female candidates who support abortion rights that has already endorsed her." The campaign "intends to use social networking tools and other Web technology to develop a thousands-strong Women's Leadership Network, which would promote Mrs. Clinton's candidacy nationwide and, by this fall, hold campaign events and take part in fund-raising."

Clinton Carefully Reconstructing Image. The New York Times (3/6, Leibovich, 1.16M) reports in a 2200 word story that to "watch Mrs. Clinton up close during these 'rollout' weeks of her presidential campaign is to see a familiar political figure try to reclaim her name." Lamenting that "her public image has been distorted by caricature, she often says, 'I may be the most famous person you don't really know.' In the cliché of contemporary politics, Mrs. Clinton is 'reintroducing herself to the American people.'" Clinton is, "in this latest unveiling, the Nurturing Warrior. She displays a cozy acquaintance ('Let's chat') and leaderly confidence ('I'm in it to win it'). She is a tea-sipping girlfriend who vows to "deck" anyone who attacks her; a giggly mom who invokes old Girl Scout songs and refuses to apologize for voting for the Iraq War Resolution in 2002. Her aim, of course, is to show that she is tough enough to lead Americans in wartime but tender enough to understand their burdens."

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Obama Questioned For Rescinding Invitation To Controversial Pastor. The New York Times (3/6, Kantor, 1.16M) reports the Rev. Jeremiah A. Wright Jr., "senior pastor of the popular Trinity United Church of Christ in Chicago and spiritual mentor to Senator Barack Obama, thought he knew what he would be doing on Feb. 10, the day of Senator Obama's presidential announcement." In January, Obama "had asked Mr. Wright if he would begin the event by delivering a public invocation. But Mr. Wright said Mr. Obama called him the night before the Feb. 10 announcement and rescinded the invitation to give the invocation." Wright said, "Fifteen minutes before Shabbos I get a call from Barack. One of his members had talked him into uninviting me." The Times adds, "Some black leaders are questioning Mr. Obama's decision to distance his campaign from Mr. Wright because of the campaign's apparent fear of criticism over Mr. Wright's teachings, which some say are overly Afrocentric to the point of excluding whites."

Obama's Experience Praised. In his New York Times column (3/6), Nicholas Kristof says, "The conventional wisdom about Barack Obama is that he's smart and charismatic but so inexperienced that we should feel jittery about him in the Oval Office. But that view is myopic. In some respects, Mr. Obama is far more experienced than other presidential candidates. His experience as an antipoverty organizer in Chicago, for example, gives him a deep grasp of a crucial 21st-century challenge — poverty in America — that almost all politicians lack. He says that grass-roots experience helps explain why he favors not only government spending programs, like early childhood education, but also cultural initiatives, like efforts to promote responsible fatherhood." In foreign policy "as well, Mr. Obama would bring to the White House an important experience that most other candidates lack: he has actually lived abroad. He spent four years as a child in Indonesia and attended schools in the Indonesian language, which he still speaks."

Edwards Says Jesus Would Be Unhappy With Iraq War, Americans' Selfishness. The AP (3/6, Baker) reports that ex-North Carolina Sen. John Edwards (D) "says Jesus would be appalled at how the United States has ignored the plight of the suffering, and that he believes children should have private time to pray at school. Edwards, in an interview with the Web site Beliefnet.com, said Jesus would be most upset with the selfishness of Americans and the country's willingness to go to war 'when it's not necessary.' 'I think that Jesus would be disappointed in our ignoring the plight of those around us who are suffering and our focus on our own selfish short-term needs,' Edwards told the site. 'I think he would be appalled, actually.' Edwards also said he was against teacher-led prayers in public schools, but he added that 'allowing time for children to pray for themselves, to themselves, I think is not only OK, I think it's a good thing.' … Edwards was interviewed by David Kuo, a conservative Christian who served as deputy director of President Bush's Office of Faith-Based and Community Initiatives until 2003. Kuo wrote a book, 'Tempting Faith, An Inside Story of Political Seduction,' that said Bush aides privately called conservative Christians 'nuts,' 'ridiculous' and 'goofy.'"

Giuliani Asks For Privacy To Deal With Family Issues. ABC World News (3/5, story 4, 2:30, Vargus, 8.78M) reported, "Twenty-one year-old Andrew Giuliani has gone public with his strained relationship with his father, following the former Mayor's bitter and public defense from Andrew Giuliani's mother. He said, 'I got my values from my mother. I have problems with his father. But it doesn't mean he won't make a great president.'" ABC political correspondent Jake Tapper added: "For almost any other candidate, the questions would spell political doom. But today in California, former New York Mayor Rudy Giuliani calmly discussed the damage he did to his children when he divorced his second wife in order to marry his third." Rudy Giuliani: "The responsibility is mine. And I believe that these problems with blended families, you know, are challenges. … And the challenges are best worked on privately." Tapper: "For now, at least, Giuliani seems coated in political teflon, even when the former big city Mayor with liberal views on abortion, gay rights, and gun control addressed a conference of red-meat conservatives."

The AP (3/6, Blood) reports, "Campaigning in Southern California, Giuliani faced questions about his family after his son, Andrew, publicly said their relationship had become distant after Giuliani's messy divorce from Andrew's mother, Donna Hanover, and his later marriage to Judith Nathan. 'My wife Judith is a very loving and caring…mother and stepmother. She has done everything she can. The responsibility is mine,'" Giuliani said, adding, "The more privacy I can have for my family, the better we are going to be able to deal with all these difficulties." In an article Saturday, The New York Times reported "that Andrew Giuliani and his father have recently tried to reconcile after not speaking 'for a decent amount of time.' In the Times article, Andrew said, 'There's obviously a little problem that exists between me and his wife.'" Giuliani was in California for an "event that was intended to highlight his crime-fighting credentials. He met privately with sheriffs from Southern California and Gov. Arnold Schwarzenegger, who later introduced him at a brief news conference."

Capeheart Reflects Negatively On "Vindictive" Giuliani's Terms As Mayor. In a piece in the Washington Post (3/6, A19, 690K) discussing Giuliani's temperament, columnist Jonathan Capehart relates that "when Giuliani was

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mayor, he brooked no criticism -- no matter how minor, no matter how constructive. Having been on the receiving end of one of Giuliani's withering verbal assaults, I know of what I speak." Capeheart goes on to recount a Jan. 7, 1999 telephone conversation he had with Giuliani, in which the former mayor "was spitting fire over my column in that morning's New York Daily News, in which I likened his second term to the sitcom 'Seinfeld.'" Capeheart says that "Giuliani ripped me apart, calling my column 'intellectually dishonest,' among other things," then called back shortly later "launching into another 10-minute monologue." Asserting that Giuliani's "skin is as thin as America's Next Top Model," Capeheart also says that "Giuliani could be vindictive," "had no qualms about using government to settle a score," and that the former mayor displayed a "tone-deafness" on issues of race. Capeheart concludes that Giuliani, "who became the face of a bloodied but unbowed nation on Sept. 11, 2001, was a difficult mayor. Many wonder whether the trauma of that day has mellowed Giuliani. We'll soon know. There's nothing like the stress of a presidential campaign to find out for sure."

Moving Toward White House Bid, Giuliani To Sell Investment Firm. The New York Times (3/6, Buettner, Archibold, 1.16M) reports that Rudy Giuliani announced Monday "the planned sale of his boutique investment bank to an Australian company, a transaction that a company official said was part of Mr. Giuliani's increasing focus on his presidential campaign. The firm, Giuliani Capital Advisors, is being sold to the Macquarie Group, a financial services business based in Sydney, Australia, with more than 9,600 employees worldwide. Terms of the sale, which is expected to be final in June, were not released. 'It's indicative of his gearing up and focusing on his candidacy,' said Sunny Mindel, a spokeswoman for Giuliani Partners, Mr. Giuliani's core consulting business."

The Financial Times (3/6, Daniel, Politi) reports that while terms of the deal weren't disclosed, "analysts said that Giuliani Capital Advisors could be worth as much as $100m. … GCA advises on mergers and acquisitions and restructurings in sectors such as infrastructure, energy, and property. Although largely US-based, it has advised on several international deals, particularly in Germany and the UK. It came under Mr Giuliani's umbrella in 2004, trebling the size of his business interests, which were mostly confined to Giuliani Partners, a management consultancy."

The Wall Street Journal (3/6, A8, Cooper, Block, 2.04M) reports that "Giuliani Capital has maintained a steady list of clients, particularly for its restructuring work. Its clients include Delta Air Lines Inc., which sought bankruptcy protection in 2005. It handled similar work recently for US Airways Group Inc. and Aloha Airgroup Inc., a regional carrier. … Of the two units of Giuliani Partners, it is thought to have the greater value. It also may be the most problematic politically for a potential presidential candidate. Analysts say the nature of the firm's client list may make Mr. Giuliani politically vulnerable. It remains to be seen whether a sale of the company will quiet such criticism. The Democratic Party said in a memorandum sent to some reporters that Giuliani Capital Advisors had displayed 'greed' when it sought millions of dollars in fees from troubled airlines."

The Washington Post (3/6, A4, Mosk, Shear, 690K) reports that some "viewed the sale as Giuliani's first step away from the lucrative private-sector career he built during the years he spent outside the public spotlight. Eric Abrahamson, a Columbia Business School professor, said he thinks Giuliani will have little choice but to start building a higher wall between his campaign and his business activities. 'The organization has dealt with all varieties of clients over time, some of whom would expose his image to certain perception problems,' Abrahamson said yesterday. 'I would imagine that, fairly soon, he would have to completely distance himself from the business.'"

The AP (3/6, Westfeldt) reports that "Doug Muzzio, a politics professor at Baruch College, said Giuliani is trying to head off any future conflicts in the campaign. 'Doing it now signals that they consider what they're doing for the clients will be politically problematic for a run for president, so they're getting rid of it early so that even if a story emerges, they will be politically inoculated from it,' said Muzzio."

Simon Outlines Romney Battle Plan. In an article in The Politico (3/6), Roger Simon writes that ex-Massachusetts Gov. Mitt Romney (R) "may be low in the polls right now, but he is a man with a plan, a plan to make him the Republican nominee for president." Simon says "that in the coming weeks and months," Romney aims "to take advantage of the various and complicated rules governing the primaries. The prime example is the change in the way California will conduct its Republican primary on Feb. 5." Usually, GOP "primaries are winner-take-all." However, "California Republicans have changed the system. Now it is winner-take-all by congressional district." So, Romney "will target his TV ads to certain congressional districts" and "intends to treat California as if it were a 'retail' political state." Romney also intends to emphasize "the differences between himself, Rudy Giuliani and John McCain." Romney aims "to exploit what he perceives as two of McCain's great vulnerabilities in the Republican primaries:" the McCain-Feingold campaign finance law and the McCain-Kennedy immigration reform bill. Romney also is drawing "distinctions between Giuliani's rather turbulent personal life -- he has been married three times -- and Romney's own marriage of nearly 38 years." In an interview with The Politico, Romney said "The breakdown of the family…is an issue that needs to

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be spoken about." Romney is also keying heavily on the "the straw poll in Ames, Iowa, on Aug. 11" as a crucial "summer showdown." And on the issue of his Mormon faith, Romney "intends to recast the issue by emphasizing that he is a person of faith and that that is more important to voters than what faith he is."

Healthcare Emerges As Key Issue Early In '08 Contest. The Washington Post (3/6, A3, Lee, 690K) reports that ex-North Carolina Sen. John Edwards (D) "says providing health coverage to the 47 million Americans who lack it is so important that he is willing to raise taxes to do it." Illinois Sen. Barack Obama (D) "says he is determined to enact universal health care by the end of his first presidential term." New York Sen. Hillary Clinton (D) "calls universal coverage 'not only a moral and health imperative, but an economic and jobs imperative as well.'" And "at least two GOP contenders -- former governors Mitt Romney of Massachusetts and Tommy G. Thompson of Wisconsin -- are expected to use their extensive track records on the issue as campaign selling points, especially if either emerges as the party's nominee. All of which illuminates the reality that no White House hopeful can be taken seriously in the rapidly evolving 2008 race without confronting what many Americans have long said is one of their biggest concerns: the availability and affordability of health care. 'Every candidate is going to have to have a health-care plan, because it is the number one domestic policy issue on the minds of voters,' said Karen Ignagni, president of America's Health Insurance Plans."

Kemp Says GOP Working To Be "The Party Of Herbert Hoover." Jack Kemp criticizes "GOP Protectionists" in a Wall Street Journal op-ed this morning (3/6, A19), writing, "As the GOP stumbles around Washington trying to be the party of Herbert Hoover, it's sad to see so many Republicans drifting so far and so fast from the Reagan model that helped pave the way for the great, non-inflationary economic and jobs expansion of the past 25 years. Sen. Lindsey Graham, (R., S.C.) threatens China with a 28% tariff for daring to tie the yuan to the dollar. Rep. Tom Tancredo, running for president, is miffed at…Bush for trying to design comprehensive immigration-reform legislation. The president wants a guest-worker program that could help alleviate border problems in the Southwest." But "Tancredo is a sissy compared to my old pal Duncan Hunter, the congressman from San Diego. He's also running in the GOP primaries as an unambiguous Hoover-like protectionist and anti-globalization candidate. Then there's my other old friend Pat Buchanan, railing against Japan and Toyota for having the chutzpah to sell so many cars in the US, even going so far as to build manufacturing plants right here under our noses." Kemp concludes "the answers to our challenges in today's global marketplace can be found in sound money, lower tax rates on capital and labor, an easing of regulatory burdens, and the welcoming of foreign investment and trade with nations like Japan. Isolationism and protectionism are not worthy of 21st century America."

Jenna Bush To Publish Book For Teens. USA Today (3/6, 1D, Minzesheimer, 2.27M) reports, "Jenna Bush, in a rare interview, says her forthcoming book for teens -- about a 17-year-old single mother in Panama who is living with HIV -- will end with a 'call to action.'" HarperCollins "announces today that it's publishing Bush's Ana's Story: A Journey of Hope this fall. It will be illustrated with photographs by Mia Baxter, a former classmate of Bush's at the University of Texas." The president's daughter "says the book is not political. It's aimed at 'getting kids thinking and involved,' Bush said Monday by phone from Panama, where she has worked since September as an unpaid intern for UNICEF."

Ahead Of Latin America Trip, Bush Outlines Plans To Help Region. USA Today (3/6, Jackson, 2.27M) reports, "President Bush said Monday that the United States will help the working poor of Latin America as part of a plan meant to show the region it has not been forgotten by the United States. Preparing for a seven-day, five-nation swing, Bush outlined past efforts to help the region while offering new plans for health care, education and business development." Bush told members of the United States Hispanic Chamber of Commerce, "The working poor of Latin America need change." USA Today adds, "During a Monday briefing, national security adviser Stephen Hadley said the trip will emphasize the continuing US efforts to bolster Latin American democracies and economies. Those efforts, Hadley said, have not received the attention they deserve. 'That's one of the reasons we're doing this trip.'" Bush leaves Thursday "for São Paulo, Brazil, the first stop on a trip that includes Uruguay, Colombia, Guatemala and Mexico."

The Wall Street Journal (3/6, Pulizzi, 2.04M) reports that in his speech, Bush "unveiled plans to send a Navy vessel to dispense medical care throughout Latin America, spend $75 million over three years on English-language training for the poor and develop a new small-business loan initiative." The Journal adds that "since taking office, Mr. Bush has doubled US foreign assistance to Latin America to about $1.6 billion a year. The money includes development assistance, military assistance and counter-narcotic assistance. Colombia is the largest recipient of US aide outside the Middle East and Afghanistan, with most of the money earmarked for anti-drug efforts."

In response to "criticism he has ignored Latin America," says the AP (3/6, Hunt), Bush said "the region's grinding

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poverty is a scandal that has caused some to question the value of democracy." To combat this trend, the President said the US "will spend tens of millions of dollars to improve education, housing and health care across the region."

On its front page, the New York Times (3/6, A1, Rohter, 1.16M) reports Bush will arrive in Brazil Thursday "with an energy partnership plan to create jobs and decrease poverty and inequality, a marked shift in Washington's priorities for Latin America aimed at countering the challenge posed by President Hugo Chávez of Venezuela." While US policy in the region has "focused on free-trade agreements and related economic measures, with a secondary emphasis on drug interdiction," the "growing leftward and anti-American trend in regional politics, led by Mr. Chávez" has led to "a modified agenda and a renewed effort to rebut complaints by Latin Americans that the president has ignored their concerns in favor of the campaign against terrorism." Despite the policy shift, "promises of American support and assistance are likely to fall short of what Mr. Chávez, with his oil wealth, has been delivering recently."

The Washington Post (3/6, A11, Baker, 690K) says Bush "is launching a new campaign to compete with Chávez for the region's hearts and minds, employing language mirroring the Venezuelan leader's leftist populism but rooted in traditional American conservatism." After six years "of focusing elsewhere in the world," Bush in his final two years "wants to convince the nation's neighbors that, as he put it yesterday, 'we care.' But he faces an enormous gulf between ambition and reality, analysts say."

The Los Angeles Times (3/6, Reynolds, McDonnell, Kraul, 850K) also says "the emphasis on addressing inequality marks a shift for the president, who has been assailed for stressing free trade and democracy south of the border and ignoring the social ills that continue to stymie the region." Bush, "whose poll numbers are at least as bad in Latin America as at home, is likely to meet skepticism and protests as he tries to portray a kinder, gentler face of US policy."

The Washington Times (3/6, Ward, 88K) reports Eric Farnsworth, vice president of the Council of Americas, "an advocacy group for businesses with interests in Latin America, said 'the specter of Chavez [is] overhanging the region right now,' and that 'the standing of the United States in the region has decreased.'" Farnsworth, however, "applauded Mr. Bush's speech, which he said pushes back against Mr. Chavez's populism in the right way." Dan Restrepo, Latin America analyst at the Center for American Progress, "a left-leaning think tank, was not impressed. 'You can't have a year of engagement every six or seven years and think it's going to answer the mail,' Mr. Restrepo said."

GOP Signals Willingness To Compromise On Panama, Peru, Colombia Trade Deals. The New York Times (3/6, Weisman, 1.16M) reports, "When the Democrats swept to victory last fall, after a campaign fueled partly by attacks on…Bush's trade policies, trade deals promoted by the administration seemed doomed in the new Congress. But that was then. In the last week, the administration and its Republican allies on Capitol Hill have signaled a new willingness to work with Democrats to try to secure their support for three pending trade deals -- with Panama, Peru and Colombia." The Times adds, "The focus of their talks has been guarantees for the rights of workers in countries with which the United States has negotiated trade accords, including a ban on child labor and forced labor." Rep. Charles Rangel, chairman of the House Ways and Means Committee, said yesterday, "There's no question that there's been a change on the Republican side. … They refused to talk about these things before, and now they're talking." But "it is still not clear how Democrats will respond. Mr. Rangel said that they remained highly skeptical about signs of Republican flexibility on trade and that he had not seen anything "acceptable to a broad number of members" on his side."

Meanwhile, The Hill (3/6, Swanson) reports, "Freshman Democrats seeking a direct role in congressional trade policy have won a meeting this week" with Rangel. No freshmen "sit on the prestigious Ways and Means Committee, which oversees trade policy, but class members pressed for a role in trade in a Jan. 17 letter to Rangel that said opposition to the Bush administration's trade policies had been 'vital to our electoral successes.'" The Gill adds, "A spokesman for freshman Rep. Betty Sutton (D-Ohio), a former labor lawyer who has led the freshman efforts, said the meeting was scheduled with the hope that all 39 Democrats who signed the Jan. 17 letter would be able to attend."

UN Environmental Official Assesses US-Brazil Ethanol Alliance. The AP (3/6, Astor) reports, "A proposed ethanol alliance that President Luiz Inacio Lula da Silva is expected to forge with President Bush later this week poses both opportunities and risks for the environment, a top U.N. environmental official said Monday. Achim Steiner, executive director of the U.N. Environment Program, said growing international demands for ethanol and other biofuels can threaten the Amazon rain forest if safeguards are not put in place." The AP adds, "Brazil's main biofuel is ethanol made from sugarcane. While sugarcane cultivation is minimal now in the Amazon, some environmentalists fear that growing demands for the fuel could push cane growers into the rainforest." Bush "and Silva are expected to forge an 'ethanol alliance' Friday aimed at creating quality standards for the alternative fuel, while joining forces to promote production of ethanol in nations lying between Brazil and the United States."

Guatemala To Ask Bush For Assistance In Drug War. The AP (3/6, Llorca) reports, "In a case that has laid

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bare the extent of corruption" in the Guatemala, "FBI agents are trying to help discover who ordered the murders of three Salvadoran politicians and the Guatemalan police officers who said they were told to kill them." The killings and apparent cover-up "has exposed the seemingly insurmountable challenges President Oscar Berger faces as he tries to regain control of a defiant and even criminal police force." Berger "says he needs more help in fighting organized crime and will ask President Bush when he visits March 12 to provide US helicopters, planes and radar equipment."

New Colombian Foreign Minister Was Held Hostage By Rebels. The Washington Post (3/6, A10, Forero, 690K) profiles newly appointed Colombian foreign minister, Fernando Araújo, who up until only weeks ago had been held hostage by Marxist rebels for the past six years. As foreign minister, Araújo is expected "to speak passionately about a crime that the largest rebel group here, the Revolutionary Armed Forces of Colombia (FARC), has long used to generate ransom money and wield leverage to win the release of jailed guerrillas" and to "explain the difficult challenges the Uribe government faces in reaching a deal with the rebels."

Bolivian Women Leading Way From Rural To City Life. In a front page article, the Washington Post (3/6, A1, Reel, 690K) reports on Bolivian women leading the way from the country's "tiny mountain villages and worn-out mining towns" to larger cities. According to the U.N., "For the first time in the world's history, more people next year will live in cities than in rural areas," and women, like those in Bolivia, "are leading the urban push, leaving the countryside at higher rates than men, lured in large part by domestic service jobs."

US, North Korea Begin "Historic" Talks In New York. The AP (3/6, Lederer) reports the US and North Korea opened "historic talks" Monday on steps to establish diplomatic relations. However, USA Today (3/6, 5A, Slavin, 2.27M) reports State Department spokesman Sean McCormack "downplayed expectations for quick progress," calling the meeting between North Korean Vice Foreign Minister Kim Kye Gwan and Assistant Secretary of State Christopher Hill "just an initial discussion."

The Washington Times (3/6, Sands, 88K) calls the talks "groundbreaking," but also notes Administration officials "were trying to tamp down expectations of a major breakthrough, saying difficult issues such as US financial sanctions and designation of Pyongyang as an official sponsor of terrorism will require many negotiating sessions."

UNDP Suspends Work In North Korea. The New York Times (3/6, A11, Hoge, 1.16M) reports the UNDP "announced Monday that it was suspending work in North Korea because the country had failed to meet conditions set up in response to American complaints that United Nations money was being diverted to the government of Kim Jong-il." David Morrison, director of communications for the agency, said, "We have decided to suspend our operations, and the ball is really now in the court of the D.P.R. Korean authorities."

US Urged To Address Subject Of Abductions. Deputy editor Melanie Kirkpatrick writes in the Wall Street Journal (3/6, A18, 2.04M), "Among the promises the US made to North Korea as part of the Feb. 13 nuclear disarmament deal is a pledge to begin the process of removing it from the list of terror-sponsoring states. When Vice President Dick Cheney visited Tokyo last month, [Japanese Prime Minister Shinzo] Abe urged the US not to do so until the abduction issue is resolved. While President Bush has spoken eloquently in the past about human-rights violations in North Korea, that issue appears not to be high on the US agenda these days. Chief US negotiator Christopher Hill is holding talks in New York with his North Korean counterpart this week. A good question for him to ask is, Where is Megumi" Yokota, a Japanese citizen kidnapped by North Korea who remains missing today.

Israeli Security Chief Says Iran Training Hamas. The New York Times (3/6, A8, Erlanger, 1.16M) reports the chief of Shin Bet, the Israeli internal security service, "said Monday that the Islamic movement Hamas had sent dozens of men from Gaza to Iran for military training." In "a rare on-the-record briefing," Yuval Diskin told reporters, "We know that Hamas has started to dispatch people to Iran, tens, and a promise of hundreds." The training would "last months, perhaps years," he said, adding, "I see this as the strategic danger, more than any weapons smuggled into Gaza." Responding the allegations, Ahmed Youssef, an adviser to Palestinian Prime Minister Ismail Haniya, said Hamas "has not sent anyone to Iran," and that Diskin's comment was "propaganda, to hurt a new government."

On its front page, the Washington Times (3/6, A1, Mitnick, 88K) quotes Diskin as saying, "One of the bad fruits of the international siege on Hamas is that once all the doors were closed, the only window open was to Iran." His analysis of the Palestinian "political and military scene painted a bleak prognosis for peace negotiations with Israel and included a warning about a possible Israeli offensive in the Gaza Strip." The Los Angeles Times (3/6, Boudreaux, 850K) also reports the development.

State Department Says Palestinian Aid Hinges On Hamas. The AP (3/6) reports the State Department "said Monday full funding of a proposed $86 million in security assistance for the Palestinian Authority hinges on whether US officials receive assurances that none of the funds can benefit Hamas." State Department spokesman Sean McCormack commented after four House Foreign Affairs Committee

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members "urged Secretary…Rice to reconsider the plan in light of the recent agreement between Fatah and Hamas to form a national unity government." McCormack said the Administration "is asking the same questions as members of Congress about whether Hamas would benefit from the program."

France Calls For Closer EU-Palestinian Ties. The Financial Times (3/6, Dombey, Morris) reports France "pushed on Monday for the European Union to step up preparations for deeper ties with a Palestinian government of national unity, despite misgivings from countries such as Germany and the Netherlands." The question of whether to resume contacts with and direct funding for the Palestinian Authority is "set to race up the EU's agenda as the rival Fatah and Hamas factions move closer to working together." While France argues that the momentum of last month's Mecca agreement to set up a unity government "cannot be wasted," other countries "give greater emphasis to making sure the administration fully meets international demands that it recognises Israel."

Webb Introduces Bill Requiring Congressional Authorization For Iran War. The Washington Times (3/6, A1, Bellantoni, 88K) reports in a front page article that Virginia Sen. James H. Webb Jr. yesterday introduced legislation "to force President Bush to seek congressional authorization before using force against Iran." Democratic leaders, "who indicated general support" for the plan last week, are "still deciding whether they will attach it to an upcoming spending bill."

IAEA Says Iran May Have Halted Nuclear Program. The AP (3/6, Jahn) reports IAEA chief Mohamed ElBaradei said Monday that Iran "seems to have at least temporarily halted" its uranium-enrichment program. The "pause" could represent "an attempt to deescalate Iran's conflict with the Security Council, which is deliberating a new set of harsher sanctions." Iranian President Mahmoud Ahmadinejad "had been expected to announce last month that Iran had started installing 3,000 uranium-enriching centrifuges at a facility in the desert outside the central city of Natanz," but the announcement "never materialized," in what was seen as "an apparent step back." ElBaradei said, "I do not believe that the number of centrifuges has increased, nor do I believe that (new) nuclear material has been introduced to the centrifuges at Natanz."

However, USA Today (3/6, 11A, 2.27M) notes ElBaradei said "quite a few uncertainties still remain" because "Iran's lack of cooperation with the International Atomic Energy Agency" means the agency "can't determine" whether Iran's nuclear activities "are purely peaceful."

Agreement On UN Iran Sanctions Does Not Appear Close. The AP (3/6, Burkhardt) reports diplomats met Monday to discuss possible new sanctions against Iran, "but differences emerged and an agreement did not appear to be close," diplomats said. After meeting late Monday at Britain's U.N. Mission, China's U.N. Ambassador Wang Guangya said there are "some different views here, so we will continue to work." He said the ambassadors would meet again on Tuesday afternoon.

The Christian Science Monitor (3/6, LaFranchi, 59K) reports the Bush administration, "convinced that punitive financial measures played a role in moving North Korea to accept a deal designed to shut down its nuclear operations, is now spearheading a multilateral effort to use sanctions to turn the screws on Iran and its nuclear program." Among the measures being considered for the new resolution, according to US and European officials, "are expansion of the list of Iranian officials whose assets would be frozen, a travel ban on more Iranians who are involved in the country's nuclear research and development, and additions to the list of parts, material, and technology that would be banned from Iranian trade."

Iranian Women Arrested During Rights Protest. The New York Times (3/6, A11, Fathi, 1.16M) reports Iranian authorities arrested 33 women Sunday "after protests outside a court where five of them were being tried for leading a campaign to gain more legal rights for women," Iranian newspapers reported Monday. Human Rights Watch condemned the arrests and called for the women's immediate release.

Interpol Recommends Arrest Warrants For Former Iranian Officials. McClatchy (3/6, Bachelet) reports Interpol's legal department "has recommended issuing capture notices for five former Iranian officials in connection with the 1994 bombing of a Jewish community center in Argentina, which killed 85 people," Rep. Ileana Ros-Lehtinen (R) said Monday. Argentina "requested the capture notices…triggering anger in the Iranian government, which has denied any involvement in the bombing."

Rice, Jordan's King Abdullah Discuss Iraq Refugees, Mideast Peace. AFP (3/6) reports Secretary of State Condoleezza Rice Monday met with Jordan's King Abdullah to discuss "Iraqi refugees and an Arab peace plan for the Middle East," diplomats said. State Department spokesman Sean McCormack told reporters that providing assistance to Iraqi refugees, an issue that will be addressed at a regional conference on Iraq this weekend in Baghdad, was "an issue of serious concern" for King Abdullah. "I know that there is a lot of concern about the pressures on the support network within Jordan and the ability of the NGOs working in Jordan to meet those

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humanitarian needs" of some 600,000 Iraqi refugees in the country, McCormack said.

Agreement Between Lebanese Factions Expected Within Days. The Washington Times (3/6, Knapp, 88K) reports that "a deal to end the standoff between Lebanon's US-backed government and Hezbollah, the nation's worst political crisis since its 1975-1990 civil war, is expected to be finalized within the next few days, key political figures say." A possible agreement follows a meeting between Iranian President Mahmoud Ahmadinejad and Saudi King Abdullah Saturday.

US Urged To Empower Saudi King Abdullah. Rob Sobhani, president of Caspian Energy Consulting, writes in a Washington Times (3/6, 88K) op-ed, "While the United States and Europe stood by powerless for months…King Abdullah [of Saudi Arabia] brought together the leaders of Hamas and Fatah in Mecca and got them to agree to bury their differences." Sobhani says it "is in America's interest for Washington to recognize the important role of Saudi Arabia's wise monarch and make him an equal partner in bringing about peace and stability in the combustible Middle East." If Washington "does not empower King Abdullah, the negative force and path of extremism exemplified by Mr. Ahmadinejad, Lebanon's Hassan Nassrallah and Iran's Ali Khamenei will fill the current power vacuum in the Middle East with hate and destruction."

Columnist Urges Support For Islamic Moderates. The Wall Street Journal's (3/6, A18) Bret Stephens writes from the "landmark Summit on Secular Islam" in St. Petersburg, Florida that "for more than five years, the Bush administration has been attempting to enlist the support of the so-called moderates in the war on terror -- its definition of 'moderate' being remarkably elastic, to put it charitably." But Undersecretary Karen Hughes "is not at this summit, of course, nor is anyone else from the State Department, nor is the US-funded al-Hurra Arabic TV station. … Al-Jazeera, however, is here, suggesting that the real Arab mainstream better appreciates the broad interest the conference's speakers attract in the Muslim world, as well as their latent power."

Russia Revises Stance On US Missile Shield. The Financial Times (3/6, Buckley, Dombey, Williamson) reports Russia "said it was revising its military doctrine to reflect other powers' growing use of military force, while a Russian general warned again that Moscow could knock out elements of the US missile defence system planned for eastern Europe." The comments came as German Chancellor Angela Merkel "added her voice to the heated international debate over the missile defence system by calling for Nato to be given responsibility for defusing concerns over the plan." In an interview with the Times, Merkel said "Nato is the best place for discussion of this issue," arguing that Washington "should step up consultation with its western allies and Russia." Her statement "reflects concerns over increasing east-west tensions" over the proposed missile plan.

Meanwhile, the New York Times (3/6, A3, Shanker, Cooper, 1.16M) reports under the headline "US Moves To Soothe Growing Russian Resentment," that the Bush administration "has decided to reach out more often and more intensively to Russia at a time when the leadership in Moscow is harshly criticizing American policy and some scholars say the United States has not sufficiently tended to an important relationship." In the wake of growing tensions over the missile shield, "there is a growing acknowledgment among officials in Washington that the United States has not responded as rapidly or eloquently as it might have to a widespread sense of grievance in Russia."

Russia, US To Discuss START Treaty. In a front page article, the Washington Times (3/6, A1, Kralev, 88K) reports the Bush administration "has rebuffed Russian overtures to negotiate a legally binding replacement of the 1991 START I treaty" that is set to expire in 2009, US and Russian officials said yesterday. An "expert-level meeting…to discuss options after the treaty's expiration is expected to take place as soon as this month, but their differences are not likely to be resolved," the officials said. While the Russians "insist on a legally binding agreement," the Americans have focused on "transparency and confidence-building measures" that would still allow both sides to verify each others' arsenals and capabilities.

Putin Critic Dies In Fall From 5th-Floor Window. The Washington Times/London Daily Telegraph (3/6) reports that Ivan Safronov, a Russian journalist who had "criticized" President Vladimir Putin and "frequently irritated Russia's powerful intelligence services," died after falling from a fifth-floor window of an apartment building. Russian investigators said they believed that Safronov "committed suicide -- an interpretation that was challenged by colleagues."

US Official Says "Very Aggressive" Chinese Spies A Threat. In a front page article, the Washington Times (3/6, A1, Gertz, 88K) reports, "China's intelligence services are among the most aggressive at spying on the United States, followed by Cuban, Russian and Iranian spy agencies," according to the US government's top counterintelligence coordinator. In an interview with the Times, Joel F. Brenner, the new head of the Office of the National Counterintelligence Executive, said the US remains the No. 1 target of "virtually every significant espionage service on the face of the Earth." Specifically, Brenner said

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"China's intelligence activities have been 'very aggressive' at acquiring US advanced technology, often before it is fully developed here."

US Warns China On Military Build-Up. AFP (3/6, Knox) reports Washington "warned China Monday that its announced military spending boost was 'inconsistent' with peaceful growth and hinted that Beijing was understating its defense expenditures." National security council spokesman Gordon Johndroe told AFP, "This kind of spending not only concerns us but raises concerns among China's neighbors. This is inconsistent with China's policy of peaceful development."

Former Shanghai Stock Exchange Official Urges Changes To System. Fang Xinghai, former deputy chief executive of the Shanghai Stock Exchange, writes in the Wall Street Journal (3/6, A19, 2.04M) that following last week's unexpected drop in the Chinese stock exchange if the "government to intervene now as it did before, it would likely cause unnecessarily large volatilities, with serious results for the economy." A "better alternative than government intervention to ensure the smooth functioning of China's stock market," he says, "is to build in a self-adjusting mechanism," including the approval of "more new mutual funds, increase quotas under the Qualified Foreign Institutional Investor scheme so more overseas institutions can enter the market, and allow more insurance and pension money to be invested in stocks. And yes, hedge funds should be legalized."

Mixed Genocide Ruling Puts Pressure On Serbia. The New York Times (3/6, A10, Simons, 1.16M) reports last week's ruling by the UN's highest court "that found fault with Serbia under the Genocide Convention complicates Serbia's diplomatic rehabilitation, several legal experts said." They said the ruling "would bind diplomats of the European Union and NATO, whose ties with Serbia have been growing," even though the court "did not find that Serbia was directly responsible for the genocide" of Bosnian Muslims in 1995. The ruling also "had important effects reaching beyond Serbia, because any country sheltering" Bosnian Serb leaders Ratko Mladic and Radovan Karadzic "would now be considered in violation of the convention."

NYTimes Urges Japan To Apologize For WWII Sex Slaves. In an editorial, the New York Times (3/6, 1.16M) writes, "What part of 'Japanese Army sex slaves' does Japan's prime minister, Shinzo Abe, have so much trouble understanding and apologizing for?" Although the "underlying facts have long been beyond serious dispute," Abe "seems less concerned with repairing Japan's sullied international reputation than with appealing to a large right-wing faction within his Liberal Democratic Party that insists that the whole shameful episode was a case of healthy private enterprise." The Times says, "It is time for Japan's politicians -- starting with Mr. Abe -- to recognize that the first step toward overcoming a shameful past is acknowledging it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"New York's Spitzer Looks To Schwarzenegger For Inspiration."
"Iraqi Risks All For A Chance To Flee Fear."
"L.A. Bridges Anti-Gang Effort Scrutinized."
"Walter Reed Hearing Brings Outrage And Apologies."
"Bomb Hits Baghdad Book Mart."
"Asian Air Pollution Affecting Weather."

USA Today:
"Only 28% Think U.S. Will Win In Iraq."
"Gang Peacemaker's Death Imperils Truce In Boston."
"Batteries Can Pose Fire Risk To Planes."
"Safety Tips."

New York Times:
"Bush To Set Out Shift In Agenda On Latin Trip."
"Soldiers Testify Over Poor Care At Walter Reed."
"Former Prosecutor Says Departure Was Pressured."
"Listening And Nodding, Clinton Shapes '08 Image."
"For Sex Offenders, A Dispute Over Therapy's Benefits."

Washington Post:
"Apologies, Anger At Walter Reed Hearing."
"Bolivia's Rural Women Are Remaking Cities, Lives."
"Democrats Alter Plan To Restrict Iraq War."
"In Va., Waiting List For Child Care Subsidy."
"Two Generals Provide A Contrast In Accountability."
"Second Lawmaker Contacted Prosecutor."

Washington Times:
"Webb Bill Limits Iran Fight."
"Russia U.S Will Discuss Start."
"Global Warming Labeled A 'Scam'."
"D.C. Drivers Flout Ban On Cell Phones."
"4 Radio Firms Commit Airtime To Indie Labels."
"China's Spies 'Very Aggressive Threat To US."

Detroit Free Press:
"The Final Moments Of Tara's Life."
"Tax Bill Blues."

Atlanta Journal-Constitution:
"Fined For Warming Up Car? Forest Park Says It's The Law."
"PSC To Vote On Secret Access."
"On patrol In Iraq's Wild West."
"DOT: More Left-Hand Exits Possible."

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Houston Chronicle:
"Of 6,600 TYC Abuse Cases, 18 Pursued."
"Couldn't hear Hannah/ Refunds Are Available."
"Legislators OK Death For Some Pedophiles."
"Astronaut's E-Mail Gives New Details On Triangle."
"841-Pounding Woman Who Sought A Better Life Dies."

Story Lineup From Last Night's Network News:
ABC: Walter Reed Hearings; Cheney's Speech-Walter Reed; Cheney-Blood Clot; Giuliani's Presidential Bid; Funerals-Enterprise Alabama; Iraqi Student Starts-Thomas College; Stock Market; Earlier Female Puberty; Wind Proof Umbrellas; Spam Vs Spam.
CBS: Walter Reed Hearing; Cheney-Walter Reed; Cheney-Blood Clot; Iraq Violence; Afghanistan-Civilian Deaths; Clinton, Obama-Selma; AL Tornado Funerals; Disaster Volunteers; Overweight Girls; Daylight Savings Time.
NBC: Securing Baghdad; Securing Sadr City; Walter Reed Hearings; Walter Reed Scandal-Analysis; Stock Market; Cheney Blood Clot; Pursuit Of Happiness; Troop Surge.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-US KIAs; Walter Reed-Congressional Hearings; Indonesia-Earthquakes; Bedford, IN-Plane Crash; Asian Stock Markets; Wall Street; Cheney-Blood Clot; Mega Millions Lottery; Sacramento Kings Basketball Player Arrested.
CBS: Iraq-US KIAs; NATO-Offensive Against Taliban In Afghanistan; Walter Reed-Congressional Hearings; Bush American Legion Speech; House Judiciary Committee-Fired Prosecutors; Indonesia-Earthquakes; Airlines-On-Time Records; Sacramento Kings Basketball Player Arrested; Computer Processing Study.
NPR: Watchdog Group Wants Sen. Domenici Investigated For Calling Fired US Attorney; Bedford, IN-Plane Crash; Indonesia-Earthquakes; Iraq-US KIAs; NATO-Offensive Against Taliban In Afghanistan; Canadian Hearing Into 1985 Terrorist Attack Resumes; More Sanctions Against Iran Being Considered; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.
White House:

PRESIDENT BUSH — Addresses the American Legion convention, Renaissance Hotel.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. VETERANS AFFAIRS _ Full Committees. Joint hearing to hear the presentation by the Veterans of Foreign Wars. Location: Cannon Caucus Room.

9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on child nutrition in schools. Testimony: Janey Thornton, Child Nutrition Director, Hardin County School District, Elizabethtown, Kentucky; Teresa Nece, director, Food and Nutrition Des Moines Public Schools, Iowa; Susan Neely, CEO, American Beverage Association, Washington, DC; Mary Lou Hennrich, Executive Director, Community Health Partnership, Portland, Oregon; Kelly Brownell, Founder and Director, Rudd Center for Food Policy and Obesity, Yale University, New Haven, Connecticut. Location: Room 216, Hart.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on conditions at Walter Ready Army Medical Center. William Winkenwerder Jr., assistant secretary of defense for health affairs; Gen. Richard A. Cody, vice chief of staff, Army; Lt. Gen. Kevin C. Kiley, surgeon general, Army; Maj. Gen. George W. Weightman, formerly commanding general, North Atlantic Regional Medical Command and Walter Reed Army Medical Center. Location: Room 106, Dirksen

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the Corporate Average Fuel Economy (CAFE) standards. Location: Room 253, Russell.

10 a.m. JUDICIARY _ Full Committee. Hearing on politicization in the hiring and firing of U.S. attorneys. H.E. ``Bud Cummins, III, former U.S. Attorney, Eastern District of Arkansas; David C. Iglesias, former U.S. Attorney, District of New Mexico; Carol Lam, former U.S. Attorney, Southern District of California; John McKay, former U.S. Attorney, Western District of Washington. Location: Room 226, Dirksen.

2:15 p.m. FOREIGN RELATIONS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room S-116, Capitol.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Iraqi intelligence issues. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning business and at 10 a.m. for legislative business. Highlights: Suspensions (11 bills): 1) H.Res. 98 - Honoring the life and achievements of the late Dr. John Garang de Mabior and reaffirming the continued commitment of the House of Representatives to a just and lasting peace in the Republic of the Sudan; 2) H.R. 987 - To endorse further enlargement of the North Atlantic Treaty Organization (NATO) and to facilitate the timely admission of new members to NATO, and for other purposes; 3) H.Res. 149 - Supporting the goals of International Women's Day; 4) H.Res. 180 - Honoring the life and achievements of Leo T. McCarthy and expressing profound sorrow on his death; 5) H.Res. 162 - Recognizing the contributions of the Nego baseball Leagues and their players for their achievements, dedication and sacrifices to baseball and the Nation; 6) H.Con.Res. 62 - Supporting the goals and ideals of a National Children and

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Families Day, in order to encourage adults in the United States to support and listen to children and to help children throughout the Nation achieve their hopes and dreams, and for other purposes; 7) H.R. 710 - Living Kidney Organ Donation Act; 8) H.R. 584 - To designate the headquarters building of the Department of Education in Washington, DC, as the Lyndon Baines Johnson Federal Building; 9) H.R. 544 - To designate the United States courthouse at South Federal Place in Santa Fe, New Mexico, as the ``Santiago E. Campos United States Courthouse;" 10) H.R. 399 - To designate the United States Courthouse to be constructed in Jackson, Mississippi, as the ``R. Jess Brown United States Courthouse;" 11) H.Res. 182 - Commending and congratulating Virginia State University on the occasion of its 125th anniversary.

9:30 a.m. VETERANS AFFAIRS _ Full Committees. Joint hearing to hear the presentation by the Veterans of Foreign Wars. Location: Cannon Caucus Room.

9:30 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on the Interior Department. Secretary Kempthorne. Location: Room B-308, Rayburn.

9:30 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on options for improving the Medicare physician payment system. Location: Room 2123, Rayburn.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the FY08 budget for the Commerce Department. Andrew Reamer, Brookings Institution; Marsha Schachtel, Hopkins Institute for Policy Studies. Location: Room H-309, Capitol.

10 a.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Hearing on veterans Medical care. Carl Blake of Paralyzed Veterans of America, and Joy Ilem of Disabled American Veterans. Location: Room H-143, Capitol.

10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on FY08 appropriations for the NIH. NIH Director Elias Zerhouni; John Niederhuber, National Cancer Institute; Elizabeth Nabel, National Heart, Lung and Blood Institute; Anthony Fauci, National Institute of Allergy and Infectious Diseases; Duane Alexander, National Institute of Child Health and Human Development; John Ruffin, National Center on Minority Health and Health Disparities. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. hearing on FY08 appropriations for the Energy Department. Secretary Bodman. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on the Natural Resources Conservation Service. Undersecretary of Agriculture Mark Rey. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on container security challenges. Jay Ahern, Customs and Border Patrol; Vayl Oxford, Domestic Nuclear Detection Office. Location: Room 2212, Rayburn.

10 a.m. APPROPRIATIONS _ Financial Services and General Government Subcommittee. Hearing on issues in the federal workforce. OPM Director Linda M. Springer; Anthony Gordon McPhie, chairman, Merit Systems Protection Board; J. Christopher Mihm, GAO; Colleen Kelley, national president, National Treasury Employees Union; J. David Cox, national secretary treasurer, AFGE; Max Stier, Partnership for Public Service. Location: Room 2220, Rayburn.

10 a.m. APPROPRIATIONS _ State, Foreign Operations and Related Programs Subcommittee. Hearing on the political and reconstruction strategy for Iraq. Former Amb. Peter Galbraith; Lawrence Korb of the Center for American Progress; rertired Army Col. Lawrence Wilkerson; reservist Christopher Stockel. Location: Room 2358, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 defense budget. Deputy Secretary Gordon England. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on ``Carbon Capture and Sequestration: An Overview." Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Markup of the Gulf Coast Hurricane Housing Recovery Act of 2007. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ International Organizations, Human Rights and Oversight Subcommittee. Hearing on global opinion polls about American policies, values and people. Steve Kull, University of Maryland. Location: Room 2172, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Hearing on the Rail and Public Transportation Security Act of 2007. Kip Hawley, Administrator, Transportation Security Agency; Terri Rosapep, Deputy Associate Administrator for Program Management, Department of Transportation; Richard Fairfax, Director of Enforcement Programs at OSHA, Department of Labor; Richard Falkenrath, Deputy Commissioner for Counterterrorism, New York City Police Department; Ed Rodzwicz, President, Teamsters Rail Conference; Bill Millar, President, American Public Transportation Association; Edward Hamberger, President, American Association of Railroads; Fred Weiderhold, Inspector General, Amtrak; David Shuman, Private citizen. Location: Room 311, Cannon.

10 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Meeting to seek additional subpoenas for

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U.S. Attorneys dismissed by the Bush Administration. Location: Room 2141, Rayburn.

10 a.m. NATURAL RESOURCES _ Fisheries, Wildlife and Oceans Subcommittee. Hearing on reauthorization of the Coal Reef Conservation Act of 2000. Tim Keeney, NOAA; David B. Cohen, Deputy Assistant Secretary for Insular Affairs, Interior Department; Evangeline Lujan, Administrator, Guam Coastal Management Program; Chris Bergh, Director of the Florida Keys Program, The Nature Conservancy. Location: Room 1324, Longworth.

11 a.m. EDUCATION AND LABOR _ Full Committee. Hearing on hidden 401K plan fees.Stephen J. Butler, president, Pension Dynamics Corp., Pleasant Hill, Calif.; Barbara D. Bovbjerg, GAO; Matthew Hutcheson, independent pension fiduciary, Tigard, Ore. Location: Room 2175, Rayburn.

11 a.m. WAYS AND MEANS _ Income Security and Family Support Subcommittee. Hearing on the impact of legislative changes to low income programs. Location: Room B-318, Rayburn.

2 p.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on management challenges in the Transportation Department. IG Calvin Scovel; Patricia Dalton, GAO. Location: Room 2358, Rayburn.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the Commerce Department budget for FY08. Secretary Gutierrez. Location: Room 2359, Rayburn.

2 p.m. ARMED SERVICES _ Readiness Subcommittee. Hearing on the National Security Personnel System. Michael Luis Dominguez, principal deputy undersecretary of Defense for personnel and readiness; John Gage, national president, AFGE; Max Stier, president and CEO, Partnership for Public Service Location: Room 2118, Rayburn.

2 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iran. Undersecretary of State Nicholas Burns. Location: Room 2172, Rayburn.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on pending legislation regarding terms of U.S. attorneys. David C. Iglesias, Carol Lam, H.E. Cummins III, John McKay, former U.S. attorneys who were recently fired by the Bush administration Location: Room 2141, Rayburn.

2 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Information Policy, Census and National Archives Subcommittee. Markup of pending legislation. Location: Room 2154, Rayburn.

2 p.m. WAYS AND MEANS _ Health Subcommittee. Hearing on a Medicare Payment Advisory Commission report on sustainable growth rates. Commission chairman Glenn Hackbarth; Brfuce Vladeck, University of Medicine and Dentistry of New Jersey; Gail Wilensky, Project Hope. Location: Room 1100, Longworth.

Other: KING ABDULLAH OF JORDAN _ Highlights: 6 p.m. Airing of interview on The NewsHouse with Jim Lehrer.

COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Highlights: 8:30 a.m. - 10:30 a.m. Second General Session. Participants: Sen. Chuck Hagel, R-Neb. 12:30 p.m. - 2:30 p.m. Attendee Luncheon. Speakers: Sens. John McCain, R-Ariz., and Joe Biden, D-Del., both presidential hopefuls. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

VFW CONFERENCE _ The Veterans of Foreign Wars holds its Washington Conference. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AMERICAN LEGION-NATIONAL DC CONFERENCE _ The American Legion 47th National Washington Conference. Highlights: 8:35 a.m. Remarks by Paul A. Morrin, National Commander of the American Legion. 9 a.m. Veterans Small Business Workshops Event (all day event). 9 a.m. Update on Operation Iraqi Freedom. 9:15 a.m. Remarks by Rep. Duncan Hunter. 9:30 a.m. Ike Skelton, U.S. House of Representatives; Troops Injured in Iraq - Chris Bain, SSgt, USA, Retired PA Army Reserve. 10:05 a.m. Address by President Bush. 10:30 a.m. R. James Nicholson, Secretary, Department of Veterans Affairs. 10:45 a.m. Richard E. Neal, U.S. House of Representatives. Location: Renaissance Washington Hotel, 999 9th St. NW.

ATTORNEYS GENERAL _ The National Association of Attorneys General holds its spring meeting. Highlights: 10:30 a.m. Session with Sens. John Kerry and Lindsey Graham. 11:30 a.m. Session on anti-counterfeiting and piracy, with Lisa Rickard of the U.S. Chamber Institute for Legal Reform; and Caroline Joiner of the U.S. Chamber of Commerce. 3 p.m. Meeting with Attorney General Gonzales and FBI Director Mueller. Location: Fairmont Hotel, 2401 M St. NW.

HISPANIC CHAMBER _ The United States Hispanic Chamber of Commerce holds its 17th annual legislative conference, ``Advancing Latino Entrerpreneurship -- It's Just Good Business." Highlights: 10 a.m. Healthcare Workshop sponsored by PhRMA. Speaker: Michael K. Leavitt, U.S. Secretary of Health and Human Services. Panelists: Albert Collazo, Minority Outreach Director for the Pharmaceutical Research and Manufacturers of America (PhRMA); Amanda Austin, Manager for Legislative Affairs for the National Federation Independent Business; and Bernadette Fernandez, Health Care Analyst at the Congressional Research Service. 12:30 p.m. - 1:15 p.m. Legislative Luncheon. Keynote Speakers: Senators Robert Menendez and Ken Salazar. 3:30 p.m. Session on international relation and trade with Latin America with Rep. Henry Cuellar, Colombian Amb. Carolina Barco Isakson, Assistant USTR

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Everett Eissenstat, others. 7 p.m. - 9:30 p.m. Legislative Awards Dinner. Sponsors: Altria Group, Inc.,TOYOTA, WaMu. Speakers: Senator Mel Martinez Congressman Silvestre Reyes. This event at the Mayflower Hotel Grand Ballroom 1127 Connecticut Ave. NW. Location: Ronald Reagan Building & International Trade Center 1300 Pennsylvania Ave. NW.

HOSPITALS _ The Federation of American Hospitals holds its 2007 Public Policy Conference and Business Exposition. Highlights: 8:10 a.m. Conference opening remarks by Chip Kahn, President, Federation of American Hospitals; and Keith Pitts, Chairman, Federation of American Hospitals. 8:15 a.m. Introduction for speech by Rep. Charkes Rangel, D-N.Y. 8:45 a.m. Introduction fors peech by Sen. John McCain, R-Ariz. 9:15 a.m. Introduction for speech by Sen. Wyden, D-Ore. 9:45 a.m. Introduction for speech by HHS Secrertary Mike Leavitt. 7 p.m. - 9 p.m. Chairmen's Dinner. Note: working media are welcome to dine. Entertainment by the Capitol Steps. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

STATE HOUSING AGENCIES _ The National Council of State Housing Agencies holds its Washington Legislative Conference. Highlights: 9 a.m. - 11 a.m. Town Hall Meeting. Congressional housing leaders and housing industry experts come together to identify the major affordable housing challenges the nation confronts and propose solutions in an interactive roundtable format. Invited congressional participants include: Reps. Barney Frank, D-Mass.; Jim McCrery, R-La., Ranking Member, House Ways and Means Committee; Jim Ramstad, R-Minn.; Charles Rangel, D-N.Y., and Sens. Orrin Hatch, R-Utah; Patty Murray, D-Wash.; Jack Reed, D-R.I.; and Charles Schumer, D-N.Y. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

PAIN KILLERS _ 8:15 a.m. - 4:45 p.m. The National Institute on Drug Abuse holds a 2-day conference on prescription opioid misuse by patients with chronic, nonmalignant pain conditions. Highlights: 8:30 a.m. NIH Director Elias Zerhouni. Location: Natcher Conference Center, NIH, Bethesda.

FOOD SAFETY SUMMIT _ Food Safety and Security Summit. Location: Washington Convention Center.

US-LATAM RELATIONS _ 8:30 a.m. - 9:45 a.m. The Woodrow Wilson Center hosts an on-the-record media breakfast briefing about U.S.-Latin American relations in advance of President George W. Bushs March 8-14 trip to Brazil, Uruguay, Colombia, Guatemala, and Mexico. The media briefing will feature Cynthia J. Arnson, Director of the Wilson Centers Latin American Program; Andrew Selee, Director of the Centers Mexico Institute; and Paulo Sotero, Director of the Brazil Institute. Location: Woodrow Wilson International Center for Scholars, 4th floor Conference Room, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

SPRATT-WALTER REED _ 9 a.m. Rep. John Spratt, D-SC, meets with constituent Annette McLeod, of Chesterfield, SC. McLeod is speaking out in the national media this week about the treatment her husband has received at Walter Reed Army Medical Center. Location: Room 1401, Longworth House Office Building.

CHILDREN-HEALTH INSURANCE _ 9 a.m. - 11 a.m. Sen. Max Baucus, D-Mont., Senate Finance Committee Chairman, joins national health policy experts Genevieve Kenney and Len Nichols and Raymond Scheppach of the National Governors Association to examine how the State Childrens Health Insurance Program (SCHIP) has increased health insurance for low-income children, what kinds of challenges the program faces in the future, how to build on the programs successes, and the political solutions that are likely to prevail in the current budgetary environment. The briefing will highlight articles by leading experts on children's health care and insurance issues appearing in the March/April 2007 issue of Health Affairs. Location: National Press Club, Holeman Lounge.

CLEAN CARS AND FUELS _ 10 a.m. Progressive Policy Institute forum on ``Clean Cars, Clean Fuels: Reducing Americas Reliance on Foreign Oil." Delaware Senator Tom Carper will unveil reports on plug-in hybrid electric vehicles (PHEVs) and advanced biofuels as part of a clean energy blueprint. Location: HC-5, US Capitol.

HOUSE REPUBLICANS _ 10 a.m. House GOP Leadership holds a media availability following the 9 a.m. meeting of the House Republican Conference. Location: House Radio-TV Gallery.

HUMAN RIGHTS _ 10 a.m. State Department holds a briefing to release its 2006 Country Reports on Human Rights Practices. Secretary Rice will have opening remarks. Location: State Department briefing room.

LATAM TRIP _ 10 a.m. The Center for American Progress holds a telephone conference call on President Bush's Latin American trip. Contacts: Vanessa Cardenas, 202-682-1611.

NO CHILD LEFT BEHIND _ 10 a.m. Sens. Edward Kennedy and Mike Enzi hold a roundtable discussion on the reauthorization of the No Child Left Behind Act. Participants include Pam Burtnett, President, Lake County Education Association, Fla.; Dr. Linda Darling Hammond, Stanford University; Kati Haycock, President, The Education Trust; Barbara Maguire, Park Elementary School, Casper, Wyo.; Dr. William Sanders, SAS Institute, Cary, N.C.; Jon Schnur, New Leaders for New Schools, New York; Jesse Solomon, Boston Teacher Residency; Wanda Watkins, Thurgood Marshall Elementary School, Richardson, Texas; Dr. Beverly Young, California State University, Long Beach. Location: Room 430, Dirksen.

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BIPARTISAN POLICY _ 10:30 a.m. Four former U.S. Senate majority leaders hold press conference to announce the establishment of the Bipartisan Policy Center. Howard Baker, Tom Daschle, Bob Dole and George Mitchell will participate. Location: Room 538, Dirksen.

VETERANS-PTSD _ 11 a.m. Reps. Jim Moran and Ray LaHood and John Terzano, Vice President of Veterans for America, hold news conference. They'll introduce the ``Lane Evans Health and Benefits Improvement Acts to improve veterans access and treatment for Post Traumatic Stress Disorder (PTSD). Location: House Radio TV Gallery.

HOYER _ 11:30 a.m. House Majority Leader Steny Hoyer holds pen and pad only briefing. Location: Room H-107, Capitol.

EMILY'S LIST _ 11:45 a.m. EMILY's List holds its Washington, D.C., luncheon celebrating the results of the November midterm elections and honoring Speaker Nancy Pelosi. The event will feature EMILY's List Founder and President Ellen R. Malcolm, Senators Hillary Rodham Clinton, Amy Klobuchar, Claire McCaskill and pro-choice Democratic women office-holders and candidates on the federal, state and local levels from around the country. Location: Washington Convention Center 801 Mount Vernon Place NW.

HOUSE DEMOCRATS _ 12 p.m. House Democratic Caucus meets. Closed. Location: Room HC-5, Capitol. Notes: No media availability expected after the meeting. Stakeout in the Cenbter Steps Hallway.

MIDDLE EAST POLICY-US MARINES _ 12 p.m. Marine Corps Lieutenant General Paul Van Riper speaks on the US military's role in the global war against Islamic insurgencies, emerging threats and possible future conflicts. Location: MEI Boardman Room, 1761 N Street, NW.

TRADE-FAST TRACK _ 12 p.m. Sens. Byron Dorgan, D-ND, and Sherrod Brown, D-Ohio, hold a press conference to announce a major effort regarding President Bush's proposal for renewal of fast track trade negotiating authority. Location: Senate Radio/TV Gallery.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

ANTI WAR DEMONSTRATION _ 1 p.m. Organizers of the upcoming March 17 Pentagon anti-war demonstration hold a news conference to announce plans for the protest. Participants include Cindy Sheehan, Ramsey Clark, A.N.S.WE.R. Coalition National Coordinator Brian Becker. Location: National Press Club.

HABEAS CORPUS RIGHTS _ 1 p.m. The American Civil Liberties Union will join with voices from both the right and the left to hold a conference call briefing to discuss the need to restore habeas corpus rights. Caroline Fredrickson, Director, ACLU Washington Legislative Office. Bruce Fein, former Justice Department Official under President Reagan and Constitutional Scholar. John D. Hutson, President and Dean, Franklin Pierce Law School, United States Navy Rear Admiral (retired) and former Judge Advocate General of the Navy. Notes: Dial in number: 1-800-816-4134. Access Code: 69922.

IRAQ _ 1 p.m. Reps. Martin Meehan, Todd Akin, others, hold a news conference on Iraq oversight. Location: House Radio-TV Gallery.

MCCREEVY _ 1 p.m. Charlie McCreevy, European Union Commissioner for Internal Market and Services, will be the luncheon speaker at a U.S. Chamber of Commerce forum on European Union and U.S. Capital Markets Competitiveness. Location: U.S.Chamber headquarters, 1615 H St. NW.

STUDENT PRIVACY _ 1 p.m. Reps. Mike Honda, National Education Associaton President Reg Weaver hold a news conference to announce reintroduction of a bill calling for protection of student data in military recruitment. Location: Room 402, Cannon.

NCLR-IMMIGRATION _ 5:30 p.m. The National Council of La Raza honors Senator Lindsey Graham and Representative Luis Gutierrez for their immigration reform efforts, and to presents the groups Public Service Award to Roger Cardinal Mahony, Archbishop of Los Angeles, for his stance toward immigration. Location: National Building Museum, 401 F St. NW.

WOMEN-CONGRESS _ 6:30 p.m. The Congressional Caucus for Women's Issues hosts a 30th anniversary event to celebrate the first woman Speaker of the House, Nancy Pelosi, and the record high number of women in Congress at a Union Station gala. The Caucus will be announcing its legislative priorities for the 110th Congress, including a bill to prohibit genetic information discrimination by employers and health insurers. Location: Union Station, East Hall.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Privacy Board Approves Two US Surveillance Programs. The AP (3/6, Yen) reports, "A White House privacy board is giving its stamp of approval to two of the Bush administration's controversial surveillance programs — electronic eavesdropping and financial tracking — and says they do not violate citizens' civil liberties." The AP continues, "Democrats newly in charge of Congress quickly criticized the findings, which they said were questionable given some of the board members' close ties with the Bush administration. … 'Their current findings and any additional conclusions they reach will be taken with a grain of salt until they become fully independent,' said Rep. Bennie Thompson, D-Miss., who chairs the House Homeland Security Committee." The AP adds, "After operating mostly in secret for a year, the five-member Privacy and Civil Liberties Board is preparing to release its first report to Congress next week. … The report finds that both the National Security Agency's warrantless eavesdropping program and the Treasury Department's monitoring of international banking transactions have sufficient privacy protections, three board members told The Associated Press in telephone interviews. … Both programs have multiple layers of review before sensitive information is accessed, they said." The AP notes, "The board's initial findings come as Congress is moving forward on measures to give the board more authority and make it more independent of the president. Created in late 2004, the panel was established as a compromise between Congress and the White House after a recommendation by the Sept. 11 commission. … Both conservative and liberal civil liberties groups have urged the members to aggressively review the eavesdropping program and have questioned whether board members would stand up to the president if he were flouting the law."

Study Said To Show Need For Redefinition Of Torture. The AP (3/6, Kole) reports, "Prisoners who endure poor or degrading treatment suffer much of the same long-term psychological distress as do captives who are tortured, suggests a study published Monday." The AP continues, "The study was based on interviews with victims of ill treatment and torture while imprisoned in the former Yugoslavia, and experts said the findings underscored the need for a broader definition of torture. … 'What is the basis for the distinction between torture and other cruel and degrading treatment? Science should inform this debate,' the study's lead author, Metin Basoglu of the Institute of Psychiatry at King's College in London, told The Associated Press in a telephone interview. The study was published in the Archives of General Psychiatry." The AP adds, "Steve H. Miles of the University of Minnesota's Center for Bioethics, who was not involved in the study, said the findings 'show that the severity of long-lasting adverse mental effects is unrelated to whether the torture or degrading treatment is physical or psychological.' … 'The wrongness of these inflicted harms is compounded by the fact that most abused prisoners, including those in the present war on terror, are innocent or ignorant of terrorist activities,' Miles said." The AP notes, "The Bush administration has said the U.S. uses legal interrogation techniques — not torture — to gain information that could head off terror attacks. It insists that the U.S. complies with the U.N. Convention Against Torture. … Yet Washington's definition of torture, as interpreted by the U.S. Justice Department after reports of American abuses at Guantanamo Bay and in Iraq and Afghanistan surfaced, is fairly narrow. … It excludes mental pain and suffering created by acts that do not cause severe physical pain, such as blindfolding, hooding, forced nudity, isolation and deprivation of sleep or light, the researchers said, citing a Dec. 30, 2004, Justice Department memo. The document also contends that for an act to be considered torture, there must be proof that it inflicts 'prolonged mental harm.' … 'The implications of such a narrow definition of torture have raised serious concerns in the human rights community,' said the study. 'These findings suggest that physical pain per se is not the most important determinant of traumatic stress in survivors of torture.'"

AFP (3/6, Daly) reports, "Researchers who evaluated the mental health of soldiers and civilians tortured during the 1990s Balkan wars found that victims of psychological abuse were just as likely to suffer from post-traumatic stress disorder (PTSD) and depression as victims of classic physical torture methods. … The researchers also reported that the torture victims rated some techniques such as stress positions, isolation, sleep deprivation and blindfolding as distressing as most physical torture methods." AFP adds, "In 2003, lawyers for the US Justice Department and a Pentagon working group report on detainee interrogations made the case for a narrow definition of torture that excludes procedures such as blindfolding and hooding, forced nudity, isolation and other psychological manipulations. … The Justice Department memorandum argued that the scope of the term torture should be limited to those acts which could be shown to result in 'prolonged mental harm,' according to the study. … The development followed allegations of human rights abuses at US detention facilities in Iraq, Afghanistan and Guantanamo Bay, Cuba. … However, the authors of this paper said that based on their analysis of the experiences of torture victims from the modern Balkans

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conflict, the US appears to be drawing a distinction without a difference."

High Court Hears Guantanamo Detainees' Request For Rights Guarantees. The AP (3/6, Sherman) reports, "Lawyers for Guantanamo detainees held more than five years without charges asked the Supreme Court Monday to step in a third time to guarantee that they can challenge their confinement in U.S. courts." The AP continues, "The detainees want the justices to hear their case and issue a decision before the Court ends its term in early summer. … 'Not only are these questions of paramount legal importance, but the extreme and worsening plight of the Guantanamo detainees make them questions of great humanitarian urgency as well,' lawyers for the detainees wrote in court papers urging the justices to decide the case." The AP adds, "The Court has twice ruled that foreigners imprisoned at the U.S. naval base in Cuba can pursue their cases in American courts, rejecting Bush administration arguments. … The latest Supreme Court appeal follows a federal appeals court ruling last month that limited detainees' legal rights. The 2-1 decision by the U.S. Court of Appeals for the D.C. Circuit upheld a key provision of the Military Commissions Act, which President George W. Bush pushed through Congress last year to set up a Defense Department system to prosecute terrorism suspects. Now, detainees must prove to three-officer military panels that they don't pose a terror threat. … Separately, the justices said they would not grant quick review in the cases of two other Guantanamo detainees who have been designated by the Pentagon to face criminal charges in front of a military tribunal."

WPost Calls Gitmo Prosecutors' Criticism Of Defense Lawyer "Disturbing." The Washington Post (3/6, A18, 690K), in an editorial, writes, "Cully Stimson…was the Pentagon official in charge of Guantanamo Bay prisoners who had to leave his post after suggesting that private law firms shouldn't be representing detainees. Now the Pentagon's chief Guantanamo prosecutor, Air Force Col. Morris Davis, has gotten into the attack-the-defense-lawyers act, this time complaining about the conduct of a military lawyer assigned to defend Australian David Hicks. … Hicks's outspoken military lawyer, Marine Maj. Michael Mori, has spent a good deal of time in Australia helping stir up public support for his client, and he has been unsparing in his criticism of the military tribunals." According to the Post, "Davis's unsubtle effort to quiet Maj. Mori may be even more disturbing than Mr. Stimson's remarks: It's not likely that private law firms are going to be intimidated out of representing their clients, but military lawyers who have to fear for their careers might think twice before zealously representing their clients."

HOMELAND RESPONSE:

New York Officials Seek Extension Of Terrorism Risk Insurance Act. The New York Times (3/6, Cardwell, 1.16M) reports New York officials "urged Congress yesterday to renew" the Terrorism Risk Insurance Act "set to expire at the end of this year that they said allowed the city's economy to recover and grow in the years after the Sept. 11 terror attack. The program, created…in 2002 and extended in 2005, was devised when insurers began excluding terrorism from their property policies after Sept. 11, 2001. Under its terms, the federal government would pay most of the cost of losses from a foreign terror attack, up to a total of $100 billion a year. In seeking its renewal, the officials told the House Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises at a hearing in Manhattan that without it, the city's robust development engine could sputter to a halt." Sen. Charles Schumer "said the cycle of pending expiration and renewal had created a damaging 'fear pattern' among insurers." Mayor Michael Bloomberg "also spoke in support of continuing the program, saying it was crucial to the city's overall economic health."

Senate To Vote On Union Rights For TSA Workers. The Washington Post (3/6, D4, Barr, 690K) "Federal Diary" column reports, "The Senate plans to vote today on whether to extend union rights to federal airport screeners, a fundamental question that confronted Congress when it created the Transportation Security Administration after the Sept. 11, 2001, terrorist attacks." However, the Post adds, "the administration is holding firm. Yesterday, at a Senate subcommittee hearing, Kip Hawley, head of the TSA, rejected proposals by [sponsor Joseph I. Lieberman (I-Conn.)] and Sen. Claire McCaskill (D-Mo.) that would provide bargaining rights for transportation security officers, popularly called security screeners. The proposals, Hawley said, pose 'a serious negative security impact.'" The Post notes, "Providing bargaining rights would allow unions to take grievances to outside arbitrators to review management decisions 'after the fact' and 'sets up a morass of wasted time that detracts from the focus on security,' Hawley said." The Post adds, "Aides to President Bush have said they will recommend a veto of the bill implementing the 9/11 panel's recommendations if it includes union rights for screeners. Senate Republicans hope to sustain the veto, noting that 36 GOP senators," signed "a letter to Bush objecting to the union provision."

WSJournal Accuses Democrats Of Putting "Big Labor" Ahead Of National Security. The Wall Street Journal (3/6, A18, 2.04M) editorializes that the two most recent examples of "favors that Democrats in Congress are

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doing for Big Labor" are "especially notable because they'd benefit unions at the expense of national security. First up is Senator Jim DeMint's (R., S.C.) proposal to bar certain convicted felons from working in ports." DeMint offered the amendment last year and it was removed by Democrats "under the cover of a House-Senate conference. … Mr. DeMint was back trying again last week, and every Senate Democrat once again voted for his amendment. However, they also voted for a separate amendment from Hawaii's Daniel Inouye that would allow future Administrations to delete the DeMint requirements." The Journal continues that "Democrats also keep trying to impose collective bargaining rights for all 43,000 screeners at the Transportation Security Administration. Congress expressly denied such organizing ability when it created TSA in 2001, on the sensible grounds that union work rules would compromise security."

ACLU Calls For Repeal Of Real ID. Anthony D. Romero, executive director of the American Civil Liberties Union, in an op-ed in USA Today (3/6, 12A, 2.27M) writes, "Real ID should be repealed, especially after the Department of Homeland Security (DHS) released its vague and evasive regulations last week. Rather than answer the hard questions and provide solid guidance, DHS told the states to find solutions by 2010, effectively passing the hot potato to the next administration." Romero continues that the act was "attached…to a must-pass Iraq war/tsunami relief bill. No hearings. No debate." Had it been exposed to "democratic scrutiny," Real ID would have been seen as "an unfunded mandate that violates the Constitution's 10th Amendment on state powers, destroys states' dual sovereignty and consolidates every American's private information, leaving all of us far more vulnerable to identity thieves." Furthermore, "Real ID is not a solution that can stop terrorism. Clever and resourceful 'terrorists' will always find ways to get IDs."

USA Today Says Security Trumps Real ID Concerns. In an opposing editorial, USA Today (3/6, 12A, 2.27M) notes that seven of the 9/11 terrorists had Virginia state licenses, "although none lived there. … Real ID has produced much howling about the costs, the likely hassles at state motor vehicle departments and the potential threat to privacy. All are valid concerns. But the fact is that driver's licenses are the nation's principal form of ID. As long as that's the case, they need to be credible."

WAR NEWS:

House Democratic Caucus Increasingly Divided Over Iraq. The Washington Post (3/6, A1, Weisman, 690K) reports, "Senior House Democrats, seeking to placate members of their party from Republican-leaning districts, are pushing a plan that would place restrictions on President Bush's ability to wage the war in Iraq but would allow him to waive them if he publicly justifies his position. Under the proposal, Bush would also have to set a date to begin troop withdrawals if the Iraqi government fails to meet benchmarks aimed at stabilizing the country that the president laid out in January." The plan "is an attempt to bridge the differences between anti-war Democrats, led by Rep. John P. Murtha (Pa.), who have wanted to devise standards of troop readiness strict enough to force Bush to delay some deployments and bring some troops home, and Democrats wary of seeming to place restrictions on the president's role as commander in chief." The Post adds, "The legislative jujitsu in the backrooms of Capitol Hill underscores the difficulties the Democrats face in confronting the issue that helped them regain control of Congress -- Iraq."

Meanwhile, The Politico (3/6) reports Speaker Nancy Pelosi "is facing a full-blown revolt from liberal House Democrats over the $98 billion Iraq supplemental bill, according to Democratic insiders. Anywhere between 50 to 75 Democrats are now threatening to vote against the bill because it doesn't go far enough toward ending the war, including setting a date certain for withdrawal of U.S. combat forces from Iraq, said the sources." Pelosi and Democratic leaders "are expected to postpone markup of the Iraq bill in the House Appropriations Committee by at least a week in order to buy time to resolve the matter." Liberals "are unhappy with the current proposal being discussed by…Murtha…and the Democratic leadership, which would prevent…Bush from sending more troops to Iraq unless they are certified as being properly equipped, trained and rested to take on combat missions." The Politico adds that "as happens so often in politics, if you move too far in appeasing one group, you then alienate another, which is what's happening here."

Roll Call (3/6, Pierce) offers a different picture of Democratic opinion on the supplemental, reporting "both liberal and conservative Democrats signaled that they might be willing to be team players if leaders accommodate them in small ways." Roll Call adds, "As of Monday evening, the chances of committee action on a bill this week were slipping away and it was unclear whether House Democratic leaders would include language, first proposed by" Murtha, "to restrict in some way the president's ability to deploy troops to Iraq unless he publicly acknowledges that he is sending troops into combat without meeting certain readiness requirements." However, "one House Democratic leadership aide indicated that the bill most likely would include a provision requiring the president to report to Congress on whether the benchmarks he set out for the Iraqi government are being met." And "there were other indications Monday that House Democratic leaders were considering language requiring the president to seek Congressional approval for any military action against Iran."

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E.J. Dionne writes in the Washington Post (3/6, A19, 690K) that "this week could well determine whether Democrats splinter or find a new strategy on Iraq based on the unhappy but realistic assumption that -- unless Bush suddenly opens himself to new approaches -- the fight to change course in Iraq is likely to go on all this year, and perhaps into the next. … Democrats and the left face a testing time. For some in the antiwar movement, failing to end the war right now is immoral. But as Murtha suggested, a short-term strategy to end the war can't work. This is a long struggle, and those engaged in it need to battle for the long term."

White House To Ask For More War Funds. The AP (3/6, Taylor) reports, "The White House is ready to ask Congress for more money for…Bush's plan -- already hotly debated -- to send 21,500 new combat troops into Iraq." The move "would pay for support personnel and otherwise update last month's request for the Iraq war. It probably will draw criticism from Democrats who say the Pentagon had low-balled estimates of the costs of Bush's plan for improving security in Baghdad and Anbar province. The latest request could come as early as Tuesday, modifying last month's $93.4 billion request for military operations in Iraq and Afghanistan through Sept. 30. … The request probably will come to about $2 billion. It will be accompanied by equal-sized reductions elsewhere in the larger request, which contained money for two next-generation Joint Strike Fighters and a V-22 tilt rotor aircraft."

Gallup Poll Finds Only 28% Think US Will Win Iraq War. USA Today (3/6, 2.27M) reports, "A new USA TODAY/Gallup Poll shows deepening pessimism on Iraq, even as many Americans are reluctant to limit money or troops for the war effort. Only 28% say the United States will probably or definitely win the war, down from 35% in December and the lowest since the question was first asked in September 2005. The share of people who now call the war a mistake is 59% -- the same as September 2005 and the highest level in the 58 times the question has been asked since the war began." In addition, "six in 10 people said they want Congress to set a timetable to withdraw all U.S. troops by the end of 2008. Three-quarters said Congress should require that US troops come home if Iraqi leaders don't keep pledges to reduce violence, and that US troops have at least a year's stay in the USA between deployments to Iraq. The mandatory break is part of a plan by" Murtha.

Democrats Said To Face Tough Political Endgame In Iraq. Jonah Goldberg, editor at large of National Review Online, writes in USA Today (3/6, 13A, 2.27M), "There's a deep irony to the Democratic Party's dilemma over Iraq. For 30 years, the party's left-wing base has reflexively proclaimed every foreign policy challenge 'another Vietnam,'" and now they are "behaving as if Iraq is Vietnam all over again. But it is only now dawning on the Democrats that the Vietnam War wasn't exactly their finest hour." Goldberg adds, "The Democratic pickle is exquisitely simple: In the past election, they ran as the anti-war party and promised to bring the war to a close, but, like the dog who finally catches the car fender, they're at a loss about what to do now. As Virginia's Rep. Jim Moran says of his fellow Democrats, they 'want to make sure this is still…Bush's war,' but the only way they can end the war is to take possession of it. The Democratic base thinks that'd be fine. But, one gets the sense, someone in the party's leadership understands that might be a problem." If Bush's "surge is successful, odds are Americans will think it was all worth it. If, on the other hand, the Democrats are successful at ending the war in defeat, it's not at all clear Americans will see our loss as the unambiguous triumph Kennedy remembers in Vietnam. Nor is it clear they'll congratulate Democrats for securing a sure defeat rather than chancing a possible victory."

As Security Crackdown Continues, Suicide Bomb Kills 20 In Baghdad. The CBS Evening News (3/5, story 4, 2:25, Couric, 7.66M) reported that in Iraq yesterday, "a suicide car bomb went off in an area of the city known for its bookstores. At least 20 Iraqis were killed in the explosion which left bloody papers scattered everywhere." Meanwhile, "the security crackdown in Baghdad is now entering a new phase. US and Iraqi forces have been moving into the section known as Sadr City, home to two million people, and controlled by a radical Shiite militia."

NBC Nightly News (3/5, story 2, 2:50, Engel, 9.87M) said "Sadr City has been one of the most dangerous neighborhoods in all of Baghdad, completely out of government control. Today I went in with US forces trying to take it back. Soldiers from the 82nd Airborne today mounted up. And braced for what has been a no go zone for American forces. Sadr City. The last time US troops entered this Shiite slum of two million 2 1/2 years ago, they battled the Shiite militia, the Mahdi Army, for weeks. What the soldiers found today surprised them, no resistance. … The big question is, are they just regrouping, waiting to return?"

NBC Nightly News (3/5, lead story, 4:45, Williams, 9.87M) reported, "We have brought this broadcast back to Iraq for these next several days to see up close and once again the conflict that is quickly becoming the story of our times. And the story here, it is plain to see, is changing. There was violence here in Baghdad today, but the war we found at an outpost to the west of here today was different." The attack in Baghdad "comes during a period of change here. There are now pockets of relative peace where there had been awful ongoing violence." NBC Nightly News (3/5, story 8, 3:20, Williams, 9.87M) later reported, "Retired Army General, four-star General that is, Wayne Downing is with me on this trip, just as he was with me in Iraq for the initial

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invasion." Gen. Wayne Downing said, "One of the things that is striking is you didn't see a lot of children out waving, you didn't see people out working like that. So, I think that reflects the fact than not only the US forces are cracking down, but we saw a lot of Iraqi police and Iraqi army. They are right now breaking the grip of Al Qaeda. That is an Al Qaeda area that we were in today."

The Los Angeles Times (3/6, Berthelsen, 850K) says the suicide bombing "was the latest to underscore the difficulty faced by US and Iraqi forces as they try to stem sectarian violence here, and it raised questions about how long certain factions, such as Shiite Muslim militias, would continue to comply with the new security plan before taking revenge." Also, "around the capital Monday, police found the bodies of 25 men who had been shot to death, a number higher than in recent days and approaching the pre-crackdown average." The Times adds, "Since the operation was launched Feb. 13, it has seen some success in reducing such death squad killings, which are believed to be the work of Shiite militias."

The New York Times (3/6, Wong, Habeeb, 1.16M) reports, "The bombing was the latest of a half-dozen major blasts aimed at civilians in the capital in the three weeks since the Iraqi government and American military announced the start of a new Baghdad security drive. The number of gunshot killings attributed to sectarian death squads appears to have dropped as militia leaders have ordered their followers to lie low. But deadly bombings have continued with ferocity." The Times adds, "American officials have said they are still struggling to tamp down the bombings and intend to bring thousands of additional troops into Baghdad in the next two months."

The Washington Post (3/6, A10, Raghavan, 690K) reports, "For many victims, the attack brought questions about the effectiveness of a new security crackdown that Iraqi Prime Minister Nouri al-Maliki has already declared a success. Nearly three weeks after its launch, the number of violent attacks has dipped, but bombings continue to plague Baghdad." The Washington Times/AP (3/6, Frayer) runs a similar report.

Nine US Soldiers Killed In Iraq Bombings Today. The AP (3/6) reports, "Nine U.S. soldiers died in two separate incidents north of Baghdad, the military said Tuesday. Six soldiers were killed when a bomb exploded near their vehicles during a combat operation Monday in Salahuddin province, the military said in a statement. ... In another incident the same day, three more soldiers were killed by a roadside bomb in Diyala province, another statement said. ... All nine were assigned to Task Force Lightning."

US Focuses On "Microfinance Projects" In Effort To Stimulate Iraqi Economy. USA Today (3/6, 5A, Dorell, 2.27M) reports, "As U.S. military and civilian officials try to help Iraq's economy rebuild, they are placing a new emphasis on small businesses," and "through grants and loans -- often for a few hundred dollars each -- they're trying to stimulate job growth and eventually improve Iraq's security. So-called microfinance projects have proved more efficient at creating jobs than large-scale, multibillion-dollar reconstruction efforts, says Eric Nigh, executive director of the Iraqi-American Chamber of Commerce and Industry." USA Today adds, "Large infrastructure projects, such as power plants, required enormous spending on workers' security, says Ra'ad Omar, chief executive of the chamber. He said Iraqi contractors tended to invest their profits in real estate abroad rather than reinvest them at home. Many owners of larger Iraqi companies eventually left the country because of security issues."

Gogdanos Says US Soldiers Should Be Assigned To "Protecting Cultural Property." Matthew Bogdanos, a colonel in the Marine Reserves and an assistant district attorney in Manhattan, writes in the New York Times (3/6, 1.16M) that "it's a pretty tough sell to ask people to care about a bunch of old rocks with funny writing." But "the plunder of Iraq's 10,000 poorly guarded archaeological sites not only deprives future generations of incomparable works of art, but also finances the insurgents. … And what if Americans understood that our failure to appreciate the importance Iraqis place on their history has added to the chaos faced by our troops?" Bogdanos adds, "The lesson for the United States is that we must never again cede the moral high ground on cultural issues like this one. In advance of any future military action, we should assign units the task of protecting cultural property. And all troops scheduled to deploy overseas should receive cultural awareness training; the Archaeological Institute of America has already conducted some seminars at Camp Lejeune in North Carolina."

US Strike Accidentally Kills Nine Civilians. The CBS Evening News (3/5, story 5, :25, Couric, 7.66M) reported, "In Afghanistan, for the second day in a row, civilians were caught in the crossfire as NATO forces targeted militants. A NATO air strike north of Kabul last night killed nine people, including four young children. The bombs destroyed their family's mud brick home. The US military says the strike was meant to target insurgents who had attacked an American air base."

The New York Times (3/6, Gall, Wafa, 1.16M) reports "a local representative of the provincial council, Suraya Bahadur, who comes from Nejarab district, where the bombing happened, condemned it. 'I condemn both the suicide attacks and the rocket attacks by the enemy of Afghanistan, and also I condemn these type of mistakes,' by

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American and NATO forces, she said. 'We never want our civilian people to be killed.'" John Sifton, "a senior researcher at Human Rights Watch, which is based in New York, also expressed concern about the level of force." The Washington Post (3/6, A10, Witte, 690K) and Washington Times/AP (3/6, Shah) also report the story.

UN Official Says Afghanistan Could Have Record Opium Crop. The New York Times (3/6, Gall, 1.16M) reports, "Afghanistan's opium harvest could be bigger than last year's record crop, with nearly half of the provinces showing an increase in planting this year, the director of the United Nations Office for Drugs and Crime said here Monday." His office "released an assessment of winter planting trends, which shows an increase in 15 provinces, no change in 6 provinces, and a decrease in 7 provinces. Six of Afghanistan's 34 provinces have no poppies, the study said."

New Intelligence Sparks Renewed Effort To Catch Bin Laden. ABC News' online blog "The Blotter" (3/6, Ross) reports, "Armed with fresh intelligence, the CIA is moving additional man power and equipment into Pakistan in the effort to find Osama bin Laden and his deputy Ayman al Zawahri, US officials tell ABC News. 'Reports that the trail has gone stone cold are not correct,' said one U.S. official. 'We are very much increasing our efforts there,' the official said." ABC adds, "People familiar with the CIA operation say undercover officers with paramilitary training have been ordered into Pakistan and the area across the border with Afghanistan as part of the ramp-up. … Although never publicly acknowledged, Pakistan has permitted CIA teams to secretly operate inside Pakistan."

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Rep. Wilson Says She Complained About Dismissed US Attorney. In a day of fast-moving developments in the widening controversy over the dismissal of several US Attorneys, media coverage focused on several aspects of the controversy. The AP (3/6, Kellman) reports, "The probe into the Bush administration's firings of U.S. attorneys intensified Monday as lawmakers ordered two more ousted officials to tell their stories and the Justice Department said Republican Sen. Pete Domenici had complained repeatedly to the attorney general about one prosecutor." The AP continues, "A second lawmaker from New Mexico, GOP Rep. Heather Wilson, acknowledged that she, too, had complained to the same prosecutor about the slow pace of an investigation. Like Domenici, she denied pressuring the U.S. attorney in her state." The AP adds, "The administration has said eight prosecutors were told to leave, all but one for performance-related reasons. However, Democrats have suggested ever more pointedly that politics was behind many of the dismissals, and the Domenici revelation fueled that idea. … Six of those fired, meanwhile, issued a stiff defense of their conduct and implied that they had had differences with Justice Department officials in Washington. … 'We leave with no regrets, because we served well and upheld the best traditions of the Department of Justice,' the group said in a joint statement released in advance of a Tuesday hearing by a House subcommittee." The AP notes, "The Justice Department, besieged by charges of cronyism, acknowledged that lawmakers — both Republican and Democratic — had complained about several of the eight. … One, David Iglesias of New Mexico, was the subject of four phone calls from Domenici to Attorney General Alberto Gonzales and his deputy questioning whether the prosecutor was 'up to the job,' department spokesman Brian Roehrkasse said. … It's unclear whether Iglesias was aware of the senator's calls to the Justice Department, but he knew of Domenici's interest in his work. Domenici said over the weekend that he had called the prosecutor in October 2006 to ask about the progress of a probe into an alleged Democratic kickback scheme. … Iglesias has said he received calls from two lawmakers — he has not named them publicly — who inquired about the case. He said that he felt pressured by them to rush indictments before the November elections."

USA Today (3/6, Johnson) reports, "Congressional inquiries into the Bush administration's dismissal of eight federal prosecutors deepened Monday, as the House Judiciary Committee announced it would seek subpoenas for two more of the prosecutors." USA continues, "The panel now plans to hear from as many as six of the ousted prosecutors today, and several of them are likely to also appear before the Senate Judiciary Committee. Both panels are investigating whether the administration unfairly dismissed the eight prosecutors — who serve at the pleasure of the president — as political retaliation for their investigative activities. … The House panel's announcement said it would seek testimony from former U.S. attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona. Previously scheduled to testify today were former U.S. attorneys H.E. 'Bud' Cummins of Arkansas, David Iglesias of New Mexico, Carol Lam of Southern California and John McKay of Washington state." USA adds "Administration officials, including Deputy Attorney General Paul McNulty, have said that all but one of the firings were related to the prosecutors' performance. Last month, McNulty told the Senate panel that Cummins was removed so he could be replaced by an ex-aide to White House political director Karl Rove. … Since then, the Senate panel has disclosed that Justice had issued generally favorable evaluations of all of the fired prosecutors. And Iglesias, the former U.S. attorney in New Mexico, has said that before he was dismissed in December he was contacted

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by two unidentified members of Congress who asked about the status of corruption probe looking at Democrats."

The Financial Times (3/6, Masters) reports, "Brian Roehrkasse, DoJ spokesman, said Mr Domenici had complained four times to top officials there about Mr Iglesias but never mentioned the corruption investigation. … 'Any suggestion that any US attorney was removed to inappropriately interfere with any investigation is plainly wrong and ill-conceived,' he said. 'These decisions were based on the individual concerns of each US attorney about their overall performance . . . [including] ineffectively prosecuting departmental priorities areas, failure to follow departmental guidelines or just an inability to lead.'"

ABC News (3/6, Wolf) reports, "The topic of conversation between Iglesias and Domenici was a corruption investigation Iglesias was conducting into an alleged kickback scheme involving New Mexico Democrats. … But the substance of that call is up for debate. Domenici, who admits to placing the call, said he was just interested in the timeframe for any potential indictments stemming from the investigation." ABC adds, "Iglesias, however, has said he felt violated by the call and sensed pressure to bring indictments sooner than he wanted to -- before the November election. The indictments never came. And last week Iglesias was fired by the Department of Justice. … Justice Department spokesmen have said Iglesias was among the attorneys let go because of poor performance."

Gonzales Defends Dismissals. The Wall Street Journal (3/6, A4, Perez) reports, "Attorney General Alberto Gonzales, facing criticism for the firing of eight U.S. attorneys, defended the action as appropriate but said the Justice Department handled the situation poorly. … 'We could have rolled out the decisions more smoothly,' he said in an interview. But he also rejected accusations from Democrats and other critics that the prosecutors were fired for failing to follow the Bush administration's political agenda. … 'To think we made these changes to retaliate or because they didn't carry out certain prosecutions?' he said. 'That did not occur here. I stand by the decision to make the changes.'" The Journal continues, "The tempest has been the latest imbroglio for the Justice Department and Mr. Gonzales, a longtime Bush friend and former White House counsel who has defended the administration's often-controversial law-enforcement programs, from domestic surveillance to the treatment of enemy combatants. … Part of the problem is the Justice Department's contention that the Dec. 7 dismissals were performance related, which came after initial suggestions that the moves were normal turnover. That switch has prompted protests from some of those let go. Some have taken to referring to the firings as the "Pearl Harbor Day Massacre." And some of have said they wouldn't have protested the moves otherwise. … Internal Justice Department documents, reviewed by The Wall Street Journal, show evaluations offering positive reviews for all the prosecutors' work as recently as last March. Mr. Gonzales said the written reviews were among several factors the department used to evaluate prosecutors, which include numbers and types of prosecutions and management issues. … Mr. Gonzales denied any political motivation for the moves. 'I made recommendations to the president' that the changes be made, he said. 'Ultimately, these are presidential appointees.'"

Wilson Complained About Pace Of Iglesias Probes. The Washington Post (3/6, A1, Kane, Eggen) reports, "Rep. Heather A. Wilson (R-N.M.) acknowledged yesterday that she contacted a federal prosecutor to complain about the pace of his public corruption investigations, as the Senate ethics committee signaled that it had opened a preliminary inquiry into a similar communication by her state's senior senator, Pete V. Domenici (R)." The Post continues, "Wilson denied allegations from former New Mexico U.S. Attorney David C. Iglesias that she pressured him to speed up a political corruption investigation involving Democrats in the waning days of her tight election campaign last fall. … 'I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way,' Wilson said in a statement to The Washington Post. 'The conversation was brief and professional.'" The Post adds, "Iglesias…is expected to tell Congress today that Wilson and Domenici were trying to sway the course of his investigation. Domenici acknowledged Sunday that he called Iglesias about the corruption case but said he did not pressure him. The telephone calls to Iglesias by Domenici and Wilson appear to put them in conflict with congressional ethics rules that bar contacts with federal agency officials during most active investigations." The Post adds, "Iglesias and three other ousted prosecutors are scheduled to appear before the Senate Judiciary Committee this morning. The same group and two others are slated to testify in the afternoon before a House Judiciary subcommittee. … The Senate Ethics Committee released a statement yesterday evening declining to address the allegations against Domenici, but it said that anytime a legitimate complaint is filed against a senator, a preliminary inquiry is begun. The statement, from the chairwoman, Sen. Barbara Boxer (D-Calif.), and Sen. John Cornyn (Tex.), the committee's ranking Republican, noted that preliminary inquiries can lead to wider investigations." The Post notes, "Wilson said in her statement that many of her constituents had complained about "the slow pace of federal prosecutions" in corruption cases and that one unidentified constituent told her that 'Iglesias was intentionally delaying corruption investigations.' … Wilson also said she was trying to help Iglesias. 'If the purpose of my call has somehow been misperceived, I am sorry for any confusion. I thought it was important for Mr. Iglesias to receive this information and, if

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necessary, have the opportunity to clear his name.' … Wilson said Iglesias's dismissal occurred 'without input from me.' Justice officials said they are not aware of any contacts by Wilson about Iglesias. But they said Sunday that Domenici complained about him to Gonzales three times in 2005 and 2006 and spoke to Deputy Attorney General Paul J. McNulty in the first week of October 2006."

Democrats Say DOJ Withholding Information On Dismissals. The Washington Times (3/6, Pfeiffer) reports, "Congressional Democrats say half a dozen former federal prosecutors were fired by the Bush administration for political reasons, and they're accusing the Justice Department of withholding information related to the dismissals. … 'Eleven months after the firings, we still haven't gotten straight answers from the Department of Justice, which changed its own story this weekend and admitted the firings weren't based on job performance,' said Rep. Linda T. Sanchez, California Democrat and chairman of the House Judiciary subcommittee on commercial and administrative law." The Times continues, "Both the House and Senate Judiciary committees will hold hearings today with the six former prosecutors. … Supporters of the administration's policy say the firings were not done improperly. U.S. attorneys have four-year terms, but can be removed or replaced at any time, and for nearly any reason, according to federal law. … 'We ought to not lose sight of the fact that president has the power to replace them,' said Sen. Arlen Specter, the ranking Republican on the Judiciary Committee. 'He doesn't have to have a reason. If it is a bad reason, that is different.' … The Pennsylvania Republican added he would listen to the Democrats' accusations of improper firings." The Times notes, "Democrats have specifically cited the case of former prosecutor Carol Lam of San Diego, who prosecuted former Rep. Randy 'Duke' Cunningham, California Republican. Cunningham resigned from office last year after pleading guilty to bribery charges in connection to a case involving military contractors. Cunningham received an eight-year sentence. … Mrs. Lam, who was appointed by Mr. Bush in 2002, was fired after the Justice Department issued a request for her dismissal in January. According to the Justice Department, Mrs. Lam was fired for not aggressively pursuing the prosecution of border crimes. … The other five former U.S. attorneys scheduled to testify today include Daniel Bogden of Las Vegas, Paul K. Charlton of Phoenix, Bud Cummins of Little Rock, Ark., David C. Iglesias of Albuquerque, N.M., and John McKay of Seattle."

DOJ Official Said To Have Threatened Dismissed US Attorney. McClatchy Newspapers (3/6, Taylor) reports, "A high-ranking Justice Department official told one of the U.S. attorneys fired by the Bush administration that if any of them continued to criticize the administration for their ousters, previously undisclosed details about the reasons they were fired might be released, two of the ousted prosecutors told McClatchy Newspapers." McClatchy continues, "While the U.S. attorney who got the call regarded the tone of the conversation as congenial, not intimidating, the prosecutor nonetheless passed the message on to five other fired U.S. attorneys. One of them interpreted the reported comments by Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, as a threat." McClatchy adds, "Justice Department officials denied that the conversation with the U.S. attorney ever took place, and Elston said he called several of the fired U.S. attorneys but never made any such comments. … 'I had no conversation in which I discussed with any U.S. attorney what they should or should not say to the media regarding their removal,' Elston said. … The two prosecutors who described the call demanded anonymity because, they said, they didn't want to antagonize the Justice Department further." McClatchy notes, "Justice Department spokesman Brian Roehrkasse criticized McClatchy for running the story. 'It is unfortunate that the press would choose to run an allegation from an anonymous source from a conversation that never took place,' he said." McClatchy adds, "According to one of the fired U.S. attorneys, Elston made the comments during a telephone conversation after Democrats began questioning whether the administration was attempting to purge more independent-minded Republican appointees in order to replace them with more partisan candidates. … According to the former U.S. attorney, Elston made a 'pointed comment that indicated that somehow anyone who talked might become more embarrassed if the story continued on.'"

DOJ Official Who Told US Attorneys Of Dismissal Quits. The New York Times (3/6, Johnston) reports, "The Justice Department official who told seven United States attorneys in December that they were being dismissed said Monday that he was resigning." The Times continues, "Michael A. Battle, director of the Executive Office for United States Attorneys, said in a statement that his departure was unrelated to the dismissals, but Democrats said he appeared to be a casualty of the uproar over the firings. … Mr. Battle, formerly a United States attorney in Buffalo, is not believed to have played a significant role in the decision to remove the United States attorneys, although Justice Department officials said he had accepted it." The Times adds, "Mr. Battle said in his statement that he had been planning to leave the agency since last June. … But Democrats in Congress said the timing of his departure, on March 16, appeared unusual."

The Hill (3/6, Schor, Crabtree) reports, "The circumstances surrounding Battle's departure add to questions Democrats plan to ask about whether politics played any role in the firings of seven U.S. attorneys, some of whom were pursuing public-corruption cases against GOP lawmakers. The House and Senate Judiciary committees will hold hearings featuring the testimony of several of the fired U.S. attorneys today to investigate the matter." The Hill

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continues, "A Department of Justice staffer said only that the public-affairs office planned to send out a statement about Battle's resignation; it did not do so by press time yesterday. … House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and Judiciary Subcommittee on Commercial and Administrative Law Chairwoman Linda Sánchez (D-Calif.) vowed to 'do everything in their power to unearth the facts surrounding Battle's resignation.' … 'The wheels seem to be coming off the Bush administration's increasingly hollow defense of its decision to fire eight U.S. attorneys,' Sánchez said. 'The administration's explanation of Mr. Battle's apparent resignation is as murky as everything else they have told us about this case.'"

Former Maryland US Attorney Says He Was Pressured To Resign. The New York Times (3/6, Lichtblau) reports, "The former federal prosecutor in Maryland said Monday that he was forced out in early 2005 because of political pressure stemming from public corruption investigations involving associates of the state's governor, a Republican. … 'There was direct pressure not to pursue these investigations,' said the former prosecutor, Thomas M. DiBiagio. 'The practical impact was to intimidate my office and shut down the investigations.'" The Times continues, "Mr. DiBiagio, a controversial figure who clashed with a number of Maryland politicians, had never publicly discussed the reasons behind his departure. But he agreed to an interview with The New York Times because he said he was concerned about what he saw as similarities with the recent firings of eight United States attorneys. … As in those cases, there are conflicting accounts of the circumstances that led to Mr. DiBiagio's ouster. The Justice Department disputes his version. … His office had been looking into whether associates of Gov. Robert L. Ehrlich Jr. had improperly funneled money from gambling interests to promote legalized slot machines in Maryland. Mr. DiBiagio said that several prominent Maryland Republicans had pressed him to back away from the inquiries and that one conversation had so troubled him that he reported it to an F.B.I. official as a threat. … But he said that the Justice Department had offered little support and that that made it 'impossible for me to stay.'" The Times notes, "Several current and former officials in the Baltimore office said Mr. DiBiagio voiced concerns in 2004 that the corruption inquiries were jeopardizing his career, a view that they shared. … The Justice Department rejected Mr. DiBiagio's explanation. An official in the department, David Margolis, said he told Mr. DiBiagio in 2004 that he had to leave because 'we had lost confidence in him.' … Mr. Margolis said the prosecutor's harsh management style had caused resentments in the office that ran 'wide and deep' and called 'an absolute fairy tale' the idea that Mr. DiBiagio's departure was tied to the gambling case or any other investigation."

Testimony Could Spark Ethics Probes. Roll Call (3/6, Van Dongen) reports, "A pair of Judiciary panel hearings today featuring testimony from at least four U.S. attorneys who were summarily fired by the Justice Department could spark the first major ethics probes of the 110th Congress." Roll Call continues, "The star witness at this morning's Senate Judiciary hearing and this afternoon's House Judiciary session will be ousted U.S. Attorney for New Mexico David Iglesias, who has told various media outlets that two New Mexico lawmakers contacted him in mid-October 2006 to inquire about the pace of an ongoing corruption probe of local Democrats. … Sen. Pete Domenici (R-N.M.) already has admitted to, and apologized for, making a phone call to Iglesias in mid-October. But Domenici denied doing anything improper, saying in a statement over the weekend that 'at no time in that conversation ... did I ever tell [Iglesias] what course of action I thought he should take on any legal matter.'" Roll Call adds, "On Monday, ethics attorneys off Capitol Hill said that Domenici's behavior involved seriously suspect activity and could result in Senate Ethics Committee action, a major investigation by the Justice Department or even an independent counsel. … 'Having been in Washington for 35 years, I'm sure we're headed to a full-blown obstruction investigation of some variety that will involve not only the Members of Congress but the Justice Department itself,' said Stan Brand, a former House general counsel who now works at Brand Law Group. … 'This isn't some rulemaking, this is serious stuff and I don't know where it ends or what the outcome is, but it's going to have to be investigated,' Brand added." Roll Call notes, "The Domenici revelations further fuel Democratic charges that there has been improper political interference by the Bush administration in judicial proceedings. They say at least seven U.S. attorneys were unfairly fired for political reasons and are set to be replaced with political cronies. The Justice Department maintains that the seven — with the exception of Bud Cummins III, the ex-U.S. attorney for Eastern Arkansas — were dismissed for 'performance based' reasons. … 'More than any other Justice Department officials, U.S. attorneys must be above reproach,' said Sen. Charles Schumer (D-N.Y.), who will chair today's Senate Judiciary hearing. 'Today's revelations call into serious question whether they allowed such independence in this administration.' … Schumer also questioned the timing of the imminent departure from the Justice Department of Mike Battle, the director of the executive office of U.S. attorneys. … 'This raises another question about a subject where there are already too many unanswered questions,' Schumer charged."

The Los Angeles Times (3/6, Serrano) reports that "a left-leaning congressional watchdog group on Monday called for a Senate ethics investigation into Sen. Pete V. Domenici (R-N.M.) for allegedly interfering with the work of the U.S. attorney in his state. That would be a violation of Senate

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rules. And the Justice Department revealed Monday that Domenici telephoned Atty. Gen. Alberto R. Gonzales or his deputy four times in the last two years to complain about the U.S. attorney in New Mexico, David Iglesias, and whether he was 'up for the job.'" The Times continues, "The Citizens for Responsibility and Ethics in Washington, which characterizes itself as progressive, filed a formal complaint Monday against Domenici, asking the Senate Select Committee on Ethics to investigate. 'He appears to have violated the prohibition on contacting agencies based on political considerations,' said the watchdog group's executive director, Melanie Sloan. … But others wonder if it isn't the Democrats who are playing politics. … William B. Canfield, a conservative lawyer and a former Senate ethics committee staffer, said that Domenici, a senator since 1973, would be 'too sophisticated a guy to have said anything to suggest he was improperly leaning on the U.S. attorney.' … 'U.S. attorneys probably take phone calls from members on a regular basis,' Canfield added. 'And there's nothing in the ethics rules in the Senate that says you can't make calls for a status report on where an investigation is going.'"

Yang Says Her Departure Was Unrelated To Dismissals. The Hill (3/6, Crabtree) reports, "A former U.S. attorney for Los Angeles, Debra Wong Yang, dismissed questions about the timing of her departure, which occurred about a month before several other U.S. attorneys were fired late last year." The Hill continues, "Wong Yang was heading up the investigation into Rep. Jerry Lewis's (R-Calif.) ties to a lobbying firm and the millions of dollars in contracts the firm's clients received from Congress. Wong Yang, the first Asian-American woman to serve as a U.S. attorney, left her post with Justice to become a partner at Gibson, Dunn and Crutcher, the law firm representing Lewis. She will co-chair the firm's crisis-management practice group, along with Washington, D.C., partner Theodore B. Olson, a former Bush administration solicitor general. … Wong Yang said her departure was a personal decision based on financial concerns and the fact that she is a single mother, and had nothing to do with the firings of other U.S. attorneys. She also said her departure would not affect the case against Lewis in any way, noting that the Justice Department said it would have allowed her to stay in the position 'as long as I wanted to.' … 'The investigation [into Lewis] would never be delayed or affected in any way because of my departure,' she said. 'We had 260 attorneys in that office.'"

Issa To Testify About Lam Dismissal. The North County Times (3/6, Bennett) reports, "U.S. Rep. Darrell Issa will testify Tuesday at one of two congressional hearings addressing the firing of former San Diego U.S. Attorney Carol Lam and a handful of other U.S. attorneys." The Times continues, "The hearings come in the wake of pressure from Democrats who have raised questions about whether the recent sacking of Lam and the other U.S. attorneys was politically motivated. … Issa has been one of the chief critics of the Yale-educated Lam, who left her post on Feb. 15 after being asked to resign in December. Issa criticized Lam for what he saw as a failure to prosecute illegal immigrant smugglers." The Times adds, "Issa said Monday that Lam lost her job because she failed to fulfill part of her mandate. … 'Clearly she needed to be fired for not implementing policy over a long period of time,' the Vista Republican said during a telephone interview. Issa's 49th District covers much of northern North County and Southwest Riverside County. … Starting in early 2004, Issa and other Republican members of Congress began sending letters to Lam and the attorney general's office complaining about the job she was doing. … Issa, who will testify before a House panel, said he takes 'maybe one twentieth' of the credit for Lam's dismissal, adding that he believes that California Democratic U.S. Sen. Dianne Feinstein also played a role. … On Monday, Issa's office sent to the North County Times a copy of a June letter from Feinstein to U.S. Attorney General Alberto Gonzales in which Feinstein expressed concerns about the low rate of human smuggler prosecutions by Lam's office. … A spokeswoman for Gonzales said privacy issues prevented her from talking about performance review details but confirmed Issa's position that the San Diego office had the lowest number of prosecutions of any U.S. attorney's office on the Southwest border. … The spokeswoman, Tasia Scolinos, also said the performance reviews Feinstein referred to evaluated the U.S. attorneys' offices as a whole and 'not necessarily ... the U.S. attorneys themselves.'"

Formerly Low-Profile Iglesias Now At Center Of Controversy. The Albuquerque Tribune (3/6, Gisick) reports, "Low-profile during his five years as New Mexico's U.S. attorney, David Iglesias now finds himself at the center a growing national controversy." The Tribune continues, "Although no member of the New Mexico delegation sits on the two congressional committees that will interview Iglesias and other dismissed U.S. attorneys Tuesday, Republicans are expected to ask tough questions about Iglesias' tenure. … Democrats say they believe Iglesias and other federal prosecutors were political victims, and want to know more." The Tribune adds, "In a written statement this weekend, Domenici apologized for his October phone call to Iglesias, then said he had been concerned for several years about the slow pace of prosecutions. … 'New Mexico needed a new U.S. attorney,' Domenici concluded."

More Commentary. The Washington Post (3/6, A18) editorializes, "When members of Congress call, people listen -- especially if those people are political appointees who owe their positions in part to support from the lawmaker at the other end of the line. That is why the phone calls made to David C. Iglesias, the since-replaced U.S. attorney in New Mexico, by home-state Republicans Sen. Pete V. Domenici and Rep. Heather A. Wilson are so troubling. The Senate and

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House ethics committees have a duty to investigate." The Post continues, "Mr. Iglesias should have reported the lawmakers' phone calls to the Justice Department in Washington, as protocol dictates. He is to testify on Capitol Hill about the calls today. That may be illuminating. But more urgent is for the Justice Department to stop hiding behind vague assertions of 'performance-related issues' and explain, finally and clearly, why Mr. Iglesias and seven other U.S. attorneys were dismissed."

In a piece posted on Slate.com (3/6), Dahlia Lithwick writes, "The U.S. attorneys purge scandal is heating up. The House and Senate have convened hearings for Tuesday, promising an orgy of named names and pointed fingers. Sen. Pete Domenici, R-N.M., now admits what he once denied: that he may have had a hand in the removal of New Mexico's U.S. attorney. And the senior Justice Department official who personally canned the U.S. attorneys has just announced the date of his resignation. … But as the political scandal spreads, the question at its heart gets less and less public attention: Who changed the Patriot Act to make it easier to replace U.S. attorneys without oversight, and how did it happen with nobody looking?" Lithwick continues, "U.S. attorneys are well aware that they serve at the president's pleasure, but new wording in the Patriot Act made it worth the president's while to fire a big, fat lot of them and hire a group of new ones. And while certainly half the scandal is that the Justice Department did that—let eight U.S. attorneys go, seemingly for no reason—we seem to have forgotten that even without the mass firings, this law had been changed in the sneakiest way imaginable. … On Feb. 6, when the Senate held hearings on the issue of prosecutorial independence, former judiciary committee Chairman Sen. Arlen Specter, R-Pa., proudly claimed to have been as clueless as the rest of us. Denying New York Democratic Sen. Charles Schumer's claim that he or his staff had 'slipped the new provision into the Patriot Act in the dead of night,' Specter asserted, 'The first I found out about the change in the Patriot Act occurred a few weeks ago when Sen. [Dianne] Feinstein approached me on the floor.' … Specter added that he only looked into how the provision was altered after Feinstein told him about it. As he explained, 'I then contacted my very able chief counsel, Michael O'Neill, to find out exactly what had happened. And Mr. O'Neill advised me that the requested change had come from the Department of Justice, that it had been handled by Brett Tolman, who is now the U.S. attorney for Utah, and that the change had been requested by the Department of Justice because there had been difficulty with the replacement of a U.S. attorney in South Dakota.'" Lithwick adds, "Thus, at least according to Specter, O'Neill had merely been following orders from the Department of Justice when he snuck new language into the Patriot Act that would consolidate executive branch authority. … Now, it's not necessarily outrageous that Sen. Specter didn't know what his subordinate slipped into the legislation. … But this was not some minor technical amendment. It was a substantial enhancement of executive power. So, Specter now finds himself in an exceedingly strange position: His staff either lied to him or misled him about what he acknowledges to be a significant legal change."

In a column for the Washington Post (3/6, A19), Eugene Robinson writes, "So this is what accountability looks, sounds and feels like. It's been so long -- since George W. Bush moved into the White House -- that we hardly recognize what used to be a commonplace phenomenon, as much a part of Washington's behavioral DNA as megalomania and mendacity." Robinson continues, "This administration's nonchalance about its most grievous transgressions has been stunning, and the only inference that fits the facts is that the people running our government don't really believe in government at all. They certainly haven't taken it seriously." Robinson adds, "Before Gates arrived, it was awfully difficult to get fired by this administration for failing to do your job. Brown hardly counts, since he never should have been hired in the first place. Donald Rumsfeld presided over the Iraq war mess for years before his policies were essentially rejected by the American people last November. Generally, though, incompetence has not been a firing offense. … Political incorrectness, on the other hand, seems to be more than enough to get you shoved aside. … In December, the Justice Department fired eight U.S. attorneys -- top federal prosecutors -- in New Mexico, Arizona, Nevada, California, Washington and Arkansas. The administration acknowledges that one of the prosecutors, Bud Cummins of Little Rock, was ousted so his job could be given to a former aide to White House political czar Karl Rove. Hey, what's wrong with that? … Another of the fired prosecutors, David C. Iglesias, said he was being pressured by two members of Congress to speed up a criminal investigation that involved a Democratic legislator. The pressure came last fall, before the midterm election, Iglesias said. Sen. Pete Domenici (R-N.M.) admitted on Sunday that he called Iglesias and asked about the investigation, saying he was looking for 'an idea of what time frame we were looking at' -- but he denies pressuring Iglesias. … The White House acknowledges that complaints from members of Congress factored into the decision to fire the prosecutors, who say they had no prior indication of unhappiness with their performance."

The Los Angeles Times (3/6) editorializes, "Last month, Deputy Atty. Gen. Paul J. McNulty assured the Senate Judiciary Committee that none of the removals were designed to thwart ongoing investigations or to punish prosecutors for investigating public corruption. At the same hearing, McNulty said that the firings were 'performance related.' Yet some of the dismissed prosecutors had received positive evaluations. This seeming contradiction needs to be

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cleared up, not just by Congress but by the Justice Department's inspector general. … That said, we continue to oppose a proposal by Sen. Dianne Feinstein (D-Calif.) that would return to federal judges the power to appoint interim U.S. attorneys. The bill is grounded in a suspicion that the Bush Justice Department wants to install cronies in U.S. attorneys' jobs indefinitely and without Senate confirmation — a claim the administration denies and must now refute with prompt presidential nominations subject to Senate confirmation." The Times adds, "Even after being approved by the Senate, a U.S. attorney — like a member of the Cabinet — is an officer of the executive branch who under our system of government can be removed by the president at a moment's notice. Congress has no business asking whether such dismissals are wise, but it has every right to determine whether they are intended to thwart or politicize the administration of justice. That question should be the focus of today's hearings."

The Houston Chronicle (3/6) editorializes, "The unprecedented dismissal of eight top U.S. prosecutors at the behest of the White House late last year finally is getting the attention it deserves. House and Senate judiciary committees are preparing to question the ousted U.S. attorneys." The Chronicle continues, "There are indications the purge was anything but the routine bureaucratic shuffle claimed by Justice Department spokesmen. Attorney General Alberto Gonzales' deputies gave conflicting explanations as to why the officials were forced to resign. … All of the ousted attorneys are Bush appointees, with good records as prosecutors. McNulty testified at a congressional hearing that the shake-up occurred because of performance-related issues, but he was mistaken. Most of the attorneys' personnel evaluations turned out to be highly complimentary." The Chronicle aedds, "The most innocuous explanation for the mass firing is that White House officials simply wanted to create vacancies so cronies could burnish their resumés during the closing years of Bush's presidency. … Considering that at least one of the dismissed prosecutors was highly effective in bringing corruption cases against high-ranking Republicans, partisan revenge probably played a role in some of the firings. … Getting rid of dedicated federal prosecutors in order to dispense their jobs as short-term plums places patronage above justice. If some government attorneys were dismissed in order to derail or speed up investigations for partisan gain, such conduct borders on the criminal."

CORPORATE SCANDALS:

High Court Turns Down Ebbers Appeal. The AP (3/6) reports, "The Supreme Court turned down an appeal Monday from former WorldCom chief Bernard Ebbers, who is serving a 25-year prison sentence for fraud and conspiracy." The AP continues, "The justices rejected without comment Ebbers' bid for review of his 2005 conviction based on his contention that he was denied a fair trial. … Ebbers argued in court papers that the trial judge improperly allowed prosecutors to use testimony from witnesses who had been given immunity, but denied immunity to potential defense witnesses. … The judge also instructed jurors that they could find Ebbers guilty if they believed he suspected a crime was being committed but intentionally looked the other way." The AP adds, "A federal appeals court upheld the conviction last year, acknowledging that Ebbers' sentence for a white-collar crime was longer than sentences routinely imposed by many states for violent crimes. The 2nd U.S. Circuit Court of Appeals said Ebbers' actions to hide WorldCom's financial problems were substantial and had cost investors dearly. … Ebbers was convicted for his role in the massive fraud that drove Clinton, Miss.-based WorldCom into bankruptcy in 2002."

Canadian Holding Company Pleads Guilty In Hollinger Fraud Case. The AP (3/6, Robinson) reports from Chicago, "A private Canadian holding company used by former media baron Conrad Black to control the Hollinger International newspaper publishing empire pleaded guilty Monday to defrauding Hollinger." The AP continues, "Toronto-based Ravelston Inc. entered its plea to a single count of mail fraud as lawyers for Black and the federal government prepared to start jury selection March 14 for his racketeering and fraud trial. … Black, 62, and three other former Hollinger executives are charged with plundering $80 million from Hollinger, mainly by selling off hundreds of community newspapers across the United States and Canada." The AP adds, "Black allegedly received sizable payments from the buyers in exchange for signing agreements not to compete with them by starting or buying newspapers in markets where the ones sold by Hollinger were circulating. … Prosecutors say the non-compete money should have gone to Hollinger shareholders and not into the pockets of Black and other executives. … Black and the three other executives have pleaded not guilty and vowed to fight the charges." The AP notes, "Ravelston had been trying for weeks to plead guilty, but the company was blocked until last week in a Canadian court from going ahead with the plea. … Black owns 65.1 percent of Ravelston and had sought to block the plea. But the company is in receivership and the receiver, who is responsible to the creditors, won permission from a Canadian court last week to go ahead and plead guilty."

Prosecutors Face Deadline In Stock Option Backdating Cases. The San Jose Mercury News (3/6,

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Wolverton) reports, "Federal prosecutors investigating the backdating of stock options are bumping up against a legal deadline that will probably affect when they file charges and what charges they bring." The News continues, "Under federal law, prosecutors typically have five years to bring charges of securities fraud. For many of the backdating cases, that time window could be closing, because the misdating of stock options largely ended in 2002 thanks to new regulations. … 'It's a prevailing issue in most of the cases,' said one Bay Area defense attorney, who asked not to be named. Added the attorney, who is a former federal prosecutor, 'Is the government under pressure (to make decisions) sooner rather than later? The answer is yes.'" The News adds, "The five-year deadline also means that the government could soon lose the chance to file charges on some of the most egregious instances of backdating. … There are ways around the deadline issue: The government can attempt to pause the clock, for instance, or file charges related to the backdating (for example, conspiracy or lying to prosecutors) if not on the backdating itself. But prosecutors can't get the clock to stop permanently, and the related charges could well be easier for defendants to challenge and can carry lighter penalties. … 'There's some room for creativity,' said another former federal prosecutor, who also asked not to be named. 'But they don't want to risk that. They want to go with the most solid theory they have.'" The News notes, "The U.S. Department of Justice investigated alleged backdating at Brocade Communications Systems for 18 months before moving to indict former Chief Executive Greg Reyes. Indictments of officials at other companies could take a fraction of that time, in part because of concern about this legal ticking clock. … Indeed, the pace of the overarching backdating investigation appears to have quickened. In recent days, federal prosecutors secured a guilty plea from a former executive at Monster Worldwide in a backdating case and are reportedly close to bringing similar charges against the former general counsel of McAfee. Take-Two's former CEO also recently pleaded guilty to backdating in New York state court. … Luke Macaulay, a spokesman for the U.S. Attorney's Office in San Francisco, declined to say whether the government felt pressured by the five-year deadline or if it would prompt quicker actions in outstanding cases. … 'It's something we're aware of,' said Macaulay, whose office has been handling the lion's share of the backdating investigations. 'It's something we take into account in the final analysis of how we are investigating and prosecuting cases.'"

Judge Declares Mistrial In Seidman Fraud Case. The Wall Street Journal/AP (3/6, C4) reports, "A judge declared a mistrial in a $170 million fraud case against accounting firm BDO Seidman LLP after an attorney for the Portuguese bank suing the firm mentioned the suicide of one of the company's executives, against the judge's orders. … Miami-Dade County Circuit Judge Jose M. Rodriguez agreed with BDO Seidman that it couldn't receive a fair trial." The AP continues, "A lawyer for Banco Espirito Santo SA last week mentioned the suicide while questioning a witness. The judge had prohibited references to the suicide, in an order issued before the trial began. … In a 2004 lawsuit, Banco Espirito Santo accused BDO Seidman of failing to uncover the fraud at a former partner of the bank, E.S. Bankest LLC. The bank said BDO Seidman, hired to audit Bankest's books, failed to find signs of the fraud beginning in the late 1990s in part because the firm had financial ties to another Bankest partner." The AP adds, "The Big Four accounting firms typically settle high-stakes cases. Those actions often involve damage claims that run to the billions, rather than millions, of dollars. But BDO, along with fellow second-tier firm Grant Thornton LLP, are often willing to risk a trial. … A lawyer representing BDO Seidman, Mark Schnapp, argued that the jury would associate the suicide with the uncovering of fraud at the financial-services firm, a connection that was never suggested."

RIM To Restate Earnings Amid Options Backdating Probe. The Wall Street Journal (3/6, A3, Vascellaro) reports, "In the latest fallout from the stock-options backdating scandal, Research in Motion Ltd. said it made widespread accounting errors in issuing some 3,000 improperly dated options grants going back to the 1990s and would take a roughly $250 million restatement." The Journal continues, "Co-Chief Executive Jim Balsillie, a recipient of some of the grants improperly accounted for, stepped down as chairman of RIM. He and co-CEO Mike Lazaridis, who also received options, agreed to pay about $4.25 million each 'to assist RIM in defraying costs' from the board probe and restatement, the company said. … Though some executives have repaid some gains from backdated shares, no executives have made such payments in the unfolding backdating scandal." The Journal adds, "RIM, the maker of the popular BlackBerry hand-held device, said all options granted before late February 2002 and approximately 321 grants made between that time and August 2006 were improperly accounted for. The 321 grants represent approximately 63% of the grants made by the company after Feb. 28, 2002. Correcting the accounting likely will cut earnings up to the end of RIM's fiscal year 2006 by $250 million, a much larger restatement than investors had expected. In September, RIM indicated it would have to restate between $25 million and $45 million in results. The company didn't name a new chairman. … RIM posted $382 million in net income on $2.1 billion in revenue in its most recently reported fiscal year, ended March 4, 2006. RIM said the announcement yesterday came after a seven-month

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probe by a special board committee. … RIM said an informal investigation is continuing by the Securities and Exchange Commission and the Ontario Securities Commission. … The improprieties identified by the board included the practice of backdating options -- that is, pretending they were issued at an earlier time than they actually were, when RIM's share price was lower. Such backdating can increase the payoff for recipients by setting an artificially low strike price, increasing the gain when the options are exercised. About 140 companies are under investigation for backdating."

Blackberry Ousts Chairman, Restate Earnings. The Washington Post/Bloomberg (3/6, D3, Fournier, Heiskanen) reports, "Research in Motion, maker of the BlackBerry e-mail phone, will restate earnings by about $250 million and said James Balsillie will give up his post as chairman following a review of its stock-options grants." Bloomberg continues, "Research in Motion did not find intentional misconduct by its executives, according to a statement released by the company, based in Waterloo, Ontario. The restatements, which are not yet complete, cover more than three years of results dating back to 2004." Bloomberg adds, "The adjustment exceeds an earlier prediction by Research in Motion, which forecast in January that restatements would cut past earnings by more than $45 million. In concluding its options probe, the company said Balsillie would remain co-chief executive as it separates the roles of chairman and chief executive to upgrade corporate governance. … Research in Motion is one of at least 200 companies that have disclosed internal or federal investigations into options. Investigators are trying to determine whether companies inflated the value of employee options by backdating or timing the grants to coincide with days when the stock price was low."

McAfee Chooses EMC Official As New CEO. The Wall Street Journal (3/6, A3, Vara, Lublin) reports, "McAfee Inc., trying to move past fallout from a federal investigation of its stock-options grants and revive its growth, named EMC Corp. executive David DeWalt as its new chief executive." The Journal continues, "The hiring of Mr. DeWalt, EMC's head of world-wide customer operations, comes as McAfee tries to stabilize its executive bench after a string of financial debacles, including probes into improperly dated stock-options grants. Mr. DeWalt, a 42-year-old software industry veteran, will be the Santa Clara, Calif., security-software maker's fourth CEO in six years. … George Samenuk, McAfee's last permanent chief executive before Mr. DeWalt, resigned in October after an internal probe found accounting irregularities related to stock-options grants. Last month, a Securities and Exchange Commission complaint claimed that Mr. Samenuk had known about a change to a 2002 stock-option grant made in his favor by a subordinate. The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in manipulating options and followed a criminal indictment of Mr. Roberts. Mr. Samenuk hasn't been charged." The Journal adds, "Mr. DeWalt, who starts at McAfee on April 2, is expected to clean up the mess. The company plans to restate several quarters of past financial results in the wake of the stock-options problems. Interim chief Dale Fuller, the board member who temporarily replaced Mr. Samenuk, will remain on the board. Chuck Robel will remain chairman. … Mr. DeWalt joins McAfee as the security-software industry enters a more difficult phase after years of go-go growth. McAfee's antivirus software for home users and companies was once in demand as computer users sought to protect themselves against viruses and worms. But new threats like 'phishing' have displaced the old ones, leaving McAfee and other security-software makers scrambling to catch up. Priorities have also shifted at businesses, where security officers are focused on new problems like keeping corporate data from getting lost or stolen. McAfee recently launched products to fight phishing and data leakage, but those areas are already crowded."

New York AG Names New Attorney In Grasso Case. The Wall Street Journal (3/6, C7, Lucchetti, Koppel) reports, "New York Attorney General Andrew Cuomo named lawyer Benjamin E. Rosenberg to be his chief trial counsel, a role that will include handling high-profile cases such as the long fight against former New York Stock Exchange Chief Executive Dick Grasso." The Journal continues, "Mr. Rosenberg, a partner with law firm Dechert LLP, will start in the state's law-enforcement office Monday, said a spokesman for the attorney general's office. His salary will be $140,000. Mr. Rosenberg, 48 years old, worked on several high-profile white-collar cases while at Dechert, said the attorney general's spokesman." The Journal adds, "The attorney general's office won a partial summary judgment in the Grasso case last year, but Mr. Grasso is appealing. A decision on the appeals is expected in coming months, and if Mr. Grasso loses, he may have to give $100 million or more of his compensation back to the NYSE, where he worked for decades. Mr. Grasso has been fighting the case and has said he did nothing to warrant giving back part of his pay package. … Mr. Cuomo's predecessor, New York Gov. Eliot Spitzer, brought the case. Mr. Spitzer harshly criticized Mr. Grasso for collecting a pay package of $187.5 million while at the NYSE, which at the time was a not-for-profit company under New York state law."

CRIMINAL LAW:

Libby Jury Remains Focused On Cooper Conversation. The Washington Post (3/6, A3, Leonnig, Goldstein, 690K) reports jurors "in the perjury trial of I. Lewis

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'Scooter' Libby indicated yesterday they remain focused on whether Vice President Cheney's former chief of staff lied to the FBI about a July 12, 2003, conversation with Matthew Cooper, then a reporter for Time magazine." In a note "to the presiding judge late yesterday afternoon, jurors asked three questions about how they should decide whether Libby is guilty of making a false statement to investigators about his conversation with Cooper. After sending the note, the jury concluded its ninth day of deliberations without reaching a verdict." During that time, the jury "has sent U.S. District Judge Reggie B. Walton five questions about Libby's statements to the FBI regarding his conversation with Cooper."

The New York Times (3/6, 1.16M) reports the jury "suggested on Monday that some of its members were deeply uncertain about one of the five felony charges. Before the jurors departed at the end of their ninth day of deliberations, they sent a note to Judge Reggie B. Walton asking for clarification of Count 3, in which Mr. Libby is charged with giving a false statement to an agent of the Federal Bureau of Investigation." In the discussions Judge Walton "had with both sides' lawyers, it appeared that the jury was asking whether its members might consider Mr. Libby's testimony to the grand jury in March 2004 to help determine whether he made a false statement in his F.B.I. interview six months earlier."

FBI Investigating Wal-Mart Technician Who Tapped Phone Conversations. The Financial Times (3/6, Birchall) reports the FBI "is investigating the activities of a Wal-Mart 'technician' who was fired by the retailer after it learnt that the employee had been intercepting electronic messages transmitted by people outside the company. A company spokeswoman said the employee had used personal equipment to intercept all text messages sent 'within a few miles' of Wal-Mart's Bentonville headquarters, and had collected messages containing certain key words, without giving more details.

The Wall Street Journal (3/6, A4, McWilliams) reports, "Federal investigators are probing a Wal-Mart Stores Inc. employee's electronic interception of telephone conversations and text messages of other employees and outsiders, including a New York Times Co. reporter. People familiar with the issue said the criminal probe targets an employee who was searching for the identities of those who had leaked embarrassing company memos to the newspaper and others. Wal-Mart has been the subject of articles by the Times and others for its health-care, wage and benefit policies. The U.S. attorney for Western District of Arkansas confirmed it has begun a probe after being notified by the Bentonville, Ark., retailer of the recordings and electronic interceptions. Deborah Groom, first assistant U.S. attorney, declined to say whether it had subpoenaed records or interviewed employees of the world's largest retailer. Mona Williams, a Wal-Mart vice president, said the retailer fired two employees of its computer-systems department as a result of a nearly two-month internal review. One was a manager, who was dismissed yesterday. A third employee, also a computer-systems unit manager, was disciplined but not fired for 'failure to carry out management duties,' Ms. Williams said." Williams "confirmed agents of the Federal Bureau of Investigation were carrying out the probe for the U.S. Attorney's office."

The New York Times (3/6, Creswell) reports, "the United States attorney's office for the Western District of Arkansas and the Federal Bureau of Investigation are assessing the actions of the employee and others inside Wal-Mart to determine whether federal and state laws were broken and whether they have jurisdiction in the matter, according to spokesmen for the investigators' offices. Wal-Mart said the technician was not authorized to monitor and tape the conversations between members of its media relations staff and Michael Barbaro, a retail reporter for The Times. The company did not say what led the technician to make the recordings or why Mr. Barbaro's conversations were the target. Over the last year, Mr. Barbaro has written dozens of articles about Wal-Mart, including some that were based on internal company documents that were given to him by union-financed groups that were critical of Wal-Mart's business practices."

The Washington Post (3/6, D3, Mui) reports, "A spokesman for the FBI did not return several phone calls or respond to an e-mail asking whether an investigation was underway."

The AP (3/6) reports, "FBI officials in Washington said Monday the agency is reviewing the information 'to determine if there was a violation of federal law and if the FBI has jurisdiction.'"

Newark Employee Accused Of Defrauding Cisco Systems. The AP (3/6, Robertson) reports, "A computer technician working for the city of Newark, N.J., was arrested on charges he defrauded technology giant Cisco Systems Inc. of more than $10 million by cheating one of the company's programs for replacing broken or defective parts. Michael Kyereme, 40, of Piscataway, N.J., was arrested Friday on a charge of mail fraud and made his initial appearance in Newark federal court on Monday, according to the FBI. He will remain in custody at least until a bail hearing Thursday. Kyereme worked as independent contractor for Newark, assisting city employees when their computers needed troubleshooting, the FBI said. … According to the criminal complaint, Kyereme ordered about 280 parts from Cisco since August 2002 _ some worth more than $250,000

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_ and made false claims that they were replacements for Cisco parts in the city's computer system that were 'dead' or 'not responding.'"

Rhode Island Prosecutor Heads To New Orleans To Fight Crime. In a story distributed by Scripps Howard News Service (DC) (3/6, Stanton), the Providence Journal reports, "Federal prosecutor Richard Rose makes presentations at schools on a regular basis. He has T-shirts and runs through the names of those killed by gang violence in Providence." The Journal continues, "During the past few years, Rose has made a program called Street Smarts his mission as the anti-gang coordinator for the Rhode Island U.S. Attorney's office. He has spoken to more than 3,400 schoolchildren about the dangers of the streets, relating his own experiences as a fatherless black youth growing up in Providence. … Now Rose, the man best known for prosecuting ex-Providence Mayor Vincent A. Cianci Jr., is headed to New Orleans, where death is a near-daily occurrence in the wake of Hurricane Katrina in 2005." The Journal adds, "Rose, 48, is part of a federal task force of prosecutors and agents from throughout the country who will spend the next six months in the Crescent City, combating the escalating gun violence. He is among the second wave of federal reinforcements in a program that began last year. On Wednesday, Rose will report for duty at the U.S. Attorney's office there. … 'We've got to take the cowboys off the streets,' said Rose, in an interview last week. 'They had 161 murders last year, in a city of 200,000. Two weeks ago they had seven shootings in nine hours, five of them fatal -- that's a whole year for us!' … Katrina overwhelmed the city's law-enforcement structure, he noted. Floodwaters destroyed evidence and rendered courtrooms useless. Outside of the relatively safe tourist districts, criminals flooded lawless streets, emboldened by the chaos. Rose cried with his daughter as he watched television footage of refugees streaming across a bridge 'like survivors in a B-movie where the nuclear bomb is dropped.'"

Death Of Peacemaker Jeopardizes Boston Gang Truce. USA Today (3/6, Hampson) reports from Boston, "Two hooded strangers walked out of the darkness at the end of the street. … Jahmol Norfleet and his sister Teah, standing in front of their apartment house that night last November, stopped talking. On Holworthy Street, an unfamiliar face could mean danger — even since Jahmol, a leader of the notorious H Block gang, helped arrange a truce four months earlier in the city's bloodiest street war." USA continues, "In the 18 months before the truce, about two dozen people were shot. Jahmol himself was an inch from death; there was a crease where the bullet grazed his scalp. After that he took a gun to school, got busted and spent a year in jail. … Then the gangster turned peacemaker. At a secret summit, H Block and its rival gang, Heath Street, agreed to a truce. When word finally leaked out, Boston was enthralled. Perhaps the truce could spread across the city, maybe even across a nation where gang violence was helping jack up the crime rate for the first time in 15 years." USA adds, "So as the two strangers came down Holworthy, Teah would recall, she fought the impulse to run. After all, it was peacetime. Suddenly, the guys reached under their sweatshirts, pulled out pistols, charged through the parked cars and opened fire. … When it was over, Jahmol lay dead on the sidewalk. … The next day, Mayor Thomas Menino praised the young man for trying to 'change his neighborhood from a place of violence to a community of peace.' But now, three months after his death, it's unclear whether the gang truce is a national model, or even if it still exists." USA notes, "America has had street gangs almost as long as it's had streets. But gangs are turning up in more places, including towns, suburbs, even agricultural areas — 'spreading like a virus,' according to Sen. Charles Schumer, D-N.Y. … Kevin O'Connor, an associate deputy U.S. attorney general, said at a conference on gangs last month that there was 'a resurgence of gang violence in several U.S. cities.' The Justice Department is surveying about 20 communities to determine how bad the problem is. … The National Youth Gang Center estimates the national number of gang members rose to 760,000 in 2004, the most recent year figures are available, up from 731,000 two years earlier. Los Angeles alone has about 40,000 gang members; the police say violent gang-related crime rose 14% last year. … Law enforcers are trying many strategies — midnight basketball leagues, gun buybacks, neighborhood sweeps, 'start snitchin' ' campaigns. None has approached the success a decade ago of what Newsweek hailed as 'the Boston Miracle.' … In the mid-1990s a coalition of law enforcers, social workers and inner-city black ministers imposed a gang cease-fire with a carrot-and-stick promise to gangsters: Keep fighting and face tighter probation checks, arrests on outstanding warrants, federal prosecution; stop and have a chance at a summer job, tutoring, a break in sentencing."

Unresolved Corruption Probes Leave Officials In Limbo. The Arizona Republic (3/6, House) reports, "There has been a long list of recent Justice Department investigations announced or leaked to the media targeting current and former members of Congress. … In many of those cases, the public has been left for months, or longer, to wonder about whether lawmakers will be charged or what, if anything, the investigations revealed. That air of uncertainty, which may never be wiped away, could ultimately tarnish reputations or destroy careers. … That includes the so-called preliminary inquiry and assessment launched last fall by Paul

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Charlton, then U.S. attorney in Arizona, regarding activities of Rep. Rick Renzi, R-Ariz., and former Rep. Jim Kolbe, R-Ariz., respectively." The Republic continues, "In the months since, nothing has surfaced about either case. Both Renzi and Kolbe have denied wrongdoing. Meanwhile, Justice Department officials in Phoenix and Washington, after initially confirming the existence of both inquiries, have declined to give additional comment. At times, the Phoenix and Washington offices don't seem to have a handle on who is in charge, referring inquiries about the matters to each other. … Charlton, who left office in January, recently declined to comment. … Charlton was one of half a dozen top prosecutors forced out of office last year by the Justice Department. Some lawmakers say the move was related to investigations of politicians. Hearings will be held in Washington today." The Republic adds, "Meanwhile, potential targets wait to learn the status of the investigation. … Ex-Rep. J.D. Hayworth, R-Ariz., was linked in published news accounts in January 2006 to at least four other members of Congress reportedly under federal investigation in Virginia in connection with the influence-peddling scandal surrounding convicted former D.C. lobbyist Jack Abramoff. … Hayworth, who lost his re-election bid in November, has denied wrongdoing. Only one of the five lawmakers cited, former Rep. Bob Ney, R-Ohio, has been convicted in the Abramoff scandal. … There has been no word since about where the inquiry involving Hayworth has led. … And there probably won't be, federal officials say. … 'A lot of that is up to the discretion of the U.S. attorney. In some cases, they issue a statement clearing them,' said Bill Carter, a Justice Department spokesman in Washington. … 'In some cases, they say nothing at all,' Carter said. 'Or they send a letter to the individual, if requested.'"

Challenges To Death Penalty On The Rise. The National Law Journal (3/6, Jaksic) reports, "A perfect storm of problematic executions, wrongful convictions and recent court rulings against the practice of lethal injection has led a growing number of states to challenge the death penalty through lawsuits and legislative action. … Adding still more to the momentum are a public backlash against the cost of capital cases and the development of more effective defense techniques, such as mitigation specialists who humanize death row inmates." The Journal continues, "Eleven states have halted some or all executions -- including Florida and Maryland in December -- and more lawmakers have been speaking out against the death penalty. … Last month alone, Maryland's governor urged legislators to replace the death penalty with life without parole, North Carolina's governor said executions should be halted until issues surrounding lethal injection are solved and Montana's Senate voted to abolish the death penalty." The Journal adds, "Court decisions have also continued to come down, such as a Delaware judge granting class action status on Feb. 22 to all death row inmates based on a case challenging lethal injection. Jackson v. Danberg, No. Civ. 06-3000-SLR (D. Del.). 'It's probably the strongest momentum since the death penalty was reinstated in the mid-1970s,' said John Holdridge, director of the American Civil Liberties Union (ACLU) Capital Punishment Project, which advocates against the death penalty." The Journal notes, "The Death Penalty Information Center recently listed the following 11 states as those that have stopped some or all executions: Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, North Carolina, Ohio, South Dakota and Tennessee, according to Richard Dieter, executive director of the nonprofit Washington, D.C.-based organization, which opposes capital punishment. … North Carolina's officials were in talks last week in hopes of resolving the situation, and the state's attorney general hinted on March 1 that a solution may be imminent. The executions have stopped either through government-issued moratoriums or judges' rulings, and have had varying effect."

Russian Expert's Son, Wife Say He Was Not Robbed During Attack. The Washington Post (3/6, B2, Rich) reports, "The assailants who shot an expert on Russian intelligence in Prince George's County last week did not, as law enforcement sources said, take his wallet, the victim's adult son said yesterday, showing the billfold to a reporter. The disclosure, which contradicts a report in The Washington Post yesterday, adds to the allegations and theories about the shooting, which left Paul Joyal, 53, critically wounded in his driveway Thursday night. During a brief interview at the family's home in the Adelphi area, Alex Joyal said his father was in critical but stable condition. … The timing of the shooting -- four days after Paul Joyal said on 'Dateline NBC' that the government of Russian President Vladimir Putin was responsible for the poisoning death of former KGB agent Alexander Litvinenko -- raised the possibility that Joyal might have been targeted in retaliation for his comment." The post notes that "several news outlets, including The Post, have cited anonymous law enforcement officials as saying that the shooting appeared to have occurred during a botched robbery. The claim that a wallet and briefcase had been taken from Paul Joyal was seen as offering additional support for the theory that he was targeted in a robbery or perhaps a failed carjacking. A source in The Post's report said yesterday that the wallet and briefcase were initially thought to have been taken but that the wallet was found in Joyal's car. The location of the briefcase was unclear last night."

The Washington Post/AP (3/6, Manning) reports, "The wife of an expert on Russian intelligence who was shot last week challenged reports Monday that her husband had been

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robbed. In a brief interview at the couple's suburban Washington home, Elizabeth Joyal said reports that Paul Joyal's wallet and briefcase were taken were false. She didn't know of any motive for Thursday's shooting outside their home in what she said was a normally safe area. 'We really have no idea what the reason was,' said Elizabeth Joyal, but added that 'it could easily have been a random act of violence.'"

Gibbons Did Not Clear Legal Defense Fund With House Committee. The AP (3/6, Riley) reports, "A legal defense fund set up for Nevada Gov. Jim Gibbons in November, when he was dealing with brewing legal cases including a woman's claim he assaulted her, wasn't sanctioned by a House Committee even though Gibbons was still a congressman. But representatives of the governor, who now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor, say the fund was created properly. They add that the fund shouldn't run afoul of a state law limiting contributions during legislative sessions. Gibbons spokeswoman Melissa Subbotin said Monday that a U.S. House committee's approval of the defense fund wasn't sought in November because Gibbons, a Republican who served five terms in the House, was seeking election to a state office and not a federal office. … Attorneys Don Campbell of Las Vegas and Abbe Lowell of Washington, D.C., currently are helping Gibbons deal with FBI questions about his associations with Warren Trepp. Gibbons has denied that he accepted payments or gifts from Trepp in exchange for helping the wealthy Reno software contractor get defense contracts while Gibbons was a member of Congress."

Ford Returns To Memphis Council Following Grand Jury Subpoenas. The Memphis Commercial Appeal (3/6, Aaronson) reports, "City Councilman Edmund Ford will take his seat at the dais today for the first time since Memphis Light, Gas and Water Division president and CEO Joseph Lee admitted the politician received special treatment. But Ford's actions as a public official -- including during his tenure as chairman of the council committee that oversees MLGW's spending and budget -- are key to elevating the utility scandal to criminal charges. The crux of the case: Federal prosecutors need to prove that Ford used his position on the City Council to benefit MLGW improperly in exchange for leniency on his more than $16,000 in debt to the city-owned utility. … The federal investigation of MLGW became public following the delivery of grand jury subpoenas to the utility in mid-February. On Feb. 22, vice president of customer operations Alonzo Weaver and Gloria Washington, a top assistant to Lee, testified before the grand jury. Five days later, on Feb. 27, Lee responded to his grand jury subpoena. … If the government can document quid pro quo, prosecutors' law of choice could be the Hobbs Act, a federal code that prohibits bribery and extortion, among other crimes, affecting interstate commerce. As a utility company, MLGW engages in interstate commerce. The Hobbs Act allows crimes usually prosecuted in state courts -- from robbery to racketeering -- to be brought to U.S. District Court, which has strict penalty guidelines and no opportunities for parole.

Spending On Los Angeles Anti-Gang Initiative Questioned. The Los Angeles Times (3/6, Mcgreevy, Winton) reports, "Los Angeles has spent $100 million over the last decade on a gang-prevention program, even though it doesn't track how many youths it keeps out of gangs and has been repeatedly criticized for not adequately coordinating with schools and police." The Times continues, "Unlike anti-gang efforts in other cities that have been held up as models by the federal government, L.A. Bridges lacks a system for determining whether its clients are involved in gangs, so there is no way of knowing whether the program actually works. … The program has come under growing scrutiny at City Hall as L.A. and federal authorities have launched a new gang crackdown. Critics point out that in 2006, gang crime increased 15.7% over the year before, according to LAPD statistics." The Times adds, "Mayor Antonio Villaraigosa has vowed to increase funding for intervention programs, saying the gang crackdown can't focus solely on law enforcement. But he is limiting funding of L.A. Bridges through September while officials try to assess its effectiveness. … Supporters acknowledge that L.A. Bridges needs to do a better job of working with other agencies, but they maintain it provides a valuable community service and would be more effective if the city expanded it. … The city spends $14 million annually on Bridges, which essentially screens and gives money to community organizations that do the actual intervention. Bridges I is a gang prevention program that provides after-school tutoring, counseling and other services to students from 27 middle schools. Bridges II offers job training to gang members in the hope that employment will get them out of gang life. The contracts range from $227,000 to $1.7 million."

Some Dispute Benefits Of Sex Offender Therapy. The New York Times (3/6, Goodnough, Davey) reports from Atascadero, CA, "During five years of psychotherapy at a treatment center here for sex offenders who have finished their prison terms, Bill Price, a pedophile who admits to 21 victims as young as 3, has constructed a painstaking plan for staying straight. … A requirement of his treatment, the plan catalogs on five single-spaced pages the tactics Mr. Price has learned to stop molesting." The Times continues, "There are 42 so far, including avoiding places

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where children congregate, abstaining from alcohol, shunning the Internet and sniffing ammonia whenever he has a deviant thought. … 'It was just like a hunt for me,' Mr. Price, 59, a former Sunday school teacher, said of his sexual crimes. 'I kept choosing children because they were easier prey; they were easier to deal with than women.'" The Times adds, "Treatment plans like Mr. Price's, known as relapse prevention, have been a cornerstone of efforts to reform sex offenders for the past 20 years. Yet there is no convincing evidence that the approach works, or that others do either. … Similar to aspects of Alcoholics Anonymous, relapse prevention has sex offenders own up to wrongdoing and resign themselves to a lifelong day-to-day struggle with temptation. But one of the few authoritative studies of the method, conducted in California from 1985 to 2001, found that those who entered relapse prevention treatment were slightly more likely to offend again than those who got no therapy at all. … Clinicians who work with sex offenders cling to relapse prevention nonetheless, and its durability speaks volumes about the troubled, politically fraught science of treating sex offenders. Not only is relapse prevention of questionable value, but so are the tests to gauge whether sex offenders in treatment still get inappropriately aroused, the drugs used for so-called chemical castration and the methods of predicting risk of reoffending." The Times notes, "Treatment methods have become particularly topical as thousands of sex offenders are confined or restricted beyond their prison terms under civil commitment laws on the books in 19 states. The laws have been found constitutional in part because they aim to provide treatment if possible; New York legislators announced last week that the state would soon allow civil confinement. … On average, the civil commitment programs cost four times more than keeping sex offenders in prison. But too little research has been conducted into how to treat sex offenders, experts say, putting psychotherapists and others working in civil commitment centers at a distinct disadvantage."

US Probing Counterfeit Wine Sales. The Wall Street Journal (3/6, A1, Wilke) reports, "Federal prosecutors have uncorked a criminal investigation into counterfeit-wine sales, sending subpoenas to rare-wine collectors and to some of the world's leading auction houses, including Christie's in London and Zachys in New York." The Journal continues, "A federal grand jury in New York has begun hearing evidence in the case, and the art-fraud unit of the Federal Bureau of Investigation has conducted interviews, according to people who have been contacted in the course of the probe." The Journal adds, "The criminal investigation is focusing, among other things, on whether auction houses, collectors or importers knowingly sold counterfeit wines despite doubts about their authenticity, those close to the case said. Such sales could be prosecuted under federal fraud statutes. … The inquiry comes as wine sales are booming amid a broader surge in the market for luxury goods. Backed in part by robust profits on Wall Street, collectors and speculators increasingly are paying $1,000 or more per bottle, especially for the rare Bordeaux vintages of France. … That's raised new fears about counterfeiting, which is beginning to threaten confidence in the market for rare wines -- except those sold directly from wineries. Wine Spectator magazine recently estimated that as much as 5% of rare vintages sold privately or at auction today may be fake." The Journal notes, "The criminal investigation began in December, after several collectors began pressing auction houses and wine merchants to take some measure of responsibility for the alleged sale of counterfeit wines. The collectors included Russell Frye, a wealthy software entrepreneur, and William Koch, president of closely held Oxbow Corp., a global mining and energy concern. His billionaire brothers control Koch Industries, a $25 billion business empire. … Mr. Koch filed a civil suit last year in federal court in New York, alleging that a German wine merchant, Hardy Rodenstock, forged bottles of wine he claimed had belonged to Thomas Jefferson and had been discovered in a bricked-up cellar in Paris. Mr. Rodenstock also claimed to have other extremely rare wines, including a cache belonging to Czar Nicholas II of Russia, Mr. Koch alleged. "

Taxpayers Footing Legal Bills For Former FBI Agent In Mob Case. The New York Daily News (3/6, Sherman) reports, "Taxpayers are footing part of the mounting legal bills for an ex-FBI agent accused of helping a Brooklyn Mafia boss commit four murders, the Daily News has learned." The Daily News continues, "The Justice Department is helping fund retired agent Lindley DeVecchio's defense, which has cost more than $450,000 since his indictment last year by the Brooklyn district attorney's office. … 'It's an expensive litigation,' said DeVecchio's lawyer Douglas Grover, who declined to comment further." The Daily News adds, "A highly informed source confirmed the Justice Department contributions, saying, 'It's on an hourly rate. Not a top New York City rate, more like a federal public defenders' rate.' … It could not immediately be determined how much the department is paying. … 'There is a process in place by which employees or former [FBI] employees who are the subject of civil litigation or criminal charges can apply for coverage of their legal costs. The recommendation is forwarded to the Department of Justice, where a final determination is made,' FBI spokesman John Miller said. … In a case that rocked New York law enforcement, DeVecchio, 66, was indicted last year for providing information on informants and mob rivals to Colombo family boss Gregory Scarpa before the murders."

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Opportunistic Scammers Flock To Midwest Casinos. USA Today (3/6, 3A, Keen) reports, "Casinos sprouting across the Midwest are attracting sophisticated cheaters from Las Vegas, Atlantic City and overseas who believe they can scam new, unseasoned staff, gambling officials say." USA continues, "Cheating is often discovered only when casinos' books don't add up, making it difficult to nab culprits, says Joe Diaz of the Iowa Division of Criminal Investigation. … 'We've had people coming in from out of state trying to take advantage of inexperienced staff or a staff that hasn't got all the bugs worked out,' he says. Most casinos' security staffs are aided by state or local police." USA adds, "Joe Massa, general manager of Iowa's Riverside Casino & Golf Resort, knew scammers might target his casino, which opened in August. He hired experienced pit and security staff, he says, and hasn't detected any out-of-state cheaters. … Nevertheless, casinos in Iowa — where a half-dozen have opened since 2000 — and other states allegedly have been hit by out-of-state cheats: … Three gamblers from the East Coast, including one from Atlantic City, were charged in Osceola, Iowa, with using shaved coins to trick slot machines into awarding credits. … A casino in Joliet, Ill., was targeted by a team that included a Nevadan. They were charged with using fake cash vouchers to steal $50,000. … Indiana, with help from the FBI and IRS, is investigating international cheaters. … 'They have gone from site to site, and they seem to prey on riverboats or smaller venues,' says Ernest Yelton of the Indiana Gaming Commission. 'They perhaps believe that we are less sophisticated.'"

NYTimes Blasts NYPD Theft Sting. The New York Times (3/6) editorializes, "The New York Police Department has been going fishing. Not content to nab criminals when they break the law on their own, the department has been planting unattended bags in subway stations to see who might take them, at which point waiting officers pounce." The Times continues, "As NY1 News reported last week, 220 people were arrested last year in the sting, known as Operation Lucky Bag. In dismissing one of these cases, a Brooklyn judge said the police 'do not need to manipulate a situation where temptation may overcome even people who would normally never think of committing a crime.' This program bothers us for that and many other reasons and should be discontinued immediately." The Times adds, "Civil libertarians have argued that the program is entrapment. That is a legal distinction for the courts to decide, but it certainly looks like that to a layperson. It is clearly a poor use of resources. People wandering off with lost property ranks far down the list of law enforcement priorities. … There is also the question of whether the sting does actual harm. In an era of terrorism, where the police have to rely on the help of average people to notice anything suspicious — including apparently abandoned bags — the last thing New York needs are cynical operations that encourage mistrust between the police and subway riders. … And of course, there is the effect on neighborliness. It is remarkable how many people in this city are willing to track down the owners of lost cellphones, wallets or bags. Arresting good Samaritans is bad enough, but encouraging them not to help in the future through this kind of overly aggressive policing is a downright shame. The best thing to do with this misbegotten program would be to end it."

Book Examines Savage DC Murder. The Washington Post (3/6, B1, Cauvin) reports, "It took Kevin Flynn just over a year to put away the man who killed Diane Hawkins and her 13-year-old daughter, Katrina Harris. … It has taken him almost 14 years to put to paper the story of that night in 1993 when Norman Harrell took the lives -- and the hearts -- of Hawkins, who was his ex-girlfriend, and her daughter." The Post continues, "Homicides were everyday occurrences in the District then. The city was in the clutches of a crack war and its impulsive, impersonal violence. But the slayings of Hawkins and Harris were different. They were personal, savage. … And they seized Flynn, then a 36-year-old homicide prosecutor who had just become a father, like no other case had -- or has." The Post adds, "The crime scene at the house in Northeast Washington was like nothing he had ever seen, the killer's rage so evident. Hawkins's heart was left adrift among her innards; her daughter's was gone. … And the sons and daughters, sisters and cousins Flynn first encountered at D.C. Superior Court were like no family he had met. Angry as they were, the victims' family shared a faith in God and a belief in the law and in Flynn himself. … Indeed, after the jurors had listened to him, even after they had convicted Harrell in the summer of 1994, Flynn found himself with more to say -- about Hawkins, her daughter, the incredible strength of the family they left behind and himself. … Many drafts -- and many murder cases -- later, Flynn's book, 'Relentless Pursuit,' arrived in stores this month. … It is a true-crime memoir by a prosecutor who took on the biggest trial of his career in the midst of his own family crisis. On the opening day of the trial, his father learned that lung cancer had spread to his brain and that he probably had only months to live. … It is also the story of how, in his own time of need, Flynn says he found a measure of comfort in the company of a family that was wrestling with painful emotions that have never gone away."

CIVIL LAW:

Radio Broadcasters Agree To Pay $12.5 Million Payola Fine. The Los Angeles Times (3/6, Puzzanghera)

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reports, "Four of the nation's largest broadcast radio companies have agreed to pay a combined $12.5 million to settle a federal investigation into 'pay-for-play' practices and will provide thousands of hours of free airtime to local musicians and independent record labels, sources familiar with the agreement said today." The Times continues, "Details of the settlement are being worked out and the Federal Communications Commission still must approve it. Under terms of the agreement, Clear Channel Communications Inc., CBS Radio Inc., Entercom Communications Corp. and Citadel Broadcasting Corp. would pay one of the largest fines ever levied by the FCC. The companies allegedly received money, airline tickets, clothing and other gifts from major record companies to play certain songs. … The under-the-table payments, known as payola, have been illegal since a series of pay-for-play scandals in the early days of rock 'n' roll in the 1950s. Any payment in exchange for airtime must be disclosed by broadcasters." The Times adds, "The $12.5-million fine to be paid by the four companies is in line with settlements two of the companies reached with former New York Attorney General Elliott Spitzer. CBS Radio agreed to pay $2 million in October and Entercom agreed to a $4.45 million fine two months later. … But the proposed FCC fine pales in comparison to big settlements Spitzer got from major record companies. Universal Music Group, for example, agreed last year to pay more than $12 million to settle payola allegations. The FCC's jurisdiction, however, is limited to broadcast radio stations."

The AP (3/6, Dunbar) reports, "The settlement was reached at the same time as a separate deal designed to lead to more airtime for smaller record companies and their lesser-known artists as well as local musicians." The AP continues, "The American Association of Independent Music, a group of independent record labels, has received a commitment from the same four broadcasters for the free airtime, the officials said. … In addition to airplay, the broadcasters and the independent labels have also negotiated a set of 'rules of engagement' that will guide how record company representatives and radio programmers interact. … The free airtime would be granted to companies not owned or controlled by the nation's four dominant music labels — Sony BMG Music Entertainment, Warner Music Group, Universal Music Group and EMI Group."

The Washington Post (3/6, D1, Babington) reports, "The four broadcast conglomerates, which together own more than 1,500 stations, have agreed to pay hefty fines and to provide air time for local artists and independent record labels, government and industry officials said yesterday. The negotiated settlement is meant to end a probe into the practice of what is known as 'payola,' in which large record companies quietly give cash or other benefits to radio station employees who agree to play music by the companies' artists. … 'This is the largest collective fine in the history of American broadcasting,' said Jonathan S. Adelstein, one of the five members of the Federal Communications Commission. 'It wipes payola off the radio dial,' he said, and gives lesser-known musicians a chance to reach a wider audience."

The Washington Times (3/6, Rowland) reports, "The monetary settlement with the FCC is part of a consent decree that has yet to be voted on by the full commission, sources said. It was reached at the same time broadcasters committed to providing 8,400 half-hour segments of airtime to small record labels and unsigned artists. … Broadcasters do not admit fault under the FCC deal, which calls for stricter oversight of their interactions with record labels. Some of the new requirements would include a limit on gifts from record companies; a special hot line for employees to report violations; and a fleet of compliance officers to monitor stations, which would list all items of value received from record companies in a database. … Of the four broadcasters involved, Clear Channel and CBS Radio own stations in the Washington area."

The New York Times (3/6, Leeds) reports, "If approved, the settlement would rank as the biggest penalty ever imposed at one time by the F.C.C. — at least until the agency levies another proposed fine, $24 million, against Univision, the Spanish broadcasting giant, which is accused of sidestepping its obligations to supply educational programming for children." The Times adds, "The F.C.C. started formal investigations of the radio companies last year after disclosures that radio programmers accepted gifts, luxury trips and other enticements surfaced as part of an inquiry led by Eliot Spitzer, then the New York attorney general. … Mr. Spitzer reached a series of settlements with the four major music conglomerates — the Universal Music Group, Sony BMG Music Entertainment, the EMI Group and the Warner Music Group — totaling more than $30 million. CBS Radio and Entercom settled cases with Mr. Spitzer's office for a combined $6.25 million. … The settlement with the F.C.C. comes at the same time as a separate arrangement in which the broadcasters agreed to devote more time to playing artists who are not signed to contracts with the four big record companies."

Fewer Congressional Constraints On Drug Prescriptions Urged. In an op-ed for the Wall Street Journal (3/6, A19), Dr. Scott Gottlieb, who was deputy commissioner of the FDA from 2005 to 2007 and is a resident fellow at the American Enterprise Institute, writes, "Inside the federal agencies that oversee parts of the health-care system, there is a palpable view that doctors can no longer be trusted to do the right thing. … The Food and Drug Administration, Medicare and even the Justice Department all believe they cannot rely on many doctors to heed safety

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warnings, wisely weigh new medical information, or follow treatment approaches that maximize health benefits or lower costs. So in recent years, these agencies have hatched rules that dictate when treatments should be delivered and even how they can be administered -- especially when it comes to new drugs." Gottlieb adds, "The result is increasing federal regulation of medical practice that constrains health-care providers and limits the choices patients have. It might get worse. New legislation offered by Sens. Edward Kennedy (D., Mass.,) and Michael Enzi (R., Wyo.,), intended to make drugs safer, would raise this regulatory burden by reducing a physician's discretion to exercise clinical judgment and erecting barriers that will exacerbate disparities in access to care. … The legislative proposal extends the FDA's ability to restrict which physicians can prescribe a medicine, and which pharmacies can dispense it, through risk-management plans that would accompany the approval of many new drugs. These 'RiskMAPs,' as they are called inside the FDA, already guide the use of about 30 marketed drugs as part of 'voluntary' arrangements with drug companies. … Right now, pharmaceutical companies propose the plans to better balance the risks and benefits of their drugs, in order to secure FDA approval. But these plans impose burdens, especially on patients who already face difficulty obtaining the specialist care that many RiskMAPs require for the dispensing of new drugs. Thus the FDA and the pharmaceutical industry have mostly confined RiskMAPs to drugs with unpredictable and potentially deadly risks, such as anaphylaxis or rapid organ failure." Gottlieb adds, "That sense of restraint is lifting. New proposals by Congress and the Institute of Medicine advocate RiskMAPs for mitigating a wider set of less-serious problems and to constrain the off-label prescribing of new drugs, even though such prescribing is the standard of care for many diseases. The proposals are gaining traction. Once the FDA is granted the authority to simply impose these RiskMAPs on drug companies, there will be a lot of political pressure on the agency to constrain prescription writing in the name of drug safety. … The solutions to any of the health-care problems that government is trying to mitigate will not rest in Washington's constraining 'fixes,' but with these organs of medicine working with agencies to promote practice standards and safety measures that do not sacrifice medical autonomy and patient choice."

CIVIL RIGHTS:

FBI To Probe Teen's Death At Maryland Juvenile Facility. The Baltimore Sun (3/6, Garland, Dechter) reports, "On the same day the state medical examiner ruled that the death of a student at the Bowling Brook Preparatory School was a homicide, the FBI said it is conducting an independent investigation into the incident." The Sun continues, "At a joint news conference Monday in Westminster, federal officials said their investigation into the death of 17-year-old Isaiah Simmons was ordered last week by the Justice Department. Local officials said they would present evidence already gathered by the Carroll County sheriff to a grand jury to determine whether criminal charges should be brought in Maryland. … Simmons died Jan. 23 after being physically restrained for three hours by counselors at Bowling Brook, a privately run residential program for juvenile offenders." The Sun adds, "Officials stressed that the medical examiner's ruling of a homicide -- meaning the death was the result of actions by another person or people -- does not necessarily mean a crime was committed. That will be decided by the grand jury next month, said David P. Daggett, Carroll County deputy state's attorney. … Kevin R. Lewis, the assistant special agent in charge of the FBI's Baltimore office, said at the press conference that federal authorities began monitoring the Simmons' case several weeks ago at the request of the sheriff's office. … Last week, the U.S. Department of Justice asked the FBI to formally launch a separate investigation to determine whether federal civil rights laws were violated, Lewis said. … The investigation will 'be starting right away,' he said, and the results will be reported to the Justice Department. … An FBI spokeswoman, Michelle Crnkovich, stressed that the investigation is not an indication that the federal government lacks confidence in Carroll County's probe. … 'Absolutely not. We have every confidence in them,' she said."

DOJ To Monitor Elections In Four California Cities Today. The Fresno Bee (3/6) reports, "The U.S. Justice Department said Monday it planned to monitor municipal elections in four Southern California cities to ensure they comply with federal voting law." The Bee continues, "Federal observers on Tuesday will visit polling places in Azusa, Gardena, Paramount and Rosemead. … Last year federal investigators visited polling places in the region and determined that Azusa and Paramount failed to fully translate election materials into Spanish, as they are required to do under the federal Voting Rights Act. Authorities also said Rosemead failed to offer all voting materials in Spanish, Chinese and Vietnamese." The Bee adds, "The Voting Rights Act requires cities to provide election materials in any foreign language that is spoken by a substantial number of people within their boundaries. … Azusa, Paramount and Rosemead each signed federal consent decrees last July requiring them to fix flaws in their election procedures. … Gardena, which has a large non-English speaking population, said on its Web site that it planned to provide ballots and polling place officials who can speak in English, Spanish, Japanese, and Korean."

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The Torrance (CA) Daily Breeze (3/6, Maddaus) reports, "The Department of Justice won't say why polling in the South Bay community will be receiving special attention on Tuesday. … The U.S. Department of Justice will monitor Tuesday's election in Gardena to ensure that the city complies with the federal Voting Rights Act. … In announcing the decision Monday, federal authorities did not explain why Gardena had been selected for special attention." The Breeze adds, "The other three cities chosen for election monitoring — Azusa, Rosemead and Paramount — are all subject to federal consent decrees related to ballot translations. But Gardena, which prints ballots in English, Spanish, Japanese and Korean, has not been cited for translation problems in the past. … 'It's not a sign of censure,' said Justice Department spokeswoman Cynthia Magnuson. 'It's routine. We want to do this to ensure compliance with the law.' … Federal observers will be on hand at polling places in the city throughout the day. An attorney from the Civil Rights Division will coordinate the office's activities."

DOJ To Tour Washington Jail. The Seattle Post-Intelligencer (3/6) reports, "Justice Department officials are expected to spend the next few days in Seattle as part of an ongoing federal investigation, touring the King County Jail and interviewing staff members." The P-I continues, "In October, the department sent a letter to King County officials announcing that it would be investigating the main jail in downtown Seattle. Primary concerns were occurrences of sexual misconduct by corrections officers, suicides, and controlling the spread of infectious diseases. … Federal investigators made their first visit in December. A final report could take six months to a year."

KING 5 Seattle (3/6) reports, "Jail Director Reed Holtgeerts told KING 5 News he welcomes the investigation and has already begun providing the requested documentation into jail safety and procedures. Holgeerts is meeting this afternoon with the Department of Justice and union representatives for corrections officers and others who work in the jail. … 'The message has been sent very clearly that there is zero tolerance (for sexual misconduct),' said Holgeerts. 'If we find it, you're gone and you're going to be charged.'" KING 5 adds, "During a KING 5 investigation in the fall of November, 2005, corrections officers said that they were being exposed to serious diseases such as MRSA (Methicillin-resistant Staphylococcus Aureus) and that the jail wasn't doing enough to prevent the spread of the highly contagious disease. Some guards told KING 5 they had contracted MRSA and passed it on to their spouses and children. … The American Civil Liberties Union toured the jail late last month and says that while some improvements have been made, more needs to be done to stop the spread of MRSA."

Los Angeles Police Object To Financial Disclosure Requirement. CBS 2 Los Angeles (3/6) reports, "Up to 600 Los Angeles Police Department anti-gang and narcotics officers have threatened to retire or transfer to other units if they are required to provide personal financial information, as mandated by a federal consent decree, police union representatives said Monday." CBS 2 continues, "Los Angeles Police Protective League officials are considering a lawsuit to block the disclosure requirement, which was imposed following the Rampart Division corruption scandal, in which gang officers were caught stealing drugs and framing suspects." CBS 2 adds, " The U.S. Justice Department's consent decree with the city requires future gang officers disclose their finances so supervisors might more easily tell if they were illegally profiting from police work. … 'We have seen the LAPD repeatedly allow gang members and others to manipulate the system to target officers,' Bob Baker, president of the league said. … 'We have little confidence that information will be safeguarded once it has been released,' Baker said. 'The simple fact is that the financial disclosure rules that the LAPD is about to implement open the Pandora's box, once somebody's financial information is available and public, there is no way to turn back and make it private again.' … In May, U.S. District Judge Gary Feess extended the five-year consent decree for another three years."

Suit Accuses Akin Gump Of Age Bias. The Legal Times (3/6, Schwartz) reports, "The old guard has been getting its dander up. First there was Sidley Austin, where partners are challenging the firm's mandatory retirement policy. … Other lawyers have followed, and just last week one Washington attorney filed suit in the U.S. District Court for the District of Columbia alleging that he was fired from one of the city's largest firms because he was too old." The Times continues, "Donald Gross, who is in his 50s, says he was let go from Akin Gump Strauss Hauer & Feld in October 2004, not even a year and a half after he was hired as senior counsel in the Korea practice. Before his termination, Gross alleges that his practice group's head, Sukhan Kim, 'reiterated to him that Akin Gump was terminating him not because of any defects in his performance, but because he was "too senior" because of his age and, therefore, "not a good fit."' … Pillsbury Winthrop Shaw Pittman partner Christine Kearns, who is representing Akin Gump, says the firm treated Gross fairly. 'The firm certainly denies the allegations of age discrimination,' she says." The Times adds, "Gross' case differs from some of the other suits that allege more systemic problems or forced retirements. But it paints a picture of the trouble an older attorney had acclimating to life in a law firm."

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NYPD Officers Testify To Grand Jury About Killing Of Unarmed Black Man. The New York Times (3/6, Baker, Moynihan) reports, "Two of the five police officers involved in the killing of Sean Bell, an unarmed black man who died in a hail of 50 police bullets, testified yesterday before a grand jury in Queens that is weighing evidence in the case." The Times continues, "The two officers, Detective Paul Headley and Officer Michael Carey, testified voluntarily without immunity from prosecution in the case, officials said. Union officials and lawyers for the men said they had been eager to talk about what occurred on Nov. 25, when they and their colleagues opened fire on Mr. Bell's car outside the Club Kalua strip club in Jamaica, Queens." The Times adds, "Yesterday's events were noteworthy because city police officers who are the focus of grand juries sometimes stay silent about their roles in such shootings. And the first public appearances by the officers — more than three months after the shooting of Mr. Bell — made for a day filled with emotions. … In the morning, Detective Headley, 35, was surrounded by about a dozen people, including his lawyer and union officials, when he strode toward the office building in Queens where the grand jury is seated. He wore a blue suit, stepped confidently and appeared to be at ease. He testified for about two hours and then left the building about 2:30 p.m., again surrounded by supporters. … Officer Carey, 26, arrived later, about 3:30 p.m., also wearing a business suit but appearing tenser as he kept his expression fixed, his eyes set straight ahead. He testified, then left the building about 5:20 p.m. with supporters, including Patrick J. Lynch, the president of the Patrolmen's Benevolent Association, by his side." The Times notes, "Separately, each officer declined to discuss his testimony. But union officials and their lawyers spoke for them. 'My client is relieved that he had the opportunity to answer the questions the grand jury posed to him,' said John Arlia, the lawyer for Detective Headley. 'He is relieved he had the opportunity to speak to them and tell his version of the events.' … Stephen C. Worth, the lawyer for Officer Carey, said, 'This officer stood there and answered all of their questions.' He said his client testified for about an hour and a half."

LAPD Officers Charged In Beating Of Teen. The Los Angeles Times (3/6, Hong) reports, "A 41-year-old LAPD officer was charged today with unlawful use of force and filing a false police report for allegedly choking and punching a 16-year-old boy in the Central Division station in December." The Times continues, "Officer Sean Meade's actions were recorded by a hidden camera that had been installed after some chairs at the station had been vandalized. Police Chief William Bratton and Mayor Antonio Villaraigosa both expressed outrage at the incident. Bratton immediately called for the arrest of Meade." The Times adds, "Department sources who viewed the video said it appears to show Meade choking the boy, then removing his handcuffs and challenging him to a fight. … The teenager was arrested on suspicion of a curfew violation in Chinatown, and Bratton said the attack was without provocation. The boy was picked up about 1:30 a.m. while walking with a teenage girl. Police called the girl's parents, who picked her up, then took the boy to Central Division."

High Court Upholds Colorado Redistricting Map. The AP (3/6, Yost) reports, "The Supreme Court on Monday ruled against Colorado voters challenging a congressional redistricting plan favorable to Democrats." In a unanimous decision, "the justices said that three Republican voters were not entitled to sue in an effort to replace a redistricting plan ordered by a court with one passed by a Republican-controlled state legislature. The three voters were joined by a former Democratic state legislator who often voted with Republicans."

"Don't Ask, Don't Tell" Policy Comes Under New Scrutiny. The Christian Science Monitor (3/6, Lubold, 59K) reports, "'Don't ask, don't tell' – the 14-year-old policy that keeps openly declared gays from serving in the military – is coming under new scrutiny." Although "overturning it remains an unlikely prospect in the near term, given the political explosiveness of the issue," the "needs of war – and a fresh push by gay advocates in the courts and Congress – is pushing the policy back into the limelight." An annual "poll begun in 2003 by the independent Military Times newspapers has shown a yearly increase in support for homosexuals serving openly in the military. Nevertheless, in its latest poll, only 30 percent of a sampling of 6,000 of subscribers approved of the idea."

Transgender Professor Charges Evangelical College With Gender Bias. The Wall Street Journal (3/6, B1, Sataline) reports, "For 15 years, John Nemecek was a respected business professor and associate dean at Spring Arbor University, an evangelical college in Michigan. But after he started wearing makeup and earrings and asked friends to call him Julie, he was demoted, then fired, and told that his womanly appearance violated 'Christian behavior.'" The Journal continues, "Prof. Nemecek is contesting the dismissal under federal discrimination laws, presenting a test in a growing clash between religious and employee rights. The case is the latest of a number of conflicts pitting two constitutional principles against each other: the freedom of religious organizations to operate without government intrusion versus the rights of workers to be free of discrimination based on race, religion, sex or nationality." The Journal adds, "Prof. Nemecek's complaint to the federal

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Equal Employment Opportunity Commission, scheduled to be heard today, charges that the university, which is affiliated with the Free Methodist Church of North America, violated federal and state civil-rights laws by ordering the professor to groom and dress like a typical male. The school also violated Michigan's law protecting the disabled, the complaint says, because it allegedly treated Prof. Nemecek as if he had a disability that prevented him from doing his job. Spring Arbor declined to comment on the specific allegations in the EEOC complaint. … Since Congress passed the Civil Rights Act in 1964, courts have recognized that churches enjoy a 'ministerial exception' allowing them to discriminate to uphold their beliefs. This right is recognized when it comes to selecting clergy, such as allowing Catholics to exclude women priests, but courts have not settled on the sweep of this exception -- and whether it would cover teachers of secular subjects at religious institutions, says Eugene Volokh, a professor at the University of California Los Angeles School of Law. … Civil-rights groups said they have received a growing number of complaints from gay and transgender employees dismissed for religious and other reasons. … Federal courts have also issued mixed decisions on whether people changing their sex are protected by civil-rights laws, disagreeing over what constitutes discrimination based on sex. … Prof. Nemecek's lawyer is basing her argument on a 1989 U.S. Supreme Court opinion. The justices found that Price Waterhouse engaged in gender stereotyping by illegally denying Ann Hopkins a partnership because of her 'macho' behavior. … That ruling formed the backbone of a 2004 decision in U.S. District Court in Cincinnati. The judge ruled that Salem, Ohio, illegally fired a transsexual firefighter because the U.S. Civil Rights Act protects someone who does not 'act and/or identify with his or her gender.'"

Conservative Professor Settles With Community College Over Firing. The Washington Times (3/6, Richardson) reports from Denver, "Anson Rohr is known as an outspoken critic of global terrorism. Ordinarily, that wouldn't be enough to get a person fired. … But Mr. Rohr says that's what happened after he hung an anti-terrorism poster at his work space, urged a religion professor to present a balanced view of Islam and generally made no secret of his conservative views at Front Range Community College." The Times continues, "After he was fired last year from his job as an administrative assistant, Mr. Rohr sued college officials for violating his free-speech rights. Last week, he agreed to accept an undisclosed financial settlement. … In return, Mr. Rohr, 50, is prohibited from working again at the Westminster, Colo., college. Although he misses the flexible schedule and paycheck, he said, saying goodbye won't be a problem." The Times adds, "Mr. Rohr, who was employed at the college for five years, has a long history of conservative dissent. … He wrote letters to the campus newsletters responding to left-wing articles. He criticized an anti-war presentation at the college. He sent an e-mail to a religion professor asking for information about a course on Islam after hearing that the course presented an unbalanced view. … The last straw, however, was his decision to hang a poster at his desk depicting a scene from the school massacre at Beslan, Russia, where Muslim terrorists killed 334 students and adults in 2004. The print showed a man carrying a dead child. … A faculty member, Julie Voss, saw the poster and wrote an e-mail to administrators asking for its removal, saying she was 'deeply offended,' according to court documents." The Times notes, "Dean of Instruction Therese Brown called Mr. Rohr and ordered him to remove the picture, but he refused, citing his First Amendment rights. He also argued that other college employees were permitted to display signs with political messages. … Mr. Rohr, who had regularly received positive job reviews, said he hung up on the dean after she continued to berate him. She denied the accusation in court documents."

DOJ, FBI Praised For Reopening Civil Rights Cold Cases. The Richmond Times-Dispatch (3/6) editorializes, "An adage teaches that justice delayed is justice denied. In the case of those killed during the fight for civil rights in the mid-20th century, the tardy justice promised by Attorney General Alberto Gonzales and FBI Director Robert Mueller is important nonetheless." The Times-Dispatch continues, "Spurred by a string of successful prosecutions of murders dating to the civil-rights era, the Department of Justice and FBI announced they will open investigations into 12 additional unsolved cases. In all, Gonzales and Mueller expressed an interest in 40. To individuals who up to this point 'have quite literally gotten away with murder,' the FBI director spoke with clarity: 'You've not gotten away with anything. We're still on your trail.'" The Times-Dispatch adds, "Every murder is heinous, and all perpetrators should answer for their crimes. Yet those killed in the cases the DOJ and FBI have reopened often died only because they had dark brown skin. These victims deserve the special attention Washington will now focus on them. Society deserves the attention, too. The prosecutions serve a penitential function. … If the individuals who committed these crimes are still alive, they should be prosecuted to the fullest extent of the law, no matter how elderly the assailants or their conspirators. This rights a specific wrong, and it sends a proper message about the rule of law to the communities these crimes were calculated to intimidate. In these instances justice delayed is justice served."

NYTimes Praises Crist's Proposal To Restore Felons' Voting Rights. The New York Times (3/6,

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1.16M) editorializes, "Florida is notorious for running elections badly, but its new governor is trying to fix one of the state's most unjust and undemocratic practices. He has called for tearing down the barriers that prevent as many as 950,000 ex-offenders from voting. The United States stands alone in the free world when it comes to laws that strip convicted felons of the right to vote -- sometimes for life -- even after they complete their sentences and go on to crime-free lives. … Gov. Charlie Crist has a better idea: automatically restoring voting rights to felons who complete their sentences. … That's an excellent proposal."

ANTITRUST:

Intel Says Emails Related To AMD Antitrust Case May Be Lost. The Wall Street Journal (3/6, B5, Clark) reports, "Intel Corp. said it may have lost many internal emails that it is obliged to produce for rival Advanced Micro Devices Inc. and other plaintiffs in high-profile antitrust litigation. … The disclosure -- which could further complicate AMD's antitrust suit against Intel -- comes as AMD warned that it expects to miss its first-quarter revenue target amid an intensifying battle with Intel, its far larger competitor." The Journal continues, "An Intel spokesman said it couldn't yet estimate the number of missing emails, expressing optimism that it will be able to recover most of them. Richard Horwitz, a lawyer representing Intel, wrote the judge overseeing the litigation that the company 'very much regrets this happened.'" The Journal adds, "AMD sued Intel in June 2005, accusing the company of using a variety of improper tactics to maintain a monopoly in sales of microprocessors that provide the calculating power for most personal computers and server systems. Private antitrust suits on behalf of Intel shareholders followed. Intel has insisted that its tactics are fair and legal. The AMD suit against Intel was filed in U.S. District Court in Delaware. … The wide-ranging cases touch on Intel's dealings with many computer makers, retailers and other companies. Chuck Mulloy, the Intel spokesman, said the company has already produced 17 million pages of documents to plaintiffs as of last week. … Mr. Horwitz's letter, and a court filing by AMD, point to a series of foul-ups in saving documents. Among other things, Intel continued to operate a system that automatically deleted employees' emails every 35 days. Employees designated as likely to have relevant documents were asked to identify and move them to avoid the automatic document purge. The company in October 2005 also began creating backup tapes of emails once a week from those employees as a last resort if there were lapses in individuals' data-retention efforts."

CNET News.com (3/6, Krazit) reports, "AMD was quick to respond to Intel's disclosure. 'Through what appears to be a combination of gross communication failures, an ill-conceived plan of document retention and lackluster oversight by outside counsel, Intel has apparently allowed evidence to be destroyed,' AMD said in a filing Monday with the U.S. District Court in Delaware." CNET adds, "The day after AMD filed suit, Intel preserved the data on its network, and later sent notices asking about 600 employees to retain specific information, the company said in its letter to Farnan. However, it did not instruct those employees to preserve e-mails from their 'sent' folders, and since Intel automatically erases e-mails older than a few weeks or months--depending on the employee--those messages could be gone. … The company also failed to send document-retention notices to employees identified in 2006 as additional targets for the document-retention policy, despite having put them on such a list. And despite having preserved data on its network after the complaint was filed, the company has identified "a small number of backup tapes" in its Munich offices that were erased." CNET notes, "Intel thinks it can assemble some of the missing documents by combing through other documents it has already preserved, said Chuck Mulloy, an Intel spokesman. For example, sent e-mails likely received a reply that was preserved in the sender's inbox, or other Intel employees on the list might have been copied on the sent e-mail and it would have appeared in their inbox. … Also, many of the e-mails in question might have been preserved on weekly backup tapes set up in October 2005 to capture documents from several hundred employees. However, not all the employees on the list were migrated to a special e-mail server set up for that purpose, and some of the tapes have been 'recycled,' Intel said in its letter."

Alltel Reportedly Shopping Itself To AT&T, Others. The San Antonio Express-News (3/6, Nowlin) reports, "Wireless communications provider Alltel Corp. reportedly is shopping itself to AT&T Inc. and other potential buyers, but it's unclear how likely it is to reach a deal, analysts said." The Express-News continues, "Alltel, based in Little Rock, Ark., has talked with AT&T, Verizon Communications Inc. and private equity firms about a buyout, the Wall Street Journal reported Monday. Talks for a sale of the nation's fifth-largest wireless carrier still are in early stages, the paper said, citing people familiar with the negotiations. … However, Alltel's $22 billion market value could be a significant obstacle to the deal, analysts said. Based on the company's current stock price, a bidder would need to spend $30 billion or more to close a transaction." The Express-News adds, "AT&T also could have other reservations about buying Alltel, experts said. … The nation's largest phone company has expanded aggressively with a string of big buyouts. However, AT&T closed its $86 billion takeover of BellSouth Corp. late last year amid intense regulatory scrutiny and may not think another big deal would

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pass antitrust review. … What's more, Alltel uses a different wireless technology than AT&T, meaning the acquiring company would need to replace equipment and handsets to convert customers to its system. … Even so, analysts said, a takeover of Alltel isn't without appeal for AT&T and its largest wireless rival, Verizon. Many expected Alltel to seek a buyer once it spun off its landline phone business last year."

Memo Shows Microsoft Threatened To Abandon Macintosh Office In 1997. Computerworld (3/6) reports, "Microsoft Corp. threatened to dump the Macintosh version of Office 10 years ago during talks with Apple Inc. because the move would 'do a great deal of harm' to its rival, according to a memo made public in a recently-settled antitrust case." Computerworld continues, "The 1997 memo from Ben Waldman, at the time the head of Microsoft's Macintosh development group, to then-CEO Bill Gates, urged Mac Office 97's release. The suite, which in June 1997 had not yet reached beta, was eventually released as Office 98 in March 1998. … But Waldman understood that the next Mac Office was a stick that could be used against Apple. 'The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately. I also think that Apple is taking this threat pretty seriously,' Waldman said in his e-mail to Gates." Computerworld adds, "Less than six weeks after Waldman's e-mail, Microsoft and Apple announced a deal under which the former bought $150 million of Apple stock. As part of the pact, Microsoft promised to release the next version of Office and was allowed to bundle Internet Explorer with the Mac OS. The two companies also agreed to a patent cross-licensing deal. … At the time, Apple was struggling. Steve Jobs had returned to the company only months before, and share prices were at all-time lows. The Microsoft-Apple agreement was seen by many as a bail-out of Apple by its long-time rival. … Later, the U.S. Department of Justice included the bundling of Internet Explorer among the charges it brought against Microsoft in its antitrust case. 'Microsoft, by threatening to cease development of its Office for Macintosh productivity suite, coerced Apple into making Internet Explorer the default browser on all Macintosh operating systems and to disadvantage competing browsers,' the federal agency charged in 1998." … Waldman also wrote in the memo -- which was revealed in the recently-settled Iowa antitrust case against Microsoft -- that keeping Mac Office alive was a good idea because the suite's users could be used as guinea pigs to test new features."

CreditSuisse Upgrades Value Of CME, CBOT Stocks. The AP (3/6) reports, "Shares of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. jumped Monday, as a CreditSuisse analyst upgraded the two commodities exchanges." The AP continues, "Analyst Howard Chen upgraded both stocks to 'Outperform' from 'Neutral.' CBOT, which operates the Chicago Board of Trade, accepted an $8 billion buyout offer from CME in October. Shareholders will vote on the deal April 4. Chen said the future CME Group Inc. will benefit from recent market volatility due to its diverse products." The AP adds, "CME is the world's largest exchange trade, while CBOT is the main U.S. bond market. The Department of Justice is reviewing the deal."

EU Gives Antitrust Nod To Areva's Bid For Repower. Bloomberg (3/6, Mcgee) reports, "Areva SA, the world's biggest maker of nuclear power plants, won European Union antitrust approval for its 600 million-euro ($786 million) bid for German wind turbine-maker Repower Systems AG." Bloomberg continues, The European Commission, the EU's Brussels-based antitrust regulator, announced the approval today after reviewing the transaction under a simplified procedure. … Suzlon Energy Ltd., India's biggest builder of wind turbines, on Feb. 9 offered 1.02 billion euros ($1.34 billion) for the German company, or 20 percent more than Areva's earlier bid. Repower's management is 'interested' in the offer, Suzlon said March 2. Alstom hasn't raised its price." Bloomberg adds, "Tulsi Tanti, Suzlon's chairman, is 'quite confident' that the bid will be successful, he said on a conference call last week. The offer is being made together with Martifer, a unit of Portuguese builder Mota-Engil SGPS SA that already owns a quarter of Repower. Areva would be a 'fitting strategic partner,' the German company said on Feb. 19 without endorsing either offer."

DaimlerChrysler Keeping Deal Options Open. The Financial Times (3/6, Reed, Simon) reports, "For the three weeks since DaimlerChrysler raised the prospect of decoupling the Detroit end of the US-German carmaker, merger talk, fevered rumours and even conspiracy theories have proliferated in an industry that has seen no large-scale tie-ups or dramatic partings since General Motors and Fiat severed their alliances in 2005." The Times continues, "The Stuttgart group's revelation that, after nine years, 'all options are on the table' for Chrysler was accompanied by the disclosure of a $1.4bn (€1.07bn, £728m) loss at the US unit last year - and the decision was not sudden. People familiar with the situation have told the Financial Times that DaimlerChrysler made the announcement on its lawyers' recommendation, be-cause of advanced talks on Chrysler's future." The Times adds, "JPMorgan Chase had already been advising on options that are said to include a sale in full or part, or a flotation. It also emerged that the bank had contacted several private equity houses, which are in discussion with others including Wolfgang Bernhard, former

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Chrysler chief operating officer, about a possible consortium bid. … Perhaps most intriguingly, Fritz Henderson, GM's chief financial officer, has assembled a task team to explore a possible alliance between the world's largest carmaker and its crosstown rival. According to people close to the process, DaimlerChrysler has considered the idea of accepting a stakeholding in GM as payment for part or all of Chrysler. … If implemented, the solution would be financially expedient for the cash-strapped GM. It would also be politically smart for DaimlerChrysler, which would not want to be seen as having dumped its US unit unceremoniously."

Microsoft Blasts Google Over Copyright Policy. The Financial Times (3/6, Gapper) reports, "Microsoft on Tuesday launches a fierce attack on Google over its 'cavalier' approach to copyright, accusing the internet company of exploiting books, music, films and television programmes without permission." The Times continues, "Tom Rubin, associate general counsel for Microsoft, will say in a speech in New York that while authors and publishers find it hard to cover costs, 'companies that create no content of their own, and make money solely on the back of other people's content, are raking in billions through advertising and initial public offerings'. … Mr Rubin's remarks, presaged in an article in Tuesday's Financial Times, come as Google faces criticism and legal pressure from media companies over services allowing users to search online for books, films, television programmes and news. Viacom, the US media group, instructed YouTube, which Google owns, to remove 100,000 clips of copyright material." The Times adds, "The Authors Guild and a group of publishers backed by the Association of American Publishers have separately sued Google for making digital copies of copyrighted books from libraries without permission. … Mr Rubin will tell the AAP's annual meeting that Google's decision to take digital copies of all books in various library collections, unless publishers tell it not to, 'systematically violates copyright, deprives authors and publishers of an important avenue for monetising their works and, in doing so, undermines incentives to create'. … He will say Google is breaching copyright law because it has 'bestowed upon itself the unilateral right to make entire copies of copyrighted books'. Google thinks it is acting legally because it publishes only 'snippets' of copyrighted works unless it has the publisher's permission. "

Citigroup Seeks Control Of Nikko Cordial. The Wall Street Journal (3/6, A10, Morse) reports, "Citigroup Inc. was poised to announce a tender offer to acquire more than 50% of Nikko Cordial Corp., a person familiar with the situation said. The prospective deal, which could be valued at as much as $5 billion, would be the biggest acquisition of a Japanese brokerage company by a foreign company. … Though the sides were close to an agreement, terms of a deal hadn't been finalized, the person said." The Journal continues, "Such a move would come as Tokyo-based Nikko Cordial looks to shore up its business, which has been hurt by an accounting scandal that erupted last December. An internal investigation by the brokerage firm, Japan's third-largest by revenue, revealed that it had inflated its earnings for two years, prompting an exodus of clients. … The Tokyo Stock Exchange is considering whether to delist the company." The Journal adds, "In a statement, Nikko Cordial said 'negotiations [with Citigroup] are being carried out from various perspectives.' … New York-based Citigroup and Nikko Cordial have long-standing ties. Citigroup recapitalized Nikko Cordial in 1998 and the two companies formed a joint venture investment bank, Nikko Cititgroup Ltd., which handles mergers-and-acquisitions advice and equity and debt underwritings. Citigroup still owns a little less than 5% of Nikko Cordial."

Blackstone Purchases Madame Tussauds Chain. The Washington Post (3/6, D3, Cho) reports, "Private-equity giant Blackstone Group said yesterday that it had created the world's second-largest theme park group, behind Walt Disney Co., with its $1.9 billion buyout of Madame Tussauds waxworks museums." The Post continues, "Madame Tussauds will be managed by Merlin Entertainments Group, which is controlled by Blackstone. The combined company said it will operate 50 theme parks throughout the world, including Legoland, Sea Life and the London Eye. They drew more than 30 million visitors in 2006, second only to Disney's parks." The Post adds, "The move by Blackstone is part of an aggressive push into the theme park business that began two years ago with its acquisition of Merlin, an international theme park company, for $187 million. It then backed Merlin's purchase of the Legoland chain later in 2005 and Gardaland, Italy's biggest theme park, last fall. … Blackstone, one of the largest private-equity firms in the world, also was a member of the group that bought Universal Studios in Orlando and is an investor in Six Flags theme parks. Last month Blackstone made a huge splash by closing the biggest buyout deal ever when it purchased Equity Office Properties Trust for $39 billion." The Post notes, "Merlin executives said they planned to focus on expanding the wax museum company, which has 14 million visitors a year and operates six museums around the world, as well as other theme parks, hotels and a castle in Europe. It recently bought the London Eye, a giant observatory in that city and one of England's most popular attractions."

A&P Agrees To Buy Rival Pathmark. The Philadelphia Inquirer (3/6, Brubaker) reports, "The Great Atlantic & Pacific Tea Co. Inc., the owner of Super Fresh, said yesterday that it had agreed to buy rival Pathmark Stores Inc. in a deal worth up to $1.3 billion, including the

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assumption of debt. The cash and stock portion of the deal was $689.7 million." The Inquirer continues, "The combined company would have 54 stores in the eight-county Philadelphia region with more than $1 billion in annual sales, making it the third-largest supermarket chain here behind Acme Markets Inc. and ShopRite Group P.L.C. … The Pathmark banner - which has a strong presence in urban neighborhoods - will remain, said executives at Great Atlantic, which is best known for its A&P stores." The Inquirer adds, "The deal is subject to review by the Federal Trade Commission and shareholder approval. … A&P said it expected the merged companies to cut $150 million in annual expenses within two years, but industry observers were skeptical about the combination of the two struggling chains. … Dutch company Royal Ahold N.V. tried to buy Pathmark in 1999, but backed out after the FTC demanded the sale of a large number of stores to maintain competitive markets. … An antitrust expert said he was confident that the FTC would look at the proposed acquisition carefully. 'The FTC will want to know what new chains or additional food retailers have come into Long Island and North Jersey,' said James Fishkin, a partner in Dechert L.L.P.'s Washington office who worked at the FTC for 15 years before entering private practice in 2002. He worked on the FTC review of Ahold's proposed purchase of Pathmark."

ENVIRONMENT:

Alaskan Bridge Projects Going Forward. The New York Times (3/6, Yardley, 1.16M) reports, "Long after Congress removed about $450 million in budget earmarks for two bridges in the Alaskan exurbs, the fight over whether to build them is not dead." Although "mocked as 'bridges to nowhere' by critics who saw them as the epitome of Congressional excess, preparations for the projects have been slowly moving forward even as big questions remain over whether the bridges will be built." When Congress "removed the earmarks for the bridges in 2005, it still gave the state the money, but it allowed Alaskan officials to decide how to spend it. The state reserved about $200 million for the proposed bridges, far less than the construction costs but enough to show that there was serious intent to complete the projects. Some environmental and planning work has already been done."

Documentary Calls Global Warming A "Scam." The Washington Times (3/6, Webb, 88K) reports, "With a packet of claims that are almost certain to defy conventional wisdom, a television documentary to be aired in Britain this week condemns man-made global warming as a myth that has become 'the biggest scam of modern times.'" The program "dismisses claims that high levels of greenhouse gases generated by human activity causes climate change. Instead, the program suggests that the sun itself is the real culprit." The documentary's director, Martin Durkin says "global warming 'is a multibillion-dollar worldwide industry, created by fanatically anti-industrial environmentalists, supported by scientists peddling scare stories to chase funding, and propped up by compliant politicians and the media.'" Channel 4, which is airing the program, "says that [it] features 'an impressive roll-call of experts,' including nine professors, who are experts in climatology, oceanography, meteorology, biogeography and paleoclimatology."

FBI/DEA/ATF/USMS:

US Indicts 14 In Smashing Texas Heroin Ring. The Austin American-Statesman (3/6) reports, "Austin police say 14 members of a heroin-trafficking organization have been indicted after a nearly two-year investigation." The American-Statesman continues, "Police said in a written statement that in mid-2005, the department's Organized Crime Narcotic Conspiracy Unit began investigating three brothers — Henry Castro, 30, Rene Gaitan Castro, 35, and Randy Gaitan Castro, 24, for suspected heroin trafficking. … The Drug Enforcement Administration and the Bureau of Alcohol, Tobacco and Firearms later joined in the investigation, and Austin police said officers 'made repeated seizures of heroin packaged within balloons for distribution, as well as seizures of 'black tar' heroin that had not been processed for distribution.' … The investigation comes on the heels of another major heroin trafficking case, police said. In November, a federal judge sentenced 17 members of the so-called 'Celedon' heroin trafficking organization. Fifteen received prison terms, while two received probation. Louis Celedon Jr., 31, received a 20-year prison sentence."

The KVUE-TV (3/6, Koski) reports, "In late 2005, a drug operation based in Southeast Austin was shut down. Investigators say that success opened the door for the Castro brothers. At that time undercover agents were wrapping up a crackdown on the Celedon drug family. That is when, according to investigators, three young brothers decided to move in and take over what the Celedon family lost. The group, police say, was lead by Henry, Rene and Randy Castro. … According to a federal indictment, the Castro drug business from Mexico to North Texas."

KTCB-TV, Austin (3/5) reported Austin police "say the city's biggest heroin dealers are out of business and behind bars. The bust is a result of a long-term joint operation with the federal government. Police say 14 people were involved with selling and distributing black-tar heroin or heroin from Mexico."

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Eleven Accused In Nationwide Drug Ring Arraigned In New York. The New York Times (3/6, Confessore, Kovaleski) reports eleven people "accused of playing a role in a nationwide illegal prescription drug ring were arraigned [in Albany] on Monday, part of what prosecutors said was a broadening investigation into the recreational use of steroids and human growth hormone. … All 11 suspects have pleaded not guilty. … According to a law enforcement official familiar with the investigation, two people affiliated with Anti-Aging Centers are expected to surrender to the authorities on Tuesday."

The AP (3/6) reports, "People in three states have been arrested so far and as many as 24 could face felony charges. … Major league baseball players Gary Matthews Jr. and Jerry Hairston Jr., former slugger Jose Canseco and former heavyweight champion Evander Holyfield reportedly were on a customer list at Applied Pharmacy in Mobile, Ala., one of the two pharmacies raided. The NFL is looking into reports that a Pittsburgh Steelers doctor, Richard Rydze, was on the customer list of Signature Pharmacy in Florida, whose owners have been indicted by a grand jury in Albany."

Report: Notorious Brooklyn Gang Leader Admits Involvement With More Than 80 Shootings. The New York Post (3/5) reported John "Bloody Hatchet" Hatcher "has admitted to involvement in more than 80 shootings - including 30 homicides - while operating a notorious gang that made tens of millions of dollars selling crack, cocaine and marijuana. During a two-decade reign of terror, Hatcher and his gang, The Rugby Boys, littered the streets in the heart of Brooklyn with victims and bodies, authorities said. 'He was the crack epidemic,' said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York Office." Hatcher's "ring flourished like no other, before the DEA finally mounted a six-year operation buying $10 bags of crack that snared him. Rather than face a possible death-sentence prosecution, Hatcher, 43, spilled his guts."

UN Says Afghanistan's 2007 Opium Poppy Cultivation Could Expand. The AP (3/6) reports Afghanistan's 2007 opium poppy cultivation "could expand again after last year's record crop, the U.N. drug agency said Monday, underlining the weakness of an internationally backed drive against the country's booming narcotics trade. The Office on Drugs and Crime predicted an increase in a string of provinces, including southern Helmand — Afghanistan's largest poppy-growing region and an area wracked by a growing number of Taliban attacks. … The U.N. said poppy cultivation occurred in 100% of villages it visited in Helmand province; 93% of villages were growing opium poppies in neighboring Kandahar, the Taliban's former stronghold. The U.N. report did not detail how many villages were visited."

The New York Times (3/6, Gall) reports, "Although some of the country is showing a decrease in poppy cultivation this year, the south, which has been plagued by the insurgency and traditionally has been the biggest source of poppies, is showing a continued increase, 'which may result in an overall increase in opium poppy cultivation in 2007,' the report said."

BBC News (3/6) reports the UN "says although production of poppies…has fallen in the north and centre, a sharp rise is likely in the lawless south. It also cites a dramatic increase in cannabis growing, which it describes as a new and disturbing trend."

IMMIGRATION:

Congress Seen As Unlikely To Pass Immigration Reform. Roll Call (3/6, Stanton) reports, "With Republicans looking to regain control of the Senate and Democrats hoping to pad their majority in 2008, neither party appears inclined to make the political sacrifices necessary to pass a broad immigration bill this year and may be content to simply duel to a rhetorical draw this summer, lawmakers and strategists in both parties said." Leaders from both parties, Judiciary Chairman Patrick Leahy and Sen. Edward Kennedy "have all vowed to pass reform legislation this year, and Kennedy has been meeting with the White House and presidential hopeful Sen. John McCain (R-Ariz.) in recent weeks to work out a new compromise bill." But "despite these efforts, it still appears unlikely that comprehensive reforms will move out of the chamber before electoral concerns kill the bill." Roll Call adds, "In fact, GOP and Democratic aides contend that both parties may be best served by a political impasse over the issue, since such a scenario would allow Members to show they are standing firm on the hot-button issue while avoiding compromises that may upset base voters."

Chamber Of Commerce Opposes Hazleton Immigration Ordinance. USA Today (3/6, 2B, Kirchhoff, 2.27M) reports, "The US Chamber of Commerce Monday threw its considerable weight behind efforts to eliminate a groundbreaking Hazleton, Pa., law penalizing businesses that hire illegal workers and landlords who rent to them. The Hazleton ordinance, which also makes English the official language of the small town," has been challenged by the ACLU in a lawsuit set for trial next week. The Chamber "filed a legal document Monday in US District Court for the Middle District of Pennsylvania backing the ACLU position and calling the law unconstitutional" on the grounds that it "is pre-empted by federal law" and "violates due process protections because it doesn't give a business accused of hiring an illegal

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worker the right to challenge an allegation before losing its right to operate."

LATimes Criticizes Mexican Immigration Laws. In an editorial, the Los Angeles Times (3/6, 850K) writes, "When House Republicans last year sought to make the mere presence of illegal immigrants in the United States a felony punishable by one year in prison, the odious legislation sparked international condemnation. No country was more loudly indignant than Mexico." However, Mexico, where "foreign immigrants in Mexico illegally have been subject to prison sentences of two years" since 1974, is "hardly in a position to criticize."

TAX:

MyCFO Sold Tax Shelter Deal Later Nixed By IRS. The Wall Street Journal (3/6, A1, Waldman) reports, "John Doerr is the dean of Silicon Valley venture capitalists, one who helped launch tech icons like Google and Sun Microsystems. A billionaire, he works with rock star Bono to fight poverty in Africa and with others to increase aid for education and medical research." The Journal continues, "Mr. Doerr is less well known for one investment that didn't pan out. Called myCFO Inc., the firm set out to provide rich people a full menu of financial services, from wealth management to estate planning. It succeeded with only one: tax shelters that helped clients shield hundreds of millions of dollars from taxes. Less than two years after myCFO began selling them in 2000, the Internal Revenue Service said they were bogus." The Journal adds, "MyCFO ceased independent operations five years ago, but it still casts a shadow. A bank that underwrote some of its tax deals has admitted that they were shams. Former clients, hit with back-tax bills, are fighting the IRS. Two ex-clients have alleged that myCFO's tax deals were fraudulent. … Two lawyers who worked with myCFO are under tax-fraud indictment for their work on similar tax shelters. The Manhattan U.S. attorney's office, which has charged more than a dozen people in connection with tax shelters, said in a court filing last April that it had 'an ongoing criminal investigation' involving 'various former employees of myCFO.' … The financial backers and board members of myCFO were Silicon Valley royalty. They included James H. Clark, co-founder of Netscape Communications and Silicon Graphics; John Chambers of Cisco Systems Inc.; Thomas Jermoluk, former chairman of Excite@Home; and former Netscape boss James Barksdale. The firm's outside legal counsel was Larry Sonsini, lawyer to Silicon Valley's stars. … The firm was Mr. Clark's idea. Mr. Doerr led its financing and took a leading role on the board. In typical Silicon Valley fashion, board members were closely involved with strategy and operations, according to company documents and legal papers reviewed by The Wall Street Journal. The documents show that directors pushed ahead with the tax-shelter business despite signs that all wasn't right with the product."

US Looking For Ways To Close Tax Gap. USA Today (3/6, 1B, Block) reports, "If you're self-employed, sell used items occasionally on eBay or own a home, now would be a good time to start keeping really good records. Your tax returns could receive more scrutiny, thanks to a growing push to narrow the 'tax gap' — the billions of dollars in federal taxes that go uncollected every year." USA continues, "Democrats and Republicans don't agree on much, but they do share a desire to narrow the tax gap. That's not surprising. The IRS estimates that the tax gap exceeds more than $300 billion a year. Collecting even half that amount would let Congress repeal the alternative minimum tax — a parallel tax system that increasingly threatens middle-income taxpayers — without raising taxes or cutting government programs." USA adds, "Taxpayers like the idea of closing the tax gap, too. More than 86% of taxpayers believe that cheating on income taxes is unacceptable, according to a survey released last month by the IRS Oversight Board. … But closing the tax gap is a lot more complicated than chasing down the proverbial deadbeats who hide money under the mattress. Government proposals to narrow the gap would affect people who probably don't think of themselves as scofflaws. And tax experts say the IRS can't make a serious dent in the tax gap unless it conducts more audits. … The IRS estimates that unpaid taxes from individuals, as opposed to big corporations, account for more than 70% of the tax gap. And within that group, the self-employed are considered the biggest offenders. Sole proprietors who underreport their income and self-employment taxes account for roughly one-third of the tax gap, the IRS says." USA notes, "The Treasury Department has proposed requiring credit card companies to report to the IRS payments made to small businesses and other self-employed workers. That would allow the IRS to compare the self-employed workers' tax returns with the payments and determine whether they're underreporting their income. … But groups representing small-business owners worry that the proposal could increase the costs that credit card companies charge small businesses. More fundamentally, they say, the IRS figures fail to distinguish between sole proprietors who deliberately hide income and those who make honest mistakes."

CONGRESS-ADMINISTRATION:

Congress Hears Emotional Testimony From Soldiers About Walter Reed. Lawmakers yesterday heard testimony, described in media reports as "riveting," and "heart wrenching," from wounded servicemen and family

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members about poor living conditions and a bureaucratic morass during treatment at Walter Reed Army Hospital. Members of a House Oversight and Government Reform subcommittee also grilled top Army officials and medical officers about substandard conditions at Walter Reed and throughout the military medical system.

The emotional hearings were the top story on ABC and CBS last night, and garnered significant attention from major daily newspapers and wire services. ABC World News (3/5, lead story, 3:00, Kerley, 8.78M) reported, "Members of Congress that were here today say the problems are beyond the walls of Walter Reed." Rep. Henry Waxman: "What is going on here is Walter Reed may be the tip of the iceberg of what's going on all around the country." Kerley: "Annette McLeod had to take a leave to help her husband, Dell, through the red tape and paperwork." Annette McLeod: "My life was ripped apart the day that Dell was injured. But then having to live through the mess we've had to live through at Walter Reed has been worse than anything I've had to sacrifice in my life." Kerley: "That prompted an apology from the General who a week ago was dismissing reports of substandard care. George Weightman was fired as head of Walter Reed." In addition, an "internal Army investigation found 87 deficiencies within the entire medical system in the Army."

The CBS Evening News (3/5, lead story, 2:30, Couric, 7.66M) reported, "The bullet that cost Sergeant Dan Shannon his left eye still leaves him groping for words. But when a House Committee investigating conditions at Walter Reed Army Medical Center asked time key question of the day, he let it rip." Sgt. Shannon: "My biggest concern?" Unidentified member: "Yes, sir." Sgt. Shannon: "My biggest concern is having the young men and women that have had their lives shattered getting taken care of." Martin: "The most riveting testimony came from the wife of a National Guard soldier injured in Iraq." Annette McLeod "told of battling a system that wanted to blame her husband's mental problems not on his head injury but a preexisting condition." Annette McLeod: "He was considered fit enough to serve in the National Guard for 16 years. He was fit enough for deployment, but now they were saying his mental problems he had before he went to Iraq."

NBC Nightly News (3/5, story 3, 2:00, Williams, 9.87M) reported, "This was an emotional day in Washington where the topic was the unfolding scandal over treatment at Walter Reed Army Hospital." NBC (Miklaszewski) added, "Today's testimony was heart wrenching." Spc. Jeremy Duncan: "It was like a ghetto." Miklaszewski: "Specialist Jeremy Duncan wounded in Iraq is the one who blew the whistle on conditions at Walter Reed." Spc. Duncan: "It was unforgivable for anyone to live in the room like that." Miklaszewski: "Congressional lawmakers were outraged. Their wrath aimed primarily at the Army's Surgeon General, Lieutenant General Kevin Kiley, former commander at Walter Reed."

On NBC Nightly News (3/5, story 4, 1:20, Williams, 9.87M), Washington Post reporter Dana Priest said the problem is "quite large. We have received thousands of tips, documents, stories pouring in from all over the country from Army and Navy facilities, from people in Baghdad where you are. They are coming from soldiers and family members and veterans and doctors and nurses. And they all have one message and that is it is not just Walter Reed. They are talking about a dysfunctional bureaucracy. About neglect, about indifference from people who treat them. About substandard housing. And really, many, many of them are coming and telling us about horror stories in veteran's hospitals all over the word. These are issues that the government says it will start to address."

USA Today/AP (3/6, 2A, Flaherty) reports Army leaders "said Monday that they accept responsibility for substandard conditions at the service's flagship Walter Reed Army Medical Center but also said they hadn't known about most of the problems." At an "emotional House subcommittee hearing at the hospital, lawmakers suggested the failings go far beyond the hospital for wounded soldiers in Washington. They demanded action. Military leaders — and Vice President Cheney — promised they'd get it." Meanwhile, Veterans Affairs Secretary James Nicholson "said his office will hire 100 patient advocates, speed benefit claims and improve medical screenings for veterans at its facilities." On NPR's All Things Considered, Nicholson said, "Our goal is to do things that serve the veterans in the manner that they deserve the best way that we can."

McClatchy (3/6, Goldstein) reports the generals "in charge were apologetic, even as several said they were unaware of the conditions that blackened the reputation of the Army's premier medical facility." Gen. Peter Schoomaker, the Army chief of staff, said, "I couldn't be madder; I couldn't be more embarrassed. I'm ashamed." McClatchy adds McLeod, Duncan and Shannon "described a system in which the injured have to justify their wounds in order to earn their disability payments. They said that Army medical personnel can diagnose their conditions, but case managers can question the diagnoses, prolonging their ordeal."

The Los Angeles Times (3/6, Neuman, 850K) reports Gen. Weightman, "who was fired after reports of substandard medical care for veterans at Walter Reed Army Medical Center said today he agreed with critics that there was a failure of leadership at the facility." Weightman, who "headed Walter Reed for less than a year, acknowledged he did not realize how frustrated veterans and their families had become in dealing with a gargantuan bureaucracy overwhelmed by injured soldiers returning from war." The committee "also heard from the Army's top brass. Gen. Peter Schoomaker,

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chief of staff of the Army, said he was 'extraordinarily angry and embarrassed' by the disclosures."

The Washington Post (3/6, A1, Abramowitz, Vogel, 690K) reports in a front page story under the headline, "Army Chiefs Plead Ignorance, But Lawmakers Are Skeptical," that lawmakers "expressed skepticism that the generals had been unaware of the problems until they were spotlighted by the media two weeks ago." Lawmakers – "Democrats and Republicans alike -- seemed receptive to the candor voiced at the hearing of a panel of the House Oversight and Government Reform Committee, but they also cited earlier warnings from internal memos, government audits and news reports."

USA Today (3/6, Stanglin, 2.27M) reports Chairman Tierney "said problems at" Walter Reed "are only the 'tip of the iceberg' of poor treatment that extends throughout the military health care system." Tierney said, "Rats and cockroaches don't burrow and infest overnight. Mold and holes in ceilings don't occur in a week. And complaints of bureaucratic indifference have been reported for years." Tierney also "suggested that the treatment of a large number of wounded soldiers from Iraq reflected 'terrible planning' by the administration over the war."

On MSNBC's Hardball (3/5), Tierney said, "I hear from my colleagues who were on this committee in the last session - I was not, I was on leave of absence - that they actually did have some hearings on this issue. And when they had witnesses in from the Army, they were assured that all of the matters that were brought up before them were being dealt with. Obviously, that turns out not to be the case." Rep. David Dreier said, "There is bipartisan horror and outrage over this. We have an all-volunteer military. And Chairman Tierney knows very well that one of the most difficult -- the most difficult -- thing that we do is to talk to the families of those who've lost their lives in Iraq and Afghanistan, or anyplace in the world. And as we try to encourage people to serve in our military, the thought of not providing them with adequate care, to see something like building 18 is just outrageous."

Roll Call (3/6, Singer) reports Democrats "suggested that weak Republican oversight contributed to the problems experienced by wounded soldiers there." Speaker Nancy Pelosi (D-Calif.) "issued a statement proclaiming the beginning of 'long overdue oversight of the Bush administration.'" Roll Call adds Republicans "rejected the notion that they had failed to investigate conditions at Walter Reed, and cited a range of hearings and oversight activities on military health care that preceded the Democratic majority."

The New York Times (3/6, Luo, 1.16M) reports members of Congress "heard wrenching testimony on Monday from wounded soldiers treated at Walter Reed Army Medical Center and contrite promises from top Army officials to correct the conditions there." The Bush Administration "has been thrown on the defensive, and members of Congress have been quick to express outrage."

The Hill (3/6, Kaplan) reports the Walter Reed hearing "could further pressure Democratic leaders to adopt a more stringent approach to paying for the war in Iraq. House Democratic leaders are considering how to proceed on several war-related spending bills. After passing a resolution condemning Bush's troops surge with just 17 Republican votes, Democrats spent last week discussing how to challenge President Bush's authority to manage the war." A Democratic aide said, "The real pressure will be on Republicans to support our troops by voting for the supplemental spending bill." Rep. Chris Van Hollen (D-Md.), "chairman of the Democratic Congressional Campaign Committee (DCCC), attended yesterday's hearing and said he saw 'political dangers' ahead for the Bush administration." Van Hollen added the scandal "adds further support for the Democrats' position 'that the administration just botched this war from the beginning, not just in Iraq but to address the needs of returning soldiers,' he added."

The Los Angeles Times (3/6, Neuman, Schreck, 850K) reports the story under the headline, "Walter Reed Hearing Brings Outrage And Apologies," noting that "top Army officials faced angry lawmakers during an emotional hearing Monday on shoddy medical treatment and living conditions at Walter Reed Army Medical Center, acknowledging that they had failed in the care of wounded veterans." Rep. Henry Waxman said the "scandal at Walter Reed" was "the tip of the iceberg of what is going on all around the country." Waxman "said veterans and their families were 'flooding us with complaints' about bad medical care."

Cheney Promises Quick Action To Remedy Army Medical Care Deficiencies. ABC World News (3/5, story 2, :30, Vargus, 8.78M) reported, "Vice President Cheney promised, on behalf of the Bush Administration, to change the way injured troops are treated. He told a gathering of war veterans that President Bush is creating a commission looking at the care being given to wounded servicemen and women when they return from war. And that fixing the Army's most fabled hospital would come first." Vice President Cheney: "There will be no excuses, only action. And the Federal bureaucracy will not slow that action down. We're going to fix the problems at Walter Reed, period."

The CBS Evening News (3/5, story 2, :25, Couric, 7.66M) reported, "President Bush is appointing a bipartisan commission, and in an address to a veterans group today, Vice President Cheney promised quick action."

Acceptance Of Responsibility By Kiley, Weightman Contrasted. In the Washington Post's "Washington Sketch" column (3/6, A1), Dana Milbank says, Kevin Kiley, "the three-star general in charge of all Army medical facilities, seemed stumped as he testified yesterday about his responsibility for

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the Walter Reed scandal. 'I'm trying not to say that I'm not accountable,' he told members of the House oversight committee. But try as he might, he couldn't fix blame on himself." Sitting "shoulder to shoulder with Kiley was one such commander, Gen. George Weightman, who last week was fired as chief of Walter Reed after just six months on the job. Weightman and Kiley, who ran Walter Reed from 2002 to 2004, wore matching Army dress uniforms, but their responses could not have been more divergent. While Kiley deflected blame, Weightman freely admitted failure -- even though the victims of Walter Reed's neglect testified, and the House committee members agreed, that he was not to blame."

WPost Says Army Needs To Revamp Hospitals, Bureaucracy. The Washington Post (3/6, 690K) editorializes about the Walter Reed scandal, "Being sorry is only the first step ... Fixing veterans' outpatient care will take a lot more than putting a new roof on Walter Reed's Building 18. It means revamping buildings and bureaucracies across the country. ... These men and women deserve clean accommodations and straightforward assistance -- not adversity -- from administrators."

Robinson: Harvey Firing An Exception For Bush Administration. In his Washington Post column (3/6, A19), Eugene Robinson says, "So this is what accountability looks, sounds and feels like. It's been so long -- since George W. Bush moved into the White House -- that we hardly recognize what used to be a commonplace phenomenon, as much a part of Washington's behavioral DNA as megalomania and mendacity. Imagine how surprised Army Secretary Francis J. Harvey must have been when Defense Secretary Robert Gates fired him last week over the shocking neglect of injured veterans at Walter Reed Army Medical Center." This administration's "nonchalance about its most grievous transgressions has been stunning, and the only inference that fits the facts is that the people running our government don't really believe in government at all. They certainly haven't taken it seriously."

Eaton Faults JCS Acquiescence, Rumsfeld's Legacy For Reed Scandal. In an op-ed for the New York Times (3/6, 1.16M), retired Maj. Gen. Paul Eaton writes, "Regrettably, the silence of our top officers has had a huge impact not just on the battlefield but also on how we have brought our injured warriors home from it. These planning failures led to the situation at Walter Reed Army Medical Center recently reported by The Washington Post." Fired Walter Reed commander George Weightman "has gone down with his ship — the victim of Mr. Rumsfeld's wrongheaded cost-cutting and the joint chiefs' failure to stand up to the civilian leadership." Eaton makes nine recommendations, including "increase financing for research into traumatic brain injuries," "revamp the Medical Evaluation Board process," rein in "the general effort by Mr. Rumsfeld and Mr. Harvey to privatize services," and keep money for health care out of the [cutback-prone] "Defense Department budget."

Cheney Treated For Blood Clot. The Wall Street Journal/AP (3/6) reports, "Doctors found a blood clot in Vice President Dick Cheney's left leg, but he was not admitted to a hospital and will be treated with blood thinning medication 'for several months,' his office said." USA Today (3/6, 11A, 2.27M) also runs a brief story on Cheney's ailment, which was covered by all three network newscasts last night. On the CBS Evening News (3/5, story 3, 1:55, 7.66M), Dr. Jon Lapook said, "We know back in 2005, Mr. Cheney had surgeries on the blood vessels in his legs and perhaps that played a role in increasing his risk. On the other hand, he developed this complication, like many people who do have no known medical problems, after a long plane flight. So I think he'll do very well. Mortality for this is less than 5% if it's treated early and correctly." ABC World News (3/5, story 3, 1:40, Vargus, 8.78M) said Cheney's condition "is known as the economy class syndrome. The Vice President had just spent 65 hours in the air, flying to Afghanistan and back." And NBC Nightly News (3/5, story 6, 1:45, Mitchell, 9.87M) also reported Cheney's "recent travels may have contributed to this new problem." The Los Angeles Times (3/6, Gerstenzang, 850K), New York Times (3/6, Stolberg, Altman, 1.16M) and Washington Post (3/6, A4, Stein, 690K), among other newspapers, also report the story.

"Wage Insurance" Issue Could Be Central To Trade Debate. The Washington Post (3/6, D1, Montgomery, 690K) reports "congressional leaders want to expand" a "little-known federal program that pays up to $10,000 to certain workers dislocated by trade." The program is "known as wage insurance," and "some" argue that "it should be available to any worker who loses a job for almost any reason." The proposal "is part of a broader effort to ease the anxieties of middle-class Americans who feel threatened by the globalization of business and a churning U.S. labor market that creates and destroys about 30 million jobs a year. The proposal is also central to the debate in Washington over trade." Democrats "warn that it will be difficult for them to extend the Bush administration's authority to negotiate trade agreements unless the social safety net for US workers is significantly expanded. That authority expires in June."

Groups Lobby Budget Committee For Funding Increases. The Hill (3/6, Holzer) reports, "The farm lobby, higher-education advocates, veterans' organizations and a host of other groups are pressing their cases with budget committee staffers for increased funding as Democratic lawmakers look to release their spending blueprint as early as next week." The Veterans of Foreign Wars, "for example,

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wants a $4 billion increase in funding for veterans' healthcare over last year's level. The request is likely to resonate at least somewhat this year in the wake of the Walter Reed scandal." Meanwhile, hospital groups, doctors and "other recipients of payments under Medicare and Medicaid are pushing to forestall any program cuts in an environment where Congress is under intense budget pressure." The budget resolution "is not binding," but it "does cap the total amount of spending and revenue legislators have to work with without running afoul of budget rules."

Right To Life Group Clashes With Waxman Over Lobbying Disclosure. In the Washington Post's "In The Loop: On K Street" column (3/6, A17), Jeffrey Birnbaum says, "The National Right to Life Committee and Rep. Henry A. Waxman (D-Calif.) are locking horns -- not over abortion, but over whether thousands of top executive branch officials should have to disclose the names of people who lobby them." Driven by the "over-the-top, clandestine lobbying of Bush administration officials by now-convicted lobbyist Jack Abramoff, Waxman's House Committee on Oversight and Government Reform has unanimously approved the Executive Branch Reform Act. A spokesman for House Speaker Nancy Pelosi (D-Calif.) said that she backs the measure, which would require senior bureaucrats to report quarterly whom they speak to about government actions, and that she expects it to get a vote in the House." But Douglas Johnson, "legislative director of the National Right to Life Committee, is vowing to stop the bill at all costs. He thinks it would discourage officials from meeting with citizens, including his own members. That makes it downright undemocratic. And he is consistent: He led a coalition that helped kill broad ethics reform legislation last year because it would have imposed a similar type of reporting requirement on grass-roots lobbying."

Hispanic Caucus To Meet On Leadership Dispute. The AP (3/6, Werner) reports members of the Congressional Hispanic Caucus "scheduled a special meeting Tuesday to try to resolve an embarrassing leadership dispute that led one lawmaker to quit the group. Among the options is a power-sharing arrangement that would dilute the authority of the caucus' controversial chairman, Rep. Joe Baca, D-Calif." Baca has thus far "resisted any changes to the caucus' power structure, according to caucus members and staff. Baca is under fire from female lawmakers, including fellow California Democratic Rep. Loretta Sanchez, who quit the 21-member, all-Democratic group after accusing Baca of calling her a 'whore.'" The AP adds Baca "denies that. A meeting last Thursday broke up without resolution or a vote, and afterward Baca insisted that he was still in charge and that he was focusing on the future."

McConnell Wins Praise As Minority Leader. The Politico (3/6, Budoff) reports Senate Minority Leader Mitch McConnell "returned to the Senate in January with a conference slashed in size and chastened by voters. Neither the Republican president nor the Democratic-controlled Congress had much use for him. Colleagues whispered that the senator, with all the pizzazz of plain oatmeal, was terrible on television." But two months later, McConnell has "managed to make the Republican stance on Iraq -- oppose a rebuke of the president while pressing for continued war funding -- look downright vogue. In the process, even skeptics have acknowledged that McConnell knows how to work a chamber." Sen. Lindsey Graham said, "His stock is very high right now." The Politico adds that McConnell is "threading the needle between a conference in need of an opposition identity and a public mood divided on the position he has staked out. Insiders admire his tactical maneuvers on Iraq, but could he lose the broader public relations battle outside of Washington?" Norm Onstein of the American Enterprise Institute says, "They have a potential double whammy. They could ultimately be portrayed as obstructionists, and obstructionists in favor of a policy that deteriorates anyhow."

President, First Lady Dined At Rove's Home On Sunday. The Washington Post (3/6, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column, "In a rare foray out of the White House, George and Laura Bush had Sunday night supper at the Palisades home of Karl and Darby Rove. The presidential adviser took pity on the press outside in vans and sent out sausage and...quail wings? Sounds like something John Kerry would serve."

NYTimes Comes Out In Favor Of House Labor Legislation. The New York Times (3/6, 1.16M) editorializes, "There are many reasons for the long decline in the membership rolls for private sector unions, including powerful changes in the economy and the unions' past corruption scandals. And there is little doubt that federal rules and regulations for union organizing have also become increasingly hostile to labor, helping to drive unions' share of the work force down from a peak of 35 percent in the 1950s to a mere 7.4 percent today." The House of Representatives "passed a bill last week that would strengthen the rights of employees to form unions, and it drew an immediate veto threat from President Bush. But if Mr. Bush were, as he claims, truly concerned about rising income inequality and truly committed to improving the lives of America's middle class, he would support the legislation and urge the Senate to

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approve it." The Senate "should take up the House bill promptly and send it to the president for his signature."

WSJournal Calls For Expanded School Choice Under Reauthorized NCLB. The Wall Street Journal (3/6, A18, 2.04M) editorializes that the biggest priority for Congress's impending talks on reauthorizing No Child Left Behind should be to "do more to expand public and private school choice." The piece praises the increases in funding and attention to the achievement gap between white and minority students, but faults it for not sufficiently promoting school choice in its efforts to improve public schools. Moreover, the Journal faults NCLB's supplemental education services provisions as a "watered-down" version of President Bush's erstwhile school voucher plan. Meanwhile, "the Education Department has too often allowed school districts to skirt even these limited choice provisions, either by granting exemptions or looking the other way." The Journal criticizes the NCLB Commission's report for not promoting vouchers, while offering qualified praise to President Bush's proposed "promise scholarships."

OTHER NEWS:

US Stock Markets Down Again. The Wall Street Journal (3/6, C1, McKay, 2.04M), under the headline "Stocks Decline As Weakness In Asia Trumps Other News," reports "a big drop in oil prices didn't stanch the bloodletting in the stock market. As was the case last week, weakness in overseas markets, especially Asia, trumped any shreds of good news elsewhere. Signs of so-so growth in the US service sector didn't help matters." ABC World News (3/5, story 7, :25, Vargus, 8.78M) reported "late selling brought the Dow down by more than 60 points [to close at 12,050.41]. And the NASDAQ down by 27 [to close at 2,340.68]. Losses had been feared from the start, after a repeat of sharp losses in Asia, following further declines on major European markets." NBC Nightly News (3/5, story 5, :15, Brown, 9.87M) said "investors were bracing for a rough ride after Tokyo's Nikkei average plunged. But the US markets were pretty subdued. The Dow was down almost 64 points [to close at 12,050.41]. NASDAQ was lost more than 27 points [to close at 2,340.68]."

USA Today (3/6, 1B, Krantz, 2.27M) reports, "Money flowed out of global stock markets again Monday as fears of a coming economic slowdown continued to discourage investors around the world." The Los Angeles Times (3/6, Hamilton, Petruno, 850K) titles its report "US Stocks Drop As Investors Avert Risk," and the Washington Post (3/6, D1, Tse, 690K) says the markets went down as "concerns mounted about the health of a high-risk part of the home mortgage industry." The New York Times (3/6, Peters, Timmons, 1.16M) reports "the fallout from last week's global stock dive showed few signs of letting up yesterday, as markets from Hong Kong to New York deepened their losses."

Fed Governor Says Markets "Functioning Well." The Financial Times (3/6, Guha) reports, "Financial markets are 'functioning well amid higher volatility' while 'overall liquidity does not appear to be in short supply', the Federal Reserve governor Kevin Warsh said on Monday." Warsh, "who acts informally as a point of contact between the Washington-based Fed governors and Wall Street, said market discipline 'appears to be effective, as investors are reviewing their positions.'" The Wall Street Journal (3/6, A2, Ip, 2.04M) says Warsh also "cautioned it is too soon for a 'comprehensive' assessment."

Service Sector Growing At Slower Pace. The Financial Times (3/6, Pimlott) reports, "The US service sector saw a sharp drop off in activity last month, growing at its slowest rate since during the Iraq war in April 2003, according to data released on Monday." The Institute for Supply Management "said that its index of business activity for the services sector stood at 54.3, down 4.7 percentage points from January. The report badly missed economists' forecasts of a level of 57." The Wall Street Journal (3/6, A2, Dougherty, 2.04M) says that "given the weakness in housing and manufacturing, economists had expected the service index to drop: If companies make fewer goods, that will mean less demand for shipping, and with people buying fewer homes it follows that demand for services such as loans and homeowner's insurance would also slow. Though economists expected a decline, the drop was steeper than anticipated."

Bernanke Meeting With Eclectic Group Of Consultants. The Wall Street Journal (3/6, A2, Blackstone, Paletta, 2.04M) reports, "A Who's Who of economists from Wall Street, academia, consulting and central banking scored coveted meetings with Ben Bernanke during his first months as Federal Reserve chairman. Topping a list that included Wall Street heavyweights like Bear Stearns Cos. and Morgan Stanley, however, was a small St. Louis-based forecasting firm: Macroeconomic Advisers." Former Fed Gov. Laurence Meyer and former Fed economist Brian Sack, both now with Macroeconomic Advisers' Washington office, "enjoyed the greatest access to Mr. Bernanke among private-sector economists, the Fed chairman's visitor logs show." Bernanke's visitor log "was obtained by Dow Jones Newswires through a Freedom of Information Act request. It lists only the names of people cleared through security to meet with him specifically. He may have also met with other people who were cleared to meet with other Fed officials."

EU Economy 20 Years Behind US. The Financial Times (3/6, Buck) reports, "The European Union's economic development is only now reaching the level achieved by the US more than two decades ago, according to a study

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released yesterday. The US reached the EU's current level of gross domestic product per capita in 1985, according to the report by Eurochambres, the pan-European business lobby. The EU's employmentrate and level of investment in research and development were reached by the USin 1978, and its level of productivity (expressed in GDP per employed) was reached by the US in 1989, the report said. … Compared with the first such report by Eurochambres published two years ago, it shows the time lag widened between 2003 and 2006. The most drastic gap appears in R&D spending, where the time lag expanded from 23 to 28 years."

Democrats Debate Whether Clinton Or Obama Had Better Reception In Selma. The CBS Evening News (3/5, story 6, 2:30, Couric, 7.66M) reported the "debate today among Democrats is who won the first serious showdown involving the frontrunners, Senators Hillary Clinton and Barack Obama. They appeared yesterday at ceremonies in Selma, Alabama, commemorating a 1965 civil rights march when white police officers beat mostly black marchers. And for the first time, the Clinton campaign employed its not-so-secret weapon." CBS (Borger) added, "The decision to send Bill Clinton to march in Selma alongside his wife was made at the last minute and it was a delicate mission, to prop up Hillary Clinton's standing with African Americans while not overshadowing her. So while his wife preached at a Selma church, Bill Clinton was not sitting in the congregation." Bill Clinton: "All the good speaking has been done by Hillary and Senator Obama today already. I'm just sort of bringing up the rear." Borger: "It's a lesson the Clinton campaign learned after the President upstaged his wife at the funeral for Coretta Scott King." Before Obama "entered the Democratic race, there was a sense of inevitability about Hillary Clinton's nomination. But now there's a real political fight and on lots of levels, the big question is this: Will Bill Clinton help her or hurt?"

On CNN's Anderson Cooper's 360 (3/5), CNN national correspondent John King said, "I think President Clinton's presence certainly helped Senator Hillary Clinton. But I think the fact that he needed to be there is the lead of the story, in the sense that she is very much threatened by Senator Obama's continued inroads and advancing inroads in the African- American community. John Lewis, a congressman who is a hero of the civil rights movement, quoted in 'The New York Times' last week, saying he was leaning Obama's way -- then, President Clinton called him and said: Well, give my wife a chance. So, the fact that she needs to play the Bill card so soon in the community where he is so beloved is a sign of weakness, not strength."

On MSNBC's Hardball (3/5), Rep. Artur Davis, a supporter of Sen. Obama, said, "Three or four months ago, all the black community knew was that Senator Obama was popular and attractive. Over the last several months, he started to talk in detail about his passion for universal health insurance, his passion for universal college access. And what's happened is that the black community has realized he has a progressive agenda, and that's what resonates in the black community. Now, the black community has a lot of experience with politicians over the last 15 years who became famous but who didn't have a progressive agenda." Davis added, "The enthusiasm for Barack Obama in Alabama is off the charts now, in the black and the progressive white community."

On MSNBC's Hardball (3/5), G. Virginia Fields, former Manhattan Borough president and a supporter of Sen. Hillary Clinton, said, "I have worked with Hillary Clinton. I know of her commitment to the black community, as well as others, and this is not new for her. And I think at the end, people do want to know, who is going to be the best person to move forward the agenda on universal health care, health care disparities, education, eliminating poverty? And Hillary Clinton has been fully committed and with real results in all of those areas. That is part of why I have chosen to support Hillary, and I will be doing all that I can, including in my home state of Alabama, working for Mrs. Clinton."

On Fox News' Special Report roundtable (3/5), Morton Kondracke said, "I thought Obama got the better of the day. One, he confronted this issue, is he black enough, by saying that yeah, his mother was white and his father was an African, and yet his whole political career is based, in fact, it's existence is based on the opportunities created by the Civil Rights Revolution. … But, more importantly, I thought, to the extent that any white people were watching that around the country or got wind of it, he took the Bill Cosby view of what's wrong with African-American society. Kids think that to succeed in school is to act white, people don't turn out to the polls, parents do not watch with their children are doing, fathers abandon their children after conception, and stuff like that."

On Fox News' Special Report roundtable (3/5), Mara Liasson of National Public Radio said, "I think that Barack Obama is thrilling to African-Americans. That doesn't mean that they're going to abandon the Clintons, who they feel very strongly about, but there's going to be a real race for those votes."

On Fox News' Special Report roundtable (3/5), Fred Barnes of the Weekly Standard said, "She's not Rich Little, that's for sure. She's a bad impersonator. I'll bet she doesn't try that again [using a Southern accent], it was very strange, particularly coming from. It was not a good weekend for her. … There's not be fierce competition for the African-American vote. Obama's going to get it."

Obama Said To Have "Won" Selma. In his Washington Post column (3/6, A19), Richard Cohen says, "If you had to pick a winner in last weekend's Selma bake-off

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between Hillary Clinton and Barack Obama, it would have to be Obama. It is not just that he performed better than Hillary Clinton; it's that he had something very important to say to black America." Clinton's "speech was a recitation of Democratic Party cliches. Not so Obama's. As Clinton did, he voiced the expected obeisance to Democratic Party shibboleths about school funding, health care, pensions and such, some of which matter, some of which don't. But then he turned to what clearly does matter: 'discipline and fortitude . . . sometimes I feel like we've lost it a little bit.'" There was "nothing particularly new about this message. You might call it warmed-over Bill Cosby or even an echo of Jesse Jackson. But Cosby is an entertainer and Jackson never stood any chance of getting to the White House. So the uniqueness is not the message; it is the refreshing combination of this particular man and what he is saying."

Clinton Tells Gay Rights Group She Wants "Partnership." The AP (3/6, Barrett) reports Democrat Hillary Rodham Clinton "told the nation's leading gay rights group in an unpublicized speech that she wants a partnership with gays if elected president." Clinton also "said she opposes the 'don't ask, don't tell' policy regarding gays in the military that was instituted during her husband's presidency." In a keynote speech to the Human Rights Campaign on Friday, Clinton said, "I am proud to stand by your side." The AP adds that neither Clinton's campaign "nor her Senate office made any announcement that she would be making the Friday address. Asked twice at a Monday campaign stop in Iowa why she did not publicize her speech to the group, Clinton said: 'You'll have to ask my campaign.'" The AP adds that in the speech, Clinton "joked that she shares the same initials as the group, and pledged to maintain the same close working relationship that last year helped defeat the federal amendment which would have banned same-sex marriage."

Clinton Plans Outreach To Women. The New York Times (3/6, Healy, 1.16M) reports Sen. Clinton "will begin an ambitious effort on Tuesday to enlist thousands of women to play roles in her presidential campaign, hoping to build on the enthusiasm her candidacy has stirred among female voters at early campaign events." Clinton will "announce the drive, which will unfold through March to coincide with Women's History Month, in a speech at the annual luncheon held by Emily's List, a political group favoring Democratic female candidates who support abortion rights that has already endorsed her." The campaign "intends to use social networking tools and other Web technology to develop a thousands-strong Women's Leadership Network, which would promote Mrs. Clinton's candidacy nationwide and, by this fall, hold campaign events and take part in fund-raising."

Clinton Carefully Reconstructing Image. The New York Times (3/6, Leibovich, 1.16M) reports in a 2200 word story that to "watch Mrs. Clinton up close during these 'rollout' weeks of her presidential campaign is to see a familiar political figure try to reclaim her name." Lamenting that "her public image has been distorted by caricature, she often says, 'I may be the most famous person you don't really know.' In the cliché of contemporary politics, Mrs. Clinton is 'reintroducing herself to the American people.'" Clinton is, "in this latest unveiling, the Nurturing Warrior. She displays a cozy acquaintance ('Let's chat') and leaderly confidence ('I'm in it to win it'). She is a tea-sipping girlfriend who vows to "deck" anyone who attacks her; a giggly mom who invokes old Girl Scout songs and refuses to apologize for voting for the Iraq War Resolution in 2002. Her aim, of course, is to show that she is tough enough to lead Americans in wartime but tender enough to understand their burdens."

Obama Questioned For Rescinding Invitation To Controversial Pastor. The New York Times (3/6, Kantor, 1.16M) reports the Rev. Jeremiah A. Wright Jr., "senior pastor of the popular Trinity United Church of Christ in Chicago and spiritual mentor to Senator Barack Obama, thought he knew what he would be doing on Feb. 10, the day of Senator Obama's presidential announcement." In January, Obama "had asked Mr. Wright if he would begin the event by delivering a public invocation. But Mr. Wright said Mr. Obama called him the night before the Feb. 10 announcement and rescinded the invitation to give the invocation." Wright said, "Fifteen minutes before Shabbos I get a call from Barack. One of his members had talked him into uninviting me." The Times adds, "Some black leaders are questioning Mr. Obama's decision to distance his campaign from Mr. Wright because of the campaign's apparent fear of criticism over Mr. Wright's teachings, which some say are overly Afrocentric to the point of excluding whites."

Obama's Experience Praised. In his New York Times column (3/6), Nicholas Kristof says, "The conventional wisdom about Barack Obama is that he's smart and charismatic but so inexperienced that we should feel jittery about him in the Oval Office. But that view is myopic. In some respects, Mr. Obama is far more experienced than other presidential candidates. His experience as an antipoverty organizer in Chicago, for example, gives him a deep grasp of a crucial 21st-century challenge — poverty in America — that almost all politicians lack. He says that grass-roots experience helps explain why he favors not only government spending programs, like early childhood education, but also cultural initiatives, like efforts to promote responsible fatherhood." In foreign policy "as well, Mr. Obama would bring to the White House an important experience that most other candidates lack: he has actually lived abroad. He spent

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four years as a child in Indonesia and attended schools in the Indonesian language, which he still speaks."

Edwards Says Jesus Would Be Unhappy With Iraq War, Americans' Selfishness. The AP (3/6, Baker) reports that ex-North Carolina Sen. John Edwards (D) "says Jesus would be appalled at how the United States has ignored the plight of the suffering, and that he believes children should have private time to pray at school. Edwards, in an interview with the Web site Beliefnet.com, said Jesus would be most upset with the selfishness of Americans and the country's willingness to go to war 'when it's not necessary.' 'I think that Jesus would be disappointed in our ignoring the plight of those around us who are suffering and our focus on our own selfish short-term needs,' Edwards told the site. 'I think he would be appalled, actually.' Edwards also said he was against teacher-led prayers in public schools, but he added that 'allowing time for children to pray for themselves, to themselves, I think is not only OK, I think it's a good thing.' … Edwards was interviewed by David Kuo, a conservative Christian who served as deputy director of President Bush's Office of Faith-Based and Community Initiatives until 2003. Kuo wrote a book, 'Tempting Faith, An Inside Story of Political Seduction,' that said Bush aides privately called conservative Christians 'nuts,' 'ridiculous' and 'goofy.'"

Giuliani Asks For Privacy To Deal With Family Issues. ABC World News (3/5, story 4, 2:30, Vargus, 8.78M) reported, "Twenty-one year-old Andrew Giuliani has gone public with his strained relationship with his father, following the former Mayor's bitter and public defense from Andrew Giuliani's mother. He said, 'I got my values from my mother. I have problems with his father. But it doesn't mean he won't make a great president.'" ABC political correspondent Jake Tapper added: "For almost any other candidate, the questions would spell political doom. But today in California, former New York Mayor Rudy Giuliani calmly discussed the damage he did to his children when he divorced his second wife in order to marry his third." Rudy Giuliani: "The responsibility is mine. And I believe that these problems with blended families, you know, are challenges. … And the challenges are best worked on privately." Tapper: "For now, at least, Giuliani seems coated in political teflon, even when the former big city Mayor with liberal views on abortion, gay rights, and gun control addressed a conference of red-meat conservatives."

The AP (3/6, Blood) reports, "Campaigning in Southern California, Giuliani faced questions about his family after his son, Andrew, publicly said their relationship had become distant after Giuliani's messy divorce from Andrew's mother, Donna Hanover, and his later marriage to Judith Nathan. 'My wife Judith is a very loving and caring…mother and stepmother. She has done everything she can. The responsibility is mine,'" Giuliani said, adding, "The more privacy I can have for my family, the better we are going to be able to deal with all these difficulties." In an article Saturday, The New York Times reported "that Andrew Giuliani and his father have recently tried to reconcile after not speaking 'for a decent amount of time.' In the Times article, Andrew said, 'There's obviously a little problem that exists between me and his wife.'" Giuliani was in California for an "event that was intended to highlight his crime-fighting credentials. He met privately with sheriffs from Southern California and Gov. Arnold Schwarzenegger, who later introduced him at a brief news conference."

Capeheart Reflects Negatively On "Vindictive" Giuliani's Terms As Mayor. In a piece in the Washington Post (3/6, A19, 690K) discussing Giuliani's temperament, columnist Jonathan Capehart relates that "when Giuliani was mayor, he brooked no criticism -- no matter how minor, no matter how constructive. Having been on the receiving end of one of Giuliani's withering verbal assaults, I know of what I speak." Capeheart goes on to recount a Jan. 7, 1999 telephone conversation he had with Giuliani, in which the former mayor "was spitting fire over my column in that morning's New York Daily News, in which I likened his second term to the sitcom 'Seinfeld.'" Capeheart says that "Giuliani ripped me apart, calling my column 'intellectually dishonest,' among other things," then called back shortly later "launching into another 10-minute monologue." Asserting that Giuliani's "skin is as thin as America's Next Top Model," Capeheart also says that "Giuliani could be vindictive," "had no qualms about using government to settle a score," and that the former mayor displayed a "tone-deafness" on issues of race. Capeheart concludes that Giuliani, "who became the face of a bloodied but unbowed nation on Sept. 11, 2001, was a difficult mayor. Many wonder whether the trauma of that day has mellowed Giuliani. We'll soon know. There's nothing like the stress of a presidential campaign to find out for sure."

Moving Toward White House Bid, Giuliani To Sell Investment Firm. The New York Times (3/6, Buettner, Archibold, 1.16M) reports that Rudy Giuliani announced Monday "the planned sale of his boutique investment bank to an Australian company, a transaction that a company official said was part of Mr. Giuliani's increasing focus on his presidential campaign. The firm, Giuliani Capital Advisors, is being sold to the Macquarie Group, a financial services business based in Sydney, Australia, with more than 9,600 employees worldwide. Terms of the sale, which is expected to be final in June, were not released. 'It's indicative of his gearing up and focusing on his candidacy,'

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said Sunny Mindel, a spokeswoman for Giuliani Partners, Mr. Giuliani's core consulting business."

The Financial Times (3/6, Daniel, Politi) reports that while terms of the deal weren't disclosed, "analysts said that Giuliani Capital Advisors could be worth as much as $100m. … GCA advises on mergers and acquisitions and restructurings in sectors such as infrastructure, energy, and property. Although largely US-based, it has advised on several international deals, particularly in Germany and the UK. It came under Mr Giuliani's umbrella in 2004, trebling the size of his business interests, which were mostly confined to Giuliani Partners, a management consultancy."

The Wall Street Journal (3/6, A8, Cooper, Block, 2.04M) reports that "Giuliani Capital has maintained a steady list of clients, particularly for its restructuring work. Its clients include Delta Air Lines Inc., which sought bankruptcy protection in 2005. It handled similar work recently for US Airways Group Inc. and Aloha Airgroup Inc., a regional carrier. … Of the two units of Giuliani Partners, it is thought to have the greater value. It also may be the most problematic politically for a potential presidential candidate. Analysts say the nature of the firm's client list may make Mr. Giuliani politically vulnerable. It remains to be seen whether a sale of the company will quiet such criticism. The Democratic Party said in a memorandum sent to some reporters that Giuliani Capital Advisors had displayed 'greed' when it sought millions of dollars in fees from troubled airlines."

The Washington Post (3/6, A4, Mosk, Shear, 690K) reports that some "viewed the sale as Giuliani's first step away from the lucrative private-sector career he built during the years he spent outside the public spotlight. Eric Abrahamson, a Columbia Business School professor, said he thinks Giuliani will have little choice but to start building a higher wall between his campaign and his business activities. 'The organization has dealt with all varieties of clients over time, some of whom would expose his image to certain perception problems,' Abrahamson said yesterday. 'I would imagine that, fairly soon, he would have to completely distance himself from the business.'"

The AP (3/6, Westfeldt) reports that "Doug Muzzio, a politics professor at Baruch College, said Giuliani is trying to head off any future conflicts in the campaign. 'Doing it now signals that they consider what they're doing for the clients will be politically problematic for a run for president, so they're getting rid of it early so that even if a story emerges, they will be politically inoculated from it,' said Muzzio."

Simon Outlines Romney Battle Plan. In an article in The Politico (3/6), Roger Simon writes that ex-Massachusetts Gov. Mitt Romney (R) "may be low in the polls right now, but he is a man with a plan, a plan to make him the Republican nominee for president." Simon says "that in the coming weeks and months," Romney aims "to take advantage of the various and complicated rules governing the primaries. The prime example is the change in the way California will conduct its Republican primary on Feb. 5." Usually, GOP "primaries are winner-take-all." However, "California Republicans have changed the system. Now it is winner-take-all by congressional district." So, Romney "will target his TV ads to certain congressional districts" and "intends to treat California as if it were a 'retail' political state." Romney also intends to emphasize "the differences between himself, Rudy Giuliani and John McCain." Romney aims "to exploit what he perceives as two of McCain's great vulnerabilities in the Republican primaries:" the McCain-Feingold campaign finance law and the McCain-Kennedy immigration reform bill. Romney also is drawing "distinctions between Giuliani's rather turbulent personal life -- he has been married three times -- and Romney's own marriage of nearly 38 years." In an interview with The Politico, Romney said "The breakdown of the family…is an issue that needs to be spoken about." Romney is also keying heavily on the "the straw poll in Ames, Iowa, on Aug. 11" as a crucial "summer showdown." And on the issue of his Mormon faith, Romney "intends to recast the issue by emphasizing that he is a person of faith and that that is more important to voters than what faith he is."

Healthcare Emerges As Key Issue Early In '08 Contest. The Washington Post (3/6, A3, Lee, 690K) reports that ex-North Carolina Sen. John Edwards (D) "says providing health coverage to the 47 million Americans who lack it is so important that he is willing to raise taxes to do it." Illinois Sen. Barack Obama (D) "says he is determined to enact universal health care by the end of his first presidential term." New York Sen. Hillary Clinton (D) "calls universal coverage 'not only a moral and health imperative, but an economic and jobs imperative as well.'" And "at least two GOP contenders -- former governors Mitt Romney of Massachusetts and Tommy G. Thompson of Wisconsin -- are expected to use their extensive track records on the issue as campaign selling points, especially if either emerges as the party's nominee. All of which illuminates the reality that no White House hopeful can be taken seriously in the rapidly evolving 2008 race without confronting what many Americans have long said is one of their biggest concerns: the availability and affordability of health care. 'Every candidate is going to have to have a health-care plan, because it is the number one domestic policy issue on the minds of voters,' said Karen Ignagni, president of America's Health Insurance Plans."

Kemp Says GOP Working To Be "The Party Of Herbert Hoover." Jack Kemp criticizes "GOP

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Protectionists" in a Wall Street Journal op-ed this morning (3/6, A19), writing, "As the GOP stumbles around Washington trying to be the party of Herbert Hoover, it's sad to see so many Republicans drifting so far and so fast from the Reagan model that helped pave the way for the great, non-inflationary economic and jobs expansion of the past 25 years. Sen. Lindsey Graham, (R., S.C.) threatens China with a 28% tariff for daring to tie the yuan to the dollar. Rep. Tom Tancredo, running for president, is miffed at…Bush for trying to design comprehensive immigration-reform legislation. The president wants a guest-worker program that could help alleviate border problems in the Southwest." But "Tancredo is a sissy compared to my old pal Duncan Hunter, the congressman from San Diego. He's also running in the GOP primaries as an unambiguous Hoover-like protectionist and anti-globalization candidate. Then there's my other old friend Pat Buchanan, railing against Japan and Toyota for having the chutzpah to sell so many cars in the US, even going so far as to build manufacturing plants right here under our noses." Kemp concludes "the answers to our challenges in today's global marketplace can be found in sound money, lower tax rates on capital and labor, an easing of regulatory burdens, and the welcoming of foreign investment and trade with nations like Japan. Isolationism and protectionism are not worthy of 21st century America."

Jenna Bush To Publish Book For Teens. USA Today (3/6, 1D, Minzesheimer, 2.27M) reports, "Jenna Bush, in a rare interview, says her forthcoming book for teens -- about a 17-year-old single mother in Panama who is living with HIV -- will end with a 'call to action.'" HarperCollins "announces today that it's publishing Bush's Ana's Story: A Journey of Hope this fall. It will be illustrated with photographs by Mia Baxter, a former classmate of Bush's at the University of Texas." The president's daughter "says the book is not political. It's aimed at 'getting kids thinking and involved,' Bush said Monday by phone from Panama, where she has worked since September as an unpaid intern for UNICEF."

Ahead Of Latin America Trip, Bush Outlines Plans To Help Region. USA Today (3/6, Jackson, 2.27M) reports, "President Bush said Monday that the United States will help the working poor of Latin America as part of a plan meant to show the region it has not been forgotten by the United States. Preparing for a seven-day, five-nation swing, Bush outlined past efforts to help the region while offering new plans for health care, education and business development." Bush told members of the United States Hispanic Chamber of Commerce, "The working poor of Latin America need change." USA Today adds, "During a Monday briefing, national security adviser Stephen Hadley said the trip will emphasize the continuing US efforts to bolster Latin American democracies and economies. Those efforts, Hadley said, have not received the attention they deserve. 'That's one of the reasons we're doing this trip.'" Bush leaves Thursday "for São Paulo, Brazil, the first stop on a trip that includes Uruguay, Colombia, Guatemala and Mexico."

The Wall Street Journal (3/6, Pulizzi, 2.04M) reports that in his speech, Bush "unveiled plans to send a Navy vessel to dispense medical care throughout Latin America, spend $75 million over three years on English-language training for the poor and develop a new small-business loan initiative." The Journal adds that "since taking office, Mr. Bush has doubled US foreign assistance to Latin America to about $1.6 billion a year. The money includes development assistance, military assistance and counter-narcotic assistance. Colombia is the largest recipient of US aide outside the Middle East and Afghanistan, with most of the money earmarked for anti-drug efforts."

In response to "criticism he has ignored Latin America," says the AP (3/6, Hunt), Bush said "the region's grinding poverty is a scandal that has caused some to question the value of democracy." To combat this trend, the President said the US "will spend tens of millions of dollars to improve education, housing and health care across the region."

On its front page, the New York Times (3/6, A1, Rohter, 1.16M) reports Bush will arrive in Brazil Thursday "with an energy partnership plan to create jobs and decrease poverty and inequality, a marked shift in Washington's priorities for Latin America aimed at countering the challenge posed by President Hugo Chávez of Venezuela." While US policy in the region has "focused on free-trade agreements and related economic measures, with a secondary emphasis on drug interdiction," the "growing leftward and anti-American trend in regional politics, led by Mr. Chávez" has led to "a modified agenda and a renewed effort to rebut complaints by Latin Americans that the president has ignored their concerns in favor of the campaign against terrorism." Despite the policy shift, "promises of American support and assistance are likely to fall short of what Mr. Chávez, with his oil wealth, has been delivering recently."

The Washington Post (3/6, A11, Baker, 690K) says Bush "is launching a new campaign to compete with Chávez for the region's hearts and minds, employing language mirroring the Venezuelan leader's leftist populism but rooted in traditional American conservatism." After six years "of focusing elsewhere in the world," Bush in his final two years "wants to convince the nation's neighbors that, as he put it yesterday, 'we care.' But he faces an enormous gulf between ambition and reality, analysts say."

The Los Angeles Times (3/6, Reynolds, McDonnell, Kraul, 850K) also says "the emphasis on addressing inequality marks a shift for the president, who has been assailed for stressing free trade and democracy south of the border and ignoring the social ills that continue to stymie the

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region." Bush, "whose poll numbers are at least as bad in Latin America as at home, is likely to meet skepticism and protests as he tries to portray a kinder, gentler face of US policy."

The Washington Times (3/6, Ward, 88K) reports Eric Farnsworth, vice president of the Council of Americas, "an advocacy group for businesses with interests in Latin America, said 'the specter of Chavez [is] overhanging the region right now,' and that 'the standing of the United States in the region has decreased.'" Farnsworth, however, "applauded Mr. Bush's speech, which he said pushes back against Mr. Chavez's populism in the right way." Dan Restrepo, Latin America analyst at the Center for American Progress, "a left-leaning think tank, was not impressed. 'You can't have a year of engagement every six or seven years and think it's going to answer the mail,' Mr. Restrepo said."

GOP Signals Willingness To Compromise On Panama, Peru, Colombia Trade Deals. The New York Times (3/6, Weisman, 1.16M) reports, "When the Democrats swept to victory last fall, after a campaign fueled partly by attacks on…Bush's trade policies, trade deals promoted by the administration seemed doomed in the new Congress. But that was then. In the last week, the administration and its Republican allies on Capitol Hill have signaled a new willingness to work with Democrats to try to secure their support for three pending trade deals -- with Panama, Peru and Colombia." The Times adds, "The focus of their talks has been guarantees for the rights of workers in countries with which the United States has negotiated trade accords, including a ban on child labor and forced labor." Rep. Charles Rangel, chairman of the House Ways and Means Committee, said yesterday, "There's no question that there's been a change on the Republican side. … They refused to talk about these things before, and now they're talking." But "it is still not clear how Democrats will respond. Mr. Rangel said that they remained highly skeptical about signs of Republican flexibility on trade and that he had not seen anything "acceptable to a broad number of members" on his side."

Meanwhile, The Hill (3/6, Swanson) reports, "Freshman Democrats seeking a direct role in congressional trade policy have won a meeting this week" with Rangel. No freshmen "sit on the prestigious Ways and Means Committee, which oversees trade policy, but class members pressed for a role in trade in a Jan. 17 letter to Rangel that said opposition to the Bush administration's trade policies had been 'vital to our electoral successes.'" The Gill adds, "A spokesman for freshman Rep. Betty Sutton (D-Ohio), a former labor lawyer who has led the freshman efforts, said the meeting was scheduled with the hope that all 39 Democrats who signed the Jan. 17 letter would be able to attend."

UN Environmental Official Assesses US-Brazil Ethanol Alliance. The AP (3/6, Astor) reports, "A proposed ethanol alliance that President Luiz Inacio Lula da Silva is expected to forge with President Bush later this week poses both opportunities and risks for the environment, a top U.N. environmental official said Monday. Achim Steiner, executive director of the U.N. Environment Program, said growing international demands for ethanol and other biofuels can threaten the Amazon rain forest if safeguards are not put in place." The AP adds, "Brazil's main biofuel is ethanol made from sugarcane. While sugarcane cultivation is minimal now in the Amazon, some environmentalists fear that growing demands for the fuel could push cane growers into the rainforest." Bush "and Silva are expected to forge an 'ethanol alliance' Friday aimed at creating quality standards for the alternative fuel, while joining forces to promote production of ethanol in nations lying between Brazil and the United States."

Guatemala To Ask Bush For Assistance In Drug War. The AP (3/6, Llorca) reports, "In a case that has laid bare the extent of corruption" in the Guatemala, "FBI agents are trying to help discover who ordered the murders of three Salvadoran politicians and the Guatemalan police officers who said they were told to kill them." The killings and apparent cover-up "has exposed the seemingly insurmountable challenges President Oscar Berger faces as he tries to regain control of a defiant and even criminal police force." Berger "says he needs more help in fighting organized crime and will ask President Bush when he visits March 12 to provide US helicopters, planes and radar equipment."

New Colombian Foreign Minister Was Held Hostage By Rebels. The Washington Post (3/6, A10, Forero, 690K) profiles newly appointed Colombian foreign minister, Fernando Araújo, who up until only weeks ago had been held hostage by Marxist rebels for the past six years. As foreign minister, Araújo is expected "to speak passionately about a crime that the largest rebel group here, the Revolutionary Armed Forces of Colombia (FARC), has long used to generate ransom money and wield leverage to win the release of jailed guerrillas" and to "explain the difficult challenges the Uribe government faces in reaching a deal with the rebels."

Bolivian Women Leading Way From Rural To City Life. In a front page article, the Washington Post (3/6, A1, Reel, 690K) reports on Bolivian women leading the way from the country's "tiny mountain villages and worn-out mining towns" to larger cities. According to the U.N., "For the first time in the world's history, more people next year will live in cities than in rural areas," and women, like those in Bolivia, "are leading the urban push, leaving the countryside at higher rates than men, lured in large part by domestic service jobs."

US, North Korea Begin "Historic" Talks In New York. The AP (3/6, Lederer) reports the US and North

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Korea opened "historic talks" Monday on steps to establish diplomatic relations. However, USA Today (3/6, 5A, Slavin, 2.27M) reports State Department spokesman Sean McCormack "downplayed expectations for quick progress," calling the meeting between North Korean Vice Foreign Minister Kim Kye Gwan and Assistant Secretary of State Christopher Hill "just an initial discussion."

The Washington Times (3/6, Sands, 88K) calls the talks "groundbreaking," but also notes Administration officials "were trying to tamp down expectations of a major breakthrough, saying difficult issues such as US financial sanctions and designation of Pyongyang as an official sponsor of terrorism will require many negotiating sessions."

UNDP Suspends Work In North Korea. The New York Times (3/6, A11, Hoge, 1.16M) reports the UNDP "announced Monday that it was suspending work in North Korea because the country had failed to meet conditions set up in response to American complaints that United Nations money was being diverted to the government of Kim Jong-il." David Morrison, director of communications for the agency, said, "We have decided to suspend our operations, and the ball is really now in the court of the D.P.R. Korean authorities."

US Urged To Address Subject Of Abductions. Deputy editor Melanie Kirkpatrick writes in the Wall Street Journal (3/6, A18, 2.04M), "Among the promises the US made to North Korea as part of the Feb. 13 nuclear disarmament deal is a pledge to begin the process of removing it from the list of terror-sponsoring states. When Vice President Dick Cheney visited Tokyo last month, [Japanese Prime Minister Shinzo] Abe urged the US not to do so until the abduction issue is resolved. While President Bush has spoken eloquently in the past about human-rights violations in North Korea, that issue appears not to be high on the US agenda these days. Chief US negotiator Christopher Hill is holding talks in New York with his North Korean counterpart this week. A good question for him to ask is, Where is Megumi" Yokota, a Japanese citizen kidnapped by North Korea who remains missing today.

Israeli Security Chief Says Iran Training Hamas.

The New York Times (3/6, A8, Erlanger, 1.16M) reports the chief of Shin Bet, the Israeli internal security service, "said Monday that the Islamic movement Hamas had sent dozens of men from Gaza to Iran for military training." In "a rare on-the-record briefing," Yuval Diskin told reporters, "We know that Hamas has started to dispatch people to Iran, tens, and a promise of hundreds." The training would "last months, perhaps years," he said, adding, "I see this as the strategic danger, more than any weapons smuggled into Gaza." Responding the allegations, Ahmed Youssef, an adviser to Palestinian Prime Minister Ismail Haniya, said Hamas "has not sent anyone to Iran," and that Diskin's comment was "propaganda, to hurt a new government."

On its front page, the Washington Times (3/6, A1, Mitnick, 88K) quotes Diskin as saying, "One of the bad fruits of the international siege on Hamas is that once all the doors were closed, the only window open was to Iran." His analysis of the Palestinian "political and military scene painted a bleak prognosis for peace negotiations with Israel and included a warning about a possible Israeli offensive in the Gaza Strip." The Los Angeles Times (3/6, Boudreaux, 850K) also reports the development.

State Department Says Palestinian Aid Hinges On Hamas. The AP (3/6) reports the State Department "said Monday full funding of a proposed $86 million in security assistance for the Palestinian Authority hinges on whether US officials receive assurances that none of the funds can benefit Hamas." State Department spokesman Sean McCormack commented after four House Foreign Affairs Committee members "urged Secretary…Rice to reconsider the plan in light of the recent agreement between Fatah and Hamas to form a national unity government." McCormack said the Administration "is asking the same questions as members of Congress about whether Hamas would benefit from the program."

France Calls For Closer EU-Palestinian Ties. The Financial Times (3/6, Dombey, Morris) reports France "pushed on Monday for the European Union to step up preparations for deeper ties with a Palestinian government of national unity, despite misgivings from countries such as Germany and the Netherlands." The question of whether to resume contacts with and direct funding for the Palestinian Authority is "set to race up the EU's agenda as the rival Fatah and Hamas factions move closer to working together." While France argues that the momentum of last month's Mecca agreement to set up a unity government "cannot be wasted," other countries "give greater emphasis to making sure the administration fully meets international demands that it recognises Israel."

Webb Introduces Bill Requiring Congressional Authorization For Iran War. The Washington Times (3/6, A1, Bellantoni, 88K) reports in a front page article that Virginia Sen. James H. Webb Jr. yesterday introduced legislation "to force President Bush to seek congressional authorization before using force against Iran." Democratic leaders, "who indicated general support" for the plan last week, are "still deciding whether they will attach it to an upcoming spending bill."

IAEA Says Iran May Have Halted Nuclear Program.

The AP (3/6, Jahn) reports IAEA chief Mohamed ElBaradei said Monday that Iran "seems to have at least temporarily halted" its uranium-enrichment program. The "pause" could represent "an attempt to deescalate Iran's

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conflict with the Security Council, which is deliberating a new set of harsher sanctions." Iranian President Mahmoud Ahmadinejad "had been expected to announce last month that Iran had started installing 3,000 uranium-enriching centrifuges at a facility in the desert outside the central city of Natanz," but the announcement "never materialized," in what was seen as "an apparent step back." ElBaradei said, "I do not believe that the number of centrifuges has increased, nor do I believe that (new) nuclear material has been introduced to the centrifuges at Natanz."

However, USA Today (3/6, 11A, 2.27M) notes ElBaradei said "quite a few uncertainties still remain" because "Iran's lack of cooperation with the International Atomic Energy Agency" means the agency "can't determine" whether Iran's nuclear activities "are purely peaceful."

Agreement On UN Iran Sanctions Does Not Appear Close. The AP (3/6, Burkhardt) reports diplomats met Monday to discuss possible new sanctions against Iran, "but differences emerged and an agreement did not appear to be close," diplomats said. After meeting late Monday at Britain's U.N. Mission, China's U.N. Ambassador Wang Guangya said there are "some different views here, so we will continue to work." He said the ambassadors would meet again on Tuesday afternoon.

The Christian Science Monitor (3/6, LaFranchi, 59K) reports the Bush administration, "convinced that punitive financial measures played a role in moving North Korea to accept a deal designed to shut down its nuclear operations, is now spearheading a multilateral effort to use sanctions to turn the screws on Iran and its nuclear program." Among the measures being considered for the new resolution, according to US and European officials, "are expansion of the list of Iranian officials whose assets would be frozen, a travel ban on more Iranians who are involved in the country's nuclear research and development, and additions to the list of parts, material, and technology that would be banned from Iranian trade."

Iranian Women Arrested During Rights Protest. The New York Times (3/6, A11, Fathi, 1.16M) reports Iranian authorities arrested 33 women Sunday "after protests outside a court where five of them were being tried for leading a campaign to gain more legal rights for women," Iranian newspapers reported Monday. Human Rights Watch condemned the arrests and called for the women's immediate release.

Interpol Recommends Arrest Warrants For Former Iranian Officials. McClatchy (3/6, Bachelet) reports Interpol's legal department "has recommended issuing capture notices for five former Iranian officials in connection with the 1994 bombing of a Jewish community center in Argentina, which killed 85 people," Rep. Ileana Ros-Lehtinen (R) said Monday. Argentina "requested the capture notices…triggering anger in the Iranian government, which has denied any involvement in the bombing."

Rice, Jordan's King Abdullah Discuss Iraq Refugees, Mideast Peace. AFP (3/6) reports Secretary of State Condoleezza Rice Monday met with Jordan's King Abdullah to discuss "Iraqi refugees and an Arab peace plan for the Middle East," diplomats said. State Department spokesman Sean McCormack told reporters that providing assistance to Iraqi refugees, an issue that will be addressed at a regional conference on Iraq this weekend in Baghdad, was "an issue of serious concern" for King Abdullah. "I know that there is a lot of concern about the pressures on the support network within Jordan and the ability of the NGOs working in Jordan to meet those humanitarian needs" of some 600,000 Iraqi refugees in the country, McCormack said.

Agreement Between Lebanese Factions Expected Within Days. The Washington Times (3/6, Knapp, 88K) reports that "a deal to end the standoff between Lebanon's US-backed government and Hezbollah, the nation's worst political crisis since its 1975-1990 civil war, is expected to be finalized within the next few days, key political figures say." A possible agreement follows a meeting between Iranian President Mahmoud Ahmadinejad and Saudi King Abdullah Saturday.

US Urged To Empower Saudi King Abdullah. Rob Sobhani, president of Caspian Energy Consulting, writes in a Washington Times (3/6, 88K) op-ed, "While the United States and Europe stood by powerless for months…King Abdullah [of Saudi Arabia] brought together the leaders of Hamas and Fatah in Mecca and got them to agree to bury their differences." Sobhani says it "is in America's interest for Washington to recognize the important role of Saudi Arabia's wise monarch and make him an equal partner in bringing about peace and stability in the combustible Middle East." If Washington "does not empower King Abdullah, the negative force and path of extremism exemplified by Mr. Ahmadinejad, Lebanon's Hassan Nassrallah and Iran's Ali Khamenei will fill the current power vacuum in the Middle East with hate and destruction."

Columnist Urges Support For Islamic Moderates. The Wall Street Journal's (3/6, A18) Bret Stephens writes from the "landmark Summit on Secular Islam" in St. Petersburg, Florida that "for more than five years, the Bush administration has been attempting to enlist the support of the so-called moderates in the war on terror -- its definition of 'moderate' being remarkably elastic, to put it charitably." But Undersecretary Karen Hughes "is not at this summit, of course, nor is anyone else from the State Department, nor is the US-funded al-Hurra Arabic TV station. … Al-Jazeera,

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however, is here, suggesting that the real Arab mainstream better appreciates the broad interest the conference's speakers attract in the Muslim world, as well as their latent power."

Russia Revises Stance On US Missile Shield. The Financial Times (3/6, Buckley, Dombey, Williamson) reports Russia "said it was revising its military doctrine to reflect other powers' growing use of military force, while a Russian general warned again that Moscow could knock out elements of the US missile defence system planned for eastern Europe." The comments came as German Chancellor Angela Merkel "added her voice to the heated international debate over the missile defence system by calling for Nato to be given responsibility for defusing concerns over the plan." In an interview with the Times, Merkel said "Nato is the best place for discussion of this issue," arguing that Washington "should step up consultation with its western allies and Russia." Her statement "reflects concerns over increasing east-west tensions" over the proposed missile plan.

Meanwhile, the New York Times (3/6, A3, Shanker, Cooper, 1.16M) reports under the headline "US Moves To Soothe Growing Russian Resentment," that the Bush administration "has decided to reach out more often and more intensively to Russia at a time when the leadership in Moscow is harshly criticizing American policy and some scholars say the United States has not sufficiently tended to an important relationship." In the wake of growing tensions over the missile shield, "there is a growing acknowledgment among officials in Washington that the United States has not responded as rapidly or eloquently as it might have to a widespread sense of grievance in Russia."

Russia, US To Discuss START Treaty. In a front page article, the Washington Times (3/6, A1, Kralev, 88K) reports the Bush administration "has rebuffed Russian overtures to negotiate a legally binding replacement of the 1991 START I treaty" that is set to expire in 2009, US and Russian officials said yesterday. An "expert-level meeting…to discuss options after the treaty's expiration is expected to take place as soon as this month, but their differences are not likely to be resolved," the officials said. While the Russians "insist on a legally binding agreement," the Americans have focused on "transparency and confidence-building measures" that would still allow both sides to verify each others' arsenals and capabilities.

Putin Critic Dies In Fall From 5th-Floor Window. The Washington Times/London Daily Telegraph (3/6) reports that Ivan Safronov, a Russian journalist who had "criticized" President Vladimir Putin and "frequently irritated Russia's powerful intelligence services," died after falling from a fifth-floor window of an apartment building. Russian investigators said they believed that Safronov "committed suicide -- an interpretation that was challenged by colleagues."

US Official Says "Very Aggressive" Chinese Spies A Threat. In a front page article, the Washington Times (3/6, A1, Gertz, 88K) reports, "China's intelligence services are among the most aggressive at spying on the United States, followed by Cuban, Russian and Iranian spy agencies," according to the US government's top counterintelligence coordinator. In an interview with the Times, Joel F. Brenner, the new head of the Office of the National Counterintelligence Executive, said the US remains the No. 1 target of "virtually every significant espionage service on the face of the Earth." Specifically, Brenner said "China's intelligence activities have been 'very aggressive' at acquiring US advanced technology, often before it is fully developed here."

US Warns China On Military Build-Up. AFP (3/6, Knox) reports Washington "warned China Monday that its announced military spending boost was 'inconsistent' with peaceful growth and hinted that Beijing was understating its defense expenditures." National security council spokesman Gordon Johndroe told AFP, "This kind of spending not only concerns us but raises concerns among China's neighbors. This is inconsistent with China's policy of peaceful development."

Former Shanghai Stock Exchange Official Urges Changes To System. Fang Xinghai, former deputy chief executive of the Shanghai Stock Exchange, writes in the Wall Street Journal (3/6, A19, 2.04M) that following last week's unexpected drop in the Chinese stock exchange if the "government to intervene now as it did before, it would likely cause unnecessarily large volatilities, with serious results for the economy." A "better alternative than government intervention to ensure the smooth functioning of China's stock market," he says, "is to build in a self-adjusting mechanism," including the approval of "more new mutual funds, increase quotas under the Qualified Foreign Institutional Investor scheme so more overseas institutions can enter the market, and allow more insurance and pension money to be invested in stocks. And yes, hedge funds should be legalized."

Mixed Genocide Ruling Puts Pressure On Serbia. The New York Times (3/6, A10, Simons, 1.16M) reports last week's ruling by the UN's highest court "that found fault with Serbia under the Genocide Convention complicates Serbia's diplomatic rehabilitation, several legal experts said." They said the ruling "would bind diplomats of the European Union and NATO, whose ties with Serbia have been growing," even though the court "did not find that Serbia was directly responsible for the genocide" of Bosnian Muslims in 1995. The ruling also "had important effects reaching

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beyond Serbia, because any country sheltering" Bosnian Serb leaders Ratko Mladic and Radovan Karadzic "would now be considered in violation of the convention."

NYTimes Urges Japan To Apologize For WWII Sex Slaves. In an editorial, the New York Times (3/6, 1.16M) writes, "What part of 'Japanese Army sex slaves' does Japan's prime minister, Shinzo Abe, have so much trouble understanding and apologizing for?" Although the "underlying facts have long been beyond serious dispute," Abe "seems less concerned with repairing Japan's sullied international reputation than with appealing to a large right-wing faction within his Liberal Democratic Party that insists that the whole shameful episode was a case of healthy private enterprise." The Times says, "It is time for Japan's politicians -- starting with Mr. Abe -- to recognize that the first step toward overcoming a shameful past is acknowledging it."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"New York's Spitzer Looks To Schwarzenegger For Inspiration."
"Iraqi Risks All For A Chance To Flee Fear."
"L.A. Bridges Anti-Gang Effort Scrutinized."
"Walter Reed Hearing Brings Outrage And Apologies."
"Bomb Hits Baghdad Book Mart."
"Asian Air Pollution Affecting Weather."

USA Today:
"Only 28% Think U.S. Will Win In Iraq."
"Gang Peacemaker's Death Imperils Truce In Boston."
"Batteries Can Pose Fire Risk To Planes."
"Safety Tips."

New York Times:
"Bush To Set Out Shift In Agenda On Latin Trip."
"Soldiers Testify Over Poor Care At Walter Reed."
"Former Prosecutor Says Departure Was Pressured."
"Listening And Nodding, Clinton Shapes '08 Image."
"For Sex Offenders, A Dispute Over Therapy's Benefits."

Washington Post:
"Apologies, Anger At Walter Reed Hearing."
"Bolivia's Rural Women Are Remaking Cities, Lives."
"Democrats Alter Plan To Restrict Iraq War."
"In Va., Waiting List For Child Care Subsidy."
"Two Generals Provide A Contrast In Accountability."
"Second Lawmaker Contacted Prosecutor."

Washington Times:
"Webb Bill Limits Iran Fight."
"Russia U.S Will Discuss Start."
"Global Warming Labeled A 'Scam'."
"D.C. Drivers Flout Ban On Cell Phones."
"4 Radio Firms Commit Airtime To Indie Labels."
"China's Spies 'Very Aggressive Threat To US."

Detroit Free Press:
"The Final Moments Of Tara's Life."
"Tax Bill Blues."

Atlanta Journal-Constitution:
"Fined For Warming Up Car? Forest Park Says It's The Law."
"PSC To Vote On Secret Access."
"On patrol In Iraq's Wild West."
"DOT: More Left-Hand Exits Possible."

Houston Chronicle:
"Of 6,600 TYC Abuse Cases, 18 Pursued."
"Couldn't hear Hannah/ Refunds Are Available."
"Legislators OK Death For Some Pedophiles."
"Astronaut's E-Mail Gives New Details On Triangle."
"841-Pounding Woman Who Sought A Better Life Dies."

Story Lineup From Last Night's Network News:
ABC: Walter Reed Hearings; Cheney's Speech-Walter Reed; Cheney-Blood Clot; Giuliani's Presidential Bid; Funerals-Enterprise Alabama; Iraqi Student Starts-Thomas College; Stock Market; Earlier Female Puberty; Wind Proof Umbrellas; Spam Vs Spam.
CBS: Walter Reed Hearing; Cheney-Walter Reed; Cheney-Blood Clot; Iraq Violence; Afghanistan-Civilian Deaths; Clinton, Obama-Selma; AL Tornado Funerals; Disaster Volunteers; Overweight Girls; Daylight Savings Time.
NBC: Securing Baghdad; Securing Sadr City; Walter Reed Hearings; Walter Reed Scandal-Analysis; Stock Market; Cheney Blood Clot; Pursuit Of Happiness; Troop Surge.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Iraq-US KIAs; Walter Reed-Congressional Hearings; Indonesia-Earthquakes; Bedford, IN-Plane Crash; Asian Stock Markets; Wall Street; Cheney-Blood Clot; Mega Millions Lottery; Sacramento Kings Basketball Player Arrested.
CBS: Iraq-US KIAs; NATO-Offensive Against Taliban In Afghanistan; Walter Reed-Congressional Hearings; Bush American Legion Speech; House Judiciary Committee-Fired Prosecutors; Indonesia-Earthquakes; Airlines-On-Time Records; Sacramento Kings Basketball Player Arrested; Computer Processing Study.
NPR: Watchdog Group Wants Sen. Domenici Investigated For Calling Fired US Attorney; Bedford, IN-Plane Crash; Indonesia-Earthquakes; Iraq-US KIAs; NATO-Offensive Against Taliban In Afghanistan; Canadian Hearing Into 1985 Terrorist Attack Resumes; More Sanctions Against Iran Being Considered; Tokyo Stock Exchange.

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WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Addresses the American Legion convention, Renaissance Hotel.

VICE PRESIDENT CHENEY — No public schedule.

US Senate: 9:30 a.m. VETERANS AFFAIRS _ Full Committees. Joint hearing to hear the presentation by the Veterans of Foreign Wars. Location: Cannon Caucus Room.

9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on child nutrition in schools. Testimony: Janey Thornton, Child Nutrition Director, Hardin County School District, Elizabethtown, Kentucky; Teresa Nece, director, Food and Nutrition Des Moines Public Schools, Iowa; Susan Neely, CEO, American Beverage Association, Washington, DC; Mary Lou Hennrich, Executive Director, Community Health Partnership, Portland, Oregon; Kelly Brownell, Founder and Director, Rudd Center for Food Policy and Obesity, Yale University, New Haven, Connecticut. Location: Room 216, Hart.

9:30 a.m. ARMED SERVICES _ Full Committee. Hearing on conditions at Walter Ready Army Medical Center. William Winkenwerder Jr., assistant secretary of defense for health affairs; Gen. Richard A. Cody, vice chief of staff, Army; Lt. Gen. Kevin C. Kiley, surgeon general, Army; Maj. Gen. George W. Weightman, formerly commanding general, North Atlantic Regional Medical Command and Walter Reed Army Medical Center. Location: Room 106, Dirksen

10 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Full Committee. Hearing on the Corporate Average Fuel Economy (CAFE) standards. Location: Room 253, Russell.

10 a.m. JUDICIARY _ Full Committee. Hearing on politicization in the hiring and firing of U.S. attorneys. H.E. ``Bud Cummins, III, former U.S. Attorney, Eastern District of Arkansas; David C. Iglesias, former U.S. Attorney, District of New Mexico; Carol Lam, former U.S. Attorney, Southern District of California; John McKay, former U.S. Attorney, Western District of Washington. Location: Room 226, Dirksen.

2:15 p.m. FOREIGN RELATIONS _ Full Committee. Markup of pending legislation and votes on nominations. Location: Room S-116, Capitol.

2:30 p.m. SELECT INTELLIGENCE _ Full Committee. Closed. Hearing on Iraqi intelligence issues. Location: Room 219, Hart.

US House: FLOOR SCHEDULE _ 9 a.m. Meets for morning business and at 10 a.m. for legislative business. Highlights: Suspensions (11 bills): 1) H.Res. 98 - Honoring the life and achievements of the late Dr. John Garang de Mabior and reaffirming the continued commitment of the House of Representatives to a just and lasting peace in the Republic of the Sudan; 2) H.R. 987 - To endorse further enlargement of the North Atlantic Treaty Organization (NATO) and to facilitate the timely admission of new members to NATO, and for other purposes; 3) H.Res. 149 - Supporting the goals of International Women's Day; 4) H.Res. 180 - Honoring the life and achievements of Leo T. McCarthy and expressing profound sorrow on his death; 5) H.Res. 162 - Recognizing the contributions of the Nego baseball Leagues and their players for their achievements, dedication and sacrifices to baseball and the Nation; 6) H.Con.Res. 62 - Supporting the goals and ideals of a National Children and Families Day, in order to encourage adults in the United States to support and listen to children and to help children throughout the Nation achieve their hopes and dreams, and for other purposes; 7) H.R. 710 - Living Kidney Organ Donation Act; 8) H.R. 584 - To designate the headquarters building of the Department of Education in Washington, DC, as the Lyndon Baines Johnson Federal Building; 9) H.R. 544 - To designate the United States courthouse at South Federal Place in Santa Fe, New Mexico, as the ``Santiago E. Campos United States Courthouse;" 10) H.R. 399 - To designate the United States Courthouse to be constructed in Jackson, Mississippi, as the ``R. Jess Brown United States Courthouse;" 11) H.Res. 182 - Commending and congratulating Virginia State University on the occasion of its 125th anniversary.

9:30 a.m. VETERANS AFFAIRS _ Full Committees. Joint hearing to hear the presentation by the Veterans of Foreign Wars. Location: Cannon Caucus Room.

9:30 a.m. APPROPRIATIONS _ Interior, Environment and Related Agencies Subcommittee. Hearing on the Interior Department. Secretary Kempthorne. Location: Room B-308, Rayburn.

9:30 a.m. ENERGY AND COMMERCE _ Health Subcommittee. Hearing on options for improving the Medicare physician payment system. Location: Room 2123, Rayburn.

10 a.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the FY08 budget for the Commerce Department. Andrew Reamer, Brookings Institution; Marsha Schachtel, Hopkins Institute for Policy Studies. Location: Room H-309, Capitol.

10 a.m. APPROPRIATIONS _ Military Construction, VA and Related Agencies Subcommittee. Hearing on veterans Medical care. Carl Blake of Paralyzed Veterans of America, and Joy Ilem of Disabled American Veterans. Location: Room H-143, Capitol.

10 a.m. APPROPRIATIONS _ Labor, HHS, Education and Related Agencies Subcommittee. Hearing on FY08 appropriations for the NIH. NIH Director Elias Zerhouni; John Niederhuber, National Cancer Institute; Elizabeth Nabel,

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National Heart, Lung and Blood Institute; Anthony Fauci, National Institute of Allergy and Infectious Diseases; Duane Alexander, National Institute of Child Health and Human Development; John Ruffin, National Center on Minority Health and Health Disparities. Location: Room 2359, Rayburn.

10 a.m. APPROPRIATIONS _ Energy and Water Development and Related Agencies Subcommittee. hearing on FY08 appropriations for the Energy Department. Secretary Bodman. Location: Room 2362B, Rayburn.

10 a.m. APPROPRIATIONS _ Agriculture, Rural Development, FDA and Related Agencies Subcommittee. Hearing on the Natural Resources Conservation Service. Undersecretary of Agriculture Mark Rey. Location: Room 2362A, Rayburn.

10 a.m. APPROPRIATIONS _ Homeland Security Subcommittee. Hearing on container security challenges. Jay Ahern, Customs and Border Patrol; Vayl Oxford, Domestic Nuclear Detection Office. Location: Room 2212, Rayburn.

10 a.m. APPROPRIATIONS _ Financial Services and General Government Subcommittee. Hearing on issues in the federal workforce. OPM Director Linda M. Springer; Anthony Gordon McPhie, chairman, Merit Systems Protection Board; J. Christopher Mihm, GAO; Colleen Kelley, national president, National Treasury Employees Union; J. David Cox, national secretary treasurer, AFGE; Max Stier, Partnership for Public Service. Location: Room 2220, Rayburn.

10 a.m. APPROPRIATIONS _ State, Foreign Operations and Related Programs Subcommittee. Hearing on the political and reconstruction strategy for Iraq. Former Amb. Peter Galbraith; Lawrence Korb of the Center for American Progress; rertired Army Col. Lawrence Wilkerson; reservist Christopher Stockel. Location: Room 2358, Rayburn.

10 a.m. BUDGET _ Full Committee. Hearing on the FY08 defense budget. Deputy Secretary Gordon England. Location: Room 210, Cannon.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on ``Carbon Capture and Sequestration: An Overview." Location: Room 2322, Rayburn.

10 a.m. FINANCIAL SERVICES _ Full Committee. Markup of the Gulf Coast Hurricane Housing Recovery Act of 2007. Location: Room 2128, Rayburn.

10 a.m. FOREIGN AFFAIRS _ International Organizations, Human Rights and Oversight Subcommittee. Hearing on global opinion polls about American policies, values and people. Steve Kull, University of Maryland. Location: Room 2172, Rayburn.

10 a.m. HOMELAND SECURITY _ Full Committee. Hearing on the Rail and Public Transportation Security Act of 2007. Kip Hawley, Administrator, Transportation Security Agency; Terri Rosapep, Deputy Associate Administrator for Program Management, Department of Transportation; Richard Fairfax, Director of Enforcement Programs at OSHA, Department of Labor; Richard Falkenrath, Deputy Commissioner for Counterterrorism, New York City Police Department; Ed Rodzwicz, President, Teamsters Rail Conference; Bill Millar, President, American Public Transportation Association; Edward Hamberger, President, American Association of Railroads; Fred Weiderhold, Inspector General, Amtrak; David Shuman, Private citizen. Location: Room 311, Cannon.

10 a.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Meeting to seek additional subpoenas for U.S. Attorneys dismissed by the Bush Administration. Location: Room 2141, Rayburn.

10 a.m. NATURAL RESOURCES _ Fisheries, Wildlife and Oceans Subcommittee. Hearing on reauthorization of the Coal Reef Conservation Act of 2000. Tim Keeney, NOAA; David B. Cohen, Deputy Assistant Secretary for Insular Affairs, Interior Department; Evangeline Lujan, Administrator, Guam Coastal Management Program; Chris Bergh, Director of the Florida Keys Program, The Nature Conservancy. Location: Room 1324, Longworth.

11 a.m. EDUCATION AND LABOR _ Full Committee. Hearing on hidden 401K plan fees.Stephen J. Butler, president, Pension Dynamics Corp., Pleasant Hill, Calif.; Barbara D. Bovbjerg, GAO; Matthew Hutcheson, independent pension fiduciary, Tigard, Ore. Location: Room 2175, Rayburn.

11 a.m. WAYS AND MEANS _ Income Security and Family Support Subcommittee. Hearing on the impact of legislative changes to low income programs. Location: Room B-318, Rayburn.

2 p.m. APPROPRIATIONS _ Transportation, HUD and Related Agencies Subcommittee. Hearing on management challenges in the Transportation Department. IG Calvin Scovel; Patricia Dalton, GAO. Location: Room 2358, Rayburn.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the Commerce Department budget for FY08. Secretary Gutierrez. Location: Room 2359, Rayburn.

2 p.m. ARMED SERVICES _ Readiness Subcommittee. Hearing on the National Security Personnel System. Michael Luis Dominguez, principal deputy undersecretary of Defense for personnel and readiness; John Gage, national president, AFGE; Max Stier, president and CEO, Partnership for Public Service Location: Room 2118, Rayburn.

2 p.m. FOREIGN AFFAIRS _ Full Committee. Hearing on Iran. Undersecretary of State Nicholas Burns. Location: Room 2172, Rayburn.

2 p.m. JUDICIARY _ Commercial and Administrative Law Subcommittee. Hearing on pending legislation regarding terms of U.S. attorneys. David C. Iglesias, Carol Lam, H.E.

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Cummins III, John McKay, former U.S. attorneys who were recently fired by the Bush administration Location: Room 2141, Rayburn.

2 p.m. OVERSIGHT AND GOVERNMENT REFORM _ Information Policy, Census and National Archives Subcommittee. Markup of pending legislation. Location: Room 2154, Rayburn.

2 p.m. WAYS AND MEANS _ Health Subcommittee. Hearing on a Medicare Payment Advisory Commission report on sustainable growth rates. Commission chairman Glenn Hackbarth; Brfuce Vladeck, University of Medicine and Dentistry of New Jersey; Gail Wilensky, Project Hope. Location: Room 1100, Longworth.

Other: KING ABDULLAH OF JORDAN _ Highlights: 6 p.m. Airing of interview on The NewsHouse with Jim Lehrer.

COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Highlights: 8:30 a.m. - 10:30 a.m. Second General Session. Participants: Sen. Chuck Hagel, R-Neb. 12:30 p.m. - 2:30 p.m. Attendee Luncheon. Speakers: Sens. John McCain, R-Ariz., and Joe Biden, D-Del., both presidential hopefuls. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

VFW CONFERENCE _ The Veterans of Foreign Wars holds its Washington Conference. Location: Omni Shoreham Hotel, 2500 Calvert St. NW.

AMERICAN LEGION-NATIONAL DC CONFERENCE _ The American Legion 47th National Washington Conference. Highlights: 8:35 a.m. Remarks by Paul A. Morrin, National Commander of the American Legion. 9 a.m. Veterans Small Business Workshops Event (all day event). 9 a.m. Update on Operation Iraqi Freedom. 9:15 a.m. Remarks by Rep. Duncan Hunter. 9:30 a.m. Ike Skelton, U.S. House of Representatives; Troops Injured in Iraq - Chris Bain, SSgt, USA, Retired PA Army Reserve. 10:05 a.m. Address by President Bush. 10:30 a.m. R. James Nicholson, Secretary, Department of Veterans Affairs. 10:45 a.m. Richard E. Neal, U.S. House of Representatives. Location: Renaissance Washington Hotel, 999 9th St. NW.

ATTORNEYS GENERAL _ The National Association of Attorneys General holds its spring meeting. Highlights: 10:30 a.m. Session with Sens. John Kerry and Lindsey Graham. 11:30 a.m. Session on anti-counterfeiting and piracy, with Lisa Rickard of the U.S. Chamber Institute for Legal Reform; and Caroline Joiner of the U.S. Chamber of Commerce. 3 p.m. Meeting with Attorney General Gonzales and FBI Director Mueller. Location: Fairmont Hotel, 2401 M St. NW.

HISPANIC CHAMBER _ The United States Hispanic Chamber of Commerce holds its 17th annual legislative conference, ``Advancing Latino Entrerpreneurship -- It's Just Good Business." Highlights: 10 a.m. Healthcare Workshop sponsored by PhRMA. Speaker: Michael K. Leavitt, U.S. Secretary of Health and Human Services. Panelists: Albert Collazo, Minority Outreach Director for the Pharmaceutical Research and Manufacturers of America (PhRMA); Amanda Austin, Manager for Legislative Affairs for the National Federation Independent Business; and Bernadette Fernandez, Health Care Analyst at the Congressional Research Service. 12:30 p.m. - 1:15 p.m. Legislative Luncheon. Keynote Speakers: Senators Robert Menendez and Ken Salazar. 3:30 p.m. Session on international relation and trade with Latin America with Rep. Henry Cuellar, Colombian Amb. Carolina Barco Isakson, Assistant USTR Everett Eissenstat, others. 7 p.m. - 9:30 p.m. Legislative Awards Dinner. Sponsors: Altria Group, Inc.,TOYOTA, WaMu. Speakers: Senator Mel Martinez Congressman Silvestre Reyes. This event at the Mayflower Hotel Grand Ballroom 1127 Connecticut Ave. NW. Location: Ronald Reagan Building & International Trade Center 1300 Pennsylvania Ave. NW.

HOSPITALS _ The Federation of American Hospitals holds its 2007 Public Policy Conference and Business Exposition. Highlights: 8:10 a.m. Conference opening remarks by Chip Kahn, President, Federation of American Hospitals; and Keith Pitts, Chairman, Federation of American Hospitals. 8:15 a.m. Introduction for speech by Rep. Charkes Rangel, D-N.Y. 8:45 a.m. Introduction fors peech by Sen. John McCain, R-Ariz. 9:15 a.m. Introduction for speech by Sen. Wyden, D-Ore. 9:45 a.m. Introduction for speech by HHS Secrertary Mike Leavitt. 7 p.m. - 9 p.m. Chairmen's Dinner. Note: working media are welcome to dine. Entertainment by the Capitol Steps. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

STATE HOUSING AGENCIES _ The National Council of State Housing Agencies holds its Washington Legislative Conference. Highlights: 9 a.m. - 11 a.m. Town Hall Meeting. Congressional housing leaders and housing industry experts come together to identify the major affordable housing challenges the nation confronts and propose solutions in an interactive roundtable format. Invited congressional participants include: Reps. Barney Frank, D-Mass.; Jim McCrery, R-La., Ranking Member, House Ways and Means Committee; Jim Ramstad, R-Minn.; Charles Rangel, D-N.Y., and Sens. Orrin Hatch, R-Utah; Patty Murray, D-Wash.; Jack Reed, D-R.I.; and Charles Schumer, D-N.Y. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

PAIN KILLERS _ 8:15 a.m. - 4:45 p.m. The National Institute on Drug Abuse holds a 2-day conference on prescription opioid misuse by patients with chronic, nonmalignant pain conditions. Highlights: 8:30 a.m. NIH Director Elias Zerhouni. Location: Natcher Conference Center, NIH, Bethesda.

FOOD SAFETY SUMMIT _ Food Safety and Security Summit. Location: Washington Convention Center.

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US-LATAM RELATIONS _ 8:30 a.m. - 9:45 a.m. The Woodrow Wilson Center hosts an on-the-record media breakfast briefing about U.S.-Latin American relations in advance of President George W. Bushs March 8-14 trip to Brazil, Uruguay, Colombia, Guatemala, and Mexico. The media briefing will feature Cynthia J. Arnson, Director of the Wilson Centers Latin American Program; Andrew Selee, Director of the Centers Mexico Institute; and Paulo Sotero, Director of the Brazil Institute. Location: Woodrow Wilson International Center for Scholars, 4th floor Conference Room, Ronald Reagan Building, 1300 Pennsylvania Ave. NW.

SPRATT-WALTER REED _ 9 a.m. Rep. John Spratt, D-SC, meets with constituent Annette McLeod, of Chesterfield, SC. McLeod is speaking out in the national media this week about the treatment her husband has received at Walter Reed Army Medical Center. Location: Room 1401, Longworth House Office Building.

CHILDREN-HEALTH INSURANCE _ 9 a.m. - 11 a.m. Sen. Max Baucus, D-Mont., Senate Finance Committee Chairman, joins national health policy experts Genevieve Kenney and Len Nichols and Raymond Scheppach of the National Governors Association to examine how the State Childrens Health Insurance Program (SCHIP) has increased health insurance for low-income children, what kinds of challenges the program faces in the future, how to build on the programs successes, and the political solutions that are likely to prevail in the current budgetary environment. The briefing will highlight articles by leading experts on children's health care and insurance issues appearing in the March/April 2007 issue of Health Affairs. Location: National Press Club, Holeman Lounge.

CLEAN CARS AND FUELS _ 10 a.m. Progressive Policy Institute forum on ``Clean Cars, Clean Fuels: Reducing Americas Reliance on Foreign Oil.'' Delaware Senator Tom Carper will unveil reports on plug-in hybrid electric vehicles (PHEVs) and advanced biofuels as part of a clean energy blueprint. Location: HC-5, US Capitol.

HOUSE REPUBLICANS _ 10 a.m. House GOP Leadership holds a media availability following the 9 a.m. meeting of the House Republican Conference. Location: House Radio-TV Gallery.

HUMAN RIGHTS _ 10 a.m. State Department holds a briefing to release its 2006 Country Reports on Human Rights Practices. Secretary Rice will have opening remarks. Location: State Department briefing room.

LATAM TRIP _ 10 a.m. The Center for American Progress holds a telephone conference call on President Bush's Latin American trip. Contacts: Vanessa Cardenas, 202-682-1611.

NO CHILD LEFT BEHIND _ 10 a.m. Sens. Edward Kennedy and Mike Enzi hold a roundtable discussion on the reauthorization of the No Child Left Behind Act. Participants include Pam Burtnett, President, Lake County Education Association, Fla.; Dr. Linda Darling Hammond, Stanford University; Kati Haycock, President, The Education Trust; Barbara Maguire, Park Elementary School, Casper, Wyo.; Dr. William Sanders, SAS Institute, Cary, N.C.; Jon Schnur, New Leaders for New Schools, New York; Jesse Solomon, Boston Teacher Residency; Wanda Watkins, Thurgood Marshall Elementary School, Richardson, Texas; Dr. Beverly Young, California State University, Long Beach. Location: Room 430, Dirksen.

BIPARTISAN POLICY _ 10:30 a.m. Four former U.S. Senate majority leaders hold press conference to announce the establishment of the Bipartisan Policy Center. Howard Baker, Tom Daschle, Bob Dole and George Mitchell will participate. Location: Room 538, Dirksen.

VETERANS-PTSD _ 11 a.m. Reps. Jim Moran and Ray LaHood and John Terzano, Vice President of Veterans for America, hold news conference. They'll introduce the ``Lane Evans Health and Benefits Improvement Acts to improve veterans access and treatment for Post Traumatic Stress Disorder (PTSD). Location: House Radio TV Gallery.

HOYER _ 11:30 a.m. House Majority Leader Steny Hoyer holds pen and pad only briefing. Location: Room H-107, Capitol.

EMILY'S LIST _ 11:45 a.m. EMILY's List holds its Washington, D.C., luncheon celebrating the results of the November midterm elections and honoring Speaker Nancy Pelosi. The event will feature EMILY's List Founder and President Ellen R. Malcolm, Senators Hillary Rodham Clinton, Amy Klobuchar, Claire McCaskill and pro-choice Democratic women office-holders and candidates on the federal, state and local levels from around the country. Location: Washington Convention Center 801 Mount Vernon Place NW.

HOUSE DEMOCRATS _ 12 p.m. House Democratic Caucus meets. Closed. Location: Room HC-5, Capitol. Notes: No media availability expected after the meeting. Stakeout in the Cenbter Steps Hallway.

MIDDLE EAST POLICY-US MARINES _ 12 p.m. Marine Corps Lieutenant General Paul Van Riper speaks on the US military's role in the global war against Islamic insurgencies, emerging threats and possible future conflicts. Location: MEI Boardman Room, 1761 N Street, NW.

TRADE-FAST TRACK _ 12 p.m. Sens. Byron Dorgan, D-ND, and Sherrod Brown, D-Ohio, hold a press conference to announce a major effort regarding President Bush's proposal for renewal of fast track trade negotiating authority. Location: Senate Radio/TV Gallery.

DEMOCRATS _ 12:30 p.m. The Democratic Policy Committee holds a closed meeting. Location: Room S-211, Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

REPUBLICANS _ 12:30 p.m. The Republican Policy Committee holds a closed meeting. Location: Room S-207,

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Capitol. Notes: Stakeout note: Gallery escort for policy luncheons leaves at 11:30 a.m. from the Ohio Clock Corridor.

ANTI WAR DEMONSTRATION _ 1 p.m. Organizers of the upcoming March 17 Pentagon anti-war demonstration hold a news conference to announce plans for the protest. Participants include Cindy Sheehan, Ramsey Clark, A.N.S.WE.R. Coalition National Coordinator Brian Becker. Location: National Press Club.

HABEAS CORPUS RIGHTS _ 1 p.m. The American Civil Liberties Union will join with voices from both the right and the left to hold a conference call briefing to discuss the need to restore habeas corpus rights. Caroline Fredrickson, Director, ACLU Washington Legislative Office. Bruce Fein, former Justice Department Official under President Reagan and Constitutional Scholar. John D. Hutson, President and Dean, Franklin Pierce Law School, United States Navy Rear Admiral (retired) and former Judge Advocate General of the Navy. Notes: Dial in number: 1-800-816-4134. Access Code: 69922.

IRAQ _ 1 p.m. Reps. Martin Meehan, Todd Akin, others, hold a news conference on Iraq oversight. Location: House Radio-TV Gallery.

MCCREEVY _ 1 p.m. Charlie McCreevy, European Union Commissioner for Internal Market and Services, will be the luncheon speaker at a U.S. Chamber of Commerce forum on European Union and U.S. Capital Markets Competitiveness. Location: U.S.Chamber headquarters, 1615 H St. NW.

STUDENT PRIVACY _ 1 p.m. Reps. Mike Honda, National Education Associaton President Reg Weaver hold a news conference to announce reintroduction of a bill calling for protection of student data in military recruitment. Location: Room 402, Cannon.

NCLR-IMMIGRATION _ 5:30 p.m. The National Council of La Raza honors Senator Lindsey Graham and Representative Luis Gutierrez for their immigration reform efforts, and to presents the groups Public Service Award to Roger Cardinal Mahony, Archbishop of Los Angeles, for his stance toward immigration. Location: National Building Museum, 401 F St. NW.

WOMEN-CONGRESS _ 6:30 p.m. The Congressional Caucus for Women's Issues hosts a 30th anniversary event to celebrate the first woman Speaker of the House, Nancy Pelosi, and the record high number of women in Congress at a Union Station gala. The Caucus will be announcing its legislative priorities for the 110th Congress, including a bill to prohibit genetic information discrimination by employers and health insurers. Location: Union Station, East Hall.

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USDOJ- Office of Public Affairs

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DEPARTMENT OF JUSTICE *NEWS CLIPS*

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: TUESDAY, MARCH 6, 2007 7:45 AM EST

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TERRORISM NEWS:

Privacy Board Clears U.S. Spy Programs (AP)

By Hope Yen, Associated Press Writer
AP, March 6, 2007

A White House privacy board is giving its stamp of approval to two of the Bush administration's controversial surveillance programs — electronic eavesdropping and financial tracking — and says they do not violate citizens' civil liberties.

Democrats newly in charge of Congress quickly criticized the findings, which they said were questionable given some of the board members' close ties with the Bush administration.

"Their current findings and any additional conclusions they reach will be taken with a grain of salt until they become fully independent," said Rep. Bennie Thompson, D-Miss., who chairs the House Homeland Security Committee.

After operating mostly in secret for a year, the five-member Privacy and Civil Liberties Board is preparing to release its first report to Congress next week.

The report finds that both the National Security Agency's warrantless eavesdropping program and the Treasury Department's monitoring of international banking transactions have sufficient privacy protections, three board members told The Associated Press in telephone interviews.

Both programs have multiple layers of review before sensitive information is accessed, they said.

"We looked at the program, we visited NSA and met with the top people all the way down to those doing the hands-on work," said Carol Dinkins, a Houston lawyer and former Reagan administration assistant attorney general who chairs the board.

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"The program is structured and implemented in a way that is properly protective and attentive to civil liberties," she said.

Some board members were troubled by the Homeland Security Department's error-ridden no-fly lists, which critics say use subjective or inconclusive data to flag suspect travelers.

One area the board will focus on in its report is the computerized anti-terrorism screening system recently announced by DHS and used for years without travelers' knowledge to assign risk assessments to millions of Americans who fly abroad.

"That's a place where there's a lot of opportunity for improvement," Dinkins said.

Lanny Davis, a former Clinton White House counsel and the lone Democrat on the panel, described the board's first report to Congress as modest. He said most of the work in the past year was spent being briefed on the administration's surveillance programs.

"We felt reassured regarding the checks-and-balance concerns," Davis said. He said that after several classified briefings, members were impressed by the multiple layers of review, which included audit trails to track whoever has access to the data.

Still, Davis said he anticipated the board will continue to monitor the program as needed. "It would be a mistake if that was the end of the review," he said.

The board's initial findings come as Congress is moving forward on measures to give the board more authority and make it more independent of the president. Created in late 2004, the panel was established as a compromise between Congress and the White House after a recommendation by the Sept. 11 commission.

Both conservative and liberal civil liberties groups have urged the members to aggressively review the eavesdropping program and have questioned whether board members would stand up to the president if he were flouting the law.

In recent weeks, the administration has agreed to let a secret but independent panel of judges oversee the program. But many lawmakers and civil libertarians have remained skeptical about its legality, and the Justice Department's inspector general is investigating whether the agency used any of the information improperly.

The warrantless program monitors phone calls and e-mails between the United States and other countries that are suspected to be linked to agents of al-Qaida. A federal judge in Detroit last August declared the program unconstitutional. Government attorneys have since asked a Cincinnati-based appeals court to dismiss the lawsuit, arguing the case is moot because the surveillance is now monitored by a secret court.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, called it absurd that the White House board effectively gave the eavesdropping program its stamp of approval even before the administration was forced to backtrack and submit it to court oversight.

"I have no confidence in the current board in its ability to provide meaningful evaluation of important programs such as the no-fly lists, based on its work on the domestic surveillance program," he said. "It is critical that Congress make the civil liberties board independent of the executive branch."

The board does not have subpoena power, and the White House can change its annual reports before they go to Congress. The members serve at the pleasure of Bush, and Attorney General Alberto Gonzales has final say over whether officials must comply with the board's recommendations.

Separate House and Senate measures would require that the entire board — not just the chairman and vice chairman — be confirmed by the Senate.

The House version would also remove the board from the executive office of the president but keep it within the executive branch and give it subpoena power. The Senate version would keep the board within the executive office and allow it to ask the attorney general to issue subpoenas, with notice to Congress required if a subpoena request was refused or modified.

The privacy board members declined to comment on the proposed legislation. But they have made it clear they believe the board works effectively in its current structure and that it could alienate the president if members took on a more openly adversarial role.

Bush appointed Dinkins, a Republican, to chair the board. A longtime friend of the Bush family, she was treasurer of Bush's first campaign for governor of Texas, and she is a longtime partner in the law firm of Vinson & Elkins, where Gonzales was once a partner.

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The panel's other GOP members are vice chairman Alan Raul, a Washington attorney, and former U.S. Solicitor General Theodore Olson. Former Ambassador Francis Taylor is an independent.

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On the Net:

Privacy and Civil Liberties Oversight Board: http://www.whitehouse.gov/privacyboard/

Experts Want New Definition Of Torture (AP)

By William J. Kole, Associated Press Writer

AP, March 6, 2007

Prisoners who endure poor or degrading treatment suffer much of the same long-term psychological distress as do captives who are tortured, suggests a study published Monday.

The study was based on interviews with victims of ill treatment and torture while imprisoned in the former Yugoslavia, and experts said the findings underscored the need for a broader definition of torture.

"What is the basis for the distinction between torture and other cruel and degrading treatment? Science should inform this debate," the study's lead author, Metin Basoglu of the Institute of Psychiatry at King's College in London, told The Associated Press in a telephone interview. The study was published in the Archives of General Psychiatry.

Steve H. Miles of the University of Minnesota's Center for Bioethics, who was not involved in the study, said the findings "show that the severity of long-lasting adverse mental effects is unrelated to whether the torture or degrading treatment is physical or psychological."

"The wrongness of these inflicted harms is compounded by the fact that most abused prisoners, including those in the present war on terror, are innocent or ignorant of terrorist activities," Miles said.

The Bush administration has said the U.S. uses legal interrogation techniques — not torture — to gain information that could head off terror attacks. It insists that the U.S. complies with the U.N. Convention Against Torture.

Yet Washington's definition of torture, as interpreted by the U.S. Justice Department after reports of American abuses at Guantanamo Bay and in Iraq and Afghanistan surfaced, is fairly narrow.

It excludes mental pain and suffering created by acts that do not cause severe physical pain, such as blindfolding, hooding, forced nudity, isolation and deprivation of sleep or light, the researchers said, citing a Dec. 30, 2004, Justice Department memo. The document also contends that for an act to be considered torture, there must be proof that it inflicts "prolonged mental harm."

"The implications of such a narrow definition of torture have raised serious concerns in the human rights community," said the study. "These findings suggest that physical pain per se is not the most important determinant of traumatic stress in survivors of torture."

The study involved interviews with 279 victims who suffered ill treatment and torture while imprisoned in the 1990s in the former Yugoslavia.

The researchers said they found that aggressive interrogation techniques, humiliating treatment, verbal abuse, threats against a captive's family and being forced to watch an acquaintance being tortured produced much of the same long-term mental trauma as physical torture.

"Sham executions, witnessing torture of close ones, threats of rape, fondling of genitals and isolation were associated with at least as much if not more distress than some of the physical torture stressors," they wrote.

Such experiences were just as likely as physical torture to lead to depression or post-traumatic stress disorder, the study said.

"Ill treatment during captivity ... does not seem to be substantially different from physical torture in terms of the severity of mental suffering they cause," it concluded. "These procedures do amount to torture, thereby lending support to their prohibition by international law."

Shukrije Gashi, a pro-independence activist in Kosovo, was jailed by Yugoslav authorities in 1983 and spent nearly two years as a political prisoner. Strictly speaking, she wasn't tortured, but 2 1/2 decades later it still feels that way, she says.

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Gashi was confined to a cramped, unventilated cell and fed small rations of often-rotten food. Allowed to shower just once a month, she endured frequent beatings and verbal abuse.

Today, she still trembles whenever she sees the police. Her ordeal, she says, is "a spiritual burden that stays with you forever."

Gashi copes by writing poetry and running a center for conflict management.

But 24 years later, she still can't erase the indelible memories of what she endured.

"The treatment in prison was horrific," she said. "I remain psychologically burdened. Memories of the violence follow me like a shadow."

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Associated Press Writer Garentina Kraja in Kosovo contributed to this report.

US Has No Case For Redefining Torture: Study (AFP)

By Louise Daly

AFP, March 6, 2007

US government attempts to redefine torture are flawed, a new study argued Monday, as psychological torture can inflict the same kind of long term damage on victims as physical torture.

The investigators said their findings undermine moves by the US government to narrow its definition of torture in order to free interrogators to use certain psychological methods aimed at breaking a prisoner's resistance.

"The distinction between torture and degrading treatment is not only useless, but also dangerous," said Steven Miles, professor of bioethics at the University of Minnesota, Minneapolis, in an accompanying editorial in the journal of the Archives of General Psychiatry.

Researchers who evaluated the mental health of soldiers and civilians tortured during the 1990s Balkan wars found that victims of psychological abuse were just as likely to suffer from post-traumatic stress disorder (PTSD) and depression as victims of classic physical torture methods.

The researchers also reported that the torture victims rated some techniques such as stress positions, isolation, sleep deprivation and blindfolding as distressing as most physical torture methods.

"Ill treatment during captivity, such as psychological manipulations, humiliating treatment, and forced stress positions, does not seem to be substantially different from physical torture in terms of the severity of mental suffering they cause," the study's authors wrote.

"Thus, these procedures do amount to torture, thereby lending support to their prohibition by international law," they wrote in the journal.

In 2003, lawyers for the US Justice Department and a Pentagon working group report on detainee interrogations made the case for a narrow definition of torture that excludes procedures such as blindfolding and hooding, forced nudity, isolation and other psychological manipulations.

The Justice Department memorandum argued that the scope of the term torture should be limited to those acts which could be shown to result in "prolonged mental harm," according to the study.

The development followed allegations of human rights abuses at US detention facilities in Iraq, Afghanistan and Guantanamo Bay, Cuba.

However, the authors of this paper said that based on their analysis of the experiences of torture victims from the modern Balkans conflict, the US appears to be drawing a distinction without a difference.

They said their analysis of 279 Bosnian, Croatian and Serb torture survivors showed that the individuals who suffered psychological abuse had the same rates of depression, PTSD, and social and work-related problems as others who had endured beatings, burnings, sexual abuse and other forms of physical punishment at the hands of their captors.

They suggested that the trauma is the same, because regardless of the form of aggression, the effect is to create fear or anxiety in the detainee while at the same time removing any form of control from the person in order to create a state of total helplessness.

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The study was written by Metin Basoglu, head of trauma studies at the Institute of Psychiatry, King's College, London, with help from colleagues at the department of psychiatry at the Clinical Hospital Zvezdara in Belgrade.

Guantanamo Detainees Ask Supreme Court To Guarantee Legal Rights (AP)

By Mark Sherman, The Associated Press

AP, March 6, 2007

Lawyers for Guantanamo detainees held more than five years without charges asked the Supreme Court Monday to step in a third time to guarantee that they can challenge their confinement in U.S. courts.

The detainees want the justices to hear their case and issue a decision before the Court ends its term in early summer.

"Not only are these questions of paramount legal importance, but the extreme and worsening plight of the Guantanamo detainees make them questions of great humanitarian urgency as well," lawyers for the detainees wrote in court papers urging the justices to decide the case.

The Court has twice ruled that foreigners imprisoned at the U.S. naval base in Cuba can pursue their cases in American courts, rejecting Bush administration arguments.

The latest Supreme Court appeal follows a federal appeals court ruling last month that limited detainees' legal rights. The 2-1 decision by the U.S. Court of Appeals for the D.C. Circuit upheld a key provision of the Military Commissions Act, which President George W. Bush pushed through Congress last year to set up a Defense Department system to prosecute terrorism suspects. Now, detainees must prove to three-officer military panels that they don't pose a terror threat.

Separately, the justices said they would not grant quick review in the cases of two other Guantanamo detainees who have been designated by the Pentagon to face criminal charges in front of a military tribunal.

Salim Ahmed Hamdan of Yemen and Omar Khadr, a Canadian, wanted a high court ruling before their military trials take place, possibly as early as this summer.

If the Court agrees to hear the other detainee cases on a fast track, arguments could be held May 7, the detainees lawyers said. The justices could render a decision by the customary end of their term in late June.

The administration does not oppose expedited consideration of the appeals, the lawyers said.

The island prison at the U.S. Navy base on land leased from Cuba has become a rallying cry for international and domestic criticism of administration policy.

Some of the nearly 400 prisoners have been at Guantanamo since the detention facility opened more than five years ago -- after the Sept. 11 terrorist attacks. A number of detainees have committed suicide.

The administration has argued that legal protections do not apply to foreigners outside American territory and that the Guantanamo prison is beyond the reach of U.S. civilian courts.

Hundreds of people suspected of ties to al-Qaida and the Taliban -- including some teenagers -- had been swept up by the U.S. military and secretly shipped there beginning in 2002.

Many of the detainees were the innocent victims of Afghan and Pakistani bounty hunters who sold them to U.S. forces, lawyers for the detainees have said.

Democrats who took over the House of Representatives and Senate in the elections in November have vowed to rewrite the 2006 law that swept away the detainees' access to U.S. courts. It was enacted by the then-Republican-controlled Congress at the request of the White House.

The Supreme Court has twice thwarted the administration's efforts to keep the detainees out of the courts.

The Bush administration has reacted to each of the two previous rebuffs by undertaking remedial measures.

In 2004, the justices ruled that the courts can hear the detainees' cases, saying that prisoners under U.S. control have access to civilian courts, no matter where they are being held.

In 2006, the justices ruled that Bush's plan for military war crimes trials, planned for a small number of Guantanamo Bay detainees, is illegal under U.S. and international law. The justices also said a law that Congress passed in 2005 to limit federal court lawsuits by Guantanamo detainees did not apply to pending cases.

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After the Supreme Court ruling in 2004, the Pentagon set up panels that reviewed whether each of the detainees had been correctly categorized as an enemy combatant and, therefore, not entitled to any legal rights.

After the justices' ruling in 2006, Congress at the urging of the White House enacted the law that blocked detainees from coming into U.S. courts.

Associated Press writer Pete Yost contributed to this report.

Guantanamo Intimidation (WP)

The Washington Post, March 6, 2007

CULLY STIMSON may be gone from the Pentagon, but his spirit unfortunately lives on. Mr. Stimson, you may recall, was the Pentagon official in charge of Guantanamo Bay prisoners who had to leave his post after suggesting that private law firms shouldn't be representing detainees. Now the Pentagon's chief Guantanamo prosecutor, Air Force Col. Morris Davis, has gotten into the attack-the-defense-lawyers act, this time complaining about the conduct of a military lawyer assigned to defend Australian David Hicks, who has been accused of terrorism. Mr. Hicks, who has spent five years at Guantanamo after allegedly being caught fighting for the Taliban in Afghanistan, was charged last week with providing material support for terrorism and is to face trial before a military commission.

Mr. Hicks's outspoken military lawyer, Marine Maj. Michael Mori, has spent a good deal of time in Australia helping stir up public support for his client, and he has been unsparing in his criticism of the military tribunals, going so far as to call them kangaroo courts. His needling clearly is getting under the prosecution's skin. "Certainly in the U.S. it would not be tolerated having a U.S. Marine in uniform actively inserting himself into the political process. It is very disappointing to see that happening in Australia, and if that was any of my prosecutors, they would be held accountable," Col. Davis was quoted as telling The Australian newspaper. Col. Davis, though he later said he wasn't suggesting a court-martial, noted that it is a crime under military law for an officer to use "contemptuous words" about high public officials.

Col. Davis's unsubtle effort to quiet Maj. Mori may be even more disturbing than Mr. Stimson's remarks: It's not likely that private law firms are going to be intimidated out of representing their clients, but military lawyers who have to fear for their careers might think twice before zealously representing their clients. "Recent statements attributed to both the defense and prosecution in the David Hicks case do not reflect the views of the Department of Defense," Pentagon press officer Cynthia O. Smith told us when we called for comment. Okay, but it's the prosecution that really needs reining in.

HOMELAND RESPONSE:

New York Officials Urge Renewal Of Federal Terrorism Insurance (NYT)

By Diane Cardwell

The New York Times, March 6, 2007

New York officials urged Congress yesterday to renew a terrorism insurance program set to expire at the end of this year that they said allowed the city's economy to recover and grow in the years after the Sept. 11 terror attack.

The program, created by the Terrorism Risk Insurance Act in 2002 and extended in 2005, was devised when insurers began excluding terrorism from their property policies after Sept. 11, 2001. Under its terms, the federal government would pay most of the cost of losses from a foreign terror attack, up to a total of $100 billion a year. In seeking its renewal, the officials told the House Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises at a hearing in Manhattan that without it, the city's robust development engine could sputter to a halt.

Senator Charles E. Schumer told the panel gathered at City Hall that the cycle of pending expiration and renewal had created a damaging "fear pattern" among insurers, and he argued that the program should be made permanent or at least cover the next 15 years.

"The closer we get to the expiration, the fewer projects are planned," said Mr. Schumer, Democrat of New York.

Mayor Michael R. Bloomberg also spoke in support of continuing the program, saying it was crucial to the city's overall economic health.

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"Without a doubt, the federal government's terrorism insurance program has been a critical part of New York City's revival and is giving businesses the confidence to move forward with exciting new projects," he said. "But without terrorism risk insurance, none of them would ever get off the ground."

The officials also urged lawmakers to extend the program to cover domestic terrorism and to take into account the possibility of nuclear, biological, chemical and radiological attacks.

Critics have argued that the act was an unneeded gift to the insurance industry and has weakened the marketplace by encouraging insurers to depend on it.

But Eric R. Dinallo, acting superintendent of the State Insurance Department, said that the program helped correct a market dynamic in which insurers would avoid offering coverage, or offer it only at astronomical prices to cover all possible outcomes of unpredictable acts.

Referring to the federal program, Mr. Dinallo said it "doesn't replace the private sector" but "makes private-sector involvement possible."

United States Representative Carolyn B. Maloney, a Democrat who represents parts of Manhattan and Queens and who had requested the hearing in New York, echoed that sentiment. She called the act "an essential tool for providing economic security following a terrorist attack, not a bailout of the insurance industry."

FEDERAL DIARY: Union Proposal For Airport Screeners Stalls At The Gate (WP)

By Stephen Barr

Washington Post, March 6, 2007

It's almost a replay from five years ago.

The Senate plans to vote today on whether to extend union rights to federal airport screeners, a fundamental question that confronted Congress when it created the Transportation Security Administration after the Sept. 11, 2001, terrorist attacks.

Following a contentious debate at the time, Congress left union rights to the discretion of the Bush administration, which decided collective bargaining was inappropriate for TSA workers because of national security considerations. Last month, Sen. Joseph I. Lieberman (I-Conn.), brought the issue back, a sign of how the 2006 election has changed congressional priorities.

But the administration is holding firm. Yesterday, at a Senate subcommittee hearing, Kip Hawley, head of the TSA, rejected proposals by Lieberman and Sen. Claire McCaskill (D-Mo.) that would provide bargaining rights for transportation security officers, popularly called security screeners.

The proposals, Hawley said, pose "a serious negative security impact."

Although unions represent law enforcement officers at the Border Patrol and the U.S. Capitol Police, Hawley said the demands placed on screeners, who work in more than 400 airports, are different than those at other agencies.

"TSA's mission requires that its officers be proactive, that TSOs constantly change what they do and where they do it," he said. "They are required to flex to different places in the airport and to meet suddenly changing security and operating needs."

Providing bargaining rights would allow unions to take grievances to outside arbitrators to review management decisions "after the fact" and "sets up a morass of wasted time that detracts from the focus on security," Hawley said.

The TSA has provided senators with a private briefing on TSA security requirements, using information that cannot be publicly disclosed, Hawley said.

After Hawley's testimony, the Senate panel heard from John Gage, president of the American Federation of Government Employees, who said Hawley's concerns were misplaced. Since 2002, AFGE has pushed for the right to bargain on behalf of the TSA employees.

Gage pointed to the union contract with the Capitol Police, which he said permits the police chief to suspend contract provisions on shift assignments, vacations and other workplace matters to meet staffing shortages or emergencies. Gage, who noted that AFGE bargains on behalf of employees at the Defense Department and other agencies with security-related work, suggested the Capitol Police contract could be a model for the TSA.

Union contracts are "bargained in the context of an agency's mission," cannot stop an agency from deploying employees and provide employees with a forum to address unfair treatment, Gage said.

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"These are rights," he said. "They should not be taken away lightly."

The hearing was held by the Senate Homeland Security and Governmental Affairs subcommittee on the federal workforce, chaired by Sen. Daniel K. Akaka (D-Hawaii). He was joined at the hearing by Sens. George V. Voinovich (R-Ohio), Susan M. Collins (R-Maine), John W. Warner (R-Va.) and Tom Coburn (R-Okla.).

Coburn suggested the hearing would not make a difference in the Senate's deliberations because the union-rights provision is on the chamber's floor in legislation dealing with unfinished recommendations from the 9/11 commission. "Doing this [hearing] after the fact says a whole lot on how the Senate operates," he said.

Last week, Sen. Jim DeMint (R-S.C.) proposed striking the Lieberman provision from the bill. McCaskill, in turn, offered a substitute that would give TSA screeners the right to collective bargaining but make it clear that they cannot strike or negotiate for higher pay.

Her amendment stipulates that screeners must follow agency orders during emergencies and "newly imminent threats." She also would prevent the use of classified or sensitive information in grievance proceedings.

Collins said yesterday that she hopes to win support for a compromise that would guarantee screeners coverage by government-wide whistle-blower protections and that would assure them the right to appeal major disciplinary actions to the Merit Systems Protection Board, an independent agency.

She hinted that her proposal would let senators put off a decision on screener union rights for a year by requiring a review of the TSA personnel system, probably by the Government Accountability Office.

Aides to President Bush have said they will recommend a veto of the bill implementing the 9/11 panel's recommendations if it includes union rights for screeners. Senate Republicans hope to sustain the veto, noting that 36 GOP senators, including Coburn and Warner, have signed a letter to Bush objecting to the union provision.

Unions Vs. Security (WSJ)

The Wall Street Journal, March 6, 2007

It's getting to be a full-time job keeping track of the favors that Democrats in Congress are doing for Big Labor. The latest two episodes are especially notable because they'd benefit unions at the expense of national security.

First up is Senator Jim DeMint's (R., S.C.) proposal to bar certain convicted felons from working in ports. Members of Congress professed to be outraged last year when a few U.S. ports would have been managed by Dubai Ports World. But a far larger concern is that 750,000 workers currently have unescorted access to secure port areas, and felons are obvious recruitment targets for any number of bad actors, including terrorists.

Mr. DeMint offered this amendment last year as part of the port security legislation. Democrats unanimously consented to it on the Senate floor, only to gut it later under the cover of a House-Senate conference. This was done at the request of the International Longshore and Warehouse Union, which later bragged about its political clout.

Mr. DeMint was back trying again last week, and every Senate Democrat once again voted for his amendment. However, they also voted for a separate amendment from Hawaii's Daniel Inouye that would allow future Administrations to delete the DeMint requirements. Both amendments now go to House-Senate conference, and with Democrats in the majority it's not hard to guess which one will emerge in the final bill.

Meanwhile, Democrats also keep trying to impose collective bargaining rights for all 43,000 screeners at the Transportation Security Administration. Congress expressly denied such organizing ability when it created TSA in 2001, on the sensible grounds that union work rules would compromise security.

Screeners need to adapt to changing threats, often with random and unpredictable methods. Union rules would require negotiating over these methods with labor chiefs at each work site, meaning at every airport. By TSA's estimate, union rules would also require pulling some 8% of the work force offline to meet new management demands. This would require either closing screening lanes or adding thousands of new screeners at more cost to taxpayers.

Democrats in both the House and Senate have nonetheless tucked TSA unionization provisions into their "9/11 Commission recommendation" bills. The White House has objected, however, and 36 Republican Senators have already promised to sustain a veto. So Democrats are now falling back to Plan B, which is a "compromise" offered last week by new

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Missouri Senator Claire McCaskill. Under her approach, airport screeners would still be forced into collective bargaining, though the TSA head would have the right to put union rules aside in case of "emergency" or "imminent threat."

Those concepts could certainly use some fleshing out, since we thought terrorism after 9/11 was threat enough. Mr. DeMint asked on the Senate floor last week if Ms. McCaskill considered the global war on terror to be such an "emergency," and she said no -- but that a hurricane might qualify. We didn't know TSA screened for bad weather.

Mr. DeMint also asked if al Qaeda constituted an imminent threat. Ms. McCaskill largely dodged the question, noting instead that denying union rights because of "world-wide terror" was "specious reasoning." We realize that rookie Senators feel obliged to repay their supporters, but someone more senior should protect Ms. McCaskill from embarrassing herself so publicly. A vote on her amendment is expected as early as today.

All of this follows last week's largely party-line vote in the House to deny workers their long-held right to a secret ballot in organizing elections. The Democratic Presidential candidates are also falling in union line, with Senator Barack Obama recently vowing that he'll sign the secret-ballot ban if he makes it to the White House. John Sweeney and the AFL-CIO sure are getting their money's worth; voters are another story.

Repeal Real ID (USAT)

By Anthony D. Romero

USA Today, March 6, 2007

Real ID should be repealed, especially after the Department of Homeland Security (DHS) released its vague and evasive regulations last week. Rather than answer the hard questions and provide solid guidance, DHS told the states to find solutions by 2010, effectively passing the hot potato to the next administration.

Real ID's passage wasn't a true democratic process. A backroom deal attached it to a must-pass Iraq war/tsunami relief bill. No hearings. No debate. It lacks legitimacy from not having been studied, debated, considered and directly voted upon.

That democratic scrutiny would have shown that Real ID is an unfunded mandate that violates the Constitution's 10th Amendment on state powers, destroys states' dual sovereignty and consolidates every American's private information, leaving all of us far more vulnerable to identity thieves.

On privacy, DHS punted again by saying it "believes that it would be outside its authority to address this issue within this rulemaking" and encouraging the states to come up with a solution.

Real ID is not a solution that can stop terrorism. Clever and resourceful "terrorists" will always find ways to get IDs.

Twenty-three state governments so far have recognized how bad the law is and have repudiated Real ID in various legislative actions using strong terms such as repeal, prohibit, oppose, protest and delay. The federal government can't simply drop "terrorism" into dubious legislation and make us all stop thinking rationally.

Last week, DHS admitted Real ID will cost much more to implement than state legislators estimated in a comprehensive study. Instead of $11 billion, the cost to the states will range from $10.7 billion to $14.6 billion, plus individuals will have to cover an additional $7.8 billion, raising the price tag to as much as $22.4 billion.

Congress is taking credit for "solving" national security problems by forcing unachievable solutions onto states and giving them very little to do it. DHS made matters worse last week by releasing regulations that fail to address concerns about Real ID's impact on the states and constitutional rights.

Anthony D. Romero is executive director of the American Civil Liberties Union.

Time Running Out On Arguments Against Real ID (USAT)

USA Today, March 6, 2007

Khalid Al-Midhar and Hani Hanjour, the al-Qaeda hijackers who crashed American Airlines Flight 77 into the Pentagon, obtained the paperwork needed for their Virginia driver's licenses by paying $100 to an illegal immigrant in a convenience store parking lot. Five other 9/11 terrorists also had licenses from Virginia, although none lived there. With the fraudulently obtained IDs, the hijackers were able to rent cars and board planes to carry out their murderous plot.

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As any underage drinker knows, getting a phony driver's license isn't difficult. But the stakes of tolerating fake IDs extend far beyond teenagers trying to buy beer. "For terrorists, travel documents are as important as weapons," the 9/11 Commission noted in calling for national standards to make driver's licenses more uniform and tamper-proof.

In response, Congress passed the Real ID Act in 2005, setting minimum standards for licenses and state-issued ID cards. Last week, after much delay and debate, the Department of Homeland Security (DHS) issued proposed rules for implementing the law. If your state doesn't follow the rules, you won't be able to use your license as ID to get on a plane or into a federal building.

Real ID has produced much howling about the costs, the likely hassles at state motor vehicle departments and the potential threat to privacy. All are valid concerns. But the fact is that driver's licenses are the nation's principal form of ID. As long as that's the case, they need to be credible.

Taking the arguments of Real ID opponents one at a time:

•It won't make the nation safer. True, there's no guarantee that the law would have stopped the 9/11 hijackers and that determined terrorists won't find a way around the new requirements. Averting terror attacks, however, requires layers of security. Credible IDs are an important layer.

•It costs too much. Motorists will have to spend an estimated $20 more, a relatively small sum for a standardized, tamper-proof license. For states, the costs are estimated at up to $14.6 billion over five years, offset by as much as $100 million in federal grants this year alone , on top of $40 million in federal aid already provided. Governors can make a case for more help, but cost-sharing arguments shouldn't stop the program from going forward.

•It violates privacy. The creation of large databases always is reason to be wary. But the new regulations don't create a national ID card or giant Big Brother-like federal database. States will still issue the licenses and retain information used to verify identity. Making an existing database more credible threatens privacy far less than many private sector data collections do.

•It forces illegal immigrants to drive without licenses or insurance. Illegal immigrants won't be able to get Real ID licenses, but states will be allowed to issue permits allowing them to drive and obtain insurance. In any event, the nation's immigration problems require a comprehensive solution in Washington; they can't be solved at state motor vehicle departments.

•It's too hasty. This is just absurd. DHS gave states until the end of 2009 to have programs in place to replace all licenses by 2013 — a sluggish 12 years after the 9/11 attacks.

Each day that driver's licenses lack credibility is a day of needless vulnerability. As DHS Secretary Michael Chertoff told Congress last month, "If we don't get it done now, someone's going to be sitting around in three or four years explaining to the next9/11 Commission why we didn't do it."

WAR NEWS:

Democrats Alter Plan To Restrict Iraq War (WP)

By Jonathan Weisman

The Washington Post, March 6, 2007

Senior House Democrats, seeking to placate members of their party from Republican-leaning districts, are pushing a plan that would place restrictions on President Bush's ability to wage the war in Iraq but would allow him to waive them if he publicly justifies his position.

Under the proposal, Bush would also have to set a date to begin troop withdrawals if the Iraqi government fails to meet benchmarks aimed at stabilizing the country that the president laid out in January.

The plan is an attempt to bridge the differences between anti-war Democrats, led by Rep. John P. Murtha (Pa.), who have wanted to devise standards of troop readiness strict enough to force Bush to delay some deployments and bring some troops home, and Democrats wary of seeming to place restrictions on the president's role as commander in chief.

The legislative jujitsu in the backrooms of Capitol Hill underscores the difficulties the Democrats face in confronting the issue that helped them regain control of Congress -- Iraq. Democrats passed a resolution in February opposing Bush's deployment of 21,500 additional troops to Iraq, but Murtha's proposal to go a step further by restricting deployment to troops

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deemed to be adequately trained and equipped elicited a fierce response from Republicans, while also dividing the Democratic caucus.

The new plan would demand that Bush certify that combat troops meet the military's own standards of readiness, which are routinely ignored. The president could then waive such certifications if doing so is in "the national interest."

Democrats hope the waiver and benchmark proposals, whose details were confirmed by aides and senior Democrats close to the House Appropriations Committee and leadership, will keep the policymaking responsibilities on Bush. That should allow the committee to move forward next week with a $100 billion war spending bill.

"They're going to end up where they should have started a long time ago: You set readiness requirements, time-in-country requirements, time-in-rotation requirements as policy, then grant the president waivers and demand why it's so important for him to violate these principles," said a senior Democrat close to the Appropriations Committee. "It's all part of military regulations now. You have to elevate that to the policy of the country."

But any dilution of Murtha's original proposal is likely to infuriate the antiwar wing of the party, which wants dramatic action now. After a conference call yesterday, antiwar and labor groups all but gave up on Murtha's approach, concluding they could only support a war-funding "supplemental" bill if it contains a deadline for withdrawing troops.

Participants -- including the Service Employees International Union, MoveOn.org, Win Without War and the Iraq veterans group VoteVets -- insisted there would be more support for a straightforward approach to ending the war than the roundabout efforts Murtha champions.

"A timeline will make a vote for the supplemental a vote to end the war and a vote against it a vote for war without end," said Tom Matzzie, Washington director of MoveOn.org Political Action.

That conclusion mirrors the judgment of even some of the Democrats the proposal was meant to attract. One conservative lawmaker, who spoke on condition of anonymity for fear of angering Democratic leaders, dismissed Murtha's approach as "too cute by half."

Democratic leaders are not likely to embrace a straightforward legislative timetable. But they hope the adoption of the benchmarks will win over antiwar groups.

Under those benchmarks, which Bush laid out in a speech to the nation Jan. 10, the Iraqi government would have to take responsibility for security in all of Iraq's provinces by November, and adopt and implement oil-revenue-sharing legislation. The government would also have to spend $10 billion of Iraq's money on job-creating reconstruction and infrastructure projects; hold new provincial elections this year; liberalize laws that purged Baath Party members from the government; and establish a fairer process for amending the Iraqi constitution.

If those benchmarks are not met, Democrats would demand Bush submit to Congress a timetable for withdrawing troops, leadership aides said. The idea is to force Bush to abide by his own promises but to make sure he remains responsible for conducting and ending the war.

In the Senate, Democratic leaders are drafting a resolution that would drastically narrow the scope of the military mission in Iraq to that of a support role, with the emphasis on counterterrorism activities. The effort is expected to last most of the week, with debate starting on the Senate floor as early as next week.

But unlike last month, when nonbinding language expressing opposition to Bush's troop increase plan was blocked by GOP procedural objections, Democrats this time intend to give Republicans broad latitude to offer their own Iraq-related measures. If Republicans go along, the result could be a remarkably robust and wide-open debate -- but nothing of consequence is likely to pass.

Staff writers Shailagh Murray and Lyndsey Layton contributed to this report.

Liberal Democrats Revolt On Iraq Spending Bill (POL)

The Politico, March 6, 2007

Speaker Nancy Pelosi (D-Calif.) is facing a full-blown revolt from liberal House Democrats over the $98 billion Iraq supplemental bill, according to Democratic insiders. Anywhere between 50 to 75 Democrats are now threatening to vote against the bill because it doesn't go far enough toward ending the war, including setting a date certain for withdrawal of U.S. combat

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forces from Iraq, said the sources. Pelosi and Democratic leaders are expected to postpone markup of the Iraq bill in the House Appropriations Committee by at least a week in order to buy time to resolve the matter.

Liberals are unhappy with the current proposal being discussed by Rep. John Murtha (D-Pa.) and the Democratic leadership, which would prevent President Bush from sending more troops to Iraq unless they are certified as being properly equipped, trained and rested to take on combat missions. After weeks of political attacks from Republicans, Murtha softened his original proposal so that Bush can waive the requirements, although the White House would have to report to Congress why they are issuing such waivers. The Blue Dog Coalition, a group of moderate and conservative Democrats from swing districts, also wanted Murtha to soften his proposal.

But as happens so often in politics, if you move too far in appeasing one group, you then alienate another, which is what's happening here. Liberals Dems now don't want to vote for the Iraq supplemental, with many pointing out to Pelosi and party leaders that they never have voted for one before and aren't about to start doing so now just because Democrats are in the majority. These Democrats also want to offer their own alternative proposal to cut off Iraq funding immediately as an amendment to the supplemental on the House floor, said Democratic leadership aides.

Liberals Democrats like Rep. Maxine Waters (Calif.), co-chairwoman of the Out of Iraq Caucus, want to end the war now, so they want a date certain for a withdrawal or pullout or "strategic redeployment," and they want it in the Iraq supplemental or they won't vote for it. "They figure that we won the election on a promise to end the war, and they want to live up to that promise," said a senior House Democratic lawmaker who spoke on the condition of anonymity. "It's a tough place the speaker is in right now, but we'll work all this out."

Pelosi has a bit of a problem here. If the Democratic leadership puts a date certain for withdrawal in the bill, there's a chance that enough Blue Dogs Democrats would defect and vote with Republicans, meaning the bill could down for defeat outright. While that might suit anti-war lawmakers and groups. the political consequences could be disastrous for the party. It would end the Iraq war by default since there would be no more money for combat operations, and Republicans would punish the Democrats for years over it.

But if she leaves out a date-certain withdrawal, Pelosi may lose her left, and that's her power base, both within the Democratic Caucus and the party at large. She faces a very ticklish task sorting the whole thing out, although the senior Democrat lawmaker isn't worried. Pelosi "will get everyone on board at the end of the day," the lawmaker insisted.

The House Democratic Caucus will met at 12 p.m. on Tuesday, and Iraq will be at the top of the agenda, according to Democratic sources.

Consensus Slow To Build On Iraq Supplemental (RC)

By Emily Pierce

Roll Call, March 6, 2007

As House Democratic leaders continue their attempts to craft a supplemental spending bill that limits the Iraq War while continuing to fund it, both liberal and conservative Democrats signaled that they might be willing to be team players if leaders accommodate them in small ways.

As of Monday evening, the chances of committee action on a bill this week were slipping away and it was unclear whether House Democratic leaders would include language, first proposed by Rep. John Murtha (D-Pa.), to restrict in some way the president's ability to deploy troops to Iraq unless he publicly acknowledges that he is sending troops into combat without meeting certain readiness requirements.

However, one House Democratic leadership aide indicated that the bill most likely would include a provision requiring the president to report to Congress on whether the benchmarks he set out for the Iraqi government are being met. And there were other indications Monday that House Democratic leaders were considering language requiring the president to seek Congressional approval for any military action against Iran.

Speaker Nancy Pelosi (D-Calif.) huddled with her leadership team Monday afternoon in an attempt to manage the competing forces within the party and devise a $100 billion-plus war spending bill that could be ready for floor action as early as next week.

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On his way into the strategy session, House Majority Leader Steny Hoyer (D-Md.) said the decision on how or whether to try to rein in the Iraq War was "a moving target, but we may come to a consensus. That's why we keep talking."

Democratic Caucus Chairman Rahm Emanuel (Ill.) said he believes "that on the core pieces, we have a Caucus consensus."

He said Democrats broadly agree that any "conditionality" on the president's use of funds should be focused on getting the Iraqi government to take over many of the operations currently being performed by U.S. soldiers.

Emanuel said a majority of Democrats believe that more money should go to the war in Afghanistan because "that's where al Qaida is." In fact, several Democratic sources indicated that appropriators had decided to shift some funds from the Iraq conflict to the re-emergent terrorist elements in Afghanistan.

Emanuel also said Democrats are committed to making sure the troops "have all the funding and equipment they need."

Even if a consensus is forming, it appears less likely that the overall bill will be ready for committee action this week. Because the limitations on war funding are not the only unresolved issues in the bill, House Democratic sources said it appeared increasingly unlikely that a draft would be ready by the end of today. That means that a possible Friday markup would be out of the question, considering House rules that require three days between a bill introduction and committee consideration.

Having the committee markup next week would put a significant time crunch on House leaders, but they could always waive the three-day waiting period for bills that come out of committee and are headed for the floor, sources indicated.

Additionally, the White House threw a wrench into the works Monday by indicating that it would send up a modified request for war funds as early as today, according to The Associated Press. The AP noted that the new request likely would be about $2 billion more than the nearly $94 billion for the Iraq War requested earlier this year and would specifically fund the president's controversial plan to send an additional 21,500 troops to Iraq.

Still, Democratic leaders appeared to be getting a little breathing room within the Caucus on Monday, as liberal Members began indicating that the House leadership could mitigate defections from the left by allowing a vote on an amendment to require the Pentagon to use the $100 billion to withdraw troops from Iraq and not for further combat missions.

One knowledgeable House Democratic aide said members of the Progressive Caucus might be more inclined to vote for the war-funding bill if they first were allowed to vote against such funding, considering that the amendment to fund a withdrawal is almost certain to fail.

"I think you'd see more sort of accommodation," said the aide, who noted that some liberals would still end up voting against the bill. "There are a certain number of Members who've never supported a supplemental for Iraq."

The Progressive Caucus has set up its own whip operation to find out where its 71 members stand on Iraq War funding and the proposals being floated by members of the Democratic leadership, the aide said.

"We feel this is an opportunity to flex our muscles," the aide said.

Meanwhile, conservative Democrats, particularly those in the Blue Dog Coalition, may be willing to swallow some limits on the president — with a waiver — if the leadership also adopted the language of their manifesto for providing accountability for the ballooning costs of the war.

Blue Dogs have introduced a resolution that would demand periodic reports from the Defense Department inspector general and the special inspector general for Iraq reconstruction on how the nearly $400 billion already appropriated for the war has been spent.

The resolution also calls for the creation of a commission to conduct ongoing studies of government contractors in Iraq, insists that war funding should be conducted through the regular appropriations process, and asks the Bush administration to condition any further U.S. "financial, military and political resources" on the Iraqi government taking over police duties in country.

While noting that the Blue Dog Coalition as a whole has not taken a position on whether to set conditions on war funds, one aide to a coalition Member said including the resolution in the supplemental would "go a long way to making [the bill] a lot more palatable."

With Republican leaders threatening to whip against the supplemental if it includes any sort of funding restrictions — even those with a presidential waiver — Democrats can afford to lose only 15 of their own on the vote or risk seeing the bill fail in a highly public House floor vote.

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In the meantime, Democratic leaders cautioned that language limiting the president on Iraq was not the only issue unresolved on the bill, given that Democratic leaders decided to include additional funding for hurricane relief in the Gulf Coast, for agriculture disasters and for a shortfall in poor children's health care programs.

"It's a major piece of legislation, and there's a lot of t's to cross and i's to dot," said one senior House Democratic aide.

And details of the bill remained under wraps Monday.

"We won't be releasing any details until we have a final package, and we don't have a final package," said Kirsten Brost, spokeswoman for House Appropriations Chairman David Obey (D-Wis.).

Testing Time For Democrats (WP)

By E. J. Dionne Jr.

The Washington Post, March 6, 2007

The story of the new Congress is actually two stories. Democratic leaders and their grass-roots supporters will decide in the coming days which narrative will prevail.

In January, Democrats dominated the news, the public agenda and the Republicans. In the last weeks of February, the Republicans came back -- not by offering grand proposals but by using the limited tools they have to prove that Democrats don't have enough power, yet, to end the war in Iraq.

When they took control, Democrats looked crisp and disciplined, attributes not normally associated with their party. Speaker Nancy Pelosi's House quickly passed the Democrats' popular campaign promises, including measures on the minimum wage, stem cell research, renewable energy and reforms of the student loan and Medicare prescription drug programs.

This agenda had its skeptics, but it provided focus for a party long out of power and drew significant Republican defections, feeding a raft of "Republicans in Disarray" stories. Pelosi noted at a January news conference that so many Republicans voted for the Democratic proposals that one of her colleagues joked: "Maybe you made these bills too easy."

The Senate Democrats quickly pushed through a different version of the minimum-wage increase, and the party's leading foreign policy voices framed a critique of President Bush's Iraq policy that squared with the public's increasingly skeptical view of the war.

But recent weeks have held nothing but trouble for Democrats -- and it is odd, as one Democrat noted, that they should be on the defensive when the scandal over the treatment of wounded veterans at Walter Reed Army Medical Center has focused attention on yet another failed aspect of the administration's execution of the war and its aftermath.

Instead, one news story after another has highlighted differences among congressional Democrats over how to end the war. There is also the divide between the Washington party and activists at the grass roots and in the blogosphere. All of these problems are rooted in two unalterable facts: Democrats, on the basis of their thin majorities in Congress, lack the numbers to force an unwilling president to alter his course. And they are short of votes to cut off funds for the war altogether.

This week could well determine whether Democrats splinter or find a new strategy on Iraq based on the unhappy but realistic assumption that -- unless Bush suddenly opens himself to new approaches -- the fight to change course in Iraq is likely to go on all this year, and perhaps into the next.

The premise of any strategy, said Rep. Rahm Emanuel, chairman of the House Democratic caucus, must be that "a lot of people were overshooting the runway on what one piece of legislation could accomplish." Emanuel was referring to the effort of war critics to achieve too many of their goals all at once through the supplemental appropriations bill for Iraq and Afghanistan.

The Illinois Democrat (whose commitment to gradualism has won him some enemies in antiwar ranks) said House Democrats will attempt this week to narrow their focus to three problems they can address through the supplemental bill. They will add funds for the war in Afghanistan, to make the point that the president's proposal "misses the mark" when it comes to defeating al-Qaeda. They will place clear demands on the Iraqi government to prove its effectiveness. And they will "give the troops what they're supposed to have, whether it's training or equipment."

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Among some of the staunchest congressional foes of the war, there is a growing awareness of the obstacles they face. Rep. John Murtha (D-Pa.), an antiwar hero, sent an important message to his allies when he said Sunday on " Meet the Press" that "we don't have the votes" to cut off funding for the war.

Murtha is expected to offer a long-promised proposal this week that would impose readiness requirements on all troops sent to Iraq. But in an attempt to pick up moderate and perhaps even Republican votes, Murtha will add a provision allowing Bush to waive the requirement -- putting the burden on the president to explain why he is sending troops into harm's way with inadequate rest and training.

Democrats and the left face a testing time. For some in the antiwar movement, failing to end the war right now is immoral. But as Murtha suggested, a short-term strategy to end the war can't work. This is a long struggle, and those engaged in it need to battle for the long term.

White House Likely To Update War Request (AP)

By Andrew Taylor

AP, March 6, 2007

The White House is ready to ask Congress for more money for President Bush's plan — already hotly debated — to send 21,500 new combat troops into Iraq.

The move would pay for support personnel and otherwise update last month's request for the Iraq war. It probably will draw criticism from Democrats who say the Pentagon had low-balled estimates of the costs of Bush's plan for improving security in Baghdad and Anbar province.

The latest request could come as early as Tuesday, modifying last month's $93.4 billion request for military operations in Iraq and Afghanistan through Sept. 30.

Though the changes may be relatively modest, they nonetheless are embarrassing to the White House and the Pentagon, which earlier dismissed criticism from lawmakers that the original $5.6 billion estimate for the troop buildup was too low.

Deputy Secretary of Defense Gordon England told the Senate Budget Committee last week that about 6,000 additional support personnel — such as headquarters staff, military police, and medical personnel — would be needed to complement the 21,500 additional combat troops.

Hours after England testified, White House Chief of Staff Joshua Bolten paid a rare visit to the Capitol to press Senate GOP leaders for the additional money.

The modified request was being finalized Monday, said administration and congressional aides. In addition to the money for increased troop strength, the White House will press for more dollars to battle the Taliban's resurgence in Afghanistan and get mine-resistant vehicles.

The request probably will come to about $2 billion. It will be accompanied by equal-sized reductions to elsewhere in the larger request, which contained money for two next-generation Joint Strike Fighters and a V-22 tilt rotor aircraft.

At the same time, lawmakers have signaled they will provide an additional $3 billion to put in place the latest round of military base closings. The military base money — cut from the president's budget when Democrats pushed through a huge spending bill last month — has the strong support of the administration.

In addition to concerns about Bush's plan to send more troops to Iraq, Democrats say the Pentagon has underestimated the cost of the new mission. The $5.6 billion price covers deployment of combat troops through Sept. 30.

Typically, it takes 5,500 support troops for a 4,000 combat brigade, according to the Congressional Budget Office. But the Defense Department says the most recent addition of troops will require far fewer support troops because a sizable support infrastructure is in place in Baghdad and Anbar province.

Democrats are looking at the must-pass supplemental spending bill as a way of attaching their domestic initiatives. They include farm disaster aid, money for a children's health insurance program and improvements to levees around New Orleans.

Only 28% Think U.S. Will Win In Iraq (USAT)

By Jill Lawrence

USA Today, March 6, 2007

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WASHINGTON — A new USA TODAY/Gallup Poll shows deepening pessimism on Iraq, even as many Americans are reluctant to limit money or troops for the war effort.

Only 28% say the United States will probably or definitely win the war, down from 35% in December and the lowest since the question was first asked in September 2005. The share of people who now call the war a mistake is 59% — the same as September 2005 and the highest level in the 58 times the question has been asked since the war began.

RESULTSComplete poll results

The poll asked about proposals circulating on Capitol Hill as Congress weighs how to exert influence on President Bush's Iraq policy. House Democrats could unveil their plans this week.

Six in 10 people said they want Congress to set a timetable to withdraw all U.S. troops by the end of 2008. Three-quarters said Congress should require that U.S. troops come home if Iraqi leaders don't keep pledges to reduce violence, and that U.S. troops have at least a year's stay in the USA between deployments to Iraq. The mandatory break is part of a plan by Rep. John Murtha, D-Pa.

At the same time, six in 10 people said they don't want Congress to deny funding for additional troops to be sent to Iraq. A slim majority, 52%, said they don't want lawmakers to revoke the authority they gave Bush in 2002 to use military force in Iraq.

Sen. Joseph Biden, D-Del., a presidential candidate and chairman of the Senate Foreign Relations Committee, is pushing to revoke that authority. Sen. Hillary Rodham Clinton, D-N.Y., another White House candidate, wants to cap troop levels in Iraq. That idea won support from 54% in the poll.

Linda Fowler, a government professor at Dartmouth College, said there's some recent evidence of a decline in violence in Baghdad, "but that doesn't seem to have penetrated the public consciousness."

Fowler said that is because of other developments such as "wrenching stories" about National Guard and Reserve troops going off on their second and third tours of duty, and the turmoil at Walter Reed Army Medical Center "reminding people that we are asking a great deal of our soldiers and not properly taking care of them."

Bush's approval rating in the new poll was 33%, while 63% disapproved of his performance. That was a slight dip from last month, when 37% approved and 59% disapproved.

The latest poll showed a partisan divide. Majorities of Democrats supported every step to limit or wind down the war. Majorities of Republicans supported only the year-long break for Guard and Reserve troops and withdrawing troops if Iraqi officials don't reduce violence.

Reviving The Vietnam War (USAT)

By Jonah Goldberg

USA Today, March 6, 2007

There's a deep irony to the Democratic Party's dilemma over Iraq. For 30 years, the party's left-wing base has reflexively proclaimed every foreign policy challenge "another Vietnam." These voices rise and fall with America's fortunes. In 1991, again in 2003 and ever since, they've insisted Iraq is Arabic for Vietnam. They also claimed that Afghanistan was Pashtun for Vietnam. There were even some who insisted Kosovo was Serbo-Croatian for Vietnam and, of course, Nicaragua, El Salvador and Grenada were each feared to be Spanish for Vietnam. Like the old saw about Eskimos having a hundred words for snow, it seemed that anyplace the United States sends troops creates a new word for Vietnam.

Indeed, two years ago — when the air was already thick with Vietnam clichés — I wrote in this space, "You get the sense that Earth could be invaded by Klingons and some editorialist would hear 'echoes of Vietnam' amidst their disruptor blasts."

So it shouldn't be as surprising as it seems to be that, lo and behold, the Democrats are behaving as if Iraq is Vietnam all over again. But it is only now dawning on the Democrats that the Vietnam War wasn't exactly their finest hour.

The Democratic pickle is exquisitely simple: In the past election, they ran as the anti-war party and promised to bring the war to a close, but, like the dog who finally catches the car fender, they're at a loss about what to do now. As Virginia's Rep. Jim Moran says of his fellow Democrats, they "want to make sure this is still President Bush's war," but the only way they can end the war is to take possession of it. The Democratic base thinks that'd be fine. But, one gets the sense, someone in the party's leadership understands that might be a problem.

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The Democrats are incapable of escaping the gravitational pull of the Vietnam myths they've nurtured for decades. At the same time, the liberal memory of the Vietnam War has become so gauzy and saccharine with nostalgia that they're unprepared to grapple with the downsides of their own all-purpose analogy. All that seems to matter is proving that the Iraq war not only has been lost but must be lost, lest the Vietnam worldview be invalidated. As my colleague Rich Lowry said in regard to Pennsylvania Democrat John Murtha's effort to sneakily thwart the Bush surge: "It used to be that the war had to end because it was a failure; now it must fail so that it can end." For example, Massachusetts' Sen. Edward Kennedy ridicules the notion that a withdrawal from Iraq would have grave humanitarian costs.

"I heard the same kinds of suggestions at the time of the end of the Vietnam War," Kennedy told NBC's Tim Russert, mocking the notion that we'd have a "great bloodbath" with more than 100,000 dead. "And for those of us that were strongly opposed to the war, (we) heard those same kinds of arguments."

Yes, but those arguments were right. Our withdrawal from Vietnam did contribute to a great bloodbath. More than a half-million Vietnamese died at sea fleeing the grand peace Kennedy and his colleagues orchestrated. And more than 1.2 million Cambodians died at the hands of the Khmer Rouge, thanks to the power vacuum created by our "humanitarian" withdrawal. Sen. Chris Dodd, D-Conn., a presidential candidate, insists that a U.S. withdrawal from Iraq can't make things any worse. In 1975 he took a similar line: "The greatest gift our country can give to the Cambodian people is peace, not guns. And the best way to accomplish that goal is by ending military aid now." Someone rent Dodd a DVD of The Killing Fields.

Of course, the costs of defeat in Vietnam were hardly just humanitarian. America's loss at the hands of a small, comparatively weaker nation arguably prolonged the Cold War and has long served as an emboldening example to enemies eager to believe Uncle Sam has a glass jaw — from Saddam Hussein to Osama bin Laden.

In the wake of 9/11, Ayman al-Zawahri, bin Laden's lieutenant, warned: "O, American people, your government is leading you to a new losing war. O, U.S. people, your government was defeated in Vietnam and fled scared from Lebanon. It fled from Somalia."

The Democratic Party itself — once the leader in vigorous internationalism — has since Vietnam been perceived as fundamentally unreliable on foreign policy by many American voters. Indeed, someone in the party recognizes this, which is why Democrats are working so hard to avoid being seen as the primary authors of U.S. defeat in Iraq, the way they were perceived after the Vietnam War.

The New Yorker's George Packer wrote in 2004 that since its experience with Vietnam, "the Democratic Party has had no foreign policy." Though Democrats were eager to spout the language of liberal internationalism in the 1990s, Packer noted, the Clinton administration nonetheless "allowed a genocidal war to bleed away in the Balkans for two-and-a-half years before acting to end it."

I don't think it's fair to say the Democrats have had no foreign policy — it's more that they've had lots of them. But Packer's invocation of Clinton's intervention in the Balkans illuminates an important point. Today, liberals proudly tout the Yugoslavian campaign as nigh upon the sole proof that Democrats believe America can use its military power as a force for good. Forgotten are the anti-war left's opposition to an American empire, Clinton's circumvention of the United Nations (at least Bush had U.N. resolutions to back him up), or the ups-and-downs of public opinion. All people remember is victory.

If President Bush's surge is successful, odds are Americans will think it was all worth it. If, on the other hand, the Democrats are successful at ending the war in defeat, it's not at all clear Americans will see our loss as the unambiguous triumph Kennedy remembers in Vietnam. Nor is it clear they'll congratulate Democrats for securing a sure defeat rather than chancing a possible victory.

Jonah Goldberg is editor at large of National Review Online. He is a syndicated columnist and a member of USA TODAY's board of contributors.

Bomb Hits Baghdad Book Mart (LAT)

By Christian Berthelsen,

The Los Angeles Times, March 6, 2007

A suicide attacker kills 30 at the longtime haunt of the Iraqi cultured set.

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BAGHDAD — For decades, the Mutanabi Street book mart was a feeding ground for Iraq's intellectuals, serving up a rich menu of history and philosophy texts, novels and biographies, and atlases and manuscripts to the Middle East's most voracious readers.

On Monday, it proved yet another rich target for a suicide bomber, who left 30 dead and 60 wounded in one more grisly attack that evaded Baghdad's security crackdown.

The bomber detonated a sedan packed with explosives while sitting in a traffic jam in the area, shattering what had been a crystalline spring day.

The explosion left shoppers and sellers screaming and crying amid burning cars, pools of blood and bodies of the dead and injured. Notebooks and stationery fluttered in the air before scattering to the ground.

The incident was the latest to underscore the difficulty faced by U.S. and Iraqi forces as they try to stem sectarian violence here, and it raised questions about how long certain factions, such as Shiite Muslim militias, would continue to comply with the new security plan before taking revenge.

Nine American soldiers were killed Monday, the military announced today.

In Salahuddin province, north of Baghdad, six American soldiers were killed by an explosion near their vehicle, the military said. It said three other soldiers were wounded in the attack on a Task Force Lightning patrol conducting combat operations.

In Diyala province, northeast of the capital, three more soldiers from the same task force were killed in a similar attack, a separate announcement said.

The nine deaths would bring the number of American military personnel killed in the Iraq theater since the conflict began in 2003 to 3,184, according to a count by icasualties.org.

Around the capital Monday, police found the bodies of 25 men who had been shot to death, a number higher than in recent days and approaching the pre-crackdown average.

Since the operation was launched Feb. 13, it has seen some success in reducing such death squad killings, which are believed to be the work of Shiite militias.

Bombings at sites where people congregate, seen by the U.S. as largely the work of Sunni Arab insurgents, continue to occur virtually every day, and so far the bolstered forces in Baghdad have been largely powerless to stop them.

"The notion of deterring attacks depends on a rational adversary who does not want to die," said Loren Thompson, a defense analyst at the Lexington Institute in Arlington, Va. "If you are facing a spiritually motivated zealot who associates martyrdom with success, deterrence will not work."

Iraqi security officials and policymakers acknowledge that they face a difficult task trying to head off attacks on civilians in crowded areas, but they say the job can be done with aggressive intelligence work targeting insurgents and through technology that detects car and belt bombs, as well as through political negotiations.

"Of course, stopping the car bombs is more difficult than stopping the assassinations," said Ammar Tuma, a lawmaker with the largely Shiite Al Fadila al Islamiya party who sits on the Iraqi parliament's security committee. Still, he said, "I'm optimistic of the capability of the plan to reduce these terrorist attacks."

In recent days, U.S.-led military forces have launched long-delayed efforts to establish regular security patrols in Sadr City, a Shiite slum of Baghdad that is home to radical cleric Muqtada Sadr and the Al Mahdi militia that is loyal to him. The operation has been one of the most delicate undertakings of the new security plan because of the volatility of Sadr's followers, who have been relatively safe under the watchful eyes of the Al Mahdi. U.S. and Iraqi forces conducted operations in the district again Monday without incident.

Downtown Baghdad was another story.

Iraqis have long held a reputation as the Middle East's bibliophiles; as an Arabic saying goes, "Egypt writes, Beirut prints and Baghdad reads." Occupying several streets of a cultural district around what had been an Ottoman Empire garrison, the Mutanabi book mart once offered virtually everything a reader could want.

But since the fall of Saddam Hussein four years ago, visitors to the mart have found it dominated by religious texts, particularly those of the majority Shiites.

"Destruction was everywhere," said Haydar Jassim, a 22-year-old who works at a nearby shoe store.

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"It was rush hour at that time, and many people were preparing themselves to do their noon prayers."

Namir Abdul-Kadhum, 42, who sells stationery from a roadside kiosk, was hit in the head and eye by shrapnel and suffered a burned hand when the bomb exploded about 20 yards away. He lost consciousness and awoke at Kindi Hospital.

"As I was at my stand, I felt and heard a powerful blast," he said. "I was pushed and thrown away."

The book mart bombing was not the only audacious attack Monday.

At least six Shiite pilgrims marking the anniversary of a 7th century imam's death were killed in separate attacks, including a drive-by shooting, a suicide bombing and a roadside explosion.

"I saw the flags that the pilgrims were carrying thrown on the ground, and blood was everywhere," said Wissam Khadhum, a technician at a nearby oil refinery who saw one of the attacks, an ambush on pilgrims as they crossed Baghdad's Dora Bridge.

"I saw two men lying dead on the ground by the fire of the gunmen from the orchard areas, others injured, and some were safe," he said, adding that it appeared to be a well-coordinated attack timed for when the pilgrims had reached the center of the bridge.

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Times staff writers Saif Hameed, Zeena Kareem and Suhail Ahmad and special correspondents contributed to this report.

Baghdad Car Bomb Kills 20 On Booksellers' Row (NYT)

By Edward Wong And Wissam A. Habeeb

The New York Times, March 6, 2007

BAGHDAD, March 5 — The book market along Mutanabi Street was a throwback to the Baghdad of old, the days of students browsing for texts, turbaned clerics hunting down religious tomes and cafe intellectuals debating politics over backgammon.

Somehow it survived the war, until Monday, when a powerful suicide car bomb hit the market, slicing through the heart of the capital's intellectual scene. It killed at least 20 people and wounded more than 65.

In the hours after the noontime explosion, books and stationery, some tied in charred bundles, littered the block. Plumes of black smoke billowed above ornate buildings dating to the Ottoman Empire. The storied Shahbandar cafe, where elderly writers puffed away the afternoon on water pipes, lay in ruins.

Firefighters unleashed powerful sprays of water, only to have flames reignite because the paper had been transformed into kindling.

This part of Baghdad dates back centuries, to the era when the Abbasid caliphate ruled over the Islamic world. On Monday, victims lacerated by shrapnel were carried over shards of glass to waiting ambulances.

"There are no Americans or Iraqi politicians here — there are only Iraqi intellectuals who represent themselves and their homeland, plus stationery and book dealers," said Abdul Baqi Faidhullah, 61, a poet who frequently visits the street. "Those who did this are like savage machines intent on harvesting souls and killing all bright minds."

The bombing was the latest of a half-dozen major blasts aimed at civilians in the capital in the three weeks since the Iraqi government and American military announced the start of a new Baghdad security drive. The number of gunshot killings attributed to sectarian death squads appears to have dropped as militia leaders have ordered their followers to lie low. But deadly bombings have continued with ferocity.

American officials have said they are still struggling to tamp down the bombings and intend to bring thousands of additional troops into Baghdad in the next two months.

Many of the major bombings have taken place in central Baghdad, where Iraqi Army and police checkpoints have proliferated since Feb. 14, the start of the security drive, or in neighborhoods patrolled by Americans.

A bombing on Feb. 25 at a campus of Mustansiriya University, near Mutanabi Street in central Baghdad, killed at least 40 people, many of them students of business or economics. On Feb. 18, just two days after Prime Minister Nuri Kamal al-Maliki called the opening stage of the security drive a "dazzling success," two bombs ripped through a market in the New Baghdad neighborhood, where American soldiers had been on patrol just minutes earlier, killing at least 60 people.

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None of those bombings have had the symbolic resonance of the one on Mutanabi Street, the embodiment of Baghdad's venerable intellectual history. Avid readers could find novels by the Egyptian writer Naguib Mahfouz and Newsweek magazines from the 1960s. Merchants often spread their wares out on the sidewalk, down the block from a building used for administration by Ottoman-era officials and, after World War I, British colonial officers.

Religious texts, particularly on Shiite ideology, began to appear after the toppling of Saddam Hussein, who had banned them from markets across Baghdad. The conversations at the Shahbandar cafe blossomed into free expressions of political opinion. The cafe became popular with foreign reporters seeking comments from Iraqi intellectuals on the changes roiling Iraqi society.

But commerce along Mutanabi Street began to decline last summer after the Iraqi government imposed a citywide curfew every Friday for security reasons, making it tough to get to Mutanabi on its traditional market day.

An Iraqi colonel on the scene on Monday said the suicide car bomb, which was loaded with gas cylinders, had left a crater more than nine feet deep in the middle of the street. At least 20 cars were set ablaze.

"Those terrorists do not represent Islam," said Wissam Arif, 45, an engineer and eager browser of the book market. "They are fighting science. They hate the light of science and scientists. Haven't they killed hundreds of prophets and intellectuals?

"Yesterday they killed the prophets and today they are killing the books. But hopefully the just, the science and the light will win. We'll be patient until we achieve victory."

There are fewer and fewer public spaces where one can retreat from the violence of Baghdad. An animal market nearby has been bombed three times. Parks where couples once embraced are now empty of life because people are afraid to leave their homes. Some renowned restaurants have shut down and reopened in Amman, Jordan, a city brimming with Iraqi refugees.

At least six people were killed and dozens wounded Monday in other bombings and shootings in Baghdad, an Interior Ministry official said. The police found 16 bodies in various parts of the city. Six policemen were killed in two attacks in Diyala Province, and a headless body was found in Baquba, the province's capital, police officials said. Two Iraqi Army soldiers and two gunmen were killed in a firefight east of Baquba.

In the area of Kirkuk, the contested oil city, a policeman was killed and four bodies were found at two other locations, police officials said. An Arab Shiite sheik opposed to the resettlement of Kurds into the region was kidnapped, said Ahmad Hameed al-Ubaidi, a member of an Arab political group.

An American soldier was killed and one was wounded by a roadside bomb south of Tikrit on Sunday night, the American military said.

Aides to Mr. Maliki said Monday that the government had begun an investigation of a raid by British and Iraqi troops on an Iraqi intelligence agency building in Basra.

The British military said in a statement that the raid took place on Saturday night after Iraqi special forces captured a "known terrorist" who gave information that led the troops to look for a "known death squad leader" in the building. While there, the soldiers found 30 prisoners, including one woman and two children, "many of whom showed signs of torture and abuse."

The prisoners then escaped, the British military said. "It is unclear how this occurred, though we can confirm that the Iraqi forces did not release the prisoners," the military said.

Late Sunday, Mr. Maliki's office released a statement denouncing the raid but did not address the accusations of what appeared to have been government-sanctioned torture.

In eastern Baghdad, American and Iraqi troops continued to search houses in Sadr City but met no resistance, said Lt. Col. Scott Bleichwehl, an Army spokesman. The American military has begun a push into Sadr City, home of a formidable Shiite militia, as part of the Baghdad security plan.

Bomb Shatters Baghdad's Storied Literary Street (WP)

By Sudarsan Raghavan

The Washington Post, March 6, 2007

BAGHDAD, Mar. 5 -- Two firemen emerged from the thick curtain of black smoke that covered the pavement on Monday, carrying a soft, shapeless corpse wrapped in a green tarpaulin.

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In their path was what was left of Mutanabi Street, Baghdad's literary heart. Bookstores in ruins. Balconies torn from oatmeal-colored buildings, some still on fire. Mangled cars with cracked windshields. The sounds of weeping mingled with the smell of burned flesh, as shards of paper seemed to flutter endlessly down from the sky.

At 11:40 a.m., a car bomb exploded on this storied street, killing as many as 26 people and injuring dozens, according to police officers at the scene. It shattered an area once known for liberal ideas, an intellectual haven that in the heady days after the U.S.-led invasion pulsed with the promise of freedom.

Solemn as pallbearers, the firemen walked through the landscape of twisted metal and debris, their feet crunching shattered glass. Behind them, the tower of smoke and ash billowed above the capital. One placed the charred body on a pushcart. The other covered it with a long sheet of white paper, as if he were tucking a child into bed. As they rolled the cart up the street, a young man in a black checkered sweater and light-blue jeans ran past. Tears streamed down his face.

"Where is my family? What happened to my family?" he screamed.

For many victims, the attack brought questions about the effectiveness of a new security crackdown that Iraqi Prime Minister Nouri al-Maliki has already declared a success. Nearly three weeks after its launch, the number of violent attacks has dipped, but bombings continue to plague Baghdad.

On Monday, U.S. and Iraqi troops continued their carefully orchestrated security sweeps into the Shiite militia stronghold of Sadr City, with Iraqi forces taking a more visible role than the Americans. Meanwhile, gunmen opened fire on Shiite pilgrims, killing seven in several areas of Baghdad, police said.

"What security plan? There is no security plan," said Abu Firas al-Tai, 47, as he stared at his blue car just off Mutanabi Street. Its windows were blown out. Shrapnel had pierced the trunk.

Tai, short with round glasses, was leaving a bank after collecting his pension when the car bomb detonated. "It was a huge explosion," he said, as ambulances carrying the injured sped past. "My head and face were full of dust and ash from the burning books."

Imad Abbas, 39, a burly man with thinning hair, was in his stationery shop when he heard the explosion. Shelves and boxes fell on his head, he recalled. The electricity went off. Outside, a car burned. Then his store caught fire.

He ran upstairs to the balcony and began shouting for help. Fifteen minutes later, he was rescued by firemen. One of them placed Abbas on his back and carried him down, depositing him near a corpse covered with a blanket.

"I just returned from the dead," Abbas said.

When Saddam Hussein was in power, Mutanabi Street exuded a defiant spirit that reverberated through its bookstores and the famed Shabandar Cafe. Here, intellectuals, over cups of sweet tea, engaged in lively debates.

But in recent months, the street had become a casualty of Iraq's incessant violence. As thousands of educated Iraqis left, many of the original booksellers closed shop. Others were kidnapped or killed. Many fled the country. Checkpoints, street closings and a Friday curfew kept customers away.

Still, the street was a hive of activity in the mornings, mostly because of a brisk trade in stationery products. Abbas said he believes that's why the street was attacked.

"They want to drive down the trade of Iraq," he said of the perpetrators. "They are trying to humiliate our history and humiliate our people."

The car bomb exploded near the cafe, igniting bookstores and stationery shops. The vast amounts of paper made it difficult for firefighters to control the flames.

As the young man in bluejeans cried, a friend clutched his shoulder and took him into his home for comfort. Others watched as firefighters tried to rescue two people trapped inside a burning building.

"The roof is going to collapse," one onlooker predicted.

Ten minutes later, the young man emerged onto the street, his face a mask of anguish.

"Where is my family?" he asked no one in particular. As he watched, another fireman rolled a pushcart bearing a body, this one covered in a blue tarpaulin.

"All we do is sell books," said Amer Kasim, 38, struggling for an explanation.

DOJ_NMG_0140542

Suicide Car Bomb Kills 38 In Baghdad (WT/AP)

By Lauren Frayer

The Washington Times, March 6, 2007

BAGHDAD -- A suicide car bomber shattered a relative lull in Baghdad's violence yesterday, killing at least 38 persons, of which seven were pilgrims, in a blast that touched off raging fires and a blizzard of bloodstained paper from a popular book market.

It was the largest bombing in the capital in three days, and came on the heels of a major push by nearly 1,200 U.S. and Iraqi troops into Sadr City, a Shi'ite militia stronghold and base for fighters loyal to radical cleric Muqtada al-Sadr.

Iraqi troops in Sadr City set up checkpoints and took a far more visible presence than Americans, who led the push into the area Sunday. The move was an apparent attempt to avoid Shi'ite anger in a place of past street battles with U.S. forces.

But pressure on Sheik al-Sadr and his Mahdi Army militia continued on other fronts.

In the southern city of Karbala, the home of a Mahdi Army leader was raided in a joint U.S.-Iraq operation, the U.S. military said.

Sheik al-Sadr's followers also warned the Iraqi government that they would not relinquish Cabinet posts unless other members of the ruling coalition do the same -- setting the stage for a major political battle as Prime Minister Nouri al-Maliki prepares to reshuffle his administration.

Meanwhile, a raid by British and Iraqi troops on a police intelligence headquarters in southern Iraq on Sunday found 30 prisoners with signs of torture. A purported death-squad leader was captured.

The raid took place at the National Iraqi Intelligence Agency building in Basra, Iraq's second-largest city 340 miles southeast of Baghdad. Inside, troops discovered the prisoners, including one woman and two children, with signs of torture and abuse, the British military said in a statement. It did not elaborate.

The Iraqi government criticized the raid and yesterday began an investigation.

"We have a committee that ... has started work to uncover the circumstances of the incident," said Ali al-Dabbagh, a government spokesman.

Mr. al-Maliki had ordered the inquiry a day earlier and vowed to punish "those who carried out this illegal and irresponsible act," his office said in condemning the raid. Mr. al-Maliki's statement did not mention the prisoners.

Yesterday, black smoke drifted over central Baghdad from burning shops, cars and book stalls in the mixed Sunni-Shi'ite area around Mutanabi Street along the Tigris River. At least 66 persons were wounded in the suicide blast and the death toll could rise, police said.

"Papers from the book market were floating through the air like leaflets dropped from a plane," said Naeem al-Daraji, a Health Ministry worker who was driving about 200 yards from the blast and was slightly injured by broken glass from his car window.

"Pieces of flesh and the remains of books were scattered everywhere," he said.

People began driving the injured to hospitals in private cars without waiting for ambulances to arrive. A worker at a nearby shoe store, Youssef Haider, 24, said the blast flipped burning cars with charred bodies trapped inside. He and co-workers used two-wheel pushcarts to carry away the wounded.

Sporadic car bombs and attacks have hit the capital in recent days, but none with mass casualties since a blast Friday killed at least 10 persons.

In other violence, gunmen opened fire on Shi'ite pilgrims in several places around Baghdad, killing at least seven persons, police said. The Shi'ites were apparently heading to shrines and holy sites in southern Iraq for the annual commemoration of a 40-day mourning period for the death of a revered 7th century warrior, Hussein.

The U.S. military said one American soldier was killed and another was wounded when a roadside bomb hit their convoy south of Tikrit.

38 Die, 105 Hurt In Baghdad Market Blast (AP)

By Brian Murphy,

DOJ_NMG_0140543

AP, March 6, 2007

A suicide car bomber turned a venerable book market into a deadly inferno and gunmen targeted Shiite pilgrims Monday as suspected Sunni insurgents brought major bloodshed back into the lap of their main Shiite rivals. At least 38 people died in the blast and seven pilgrims were killed.

The violence — after a relative three-day lull in Baghdad — was seen as another salvo in the Sunni extremist campaign to provoke a sectarian civil war that could tear apart the Shiite-led government and erase Washington's plans for Iraq.

The Shiite Mahdi Army militia has so far resisted full-scale retaliation through a combination of self-interest and intense government pressure. But the militia's leader, the radical cleric Muqtada al-Sadr, is now being cornered in new ways that have put him on the defensive.

An expected Cabinet reshuffle could take a serious bite out of al-Sadr's voice in government — a move strongly encouraged by Washington.

Al-Sadr also opened the door for U.S. and Iraqi troops to enter the Mahdi stronghold of Sadr City in Baghdad — under a painstaking deal with authorities — but his loyalists are still being hunted outside the capital.

"Al-Sadr and his forces could be feeling under siege," said Alireza Nourizadeh, chief researcher at the London-based Center for Arab-Iranian Studies. "That makes them less predictable. That means they are more dangerous."

One possible sign of brewing troubles was 30 bullet-ridden bodies found across Baghdad. Many of those killings are blamed on Shiite death squads, and Monday's figure was the highest in weeks.

And the Sunni extremists keep pressing.

The suicide mission tore through booksellers and other stores on narrow Mutanabi Street, a mostly Shiite-run commercial area in Baghdad's historical heart along the Tigris River.

Within seconds, flames engulfed open-air stalls and shops brimming with books and magazines. Gas-powered generators — needed because of frequent power cuts — exploded one by one.

Bloodstained pages that escaped the fire were carried away in a wind-whipped pillar of black smoke.

Firefighters had to spray huge arches of water from blocks away because their trucks were took large for the warren of lanes in old Baghdad. At least 38 people died and 105 were injured, said Raad Jabar, a Health Ministry official.

But the final casualty count may not be clear until Tuesday. Fire crews still battled the blazes more than 12 hours after the attack, said civil defense Maj. Gen. Abdul Rasoul al-Zaidi.

"Papers from the book market were floating through the air like leaflets dropped from a plane," said Naeem al-Daraji, a Health Ministry worker who was driving about 200 yards from the blast and was slightly injured by broken glass from his car window.

"Pieces of flesh and the remains of books were scattered everywhere," he said.

A worker at a nearby shoe store, Youssef Haider, 24, said the blast flipped burning cars with charred bodies trapped inside. He and co-workers used two-wheel pushcarts for shoe boxes to carry away the wounded.

In other violence, gunmen opened fire on Shiite pilgrims in several places around Baghdad, killing at least seven people, police said.

The Shiites were apparently heading to shrines and holy sites in southern Iraq for the annual commemoration to end a 40-day mourning period for the death of a revered 7th century Shiite martyr, Imam Hussein.

It was the bloodiest day in the capital in more than a week, and came on the heels of a major push by nearly 1,200 U.S. and Iraqi troops into teeming Sadr City as part of a nearly 3-week-old security offensive across Baghdad.

The sweeps seek to drive out militants and establish permanent stations in troubled areas. Search teams also uncovered a nearly tenfold increase in hidden weapons stashes in the past week, the military said.

More than 21,000 small arms rounds were confiscated last week, up from 2,160 the previous week; 937 mortar rounds were discovered, up from 89 the week before, it said. Attacks on soldiers in some Shiite districts are also down sharply.

That's mostly because al-Sadr ordered his fighters to pull back after coming under strong government arm-twisting to allow the security plan to proceed.

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In Sadr City, Iraqi troops set up checkpoints and took a far more visible role than Americans, who led the push into the area Sunday. The move was an apparent attempt to avoid Shiite anger in a place of past street battles with U.S. forces.

The troops plan to establish outposts in Sadr City that will bring together Iraqi police, military and U.S.-led forces, said U.S. Brig. Gen. Terry Wolff, who oversees training of Iraqi soldiers.

"It's about presence," he said.

But pressure on al-Sadr and his Mahdi Army continued on other fronts.

In the southern city of Karbala, the home of a Mahdi Army leader was raided in a joint U.S.-Iraqi operation, the U.S. military said.

Al-Sadr's followers also warned they would fight any Cabinet changes that would single them out.

"We will not give up our share and any of our ministerial posts under any circumstances unless all other blocs are subjected to the same procedure," said Saleh al-Ukaili, head of Sadrist faction in parliament, where the bloc controls 30 of the 275 seats.

An adviser to Prime Minister Nouri al-Maliki said 10 of the 39 ministry posts soon would be replaced — including five of the six ministers loyal to al-Sadr. The adviser spoke on condition of anonymity because they were not supposed to release the information.

Relations between al-Sadr and the government are already tense. Late last year, the prime minister withdrew his official protection for al-Sadr and the Mahdi Army and allowed U.S.-led forces to close in.

U.S. Narrows Financial Focus To Aid Iraqi Small Businesses (USAT)

By Oren Dorell

USA Today, March 6, 2007

BAGHDAD — Mohamed Raheem saw fliers posted all over his neighborhood offering money to Iraqis who wanted to expand their small businesses.

He called a phone number listed on the flier and set up an appointment with the Iraqi-American Chamber of Commerce and Industry. "I explained to them that I have a shop and I want to expand my work," said Raheem, 44, who owns a small grocery store in the Kadhamiya district of Baghdad. He applied for a $10,000 grant.

As U.S. military and civilian officials try to help Iraq's economy rebuild, they are placing a new emphasis on small businesses like Raheem's. Through grants and loans — often for a few hundred dollars each — they're trying to stimulate job growth and eventually improve Iraq's security.

So-called microfinance projects have proved more efficient at creating jobs than large-scale, multibillion-dollar reconstruction efforts, says Eric Nigh, executive director of the Iraqi-American Chamber of Commerce and Industry.

Large infrastructure projects, such as power plants, required enormous spending on workers' security, says Ra'ad Omar, chief executive of the chamber. He said Iraqi contractors tended to invest their profits in real estate abroad rather than reinvest them at home. Many owners of larger Iraqi companies eventually left the country because of security issues.

"The American government has learned from their mistakes in Iraq," Nigh says. "Now, instead of the big contracts with big companies, we are working on giving small grants for ordinary people."

The chamber's program, called "Najah," Arabic for "success," is funded through the U.S. Agency for International Development.

Small-business owners must match at least 25% of the grant's value with their own money and commit to hiring new employees. The grants are distributed in the form of equipment and services, such as construction, instead of cash. USAID has also offered small loans through other programs in Iraq.

Raheem says that if he receives his grant, he will hire two workers and get new refrigerators, a generator, shelves and carts. "I could bring (customers) everything they need so they do their shopping from me only," he says.

The chamber follows businesses for a year to ensure they continue to operate. Recipients have included barbers, grocers, mobile phone sellers, mechanics and cooks.

In a year, the program is projected to distribute $6 million and create about 2,000 jobs, according to the chamber.

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Iraq's unemployment rate was 17.6% last year, according to a draft report released by the U.S. Embassy in Baghdad. U.S. military officials hope that if more young Iraqi men have jobs, they will be less tempted to join sectarian militias.

"Security improves the economy. And improvement in economic conditions reduces dissatisfaction," says Brig. Gen. Vincent Brooks, a deputy commander of coalition forces in Baghdad. "Reducing dissatisfaction makes it more difficult for the insurgents to influence the actions of the people."

Other U.S.-sponsored economic projects include:

•Renovation of a building near Sadr City, a major stronghold of Shiite militia, that will become a trade school for young men. Armed with skills, a new army of electricians, plumbers and mechanics will go to work for themselves and "not be tempted to place IEDs (improvised explosive devices)," says Lt. Col. Bob Ruch, deputy team leader of the Baghdad Provincial Reconstruction Team.

•Construction of small power generators to produce electricity for small-scale industry.

•Changes in traffic patterns in commercial districts to make them safer from car bombing attacks.

Iraq's economy grew about 3% in 2006, according to the World Bank. Growth was flat in the oil sector, which has been damaged by insurgent attacks on pipelines and low foreign investment. The non-oil economy, composed largely of small businesses, grew 10%, the Bank said.

The biggest obstacle to economic growth continues to be security, says Frank Lavin, U.S. undersecretary of Commerce, who traveled to Iraq last month. Security expenses account for about one-third of most companies' operating budgets, he says.

For some, even the unrest in Iraq could bring business opportunities. "Because of the difficulties that people are facing, they prefer to do their shopping from just one place," said Raheem, who hopes his expanded store will offer more products. "That is what I am trying to achieve."

Fighting For Iraq's Culture (NYT)

By Matthew Bogdanos

The New York Times, March 6, 2007

WITH the situation in Iraq growing seemingly graver by the day, Americans are increasingly reluctant to risk American blood to save Iraqi lives. So it's a pretty tough sell to ask people to care about a bunch of old rocks with funny writing.

But what if they understood that the plunder of Iraq's 10,000 poorly guarded archaeological sites not only deprives future generations of incomparable works of art, but also finances the insurgents? Having led the United States investigation into the looting of the Iraq National Museum in 2003, I know that millions of dollars' worth of antiquities flow out of the country each year. And it would be naïve to think the insurgents aren't getting a major share of the loot.

And what if Americans understood that our failure to appreciate the importance Iraqis place on their history has added to the chaos faced by our troops? Four years after the initial looting — and despite having recovered almost 6,000 antiquities — we cannot keep pace with the artifacts being stolen every day. This continued failure to protect an artistic heritage going back to the dawn of civilization has convinced many in Iraq and the Middle East that we do not care about any culture other than our own.

It's worth pointing out that the failure to safeguard Iraqi antiquities does not rest solely with the United States. While the United Nations and NATO took the lead in providing security for cultural artifacts in postwar situations in Bosnia, Cyprus and elsewhere, neither seems much interested in rectifying the situation in Iraq. NATO opened a training center for security officers outside Baghdad in 2005, but none of the Iraqis trained have been assigned to archaeological sites. The United Nations says that it has no mandate to train guards and that the level of violence does not permit its involvement.

So who might act? In the past, most archaeological digs in Iraq have had foreign sponsorship — the Germans at Babylon and Uruk, the British at Ur and Nimrud, the French at Kish and Lagash, the Italians at Hatra, and the Americans at Nippur. Given that background, it would make sense for each of these countries to "adopt" the sites its scholars have been studying.

Each of the foreign nations would provide guards around the perimeter and around the clock. (Obviously, this would entail getting permission from the Iraqi government and help from the American military.) Ideally, these foreign forces would also be assigned a group of Iraqi recruits to train. Once the Iraqis were mission-capable — it should take only six months or so if the Baghdad government supplied the manpower — the donor nation would recall its forces.

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In this way, Mesopotamia's cultural patrimony would be safe, Al Jazeera would have to find other ways to show TV clips of Western indifference to Arab culture, and the terrorists would have to find another income source.

One challenge has been convincing European governments that providing coordinated site security would not be a statement in support of the war. But surely they could be persuaded that it would be a humanitarian effort to protect a cultural heritage rich with common ancestry that predates the splits among Kurd, Sunni Arab and Shiite.

The lesson for the United States is that we must never again cede the moral high ground on cultural issues like this one. In advance of any future military action, we should assign units the task of protecting cultural property. And all troops scheduled to deploy overseas should receive cultural awareness training; the Archaeological Institute of America has already conducted some seminars at Camp Lejeune in North Carolina.

Yes, diverting resources to save cultural artifacts during a time of war may seem like cutting funds for the police and firefighters in order to expand the public library. And my decision to expand my team's counterterrorist mission to investigate the looting of the museum was characterized by many as a distraction. But some soldiers before us have seen the wisdom of this approach. "Inevitably, in the path of our advance will be found historical monuments and cultural centers which symbolize to the world all that we are fighting to preserve," said Dwight Eisenhower just before D-Day. "It is the responsibility of every commander to protect and respect these symbols whenever possible."

9 From One Family Die In U.S. Strike Near Kabul (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, March 6, 2007

KABUL, Afghanistan, March 5 — Nine members of a family, including five women and three children, were killed in an American airstrike in central Afghanistan late Sunday during a battle with militants, Afghan officials said Monday.

The American military acknowledged that it dropped two 2,000-pound bombs on a compound on Sunday night, but said that it could not confirm the casualties.

The strike occurred 12 hours after American forces in eastern Afghanistan fired on civilians following a suicide car bombing next to an American convoy. The American fire killed at least 10 people and wounded 25, Afghan officials said. In response, protests on Sunday blocked the main highway in the area.

On Sunday night, American forces at a small base in Tape Ahmed Beg, in Kapisa Province, northeast of the capital, Kabul, came under rocket fire at 9 p.m., the United States military said in a statement. When two men with Kalashnikov rifles were spotted entering a compound, the Americans called an airstrike, which ended the engagement, it said.

"Coalition forces observed two men with AK-47s leaving the scene of the rocket attack and entering the compound," Lt. Col. David Accetta, a military spokesman, said in the statement. "These men knowingly endangered civilians by retreating into a populated area while conducting attacks against coalition forces."

"We did this in self-defense," said Gen. Muhammad Eiwaz Masloom, the police chief of Kapisa Province, whose men work beside Americans at the base. "The enemy of Afghanistan is trying to use different tactics to destroy the peace and stability in our area, especially in the districts of Tagab and Nejarab, and they have repeatedly attacked our bases."

He said that members of the Islamic Party, which is led by the renegade mujahedeen commander Gulbuddin Hekmatyar, and Taliban supporters were active in the area.

But a local representative of the provincial council, Suraya Bahadur, who comes from Nejarab district, where the bombing happened, condemned it. "I condemn both the suicide attacks and the rocket attacks by the enemy of Afghanistan, and also I condemn these type of mistakes," by American and NATO forces, she said. "We never want our civilian people to be killed."

John Sifton, a senior researcher at Human Rights Watch, which is based in New York, also expressed concern about the level of force. "That is heavy firepower to respond to two men, even if they have Kalashnikovs," he said in a telephone interview. "If that version of events bears up, it would strongly suggest that the attack was disproportionate." Mr. Sifton said insurgents also regularly violated the rules of war by using force near civilian areas.

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On Monday, President Hamid Karzai condemned the killing of the civilians in eastern Afghanistan on Sunday morning. He blamed the "enemies of Afghanistan" for the suicide bombing, which "caused the American forces to fire on civilian people and demonstrators that killed 10 people." He ordered a government delegation to the scene to investigate with the American military.

The American military, in a statement, revised its account to 8 civilians killed and 35 wounded, from 16 dead and 24 wounded, saying that the latest figures were its most accurate. A spokesman at Bagram Air Base, Sgt. Dean Welch, said that as the day progressed and after coordination with Afghan officials, the initial reports were corrected.

The statement said the military deeply regretted the loss of civilian life. "This attack put every innocent man, woman and child buying food or clothing in the bazaar at risk," Col. John Nicholson of the United States Army said. The statement said American forces would work with the Afghan authorities to "investigate and identify those responsible."

Nine witnesses, including five Afghans recuperating from bullet wounds in a hospital, told The Associated Press that the American forces had fired indiscriminately along at least six miles of one of eastern Afghanistan's busiest highways — a route often filled with cars, trucks and Afghans on foot and bicycles.

The NATO secretary general, Jaap de Hoop Scheffer, said in Brussels that he understood that both episodes involved American-led coalition forces rather than NATO's forces in Afghanistan, but he said, "Every civilian casualty is one too many," [a news agency] reported.

Mr. Sifton urged Afghanistan, NATO and coalition forces to develop protocols for troops in such cases.

9 Afghan Civilians Reported Killed In U.S. Airstrike (WP)

By Griff Witte

The Washington Post, March 6, 2007

ISLAMABAD, Pakistan, March 5 -- U.S. forces killed nine Afghan civilians Sunday night while bombing a house where two Taliban insurgents had taken refuge, Afghan authorities said Monday.

Sayed Mohammed Daoud Hashimi, deputy governor of Kapisa province in northeastern Afghanistan, said the insurgents fled to the house after firing rockets at a base used by the U.S.-led coalition. The house belonged to relatives of one of the fighters, and nine of them -- three children, five women and an elderly man -- were killed when U.S. forces dropped bombs on it, Hashimi said. The two Taliban members were injured in the blast but managed to escape.

U.S. military officials later acknowledged having dropped the bombs but said they could not confirm reports of civilian casualties.

The deaths followed by hours the killing of at least eight Afghan civilians outside the eastern city of Jalalabad on Sunday morning. In that incident, U.S. Marines engaged in a firefight with insurgents after their convoy was hit by a van packed with explosives, according to U.S. officials. Afghan witnesses later said the Marines fired indiscriminately at bystanders as they sped away. The deaths remain under investigation.

The incidents, while separate, underscore the challenge facing coalition forces as they confront insurgents who, according to military officials, are trying to provoke battles that lead to civilian deaths. Both the coalition and the Taliban, the Islamic militia that ruled most of the country until the U.S.-led invasion in 2001, have indicated that they are preparing for a violent spring as conditions for fighting improve.

The deaths of the civilians near Jalalabad sparked angry protests Sunday, with hundreds of people taking to the streets, throwing rocks and chanting anti-American slogans. Authorities in Jalalabad said there were no additional protests Monday and described the situation as calm.

Hashimi said that in contrast to the Jalalabad incident, the reaction to the airstrike in Kapisa was muted because local residents knew that the bombed house was being used by the Taliban.

"The people knew these men were constantly attacking security and coalition forces. The people asked them to stop, because we don't want any problems for our village," he said. "But they didn't listen to the people. They kept attacking."

The provincial police chief, Gen. Raz Mohammed, said his forces had also come under attack from the Taliban on Sunday. He called the U.S. response justified.

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In a statement, the U.S. military acknowledged dropping two 2,000-pound bombs on the building where the insurgents were believed to be hiding.

"Coalition forces observed two men with AK-47s leaving the scene of the rocket attack and entering the compound," said Lt. Col. David Accetta, a coalition forces spokesman. "These men knowingly endangered civilians by retreating into a populated area while conducting attacks against coalition forces."

The U.S. military said its forces suffered no injuries in the initial rocket attack. The incident was under investigation Monday night.

John Sifton, a senior researcher with Human Rights Watch, said the advocacy group was calling for independent investigations into whether U.S. forces reacted disproportionately in either incident. "The insurgents are regularly carrying out illegal attacks, but these responses are also extremely destructive," he said. "Whenever a mistake or, worse, recklessness, occurs, it sets back the effort."

Bombing Kills Nine Relatives In Afghanistan (WT/AP)

By Amir Shah

The Washington Times, March 6, 2007

JABAR, Afghanistan -- A coalition air strike destroyed a mud-brick home after a rocket attack on a U.S. base, killing nine persons from four generations of an Afghan family including a 6-month-old, officials and relatives said yesterday.

It was the third report in two days of U.S. forces killing civilians. The air strike occurred late Sunday in Kapisa province north of the capital, some 12 hours after U.S. Marines reportedly opened fire on civilian cars and pedestrians after a suicide bombing in eastern Nangahar province.

In the other incident, an American convoy in the southern city of Kandahar -- where suicide attacks have become commonplace over the past year -- opened fire yesterday on a vehicle that drove too close, killing the driver, said Noor Ahmad, a Kandahar police officer who said he witnessed the shooting. A NATO spokesman said he did not have any information.

Up to 10 Afghans died in the aftermath of the Nangahar suicide attack, which wounded a U.S. Marine. President Hamid Karzai condemned the bombing, "which caused the American forces to fire on civilians," and a statement said relatives of the dead wanted the "perpetrators" brought to justice.

In both the Nangahar and Kapisa incidents, the U.S. military blamed militants for putting innocent lives in danger. A villager in Kapisa, about 50 miles northeast of the capital, confirmed the U.S. account that a rocket was first fired at the American base.

Mr. Karzai has repeatedly pleaded for Western troops to show more restraint amid concern that civilian deaths shake domestic support for the foreign military involvement that the president needs to prop up his government, which is increasingly under threat from a resurgent Taliban.

Bryan Whitman, a Pentagon spokesman, said coalition forces will always respond in self-defense when fired upon: "It is often the enemy that is putting innocent peoples' lives in danger by where they're conducting these attacks on our forces."

In the Kapisa province violence, the U.S. military said a rocket was fired at a hilltop U.S. base, prompting return fire by the coalition forces and the air strike.

Two men with automatic rifles were seen leaving the site of the rocket attack and heading into a compound that was then hit by two 2,000-pound bombs, a military statement said. Rural homes in Afghanistan are built in a compound style with one large outer wall often encasing several small rooms; many families tend to share the same compound.

"These men knowingly endangered civilians by retreating into a populated area while conducting attacks against coalition forces," said Lt. Col. David Accetta, a U.S. military spokesman. "We observed the men entering a compound and that compound was targeted and hit by an air strike."

The bombs left a large crater of twisted lumber and chunks of mud and killed four women, four children between 6 months and 5 years old, and an 80-year-old man, said Gulam Nabi, a relative of the victims.

Sayad Mohammad Dawood Hashimmi, Kapisa deputy governor, confirmed the nine deaths.

Among those killed were Gulam Nabi's parents, his sister, two female relatives by marriage and four of the extended family's youngest children.

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Record Opium Crop Possible In Afghanistan, U.N. Study Predicts (NYT)

By Carlotta Gall

The New York Times, March 6, 2007

KABUL, Afghanistan, March 5 — Afghanistan's opium harvest could be bigger than last year's record crop, with nearly half of the provinces showing an increase in planting this year, the director of the United Nations Office for Drugs and Crime said here Monday.

His office released an assessment of winter planting trends, which shows an increase in 15 provinces, no change in 6 provinces, and a decrease in 7 provinces. Six of Afghanistan's 34 provinces have no poppies, the study said.

Similar assessments of the size of the crop and harvest have proved accurate in the past. Afghanistan had a substantial increase of poppy cultivation last year, resulting in the highest recorded harvest, more than 6,000 tons, the drugs and crime office said.

Although some of the country is showing a decrease in poppy cultivation this year, the south, which has been plagued by the insurgency and traditionally has been the biggest source of poppies, is showing a continued increase, "which may result in an overall increase in opium poppy cultivation in 2007," the report said.

The ample rainfall and snowfall this winter would also contribute to a good harvest in 2007, it said.

"The real increase is taking place in the provinces characterized by insurgency, and the problem there is not only a narcotic problem but an insurgency problem," Antonio Maria Costa, the director of the drugs and crime office, based in Vienna, said in an interview. "The southern provinces are a textbook case of lawlessness prevailing, and therefore everybody from farmers and labs, traffickers and warlords are trying to profit from the bonanza of the product."

Lack of security has also prevented aid from reaching farmers who want to change crops, he said, which has been a major factor in other areas in persuading farmers to abandon poppy growing.

Mr. Costa said a decrease in poppy growing across a band of provinces that have been the target of such an effort was an important development. Money was provided in those areas to help farmers change crops.

"We may be able to create a corridor, or an area ranging from Pakistan in the southeast to Turkmenistan in the northwest" that is free of opium, Mr. Costa said. The strategy was, he said, "Establish a stronghold of opium-free, or provinces with a negligible amount, and then slowly regain control of the other provinces."

The intent of the big traffickers is uncertain because the huge crops last year produced a glut of opium on the world market, he said. The excess, which was worth about $1 billion, has not reached the market and depressed the price of opium, so someone is holding it for future sales, he said.

"Is it in the insurgents' hands?" he asked. "It is not under the bed of the farmers," he said, adding, "It could become a serious problem down the road."

CIA Rushing Resources To Bin Laden Hunt (ABC News)

ABC News, March 6, 2007

Armed with fresh intelligence, the CIA is moving additional man power and equipment into Pakistan in the effort to find Osama bin Laden and his deputy Ayman al Zawahri, U.S. officials tell ABC News.

"Reports that the trail has gone stone cold are not correct," said one U.S. official. "We are very much increasing our efforts there," the official said.

People familiar with the CIA operation say undercover officers with paramilitary training have been ordered into Pakistan and the area across the border with Afghanistan as part of the ramp-up.

Blotter Afghanistan: U.S. Forces Arrack Suspected al Qaeda Hideout

Blotter CIA: Bin Laden in Pakistan Establishing New Camps

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Although never publicly acknowledged, Pakistan has permitted CIA teams to secretly operate inside Pakistan.

Pakistan officials say they are aware that CIA teams have increased their presence in northern Waziristan since last September when Pakistan withdrew its troops from the area under a much-criticized "peace deal" with tribal leaders.

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Director of National Intelligence Mike McConnell testified last week that current intelligence "to the best of our knowledge" puts both bin Laden and al Zawahri in Pakistan. It was the first time a high-ranking U.S. official publicly identified Pakistan as bin Laden's hiding place.

Past intelligence has indicated that bin Laden often changed locations in March, traveling to hiding places in the mountains once the snow cover begins to melt.

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Probe Of Prosecutor Firings Intensifies (AP)

By Laurie Kellman, Associated Press Writer

AP, March 6, 2007

WASHINGTON — The probe into the Bush administration's firings of U.S. attorneys intensified Monday as lawmakers ordered two more ousted officials to tell their stories and the Justice Department said Republican Sen. Pete Domenici had complained repeatedly to the attorney general about one prosecutor.

A second lawmaker from New Mexico, GOP Rep. Heather Wilson, acknowledged that she, too, had complained to the same prosecutor about the slow pace of an investigation. Like Domenici, she denied pressuring the U.S. attorney in her state.

The administration has said eight prosecutors were told to leave, all but one for performance-related reasons. However, Democrats have suggested ever more pointedly that politics was behind many of the dismissals, and the Domenici revelation fueled that idea.

Six of those fired, meanwhile, issued a stiff defense of their conduct and implied that they had had differences with Justice Department officials in Washington.

"We leave with no regrets, because we served well and upheld the best traditions of the Department of Justice," the group said in a joint statement released in advance of a Tuesday hearing by a House subcommittee.

The Justice Department, besieged by charges of cronyism, acknowledged that lawmakers — both Republican and Democratic — had complained about several of the eight.

One, David Iglesias of New Mexico, was the subject of four phone calls from Domenici to Attorney General Alberto Gonzales and his deputy questioning whether the prosecutor was "up to the job," department spokesman Brian Roehrkasse said.

It's unclear whether Iglesias was aware of the senator's calls to the Justice Department, but he knew of Domenici's interest in his work. Domenici said over the weekend that he had called the prosecutor in October 2006 to ask about the progress of a probe into an alleged Democratic kickback scheme.

Iglesias has said he received calls from two lawmakers — he has not named them publicly — who inquired about the case. He said that he felt pressured by them to rush indictments before the November elections.

Domenici has apologized for the call while denying he put any pressure on Iglesias. The Senate ethics manual advises lawmakers to refrain from speaking to court officers about specific proceedings until after they are resolved.

Wilson said Monday she contacted Iglesias but did not put pressure on him to speed up the investigation.

In a statement released to The Washington Post, Wilson said: "I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way. The conversation was brief and professional."

She said the department dismissed Iglesias "without input from me."

During a briefing that Deputy Attorney General Paul McNulty gave senators last month about the firings, McNulty singled out two U.S. attorneys, Iglesias and Carol Lam of California, who had generated "extensive congressional concern," according to a senior administration official, speaking on condition of anonymity because the official was not authorized to speak on the record about that briefing.

The Justice Department released letters from Sen. Dianne Feinstein and Rep. Darrell Issa of California to Gonzales and Lam complaining about Lam's prosecution record with illegal immigrants, and other matters.

Lam's and Iglesias' accounts are just two of the stories expected to receive public airings on Capitol Hill Tuesday. The Justice Department has said Iglesias was among those dismissed for performance-related issues.

U.S. attorneys are political appointees and can be fired for any reason, or none at all. But these firings have become a stress point of a power struggle between the Republican Bush administration and newly ascendant Democrats in Congress.

Separately on Monday, the Justice Department said that Michael Battle — a senior official who directed the department's Executive Office for U.S. Attorneys and had personally informed the ousted prosecutors of their removal — would leave his post March 16.

Battle was not involved in the decision-making that led to the prosecutors' ouster, the department said. "His departure is not connected to the U.S. attorney controversy whatsoever," Roehrkasse said.

Democrats scoffed.

"The wheels seem to be coming off the Bush administration's increasingly hollow defense of its decision to fire eight U.S. attorneys," said Rep. Linda Sanchez, D-Calif., who planned to lead the House hearing.

Her panel subpoenaed two more fired prosecutors, Daniel Bogden of Nevada and Paul Charlton of Arizona.

They are the fifth and sixth ordered to testify. The others — Iglesias, Lam, H.E. "Bud" Cummins of Arkansas and John McKay of Washington — were expected to testify before both the House panel and the Senate Judiciary Committee.

The six attorneys said in a statement released ahead of the proceedings that they were given "little or no information about the reason" for their firings.

"When we had new ideas or differing opinions, we assumed that such thoughts would always be welcomed by the department and could be freely and openly debated within the halls of that great institution," they said.

Domenici said Sunday he had had a brief conversation with Iglesias last year and asked "if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at."

"In retrospect, I regret making that call and I apologize," Domenici said, adding, "I have never pressured him nor threatened him in any way."

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Associated Press writers Hope Yen, Jennifer Talhelm and Larry Margasak contributed to this report.

House Widens Prosecutor Firings Probe (USAT)

By Kevin Johnson, USA TODAY

USA Today, March 6, 2007

WASHINGTON — Congressional inquiries into the Bush administration's dismissal of eight federal prosecutors deepened Monday, as the House Judiciary Committee announced it would seek subpoenas for two more of the prosecutors.

The panel now plans to hear from as many as six of the ousted prosecutors today, and several of them are likely to also appear before the Senate Judiciary Committee. Both panels are investigating whether the administration unfairly dismissed the eight prosecutors — who serve at the pleasure of the president — as political retaliation for their investigative activities.

The House panel's announcement said it would seek testimony from former U.S. attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona. Previously scheduled to testify today were former U.S. attorneys H.E. "Bud" Cummins of Arkansas, David Iglesias of New Mexico, Carol Lam of Southern California and John McKay of Washington state.

Meanwhile, the senior Justice Department official who carried out the controversial firings announced his resignation Monday. Michael Battle, director of the Executive Office of U.S. Attorneys, said in a statement that his resignation was unrelated to the dismissals and that he was leaving to enter private practice.

Battle said he first notified the department of his decision to leave last June. However, Democrats called the timing of his departure suspicious.

"This raises another question about a subject where there are already too many unanswered questions," said Sen. Charles Schumer, D-N.Y., who has led the Senate investigation.

Rep. Linda Sánchez, D-Calif., a member of the House panel, said the explanation for Battle's departure "is as murky as everything else (the administration) has told us about this case."

Administration officials, including Deputy Attorney General Paul McNulty, have said that all but one of the firings were related to the prosecutors' performance. Last month, McNulty told the Senate panel that Cummins was removed so he could be replaced by an ex-aide to White House political director Karl Rove.

Since then, the Senate panel has disclosed that Justice had issued generally favorable evaluations of all of the fired prosecutors. And Iglesias, the former U.S. attorney in New Mexico, has said that before he was dismissed in December he was contacted by two unidentified members of Congress who asked about the status of corruption probe looking at Democrats.

Sen. Pete Domenici, R-N.M., has since acknowledged that he contacted Iglesias. Domenici said in a statement that he asked Iglesias whether "he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at.

"I regret making that call, and I apologize," Domenici said. "However, at no time … did I ever tell (Iglesias) what course of action I thought he should take on any legal matter."

Senate Ethics Committee Chairwoman Barbara Boxer, D-Calif., and Vice Chairman John Cornyn, R-Texas, declined to comment on whether Domenici's action would trigger an ethics inquiry.

Democrats To Probe Sackings Of US Attorneys (FT)

By Brooke Masters In New York

Financial Times, March 6, 2007

Congressional Democrats concerned about what they say is a political purge of US attorneys plan to use hearings on Tuesday to probe allegations that New Mexico's top prosecutor was fired after Pete Domenici, a Republican senator, involved himself in a political corruption investigation there.

A subcommittee of the House judiciary committee has subpoenaed six of the eight US attorneys ousted by the Department of Justice in December. The prosecutors, who run the 93 local offices that bring most cases, are chosen by the president and confirmed by the Senate, but the mass mid-term firings are highly unusual, legal experts said.

"More than any other justice department officials, US attorneys must be above reproach. Today's revelations call into serious question whether they were allowed such independence in this administration," said Chuck Schumer, New York senator. He added that the Senate judiciary committee, which will also hold hearings, planned to explore the recent resignation of Mike Battles, the DoJ official who informed the US attorneys of their dismissals

Several of the ousted attorneys have said they were told they were being pushed out to make way for people with political connections.

The firing of Carol Lam, former US attorney for San Diego, has also prompted questions because that office is presiding over a political corruption probe that ensnared Randy "Duke" Cunningham, a Republican congressman, and other Republicans.

David Iglesias, the former top prosecutor in New Mexico, added fuel to the fire last week when he said that he was put under pressure last autumn by two -congressional Republicans to speed up a political corruption probe involving -Democrats.

Mr Domenici acknowledged at the weekend that he contacted Mr Iglesias about the corruption investigation late last year, saying: "In retrospect, I regret making that call and I apologise. However . . . I have never pressured him nor threatened him in any way."

He also said he had begun seeking Mr Iglesias's removal well before that call because he was dissatisfied with the progress on illegal drug and immigration cases.

Heather Wilson, a Republican congresswoman accused of being one of the two who allegedly put pressure on Mr Iglesias, has declined to comment on the claims and other members of New Mexico's delegation have said they did not contact the US attorney.

Brian Roehrkasse, DoJ spokesman, said Mr Domenici had complained four times to top officials there about Mr Iglesias but never mentioned the corruption investigation.

"Any suggestion that any US attorney was removed to inappropriately interfere with any investigation is plainly wrong and ill-conceived," he said. "These decisions were based on the individual concerns of each US attorney about their overall

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performance . . . [including] ineffectively prosecuting departmental priorities areas, failure to follow departmental guidelines or just an inability to lead."

Senate Democrats are also seeking to roll back a 2005 law change that allows the justice department to name interim US attorneys who can serve indefinitely without Senate confirmation. Previously, interim replacements could serve only 120 days and then had to seek approval from federal judges. The DoJ says the law change is irrelevant to the controversy because it plans to name permanent replacements and seek Senate confirmation for the open-positions.

Linda Sanchez, chairwoman of the House subcommittee, said the hearings would "shed additional light on the Bush administration's apparent decision to pursue a political agenda through the selection of federal -prosecutors".

Political Retribution? Poor Performance? Congress Will Hear From Fired U.S. Attorneys (ABC)

By Z. BYRON WOLF

ABC News, March 6, 2007

Probe Studies Sen. Pete Domenici's Phone Call to Dismissed Prosecutor

March 5, 2007 — - Honest inquiry or political pressure? Differing perceptions of a quick phone call in New Mexico before the midterm elections last November could put one senator in ethical hot water.

Former U.S. attorneys are set to testify before both the House and the Senate Tuesday about why they were fired in recent months to determine whether they are the victims of political retribution. Six attorney were fired with little explanation. They claim they were performing well in their jobs. The Justice Department claims some were dismissed because of poor performance.

Among the six former prosecutors who will testify is David Iglesias, who was until last week the U.S. attorney in New Mexico. He is expected to allege that Republican lawmakers, including New Mexico Sen. Pete Domenici, pressured him to speed up a corruption investigation involving New Mexico Democrats ahead of last November's midterm election .

An outside group has already filed an ethics complaint against Domenici, accusing him of breaking Senate rules by interfering with an ongoing criminal investigation.

Everyone agrees that Domenici picked up the phone last October and called Iglesias, though Iglesias did not name Domenici or another yet-to-be unidentified lawmaker who Iglesias said also tried to pressure him. Rep. Heather Wilson, who has not commented on the Iglesias matter, is the only other New Mexico Republican in Congress.

The topic of conversation between Iglesias and Domenici was a corruption investigation Iglesias was conducting into an alleged kickback scheme involving New Mexico Democrats.

But the substance of that call is up for debate. Domenici, who admits to placing the call, said he was just interested in the timeframe for any potential indictments stemming from the investigation.

"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what timeframe we were looking at," Domenici said in a written statement released Sunday.

Iglesias, however, has said he felt violated by the call and sensed pressure to bring indictments sooner than he wanted to -- before the November election. The indictments never came. And last week Iglesias was fired by the Department of Justice.

Iglesias was not the only person Domenici was calling. A Justice Department spokesman confirmed to The Associated Press that Domenici complained about Iglesias in three separate calls to Attorney General Alberto Gonzales between September 2005 and March 2006. Also, in October 2006, Domenici complained about Iglesias to Deputy Attorney General Paul McNulty. It is unclear if this call was made before or after Domenici's conversation with Iglesias.

Justice Department spokesmen have said Iglesias was among the attorneys let go because of poor performance.

Monday the liberal-leaning public interest group Citizens for Responsibility and Ethics in Washington asked for an ethics investigation of Domenici.

"If, as it appears, Sen. Domenici pressured a sitting U.S. attorney to push a criminal case to benefit a political party, the Ethics Committee should take swift and harsh action," said Melanie Sloan, director of CREW. "No member of Congress can be permitted to manipulate our system of justice for political gain."

Senators will surely question Iglesias about the ethics allegations and his contact with Domenici in the run-up to the November election, but Democrats in the Senate are not expected to take a public stance on whether Domenici violated Senate

ethics or whether there should be a full-scale ethics committee investigation until after tomorrow's hearing. Iglesias is expected to dispute Domenici's version of their conversation in which Domenici said, "I have never pressured or threatened him in any way."

The Senate Ethics Committee is unable to comment on any ethics allegations or inquiries, but the Senate ethics manual spells out that the committee will engage in a "preliminary inquiry" whenever it receives a sworn complaint against a senator or senate staffer. Ethics Committee Chairwoman Barbara Boxer, D-Calif., and Vice Chairman Sen. John Cornyn, R-Texas, confirmed Tuesday that a preliminary inquiry into Domenici's actions would, as rules require, be launched.

You can read the relevant passage in the ethics manual here: http://ethics.senate.gov/downloads/pdffiles/manual.pdf

The preliminary inquiry is not a full-scale investigation but establishes whether the committee should proceed with any sort of action against a senator. This would be the equivalent of a grand jury inquiry.

It is Domenici's admitted call to Iglesias last year that could put him in jeopardy with the committee. According to the ethics rules, it is "against the general advice" of the committee for a senator to meddle in ongoing litigation.

Domenici said he was seeking a status report and a timeframe. A status report inquiry is not against Senate rules as long as the agency being contacted is not "engaged in an ongoing enforcement, investigative or other quasi-judicial proceeding with respect to the matter. …"

While something that is done against the "general advice" of the committee may not violate a specific rule, it could be deemed to constitute an ethics violation, because the committee members could determine the action reflects poorly on the body. But these guidelines are specifically geared to senators intervening in cases on behalf of constituents; so, it is unclear if that will apply to Domenici's interaction with Iglesias.

Gonzales Defends Move To Fire Attorneys, Denies Political Role (WSJ)

By Evan Perez

The Wall Street Journal, March 6, 2007

Attorney General Alberto Gonzales, facing criticism for the firing of eight U.S. attorneys, defended the action as appropriate but said the Justice Department handled the situation poorly.

"We could have rolled out the decisions more smoothly," he said in an interview. But he also rejected accusations from Democrats and other critics that the prosecutors were fired for failing to follow the Bush administration's political agenda.

"To think we made these changes to retaliate or because they didn't carry out certain prosecutions?" he said. "That did not occur here. I stand by the decision to make the changes."

The tempest has been the latest imbroglio for the Justice Department and Mr. Gonzales, a longtime Bush friend and former White House counsel who has defended the administration's often-controversial law-enforcement programs, from domestic surveillance to the treatment of enemy combatants.

Part of the problem is the Justice Department's contention that the Dec. 7 dismissals were performance related, which came after initial suggestions that the moves were normal turnover. That switch has prompted protests from some of those let go. Some have taken to referring to the firings as the "Pearl Harbor Day Massacre." And some of have said they wouldn't have protested the moves otherwise.

Internal Justice Department documents, reviewed by The Wall Street Journal, show evaluations offering positive reviews for all the prosecutors' work as recently as last March. Mr. Gonzales said the written reviews were among several factors the department used to evaluate prosecutors, which include numbers and types of prosecutions and management issues.

"It should never have come to this," said John McKay, former U.S. attorney for the Seattle-based western district of Washington, who was among those fired and is now an adjunct law professor at the Seattle University law school. "I resigned quietly and left. But when they started saying it was for 'performance reasons,' I couldn't keep quiet any more."

The situation has put Democrats in the unusual role of championing the cause of Republican appointees to batter the administration. Indeed, many of the ousted prosecutors remain loyal to President Bush and Mr. Gonzales, and blame Republican party operatives for giving the two men bad advice.

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Today, committees in the House and Senate are holding hearings in which four of the fired prosecutors are scheduled to testify.

In prepared testimony, Carol Lam, the former U.S. attorney for the Southern District of California, planned to read a statement on behalf of the group, saying, "Each of us was fully aware that we served at the pleasure of the President, and that we could be removed for any or no reason. In most of our cases, we were given little or no information about the reason for the request for our resignations."

The Justice Department said lawmakers had complained about some of the prosecutors. New Mexico Republican Sen. Pete Domenici said this weekend that he had sought the removal of David Iglesias, the U.S. attorney in his state, and had called him to inquire about the status of a corruption probe involving local Democrats.

Yesterday, Michael Battle, director of the Executive Office of U.S. Attorneys, who requested the resignations, announced his own resignation. He said he plans to enter the private sector and that his departure had nothing to do with the firings.

Democrats initially claimed the administration was using a little-noticed clause in the Patriot Act to circumvent Senate confirmation for some of the interim replacements who otherwise might not be able to pass muster with the new Democratic majority. There is no fixed term for U.S. attorneys. They typically are appointed at the beginning of a new president's term and serve throughout.

Mr. Gonzales denied any political motivation for the moves. "I made recommendations to the president" that the changes be made, he said. "Ultimately, these are presidential appointees."

Second Lawmaker Contacted Prosecutor (WP)

By Paul Kane And Dan Eggen

The Washington Post, March 6, 2007

Rep. Heather A. Wilson (R-N.M.) acknowledged yesterday that she contacted a federal prosecutor to complain about the pace of his public corruption investigations, as the Senate ethics committee signaled that it had opened a preliminary inquiry into a similar communication by her state's senior senator, Pete V. Domenici (R).

Wilson denied allegations from former New Mexico U.S. Attorney David C. Iglesias that she pressured him to speed up a political corruption investigation involving Democrats in the waning days of her tight election campaign last fall.

"I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way," Wilson said in a statement to The Washington Post. "The conversation was brief and professional."

Iglesias, one of seven U.S. attorneys fired by the Justice Department on Dec. 7, is expected to tell Congress today that Wilson and Domenici were trying to sway the course of his investigation. Domenici acknowledged Sunday that he called Iglesias about the corruption case but said he did not pressure him. The telephone calls to Iglesias by Domenici and Wilson appear to put them in conflict with congressional ethics rules that bar contacts with federal agency officials during most active investigations.

The furor over Domenici and Wilson has rapidly become the focus of the dispute over the firings of eight U.S. attorneys and a change in law that allows Attorney General Alberto R. Gonzales to appoint interim prosecutors for an indefinite period of time. The Justice Department has said that seven of the prosecutors were dismissed for failing to follow Bush administration policy on multiple issues, and acknowledged that one was sacked to make way for an ally of White House political adviser Karl Rove.

But most of the prosecutors have cited positive job reviews, and Democrats have alleged that there were political motivations behind the firings.

"Each of us was fully aware that we served at the pleasure of the president, and that we could be removed for any or no reason," six of the prosecutors said in a statement released yesterday. "In most of our cases, we were given little or no information about the reason for the request for our resignations."

Iglesias and three other ousted prosecutors are scheduled to appear before the Senate Judiciary Committee this morning. The same group and two others are slated to testify in the afternoon before a House Judiciary subcommittee.

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The Senate Ethics Committee released a statement yesterday evening declining to address the allegations against Domenici, but it said that anytime a legitimate complaint is filed against a senator, a preliminary inquiry is begun. The statement, from the chairwoman, Sen. Barbara Boxer (D-Calif.), and Sen. John Cornyn (Tex.), the committee's ranking Republican, noted that preliminary inquiries can lead to wider investigations.

Citizens for Responsibility and Ethics in Washington, a liberal-leaning advocacy group, filed a complaint against Domenici with the committee yesterday.

Wilson said in her statement that many of her constituents had complained about "the slow pace of federal prosecutions" in corruption cases and that one unidentified constituent told her that "Iglesias was intentionally delaying corruption investigations."

Wilson also said she was trying to help Iglesias. "If the purpose of my call has somehow been misperceived, I am sorry for any confusion. I thought it was important for Mr. Iglesias to receive this information and, if necessary, have the opportunity to clear his name."

Wilson said Iglesias's dismissal occurred "without input from me." Justice officials said they are not aware of any contacts by Wilson about Iglesias. But they said Sunday that Domenici complained about him to Gonzales three times in 2005 and 2006 and spoke to Deputy Attorney General Paul J. McNulty in the first week of October 2006.

Also yesterday, the senior Justice Department official who carried out the attorney firings announced his resignation but said his departure was not related to the dismissals.

Michael A. Battle, who has headed the Executive Office of U.S. Attorneys since 2005, said in a statement that he began considering outside employment last June. His last day will be in mid-March, officials said.

Battle called seven U.S. attorneys on Dec. 7 and notified them that they were being asked to leave. He notified then-Arkansas U.S. Attorney Bud Cummins of his dismissal in June.

The ethical quandary facing Domenici and Wilson heightens the political pressures that both are facing at home, where Democrats are touting the Iglesias allegations with one eye on attacking the Bush White House and the other on two seats they consider vulnerable in 2008.

There has been speculation in both parties that Domenici, a 34-year veteran of the Senate, may not run for a seventh term next year, when he will turn 76. He held a large fundraiser in Albuquerque two weeks ago that was meant to give notice of his intention to run again, and aides and outside advisers maintained yesterday that the latest flap will not change his plans.

But the potential for an ethics review of his actions has independent analysts discussing the possible political fallout for the otherwise popular Domenici. Wilson, the heir apparent to his seat, won reelection in November by fewer than 1,000 votes.

"You're having an impact on the Senate race either way -- whether he stays or not," said Amy Walter, a handicapper with the Cook Political Report.

An inquiry into Wilson's actions could impair what Walter called Wilson's "outsider" reputation. "It calls into question those skills," she said.

Before the scandal erupted, the Rothenberg Political Report, another independent handicapper, listed Wilson as one of the dozen most-endangered House Republicans.

Justice Stymieing Probe Of 6 Firings, Democrats Say (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, March 6, 2007

Congressional Democrats say half a dozen former federal prosecutors were fired by the Bush administration for political reasons, and they're accusing the Justice Department of withholding information related to the dismissals.

"Eleven months after the firings, we still haven't gotten straight answers from the Department of Justice, which changed its own story this weekend and admitted the firings weren't based on job performance," said Rep. Linda T. Sanchez, California Democrat and chairman of the House Judiciary subcommittee on commercial and administrative law.

Both the House and Senate Judiciary committees will hold hearings today with the six former prosecutors.

Supporters of the administration's policy say the firings were not done improperly. U.S. attorneys have four-year terms, but can be removed or replaced at any time, and for nearly any reason, according to federal law.

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"We ought to not lose sight of the fact that president has the power to replace them," said Sen. Arlen Specter, the ranking Republican on the Judiciary Committee. "He doesn't have to have a reason. If it is a bad reason, that is different."

The Pennsylvania Republican added he would listen to the Democrats' accusations of improper firings.

Democrats have specifically cited the case of former prosecutor Carol Lam of San Diego, who prosecuted former Rep. Randy "Duke" Cunningham, California Republican. Cunningham resigned from office last year after pleading guilty to bribery charges in connection to a case involving military contractors. Cunningham received an eight-year sentence.

Mrs. Lam, who was appointed by Mr. Bush in 2002, was fired after the Justice Department issued a request for her dismissal in January. According to the Justice Department, Mrs. Lam was fired for not aggressively pursuing the prosecution of border crimes.

The other five former U.S. attorneys scheduled to testify today include Daniel Bogden of Las Vegas, Paul K. Charlton of Phoenix, Bud Cummins of Little Rock, Ark., David C. Iglesias of Albuquerque, N.M., and John McKay of Seattle.

Meanwhile, Sen. Pete V. Domenici, New Mexico Republican, yesterday said he made a mistake by contacting Mr. Iglesias during an ongoing probe of state Democrats on charges of corruption last year. While apologizing for making the call, Mr. Domenici told reporters he "never pressured him nor threatened him in any way."

The Justice Department replaced Mr. Iglesias last December and said Mr. Domenici had put in four calls making such a request. Both say the calls happened between September of 2005 and October 2006, while the call to Mr. Iglesias took place in October.

Mr. Iglesias said he thinks the October calls to him from Mr. Domenici and Republican Rep. Heather A. Wilson were made to pressure him on the pace of his corruption probe and are the real cause of his dismissal.

Last night, Fox News reported that Michael A. Battle, director of the Executive Office for United States Attorneys, had resigned his post. Mr. Battle was behind eight of the recent top-level firings. The Justice Department said the resignation was not connected to the firings and that Mr. Battle had announced his departure in an internal e-mail last month.

Prosecutor Worried 'Gloves Would Come Off' Over Criticism Of Ouster (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, March 6, 2007

WASHINGTON - A high-ranking Justice Department official told one of the U.S. attorneys fired by the Bush administration that if any of them continued to criticize the administration for their ousters, previously undisclosed details about the reasons they were fired might be released, two of the ousted prosecutors told McClatchy Newspapers.

While the U.S. attorney who got the call regarded the tone of the conversation as congenial, not intimidating, the prosecutor nonetheless passed the message on to five other fired U.S. attorneys. One of them interpreted the reported comments by Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, as a threat.

Justice Department officials denied that the conversation with the U.S. attorney ever took place, and Elston said he called several of the fired U.S. attorneys but never made any such comments.

"I had no conversation in which I discussed with any U.S. attorney what they should or should not say to the media regarding their removal," Elston said.

The two prosecutors who described the call demanded anonymity because, they said, they didn't want to antagonize the Justice Department further.

Justice Department spokesman Brian Roehrkasse criticized McClatchy for running the story. "It is unfortunate that the press would choose to run an allegation from an anonymous source from a conversation that never took place," he said.

Six of the eight ousted U.S. attorneys have been subpoenaed to testify Tuesday before the House of Representatives. Four will appear voluntarily before the Senate after a liberal public-interest group Monday asked for the Senate ethics committee to investigate Sen. Pete Domenici, R-N.M., for calling the U.S. attorney in New Mexico, who was later fired, during a corruption investigation of at least one Democrat.

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According to one of the fired U.S. attorneys, Elston made the comments during a telephone conversation after Democrats began questioning whether the administration was attempting to purge more independent-minded Republican appointees in order to replace them with more partisan candidates.

According to the former U.S. attorney, Elston made a "pointed comment that indicated that somehow anyone who talked might become more embarrassed if the story continued on."

"The inference was that they were holding themselves back from saying more about why people were fired - that it was likely the department was going to step up the defense of their actions," the fired prosecutor said. "It could have been construed as friendly advice or a casual prediction. But I think it was expected that everyone would be told about the call."

When conveying the message to the others, the prosecutor tried to make it clear that the meaning of the conversation shouldn't be overdramatized.

But another former U.S. attorney, who wasn't a party to the Justice Department conversation, interpreted the comments as a threat, especially since it came when congressional Democrats were contacting the attorneys about possibly testifying before Congress.

"I took it to mean that negative, personal information would be released," the prosecutor said. "That if we made public comments or if we were to testify in Congress, that the gloves would come off and the Department of Justice would make us regret that we were talking."

The controversy over the firings of the eight U.S. attorneys has continued for weeks, but it was reignited last week when U.S. Attorney David Iglesias told McClatchy Newspapers that he believed that two members of Congress called him in mid-October to pressure him to complete the investigation before the November elections. Iglesias, who stepped down last week, added that he believed he was fired because he didn't speed up the case.

Domenici, who originally had recommended Iglesias for the post, apologized for making the call in a statement Sunday, but he said that he never pressured or threatened Iglesias about the case.

McClatchy Newspapers reported previously that Rep. Heather Wilson, R-N.M., also called Iglesias about the investigation. The Washington Post reported in its online edition Monday that Wilson acknowledged contacting Iglesias, but denied pressuring him.

Domenici also acknowledged in his statement that he asked the Justice Department to replace Iglesias, but he said that he made the request before he called about the corruption probe.

Justice Department officials confirmed that Domenici called Attorney General Alberto Gonzales in September 2005 and January and April of 2006.

During those calls, Domenici expressed general concerns about Iglesias' performance and questioned whether he was "up to the job," Roehrkasse said. During the first week of October 2006, Domenici made a similar and "very brief call" about Iglesias to McNulty, the deputy attorney general. At no time in these calls did the senator mention the public corruption case, Roehrkasse said.

The left-leaning Citizens for Responsibility and Ethics in Washington (CREW) asked the Senate Select Committee on Ethics to investigate whether Domenici violated ethics law. Lawmakers are prohibited from attempting to influence Justice Department investigations. Members of the ethics committee released a statement saying they couldn't comment on an ongoing matter.

Also on Monday, Michael Battle, the Justice Department official who oversees the U.S. attorney's offices, resigned. In January, Battle sent an e-mail to all U.S. attorneys announcing that he'd be leaving and sent a more detailed e-mail to his immediate staff in February with his departure date, a Justice Department official said.

On Dec. 7, Battle told most of the U.S. attorneys that they were to be fired. Former prosecutors said that Battle told many of them he didn't know why they were fired, but the orders came from "on high."

Messenger In Prosecutors' Firings Quits (NYT)

By David Johnston

The New York Times, March 6, 2007

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WASHINGTON, March 5 — The Justice Department official who told seven United States attorneys in December that they were being dismissed said Monday that he was resigning.

Michael A. Battle, director of the Executive Office for United States Attorneys, said in a statement that his departure was unrelated to the dismissals, but Democrats said he appeared to be a casualty of the uproar over the firings.

Mr. Battle, formerly a United States attorney in Buffalo, is not believed to have played a significant role in the decision to remove the United States attorneys, although Justice Department officials said he had accepted it.

Mr. Battle said in his statement that he had been planning to leave the agency since last June.

But Democrats in Congress said the timing of his departure, on March 16, appeared unusual.

With hearings planned on Tuesday in the Senate and the House, a House Judiciary panel said on Monday that it would issue subpoenas to two more of the ousted prosecutors, Daniel G. Bogden of Nevada and Paul Charlton of Arizona. The panel had previously subpoenaed four prosecutors.

The week is shaping up as pivotal for the new Democratic majority, a chance to exercise its subpoena and oversight powers over the Bush administration on two politically charged fronts: the circumstances of the removal of the United States attorneys and the treatment of veterans at Walter Reed Army Medical Center.

Democratic leaders say it is the beginning of a fundamentally different power relationship between Congress and the Bush administration. Representative Rahm Emanuel, the Illinois Democrat who is chairman of the House Democratic Caucus, said of the administration: "In the past, they would stonewall this through a news cycle and know they could ride it out. Now they know there's a Congress of another party, with the power of subpoenas, the power to hold hearings, the power to ask questions."

One of the dismissed United States attorneys who are expected to testify is David C. Iglesias, who was removed as the top federal prosecutor in New Mexico. Mr. Iglesias is expected to describe in detail the phone calls he received last year from Senator Pete V. Domenici, Republican of New Mexico, and an unidentified Republican lawmaker, Congressional aides said.

Mr. Iglesias has said the calls were intended to press him into bringing indictments that would embarrass Democrats before the November 2006 elections. The case centered on an investigation of a kickback scheme related to a construction project involving a former Democratic official. Mr. Domenici has acknowledged making a call to the prosecutor but has said he did not press Mr. Iglesias.

Mr. Domenici is one of the three Republican members of the state's Congressional delegation. One of the other lawmakers, Representative Steve Pearce, has said he did not contact Mr. Iglesias. The remaining Republican, Representative Heather A. Wilson, told The Washington Post on Monday that she had spoken with Mr. Iglesias but said she had not pressured him.

Also on Monday, Citizens for Responsibility and Ethics in Washington asked the Senate Committee on Ethics whether Mr. Domenici violated Senate rules when he contacted Mr. Iglesias. The group noted that Mr. Domenici made the call shortly before the November elections, in which control of the House came down to a handful of competitive races.

Carol C. Lam, who was removed as United States attorney in San Diego, said in testimony prepared for her appearance in the House that "in most of our cases, we were given little or no information about the reason for the request for our resignations." Ms. Lam said in her written testimony that she would not speculate on the reasons.

Senator Charles E. Schumer, Democrat of New York, who has led the Senate investigation into the removals, said the ousted prosecutors wanted to talk about their experiences. "We have spent decades trying to insulate U.S. attorneys from the political process," Mr. Schumer said, "and it looks more and more like all that has been undone in the last few years."

Both the issue of the ousted United States attorneys and the disclosure of dilapidated facilities and poor care at Walter Reed fit neatly with core Democratic charges: that the Bush administration is more interested in politics than in government and that despite its rhetorical flourishes, it is not doing enough for the troops.

Dems Question DoJ Resignation In Wake Of Attorney Dismissals (HILL)

By Elana Schor And Susan Crabtree

The Hill, March 6, 2007

Democrats are questioning the timing of the resignation of a Department of Justice official who called to fire several U.S. attorneys late last year.

Michael Battle, a former U.S. attorney who serves as the director of the Executive Office for U.S. Attorneys, will leave his post voluntarily March 16.

The circumstances surrounding Battle's departure add to questions Democrats plan to ask about whether politics played any role in the firings of seven U.S. attorneys, some of whom were pursuing public-corruption cases against GOP lawmakers. The House and Senate Judiciary committees will hold hearings featuring the testimony of several of the fired U.S. attorneys today to investigate the matter.

A Department of Justice staffer said only that the public-affairs office planned to send out a statement about Battle's resignation; it did not do so by press time yesterday.

Battle called six federal prosecutors in early December to fire them, and reportedly was unhappy about doing so.

A Justice Department spokesman told the Associated Press that Battle "was not involved in the actual decision-making."

"This raises another question about a subject where there are already too many unanswered questions," Sen. Charles Schumer (D-N.Y.), who will chair today's Senate Judiciary Committee hearing with U.S. attorneys, said in a statement. "While Mike Battle, a man of integrity, must issue the customary denial, the timing of this resignation asks whether he's another casualty of the U.S. attorney imbroglio."

House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and Judiciary Subcommittee on Commercial and Administrative Law Chairwoman Linda Sánchez (D-Calif.) vowed to "do everything in their power to unearth the facts surrounding Battle's resignation."

"The wheels seem to be coming off the Bush administration's increasingly hollow defense of its decision to fire eight U.S. attorneys," Sánchez said. "The administration's explanation of Mr. Battle's apparent resignation is as murky as everything else they have told us about this case."

Six ousted U.S. attorneys are slated to tell their stories to a House subcommittee today and four will appear before the Senate Judiciary Committee, as the flap surrounding their dismissal threatens to engulf two Republican lawmakers.

Democrats have seized on the U.S. attorney departures to bolster their charges of cronyism in the administration. Although replacing U.S. attorneys is a common move by a president at the beginning of a term — Clinton famously reshuffled their ranks when he entered office — it's unusual for an administration to make such changes midterm.

The Democrats' net unexpectedly may have snared their GOP colleagues, after New Mexico prosecutor David Iglesias alleged that two lawmakers had called him before his resignation to push for expediting a state corruption probe.

Sen. Pete Domenici (R-N.M.) acknowledged over the weekend that he called Iglesias to ask for an update on the progress of a contentious investigation of alleged kickbacks to a local Democratic politician related to a lavish courthouse construction contract. Domenici denied pressuring Iglesias on the case and said he had recommended the prosecutor's removal before making the call.

The identity of the other congressional caller remains unconfirmed. Iglesias has said both lawmakers were New Mexico Republicans, and Rep. Heather Wilson — often mentioned as a possible replacement for the 74-year-old Domenici, her political mentor — is the only member of the delegation who declines to comment on the allegations.

Iglesias's testimony today may pose a new dilemma for Democrats, who must decide whether to pursue any potential ethics violations that may arise from the prosecutor's sworn testimony. The U.S. attorney scandal so far has proven an effective Democratic cudgel against the Bush administration, but formal complaints against sitting Republicans, particularly the well-liked Domenici, could create unanticipated partisanship.

Schumer demurred late last week when asked whether he had discussed Iglesias's charges with Domenici.

"I don't think that's appropriate," the Democratic Caucus vice chairman said.

Senate Majority Whip Dick Durbin (D-Ill.) spoke of the U.S. attorneys late last week as part of a pattern of unilateral decision-making by the White House, which used a little-known provision in last year's Patriot Act reauthorization to install replacement prosecutors without promptly seeking Senate confirmation.

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"It's entirely consistent with the unitary executive … diminishing the power of Congress," Durbin said. When asked whether he had discussed Domenici's alleged call to Iglesias with the senior Republican, Durbin added, "I think that's what you do for a living."

In the House, however, Republicans already may have started an ethics war of words by pledging last week to block the assignment of Rep. William Jefferson (D-La.), who is under FBI investigation for bribery charges, to the Homeland Security Committee.

"Any time they're calling attention to Jefferson, they have a problem because they have many members with problems," a Democratic aide said. "Whether it's Wilson or other Republican members, they will no doubt get bitten in the behind."

Sen. Mark Pryor (D-Ark.) was one of the first lawmakers to shine a spotlight on the resigned prosecutors' predicament, after his state's U.S. attorney, H.E. "Bud" Cummins, was asked to depart to make room for a former aide to senior Bush adviser Karl Rove. That replacement since has agreed to forgo formal Senate confirmation, and Pryor said he has met with Rep. John Boozman (Ark.), the state delegation's sole Republican, to discuss new recommendations to send to the White House.

Of the New Mexico case, Pryor said, "It would seem inappropriate for a member of Congress to try to intervene in a political investigation, whether to speed it up or slow it down."

William Canfield, a former Senate Ethics Committee counsel who now practices at Williams & Jensen, said any charges Iglesias may make would be difficult to prove without substantive evidence of the nature of the lawmakers' calls. Members of Congress are forbidden from making "ex parte" communications with executive-branch employees aimed at influencing investigations.

"I don't think [rules about] ex parte communications would stop a member of the Senate or House from getting on the phone with a local U.S. attorney and asking, 'What are you doing?'" Canfield said. "None of that is a request for information, just advice that the U.S. attorney take this case seriously."

The case on which Iglesias was working at the time of his dismissal centered on Manny Aragon, a former state Senate president pro tem and influential figure in Albuquerque's Democratic establishment. Aragon was accused of taking payments from a construction company that worked on several city courthouses, and local media reports hinted at imminent indictments several times late last year with none materializing from Iglesias.

Wilson's reelection challenger last year was state Attorney General Patricia Madrid, whom she ultimately beat by 861 votes. Wilson accused Madrid during the campaign of being soft on crime, a contention state Republicans believed to be bolstered by Madrid's decision to seek indictments of cooperating witnesses in yet another corruption probe that Iglesias was pursuing.

Illustrating the cosseted circles of New Mexico politics, Iglesias and Madrid first encountered each other in 1998, when the future U.S. attorney lost the attorney general's race to the future Democratic House candidate.

Watchdog group Citizens for Responsibility and Ethics in Washington (CREW) sent a letter to the Senate Ethics Committee on Monday calling for an investigation into Domenici's phone call to Iglesias. Melanie Sloan, CREW's executive director, said they would file an ethics complaint against Wilson if Iglesias names her tomorrow as the other caller during his testimony.

Even so, Sloan doubts either ethics panel would address the matter.

"They're not going to do anything," she said. "They, like the House committee, are just a fig leaf. I'd be shocked [if they] actually took this up because they never take anything up."

Gerald Hebert, of the Campaign Legal Center, also said Domenici's admission raises serious ethical questions.

"Domenici can claim all he wants that he didn't put any pressure on that prosecutor," Hebert said. "But there is inherent, implicit pressure whenever a senator calls someone like that."

Hebert said Domenici's action warrants an ethics investigation, but he also said he doubts the Senate Ethics Committee will act on it.

"They have a very shaky record of being able to police themselves," he said. "That's why we've called upon the Senate to establish an [outside] office of public integrity — their track record is not a good one."

Former Prosecutor Says Departure Was Pressured (NYT)

By Eric Lichtblau

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The New York Times, March 6, 2007

WASHINGTON, March 5 — The former federal prosecutor in Maryland said Monday that he was forced out in early 2005 because of political pressure stemming from public corruption investigations involving associates of the state's governor, a Republican.

"There was direct pressure not to pursue these investigations," said the former prosecutor, Thomas M. DiBiagio. "The practical impact was to intimidate my office and shut down the investigations."

Mr. DiBiagio, a controversial figure who clashed with a number of Maryland politicians, had never publicly discussed the reasons behind his departure. But he agreed to an interview with The New York Times because he said he was concerned about what he saw as similarities with the recent firings of eight United States attorneys.

As in those cases, there are conflicting accounts of the circumstances that led to Mr. DiBiagio's ouster. The Justice Department disputes his version.

His office had been looking into whether associates of Gov. Robert L. Ehrlich Jr. had improperly funneled money from gambling interests to promote legalized slot machines in Maryland. Mr. DiBiagio said that several prominent Maryland Republicans had pressed him to back away from the inquiries and that one conversation had so troubled him that he reported it to an F.B.I. official as a threat.

But he said that the Justice Department had offered little support and that that made it "impossible for me to stay."

Several current and former officials in the Baltimore office said Mr. DiBiagio voiced concerns in 2004 that the corruption inquiries were jeopardizing his career, a view that they shared.

The Justice Department rejected Mr. DiBiagio's explanation. An official in the department, David Margolis, said he told Mr. DiBiagio in 2004 that he had to leave because "we had lost confidence in him."

Mr. Margolis said the prosecutor's harsh management style had caused resentments in the office that ran "wide and deep" and called "an absolute fairy tale" the idea that Mr. DiBiagio's departure was tied to the gambling case or any other investigation.

Mr. Ehrlich, who was defeated for re-election in November, denied any involvement in Mr. DiBiagio's departure and said there was nothing to the gambling investigations.

Like Mr. DiBiagio, several of the newly departing prosecutors were overseeing sensitive political corruption investigations when they left office.

The controversy over the dismissals continued to grow on Monday, as the head of the Justice Department office that oversees prosecutors stepped down, a watchdog group filed an ethics complaint, and House and Senate committees prepared for testimony on Tuesday from some of the ousted prosecutors.

Because Mr. Ehrlich was the sole statewide Republican in Maryland at the time of Mr. DiBiagio's appointment in 2001, he had a critical role in recommending him to the White House for the position.

Mr. DiBiagio, a former assistant prosecutor, was a political unknown, but he and the governor had become friends as young lawyers in Maryland. The bond disintegrated soon after the prosecutor took office.

Mr. Ehrlich and his advisers acknowledged on Monday that they were unhappy with Mr. DiBiagio's handling of an earlier corruption investigation that led to the indictment in 2003 of Mr. Ehrlich's state police superintendent, Edward R. Norris, over his misuse of police money.

The gambling investigation caused less concern in the governor's office because officials there considered it without merit, Mr. Ehrlich said. But because of lingering suspicions in Maryland political circles that Mr. Ehrlich's people had a hand in Mr. DiBiagio's departure in early 2005, a longtime aide to the governor, Jervis Finney, called Mr. DiBiagio a few months ago to deny any involvement, Mr. Finney said.

Mr. Finney said in an interview Monday that he wanted to "clean things up" and to let Mr. DiBiagio know that "neither Gov. Bob Ehrlich or his representatives had asked the Department of Justice to push him out."

Mr. DiBiagio said he did not accept the explanation.

"I believe it was that investigation that played an integral role in what was done to me," Mr. DiBiagio, now at a law firm here, said about the gambling inquiries. "I clearly got the message that I had alienated my political sponsor and I would not have any political support to stay another term. Clearly, they wanted me to leave."

Mr. DiBiagio pointed to tense conversations in 2003 and 2004 with advisers to the governor who, he said, intimated that the corruption investigations could derail his career. He would not name them publicly.

The former prosecutor said he was particularly troubled by one visit in June 2004 in which, he said, a lawyer allied with the governor said the gambling inquiries were disrupting legislative consideration of the slots question and should be shut down.

Mr. DiBiagio said the lawyer inquired about his political future, asked whether he was interested in being a judge and suggested that his life could be closely scrutinized.

Mr. DiBiagio said he described the conversation in a memorandum for his records and reported it to an official of the Federal Bureau of Investigation in Baltimore as a possible threat.

Soon after the meeting, Mr. DiBiagio told a Justice Department official in Washington about his office's gambling investigation and said, "Powerful politicians and businessmen are very upset that we are looking into this matter," according to an e-mail message that The Times reviewed.

In the gambling investigation, prosecutors secured a grand jury subpoena for the records of Mr. Ehrlich's communications director, Paul E. Schurick.

Investigators were said to be interested in tracing substantial payments made by a gambling company to a political marketing business in Maryland with ties to Maryland Republicans, people involved in the issue said.

Mr. Ehrlich said Monday that he had no knowledge of any improper transactions to support the slots initiative, and he said the investigation was unfounded.

"I've been for slots for 20 years," he said. "It wasn't any shock that I was for slots. There wasn't anything to this."

The investigation appears to have ended after Mr. DiBiagio left office in January 2005.

In Maryland law enforcement circles, Mr. DiBiagio had as many detractors as supporters. The Justice Department publicly rebuked him in mid-2004 over a leaked memorandum that spoke of his desire to bring three "front page" corruption cases before November, a memorandum widely interpreted in Baltimore as an effort to pursue Democrats.

In response, the department said all public corruption cases in Maryland would have to obtain approval by superiors in Washington. Soon, the department initiated an unscheduled performance review of Mr. DiBiagio. Mr. Margolis said the review had shown deep resentment over the prosecutor's aggressive management.

Several officials in the Baltimore prosecutor's office said that although Mr. DiBiagio had been an unpopular manager, the timing of the events leading to his departure appeared to be linked, at least partly, to the corruption investigations.

"We had several investigations that were very sensitive publicly, and what did him in was the probes into prominent Republicans," said a former official involved in the inquiries who insisted on anonymity.

The state's attorney in Baltimore, Patricia C. Jessamy, who worked often with Mr. DiBiagio, said she believed that he had alienated too many important people to succeed.

"He was a good prosecutor," she said. "But he did not play politics well, and that was his downfall."

N.M. Calls May Spark Probes (RC)

By Rachel Van Dongen

Roll Call, March 6, 2007

A pair of Judiciary panel hearings today featuring testimony from at least four U.S. attorneys who were summarily fired by the Justice Department could spark the first major ethics probes of the 110th Congress.

The star witness at this morning's Senate Judiciary hearing and this afternoon's House Judiciary session will be ousted U.S. Attorney for New Mexico David Iglesias, who has told various media outlets that two New Mexico lawmakers contacted him in mid-October 2006 to inquire about the pace of an ongoing corruption probe of local Democrats.

Sen. Pete Domenici (R-N.M.) already has admitted to, and apologized for, making a phone call to Iglesias in mid-October. But Domenici denied doing anything improper, saying in a statement over the weekend that "at no time in that conversation ... did I ever tell [Iglesias] what course of action I thought he should take on any legal matter."

Various media reports have singled out Rep. Heather Wilson (R-N.M.) as the other lawmaker who contacted Iglesias to ask about the corruption probe. Her office did not return phone calls on Monday.

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On Monday, ethics attorneys off Capitol Hill said that Domenici's behavior involved seriously suspect activity and could result in Senate Ethics Committee action, a major investigation by the Justice Department or even an independent counsel.

"Having been in Washington for 35 years, I'm sure we're headed to a full-blown obstruction investigation of some variety that will involve not only the Members of Congress but the Justice Department itself," said Stan Brand, a former House general counsel who now works at Brand Law Group.

"This isn't some rulemaking, this is serious stuff and I don't know where it ends or what the outcome is, but it's going to have to be investigated," Brand added.

Senate Rule 43 states that: "Senate offices should refrain from intervening in such legal actions ... until the matter has reached a resolution in the courts."

Attorney Jan Baran of Wiley Rein, who has counseled GOP clients, said it is unclear if there was a violation of Senate Ethics rules, let alone any laws that would lead to a broader probe.

"It can be an issue with the Senate Ethics Committee as to whether he was properly inquiring about an ongoing investigation," Baran said. "We just don't have all the facts."

Several attorneys said the situation was a rare one and drew comparisons to the "Keating Five" scandal in which lawmakers intervened with federal regulators on behalf of savings and loan operator Charles Keating.

"The ethics rules attempt to balance the job of a Senator representing constituents and making sure the government is responsive with the ethical consideration that they not intervene in investigative or other formal agency type proceedings," Baran explained.

"The lines are not always clear," he said.

But attorney Kenneth Gross of Skadden, Arps, Slate, Meagher & Flom said that both the timing — right before an election — and the nature of Domenici's call were suspect.

"The more I look at this, the more troubling it is," Gross said, a former associate general counsel at the Federal Election Commission. "It's one thing if it's a mere status request as opposed to one that carries with it pressure. And the nature of the proceeding, in this case a criminal prosecution, is among the most delicate for any type of inquiry."

On Monday, the liberal group Citizens for Responsibility and Ethics in Washington wrote to the Senate Ethics Committee asking the panel to investigate Domenici's behavior. The Senate Ethics panel can consider complaints from groups such as CREW when deciding whether to launch an investigation, while the House ethics committee does not allow complaints to be filed by outside groups.

A spokeswoman for Sen. Barbara Boxer (D-Calif.) — who is currently serving as chairwoman of the Senate Ethics Committee while Sen. Tim Johnson (D-S.D.) recuperates from brain surgery — did not return a call for comment.

If the Senate panel launched an investigation of Domenici or the House panel began a probe of Wilson, both committees would attempt to keep their activities secret.

Brand suggested any investigation would go beyond the scope of the ethics committees and directly expand into a criminal probe, which could not be managed by the Justice Department since it is involved in the allegations.

Justice Department officials have conceded that Domenici personally called Attorney General Alberto Gonzales on at least four occasions to complain about Iglesias. Those contacts occurred in September 2005, January and April 2006, and again in October 2006.

The Domenici revelations further fuel Democratic charges that there has been improper political interference by the Bush administration in judicial proceedings. They say at least seven U.S. attorneys were unfairly fired for political reasons and are set to be replaced with political cronies. The Justice Department maintains that the seven — with the exception of Bud Cummins III, the ex-U.S. attorney for Eastern Arkansas — were dismissed for "performance based" reasons.

"More than any other Justice Department officials, U.S. attorneys must be above reproach," said Sen. Charles Schumer (D-N.Y.), who will chair today's Senate Judiciary hearing. "Today's revelations call into serious question whether they allowed such independence in this administration."

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Schumer also questioned the timing of the imminent departure from the Justice Department of Mike Battle, the director of the executive office of U.S. attorneys. The Justice Department released a statement Monday saying Battle's departure, which he notified Justice of months ago, was "unrelated" to the U.S. attorneys controversy.

"This raises another question about a subject where there are already too many unanswered questions," Schumer charged.

A Republican, Iglesias serves in the Navy Reserve and was the model for Tom Cruise's character in the movie "A Few Good Men."

Though he would not name the lawmakers who contacted him, Iglesias told The Associated Press last week that he "frankly felt violated" by the contacts. "They were very troubling phone calls," he said.

The other prosecutors slated to testify today are Cummins, ex-San Diego Attorney Carol Lam, who secured the guilty plea of former Rep. Duke Cunningham (R-Calif.), and John McKay, the former U.S. attorney for the Western district of Washington.

Since their firings and the Congressional uproar, the U.S. attorneys have remained relatively silent about their treatment. In earlier testimony before the Senate Judiciary Committee, Deputy U.S. Attorney Paul McNulty claimed that the bulk of the firings were "performance related."

One Democratic Senate aide said he expected the U.S. attorneys to speak "candidly" about their frustrations today.

The House Judiciary hearing today will consider legislation drafted by Rep. Howard Berman (D-Calif.) that would reverse an amendment to the USA PATRIOT Act that allows the U.S. attorney general to permanently appoint interim U.S. attorneys. The subcommittee on commercial and administrative law plans to meet this morning to consider subpoenaing two other fired U.S. attorneys: Daniel Bogden of Nevada and Paul Charlton of Arizona.

The Senate Judiciary Committee has already passed legislation to amend the USA PATRIOT Act and return that power to district courts until the Justice Department submits a name for Senate confirmation.

Yang Denies Departure Is Linked To That Of Other U.S. Attorneys (HILL)

By Susan Crabtree

The Hill, March 6, 2007

A former U.S. attorney for Los Angeles, Debra Wong Yang, dismissed questions about the timing of her departure, which occurred about a month before several other U.S. attorneys were fired late last year.

Wong Yang was heading up the investigation into Rep. Jerry Lewis's (R-Calif.) ties to a lobbying firm and the millions of dollars in contracts the firm's clients received from Congress. Wong Yang, the first Asian-American woman to serve as a U.S. attorney, left her post with Justice to become a partner at Gibson, Dunn and Crutcher, the law firm representing Lewis. She will co-chair the firm's crisis-management practice group, along with Washington, D.C., partner Theodore B. Olson, a former Bush administration solicitor general.

Wong Yang said her departure was a personal decision based on financial concerns and the fact that she is a single mother, and had nothing to do with the firings of other U.S. attorneys. She also said her departure would not affect the case against Lewis in any way, noting that the Justice Department said it would have allowed her to stay in the position "as long as I wanted to."

"The investigation [into Lewis] would never be delayed or affected in any way because of my departure," she said. "We had 260 attorneys in that office."

She said that she had been looking for a more lucrative position in the private sector for months and that a longtime friend, Nick Hanna in the Orange County office of Gibson, Dunn and Crutcher — not Olson or anyone else with close ties to the Bush administration — first contacted her about the position. She said she turned down a more lucrative offer from another firm to take the job at Gibson, Dunn and Crutcher.

Issa To Testify On Lam Firing (NCT)

By William Finn Bennett, Staff Writer

North County Times, March 6, 2007

NORTH COUNTY -- U.S. Rep. Darrell Issa will testify Tuesday at one of two congressional hearings addressing the firing of former San Diego U.S. Attorney Carol Lam and a handful of other U.S. attorneys.

The hearings come in the wake of pressure from Democrats who have raised questions about whether the recent sacking of Lam and the other U.S. attorneys was politically motivated.

Issa has been one of the chief critics of the Yale-educated Lam, who left her post on Feb. 15 after being asked to resign in December. Issa criticized Lam for what he saw as a failure to prosecute illegal immigrant smugglers.

Issa said Monday that Lam lost her job because she failed to fulfill part of her mandate.

"Clearly she needed to be fired for not implementing policy over a long period of time," the Vista Republican said during a telephone interview. Issa's 49th District covers much of northern North County and Southwest Riverside County.

Starting in early 2004, Issa and other Republican members of Congress began sending letters to Lam and the attorney general's office complaining about the job she was doing.

Issa, who will testify before a House panel, said he takes "maybe one twentieth" of the credit for Lam's dismissal, adding that he believes that California Democratic U.S. Sen. Dianne Feinstein also played a role.

On Monday, Issa's office sent to the North County Times a copy of a June letter from Feinstein to U.S. Attorney General Alberto Gonzales in which Feinstein expressed concerns about the low rate of human smuggler prosecutions by Lam's office.

"It has come to my attention that despite high apprehension rates by Border Patrol agents along California's border with Mexico, prosecutions by the U.S. Attorney's Office Southern District of California appear to lag behind," Feinstein wrote.

Feinstein spokesman Scott Gerber said Monday that Lam's office addressed the issues Feinstein had raised and that the senator never suggested Lam be dismissed.

"There is a difference between raising a concern and saying someone should be fired," Gerber said. "What the Justice Department has done is unnecessarily dismiss a number of U.S. attorneys with good records."

In a written release issued Monday, Issa maintained Lam's firing was justified.

"Only someone who believes that trafficking human beings isn't a serious crime could look at Carol Lam's record and say she was removed for no good reason," he wrote.

But Feinstein's office continues to maintain the dismissal was political. In late February, Feinstein sent a letter to Democratic Majority Leader Harry Reid, in which she noted the Justice Department had given Lam and five of the other fired U.S. attorneys positive performance reviews.

"These reports confirm my speculation that the rash of firings that occurred in December was not based on misconduct or poor performances," Feinstein wrote.

A spokeswoman for Gonzales said privacy issues prevented her from talking about performance review details but confirmed Issa's position that the San Diego office had the lowest number of prosecutions of any U.S. attorney's office on the Southwest border.

The spokeswoman, Tasia Scolinos, also said the performance reviews Feinstein referred to evaluated the U.S. attorneys' offices as a whole and "not necessarily ... the U.S. attorneys themselves."

Lam's four-year tenure was highlighted by the investigation and indictment of former 50th District U.S. Rep. Randy "Duke" Cunningham, who pleaded guilty in late 2005 to taking more than $2.4 million in bribes in exchange for steering tens of millions to defense contractors.

The former eight-term Republican congressman is now serving an eight-year sentence in a federal prison near Tucson. Cunningham's former district covers most of North County including Encinitas, Carlsbad, San Marcos and Escondido.

U.S. Rep. Linda Sanchez, the chairwoman of the subcommittee conducting Tuesday's 2 p.m. House hearing, also sent a letter Gonzales in mid-February suggesting the firings were politically motivated.

In her letter, Sanchez questioned why Lam had been asked to step down even as the investigation into Cunningham's co-conspirators was starting to "bear fruit."

"It is vital that U.S. attorneys be able to prosecute wrongdoing free from political pressure," Sanchez and the others wrote.

The Senate Judiciary Committee will conduct a similar hearing starting at 10 a.m.

The dismissed attorneys issued a joint statement Monday, saying they were given "little or no information about the reason" for their firings.

"When we had new ideas or differing opinions, we assumed that such thoughts would always be welcomed by the department and could be freely and openly debated within the halls of that great institution," they said.

-- Contact staff writer William Finn Bennett at (760) 740-5426 or wbennett@nctimes.com.

Group Seeks Probe Of Domenici's Call To Iglesias (ALBTRIB)

By Michael Gisick

Albuquerque Tribune, March 6, 2007

Low-profile during his five years as New Mexico's U.S. attorney, David Iglesias now finds himself at the center a growing national controversy.

Although no member of the New Mexico delegation sits on the two congressional committees that will interview Iglesias and other dismissed U.S. attorneys Tuesday, Republicans are expected to ask tough questions about Iglesias' tenure.

Democrats say they believe Iglesias and other federal prosecutors were political victims, and want to know more.

Iglesias is scheduled to testify in front of the Senate Judiciary Committee in a hearing that begins at 8 a.m. New Mexico time. The cable news channel C-SPAN may televise the hearing, but the channel's Tuesday schedule will not be finalized until late this afternoon, a spokesman said.

Iglesias will testify before a House Judiciary subcommittee beginning at noon MST. C-SPAN coverage is possible, but not confirmed as of early today, a C-SPAN spokesman said.

A Washington, D.C., group today called for a congressional investigation into whether Sen. Pete Domenici violated Senate ethics rules by contacting then-U.S. Attorney David Iglesias about an ongoing corruption case.

But about the same time Citizens for Responsibility and Ethics in Washington said the call to Iglesias looked like political pressure, the Justice Department released information that Domenici, an Albuquerque Republican, had long-held concerns about Iglesias' performance, starting more than a year earlier.

The two announcements help illustrate the debate expected Tuesday as two congressional panels take up the firings of eight U.S. attorneys, including Iglesias: Were the dismissals unwarranted political pressure, or simply the end result of poor performance?

After Iglesias announced last week he had received calls from two members of Congress before the Nov. 7 election pressing him about the pace of corruption investigations involving New Mexico Democrats, Domenici has denied any involvement.

"I have no idea what he's talking about," the senior senator said.

On Sunday, Domenici admitted he had called Iglesias, but denied putting pressure on the U.S. attorney.

The citizen group that filed the complaint points to a Senate ethics rule that say senators "should refrain from intervening" in an ongoing case "until the matter has reached a resolution in the courts."

The manual also indicates that senators are not to communicate with an agency regarding ongoing enforcement or investigative matters, according to CREW.

Apparently based on Iglesias' statements to the press, CREW's complaint alleges Domenici pressured Iglesias to act quickly on the pending corruption investigation.

And in initially denying Iglesias' allegation, Domenici may have violated Senate rules by engaging in "improper conduct which may reflect upon the Senate," the group said in a statement.

In the meantime, the Justice Department said today that Domenici called Attorney General Alberto Gonzales and his deputy four times - starting in September 2005 - to question whether Iglesias was "up to the job."

In a written statement this weekend, Domenici apologized for his October phone call to Iglesias, then said he had been concerned for several years about the slow pace of prosecutions.

"New Mexico needed a new U.S. attorney," Domenici concluded.

Iglesias has said he was fired for resisting pressure to rush a corruption probe reportedly focused on Democrats.

Similar claims have been made about seven other U.S. attorneys, all Republicans, fired in recent months. Democrats have called it an unprecedented political purge of federal prosecutors.

Indeed, the Senate Judiciary Committee hearing Tuesday, called by Chairman Patrick Leahy, a Vermont Democrat, is titled, "Preserving Prosecutorial Independence: Is the Department of Justice politicizing the hiring and firing of U.S. attorneys?"

"I would say this statement sets the stage for the hearings," University of New Mexico political science professor Lonna Atkeson said. "I'm sure you'll see the Republicans try to establish these issues."

Ethics rules permit members of Congress to request a status report on a case from federal agents if they're doing so at the behest of constituents.

In his statement, Domenici seemingly moved to insulate himself from ethics charges, saying he'd received a "growing number of inquiries from constituents" about the courthouse case.

"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," Domenici said. "It was a very brief conversation, which concluded when I was told that the courthouse investigation would be continuing for a lengthy period.

"In retrospect, I regret making that call and I apologize," the senator said.

Domenici, who recommended Iglesias' appointment by the Bush administration in 2001, said his frustration grew "as we tried to get more resources for it, but public accounts indicated an inability within the office to move more quickly on cases."

Iglesias has said the October calls seemed especially interested in whether indictments in the courthouse case would come ahead of the Nov. 7 election.

U.S. Rep. Heather Wilson, an Albuquerque Republican, was then locked in a bitterly close race with Attorney General Patricia Madrid, whom Wilson had accused of being soft on corruption.

Iglesias has said he felt "violated" by the calls and believes he was fired because he refused to "play ball" by rushing the indictments.

Iglesias has, however, acknowledged that he failed to report the calls to the Justice Department as required, a decision he said he regrets.

Wilson, who has not responded to several reports naming her as the other person who called Iglesias, did not have any comment Sunday, a spokesman said.

As Democrats continue to refer to the firing of the attorneys in the terms of a nefarious mystery, observers say the new majority in Congress is certain to push an issue that pits powerful Republicans against their own appointees as far as they can.

"Where this goes is going to depend on where the Democrats take it," said Carl Tobias, a constitutional law professor at the University of Richmond. "And that's going to depend largely on what the U.S. attorneys have to tell them - what they give the Democrats to work with."

Rep. Linda Sanchez, the California Democrat who heads the House subcommittee that subpoenaed four of the prosecutors, has said contact like that described by Iglesias might violate ethics laws.

While Domenici's statement may have taken some of the heat off her for the moment, Atkeson said Wilson will still have to address the matter. Iglesias has said he will identify who contacted him when he testifies Tuesday.

"I still think this has the potential to be much worse for (Wilson) because she's the one who stood to gain" from the indictments, Atkeson said. "She was the one up for re-election, not Pete."

Lawmakers On The Line (WP)

The Washington Post, March 6, 2007

WHEN MEMBERS of Congress call, people listen -- especially if those people are political appointees who owe their positions in part to support from the lawmaker at the other end of the line. That is why the phone calls made to David C. Iglesias, the since-replaced U.S. attorney in New Mexico, by home-state Republicans Sen. Pete V. Domenici and Rep. Heather A. Wilson are so troubling. The Senate and House ethics committees have a duty to investigate.

Mr. Domenici has acknowledged calling Mr. Iglesias, as did Ms. Wilson in a statement to The Post yesterday. Inquiring about the status of a criminal investigation would be ethically dicey under any circumstance, but this was not any old criminal

investigation. It was a corruption probe that involved a local Democrat, and the calls were made in the run-up to last November's election, in which Ms. Wilson's seat was in peril amid a swirl of allegations involving congressional Republicans. So when Mr. Domenici says he simply asked the prosecutor "if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," the query was not a simple act of senatorial curiosity. It was an ill-advised intrusion into an ongoing criminal investigation.

Mr. Domenici says that "at no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter. I have never pressured him nor threatened him in any way." Simply placing the phone call was pressure enough, and if Mr. Domenici didn't mean to exert improper pressure on the prosecutor, he should have realized that his actions were nonetheless susceptible to that interpretation.

Mr. Domenici's initial response to the allegations of Mr. Iglesias was to tell reporters, "I have no idea what he's talking about." As his statement on Sunday demonstrated, Mr. Domenici knew full well that he had talked to the prosecutor, and his failure to be forthcoming adds to the questions about his conduct. As for Ms. Wilson, her repeated refusal to answer questions about "that personnel matter" did not reflect well on her. Now she says she had merely been relaying constituent complaints that the prosecutor was "intentionally delaying corruption investigations." She owes her constituents and colleagues an explanation.

Mr. Iglesias should have reported the lawmakers' phone calls to the Justice Department in Washington, as protocol dictates. He is to testify on Capitol Hill about the calls today. That may be illuminating. But more urgent is for the Justice Department to stop hiding behind vague assertions of "performance-related issues" and explain, finally and clearly, why Mr. Iglesias and seven other U.S. attorneys were dismissed.

Specter Detector (SLATE)

By Dahlia Lithwick

Slate.com, March 6, 2007

U.S. attorney scandal update: Who's to blame for those alarming Patriot Act revisions?

The U.S. attorneys purge scandal is heating up. The House and Senate have convened hearings for Tuesday, promising an orgy of named names and pointed fingers. Sen. Pete Domenici, R-N.M., now admits what he once denied: that he may have had a hand in the removal of New Mexico's U.S. attorney. And the senior Justice Department official who personally canned the U.S. attorneys has just announced the date of his resignation.

But as the political scandal spreads, the question at its heart gets less and less public attention: Who changed the Patriot Act to make it easier to replace U.S. attorneys without oversight, and how did it happen with nobody looking?

U.S. attorneys are well aware that they serve at the president's pleasure, but new wording in the Patriot Act made it worth the president's while to fire a big, fat lot of them and hire a group of new ones. And while certainly half the scandal is that the Justice Department did that—let eight U.S. attorneys go, seemingly for no reason—we seem to have forgotten that even without the mass firings, this law had been changed in the sneakiest way imaginable.

The background: When Congress reauthorized the Patriot Act last year, it included little-noticed language that changed the way U.S. attorneys would be appointed if their predecessors were removed in the middle of their term. Under the old regime, interim U.S. attorneys needed to be confirmed by the Senate after 120 days. If they weren't, federal district judges could select their replacement. The new language removed both judicial and congressional oversight of the interim U.S. attorneys, letting DOJ anoint them indefinitely. This served three important goals: consolidating presidential power, diminishing oversight, and ensuring that "interim" prosecutors had permanent jobs.

On Feb. 6, when the Senate held hearings on the issue of prosecutorial independence, former judiciary committee Chairman Sen. Arlen Specter, R-Pa., proudly claimed to have been as clueless as the rest of us. Denying New York Democratic Sen. Charles Schumer's claim that he or his staff had "slipped the new provision into the Patriot Act in the dead of night," Specter asserted, "The first I found out about the change in the Patriot Act occurred a few weeks ago when Sen. [Dianne] Feinstein approached me on the floor."

Specter added that he only looked into how the provision was altered after Feinstein told him about it. As he explained, "I then contacted my very able chief counsel, Michael O'Neill, to find out exactly what had happened. And Mr. O'Neill advised me

that the requested change had come from the Department of Justice, that it had been handled by Brett Tolman, who is now the U.S. attorney for Utah, and that the change had been requested by the Department of Justice because there had been difficulty with the replacement of a U.S. attorney in South Dakota."

Thus, at least according to Specter, O'Neill had merely been following orders from the Department of Justice when he snuck new language into the Patriot Act that would consolidate executive branch authority. Huge relief there.

Now, it's not necessarily outrageous that Sen. Specter didn't know what his subordinate slipped into the legislation. The Patriot Reauthorization was a long and hotly debated bill. While one might hope that the committee chairman would have read the legislation, you can understand that he might skip a clause or two in the melee. But this was not some minor technical amendment. It was a substantial enhancement of executive power. So, Specter now finds himself in an exceedingly strange position: His staff either lied to him or misled him about what he acknowledges to be a significant legal change. He himself observed at that same hearing: "I did not slip it in and I do not slip things in. That is not my practice. If there is some item which I have any idea is controversial I tell everybody about it."

So, Specter concedes that the item is controversial. He denies knowing about it. That implies it was O'Neill who slipped the new language in, and misled Specter and the Senate. And yet, at least as far as I can tell, nobody in power has said a word about O'Neill's conduct, and not one iota of blame has been laid at his doorstep. Joe Conason noted in Salon last month that 1) O'Neill is a former Clarence Thomas clerk, and 2) he joined Specter's staff at the same time Specter was fighting accusations of being wobbly in his fealty to the White House.

The Justice Department has been quite clear that this change was needed to do away with judicial incursions into an executive function: They felt it improper that judges were effectively making executive-branch appointments. And it now seems that either the DOJ snookered O'Neill, O'Neill snookered Specter, or Specter snookered his colleagues. But any way you slice it, the executive seems to have encroached on congressional turf in order to expand executive turf.

Whether Specter actually knew that O'Neill was carrying water for Karl Rove and turned a blind eye, or whether he was duped by O'Neill may never be known. But either way, it seems to me that Specter's office has done terrible damage to the very notion of independent and co-equal branches of government in this affair, and has yet to be called to account for it. Given that respect and esteem for co-equal independent branches of government is one of the senator's sacred cows, it's doubly ironic that no one has questioned him on this.

It's a good thing that the ousted U.S. attorneys will testify before the House and the Senate. It will clear up a good deal of confusion about the Justice Department's claim that there was something wrong with their job performance. But it seems to me that that's precisely 50 percent of the scandal here. And there are some other folks deserving of subpoenas as well. Mr. O'Neill and Mr. Tolman spring to mind. The outrage isn't merely that the Justice Department abused its power to hire and fire. The real scandal is that it rewrote federal laws to do so, yet nobody seems to know who did it or why.

Unaccountably Called To Account (WP)

By Eugene Robinson

The Washington Post, March 6, 2007

So this is what accountability looks, sounds and feels like. It's been so long -- since George W. Bush moved into the White House -- that we hardly recognize what used to be a commonplace phenomenon, as much a part of Washington's behavioral DNA as megalomania and mendacity.

Imagine how surprised Army Secretary Francis J. Harvey must have been when Defense Secretary Robert Gates fired him last week over the shocking neglect of injured veterans at Walter Reed Army Medical Center. Gates, who cut his teeth in George Bush the Elder's administration, obviously didn't get the memo about how blatant malfeasance is handled by George Bush the Younger's crew.

Remember what happened to George Tenet (the former CIA director who said it was a "slam-dunk" that Saddam Hussein had weapons of mass destruction), Gen. Tommy Franks (who led the Iraq invasion, making decisions that allowed the insurgency to form) and Paul Bremer (who botched the Iraq occupation, allowing the insurgency to grow)? Bush gave them all the Presidential Medal of Freedom.

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Harvey would have had every right to expect the usual tut-tut from the White House. The commander of Walter Reed, Maj. Gen. George Weightman, had already fallen on his sword. Never mind that Weightman had been in charge only since August, which means he inherited the situation. The post commander was resigning, and that should have been enough. Harvey needed an interim director to run Walter Reed, so he turned to the medical center's former commander, Lt. Gen. Kevin Kiley, on whose watch the shabby treatment of outpatient vets became standard practice.

Gates was not amused, and the next day Harvey was out of a job. Kiley was out as well, at least as Walter Reed's chief. It's hard to believe, but the officials who presided over a terrible failure of government are actually being held accountable.

This administration's nonchalance about its most grievous transgressions has been stunning, and the only inference that fits the facts is that the people running our government don't really believe in government at all. They certainly haven't taken it seriously.

The White House has accepted even the worst outrages with a shrug. Look at what happened after the Abu Ghraib atrocities came to light. The low-ranking troops who tormented those prisoners were brought to justice. But senior officers -- who should have installed procedures and oversight that never would have let that kind of depravity take place -- were allowed to go their merry way. What message did this send to the Arab world?

The debacle after Hurricane Katrina was so total that the hapless FEMA director, Michael Brown of "heck of a job" fame, had to go. But what did the White House expect, after putting the former judges-and-stewards commissioner of the International Arabian Horse Association in charge of marshaling the nation's first response to the disaster? Why did the administration keep Brown on the payroll for weeks as a consultant? And now, with New Orleans and much of the Gulf Coast still prostrate, is anyone being called onto the carpet?

Before Gates arrived, it was awfully difficult to get fired by this administration for failing to do your job. Brown hardly counts, since he never should have been hired in the first place. Donald Rumsfeld presided over the Iraq war mess for years before his policies were essentially rejected by the American people last November. Generally, though, incompetence has not been a firing offense.

Political incorrectness, on the other hand, seems to be more than enough to get you shoved aside.

In December, the Justice Department fired eight U.S. attorneys -- top federal prosecutors -- in New Mexico, Arizona, Nevada, California, Washington and Arkansas. The administration acknowledges that one of the prosecutors, Bud Cummins of Little Rock, was ousted so his job could be given to a former aide to White House political czar Karl Rove. Hey, what's wrong with that?

Another of the fired prosecutors, David C. Iglesias, said he was being pressured by two members of Congress to speed up a criminal investigation that involved a Democratic legislator. The pressure came last fall, before the midterm election, Iglesias said. Sen. Pete Domenici (R-N.M.) admitted on Sunday that he called Iglesias and asked about the investigation, saying he was looking for "an idea of what time frame we were looking at" -- but he denies pressuring Iglesias.

The White House acknowledges that complaints from members of Congress factored into the decision to fire the prosecutors, who say they had no prior indication of unhappiness with their performance.

Do a good job, do a bad job -- who cares? With his quaint ideas about accountability, clearly Robert Gates doesn't understand how this White House works.

Worth A Second Look (LAT)

The Los Angeles Times, March 6, 2007

WHEN LAST we left the question of whether the Bush administration had improperly removed a handful of U.S. attorneys, there was a lot of smoke and no fire. A month later, some of the smoke — such as the theory that Carol Lam was removed in San Diego to thwart the prosecution of a politically connected defense contractor — has dissipated. But other firings have created sparks of concern that Congress is right to investigate.

A House Judiciary subcommittee has subpoenaed some of the dismissed prosecutors, including Lam, to testify today about their removals. The Senate Judiciary Committee is close behind. We hope that the hearings generate light and not just partisan heat.

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Today's star witness is likely to be David Iglesias of New Mexico, who has complained that, before being fired, he was approached by two Republican politicians who wanted him to expedite an investigation that could have embarrassed state Democrats before last November's election. Over the weekend, Sen. Pete V. Domenici (R-N.M.) acknowledged that he had called Iglesias to ask about the "time frame" of that investigation. On Monday, the Justice Department said Domenici called U.S. Atty. Gen. Alberto R. Gonzales or his deputy on four occasions to complain about the prosecutor.

Last month, Deputy Atty. Gen. Paul J. McNulty assured the Senate Judiciary Committee that none of the removals were designed to thwart ongoing investigations or to punish prosecutors for investigating public corruption. At the same hearing, McNulty said that the firings were "performance related." Yet some of the dismissed prosecutors had received positive evaluations. This seeming contradiction needs to be cleared up, not just by Congress but by the Justice Department's inspector general.

That said, we continue to oppose a proposal by Sen. Dianne Feinstein (D-Calif.) that would return to federal judges the power to appoint interim U.S. attorneys. The bill is grounded in a suspicion that the Bush Justice Department wants to install cronies in U.S. attorneys' jobs indefinitely and without Senate confirmation — a claim the administration denies and must now refute with prompt presidential nominations subject to Senate confirmation.

Even after being approved by the Senate, a U.S. attorney — like a member of the Cabinet — is an officer of the executive branch who under our system of government can be removed by the president at a moment's notice. Congress has no business asking whether such dismissals are wise, but it has every right to determine whether they are intended to thwart or politicize the administration of justice. That question should be the focus of today's hearings.

Purged Prosecutors (HC)

Houston Chronicle

Houston Chronicle, March 6, 2007

Competent U.S. attorneys should not be fired for petty politics or cronyism.

The unprecedented dismissal of eight top U.S. prosecutors at the behest of the White House late last year finally is getting the attention it deserves. House and Senate judiciary committees are preparing to question the ousted U.S. attorneys.

There are indications the purge was anything but the routine bureaucratic shuffle claimed by Justice Department spokesmen. Attorney General Alberto Gonzales' deputies gave conflicting explanations as to why the officials were forced to resign.

U.S. Attorney Carol Lam in San Francisco was relieved of her post after successfully prosecuting Republican Rep. Randy "Duke" Cunningham for taking bribes. In Arkansas, a former aide to Bush political adviser Karl Rove, J. Timothy Griffin, was named as the temporary replacement for H.E. Cummins III.

A former U.S. attorney in New Mexico, David Iglesias, says GOP officials pressured him concerning a pre-election investigation of Democrats before he was forced out. U.S. Sen. Pete V. Domenici, R-N.M., admitted contacting Iglesias to inquire about the probe of Democratic state lawmakers and issued an apology. Iglesias says he also was contacted by a second Republican lawmaker, U.S. Rep. Heather Wilson of New Mexico. She has not commented.

Congressional ethics rules mandate that lawmakers refrain from any contact with parties to specific legal actions until the matter has been resolved in the courts. According to the Justice Department, Domenici also repeatedly complained about Iglesias to Attorney General Gonzales and Deputy Attorney General Paul J. McNulty.

All of the ousted attorneys are Bush appointees, with good records as prosecutors. McNulty testified at a congressional hearing that the shake-up occurred because of performance-related issues, but he was mistaken. Most of the attorneys' personnel evaluations turned out to be highly complimentary.

The most innocuous explanation for the mass firing is that White House officials simply wanted to create vacancies so cronies could burnish their resumés during the closing years of Bush's presidency.

Considering that at least one of the dismissed prosecutors was highly effective in bringing corruption cases against high-ranking Republicans, partisan revenge probably played a role in some of the firings.

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Former U.S. Attorney Daniel G. Bogden of Nevada told The New York Times that superiors told him he was being dismissed to make room for a favored appointee.

"You hear something like that, there is a sense of disbelief," Bogden said.

Getting rid of dedicated federal prosecutors in order to dispense their jobs as short-term plums places patronage above justice. If some government attorneys were dismissed in order to derail or speed up investigations for partisan gain, such conduct borders on the criminal.

CORPORATE SCANDALS:

Supreme Court Turns Down Appeal From Imprisoned Former WorldCom Chief (AP)

The Associated Press

AP, March 6, 2007

The Supreme Court turned down an appeal Monday from former WorldCom chief Bernard Ebbers, who is serving a 25-year prison sentence for fraud and conspiracy.

The justices rejected without comment Ebbers' bid for review of his 2005 conviction based on his contention that he was denied a fair trial.

Ebbers argued in court papers that the trial judge improperly allowed prosecutors to use testimony from witnesses who had been given immunity, but denied immunity to potential defense witnesses.

The judge also instructed jurors that they could find Ebbers guilty if they believed he suspected a crime was being committed but intentionally looked the other way.

A federal appeals court upheld the conviction last year, acknowledging that Ebbers' sentence for a white-collar crime was longer than sentences routinely imposed by many states for violent crimes. The 2nd U.S. Circuit Court of Appeals said Ebbers' actions to hide WorldCom's financial problems were substantial and had cost investors dearly.

Ebbers was convicted for his role in the massive fraud that drove Clinton, Miss.-based WorldCom into bankruptcy in 2002.

Investigators uncovered $11 billion in fraud at WorldCom Inc., much of it because accountants were classifying regular expenses as long-term capital expenditures. The company re-emerged under the name MCI. Verizon later bought MCI.

In 2005, the court unanimously threw out the conviction of the Arthur Andersen accounting firm for destroying Enron Corp.-related documents because the jury instructions were too broad.

The case is Ebbers v. United States, 06-590.

Toronto Holding Company Pleads Guilty In Hollinger Fraud Case (AP)

By Mike Robinson, AP Legal Affairs Writer

AP, March 6, 2007

(AP) - CHICAGO-A private Canadian holding company used by former media baron Conrad Black to control the Hollinger International newspaper publishing empire pleaded guilty Monday to defrauding Hollinger.

Toronto-based Ravelston Inc. entered its plea to a single count of mail fraud as lawyers for Black and the federal government prepared to start jury selection March 14 for his racketeering and fraud trial.

Black, 62, and three other former Hollinger executives are charged with plundering $80 million (â,¬61 million) from Hollinger, mainly by selling off hundreds of community newspapers across the United States and Canada.

Black allegedly received sizable payments from the buyers in exchange for signing agreements not to compete with them by starting or buying newspapers in markets where the ones sold by Hollinger were circulating.

Prosecutors say the non-compete money should have gone to Hollinger shareholders and not into the pockets of Black and other executives.

Black and the three other executives have pleaded not guilty and vowed to fight the charges.

Ravelston had been trying for weeks to plead guilty, but the company was blocked until last week in a Canadian court from going ahead with the plea.

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Black owns 65.1 percent of Ravelston and had sought to block the plea. But the company is in receivership and the receiver, who is responsible to the creditors, won permission from a Canadian court last week to go ahead and plead guilty.

Chicago attorney Deborah Steiner, representing Ravelston, entered the plea with authorization from the Toronto-based receiver. Under a signed agreement with prosecutors, the company would pay a $7 million (â,¬5.3 million) fine under terms of the plea agreement.

U.S. District Judge Amy J. St. Eve must still decide whether to give her approval to the agreement.

In pleading guilty, Ravelston admitted its role in a complex legal maneuver growing out of the September 2000 sale of community newspapers.

The total sale price was $14 million (â,¬10.7 million). Of that amount, $400,000 (â,¬305,740) was set aside as compensation for agreement not to enter into competition.

Ravelston arranged to have $300,000 (â,¬229,305) of the non-compete money sent to Hollinger International, based in Chicago, and 25 percent to Hollinger Inc., a separate Canadian holding company controlled by Ravelston.

Ravelston admitted it knew of no request from the buyer for a non-compete contract with Hollinger Inc., whose name sounds like Hollinger International and which owns part of International but is a separate firm.

Ravelston acknowledged that its decision to siphon $100,000 (â,¬76,435) of International's coffers represented a conflict of interest.

In its plea agreement, Ravelston acknowledged that the loss to Hollinger from the count to which it was pleading guilty was only $100,000. But it also acknowledged that the loss from the entire scheme - which took in a number of other sales of Hollinger International assets - came out to $83,950,000.

How much the decision of Ravelston to plead guilty will affect the Black trial is unclear, but prosecutors already had key documents involved.

Lead prosecutor Eric Sussman declined to comment.

Also Monday, both sides began sorting out the questionnaires that prospective jurors filled out in advance of March 14 jury selection. Defense attorneys agreed on 16 individuals they wanted to exclude from a list of 106 prospective jurors.

St. Eve set a further hearing in the Ravelston case for June 29. 2007

Clock Ticking On Prosecuting Backdating Of Stock Options (MERCN)

By Troy Wolverton

The San Jose Mercury News, March 6, 2007

Federal prosecutors investigating the backdating of stock options are bumping up against a legal deadline that will probably affect when they file charges and what charges they bring.

Under federal law, prosecutors typically have five years to bring charges of securities fraud. For many of the backdating cases, that time window could be closing, because the misdating of stock options largely ended in 2002 thanks to new regulations.

``It's a prevailing issue in most of the cases," said one Bay Area defense attorney, who asked not to be named. Added the attorney, who is a former federal prosecutor, ``Is the government under pressure (to make decisions) sooner rather than later? The answer is yes."

The five-year deadline also means that the government could soon lose the chance to file charges on some of the most egregious instances of backdating.

There are ways around the deadline issue: The government can attempt to pause the clock, for instance, or file charges related to the backdating (for example, conspiracy or lying to prosecutors) if not on the backdating itself. But prosecutors can't get the clock to stop permanently, and the related charges could well be easier for defendants to challenge and can carry lighter penalties.

``There's some room for creativity," said another former federal prosecutor, who also asked not to be named. ``But they don't want to risk that. They want to go with the most solid theory they have."

Quicker indictments

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The U.S. Department of Justice investigated alleged backdating at Brocade Communications Systems for 18 months before moving to indict former Chief Executive Greg Reyes. Indictments of officials at other companies could take a fraction of that time, in part because of concern about this legal ticking clock.

Indeed, the pace of the overarching backdating investigation appears to have quickened. In recent days, federal prosecutors secured a guilty plea from a former executive at Monster Worldwide in a backdating case and are reportedly close to bringing similar charges against the former general counsel of McAfee. Take-Two's former CEO also recently pleaded guilty to backdating in New York state court.

Luke Macaulay, a spokesman for the U.S. Attorney's Office in San Francisco, declined to say whether the government felt pressured by the five-year deadline or if it would prompt quicker actions in outstanding cases.

``It's something we're aware of," said Macaulay, whose office has been handling the lion's share of the backdating investigations. ``It's something we take into account in the final analysis of how we are investigating and prosecuting cases."

The government can -- and frequently does -- seek waivers from potential defendants that pause the clock. But the government generally has to have a pretty good idea about what charges it might bring against a defendant before it can seek such agreements, meaning that it has to have done at least a cursory investigation.

Even then, defendants don't always agree to them, and when they do, the so-called tolling agreements usually don't last more than six months -- a year at most, legal experts say. At the end of that time, the clock starts ticking again, unless the government can secure another waiver, typically for an even more limited duration.

``The tolling agreement doesn't completely get the government off the hook," the first former prosecutor said. ``You don't know (if) the next time you call for further extension, the answer is going to be no."

A little extra room

However, prosecutors could have a bit of deadline leeway in some cases and with some potential defendants. Even if most backdating ended five or more years ago, the misdated options were generally accounted for inaccurately.

Companies restate their financial results in new regulatory filings years after the fact. Many didn't restate their results until the past six months or so to include the real cost of the backdated options. Theoretically, prosecutors could allege that executives in the know about the backdating were covering it up until recently through the understated financial reports.

``That could extend the statute for a couple years," said Jeffrey Bornstein, a white collar defense attorney with K&L Gates. But he adds, ``I don't know if that's been tested or not."

Judge Declares A Mistrial In BDO Seidman Fraud Case (WSJ/AP)

The Wall Street Journal, March 6, 2007

A judge declared a mistrial in a $170 million fraud case against accounting firm BDO Seidman LLP after an attorney for the Portuguese bank suing the firm mentioned the suicide of one of the company's executives, against the judge's orders.

Miami-Dade County Circuit Judge Jose M. Rodriguez agreed with BDO Seidman that it couldn't receive a fair trial.

A lawyer for Banco Espirito Santo SA last week mentioned the suicide while questioning a witness. The judge had prohibited references to the suicide, in an order issued before the trial began.

In a 2004 lawsuit, Banco Espirito Santo accused BDO Seidman of failing to uncover the fraud at a former partner of the bank, E.S. Bankest LLC. The bank said BDO Seidman, hired to audit Bankest's books, failed to find signs of the fraud beginning in the late 1990s in part because the firm had financial ties to another Bankest partner.

The Big Four accounting firms typically settle high-stakes cases. Those actions often involve damage claims that run to the billions, rather than millions, of dollars. But BDO, along with fellow second-tier firm Grant Thornton LLP, are often willing to risk a trial.

A lawyer representing BDO Seidman, Mark Schnapp, argued that the jury would associate the suicide with the uncovering of fraud at the financial-services firm, a connection that was never suggested.

Testimony in the aborted trial began in late January. A meeting was set for tomorrow to plan for a new trial.

Steven Thomas, an attorney for Banco Espirito Santo, said his co-counsel's reference to the suicide was unintentional.

RIM Sets Restatement, Shake-Up On Board In Backdating Fallout (WSJ)

By Jessica E. Vascellaro

The Wall Street Journal, March 6, 2007

In the latest fallout from the stock-options backdating scandal, Research in Motion Ltd. said it made widespread accounting errors in issuing some 3,000 improperly dated options grants going back to the 1990s and would take a roughly $250 million restatement.

Co-Chief Executive Jim Balsillie, a recipient of some of the grants improperly accounted for, stepped down as chairman of RIM. He and co-CEO Mike Lazaridis, who also received options, agreed to pay about $4.25 million each "to assist RIM in defraying costs" from the board probe and restatement, the company said.

Though some executives have repaid some gains from backdated shares, no executives have made such payments in the unfolding backdating scandal.

RIM, the maker of the popular BlackBerry hand-held device, said all options granted before late February 2002 and approximately 321 grants made between that time and August 2006 were improperly accounted for. The 321 grants represent approximately 63% of the grants made by the company after Feb. 28, 2002. Correcting the accounting likely will cut earnings up to the end of RIM's fiscal year 2006 by $250 million, a much larger restatement than investors had expected. In September, RIM indicated it would have to restate between $25 million and $45 million in results. The company didn't name a new chairman.

• The News: Research In Motion said correcting options-related accounting errors will reduce earnings through fiscal year 2006 by about $250 million.

• The Backdrop: The maker of the popular BlackBerry devices is among scores of companies hit by options backdating.

• The Explanation: Co-CEO Balsillie said the accounting issue slipped by management amid the company's quick growth.

RIM posted $382 million in net income on $2.1 billion in revenue in its most recently reported fiscal year, ended March 4, 2006. RIM said the announcement yesterday came after a seven-month probe by a special board committee.

RIM also said Dennis Kavelman, the company's finance chief, will become chief operating officer of administration and operations. Two board members on the compensation committee, E. Kendall Cork, who is with Sentinel Associates Ltd., and Douglas Wright, president emeritus of the University of Waterloo in Ontario, have resigned from all board committees and won't stand for re-election. The company also added two board seats.

RIM said an informal investigation is continuing by the Securities and Exchange Commission and the Ontario Securities Commission. RIM shares fell $1.45, or 1%, to $134.52 in 4 p.m. composite trading on the Nasdaq Stock Market.

The improprieties identified by the board included the practice of backdating options -- that is, pretending they were issued at an earlier time than they actually were, when RIM's share price was lower. Such backdating can increase the payoff for recipients by setting an artificially low strike price, increasing the gain when the options are exercised. About 140 companies are under investigation for backdating.

"It has been determined that several errors occurred in the accounting for options, including the fact that in many cases, the company did not grant options with an exercise price equal to the fair-market value of the shares on the day of the grant," RIM said in a written statement.

BlackBerry Head Ousted; Earnings To Be Restated (WP/BLOOM)

By Chris Fournier And Ville Heiskanen, Bloomberg News

The Washington Post, March 6, 2007

Research in Motion, maker of the BlackBerry e-mail phone, will restate earnings by about $250 million and said James Balsillie will give up his post as chairman following a review of its stock-options grants.

Research in Motion did not find intentional misconduct by its executives, according to a statement released by the company, based in Waterloo, Ontario. The restatements, which are not yet complete, cover more than three years of results dating back to 2004.

The adjustment exceeds an earlier prediction by Research in Motion, which forecast in January that restatements would cut past earnings by more than $45 million. In concluding its options probe, the company said Balsillie would remain co-chief executive as it separates the roles of chairman and chief executive to upgrade corporate governance.

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Research in Motion is one of at least 200 companies that have disclosed internal or federal investigations into options. Investigators are trying to determine whether companies inflated the value of employee options by backdating or timing the grants to coincide with days when the stock price was low.

Balsillie and co-chief executive Michael Lazaridis will voluntarily contribute $8.5 million to cover some costs of the review and the restatement, the company said. Directors and officers will return any benefit from mispriced options, the company said.

All grants except those to the company's chief executives were made "by or under the authority of" Balsillie, the company said. A special committee of the board found the company had "failed to maintain adequate internal and accounting controls with respect to the issuance of options in compliance with the company's stock option plan," it said.

Balsillie said in an interview yesterday the company's options probe "hasn't affected our business one bit."

McAfee Plucks EMC Executive For CEO (WSJ)

By Vauhini Vara And Joann S. Lublin

The Wall Street Journal, March 6, 2007

McAfee Inc., trying to move past fallout from a federal investigation of its stock-options grants and revive its growth, named EMC Corp. executive David DeWalt as its new chief executive.

The hiring of Mr. DeWalt, EMC's head of world-wide customer operations, comes as McAfee tries to stabilize its executive bench after a string of financial debacles, including probes into improperly dated stock-options grants. Mr. DeWalt, a 42-year-old software industry veteran, will be the Santa Clara, Calif., security-software maker's fourth CEO in six years.

George Samenuk, McAfee's last permanent chief executive before Mr. DeWalt, resigned in October after an internal probe found accounting irregularities related to stock-options grants. Last month, a Securities and Exchange Commission complaint claimed that Mr. Samenuk had known about a change to a 2002 stock-option grant made in his favor by a subordinate. The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in manipulating options and followed a criminal indictment of Mr. Roberts. Mr. Samenuk hasn't been charged.

Mr. DeWalt, who starts at McAfee on April 2, is expected to clean up the mess. The company plans to restate several quarters of past financial results in the wake of the stock-options problems. Interim chief Dale Fuller, the board member who temporarily replaced Mr. Samenuk, will remain on the board. Chuck Robel will remain chairman.

Mr. DeWalt joins McAfee as the security-software industry enters a more difficult phase after years of go-go growth. McAfee's antivirus software for home users and companies was once in demand as computer users sought to protect themselves against viruses and worms. But new threats like "phishing" have displaced the old ones, leaving McAfee and other security-software makers scrambling to catch up. Priorities have also shifted at businesses, where security officers are focused on new problems like keeping corporate data from getting lost or stolen. McAfee recently launched products to fight phishing and data leakage, but those areas are already crowded.

McAfee also faces new pressure from big technology companies that are investing heavily in security. International Business Machines Corp., Cisco Systems Inc. and Mr. DeWalt's former employer EMC have all bought security companies in the past year.

McAfee's stock price has risen more than 4% so far this year, fueled partly by rumors that McAfee could be a candidate for a takeover by private-equity investors or a big technology maker. Mr. DeWalt's appointment is likely to quell such speculation, at least for a while. Yesterday the stock was down 43 cents to $29.55 in 4 p.m. trading on the New York Stock Exchange.

EMC directors tried to keep Mr. DeWalt by offering him a chance to become chief operating officer and possible successor to 59-year-old CEO Joe Tucci, according to one person familiar with the situation. "They certainly wanted [Mr. DeWalt] to stay and made it very difficult for [him] to leave," another knowledgeable individual said.

Though EMC directors were grooming Mr. DeWalt for the corner office, "Tucci isn't going to retire anytime soon," the second person added. And Mr. DeWalt, who ran Documentum Inc., a storage-software vendor that EMC acquired in 2003, "very much wanted to be a CEO" again.

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Acceptance of the chief operating officer post also would have required Mr. DeWalt to move cross country. EMC is based in Hopkinton, Mass., while Mr. DeWalt worked from Documentum's Pleasanton, Calif., headquarters. EMC yesterday announced that its vice chairman, Bill Teuber, will expand his responsibilities to include Mr. DeWalt's customer-operations duties.

Mr. DeWalt emerged as front-runner for McAfee CEO soon after the search began last December. "The board was immediately impressed by him because he had been a CEO before" and grew a business with stalled growth, the first informed individual recalled. The main stumbling block was whether McAfee directors "could extract him out of EMC."

The new McAfee leader will enjoy a pay package roughly comparable to Mr. Samenuk's, and include equity partly linked to performance triggers, this person reported. McAfee promised Mr. Samenuk a 2006 salary of $900,000 and set his maximum bonus at $1.35 million for last year, according to McAfee's April 2006 proxy statement.

If Mr. DeWalt thrives running McAfee, there is always the chance that EMC someday might buy his new employer, too. "He could end up being CEO of EMC anyway," the first informed individual observed.

Grasso Case's New Lawyer (WSJ)

By Aaron Lucchetti And Nathan Koppel

The Wall Street Journal, March 6, 2007

NEW YORK -- New York Attorney General Andrew Cuomo named lawyer Benjamin E. Rosenberg to be his chief trial counsel, a role that will include handling high-profile cases such as the long fight against former New York Stock Exchange Chief Executive Dick Grasso.

Mr. Rosenberg, a partner with law firm Dechert LLP, will start in the state's law-enforcement office Monday, said a spokesman for the attorney general's office. His salary will be $140,000. Mr. Rosenberg, 48 years old, worked on several high-profile white-collar cases while at Dechert, said the attorney general's spokesman. Mr. Rosenberg couldn't be reached to comment.

The attorney general's office won a partial summary judgment in the Grasso case last year, but Mr. Grasso is appealing. A decision on the appeals is expected in coming months, and if Mr. Grasso loses, he may have to give $100 million or more of his compensation back to the NYSE, where he worked for decades. Mr. Grasso has been fighting the case and has said he did nothing to warrant giving back part of his pay package.

Mr. Cuomo's predecessor, New York Gov. Eliot Spitzer, brought the case. Mr. Spitzer harshly criticized Mr. Grasso for collecting a pay package of $187.5 million while at the NYSE, which at the time was a not-for-profit company under New York state law.

Some legal experts predicted Mr. Cuomo would focus less on Wall Street cases than Mr. Spitzer. But the appointment of Mr. Rosenberg, a former assistant U.S. attorney in the Southern District of New York, shows that Mr. Cuomo is putting a formidable figure to take over the case against Mr. Grasso.

CRIMINAL LAW:

Libby Jurors Consider Cooper Conversation (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, March 6, 2007

Jurors in the perjury trial of I. Lewis "Scooter" Libby indicated yesterday they remain focused on whether Vice President Cheney's former chief of staff lied to the FBI about a July 12, 2003, conversation with Matthew Cooper, then a reporter for Time magazine.

In a note to the presiding judge late yesterday afternoon, jurors asked three questions about how they should decide whether Libby is guilty of making a false statement to investigators about his conversation with Cooper.

After sending the note, the jury concluded its ninth day of deliberations without reaching a verdict. During that time, it has sent U.S. District Judge Reggie B. Walton five questions about Libby's statements to the FBI regarding his conversation with Cooper.

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The note was not released to the public. According to a partial description by Walton, who summoned lawyers for both sides to go over the note, the 11 jurors sought in one of the three questions to know whether they may consider Libby's March 2004 grand jury testimony about his conversation with Cooper as they deliberate whether he made false statements to the FBI months beforehand about the same conversation.

Libby gave the FBI and the grand jury similar descriptions of the conversation, saying he passed along gossip from other reporters about an undercover CIA officer to Cooper, and told Cooper he was not sure it was true. But the grand jury testimony is tape-recorded, and the defense has questioned the accuracy of an FBI agent's notes.

Walton released the jury for the day and said he would decide how to instruct them today.

Libby, 56, is charged with five felony charges of lying to the FBI and grand jury about his role in disclosing the identity of undercover CIA officer Valerie Plame to the media. Her name and CIA job were revealed in a syndicated column in July 2003, days after her husband, former ambassador Joseph C. Wilson IV, publicly accused the White House of twisting intelligence he had gathered.

The CIA sent Wilson to Africa in 2002 to assess reports that Iraq had been trying to buy uranium from Niger for use in a nuclear weapons program. Wilson concluded those reports were baseless, and shortly after the Iraq war began, denounced President Bush and Cheney for using the claim as a central argument for war.

Prosecutors allege that, in the spring and early summer of 2003, Libby was part of a White House campaign to discredit Wilson, then lied to investigators to protect his job and spare Cheney and Bush political embarrassment.

Defense attorneys contend their client inaccurately remembered conversations about Wilson and Plame because he was busy with critical national security issues.

Also yesterday, defense and prosecution lawyers argued about how Walton should respond to a question the jury posed Friday about the definition of reasonable doubt. He responded by asking the jury for more information.

Libby's Jurors Inquire About One Charge (NYT)

By The New York Times

The New York Times, March 6, 2007

WASHINGTON, March 5 — The jury considering the perjury case against I. Lewis Libby Jr. suggested on Monday that some of its members were deeply uncertain about one of the five felony charges.

Before the jurors departed at the end of their ninth day of deliberations, they sent a note to Judge Reggie B. Walton asking for clarification of Count 3, in which Mr. Libby is charged with giving a false statement to an agent of the Federal Bureau of Investigation. Mr. Libby, the former chief of staff to Vice President Dick Cheney, is charged with lying to the F.B.I. and to a grand jury investigating the leak, in 2003, of the identity of a Central Intelligence Agency operative, Valerie Wilson.

Judge Walton did not disclose the text of the query, which he is expected to address on Tuesday. But in the discussions he had with both sides' lawyers, it appeared that the jury was asking whether its members might consider Mr. Libby's testimony to the grand jury in March 2004 to help determine whether he made a false statement in his F.B.I. interview six months earlier.

The false-statement charge, which many lawyers view as the weakest count, involves a conversation Mr. Libby had on July 12, 2003, with Matthew Cooper, then a reporter for Time magazine, about Ms. Wilson.

Judge Walton has also yet to deal with a jury request to explain further the concept of reasonable doubt.

FBI To Probe Wal-Mart Employee (FT)

By Jonathan Birchall

Financial Times, March 6, 2007

The FBI is investigating the activities of a Wal-Mart "technician" who was fired by the retailer after it learnt that the employee had been intercepting electronic messages transmitted by people outside the company.

A company spokeswoman said the employee had used personal equipment to intercept all text messages sent "within a few miles" of Wal-Mart's Bentonville headquarters, and had collected messages containing certain key words, without giving more details.

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The unnamed “technician” also had been involved in recording telephone conversations between its public relations staff and a reporter for The New York Times without appropriate clearance, said Mona Williams, the Wal-Mart spokeswoman.

The company gave no details of the objective of the surveillance, which marks the latest in a series of internal scandals at the largest US retailer.

It follows trouble last year at Hewlett-Packard, the computer maker, over questionable techniques used in a leak investigation to obtain phone records.

Wal-Mart said it had found no evidence that the employee, who worked in the company’s information systems division, was acting on anyone else’s orders. “As far as we know, he was acting alone,” Ms Williams said.

Wal-Mart said it had learnt about the phone surveillance from another company employee in January and had informed the FBI, which has now launched an investigation into the affair.

The retailer said that while recording phone conversations involving its employees was not illegal, the taping of the reporter’s conversations over a four-month period had been carried out without the necessary approval.

It said that “the interception of text messages and pages that does not involve Wal-Mart associates is not authorised by company policies under any circumstances”.

Wal-Mart Tapings Spark Probe (WSJ)

By Gary Mcwilliams

The Wall Street Journal, March 6, 2007

Federal investigators are probing a Wal-Mart Stores Inc. employee's electronic interception of telephone conversations and text messages of other employees and outsiders, including a New York Times Co. reporter.

People familiar with the issue said the criminal probe targets an employee who was searching for the identities of those who had leaked embarrassing company memos to the newspaper and others. Wal-Mart has been the subject of articles by the Times and others for its health-care, wage and benefit policies.

• News: Investigators are probing a Wal-Mart employee's interception of phone conversations and text messages of other employees and outsiders, including a New York Times reporter.

• Background: Wal-Mart has been the subject of articles by the Times and others for its health-care, wage and benefit policies.

• The Law: U.S. law prohibits intercepting wireless communications without a court order.

The U.S. attorney for Western District of Arkansas confirmed it has begun a probe after being notified by the Bentonville, Ark., retailer of the recordings and electronic interceptions. Deborah Groom, first assistant U.S. attorney, declined to say whether it had subpoenaed records or interviewed employees of the world's largest retailer.

Mona Williams, a Wal-Mart vice president, said the retailer fired two employees of its computer-systems department as a result of a nearly two-month internal review. One was a manager, who was dismissed yesterday. A third employee, also a computer-systems unit manager, was disciplined but not fired for "failure to carry out management duties," Ms. Williams said.

The technician, who Ms. Williams wouldn't identify further, had programmed the company's computers to search for calls originating from or directed to a Times reporter and to record those calls. A handful of other calls also were recorded, the Wal-Mart spokeswoman said. While she wouldn't name the reporter, people familiar with the issue said Times staff reporter Michael Barbaro was the primary target of the interceptions.

Wal-Mart Chief Executive H. Lee Scott Jr. personally apologized to Janet Robinson, chief executive of the New York Times, in a telephone call yesterday. The spokeswoman also personally contacted the Times reporter to deliver the news, she said.

In a statement, the Times said: "We are troubled by what appears to be inappropriate taping of our reporter's conversations. At this point we don't know many of the key facts such as what the purpose of this taping was and the extent, if any, to which the action was authorized."

The effort captured calls for a four-month period beginning in September and continuing until January of this year, Ms. Williams said. She added the technician used wireless equipment brought into the retailer's headquarters to capture text

messages from personal digital assistants and pagers within a several mile radius of its Bentonville headquarters. She described the wireless equipment as the employee's personal gear.

Those text messages, from a variety of sources, were stored on company-owned computers and later scanned for unidentified "key words" that the employee had designated. Wal-Mart declined to identify the words.

Ms. Williams also wouldn't reveal the technician's motivations for recording the calls and messages, citing the federal investigation. She confirmed agents of the Federal Bureau of Investigation were carrying out the probe for the U.S. Attorney's office.

The recordings began about the same time that a former Hewlett-Packard Co. board member publicly exposed a similar effort at the Palo Alto, Calif., computer maker. There, company-paid investigators had improperly obtained phone records and text messages of employees and news reporters in an effort to identify the source of embarrassing leaks about its former chief executive. Those complaints led to indictments of Patricia Dunn, the company's former chairwoman, and others.

U.S. law prohibits the interception of wireless communications without a court order. Wal-Mart said the technician's recording of phone calls involving its employees isn't against the law in Arkansas, but violated its corporate policies. It said recording text messages violates its corporate policies as well as U.S. law.

The two employees fired include a computer technician who allegedly intercepted and recorded phone calls, pager and text messages, and the technician's boss. Ms. Williams declined to further identify them.

"As far as we know, he was acting on his own," she said of the fired technician. "We can't speak to why the technician did what he did." She declined to say how many messages were intercepted during those four months.

Wal-Mart said it launched an internal investigation and contacted the U.S. attorney in January after an employee reported the interceptions. An internal investigation found phone, pager and text messages were captured and stored on its computers.

In the case of Hewlett-Packard, director Thomas Perkins had complained of the tactics being used by outside investigators hired to find the source of information leaks to reporters. Private investigators hired by H-P were accused of illegally accessing phone records of reporters, employees and directors. Criminal charges were filed by the California attorney general against Ms. Dunn, who pleaded not guilty, and security experts used by the company.

Wal-Mart Says Employee Taped Reporter's Calls (NYT)

By Julie Creswell

The New York Times, March 6, 2007

Federal investigators are looking into the actions of a computer systems technician at Wal-Mart Stores who, over a period of several months, intercepted pager and text messages and also secretly taped telephone conversations between Wal-Mart employees and a reporter for The New York Times, the company said yesterday.

The United States attorney's office for the Western District of Arkansas and the Federal Bureau of Investigation are assessing the actions of the employee and others inside Wal-Mart to determine whether federal and state laws were broken and whether they have jurisdiction in the matter, according to spokesmen for the investigators' offices.

Wal-Mart said the technician was not authorized to monitor and tape the conversations between members of its media relations staff and Michael Barbaro, a retail reporter for The Times.

The company did not say what led the technician to make the recordings or why Mr. Barbaro's conversations were the target.

Over the last year, Mr. Barbaro has written dozens of articles about Wal-Mart, including some that were based on internal company documents that were given to him by union-financed groups that were critical of Wal-Mart's business practices.

Mona Williams, a spokeswoman for Wal-Mart, which is based in Bentonville, Ark., said the company fired the technician and a supervisor yesterday. A third manager in Wal-Mart's information technology group was disciplined. Ms. Williams declined to identify the technician or his supervisors.

H. Lee Scott Jr., Wal-Mart's chief executive, called the chief executive of The New York Times, Janet L. Robinson, early yesterday to explain the situation and apologize, Ms. Williams said.

Ms. Williams added that she contacted Mr. Barbaro and personally apologized to him, as well.

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Wal-Mart said it began an internal investigation into the matter on Jan. 11 after executives were notified by an employee about the recordings. It then notified the United States attorney's office two days later.

Over the course of a two-month internal investigation, Wal-Mart discovered that the technician had used a program that identified calls coming in from, or made to, Mr. Barbaro at The Times's New York headquarters from last September to mid-January, Ms. Williams said. The inquiry involved an outside technology firm that scoured more than 100 computer drives and other devices, she said.

Members of the media relations group, including Ms. Williams, were unaware they were being taped, Ms. Williams said.

"No one knew he was recording these conversations," Ms. Williams said in a conference call with reporters yesterday afternoon. "As a matter of fact, I'm not even sure he knew whose conversations he was recording. He simply programmed in the reporter's phone number and captured those calls."

It is unclear whether the technician was able to sort Mr. Barbaro's calls from those other Times reporters might have made to Wal-Mart since all calls from the newspaper's New York office register on caller ID screens as a series of numeral 1s.

The technician told investigators of some motives for his actions, Ms. Williams said, but she declined to say what they were because of the continuing investigations.

In a statement, a spokeswoman for The Times, Diane C. McNulty, said: "We are troubled by what appears to be inappropriate taping of our reporter's conversations. At this point, we don't know many of the key facts, such as what the purpose of this taping was and the extent, if any, to which the action was authorized."

Mr. Barbaro declined to comment.

At first blush, it does not appear that the taping of the conversations was illegal.

Under federal and Arkansas state law, a telephone conversation can be recorded if one party has given consent. Wal-Mart said that under its policy, all employees give their consent to the monitoring and recording of their calls made through Wal-Mart systems and equipment.

Wal-Mart said, however, that calls were monitored only in cases of suspected criminal activity or fraud and only with written consent from the company's legal department. No approval for the recordings was sought or given, the company said.

Ms. Williams added that in the course of the investigation only one person — a "senior-level lawyer" at Wal-Mart — listened to parts of the tapes between Mr. Barbaro and the media group.

The focus of any criminal investigation might be on the text messages and the pages transmitted near company headquarters by people who were not Wal-Mart employees; the technician made those interceptions using his own personal radio-frequency equipment.

"He captured all of the text messages that were within a range of his equipment," Ms. Williams said. "Some of those messages had key words in them that he was watching for. Those were captured and put into a separate file or bucket from the others." She declined to provide details of the messages or motives for those actions by the technician.

Federal and most state laws forbid the unauthorized interception of messages, said Rodney Smolla, dean of the University of Richmond Law School.

Wal-Mart Worker Secretly Taped Reporter's Calls (WP)

By Ylan Q. Mui

The Washington Post, March 6, 2007

An employee for Wal-Mart secretly taped phone conversations between members of its public relations staff and a reporter at the New York Times, and intercepted text messages between people who do not work for the company, Wal-Mart officials disclosed yesterday.

Wal-Mart fired the technician it said was responsible and the employee's supervisor, both of whom worked in information systems at the retailer's headquarters in Bentonville, Ark. Another manager was disciplined. Spokeswoman Mona Williams said she could not say why the technician recorded the conversations.

"I can't really speak for why the associate did this," Williams told reporters yesterday during a conference call. "No one knew that he was recording these conversations."

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The U.S. attorney's office for the Western District of Arkansas has opened an investigation into the case to determine whether the technician violated federal wiretapping laws, said Deborah Groom, first assistant attorney. A spokesman for the FBI did not return several phone calls or respond to an e-mail asking whether an investigation was underway.

The conversations took place between September and January and involved New York Times reporter Michael Barbaro, according to the newspaper's spokeswoman, Diane McNulty. Barbaro, who formerly worked for The Washington Post, wrote 38 articles about or referencing Wal-Mart during that time, including articles about new uniforms for workers, the retailer's marketing of energy-efficient light bulbs and the departure of top advertising executives.

Wal-Mart told the Times about the tapes yesterday. McNulty said the Times was not planning legal action, but was concerned about the actions. Reached by e-mail, Barbaro declined to comment.

"We are troubled by what appears to be inappropriate taping of our reporter's conversations," McNulty said. "At this point, we don't know many of the key facts."

Federal and Arkansas law allow a telephone call to be recorded if one party consents. Wal-Mart said all its employees consent to a blanket policy that allows electronic communications to be monitored or recorded at any time. But the retailer said it tapes phone calls only in "compelling circumstances," such as suspected criminal fraud or security issues, with written permission from its legal department. Williams said the recordings did not meet that threshold and that the employees speaking with Barbaro did not know they were being taped.

An investigation could include an examination of the strength of Wal-Mart's policy, said Mark Rasch, managing director of technology for consulting firm FTI and a former federal prosecutor who specialized in computer crime. Having a policy does not automatically imply consent, he said, especially if workers have reason to believe it would not be applied.

"It has to be well known, well distributed, and it's got to be used at some point," he said.

The technician also captured text messages and pages between people who do not work for Wal-Mart that were sent with beepers or handheld devices from several miles around the retailer's headquarters, Williams said. Data including certain keywords were routed into a specified file, she said.

Williams said none of the intercepted information involved reporters or public figures.

Wal - Mart Fires Worker Over Eavesdropping (NYT/AP)

By The Associated Press

The New York Times, March 6, 2007

NEW YORK (AP)-- Wal-Mart Stores Inc. said Monday it fired a systems technician who allegedly recorded phone conversations between the company's public relations office and a newspaper reporter. The case is now being investigated by federal authorities.

Wal-Mart said the technician, whom it did not identify, also intercepted text messages using his own personal equipment. The retailer said he was acting alone, but declined to say what his motive may have been.

Wal-Mart said its internal investigation began on Jan. 11 after an unidentified party alerted the company. That led to the discovery that the technician had monitored and recorded phone conversations between Wal-Mart's public relations staffers and a New York Times reporter between September 2006 and January 2007. Wal-Mart said it notified The New York Times earlier Monday.

A New York Times spokeswoman, Diane McNulty, identified the reporter as retail writer Michael Barbaro. She said the newspaper does not plan "to take any legal action at this time."

During the investigation, Wal-Mart said it discovered that, in separate instances, the same technician had intercepted text and pager messages, including communications that did not involve Wal-Mart employees.

The eavesdropping by an employee is only the latest controversy for the world's largest retailer, whose stock has been battered in recent months as sales growth stalled. The company also has been targeted by union-back groups about its health care benefits and wages. It also is fighting a class action lawsuit that accuses it of gender discrimination.

Wal-Mart spokeswoman Mona Williams said the technician "acted alone" and used his own personal equipment to intercept the text messages. "I can't speak for why he did what he did," she said.

Williams declined to identify who the targets were besides the Times reporter, but said they did not include the company's union-backed critics like WakeUpWalmart.com or Wal-Mart Watch. No other journalists' calls or messages were tapped, she said.

But Chris Kofinis, a spokesman for WakeUpWalmart.com, questioned that assertion, saying "we're deeply concerned that our privacy was violated."

Williams said the technician gave Wal-Mart some indication about why he targeted the New York Times reporter, who has been covering such issues as the company's labor rescheduling program and wage capping, but couldn't go into detail now that the investigation has been turned over to federal authorities.

Barbaro declined comment.

Wal-Mart said it would never authorize the interception of text messages and pages that do not involve Wal-Mart associates, the company's name for its workers.

Wal-Mart said it notified its audit committee of the allegations on Jan. 12 and on the next day, attorneys for the company notified the U.S. Attorney for the Western District of Arkansas.

The company kept the U.S. Attorney updated during its internal investigation. Last Thursday, the U.S. Attorney notified Wal-Mart that it would conduct its own investigation.

"We are looking at this to determine if there has been a violation of federal law in our jurisdiction,'' said U.S. Assistant Attorney General Deborah Groom Monday. "That's really the only comment I can make at this time."

FBI officials in Washington said Monday the agency is reviewing the information "to determine if there was a violation of federal law and if the FBI has jurisdiction."

The company said it believes the unauthorized recording of telephone conversations by the systems technician did not violate any applicable federal or state laws because Wal-Mart policies subject all employees communications to possible monitoring or recording.

However, Wal-Mart said it records associate phone calls only in "compelling circumstances and with written permission from the legal department." The company said that the threshold for this permission is "high and limited to cases of high risk to the company or its associates, such as suspected criminal fraud or security issues."

In addition to firing the technician, Williams said it also fired the technician's direct supervisor and has taken disciplinary action against a management associate for failure to carry out their management duties.

Wal-Mart announced that it has taken a number of steps to strengthen its policies and controls surrounding the monitoring of recording of communications, effective immediately. It has also physically removed the recording equipment and any related hardware from the system.

"The company believes that these pager intercepts and the recordings of these telephone calls were wrong and has taken a number of actions to further strengthen our policies and controls," said Williams in a statement.

Associated Press writers Hope Yen in Washington and Peggy Harris in Little Rock, Ark. contributed to this report.

N.J. Man Accused Of Defrauding Cisco Of More Than $10M (AP)

By Jordan Robertson, AP Technology Writer

AP, March 6, 2007

SAN JOSE, Calif. -- A computer technician working for the city of Newark, N.J., was arrested on charges he defrauded technology giant Cisco Systems Inc. of more than $10 million by cheating one of the company's programs for replacing broken or defective parts.

Michael Kyereme, 40, of Piscataway, N.J., was arrested Friday on a charge of mail fraud and made his initial appearance in Newark federal court on Monday, according to the FBI. He will remain in custody at least until a bail hearing Thursday.

Kyereme worked as independent contractor for Newark, assisting city employees when their computers needed troubleshooting, the FBI said. When he could not resolve a problem without outside help, he was authorized to contact Cisco for technical assistance and to order replacement parts.

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According to the criminal complaint, Kyereme ordered about 280 parts from Cisco since August 2002 _ some worth more than $250,000 _ and made false claims that they were replacements for Cisco parts in the city's computer system that were "dead" or "not responding."

Kyereme is accused of cheating a Cisco program that requires the company to immediately replace broken or defective equipment without customers having to send in the problem parts first.

Investigators said Kyereme ordered replacements for pricey equipment that the city never had or didn't need replaced, sold the new gear to an out-of-state computer reseller, and pocketed the profits. He often didn't send back the parts he claimed were defective, and in some cases sent back the wrong parts that were worth less than the defective hardware, the FBI said.

A search of Kyereme's home on March 2 uncovered more than $3 million worth of parts that he ordered under false pretenses, the FBI said.

According to the criminal complaint, Kyereme told investigators that he was offered an "overwhelming" amount of money by the unidentified computer reseller to procure the Cisco parts and that "I knew what I was doing was wrong and that it was stealing."

A call to Kyereme's lawyer by The Associated Press was not immediately returned late Monday.

Kyereme's arrest was the second in a week involving a multimillion-dollar scam of Cisco's equipment-replacement program.

Michael Daly, 53, of Danvers, Mass., was arrested Tuesday on a wire fraud charge after he allegedly used false identities in 39 states and ordered replacement parts at least 700 times from Cisco without ever returning the defective items, or in some cases returning worthless parts that weren't covered under the program.

A Cisco spokesman declined to comment, other than to say the San Jose-based company is aware of the investigations and is cooperating with authorities.

Federal Prosecutor In R.I. Goes To New Orleans To Fight Crime There (SCRIPPS)

By Mike Stanton, The Providence Journal

Scripps Howard News Service (DC), March 6, 2007

PROVIDENCE, R.I. -- Federal prosecutor Richard Rose makes presentations at schools on a regular basis. He has T-shirts and runs through the names of those killed by gang violence in Providence.

During the past few years, Rose has made a program called Street Smarts his mission as the anti-gang coordinator for the Rhode Island U.S. Attorney's office. He has spoken to more than 3,400 schoolchildren about the dangers of the streets, relating his own experiences as a fatherless black youth growing up in Providence.

The music that accompanies Rose's school presentation of the roll call of Providence dead is a New Orleans funeral dirge, by Wynton Marsalis. The music is part of a larger piece, writes author Stanley Crouch, "moving from a funeral march to a sermon to jubilation as the band comes back from the burying ground with an affirmative prance bent on beating the Devil and death itself."

Now Rose, the man best known for prosecuting ex-Providence Mayor Vincent A. Cianci Jr., is headed to New Orleans, where death is a near-daily occurrence in the wake of Hurricane Katrina in 2005.

Rose, 48, is part of a federal task force of prosecutors and agents from throughout the country who will spend the next six months in the Crescent City, combating the escalating gun violence. He is among the second wave of federal reinforcements in a program that began last year. On Wednesday, Rose will report for duty at the U.S. Attorney's office there.

"We've got to take the cowboys off the streets," said Rose, in an interview last week. "They had 161 murders last year, in a city of 200,000. Two weeks ago they had seven shootings in nine hours, five of them fatal _ that's a whole year for us!"

Katrina overwhelmed the city's law-enforcement structure, he noted. Floodwaters destroyed evidence and rendered courtrooms useless. Outside of the relatively safe tourist districts, criminals flooded lawless streets, emboldened by the chaos. Rose cried with his daughter as he watched television footage of refugees streaming across a bridge "like survivors in a B-movie where the nuclear bomb is dropped."

"The people with the resources got out," said Rose. The survivors have been left to "fight among the ruins."

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Besides talking to students, Rose is part of a national effort by U.S. Attorney General Alberto Gonzales to make gang and gun violence a top priority, second only to terrorism. While programs such as Street Smarts represents "the carrot," Rose also wields "the stick" by preaching zero tolerance. In the courtroom, he uses stiff mandatory minimum prison sentences to prosecute gun and drug crimes that the federal authorities would have ignored a few years ago.

Rose, who has been a federal prosecutor for 12 years, doesn't know what to expect in New Orleans. Federal drug and gun arrests are up. Last week, a man was indicted on federal charges of possession of a handgun at a Mardi Gras parade. A woman is charged with giving her 17-year-old son a gun that he allegedly used to kill another 17-year-old who had beaten him up.

Rose has read the online guidebooks that describe neighborhoods with soaring crime rates and streets still littered with debris. He will live in the Warehouse District, near the Mississippi River.

"There aren't many professions where you can do this," said Rose. "I have a great job and a great career, and now I have a chance to go down there and help a community in desperate need. Maybe I can learn some things that I can bring back and apply to Street Smarts."

Gang Peacemaker's Death Imperils Truce In Boston (USAT)

By Rick Hampson, USA TODAY

USA Today, March 6, 2007

BOSTON — Two hooded strangers walked out of the darkness at the end of the street.

Jahmol Norfleet and his sister Teah, standing in front of their apartment house that night last November, stopped talking. On Holworthy Street, an unfamiliar face could mean danger — even since Jahmol, a leader of the notorious H Block gang, helped arrange a truce four months earlier in the city's bloodiest street war.

In the 18 months before the truce, about two dozen people were shot. Jahmol himself was an inch from death; there was a crease where the bullet grazed his scalp. After that he took a gun to school, got busted and spent a year in jail.

Then the gangster turned peacemaker. At a secret summit, H Block and its rival gang, Heath Street, agreed to a truce. When word finally leaked out, Boston was enthralled. Perhaps the truce could spread across the city, maybe even across a nation where gang violence was helping jack up the crime rate for the first time in 15 years.

So as the two strangers came down Holworthy, Teah would recall, she fought the impulse to run. After all, it was peacetime. Suddenly, the guys reached under their sweatshirts, pulled out pistols, charged through the parked cars and opened fire.

When it was over, Jahmol lay dead on the sidewalk.

The next day, Mayor Thomas Menino praised the young man for trying to "change his neighborhood from a place of violence to a community of peace." But now, three months after his death, it's unclear whether the gang truce is a national model, or even if it still exists.

National surge of violence

America has had street gangs almost as long as it's had streets. But gangs are turning up in more places, including towns, suburbs, even agricultural areas — "spreading like a virus," according to Sen. Charles Schumer, D-N.Y.

Kevin O'Connor, an associate deputy U.S. attorney general, said at a conference on gangs last month that there was "a resurgence of gang violence in several U.S. cities." The Justice Department is surveying about 20 communities to determine how bad the problem is.

The National Youth Gang Center estimates the national number of gang members rose to 760,000 in 2004, the most recent year figures are available, up from 731,000 two years earlier. Los Angeles alone has about 40,000 gang members; the police say violent gang-related crime rose 14% last year.

Law enforcers are trying many strategies — midnight basketball leagues, gun buybacks, neighborhood sweeps, "start snitchin' " campaigns. None has approached the success a decade ago of what Newsweek hailed as "the Boston Miracle."

In the mid-1990s a coalition of law enforcers, social workers and inner-city black ministers imposed a gang cease-fire with a carrot-and-stick promise to gangsters: Keep fighting and face tighter probation checks, arrests on outstanding warrants, federal prosecution; stop and have a chance at a summer job, tutoring, a break in sentencing.

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Its organizers drifted to other jobs or causes — including exporting the program to other cities — and some of its tactics were abandoned.

Jahmol Norfleet became enmeshed in an attempt to recapture and update that miracle. It was a risk, but, as he told Miniard Culpepper, a government lawyer and part-time pastor who became his mentor, he thought peace was worth it.

A tough beginning

Jahmol grew up poor. His parents split up, and he was raised by his grandmother in Roxbury, one of the city's toughest neighborhoods. In one thing he was lucky: He first hit the streets in the mid-'90s, during the Boston Miracle.

From 1990, when Jahmol was 5, to 1999, when he was 14, annual homicides in Boston dropped from 152 to 31.

He made it to his freshman year at Burke High School without incident. People liked 'Mol — the smile, the personality, the charm. "He'd always greet you — 'Hi Mr. B, how you doin?' " recalls Roscoe Baker, the dean of discipline.

Then he began to hang with kids like Yorki Lipscomb, whom police would later describe as a member of a gang named after a cluster of "H" streets — Humbolt, Holworthy, etc.

Heath Street, the rival gang, was based less than a mile away, in the big Bromley-Heath public housing project. The gangs shot it out over minor drug deals, turf, respect — all just a few miles from where tourists trod the Freedom Trail.

"Jahmol was always a natural leader," Culpepper says. "Gang life gave him an opportunity to lead."

Although Baker and others say they thought Jahmol was good enough to play college basketball, he dropped off the school team. Soon his rap sheet had arrests for possession of marijuana and assault.

When he saw Jahmol at the basketball court, Culpepper would talk to him as long as he could. After the boy reached high school in 2001, the talks got shorter and shorter. Finally, Culpepper lost track of him altogether.

Jail and reform

Jahmol and some other H Block members were on the street one night in December 2004 when other youths began shooting, grazing Jahmol on the head, according to his relatives. His grandmother remembers him in the hospital, crying. For the first time, he seemed scared.

His family says that's when he began carrying a handgun wherever he went. On Feb. 8, 2005, he was taking his coat out of his school locker when the gun fell onto the hall floor. He got a mandatory year prison sentence for gun possession.

For most gangsters, jail is a criminal confirmation ritual; for Jahmol, it was aversion therapy. In letters and calls home, he professed his hatred for the routine, the boredom, the confinement.

The worst came that April, when his friend Lipscomb was shot. He died on the street, in the rain, a gun in his pocket.

There were no arrests. Out of hatred of the cops or fear of the perps, witnesses to gang shootings often refused to cooperate — to "snitch." Those seeking justice or vengeance were left to help themselves.

"These kids (Lipscomb's H Block mates) are on the warpath," Lipscomb's father later told The Boston Herald. "If the police don't get someone, it's going to get worse."

It did. On Nov. 28, 2005, Carl Searcy, a member of Heath Street, was shot to death as he rode his bike from a friend's house.

In a letter home, Jahmol wrote: "I don't want to live like this, and I don't want to die for violence. I want to die grey and old."

On the phone, he told his sister Teah, a year younger than he, the same thing.

"He said he wasn't gonna carry a gun anymore," she says. "He said he didn't care if they were gonna come shoot him down. He wasn't carrying a gun anymore."

Jahmol was released from prison on Feb. 9, 2006. He got a job and started studying for his GED. Baker, the high school dean, was startled by the transformation. "He seemed to have grown up. … You could see it in his face, his body, his gestures, his conversation. It was not the same Jahmol."

Deric Quest, an employment counselor, also was surprised. Gang leaders were jumpy, surly, uncooperative. This guy was on the front of his seat, all eye contact. "He was proud to have a certain street rep, but he didn't have a threatening bone in his body," Quest says. "He didn't seem like a gang leader as much as the leader of his friends."

Culpepper, meanwhile, had been spending time with H Block, trying to defuse the feud with Heath Street. By now — early 2006 — the Boston Miracle was a memory. The city had 75 murders in 2005, the most in a decade.

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Culpepper had an idea he called "Adopt-a-Gang," in which ministers would work one-on-one with gangs to turn them from violence. H Block, however, didn't want to be adopted. Culpepper needed to find a leader to hook into. Then, one day at the basketball court, there was Jahmol.

After they got reacquainted, Culpepper made his pitch: H Block would establish a truce with Heath Street and get GED tutoring and job counseling. There'd be perks like a basketball tournament at the park, Celtics tickets, a fishing trip.

In the Boston Miracle, peace had been imposed for a time by superior outside force; now, gangs themselves would make peace, face to face, because they wanted to. Truces had been tried elsewhere, but they never lasted. This one could, Culpepper told H Block: "You need peace. You need something better than a gun."

Since leaving jail, Jahmol had realized how much he couldn't do, how many places he couldn't go, because of "the problem."

"OK, Rev," he said. "We'll do it."

Culpepper also had been bugging Jahmol without success to come to church. Then, one Sunday morning in June, the gang leader walked in and sat in the last seat in the last pew.

Over the next few months, he gradually moved up the aisle, until he was third from the front. A few of his tough-looking friends began to come, too — proving that H Block would follow him anywhere.

The peace summit

Last July 24, Jahmol rode in a church van through neighborhoods he'd never seen before, heading … where?

That was a secret. He and his boys had been frisked for weapons, relieved of their cellphones and told only that they were going to a "peace summit" with Heath Street.

The summit was the result of weeks of shuttle diplomacy by Jeffrey Brown, a minister who'd been involved in the Boston Miracle. He and other members of the old Miracle team had worked with Heath Street, using the carrot and stick; Culpepper focused on H Block, using mostly carrot.

Finally the van moved onto a peninsula in Boston Harbor and to the John F. Kennedy Presidential Library, which had hosted antagonists from battlefields such as Belfast and Gaza. Culpepper had to smile at the thought of it: for Jahmol, who had rarely ventured outside the 'hood, it might as well have been the moon.

The gangsters sat across from each other, six on a side, at two rectangular tables about 5 feet apart. Moderators, including Rufus Faulk, a social worker who grew up on H Block turf, sat in between. This is like the United Nations, he thought. Where we come from, this doesn't happen.

The gangs agreed they could go on each other's turf — each side had girlfriends living behind enemy lines — if they behaved respectfully. In case of an incident, there'd be no immediate retaliation. A minister would be called and the incident quickly investigated.

Pizza and soda were served. Only 45 minutes after the conference began, it was over.

On the ride home, Jahmol was euphoric, "like a weight was lifted off his shoulders," Faulk recalls.

There were ominous signs, however. Not everyone shook hands at the end of the meeting; some, Faulk noticed, weren't ready. And the grievances underpinning the feud had not been aired. "It seemed like it would have been beating a dead horse," Faulk says.

In November The Boston Globe, citing anonymous sources, broke the story of the gang summit and truce. The paper said that crime in general was down on the gangs' turf and that other gangs had asked for similar talks.

Mayor Menino, eager for a second Boston Miracle, praised the truce. Jack McDevitt, a Northeastern University criminologist and government consultant, said it could be a model for other cities; if H Block and Heath Street could make peace, anyone could.

On Nov. 28, seven days before his 21st birthday, Jahmol sat down at the church with Quest, the jobs counselor. He seemed relaxed — maybe too relaxed, Quest says: "He looked awfully comfortable, like he'd hit the Megabucks or something. That scared me, because he didn't appear to be on his guard. I wondered, 'Is the other side as relaxed as Jahmol?' "

Two hours later, the peacemaker was dead.

Detectives noted the date: a year to the day since Carl Searcy, the Heath Street member, had been shot to death.

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The next day the mayor praised Jahmol for wanting to "change his neighborhood from a place of violence to a community of peace."

Jahmol's legacy

In his eulogy at the funeral, Culpepper said that Jahmol died for a purpose, echoing Christ's words at the Last Supper, "Jahmol says that I leave you my peace — this is my peace."

A week later, police announced the arrest of Jerome Brody, 19, who was stopped while driving a car containing the two guns that, according to ballistics, were used in Jahmol's murder. But Brody was not charged in the shooting itself — and he was not a member of Heath Street.

The day Jahmol was shot, another H Block member, Danny Hairston, got out of jail. Two months later, on Jan. 27, his body was found dumped in a backyard. He'd been shot once in the head.

Police have made no arrests and reported no leads in the Hairston and Norfleet murders.

Gang members from both sides refused — some personally, some through intermediaries — to speak to USA TODAY. But Teah Norfleet says she believes that Heath Street never took the truce seriously.

She says that some H Block members returned from the Kennedy Library summit unconvinced of Heath Street's sincerity; that some muttered insults out of the organizers' earshot; and that two of the Heath Street leaders did not attend. (Brown says they simply were late and missed the van.)

Is the truce holding? On Feb. 9, Boston Police Commissioner Edward Davis called it "an example of a collaborative process that uses innovative thinking and works."

Brown says that Heath Street denies responsibility for the Hairston and Norfleet murders, and that Jahmol's slaying on the anniversary of Searcy's might just have been coincidence. He and Culpepper both say the truce is holding.

Some question how it was implemented. "Where we've learned some lessons here is that these are very fragile things," says McDevitt, the Northeastern professor who had hailed the truce. "A truce is a piece of the puzzle. It's not the whole thing."

There was no airing of specific beefs at the summit; no follow-up meeting between the gangs afterward; no recognition of the approaching anniversary of Searcy's murder. Culpepper says he hasn't gotten over Jahmol's death. "I hated to lose that kid," the minister says, a catch in his voice. "He was gonna be the key to so much."

But since Jahmol's death, his sister Teah, his girlfriend and four members of H Block have gotten baptized. And people are spreading the story of the gangster-turned-peacemaker.

Culpepper thinks about something Jahmol wrote in jail: "I sit back and think, God left me here for a reason. He has something planned for me."

Inquiries Leave Officials In Limbo (AZREP)

By Billy House, Washington Bureau

Arizona Republic, March 6, 2007

WASHINGTON - There has been a long list of recent Justice Department investigations announced or leaked to the media targeting current and former members of Congress.

In many of those cases, the public has been left for months, or longer, to wonder about whether lawmakers will be charged or what, if anything, the investigations revealed. That air of uncertainty, which may never be wiped away, could ultimately tarnish reputations or destroy careers.

That includes the so-called preliminary inquiry and assessment launched last fall by Paul Charlton, then U.S. attorney in Arizona, regarding activities of Rep. Rick Renzi, R-Ariz., and former Rep. Jim Kolbe, R-Ariz., respectively.

In the months since, nothing has surfaced about either case. Both Renzi and Kolbe have denied wrongdoing. Meanwhile, Justice Department officials in Phoenix and Washington, after initially confirming the existence of both inquiries, have declined to give additional comment. At times, the Phoenix and Washington offices don't seem to have a handle on who is in charge, referring inquiries about the matters to each other.

Charlton, who left office in January, recently declined to comment.

Charlton was one of half a dozen top prosecutors forced out of office last year by the Justice Department. Some lawmakers say the move was related to investigations of politicians. Hearings will be held in Washington today.

Meanwhile, potential targets wait to learn the status of the investigation.

Ex-Rep. J.D. Hayworth, R-Ariz., was linked in published news accounts in January 2006 to at least four other members of Congress reportedly under federal investigation in Virginia in connection with the influence-peddling scandal surrounding convicted former D.C. lobbyist Jack Abramoff.

Hayworth, who lost his re-election bid in November, has denied wrongdoing. Only one of the five lawmakers cited, former Rep. Bob Ney, R-Ohio, has been convicted in the Abramoff scandal.

There has been no word since about where the inquiry involving Hayworth has led.

And there probably won't be, federal officials say.

"A lot of that is up to the discretion of the U.S. attorney. In some cases, they issue a statement clearing them," said Bill Carter, a Justice Department spokesman in Washington.

"In some cases, they say nothing at all," Carter said. "Or they send a letter to the individual, if requested."

But at what point does the government have an obligation to announce a "no finding" or "cleared" result when such inquiries lead nowhere but may leave public doubt forever hanging over lawmakers and former politicians?

For instance, a cloud that may have contributed to Hayworth's re-election defeat.

"There may never come such a point," said Atlee W. Wampler III, a former U.S. attorney for the southern district of Florida and now president of the National Association of Former United States Attorneys.

"The next time you hear anything, you either get a target letter (stating that you have an opportunity to tell your side of the story to a grand jury) or the case just fades because of the statute of limitations," he said.

Federal investigators rarely want to absolve anyone or shut the door on the possibility new evidence might emerge at a later date. And sometimes, investigations take time because of manpower issues.

"Some of these things have to be run down," Wampler said. "And that can take awhile when there are other things that the FBI and other investigators might also have to do, some with higher priority."

More Lawmakers Take A Stand Against Death Penalty (LAW)

By Vesna Jaksic, The National Law Journal

National Law Journal, March 6, 2007

A perfect storm of problematic executions, wrongful convictions and recent court rulings against the practice of lethal injection has led a growing number of states to challenge the death penalty through lawsuits and legislative action.

Adding still more to the momentum are a public backlash against the cost of capital cases and the development of more effective defense techniques, such as mitigation specialists who humanize death row inmates.

Eleven states have halted some or all executions -- including Florida and Maryland in December -- and more lawmakers have been speaking out against the death penalty.

Last month alone, Maryland's governor urged legislators to replace the death penalty with life without parole, North Carolina's governor said executions should be halted until issues surrounding lethal injection are solved and Montana's Senate voted to abolish the death penalty.

Court decisions have also continued to come down, such as a Delaware judge granting class action status on Feb. 22 to all death row inmates based on a case challenging lethal injection. Jackson v. Danberg, No. Civ. 06-3000-SLR (D. Del.). "It's probably the strongest momentum since the death penalty was reinstated in the mid-1970s," said John Holdridge, director of the American Civil Liberties Union (ACLU) Capital Punishment Project, which advocates against the death penalty.

The Death Penalty Information Center recently listed the following 11 states as those that have stopped some or all executions: Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, North Carolina, Ohio, South Dakota and Tennessee, according to Richard Dieter, executive director of the nonprofit Washington, D.C.-based organization, which opposes capital punishment.

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North Carolina's officials were in talks last week in hopes of resolving the situation, and the state's attorney general hinted on March 1 that a solution may be imminent. The executions have stopped either through government-issued moratoriums or judges' rulings, and have had varying effect.

In South Dakota, for example, Gov. Mike Rounds on Feb. 23 signed legislation that clarifies the mixture of drugs to be used in executions, which is an issue that has delayed just one execution, said his press secretary, Mitch Krebs. The law goes in effect on July 1, and Krebs said other executions are expected to resume as scheduled.

Meanwhile, in New Jersey, executions have been on hold since January 2006, when the state Legislature appointed a commission to study the issue. This January, the group recommended the death penalty be abolished. Reverend M. William Howard of Bethany Baptist Church in Newark, N.J., who chaired the 13-member New Jersey Death Penalty Study Commission, agreed with speculation that the state could become the next to abolish the death penalty.

"I don't think that's a wild idea at all," he said, pointing out that Gov. Jon Corzine has pledged to sign such legislation into law.

'A CHANGING TIME'

Most of the 38 states that have the death penalty use the same lethal injection protocol to execute death row inmates. The method has come under fire recently, with lawsuits pending in several states questioning everything from the way the drugs and painkillers are administered to whether the procedure is cruel and unusual punishment.

Kelly Culshaw, assistant public defender in the Ohio Public Defender Office who is representing death row inmate Richard Cooey in a case pending in the 6th U.S. Circuit Court of Appeals, said lethal injection is fraught with problems. Cooey v. Taft, No. 05-4057 (6th Cir.).

"The inmate is suffering excruciating pain during the execution process but is paralyzed so there is no way for you to see or know what's happening," she said. "Other issues have also been coming to the forefront, such as the training and experience of the people who execute people in Ohio."

A request for comment to the state attorney general's office, which is defending former Ohio Gov. Robert Taft in the suit, was not answered.

Because the same concerns have been expressed in many states, Dieter, the Death Penalty Information Center official, said it is possible that more states will halt executions, but he added that it is difficult to predict which ones. However, he and others agreed that conservative states such as Texas -- which easily leads the nation with 383 execution since 1976 -- are least likely to stop executing.

It is possible, moreover, for states with temporary moratoriums, such as Florida, to lift these bans and resume their executions soon, Dieter said. He also did not rule out the possibility of the U.S. Supreme Court hearing the issue. Late last week, a Florida commission recommended that death row inmates be completely sedated before being injected with lethal chemicals. The commission submitted its final report and recommendations to Gov. Charlie Crist, but he took no immediate action.

"It's a changing time right now for the death penalty," Dieter said. "Around the world the death penalty is slowly becoming eradicated, and I think the U.S. is coming to sort of a similar conclusion, not necessarily that it's wrong but that it just isn't working."

Dieter said one of the reasons the death penalty is under attack now is that many lawsuits only recently worked their way through the system to reach higher courts. In addition, a number of death row inmates were exonerated in recent years thanks to DNA evidence, putting the issue under a national spotlight, he said.

Holdridge, from the ACLU, said that while many inmates still have inadequate defense counsel, defense lawyers have improved in recent years and are increasingly using mitigation specialists to explain factors that are common in many defendants' lives, such a history of abuse and mental illness. All of that has helped humanize death row inmates and made more people question execution, he said.

Another reason behind the momentum is financial, Holdridge said, explaining that many taxpayers have only recently learned about the costs of the death penalty.

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In an editorial last week against the death penalty, Maryland Gov. Martin O'Malley said that according to a judge, it costs $400,000 more to process and imprison a death penalty defendant than it does to keep someone serving a life sentence in prison, meaning the state spent about $22.4 million more by sentencing 56 people to death since 1978.

In New Jersey, the Office of the Public Defender testified in front of the New Jersey Death Penalty Study Commission that, given its caseload of 19 cases as of August 2006, elimination of the death penalty would result in savings of $1.46 million per year. And the state Department of Corrections estimated that eliminating the death penalty would save the state about $1 million per inmate.

The political climate has also contributed to the issue, the ACLU's Holdridge said, pointing out that Virginia Gov. Tim Kaine won election in November despite opposing the death penalty in a state that has the second-highest number of executions.

And David Elliot, communications director for the Washington-based National Coalition to Abolish the Death Penalty, predicted that New Jersey and Maryland will be the next to abolish the death penalty, partly because the two states' governors have recently voiced opposition to it.

Finally, several recent botched executions also helped raise concerns. In California, officials took 12 minutes to find a vein in the muscular arm of the co-founder of the Crips gang, Stanley "Tookie" Williams, who was executed in December 2005. In May, similar problems occurred in Ohio, where Joseph Clark's execution took about 90 minutes. Also, this past December, Florida inmate Angel Diaz had to be given a second dose of drugs and needed 34 minutes to die.

Elliot said controversy regarding lethal injection has been building for years, but a lot of information regarding the procedure emerged only recently, as cases made their way past the discovery phase. More is known now, he said, about problems that can arise during executions, the level of pain suffered and the effectiveness of painkillers used.

"Sometimes you reach a tipping point and it could be that we're at the tipping point," Elliot said, "not just with the lethal injection but with the death penalty in the United States." Proponents of the death penalty acknowledged recent defeats, but stressed that most death penalty states still allow executions. Furthermore, some states have been trying to broaden it, such as Virginia, where the Legislature recently proposed that more murder accomplices also be eligible for execution. In Georgia, a lawmaker has proposed allowing a judge to impose the death penalty even if as many as three jurors vote against it.

Michael Rushford, president of the Criminal Justice Legal Foundation, a Sacramento, Calif.-based nonprofit organization that supports the death penalty, said that states are simply trying to ensure their procedures can survive all criticism. "We need to have more medical professionals tell us this is the most humane way to deal with these murderers and make sure the scientists saw it, and that will eliminate the need for lawsuits in the area," he said.

Despite the flurry of activity against the death penalty, some states have said that it will not affect their executions.

"The Texas Department of Criminal Justice does not have any immediate plans to change its execution protocol," Michelle Lyons, the department's spokesman, said in an e-mail statement.

MISSOURI HOLDS ITS GROUND

In Missouri, where a case against lethal injection is pending in the 8th U.S. Circuit Court of Appeals, officials have stood by their procedures.

"We continue to say that our lethal injection process has been quick, it's been humane and it's constitutional," said Brian Hauswirth, a spokesman for the Missouri Department of Corrections.

Hauswirth said he could not discuss the case specifically because it is ongoing. Taylor v. Crawford, No. 06-3651 (8th Cir.). In this case, death row inmate Michael Taylor has said that Missouri's three-chemical lethal injection process violates the Eighth Amendment's ban on cruel and unusual punishment.

Chet Pleban, a partner with Pleban & Associates in St. Louis, who is one of Taylor's attorneys, said the case has been slowed down by a number of procedural issues. But he added that it illustrates the current view toward the death penalty.

"The pendulum perhaps is starting to swing the other way now," he said. "It's just a matter of time before we recommend as an orderly society that putting people to death is not where we want to be." A message seeking comment from the spokesman for the Missouri attorney general's office, which is representing the governor in the case, was not returned.

The American Bar Association, meanwhile, has been calling for executions to be halted for years. It established the ABA Death Penalty Moratorium Implementation Project in 2001.

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The report on Indiana, the latest state that was assessed, was released in February. It said that executions should stop until the administration of death penalty cases improves. The report found a number of problems similar to the other four states that were already assessed -- Alabama, Arizona, Florida and Georgia -- such as the poor qualifications of, and lack of funding for, defense counsel and a racially disproportionate application of the death penalty, said Stephen Hanlon, who chairs the project.

Analyst's Wallet Not Stolen, Son Says (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, March 6, 2007

The assailants who shot an expert on Russian intelligence in Prince George's County last week did not, as law enforcement sources said, take his wallet, the victim's adult son said yesterday, showing the billfold to a reporter.

The disclosure, which contradicts a report in The Washington Post yesterday, adds to the allegations and theories about the shooting, which left Paul Joyal, 53, critically wounded in his driveway Thursday night.

During a brief interview at the family's home in the Adelphi area, Alex Joyal said his father was in critical but stable condition. He declined to say whether the family has a theory about the crime. "We're not going to speculate right now," he said.

The timing of the shooting -- four days after Paul Joyal said on "Dateline NBC" that the government of Russian President Vladimir Putin was responsible for the poisoning death of former KGB agent Alexander Litvinenko -- raised the possibility that Joyal might have been targeted in retaliation for his comment.

"We really have no idea what the reason was," Elizabeth Joyal, Paul Joyal's wife, told the Associated Press yesterday, adding that "it could easily have been a random act of violence."

Several news outlets, including The Post, have cited anonymous law enforcement officials as saying that the shooting appeared to have occurred during a botched robbery. The claim that a wallet and briefcase had been taken from Paul Joyal was seen as offering additional support for the theory that he was targeted in a robbery or perhaps a failed carjacking.

A source in The Post's report said yesterday that the wallet and briefcase were initially thought to have been taken but that the wallet was found in Joyal's car. The location of the briefcase was unclear last night.

Wife: Wounded Russian Expert Not Robbed (WP/AP)

By Stephen Manning, The Associated Press

The Washington Post, March 6, 2007

ADELPHI, Md. -- The wife of an expert on Russian intelligence who was shot last week challenged reports Monday that her husband had been robbed.

In a brief interview at the couple's suburban Washington home, Elizabeth Joyal said reports that Paul Joyal's wallet and briefcase were taken were false. She didn't know of any motive for Thursday's shooting outside their home in what she said was a normally safe area.

"We really have no idea what the reason was," said Elizabeth Joyal, but added that "it could easily have been a random act of violence."

The shooting came days after Paul Joyal, 53, accused the Russian government of involvement in the poisoning of former KGB agent Alexander Litvinenko and of trying to silence its critics. The FBI was assisting in the shooting investigation.

Russian President Vladimir Putin and Russian officials have repeatedly denied involvement in the Litvinenko case.

Joyal and Litvinenko were acquaintances.

A law enforcement official familiar with the investigation said the wallet was found in Paul Joyal's car and that the briefcase has been accounted for. The official requested anonymity because the probe is ongoing.

Law enforcement officials speaking on the condition of anonymity had told several media outlets, including The Associated Press, that the crime appeared to be a robbery gone bad.

Elizabeth Joyal said her husband's prognosis was good. Joyal was still under sedation, though, and authorities have not interviewed him, said Cpl. Stephen Pacheco, a Prince George's County police spokesman.

Joyal works for National Strategies, a Washington-based government consulting firm. He also has lobbied for the former Soviet Republic of Georgia.

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Questions Arise Over Nevada Governor's Defense Fund (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, March 6, 2007

CARSON CITY, Nev. (AP) - A legal defense fund set up for Nevada Gov. Jim Gibbons in November, when he was dealing with brewing legal cases including a woman's claim he assaulted her, wasn't sanctioned by a House Committee even though Gibbons was still a congressman.

But representatives of the governor, who now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor, say the fund was created properly. They add that the fund shouldn't run afoul of a state law limiting contributions during legislative sessions.

Gibbons spokeswoman Melissa Subbotin said Monday that a U.S. House committee's approval of the defense fund wasn't sought in November because Gibbons, a Republican who served five terms in the House, was seeking election to a state office and not a federal office.

"We are being thoughtful in our review of all the laws to ensure that we are in full compliance," Subbotin added. "We have nothing to hide."

Attorney Michael Pagni, who helped to set up the defense fund, said the federal rules didn't come up for discussion at the time. He added that such rules generally "don't apply to a candidate for state office even if he's a federal officeholder at the time."

Pagni also said Gibbons is "erring on the side of caution" and plans to provide details of the defense fund contributions in a filing this week with the secretary of state's office.

Subbotin said she didn't think the exact amount of Gibbons' debts to his attorneys would be public, but added that any leftover money would be donated to the Nevada Patriot Fund, set up to help families who lost a soldier in the Iraq war.

The U.S. House rules state that legal expense funds can be set up to handle expenses stemming from campaigns for federal office or from a House member's official duties, but must be authorized by the House Ethics Committee.

The rules also state that the funds can be used to defray "a criminal prosecution; or a civil matter bearing on the individual's reputation or fitness for office."

If the legal defense fund had been set up under House rules, quarterly reports on contributions would have been required, and the first report would have been due Jan. 30. There are no state laws requiring such disclosures.

While Gibbons maintains the defense fund was set up properly, there may be some practical problems created by the state law limiting political contributions a month before, during and a month after Nevada's legislative sessions.

The law, which applies to the governor, lieutenant governor and all members of the Legislature, prohibits soliciting or accepting contributions or commitments for contributions "for any political purpose." It covers a period from early January to early July this year.

But Pagni said his reading of the state law is that it wouldn't conflict with the purpose of the legal defense fund, which "would come under personal use."

Attorneys Don Campbell of Las Vegas and Abbe Lowell of Washington, D.C., currently are helping Gibbons deal with FBI questions about his associations with Warren Trepp. Gibbons has denied that he accepted payments or gifts from Trepp in exchange for helping the wealthy Reno software contractor get defense contracts while Gibbons was a member of Congress.

Trepp, a former chief trader for convicted junk-bond dealer Michael Milken, also has denied any wrongdoing.

Gibbons had asked the House Ethics Committee in November for an opinion about whether he improperly reported private jet flights and a Caribbean cruise paid for by Trepp, whose company has classified federal software contracts with the Air Force, U.S. Special Operations Command and the CIA. That request apparently was shelved after he left the House.

Lowell has defended many high-profile clients, including now-imprisoned lobbyist Jack Abramoff. Campbell, a well-known Nevada criminal defense lawyer, helped Gibbons when he was accused just before the November elections by Chrissy Mazzeo of assaulting her. Authorities decided against filing charges in that case.

Gibbons also faced allegations that he and his wife Dawn had employed an illegal immigrant as a nanny. The nanny, Martha Patricia Sandoval, was represented by an immigration attorney when the issue, which dated to the late 1980s and early 1990s, came up late in the 2006 campaign season.

Associated Press Writer Erica Werner in Washington, D.C., contributed to this report.

Criminal Case Must Link Positionon Council To Illicit MLGW Gain (MCA)

By Trevor Aaronson

Memphis Commercial Appeal, March 6, 2007

City Councilman Edmund Ford will take his seat at the dais today for the first time since Memphis Light, Gas and Water Division president and CEO Joseph Lee admitted the politician received special treatment.

But Ford's actions as a public official -- including during his tenure as chairman of the council committee that oversees MLGW's spending and budget -- are key to elevating the utility scandal to criminal charges.

The crux of the case: Federal prosecutors need to prove that Ford used his position on the City Council to benefit MLGW improperly in exchange for leniency on his more than $16,000 in debt to the city-owned utility.

"It would seem to me that some sort of bribery would be the only type of charge that could apply," said Steve Mulroy, a former federal prosecutor and University of Memphis law professor who was elected to the Shelby County Commission in November.

"For that, they would have to prove Ford did something or agreed to do something in his official capacity in return for the favors provided by MLGW."

The federal investigation of MLGW became public following the delivery of grand jury subpoenas to the utility in mid-February.

On Feb. 22, vice president of customer operations Alonzo Weaver and Gloria Washington, a top assistant to Lee, testified before the grand jury. Five days later, on Feb. 27, Lee responded to his grand jury subpoena.

"I testified truthfully and honestly and answered all questions posed to me," Lee told reporters in a prepared statement that afternoon.

If the government can document quid pro quo, prosecutors' law of choice could be the Hobbs Act, a federal code that prohibits bribery and extortion, among other crimes, affecting interstate commerce. As a utility company, MLGW engages in interstate commerce. The Hobbs Act allows crimes usually prosecuted in state courts -- from robbery to racketeering -- to be brought to U.S. District Court, which has strict penalty guidelines and no opportunities for parole.

"If there was quid pro quo of some sort, something that was expected in return for the favor, that is both a violation of state law and potentially a Hobbs Act violation," said Randy Alden, a federal public defender in Memphis.

Federal prosecutors in the Bluff City have historically chosen the Hobbs Act as a tool to build public corruption cases.

Former state senator Edgar Gillock was convicted of extortion under the Hobbs Act in 1982. The act was used in some of the Tennessee Waltz charges. More recently, in August 2006, the U.S. Attorney's Office employed the Hobbs Act against three Memphis police officers on charges of drug conspiracy and civil rights violations.

If prosecutors can construct a bribery case against Ford, they might have enough to charge MLGW employees as well.

"To the extent there was any kind of quid pro quo bribery situation, the statute involving bribery makes the briber just as guilty as the bribee," Mulroy said. "In terms of this hypothetical scenario in which MLGW and someone agree to give this benefit in the power bill in exchange for some official action, it would be bribery on MLGW's side."

Even without Lee's public admission, prosecutors already have enough evidence to show Ford received special treatment.

Documents subpoenaed by the federal government reveal the City Council member's business water account was improperly included in On Track, a special program for low-income customers that protects their service from disconnection due to unpaid bills. What's more, according to March 2006 e-mail, Lee told Washington that, despite unpaid bills, he did not want Ford's service cut off.

L.A. Bridges Anti-gang Effort Scrutinized (LAT)

By Patrick Mcgreevy And Richard Winton

The Los Angeles Times, March 6, 2007

Los Angeles has spent $100 million over the last decade on a gang-prevention program, even though it doesn't track how many youths it keeps out of gangs and has been repeatedly criticized for not adequately coordinating with schools and police.

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Unlike anti-gang efforts in other cities that have been held up as models by the federal government, L.A. Bridges lacks a system for determining whether its clients are involved in gangs, so there is no way of knowing whether the program actually works.

The program has come under growing scrutiny at City Hall as L.A. and federal authorities have launched a new gang crackdown. Critics point out that in 2006, gang crime increased 15.7% over the year before, according to LAPD statistics.

Mayor Antonio Villaraigosa has vowed to increase funding for intervention programs, saying the gang crackdown can't focus solely on law enforcement. But he is limiting funding of L.A. Bridges through September while officials try to assess its effectiveness.

Supporters acknowledge that L.A. Bridges needs to do a better job of working with other agencies, but they maintain it provides a valuable community service and would be more effective if the city expanded it.

The city spends $14 million annually on Bridges, which essentially screens and gives money to community organizations that do the actual intervention. Bridges I is a gang prevention program that provides after-school tutoring, counseling and other services to students from 27 middle schools. Bridges II offers job training to gang members in the hope that employment will get them out of gang life. The contracts range from $227,000 to $1.7 million.

The city funds are provided to the contract agencies by the Community Development Department. John Chavez, the longtime head of L.A. Bridges, was pushed out recently by CDD management.

L.A. Bridges was launched during a crackdown on gang violence in 1997, largely in response to public outrage over the fatal gang shooting of a 3-year-old girl whose family car was ambushed on a dead-end street in Cypress Park.

But almost from the beginning, critics have said the program is ineffective.

In 2000, the city controller recommended that L.A. Bridges be shut down and redesigned, saying that the contractors lacked the required coordination with other gang programs, the police, schools and community groups.

Then-Controller Rick Tuttle also concluded that Bridges agencies were not required to show what effect the program might be having on gang violence and membership.

The mayor at the time, Richard Riordan, agreed with the findings and announced he was cutting off funding to L.A. Bridges. The City Council unanimously voted to overturn his decision.

"They had money coming into their districts," said Malcolm Klein, a UCLA scholar on gang programs, regarding the council vote.

The vote occurred after more than 300 backers of L.A. Bridges, including employees of contractors who were receiving millions of dollars from the program, packed City Hall.

It also helped that many of the contractors themselves were influential in city politics, which led to criticism that the program involved political patronage. Six of the contracts are held by current or former appointees to city commissions.

In addition, 172 political contributions were made to city politicians by executives and employees of 20 of the 26 contractors for L.A. Bridges I and II. The contributions totaled $48,500, including $7,200 to Mayor Antonio Villaraigosa and smaller amounts to council members Wendy Greuel, Janice Hahn, Bill Rosendahl, Jose Huizar, Jan Perry, Ed Reyes and Bernard Parks. Those who commented about the contributions said they support the program because it helps young people, not because it provides campaign checks.

"I think it has done some good," Perry said.

Seven years after Tuttle's scathing audit, a new city report produced by attorney Connie Rice made the same criticisms of L.A. Bridges and other city gang programs.

Both studies urged L.A. Bridges to shift to the type of model used by Chicago, Riverside, Mesa, Ariz., and other cities, which emphasizes close coordination between multiple agencies and measurable results.

Those programs were designed under the stewardship of Irving A. Spergel, a sociologist at the University of Chicago.

"The secret of success," Spergel said, is to have probation officers, community organizations, the police and former gang members serving as intervention workers collaborating as street teams in gang neighborhoods.

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The programs also have to evaluate how many gang members or wannabes are helped out of the gang life. Spergel said that is done by using police records and conducting annual interviews with youths to determine which ones are no longer involved in gang crime.

In his book, "Reducing Youth Gang Crime," Spergel looked at one anti-gang effort in Chicago during a five-year period and found a 60% reduction in serious violence for 200 young people as well as a 25% drop in gang membership.

Bridges officials said they are trying to work more with police.

Still, some contractors are interacting more than others. The head of one group said his intervention workers just started working with police this year and are in touch with them only once a month. The workers go out on their own instead of teaming with police officers.

"We let them do their work, and we do our work," said Mustafa Fletcher, executive director of Unity Two Inc.

Police Chief William J. Bratton said there is inadequate coordination between intervention agencies and the police.

"The gang interventionists will tell you they don't want to be seen as working too closely, being too closely aligned with the police, because they are fearful that gang members won't work with them then," Bratton said. "But I think there can be better working relationships than we have."

State Sen. Mark Ridley-Thomas (D-Los Angeles), who as a city councilman helped launch L.A. Bridges, said the city's gang intervention and prevention programs need to be more comprehensive and better-coordinated.

"I think it makes sense to incorporate it in a more comprehensive system," Ridley-Thomas said. "But the question people should be asking, given what L.A. Bridges has accomplished, is what would the lives of young people who were part of it be like had it not been implemented when it was?"

He said the problem is Bridges' scope, adding that it should be expanded to every middle school in the city.

Supporters note that while L.A. Bridges doesn't track whether its clients join gangs, it does keep other statistics. Bridges I, for example, reports on the number of youths who improve their grades and attendance.

But some of the numbers presented by L.A. Bridges have given City Hall pause. It found that the majority of middle-schoolers in the program failed to boost either their attendance or their grades.

Another issue has been how well contractors screen employees to determine whether they are still in gangs. At least three employees of Bridges contractors have been arrested in the last two years. The latest was Mario Corona, jobs coordinator for Communities In Schools in Pacoima, who was arrested last week by the LAPD on suspicion of possessing a pound of methamphetamine.

In looking at alternatives to Bridges, Villaraigosa said he is especially impressed with Homeboy Industries Inc., which takes a more comprehensive approach to gang members, providing counseling, tattoo removal and real jobs — not just referrals to job-training programs.

By providing actual jobs, Homeboy is able to track the progress of participants and lay down strict rules about their connections to gangs.

The nonprofit agency, run by Father Gregory Boyle, has accepted only $15,000 out of the $14 million distributed annually by L.A. Bridges.

"We balk at taking part in all that public entity stuff," Boyle said. "They don't know what they are doing."

For Sex Offenders, A Dispute Over Therapy's Benefits (NYT)

By Abby Goodnough And Monica Davey

The New York Times, March 6, 2007

ATASCADERO, Calif. — During five years of psychotherapy at a treatment center here for sex offenders who have finished their prison terms, Bill Price, a pedophile who admits to 21 victims as young as 3, has constructed a painstaking plan for staying straight.

A requirement of his treatment, the plan catalogs on five single-spaced pages the tactics Mr. Price has learned to stop molesting.

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There are 42 so far, including avoiding places where children congregate, abstaining from alcohol, shunning the Internet and sniffing ammonia whenever he has a deviant thought.

"It was just like a hunt for me," Mr. Price, 59, a former Sunday school teacher, said of his sexual crimes. "I kept choosing children because they were easier prey; they were easier to deal with than women."

Treatment plans like Mr. Price's, known as relapse prevention, have been a cornerstone of efforts to reform sex offenders for the past 20 years. Yet there is no convincing evidence that the approach works, or that others do either.

Similar to aspects of Alcoholics Anonymous, relapse prevention has sex offenders own up to wrongdoing and resign themselves to a lifelong day-to-day struggle with temptation. But one of the few authoritative studies of the method, conducted in California from 1985 to 2001, found that those who entered relapse prevention treatment were slightly more likely to offend again than those who got no therapy at all.

Clinicians who work with sex offenders cling to relapse prevention nonetheless, and its durability speaks volumes about the troubled, politically fraught science of treating sex offenders. Not only is relapse prevention of questionable value, but so are the tests to gauge whether sex offenders in treatment still get inappropriately aroused, the drugs used for so-called chemical castration and the methods of predicting risk of reoffending.

Treatment methods have become particularly topical as thousands of sex offenders are confined or restricted beyond their prison terms under civil commitment laws on the books in 19 states. The laws have been found constitutional in part because they aim to provide treatment if possible; New York legislators announced last week that the state would soon allow civil confinement.

On average, the civil commitment programs cost four times more than keeping sex offenders in prison. But too little research has been conducted into how to treat sex offenders, experts say, putting psychotherapists and others working in civil commitment centers at a distinct disadvantage.

"It has never been regarded as a legitimate and recognized topic for research by psychologists," said Robert A. Prentky, director of research at the Justice Research Institute in Boston. "There is a very strong undercurrent of disrespect for this area of research and perhaps even skepticism, frankly."

As recently as the 1970s, research on treating sex offenders was practically nonexistent. Barbara Schwartz, a psychologist with New England Forensic Associates in Arlington, Mass., said that when she wrote her first paper on rehabilitating sex offenders in 1971, "I read everything there was to read, and I had a half of one page of references."

That is partly because sex offenders present major challenges as research subjects. There are far fewer convicted sex offenders than most other kinds of criminals, so sample groups are unreliably small. And sex offenders tend to be so secretive that "it's really hard to get information from them that you can have confidence in," said Ted Shaw, a forensic psychologist in Gainesville, Fla., who has treated offenders since 1982.

Even now, in an advanced phase of California's treatment program for the most persistent sex offenders, Mr. Price says he questions his ability to keep his urges in check. His relapse prevention plan says that if let out, he will seek more treatment at Pure Life Ministries in Kentucky, whose Web site says its goal is "leading Christians to victory over sexual sin."

"I'm very afraid of just being out there," Mr. Price said, sitting near the nasturtiums and petunias he had grown in a courtyard of the Atascadero State Hospital here, which includes a wing for civilly committed offenders. "I'm less dangerous than I was, but I'm definitely in touch with my dangerousness."

Treatment in Phases

During one therapy session, Mr. Price and five other men aggressively tested one another's ability to stay straight, while two social workers moderated. Sitting in a circle in a locked conference room, briefly sealed off from the loud, grim bustle of the hospital halls, they fell into an argument over whether to protect a young new arrival from predatory older residents.

"If I can save this kid from being hustled or taken advantage of," said Paul George, a convicted pedophile who has admitted roughly 100 offenses, "I'm going to at least try to make that effort."

But another man pointed out that Mr. George had habitually groomed child victims by acting as their protector, asking him, "How was that different from this situation?"

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At most civil commitment centers around the nation, offenders young and old meet several times a week for group therapy rooted in relapse prevention as well as what are known as cognitive-behavioral techniques. While the former is meant to curb sex offending in particular, the latter are intended to change broader destructive patterns of thinking and reacting, and are commonly used in treating other ailments like anxiety.

Civilly confined men move from one phase of treatment to the next, learning to recognize which situations, thoughts and behaviors have led them to offend, developing skills to avoid them, and applying those skills to their daily lives. They try to learn empathy by writing detailed letters to their victims and even essays in their voices.

"It's a slow business," said David Thornton, the treatment director at Wisconsin's civil commitment center. "You're talking about years of work, two steps forward, one step back."

Dr. Thornton said relapse prevention forced sex offenders to focus too heavily on a concrete list of high-risk situations — sometimes as long as 50 pages — that could overwhelm them and lead to failure. Wisconsin's program rejects relapse prevention and sticks to cognitive-behavioral techniques in an effort to change deep-rooted traits and behaviors.

"It's much less dependent on the guy having some conscious, deliberate self-control plan in his head," Dr. Thornton said. "You're trying to change how he automatically functions."

Instead of helping a sex offender compile a list of specific situations to avoid, therapists in Wisconsin might seize on the fact that he reacts impulsively when something upsets him, teaching him self-regulation skills. Instead of having the offender recount every last detail of his crimes, they might help him correct long-held misperceptions about children (that they enjoy sex), power (that it is best attained by raping or molesting) and so forth.

Some who represent offenders in Wisconsin, though, say that even the new program there has not answered offenders' frustrations about their ability to progress in it and to demonstrate that progress.

"The program has gotten larger, more involved and progressively longer," said Robert W. Peterson, a lawyer in Wisconsin who has worked on such cases since 1998 and says he has seen the state's program shift repeatedly in design and focus.

"Regardless of the structure of the treatment program, the duration of the treatment program, the nature of the treatment program," Mr. Peterson said, "what we basically have is living experiments."

Research Is Sparse

Reliable studies on the treatment of civilly committed offenders do not exist, since so few have been set free. Much of the research into the treatment of sex offenders has come out of Canada, where national criminal history records are easily accessible.

Canadian psychologists have studied not only treatment outcomes but also risk assessment, or determining who is likely to reoffend.

Combining findings from hundreds of smaller studies, R. Karl Hanson, senior research officer for the Department of Public Safety and Emergency Preparedness in Canada, has found that roughly 15 percent of convicted sex offenders are caught reoffending after five years and that those driven by deviant sexual interests, like pedophiles and exhibitionists, are the likeliest to do so.

Dr. Hanson's research has also suggested that even lifelong offenders tend to stop, for the most part, by the time they reach their 70s.

He said various studies had shown that "most treatments don't work very well," but that, over all, treatment had a modest beneficial effect. One analysis that he published in 2002 found that 12 percent of offenders who got treatment were caught committing new sex crimes, compared with 17 percent of untreated offenders.

Researchers have found that chemical castration, or using hormonal drugs to curb sexual appetite, can be problematic, too.

Doctors have experimented for decades with antiandrogens, which block the effects of sex hormones like testosterone and are most commonly used to treat advanced prostate cancer. But while some consider antiandrogens crucial for the most predatory offenders, the drugs remain controversial, not least because they are expensive and can cause weight gain, osteoporosis and breast development. It is also hard to ensure that released offenders keep taking the drugs.

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More than half of states with civil commitment programs say they allow voluntary antiandrogen treatment, but as of last fall, only California, Illinois, Washington and Wisconsin had more than one offender taking the drugs, which can cost several hundred dollars a month. Dr. Fred S. Berlin, founder of the Johns Hopkins Sexual Disorders Clinic in Baltimore and a longtime critic of civil commitment, said he was troubled by the scant use of antiandrogens.

"I get letters from men around the country, in prison or sometimes civil commitment, asking if I can help them in their efforts to have it made available," Dr. Berlin said, "because the administrations in their facilities are not even willing to discuss it with them."

Here in California, where about 40 civilly committed men took antiandrogens several years ago but only four do now, Jesus Padilla, a clinical psychologist at Atascadero State Hospital, said the drugs did not address the underlying emotional problems that lead to offending, nor even necessarily eliminate sex drive.

"I've had numerous situations where they say they are working just fine," Dr. Padilla said of civilly committed men on antiandrogens, "only to catch them having sex with each other or engaging in deviant sexual fantasies even though their testosterone level was down to zero."

Some doctors see more potential in antidepressant drugs, which can dampen sexual desire while also curbing compulsive behaviors like chronic masturbation, which can preclude offenders from participating in treatment. Some civil commitment programs prescribe antidepressants sparingly or not at all, while others, including South Carolina's and Wisconsin's, have dozens of men taking them.

One approach that civil commitment centers have avoided is surgical castration, though at least one state, California, allows it if the offender pays for the procedure himself.

In Virginia, the General Assembly considered a proposal last year to allow voluntary surgical castration as an alternative to civil commitment, but took no action. One pedophile in Virginia castrated himself in a jail shower with a shoelace and a razor blade as his civil commitment trial approached.

Douglas Carlin, a convicted rapist who completed treatment and was released a year ago from the commitment center in Florida, said he thought a lot of offenders there were deceiving their therapists.

"Most of those guys, they are just faking it to make it," Mr. Carlin said. "They're just waiting to get released so they can go right back to what they were doing."

Tools of Assessment

Therapists can gauge the success of various treatments by observing offenders' behavior, interviewing them and using two instruments. All have serious shortcomings.

One instrument, the polygraph, is routinely used to determine if people continue to offend once conditionally released or have deviant thoughts in the course of treatment. Civil commitment centers also use polygraphs to make sure an offender has admitted all his crimes, a requirement for progressing past the early stage of relapse prevention treatment.

"Usually they will give up lots of information soon after failing a polygraph test," Dr. Thornton, the Wisconsin treatment director, said.

But polygraphy, which measures blood pressure, breathing rate and perspiration while a series of questions is asked, is generally considered so unreliable that its results are inadmissible as proof in court. Some offenders, especially psychopaths who feel no anxiety when lying, can beat it, experts said.

"Polygraph on its own isn't the answer to anything," said Dr. Don Grubin, a forensic psychiatrist at Newcastle University in Britain who has studied the tests. "As part of a bigger package it seemed to have an effect — to help reduce the risk of reoffending."

The other device routinely used at civil commitment facilities is the penile plethysmograph, which measures changes in the circumference of the penis while the offender is shown sexually suggestive pictures of men, women or children.

Some clinicians and offenders say it is easy, particularly in a laboratory, to stifle arousal and thus cheat on a plethysmograph test.

Mr. Carlin, the Florida rapist, said that during one plethysmograph test, "I just stared at a shelf of cleaning products and read the labels."

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The field of risk assessment, or determining which sex offenders are likely to repeat their crimes once released, has been equally slow to evolve, even as judges and juries are keeping more men locked up after their prison sentences in the belief that they will be dangerous on the outside.

A cottage industry of professionals who diagnose sexually violent predators has developed in the last two decades, and several hundred psychologists, often with little or no background treating sex offenders, make a lucrative business of recommending who should be committed.

During a recent commitment trial in St. Augustine, Fla., one psychologist with hardly any experience treating sex offenders told a jury he had evaluated 350 candidates for civil commitment and testified in dozens of commitment trials since 2000.

Some in the field question why professional organizations like the American Psychological Association have not set ethical and training standards for the many psychologists entering the civil commitment field.

"I don't think, in my personal experience, that the vast majority of the examiners I've come across have sufficient working knowledge of the empirical literature," said Dr. Prentky of the Justice Research Institute.

But that literature is still of limited use. Most actuarial tools used to predict someone's risk of recidivism consider only unchanging factors, like their number of past offenses and the sex of their victims. Some scientists say that so-called dynamic factors — how much treatment an offender gets, for example, and how old he has grown — should factor heavily into actuarial risk assessment, too.

"Science hasn't gotten there yet," said Eric Janus, a professor at William Mitchell College of Law in St. Paul, Minn., who opposes civil commitment.

Professor Janus said he hoped for "an explosion of knowledge" about how to prevent sexual violence before it happened, which he said would prevent far more sex crimes than civilly committing offenders.

That sort of research is unlikely to happen in the United States, Dr. Berlin and other experts said, because so many Americans believe that the only investment in sex offenders should be punitive.

"People need to recognize that these are not just criminal justice problems but also public health problems," Dr. Berlin said, "and the surgeon general as well as the attorney general ought to be supporting research in this area."

Earlier efforts to rehabilitate sex offenders, like Freudian psychoanalysis and electric shocks to the skin, failed definitively decades ago. A recent case in Orange Park, Fla., offered more evidence that relapse prevention treatment is no solution, either.

There, the authorities say, a convicted rapist who had spent 12 years in prison and 5 at the Florida Civil Commitment Center raped and killed a young woman before dawn on Jan. 23 after following her into the veterinary clinic where she worked.

The suspect, Michael Renard Jackson, 37, won release from the commitment center in 2005 after reaching the highest levels of a relapse prevention treatment program, people familiar with the case said.

U.S. Investigates Counterfeiting Of Rare Wines (WSJ)

By John R. Wilke

The Wall Street Journal, March 6, 2007

Federal prosecutors have uncorked a criminal investigation into counterfeit-wine sales, sending subpoenas to rare-wine collectors and to some of the world's leading auction houses, including Christie's in London and Zachys in New York.

A federal grand jury in New York has begun hearing evidence in the case, and the art-fraud unit of the Federal Bureau of Investigation has conducted interviews, according to people who have been contacted in the course of the probe.

The criminal investigation is focusing, among other things, on whether auction houses, collectors or importers knowingly sold counterfeit wines despite doubts about their authenticity, those close to the case said. Such sales could be prosecuted under federal fraud statutes.

The inquiry comes as wine sales are booming amid a broader surge in the market for luxury goods. Backed in part by robust profits on Wall Street, collectors and speculators increasingly are paying $1,000 or more per bottle, especially for the rare Bordeaux vintages of France.

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That's raised new fears about counterfeiting, which is beginning to threaten confidence in the market for rare wines -- except those sold directly from wineries. Wine Spectator magazine recently estimated that as much as 5% of rare vintages sold privately or at auction today may be fake.

Auction houses say they go to great lengths to ensure that the bottles they sell are genuine. "We piece together the history of each bottle of wine, its provenance, ownership and appearance," says Richard Brierley, wine auctioneer at Christie's.

Christie's experts have stepped up their vigilance, he added. "In the past, it was only the most rare vintages. But with more wines falling into the $1,000-plus category, there is more opportunity in counterfeiting."

Jeff Zacharia, who runs Zachys Wine and its fast-growing Web and auction operations, says counterfeiting technology is becoming increasingly sophisticated, forcing the industry to be more alert for fraud. But he says concerns about forgeries haven't kept his business from soaring; Zachys auction revenue was a record $35 million last year, more than double the $15 million it had in 2003. "And this year is shaping up to be the best so far," Mr. Zacharia said.

Christie's, a unit of Christie's International PLC, also had its best year ever in 2006, including wine-auction sales of $58 million in 44 sales from New York and Los Angeles to London and Paris, and its first-ever online bidding.

Both Christie's and Zachys declined to comment on the subpoenas the firms received. Royal Wine Merchants, another New York firm that people close to the case said was served with a subpoena, didn't return calls or emails.

The criminal investigation began in December, after several collectors began pressing auction houses and wine merchants to take some measure of responsibility for the alleged sale of counterfeit wines. The collectors included Russell Frye, a wealthy software entrepreneur, and William Koch, president of closely held Oxbow Corp., a global mining and energy concern. His billionaire brothers control Koch Industries, a $25 billion business empire.

Mr. Koch filed a civil suit last year in federal court in New York, alleging that a German wine merchant, Hardy Rodenstock, forged bottles of wine he claimed had belonged to Thomas Jefferson and had been discovered in a bricked-up cellar in Paris. Mr. Rodenstock also claimed to have other extremely rare wines, including a cache belonging to Czar Nicholas II of Russia, Mr. Koch alleged. Those allegations were detailed in September in a page-one story in The Wall Street Journal.

In a Jan. 19 court motion, an attorney for Mr. Rodenstock denied the claims and deflected responsibility to the merchants who sold them directly to Mr. Koch. The attorney, Birgit Kurtz of New York law firm Alston & Bird LLP, also told the court that the statute of limitations had lapsed because the sales in question had occurred years earlier, and that Mr. Rodenstock, in any case, couldn't be sued in New York.

Whether auction houses and merchants can be held liable for counterfeits provided to them by others could be a big issue in any prosecution arising from the federal probe. A civil suit filed by Mr. Frye in federal court in San Francisco last year names a seller, the Wine Library Inc., of Petaluma, Calif., as a defendant. The firm, which isn't related to an online wine seller of the same name based in Springfield, N.J., denies the claims.

"It's not just Rodenstock," Mr. Frye said. "Counterfeiting is a big problem, especially in the high end. These networks need to be exposed," and merchants must be accountable, he said.

Other incidents of counterfeiting in recent years include a 20,000-bottle cache of bogus Tuscan Sassicaia 1995 and other top wines seized in a raid by Italian government inspectors. France's Chateau Mouton Rothschild and Australia's Penfolds Grange have also been targeted by counterfeiters.

Mr. Brierley, head of Christie's wine department in the U.S., said growing awareness of the problem has made collectors and merchants more cautious. "People should be confident buying from reputable auction houses. It's a public forum that protects buyers."

Wine has become a lucrative business for many auction houses in recent years. As rare-wine prices have risen, sellers have found that public auctions maximize their profits. The rising prices have also helped to fatten auction houses' commissions.

The federal investigation and civil lawsuits could draw in some well-known names in wine. Michael Broadbent, a Christie's board member and author of a widely used wine-tasting reference book, is among those who have vouched for Mr. Rodenstock; the German's tastings are legendary for the rarity of the vintages, and are widely cited in wine books.

Christie's declined to make Mr. Broadbent available for comment and he couldn't be reached. But in the catalog for a glittering wine auction held in New York's Rockefeller Plaza in December, Christie's continued to tout Mr. Broadbent's tasting

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notes from a Rodenstock dinner. He described a 1934 Petrus Bordeaux as exceptional, "deeply coloured, very rich... where Hardy Rodenstock gets these wines I know not. There are simply no records of production, of stock or sales prior to 1945."

The wine, which was expected to fetch as much as $5,000 a bottle, went unsold.

You Pay G-man's Legal Bills (NYDN)

By William Sherman, Daily News Staff Writer

New York Daily News, March 6, 2007

Taxpayers are footing part of the mounting legal bills for an ex-FBI agent accused of helping a Brooklyn Mafia boss commit four murders, the Daily News has learned.

The Justice Department is helping fund retired agent Lindley DeVecchio's defense, which has cost more than $450,000 since his indictment last year by the Brooklyn district attorney's office.

"It's an expensive litigation," said DeVecchio's lawyer Douglas Grover, who declined to comment further.

A highly informed source confirmed the Justice Department contributions, saying, "It's on an hourly rate. Not a top New York City rate, more like a federal public defenders' rate."

It could not immediately be determined how much the department is paying.

"There is a process in place by which employees or former [FBI] employees who are the subject of civil litigation or criminal charges can apply for coverage of their legal costs. The recommendation is forwarded to the Department of Justice, where a final determination is made," FBI spokesman John Miller said.

In a case that rocked New York law enforcement, DeVecchio, 66, was indicted last year for providing information on informants and mob rivals to Colombo family boss Gregory Scarpa before the murders.

DeVecchio, who spent 33 years as an agent, is also charged with receiving payoffs from Scarpa totaling more than $66,000.

Now dead, Scarpa was DeVecchio's top secret informant for more than a decade, beginning in 1982. The murders occurred during the brutal Colombo family wars of the late 1980s and early '90s.

Grover, DeVecchio and numerous agents who worked with him maintain he is innocent of the charges and that the Brooklyn DA's prosecution is baseless and misguided. wsherman@nydailynews.com

Casino Cheats Bet On Midwest Marks (USAT)

By Judy Keen

USA Today, March 6, 2007

CHICAGO — Casinos sprouting across the Midwest are attracting sophisticated cheaters from Las Vegas, Atlantic City and overseas who believe they can scam new, unseasoned staff, gambling officials say.

Cheating is often discovered only when casinos' books don't add up, making it difficult to nab culprits, says Joe Diaz of the Iowa Division of Criminal Investigation.

"We've had people coming in from out of state trying to take advantage of inexperienced staff or a staff that hasn't got all the bugs worked out," he says. Most casinos' security staffs are aided by state or local police.

Joe Massa, general manager of Iowa's Riverside Casino & Golf Resort, knew scammers might target his casino, which opened in August. He hired experienced pit and security staff, he says, and hasn't detected any out-of-state cheaters.

Nevertheless, casinos in Iowa — where a half-dozen have opened since 2000 — and other states allegedly have been hit by out-of-state cheats:

•Three gamblers from the East Coast, including one from Atlantic City, were charged in Osceola, Iowa, with using shaved coins to trick slot machines into awarding credits.

•A casino in Joliet, Ill., was targeted by a team that included a Nevadan. They were charged with using fake cash vouchers to steal $50,000.

•Indiana, with help from the FBI and IRS, is investigating international cheaters.

"They have gone from site to site, and they seem to prey on riverboats or smaller venues," says Ernest Yelton of the Indiana Gaming Commission. "They perhaps believe that we are less sophisticated."

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Casino security officers in Indiana attend an eight-week training academy that includes three weeks of training in casinos, Yelton says. Other states have similar programs.

Eric Bush of the Michigan Gaming Control Board says many casinos in the Midwest use security measures as sophisticated as those in Las Vegas and Atlantic City.

Many of them, Bush says, have digital cameras covering every inch of the casino floor that can "read the serial number on a bill lying on the table." Detroit casinos, he says, are testing chips embedded with electronic signals that allow every movement to be tracked.

George Joseph, a Las Vegas-based consultant, trains casino workers. Cheats like the Midwest because "there are so many casinos in one area," he says. He tells staff to watch for:

•Marks on playing cards that can be seen only with special glasses or contact lenses.

•Cellphones used to photograph and convey poker players' hands to cheaters.

•Ringlike devices that are worn on fingers and have a stem that attaches to bills. The device quickly retracts the bills from slots after the machines validate them.

In 2005, Indian casinos created a national network to share information about cheaters. Members get e-mail notices alerting them to new postings. Many casinos also share information with others in their state.

Some states, including Nevada and New Jersey, have online "exclusion lists" with photos of cheaters banned from their casinos.

Diaz says plenty of Iowa gamblers also try to cheat. "We have a lot of local people who will try to add or take chips away when the dealer's not looking," he says.

Employees also steal. Six casino workers were charged in Minnesota with filing phony paperwork to get reimbursed for jackpots they never paid to customers.

Yelton says the latest scam in Indiana is simple: people stealing the vouchers that have replaced coins as payouts from slot machines.

Manufacturing Misdemeanors (NYT)

The New York Times, March 6, 2007

The New York Police Department has been going fishing. Not content to nab criminals when they break the law on their own, the department has been planting unattended bags in subway stations to see who might take them, at which point waiting officers pounce.

As NY1 News reported last week, 220 people were arrested last year in the sting, known as Operation Lucky Bag. In dismissing one of these cases, a Brooklyn judge said the police “do not need to manipulate a situation where temptation may overcome even people who would normally never think of committing a crime.” This program bothers us for that and many other reasons and should be discontinued immediately.

Civil libertarians have argued that the program is entrapment. That is a legal distinction for the courts to decide, but it certainly looks like that to a layperson. It is clearly a poor use of resources. People wandering off with lost property ranks far down the list of law enforcement priorities.

There is also the question of whether the sting does actual harm. In an era of terrorism, where the police have to rely on the help of average people to notice anything suspicious — including apparently abandoned bags — the last thing New York needs are cynical operations that encourage mistrust between the police and subway riders.

And of course, there is the effect on neighborliness. It is remarkable how many people in this city are willing to track down the owners of lost cellphones, wallets or bags. Arresting good Samaritans is bad enough, but encouraging them not to help in the future through this kind of overly aggressive policing is a downright shame. The best thing to do with this misbegotten program would be to end it.

Aftermath Of A Savage Scene (WP)

By Henri E. Cauvin, Washington Post Staff Writer

The Washington Post, March 6, 2007

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Book Looks Behind Headlines of a D.C. Murder

It took Kevin Flynn just over a year to put away the man who killed Diane Hawkins and her 13-year-old daughter, Katrina Harris.

It has taken him almost 14 years to put to paper the story of that night in 1993 when Norman Harrell took the lives -- and the hearts -- of Hawkins, who was his ex-girlfriend, and her daughter.

Homicides were everyday occurrences in the District then. The city was in the clutches of a crack war and its impulsive, impersonal violence. But the slayings of Hawkins and Harris were different. They were personal, savage.

And they seized Flynn, then a 36-year-old homicide prosecutor who had just become a father, like no other case had -- or has.

The crime scene at the house in Northeast Washington was like nothing he had ever seen, the killer's rage so evident. Hawkins's heart was left adrift among her innards; her daughter's was gone.

And the sons and daughters, sisters and cousins Flynn first encountered at D.C. Superior Court were like no family he had met. Angry as they were, the victims' family shared a faith in God and a belief in the law and in Flynn himself.

"All of those things . . . made it just a unique experience," he said.

Indeed, after the jurors had listened to him, even after they had convicted Harrell in the summer of 1994, Flynn found himself with more to say -- about Hawkins, her daughter, the incredible strength of the family they left behind and himself.

"The story needs to be told," he said to himself at the time.

Many drafts -- and many murder cases -- later, Flynn's book, "Relentless Pursuit," arrived in stores this month.

It is a true-crime memoir by a prosecutor who took on the biggest trial of his career in the midst of his own family crisis. On the opening day of the trial, his father learned that lung cancer had spread to his brain and that he probably had only months to live.

It is also the story of how, in his own time of need, Flynn says he found a measure of comfort in the company of a family that was wrestling with painful emotions that have never gone away.

Talking in his study, where a framed sketch of him standing before the jury in the Harrell case sits above his desk, Flynn, now 49, still seems awed by the family. "In the midst of what had to be the most agonizing experience of their lives, it was amazing how thoughtful they were, how they extended themselves to me," Flynn said.

Diane Hawkins and her home in the 3400 block of Eads Street NE were the center of the family until the final minutes of May 25, 1993. A mother of six, Hawkins had a son with Harrell. She had filed a claim for child support from him, and Harrell had made it clear more than once that he didn't think the government had any place telling fathers how to support their children.

The night before they were to appear in D.C. Superior Court, Harrell showed up at Hawkins's rowhouse, as he did with some regularity, usually to see his son. That night he apparently had other intentions. When he walked out, Hawkins, 42, was dead, found in the dining room area. Katrina was found in an upstairs bedroom, nearly decapitated and her heart cut out.

The bloodbath left only one survivor, a 22-month-old girl named Kikki who was found in tears, sitting on a bed near Katrina's body. A veteran police official described it as "the most graphic violence I have ever seen." Counselors were brought in to talk to emergency personnel who saw the bodies.

Recounted in unsettling detail in the early chapters of his book, the crime scene sets up Flynn's story of how Harrell was caught and ultimately convicted of first-degree murder, for which he is serving 60 years in prison. Harrell, a truck driver, was an avid hunter, and authorities found a manual in his home about how to gut animal carcasses.

The Washington Post praised "Relentless Pursuit," saying it worked on many levels and was a welcome break from so many tales of police and prosecutorial misconduct. The New York Times loathed the book, calling it "weak" and criticizing Flynn's "myopic view of his importance."

It is certainly a book about Flynn, an assistant U.S. attorney, and his pride in the work that he and other prosecutors do.

He was raised in Annandale and now lives in Great Falls with his wife and their son and daughter. His work has long been in court.

"I am a prosecutor," he writes. "I carry other titles that I cherish more: father, husband, son. But the specifics of my character, good and bad, are best defined by the job title I've held for more than seventeen years. . . . I had an easy familiarity with

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humanity at its most base and my career had consisted of an extended tour through a veritable museum of amorality and depravity."

"Relentless Pursuit" did not start out as a book built around himself, Flynn said. He intended to write about Hawkins and her family, ordinary people caught up in something terrible. In his early drafts, in fact, Flynn did not appear, he said, for more than 100 pages.

But a first manuscript found no takers when it circulated in 1997 and 1998. He was told the book, at about 450 pages, was too long. He cut it down and shopped it around again. By 2001, he still had found no takers.

A writer and a lawyer who does a lot of work in publishing were asked to look at the manuscript, and they suggested a change, Flynn said. "They said, 'You need to put yourself more up front. The reader needs to see this case through your eyes.' "

Flynn was reluctant. "Philosophically, that was not the book that I had set out to write," he said. He wanted it to remain the family's story. They had embraced him as one of their own. They had prayed with him at the courthouse for his father, who died later that year. Day after day, they had touched Flynn.

But he also wanted the book published, and he knew this would be his best and almost certainly his last chance. "We pretty much thought that was going to be it," he said. So he agreed to make himself a central figure. "It made me sit down and see how I was changed, for the good, by this," Flynn said.

An only child, he had grown into something of a loner when it came to his job. The Harrell case changed that, he said. Since then he's been more inclined to team with other prosecutors. "I got a sense of community that I hadn't necessarily been exposed to, not in my professional life," he said.

G.P. Putnam's Sons signed him to a deal in January 2006, and Flynn set about finishing the book on a leave of absence he had already planned to take. He holed up in his library, surrounded by titles that leaned toward the law and those who've crossed it ("In Cold Blood," "Bundy"). To keep his focus, he worked on a computer that wasn't linked to the Internet.

Some of Hawkins's sisters and children had known for years that Flynn was working on a book, and a few had read an early draft. A lot of time had passed, though, and Flynn wanted to be sure that the whole family -- the brothers, sisters, aunts, uncles and cousins who had flocked to the home the night Hawkins was found and to the courthouse for months afterward -- knew what was coming.

So last month, when the book was finished and the Justice Department appeared ready to approve its publication, Flynn met with the family. The book had taken him back to a painful time in his life and career and, he explained, might take some of them on a similar journey.

Copies of "Relentless Pursuit" began circulating among the relatives, who were generally supportive of Flynn's endeavor.

Shaunta Jackson wanted to read it. She was 15 the night of the slayings and arrived home to chaos -- and a glimpse of her dead mother's leg. She had counseling in the years that followed, and she thought she was ready to reexamine that horrible time so she started reading.

She didn't make it far.

"I couldn't read it," said Jackson, now 30 and the mother of an 11-year-old girl. "It made me sad. I started crying. . . . It just brought back a lot of memories. . . . I thought I could handle it."

It had taken Flynn 14 years to make his peace with what happened.

CIVIL LAW:

Radio Companies To Pay $12.5 Million Payola Fine (LAT)

By Jim Puzzanghera

The Los Angeles Times, March 6, 2007

WASHINGTON — Four of the nation's largest broadcast radio companies have agreed to pay a combined $12.5 million to settle a federal investigation into "pay-for-play" practices and will provide thousands of hours of free airtime to local musicians and independent record labels, sources familiar with the agreement said today.

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Details of the settlement are being worked out and the Federal Communications Commission still must approve it. Under terms of the agreement, Clear Channel Communications Inc., CBS Radio Inc., Entercom Communications Corp. and Citadel Broadcasting Corp. would pay one of the largest fines ever levied by the FCC. The companies allegedly received money, airline tickets, clothing and other gifts from major record companies to play certain songs.

The under-the-table payments, known as payola, have been illegal since a series of pay-for-play scandals in the early days of rock 'n' roll in the 1950s. Any payment in exchange for airtime must be disclosed by broadcasters.

The $12.5-million fine to be paid by the four companies is in line with settlements two of the companies reached with former New York Attorney General Elliott Spitzer. CBS Radio agreed to pay $2 million in October and Entercom agreed to a $4.45 million fine two months later.

But the proposed FCC fine pales in comparison to big settlements Spitzer got from major record companies. Universal Music Group, for example, agreed last year to pay more than $12 million to settle payola allegations. The FCC's jurisdiction, however, is limited to broadcast radio stations.

FCC Commissioner Jonathan S. Adelstein, an amateur musician who helped broker the deal, said the fines and airplay agreements were significant.

"I think it's a real breakthrough in the battle to wipe payola off the airwaves," he said. "If you take payola out of radio then music gets heard on the basis of merit, not on the basis of who's got wads of cash backing the artist. That's likely to make radio fresher and restore its vitality."

In a separate agreement, the radio companies have agreed to set aside 8,400 half-hour segments of free airtime over the next three years for local and independent artists. The segments would have to air between 6 a.m. and midnight.

"It's a watershed moment in our industry," said Peter Gordon, president of Thirsty Ear Recordings, an independent record label based in Connecticut. He helped negotiate the airtime provisions as a board member of the American Association of Independent Music.

"The independent sector has a chance to have a voice once again on commercial radio," Gordon said. "I think you're looking at the airwaves being refreshed."

Stations Agree On Anti-payola Settlement (AP)

By John Dunbar, Associated Press Writer

AP, March 6, 2007

Radio listeners weary of hearing the same songs over and over may have something to cheer about: Broadcasters have tentatively agreed to anti-payola settlements that could shake up music playlists at some of the nation's largest radio chains.

Four major broadcast companies would pay the government $12.5 million and provide 8,400 half-hour segments of free airtime for independent record labels and local artists, The Associated Press has learned.

The agreement is aimed at curbing payola — generally defined as radio stations accepting cash or other consideration from record companies in exchange for airplay. The practice has been around as long as the radio industry and was made illegal after scandals in the late 1950s.

Two Federal Communications Commission officials, who spoke on condition of anonymity because final language has not been approved by the full commission, said the monetary settlement is part of a consent decree between the FCC and Clear Channel Communications Inc., CBS Radio, Entercom Communications Corp. and Citadel Broadcasting Corp.

The settlement was reached at the same time as a separate deal designed to lead to more airtime for smaller record companies and their lesser-known artists as well as local musicians.

The American Association of Independent Music, a group of independent record labels, has received a commitment from the same four broadcasters for the free airtime, the officials said.

In addition to airplay, the broadcasters and the independent labels have also negotiated a set of "rules of engagement" that will guide how record company representatives and radio programmers interact.

The free airtime would be granted to companies not owned or controlled by the nation's four dominant music labels — Sony BMG Music Entertainment, Warner Music Group, Universal Music Group and EMI Group.

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Payola, or "pay-for-play," can be difficult to track.

In recent years, independent record promoters have acted as middlemen to deliver payments to radio stations in exchange for airplay. Other forms of inducement include lavish prizes meant for listeners that wind up going to station employees, promises by record companies of concerts by well-known artists in exchange for airplay, and payments for promotional expenses and station equipment.

Under the FCC consent decree, broadcasters would agree to closer scrutiny in their dealings with record companies, including limits on gifts, a promise to keep a database of all items of value supplied by those companies, the employment of independent compliance officers to make sure stations are following the rules and a new "payola hot line" for employees to report infractions.

Broadcasters would admit to no wrongdoing under the three-year settlement, which would end an FCC investigation into payola practices.

Under the separate agreement, the new "rules of engagement" are aimed at requiring equal access to radio music programmers for all record companies as well as transparency in their dealings, said Peter Gordon, who has been leading the negotiations on behalf of the independents.

Gordon is president of Thirsty Ear Recordings, an independent record label, and has been in the music business for 31 years.

"It's absolutely the most historic agreement that the independent community has had with radio," he said. "Without a doubt, nothing else comes close."

Commissioner Jonathan Adelstein, himself an amateur musician, has been in the forefront of the payola fight and has been credited with working out the settlements. "I love music and I want radio to sound fresh, dynamic and real. But payola gets in the way of authenticity because money drives the music, not its quality," he told the AP.

Pay-for-play scandals have not been a high priority for the FCC. The last time it took action was March 2000 when Clear Channel-owned stations KHKS-FM in Denton, Texas, and WKQI-FM in Detroit, Mich., were assessed fines of $4,000 each.

Most of the recent headlines regarding payola have been generated by former New York Attorney General Eliot Spitzer, now governor, who has criticized the FCC's inaction. He made settlement deals with the four major record labels totaling $30.1 million, as well as with two broadcasters, CBS and Entercom, for another $6.25 million.

Federal law and FCC rules require broadcasters to inform listeners if a station is being paid to play a song. The FCC can fine its licensees, but any criminal investigation would be undertaken by the Department of Justice.

When finalized, the consent decree will result in the second-largest fine ever issued by the FCC — if a recently reported $24 million settlement with Univision Communications Inc. regarding children's television obligations is also approved.

The broadcasters represent four of the six largest radio firms in the U.S. and own a combined total of 1,653 stations. The cash breakdown on the settlement is Entercom, $4 million; Clear Channel, $3.5 million; Citadel, $2 million; CBS, $3 million.

Representatives of the companies could not immediately be reached for comment Monday.

FCC Chairman Kevin Martin was widely credited with pushing through the large cash settlement. Speaking generally, FCC spokeswoman Tamara Lipper said of the payola issue that "the whole point is that people should know when they're being influenced and by whom."

In a statement Monday, Commissioner Michael Copps said pay-for-play "cheats radio listeners and will not be tolerated." Radio, he said, is "supposed to be our pipeline to exciting, local undiscovered acts — not more nationalized pablum from big media companies."

Big Radio Settles Payola Charges (WP)

By Charles Babington

The Washington Post, March 6, 2007

Radio listeners sick of hearing the same tunes again and again may soon encounter surprising new voices, thanks to a $12.5 million settlement pending against major broadcasters accused of taking record companies' bribes.

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The four broadcast conglomerates, which together own more than 1,500 stations, have agreed to pay hefty fines and to provide air time for local artists and independent record labels, government and industry officials said yesterday. The negotiated settlement is meant to end a probe into the practice of what is known as "payola," in which large record companies quietly give cash or other benefits to radio station employees who agree to play music by the companies' artists.

"This is the largest collective fine in the history of American broadcasting," said Jonathan S. Adelstein, one of the five members of the Federal Communications Commission. "It wipes payola off the radio dial," he said, and gives lesser-known musicians a chance to reach a wider audience.

For years Adelstein, a Democrat, has railed against pay-to-play practices. But he said the government was making little headway until New York attorney general Eliot L. Spitzer (D) -- now the state's governor -- conducted a major investigation. "He brought us the evidence we needed," Adelstein said in an interview.

Under the pending agreement -- reported yesterday by the Associated Press and confirmed by Adelstein -- Entercom Communications will pay $4 million in fines, followed by Clear Channel Communications ($3.5 million), CBS Radio ($3 million) and Citadel Broadcasting ($2 million). Adelstein said he expected a majority of the commissioners to approve the settlement this week.

Small record companies say payola limits the breadth of radio playlists because big labels pay to have their artists aired repeatedly. It is illegal for stations to accept such payments without publicly disclosing them.

Andy Levin, Clear Channel's executive vice president, said in a statement that his company has "devoted tremendous resources" to preventing payola at its stations. "While no violations were found," he said, "we are pleased to announce that Clear Channel has agreed to settle this longstanding payola investigation with the FCC. We believe it is time to close the door on this ongoing inquiry and move forward."

The other three companies declined comment or did not respond to requests for interviews.

Aside from paying the fines to the FCC, the four companies have agreed to give about 4,000 hours of air time to small record companies and local artists. "This is a new opportunity for fresher, newer artists to be heard on the radio," Adelstein said.

FCC Chairman Kevin J. Martin, a Republican, said in an interview that he supported the settlement, which he said would "hopefully set a strong tone for the enforcement of the rules" regarding radio play.

Previous investigations have targeted the giver rather than recipients of payola. In 2005, music producer Sony BMG agreed to pay $10 million and Warner Music Group agreed to pay $5 million to settle Spitzer's allegations of offering payola to radio stations.

4 Radio Firms Commit Airtime To Indie Labels (WT)

By Kara Rowland

The Washington Times, March 6, 2007

Kill Rock Stars, Appleseed Recordings and Fatboy Records may be coming to a station near you.

Four major radio companies have agreed to set aside more than 4,000 hours of free airtime to independent record labels, representatives from the broadcasters and labels said yesterday.

In a separate deal, Clear Channel Communications Inc., CBS Radio, Entercom Communications Corp. and Citadel Broadcasting Corp. also reached a $12.5 million tentative settlement with the Federal Communications Commission, according to company and FCC officials.

The agreements, first reported yesterday by the Associated Press, are intended to deter what is commonly known as "payola" or "pay for play," in which a radio station provides airtime to a record company in exchange for money or other goods.

Payola has been around for decades and was outlawed in 1960, when Congress passed a law making it punishable by a $10,000 fine and a year in prison. The term itself is a contraction of "pay" and Victrola, an early record player.

The monetary settlement with the FCC is part of a consent decree that has yet to be voted on by the full commission, sources said. It was reached at the same time broadcasters committed to providing 8,400 half-hour segments of airtime to small record labels and unsigned artists.

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Broadcasters do not admit fault under the FCC deal, which calls for stricter oversight of their interactions with record labels. Some of the new requirements would include a limit on gifts from record companies; a special hot line for employees to report violations; and a fleet of compliance officers to monitor stations, which would list all items of value received from record companies in a database.

Of the four broadcasters involved, Clear Channel and CBS Radio own stations in the Washington area.

"While no violations were found, we are pleased to announce that Clear Channel has agreed to settle this long-standing payola investigation with the FCC," said Andy Levin, Clear Channel's chief legal officer. "Separately, the company is pleased to announce we are reaffirming our commitment to new and emerging artists by committing a significant amount of airtime to music performed by unsigned artists."

Clear Channel owns several local stations, among them WIHT-FM (99.5) and WASH-FM (97.1). CBS Radio, whose roster includes WJFK-FM (106.7) and the new WTGB-FM (94.7), declined to comment.

"It's one of those little miracles," Peter Gordon, president of independent record label Thirsty Ear Recordings, said of the airtime deal. Mr. Gordon, who acted as a chief negotiator for the American Association of Independent Music, said the parties have yet to hammer out the details of implementation but noted, "We have an understanding in principle."

In addition to airtime, broadcasters and the independent record companies agreed to new "rules of engagement" aimed at providing equal access to radio station programmers.

"Hopefully we'll hear more dynamic music on the radio," said FCC Commissioner Jonathan Adelstein, a Democrat who has led the charge against payola, which he said puts smaller labels with less money at a disadvantage. "Everybody wants to turn the page and put payola behind us."

Many credit former New York Attorney General Eliot Spitzer, who is now the state's governor, for exposing payola scandals. After opening an investigation three years ago, Mr. Spitzer reached settlements with the big four record labels -- Sony BMG Music Entertainment, Warner Music Group, Universal Music Group and EMI Group -- amounting to $30.1 million.

The FCC can regulate licensed radio stations but has no authority over record companies. Federal law allows radio stations to play songs in exchange for money as long as they disclose it.

During his tenure as attorney general, Mr. Spitzer also settled with Entercom and CBS Radio for a total of $6.25 million in agreements that are legally binding only in New York. Afterward, the FCC opened its own investigation.

Tom Taylor, editor of Inside Radio, warned that implementing the private agreement between labels and radio broadcasters "could be really sticky."

"The devil is in the details," said Mr. Taylor, a radio veteran. "People listen to songs because they like them. You can't turn it into a hit if it's not a hit."

Sen. Russ Feingold, Wisconsin Democrat who has authored payola legislation, said he is withholding judgment on the decree until it is official. However, he said: "The apparent lack of acknowledgment of wrongdoing sends the wrong message. Whatever the final settlement says, it is clear that we need continued oversight both internally and by the FCC to make sure the changes in the industry's practices are not just on paper."

An FCC official said the agreement could be made public as early as this week.

Broadcasters Agree To Fine Over Payoffs (NYT)

By Jeff Leeds

The New York Times, March 6, 2007

Radio broadcasters have long been accused of corrupting the public airwaves by accepting bribes from corporate music giants.

But in a pair of agreements disclosed yesterday, the broadcasters moved to resolve accusations that they had auctioned off the airwaves by agreeing to pay a landmark penalty and pledging to play more music from independent recording artists.

Under a tentative settlement with the Federal Communications Commission, four of the largest radio station owners have agreed to pay a total of $12.5 million to resolve claims that they accepted cash and other incentives in exchange for playing songs — a practice popularly known as payola.

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If approved, the settlement would rank as the biggest penalty ever imposed at one time by the F.C.C. — at least until the agency levies another proposed fine, $24 million, against Univision, the Spanish broadcasting giant, which is accused of sidestepping its obligations to supply educational programming for children.

The new penalty, which would come as part of a consent decree with the radio companies — Clear Channel Communications, CBS Radio, Entercom Communications and Citadel Broadcasting — would reflect perhaps the toughest F.C.C. enforcement of the decades-old regulations that prohibit broadcasters from taking secret payments in exchange for playing specific songs. Critics have accused the agency of lax enforcement.

The agency chairman, Kevin J. Martin, said, "I hope it sends a strong message to the industry that we will be enforcing these rules."

The F.C.C. started formal investigations of the radio companies last year after disclosures that radio programmers accepted gifts, luxury trips and other enticements surfaced as part of an inquiry led by Eliot Spitzer, then the New York attorney general.

Mr. Spitzer reached a series of settlements with the four major music conglomerates — the Universal Music Group, Sony BMG Music Entertainment, the EMI Group and the Warner Music Group — totaling more than $30 million. CBS Radio and Entercom settled cases with Mr. Spitzer's office for a combined $6.25 million.

The settlement with the F.C.C. comes at the same time as a separate arrangement in which the broadcasters agreed to devote more time to playing artists who are not signed to contracts with the four big record companies.

The deal, negotiated by the American Association of Independent Music, provides that the radio companies will broadcast the equivalent of 8,400 half-hour segments of music from such artists. The segments can run any time from 6 a.m. to midnight any day of the week, according to people briefed on the deal.

Representatives for the broadcasters declined to comment on the proposed settlements in detail.

Andrew W. Levin, Clear Channel's executive vice president and chief legal officer, said: "While no violations were found, we are pleased to announce that Clear Channel has agreed to settle this longstanding payola investigation with the F.C.C. We believe it is time to close the door on this ongoing inquiry and move forward."

The deal appears to close an embarrassing chapter for the music and radio industries.

Mr. Spitzer's inquiry disclosed how such payments had become widespread as label executives pressed to obtain exposure for stars. In some cases, label executives offered payoffs directly; in others, they hired middlemen known as independent record promoters, to funnel gifts or other enticements to radio station personnel.

Many terms of the proposed consent decree mirror those in the settlements with Mr. Spitzer's office. Under the three-year term of the F.C.C. deal, the broadcasters would tighten their policies governing the contact of their programmers with record labels, including limits on gifts they could receive.

As for the independent labels, Peter Gordon, who negotiated the separate arrangement on behalf of the independent labels, said radio programmers had been making decisions in a "climate of fear" after Mr. Spitzer's inquiry, adding fewer new songs and all but shutting out small independent labels.

Mr. Gordon said that under a set of "rules of engagement" planned as part of the separate agreement with stations, programmers could now listen to lobbying efforts by certain independent promoters working on behalf of independent labels.

Smaller labels should be permitted to lobby for access using "proper professional honorable working relationships," said Mr. Gordon, owner of an independent label called Thirsty Ear Recordings.

Some industry officials were skeptical that the new arrangements would result in a noticeable change for either artists or listeners.

Paul Porter, a former radio programmer who now runs Industry Ears, a Washington-based media research organization, said that compared with the settlements extracted by Mr. Spitzer, the F.C.C. settlement "basically lets the four biggest companies off the hook for peanuts."

Mr. Porter said he did not believe that the separate pledge to broadcast more independent music would amount to much.

"It sounds great, but it's business as usual," Mr. Porter said. "Only a fool would believe differently."

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Prescription For Trouble (WSJ)

By Scott Gottlieb

The Wall Street Journal, March 6, 2007

Inside the federal agencies that oversee parts of the health-care system, there is a palpable view that doctors can no longer be trusted to do the right thing.

The Food and Drug Administration, Medicare and even the Justice Department all believe they cannot rely on many doctors to heed safety warnings, wisely weigh new medical information, or follow treatment approaches that maximize health benefits or lower costs. So in recent years, these agencies have hatched rules that dictate when treatments should be delivered and even how they can be administered -- especially when it comes to new drugs.

The result is increasing federal regulation of medical practice that constrains health-care providers and limits the choices patients have. It might get worse. New legislation offered by Sens. Edward Kennedy (D., Mass.,) and Michael Enzi (R., Wyo.,), intended to make drugs safer, would raise this regulatory burden by reducing a physician's discretion to exercise clinical judgment and erecting barriers that will exacerbate disparities in access to care.

The legislative proposal extends the FDA's ability to restrict which physicians can prescribe a medicine, and which pharmacies can dispense it, through risk-management plans that would accompany the approval of many new drugs. These "RiskMAPs," as they are called inside the FDA, already guide the use of about 30 marketed drugs as part of "voluntary" arrangements with drug companies.

Right now, pharmaceutical companies propose the plans to better balance the risks and benefits of their drugs, in order to secure FDA approval. But these plans impose burdens, especially on patients who already face difficulty obtaining the specialist care that many RiskMAPs require for the dispensing of new drugs. Thus the FDA and the pharmaceutical industry have mostly confined RiskMAPs to drugs with unpredictable and potentially deadly risks, such as anaphylaxis or rapid organ failure.

That sense of restraint is lifting. New proposals by Congress and the Institute of Medicine advocate RiskMAPs for mitigating a wider set of less-serious problems and to constrain the off-label prescribing of new drugs, even though such prescribing is the standard of care for many diseases. The proposals are gaining traction. Once the FDA is granted the authority to simply impose these RiskMAPs on drug companies, there will be a lot of political pressure on the agency to constrain prescription writing in the name of drug safety.

What would this mean? Consider the RiskMAP recently imposed by the FDA on the use of the diabetes drug Symlin. The new medicine can help very serious diabetics control swings in blood sugar and is one of the few drugs that promote weight loss. But Symlin has a narrow therapeutic margin and can sometimes cause dangerously low blood sugar. The FDA did not trust ordinary generalist doctors -- who treat most diabetics, especially poor or rural patients -- to properly prescribe the medicine or to limit its use to the labeled indication. So Symlin's RiskMAP tries to keep the drug out of generalist hands by, among other things, limiting promotion to doctors specializing in diabetes and who are also supported by certified diabetes educators.

Reflecting this pervasive mistrust of medical practitioners, Medicare is increasingly tying payments to the choices doctors make, compensating doctors more to follow certain cookie-cutter treatments or practice guidelines that are promoted by the agency because they are believed by government experts to maximize benefits or reduce health-care costs.

The Drug Enforcement Administration is also intruding into medical practice. Waging a campaign to cut down on prescription-drug abuse, the DEA has sought legislative authority that would give it a role in limiting the approvals of new pain products -- even though the agency has no ability to appreciate the public health considerations that create a medical need for better drugs to treat serious pain.

Meanwhile, the Department of Justice's war on off-label promotion by drug companies ends up criminalizing the exchange of truthful, non-misleading medical information with doctors on new uses for medicines. This even includes information derived from studies funded by other arms of the government such as the National Institutes of Health. Such was the case in the litigation DOJ recently waged and won against information exchanged on promising new anti-cancer uses for the osteoporosis drug Evista -- some of those uses are now standard care.

All of these approaches harm patients because they impose one-size prescriptions in an area of science that is marked by variation. Furthermore, parameters on the prescription of new drugs, like those imposed on the use of Symlin, create obstacles

for patients who already face significant problems getting access to the latest drugs or the specialists who are ordained by FDA's RiskMAPs to prescribe them.

Medicare's treatment guidelines are not the right answer for everyone, because there is a need for judgment in medicine that attunes treatments to individual variations and preferences. DOJ's restrictions on the exchange of medical information deny doctors updated data on the most cutting-edge and specialized uses of new treatments.

Ultimately, we need a better system for accumulating new information about the risks and benefits of treatments, and for communicating this information to providers and patients so people can make more informed choices. The key to improvement is not direct regulation of patient care, but better tools and approaches for evaluating the pros and cons of the many choices patients confront.

Doctors share some blame for inviting this kind of regulation. Agencies have plenty of data showing that some doctors do not heed safety warnings or follow sound advice. Professional societies like the American Medical Association, the various medical journals, and even licensing boards have grown self-interested and have failed the first tenet of an autonomous profession: the ability to regulate itself.

The solutions to any of the health-care problems that government is trying to mitigate will not rest in Washington's constraining "fixes," but with these organs of medicine working with agencies to promote practice standards and safety measures that do not sacrifice medical autonomy and patient choice.

Dr. Gottlieb, who was deputy commissioner of the FDA from 2005 to 2007, is a resident fellow at the American Enterprise Institute.

CIVIL RIGHTS:

FBI Plans Probe Of Teen's Death (BSUN)

By Greg Garland And Gadi Dechter, Sun Reporters

The Baltimore Sun, March 6, 2007

Medical examiner rules case at juvenile facility a homicide

On the same day the state medical examiner ruled that the death of a student at the Bowling Brook Preparatory School was a homicide, the FBI said it is conducting an independent investigation into the incident.

At a joint news conference Monday in Westminster, federal officials said their investigation into the death of 17-year-old Isaiah Simmons was ordered last week by the Justice Department. Local officials said they would present evidence already gathered by the Carroll County sheriff to a grand jury to determine whether criminal charges should be brought in Maryland.

Simmons died Jan. 23 after being physically restrained for three hours by counselors at Bowling Brook, a privately run residential program for juvenile offenders.

Officials stressed that the medical examiner's ruling of a homicide -- meaning the death was the result of actions by another person or people -- does not necessarily mean a crime was committed. That will be decided by the grand jury next month, said David P. Daggett, Carroll County deputy state's attorney.

"I have no doubt in my mind that nobody intended to kill this young man," Daggett said. But he said the medical examiner had made clear Simmons did not die of a pre-existing medical condition. "They are ruling out any health issues [as causing] the death," he said. "They did say there were certain health issues, but that they were not the cause of death."

The examiner used broad language in describing the cause of Simmons' death as "sudden death during restraint." Medical examiners sometimes use the term when they suspect more than one factor might have contributed to death, such as asphyxia and heart failure.

Simmons' mother, Felicia Wilson, and four other family members sat in the front row of the county government meeting room where the news conference was held.

Faced with a phalanx of television cameras and microphones, Wilson briefly lost her composure and dissolved into tears. She said she was relieved, however, to hear of the homicide ruling.

"I'm just happy to hear of the news that they found out what really happened to my son," she said.

Simmons' sister, Danielle Carter, said she was glad to learn of the FBI's separate investigation.

"The family feels that it's always good to have several sets of eyes on an investigation, to make sure everything is done in compliance," she said. "We feel confident that the FBI and all other parties will get to the bottom of this and that justice will be served."

Witnesses have told The Sun that Bowling Brook workers sat on a struggling Simmons until he passed out and died.

Under pressure from state officials, Bowling Brook announced last week that it will close Friday after five decades in operation. Simmons was placed there by the state Department of Juvenile Services after being found responsible in juvenile court for the robbery of another youth at the Inner Harbor.

The Carroll County Sheriff's Office has been investigating the death. Daggett said the grand jury will be asked to determine whether evidence supports any criminal indictments.

The state medical examiner's office has not released a report about Simmons' death but briefed county investigators. Daggett said he decided to present the case to a grand jury to get the benefit of the collective wisdom of a panel of citizens who will review the evidence and determine whether indictments are warranted.

He said a key question in such cases is whether the death was due to "gross negligence" or simple negligence. A finding of "gross negligence" could lead to criminal sanctions.

As an example, Daggett said, a motorist could be prosecuted for manslaughter if he were drunk or drove in an especially reckless way, but might not be prosecuted if he were simply negligent -- such as losing control while changing a radio dial.

Queen Anne's County State's Attorney Frank Kratovil Jr., who heads the Maryland Association of State's Attorneys, said cases like Simmons' death can pose a difficult challenge for prosecutors.

"Not every tragic event is a criminal matter," Kratovil said. "The question is going to be: 'Was this a grossly negligent act that is the functional equivalent of an intentional act?' "

He said it is common for prosecutors to take such cases before a grand jury. Some Maryland counties bring all felony cases before a grand jury, he said.

"As a prosecutor, it gives you some feedback on what the issues are in the event you decide to indict," he said. "When you have a case where there are real questions about either the facts or the law, then a grand jury is a very valuable tool."

In announcing the findings of the medical examiner, the sheriff's office said it had collected more than 100 pieces of evidence and had interviewed dozens of staff members and students. Some student witnesses have told The Sun that they were interviewed only while held at Bowling Brook, not outside and away from the school's staff where they could speak more freely.

Kevin R. Lewis, the assistant special agent in charge of the FBI's Baltimore office, said at the press conference that federal authorities began monitoring the Simmons' case several weeks ago at the request of the sheriff's office.

"You've got a young person's loss of life at an institution, and that gets our attention," he said.

Last week, the U.S. Department of Justice asked the FBI to formally launch a separate investigation to determine whether federal civil rights laws were violated, Lewis said.

The investigation will "be starting right away," he said, and the results will be reported to the Justice Department.

An FBI spokeswoman, Michelle Crnkovich, stressed that the investigation is not an indication that the federal government lacks confidence in Carroll County's probe.

"Absolutely not. We have every confidence in them," she said.

The death at Bowling Brook marks the third time in the past four years that federal authorities have investigated Maryland's troubled system for dealing with juvenile offenders.

A federal investigation of the state-run Charles H. Hickey Jr. School in Baltimore County chronicled deplorable conditions. The state addressed the issue by shutting down most of the school in 2005.

Federal officials also have investigated dangerous conditions at another program run the state, the Baltimore City Juvenile Justice Center, which often has been crowded and understaffed.

Maryland's newly appointed Juvenile Services secretary, Donald W. DeVore, said Monday there is no question Maryland's system is badly in need of reform.

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"Today's ruling by the state medical examiner highlights the critical need to reform our Department of Juvenile Services so that all children in state custody are safe," DeVore said. "That is our mission, and failure is not an option."

Feds To Monitor Tuesday Elections In Four SoCal Cities (FBEE)

The Fresno Bee, March 6, 2007

The U.S. Justice Department said Monday it planned to monitor municipal elections in four Southern California cities to ensure they comply with federal voting law.

Federal observers on Tuesday will visit polling places in Azusa, Gardena, Paramount and Rosemead.

Last year federal investigators visited polling places in the region and determined that Azusa and Paramount failed to fully translate election materials into Spanish, as they are required to do under the federal Voting Rights Act. Authorities also said Rosemead failed to offer all voting materials in Spanish, Chinese and Vietnamese.

The Voting Rights Act requires cities to provide election materials in any foreign language that is spoken by a substantial number of people within their boundaries.

Azusa, Paramount and Rosemead each signed federal consent decrees last July requiring them to fix flaws in their election procedures.

Gardena, which has a large non-English speaking population, said on its Web site that it planned to provide ballots and polling place officials who can speak in English, Spanish, Japanese, and Korean.

Federal Monitors Will Oversee Gardena Election (TORDB)

By Gene Maddaus

Torrence (CA) Daily Breeze, March 6, 2007

The Department of Justice won't say why polling in the South Bay community will be receiving special attention on Tuesday.

The U.S. Department of Justice will monitor Tuesday's election in Gardena to ensure that the city complies with the federal Voting Rights Act.

In announcing the decision Monday, federal authorities did not explain why Gardena had been selected for special attention.

The other three cities chosen for election monitoring — Azusa, Rosemead and Paramount — are all subject to federal consent decrees related to ballot translations. But Gardena, which prints ballots in English, Spanish, Japanese and Korean, has not been cited for translation problems in the past.

"It's not a sign of censure," said Justice Department spokeswoman Cynthia Magnuson. "It's routine. We want to do this to ensure compliance with the law."

Federal observers will be on hand at polling places in the city throughout the day. An attorney from the Civil Rights Division will coordinate the office's activities.

Election monitors can be deployed based on requests from local officials or complaints from the public. Magnuson said the department does not disclose the nature of the complaints.

City Attorney Ed Lee said he had received a call from the Justice Department last week informing him of the monitoring.

"They wouldn't tell me why they selected Gardena, whether it was a random choice or what," Lee said, adding that he believes it was random.

The City Council race has seen its share of allegations of misconduct, though it is impossible to know whether any of them got the attention of federal election monitors.

On Feb. 23, challenger Tasha Cerda filed a complaint with the state Fair Political Practices Commission, in which she asserted that Gardena police officers had been harassing her campaign workers. She claimed the officers had been writing down license numbers at her headquarters and stopping motorists nearby for no apparent reason.

The Gardena Police Officers Association has endorsed the incumbents, Oscar Medrano and Rachel Johnson.

Detective Russ Temple, president of the GPOA Political Action Committee, called the allegations "ridiculous," adding that no officer would risk his career over a City Council campaign.

In her complaint, Cerda objected to the use of Gardena officers to escort ballots from the precincts to City Hall.

Opponents of Medrano have accused him of repeatedly violating the city's sign ordinance, and many suspect Medrano illegally mailed an anonymous flier attacking challenger Dan Medina — a claim that Medrano denies. Medrano is also sharing a headquarters with the GPOA, an unusual situation that raised questions about a potential violation of city campaign financing law.

Johnson said she had heard complaints from residents that the multiple translations made it difficult for voters to navigate the sample ballot. The city has long provided Spanish and Japanese translation, but has only recently added Korean. But Johnson said she had not heard of any formal complaints related to that issue.

None of the candidates contacted Monday had been informed of the federal monitoring, or had any idea why it had been ordered.

"I guess it's for the better," Medina said. "If it's something that has to be done, then obviously it'll avoid some kind of hanky-panky."

Justice Department To Tour King County Jail As Part Of Investigation (SEAPI)

Seattle Post-Intelligencer, March 6, 2007

Justice Department officials are expected to spend the next few days in Seattle as part of an ongoing federal investigation, touring the King County Jail and interviewing staff members.

In October, the department sent a letter to King County officials announcing that it would be investigating the main jail in downtown Seattle. Primary concerns were occurrences of sexual misconduct by corrections officers, suicides, and controlling the spread of infectious diseases.

Federal investigators made their first visit in December. A final report could take six months to a year.

Dept. Of Justice Officials To Inspect King County Jail (KING5)

KING 5 Seattle, March 6, 2007

SEATTLE - The Department of Justice will begin a three-day tour of the King County Jail Tuesday as part of an intensive investigation into possible civil rights abuses inside the Seattle facility. The D.O.J. plans to spend at least three days inside the adult jail focusing on sexual abuse of inmates as well as allegations the jail isn't doing enough to prevent suicide or the spread of infectious diseases.

Jail Director Reed Holtgeerts told KING 5 News he welcomes the investigation and has already begun providing the requested documentation into jail safety and procedures. Holgeerts is meeting this afternoon with the Department of Justice and union representatives for corrections officers and others who work in the jail.

Video

Allegations include sexual misconduct

Two former jail guards were recently convicted of sex-related acts with female inmates and a third is awaiting a retrial.

"The message has been sent very clearly that there is zero tolerance (for sexual misconduct)," said Holgeerts. "If we find it, you're gone and you're going to be charged."

Health issues

During a KING 5 investigation in the fall of November, 2005, corrections officers said that they were being exposed to serious diseases such as MRSA (Methicillin-resistant Staphylococcus Aureus) and that the jail wasn't doing enough to prevent the spread of the highly contagious disease. Some guards told KING 5 they had contracted MRSA and passed it on to their spouses and children.

"Nobody wants to go home and be infected," said Holtgeerts. "We have added some sinks, improved training and ordered new mattresses. The more we learn, the more we do," he said.

The American Civil Liberties Union toured the jail late last month and says that while some improvements have been made, more needs to be done to stop the spread of MRSA. "We found cracked mattresses which can harbor the MRSA bacteria and problems with laundry not being exchange frequently enough," Doug Honig, Communications Director, said today.

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LAPD Cops Object To Financial Disclosure Policy (CBS2)

CBS 2 Los Angeles, March 6, 2007

(CBS) LOS ANGELES Up to 600 Los Angeles Police Department anti-gang and narcotics officers have threatened to retire or transfer to other units if they are required to provide personal financial information, as mandated by a federal consent decree, police union representatives said Monday.

Los Angeles Police Protective League officials are considering a lawsuit to block the disclosure requirement, which was imposed following the Rampart Division corruption scandal, in which gang officers were caught stealing drugs and framing suspects.

The U.S. Justice Department's consent decree with the city requires future gang officers disclose their finances so supervisors might more easily tell if they were illegally profiting from police work.

"We have seen the LAPD repeatedly allow gang members and others to manipulate the system to target officers," Bob Baker, president of the league said.

"We have little confidence that information will be safeguarded once it has been released," Baker said. "The simple fact is that the financial disclosure rules that the LAPD is about to implement open the Pandora's box, once somebody's financial information is available and public, there is no way to turn back and make it private again."

In May, U.S. District Judge Gary Feess extended the five-year consent decree for another three years.

The LAPD has delayed implementation of the financial disclosure requirement while trying to modify the consent decree. Last year, Feess directed the department to move ahead with the plan.

LAPD officials have negotiated with the police union on how to implement the mandate, but talks have reached an impasse and the department could impose the requirement as early as this week.

"This still has to go before the Police Commission and the mayor and I have been working with the Department of Justice, the (consent decree) monitor and the federal judge to satisfy all parties," Police Chief William Bratton said in a statement.

Former Akin Gump Attorney Accuses Firm Of Age Discrimination (LAW)

By Emma Schwartz, Legal Times

Legal Times, March 6, 2007

The old guard has been getting its dander up. First there was Sidley Austin, where partners are challenging the firm's mandatory retirement policy.

Other lawyers have followed, and just last week one Washington attorney filed suit in the U.S. District Court for the District of Columbia alleging that he was fired from one of the city's largest firms because he was too old.

Donald Gross, who is in his 50s, says he was let go from Akin Gump Strauss Hauer & Feld in October 2004, not even a year and a half after he was hired as senior counsel in the Korea practice. Before his termination, Gross alleges that his practice group's head, Sukhan Kim, "reiterated to him that Akin Gump was terminating him not because of any defects in his performance, but because he was 'too senior' because of his age and, therefore, 'not a good fit.'"

Pillsbury Winthrop Shaw Pittman partner Christine Kearns, who is representing Akin Gump, says the firm treated Gross fairly. "The firm certainly denies the allegations of age discrimination," she says.

Gross' case differs from some of the other suits that allege more systemic problems or forced retirements. But it paints a picture of the trouble an older attorney had acclimating to life in a law firm.

According to the complaint, Kim was skeptical of Gross' age from the start. "You seem very old to be starting out in a major law firm," Kim allegedly told Gross before he was hired. (Before joining Akin Gump, Gross had worked at the State Department and National Security Council and practiced law in South Korea.)

Troubles grew worse, Gross states, after he took three weeks off for heart surgery in March 2004. When he returned, Gross alleges, Kim sidelined him and forced him to report to a much younger partner. The complaint says another partner, Michael Quigley hinted that Gross' experience "made him 'perfect' for a job with a policy think tank" but that he was too old to continue with the practice group.

Then, despite positive evaluations of his work, Gross also says, Kim came up with a "60-day exit strategy" for Gross.

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Reached by phone, Kim declined to go into details but said, "I can just tell you that that is totally and actually false." Gross, who is represented by Bruce Fredrickson and Jonathan Puth at Webster, Fredrickson & Brackshaw, is asking for his job back and unspecified compensation for back pay and damages.

Two Officers Speak To Grand Jury On Killing Of Unarmed Black Man (NYT)

By Al Baker And Colin Moynihan

The New York Times, March 6, 2007

Two of the five police officers involved in the killing of Sean Bell, an unarmed black man who died in a hail of 50 police bullets, testified yesterday before a grand jury in Queens that is weighing evidence in the case.

The two officers, Detective Paul Headley and Officer Michael Carey, testified voluntarily without immunity from prosecution in the case, officials said. Union officials and lawyers for the men said they had been eager to talk about what occurred on Nov. 25, when they and their colleagues opened fire on Mr. Bell's car outside the Club Kalua strip club in Jamaica, Queens.

Yesterday's events were noteworthy because city police officers who are the focus of grand juries sometimes stay silent about their roles in such shootings. And the first public appearances by the officers — more than three months after the shooting of Mr. Bell — made for a day filled with emotions.

In the morning, Detective Headley, 35, was surrounded by about a dozen people, including his lawyer and union officials, when he strode toward the office building in Queens where the grand jury is seated. He wore a blue suit, stepped confidently and appeared to be at ease. He testified for about two hours and then left the building about 2:30 p.m., again surrounded by supporters.

Officer Carey, 26, arrived later, about 3:30 p.m., also wearing a business suit but appearing tenser as he kept his expression fixed, his eyes set straight ahead. He testified, then left the building about 5:20 p.m. with supporters, including Patrick J. Lynch, the president of the Patrolmen's Benevolent Association, by his side.

Separately, each officer declined to discuss his testimony. But union officials and their lawyers spoke for them. "My client is relieved that he had the opportunity to answer the questions the grand jury posed to him," said John Arlia, the lawyer for Detective Headley. "He is relieved he had the opportunity to speak to them and tell his version of the events."

Stephen C. Worth, the lawyer for Officer Carey, said, "This officer stood there and answered all of their questions." He said his client testified for about an hour and a half.

Each lawyer declined to discuss whether he had asked the grand jurors to hear additional witnesses, an option in such matters.

Mr. Bell, 23, and his friends were celebrating his bachelor party just hours before his scheduled wedding when the shooting occurred. Two of his friends, Trent Benefield and Joseph Guzman, were wounded. Mr. Benefield, who is black, and Mr. Guzman, who is Hispanic, testified before the grand jury last week.

Of the five officers who fired the 50 shots, three are black and two are white. Detective Headley, who is black, fired one bullet and Officer Carey, who is white, fired three, officials said. On Wednesday, Detective Marc Cooper is expected to testify, as is the 28-year-old detective who fired the first of the 50 shots and who has not been officially identified by the authorities because of his undercover status.

It remains uncertain whether Detective Michael Oliver, who fired 31 of the shots, will testify before the grand jury. Michael J. Palladino, president of the Detectives' Endowment Association, said he expected Detective Oliver to testify on Friday.

When the grand jury will finish its work — to determine whether any of the five officers who opened fire on Mr. Bell's car will face criminal charges — is unclear, but officials said it could be as early as the end of this week or sometime next week.

Yesterday, Mr. Palladino said that the actions of the officers did not rise to the level of criminality.

"I hope the grand jurors see these officers for who and what they are," Mr. Palladino said. "All of the officers involved are sincere, humble individuals and the actions that they took that night were during the performance of their duty and they were acting in good faith."

He added: "There was no criminality in their hearts, nor in their minds, when they took the actions they took."

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Mr. Lynch said he was happy that Officer Carey could finally speak about the shooting, to "put some facts to some of the fiction that ran in the street."

"We're pleased that today has come where we have the opportunity for this police officer to go out and tell his side of the story: the thoughts he had at the time, the facts that he dealt with out in the street that night," Mr. Lynch said.

Officer Charged In Teen Beating (LAT)

By Peter Y. Hong, Times Staff Writer

The Los Angeles Times, March 6, 2007

A 41-year-old LAPD officer was charged today with unlawful use of force and filing a false police report for allegedly choking and punching a 16-year-old boy in the Central Division station in December.

Officer Sean Meade's actions were recorded by a hidden camera that had been installed after some chairs at the station had been vandalized. Police Chief William Bratton and Mayor Antonio Villaraigosa both expressed outrage at the incident. Bratton immediately called for the arrest of Meade.

Department sources who viewed the video said it appears to show Meade choking the boy, then removing his handcuffs and challenging him to a fight.

The teenager was arrested on suspicion of a curfew violation in Chinatown, and Bratton said the attack was without provocation. The boy was picked up about 1:30 a.m. while walking with a teenage girl. Police called the girl's parents, who picked her up, then took the boy to Central Division.

Officers were not informed cameras had been installed in the detective room, where the beating allegedly occurred. Technicians enhanced the original video, which was grainy.

Meade was to be arraigned today.

peter.hong@latimes.com

Court Reaffirms Colo. Redistricting Plan (AP)

By Pete Yost

AP, March 6, 2007

The Supreme Court on Monday ruled against Colorado voters challenging a congressional redistricting plan favorable to Democrats.

In a unanimous decision, the justices said that three Republican voters were not entitled to sue in an effort to replace a redistricting plan ordered by a court with one passed by a Republican-controlled state legislature. The three voters were joined by a former Democratic state legislator who often voted with Republicans.

A Democratic state judge drew up the first redistricting plan in 2002, while the Republican Legislature drew one up in 2003.

The court plan had been put in place when a divided Colorado General Assembly was unable to agree on one in time for the 2002 election.

In their lawsuit, the challengers said the court-imposed map violates a right of citizens under the U.S. Constitution to vote for congressional candidates in districts created by state legislatures.

In an unsigned opinion, the justices said that the only injury the voters allege is that the Elections Clause had not been followed.

"This injury is precisely the kind of undifferentiated, generalized grievance about the conduct of government that we have refused to countenance in the past," the court stated.

The Colorado case is the Supreme Court's latest foray into congressional redistricting battles. Last year, the justices addressed a messy redistricting fight in Texas, ruling that the Constitution does not bar states from redrawing political lines in mid-decade when one party or the other senses an advantage.

The decision grew out of a court review of a Texas redistricting plan orchestrated in 2003 by Tom DeLay, who was a Republican congressional leader at the time.

In the Colorado case, a panel of federal judges last August dismissed the Republicans' lawsuit, saying the same issue had already been decided in an earlier lawsuit brought by the Colorado attorney general.

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In that case, the Colorado Supreme Court ruled against the Republican legislative plan in 2003, saying the state constitution restricted congressional redistricting to once per decade and that the legislature's plan was the second plan.

New Scrutiny Of 'Don't Ask, Don't Tell' (CSM)

By Gordon Lubold

The Christian Science Monitor, March 6, 2007

WASHINGTON

"Don't ask, don't tell" – the 14-year-old policy that keeps openly declared gays from serving in the military – is coming under new scrutiny.

Overturning it remains an unlikely prospect in the near term, given the political explosiveness of the issue. But the needs of war – and a fresh push by gay advocates in the courts and Congress – is pushing the policy back into the limelight. For example:

•In a January op-ed, a former chairman of the Joint Chiefs of Staff said the policy no longer made sense in a time of war, when young men and women were needed no matter what their sexual orientation. "I now believe that if gay men and lesbians served openly in the United States military, they would not undermine the efficacy of the armed forces," retired Army Gen. John Shalikashvili wrote in The New York Times.

•In Congress, Rep. Martin Meehan (D) of Massachusetts is reintroducing legislation with more than 100 cosponsors to lift the ban. With a new Democratic Congress, there is a growing sense that the issue can be seriously debated once again.

•On Wednesday, 12 former service members released from service under "don't ask, don't tell" will argue their case before the federal First Circuit Court of Appeals in Boston. They want the court to overturn a lower-court ruling that didn't allow them to make a case as to why the ban on gays is unconstitutional.

"I think we are finally making progress," says Representative Meehan. "It will be an uphill climb, but the November election can only mean good things for my bill."

Nearly 11,000 military personnel have been discharged under the "don't ask, don't tell" policy, according to a Government Accountability Office report in 2005, including about 750 personnel in jobs critical to the war on terrorism, like translators. Thousands more are thought to have voluntarily left the military – or never joined – because of the policy, gay and lesbian advocates said.

Policy created in '93

The policy was created in 1993 to calm the waters after President Clinton's initial attempt to force the military to accept homosexuals serving openly. General Shalikashvili, who then headed the Joint Chiefs, supported the policy at the time. But after discussions last year with several gay and lesbian service members, he says he's changed his mind.

Recent opinion sampling reflect a similar shift in attitudes.

A Zogby poll of more than 500 service members released late last year found that 73 percent of military members are "comfortable" with lesbians and gays and 23 percent "know for sure" that someone in their unit is homosexual.

Supporters grow but still a minority

An annual poll begun in 2003 by the independent Military Times newspapers has shown a yearly increase in support for homosexuals serving openly in the military. Nevertheless, in its latest poll, only 30 percent of a sampling of 6,000 of subscribers approved of the idea.

Advocates say the current generation of recruits are from the "Will and Grace" generation, people who have been exposed to homosexuality in pop culture and for whom sexual orientation is not considered as important as it is to other generations.

"Within the last two years, it has been truly remarkable how many service members who are openly gay or lesbian are ... serving without incident," says Steve Ralls, a spokesman for the Servicemembers Legal Defense Network, an advocacy group based in Washington, D.C., for gay service members.

But supporters of "don't ask, don't tell" doubt that it will be changed. The apparent momentum for the legislation Meehan introduced is "manufactured," says Elaine Donnelly, president of the Center for Military Readiness, based in Washington.

Think tanks and advocacy agencies aren't the ones who will sway Congress one way or another. Ultimately, it's the rank and file who will have to be convinced and, in some quarters, that will not come anytime soon.

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One soldier who likes to say he joined the military "back when the Army used to be an Army," 31 years ago, said he doesn't understand where these polls saying there is increasing acceptance of homosexuals in the military are coming from.

"Who are they asking? I'm not seeing anything near what the supposed poll data was proclaiming," said the soldier, who asked not to be identified because he had not been cleared to discuss the policy by his senior commander. He said he believes gays are "morally wrong," and has conducted some informal polling in his unit in Georgia to determine its views. No one he has talked to believes homosexuals should serve, he said.

"I'm from a Christian background and I believe what the Bible says," he said. "Automatically, you have to love the sinner, but you don't have to love the sin."

Who's Wrong When Rights Collide? (WSJ)

By Suzanne Sataline

The Wall Street Journal, March 6, 2007

For 15 years, John Nemecek was a respected business professor and associate dean at Spring Arbor University, an evangelical college in Michigan. But after he started wearing makeup and earrings and asked friends to call him Julie, he was demoted, then fired, and told that his womanly appearance violated "Christian behavior."

Prof. Nemecek is contesting the dismissal under federal discrimination laws, presenting a test in a growing clash between religious and employee rights. The case is the latest of a number of conflicts pitting two constitutional principles against each other: the freedom of religious organizations to operate without government intrusion versus the rights of workers to be free of discrimination based on race, religion, sex or nationality.

Prof. Nemecek's complaint to the federal Equal Employment Opportunity Commission, scheduled to be heard today, charges that the university, which is affiliated with the Free Methodist Church of North America, violated federal and state civil-rights laws by ordering the professor to groom and dress like a typical male. The school also violated Michigan's law protecting the disabled, the complaint says, because it allegedly treated Prof. Nemecek as if he had a disability that prevented him from doing his job. Spring Arbor declined to comment on the specific allegations in the EEOC complaint.

Since Congress passed the Civil Rights Act in 1964, courts have recognized that churches enjoy a "ministerial exception" allowing them to discriminate to uphold their beliefs. This right is recognized when it comes to selecting clergy, such as allowing Catholics to exclude women priests, but courts have not settled on the sweep of this exception -- and whether it would cover teachers of secular subjects at religious institutions, says Eugene Volokh, a professor at the University of California Los Angeles School of Law.

Civil-rights groups said they have received a growing number of complaints from gay and transgender employees dismissed for religious and other reasons. St. Anselm College in Manchester, N.H., settled last year with a former computer worker who sued the Catholic school alleging discrimination when he was fired him after announcing he would become a woman. A youth counselor is suing the Kentucky Baptist Homes for Children Inc. in U.S. District Court in Louisville, saying the home, which received state funding, illegally let her go because she's a lesbian.

Federal courts have also issued mixed decisions on whether people changing their sex are protected by civil-rights laws, disagreeing over what constitutes discrimination based on sex. Prof. Nemecek's lawyer is basing her argument on a 1989 U.S. Supreme Court opinion. The justices found that Price Waterhouse engaged in gender stereotyping by illegally denying Ann Hopkins a partnership because of her "macho" behavior.

That ruling formed the backbone of a 2004 decision in U.S. District Court in Cincinnati. The judge ruled that Salem, Ohio, illegally fired a transsexual firefighter because the U.S. Civil Rights Act protects someone who does not "act and/or identify with his or her gender."

Michigan is in the same federal circuit as that case. Some experts say Prof. Nemecek faces a higher hurdle than the firefighter because of the special federal treatment for religious employers. "This will be a major case because of that religious wrinkle," says Julie Greenberg, a professor at Thomas Jefferson School of Law School in San Diego, who has written on transsexuals' rights.

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Ms. Greenberg says the court will be forced to determine the difference between religious belief and prejudice. "Are we going to make religions codify everything in order to make them prove it's part of their religious practices?" she asks. "Does it mean they can never validly claim this is their right? It's very complex."

Spring Arbor faculty must agree to a community covenant affirming biblical principles and "model Christian character to our students," though they are not required to be Free Methodists, says Gayle D. Beebe, university president. "It's an expectation they will be acting out the Christian faith both in the way they teach and in the way they live." The school's 1,400 students are not required to be Christian.

An ordained minister with the conservative Baptist General Conference, Prof. Nemecek started as an adjunct teacher in 1990 and rose to assistant dean for adult education. Prof. Nemecek taught religion and business.

Prof. Nemecek, married for 35 years and the father of three, says he suffered from uncertainty about his sexuality since childhood. In 2004, a doctor diagnosed "gender-identity disorder," in which sexual identity differs from one's body. Prof Nemecek, now 55 years old, began wearing looser clothing, manicured his nails and started hormone therapy, in time developing breasts. The professor has not had gender-altering surgery.

The professor and wife, Joanne, a nurse, decided to stay together. "I feel like Julie's condition doesn't negate my marriage vows," Ms. Nemecek says. They told Prof. Nemecek's superiors about the diagnosis in fall 2005. Soon after that, Prof. Nemecek says, the school took away responsibilities -- including running orientations for new students and helping at graduation.

In a new contract signed last April, the university revoked the dean's post and reassigned Prof. Nemecek to a non-tenure-track role, working from home, teaching online, and taking an $11,000 pay cut to about $45,000. Under the agreement, when visiting campus, Prof. Nemecek would be barred from wearing makeup and female clothing or exhibiting any outward signs of femininity. "We felt through a job reassignment we could give him the space to work on this issue," says Mr. Beebe, who declined to answer other questions, citing a "legal proceeding."

Prof. Nemecek signed the contract. "Because it was so late in the academic year, it was almost impossible to move," the professor says. A school official sent a written warning in October listing four violations of the contract, two that concerned the professor's visits to campus in makeup and earrings, which the professor acknowledges. Another violation concerned the professor wearing a university T-shirt while in makeup, which Prof. Nemecek also admits.

The professor filed his EEOC complaint in October. University officials said in December they would not renew the contract and barred Prof. Nemecek from teaching in February.

"Essentially they're saying they can define who is a Christian," says Prof. Nemecek, whose Baptist church also asked him to leave the congregation. "I don't agree our biology determines our gender."

College Conservative Settles Over Firing (WT)

By Valerie Richardson

The Washington Times, March 6, 2007

DENVER -- Anson Rohr is known as an outspoken critic of global terrorism. Ordinarily, that wouldn't be enough to get a person fired.

But Mr. Rohr says that's what happened after he hung an anti-terrorism poster at his work space, urged a religion professor to present a balanced view of Islam and generally made no secret of his conservative views at Front Range Community College.

After he was fired last year from his job as an administrative assistant, Mr. Rohr sued college officials for violating his free-speech rights. Last week, he agreed to accept an undisclosed financial settlement.

In return, Mr. Rohr, 50, is prohibited from working again at the Westminster, Colo., college. Although he misses the flexible schedule and paycheck, he said, saying goodbye won't be a problem.

"It was pretty awful to work there because of the radical-left bent," said Mr. Rohr. "I was the token conservative."

Front Range Vice President Andrew Dorsey declined to respond, saying he was unable to comment on personnel matters.

Mr. Rohr, who was employed at the college for five years, has a long history of conservative dissent.

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He wrote letters to the campus newsletters responding to left-wing articles. He criticized an anti-war presentation at the college. He sent an e-mail to a religion professor asking for information about a course on Islam after hearing that the course presented an unbalanced view.

The last straw, however, was his decision to hang a poster at his desk depicting a scene from the school massacre at Beslan, Russia, where Muslim terrorists killed 334 students and adults in 2004. The print showed a man carrying a dead child.

A faculty member, Julie Voss, saw the poster and wrote an e-mail to administrators asking for its removal, saying she was "deeply offended," according to court documents.

Dean of Instruction Therese Brown called Mr. Rohr and ordered him to remove the picture, but he refused, citing his First Amendment rights. He also argued that other college employees were permitted to display signs with political messages.

Mr. Rohr cited a bumper sticker with the slogan "Bush Lied, People Died" on one administrator's office door. One hallway near Ms. Voss' office had graphic pictures of Vietnam War victims, Holocaust survivors and Civil War carnage, he said.

Mr. Rohr, who had regularly received positive job reviews, said he hung up on the dean after she continued to berate him. She denied the accusation in court documents.

He was placed on administrative leave later that day and fired upon his return the next month. In his letter of termination, administrators said he was guilty of insubordination for hanging up on Ms. Brown.

Mr. Rohr has called the whole incident "a big setup." He said he was prohibited from revealing the amount of the financial settlement, but said he was "satisfied" with the outcome.

"I was happy with the results," he said. "As soon as I get my check, I'm going to e-mail them and say, 'Maybe next time, you'll think about the First Amendment first.' "

Editorial: Justice Served (RTD)

Richmond Times-Dispatch, March 6, 2007

An adage teaches that justice delayed is justice denied. In the case of those killed during the fight for civil rights in the mid-20th century, the tardy justice promised by Attorney General Alberto Gonzales and FBI Director Robert Mueller is important nonetheless.

Spurred by a string of successful prosecutions of murders dating to the civil-rights era, the Department of Justice and FBI announced they will open investigations into 12 additional unsolved cases. In all, Gonzales and Mueller expressed an interest in 40. To individuals who up to this point "have quite literally gotten away with murder," the FBI director spoke with clarity: "You've not gotten away with anything. We're still on your trail."

Every murder is heinous, and all perpetrators should answer for their crimes. Yet those killed in the cases the DOJ and FBI have reopened often died only because they had dark brown skin. These victims deserve the special attention Washington will now focus on them. Society deserves the attention, too. The prosecutions serve a penitential function.

If the individuals who committed these crimes are still alive, they should be prosecuted to the fullest extent of the law, no matter how elderly the assailants or their conspirators. This rights a specific wrong, and it sends a proper message about the rule of law to the communities these crimes were calculated to intimidate. In these instances justice delayed is justice served.

Free To Vote In Florida (NYT)

The New York Times, March 6, 2007

Florida is notorious for running elections badly, but its new governor is trying to fix one of the state's most unjust and undemocratic practices. He has called for tearing down the barriers that prevent as many as 950,000 ex-offenders from voting.

The United States stands alone in the free world when it comes to laws that strip convicted felons of the right to vote — sometimes for life — even after they complete their sentences and go on to crime-free lives. Of the more than five million citizens who were barred from the polls in the last presidential election, virtually all would have been free to vote in nations like Canada, France or Britain.

Northern and Midwestern states are gradually backing away from voting bans for ex-offenders. But these antidemocratic laws remain entrenched in the Deep South, where they were enacted in the late 19th and early 20th centuries as part of a broad

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effort to restrict the political influence of African-Americans. And Florida has the most restrictive laws and the highest number of disenfranchised ex-offenders of any state in the country.

As it stands now, Floridians who want their voting and civil rights restored must apply to a slow-moving state clemency board that meets only four times a year and has an enormous backlog of cases. The state attorney general recently suggested enlarging the overall staff and having the clemency board meet more frequently, but more substantial action is needed.

Gov. Charlie Crist has a better idea: automatically restoring voting rights to felons who complete their sentences. In a recent speech, Mr. Crist pledged to lead the movement for the restoration of voting and civil rights for ex-offenders in Florida and hinted that he might do so by issuing an executive order.

That's an excellent proposal. It would take the restoration issue out of the hands of a sluggish bureaucracy that has clearly failed to do its job and vault Florida to the forefront of a national movement that aims to extend democracy to ex-offenders. It would also help put an end to one of the most shameful episodes in American electoral history.

ANTITRUST:

Intel May Have Lost Emails (WSJ)

By Don Clark

The Wall Street Journal, March 6, 2007

AMD Suit Suffers Possible Fresh Blow; Sales Outlook Dims

Intel Corp. said it may have lost many internal emails that it is obliged to produce for rival Advanced Micro Devices Inc. and other plaintiffs in high-profile antitrust litigation.

The disclosure -- which could further complicate AMD's antitrust suit against Intel -- comes as AMD warned that it expects to miss its first-quarter revenue target amid an intensifying battle with Intel, its far larger competitor.

An Intel spokesman said it couldn't yet estimate the number of missing emails, expressing optimism that it will be able to recover most of them. Richard Horwitz, a lawyer representing Intel, wrote the judge overseeing the litigation that the company "very much regrets this happened."

AMD sued Intel in June 2005, accusing the company of using a variety of improper tactics to maintain a monopoly in sales of microprocessors that provide the calculating power for most personal computers and server systems. Private antitrust suits on behalf of Intel shareholders followed. Intel has insisted that its tactics are fair and legal. The AMD suit against Intel was filed in U.S. District Court in Delaware.

The wide-ranging cases touch on Intel's dealings with many computer makers, retailers and other companies. Chuck Mulloy, the Intel spokesman, said the company has already produced 17 million pages of documents to plaintiffs as of last week.

Mr. Horwitz's letter, and a court filing by AMD, point to a series of foul-ups in saving documents. Among other things, Intel continued to operate a system that automatically deleted employees' emails every 35 days. Employees designated as likely to have relevant documents were asked to identify and move them to avoid the automatic document purge. The company in October 2005 also began creating backup tapes of emails once a week from those employees as a last resort if there were lapses in individuals' data-retention efforts.

A number of problems arose, Intel said. For example, some employees failed to move emails that they created from their "sent" folders, so those documents were automatically deleted. The company said it also failed to notify all of slightly more than 1,000 employees on a timely basis about their duty to retain documents.

AMD, in its filing, attacked the underlying "honor system" of allowing employees to police what could be potentially incriminating communications, adding that "Intel executives at the highest level failed to receive or to heed instructions essential for the preservation of their records." The filing adds: "Everything that could have gone wrong did go wrong."

AMD's filing stops short of accusing Intel of deliberately destroying evidence. But Ned Fryer, an attorney for Bryan Cave LLP who specializes in document-retention issues, notes that the U.S. Supreme Court in December issued strict new rules that could severely penalize litigants who aren't able to show they took "reasonable diligence" in preserving documents.

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Fines can range up to tens of millions of dollars, Mr. Fryer said, and juries may be instructed to assume that missing files constitute negative evidence, hurting a company's chances of winning a favorable verdict. He declined to comment on the facts of the Intel-AMD flap, but suggested that courts may consider it "unreasonable to continue any policy of automatically deleting or purging emails."

The letter from Mr. Horwitz says Intel is adopting new software that will preserve emails received and sent by the employees who were previously asked to retain their documents.

Separately, AMD said it won't achieve sales of $1.6 billion to $1.7 billion in the period ending March 31, as projected. On average, analysts polled by Thomson Financial had forecast first-quarter revenue of $1.66 billion.

The Sunnyvale, Calif., company, which had grabbed about a quarter of the microprocessor market by the fourth quarter, has faced much stiffer competition from Intel since summer. Hector Ruiz, AMD's chief executive, said at a Morgan Stanley conference that AMD overestimated demand from big computer makers.

Write to Don Clark at don.clark@wsj.com1

Intel Admits Lapse In Document Preservation (CNET)

By Tom Krazit, Staff Writer, CNET News.com

CNET News.com, March 6, 2007

E-mails related to Advanced Micro Devices' antitrust case against its chipmaking rival might be lost forever because of human error.

Intel disclosed Monday that it has failed to preserve some documents related to Advanced Micro Devices' antitrust suit against it--and AMD pounced on the admission.

Santa Clara, Calif.-based Intel said human error allowed documents--mainly e-mails--to slip through the cracks of a document-retention system put in place after AMD sued Intel in June 2005. AMD alleged that the larger chipmaker used the selective distribution of rebates to prevent certain customers from using AMD's chips.

"Intel is taking this matter very seriously. It very much regrets this happened," the company said in a letter to U.S. District Court Judge Joseph Farnan, who is overseeing the case. Intel and AMD are scheduled to attend a status conference on the case later this week, and will discuss the issue.

"The paradoxical result in a lot of these situations is that the company is worse off than what the document would have shown, because people assume the worst."

--Marc Ostrau, antitrust attorney

AMD was quick to respond to Intel's disclosure. "Through what appears to be a combination of gross communication failures, an ill-conceived plan of document retention and lackluster oversight by outside counsel, Intel has apparently allowed evidence to be destroyed," AMD said in a filing Monday with the U.S. District Court in Delaware.

The day after AMD filed suit, Intel preserved the data on its network, and later sent notices asking about 600 employees to retain specific information, the company said in its letter to Farnan. However, it did not instruct those employees to preserve e-mails from their "sent" folders, and since Intel automatically erases e-mails older than a few weeks or months--depending on the employee--those messages could be gone.

The company also failed to send document-retention notices to employees identified in 2006 as additional targets for the document-retention policy, despite having put them on such a list. And despite having preserved data on its network after the complaint was filed, the company has identified "a small number of backup tapes" in its Munich offices that were erased.

Intel thinks it can assemble some of the missing documents by combing through other documents it has already preserved, said Chuck Mulloy, an Intel spokesman. For example, sent e-mails likely received a reply that was preserved in the sender's inbox, or other Intel employees on the list might have been copied on the sent e-mail and it would have appeared in their inbox.

Also, many of the e-mails in question might have been preserved on weekly backup tapes set up in October 2005 to capture documents from several hundred employees. However, not all the employees on the list were migrated to a special e-mail server set up for that purpose, and some of the tapes have been "recycled," Intel said in its letter.

AMD called on the judge to require Intel to produce a full accounting of its document retention policy and errors, and to investigate possible remedial action.

"Although Intel has agreed to restore all data captured in the thousands of backup tapes it made and preserved, no one can say with any degree of confidence that this will put Humpty-Dumpty back together again, particularly as to the documents of the one-third of custodians who were never placed on any type of retention until last month," AMD said in its court filing.

Because most antitrust cases are about the effects of certain behavior, and not necessarily the behavior itself, it's unlikely that AMD's case would hinge on a single document or e-mail that might be missing, said Marc Ostrau, co-chair of the antitrust practice at the Mountain View, Calif., law firm Fenwick & West. But it sure does look bad, he added.

"The paradoxical result in a lot of these situations is that the company is worse off than what the document would have shown, because people assume the worst," Ostrau said. "When in fact it may be that the documents are completely innocuous, no one can completely be sure."

Problems such as lost documents are generally rare, but occur more and more in the electronic record-keeping era, Ostrau said. "The fact is that complying with your document retention policies is really hard in this day and age," he said. In fact, Fenwick & West has a group of lawyers and technology professionals dedicated solely to managing electronic records.

Wireless Carrier Alltel Reportedly Wooing AT&T, Others (SAEN)

By Sanford Nowlin, Express-News Business Writer

San Antonio Express-News, March 6, 2007

Wireless communications provider Alltel Corp. reportedly is shopping itself to AT&T Inc. and other potential buyers, but it's unclear how likely it is to reach a deal, analysts said.

Alltel, based in Little Rock, Ark., has talked with AT&T, Verizon Communications Inc. and private equity firms about a buyout, the Wall Street Journal reported Monday. Talks for a sale of the nation's fifth-largest wireless carrier still are in early stages, the paper said, citing people familiar with the negotiations.

However, Alltel's $22 billion market value could be a significant obstacle to the deal, analysts said. Based on the company's current stock price, a bidder would need to spend $30 billion or more to close a transaction.

"It's an expensive piece of property," Frost Bank telecom analyst Le Keough said. "A company like AT&T could take that same amount of money and buy spectrum and start offering their own service in those markets. There are always going to be spectrum auctions."

An official with San Antonio-based AT&T declined comment on the Journal report.

AT&T also could have other reservations about buying Alltel, experts said.

The nation's largest phone company has expanded aggressively with a string of big buyouts. However, AT&T closed its $86 billion takeover of BellSouth Corp. late last year amid intense regulatory scrutiny and may not think another big deal would pass antitrust review.

What's more, Alltel uses a different wireless technology than AT&T, meaning the acquiring company would need to replace equipment and handsets to convert customers to its system.

Even so, analysts said, a takeover of Alltel isn't without appeal for AT&T and its largest wireless rival, Verizon. Many expected Alltel to seek a buyer once it spun off its landline phone business last year.

Alltel serves 12 million customers, mainly in small cities and rural areas, meaning one of the larger wireless companies could use it to fill in its networks. Verizon already has a deal with Alltel that allows its customers to call from its service territory without paying large roaming fees.

AT&T and Verizon also might pursue Alltel to prevent an easy purchase for a competitor, Stifel Nicolaus analyst Christopher C. King said.

"We believe neither party would want the other one to walk away with Alltel without a strong fight, thus leading to the potential for a bidding war for the asset," he said.

Memo: Microsoft Threatened To Shut Down Mac Office (COMPWRLD)

Computerworld, March 6, 2007

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The threat came in 1997, as Apple struggled to regain its footing

March 05, 2007 (Computerworld) -- Microsoft Corp. threatened to dump the Macintosh version of Office 10 years ago during talks with Apple Inc. because the move would "do a great deal of harm" to its rival, according to a memo made public in a recently-settled antitrust case.

The 1997 memo from Ben Waldman, at the time the head of Microsoft's Macintosh development group, to then-CEO Bill Gates, urged Mac Office 97's release. The suite, which in June 1997 had not yet reached beta, was eventually released as Office 98 in March 1998.

But Waldman understood that the next Mac Office was a stick that could be used against Apple. "The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately. I also think that Apple is taking this threat pretty seriously," Waldman said in his e-mail to Gates.

Less than six weeks after Waldman's e-mail, Microsoft and Apple announced a deal under which the former bought $150 million of Apple stock. As part of the pact, Microsoft promised to release the next version of Office and was allowed to bundle Internet Explorer with the Mac OS. The two companies also agreed to a patent cross-licensing deal.

At the time, Apple was struggling. Steve Jobs had returned to the company only months before, and share prices were at all-time lows. The Microsoft-Apple agreement was seen by many as a bail-out of Apple by its long-time rival.

Later, the U.S. Department of Justice included the bundling of Internet Explorer among the charges it brought against Microsoft in its antitrust case. "Microsoft, by threatening to cease development of its Office for Macintosh productivity suite, coerced Apple into making Internet Explorer the default browser on all Macintosh operating systems and to disadvantage competing browsers," the federal agency charged in 1998.

Waldman also wrote in the memo -- which was revealed in the recently-settled Iowa antitrust case against Microsoft -- that keeping Mac Office alive was a good idea because the suite's users could be used as guinea pigs to test new features.

"Because Mac Office is so much less critical to our business than Windows, we have the flexibility to test out new things in the product before we try them on Windows," wrote Waldman. "I've personally also found the Mac market interesting because I've seen so many trends appear there first and eventually become important on Windows."

Waldman cited examples ranging from hard disk and memory use to user concerns over bloat in the suite.

CME And CBOT Up On CreditSuisse Upgrade (AP)

AP, March 6, 2007

Chicago Mercantile Exchange and CBOT Shares Rise After Upgrades to "Outperform"

NEW YORK (AP) -- Shares of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. jumped Monday, as a CreditSuisse analyst upgraded the two commodities exchanges.

Analyst Howard Chen upgraded both stocks to "Outperform" from "Neutral." CBOT, which operates the Chicago Board of Trade, accepted an $8 billion buyout offer from CME in October. Shareholders will vote on the deal April 4. Chen said the future CME Group Inc. will benefit from recent market volatility due to its diverse products.

CME is the world's largest exchange trade, while CBOT is the main U.S. bond market. The Department of Justice is reviewing the deal.

"We expect continued market uncertainty surrounding the health of the emerging markets, sub-prime consumer credit worries and domestic inflation to drive near-term upside in U.S. futures volumes," Chen said.

Chen added that CBOT has improved its earning power since the deal was announced, but that the improvement has not been priced in. He raised his price target for CBOT shares to $190 from $169, and for CME shares to $650 per share from $580.

CME shares rose $19.71, or 3.7 percent, to $560 in afternoon trading, and CBOT shares gained $5.30, or 3.3 percent, to $165.80. Both exchanges trade on the New York Stock Exchange.

Areva Gets European Antitrust Approval On Repower Bid (Update3) (BLOOM)

By Brian Mcgee

Bloomberg, March 6, 2007

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March 5 (Bloomberg) -- Areva SA, the world's biggest maker of nuclear power plants, won European Union antitrust approval for its 600 million-euro ($786 million) bid for German wind turbine-maker Repower Systems AG.

The European Commission, the EU's Brussels-based antitrust regulator, announced the approval today after reviewing the transaction under a simplified procedure.

Suzlon Energy Ltd., India's biggest builder of wind turbines, on Feb. 9 offered 1.02 billion euros ($1.34 billion) for the German company, or 20 percent more than Areva's earlier bid. Repower's management is ``interested'' in the offer, Suzlon said March 2. Alstom hasn't raised its price.

Tulsi Tanti, Suzlon's chairman, is ``quite confident'' that the bid will be successful, he said on a conference call last week. The offer is being made together with Martifer, a unit of Portuguese builder Mota-Engil SGPS SA that already owns a quarter of Repower. Areva would be a ``fitting strategic partner,'' the German company said on Feb. 19 without endorsing either offer.

Shares of Areva closed down 34.4 euros, or 5 percent, at 648.5 euros today in Paris, while Repower fell 2.28 euros, or 1.7 percent, to 134 euros in Frankfurt. Stock markets across Europe extended last week's declines today amid concern a four-year rally in equity markets is endangered by slowing U.S. economic growth.

Suzlon stock closed down 63.5 rupees, or 6 percent, at 988.25 rupees today on the Bombay Stock Exchange.

One Careful Owner: Why Daimler Is Keeping Its Options Open As Rivals Eye The Troubled Chrysler (FT)

By John Reed And Bernard Simon

Financial Times, March 6, 2007

For the three weeks since DaimlerChrysler raised the prospect of decoupling the Detroit end of the US-German carmaker, merger talk, fevered rumours and even conspiracy theories have proliferated in an industry that has seen no large-scale tie-ups or dramatic partings since General Motors and Fiat severed their alliances in 2005.

The Stuttgart group's revelation that, after nine years, "all options are on the table" for Chrysler was accompanied by the disclosure of a $1.4bn (€1.07bn, £728m) loss at the US unit last year - and the decision was not sudden. People familiar with the situation have told the Financial Times that DaimlerChrysler made the announcement on its lawyers' recommendation, because of advanced talks on Chrysler's future.

JPMorgan Chase had already been advising on options that are said to include a sale in full or part, or a flotation. It also emerged that the bank had contacted several private equity houses, which are in discussion with others including Wolfgang Bernhard, former Chrysler chief operating officer, about a possible consortium bid.

Perhaps most intriguingly, Fritz Henderson, GM's chief financial officer, has assembled a task team to explore a possible alliance between the world's largest carmaker and its crosstown rival. According to people close to the process, DaimlerChrysler has considered the idea of accepting a stakeholding in GM as payment for part or all of Chrysler.

If implemented, the solution would be financially expedient for the cash-strapped GM. It would also be politically smart for DaimlerChrysler, which would not want to be seen as having dumped its US unit unceremoniously.

Details of the links between Chrysler and GM or the topics discussed remain sketchy, as neither company will even confirm publicly that they are in contact. Dieter Zetsche, DaimlerChrysler's chief executive, told investors in London last week he hoped the strategic exercise at Chrysler, on which he did not elaborate, would be concluded quickly.

However, there are reasons for scepticism that any investor - whether GM, another industry player, the public markets or even deal-hungry private equity - would want to take on Chrysler's sprawling North American business and related baggage, including unfunded healthcare liabilities of around $18bn.

GM is immersed in its own restructuring programme and some Wall Street analysts think it has too many brands of its own to concentrate on already. Rod Lache, analyst at Deutsche Bank, notes that GM has recently sold off stakes in its GMAC finance arm, Fiat, Suzuki, Isuzu and Subaru and is focusing its business. Acquiring more brands and unionised workers "would appear counter-productive", he says.

A writer on GM's FastLane blog was more emotional last week, begging: "Please don't waste more precious product development money and timeon acquiring another failingcompany."

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After Daimler's own vexed efforts to extract value from its relationship with Chrysler, many industry insiders are baffled or amused by the notion of another big-time car alliance. Several companies, including Fiat, Volks-wagen and Hyundai, have publicly disavowed any interest in Chrysler. Still, the reports are causing excitement in an industry where executives yearn for a quick fix for rising costs and intensifying competition. The topic is likely to dominate this week's Geneva International Motor Show, one of the automotive industry's biggest events.

Nor has the lack of concrete information on what is being discussed stopped analysts from running the numbers. A potential full-blown combination of GM and Chrysler would enjoy about a 36 per cent US market share for light vehicles - comparable to what GM enjoyed in the late 1990s and probably enough to permit it to defend its position against the expansive Toyota as the world's biggest carmaker.

It would create obvious cost savings in the white-collar jobs that could be cut by merging the two nearby head offices. It would be palatable for US public opinion and would probably pass muster with antitrust regulators, given Chrysler's and GM's diminishing US market share. "There are significant synergies, particularly over three to five years, that could make this company stronger," says John Hoffecker of AlixPartners, a Detroit-based consultancy.

Together, the two companies would enjoy greater leverage with the United Auto Workers union, allowing them to bargain for cuts in the labour costs that impair their ability to compete with foreign "transplants" - the American factories operated by groups such as Toyota. With closely watched talks on labour contracts expected to start this summer, the prospect of Chrysler being taken over by GM or others has turned up the heat on the UAW to give ground. Chrysler has estimated that its healthcare bill alone adds $1,400 to the cost of producing each US vehicle.

If a potential buyer can be shielded from Chrysler's un-funded healthcare liabilities, Chrysler could be "the cheapest car company in the world", concludes Adam Jonas, a Morgan Stanley analyst. He cites Chrysler's flexible assembly plants, lean workforce and iconic Jeep brand among its attractions; Chrysler also has a valuable financing arm. At Citigroup, John Lawson calls GM "a natural Chrysler acquirer" and estimates GM could create $9bn in value by extending its current turnround plan to include Chrysler assets should it take over the unit for free and stripped of its liabilities. "Chrysler commands a significant part of the US vehicle market," says Mr Lawson. "The question for new owners is whether they can turn around the business faster than incumbent management, or extract better concessions from the workforce."

There are many reasons to doubt that GM, at least, could. It is hard to see what Chrysler, with more than 90 per cent of its sales in North America, would offer the bigger company at a time when it is seeking to lower its dependence on the domestic market. Perhaps the biggest task would be rationalising their dealerships - 10,000 in all, selling 11 different brands. Toyota has roughly the same market share as Chrysler but fewer than half the number of dealers.

GM and Chrysler, like the rival Ford Motor, are trying to pare their dealer networks. But rationalisation is costly, as GM learnt five years ago when it discontinued the Oldsmobile brand and many states restrict the closing or merging of dealerships. Many dealers are wealthy and well-connected entrepreneurs and they are known for their political clout.

Uniting the two companies would also require some painful and costly choices about vehicles: with a handful of exceptions, Chrysler's model line-up offers little that GM does not already have. Chrysler's biggest drawcard for GM would be its minivans, which are leaders in a segment that GM itself is discontinuing. However, GM's Chevrolet Silverado and Chrysler's Dodge Ram pick-up trucks are each company's top-selling model and compete directly in this crucial segment: a combined company would find it hard to rationalise production of these without jeopardising the brand or upsetting dealers.

Both companies are also in the throes of updating an iconic muscle car, the Chevrolet Camaro for GM and the Dodge Challenger for Chrysler. "Overlap is good for the back office, but it's not good for products," notes Chris Hibbs, head of the UK automotive practice for PwC, the consultants.

For all these reasons, a GM-Chrysler deal - if it comes off at all - may be a co-operation agreement on one or more products rather than a full-fledged merger or group-wide alliance. Indeed, the industry norm these days is for ad hoc partnerships based on individual cars, components, or technologies (see below left).

DaimlerChrysler might prefer to cut a deal with private equity, which is already transforming the automotive parts industry. A group led by Appaloosa Management and Cerberus Capital Management is, for example, likely to emerge as the biggest shareholder at Delphi, America's leading motor components maker.

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Cerberus, which was among those contacted by JPMorgan about Chrysler, has been taking an active role in talks with the UAW and other unions to whittle down Delphi's employee costs. The funds' interest in the automotive sector is clear, as they have recruited several prominent former car industry executives to their ranks.

In an industry where national pride or pressure from unions or political interests can constrain management, private equity investors would be more unsentimental and could thus, in theory at least, generate better returns. "Having a private equity infusion would probably cause better discipline and waste to be eliminated in order to make the company profitable, says Neil De Koker, president of the US Original Equipment Suppliers Association. "We need healthy customers to survive."

Few doubt that private equity firms could raise the money to buy Chrysler, whose value stripped of its employee-benefit deficits is estimated by analysts at between $3bn and $7bn. The bigger question is whether they or anyone else want a US-focused carmaker with all its problems, led by a heavily unionised workforce and a product line-up skewed heavily towards large gas-guzzling vehicles.

Some in the industry speculate that Daimler's February 14 announcement was intended primarily to pressure the UAW (and possibly Chrysler's own management) into making the unit a leaner operation. On the other side of the Atlantic, they add, Mr Zetsche may also have been seeking to placate shareholders and German unions frustrated with the group's losses in America.

Daimler does indeed appear to be keeping all options open, including that of continued life as a merged company. It is taking charges of €1bn on its 2007 earnings for the "recovery and transformation plan" that will see Chrysler reduce its staff by 13,000, or about 16 per cent, over the next three years, and benefit from an investment of $3bn in new engines, transmission and axles.

A leaner and better-run Chrysler will, by its own account, be ready for a "product offensive" of more than 20 new and 13 refreshed vehicles by 2009.

This would leave Chrysler looking good, even if it stays under the Daimler wing, says Cit-i-group's Mr Lawson. "By the end of 2008, Chrysler could have the most youthful line-up of all the volume players in the US market, the transplants included."

Microsoft Attacks Google On Copyright (FT)

By John Gapper In New York

Financial Times, March 6, 2007

Microsoft on Tuesday launches a fierce attack on Google over its “cavalier” approach to copyright, accusing the internet company of exploiting books, music, films and television programmes without permission.

Tom Rubin, associate general counsel for Microsoft, will say in a speech in New York that while authors and publishers find it hard to cover costs, “companies that create no content of their own, and make money solely on the back of other people’s content, are raking in billions through advertising and initial public offerings”.

Mr Rubin’s remarks, presaged in an article in Tuesday’s Financial Times, come as Google faces criticism and legal pressure from media companies over services allowing users to search online for books, films, television programmes and news. Viacom, the US media group, instructed YouTube, which Google owns, to remove 100,000 clips of copyright material.

The Authors Guild and a group of publishers backed by the Association of American Publishers have separately sued Google for making digital copies of copyrighted books from libraries without permission.

Mr Rubin will tell the AAP’s annual meeting that Google’s decision to take digital copies of all books in various library collections, unless publishers tell it not to, “systematically violates copyright, deprives authors and publishers of an important avenue for monetising their works and, in doing so, undermines incentives to create”.

He will say Google is breaching copyright law because it has “bestowed upon itself the unilateral right to make entire copies of copyrighted books”. Google thinks it is acting legally because it publishes only “snippets” of copyrighted works unless it has the publisher’s permission.

But Mr Rubin will say in Tuesday’s speech: “Google is saying to you and other copyright owners: ‘Trust us, you’re protected. We’ll keep the digital copies secure. We’ll only show snippets. We won’t harm you, we’ll promote you’.

“But . . . anyone who visits YouTube . . . will immediately recognise that it follows a similar cavalier approach to copyright.”

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Microsoft is trying to differentiate itself from Google by portraying itself as more sympathetic to copyright holders than Google, and has sent a letter to executives of big media conglomerates, offering to work with them to eliminate piracy from Soapbox, a new video service on MSN.

Patricia Schroeder, AAP president, said it had agreed to work with Microsoft and others to develop principles on responsible book search.

Google said it believed it was acting legally and ethically in providing snippets of in-copyright books and added that it removed books promptly when contacted by publishers. It said it generated more than $3.3bn of advertising revenues for other internet sites last year, which showed that it did not simply exploit the content of others.

Citigroup Pursues Control Of Nikko Cordial (WSJ)

By Andrew Morse

The Wall Street Journal, March 6, 2007

TOKYO -- Citigroup Inc. was poised to announce a tender offer to acquire more than 50% of Nikko Cordial Corp., a person familiar with the situation said. The prospective deal, which could be valued at as much as $5 billion, would be the biggest acquisition of a Japanese brokerage company by a foreign company.

Though the sides were close to an agreement, terms of a deal hadn't been finalized, the person said.

Such a move would come as Tokyo-based Nikko Cordial looks to shore up its business, which has been hurt by an accounting scandal that erupted last December. An internal investigation by the brokerage firm, Japan's third-largest by revenue, revealed that it had inflated its earnings for two years, prompting an exodus of clients.

The Tokyo Stock Exchange is considering whether to delist the company.

In a statement, Nikko Cordial said "negotiations [with Citigroup] are being carried out from various perspectives."

New York-based Citigroup and Nikko Cordial have long-standing ties. Citigroup recapitalized Nikko Cordial in 1998 and the two companies formed a joint venture investment bank, Nikko Cititgroup Ltd., which handles mergers-and-acquisitions advice and equity and debt underwritings. Citigroup still owns a little less than 5% of Nikko Cordial.

Taking control of Nikko Cordial would give Citigroup a huge presence in Japan, the world's second-largest economy. Nikko Cordial has a network of 109 branches across the country.

Owning the brokerage might also help polish Citigroup's reputation with individual Japanese. While Citigroup retail banking operations are flourishing here, it stumbled in 2004 when regulators pulled its private banking license amid a host of compliance problems.

Nikko Cordial shares jumped 14.3% to 1,347 yen ($11.52) amid speculation a bid was imminent.

Blackstone Buys Madame Tussauds Chain (WP)

By David Cho

The Washington Post, March 6, 2007

Private-equity giant Blackstone Group said yesterday that it had created the world's second-largest theme park group, behind Walt Disney Co., with its $1.9 billion buyout of Madame Tussauds waxworks museums.

Madame Tussauds will be managed by Merlin Entertainments Group, which is controlled by Blackstone. The combined company said it will operate 50 theme parks throughout the world, including Legoland, Sea Life and the London Eye. They drew more than 30 million visitors in 2006, second only to Disney's parks.

The move by Blackstone is part of an aggressive push into the theme park business that began two years ago with its acquisition of Merlin, an international theme park company, for $187 million. It then backed Merlin's purchase of the Legoland chain later in 2005 and Gardaland, Italy's biggest theme park, last fall.

Blackstone, one of the largest private-equity firms in the world, also was a member of the group that bought Universal Studios in Orlando and is an investor in Six Flags theme parks. Last month Blackstone made a huge splash by closing the biggest buyout deal ever when it purchased Equity Office Properties Trust for $39 billion.

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Merlin executives said they planned to focus on expanding the wax museum company, which has 14 million visitors a year and operates six museums around the world, as well as other theme parks, hotels and a castle in Europe. It recently bought the London Eye, a giant observatory in that city and one of England's most popular attractions.

"The combined group . . . has the resources and expertise to focus on accelerating current expansion plans for all the brands, particularly in North America," Merlin's chief executive, Nick Varney, said.

A new Madame Tussauds wax museum is scheduled to open this October in the old Woodward & Lothrop department store building on the corner of 10th and F streets NW. The $16 million project will include replicas of the Constitution and Declaration of Independence as well as likenesses of presidents and other newsmakers. Visitors also will be able to visit a replica of the Oval Office and be greeted by a wax version of Abraham Lincoln.

Another new museum is slated to open in Hollywood in 2008.

Tussauds, a private company, was purchased for $1.5 billion in May 2005 by Dubai International Capital. Dubai International will receive just shy of $2 billion in cash in the deal and retain a 20 percent stake in the company.

A&P Reaches Pathmark Deal (PHI)

By Harold Brubaker

The Philadelphia Inquirer, March 6, 2007

The Great Atlantic & Pacific Tea Co. Inc., the owner of Super Fresh, said yesterday that it had agreed to buy rival Pathmark Stores Inc. in a deal worth up to $1.3 billion, including the assumption of debt. The cash and stock portion of the deal was $689.7 million.

The combined company would have 54 stores in the eight-county Philadelphia region with more than $1 billion in annual sales, making it the third-largest supermarket chain here behind Acme Markets Inc. and ShopRite Group P.L.C.

The Pathmark banner - which has a strong presence in urban neighborhoods - will remain, said executives at Great Atlantic, which is best known for its A&P stores.

"We don't plan to eliminate any stores. Their stores are highly productive," Christian Haub, executive chairman of A&P, of Montvale, N.J., said during a conference call with analysts. Pathmark is based in Carteret, N.J.

The deal is subject to review by the Federal Trade Commission and shareholder approval.

A&P said it expected the merged companies to cut $150 million in annual expenses within two years, but industry observers were skeptical about the combination of the two struggling chains.

"It will be a challenge, given that neither one has a leadership position," said Richard George, a professor of food marketing at St. Joseph's University, whose Haub School of Business is named after Erivan K. Haub, Christian Haub's father.

Christian Haub was optimistic that the proposed deal would pass a review by the FTC, which examines mergers from an antitrust perspective.

Dutch company Royal Ahold N.V. tried to buy Pathmark in 1999, but backed out after the FTC demanded the sale of a large number of stores to maintain competitive markets.

"The market has changed so dramatically in the past eight years," Haub said. "Food is not predominantly bought in just supermarkets anymore," he said.

Haub cited the emergence of Trader Joe's Co. Inc. and Whole Foods Market Inc., the proliferation of dollar stores, and the merger of drugstore chains as factors that have changed the market. Furthermore, he said, the region served by A&P and Pathmark is one of the few where all three major warehouse clubs - Sam's Club, Costco Wholesale Corp., and BJ's Wholesale Club Inc. - compete.

An antitrust expert said he was confident that the FTC would look at the proposed acquisition carefully. "The FTC will want to know what new chains or additional food retailers have come into Long Island and North Jersey," said James Fishkin, a partner in Dechert L.L.P.'s Washington office who worked at the FTC for 15 years before entering private practice in 2002. He worked on the FTC review of Ahold's proposed purchase of Pathmark.

Karen Short, an equity analyst with Friedman Billings Ramsey Group Inc., estimated that A&P might have to sell 25 to 35 stores to gain antitrust approval. She said the focus would be on North Jersey and Long Island.

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The merged company would become the largest operator of supermarkets in Philadelphia, with 14. That would surpass ShopRite, which has 11, and Acme, which has 10.

Overall, the deal forms a chain with $11 billion in sales and 550 stores, mostly from Connecticut to Washington. Pathmark shareholders will receive $9 a share in cash and 0.12963 shares of A&P for each Pathmark share. A&P is also assuming or retiring Pathmark debt, bringing the total value of the acquisition to $1.3 billion, the company said.

Shares in both companies rose yesterday. Pathmark's shares gained $1.21, or 10.8 percent, to $12.46, while A&P's shares were up $1.64, or 5.3 percent, at $32.50.

Last year, A&P bought six Clemens Family Markets Inc. and converted them into Super Fresh stores, marking the chain's first growth in the region in about a decade. "They've slowly been picking up," said Eric Claus, A&P's president and chief executive officer.

At a Glance

The Great Atlantic & Pacific

Tea Co. Inc.

Headquarters: Montvale, N.J.

Founded: 1859.

Stores:410 in nine states, mostly from Connecticut to Maryland.

In the Philadelphia area: 29 Super Fresh and three Food Basics stores.

Total employees: 42,872.

Sales:$5.2 billion for the nine months ended Dec. 2.

Profit: $34.1 million for the nine months.

Pathmark Stores

Headquarters: Carteret, N.J.

Founded: 1968.

Stores: 141 in New Jersey, Pennsylvania, Delaware and New York.

In the Philadelphia area: 22 stores in the eight local counties.

Total employees: About 27,000.

Sales: $3.0 billion for the nine months ended Oct. 28.

Loss: $20 million for the nine months.

SOURCES: A&P, Pathmark.

ENVIRONMENT:

Alaskan Bridge Projects Resist Earmarks Purge (NYT)

By William Yardley

The New York Times, March 6, 2007

Long after Congress removed about $450 million in budget earmarks for two bridges in the Alaskan exurbs, the fight over whether to build them is not dead.

Mocked as “bridges to nowhere” by critics who saw them as the epitome of Congressional excess, preparations for the projects have been slowly moving forward even as big questions remain over whether the bridges will be built.

When Congress removed the earmarks for the bridges in 2005, it still gave the state the money, but it allowed Alaskan officials to decide how to spend it. The state reserved about $200 million for the proposed bridges, far less than the construction costs but enough to show that there was serious intent to complete the projects. Some environmental and planning work has already been done.

Supporters of one of the bridges, the Knik Arm Crossing, are expected to get the proposal included in Anchorage’s long-range city transportation plan in April.

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The agency charged with building the bridge, a private-public partnership, is courting private investors for a toll-driven, for-profit venture. If built, the Knik bridge — which has been discussed since before statehood in 1959 — could cost about $1 billion beyond the approximately $110 million the project has received from Congress.

"If we can't sell this to Wall Street, then we're just going to pack up and go home," said Gordon Keith, director of the central region for the Alaska Department of Transportation and Public Facilities and a board member of the agency trying to build the Knik Arm Crossing.

Five hundred miles away, on the remote, spruce-spiked island of Gravina in southeast Alaska, construction is set to begin this summer on three and a half miles of roads that are intended to connect the island's airport and its 50 residents to the other proposed bridge, a 200-foot-high arc over the Tongass Narrows to the city of Ketchikan.

That bridge could make the current route to the airport, a five-minute ferry ride, obsolete. For now, the road and causeway construction are continuing, at a cost of $26 million, even as the bridge budget has ballooned to nearly $400 million and its prospects remain uncertain. The money for the road construction was included in an earmark that was not cut.

Representative Mark Steven Kirk, a Republican from Illinois who last year sponsored a measure to strip all federal financing for the bridges, said "Whoa!" when told of the money being spent on the Gravina road work. "Our work to end taxpayer support for this isn't finished yet," Mr. Kirk said. His bill passed the House but was not adopted by the Senate.

"The jury has decided that this is not an appropriate use of federal funds," he said. "In the end, I don't think there's a good way to spend the money in Alaska. In the long run, this is money that could go to other projects around the country, nearly all which would serve more than 50 people."

Regardless of the ridicule about the bridges as a pork-barrel binge, there are political facts that have kept hope alive for those who believe the projects are necessary for Alaska to grow economically.

To direct the federal financing to other projects, for example, would require action by Gov. Sarah Palin, a Republican, and the State Legislature. It would also mean undoing the work of the powerful Congressional delegation, led by Senator Ted Stevens and Representative Don Young, both Republicans, who secured the money for the bridges.

"No way in the world am I going to put myself in that position," said Mayor Joe Williams of Ketchikan Gateway Borough. "These guys were put through the wringer."

He added, referring to Mr. Young, "I may talk about it 10 years after he's dead and gone, but no way in the world am I going to do that now. I'm supporting that man because he supported us. That would be like going to Dad and talking about something Dad asked us to do and we didn't do it. That's not a good idea."

Mr. Williams said he believed the state overestimated the cost of the Gravina bridge because it would rather build other projects, including some closer to Juneau, the capital.

Mal Menzies, director for the southeast region of the state transportation department, noted that Ms. Palin had not included more money for Gravina in her proposed budget and that state planners were simply dealing in reality.

"I think the community is starting to see that the money for this project is not there," Mr. Menzies said. "They could be open to smaller bridges, but the problem is we don't even have the monies for the smaller bridges yet."

In Anchorage, some express a similar view about the Knik Arm Crossing.

"Originally it was a gift," said Jon R. Spring, a transportation planner with the Anchorage Traffic Department. "It was a once-in-a-lifetime opportunity because we had these powerful congressmen. Well, that's no longer a rationale. Now it's a question of does it still make sense?"

The project has plenty of critics who worry it will add congestion to downtown Anchorage and encourage sprawl around Point MacKenzie, the largely empty area across the water to which the bridge would lead. Opponents also worry that the efforts to secure private financing will fail and that supporters will seek more government help, potentially undercutting financing for projects like a downtown highway link.

In Ketchikan, many people could not care less whether they get a new bridge. Yet the preliminary work planned for Gravina, part of an earlier earmark that was not removed, stirs hope for those who say they worry about the future in a region where people have been departing ever since the timber industry began to fade. In 2005, the borough population was 13,262, down from 14,070 in 2000.

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“The bridge to nowhere is the bridge to the future for our kids,” Mr. Williams said, “because it is developable property and it is available to the borough for families to buy property and build their own home.”

But even without a bridge right away, the new roads on the island could help lure a large manufacturer or a residential developer, he said. “One day in the future,” Mr. Williams said, “we’ll have to have a bridge, to accommodate those folks.”

Global Warming Labeled A 'Scam' (WT)

By Al Webb

The Washington Times, March 6, 2007

LONDON -- With a packet of claims that are almost certain to defy conventional wisdom, a television documentary to be aired in Britain this week condemns man-made global warming as a myth that has become "the biggest scam of modern times."

The program titled "The Great Global Warming Scandal" and set for screening by TV Channel 4 on Thursday dismisses claims that high levels of greenhouse gases generated by human activity causes climate change. Instead, the program suggests that the sun itself is the real culprit.

The documentary, directed by filmmaker Martin Durkin, is at odds with scientific opinion as outlined in a United Nations report in February, which blames mankind for global warming.

In his program, Mr. Durkin rejects the concept of man-made climate change, calling it "a lie ... the biggest scam of modern times."

The truth, he says, is that global warming "is a multibillion-dollar worldwide industry, created by fanatically anti-industrial environmentalists, supported by scientists peddling scare stories to chase funding, and propped up by compliant politicians and the media."

Channel 4 says that the program features "an impressive roll-call of experts," including nine professors, who are experts in climatology, oceanography, meteorology, biogeography and paleoclimatology.

It also says the experts come from prestigious institutions such as the Massachusetts Institute of Technology, the National Aeronautics and Space Administration, the Pasteur Institute in Paris, the Danish National Space Center and universities and other schools in London, Ottawa, Jerusalem, Alabama, Virginia and Winnipeg, Canada.

"It's very rare that a film changes history," says Martin Durkin, "but I think this is a turning point, and in five years the idea that the greenhouse effect is the main reason behind global warming will be seen as total bunk," he says.

His program collides sharply with the premise outlined in former Vice President Al Gore's Oscar-winning documentary, "An Inconvenient Truth," which presents a bleak picture of how a buildup in greenhouse gases such as carbon dioxide affects the global climate, with potentially disastrous consequences.

"Al Gore might have won an Oscar," says Mr. Durkin, in a preview of the documentary, "but the film is very misleading, and he has got the relationship between [carbon dioxide] and climate change the wrong way around."

One of the filmmaker's experts, paleontologist professor Ian Clark of the University of Ottawa, says that global warming could be caused by increased activity on the sun, such as massive eruptions, and that ice-core samples from Antarctica show that, in fact, warmer periods in Earth's history have come about 800 years before rises in carbon dioxide levels.

Mr. Clark's findings appear to contradict the work of other scientists, who have used similar ice-core samples to illustrate that raised levels of carbon dioxide in the atmosphere have accompanied the various global warming periods.

"The fact is that [carbon dioxide] has no proven link to global temperatures," says Mr. Durkin. "Solar activity is far more likely to be the culprit."

Scientists in the Channel 4 documentary cite what they claim is another discrepancy involving conventional research, saying that most of the recent global warming occurred before 1940, after which temperatures around the world fell for four decades.

Mr. Durkin's skeptical specialists view this as a flaw in the official view, because the worldwide economic boom that followed the end of World War II produced more carbon dioxide, and therefore should have meant a rise in global temperatures -- something he says did not happen.

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"The Great Global Warming Swindle" also questions an assertion by the U.N. Intergovernmental Panel on Climate Change's report, published last month, that it was backed by some 2,500 of the world's leading scientists.

Another of Mr. Durkin's professors, Paul Reiter of Paris' Pasteur Institute, an expert in malaria, calls the U.N. report a "sham" because, he says, it included the names of scientists -- including his own -- who disagreed with the report and who resigned from the panel.

"That is how they make it seem that all the top scientists are agreed," he says. "It's not true."

Mr. Reiter says his name was removed only after he threatened legal action against the panel. The report itself, he adds, was finalized by government appointees.

Yet another expert in the Durkin documentary, Philip Stott, professor emeritus of biogeography at the School of Oriental and African Studies in London, is more circumspect.

"The [climate] system is too complex to say exactly what the effect of cutting back on [carbon dioxide] production would be or, indeed, of continuing to produce [carbon dioxide]."

"The greenhouse effect theory worried me from the start," Mr. Stott says, "because you can't say that just one factor can have this effect."

"At the moment, there is almost a McCarthyism movement in science where the greenhouse effect is like a puritanical religion, and this is dangerous," he says.

FBI/DEA/ATF/USMS:

Police: Major Heroin Ring Broken Up By Arrests. (AAS)

Austin American-Statesman, March 6, 2007

Fourteen People Face Federal Charges

Austin police say 14 members of a heroin-trafficking organization have been indicted after a nearly two-year investigation.

Police said in a written statement that in mid-2005, the department's Organized Crime Narcotic Conspiracy Unit began investigating three brothers — Henry Castro, 30, Rene Gaitan Castro, 35, and Randy Gaitan Castro, 24, for suspected heroin trafficking.

The Drug Enforcement Administration and the Bureau of Alcohol, Tobacco and Firearms later joined in the investigation, and Austin police said officers "made repeated seizures of heroin packaged within balloons for distribution, as well as seizures of 'black tar' heroin that had not been processed for distribution."

On Feb. 20, a federal grand jury indicted 14 members of the organization on a charge of conspiracy to distribute one kilogram or more of heroin, police said.

On Feb. 28, the three brothers were arrested along with five other people, police said. The other six people named in the indictments were already in custody, police said.

The investigation comes on the heels of another major heroin trafficking case, police said. In November, a federal judge sentenced 17 members of the so-called "Celedon" heroin trafficking organization. Fifteen received prison terms, while two received probation. Louis Celedon Jr., 31, received a 20-year prison sentence.

"These two long-term, time-intensive investigations provided information that the Castro and Celedon organizations were responsible for a significant amount of the heroin that is distributed within Austin and the surrounding areas," police said.

14 Indicted, Arrested In Austin Heroin Trafficking Probe (KVUE)

By Rudy Koski, KVUE News

KVUE-TV, March 6, 2007

Fourteen people face charges of trying to sell heroin. Austin police say the group was an organized crime ring.

Some of the seized heroin was found in balloons.

In late 2005, a drug operation based in Southeast Austin was shut down. Investigators say that success opened the door for the Castro brothers. At that time undercover agents were wrapping up a crackdown on the Celedon drug family. That is when,

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according to investigators, three young brothers decided to move in and take over what the Celedon family lost. The group, police say, was lead by Henry, Rene and Randy Castro.

"They may have been low level distributors, prior to the arrest of the first family, and when that first family got tagged, they just moved up and take over their territory." Said APD Commander Harold Piatt.

According to Piatt, who runs APD's Organized Crime Division, a local and federal operation was launched targeting the Castro family. As part of several undercover operations, officers obtained a large amount of heroin.

According to a federal indictment, the Castro drug business from Mexico to North Texas. According to Cmdr. Piatt. "They dealt in marijuana, heroin, cocaine, you pretty much name it, they were doing it."

According to investigators, the Castro operation did not last very long. Along with the brothers, 11, others were taken into custody.

Austin's Biggest Heroin Dealers Busted (KTCB)

KTCB-TV, March 5, 2007

AUSTIN -- Austin Police say the city's biggest heroin dealers are out of business and behind bars. The bust is a result of a long term joint operation with the federal government.

Police say 14 people were involved with selling and distributing black-tar heroin or heroin from Mexico. APD's Organized Crime Narcotic Conspiracy Unit started investigating 30-year-old Henry Castro and his two brothers for heroin trafficking activities back in 2005.

The Drug Enforcement Administration and the Bureau of Alcohol Tobacco, and Firearms were also part of the investigation. As a result, a federal grand jury indicted James Lara and 13 other members of the Castro organization last month. Police say the Castro members came into power after another lengthy joint operation busted

the Celedon Group for heroin trafficking last year.

"Once we knock down a major supplier, then somebody else pops up into the picture and just picks up where they left off. They already got a ready made base of clientele," said Cmdr. Harold Piatt with APD's Organized Crime Unit.

Piatt says the Organized Crime Unit is watching very carefully to see who will fill the void left now by the Castro family.

11 Are Arraigned In Albany In Widening Investigation Of Illegal Sales Of Steroids (NYT)

By Nicholas Confessore And Serge F. Kovaleski

The New York Times, March 6, 2007

ALBANY, March 5 — Eleven people accused of playing a role in a nationwide illegal prescription drug ring were arraigned here on Monday, part of what prosecutors said was a broadening investigation into the recreational use of steroids and human growth hormone.

Four of the 11 were owners or executives of Signature Pharmacy of Orlando, Fla., who were arrested in a raid last Tuesday. P. David Soares, the Albany County district attorney, described them as the "drug dealers" of the network and said it is now believed that Signature earned more than $40 million selling prescription drugs over the Internet.

The other suspects worked at three Florida companies that Mr. Soares said served as distributors, connecting Signature with customers in Albany County and across the country, and were arrested in recent days.

All 11 suspects have pleaded not guilty.

"We were able to take down one of the country's largest pharmaceutical, steroid and human growth hormone distribution centers," Mr. Soares said on at a news conference on Monday.

Mr. Soares named two other men as unindicted co-conspirators in the case. One of them, Victor Martinez, 33, won the Arnold Classic bodybuilding competition on Saturday. His prizes included a check for $130,000 and a $20,000 Audemars Piguet watch. Mr. Soares said he was linked to the Anti-Aging Centers, a clinic in Nanuet, N.Y., an alleged distributor for Signature's drugs.

"We are now living in a very competitive environment when you're talking about the world of sports — a competitive environment that is fostered by incredible economic reward," Mr. Soares said. "This is what is fueling this industry."

He added, "If you see Victor Martinez, please let him know that the Albany County district attorney would like to talk to him."

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Reached Monday night by telephone, Mr. Martinez said that he had bought testosterone from the Anti-Aging Centers after the clinic told him he had low testosterone levels, and that the company had later tried to "to lure me into becoming a partner."

"Nothing was ever signed; nothing was ever agreed upon," said Mr. Martinez, who said he had already met with investigators. "I didn't trust them, and other people were warning me not to do business with them."

Mr. Soares confirmed that professional athletes were among the drug ring's customers and that he had agreed to meet with representatives from Major League Baseball and the National Football League.

According to a law enforcement official familiar with the investigation, two people affiliated with Anti-Aging Centers are expected to surrender to the authorities on Tuesday.

Meanwhile, two of the principals of Applied Pharmacy Services Inc. in Mobile, Ala., were in Albany late last week to make themselves available to investigators. Law enforcement officials have said that the two men had been named in sealed indictments handed up by an Albany County grand jury.

But according to a person familiar with the situation, Mr. Soares's office told a lawyer for the two company officers last week that it would contact them when it was prepared to do so.

Michael L. Koenig, an Albany lawyer representing the men, would say only, "My clients are fully prepared to voluntarily turn themselves in if and when they are asked to do so."

Mr. Soares said that the investigation had unearthed dozens of other potential suspects, but whether they would be prosecuted "will depend entirely on those people and their desire to come forward and assist the people in eradicating this problem from our state and from the rest of the United States."

Eleven Plead Not Guilty In Online Steroids Ring (AP)

AP, March 6, 2007

ALBANY, N.Y. — Eleven people connected to a Florida pharmacy at the center of a nationwide investigation into the illegal sale of steroids pleaded not guilty Monday, a growing case that has linked the online drug network to doctors and health care centers in at least three states.

Robert Stanley Loomis and wife Naomi, the owners of Signature Pharmacy in Orlando, were arrested last Tuesday during a raid in which police confiscated truck loads of drugs and other evidence. Both are registered pharmacists in Florida. Robert Loomis' brother, pharmacist Kenneth Michael Loomis, and Kirk Calvert, Signature's marketing director, also were charged.

The four are charged with 20 counts each of criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Each posted bail of $30,000. All four shuffled into court, dressed in jail jumpsuits, handcuffed and shackled.

"We hope to have them home as soon as we can so they can be with their kids," said Dawn Tingley, the Florida lawyer representing the Loomises and Calvert.

Claire Denise Godfrey, a doctor at an anti-aging clinic in Orlando, pleaded not guilty to 10 counts related to the criminal sale of a controlled substance. She posted $20,000 bail.

Godfrey's name was mentioned in an indictment filed two weeks ago in a federal case charging the owner of a New Jersey pharmaceutical company with health care fraud, conspiracy and illegal drug distribution. The documents say Godfrey received a $2,350 payment in August from the pharmacy owner.

Godfrey declined comment Monday.

Later Monday, Gary Brandwein of Boca Raton, Fla., a 44-year-old osteopath and principal in the Florida company MedXLife was arraigned on six counts related to the criminal sale of a controlled substance. He pleaded not guilty and posted $10,000 bail.

Brandwein's lawyer, Terence Kindlon, acknowledged the doctor had a business relationship with Signature.

"He's always been a very dedicated and self-sacrificing healer," Kindlon said.

MedXLife owner Gregory Trotta and an employee, Brian Schafler, later pleaded innocent to six counts related to criminal sale of a controlled substance and were released after posting $10,000 bond.

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After Brandwein was arraigned, Palm Beach Rejuvenation co-owner Glen Stephanos and his brother, George Stephanos, both of Palm Beach, Fla., entered innocent pleas to a seven-count indictment charging them with illegally selling steroids and hormones. A doctor employed by the company, Dr. Robert Carlson of Sarasota, Fla., also was arraigned and pleaded not guilty. All three men posted $1,000 bail.

Carlson's lawyer, Charles Holloman, said he first saw the indictment Monday.

"We're not at war with the district attorney's office," Holloman said. "We're trying to understand what happened ... and trying to restore my client's good name."

Prosecutors allege the Loomises sold steroids and hormones through "their affiliate" MedXLife and through their "criminal associate" Palm Beach Rejuvenation.

Albany County District Attorney P. David Soares, who ran the investigation, said Signature filled prescriptions, in some cases from unlicensed doctors, knowing they had not examined patients. His office said at least $250,000 in illegal and controlled substances were sold directly into Albany County, and New York State sales exceeded $10 million.

People in three states have been arrested so far and as many as 24 could face felony charges.

Soares has said his focus is on shutting down drug distributors and physicians writing illicit prescriptions instead of buyers.

Major league baseball players Gary Matthews Jr. and Jerry Hairston Jr., former slugger Jose Canseco and former heavyweight champion Evander Holyfield reportedly were on a customer list at Applied Pharmacy in Mobile, Ala., one of the two pharmacies raided.

The NFL is looking into reports that a Pittsburgh Steelers doctor, Richard Rydze, was on the customer list of Signature Pharmacy in Florida, whose owners have been indicted by a grand jury in Albany. Records showed Rydze used his personal credit card to buy about $150,000 in testosterone and human growth hormone.

B'KLYN KINGPIN'S REIGN OF CARNAGE (NYPOST)

The New York Post, March 5, 2007

John "Bloody Hatchet" Hatcher, the brother of a minister, has admitted to involvement in more than 80 shootings - including 30 homicides - while operating a notorious gang that made tens of millions of dollars selling crack, cocaine and marijuana.

During a two-decade reign of terror, Hatcher and his gang, The Rugby Boys, littered the streets in the heart of Brooklyn with victims and bodies, authorities said.

"He was the crack epidemic," said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York Office, comparing him to murderers Lorenzo "Fat Cat" Nichols and Kenneth "Supreme" McGriff and infamous Harlem druglord Nicky Barnes.

But unlike the others' brief reigns as crack and heroin kingpins, Hatcher's ring flourished like no other, before the DEA finally mounted a six-year operation buying $10 bags of crack that snared him.

Rather than face a possible death-sentence prosecution, Hatcher, 43, spilled his guts.

Veteran federal agents and hardened homicide detectives were left slack-jawed with disbelief as Hatcher methodically detailed a litany of murder and mayhem that took him an astonishing four months to tell.

"There were times when we actually had to stop him and say, 'That's enough for today,' " DEA Special Agent John Profetti said, recalling a particularly grim session when Hatcher described an assault in which one of his henchmen was stabbed, shot, choked, set on fire and then doused with a pail of urine.

The victim survived, after pretending he was dead, and gave an interview to detectives and Star Jones, the former co-host of ABC's "The View" who was then a Brooklyn assistant district attorney.

When the man was released from the hospital, Hatcher paid two hit men $5,000 to finish him off.

Hatcher's brutality and sophisticated criminality belied his upbringing by loving parents who owned a record store in Canarsie and raised three other children, including a minister and a U.S. Naval Academy officer.

But by age 12, Hatcher was showing his propensity for crime, running with a crowd that committed robberies and burglaries and were tied to fearsome Jamaican drug dealers.

His fledgling talents were noticed by a local "Fagin-like" hood, who recruited him.

"It was like Oliver Twist with a gun," said Daniel Anderson, DEA associate special agent in charge in New York.

Added Profetti, "He was a natural, starting with pick-pocketing and escalating into robberies and burglaries."

By the end of high school, Hatcher was forming a gang of his own. He recruited kids, dubbed Rugby Boys, who played football and basketball when they were not selling drugs. One fearsome teen, Tyrone Hunter, was made Hatcher's deputy.

Coupling a businessman's acumen with an iron fist, Hatcher established control over several key crack dens in Bedford-Stuyvesant and East New York and skillfully built an empire with scores of workers in the heart of the city's most populated borough.

If a rival tried to poach his territory, someone would be pay. "He shot people just to make a point, leaving them wounded in the stomach and legs," Profetti said.

Hatcher lived large. He had a spacious apartment in Park Slope, hoards of women, "Superfly" clothes and flashy luxury cars and treated himself and his crew to lavish Caribbean trips.

But in 1991, he was with a couple of his henchmen and mistook undercover cops for rival dealers. One of his crew opened fire, grazing an officer.

Hatcher was the only one caught. He did not rat and spent eight years in prison.

When he was released, he quickly reclaimed his throne.

But two seemingly unrelated criminal matters - a murder in East New York and a credit-card scam in Alabama - ultimately toppled his empire.

On Jan. 27, 2000, a city bus driver made the mistake of being a go-between in a Colombian heroin deal with Hatcher, who shot and killed him and stole his drugs.

Rugby Boy Charles Thomas was identified as a suspect.

Seven months later, in Alabama, Thomas' nickname, "Boo," and his Brooklyn phone number showed up on a piece of paper linked to a ring ordering hundreds of thousands of dollars' worth of merchandise from Home Depot.

The DEA joined U.S. Postal Inspector James Buthorn and NYPD detectives in early 2001 and starting with $10-bag buys, launched their probe that snared a "weak-link" lieutenant in Hatcher's operation. Fearing "Bloody Hatchet," the lieutenant cooperated, and Hatcher finally was scooped up in a massive roundup May 13, 2002.

Hatcher started spilling the beans, saying, "I am not going to do anyone else's time. They will do their own," referring to his eight-year stint in prison over the cop-wounding case.

With a treasure-trove of cases to cherry-pick from involving Hatcher - some which had already been attributed to others by the NYPD - Assistant Brooklyn U.S. Attorneys Christina Dugger and Scott Morvillo and the federal agents zeroed in on five killings.

"It took six years to peel back layer after layer to unveil these horrific crimes," Gilbride said.

Investigators dug up old witnesses and other evidence they used during a three-week trial that ended last month with the racketeering and murder conviction of the final bosses of Hatcher's gang: Hunter and Adrian Payne.

Hatcher, who testified for two days, is being held in federal prison and, along with Hunter and Payne, is awaiting sentencing in May. He is expected to receive what amounts to a life sentence.

U.N.: Afghan Poppy Cultivation Could Rise (AP)

AP, March 6, 2007

KABUL, Afghanistan (AP) — Afghanistan's 2007 opium poppy cultivation could expand again after last year's record crop, the U.N. drug agency said Monday, underlining the weakness of an internationally backed drive against the country's booming narcotics trade.

The Office on Drugs and Crime predicted an increase in a string of provinces, including southern Helmand — Afghanistan's largest poppy-growing region and an area wracked by a growing number of Taliban attacks.

The office said in a report that a recent U.N. survey found increasing evidence that the drug trade flourished in regions with poor security.

"This winter survey suggests that opium cultivation in Afghanistan in 2007 may not be lower than the record harvest," last year, UNODC Executive Director Antonio Maria Costa wrote in the report's preface.

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Last year, opium cultivation rose an alarming 59%, deepening fears that Afghanistan is rapidly becoming a narco-state. Officials say Taliban militants protect southern farmers and tap drug profits to fuel their insurgency.

The U.N. said poppy cultivation occurred in 100% of villages it visited in Helmand province; 93% of villages were growing opium poppies in neighboring Kandahar, the Taliban's former stronghold. The U.N. report did not detail how many villages were visited.

It also predicted a sharp increase in cultivation in Nangarhar — touted in recent years as an example of the success of efforts to persuade farmers to grow licit crops — as well as in Kunar and Uruzgan provinces.

On the other hand, the U.N. saw a decrease in cultivation in seven mostly northern provinces, and said there was an indication of a split in attitudes between the north and south.

"There is evidence that Afghanistan's opium economy is becoming segmented, with farmers' attitudes, supply conditions and price trends moving in opposite directions in the north and the south," Maria Costa said.

President Hamid Karzai has vowed to rid Afghanistan of opium. International donors are directing hundreds of millions of dollars in development aid to rural areas to make it profitable for farmers to grow wheat, or plant orchards. Eradication teams are supposed to destroy opium in the fields before harvest.

However, critics say corrupt Afghan authorities and security forces are themselves heavily involved in the trade and are unlikely to mount a serious crackdown, while Karzai is wary of a rural backlash against his already weak government.

The U.N. report also found what it called a "new and disturbing trend" in Afghanistan's drug business — an increase in marijuana cultivation.

"The last thing we need is for Afghanistan to switch from one drug to another or — worse — to become a world leader in cannabis as well as opium production," Maria Costa said.

Afghan drug production already accounts for more than 90% of global supply of opium, the raw material for heroin.

UN Fears Afghan Opium 'explosion' (BBC)

BBC News, March 6, 2007

Poppy production was up 25% in 2006, the US has said The United Nations says it fears that Afghanistan may grow even more poppies in 2007 - at a time when current levels are already running at record output.

Poppy production rose 25% in 2006, according to the US State Department.

The UN says although production of poppies, used to make heroin, has fallen in the north and centre, a sharp rise is likely in the lawless south.

It also cites a dramatic increase in cannabis growing, which it describes as a new and disturbing trend.

In a report published on Monday, the UN office on drugs and crime said it was clear that the increased production in the south was a security issue.

'Cancer of insurgency'

Many southern regions have no government presence, while opium farmers were protected by the Taleban which uses drugs money to fund its insurgency, it said.

"It is clear that the insurgents are deriving an income, which they use to pay salaries for their foot soldiers (and) to buy weapons," said Antonio Maria Costa, the UN department's executive director.

"All of this has created quite a cancer of insurgency and illicit drug cultivation that has to be cut through in the years to come," he said.

He said the eradication effort needed to be increased to be effective. Last year, about 10% of the crop was eradicated, but Mr Costa said the figure should rise to 30%.

Four years after the US and its British allies began combating poppy production, Afghanistan still accounts for 90% of the world's opium trade.

IMMIGRATION:

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Despite Push, Immigration Deal Not On Horizon (RC)

By John Stanton

Roll Call, March 6, 2007

With Republicans looking to regain control of the Senate and Democrats hoping to pad their majority in 2008, neither party appears inclined to make the political sacrifices necessary to pass a broad immigration bill this year and may be content to simply duel to a rhetorical draw this summer, lawmakers and strategists in both parties said.

Leaders from both parties, Judiciary Chairman Patrick Leahy (D-Vt.) and Sen. Edward Kennedy (D-Mass.) have all vowed to pass reform legislation this year, and Kennedy has been meeting with the White House and presidential hopeful Sen. John McCain (R-Ariz.) in recent weeks to work out a new compromise bill.

But despite these efforts, it still appears unlikely that comprehensive reforms will move out of the chamber before electoral concerns kill the bill.

In fact, GOP and Democratic aides contend that both parties may be best served by a political impasse over the issue, since such a scenario would allow Members to show they are standing firm on the hot-button issue while avoiding compromises that may upset base voters.

"Really, a filibuster is a win for us," one Democratic aide said, arguing that it would fit into the broader message to voters that Republicans are blockading reforms.

Similarly, a GOP aide argued that "blocking a bill is good for us" since Republican incumbents would be able to avoid facing the ire of single-issue conservative base voters come Election Day.

Despite massive protests across the nation and the rise of conservative vigilante groups along the Mexican border, Congress was unable to pass broad immigration legislation last year, in large part because of deep divisions within the Republican Party over the scope of the reforms.

While President Bush and some rank-and-file Republicans sided with most Democrats and backed a broad reform bill that included allowances for some illegal immigrants to remain in the United States, the bulk of the GOP opposed such a broad measure. Instead, most Republicans in the House and Senate favored a much narrower approach that focused on border-control measures, more aggressive enforcement of current immigration laws and a new system for ensuring employers do not hire undocumented workers.

Those differences apparently have widened since the elections. Although the Senate successfully passed a comprehensive immigration bill last year with the backing of a number of Republicans, it is unlikely such a bill will garner as much support from the GOP this year. A number of lawmakers — including Senate Minority Leader Mitch McConnell (R-Ky.) — voted for last year's bill because they knew the GOP-controlled House would act as a last barrier against enactment of any form of amnesty for illegal workers.

But with Leahy and Kennedy both backing provisions that are significantly more pro-immigration than those that were included in last year's bill, Majority Leader Harry Reid (D-Nev.) and the White House may find it difficult to muster as much support in the Senate now that the backstop of a GOP-controlled House no longer exists.

"Anything with even a hint of amnesty" will have to face stiff opposition, one Republican Senator said, adding that "the gulf is just so wide" between Republicans in Congress and the White House that Bush may find little traction in the chamber.

Indeed, a number of lawmakers already are chafing at the fact that the White House, Kennedy and McCain have been holding closed-door meetings on a bill.

GOP Sens. Sam Brownback (Kan.) and Arlen Specter (Pa.) — the former chairman of the Senate Judiciary Committee and a supporter of the comprehensive plan last year — complained last week that they had been frozen out of the process of drafting this year's bill.

As a result, Brownback said he would team up with other Republicans, including Specter and Sens. Mel Martinez (Fla.) and Jon Kyl (Ariz.), to work on the issue and perhaps introduce their own bill.

Last year, Kyl led a team of Senators that opposed the comprehensive bill supported by Specter, Brownback and Martinez.

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Brownback explained the strategy of partnering with Kyl, saying in an interview, “If we can get a bill that all of us can agree to and hold 40 votes together, then we can have a real debate on the issue. Like last year, you still need 60 votes.” Sixty votes would be needed overcome a filibuster.

Democrats, meanwhile, face their own political difficulties. Given Reid’s narrow majority in the Senate, Democrats will find it all but impossible to pass a bill that goes as far as many in the party’s left wing will want. Additionally, one Democratic leadership aide pointed out that passing a wide-ranging reform package over the protests of Republicans could end up motivating the GOP’s base to turn out in next year’s election, making it difficult for Democrats to widen Reid’s margin of control in the 111th Congress.

This aide also pointed out that many Democrats elected to the House in 2006 ran, in part, to the right of Republican incumbents on the immigration issue and that passing comprehensive reforms that allow millions of illegal immigrants to remain in the U.S. could make their re-election much more difficult.

An added pressure facing both parties will be the timing of any immigration fight. Like Social Security reform, immigration has become something of a “third-rail” political issue, making it all but impossible for Congress to address it during an election year.

Although supporters have indicated they would like to take up the issue this spring — possibly as soon as the week after the annual Easter recess — leadership aides in both parties predict that the debate won’t begin until August at the earliest. That timeline would butt the debate up against the annual appropriations fight, meaning Congress will have a very narrow window in which to pass bills in both chambers, conference the legislation and get it to Bush before it becomes politically unviable.

Nevertheless, Kennedy, who is spearheading efforts to pass immigration reform this year, is pressing ahead. Kennedy is using this week to publicize his efforts, holding a series of public events with the Irish Lobby for Immigration Reform, religious leaders and other immigration reform advocates.

According to Kennedy’s office, this year’s version of the legislation will contain the main elements of last year’s Senate legislation. “The basic concepts are intact,” said Laura Capps, a Kennedy spokeswoman.

Those elements, she said, include a path to citizenship for illegal immigrants in the U.S. who meet several requirements, including working in the country for several years, paying a penalty, paying back taxes, and learning English and civics. They also would have to “get at the back of the line” behind immigrants already seeking citizenship, she added.

The bill also will call for enhanced border security, tighter requirements for employers to verify worker eligibility and a system to allow workers to enter legally into the U.S. to satisfy labor needs.

Chamber Takes On Law Aimed At Illegal Workers (USAT)

By Sue Kirchhoff

USA Today, March 6, 2007

WASHINGTON — The U.S. Chamber of Commerce Monday threw its considerable weight behind efforts to eliminate a groundbreaking Hazleton, Pa., law penalizing businesses that hire illegal workers and landlords who rent to them.

The Hazleton ordinance, which also makes English the official language of the small town, has not been implemented because a federal judge issued an order preventing it from going into effect. The American Civil Liberties Union (ACLU) has filed a lawsuit challenging it on behalf of a group local residents. A trial is set for next week.

The U.S. Chamber of Commerce filed a legal document Monday in U.S. District Court for the Middle District of Pennsylvania backing the ACLU position and calling the law unconstitutional on two grounds.

First, the Chamber says, the Hazleton ordinance is pre-empted by federal law. Second, it says the law violates due process protections because it doesn't give a business accused of hiring an illegal worker the right to challenge an allegation before losing its right to operate.

"We need to bring some stability into the system until we come up with a federal answer," says Angelo Amador, Chamber director of immigration policy.

"If not, we're going to end up with 50 state laws and a thousand local ordinances," Amador adds. "A lot of people are copying what we think is a bad law."

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Hazleton Mayor Louis Barletta, a former small-business owner, says he never expected to be on the opposite side from the Chamber.

"There's nowhere in our ordinance that we regulate immigration. We punish businesses that hire illegal workers," Barletta says. "I would rather stand on the side of the American workers than (with) businesses that break the law."

Hazleton has been raising money for its legal bills in part by seeking donations on a special website.

As immigration legislation has languished in Congress, dozens of states have passed measures aimed at an estimated 12 million undocumented immigrants. Barletta says more than 100 localities are considering imitating Hazleton's law.

The Hazleton ordinance lets individuals lodge complaints if they suspect a business has an illegal worker. Firms that can't verify an employee's status have three days to fix the situation. If they don't, the city can suspend the operating license. Workers who lose jobs at a business that had illegal immigrants on the payroll, under certain circumstances, can seek damages.

The Chamber argues that, unlike federal law, the Hazleton plan makes employers liable for penalties without proof they intentionally hired an illegal immigrant.

Mexico's Own Migra (LAT)

The Los Angeles Times, March 6, 2007

WHEN HOUSE Republicans last year sought to make the mere presence of illegal immigrants in the United States a felony punishable by one year in prison, the odious legislation sparked international condemnation. No country was more loudly indignant than Mexico. Then-President Vicente Fox called the legislation "shameful" and its targets "heroes" who make a crucial contribution to the U.S. economy.

Yet Mexico is hardly in a position to criticize. Since 1974, foreign immigrants in Mexico illegally have been subject to prison sentences of two years, plus a fine. Immigrants who are caught reentering Mexico after deportation face 10-year prison sentences, compared to two years here.

That is, until now. Mexican President Felipe Calderon has decided to tackle immigration reform of his own, and he is seeking the repeal of Article 123 of the General Population Law, which makes illegal immigrants the Mexican equivalent of felons.

The vast majority of the 185,000 illegal immigrants caught, detained and deported by Mexican officials each year come from Guatemala and Honduras, and many of them are in transit toward the Rio Grande. Human rights advocates have documented a lengthy list of abuses faced by these migrants — threats, extortion and even violence — stemming in part from their status as felons. In addition to amending Mexico's draconian and hypocritical law, Calderon's government is vowing to improve living conditions and medical services at the 48 detention centers where illegal immigrants are held pending deportation. Proposed upgrades include the addition of hot water and telephone service.

In a recent report, Mexico's National Commission on Human Rights accused immigration agents of numerous violations, citing one instance in which 78 migrants were crammed into four cells, each designed to hold only five people, and denied food and water for more than 24 hours.

These reforms would certainly improve the plight of detained migrants and also Mexico's relationship with its southern neighbors, as well as giving Mexico more moral standing to agitate against laws affecting its citizens in the United States. Those in this country who oppose guest-worker programs and a pathway to citizenship for illegal immigrants often cite Mexico's own harsher policies as the ones we should adopt, or at least complain about first.

Mexico can declaw that argument by closing the gap between its advocacy for Mexican nationals in the United States and how it treats illegal immigrants within its borders. Mexico is under pressure from the U.S. to block the flow of migrants heading north, and recent crackdowns, in part, have been to that end. Ensuring the human rights of its migrant population, however, is not only the right thing to do, it's good politics.

TAX:

HOUSE OF 'CARDS' Fling With Tax Shelters Haunts Silicon Valley (WSJ)

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By Peter Waldman

The Wall Street Journal, March 6, 2007

John Doerr is the dean of Silicon Valley venture capitalists, one who helped launch tech icons like Google and Sun Microsystems. A billionaire, he works with rock star Bono to fight poverty in Africa and with others to increase aid for education and medical research.

Mr. Doerr is less well known for one investment that didn't pan out. Called myCFO Inc., the firm set out to provide rich people a full menu of financial services, from wealth management to estate planning. It succeeded with only one: tax shelters that helped clients shield hundreds of millions of dollars from taxes. Less than two years after myCFO began selling them in 2000, the Internal Revenue Service said they were bogus.

MORE ON MYCFO

• Tax-Shelter Client of myCFO Goes to Court1

IMPORTANT DOCUMENTS

• Deposition of Kevin McAuliffe2, a former top accountant at myCFO, in which he testifies that he warned his bosses that myCFO was becoming too heavily involved in selling tax shelters. Plus, see emails3 shown as exhibits in the deposition.

• Emails from myCFO board member John Doerr4 to Frank DiFerdinando, the head of myCFO's tax-strategies group. Mr. Doerr was a leading proponent of the group.

• An admission of facts5 by one of the large banks that underwrote myCFO's main tax shelter. In it, the bank admits the deal's purported 30-year loan was a sham and only meant to help clients avoid taxes.

• A document myCFO prepared6 for an informal phone discussion after the IRS cracked down on one of its tax shelters in March 2002.

MyCFO ceased independent operations five years ago, but it still casts a shadow. A bank that underwrote some of its tax deals has admitted that they were shams. Former clients, hit with back-tax bills, are fighting the IRS. Two ex-clients have alleged that myCFO's tax deals were fraudulent.

Two lawyers who worked with myCFO are under tax-fraud indictment for their work on similar tax shelters. The Manhattan U.S. attorney's office, which has charged more than a dozen people in connection with tax shelters, said in a court filing last April that it had "an ongoing criminal investigation" involving "various former employees of myCFO."

The financial backers and board members of myCFO were Silicon Valley royalty. They included James H. Clark, co-founder of Netscape Communications and Silicon Graphics; John Chambers of Cisco Systems Inc.; Thomas Jermoluk, former chairman of Excite@Home; and former Netscape boss James Barksdale. The firm's outside legal counsel was Larry Sonsini, lawyer to Silicon Valley's stars.

The firm was Mr. Clark's idea. Mr. Doerr led its financing and took a leading role on the board. In typical Silicon Valley fashion, board members were closely involved with strategy and operations, according to company documents and legal papers reviewed by The Wall Street Journal. The documents show that directors pushed ahead with the tax-shelter business despite signs that all wasn't right with the product.

Mr. Doerr praised the head of the firm's tax-strategies group in a 2001 email for "not only delivering on your original [business] plan, but going beyond to make up the revenue shortfall from the recurring business." MyCFO "has my full support, and the full support of [my] partners" at Kleiner Perkins Caufield & Byers, the venture-capital firm that financed myCFO, he added.

MyCFO's story shows how the sudden wealth spawned by the technology boom had hidden impacts that still echo in Silicon Valley. "There were 30-year-old clients making hundreds of millions of dollars -- it was intoxicating," says James Phillips, myCFO's former chief investment officer. "The accountants and CPAs wanted their share, too."

SILICON VOLLEY

• The Background: Prominent tech financiers set up myCFO in 1999 to provide financial services to the rich.

• What Went Wrong: Firm morphed into a purveyor of tax shelters, which the IRS in 2002 labeled invalid.

• The Hangover: A bank that worked on myCFO shelters admits they were a sham; prosecutor has said ex-myCFO employees are party to criminal probe.

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At the time, tax shelters were a lively business. Dozens of national law and accounting firms sold these strategies -- Byzantine transactions that often involved foreign currencies and offshore middlemen. MyCFO selected a few tax shelters and refined them for a clientele dripping in capital gains.

Some of California's leading industrialists were customers. Ray Irani, chief executive of Occidental Petroleum Corp., did a tax deal through myCFO, company records show. So did Ariba Inc. co-founder Boris Putanec and Val Vaden, co-founder of financier Benchmark Capital.

Mr. Jermoluk, the former Excite@Home chairman, was both a founding financier of myCFO and a shelter customer. For fees of about $2.4 million, he acquired ostensible losses to offset as much as $50 million of taxable income, according to company documents and a deposition by his former accountant, Kevin McAuliffe.

Mr. Jermoluk declined to be interviewed about myCFO, as did Messrs. Doerr and Chambers. Messrs. Clark and Barksdale didn't respond to email and phone requests for interviews. A lawyer for the former directors told a tax client last October that they "categorically denied...misconduct or malfeasance of any sort." The lawyer, David York, predicted myCFO's main tax package ultimately "will survive a substantive tax law analysis" in court.

A spokeswoman for Mr. Sonsini said his law firm did basic legal work for myCFO that didn't include reviewing its tax offerings. Messrs. Vaden and Putanec declined to comment, while Occidental said Dr. Irani wouldn't comment "on what is clearly a personal matter."

MyCFO's main tax shelter, sold to 17 clients, was called Cards, for Custom Adjustable Rate Debt Structure. Each involved an ostensible 30-year bank loan to a foreign party for $50 million to $100 million. MyCFO's client then assumed the loan and, after some complex swapping of collateral, claimed a loss for tax purposes of nearly the full amount of the loan. Others besides myCFO also marketed Cards.

The IRS in March 2002 ruled Cards invalid. Largely as a result, myCFO sold its name and client list and liquidated its tax business.

The IRS said Cards failed a basic test of legitimacy: It lacked any real economic purpose other than to lower taxes. The agency added that clients were never really at risk for the supposed $50 million or more in loans.

Most myCFO shelter clients are challenging the IRS's action, in federal court in San Jose. But two broke ranks and alleged the shelters were fraudulent, in civil racketeering suits they filed against big banks that underwrote their Cards deals. They claim they were misled to believe the shelter's loan structure was actually a viable credit facility. (See adjoining article7.)

From the start, there were internal warnings. Mr. McAuliffe, a former Ernst & Young tax partner who was one of myCFO's first hires, said that when the firm was just gearing up in 1999, some of its accountants wanted to shun tax "elimination" deals. He warned Mr. Jermoluk and Chief Executive Art Shaw that myCFO was relying too heavily on tax shelters for revenue, Mr. McAuliffe said in a 2005 deposition for a tax client's lawsuit in San Francisco Superior Court. But he said the founders were talking about an initial public offering, and his warnings went unheeded amid IPO "fever." Mr. Shaw, CEO of advertising firm Netblue Inc., didn't return calls seeking comment.

MyCFO had obtained the Cards strategy from a San Francisco investment boutique called Chenery Associates, which also provided it to others. Chenery had done a Cards deal for an aircraft-leasing company, which registered it with the IRS as a tax shelter. The IRS requires corporations to register such tax-driven deals. Its rules for when individuals must register a deal they're using as a shelter are less strict.

MyCFO officials said their clients would never accept a transaction they had to register as a tax shelter, Chenery Associates owner Roy Hahn later testified in a deposition for San Francisco Superior Court. A lawyer for Chenery removed the obstacle. He wrote an analysis saying that Cards wasn't a tax shelter under relevant IRS rules.

MORE DOCUMENTS

• A lawsuit filed against Deutsche Bank8 over myCFO's tax shelter

• An arbitrator's ruling9 awarding $23 million to Reese Jones in his claim against what's left of myCFO

• The "fairness opinion,"10 written by an outside financial firm for myCFO, when myCFO's client list and some other assets were sold to Bank of Montreal. It includes a history of the deal, including the troubles myCFO had in finding a buyer because of its tax-shelter involvement.

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• Employment agreement11 myCFO signed with Randall Bickham, a former employee of KPMG who was subsequently indicted in New York for federal tax crimes relating to his work at KPMG

• Documents sent to Ray Irani12, chairman and CEO of Occidental Petroleum, after he purchased a myCFO tax shelter

• Deposition of Margaret Thurmond13, a former myCFO CFO, in which she discusses how CEO Art Shaw manipulated finances

• A motion filed by the U.S. Attorney in Manhattan14 to stay court proceedings in San Jose concerning myCFO and the tax shelters. It mentions that some former myCFO employees are party to an "ongoing criminal investigation."

• An early, confidential myCFO business plan15

The lawyer, Graham Taylor, then at LeBoeuf, Lamb, Greene & MacRae, wore multiple hats. He also represented myCFO in refining the tax strategy, court documents show. And when myCFO signed up Cards clients, it arranged for them to hire Mr. Taylor as their lawyer. For fees of roughly $85,000 per client, he supplied many of them with letters saying that if the IRS found their deductions invalid, they shouldn't owe penalties because they had relied on "an opinion from reputable counsel."

That counsel, it turned out, was a co-inventor of Cards, Raymond J. Ruble, then at law firm Brown & Wood. The law firm got $250,000 each time a client used Cards. Chenery paid this out of its share of the tax client's fee.

Chenery also agreed to pay 20% of its own fee into a Ruble family trust, according to court records and Mr. Hahn's testimony.

MyCFO directors had several briefings about tax shelters, minutes of board meetings show. One in mid-2000 led to a marketing delay while the firm's general counsel reviewed the matter. Three months later, the IRS, in connection with a similar shelter, warned that "an artificial loss lacking economic substance is not allowable." Within weeks, myCFO decided to go ahead with marketing Cards.

It quickly signed up 10 clients for fees totaling $16 million. As those deals were closing in late 2000, Mr. Ruble from Brown & Wood emailed myCFO an article in which a prominent tax analyst called Cards a blatant tax dodge. Mr. Ruble said the analyst had "totally missed the boat on business purpose," which he said lay in financing opportunities.

As the tech bubble deflated, myCFO imposed layoffs and spending cuts, but not on the tax-strategies group. MyCFO's growing reliance on tax shelters for revenue was discussed at a board meeting in August 2001. At that meeting, the board's compensation committee, Messrs. Doerr and Clark, approved stock options for 94 employees -- giving a third of them to the firm's top two tax strategists.

One director asked if myCFO would have an obligation to refund clients' fees if the tax deals were unwound. "It was basically, 'Gosh, is this kosher?' " says someone who was there. "Then they read the attorneys' comfort letters and everyone shut up."

Mr. Doerr was a booster for the firm's tax strategists. In response to Mr. Doerr's 2001 email lauding the tax team for its performance -- which he sent on Sept. 11, 31 minutes before the first plane struck the World Trade Center -- the tax team's leader reported landing $4.5 million more in fees. Five days after 9/11, Mr. Doerr replied: "This is AWESOME news, particularly during a week marred by national tragedy.... Please keep me posted."

But some of myCFO's accountants and client-service people were in revolt, according to Mr. McAuliffe's deposition. In late 2001, he and several colleagues refused to sign shelter clients' tax returns until myCFO agreed to indemnify them for any personal liability. One client was claiming a tax loss greater than his net worth. "It was only a matter of time until the IRS came down pretty hard," Mr. McAuliffe testified.

In January 2002, the IRS offered a broad tax-shelter amnesty: It would waive penalties for any taxpayer who owned up to using a questionable shelter.

MyCFO staffers disagreed over what to tell clients about this and whether to discourage them from taking the amnesty. Ultimately, the firm sent out what General Counsel Steve Debenham, in an email about a draft to a colleague, called "a CYA letter," for "cover your a -- ." It said the IRS appeared to be focusing on the packages offered by major accounting firms, which "may be less credibly supported by a substantive economic justification...."

Mr. McAuliffe mocked that distinction in an email to colleagues. "Same law firms, similar or same promoters, same tax effect," he said, wondering if myCFO was "smoking our own dope again?"

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He also dismissed the idea that myCFO's clients were penalty-proof for relying on reputable counsel. "You bought your opinion. You bought your comfort-level letter," he said later in his deposition. Mr. Debenham and Mr. McAuliffe both declined to be interviewed.

Two months later, the IRS ruled that Cards was an improper shelter. MyCFO's board discussed the ruling by phone. MyCFO by this time was little more than a tax-shelter brokerage, according to documents prepared for the meeting. If it closed its shelter business, it would forgo $10 million in revenue in the next three months and be in the red.

Instead of closing the tax business, myCFO tried to revive it by hiring a veteran of KPMG, an accounting firm that was especially active in selling tax shelters. The employee, Randall Bickham, brought a pipeline of tax deals worth a projected $7 million in fees.

The board also explored selling the company. MyCFO documents show Deutsche Bank AG, which had worked with myCFO on several Cards deals, expressed interest in acquiring the firm for $200 million to $300 million, but backed away, citing potential tax-shelter liability. Bank of Montreal agreed to buy myCFO for $90 million but it, too, backed out over the same concern, myCFO documents show. In October 2002 Bank of Montreal finally purchased just myCFO's name, client list and some other assets. It paid $30 million, about a third of the sums the Kleiner Perkins founders and others had put in. Bank of Montreal now has a private-banking unit called Harris myCFO Inc., which declined to comment.

Directors assigned the rest of myCFO to a liquidator. They gave Mr. Bickham, the former KPMG man, a $1.4 million contract, paid in advance, to maintain files and assist clients in "controversy issues" with the IRS.

In 2005, Mr. Bickham was among those charged by the Manhattan U.S. attorney with tax evasion and conspiracy to defraud the IRS. The charges relate to work he did while at KPMG. He has pleaded not guilty and declined to comment.

Also charged was Mr. Ruble, the Cards co-inventor. He was cited for tax-shelter work he did for others, mostly KPMG. Mr. Ruble's law firm had fired him, after discovering the deal he had with Chenery to funnel 20% of Chenery's fees into a Ruble family trust.

By that time, Mr. Ruble was at Sidley Austin, which had absorbed Brown & Wood. Sidley Austin and KPMG both faced civil litigation over tax shelters, which they settled last year for $179 million, including legal fees.

Mr. Taylor -- the lawyer who helped myCFO refine the shelters and assisted its shelter clients -- was indicted in a tax-shelter matter in Utah. Both he and Mr. Ruble have pleaded not guilty, and both declined to comment.

Federal prosecutors also investigated a German bank that helped arrange some of myCFO's tax shelters. In a deferred-prosecution deal reached last year, the bank, Bayerische Hypo-und Vereinsbank AG, or HVB, agreed to a $30 million penalty and admitted that the Cards deal contained "fraudulent and illegal elements."

The bank's confession didn't mention myCFO. But it said "all parties involved" knew the Cards credit facility wasn't a legitimate long-term loan and would be unwound in about a year to generate "the phony tax benefits sought." Said HVB, in a Statement of Admitted Facts: "The transactions were prearranged by the promoters... and had no purpose other than generating tax benefits for the clients involved."

Did You Pay All Your Taxes? (USAT)

By Sandra Block

USA Today, March 6, 2007

If not, you're part of the $300 billion gap that Congress wants to close

Don't tax you, don't tax me, tax that fellow behind the tree. — Russell B. Long, late senator from Louisiana

If you're self-employed, sell used items occasionally on eBay or own a home, now would be a good time to start keeping really good records. Your tax returns could receive more scrutiny, thanks to a growing push to narrow the "tax gap" — the billions of dollars in federal taxes that go uncollected every year.

Democrats and Republicans don't agree on much, but they do share a desire to narrow the tax gap. That's not surprising. The IRS estimates that the tax gap exceeds more than $300 billion a year. Collecting even half that amount would let Congress repeal the alternative minimum tax — a parallel tax system that increasingly threatens middle-income taxpayers — without raising taxes or cutting government programs.

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Taxpayers like the idea of closing the tax gap, too. More than 86% of taxpayers believe that cheating on income taxes is unacceptable, according to a survey released last month by the IRS Oversight Board.

But closing the tax gap is a lot more complicated than chasing down the proverbial deadbeats who hide money under the mattress. Government proposals to narrow the gap would affect people who probably don't think of themselves as scofflaws. And tax experts say the IRS can't make a serious dent in the tax gap unless it conducts more audits.

"If you're going to do away with the entire tax gap, it's going to be real painful for everybody," says Mel Schwarz, a partner at Grant Thornton's national tax office in Washington.

The IRS estimates that unpaid taxes from individuals, as opposed to big corporations, account for more than 70% of the tax gap. And within that group, the self-employed are considered the biggest offenders. Sole proprietors who underreport their income and self-employment taxes account for roughly one-third of the tax gap, the IRS says.

The Treasury Department has proposed requiring credit card companies to report to the IRS payments made to small businesses and other self-employed workers. That would allow the IRS to compare the self-employed workers' tax returns with the payments and determine whether they're underreporting their income.

But groups representing small-business owners worry that the proposal could increase the costs that credit card companies charge small businesses. More fundamentally, they say, the IRS figures fail to distinguish between sole proprietors who deliberately hide income and those who make honest mistakes.

"They don't make it easy for you," says Dennis Waters, 55, of Exeter, N.H., who buys and sells antique photographs via his website, www.finedags.com. "Every year, they're changing the rules, changing the types of deductions. You can't plan ahead to try and do something."

Because of the complexity of their returns, many self-employed workers must pay someone to do their taxes, which reduces their profits, says Todd McCracken, president of the National Small Business Association. Those who can't afford to hire a professional must take time away from their businesses to meet complex reporting requirements, such as filing estimated taxes every quarter, he says.

They need to keep comprehensive records, too, because sole proprietors are up to three times more likely to be audited than are individual taxpayers who don't file a Schedule C, the form used by self-employed workers to report their business income.

"Chances are, you'll be audited if you're in business long enough," says Frederick Daily, a tax attorney and author of Stand Up to the IRS.

Chuck Smith Jr., co-owner of JR Services, a mortgage servicing company in Norton, Ohio, knows that all too well. Since he went into business for himself in the 1970s, he's been audited three times.

None of the audits resulted in a higher tax bill, but in one case, he had to track down a receipt for a used truck cap. In an e-mail message, Smith said he now saves receipts for everything, some for as little as 50 cents.

A stepped-up effort to capture unreported income would lead to more audits of the self-employed. And it could also prove costly for families who employ nannies or other full-time household help.

If you paid a nanny $1,500 or more in 2006, you're supposed to file Schedule H with your tax return and withhold a portion of your employee's pay for Social Security, Medicare and unemployment tax.

But despite some high-profile cases of nanny-tax evasion, the tax is widely ignored. In 2003, the most recent year available, only about 241,000 taxpayers filed Schedule H, according to the IRS. The International Nanny Association estimates that about 1 million households employ nannies in the USA. Families bypass the nanny tax for many reasons. Some are already struggling to pay for child care and can't afford it.

Others employ undocumented workers. And some don't understand the rules, or think the tax is too complicated or burdensome, says Robert King, co-owner of Legally Nanny, an Irvine, Calif.-based company that helps people pay nanny taxes.

But this much is clear, King says: If the IRS audits your return and finds you have an off-the-books nanny, you'll owe back taxes and interest — along with penalties for tax evasion and fraud.

Other taxpayers who could be affected by efforts to narrow the tax gap include:

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•Online sellers. More than 200 million people buy and sell items on eBay. If you use eBay or another Internet auction site to sell old stuff that's been piling up in your garage, you probably don't have to worry about paying taxes on the proceeds. But if you earn extra income by selling items online, you're supposed to pay taxes on your profits.

An IRS advisory committee recommended last year that online auction sites be required to file reports of sales transactions with the IRS. The committee also suggested requiring sellers to obtain a taxpayer identification number, which would let the government track the transactions.

A crackdown probably wouldn't affect professional sellers. Nor would it affect people who sell used personal items on eBay for less than they originally paid for them. Proceeds from those sales, like money earned from a garage sale, aren't taxable.

But it could cause headaches for people who occasionally buy items at yard sales and sell them online months later, Grant Thornton's Schwarz says. To calculate their profits, those people would have to keep records of the amount they originally paid — known as the basis — for every item they sell. That kind of inventory accounting "is sophisticated even for people who do taxes for a living, much less a guy who is trying to make a little extra money," Schwarz says.

EBay spokeswoman Catherine England says the proposals reflect "a misunderstanding of how eBay's business model works."

EBay doesn't have records on transactions, because once a winning bid is posted, the sale takes place offline, she says. "We have no way to confirm whether or not that transaction actually happened," she says.

•Homeowners who deduct property taxes. One big benefit of homeownership is the ability to deduct all sorts of expenses. In fiscal 2006, homeowners deducted nearly $20 billion in real estate taxes and nearly $70 billion in mortgage interest. But the non-partisan Joint Committee on Taxation says it believes homeowners are deducting more property taxes and mortgage interest than the law allows — and that tightening those deductions could reduce the tax gap.

In a report to Congress last year, the committee said many homeowners' real estate tax deductions include user fees and special assessments for improvements. Those aren't legal deductions. But it's an easy mistake to make, the committee said, because property tax bills often don't distinguish between deductible taxes and non-deductible fees.

Many homeowners also incorrectly deduct "points" — prepaid interest — when they refinance their mortgages, the committee report said. Under the tax code, points are fully deductible on a mortgage to buy a home, but points on a refinanced mortgage must be prorated over the life of the loan.

To address both issues, the committee recommended increasing reporting requirements for local governments and mortgage lenders. That would lead to more IRS scrutiny of the deductions, and more audits of homeowners who claim them incorrectly.

The IRS has increased the rate of audits in recent years, particularly among high-income earners and the self-employed. Still, most taxpayers are more likely to be hit by a meteor than be audited by the IRS.

Some analysts say the IRS can't close the tax gap without significantly increasing audits. But doing so would risk the kind of backlash that led to congressional hearings of allegedly abusive collection tactics in the mid-1990s.

IRS Taxpayer Advocate Nina Olson says she believes audits can be more effective if they're targeted at specific problem groups, such as self-employed workers who are paid in cash.

If the IRS audited a food vendor in a New York City neighborhood, she says, he would probably talk about it with other vendors. They'd get nervous and start reporting more of their income, she says. That's more effective, Olson adds, than "scattershot audits."

Meanwhile, tax watchdogs and consumer advocates argue that Congress won't make real progress toward closing the tax gap unless it simplifies the tax code. Olson agrees that the tax code is too complicated but says that's hardly an excuse to cheat. "We have to start talking about paying taxes as a civic duty," she says. "I'm really proud of our system being based on that trust."

CONGRESS-ADMINISTRATION:

Army Leaders Admit Failures At Walter Reed (USAT/AP)

By Anne Flaherty

DOJ_NMG_0140651

USA Today, March 6, 2007

WASHINGTON — Army leaders said Monday that they accept responsibility for substandard conditions at the service's flagship Walter Reed Army Medical Center but also said they hadn't known about most of the problems.

At an emotional House subcommittee hearing at the hospital, lawmakers suggested the failings go far beyond the hospital for wounded soldiers in Washington. They demanded action. Military leaders — and Vice President Cheney — promised they'd get it.

"We can't fail one of these soldiers or their families, not one. And we did," said Maj. Gen. George Weightman, who was in charge of Walter Reed from August 2006 until he was fired last week. "We did not fully recognize the frustrating bureaucratic and administrative processes some of these soldiers go through. We should have, and in this, I failed."

Other top Army officials echoed Weightman's comments as Congress began digging into the controversy. In a session that mixed contrition and clashes, lawmakers speculated that dilapidated housing and excessive red tape were problems that went beyond Walter Reed.

"I'm afraid this is just the tip of the iceberg, that when we get out into the field, we may find more of this," said Rep. Tom Davis, R-Va., a member of the House Oversight and Government Reform subcommittee that held the session.

"My question is, where have you been?" Rep. John Tierney, D-Mass., asked Army Undersecretary Peter Geren; the Army chief of staff, Gen. Peter Schoomaker; and the vice chief, Gen. Richard Cody.

Schoomaker told Tierney, the chairman of the panel, "I've got a daughter and a son-in-law that are on the way to combat. This is not something about people who don't care. And I am not going to sit here and have anybody tell me that we don't care about —"

"Nobody said anything about people not caring," Tierney interrupted, "so we'll put that red herring aside and, if I can, calm you down and get you back to the issue here."

Addressing war veterans Monday, Cheney promised that the problems at Walter Reed would be fixed.

"There will be no excuses — only action," Cheney told a gathering of the Veterans of Foreign Wars. "And the federal bureaucracy will not slow that action down."

Veterans Affairs Secretary James Nicholson said his office will hire 100 patient advocates, speed benefit claims and improve medical screenings for veterans at its facilities.

"Our goal is to do things that serve the veterans in the manner that they deserve the best way that we can," Nicholson said in an interview on NPR's All Things Considered.

Defense Secretary Robert Gates forced Army Secretary Francis Harvey to step down Friday. Gates also removed Lt. Gen. Kevin Kiley, who had been named interim commander of Walter Reed. Kiley led the hospital from 2000 until 2004, when he became Army surgeon general.

At the hearing, Rep. Henry Waxman, D-Calif., pointed to several investigative reports — including assessments by the RAND Corp. and the Government Accountability Office — dating back two years ago that sounded "alarm bells."

"Despite all the work that went on before, top Pentagon officials reacted to the reports at Walter Reed two weeks ago by claiming surprise," Waxman said.

Lawmakers listened as patients testified about lax or poor treatment at Walter Reed.

Staff Sgt. John Daniel Shannon, who lost his left eye and suffered traumatic brain injuries from a rifle wound, said that after he was discharged from Walter Reed, he was given a map of the grounds and eventually found his way to outpatient quarters by wandering around and asking for directions.

Then, he said, he "sat in my room for a couple of weeks wondering when someone would contact" him about continuing treatment.

"My biggest concern is having young men and women who have had their lives shattered in service to their country … get taken care of," Shannon said.

Congressional Panel Told Of Shoddy Care At Walter Reed (MCT)

By David Goldstein

McClatchy Newspapers, March 6, 2007

WASHINGTON - The faces of the scandal over the treatment of wounded soldiers at Walter Reed Army Medical Center appeared before a congressional panel Monday.

Annette McLeod, whose husband suffered a brain injury when he was hit by a steel door in Iraq, said the Army tried to blame his mental problems on the fact that he needed extra help with math and reading while in grammar school.

The hospital kept putting up roadblocks to his treatment, she said. On his test for traumatic brain injury, they said "he didn't try hard enough," McLeod said.

"This is how we treat our soldiers," she said angrily, her voice breaking. "They're good enough to sacrifice their lives, but we give them nothing."

Staff Sgt. John Daniel Shannon, who lost his left eye and received a brain injury after he was shot near the Iraqi city of Ramadi, told lawmakers that once at Walter Reed, he was basically abandoned.

"The system can't be trusted," he said.

The generals in charge were apologetic, even as several said they were unaware of the conditions that blackened the reputation of the Army's premier medical facility.

"I couldn't be madder; I couldn't be more embarrassed," said Gen. Peter Schoomaker, the Army chief of staff. "I'm ashamed."

"I'm personally and professionally sorry," said Lt. Gen. Kevin C. Kiley, who headed Walter Reed before becoming the Army surgeon general. "Simply put, I'm in command and I share these failures."

Maj. Gen. George W. Weightman, who took over the hospital in August and was fired last week, said, "You can't fail one of these soldiers. Not one. ... And we did."

Weightman, who some in Congress believe has been made a scapegoat for the problems, at one point turned to the McLeods and apologized for "not meeting their expectations. I promise we will do better."

The House Oversight and Government Reform subcommittee held the hearing at Walter Reed, where some combat-wounded outpatients were housed in squalor and had to battle the Army bureaucracy for their disability benefits. Other House and Senate panels, along with similar questions about the Department of Veterans Affairs' treatment of wounded veterans, are certain to hold more on Capitol Hill as the issue crackles like lightning in political and military circles.

The hearing came in response to recent Washington Post reports that the hospital housed some of its wounded outpatients in a bug- and rodent-infested building, known as Building 18. Mold grew on the walls, security was compromised and utilities weren't always working. The online magazine Salon first reported the problems more than a year ago.

"It was unforgivable," said Spc. Jeremy Duncan, who lost his left ear and the vision in his left eye and suffered other wounds when a roadside bomb exploded near him. "It wasn't fit for anybody to live in a room like that."

The 17 lawmakers, plus aides, were squeezed onto the stage behind a long table in a small hospital auditorium. Above them hung the Walter Reed motto: "We provide warrior care."

Democratic Rep. John Tierney, D-Mass., who chaired the hearing, called the conditions "appalling."

"This is absolutely the wrong way to treat our troops, and serious reforms need to happen," he said.

But Tierney added that the housing problems were "only the tip of the iceberg," a phrase that panel members used repeatedly.

McLeod said the Army never told her that her husband, Spc. Wendell W. McLeod Jr., was injured while he was taking inventory on a food transport truck in Iraq. She learned about it from him.

She became his advocate: "I was very persistent. I went to generals, anybody who would listen to me."

Still, she said, "My life was ripped apart the day that my husband was injured."

McLeod, Duncan and Shannon described a system in which the injured have to justify their wounds in order to earn their disability payments. They said that Army medical personnel can diagnose their conditions, but case managers can question the diagnoses, prolonging their ordeal.

Paperwork gets lost, appointments get postponed and decisions get delayed, they added.

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"Too often, wounded soldiers are poorly served and fall through the cracks," Cynthia Bascetta, a Government Accountability Office health care investigator, told the hearing.

Several generals said they were unaware of reports from both the GAO and the media in recent years that have detailed the problems that wounded soldiers often face.

Kiley said that the "bricks and mortar" issues, such as Building 18, can be easily fixed, and that most of the soldiers have been moved out. But the system for helping the wounded needs to be "less confrontational, less adversarial," he said. "We really need to reinvent this process."

Several lawmakers were skeptical. They said the Army has promised in the past to fix problems, only for Congress to later learn that little was done.

"What makes this round of problems any different?" said Rep. Tom Davis, R-Va. "These are heroes, and they're languishing."

'I Failed,' Says Fired Walter Reed General (LAT)

By Johanna Neuman

The Los Angeles Times, March 5, 2007

WASHINGTON — The general who was fired after reports of substandard medical care for veterans at Walter Reed Army Medical Center said today he agreed with critics that there was a failure of leadership at the facility.

Defense Secretary Robert M. Gates "called this 'a failure of leadership.' I agree. We can't fail one of these soldiers, one of these patients, and we did."

Maj. Gen. George W. Weightman, who was fired as commander at Walter Reed after the Washington Post published a series of gripping stories about the soldiers' shoddy medical care, argued that most patient care for returning soldiers "is superb."

But Weightman, who headed Walter Reed for less than a year, acknowledged he did not realize how frustrated veterans and their families had become in dealing with a gargantuan bureaucracy overwhelmed by injured soldiers returning from war.

"In this, I failed," he said, adding that he was disappointed he was unable to "continue to help" in correcting the problems.

The committee also heard from the Army's top brass. Gen. Peter Schoomaker, chief of staff of the Army, said he was "extraordinarily angry and embarrassed" by the disclosures.

"We've got no excuse for the past," said acting Army Secretary Pete Geren, tapped for the post after predecessor Frances Harvey was forced to resign in light of the widening scandal. As for fixing the problems, he added, "The only way we can prove [our resolve] is to show you."

As several committees gear up to investigate the medical care provided to returning combat veterans from the Iraq War, particularly outpatients, congressional leaders charged today that the revelations are just the "tip of the iceberg."

In hearings of the Oversight and Government Reform Committee at Walter Reed Hospital, Chairman Henry Waxman (D-Los Angeles) said that veterans and their families are "flooding us with complaints" and that "this may be the tip of the iceberg of what is going on all around the country."

And, citing a litany of news stories and congressional reports, Waxman threw doubt on claims by the Army's higher-ups that they were surprised by the Post's disclosures two weeks ago.

"They said, 'We never knew things were out of hand.' " Waxman said. "I have a stack of reports and articles that sounded the alarm bells."

He also questioned the policy of outsourcing care. "We've contracted out so much in this war," he said. "We are using mercenaries instead of soldiers, we contracted out this as well." As a result, he said, "in Iraq, [we're] overpaying for contracting; here we're under-serving our soldiers."

Soldiers and their families testified today that the veterans were denied adequate care, forced to live in squalid conditions and dismissed as troublemakers when they complained.

"When I have to show my Purple Heart to get my uniform, you know it's bad," said Staff Sgt. John Daniel Shannon. Waiting for the plastic surgery that would allow him to wear a prosthetic eye, Shannon said he was angry that Army Secretary Harvey was allowed to resign.

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"In a war," Shannon said, "you don't resign in the middle of a war, you continue to fight for us and admit mistakes and work to fix mistakes until you're fired."

Specialist Jeremy Duncan, who lost sight in one eye, suffered a fractured neck and almost lost his left arm when a homemade bomb exploded, said he was housed in a building "that wasn't fit for anybody to live in," with holes in the wall and black mold.

Duncan said despite his complaints, nothing ever got fixed. "That's when I called the Washington Post," he said. "The next day they [hospital officials] moved me and renovated that room."

Raising echoes of the federal government's flawed response to Hurricane Katrina, members of Congress blasted the hospital's response to severely wounded soldiers from Iraq and Afghanistan.

"You've been fighting a war," said Rep. Chris Van Hollen (D-Md.) "You shouldn't have to come back here and fight a system."

Annette McLeod, wife of Cpl. Wendell "Dell" McLeod, said she became such a ferocious advocate for her husband's medical care that "the case manger got tired of dealing with me" and arranged to send her husband home to be treated by the local VA hospital.

Asked about claims by top Army officials that they had no knowledge of conditions, McLeod she said, "I have one question: were they deaf? I worked the chain, I talked to anybody who would listen."

Telling the committee about a soldier who was diagnosed with bipolar illness, McLeod said that serviceman received no compensation.

"This is how we treat our soldiers, we give them nothing," she said. "What about the ones that don't have [advocates like] me? If you're good enough to go to war, you're good enough to be taken care of when you get home."

Apologies, Anger At Walter Reed Hearing (WP)

By Michael Abramowitz And Steve Vogel

The Washington Post, March 6, 2007

Senior commanders of the Army offered profuse apologies yesterday for the poor treatment accorded many soldiers at Walter Reed Army Medical Center, but lawmakers expressed skepticism that the generals had been unaware of the problems until they were spotlighted by the media two weeks ago.

Congress opened a round of investigative hearings into the Walter Reed scandal only days after a major shakeup at the Army that followed Washington Post reports about squalid living conditions and bureaucratic tangles for soldiers receiving outpatient care. Walter Reed's commander, Maj. Gen. George W. Weightman, and Army Secretary Francis J. Harvey lost their jobs, and the Bush administration has established several panels to investigate the care being provided to wounded soldiers.

Senior commanders sounded more contrite yesterday than they did when the scandal first broke. At one point during several hours of hearings in the auditorium at Walter Reed, Weightman turned to the soldiers and families behind him and apologized "for not meeting their expectations, not only in the care provided, but also in having so many bureaucratic processes."

"I promise we will do better," Weightman said.

Lawmakers -- Democrats and Republicans alike -- seemed receptive to the candor voiced at the hearing of a panel of the House Oversight and Government Reform Committee, but they also cited earlier warnings from internal memos, government audits and news reports.

"I have to tell you, the first thing that pops into my mind is: Where've you been? Where has all the brass been?" said Rep. John F. Tierney (D-Mass.), who convened the hearing as chairman of the national security and foreign affairs subcommittee. "All the things that [were] heard, read about and heard earlier today, clearly, this can't all be pushed down at the lower level. Clearly this is not some junior officer's responsibility that nobody else has to claim anything for."

Army Chief of Staff Peter J. Schoomaker told the committee that the reports and audits did not come to his attention, but he said it is now clear that there is a much bigger problem in military health care. "I couldn't be madder, and I couldn't be more embarrassed and ashamed of the kinds of things that have turned up, because clearly it's not what my impression would have been based upon the feedback that I've gotten as I've talked to soldiers and the family," he said.

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Rep. Thomas M. Davis III (Va.), the ranking Republican on the committee, cited an Oct. 12, 2006, Army memo indicating that a review team found problems with billeting, staffing and other issues at Building 18, the outpatient residential facility whose substandard conditions have been at the heart of the recent scandal. Both Weightman and Lt. Gen. Kevin C. Kiley, the Army surgeon general, who previously commanded Walter Reed, acknowledged under questioning that they had been briefed on the findings.

"You knew these were problems," Davis said. "You may not have known specifically what it looked like, and you may not have been able to put faces and stories behind it, but there was an ongoing concern."

Kiley told Davis that his staff "informed me that the Walter Reed staff was working it, that they recognized that there were issues, and that they were taking action."

Kiley came in for tough criticism yesterday for his roles as commander of Walter Reed from 2002 to 2004, when problems were developing at the facility, and as surgeon general since 2004, with responsibility for the Army medical command. Kiley accepted responsibility but defended his motives. "I've spent my entire life taking care of patients, training doctors to take care of patients. And I'm committed to Army medicine and committed to taking care of soldiers and their families," he said.

The comments from Davis and other GOP lawmakers underscored the bipartisan nature of the criticism yesterday in the first of what is likely to be a string of hearings probing problems at Walter Reed and in military health care more broadly. With anger building among military families and veterans groups, Republicans have seemed less reluctant to criticize the administration, and the White House is moving to try to get ahead of the political furor by naming a bipartisan commission to examine the care received by soldiers wounded in Afghanistan or Iraq.

Appearing yesterday morning before the national legislative conference of the Veterans of Foreign Wars, Vice President Cheney said that President Bush "has made our administration's priority very clear to the Congress and to the country: There will be no excuses, only action. And the federal bureaucracy will not slow that action down. We're going to fix the problems at Walter Reed, period."

Yesterday's hearing, in the main building at Walter Reed, offered more grist for the developing political storm. The emotional impact was provided by three witnesses speaking on behalf of patients at Walter Reed: Staff Sgt. John Daniel Shannon, who lives by the battlefield ethos of not leaving the wounded behind; Annette McLeod, an Army wife who would not stand silent as her injured husband was pushed aside, and Spec. Jeremy Duncan, who spoke out when he could not get the mold in his room removed.

Shannon was shot in the head during a firefight near Ramadi, Iraq, in November 2004 and has languished at Walter Reed ever since, awaiting plastic surgery so he can be fitted with a prosthetic eye. Paperwork for his retirement from the Army has been on hold.

But his ire yesterday was less about his own treatment than about the sense of betrayal he feels for younger soldiers he has tried to shepherd through the bureaucracy at Walter Reed.

"I will not see young men and women who have had their lives shattered in service to their country receive anything less than dignity and respect," said Shannon, who at times said he is having difficulty controlling his anger.

He said some injured troops encounter so much bureaucracy that they give up and forgo benefits to which they are entitled. "I have seen so many soldiers get so frustrated with the process that they will sign anything presented to them, just so they can get on with their lives," he said.

Shannon, who wore a patch over his missing left eye, also said the cost of treating thousands of service members wounded in Iraq should be dealt with honestly. "The system can't be trusted," he said. "And soldiers get less than they deserve from a system seemingly designed and run to cut the costs associated with fighting this war."

McLeod, whose husband suffered a brain injury near the Iraqi border, described her frustration at getting help from the chain of command at Walter Reed. She scoffed at suggestions that higher-ups did not know about the problems. "I have one question: Were they deaf?" she said. "Because I worked the chain. I went anywhere they would listen. So if you don't want to hear it, you don't want to hear it."

During her testimony, McLeod often appeared on the verge of tears, and at one point she wiped her eyes.

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In the wake of such testimony, the official witnesses offered little pushback. Instead, Gen. Richard A. Cody, the Army vice chief of staff, offered a withering analysis of the problems faced by wounded soldiers in negotiating the process for ongoing care and disability benefits after they receive initial life-saving treatment at military facilities.

"Our counselors and case managers are overworked, and they do not receive enough training," Cody said. "We do not adequately communicate necessary information. Our administrative processes are needlessly cumbersome and, quite frankly, take too long. Our medical holding units are not manned to the proper level, and we do not assign leaders who can ensure a proper accountability, proper discipline and well-being of our wounded soldiers and their health, welfare and morale, and our facilities are not maintained to the standards that we know is right."

Cody also noted that the 2005 decision by the federal base-closing commission to close Walter Reed in the midst of a war has caused problems getting "the best people" to work at the hospital, and he suggested that the decision be reexamined "during this long war."

'Serious Reforms' At Walter Reed Urged (USAT)

By Douglas Stanglin

USA Today, March 6, 2007

The chairman of a House panel holding hearings today on the care of wounded veterans at Walter Reed Army Hospital said problems at the facility are only the "tip of the iceberg" of poor treatment that extends throughout the military health care system.

"This is the wrong way to treat our troops and serious reforms need to happen immediately," said Rep. John Tierney, D-Mass., in opening hearings in the hospital's auditorium.

ON DEADLINE: Army brass face Walter Reed grilling

Maj. Gen. George Weightman, who was dismissed last week as commander of the Washington-based hospital, acknowledged in his testimony to "failures of leadership" at Walter Reed.

"Mistakes were made, and I was in charge," Weightman said.

Other top Army officers also offered their apologies. "We have let some soldiers down," said Peter Geren, the undersecretary of the Army.

Tierney, chairman of the national security subcommittee of the House Oversight and Government Reform Committee, called the hearings after a series of articles in The Washington Post two weeks ago about alleged substandard conditions and bureaucratic problems at the Army-run facility.

The newspaper reported on moldy walls, rats and roaches at the outpatient facility where soldiers are sent after their initial treatment at the main hospital. The series also examined the frustrations of wounded soldiers from the Iraq and Afghan wars who face a bureaucratic nightmare in seeking medical help.

"Rats and cockroaches don't burrow and infest overnight," Tierney said. "Mold and holes in ceilings don't occur in a week. And complaints of bureaucratic indifference have been reported for years."

The panel heard wrenching testimony from two wounded soldiers and the wife of a veteran who quit her job to fight the bureaucracy to get him help.

"My life was ripped apart the day my husband was injured," said Annette McLeod, whose husband, Walter, was hit in the head by a steel cargo door while working in Iraq. "And having to live through the mess that we lived through at Walter Reed has been worse than anything I've ever sacrificed in my life."

She said that when hospital officials found out her husband had had trouble with math in high school, they tried to use that to claim he had a learning disability and was mentally retarded, and therefore didn't qualify for treatment of a brain injury.

"He was considered fit enough to serve in the National Guard for 16 years. He was fit enough for deployment. But now they're saying he had his mental problem before he went to Iraq," she said.

Sgt. John Shannon, who lost his left eye and suffered traumatic injury after a firefight with insurgents in Iraq in 2004, said he was lost in the bureaucracy for weeks after he was discharged from the main hospital to the outpatient facility, known as the Mologne House.

Shannon said the staff handed him a photocopied map the grounds and sent him on his way.

"I was extremely disoriented and wandered around while looking for someone to direct me," he said. "Eventually, I found it."

After that, Shannon said, he was shunted from doctor to doctor and at one point had to start over because his records were lost.

"The system can't be trusted," he said. "And soldiers get less than they deserve from a system seemingly designed and run to cut the costs associated with fighting this war."

Tierney said he had concerns that the Army is "trying to whitewash over the problems."

"There appears to be a pattern developing here that we've seen before," he said. "First deny, then try to cover up, then designate a fall guy."

Tierney also suggested that the treatment of a large number of wounded soldiers from Iraq reflected "terrible planning" by the administration over the war.

The lawmaker said he is afraid "these problems go well beyond the walls of Walter Reed," adding that "as we send more and more troops into Iraq and Afghanistan, these problems are only going to get worse, not better."

Tierney also noted that an internal Army memo in September described the exodus of highly skilled and experienced personnel at Walter Reed following the Army's decision to privatize some aspects of health care.

The memo, he said, warned that the loss of staff and the increased workload because of the Iraq and Afghan wars put patient care services at risk of "mission failure."

The panel heard testimony from patients, hospital staff, relatives of wounded soldiers and top Army officials responsible for the facility. The defense subcommittee of the House Appropriations Committee also opened hearings today into the scandal.

The public outcry over the issue has mobilized Congress and the White House. On Saturday, in his weekly radio address, President Bush vowed quick action to correct any problems and said care for wounded veterans was a top priority for his administration.

Bush has also ordered a sweeping review of conditions at the nation's network of military and veterans hospitals, which have been overwhelmed by injured troops from the wars in Iraq and Afghanistan.

The White House said the president would name a bipartisan commission to assess whether the problems at Walter Reed exist at other facilities.

Addressing war veterans today, Vice President Cheney promised that the problems at Walter Reed will be fixed.

"There will be no excuses, only action," Cheney told a gathering of the Veterans of Foreign Wars. "And the federal bureaucracy will not slow that action down."

AUDIO: Cheney: Bush administration determined to ensure proper care for vets

Robert Gates, the new secretary of Defense, has moved quickly to hold top Army officials accountable. After Weightman's dismissal, the man who fired him, Army Secretary Francis Harvey, also was dismissed. Gates said Harvey was not aggressive enough to address the problem.

Gates was particularly upset that Harvey chose as Weightman's temporary successor Lt. Gen. Kevin Kiley, the Army's surgeon general and a recent former commander of Walter Reed.

In interviews, Kiley downplayed the problems at the hospital, blaming the rodents on soldiers leaving food in their rooms.

The Army announced that Maj. Gen. Eric Schoomaker will be the new commander of Walter Reed. In addition, the branch took disciplinary action against several lower-level soldiers at the hospital.

Gates, who was visibly angry in announcing Harvey's dismissal, also has created an outside panel to review the situation at Walter Reed and the other major military hospital in the Washington area, the National Naval Medical Center in Bethesda, Md.

In a letter to Gates on Sunday, Sen. Charles Schumer, D-N.Y., called for an independent commission, possibly headed by former secretary of State Colin Powell, to investigate all post-combat medical facilities and recommend changes.

"To think that men and women are serving their country in the most honorable and courageous way possible and all we give them is a dilapidated, rat-infested, run-down building to recover is a disgrace," Schumer wrote. "My fear is that Walter Reed is just the tip of the iceberg, and merely highlights the pervasive and systemic mistreatment of our servicemembers."

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Sen. Carl Levin, D-Mich., chairman of the Senate Armed Services Committee, said Sunday on CBS' Face the Nation that the scandal is emblematic of the Bush administration's "lack of accountability" and "over-optimism" about the war in Iraq.

Sen. Trent Lott, R-Miss., appearing on ABC's This Week, said he likely would support a commission such as the one Schumer proposed.

"Investigations are not always the best way to go, but I think we ought to do whatever's necessary," he said.

What are some of your experiences with military care facilities? Tell us below.

Walter Reed In Spotlight (RC)

By Paul Singer

Roll Call, March 6, 2007

Democrats launched their first major investigation of the 110th Congress on Monday with hearings on conditions at Walter Reed Army Medical Center and suggested that weak Republican oversight contributed to the problems experienced by wounded soldiers there.

As the House Oversight and Government Reform Committee convened a hearing at Walter Reed, Speaker Nancy Pelosi (D-Calif.) issued a statement proclaiming the beginning of "long overdue oversight of the Bush administration."

Pelosi spokesman Nadeam Elshami said: "The American people spoke clearly in the November elections that they wanted accountability and oversight. Under the Republican Congress it has been almost nonexistent, and you can certainly see that with what occurred at Walter Reed."

Rep. John Tierney (D-Mass.), chairman of the subcommittee on national security and foreign affairs, which hosted the hearing, said in an interview afterward that "we should have known all this before. ... There just hasn't been enough oversight." Tierney said he anticipates holding another hearing on the matter within the next 45 days and promised "we are going to stay on this thing until we get it fixed."

Republicans rejected the notion that they had failed to investigate conditions at Walter Reed, and cited a range of hearings and oversight activities on military health care that preceded the Democratic majority.

The Walter Reed hearing Monday was spawned by a series of published reports depicting wounded soldiers living in squalid conditions in a ramshackle dormitory.

But mice and mold were not the leading issues for the hearing. Instead lawmakers focused on the Byzantine process a wounded soldier must endure as the military attempts to establish how badly wounded the soldier is, and how his or her disability should be classified. This process has created a backlog that strains the medical center's capacity to respond to its wounded, officials said.

Lt. Gen. Kevin Kiley, the army's surgeon general, testified Monday that the Walter Reed outpatient population has swelled during the Iraq War, and the medical review process that is required before a patient can leave the facility may take a year or longer. "Beginning in 2003, the population of active and reserve component soldiers assigned to [medical holding units on the campus] increased from 100-120 before the war, to a high of 874 in the summer of 2005," Kiley said.

Families have no reliable guide through the process and military decisions on physical disabilities may be confusing and contradictory, particularly since the Department of Veterans Affairs frequently comes to a different disability determination than the Defense Department did using the same ranking systems and in reference to the same wounds.

Republicans point out that they have charted many of these problems in oversight hearings in recent years. For instance, in February 2005 the Government Reform Committee under the gavel of then-Chairman Tom Davis (R-Va.) held a hearing on the convoluted system of designating disabilities. Davis pointed out at the time that "the Army lacks compassionate, customer friendly service," and said in his opening statement for that hearing, "I'm appalled that these men and women not only have had to face recovery from their war wounds, but are forced to navigate a confusing and seemingly uncaring system of benefits."

Rep. Christopher Shays (R-Conn.) wrote Monday in an e-mail that prior to the Democratic takeover, "The Committee handled 78 individual cases, recognized flaws in the system and were putting pressure on the Army to fix them. Army officials testified they were aware of the problems and were making progress. When I visited Walter Reed, I met with the wounded soldiers who were not yet in the outpatient labyrinth."

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Tierney said many Members of Congress had probably dealt with individual cases of constituents seeking relief from the military bureaucracy, but had not realized that was part of a larger institutional problem. "We've all heard different stories," he said. "When you have a complaint, you get it resolved, you do your constituent service and don't realize it may be part of something broader."

Soldiers Testify Over Poor Care At Walter Reed (NYT)

By Michael Luo

The New York Times, March 5, 2007

WASHINGTON, March 5 — Members of Congress heard wrenching testimony on Monday from wounded soldiers treated at Walter Reed Army Medical Center and contrite promises from top Army officials to correct the conditions there.

The general who most recently commanded Walter Reed, a premier military hospital in Washington, and the Army's surgeon general accepted responsibility for the situation faced by some wounded troops, including poor housing, neglect and a hopelessly complicated bureaucratic maze.

The Army officials said they were working to address the problems at Walter Reed and were examining the situation at other medical centers.

"We have let some soldiers down," said Pete Geren, the acting secretary of the Army, addressing the panel before the hearing began.

The hearing was held by a subcommittee of the House Committee on Oversight and Government Reform, whose members convened in an auditorium at Walter Reed, in deference to the soldiers who were to testify. The unusual venue also provided a vivid backdrop for the hearing, the first of several that Congressional committees intended to hold.

The subcommittee members heard first from two soldiers badly wounded in Iraq and from the spouse of another soldier injured in Iraq about their experiences at Walter Reed. Together, the three's stories set the emotional tenor for the testimony from military officials that followed.

Wearing a black eye patch, Staff Sgt. John Daniel Shannon described how he was struck in the head by a round from an AK-47 in November 2004 during a firefight near Ramadi, causing a traumatic brain injury and the loss of an eye.

Within a week of the injury, he was released to outpatient treatment, Sergeant Shannon recounted.

Despite being extremely disoriented, he said, he was given a map and told to find his own way to his new residence on the hospital's sprawling grounds. He wandered into a building and received directions.

He then waited several weeks wondering whether anyone would contact him about additional treatment, eventually calling people himself until he reached his case worker.

He told of languishing in the hospital's bureaucratic system that evaluates soldiers for continuing in active duty or becoming medically retired, and what benefits they should receive. His paperwork, he said, was lost repeatedly, forcing him to start over several times.

Specialist Jeremy Duncan, one ear shredded by a makeshift bomb, told of the moldy living conditions in Building 18.

"It wasn't fit for anybody to live in a room like that," Specialist Duncan said.

Annette L. McLeod, whose husband, Wendell, returned from Iraq with a head injury, spoke emotionally of her distress during his treatment.

"My life was ripped apart the day my husband was injured, and having to live through the mess we've had to live through at Walter Reed has been worse than anything I've had to sacrifice in my life," Mrs. McLeod said through tears.

Gen. Peter Schoomaker, the Army chief of staff, said he was "extraordinarily angry and embarrassed" by the living conditions at the hospital, reported prominently last month by The Washington Post. His brother, Maj. Gen. Eric Schoomaker, a senior medical officer, has now been named to command Walter Reed. The Army officials said extensive repairs were being made to deal with the deplorable conditions at one of the facilities on the hospital campus, Building 18, in which soldiers getting outpatient treatment at the hospital were found to be living in crumbling rooms soiled by mice, cockroaches and mold. Most of the soldiers living there, they said, have now been moved.

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Accusations about shoddy treatment received by wounded soldiers at the prominent hospital, which is the centerpiece of the military's medical system, have touched a public nerve and deeply embarrassed the military in the past few weeks. The Bush administration has been thrown on the defensive, and members of Congress have been quick to express outrage.

"This is absolutely the wrong way to treat our troops, and serious reforms need to happen immediately," said Representative John F. Tierney, a Massachusetts Democrat who is the chairman of the House Oversight and Government Reform Committee's subcommittee on national security and foreign affairs.

Mr. Tierney declared the problems at Walter Reed to be part of broader dysfunction at military health care facilities across the country and wondered whether it was "another horrific consequence of the terrible planning that went into our invasion of Iraq." He warned of a coming crunch with Mr. Bush's new plan to send 21,500 more troops to Iraq.

"As we send more and more troops into Iraq and Afghanistan," Mr. Tierney said, "these problems are only going to get worse, not better."

Last week, Army Secretary Francis J. Harvey was ousted over his handling of the revelations at Walter Reed, and officials changed the hospital's commanding officer twice in as many days.

Speaking at a meeting of the Veterans of Foreign Wars, Vice President Dick Cheney restated on Monday the White House's promise fix the problems at Walter Reed.

"There will be no excuses, only action," Mr. Cheney said.

"As we work to improve conditions at Walter Reed, we want to find out whether similar problems have occurred at other military" and veterans' hospitals, he said. "These brave men and women deserve the heartfelt thanks of our country, and they deserve the very best medical care that our government can possibly provide."

Members of the committee from both parties were sharply critical during the hearing, some arguing that government audits and news articles have hinted at similar problems for years. Representative Tom Davis of Virginia, the ranking Republican on the committee, said the military's entire system for handling wounded veterans was in need of a "top-down overhaul."

"You're not going to be able to Scotch tape over it," Mr. Davis said.

Lt. Gen. Kevin C. Kiley, the surgeon general of the Army, who also headed Walter Reed several years ago, apologized to soldiers and said the bureaucratic process they faced demanded "urgent simplification."

"We really need to reinvent this process," General Kiley said.

General Kiley was initially appointed to replace Maj. Gen. George W. Weightman as commander of the hospital last week, but the appointment came under fire because he had previously appeared to play down problems at the hospital when he was in command in 2004.

He was pressed on Monday to explain how he had not known about the conditions at Building 18, even though he lived across the street from it. He explained that inspections of barracks were not part of his normal job duties. But the subcommittee members continued to hammer him, asking why he had not taken action earlier to deal with the challenges faced by wounded soldiers and wondered whether recent efforts to contract out services to civilians had left the hospital depleted.

"I want you to know that I think this is a massive failure of competency and management and command," said Representative Paul W. Hodes, Democrat of New Hampshire.

Beyond specific steps to streamline the bureaucratic process that is faced by wounded troops and to improve living conditions, military officials said it might be time to re-evaluate whether Walter Reed should be closed in several years, as had been previously planned as part of a national base reorganization process.

Several patients at Walter Reed attended the hearing Monday and echoed some of the problems described. But Staff Sgt. Brian Beem, who lost his right leg to a makeshift bomb in Baghdad in October, said he had had no idea conditions were so bad for some of his counterparts, even though he had heard grumbling.

"At my level," Sergeant Beem said, "I'm ignorant of it."

Walter Reed Army Medical Center Shapes War Debate (HILL)

By Jonathan E. Kaplan

The Hill, March 6, 2007

DOJ_NMG_0140661

A House Oversight and Government Reform subcommittee hearing on the conditions at Walter Reed Army Medical Center yesterday could further pressure Democratic leaders to adopt a more stringent approach to paying for the war in Iraq.

House Democratic leaders are considering how to proceed on several war-related spending bills. After passing a resolution condemning Bush's troops surge with just 17 Republican votes, Democrats spent last week discussing how to challenge President Bush's authority to manage the war.

Some rank-and-file centrist Democrats have challenged a proposal from Rep. John Murtha (D-Pa.), chairman of the defense appropriations subcommittee and a leading anti-war critic, that would tie funding for the war to soldiers' readiness.

"I would suspect [the hearings] would add to anti-war pressures," said Rep. Paul Hodes (D-N.H.), who attended the talks. "It certainly gives weight to Jack Murtha's argument that unless there is adequate time between deployments, [Bush] is proposing a troop increase for a system that can't handle casualties."

Rep. John Yarmuth (D-Ky.), a freshman Democrat who defeated a GOP incumbent, said that the scandal at Walter Reed would add to anti-war pressures.

Other Democrats said the pressure will shift to the Republcans.

"The real pressure will be on Republicans to support our troops by voting for the supplemental spending bill," said a Democratic aide. He indicated that there would be extra money for veterans' healthcare programs in that bill.

Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee (DCCC), attended yesterday's hearing and said he saw "political dangers" ahead for the Bush administration.

"It's another example of failing to take action in the face of facts staring them in the face," he said.

The scandal adds further support for the Democrats' position "that the administration just botched this war from the beginning, not just in Iraq but to address the needs of returning soldiers," he added.

There was not enough room in the small auditorium at Walter Reed for the bipartisan outrage as lawmakers listened to wounded soldiers, Army officials and a Government Accountability Office investigator testify about the conditions at the Army's premier medical facility. The panel's subcommittee on National Security and Foreign Affairs ran the hearing.

The fast-paced, skeptical questions from Democrats and unusually harsh criticism from GOP lawmakers indicated a sea change in Washington since last year's mid-term elections.

"The frustration of these poor, injured veterans coming back — it is systemic. And I'm afraid this is just the tip of the iceberg. When we got out into the field, we may find more of this," said Rep. Tom Davis (R-Va.), the senior Republican on the panel.

"I didn't notice any partisan divide in the hearing today. We were all on one page," said Yarmuth, who met last week with former Miss America Heather French, the wife of Kentucky's lieutenant governor and a veterans advocate.

Some lawmakers even praised the media for reporting on conditions at Walter Reed.

Subcommittee chairman John Tierney (D-Mass.) reminded members that he was conducted a hearing, not an inquisition. Lawmakers minded his advice until Lt. Gen. Kevin Kiley, the U.S. Army Surgeon General, and Major General George Weightman, who was recently fired as Walter Reed's commander, sat down at the witness table.

Several lawmakers, including Rep. Bruce Braley (D-Iowa), asked two wounded soldiers and a wounded national guardsman's wife whether they had any help navigating the Army's health care system. The witnesses repeatedly said there were few people with knowledge and expertise who could help them.

"One of the concerns was that there was no advocacy," said Rep. Peter Welch (D-Vt.). "It's an excellent idea and it has broad support."

There were no memorable moments of confrontation between the lawmakers and Army officials. But without raising their voices, Democrats pounded on the Bush administration's push to privatize services at Walter Reed.

Committee Chairman Henry Waxman (D-Calif.) and other Democrats blamed the Bush administration for privatizing outpatient care services at Walter Reed, which in turn led to a decline in the quality of care and a mass exodus of qualified care givers.

"A $120 million contract [led to] downsizing, and shows that there is an ideology still at work that puts profit ahead of public services," said Welch. "That has to change."

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While Democrats called the hearing, the most animated lawmakers were those most affected by the war in Iraq, including Rep. Christopher Shays (R-Conn.) and freshmen Democrats.

Shays, whose support for the war in Iraq nearly cost him his congressional seat, said, "What I wrestle with is that there's not anyone involved in this that didn't know there were challenges. How can we know when a problem is being addressed? Is it something where we need to have hearings every two months?"

"I'm appalled, I'm outraged," said Hodes, adding that he could barely contain his frustration as Army officials testified that they did not know about the squalid conditions and bureaucratic mismanagement.

Meanwhile, even Vice President Dick Cheney acknowledged the problems at Walter Reed yesterday during a speech to a veterans' group.

"There will be no excuses, only action. And the federal bureaucracy will not slow that action down. We're going to fix the problems at Walter Reed, period," he said.

Congress will hold more hearings this week on Walter Reed. The Senate Armed Services Committee and the House and Senate Veterans Affairs Committees will meet tomorrow. Murtha postponed a hearing yesterday.

Walter Reed Hearing Brings Outrage And Apologies (LAT)

By Johanna Neuman And Adam Schreck

The Los Angeles Times, March 6, 2007

WASHINGTON — Top Army officials faced angry lawmakers during an emotional hearing Monday on shoddy medical treatment and living conditions at Walter Reed Army Medical Center, acknowledging that they had failed in the care of wounded veterans.

Calling the scandal at Walter Reed "the tip of the iceberg of what is going on all around the country," Rep. Henry A. Waxman (D-Los Angeles), chairman of the House Oversight and Government Reform Committee, said veterans and their families were "flooding us with complaints" about bad medical care.

Waxman, citing news stories and congressional reports that revealed the hospital's problems over the last two years, cast doubt on Army officials' assertions that they were surprised by disclosures that injured soldiers returning from Iraq and Afghanistan had been treated shabbily.

"We get officials who say they just didn't know things were happening," Waxman said. "I have a long list, a stack of reports and articles that sounded the alarm bells about what was going on here and around the country."

Army Maj. Gen. George W. Weightman, fired as commander of the hospital complex last week, took responsibility for the problems.

"I failed," he said at the hearing. "We can't fail one of these soldiers or their families, not one. And we did."

Turning from the congressional panel to face a veteran and his family, Weightman expressed regret for a bureaucratic maze that forced the soldier's wife to battle the Army to get her husband proper medical treatment.

"I'd just like to apologize for not meeting their expectations," he said.

Several lawmakers accused Army brass of making Weightman, the medical center's commander for six months, the scapegoat for the problems at Walter Reed. Veterans groups think he had made progress in reducing the ratio of case managers to patients and in spotlighting post-traumatic stress disorder.

Army Secretary Francis J. Harvey was forced to resign last week over the scandal.

Weightman's predecessors — retired Maj. Gen. Kenneth L. Farmer Jr., who had commanded the hospital complex from 2004 until August, and Lt. Gen. Kevin C. Kiley, who was in charge from 2002 to 2004 — have not been disciplined.

After Weightman was fired, Kiley was named interim commander of Walter Reed but was removed a day later. Kiley remains the Army's surgeon general.

"Tell me why [Weightman] got the ax and why the others walk on the earth today," said Rep. John F. Tierney (D-Mass.), chairman of the subcommittee that held the hearings. "Where has all the brass been?"

Gen. Peter J. Schoomaker, the Army's chief of staff, responded angrily.

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"I've got a daughter and a son-in-law that are on the way to combat," said Schoomaker, whose younger brother, Maj. Gen. Eric B. Schoomaker, has been named to run Walter Reed. "This is not something about people [who] don't care, and I am not going to sit here and have anybody tell me that we don't care."

Tierney shot back, "Nobody said anything about people not caring." He called Schoomaker's response a "red herring."

The burgeoning scandal over medical treatment for returning troops, much like the government's flawed response to Hurricane Katrina, is exposing weaknesses in federal crisis management.

Members of Congress promised more hearings on the maze of red tape that wounded soldiers confronted.

"You've been fighting a war," Rep. Chris Van Hollen (D-Md.) said to veterans. "You shouldn't have to come back here and fight a system."

Peter Schoomaker promised to address the problems.

"I couldn't be madder, and I couldn't be more embarrassed and ashamed," he said.

Lawmakers questioned the policy under which maintenance and operations at Walter Reed were outsourced to IAP Worldwide Services Inc., a Florida firm run by a former Halliburton official who reduced Walter Reed's staff from 300 to 100.

"We've contracted out so much in this war," Waxman said. "We have mercenaries instead of U.S. military.... We are, in Iraq, overpaying for the work of the contractors, and here we're under-serving our military."

The subcommittee made the unusual decision to move the hearing from Capitol Hill to a wood-paneled auditorium at Walter Reed.

As soldiers in camouflage fatigues and sand-colored boots roamed the scrubbed hallways outside, lawmakers squeezed shoulder to shoulder onto a dais in the auditorium. They listened intently to the testimony of two injured soldiers and the wife of a third. All recounted problems and hurdles at the hospital — stories that first captured public attention in articles in the Washington Post last month.

Staff Sgt. John Daniel Shannon, who is waiting for plastic surgery so he can wear a prosthetic eye, was angry that Harvey was allowed to resign.

"I don't know how things work in Washington, D.C., but in combat, we don't get to resign when bullets are flying and people are dying," Shannon said.

His advice to Army officials: "Pull themselves up by their bootstraps like any sergeant would do, admit to their mistakes and work to fix them until they're fixed."

Spc. Jeremy Duncan, injured by a roadside bomb in Iraq, lost sight in one eye, fractured his neck and almost lost his left arm. He was housed in now-infamous Building 18.

"It wasn't fit for anybody to live in a room like that," he said, describing holes in the walls and black mold that exposed vulnerable patients to infection.

Duncan said nothing was repaired despite repeated reports and complaints.

"That's when I contacted the Washington Post," he said.

After the newspaper reported the squalid conditions, "I was immediately moved from that room, and the next day they were renovating the room."

Another witness, Annette McLeod, said she became such a ferocious advocate for her husband's medical care that the case manager "got tired of dealing with me."

"I was very persistent," McLeod said. "Anybody that would listen to me, I would talk."

Asked if she spoke to Farmer, the former head of Walter Reed, she said, "I did. I was at his office door for several days and each time they turned me around.... They told me he did not have time to talk to me."

McLeod recounted the story of a young soldier who, on his return from Iraq, was diagnosed with bipolar disorder. The Army said it was a preexisting condition and refused disability payments.

"This is how we treat our soldiers," she said. "We give them nothing, but they're good and tough [enough] to go and sacrifice their lives. And we give them nothing."

Two Generals Provide A Contrast In Accountability (WP)

DOJ_NMG_0140664

By Dana Milbank

The Washington Post, March 6, 2007

Kevin Kiley, the three-star general in charge of all Army medical facilities, seemed stumped as he testified yesterday about his responsibility for the Walter Reed scandal.

"I'm trying not to say that I'm not accountable," he told members of the House oversight committee.

But try as he might, he couldn't fix blame on himself.

How could he not have known that wounded soldiers were living in squalid conditions across the street from his own home? "I don't do barracks inspections at Walter Reed," he said.

Why did he assure Congress in 2005 that the Walter Reed bureaucracy was improving, even though many soldiers were languishing in neglect at the facility? "In my role as the MedCom commander," he said, "Walter Reed was not my only command."

What did he do when a government report in 2006 found numerous problems at the now-infamous Building 18? "My staff informed me that the Walter Reed staff was working on it."

Lawmakers on the committee, who were visiting Walter Reed Army Medical Center for a field hearing yesterday, quickly tired of the general's I-don't-do-windows routine. Rep. Bruce Braley (D-Iowa) accused him of spouting "hogwash." Rep. Chris Shays (R-Conn.) called his position "dishonest."

"I want you to know that I think this is a massive failure of competence in management and command," said Rep. Paul Hodes (D-N.H.), pointing his finger at Kiley.

After Hodes's harangue, Kiley replied, "I command by commanding through my commanders and trusting them to execute the mission."

Sitting shoulder to shoulder with Kiley was one such commander, Gen. George Weightman, who last week was fired as chief of Walter Reed after just six months on the job. Weightman and Kiley, who ran Walter Reed from 2002 to 2004, wore matching Army dress uniforms, but their responses could not have been more divergent. While Kiley deflected blame, Weightman freely admitted failure -- even though the victims of Walter Reed's neglect testified, and the House committee members agreed, that he was not to blame.

"He was, in my perspective, being punished because he caught the tail end of it," testified Annette McLeod, whose ordeal with her wounded soldier-husband, Dell, was one of those chronicled in a Washington Post series on Walter Reed. "Because somebody had to be the fall guy, he was there."

After Annette McLeod's testimony, the couple sat in the first row of the audience, just three feet from Weightman and Kiley as the two generals testified. "The McLeods are right behind you," pointed out Rep. Tom Davis (R-Va). "Do you have anything you want to say to them?"

"I feel terrible for them," said Kiley, keeping his back to the McLeods. "We have got to double our efforts, redouble our efforts, to make these kind of cases disappear in the system."

Weightman, by contrast, turned around to the McLeods and spoke warmly, addressing Annette directly. "I'd just like to apologize for not meeting their expectations, not only in the care provided, but also in having so many bureaucratic processes that just took your fortitude to be an advocate for your husband that you shouldn't have to do," Weightman said, as Kiley finally turned to face the McLeods. "I promise we will do better."

When the two generals were eventually excused, Weightman again turned to the McLeods and shook hands with them; though he spoke quietly, the words "I'm sorry" were clear. Kiley left the room without a glance backward.

Members of the House Oversight and Government Reform Committee shook their heads in amazement as Annette McLeod testified tearfully that she didn't know her husband had been hurt in Iraq "until he called me himself from a hospital in New Jersey."

They reacted similarly when another Walter Reed patient profiled by The Post, Staff Sgt. John Daniel Shannon, spoke about how, while recovering from being shot in the head in Iraq, he was left "extremely disoriented" to wander the Walter Reed campus alone in search of an outpatient facility. The third member of the panel, Spec. Jeremy Duncan, who had two studs where his left ear used to be, described the "unforgivable" squalor of his room at Walter Reed.

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But nobody blamed Weightman. "I don't think he should have been fired," said Shannon, wearing a patch over his missing eye.

The lawmakers seemed to agree. "There appears to be a pattern developing here that we've seen before," said Rep. John Tierney (D-Mass.) "First deny, then try to cover up, then designate a fall guy." Rep. Stephen Lynch (D-Mass.) advised Weightman that "you probably have a little more blame being laid at your doorstep than I think is probably appropriate." And Rep. John Duncan (R-Tenn.) shared the view of a colleague's wife that Kiley "skirted this stuff for five years and blamed everyone else."

Weightman was not so easy on himself; he pleaded guilty repeatedly to a "failure of leadership," and said lawmakers were "absolutely right" to question what was "obviously a failure."

Kiley started off in similar fashion, saying he was "personally and professionally sorry" and acknowledging: "I share these failures." But the further he got from his prepared testimony, the less contrite he became. He was blameless after Walter Reed shifted maintenance to a private contractor in 2004. "I was not the commander then."

Shouldn't top officers make sure proper care is being given at every level? "I don't get involved at my level . . . at an individual issue."

Will he find a way to break down privacy obstacles that hampered proper care? "I'm not in charge of it, but I'll take care of it."

Rep. Peter Welch (D-Vt.), like his colleagues, was skeptical about Weightman's guilt and Kiley's self-exoneration; he wondered if Kiley thought the problems at Walter Reed "have been in existence for over six months."

Kiley responded with something about "two 15-6 investigations" and something else about the "MEB/PEB process."

"The information we have to date is that General Weightman in fact was trying to work through these problems; he's been fired," Welch continued. "Is that an appropriate response to the situation?

"That is a decision for the civilian leadership," Kiley answered.

Whatever the merits of Weightman's dismissal, the problems at Walter Reed have not disappeared with him. Before yesterday's hearing, a patient with a prosthetic arm tried to get in but was stopped by a guard, who asked if the young man was supposed to be in the hearing. "I'd like to be," the soldier said.

"It's preselected, unfortunately," the guard replied. The young amputee walked away. Inside, three rows of seats had been reserved for the Army; almost all were empty.

Testimony At Walter Reed (WP)

The Washington Post, March 6, 2007

IN A DIM auditorium at the Walter Reed Army Medical Center yesterday, Maj. Gen. George W. Weightman, the recently ousted commander of the facility, turned and apologized directly to the maimed soldiers and their families who had assembled for a House subcommittee hearing. Once during the hearing, Lt. Gen. Kevin C. Kiley, Army surgeon general and former Walter Reed commander, tried to frame the situation as a failure of lower-ranking personnel and characterized an article in The Post as "yellow journalism." Gen. Kiley has reason to be defensive -- he is arguably more to blame for the miserable outpatient conditions described in a recent Post series than is Gen. Weightman but still serves as the Army's top doctor. Nevertheless, he, too, apologized, and he acknowledged that he is ultimately responsible for outpatient facilities. And Gen. Kiley, along with Gen. Richard A. Cody, the Army's vice chief of staff, and Maj. Gen. Eric B. Schoomaker, the new head of Walter Reed, assured the subcommittee that thorough reviews of outpatient facilities will lead to significant reform.

Also encouraging was Defense Secretary Robert M. Gates's swift firing of Army Secretary Francis J. Harvey on Friday after Harvey nonsensically removed Gen. Weightman from his position and placed Gen. Kiley temporarily in charge. Mr. Gates seems to be holding upper tiers of Army management to account.

Being sorry is only the first step, however. Since the series was published, Post reporters have received hundreds of accounts of appalling conditions and management practices at both Army outpatient facilities and Department of Veterans Affairs facilities across the country. One mother complained that a room assigned to her son, who had an open wound, was infested with fruit flies and contained overflowing trash and a syringe. A soldier said that wounded veterans had to sign waivers attesting that they understood that their living conditions were below minimum governmental standards. Most disturbing are reports of

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Army medical review boards trying to pay wounded soldiers as little as possible in disability benefits, sometimes adjudicating veterans' claims while they were heavily medicated and unable to argue their cases effectively.

Fixing veterans' outpatient care will take a lot more than putting a new roof on Walter Reed's Building 18. It means revamping buildings and bureaucracies across the country. The generals who testified yesterday made an excellent point: More injured soldiers survive now than ever before because of the quality of the Army's inpatient medicine, and the nature of their physical and psychological wounds often makes those injuries difficult to diagnose and treat. Since American action began in Afghanistan, this country has taken on a large responsibility to care for its wounded service members, for life if needed. It may be expensive, but these men and women deserve clean accommodations and straightforward assistance -- not adversity -- from administrators. If the accounts The Post has received over the past couple of weeks are true, then the Army and Veterans Affairs are both far from achieving that goal.

Casualties Of The Budget Wars (NYT)

By Paul D. Eaton

The New York Times, March 6, 2007

Fox Island, Wash.

IN his 1997 book "Dereliction of Duty," Col. H. R. McMaster wrote that "the 'five silent men' on the Joint Chiefs made possible the way the United States went to war in Vietnam." So it is today with the war in Iraq. Regrettably, the silence of our top officers has had a huge impact not just on the battlefield but also on how we have brought our injured warriors home from it. These planning failures led to the situation at Walter Reed Army Medical Center recently reported by The Washington Post, which resulted in the firings of the hospital's commander and the secretary of the Army.

The sad truth is that The Post's reports weren't entirely new: Mark Benjamin, of United Press International and the Web magazine Salon, and Steve Robinson, the director of veterans affairs at Veterans for America, have been reporting on the disgraceful treatment of our war wounded since 2003. More important, the Walter Reed scandal is simply the tip of the iceberg: President Bush, former Defense Secretary Donald Rumsfeld and Congress all pointedly failed to provide the money and resources for our returned troops wherever they are, both the obviously wounded and those who may seem healthy but are suffering mentally and physically from their service.

Soldiers have long joked: "If you are really sick or injured, Army medical care is O.K. But if you are hurting only a little, especially if it isn't visible, you're in big trouble." The American soldier still receives the best trauma care in the world, especially at Walter Reed. The problem there has been with deplorable outpatient care management. The military health system is seriously undermanned and underfinanced for the number of casualties coming home. Also, there has been little preparation for identifying and treating post-traumatic stress injuries.

Last year, because of spending in Iraq, the Army had a $530 million shortfall in its budget for posts at home and abroad. This forced the Army's vice chief of staff, Richard Cody, to tighten belts that were already at the last notch.

Hospitals have taken a big part of the financial hit. General Cody has warned Congress that failure to shore up the tottering military health care system could become a "retention issue." David Chu, the Pentagon's under secretary for personnel and readiness, told The Wall Street Journal that veterans' costs "are taking away from the nation's ability to defend itself."

The result is that Walter Reed and every other domestic Army post have struggled to house soldiers properly after their release from the hospital. For the lucky ones, family members pick up the slack, making sure that follow-up care is provided, that prescription drug regimens are followed, that therapists show up for rehabilitation sessions. Those without family help tend to slip between the cracks.

Walter Reed, in particular, has another problem. The Base Realignment and Closure Commission decided in 2005 to shutter this critical hospital. I won't debate that decision now — what's done is done — but when the commission decides you will close within a few years, money dries up real fast. It is no wonder that buildings fell into disrepair and recovering soldiers slipped off the radar screen.

This was the fiscal environment that Maj. Gen. George Weightman stepped into last August when he took command of Walter Reed. I have known George since he was a plebe at West Point. He is bright, honorable and energetic — and always

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capable. But as another of his admirers told me, "He was the captain of that ship." And now he has gone down with his ship — the victim of Mr. Rumsfeld's wrongheaded cost-cutting and the joint chiefs' failure to stand up to the civilian leadership.

So, what can we do to ensure that good men like General Weightman aren't put in impossible situations and, more important, that our fighting men and women get the care they need? A good first step has been taken: Secretary of Defense Robert Gates fired the secretary of the Army, Francis Harvey, who was a true Rumsfeld man and viewed by many as more loyal to his boss than to the Army. But some other prescriptions seem obvious:

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I would encourage every member of Congress, ever senior Pentagon official and every White House staff member to read the articles Mark Benjamin has written on soldier care, beginning with the 2003 report he did on Fort Stewart in Georgia. The train in this wreck left the station a long time ago.

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The Pentagon must do something it has, amazingly, never tried: develop an official doctrine on how to "redeploy" a soldier from the combat zone to the peaceful zone. This means hiring mental health experts to thoroughly analyze the psychology of the returning soldier, and making a commitment to building a health care network that can meet the needs of a growing population of injured soldiers.

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Congress must increase financing for research into traumatic brain injuries, the signature malady of this war. Unbelievably, in its Pentagon appropriations bill for 2007, Congress cut in half the financing for the Army's main research and treatment program on brain injury (which, no surprise, is at Walter Reed).

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The government should also expand grants to the Fisher House program, a public-private partnership that has "comfort homes" at every major military medical center. These provide families of wounded troops with housing, kitchens, laundry rooms and other support services. The program serves more than 8,500 families a year, but will struggle to keep pace with the growing number of returning wounded.

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Like so many government departments, the military has a medical computer system that is made up of a hodgepodge of antiquated machines with outdated software that often can't communicate with one another. This needs to be replaced with a user-friendly system that can efficiently track the wounded as they make their way through the system.

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The Pentagon must revamp the Medical Evaluation Board process, the system under which a soldier suffering from injury is screened to see if he should be given a discharge and a disability pension. Cases now are handled in a haphazard way and can drag out indefinitely; each should be held to a disciplined timeline.

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The general effort by Mr. Rumsfeld and Mr. Harvey to privatize services at Army bases needs to be reined in. Some of the problems at Walter Reed seem to have been caused by the contracting out of maintenance services and other support jobs.

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While we address the needs of uniformed men and women, we need to assess our civilian employees as well; most are excellent, but some are entrenched and in need of firing.

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The money to care for our soon-to-be-veteran soldiers should not come from the Defense Department budget. The immense costs of medical care are simply too attractive to Pentagon budget-cutters, creating a conflict of interest between the war effort and the health of our troops.

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And, of course, we must move the outpatient soldiers out of Walter Reed immediately. It is a small, old installation with few recreational outlets in a neighborhood of Washington that is unwelcoming to patients' families. Fort Lewis in Washington State, for example, is a large, well-equipped installation in a beautiful area with a good program for recovering soldiers. And the big

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goal should be to get our wounded troops off bases entirely and back their own homes, with adequate medical care and insurance.

The other day I had a phone conversation with Mr. Robinson, a former Army Ranger whose group aids Persian Gulf war veterans suffering with health disorders. “The problem with Walter Reed and the nation’s defense health program is much more than money, mold and mice,” he said. “It is about leadership.” He’s right. And with Secretary Gates, I expect the Joint Chiefs of Staff to be able to resume their rightful role in our nation’s defense

Blood Clot Found In Cheney's Leg; Vice President Returns To Work (WSJ)

The Wall Street Journal, March 6, 2007

Doctors found a blood clot in Vice President Dick Cheney's left leg, but he was not admitted to a hospital and will be treated with blood thinning medication "for several months," his office said. Mr. Cheney, 66 years old, went in for tests after experiencing "mild calf discomfort" following a nine-day trip to Asia and the Middle East, his spokeswoman said. The clot, a deep venous thrombosis, may have resulted from spending long periods seated on a plane. "Treated properly, it poses a small threat," said Sean O'Donnell, chief of vascular surgery of Washington Hospital Center.

Supreme Court Declines to Hear Appeal by Ebbers of WorldCom

The Supreme Court declined to hear an appeal by former WorldCom Inc. Chief Executive Bernard Ebbers, who is serving a 25-year sentence in federal prison for his role in an $11 billion accounting fraud at the telephone company. Mr. Ebbers appealed the trial judge's refusal to grant immunity to three defense witnesses and argued that the judge wrongly instructed the jury. The court turned away the appeal without comment. A federal appeals court in New York rejected the same arguments last year.

China Aims to Deter Steel Exports

China will cut tax rebates on steel exports in an effort to curb exports and stabilize local prices. China became a net steel exporter last year as its crude-steel output rose 19%, leading to 27 antidumping or antisubsidy investigations against Chinese steel producers by 11 countries. In September, China cut tax rebates for steel exports to 8% from 11%.

Cheney To Be Treated For Blood Clot (USAT)

By Joan Biskupic

USA Today, March 6, 2007

Vice President Cheney will be treated with blood thinners for several months after tests revealed Monday that he has a blood clot in his left leg, a spokeswoman said. Cheney visited his doctor in Washington after feeling minor discomfort in his calf, spokeswoman Lea Anne McBride said. She said an ultrasound showed the deep venous thrombosis.

Cheney, 66, returned to the White House after the exam and continued his workday. "He'll maintain his regular schedule," McBride said. "He feels fine."

The vice president returned last week from a trip that included stops in Afghanistan and Pakistan.

In 2005, he underwent six hours of surgery on his legs to repair a kind of aneurysm, a ballooning weak spot in an artery that could have burst if left untreated.

White House panel OKstwo surveillance programs

A White House board has determined that two of the Bush administration's controversial surveillance programs — electronic eavesdropping and financial tracking — do not violate citizens' civil liberties.

After operating mostly in secret for a year, the five-member Privacy and Civil Liberties Board is preparing to release its first report to Congress next week.

The report finds that both the National Security Agency's warrantless eavesdropping program and the Treasury Department's monitoring of international banking transactions have sufficient privacy protections. They have multiple layers of review before sensitive information is accessed.

"We visited NSA and met with the top people all the way down to those doing the hands-on work," said Carol Dinkins, a Houston lawyer and former Reagan administration assistant attorney general who chairs the board. "The program is structured and implemented in a way that is properly protective and attentive to civil liberties."

Lawyers seek hearing soonfor Guantanamo detainees

Former U.S. solicitor general Seth Waxman and other lawyers asked the Supreme Court to quickly hear the appeal of six detainees who have been held for more than five years at the U.S. military prison at Guantanamo Bay, Cuba. The case would test the new Military Commissions Act, part of the Bush administration's strategy for special trials for foreign terrorist suspects held at Guantanamo.

The prisoners are appealing a decision last month by a federal appeals court in Washington that said Guantanamo detainees have no right to challenge their detention in federal court. Their lawyers say the ruling conflicts with decisions by the justices in 2004 and 2006 that said detainees could get a hearing by a federal judge.

The lawyers want the case heard May 7. They say it is urgent because of the important issue of access to U.S. courts and "oppressive conditions" at Guantanamo.

The federal appeals court ruled that the Military Commissions Act barred federal judges from hearing detainees' cases. Congress passed the act at the urging of the Bush administration after the justices' decision in June that struck down Bush's original plan for military tribunals as an alternative to regular U.S. courts.

Waxman, who was the government's top lawyer before the court during the Clinton administration, wrote: "At issue is nothing less than this country's commitment to the rule of law. Hundreds of men are currently facing lifelong imprisonment without any assurance that they will ever be tried on a criminal charge or given any fair opportunity to challenge the purported basis" of their detention.

The military has used Guantanamo since 2002 for foreigners picked up as al-Qaeda suspects in Afghanistan and elsewhere. The prisoners in the new case are Algerians arrested in Bosnia on suspicion of an attempt to commit international terrorism.

Dick Cheney Treated For Blood Clot In Leg (LAT)

By James Gerstenzang

The Los Angeles Times, March 6, 2007

WASHINGTON — Vice President Dick Cheney, who returned to Washington last week from an around-the-world trip, is being treated for a blood clot in his left leg, his office announced today. Such clots, while rare, are sometimes caused by extended air travel.

Cheney is being treated with a blood thinner intended to prevent the clot from breaking loose and reaching his lungs, said his deputy press secretary, Megan McGinn. She said Cheney, 66, had experienced "mild calf discomfort."

Cheney has been treated for multiple cardiology and vascular issues over the past three decades -- most recently undergoing surgery in September, 2005, to treat swelling in blood vessels behind both knees. He has had four heart attacks, quadruple bypass surgery, two artery-clearing angioplasty procedures, and an operation to implant a pacemaker, designed to start automatically to regulate his heartbeat if needed.

He has struggled for years to keep his weight down and has traveled with an exercise cycle stored in the cargo hold of Air Force Two.

The vice president's most recent travel took him to Japan, Australia, Oman, Pakistan and Afghanistan, a roughly 25,000-mile trip over the course of a week.

"In light of his recent prolonged air travel, he visited his doctor's office at the George Washington University Medical Faculty Associates," she said. An ultrasound revealed the clot, a deep venous thrombosis, or DVT, in his left lower leg, she said.

Cheney would be treated with the blood thinner for several months, McGinn said. The vice president's office did not make public the specific medication with which he is being treated.

McGinn said Cheney, who spoke for about 20 minutes during the morning to a convention of the Veterans of Foreign Wars, returned to his White House office after visiting the medical office.

Obesity, immobility and age are among the risk factors for deep venous thrombosis, said Leslie Saxon, chief of cardiology at the Keck School of Medicine at USC.

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The factors can be multiplied by air travel, Saxon said, because the lower oxygen levels in airplanes lower the oxygen in the bloodstream, increasing the risk of clots, and the dry air of the airplane increases dehydration, another factor in increasing the likelihood of clotting.

In addition, she said, "people who have heart and circulation problems don't have as vigorous a flow" of blood as healthier people.

She said the common blood thinner treatment carried some risk of promoting internal bleeding but that the risk was "extraordinarily low."

Cheney Is Treated For A Blood Clot After Trip (NYT)

By Sheryl Gay Stolberg And Lawrence K. Altman

The New York Times, March 6, 2007

WASHINGTON, March 5 — Vice President Dick Cheney was treated Monday for a blood clot in his left leg that independent experts said was probably not related to his history of heart disease but rather the result of his recent around-the-world trip, which included 65 hours of plane travel over 9 days.

Mr. Cheney's office said the vice president experienced "mild calf discomfort" sometime after delivering a late-morning speech to the Veterans of Foreign Wars and visited his doctor's office at George Washington University.

An ultrasound revealed a deep venous thrombosis, a blood clot, in the lower part of his left leg. He was treated with anticoagulant medication, which he will take for several months, and he returned to work. Although blood clots in the leg can be dangerous if left untreated, experts say most are successfully treated with the anticoagulant drugs that the White House says Mr. Cheney is now receiving.

A crucial determinant in treating blood clots in the leg is the size of the clot, which a statement Monday from Mr. Cheney's office did not describe. Nor did the statement state the clot's specific anatomical location.

In September 2005, Mr. Cheney underwent surgery to repair aneurysms, bulges in the arteries that can spawn dangerous blood clots, behind both knees. Doctors implanted devices known as stent-grafts in each of his legs.

The blood clot that was discovered in Mr. Cheney's leg on Monday was in a vein, not an artery, and several independent experts said there was most likely no connection between it and the 2005 surgery. Dr. Cameron Akbari, a senior vascular surgeon at Washington Hospital Center in the District of Columbia, said Mr. Cheney's history of heart disease put him at only "a very slightly increased risk" of developing a deep venous thrombosis.

"Reasons No. 1, 2, 3, 4 and 5 why he developed this are he was on a very long plane ride," Dr. Akbari said.

In otherwise healthy people, such clots most often develop among those who are sedentary, bedridden after orthopedic or major surgery, or during pregnancy. Deep venous thrombosis can also develop after long flights or car rides.

The clots form when blood pools; doctors often advise patients to walk the aisles of a plane, or make road stops every few hours to keep blood circulating. Mr. Cheney's plane, Air Force Two, is roomy, but White House officials did not say how much he walked around during his trip.

The danger from deep venous thrombosis is that a piece of the clot can break off, travel with the blood and lodge as an embolus in a lung to damage the organ or cause sudden death. Experts say an individual who experiences one episode is at risk for a recurrence.

Standard therapy is to start treatment with injections of low molecular weight heparin and Coumadin pills. Both are anticoagulant drugs (often misnamed blood thinners). Coumadin is usually continued for at least six months. In its statement, Mr. Cheney's office said he would be treated with "blood thinning medication for several months."

Doctors allow most patients to return to work after therapy starts. At least one expert, Dr. K. Craig Kent, chief of vascular surgery at New York-Presbyterian Hospital, said he would not advise a patient like Mr. Cheney to take a long plane trip in the next few days.

During his speech to veterans Monday morning, the vice president made joking reference to the trip, which covered 25,000 miles and took him to Australia, Pakistan and Afghanistan, where a suicide bomber blew himself up outside the base where Mr. Cheney had spent the night.

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"As you may have heard, I've been away from Washington recently," the vice president said, adding, "Some, of course, consider that a positive."

Cheney Treated For Blood Clot In Leg (WP)

By Rob Stein

The Washington Post, March 6, 2007

Vice President Cheney is being treated for a blood clot that his doctor discovered in his left leg, his office announced yesterday.

Cheney's doctor at George Washington University discovered the clot during an examination yesterday after the vice president experienced mild discomfort in his calf, spokeswoman Megan McGinn said. The doctor prescribed blood-thinning medication, which Cheney is to take for several months, she said.

Cheney, who may have developed the clot during a recent trip to Afghanistan, Pakistan, Australia and elsewhere that involved extensive air travel, saw his doctor after delivering a speech yesterday morning to the national legislative conference of the Veterans of Foreign War. He then returned to the White House and continued to work.

"He's right here now working," McGinn said. "He's fine."

Cheney, 66, has a long history of heart problems. He has suffered four heart attacks and has had quadruple bypass surgery, two artery-clearing angioplasties and an operation to install a pacemaker.

Cheney, who became vice president in 2001, had his last heart attack, which doctors described as slight, in 2000. He was hobbled briefly in late 2005 after having surgery to repair aneurysms behind each of his knees.

The kind of blood clot Cheney developed is known as a deep venous thrombosis, which forms in a vein deep in the body. Most deep vein clots occur in the lower leg or thigh.

Sitting for long periods of time, such as on long plane flights, can increase the risk of such clots. Cheney returned last week from his trip.

"He spent over 60 hours in the air," McGinn said.

A clot that breaks off and travels through the bloodstream can cause a deadly pulmonary embolism by lodging in a lung, a heart attack by lodging in the heart or a stroke by traveling to the brain.

A blood clot in the thigh is usually more likely to break off and cause a pulmonary embolism than a clot in the lower leg or another part of the body, according to the National Heart, Lung, and Blood Institute.

Making Up For Lower Pay (WP)

By Lori Montgomery

The Washington Post, March 6, 2007

When Michael Maynard's company announced it was moving overseas, the 53-year-old machine technician from Massachusetts quickly found a job at another firm. As the sole provider for his wife and two daughters, Maynard jumped at the new opportunity, even though he had to take a pay cut of nearly $8 an hour.

Then Maynard got lucky. He discovered that, unlike most Americans who lose their jobs, he qualified for a little-known federal program that pays up to $10,000 to certain workers dislocated by trade. In addition to his regular paycheck, he gets a government check for $117 a week, he said, a sum that "helps a lot."

Now, congressional leaders want to expand the program, known as wage insurance, with some arguing that it should be available to any worker who loses a job for almost any reason. The proposal is part of a broader effort to ease the anxieties of middle-class Americans who feel threatened by the globalization of business and a churning U.S. labor market that creates and destroys about 30 million jobs a year.

The proposal is also central to the debate in Washington over trade. Democrats warn that it will be difficult for them to extend the Bush administration's authority to negotiate trade agreements unless the social safety net for U.S. workers is significantly expanded. That authority expires in June.

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"There's a huge ferment out there. And part of the reason for that ferment is that for the last 12 years we have denied what was happening to people while trade just exploded," said Rep. Jim McDermott (D-Wash.), chairman of the panel on income security and family support of the House Ways and Means Committee, which handles trade legislation.

From 2003 to 2005, 3.8 million workers were laid off from jobs they had held for at least three years because of plant closings, insufficient work or the elimination of their positions, according to data from the Bureau of Labor Statistics. About 70 percent had found new jobs by January 2006. But nearly half took a pay cut, the BLS found, and 29 percent reported earnings losses of 20 percent or more.

Only a fraction of job losses are due to increased competition from imports or the transfer of jobs overseas, economists say. Nonetheless, "people do wrongly associate a lot of job loss with trade," said Rep. Jim McCrery (La.), the ranking Republican on the Ways and Means Committee. "So addressing this in some meaningful way is necessary to keeping us at the forefront of knocking down trade barriers."

Entire Washington think tanks have cropped up to propose solutions, including a "strategic pause" in the approval of new trade agreements, a position backed by labor, and an array of expensive social reforms to ease the pain of job loss and reemployment. The Hamilton Project, founded by former Clinton Treasury secretary Robert E. Rubin, urges continued trade liberalization along with the creation of universal health insurance, more portable pensions, more focused job-training programs and wage insurance.

In Congress, leaders from both parties are working with the Bush administration to tackle the issue in hopes of proceeding with pending trade agreements -- while responding to a surge of public anger over free-trade policies, which became evident in last year's election. In recent weeks, wage insurance has emerged as a key part of those discussions.

The concept has been around for years, but no country has tried it on a grand scale, said Lael Brainard, director of the Global Economy and Development program at the Brookings Institution. The goal, she said, is to give displaced workers "a strong incentive to search actively for new employment," even at lower pay, by "smoothing over" the reduction in income.

Unlike unemployment insurance, wage insurance rewards a worker for taking a new job, Brainard said. And unlike general job-training programs, which carry no guarantee of future employment, wage insurance subsidizes on-the-job training and, in theory, helps a worker climb back up the economic ladder.

The nation's existing wage-insurance benefit was tucked into the federal Trade Adjustment Assistance program in 2002. It applies only to manufacturing workers 50 and older who are laid off as a direct result of international trade. They are eligible if they take a new job within six months of the layoff that pays less than $50,000 a year. The program, administered by the Labor Department, will make up half of a worker's lost wages for two years, up to $10,000.

The program is reaching only a fraction of those eligible, however, due to the complicated qualification requirements and a lack of knowledge about the program among front-line job counselors. Last year, a Government Accountability Office report found that no more than 20 percent of older workers at five closed job sites received the wage benefit; at two sites, more than half of older workers were not aware of it. Others had trouble finding a new job before the six-month deadline.

Since the program began in 2003, fewer than 6,800 workers have received wage insurance, with nearly half of them signing up last year.

A bill by Senate Finance Committee Chairman Max Baucus (D-Mont.) and Sen. Norm Coleman (R-Minn.) would expand the entire trade-adjustment program to include service-sector workers whose jobs are lost to trade and would lower the age minimum for wage insurance to 40. McDermott and Sen. Charles E. Schumer (D-N.Y.), the third-ranking Democrat in the Senate, are working to adapt a proposal by Brainard and others that would cover almost any displaced worker of any age who loses a job for almost any reason and takes a new one for lower pay. Workers who make less than $97,500 would be eligible, according to a Schumer aide, and benefits could be increased to a maximum of $20,000.

Such an expansion would cause the cost of the program to increase to roughly $3.5 billion annually from about $20 million. Brainard said the cost could be covered by adding $25 to every worker's annual unemployment tax, an idea Schumer said he is considering.

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While there is support in both parties for wage insurance, the idea is also drawing fire. Many labor unions oppose it, saying it encourages workers to accept lower wages and benefits. They also argue that the program amounts to "burial insurance" for workers whose jobs should have been protected in the first place.

At a hearing on wage insurance before the Joint Economic Committee last week, Maurice Emsellem, policy director for the National Employment Law Project, argued that wage insurance doesn't work and is likely to steal resources from the nation's unemployment insurance system and other benefit programs.

Some Republicans are willing to embrace a limited expansion of the program as a trade-off for renewing the president's trade-negotiating authority. But they are reluctant to expand it significantly at a time when the Bush administration and congressional Democrats have promised to balance the federal budget.

"My role is to make sure it's directly related to trade, not used as a subterfuge for another social-benefit program," said Sen. Charles E. Grassley (Iowa), the ranking Republican on the Senate Finance Committee, which handles trade legislation.

With many people in both parties backing at least a limited expansion, more workers seem likely to find themselves eligible for the program that has been a blessing for Michael Maynard.

"I thought I was going to lose a lot of money and that's that," he said. But the extra money he gets from the government "is keeping me alive."

A Stampede Of Lobbyists Heads Toward The Budget (HILL)

By Jessica Holzer

The Hill, March 6, 2007

The farm lobby, higher-education advocates, veterans' organizations and a host of other groups are pressing their cases with budget committee staffers for increased funding as Democratic lawmakers look to release their spending blueprint as early as next week.

The Veterans of Foreign Wars, for example, wants a $4 billion increase in funding for veterans' healthcare over last year's level. The request is likely to resonate at least somewhat this year in the wake of the Walter Reed scandal.

"If the Congress is going to send men and women into harm's way, it's their obligation to pay for their care," Dennis Cullinan, the group's legislative director, said.

Hospital groups, doctors and other recipients of payments under Medicare and Medicaid are pushing to forestall any program cuts in an environment where Congress is under intense budget pressure.

The HMOs and other insurance plans such as Blue Cross Blue Shield are particularly worried after seeing their funding targeted over the last two years.

With the gaping budget deficit, such lobbying pleas may not work this year. Arguments to spend money on new initiatives are even more difficult with the reinstatement of pay-as-you-go.

Under pay-go rules, which were adopted by the House earlier this year and embraced by several committee chairmen in the Senate, any spending increase or tax cut must be deficit-neutral. So advocacy groups are trying to convince budget staffers that their causes should be exempted from pay-go. Others are coming hat in hand with suggestions for revenue offsets.

"It's tough right now. But we will continue our efforts to ask for an increase," Dana Brooks, who is overseeing the lobbying for the U.S. Farm Bureau on the farm bill, said. She believes any increase in agriculture spending merits waiving the pay-go rules.

In the pay-go environment, groups worry they might be targeted in the hunt for offsets. Companies that provide services under Medicare fear they will bear the brunt of any expansion to the State Children's Health Insurance Program (SCHIP) when it is reauthorized this year.

"We're very supportive of SCHIP and making some sure all the kids that are covered under it get health-insurance services. But that shouldn't be done at the expense of Medicare beneficiaries," Erickson said.

A budget resolution is not binding. It merely suggests rather than dictates the amounts authorizing and appropriating committees can allocate to certain broad goals and programs. But it does cap the total amount of spending and revenue legislators have to work with without running afoul of budget rules.

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More and more, groups lobbying on the budget realize that the top-line spending figure is more important than how the budget committee divvies it up, argued James Horney, a budget expert at the Center on Budget and Policy Priorities.

"If the overall level isn't big enough, it's almost impossible for appropriators to make an increase," he said.

Some budget experts predict that the budget committees will try to wield more power over policy this year by creating a "deficit-neutral reserve fund." Used in previous years when Congress adhered to pay-go rules, the fund would provide money for spending increases — but only if legislators spend it on budget committee priorities and if they find a way to pay for it.

Yet all this assumes there will be a budget at all. On four occasions starting in 1998, Congress has failed to pass a budget resolution. Given the narrowly divided House, and especially the Senate, many lobbyists aren't holding their breath for an agreement this year. The Republican House barely passed its version last year, though it didn't come close to becoming law.

This week, lobbyists will also focus on the homeland-security legislation that is moving through the upper chamber. Sponsored by Sen. Joe Lieberman (I-Conn.), the bill would implement many of the recommendations of the 9/11 Commission.

Discover America Partnership, a group that advocates reforms to make the United States more hospitable to tourists to advance foreign-policy goals, is pushing a number of amendments to the legislation. Among them are provisions to increase the number of Customs and Border Control agents in major airports and a "registered traveler program" with biometric and background screening that would allow the registrants to speed through customs and immigrations lines at airports.

"We're leading an aggressive effort to find things that can simultaneously strengthen security as well as fix the travel problems we've created these last five years," said Geoff Freeman, the group's executive director.

But the legislation may hinge on a provision to allow Transportation Security Administration (TSA) workers the right to organize into unions. Several Senate Republicans oppose the measure and Bush has threatened to veto the legislation if it is kept. The unions, led by the American Federation of Government Employees, are fighting tooth and nail to keep it in.

Lobbying Bill Sparks Populist Uprising -- On Both Sides (WP)

By Jeffrey H. Birnbaum

The Washington Post, March 6, 2007

The National Right to Life Committee and Rep. Henry A. Waxman (D-Calif.) are locking horns -- not over abortion, but over whether thousands of top executive branch officials should have to disclose the names of people who lobby them.

Driven by the over-the-top, clandestine lobbying of Bush administration officials by now-convicted lobbyist Jack Abramoff, Waxman's House Committee on Oversight and Government Reform has unanimously approved the Executive Branch Reform Act. A spokesman for House Speaker Nancy Pelosi (D-Calif.) said that she backs the measure, which would require senior bureaucrats to report quarterly whom they speak to about government actions, and that she expects it to get a vote in the House.

But Douglas Johnson, legislative director of the National Right to Life Committee, is vowing to stop the bill at all costs. He thinks it would discourage officials from meeting with citizens, including his own members. That makes it downright undemocratic. And he is consistent: He led a coalition that helped kill broad ethics reform legislation last year because it would have imposed a similar type of reporting requirement on grass-roots lobbying.

Grass-roots and executive-branch disclosure "are of a kind," Johnson said. "They both have as a purpose to insulate policymakers from ordinary citizens and citizen groups in order to enhance the influence of certain inside-the-Beltway elites." He points out, for example, that communications from lawmakers and other elected officials would not be disclosed under the Waxman proposal.

Johnson is recruiting activists and has lined up the Family Research Council and Concerned Women for America (CWA) as allies. "We believe this bill poses a tremendous threat to any American who wants to communicate with a member of the executive branch," said Shari Rendall, a lobbyist for the conservative CWA. "The burdens of this bill are onerous on government officials and intimidating to the public."

The legislation's advocates are also preparing to fight and they hope eventually to expand reporting to include lobbyists' meetings with lawmakers. Liberal watchdog groups such as Public Citizen, Common Cause and Democracy 21 yearn to give the public a clearer picture of who asks what from government officials all over the nation's capital.

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But for now they are content to start with the executive branch. "It's not a burdensome reporting requirement, and it is important information for the public to know," said Craig Holman, lobbyist for Public Citizen's Congress Watch.

Johnson and his allies are just as determined and are trying to spark protests nationwide with e-mail such as this: "Waxman wants to sell his bill as an expansion of 'government in the sunshine,' [but it's really] a tanning salon: a structure in which executive branch officials would be isolated from the real world and then exposed to intense, artificial and unhealthy radiation generated by privileged inside players such as himself."A Peek Into Corporate America

Not waiting for Congress to impose new disclosure laws, shareholder activists have persuaded some of the nation's largest companies to disclose their political spending on such things as issue campaigns. General Electric, Hewlett-Packard and American Electric Power recently agreed to report how much they give trade associations for politics and lobbying. Home Depot said it would report "soft money" gifts such as corporate donations to political advocacy groups.

The decision was announced by the Center for Political Accountability, Trillium Asset Management and Green Century Capital Management. The four companies join 15 other major corporations that have adopted increased transparency policies since 2005.

Separately, Aegon USA, a financial services firm, has begun to list on its campaign finance reports the events at which it gives money to politicians, a disclosure not required by law. It said its $5,000 donation to the leadership fund of Sen. Thomas R. Carper (D-Del.) was made during a "ski weekend." Anyone see a trend?Government Client? Not So Fast

Qorvis Communications, a fast-growing D.C. PR shop, is still waiting for the $3 million, or 13 percent of its revenue, that Saudi Arabia owes it from last year. But Qorvis managing partner Michael J. Petruzzello said he is confident that the payment will show up soon, now that the Saudis have a new U.S. ambassador, Adel al-Jubeir.

"I'm not at all concerned," Petruzzello said. "It will all be resolved imminently." Then again, delays are common when countries are involved. "This is not the last time that they or any of my government accounts have been late," he added. "That's what happens when you work with governments."Lobby for Money? Not Me

Last week, former attorney general John D . Ashcroft blasted Sirius Satellite Radio's proposed acquisition of XM Satellite Radio Holdings on antitrust grounds. He is a consultant, no surprise, to the merger's main opponent, the National Association of Broadcasters.

Thing is, XM says that Ashcroft's office also approached it to see if it would hire him to help with the merger fight, but the company turned him down. XM accuses Ashcroft of "parroting" NAB's views for money, a charge Ashcroft and NAB deny.

Separately, former senator Alfonse D'Amato (R-N.Y.) says he has acted out of "passion" to accept the chairmanship of the Poker Players Alliance, an organization of 160,000 gambling enthusiasts that wants to reverse a law banning online poker.Ex-Top-Aide Hires of the Week

Dutko Worldwide has hired Judy Lemons, a former chief of staff to House Speaker Nancy Pelosi (D-Calif.), and Andy Wright, former chief of staff to Rep. Rick Boucher (D-Va.). The Watts Consulting Group of former congressman J.C. Watts (R-Okla.) has added Steve Pruitt, once the top Democratic aide at the House Budget Committee.

Public Strategies Inc. has hired Lee Godown, former chief of staff to Rep. Loretta Sanchez (D-Calif.). Joshua F. Hurvitz, former legislative director for Rep. Anthony Weiner (D-N.Y.), has joined American Continental Group. And ML Strategies, the consulting affiliate of law firm Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, has hired Jeremy Rabinovitz, former chief of staff to Rep. Lois Capps (D-Calif.).

David E. Yudin, former director of the city of Chicago's Washington office and more recently legislative counsel to Sen. Joseph I. Lieberman (I-Conn.), has joined B&D Consulting as a senior adviser.

Brad Woodhouse, a longtime political operative with strong ties to liberal causes, was named president of Americans United for Change, replacing Karen Olick, a former chief of staff to Sen. Barbara Boxer (D-Calif.). Olick joined the media and communications firm Squier Knapp Dunn.

Apparently thinking ahead, XM Satellite Radio last summer hired as a senior vice president Jeff Blattner, who was chief counsel on the Senate Judiciary Committee staff of Sen. Edward M. Kennedy (D-Mass.) and also helped run the Justice Department's antitrust lawsuit against Microsoft in the 1990s. XM is involved in a huge antitrust effort to win government approval to merge with Sirius Satellite Radio.

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And on the GOP side, Dan Meyer of the Duberstein Group, a top aide to former House speaker Newt Gingrich (R-Ga.), will replace Brian Conklin as the White House's chief lobbyist in the House.

Send e-mail tokstreet@washpost.com.

Caucus Embroiled In Leadership Dispute (AP)

By Erica Werner

AP, March 6, 2007

Members of the Congressional Hispanic Caucus scheduled a special meeting Tuesday to try to resolve an embarrassing leadership dispute that led one lawmaker to quit the group.

Among the options is a power-sharing arrangement that would dilute the authority of the caucus' controversial chairman, Rep. Joe Baca, D-Calif.

So far, Baca has resisted any changes to the caucus' power structure, according to caucus members and staff. Baca is under fire from female lawmakers, including fellow California Democratic Rep. Loretta Sanchez, who quit the 21-member, all-Democratic group after accusing Baca of calling her a "whore."

Baca denies that. A meeting last Thursday broke up without resolution or a vote, and afterward Baca insisted that he was still in charge and that he was focusing on the future.

"I'm still the chair. ... I was elected in a Democratic process," Baca said. "We've got a lot of high priorities and we need to stay focused."

Sanchez has said she'll rejoin the group only if Baca is out as chair, and other members haven't ruled out quitting. Baca was supported by only one of six women in the caucus when he was elected chairman in November, and Sanchez, her sister Rep. Linda Sanchez, and two others subsequently contested the election procedure and asked for a new secret-ballot vote.

Female caucus members have complained of being ignored and disrespected.

In another episode a year ago, six caucus members — including Loretta and Linda Sanchez — cut ties to the group's campaign arm after it helped finance the unsuccessful campaigns of Baca's two sons for seats in the California Legislature.

Baca defended the decision to give money to them and other nonfederal candidates, saying the caucus should seek to build a farm team. Opponents said the focus instead should be on electing Latino House members.

McConnell Helps Save GOP's Agenda - But Risks Its Future (POL)

By Carrie Budoff

The Politico, March 6, 2007

Senate Minority Leader Mitch McConnell returned to the Senate in January with a conference slashed in size and chastened by voters. Neither the Republican president nor the Democratic-controlled Congress had much use for him. Colleagues whispered that the senator, with all the pizzazz of plain oatmeal, was terrible on television.

Two months later, though, McConnell has managed to make the Republican stance on Iraq -- oppose a rebuke of the president while pressing for continued war funding -- look downright vogue. In the process, even skeptics have acknowledged that McConnell knows how to work a chamber.

"His stock is very high right now," said Sen. Lindsey Graham (R-S.C.)

Not with everyone.

"McConnell is in fact a combination of the worst of all worlds -- the arrogance of Bush, the social conservatism and lunacy of Rick Santorum, the hypocrisy of Mark Foley, the corruption of Tom DeLay," Matt Stoller, a Washington-based Democratic consultant, wrote on the liberal blog MyDD.

As the Kentucky Republican defends his party -- and President Bush -- like a Cub Scout den mother, he's threading the needle between a conference in need of an opposition identity and a public mood divided on the position he has staked out. Insiders admire his tactical maneuvers on Iraq, but could he lose the broader public relations battle outside of Washington?

"They have a potential double whammy," said Norm Ornstein, a congressional scholar at the American Enterprise Institute. "They could ultimately be portrayed as obstructionists, and obstructionists in favor of a policy that deteriorates anyhow."

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The competing agendas underscore the conflict between his leadership role and his style. He's the face of the Senate GOP, but aides have to nudge him to show it more on television. He's a backroom operator in a need-to-know-everything political age. He's the congressional Republican backstop at a time when voters say they want action.

The source of his highest praise -- and sharpest critiques -- stems from what he's stalled: a resolution opposing Bush's plan to send an additional 21,500 troops into Iraq.

The left issued a call to arms last week against the four-term incumbent, who's up for reelection next year.

"It's time to do to Mitch McConnell what the GOP did to Tom Daschle -- make him the symbol of everything that is wrong and get rid of him in a presidential year," wrote Stoller.

With appraisals like that, this prim politician, whose flashiest attribute might be his pinstriped suits, morphed into the silver lining of an otherwise dark year for Republicans.

The National Republican Senatorial Committee reported a slight swell in fundraising. And on Friday, Bush's appearance with McConnell in Louisville, Ky., raised $2.1 million for GOP candidates.

"For the first time in a long while," William Kristol, editor of the Weekly Standard, wrote in Time magazine, McConnell's performance has "given Republicans a congressional leader worth rooting for."

Kristol's statement could be viewed as a subtle jab at McConnell's predecessor, Sen. Bill Frist, the Tennessee Republican who rose to majority leader after only eight years in the Senate and always had his eye on the presidency. McConnell has no designs on higher office, a departure from several of his recent predecessors in both parties, including Frist, former Sen. Tom Daschle (D-S.D.) and former Sen. Robert Dole (R-Kan.).

Moreover, political observers say McConnell brings a legislative know-how to the job that Frist lacked, earning him loyalty in his conference -- and because of that, greater negotiating power with the Senate majority leader, Harry Reid (D-Nev.).

"The Senate is built for defense. The House is built for offense," McConnell said in a Politico interview. "The minority is never irrelevant in the Senate, particularly at 49" members.

McConnell has handled his minority leadership "exactly as Senator Reid expected," said majority leader's spokesman, Jim Manley.

"Senator McConnell is a fierce partisan," Manley said. "He is someone who knows the rules of the Senate and is prepared to use them."

A month ago, the reviews weren't so glowing.

Republican aides arrived at the Capitol Feb. 6 in a tizzy. The GOP was taking a pounding in the headlines. Voters across the country were hearing one message: Republicans defied the will of the American people. They obstructed a debate on Iraq.

A day earlier, McConnell had won the battle inside the Capitol by lining up his conference against a Democratic Iraq resolution. It was a testament to his tactical skills, but raised concerns about his style.

Was his workmanlike persona better suited for the 7 a.m.-to-11 p.m. media cycle of the 1980s?

Aides quickly regrouped, by conference call and in person. "Do we give up? Do we keep talking about it?" asked McConnell's communications director, Don Stewart.

Within hours, the edict was issued. No more talk about the process. Talk only about funding the troops -- and that's all they did.

"I'm not here to talk about the process," McConnell said at one point, trying to shoo reporters off the procedural maneuverings that aides say he revels in.

Reid balked at side-by-side votes -- one on the Democratic resolution opposing the troop surge and one on the Republican resolution pledging to continue funding the war. But McConnell held firm, insisting that the GOP plan receive a vote.

Eventually, the story line shifted to "Democrats in disarray" as they struggled to craft a resolution that could make it by McConnell's minority.

"His strength is how much he listens to colleagues and is able to develop solutions that benefit them," said Ken Mehlman, the former Republican National Committee chairman who managed Bush's 2004 campaign.

The debate was the first major test of McConnell's commitment at the outset of his term to "a restoration of civility and common purpose" in the Senate -- and of his relationship with Reid.

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Both lawyers and longtime legislators, the two leaders meet every Monday, one week in Reid's office, the next in McConnell's, where a National Gallery portrait of his hero, Henry Clay, watches over the proceedings. In between, they talk on the Senate floor.

"We have an understanding of what the institution is like, the rhythm and flow of the institution," McConnell said. "You tend not to get frustrated because of the little impasses that develop along the way. That is just the way the Senate has operated for 200 years. Snags develop and you sit down later and work it out and go on."

McConnell relies on a kitchen cabinet outside his deputy leaders. Sen. Bob Bennett (R-Utah), an old friend, joins the weekly leadership meetings. Sen. Judd Gregg (R-N.H.) has acted as McConnell's legislative wingman, taking the lead so often on the floor debates that Reid described him last month as the "designated 'see-if-we-can-mess-up-the-legislation' guy this year."

McConnell's performance has inspired a certain level of assuredness in the ranks. By last week, as Reid announced that the Senate would hold off debating Iraq for another two weeks, Republicans were anxious for the showdown.

"My attitude is, 'Bring it on,'" said a senior Republican leadership aide. "Let's keep going here."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, March 6, 2007

Embattled Abramoff Associate Lobs Charges of His Own at Ex

While he awaits sentencing for his role in the Jack Abramoff scandal, Michael Scanlon is fighting another court battle -- on the home front.

In papers filed in Montgomery County last fall, the former Tom DeLay staffer-turned-mega-lobbyist is suing his ex-wife for $2 million plus all the money in their son's educational trust, claiming she and her new husband spent funds meant for the 8-year-old boy.

In his suit (which he amended last week to include a conspiracy charge), Scanlon claims his ex, Carrie Anne Liipfert Messina, now living in Los Angeles, had him wire money to what was supposed to be a segregated fund but proved to be a joint account with her husband, Matthew Messina. Scanlon claims they withdrew money meant for young John Patrick's education to buy a condo at the Mammoth Lakes ski resort, timeshares in Orlando and Mexico, and concert tickets.

Intriguingly, Scanlon also claims that his ex-wife broke a 2003 "confidential agreement" the two reached on child support by sharing info about Scanlon's finances with unnamed "third parties." But what she allegedly disclosed, and to whom, is unclear: Messina's response and countersuit -- which court records indicate involve "breach of contract" claims, the same as he makes against her -- have been placed under seal.

So it's unclear whether any of this is entangled in the Abramoff fraud/public corruption mess. While an ex-fiancee of Scanlon's reportedly helped federal prosecutors build a case against him, some observers of the case doubt there would have been much incentive for Messina to leak to investigators. Both Scanlon's attorney and Messina's declined comment.HEY, ISN'T THAT . . . ?

Â· Jake Shears, lead singer of Scissor Sisters, dropping by Comet Ping Pong pizza parlor in upper Northwest Sunday evening before his 9:30 club show. The disco revivalist was approached by a couple of brave Georgetown Day students raising money for a health clinic in Kenya; they say he showed interest but not whether he opened his wallet.

Â· Jamie SalÃ© and David Pelletier in the stands as the Caps played Tampa Bay Thursday. Remember them? Cute Canadian figure skaters who won Olympic gold in 2002 after that messy Russian judging controversy? Well, now they're married, and while on a tour break stayed in NoVa for a few days with homegrown ice royalty Michael Weiss.

Â· John Lithgow dining with three others at Asia Nora Friday night, ahead of his Sunday gig narrating some NSO shows at the Ken Cen. The actor appeared to enjoy the fried oyster and duck appetizer.UPDATE

The Courage Cup polo war is heating up. Over the weekend, founder Greg Ball sent an e-mail to thousands of local fans advertising a charity polo match he calls the Courage Cup at Leesburg's Morven Park on May 12. But not so fast! Three directors of the group once allied with Ball quickly responded with an e-mail saying the official Courage Cup is slated for June 16 at Great Meadow Polo Club near Middleburg.

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Since Ball left D.C. to become a New York state legislator, he and the new board have fought each other with dueling Web sites and bitter e-mails. Ball now contends that his cup is taking place in conjunction with America's Cup of Polo (England vs. United States). No way, said Charlie Muldoon, director of polo for the May 12 event.

Meanwhile, the chances of a friendly resolution are shrinking by the day. The new directors have washed their hands of Ball, saying in an open letter: "We will have nothing further to do with this person or his imaginary polo activity, either collectively or individually." In a letter on his Web site, Ball shot back, denouncing the "unauthorized and renegade outfit." Remember when polo was civilized?THIS JUST IN . . .

Â· In a rare foray out of the White House, George and Laura Bush had Sunday night supper at the Palisades home of Karl and Darby Rove. The presidential adviser took pity on the press outside in vans and sent out sausage and . . . quail wings? Sounds like something John Kerry would serve.

Â· A federal judge yesterday sentenced classical oboist H. David Meyers to a year and a day in prison for money laundering and running an illegal sports-betting operation in Montgomery County, a sentence his attorneys warned could be fatal to his musical career. Prison authorities will decide whether he can play and practice in the slammer. With good behavior, the 61-year-old could be out in nine months.

The Right To Organize (NYT)

The New York Times, March 6, 2007

There are many reasons for the long decline in the membership rolls for private sector unions, including powerful changes in the economy and the unions' past corruption scandals. And there is little doubt that federal rules and regulations for union organizing have also become increasingly hostile to labor, helping to drive unions' share of the work force down from a peak of 35 percent in the 1950s to a mere 7.4 percent today.

The House of Representatives passed a bill last week that would strengthen the rights of employees to form unions, and it drew an immediate veto threat from President Bush. But if Mr. Bush were, as he claims, truly concerned about rising income inequality and truly committed to improving the lives of America's middle class, he would support the legislation and urge the Senate to approve it.

The most significant change in the bill is known as a majority signup, which would allow employees at a company to unionize if a majority signed cards expressing their desire to do so. Under current law, an employer can reject the majority's signatures and insist on a secret ballot. But in a disturbingly high number of cases, the employer uses the time before the vote to pressure employees to rethink their decision to unionize.

The bill would also increase the penalty for employers who fired or otherwise discriminated illegally against pro-union employees. An employer currently found guilty of an illegal firing must pay back pay, minus whatever the fired employee might have earned at a new job — a fine so low as to be meaningless. And the bill would require binding arbitration if a newly formed union and company management were unable to agree on a first contract after 120 days. The refusal to bargain is among the most common allegations against employers in filings to the National Labor Relations Board.

Some employers, like Cingular Wireless and the health care provider Kaiser Permanente, have voluntarily embraced the practice of the majority signup. But many others, represented by interest groups like the United States Chamber of Commerce and the National Association of Manufacturers, remain rigidly opposed.

The bill's opponents charge that replacing secret ballots with the majority signup would be undemocratic. But the current system is by no means fair. The law prohibits union advocacy by employees during work hours and allows employers to ban organizers from the work place. But employers can require workers to attend anti-union presentations, and can discipline or fire those who refuse to attend.

In 2005, according to the most recent annual report of the National Labor Relations Board, 31,358 employees were receiving back pay after being discriminated against for their union-related activities. In research for a bipartisan Congressional commission in 2000, Kate Bronfenbrenner, a labor relations professor at Cornell University, reported that 25 percent of employers illegally fired at least one employee during organizing campaigns.

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Labor unions have a role to play in helping to fix today's economic ills — most notably, worsening income inequality, a problem that's caused in part by unions' decline and the workers' resulting lack of bargaining power. What's needed is a Congressional drive to help Mr. Bush see this obvious connection. The Senate should take up the House bill promptly and send it to the president for his signature.

Fixing No Child Left Behind (WSJ)

The Wall Street Journal, March 6, 2007

The No Child Left Behind education law is up for renewal this year, and an independent commission recently released some recommendations for improvement. Not to be outdone, the White House has also put out its own "blueprint" for strengthening the law. The legislation could use a serious reworking, but any fixes won't go far enough unless they do more to expand public and private school choice.

NCLB's political bargain was that, in return for a big increase in federal education spending, the government would hold schools more accountable for results in the classroom. Six years later, taxpayers have done their part. Since 2001 overall NCLB funding has risen by 34%, and federal spending on Title I schools serving low-income students has gone up 45%.

NCLB and the Bush Administration also deserve some credit for shifting the terms of the education debate. The law has focused attention on learning gaps between students of different races and economic backgrounds that persist even at some of the nation's best public schools. The law's requirement that schools test annually in grades 3-8, and report both averages and the results of racial and economic subgroups, has made it much more difficult for administrators to hide the fact that all students aren't learning.

NCLB has been much less successful in bringing pressure to bear on states and school districts that fail to implement the law. That's especially true of the school choice provisions, which are the best way to get the attention of the education bureaucracy. Unfortunately, the Bush Administration abandoned its voucher proposal very early in the 2001 negotiations. What passed was a watered-down version of public school choice, which in theory allows a child in a failing school to transfer to a better public school or get free after-school tutoring from private providers. * * *

In practice, however, the Education Department has too often allowed school districts to skirt even these limited choice provisions, either by granting exemptions or looking the other way. It took a formal complaint from the Alliance for School Choice before Secretary Margaret Spellings did anything about Los Angeles failing to notify parents of their transfer rights as required under the law. So far she's sent the district a sternly worded letter.

And the Chicago public school system, which has been repeatedly labeled "in need of improvement" and thus should be banned under NCLB from offering its own after-school tutoring, has been given a waiver to do exactly that. So while it would be nice if the Bush Administration enforced its own law, the larger lesson is that school choice "lite" turns out to be no substitute for the real thing.

To be fair, some of these problems are structural. Even if more school districts were implementing NCLB's transfer provisions, there often isn't enough room in decent schools to handle all the children who qualify for a transfer. And many of the private after-school tutoring services allowed under the law are simply employing the same teachers from the local public school system who are failing the kids during regular school hours.

There's also the problem of allowing each state to develop its own standards and tests to determine proficiency in reading and math. The Administration was deferring to federalist principles on an issue that's traditionally been handled at the state and local level. But the reality has been a "race to the bottom," with some states constructing easy tests to avoid federal penalties.

"If you're in Oklahoma right now, you're told that 95% or 96% of your schools are doing fine," says Frederick Hess, who follows education at the American Enterprise Institute. "And if you're in Massachusetts, you're told that 40% to 45% of your schools are doing fine. But if you look at the actual achievement data, it suggests that kids in Massachusetts are doing far better than kids in Oklahoma."

Some education reformers are now calling for "national standards" to address this problem. But we tried national history standards in the 1990s, and the politicized results weren't pretty -- unless, of course, you favor a history curriculum that downgrades the Founding Fathers while playing up the working experiences of midwives in 19th-century Nebraska.

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Rather than force a national test on states, the best compromise here may be to require them to benchmark their own assessments against the National Assessment of Education Progress (NAEP), a federal standardized test that already exists and that most educators agree is fairly rigorous. "So people at least have a common metric by which to judge the rigor of the state assessment," says Mr. Hess.

It's worth considering, and we wish we could say the same about the Commission on No Child Left Behind, which was funded by private foundations and co-chaired by former Governors Tommy Thompson and Roy Barnes. But the panel's report is more interested in tinkering than fundamental change, and its 75 recommendations don't include the one that would make the biggest difference: school vouchers. * * *

The Administration's proposed fixes are bolder and potentially more consequential. President Bush's 2008 budget sets aside $250 million for "promise scholarships" for low-income students in schools that have consistently underperformed for five years. The scholarships would average about $4,000 and "the money would follow the child to the public, charter or private school of his or her choice."

Them's fightin' words for the Democrats who now control Congress. But Mr. Bush has the bully pulpit, as well as the moral authority from five years of evidence on failing schools. We hope his Administration uses them to explain why real school choice is essential to any reform in K-12 education.

OTHER NEWS:

Stocks Decline As Weakness In Asia Trumps Other News (WSJ)

By Peter A. Mckay

The Wall Street Journal, March 6, 2007

A big drop in oil prices didn't stanch the bloodletting in the stock market.

As was the case last week, weakness in overseas markets, especially Asia, trumped any shreds of good news elsewhere. Signs of so-so growth in the U.S. service sector didn't help matters.

"All the things that [investors have] been talking about are not going away," said Michael Mainwald, head trader at Lek Securities Inc., a New York brokerage. "If anything, they're just getting bigger and bigger."

The Dow Jones Industrial Average opened lower, seesawed in and out of positive territory throughout the day, then suffered a late round of selling to end lower for the third straight day. It finished off 63.69 points, or 0.5%, at 12050.41, down 3.3% on the year. Since last Tuesday, when the blue-chip average had a headline-grabbing one-day plunge, it is now off 4.6%.

On a day when it celebrated its 50th anniversary, the Standard & Poor's 500-stock index slipped 0.9%, or 13.05 points, to 1374.12, off 3.1% on the year. Still, the broad measure has now risen to nearly 31 times its initial close of 44.42 on March 5, 1957.

The Institute of Supply Management said its nonmanufacturing index, a broad measure of service-sector activity in the U.S., fell to 54.3 last month. That level indicates that the service sector is still growing, but was below both January's reading of 59 and Wall Street's consensus expectation for 57.5.

Concerns that demand could slow pushed crude futures contracts for April delivery sharply lower, off $1.57 to $60.07 a barrel, down 2.5% for the day and 1.6% for the year on the New York Mercantile Exchange.

Such declines usually help stocks, since investors figure that lower energy prices will lead to more consumer spending and boost corporate profits. Yesterday's session was an exception, as economic fears held back both stocks and energy, said Raymond Carbone, president of Paramount Options, a brokerage firm active on Nymex's floor.

"What we're seeing is fear of a global slowdown," which could lead to less robust consumption of fuel in the U.S., said Mr. Carbone.

Technology shares, which most investors believe are riskier during periods of slow economic growth, were especially weak. The Nasdaq Composite Index shed 1.2%, or 27.32 points, to end at 2340.68, off 3.1% on the year.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 2.3%, or 5.64 points, to 237.47. Major stock indexes fell in Tokyo and Hong Kong.

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In major U.S. market action:

Stocks declined1 and bond prices fell2. The 10-year note fell 1/32 point, or 31.25 cents for each $1,000 invested, lifting its yield to 4.518%. The 30-year bond fell 2/32 to yield 4.654%.

The dollar was mixed3. The dollar fell to 115.83 yen from 116.85 yen. The euro fell to $1.3093 from $1.3194.

Unsteady U.S. Markets Take Another Hit (USAT)

By Matt Krantz

USA Today, March 6, 2007

Money flowed out of global stock markets again Monday as fears of a coming economic slowdown continued to discourage investors around the world.

Following another brutal showing for Asian markets and a choppy day in Europe, U.S. stocks fluctuated Monday before ending with their eighth loss out of the past nine trading sessions. The Dow Jones industrials fell 64 points to 12,050, which left the blue-chip barometer 736 points below its record close on Feb. 20 and at its lowest level since the beginning of November.

That 5.8% slide in the Dow is shy of the 10% drop that defines an "official" correction and is less than some emerging markets have dropped in a single day. But the damage runs far deeper in some sectors on Wall Street, showing the velocity at which U.S. investors are fleeing riskier asset classes such as:

•Subprime mortgage lenders. Investors are hammering companies that gave loans now proving to be problematic to consumers with questionable credit. New Century Financial collapsed $10.09, or 69%, to $4.56 Monday after the industry leader's warning last week that its losses from bad loans have widened, its accounting is being investigated and its survival depends on the large investment banks that lend it money. Scott Valentin of Friedman Billings Ramsey says it's quite possible some subprime lenders will fail.

Investors are bailing out of all subprime lenders and even some diversified mortgage lenders, says Chris Brendler of Stifel Nicolaus. The worries have bled further in the financial ecosystem, infecting shares of real estate investment trusts and investment banks such as Goldman Sachs and Morgan Stanley, which provide cash to subprime lenders. There are even concerns the subprime industry's problems eventually could hurt the broader financial system.

•Tech and biotech. Suddenly investors want little to do with these traditionally volatile sectors. Networking-gear makers Ciena and PMC-Sierra and biotech Celgene are among the worst performers in the Standard & Poor's 500, down 17%, 15% and 12% since the market cracked last Tuesday and investors scrambled for safety. "Tech is thought to require a firm economy to do well. That's an open question now," says David Joy at RiverSource Investments.

•Turnaround plays. Circuit City and General Motors, companies in the midst of fixing themselves, have been punished, falling 13% and 10% in the past week. Investors now prefer more stable companies, which in some cases are also less expensive, Joy says.

The flight from risk is likely to continue as long as investors, unlike just a few weeks ago, are skeptical of rosy economic forecasts. "Positive statements by economists do not have credibility with some investors," S&P's Sam Stovall says. "It's total uncertainty."

U.S. Stocks Drop As Investors Avert Risk (LAT)

By Walter Hamilton And Tom Petruno

The Los Angeles Times, March 6, 2007

Done in by another late-day swoon, U.S. stocks dropped again today as investors continued to dump the type of risky issues they had embraced so strongly last year.

Though most broad-market indexes slid, the worst losses occurred in the financial and housing sectors and among small-company stocks.

Shares of some Southern California-based sub-prime mortgage lenders -- including New Century Financial -- were hammered relentlessly as investors bailed out, fearing that the industry's collapse will worsen.

The blue-chip Dow Jones industrial average fell 63.69 points, or 0.5%, to 12,050.41. The Dow had rallied at the outset of trading but couldn't hold its gains.

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Still, big-name stocks were a haven relative to the rest of the market.

The Russell 2,000 small-stock index slid 2% to 760.06, bringing its loss for the last five trading sessions to 7.7%.

The Standard & Poor's mid-size stock index fell 1.8%.

The technology-heavy Nasdaq composite dropped 27.32 points, or 1.2%, to 2,340.68.

Losers swamped winners by nearly 5 to 1 on the New York Stock Exchange.

Wall Street's struggle today followed another sharp decline in Asian markets overnight. Japan's Nikkei index fell 3.3%. The Shanghai composite index dropped 1.6%.

Emerging markets in general were broadly lower. The Mexican market gave up 2%.

The market's slump began a week ago with a sharp sell-off in Chinese shares that reverberated worldwide. China's slide caused concerns that had been simmering in the United States to boil over -- specifically, fear that the U.S. economy was at risk of falling into recession this year instead of experiencing a so-called soft landing.

The Dow plummeted 416 points, or 3.3%, on Feb. 27, its worst loss in nearly four years. It has been mostly downhill for markets worldwide since then.

"What we have had is a big change in psychology from [investors] not worrying about anything to looking for things to worry about," said Phil Roth, chief technical market analyst at brokerage Miller Tabak & Co. in New York.

The housing market has figured prominently in those new worries, amid rising defaults by sub-prime borrowers -- those with poor credit histories or no credit histories.

Irvine-based sub-prime lender New Century Financial Corp. dived $10.09 to $4.56 today after its disclosure late Friday of a federal criminal probe into its accounting.

Another sub-prime giant, Countrywide Financial, fell $1.82 to $35.20. Impac Mortgage of Newport Beach dropped $1.91 to $4.05.

Anything real estate-related was targeted by sellers today. The Bloomberg News index of real estate investment trust shares sank 3.7%, its worst one-day loss in the last five sessions.

Despite losses over the last week, key stock indexes are down relatively modestly, by historical standards.

The S&P 500 index, which fell 0.9% today, is down 5.9% from its six-year high reached Feb. 20.

A garden-variety "correction" in a bull market would be a drop of 10% to 15%.

Nonetheless, the selling has amplified fears in financial markets that the economy was weakening more than had been expected under the soft-landing scenario.

"You can say it's just a nasty correction or the start of a bear market," said Hugh Johnson, chief investment officer at Johnson Illington Advisors in Albany, N.Y. "Either way, the stock and bond markets are sending a strong and unambiguous signal that something may have gone wrong for the economy."

In other markets today, the dollar fell further against the yen, to 115.42 from 116.75 on Friday, as speculators continued to unwind their trades of borrowing in Japan to buy high-risk assets elsewhere.

Yields were little changed in the Treasury bond market.

Stocks Fall Further, Mirroring Europe, Asia (WP)

By Tomoeh Murakami Tse

The Washington Post, March 6, 2007

Stocks faltered again yesterday during a global equities sell-off and as concerns mounted about the health of a high-risk part of the home mortgage industry.

Each of the major indicators added to their losses of last week, the worst in several years. The Dow Jones industrial average shed 63.69, or 0.53 percent, to close at 12,050.41. The tech-heavy Nasdaq dropped 27.32, or 1.15 percent, to 2340.68. The broader S&P 500-stock index fell 13.05, or 0.94 percent, to 1374.12.

"I don't think it's the bottom. You've got earnings growth decelerating and no Fed easing in sight," said Jeff Schappe, chief investment officer at BB&T Asset Management, referring to the Federal Reserve's position on interest rates. "So the market is having trouble hanging its hat on something good."

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Overnight selling in Asia and Europe appeared to set the tone for U.S. exchanges. The Dow dropped more than 70 points in early trading. The average bounced in and out of negative territory throughout the day as investors took their profits, shopped for bargains or bought safer equities and bonds.

Japan's Nikkei index lost 3.3 percent of its value yesterday, falling 575 points. It recovered slightly in early trading today. Declines were led by exporters, whose overseas profits are being eaten by the rallying yen. It was the fifth consecutive day of losses for the Nikkei since Chinese stocks fell almost 9 percent Feb. 27. The Shanghai index dropped 1.6 percent yesterday. Hong Kong's Hang Seng index posted a 4 percent loss.

The picture was similar in Europe, where worries about weakness in the U.S. mortgage business and the strong Japanese yen lingered. Britain's FTSE 100 lost 0.9 percent, and Germany's DAX index fell 1 percent.

The yen rose 1 percent to hit a three-month high against the dollar. It was trading at about 115.5 to the dollar yesterday, up more than 4 percent in less than a week. The yen gained 2 percent against the British pound.

Analysts are keeping a sharp eye on the yen because of concerns about an unwinding of what's known as the carry trade, which refers to the process in which people borrow in currencies with low interest rates, such as the yen, and invest those assets elsewhere. The rising yen suggests that investors are pulling out of those investments and putting their money, for safety reasons, back into the Japanese currency. This movement could hurt the availability of capital worldwide.

Fresh signs of trouble surfaced in the part of the U.S. mortgage industry known as subprime, further weighing down the market. New Century Financial, which issues the risky, subprime home loans to borrowers with questionable credit records, said late Friday that it was the subject of a criminal investigation into securities trading and warned it may violate loan agreements with its financial backers. Its shares dropped yesterday by $10.09, or 69 percent, to close at $4.56.

David G. Dietze, president and chief investment strategist of Point View Financial Services, said "carnage" in subprime markets had made investors wary of the financial service stocks, which make up roughly a quarter of the S&P 500.

"People are looking at some of the financial services companies and asking, 'To what extent could they be left holding the bag?' " he said, adding that all major banks have some exposure to subprime loans.Movers

Palm dropped $1.80, or nearly 10 percent, to $16.50, wiping out its rally on Friday after speculation that Nokia might buy it.

Fremont General, a subprime lender, lost $2.82, or 32 percent, to $5.89, after saying it would sell its subprime loan business.

Alcoa dropped 97 cents, almost 3 percent, to $31.73.

Shares Continue To Sink, From Hong Kong To New York (NYT)

By Jeremy W. Peters And Heather Timmons

The New York Times, March 6, 2007

The fallout from last week's global stock dive showed few signs of letting up yesterday, as markets from Hong Kong to New York deepened their losses.

Share prices in the United States fell for the eighth time in the last nine trading days. The combined losses have wiped out more than 5 percent of the American market's value.

Wall Street started the morning in the red, then bobbed in and out of positive territory. At first, investors appeared moved to sell by a report showing that business activity in the service industry fell to the lowest level in almost four years. But those losses were later reversed, and for much of the day it looked as if stock prices would finish the day with some moderate gains.

But in the final half-hour, prices dropped sharply. The Dow Jones industrial average lost 63.69 points, or about 0.5 percent, to close at 12,050.41. The broader Standard & Poor's 500-stock index fared even worse, losing 13.05 points, or about 1 percent, to close at 1,374.12.

The Nasdaq composite fell 27.32, about 1.2 percent, to 2,340.68. The Russell 2000 index of smaller companies dropped 15.38, or nearly 2 percent, to 760.06.

Another big sell-off in Asia overnight and more modest declines in European markets later in the day preceded the downturn in the United States. The Nikkei fell for the fifth consecutive session to close down 3.3 percent; Hong Kong's Hang

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Seng index fell 4 percent; and the Shanghai composite index fell 1.6 percent. In Britain, the FTSE 100 dropped 0.94 percent, in Germany the DAX index fell 1.04 percent, and in France the CAC-40 declined 0.73 percent.

Analysts in Europe said that the sell-off of assets considered risky was likely to continue for some days. But they said that the decline was probably not a sign of a recession and that it was unlikely to set one off.

In the United States, analysts said that a government report on productivity and labor costs due out today could accelerate losses. The report is expected to show that productivity did not advance as rapidly as first thought and that businesses spent more on employee compensation than first reported.

Tim Bond, head of asset allocation strategy for Barclays Capital, said in a research report yesterday that news about the strength of the United States economy would weigh on stocks in the coming weeks. "We should expect underperfomance of both U.S. stocks and bonds over the next several months, at least in the absence of a surprising recovery in productivity growth."

Others echoed that sentiment. "There is a genuine fear that the correction will be more than 10 percent globally for the developed markets," said Michael Hughes, chief investment officer at Baring Asset Management in London. "We had such a good run that there is a sense that money has been made too easily."

Still, some analysts say they believe the damage will be limited. "This is the way that corrections work," said Garry Evans, a strategist with HSBC in Hong Kong. "A week ago, everyone was very excited about the markets and now no one wants to buy stocks."

The declines extended a downward trend that began last Tuesday when the Shanghai stock market dropped nearly 9 percent. Many economists and strategists predicted that volatility could increase sharply in Asian markets as investors pull back from speculative investments and redirect assets to more mature markets, and as other investors look for buying opportunities.

This flight from risky assets has become particularly evident in currency markets. The Japanese yen, which rose again yesterday against the dollar, has been strengthening even as other Asian currencies have declined because many investors are unwinding some of their transactions, called "carry trades."

In this trading strategy, hedge funds and other investors have been borrowing yen at low interest rates and then converting them into other currencies to buy stocks in markets with higher returns, like Australia, Malaysia, Indonesia and the Philippines. But they are now reversing many of these trades.

The retreat of investors from carry trades is now accelerating regional declines, analysts said. The more the yen rises, the more expensive it becomes for carry traders to pay off their Japanese debt. As they try to sell their holdings faster, they feed a cycle of rising yen and more selling.

Banking stocks have suffered as profit at financial institutions took a hit on bad loans, especially in the American mortgage market. But bonds have still performed well. "If bond markets stop performing well, then it is more difficult for equity markets to recover," Mr. Hughes said.

The benchmark 10-year Treasury bond rose 1/32 yesterday to 101. The yield, which moves in the opposite direction of the price, fell to 4.49 percent, from 4.50 percent.

Economists in Asia maintain that the outlook for the region's economies remains sound. Many are comparing it with the sell-off in emerging markets last May, a fall that had been mostly reversed by October.

Some countries published positive economic data yesterday, including strong capital expenditure figures in Japan, and positive news about pension funds in Taiwan.

In the United States, investors await this week's employment report from the Labor Department, which will shed some light on the economy's current strength.

Following are the results of yesterday's Treasury auction of three- and six-month bills:

Fed Governor Says Market Discipline Working Well (FT)

By Krishna Guha In Washington

Financial Times, March 6, 2007

Financial markets are "functioning well amid higher volatility" while "overall liquidity does not appear to be in short supply", the Federal Reserve governor Kevin Warsh said on Monday.

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Mr Warsh, who acts informally as a point of contact between the Washington-based Fed governors and Wall Street, said market discipine "appears to be effective, as investors are reviewing their positions".

He added: "Solid fundamentals may help to ease any changes in liquidity should they occur."

His comments suggest the Fed is confident that recent market turmoil will not have drastic -consequences, and may even be beneficial in the long run by reminding investors of the need to pay an adequate price for risk.

Mr Warsh's remarks came in a speech in which he suggested that in the modern financial system, liquidity should be thought of primarily in terms of investor confidence.

He said liquidity conditions "can be assessed through the risk premiums on financial assets and the magnitude of capital flows". On this basis, he said, "it would be hard to conclude that monetary policy has been restrictive" in recent quarters.

While most of the speech did not refer directly to recent market developments, Mr Warsh noted: "If unmoored from fundamentals, confidence can give way to complacency, complacency can undermine market discipline, and liquidity can falter unexpectedly."

He said liquidity was "significantly higher than it would otherwise be due to the proliferation of financial products and innovation by financial providers."

The threefold increase in the amount of interest rate swaps and options outstanding, plus the tenfold increase in the amount of credit default swaps over the past four years "allow investors to hedge and unwind positions easily without having to transact in cash markets".

But Mr Warsh warned that while risk could be sliced up and distributed in ever more sophisticated ways, "even the most sophisticated financial products are not im-mune to the physical law of conservation of matter: the risk must rest somewhere".

Liquidity in US markets was also underpinned by confidence in the US economy, and in particular, the reduction in macroeconomic volatility – the ups and downs of the business cycle. Finally, it was supported by international capital flows arising from "excess savings in some emerging market and oil-exporting countries".

Mr Warsh said the US economy continued to de-mon-strate "extraordinary resilience" and this was "no doubt supported by the ability of financial markets to absorb substantial shocks" – such as the collapse of Amaranth hedge fund with losses of $6bn (€4.6bn, £3.1bn).

But he admitted that it was "hard to know with certainty when investors' confidence will be stirred but not shaken by these events".

Mr Warsh said super-abundant liquidity might also be distorting financial asset prices, including the slope of the yield curve, lessening the usefulness of these metrics as a guide to monetary policy.

Market Flux Doesn't Faze Bank Official (WSJ)

By Greg Ip

The Wall Street Journal, March 6, 2007

WASHINGTON -- Liquidity in financial markets isn't "in short supply" despite last week's market turmoil, a Federal Reserve official said.

Fed governor Kevin Warsh yesterday told the Institute of International Bankers in Washington that while "risk premiums"—the additional return an investor demands to hold a risky asset—"rose some last week, markets are functioning well...and overall liquidity does not appear to be in short supply." But he cautioned it is too soon for a "comprehensive" assessment.

Stocks world-wide fell sharply last week and yields on risk debt, such as bonds backed by subprime mortgages, rose sharply. Futures markets priced in a higher probability that the Fed would cut interest rates this year because of the Fed's history of easing monetary policy in response to disorderly market conditions, and because weaker stock prices and higher risk premiums often foreshadow economic weakness.

However, Fed officials have in the last week struck a sanguine tone, even arguing that periods of such volatility are healthy safeguards against investor complacency. That suggests little inclination as yet to cut rates.

Fed governor Randall Kroszner told a community bankers' meeting in Washington that "the outlook for the U.S. economy has not materially changed." Federal Reserve Bank of St. Louis President William Poole said in Santiago, Chile, that it would be

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wise for the Fed not to respond to the trouble through its monetary policy "until you have a better idea of what's actually happening."

Mr. Warsh said by the standard of liquidity conditions in recent quarters, "it would be hard to conclude that monetary policy has been restrictive." He said liquidity has multiple definitions, but he defined it as investors' confidence in their ability to buy and sell with ease because they can quantify risks. In conditions like those of recent months, when investors believe the economic outlook is "benign" and more damaging possibilities remote or easy to measure, he said, liquidity is "plentiful."

While Mr. Warsh, a former investment banker, said investor overconfidence couldn't be "ruled out," he cited fundamental explanations for low risk premiums. The economy is less volatile, there are many new financial products for spreading risk and investors such as hedge funds to buy them, and emerging markets are sending excess savings to developed countries, he said. Even if there is a shakeout, risks will remain easier to disperse and hedge, he said.

US Service Sector Growth Slows (FT)

By Daniel Pimlott In New York

Financial Times, March 6, 2007

The US service sector saw a sharp drop off in activity last month, growing at its slowest rate since during the Iraq war in April 2003, according to data released on Monday.

The Institute for Supply Management said that its index of business activity for the services sector stood at 54.3, down 4.7 percentage points from January.

The report badly missed economists' forecasts of a level of 57.

New orders in the service sector were down 0.6 percentage points at 54.8. But figures on employment in service industries put a more positive gloss on the state of the economy as the index for non-manufacturing jobs rose 0.5 percentage points to 52.2.

The figures added to concerns surrounding the state of the US economy, but the markets did not react strongly when the data was released. Alan Greenspan, former chairman of the Fed, warned last week that a recession was "possible".

Other data released last week showing that the US economy grew less quickly than expected last quarter and that industrial investment slowed at the start of the year worried investors and contributed to the chill in global markets.

The service industries covered by the report make up around 80 per cent of the US economy and are the driver of economic growth as manufacturing faces ongoing weakness in housing, and the auto industry continues to ail.

Some analysts said that although the headline figure of the report was probably somewhat misleading, in the current market conditions it was still worrying.

Alan Ruskin, chief currency strategist at RBS Greenwich Capital, called the numbers "disappointing, but the breakdown is not nearly as poor as the headline would suggest. Both the employment index and orders data were fairly close to the prior months numbers."

But he said that the data would "only add to fears that the economy may be losing a little momentum, even allowing for the breakdown."

"The headline index is usually little more than a lagging indicator of the rate of growth of core retail sales," said Ian Sheperdson, chief US economist at High Frequency Economics. "Given the mood of the markets, however, and the uncertainty surrounding the economic outlook, the report does not look good."

Others warned that the data supported the view that the US economy was heading for slower growth this year.

"With the escalation of pressures on the financial services industry connected with problems in the sub-prime mortgage lending market, the services industries are expected to track in the slow to moderate growth range for several more months," said Brian Bethune, US economist at Global Insight. "For the economy as a whole, this points to "slow speed ahead" - with potentially rough seas and headwinds - in the first half of 2007."

Service Sector Likely Feels Housing's Pinch (WSJ)

By Conor Dougherty

The Wall Street Journal, March 6, 2007

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Business activity among service companies -- from freight haulers to mortgage bankers -- grew at a slower-than-expected pace in February, suggesting that weakness in housing and manufacturing is filtering into the broader economy.

The Institute for Supply Management, an Arizona-based group of purchasing managers, said its index of nonmanufacturing business activity fell to 54.3 in February from 59.0 in January. Any reading above 50 indicates growth in the sector; below 50 indicates contraction. The service sector makes up 80% of the U.S. economy.

Given the weakness in housing and manufacturing, economists had expected the service index to drop: If companies make fewer goods, that will mean less demand for shipping, and with people buying fewer homes it follows that demand for services such as loans and homeowner's insurance would also slow.

Though economists expected a decline, the drop was steeper than anticipated. "I thought it might take two or three months," for the index to fall as far as it did, said Brian Bethune, U.S. economist for consulting firm Global Insight. A large part of the decline was attributed to the financial-services industry, which fell to 49.5 -- representing a contraction -- from 59 in January. Mr. Bethune attributed the sharpness of the decline to the recent pullback in subprime lending, or loans made to customers with shaky credit or high levels of debt.

"The speed with which [subprime lending] has become a major concern in the last month is something that definitely pushed the index down," he said. The nonmanufacturing index was also pulled down by industries that included construction and wholesale trade.

The report showed an easing in prices. In February, the ISM's index of prices paid by nonmanufacturing companies fell to 53.8 compared with 55.2 in January, meaning the cost of services such as commodities, labor and energy is increasing at a slower rate.

"It's a welcome fall. It indicates that there has been a reduction in pipeline inflationary pressures," said Richard Iley, U.S. economist at BNP Paribas.

While the overall index fell, some service sectors continued to chug along. Of the 18 industries that make up the ISM's nonmanufacturing index, nine showed growth as nine showed declines. Industries including education, health care and restaurants remained well in positive territory.

The ISM's nonmanufacturing new-orders index also fell, to 54.8 from 55.4, with the group's members reporting concerns about health-care costs and declines in the housing market. Stability in new orders is the main reason why Anthony Nieves, a supply-management executive at Hilton Hotels Corp. and author of the report, said he doesn't expect business activity to show big losses or gains next month. "This report overall is saying we're stabilizing a bit. We're getting to a level that is more middling."

Write to Conor Dougherty at conor.dougherty@wsj.com1

Small Firm Tops Bernanke Logs (WSJ)

By Brian Blackstone And Damian Paletta

The Wall Street Journal, March 6, 2007

WASHINGTON -- A Who's Who of economists from Wall Street, academia, consulting and central banking scored coveted meetings with Ben Bernanke during his first months as Federal Reserve chairman.

Topping a list that included Wall Street heavyweights like Bear Stearns Cos. and Morgan Stanley, however, was a small St. Louis-based forecasting firm: Macroeconomic Advisers.

Former Fed Gov. Laurence Meyer and former Fed economist Brian Sack, both now with Macroeconomic Advisers' Washington office, enjoyed the greatest access to Mr. Bernanke among private-sector economists, the Fed chairman's visitor logs show.

The pair met with Mr. Bernanke three times last year, in March, August and September. Mr. Sack met with Mr. Bernanke an additional time in July, the logs showed.

Mr. Meyer co-founded Macroeconomic Advisers in the early 1980s as Laurence H. Meyer & Associates. While it isn't a household name, the firm carries considerable weight in investment and economic circles.

1 • See the list of economists arranging meetings with Bernanke.2

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Mr. Bernanke's visits with economists and consultants aren't unusual. His predecessor, Alan Greenspan, met often with private-sector economists, including many of the same ones seeing Mr. Bernanke in recent months. Mr. Greenspan's visitor logs for 2004 and the first half of 2005 showed no meetings with Messrs. Meyer and Sack, however.

"Federal Reserve officials find it beneficial to hear perspectives on markets from a wide range of practitioners, academics, forecasters and other specialists," said Fed spokeswoman Michelle Smith.

Mr. Bernanke's visitor log was obtained by Dow Jones Newswires through a Freedom of Information Act request. It lists only the names of people cleared through security to meet with him specifically. He may have also met with other people who were cleared to meet with other Fed officials.

Since taking the helm at the Fed in February 2006, Mr. Bernanke has sat down with several Wall Street economists, including Richard Berner of Morgan Stanley, David Malpass of Bear Stearns and several members of the American Bankers Association's economic advisory panel.

Top academics on his visitor logs include: Martin Feldstein, head of the National Bureau for Economic Research; Princeton Prof. and former Fed Vice Chairman Alan Blinder, and C. Fred Bergsten of the Peterson Institute for International Economics.

Mr. Bernanke also has met with economic consultants such as Larry Lindsey, head of the Lindsey Group and former economic adviser to President Bush, David Hale of Hale Advisers, and Manuel Johnson and David Smick of Johnson Smick International. Mr. Johnson was vice chairman of the Fed in the late 1980s.

Other firms whose representatives met with Mr. Bernanke included Goldman Sachs Group Inc., J.P. Morgan Chase & Co., Fannie Mae, Freddie Mac, BP PLC and the hedge funds Brevan Howard Asset Management and Tudor Investment Corp.

Asked about his visits to the Fed chairman, Macroeconomic Advisers' Mr. Sack said, "The Fed is often grappling with the same issues about the outlook that we are. ... We assess the economic outlook using an analytical approach that we believe is similar to that used by the Fed staff."

Under Mr. Bernanke, Fed policy is much less shrouded in secrecy than in the past.

EU Economy Is 20 Years Behind That Of US, Says Study (FT)

By Tobias Buck In Brussels

Financial Times, March 6, 2007

The European Union's economic development is only now reaching the level achieved by the US more than two decades ago, according to a study released yesterday.

The US reached the EU's current level of gross domestic product per capita in 1985, according to the report by Eurochambres, the pan-European business lobby.

The EU's employmentrate and level of investment in research and development were reached by the USin 1978, and its level of productivity (expressed in GDP per employed) was reached by the US in 1989, thereport said.

The conclusions suggest that despite last year's growth spurt and an acceleration of economic reforms, the EU is still far from matching America's economic clout.

It will make uncomfort-able reading for EU leaders at their economic summitin Brussels this week, a gathering that traditionally concludes with a call for further reforms to improve competitiveness.

The study illustrates the development gap between the two blocs by establishing how many years earlier the current set of EU indicators was attained in the US.

Compared with the first such report by Eurochambres published two years ago, it shows the time lag widened between 2003 and 2006.

The most drastic gap appears in R&D spending, where the time lag expanded from 23 to 28 years.

Though the deterioration can be explained in part by EU enlargement in 2004, when 10 less developed countries joined the bloc, it also reflects the fact that the US has extended its lead over Europe in many categories.

The study said: "Europe would need to register monstrous yearly performances to reach the current US levels by 2010."

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It pointed out that in order to match the 2005 US level of R&D spending, the EU's expenditure would have to grow by almost 14 per cent every year until 2010.

For the EU to catch up with US GDP per capita by 2010, the bloc would require annual growth rates of more than 8 per cent.

Last year US GDP grew by 3.3 per cent, compared with an average growth rate of 2.9 per cent across the 25 EU member states.

The study warned: "The EU is progressing at an insufficient pace to really compete on the world stage."

From Obama, A Map For A New March (WP)

By Richard Cohen

The Washington Post, March 6, 2007

If you had to pick a winner in last weekend's Selma bake-off between Hillary Clinton and Barack Obama, it would have to be Obama. It is not just that he performed better than Hillary Clinton; it's that he had something very important to say to black America. It has to do, I think, with the extraordinary promise of his candidacy.

This is not an endorsement of Obama. At 45 years of age, questions about his youth, judgment and experience linger. We all have time to assess him on that score and glean -- and it will be no more than that -- whether, like Teddy Roosevelt (42), he is old enough for the presidency or, like Bill Clinton (46), he is still too young. For the moment, though, I wonder about something else: What impact will he have on America's abiding problems with race?

The cynic in me says that the answer is "not much." Yet the speech he gave commemorating the anniversary of the march by civil rights activists from Selma to Montgomery, Ala., is one that could not have been delivered by a white candidate, not even one with impeccable civil rights credentials such as Hillary Clinton has. Her speech was a recitation of Democratic Party cliches.

Not so Obama's. As Clinton did, he voiced the expected obeisance to Democratic Party shibboleths about school funding, health care, pensions and such, some of which matter, some of which don't. But then he turned to what clearly does matter: "discipline and fortitude . . . sometimes I feel like we've lost it a little bit."

There was a whole paragraph of text between the words "discipline and fortitude" and "we've lost it a little bit." Suffice it to say, it was an homage to the incredibly brave and, yes, disciplined civil rights activists of old -- ordinary people, most of them black, who practiced passive resistance. These were the young men and women -- "backs straight, eyes clear, suit and tie, sitting down at a lunch counter knowing somebody is going to spill milk on you" -- who subordinated their anger to something bigger: their cause. They made this country a much better place.

"But I'll tell you what," Obama went on. "Even as I fight on behalf of more education funding . . . I have to also say that if parents don't turn off the television set when the child comes home from school and make sure they sit down and do their homework and go talk to the teachers and find out how they're doing . . . I don't know who taught them that reading and writing and conjugating your verbs was something white."

Obama went on to urge blacks to couple their complaints with activism. "Put on your marching shoes," he said. "Go do some politics. Change this country!" That's what we need. And then he said, as he had to, that while there are too many children living in poverty -- and, of course, there are -- "don't tell me that it doesn't have a little to do with the fact that we got too many daddies not acting like daddies. Don't think that fatherhood ends at conception."

There is nothing particularly new about this message. You might call it warmed-over Bill Cosby or even an echo of Jesse Jackson. But Cosby is an entertainer and Jackson never stood any chance of getting to the White House. So the uniqueness is not the message; it is the refreshing combination of this particular man and what he is saying.

Will any of this matter? I can only hope so. After all, the problem no longer is widespread racism but the crushing effect that past racism has had on a particular group: young black men. A disproportionate number of them are in trouble -- and so, on that account, are we all. The statistics are appalling. Young black men are a teeny piece of the population, yet they are implicated in 25 percent of the nation's homicides and comprise 15 percent of all murder victims. Black men are more likely than white men to die of AIDS or, if you will, just plain die. Their life expectancy is more than six years shorter.

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Would a black president make a difference? Hard to say. But a black president -- or, for the moment, a black presidential candidate of consequence -- permits others to say what needs to be said, and that is a step in the right direction. It's been 42 years, but maybe a new march is about to begin.

Clinton Opens Door To Gay Activists (AP)

By Devlin Barrett

AP, March 6, 2007

Democrat Hillary Rodham Clinton told the nation's leading gay rights group in an unpublicized speech that she wants a partnership with gays if elected president.

Clinton also said she opposes the "don't ask, don't tell" policy regarding gays in the military that was instituted during her husband's presidency.

"I am proud to stand by your side," Clinton said in a keynote speech Friday to the Human Rights Campaign. Neither Clinton's campaign nor her Senate office made any announcement that she would be making the Friday address.

Asked twice at a Monday campaign stop in Iowa why she did not publicize her speech to the group, Clinton said: "You'll have to ask my campaign."

In the speech, Clinton joked that she shares the same initials as the group, and pledged to maintain the same close working relationship that last year helped defeat the federal amendment which would have banned same-sex marriage.

"I want you to know that this is exactly the kind of partnership we will have when I am president," Clinton told the group. "I want you to know that just as you always have an open door to my Senate office, you will always have an open door to the White House and together we can continue this journey."

Clinton's husband Bill Clinton was president when the Pentagon instituted the "don't ask, don't tell" policy, which says gays may serve in the military only if they keep their sexual orientation private. In 1999, as she prepared to run for the Senate from New York, Clinton publicly opposed that policy.

Previous to Bill Clinton's administration, gays were flatly forbidden from serving in the military.

Sen. Clinton said it would be safer for the nation if openly gay soldiers, sailors, Marines, and airmen could wear the uniform.

"This policy doesn't just hurt gays and lesbians, it hurts all our troops and this to me is a matter of national security and we're going to fix it," Clinton said.

Her chief rivals for the Democratic nomination, John Edwards and Barack Obama, also favor repealing the policy.

She also criticized the Bush administration for making political appeals based on gay rights issues, vowing that her presidency would mark "the end of leadership that has politicized the most personal and intimate issues."

Human Rights Campaign vice president David Smith said Clinton's comments were "very well received," though he added the group is not endorsing any candidate and does not anticipate making an endorsement "anytime soon."

Clinton spokesman Blake Zeff said Monday the candidate "affirmed her desire to have a strong partnership with the community as president," adding they were "delighted" the speech was available on the Internet.

Clinton aides said no announcement was made because the group's gathering is traditionally closed to the press. Video of the speech was posted on the group's Web site.

Smith said such annual board meetings have always been closed to the press, but it was the first time he could remember that a speech at such a meeting had been made public afterward.

"There's no contradiction," he said. "The event is always closed to the press and we wanted to make (the remarks) available for people to see."

Clinton spent Monday in Iowa, telling workers energy independence is critical to the country's future and similar to the U.S. fight against communism during the Cold War.

"Today we know that we have to move away from our dependence on foreign oil. Everyone says that," she said. "Our problem is figuring out how we would actually do it."

Clinton Plans Major Appeal To Women (NYT)

By Patrick Healy

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The New York Times, March 6, 2007

WASHINGTON, March 5 — Senator Hillary Rodham Clinton will begin an ambitious effort on Tuesday to enlist thousands of women to play roles in her presidential campaign, hoping to build on the enthusiasm her candidacy has stirred among female voters at early campaign events.

Mrs. Clinton will announce the drive, which will unfold through March to coincide with Women's History Month, in a speech at the annual luncheon held by Emily's List, a political group favoring Democratic female candidates who support abortion rights that has already endorsed her.

The campaign intends to use social networking tools and other Web technology to develop a thousands-strong Women's Leadership Network, which would promote Mrs. Clinton's candidacy nationwide and, by this fall, hold campaign events and take part in fund-raising.

"When a woman has an important question, like who's a good doctor, they're more likely to talk to another woman," said Ann Lewis, a senior adviser to Mrs. Clinton. "If we can get a discussion going among women about the campaign, and Hillary as a candidate, it would be hugely important."

Clinton advisers are also devising campaign roles for prominent female supporters who made breakthroughs in their own fields, including the tennis champion Billie Jean King; Geraldine Ferraro, the vice-presidential nominee in 1984; and former Secretary of State Madeleine Albright.

Ms. Albright, for instance, recently joined former President Bill Clinton to help raise $1 million in a week for Mrs. Clinton, while Ms. Ferraro, a contributor on Fox News, recently told people there that she or another Clinton surrogate should appear whenever someone known to hold strong views against Mrs. Clinton is invited on air to talk politics.

Another component of the plan would provide a Web platform and networking tool to mothers and daughters to share stories that relate to the theme "I Can Be President." A children's poster contest on the theme is also being planned.

Clinton advisers said their outreach plan had been in the works since Mrs. Clinton's first trip to Iowa in January.

The advisers estimate that 60 percent of voters in the 2008 Democratic primary will be women, and their goal is to win at least twice as many female votes as any of Mrs. Clinton's rivals.

"I've joked that we should put up a big sign on the door that says '54 percent,' since women are 54 percent of the electorate," Ms. Lewis said.

Advisers to Mrs. Clinton say she does particularly well with young women, single women and mothers. At the same time, in interviews, some women in the Democratic Party have expressed concerns about Mrs. Clinton, like her ability to win a general election, her early support for the Iraq war and her proposed legislation to ban flag burning.

Ms. Ferraro said she believed that many women, including Clinton skeptics, would ultimately be impressed with Mrs. Clinton's gutsiness in enduring the scrutiny and attacks that could come along with being a "first."

Listening And Nodding, Clinton Shapes '08 Image (NYT)

By Mark Leibovich

The New York Times, March 6, 2007

BERLIN, N.H. — Senator Hillary Rodham Clinton signs autographs meticulously, drawing out each line and curve of "H-i-l-l-a-r-y," "R-o-d-h-a-m" and "C-l-i-n-t-o-n." She leaves no stray lines or wayward marks.

"Hillary, over here, over here," called out a young woman from the mob that formed outside the Berlin Town Hall when Mrs. Clinton, Democrat of New York, arrived for a "conversation," in the parlance of the made-to-order intimacy of her presidential campaign. "Can you sign my Hillary sign, please?" the woman asked.

Mrs. Clinton autographed the poster, carefully. It took a full seven or eight seconds, none of the two-second scribbles of other politicians. She is the diligent student who gets an A in penmanship, the woman in a hurry who still takes care to dot her i's.

To watch Mrs. Clinton up close during these "rollout" weeks of her presidential campaign is to see a familiar political figure try to reclaim her name.

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"I'm Hillary Clinton, and I'm running for president," she says at campaign appearances. Lamenting that her public image has been distorted by caricature, she often says, "I may be the most famous person you don't really know." In the cliché of contemporary politics, Mrs. Clinton is "reintroducing herself to the American people."

She is, in this latest unveiling, the Nurturing Warrior. She displays a cozy acquaintance ("Let's chat") and leaderly confidence ("I'm in it to win it"). She is a tea-sipping girlfriend who vows to "deck" anyone who attacks her; a giggly mom who invokes old Girl Scout songs and refuses to apologize for voting for the Iraq War Resolution in 2002. Her aim, of course, is to show that she is tough enough to lead Americans in wartime but tender enough to understand their burdens.

Over the years, Mrs. Clinton has evolved through a series of female personas. Her outspoken feminism and perceived putdown of cookie-baking mothers provoked fierce criticism. She became the classic "woman wronged" after the Monica Lewinsky scandal.

As a Senate candidate in 2000, Mrs. Clinton embraced the role of an attentive "listener" as opposed to the power-hungry climber many had suspected. In the Senate, Mrs. Clinton has applied herself to winning over colleagues and becoming one of the boys.

In Mrs. Clinton's campaign now, her operative conceit is "the conversation." It is impossible to attend a Hillary-for-president event and forget you are joining a "conversation," instead of hearing a conventional political speech. Mrs. Clinton relentlessly repeats the catchword, and for those who missed it, there are huge "Let the Conversation Begin" signs on the wall.

After each presentation, Mrs. Clinton engages in a frenzy of 20-second conversations with the rhythmic efficiency of an assembly line.

"What kind of solar panels do you use?" she asked a woman in Berlin, a small city in the mountains of northern New Hampshire. "And do you sell to the grid?" Then she moved to the next person.

She contrasts the give-and-take of her chitchats — even though she does most of the talking — with what she suggests are the pig-headed pronouncements of a male bogeyman, George W. Bush. She rails against what she calls the "one-sided conversation" of Washington during the Bush years, bemoans President Bush's "stubbornness," speaks of her frustration at getting him to hear opposing views. She essentially portrays him as an exasperating husband who is beyond marriage counseling.

It is not easy, though, to humanize a juggernaut, which Mrs. Clinton's well-financed and hyperdisciplined campaign most certainly is. And it is difficult to appear authentic in tightly controlled settings, or conduct intimate conversations amid mobs of people, many wearing press credentials.

But the senator is trying hard. In appearances in Washington and around the country, Mrs. Clinton — Version 08, Nurturing Warrior, Presidential Candidate Model — is speaking more freely of her gender than she has in years. Her campaign knows that Democratic women are her most loyal supporters. Ann Lewis, a senior campaign aide, points out that women made up 54 percent of the electorate in 2004; Mrs. Clinton garnered 73 percent of female voters in her re-election campaign last year, compared with 61 percent of male voters, according to exit polls.

At a Capitol Hill ceremony in February to honor Sojourner Truth, the 19th-century slave turned abolitionist, Mrs. Clinton enveloped a series of women in hugs. She bestowed the "best-dressed and most-stylish" status on one guest and commented that an old, departed friend "has got one of those turbans on, showing that style all over Heaven."

Mrs. Clinton then looked to the ceiling and spread her hand wide over heart, performing a little side-to-side jig with her head.

She invoked Sojourner Truth's iconic quotation, "Ain't I a woman?" and added, "Well, I've been saying that a few times lately, too."

There were whoops, applause and shouts of "you go, girl" for Mrs. Clinton.

As she spoke, a press aide, Philippe Reines, held her purse.

The Listener

Mrs. Clinton is a prodigious nodder. She is always nodding, in an array of distinctive flavors: the stern, deferential nod (at a Senate news conference, when her colleague Evan Bayh described conditions in Afghanistan); the empathetic, lips-pursed nod (when a man in Cedar Rapids, Iowa, tells her about his son's epilepsy); the squinty, disbelieving nod (when a general testifies on

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Iraq before the Senate Armed Services Committee); the dutiful acknowledgment nod (when being applauded); and the blushing nod (when a veteran in Des Moines tells her "I think you look very nice").

When bored, Mrs. Clinton will occasionally fall into a far-off gaze before catching herself, defaulting to a nod.

The nodding appears unconscious, but not always. She nodded through a news conference with New York lawmakers discussing medical care for Sept. 11 relief workers.

"Nine-eleven was an act of war," Representative Jerrold Nadler, Democrat of New York, said as Mrs. Clinton stood by, head bobbing.

"The villains aren't the terrorists," Mr. Nadler continued. "The villains live in the White House."

At which point Mrs. Clinton, perhaps sensing that the rhetoric had gotten too hot, stopped nodding.

Bill Clinton was also a great nodder, known for his "I-feel-your-pain" empathy and seeming ability to summon a misty-eyed visage on demand. He will pretty much hug anyone. His wife, who regularly invokes him on the campaign trial — "When Bill had his heart surgery," "Bill used to love Dunkin' Donuts," "Bill always reached out to other people who would be patient and listen" — can suffer by comparison. She keeps a more cautious distance, although when she does hug, she also tends to air-kiss (with a loud "mwwwwwahh").

The former president has a gift for the quick connection, making people feel special. Mrs. Clinton appears more interested in exchanging information. She is quick with questions ("When did you graduate?") and rejoinders ("You're the second person I've met from Park Ridge today!").

Numerous attendees seem to know people who went to college or law school with Mrs. Clinton, or used to live in Arkansas, or the Chicago suburbs, or who have a daughter named Chelsea.

She impresses them and others with her listening prowess.

"She connected with me much better than I expected she would," said Rachel Stuart, in Berlin. "She was right there. There was a real sense of her as a great listener."

Mrs. Clinton clearly likes that portrayal. In face-to-face campaign settings, she brings her head close in, appearing engaged. After the Berlin conversation, Mrs. Clinton stopped in for one of those "spontaneous" campaign drop-bys at a local cafe (thoroughly scoped out by advance-people and Secret Service agents). She sat at a corner table and chatted with a group of local reporters.

When cameras approached, Mrs. Clinton nodded intently and squinted hard, the look of a listener.

The Sister Act

"Conversation" audiences are predominantly female. At her events, Mrs. Clinton is more likely to call on women than men. She gets physically closer to women who approach her. She compliments their clothes and asks about their children.

She is proper and polite, diligent about thanking everybody, including "the janitor who got up at 5 a.m. to open the facility," at Berlin Town Hall, "Tea Birds for the delicious food," and "everyone in Berlin for making me feel so welcome."

In Keene, N.H., in February, Mrs. Clinton said she was so thankful to all of the people "who gave me confidence," not something that male politicians typically say. Nor do they worry aloud about gaining weight.

"I really don't understand why people hate her so much except that they don't like strong women," said the Rev. Eleanor McLaughlin, the rector at St. Barnabas' Episcopal Church in Berlin. "I get a lot of that myself."

Ms. McLaughlin taught at Wellesley College in the 1960s and remembers Mrs. Clinton as a firebrand undergraduate. A few feet away, the senator was between autographs. She popped a red lozenge into her mouth, took a sip of water and shouted out after someone for whom she just signed a copy of her book ("Young man, I have your pen!").

Her eyes bugged out when Ms. McLaughlin introduced herself. "Oh my God," Mrs. Clinton exclaimed.

Afterward, Ms. McLaughlin said: "It's great to be able to talk to her for a few seconds. To be able to say, 'You go, girl.' Wow."

The senator regularly mentions familiar female grievances. "I don't think I'm the only woman here who thinks you have to work harder," Mrs. Clinton said at a high school in Des Moines.

"I expect," she added with a sigh, "there'll be more stories about my clothes and hair than the other people running." That elicits scattered jeers.

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The comedian Jon Stewart questions whether her "conversation" conceit will work with men. "I think the typical response would be 'Now?' " he joked recently on "The Daily Show," adding that Mrs. Clinton's new Iraq policy is "America, let's just pull over and ask for directions."

But she tries to connect with women by expressing her frustration with those men now in charge. In Berlin, she waves her hands in the air when discussing Mr. Bush's — and Vice President Dick Cheney's — seeming infatuation with invading Iraq from early on in their administration.

"I'm not a psychiatrist," she declared, "so I don't know all the reasons behind their concern, some would say obsession, with Saddam Hussein."

There is a larger lesson here, girls. "You've got to be willing to talk to bad people," she said. "Sometimes you just have to deal with people you don't agree with."

She asked, "Have you ever tried to have a conversation with a difficult person?"

She nodded for emphasis, and many in the audience nodded back at her.

Tough Hostess

She cannot appear mushy. She drops in periodic tough-talk, glibly mentions the time "my husband bombed Iraq," or says she is willing to "shoot down" violators of a Darfur no-fly-zone. When asked in Des Moines how her campaign would differ from that of Senator John Kerry, the Massachusetts Democrat and presidential nominee in 2004, she vows, "You can count on me to stand up and hold our ground and fight back."

Everywhere she goes, Mrs. Clinton is invited to apologize for her Iraq vote in 2002, but no dice. "There are no do-overs in life," she says. Tough self-love, in other words, implicitly chiding her girlie-men opponents for running around, saying they had made a mistake.

"I'm in the arena," she said in Concord, quoting Theodore Roosevelt, one of the enduring political alpha-males in American politics. She says so in the high, insistent pitch of a fed-up mom.

Her constant "I'm in to win" affirmations convey a calibrated confidence. She prefers the "when I'm president" construction to the humbler "If you elect me president" qualifier.

"I want to have universal health care by the end of my second term" she announced at an education event in Nevada in February.

She is not above trash talk. In Nashua, Mrs. Clinton boasted that the Republicans Newt Gingrich, the former House speaker; Tom DeLay, the former House majority leader; and Karl Rove, the president's adviser, had "privately" said "I am the one person they are most afraid of."

But there is also a discernible sense of nervousness at the conversations. Her aides are fiercely protective of her, as are many of her supporters.

The crowd booed reflexively, for instance, after Mrs. Clinton called on a man in Keene who promised that he would not ask her whether she wore boxers or briefs — as a young woman once famously asked Bill Clinton on MTV.

The joke fell predictably flat, and Mrs. Clinton smiled tightly amid more boos.

Her staff members hunch visibly and look up from their BlackBerries when audience members unfurl their questions, as if every conversation could be ruined at any moment by an unwelcome remark — about impeachment, Monica, Whitewater or some other unpleasantness. But in an odd way, Mrs. Clinton's unspoken vulnerability also enhances her ability to forge affinities.

"You have to feel bad for her after what she went through with her husband, you know?" said Bruce Bunnell, a forestry worker, in Berlin.

He handed Mrs. Clinton photos of his young son and daughter. She said they were beautiful, asked how old they were, went over the spelling of their names and then signed her own, slowly.

Disinvitation By Obama Is Criticized (NYT)

By Jodi Kantor

The New York Times, March 6, 2007

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CHICAGO, March 5 — The Rev. Jeremiah A. Wright Jr., senior pastor of the popular Trinity United Church of Christ in Chicago and spiritual mentor to Senator Barack Obama, thought he knew what he would be doing on Feb. 10, the day of Senator Obama's presidential announcement.

After all, back in January, Mr. Obama had asked Mr. Wright if he would begin the event by delivering a public invocation.

But Mr. Wright said Mr. Obama called him the night before the Feb. 10 announcement and rescinded the invitation to give the invocation.

"Fifteen minutes before Shabbos I get a call from Barack," Mr. Wright said in an interview on Monday, recalling that he was at an interfaith conference at the time. "One of his members had talked him into uninviting me," Mr. Wright said, referring to Mr. Obama's campaign advisers.

Some black leaders are questioning Mr. Obama's decision to distance his campaign from Mr. Wright because of the campaign's apparent fear of criticism over Mr. Wright's teachings, which some say are overly Afrocentric to the point of excluding whites.

Bill Burton, a spokesman for the Obama campaign, said the campaign disinvited Mr. Wright because it did not want the church to face negative attention. Mr. Wright did however, attend the announcement and prayed with Mr. Obama beforehand.

"Senator Obama is proud of his pastor and his church, but because of the type of attention it was receiving on blogs and conservative talk shows, he decided to avoid having statements and beliefs being used out of context and forcing the entire church to defend itself," Mr. Burton said.

Instead, Mr. Obama asked Mr. Wright's successor as pastor at Trinity, the Rev. Otis Moss III, to speak. Mr. Moss declined.

In recent weeks, word of Mr. Obama's treatment of Mr. Wright has reached black leaders like the Rev. Al Sharpton and given them pause.

"I have not discussed this with Senator Obama in detail, but I can see why callers of mine and other clergymen would be concerned, because the issue is standing by your own pastor," Mr. Sharpton said.

Mr. Wright's church, the 8,000-member Trinity United Church of Christ, is considered mainstream — Oprah Winfrey has attended services, and many members are prominent black professionals. But the church is also more Afrocentric and politically active than standard black congregations.

Mr. Wright helped organize the 1995 Million Man March on Washington and along with other United Church of Christ ministers was one of the first black religious leaders to protest apartheid and welcome gay and lesbian worshippers.

Since Mr. Obama made his presidential ambitions clear, conservatives have drawn attention to his close relationship to Mr. Wright and to the church's emphasis on black empowerment. Tucker Carlson of MSNBC called the precepts "racially exclusive" and "wrong." Last week, on the Fox News program "Hannity & Colmes," Erik Rush, a conservative columnist, called the church "quite cultish, quite separatist."

In Monday's interview, Mr. Wright expressed disappointment but no surprise that Mr. Obama might try to play down their connection.

"When his enemies find out that in 1984 I went to Tripoli" to visit Col. Muammar el-Qaddafi, Mr. Wright recalled, "with Farrakhan, a lot of his Jewish support will dry up quicker than a snowball in hell." Mr. Wright added that his trip implied no endorsement of either Louis Farrakhan's views or Qaddafi's.

Mr. Wright said that in the phone conversation in which Mr. Obama disinvited him from a role in the announcement, Mr. Obama cited an article in Rolling Stone, "The Radical Roots of Barack Obama."

According to the pastor, Mr. Obama then told him, "You can get kind of rough in the sermons, so what we've decided is that it's best for you not to be out there in public."

Obama: Man Of The World (NYT)

By Nicholas D. Kristof

The New York Times, March 6, 2007

WASHINGTON

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The conventional wisdom about Barack Obama is that he's smart and charismatic but so inexperienced that we should feel jittery about him in the Oval Office.

But that view is myopic. In some respects, Mr. Obama is far more experienced than other presidential candidates.

His experience as an antipoverty organizer in Chicago, for example, gives him a deep grasp of a crucial 21st-century challenge — poverty in America — that almost all politicians lack. He says that grass-roots experience helps explain why he favors not only government spending programs, like early childhood education, but also cultural initiatives, like efforts to promote responsible fatherhood.

In foreign policy as well, Mr. Obama would bring to the White House an important experience that most other candidates lack: he has actually lived abroad. He spent four years as a child in Indonesia and attended schools in the Indonesian language, which he still speaks.

"I was a little Jakarta street kid," he said in a wide-ranging interview in his office (excerpts are on my blog, www.nytimes.com/ontheground). He once got in trouble for making faces during Koran study classes in his elementary school, but a president is less likely to stereotype Muslims as fanatics — and more likely to be aware of their nationalism — if he once studied the Koran with them.

Mr. Obama recalled the opening lines of the Arabic call to prayer, reciting them with a first-rate accent. In a remark that seemed delightfully uncalculated (it'll give Alabama voters heart attacks), Mr. Obama described the call to prayer as "one of the prettiest sounds on Earth at sunset."

Moreover, Mr. Obama's own grandfather in Kenya was a Muslim. Mr. Obama never met his grandfather and says he isn't sure if his grandfather's two wives were simultaneous or consecutive, or even if he was Sunni or Shiite. (O.K., maybe Mr. Obama should just give up on Alabama.)

Our biggest mistake since World War II has been a lack of sensitivity to other people's nationalism, from Vietnam to Iraq. Perhaps as a result of his background, Mr. Obama has been unusually sensitive to such issues and to the need to project respect rather than arrogance. He has consistently shown great instincts.

Mr. Obama's visit to Africa last year hit just the right diplomatic notes. In Kenya, he warmly greeted the president — but denounced corruption and went out of his way to visit a bold newspaper that government agents had ransacked. In South Africa, he respectfully but firmly criticized the government's unscientific bungling of the AIDS epidemic. In Chad, he visited Darfur refugees.

"My experience growing up in Indonesia or having family in small villages in Africa — I think it makes me much more mindful of the importance of issues like personal security or freedom from corruption," he said, adding: "I've witnessed it in much more direct ways than I think the average American has witnessed it."

As a senator, Mr. Obama has not only seized the issue of nuclear proliferation, but also the question of small arms. For a majority of the world's inhabitants, those AK-47s and R.P.G.'s are the weapons of mass destruction.

So how would an Obama administration differ from the Bill Clinton presidency in foreign policy? One way, he said, would be a much greater emphasis on promoting education, health care and development in Africa and other poor regions — not just for humanitarian reasons, but also with an eye to national security.

"If we can't take what, relative to our military hardware and defense budgets, are a pittance, and put some resources into these areas, we will not be secure," he noted, adding: "The Marshall Plan was part of a security strategy; it wasn't simply charity."

Mr. Obama thumps the White House on trade and foreign investments, like the Dubai ports deal — but he isn't demagogic in the way that too many Democrats have been. And three years ago, Mr. Obama was quoted in The Chicago Tribune as making hawkish comments about a military strike on Iran, but in the interview he pirouetted and noted that one of the lessons of Iraq is that "being trigger-happy ... is a recipe for disaster." That's a welcome sign of growth.

So, granted, Mr. Obama lacks the extensive experience at top levels of diplomacy of, say, Dick Cheney or ... oh, never mind.

What sets Mr. Obama apart is the way his training has been at the grass-roots rather than in the treetops. And that may be the richest kind of background of all, yielding not just experience, but also wisdom.

You are invited to comment on this column at Mr. Kristof's blog, www.nytimes.com/ontheground. </NYT_TAGLINE>

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Edwards: Jesus Would Be 'Appalled' (AP)

By Mike Baker

AP, March 6, 2007

Democratic presidential hopeful John Edwards says Jesus would be appalled at how the United States has ignored the plight of the suffering, and that he believes children should have private time to pray at school.

Edwards, in an interview with the Web site Beliefnet.com, said Jesus would be most upset with the selfishness of Americans and the country's willingness to go to war "when it's not necessary."

"I think that Jesus would be disappointed in our ignoring the plight of those around us who are suffering and our focus on our own selfish short-term needs," Edwards told the site. "I think he would be appalled, actually."

Edwards also said he was against teacher-led prayers in public schools, but he added that "allowing time for children to pray for themselves, to themselves, I think is not only OK, I think it's a good thing."

In the interview, the former North Carolina senator discussed how he lost touch with his day-to-day faith during college, but that it "came roaring back" after the death of his 16-year-old son, Wade, in 1996.

Edwards has often cited religion as a part of his politics, frequently linking his efforts to fight poverty as a matter of morality.

Edwards was interviewed by David Kuo, a conservative Christian who served as deputy director of President Bush's Office of Faith-Based and Community Initiatives until 2003. Kuo wrote a book, "Tempting Faith, An Inside Story of Political Seduction," that said Bush aides privately called conservative Christians "nuts," "ridiculous" and "goofy."

Edwards told Kuo he stood by a decision to keep two bloggers on his staff despite their provocative writings criticizing the Catholic Church. Edwards said he also found the writing offensive, but "decided to forgive them and stand by them, knowing there would be potential political consequences for that."

The bloggers later quit, saying they didn't want to be a liability to the campaign.

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WASHINGTON (AP) — A video is worth a thousand words. And dollars, too.

Prominently featured on John Edwards' presidential campaign Web site is a video of conservative commentator Ann Coulter insulting him. And with just a mouse click you can hear the invective and get a chance to donate at the same time.

On Friday, Coulter, a writer and columnist known for provocative remarks, told an audience at the Conservative Political Action Conference in Washington: "I was going to have a few comments on the other Democratic presidential candidate John Edwards, but it turns out you have to go into rehab if you use the word 'faggot,' so I — so kind of an impasse, can't really talk about Edwards."

The Edwards camp is now seeking to capitalize on the slur by soliciting $100,000 in "Coulter Cash" to "show that inflaming prejudice to attack progressive leaders will only backfire."

Meanwhile, conservatives were none too pleased with Coulter, either. Rev. Patrick J. Mahoney, Director of the Christian Defense Coalition, said: "Frankly, I would have loved to have heard Ann expose and dissect the radical agenda of Senator Edwards instead of resorting to cheap name calling."

On Fox News Channel's "Hannity & Colmes" Monday night, Coulter said the word "isn't offensive to gays, it has nothing to do with gays. It's a schoolyard taunt."

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ORANGEBURG, S.C. (AP) — Democratic presidential candidate Joe Biden on Monday called Iranian President Mahmoud Ahmadinejad a "madman" and raised the possibility that he could be assassinated by foes within his country.

"Ahmadinejad, the madman, is in competition with mullahs and ayatollahs who think he's overstepped his bounds," Biden told members of a local Kiwanis Club in this early voting state.

Ahmadinejad may be "assassinated, not by the good guys, but by the bad guys," said the chairman of the Senate Foreign Relations Committee.

At a campaign stop Sunday, Biden called Ahmadinejad "that wacko guy, the crazy president," and said he would only be in office for a little more than a year before being "taken out" because he threatened Shia interests.

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Last week, Connecticut Democratic Sen. Chris Dodd told a University of South Carolina audience he endorsed the Bush administration's recent willingness to hold joint talks on Iraq with Syria and Iran. But Dodd, also a presidential hopeful, said the United States needs to avoid talking with Ahmadinejad and called him "a thug."

Biden's campaign on Monday also announced he was endorsed by state Sen. Gerald Malloy and state Rep. Jerry Govan, both members of the Legislative Black Caucus.

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NEW YORK (AP) — New York Mayor Michael Bloomberg had a slightly different answer on Monday for that same old question he's dismissed over and over: Are you going to run for president?

"I don't think so — and if I was going to do it, I don't think I'd announce it right here," he said during a brief appearance Monday morning on Fox News.

The host noted that the billionaire businessman had a similar answer when asked, years ago, if he planned to run for mayor.

"And then fast forward, here you are," she said.

"You never know," he said.

For the record, just days ago Bloomberg told an audience at Harvard University that he was not, in fact, a presidential candidate.

Ever since the Democrat-turned-Republican won re-election in 2005, there has been some talk of a Bloomberg presidential bid. Most of the talk has been fueled by one of his aides, Kevin Sheekey, who has publicly acknowledged his efforts to cajole his boss into the race.

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CHAPEL HILL, N.C. (AP) — Democratic presidential contender John Edwards is mailing Iowa caucus voters some 70,000 DVDs that argue he is the only candidate with a health care plan for all Americans.

The Edwards campaign hoped to reach a significant number of Iowa's Democratic caucus voters with the DVD. Slightly more than 100,000 participated in the 2004 caucus.

"What America really wants in their next president is to be able to trust their president," Edwards says in the six-minute video. "In order for that to be true, they want to feel like ... the president is a good and decent and honest human being who's trying to do what's right."

The video and pamphlet specifically address health care problems and statistics in Iowa, where the state's leadoff caucuses will begin the nomination process.

Sen. John Kerry won Iowa in 2004 and went on to earn the party's nomination. Edwards placed second in Iowa and later earned a spot as Kerry's vice presidential nominee.

Edwards has proposed a tax increase to fund a universal health care plan that would cover the estimated 47 million Americans who do not have insurance. The plan would create "health markets," including a government-run plan like Medicare, to create competitive prices. It would also subsidize insurance for low-income Americans and require businesses to help cover the insurance costs of their employees.

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WASHINGTON (AP) — Judicial Watch, a conservative investigative group that dogged the Clinton presidency, is asking for an investigation of Sen. Hillary Rodham Clinton for filing an incomplete financial disclosure report.

The group filed a complaint with the Senate Ethics Committee and the Justice Department, noting that Clinton had failed to report that she was secretary-treasurer of the Clinton Family Foundation in documents that must be filed annually with the Senate. In the face of an official complaint, Senate rules require the ethics committee to begin a preliminary inquiry.

Clinton amended her disclosure report on Feb. 26 to include her foundation affiliation after The Washington Post reported the omission. Data about the foundation, and Clinton's role in it, also is available from other public records. According to Internal Revenue Service records, the foundation had nearly $1.8 million in income in 2005.

"This was an inadvertent omission that was immediately corrected," said Clinton spokesman Philippe Reines.

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Giuliani Seeks Privacy On Family Issues (AP)

By Michael R. Blood

AP, March 6, 2007

Republican presidential candidate Rudy Giuliani asked for privacy on Monday to deal with strained relationships within his family, including the estrangement between his son and his third wife.

Campaigning in Southern California, Giuliani faced questions about his family after his son, Andrew, publicly said their relationship had become distant after Giuliani's messy divorce from Andrew's mother, Donna Hanover, and his later marriage to Judith Nathan.

"My wife Judith is a very loving and caring ... mother and stepmother. She has done everything she can. The responsibility is mine," the former New York mayor told reporters gathered outside the Los Angeles County Sheriff's headquarters.

"I believe that these problems with blended families, you know, are challenges — sometimes they are," he said. "The more privacy I can have for my family, the better we are going to be able to deal with all these difficulties."

The New York Times reported Saturday that Andrew Giuliani and his father have recently tried to reconcile after not speaking "for a decent amount of time." In the Times article, Andrew said, "There's obviously a little problem that exists between me and his wife."

He told the newspaper he would not participate in his father's campaign, saying he intended to concentrate on becoming a professional golfer. The 21-year-old Duke University student told ABC News' "Good Morning America," "I got my values from my mother. She's a strong influence in my life. She's a strong woman. I have problems with my father, but that doesn't mean he won't make a good president."

The dispute with his son sidetracked a Giuliani event that was intended to highlight his crime-fighting credentials. He met privately with sheriffs from Southern California and Gov. Arnold Schwarzenegger, who later introduced him at a brief news conference.

The Republican governor, who had not endorsed a 2008 candidate, called the former mayor "very successful," but his praise was more restrained compared to the compliments he lavished on rival candidate John McCain last week.

Schwarzenegger called the Arizona Republican a "great national leader" and "very good friend."

Giuliani's personal life was a staple of New York tabloid headlines during his later years at City Hall. Hanover accused Giuliani of having an affair with a former staffer, which he denied. At one point, the mayor began staying away from the official mayoral residence, Gracie Mansion, and sleeping at a co-op owned by friend and fundraiser Howard Koeppel. Giuliani and Hanover reached a divorce settlement in 2002.

The couple had two children, Andrew and Caroline, now 17.

Giuliani's first marriage was annulled.

Andrew Giuliani is probably best remembered as the bumptious kid who bounded across the stage and parroted his father's gestures at his 1994 mayoral inauguration. He often was seen at his father's side at Yankees baseball games.

Hizzoner The Curmudgeon (WP)

By Jonathan Capehart

The Washington Post, March 6, 2007

Forget about whether Rudy Giuliani is too moderate to win over the conservatives who dominate the nomination process in the Republican Party. The real story is whether the opera buff's nascent presidential bid will be crushed under the weight of the Pucciniesque life of the 107th mayor of New York.

We all know about the first wife who was his second cousin, the second wife who found out she was being divorced while watching television and the third wife who was barred by court order from the mayor's residence or from meeting Giuliani's children, Andrew and Caroline, there before the divorce was final.

Now come the public comments from Andrew that he won't be stumping for pops in Iowa, New Hampshire or anywhere else. Not only did he say "I have problems with my father," but he also added, "There's obviously a little problem that exists between me and his wife."

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If past is prologue, the younger Giuliani's phone must have crackled with Rudy rage once his comments came to light. See, when Giuliani was mayor, he brooked no criticism -- no matter how minor, no matter how constructive. Having been on the receiving end of one of Giuliani's withering verbal assaults, I know of what I speak.

The phone rang around 9 a.m. on Jan. 7, 1999. It was Giuliani's personal assistant, Beth Patrone. "Please hold for the mayor." He had never called me before. His skin-peeling tirades against reporters, politicians, community leaders, perceived enemies and those deemed too weak to fight City Hall were legendary. Now it was my turn.

Giuliani was spitting fire over my column in that morning's New York Daily News, in which I likened his second term to the sitcom "Seinfeld." The thesis was summed up in the first paragraph: "The show has been reincarnated as Mayor Giuliani's second term, which has turned into a term about nothing."

"Jonathan," he said.

"Good morning, Mr. Mayor," I said, "How . . ."

For the next 10 minutes, Giuliani ripped me apart, calling my column "intellectually dishonest," among other things. He hung up when he couldn't find a favorable editorial that I'd written on his State of the City speech the previous year. But he called back, spouting off the headline and launching into another 10-minute monologue.

His press secretary, Sunny Mindel, called me afterward. "Consider yourself flattered," she said. "You're important enough to warrant a phone call. You got under his skin." I knew that I had accomplished no great feat. The mayor's skin is as thin as America's Next Top Model.

People disagreed with me all the time. I encouraged discussion and accepted that others had different viewpoints. But Giuliani's reaction was over the top. I tell this story because it points to other aspects of hizzoner's personality that were more troublesome.

Giuliani could be vindictive. He had no qualms about using government to settle a score. When the City Council overrode his veto of a bill to change the operations of homeless shelters in December 1998, Giuliani sought to evict five community service programs, including one that served 500 mentally ill people, in the district of the bill's chief sponsor, and to replace them with a homeless shelter.

What's more, he released a list of sites for other shelters that would be housed in the districts of council members who voted in favor of the override. (He backed down two months later, after much public outrage.)

Rather than take the high road earlier that year, Giuliani erupted when the Rev. Calvin O. Butts, a prominent Harlem minister who had endorsed Giuliani for reelection, said, "I don't believe he likes black people." In fact, Giuliani put a lockdown on city funding for projects affiliated with the politically connected cleric.

But it was his reaction to racially charged incidents involving the police that highlighted Giuliani's other affliction: tone-deafness.

Amadou Diallo was reaching for his wallet when undercover police officers gunned him down in a hail of 41 bullets in the vestibule of his apartment building in 1999. New Yorkers of all colors and political stripes trouped to police headquarters to be arrested in protest of not only the officers' actions but also of Giuliani's inability to grasp why everyone was appalled by what happened.

The visionary mayor who brought law and order to the ungovernable city and who became the face of a bloodied but unbowed nation on Sept. 11, 2001, was a difficult mayor. Many wonder whether the trauma of that day has mellowed Giuliani. We'll soon know. There's nothing like the stress of a presidential campaign to find out for sure.

The writer is a member of the editorial page staff. His e-mail address iscapehartj@washpost.com.

Giuliani Is Selling Investment Firm; Spokeswoman Calls Step Part Of Focusing On Campaign (NYT)

By Russ Buettner And Randal C. Archibold

The New York Times, March 6, 2007

Rudolph W. Giuliani announced yesterday the planned sale of his boutique investment bank to an Australian company, a transaction that a company official said was part of Mr. Giuliani's increasing focus on his presidential campaign.

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The firm, Giuliani Capital Advisors, is being sold to the Macquarie Group, a financial services business based in Sydney, Australia, with more than 9,600 employees worldwide. Terms of the sale, which is expected to be final in June, were not released.

"It's indicative of his gearing up and focusing on his candidacy," said Sunny Mindel, a spokeswoman for Giuliani Partners, Mr. Giuliani's core consulting business.

Giuliani Capital Advisors, a subsidiary of Giuliani Partners, advises parties in bankruptcy proceedings and has a practice in mergers and acquisitions. It has about 100 employees and reported revenues of $47.8 million in 2005, its most recent filing, and the firm's officials have described Mr. Giuliani's role as very limited.

The firm would be the easiest of Mr. Giuliani's business interests to break off for sale. Giuliani Partners, the parent company, relies to a far greater extent on the name value and expertise of Mr. Giuliani and his closest advisers, many of whom are expected to join his campaign.

Another division, Giuliani Safety and Security, suffered a setback in 2004 with the unexpected departure of Bernard B. Kerik, who faced ethical and legal problems after his withdrawal from consideration to be President Bush's secretary of homeland security. The division has since grown under the leadership of a respected former F.B.I. official, but it still had only about 10 clients as of January.

Company officials have previously said that Giuliani Capital's client list could pose problems for the Giuliani campaign. So, too, could his other businesses and affiliations. Giuliani Partners has advised companies facing accusations of financial improprieties. And Bracewell & Giuliani, a law firm based in Houston, represents many companies often accused by environmentalists of being excessive polluters.

Similar companies have been selling for about 1.6 times their annual revenue, but that multiple assumes that key personnel sign on with the new owner, said Tobey Sommer, an analyst with SunTrust Robinson Humphrey Capital Markets who covers leaders in the sector. Such a multiple for Giuliani Capital Advisors would generate a price of about $76 million, based on the 2005 revenue figure.

That would mark a substantial gain. Giuliani Partners bought a majority interest in the firm from Ernst & Young in 2004 for $9.8 million.

Eight of Giuliani Capital's original 22 managing directors left last year, which can be indicative that a firm is not paying its top executives competitively, said Mr. Sommer, the analyst.

"Turnover is the bugaboo you've got to manage against," said Mr. Sommer, who is based in Nashville.

The transaction is contingent upon regulatory approval and the signing of Giuliani Capital's employees by Macquarie, which currently has 350 investment banking professionals in North America, a Macquarie spokesman said.

During an appearance yesterday in Monterey Park, Calif., Mr. Giuliani for the first time addressed remarks by his son, Andrew, in The New York Times in which he said he felt estranged from his father because of his marriage to Judith Nathan, Mr. Giuliani's third wife.

"My wife, Judith, is a very loving and caring and good mother and grandmother, good mother and stepmother," Mr. Giuliani replied to a barrage of questions from dozens of journalists about his relationship with his children. "She has done everything she can. The responsibility is mine.

"And I believe that these problems with blended families are challenges. Sometimes they are. And the challenges are best worked on privately. In other words, the more privacy I can have for my family the better we are going to be able to deal with all these difficulties, and the best way to kind of handle that is to make as little comment about this as possible."

Giuliani Sells Bank In Campaign Move (FT)

By Caroline Daniel In Washington And James Politi In New York

Financial Times, March 6, 2007

Rudy Giuliani, the former mayor of New York, on Monday provided further evidence that he is stepping up his presidential campaign for 2008 when he sold his boutique investment bank, Giuliani Capital Partners, addressing concerns about potential conflicts of interest and adding to his warchest of campaign financing.

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The terms of the sale to Macquarie Group, an Australian financial group, were not disclosed but analysts said that Giuliani Capital Advisors could be worth as much as $100m. It represents a large chunk of Mr Giuliani's business interests, which he began building in early 2002, shortly after leaving his post as mayor.

GCA advises on mergers and acquisitions and restructurings in sectors such as infrastructure, energy, and property. Although largely US-based, it has advised on several international deals, particularly in Germany and the UK. It came under Mr Giuliani's umbrella in 2004, trebling the size of his business interests, which were mostly confined to Giuliani Partners, a management consultancy. A spokesman for GP declined to comment on whether it would also be sold.

After months of being coy about his intentions Mr Giuliani has emerged as the Republican frontrunner, benefiting from strong name recognition, celebrity status from 9/11 and doubts about Senator John McCain and his advocacy of the unpopular troop surge in Iraq.

A Newsweek poll at the weekend showed that in a head-to-head contest with Mr McCain, he jumped into a 25-point lead, with 59 per cent to 34 per cent for McCain. That compared with just a 4 per cent edge in a January poll. Mr Giuliani came second this weekend in a straw poll of conservative activists at the Conservative Political Action conference.

On Tuesday Mr Giuliani will add to his resources with a fundraiser in Palo Alto hosted by Floyd Kvamme, a leading technology veteran from Silicon Valley who served on the National Finance Committee for President George W Bush.

Although he is a social conservative, Mr Kvamme is willing to overlook Mr Giuliani's liberal positions. "You can't help but be impressed by his leadership on 9/11. He was the bright shining star that day," he said, adding: "Rudy Giuliani is a strict constructionist and wants judges who don't make laws from the bench. I'm comfortable with that."

Charlie Cook, editor of the Cook Political Report, warned that three-quarters of those surveyed in a recent Gallup poll were unaware of Mr Giuliani's views on abortion and gay marriage.

"His backers are mostly conservatives and evangelicals drawn by his 9/11 strong leadership. That support will melt like an ice cream cone in August once abortion, guns, gay rights, Vietnam draft, marriage to his second cousin, and infidelities come out."

In a hint of those potential problems, Andrew Giuliani, his son from his second marriage, told ABC this weekend that he "got his values from his mother" and had "problems with my father", but added that he would still make "a great President".

Giuliani Sale May Portend A Presidential Campaign (WSJ)

By Christopher Cooper And Robert Block

The Wall Street Journal, March 6, 2007

Former New York City Mayor Rudolph Giuliani has sold the investment-banking arm of his consulting firm to an Australian banking company, a move that may help clear the decks for his 2008 presidential campaign.

Giuliani Capital Advisors LLC and Macquarie Group, of Sydney, announced the deal yesterday without disclosing terms. The sale is expected to close in June, the companies said.

Giuliani Capital, which does investment-banking work for small companies and restructurings for larger ones, is one of a handful of businesses Mr. Giuliani has run since leaving office in 2002. Although leading the Republican field in many early polls, he hasn't formally entered the race, which appeared to be the catalyst for the sale.

REACTION FROM DEAL JOURNAL

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A person at the New York company said the former mayor indicated some time ago that he wanted to concentrate on the campaign, in which he has set up an exploratory committee and is traveling to key primary states.

Giuliani Capital and Giuliani Safety and Security are units of Giuliani Partners LLC. Mr. Giuliani also is a partner in the Houston-based law firm Bracewell and Giuliani, and he has been a fixture on the lucrative speaking circuit, which his campaign says he would suspend during his presidential run.

Although not a major player in the investment-banking world, Giuliani Capital has maintained a steady list of clients, particularly for its restructuring work. Its clients include Delta Air Lines Inc., which sought bankruptcy protection in 2005. It handled similar work recently for US Airways Group Inc. and Aloha Airgroup Inc., a regional carrier.

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Mr. Giuliani bought the firm, formerly Ernst & Young Corporate Finance LLC, from the Big Three accounting firm in December 2004 for $9.8 million. Of the two units of Giuliani Partners, it is thought to have the greater value.

It also may be the most problematic politically for a potential presidential candidate. Analysts say the nature of the firm's client list may make Mr. Giuliani politically vulnerable. It remains to be seen whether a sale of the company will quiet such criticism.

The Democratic Party said in a memorandum sent to some reporters that Giuliani Capital Advisors had displayed "greed" when it sought millions of dollars in fees from troubled airlines.

"Rudy Giuliani is very proud of his business endeavors," said Sunny Mindel, a Giuliani Partners spokeswoman.

Macquarie Group is perhaps best-known in the U.S. for operating public infrastructure such as toll roads and bridges under long-term government leases. Macquarie also has an investment-banking operation in North America that employs about 350. Macquarie said the acquisition of Giuliani Capital would have no effect on the company's balance sheet, and it suggested it planned to absorb all 100 of the smaller company's employees.

The purchase "is a significant strategic step forward for Macquarie and a highly complementary addition to our North American investment-banking business," said Murray Bleach, head of Macquarie's Investment Banking Group in North America and co-CEO of Macquarie Securities (USA) Inc. "GCA provides Macquarie with an opportunity to build upon and expand our existing U.S. capabilities, particularly in corporate-restructuring transactions."

Giuliani's Firm Sells Investment Business (WP)

By Matthew Mosk And Michael D. Shear

The Washington Post, March 6, 2007

Rudolph W. Giuliani's consulting firm sold its multimillion-dollar investment banking component yesterday in a move intended to free him to concentrate on his presidential bid, even as the former New York mayor was confronting some of the campaign season's first scrutiny of his personal life.

Campaigning in California, the Republican asked reporters to keep out of his private life after they quizzed him about the strained relationship between his college-age son, Andrew, and Giuliani's third wife, Judith Nathan.

The sale of the investment banking business offered a rare glimpse into the complex financial enterprise that Giuliani helped create after leaving the mayor's office in 2001.

An Australian-based firm bought Giuliani Capital Advisors LLC for an undisclosed amount. A source close to the Republican candidate who spoke on condition of anonymity said the sale is intended to free Giuliani from distractions as he pursues the White House.

"This enables him to sustain his intense focus on his candidacy," the source said.

Others viewed the sale as Giuliani's first step away from the lucrative private-sector career he built during the years he spent outside the public spotlight. Eric Abrahamson, a Columbia Business School professor, said he thinks Giuliani will have little choice but to start building a higher wall between his campaign and his business activities.

"The organization has dealt with all varieties of clients over time, some of whom would expose his image to certain perception problems," Abrahamson said yesterday. "I would imagine that, fairly soon, he would have to completely distance himself from the business."

Giuliani has held sizable leads in several independent polls and has tried to frame his campaign for the Republican nomination around the image of strength he built after the attacks of Sept. 11, 2001.

His multifaceted consulting firm, Giuliani Partners, primarily advises security companies and promotes their products, many of which have been marketed to federal agencies. That proved problematic for one of Giuliani's early business partners, Bernard B. Kerik, a former New York police commissioner who withdrew as President Bush's nominee for Homeland Security secretary after potential conflicts were exposed.

The 100-member banking outfit that Giuliani sold to the Macquarie Group yesterday specialized in helping companies restructure after bankruptcy. Giuliani Partners bought the boutique investment firm from accounting giant Ernst & Young in 2004 for $9.8 million.

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Since then, the company has had tepid earnings, according to Jennifer Payne, an industry analyst with SNL Financial. In 2005, the company's federal filings show it took in $47.8 million in revenue, but its net income showed a loss of $1.4 million, she said. The parties involved declined to provide financial details of the sale.

Giuliani is also a partner in a Texas law firm and has maintained a lucrative public speaking career.

As a candidate, he will be required to reveal only broad information about his business relationships on personal financial statements that he will be asked to provide to federal elections regulators by May 31.

Shortly after he announced the sale of his investment firm, Giuliani faced reporters in Southern California and took responsibility for what he called a strained relationship between his son, Andrew, and Nathan.

"I believe that these problems with blended families, you know, are challenges," he said. "The more privacy I can have for my family, the better we are going to be able to deal with all these difficulties."

Giuliani's bitter and messy divorce from his second wife, Donna Hanover, produced headlines for months, as did his courtship of Nathan, his longtime companion. Giuliani's first marriage, to a second cousin, was annulled after a little more than a year.

In the New York Times last weekend, Andrew Giuliani, 21, said that he and his father had resumed speaking after "a decent period of time." He added that "there's obviously a little problem that exists between me and his wife."

Rudy Giuliani Sells Financial Arm Of Consulting Firm (NSDY)

By Amy Westfeldt

Long Island Newsday, March 6, 2007

NEW YORK -- Republican presidential hopeful Rudy Giuliani is selling off the investment banking arm of his consulting firm to an Australian company, his company said Monday.

Giuliani Capital Advisors LLC, a 2{-year-old firm offering advice on business and investment banking, will be acquired by Macquarie Group of Sydney, Australia. Financial terms of the deal weren't disclosed.

Giuliani's business interests have come under closer scrutiny lately as his presidential campaign progresses. The former New York City mayor, who led the city through the aftermath of Sept. 11, has emerged as the front-runner for the 2008 GOP nomination in most national polls.

Doug Muzzio, a politics professor at Baruch College, said Giuliani is trying to head off any future conflicts in the campaign.

"Doing it now signals that they consider what they're doing for the clients will be politically problematic for a run for president, so they're getting rid of it early so that even if a story emerges, they will be politically inoculated from it," said Muzzio. He added that it's hard to know how much Giuliani's personal financial considerations played a part in the sale.

Giuliani Partners spokeswoman Sunny Mindel said the sale had nothing to do with potential client conflicts.

"This is so Rudy can continue to focus his efforts on his candidacy," Mindel said.

Giuliani has earned millions through his consulting firm, other business interests and his high-priced speaking appearances since leaving office in 2001. He recently said he will stop accepting invitations to give paid speeches.

It is largely through his post-Sept. 11 popularity that he built up Giuliani Partners LLP, which focuses on emergency preparedness, public safety and corporate governance. He is also a partner at Bracewell & Giuliani, a well-established law firm best known for its energy company clients.

Giuliani Capital Advisors, formerly the investment banking arm of accounting firm Ernst & Young LLP, was acquired by Giuliani Partners in 2004. It has over 100 employees in Chicago, New York, Los Angeles, Atlanta and Michigan.

Mindel wouldn't disclose the extent of Giuliani's ownership in the subsidiary.

"Joining the Macquarie team will allow the professionals of GCA to benefit from the vast resources of a leading global investment bank," Giuliani said in a statement.

Murray Bleach, head of Macquarie's investment banking group in North America, said Giuliani's firm will provide the company "with an opportunity to build upon and expand our existing U.S. capabilities, particularly in corporate restructuring transactions."

The Romney Rehab Plan (POL)

By Roger Simon

The Politico, March 6, 2007

Mitt Romney may be low in the polls right now, but he is a man with a plan, a plan to make him the Republican nominee for president.

Though he is at only 4 percent in national polls, The Politico has learned that in the coming weeks and months, he will:

--- Game the system. Romney intends to take advantage of the various and complicated rules governing the primaries.

The prime example is the change in the way California will conduct its Republican primary on Feb. 5.

Unlike Democratic primaries, Republican primaries are winner-take-all. Whoever wins statewide gets all the delegates at stake. This favors front-runners, who, with their early money and early support, can wrap up the nomination quickly.

But, in a barely noticed move, California Republicans have changed the system. Now it is winner-take-all by congressional district.

That means a candidate no longer needs to win the whole state to get delegates. It also means a candidate does not need a $25 million TV budget to do a serious statewide media buy.

Romney not only will target his TV ads to certain congressional districts, but he intends to treat California as if it were a "retail" political state instead of a tarmac state. (Because California is so large geographically, candidates spend most of their time flying from airport to airport, standing on the tarmac, doing a sound bite for local TV and then flying on.)

Romney intends to emphasize more intensive, face-to-face campaigning in select congressional districts in which he has the best chance of winning delegates.

--- Feel the burn. While Romney expects to raise significant amounts of money, his "burn rate," or expenses, will be high. (Howard Dean impressed the media by raising tens of millions of dollars on the Internet in 2003, but his campaign burned through it so fast that he had almost nothing left by the time he faced the New Hampshire primary in early 2004.)

Romney says he'll spend his money wisely -- but spend it. Although it is early, he's already putting TV commercials on the air. He has to raise his poll numbers, which are in the single digits.

True, early polls measure little but name recognition. But contributors read polls, and nobody wants to back a loser. Romney must raise his profile to make his poll numbers bounce and compete seriously for money and support.

For More Info Visit Our Candidates Page

Further, he is not buying the commercials willy-nilly but in states that may be key for him in the early contests: Florida, Iowa, Michigan, New Hampshire and South Carolina.

--- Make clear both explicitly and implicitly the differences between himself, Rudy Giuliani and John McCain, whether on issues or on lifestyle.

Unlike the Democratic top tier, in which the candidates agree on virtually all issues, there are significant differences among the candidates of the Republican top tier.

Romney intends to exploit what he perceives as two of McCain's great vulnerabilities in the Republican primaries: the McCain-Feingold law, which restricts campaign contributions, and the McCain-Kennedy bill, which would change immigration laws and allow for a guest-worker program. And while Romney disagrees explicitly with Giuliani on issues such as abortion, gun control and gay rights, he implicitly draws distinctions between Giuliani's rather turbulent personal life -- he has been married three times -- and Romney's own marriage of nearly 38 years.

"There are issues on a social basis that I think are critical for the future of America," Romney told The Politico. "One of them relates to the family. I really fundamentally believe the strength of America derives from the American family."

"The breakdown of the family," Romney continued, "is an issue that needs to be spoken about."

When I asked Romney if it was legitimate to ask people to vote for him because of his stable family life, his wife, Ann, who was sitting next to him, interjected: "We'll take that! I'll take it!"

Romney also drew implicit differences between himself and McCain, who has been a U.S. senator for more than 20 years.

"I don't think America wants another lifetime politician leading the country," Romney said.

Also, when I asked about whether, in a post-Sept. 11 world, Americans might want a president with national security experience, Romney replied: "Well, just because someone gets elected senator doesn't make them a foreign policy expert."

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--- Make a splash. Romney intends to make a big effort at the splashiest event on the primary calendar: the straw poll in Ames, Iowa, on Aug. 11. The straw poll is the "American Idol" of political events. The hoopla and spectacle, which includes fireworks, bands, barbecue and body-painting, is unlike any event except the nominating conventions themselves.

But unlike the nominating conventions, the winner at Ames is not known in advance.

And the media coverage will be enormous. Failure at Ames can end candidacies, because campaign contributions can dry up for those who do not do well.

In 1999, George W. Bush decisively won the Ames straw poll with about 24,000 votes. In the next 10 weeks, Lamar Alexander, Dan Quayle and Elizabeth Dole dropped out of the race and Pat Buchanan left the Republican Party.

Top-tier Republicans (Democrats ban straw polls) could spend in excess of $2 million each at Ames to bus supporters in and entertain them, while the bottom-tier candidates will depend on speaking skills and message to win support. Romney intends to makes Ames a summer showdown.

--- Encourage the media to look into the background of his opponents. In his interview with The Politico, Romney decried opposition research directed against him.

"There is going to be a lot of opposition research folks on other campaigns trying to put up things that aren't accurate (about me)," Romney said. But his campaign is already predicting reporters will find plenty to write about when it comes to Giuliani's ex-police chief, Bernard Kerik, and Giuliani's complex business associations.

--- Minimize his own negatives. Romney is vulnerable to accusations of being a flip-flopper -- he admits he was not pro-life until just a few years ago, and he joined the National Rifle Association just last August -- but his biggest negative, according to the polls, is his Mormon religion.

Two recent Gallup Polls found that 46 percent of Americans have an unfavorable opinion of Mormonism and 24 percent would not vote for a well-qualified candidate who was a Mormon.

Romney intends to recast the issue by emphasizing that he is a person of faith and that that is more important to voters than what faith he is. Second, his Mormon faith has been fundamental to his commitment to family, which he believes people of all faiths can respect.

--- Mend a fence. Romney formally announced for president last month in Dearborn, Mich., at the Henry Ford Museum. Aside from being an inventor and a highly successful businessman, however, Ford was a notorious anti-Semite.

That is not the message Romney wanted to send, and in the interview, he said, "Catholics, evangelical Christians, Mormons, Jews will find me to be an attractive candidate. I've gotten great support financially from members of the Jewish faith. I am a strong supporter of Israel and feel the need to defend Israel."

--- Be funny, even if he has to borrow the jokes. Romney quoted Sen. Orrin Hatch of Utah, a Mormon, telling other senators the difficulty he has raising money among members of his own faith.

"You'd have had trouble raising money, too, if all the people you were asking money from were sober," Hatch said.

Health Care Already A Key Issue In 2008 Race (WP)

By Christopher Lee

The Washington Post, March 6, 2007

Former senator John Edwards (D-N.C.) says providing health coverage to the 47 million Americans who lack it is so important that he is willing to raise taxes to do it.

Sen. Barack Obama (D-Ill.) says he is determined to enact universal health care by the end of his first presidential term.

Sen. Hillary Rodham Clinton (D-N.Y.), no novice on the subject, calls universal coverage "not only a moral and health imperative, but an economic and jobs imperative as well."

Although health care is usually a bigger factor in Democratic primaries than in Republican contests, at least two GOP contenders -- former governors Mitt Romney of Massachusetts and Tommy G. Thompson of Wisconsin -- are expected to use their extensive track records on the issue as campaign selling points, especially if either emerges as the party's nominee.

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All of which illuminates the reality that no White House hopeful can be taken seriously in the rapidly evolving 2008 race without confronting what many Americans have long said is one of their biggest concerns: the availability and affordability of health care.

"Every candidate is going to have to have a health-care plan, because it is the number one domestic policy issue on the minds of voters," said Karen Ignagni, president of America's Health Insurance Plans, an industry group whose "Harry and Louise" television ads in the early 1990s helped torpedo the last big push to overhaul health care.

Although fixing health care is back in vogue, some analysts worry that the prescriptions of the presidential candidates miss the heart of the problem. All the talk about creating universal coverage has obscured the fact that most voters already have insurance, some analysts say, and what they are most concerned about is curbing costs.

"They want some more active government effort to change the way the insurance system works, and to put some more pressure on doctors and pharmaceuticals and hospitals to give a better deal to working people," said Robert Blendon, a professor and public opinion expert at the Harvard School of Public Health. "The cost issue is a very important driving issue, and politicians haven't figured out how to touch that nerve yet."

Taking on costs is more difficult politically because it generally involves challenging powerful interests with a financial stake in the current system, including hospitals, doctors, and drug and insurance companies, said John Rother, policy director for AARP, the seniors lobby.

"The heavy lifting from a candidate's point of view is what they would do to control costs," Rother said. "Getting everybody covered is significant, but it doesn't take you right up against the power of the $2 trillion-a-year medical lobby the way that cost containment does. That's what's missing in the debate."

Since 1999, health insurance premiums have risen faster than wages and inflation. U.S. spending on health care, already the highest per person in the world, is expected by 2016 to nearly double, to $4.1 trillion. One in six Americans has no health insurance, and a shrinking share of those who do can get coverage through their jobs, census figures show.

The burden of rising costs on employers has led to calls for major change, even from some business groups that opposed earlier efforts to revamp the system. Pressure is also bubbling up from states, most notably California, Massachusetts and a few others that have begun, or are considering, statewide experiments to make health insurance affordable for everyone, through state subsidies and new fees on businesses if necessary.

"We're at the beginning of the next great debate about health reform," said Drew Altman, president of the Henry J. Kaiser Family Foundation, a nonpartisan source of health-care information. "This is an issue which was very much on the minds of the American people as an economic worry for quite some time, but was just nowhere as a national political priority even six months ago. Now it's front and center again, and the words 'universal coverage' are back at the center of the debate."

Indeed, analysts say national politicians are approaching the subject with a zeal not seen since the Clinton administration's health plan collapsed in 1994, amid concerns that it would give big government too much control over the health-care system.

Edwards has so far staked out the most detailed position. His plan would require employers to provide health coverage for workers or pay a portion of their payroll into a fund that would help individuals buy private insurance through new regional health-care purchasing pools. He would also expand Medicaid and the state-federal Children's Health Insurance Program, and would provide tax credits to help make insurance more affordable for lower-income families.

Most of the $90 billion to $120 billion annual cost could be paid for by eliminating President Bush's tax cuts for households earning more than $200,000 and by increasing Internal Revenue Service efforts to collect unpaid capital gains taxes, Edwards has said.

"I want to start putting universal health care in place as soon as I am sworn into office in January of 2009, which is what America needs," he said at a Feb. 22 candidate forum in Carson City, Nev. "We can't wait."

His campaign sent a mailing yesterday touting the plan to more than 70,000 Iowa households, the first such large-scale voter contact effort by a Democratic presidential candidate.

The 12-page booklet notes that 265,000 Iowans have no health coverage and argues that only Edwards has a plan "that will cover all of them and lower healthcare costs for everyone." It does not mention the program's cost.

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Obama has not released a detailed plan, but in announcing his candidacy last month he said he would deliver universal health care by 2012. "Let's be the generation that finally tackles our health-care crisis," he said. "We can control costs by focusing on prevention, by providing better treatment to the chronically ill, and using technology to cut the bureaucracy."

Clinton said last month that she wants universal health-care coverage by the end of her second term, but she has not offered a plan to achieve it. She has said that she "learned from experience" that no comprehensive proposal will work unless employers, government and labor organizations support it, and that simply throwing money at the problem will not solve it.

"I am looking for answers that will not have us spend more money," Clinton said while campaigning in New Hampshire last month. "I am convinced we can do that."

Rep. Dennis J. Kucinich (D-Ohio) has proposed expanding Medicare to cover everyone, a plan he says would eliminate any role for for-profit insurance companies. Their certain opposition would be a major political obstacle.

Polls by Gallup and other organizations routinely show that Democrats are more likely than Republicans to rate health care as an extremely important issue for Congress and the president. Still, some Republican presidential hopefuls have considerable bona fides on the issue. In 2006, Romney signed legislation requiring that all Massachusetts residents have health insurance by July of this year. Thompson served as President Bush's health and human services secretary at a time when the administration successfully sought to create a drug benefit under Medicare.

Whoever wins the presidency will have trouble converting voters' desire for change into politically viable legislation, analysts say. There is broad agreement on health-care problems, but a consensus on how to fix them remains elusive -- a reality Bush encountered when his recent proposal to overhaul the tax treatment of health insurance fell flat in the Democratic Congress.

"One thing that history really shows us is that the enthusiasm at the beginning of these debates often wanes when you get to the details at the end," said Altman, the Kaiser president.

GOP Protectionists (WSJ)

By Jack Kemp

The Wall Street Journal, March 6, 2007

As the GOP stumbles around Washington trying to be the party of Herbert Hoover, it's sad to see so many Republicans drifting so far and so fast from the Reagan model that helped pave the way for the great, non-inflationary economic and jobs expansion of the past 25 years.

Sen. Lindsey Graham, (R., S.C.) threatens China with a 28% tariff for daring to tie the yuan to the dollar. Rep. Tom Tancredo, running for president, is miffed at President Bush for trying to design comprehensive immigration-reform legislation. The president wants a guest-worker program that could help alleviate border problems in the Southwest.

But Mr. Tancredo is a sissy compared to my old pal Duncan Hunter, the congressman from San Diego. He's also running in the GOP primaries as an unambiguous Hoover-like protectionist and anti-globalization candidate. Then there's my other old friend Pat Buchanan, railing against Japan and Toyota for having the chutzpah to sell so many cars in the U.S., even going so far as to build manufacturing plants right here under our noses.

Mr. Buchanan resigned from the GOP a few years ago because Republicans weren't tough enough on trade, tariffs and immigration for his so-called "economic nationalism" model. His answer to the competition faced by U.S. automakers from abroad is to bash Japan, and to accuse those of us who believe in classical free-trade policies of being "fanatics" who cause U.S. manufacturing to move offshore. Adam Smith and David Ricardo are spinning in their graves!

In the interest of full disclosure, I'm on the advisory board of Toyota North America and now drive a hybrid Lexus. But I also believe that the real answer for U.S. auto companies is a decrease in tax rates, lower costs of labor and greater flexibility in future union contracts. The attack on a trading partner like Japan is misguided when the real enemy of American jobs and auto production comes from Washington and Detroit. Having driven American automobiles for 50 of my 71 years, my long-term, (and short-term) solution to the profound challenges faced by U.S. manufacturers is to reform the complex, confusing and confiscatory U.S. tax code, and to ease the onerous regulatory burden that undermines our ability to compete in the global economy.

The suggestion that Japan manipulates its currency for trade advantages -- even though the yen has appreciated against the dollar by 75% since 1985 -- is misleading. The same attack could have been made against the U.S. when the Fed lowered

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the federal-funds rate to 1% in 2003 in order to boost the economy. Every central bank manipulates its currency to some degree in that they control the printing of the supply of money that determines the value of their currency.

Protectionists claim that the trade deficit threatens the dollar and causes it to fall, further de-industrializing America and diminishing our freedoms. In reality, the trade deficit is just the other side of what President Reagan correctly called the capital account surplus, which reflects foreign investment leading to increased production, output and job creation in the U.S.

As a case in point, since coming to America 50 years ago Toyota has invested more than $14 billion in our domestic economy and set up 10 manufacturing plants. It has "insourced" more than 380,000 jobs since 1981, and just announced an 11th plant, with more U.S. jobs. Toyota pays close to $15 billion in wages to American workers.

Overall, since the 2001 recession, according to David Malpass of Bear Stearns, the U.S. economy has created 9.3 million jobs; Japan only 350,000. As for the legacy health costs and pension costs for U.S. auto workers, protectionists would better spend their time lobbying for Detroit to move to health-savings accounts and defined pension-contribution plans. Defined-benefits pension plans are far too costly for auto makers, as economist Arthur Laffer has written and lectured about for years.

Protectionist views on trade resemble Al Gore on global warming: Pessimism permeates their arguments and they misuse statistics to drive their propaganda on these very important issues. Mr. Buchanan, for example, argues that the U.S is witnessing the passing of our nation as the greatest industrial power the world has ever seen. Nonsense: Half the wealth our nation has ever produced was generated in the last 25 years or so.

With the recent passing of Milton Friedman and Ronald Reagan, we've lost two great champions of the free-enterprise and free-trade policies that helped lay the groundwork for the last two decades of low unemployment and low inflation, fostering the growing class of working families who own stocks, bonds and property.

The answers to our challenges in today's global marketplace can be found in sound money, lower tax rates on capital and labor, an easing of regulatory burdens, and the welcoming of foreign investment and trade with nations like Japan. Isolationism and protectionism are not worthy of 21st century America.

Mr. Kemp is founder and chairman of Kemp Partners and former Secretary of Housing and Urban Development.

Jenna Bush Embarks On Book 'Journey' (USAT)

By Bob Minzesheimer

USA Today, March 6, 2007

Jenna Bush, in a rare interview, says her forthcoming book for teens — about a 17-year-old single mother in Panama who is living with HIV — will end with a "call to action."

HarperCollins announces today that it's publishing Bush's Ana's Story: A Journey of Hope this fall. It will be illustrated with photographs by Mia Baxter, a former classmate of Bush's at the University of Texas.

The president's daughter, 25, says the book is not political. It's aimed at "getting kids thinking and involved," Bush said Monday by phone from Panama, where she has worked since September as an unpaid intern for UNICEF.

Bush, a former public school teacher in Washington, D.C., says: "I'm aware that not all kids can pick up and fly to Panama. I'm very lucky."

But, Bush says, "there's so much they can do" to deal with issues of "exclusion" — from research on HIV discrimination to "inviting new kids to sit with them in the cafeteria."

The book grew out of her UNICEF job to "put a face on statistics" and document the lives of children in Central and South America who live in extreme poverty.

Jenna and her sister, Barbara (who works at a New York museum), have tried to avoid publicity and have been protected by the White House. But, she says, "I'm willing to give up some of my anonymity" to promote the book and "start a dialogue with kids."

A book tour is planned in schools, libraries and bookstores. "This is not about me," she adds, "but the kids I met here."

The Bush twins have been fodder for tabloids and gossip columnists for their partying and underage drinking. Jenna Bush, who campaigned for her father in 2004, says she doesn't worry about her media image: "I care what people who know me think of me. I think they would disagree (with her image). I like to go to bed early."

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Kate Jackson, editor of HarperCollins Children's Books, says she was impressed by Bush's "intellect, drive and passion." A first printing of about 500,000 copies is expected.

Bush says she will donate her earnings to UNICEF. She says she "very, very modestly" hopes her book will have some of the influence of two books about girls caught up in the Holocaust: Lois Lowry's novel Number the Stars and Anne Frank's The Diary of Anne Frank.

Historian Carl Sferrezza Anthony says 23 presidential children are authors, most of them after their fathers left office. Patti Davis' 1986 novel, Homefront, caused a stir because of characters who resembled her father, Ronald Reagan, and stepmother, Nancy Reagan.

Bush Reaches Out To Latin America (USAT)

By David Jackson

USA Today, March 6, 2007

WASHINGTON — President Bush said Monday that the United States will help the working poor of Latin America as part of a plan meant to show the region it has not been forgotten by the United States.

Preparing for a seven-day, five-nation swing, Bush outlined past efforts to help the region while offering new plans for health care, education and business development.

"The working poor of Latin America need change," Bush told members of the United States Hispanic Chamber of Commerce.

During a Monday briefing, national security adviser Stephen Hadley said the trip will emphasize the continuing U.S. efforts to bolster Latin American democracies and economies.

Those efforts, Hadley said, have not received the attention they deserve. "That's one of the reasons we're doing this trip."

Bush leaves Thursday for São Paulo, Brazil, the first stop on a trip that includes Uruguay, Colombia, Guatemala and Mexico.

Latin Americans believe that the Bush administration has ignored the region since the Sept. 11 terrorist attacks, said pollster John Zogby, who recently conducted a survey in seven Latin American nations.

"There is a sense that the United States is so focused on other parts of the world that Latin America is just not on the radar screen," he said.

Zogby, whose respondents included government and business leaders, said most also believe the United States benefits more from one of its key Latin American policies — free trade.

In his speech, Bush said expanded trade, democracy and educational exchanges have improved conditions in Latin America.

"Despite the advances," he added, "tens of millions in our hemisphere remain stuck in poverty and shut off from the promises of the new century." Almost 25% of Latin Americans live on less than $2 a day, he said.

Bush said he was sending a Navy medical ship to 12 Latin American and Caribbean nations to treat an estimated 85,000 patients and perform up to 1,500 surgeries.

He also touted a $75 million program to allow Latin American youths to study English in the USA and a $100 million effort to provide mortgages to working families.

The proposals seem aimed at countering the appeal of Venezuelan President Hugo Chávez, said Peter Hakim, president of the Inter-American Dialogue. Chávez has blamed U.S.-style economic policies for the persistence of poverty.

Hakim said Central and South Americans will be skeptical until they see results and that the United States "is there for the longer term."

Hadley said the trip wasn't an anti-Chávez trip. Instead, the region has long been one of the president's top priorities.

Much of Bush's work in Latin America, he said, was overshadowed by the continuing war on terror.

Bush Outlines Agenda For Latin America Trip (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, March 6, 2007

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WASHINGTON -- Ahead of a six-day swing through Latin America, President Bush unveiled plans to send a Navy vessel to dispense medical care throughout Latin America, spend $75 million over three years on English-language training for the poor and develop a new small-business loan initiative.

Mr. Bush's trip to Brazil, Uruguay, Colombia, Guatemala, and Mexico is officially designed to tout the benefits of democracy and open markets in fighting poverty and improving health care and education. But the tour is also designed to let the White House provide a counterweight to Venezuela's popular Bush-bashing President Hugo Chavez.

During a speech to the Hispanic Chamber of Commerce Monday, Mr. Bush never mentioned Mr. Chavez Monday's speech, but the Venezuelan leader is expected to cast a shadow over the president's trip. Mr. Chavez has been discussing confrontation with Mr. Bush and is expected to appear at a public demonstration in Buenos Aires while Mr. Bush is in Uruguay. Mr. Bush is viewed with skepticism in many Latin American countries, particularly those with close ties to Mr. Chavez.

Mr. Bush also didn't touch on energy issues, expected to be high on the agenda during his meeting with Brazilian President Luiz Inacio Lula da Silva. National Security Adviser Stephen Hadley said earlier Monday that Messrs. Bush and Lula will agree to cooperate on the development of ethanol, encourage greater cooperation on local biofuels production in Central America and the Caribbean, and participate in the International Biofuels Forum, an attempt to standardize the industry.

During his speech, the president said an important priority for the U.S. is "helping our neighbors to the south of us build a better and productive life." The region "has made great strides toward freedom and prosperity," he said. "Despite the advances, tens of millions in our hemisphere remain stuck in poverty."

To help alleviate the situation, Mr. Bush said he's sending the USNS Comfort to make medical stops in 12 countries, including Panama, Nicaragua, Colombia and Haiti. The mission is expected to provide care to 85,000 patients and result in 1,500 surgeries. Another initiative will provide training for nurses, technicians and health-care workers in Panama.

"It is in our national interest ... to help the people and democracies in our neighborhood succeed," Mr. Bush said. "When our neighbors are prosperous and peaceful, it means better opportunities and more security for our people. When there are jobs in our neighborhood, people are able to find work at home and not have to migrate to our country."

Since taking office, Mr. Bush has doubled U.S. foreign assistance to Latin America to about $1.6 billion a year. The money includes development assistance, military assistance and counter-narcotic assistance. Colombia is the largest recipient of U.S. aide outside the Middle East and Afghanistan, with most of the money earmarked for anti-drug efforts.

Bush OKs Aid Programs For Latin America (AP)

By Terence Hunt

AP, March 6, 2007

President Bush, facing criticism he has ignored Latin America, said Monday the region's grinding poverty is a scandal that has caused some to question the value of democracy. He said the United States will spend tens of millions of dollars to improve education, housing and health care across the region.

"The United States of America is committed to helping people rise out of poverty," the president said.

Many children in Latin America do not finish grade school and many mothers never see a doctor, Bush said in a speech at the Ronald Reagan Building to about 400 invited guests, most of them members of the U.S. Hispanic Chamber of Commerce.

"In an age of growing prosperity and abundance, this is a scandal and it is a challenge," Bush said.

The speech came three days before the president leaves on a weeklong trip to Brazil, Uruguay, Colombia, Guatemala and Mexico.

National Security Adviser Stephen Hadley said Bush's efforts in Latin America have been overshadowed by the global war on terror, the fight against illegal drug trafficking and trade issues.

"It's something we have not done well enough, getting out the full scope of the president's message," Hadley said at a briefing before the president's address.

Since taking office, Bush has doubled U.S. foreign assistance to Latin America to about $1.6 billion a year. The money includes development assistance, military assistance and counter-narcotic assistance. Colombia is the largest recipient of U.S. aide outside the Middle East and Afghanistan, with most of the money earmarked for anti-drug efforts.

Bush announced a series of steps to help the region:

_A Navy medical ship, the Comfort, will make port calls in Belize, Guatemala, Panama, Nicaragua, El Salvador, Peru, Ecuador, Colombia, Haiti, Trinidad and Tobago, Guyana and Suriname. Its staff will treat 85,000 patients and conduct up to 1,500 surgeries. Other military medical teams will provide medical care through 62 medical readiness training exercises in 14 countries.

_A health care professional training center will be established in Panama to serve all of Central America, training students to be nurses, technicians and health care workers.

_The United States will commit $75 million over three years to help thousands of young people improve their English and study in the United States. Over the past three years, the United States has provided $150 million on education programs throughout the region.

_A program to make housing more affordable will be expanded with an additional $385 million. The United States already has provided more than $100 million through the Overseas Private Investment Corp. to help underwrite mortgages to working families in Mexico, Brazil, Chile and the countries of Central America.

Later this year, the administration will convene a White House conference on the Western Hemisphere, bringing together representatives from the private sector, non-governmental organizations, faith-based groups and volunteer associations, to explore more effective ways to deliver aid.

Peter DeShazo, who oversaw Western Hemisphere affairs for the State Department until last year, said Bush's trip is intended to offset "the widespread perception that the U.S. has shown little attention" to the region.

DeShazo, speaking at a briefing of the Center for International and Strategic Studies, said Bush's visit "underscores that the administration is willing to work with democratic governments" whether they are on the left, like Brazil's Lula da Silva or on the right, like Mexico's Felipe Calderon.

DeShazo currently is CSIS' Americas program director.

Bush To Set Out Shift In Agenda On Latin Trip (NYT)

By Larry Rohter

The New York Times, March 6, 2007

SÃO PAULO, Brazil, March 5 — President Bush arrives here on Thursday with an energy partnership plan to create jobs and decrease poverty and inequality, a marked shift in Washington's priorities for Latin America aimed at countering the challenge posed by President Hugo Chávez of Venezuela.

Since 1990, when Mr. Bush's father was in the White House, United States policy toward the region has focused on free-trade agreements and related economic measures, with a secondary emphasis on drug interdiction.

But the growing leftward and anti-American trend in regional politics, led by Mr. Chávez — who plans a countertour to coincide with Mr. Bush's trip — has led to a modified agenda and a renewed effort to rebut complaints by Latin Americans that the president has ignored their concerns in favor of the campaign against terrorism.

"When something isn't working after 15 years, that's a sign there are insurmountable obstacles and it's time to change direction," said Rubens Ricupero, a Brazilian diplomat and former secretary general of the United Nations Conference on Trade and Development, in an interview here. "This is a very intelligent initiative on the part of the U.S., because there's no point in tying the whole relationship to something that has only produced frustration and stagnation."

The Bush administration has also signaled a new willingness to consider including workers' rights guarantees in trade accords. [Page C1.]

Mr. Bush's trip will be his longest to the region. But his promises of American support and assistance are likely to fall short of what Mr. Chávez, with his oil wealth, has been delivering recently.

On Monday, in a speech in Washington to the United States Hispanic Chamber of Commerce, Mr. Bush said ties between the United States and Latin America had helped advance peace and prosperity in the Western Hemisphere. But he also appeared to acknowledge the need to reach out more to America's southern neighbors. "The fact is that tens of millions of our

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brothers and sisters to the south have seen little improvement in their daily lives," Mr. Bush said, "and this has led some to question the value of democracy."

Mr. Bush's first stop will be here in Brazil's industrial capital. He and the president of Brazil, Luiz Inácio Lula da Silva, are expected to sign a memorandum of understanding for a recently negotiated program that calls for the countries to promote the production and use of ethanol, a renewable fuel that Brazil manufactures from sugar cane. Mr. da Silva, a former labor leader who controls the leftist Workers Party, is also scheduled to visit Mr. Bush at Camp David at the end of the month.

But the convergence of strategic interests of the Western Hemisphere's two most populous countries clearly goes beyond energy. Brazil fancies itself, not Venezuela, as South America's natural leader. It has also recently shown signs of alarm at Mr. Chávez's substantial arms purchases and irritation with his involvement in neighboring Bolivia, including providing military assistance and support for the nationalization of Brazilian-held energy assets there.

"I don't think Brazil will accept the idea of being any type of American surrogate in the region, or to moderate or contain Chávez," said Felipe Lampreia, Brazil's foreign minister from 1995 to 2001. "But the United States wants to bolster Lula as a counterweight, to show that you can have a leftist government with a strong focus on social issues, income distribution and poverty reduction, without being radical."

Mr. Bush will be sending much the same message at his second stop, Uruguay, which signed a trade and investment framework agreement with the United States in January. There, he and President Tabaré Vázquez, a physician who leads a leftist coalition called the Broad Front, plan to meet at the presidential ranch to commemorate Uruguay's emergence, with American help, from a fiscal crisis in 2002 and to discuss how to expand commercial ties.

Dr. Vázquez's government includes former Tupamaro guerrillas; the guerrilla group kidnapped and killed an American official in Montevideo in 1970. But Dr. Vázquez, like Mr. da Silva, has migrated toward the center and largely abandoned the kind of fiery rhetoric that is Mr. Chávez's specialty.

"One must be pragmatic," Dr. Vázquez said in an interview last year. "Uruguayans want jobs that provide dignity, an adequate salary, and security. To have that, you must have economic growth, which is achieved only through production and investment."

Mr. Bush's itinerary also includes stops in Colombia and Guatemala, two countries where political scandals have recently erupted, weakening the pro-American governments there. He will end his trip next week in Mexico, where the agenda is sure to include immigration, a constant source of tension in relations between the two neighbors.

As a candidate in 2000, Mr. Bush vowed that "should I become president, I will look south, not as an afterthought but as a fundamental commitment." But after the Sept. 11 terrorist attacks, the United States quickly relegated Latin America to the ancillary role it played during most of the cold war, creating openings that Mr. Chávez, China and even, more recently, Iran have moved to exploit.

Now, however, "there is a sense that things are not going well for the U.S. in the region," said Peter Hakim, president of Inter-American Dialogue, a Washington-based policy research and advocacy group. "There has probably never been so much anti-Americanism and so little confidence in U.S. leadership since the cold war."

That trend has been aggravated, he said, by the emergence of "such a vehement and reasonably effective adversary" in the form of Mr. Chávez.

An overwhelming majority of government officials and academic analysts in Latin America take it as a given that the United States has been jolted into action by the inroads Mr. Chávez has made. But American officials dispute that notion.

"We are aware of the shortcomings of the Venezuelan government and the kind of unhelpful role it has played in certain countries in the region," Deputy Secretary of State John D. Negroponte said in a recent interview. "I think the president's intent is to accent the positive, and talk about the positive, things we want to get done in the relationships with the countries that he is visiting rather than to call undue attention to this issue, which is Venezuela."

And when asked at a press briefing Monday if Mr. Bush's trip was "an anti-Chávez tour," Stephen J. Hadley, the national security adviser, said, "It's really not."

But Mr. Chávez is acting as if the trip, which he mocks as doomed to failure, is aimed solely at combating his influence, and has responded with a maneuver of his own. While Mr. Bush is in Uruguay on Friday and Saturday, Mr. Chávez plans to be leading

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anti-Bush demonstrations just across the River Plate in Buenos Aires, Argentina, where he has cultivated an increasingly friendly relationship with that country's Peronist president, Néstor Kirchner.

There, as elsewhere in the hemisphere, Mr. Chávez has used Venezuela's oil riches to win friends and influence. He has bought more than $1.5 billion in Argentine bonds, flown poor slum residents to receive medical care abroad and proposed a new regional development bank to make low-interest loans.

In contrast, American assistance for the region has lagged far behind. Mr. Hadley said that the United States has nearly doubled aid to the region since President Bush took office to $1.6 billion annually, although he acknowledged that figure was slated to drop next fiscal year. But recent research by the Washington Office on Latin America, a group that is often critical of American policy in the region, found that the largest portion of money has gone to Colombia for military and counterdrug assistance, that Congress has consistently trimmed aid requests, and that not all funds authorized have been disbursed.

On Monday, Mr. Bush announced several relatively small new initiatives that he would ask Congress to finance. They included $75 million for a new education program promoting study in the United States, $385 million for programs promoting home ownership for low income families, and the development of a health care training facility in Panama to serve all of Central America.

"In the short term, Chávez has more to offer because our aid is peanuts," said Riordan Roett, director of the Latin American studies program at the Johns Hopkins School of Advanced International Studies in Washington. "We're talking hundreds of thousands of dollars, and he's tossing around a billion here and a billion there."

Mr. Bush's shift away from an almost exclusive focus on free trade, with its calls for austerity and sacrifice in return for access to the American market, also reflects domestic political realities. His trade promotion authority expires in July, and there are doubts about Congress's willingness to approve free trade agreements that have been signed with Colombia, Peru and Panama.

"It would not be realistic to expect much" from Mr. Bush's visit, said Mr. Lampreia, the former Brazilian foreign minister. "But there is a fresh look at Latin America, very much derived from the fact Chávez is there, and a new approach that is positive, which is a good thing."

Bush Prepares For Trip To Latin America (WP)

By Peter Baker

The Washington Post, March 6, 2007

He talked of grinding poverty and called it "a scandal" that democracy and capitalism have not delivered more to Latin Americans. The working poor need change, he declared. He invoked Simon Bolivar, the "great liberator," and vowed to "complete the revolution" and bring true "social justice" to the region

Hugo Chavez? No, George W. Bush.

As he prepares to embark on a six-day trip to Latin America this week, the president is launching a new campaign to compete with Chavez for the region's hearts and minds, employing language mirroring the Venezuelan leader's leftist populism but rooted in traditional American conservatism. After six years of focusing elsewhere in the world, Bush in his final two years wants to convince the nation's neighbors that, as he put it yesterday, "we care."

But he faces an enormous gulf between ambition and reality, analysts say. While Bush cited John F. Kennedy's effort to help lift up the region through the Alliance for Progress, the president has limited tools at this point. He offered some modest initiatives on education, housing and health care yesterday; but the new Democratic Congress has shown no eagerness to ratify three new free-trade pacts he has brokered with the region. And many in Latin America have already rendered their judgments about Bush and are awaiting his successor.

"It's a visit after six-plus years of neglect," Sidney Weintraub, a longtime U.S. diplomat and specialist in the region, said at a forum sponsored by the Inter-American Dialogue center yesterday. "There's little that the Latin Americans expect from him anymore."

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Bush wants to counter that perception with a message of empathy for Latin Americans who have not seen much benefit from free markets and elections -- the core constituency that has fueled the rise of Chavez and other leftists in the region, such as Evo Morales in Bolivia and Daniel Ortega in Nicaragua. One in four Latin Americans lives on $2 a day or less.

"In an age of growing prosperity and abundance, this is a scandal -- and it's a challenge," Bush said yesterday in a speech previewing his trip to the U.S. Hispanic Chamber of Commerce. "The fact is that tens of millions of our brothers and sisters to the south have seen little improvement in their daily lives. And this has led some to question the value of democracy."

Bush never used Cha¡vez's name but cited his hero, Bolivar, and implicitly seemed to offer an alternative in an address spiced with Spanish phrases. "The millions across our hemisphere who every day suffer the degradations of poverty and hunger have a right to be impatient," he said. "And I'm going to make them this pledge: The goal of this great country, the goal of a country full of generous people, is an Americas where the dignity of every person is respected, where all find room at the table and where opportunity reaches into every village and every home."

Bush announced an additional $75 million over three years to teach more Latin Americans to speak English and help them study in the United States, and an additional $385 million to help underwrite mortgages for working families in Mexico, Brazil, Chile and Central America. He also said he will order the USNS Comfort, a U.S. Navy hospital ship, to make port calls in 12 Caribbean and Latin American countries to treat 85,000 patients and perform 1,500 operations.

"The president wants to show a rededication to Latin America," said Peter DeShazo, who was deputy assistant secretary of state for the Western Hemisphere in Bush's first term and is now a scholar at the Center for Strategic and International Studies. "This comes at a time when there's a widespread sense that the administration hasn't paid a lot of attention to Latin America, which is understandable because of Iraq. . . . This is a signal. They're trying to show they're committed to the region."

National security adviser Stephen J. Hadley disputed the premise that the administration has neglected Latin America, but he agreed that the government's efforts have been overshadowed by the Middle East and other issues. "It's not gotten the attention it deserves," he said. "That's one of the reasons we're doing this trip."

Hadley and other White House officials said it is not an anti-Chavez tour, but the Venezuelan leader may yet haunt the president along the way. Chavez, who called Bush "the devil" during a U.N. speech last year, has suggested that he would send sulfur to Brazil and plans to lead a protest in Argentina when the president arrives in neighboring Uruguay.

Bush will leave for Brazil on Thursday and will then travel to Uruguay, Colombia, Guatemala and Mexico before returning March 14. In Sao Paulo, he will seal a deal with Brazilian President Luiz Inacio Lula da Silva to help Central American and Caribbean nations develop ethanol, an alternative to oil that has become a big focus of Bush's energy plan. Although Bush has been to Colombia before, he will be the first U.S. president since Ronald Reagan in 1982 to visit Bogota, a decision intended to showcase improvements in security in a country torn by civil war and cocaine trafficking -- although he will not spend the night.

When he visits Mexico, he will bypass Mexico City, where his presence would surely generate large protests, and instead meet with President Felipe Calderon in the Yucatan city of Merida. It will be the first meeting between the two since Calderon was inaugurated, and the session is bound to be marked by tension over the U.S. political debate on immigration. Bush has pushed for easing rules for illegal immigrants but has also signed legislation calling for more barriers along the border.

The itinerary will put Bush in the same room with both leftist and rightist leaders, a schedule intended to show that he can work with any "right-thinking governments," as Hadley put it, that support democracy and reasonable economic policies. To further make that point, Bush plans to host Lula at Camp David at the end of the month, making him the first Latin American leader at the presidential retreat in 16 years.

In some ways, the trip will bring Bush full circle from his days as a candidate in 2000, when he cited his experience as governor of Texas and vowed a robust engagement with the region. "Latin America was going to be more than just an afterthought -- remember those days?" said Michael Shifter, a vice president of Inter-American Dialogue. "I think he's going to try to repair some of the damage. . . . There has been a lot of damage in terms of distrust with the region over the last couple years, and I think he wants to keep that in check."

Bush To Visit Latin America, Chavez's Backyard (LAT)

By Maura Reynolds, Patrick J. Mcdonnell And Chris Kraul

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The Los Angeles Times, March 6, 2007

WASHINGTON — President Bush, eager to counter the growing influence of Venezuelan President Hugo Chavez, declared Monday that he was heading to Latin America this week as a social reformer committed to alleviating poverty and social injustice.

The emphasis on addressing inequality marks a shift for the president, who has been assailed for stressing free trade and democracy south of the border and ignoring the social ills that continue to stymie the region.

"For too long and in too many places, opportunity in Latin America has been determined by the accident of birth rather than by the application of talents and initiative," Bush said in a speech to the U.S. Hispanic Chamber of Commerce.

Bush is set to leave Thursday on a weeklong hemispheric trek that is to include stops in Brazil, Colombia, Uruguay, Guatemala and Mexico.

Bush's itinerary doesn't include Venezuela, but the pugnacious Chavez, who has used his oil riches to take up the mantle of Fidel Castro and generations of Yanqui-bashers, looms large in a region Washington has historically considered its "backyard."

With no major trade deal or political breakthrough imminent, Bush in effect has signaled his intention to present a counter-version of Chavez's well-crafted image of a social crusader standing up to U.S. "imperialism" at every opportunity.

However, Bush, whose poll numbers are at least as bad in Latin America as at home, is likely to meet skepticism and protests as he tries to portray a kinder, gentler face of U.S. policy.

"Evidently the principal reason for Bush's trip to the region is to try and put back together the United States' network of alliances in Latin America, where Chavez's influence is stronger each day," said Atilio Boron, an Argentine political analyst.

A top Bush administration official rejected the widely held notion in Latin America that the president's longest trip to the region is aimed at checking the influence of Chavez.

"We want to remind people that there is another side to U.S. policy," said the senior U.S. official, speaking on condition of anonymity.

While the Bush administration has been tied down in the Middle East, Chavez has helped redraw Latin America's political map, in large part by doling out billions of dollars' worth of oil subsidies for allied nations and re-energizing socialist strategies consigned to the scrap heap a decade ago. Critics call his influence overblown, but Chavez has befriended a new generation of populist and leftist leaders and inspired political allies from Panama City to Santiago, Chile.

Chavez has also reached out to U.S. archenemy Iran, embarked on a buying spree of Russian arms and cemented an oil deal with China, at a time when Chinese trade in the region is surging and Asia is seen as an alternative to U.S. markets.

Chavez's voluble followers have vowed to take to the streets during Bush's trip, just as tens of thousands applauded Chavez's tirades against "Mr. Danger" during the U.S. president's 2005 trip, in which a disappointed Bush failed to persuade South America's major economic powers to join a hemispheric trade zone.

Unlike most of the president's previous trips to the region, this one is not built around a large multinational conference. Instead, Bush will meet one-on-one with the leader of each nation and take time to visit cultural sites and engage long-marginalized minority and indigenous populations.

Bush's first stop, Brazil, holds significance on several fronts, beyond that nation's position as Latin America's largest and most populous nation, and the world's ninth-largest economy.

Washington and Brasilia are launching a biofuels partnership that could lessen the sway of Venezuela and its vast oil and gas reserves and heighten the regional standing of President Luiz Inacio Lula da Silva. Despite his left-wing roots as a labor leader, the Brazilian leader has embraced free-market policies and is viewed in the White House as a Bush ally who is a moderate alternative to Chavez.

The prospective U.S.-Brazilian biofuels pact, with possible accords on future markets and technology sharing, constitutes the White House's first major foray into the raging Latin American energy debate. It also signals a shift, or at least a detour, from Washington's dominant post-Cold War concerns: drug interdiction, free trade and immigration.

But despite the buzz about an "ethanol OPEC" composed of the two countries that produce about 70% of the world's ethanol, the administration faces a daunting task in countering Chavez's standing as a major supplier of crude oil in a world that still runs on petroleum.

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Even temperate leftist regimes, such as those in Brazil, Argentina, Uruguay and Chile, have maintained cordial relations with Chavez while pursuing a more measured path.

Paying lip service to Chavez's anti-globalization rhetoric also provides regional leaders with "ideological cover" to appease their own leftist blocs, said Bruce Bagley, a political scientist at the University of Miami. Thus, Argentine President Nestor Kirchner's broadsides against the "dictatorship" of the International Monetary Fund draw no public rebuke from Washington.

State Department officials have boasted of a Kennedy-esque "Pan-Americanism" for the 21st century, and Bush on Monday outlined a program offering tens of millions of dollars in scholarship aid and mortgage assistance, and a regional health initiative.

But that promise is no match for Chavez's tangible largesse, be it cheap oil for Cubans, doctors and teachers for Bolivians or a $3-billion bond purchase to help prop up Argentina. Chavez also has promised subsidies to newly elected leftist governments in Ecuador and Nicaragua.

In return, he has gained some measure of the international legitimacy he craves.

He has embraced Iran and championed a political and economic bloc aligned against U.S. supremacy, and even his failed effort last year to win a seat on the United Nations Security Council provided him with a bully pulpit. In the meantime, the State Department denounced Venezuela last week as soft on drug trafficking.

The Chavez-sponsored trip of Iranian President Mahmoud Ahmadinejad to Latin America in January stunned many U.S. officials, whose view of Chavez's global evangelization quickly shifted from disparaging bemusement to alarm about a potential security threat.

"That caught our attention," said U.S. Rep. Eliot L. Engel (D-N.Y.), chairman of the House Foreign Affairs Western Hemisphere subcommittee.

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(INFOBOX BELOW)

The diplomacy of largesse

Venezuela's Hugo Chavez has helped redraw Latin America's political map, in large part by doling out billions of dollars in oil subsidies for allied nations and re-energizing socialist strategies.

Refineries

Chavez has promised to build or finance refineries in more than half a dozen countries, including Panama, India, Brazil and Jamaica. None is under construction.

Gas pipeline of the south

Chavez has promised to invest in a $25-billion, 6,000-mile pipeline to send Venezuelan natural gas to Argentina. Venezuela does not have the proven gas reserves to keep the pipeline full.

Cut-rate petroleum

Chavez is sending or has promised to send discounted oil or refined products to Ecuador, as well as Cuba and more than a dozen other Caribbean nations. He also is sending subsidized fuel oil to the poor in New York and Massachusetts.

Bonds

Chavez has purchased more than $3 billion in Argentine bonds.

Medical care

Chavez is underwriting the cost of sending Cuban doctors to Venezuela and Bolivia, and is paying for eye operations in Cuba for hundreds of poor patients from countries including Panama and Bolivia.

Bush Says Aid Boost To Go With Latin America Trip (WT)

DOJ_NMG_0140719

By Jon Ward

The Washington Times, March 6, 2007

President Bush yesterday announced that his five-country trip to Latin America will be accompanied by an increase in U.S. aid to the region, to promote "social justice," democracy and increased economic opportunity.

"Tens of millions of our brothers and sisters to the South have seen little improvement in their daily lives. This has led some to question the value of democracy," Mr. Bush said. "It is in our national interests ... to help the people in democracies in our neighborhood succeed."

Mr. Bush, during a speech to the U.S. Hispanic Chamber of Commerce at the Ronald Reagan Building, said that ongoing poverty in Latin America, despite overall economic growth, is "a scandal" brought about by corrupt leadership.

"In too many places ... a government official is seen as somebody who serves himself, or serves only the rich and the well-connected," Mr. Bush said. "We're working with our partners to change old patterns and ensure that government serves all its citizens."

Mr. Bush, who leaves for Brazil Thursday and returns March 14, announced he is sending a U.S. Navy hospital ship -- the USNS Comfort -- to 13 South and Central American countries, to treat an expected 85,000 patients and perform an estimated 1,500 surgeries. Mr. Bush also will visit Colombia, Guatemala, Mexico and Uruguay.

In addition, the United States will spend $75 million over three years to teach English to young Latin Americans, and bring students to the United States on scholarships. The United States will also spend $385 million to increase homeownership and is working with Latin American banks to increase loans to small businesses.

Bush administration officials denied that the president's weeklong trip has been prompted by concerns about anti-American leaders such as Venezuelan President Hugo Chavez, or by resentment that the United States has not paid enough attention to the region.

"[The president] has been involved and committed to Latin America throughout his presidency," said National Security Adviser Stephen J. Hadley, who said Mr. Bush's focus on the region "has not gotten the attention it deserves."

But regional analysts said both Mr. Chavez and weak U.S. relations with the region are driving the president's trip.

Eric Farnsworth, vice president of the Council of Americas, an advocacy group for businesses with interests in Latin America, said "the specter of Chavez [is] overhanging the region right now," and that "the standing of the United States in the region has decreased."

Mr. Farnsworth, however, applauded Mr. Bush's speech, which he said pushes back against Mr. Chavez's populism in the right way.

Dan Restrepo, Latin America analyst at the Center for American Progress, a left-leaning think tank, was not impressed.

"You can't have a year of engagement every six or seven years and think it's going to answer the mail," Mr. Restrepo said.

Mr. Bush's policies, Mr. Restrepo said, "aren't particularly bold given the holes that we've dug over the last few years."

Mr. Bush made no mention of his plans to encourage Brazil to increase ethanol production for alternative fuels, and made only passing mention of the need for immigration reform.

"I think that was a very important statement, because it shows that at least for this trip there really does seem to be an emphasis on social development in the hemisphere, and that's something that is new and positive," Mr. Farnsworth said.

G.O.P. Shift Is Seen On Trade (NYT)

By Steven R. Weisman

The New York Times, March 6, 2007

WASHINGTON, March 5 — When the Democrats swept to victory last fall, after a campaign fueled partly by attacks on President Bush's trade policies, trade deals promoted by the administration seemed doomed in the new Congress. But that was then.

In the last week, the administration and its Republican allies on Capitol Hill have signaled a new willingness to work with Democrats to try to secure their support for three pending trade deals — with Panama, Peru and Colombia. The focus of their

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talks has been guarantees for the rights of workers in countries with which the United States has negotiated trade accords, including a ban on child labor and forced labor.

"There's no question that there's been a change on the Republican side," Representative Charles B. Rangel, the New York Democrat who is chairman of the House Ways and Means Committee, said Monday. "They refused to talk about these things before, and now they're talking."

But it is still not clear how Democrats will respond. Mr. Rangel said that they remained highly skeptical about signs of Republican flexibility on trade and that he had not seen anything "acceptable to a broad number of members" on his side.

"The question will be whether, at the end of the day, things really have changed," he added. "So far the answer would be no."

Mr. Rangel's Republican counterpart on the Ways and Means panel, Representative Jim McCrery of Louisiana, was more hopeful.

"We've made a lot of progress, but we certainly have not concluded our efforts," he said Monday. "I'm very encouraged by what's happened so far."

The talks over labor standards were due to accelerate this week, with Susan C. Schwab, the United States trade representative, on one side, and Mr. Rangel and Mr. McCrery on the other. Another crucial negotiator is Representative Sander M. Levin, a Michigan Democrat who is chairman of the trade subcommittee of Ways and Means.

The negotiators are trying to complete a broad agreement leading to passage of the Panama, Peru and Colombia deals before the end of March.

They are striving for language that would guarantee the right to organize and would ban child labor and forced labor for American trading partners. Such rights were incorporated into trade deals negotiated by President Bill Clinton in the 1990s, and upward of 90 Democrats in the House voted to approve them.

But for the last six years, the Bush administration and the Republican Congressional leadership refused to include any such guarantees in trade deals, and few Democrats voted for them. An accord lowering tariff barriers between the United States and Caribbean countries passed by only two votes in the Republican-led House in 2005.

Administration officials say they recognize that without flexibility on labor, trade deals are dead. But if language on labor rights is negotiated that is acceptable to Democrats and the administration, it could become a "template" for future deals, including a possible global trade accord that is still being negotiated.

There would even be a chance, administration officials say, for incorporating such language into approval of Mr. Bush's request to renew his authority to negotiate trade deals and get an expedited vote for them. That authority expires June 30, and Democrats say they would not support it right now.

An administration official, asking not to be identified while discussing the talks, also insisted that some progress had been made. "They're not there yet, but both sides are trying to look at the options available to make it happen," he said.

But Democrats assert that there has not been as much progress as Republicans are saying, and that they do not want to be stampeded.

Both sides say that there is a fundamental impasse over insistence by Democrats that the trade deals be amended to incorporate a requirement that a trading-partner country adhere to International Labor Organization standards, including the right to organize, and the ban on slave labor, child labor and employment discrimination.

The administration responded first by offering language requiring a country to adhere to its own labor laws, a concession rejected by Democrats. The administration now is offering to require that countries adhere to the "equivalent" of American laws.

Representative Levin, the Democratic chairman of the trade subcommittee, said Monday that the equivalency requirement would open a huge loophole. "They continue to resist addressing the basic issue," he said of the administration.

But the administration, backed by industry groups, charges that organized labor is working with Democrats to adopt standards that are really aimed at loosening American restrictions on labor at home. A generous labor amendment could lead to challenges against American laws that bar strikes by American government employees, they say.

"They don't want this to be a boomerang that rewrites U.S. labor laws," the administration official said.

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Another issue is whether any guarantees on labor rights would be incorporated in the body of the three pending trade agreements, requiring them to be renegotiated, or adopted as a side letter as Republicans want. Democrats say only embodying them in the negotiated accords would make them enforceable.

Democrats caution. meanwhile, that even if a breakthrough occurs on labor issues, the Colombia, Panama and Peru deals must also be amended in other ways, particularly by adding a requirement respecting environmental regulations in the trading-partner countries.

Other concerns of the Democrats and of organized labor include clauses in the trade deals that critics say would permit lawsuits in the United States that could undermine American laws, like those requiring prevailing wages for contracts on which foreign countries might bid.

"If the Democrats fix the labor piece, they have to start talking about the other things that are also extremely important to us," said Thea M. Lee, chief international economist for the A.F.L.-C.I.O.

That organization, which has long charged that labor deals have led to a loss of American jobs, is scheduled to reiterate its criticism of the administration's approach on trade at a convention on Tuesday, and to warn Democrats not to take its support for granted, especially with a presidential election heating up.

Democrats say they doubt that the administration would be prepared to let Ms. Schwab, who has been in the job for only eight months, negotiate a deal that would be so politically sensitive.

The administration has been adamantly opposed to Democratic attempts to push for the agenda of organized labor. Vice President Dick Cheney, for example, has asserted that President Bush will veto a bill recently approved in the House that would make it easier for workers to form unions without holding a secret ballot.

In addition, the administration has opposed Democratic attempts to expand the rights of workers to organize and keep control over their work rules in the new Homeland Security Department. The White House political strategy has long seen organized labor as the Democrats' most loyal constituency.

Some Democrats say they do not think the White House will agree to any of the changes they are pushing until there is involvement in the negotiations by Treasury Secretary Henry M. Paulson Jr., a leading advocate of trade deals in many speeches, or by the advisers around President Bush like Karl Rove.

Administration officials, on the other hand, say they do not trust the Democrats and worry that if they give in on organized labor, the leadership under Nancy Pelosi, the House speaker, and Harry Reid, the Senate majority leader, will find other reasons to oppose trade deals for fear of antagonizing organized labor.

Freshmen To Meet With Rangel, Who Is Pressured To Win Concessions From Bush Administration (HILL)

By Ian Swanson

The Hill, March 6, 2007

Freshman Democrats seeking a direct role in congressional trade policy have won a meeting this week with Ways and Means Committee Chairman Charles Rangel (D-N.Y.).

No freshmen sit on the prestigious Ways and Means Committee, which oversees trade policy, but class members pressed for a role in trade in a Jan. 17 letter to Rangel that said opposition to the Bush administration's trade policies had been "vital to our electoral successes."

A spokesman for freshman Rep. Betty Sutton (D-Ohio), a former labor lawyer who has led the freshman efforts, said the meeting was scheduled with the hope that all 39 Democrats who signed the Jan. 17 letter would be able to attend. Spokesman Linden Zakula described the meeting as a positive step and said Sutton was optimistic it would be constructive.

The meeting with the freshmen is the latest sign of the pressure Rangel is under from members of his own caucus to win concessions from the Bush administration on trade that go beyond talks on the labor provisions of pending trade deals, which have dominated the debate.

For example, House Oversight and Government Reform Committee Chairman Henry Waxman (D-Calif.) is preparing a letter to U.S. Trade Representative (USTR) Susan Schwab demanding changes to provisions affecting generic drugs in the

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pending Colombia and Peru free-trade deals. He sees the pending free-trade agreements (FTAs) as setting up hurdles to poor countries accessing generic drugs.

Several House aides described the labor talks as only a starting point if the administration wants to move any free-trade deals through Congress. “If they want to be able to pass FTAs in this Congress, USTR will have to open their eyes to other issues,” one House aide said.

Reps. Hilda Solis (D-Calif.), Mike Michaud (D-Maine) and Tom Allen (D-Maine) are also circulating a letter to Rangel and trade subcommittee Chairman Sandy Levin (D-Mich.) asking for changes to the environmental chapter of the Peru deal. They say safeguards must be included in the agreement to prevent oil exploration, logging and other activities from threatening endangered plant and animal species in Peru.

Separately, Rep. John Murtha (D-Pa.), a leading Democratic voice on Iraq and a close ally of House Speaker Nancy Pelosi (D-Calif.), has called for changes to the Peru FTA intended to prevent enterprises there from investing in U.S. landside port activities.

Privately, representatives of organized labor, environmental organizations and advocacy groups have been wary that Rangel may be cornering himself by emphasizing the labor talks with the administration. If a deal on labor is reached, the administration could charge that Democrats are moving the goalposts if they demand other changes.

Partly because of the activity from other members, some activists are feeling confident that trade deals will have to include more than changes to labor to pass muster with Rangel.

“I would say we’re cautiously optimistic that he’s ready to take on the environmental issues,” David Waskow of Friends of the Earth said of Rangel. At the same time, Waskow added, “It would be helpful for those issues to be addressed in a more public way by Rangel.”

The pressure comes at a critical time for the Bush administration, which has been negotiating with Rangel over the labor standards that should be included in pending FTAs with Peru and Colombia. The administration, with some input from Ways and Means ranking member Jim McCrery (R-La.), came forward with a proposal last week, but Democrats initially indicated it was insufficient.

If the administration cannot reach an agreement with Rangel by the end of this month, it also could make it more difficult for USTR to conclude negotiations with Korea on a deal that could be submitted to Congress under fast track. The Korean FTA talks must be concluded by the end of the month to be submitted under fast track.

U.N. Official Discusses Brazil Biofuel (AP)

By Michael Astor

AP, March 6, 2007

A proposed ethanol alliance that President Luiz Inacio Lula da Silva is expected to forge with President Bush later this week poses both opportunities and risks for the environment, a top U.N. environmental official said Monday.

Achim Steiner, executive director of the U.N. Environment Program, said growing international demands for ethanol and other biofuels can threaten the Amazon rain forest if safeguards are not put in place because the world's largest remaining tropical wilderness is a target area for agriculture.

Brazil's main biofuel is ethanol made from sugarcane. While sugarcane cultivation is minimal now in the Amazon, some environmentalists fear that growing demands for the fuel could push cane growers into the rainforest.

"I think at the end of the day ... it's a question of whether the Amazon is sufficiently protected and whether the expansion of the ethanol production happens in the context of government policies that try and direct that growth potential in a sustainable base," Steiner told The Associated Press after meeting with Brazil's ministers of environment, energy and foreign relations in the capital of Brasilia.

Bush and Silva are expected to forge an "ethanol alliance" Friday aimed at creating quality standards for the alternative fuel, while joining forces to promote production of ethanol in nations lying between Brazil and the United States.

Brazil is the world's second-biggest producer of ethanol after the United States, and is the biggest exporter. The country has also taken the lead in producing soybean-based biodiesel.

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Steiner praised Brazil for reducing Amazon deforestation by 11 percent last year. But many environmentalists say much of the reduction in deforestation was due to an overvalued currency and stagnant prices for soybeans on the international market, which made it far less lucrative to cut down remote forest plots to grow soy beans.

In the near term, soybean growers likely will continue to expand into the Amazon as farmland in Brazil's south and central regions move to sugarcane, which requires greater infrastructure.

"While the whole process of alcohol fuel is less damaging to the climate than fuel from gasoline or oil, what can be positive for the environment can turn negative depending on the extension of the plantations," said Paulo Adario, director of the Greenpeace's Amazon Campaign.

The Amazon region, which covers nearly 60 percent of Brazil, has lost 20 percent of its forest — 1.6 million square miles — to development, logging and farming.

Guatemala To Ask Bush For Drug Fight Aid (AP)

By Juan Carlos Llorca

AP, March 6, 2007

Guatemala knows it is losing the battle against drug trafficking — its police, military and justice system are beholden to traffickers who use the country as a way station for Colombian drug shipments to the U.S.

In a case that has laid bare the extent of corruption in the Central American nation, FBI agents are trying to help discover who ordered the murders of three Salvadoran politicians and the Guatemalan police officers who said they were told to kill them.

The killings and apparent cover-up has exposed the seemingly insurmountable challenges President Oscar Berger faces as he tries to regain control of a defiant and even criminal police force.

"We were shocked by the brutality of the killings, but it was really no surprise to us that organized crime has infiltrated the government," Vice President Eduardo Stein said.

FBI officials met with Guatemalan and Salvadoran authorities last week to discuss the case of the three slain politicians and to offer the help of six forensic scientists, who are to arrive this week. They "will help us in every aspect of the investigation, from crime scene evidence collection to the tests that we need to run," lead prosecutor Alvaro Matus said.

Many suspect the nation's powerful drug gangs are behind the Feb. 19 killings of three Salvadoran members of the Central American Parliament and their driver, whose charred bodies were dumped just outside the capital.

Four police officers, including the head of the Guatemalan National Police, confessed to the killings after a satellite transponder in their unmarked squad car put them at the scene of the crime. But before they could testify against anyone else, they were killed inside their cells.

Witnesses said masked gunmen from outside the prison stormed the high-security facility; another theory is that imprisoned gang members carried out the slayings using weapons hidden inside their cells.

Guatemalan officials have detained two dozen guards and the prison's director for questioning, fired the head of the criminal investigations unit and forced the country's second-highest police official to resign. But they appear no closer to identifying who ordered the string of killings.

Berger says he needs more help in fighting organized crime and will ask President Bush when he visits March 12 to provide U.S. helicopters, planes and radar equipment.

The U.S. government complains that three-quarters of the cocaine reaching U.S. consumers moves through Guatemala. Traffickers use speed boats and planes to carry tons of drugs along the narrow Central American isthmus, dropping off shipments in the Guatemalan jungle before sneaking them into Mexico and up across the U.S. border.

Guatemala relies on a U.S. system of radar-equipped planes to track these drug shipments, but much of those resources have been redirected to support the wars in Iraq and Afghanistan. And even when radar does detect traffickers, Guatemala lacks planes and helicopters to intercept the drugs.

Berger took office three years ago promising to reverse the drug policies of his predecessor, Alfonso Portillo, whose lack of action against smuggling prompted Washington to drop Guatemala from its list of anti-narcotics allies. But interdictions fell sharply last year to 620 pounds of cocaine, compared with more than nine tons in 2003 and four tons in 2004.

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Guatemalan authorities argue that seizures are not a good measure of their anti-drug efforts because in the past, traffickers have offered corrupt authorities huge amounts of cocaine to stage busts.

Guatemala has tried to change that by purging police forces — including its elite anti-narcotics unit. In 2005, the group's director, Adan Castillo, was arrested in Virginia for conspiring to import cocaine to the U.S. and his 401 agents were given drug and lie detectors tests. Only 50 passed.

Part of the problem is a culture of violence, fueled in part by youth gangs that flourished here after their members were deported from Los Angeles, and a brutal civil war that ended 10 years ago and claimed more than 200,000 lives, mostly civilian. Many allege the death squads during the nearly four-decade conflict live on, inside the nation's police forces.

National Police director Erwin Sperissen says anti-corruption efforts are further complicated because judges often reinstate police officers who have been fired, creating a revolving door of impunity.

In an attempt to counteract that, Guatemala and the United Nations are working to create an International Commission Against Impunity in Guatemala, an independent office that would use foreign investigators to investigate organized crime and police agencies corrupted by criminal organizations. Guatamala's Congress must still approve the U.S.-backed proposal.

At the U.S. government's request, the Guatemalan Congress has passed laws to strengthen law enforcement's investigative abilities, such as allowing undercover agents and phone taps. Guatemala's Interior Ministry has yet to implement the measures, however.

The Short Road From Hostage To Envoy (WP)

By Juan Forero

The Washington Post, March 6, 2007

BOGOTA, Colombia, March 5 -- Just weeks ago, Fernando Araújo's only connection to the outside world was his shortwave radio. In six years as a hostage of Marxist rebels, his life had been reduced to a grim routine of forced marches, a diet of soggy beans and rice and the realization that freedom might never come.

Now, after a confused and miraculous dash to freedom that has captivated Colombians, Araújo has become foreign minister, a critical post in a country highly dependent on foreign aid, especially from Washington. When President Bush arrives here on Sunday to meet with President Ãlvaro Uribe, he will also meet a man who is a potent symbol for the hundreds of hostages, including three Americans, still in rebel hands.

"I'm not a symbol of kidnapping," Araújo explained. "I'm a symbol of liberty."

In the two months since his escape, Araújo has scrambled to catch up with a world of new technology and shifting geopolitics. He has learned about iPods, and that cellphones take pictures. He has marveled that Google Earth displays the mountains where he was held. He has also gone through emotional lows.

"There are things that hurt, and things that surprise," said Araújo, who was sworn in last week. "What's hurt me? The people who died, the friends and acquaintances I had. For me, they all died in one month because I learned about them all in a short period of time."

He also had to face what he long feared -- that his wife had left him, a revelation he called his first painful blow since emerging from the bush haggard and dehydrated on Jan. 5.

In a relaxed meeting last week with a group of foreign correspondents, Araújo, 51, bespectacled and trim in a blue pinstripe suit, was affable and frank, often answering questions with panache. When an attractive female reporter asked him if he expected to fall in love again, a reference to the loss of his wife, he quipped: "Of course. Are you single?"

But Araújo also talked of having to undergo physical and psychological exams while adjusting to his newfound freedom. "Sometimes I dream about my kidnappers, and I have nightmares," he acknowledged.

Araújo was 45, a successful businessman and former minister of development in President Andres Pastrana's administration when two men forced him into a car on a street in Cartagena on Dec. 4, 2000. For most of the next six years, he was transported from one camp to another in the Maria Mountains, a heavily forested coastal range laden with land mines.

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His only contact with those he left behind were the radio programs in which the families of kidnapping victims talk to their loved ones, filling them with hope. He exercised religiously. He also listened to the news programs of Caracol Radio, Colombia's main network, the BBC, Radio Netherlands and others.

"It was a way to stay busy, to carry out mental exercises, to follow those themes," he said. "For me, it was very important."

In December, Uribe contacted Araújo's family to inform them that military intelligence had located the camp where he was being held. Army commanders wanted to attempt a rescue but needed the family's permission, because rebels have killed captives in the past when the military has approached. The family approved, and on Dec. 31, helicopters carrying troops descended on the camp.

"When the helicopters attacked, I felt it was the chance I had been waiting for," Araújo said.

With the guerrillas momentarily distracted, Araújo dashed into the bush, where he spent the next five days wandering, eventually reaching the hamlet of San Agustin. He approached a farmer, who led him to the outside world. None of his captors was ever arrested.

As foreign minister, Araújo is expected to speak passionately about a crime that the largest rebel group here, the Revolutionary Armed Forces of Colombia, has long used to generate ransom money and wield leverage to win the release of jailed guerrillas.

Two rebel groups and assorted criminal organizations hold hundreds of people against their will, most for ransom. But the FARC, as the main rebel group is known, is also holding about 60 big-name captives as bargaining chips.

Araújo was among them. The rebels' most valuable hostage is Ingrid Betancourt, a senator with Colombian and French citizenship, who has been held for five years; at time of her abduction, she was a presidential candidate. Also in FARC hands are three Americans -- Marc Gonsalves, Keith Stansell and Thomas Howes -- who were working for the Pentagon when their plane went down in rebel territory in 2003.

Yolanda Pulecio, Betancourt's mother, said she does not know Araújo personally and is unclear whether his appointment will benefit the families of kidnapping victims, who have clashed with Uribe over the government's inability to reach a deal with rebels.

"He knows what kidnapping is, what families suffer, what this signifies, and also the great danger that a rescue can mean for the victims," said Pulecio. "I can't say if he'll help us or not help us. For the government, his appointment helps its image."

Araújo said one of his most important tasks will be to explain the difficult challenges the Uribe government faces in reaching a deal with the rebels. "The important thing is to change the perception and show the world that those who are responsible for these people not being freed are the kidnappers themselves," said Araújo.

Araújo will also be the international face of a government that has been whipsawed by a widening scandal that has linked several members of Congress, the head of the intelligence service and other officials with right-wing paramilitary groups. Indeed, Araújo was named foreign minister because the brother of the former foreign minister, MarÃ-a Consuelo Araújo, who is not related, has been charged with collaborating with paramilitary groups.

Araújo might seem an odd choice for the post. He's missed key events in recent world history, from the terrorist attacks on the World Trade Center and the Pentagon to the invasions of Afghanistan and Iraq. He was in guerrilla hands as President Hugo Chavez consolidated power in neighboring Venezuela and when Uribe rose to power. Araújo also does not speak English fluently, usually imperative for an official who will make frequent trips to Washington.

He did not play down the shortcomings but said he is scrambling to prepare by reading books on diplomacy and talking to former foreign ministers. And he noted that, over the past few years, the radio programs he listened to helped him keep up with at least some current events.

"Maybe the six years as a captive prepared me to be foreign minister," Araújo said.

Bolivia's Rural Women Are Remaking Cities, Lives (WP)

By Monte Reel

The Washington Post, March 6, 2007

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EL ALTO, Bolivia -- The women attending Esperanza Mitta's community meetings moved here from tiny mountain villages and worn-out mining towns, and now they are fashioning a modern metropolis out of whatever they have in hand.

Toilet paper serves as decorative bunting on the walls of their meeting hall. A rocky vacant lot, surrounded by several leafless trees, serves as their "central plaza." A nearby soccer goal, recently used by neighborhood vigilantes to hang a thief, is considered a local law enforcement tool.

For all the ways they have changed this city, though, the women have altered their own lives even more.

"We don't have educations, so we get together and talk about how we can teach ourselves skills," said Mitta, 51. "A lot of the women just need to work out some of the fears that they have about living in a city, and they all do it, little by little."

For the first time in the world's history, more people next year will live in cities than in rural areas, according to U.N. population experts. Women are leading the urban push, leaving the countryside at higher rates than men, lured in large part by domestic service jobs. They tend to gravitate to places like this: a sprawling expanse in a developing nation struggling to provide basic infrastructure.

Because of people like Mitta, this former hamlet is now larger than the neighboring city of La Paz. El Alto had a population of about 11,000 in 1950, exploded to about 400,000 people by the 1990s and could surpass the 1 million mark next year, according to city officials. The majority of houses lack indoor plumbing and sewer service. Collecting local taxes to pay for services is difficult because about 70 percent of the economy is off-the-books.

It was in those conditions that Mitta started organizing women's meetings several years ago. About 30 of her neighbors get together to talk, many of them dressed in the same shawls and pleated skirts they wore in the indigenous communities where they were born. Newcomers are often shy; the lifestyle changes they are going through can be so overwhelming that they don't know where to start. Unlike some of the men, who had held jobs that exposed them to broader social systems, many of the women had rarely strayed from immediate family and neighbors before moving here.

"The women have to make a lot more changes than the men when they move to a city like this," acknowledged David Apaza, whose family is part of the migration wave to El Alto. "In the countryside, they've lived the same way for hundreds of years, but everything is different here."

The process of change can send women's personal relationships into dizzying spins, but it also can give them collective opportunities previously unknown. One of the most important things they have found in these unpaved streets, many said, is something unimaginable in the countryside: a voice.Social Transformation

El Alto stretches across a plateau more than 13,000 feet above sea level. In the early evening, one's gaze is drawn to the distance -- snow-covered peaks, the lights of La Paz flickering in a bowl-shaped valley below. The immediate surroundings are less inviting: an imprecise grid of dirt streets, block after block of low-slung adobe and brick houses, abandoned tires, stray dogs nosing through trash piles.

Mitta's neighborhood is known as Villa Mercedes G, and she lives there with about 10,000 other people. She commutes each day in a series of minibuses to a housekeeping job in La Paz. The trip -- an hour and a half each way -- consumes nearly a third of her monthly salary of about $50.

One recent evening, she arrived at her simple two-bedroom brick home as the sun disappeared behind the mountains. In the electric light of the kitchen, her husband, Celadonio, stood before a stove spreading dough to make fritters for their dinner. His sun-browned hands were gloved in white flour. His left hand was missing a finger, the result of an accident when he worked in a copper mine.

"He cooks," Mitta said, and behind the frame of her glasses her eyebrow arched playfully. "He also washes clothes. We do things together because we both have to work so much."

Times have changed since Mitta became one of El Alto's urban pioneers, seeking opportunity after the mine where Celadonio worked closed in the mid-1980s. Her evolution -- replicated thousands of times over by the multitudes who follow the same route -- started as soon as she reached El Alto's point of entry and main commercial drag, La Ceja.

Then, as now, it was a sensory riot: Minibuses loaded beyond capacity nudge bumpers while jockeying for space. Street vendors hawk tea, watches, T-shirts, chickens and just about everything else. At night, men and women spill out of dance halls, the dark mud underfoot sucking at their heels. Witnessing a spontaneous street fight is the norm, not the exception.

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It's a heady gateway for newcomers from mines or subsistence farms who never carried a coin in their pocket. The transition into a monetary society -- which usually occurred over generations in most developed nations -- happens immediately here.

"When a woman moves here, she can't be a housewife and take care of her family like she used to -- she has to work to survive," Mitta said.

Celadonio couldn't find a job at first after they arrived. But Mitta agreed to clean the offices of a nongovernmental organization, in exchange for a room where the couple and their four children could sleep and a little bit of food. She worked from 5 a.m. to 10 p.m. seven days a week for three years. Eventually, Celadonio found work at a minibus station, and Mitta landed her housecleaning job in La Paz.

"The men at first don't want the women to work," Mitta said. "There's a lot of chauvinism, and they often treat the women badly. I have seen so many separations. I almost split with my husband -- twice. The kids always suffer, because they are alone so much. This isn't just my family that I'm talking about -- the majority of families go through this."

Her women's group meets about once a week. The variety of topics is wide: nutrition, cooking with the different types of foods available in the city, the challenges of raising children in an urban environment. Delinquency is a problem, they say. Some blame it on the hours they have to work away from home.

Conversations like theirs could probably be overheard in any city, because the women here increasingly conform to universal urban prototypes. Their personal transformations -- particularly the shift in emphasis away from complete dedication to family -- have become visible in national statistics. The Bolivian fertility rate, for example, has dropped from about 6.5 children for each woman to about 3.9 over the past 30 years. In the same period, the country's population has gone from mostly rural to about 65 percent urban.

Mitta said one of the most visible barometers of change in her neighborhood is the appearance of day-care centers.

About six blocks from her house, two men struggled with a heavy wooden pole at the side of a dirt road. They were helping a woman install electricity in a day-care center -- all on their own, with no help from city or utility officials.A Growing Influence

The dean of Mitta's group is Bertha Vargas, who has lived in the neighborhood for nearly 30 years and claims to know everyone in it. Ask her, and she'll guess that the ratio of women to men in El Alto is 5 to 1. Ask Mitta, and she'll guess 3 to 1. Ask Mitta's husband, and he'll guess 6 to 1.

Census figures say the ratio is almost even, which is one reason many here don't put much faith in census figures.

"It seems like if there's any kind of public gathering or meeting here -- it doesn't matter what kind -- there are always more women than men," Mitta said. "I'm not sure why, but there are."

The members of the women's group say they came together out of a simple desire to share one another's burdens. When faced with such elemental changes in their personal lives, people naturally seek comfort in the community, Vargas said.

"If you have a group of women in one place, they'll always get together and make plans," she said.

Those plans are getting more political as the women expand their connections. The day before a recent group meeting, Mitta and several other women spent the morning sitting at a roadblock outside their neighborhood in a protest against the local governor.

Although La Paz is Bolivia's seat of government, El Alto is its capital of political activism. Unrest among El Alto's residents -- more than 80 percent of whom describe themselves as indigenous -- has led to massive protests and strikes that forced the resignations of successive presidents in 2003 and 2005.

The migration of rural families to El Alto has sparked the unrest, said Mayor Fanor Nava Santiesteban. Thousands come here from the countryside each year carrying little but high expectations.

"They come directly from rural areas, and when they get here, they have a lot of needs and demands," said Santiesteban, who moved to the city 23 years ago from the mining community of Llallagua. "They arrive, get together, form groups and make their demands known."

The women have been part of that, in many cases becoming far more active in civic life than they had been in the countryside. Over the past several years, the number of women helping to lead the neighborhood federations, which serve as entryways to civic activism, has increased to about 20 percent of the total.

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It might not sound like much, but Mitta and the other women have definitely noticed the change.

"It feels like we are starting to get some power," she said. "That's new."

US, N. Korea Discuss Relations In N.Y. (AP)

By Edith M. Lederer

AP, March 6, 2007

More than 50 years after the end of the Korean War, the United States and North Korea opened historic talks Monday on steps to establish diplomatic relations following Pyongyang's agreement to dismantle its nuclear program.

North Korean Vice Foreign Minister Kim Kye Gwan and U.S. Assistant Secretary of State Christopher Hill met for four hours Monday for talks and dinner at the Waldorf Astoria Hotel in New York. They left without making any comments to reporters.

Kim and Hill are to meet again Tuesday amid rising expectations of improved U.S. relations with a country President Bush called part of an "axis of evil" five years ago, along with Iran and prewar Iraq.

This is the first U.S. visit by Kim, North Korea's top nuclear negotiator, since the international standoff over the North's nuclear ambitions flared in late 2002.

Under an agreement reached at six-nation talks in Beijing last month on the North's nuclear program, the U.S. and North Korea are supposed to open bilateral talks on establishing diplomatic ties. The North, which tested a nuclear weapon last October, agreed to shut down its main nuclear reactor by mid-April as a step toward abandoning its nuclear program in exchange for aid.

U.S. State Department spokesman Sean McCormack cautioned that this week's initial meetings would focus on setting the agenda for the U.S.-North Korea working group led by Kim and Hill, the top American nuclear negotiator.

"I think that he (Hill) will talk to them about how the process might proceed regarding normalization," McCormack said, including taking North Korea off the U.S. list of state sponsors of terrorism and opening the way for a normal trading relationship with the U.S. for the first time.

Kim's first stop Monday was the Korea Society, a nonprofit organization that promotes greater understanding and cooperation between Americans and Koreans. He spent 4 1/2 hours with an array of academics and VIPs including former secretaries of state Henry Kissinger and Madeleine Albright.

"We had a very good and fruitful and friendly meeting," Albright told reporters.

A statement issued afterward said participants at the meeting, sponsored by the Korea Society and the National Committee on American Foreign Policy, discussed a range of U.S.-North Korean issues including normalization of relations "in a friendly and forthcoming atmosphere."

Kim arrived in New York late Friday and met over the weekend with South Korea's chief nuclear negotiator Chun Yung-woo. Chun told reporters afterward that "without a doubt, the North is committed to taking initial steps" to implementing its recent agreement to start dismantling its nuclear weapons program, South Korea's Yonhap news agency reported Sunday.

A senior aide to South Korea's president will visit North Korea this week, an official said Tuesday, amid media speculation the trip may be aimed at setting up a summit with North Korean leader Kim Jong Il.

Lee Hae-chan, a former prime minister and current member of parliament, will travel to Pyongyang on Wednesday, said Seo Hye-seok, a Uri Party spokeswoman.

"The trip is aimed at discussing establishing a peace regime on the Korean peninsula with regard to implementing the Feb. 13 agreement," Seo said, referring to the six-nation deal that was reached last month on North Korea's nuclear program.

The announcement spurred speculation that Lee, one of South Korean President Roh Moo-hyun's closest confidants, may discuss setting up a meeting between Roh and Kim Jong Il. Yonhap said the trip is apparently aimed at arranging a summit but Seo denied the media speculation.

In Vietnam, meanwhile, envoys from Japan and North Korea met Tuesday ahead of two-day talks aimed at establishing relations and fulfilling pledges made in Beijing.

Japan has refused to give energy aid to North Korea until Pyongyang clears up its abduction of Japanese citizens, an emotional dispute that has served a major stumbling block between the two nations.

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Japan's chief envoy Koichi Haraguchi said Japan wants to spend ample time discussing the abduction issue. North Korea wants Japan to atone for the 1910-1945 colonization of the Korean Peninsula and wartime atrocities, including sex slavery of tens of thousands of Korean women.

Japan and North Korea have never had formal diplomatic ties.

The first phase of North Korea's disarmament process under the Feb. 13 six-party deal calls on North Korea to shut down its main nuclear reactor and allow U.N. inspectors back into the country within 60 days.

In return, it would receive aid equal to 50,000 tons of heavy fuel oil from the other countries participating in the nuclear talks — the United States, South Korea, Russia, China and Japan.

McCormack stressed that the process of normalization must proceed "step by step."

"It is going to have to be a process by which good faith actions are met in turn by good faith actions," he said. "We, of course, intend to abide by our commitments under the agreement. We'll see how the North Korean side lives up to its responsibilities."

The United States has had no diplomatic relations with North Korea since the country was created after World War II, when Korea was split into a communist-dominated North and a U.S.-backed capitalist South.

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Associated Press Writer Sarah DiLorenzo contributed to this report.

U.S. Discusses New Relations With N. Korea (USAT)

By Barbara Slavin

USA Today, March 6, 2007

The United States and North Korea, enemies for more than half a century, began talks Monday on establishing formal diplomatic relations.

State Department spokesman Sean McCormack downplayed expectations for quick progress. He called the meeting in New York between North Korean Vice Foreign Minister Kim Kye Gwan and Assistant Secretary of State Christopher Hill "just an initial discussion."

McCormack said it will take "some time" to build trust and for North Korea to prove that it is scrapping its nuclear program.

The talks were made possible by a deal last month in which North Korea agreed to freeze nuclear development and allow international inspections in return for fuel and economic aid.

Before meeting Hill on Monday, Kim met with a group of former U.S. diplomats and foreign policy experts. Some of them said they were optimistic the United States and North Korea would agree to formal relations before President Bush leaves office in January 2009.

"Both sides see an opportunity," said Donald Zagoria, president of the National Committee on American Foreign Policy, which seeks to resolve conflicts that threaten U.S. interests. "They understand that time is important and a new administration is chancy."

Zagoria's group co-hosted the meeting along with the Korea Society, a group that promotes U.S.-Korean cooperation.

Other participants were Victor Cha, an official on the National Security Council, and former secretaries of State Henry Kissinger and Madeleine Albright.

"There have been a lot of lost opportunities on both sides," said Evans Revere, head of the Korea Society and a former U.S. negotiator on Korea. "The stars may never be aligned as well as they are now to put the whole process back on track."

The United States and North Korea fought each other in the 1950-53 Korean War and have never had formal diplomatic relations. They came close to establishing such ties toward the end of the Clinton administration. The United States reversed course when Bush took office and began a lengthy review of a 1994 nuclear agreement between North Korea and the United States.

That deal collapsed in 2002 over U.S. accusations that North Korea had started a secret program to enrich uranium. North Korea then resumed production of plutonium, another bomb fuel. It tested a nuclear weapon in October.

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Bush dubbed North Korea, Iran and Iraq the "axis of evil" in 2002. Last month, though, he endorsed a deal with North Korea that resembles the 1994 accord. China, Russia, Japan and South Korea also are part of the new agreement, which calls for economic and diplomatic benefits for North Korea.

"The tone and language today was light-years away from where we were a year ago," said Jim Walsh, a Korea expert from the Massachusetts Institute of Technology who also took part in Monday's meeting. "Both sides were talking about momentum and wanting to move faster."

The meetings took place on the same day the United Nations Development Program said it had suspended operations in North Korea. Spokesman David Morrison said the suspension affects $4.4 million in projects. He said the decision was made because of U.S. allegations that aid money has been diverted to the regime of North Korean leader Kim Jong Il.

Nuclear Dialogue Opens On U.S. Soil (WT)

By David R. Sands

The Washington Times, March 6, 2007

U.S. and North Korean negotiators began two days of groundbreaking talks yesterday in New York as part of a deal to end the North's nuclear-weapons programs in exchange for aid and normalization of relations.

Bush administration officials were trying to tamp down expectations of a major breakthrough, saying difficult issues such as U.S. financial sanctions and designation of Pyongyang as an official sponsor of terrorism will require many negotiating sessions.

"I would caution that this is a first meeting and that it is more about setting the norms on how this working group will proceed," said State Department spokesman Sean McCormack yesterday.

Still, the meeting of North Korea's top nuclear envoy, Kim Kye-gwan, with U.S. Assistant Secretary of State Christopher Hill represents the highest-level negotiation between the two countries on U.S. soil since 2000, and a sharp change in relations with a country President Bush once included in his "axis of evil."

The meeting occurs three weeks after a breakthrough in the "six-party talks" in Beijing, which established a schedule for the North to scrap its nuclear programs in exchange for economic and diplomatic concessions from the United States and its allies. Also taking part in the talks were South Korea, China, Russia and Japan.

The North enters the U.S. talks under fresh economic pressure as the United Nations Development Program (UNDP) announced yesterday it was suspending all work in the country because of concerns Pyongyang was diverting aid money to other purposes.

The highly unusual suspension affects some 20 projects with a budget of more than $4 million dealing with food security, biodiversity and economic management, UNDP officials said. Eight UNDP staff members in the country may be withdrawn if the North fails to answer the charges of misuse, the agency said.

Mr. Kim and Mr. Hill had a working dinner last night, and the two delegations will have a full day of talks today, U.S. officials said.

The U.S. and North Korean delegations make up one of five "working groups" created by last month's deal. Under a timeline of step-by-step concessions, the talks are supposed to lead in the end to full diplomatic ties between Pyongyang and Washington.

The first deadline in the deal, set for April 13, calls for the North to shut down its nuclear-reactor plant at Yongbyon and allow U.N. inspectors expelled from the country four years ago to return. Mohamed ElBaradei, the top U.N. nuclear-nonproliferation official, plans to visit Pyongyang next week.

In exchange, the United States and its allies will provide the strapped North Korean economy with 50,000 tons of fuel oil, with pledges of up to 1 million tons on tap if the North follows through on all its disarmament promises.

Mr. Kim met with U.S. specialists on Korea in San Francisco and again in New York in private sessions before his meetings with Mr. Hill. He also met with South Korea's top nuclear negotiator, Chun Yung-woo, in New York over the weekend.

A second working group involving North Korea and Japan begins two days of talks tomorrow in Hanoi, [a wire service] news agency reported. Japanese officials said they will press the North to resolve the emotional issue of Japanese nationals abducted by Pyongyang in the 1970s and 1980s, saying there can be no full normalization of ties until the question is resolved.

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Japan has urged the United States to hold off on removing North Korea from its list of terrorism-sponsoring countries until the abduction issue is resolved.

Mr. McCormack said there have been "initial bureaucratic discussions" within the U.S. government on removing North Korea from that list, a necessary step before normalization can occur. The Bush administration has also promised to resolve financial sanctions imposed on the North.

Former U.S. ambassador to the United Nations, John R. Bolton, who has emerged as a leading critic of the six-party deal, said in a Wall Street Journal opinion piece yesterday that the North's "aggressive mendacity" in violating past arms deals made it vital that any deal struck now be closely monitored and verified.

Without strong oversight, "what is already a bad deal will become a dangerous deal," he warned.

U.N. Development Agency Suspends Its Work In North Korea (NYT)

By Warren Hoge

The New York Times, March 6, 2007

UNITED NATIONS, March 5 — The United Nations Development Program announced Monday that it was suspending work in North Korea because the country had failed to meet conditions set up in response to American complaints that United Nations money was being diverted to the government of Kim Jong-il.

"We have decided to suspend our operations, and the ball is really now in the court of the D.P.R. Korean authorities," said David Morrison, director of communications for the agency, referring to the Democratic People's Republic of Korea, the country's official name.

The decision, which curtails 20 programs with a budget of $4.4 million, was made Friday, a day after Pak Gil-yon, the North Korean ambassador to the United Nations, met with Ad Melkert, the development program's associate director, to say that his country would not agree to new conditions for assistance.

Those conditions were that the United Nations would stop furnishing payments in hard currency to the government, local vendors and individuals, and stop making in-country hirings subject to government approval.

The demands, with a March 1 deadline, were imposed by the development program's executive board on Jan. 25 after the United States mission charged that the United Nations program had been "systematically perverted for the benefit of the Kim Jong-il regime rather than the people of North Korea."

Mr. Morrison said there was no connection between the announcement and the beginning on Monday, at the Waldorf-Astoria hotel in New York, of two days of talks between North Korea, represented by Kim Kye-gwan, and the United States, represented by Christopher R. Hill, the assistant secretary of state for East Asian and Pacific Affairs, on the North Korean nuclear program.

"The timing was driven by our undertaking as made explicit in the board decision of the 25th of January to only continue our operations in the D.P.R.K. if certain conditions were met by March 1, which was Thursday," he said.

The development program also said in January that it was narrowing its program to what Mr. Morrison said were "activities designed more directly to benefit the North Korean people rather than to build capacity of the North Korean government."

Mr. Morrison said the North Koreans responded that this action "represented a politicization of the foreign assistance process."

He added that a decision on whether to end the work of the eight international staff members and 15 Koreans involved would be made within two or three days.

In a letter to Ambassador Pak on Friday, the program's administrator, Kemal Dervis, said, "Should circumstances change at a later date, we would be willing to reconsider this position."

The program's Web site lists agricultural recovery, productivity and rural energy as developmental activities in North Korea.

Mr. Morrison said aid would continue under two other United Nations organs, the World Food Program and Unicef, the children's agency.

In the aftermath of the American charges in January, Secretary General Ban Ki-moon ordered a full external audit of United Nations operations in North Korea, beginning with the development program.

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"As far as I know, this will not affect the investigation," Michelle Montas, Mr. Ban's spokeswoman, said Monday.

Kim The Kidnapper (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, March 6, 2007

When Japanese negotiators sit down tomorrow in Hanoi for bilateral talks with their North Korean counterparts, here's the question at the top of their agenda: Where is Megumi?

Megumi Yokota is among the Japanese citizens kidnapped by North Korea in the 1970s and '80s and still missing today. "There will be no normalization of ties if the abductee issue is not resolved," Japan's lead negotiator, Koichi Haraguchi, told reporters in Hanoi yesterday. Japanese diplomats aren't known for their bluntness, yet Mr. Haraguchi's direct statement echoes the words of virtually every other senior Japanese official on this subject. North Korea says the matter is closed.

This week's meetings are part of the elaborate six-party agreement reached in Beijing last month under which North Korea promises to give up its nuclear program in return for aid. Tokyo signed on to the accord, reportedly under U.S. pressure, but refuses to participate in the energy assistance that is part of the deal unless progress is made on the abduction issue.

Japan's firmness comes directly from Prime Minister Shinzo Abe. He became aware of the abductees' plight in the 1980s, when he was private secretary to his father, Shintaro, then Secretary-General of the Liberal Democratic Party, and family members went through the younger Mr. Abe to request a meeting. When he won his own election to the Diet, in 1993, he became the first politician to fight for return of the abductees. He feels their suffering and the pain of their families "in his heart," says a politician who is close to him.

Megumi, who was abducted in 1977, has become the symbol of the movement to free the abductees. She was 13 years old and on her way home from school when she was snatched off the streets of the western Japanese city of Niigata by North Korean agents. Imprisoned in the hold of a ship and taken to Pyongyang, she was forced to teach spies how to pass as Japanese. In 2002, North Korean dictator Kim Jong Il admitted to kidnapping Megumi and 11 other Japanese citizens.

Their stories are equally heart-rending: A young couple disappear in Kagoshima Prefecture while on a date at a beach, where they had gone to watch the sunset. A 23-year-old woman vanishes in Europe; the last her parents hear from her is a postcard from Copenhagen. A mother and daughter go missing during a shopping trip in Niigata Prefecture. At the time, police who investigated these and other disappearances had no notion of North Korean involvement. In recent years, Japan has reopened many of the missing-persons files from the era but the scent has grown cold. There are only 17 people on the official list of abductees -- the most recent was added in November -- but officials say privately that the victims may number in the "hundreds." South Korea, whose appeasement-minded government prefers not to talk about the kidnappings of its citizens, has 485 people on its list of abductees.

Pyongyang allowed five of the Japanese abductees to return home in 2002. (They were required to leave behind their Korean spouses and children as guarantees that they wouldn't badmouth their captors.) It claimed the rest of the abductees had all died, but the causes of death they cited were so absurd as to be unbelievable -- a 20-something young woman who dropped dead of a heart attack; a man who drowned while swimming in the ocean during a typhoon; and so forth. Megumi was reported to have hanged herself. But the DNA evidence provided by Pyongyang in her case and others proved to be fraudulent.

"Megumi" is a household name in Japan, thanks largely to the efforts of her parents to keep her story alive. Her mother, Sakie, met with President Bush in the White House last year. At the World Economic Forum meeting in Davos in January, the Japanese government hosted a sushi reception and screening of "Abduction," a documentary about her disappearance. Last month, in Tokyo, Mr. Abe attended a press conference at which American folk singer Noel Paul Stookey, of Peter, Paul and Mary fame, debuted his plaintive "Song for Megumi." Meanwhile, a Japanese advocacy group last week announced it would use balloons to scatter 100,000 waterproof leaflets over North Korea offering a $10,000 reward for information on the abductees.

Among the promises the U.S. made to North Korea as part of the Feb. 13 nuclear disarmament deal is a pledge to begin the process of removing it from the list of terror-sponsoring states. When Vice President Dick Cheney visited Tokyo last month, Mr. Abe urged the U.S. not to do so until the abduction issue is resolved. While President Bush has spoken eloquently in the past about human-rights violations in North Korea, that issue appears not to be high on the U.S. agenda these days. Chief U.S.

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negotiator Christopher Hill is holding talks in New York with his North Korean counterpart this week. A good question for him to ask is, Where is Megumi?

Ms. Kirkpatrick is a deputy editor of the Journal's editorial page.

Israeli Says Iran Is Training Hamas Men (NYT)

By Steven Erlanger

The New York Times, March 6, 2007

TEL AVIV, March 5 — The chief of Shin Bet, the Israeli internal security service, said Monday that the Islamic movement Hamas had sent dozens of men from Gaza to Iran for military training.

"We know that Hamas has started to dispatch people to Iran, tens, and a promise of hundreds," the intelligence chief, Yuval Diskin, told a small group of correspondents here in a rare on-the-record briefing.

The training would last months, perhaps years, he said, adding, "I see this as the strategic danger, more than any weapons smuggled into Gaza."

Ahmed Youssef, an adviser to Ismail Haniya, the Hamas-backed Palestinian prime minister, responded from Gaza by telephone that Hamas "has not sent anyone to Iran," and that Mr. Diskin's comment was "propaganda, to hurt a new government."

Mr. Youssef said there "are attempts to send some men from the Executive Force," a Hamas-led parallel paramilitary police force, "to Arab countries for police training."

Mr. Diskin said that his comments were based on hard intelligence, but Mr. Youssef insisted that Egypt, which shares a border with Gaza, is very strict about Gazans traveling to Iran.

Mr. Diskin's agency is charged in part with understanding Palestinian views. In his assessment, the main Palestinian secular party, Fatah, is continuing to fragment under weak leadership from the Palestinian president, Mahmoud Abbas, and would lose another election, if it were held now, to the radical Hamas movement.

Hamas, which rejects Israel's right to exist, won legislative elections more than a year ago and formed a government. "I'm not optimistic about Fatah," Mr. Diskin said. "Fatah is disintegrated and nearly destroyed, with no strong leadership."

He had harsh words for Mr. Abbas, known as Abu Mazen. "Abu Mazen is a good negotiator but doesn't know how to deal with internal party affairs," he said. "He has done nothing to revive Fatah, either its institutions or its military power. He wanted to become the national leader of the Palestinian people, but he forgot that he needs a strong Fatah to do it."

The international isolation of Hamas and an embargo on direct financial aid to the Palestinian Authority it runs has convinced Hamas that it cannot rule alone without any international legitimacy, Mr. Diskin said. "But it also drove Hamas toward Iran," he said, adding, "One of the bad fruits of the isolation of Hamas is the influence of Iran and its money."

He predicted that despite their current difficulties, Fatah and Hamas would agree on a unity government as laid out in principle on Feb. 8 in an agreement in Mecca, Saudi Arabia. But he noted that they were rivals for power and wanted different things from such a government, which might not last.

"This is the ticking bomb inside the unity government," said Mr. Diskin, 50, a former army commando and Shin Bet field operative. But he also predicted that the unity of Western and other nations in boycotting a Hamas-led government would crack.

Hamas, part of the larger Muslim Brotherhood, would never change its fundamental beliefs, he said, and he contended that Hamas's offer of a long-term truce with Israel had been intended to allow the movement to consolidate its control over the Palestinians and to mask a buildup of military armaments and power that would eventually be aimed at Israel.

He predicted a long struggle, arguing that Israel and Hamas would not reach "even a temporary political agreement," but "maybe temporary cooling-down periods."

The Palestinians say Israel, and Shin Bet, have aided the chaos by waging war against the Palestinian security forces in 2002, after a spate of suicide bombings, and by the continuing Israeli occupation of the West Bank. Hamas officials have said they will never recognize Israel's right to exist.

But Hamas says that if Israel returns to 1967 boundaries, allows Palestinian refugees and their families to return to their pre-1948 homes and recognizes Palestine, it will offer a 15-to-20-year truce.

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Some suggest that Hamas has shifted position enough that the West should begin to talk to the movement or to finance the government again.

Mr. Abbas has said that he wants to bring Hamas into Palestinian politics and the Palestine Liberation Organization, and that as head of the P.L.O., he would negotiate a settlement with Israel then bring it to the judgment of the Palestinian people.

Mr. Diskin said Hamas and Islamic Jihad were building an "internal military industry" in Gaza to manufacture rockets and antitank weapons, sending men to Lebanon and Iran for training and strengthening their forces.

They are also smuggling in weapons and explosives from Egypt, Mr. Diskin said, and the Egyptians, themselves now worried about terrorist cells in the Sinai, are only now beginning to work hard to stop it.

Elements of what he called "global jihad" are creating "ties" and "connections" to local Gaza groups, especially to Mumtaz Dagmush of the powerful Dagmush clan, Mr. Diskin said, refusing to elaborate. "We don't say Al Qaeda in Shin Bet," he said.

But he said Shin Bet had no evidence that Al Qaeda or its followers were present and active in Gaza.

Asked if, given his analysis of Hamas and Gaza, a large Israeli military operation was inevitable in Gaza, he said a lot depended on what action Egypt took to stop smuggling. "I don't want to say inevitable," Mr. Diskin said. "But if the buildup continues, and if rockets and tunnels continue, at the end of the day we will have to do something about it."

There are others in Israel's security services with more extreme views than Mr. Diskin's, and he has been among those to caution against a large Israeli operation in Gaza now.

Even Amir Peretz, the Labor Party leader and defense minister, says that he would prefer to negotiate peace with Palestinians, but that Hamas's strong position in the Palestinian leadership makes negotiations highly unlikely. Mr. Peretz has pushed for easing travel and access restrictions on Palestinians.

Shin Bet can deal only with the abilities of Israel's adversaries, Mr. Diskin said, pointing to a decrease in Israeli deaths from suicide bombings and terrorism. "Dealing with their motivations," he said, "is up to the politicians."

Spy Chief Sees Hamas Driven To Tehran (WT)

By Joshua Mitnick

The Washington Times, March 6, 2007

TEL AVIV -- The international community's decision to cut off financial aid to the Hamas-led Palestinian government has helped drive Hamas into the embrace of Iran, the chief of Israel's domestic spy agency said yesterday.

"One of the bad fruits of the international siege on Hamas is that once all the doors were closed, the only window open was to Iran," said Yuval Diskin, head of the Shin Bet security agency.

Mr. Diskin's analysis of the Palestinian political and military scene painted a bleak prognosis for peace negotiations with Israel and included a warning about a possible Israeli offensive in the Gaza Strip.

Yesterday's press briefing came amid renewed fighting between Palestinian factions on the streets of Gaza City and another day of failed negotiations between Palestinian Authority President Mahmoud Abbas and Prime Minister Ismail Haniyeh on the makeup of a unity government.

In the eyes of the Shin Bet, Hamas emerged as "the great winner" from a power-sharing deal with the rival Fatah party, Mr. Diskin said. He was referring to a unity agreement signed in Mecca, Saudi Arabia, last month.

The Mecca agreement on a Palestinian unity government could help the Islamic militants break the international aid boycott without requiring it to concede its ideological rejection of the Jewish state, Mr. Diskin said.

At the same time, Hamas would retain control over key ministries to deepen the hold of militant Islam in Palestinian society.

Mr. Diskin said that the bad blood between Hamas and Fatah after weeks of gunbattles in Gaza leaves the probability at 1 in 3 that the Mecca agreement will collapse before a unity government is formed.

He said Mr. Abbas has failed to rebuild his Fatah party into a cohesive political or military force capable of challenging Hamas or providing the backing Mr. Abbas needs for peace negotiations with Israel.

Fatah has become a political party without a clear leader, divided between ex-security chief Mohammed Dahlan in Gaza and Marwan Barghouti, the legislator serving five life sentences in Israeli prison.

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"I don't think Abbas knows where he is headed," Mr. Diskin said. "Abbas is a good negotiator, but he doesn't know how to deal with the internal affairs of his political party."

Mr. Diskin, who dressed in a knit black pullover shirt with jeans, heads the security branch responsible for locating and interrogating Palestinian as well as Jewish militants.

When questioned by reporters about the impact of the international aid boycott on the Hamas government's ties to Iran, Mr. Diskin declined to criticize the aid embargo. Hamas' ties to Iran existed independently of the boycott, he said.

At the same time, it was the economic pressure and instability from the boycott that convinced Hamas leaders that the party was incapable of ruling alone.

Strengthened ties with Iran have reportedly produced tens of millions of dollars in financial aid for the Palestinian Authority.

Mr. Diskin also said that Hamas militants have left Gaza for training in Iran. Though Israeli officials have consistently sounded alarm bells that Hamas is exploiting the Gaza Sinai border to smuggle in weapons, Mr. Diskin said the training activity worries him more.

The intelligence chief said the Sinai Peninsula has moved from being a haven for tourists to a terrorist haven for global jihadists, who are likely in the future to link up with Palestinian militants inside of Gaza.

"If the Egyptians stop the smuggling activity in the Sinai desert," Israel will not need another major operation in Gaza, he said.

Israeli Intelligence Chief: Iran Training Hamas (LAT)

By Richard Boudreaux

The Los Angeles Times, March 6, 2007

TEL AVIV — The head of Israel's domestic intelligence agency said Monday that Iran was giving advanced military training to members of Hamas, a move he called a "strategic danger" to the Jewish state.

Yuval Diskin, the director of Shin Bet, said that the militant movement had dispatched "tens" of fighters from the Gaza Strip to Iran for "months, maybe years" of instruction, and that Iran had promised to train hundreds more.

A Hamas spokesman denied the assertion. The training, if confirmed, would mean that Iran is expanding its alliance with Hamas, which Israel and the United States list as a terrorist organization and which has controlled the Palestinian Authority government for nearly a year.

Since Western nations cut off funding to the Palestinian government last spring because of Hamas' ascendance, Iran has given it at least $120 million in aid.

Reports of Iran training Hamas militants, previously attributed to unnamed Israeli and Palestinian officials, have been circulating for weeks. Diskin's remark at a rare briefing for foreign reporters was the first such official claim and echoed a drumbeat of charges by the Bush administration that Iran exports terrorism.

The intelligence chief, a burly man with a shaved head, said Hamas was continuing to stockpile weapons smuggled into the Gaza Strip through Egypt. But he said Hamas' development of arms factories in Gaza and its alleged training in Iran were greater long-term threats to Israel.

Mushir Masri, a Hamas member of the Palestinian parliament, said Diskin was spreading a false allegation about training to undermine Hamas and build a case for renewed attacks in Gaza.

Israel fought a five-month offensive in Gaza last year after Hamas-linked militants captured an Israeli soldier in a cross-border raid. Diskin said Hamas was taking advantage of a cease-fire accord reached with Israel last November to prepare for a future military confrontation. The soldier is still being held.

Whether Israel continues to abide by the cease-fire depends on Egypt's ability to stop weapons smuggling into Gaza, Diskin said.

With support from the Bush administration, Israel has tried for months to isolate Hamas politically by strengthening Palestinian Authority President Mahmoud Abbas of the rival Fatah movement and engaging him in peace talks.

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That strategy hit a roadblock last month when Fatah, seeking to end months of armed clashes with Hamas, agreed at a meeting in Mecca, Saudi Arabia, to join the Palestinian government as a minority partner, despite having failed to persuade Hamas to recognize Israel and forswear violence against the Jewish state.

"Hamas is the big winner in the Mecca agreement," Diskin said in one of the starkest official Israeli assessments to date.

The accord, he noted, keeps the prime minister's job in the hands of Hamas, along with ministries involved in education and social welfare, which are crucial to spreading the movement's influence. Diskin predicted that Saudi Arabia's role in the accord and its pledge of financial support would not shake Iran's influence over Hamas, which he said would happily take aid from rival Middle East powers.

The intelligence chief offered an unusually blunt public assessment of Abbas. Israel's Palestinian ally "doesn't have a clear strategy … doesn't know how to run a political movement," he said, and has allowed Fatah to "disintegrate" rather than building its military prowess to gain the upper hand over Hamas.

Diskin said it was still possible that the power-sharing accord would collapse amid lingering factional bloodshed and disagreements over who will control Hamas' and Fatah's various security services and militias. He said the rival factions were amassing forces against each other — a "ticking time bomb inside this unity government."

On Monday, the two sides waged a gun battle for control of a police training compound in Gaza City. Meanwhile, Ismail Haniyeh, who has retained his job as prime minister, said negotiations on the makeup of a new Cabinet would take at least another two weeks.

U.S. Aid To Palestine Hinges On Hamas (AP)

AP, March 6, 2007

The State Department said Monday full funding of a proposed $86 million in security assistance for the Palestinian Authority hinges on whether U.S. officials receive assurances that none of the funds can benefit Hamas.

Spokesman Sean McCormack commented after four House Foreign Affairs Committee members, including Chairman Tom Lantos, D-Calif., urged Secretary of State Condoleezza Rice to reconsider the plan in light of the recent agreement between Fatah and Hamas to form a national unity government.

Hamas, which controls most of the Palestinian government, is considered a terrorist organization by the United States, European countries and Israel. Fatah is led by moderate Palestinian President Mahmoud Abbas.

The two groups agreed to form a government after weeks of street fighting left scores dead.

McCormack said the administration is asking the same questions as members of Congress about whether Hamas would benefit from the program.

"Our intention is to move forward with the program," McCormack said. "Whether or not that includes the full $86 million will depend upon the answers to the questions we have and obviously the answers to the questions that the Congress has," he said.

The intent is to assist with training in non-lethal equipment of forces under Abbas' control.

In calling for reconsideration of the plan, the House members said, "This agreement has immensely complicated the search for peace."

They said they were "deeply disappointed" Abbas had committed his Fatah party to forming a government with Hamas without insisting that the group recognize Israel, renounce violence, and accept all previous agreements with Israel.

France Calls For Closer EU-Palestinian Ties (FT)

By Daniel Dombey And Harvey Morris

Financial Times, March 6, 2007

France pushed on Monday for the European Union to step up preparations for deeper ties with a Palestinian government of national unity – despite misgivings from countries such as Germany and the Netherlands.

The move came as Mahmoud Abbas, Palestinian Authority president, called for a “more even-handed” approach from the EU and accused Israel of “provocative and illegal actions”.

The question of whether to resume contacts with and direct funding for the Palestinian Authority is set to race up the EU’s agenda as the rival Fatah and Hamas factions move closer to working together.

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While France argues that the momentum of last month's Mecca agreement to set up a unity government cannot be wasted, other countries give greater emphasis to making sure the administration fully meets international demands that it recognises Israel.

The US and Israel have much less patience for arguments that some sort of "implicit recognition" of Israel – by, for example abiding by past agreements – would be good enough for resuming ties.

"We have thought about what the EU's attitude should be towards this new government once it is formed," said Catherine Colonna, France's Europe minister, at an EU foreign ministers meeting. "From the start we should take account of elements such as contacts and funding ... We should be prepared to fine-tune this position depending on the acts of the government."

She added that she was not calling for the EU to hurry but to return to the issue in the future.

Diplomats at Monday's meeting said that the Netherlands had given greater emphasis to the importance of the Palestinians meeting the demand to recognise Israel, while Germany is traditionally reluctant to upset its close relationship with Israel.

In unusually strong language for the PA president, a letter written on Mr Abbas's behalf by Rafiq Husseini, his chief of staff, demanded that conditions placed on the PA be matched by reciprocal demands on Israel.

"Despite flagrant Israeli violations of previous agreements and commitments ... Israel continues to benefit from close political and trade relations with the EU, while the Palestinian people suffer the consequences of a crippling international boycott," said the letter, to Frank-Walter Steinmeier, German foreign minister.

It said recent Israeli military incursions into the West Bank, the continuing expansion of illegal settlement in occupied territory and construction work near Jerusalem's al-Aqsa mosque demonstrated the "sheer disregard with which the state of Israel views its commitments, both under previous agreements and toward the international community."

The issue of funding is less pressing than that of contacts, since the EU was able to deliver €700m in aid to the Palestinians last year, despite the election of a Hamas government, largely through constructing other means of providing humanitarian assistance.

Monday also saw a delay in the announcement of the government of national unity itself. The parties had planned to reach agreement at the weekend. However, Ismail Haniya, Hamas prime minister, said Monday a deal was now not expected until the end of next week.

Although the two parties reached agreement in principle in Mecca on February 8, there are differences on the allocation of cabinet posts.

Yuval Diskin, head of Israel's Shin Bet domestic intelligence agency, said Monday he thought there was a 70 per cent chance a Palestinian unity government would be established.

"Hamas is the great winner [from the Mecca agreement]," he told foreign journalists. "Fatah accepted the agreement but I'm not sure Abu Mazen [Mr Abbas] knows exactly where he is headed ... Abu Mazen is not a real leader these days."

Webb Bill Limits Iran Fight (WT)

By Christina Bellantoni

The Washington Times, March 6, 2007

Freshman Sen. James H. Webb Jr. yesterday introduced legislation to force President Bush to seek congressional authorization before using force against Iran.

Democratic leaders, who indicated general support for the Virginia Democrat's plan last week, are still deciding whether they will attach it to an upcoming spending bill.

"This presidency has shot from the hip too many times for us to be able to trust it to act on its own," said Mr. Webb, a decorated Vietnam veteran who won a hotly contested Senate race last fall in part because of his opposition to the Iraq war. "We need the Congress to be involved in any decision to commence military activities absent an attack from the other side or a direct threat."

The backdrop of the discussion is the continuing Capitol Hill debate over the Iraq war. Democrats are still negotiating details of what legislative proposals they will offer to try to block Mr. Bush's plan to send 21,500 more troops to Iraq.

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Mr. Webb's proposal comes in the form of an amendment to the Bush administration's $100 billion supplemental war-spending request, which Congress will consider in the coming month.

He said the measure is meant to restore a system of legislative checks on executive power that he thinks Mr. Bush has skirted since Congress approved the Iraq war in October 2002. Though Mr. Webb wants troops to come home from Iraq as soon as possible, he noted Congress' inability to block funding U.S. forces in that conflict.

"Unlike the current situation in Iraq, where cutting off funds might impede or interrupt ongoing operations, this legislation denies funding that would be necessary to begin such operations against Iran in the first place," Mr. Webb said.

Senate Majority Leader Harry Reid of Nevada said on Thursday before the bill was drafted that he would be "very, very confident" that he can support Mr. Webb's plan "in real generalities."

"The reason we have to look at Iran every day of our legislative lives is there are many out there much smarter than I am who believe that the administration is ramping up to have the same thing happen in Iran that happened in Iraq," he said, noting intelligence suggesting Iranian involvement with Iraqi insurgents.

A Reid spokesman yesterday said the leader's position has not changed but declined to say whether the amendment would be attached to the supplemental-spending bill. Democratic leaders in the House are discussing similar language and are generally supportive of Mr. Webb's efforts, according to a senior aide in that chamber.

Aides for Senate Minority Leader Mitch McConnell of Kentucky did not respond to calls for comment, but House Minority Leader John A. Boehner labeled Mr. Webb's measure as "a solution in search of a problem."

"We should continue to work with responsible members of the international community to put pressure on the Iranians to dismantle their nuclear-weapons programs and to halt their support for terrorism," the Ohio Republican said. "I don't think it is productive or responsible to place arbitrary restrictions on what is now a hypothetical national security scenario, especially since the language -- if not carefully worked -- could hamstring our efforts against insurgents and terrorists in Iraq."

The Webb amendment as drafted outlines that no funds may be "obligated or expended for military operations or activities within or above the territory of Iran, or within the territorial waters of Iran, except pursuant to a specific authorization of Congress."

Mr. Webb also noted he worked carefully to craft a bill that wouldn't impede any ongoing tactical missions or intelligence gathering and so it would allow the U.S. to "directly repel an attack" initiated from or about to be launched from Iran. It also includes an exception for when troops are led into Iran in "hot pursuit" of forces outside that country.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, last week told senators the U.S. is not planning to attack Iran, but Mr. Webb and others worry the 2002 Iraq resolution is viewed by the president as broad authorization for military action against other nations.

Mr. Webb, a former Republican who served in the Reagan administration as Navy secretary, declined to name supporters at this early stage, but he said it should not be a "party" issue, noting a measure sponsored in the House by anti-war Rep. Walter B. Jones, North Carolina Republican.

Mr. Jones said his bill makes it "crystal clear that no previous resolution passed by Congress authorizes such a use of force."

"If the president is contemplating committing our blood and treasure in another war, then he and his administration must come to Congress and make their case," Mr. Jones said.

In 1999, Mr. Jones was one of two dozen lawmakers who went to the Supreme Court to block President Clinton's military action in Yugoslavia, arguing Congress must grant him such authority.

Still, because of potential nuclear capability and the possibility Iran is providing weapons to terrorists in Iraq, Congress "should never underestimate the potential that Iran might act irresponsibly," Mr. Webb said.

"My hope is we can calm this issue down a bit," he said. "[A]nd hopefully over a period of time bring Iran into the world community. That should be our goal."

IAEA: Iran May Have Halted Nuke Program (AP)

By George Jahn

AP, March 6, 2007

DOJ_NMG_0140739

Iran seems to have at least temporarily halted the uranium-enrichment program at the heart of its standoff with the U.N. Security Council, the head of the International Atomic Energy Agency said Monday.

The pause could represent an attempt to de-escalate Iran's conflict with the Security Council, which is deliberating a new set of harsher sanctions on the Islamic Republic.

Iran has enriched small quantities of uranium to the low level suitable for nuclear fuel generation. The U.S. and its allies fear that Iran could build nuclear weapons with larger amounts of more highly enriched uranium.

Hard-line President Mahmoud Ahmadinejad had been expected to announce last month that Iran had started installing 3,000 uranium-enriching centrifuges at a facility in the desert outside the central city of Natanz, where it has about 500 centrifuges above and below ground. But the announcement never materialized, an apparent step back that IAEA chief Mohamed ElBaradei appeared to confirm Monday.

"I do not believe that the number of centrifuges has increased, nor do I believe that (new) nuclear material has been introduced to the centrifuges at Natanz," he said.

ElBaradei, whose agency has spent more than four years probing Tehran's nuclear activities, warned that, despite the new bit of positive news, lack of Iranian cooperation left the IAEA unable to establish that Tehran's nuclear activities were purely peaceful.

Unless Tehran takes "the long overdue decision" to cooperate with the IAEA, it "will have no option but to reserve its judgment about Iran's nuclear program," he told reporters.

And a senior Iranian official dashed hopes that any short-term pause could translate into Tehran accepting a U.N. Security Council demand to freeze its enrichment activities. Ali Ashgar Soltanieh, Iran's chief IAEA delegate, said his country would "never give up its inalienable right" to enrich uranium, a refrain repeated almost daily by Iranian representatives in the standoff.

Diplomats familiar with the agency's Iran file said Tehran continues to refuse IAEA requests to install cameras that would give agency monitors a full view of its underground hall at Natanz, which Iran says will ultimately house 54,000 enriching centrifuges — enough to produce dozens of nuclear weapons a year.

Iran has produced and stored 250 tons of the gas used as the feedstock for enrichment. That would be enough to produce more than 40 nuclear bombs.

Lack of full remote monitoring means the agency cannot keep tabs on all activities at the bunker, said one diplomat, who demanded anonymity because he was not allowed to discuss the issue. Iran continues to assemble individual centrifuges without connecting them into the cascade needed to enrich uranium in the hall, he said.

Up for review as early as Tuesday will be a Feb. 22 report from ElBaradei finding that Tehran has set up hundreds of centrifuges.

The board was expected to approve last month's decision by ElBaradei to suspend nearly half the technical aid his agency provides to Iran. Only North Korea and Saddam Hussein's Iraq have faced such punishment in the past.

The United States, its key allies and most European nations have in the past been opposed by nonaligned board members who were against harsh punishment.

But the diplomats said that even nations normally backing Tehran — including key U.S. critics such as Cuba and Venezuela — would likely agree to the suspensions because they were backed by the U.N. Security Council.

The European Union, in a statement made available in advance to The Associated Press, said it backed the suspensions, saying it "supports the (IAEA) ... views" on the 18 projects that could be suspended.

The board will also be reviewing North Korea's apparent willingness to ultimately dismantle its nuclear arms-making capabilities.

ElBaradei plans to go to Pyongyang on March 13 as part of the six-nation agreement under which North Korea agreed to allow a return of his agency's experts after more than four years under its commitment to eventually scrap its nuclear program in exchange for economic aid and security assurances.

IAEA Unsure Of Iran's Nuclear Program Goal (USAT)

USA Today, March 6, 2007

DOJ_NMG_0140740

Iran's lack of cooperation with the International Atomic Energy Agency means the United Nations nuclear watchdog agency can't determine whether the Islamic state's nuclear activities are purely peaceful, IAEA chief Mohamed ElBaradei said Monday. "Quite a few uncertainties still remain," he said. ElBaradei said Iran seems to have put its uranium-enrichment program on hold as it awaits U.N Security Council deliberations on whether to impose harsher sanctions. He reported Feb. 22 that Iran had expanded enrichment.

Ali Ashgar Soltanieh, Iran's chief delegate, said his country would never give up its right to enrich uranium, which can be used in weapons or as fuel for power plants. Iran says its program is to produce electricity.

Palestinian unity government delayed

A Palestinian unity government will not be formed before the end of next week, Prime Minister Ismail Haniyeh of the Islamist Hamas group said after meeting in Gaza City with President Mahmoud Abbas of the more moderate Fatah Party. Government spokesman Ghazi Hamad said the two leaders would meet again today to discuss who would be Interior minister, a position that controls security forces. The parties agreed to a division of most Cabinet posts last month.

Most terror suspects in Britain not charged

More than half of the 1,166 people held under security laws in Britain between the 9/11 attacks in 2001 and the end of 2006 were released without being charged, Home Office figures show. Forty of the 221 charged with terrorist offenses were convicted, and all but six of the 186 charged with other offenses were found guilty. Muslims say they are targeted disproportionately for surveillance and arrest. "This is alienating a very large section of the community," said Massoud Shadjareh of the Islamic Human Rights Commission.

Coalition airstrike kills 9 in Afghanistan

A coalition airstrike hit a home in Afghanistan's Kapisa province, killing nine members of a family, Deputy Gov. Sayad Mohammad Dawood Hashimmi said.

The military said two bombs hit a compound that armed militants were seen moving into after a rocket attack on a U.S. base. "These men knowingly endangered civilians by retreating into a populated area," said Army Lt. Col. David Accetta, a military spokesman.

Quake felt from Indonesia to Singapore

A powerful earthquake rattled western Indonesia today, damaging buildings, cutting electricity and forcing patients to flee a hospital on Sumatra island, officials said. It was felt hundreds of miles away in Singapore and Malaysia. The U.S. Geological Survey said the quake had a preliminary magnitude of 6.3.

There were no initial reports of injuries, said Sgt. Gunawaman, a police spokesman who uses one name, and the extent of damage was not known.

U.N. Ambassadors Discuss Iran Sanctions (AP)

By Paul Burkhardt

AP, March 6, 2007

Ambassadors from the world's major powers met Monday to discuss possible new sanctions against Iran for refusing to suspend uranium enrichment, but differences emerged and an agreement did not appear to be close, diplomats said.

The U.S., Britain and France would almost certainly favor tough new sanctions, but they know they will have to settle for less to ensure that Russia and China, which have close ties to Iran, will not use their veto power in the U.N. Security Council to block a new resolution.

Diplomats from the five permanent Security Council nations and Germany held three rounds of talks over the past week on strengthening sanctions against Iran following a report earlier this month by the U.N.'s International Atomic Energy Agency that Iran was expanding enrichment instead of suspending it.

During a conference call on Saturday, the diplomats decided that Security Council ambassadors should take over the discussion of elements for a new resolution — and the ambassadors held their first meeting late Monday at Britain's U.N. Mission.

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China's U.N. Ambassador Wang Guangya, asked afterward by reporters how the meeting went, said there are "some different views here, so we will continue to work." He said the ambassadors would meet again on Tuesday afternoon and then consult with officials in their respective capitals.

Iran's refusal to freeze all its enrichment-related activities prompted the Security Council on Dec. 23 to impose sanctions targeting the country's nuclear and missile programs and the individuals, companies and organizations involved in them. The council gave Tehran 60 days to halt enrichment or face additional nonmilitary measures.

Iran insists its nuclear program is peaceful and aimed solely at producing nuclear energy, but the United States and its European allies believe Tehran's real goal is to produce nuclear weapons.

Tehran says it has the right to enrich uranium under the Nuclear Nonproliferation Treaty and has vowed not to stop — which has led the council to consider additional sanctions.

Some diplomats said the new measures may include travel bans, expanding the list of technology and materials countries are banned from making available to Iran, and creating stiffer economic sanctions including a ban on export guarantees to Iran.

The diplomats spoke on condition of anonymity because the negotiations are private.

Acting U.S. ambassador Alejandro Wolff, said that the elements of the new resolution being discussed build on the resolution passed in December and include "travel issues, financial issues, arms issues."

"I'm pleased that we're all committed to the timely pursuit of a resolution, so we hope it will be soon," he said.

Referring to Monday's meeting, Wolff said, "It was a good spirit. We'll see eventually when we get into more detail. But at this point in discussing the elements we've had a productive discussion."

Wang said there was no draft resolution yet, only "ideas and elements," but he thought it would involve another 60-day deadline.

Britain's U.N. Ambassador Emyr Jones Parry said recently that the new resolution would be looking at an "incremental" strengthening of sanctions. The word "incremental" has also been used by other council diplomats.

After Monday's meeting, France's U.N. Ambassador Jean-Marc de La Sabliere said the six ambassadors focused on measures "that could be adopted to convince Iran to suspend its dangerous activities and to come back to negotiation."

"The meeting confirmed an agreement on an incremental approach," he said.

U.S. Undersecretary of State Nicholas Burns, who represented the United States in the earlier talks, told reporters after meeting Secretary-General Ban Ki-moon on Monday afternoon that all six countries want to see a new resolution adopted "in the shortest time possible."

"We just now need to agree with all the other members of the council on what those measures, what those sanctions should be," Burns said. "We hope those deliberations can be conducted in the shortest possible time so that the Iranian government will know that it is really quite isolated on this issue."

Momentum Builds For More Sanctions Against Iran (CSM)

By Howard Lafranchi

The Christian Science Monitor, March 6, 2007

WASHINGTON

It once scoffed at the viability of international sanctions as a diplomatic tool. But the Bush administration, convinced that punitive financial measures played a role in moving North Korea to accept a deal designed to shut down its nuclear operations, is now spearheading a multilateral effort to use sanctions to turn the screws on Iran and its nuclear program.

Representatives of the five permanent members of the UN Security Council plus Germany are expected to begin work in New York this week on a second resolution of sanctions against Iran. The idea is to preserve Security Council unity – keeping Tehran's friends China and Russia on board – while ratcheting up the pressure on Iran.

"The administration is following a two-track approach on Iran – the threat of force [and] the pursuit of diplomacy – and the sanctions route does double duty within that approach," says Raymond Tanter, a former National Security Council official now at Georgetown University in Washington. "[The sanctions] are part of the coercive diplomacy side, but they are also part of the effort to maintain consensus among" the five permanent members of the UN Security Council and Germany.

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The Bush administration says it's looking for a diplomatic solution but says it won't rule out any options to keep Iran from getting a nuclear weapon.

The new resolution, which officials say could reach a Security Council vote as early as the middle of the month, is expected to expand on and strengthen steps taken in a first resolution passed against Iran in late December. Senior officials from the six key countries discussed the contents of a second resolution in teleconference calls last Thursday and again Saturday, but they didn't come to agreement on all the points of a final text.

"This is going to be an incremental resolution," State Department spokesman Sean McCormack said Friday, referring to the ratcheting up of sanctions already in place.

Among the measures being considered, according to US and European officials, are expansion of the list of Iranian officials whose assets would be frozen, a travel ban on more Iranians who are involved in the country's nuclear research and development, and additions to the list of parts, material, and technology that would be banned from Iranian trade.

The United States also hopes to see further restrictions on export credits, or financial measures that encourage trade. European governments, among others, have provided these credits to companies trading with Iran. Moreover, the US wants to limit access that Iran's largest banks have to international markets.

But a proposal for an embargo on all arms trading with Tehran was dropped last week on Russian objections, officials said. Also scuttled was a ban on student visas for Iranians studying subjects such as nuclear physics.

Revived US interest in sanctions reflects two factors. First, the Bush administration, originally frustrated by the four months of wrangling it took to get the first resolution, which was regarded as relatively weak, took note of an almost immediate political impact in Tehran.

The resolution "has generally been a very effective mechanism by which to pressure the Iranian regime," added Mr. McCormack. The resolution has had an impact with financial and business institutions that don't like the uncertainty of dealing with a country under sanctions, he says.

Second, Washington has viewed sanctions against North Korea and UN condemnation of Pyongyang after it tested a nuclear weapon in October as having played a key role in bringing North Korea back to the negotiating table.

The Bush administration appears to have concluded that sanctions can play a part in modifying a country's actions, especially if they come in the context of a united international community that includes the country's key friends: China in the case of North Korea, China and Russia in the case of Iran.

Yet the case of Iran is complicated by the war in Iraq and the interests both the US and Iran have in Iraq. And analysts are divided on what international talks on Iraq, including both Iranian and American officials, might have on the nuclear issue. Some say the talks, which are set to commence this Saturday, are likely to deflate international pressure on Iran, while others believe progress on Iraq could move Iran toward a more accommodating position on its nuclear program.

The administration may have adopted a diplomacy-with-threats approach to Iran, but some analysts say the strategy confuses US partners and encourages the Iranians to focus on ways to exploit it.

"The Bush administration thinking seems to be that every successive resolution will be stronger and that combining that with the increased pressure of measures like a second aircraft carrier in the Gulf, you can pressure Iran into acquiescing," says Ray Takeyh, an Iran expert at the Council on Foreign Relations here.

"On the surface it's not an unintelligent blueprint," he adds, "but it doesn't seem to include an understanding of its impact on the Iranians. They can't comprehend the contradictions." To back up his point, Mr. Takeyh says Secretary of State Condoleezza Rice has been talking about conditions for opening up trade with Tehran, while Treasury officials have been pressing the international community to cut off trade with Iran.

"You have the State Department saying maybe bilateral talks with Iran will occur as part of the international talks just announced on Iraq," he says, "and you have [White House spokesman] Tony Snow saying, 'No way will there be bilateral talks' " on the margins of Saturday's conference.

The first resolution on Iran "had an impact in Tehran," Takeyh agrees, but it yielded "more of a change in tone than a change in substance. They haven't changed their core policy of pursuing uranium enrichment and expanding their influence in the region."

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Others agree that the US is demonstrating that it does not have a clear policy on Iran. Mr. Tanter, who is also founder of the Iran Policy Committee, a group in Washington that promotes regime change in Iran through action by Iranian dissidents, says the "two-pronged approach" should not be confused with a clear policy.

"The strategy is pretty clear, but the policy is vague," he says. "Is regime change on the table? The State Department says it's not, but the vice president [Dick Cheney] in so many words is saying it is."

The departure of hard-liner John Bolton as US ambassador to the United Nations, and the arrival in New York of President Bush's nominee, current US Ambassador in Baghdad Zalmay Khalilzad, will "move regime change further off the table," Tanter says.

Meanwhile, in Vienna Monday, where the International Atomic Energy Agency was meeting, a 35-nation board of governors was expected to approve cuts to 22 of 55 IAEA technical-aid projects in Iran. That would follow the agency's review of Iran's compliance with the first resolution.

Iranian Women Are Arrested After Protests Outside Court (NYT)

By Nazila Fathi

The New York Times, March 6, 2007

TEHRAN, March 5 — Iranian authorities arrested 33 women on Sunday after protests outside a court where five of them were being tried for leading a campaign to gain more legal rights for women, newspapers reported Monday.

The five women were put on trial after they organized a demonstration for women's rights last June, the ILNA news agency reported. The agency said the women had been charged with endangering national security, agitating against the government and taking part in illegal gatherings.

The arrests on Sunday were part of a crackdown against political activity by women and protests in general since President Mahmoud Ahmadinejad' came to power in 2005.

Authorities broke up last June's demonstration and arrested 70 people. The five organizers now on trial are Noushin Ahmadi Khorassani, Parvin Aradalan, Shahla Entesari, Soosan Tahmassebi and Fariba Davoudi Mohajer.

The five, who have not been in custody, were arrested Sunday after they left the court. The daily newspaper Etemad Melli reported Monday that all 33 of the women were taken to the notorious Evin prison, which has the largest number of political prisoners in the country and where many prisoners say they have been tortured.

Women have been pursuing two major campaigns since last year. One calls for authorities to change a law that permits stoning women to death if they are convicted of adultery. The other is an ambitious project to collect a million signatures for a petition that calls on authorities to change laws that discriminate against women.

Iran's laws codify traditions that place little value on a woman's life and give only slight credence to women's opinions. For instance, a woman's testimony in court is worth half that of a man and, if a woman is killed, the compensation due her family is also half that required for a man's death. The laws also deny women equal rights in divorce, custody and inheritance.

Both campaigns have been publicized worldwide and have drawn support from some well-known Iranians. Shirin Ebadi, the Iranian Nobel Peace Prize winner, has supported the campaigns. Zahra Eshraghi, the granddaughter of the founder of Iran's revolution, Ayatollah Ruhollah Khomeini, has signed the petition on discriminatory laws, the daily newspaper Kayhan wrote Monday.

Human Rights Watch condemned the arrests and called for the women's immediate release.

"By targeting peaceful advocates, the government is demonstrating its intolerance for civil action," said Sarah Leah Whitson, the head of the group's Middle East and North Africa division. "The authorities should listen to women's rights advocates and work with them to reform discriminatory laws, instead of persecuting them and perpetuating a system of discrimination."

Interpol Recommends Arrest Warrants For Former Iranian Officials (MCT)

By Pablo Bachelet

McClatchy Newspapers, March 6, 2007

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WASHINGTON - Interpol's legal department has recommended issuing capture notices for five former Iranian officials in connection with the 1994 bombing of a Jewish community center in Argentina, which killed 85 people, a U.S. lawmaker said Monday.

Argentina's government requested the capture notices - similar to arrest warrants - triggering anger in the Iranian government, which has denied any involvement in the bombing.

In a 16-page decision, the legal department of the international law-enforcement group recommended issuing the notices for five suspects but not for former Iranian President Akbar Hashemi Rafsanjani.

"The decision by Interpol to issue capture notices for those implicated in the `94 bombing upholds the integrity of the Argentine judicial inquiry which found sufficient evidence to bring criminal charges against these Iranian officials and their Hezbollah proxies," Florida Rep. Ileana Ros-Lehtinen, the ranking Republican on the House Foreign Affairs Committee, said in a statement.

Iran can appeal the decision before Interpol's general secretariat.

Ros-Lehtinen urged Interpol to act expeditiously to implement its decision, so that "these fugitives will be compelled to answer for their alleged role in this terrorist attack."

The legal affairs department of Interpol recommended capture applications for these top former Iranian officials: Ali Fallahijan, the former minister of intelligence and security; Ahmad Vahidi, the former commander of the al-Quds Force, a special operations unit of the Iranian Revolutionary Guard Corps; Mohsen Rezai, the former commander of the Revolutionary Guard; Mohsen Rabbani, the former cultural attache in the Iranian embassy in Buenos Aires; and Ahmad Reza Asghari, a former third secretary in the Buenos Aires embassy.

The bombing of the community center in Buenos Aires followed a bombing of the Israeli embassy in the Argentine capital, which left 29 dead, two years earlier.

US Rice, Jordan King Discuss Iraq Refugees, Arab Peace Plan (AFP)

AFP, March 6, 2007

Talks between US Secretary of State Condoleezza Rice and Jordan's King Abdullah II on Monday focused on Iraqi refugees and an Arab peace plan for the Middle East, diplomats said.

The top US diplomat and the Jordanian monarch issued no statement after a meeting and a working lunch at the State Department in Washington.

Providing assistance to Iraqi refugees, an issue that will be addressed at a regional conference on Iraq this weekend in Baghdad, was an issue of serious concern for the Jordanian monarch, State Department spokesman Sean McCormack said.

"I know that there is a lot of concern about the pressures on the support network within Jordan and the ability of the NGOs working in Jordan to meet those humanitarian needs" of some 600,000 Iraqi refugees in the country, McCormack said.

The two also were expected to discuss the regional conference on Iraq scheduled for Saturday in Baghdad, which is due to be attended by the US ambassador to Iraq, Zalmay Khalilzad, as well as Iranian and Syrian representatives.

"I am sure that she will talk about it, encourage a full Jordanian participation," McCormack said before Rice and the Jordanian monarch had their working lunch.

King Abdullah II has described the conference as an "important development" and that Arab states stood ready to contribute to peace and stability in Iraq, his delegation said in a statement released earlier.

The Jordanian king also "urged the US administration ... to help advance Middle East peace by lending its support to the Arab Peace Initiative," the statement said.

The initiative calls for a comprehensive Israeli-Arab peace, with full security guarantees for Israel from Arab states in exchange for a viable, independent Palestinian state, Israeli withdrawal from all Arab territory occupied since 1967 and an settlement of the refugee question, the statement said.

The Saudi-authored initiative, adopted by the Arab League during a summit in Beirut in 2002, "is drawing increasing interest from Muslim states from outside the region that want to make a constructive contribution to regional peace-making," the Jordanian statement said.

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The Islamic countries outside the region expressing an interest were Pakistan, Indonesia and Malaysia, according to the Jordanian ambassador to the United States.

"The king told Rice that growing international interest in regional peace-making is an opportunity that the United States could capitalize on to bring Palestinians and Israelis back to the negotiating table with the aim of brokering a final settlement that would meet the needs of both sides," the statement said.

As part of a five-day working visit to the United States, King Abdullah II was due to meet President George W. Bush, Vice President Dick Cheney and Defense Secretary Robert Gates before delivering an address to to a joint session of Congress -- an honor reserved for close US allies.

Agreement Seen In Schism Between Governing Factions (WT)

By Krystal Knapp

The Washington Times, March 6, 2007

BEIRUT -- A deal to end the standoff between Lebanon's U.S.-backed government and Hezbollah, the nation's worst political crisis since its 1975-1990 civil war, is expected to be finalized within the next few days, key political figures say.

Optimism about an agreement follows a meeting between Iranian President Mahmoud Ahmadinejad and Saudi King Abdullah on Saturday, when Mr. Ahmadinejad made his first official visit to the Saudi capital.

"The chances of success this time are greater than at any previous time," opposition leader Nabih Berri told the pan-Arab daily Asharq Al-Awsat.

Mr. Berri, who is parliament speaker and head of the Shi'ite Muslim political party Amal, added that a settlement "might appear within 48 hours."

His optimism was echoed by Samir Geagea, a Maronite Christian and a strong critic of the opposition, who told the Lebanese Broadcasting Corp. Sunday that "indeed an effective solution" has been found to the crisis.

The opposition, which includes Hezbollah and Amal, has been locked in a power struggle for months with the anti-Syrian governing coalition.

So far Mr. Berri has not elaborated on the details of an agreement, which would end an impasse over plans for an international tribunal to try suspects in the February 2005 assassination of former Prime Minister Rafik Hariri. The assassination created international pressure on Syria to withdraw its troops from Lebanon.

Leaders from both sides have provided conflicting information about the details of the agreement.

Mr. Geagea said the solution is based on the formation of a joint committee that would oversee changes to the international tribunal and the creation of a national unity government that would expand the Cabinet, giving the governing majority 19 seats.

The opposition, he said, would be allocated 10 seats and another seat would be allocated to a figure not affiliated with either side.

Hezbollah officials told the press that the deal being negotiated by Iran and Saudi Arabia would provide the opposition with 11 seats in the new Cabinet, giving it veto power.

Opposition leaders threatened as recently as yesterday to escalate their campaign to oust the government if the ruling majority does not respond positively to the proposed settlement.

Pro-Hezbollah demonstrators have held a sit-in in front of the government offices downtown for more than three months in an attempt to topple the pro-Western government of Prime Minister Fouad Siniora.

They have been demanding a larger say in the government, including veto power in the Cabinet. They have also called for early parliamentary elections.

The ruling coalition has accused Hezbollah of trying to gain veto power to block the international tribunal in order to protect Syria, which denies any involvement in Mr. Hariri's killing.

Fatal street clashes between pro-government Sunnis and the mainly Shi'ite opposition have stoked fears that the country could see another sectarian civil war.

Christian political factions are divided between the two camps.

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Iran supports Hezbollah, while Saudi Arabia has close ties with Sunni parliament member Saad Hariri, a leader in the ruling coalition.

'Peacemaker' King (WT)

By S. Rob Sobhani

The Washington Times, March 6, 2007

There is an Arab proverb that says: "The people of Mecca know their ravines better than anybody else." No one knows the "ravines" of Mecca better than its visionary custodian, King Abdullah of Saudi Arabia. While the United States and Europe stood by powerless for months as Palestinian factions killed one another and jeopardized America's plans for peace between Israelis and Palestinians, King Abdullah brought together the leaders of Hamas and Fatah in Mecca and got them to agree to bury their differences. Hosting the Mecca conference showed courage, vision and a desire for peace.

From Washington's perspective, the Mecca summit should be viewed through the prism of history as a watershed moment. It averted a potentially disastrous situation for Palestinians: a civil war that threatened to push back their hopes for an independent homeland. The success of the Mecca summit solidified Abdullah's growing reputation as the wise elder statesman of the Arab world, who's always able to douse the flames of extremism and come up with practical compromises.

Unlike Iran's rulers, who continue to fund terrorism, call for the elimination of Israel, promote extremism and act as the regions leading peace-breakers, Abdullah is striving to bring peace to the region. As his longtime aide, Abdulrahman Al-Saeed, points out, "King Abdullah is a genuine peace-maker. He believes profoundly in the importance of Palestinian justice and Arab unity and he is always searching for practical and peaceful solutions toward that goal." There is another important aspect to Saudi Arabia's deft diplomacy that the United States should appreciate. When the king is involved in conflict resolution, he is not seen as meddling into the affairs of others. Rather, as custodian of the two holiest sites in Islam, his role as mediator is seen as an obligation. In short, his intervention will almost always be welcomed by a majority within the Arab-Muslim world.

Beyond his role as the "Arabian peacemaker," King Abdullah has shown a commitment to bringing about internal reforms evidenced by the fresh faces appointed to leadership positions. The recent selection of Adel al-Jubeir as Saudi Arabia's new ambassador to Washington signals King Abdullah's commitment to promoting the younger generation and infusing fresh blood into the political system. By choosing this young, able, Georgetown-educated diplomat to represent Saudi Arabia, Abdullah has also signaled a renewed dedication to strengthening U.S.-Saudi ties. Adel al-Jubeir is an astute observer of the U.S. political system and the first non-royal to serve as his country's ambassador to Washington.

In addition to his role as wise elder monarch and promoter of young visionaries, the king has exhibited all the hallmarks of a world statesman by being a silent force behind stability in global energy markets. As the world's largest producer of petroleum and home to more than 25 percent of the world's remaining oil reserves, King Abdullah is very much aware of the enormous responsibility Saudi Arabia bears in maintaining stability in the global economy. Accordingly, every time the virulent anti-American rhetoric of Iranian President Mahmoud Ahmadinejad sends oil prices skyrocketing, Saudi Arabia's oil minister, Mr. Naimi, calms the oil markets by emphasizing the stable supply of oil from OPEC producers.

It is in America's interest for Washington to recognize the important role of Saudi Arabia's wise monarch and make him an equal partner in bringing about peace and stability in the combustible Middle East. King Abdullah has the moral authority, religious credentials, personal dignity, generous soul and vision to lead an effort at a lasting peace between Israelis and Palestinians.

Under the leadership of Saudi Arabia, King Abdullah can announce a Marshall Plan — or emaar-al-amal in Arabic, literally meaning the hope of rebuilding) for the West Bank and Gaza Strip that could become the prelude to the two-state solution envisioned by President Bush. By calling upon the Arab world to invest surplus petrodollars into the Gaza Strip (high-rise buildings overlooking the blue waters of the Mediterranean) and West Bank (a "chunnel" from the West Bank to Gaza employing tens of thousands of Palestinians), Saudi Arabia would have given Palestinian President Mahmoud Abbas what he has been denied to-date — economic viability and a chance to negotiate a lasting peace with Israel with a mandate from all Palestinians.

If Washington does not empower King Abdullah, the negative force and path of extremism exemplified by Mr. Ahmadinejad, Lebanon's Hassan Nassrallah and Iran's Ali Khamenei will fill the current power vacuum in the Middle East with hate and

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destruction. By listening to this wise Meccan, the United States can chart history and help bring peace and stability to the Middle East.

Islam's Other Radicals (WSJ)

By Bret Stephens

The Wall Street Journal, March 6, 2007

ST. PETERSBURG, Fla. -- At this landmark Summit on Secular Islam, there are no "moderate" Muslims.

There are ex-Muslims: People like Ibn Warraq, author of "Why I Am Not a Muslim," who doesn't want an Islamic Reformation so much as he does a Muslim Enlightenment. There are ex-jihadists: people like Tawfik Hamid, who, as a young medical student in Cairo, briefly enlisted in the Gamaa Islamiya terrorist group and who remembers being preached to by a mesmerizing doctor named Ayman al-Zawahiri.

There are Muslim runaways: People like Afshin Ellian, who in 1983 fled Iran -- and the threat of execution -- on camelback and is now a professor of law at the University of Leiden in Holland. (Now threatened by European jihadists, he lives with round-the-clock police protection.) There are experts on Islamic law: People like Hasan Mahmoud, a native Bangladeshi who, as director of Shariah at the Muslim Canadian Congress, was instrumental in overturning Ontario's once-legal Shariah court last year.

There are even a few practicing Muslims here, such as Canadian author Irshad Manji. Ms. Manji, whose documentary "Faith Without Fear" airs on PBS next month, describes herself as a "radical traditionalist" and draws a sharp distinction between Muslim moderates and reformers: "Moderate Muslims denounce terror that's committed in the name of Islam but they deny that religion has anything to do with it," she says. "Reform-minded Muslims denounce terror that's committed in the name of Islam and acknowledge that our religion is used to inspire it."

The difference is not trivial. For more than five years, the Bush administration has been attempting to enlist the support of the so-called moderates in the war on terror -- its definition of "moderate" being remarkably elastic, to put it charitably. To take one example, administration emissary Karen Hughes has "reached out" to such figures as Sheikh Mohammed Sayed Tantawi, head of al-Azhar theological university in Cairo, with whom she had a "wonderful meeting" in September 2005.

Sheikh Tantawi, adept at talking out of both sides of his mouth, had earlier approved a fatwa calling on the Iraqi people to "defend itself, its land, and its homeland [against the U.S. invasion] with all means of defense at its disposal, because it is a jihad that is permitted by Islamic law. . . . The gates of jihad are open until the Day of Judgment, and he who denies this is an infidel or one who abandons his religion."

Undersecretary Hughes is not at this summit, of course, nor is anyone else from the State Department, nor is the U.S.-funded al-Hurra Arabic TV station -- facts archly noted by the conferees. In the quasi-official U.S. view, the speakers at this conference amount to an exotic, publicity-seeking fringe group, with whom close association is politically unwise.

Al-Jazeera, however, is here, suggesting that the real Arab mainstream better appreciates the broad interest the conference's speakers attract in the Muslim world, as well as their latent power. Perhaps this is the flip side of the appeal of extremist Islam, an indication that what Muslims are mainly looking for are radical alternatives to the unpalatable mush of unpopular autocratic governments, state-approved clerics like Sheikh Tantawi, and Saudi-funded "mainstream" organizations such as the Council on American-Islamic Relations.

Radicalism, at least of a kind, is certainly what this summit provides via Wafa Sultan. Dr. Sultan, a Syrian-born psychiatrist now living in the U.S., came to widespread public attention last year after she debated a Sunni cleric on al-Jazeera. "Only Muslims defend their beliefs by burning down churches," she observed. The televised clip, translated by Memri, has been downloaded on YouTube more than a million times.

Dr. Sultan, whose outspokenness has forced her and her family into hiding, is here to receive an award from the Center for Inquiry, the summit's organizer and lead funder. She accepts it by saying: "I don't believe there is any difference between radical Islam and regular Islam."

The view is shared by some, though by no means all, of the conferees. "Salafists cannot imagine Islam without the killing of apostates," says Dr. Hamid, who also now lives in hiding. "To them, the religion is a house of cards: Remove one element, and

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the whole structure collapses." Another conferee subscribes to the Salafist logic, though he dissents from the religion as a whole. "Truth is," he admits, "to be a Muslim democrat you have to be a bad Muslim."

In this view, the baggage of Shariah and hadith -- the traditions in which some of the most violent Islamic injunctions are to be found -- are as central to Islam as the Quran itself. Hasan Mahmoud disagrees. "Most Muslims don't even know what the Shariah laws are," he says. "The moment you actually show them what the laws are, they can understand they're unjust." Mr. Mahmoud illustrates the point by observing that, under Shariah, a husband does not require a witness to divorce his wife. "But the Quran says that if you want to divorce your wife, you need two witnesses. With Muslims, this kind of thing works magic."

Mr. Mahmoud spreads his gospel partly by way of cheaply produced DVDs, which seems pretty crude until one recalls that Ayatollah Khomeini, during his exile in Paris, spread the gospel of Islamic revolution by way of audiocassettes. Other conferees also have their Web sites: Alamgir Hussain, from Singapore, has islam-watch.org; Banafsheh Zand-Bonazzi, the conference's moving spirit, puts out IranPressNews.com; other conferees write for MiddleEastTransparent.com and so on. These are the "frugal chariots," to borrow a phrase from Emily Dickinson, that bear the Muslim reformer's soul.

A fair bit of U.S. government money is being spent on conference security, including from the FBI. Still, it's remarkable that the government, given the huge resources available from places like the National Endowment for Democracy, provides no funding or support for this conference or its various participants.

Here are two questions for the government: If Mr. Warraq, Dr. Sultan et al. are really irrelevant to the larger Muslim debate, why are the jihadists so eager to kill them? And if the jihadists want to kill them, don't they deserve support as well as security?

Russia Revises Stance On US Missile Plans (FT)

By Neil Buckley, Daniel Dombey And Hugh Williamson

Financial Times, March 6, 2007

Russia said it was revising its military doctrine to reflect other powers' growing use of military force, while a Russian general warned again that Moscow could knock out elements of the US missile defence system planned for eastern Europe.

The comments came as Angela Merkel, German chancellor, added her voice to the heated international debate over the missile defence system by calling for Nato to be given responsibility for defusing concerns over the plan.

"Nato is the best place for discussion of this issue," she told the Financial Times in an interview, arguing that Washington should step up consultation with its western allies and Russia.

Her statement reflects concerns over increasing east-west tensions since Vladimir Putin, Russian president, delivered a speech in Munich sharply criticising US unilateralism, and the US formally asked Poland and the Czech Republic to host parts of the anti-missile system.

Russia disputes Washington's claims that the system is not aimed at Russia but designed to intercept missiles from "rogue" states such as Iran or North Korea.

Russia has said that it might withdraw from the 1987 Intermediate-Range Nuclear Forces treaty, which outlawed an entire class of medium-range weapons, unless the US drops plans to site the system in eastern Europe.

In the latest warning, Gen Igor Khvorov, head of Russia's strategic bomber force, said Russian bombers could easily knock out the installations. "Since missile defence elements are weakly protected, all types of our aircraft are capable of applying electronic counter measures against them or physically destroying them."

At the same time, Russia's presidential security council said it was developing a new military doctrine to take account of the growing role of force in the foreign policy of "leading states".

Without naming the US, it echoed the language of Mr Putin's complaints about Washington's unrestrained use of force.

"Leading states are paying increasing attention in military policy to modernising their military forces and improving their weaponry," the statement added. "Modern forms of armed conflict are being actively implemented, technologies for use of force are being reviewed, the configuration of military presence is being changed, and military alliances are being strengthened – particularly Nato."

But Mrs Merkel said that Nato should be the forum for greater consultation by Washington of both its western allies and Russia on the issue of missile defence. "It is better to have more discussion on this issue rather than less," she said.

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Condoleezza Rice, US secretary of state, used a visit to Berlin last month to stress that Washington had held 10 rounds of talks with Russia on the defence system since spring 2006.

Mirek Topolanek, Czech prime minister, also brushed aside European objections to the missile defence plan. "As for the 18 EU member states who host US military bases, it is not up to them to comment on the existence of such a presence in the Czech Republic," he said after talks with Jaap de Hoop Scheffer, Nato secretary general, in Brussels.

German officials said Berlin was concerned that while the defence system was not targeted at Russia, there was a danger its creation could mark a departure from the international trend since the early 1990s towards disarmament.

At an EU meeting yesterday, Jean Asselborn, Luxembourg's foreign minister, was more outspoken, calling the US plans "incomprehensible".

"We will have no stability in Europe if we push the Russians into a corner," he said.

U.S. Moves To Soothe Growing Russian Resentment (NYT)

By Thom Shanker And Helene Cooper

The New York Times, March 6, 2007

WASHINGTON, March 5 — The Bush administration has decided to reach out more often and more intensively to Russia at a time when the leadership in Moscow is harshly criticizing American policy and some scholars say the United States has not sufficiently tended to an important relationship.

Plans by the United States to base elements of a missile defense system in Eastern Europe, as well as Washington's support for expanding NATO, have compounded a sense of resentment within a Russian leadership emboldened by a flood of petrodollars.

In the wake of criticism from President Vladimir V. Putin and his inner circle of political advisers and generals, there is a growing acknowledgment among officials in Washington that the United States has not responded as rapidly or eloquently as it might have to a widespread sense of grievance in Russia.

This frustration grows from a view, broadly held in the Kremlin and among the Russian people, that the Russian leadership has accommodated many of Washington's interests in the years since the Soviet Union fell but that Washington has not reciprocated.

Senior administration officials said their initiative called for engaging Russian leaders in private discussions to illustrate that the United States was putting extra effort into nurturing the relationship and that Russia deserved a more thorough dialogue on American foreign policy and national security plans.

A senior administration official involved in developing the strategy said that under the program, "we'll have more consultation and we'll do it more extensively and more intensively, so that there is a good understanding of each other's views."

"That is not to say that every objection and concern has to be accommodated or that they have some kind of veto over our program," the official said. "What it does say is that we should be willing to sit down, both Russia and the United States, in a real dialogue, and have a real dialogue where we try and address the interests and concerns of both sides."

Those mutual interests, administration officials said, include halting the nuclear ambitions of Iran and North Korea, cooperating on counterterrorism and counternarcotics efforts and on building missile defense, which American officials argue should interest Russia, which is within striking distance of both Iran and North Korea.

Senior administration officials said the initiative would also involve a more intensive dialogue between the Russian and American militaries, a forum that might lend itself to fuller technical exchanges about Washington's plans for missile defense.

Administration officials have said they will stand their ground in defending the United States against the substance of the Russian critique. In particular, the officials say, Russian threats will not halt Washington's plans to place elements of a missile defense system in Poland and the Czech Republic, nor diminish Washington's support of NATO expansion.

The stunning directness of Moscow's recent public complaints is viewed as undermining United States-Russia relations. Equally worrisome to the administration is that the harsh tone of the Kremlin's comments has greatly troubled European allies caught in between, especially in former Soviet client states in Eastern Europe that later joined NATO.

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The new round of verbal attacks from Russia began Feb. 10 in Munich, when Mr. Putin used a keynote address at a security conference to accuse the United States of overstepping its borders to impose its will on the world through the unilateral application of military power. He criticized the American policies on missile defense and NATO expansion.

Some analysts said initially that the speech had been intended for a Russian domestic audience. But there now is a growing sense among Russia experts that the tough language was specifically aimed at the United States and the NATO allies.

"We weren't paying attention. We were distracted, busy, with other problems in the world, in particular Iraq," said Michael A. McFaul, a professor at Stanford University who is a Russia scholar. "The administration is now put in a position of playing defense, as we are finally seeing the international consequences of the rather dramatic internal transformation inside Russia with the erosion of democracy, a new ruling class, a massive transfer of property rights from so-called oligarchs to, basically, friends of Putin, most of whom are from the old K.G.B."

Senior administration officials said the new effort to reach out to Russia already had been put into action, and included Secretary of State Condoleezza Rice's consultation with her Russian counterpart, Foreign Minister Sergey V. Lavrov, during meetings in Berlin on Feb. 21 and 22 about whether Russia had the appetite to pursue a second Security Council resolution for sanctions against Iran.

The Berlin meetings were intended in large part to show Russia that the Bush administration was consulting with Moscow before its diplomatic initiatives.

Ms. Rice and Mr. Lavrov have a peppery relationship. While the two have met often to discuss Iran, most of the sessions have been in official formats including the five permanent members of the Security Council and Germany, in contrast to the more ad hoc Berlin session with Mr. Lavrov and counterparts from Germany and the European Union.

Ms. Rice's meetings with Mr. Lavrov were followed in the same week by a visit to Moscow by Stephen J. Hadley, the national security adviser. Although Mr. Hadley's trip was organized before the remarks by Russian officials, he used his visit to offer great detail about the administration's agenda, including plans for missile defense.

Mr. Hadley also gave a full description of a pending decision by the United States to build a new generation of nuclear warheads, according to American and Russian officials. Mr. Hadley offered those comments even before the Russians asked about the warhead program in that meeting.

NATO diplomats have also expressed frustration at Russia's words of shock over proposals for basing missile interceptors in Poland and radar in the Czech Republic, and they produced lists of sessions in which officials from Moscow were briefed on the antimissile effort in NATO-Russia Council sessions and in bilateral talks.

Russian officials complain that those meetings were not two-way consultations about American plans but one-way notifications at which their concerns were not weighed.

The United States needs Russia if it is to succeed in its quest of ratcheting up the pressure at the Security Council to block Iran's nuclear ambitions.

The first Security Council resolution — passed Dec. 23 — took four months to complete, partly because Russia balked at the much tougher package of economic sanctions that the Bush administration sought.

Moscow also balked over sanctions against a nuclear power plant that Russia is building in Bushehr, in southern Iran.

Russia, U.S. To Discuss START (WT)

By Nicholas Kralev

The Washington Times, March 6, 2007

The Bush administration has rebuffed Russian overtures to negotiate a legally binding replacement of the 1991 START I treaty that reduced the two countries' strategic nuclear forces but is set to expire in 2009, U.S. and Russian officials said yesterday.

An expert-level meeting between the former enemies to discuss options after the treaty's expiration is expected to take place as soon as this month, but their differences are not likely to be resolved, the officials said.

While the Russians insist on a legally binding agreement, the Americans have focused on "transparency and confidence-building measures" that would still allow both sides to verify each others' arsenals and capabilities.

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"We are not going to engage in Cold War-style arms control," said Robert Joseph, former undersecretary of state for arms control and international security. "We don't want to make nuclear warheads the currency of our relationship with Russia. Issues like cooperation on combating nuclear terrorism are much more important today."

Nuclear and arms control experts said the significance of the Strategic Arms Reduction Treaty (START) goes beyond its disarmament goals. It provides the only mutual verification mechanism, which is also relied upon by the 2002 Strategic Offensive Reductions Treaty (SORT).

"Without a verification regime, we'd be dependent on satellites and human intelligence to assess the Russian arsenal," said Daryl Kimball, executive director of the Arms Control Association. "That would lead to further mistrust and mutual suspicion."

Mr. Joseph said the United States is not opposed to copying from START measures such as site visits in any new agreement, but the way they are implemented should be different from the treaty's verification regime, which reflects the realities of the 1980s.

Russian President Vladimir Putin complained last year about what he called a "stagnation in the area of disarmament," blaming the Bush administration, which has been accused of walking away from international treaties.

"We propose to our American partners that we launch negotiations to replace the START I," Mr. Putin said in June.

Russian Foreign Minister Sergey Lavrov said last month that President Bush and Mr. Putin agreed during the Group of Eight summit in St. Petersburg in July to "start a specific discussion about the fate of our strategic stability treaties."

"We need a subject-specific discussion about how these lethal weapons can be contained on the basis of mutual trust and a balance of forces and interests," Mr. Lavrov told the newspaper Rossiiskaya Gazeta.

"We don't want a discussion reduced to the idea that, since we are no longer opponents, there is no need for us to restrain each other," he said. "That's not the right approach. Actually, it carries the risk of generating the same old arms race, since neither of us is likely to want to lag behind too much."

Russian officials said that Mr. Joseph resisted expert-level talks and preferred "strategic political discussions."

Mr. Joseph, who resigned last month, said he wanted to "get the policy framework right" so the experts know the objective of their negotiations. He noted that there was little contention as those decisions were being made within the Bush administration and expressed certainty that the U.S. position on the issue will not change.

U.S. and Russian officials said that Mr. Joseph and Russian Deputy Foreign Minister Sergey Kislyak decided to hold an expert-level session this month during their last meetings in late January and early February.

START I, signed by President George Bush in 1991, obliged Moscow and Washington to cut their deployed strategic nuclear forces of about 10,000 warheads apiece down to 6,000 each. The treaty can be extended, but either side must notify the other one year before it expires on Dec. 5, 2009.

START II, which was negotiated in 1993, never entered into force because the U.S. Senate and the Russian parliament ratified two different versions. Moscow repudiated the accord a day after the June 13, 2002, U.S. withdrawal from the 1972 Anti-Ballistic Missile Treaty (ABM) that banned strategic missile defense systems.

To replace the ABM, the current Bush administration negotiated SORT, which obligated the United States and Russia to reduce their deployed offensive nuclear forces to 1,700 to 2,200 strategic warheads each by Dec. 31, 2012, when the accord expires.

Mr. Kimball said 2,200 warheads are "well beyond our defense requirements."

Putin Critic Dies In Fall From 5th-floor Window (WT)

The Washington Times, March 6, 2007

LONDON DAILY TELEGRAPH

A journalist who had criticized Russian President Vladimir Putin and frequently irritated Russia's powerful intelligence services has died after falling from a fifth-floor window of an apartment building.

Friends and colleagues demanded an investigation yesterday into the death of Ivan Safronov, the military-affairs columnist at the Kommersant newspaper.

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Russian investigators said they believed that Mr. Safronov, 51, had committed suicide -- an interpretation that was challenged by colleagues.

Editors at Kommersant, widely regarded as the country's most authoritative newspaper, said the manner in which Mr. Safronov died pointed to foul play.

The reporter had been to a clinic, where he was being treated for an ulcer, on Friday afternoon and then stopped on the way back to buy a bag of oranges, according to witnesses.

Although he lived on the third floor, the former army colonel fell from the fifth and landed on the portico above the main entrance.

"I am sure it was murder," said Ilya Bulavinov, Kommersant's deputy chief editor. "People don't commit suicide in this manner."

Two female students heard Mr. Safronov's body land and reported that he was still alive. They rang emergency services and were told to call back in 30 minutes if the journalist were still moving. By that time, he was dead.

Russian security services have been implicated in the deaths of a number of Mr. Putin's critics, including journalist Anna Politkovskaya, who was fatally shot in Moscow in October, and the poisoning death of former KGB agent Alexander Litvenenko in London the following month.

China's Spies 'Very Aggressive' Threat To U.S. (WT)

By Bill Gertz

The Washington Times, March 6, 2007

China's intelligence services are among the most aggressive at spying on the United States, followed by Cuban, Russian and Iranian spy agencies, according to the U.S. government's top counterintelligence coordinator.

"These services are eating our lunch," Joel F. Brenner, the new head of the Office of the National Counterintelligence Executive, said in his first interview since being named to the counterspy post in August.

Mr. Brenner, a former inspector general at the National Security Agency, told The Washington Times that the U.S. remains the No. 1 target of "virtually every significant espionage service on the face of the Earth."

China's intelligence activities have been "very aggressive" at acquiring U.S. advanced technology, often before it is fully developed here. "The technology bleed to China, among others, is a very serious problem," he said, noting that the FBI is improving its efforts to identify and protect sensitive technology.

Beijing also succeeded in penetrating, and thus frustrating, U.S. intelligence against China through Katrina Leung, a Los Angeles businesswoman who was a long-time FBI informant secretly loyal to Beijing, Mr. Brenner said.

Mr. Brenner's office, known as NCIX, is working on a new presidential strategy for counterintelligence. The goal of the office is to provide strategic direction aimed at bolstering counterintelligence agencies, including the FBI, CIA and Pentagon counterspy units.

Another key priority is using counterintelligence techniques, such as turning foreign agents or recruiting supporters, against terrorist groups.

"Hezbollah or al Qaeda don't do a terrorist operation without doing an intelligence operation first," Mr. Brenner said. "They are very thorough and capable in the way they do their advance surveillance and reconnoitering. We've got to get better at that aspect of supporting counterterrorism, and that is one of our core missions here in this office."

Additionally, the NCIX is pressing counterspies to do more to stop computer-based intelligence-gathering, something he called a growing threat.

"You can now, from the comfort of your own home or office, exfiltrate information electronically from somebody else's computer around the world without the expense and risk of trying to grow a spy," Mr. Brenner said.

"We've got to start addressing that in a big way," he said. "Network vulnerability is a huge issue, and it's an issue in the private as well as a public sector."

Mr. Brenner also said he is trying to recruit more-capable people to join counterintelligence services.

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"You can't leave counterintelligence to the fanatics and paranoiacs," he said. "We really need our best people, and so training and education and supporting national security studies is something we're paying a lot of attention to."

He also plans to speed up damage assessments, or lessons learned, after spy cases and to conduct aggressive follow-up to make sure recommended changes are implemented.

Currently, the NCIX is conducting a damage assessment of the Leung spy case, examining how Leung secretly spied for China by sexually entrapping two of the FBI's most senior counterspies, FBI agents James J. Smith and Bill Cleveland.

The Leung case was a "very serious espionage case," Mr. Brenner said, a view that contrasts with that of FBI officials who have sought to play down the spy case, saying it was mainly about improper sexual relations between the FBI informant and her handlers. Leung, through her lawyers, has denied spying for China.

Mr. Brenner said China, however, was in fact running Leung as their agent. "That was an intelligence operation, and it was a very successful intelligence operation," he said. "It was a classic honey trap" -- spy jargon for sexual entrapment.

Leung was initially charged in 2003 with spying for China, but the charges were dropped and she eventually pleaded guilty in 2005 to minor charges: making false statements and filing a false tax return. Smith also pleaded guilty to lying to investigators.

In addition to China, Cuba's intelligence services continue to pose a major intelligence threat, as do spies from Russia and Iran, Mr. Brenner said, noting that Cuban intelligence remains a "a very professional service."

"They were trained by the KGB, and now they're training the Venezuelans," he said.

Russia's intelligence service remains "very aggressive" against the United States, and "the Iranians also have a mature and capable service," he said. All "are running significant operations against us."

Overall, the problem of stopping foreign spies is daunting, both due to the number of spies and as a result of problems among U.S. agencies charged with stopping them, namely the FBI, domestically, and the CIA, overseas. Mr. Brenner said he is trying to reform counterintelligence as the mission manager within the office of the director of national intelligence.

Various counterspy agencies, from the Defense Department to the FBI and CIA, have regarded counterintelligence "as an intramural sport."

"We're trying to turn the [counterintelligence] community into a community in reality as well as in name," he said.

"Americans are going to wake up one day and realize that the place in the world we have come to take for granted isn't ours by some God-given right. We have to defend it," he said.

US Warns China On Military Build-up (AFP)

By Olivier Knox

AFP, March 6, 2007

The United States warned China Monday that its announced military spending boost was "inconsistent" with peaceful growth and hinted that Beijing was understating its defense expenditures.

"This kind of spending not only concerns us but raises concerns among China's neighbors. This is inconsistent with China's policy of peaceful development," said White House national security spokesman Gordon Johndroe.

"We hope they will demonstrate more transparency in the future," Johndroe told AFP by telephone.

He declined to elaborate, but US officials in the past have used such language to mean that they do not believe that China's declared military budget accurately represents their actual defense spending.

Johndroe's comments came after Beijing announced a nearly 20 percent increase in defense expenditures in 2007.

And Chinese Premier Wen Jiabao said Monday that China would continue to strengthen its armed forces, remarks applauded by military leaders who want to counter new threats and take back Taiwan.

"Building a solid national defense system and a powerful people's army is a strategic task in socialist modernization," Wen told the opening of the annual session of the National People's Congress, or legislature.

Wen made the pledge while addressing nearly 3,000 lawmakers a day after the Chinese government announced the biggest increase in its military budget in recent years.

Spending in 2007 will rise 17.8 percent from last year to 350.9 billion yuan (about 45 billion dollars), it said.

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Reunification with Taiwan is one of China's long-term objectives, and analysts have said Beijing is beefing up its military partly to enable it to take the island back by force if necessary.

China and Taiwan have been separated since the end of a civil war in 1949, but Beijing considers the island a renegade province.

"Taiwan is our territory. Just look at history. Why can't we take Taiwan back?" said Tan Naida, a delegate from the National Defense University.

Since the beginning of the decade, Taiwan has been ruled by independence-leaning President Chen Shui-bian, exacerbating fears in Beijing that the island could break away for good.

At the US State Department, spokesman Sean McCormack coupled a warning against any steps that would "destabilize the status quo" with strong criticism of Chen's recent pledge to push for Taiwan independence as "unhelpful."

"We believe that any action that would destabilize the status quo or threaten that status quo are not helpful and we would like the parties to refrain from such activities," he said.

"As it is well-established, the US does not support independence for Taiwan," he said.

On Sunday Chen told a group of Taiwan independence advocates that "Taiwan wants independence, Taiwan wants to change its name, Taiwan wants a new constitution, Taiwan wants development."

Such rhetoric in the past has angered Beijing, and raised concerns in the United States, which has pledged to protect Taiwan from Chinese military aggression.

The comments from Washington came nearly two weeks after US Vice President Dick Cheney said that China's military build-up and recent test of a satellite-killing weapon were "not consistent with China's stated goal of a 'peaceful rise.'"

And US Defense Secretary Robert Gates has also recently expressed concern, saying late last month that he suspected that "the Chinese are spending more on their military than what will be reflected in the state budget."

Taking Stock In China (WSJ)

By Fang Xinghai

The Wall Street Journal, March 6, 2007

Last week the Shanghai Stock Exchange's Composite Index unexpectedly dropped 8.84%, the largest one-day decline in 10 years. Surprisingly, to those of us inside China, leading stock markets around the world followed the drop. In same-day trading in New York, the Dow Jones Industrial Average tumbled 3.29% and the NASDAQ 3.86% -- their sharpest falls since 9/11. While China's trade and production have a big global impact, the sell-off in the SSECI is a watershed event that marks the beginning of the integration of China's financial markets into the wider world.

The sell-off itself was most likely just a natural burst of volatility in a richly valued market, not a sign of the Chinese economy's direction, and the global markets perhaps overreacted. Still, the event demonstrates how interconnected the world has become, and why every country should manage its affairs to avoid unnecessary disturbances to the rest of the world.

So how can China avoid excessive stock-market swings? In an earlier era, the government would cool an overheated stock market by issuing warnings and taking administrative measures such as forbidding certain funds from investing in stocks. But China now boasts a trillion-dollar-plus market with a market capitalization equal to 45% of Chinese GDP.

Were the government to intervene now as it did before, it would likely cause unnecessarily large volatilities, with serious results for the economy. And in an era of rapid change, it is far more difficult now to know whether the market is actually "overheating." Government intervention will most likely either stunt an otherwise healthy, growing market or come so late that the damage is already unavoidable.

A better alternative than government intervention to ensure the smooth functioning of China's stock market is to build in a self-adjusting mechanism. The first step is to continue to strengthen China's institutional investor base.

According to the latest figures from the Shanghai Stock Exchange, institutional investors already own close to 40% of its floating market capitalization. But that's not enough. Since most individual investors have little idea how to value stocks, they tend to bid up prices too high in a bull market and drive them down too low in a bear market. Institutions can value stocks far better and can, over the medium- to long-term, align prices much more closely with the fundamentals.

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That's why China should approve more new mutual funds, increase quotas under the Qualified Foreign Institutional Investor scheme so more overseas institutions can enter the market, and allow more insurance and pension money to be invested in stocks. And yes, hedge funds should be legalized.

The second step is to introduce short-selling and stock-index futures. Without a short-selling mechanism investors can only make money when the market goes up. That puts a huge bias on bullish comments and trading behavior. It would help to create more balanced views and trading patterns if investors could make money even in a declining market.

The technical preparations for both steps are already done. But their implementation has been delayed repeatedly for the sake of waiting for the "proper time." When the market was rising last fall, it was feared that allowing stock shorting would kill a nascent bull market. So reforms were delayed until January 2007. After entering the new year, the market rose further and the SSECI quickly closed in on the 3000 level -- and it was feared this time that introducing short-selling would cause big drops in the market. This is another classical example of how opportunities are lost when government is put in charge of making this kind of market decision.

A third step is to loosen government control on initial public offerings. It has long been the practice in China to pace IPOs carefully in order to drive up the market. But this often leads to a supply shortage of new shares and elevates IPO prices, which tends to enhance the overall market price-to-earnings ratio. Already, many IPOs are priced at more than 30 times earnings. The natural stock price adjustment through supply and demand is thus hindered. It's time to introduce an IPO process where the pace is set by the market, not dictated by the government.

Lastly, China's Qualified Domestic Institutional Investor program -- the primary vehicle for Chinese investors to invest overseas via mutual funds -- should be expanded. So far a total of $14 billion in international investing quotas have been distributed among participating institutions, but less than half that amount has been taken up by investors. That's because under current regulations QDII funds largely can only invest in overseas fixed-income products. The lower returns on these investments, and the appreciating Chinese currency, encourage people to keep their money at home.

If the investment scope of the QDII program is expanded to include stocks, investors surely will be more enthusiastic, given the increasingly large price gap between domestic and overseas shares. For example, securities firms are trading at 40 times earnings in China, whereas in overseas markets the best international securities firms are trading at less than 15 times earnings. Given a free choice, many domestic investors would opt for international firms. Some argue that Chinese institutions don't yet know how to invest in overseas stocks. But this can be solved by linking up with international money managers.

Compared with the last bull market from 1999 to 2001, China's institutional investors are far stronger, and this gives us some hope that the current bull run can last longer. However, the majority of investors are still individuals -- and more and more first-time stock investors are getting into the market. Given the huge amount of savings and low interest rates (among other factors) in China, there is good reason to believe that the market can still go too high unless steps are taken to increase market flexibility.

The market is now too big and complex for any able government agency to fine-tune and engineer a soft landing. The government is better advised to improve the market and rely more on its inner mechanisms than on its own ability to intervene.

Mr. Fang is deputy director for financial services in the Shanghai Metropolitan Government, and was deputy chief executive of the Shanghai Stock Exchange from 2001 to 2005. The views expressed here are his own.

Mixed Ruling On Genocide Still Puts Pressure On Serbia (NYT)

By Marlise Simons

The New York Times, March 6, 2007

THE HAGUE, March 2 — The recent ruling by the United Nations' highest court that found fault with Serbia under the Genocide Convention complicates Serbia's diplomatic rehabilitation, several legal experts said.

They said the decision by the International Court of Justice would bind diplomats of the European Union and NATO, whose ties with Serbia have been growing. That is so, the experts said, even though the court did not find that Serbia was directly responsible for the genocide of close to 8,000 Bosnian Muslims in 1995, but found that it "could and should" have prevented the killings as the Genocide Convention requires.

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"Holding Serbia in violation of the Genocide Convention creates new pressures," said Antonio Cassese, a former president of the war crimes tribunal in The Hague and now a law professor in Italy. "There is great moral weight attached to this. It can pose all sorts of obstacles for Belgrade, unless it acts quickly and makes arrests" of the key war crimes suspects who have long been at large, though they are charged with genocide.

The judges ordered Serbia to hand over not only "individuals accused of genocide," but also those accused of other crimes whose trials are pending at the United Nations tribunal for the former Yugoslavia, in The Hague.

The tribunal's chief prosecutor, Carla Del Ponte, immediately sent a letter to the 27-nation European Union about the decision.

In their ruling on Feb. 26, the 15 judges of what is often called the World Court said that by failing to hand over individuals accused of genocide, notably the Bosnian Serb leaders Ratko Mladic and Radovan Karadzic, Serbia was violating the 1948 Genocide Convention, which requires the arrest and punishment of perpetrators.

Legal experts said the ruling had important effects reaching beyond Serbia, because any country sheltering Mr. Mladic or Mr. Karadzic would now be considered in violation of the convention.

"This is a huge issue with other international repercussions," said David Scheffer, a law professor at Northwestern University in Chicago. "It confirms that all states have an obligation" to take action against people accused of genocide, he said, "and part of that is apprehending them."

The decision will affect other fugitives, he said, such as those accused in the Rwanda genocide who are in hiding or on the run from the United Nations Rwanda tribunal. Other lawyers said it may have an application in the violence in Darfur, which the United States has called genocide.

The ruling came in response to a civil lawsuit that Bosnia had brought against Serbia, the first time one nation sued another over claims of genocide. It was the most complex case in the 60-year history of the court, which the United Nations set up to rule on disputes between nations. The tribunals for Yugoslavia and Rwanda, in contrast, are criminal courts trying individuals.

The judges ruled that Bosnian Serb troops committed genocide against Muslims in 1995 in Srebrenica. Serbia's links with the Bosnian Serb troops were close and firmly established, the court said, but it ruled 13 to 2 that it did not have proof to justify finding Serbia directly liable for genocide.

A minority of four judges found Serbia guilty of complicity in the genocide.

The majority nonetheless faulted Serbia for not using its considerable influence to prevent the genocide.

The findings, variously described by international law experts as timid, ambiguous or a tactful compromise, have caused anger in Bosnia and relief in Serbia, which was absolved of having to pay the war reparations that Bosnia had demanded. Bosnian Muslims, who were a majority of the victims of the 1992-1995 war driven by Serbia, called the ruling a disgrace. Serbs in Bosnia expressed anguish at seeing their forces explicitly accused of genocide.

At the same time, the court strengthened the hand of Ms. Del Ponte, the chief prosecutor of the Yugoslavia war crimes tribunal, who has unceasingly called for the arrest of Mr. Mladic, Mr. Karadzic and three other Bosnian Serb leaders.

On Thursday, the prosecutor sent a letter to Angela Merkel, the German chancellor, who currently holds the rotating presidency of the European Union, referring to the court decisions. She asked Germany to ensured that the union did not resume talks about closer ties with Belgrade.

"I have strong evidence that Ratko Mladic and Radovan Karadzic remain in Serbia, under protection," the letter said. It was the task of the European Union "to keep up the pressure" on Serbia to deliver its five remaining fugitives, she wrote.

In the past, the European Union has been firm in saying it could not start membership talks with Serbia until it hands over the fugitives, but recently a number of countries, including Britain, Italy and Spain, have favored a more flexible attitude. They say membership talks would support the moderates in the Belgrade government and that Serbia's cooperation is needed to resolve the future status of its province, Kosovo. Last year, NATO invited Serbia to join its Partnership for Peace venture.

The prosecutor is known to fear that the tribunal, whose mandate ends in 2010, may close down before trying the fugitives.

Joël Hubrecht, a researcher at the Institute for Advanced Legal Studies in Paris, said Serbia, having ignored calls from the Security Council for the fugitives, may also ignore the World Court.

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Still, the ruling associates Serbia's present government with the scourge of genocide, even if it happened under the past government of Slobodan Milosevic.

"It is not just the Milosevic regime that was held in violation; the new Serbia is now held in violation as well," said Phon van den Biesen, a Dutch lawyer and a leader of the Bosnian legal team. "Until it corrects this by making arrests, this is bound to have an adverse effect on decisions around Europe, and in the European Parliament."

Mr. Scheffer of Northwestern agreed. "There is no question Serbia has been stigmatized," he said. "It's going to be a challenge for the government to deal with that."

No Comfort (NYT)

The New York Times, March 6, 2007

What part of "Japanese Army sex slaves" does Japan's prime minister, Shinzo Abe, have so much trouble understanding and apologizing for?

The underlying facts have long been beyond serious dispute. During World War II, Japan's Army set up sites where women rounded up from Japanese colonies like Korea were expected to deliver sexual services to Japan's soldiers.

These were not commercial brothels. Force, explicit and implicit, was used in recruiting these women. What went on in them was serial rape, not prostitution. The Japanese Army's involvement is documented in the government's own defense files. A senior Tokyo official more or less apologized for this horrific crime in 1993. The unofficial fund set up to compensate victims is set to close down this month.

And Mr. Abe wants the issue to end there. Last week, he claimed that there was no evidence that the victims had been coerced. Yesterday, he grudgingly acknowledged the 1993 quasi apology, but only as part of a pre-emptive declaration that his government would reject the call, now pending in the United States Congress, for an official apology. America isn't the only country interested in seeing Japan belatedly accept full responsibility. Korea and China are also infuriated by years of Japanese equivocations over the issue.

Mr. Abe seems less concerned with repairing Japan's sullied international reputation than with appealing to a large right-wing faction within his Liberal Democratic Party that insists that the whole shameful episode was a case of healthy private enterprise. One ruling party lawmaker, in his misplaced zeal to exculpate the Army, even suggested the offensive analogy of a college that outsourced its cafeteria to a private firm.

Japan is only dishonored by such efforts to contort the truth.

The 1993 statement needs to be expanded upon, not whittled down. Parliament should issue a frank apology and provide generous official compensation to the surviving victims. It is time for Japan's politicians — starting with Mr. Abe — to recognize that the first step toward overcoming a shameful past is acknowledging it.

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

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TERRORISM NEWS:

Privacy Board Clears U.S. Spy Programs (AP)

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By Hope Yen, Associated Press Writer

AP, March 6, 2007

A White House privacy board is giving its stamp of approval to two of the Bush administration's controversial surveillance programs — electronic eavesdropping and financial tracking — and says they do not violate citizens' civil liberties.

Democrats newly in charge of Congress quickly criticized the findings, which they said were questionable given some of the board members' close ties with the Bush administration.

"Their current findings and any additional conclusions they reach will be taken with a grain of salt until they become fully independent," said Rep. Bennie Thompson, D-Miss., who chairs the House Homeland Security Committee.

After operating mostly in secret for a year, the five-member Privacy and Civil Liberties Board is preparing to release its first report to Congress next week.

The report finds that both the National Security Agency's warrantless eavesdropping program and the Treasury Department's monitoring of international banking transactions have sufficient privacy protections, three board members told The Associated Press in telephone interviews.

Both programs have multiple layers of review before sensitive information is accessed, they said.

"We looked at the program, we visited NSA and met with the top people all the way down to those doing the hands-on work," said Carol Dinkins, a Houston lawyer and former Reagan administration assistant attorney general who chairs the board.

"The program is structured and implemented in a way that is properly protective and attentive to civil liberties," she said.

Some board members were troubled by the Homeland Security Department's error-ridden no-fly lists, which critics say use subjective or inconclusive data to flag suspect travelers.

One area the board will focus on in its report is the computerized anti-terrorism screening system recently announced by DHS and used for years without travelers' knowledge to assign risk assessments to millions of Americans who fly abroad.

"That's a place where there's a lot of opportunity for improvement," Dinkins said.

Lanny Davis, a former Clinton White House counsel and the lone Democrat on the panel, described the board's first report to Congress as modest. He said most of the work in the past year was spent being briefed on the administration's surveillance programs.

"We felt reassured regarding the checks-and-balance concerns," Davis said. He said that after several classified briefings, members were impressed by the multiple layers of review, which included audit trails to track whoever has access to the data.

Still, Davis said he anticipated the board will continue to monitor the program as needed. "It would be a mistake if that was the end of the review," he said.

The board's initial findings come as Congress is moving forward on measures to give the board more authority and make it more independent of the president. Created in late 2004, the panel was established as a compromise between Congress and the White House after a recommendation by the Sept. 11 commission.

Both conservative and liberal civil liberties groups have urged the members to aggressively review the eavesdropping program and have questioned whether board members would stand up to the president if he were flouting the law.

In recent weeks, the administration has agreed to let a secret but independent panel of judges oversee the program. But many lawmakers and civil libertarians have remained skeptical about its legality, and the Justice Department's inspector general is investigating whether the agency used any of the information improperly.

The warrantless program monitors phone calls and e-mails between the United States and other countries that are suspected to be linked to agents of al-Qaida. A federal judge in Detroit last August declared the program unconstitutional. Government attorneys have since asked a Cincinnati-based appeals court to dismiss the lawsuit, arguing the case is moot because the surveillance is now monitored by a secret court.

Marc Rotenberg, executive director of the Electronic Privacy Information Center, called it absurd that the White House board effectively gave the eavesdropping program its stamp of approval even before the administration was forced to backtrack and submit it to court oversight.

"I have no confidence in the current board in its ability to provide meaningful evaluation of important programs such as the no-fly lists, based on its work on the domestic surveillance program," he said. "It is critical that Congress make the civil liberties board independent of the executive branch."

The board does not have subpoena power, and the White House can change its annual reports before they go to Congress. The members serve at the pleasure of Bush, and Attorney General Alberto Gonzales has final say over whether officials must comply with the board's recommendations.

Separate House and Senate measures would require that the entire board — not just the chairman and vice chairman — be confirmed by the Senate.

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The House version would also remove the board from the executive office of the president but keep it within the executive branch and give it subpoena power. The Senate version would keep the board within the executive office and allow it to ask the attorney general to issue subpoenas, with notice to Congress required if a subpoena request was refused or modified.

The privacy board members declined to comment on the proposed legislation. But they have made it clear they believe the board works effectively in its current structure and that it could alienate the president if members took on a more openly adversarial role.

Bush appointed Dinkins, a Republican, to chair the board. A longtime friend of the Bush family, she was treasurer of Bush's first campaign for governor of Texas, and she is a longtime partner in the law firm of Vinson & Elkins, where Gonzales was once a partner.

The panel's other GOP members are vice chairman Alan Raul, a Washington attorney, and former U.S. Solicitor General Theodore Olson. Former Ambassador Francis Taylor is an independent.

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On the Net:

Privacy and Civil Liberties Oversight Board: http://www.whitehouse.gov/privacyboard/

Experts Want New Definition Of Torture (AP)

By William J. Kole, Associated Press Writer

AP, March 6, 2007

Prisoners who endure poor or degrading treatment suffer much of the same long-term psychological distress as do captives who are tortured, suggests a study published Monday.

The study was based on interviews with victims of ill treatment and torture while imprisoned in the former Yugoslavia, and experts said the findings underscored the need for a broader definition of torture.

"What is the basis for the distinction between torture and other cruel and degrading treatment? Science should inform this debate," the study's lead author, Metin Basoglu of the Institute of Psychiatry at King's College in London, told The Associated Press in a telephone interview. The study was published in the Archives of General Psychiatry.

Steve H. Miles of the University of Minnesota's Center for Bioethics, who was not involved in the study, said the findings "show that the severity of long-lasting adverse mental effects is unrelated to whether the torture or degrading treatment is physical or psychological."

"The wrongness of these inflicted harms is compounded by the fact that most abused prisoners, including those in the present war on terror, are innocent or ignorant of terrorist activities," Miles said.

The Bush administration has said the U.S. uses legal interrogation techniques — not torture — to gain information that could head off terror attacks. It insists that the U.S. complies with the U.N. Convention Against Torture.

Yet Washington's definition of torture, as interpreted by the U.S. Justice Department after reports of American abuses at Guantanamo Bay and in Iraq and Afghanistan surfaced, is fairly narrow.

It excludes mental pain and suffering created by acts that do not cause severe physical pain, such as blindfolding, hooding, forced nudity, isolation and deprivation of sleep or light, the researchers said, citing a Dec. 30, 2004, Justice Department memo. The document also contends that for an act to be considered torture, there must be proof that it inflicts "prolonged mental harm."

"The implications of such a narrow definition of torture have raised serious concerns in the human rights community," said the study. "These findings suggest that physical pain per se is not the most important determinant of traumatic stress in survivors of torture."

The study involved interviews with 279 victims who suffered ill treatment and torture while imprisoned in the 1990s in the former Yugoslavia.

The researchers said they found that aggressive interrogation techniques, humiliating treatment, verbal abuse, threats against a captive's family and being forced to watch an acquaintance being tortured produced much of the same long-term mental trauma as physical torture.

"Sham executions, witnessing torture of close ones, threats of rape, fondling of genitals and isolation were associated with at least as much if not more distress than some of the physical torture stressors," they wrote.

Such experiences were just as likely as physical torture to lead to depression or post-traumatic stress disorder, the study said.

"Ill treatment during captivity ... does not seem to be substantially different from physical torture in terms of the severity of mental suffering they cause," it concluded. "These procedures do amount to torture, thereby lending support to their prohibition by international law."

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Shukrije Gashi, a pro-independence activist in Kosovo, was jailed by Yugoslav authorities in 1983 and spent nearly two years as a political prisoner. Strictly speaking, she wasn't tortured, but 2 1/2 decades later it still feels that way, she says.

Gashi was confined to a cramped, unventilated cell and fed small rations of often-rotten food. Allowed to shower just once a month, she endured frequent beatings and verbal abuse.

Today, she still trembles whenever she sees the police. Her ordeal, she says, is "a spiritual burden that stays with you forever."

Gashi copes by writing poetry and running a center for conflict management.

But 24 years later, she still can't erase the indelible memories of what she endured.

"The treatment in prison was horrific," she said. "I remain psychologically burdened. Memories of the violence follow me like a shadow."

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Associated Press Writer Garentina Kraja in Kosovo contributed to this report.

US Has No Case For Redefining Torture: Study (AFP)

By Louise Daly

AFP, March 6, 2007

US government attempts to redefine torture are flawed, a new study argued Monday, as psychological torture can inflict the same kind of long term damage on victims as physical torture.

The investigators said their findings undermine moves by the US government to narrow its definition of torture in order to free interrogators to use certain psychological methods aimed at breaking a prisoner's resistance.

"The distinction between torture and degrading treatment is not only useless, but also dangerous," said Steven Miles, professor of bioethics at the University of Minnesota, Minneapolis, in an accompanying editorial in the journal of the Archives of General Psychiatry.

Researchers who evaluated the mental health of soldiers and civilians tortured during the 1990s Balkan wars found that victims of psychological abuse were just as likely to suffer from post-traumatic stress disorder (PTSD) and depression as victims of classic physical torture methods.

The researchers also reported that the torture victims rated some techniques such as stress positions, isolation, sleep deprivation and blindfolding as distressing as most physical torture methods.

"Ill treatment during captivity, such as psychological manipulations, humiliating treatment, and forced stress positions, does not seem to be substantially different from physical torture in terms of the severity of mental suffering they cause," the study's authors wrote.

"Thus, these procedures do amount to torture, thereby lending support to their prohibition by international law," they wrote in the journal.

In 2003, lawyers for the US Justice Department and a Pentagon working group report on detainee interrogations made the case for a narrow definition of torture that excludes procedures such as blindfolding and hooding, forced nudity, isolation and other psychological manipulations.

The Justice Department memorandum argued that the scope of the term torture should be limited to those acts which could be shown to result in "prolonged mental harm," according to the study.

The development followed allegations of human rights abuses at US detention facilities in Iraq, Afghanistan and Guantanamo Bay, Cuba.

However, the authors of this paper said that based on their analysis of the experiences of torture victims from the modern Balkans conflict, the US appears to be drawing a distinction without a difference.

They said their analysis of 279 Bosnian, Croatian and Serb torture survivors showed that the individuals who suffered psychological abuse had the same rates of depression, PTSD, and social and work-related problems as others who had endured beatings, burnings, sexual abuse and other forms of physical punishment at the hands of their captors.

They suggested that the trauma is the same, because regardless of the form of aggression, the effect is to create fear or anxiety in the detainee while at the same time removing any form of control from the person in order to create a state of total helplessness.

The study was written by Metin Basoglu, head of trauma studies at the Institute of Psychiatry, King's College, London, with help from colleagues at the department of psychiatry at the Clinical Hospital Zvezdara in Belgrade.

Guantanamo Detainees Ask Supreme Court To Guarantee Legal Rights (AP)

By Mark Sherman, The Associated Press

DOJ_NMG_0140764

AP, March 6, 2007

Lawyers for Guantanamo detainees held more than five years without charges asked the Supreme Court Monday to step in a third time to guarantee that they can challenge their confinement in U.S. courts.

The detainees want the justices to hear their case and issue a decision before the Court ends its term in early summer.

"Not only are these questions of paramount legal importance, but the extreme and worsening plight of the Guantanamo detainees make them questions of great humanitarian urgency as well," lawyers for the detainees wrote in court papers urging the justices to decide the case.

The Court has twice ruled that foreigners imprisoned at the U.S. naval base in Cuba can pursue their cases in American courts, rejecting Bush administration arguments.

The latest Supreme Court appeal follows a federal appeals court ruling last month that limited detainees' legal rights. The 2-1 decision by the U.S. Court of Appeals for the D.C. Circuit upheld a key provision of the Military Commissions Act, which President George W. Bush pushed through Congress last year to set up a Defense Department system to prosecute terrorism suspects. Now, detainees must prove to three-officer military panels that they don't pose a terror threat.

Separately, the justices said they would not grant quick review in the cases of two other Guantanamo detainees who have been designated by the Pentagon to face criminal charges in front of a military tribunal.

Salim Ahmed Hamdan of Yemen and Omar Khadr, a Canadian, wanted a high court ruling before their military trials take place, possibly as early as this summer.

If the Court agrees to hear the other detainee cases on a fast track, arguments could be held May 7, the detainees lawyers said. The justices could render a decision by the customary end of their term in late June.

The administration does not oppose expedited consideration of the appeals, the lawyers said.

The island prison at the U.S. Navy base on land leased from Cuba has become a rallying cry for international and domestic criticism of administration policy.

Some of the nearly 400 prisoners have been at Guantanamo since the detention facility opened more than five years ago -- after the Sept. 11 terrorist attacks. A number of detainees have committed suicide.

The administration has argued that legal protections do not apply to foreigners outside American territory and that the Guantanamo prison is beyond the reach of U.S. civilian courts.

Hundreds of people suspected of ties to al-Qaida and the Taliban -- including some teenagers -- had been swept up by the U.S. military and secretly shipped there beginning in 2002.

Many of the detainees were the innocent victims of Afghan and Pakistani bounty hunters who sold them to U.S. forces, lawyers for the detainees have said.

Democrats who took over the House of Representatives and Senate in the elections in November have vowed to rewrite the 2006 law that swept away the detainees' access to U.S. courts. It was enacted by the then-Republican-controlled Congress at the request of the White House.

The Supreme Court has twice thwarted the administration's efforts to keep the detainees out of the courts.

The Bush administration has reacted to each of the two previous rebuffs by undertaking remedial measures.

In 2004, the justices ruled that the courts can hear the detainees' cases, saying that prisoners under U.S. control have access to civilian courts, no matter where they are being held.

In 2006, the justices ruled that Bush's plan for military war crimes trials, planned for a small number of Guantanamo Bay detainees, is illegal under U.S. and international law. The justices also said a law that Congress passed in 2005 to limit federal court lawsuits by Guantanamo detainees did not apply to pending cases.

After the Supreme Court ruling in 2004, the Pentagon set up panels that reviewed whether each of the detainees had been correctly categorized as an enemy combatant and, therefore, not entitled to any legal rights.

After the justices' ruling in 2006, Congress at the urging of the White House enacted the law that blocked detainees from coming into U.S. courts.

Associated Press writer Pete Yost contributed to this report.

Guantanamo Intimidation (WP)

The Washington Post, March 6, 2007

CULLY STIMSON may be gone from the Pentagon, but his spirit unfortunately lives on. Mr. Stimson, you may recall, was the Pentagon official in charge of Guantanamo Bay prisoners who had to leave his post after suggesting that private law firms shouldn't be representing detainees. Now the Pentagon's chief Guantanamo prosecutor, Air Force Col. Morris Davis, has gotten into the attack-the-defense-lawyers act, this time complaining about the conduct of a military lawyer assigned to defend Australian David Hicks, who has been accused of terrorism. Mr. Hicks, who has spent five years at Guantanamo after allegedly

being caught fighting for the Taliban in Afghanistan, was charged last week with providing material support for terrorism and is to face trial before a military commission.

Mr. Hicks's outspoken military lawyer, Marine Maj. Michael Mori, has spent a good deal of time in Australia helping stir up public support for his client, and he has been unsparing in his criticism of the military tribunals, going so far as to call them kangaroo courts. His needling clearly is getting under the prosecution's skin. "Certainly in the U.S. it would not be tolerated having a U.S. Marine in uniform actively inserting himself into the political process. It is very disappointing to see that happening in Australia, and if that was any of my prosecutors, they would be held accountable," Col. Davis was quoted as telling The Australian newspaper. Col. Davis, though he later said he wasn't suggesting a court-martial, noted that it is a crime under military law for an officer to use "contemptuous words" about high public officials.

Col. Davis's unsubtle effort to quiet Maj. Mori may be even more disturbing than Mr. Stimson's remarks: It's not likely that private law firms are going to be intimidated out of representing their clients, but military lawyers who have to fear for their careers might think twice before zealously representing their clients. "Recent statements attributed to both the defense and prosecution in the David Hicks case do not reflect the views of the Department of Defense," Pentagon press officer Cynthia O. Smith told us when we called for comment. Okay, but it's the prosecution that really needs reining in.

HOMELAND RESPONSE:

New York Officials Urge Renewal Of Federal Terrorism Insurance (NYT)

By Diane Cardwell

The New York Times, March 6, 2007

New York officials urged Congress yesterday to renew a terrorism insurance program set to expire at the end of this year that they said allowed the city's economy to recover and grow in the years after the Sept. 11 terror attack.

The program, created by the Terrorism Risk Insurance Act in 2002 and extended in 2005, was devised when insurers began excluding terrorism from their property policies after Sept. 11, 2001. Under its terms, the federal government would pay most of the cost of losses from a foreign terror attack, up to a total of $100 billion a year. In seeking its renewal, the officials told the House Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises at a hearing in Manhattan that without it, the city's robust development engine could sputter to a halt.

Senator Charles E. Schumer told the panel gathered at City Hall that the cycle of pending expiration and renewal had created a damaging "fear pattern" among insurers, and he argued that the program should be made permanent or at least cover the next 15 years.

"The closer we get to the expiration, the fewer projects are planned," said Mr. Schumer, Democrat of New York.

Mayor Michael R. Bloomberg also spoke in support of continuing the program, saying it was crucial to the city's overall economic health.

"Without a doubt, the federal government's terrorism insurance program has been a critical part of New York City's revival and is giving businesses the confidence to move forward with exciting new projects," he said. "But without terrorism risk insurance, none of them would ever get off the ground."

The officials also urged lawmakers to extend the program to cover domestic terrorism and to take into account the possibility of nuclear, biological, chemical and radiological attacks.

Critics have argued that the act was an unneeded gift to the insurance industry and has weakened the marketplace by encouraging insurers to depend on it.

But Eric R. Dinallo, acting superintendent of the State Insurance Department, said that the program helped correct a market dynamic in which insurers would avoid offering coverage, or offer it only at astronomical prices to cover all possible outcomes of unpredictable acts.

Referring to the federal program, Mr. Dinallo said it "doesn't replace the private sector" but "makes private-sector involvement possible."

United States Representative Carolyn B. Maloney, a Democrat who represents parts of Manhattan and Queens and who had requested the hearing in New York, echoed that sentiment. She called the act "an essential tool for providing economic security following a terrorist attack, not a bailout of the insurance industry."

FEDERAL DIARY: Union Proposal For Airport Screeners Stalls At The Gate (WP)

By Stephen Barr

Washington Post, March 6, 2007

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It's almost a replay from five years ago.

The Senate plans to vote today on whether to extend union rights to federal airport screeners, a fundamental question that confronted Congress when it created the Transportation Security Administration after the Sept. 11, 2001, terrorist attacks.

Following a contentious debate at the time, Congress left union rights to the discretion of the Bush administration, which decided collective bargaining was inappropriate for TSA workers because of national security considerations. Last month, Sen. Joseph I. Lieberman (I-Conn.), brought the issue back, a sign of how the 2006 election has changed congressional priorities.

But the administration is holding firm. Yesterday, at a Senate subcommittee hearing, Kip Hawley, head of the TSA, rejected proposals by Lieberman and Sen. Claire McCaskill (D-Mo.) that would provide bargaining rights for transportation security officers, popularly called security screeners.

The proposals, Hawley said, pose "a serious negative security impact."

Although unions represent law enforcement officers at the Border Patrol and the U.S. Capitol Police, Hawley said the demands placed on screeners, who work in more than 400 airports, are different than those at other agencies.

"TSA's mission requires that its officers be proactive, that TSOs constantly change what they do and where they do it," he said. "They are required to flex to different places in the airport and to meet suddenly changing security and operating needs."

Providing bargaining rights would allow unions to take grievances to outside arbitrators to review management decisions "after the fact" and "sets up a morass of wasted time that detracts from the focus on security," Hawley said.

The TSA has provided senators with a private briefing on TSA security requirements, using information that cannot be publicly disclosed, Hawley said.

After Hawley's testimony, the Senate panel heard from John Gage, president of the American Federation of Government Employees, who said Hawley's concerns were misplaced. Since 2002, AFGE has pushed for the right to bargain on behalf of the TSA employees.

Gage pointed to the union contract with the Capitol Police, which he said permits the police chief to suspend contract provisions on shift assignments, vacations and other workplace matters to meet staffing shortages or emergencies. Gage, who noted that AFGE bargains on behalf of employees at the Defense Department and other agencies with security-related work, suggested the Capitol Police contract could be a model for the TSA.

Union contracts are "bargained in the context of an agency's mission," cannot stop an agency from deploying employees and provide employees with a forum to address unfair treatment, Gage said.

"These are rights," he said. "They should not be taken away lightly."

The hearing was held by the Senate Homeland Security and Governmental Affairs subcommittee on the federal workforce, chaired by Sen. Daniel K. Akaka (D-Hawaii). He was joined at the hearing by Sens. George V. Voinovich (R-Ohio), Susan M. Collins (R-Maine), John W. Warner (R-Va.) and Tom Coburn (R-Okla.).

Coburn suggested the hearing would not make a difference in the Senate's deliberations because the union-rights provision is on the chamber's floor in legislation dealing with unfinished recommendations from the 9/11 commission. "Doing this [hearing] after the fact says a whole lot on how the Senate operates," he said.

Last week, Sen. Jim DeMint (R-S.C.) proposed striking the Lieberman provision from the bill. McCaskill, in turn, offered a substitute that would give TSA screeners the right to collective bargaining but make it clear that they cannot strike or negotiate for higher pay.

Her amendment stipulates that screeners must follow agency orders during emergencies and "newly imminent threats." She also would prevent the use of classified or sensitive information in grievance proceedings.

Collins said yesterday that she hopes to win support for a compromise that would guarantee screeners coverage by government-wide whistle-blower protections and that would assure them the right to appeal major disciplinary actions to the Merit Systems Protection Board, an independent agency.

She hinted that her proposal would let senators put off a decision on screener union rights for a year by requiring a review of the TSA personnel system, probably by the Government Accountability Office.

Aides to President Bush have said they will recommend a veto of the bill implementing the 9/11 panel's recommendations if it includes union rights for screeners. Senate Republicans hope to sustain the veto, noting that 36 GOP senators, including Coburn and Warner, have signed a letter to Bush objecting to the union provision.

Unions Vs. Security (WSJ)

The Wall Street Journal, March 6, 2007

It's getting to be a full-time job keeping track of the favors that Democrats in Congress are doing for Big Labor. The latest two episodes are especially notable because they'd benefit unions at the expense of national security.

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First up is Senator Jim DeMint's (R., S.C.) proposal to bar certain convicted felons from working in ports. Members of Congress professed to be outraged last year when a few U.S. ports would have been managed by Dubai Ports World. But a far larger concern is that 750,000 workers currently have unescorted access to secure port areas, and felons are obvious recruitment targets for any number of bad actors, including terrorists.

Mr. DeMint offered this amendment last year as part of the port security legislation. Democrats unanimously consented to it on the Senate floor, only to gut it later under the cover of a House-Senate conference. This was done at the request of the International Longshore and Warehouse Union, which later bragged about its political clout.

Mr. DeMint was back trying again last week, and every Senate Democrat once again voted for his amendment. However, they also voted for a separate amendment from Hawaii's Daniel Inouye that would allow future Administrations to delete the DeMint requirements. Both amendments now go to House-Senate conference, and with Democrats in the majority it's not hard to guess which one will emerge in the final bill.

Meanwhile, Democrats also keep trying to impose collective bargaining rights for all 43,000 screeners at the Transportation Security Administration. Congress expressly denied such organizing ability when it created TSA in 2001, on the sensible grounds that union work rules would compromise security.

Screeners need to adapt to changing threats, often with random and unpredictable methods. Union rules would require negotiating over these methods with labor chiefs at each work site, meaning at every airport. By TSA's estimate, union rules would also require pulling some 8% of the work force offline to meet new management demands. This would require either closing screening lanes or adding thousands of new screeners at more cost to taxpayers.

Democrats in both the House and Senate have nonetheless tucked TSA unionization provisions into their "9/11 Commission recommendation" bills. The White House has objected, however, and 36 Republican Senators have already promised to sustain a veto. So Democrats are now falling back to Plan B, which is a "compromise" offered last week by new Missouri Senator Claire McCaskill. Under her approach, airport screeners would still be forced into collective bargaining, though the TSA head would have the right to put union rules aside in case of "emergency" or "imminent threat."

Those concepts could certainly use some fleshing out, since we thought terrorism after 9/11 was threat enough. Mr. DeMint asked on the Senate floor last week if Ms. McCaskill considered the global war on terror to be such an "emergency," and she said no -- but that a hurricane might qualify. We didn't know TSA screened for bad weather.

Mr. DeMint also asked if al Qaeda constituted an imminent threat. Ms. McCaskill largely dodged the question, noting instead that denying union rights because of "world-wide terror" was "specious reasoning." We realize that rookie Senators feel obliged to repay their supporters, but someone more senior should protect Ms. McCaskill from embarrassing herself so publicly. A vote on her amendment is expected as early as today.

All of this follows last week's largely party-line vote in the House to deny workers their long-held right to a secret ballot in organizing elections. The Democratic Presidential candidates are also falling in union line, with Senator Barack Obama recently vowing that he'll sign the secret-ballot ban if he makes it to the White House. John Sweeney and the AFL-CIO sure are getting their money's worth; voters are another story.

Repeal Real ID (USAT)

By Anthony D. Romero

USA Today, March 6, 2007

Real ID should be repealed, especially after the Department of Homeland Security (DHS) released its vague and evasive regulations last week. Rather than answer the hard questions and provide solid guidance, DHS told the states to find solutions by 2010, effectively passing the hot potato to the next administration.

Real ID's passage wasn't a true democratic process. A backroom deal attached it to a must-pass Iraq war/tsunami relief bill. No hearings. No debate. It lacks legitimacy from not having been studied, debated, considered and directly voted upon.

That democratic scrutiny would have shown that Real ID is an unfunded mandate that violates the Constitution's 10th Amendment on state powers, destroys states' dual sovereignty and consolidates every American's private information, leaving all of us far more vulnerable to identity thieves.

On privacy, DHS punted again by saying it "believes that it would be outside its authority to address this issue within this rulemaking" and encouraging the states to come up with a solution.

Real ID is not a solution that can stop terrorism. Clever and resourceful "terrorists" will always find ways to get IDs.

Twenty-three state governments so far have recognized how bad the law is and have repudiated Real ID in various legislative actions using strong terms such as repeal, prohibit, oppose, protest and delay. The federal government can't simply drop "terrorism" into dubious legislation and make us all stop thinking rationally.

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Last week, DHS admitted Real ID will cost much more to implement than state legislators estimated in a comprehensive study. Instead of $11 billion, the cost to the states will range from $10.7 billion to $14.6 billion, plus individuals will have to cover an additional $7.8 billion, raising the price tag to as much as $22.4 billion.

Congress is taking credit for "solving" national security problems by forcing unachievable solutions onto states and giving them very little to do it. DHS made matters worse last week by releasing regulations that fail to address concerns about Real ID's impact on the states and constitutional rights.

Anthony D. Romero is executive director of the American Civil Liberties Union.

Time Running Out On Arguments Against Real ID (USAT)

USA Today, March 6, 2007

Khalid Al-Midhar and Hani Hanjour, the al-Qaeda hijackers who crashed American Airlines Flight 77 into the Pentagon, obtained the paperwork needed for their Virginia driver's licenses by paying $100 to an illegal immigrant in a convenience store parking lot. Five other 9/11 terrorists also had licenses from Virginia, although none lived there. With the fraudulently obtained IDs, the hijackers were able to rent cars and board planes to carry out their murderous plot.

As any underage drinker knows, getting a phony driver's license isn't difficult. But the stakes of tolerating fake IDs extend far beyond teenagers trying to buy beer. "For terrorists, travel documents are as important as weapons," the 9/11 Commission noted in calling for national standards to make driver's licenses more uniform and tamper-proof.

In response, Congress passed the Real ID Act in 2005, setting minimum standards for licenses and state-issued ID cards. Last week, after much delay and debate, the Department of Homeland Security (DHS) issued proposed rules for implementing the law. If your state doesn't follow the rules, you won't be able to use your license as ID to get on a plane or into a federal building.

Real ID has produced much howling about the costs, the likely hassles at state motor vehicle departments and the potential threat to privacy. All are valid concerns. But the fact is that driver's licenses are the nation's principal form of ID. As long as that's the case, they need to be credible.

Taking the arguments of Real ID opponents one at a time:

·It won't make the nation safer. True, there's no guarantee that the law would have stopped the 9/11 hijackers and that determined terrorists won't find a way around the new requirements. Averting terror attacks, however, requires layers of security. Credible IDs are an important layer.

·It costs too much. Motorists will have to spend an estimated $20 more, a relatively small sum for a standardized, tamper-proof license. For states, the costs are estimated at up to $14.6 billion over five years, offset by as much as $100 million in federal grants this year alone , on top of $40 million in federal aid already provided. Governors can make a case for more help, but cost-sharing arguments shouldn't stop the program from going forward.

·It violates privacy. The creation of large databases always is reason to be wary. But the new regulations don't create a national ID card or giant Big Brother-like federal database. States will still issue the licenses and retain information used to verify identity. Making an existing database more credible threatens privacy far less than many private sector data collections do.

·It forces illegal immigrants to drive without licenses or insurance. Illegal immigrants won't be able to get Real ID licenses, but states will be allowed to issue permits allowing them to drive and obtain insurance. In any event, the nation's immigration problems require a comprehensive solution in Washington; they can't be solved at state motor vehicle departments.

·It's too hasty. This is just absurd. DHS gave states until the end of 2009 to have programs in place to replace all licenses by 2013 — a sluggish 12 years after the 9/11 attacks.

Each day that driver's licenses lack credibility is a day of needless vulnerability. As DHS Secretary Michael Chertoff told Congress last month, "If we don't get it done now, someone's going to be sitting around in three or four years explaining to the next9/11 Commission why we didn't do it."

WAR NEWS:

Democrats Alter Plan To Restrict Iraq War (WP)

By Jonathan Weisman

The Washington Post, March 6, 2007

Senior House Democrats, seeking to placate members of their party from Republican-leaning districts, are pushing a plan that would place restrictions on President Bush's ability to wage the war in Iraq but would allow him to waive them if he publicly justifies his position.

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Under the proposal, Bush would also have to set a date to begin troop withdrawals if the Iraqi government fails to meet benchmarks aimed at stabilizing the country that the president laid out in January.

The plan is an attempt to bridge the differences between anti-war Democrats, led by Rep. John P. Murtha (Pa.), who have wanted to devise standards of troop readiness strict enough to force Bush to delay some deployments and bring some troops home, and Democrats wary of seeming to place restrictions on the president's role as commander in chief.

The legislative jujitsu in the backrooms of Capitol Hill underscores the difficulties the Democrats face in confronting the issue that helped them regain control of Congress -- Iraq. Democrats passed a resolution in February opposing Bush's deployment of 21,500 additional troops to Iraq, but Murtha's proposal to go a step further by restricting deployment to troops deemed to be adequately trained and equipped elicited a fierce response from Republicans, while also dividing the Democratic caucus.

The new plan would demand that Bush certify that combat troops meet the military's own standards of readiness, which are routinely ignored. The president could then waive such certifications if doing so is in "the national interest."

Democrats hope the waiver and benchmark proposals, whose details were confirmed by aides and senior Democrats close to the House Appropriations Committee and leadership, will keep the policymaking responsibilities on Bush. That should allow the committee to move forward next week with a $100 billion war spending bill.

"They're going to end up where they should have started a long time ago: You set readiness requirements, time-in-country requirements, time-in-rotation requirements as policy, then grant the president waivers and demand why it's so important for him to violate these principles," said a senior Democrat close to the Appropriations Committee. "It's all part of military regulations now. You have to elevate that to the policy of the country."

But any dilution of Murtha's original proposal is likely to infuriate the antiwar wing of the party, which wants dramatic action now. After a conference call yesterday, antiwar and labor groups all but gave up on Murtha's approach, concluding they could only support a war-funding "supplemental" bill if it contains a deadline for withdrawing troops.

Participants -- including the Service Employees International Union, MoveOn.org, Win Without War and the Iraq veterans group VoteVets -- insisted there would be more support for a straightforward approach to ending the war than the roundabout efforts Murtha champions.

"A timeline will make a vote for the supplemental a vote to end the war and a vote against it a vote for war without end," said Tom Matzzie, Washington director of MoveOn.org Political Action.

That conclusion mirrors the judgment of even some of the Democrats the proposal was meant to attract. One conservative lawmaker, who spoke on condition of anonymity for fear of angering Democratic leaders, dismissed Murtha's approach as "too cute by half."

Democratic leaders are not likely to embrace a straightforward legislative timetable. But they hope the adoption of the benchmarks will win over antiwar groups.

Under those benchmarks, which Bush laid out in a speech to the nation Jan. 10, the Iraqi government would have to take responsibility for security in all of Iraq's provinces by November, and adopt and implement oil-revenue-sharing legislation. The government would also have to spend $10 billion of Iraq's money on job-creating reconstruction and infrastructure projects; hold new provincial elections this year; liberalize laws that purged Baath Party members from the government; and establish a fairer process for amending the Iraqi constitution.

If those benchmarks are not met, Democrats would demand Bush submit to Congress a timetable for withdrawing troops, leadership aides said. The idea is to force Bush to abide by his own promises but to make sure he remains responsible for conducting and ending the war.

In the Senate, Democratic leaders are drafting a resolution that would drastically narrow the scope of the military mission in Iraq to that of a support role, with the emphasis on counterterrorism activities. The effort is expected to last most of the week, with debate starting on the Senate floor as early as next week.

But unlike last month, when nonbinding language expressing opposition to Bush's troop increase plan was blocked by GOP procedural objections, Democrats this time intend to give Republicans broad latitude to offer their own Iraq-related measures. If Republicans go along, the result could be a remarkably robust and wide-open debate -- but nothing of consequence is likely to pass.

Staff writers Shailagh Murray and Lyndsey Layton contributed to this report.

Liberal Democrats Revolt On Iraq Spending Bill (POL)

The Politico, March 6, 2007

Speaker Nancy Pelosi (D-Calif.) is facing a full-blown revolt from liberal House Democrats over the $98 billion Iraq supplemental bill, according to Democratic insiders. Anywhere between 50 to 75 Democrats are now threatening to vote against

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the bill because it doesn't go far enough toward ending the war, including setting a date certain for withdrawal of U.S. combat forces from Iraq, said the sources. Pelosi and Democratic leaders are expected to postpone markup of the Iraq bill in the House Appropriations Committee by at least a week in order to buy time to resolve the matter.

Liberals are unhappy with the current proposal being discussed by Rep. John Murtha (D-Pa.) and the Democratic leadership, which would prevent President Bush from sending more troops to Iraq unless they are certified as being properly equipped, trained and rested to take on combat missions. After weeks of political attacks from Republicans, Murtha softened his original proposal so that Bush can waive the requirements, although the White House would have to report to Congress why they are issuing such waivers. The Blue Dog Coalition, a group of moderate and conservative Democrats from swing districts, also wanted Murtha to soften his proposal.

But as happens so often in politics, if you move too far in appeasing one group, you then alienate another, which is what's happening here. Liberals Dems now don't want to vote for the Iraq supplemental, with many pointing out to Pelosi and party leaders that they never have voted for one before and aren't about to start doing so now just because Democrats are in the majority. These Democrats also want to offer their own alternative proposal to cut off Iraq funding immediately as an amendment to the supplemental on the House floor, said Democratic leadership aides.

Liberals Democrats like Rep. Maxine Waters (Calif.), co-chairwoman of the Out of Iraq Caucus, want to end the war now, so they want a date certain for a withdrawal or pullout or "strategic redeployment," and they want it in the Iraq supplemental or they won't vote for it. "They figure that we won the election on a promise to end the war, and they want to live up to that promise," said a senior House Democratic lawmaker who spoke on the condition of anonymity. "It's a tough place the speaker is in right now, but we'll work all this out."

Pelosi has a bit of a problem here. If the Democratic leadership puts a date certain for withdrawal in the bill, there's a chance that enough Blue Dogs Democrats would defect and vote with Republicans, meaning the bill could down for defeat outright. While that might suit anti-war lawmakers and groups. the political consequences could be disastrous for the party. It would end the Iraq war by default since there would be no more money for combat operations, and Republicans would punish the Democrats for years over it.

But if she leaves out a date-certain withdrawal, Pelosi may lose her left, and that's her power base, both within the Democratic Caucus and the party at large. She faces a very ticklish task sorting the whole thing out, although the senior Democrat lawmaker isn't worried. Pelosi "will get everyone on board at the end of the day," the lawmaker insisted.

The House Democratic Caucus will met at 12 p.m. on Tuesday, and Iraq will be at the top of the agenda, according to Democratic sources.

Consensus Slow To Build On Iraq Supplemental (RC)

By Emily Pierce

Roll Call, March 6, 2007

As House Democratic leaders continue their attempts to craft a supplemental spending bill that limits the Iraq War while continuing to fund it, both liberal and conservative Democrats signaled that they might be willing to be team players if leaders accommodate them in small ways.

As of Monday evening, the chances of committee action on a bill this week were slipping away and it was unclear whether House Democratic leaders would include language, first proposed by Rep. John Murtha (D-Pa.), to restrict in some way the president's ability to deploy troops to Iraq unless he publicly acknowledges that he is sending troops into combat without meeting certain readiness requirements.

However, one House Democratic leadership aide indicated that the bill most likely would include a provision requiring the president to report to Congress on whether the benchmarks he set out for the Iraqi government are being met. And there were other indications Monday that House Democratic leaders were considering language requiring the president to seek Congressional approval for any military action against Iran.

Speaker Nancy Pelosi (D-Calif.) huddled with her leadership team Monday afternoon in an attempt to manage the competing forces within the party and devise a $100 billion-plus war spending bill that could be ready for floor action as early as next week.

On his way into the strategy session, House Majority Leader Steny Hoyer (D-Md.) said the decision on how or whether to try to rein in the Iraq War was "a moving target, but we may come to a consensus. That's why we keep talking."

Democratic Caucus Chairman Rahm Emanuel (Ill.) said he believes "that on the core pieces, we have a Caucus consensus."

He said Democrats broadly agree that any "conditionality" on the president's use of funds should be focused on getting the Iraqi government to take over many of the operations currently being performed by U.S. soldiers.

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Emanuel said a majority of Democrats believe that more money should go to the war in Afghanistan because "that's where al Qaida is." In fact, several Democratic sources indicated that appropriators had decided to shift some funds from the Iraq conflict to the re-emergent terrorist elements in Afghanistan.

Emanuel also said Democrats are committed to making sure the troops "have all the funding and equipment they need."

Even if a consensus is forming, it appears less likely that the overall bill will be ready for committee action this week. Because the limitations on war funding are not the only unresolved issues in the bill, House Democratic sources said it appeared increasingly unlikely that a draft would be ready by the end of today. That means that a possible Friday markup would be out of the question, considering House rules that require three days between a bill introduction and committee consideration.

Having the committee markup next week would put a significant time crunch on House leaders, but they could always waive the three-day waiting period for bills that come out of committee and are headed for the floor, sources indicated.

Additionally, the White House threw a wrench into the works Monday by indicating that it would send up a modified request for war funds as early as today, according to The Associated Press. The AP noted that the new request likely would be about $2 billion more than the nearly $94 billion for the Iraq War requested earlier this year and would specifically fund the president's controversial plan to send an additional 21,500 troops to Iraq.

Still, Democratic leaders appeared to be getting a little breathing room within the Caucus on Monday, as liberal Members began indicating that the House leadership could mitigate defections from the left by allowing a vote on an amendment to require the Pentagon to use the $100 billion to withdraw troops from Iraq and not for further combat missions.

One knowledgeable House Democratic aide said members of the Progressive Caucus might be more inclined to vote for the war-funding bill if they first were allowed to vote against such funding, considering that the amendment to fund a withdrawal is almost certain to fail.

"I think you'd see more sort of accommodation," said the aide, who noted that some liberals would still end up voting against the bill. "There are a certain number of Members who've never supported a supplemental for Iraq."

The Progressive Caucus has set up its own whip operation to find out where its 71 members stand on Iraq War funding and the proposals being floated by members of the Democratic leadership, the aide said.

"We feel this is an opportunity to flex our muscles," the aide said.

Meanwhile, conservative Democrats, particularly those in the Blue Dog Coalition, may be willing to swallow some limits on the president — with a waiver — if the leadership also adopted the language of their manifesto for providing accountability for the ballooning costs of the war.

Blue Dogs have introduced a resolution that would demand periodic reports from the Defense Department inspector general and the special inspector general for Iraq reconstruction on how the nearly $400 billion already appropriated for the war has been spent.

The resolution also calls for the creation of a commission to conduct ongoing studies of government contractors in Iraq, insists that war funding should be conducted through the regular appropriations process, and asks the Bush administration to condition any further U.S. "financial, military and political resources" on the Iraqi government taking over police duties in country.

While noting that the Blue Dog Coalition as a whole has not taken a position on whether to set conditions on war funds, one aide to a coalition Member said including the resolution in the supplemental would "go a long way to making [the bill] a lot more palatable."

With Republican leaders threatening to whip against the supplemental if it includes any sort of funding restrictions — even those with a presidential waiver — Democrats can afford to lose only 15 of their own on the vote or risk seeing the bill fail in a highly public House floor vote.

In the meantime, Democratic leaders cautioned that language limiting the president on Iraq was not the only issue unresolved on the bill, given that Democratic leaders decided to include additional funding for hurricane relief in the Gulf Coast, for agriculture disasters and for a shortfall in poor children's health care programs.

"It's a major piece of legislation, and there's a lot of t's to cross and i's to dot," said one senior House Democratic aide.

And details of the bill remained under wraps Monday.

"We won't be releasing any details until we have a final package, and we don't have a final package," said Kirsten Brost, spokeswoman for House Appropriations Chairman David Obey (D-Wis.).

Testing Time For Democrats (WP)

By E. J. Dionne Jr.

The Washington Post, March 6, 2007

The story of the new Congress is actually two stories. Democratic leaders and their grass-roots supporters will decide in the coming days which narrative will prevail.

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In January, Democrats dominated the news, the public agenda and the Republicans. In the last weeks of February, the Republicans came back -- not by offering grand proposals but by using the limited tools they have to prove that Democrats don't have enough power, yet, to end the war in Iraq.

When they took control, Democrats looked crisp and disciplined, attributes not normally associated with their party. Speaker Nancy Pelosi's House quickly passed the Democrats' popular campaign promises, including measures on the minimum wage, stem cell research, renewable energy and reforms of the student loan and Medicare prescription drug programs.

This agenda had its skeptics, but it provided focus for a party long out of power and drew significant Republican defections, feeding a raft of "Republicans in Disarray" stories. Pelosi noted at a January news conference that so many Republicans voted for the Democratic proposals that one of her colleagues joked: "Maybe you made these bills too easy."

The Senate Democrats quickly pushed through a different version of the minimum-wage increase, and the party's leading foreign policy voices framed a critique of President Bush's Iraq policy that squared with the public's increasingly skeptical view of the war.

But recent weeks have held nothing but trouble for Democrats -- and it is odd, as one Democrat noted, that they should be on the defensive when the scandal over the treatment of wounded veterans at Walter Reed Army Medical Center has focused attention on yet another failed aspect of the administration's execution of the war and its aftermath.

Instead, one news story after another has highlighted differences among congressional Democrats over how to end the war. There is also the divide between the Washington party and activists at the grass roots and in the blogosphere. All of these problems are rooted in two unalterable facts: Democrats, on the basis of their thin majorities in Congress, lack the numbers to force an unwilling president to alter his course. And they are short of votes to cut off funds for the war altogether.

This week could well determine whether Democrats splinter or find a new strategy on Iraq based on the unhappy but realistic assumption that -- unless Bush suddenly opens himself to new approaches -- the fight to change course in Iraq is likely to go on all this year, and perhaps into the next.

The premise of any strategy, said Rep. Rahm Emanuel, chairman of the House Democratic caucus, must be that "a lot of people were overshooting the runway on what one piece of legislation could accomplish." Emanuel was referring to the effort of war critics to achieve too many of their goals all at once through the supplemental appropriations bill for Iraq and Afghanistan.

The Illinois Democrat (whose commitment to gradualism has won him some enemies in antiwar ranks) said House Democrats will attempt this week to narrow their focus to three problems they can address through the supplemental bill. They will add funds for the war in Afghanistan, to make the point that the president's proposal "misses the mark" when it comes to defeating al-Qaeda. They will place clear demands on the Iraqi government to prove its effectiveness. And they will "give the troops what they're supposed to have, whether it's training or equipment."

Among some of the staunchest congressional foes of the war, there is a growing awareness of the obstacles they face. Rep. John Murtha (D-Pa.), an antiwar hero, sent an important message to his allies when he said Sunday on " Meet the Press" that "we don't have the votes" to cut off funding for the war.

Murtha is expected to offer a long-promised proposal this week that would impose readiness requirements on all troops sent to Iraq. But in an attempt to pick up moderate and perhaps even Republican votes, Murtha will add a provision allowing Bush to waive the requirement -- putting the burden on the president to explain why he is sending troops into harm's way with inadequate rest and training.

Democrats and the left face a testing time. For some in the antiwar movement, failing to end the war right now is immoral. But as Murtha suggested, a short-term strategy to end the war can't work. This is a long struggle, and those engaged in it need to battle for the long term.

White House Likely To Update War Request (AP)

By Andrew Taylor

AP, March 6, 2007

The White House is ready to ask Congress for more money for President Bush's plan — already hotly debated — to send 21,500 new combat troops into Iraq.

The move would pay for support personnel and otherwise update last month's request for the Iraq war. It probably will draw criticism from Democrats who say the Pentagon had low-balled estimates of the costs of Bush's plan for improving security in Baghdad and Anbar province.

The latest request could come as early as Tuesday, modifying last month's $93.4 billion request for military operations in Iraq and Afghanistan through Sept. 30.

Though the changes may be relatively modest, they nonetheless are embarrassing to the White House and the Pentagon, which earlier dismissed criticism from lawmakers that the original $5.6 billion estimate for the troop buildup was too low.

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Deputy Secretary of Defense Gordon England told the Senate Budget Committee last week that about 6,000 additional support personnel — such as headquarters staff, military police, and medical personnel — would be needed to complement the 21,500 additional combat troops.

Hours after England testified, White House Chief of Staff Joshua Bolten paid a rare visit to the Capitol to press Senate GOP leaders for the additional money.

The modified request was being finalized Monday, said administration and congressional aides. In addition to the money for increased troop strength, the White House will press for more dollars to battle the Taliban's resurgence in Afghanistan and get mine-resistant vehicles.

The request probably will come to about $2 billion. It will be accompanied by equal-sized reductions to elsewhere in the larger request, which contained money for two next-generation Joint Strike Fighters and a V-22 tilt rotor aircraft.

At the same time, lawmakers have signaled they will provide an additional $3 billion to put in place the latest round of military base closings. The military base money — cut from the president's budget when Democrats pushed through a huge spending bill last month — has the strong support of the administration.

In addition to concerns about Bush's plan to send more troops to Iraq, Democrats say the Pentagon has underestimated the cost of the new mission. The $5.6 billion price covers deployment of combat troops through Sept. 30.

Typically, it takes 5,500 support troops for a 4,000 combat brigade, according to the Congressional Budget Office. But the Defense Department says the most recent addition of troops will require far fewer support troops because a sizable support infrastructure is in place in Baghdad and Anbar province.

Democrats are looking at the must-pass supplemental spending bill as a way of attaching their domestic initiatives. They include farm disaster aid, money for a children's health insurance program and improvements to levees around New Orleans.

Only 28% Think U.S. Will Win In Iraq (USAT)

By Jill Lawrence

USA Today, March 6, 2007

WASHINGTON — A new USA TODAY/Gallup Poll shows deepening pessimism on Iraq, even as many Americans are reluctant to limit money or troops for the war effort.

Only 28% say the United States will probably or definitely win the war, down from 35% in December and the lowest since the question was first asked in September 2005. The share of people who now call the war a mistake is 59% — the same as September 2005 and the highest level in the 58 times the question has been asked since the war began.

RESULTSComplete poll results

The poll asked about proposals circulating on Capitol Hill as Congress weighs how to exert influence on President Bush's Iraq policy. House Democrats could unveil their plans this week.

Six in 10 people said they want Congress to set a timetable to withdraw all U.S. troops by the end of 2008. Three-quarters said Congress should require that U.S. troops come home if Iraqi leaders don't keep pledges to reduce violence, and that U.S. troops have at least a year's stay in the USA between deployments to Iraq. The mandatory break is part of a plan by Rep. John Murtha, D-Pa.

At the same time, six in 10 people said they don't want Congress to deny funding for additional troops to be sent to Iraq. A slim majority, 52%, said they don't want lawmakers to revoke the authority they gave Bush in 2002 to use military force in Iraq.

Sen. Joseph Biden, D-Del., a presidential candidate and chairman of the Senate Foreign Relations Committee, is pushing to revoke that authority. Sen. Hillary Rodham Clinton, D-N.Y., another White House candidate, wants to cap troop levels in Iraq. That idea won support from 54% in the poll.

Linda Fowler, a government professor at Dartmouth College, said there's some recent evidence of a decline in violence in Baghdad, "but that doesn't seem to have penetrated the public consciousness."

Fowler said that is because of other developments such as "wrenching stories" about National Guard and Reserve troops going off on their second and third tours of duty, and the turmoil at Walter Reed Army Medical Center "reminding people that we are asking a great deal of our soldiers and not properly taking care of them."

Bush's approval rating in the new poll was 33%, while 63% disapproved of his performance. That was a slight dip from last month, when 37% approved and 59% disapproved.

The latest poll showed a partisan divide. Majorities of Democrats supported every step to limit or wind down the war. Majorities of Republicans supported only the year-long break for Guard and Reserve troops and withdrawing troops if Iraqi officials don't reduce violence.

Reviving The Vietnam War (USAT)

DOJ_NMG_0140774

By Jonah Goldberg
USA Today, March 6, 2007

There's a deep irony to the Democratic Party's dilemma over Iraq. For 30 years, the party's left-wing base has reflexively proclaimed every foreign policy challenge "another Vietnam." These voices rise and fall with America's fortunes. In 1991, again in 2003 and ever since, they've insisted Iraq is Arabic for Vietnam. They also claimed that Afghanistan was Pashtun for Vietnam. There were even some who insisted Kosovo was Serbo-Croatian for Vietnam and, of course, Nicaragua, El Salvador and Grenada were each feared to be Spanish for Vietnam. Like the old saw about Eskimos having a hundred words for snow, it seemed that anyplace the United States sends troops creates a new word for Vietnam.

Indeed, two years ago — when the air was already thick with Vietnam clichés — I wrote in this space, "You get the sense that Earth could be invaded by Klingons and some editorialist would hear 'echoes of Vietnam' amidst their disruptor blasts."

So it shouldn't be as surprising as it seems to be that, lo and behold, the Democrats are behaving as if Iraq is Vietnam all over again. But it is only now dawning on the Democrats that the Vietnam War wasn't exactly their finest hour.

The Democratic pickle is exquisitely simple: In the past election, they ran as the anti-war party and promised to bring the war to a close, but, like the dog who finally catches the car fender, they're at a loss about what to do now. As Virginia's Rep. Jim Moran says of his fellow Democrats, they "want to make sure this is still President Bush's war," but the only way they can end the war is to take possession of it. The Democratic base thinks that'd be fine. But, one gets the sense, someone in the party's leadership understands that might be a problem.

The Democrats are incapable of escaping the gravitational pull of the Vietnam myths they've nurtured for decades. At the same time, the liberal memory of the Vietnam War has become so gauzy and saccharine with nostalgia that they're unprepared to grapple with the downsides of their own all-purpose analogy. All that seems to matter is proving that the Iraq war not only has been lost but must be lost, lest the Vietnam worldview be invalidated. As my colleague Rich Lowry said in regard to Pennsylvania Democrat John Murtha's effort to sneakily thwart the Bush surge: "It used to be that the war had to end because it was a failure; now it must fail so that it can end." For example, Massachusetts' Sen. Edward Kennedy ridicules the notion that a withdrawal from Iraq would have grave humanitarian costs.

"I heard the same kinds of suggestions at the time of the end of the Vietnam War," Kennedy told NBC's Tim Russert, mocking the notion that we'd have a "great bloodbath" with more than 100,000 dead. "And for those of us that were strongly opposed to the war, (we) heard those same kinds of arguments."

Yes, but those arguments were right. Our withdrawal from Vietnam did contribute to a great bloodbath. More than a half-million Vietnamese died at sea fleeing the grand peace Kennedy and his colleagues orchestrated. And more than 1.2 million Cambodians died at the hands of the Khmer Rouge, thanks to the power vacuum created by our "humanitarian" withdrawal. Sen. Chris Dodd, D-Conn., a presidential candidate, insists that a U.S. withdrawal from Iraq can't make things any worse. In 1975 he took a similar line: "The greatest gift our country can give to the Cambodian people is peace, not guns. And the best way to accomplish that goal is by ending military aid now." Someone rent Dodd a DVD of The Killing Fields.

Of course, the costs of defeat in Vietnam were hardly just humanitarian. America's loss at the hands of a small, comparatively weaker nation arguably prolonged the Cold War and has long served as an emboldening example to enemies eager to believe Uncle Sam has a glass jaw — from Saddam Hussein to Osama bin Laden.

In the wake of 9/11, Ayman al-Zawahri, bin Laden's lieutenant, warned: "O, American people, your government is leading you to a new losing war. O, U.S. people, your government was defeated in Vietnam and fled scared from Lebanon. It fled from Somalia."

The Democratic Party itself — once the leader in vigorous internationalism — has since Vietnam been perceived as fundamentally unreliable on foreign policy by many American voters. Indeed, someone in the party recognizes this, which is why Democrats are working so hard to avoid being seen as the primary authors of U.S. defeat in Iraq, the way they were perceived after the Vietnam War.

The New Yorker's George Packer wrote in 2004 that since its experience with Vietnam, "the Democratic Party has had no foreign policy." Though Democrats were eager to spout the language of liberal internationalism in the 1990s, Packer noted, the Clinton administration nonetheless "allowed a genocidal war to bleed away in the Balkans for two-and-a-half years before acting to end it."

I don't think it's fair to say the Democrats have had no foreign policy — it's more that they've had lots of them. But Packer's invocation of Clinton's intervention in the Balkans illuminates an important point. Today, liberals proudly tout the Yugoslavian campaign as nigh upon the sole proof that Democrats believe America can use its military power as a force for good. Forgotten are the anti-war left's opposition to an American empire, Clinton's circumvention of the United Nations (at least Bush had U.N. resolutions to back him up), or the ups-and-downs of public opinion. All people remember is victory.

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If President Bush's surge is successful, odds are Americans will think it was all worth it. If, on the other hand, the Democrats are successful at ending the war in defeat, it's not at all clear Americans will see our loss as the unambiguous triumph Kennedy remembers in Vietnam. Nor is it clear they'll congratulate Democrats for securing a sure defeat rather than chancing a possible victory.

Jonah Goldberg is editor at large of National Review Online. He is a syndicated columnist and a member of USA TODAY's board of contributors.

Bomb Hits Baghdad Book Mart (LAT)

By Christian Berthelsen,

The Los Angeles Times, March 6, 2007

A suicide attacker kills 30 at the longtime haunt of the Iraqi cultured set.

BAGHDAD — For decades, the Mutanabi Street book mart was a feeding ground for Iraq's intellectuals, serving up a rich menu of history and philosophy texts, novels and biographies, and atlases and manuscripts to the Middle East's most voracious readers.

On Monday, it proved yet another rich target for a suicide bomber, who left 30 dead and 60 wounded in one more grisly attack that evaded Baghdad's security crackdown.

The bomber detonated a sedan packed with explosives while sitting in a traffic jam in the area, shattering what had been a crystalline spring day.

The explosion left shoppers and sellers screaming and crying amid burning cars, pools of blood and bodies of the dead and injured. Notebooks and stationery fluttered in the air before scattering to the ground.

The incident was the latest to underscore the difficulty faced by U.S. and Iraqi forces as they try to stem sectarian violence here, and it raised questions about how long certain factions, such as Shiite Muslim militias, would continue to comply with the new security plan before taking revenge.

Nine American soldiers were killed Monday, the military announced today.

In Salahuddin province, north of Baghdad, six American soldiers were killed by an explosion near their vehicle, the military said. It said three other soldiers were wounded in the attack on a Task Force Lightning patrol conducting combat operations.

In Diyala province, northeast of the capital, three more soldiers from the same task force were killed in a similar attack, a separate announcement said.

The nine deaths would bring the number of American military personnel killed in the Iraq theater since the conflict began in 2003 to 3,184, according to a count by icasualties.org.

Around the capital Monday, police found the bodies of 25 men who had been shot to death, a number higher than in recent days and approaching the pre-crackdown average.

Since the operation was launched Feb. 13, it has seen some success in reducing such death squad killings, which are believed to be the work of Shiite militias.

Bombings at sites where people congregate, seen by the U.S. as largely the work of Sunni Arab insurgents, continue to occur virtually every day, and so far the bolstered forces in Baghdad have been largely powerless to stop them.

"The notion of deterring attacks depends on a rational adversary who does not want to die," said Loren Thompson, a defense analyst at the Lexington Institute in Arlington, Va. "If you are facing a spiritually motivated zealot who associates martyrdom with success, deterrence will not work."

Iraqi security officials and policymakers acknowledge that they face a difficult task trying to head off attacks on civilians in crowded areas, but they say the job can be done with aggressive intelligence work targeting insurgents and through technology that detects car and belt bombs, as well as through political negotiations.

"Of course, stopping the car bombs is more difficult than stopping the assassinations," said Ammar Tuma, a lawmaker with the largely Shiite Al Fadila al Islamiya party who sits on the Iraqi parliament's security committee. Still, he said, "I'm optimistic of the capability of the plan to reduce these terrorist attacks."

In recent days, U.S.-led military forces have launched long-delayed efforts to establish regular security patrols in Sadr City, a Shiite slum of Baghdad that is home to radical cleric Muqtada Sadr and the Al Mahdi militia that is loyal to him. The operation has been one of the most delicate undertakings of the new security plan because of the volatility of Sadr's followers, who have been relatively safe under the watchful eyes of the Al Mahdi. U.S. and Iraqi forces conducted operations in the district again Monday without incident.

Downtown Baghdad was another story.

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Iraqis have long held a reputation as the Middle East's bibliophiles; as an Arabic saying goes, "Egypt writes, Beirut prints and Baghdad reads." Occupying several streets of a cultural district around what had been an Ottoman Empire garrison, the Mutanabi book mart once offered virtually everything a reader could want.

But since the fall of Saddam Hussein four years ago, visitors to the mart have found it dominated by religious texts, particularly those of the majority Shiites.

"Destruction was everywhere," said Haydar Jassim, a 22-year-old who works at a nearby shoe store.

"It was rush hour at that time, and many people were preparing themselves to do their noon prayers."

Namir Abdul-Kadhum, 42, who sells stationery from a roadside kiosk, was hit in the head and eye by shrapnel and suffered a burned hand when the bomb exploded about 20 yards away. He lost consciousness and awoke at Kindi Hospital.

"As I was at my stand, I felt and heard a powerful blast," he said. "I was pushed and thrown away."

The book mart bombing was not the only audacious attack Monday.

At least six Shiite pilgrims marking the anniversary of a 7th century imam's death were killed in separate attacks, including a drive-by shooting, a suicide bombing and a roadside explosion.

"I saw the flags that the pilgrims were carrying thrown on the ground, and blood was everywhere," said Wissam Khadhum, a technician at a nearby oil refinery who saw one of the attacks, an ambush on pilgrims as they crossed Baghdad's Dora Bridge.

"I saw two men lying dead on the ground by the fire of the gunmen from the orchard areas, others injured, and some were safe," he said, adding that it appeared to be a well-coordinated attack timed for when the pilgrims had reached the center of the bridge.

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Times staff writers Saif Hameed, Zeena Kareem and Suhail Ahmad and special correspondents contributed to this report.

Baghdad Car Bomb Kills 20 On Booksellers' Row (NYT)

By Edward Wong And Wissam A. Habeeb

The New York Times, March 6, 2007

BAGHDAD, March 5 — The book market along Mutanabi Street was a throwback to the Baghdad of old, the days of students browsing for texts, turbaned clerics hunting down religious tomes and cafe intellectuals debating politics over backgammon.

Somehow it survived the war, until Monday, when a powerful suicide car bomb hit the market, slicing through the heart of the capital's intellectual scene. It killed at least 20 people and wounded more than 65.

In the hours after the noontime explosion, books and stationery, some tied in charred bundles, littered the block. Plumes of black smoke billowed above ornate buildings dating to the Ottoman Empire. The storied Shahbandar cafe, where elderly writers puffed away the afternoon on water pipes, lay in ruins.

Firefighters unleashed powerful sprays of water, only to have flames reignite because the paper had been transformed into kindling.

This part of Baghdad dates back centuries, to the era when the Abbasid caliphate ruled over the Islamic world. On Monday, victims lacerated by shrapnel were carried over shards of glass to waiting ambulances.

"There are no Americans or Iraqi politicians here — there are only Iraqi intellectuals who represent themselves and their homeland, plus stationery and book dealers," said Abdul Baqi Faidhullah, 61, a poet who frequently visits the street. "Those who did this are like savage machines intent on harvesting souls and killing all bright minds."

The bombing was the latest of a half-dozen major blasts aimed at civilians in the capital in the three weeks since the Iraqi government and American military announced the start of a new Baghdad security drive. The number of gunshot killings attributed to sectarian death squads appears to have dropped as militia leaders have ordered their followers to lie low. But deadly bombings have continued with ferocity.

American officials have said they are still struggling to tamp down the bombings and intend to bring thousands of additional troops into Baghdad in the next two months.

Many of the major bombings have taken place in central Baghdad, where Iraqi Army and police checkpoints have proliferated since Feb. 14, the start of the security drive, or in neighborhoods patrolled by Americans.

A bombing on Feb. 25 at a campus of Mustansiriya University, near Mutanabi Street in central Baghdad, killed at least 40 people, many of them students of business or economics. On Feb. 18, just two days after Prime Minister Nuri Kamal al-Maliki called the opening stage of the security drive a "dazzling success," two bombs ripped through a market in the New Baghdad neighborhood, where American soldiers had been on patrol just minutes earlier, killing at least 60 people.

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None of those bombings have had the symbolic resonance of the one on Mutanabi Street, the embodiment of Baghdad's venerable intellectual history. Avid readers could find novels by the Egyptian writer Naguib Mahfouz and Newsweek magazines from the 1960s. Merchants often spread their wares out on the sidewalk, down the block from a building used for administration by Ottoman-era officials and, after World War I, British colonial officers.

Religious texts, particularly on Shiite ideology, began to appear after the toppling of Saddam Hussein, who had banned them from markets across Baghdad. The conversations at the Shahbandar cafe blossomed into free expressions of political opinion. The cafe became popular with foreign reporters seeking comments from Iraqi intellectuals on the changes roiling Iraqi society.

But commerce along Mutanabi Street began to decline last summer after the Iraqi government imposed a citywide curfew every Friday for security reasons, making it tough to get to Mutanabi on its traditional market day.

An Iraqi colonel on the scene on Monday said the suicide car bomb, which was loaded with gas cylinders, had left a crater more than nine feet deep in the middle of the street. At least 20 cars were set ablaze.

"Those terrorists do not represent Islam," said Wissam Arif, 45, an engineer and eager browser of the book market. "They are fighting science. They hate the light of science and scientists. Haven't they killed hundreds of prophets and intellectuals?

"Yesterday they killed the prophets and today they are killing the books. But hopefully the just, the science and the light will win. We'll be patient until we achieve victory."

There are fewer and fewer public spaces where one can retreat from the violence of Baghdad. An animal market nearby has been bombed three times. Parks where couples once embraced are now empty of life because people are afraid to leave their homes. Some renowned restaurants have shut down and reopened in Amman, Jordan, a city brimming with Iraqi refugees.

At least six people were killed and dozens wounded Monday in other bombings and shootings in Baghdad, an Interior Ministry official said. The police found 16 bodies in various parts of the city. Six policemen were killed in two attacks in Diyala Province, and a headless body was found in Baquba, the province's capital, police officials said. Two Iraqi Army soldiers and two gunmen were killed in a firefight east of Baquba.

In the area of Kirkuk, the contested oil city, a policeman was killed and four bodies were found at two other locations, police officials said. An Arab Shiite sheik opposed to the resettlement of Kurds into the region was kidnapped, said Ahmad Hameed al-Ubaidi, a member of an Arab political group.

An American soldier was killed and one was wounded by a roadside bomb south of Tikrit on Sunday night, the American military said.

Aides to Mr. Maliki said Monday that the government had begun an investigation of a raid by British and Iraqi troops on an Iraqi intelligence agency building in Basra.

The British military said in a statement that the raid took place on Saturday night after Iraqi special forces captured a "known terrorist" who gave information that led the troops to look for a "known death squad leader" in the building. While there, the soldiers found 30 prisoners, including one woman and two children, "many of whom showed signs of torture and abuse."

The prisoners then escaped, the British military said. "It is unclear how this occurred, though we can confirm that the Iraqi forces did not release the prisoners," the military said.

Late Sunday, Mr. Maliki's office released a statement denouncing the raid but did not address the accusations of what appeared to have been government-sanctioned torture.

In eastern Baghdad, American and Iraqi troops continued to search houses in Sadr City but met no resistance, said Lt. Col. Scott Bleichwehl, an Army spokesman. The American military has begun a push into Sadr City, home of a formidable Shiite militia, as part of the Baghdad security plan.

Bomb Shatters Baghdad's Storied Literary Street (WP)

By Sudarsan Raghavan

The Washington Post, March 6, 2007

BAGHDAD, Mar. 5 -- Two firemen emerged from the thick curtain of black smoke that covered the pavement on Monday, carrying a soft, shapeless corpse wrapped in a green tarpaulin.

In their path was what was left of Mutanabi Street, Baghdad's literary heart. Bookstores in ruins. Balconies torn from oatmeal-colored buildings, some still on fire. Mangled cars with cracked windshields. The sounds of weeping mingled with the smell of burned flesh, as shards of paper seemed to flutter endlessly down from the sky.

At 11:40 a.m., a car bomb exploded on this storied street, killing as many as 26 people and injuring dozens, according to police officers at the scene. It shattered an area once known for liberal ideas, an intellectual haven that in the heady days after the U.S.-led invasion pulsed with the promise of freedom.

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Solemn as pallbearers, the firemen walked through the landscape of twisted metal and debris, their feet crunching shattered glass. Behind them, the tower of smoke and ash billowed above the capital. One placed the charred body on a pushcart. The other covered it with a long sheet of white paper, as if he were tucking a child into bed. As they rolled the cart up the street, a young man in a black checkered sweater and light-blue jeans ran past. Tears streamed down his face.

"Where is my family? What happened to my family?" he screamed.

For many victims, the attack brought questions about the effectiveness of a new security crackdown that Iraqi Prime Minister Nouri al-Maliki has already declared a success. Nearly three weeks after its launch, the number of violent attacks has dipped, but bombings continue to plague Baghdad.

On Monday, U.S. and Iraqi troops continued their carefully orchestrated security sweeps into the Shiite militia stronghold of Sadr City, with Iraqi forces taking a more visible role than the Americans. Meanwhile, gunmen opened fire on Shiite pilgrims, killing seven in several areas of Baghdad, police said.

"What security plan? There is no security plan," said Abu Firas al-Tai, 47, as he stared at his blue car just off Mutanabi Street. Its windows were blown out. Shrapnel had pierced the trunk.

Tai, short with round glasses, was leaving a bank after collecting his pension when the car bomb detonated. "It was a huge explosion," he said, as ambulances carrying the injured sped past. "My head and face were full of dust and ash from the burning books."

Imad Abbas, 39, a burly man with thinning hair, was in his stationery shop when he heard the explosion. Shelves and boxes fell on his head, he recalled. The electricity went off. Outside, a car burned. Then his store caught fire.

He ran upstairs to the balcony and began shouting for help. Fifteen minutes later, he was rescued by firemen. One of them placed Abbas on his back and carried him down, depositing him near a corpse covered with a blanket.

"I just returned from the dead," Abbas said.

When Saddam Hussein was in power, Mutanabi Street exuded a defiant spirit that reverberated through its bookstores and the famed Shabandar Cafe. Here, intellectuals, over cups of sweet tea, engaged in lively debates.

But in recent months, the street had become a casualty of Iraq's incessant violence. As thousands of educated Iraqis left, many of the original booksellers closed shop. Others were kidnapped or killed. Many fled the country. Checkpoints, street closings and a Friday curfew kept customers away.

Still, the street was a hive of activity in the mornings, mostly because of a brisk trade in stationery products. Abbas said he believes that's why the street was attacked.

"They want to drive down the trade of Iraq," he said of the perpetrators. "They are trying to humiliate our history and humiliate our people."

The car bomb exploded near the cafe, igniting bookstores and stationery shops. The vast amounts of paper made it difficult for firefighters to control the flames.

As the young man in bluejeans cried, a friend clutched his shoulder and took him into his home for comfort. Others watched as firefighters tried to rescue two people trapped inside a burning building.

"The roof is going to collapse," one onlooker predicted.

Ten minutes later, the young man emerged onto the street, his face a mask of anguish.

"Where is my family?" he asked no one in particular. As he watched, another fireman rolled a pushcart bearing a body, this one covered in a blue tarpaulin.

"All we do is sell books," said Amer Kasim, 38, struggling for an explanation.

Suicide Car Bomb Kills 38 In Baghdad (WT/AP)

By Lauren Frayer

The Washington Times, March 6, 2007

BAGHDAD -- A suicide car bomber shattered a relative lull in Baghdad's violence yesterday, killing at least 38 persons, of which seven were pilgrims, in a blast that touched off raging fires and a blizzard of bloodstained paper from a popular book market.

It was the largest bombing in the capital in three days, and came on the heels of a major push by nearly 1,200 U.S. and Iraqi troops into Sadr City, a Shi'ite militia stronghold and base for fighters loyal to radical cleric Muqtada al-Sadr.

Iraqi troops in Sadr City set up checkpoints and took a far more visible presence than Americans, who led the push into the area Sunday. The move was an apparent attempt to avoid Shi'ite anger in a place of past street battles with U.S. forces.

But pressure on Sheik al-Sadr and his Mahdi Army militia continued on other fronts.

In the southern city of Karbala, the home of a Mahdi Army leader was raided in a joint U.S.-Iraq operation, the U.S. military said.

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Sheik al-Sadr's followers also warned the Iraqi government that they would not relinquish Cabinet posts unless other members of the ruling coalition do the same -- setting the stage for a major political battle as Prime Minister Nouri al-Maliki prepares to reshuffle his administration.

Meanwhile, a raid by British and Iraqi troops on a police intelligence headquarters in southern Iraq on Sunday found 30 prisoners with signs of torture. A purported death-squad leader was captured.

The raid took place at the National Iraqi Intelligence Agency building in Basra, Iraq's second-largest city 340 miles southeast of Baghdad. Inside, troops discovered the prisoners, including one woman and two children, with signs of torture and abuse, the British military said in a statement. It did not elaborate.

The Iraqi government criticized the raid and yesterday began an investigation.

"We have a committee that ... has started work to uncover the circumstances of the incident," said Ali al-Dabbagh, a government spokesman.

Mr. al-Maliki had ordered the inquiry a day earlier and vowed to punish "those who carried out this illegal and irresponsible act," his office said in condemning the raid. Mr. al-Maliki's statement did not mention the prisoners.

Yesterday, black smoke drifted over central Baghdad from burning shops, cars and book stalls in the mixed Sunni-Shi'ite area around Mutanabi Street along the Tigris River. At least 66 persons were wounded in the suicide blast and the death toll could rise, police said.

"Papers from the book market were floating through the air like leaflets dropped from a plane," said Naeem al-Daraji, a Health Ministry worker who was driving about 200 yards from the blast and was slightly injured by broken glass from his car window.

"Pieces of flesh and the remains of books were scattered everywhere," he said.

People began driving the injured to hospitals in private cars without waiting for ambulances to arrive. A worker at a nearby shoe store, Youssef Haider, 24, said the blast flipped burning cars with charred bodies trapped inside. He and co-workers used two-wheel pushcarts to carry away the wounded.

Sporadic car bombs and attacks have hit the capital in recent days, but none with mass casualties since a blast Friday killed at least 10 persons.

In other violence, gunmen opened fire on Shi'ite pilgrims in several places around Baghdad, killing at least seven persons, police said. The Shi'ites were apparently heading to shrines and holy sites in southern Iraq for the annual commemoration of a 40-day mourning period for the death of a revered 7th century warrior, Hussein.

The U.S. military said one American soldier was killed and another was wounded when a roadside bomb hit their convoy south of Tikrit.

38 Die, 105 Hurt In Baghdad Market Blast (AP)

By Brian Murphy,

AP, March 6, 2007

A suicide car bomber turned a venerable book market into a deadly inferno and gunmen targeted Shiite pilgrims Monday as suspected Sunni insurgents brought major bloodshed back into the lap of their main Shiite rivals. At least 38 people died in the blast and seven pilgrims were killed.

The violence — after a relative three-day lull in Baghdad — was seen as another salvo in the Sunni extremist campaign to provoke a sectarian civil war that could tear apart the Shiite-led government and erase Washington's plans for Iraq.

The Shiite Mahdi Army militia has so far resisted full-scale retaliation through a combination of self-interest and intense government pressure. But the militia's leader, the radical cleric Muqtada al-Sadr, is now being cornered in new ways that have put him on the defensive.

An expected Cabinet reshuffle could take a serious bite out of al-Sadr's voice in government — a move strongly encouraged by Washington.

Al-Sadr also opened the door for U.S. and Iraqi troops to enter the Mahdi stronghold of Sadr City in Baghdad — under a painstaking deal with authorities — but his loyalists are still being hunted outside the capital.

"Al-Sadr and his forces could be feeling under siege," said Alireza Nourizadeh, chief researcher at the London-based Center for Arab-Iranian Studies. "That makes them less predictable. That means they are more dangerous."

One possible sign of brewing troubles was 30 bullet-ridden bodies found across Baghdad. Many of those killings are blamed on Shiite death squads, and Monday's figure was the highest in weeks.

And the Sunni extremists keep pressing.

The suicide mission tore through booksellers and other stores on narrow Mutanabi Street, a mostly Shiite-run commercial area in Baghdad's historical heart along the Tigris River.

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Within seconds, flames engulfed open-air stalls and shops brimming with books and magazines. Gas-powered generators — needed because of frequent power cuts — exploded one by one.

Bloodstained pages that escaped the fire were carried away in a wind-whipped pillar of black smoke.

Firefighters had to spray huge arches of water from blocks away because their trucks were took large for the warren of lanes in old Baghdad. At least 38 people died and 105 were injured, said Raad Jabar, a Health Ministry official.

But the final casualty count may not be clear until Tuesday. Fire crews still battled the blazes more than 12 hours after the attack, said civil defense Maj. Gen. Abdul Rasoul al-Zaidi.

"Papers from the book market were floating through the air like leaflets dropped from a plane," said Naeem al-Daraji, a Health Ministry worker who was driving about 200 yards from the blast and was slightly injured by broken glass from his car window.

"Pieces of flesh and the remains of books were scattered everywhere," he said.

A worker at a nearby shoe store, Youssef Haider, 24, said the blast flipped burning cars with charred bodies trapped inside. He and co-workers used two-wheel pushcarts for shoe boxes to carry away the wounded.

In other violence, gunmen opened fire on Shiite pilgrims in several places around Baghdad, killing at least seven people, police said.

The Shiites were apparently heading to shrines and holy sites in southern Iraq for the annual commemoration to end a 40-day mourning period for the death of a revered 7th century Shiite martyr, Imam Hussein.

It was the bloodiest day in the capital in more than a week, and came on the heels of a major push by nearly 1,200 U.S. and Iraqi troops into teeming Sadr City as part of a nearly 3-week-old security offensive across Baghdad.

The sweeps seek to drive out militants and establish permanent stations in troubled areas. Search teams also uncovered a nearly tenfold increase in hidden weapons stashes in the past week, the military said.

More than 21,000 small arms rounds were confiscated last week, up from 2,160 the previous week; 937 mortar rounds were discovered, up from 89 the week before, it said. Attacks on soldiers in some Shiite districts are also down sharply.

That's mostly because al-Sadr ordered his fighters to pull back after coming under strong government arm-twisting to allow the security plan to proceed.

In Sadr City, Iraqi troops set up checkpoints and took a far more visible role than Americans, who led the push into the area Sunday. The move was an apparent attempt to avoid Shiite anger in a place of past street battles with U.S. forces.

The troops plan to establish outposts in Sadr City that will bring together Iraqi police, military and U.S.-led forces, said U.S. Brig. Gen. Terry Wolff, who oversees training of Iraqi soldiers.

"It's about presence," he said.

But pressure on al-Sadr and his Mahdi Army continued on other fronts.

In the southern city of Karbala, the home of a Mahdi Army leader was raided in a joint U.S.-Iraqi operation, the U.S. military said.

Al-Sadr's followers also warned they would fight any Cabinet changes that would single them out.

"We will not give up our share and any of our ministerial posts under any circumstances unless all other blocs are subjected to the same procedure," said Saleh al-Ukaili, head of Sadrist faction in parliament, where the bloc controls 30 of the 275 seats.

An adviser to Prime Minister Nouri al-Maliki said 10 of the 39 ministry posts soon would be replaced — including five of the six ministers loyal to al-Sadr. The adviser spoke on condition of anonymity because they were not supposed to release the information.

Relations between al-Sadr and the government are already tense. Late last year, the prime minister withdrew his official protection for al-Sadr and the Mahdi Army and allowed U.S.-led forces to close in.

U.S. Narrows Financial Focus To Aid Iraqi Small Businesses (USAT)

By Oren Dorell

USA Today, March 6, 2007

BAGHDAD — Mohamed Raheem saw fliers posted all over his neighborhood offering money to Iraqis who wanted to expand their small businesses.

He called a phone number listed on the flier and set up an appointment with the Iraqi-American Chamber of Commerce and Industry. "I explained to them that I have a shop and I want to expand my work," said Raheem, 44, who owns a small grocery store in the Kadhamiya district of Baghdad. He applied for a $10,000 grant.

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As U.S. military and civilian officials try to help Iraq's economy rebuild, they are placing a new emphasis on small businesses like Raheem's. Through grants and loans — often for a few hundred dollars each — they're trying to stimulate job growth and eventually improve Iraq's security.

So-called microfinance projects have proved more efficient at creating jobs than large-scale, multibillion-dollar reconstruction efforts, says Eric Nigh, executive director of the Iraqi-American Chamber of Commerce and Industry.

Large infrastructure projects, such as power plants, required enormous spending on workers' security, says Ra'ad Omar, chief executive of the chamber. He said Iraqi contractors tended to invest their profits in real estate abroad rather than reinvest them at home. Many owners of larger Iraqi companies eventually left the country because of security issues.

"The American government has learned from their mistakes in Iraq," Nigh says. "Now, instead of the big contracts with big companies, we are working on giving small grants for ordinary people."

The chamber's program, called "Najah," Arabic for "success," is funded through the U.S. Agency for International Development.

Small-business owners must match at least 25% of the grant's value with their own money and commit to hiring new employees. The grants are distributed in the form of equipment and services, such as construction, instead of cash. USAID has also offered small loans through other programs in Iraq.

Raheem says that if he receives his grant, he will hire two workers and get new refrigerators, a generator, shelves and carts. "I could bring (customers) everything they need so they do their shopping from me only," he says.

The chamber follows businesses for a year to ensure they continue to operate. Recipients have included barbers, grocers, mobile phone sellers, mechanics and cooks.

In a year, the program is projected to distribute $6 million and create about 2,000 jobs, according to the chamber.

Iraq's unemployment rate was 17.6% last year, according to a draft report released by the U.S. Embassy in Baghdad. U.S. military officials hope that if more young Iraqi men have jobs, they will be less tempted to join sectarian militias.

"Security improves the economy. And improvement in economic conditions reduces dissatisfaction," says Brig. Gen. Vincent Brooks, a deputy commander of coalition forces in Baghdad. "Reducing dissatisfaction makes it more difficult for the insurgents to influence the actions of the people."

Other U.S.-sponsored economic projects include:

·Renovation of a building near Sadr City, a major stronghold of Shiite militia, that will become a trade school for young men. Armed with skills, a new army of electricians, plumbers and mechanics will go to work for themselves and "not be tempted to place IEDs (improvised explosive devices)," says Lt. Col. Bob Ruch, deputy team leader of the Baghdad Provincial Reconstruction Team.

·Construction of small power generators to produce electricity for small-scale industry.

·Changes in traffic patterns in commercial districts to make them safer from car bombing attacks.

Iraq's economy grew about 3% in 2006, according to the World Bank. Growth was flat in the oil sector, which has been damaged by insurgent attacks on pipelines and low foreign investment. The non-oil economy, composed largely of small businesses, grew 10%, the Bank said.

The biggest obstacle to economic growth continues to be security, says Frank Lavin, U.S. undersecretary of Commerce, who traveled to Iraq last month. Security expenses account for about one-third of most companies' operating budgets, he says.

For some, even the unrest in Iraq could bring business opportunities. "Because of the difficulties that people are facing, they prefer to do their shopping from just one place," said Raheem, who hopes his expanded store will offer more products. "That is what I am trying to achieve."

Fighting For Iraq's Culture (NYT)

By Matthew Bogdanos

The New York Times, March 6, 2007

WITH the situation in Iraq growing seemingly graver by the day, Americans are increasingly reluctant to risk American blood to save Iraqi lives. So it's a pretty tough sell to ask people to care about a bunch of old rocks with funny writing.

But what if they understood that the plunder of Iraq's 10,000 poorly guarded archaeological sites not only deprives future generations of incomparable works of art, but also finances the insurgents? Having led the United States investigation into the looting of the Iraq National Museum in 2003, I know that millions of dollars' worth of antiquities flow out of the country each year. And it would be naïve to think the insurgents aren't getting a major share of the loot.

And what if Americans understood that our failure to appreciate the importance Iraqis place on their history has added to the chaos faced by our troops? Four years after the initial looting — and despite having recovered almost 6,000 antiquities — we

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cannot keep pace with the artifacts being stolen every day. This continued failure to protect an artistic heritage going back to the dawn of civilization has convinced many in Iraq and the Middle East that we do not care about any culture other than our own.

It's worth pointing out that the failure to safeguard Iraqi antiquities does not rest solely with the United States. While the United Nations and NATO took the lead in providing security for cultural artifacts in postwar situations in Bosnia, Cyprus and elsewhere, neither seems much interested in rectifying the situation in Iraq. NATO opened a training center for security officers outside Baghdad in 2005, but none of the Iraqis trained have been assigned to archaeological sites. The United Nations says that it has no mandate to train guards and that the level of violence does not permit its involvement.

So who might act? In the past, most archaeological digs in Iraq have had foreign sponsorship — the Germans at Babylon and Uruk, the British at Ur and Nimrud, the French at Kish and Lagash, the Italians at Hatra, and the Americans at Nippur. Given that background, it would make sense for each of these countries to "adopt" the sites its scholars have been studying.

Each of the foreign nations would provide guards around the perimeter and around the clock. (Obviously, this would entail getting permission from the Iraqi government and help from the American military.) Ideally, these foreign forces would also be assigned a group of Iraqi recruits to train. Once the Iraqis were mission-capable — it should take only six months or so if the Baghdad government supplied the manpower — the donor nation would recall its forces.

In this way, Mesopotamia's cultural patrimony would be safe, Al Jazeera would have to find other ways to show TV clips of Western indifference to Arab culture, and the terrorists would have to find another income source.

One challenge has been convincing European governments that providing coordinated site security would not be a statement in support of the war. But surely they could be persuaded that it would be a humanitarian effort to protect a cultural heritage rich with common ancestry that predates the splits among Kurd, Sunni Arab and Shiite.

The lesson for the United States is that we must never again cede the moral high ground on cultural issues like this one. In advance of any future military action, we should assign units the task of protecting cultural property. And all troops scheduled to deploy overseas should receive cultural awareness training; the Archaeological Institute of America has already conducted some seminars at Camp Lejeune in North Carolina.

Yes, diverting resources to save cultural artifacts during a time of war may seem like cutting funds for the police and firefighters in order to expand the public library. And my decision to expand my team's counterterrorist mission to investigate the looting of the museum was characterized by many as a distraction. But some soldiers before us have seen the wisdom of this approach. "Inevitably, in the path of our advance will be found historical monuments and cultural centers which symbolize to the world all that we are fighting to preserve," said Dwight Eisenhower just before D-Day. "It is the responsibility of every commander to protect and respect these symbols whenever possible."

9 From One Family Die In U.S. Strike Near Kabul (NYT)

By Carlotta Gall And Abdul Waheed Wafa

The New York Times, March 6, 2007

KABUL, Afghanistan, March 5 — Nine members of a family, including five women and three children, were killed in an American airstrike in central Afghanistan late Sunday during a battle with militants, Afghan officials said Monday.

The American military acknowledged that it dropped two 2,000-pound bombs on a compound on Sunday night, but said that it could not confirm the casualties.

The strike occurred 12 hours after American forces in eastern Afghanistan fired on civilians following a suicide car bombing next to an American convoy. The American fire killed at least 10 people and wounded 25, Afghan officials said. In response, protests on Sunday blocked the main highway in the area.

On Sunday night, American forces at a small base in Tape Ahmed Beg, in Kapisa Province, northeast of the capital, Kabul, came under rocket fire at 9 p.m., the United States military said in a statement. When two men with Kalashnikov rifles were spotted entering a compound, the Americans called an airstrike, which ended the engagement, it said.

"Coalition forces observed two men with AK-47s leaving the scene of the rocket attack and entering the compound," Lt. Col. David Accetta, a military spokesman, said in the statement. "These men knowingly endangered civilians by retreating into a populated area while conducting attacks against coalition forces."

"We did this in self-defense," said Gen. Muhammad Eiwaz Masloom, the police chief of Kapisa Province, whose men work beside Americans at the base. "The enemy of Afghanistan is trying to use different tactics to destroy the peace and stability in our area, especially in the districts of Tagab and Nejarab, and they have repeatedly attacked our bases."

He said that members of the Islamic Party, which is led by the renegade mujahedeen commander Gulbuddin Hekmatyar, and Taliban supporters were active in the area.

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But a local representative of the provincial council, Suraya Bahadur, who comes from Nejarab district, where the bombing happened, condemned it. “I condemn both the suicide attacks and the rocket attacks by the enemy of Afghanistan, and also I condemn these type of mistakes,” by American and NATO forces, she said. “We never want our civilian people to be killed.”

John Sifton, a senior researcher at Human Rights Watch, which is based in New York, also expressed concern about the level of force. “That is heavy firepower to respond to two men, even if they have Kalashnikovs,” he said in a telephone interview. “If that version of events bears up, it would strongly suggest that the attack was disproportionate.” Mr. Sifton said insurgents also regularly violated the rules of war by using force near civilian areas.

On Monday, President Hamid Karzai condemned the killing of the civilians in eastern Afghanistan on Sunday morning. He blamed the “enemies of Afghanistan” for the suicide bombing, which “caused the American forces to fire on civilian people and demonstrators that killed 10 people.” He ordered a government delegation to the scene to investigate with the American military.

The American military, in a statement, revised its account to 8 civilians killed and 35 wounded, from 16 dead and 24 wounded, saying that the latest figures were its most accurate. A spokesman at Bagram Air Base, Sgt. Dean Welch, said that as the day progressed and after coordination with Afghan officials, the initial reports were corrected.

The statement said the military deeply regretted the loss of civilian life. “This attack put every innocent man, woman and child buying food or clothing in the bazaar at risk,” Col. John Nicholson of the United States Army said. The statement said American forces would work with the Afghan authorities to “investigate and identify those responsible.”

Nine witnesses, including five Afghans recuperating from bullet wounds in a hospital, told The Associated Press that the American forces had fired indiscriminately along at least six miles of one of eastern Afghanistan’s busiest highways — a route often filled with cars, trucks and Afghans on foot and bicycles.

The NATO secretary general, Jaap de Hoop Scheffer, said in Brussels that he understood that both episodes involved American-led coalition forces rather than NATO’s forces in Afghanistan, but he said, “Every civilian casualty is one too many,” [a news agency] reported.

Mr. Sifton urged Afghanistan, NATO and coalition forces to develop protocols for troops in such cases.

9 Afghan Civilians Reported Killed In U.S. Airstrike (WP)

By Griff Witte

The Washington Post, March 6, 2007

ISLAMABAD, Pakistan, March 5 -- U.S. forces killed nine Afghan civilians Sunday night while bombing a house where two Taliban insurgents had taken refuge, Afghan authorities said Monday.

Sayed Mohammed Daoud Hashimi, deputy governor of Kapisa province in northeastern Afghanistan, said the insurgents fled to the house after firing rockets at a base used by the U.S.-led coalition. The house belonged to relatives of one of the fighters, and nine of them -- three children, five women and an elderly man -- were killed when U.S. forces dropped bombs on it, Hashimi said. The two Taliban members were injured in the blast but managed to escape.

U.S. military officials later acknowledged having dropped the bombs but said they could not confirm reports of civilian casualties.

The deaths followed by hours the killing of at least eight Afghan civilians outside the eastern city of Jalalabad on Sunday morning. In that incident, U.S. Marines engaged in a firefight with insurgents after their convoy was hit by a van packed with explosives, according to U.S. officials. Afghan witnesses later said the Marines fired indiscriminately at bystanders as they sped away. The deaths remain under investigation.

The incidents, while separate, underscore the challenge facing coalition forces as they confront insurgents who, according to military officials, are trying to provoke battles that lead to civilian deaths. Both the coalition and the Taliban, the Islamic militia that ruled most of the country until the U.S.-led invasion in 2001, have indicated that they are preparing for a violent spring as conditions for fighting improve.

The deaths of the civilians near Jalalabad sparked angry protests Sunday, with hundreds of people taking to the streets, throwing rocks and chanting anti-American slogans. Authorities in Jalalabad said there were no additional protests Monday and described the situation as calm.

Hashimi said that in contrast to the Jalalabad incident, the reaction to the airstrike in Kapisa was muted because local residents knew that the bombed house was being used by the Taliban.

"The people knew these men were constantly attacking security and coalition forces. The people asked them to stop, because we don't want any problems for our village," he said. "But they didn't listen to the people. They kept attacking."

The provincial police chief, Gen. Raz Mohammed, said his forces had also come under attack from the Taliban on Sunday. He called the U.S. response justified.

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In a statement, the U.S. military acknowledged dropping two 2,000-pound bombs on the building where the insurgents were believed to be hiding.

"Coalition forces observed two men with AK-47s leaving the scene of the rocket attack and entering the compound," said Lt. Col. David Accetta, a coalition forces spokesman. "These men knowingly endangered civilians by retreating into a populated area while conducting attacks against coalition forces."

The U.S. military said its forces suffered no injuries in the initial rocket attack. The incident was under investigation Monday night.

John Sifton, a senior researcher with Human Rights Watch, said the advocacy group was calling for independent investigations into whether U.S. forces reacted disproportionately in either incident. "The insurgents are regularly carrying out illegal attacks, but these responses are also extremely destructive," he said. "Whenever a mistake or, worse, recklessness, occurs, it sets back the effort."

Bombing Kills Nine Relatives In Afghanistan (WT/AP)

By Amir Shah

The Washington Times, March 6, 2007

JABAR, Afghanistan -- A coalition air strike destroyed a mud-brick home after a rocket attack on a U.S. base, killing nine persons from four generations of an Afghan family including a 6-month-old, officials and relatives said yesterday.

It was the third report in two days of U.S. forces killing civilians. The air strike occurred late Sunday in Kapisa province north of the capital, some 12 hours after U.S. Marines reportedly opened fire on civilian cars and pedestrians after a suicide bombing in eastern Nangahar province.

In the other incident, an American convoy in the southern city of Kandahar -- where suicide attacks have become commonplace over the past year -- opened fire yesterday on a vehicle that drove too close, killing the driver, said Noor Ahmad, a Kandahar police officer who said he witnessed the shooting. A NATO spokesman said he did not have any information.

Up to 10 Afghans died in the aftermath of the Nangahar suicide attack, which wounded a U.S. Marine. President Hamid Karzai condemned the bombing, "which caused the American forces to fire on civilians," and a statement said relatives of the dead wanted the "perpetrators" brought to justice.

In both the Nangahar and Kapisa incidents, the U.S. military blamed militants for putting innocent lives in danger. A villager in Kapisa, about 50 miles northeast of the capital, confirmed the U.S. account that a rocket was first fired at the American base.

Mr. Karzai has repeatedly pleaded for Western troops to show more restraint amid concern that civilian deaths shake domestic support for the foreign military involvement that the president needs to prop up his government, which is increasingly under threat from a resurgent Taliban.

Bryan Whitman, a Pentagon spokesman, said coalition forces will always respond in self-defense when fired upon: "It is often the enemy that is putting innocent peoples' lives in danger by where they're conducting these attacks on our forces."

In the Kapisa province violence, the U.S. military said a rocket was fired at a hilltop U.S. base, prompting return fire by the coalition forces and the air strike.

Two men with automatic rifles were seen leaving the site of the rocket attack and heading into a compound that was then hit by two 2,000-pound bombs, a military statement said. Rural homes in Afghanistan are built in a compound style with one large outer wall often encasing several small rooms; many families tend to share the same compound.

"These men knowingly endangered civilians by retreating into a populated area while conducting attacks against coalition forces," said Lt. Col. David Accetta, a U.S. military spokesman. "We observed the men entering a compound and that compound was targeted and hit by an air strike."

The bombs left a large crater of twisted lumber and chunks of mud and killed four women, four children between 6 months and 5 years old, and an 80-year-old man, said Gulam Nabi, a relative of the victims.

Sayad Mohammad Dawood Hashimmi, Kapisa deputy governor, confirmed the nine deaths.

Among those killed were Gulam Nabi's parents, his sister, two female relatives by marriage and four of the extended family's youngest children.

Record Opium Crop Possible In Afghanistan, U.N. Study Predicts (NYT)

By Carlotta Gall

The New York Times, March 6, 2007

KABUL, Afghanistan, March 5 — Afghanistan's opium harvest could be bigger than last year's record crop, with nearly half of the provinces showing an increase in planting this year, the director of the United Nations Office for Drugs and Crime said here Monday.

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His office released an assessment of winter planting trends, which shows an increase in 15 provinces, no change in 6 provinces, and a decrease in 7 provinces. Six of Afghanistan's 34 provinces have no poppies, the study said.

Similar assessments of the size of the crop and harvest have proved accurate in the past. Afghanistan had a substantial increase of poppy cultivation last year, resulting in the highest recorded harvest, more than 6,000 tons, the drugs and crime office said.

Although some of the country is showing a decrease in poppy cultivation this year, the south, which has been plagued by the insurgency and traditionally has been the biggest source of poppies, is showing a continued increase, "which may result in an overall increase in opium poppy cultivation in 2007," the report said.

The ample rainfall and snowfall this winter would also contribute to a good harvest in 2007, it said.

"The real increase is taking place in the provinces characterized by insurgency, and the problem there is not only a narcotic problem but an insurgency problem," Antonio Maria Costa, the director of the drugs and crime office, based in Vienna, said in an interview. "The southern provinces are a textbook case of lawlessness prevailing, and therefore everybody from farmers and labs, traffickers and warlords are trying to profit from the bonanza of the product."

Lack of security has also prevented aid from reaching farmers who want to change crops, he said, which has been a major factor in other areas in persuading farmers to abandon poppy growing.

Mr. Costa said a decrease in poppy growing across a band of provinces that have been the target of such an effort was an important development. Money was provided in those areas to help farmers change crops.

"We may be able to create a corridor, or an area ranging from Pakistan in the southeast to Turkmenistan in the northwest" that is free of opium, Mr. Costa said. The strategy was, he said, "Establish a stronghold of opium-free, or provinces with a negligible amount, and then slowly regain control of the other provinces."

The intent of the big traffickers is uncertain because the huge crops last year produced a glut of opium on the world market, he said. The excess, which was worth about $1 billion, has not reached the market and depressed the price of opium, so someone is holding it for future sales, he said.

"Is it in the insurgents' hands?" he asked. "It is not under the bed of the farmers," he said, adding, "It could become a serious problem down the road."

CIA Rushing Resources To Bin Laden Hunt (ABC News)

ABC News, March 6, 2007

Armed with fresh intelligence, the CIA is moving additional man power and equipment into Pakistan in the effort to find Osama bin Laden and his deputy Ayman al Zawahri, U.S. officials tell ABC News.

"Reports that the trail has gone stone cold are not correct," said one U.S. official. "We are very much increasing our efforts there," the official said.

People familiar with the CIA operation say undercover officers with paramilitary training have been ordered into Pakistan and the area across the border with Afghanistan as part of the ramp-up.

Blotter Afghanistan: U.S. Forces Arrack Suspected al Qaeda Hideout

Blotter CIA: Bin Laden in Pakistan Establishing New Camps

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Although never publicly acknowledged, Pakistan has permitted CIA teams to secretly operate inside Pakistan.

Pakistan officials say they are aware that CIA teams have increased their presence in northern Waziristan since last September when Pakistan withdrew its troops from the area under a much-criticized "peace deal" with tribal leaders.

Click Here for Full Blotter Coverage.

Director of National Intelligence Mike McConnell testified last week that current intelligence "to the best of our knowledge" puts both bin Laden and al Zawahri in Pakistan. It was the first time a high-ranking U.S. official publicly identified Pakistan as bin Laden's hiding place.

Past intelligence has indicated that bin Laden often changed locations in March, traveling to hiding places in the mountains once the snow cover begins to melt.

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Probe Of Prosecutor Firings Intensifies (AP)

By Laurie Kellman, Associated Press Writer

AP, March 6, 2007

WASHINGTON — The probe into the Bush administration's firings of U.S. attorneys intensified Monday as lawmakers ordered two more ousted officials to tell their stories and the Justice Department said Republican Sen. Pete Domenici had complained repeatedly to the attorney general about one prosecutor.

A second lawmaker from New Mexico, GOP Rep. Heather Wilson, acknowledged that she, too, had complained to the same prosecutor about the slow pace of an investigation. Like Domenici, she denied pressuring the U.S. attorney in her state.

The administration has said eight prosecutors were told to leave, all but one for performance-related reasons. However, Democrats have suggested ever more pointedly that politics was behind many of the dismissals, and the Domenici revelation fueled that idea.

Six of those fired, meanwhile, issued a stiff defense of their conduct and implied that they had had differences with Justice Department officials in Washington.

"We leave with no regrets, because we served well and upheld the best traditions of the Department of Justice," the group said in a joint statement released in advance of a Tuesday hearing by a House subcommittee.

The Justice Department, besieged by charges of cronyism, acknowledged that lawmakers — both Republican and Democratic — had complained about several of the eight.

One, David Iglesias of New Mexico, was the subject of four phone calls from Domenici to Attorney General Alberto Gonzales and his deputy questioning whether the prosecutor was "up to the job," department spokesman Brian Roehrkasse said.

It's unclear whether Iglesias was aware of the senator's calls to the Justice Department, but he knew of Domenici's interest in his work. Domenici said over the weekend that he had called the prosecutor in October 2006 to ask about the progress of a probe into an alleged Democratic kickback scheme.

Iglesias has said he received calls from two lawmakers — he has not named them publicly — who inquired about the case. He said that he felt pressured by them to rush indictments before the November elections.

Domenici has apologized for the call while denying he put any pressure on Iglesias. The Senate ethics manual advises lawmakers to refrain from speaking to court officers about specific proceedings until after they are resolved.

Wilson said Monday she contacted Iglesias but did not put pressure on him to speed up the investigation.

In a statement released to The Washington Post, Wilson said: "I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way. The conversation was brief and professional."

She said the department dismissed Iglesias "without input from me."

During a briefing that Deputy Attorney General Paul McNulty gave senators last month about the firings, McNulty singled out two U.S. attorneys, Iglesias and Carol Lam of California, who had generated "extensive congressional concern," according to a senior administration official, speaking on condition of anonymity because the official was not authorized to speak on the record about that briefing.

The Justice Department released letters from Sen. Dianne Feinstein and Rep. Darrell Issa of California to Gonzales and Lam complaining about Lam's prosecution record with illegal immigrants, and other matters.

Lam's and Iglesias' accounts are just two of the stories expected to receive public airings on Capitol Hill Tuesday. The Justice Department has said Iglesias was among those dismissed for performance-related issues.

U.S. attorneys are political appointees and can be fired for any reason, or none at all. But these firings have become a stress point of a power struggle between the Republican Bush administration and newly ascendant Democrats in Congress.

Separately on Monday, the Justice Department said that Michael Battle — a senior official who directed the department's Executive Office for U.S. Attorneys and had personally informed the ousted prosecutors of their removal — would leave his post March 16.

Battle was not involved in the decision-making that led to the prosecutors' ouster, the department said. "His departure is not connected to the U.S. attorney controversy whatsoever," Roehrkasse said.

Democrats scoffed.

"The wheels seem to be coming off the Bush administration's increasingly hollow defense of its decision to fire eight U.S. attorneys," said Rep. Linda Sanchez, D-Calif., who planned to lead the House hearing.

Her panel subpoenaed two more fired prosecutors, Daniel Bogden of Nevada and Paul Charlton of Arizona.

They are the fifth and sixth ordered to testify. The others — Iglesias, Lam, H.E. "Bud" Cummins of Arkansas and John McKay of Washington — were expected to testify before both the House panel and the Senate Judiciary Committee.

The six attorneys said in a statement released ahead of the proceedings that they were given "little or no information about the reason" for their firings.

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"When we had new ideas or differing opinions, we assumed that such thoughts would always be welcomed by the department and could be freely and openly debated within the halls of that great institution," they said.

Domenici said Sunday he had had a brief conversation with Iglesias last year and asked "if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at."

"In retrospect, I regret making that call and I apologize," Domenici said, adding, "I have never pressured him nor threatened him in any way."

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Associated Press writers Hope Yen, Jennifer Talhelm and Larry Margasak contributed to this report.

House Widens Prosecutor Firings Probe (USAT)

By Kevin Johnson, USA TODAY

USA Today, March 6, 2007

WASHINGTON — Congressional inquiries into the Bush administration's dismissal of eight federal prosecutors deepened Monday, as the House Judiciary Committee announced it would seek subpoenas for two more of the prosecutors.

The panel now plans to hear from as many as six of the ousted prosecutors today, and several of them are likely to also appear before the Senate Judiciary Committee. Both panels are investigating whether the administration unfairly dismissed the eight prosecutors — who serve at the pleasure of the president — as political retaliation for their investigative activities.

The House panel's announcement said it would seek testimony from former U.S. attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona. Previously scheduled to testify today were former U.S. attorneys H.E. "Bud" Cummins of Arkansas, David Iglesias of New Mexico, Carol Lam of Southern California and John McKay of Washington state.

Meanwhile, the senior Justice Department official who carried out the controversial firings announced his resignation Monday. Michael Battle, director of the Executive Office of U.S. Attorneys, said in a statement that his resignation was unrelated to the dismissals and that he was leaving to enter private practice.

Battle said he first notified the department of his decision to leave last June. However, Democrats called the timing of his departure suspicious.

"This raises another question about a subject where there are already too many unanswered questions," said Sen. Charles Schumer, D-N.Y., who has led the Senate investigation.

Rep. Linda Sánchez, D-Calif., a member of the House panel, said the explanation for Battle's departure "is as murky as everything else (the administration) has told us about this case."

Administration officials, including Deputy Attorney General Paul McNulty, have said that all but one of the firings were related to the prosecutors' performance. Last month, McNulty told the Senate panel that Cummins was removed so he could be replaced by an ex-aide to White House political director Karl Rove.

Since then, the Senate panel has disclosed that Justice had issued generally favorable evaluations of all of the fired prosecutors. And Iglesias, the former U.S. attorney in New Mexico, has said that before he was dismissed in December he was contacted by two unidentified members of Congress who asked about the status of corruption probe looking at Democrats.

Sen. Pete Domenici, R-N.M., has since acknowledged that he contacted Iglesias. Domenici said in a statement that he asked Iglesias whether "he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at.

"I regret making that call, and I apologize," Domenici said. "However, at no time … did I ever tell (Iglesias) what course of action I thought he should take on any legal matter."

Senate Ethics Committee Chairwoman Barbara Boxer, D-Calif., and Vice Chairman John Cornyn, R-Texas, declined to comment on whether Domenici's action would trigger an ethics inquiry.

Democrats To Probe Sackings Of US Attorneys (FT)

By Brooke Masters In New York

Financial Times, March 6, 2007

Congressional Democrats concerned about what they say is a political purge of US attorneys plan to use hearings on Tuesday to probe allegations that New Mexico's top prosecutor was fired after Pete Domenici, a Republican senator, involved himself in a political corruption investigation there.

A subcommittee of the House judiciary committee has subpoenaed six of the eight US attorneys ousted by the Department of Justice in December. The prosecutors, who run the 93 local offices that bring most cases, are chosen by the president and confirmed by the Senate, but the mass mid-term firings are highly unusual, legal experts said.

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"More than any other justice department officials, US attorneys must be above reproach. Today's revelations call into serious question whether they were allowed such independence in this administration," said Chuck Schumer, New York senator. He added that the Senate judiciary committee, which will also hold hearings, planned to explore the recent resignation of Mike Battles, the DoJ official who informed the US attorneys of their dismissals

Several of the ousted attorneys have said they were told they were being pushed out to make way for people with political connections.

The firing of Carol Lam, former US attorney for San Diego, has also prompted questions because that office is presiding over a political corruption probe that ensnared Randy "Duke" Cunningham, a Republican congressman, and other Republicans.

David Iglesias, the former top prosecutor in New Mexico, added fuel to the fire last week when he said that he was put under pressure last autumn by two -congressional Republicans to speed up a political corruption probe involving -Democrats.

Mr Domenici acknowledged at the weekend that he contacted Mr Iglesias about the corruption investigation late last year, saying: "In retrospect, I regret making that call and I apologise. However . . . I have never pressured him nor threatened him in any way."

He also said he had begun seeking Mr Iglesias's removal well before that call because he was dissatisfied with the progress on illegal drug and immigration cases.

Heather Wilson, a Republican congresswoman accused of being one of the two who allegedly put pressure on Mr Iglesias, has declined to comment on the claims and other members of New Mexico's delegation have said they did not contact the US attorney.

Brian Roehrkasse, DoJ spokesman, said Mr Domenici had complained four times to top officials there about Mr Iglesias but never mentioned the corruption investigation.

"Any suggestion that any US attorney was removed to inappropriately interfere with any investigation is plainly wrong and ill-conceived," he said. "These decisions were based on the individual concerns of each US attorney about their overall performance . . . [including] ineffectively prosecuting departmental priorities areas, failure to follow departmental guidelines or just an inability to lead."

Senate Democrats are also seeking to roll back a 2005 law change that allows the justice department to name interim US attorneys who can serve indefinitely without Senate confirmation. Previously, interim replacements could serve only 120 days and then had to seek approval from federal judges. The DoJ says the law change is irrelevant to the controversy because it plans to name permanent replacements and seek Senate confirmation for the open-positions.

Linda Sanchez, chairwoman of the House subcommittee, said the hearings would "shed additional light on the Bush administration's apparent decision to pursue a political agenda through the selection of federal -prosecutors".

Political Retribution? Poor Performance? Congress Will Hear From Fired U.S. Attorneys (ABC)

By Z. BYRON WOLF

ABC News, March 6, 2007

Probe Studies Sen. Pete Domenici's Phone Call to Dismissed Prosecutor

March 5, 2007 — - Honest inquiry or political pressure? Differing perceptions of a quick phone call in New Mexico before the midterm elections last November could put one senator in ethical hot water.

Former U.S. attorneys are set to testify before both the House and the Senate Tuesday about why they were fired in recent months to determine whether they are the victims of political retribution. Six attorney were fired with little explanation. They claim they were performing well in their jobs. The Justice Department claims some were dismissed because of poor performance.

Among the six former prosecutors who will testify is David Iglesias, who was until last week the U.S. attorney in New Mexico. He is expected to allege that Republican lawmakers, including New Mexico Sen. Pete Domenici, pressured him to speed up a corruption investigation involving New Mexico Democrats ahead of last November's midterm election .

An outside group has already filed an ethics complaint against Domenici, accusing him of breaking Senate rules by interfering with an ongoing criminal investigation.

Everyone agrees that Domenici picked up the phone last October and called Iglesias, though Iglesias did not name Domenici or another yet-to-be unidentified lawmaker who Iglesias said also tried to pressure him. Rep. Heather Wilson, who has not commented on the Iglesias matter, is the only other New Mexico Republican in Congress.

The topic of conversation between Iglesias and Domenici was a corruption investigation Iglesias was conducting into an alleged kickback scheme involving New Mexico Democrats.

But the substance of that call is up for debate. Domenici, who admits to placing the call, said he was just interested in the timeframe for any potential indictments stemming from the investigation.

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"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what timeframe we were looking at," Domenici said in a written statement released Sunday.

Iglesias, however, has said he felt violated by the call and sensed pressure to bring indictments sooner than he wanted to -- before the November election. The indictments never came. And last week Iglesias was fired by the Department of Justice.

Iglesias was not the only person Domenici was calling. A Justice Department spokesman confirmed to The Associated Press that Domenici complained about Iglesias in three separate calls to Attorney General Alberto Gonzales between September 2005 and March 2006. Also, in October 2006, Domenici complained about Iglesias to Deputy Attorney General Paul McNulty. It is unclear if this call was made before or after Domenici's conversation with Iglesias.

Justice Department spokesmen have said Iglesias was among the attorneys let go because of poor performance.

Monday the liberal-leaning public interest group Citizens for Responsibility and Ethics in Washington asked for an ethics investigation of Domenici.

"If, as it appears, Sen. Domenici pressured a sitting U.S. attorney to push a criminal case to benefit a political party, the Ethics Committee should take swift and harsh action," said Melanie Sloan, director of CREW. "No member of Congress can be permitted to manipulate our system of justice for political gain."

Senators will surely question Iglesias about the ethics allegations and his contact with Domenici in the run-up to the November election, but Democrats in the Senate are not expected to take a public stance on whether Domenici violated Senate ethics or whether there should be a full-scale ethics committee investigation until after tomorrow's hearing. Iglesias is expected to dispute Domenici's version of their conversation in which Domenici said, "I have never pressured or threatened him in any way."

The Senate Ethics Committee is unable to comment on any ethics allegations or inquiries, but the Senate ethics manual spells out that the committee will engage in a "preliminary inquiry" whenever it receives a sworn complaint against a senator or senate staffer. Ethics Committee Chairwoman Barbara Boxer, D-Calif., and Vice Chairman Sen. John Cornyn, R-Texas, confirmed Tuesday that a preliminary inquiry into Domenici's actions would, as rules require, be launched.

You can read the relevant passage in the ethics manual here: http://ethics.senate.gov/downloads/pdffiles/manual.pdf

The preliminary inquiry is not a full-scale investigation but establishes whether the committee should proceed with any sort of action against a senator. This would be the equivalent of a grand jury inquiry.

It is Domenici's admitted call to Iglesias last year that could put him in jeopardy with the committee. According to the ethics rules, it is "against the general advice" of the committee for a senator to meddle in ongoing litigation.

Domenici said he was seeking a status report and a timeframe. A status report inquiry is not against Senate rules as long as the agency being contacted is not "engaged in an ongoing enforcement, investigative or other quasi-judicial proceeding with respect to the matter. …"

While something that is done against the "general advice" of the committee may not violate a specific rule, it could be deemed to constitute an ethics violation, because the committee members could determine the action reflects poorly on the body. But these guidelines are specifically geared to senators intervening in cases on behalf of constituents; so, it is unclear if that will apply to Domenici's interaction with Iglesias.

Gonzales Defends Move To Fire Attorneys, Denies Political Role (WSJ)

By Evan Perez

The Wall Street Journal, March 6, 2007

Attorney General Alberto Gonzales, facing criticism for the firing of eight U.S. attorneys, defended the action as appropriate but said the Justice Department handled the situation poorly.

"We could have rolled out the decisions more smoothly," he said in an interview. But he also rejected accusations from Democrats and other critics that the prosecutors were fired for failing to follow the Bush administration's political agenda.

"To think we made these changes to retaliate or because they didn't carry out certain prosecutions?" he said. "That did not occur here. I stand by the decision to make the changes."

The tempest has been the latest imbroglio for the Justice Department and Mr. Gonzales, a longtime Bush friend and former White House counsel who has defended the administration's often-controversial law-enforcement programs, from domestic surveillance to the treatment of enemy combatants.

Part of the problem is the Justice Department's contention that the Dec. 7 dismissals were performance related, which came after initial suggestions that the moves were normal turnover. That switch has prompted protests from some of those let go. Some have taken to referring to the firings as the "Pearl Harbor Day Massacre." And some of have said they wouldn't have protested the moves otherwise.

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Internal Justice Department documents, reviewed by The Wall Street Journal, show evaluations offering positive reviews for all the prosecutors' work as recently as last March. Mr. Gonzales said the written reviews were among several factors the department used to evaluate prosecutors, which include numbers and types of prosecutions and management issues.

"It should never have come to this," said John McKay, former U.S. attorney for the Seattle-based western district of Washington, who was among those fired and is now an adjunct law professor at the Seattle University law school. "I resigned quietly and left. But when they started saying it was for 'performance reasons,' I couldn't keep quiet any more."

The situation has put Democrats in the unusual role of championing the cause of Republican appointees to batter the administration. Indeed, many of the ousted prosecutors remain loyal to President Bush and Mr. Gonzales, and blame Republican party operatives for giving the two men bad advice.

Today, committees in the House and Senate are holding hearings in which four of the fired prosecutors are scheduled to testify.

In prepared testimony, Carol Lam, the former U.S. attorney for the Southern District of California, planned to read a statement on behalf of the group, saying, "Each of us was fully aware that we served at the pleasure of the President, and that we could be removed for any or no reason. In most of our cases, we were given little or no information about the reason for the request for our resignations."

The Justice Department said lawmakers had complained about some of the prosecutors. New Mexico Republican Sen. Pete Domenici said this weekend that he had sought the removal of David Iglesias, the U.S. attorney in his state, and had called him to inquire about the status of a corruption probe involving local Democrats.

Yesterday, Michael Battle, director of the Executive Office of U.S. Attorneys, who requested the resignations, announced his own resignation. He said he plans to enter the private sector and that his departure had nothing to do with the firings.

Democrats initially claimed the administration was using a little-noticed clause in the Patriot Act to circumvent Senate confirmation for some of the interim replacements who otherwise might not be able to pass muster with the new Democratic majority. There is no fixed term for U.S. attorneys. They typically are appointed at the beginning of a new president's term and serve throughout.

Mr. Gonzales denied any political motivation for the moves. "I made recommendations to the president" that the changes be made, he said. "Ultimately, these are presidential appointees."

Second Lawmaker Contacted Prosecutor (WP)

By Paul Kane And Dan Eggen

The Washington Post, March 6, 2007

Rep. Heather A. Wilson (R-N.M.) acknowledged yesterday that she contacted a federal prosecutor to complain about the pace of his public corruption investigations, as the Senate ethics committee signaled that it had opened a preliminary inquiry into a similar communication by her state's senior senator, Pete V. Domenici (R).

Wilson denied allegations from former New Mexico U.S. Attorney David C. Iglesias that she pressured him to speed up a political corruption investigation involving Democrats in the waning days of her tight election campaign last fall.

"I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way," Wilson said in a statement to The Washington Post. "The conversation was brief and professional."

Iglesias, one of seven U.S. attorneys fired by the Justice Department on Dec. 7, is expected to tell Congress today that Wilson and Domenici were trying to sway the course of his investigation. Domenici acknowledged Sunday that he called Iglesias about the corruption case but said he did not pressure him. The telephone calls to Iglesias by Domenici and Wilson appear to put them in conflict with congressional ethics rules that bar contacts with federal agency officials during most active investigations.

The furor over Domenici and Wilson has rapidly become the focus of the dispute over the firings of eight U.S. attorneys and a change in law that allows Attorney General Alberto R. Gonzales to appoint interim prosecutors for an indefinite period of time. The Justice Department has said that seven of the prosecutors were dismissed for failing to follow Bush administration policy on multiple issues, and acknowledged that one was sacked to make way for an ally of White House political adviser Karl Rove.

But most of the prosecutors have cited positive job reviews, and Democrats have alleged that there were political motivations behind the firings.

"Each of us was fully aware that we served at the pleasure of the president, and that we could be removed for any or no reason," six of the prosecutors said in a statement released yesterday. "In most of our cases, we were given little or no information about the reason for the request for our resignations."

Iglesias and three other ousted prosecutors are scheduled to appear before the Senate Judiciary Committee this morning. The same group and two others are slated to testify in the afternoon before a House Judiciary subcommittee.

The Senate Ethics Committee released a statement yesterday evening declining to address the allegations against Domenici, but it said that anytime a legitimate complaint is filed against a senator, a preliminary inquiry is begun. The statement, from the chairwoman, Sen. Barbara Boxer (D-Calif.), and Sen. John Cornyn (Tex.), the committee's ranking Republican, noted that preliminary inquiries can lead to wider investigations.

Citizens for Responsibility and Ethics in Washington, a liberal-leaning advocacy group, filed a complaint against Domenici with the committee yesterday.

Wilson said in her statement that many of her constituents had complained about "the slow pace of federal prosecutions" in corruption cases and that one unidentified constituent told her that "Iglesias was intentionally delaying corruption investigations."

Wilson also said she was trying to help Iglesias. "If the purpose of my call has somehow been misperceived, I am sorry for any confusion. I thought it was important for Mr. Iglesias to receive this information and, if necessary, have the opportunity to clear his name."

Wilson said Iglesias's dismissal occurred "without input from me." Justice officials said they are not aware of any contacts by Wilson about Iglesias. But they said Sunday that Domenici complained about him to Gonzales three times in 2005 and 2006 and spoke to Deputy Attorney General Paul J. McNulty in the first week of October 2006.

Also yesterday, the senior Justice Department official who carried out the attorney firings announced his resignation but said his departure was not related to the dismissals.

Michael A. Battle, who has headed the Executive Office of U.S. Attorneys since 2005, said in a statement that he began considering outside employment last June. His last day will be in mid-March, officials said.

Battle called seven U.S. attorneys on Dec. 7 and notified them that they were being asked to leave. He notified then-Arkansas U.S. Attorney Bud Cummins of his dismissal in June.

The ethical quandary facing Domenici and Wilson heightens the political pressures that both are facing at home, where Democrats are touting the Iglesias allegations with one eye on attacking the Bush White House and the other on two seats they consider vulnerable in 2008.

There has been speculation in both parties that Domenici, a 34-year veteran of the Senate, may not run for a seventh term next year, when he will turn 76. He held a large fundraiser in Albuquerque two weeks ago that was meant to give notice of his intention to run again, and aides and outside advisers maintained yesterday that the latest flap will not change his plans.

But the potential for an ethics review of his actions has independent analysts discussing the possible political fallout for the otherwise popular Domenici. Wilson, the heir apparent to his seat, won reelection in November by fewer than 1,000 votes.

"You're having an impact on the Senate race either way -- whether he stays or not," said Amy Walter, a handicapper with the Cook Political Report.

An inquiry into Wilson's actions could impair what Walter called Wilson's "outsider" reputation. "It calls into question those skills," she said.

Before the scandal erupted, the Rothenberg Political Report, another independent handicapper, listed Wilson as one of the dozen most-endangered House Republicans.

Justice Stymieing Probe Of 6 Firings, Democrats Say (WT)

By Eric Pfeiffer, The Washington Times

The Washington Times, March 6, 2007

Congressional Democrats say half a dozen former federal prosecutors were fired by the Bush administration for political reasons, and they're accusing the Justice Department of withholding information related to the dismissals.

"Eleven months after the firings, we still haven't gotten straight answers from the Department of Justice, which changed its own story this weekend and admitted the firings weren't based on job performance," said Rep. Linda T. Sanchez, California Democrat and chairman of the House Judiciary subcommittee on commercial and administrative law.

Both the House and Senate Judiciary committees will hold hearings today with the six former prosecutors.

Supporters of the administration's policy say the firings were not done improperly. U.S. attorneys have four-year terms, but can be removed or replaced at any time, and for nearly any reason, according to federal law.

"We ought to not lose sight of the fact that president has the power to replace them," said Sen. Arlen Specter, the ranking Republican on the Judiciary Committee. "He doesn't have to have a reason. If it is a bad reason, that is different."

The Pennsylvania Republican added he would listen to the Democrats' accusations of improper firings.

Democrats have specifically cited the case of former prosecutor Carol Lam of San Diego, who prosecuted former Rep. Randy "Duke" Cunningham, California Republican. Cunningham resigned from office last year after pleading guilty to bribery charges in connection to a case involving military contractors. Cunningham received an eight-year sentence.

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Mrs. Lam, who was appointed by Mr. Bush in 2002, was fired after the Justice Department issued a request for her dismissal in January. According to the Justice Department, Mrs. Lam was fired for not aggressively pursuing the prosecution of border crimes.

The other five former U.S. attorneys scheduled to testify today include Daniel Bogden of Las Vegas, Paul K. Charlton of Phoenix, Bud Cummins of Little Rock, Ark., David C. Iglesias of Albuquerque, N.M., and John McKay of Seattle.

Meanwhile, Sen. Pete V. Domenici, New Mexico Republican, yesterday said he made a mistake by contacting Mr. Iglesias during an ongoing probe of state Democrats on charges of corruption last year. While apologizing for making the call, Mr. Domenici told reporters he "never pressured him nor threatened him in any way."

The Justice Department replaced Mr. Iglesias last December and said Mr. Domenici had put in four calls making such a request. Both say the calls happened between September of 2005 and October 2006, while the call to Mr. Iglesias took place in October.

Mr. Iglesias said he thinks the October calls to him from Mr. Domenici and Republican Rep. Heather A. Wilson were made to pressure him on the pace of his corruption probe and are the real cause of his dismissal.

Last night, Fox News reported that Michael A. Battle, director of the Executive Office for United States Attorneys, had resigned his post. Mr. Battle was behind eight of the recent top-level firings. The Justice Department said the resignation was not connected to the firings and that Mr. Battle had announced his departure in an internal e-mail last month.

Prosecutor Worried 'Gloves Would Come Off' Over Criticism Of Ouster (MCT)

By Marisa Taylor, McClatchy Newspapers

McClatchy Newspapers, March 6, 2007

WASHINGTON - A high-ranking Justice Department official told one of the U.S. attorneys fired by the Bush administration that if any of them continued to criticize the administration for their ousters, previously undisclosed details about the reasons they were fired might be released, two of the ousted prosecutors told McClatchy Newspapers.

While the U.S. attorney who got the call regarded the tone of the conversation as congenial, not intimidating, the prosecutor nonetheless passed the message on to five other fired U.S. attorneys. One of them interpreted the reported comments by Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, as a threat.

Justice Department officials denied that the conversation with the U.S. attorney ever took place, and Elston said he called several of the fired U.S. attorneys but never made any such comments.

"I had no conversation in which I discussed with any U.S. attorney what they should or should not say to the media regarding their removal," Elston said.

The two prosecutors who described the call demanded anonymity because, they said, they didn't want to antagonize the Justice Department further.

Justice Department spokesman Brian Roehrkasse criticized McClatchy for running the story. "It is unfortunate that the press would choose to run an allegation from an anonymous source from a conversation that never took place," he said.

Six of the eight ousted U.S. attorneys have been subpoenaed to testify Tuesday before the House of Representatives. Four will appear voluntarily before the Senate after a liberal public-interest group Monday asked for the Senate ethics committee to investigate Sen. Pete Domenici, R-N.M., for calling the U.S. attorney in New Mexico, who was later fired, during a corruption investigation of at least one Democrat.

According to one of the fired U.S. attorneys, Elston made the comments during a telephone conversation after Democrats began questioning whether the administration was attempting to purge more independent-minded Republican appointees in order to replace them with more partisan candidates.

According to the former U.S. attorney, Elston made a "pointed comment that indicated that somehow anyone who talked might become more embarrassed if the story continued on."

"The inference was that they were holding themselves back from saying more about why people were fired - that it was likely the department was going to step up the defense of their actions," the fired prosecutor said. "It could have been construed as friendly advice or a casual prediction. But I think it was expected that everyone would be told about the call."

When conveying the message to the others, the prosecutor tried to make it clear that the meaning of the conversation shouldn't be overdramatized.

But another former U.S. attorney, who wasn't a party to the Justice Department conversation, interpreted the comments as a threat, especially since it came when congressional Democrats were contacting the attorneys about possibly testifying before Congress.

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"I took it to mean that negative, personal information would be released," the prosecutor said. "That if we made public comments or if we were to testify in Congress, that the gloves would come off and the Department of Justice would make us regret that we were talking."

The controversy over the firings of the eight U.S. attorneys has continued for weeks, but it was reignited last week when U.S. Attorney David Iglesias told McClatchy Newspapers that he believed that two members of Congress called him in mid-October to pressure him to complete the investigation before the November elections. Iglesias, who stepped down last week, added that he believed he was fired because he didn't speed up the case.

Domenici, who originally had recommended Iglesias for the post, apologized for making the call in a statement Sunday, but he said that he never pressured or threatened Iglesias about the case.

McClatchy Newspapers reported previously that Rep. Heather Wilson, R-N.M., also called Iglesias about the investigation. The Washington Post reported in its online edition Monday that Wilson acknowledged contacting Iglesias, but denied pressuring him.

Domenici also acknowledged in his statement that he asked the Justice Department to replace Iglesias, but he said that he made the request before he called about the corruption probe.

Justice Department officials confirmed that Domenici called Attorney General Alberto Gonzales in September 2005 and January and April of 2006.

During those calls, Domenici expressed general concerns about Iglesias' performance and questioned whether he was "up to the job," Roehrkasse said. During the first week of October 2006, Domenici made a similar and "very brief call" about Iglesias to McNulty, the deputy attorney general. At no time in these calls did the senator mention the public corruption case, Roehrkasse said.

The left-leaning Citizens for Responsibility and Ethics in Washington (CREW) asked the Senate Select Committee on Ethics to investigate whether Domenici violated ethics law. Lawmakers are prohibited from attempting to influence Justice Department investigations. Members of the ethics committee released a statement saying they couldn't comment on an ongoing matter.

Also on Monday, Michael Battle, the Justice Department official who oversees the U.S. attorney's offices, resigned. In January, Battle sent an e-mail to all U.S. attorneys announcing that he'd be leaving and sent a more detailed e-mail to his immediate staff in February with his departure date, a Justice Department official said.

On Dec. 7, Battle told most of the U.S. attorneys that they were to be fired. Former prosecutors said that Battle told many of them he didn't know why they were fired, but the orders came from "on high."

Messenger In Prosecutors' Firings Quits (NYT)

By David Johnston

The New York Times, March 6, 2007

WASHINGTON, March 5 — The Justice Department official who told seven United States attorneys in December that they were being dismissed said Monday that he was resigning.

Michael A. Battle, director of the Executive Office for United States Attorneys, said in a statement that his departure was unrelated to the dismissals, but Democrats said he appeared to be a casualty of the uproar over the firings.

Mr. Battle, formerly a United States attorney in Buffalo, is not believed to have played a significant role in the decision to remove the United States attorneys, although Justice Department officials said he had accepted it.

Mr. Battle said in his statement that he had been planning to leave the agency since last June.

But Democrats in Congress said the timing of his departure, on March 16, appeared unusual.

With hearings planned on Tuesday in the Senate and the House, a House Judiciary panel said on Monday that it would issue subpoenas to two more of the ousted prosecutors, Daniel G. Bogden of Nevada and Paul Charlton of Arizona. The panel had previously subpoenaed four prosecutors.

The week is shaping up as pivotal for the new Democratic majority, a chance to exercise its subpoena and oversight powers over the Bush administration on two politically charged fronts: the circumstances of the removal of the United States attorneys and the treatment of veterans at Walter Reed Army Medical Center.

Democratic leaders say it is the beginning of a fundamentally different power relationship between Congress and the Bush administration. Representative Rahm Emanuel, the Illinois Democrat who is chairman of the House Democratic Caucus, said of the administration: "In the past, they would stonewall this through a news cycle and know they could ride it out. Now they know there's a Congress of another party, with the power of subpoenas, the power to hold hearings, the power to ask questions."

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One of the dismissed United States attorneys who are expected to testify is David C. Iglesias, who was removed as the top federal prosecutor in New Mexico. Mr. Iglesias is expected to describe in detail the phone calls he received last year from Senator Pete V. Domenici, Republican of New Mexico, and an unidentified Republican lawmaker, Congressional aides said.

Mr. Iglesias has said the calls were intended to press him into bringing indictments that would embarrass Democrats before the November 2006 elections. The case centered on an investigation of a kickback scheme related to a construction project involving a former Democratic official. Mr. Domenici has acknowledged making a call to the prosecutor but has said he did not press Mr. Iglesias.

Mr. Domenici is one of the three Republican members of the state's Congressional delegation. One of the other lawmakers, Representative Steve Pearce, has said he did not contact Mr. Iglesias. The remaining Republican, Representative Heather A. Wilson, told The Washington Post on Monday that she had spoken with Mr. Iglesias but said she had not pressured him.

Also on Monday, Citizens for Responsibility and Ethics in Washington asked the Senate Committee on Ethics whether Mr. Domenici violated Senate rules when he contacted Mr. Iglesias. The group noted that Mr. Domenici made the call shortly before the November elections, in which control of the House came down to a handful of competitive races.

Carol C. Lam, who was removed as United States attorney in San Diego, said in testimony prepared for her appearance in the House that "in most of our cases, we were given little or no information about the reason for the request for our resignations." Ms. Lam said in her written testimony that she would not speculate on the reasons.

Senator Charles E. Schumer, Democrat of New York, who has led the Senate investigation into the removals, said the ousted prosecutors wanted to talk about their experiences. "We have spent decades trying to insulate U.S. attorneys from the political process," Mr. Schumer said, "and it looks more and more like all that has been undone in the last few years."

Both the issue of the ousted United States attorneys and the disclosure of dilapidated facilities and poor care at Walter Reed fit neatly with core Democratic charges: that the Bush administration is more interested in politics than in government and that despite its rhetorical flourishes, it is not doing enough for the troops.

Dems Question DoJ Resignation In Wake Of Attorney Dismissals (HILL)

By Elana Schor And Susan Crabtree

The Hill, March 6, 2007

Democrats are questioning the timing of the resignation of a Department of Justice official who called to fire several U.S. attorneys late last year.

Michael Battle, a former U.S. attorney who serves as the director of the Executive Office for U.S. Attorneys, will leave his post voluntarily March 16.

The circumstances surrounding Battle's departure add to questions Democrats plan to ask about whether politics played any role in the firings of seven U.S. attorneys, some of whom were pursuing public-corruption cases against GOP lawmakers. The House and Senate Judiciary committees will hold hearings featuring the testimony of several of the fired U.S. attorneys today to investigate the matter.

A Department of Justice staffer said only that the public-affairs office planned to send out a statement about Battle's resignation; it did not do so by press time yesterday.

Battle called six federal prosecutors in early December to fire them, and reportedly was unhappy about doing so.

A Justice Department spokesman told the Associated Press that Battle "was not involved in the actual decision-making."

"This raises another question about a subject where there are already too many unanswered questions," Sen. Charles Schumer (D-N.Y.), who will chair today's Senate Judiciary Committee hearing with U.S. attorneys, said in a statement. "While Mike Battle, a man of integrity, must issue the customary denial, the timing of this resignation asks whether he's another casualty of the U.S. attorney imbroglio."

House Judiciary Committee Chairman John Conyers Jr. (D-Mich.) and Judiciary Subcommittee on Commercial and Administrative Law Chairwoman Linda Sánchez (D-Calif.) vowed to "do everything in their power to unearth the facts surrounding Battle's resignation."

"The wheels seem to be coming off the Bush administration's increasingly hollow defense of its decision to fire eight U.S. attorneys," Sánchez said. "The administration's explanation of Mr. Battle's apparent resignation is as murky as everything else they have told us about this case."

Six ousted U.S. attorneys are slated to tell their stories to a House subcommittee today and four will appear before the Senate Judiciary Committee, as the flap surrounding their dismissal threatens to engulf two Republican lawmakers.

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Democrats have seized on the U.S. attorney departures to bolster their charges of cronyism in the administration. Although replacing U.S. attorneys is a common move by a president at the beginning of a term — Clinton famously reshuffled their ranks when he entered office — it's unusual for an administration to make such changes midterm.

The Democrats' net unexpectedly may have snared their GOP colleagues, after New Mexico prosecutor David Iglesias alleged that two lawmakers had called him before his resignation to push for expediting a state corruption probe.

Sen. Pete Domenici (R-N.M.) acknowledged over the weekend that he called Iglesias to ask for an update on the progress of a contentious investigation of alleged kickbacks to a local Democratic politician related to a lavish courthouse construction contract. Domenici denied pressuring Iglesias on the case and said he had recommended the prosecutor's removal before making the call.

The identity of the other congressional caller remains unconfirmed. Iglesias has said both lawmakers were New Mexico Republicans, and Rep. Heather Wilson — often mentioned as a possible replacement for the 74-year-old Domenici, her political mentor — is the only member of the delegation who declines to comment on the allegations.

Iglesias's testimony today may pose a new dilemma for Democrats, who must decide whether to pursue any potential ethics violations that may arise from the prosecutor's sworn testimony. The U.S. attorney scandal so far has proven an effective Democratic cudgel against the Bush administration, but formal complaints against sitting Republicans, particularly the well-liked Domenici, could create unanticipated partisanship.

Schumer demurred late last week when asked whether he had discussed Iglesias's charges with Domenici.

"I don't think that's appropriate," the Democratic Caucus vice chairman said.

Senate Majority Whip Dick Durbin (D-Ill.) spoke of the U.S. attorneys late last week as part of a pattern of unilateral decision-making by the White House, which used a little-known provision in last year's Patriot Act reauthorization to install replacement prosecutors without promptly seeking Senate confirmation.

"It's entirely consistent with the unitary executive … diminishing the power of Congress," Durbin said. When asked whether he had discussed Domenici's alleged call to Iglesias with the senior Republican, Durbin added, "I think that's what you do for a living."

In the House, however, Republicans already may have started an ethics war of words by pledging last week to block the assignment of Rep. William Jefferson (D-La.), who is under FBI investigation for bribery charges, to the Homeland Security Committee.

"Any time they're calling attention to Jefferson, they have a problem because they have many members with problems," a Democratic aide said. "Whether it's Wilson or other Republican members, they will no doubt get bitten in the behind."

Sen. Mark Pryor (D-Ark.) was one of the first lawmakers to shine a spotlight on the resigned prosecutors' predicament, after his state's U.S. attorney, H.E. "Bud" Cummins, was asked to depart to make room for a former aide to senior Bush adviser Karl Rove. That replacement since has agreed to forgo formal Senate confirmation, and Pryor said he has met with Rep. John Boozman (Ark.), the state delegation's sole Republican, to discuss new recommendations to send to the White House.

Of the New Mexico case, Pryor said, "It would seem inappropriate for a member of Congress to try to intervene in a political investigation, whether to speed it up or slow it down."

William Canfield, a former Senate Ethics Committee counsel who now practices at Williams & Jensen, said any charges Iglesias may make would be difficult to prove without substantive evidence of the nature of the lawmakers' calls. Members of Congress are forbidden from making "ex parte" communications with executive-branch employees aimed at influencing investigations.

"I don't think [rules about] ex parte communications would stop a member of the Senate or House from getting on the phone with a local U.S. attorney and asking, 'What are you doing?'" Canfield said. "None of that is a request for information, just advice that the U.S. attorney take this case seriously."

The case on which Iglesias was working at the time of his dismissal centered on Manny Aragon, a former state Senate president pro tem and influential figure in Albuquerque's Democratic establishment. Aragon was accused of taking payments from a construction company that worked on several city courthouses, and local media reports hinted at imminent indictments several times late last year with none materializing from Iglesias.

Wilson's reelection challenger last year was state Attorney General Patricia Madrid, whom she ultimately beat by 861 votes. Wilson accused Madrid during the campaign of being soft on crime, a contention state Republicans believed to be bolstered by Madrid's decision to seek indictments of cooperating witnesses in yet another corruption probe that Iglesias was pursuing.

Illustrating the cosseted circles of New Mexico politics, Iglesias and Madrid first encountered each other in 1998, when the future U.S. attorney lost the attorney general's race to the future Democratic House candidate.

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Watchdog group Citizens for Responsibility and Ethics in Washington (CREW) sent a letter to the Senate Ethics Committee on Monday calling for an investigation into Domenici's phone call to Iglesias. Melanie Sloan, CREW's executive director, said they would file an ethics complaint against Wilson if Iglesias names her tomorrow as the other caller during his testimony.

Even so, Sloan doubts either ethics panel would address the matter.

"They're not going to do anything," she said. "They, like the House committee, are just a fig leaf. I'd be shocked [if they] actually took this up because they never take anything up."

Gerald Hebert, of the Campaign Legal Center, also said Domenici's admission raises serious ethical questions.

"Domenici can claim all he wants that he didn't put any pressure on that prosecutor," Hebert said. "But there is inherent, implicit pressure whenever a senator calls someone like that."

Hebert said Domenici's action warrants an ethics investigation, but he also said he doubts the Senate Ethics Committee will act on it.

"They have a very shaky record of being able to police themselves," he said. "That's why we've called upon the Senate to establish an [outside] office of public integrity — their track record is not a good one."

Former Prosecutor Says Departure Was Pressured (NYT)

By Eric Lichtblau

The New York Times, March 6, 2007

WASHINGTON, March 5 — The former federal prosecutor in Maryland said Monday that he was forced out in early 2005 because of political pressure stemming from public corruption investigations involving associates of the state's governor, a Republican.

"There was direct pressure not to pursue these investigations," said the former prosecutor, Thomas M. DiBiagio. "The practical impact was to intimidate my office and shut down the investigations."

Mr. DiBiagio, a controversial figure who clashed with a number of Maryland politicians, had never publicly discussed the reasons behind his departure. But he agreed to an interview with The New York Times because he said he was concerned about what he saw as similarities with the recent firings of eight United States attorneys.

As in those cases, there are conflicting accounts of the circumstances that led to Mr. DiBiagio's ouster. The Justice Department disputes his version.

His office had been looking into whether associates of Gov. Robert L. Ehrlich Jr. had improperly funneled money from gambling interests to promote legalized slot machines in Maryland. Mr. DiBiagio said that several prominent Maryland Republicans had pressed him to back away from the inquiries and that one conversation had so troubled him that he reported it to an F.B.I. official as a threat.

But he said that the Justice Department had offered little support and that that made it "impossible for me to stay."

Several current and former officials in the Baltimore office said Mr. DiBiagio voiced concerns in 2004 that the corruption inquiries were jeopardizing his career, a view that they shared.

The Justice Department rejected Mr. DiBiagio's explanation. An official in the department, David Margolis, said he told Mr. DiBiagio in 2004 that he had to leave because "we had lost confidence in him."

Mr. Margolis said the prosecutor's harsh management style had caused resentments in the office that ran "wide and deep" and called "an absolute fairy tale" the idea that Mr. DiBiagio's departure was tied to the gambling case or any other investigation.

Mr. Ehrlich, who was defeated for re-election in November, denied any involvement in Mr. DiBiagio's departure and said there was nothing to the gambling investigations.

Like Mr. DiBiagio, several of the newly departing prosecutors were overseeing sensitive political corruption investigations when they left office.

The controversy over the dismissals continued to grow on Monday, as the head of the Justice Department office that oversees prosecutors stepped down, a watchdog group filed an ethics complaint, and House and Senate committees prepared for testimony on Tuesday from some of the ousted prosecutors.

Because Mr. Ehrlich was the sole statewide Republican in Maryland at the time of Mr. DiBiagio's appointment in 2001, he had a critical role in recommending him to the White House for the position.

Mr. DiBiagio, a former assistant prosecutor, was a political unknown, but he and the governor had become friends as young lawyers in Maryland. The bond disintegrated soon after the prosecutor took office.

Mr. Ehrlich and his advisers acknowledged on Monday that they were unhappy with Mr. DiBiagio's handling of an earlier corruption investigation that led to the indictment in 2003 of Mr. Ehrlich's state police superintendent, Edward R. Norris, over his misuse of police money.

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The gambling investigation caused less concern in the governor's office because officials there considered it without merit, Mr. Ehrlich said. But because of lingering suspicions in Maryland political circles that Mr. Ehrlich's people had a hand in Mr. DiBiagio's departure in early 2005, a longtime aide to the governor, Jervis Finney, called Mr. DiBiagio a few months ago to deny any involvement, Mr. Finney said.

Mr. Finney said in an interview Monday that he wanted to "clean things up" and to let Mr. DiBiagio know that "neither Gov. Bob Ehrlich or his representatives had asked the Department of Justice to push him out."

Mr. DiBiagio said he did not accept the explanation.

"I believe it was that investigation that played an integral role in what was done to me," Mr. DiBiagio, now at a law firm here, said about the gambling inquiries. "I clearly got the message that I had alienated my political sponsor and I would not have any political support to stay another term. Clearly, they wanted me to leave."

Mr. DiBiagio pointed to tense conversations in 2003 and 2004 with advisers to the governor who, he said, intimated that the corruption investigations could derail his career. He would not name them publicly.

The former prosecutor said he was particularly troubled by one visit in June 2004 in which, he said, a lawyer allied with the governor said the gambling inquiries were disrupting legislative consideration of the slots question and should be shut down.

Mr. DiBiagio said the lawyer inquired about his political future, asked whether he was interested in being a judge and suggested that his life could be closely scrutinized.

Mr. DiBiagio said he described the conversation in a memorandum for his records and reported it to an official of the Federal Bureau of Investigation in Baltimore as a possible threat.

Soon after the meeting, Mr. DiBiagio told a Justice Department official in Washington about his office's gambling investigation and said, "Powerful politicians and businessmen are very upset that we are looking into this matter," according to an e-mail message that The Times reviewed.

In the gambling investigation, prosecutors secured a grand jury subpoena for the records of Mr. Ehrlich's communications director, Paul E. Schurick.

Investigators were said to be interested in tracing substantial payments made by a gambling company to a political marketing business in Maryland with ties to Maryland Republicans, people involved in the issue said.

Mr. Ehrlich said Monday that he had no knowledge of any improper transactions to support the slots initiative, and he said the investigation was unfounded.

"I've been for slots for 20 years," he said. "It wasn't any shock that I was for slots. There wasn't anything to this."

The investigation appears to have ended after Mr. DiBiagio left office in January 2005.

In Maryland law enforcement circles, Mr. DiBiagio had as many detractors as supporters. The Justice Department publicly rebuked him in mid-2004 over a leaked memorandum that spoke of his desire to bring three "front page" corruption cases before November, a memorandum widely interpreted in Baltimore as an effort to pursue Democrats.

In response, the department said all public corruption cases in Maryland would have to obtain approval by superiors in Washington. Soon, the department initiated an unscheduled performance review of Mr. DiBiagio. Mr. Margolis said the review had shown deep resentment over the prosecutor's aggressive management.

Several officials in the Baltimore prosecutor's office said that although Mr. DiBiagio had been an unpopular manager, the timing of the events leading to his departure appeared to be linked, at least partly, to the corruption investigations.

"We had several investigations that were very sensitive publicly, and what did him in was the probes into prominent Republicans," said a former official involved in the inquiries who insisted on anonymity.

The state's attorney in Baltimore, Patricia C. Jessamy, who worked often with Mr. DiBiagio, said she believed that he had alienated too many important people to succeed.

"He was a good prosecutor," she said. "But he did not play politics well, and that was his downfall."

N.M. Calls May Spark Probes (RC)

By Rachel Van Dongen

Roll Call, March 6, 2007

A pair of Judiciary panel hearings today featuring testimony from at least four U.S. attorneys who were summarily fired by the Justice Department could spark the first major ethics probes of the 110th Congress.

The star witness at this morning's Senate Judiciary hearing and this afternoon's House Judiciary session will be ousted U.S. Attorney for New Mexico David Iglesias, who has told various media outlets that two New Mexico lawmakers contacted him in mid-October 2006 to inquire about the pace of an ongoing corruption probe of local Democrats.

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Sen. Pete Domenici (R-N.M.) already has admitted to, and apologized for, making a phone call to Iglesias in mid-October. But Domenici denied doing anything improper, saying in a statement over the weekend that "at no time in that conversation ... did I ever tell [Iglesias] what course of action I thought he should take on any legal matter."

Various media reports have singled out Rep. Heather Wilson (R-N.M.) as the other lawmaker who contacted Iglesias to ask about the corruption probe. Her office did not return phone calls on Monday.

On Monday, ethics attorneys off Capitol Hill said that Domenici's behavior involved seriously suspect activity and could result in Senate Ethics Committee action, a major investigation by the Justice Department or even an independent counsel.

"Having been in Washington for 35 years, I'm sure we're headed to a full-blown obstruction investigation of some variety that will involve not only the Members of Congress but the Justice Department itself," said Stan Brand, a former House general counsel who now works at Brand Law Group.

"This isn't some rulemaking, this is serious stuff and I don't know where it ends or what the outcome is, but it's going to have to be investigated," Brand added.

Senate Rule 43 states that: "Senate offices should refrain from intervening in such legal actions ... until the matter has reached a resolution in the courts."

Attorney Jan Baran of Wiley Rein, who has counseled GOP clients, said it is unclear if there was a violation of Senate Ethics rules, let alone any laws that would lead to a broader probe.

"It can be an issue with the Senate Ethics Committee as to whether he was properly inquiring about an ongoing investigation," Baran said. "We just don't have all the facts."

Several attorneys said the situation was a rare one and drew comparisons to the "Keating Five" scandal in which lawmakers intervened with federal regulators on behalf of savings and loan operator Charles Keating.

"The ethics rules attempt to balance the job of a Senator representing constituents and making sure the government is responsive with the ethical consideration that they not intervene in investigative or other formal agency type proceedings," Baran explained.

"The lines are not always clear," he said.

But attorney Kenneth Gross of Skadden, Arps, Slate, Meagher & Flom said that both the timing — right before an election — and the nature of Domenici's call were suspect.

"The more I look at this, the more troubling it is," Gross said, a former associate general counsel at the Federal Election Commission. "It's one thing if it's a mere status request as opposed to one that carries with it pressure. And the nature of the proceeding, in this case a criminal prosecution, is among the most delicate for any type of inquiry."

On Monday, the liberal group Citizens for Responsibility and Ethics in Washington wrote to the Senate Ethics Committee asking the panel to investigate Domenici's behavior. The Senate Ethics panel can consider complaints from groups such as CREW when deciding whether to launch an investigation, while the House ethics committee does not allow complaints to be filed by outside groups.

A spokeswoman for Sen. Barbara Boxer (D-Calif.) — who is currently serving as chairwoman of the Senate Ethics Committee while Sen. Tim Johnson (D-S.D.) recuperates from brain surgery — did not return a call for comment.

If the Senate panel launched an investigation of Domenici or the House panel began a probe of Wilson, both committees would attempt to keep their activities secret.

Brand suggested any investigation would go beyond the scope of the ethics committees and directly expand into a criminal probe, which could not be managed by the Justice Department since it is involved in the allegations.

Justice Department officials have conceded that Domenici personally called Attorney General Alberto Gonzales on at least four occasions to complain about Iglesias. Those contacts occurred in September 2005, January and April 2006, and again in October 2006.

The Domenici revelations further fuel Democratic charges that there has been improper political interference by the Bush administration in judicial proceedings. They say at least seven U.S. attorneys were unfairly fired for political reasons and are set to be replaced with political cronies. The Justice Department maintains that the seven — with the exception of Bud Cummins III, the ex-U.S. attorney for Eastern Arkansas — were dismissed for "performance based" reasons.

"More than any other Justice Department officials, U.S. attorneys must be above reproach," said Sen. Charles Schumer (D-N.Y.), who will chair today's Senate Judiciary hearing. "Today's revelations call into serious question whether they allowed such independence in this administration."

Schumer also questioned the timing of the imminent departure from the Justice Department of Mike Battle, the director of the executive office of U.S. attorneys. The Justice Department released a statement Monday saying Battle's departure, which he notified Justice of months ago, was "unrelated" to the U.S. attorneys controversy.

"This raises another question about a subject where there are already too many unanswered questions," Schumer charged.

A Republican, Iglesias serves in the Navy Reserve and was the model for Tom Cruise's character in the movie "A Few Good Men."

Though he would not name the lawmakers who contacted him, Iglesias told The Associated Press last week that he "frankly felt violated" by the contacts. "They were very troubling phone calls," he said.

The other prosecutors slated to testify today are Cummins, ex-San Diego Attorney Carol Lam, who secured the guilty plea of former Rep. Duke Cunningham (R-Calif.), and John McKay, the former U.S. attorney for the Western district of Washington.

Since their firings and the Congressional uproar, the U.S. attorneys have remained relatively silent about their treatment. In earlier testimony before the Senate Judiciary Committee, Deputy U.S. Attorney Paul McNulty claimed that the bulk of the firings were "performance related."

One Democratic Senate aide said he expected the U.S. attorneys to speak "candidly" about their frustrations today.

The House Judiciary hearing today will consider legislation drafted by Rep. Howard Berman (D-Calif.) that would reverse an amendment to the USA PATRIOT Act that allows the U.S. attorney general to permanently appoint interim U.S. attorneys. The subcommittee on commercial and administrative law plans to meet this morning to consider subpoenaing two other fired U.S. attorneys: Daniel Bogden of Nevada and Paul Charlton of Arizona.

The Senate Judiciary Committee has already passed legislation to amend the USA PATRIOT Act and return that power to district courts until the Justice Department submits a name for Senate confirmation.

Yang Denies Departure Is Linked To That Of Other U.S. Attorneys (HILL)

By Susan Crabtree

The Hill, March 6, 2007

A former U.S. attorney for Los Angeles, Debra Wong Yang, dismissed questions about the timing of her departure, which occurred about a month before several other U.S. attorneys were fired late last year.

Wong Yang was heading up the investigation into Rep. Jerry Lewis's (R-Calif.) ties to a lobbying firm and the millions of dollars in contracts the firm's clients received from Congress. Wong Yang, the first Asian-American woman to serve as a U.S. attorney, left her post with Justice to become a partner at Gibson, Dunn and Crutcher, the law firm representing Lewis. She will co-chair the firm's crisis-management practice group, along with Washington, D.C., partner Theodore B. Olson, a former Bush administration solicitor general.

Wong Yang said her departure was a personal decision based on financial concerns and the fact that she is a single mother, and had nothing to do with the firings of other U.S. attorneys. She also said her departure would not affect the case against Lewis in any way, noting that the Justice Department said it would have allowed her to stay in the position "as long as I wanted to."

"The investigation [into Lewis] would never be delayed or affected in any way because of my departure," she said. "We had 260 attorneys in that office."

She said that she had been looking for a more lucrative position in the private sector for months and that a longtime friend, Nick Hanna in the Orange County office of Gibson, Dunn and Crutcher — not Olson or anyone else with close ties to the Bush administration — first contacted her about the position. She said she turned down a more lucrative offer from another firm to take the job at Gibson, Dunn and Crutcher.

Issa To Testify On Lam Firing (NCT)

By William Finn Bennett, Staff Writer

North County Times, March 6, 2007

NORTH COUNTY -- U.S. Rep. Darrell Issa will testify Tuesday at one of two congressional hearings addressing the firing of former San Diego U.S. Attorney Carol Lam and a handful of other U.S. attorneys.

The hearings come in the wake of pressure from Democrats who have raised questions about whether the recent sacking of Lam and the other U.S. attorneys was politically motivated.

Issa has been one of the chief critics of the Yale-educated Lam, who left her post on Feb. 15 after being asked to resign in December. Issa criticized Lam for what he saw as a failure to prosecute illegal immigrant smugglers.

Issa said Monday that Lam lost her job because she failed to fulfill part of her mandate.

"Clearly she needed to be fired for not implementing policy over a long period of time," the Vista Republican said during a telephone interview. Issa's 49th District covers much of northern North County and Southwest Riverside County.

Starting in early 2004, Issa and other Republican members of Congress began sending letters to Lam and the attorney general's office complaining about the job she was doing.

Issa, who will testify before a House panel, said he takes "maybe one twentieth" of the credit for Lam's dismissal, adding that he believes that California Democratic U.S. Sen. Dianne Feinstein also played a role.

On Monday, Issa's office sent to the North County Times a copy of a June letter from Feinstein to U.S. Attorney General Alberto Gonzales in which Feinstein expressed concerns about the low rate of human smuggler prosecutions by Lam's office.

"It has come to my attention that despite high apprehension rates by Border Patrol agents along California's border with Mexico, prosecutions by the U.S. Attorney's Office Southern District of California appear to lag behind," Feinstein wrote.

Feinstein spokesman Scott Gerber said Monday that Lam's office addressed the issues Feinstein had raised and that the senator never suggested Lam be dismissed.

"There is a difference between raising a concern and saying someone should be fired," Gerber said. "What the Justice Department has done is unnecessarily dismiss a number of U.S. attorneys with good records."

In a written release issued Monday, Issa maintained Lam's firing was justified.

"Only someone who believes that trafficking human beings isn't a serious crime could look at Carol Lam's record and say she was removed for no good reason," he wrote.

But Feinstein's office continues to maintain the dismissal was political. In late February, Feinstein sent a letter to Democratic Majority Leader Harry Reid, in which she noted the Justice Department had given Lam and five of the other fired U.S. attorneys positive performance reviews.

"These reports confirm my speculation that the rash of firings that occurred in December was not based on misconduct or poor performances," Feinstein wrote.

A spokeswoman for Gonzales said privacy issues prevented her from talking about performance review details but confirmed Issa's position that the San Diego office had the lowest number of prosecutions of any U.S. attorney's office on the Southwest border.

The spokeswoman, Tasia Scolinos, also said the performance reviews Feinstein referred to evaluated the U.S. attorneys' offices as a whole and "not necessarily ... the U.S. attorneys themselves."

Lam's four-year tenure was highlighted by the investigation and indictment of former 50th District U.S. Rep. Randy "Duke" Cunningham, who pleaded guilty in late 2005 to taking more than $2.4 million in bribes in exchange for steering tens of millions to defense contractors.

The former eight-term Republican congressman is now serving an eight-year sentence in a federal prison near Tucson. Cunningham's former district covers most of North County including Encinitas, Carlsbad, San Marcos and Escondido.

U.S. Rep. Linda Sanchez, the chairwoman of the subcommittee conducting Tuesday's 2 p.m. House hearing, also sent a letter Gonzales in mid-February suggesting the firings were politically motivated.

In her letter, Sanchez questioned why Lam had been asked to step down even as the investigation into Cunningham's co-conspirators was starting to "bear fruit."

"It is vital that U.S. attorneys be able to prosecute wrongdoing free from political pressure," Sanchez and the others wrote.

The Senate Judiciary Committee will conduct a similar hearing starting at 10 a.m.

The dismissed attorneys issued a joint statement Monday, saying they were given "little or no information about the reason" for their firings.

"When we had new ideas or differing opinions, we assumed that such thoughts would always be welcomed by the department and could be freely and openly debated within the halls of that great institution," they said.

-- Contact staff writer William Finn Bennett at (760) 740-5426 or wbennett@nctimes.com.

Group Seeks Probe Of Domenici's Call To Iglesias (ALBTRIB)

By Michael Gisick

Albuquerque Tribune, March 6, 2007

Low-profile during his five years as New Mexico's U.S. attorney, David Iglesias now finds himself at the center a growing national controversy.

Although no member of the New Mexico delegation sits on the two congressional committees that will interview Iglesias and other dismissed U.S. attorneys Tuesday, Republicans are expected to ask tough questions about Iglesias' tenure.

Democrats say they believe Iglesias and other federal prosecutors were political victims, and want to know more.

Iglesias is scheduled to testify in front of the Senate Judiciary Committee in a hearing that begins at 8 a.m. New Mexico time. The cable news channel C-SPAN may televise the hearing, but the channel's Tuesday schedule will not be finalized until late this afternoon, a spokesman said.

Iglesias will testify before a House Judiciary subcommittee beginning at noon MST. C-SPAN coverage is possible, but not confirmed as of early today, a C-SPAN spokesman said.

A Washington, D.C., group today called for a congressional investigation into whether Sen. Pete Domenici violated Senate ethics rules by contacting then-U.S. Attorney David Iglesias about an ongoing corruption case.

But about the same time Citizens for Responsibility and Ethics in Washington said the call to Iglesias looked like political pressure, the Justice Department released information that Domenici, an Albuquerque Republican, had long-held concerns about Iglesias' performance, starting more than a year earlier.

The two announcements help illustrate the debate expected Tuesday as two congressional panels take up the firings of eight U.S. attorneys, including Iglesias: Were the dismissals unwarranted political pressure, or simply the end result of poor performance?

After Iglesias announced last week he had received calls from two members of Congress before the Nov. 7 election pressing him about the pace of corruption investigations involving New Mexico Democrats, Domenici has denied any involvement.

"I have no idea what he's talking about," the senior senator said.

On Sunday, Domenici admitted he had called Iglesias, but denied putting pressure on the U.S. attorney.

The citizen group that filed the complaint points to a Senate ethics rule that say senators "should refrain from intervening" in an ongoing case "until the matter has reached a resolution in the courts."

The manual also indicates that senators are not to communicate with an agency regarding ongoing enforcement or investigative matters, according to CREW.

Apparently based on Iglesias' statements to the press, CREW's complaint alleges Domenici pressured Iglesias to act quickly on the pending corruption investigation.

And in initially denying Iglesias' allegation, Domenici may have violated Senate rules by engaging in "improper conduct which may reflect upon the Senate," the group said in a statement.

In the meantime, the Justice Department said today that Domenici called Attorney General Alberto Gonzales and his deputy four times - starting in September 2005 - to question whether Iglesias was "up to the job."

In a written statement this weekend, Domenici apologized for his October phone call to Iglesias, then said he had been concerned for several years about the slow pace of prosecutions.

"New Mexico needed a new U.S. attorney," Domenici concluded.

Iglesias has said he was fired for resisting pressure to rush a corruption probe reportedly focused on Democrats.

Similar claims have been made about seven other U.S. attorneys, all Republicans, fired in recent months. Democrats have called it an unprecedented political purge of federal prosecutors.

Indeed, the Senate Judiciary Committee hearing Tuesday, called by Chairman Patrick Leahy, a Vermont Democrat, is titled, "Preserving Prosecutorial Independence: Is the Department of Justice politicizing the hiring and firing of U.S. attorneys?"

"I would say this statement sets the stage for the hearings," University of New Mexico political science professor Lonna Atkeson said. "I'm sure you'll see the Republicans try to establish these issues."

Ethics rules permit members of Congress to request a status report on a case from federal agents if they're doing so at the behest of constituents.

In his statement, Domenici seemingly moved to insulate himself from ethics charges, saying he'd received a "growing number of inquiries from constituents" about the courthouse case.

"I asked Mr. Iglesias if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," Domenici said. "It was a very brief conversation, which concluded when I was told that the courthouse investigation would be continuing for a lengthy period.

"In retrospect, I regret making that call and I apologize," the senator said.

Domenici, who recommended Iglesias' appointment by the Bush administration in 2001, said his frustration grew "as we tried to get more resources for it, but public accounts indicated an inability within the office to move more quickly on cases."

Iglesias has said the October calls seemed especially interested in whether indictments in the courthouse case would come ahead of the Nov. 7 election.

U.S. Rep. Heather Wilson, an Albuquerque Republican, was then locked in a bitterly close race with Attorney General Patricia Madrid, whom Wilson had accused of being soft on corruption.

Iglesias has said he felt "violated" by the calls and believes he was fired because he refused to "play ball" by rushing the indictments.

Iglesias has, however, acknowledged that he failed to report the calls to the Justice Department as required, a decision he said he regrets.

Wilson, who has not responded to several reports naming her as the other person who called Iglesias, did not have any comment Sunday, a spokesman said.

As Democrats continue to refer to the firing of the attorneys in the terms of a nefarious mystery, observers say the new majority in Congress is certain to push an issue that pits powerful Republicans against their own appointees as far as they can.

"Where this goes is going to depend on where the Democrats take it," said Carl Tobias, a constitutional law professor at the University of Richmond. "And that's going to depend largely on what the U.S. attorneys have to tell them - what they give the Democrats to work with."

Rep. Linda Sanchez, the California Democrat who heads the House subcommittee that subpoenaed four of the prosecutors, has said contact like that described by Iglesias might violate ethics laws.

While Domenici's statement may have taken some of the heat off her for the moment, Atkeson said Wilson will still have to address the matter. Iglesias has said he will identify who contacted him when he testifies Tuesday.

"I still think this has the potential to be much worse for (Wilson) because she's the one who stood to gain" from the indictments, Atkeson said. "She was the one up for re-election, not Pete."

Lawmakers On The Line (WP)

The Washington Post, March 6, 2007

WHEN MEMBERS of Congress call, people listen -- especially if those people are political appointees who owe their positions in part to support from the lawmaker at the other end of the line. That is why the phone calls made to David C. Iglesias, the since-replaced U.S. attorney in New Mexico, by home-state Republicans Sen. Pete V. Domenici and Rep. Heather A. Wilson are so troubling. The Senate and House ethics committees have a duty to investigate.

Mr. Domenici has acknowledged calling Mr. Iglesias, as did Ms. Wilson in a statement to The Post yesterday. Inquiring about the status of a criminal investigation would be ethically dicey under any circumstance, but this was not any old criminal investigation. It was a corruption probe that involved a local Democrat, and the calls were made in the run-up to last November's election, in which Ms. Wilson's seat was in peril amid a swirl of allegations involving congressional Republicans. So when Mr. Domenici says he simply asked the prosecutor "if he could tell me what was going on in that investigation and give me an idea of what time frame we were looking at," the query was not a simple act of senatorial curiosity. It was an ill-advised intrusion into an ongoing criminal investigation.

Mr. Domenici says that "at no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter. I have never pressured him nor threatened him in any way." Simply placing the phone call was pressure enough, and if Mr. Domenici didn't mean to exert improper pressure on the prosecutor, he should have realized that his actions were nonetheless susceptible to that interpretation.

Mr. Domenici's initial response to the allegations of Mr. Iglesias was to tell reporters, "I have no idea what he's talking about." As his statement on Sunday demonstrated, Mr. Domenici knew full well that he had talked to the prosecutor, and his failure to be forthcoming adds to the questions about his conduct. As for Ms. Wilson, her repeated refusal to answer questions about "that personnel matter" did not reflect well on her. Now she says she had merely been relaying constituent complaints that the prosecutor was "intentionally delaying corruption investigations." She owes her constituents and colleagues an explanation.

Mr. Iglesias should have reported the lawmakers' phone calls to the Justice Department in Washington, as protocol dictates. He is to testify on Capitol Hill about the calls today. That may be illuminating. But more urgent is for the Justice Department to stop hiding behind vague assertions of "performance-related issues" and explain, finally and clearly, why Mr. Iglesias and seven other U.S. attorneys were dismissed.

Specter Detector (SLATE)

By Dahlia Lithwick

Slate.com, March 6, 2007

U.S. attorney scandal update: Who's to blame for those alarming Patriot Act revisions?

The U.S. attorneys purge scandal is heating up. The House and Senate have convened hearings for Tuesday, promising an orgy of named names and pointed fingers. Sen. Pete Domenici, R-N.M., now admits what he once denied: that he may have had a hand in the removal of New Mexico's U.S. attorney. And the senior Justice Department official who personally canned the U.S. attorneys has just announced the date of his resignation.

But as the political scandal spreads, the question at its heart gets less and less public attention: Who changed the Patriot Act to make it easier to replace U.S. attorneys without oversight, and how did it happen with nobody looking?

U.S. attorneys are well aware that they serve at the president's pleasure, but new wording in the Patriot Act made it worth the president's while to fire a big, fat lot of them and hire a group of new ones. And while certainly half the scandal is that the

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Justice Department did that—let eight U.S. attorneys go, seemingly for no reason—we seem to have forgotten that even without the mass firings, this law had been changed in the sneakiest way imaginable.

The background: When Congress reauthorized the Patriot Act last year, it included little-noticed language that changed the way U.S. attorneys would be appointed if their predecessors were removed in the middle of their term. Under the old regime, interim U.S. attorneys needed to be confirmed by the Senate after 120 days. If they weren't, federal district judges could select their replacement. The new language removed both judicial and congressional oversight of the interim U.S. attorneys, letting DOJ anoint them indefinitely. This served three important goals: consolidating presidential power, diminishing oversight, and ensuring that "interim" prosecutors had permanent jobs.

On Feb. 6, when the Senate held hearings on the issue of prosecutorial independence, former judiciary committee Chairman Sen. Arlen Specter, R-Pa., proudly claimed to have been as clueless as the rest of us. Denying New York Democratic Sen. Charles Schumer's claim that he or his staff had "slipped the new provision into the Patriot Act in the dead of night," Specter asserted, "The first I found out about the change in the Patriot Act occurred a few weeks ago when Sen. [Dianne] Feinstein approached me on the floor."

Specter added that he only looked into how the provision was altered after Feinstein told him about it. As he explained, "I then contacted my very able chief counsel, Michael O'Neill, to find out exactly what had happened. And Mr. O'Neill advised me that the requested change had come from the Department of Justice, that it had been handled by Brett Tolman, who is now the U.S. attorney for Utah, and that the change had been requested by the Department of Justice because there had been difficulty with the replacement of a U.S. attorney in South Dakota."

Thus, at least according to Specter, O'Neill had merely been following orders from the Department of Justice when he snuck new language into the Patriot Act that would consolidate executive branch authority. Huge relief there.

Now, it's not necessarily outrageous that Sen. Specter didn't know what his subordinate slipped into the legislation. The Patriot Reauthorization was a long and hotly debated bill. While one might hope that the committee chairman would have read the legislation, you can understand that he might skip a clause or two in the melee. But this was not some minor technical amendment. It was a substantial enhancement of executive power. So, Specter now finds himself in an exceedingly strange position: His staff either lied to him or misled him about what he acknowledges to be a significant legal change. He himself observed at that same hearing: "I did not slip it in and I do not slip things in. That is not my practice. If there is some item which I have any idea is controversial I tell everybody about it."

So, Specter concedes that the item is controversial. He denies knowing about it. That implies it was O'Neill who slipped the new language in, and misled Specter and the Senate. And yet, at least as far as I can tell, nobody in power has said a word about O'Neill's conduct, and not one iota of blame has been laid at his doorstep. Joe Conason noted in Salon last month that 1) O'Neill is a former Clarence Thomas clerk, and 2) he joined Specter's staff at the same time Specter was fighting accusations of being wobbly in his fealty to the White House.

The Justice Department has been quite clear that this change was needed to do away with judicial incursions into an executive function: They felt it improper that judges were effectively making executive-branch appointments. And it now seems that either the DOJ snookered O'Neill, O'Neill snookered Specter, or Specter snookered his colleagues. But any way you slice it, the executive seems to have encroached on congressional turf in order to expand executive turf.

Whether Specter actually knew that O'Neill was carrying water for Karl Rove and turned a blind eye, or whether he was duped by O'Neill may never be known. But either way, it seems to me that Specter's office has done terrible damage to the very notion of independent and co-equal branches of government in this affair, and has yet to be called to account for it. Given that respect and esteem for co-equal independent branches of government is one of the senator's sacred cows, it's doubly ironic that no one has questioned him on this.

It's a good thing that the ousted U.S. attorneys will testify before the House and the Senate. It will clear up a good deal of confusion about the Justice Department's claim that there was something wrong with their job performance. But it seems to me that that's precisely 50 percent of the scandal here. And there are some other folks deserving of subpoenas as well. Mr. O'Neill and Mr. Tolman spring to mind. The outrage isn't merely that the Justice Department abused its power to hire and fire. The real scandal is that it rewrote federal laws to do so, yet nobody seems to know who did it or why.

Unaccountably Called To Account (WP)

By Eugene Robinson

The Washington Post, March 6, 2007

So this is what accountability looks, sounds and feels like. It's been so long -- since George W. Bush moved into the White House -- that we hardly recognize what used to be a commonplace phenomenon, as much a part of Washington's behavioral DNA as megalomania and mendacity.

Imagine how surprised Army Secretary Francis J. Harvey must have been when Defense Secretary Robert Gates fired him last week over the shocking neglect of injured veterans at Walter Reed Army Medical Center. Gates, who cut his teeth in George Bush the Elder's administration, obviously didn't get the memo about how blatant malfeasance is handled by George Bush the Younger's crew.

Remember what happened to George Tenet (the former CIA director who said it was a "slam-dunk" that Saddam Hussein had weapons of mass destruction), Gen. Tommy Franks (who led the Iraq invasion, making decisions that allowed the insurgency to form) and Paul Bremer (who botched the Iraq occupation, allowing the insurgency to grow)? Bush gave them all the Presidential Medal of Freedom.

Harvey would have had every right to expect the usual tut-tut from the White House. The commander of Walter Reed, Maj. Gen. George Weightman, had already fallen on his sword. Never mind that Weightman had been in charge only since August, which means he inherited the situation. The post commander was resigning, and that should have been enough. Harvey needed an interim director to run Walter Reed, so he turned to the medical center's former commander, Lt. Gen. Kevin Kiley, on whose watch the shabby treatment of outpatient vets became standard practice.

Gates was not amused, and the next day Harvey was out of a job. Kiley was out as well, at least as Walter Reed's chief. It's hard to believe, but the officials who presided over a terrible failure of government are actually being held accountable.

This administration's nonchalance about its most grievous transgressions has been stunning, and the only inference that fits the facts is that the people running our government don't really believe in government at all. They certainly haven't taken it seriously.

The White House has accepted even the worst outrages with a shrug. Look at what happened after the Abu Ghraib atrocities came to light. The low-ranking troops who tormented those prisoners were brought to justice. But senior officers -- who should have installed procedures and oversight that never would have let that kind of depravity take place -- were allowed to go their merry way. What message did this send to the Arab world?

The debacle after Hurricane Katrina was so total that the hapless FEMA director, Michael Brown of "heck of a job" fame, had to go. But what did the White House expect, after putting the former judges-and-stewards commissioner of the International Arabian Horse Association in charge of marshaling the nation's first response to the disaster? Why did the administration keep Brown on the payroll for weeks as a consultant? And now, with New Orleans and much of the Gulf Coast still prostrate, is anyone being called onto the carpet?

Before Gates arrived, it was awfully difficult to get fired by this administration for failing to do your job. Brown hardly counts, since he never should have been hired in the first place. Donald Rumsfeld presided over the Iraq war mess for years before his policies were essentially rejected by the American people last November. Generally, though, incompetence has not been a firing offense.

Political incorrectness, on the other hand, seems to be more than enough to get you shoved aside.

In December, the Justice Department fired eight U.S. attorneys -- top federal prosecutors -- in New Mexico, Arizona, Nevada, California, Washington and Arkansas. The administration acknowledges that one of the prosecutors, Bud Cummins of Little Rock, was ousted so his job could be given to a former aide to White House political czar Karl Rove. Hey, what's wrong with that?

Another of the fired prosecutors, David C. Iglesias, said he was being pressured by two members of Congress to speed up a criminal investigation that involved a Democratic legislator. The pressure came last fall, before the midterm election, Iglesias said. Sen. Pete Domenici (R-N.M.) admitted on Sunday that he called Iglesias and asked about the investigation, saying he was looking for "an idea of what time frame we were looking at" -- but he denies pressuring Iglesias.

The White House acknowledges that complaints from members of Congress factored into the decision to fire the prosecutors, who say they had no prior indication of unhappiness with their performance.

Do a good job, do a bad job -- who cares? With his quaint ideas about accountability, clearly Robert Gates doesn't understand how this White House works.

Worth A Second Look (LAT)

The Los Angeles Times, March 6, 2007

WHEN LAST we left the question of whether the Bush administration had improperly removed a handful of U.S. attorneys, there was a lot of smoke and no fire. A month later, some of the smoke — such as the theory that Carol Lam was removed in San Diego to thwart the prosecution of a politically connected defense contractor — has dissipated. But other firings have created sparks of concern that Congress is right to investigate.

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A House Judiciary subcommittee has subpoenaed some of the dismissed prosecutors, including Lam, to testify today about their removals. The Senate Judiciary Committee is close behind. We hope that the hearings generate light and not just partisan heat.

Today's star witness is likely to be David Iglesias of New Mexico, who has complained that, before being fired, he was approached by two Republican politicians who wanted him to expedite an investigation that could have embarrassed state Democrats before last November's election. Over the weekend, Sen. Pete V. Domenici (R-N.M.) acknowledged that he had called Iglesias to ask about the "time frame" of that investigation. On Monday, the Justice Department said Domenici called U.S. Atty. Gen. Alberto R. Gonzales or his deputy on four occasions to complain about the prosecutor.

Last month, Deputy Atty. Gen. Paul J. McNulty assured the Senate Judiciary Committee that none of the removals were designed to thwart ongoing investigations or to punish prosecutors for investigating public corruption. At the same hearing, McNulty said that the firings were "performance related." Yet some of the dismissed prosecutors had received positive evaluations. This seeming contradiction needs to be cleared up, not just by Congress but by the Justice Department's inspector general.

That said, we continue to oppose a proposal by Sen. Dianne Feinstein (D-Calif.) that would return to federal judges the power to appoint interim U.S. attorneys. The bill is grounded in a suspicion that the Bush Justice Department wants to install cronies in U.S. attorneys' jobs indefinitely and without Senate confirmation — a claim the administration denies and must now refute with prompt presidential nominations subject to Senate confirmation.

Even after being approved by the Senate, a U.S. attorney — like a member of the Cabinet — is an officer of the executive branch who under our system of government can be removed by the president at a moment's notice. Congress has no business asking whether such dismissals are wise, but it has every right to determine whether they are intended to thwart or politicize the administration of justice. That question should be the focus of today's hearings.

Purged Prosecutors (HC)

Houston Chronicle

Houston Chronicle, March 6, 2007

Competent U.S. attorneys should not be fired for petty politics or cronyism.

The unprecedented dismissal of eight top U.S. prosecutors at the behest of the White House late last year finally is getting the attention it deserves. House and Senate judiciary committees are preparing to question the ousted U.S. attorneys.

There are indications the purge was anything but the routine bureaucratic shuffle claimed by Justice Department spokesmen. Attorney General Alberto Gonzales' deputies gave conflicting explanations as to why the officials were forced to resign.

U.S. Attorney Carol Lam in San Francisco was relieved of her post after successfully prosecuting Republican Rep. Randy "Duke" Cunningham for taking bribes. In Arkansas, a former aide to Bush political adviser Karl Rove, J. Timothy Griffin, was named as the temporary replacement for H.E. Cummins III.

A former U.S. attorney in New Mexico, David Iglesias, says GOP officials pressured him concerning a pre-election investigation of Democrats before he was forced out. U.S. Sen. Pete V. Domenici, R-N.M., admitted contacting Iglesias to inquire about the probe of Democratic state lawmakers and issued an apology. Iglesias says he also was contacted by a second Republican lawmaker, U.S. Rep. Heather Wilson of New Mexico. She has not commented.

Congressional ethics rules mandate that lawmakers refrain from any contact with parties to specific legal actions until the matter has been resolved in the courts. According to the Justice Department, Domenici also repeatedly complained about Iglesias to Attorney General Gonzales and Deputy Attorney General Paul J. McNulty.

All of the ousted attorneys are Bush appointees, with good records as prosecutors. McNulty testified at a congressional hearing that the shake-up occurred because of performance-related issues, but he was mistaken. Most of the attorneys' personnel evaluations turned out to be highly complimentary.

The most innocuous explanation for the mass firing is that White House officials simply wanted to create vacancies so cronies could burnish their resumés during the closing years of Bush's presidency.

Considering that at least one of the dismissed prosecutors was highly effective in bringing corruption cases against high-ranking Republicans, partisan revenge probably played a role in some of the firings.

Former U.S. Attorney Daniel G. Bogden of Nevada told The New York Times that superiors told him he was being dismissed to make room for a favored appointee.

"You hear something like that, there is a sense of disbelief," Bogden said.

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Getting rid of dedicated federal prosecutors in order to dispense their jobs as short-term plums places patronage above justice. If some government attorneys were dismissed in order to derail or speed up investigations for partisan gain, such conduct borders on the criminal.

CORPORATE SCANDALS:

Supreme Court Turns Down Appeal From Imprisoned Former WorldCom Chief (AP)

The Associated Press

AP, March 6, 2007

The Supreme Court turned down an appeal Monday from former WorldCom chief Bernard Ebbers, who is serving a 25-year prison sentence for fraud and conspiracy.

The justices rejected without comment Ebbers' bid for review of his 2005 conviction based on his contention that he was denied a fair trial.

Ebbers argued in court papers that the trial judge improperly allowed prosecutors to use testimony from witnesses who had been given immunity, but denied immunity to potential defense witnesses.

The judge also instructed jurors that they could find Ebbers guilty if they believed he suspected a crime was being committed but intentionally looked the other way.

A federal appeals court upheld the conviction last year, acknowledging that Ebbers' sentence for a white-collar crime was longer than sentences routinely imposed by many states for violent crimes. The 2nd U.S. Circuit Court of Appeals said Ebbers' actions to hide WorldCom's financial problems were substantial and had cost investors dearly.

Ebbers was convicted for his role in the massive fraud that drove Clinton, Miss.-based WorldCom into bankruptcy in 2002.

Investigators uncovered $11 billion in fraud at WorldCom Inc., much of it because accountants were classifying regular expenses as long-term capital expenditures. The company re-emerged under the name MCI. Verizon later bought MCI.

In 2005, the court unanimously threw out the conviction of the Arthur Andersen accounting firm for destroying Enron Corp.-related documents because the jury instructions were too broad.

The case is Ebbers v. United States, 06-590.

Toronto Holding Company Pleads Guilty In Hollinger Fraud Case (AP)

By Mike Robinson, AP Legal Affairs Writer

AP, March 6, 2007

(AP) - CHICAGO-A private Canadian holding company used by former media baron Conrad Black to control the Hollinger International newspaper publishing empire pleaded guilty Monday to defrauding Hollinger.

Toronto-based Ravelston Inc. entered its plea to a single count of mail fraud as lawyers for Black and the federal government prepared to start jury selection March 14 for his racketeering and fraud trial.

Black, 62, and three other former Hollinger executives are charged with plundering $80 million (â,¬61 million) from Hollinger, mainly by selling off hundreds of community newspapers across the United States and Canada.

Black allegedly received sizable payments from the buyers in exchange for signing agreements not to compete with them by starting or buying newspapers in markets where the ones sold by Hollinger were circulating.

Prosecutors say the non-compete money should have gone to Hollinger shareholders and not into the pockets of Black and other executives.

Black and the three other executives have pleaded not guilty and vowed to fight the charges.

Ravelston had been trying for weeks to plead guilty, but the company was blocked until last week in a Canadian court from going ahead with the plea.

Black owns 65.1 percent of Ravelston and had sought to block the plea. But the company is in receivership and the receiver, who is responsible to the creditors, won permission from a Canadian court last week to go ahead and plead guilty.

Chicago attorney Deborah Steiner, representing Ravelston, entered the plea with authorization from the Toronto-based receiver. Under a signed agreement with prosecutors, the company would pay a $7 million (â,¬5.3 million) fine under terms of the plea agreement.

U.S. District Judge Amy J. St. Eve must still decide whether to give her approval to the agreement.

In pleading guilty, Ravelston admitted its role in a complex legal maneuver growing out of the September 2000 sale of community newspapers.

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The total sale price was $14 million (â,¬10.7 million). Of that amount, $400,000 (â,¬305,740) was set aside as compensation for agreement not to enter into competition.

Ravelston arranged to have $300,000 (â,¬229,305) of the non-compete money sent to Hollinger International, based in Chicago, and 25 percent to Hollinger Inc., a separate Canadian holding company controlled by Ravelston.

Ravelston admitted it knew of no request from the buyer for a non-compete contract with Hollinger Inc., whose name sounds like Hollinger International and which owns part of International but is a separate firm.

Ravelston acknowledged that its decision to siphon $100,000 (â,¬76,435) of International's coffers represented a conflict of interest.

In its plea agreement, Ravelston acknowledged that the loss to Hollinger from the count to which it was pleading guilty was only $100,000. But it also acknowledged that the loss from the entire scheme - which took in a number of other sales of Hollinger International assets - came out to $83,950,000.

How much the decision of Ravelston to plead guilty will affect the Black trial is unclear, but prosecutors already had key documents involved.

Lead prosecutor Eric Sussman declined to comment.

Also Monday, both sides began sorting out the questionnaires that prospective jurors filled out in advance of March 14 jury selection. Defense attorneys agreed on 16 individuals they wanted to exclude from a list of 106 prospective jurors.

St. Eve set a further hearing in the Ravelston case for June 29. 2007

Clock Ticking On Prosecuting Backdating Of Stock Options (MERCN)

By Troy Wolverton

The San Jose Mercury News, March 6, 2007

Federal prosecutors investigating the backdating of stock options are bumping up against a legal deadline that will probably affect when they file charges and what charges they bring.

Under federal law, prosecutors typically have five years to bring charges of securities fraud. For many of the backdating cases, that time window could be closing, because the misdating of stock options largely ended in 2002 thanks to new regulations.

``It's a prevailing issue in most of the cases," said one Bay Area defense attorney, who asked not to be named. Added the attorney, who is a former federal prosecutor, ``Is the government under pressure (to make decisions) sooner rather than later? The answer is yes."

The five-year deadline also means that the government could soon lose the chance to file charges on some of the most egregious instances of backdating.

There are ways around the deadline issue: The government can attempt to pause the clock, for instance, or file charges related to the backdating (for example, conspiracy or lying to prosecutors) if not on the backdating itself. But prosecutors can't get the clock to stop permanently, and the related charges could well be easier for defendants to challenge and can carry lighter penalties.

``There's some room for creativity," said another former federal prosecutor, who also asked not to be named. ``But they don't want to risk that. They want to go with the most solid theory they have."

Quicker indictments

The U.S. Department of Justice investigated alleged backdating at Brocade Communications Systems for 18 months before moving to indict former Chief Executive Greg Reyes. Indictments of officials at other companies could take a fraction of that time, in part because of concern about this legal ticking clock.

Indeed, the pace of the overarching backdating investigation appears to have quickened. In recent days, federal prosecutors secured a guilty plea from a former executive at Monster Worldwide in a backdating case and are reportedly close to bringing similar charges against the former general counsel of McAfee. Take-Two's former CEO also recently pleaded guilty to backdating in New York state court.

Luke Macaulay, a spokesman for the U.S. Attorney's Office in San Francisco, declined to say whether the government felt pressured by the five-year deadline or if it would prompt quicker actions in outstanding cases.

``It's something we're aware of," said Macaulay, whose office has been handling the lion's share of the backdating investigations. ``It's something we take into account in the final analysis of how we are investigating and prosecuting cases."

The government can -- and frequently does -- seek waivers from potential defendants that pause the clock. But the government generally has to have a pretty good idea about what charges it might bring against a defendant before it can seek such agreements, meaning that it has to have done at least a cursory investigation.

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Even then, defendants don't always agree to them, and when they do, the so-called tolling agreements usually don't last more than six months -- a year at most, legal experts say. At the end of that time, the clock starts ticking again, unless the government can secure another waiver, typically for an even more limited duration.

``The tolling agreement doesn't completely get the government off the hook," the first former prosecutor said. ``You don't know (if) the next time you call for further extension, the answer is going to be no."

A little extra room

However, prosecutors could have a bit of deadline leeway in some cases and with some potential defendants. Even if most backdating ended five or more years ago, the misdated options were generally accounted for inaccurately.

Companies restate their financial results in new regulatory filings years after the fact. Many didn't restate their results until the past six months or so to include the real cost of the backdated options. Theoretically, prosecutors could allege that executives in the know about the backdating were covering it up until recently through the understated financial reports.

``That could extend the statute for a couple years," said Jeffrey Bornstein, a white collar defense attorney with K&L Gates. But he adds, ``I don't know if that's been tested or not."

Judge Declares A Mistrial In BDO Seidman Fraud Case (WSJ/AP)

The Wall Street Journal, March 6, 2007

A judge declared a mistrial in a $170 million fraud case against accounting firm BDO Seidman LLP after an attorney for the Portuguese bank suing the firm mentioned the suicide of one of the company's executives, against the judge's orders.

Miami-Dade County Circuit Judge Jose M. Rodriguez agreed with BDO Seidman that it couldn't receive a fair trial.

A lawyer for Banco Espirito Santo SA last week mentioned the suicide while questioning a witness. The judge had prohibited references to the suicide, in an order issued before the trial began.

In a 2004 lawsuit, Banco Espirito Santo accused BDO Seidman of failing to uncover the fraud at a former partner of the bank, E.S. Bankest LLC. The bank said BDO Seidman, hired to audit Bankest's books, failed to find signs of the fraud beginning in the late 1990s in part because the firm had financial ties to another Bankest partner.

The Big Four accounting firms typically settle high-stakes cases. Those actions often involve damage claims that run to the billions, rather than millions, of dollars. But BDO, along with fellow second-tier firm Grant Thornton LLP, are often willing to risk a trial.

A lawyer representing BDO Seidman, Mark Schnapp, argued that the jury would associate the suicide with the uncovering of fraud at the financial-services firm, a connection that was never suggested.

Testimony in the aborted trial began in late January. A meeting was set for tomorrow to plan for a new trial.

Steven Thomas, an attorney for Banco Espirito Santo, said his co-counsel's reference to the suicide was unintentional.

RIM Sets Restatement, Shake-Up On Board In Backdating Fallout (WSJ)

By Jessica E. Vascellaro

The Wall Street Journal, March 6, 2007

In the latest fallout from the stock-options backdating scandal, Research in Motion Ltd. said it made widespread accounting errors in issuing some 3,000 improperly dated options grants going back to the 1990s and would take a roughly $250 million restatement.

Co-Chief Executive Jim Balsillie, a recipient of some of the grants improperly accounted for, stepped down as chairman of RIM. He and co-CEO Mike Lazaridis, who also received options, agreed to pay about $4.25 million each "to assist RIM in defraying costs" from the board probe and restatement, the company said.

Though some executives have repaid some gains from backdated shares, no executives have made such payments in the unfolding backdating scandal.

RIM, the maker of the popular BlackBerry hand-held device, said all options granted before late February 2002 and approximately 321 grants made between that time and August 2006 were improperly accounted for. The 321 grants represent approximately 63% of the grants made by the company after Feb. 28, 2002. Correcting the accounting likely will cut earnings up to the end of RIM's fiscal year 2006 by $250 million, a much larger restatement than investors had expected. In September, RIM indicated it would have to restate between $25 million and $45 million in results. The company didn't name a new chairman.

· The News: Research In Motion said correcting options-related accounting errors will reduce earnings through fiscal year 2006 by about $250 million.

· The Backdrop: The maker of the popular BlackBerry devices is among scores of companies hit by options backdating.

· The Explanation: Co-CEO Balsillie said the accounting issue slipped by management amid the company's quick growth.

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RIM posted $382 million in net income on $2.1 billion in revenue in its most recently reported fiscal year, ended March 4, 2006. RIM said the announcement yesterday came after a seven-month probe by a special board committee.

RIM also said Dennis Kavelman, the company's finance chief, will become chief operating officer of administration and operations. Two board members on the compensation committee, E. Kendall Cork, who is with Sentinel Associates Ltd., and Douglas Wright, president emeritus of the University of Waterloo in Ontario, have resigned from all board committees and won't stand for re-election. The company also added two board seats.

RIM said an informal investigation is continuing by the Securities and Exchange Commission and the Ontario Securities Commission. RIM shares fell $1.45, or 1%, to $134.52 in 4 p.m. composite trading on the Nasdaq Stock Market.

The improprieties identified by the board included the practice of backdating options -- that is, pretending they were issued at an earlier time than they actually were, when RIM's share price was lower. Such backdating can increase the payoff for recipients by setting an artificially low strike price, increasing the gain when the options are exercised. About 140 companies are under investigation for backdating.

"It has been determined that several errors occurred in the accounting for options, including the fact that in many cases, the company did not grant options with an exercise price equal to the fair-market value of the shares on the day of the grant," RIM said in a written statement.

BlackBerry Head Ousted; Earnings To Be Restated (WP/BLOOM)

By Chris Fournier And Ville Heiskanen, Bloomberg News

The Washington Post, March 6, 2007

Research in Motion, maker of the BlackBerry e-mail phone, will restate earnings by about $250 million and said James Balsillie will give up his post as chairman following a review of its stock-options grants.

Research in Motion did not find intentional misconduct by its executives, according to a statement released by the company, based in Waterloo, Ontario. The restatements, which are not yet complete, cover more than three years of results dating back to 2004.

The adjustment exceeds an earlier prediction by Research in Motion, which forecast in January that restatements would cut past earnings by more than $45 million. In concluding its options probe, the company said Balsillie would remain co-chief executive as it separates the roles of chairman and chief executive to upgrade corporate governance.

Research in Motion is one of at least 200 companies that have disclosed internal or federal investigations into options. Investigators are trying to determine whether companies inflated the value of employee options by backdating or timing the grants to coincide with days when the stock price was low.

Balsillie and co-chief executive Michael Lazaridis will voluntarily contribute $8.5 million to cover some costs of the review and the restatement, the company said. Directors and officers will return any benefit from mispriced options, the company said.

All grants except those to the company's chief executives were made "by or under the authority of" Balsillie, the company said. A special committee of the board found the company had "failed to maintain adequate internal and accounting controls with respect to the issuance of options in compliance with the company's stock option plan," it said.

Balsillie said in an interview yesterday the company's options probe "hasn't affected our business one bit."

McAfee Plucks EMC Executive For CEO (WSJ)

By Vauhini Vara And Joann S. Lublin

The Wall Street Journal, March 6, 2007

McAfee Inc., trying to move past fallout from a federal investigation of its stock-options grants and revive its growth, named EMC Corp. executive David DeWalt as its new chief executive.

The hiring of Mr. DeWalt, EMC's head of world-wide customer operations, comes as McAfee tries to stabilize its executive bench after a string of financial debacles, including probes into improperly dated stock-options grants. Mr. DeWalt, a 42-year-old software industry veteran, will be the Santa Clara, Calif., security-software maker's fourth CEO in six years.

George Samenuk, McAfee's last permanent chief executive before Mr. DeWalt, resigned in October after an internal probe found accounting irregularities related to stock-options grants. Last month, a Securities and Exchange Commission complaint claimed that Mr. Samenuk had known about a change to a 2002 stock-option grant made in his favor by a subordinate. The complaint charged Kent H. Roberts, McAfee's former general counsel, with fraud for his alleged role in manipulating options and followed a criminal indictment of Mr. Roberts. Mr. Samenuk hasn't been charged.

Mr. DeWalt, who starts at McAfee on April 2, is expected to clean up the mess. The company plans to restate several quarters of past financial results in the wake of the stock-options problems. Interim chief Dale Fuller, the board member who temporarily replaced Mr. Samenuk, will remain on the board. Chuck Robel will remain chairman.

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Mr. DeWalt joins McAfee as the security-software industry enters a more difficult phase after years of go-go growth. McAfee's antivirus software for home users and companies was once in demand as computer users sought to protect themselves against viruses and worms. But new threats like "phishing" have displaced the old ones, leaving McAfee and other security-software makers scrambling to catch up. Priorities have also shifted at businesses, where security officers are focused on new problems like keeping corporate data from getting lost or stolen. McAfee recently launched products to fight phishing and data leakage, but those areas are already crowded.

McAfee also faces new pressure from big technology companies that are investing heavily in security. International Business Machines Corp., Cisco Systems Inc. and Mr. DeWalt's former employer EMC have all bought security companies in the past year.

McAfee's stock price has risen more than 4% so far this year, fueled partly by rumors that McAfee could be a candidate for a takeover by private-equity investors or a big technology maker. Mr. DeWalt's appointment is likely to quell such speculation, at least for a while. Yesterday the stock was down 43 cents to $29.55 in 4 p.m. trading on the New York Stock Exchange.

EMC directors tried to keep Mr. DeWalt by offering him a chance to become chief operating officer and possible successor to 59-year-old CEO Joe Tucci, according to one person familiar with the situation. "They certainly wanted [Mr. DeWalt] to stay and made it very difficult for [him] to leave," another knowledgeable individual said.

Though EMC directors were grooming Mr. DeWalt for the corner office, "Tucci isn't going to retire anytime soon," the second person added. And Mr. DeWalt, who ran Documentum Inc., a storage-software vendor that EMC acquired in 2003, "very much wanted to be a CEO" again.

Acceptance of the chief operating officer post also would have required Mr. DeWalt to move cross country. EMC is based in Hopkinton, Mass., while Mr. DeWalt worked from Documentum's Pleasanton, Calif., headquarters. EMC yesterday announced that its vice chairman, Bill Teuber, will expand his responsibilities to include Mr. DeWalt's customer-operations duties.

Mr. DeWalt emerged as front-runner for McAfee CEO soon after the search began last December. "The board was immediately impressed by him because he had been a CEO before" and grew a business with stalled growth, the first informed individual recalled. The main stumbling block was whether McAfee directors "could extract him out of EMC."

The new McAfee leader will enjoy a pay package roughly comparable to Mr. Samenuk's, and include equity partly linked to performance triggers, this person reported. McAfee promised Mr. Samenuk a 2006 salary of $900,000 and set his maximum bonus at $1.35 million for last year, according to McAfee's April 2006 proxy statement.

If Mr. DeWalt thrives running McAfee, there is always the chance that EMC someday might buy his new employer, too. "He could end up being CEO of EMC anyway," the first informed individual observed.

Grasso Case's New Lawyer (WSJ)

By Aaron Lucchetti And Nathan Koppel

The Wall Street Journal, March 6, 2007

NEW YORK -- New York Attorney General Andrew Cuomo named lawyer Benjamin E. Rosenberg to be his chief trial counsel, a role that will include handling high-profile cases such as the long fight against former New York Stock Exchange Chief Executive Dick Grasso.

Mr. Rosenberg, a partner with law firm Dechert LLP, will start in the state's law-enforcement office Monday, said a spokesman for the attorney general's office. His salary will be $140,000. Mr. Rosenberg, 48 years old, worked on several high-profile white-collar cases while at Dechert, said the attorney general's spokesman. Mr. Rosenberg couldn't be reached to comment.

The attorney general's office won a partial summary judgment in the Grasso case last year, but Mr. Grasso is appealing. A decision on the appeals is expected in coming months, and if Mr. Grasso loses, he may have to give $100 million or more of his compensation back to the NYSE, where he worked for decades. Mr. Grasso has been fighting the case and has said he did nothing to warrant giving back part of his pay package.

Mr. Cuomo's predecessor, New York Gov. Eliot Spitzer, brought the case. Mr. Spitzer harshly criticized Mr. Grasso for collecting a pay package of $187.5 million while at the NYSE, which at the time was a not-for-profit company under New York state law.

Some legal experts predicted Mr. Cuomo would focus less on Wall Street cases than Mr. Spitzer. But the appointment of Mr. Rosenberg, a former assistant U.S. attorney in the Southern District of New York, shows that Mr. Cuomo is putting a formidable figure to take over the case against Mr. Grasso.

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CRIMINAL LAW:

Libby Jurors Consider Cooper Conversation (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, March 6, 2007

Jurors in the perjury trial of I. Lewis "Scooter" Libby indicated yesterday they remain focused on whether Vice President Cheney's former chief of staff lied to the FBI about a July 12, 2003, conversation with Matthew Cooper, then a reporter for Time magazine.

In a note to the presiding judge late yesterday afternoon, jurors asked three questions about how they should decide whether Libby is guilty of making a false statement to investigators about his conversation with Cooper.

After sending the note, the jury concluded its ninth day of deliberations without reaching a verdict. During that time, it has sent U.S. District Judge Reggie B. Walton five questions about Libby's statements to the FBI regarding his conversation with Cooper.

The note was not released to the public. According to a partial description by Walton, who summoned lawyers for both sides to go over the note, the 11 jurors sought in one of the three questions to know whether they may consider Libby's March 2004 grand jury testimony about his conversation with Cooper as they deliberate whether he made false statements to the FBI months beforehand about the same conversation.

Libby gave the FBI and the grand jury similar descriptions of the conversation, saying he passed along gossip from other reporters about an undercover CIA officer to Cooper, and told Cooper he was not sure it was true. But the grand jury testimony is tape-recorded, and the defense has questioned the accuracy of an FBI agent's notes.

Walton released the jury for the day and said he would decide how to instruct them today.

Libby, 56, is charged with five felony charges of lying to the FBI and grand jury about his role in disclosing the identity of undercover CIA officer Valerie Plame to the media. Her name and CIA job were revealed in a syndicated column in July 2003, days after her husband, former ambassador Joseph C. Wilson IV, publicly accused the White House of twisting intelligence he had gathered.

The CIA sent Wilson to Africa in 2002 to assess reports that Iraq had been trying to buy uranium from Niger for use in a nuclear weapons program. Wilson concluded those reports were baseless, and shortly after the Iraq war began, denounced President Bush and Cheney for using the claim as a central argument for war.

Prosecutors allege that, in the spring and early summer of 2003, Libby was part of a White House campaign to discredit Wilson, then lied to investigators to protect his job and spare Cheney and Bush political embarrassment.

Defense attorneys contend their client inaccurately remembered conversations about Wilson and Plame because he was busy with critical national security issues.

Also yesterday, defense and prosecution lawyers argued about how Walton should respond to a question the jury posed Friday about the definition of reasonable doubt. He responded by asking the jury for more information.

Libby's Jurors Inquire About One Charge (NYT)

By The New York Times

The New York Times, March 6, 2007

WASHINGTON, March 5 — The jury considering the perjury case against I. Lewis Libby Jr. suggested on Monday that some of its members were deeply uncertain about one of the five felony charges.

Before the jurors departed at the end of their ninth day of deliberations, they sent a note to Judge Reggie B. Walton asking for clarification of Count 3, in which Mr. Libby is charged with giving a false statement to an agent of the Federal Bureau of Investigation. Mr. Libby, the former chief of staff to Vice President Dick Cheney, is charged with lying to the F.B.I. and to a grand jury investigating the leak, in 2003, of the identity of a Central Intelligence Agency operative, Valerie Wilson.

Judge Walton did not disclose the text of the query, which he is expected to address on Tuesday. But in the discussions he had with both sides' lawyers, it appeared that the jury was asking whether its members might consider Mr. Libby's testimony to the grand jury in March 2004 to help determine whether he made a false statement in his F.B.I. interview six months earlier.

The false-statement charge, which many lawyers view as the weakest count, involves a conversation Mr. Libby had on July 12, 2003, with Matthew Cooper, then a reporter for Time magazine, about Ms. Wilson.

Judge Walton has also yet to deal with a jury request to explain further the concept of reasonable doubt.

FBI To Probe Wal-Mart Employee (FT)

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By Jonathan Birchall

Financial Times, March 6, 2007

The FBI is investigating the activities of a Wal-Mart "technician" who was fired by the retailer after it learnt that the employee had been intercepting electronic messages transmitted by people outside the company.

A company spokeswoman said the employee had used personal equipment to intercept all text messages sent "within a few miles" of Wal-Mart's Bentonville headquarters, and had collected messages containing certain key words, without giving more details.

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The unnamed "technician" also had been involved in recording telephone conversations between its public relations staff and a reporter for The New York Times without appropriate clearance, said Mona Williams, the Wal-Mart spokeswoman.

The company gave no details of the objective of the surveillance, which marks the latest in a series of internal scandals at the largest US retailer.

It follows trouble last year at Hewlett-Packard, the computer maker, over questionable techniques used in a leak investigation to obtain phone records.

Wal-Mart said it had found no evidence that the employee, who worked in the company's information systems division, was acting on anyone else's orders. "As far as we know, he was acting alone," Ms Williams said.

Wal-Mart said it had learnt about the phone surveillance from another company employee in January and had informed the FBI, which has now launched an investigation into the affair.

The retailer said that while recording phone conversations involving its employees was not illegal, the taping of the reporter's conversations over a four-month period had been carried out without the necessary approval.

It said that "the interception of text messages and pages that does not involve Wal-Mart associates is not authorised by company policies under any circumstances".

Wal-Mart Tapings Spark Probe (WSJ)

By Gary Mcwilliams

The Wall Street Journal, March 6, 2007

Federal investigators are probing a Wal-Mart Stores Inc. employee's electronic interception of telephone conversations and text messages of other employees and outsiders, including a New York Times Co. reporter.

People familiar with the issue said the criminal probe targets an employee who was searching for the identities of those who had leaked embarrassing company memos to the newspaper and others. Wal-Mart has been the subject of articles by the Times and others for its health-care, wage and benefit policies.

· News: Investigators are probing a Wal-Mart employee's interception of phone conversations and text messages of other employees and outsiders, including a New York Times reporter.

· Background: Wal-Mart has been the subject of articles by the Times and others for its health-care, wage and benefit policies.

· The Law: U.S. law prohibits intercepting wireless communications without a court order.

The U.S. attorney for Western District of Arkansas confirmed it has begun a probe after being notified by the Bentonville, Ark., retailer of the recordings and electronic interceptions. Deborah Groom, first assistant U.S. attorney, declined to say whether it had subpoenaed records or interviewed employees of the world's largest retailer.

Mona Williams, a Wal-Mart vice president, said the retailer fired two employees of its computer-systems department as a result of a nearly two-month internal review. One was a manager, who was dismissed yesterday. A third employee, also a computer-systems unit manager, was disciplined but not fired for "failure to carry out management duties," Ms. Williams said.

The technician, who Ms. Williams wouldn't identify further, had programmed the company's computers to search for calls originating from or directed to a Times reporter and to record those calls. A handful of other calls also were recorded, the Wal-Mart spokeswoman said. While she wouldn't name the reporter, people familiar with the issue said Times staff reporter Michael Barbaro was the primary target of the interceptions.

Wal-Mart Chief Executive H. Lee Scott Jr. personally apologized to Janet Robinson, chief executive of the New York Times, in a telephone call yesterday. The spokeswoman also personally contacted the Times reporter to deliver the news, she said.

In a statement, the Times said: "We are troubled by what appears to be inappropriate taping of our reporter's conversations. At this point we don't know many of the key facts such as what the purpose of this taping was and the extent, if any, to which the action was authorized."

The effort captured calls for a four-month period beginning in September and continuing until January of this year, Ms. Williams said. She added the technician used wireless equipment brought into the retailer's headquarters to capture text messages from personal digital assistants and pagers within a several mile radius of its Bentonville headquarters. She described the wireless equipment as the employee's personal gear.

Those text messages, from a variety of sources, were stored on company-owned computers and later scanned for unidentified "key words" that the employee had designated. Wal-Mart declined to identify the words.

Ms. Williams also wouldn't reveal the technician's motivations for recording the calls and messages, citing the federal investigation. She confirmed agents of the Federal Bureau of Investigation were carrying out the probe for the U.S. Attorney's office.

The recordings began about the same time that a former Hewlett-Packard Co. board member publicly exposed a similar effort at the Palo Alto, Calif., computer maker. There, company-paid investigators had improperly obtained phone records and text messages of employees and news reporters in an effort to identify the source of embarrassing leaks about its former chief executive. Those complaints led to indictments of Patricia Dunn, the company's former chairwoman, and others.

U.S. law prohibits the interception of wireless communications without a court order. Wal-Mart said the technician's recording of phone calls involving its employees isn't against the law in Arkansas, but violated its corporate policies. It said recording text messages violates its corporate policies as well as U.S. law.

The two employees fired include a computer technician who allegedly intercepted and recorded phone calls, pager and text messages, and the technician's boss. Ms. Williams declined to further identify them.

"As far as we know, he was acting on his own," she said of the fired technician. "We can't speak to why the technician did what he did." She declined to say how many messages were intercepted during those four months.

Wal-Mart said it launched an internal investigation and contacted the U.S. attorney in January after an employee reported the interceptions. An internal investigation found phone, pager and text messages were captured and stored on its computers.

In the case of Hewlett-Packard, director Thomas Perkins had complained of the tactics being used by outside investigators hired to find the source of information leaks to reporters. Private investigators hired by H-P were accused of illegally accessing phone records of reporters, employees and directors. Criminal charges were filed by the California attorney general against Ms. Dunn, who pleaded not guilty, and security experts used by the company.

Wal-Mart Says Employee Taped Reporter's Calls (NYT)

By Julie Creswell

The New York Times, March 6, 2007

Federal investigators are looking into the actions of a computer systems technician at Wal-Mart Stores who, over a period of several months, intercepted pager and text messages and also secretly taped telephone conversations between Wal-Mart employees and a reporter for The New York Times, the company said yesterday.

The United States attorney's office for the Western District of Arkansas and the Federal Bureau of Investigation are assessing the actions of the employee and others inside Wal-Mart to determine whether federal and state laws were broken and whether they have jurisdiction in the matter, according to spokesmen for the investigators' offices.

Wal-Mart said the technician was not authorized to monitor and tape the conversations between members of its media relations staff and Michael Barbaro, a retail reporter for The Times.

The company did not say what led the technician to make the recordings or why Mr. Barbaro's conversations were the target.

Over the last year, Mr. Barbaro has written dozens of articles about Wal-Mart, including some that were based on internal company documents that were given to him by union-financed groups that were critical of Wal-Mart's business practices.

Mona Williams, a spokeswoman for Wal-Mart, which is based in Bentonville, Ark., said the company fired the technician and a supervisor yesterday. A third manager in Wal-Mart's information technology group was disciplined. Ms. Williams declined to identify the technician or his supervisors.

H. Lee Scott Jr., Wal-Mart's chief executive, called the chief executive of The New York Times, Janet L. Robinson, early yesterday to explain the situation and apologize, Ms. Williams said.

Ms. Williams added that she contacted Mr. Barbaro and personally apologized to him, as well.

Wal-Mart said it began an internal investigation into the matter on Jan. 11 after executives were notified by an employee about the recordings. It then notified the United States attorney's office two days later.

Over the course of a two-month internal investigation, Wal-Mart discovered that the technician had used a program that identified calls coming in from, or made to, Mr. Barbaro at The Times's New York headquarters from last September to mid-

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January, Ms. Williams said. The inquiry involved an outside technology firm that scoured more than 100 computer drives and other devices, she said.

Members of the media relations group, including Ms. Williams, were unaware they were being taped, Ms. Williams said.

"No one knew he was recording these conversations," Ms. Williams said in a conference call with reporters yesterday afternoon. "As a matter of fact, I'm not even sure he knew whose conversations he was recording. He simply programmed in the reporter's phone number and captured those calls."

It is unclear whether the technician was able to sort Mr. Barbaro's calls from those other Times reporters might have made to Wal-Mart since all calls from the newspaper's New York office register on caller ID screens as a series of numeral 1s.

The technician told investigators of some motives for his actions, Ms. Williams said, but she declined to say what they were because of the continuing investigations.

In a statement, a spokeswoman for The Times, Diane C. McNulty, said: "We are troubled by what appears to be inappropriate taping of our reporter's conversations. At this point, we don't know many of the key facts, such as what the purpose of this taping was and the extent, if any, to which the action was authorized."

Mr. Barbaro declined to comment.

At first blush, it does not appear that the taping of the conversations was illegal.

Under federal and Arkansas state law, a telephone conversation can be recorded if one party has given consent. Wal-Mart said that under its policy, all employees give their consent to the monitoring and recording of their calls made through Wal-Mart systems and equipment.

Wal-Mart said, however, that calls were monitored only in cases of suspected criminal activity or fraud and only with written consent from the company's legal department. No approval for the recordings was sought or given, the company said.

Ms. Williams added that in the course of the investigation only one person — a "senior-level lawyer" at Wal-Mart — listened to parts of the tapes between Mr. Barbaro and the media group.

The focus of any criminal investigation might be on the text messages and the pages transmitted near company headquarters by people who were not Wal-Mart employees; the technician made those interceptions using his own personal radio-frequency equipment.

"He captured all of the text messages that were within a range of his equipment," Ms. Williams said. "Some of those messages had key words in them that he was watching for. Those were captured and put into a separate file or bucket from the others." She declined to provide details of the messages or motives for those actions by the technician.

Federal and most state laws forbid the unauthorized interception of messages, said Rodney Smolla, dean of the University of Richmond Law School.

Wal-Mart Worker Secretly Taped Reporter's Calls (WP)

By Ylan Q. Mui

The Washington Post, March 6, 2007

An employee for Wal-Mart secretly taped phone conversations between members of its public relations staff and a reporter at the New York Times, and intercepted text messages between people who do not work for the company, Wal-Mart officials disclosed yesterday.

Wal-Mart fired the technician it said was responsible and the employee's supervisor, both of whom worked in information systems at the retailer's headquarters in Bentonville, Ark. Another manager was disciplined. Spokeswoman Mona Williams said she could not say why the technician recorded the conversations.

"I can't really speak for why the associate did this," Williams told reporters yesterday during a conference call. "No one knew that he was recording these conversations."

The U.S. attorney's office for the Western District of Arkansas has opened an investigation into the case to determine whether the technician violated federal wiretapping laws, said Deborah Groom, first assistant attorney. A spokesman for the FBI did not return several phone calls or respond to an e-mail asking whether an investigation was underway.

The conversations took place between September and January and involved New York Times reporter Michael Barbaro, according to the newspaper's spokeswoman, Diane McNulty. Barbaro, who formerly worked for The Washington Post, wrote 38 articles about or referencing Wal-Mart during that time, including articles about new uniforms for workers, the retailer's marketing of energy-efficient light bulbs and the departure of top advertising executives.

Wal-Mart told the Times about the tapes yesterday. McNulty said the Times was not planning legal action, but was concerned about the actions. Reached by e-mail, Barbaro declined to comment.

"We are troubled by what appears to be inappropriate taping of our reporter's conversations," McNulty said. "At this point, we don't know many of the key facts."

Federal and Arkansas law allow a telephone call to be recorded if one party consents. Wal-Mart said all its employees consent to a blanket policy that allows electronic communications to be monitored or recorded at any time. But the retailer said it tapes phone calls only in "compelling circumstances," such as suspected criminal fraud or security issues, with written permission from its legal department. Williams said the recordings did not meet that threshold and that the employees speaking with Barbaro did not know they were being taped.

An investigation could include an examination of the strength of Wal-Mart's policy, said Mark Rasch, managing director of technology for consulting firm FTI and a former federal prosecutor who specialized in computer crime. Having a policy does not automatically imply consent, he said, especially if workers have reason to believe it would not be applied.

"It has to be well known, well distributed, and it's got to be used at some point," he said.

The technician also captured text messages and pages between people who do not work for Wal-Mart that were sent with beepers or handheld devices from several miles around the retailer's headquarters, Williams said. Data including certain keywords were routed into a specified file, she said.

Williams said none of the intercepted information involved reporters or public figures.

Wal - Mart Fires Worker Over Eavesdropping (NYT/AP)

By The Associated Press

The New York Times, March 6, 2007

NEW YORK (AP)-- Wal-Mart Stores Inc. said Monday it fired a systems technician who allegedly recorded phone conversations between the company's public relations office and a newspaper reporter. The case is now being investigated by federal authorities.

Wal-Mart said the technician, whom it did not identify, also intercepted text messages using his own personal equipment. The retailer said he was acting alone, but declined to say what his motive may have been.

Wal-Mart said its internal investigation began on Jan. 11 after an unidentified party alerted the company. That led to the discovery that the technician had monitored and recorded phone conversations between Wal-Mart's public relations staffers and a New York Times reporter between September 2006 and January 2007. Wal-Mart said it notified The New York Times earlier Monday.

A New York Times spokeswoman, Diane McNulty, identified the reporter as retail writer Michael Barbaro. She said the newspaper does not plan "to take any legal action at this time."

During the investigation, Wal-Mart said it discovered that, in separate instances, the same technician had intercepted text and pager messages, including communications that did not involve Wal-Mart employees.

The eavesdropping by an employee is only the latest controversy for the world's largest retailer, whose stock has been battered in recent months as sales growth stalled. The company also has been targeted by union-back groups about its health care benefits and wages. It also is fighting a class action lawsuit that accuses it of gender discrimination.

Wal-Mart spokeswoman Mona Williams said the technician "acted alone" and used his own personal equipment to intercept the text messages. "I can't speak for why he did what he did," she said.

Williams declined to identify who the targets were besides the Times reporter, but said they did not include the company's union-backed critics like WakeUpWalmart.com or Wal-Mart Watch. No other journalists' calls or messages were tapped, she said.

But Chris Kofinis, a spokesman for WakeUpWalmart.com, questioned that assertion, saying "we're deeply concerned that our privacy was violated."

Williams said the technician gave Wal-Mart some indication about why he targeted the New York Times reporter, who has been covering such issues as the company's labor rescheduling program and wage capping, but couldn't go into detail now that the investigation has been turned over to federal authorities.

Barbaro declined comment.

Wal-Mart said it would never authorize the interception of text messages and pages that do not involve Wal-Mart associates, the company's name for its workers.

Wal-Mart said it notified its audit committee of the allegations on Jan. 12 and on the next day, attorneys for the company notified the U.S. Attorney for the Western District of Arkansas.

The company kept the U.S. Attorney updated during its internal investigation. Last Thursday, the U.S. Attorney notified Wal-Mart that it would conduct its own investigation.

"We are looking at this to determine if there has been a violation of federal law in our jurisdiction," said U.S. Assistant Attorney General Deborah Groom Monday. "That's really the only comment I can make at this time."

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FBI officials in Washington said Monday the agency is reviewing the information "to determine if there was a violation of federal law and if the FBI has jurisdiction."

The company said it believes the unauthorized recording of telephone conversations by the systems technician did not violate any applicable federal or state laws because Wal-Mart policies subject all employees communications to possible monitoring or recording.

However, Wal-Mart said it records associate phone calls only in "compelling circumstances and with written permission from the legal department." The company said that the threshold for this permission is "high and limited to cases of high risk to the company or its associates, such as suspected criminal fraud or security issues."

In addition to firing the technician, Williams said it also fired the technician's direct supervisor and has taken disciplinary action against a management associate for failure to carry out their management duties.

Wal-Mart announced that it has taken a number of steps to strengthen its policies and controls surrounding the monitoring of recording of communications, effective immediately. It has also physically removed the recording equipment and any related hardware from the system.

"The company believes that these pager intercepts and the recordings of these telephone calls were wrong and has taken a number of actions to further strengthen our policies and controls," said Williams in a statement.

Associated Press writers Hope Yen in Washington and Peggy Harris in Little Rock, Ark. contributed to this report.

N.J. Man Accused Of Defrauding Cisco Of More Than $10M (AP)

By Jordan Robertson, AP Technology Writer

AP, March 6, 2007

SAN JOSE, Calif. -- A computer technician working for the city of Newark, N.J., was arrested on charges he defrauded technology giant Cisco Systems Inc. of more than $10 million by cheating one of the company's programs for replacing broken or defective parts.

Michael Kyereme, 40, of Piscataway, N.J., was arrested Friday on a charge of mail fraud and made his initial appearance in Newark federal court on Monday, according to the FBI. He will remain in custody at least until a bail hearing Thursday.

Kyereme worked as independent contractor for Newark, assisting city employees when their computers needed troubleshooting, the FBI said. When he could not resolve a problem without outside help, he was authorized to contact Cisco for technical assistance and to order replacement parts.

According to the criminal complaint, Kyereme ordered about 280 parts from Cisco since August 2002 _ some worth more than $250,000 _ and made false claims that they were replacements for Cisco parts in the city's computer system that were "dead" or "not responding."

Kyereme is accused of cheating a Cisco program that requires the company to immediately replace broken or defective equipment without customers having to send in the problem parts first.

Investigators said Kyereme ordered replacements for pricey equipment that the city never had or didn't need replaced, sold the new gear to an out-of-state computer reseller, and pocketed the profits. He often didn't send back the parts he claimed were defective, and in some cases sent back the wrong parts that were worth less than the defective hardware, the FBI said.

A search of Kyereme's home on March 2 uncovered more than $3 million worth of parts that he ordered under false pretenses, the FBI said.

According to the criminal complaint, Kyereme told investigators that he was offered an "overwhelming" amount of money by the unidentified computer reseller to procure the Cisco parts and that "I knew what I was doing was wrong and that it was stealing."

A call to Kyereme's lawyer by The Associated Press was not immediately returned late Monday.

Kyereme's arrest was the second in a week involving a multimillion-dollar scam of Cisco's equipment-replacement program.

Michael Daly, 53, of Danvers, Mass., was arrested Tuesday on a wire fraud charge after he allegedly used false identities in 39 states and ordered replacement parts at least 700 times from Cisco without ever returning the defective items, or in some cases returning worthless parts that weren't covered under the program.

A Cisco spokesman declined to comment, other than to say the San Jose-based company is aware of the investigations and is cooperating with authorities.

Federal Prosecutor In R.I. Goes To New Orleans To Fight Crime There (SCRIPPS)

By Mike Stanton, The Providence Journal

DOJ_NMG_0140817

Scripps Howard News Service (DC), March 6, 2007

PROVIDENCE, R.I. -- Federal prosecutor Richard Rose makes presentations at schools on a regular basis. He has T-shirts and runs through the names of those killed by gang violence in Providence.

During the past few years, Rose has made a program called Street Smarts his mission as the anti-gang coordinator for the Rhode Island U.S. Attorney's office. He has spoken to more than 3,400 schoolchildren about the dangers of the streets, relating his own experiences as a fatherless black youth growing up in Providence.

The music that accompanies Rose's school presentation of the roll call of Providence dead is a New Orleans funeral dirge, by Wynton Marsalis. The music is part of a larger piece, writes author Stanley Crouch, "moving from a funeral march to a sermon to jubilation as the band comes back from the burying ground with an affirmative prance bent on beating the Devil and death itself."

Now Rose, the man best known for prosecuting ex-Providence Mayor Vincent A. Cianci Jr., is headed to New Orleans, where death is a near-daily occurrence in the wake of Hurricane Katrina in 2005.

Rose, 48, is part of a federal task force of prosecutors and agents from throughout the country who will spend the next six months in the Crescent City, combating the escalating gun violence. He is among the second wave of federal reinforcements in a program that began last year. On Wednesday, Rose will report for duty at the U.S. Attorney's office there.

"We've got to take the cowboys off the streets," said Rose, in an interview last week. "They had 161 murders last year, in a city of 200,000. Two weeks ago they had seven shootings in nine hours, five of them fatal _ that's a whole year for us!"

Katrina overwhelmed the city's law-enforcement structure, he noted. Floodwaters destroyed evidence and rendered courtrooms useless. Outside of the relatively safe tourist districts, criminals flooded lawless streets, emboldened by the chaos. Rose cried with his daughter as he watched television footage of refugees streaming across a bridge "like survivors in a B-movie where the nuclear bomb is dropped."

"The people with the resources got out," said Rose. The survivors have been left to "fight among the ruins."

Besides talking to students, Rose is part of a national effort by U.S. Attorney General Alberto Gonzales to make gang and gun violence a top priority, second only to terrorism. While programs such as Street Smarts represents "the carrot," Rose also wields "the stick" by preaching zero tolerance. In the courtroom, he uses stiff mandatory minimum prison sentences to prosecute gun and drug crimes that the federal authorities would have ignored a few years ago.

Rose, who has been a federal prosecutor for 12 years, doesn't know what to expect in New Orleans. Federal drug and gun arrests are up. Last week, a man was indicted on federal charges of possession of a handgun at a Mardi Gras parade. A woman is charged with giving her 17-year-old son a gun that he allegedly used to kill another 17-year-old who had beaten him up.

Rose has read the online guidebooks that describe neighborhoods with soaring crime rates and streets still littered with debris. He will live in the Warehouse District, near the Mississippi River.

"There aren't many professions where you can do this," said Rose. "I have a great job and a great career, and now I have a chance to go down there and help a community in desperate need. Maybe I can learn some things that I can bring back and apply to Street Smarts."

Gang Peacemaker's Death Imperils Truce In Boston (USAT)

By Rick Hampson, USA TODAY

USA Today, March 6, 2007

BOSTON — Two hooded strangers walked out of the darkness at the end of the street.

Jahmol Norfleet and his sister Teah, standing in front of their apartment house that night last November, stopped talking. On Holworthy Street, an unfamiliar face could mean danger — even since Jahmol, a leader of the notorious H Block gang, helped arrange a truce four months earlier in the city's bloodiest street war.

In the 18 months before the truce, about two dozen people were shot. Jahmol himself was an inch from death; there was a crease where the bullet grazed his scalp. After that he took a gun to school, got busted and spent a year in jail.

Then the gangster turned peacemaker. At a secret summit, H Block and its rival gang, Heath Street, agreed to a truce. When word finally leaked out, Boston was enthralled. Perhaps the truce could spread across the city, maybe even across a nation where gang violence was helping jack up the crime rate for the first time in 15 years.

So as the two strangers came down Holworthy, Teah would recall, she fought the impulse to run. After all, it was peacetime. Suddenly, the guys reached under their sweatshirts, pulled out pistols, charged through the parked cars and opened fire.

When it was over, Jahmol lay dead on the sidewalk.

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The next day, Mayor Thomas Menino praised the young man for trying to "change his neighborhood from a place of violence to a community of peace." But now, three months after his death, it's unclear whether the gang truce is a national model, or even if it still exists.

National surge of violence

America has had street gangs almost as long as it's had streets. But gangs are turning up in more places, including towns, suburbs, even agricultural areas — "spreading like a virus," according to Sen. Charles Schumer, D-N.Y.

Kevin O'Connor, an associate deputy U.S. attorney general, said at a conference on gangs last month that there was "a resurgence of gang violence in several U.S. cities." The Justice Department is surveying about 20 communities to determine how bad the problem is.

The National Youth Gang Center estimates the national number of gang members rose to 760,000 in 2004, the most recent year figures are available, up from 731,000 two years earlier. Los Angeles alone has about 40,000 gang members; the police say violent gang-related crime rose 14% last year.

Law enforcers are trying many strategies — midnight basketball leagues, gun buybacks, neighborhood sweeps, "start snitchin' " campaigns. None has approached the success a decade ago of what Newsweek hailed as "the Boston Miracle."

In the mid-1990s a coalition of law enforcers, social workers and inner-city black ministers imposed a gang cease-fire with a carrot-and-stick promise to gangsters: Keep fighting and face tighter probation checks, arrests on outstanding warrants, federal prosecution; stop and have a chance at a summer job, tutoring, a break in sentencing.

Its organizers drifted to other jobs or causes — including exporting the program to other cities — and some of its tactics were abandoned.

Jahmol Norfleet became enmeshed in an attempt to recapture and update that miracle. It was a risk, but, as he told Miniard Culpepper, a government lawyer and part-time pastor who became his mentor, he thought peace was worth it.

A tough beginning

Jahmol grew up poor. His parents split up, and he was raised by his grandmother in Roxbury, one of the city's toughest neighborhoods. In one thing he was lucky: He first hit the streets in the mid-'90s, during the Boston Miracle.

From 1990, when Jahmol was 5, to 1999, when he was 14, annual homicides in Boston dropped from 152 to 31.

He made it to his freshman year at Burke High School without incident. People liked 'Mol — the smile, the personality, the charm. "He'd always greet you — 'Hi Mr. B, how you doin?' " recalls Roscoe Baker, the dean of discipline.

Then he began to hang with kids like Yorki Lipscomb, whom police would later describe as a member of a gang named after a cluster of "H" streets — Humbolt, Holworthy, etc.

Heath Street, the rival gang, was based less than a mile away, in the big Bromley-Heath public housing project. The gangs shot it out over minor drug deals, turf, respect — all just a few miles from where tourists trod the Freedom Trail.

"Jahmol was always a natural leader," Culpepper says. "Gang life gave him an opportunity to lead."

Although Baker and others say they thought Jahmol was good enough to play college basketball, he dropped off the school team. Soon his rap sheet had arrests for possession of marijuana and assault.

When he saw Jahmol at the basketball court, Culpepper would talk to him as long as he could. After the boy reached high school in 2001, the talks got shorter and shorter. Finally, Culpepper lost track of him altogether.

Jail and reform

Jahmol and some other H Block members were on the street one night in December 2004 when other youths began shooting, grazing Jahmol on the head, according to his relatives. His grandmother remembers him in the hospital, crying. For the first time, he seemed scared.

His family says that's when he began carrying a handgun wherever he went. On Feb. 8, 2005, he was taking his coat out of his school locker when the gun fell onto the hall floor. He got a mandatory year prison sentence for gun possession.

For most gangsters, jail is a criminal confirmation ritual; for Jahmol, it was aversion therapy. In letters and calls home, he professed his hatred for the routine, the boredom, the confinement.

The worst came that April, when his friend Lipscomb was shot. He died on the street, in the rain, a gun in his pocket.

There were no arrests. Out of hatred of the cops or fear of the perps, witnesses to gang shootings often refused to cooperate — to "snitch." Those seeking justice or vengeance were left to help themselves.

"These kids (Lipscomb's H Block mates) are on the warpath," Lipscomb's father later told The Boston Herald. "If the police don't get someone, it's going to get worse."

It did. On Nov. 28, 2005, Carl Searcy, a member of Heath Street, was shot to death as he rode his bike from a friend's house.

In a letter home, Jahmol wrote: "I don't want to live like this, and I don't want to die for violence. I want to die grey and old."

On the phone, he told his sister Teah, a year younger than he, the same thing.

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"He said he wasn't gonna carry a gun anymore," she says. "He said he didn't care if they were gonna come shoot him down. He wasn't carrying a gun anymore."

Jahmol was released from prison on Feb. 9, 2006. He got a job and started studying for his GED. Baker, the high school dean, was startled by the transformation. "He seemed to have grown up. … You could see it in his face, his body, his gestures, his conversation. It was not the same Jahmol."

Deric Quest, an employment counselor, also was surprised. Gang leaders were jumpy, surly, uncooperative. This guy was on the front of his seat, all eye contact. "He was proud to have a certain street rep, but he didn't have a threatening bone in his body," Quest says. "He didn't seem like a gang leader as much as the leader of his friends."

Culpepper, meanwhile, had been spending time with H Block, trying to defuse the feud with Heath Street. By now — early 2006 — the Boston Miracle was a memory. The city had 75 murders in 2005, the most in a decade.

Culpepper had an idea he called "Adopt-a-Gang," in which ministers would work one-on-one with gangs to turn them from violence. H Block, however, didn't want to be adopted. Culpepper needed to find a leader to hook into. Then, one day at the basketball court, there was Jahmol.

After they got reacquainted, Culpepper made his pitch: H Block would establish a truce with Heath Street and get GED tutoring and job counseling. There'd be perks like a basketball tournament at the park, Celtics tickets, a fishing trip.

In the Boston Miracle, peace had been imposed for a time by superior outside force; now, gangs themselves would make peace, face to face, because they wanted to. Truces had been tried elsewhere, but they never lasted. This one could, Culpepper told H Block: "You need peace. You need something better than a gun."

Since leaving jail, Jahmol had realized how much he couldn't do, how many places he couldn't go, because of "the problem."

"OK, Rev," he said. "We'll do it."

Culpepper also had been bugging Jahmol without success to come to church. Then, one Sunday morning in June, the gang leader walked in and sat in the last seat in the last pew.

Over the next few months, he gradually moved up the aisle, until he was third from the front. A few of his tough-looking friends began to come, too — proving that H Block would follow him anywhere.

The peace summit

Last July 24, Jahmol rode in a church van through neighborhoods he'd never seen before, heading … where?

That was a secret. He and his boys had been frisked for weapons, relieved of their cellphones and told only that they were going to a "peace summit" with Heath Street.

The summit was the result of weeks of shuttle diplomacy by Jeffrey Brown, a minister who'd been involved in the Boston Miracle. He and other members of the old Miracle team had worked with Heath Street, using the carrot and stick; Culpepper focused on H Block, using mostly carrot.

Finally the van moved onto a peninsula in Boston Harbor and to the John F. Kennedy Presidential Library, which had hosted antagonists from battlefields such as Belfast and Gaza. Culpepper had to smile at the thought of it: for Jahmol, who had rarely ventured outside the 'hood, it might as well have been the moon.

The gangsters sat across from each other, six on a side, at two rectangular tables about 5 feet apart. Moderators, including Rufus Faulk, a social worker who grew up on H Block turf, sat in between. This is like the United Nations, he thought. Where we come from, this doesn't happen.

The gangs agreed they could go on each other's turf — each side had girlfriends living behind enemy lines — if they behaved respectfully. In case of an incident, there'd be no immediate retaliation. A minister would be called and the incident quickly investigated.

Pizza and soda were served. Only 45 minutes after the conference began, it was over.

On the ride home, Jahmol was euphoric, "like a weight was lifted off his shoulders," Faulk recalls.

There were ominous signs, however. Not everyone shook hands at the end of the meeting; some, Faulk noticed, weren't ready. And the grievances underpinning the feud had not been aired. "It seemed like it would have been beating a dead horse," Faulk says.

In November The Boston Globe, citing anonymous sources, broke the story of the gang summit and truce. The paper said that crime in general was down on the gangs' turf and that other gangs had asked for similar talks.

Mayor Menino, eager for a second Boston Miracle, praised the truce. Jack McDevitt, a Northeastern University criminologist and government consultant, said it could be a model for other cities; if H Block and Heath Street could make peace, anyone could.

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On Nov. 28, seven days before his 21st birthday, Jahmol sat down at the church with Quest, the jobs counselor. He seemed relaxed — maybe too relaxed, Quest says: "He looked awfully comfortable, like he'd hit the Megabucks or something. That scared me, because he didn't appear to be on his guard. I wondered, 'Is the other side as relaxed as Jahmol?' "

Two hours later, the peacemaker was dead.

Detectives noted the date: a year to the day since Carl Searcy, the Heath Street member, had been shot to death.

The next day the mayor praised Jahmol for wanting to "change his neighborhood from a place of violence to a community of peace."

Jahmol's legacy

In his eulogy at the funeral, Culpepper said that Jahmol died for a purpose, echoing Christ's words at the Last Supper, "Jahmol says that I leave you my peace — this is my peace."

A week later, police announced the arrest of Jerome Brody, 19, who was stopped while driving a car containing the two guns that, according to ballistics, were used in Jahmol's murder. But Brody was not charged in the shooting itself — and he was not a member of Heath Street.

The day Jahmol was shot, another H Block member, Danny Hairston, got out of jail. Two months later, on Jan. 27, his body was found dumped in a backyard. He'd been shot once in the head.

Police have made no arrests and reported no leads in the Hairston and Norfleet murders.

Gang members from both sides refused — some personally, some through intermediaries — to speak to USA TODAY. But Teah Norfleet says she believes that Heath Street never took the truce seriously.

She says that some H Block members returned from the Kennedy Library summit unconvinced of Heath Street's sincerity; that some muttered insults out of the organizers' earshot; and that two of the Heath Street leaders did not attend. (Brown says they simply were late and missed the van.)

Is the truce holding? On Feb. 9, Boston Police Commissioner Edward Davis called it "an example of a collaborative process that uses innovative thinking and works."

Brown says that Heath Street denies responsibility for the Hairston and Norfleet murders, and that Jahmol's slaying on the anniversary of Searcy's might just have been coincidence. He and Culpepper both say the truce is holding.

Some question how it was implemented. "Where we've learned some lessons here is that these are very fragile things," says McDevitt, the Northeastern professor who had hailed the truce. "A truce is a piece of the puzzle. It's not the whole thing."

There was no airing of specific beefs at the summit; no follow-up meeting between the gangs afterward; no recognition of the approaching anniversary of Searcy's murder. Culpepper says he hasn't gotten over Jahmol's death. "I hated to lose that kid," the minister says, a catch in his voice. "He was gonna be the key to so much."

But since Jahmol's death, his sister Teah, his girlfriend and four members of H Block have gotten baptized. And people are spreading the story of the gangster-turned-peacemaker.

Culpepper thinks about something Jahmol wrote in jail: "I sit back and think, God left me here for a reason. He has something planned for me."

Inquiries Leave Officials In Limbo (AZREP)

By Billy House, Washington Bureau

Arizona Republic, March 6, 2007

WASHINGTON - There has been a long list of recent Justice Department investigations announced or leaked to the media targeting current and former members of Congress.

In many of those cases, the public has been left for months, or longer, to wonder about whether lawmakers will be charged or what, if anything, the investigations revealed. That air of uncertainty, which may never be wiped away, could ultimately tarnish reputations or destroy careers.

That includes the so-called preliminary inquiry and assessment launched last fall by Paul Charlton, then U.S. attorney in Arizona, regarding activities of Rep. Rick Renzi, R-Ariz., and former Rep. Jim Kolbe, R-Ariz., respectively.

In the months since, nothing has surfaced about either case. Both Renzi and Kolbe have denied wrongdoing. Meanwhile, Justice Department officials in Phoenix and Washington, after initially confirming the existence of both inquiries, have declined to give additional comment. At times, the Phoenix and Washington offices don't seem to have a handle on who is in charge, referring inquiries about the matters to each other.

Charlton, who left office in January, recently declined to comment.

Charlton was one of half a dozen top prosecutors forced out of office last year by the Justice Department. Some lawmakers say the move was related to investigations of politicians. Hearings will be held in Washington today.

Meanwhile, potential targets wait to learn the status of the investigation.

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Ex-Rep. J.D. Hayworth, R-Ariz., was linked in published news accounts in January 2006 to at least four other members of Congress reportedly under federal investigation in Virginia in connection with the influence-peddling scandal surrounding convicted former D.C. lobbyist Jack Abramoff.

Hayworth, who lost his re-election bid in November, has denied wrongdoing. Only one of the five lawmakers cited, former Rep. Bob Ney, R-Ohio, has been convicted in the Abramoff scandal.

There has been no word since about where the inquiry involving Hayworth has led.

And there probably won't be, federal officials say.

"A lot of that is up to the discretion of the U.S. attorney. In some cases, they issue a statement clearing them," said Bill Carter, a Justice Department spokesman in Washington.

"In some cases, they say nothing at all," Carter said. "Or they send a letter to the individual, if requested."

But at what point does the government have an obligation to announce a "no finding" or "cleared" result when such inquiries lead nowhere but may leave public doubt forever hanging over lawmakers and former politicians?

For instance, a cloud that may have contributed to Hayworth's re-election defeat.

"There may never come such a point," said Atlee W. Wampler III, a former U.S. attorney for the southern district of Florida and now president of the National Association of Former United States Attorneys.

"The next time you hear anything, you either get a target letter (stating that you have an opportunity to tell your side of the story to a grand jury) or the case just fades because of the statute of limitations," he said.

Federal investigators rarely want to absolve anyone or shut the door on the possibility new evidence might emerge at a later date. And sometimes, investigations take time because of manpower issues.

"Some of these things have to be run down," Wampler said. "And that can take awhile when there are other things that the FBI and other investigators might also have to do, some with higher priority."

More Lawmakers Take A Stand Against Death Penalty (LAW)

By Vesna Jaksic, The National Law Journal

National Law Journal, March 6, 2007

A perfect storm of problematic executions, wrongful convictions and recent court rulings against the practice of lethal injection has led a growing number of states to challenge the death penalty through lawsuits and legislative action.

Adding still more to the momentum are a public backlash against the cost of capital cases and the development of more effective defense techniques, such as mitigation specialists who humanize death row inmates.

Eleven states have halted some or all executions -- including Florida and Maryland in December -- and more lawmakers have been speaking out against the death penalty.

Last month alone, Maryland's governor urged legislators to replace the death penalty with life without parole, North Carolina's governor said executions should be halted until issues surrounding lethal injection are solved and Montana's Senate voted to abolish the death penalty.

Court decisions have also continued to come down, such as a Delaware judge granting class action status on Feb. 22 to all death row inmates based on a case challenging lethal injection. Jackson v. Danberg, No. Civ. 06-3000-SLR (D. Del.). "It's probably the strongest momentum since the death penalty was reinstated in the mid-1970s," said John Holdridge, director of the American Civil Liberties Union (ACLU) Capital Punishment Project, which advocates against the death penalty.

The Death Penalty Information Center recently listed the following 11 states as those that have stopped some or all executions: Arkansas, California, Delaware, Florida, Maryland, Missouri, New Jersey, North Carolina, Ohio, South Dakota and Tennessee, according to Richard Dieter, executive director of the nonprofit Washington, D.C.-based organization, which opposes capital punishment.

North Carolina's officials were in talks last week in hopes of resolving the situation, and the state's attorney general hinted on March 1 that a solution may be imminent. The executions have stopped either through government-issued moratoriums or judges' rulings, and have had varying effect.

In South Dakota, for example, Gov. Mike Rounds on Feb. 23 signed legislation that clarifies the mixture of drugs to be used in executions, which is an issue that has delayed just one execution, said his press secretary, Mitch Krebs. The law goes in effect on July 1, and Krebs said other executions are expected to resume as scheduled.

Meanwhile, in New Jersey, executions have been on hold since January 2006, when the state Legislature appointed a commission to study the issue. This January, the group recommended the death penalty be abolished. Reverend M. William Howard of Bethany Baptist Church in Newark, N.J., who chaired the 13-member New Jersey Death Penalty Study Commission, agreed with speculation that the state could become the next to abolish the death penalty.

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"I don't think that's a wild idea at all," he said, pointing out that Gov. Jon Corzine has pledged to sign such legislation into law.

'A CHANGING TIME'

Most of the 38 states that have the death penalty use the same lethal injection protocol to execute death row inmates. The method has come under fire recently, with lawsuits pending in several states questioning everything from the way the drugs and painkillers are administered to whether the procedure is cruel and unusual punishment.

Kelly Culshaw, assistant public defender in the Ohio Public Defender Office who is representing death row inmate Richard Cooey in a case pending in the 6th U.S. Circuit Court of Appeals, said lethal injection is fraught with problems. Cooey v. Taft, No. 05-4057 (6th Cir.).

"The inmate is suffering excruciating pain during the execution process but is paralyzed so there is no way for you to see or know what's happening," she said. "Other issues have also been coming to the forefront, such as the training and experience of the people who execute people in Ohio."

A request for comment to the state attorney general's office, which is defending former Ohio Gov. Robert Taft in the suit, was not answered.

Because the same concerns have been expressed in many states, Dieter, the Death Penalty Information Center official, said it is possible that more states will halt executions, but he added that it is difficult to predict which ones. However, he and others agreed that conservative states such as Texas -- which easily leads the nation with 383 execution since 1976 -- are least likely to stop executing.

It is possible, moreover, for states with temporary moratoriums, such as Florida, to lift these bans and resume their executions soon, Dieter said. He also did not rule out the possibility of the U.S. Supreme Court hearing the issue. Late last week, a Florida commission recommended that death row inmates be completely sedated before being injected with lethal chemicals. The commission submitted its final report and recommendations to Gov. Charlie Crist, but he took no immediate action.

"It's a changing time right now for the death penalty," Dieter said. "Around the world the death penalty is slowly becoming eradicated, and I think the U.S. is coming to sort of a similar conclusion, not necessarily that it's wrong but that it just isn't working."

Dieter said one of the reasons the death penalty is under attack now is that many lawsuits only recently worked their way through the system to reach higher courts. In addition, a number of death row inmates were exonerated in recent years thanks to DNA evidence, putting the issue under a national spotlight, he said.

Holdridge, from the ACLU, said that while many inmates still have inadequate defense counsel, defense lawyers have improved in recent years and are increasingly using mitigation specialists to explain factors that are common in many defendants' lives, such a history of abuse and mental illness. All of that has helped humanize death row inmates and made more people question execution, he said.

Another reason behind the momentum is financial, Holdridge said, explaining that many taxpayers have only recently learned about the costs of the death penalty.

In an editorial last week against the death penalty, Maryland Gov. Martin O'Malley said that according to a judge, it costs $400,000 more to process and imprison a death penalty defendant than it does to keep someone serving a life sentence in prison, meaning the state spent about $22.4 million more by sentencing 56 people to death since 1978.

In New Jersey, the Office of the Public Defender testified in front of the New Jersey Death Penalty Study Commission that, given its caseload of 19 cases as of August 2006, elimination of the death penalty would result in savings of $1.46 million per year. And the state Department of Corrections estimated that eliminating the death penalty would save the state about $1 million per inmate.

The political climate has also contributed to the issue, the ACLU's Holdridge said, pointing out that Virginia Gov. Tim Kaine won election in November despite opposing the death penalty in a state that has the second-highest number of executions.

And David Elliot, communications director for the Washington-based National Coalition to Abolish the Death Penalty, predicted that New Jersey and Maryland will be the next to abolish the death penalty, partly because the two states' governors have recently voiced opposition to it.

Finally, several recent botched executions also helped raise concerns. In California, officials took 12 minutes to find a vein in the muscular arm of the co-founder of the Crips gang, Stanley "Tookie" Williams, who was executed in December 2005. In May, similar problems occurred in Ohio, where Joseph Clark's execution took about 90 minutes. Also, this past December, Florida inmate Angel Diaz had to be given a second dose of drugs and needed 34 minutes to die.

Elliot said controversy regarding lethal injection has been building for years, but a lot of information regarding the procedure emerged only recently, as cases made their way past the discovery phase. More is known now, he said, about problems that can arise during executions, the level of pain suffered and the effectiveness of painkillers used.

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"Sometimes you reach a tipping point and it could be that we're at the tipping point," Elliot said, "not just with the lethal injection but with the death penalty in the United States." Proponents of the death penalty acknowledged recent defeats, but stressed that most death penalty states still allow executions. Furthermore, some states have been trying to broaden it, such as Virginia, where the Legislature recently proposed that more murder accomplices also be eligible for execution. In Georgia, a lawmaker has proposed allowing a judge to impose the death penalty even if as many as three jurors vote against it.

Michael Rushford, president of the Criminal Justice Legal Foundation, a Sacramento, Calif.-based nonprofit organization that supports the death penalty, said that states are simply trying to ensure their procedures can survive all criticism. "We need to have more medical professionals tell us this is the most humane way to deal with these murderers and make sure the scientists saw it, and that will eliminate the need for lawsuits in the area," he said.

Despite the flurry of activity against the death penalty, some states have said that it will not affect their executions.

"The Texas Department of Criminal Justice does not have any immediate plans to change its execution protocol," Michelle Lyons, the department's spokesman, said in an e-mail statement.

MISSOURI HOLDS ITS GROUND

In Missouri, where a case against lethal injection is pending in the 8th U.S. Circuit Court of Appeals, officials have stood by their procedures.

"We continue to say that our lethal injection process has been quick, it's been humane and it's constitutional," said Brian Hauswirth, a spokesman for the Missouri Department of Corrections.

Hauswirth said he could not discuss the case specifically because it is ongoing. Taylor v. Crawford, No. 06-3651 (8th Cir.). In this case, death row inmate Michael Taylor has said that Missouri's three-chemical lethal injection process violates the Eighth Amendment's ban on cruel and unusual punishment.

Chet Pleban, a partner with Pleban & Associates in St. Louis, who is one of Taylor's attorneys, said the case has been slowed down by a number of procedural issues. But he added that it illustrates the current view toward the death penalty.

"The pendulum perhaps is starting to swing the other way now," he said. "It's just a matter of time before we recommend as an orderly society that putting people to death is not where we want to be." A message seeking comment from the spokesman for the Missouri attorney general's office, which is representing the governor in the case, was not returned.

The American Bar Association, meanwhile, has been calling for executions to be halted for years. It established the ABA Death Penalty Moratorium Implementation Project in 2001.

The report on Indiana, the latest state that was assessed, was released in February. It said that executions should stop until the administration of death penalty cases improves. The report found a number of problems similar to the other four states that were already assessed -- Alabama, Arizona, Florida and Georgia -- such as the poor qualifications of, and lack of funding for, defense counsel and a racially disproportionate application of the death penalty, said Stephen Hanlon, who chairs the project.

Analyst's Wallet Not Stolen, Son Says (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, March 6, 2007

The assailants who shot an expert on Russian intelligence in Prince George's County last week did not, as law enforcement sources said, take his wallet, the victim's adult son said yesterday, showing the billfold to a reporter.

The disclosure, which contradicts a report in The Washington Post yesterday, adds to the allegations and theories about the shooting, which left Paul Joyal, 53, critically wounded in his driveway Thursday night.

During a brief interview at the family's home in the Adelphi area, Alex Joyal said his father was in critical but stable condition. He declined to say whether the family has a theory about the crime. "We're not going to speculate right now," he said.

The timing of the shooting -- four days after Paul Joyal said on "Dateline NBC" that the government of Russian President Vladimir Putin was responsible for the poisoning death of former KGB agent Alexander Litvinenko -- raised the possibility that Joyal might have been targeted in retaliation for his comment.

"We really have no idea what the reason was," Elizabeth Joyal, Paul Joyal's wife, told the Associated Press yesterday, adding that "it could easily have been a random act of violence."

Several news outlets, including The Post, have cited anonymous law enforcement officials as saying that the shooting appeared to have occurred during a botched robbery. The claim that a wallet and briefcase had been taken from Paul Joyal was seen as offering additional support for the theory that he was targeted in a robbery or perhaps a failed carjacking.

A source in The Post's report said yesterday that the wallet and briefcase were initially thought to have been taken but that the wallet was found in Joyal's car. The location of the briefcase was unclear last night.

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Wife: Wounded Russian Expert Not Robbed (WP/AP)

By Stephen Manning, The Associated Press

The Washington Post, March 6, 2007

ADELPHI, Md. -- The wife of an expert on Russian intelligence who was shot last week challenged reports Monday that her husband had been robbed.

In a brief interview at the couple's suburban Washington home, Elizabeth Joyal said reports that Paul Joyal's wallet and briefcase were taken were false. She didn't know of any motive for Thursday's shooting outside their home in what she said was a normally safe area.

"We really have no idea what the reason was," said Elizabeth Joyal, but added that "it could easily have been a random act of violence."

The shooting came days after Paul Joyal, 53, accused the Russian government of involvement in the poisoning of former KGB agent Alexander Litvinenko and of trying to silence its critics. The FBI was assisting in the shooting investigation.

Russian President Vladimir Putin and Russian officials have repeatedly denied involvement in the Litvinenko case.

Joyal and Litvinenko were acquaintances.

A law enforcement official familiar with the investigation said the wallet was found in Paul Joyal's car and that the briefcase has been accounted for. The official requested anonymity because the probe is ongoing.

Law enforcement officials speaking on the condition of anonymity had told several media outlets, including The Associated Press, that the crime appeared to be a robbery gone bad.

Elizabeth Joyal said her husband's prognosis was good. Joyal was still under sedation, though, and authorities have not interviewed him, said Cpl. Stephen Pacheco, a Prince George's County police spokesman.

Joyal works for National Strategies, a Washington-based government consulting firm. He also has lobbied for the former Soviet Republic of Georgia.

Questions Arise Over Nevada Governor's Defense Fund (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, March 6, 2007

CARSON CITY, Nev. (AP) - A legal defense fund set up for Nevada Gov. Jim Gibbons in November, when he was dealing with brewing legal cases including a woman's claim he assaulted her, wasn't sanctioned by a House Committee even though Gibbons was still a congressman.

But representatives of the governor, who now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor, say the fund was created properly. They add that the fund shouldn't run afoul of a state law limiting contributions during legislative sessions.

Gibbons spokeswoman Melissa Subbotin said Monday that a U.S. House committee's approval of the defense fund wasn't sought in November because Gibbons, a Republican who served five terms in the House, was seeking election to a state office and not a federal office.

"We are being thoughtful in our review of all the laws to ensure that we are in full compliance," Subbotin added. "We have nothing to hide."

Attorney Michael Pagni, who helped to set up the defense fund, said the federal rules didn't come up for discussion at the time. He added that such rules generally "don't apply to a candidate for state office even if he's a federal officeholder at the time."

Pagni also said Gibbons is "erring on the side of caution" and plans to provide details of the defense fund contributions in a filing this week with the secretary of state's office.

Subbotin said she didn't think the exact amount of Gibbons' debts to his attorneys would be public, but added that any leftover money would be donated to the Nevada Patriot Fund, set up to help families who lost a soldier in the Iraq war.

The U.S. House rules state that legal expense funds can be set up to handle expenses stemming from campaigns for federal office or from a House member's official duties, but must be authorized by the House Ethics Committee.

The rules also state that the funds can be used to defray "a criminal prosecution; or a civil matter bearing on the individual's reputation or fitness for office."

If the legal defense fund had been set up under House rules, quarterly reports on contributions would have been required, and the first report would have been due Jan. 30. There are no state laws requiring such disclosures.

While Gibbons maintains the defense fund was set up properly, there may be some practical problems created by the state law limiting political contributions a month before, during and a month after Nevada's legislative sessions.

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The law, which applies to the governor, lieutenant governor and all members of the Legislature, prohibits soliciting or accepting contributions or commitments for contributions "for any political purpose." It covers a period from early January to early July this year.

But Pagni said his reading of the state law is that it wouldn't conflict with the purpose of the legal defense fund, which "would come under personal use."

Attorneys Don Campbell of Las Vegas and Abbe Lowell of Washington, D.C., currently are helping Gibbons deal with FBI questions about his associations with Warren Trepp. Gibbons has denied that he accepted payments or gifts from Trepp in exchange for helping the wealthy Reno software contractor get defense contracts while Gibbons was a member of Congress.

Trepp, a former chief trader for convicted junk-bond dealer Michael Milken, also has denied any wrongdoing.

Gibbons had asked the House Ethics Committee in November for an opinion about whether he improperly reported private jet flights and a Caribbean cruise paid for by Trepp, whose company has classified federal software contracts with the Air Force, U.S. Special Operations Command and the CIA. That request apparently was shelved after he left the House.

Lowell has defended many high-profile clients, including now-imprisoned lobbyist Jack Abramoff. Campbell, a well-known Nevada criminal defense lawyer, helped Gibbons when he was accused just before the November elections by Chrissy Mazzeo of assaulting her. Authorities decided against filing charges in that case.

Gibbons also faced allegations that he and his wife Dawn had employed an illegal immigrant as a nanny. The nanny, Martha Patricia Sandoval, was represented by an immigration attorney when the issue, which dated to the late 1980s and early 1990s, came up late in the 2006 campaign season.

Associated Press Writer Erica Werner in Washington, D.C., contributed to this report.

Criminal Case Must Link Positionon Council To Illicit MLGW Gain (MCA)

By Trevor Aaronson

Memphis Commercial Appeal, March 6, 2007

City Councilman Edmund Ford will take his seat at the dais today for the first time since Memphis Light, Gas and Water Division president and CEO Joseph Lee admitted the politician received special treatment.

But Ford's actions as a public official -- including during his tenure as chairman of the council committee that oversees MLGW's spending and budget -- are key to elevating the utility scandal to criminal charges.

The crux of the case: Federal prosecutors need to prove that Ford used his position on the City Council to benefit MLGW improperly in exchange for leniency on his more than $16,000 in debt to the city-owned utility.

"It would seem to me that some sort of bribery would be the only type of charge that could apply," said Steve Mulroy, a former federal prosecutor and University of Memphis law professor who was elected to the Shelby County Commission in November.

"For that, they would have to prove Ford did something or agreed to do something in his official capacity in return for the favors provided by MLGW."

The federal investigation of MLGW became public following the delivery of grand jury subpoenas to the utility in mid-February.

On Feb. 22, vice president of customer operations Alonzo Weaver and Gloria Washington, a top assistant to Lee, testified before the grand jury. Five days later, on Feb. 27, Lee responded to his grand jury subpoena.

"I testified truthfully and honestly and answered all questions posed to me," Lee told reporters in a prepared statement that afternoon.

If the government can document quid pro quo, prosecutors' law of choice could be the Hobbs Act, a federal code that prohibits bribery and extortion, among other crimes, affecting interstate commerce. As a utility company, MLGW engages in interstate commerce. The Hobbs Act allows crimes usually prosecuted in state courts -- from robbery to racketeering -- to be brought to U.S. District Court, which has strict penalty guidelines and no opportunities for parole.

"If there was quid pro quo of some sort, something that was expected in return for the favor, that is both a violation of state law and potentially a Hobbs Act violation," said Randy Alden, a federal public defender in Memphis.

Federal prosecutors in the Bluff City have historically chosen the Hobbs Act as a tool to build public corruption cases.

Former state senator Edgar Gillock was convicted of extortion under the Hobbs Act in 1982. The act was used in some of the Tennessee Waltz charges. More recently, in August 2006, the U.S. Attorney's Office employed the Hobbs Act against three Memphis police officers on charges of drug conspiracy and civil rights violations.

If prosecutors can construct a bribery case against Ford, they might have enough to charge MLGW employees as well.

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"To the extent there was any kind of quid pro quo bribery situation, the statute involving bribery makes the briber just as guilty as the bribee," Mulroy said. "In terms of this hypothetical scenario in which MLGW and someone agree to give this benefit in the power bill in exchange for some official action, it would be bribery on MLGW's side."

Even without Lee's public admission, prosecutors already have enough evidence to show Ford received special treatment.

Documents subpoenaed by the federal government reveal the City Council member's business water account was improperly included in On Track, a special program for low-income customers that protects their service from disconnection due to unpaid bills. What's more, according to March 2006 e-mail, Lee told Washington that, despite unpaid bills, he did not want Ford's service cut off.

L.A. Bridges Anti-gang Effort Scrutinized (LAT)

By Patrick Mcgreevy And Richard Winton

The Los Angeles Times, March 6, 2007

Los Angeles has spent $100 million over the last decade on a gang-prevention program, even though it doesn't track how many youths it keeps out of gangs and has been repeatedly criticized for not adequately coordinating with schools and police.

Unlike anti-gang efforts in other cities that have been held up as models by the federal government, L.A. Bridges lacks a system for determining whether its clients are involved in gangs, so there is no way of knowing whether the program actually works.

The program has come under growing scrutiny at City Hall as L.A. and federal authorities have launched a new gang crackdown. Critics point out that in 2006, gang crime increased 15.7% over the year before, according to LAPD statistics.

Mayor Antonio Villaraigosa has vowed to increase funding for intervention programs, saying the gang crackdown can't focus solely on law enforcement. But he is limiting funding of L.A. Bridges through September while officials try to assess its effectiveness.

Supporters acknowledge that L.A. Bridges needs to do a better job of working with other agencies, but they maintain it provides a valuable community service and would be more effective if the city expanded it.

The city spends $14 million annually on Bridges, which essentially screens and gives money to community organizations that do the actual intervention. Bridges I is a gang prevention program that provides after-school tutoring, counseling and other services to students from 27 middle schools. Bridges II offers job training to gang members in the hope that employment will get them out of gang life. The contracts range from $227,000 to $1.7 million.

The city funds are provided to the contract agencies by the Community Development Department. John Chavez, the longtime head of L.A. Bridges, was pushed out recently by CDD management.

L.A. Bridges was launched during a crackdown on gang violence in 1997, largely in response to public outrage over the fatal gang shooting of a 3-year-old girl whose family car was ambushed on a dead-end street in Cypress Park.

But almost from the beginning, critics have said the program is ineffective.

In 2000, the city controller recommended that L.A. Bridges be shut down and redesigned, saying that the contractors lacked the required coordination with other gang programs, the police, schools and community groups.

Then-Controller Rick Tuttle also concluded that Bridges agencies were not required to show what effect the program might be having on gang violence and membership.

The mayor at the time, Richard Riordan, agreed with the findings and announced he was cutting off funding to L.A. Bridges. The City Council unanimously voted to overturn his decision.

"They had money coming into their districts," said Malcolm Klein, a UCLA scholar on gang programs, regarding the council vote.

The vote occurred after more than 300 backers of L.A. Bridges, including employees of contractors who were receiving millions of dollars from the program, packed City Hall.

It also helped that many of the contractors themselves were influential in city politics, which led to criticism that the program involved political patronage. Six of the contracts are held by current or former appointees to city commissions.

In addition, 172 political contributions were made to city politicians by executives and employees of 20 of the 26 contractors for L.A. Bridges I and II. The contributions totaled $48,500, including $7,200 to Mayor Antonio Villaraigosa and smaller amounts to council members Wendy Greuel, Janice Hahn, Bill Rosendahl, Jose Huizar, Jan Perry, Ed Reyes and Bernard Parks. Those who commented about the contributions said they support the program because it helps young people, not because it provides campaign checks.

"I think it has done some good," Perry said.

Seven years after Tuttle's scathing audit, a new city report produced by attorney Connie Rice made the same criticisms of L.A. Bridges and other city gang programs.

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Both studies urged L.A. Bridges to shift to the type of model used by Chicago, Riverside, Mesa, Ariz., and other cities, which emphasizes close coordination between multiple agencies and measurable results.

Those programs were designed under the stewardship of Irving A. Spergel, a sociologist at the University of Chicago.

"The secret of success," Spergel said, is to have probation officers, community organizations, the police and former gang members serving as intervention workers collaborating as street teams in gang neighborhoods.

The programs also have to evaluate how many gang members or wannabes are helped out of the gang life. Spergel said that is done by using police records and conducting annual interviews with youths to determine which ones are no longer involved in gang crime.

In his book, "Reducing Youth Gang Crime," Spergel looked at one anti-gang effort in Chicago during a five-year period and found a 60% reduction in serious violence for 200 young people as well as a 25% drop in gang membership.

Bridges officials said they are trying to work more with police.

Still, some contractors are interacting more than others. The head of one group said his intervention workers just started working with police this year and are in touch with them only once a month. The workers go out on their own instead of teaming with police officers.

"We let them do their work, and we do our work," said Mustafa Fletcher, executive director of Unity Two Inc.

Police Chief William J. Bratton said there is inadequate coordination between intervention agencies and the police.

"The gang interventionists will tell you they don't want to be seen as working too closely, being too closely aligned with the police, because they are fearful that gang members won't work with them then," Bratton said. "But I think there can be better working relationships than we have."

State Sen. Mark Ridley-Thomas (D-Los Angeles), who as a city councilman helped launch L.A. Bridges, said the city's gang intervention and prevention programs need to be more comprehensive and better-coordinated.

"I think it makes sense to incorporate it in a more comprehensive system," Ridley-Thomas said. "But the question people should be asking, given what L.A. Bridges has accomplished, is what would the lives of young people who were part of it be like had it not been implemented when it was?"

He said the problem is Bridges' scope, adding that it should be expanded to every middle school in the city.

Supporters note that while L.A. Bridges doesn't track whether its clients join gangs, it does keep other statistics. Bridges I, for example, reports on the number of youths who improve their grades and attendance.

But some of the numbers presented by L.A. Bridges have given City Hall pause. It found that the majority of middle-schoolers in the program failed to boost either their attendance or their grades.

Another issue has been how well contractors screen employees to determine whether they are still in gangs. At least three employees of Bridges contractors have been arrested in the last two years. The latest was Mario Corona, jobs coordinator for Communities In Schools in Pacoima, who was arrested last week by the LAPD on suspicion of possessing a pound of methamphetamine.

In looking at alternatives to Bridges, Villaraigosa said he is especially impressed with Homeboy Industries Inc., which takes a more comprehensive approach to gang members, providing counseling, tattoo removal and real jobs — not just referrals to job-training programs.

By providing actual jobs, Homeboy is able to track the progress of participants and lay down strict rules about their connections to gangs.

The nonprofit agency, run by Father Gregory Boyle, has accepted only $15,000 out of the $14 million distributed annually by L.A. Bridges.

"We balk at taking part in all that public entity stuff," Boyle said. "They don't know what they are doing."

For Sex Offenders, A Dispute Over Therapy's Benefits (NYT)

By Abby Goodnough And Monica Davey

The New York Times, March 6, 2007

ATASCADERO, Calif. — During five years of psychotherapy at a treatment center here for sex offenders who have finished their prison terms, Bill Price, a pedophile who admits to 21 victims as young as 3, has constructed a painstaking plan for staying straight.

A requirement of his treatment, the plan catalogs on five single-spaced pages the tactics Mr. Price has learned to stop molesting.

There are 42 so far, including avoiding places where children congregate, abstaining from alcohol, shunning the Internet and sniffing ammonia whenever he has a deviant thought.

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"It was just like a hunt for me," Mr. Price, 59, a former Sunday school teacher, said of his sexual crimes. "I kept choosing children because they were easier prey; they were easier to deal with than women."

Treatment plans like Mr. Price's, known as relapse prevention, have been a cornerstone of efforts to reform sex offenders for the past 20 years. Yet there is no convincing evidence that the approach works, or that others do either.

Similar to aspects of Alcoholics Anonymous, relapse prevention has sex offenders own up to wrongdoing and resign themselves to a lifelong day-to-day struggle with temptation. But one of the few authoritative studies of the method, conducted in California from 1985 to 2001, found that those who entered relapse prevention treatment were slightly more likely to offend again than those who got no therapy at all.

Clinicians who work with sex offenders cling to relapse prevention nonetheless, and its durability speaks volumes about the troubled, politically fraught science of treating sex offenders. Not only is relapse prevention of questionable value, but so are the tests to gauge whether sex offenders in treatment still get inappropriately aroused, the drugs used for so-called chemical castration and the methods of predicting risk of reoffending.

Treatment methods have become particularly topical as thousands of sex offenders are confined or restricted beyond their prison terms under civil commitment laws on the books in 19 states. The laws have been found constitutional in part because they aim to provide treatment if possible; New York legislators announced last week that the state would soon allow civil confinement.

On average, the civil commitment programs cost four times more than keeping sex offenders in prison. But too little research has been conducted into how to treat sex offenders, experts say, putting psychotherapists and others working in civil commitment centers at a distinct disadvantage.

"It has never been regarded as a legitimate and recognized topic for research by psychologists," said Robert A. Prentky, director of research at the Justice Research Institute in Boston. "There is a very strong undercurrent of disrespect for this area of research and perhaps even skepticism, frankly."

As recently as the 1970s, research on treating sex offenders was practically nonexistent. Barbara Schwartz, a psychologist with New England Forensic Associates in Arlington, Mass., said that when she wrote her first paper on rehabilitating sex offenders in 1971, "I read everything there was to read, and I had a half of one page of references."

That is partly because sex offenders present major challenges as research subjects. There are far fewer convicted sex offenders than most other kinds of criminals, so sample groups are unreliably small. And sex offenders tend to be so secretive that "it's really hard to get information from them that you can have confidence in," said Ted Shaw, a forensic psychologist in Gainesville, Fla., who has treated offenders since 1982.

Even now, in an advanced phase of California's treatment program for the most persistent sex offenders, Mr. Price says he questions his ability to keep his urges in check. His relapse prevention plan says that if let out, he will seek more treatment at Pure Life Ministries in Kentucky, whose Web site says its goal is "leading Christians to victory over sexual sin."

"I'm very afraid of just being out there," Mr. Price said, sitting near the nasturtiums and petunias he had grown in a courtyard of the Atascadero State Hospital here, which includes a wing for civilly committed offenders. "I'm less dangerous than I was, but I'm definitely in touch with my dangerousness."

Treatment in Phases

During one therapy session, Mr. Price and five other men aggressively tested one another's ability to stay straight, while two social workers moderated. Sitting in a circle in a locked conference room, briefly sealed off from the loud, grim bustle of the hospital halls, they fell into an argument over whether to protect a young new arrival from predatory older residents.

"If I can save this kid from being hustled or taken advantage of," said Paul George, a convicted pedophile who has admitted roughly 100 offenses, "I'm going to at least try to make that effort."

But another man pointed out that Mr. George had habitually groomed child victims by acting as their protector, asking him, "How was that different from this situation?"

At most civil commitment centers around the nation, offenders young and old meet several times a week for group therapy rooted in relapse prevention as well as what are known as cognitive-behavioral techniques. While the former is meant to curb sex offending in particular, the latter are intended to change broader destructive patterns of thinking and reacting, and are commonly used in treating other ailments like anxiety.

Civilly confined men move from one phase of treatment to the next, learning to recognize which situations, thoughts and behaviors have led them to offend, developing skills to avoid them, and applying those skills to their daily lives. They try to learn empathy by writing detailed letters to their victims and even essays in their voices.

"It's a slow business," said David Thornton, the treatment director at Wisconsin's civil commitment center. "You're talking about years of work, two steps forward, one step back."

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Dr. Thornton said relapse prevention forced sex offenders to focus too heavily on a concrete list of high-risk situations — sometimes as long as 50 pages — that could overwhelm them and lead to failure. Wisconsin's program rejects relapse prevention and sticks to cognitive-behavioral techniques in an effort to change deep-rooted traits and behaviors.

"It's much less dependent on the guy having some conscious, deliberate self-control plan in his head," Dr. Thornton said. "You're trying to change how he automatically functions."

Instead of helping a sex offender compile a list of specific situations to avoid, therapists in Wisconsin might seize on the fact that he reacts impulsively when something upsets him, teaching him self-regulation skills. Instead of having the offender recount every last detail of his crimes, they might help him correct long-held misperceptions about children (that they enjoy sex), power (that it is best attained by raping or molesting) and so forth.

Some who represent offenders in Wisconsin, though, say that even the new program there has not answered offenders' frustrations about their ability to progress in it and to demonstrate that progress.

"The program has gotten larger, more involved and progressively longer," said Robert W. Peterson, a lawyer in Wisconsin who has worked on such cases since 1998 and says he has seen the state's program shift repeatedly in design and focus.

"Regardless of the structure of the treatment program, the duration of the treatment program, the nature of the treatment program," Mr. Peterson said, "what we basically have is living experiments."

Research Is Sparse

Reliable studies on the treatment of civilly committed offenders do not exist, since so few have been set free. Much of the research into the treatment of sex offenders has come out of Canada, where national criminal history records are easily accessible.

Canadian psychologists have studied not only treatment outcomes but also risk assessment, or determining who is likely to reoffend.

Combining findings from hundreds of smaller studies, R. Karl Hanson, senior research officer for the Department of Public Safety and Emergency Preparedness in Canada, has found that roughly 15 percent of convicted sex offenders are caught reoffending after five years and that those driven by deviant sexual interests, like pedophiles and exhibitionists, are the likeliest to do so.

Dr. Hanson's research has also suggested that even lifelong offenders tend to stop, for the most part, by the time they reach their 70s.

He said various studies had shown that "most treatments don't work very well," but that, over all, treatment had a modest beneficial effect. One analysis that he published in 2002 found that 12 percent of offenders who got treatment were caught committing new sex crimes, compared with 17 percent of untreated offenders.

Researchers have found that chemical castration, or using hormonal drugs to curb sexual appetite, can be problematic, too.

Doctors have experimented for decades with antiandrogens, which block the effects of sex hormones like testosterone and are most commonly used to treat advanced prostate cancer. But while some consider antiandrogens crucial for the most predatory offenders, the drugs remain controversial, not least because they are expensive and can cause weight gain, osteoporosis and breast development. It is also hard to ensure that released offenders keep taking the drugs.

More than half of states with civil commitment programs say they allow voluntary antiandrogen treatment, but as of last fall, only California, Illinois, Washington and Wisconsin had more than one offender taking the drugs, which can cost several hundred dollars a month. Dr. Fred S. Berlin, founder of the Johns Hopkins Sexual Disorders Clinic in Baltimore and a longtime critic of civil commitment, said he was troubled by the scant use of antiandrogens.

"I get letters from men around the country, in prison or sometimes civil commitment, asking if I can help them in their efforts to have it made available," Dr. Berlin said, "because the administrations in their facilities are not even willing to discuss it with them."

Here in California, where about 40 civilly committed men took antiandrogens several years ago but only four do now, Jesus Padilla, a clinical psychologist at Atascadero State Hospital, said the drugs did not address the underlying emotional problems that lead to offending, nor even necessarily eliminate sex drive.

"I've had numerous situations where they say they are working just fine," Dr. Padilla said of civilly committed men on antiandrogens, "only to catch them having sex with each other or engaging in deviant sexual fantasies even though their testosterone level was down to zero."

Some doctors see more potential in antidepressant drugs, which can dampen sexual desire while also curbing compulsive behaviors like chronic masturbation, which can preclude offenders from participating in treatment. Some civil commitment programs prescribe antidepressants sparingly or not at all, while others, including South Carolina's and Wisconsin's, have dozens of men taking them.

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One approach that civil commitment centers have avoided is surgical castration, though at least one state, California, allows it if the offender pays for the procedure himself.

In Virginia, the General Assembly considered a proposal last year to allow voluntary surgical castration as an alternative to civil commitment, but took no action. One pedophile in Virginia castrated himself in a jail shower with a shoelace and a razor blade as his civil commitment trial approached.

Douglas Carlin, a convicted rapist who completed treatment and was released a year ago from the commitment center in Florida, said he thought a lot of offenders there were deceiving their therapists.

"Most of those guys, they are just faking it to make it," Mr. Carlin said. "They're just waiting to get released so they can go right back to what they were doing."

Tools of Assessment

Therapists can gauge the success of various treatments by observing offenders' behavior, interviewing them and using two instruments. All have serious shortcomings.

One instrument, the polygraph, is routinely used to determine if people continue to offend once conditionally released or have deviant thoughts in the course of treatment. Civil commitment centers also use polygraphs to make sure an offender has admitted all his crimes, a requirement for progressing past the early stage of relapse prevention treatment.

"Usually they will give up lots of information soon after failing a polygraph test," Dr. Thornton, the Wisconsin treatment director, said.

But polygraphy, which measures blood pressure, breathing rate and perspiration while a series of questions is asked, is generally considered so unreliable that its results are inadmissible as proof in court. Some offenders, especially psychopaths who feel no anxiety when lying, can beat it, experts said.

"Polygraph on its own isn't the answer to anything," said Dr. Don Grubin, a forensic psychiatrist at Newcastle University in Britain who has studied the tests. "As part of a bigger package it seemed to have an effect — to help reduce the risk of reoffending."

The other device routinely used at civil commitment facilities is the penile plethysmograph, which measures changes in the circumference of the penis while the offender is shown sexually suggestive pictures of men, women or children.

Some clinicians and offenders say it is easy, particularly in a laboratory, to stifle arousal and thus cheat on a plethysmograph test.

Mr. Carlin, the Florida rapist, said that during one plethysmograph test, "I just stared at a shelf of cleaning products and read the labels."

The field of risk assessment, or determining which sex offenders are likely to repeat their crimes once released, has been equally slow to evolve, even as judges and juries are keeping more men locked up after their prison sentences in the belief that they will be dangerous on the outside.

A cottage industry of professionals who diagnose sexually violent predators has developed in the last two decades, and several hundred psychologists, often with little or no background treating sex offenders, make a lucrative business of recommending who should be committed.

During a recent commitment trial in St. Augustine, Fla., one psychologist with hardly any experience treating sex offenders told a jury he had evaluated 350 candidates for civil commitment and testified in dozens of commitment trials since 2000.

Some in the field question why professional organizations like the American Psychological Association have not set ethical and training standards for the many psychologists entering the civil commitment field.

"I don't think, in my personal experience, that the vast majority of the examiners I've come across have sufficient working knowledge of the empirical literature," said Dr. Prentky of the Justice Research Institute.

But that literature is still of limited use. Most actuarial tools used to predict someone's risk of recidivism consider only unchanging factors, like their number of past offenses and the sex of their victims. Some scientists say that so-called dynamic factors — how much treatment an offender gets, for example, and how old he has grown — should factor heavily into actuarial risk assessment, too.

"Science hasn't gotten there yet," said Eric Janus, a professor at William Mitchell College of Law in St. Paul, Minn., who opposes civil commitment.

Professor Janus said he hoped for "an explosion of knowledge" about how to prevent sexual violence before it happened, which he said would prevent far more sex crimes than civilly committing offenders.

That sort of research is unlikely to happen in the United States, Dr. Berlin and other experts said, because so many Americans believe that the only investment in sex offenders should be punitive.

"People need to recognize that these are not just criminal justice problems but also public health problems," Dr. Berlin said, "and the surgeon general as well as the attorney general ought to be supporting research in this area."

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Earlier efforts to rehabilitate sex offenders, like Freudian psychoanalysis and electric shocks to the skin, failed definitively decades ago. A recent case in Orange Park, Fla., offered more evidence that relapse prevention treatment is no solution, either.

There, the authorities say, a convicted rapist who had spent 12 years in prison and 5 at the Florida Civil Commitment Center raped and killed a young woman before dawn on Jan. 23 after following her into the veterinary clinic where she worked.

The suspect, Michael Renard Jackson, 37, won release from the commitment center in 2005 after reaching the highest levels of a relapse prevention treatment program, people familiar with the case said.

U.S. Investigates Counterfeiting Of Rare Wines (WSJ)

By John R. Wilke

The Wall Street Journal, March 6, 2007

Federal prosecutors have uncorked a criminal investigation into counterfeit-wine sales, sending subpoenas to rare-wine collectors and to some of the world's leading auction houses, including Christie's in London and Zachys in New York.

A federal grand jury in New York has begun hearing evidence in the case, and the art-fraud unit of the Federal Bureau of Investigation has conducted interviews, according to people who have been contacted in the course of the probe.

The criminal investigation is focusing, among other things, on whether auction houses, collectors or importers knowingly sold counterfeit wines despite doubts about their authenticity, those close to the case said. Such sales could be prosecuted under federal fraud statutes.

The inquiry comes as wine sales are booming amid a broader surge in the market for luxury goods. Backed in part by robust profits on Wall Street, collectors and speculators increasingly are paying $1,000 or more per bottle, especially for the rare Bordeaux vintages of France.

That's raised new fears about counterfeiting, which is beginning to threaten confidence in the market for rare wines -- except those sold directly from wineries. Wine Spectator magazine recently estimated that as much as 5% of rare vintages sold privately or at auction today may be fake.

Auction houses say they go to great lengths to ensure that the bottles they sell are genuine. "We piece together the history of each bottle of wine, its provenance, ownership and appearance," says Richard Brierley, wine auctioneer at Christie's.

Christie's experts have stepped up their vigilance, he added. "In the past, it was only the most rare vintages. But with more wines falling into the $1,000-plus category, there is more opportunity in counterfeiting."

Jeff Zacharia, who runs Zachys Wine and its fast-growing Web and auction operations, says counterfeiting technology is becoming increasingly sophisticated, forcing the industry to be more alert for fraud. But he says concerns about forgeries haven't kept his business from soaring; Zachys auction revenue was a record $35 million last year, more than double the $15 million it had in 2003. "And this year is shaping up to be the best so far," Mr. Zacharia said.

Christie's, a unit of Christie's International PLC, also had its best year ever in 2006, including wine-auction sales of $58 million in 44 sales from New York and Los Angeles to London and Paris, and its first-ever online bidding.

Both Christie's and Zachys declined to comment on the subpoenas the firms received. Royal Wine Merchants, another New York firm that people close to the case said was served with a subpoena, didn't return calls or emails.

The criminal investigation began in December, after several collectors began pressing auction houses and wine merchants to take some measure of responsibility for the alleged sale of counterfeit wines. The collectors included Russell Frye, a wealthy software entrepreneur, and William Koch, president of closely held Oxbow Corp., a global mining and energy concern. His billionaire brothers control Koch Industries, a $25 billion business empire.

Mr. Koch filed a civil suit last year in federal court in New York, alleging that a German wine merchant, Hardy Rodenstock, forged bottles of wine he claimed had belonged to Thomas Jefferson and had been discovered in a bricked-up cellar in Paris. Mr. Rodenstock also claimed to have other extremely rare wines, including a cache belonging to Czar Nicholas II of Russia, Mr. Koch alleged. Those allegations were detailed in September in a page-one story in The Wall Street Journal.

In a Jan. 19 court motion, an attorney for Mr. Rodenstock denied the claims and deflected responsibility to the merchants who sold them directly to Mr. Koch. The attorney, Birgit Kurtz of New York law firm Alston & Bird LLP, also told the court that the statute of limitations had lapsed because the sales in question had occurred years earlier, and that Mr. Rodenstock, in any case, couldn't be sued in New York.

Whether auction houses and merchants can be held liable for counterfeits provided to them by others could be a big issue in any prosecution arising from the federal probe. A civil suit filed by Mr. Frye in federal court in San Francisco last year names a seller, the Wine Library Inc., of Petaluma, Calif., as a defendant. The firm, which isn't related to an online wine seller of the same name based in Springfield, N.J., denies the claims.

"It's not just Rodenstock," Mr. Frye said. "Counterfeiting is a big problem, especially in the high end. These networks need to be exposed," and merchants must be accountable, he said.

Other incidents of counterfeiting in recent years include a 20,000-bottle cache of bogus Tuscan Sassicaia 1995 and other top wines seized in a raid by Italian government inspectors. France's Chateau Mouton Rothschild and Australia's Penfolds Grange have also been targeted by counterfeiters.

Mr. Brierley, head of Christie's wine department in the U.S., said growing awareness of the problem has made collectors and merchants more cautious. "People should be confident buying from reputable auction houses. It's a public forum that protects buyers."

Wine has become a lucrative business for many auction houses in recent years. As rare-wine prices have risen, sellers have found that public auctions maximize their profits. The rising prices have also helped to fatten auction houses' commissions.

The federal investigation and civil lawsuits could draw in some well-known names in wine. Michael Broadbent, a Christie's board member and author of a widely used wine-tasting reference book, is among those who have vouched for Mr. Rodenstock; the German's tastings are legendary for the rarity of the vintages, and are widely cited in wine books.

Christie's declined to make Mr. Broadbent available for comment and he couldn't be reached. But in the catalog for a glittering wine auction held in New York's Rockefeller Plaza in December, Christie's continued to tout Mr. Broadbent's tasting notes from a Rodenstock dinner. He described a 1934 Petrus Bordeaux as exceptional, "deeply coloured, very rich... where Hardy Rodenstock gets these wines I know not. There are simply no records of production, of stock or sales prior to 1945."

The wine, which was expected to fetch as much as $5,000 a bottle, went unsold.

You Pay G-man's Legal Bills (NYDN)

By William Sherman, Daily News Staff Writer

New York Daily News, March 6, 2007

Taxpayers are footing part of the mounting legal bills for an ex-FBI agent accused of helping a Brooklyn Mafia boss commit four murders, the Daily News has learned.

The Justice Department is helping fund retired agent Lindley DeVecchio's defense, which has cost more than $450,000 since his indictment last year by the Brooklyn district attorney's office.

"It's an expensive litigation," said DeVecchio's lawyer Douglas Grover, who declined to comment further.

A highly informed source confirmed the Justice Department contributions, saying, "It's on an hourly rate. Not a top New York City rate, more like a federal public defenders' rate."

It could not immediately be determined how much the department is paying.

"There is a process in place by which employees or former [FBI] employees who are the subject of civil litigation or criminal charges can apply for coverage of their legal costs. The recommendation is forwarded to the Department of Justice, where a final determination is made," FBI spokesman John Miller said.

In a case that rocked New York law enforcement, DeVecchio, 66, was indicted last year for providing information on informants and mob rivals to Colombo family boss Gregory Scarpa before the murders.

DeVecchio, who spent 33 years as an agent, is also charged with receiving payoffs from Scarpa totaling more than $66,000.

Now dead, Scarpa was DeVecchio's top secret informant for more than a decade, beginning in 1982. The murders occurred during the brutal Colombo family wars of the late 1980s and early '90s.

Grover, DeVecchio and numerous agents who worked with him maintain he is innocent of the charges and that the Brooklyn DA's prosecution is baseless and misguided. wsherman@nydailynews.com

Casino Cheats Bet On Midwest Marks (USAT)

By Judy Keen

USA Today, March 6, 2007

CHICAGO — Casinos sprouting across the Midwest are attracting sophisticated cheaters from Las Vegas, Atlantic City and overseas who believe they can scam new, unseasoned staff, gambling officials say.

Cheating is often discovered only when casinos' books don't add up, making it difficult to nab culprits, says Joe Diaz of the Iowa Division of Criminal Investigation.

"We've had people coming in from out of state trying to take advantage of inexperienced staff or a staff that hasn't got all the bugs worked out," he says. Most casinos' security staffs are aided by state or local police.

Joe Massa, general manager of Iowa's Riverside Casino & Golf Resort, knew scammers might target his casino, which opened in August. He hired experienced pit and security staff, he says, and hasn't detected any out-of-state cheaters.

Nevertheless, casinos in Iowa — where a half-dozen have opened since 2000 — and other states allegedly have been hit by out-of-state cheats:

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·Three gamblers from the East Coast, including one from Atlantic City, were charged in Osceola, Iowa, with using shaved coins to trick slot machines into awarding credits.

·A casino in Joliet, Ill., was targeted by a team that included a Nevadan. They were charged with using fake cash vouchers to steal $50,000.

·Indiana, with help from the FBI and IRS, is investigating international cheaters.

"They have gone from site to site, and they seem to prey on riverboats or smaller venues," says Ernest Yelton of the Indiana Gaming Commission. "They perhaps believe that we are less sophisticated."

Casino security officers in Indiana attend an eight-week training academy that includes three weeks of training in casinos, Yelton says. Other states have similar programs.

Eric Bush of the Michigan Gaming Control Board says many casinos in the Midwest use security measures as sophisticated as those in Las Vegas and Atlantic City.

Many of them, Bush says, have digital cameras covering every inch of the casino floor that can "read the serial number on a bill lying on the table." Detroit casinos, he says, are testing chips embedded with electronic signals that allow every movement to be tracked.

George Joseph, a Las Vegas-based consultant, trains casino workers. Cheats like the Midwest because "there are so many casinos in one area," he says. He tells staff to watch for:

·Marks on playing cards that can be seen only with special glasses or contact lenses.

·Cellphones used to photograph and convey poker players' hands to cheaters.

·Ringlike devices that are worn on fingers and have a stem that attaches to bills. The device quickly retracts the bills from slots after the machines validate them.

In 2005, Indian casinos created a national network to share information about cheaters. Members get e-mail notices alerting them to new postings. Many casinos also share information with others in their state.

Some states, including Nevada and New Jersey, have online "exclusion lists" with photos of cheaters banned from their casinos.

Diaz says plenty of Iowa gamblers also try to cheat. "We have a lot of local people who will try to add or take chips away when the dealer's not looking," he says.

Employees also steal. Six casino workers were charged in Minnesota with filing phony paperwork to get reimbursed for jackpots they never paid to customers.

Yelton says the latest scam in Indiana is simple: people stealing the vouchers that have replaced coins as payouts from slot machines.

Manufacturing Misdemeanors (NYT)

The New York Times, March 6, 2007

The New York Police Department has been going fishing. Not content to nab criminals when they break the law on their own, the department has been planting unattended bags in subway stations to see who might take them, at which point waiting officers pounce.

As NY1 News reported last week, 220 people were arrested last year in the sting, known as Operation Lucky Bag. In dismissing one of these cases, a Brooklyn judge said the police “do not need to manipulate a situation where temptation may overcome even people who would normally never think of committing a crime.” This program bothers us for that and many other reasons and should be discontinued immediately.

Civil libertarians have argued that the program is entrapment. That is a legal distinction for the courts to decide, but it certainly looks like that to a layperson. It is clearly a poor use of resources. People wandering off with lost property ranks far down the list of law enforcement priorities.

There is also the question of whether the sting does actual harm. In an era of terrorism, where the police have to rely on the help of average people to notice anything suspicious — including apparently abandoned bags — the last thing New York needs are cynical operations that encourage mistrust between the police and subway riders.

And of course, there is the effect on neighborliness. It is remarkable how many people in this city are willing to track down the owners of lost cellphones, wallets or bags. Arresting good Samaritans is bad enough, but encouraging them not to help in the future through this kind of overly aggressive policing is a downright shame. The best thing to do with this misbegotten program would be to end it.

Aftermath Of A Savage Scene (WP)

By Henri E. Cauvin, Washington Post Staff Writer

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The Washington Post, March 6, 2007

Book Looks Behind Headlines of a D.C. Murder

It took Kevin Flynn just over a year to put away the man who killed Diane Hawkins and her 13-year-old daughter, Katrina Harris.

It has taken him almost 14 years to put to paper the story of that night in 1993 when Norman Harrell took the lives -- and the hearts -- of Hawkins, who was his ex-girlfriend, and her daughter.

Homicides were everyday occurrences in the District then. The city was in the clutches of a crack war and its impulsive, impersonal violence. But the slayings of Hawkins and Harris were different. They were personal, savage.

And they seized Flynn, then a 36-year-old homicide prosecutor who had just become a father, like no other case had -- or has.

The crime scene at the house in Northeast Washington was like nothing he had ever seen, the killer's rage so evident. Hawkins's heart was left adrift among her innards; her daughter's was gone.

And the sons and daughters, sisters and cousins Flynn first encountered at D.C. Superior Court were like no family he had met. Angry as they were, the victims' family shared a faith in God and a belief in the law and in Flynn himself.

"All of those things . . . made it just a unique experience," he said.

Indeed, after the jurors had listened to him, even after they had convicted Harrell in the summer of 1994, Flynn found himself with more to say -- about Hawkins, her daughter, the incredible strength of the family they left behind and himself.

"The story needs to be told," he said to himself at the time.

Many drafts -- and many murder cases -- later, Flynn's book, "Relentless Pursuit," arrived in stores this month.

It is a true-crime memoir by a prosecutor who took on the biggest trial of his career in the midst of his own family crisis. On the opening day of the trial, his father learned that lung cancer had spread to his brain and that he probably had only months to live.

It is also the story of how, in his own time of need, Flynn says he found a measure of comfort in the company of a family that was wrestling with painful emotions that have never gone away.

Talking in his study, where a framed sketch of him standing before the jury in the Harrell case sits above his desk, Flynn, now 49, still seems awed by the family. "In the midst of what had to be the most agonizing experience of their lives, it was amazing how thoughtful they were, how they extended themselves to me," Flynn said.

Diane Hawkins and her home in the 3400 block of Eads Street NE were the center of the family until the final minutes of May 25, 1993. A mother of six, Hawkins had a son with Harrell. She had filed a claim for child support from him, and Harrell had made it clear more than once that he didn't think the government had any place telling fathers how to support their children.

The night before they were to appear in D.C. Superior Court, Harrell showed up at Hawkins's rowhouse, as he did with some regularity, usually to see his son. That night he apparently had other intentions. When he walked out, Hawkins, 42, was dead, found in the dining room area. Katrina was found in an upstairs bedroom, nearly decapitated and her heart cut out.

The bloodbath left only one survivor, a 22-month-old girl named Kikki who was found in tears, sitting on a bed near Katrina's body. A veteran police official described it as "the most graphic violence I have ever seen." Counselors were brought in to talk to emergency personnel who saw the bodies.

Recounted in unsettling detail in the early chapters of his book, the crime scene sets up Flynn's story of how Harrell was caught and ultimately convicted of first-degree murder, for which he is serving 60 years in prison. Harrell, a truck driver, was an avid hunter, and authorities found a manual in his home about how to gut animal carcasses.

The Washington Post praised "Relentless Pursuit," saying it worked on many levels and was a welcome break from so many tales of police and prosecutorial misconduct. The New York Times loathed the book, calling it "weak" and criticizing Flynn's "myopic view of his importance."

It is certainly a book about Flynn, an assistant U.S. attorney, and his pride in the work that he and other prosecutors do.

He was raised in Annandale and now lives in Great Falls with his wife and their son and daughter. His work has long been in court.

"I am a prosecutor," he writes. "I carry other titles that I cherish more: father, husband, son. But the specifics of my character, good and bad, are best defined by the job title I've held for more than seventeen years. . . . I had an easy familiarity with humanity at its most base and my career had consisted of an extended tour through a veritable museum of amorality and depravity."

"Relentless Pursuit" did not start out as a book built around himself, Flynn said. He intended to write about Hawkins and her family, ordinary people caught up in something terrible. In his early drafts, in fact, Flynn did not appear, he said, for more than 100 pages.

But a first manuscript found no takers when it circulated in 1997 and 1998. He was told the book, at about 450 pages, was too long. He cut it down and shopped it around again. By 2001, he still had found no takers.

A writer and a lawyer who does a lot of work in publishing were asked to look at the manuscript, and they suggested a change, Flynn said. "They said, 'You need to put yourself more up front. The reader needs to see this case through your eyes.' "

Flynn was reluctant. "Philosophically, that was not the book that I had set out to write," he said. He wanted it to remain the family's story. They had embraced him as one of their own. They had prayed with him at the courthouse for his father, who died later that year. Day after day, they had touched Flynn.

But he also wanted the book published, and he knew this would be his best and almost certainly his last chance. "We pretty much thought that was going to be it," he said. So he agreed to make himself a central figure. "It made me sit down and see how I was changed, for the good, by this," Flynn said.

An only child, he had grown into something of a loner when it came to his job. The Harrell case changed that, he said. Since then he's been more inclined to team with other prosecutors. "I got a sense of community that I hadn't necessarily been exposed to, not in my professional life," he said.

G.P. Putnam's Sons signed him to a deal in January 2006, and Flynn set about finishing the book on a leave of absence he had already planned to take. He holed up in his library, surrounded by titles that leaned toward the law and those who've crossed it ("In Cold Blood," "Bundy"). To keep his focus, he worked on a computer that wasn't linked to the Internet.

Some of Hawkins's sisters and children had known for years that Flynn was working on a book, and a few had read an early draft. A lot of time had passed, though, and Flynn wanted to be sure that the whole family -- the brothers, sisters, aunts, uncles and cousins who had flocked to the home the night Hawkins was found and to the courthouse for months afterward -- knew what was coming.

So last month, when the book was finished and the Justice Department appeared ready to approve its publication, Flynn met with the family. The book had taken him back to a painful time in his life and career and, he explained, might take some of them on a similar journey.

Copies of "Relentless Pursuit" began circulating among the relatives, who were generally supportive of Flynn's endeavor.

Shaunta Jackson wanted to read it. She was 15 the night of the slayings and arrived home to chaos -- and a glimpse of her dead mother's leg. She had counseling in the years that followed, and she thought she was ready to reexamine that horrible time so she started reading.

She didn't make it far.

"I couldn't read it," said Jackson, now 30 and the mother of an 11-year-old girl. "It made me sad. I started crying. . . . It just brought back a lot of memories. . . . I thought I could handle it."

It had taken Flynn 14 years to make his peace with what happened.

CIVIL LAW:

Radio Companies To Pay $12.5 Million Payola Fine (LAT)

By Jim Puzzanghera

The Los Angeles Times, March 6, 2007

WASHINGTON — Four of the nation's largest broadcast radio companies have agreed to pay a combined $12.5 million to settle a federal investigation into "pay-for-play" practices and will provide thousands of hours of free airtime to local musicians and independent record labels, sources familiar with the agreement said today.

Details of the settlement are being worked out and the Federal Communications Commission still must approve it. Under terms of the agreement, Clear Channel Communications Inc., CBS Radio Inc., Entercom Communications Corp. and Citadel Broadcasting Corp. would pay one of the largest fines ever levied by the FCC. The companies allegedly received money, airline tickets, clothing and other gifts from major record companies to play certain songs.

The under-the-table payments, known as payola, have been illegal since a series of pay-for-play scandals in the early days of rock 'n' roll in the 1950s. Any payment in exchange for airtime must be disclosed by broadcasters.

The $12.5-million fine to be paid by the four companies is in line with settlements two of the companies reached with former New York Attorney General Elliott Spitzer. CBS Radio agreed to pay $2 million in October and Entercom agreed to a $4.45 million fine two months later.

But the proposed FCC fine pales in comparison to big settlements Spitzer got from major record companies. Universal Music Group, for example, agreed last year to pay more than $12 million to settle payola allegations. The FCC's jurisdiction, however, is limited to broadcast radio stations.

FCC Commissioner Jonathan S. Adelstein, an amateur musician who helped broker the deal, said the fines and airplay agreements were significant.

"I think it's a real breakthrough in the battle to wipe payola off the airwaves," he said. "If you take payola out of radio then music gets heard on the basis of merit, not on the basis of who's got wads of cash backing the artist. That's likely to make radio fresher and restore its vitality."

In a separate agreement, the radio companies have agreed to set aside 8,400 half-hour segments of free airtime over the next three years for local and independent artists. The segments would have to air between 6 a.m. and midnight.

"It's a watershed moment in our industry," said Peter Gordon, president of Thirsty Ear Recordings, an independent record label based in Connecticut. He helped negotiate the airtime provisions as a board member of the American Association of Independent Music.

"The independent sector has a chance to have a voice once again on commercial radio," Gordon said. "I think you're looking at the airwaves being refreshed."

Stations Agree On Anti-payola Settlement (AP)

By John Dunbar, Associated Press Writer

AP, March 6, 2007

Radio listeners weary of hearing the same songs over and over may have something to cheer about: Broadcasters have tentatively agreed to anti-payola settlements that could shake up music playlists at some of the nation's largest radio chains.

Four major broadcast companies would pay the government $12.5 million and provide 8,400 half-hour segments of free airtime for independent record labels and local artists, The Associated Press has learned.

The agreement is aimed at curbing payola — generally defined as radio stations accepting cash or other consideration from record companies in exchange for airplay. The practice has been around as long as the radio industry and was made illegal after scandals in the late 1950s.

Two Federal Communications Commission officials, who spoke on condition of anonymity because final language has not been approved by the full commission, said the monetary settlement is part of a consent decree between the FCC and Clear Channel Communications Inc., CBS Radio, Entercom Communications Corp. and Citadel Broadcasting Corp.

The settlement was reached at the same time as a separate deal designed to lead to more airtime for smaller record companies and their lesser-known artists as well as local musicians.

The American Association of Independent Music, a group of independent record labels, has received a commitment from the same four broadcasters for the free airtime, the officials said.

In addition to airplay, the broadcasters and the independent labels have also negotiated a set of "rules of engagement" that will guide how record company representatives and radio programmers interact.

The free airtime would be granted to companies not owned or controlled by the nation's four dominant music labels — Sony BMG Music Entertainment, Warner Music Group, Universal Music Group and EMI Group.

Payola, or "pay-for-play," can be difficult to track.

In recent years, independent record promoters have acted as middlemen to deliver payments to radio stations in exchange for airplay. Other forms of inducement include lavish prizes meant for listeners that wind up going to station employees, promises by record companies of concerts by well-known artists in exchange for airplay, and payments for promotional expenses and station equipment.

Under the FCC consent decree, broadcasters would agree to closer scrutiny in their dealings with record companies, including limits on gifts, a promise to keep a database of all items of value supplied by those companies, the employment of independent compliance officers to make sure stations are following the rules and a new "payola hot line" for employees to report infractions.

Broadcasters would admit to no wrongdoing under the three-year settlement, which would end an FCC investigation into payola practices.

Under the separate agreement, the new "rules of engagement" are aimed at requiring equal access to radio music programmers for all record companies as well as transparency in their dealings, said Peter Gordon, who has been leading the negotiations on behalf of the independents.

Gordon is president of Thirsty Ear Recordings, an independent record label, and has been in the music business for 31 years.

"It's absolutely the most historic agreement that the independent community has had with radio," he said. "Without a doubt, nothing else comes close."

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Commissioner Jonathan Adelstein, himself an amateur musician, has been in the forefront of the payola fight and has been credited with working out the settlements. "I love music and I want radio to sound fresh, dynamic and real. But payola gets in the way of authenticity because money drives the music, not its quality," he told the AP.

Pay-for-play scandals have not been a high priority for the FCC. The last time it took action was March 2000 when Clear Channel-owned stations KHKS-FM in Denton, Texas, and WKQI-FM in Detroit, Mich., were assessed fines of $4,000 each.

Most of the recent headlines regarding payola have been generated by former New York Attorney General Eliot Spitzer, now governor, who has criticized the FCC's inaction. He made settlement deals with the four major record labels totaling $30.1 million, as well as with two broadcasters, CBS and Entercom, for another $6.25 million.

Federal law and FCC rules require broadcasters to inform listeners if a station is being paid to play a song. The FCC can fine its licensees, but any criminal investigation would be undertaken by the Department of Justice.

When finalized, the consent decree will result in the second-largest fine ever issued by the FCC — if a recently reported $24 million settlement with Univision Communications Inc. regarding children's television obligations is also approved.

The broadcasters represent four of the six largest radio firms in the U.S. and own a combined total of 1,653 stations. The cash breakdown on the settlement is Entercom, $4 million; Clear Channel, $3.5 million; Citadel, $2 million; CBS, $3 million.

Representatives of the companies could not immediately be reached for comment Monday.

FCC Chairman Kevin Martin was widely credited with pushing through the large cash settlement. Speaking generally, FCC spokeswoman Tamara Lipper said of the payola issue that "the whole point is that people should know when they're being influenced and by whom."

In a statement Monday, Commissioner Michael Copps said pay-for-play "cheats radio listeners and will not be tolerated." Radio, he said, is "supposed to be our pipeline to exciting, local undiscovered acts — not more nationalized pablum from big media companies."

Big Radio Settles Payola Charges (WP)

By Charles Babington

The Washington Post, March 6, 2007

Radio listeners sick of hearing the same tunes again and again may soon encounter surprising new voices, thanks to a $12.5 million settlement pending against major broadcasters accused of taking record companies' bribes.

The four broadcast conglomerates, which together own more than 1,500 stations, have agreed to pay hefty fines and to provide air time for local artists and independent record labels, government and industry officials said yesterday. The negotiated settlement is meant to end a probe into the practice of what is known as "payola," in which large record companies quietly give cash or other benefits to radio station employees who agree to play music by the companies' artists.

"This is the largest collective fine in the history of American broadcasting," said Jonathan S. Adelstein, one of the five members of the Federal Communications Commission. "It wipes payola off the radio dial," he said, and gives lesser-known musicians a chance to reach a wider audience.

For years Adelstein, a Democrat, has railed against pay-to-play practices. But he said the government was making little headway until New York attorney general Eliot L. Spitzer (D) -- now the state's governor -- conducted a major investigation. "He brought us the evidence we needed," Adelstein said in an interview.

Under the pending agreement -- reported yesterday by the Associated Press and confirmed by Adelstein -- Entercom Communications will pay $4 million in fines, followed by Clear Channel Communications ($3.5 million), CBS Radio ($3 million) and Citadel Broadcasting ($2 million). Adelstein said he expected a majority of the commissioners to approve the settlement this week.

Small record companies say payola limits the breadth of radio playlists because big labels pay to have their artists aired repeatedly. It is illegal for stations to accept such payments without publicly disclosing them.

Andy Levin, Clear Channel's executive vice president, said in a statement that his company has "devoted tremendous resources" to preventing payola at its stations. "While no violations were found," he said, "we are pleased to announce that Clear Channel has agreed to settle this longstanding payola investigation with the FCC. We believe it is time to close the door on this ongoing inquiry and move forward."

The other three companies declined comment or did not respond to requests for interviews.

Aside from paying the fines to the FCC, the four companies have agreed to give about 4,000 hours of air time to small record companies and local artists. "This is a new opportunity for fresher, newer artists to be heard on the radio," Adelstein said.

FCC Chairman Kevin J. Martin, a Republican, said in an interview that he supported the settlement, which he said would "hopefully set a strong tone for the enforcement of the rules" regarding radio play.

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Previous investigations have targeted the giver rather than recipients of payola. In 2005, music producer Sony BMG agreed to pay $10 million and Warner Music Group agreed to pay $5 million to settle Spitzer's allegations of offering payola to radio stations.

4 Radio Firms Commit Airtime To Indie Labels (WT)

By Kara Rowland

The Washington Times, March 6, 2007

Kill Rock Stars, Appleseed Recordings and Fatboy Records may be coming to a station near you.

Four major radio companies have agreed to set aside more than 4,000 hours of free airtime to independent record labels, representatives from the broadcasters and labels said yesterday.

In a separate deal, Clear Channel Communications Inc., CBS Radio, Entercom Communications Corp. and Citadel Broadcasting Corp. also reached a $12.5 million tentative settlement with the Federal Communications Commission, according to company and FCC officials.

The agreements, first reported yesterday by the Associated Press, are intended to deter what is commonly known as "payola" or "pay for play," in which a radio station provides airtime to a record company in exchange for money or other goods.

Payola has been around for decades and was outlawed in 1960, when Congress passed a law making it punishable by a $10,000 fine and a year in prison. The term itself is a contraction of "pay" and Victrola, an early record player.

The monetary settlement with the FCC is part of a consent decree that has yet to be voted on by the full commission, sources said. It was reached at the same time broadcasters committed to providing 8,400 half-hour segments of airtime to small record labels and unsigned artists.

Broadcasters do not admit fault under the FCC deal, which calls for stricter oversight of their interactions with record labels. Some of the new requirements would include a limit on gifts from record companies; a special hot line for employees to report violations; and a fleet of compliance officers to monitor stations, which would list all items of value received from record companies in a database.

Of the four broadcasters involved, Clear Channel and CBS Radio own stations in the Washington area.

"While no violations were found, we are pleased to announce that Clear Channel has agreed to settle this long-standing payola investigation with the FCC," said Andy Levin, Clear Channel's chief legal officer. "Separately, the company is pleased to announce we are reaffirming our commitment to new and emerging artists by committing a significant amount of airtime to music performed by unsigned artists."

Clear Channel owns several local stations, among them WIHT-FM (99.5) and WASH-FM (97.1). CBS Radio, whose roster includes WJFK-FM (106.7) and the new WTGB-FM (94.7), declined to comment.

"It's one of those little miracles," Peter Gordon, president of independent record label Thirsty Ear Recordings, said of the airtime deal. Mr. Gordon, who acted as a chief negotiator for the American Association of Independent Music, said the parties have yet to hammer out the details of implementation but noted, "We have an understanding in principle."

In addition to airtime, broadcasters and the independent record companies agreed to new "rules of engagement" aimed at providing equal access to radio station programmers.

"Hopefully we'll hear more dynamic music on the radio," said FCC Commissioner Jonathan Adelstein, a Democrat who has led the charge against payola, which he said puts smaller labels with less money at a disadvantage. "Everybody wants to turn the page and put payola behind us."

Many credit former New York Attorney General Eliot Spitzer, who is now the state's governor, for exposing payola scandals. After opening an investigation three years ago, Mr. Spitzer reached settlements with the big four record labels -- Sony BMG Music Entertainment, Warner Music Group, Universal Music Group and EMI Group -- amounting to $30.1 million.

The FCC can regulate licensed radio stations but has no authority over record companies. Federal law allows radio stations to play songs in exchange for money as long as they disclose it.

During his tenure as attorney general, Mr. Spitzer also settled with Entercom and CBS Radio for a total of $6.25 million in agreements that are legally binding only in New York. Afterward, the FCC opened its own investigation.

Tom Taylor, editor of Inside Radio, warned that implementing the private agreement between labels and radio broadcasters "could be really sticky."

"The devil is in the details," said Mr. Taylor, a radio veteran. "People listen to songs because they like them. You can't turn it into a hit if it's not a hit."

Sen. Russ Feingold, Wisconsin Democrat who has authored payola legislation, said he is withholding judgment on the decree until it is official. However, he said: "The apparent lack of acknowledgment of wrongdoing sends the wrong message.

Whatever the final settlement says, it is clear that we need continued oversight both internally and by the FCC to make sure the changes in the industry's practices are not just on paper."

An FCC official said the agreement could be made public as early as this week.

Broadcasters Agree To Fine Over Payoffs (NYT)

By Jeff Leeds

The New York Times, March 6, 2007

Radio broadcasters have long been accused of corrupting the public airwaves by accepting bribes from corporate music giants.

But in a pair of agreements disclosed yesterday, the broadcasters moved to resolve accusations that they had auctioned off the airwaves by agreeing to pay a landmark penalty and pledging to play more music from independent recording artists.

Under a tentative settlement with the Federal Communications Commission, four of the largest radio station owners have agreed to pay a total of $12.5 million to resolve claims that they accepted cash and other incentives in exchange for playing songs — a practice popularly known as payola.

If approved, the settlement would rank as the biggest penalty ever imposed at one time by the F.C.C. — at least until the agency levies another proposed fine, $24 million, against Univision, the Spanish broadcasting giant, which is accused of sidestepping its obligations to supply educational programming for children.

The new penalty, which would come as part of a consent decree with the radio companies — Clear Channel Communications, CBS Radio, Entercom Communications and Citadel Broadcasting — would reflect perhaps the toughest F.C.C. enforcement of the decades-old regulations that prohibit broadcasters from taking secret payments in exchange for playing specific songs. Critics have accused the agency of lax enforcement.

The agency chairman, Kevin J. Martin, said, “I hope it sends a strong message to the industry that we will be enforcing these rules.”

The F.C.C. started formal investigations of the radio companies last year after disclosures that radio programmers accepted gifts, luxury trips and other enticements surfaced as part of an inquiry led by Eliot Spitzer, then the New York attorney general.

Mr. Spitzer reached a series of settlements with the four major music conglomerates — the Universal Music Group, Sony BMG Music Entertainment, the EMI Group and the Warner Music Group — totaling more than $30 million. CBS Radio and Entercom settled cases with Mr. Spitzer’s office for a combined $6.25 million.

The settlement with the F.C.C. comes at the same time as a separate arrangement in which the broadcasters agreed to devote more time to playing artists who are not signed to contracts with the four big record companies.

The deal, negotiated by the American Association of Independent Music, provides that the radio companies will broadcast the equivalent of 8,400 half-hour segments of music from such artists. The segments can run any time from 6 a.m. to midnight any day of the week, according to people briefed on the deal.

Representatives for the broadcasters declined to comment on the proposed settlements in detail.

Andrew W. Levin, Clear Channel’s executive vice president and chief legal officer, said: “While no violations were found, we are pleased to announce that Clear Channel has agreed to settle this longstanding payola investigation with the F.C.C. We believe it is time to close the door on this ongoing inquiry and move forward.”

The deal appears to close an embarrassing chapter for the music and radio industries.

Mr. Spitzer’s inquiry disclosed how such payments had become widespread as label executives pressed to obtain exposure for stars. In some cases, label executives offered payoffs directly; in others, they hired middlemen known as independent record promoters, to funnel gifts or other enticements to radio station personnel.

Many terms of the proposed consent decree mirror those in the settlements with Mr. Spitzer’s office. Under the three-year term of the F.C.C. deal, the broadcasters would tighten their policies governing the contact of their programmers with record labels, including limits on gifts they could receive.

As for the independent labels, Peter Gordon, who negotiated the separate arrangement on behalf of the independent labels, said radio programmers had been making decisions in a “climate of fear” after Mr. Spitzer’s inquiry, adding fewer new songs and all but shutting out small independent labels.

Mr. Gordon said that under a set of “rules of engagement” planned as part of the separate agreement with stations, programmers could now listen to lobbying efforts by certain independent promoters working on behalf of independent labels.

Smaller labels should be permitted to lobby for access using “proper professional honorable working relationships,” said Mr. Gordon, owner of an independent label called Thirsty Ear Recordings.

Some industry officials were skeptical that the new arrangements would result in a noticeable change for either artists or listeners.

Paul Porter, a former radio programmer who now runs Industry Ears, a Washington-based media research organization, said that compared with the settlements extracted by Mr. Spitzer, the F.C.C. settlement "basically lets the four biggest companies off the hook for peanuts."

Mr. Porter said he did not believe that the separate pledge to broadcast more independent music would amount to much.

"It sounds great, but it's business as usual," Mr. Porter said. "Only a fool would believe differently."

Prescription For Trouble (WSJ)

By Scott Gottlieb

The Wall Street Journal, March 6, 2007

Inside the federal agencies that oversee parts of the health-care system, there is a palpable view that doctors can no longer be trusted to do the right thing.

The Food and Drug Administration, Medicare and even the Justice Department all believe they cannot rely on many doctors to heed safety warnings, wisely weigh new medical information, or follow treatment approaches that maximize health benefits or lower costs. So in recent years, these agencies have hatched rules that dictate when treatments should be delivered and even how they can be administered -- especially when it comes to new drugs.

The result is increasing federal regulation of medical practice that constrains health-care providers and limits the choices patients have. It might get worse. New legislation offered by Sens. Edward Kennedy (D., Mass.,) and Michael Enzi (R., Wyo.,), intended to make drugs safer, would raise this regulatory burden by reducing a physician's discretion to exercise clinical judgment and erecting barriers that will exacerbate disparities in access to care.

The legislative proposal extends the FDA's ability to restrict which physicians can prescribe a medicine, and which pharmacies can dispense it, through risk-management plans that would accompany the approval of many new drugs. These "RiskMAPs," as they are called inside the FDA, already guide the use of about 30 marketed drugs as part of "voluntary" arrangements with drug companies.

Right now, pharmaceutical companies propose the plans to better balance the risks and benefits of their drugs, in order to secure FDA approval. But these plans impose burdens, especially on patients who already face difficulty obtaining the specialist care that many RiskMAPs require for the dispensing of new drugs. Thus the FDA and the pharmaceutical industry have mostly confined RiskMAPs to drugs with unpredictable and potentially deadly risks, such as anaphylaxis or rapid organ failure.

That sense of restraint is lifting. New proposals by Congress and the Institute of Medicine advocate RiskMAPs for mitigating a wider set of less-serious problems and to constrain the off-label prescribing of new drugs, even though such prescribing is the standard of care for many diseases. The proposals are gaining traction. Once the FDA is granted the authority to simply impose these RiskMAPs on drug companies, there will be a lot of political pressure on the agency to constrain prescription writing in the name of drug safety.

What would this mean? Consider the RiskMAP recently imposed by the FDA on the use of the diabetes drug Symlin. The new medicine can help very serious diabetics control swings in blood sugar and is one of the few drugs that promote weight loss. But Symlin has a narrow therapeutic margin and can sometimes cause dangerously low blood sugar. The FDA did not trust ordinary generalist doctors -- who treat most diabetics, especially poor or rural patients -- to properly prescribe the medicine or to limit its use to the labeled indication. So Symlin's RiskMAP tries to keep the drug out of generalist hands by, among other things, limiting promotion to doctors specializing in diabetes and who are also supported by certified diabetes educators.

Reflecting this pervasive mistrust of medical practitioners, Medicare is increasingly tying payments to the choices doctors make, compensating doctors more to follow certain cookie-cutter treatments or practice guidelines that are promoted by the agency because they are believed by government experts to maximize benefits or reduce health-care costs.

The Drug Enforcement Administration is also intruding into medical practice. Waging a campaign to cut down on prescription-drug abuse, the DEA has sought legislative authority that would give it a role in limiting the approvals of new pain products -- even though the agency has no ability to appreciate the public health considerations that create a medical need for better drugs to treat serious pain.

Meanwhile, the Department of Justice's war on off-label promotion by drug companies ends up criminalizing the exchange of truthful, non-misleading medical information with doctors on new uses for medicines. This even includes information derived from studies funded by other arms of the government such as the National Institutes of Health. Such was the case in the litigation DOJ recently waged and won against information exchanged on promising new anti-cancer uses for the osteoporosis drug Evista -- some of those uses are now standard care.

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All of these approaches harm patients because they impose one-size prescriptions in an area of science that is marked by variation. Furthermore, parameters on the prescription of new drugs, like those imposed on the use of Symlin, create obstacles for patients who already face significant problems getting access to the latest drugs or the specialists who are ordained by FDA's RiskMAPs to prescribe them.

Medicare's treatment guidelines are not the right answer for everyone, because there is a need for judgment in medicine that attunes treatments to individual variations and preferences. DOJ's restrictions on the exchange of medical information deny doctors updated data on the most cutting-edge and specialized uses of new treatments.

Ultimately, we need a better system for accumulating new information about the risks and benefits of treatments, and for communicating this information to providers and patients so people can make more informed choices. The key to improvement is not direct regulation of patient care, but better tools and approaches for evaluating the pros and cons of the many choices patients confront.

Doctors share some blame for inviting this kind of regulation. Agencies have plenty of data showing that some doctors do not heed safety warnings or follow sound advice. Professional societies like the American Medical Association, the various medical journals, and even licensing boards have grown self-interested and have failed the first tenet of an autonomous profession: the ability to regulate itself.

The solutions to any of the health-care problems that government is trying to mitigate will not rest in Washington's constraining "fixes," but with these organs of medicine working with agencies to promote practice standards and safety measures that do not sacrifice medical autonomy and patient choice.

Dr. Gottlieb, who was deputy commissioner of the FDA from 2005 to 2007, is a resident fellow at the American Enterprise Institute.

CIVIL RIGHTS:

FBI Plans Probe Of Teen's Death (BSUN)

By Greg Garland And Gadi Dechter, Sun Reporters

The Baltimore Sun, March 6, 2007

Medical examiner rules case at juvenile facility a homicide

On the same day the state medical examiner ruled that the death of a student at the Bowling Brook Preparatory School was a homicide, the FBI said it is conducting an independent investigation into the incident.

At a joint news conference Monday in Westminster, federal officials said their investigation into the death of 17-year-old Isaiah Simmons was ordered last week by the Justice Department. Local officials said they would present evidence already gathered by the Carroll County sheriff to a grand jury to determine whether criminal charges should be brought in Maryland.

Simmons died Jan. 23 after being physically restrained for three hours by counselors at Bowling Brook, a privately run residential program for juvenile offenders.

Officials stressed that the medical examiner's ruling of a homicide -- meaning the death was the result of actions by another person or people -- does not necessarily mean a crime was committed. That will be decided by the grand jury next month, said David P. Daggett, Carroll County deputy state's attorney.

"I have no doubt in my mind that nobody intended to kill this young man," Daggett said. But he said the medical examiner had made clear Simmons did not die of a pre-existing medical condition. "They are ruling out any health issues [as causing] the death," he said. "They did say there were certain health issues, but that they were not the cause of death."

The examiner used broad language in describing the cause of Simmons' death as "sudden death during restraint." Medical examiners sometimes use the term when they suspect more than one factor might have contributed to death, such as asphyxia and heart failure.

Simmons' mother, Felicia Wilson, and four other family members sat in the front row of the county government meeting room where the news conference was held.

Faced with a phalanx of television cameras and microphones, Wilson briefly lost her composure and dissolved into tears. She said she was relieved, however, to hear of the homicide ruling.

"I'm just happy to hear of the news that they found out what really happened to my son," she said.

Simmons' sister, Danielle Carter, said she was glad to learn of the FBI's separate investigation.

"The family feels that it's always good to have several sets of eyes on an investigation, to make sure everything is done in compliance," she said. "We feel confident that the FBI and all other parties will get to the bottom of this and that justice will be served."

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Witnesses have told The Sun that Bowling Brook workers sat on a struggling Simmons until he passed out and died.

Under pressure from state officials, Bowling Brook announced last week that it will close Friday after five decades in operation. Simmons was placed there by the state Department of Juvenile Services after being found responsible in juvenile court for the robbery of another youth at the Inner Harbor.

The Carroll County Sheriff's Office has been investigating the death. Daggett said the grand jury will be asked to determine whether evidence supports any criminal indictments.

The state medical examiner's office has not released a report about Simmons' death but briefed county investigators. Daggett said he decided to present the case to a grand jury to get the benefit of the collective wisdom of a panel of citizens who will review the evidence and determine whether indictments are warranted.

He said a key question in such cases is whether the death was due to "gross negligence" or simple negligence. A finding of "gross negligence" could lead to criminal sanctions.

As an example, Daggett said, a motorist could be prosecuted for manslaughter if he were drunk or drove in an especially reckless way, but might not be prosecuted if he were simply negligent -- such as losing control while changing a radio dial.

Queen Anne's County State's Attorney Frank Kratovil Jr., who heads the Maryland Association of State's Attorneys, said cases like Simmons' death can pose a difficult challenge for prosecutors.

"Not every tragic event is a criminal matter," Kratovil said. "The question is going to be: 'Was this a grossly negligent act that is the functional equivalent of an intentional act?' "

He said it is common for prosecutors to take such cases before a grand jury. Some Maryland counties bring all felony cases before a grand jury, he said.

"As a prosecutor, it gives you some feedback on what the issues are in the event you decide to indict," he said. "When you have a case where there are real questions about either the facts or the law, then a grand jury is a very valuable tool."

In announcing the findings of the medical examiner, the sheriff's office said it had collected more than 100 pieces of evidence and had interviewed dozens of staff members and students. Some student witnesses have told The Sun that they were interviewed only while held at Bowling Brook, not outside and away from the school's staff where they could speak more freely.

Kevin R. Lewis, the assistant special agent in charge of the FBI's Baltimore office, said at the press conference that federal authorities began monitoring the Simmons' case several weeks ago at the request of the sheriff's office.

"You've got a young person's loss of life at an institution, and that gets our attention," he said.

Last week, the U.S. Department of Justice asked the FBI to formally launch a separate investigation to determine whether federal civil rights laws were violated, Lewis said.

The investigation will "be starting right away," he said, and the results will be reported to the Justice Department.

An FBI spokeswoman, Michelle Crnkovich, stressed that the investigation is not an indication that the federal government lacks confidence in Carroll County's probe.

"Absolutely not. We have every confidence in them," she said.

The death at Bowling Brook marks the third time in the past four years that federal authorities have investigated Maryland's troubled system for dealing with juvenile offenders.

A federal investigation of the state-run Charles H. Hickey Jr. School in Baltimore County chronicled deplorable conditions. The state addressed the issue by shutting down most of the school in 2005.

Federal officials also have investigated dangerous conditions at another program run the state, the Baltimore City Juvenile Justice Center, which often has been crowded and understaffed.

Maryland's newly appointed Juvenile Services secretary, Donald W. DeVore, said Monday there is no question Maryland's system is badly in need of reform.

"Today's ruling by the state medical examiner highlights the critical need to reform our Department of Juvenile Services so that all children in state custody are safe," DeVore said. "That is our mission, and failure is not an option."

Feds To Monitor Tuesday Elections In Four SoCal Cities (FBEE)

The Fresno Bee, March 6, 2007

The U.S. Justice Department said Monday it planned to monitor municipal elections in four Southern California cities to ensure they comply with federal voting law.

Federal observers on Tuesday will visit polling places in Azusa, Gardena, Paramount and Rosemead.

Last year federal investigators visited polling places in the region and determined that Azusa and Paramount failed to fully translate election materials into Spanish, as they are required to do under the federal Voting Rights Act. Authorities also said Rosemead failed to offer all voting materials in Spanish, Chinese and Vietnamese.

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The Voting Rights Act requires cities to provide election materials in any foreign language that is spoken by a substantial number of people within their boundaries.

Azusa, Paramount and Rosemead each signed federal consent decrees last July requiring them to fix flaws in their election procedures.

Gardena, which has a large non-English speaking population, said on its Web site that it planned to provide ballots and polling place officials who can speak in English, Spanish, Japanese, and Korean.

Federal Monitors Will Oversee Gardena Election (TORDB)

By Gene Maddaus

Torrence (CA) Daily Breeze, March 6, 2007

The Department of Justice won't say why polling in the South Bay community will be receiving special attention on Tuesday.

The U.S. Department of Justice will monitor Tuesday's election in Gardena to ensure that the city complies with the federal Voting Rights Act.

In announcing the decision Monday, federal authorities did not explain why Gardena had been selected for special attention.

The other three cities chosen for election monitoring — Azusa, Rosemead and Paramount — are all subject to federal consent decrees related to ballot translations. But Gardena, which prints ballots in English, Spanish, Japanese and Korean, has not been cited for translation problems in the past.

"It's not a sign of censure," said Justice Department spokeswoman Cynthia Magnuson. "It's routine. We want to do this to ensure compliance with the law."

Federal observers will be on hand at polling places in the city throughout the day. An attorney from the Civil Rights Division will coordinate the office's activities.

Election monitors can be deployed based on requests from local officials or complaints from the public. Magnuson said the department does not disclose the nature of the complaints.

City Attorney Ed Lee said he had received a call from the Justice Department last week informing him of the monitoring.

"They wouldn't tell me why they selected Gardena, whether it was a random choice or what," Lee said, adding that he believes it was random.

The City Council race has seen its share of allegations of misconduct, though it is impossible to know whether any of them got the attention of federal election monitors.

On Feb. 23, challenger Tasha Cerda filed a complaint with the state Fair Political Practices Commission, in which she asserted that Gardena police officers had been harassing her campaign workers. She claimed the officers had been writing down license numbers at her headquarters and stopping motorists nearby for no apparent reason.

The Gardena Police Officers Association has endorsed the incumbents, Oscar Medrano and Rachel Johnson.

Detective Russ Temple, president of the GPOA Political Action Committee, called the allegations "ridiculous," adding that no officer would risk his career over a City Council campaign.

In her complaint, Cerda objected to the use of Gardena officers to escort ballots from the precincts to City Hall.

Opponents of Medrano have accused him of repeatedly violating the city's sign ordinance, and many suspect Medrano illegally mailed an anonymous flier attacking challenger Dan Medina — a claim that Medrano denies. Medrano is also sharing a headquarters with the GPOA, an unusual situation that raised questions about a potential violation of city campaign financing law.

Johnson said she had heard complaints from residents that the multiple translations made it difficult for voters to navigate the sample ballot. The city has long provided Spanish and Japanese translation, but has only recently added Korean. But Johnson said she had not heard of any formal complaints related to that issue.

None of the candidates contacted Monday had been informed of the federal monitoring, or had any idea why it had been ordered.

"I guess it's for the better," Medina said. "If it's something that has to be done, then obviously it'll avoid some kind of hanky-panky."

Justice Department To Tour King County Jail As Part Of Investigation (SEAPI)

Seattle Post-Intelligencer, March 6, 2007

Justice Department officials are expected to spend the next few days in Seattle as part of an ongoing federal investigation, touring the King County Jail and interviewing staff members.

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In October, the department sent a letter to King County officials announcing that it would be investigating the main jail in downtown Seattle. Primary concerns were occurrences of sexual misconduct by corrections officers, suicides, and controlling the spread of infectious diseases.

Federal investigators made their first visit in December. A final report could take six months to a year.

Dept. Of Justice Officials To Inspect King County Jail (KING5)

KING 5 Seattle, March 6, 2007

SEATTLE - The Department of Justice will begin a three-day tour of the King County Jail Tuesday as part of an intensive investigation into possible civil rights abuses inside the Seattle facility. The D.O.J. plans to spend at least three days inside the adult jail focusing on sexual abuse of inmates as well as allegations the jail isn't doing enough to prevent suicide or the spread of infectious diseases.

Jail Director Reed Holtgeerts told KING 5 News he welcomes the investigation and has already begun providing the requested documentation into jail safety and procedures. Holgeerts is meeting this afternoon with the Department of Justice and union representatives for corrections officers and others who work in the jail.

Video

Allegations include sexual misconduct

Two former jail guards were recently convicted of sex-related acts with female inmates and a third is awaiting a retrial.

"The message has been sent very clearly that there is zero tolerance (for sexual misconduct)," said Holgeerts. "If we find it, you're gone and you're going to be charged."

Health issues

During a KING 5 investigation in the fall of November, 2005, corrections officers said that they were being exposed to serious diseases such as MRSA (Methicillin-resistant Staphylococcus Aureus) and that the jail wasn't doing enough to prevent the spread of the highly contagious disease. Some guards told KING 5 they had contracted MRSA and passed it on to their spouses and children.

"Nobody wants to go home and be infected," said Holtgeerts. "We have added some sinks, improved training and ordered new mattresses. The more we learn, the more we do," he said.

The American Civil Liberties Union toured the jail late last month and says that while some improvements have been made, more needs to be done to stop the spread of MRSA. "We found cracked mattresses which can harbor the MRSA bacteria and problems with laundry not being exchange frequently enough," Doug Honig, Communications Director, said today.

LAPD Cops Object To Financial Disclosure Policy (CBS2)

CBS 2 Los Angeles, March 6, 2007

(CBS) LOS ANGELES Up to 600 Los Angeles Police Department anti-gang and narcotics officers have threatened to retire or transfer to other units if they are required to provide personal financial information, as mandated by a federal consent decree, police union representatives said Monday.

Los Angeles Police Protective League officials are considering a lawsuit to block the disclosure requirement, which was imposed following the Rampart Division corruption scandal, in which gang officers were caught stealing drugs and framing suspects.

The U.S. Justice Department's consent decree with the city requires future gang officers disclose their finances so supervisors might more easily tell if they were illegally profiting from police work.

"We have seen the LAPD repeatedly allow gang members and others to manipulate the system to target officers," Bob Baker, president of the league said.

"We have little confidence that information will be safeguarded once it has been released," Baker said. "The simple fact is that the financial disclosure rules that the LAPD is about to implement open the Pandora's box, once somebody's financial information is available and public, there is no way to turn back and make it private again."

In May, U.S. District Judge Gary Feess extended the five-year consent decree for another three years.

The LAPD has delayed implementation of the financial disclosure requirement while trying to modify the consent decree. Last year, Feess directed the department to move ahead with the plan.

LAPD officials have negotiated with the police union on how to implement the mandate, but talks have reached an impasse and the department could impose the requirement as early as this week.

"This still has to go before the Police Commission and the mayor and I have been working with the Department of Justice, the (consent decree) monitor and the federal judge to satisfy all parties," Police Chief William Bratton said in a statement.

DOJ_NMG_0140845

Former Akin Gump Attorney Accuses Firm Of Age Discrimination (LAW)

By Emma Schwartz, Legal Times

Legal Times, March 6, 2007

The old guard has been getting its dander up. First there was Sidley Austin, where partners are challenging the firm's mandatory retirement policy.

Other lawyers have followed, and just last week one Washington attorney filed suit in the U.S. District Court for the District of Columbia alleging that he was fired from one of the city's largest firms because he was too old.

Donald Gross, who is in his 50s, says he was let go from Akin Gump Strauss Hauer & Feld in October 2004, not even a year and a half after he was hired as senior counsel in the Korea practice. Before his termination, Gross alleges that his practice group's head, Sukhan Kim, "reiterated to him that Akin Gump was terminating him not because of any defects in his performance, but because he was 'too senior' because of his age and, therefore, 'not a good fit.'"

Pillsbury Winthrop Shaw Pittman partner Christine Kearns, who is representing Akin Gump, says the firm treated Gross fairly. "The firm certainly denies the allegations of age discrimination," she says.

Gross' case differs from some of the other suits that allege more systemic problems or forced retirements. But it paints a picture of the trouble an older attorney had acclimating to life in a law firm.

According to the complaint, Kim was skeptical of Gross' age from the start. "You seem very old to be starting out in a major law firm," Kim allegedly told Gross before he was hired. (Before joining Akin Gump, Gross had worked at the State Department and National Security Council and practiced law in South Korea.)

Troubles grew worse, Gross states, after he took three weeks off for heart surgery in March 2004. When he returned, Gross alleges, Kim sidelined him and forced him to report to a much younger partner. The complaint says another partner, Michael Quigley hinted that Gross' experience "made him 'perfect' for a job with a policy think tank" but that he was too old to continue with the practice group.

Then, despite positive evaluations of his work, Gross also says, Kim came up with a "60-day exit strategy" for Gross.

Reached by phone, Kim declined to go into details but said, "I can just tell you that that is totally and actually false." Gross, who is represented by Bruce Fredrickson and Jonathan Puth at Webster, Fredrickson & Brackshaw, is asking for his job back and unspecified compensation for back pay and damages.

Two Officers Speak To Grand Jury On Killing Of Unarmed Black Man (NYT)

By Al Baker And Colin Moynihan

The New York Times, March 6, 2007

Two of the five police officers involved in the killing of Sean Bell, an unarmed black man who died in a hail of 50 police bullets, testified yesterday before a grand jury in Queens that is weighing evidence in the case.

The two officers, Detective Paul Headley and Officer Michael Carey, testified voluntarily without immunity from prosecution in the case, officials said. Union officials and lawyers for the men said they had been eager to talk about what occurred on Nov. 25, when they and their colleagues opened fire on Mr. Bell's car outside the Club Kalua strip club in Jamaica, Queens.

Yesterday's events were noteworthy because city police officers who are the focus of grand juries sometimes stay silent about their roles in such shootings. And the first public appearances by the officers — more than three months after the shooting of Mr. Bell — made for a day filled with emotions.

In the morning, Detective Headley, 35, was surrounded by about a dozen people, including his lawyer and union officials, when he strode toward the office building in Queens where the grand jury is seated. He wore a blue suit, stepped confidently and appeared to be at ease. He testified for about two hours and then left the building about 2:30 p.m., again surrounded by supporters.

Officer Carey, 26, arrived later, about 3:30 p.m., also wearing a business suit but appearing tenser as he kept his expression fixed, his eyes set straight ahead. He testified, then left the building about 5:20 p.m. with supporters, including Patrick J. Lynch, the president of the Patrolmen's Benevolent Association, by his side.

Separately, each officer declined to discuss his testimony. But union officials and their lawyers spoke for them. "My client is relieved that he had the opportunity to answer the questions the grand jury posed to him," said John Arlia, the lawyer for Detective Headley. "He is relieved he had the opportunity to speak to them and tell his version of the events."

Stephen C. Worth, the lawyer for Officer Carey, said, "This officer stood there and answered all of their questions." He said his client testified for about an hour and a half.

Each lawyer declined to discuss whether he had asked the grand jurors to hear additional witnesses, an option in such matters.

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Mr. Bell, 23, and his friends were celebrating his bachelor party just hours before his scheduled wedding when the shooting occurred. Two of his friends, Trent Benefield and Joseph Guzman, were wounded. Mr. Benefield, who is black, and Mr. Guzman, who is Hispanic, testified before the grand jury last week.

Of the five officers who fired the 50 shots, three are black and two are white. Detective Headley, who is black, fired one bullet and Officer Carey, who is white, fired three, officials said. On Wednesday, Detective Marc Cooper is expected to testify, as is the 28-year-old detective who fired the first of the 50 shots and who has not been officially identified by the authorities because of his undercover status.

It remains uncertain whether Detective Michael Oliver, who fired 31 of the shots, will testify before the grand jury. Michael J. Palladino, president of the Detectives' Endowment Association, said he expected Detective Oliver to testify on Friday.

When the grand jury will finish its work — to determine whether any of the five officers who opened fire on Mr. Bell's car will face criminal charges — is unclear, but officials said it could be as early as the end of this week or sometime next week.

Yesterday, Mr. Palladino said that the actions of the officers did not rise to the level of criminality.

"I hope the grand jurors see these officers for who and what they are," Mr. Palladino said. "All of the officers involved are sincere, humble individuals and the actions that they took that night were during the performance of their duty and they were acting in good faith."

He added: "There was no criminality in their hearts, nor in their minds, when they took the actions they took."

Mr. Lynch said he was happy that Officer Carey could finally speak about the shooting, to "put some facts to some of the fiction that ran in the street."

"We're pleased that today has come where we have the opportunity for this police officer to go out and tell his side of the story: the thoughts he had at the time, the facts that he dealt with out in the street that night," Mr. Lynch said.

Officer Charged In Teen Beating (LAT)

By Peter Y. Hong, Times Staff Writer

The Los Angeles Times, March 6, 2007

A 41-year-old LAPD officer was charged today with unlawful use of force and filing a false police report for allegedly choking and punching a 16-year-old boy in the Central Division station in December.

Officer Sean Meade's actions were recorded by a hidden camera that had been installed after some chairs at the station had been vandalized. Police Chief William Bratton and Mayor Antonio Villaraigosa both expressed outrage at the incident. Bratton immediately called for the arrest of Meade.

Department sources who viewed the video said it appears to show Meade choking the boy, then removing his handcuffs and challenging him to a fight.

The teenager was arrested on suspicion of a curfew violation in Chinatown, and Bratton said the attack was without provocation. The boy was picked up about 1:30 a.m. while walking with a teenage girl. Police called the girl's parents, who picked her up, then took the boy to Central Division.

Officers were not informed cameras had been installed in the detective room, where the beating allegedly occurred. Technicians enhanced the original video, which was grainy.

Meade was to be arraigned today.

peter.hong@latimes.com

Court Reaffirms Colo. Redistricting Plan (AP)

By Pete Yost

AP, March 6, 2007

The Supreme Court on Monday ruled against Colorado voters challenging a congressional redistricting plan favorable to Democrats.

In a unanimous decision, the justices said that three Republican voters were not entitled to sue in an effort to replace a redistricting plan ordered by a court with one passed by a Republican-controlled state legislature. The three voters were joined by a former Democratic state legislator who often voted with Republicans.

A Democratic state judge drew up the first redistricting plan in 2002, while the Republican Legislature drew one up in 2003.

The court plan had been put in place when a divided Colorado General Assembly was unable to agree on one in time for the 2002 election.

In their lawsuit, the challengers said the court-imposed map violates a right of citizens under the U.S. Constitution to vote for congressional candidates in districts created by state legislatures.

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In an unsigned opinion, the justices said that the only injury the voters allege is that the Elections Clause had not been followed.

"This injury is precisely the kind of undifferentiated, generalized grievance about the conduct of government that we have refused to countenance in the past," the court stated.

The Colorado case is the Supreme Court's latest foray into congressional redistricting battles. Last year, the justices addressed a messy redistricting fight in Texas, ruling that the Constitution does not bar states from redrawing political lines in mid-decade when one party or the other senses an advantage.

The decision grew out of a court review of a Texas redistricting plan orchestrated in 2003 by Tom DeLay, who was a Republican congressional leader at the time.

In the Colorado case, a panel of federal judges last August dismissed the Republicans' lawsuit, saying the same issue had already been decided in an earlier lawsuit brought by the Colorado attorney general.

In that case, the Colorado Supreme Court ruled against the Republican legislative plan in 2003, saying the state constitution restricted congressional redistricting to once per decade and that the legislature's plan was the second plan.

New Scrutiny Of 'Don't Ask, Don't Tell' (CSM)

By Gordon Lubold

The Christian Science Monitor, March 6, 2007

WASHINGTON

"Don't ask, don't tell" – the 14-year-old policy that keeps openly declared gays from serving in the military – is coming under new scrutiny.

Overturning it remains an unlikely prospect in the near term, given the political explosiveness of the issue. But the needs of war – and a fresh push by gay advocates in the courts and Congress – is pushing the policy back into the limelight. For example:

·In a January op-ed, a former chairman of the Joint Chiefs of Staff said the policy no longer made sense in a time of war, when young men and women were needed no matter what their sexual orientation. "I now believe that if gay men and lesbians served openly in the United States military, they would not undermine the efficacy of the armed forces," retired Army Gen. John Shalikashvili wrote in The New York Times.

·In Congress, Rep. Martin Meehan (D) of Massachusetts is reintroducing legislation with more than 100 cosponsors to lift the ban. With a new Democratic Congress, there is a growing sense that the issue can be seriously debated once again.

·On Wednesday, 12 former service members released from service under "don't ask, don't tell" will argue their case before the federal First Circuit Court of Appeals in Boston. They want the court to overturn a lower-court ruling that didn't allow them to make a case as to why the ban on gays is unconstitutional.

"I think we are finally making progress," says Representative Meehan. "It will be an uphill climb, but the November election can only mean good things for my bill."

Nearly 11,000 military personnel have been discharged under the "don't ask, don't tell" policy, according to a Government Accountability Office report in 2005, including about 750 personnel in jobs critical to the war on terrorism, like translators. Thousands more are thought to have voluntarily left the military – or never joined – because of the policy, gay and lesbian advocates said.

Policy created in '93

The policy was created in 1993 to calm the waters after President Clinton's initial attempt to force the military to accept homosexuals serving openly. General Shalikashvili, who then headed the Joint Chiefs, supported the policy at the time. But after discussions last year with several gay and lesbian service members, he says he's changed his mind.

Recent opinion sampling reflect a similar shift in attitudes.

A Zogby poll of more than 500 service members released late last year found that 73 percent of military members are "comfortable" with lesbians and gays and 23 percent "know for sure" that someone in their unit is homosexual.

Supporters grow but still a minority

An annual poll begun in 2003 by the independent Military Times newspapers has shown a yearly increase in support for homosexuals serving openly in the military. Nevertheless, in its latest poll, only 30 percent of a sampling of 6,000 of subscribers approved of the idea.

Advocates say the current generation of recruits are from the "Will and Grace" generation, people who have been exposed to homosexuality in pop culture and for whom sexual orientation is not considered as important as it is to other generations.

"Within the last two years, it has been truly remarkable how many service members who are openly gay or lesbian are ... serving without incident," says Steve Ralls, a spokesman for the Servicemembers Legal Defense Network, an advocacy group based in Washington, D.C., for gay service members.

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But supporters of "don't ask, don't tell" doubt that it will be changed. The apparent momentum for the legislation Meehan introduced is "manufactured," says Elaine Donnelly, president of the Center for Military Readiness, based in Washington.

Think tanks and advocacy agencies aren't the ones who will sway Congress one way or another. Ultimately, it's the rank and file who will have to be convinced and, in some quarters, that will not come anytime soon.

One soldier who likes to say he joined the military "back when the Army used to be an Army," 31 years ago, said he doesn't understand where these polls saying there is increasing acceptance of homosexuals in the military are coming from.

"Who are they asking? I'm not seeing anything near what the supposed poll data was proclaiming," said the soldier, who asked not to be identified because he had not been cleared to discuss the policy by his senior commander. He said he believes gays are "morally wrong," and has conducted some informal polling in his unit in Georgia to determine its views. No one he has talked to believes homosexuals should serve, he said.

"I'm from a Christian background and I believe what the Bible says," he said. "Automatically, you have to love the sinner, but you don't have to love the sin."

Who's Wrong When Rights Collide? (WSJ)

By Suzanne Sataline

The Wall Street Journal, March 6, 2007

For 15 years, John Nemecek was a respected business professor and associate dean at Spring Arbor University, an evangelical college in Michigan. But after he started wearing makeup and earrings and asked friends to call him Julie, he was demoted, then fired, and told that his womanly appearance violated "Christian behavior."

Prof. Nemecek is contesting the dismissal under federal discrimination laws, presenting a test in a growing clash between religious and employee rights. The case is the latest of a number of conflicts pitting two constitutional principles against each other: the freedom of religious organizations to operate without government intrusion versus the rights of workers to be free of discrimination based on race, religion, sex or nationality.

Prof. Nemecek's complaint to the federal Equal Employment Opportunity Commission, scheduled to be heard today, charges that the university, which is affiliated with the Free Methodist Church of North America, violated federal and state civil-rights laws by ordering the professor to groom and dress like a typical male. The school also violated Michigan's law protecting the disabled, the complaint says, because it allegedly treated Prof. Nemecek as if he had a disability that prevented him from doing his job. Spring Arbor declined to comment on the specific allegations in the EEOC complaint.

Since Congress passed the Civil Rights Act in 1964, courts have recognized that churches enjoy a "ministerial exception" allowing them to discriminate to uphold their beliefs. This right is recognized when it comes to selecting clergy, such as allowing Catholics to exclude women priests, but courts have not settled on the sweep of this exception -- and whether it would cover teachers of secular subjects at religious institutions, says Eugene Volokh, a professor at the University of California Los Angeles School of Law.

Civil-rights groups said they have received a growing number of complaints from gay and transgender employees dismissed for religious and other reasons. St. Anselm College in Manchester, N.H., settled last year with a former computer worker who sued the Catholic school alleging discrimination when he was fired him after announcing he would become a woman. A youth counselor is suing the Kentucky Baptist Homes for Children Inc. in U.S. District Court in Louisville, saying the home, which received state funding, illegally let her go because she's a lesbian.

Federal courts have also issued mixed decisions on whether people changing their sex are protected by civil-rights laws, disagreeing over what constitutes discrimination based on sex. Prof. Nemecek's lawyer is basing her argument on a 1989 U.S. Supreme Court opinion. The justices found that Price Waterhouse engaged in gender stereotyping by illegally denying Ann Hopkins a partnership because of her "macho" behavior.

That ruling formed the backbone of a 2004 decision in U.S. District Court in Cincinnati. The judge ruled that Salem, Ohio, illegally fired a transsexual firefighter because the U.S. Civil Rights Act protects someone who does not "act and/or identify with his or her gender."

Michigan is in the same federal circuit as that case. Some experts say Prof. Nemecek faces a higher hurdle than the firefighter because of the special federal treatment for religious employers. "This will be a major case because of that religious wrinkle," says Julie Greenberg, a professor at Thomas Jefferson School of Law School in San Diego, who has written on transsexuals' rights.

Ms. Greenberg says the court will be forced to determine the difference between religious belief and prejudice. "Are we going to make religions codify everything in order to make them prove it's part of their religious practices?" she asks. "Does it mean they can never validly claim this is their right? It's very complex."

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Spring Arbor faculty must agree to a community covenant affirming biblical principles and "model Christian character to our students," though they are not required to be Free Methodists, says Gayle D. Beebe, university president. "It's an expectation they will be acting out the Christian faith both in the way they teach and in the way they live." The school's 1,400 students are not required to be Christian.

An ordained minister with the conservative Baptist General Conference, Prof. Nemecek started as an adjunct teacher in 1990 and rose to assistant dean for adult education. Prof. Nemecek taught religion and business.

Prof. Nemecek, married for 35 years and the father of three, says he suffered from uncertainty about his sexuality since childhood. In 2004, a doctor diagnosed "gender-identity disorder," in which sexual identity differs from one's body. Prof Nemecek, now 55 years old, began wearing looser clothing, manicured his nails and started hormone therapy, in time developing breasts. The professor has not had gender-altering surgery.

The professor and wife, Joanne, a nurse, decided to stay together. "I feel like Julie's condition doesn't negate my marriage vows," Ms. Nemecek says. They told Prof. Nemecek's superiors about the diagnosis in fall 2005. Soon after that, Prof. Nemecek says, the school took away responsibilities -- including running orientations for new students and helping at graduation.

In a new contract signed last April, the university revoked the dean's post and reassigned Prof. Nemecek to a non-tenure-track role, working from home, teaching online, and taking an $11,000 pay cut to about $45,000. Under the agreement, when visiting campus, Prof. Nemecek would be barred from wearing makeup and female clothing or exhibiting any outward signs of femininity. "We felt through a job reassignment we could give him the space to work on this issue," says Mr. Beebe, who declined to answer other questions, citing a "legal proceeding."

Prof. Nemecek signed the contract. "Because it was so late in the academic year, it was almost impossible to move," the professor says. A school official sent a written warning in October listing four violations of the contract, two that concerned the professor's visits to campus in makeup and earrings, which the professor acknowledges. Another violation concerned the professor wearing a university T-shirt while in makeup, which Prof. Nemecek also admits.

The professor filed his EEOC complaint in October. University officials said in December they would not renew the contract and barred Prof. Nemecek from teaching in February.

"Essentially they're saying they can define who is a Christian," says Prof. Nemecek, whose Baptist church also asked him to leave the congregation. "I don't agree our biology determines our gender."

College Conservative Settles Over Firing (WT)

By Valerie Richardson

The Washington Times, March 6, 2007

DENVER -- Anson Rohr is known as an outspoken critic of global terrorism. Ordinarily, that wouldn't be enough to get a person fired.

But Mr. Rohr says that's what happened after he hung an anti-terrorism poster at his work space, urged a religion professor to present a balanced view of Islam and generally made no secret of his conservative views at Front Range Community College.

After he was fired last year from his job as an administrative assistant, Mr. Rohr sued college officials for violating his free-speech rights. Last week, he agreed to accept an undisclosed financial settlement.

In return, Mr. Rohr, 50, is prohibited from working again at the Westminster, Colo., college. Although he misses the flexible schedule and paycheck, he said, saying goodbye won't be a problem.

"It was pretty awful to work there because of the radical-left bent," said Mr. Rohr. "I was the token conservative."

Front Range Vice President Andrew Dorsey declined to respond, saying he was unable to comment on personnel matters.

Mr. Rohr, who was employed at the college for five years, has a long history of conservative dissent.

He wrote letters to the campus newsletters responding to left-wing articles. He criticized an anti-war presentation at the college. He sent an e-mail to a religion professor asking for information about a course on Islam after hearing that the course presented an unbalanced view.

The last straw, however, was his decision to hang a poster at his desk depicting a scene from the school massacre at Beslan, Russia, where Muslim terrorists killed 334 students and adults in 2004. The print showed a man carrying a dead child.

A faculty member, Julie Voss, saw the poster and wrote an e-mail to administrators asking for its removal, saying she was "deeply offended," according to court documents.

Dean of Instruction Therese Brown called Mr. Rohr and ordered him to remove the picture, but he refused, citing his First Amendment rights. He also argued that other college employees were permitted to display signs with political messages.

Mr. Rohr cited a bumper sticker with the slogan "Bush Lied, People Died" on one administrator's office door. One hallway near Ms. Voss' office had graphic pictures of Vietnam War victims, Holocaust survivors and Civil War carnage, he said.

Mr. Rohr, who had regularly received positive job reviews, said he hung up on the dean after she continued to berate him. She denied the accusation in court documents.

He was placed on administrative leave later that day and fired upon his return the next month. In his letter of termination, administrators said he was guilty of insubordination for hanging up on Ms. Brown.

Mr. Rohr has called the whole incident "a big setup." He said he was prohibited from revealing the amount of the financial settlement, but said he was "satisfied" with the outcome.

"I was happy with the results," he said. "As soon as I get my check, I'm going to e-mail them and say, 'Maybe next time, you'll think about the First Amendment first.' "

Editorial: Justice Served (RTD)

Richmond Times-Dispatch, March 6, 2007

An adage teaches that justice delayed is justice denied. In the case of those killed during the fight for civil rights in the mid-20th century, the tardy justice promised by Attorney General Alberto Gonzales and FBI Director Robert Mueller is important nonetheless.

Spurred by a string of successful prosecutions of murders dating to the civil-rights era, the Department of Justice and FBI announced they will open investigations into 12 additional unsolved cases. In all, Gonzales and Mueller expressed an interest in 40. To individuals who up to this point "have quite literally gotten away with murder," the FBI director spoke with clarity: "You've not gotten away with anything. We're still on your trail."

Every murder is heinous, and all perpetrators should answer for their crimes. Yet those killed in the cases the DOJ and FBI have reopened often died only because they had dark brown skin. These victims deserve the special attention Washington will now focus on them. Society deserves the attention, too. The prosecutions serve a penitential function.

If the individuals who committed these crimes are still alive, they should be prosecuted to the fullest extent of the law, no matter how elderly the assailants or their conspirators. This rights a specific wrong, and it sends a proper message about the rule of law to the communities these crimes were calculated to intimidate. In these instances justice delayed is justice served.

Free To Vote In Florida (NYT)

The New York Times, March 6, 2007

Florida is notorious for running elections badly, but its new governor is trying to fix one of the state's most unjust and undemocratic practices. He has called for tearing down the barriers that prevent as many as 950,000 ex-offenders from voting.

The United States stands alone in the free world when it comes to laws that strip convicted felons of the right to vote — sometimes for life — even after they complete their sentences and go on to crime-free lives. Of the more than five million citizens who were barred from the polls in the last presidential election, virtually all would have been free to vote in nations like Canada, France or Britain.

Northern and Midwestern states are gradually backing away from voting bans for ex-offenders. But these antidemocratic laws remain entrenched in the Deep South, where they were enacted in the late 19th and early 20th centuries as part of a broad effort to restrict the political influence of African-Americans. And Florida has the most restrictive laws and the highest number of disenfranchised ex-offenders of any state in the country.

As it stands now, Floridians who want their voting and civil rights restored must apply to a slow-moving state clemency board that meets only four times a year and has an enormous backlog of cases. The state attorney general recently suggested enlarging the overall staff and having the clemency board meet more frequently, but more substantial action is needed.

Gov. Charlie Crist has a better idea: automatically restoring voting rights to felons who complete their sentences. In a recent speech, Mr. Crist pledged to lead the movement for the restoration of voting and civil rights for ex-offenders in Florida and hinted that he might do so by issuing an executive order.

That's an excellent proposal. It would take the restoration issue out of the hands of a sluggish bureaucracy that has clearly failed to do its job and vault Florida to the forefront of a national movement that aims to extend democracy to ex-offenders. It would also help put an end to one of the most shameful episodes in American electoral history.

ANTITRUST:

Intel May Have Lost Emails (WSJ)

By Don Clark

The Wall Street Journal, March 6, 2007

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AMD Suit Suffers Possible Fresh Blow; Sales Outlook Dims

Intel Corp. said it may have lost many internal emails that it is obliged to produce for rival Advanced Micro Devices Inc. and other plaintiffs in high-profile antitrust litigation.

The disclosure -- which could further complicate AMD's antitrust suit against Intel -- comes as AMD warned that it expects to miss its first-quarter revenue target amid an intensifying battle with Intel, its far larger competitor.

An Intel spokesman said it couldn't yet estimate the number of missing emails, expressing optimism that it will be able to recover most of them. Richard Horwitz, a lawyer representing Intel, wrote the judge overseeing the litigation that the company "very much regrets this happened."

AMD sued Intel in June 2005, accusing the company of using a variety of improper tactics to maintain a monopoly in sales of microprocessors that provide the calculating power for most personal computers and server systems. Private antitrust suits on behalf of Intel shareholders followed. Intel has insisted that its tactics are fair and legal. The AMD suit against Intel was filed in U.S. District Court in Delaware.

The wide-ranging cases touch on Intel's dealings with many computer makers, retailers and other companies. Chuck Mulloy, the Intel spokesman, said the company has already produced 17 million pages of documents to plaintiffs as of last week.

Mr. Horwitz's letter, and a court filing by AMD, point to a series of foul-ups in saving documents. Among other things, Intel continued to operate a system that automatically deleted employees' emails every 35 days. Employees designated as likely to have relevant documents were asked to identify and move them to avoid the automatic document purge. The company in October 2005 also began creating backup tapes of emails once a week from those employees as a last resort if there were lapses in individuals' data-retention efforts.

A number of problems arose, Intel said. For example, some employees failed to move emails that they created from their "sent" folders, so those documents were automatically deleted. The company said it also failed to notify all of slightly more than 1,000 employees on a timely basis about their duty to retain documents.

AMD, in its filing, attacked the underlying "honor system" of allowing employees to police what could be potentially incriminating communications, adding that "Intel executives at the highest level failed to receive or to heed instructions essential for the preservation of their records." The filing adds: "Everything that could have gone wrong did go wrong."

AMD's filing stops short of accusing Intel of deliberately destroying evidence. But Ned Fryer, an attorney for Bryan Cave LLP who specializes in document-retention issues, notes that the U.S. Supreme Court in December issued strict new rules that could severely penalize litigants who aren't able to show they took "reasonable diligence" in preserving documents.

Fines can range up to tens of millions of dollars, Mr. Fryer said, and juries may be instructed to assume that missing files constitute negative evidence, hurting a company's chances of winning a favorable verdict. He declined to comment on the facts of the Intel-AMD flap, but suggested that courts may consider it "unreasonable to continue any policy of automatically deleting or purging emails."

The letter from Mr. Horwitz says Intel is adopting new software that will preserve emails received and sent by the employees who were previously asked to retain their documents.

Separately, AMD said it won't achieve sales of $1.6 billion to $1.7 billion in the period ending March 31, as projected. On average, analysts polled by Thomson Financial had forecast first-quarter revenue of $1.66 billion.

The Sunnyvale, Calif., company, which had grabbed about a quarter of the microprocessor market by the fourth quarter, has faced much stiffer competition from Intel since summer. Hector Ruiz, AMD's chief executive, said at a Morgan Stanley conference that AMD overestimated demand from big computer makers.

Write to Don Clark at don.clark@wsj.com1

Intel Admits Lapse In Document Preservation (CNET)

By Tom Krazit, Staff Writer, CNET News.com

CNET News.com, March 6, 2007

E-mails related to Advanced Micro Devices' antitrust case against its chipmaking rival might be lost forever because of human error.

Intel disclosed Monday that it has failed to preserve some documents related to Advanced Micro Devices' antitrust suit against it--and AMD pounced on the admission.

Santa Clara, Calif.-based Intel said human error allowed documents--mainly e-mails--to slip through the cracks of a document-retention system put in place after AMD sued Intel in June 2005. AMD alleged that the larger chipmaker used the selective distribution of rebates to prevent certain customers from using AMD's chips.

"Intel is taking this matter very seriously. It very much regrets this happened," the company said in a letter to U.S. District Court Judge Joseph Farnan, who is overseeing the case. Intel and AMD are scheduled to attend a status conference on the case later this week, and will discuss the issue.

"The paradoxical result in a lot of these situations is that the company is worse off than what the document would have shown, because people assume the worst."

--Marc Ostrau, antitrust attorney

AMD was quick to respond to Intel's disclosure. "Through what appears to be a combination of gross communication failures, an ill-conceived plan of document retention and lackluster oversight by outside counsel, Intel has apparently allowed evidence to be destroyed," AMD said in a filing Monday with the U.S. District Court in Delaware.

The day after AMD filed suit, Intel preserved the data on its network, and later sent notices asking about 600 employees to retain specific information, the company said in its letter to Farnan. However, it did not instruct those employees to preserve e-mails from their "sent" folders, and since Intel automatically erases e-mails older than a few weeks or months--depending on the employee--those messages could be gone.

The company also failed to send document-retention notices to employees identified in 2006 as additional targets for the document-retention policy, despite having put them on such a list. And despite having preserved data on its network after the complaint was filed, the company has identified "a small number of backup tapes" in its Munich offices that were erased.

Intel thinks it can assemble some of the missing documents by combing through other documents it has already preserved, said Chuck Mulloy, an Intel spokesman. For example, sent e-mails likely received a reply that was preserved in the sender's inbox, or other Intel employees on the list might have been copied on the sent e-mail and it would have appeared in their inbox.

Also, many of the e-mails in question might have been preserved on weekly backup tapes set up in October 2005 to capture documents from several hundred employees. However, not all the employees on the list were migrated to a special e-mail server set up for that purpose, and some of the tapes have been "recycled," Intel said in its letter.

AMD called on the judge to require Intel to produce a full accounting of its document retention policy and errors, and to investigate possible remedial action.

"Although Intel has agreed to restore all data captured in the thousands of backup tapes it made and preserved, no one can say with any degree of confidence that this will put Humpty-Dumpty back together again, particularly as to the documents of the one-third of custodians who were never placed on any type of retention until last month," AMD said in its court filing.

Because most antitrust cases are about the effects of certain behavior, and not necessarily the behavior itself, it's unlikely that AMD's case would hinge on a single document or e-mail that might be missing, said Marc Ostrau, co-chair of the antitrust practice at the Mountain View, Calif., law firm Fenwick & West. But it sure does look bad, he added.

"The paradoxical result in a lot of these situations is that the company is worse off than what the document would have shown, because people assume the worst," Ostrau said. "When in fact it may be that the documents are completely innocuous, no one can completely be sure."

Problems such as lost documents are generally rare, but occur more and more in the electronic record-keeping era, Ostrau said. "The fact is that complying with your document retention policies is really hard in this day and age," he said. In fact, Fenwick & West has a group of lawyers and technology professionals dedicated solely to managing electronic records.

Wireless Carrier Alltel Reportedly Wooing AT&T, Others (SAEN)

By Sanford Nowlin, Express-News Business Writer

San Antonio Express-News, March 6, 2007

Wireless communications provider Alltel Corp. reportedly is shopping itself to AT&T Inc. and other potential buyers, but it's unclear how likely it is to reach a deal, analysts said.

Alltel, based in Little Rock, Ark., has talked with AT&T, Verizon Communications Inc. and private equity firms about a buyout, the Wall Street Journal reported Monday. Talks for a sale of the nation's fifth-largest wireless carrier still are in early stages, the paper said, citing people familiar with the negotiations.

However, Alltel's $22 billion market value could be a significant obstacle to the deal, analysts said. Based on the company's current stock price, a bidder would need to spend $30 billion or more to close a transaction.

"It's an expensive piece of property," Frost Bank telecom analyst Le Keough said. "A company like AT&T could take that same amount of money and buy spectrum and start offering their own service in those markets. There are always going to be spectrum auctions."

An official with San Antonio-based AT&T declined comment on the Journal report.

AT&T also could have other reservations about buying Alltel, experts said.

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The nation's largest phone company has expanded aggressively with a string of big buyouts. However, AT&T closed its $86 billion takeover of BellSouth Corp. late last year amid intense regulatory scrutiny and may not think another big deal would pass antitrust review.

What's more, Alltel uses a different wireless technology than AT&T, meaning the acquiring company would need to replace equipment and handsets to convert customers to its system.

Even so, analysts said, a takeover of Alltel isn't without appeal for AT&T and its largest wireless rival, Verizon. Many expected Alltel to seek a buyer once it spun off its landline phone business last year.

Alltel serves 12 million customers, mainly in small cities and rural areas, meaning one of the larger wireless companies could use it to fill in its networks. Verizon already has a deal with Alltel that allows its customers to call from its service territory without paying large roaming fees.

AT&T and Verizon also might pursue Alltel to prevent an easy purchase for a competitor, Stifel Nicolaus analyst Christopher C. King said.

"We believe neither party would want the other one to walk away with Alltel without a strong fight, thus leading to the potential for a bidding war for the asset," he said.

Memo: Microsoft Threatened To Shut Down Mac Office (COMPWRLD)

Computerworld, March 6, 2007

The threat came in 1997, as Apple struggled to regain its footing

March 05, 2007 (Computerworld) -- Microsoft Corp. threatened to dump the Macintosh version of Office 10 years ago during talks with Apple Inc. because the move would "do a great deal of harm" to its rival, according to a memo made public in a recently-settled antitrust case.

The 1997 memo from Ben Waldman, at the time the head of Microsoft's Macintosh development group, to then-CEO Bill Gates, urged Mac Office 97's release. The suite, which in June 1997 had not yet reached beta, was eventually released as Office 98 in March 1998.

But Waldman understood that the next Mac Office was a stick that could be used against Apple. "The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately. I also think that Apple is taking this threat pretty seriously," Waldman said in his e-mail to Gates.

Less than six weeks after Waldman's e-mail, Microsoft and Apple announced a deal under which the former bought $150 million of Apple stock. As part of the pact, Microsoft promised to release the next version of Office and was allowed to bundle Internet Explorer with the Mac OS. The two companies also agreed to a patent cross-licensing deal.

At the time, Apple was struggling. Steve Jobs had returned to the company only months before, and share prices were at all-time lows. The Microsoft-Apple agreement was seen by many as a bail-out of Apple by its long-time rival.

Later, the U.S. Department of Justice included the bundling of Internet Explorer among the charges it brought against Microsoft in its antitrust case. "Microsoft, by threatening to cease development of its Office for Macintosh productivity suite, coerced Apple into making Internet Explorer the default browser on all Macintosh operating systems and to disadvantage competing browsers," the federal agency charged in 1998.

Waldman also wrote in the memo -- which was revealed in the recently-settled Iowa antitrust case against Microsoft -- that keeping Mac Office alive was a good idea because the suite's users could be used as guinea pigs to test new features.

"Because Mac Office is so much less critical to our business than Windows, we have the flexibility to test out new things in the product before we try them on Windows," wrote Waldman. "I've personally also found the Mac market interesting because I've seen so many trends appear there first and eventually become important on Windows."

Waldman cited examples ranging from hard disk and memory use to user concerns over bloat in the suite.

CME And CBOT Up On CreditSuisse Upgrade (AP)

AP, March 6, 2007

Chicago Mercantile Exchange and CBOT Shares Rise After Upgrades to "Outperform"

NEW YORK (AP) -- Shares of Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings Inc. jumped Monday, as a CreditSuisse analyst upgraded the two commodities exchanges.

Analyst Howard Chen upgraded both stocks to "Outperform" from "Neutral." CBOT, which operates the Chicago Board of Trade, accepted an $8 billion buyout offer from CME in October. Shareholders will vote on the deal April 4. Chen said the future CME Group Inc. will benefit from recent market volatility due to its diverse products.

CME is the world's largest exchange trade, while CBOT is the main U.S. bond market. The Department of Justice is reviewing the deal.

"We expect continued market uncertainty surrounding the health of the emerging markets, sub-prime consumer credit worries and domestic inflation to drive near-term upside in U.S. futures volumes," Chen said.

Chen added that CBOT has improved its earning power since the deal was announced, but that the improvement has not been priced in. He raised his price target for CBOT shares to $190 from $169, and for CME shares to $650 per share from $580.

CME shares rose $19.71, or 3.7 percent, to $560 in afternoon trading, and CBOT shares gained $5.30, or 3.3 percent, to $165.80. Both exchanges trade on the New York Stock Exchange.

Areva Gets European Antitrust Approval On Repower Bid (Update3) (BLOOM)

By Brian Mcgee

Bloomberg, March 6, 2007

March 5 (Bloomberg) -- Areva SA, the world's biggest maker of nuclear power plants, won European Union antitrust approval for its 600 million-euro ($786 million) bid for German wind turbine-maker Repower Systems AG.

The European Commission, the EU's Brussels-based antitrust regulator, announced the approval today after reviewing the transaction under a simplified procedure.

Suzlon Energy Ltd., India's biggest builder of wind turbines, on Feb. 9 offered 1.02 billion euros ($1.34 billion) for the German company, or 20 percent more than Areva's earlier bid. Repower's management is ``interested'' in the offer, Suzlon said March 2. Alstom hasn't raised its price.

Tulsi Tanti, Suzlon's chairman, is ``quite confident'' that the bid will be successful, he said on a conference call last week. The offer is being made together with Martifer, a unit of Portuguese builder Mota-Engil SGPS SA that already owns a quarter of Repower. Areva would be a ``fitting strategic partner,'' the German company said on Feb. 19 without endorsing either offer.

Shares of Areva closed down 34.4 euros, or 5 percent, at 648.5 euros today in Paris, while Repower fell 2.28 euros, or 1.7 percent, to 134 euros in Frankfurt. Stock markets across Europe extended last week's declines today amid concern a four-year rally in equity markets is endangered by slowing U.S. economic growth.

Suzlon stock closed down 63.5 rupees, or 6 percent, at 988.25 rupees today on the Bombay Stock Exchange.

One Careful Owner: Why Daimler Is Keeping Its Options Open As Rivals Eye The Troubled Chrysler (FT)

By John Reed And Bernard Simon

Financial Times, March 6, 2007

For the three weeks since DaimlerChrysler raised the prospect of decoupling the Detroit end of the US-German carmaker, merger talk, fevered rumours and even conspiracy theories have proliferated in an industry that has seen no large-scale tie-ups or dramatic partings since General Motors and Fiat severed their alliances in 2005.

The Stuttgart group's revelation that, after nine years, "all options are on the table" for Chrysler was accompanied by the disclosure of a $1.4bn (€1.07bn, £728m) loss at the US unit last year - and the decision was not sudden. People familiar with the situation have told the Financial Times that DaimlerChrysler made the announcement on its lawyers' recommendation, be-cause of advanced talks on Chrysler's future.

JPMorgan Chase had already been advising on options that are said to include a sale in full or part, or a flotation. It also emerged that the bank had contacted several private equity houses, which are in discussion with others including Wolfgang Bernhard, former Chrysler chief operating officer, about a possible consortium bid.

Perhaps most intriguingly, Fritz Henderson, GM's chief financial officer, has assembled a task team to explore a possible alliance between the world's largest carmaker and its crosstown rival. According to people close to the process, DaimlerChrysler has considered the idea of accepting a stakeholding in GM as payment for part or all of Chrysler.

If implemented, the solution would be financially expedient for the cash-strapped GM. It would also be politically smart for DaimlerChrysler, which would not want to be seen as having dumped its US unit unceremoniously.

Details of the links between Chrysler and GM or the topics discussed remain sketchy, as neither company will even confirm publicly that they are in contact. Dieter Zetsche, DaimlerChrysler's chief executive, told investors in London last week he hoped the strategic exercise at Chrysler, on which he did not elaborate, would be concluded quickly.

However, there are reasons for scepticism that any investor - whether GM, another industry player, the public markets or even deal-hungry private equity - would want to take on Chrysler's sprawling North American business and related baggage, including unfunded healthcare liabilities of around $18bn.

GM is immersed in its own restructuring programme and some Wall Street analysts think it has too many brands of its own to concentrate on already. Rod Lache, analyst at Deutsche Bank, notes that GM has recently sold off stakes in its GMAC finance

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arm, Fiat, Suzuki, Isuzu and Subaru and is focusing its business. Acquiring more brands and unionised workers "would appear counter-productive", he says.

A writer on GM's FastLane blog was more emotional last week, begging: "Please don't waste more precious product development money and timeon acquiring another failingcompany."

After Daimler's own vexed efforts to extract value from its relationship with Chrysler, many industry insiders are baffled or amused by the notion of another big-time car alliance. Several companies, including Fiat, Volks-wagen and Hyundai, have publicly disavowed any interest in Chrysler. Still, the reports are causing excitement in an industry where executives yearn for a quick fix for rising costs and intensifying competition. The topic is likely to dominate this week's Geneva International Motor Show, one of the automotive industry's biggest events.

Nor has the lack of concrete information on what is being discussed stopped analysts from running the numbers. A potential full-blown combination of GM and Chrysler would enjoy about a 36 per cent US market share for light vehicles - comparable to what GM enjoyed in the late 1990s and probably enough to permit it to defend its position against the expansive Toyota as the world's biggest carmaker.

It would create obvious cost savings in the white-collar jobs that could be cut by merging the two nearby head offices. It would be palatable for US public opinion and would probably pass muster with antitrust regulators, given Chrysler's and GM's diminishing US market share. "There are significant synergies, particularly over three to five years, that could make this company stronger," says John Hoffecker of AlixPartners, a Detroit-based consultancy.

Together, the two companies would enjoy greater leverage with the United Auto Workers union, allowing them to bargain for cuts in the labour costs that impair their ability to compete with foreign "transplants" - the American factories operated by groups such as Toyota. With closely watched talks on labour contracts expected to start this summer, the prospect of Chrysler being taken over by GM or others has turned up the heat on the UAW to give ground. Chrysler has estimated that its healthcare bill alone adds $1,400 to the cost of producing each US vehicle.

If a potential buyer can be shielded from Chrysler's un-funded healthcare liabilities, Chrysler could be "the cheapest car company in the world", concludes Adam Jonas, a Morgan Stanley analyst. He cites Chrysler's flexible assembly plants, lean workforce and iconic Jeep brand among its attractions; Chrysler also has a valuable financing arm. At Citigroup, John Lawson calls GM "a natural Chrysler acquirer" and estimates GM could create $9bn in value by extending its current turnround plan to include Chrysler assets should it take over the unit for free and stripped of its liabilities. "Chrysler commands a significant part of the US vehicle market," says Mr Lawson. "The question for new owners is whether they can turn around the business faster than incumbent management, or extract better concessions from the workforce."

There are many reasons to doubt that GM, at least, could. It is hard to see what Chrysler, with more than 90 per cent of its sales in North America, would offer the bigger company at a time when it is seeking to lower its dependence on the domestic market. Perhaps the biggest task would be rationalising their dealerships - 10,000 in all, selling 11 different brands. Toyota has roughly the same market share as Chrysler but fewer than half the number of dealers.

GM and Chrysler, like the rival Ford Motor, are trying to pare their dealer networks. But rationalisation is costly, as GM learnt five years ago when it discontinued the Oldsmobile brand and many states restrict the closing or merging of dealerships. Many dealers are wealthy and well-connected entrepreneurs and they are known for their political clout.

Uniting the two companies would also require some painful and costly choices about vehicles: with a handful of exceptions, Chrysler's model line-up offers little that GM does not already have. Chrysler's biggest drawcard for GM would be its minivans, which are leaders in a segment that GM itself is discontinuing. However, GM's Chevrolet Silverado and Chrysler's Dodge Ram pick-up trucks are each company's top-selling model and compete directly in this crucial segment: a combined company would find it hard to rationalise production of these without jeopardising the brand or upsetting dealers.

Both companies are also in the throes of updating an iconic muscle car, the Chevrolet Camaro for GM and the Dodge Challenger for Chrysler. "Overlap is good for the back office, but it's not good for products," notes Chris Hibbs, head of the UK automotive practice for PwC, the consultants.

For all these reasons, a GM-Chrysler deal - if it comes off at all - may be a co-operation agreement on one or more products rather than a full-fledged merger or group-wide alliance. Indeed, the industry norm these days is for ad hoc partnerships based on individual cars, components, or technologies (see below left).

DaimlerChrysler might prefer to cut a deal with private equity, which is already transforming the automotive parts industry. A group led by Appaloosa Management and Cerberus Capital Management is, for example, likely to emerge as the biggest shareholder at Delphi, America's leading motor components maker.

Cerberus, which was among those contacted by JPMorgan about Chrysler, has been taking an active role in talks with the UAW and other unions to whittle down Delphi's employee costs. The funds' interest in the automotive sector is clear, as they have recruited several prominent former car industry executives to their ranks.

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In an industry where national pride or pressure from unions or political interests can constrain management, private equity investors would be more unsentimental and could thus, in theory at least, generate better returns. "Having a private equity infusion would probably cause better discipline and waste to be eliminated in order to make the company profitable, says Neil De Koker, president of the US Original Equipment Suppliers Association. "We need healthy customers to survive."

Few doubt that private equity firms could raise the money to buy Chrysler, whose value stripped of its employee-benefit deficits is estimated by analysts at between $3bn and $7bn. The bigger question is whether they or anyone else want a US-focused carmaker with all its problems, led by a heavily unionised workforce and a product line-up skewed heavily towards large gas-guzzling vehicles.

Some in the industry speculate that Daimler's February 14 announcement was intended primarily to pressure the UAW (and possibly Chrysler's own management) into making the unit a leaner operation. On the other side of the Atlantic, they add, Mr Zetsche may also have been seeking to placate shareholders and German unions frustrated with the group's losses in America.

Daimler does indeed appear to be keeping all options open, including that of continued life as a merged company. It is taking charges of €1bn on its 2007 earnings for the "recovery and transformation plan" that will see Chrysler reduce its staff by 13,000, or about 16 per cent, over the next three years, and benefit from an investment of $3bn in new engines, transmission and axles.

A leaner and better-run Chrysler will, by its own account, be ready for a "product offensive" of more than 20 new and 13 re-freshed vehicles by 2009.

This would leave Chrysler looking good, even if it stays under the Daimler wing, says Cit-i-group's Mr Lawson. "By the end of 2008, Chrysler could have the most youthful line-up of all the volume players in the US market, the transplants included."

Microsoft Attacks Google On Copyright (FT)

By John Gapper In New York

Financial Times, March 6, 2007

Microsoft on Tuesday launches a fierce attack on Google over its “cavalier” approach to copyright, accusing the internet company of exploiting books, music, films and television programmes without permission.

Tom Rubin, associate general counsel for Microsoft, will say in a speech in New York that while authors and publishers find it hard to cover costs, “companies that create no content of their own, and make money solely on the back of other people’s content, are raking in billions through advertising and initial public offerings”.

Mr Rubin’s remarks, presaged in an article in Tuesday’s Financial Times, come as Google faces criticism and legal pressure from media companies over services allowing users to search online for books, films, television programmes and news. Viacom, the US media group, instructed YouTube, which Google owns, to remove 100,000 clips of copyright material.

The Authors Guild and a group of publishers backed by the Association of American Publishers have separately sued Google for making digital copies of copyrighted books from libraries without permission.

Mr Rubin will tell the AAP’s annual meeting that Google’s decision to take digital copies of all books in various library collections, unless publishers tell it not to, “systematically violates copyright, deprives authors and publishers of an important avenue for monetising their works and, in doing so, undermines incentives to create”.

He will say Google is breaching copyright law because it has “bestowed upon itself the unilateral right to make entire copies of copyrighted books”. Google thinks it is acting legally because it publishes only “snippets” of copyrighted works unless it has the publisher’s permission.

But Mr Rubin will say in Tuesday’s speech: “Google is saying to you and other copyright owners: ‘Trust us, you’re protected. We’ll keep the digital copies secure. We’ll only show snippets. We won’t harm you, we’ll promote you’.

“But . . . anyone who visits YouTube . . . will immediately recognise that it follows a similar cavalier approach to copyright.”

Microsoft is trying to differentiate itself from Google by portraying itself as more sympathetic to copyright holders than Google, and has sent a letter to executives of big media conglomerates, offering to work with them to eliminate piracy from Soapbox, a new video service on MSN.

Patricia Schroeder, AAP president, said it had agreed to work with Microsoft and others to develop principles on responsible book search.

Google said it believed it was acting legally and ethically in providing snippets of in-copyright books and added that it removed books promptly when contacted by publishers. It said it generated more than $3.3bn of advertising revenues for other internet sites last year, which showed that it did not simply exploit the content of others.

Citigroup Pursues Control Of Nikko Cordial (WSJ)

DOJ_NMG_0140857

By Andrew Morse

The Wall Street Journal, March 6, 2007

TOKYO -- Citigroup Inc. was poised to announce a tender offer to acquire more than 50% of Nikko Cordial Corp., a person familiar with the situation said. The prospective deal, which could be valued at as much as $5 billion, would be the biggest acquisition of a Japanese brokerage company by a foreign company.

Though the sides were close to an agreement, terms of a deal hadn't been finalized, the person said.

Such a move would come as Tokyo-based Nikko Cordial looks to shore up its business, which has been hurt by an accounting scandal that erupted last December. An internal investigation by the brokerage firm, Japan's third-largest by revenue, revealed that it had inflated its earnings for two years, prompting an exodus of clients.

The Tokyo Stock Exchange is considering whether to delist the company.

In a statement, Nikko Cordial said "negotiations [with Citigroup] are being carried out from various perspectives."

New York-based Citigroup and Nikko Cordial have long-standing ties. Citigroup recapitalized Nikko Cordial in 1998 and the two companies formed a joint venture investment bank, Nikko Cititgroup Ltd., which handles mergers-and-acquisitions advice and equity and debt underwritings. Citigroup still owns a little less than 5% of Nikko Cordial.

Taking control of Nikko Cordial would give Citigroup a huge presence in Japan, the world's second-largest economy. Nikko Cordial has a network of 109 branches across the country.

Owning the brokerage might also help polish Citigroup's reputation with individual Japanese. While Citigroup retail banking operations are flourishing here, it stumbled in 2004 when regulators pulled its private banking license amid a host of compliance problems.

Nikko Cordial shares jumped 14.3% to 1,347 yen ($11.52) amid speculation a bid was imminent.

Blackstone Buys Madame Tussauds Chain (WP)

By David Cho

The Washington Post, March 6, 2007

Private-equity giant Blackstone Group said yesterday that it had created the world's second-largest theme park group, behind Walt Disney Co., with its $1.9 billion buyout of Madame Tussauds waxworks museums.

Madame Tussauds will be managed by Merlin Entertainments Group, which is controlled by Blackstone. The combined company said it will operate 50 theme parks throughout the world, including Legoland, Sea Life and the London Eye. They drew more than 30 million visitors in 2006, second only to Disney's parks.

The move by Blackstone is part of an aggressive push into the theme park business that began two years ago with its acquisition of Merlin, an international theme park company, for $187 million. It then backed Merlin's purchase of the Legoland chain later in 2005 and Gardaland, Italy's biggest theme park, last fall.

Blackstone, one of the largest private-equity firms in the world, also was a member of the group that bought Universal Studios in Orlando and is an investor in Six Flags theme parks. Last month Blackstone made a huge splash by closing the biggest buyout deal ever when it purchased Equity Office Properties Trust for $39 billion.

Merlin executives said they planned to focus on expanding the wax museum company, which has 14 million visitors a year and operates six museums around the world, as well as other theme parks, hotels and a castle in Europe. It recently bought the London Eye, a giant observatory in that city and one of England's most popular attractions.

"The combined group . . . has the resources and expertise to focus on accelerating current expansion plans for all the brands, particularly in North America," Merlin's chief executive, Nick Varney, said.

A new Madame Tussauds wax museum is scheduled to open this October in the old Woodward & Lothrop department store building on the corner of 10th and F streets NW. The $16 million project will include replicas of the Constitution and Declaration of Independence as well as likenesses of presidents and other newsmakers. Visitors also will be able to visit a replica of the Oval Office and be greeted by a wax version of Abraham Lincoln.

Another new museum is slated to open in Hollywood in 2008.

Tussauds, a private company, was purchased for $1.5 billion in May 2005 by Dubai International Capital. Dubai International will receive just shy of $2 billion in cash in the deal and retain a 20 percent stake in the company.

A&P Reaches Pathmark Deal (PHI)

By Harold Brubaker

The Philadelphia Inquirer, March 6, 2007

DOJ_NMG_0140858

The Great Atlantic & Pacific Tea Co. Inc., the owner of Super Fresh, said yesterday that it had agreed to buy rival Pathmark Stores Inc. in a deal worth up to $1.3 billion, including the assumption of debt. The cash and stock portion of the deal was $689.7 million.

The combined company would have 54 stores in the eight-county Philadelphia region with more than $1 billion in annual sales, making it the third-largest supermarket chain here behind Acme Markets Inc. and ShopRite Group P.L.C.

The Pathmark banner - which has a strong presence in urban neighborhoods - will remain, said executives at Great Atlantic, which is best known for its A&P stores.

"We don't plan to eliminate any stores. Their stores are highly productive," Christian Haub, executive chairman of A&P, of Montvale, N.J., said during a conference call with analysts. Pathmark is based in Carteret, N.J.

The deal is subject to review by the Federal Trade Commission and shareholder approval.

A&P said it expected the merged companies to cut $150 million in annual expenses within two years, but industry observers were skeptical about the combination of the two struggling chains.

"It will be a challenge, given that neither one has a leadership position," said Richard George, a professor of food marketing at St. Joseph's University, whose Haub School of Business is named after Erivan K. Haub, Christian Haub's father.

Christian Haub was optimistic that the proposed deal would pass a review by the FTC, which examines mergers from an antitrust perspective.

Dutch company Royal Ahold N.V. tried to buy Pathmark in 1999, but backed out after the FTC demanded the sale of a large number of stores to maintain competitive markets.

"The market has changed so dramatically in the past eight years," Haub said. "Food is not predominantly bought in just supermarkets anymore," he said.

Haub cited the emergence of Trader Joe's Co. Inc. and Whole Foods Market Inc., the proliferation of dollar stores, and the merger of drugstore chains as factors that have changed the market. Furthermore, he said, the region served by A&P and Pathmark is one of the few where all three major warehouse clubs - Sam's Club, Costco Wholesale Corp., and BJ's Wholesale Club Inc. - compete.

An antitrust expert said he was confident that the FTC would look at the proposed acquisition carefully. "The FTC will want to know what new chains or additional food retailers have come into Long Island and North Jersey," said James Fishkin, a partner in Dechert L.L.P.'s Washington office who worked at the FTC for 15 years before entering private practice in 2002. He worked on the FTC review of Ahold's proposed purchase of Pathmark.

Karen Short, an equity analyst with Friedman Billings Ramsey Group Inc., estimated that A&P might have to sell 25 to 35 stores to gain antitrust approval. She said the focus would be on North Jersey and Long Island.

The merged company would become the largest operator of supermarkets in Philadelphia, with 14. That would surpass ShopRite, which has 11, and Acme, which has 10.

Overall, the deal forms a chain with $11 billion in sales and 550 stores, mostly from Connecticut to Washington. Pathmark shareholders will receive $9 a share in cash and 0.12963 shares of A&P for each Pathmark share. A&P is also assuming or retiring Pathmark debt, bringing the total value of the acquisition to $1.3 billion, the company said.

Shares in both companies rose yesterday. Pathmark's shares gained $1.21, or 10.8 percent, to $12.46, while A&P's shares were up $1.64, or 5.3 percent, at $32.50.

Last year, A&P bought six Clemens Family Markets Inc. and converted them into Super Fresh stores, marking the chain's first growth in the region in about a decade. "They've slowly been picking up," said Eric Claus, A&P's president and chief executive officer.

At a Glance

The Great Atlantic & Pacific

Tea Co. Inc.

Headquarters: Montvale, N.J.

Founded: 1859.

Stores:410 in nine states, mostly from Connecticut to Maryland.

In the Philadelphia area: 29 Super Fresh and three Food Basics stores.

Total employees: 42,872.

Sales:$5.2 billion for the nine months ended Dec. 2.

Profit: $34.1 million for the nine months.

Pathmark Stores

Headquarters: Carteret, N.J.

Founded: 1968.

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Stores: 141 in New Jersey, Pennsylvania, Delaware and New York.
In the Philadelphia area: 22 stores in the eight local counties.
Total employees: About 27,000.
Sales: $3.0 billion for the nine months ended Oct. 28.
Loss: $20 million for the nine months.
SOURCES: A&P, Pathmark.

ENVIRONMENT:

Alaskan Bridge Projects Resist Earmarks Purge (NYT)

By William Yardley
The New York Times, March 6, 2007

Long after Congress removed about $450 million in budget earmarks for two bridges in the Alaskan exurbs, the fight over whether to build them is not dead.

Mocked as "bridges to nowhere" by critics who saw them as the epitome of Congressional excess, preparations for the projects have been slowly moving forward even as big questions remain over whether the bridges will be built.

When Congress removed the earmarks for the bridges in 2005, it still gave the state the money, but it allowed Alaskan officials to decide how to spend it. The state reserved about $200 million for the proposed bridges, far less than the construction costs but enough to show that there was serious intent to complete the projects. Some environmental and planning work has already been done.

Supporters of one of the bridges, the Knik Arm Crossing, are expected to get the proposal included in Anchorage's long-range city transportation plan in April.

The agency charged with building the bridge, a private-public partnership, is courting private investors for a toll-driven, for-profit venture. If built, the Knik bridge — which has been discussed since before statehood in 1959 — could cost about $1 billion beyond the approximately $110 million the project has received from Congress.

"If we can't sell this to Wall Street, then we're just going to pack up and go home," said Gordon Keith, director of the central region for the Alaska Department of Transportation and Public Facilities and a board member of the agency trying to build the Knik Arm Crossing.

Five hundred miles away, on the remote, spruce-spiked island of Gravina in southeast Alaska, construction is set to begin this summer on three and a half miles of roads that are intended to connect the island's airport and its 50 residents to the other proposed bridge, a 200-foot-high arc over the Tongass Narrows to the city of Ketchikan.

That bridge could make the current route to the airport, a five-minute ferry ride, obsolete. For now, the road and causeway construction are continuing, at a cost of $26 million, even as the bridge budget has ballooned to nearly $400 million and its prospects remain uncertain. The money for the road construction was included in an earmark that was not cut.

Representative Mark Steven Kirk, a Republican from Illinois who last year sponsored a measure to strip all federal financing for the bridges, said "Whoa!" when told of the money being spent on the Gravina road work. "Our work to end taxpayer support for this isn't finished yet," Mr. Kirk said. His bill passed the House but was not adopted by the Senate.

"The jury has decided that this is not an appropriate use of federal funds," he said. "In the end, I don't think there's a good way to spend the money in Alaska. In the long run, this is money that could go to other projects around the country, nearly all which would serve more than 50 people."

Regardless of the ridicule about the bridges as a pork-barrel binge, there are political facts that have kept hope alive for those who believe the projects are necessary for Alaska to grow economically.

To direct the federal financing to other projects, for example, would require action by Gov. Sarah Palin, a Republican, and the State Legislature. It would also mean undoing the work of the powerful Congressional delegation, led by Senator Ted Stevens and Representative Don Young, both Republicans, who secured the money for the bridges.

"No way in the world am I going to put myself in that position," said Mayor Joe Williams of Ketchikan Gateway Borough. "These guys were put through the wringer."

He added, referring to Mr. Young, "I may talk about it 10 years after he's dead and gone, but no way in the world am I going to do that now. I'm supporting that man because he supported us. That would be like going to Dad and talking about something Dad asked us to do and we didn't do it. That's not a good idea."

Mr. Williams said he believed the state overestimated the cost of the Gravina bridge because it would rather build other projects, including some closer to Juneau, the capital.

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Mal Menzies, director for the southeast region of the state transportation department, noted that Ms. Palin had not included more money for Gravina in her proposed budget and that state planners were simply dealing in reality.

"I think the community is starting to see that the money for this project is not there," Mr. Menzies said. "They could be open to smaller bridges, but the problem is we don't even have the monies for the smaller bridges yet."

In Anchorage, some express a similar view about the Knik Arm Crossing.

"Originally it was a gift," said Jon R. Spring, a transportation planner with the Anchorage Traffic Department. "It was a once-in-a-lifetime opportunity because we had these powerful congressmen. Well, that's no longer a rationale. Now it's a question of does it still make sense?"

The project has plenty of critics who worry it will add congestion to downtown Anchorage and encourage sprawl around Point MacKenzie, the largely empty area across the water to which the bridge would lead. Opponents also worry that the efforts to secure private financing will fail and that supporters will seek more government help, potentially undercutting financing for projects like a downtown highway link.

In Ketchikan, many people could not care less whether they get a new bridge. Yet the preliminary work planned for Gravina, part of an earlier earmark that was not removed, stirs hope for those who say they worry about the future in a region where people have been departing ever since the timber industry began to fade. In 2005, the borough population was 13,262, down from 14,070 in 2000.

"The bridge to nowhere is the bridge to the future for our kids," Mr. Williams said, "because it is developable property and it is available to the borough for families to buy property and build their own home."

But even without a bridge right away, the new roads on the island could help lure a large manufacturer or a residential developer, he said. "One day in the future," Mr. Williams said, "we'll have to have a bridge, to accommodate those folks."

Global Warming Labeled A 'Scam' (WT)

By Al Webb

The Washington Times, March 6, 2007

LONDON -- With a packet of claims that are almost certain to defy conventional wisdom, a television documentary to be aired in Britain this week condemns man-made global warming as a myth that has become "the biggest scam of modern times."

The program titled "The Great Global Warming Scandal" and set for screening by TV Channel 4 on Thursday dismisses claims that high levels of greenhouse gases generated by human activity causes climate change. Instead, the program suggests that the sun itself is the real culprit.

The documentary, directed by filmmaker Martin Durkin, is at odds with scientific opinion as outlined in a United Nations report in February, which blames mankind for global warming.

In his program, Mr. Durkin rejects the concept of man-made climate change, calling it "a lie ... the biggest scam of modern times."

The truth, he says, is that global warming "is a multibillion-dollar worldwide industry, created by fanatically anti-industrial environmentalists, supported by scientists peddling scare stories to chase funding, and propped up by compliant politicians and the media."

Channel 4 says that the program features "an impressive roll-call of experts," including nine professors, who are experts in climatology, oceanography, meteorology, biogeography and paleoclimatology.

It also says the experts come from prestigious institutions such as the Massachusetts Institute of Technology, the National Aeronautics and Space Administration, the Pasteur Institute in Paris, the Danish National Space Center and universities and other schools in London, Ottawa, Jerusalem, Alabama, Virginia and Winnipeg, Canada.

"It's very rare that a film changes history," says Martin Durkin, "but I think this is a turning point, and in five years the idea that the greenhouse effect is the main reason behind global warming will be seen as total bunk," he says.

His program collides sharply with the premise outlined in former Vice President Al Gore's Oscar-winning documentary, "An Inconvenient Truth," which presents a bleak picture of how a buildup in greenhouse gases such as carbon dioxide affects the global climate, with potentially disastrous consequences.

"Al Gore might have won an Oscar," says Mr. Durkin, in a preview of the documentary, "but the film is very misleading, and he has got the relationship between [carbon dioxide] and climate change the wrong way around."

One of the filmmaker's experts, paleontologist professor Ian Clark of the University of Ottawa, says that global warming could be caused by increased activity on the sun, such as massive eruptions, and that ice-core samples from Antarctica show that, in fact, warmer periods in Earth's history have come about 800 years before rises in carbon dioxide levels.

Mr. Clark's findings appear to contradict the work of other scientists, who have used similar ice-core samples to illustrate that raised levels of carbon dioxide in the atmosphere have accompanied the various global warming periods.

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"The fact is that [carbon dioxide] has no proven link to global temperatures," says Mr. Durkin. "Solar activity is far more likely to be the culprit."

Scientists in the Channel 4 documentary cite what they claim is another discrepancy involving conventional research, saying that most of the recent global warming occurred before 1940, after which temperatures around the world fell for four decades.

Mr. Durkin's skeptical specialists view this as a flaw in the official view, because the worldwide economic boom that followed the end of World War II produced more carbon dioxide, and therefore should have meant a rise in global temperatures -- something he says did not happen.

"The Great Global Warming Swindle" also questions an assertion by the U.N. Intergovernmental Panel on Climate Change's report, published last month, that it was backed by some 2,500 of the world's leading scientists.

Another of Mr. Durkin's professors, Paul Reiter of Paris' Pasteur Institute, an expert in malaria, calls the U.N. report a "sham" because, he says, it included the names of scientists -- including his own -- who disagreed with the report and who resigned from the panel.

"That is how they make it seem that all the top scientists are agreed," he says. "It's not true."

Mr. Reiter says his name was removed only after he threatened legal action against the panel. The report itself, he adds, was finalized by government appointees.

Yet another expert in the Durkin documentary, Philip Stott, professor emeritus of biogeography at the School of Oriental and African Studies in London, is more circumspect.

"The [climate] system is too complex to say exactly what the effect of cutting back on [carbon dioxide] production would be or, indeed, of continuing to produce [carbon dioxide]."

"The greenhouse effect theory worried me from the start," Mr. Stott says, "because you can't say that just one factor can have this effect."

"At the moment, there is almost a McCarthyism movement in science where the greenhouse effect is like a puritanical religion, and this is dangerous," he says.

FBI/DEA/ATF/USMS:

Police: Major Heroin Ring Broken Up By Arrests. (AAS)

Austin American-Statesman, March 6, 2007

Fourteen People Face Federal Charges

Austin police say 14 members of a heroin-trafficking organization have been indicted after a nearly two-year investigation.

Police said in a written statement that in mid-2005, the department's Organized Crime Narcotic Conspiracy Unit began investigating three brothers — Henry Castro, 30, Rene Gaitan Castro, 35, and Randy Gaitan Castro, 24, for suspected heroin trafficking.

The Drug Enforcement Administration and the Bureau of Alcohol, Tobacco and Firearms later joined in the investigation, and Austin police said officers "made repeated seizures of heroin packaged within balloons for distribution, as well as seizures of 'black tar' heroin that had not been processed for distribution."

On Feb. 20, a federal grand jury indicted 14 members of the organization on a charge of conspiracy to distribute one kilogram or more of heroin, police said.

On Feb. 28, the three brothers were arrested along with five other people, police said. The other six people named in the indictments were already in custody, police said.

The investigation comes on the heels of another major heroin trafficking case, police said. In November, a federal judge sentenced 17 members of the so-called "Celedon" heroin trafficking organization. Fifteen received prison terms, while two received probation. Louis Celedon Jr., 31, received a 20-year prison sentence.

"These two long-term, time-intensive investigations provided information that the Castro and Celedon organizations were responsible for a significant amount of the heroin that is distributed within Austin and the surrounding areas," police said.

14 Indicted, Arrested In Austin Heroin Trafficking Probe (KVUE)

By Rudy Koski, KVUE News

KVUE-TV, March 6, 2007

Fourteen people face charges of trying to sell heroin. Austin police say the group was an organized crime ring.

Some of the seized heroin was found in balloons.

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In late 2005, a drug operation based in Southeast Austin was shut down. Investigators say that success opened the door for the Castro brothers. At that time undercover agents were wrapping up a crackdown on the Celedon drug family. That is when, according to investigators, three young brothers decided to move in and take over what the Celedon family lost. The group, police say, was lead by Henry, Rene and Randy Castro.

"They may have been low level distributors, prior to the arrest of the first family, and when that first family got tagged, they just moved up and take over their territory." Said APD Commander Harold Piatt.

According to Piatt, who runs APD's Organized Crime Division, a local and federal operation was launched targeting the Castro family. As part of several undercover operations, officers obtained a large amount of heroin.

According to a federal indictment, the Castro drug business from Mexico to North Texas. According to Cmdr. Piatt. "They dealt in marijuana, heroin, cocaine, you pretty much name it, they were doing it."

According to investigators, the Castro operation did not last very long. Along with the brothers, 11, others were taken into custody.

Austin's Biggest Heroin Dealers Busted (KTCB)

KTCB-TV, March 5, 2007

AUSTIN -- Austin Police say the city's biggest heroin dealers are out of business and behind bars. The bust is a result of a long term joint operation with the federal government.

Police say 14 people were involved with selling and distributing black-tar heroin or heroin from Mexico. APD's Organized Crime Narcotic Conspiracy Unit started investigating 30-year-old Henry Castro and his two brothers for heroin trafficking activities back in 2005.

The Drug Enforcement Administration and the Bureau of Alcohol Tobacco, and Firearms were also part of the investigation. As a result, a federal grand jury indicted James Lara and 13 other members of the Castro organization last month. Police say the Castro members came into power after another lengthy joint operation busted

the Celedon Group for heroin trafficking last year.

"Once we knock down a major supplier, then somebody else pops up into the picture and just picks up where they left off. They already got a ready made base of clientele," said Cmdr. Harold Piatt with APD's Organized Crime Unit.

Piatt says the Organized Crime Unit is watching very carefully to see who will fill the void left now by the Castro family.

11 Are Arraigned In Albany In Widening Investigation Of Illegal Sales Of Steroids (NYT)

By Nicholas Confessore And Serge F. Kovaleski

The New York Times, March 6, 2007

ALBANY, March 5 — Eleven people accused of playing a role in a nationwide illegal prescription drug ring were arraigned here on Monday, part of what prosecutors said was a broadening investigation into the recreational use of steroids and human growth hormone.

Four of the 11 were owners or executives of Signature Pharmacy of Orlando, Fla., who were arrested in a raid last Tuesday. P. David Soares, the Albany County district attorney, described them as the "drug dealers" of the network and said it is now believed that Signature earned more than $40 million selling prescription drugs over the Internet.

The other suspects worked at three Florida companies that Mr. Soares said served as distributors, connecting Signature with customers in Albany County and across the country, and were arrested in recent days.

All 11 suspects have pleaded not guilty.

"We were able to take down one of the country's largest pharmaceutical, steroid and human growth hormone distribution centers," Mr. Soares said on at a news conference on Monday.

Mr. Soares named two other men as unindicted co-conspirators in the case. One of them, Victor Martinez, 33, won the Arnold Classic bodybuilding competition on Saturday. His prizes included a check for $130,000 and a $20,000 Audemars Piguet watch. Mr. Soares said he was linked to the Anti-Aging Centers, a clinic in Nanuet, N.Y., an alleged distributor for Signature's drugs.

"We are now living in a very competitive environment when you're talking about the world of sports — a competitive environment that is fostered by incredible economic reward," Mr. Soares said. "This is what is fueling this industry."

He added, "If you see Victor Martinez, please let him know that the Albany County district attorney would like to talk to him."

Reached Monday night by telephone, Mr. Martinez said that he had bought testosterone from the Anti-Aging Centers after the clinic told him he had low testosterone levels, and that the company had later tried to "to lure me into becoming a partner."

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“Nothing was ever signed; nothing was ever agreed upon," said Mr. Martinez, who said he had already met with investigators. “I didn’t trust them, and other people were warning me not to do business with them.”

Mr. Soares confirmed that professional athletes were among the drug ring’s customers and that he had agreed to meet with representatives from Major League Baseball and the National Football League.

According to a law enforcement official familiar with the investigation, two people affiliated with Anti-Aging Centers are expected to surrender to the authorities on Tuesday.

Meanwhile, two of the principals of Applied Pharmacy Services Inc. in Mobile, Ala., were in Albany late last week to make themselves available to investigators. Law enforcement officials have said that the two men had been named in sealed indictments handed up by an Albany County grand jury.

But according to a person familiar with the situation, Mr. Soares’s office told a lawyer for the two company officers last week that it would contact them when it was prepared to do so.

Michael L. Koenig, an Albany lawyer representing the men, would say only, “My clients are fully prepared to voluntarily turn themselves in if and when they are asked to do so.”

Mr. Soares said that the investigation had unearthed dozens of other potential suspects, but whether they would be prosecuted “will depend entirely on those people and their desire to come forward and assist the people in eradicating this problem from our state and from the rest of the United States.”

Eleven Plead Not Guilty In Online Steroids Ring (AP)

AP, March 6, 2007

ALBANY, N.Y. — Eleven people connected to a Florida pharmacy at the center of a nationwide investigation into the illegal sale of steroids pleaded not guilty Monday, a growing case that has linked the online drug network to doctors and health care centers in at least three states.

Robert Stanley Loomis and wife Naomi, the owners of Signature Pharmacy in Orlando, were arrested last Tuesday during a raid in which police confiscated truck loads of drugs and other evidence. Both are registered pharmacists in Florida. Robert Loomis' brother, pharmacist Kenneth Michael Loomis, and Kirk Calvert, Signature's marketing director, also were charged.

The four are charged with 20 counts each of criminal diversion of prescription medications and prescriptions, criminal sale of a controlled substance and insurance fraud.

Each posted bail of $30,000. All four shuffled into court, dressed in jail jumpsuits, handcuffed and shackled.

"We hope to have them home as soon as we can so they can be with their kids," said Dawn Tingley, the Florida lawyer representing the Loomises and Calvert.

Claire Denise Godfrey, a doctor at an anti-aging clinic in Orlando, pleaded not guilty to 10 counts related to the criminal sale of a controlled substance. She posted $20,000 bail.

Godfrey's name was mentioned in an indictment filed two weeks ago in a federal case charging the owner of a New Jersey pharmaceutical company with health care fraud, conspiracy and illegal drug distribution. The documents say Godfrey received a $2,350 payment in August from the pharmacy owner.

Godfrey declined comment Monday.

Later Monday, Gary Brandwein of Boca Raton, Fla., a 44-year-old osteopath and principal in the Florida company MedXLife was arraigned on six counts related to the criminal sale of a controlled substance. He pleaded not guilty and posted $10,000 bail.

Brandwein's lawyer, Terence Kindlon, acknowledged the doctor had a business relationship with Signature.

"He's always been a very dedicated and self-sacrificing healer," Kindlon said.

MedXLife owner Gregory Trotta and an employee, Brian Schafler, later pleaded innocent to six counts related to criminal sale of a controlled substance and were released after posting $10,000 bond.

After Brandwein was arraigned, Palm Beach Rejuvenation co-owner Glen Stephanos and his brother, George Stephanos, both of Palm Beach, Fla., entered innocent pleas to a seven-count indictment charging them with illegally selling steroids and hormones. A doctor employed by the company, Dr. Robert Carlson of Sarasota, Fla., also was arraigned and pleaded not guilty. All three men posted $1,000 bail.

Carlson's lawyer, Charles Holloman, said he first saw the indictment Monday.

"We're not at war with the district attorney's office," Holloman said. "We're trying to understand what happened ... and trying to restore my client's good name."

Prosecutors allege the Loomises sold steroids and hormones through "their affiliate" MedXLife and through their "criminal associate" Palm Beach Rejuvenation.

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Albany County District Attorney P. David Soares, who ran the investigation, said Signature filled prescriptions, in some cases from unlicensed doctors, knowing they had not examined patients. His office said at least $250,000 in illegal and controlled substances were sold directly into Albany County, and New York State sales exceeded $10 million.

People in three states have been arrested so far and as many as 24 could face felony charges.

Soares has said his focus is on shutting down drug distributors and physicians writing illicit prescriptions instead of buyers.

Major league baseball players Gary Matthews Jr. and Jerry Hairston Jr., former slugger Jose Canseco and former heavyweight champion Evander Holyfield reportedly were on a customer list at Applied Pharmacy in Mobile, Ala., one of the two pharmacies raided.

The NFL is looking into reports that a Pittsburgh Steelers doctor, Richard Rydze, was on the customer list of Signature Pharmacy in Florida, whose owners have been indicted by a grand jury in Albany. Records showed Rydze used his personal credit card to buy about $150,000 in testosterone and human growth hormone.

B'KLYN KINGPIN'S REIGN OF CARNAGE (NYPOST)

The New York Post, March 5, 2007

John "Bloody Hatchet" Hatcher, the brother of a minister, has admitted to involvement in more than 80 shootings - including 30 homicides - while operating a notorious gang that made tens of millions of dollars selling crack, cocaine and marijuana.

During a two-decade reign of terror, Hatcher and his gang, The Rugby Boys, littered the streets in the heart of Brooklyn with victims and bodies, authorities said.

"He was the crack epidemic," said John Gilbride, special agent in charge of the Drug Enforcement Administration's New York Office, comparing him to murderers Lorenzo "Fat Cat" Nichols and Kenneth "Supreme" McGriff and infamous Harlem druglord Nicky Barnes.

But unlike the others' brief reigns as crack and heroin kingpins, Hatcher's ring flourished like no other, before the DEA finally mounted a six-year operation buying $10 bags of crack that snared him.

Rather than face a possible death-sentence prosecution, Hatcher, 43, spilled his guts.

Veteran federal agents and hardened homicide detectives were left slack-jawed with disbelief as Hatcher methodically detailed a litany of murder and mayhem that took him an astonishing four months to tell.

"There were times when we actually had to stop him and say, 'That's enough for today,' " DEA Special Agent John Profetti said, recalling a particularly grim session when Hatcher described an assault in which one of his henchmen was stabbed, shot, choked, set on fire and then doused with a pail of urine.

The victim survived, after pretending he was dead, and gave an interview to detectives and Star Jones, the former co-host of ABC's "The View" who was then a Brooklyn assistant district attorney.

When the man was released from the hospital, Hatcher paid two hit men $5,000 to finish him off.

Hatcher's brutality and sophisticated criminality belied his upbringing by loving parents who owned a record store in Canarsie and raised three other children, including a minister and a U.S. Naval Academy officer.

But by age 12, Hatcher was showing his propensity for crime, running with a crowd that committed robberies and burglaries and were tied to fearsome Jamaican drug dealers.

His fledgling talents were noticed by a local "Fagin-like" hood, who recruited him.

"It was like Oliver Twist with a gun," said Daniel Anderson, DEA associate special agent in charge in New York.

Added Profetti, "He was a natural, starting with pick-pocketing and escalating into robberies and burglaries."

By the end of high school, Hatcher was forming a gang of his own. He recruited kids, dubbed Rugby Boys, who played football and basketball when they were not selling drugs. One fearsome teen, Tyrone Hunter, was made Hatcher's deputy.

Coupling a businessman's acumen with an iron fist, Hatcher established control over several key crack dens in Bedford-Stuyvesant and East New York and skillfully built an empire with scores of workers in the heart of the city's most populated borough.

If a rival tried to poach his territory, someone would be pay. "He shot people just to make a point, leaving them wounded in the stomach and legs," Profetti said.

Hatcher lived large. He had a spacious apartment in Park Slope, hoards of women, "Superfly" clothes and flashy luxury cars and treated himself and his crew to lavish Caribbean trips.

But in 1991, he was with a couple of his henchmen and mistook undercover cops for rival dealers. One of his crew opened fire, grazing an officer.

Hatcher was the only one caught. He did not rat and spent eight years in prison.

When he was released, he quickly reclaimed his throne.

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But two seemingly unrelated criminal matters - a murder in East New York and a credit-card scam in Alabama - ultimately toppled his empire.

On Jan. 27, 2000, a city bus driver made the mistake of being a go-between in a Colombian heroin deal with Hatcher, who shot and killed him and stole his drugs.

Rugby Boy Charles Thomas was identified as a suspect.

Seven months later, in Alabama, Thomas' nickname, "Boo," and his Brooklyn phone number showed up on a piece of paper linked to a ring ordering hundreds of thousands of dollars' worth of merchandise from Home Depot.

The DEA joined U.S. Postal Inspector James Buthorn and NYPD detectives in early 2001 and starting with $10-bag buys, launched their probe that snared a "weak-link" lieutenant in Hatcher's operation. Fearing "Bloody Hatchet," the lieutenant cooperated, and Hatcher finally was scooped up in a massive roundup May 13, 2002.

Hatcher started spilling the beans, saying, "I am not going to do any one else's time. They will do their own," referring to his eight-year stint in prison over the cop-wounding case.

With a treasure-trove of cases to cherry-pick from involving Hatcher - some which had already been attributed to others by the NYPD - Assistant Brooklyn U.S. Attorneys Christina Dugger and Scott Morvillo and the federal agents zeroed in on five killings.

"It took six years to peel back layer after layer to unveil these horrific crimes," Gilbride said.

Investigators dug up old witnesses and other evidence they used during a three-week trial that ended last month with the racketeering and murder conviction of the final bosses of Hatcher's gang: Hunter and Adrian Payne.

Hatcher, who testified for two days, is being held in federal prison and, along with Hunter and Payne, is awaiting sentencing in May. He is expected to receive what amounts to a life sentence.

U.N.: Afghan Poppy Cultivation Could Rise (AP)

AP, March 6, 2007

KABUL, Afghanistan (AP) — Afghanistan's 2007 opium poppy cultivation could expand again after last year's record crop, the U.N. drug agency said Monday, underlining the weakness of an internationally backed drive against the country's booming narcotics trade.

The Office on Drugs and Crime predicted an increase in a string of provinces, including southern Helmand — Afghanistan's largest poppy-growing region and an area wracked by a growing number of Taliban attacks.

The office said in a report that a recent U.N. survey found increasing evidence that the drug trade flourished in regions with poor security.

"This winter survey suggests that opium cultivation in Afghanistan in 2007 may not be lower than the record harvest," last year, UNODC Executive Director Antonio Maria Costa wrote in the report's preface.

Last year, opium cultivation rose an alarming 59%, deepening fears that Afghanistan is rapidly becoming a narco-state. Officials say Taliban militants protect southern farmers and tap drug profits to fuel their insurgency.

The U.N. said poppy cultivation occurred in 100% of villages it visited in Helmand province; 93% of villages were growing opium poppies in neighboring Kandahar, the Taliban's former stronghold. The U.N. report did not detail how many villages were visited.

It also predicted a sharp increase in cultivation in Nangarhar — touted in recent years as an example of the success of efforts to persuade farmers to grow licit crops — as well as in Kunar and Uruzgan provinces.

On the other hand, the U.N. saw a decrease in cultivation in seven mostly northern provinces, and said there was an indication of a split in attitudes between the north and south.

"There is evidence that Afghanistan's opium economy is becoming segmented, with farmers' attitudes, supply conditions and price trends moving in opposite directions in the north and the south," Maria Costa said.

President Hamid Karzai has vowed to rid Afghanistan of opium. International donors are directing hundreds of millions of dollars in development aid to rural areas to make it profitable for farmers to grow wheat, or plant orchards. Eradication teams are supposed to destroy opium in the fields before harvest.

However, critics say corrupt Afghan authorities and security forces are themselves heavily involved in the trade and are unlikely to mount a serious crackdown, while Karzai is wary of a rural backlash against his already weak government.

The U.N. report also found what it called a "new and disturbing trend" in Afghanistan's drug business — an increase in marijuana cultivation.

"The last thing we need is for Afghanistan to switch from one drug to another or — worse — to become a world leader in cannabis as well as opium production," Maria Costa said.

Afghan drug production already accounts for more than 90% of global supply of opium, the raw material for heroin.

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UN Fears Afghan Opium 'explosion' (BBC)

BBC News, March 6, 2007

Poppy production was up 25% in 2006, the US has said The United Nations says it fears that Afghanistan may grow even more poppies in 2007 - at a time when current levels are already running at record output.

Poppy production rose 25% in 2006, according to the US State Department.

The UN says although production of poppies, used to make heroin, has fallen in the north and centre, a sharp rise is likely in the lawless south.

It also cites a dramatic increase in cannabis growing, which it describes as a new and disturbing trend.

In a report published on Monday, the UN office on drugs and crime said it was clear that the increased production in the south was a security issue.

'Cancer of insurgency'

Many southern regions have no government presence, while opium farmers were protected by the Taleban which uses drugs money to fund its insurgency, it said.

"It is clear that the insurgents are deriving an income, which they use to pay salaries for their foot soldiers (and) to buy weapons," said Antonio Maria Costa, the UN department's executive director.

"All of this has created quite a cancer of insurgency and illicit drug cultivation that has to be cut through in the years to come," he said.

He said the eradication effort needed to be increased to be effective. Last year, about 10% of the crop was eradicated, but Mr Costa said the figure should rise to 30%.

Four years after the US and its British allies began combating poppy production, Afghanistan still accounts for 90% of the world's opium trade.

IMMIGRATION:

Despite Push, Immigration Deal Not On Horizon (RC)

By John Stanton

Roll Call, March 6, 2007

With Republicans looking to regain control of the Senate and Democrats hoping to pad their majority in 2008, neither party appears inclined to make the political sacrifices necessary to pass a broad immigration bill this year and may be content to simply duel to a rhetorical draw this summer, lawmakers and strategists in both parties said.

Leaders from both parties, Judiciary Chairman Patrick Leahy (D-Vt.) and Sen. Edward Kennedy (D-Mass.) have all vowed to pass reform legislation this year, and Kennedy has been meeting with the White House and presidential hopeful Sen. John McCain (R-Ariz.) in recent weeks to work out a new compromise bill.

But despite these efforts, it still appears unlikely that comprehensive reforms will move out of the chamber before electoral concerns kill the bill.

In fact, GOP and Democratic aides contend that both parties may be best served by a political impasse over the issue, since such a scenario would allow Members to show they are standing firm on the hot-button issue while avoiding compromises that may upset base voters.

“Really, a filibuster is a win for us,” one Democratic aide said, arguing that it would fit into the broader message to voters that Republicans are blockading reforms.

Similarly, a GOP aide argued that “blocking a bill is good for us” since Republican incumbents would be able to avoid facing the ire of single-issue conservative base voters come Election Day.

Despite massive protests across the nation and the rise of conservative vigilante groups along the Mexican border, Congress was unable to pass broad immigration legislation last year, in large part because of deep divisions within the Republican Party over the scope of the reforms.

While President Bush and some rank-and-file Republicans sided with most Democrats and backed a broad reform bill that included allowances for some illegal immigrants to remain in the United States, the bulk of the GOP opposed such a broad measure. Instead, most Republicans in the House and Senate favored a much narrower approach that focused on border-control measures, more aggressive enforcement of current immigration laws and a new system for ensuring employers do not hire undocumented workers.

Those differences apparently have widened since the elections. Although the Senate successfully passed a comprehensive immigration bill last year with the backing of a number of Republicans, it is unlikely such a bill will garner as much

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support from the GOP this year. A number of lawmakers — including Senate Minority Leader Mitch McConnell (R-Ky.) — voted for last year's bill because they knew the GOP-controlled House would act as a last barrier against enactment of any form of amnesty for illegal workers.

But with Leahy and Kennedy both backing provisions that are significantly more pro-immigration than those that were included in last year's bill, Majority Leader Harry Reid (D-Nev.) and the White House may find it difficult to muster as much support in the Senate now that the backstop of a GOP-controlled House no longer exists.

"Anything with even a hint of amnesty" will have to face stiff opposition, one Republican Senator said, adding that "the gulf is just so wide" between Republicans in Congress and the White House that Bush may find little traction in the chamber.

Indeed, a number of lawmakers already are chafing at the fact that the White House, Kennedy and McCain have been holding closed-door meetings on a bill.

GOP Sens. Sam Brownback (Kan.) and Arlen Specter (Pa.) — the former chairman of the Senate Judiciary Committee and a supporter of the comprehensive plan last year — complained last week that they had been frozen out of the process of drafting this year's bill.

As a result, Brownback said he would team up with other Republicans, including Specter and Sens. Mel Martinez (Fla.) and Jon Kyl (Ariz.), to work on the issue and perhaps introduce their own bill.

Last year, Kyl led a team of Senators that opposed the comprehensive bill supported by Specter, Brownback and Martinez.

Brownback explained the strategy of partnering with Kyl, saying in an interview, "If we can get a bill that all of us can agree to and hold 40 votes together, then we can have a real debate on the issue. Like last year, you still need 60 votes." Sixty votes would be needed overcome a filibuster.

Democrats, meanwhile, face their own political difficulties. Given Reid's narrow majority in the Senate, Democrats will find it all but impossible to pass a bill that goes as far as many in the party's left wing will want. Additionally, one Democratic leadership aide pointed out that passing a wide-ranging reform package over the protests of Republicans could end up motivating the GOP's base to turn out in next year's election, making it difficult for Democrats to widen Reid's margin of control in the 111th Congress.

This aide also pointed out that many Democrats elected to the House in 2006 ran, in part, to the right of Republican incumbents on the immigration issue and that passing comprehensive reforms that allow millions of illegal immigrants to remain in the U.S. could make their re-election much more difficult.

An added pressure facing both parties will be the timing of any immigration fight. Like Social Security reform, immigration has become something of a "third-rail" political issue, making it all but impossible for Congress to address it during an election year.

Although supporters have indicated they would like to take up the issue this spring — possibly as soon as the week after the annual Easter recess — leadership aides in both parties predict that the debate won't begin until August at the earliest. That timeline would butt the debate up against the annual appropriations fight, meaning Congress will have a very narrow window in which to pass bills in both chambers, conference the legislation and get it to Bush before it becomes politically unviable.

Nevertheless, Kennedy, who is spearheading efforts to pass immigration reform this year, is pressing ahead. Kennedy is using this week to publicize his efforts, holding a series of public events with the Irish Lobby for Immigration Reform, religious leaders and other immigration reform advocates.

According to Kennedy's office, this year's version of the legislation will contain the main elements of last year's Senate legislation. "The basic concepts are intact," said Laura Capps, a Kennedy spokeswoman.

Those elements, she said, include a path to citizenship for illegal immigrants in the U.S. who meet several requirements, including working in the country for several years, paying a penalty, paying back taxes, and learning English and civics. They also would have to "get at the back of the line" behind immigrants already seeking citizenship, she added.

The bill also will call for enhanced border security, tighter requirements for employers to verify worker eligibility and a system to allow workers to enter legally into the U.S. to satisfy labor needs.

Chamber Takes On Law Aimed At Illegal Workers (USAT)

By Sue Kirchhoff

USA Today, March 6, 2007

WASHINGTON — The U.S. Chamber of Commerce Monday threw its considerable weight behind efforts to eliminate a groundbreaking Hazleton, Pa., law penalizing businesses that hire illegal workers and landlords who rent to them.

The Hazleton ordinance, which also makes English the official language of the small town, has not been implemented because a federal judge issued an order preventing it from going into effect. The American Civil Liberties Union (ACLU) has filed a lawsuit challenging it on behalf of a group local residents. A trial is set for next week.

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The U.S. Chamber of Commerce filed a legal document Monday in U.S. District Court for the Middle District of Pennsylvania backing the ACLU position and calling the law unconstitutional on two grounds.

First, the Chamber says, the Hazleton ordinance is pre-empted by federal law. Second, it says the law violates due process protections because it doesn't give a business accused of hiring an illegal worker the right to challenge an allegation before losing its right to operate.

"We need to bring some stability into the system until we come up with a federal answer," says Angelo Amador, Chamber director of immigration policy.

"If not, we're going to end up with 50 state laws and a thousand local ordinances," Amador adds. "A lot of people are copying what we think is a bad law."

Hazleton Mayor Louis Barletta, a former small-business owner, says he never expected to be on the opposite side from the Chamber.

"There's nowhere in our ordinance that we regulate immigration. We punish businesses that hire illegal workers," Barletta says. "I would rather stand on the side of the American workers than (with) businesses that break the law."

Hazleton has been raising money for its legal bills in part by seeking donations on a special website.

As immigration legislation has languished in Congress, dozens of states have passed measures aimed at an estimated 12 million undocumented immigrants. Barletta says more than 100 localities are considering imitating Hazleton's law.

The Hazleton ordinance lets individuals lodge complaints if they suspect a business has an illegal worker. Firms that can't verify an employee's status have three days to fix the situation. If they don't, the city can suspend the operating license. Workers who lose jobs at a business that had illegal immigrants on the payroll, under certain circumstances, can seek damages.

The Chamber argues that, unlike federal law, the Hazleton plan makes employers liable for penalties without proof they intentionally hired an illegal immigrant.

Mexico's Own Migra (LAT)

The Los Angeles Times, March 6, 2007

WHEN HOUSE Republicans last year sought to make the mere presence of illegal immigrants in the United States a felony punishable by one year in prison, the odious legislation sparked international condemnation. No country was more loudly indignant than Mexico. Then-President Vicente Fox called the legislation "shameful" and its targets "heroes" who make a crucial contribution to the U.S. economy.

Yet Mexico is hardly in a position to criticize. Since 1974, foreign immigrants in Mexico illegally have been subject to prison sentences of two years, plus a fine. Immigrants who are caught reentering Mexico after deportation face 10-year prison sentences, compared to two years here.

That is, until now. Mexican President Felipe Calderon has decided to tackle immigration reform of his own, and he is seeking the repeal of Article 123 of the General Population Law, which makes illegal immigrants the Mexican equivalent of felons.

The vast majority of the 185,000 illegal immigrants caught, detained and deported by Mexican officials each year come from Guatemala and Honduras, and many of them are in transit toward the Rio Grande. Human rights advocates have documented a lengthy list of abuses faced by these migrants — threats, extortion and even violence — stemming in part from their status as felons. In addition to amending Mexico's draconian and hypocritical law, Calderon's government is vowing to improve living conditions and medical services at the 48 detention centers where illegal immigrants are held pending deportation. Proposed upgrades include the addition of hot water and telephone service.

In a recent report, Mexico's National Commission on Human Rights accused immigration agents of numerous violations, citing one instance in which 78 migrants were crammed into four cells, each designed to hold only five people, and denied food and water for more than 24 hours.

These reforms would certainly improve the plight of detained migrants and also Mexico's relationship with its southern neighbors, as well as giving Mexico more moral standing to agitate against laws affecting its citizens in the United States. Those in this country who oppose guest-worker programs and a pathway to citizenship for illegal immigrants often cite Mexico's own harsher policies as the ones we should adopt, or at least complain about first.

Mexico can declaw that argument by closing the gap between its advocacy for Mexican nationals in the United States and how it treats illegal immigrants within its borders. Mexico is under pressure from the U.S. to block the flow of migrants heading north, and recent crackdowns, in part, have been to that end. Ensuring the human rights of its migrant population, however, is not only the right thing to do, it's good politics.

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TAX:

HOUSE OF 'CARDS' Fling With Tax Shelters Haunts Silicon Valley (WSJ)

By Peter Waldman

The Wall Street Journal, March 6, 2007

John Doerr is the dean of Silicon Valley venture capitalists, one who helped launch tech icons like Google and Sun Microsystems. A billionaire, he works with rock star Bono to fight poverty in Africa and with others to increase aid for education and medical research.

Mr. Doerr is less well known for one investment that didn't pan out. Called myCFO Inc., the firm set out to provide rich people a full menu of financial services, from wealth management to estate planning. It succeeded with only one: tax shelters that helped clients shield hundreds of millions of dollars from taxes. Less than two years after myCFO began selling them in 2000, the Internal Revenue Service said they were bogus.

MORE ON MYCFO

· Tax-Shelter Client of myCFO Goes to Court1

IMPORTANT DOCUMENTS

· Deposition of Kevin McAuliffe2, a former top accountant at myCFO, in which he testifies that he warned his bosses that myCFO was becoming too heavily involved in selling tax shelters. Plus, see emails3 shown as exhibits in the deposition.

· Emails from myCFO board member John Doerr4 to Frank DiFerdinando, the head of myCFO's tax-strategies group. Mr. Doerr was a leading proponent of the group.

· An admission of facts5 by one of the large banks that underwrote myCFO's main tax shelter. In it, the bank admits the deal's purported 30-year loan was a sham and only meant to help clients avoid taxes.

· A document myCFO prepared6 for an informal phone discussion after the IRS cracked down on one of its tax shelters in March 2002.

MyCFO ceased independent operations five years ago, but it still casts a shadow. A bank that underwrote some of its tax deals has admitted that they were shams. Former clients, hit with back-tax bills, are fighting the IRS. Two ex-clients have alleged that myCFO's tax deals were fraudulent.

Two lawyers who worked with myCFO are under tax-fraud indictment for their work on similar tax shelters. The Manhattan U.S. attorney's office, which has charged more than a dozen people in connection with tax shelters, said in a court filing last April that it had "an ongoing criminal investigation" involving "various former employees of myCFO."

The financial backers and board members of myCFO were Silicon Valley royalty. They included James H. Clark, co-founder of Netscape Communications and Silicon Graphics; John Chambers of Cisco Systems Inc.; Thomas Jermoluk, former chairman of Excite@Home; and former Netscape boss James Barksdale. The firm's outside legal counsel was Larry Sonsini, lawyer to Silicon Valley's stars.

The firm was Mr. Clark's idea. Mr. Doerr led its financing and took a leading role on the board. In typical Silicon Valley fashion, board members were closely involved with strategy and operations, according to company documents and legal papers reviewed by The Wall Street Journal. The documents show that directors pushed ahead with the tax-shelter business despite signs that all wasn't right with the product.

Mr. Doerr praised the head of the firm's tax-strategies group in a 2001 email for "not only delivering on your original [business] plan, but going beyond to make up the revenue shortfall from the recurring business." MyCFO "has my full support, and the full support of [my] partners" at Kleiner Perkins Caufield & Byers, the venture-capital firm that financed myCFO, he added.

MyCFO's story shows how the sudden wealth spawned by the technology boom had hidden impacts that still echo in Silicon Valley. "There were 30-year-old clients making hundreds of millions of dollars -- it was intoxicating," says James Phillips, myCFO's former chief investment officer. "The accountants and CPAs wanted their share, too."

SILICON VOLLEY

· The Background: Prominent tech financiers set up myCFO in 1999 to provide financial services to the rich.

· What Went Wrong: Firm morphed into a purveyor of tax shelters, which the IRS in 2002 labeled invalid.

· The Hangover: A bank that worked on myCFO shelters admits they were a sham; prosecutor has said ex-myCFO employees are party to criminal probe.

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At the time, tax shelters were a lively business. Dozens of national law and accounting firms sold these strategies -- Byzantine transactions that often involved foreign currencies and offshore middlemen. MyCFO selected a few tax shelters and refined them for a clientele dripping in capital gains.

Some of California's leading industrialists were customers. Ray Irani, chief executive of Occidental Petroleum Corp., did a tax deal through myCFO, company records show. So did Ariba Inc. co-founder Boris Putanec and Val Vaden, co-founder of financier Benchmark Capital.

Mr. Jermoluk, the former Excite@Home chairman, was both a founding financier of myCFO and a shelter customer. For fees of about $2.4 million, he acquired ostensible losses to offset as much as $50 million of taxable income, according to company documents and a deposition by his former accountant, Kevin McAuliffe.

Mr. Jermoluk declined to be interviewed about myCFO, as did Messrs. Doerr and Chambers. Messrs. Clark and Barksdale didn't respond to email and phone requests for interviews. A lawyer for the former directors told a tax client last October that they "categorically denied...misconduct or malfeasance of any sort." The lawyer, David York, predicted myCFO's main tax package ultimately "will survive a substantive tax law analysis" in court.

A spokeswoman for Mr. Sonsini said his law firm did basic legal work for myCFO that didn't include reviewing its tax offerings. Messrs. Vaden and Putanec declined to comment, while Occidental said Dr. Irani wouldn't comment "on what is clearly a personal matter."

MyCFO's main tax shelter, sold to 17 clients, was called Cards, for Custom Adjustable Rate Debt Structure. Each involved an ostensible 30-year bank loan to a foreign party for $50 million to $100 million. MyCFO's client then assumed the loan and, after some complex swapping of collateral, claimed a loss for tax purposes of nearly the full amount of the loan. Others besides myCFO also marketed Cards.

The IRS in March 2002 ruled Cards invalid. Largely as a result, myCFO sold its name and client list and liquidated its tax business.

The IRS said Cards failed a basic test of legitimacy: It lacked any real economic purpose other than to lower taxes. The agency added that clients were never really at risk for the supposed $50 million or more in loans.

Most myCFO shelter clients are challenging the IRS's action, in federal court in San Jose. But two broke ranks and alleged the shelters were fraudulent, in civil racketeering suits they filed against big banks that underwrote their Cards deals. They claim they were misled to believe the shelter's loan structure was actually a viable credit facility. (See adjoining article7.)

From the start, there were internal warnings. Mr. McAuliffe, a former Ernst & Young tax partner who was one of myCFO's first hires, said that when the firm was just gearing up in 1999, some of its accountants wanted to shun tax "elimination" deals. He warned Mr. Jermoluk and Chief Executive Art Shaw that myCFO was relying too heavily on tax shelters for revenue, Mr. McAuliffe said in a 2005 deposition for a tax client's lawsuit in San Francisco Superior Court. But he said the founders were talking about an initial public offering, and his warnings went unheeded amid IPO "fever." Mr. Shaw, CEO of advertising firm Netblue Inc., didn't return calls seeking comment.

MyCFO had obtained the Cards strategy from a San Francisco investment boutique called Chenery Associates, which also provided it to others. Chenery had done a Cards deal for an aircraft-leasing company, which registered it with the IRS as a tax shelter. The IRS requires corporations to register such tax-driven deals. Its rules for when individuals must register a deal they're using as a shelter are less strict.

MyCFO officials said their clients would never accept a transaction they had to register as a tax shelter, Chenery Associates owner Roy Hahn later testified in a deposition for San Francisco Superior Court. A lawyer for Chenery removed the obstacle. He wrote an analysis saying that Cards wasn't a tax shelter under relevant IRS rules.

MORE DOCUMENTS

· A lawsuit filed against Deutsche Bank8 over myCFO's tax shelter

· An arbitrator's ruling9 awarding $23 million to Reese Jones in his claim against what's left of myCFO

· The "fairness opinion,"10 written by an outside financial firm for myCFO, when myCFO's client list and some other assets were sold to Bank of Montreal. It includes a history of the deal, including the troubles myCFO had in finding a buyer because of its tax-shelter involvement.

· Employment agreement11 myCFO signed with Randall Bickham, a former employee of KPMG who was subsequently indicted in New York for federal tax crimes relating to his work at KPMG

· Documents sent to Ray Irani12, chairman and CEO of Occidental Petroleum, after he purchased a myCFO tax shelter

· Deposition of Margaret Thurmond13, a former myCFO CFO, in which she discusses how CEO Art Shaw manipulated finances

· A motion filed by the U.S. Attorney in Manhattan14 to stay court proceedings in San Jose concerning myCFO and the tax shelters. It mentions that some former myCFO employees are party to an "ongoing criminal investigation."

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· An early, confidential myCFO business plan15

The lawyer, Graham Taylor, then at LeBoeuf, Lamb, Greene & MacRae, wore multiple hats. He also represented myCFO in refining the tax strategy, court documents show. And when myCFO signed up Cards clients, it arranged for them to hire Mr. Taylor as their lawyer. For fees of roughly $85,000 per client, he supplied many of them with letters saying that if the IRS found their deductions invalid, they shouldn't owe penalties because they had relied on "an opinion from reputable counsel."

That counsel, it turned out, was a co-inventor of Cards, Raymond J. Ruble, then at law firm Brown & Wood. The law firm got $250,000 each time a client used Cards. Chenery paid this out of its share of the tax client's fee.

Chenery also agreed to pay 20% of its own fee into a Ruble family trust, according to court records and Mr. Hahn's testimony.

MyCFO directors had several briefings about tax shelters, minutes of board meetings show. One in mid-2000 led to a marketing delay while the firm's general counsel reviewed the matter. Three months later, the IRS, in connection with a similar shelter, warned that "an artificial loss lacking economic substance is not allowable." Within weeks, myCFO decided to go ahead with marketing Cards.

It quickly signed up 10 clients for fees totaling $16 million. As those deals were closing in late 2000, Mr. Ruble from Brown & Wood emailed myCFO an article in which a prominent tax analyst called Cards a blatant tax dodge. Mr. Ruble said the analyst had "totally missed the boat on business purpose," which he said lay in financing opportunities.

As the tech bubble deflated, myCFO imposed layoffs and spending cuts, but not on the tax-strategies group. MyCFO's growing reliance on tax shelters for revenue was discussed at a board meeting in August 2001. At that meeting, the board's compensation committee, Messrs. Doerr and Clark, approved stock options for 94 employees -- giving a third of them to the firm's top two tax strategists.

One director asked if myCFO would have an obligation to refund clients' fees if the tax deals were unwound. "It was basically, 'Gosh, is this kosher?' " says someone who was there. "Then they read the attorneys' comfort letters and everyone shut up."

Mr. Doerr was a booster for the firm's tax strategists. In response to Mr. Doerr's 2001 email lauding the tax team for its performance -- which he sent on Sept. 11, 31 minutes before the first plane struck the World Trade Center -- the tax team's leader reported landing $4.5 million more in fees. Five days after 9/11, Mr. Doerr replied: "This is AWESOME news, particularly during a week marred by national tragedy.... Please keep me posted."

But some of myCFO's accountants and client-service people were in revolt, according to Mr. McAuliffe's deposition. In late 2001, he and several colleagues refused to sign shelter clients' tax returns until myCFO agreed to indemnify them for any personal liability. One client was claiming a tax loss greater than his net worth. "It was only a matter of time until the IRS came down pretty hard," Mr. McAuliffe testified.

In January 2002, the IRS offered a broad tax-shelter amnesty: It would waive penalties for any taxpayer who owned up to using a questionable shelter.

MyCFO staffers disagreed over what to tell clients about this and whether to discourage them from taking the amnesty. Ultimately, the firm sent out what General Counsel Steve Debenham, in an email about a draft to a colleague, called "a CYA letter," for "cover your a -- ." It said the IRS appeared to be focusing on the packages offered by major accounting firms, which "may be less credibly supported by a substantive economic justification...."

Mr. McAuliffe mocked that distinction in an email to colleagues. "Same law firms, similar or same promoters, same tax effect," he said, wondering if myCFO was "smoking our own dope again?"

He also dismissed the idea that myCFO's clients were penalty-proof for relying on reputable counsel. "You bought your opinion. You bought your comfort-level letter," he said later in his deposition. Mr. Debenham and Mr. McAuliffe both declined to be interviewed.

Two months later, the IRS ruled that Cards was an improper shelter. MyCFO's board discussed the ruling by phone. MyCFO by this time was little more than a tax-shelter brokerage, according to documents prepared for the meeting. If it closed its shelter business, it would forgo $10 million in revenue in the next three months and be in the red.

Instead of closing the tax business, myCFO tried to revive it by hiring a veteran of KPMG, an accounting firm that was especially active in selling tax shelters. The employee, Randall Bickham, brought a pipeline of tax deals worth a projected $7 million in fees.

The board also explored selling the company. MyCFO documents show Deutsche Bank AG, which had worked with myCFO on several Cards deals, expressed interest in acquiring the firm for $200 million to $300 million, but backed away, citing potential tax-shelter liability. Bank of Montreal agreed to buy myCFO for $90 million but it, too, backed out over the same concern, myCFO documents show. In October 2002 Bank of Montreal finally purchased just myCFO's name, client list and some

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other assets. It paid $30 million, about a third of the sums the Kleiner Perkins founders and others had put in. Bank of Montreal now has a private-banking unit called Harris myCFO Inc., which declined to comment.

Directors assigned the rest of myCFO to a liquidator. They gave Mr. Bickham, the former KPMG man, a $1.4 million contract, paid in advance, to maintain files and assist clients in "controversy issues" with the IRS.

In 2005, Mr. Bickham was among those charged by the Manhattan U.S. attorney with tax evasion and conspiracy to defraud the IRS. The charges relate to work he did while at KPMG. He has pleaded not guilty and declined to comment.

Also charged was Mr. Ruble, the Cards co-inventor. He was cited for tax-shelter work he did for others, mostly KPMG. Mr. Ruble's law firm had fired him, after discovering the deal he had with Chenery to funnel 20% of Chenery's fees into a Ruble family trust.

By that time, Mr. Ruble was at Sidley Austin, which had absorbed Brown & Wood. Sidley Austin and KPMG both faced civil litigation over tax shelters, which they settled last year for $179 million, including legal fees.

Mr. Taylor -- the lawyer who helped myCFO refine the shelters and assisted its shelter clients -- was indicted in a tax-shelter matter in Utah. Both he and Mr. Ruble have pleaded not guilty, and both declined to comment.

Federal prosecutors also investigated a German bank that helped arrange some of myCFO's tax shelters. In a deferred-prosecution deal reached last year, the bank, Bayerische Hypo-und Vereinsbank AG, or HVB, agreed to a $30 million penalty and admitted that the Cards deal contained "fraudulent and illegal elements."

The bank's confession didn't mention myCFO. But it said "all parties involved" knew the Cards credit facility wasn't a legitimate long-term loan and would be unwound in about a year to generate "the phony tax benefits sought." Said HVB, in a Statement of Admitted Facts: "The transactions were prearranged by the promoters... and had no purpose other than generating tax benefits for the clients involved."

Did You Pay All Your Taxes? (USAT)

By Sandra Block

USA Today, March 6, 2007

If not, you're part of the $300 billion gap that Congress wants to close

Don't tax you, don't tax me, tax that fellow behind the tree. — Russell B. Long, late senator from Louisiana

If you're self-employed, sell used items occasionally on eBay or own a home, now would be a good time to start keeping really good records. Your tax returns could receive more scrutiny, thanks to a growing push to narrow the "tax gap" — the billions of dollars in federal taxes that go uncollected every year.

Democrats and Republicans don't agree on much, but they do share a desire to narrow the tax gap. That's not surprising. The IRS estimates that the tax gap exceeds more than $300 billion a year. Collecting even half that amount would let Congress repeal the alternative minimum tax — a parallel tax system that increasingly threatens middle-income taxpayers — without raising taxes or cutting government programs.

Taxpayers like the idea of closing the tax gap, too. More than 86% of taxpayers believe that cheating on income taxes is unacceptable, according to a survey released last month by the IRS Oversight Board.

But closing the tax gap is a lot more complicated than chasing down the proverbial deadbeats who hide money under the mattress. Government proposals to narrow the gap would affect people who probably don't think of themselves as scofflaws. And tax experts say the IRS can't make a serious dent in the tax gap unless it conducts more audits.

"If you're going to do away with the entire tax gap, it's going to be real painful for everybody," says Mel Schwarz, a partner at Grant Thornton's national tax office in Washington.

The IRS estimates that unpaid taxes from individuals, as opposed to big corporations, account for more than 70% of the tax gap. And within that group, the self-employed are considered the biggest offenders. Sole proprietors who underreport their income and self-employment taxes account for roughly one-third of the tax gap, the IRS says.

The Treasury Department has proposed requiring credit card companies to report to the IRS payments made to small businesses and other self-employed workers. That would allow the IRS to compare the self-employed workers' tax returns with the payments and determine whether they're underreporting their income.

But groups representing small-business owners worry that the proposal could increase the costs that credit card companies charge small businesses. More fundamentally, they say, the IRS figures fail to distinguish between sole proprietors who deliberately hide income and those who make honest mistakes.

"They don't make it easy for you," says Dennis Waters, 55, of Exeter, N.H., who buys and sells antique photographs via his website, www.finedags.com. "Every year, they're changing the rules, changing the types of deductions. You can't plan ahead to try and do something."

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Because of the complexity of their returns, many self-employed workers must pay someone to do their taxes, which reduces their profits, says Todd McCracken, president of the National Small Business Association. Those who can't afford to hire a professional must take time away from their businesses to meet complex reporting requirements, such as filing estimated taxes every quarter, he says.

They need to keep comprehensive records, too, because sole proprietors are up to three times more likely to be audited than are individual taxpayers who don't file a Schedule C, the form used by self-employed workers to report their business income.

"Chances are, you'll be audited if you're in business long enough," says Frederick Daily, a tax attorney and author of Stand Up to the IRS.

Chuck Smith Jr., co-owner of JR Services, a mortgage servicing company in Norton, Ohio, knows that all too well. Since he went into business for himself in the 1970s, he's been audited three times.

None of the audits resulted in a higher tax bill, but in one case, he had to track down a receipt for a used truck cap. In an e-mail message, Smith said he now saves receipts for everything, some for as little as 50 cents.

A stepped-up effort to capture unreported income would lead to more audits of the self-employed. And it could also prove costly for families who employ nannies or other full-time household help.

If you paid a nanny $1,500 or more in 2006, you're supposed to file Schedule H with your tax return and withhold a portion of your employee's pay for Social Security, Medicare and unemployment tax.

But despite some high-profile cases of nanny-tax evasion, the tax is widely ignored. In 2003, the most recent year available, only about 241,000 taxpayers filed Schedule H, according to the IRS. The International Nanny Association estimates that about 1 million households employ nannies in the USA. Families bypass the nanny tax for many reasons. Some are already struggling to pay for child care and can't afford it.

Others employ undocumented workers. And some don't understand the rules, or think the tax is too complicated or burdensome, says Robert King, co-owner of Legally Nanny, an Irvine, Calif.-based company that helps people pay nanny taxes.

But this much is clear, King says: If the IRS audits your return and finds you have an off-the-books nanny, you'll owe back taxes and interest — along with penalties for tax evasion and fraud.

Other taxpayers who could be affected by efforts to narrow the tax gap include:

·Online sellers. More than 200 million people buy and sell items on eBay. If you use eBay or another Internet auction site to sell old stuff that's been piling up in your garage, you probably don't have to worry about paying taxes on the proceeds. But if you earn extra income by selling items online, you're supposed to pay taxes on your profits.

An IRS advisory committee recommended last year that online auction sites be required to file reports of sales transactions with the IRS. The committee also suggested requiring sellers to obtain a taxpayer identification number, which would let the government track the transactions.

A crackdown probably wouldn't affect professional sellers. Nor would it affect people who sell used personal items on eBay for less than they originally paid for them. Proceeds from those sales, like money earned from a garage sale, aren't taxable.

But it could cause headaches for people who occasionally buy items at yard sales and sell them online months later, Grant Thornton's Schwarz says. To calculate their profits, those people would have to keep records of the amount they originally paid — known as the basis — for every item they sell. That kind of inventory accounting "is sophisticated even for people who do taxes for a living, much less a guy who is trying to make a little extra money," Schwarz says.

EBay spokeswoman Catherine England says the proposals reflect "a misunderstanding of how eBay's business model works."

EBay doesn't have records on transactions, because once a winning bid is posted, the sale takes place offline, she says. "We have no way to confirm whether or not that transaction actually happened," she says.

·Homeowners who deduct property taxes. One big benefit of homeownership is the ability to deduct all sorts of expenses. In fiscal 2006, homeowners deducted nearly $20 billion in real estate taxes and nearly $70 billion in mortgage interest. But the non-partisan Joint Committee on Taxation says it believes homeowners are deducting more property taxes and mortgage interest than the law allows — and that tightening those deductions could reduce the tax gap.

In a report to Congress last year, the committee said many homeowners' real estate tax deductions include user fees and special assessments for improvements. Those aren't legal deductions. But it's an easy mistake to make, the committee said, because property tax bills often don't distinguish between deductible taxes and non-deductible fees.

Many homeowners also incorrectly deduct "points" — prepaid interest — when they refinance their mortgages, the committee report said. Under the tax code, points are fully deductible on a mortgage to buy a home, but points on a refinanced mortgage must be prorated over the life of the loan.

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To address both issues, the committee recommended increasing reporting requirements for local governments and mortgage lenders. That would lead to more IRS scrutiny of the deductions, and more audits of homeowners who claim them incorrectly.

The IRS has increased the rate of audits in recent years, particularly among high-income earners and the self-employed. Still, most taxpayers are more likely to be hit by a meteor than be audited by the IRS.

Some analysts say the IRS can't close the tax gap without significantly increasing audits. But doing so would risk the kind of backlash that led to congressional hearings of allegedly abusive collection tactics in the mid-1990s.

IRS Taxpayer Advocate Nina Olson says she believes audits can be more effective if they're targeted at specific problem groups, such as self-employed workers who are paid in cash.

If the IRS audited a food vendor in a New York City neighborhood, she says, he would probably talk about it with other vendors. They'd get nervous and start reporting more of their income, she says. That's more effective, Olson adds, than "scattershot audits."

Meanwhile, tax watchdogs and consumer advocates argue that Congress won't make real progress toward closing the tax gap unless it simplifies the tax code. Olson agrees that the tax code is too complicated but says that's hardly an excuse to cheat. "We have to start talking about paying taxes as a civic duty," she says. "I'm really proud of our system being based on that trust."

CONGRESS-ADMINISTRATION:

Army Leaders Admit Failures At Walter Reed (USAT/AP)

By Anne Flaherty

USA Today, March 6, 2007

WASHINGTON — Army leaders said Monday that they accept responsibility for substandard conditions at the service's flagship Walter Reed Army Medical Center but also said they hadn't known about most of the problems.

At an emotional House subcommittee hearing at the hospital, lawmakers suggested the failings go far beyond the hospital for wounded soldiers in Washington. They demanded action. Military leaders — and Vice President Cheney — promised they'd get it.

"We can't fail one of these soldiers or their families, not one. And we did," said Maj. Gen. George Weightman, who was in charge of Walter Reed from August 2006 until he was fired last week. "We did not fully recognize the frustrating bureaucratic and administrative processes some of these soldiers go through. We should have, and in this, I failed."

Other top Army officials echoed Weightman's comments as Congress began digging into the controversy. In a session that mixed contrition and clashes, lawmakers speculated that dilapidated housing and excessive red tape were problems that went beyond Walter Reed.

"I'm afraid this is just the tip of the iceberg, that when we get out into the field, we may find more of this," said Rep. Tom Davis, R-Va., a member of the House Oversight and Government Reform subcommittee that held the session.

"My question is, where have you been?" Rep. John Tierney, D-Mass., asked Army Undersecretary Peter Geren; the Army chief of staff, Gen. Peter Schoomaker; and the vice chief, Gen. Richard Cody.

Schoomaker told Tierney, the chairman of the panel, "I've got a daughter and a son-in-law that are on the way to combat. This is not something about people who don't care. And I am not going to sit here and have anybody tell me that we don't care about —"

"Nobody said anything about people not caring," Tierney interrupted, "so we'll put that red herring aside and, if I can, calm you down and get you back to the issue here."

Addressing war veterans Monday, Cheney promised that the problems at Walter Reed would be fixed.

"There will be no excuses — only action," Cheney told a gathering of the Veterans of Foreign Wars. "And the federal bureaucracy will not slow that action down."

Veterans Affairs Secretary James Nicholson said his office will hire 100 patient advocates, speed benefit claims and improve medical screenings for veterans at its facilities.

"Our goal is to do things that serve the veterans in the manner that they deserve the best way that we can," Nicholson said in an interview on NPR's All Things Considered.

Defense Secretary Robert Gates forced Army Secretary Francis Harvey to step down Friday. Gates also removed Lt. Gen. Kevin Kiley, who had been named interim commander of Walter Reed. Kiley led the hospital from 2000 until 2004, when he became Army surgeon general.

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At the hearing, Rep. Henry Waxman, D-Calif., pointed to several investigative reports — including assessments by the RAND Corp. and the Government Accountability Office — dating back two years ago that sounded "alarm bells."

"Despite all the work that went on before, top Pentagon officials reacted to the reports at Walter Reed two weeks ago by claiming surprise," Waxman said.

Lawmakers listened as patients testified about lax or poor treatment at Walter Reed.

Staff Sgt. John Daniel Shannon, who lost his left eye and suffered traumatic brain injuries from a rifle wound, said that after he was discharged from Walter Reed, he was given a map of the grounds and eventually found his way to outpatient quarters by wandering around and asking for directions.

Then, he said, he "sat in my room for a couple of weeks wondering when someone would contact" him about continuing treatment.

"My biggest concern is having young men and women who have had their lives shattered in service to their country … get taken care of," Shannon said.

Congressional Panel Told Of Shoddy Care At Walter Reed (MCT)

By David Goldstein

McClatchy Newspapers, March 6, 2007

WASHINGTON - The faces of the scandal over the treatment of wounded soldiers at Walter Reed Army Medical Center appeared before a congressional panel Monday.

Annette McLeod, whose husband suffered a brain injury when he was hit by a steel door in Iraq, said the Army tried to blame his mental problems on the fact that he needed extra help with math and reading while in grammar school.

The hospital kept putting up roadblocks to his treatment, she said. On his test for traumatic brain injury, they said "he didn't try hard enough," McLeod said.

"This is how we treat our soldiers," she said angrily, her voice breaking. "They're good enough to sacrifice their lives, but we give them nothing."

Staff Sgt. John Daniel Shannon, who lost his left eye and received a brain injury after he was shot near the Iraqi city of Ramadi, told lawmakers that once at Walter Reed, he was basically abandoned.

"The system can't be trusted," he said.

The generals in charge were apologetic, even as several said they were unaware of the conditions that blackened the reputation of the Army's premier medical facility.

"I couldn't be madder; I couldn't be more embarrassed," said Gen. Peter Schoomaker, the Army chief of staff. "I'm ashamed."

"I'm personally and professionally sorry," said Lt. Gen. Kevin C. Kiley, who headed Walter Reed before becoming the Army surgeon general. "Simply put, I'm in command and I share these failures."

Maj. Gen. George W. Weightman, who took over the hospital in August and was fired last week, said, "You can't fail one of these soldiers. Not one. ... And we did."

Weightman, who some in Congress believe has been made a scapegoat for the problems, at one point turned to the McLeods and apologized for "not meeting their expectations. I promise we will do better."

The House Oversight and Government Reform subcommittee held the hearing at Walter Reed, where some combat-wounded outpatients were housed in squalor and had to battle the Army bureaucracy for their disability benefits. Other House and Senate panels, along with similar questions about the Department of Veterans Affairs' treatment of wounded veterans, are certain to hold more on Capitol Hill as the issue crackles like lightning in political and military circles.

The hearing came in response to recent Washington Post reports that the hospital housed some of its wounded outpatients in a bug- and rodent-infested building, known as Building 18. Mold grew on the walls, security was compromised and utilities weren't always working. The online magazine Salon first reported the problems more than a year ago.

"It was unforgivable," said Spc. Jeremy Duncan, who lost his left ear and the vision in his left eye and suffered other wounds when a roadside bomb exploded near him. "It wasn't fit for anybody to live in a room like that."

The 17 lawmakers, plus aides, were squeezed onto the stage behind a long table in a small hospital auditorium. Above them hung the Walter Reed motto: "We provide warrior care."

Democratic Rep. John Tierney, D-Mass., who chaired the hearing, called the conditions "appalling."

"This is absolutely the wrong way to treat our troops, and serious reforms need to happen," he said.

But Tierney added that the housing problems were "only the tip of the iceberg," a phrase that panel members used repeatedly.

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McLeod said the Army never told her that her husband, Spc. Wendell W. McLeod Jr., was injured while he was taking inventory on a food transport truck in Iraq. She learned about it from him.

She became his advocate: "I was very persistent. I went to generals, anybody who would listen to me."

Still, she said, "My life was ripped apart the day that my husband was injured."

McLeod, Duncan and Shannon described a system in which the injured have to justify their wounds in order to earn their disability payments. They said that Army medical personnel can diagnose their conditions, but case managers can question the diagnoses, prolonging their ordeal.

Paperwork gets lost, appointments get postponed and decisions get delayed, they added.

"Too often, wounded soldiers are poorly served and fall through the cracks," Cynthia Bascetta, a Government Accountability Office health care investigator, told the hearing.

Several generals said they were unaware of reports from both the GAO and the media in recent years that have detailed the problems that wounded soldiers often face.

Kiley said that the "bricks and mortar" issues, such as Building 18, can be easily fixed, and that most of the soldiers have been moved out. But the system for helping the wounded needs to be "less confrontational, less adversarial," he said. "We really need to reinvent this process."

Several lawmakers were skeptical. They said the Army has promised in the past to fix problems, only for Congress to later learn that little was done.

"What makes this round of problems any different?" said Rep. Tom Davis, R-Va. "These are heroes, and they're languishing."

'I Failed,' Says Fired Walter Reed General (LAT)

By Johanna Neuman

The Los Angeles Times, March 5, 2007

WASHINGTON — The general who was fired after reports of substandard medical care for veterans at Walter Reed Army Medical Center said today he agreed with critics that there was a failure of leadership at the facility.

Defense Secretary Robert M. Gates "called this 'a failure of leadership.' I agree. We can't fail one of these soldiers, one of these patients, and we did."

Maj. Gen. George W. Weightman, who was fired as commander at Walter Reed after the Washington Post published a series of gripping stories about the soldiers' shoddy medical care, argued that most patient care for returning soldiers "is superb."

But Weightman, who headed Walter Reed for less than a year, acknowledged he did not realize how frustrated veterans and their families had become in dealing with a gargantuan bureaucracy overwhelmed by injured soldiers returning from war.

"In this, I failed," he said, adding that he was disappointed he was unable to "continue to help" in correcting the problems.

The committee also heard from the Army's top brass. Gen. Peter Schoomaker, chief of staff of the Army, said he was "extraordinarily angry and embarrassed" by the disclosures.

"We've got no excuse for the past," said acting Army Secretary Pete Geren, tapped for the post after predecessor Frances Harvey was forced to resign in light of the widening scandal. As for fixing the problems, he added, "The only way we can prove [our resolve] is to show you."

As several committees gear up to investigate the medical care provided to returning combat veterans from the Iraq War, particularly outpatients, congressional leaders charged today that the revelations are just the "tip of the iceberg."

In hearings of the Oversight and Government Reform Committee at Walter Reed Hospital, Chairman Henry Waxman (D-Los Angeles) said that veterans and their families are "flooding us with complaints" and that "this may be the tip of the iceberg of what is going on all around the country."

And, citing a litany of news stories and congressional reports, Waxman threw doubt on claims by the Army's higher-ups that they were surprised by the Post's disclosures two weeks ago.

"They said, 'We never knew things were out of hand.' " Waxman said. "I have a stack of reports and articles that sounded the alarm bells."

He also questioned the policy of outsourcing care. "We've contracted out so much in this war," he said. "We are using mercenaries instead of soldiers, we contracted out this as well." As a result, he said, "in Iraq, [we're] overpaying for contracting; here we're under-serving our soldiers."

Soldiers and their families testified today that the veterans were denied adequate care, forced to live in squalid conditions and dismissed as troublemakers when they complained.

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"When I have to show my Purple Heart to get my uniform, you know it's bad," said Staff Sgt. John Daniel Shannon. Waiting for the plastic surgery that would allow him to wear a prosthetic eye, Shannon said he was angry that Army Secretary Harvey was allowed to resign.

"In a war," Shannon said, "you don't resign in the middle of a war, you continue to fight for us and admit mistakes and work to fix mistakes until you're fired."

Specialist Jeremy Duncan, who lost sight in one eye, suffered a fractured neck and almost lost his left arm when a homemade bomb exploded, said he was housed in a building "that wasn't fit for anybody to live in," with holes in the wall and black mold.

Duncan said despite his complaints, nothing ever got fixed. "That's when I called the Washington Post," he said. "The next day they [hospital officials] moved me and renovated that room."

Raising echoes of the federal government's flawed response to Hurricane Katrina, members of Congress blasted the hospital's response to severely wounded soldiers from Iraq and Afghanistan.

"You've been fighting a war," said Rep. Chris Van Hollen (D-Md.) "You shouldn't have to come back here and fight a system."

Annette McLeod, wife of Cpl. Wendell "Dell" McLeod, said she became such a ferocious advocate for her husband's medical care that "the case manger got tired of dealing with me" and arranged to send her husband home to be treated by the local VA hospital.

Asked about claims by top Army officials that they had no knowledge of conditions, McLeod she said, "I have one question: were they deaf? I worked the chain, I talked to anybody who would listen."

Telling the committee about a soldier who was diagnosed with bipolar illness, McLeod said that serviceman received no compensation.

"This is how we treat our soldiers, we give them nothing," she said. "What about the ones that don't have [advocates like] me? If you're good enough to go to war, you're good enough to be taken care of when you get home."

Apologies, Anger At Walter Reed Hearing (WP)

By Michael Abramowitz And Steve Vogel

The Washington Post, March 6, 2007

Senior commanders of the Army offered profuse apologies yesterday for the poor treatment accorded many soldiers at Walter Reed Army Medical Center, but lawmakers expressed skepticism that the generals had been unaware of the problems until they were spotlighted by the media two weeks ago.

Congress opened a round of investigative hearings into the Walter Reed scandal only days after a major shakeup at the Army that followed Washington Post reports about squalid living conditions and bureaucratic tangles for soldiers receiving outpatient care. Walter Reed's commander, Maj. Gen. George W. Weightman, and Army Secretary Francis J. Harvey lost their jobs, and the Bush administration has established several panels to investigate the care being provided to wounded soldiers.

Senior commanders sounded more contrite yesterday than they did when the scandal first broke. At one point during several hours of hearings in the auditorium at Walter Reed, Weightman turned to the soldiers and families behind him and apologized "for not meeting their expectations, not only in the care provided, but also in having so many bureaucratic processes."

"I promise we will do better," Weightman said.

Lawmakers -- Democrats and Republicans alike -- seemed receptive to the candor voiced at the hearing of a panel of the House Oversight and Government Reform Committee, but they also cited earlier warnings from internal memos, government audits and news reports.

"I have to tell you, the first thing that pops into my mind is: Where've you been? Where has all the brass been?" said Rep. John F. Tierney (D-Mass.), who convened the hearing as chairman of the national security and foreign affairs subcommittee. "All the things that [were] heard, read about and heard earlier today, clearly, this can't all be pushed down at the lower level. Clearly this is not some junior officer's responsibility that nobody else has to claim anything for."

Army Chief of Staff Peter J. Schoomaker told the committee that the reports and audits did not come to his attention, but he said it is now clear that there is a much bigger problem in military health care. "I couldn't be madder, and I couldn't be more embarrassed and ashamed of the kinds of things that have turned up, because clearly it's not what my impression would have been based upon the feedback that I've gotten as I've talked to soldiers and the family," he said.

Rep. Thomas M. Davis III (Va.), the ranking Republican on the committee, cited an Oct. 12, 2006, Army memo indicating that a review team found problems with billeting, staffing and other issues at Building 18, the outpatient residential facility whose substandard conditions have been at the heart of the recent scandal. Both Weightman and Lt. Gen. Kevin C. Kiley, the Army

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surgeon general, who previously commanded Walter Reed, acknowledged under questioning that they had been briefed on the findings.

"You knew these were problems," Davis said. "You may not have known specifically what it looked like, and you may not have been able to put faces and stories behind it, but there was an ongoing concern."

Kiley told Davis that his staff "informed me that the Walter Reed staff was working it, that they recognized that there were issues, and that they were taking action."

Kiley came in for tough criticism yesterday for his roles as commander of Walter Reed from 2002 to 2004, when problems were developing at the facility, and as surgeon general since 2004, with responsibility for the Army medical command. Kiley accepted responsibility but defended his motives. "I've spent my entire life taking care of patients, training doctors to take care of patients. And I'm committed to Army medicine and committed to taking care of soldiers and their families," he said.

The comments from Davis and other GOP lawmakers underscored the bipartisan nature of the criticism yesterday in the first of what is likely to be a string of hearings probing problems at Walter Reed and in military health care more broadly. With anger building among military families and veterans groups, Republicans have seemed less reluctant to criticize the administration, and the White House is moving to try to get ahead of the political furor by naming a bipartisan commission to examine the care received by soldiers wounded in Afghanistan or Iraq.

Appearing yesterday morning before the national legislative conference of the Veterans of Foreign Wars, Vice President Cheney said that President Bush "has made our administration's priority very clear to the Congress and to the country: There will be no excuses, only action. And the federal bureaucracy will not slow that action down. We're going to fix the problems at Walter Reed, period."

Yesterday's hearing, in the main building at Walter Reed, offered more grist for the developing political storm. The emotional impact was provided by three witnesses speaking on behalf of patients at Walter Reed: Staff Sgt. John Daniel Shannon, who lives by the battlefield ethos of not leaving the wounded behind; Annette McLeod, an Army wife who would not stand silent as her injured husband was pushed aside, and Spec. Jeremy Duncan, who spoke out when he could not get the mold in his room removed.

Shannon was shot in the head during a firefight near Ramadi, Iraq, in November 2004 and has languished at Walter Reed ever since, awaiting plastic surgery so he can be fitted with a prosthetic eye. Paperwork for his retirement from the Army has been on hold.

But his ire yesterday was less about his own treatment than about the sense of betrayal he feels for younger soldiers he has tried to shepherd through the bureaucracy at Walter Reed.

"I will not see young men and women who have had their lives shattered in service to their country receive anything less than dignity and respect," said Shannon, who at times said he is having difficulty controlling his anger.

He said some injured troops encounter so much bureaucracy that they give up and forgo benefits to which they are entitled. "I have seen so many soldiers get so frustrated with the process that they will sign anything presented to them, just so they can get on with their lives," he said.

Shannon, who wore a patch over his missing left eye, also said the cost of treating thousands of service members wounded in Iraq should be dealt with honestly. "The system can't be trusted," he said. "And soldiers get less than they deserve from a system seemingly designed and run to cut the costs associated with fighting this war."

McLeod, whose husband suffered a brain injury near the Iraqi border, described her frustration at getting help from the chain of command at Walter Reed. She scoffed at suggestions that higher-ups did not know about the problems. "I have one question: Were they deaf?" she said. "Because I worked the chain. I went anywhere they would listen. So if you don't want to hear it, you don't want to hear it."

During her testimony, McLeod often appeared on the verge of tears, and at one point she wiped her eyes.

In the wake of such testimony, the official witnesses offered little pushback. Instead, Gen. Richard A. Cody, the Army vice chief of staff, offered a withering analysis of the problems faced by wounded soldiers in negotiating the process for ongoing care and disability benefits after they receive initial life-saving treatment at military facilities.

"Our counselors and case managers are overworked, and they do not receive enough training," Cody said. "We do not adequately communicate necessary information. Our administrative processes are needlessly cumbersome and, quite frankly, take too long. Our medical holding units are not manned to the proper level, and we do not assign leaders who can ensure a proper accountability, proper discipline and well-being of our wounded soldiers and their health, welfare and morale, and our facilities are not maintained to the standards that we know is right."

Cody also noted that the 2005 decision by the federal base-closing commission to close Walter Reed in the midst of a war has caused problems getting "the best people" to work at the hospital, and he suggested that the decision be reexamined "during this long war."

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'Serious Reforms' At Walter Reed Urged (USAT)

By Douglas Stanglin

USA Today, March 6, 2007

The chairman of a House panel holding hearings today on the care of wounded veterans at Walter Reed Army Hospital said problems at the facility are only the "tip of the iceberg" of poor treatment that extends throughout the military health care system.

"This is the wrong way to treat our troops and serious reforms need to happen immediately," said Rep. John Tierney, D-Mass., in opening hearings in the hospital's auditorium.

ON DEADLINE: Army brass face Walter Reed grilling

Maj. Gen. George Weightman, who was dismissed last week as commander of the Washington-based hospital, acknowledged in his testimony to "failures of leadership" at Walter Reed.

"Mistakes were made, and I was in charge," Weightman said.

Other top Army officers also offered their apologies. "We have let some soldiers down," said Peter Geren, the undersecretary of the Army.

Tierney, chairman of the national security subcommittee of the House Oversight and Government Reform Committee, called the hearings after a series of articles in The Washington Post two weeks ago about alleged substandard conditions and bureaucratic problems at the Army-run facility.

The newspaper reported on moldy walls, rats and roaches at the outpatient facility where soldiers are sent after their initial treatment at the main hospital. The series also examined the frustrations of wounded soldiers from the Iraq and Afghan wars who face a bureaucratic nightmare in seeking medical help.

"Rats and cockroaches don't burrow and infest overnight," Tierney said. "Mold and holes in ceilings don't occur in a week. And complaints of bureaucratic indifference have been reported for years."

The panel heard wrenching testimony from two wounded soldiers and the wife of a veteran who quit her job to fight the bureaucracy to get him help.

"My life was ripped apart the day my husband was injured," said Annette McLeod, whose husband, Walter, was hit in the head by a steel cargo door while working in Iraq. "And having to live through the mess that we lived through at Walter Reed has been worse than anything I've ever sacrificed in my life."

She said that when hospital officials found out her husband had had trouble with math in high school, they tried to use that to claim he had a learning disability and was mentally retarded, and therefore didn't qualify for treatment of a brain injury.

"He was considered fit enough to serve in the National Guard for 16 years. He was fit enough for deployment. But now they're saying he had his mental problem before he went to Iraq," she said.

Sgt. John Shannon, who lost his left eye and suffered traumatic injury after a firefight with insurgents in Iraq in 2004, said he was lost in the bureaucracy for weeks after he was discharged from the main hospital to the outpatient facility, known as the Mologne House.

Shannon said the staff handed him a photocopied map the grounds and sent him on his way.

"I was extremely disoriented and wandered around while looking for someone to direct me," he said. "Eventually, I found it."

After that, Shannon said, he was shunted from doctor to doctor and at one point had to start over because his records were lost.

"The system can't be trusted," he said. "And soldiers get less than they deserve from a system seemingly designed and run to cut the costs associated with fighting this war."

Tierney said he had concerns that the Army is "trying to whitewash over the problems."

"There appears to be a pattern developing here that we've seen before," he said. "First deny, then try to cover up, then designate a fall guy."

Tierney also suggested that the treatment of a large number of wounded soldiers from Iraq reflected "terrible planning" by the administration over the war.

The lawmaker said he is afraid "these problems go well beyond the walls of Walter Reed," adding that "as we send more and more troops into Iraq and Afghanistan, these problems are only going to get worse, not better."

Tierney also noted that an internal Army memo in September described the exodus of highly skilled and experienced personnel at Walter Reed following the Army's decision to privatize some aspects of health care.

The memo, he said, warned that the loss of staff and the increased workload because of the Iraq and Afghan wars put patient care services at risk of "mission failure."

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The panel heard testimony from patients, hospital staff, relatives of wounded soldiers and top Army officials responsible for the facility. The defense subcommittee of the House Appropriations Committee also opened hearings today into the scandal.

The public outcry over the issue has mobilized Congress and the White House. On Saturday, in his weekly radio address, President Bush vowed quick action to correct any problems and said care for wounded veterans was a top priority for his administration.

Bush has also ordered a sweeping review of conditions at the nation's network of military and veterans hospitals, which have been overwhelmed by injured troops from the wars in Iraq and Afghanistan.

The White House said the president would name a bipartisan commission to assess whether the problems at Walter Reed exist at other facilities.

Addressing war veterans today, Vice President Cheney promised that the problems at Walter Reed will be fixed.

"There will be no excuses, only action," Cheney told a gathering of the Veterans of Foreign Wars. "And the federal bureaucracy will not slow that action down."

AUDIO: Cheney: Bush administration determined to ensure proper care for vets

Robert Gates, the new secretary of Defense, has moved quickly to hold top Army officials accountable. After Weightman's dismissal, the man who fired him, Army Secretary Francis Harvey, also was dismissed. Gates said Harvey was not aggressive enough to address the problem.

Gates was particularly upset that Harvey chose as Weightman's temporary successor Lt. Gen. Kevin Kiley, the Army's surgeon general and a recent former commander of Walter Reed.

In interviews, Kiley downplayed the problems at the hospital, blaming the rodents on soldiers leaving food in their rooms.

The Army announced that Maj. Gen. Eric Schoomaker will be the new commander of Walter Reed. In addition, the branch took disciplinary action against several lower-level soldiers at the hospital.

Gates, who was visibly angry in announcing Harvey's dismissal, also has created an outside panel to review the situation at Walter Reed and the other major military hospital in the Washington area, the National Naval Medical Center in Bethesda, Md.

In a letter to Gates on Sunday, Sen. Charles Schumer, D-N.Y., called for an independent commission, possibly headed by former secretary of State Colin Powell, to investigate all post-combat medical facilities and recommend changes.

"To think that men and women are serving their country in the most honorable and courageous way possible and all we give them is a dilapidated, rat-infested, run-down building to recover is a disgrace," Schumer wrote. "My fear is that Walter Reed is just the tip of the iceberg, and merely highlights the pervasive and systemic mistreatment of our servicemembers."

Sen. Carl Levin, D-Mich., chairman of the Senate Armed Services Committee, said Sunday on CBS' Face the Nation that the scandal is emblematic of the Bush administration's "lack of accountability" and "over-optimism" about the war in Iraq.

Sen. Trent Lott, R-Miss., appearing on ABC's This Week, said he likely would support a commission such as the one Schumer proposed.

"Investigations are not always the best way to go, but I think we ought to do whatever's necessary," he said.

What are some of your experiences with military care facilities? Tell us below.

Walter Reed In Spotlight (RC)

By Paul Singer

Roll Call, March 6, 2007

Democrats launched their first major investigation of the 110th Congress on Monday with hearings on conditions at Walter Reed Army Medical Center and suggested that weak Republican oversight contributed to the problems experienced by wounded soldiers there.

As the House Oversight and Government Reform Committee convened a hearing at Walter Reed, Speaker Nancy Pelosi (D-Calif.) issued a statement proclaiming the beginning of “long overdue oversight of the Bush administration.”

Pelosi spokesman Nadeam Elshami said: “The American people spoke clearly in the November elections that they wanted accountability and oversight. Under the Republican Congress it has been almost nonexistent, and you can certainly see that with what occurred at Walter Reed.”

Rep. John Tierney (D-Mass.), chairman of the subcommittee on national security and foreign affairs, which hosted the hearing, said in an interview afterward that “we should have known all this before. ... There just hasn’t been enough oversight.” Tierney said he anticipates holding another hearing on the matter within the next 45 days and promised “we are going to stay on this thing until we get it fixed.”

Republicans rejected the notion that they had failed to investigate conditions at Walter Reed, and cited a range of hearings and oversight activities on military health care that preceded the Democratic majority.

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The Walter Reed hearing Monday was spawned by a series of published reports depicting wounded soldiers living in squalid conditions in a ramshackle dormitory.

But mice and mold were not the leading issues for the hearing. Instead lawmakers focused on the Byzantine process a wounded soldier must endure as the military attempts to establish how badly wounded the soldier is, and how his or her disability should be classified. This process has created a backlog that strains the medical center's capacity to respond to its wounded, officials said.

Lt. Gen. Kevin Kiley, the army's surgeon general, testified Monday that the Walter Reed outpatient population has swelled during the Iraq War, and the medical review process that is required before a patient can leave the facility may take a year or longer. "Beginning in 2003, the population of active and reserve component soldiers assigned to [medical holding units on the campus] increased from 100-120 before the war, to a high of 874 in the summer of 2005," Kiley said.

Families have no reliable guide through the process and military decisions on physical disabilities may be confusing and contradictory, particularly since the Department of Veterans Affairs frequently comes to a different disability determination than the Defense Department did using the same ranking systems and in reference to the same wounds.

Republicans point out that they have charted many of these problems in oversight hearings in recent years. For instance, in February 2005 the Government Reform Committee under the gavel of then-Chairman Tom Davis (R-Va.) held a hearing on the convoluted system of designating disabilities. Davis pointed out at the time that "the Army lacks compassionate, customer friendly service," and said in his opening statement for that hearing, "I'm appalled that these men and women not only have had to face recovery from their war wounds, but are forced to navigate a confusing and seemingly uncaring system of benefits."

Rep. Christopher Shays (R-Conn.) wrote Monday in an e-mail that prior to the Democratic takeover, "The Committee handled 78 individual cases, recognized flaws in the system and were putting pressure on the Army to fix them. Army officials testified they were aware of the problems and were making progress. When I visited Walter Reed, I met with the wounded soldiers who were not yet in the outpatient labyrinth."

Tierney said many Members of Congress had probably dealt with individual cases of constituents seeking relief from the military bureaucracy, but had not realized that was part of a larger institutional problem. "We've all heard different stories," he said. "When you have a complaint, you get it resolved, you do your constituent service and don't realize it may be part of something broader."

Soldiers Testify Over Poor Care At Walter Reed (NYT)

By Michael Luo

The New York Times, March 5, 2007

WASHINGTON, March 5 — Members of Congress heard wrenching testimony on Monday from wounded soldiers treated at Walter Reed Army Medical Center and contrite promises from top Army officials to correct the conditions there.

The general who most recently commanded Walter Reed, a premier military hospital in Washington, and the Army's surgeon general accepted responsibility for the situation faced by some wounded troops, including poor housing, neglect and a hopelessly complicated bureaucratic maze.

The Army officials said they were working to address the problems at Walter Reed and were examining the situation at other medical centers.

"We have let some soldiers down," said Pete Geren, the acting secretary of the Army, addressing the panel before the hearing began.

The hearing was held by a subcommittee of the House Committee on Oversight and Government Reform, whose members convened in an auditorium at Walter Reed, in deference to the soldiers who were to testify. The unusual venue also provided a vivid backdrop for the hearing, the first of several that Congressional committees intended to hold.

The subcommittee members heard first from two soldiers badly wounded in Iraq and from the spouse of another soldier injured in Iraq about their experiences at Walter Reed. Together, the three's stories set the emotional tenor for the testimony from military officials that followed.

Wearing a black eye patch, Staff Sgt. John Daniel Shannon described how he was struck in the head by a round from an AK-47 in November 2004 during a firefight near Ramadi, causing a traumatic brain injury and the loss of an eye.

Within a week of the injury, he was released to outpatient treatment, Sergeant Shannon recounted.

Despite being extremely disoriented, he said, he was given a map and told to find his own way to his new residence on the hospital's sprawling grounds. He wandered into a building and received directions.

He then waited several weeks wondering whether anyone would contact him about additional treatment, eventually calling people himself until he reached his case worker.

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He told of languishing in the hospital's bureaucratic system that evaluates soldiers for continuing in active duty or becoming medically retired, and what benefits they should receive. His paperwork, he said, was lost repeatedly, forcing him to start over several times.

Specialist Jeremy Duncan, one ear shredded by a makeshift bomb, told of the moldy living conditions in Building 18.

"It wasn't fit for anybody to live in a room like that," Specialist Duncan said.

Annette L. McLeod, whose husband, Wendell, returned from Iraq with a head injury, spoke emotionally of her distress during his treatment.

"My life was ripped apart the day my husband was injured, and having to live through the mess we've had to live through at Walter Reed has been worse than anything I've had to sacrifice in my life," Mrs. McLeod said through tears.

Gen. Peter Schoomaker, the Army chief of staff, said he was "extraordinarily angry and embarrassed" by the living conditions at the hospital, reported prominently last month by The Washington Post. His brother, Maj. Gen. Eric Schoomaker, a senior medical officer, has now been named to command Walter Reed. The Army officials said extensive repairs were being made to deal with the deplorable conditions at one of the facilities on the hospital campus, Building 18, in which soldiers getting outpatient treatment at the hospital were found to be living in crumbling rooms soiled by mice, cockroaches and mold. Most of the soldiers living there, they said, have now been moved.

Accusations about shoddy treatment received by wounded soldiers at the prominent hospital, which is the centerpiece of the military's medical system, have touched a public nerve and deeply embarrassed the military in the past few weeks. The Bush administration has been thrown on the defensive, and members of Congress have been quick to express outrage.

"This is absolutely the wrong way to treat our troops, and serious reforms need to happen immediately," said Representative John F. Tierney, a Massachusetts Democrat who is the chairman of the House Oversight and Government Reform Committee's subcommittee on national security and foreign affairs.

Mr. Tierney declared the problems at Walter Reed to be part of broader dysfunction at military health care facilities across the country and wondered whether it was "another horrific consequence of the terrible planning that went into our invasion of Iraq." He warned of a coming crunch with Mr. Bush's new plan to send 21,500 more troops to Iraq.

"As we send more and more troops into Iraq and Afghanistan," Mr. Tierney said, "these problems are only going to get worse, not better."

Last week, Army Secretary Francis J. Harvey was ousted over his handling of the revelations at Walter Reed, and officials changed the hospital's commanding officer twice in as many days.

Speaking at a meeting of the Veterans of Foreign Wars, Vice President Dick Cheney restated on Monday the White House's promise fix the problems at Walter Reed.

"There will be no excuses, only action," Mr. Cheney said.

"As we work to improve conditions at Walter Reed, we want to find out whether similar problems have occurred at other military" and veterans' hospitals, he said. "These brave men and women deserve the heartfelt thanks of our country, and they deserve the very best medical care that our government can possibly provide."

Members of the committee from both parties were sharply critical during the hearing, some arguing that government audits and news articles have hinted at similar problems for years. Representative Tom Davis of Virginia, the ranking Republican on the committee, said the military's entire system for handling wounded veterans was in need of a "top-down overhaul."

"You're not going to be able to Scotch tape over it," Mr. Davis said.

Lt. Gen. Kevin C. Kiley, the surgeon general of the Army, who also headed Walter Reed several years ago, apologized to soldiers and said the bureaucratic process they faced demanded "urgent simplification."

"We really need to reinvent this process," General Kiley said.

General Kiley was initially appointed to replace Maj. Gen. George W. Weightman as commander of the hospital last week, but the appointment came under fire because he had previously appeared to play down problems at the hospital when he was in command in 2004.

He was pressed on Monday to explain how he had not known about the conditions at Building 18, even though he lived across the street from it. He explained that inspections of barracks were not part of his normal job duties. But the subcommittee members continued to hammer him, asking why he had not taken action earlier to deal with the challenges faced by wounded soldiers and wondered whether recent efforts to contract out services to civilians had left the hospital depleted.

"I want you to know that I think this is a massive failure of competency and management and command," said Representative Paul W. Hodes, Democrat of New Hampshire.

Beyond specific steps to streamline the bureaucratic process that is faced by wounded troops and to improve living conditions, military officials said it might be time to re-evaluate whether Walter Reed should be closed in several years, as had been previously planned as part of a national base reorganization process.

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Several patients at Walter Reed attended the hearing Monday and echoed some of the problems described. But Staff Sgt. Brian Beem, who lost his right leg to a makeshift bomb in Baghdad in October, said he had had no idea conditions were so bad for some of his counterparts, even though he had heard grumbling.

"At my level," Sergeant Beem said, "I'm ignorant of it."

Walter Reed Army Medical Center Shapes War Debate (HILL)

By Jonathan E. Kaplan

The Hill, March 6, 2007

A House Oversight and Government Reform subcommittee hearing on the conditions at Walter Reed Army Medical Center yesterday could further pressure Democratic leaders to adopt a more stringent approach to paying for the war in Iraq.

House Democratic leaders are considering how to proceed on several war-related spending bills. After passing a resolution condemning Bush's troops surge with just 17 Republican votes, Democrats spent last week discussing how to challenge President Bush's authority to manage the war.

Some rank-and-file centrist Democrats have challenged a proposal from Rep. John Murtha (D-Pa.), chairman of the defense appropriations subcommittee and a leading anti-war critic, that would tie funding for the war to soldiers' readiness.

"I would suspect [the hearings] would add to anti-war pressures," said Rep. Paul Hodes (D-N.H.), who attended the talks. "It certainly gives weight to Jack Murtha's argument that unless there is adequate time between deployments, [Bush] is proposing a troop increase for a system that can't handle casualties."

Rep. John Yarmuth (D-Ky.), a freshman Democrat who defeated a GOP incumbent, said that the scandal at Walter Reed would add to anti-war pressures.

Other Democrats said the pressure will shift to the Republcans.

"The real pressure will be on Republicans to support our troops by voting for the supplemental spending bill," said a Democratic aide. He indicated that there would be extra money for veterans' healthcare programs in that bill.

Rep. Chris Van Hollen (D-Md.), chairman of the Democratic Congressional Campaign Committee (DCCC), attended yesterday's hearing and said he saw "political dangers" ahead for the Bush administration.

"It's another example of failing to take action in the face of facts staring them in the face," he said.

The scandal adds further support for the Democrats' position "that the administration just botched this war from the beginning, not just in Iraq but to address the needs of returning soldiers," he added.

There was not enough room in the small auditorium at Walter Reed for the bipartisan outrage as lawmakers listened to wounded soldiers, Army officials and a Government Accountability Office investigator testify about the conditions at the Army's premier medical facility. The panel's subcommittee on National Security and Foreign Affairs ran the hearing.

The fast-paced, skeptical questions from Democrats and unusually harsh criticism from GOP lawmakers indicated a sea change in Washington since last year's mid-term elections.

"The frustration of these poor, injured veterans coming back — it is systemic. And I'm afraid this is just the tip of the iceberg. When we got out into the field, we may find more of this," said Rep. Tom Davis (R-Va.), the senior Republican on the panel.

"I didn't notice any partisan divide in the hearing today. We were all on one page," said Yarmuth, who met last week with former Miss America Heather French, the wife of Kentucky's lieutenant governor and a veterans advocate.

Some lawmakers even praised the media for reporting on conditions at Walter Reed.

Subcommittee chairman John Tierney (D-Mass.) reminded members that he was conducted a hearing, not an inquisition. Lawmakers minded his advice until Lt. Gen. Kevin Kiley, the U.S. Army Surgeon General, and Major General George Weightman, who was recently fired as Walter Reed's commander, sat down at the witness table.

Several lawmakers, including Rep. Bruce Braley (D-Iowa), asked two wounded soldiers and a wounded national guardsman's wife whether they had any help navigating the Army's health care system. The witnesses repeatedly said there were few people with knowledge and expertise who could help them.

"One of the concerns was that there was no advocacy," said Rep. Peter Welch (D-Vt.). "It's an excellent idea and it has broad support."

There were no memorable moments of confrontation between the lawmakers and Army officials. But without raising their voices, Democrats pounded on the Bush administration's push to privatize services at Walter Reed.

Committee Chairman Henry Waxman (D-Calif.) and other Democrats blamed the Bush administration for privatizing outpatient care services at Walter Reed, which in turn led to a decline in the quality of care and a mass exodus of qualified care givers.

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"A $120 million contract [led to] downsizing, and shows that there is an ideology still at work that puts profit ahead of public services," said Welch. "That has to change."

While Democrats called the hearing, the most animated lawmakers were those most affected by the war in Iraq, including Rep. Christopher Shays (R-Conn.) and freshmen Democrats.

Shays, whose support for the war in Iraq nearly cost him his congressional seat, said, "What I wrestle with is that there's not anyone involved in this that didn't know there were challenges. How can we know when a problem is being addressed? Is it something where we need to have hearings every two months?"

"I'm appalled, I'm outraged," said Hodes, adding that he could barely contain his frustration as Army officials testified that they did not know about the squalid conditions and bureaucratic mismanagement.

Meanwhile, even Vice President Dick Cheney acknowledged the problems at Walter Reed yesterday during a speech to a veterans' group.

"There will be no excuses, only action. And the federal bureaucracy will not slow that action down. We're going to fix the problems at Walter Reed, period," he said.

Congress will hold more hearings this week on Walter Reed. The Senate Armed Services Committee and the House and Senate Veterans Affairs Committees will meet tomorrow. Murtha postponed a hearing yesterday.

Walter Reed Hearing Brings Outrage And Apologies (LAT)

By Johanna Neuman And Adam Schreck

The Los Angeles Times, March 6, 2007

WASHINGTON — Top Army officials faced angry lawmakers during an emotional hearing Monday on shoddy medical treatment and living conditions at Walter Reed Army Medical Center, acknowledging that they had failed in the care of wounded veterans.

Calling the scandal at Walter Reed "the tip of the iceberg of what is going on all around the country," Rep. Henry A. Waxman (D-Los Angeles), chairman of the House Oversight and Government Reform Committee, said veterans and their families were "flooding us with complaints" about bad medical care.

Waxman, citing news stories and congressional reports that revealed the hospital's problems over the last two years, cast doubt on Army officials' assertions that they were surprised by disclosures that injured soldiers returning from Iraq and Afghanistan had been treated shabbily.

"We get officials who say they just didn't know things were happening," Waxman said. "I have a long list, a stack of reports and articles that sounded the alarm bells about what was going on here and around the country."

Army Maj. Gen. George W. Weightman, fired as commander of the hospital complex last week, took responsibility for the problems.

"I failed," he said at the hearing. "We can't fail one of these soldiers or their families, not one. And we did."

Turning from the congressional panel to face a veteran and his family, Weightman expressed regret for a bureaucratic maze that forced the soldier's wife to battle the Army to get her husband proper medical treatment.

"I'd just like to apologize for not meeting their expectations," he said.

Several lawmakers accused Army brass of making Weightman, the medical center's commander for six months, the scapegoat for the problems at Walter Reed. Veterans groups think he had made progress in reducing the ratio of case managers to patients and in spotlighting post-traumatic stress disorder.

Army Secretary Francis J. Harvey was forced to resign last week over the scandal.

Weightman's predecessors — retired Maj. Gen. Kenneth L. Farmer Jr., who had commanded the hospital complex from 2004 until August, and Lt. Gen. Kevin C. Kiley, who was in charge from 2002 to 2004 — have not been disciplined.

After Weightman was fired, Kiley was named interim commander of Walter Reed but was removed a day later. Kiley remains the Army's surgeon general.

"Tell me why [Weightman] got the ax and why the others walk on the earth today," said Rep. John F. Tierney (D-Mass.), chairman of the subcommittee that held the hearings. "Where has all the brass been?"

Gen. Peter J. Schoomaker, the Army's chief of staff, responded angrily.

"I've got a daughter and a son-in-law that are on the way to combat," said Schoomaker, whose younger brother, Maj. Gen. Eric B. Schoomaker, has been named to run Walter Reed. "This is not something about people [who] don't care, and I am not going to sit here and have anybody tell me that we don't care."

Tierney shot back, "Nobody said anything about people not caring." He called Schoomaker's response a "red herring."

The burgeoning scandal over medical treatment for returning troops, much like the government's flawed response to Hurricane Katrina, is exposing weaknesses in federal crisis management.

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Members of Congress promised more hearings on the maze of red tape that wounded soldiers confronted.

"You've been fighting a war," Rep. Chris Van Hollen (D-Md.) said to veterans. "You shouldn't have to come back here and fight a system."

Peter Schoomaker promised to address the problems.

"I couldn't be madder, and I couldn't be more embarrassed and ashamed," he said.

Lawmakers questioned the policy under which maintenance and operations at Walter Reed were outsourced to IAP Worldwide Services Inc., a Florida firm run by a former Halliburton official who reduced Walter Reed's staff from 300 to 100.

"We've contracted out so much in this war," Waxman said. "We have mercenaries instead of U.S. military…. We are, in Iraq, overpaying for the work of the contractors, and here we're under-serving our military."

The subcommittee made the unusual decision to move the hearing from Capitol Hill to a wood-paneled auditorium at Walter Reed.

As soldiers in camouflage fatigues and sand-colored boots roamed the scrubbed hallways outside, lawmakers squeezed shoulder to shoulder onto a dais in the auditorium. They listened intently to the testimony of two injured soldiers and the wife of a third. All recounted problems and hurdles at the hospital — stories that first captured public attention in articles in the Washington Post last month.

Staff Sgt. John Daniel Shannon, who is waiting for plastic surgery so he can wear a prosthetic eye, was angry that Harvey was allowed to resign.

"I don't know how things work in Washington, D.C., but in combat, we don't get to resign when bullets are flying and people are dying," Shannon said.

His advice to Army officials: "Pull themselves up by their bootstraps like any sergeant would do, admit to their mistakes and work to fix them until they're fixed."

Spc. Jeremy Duncan, injured by a roadside bomb in Iraq, lost sight in one eye, fractured his neck and almost lost his left arm. He was housed in now-infamous Building 18.

"It wasn't fit for anybody to live in a room like that," he said, describing holes in the walls and black mold that exposed vulnerable patients to infection.

Duncan said nothing was repaired despite repeated reports and complaints.

"That's when I contacted the Washington Post," he said.

After the newspaper reported the squalid conditions, "I was immediately moved from that room, and the next day they were renovating the room."

Another witness, Annette McLeod, said she became such a ferocious advocate for her husband's medical care that the case manager "got tired of dealing with me."

"I was very persistent," McLeod said. "Anybody that would listen to me, I would talk."

Asked if she spoke to Farmer, the former head of Walter Reed, she said, "I did. I was at his office door for several days and each time they turned me around…. They told me he did not have time to talk to me."

McLeod recounted the story of a young soldier who, on his return from Iraq, was diagnosed with bipolar disorder. The Army said it was a preexisting condition and refused disability payments.

"This is how we treat our soldiers," she said. "We give them nothing, but they're good and tough [enough] to go and sacrifice their lives. And we give them nothing."

Two Generals Provide A Contrast In Accountability (WP)

By Dana Milbank

The Washington Post, March 6, 2007

Kevin Kiley, the three-star general in charge of all Army medical facilities, seemed stumped as he testified yesterday about his responsibility for the Walter Reed scandal.

"I'm trying not to say that I'm not accountable," he told members of the House oversight committee.

But try as he might, he couldn't fix blame on himself.

How could he not have known that wounded soldiers were living in squalid conditions across the street from his own home? "I don't do barracks inspections at Walter Reed," he said.

Why did he assure Congress in 2005 that the Walter Reed bureaucracy was improving, even though many soldiers were languishing in neglect at the facility? "In my role as the MedCom commander," he said, "Walter Reed was not my only command."

What did he do when a government report in 2006 found numerous problems at the now-infamous Building 18? "My staff informed me that the Walter Reed staff was working on it."

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Lawmakers on the committee, who were visiting Walter Reed Army Medical Center for a field hearing yesterday, quickly tired of the general's I-don't-do-windows routine. Rep. Bruce Braley (D-Iowa) accused him of spouting "hogwash." Rep. Chris Shays (R-Conn.) called his position "dishonest."

"I want you to know that I think this is a massive failure of competence in management and command," said Rep. Paul Hodes (D-N.H.), pointing his finger at Kiley.

After Hodes's harangue, Kiley replied, "I command by commanding through my commanders and trusting them to execute the mission."

Sitting shoulder to shoulder with Kiley was one such commander, Gen. George Weightman, who last week was fired as chief of Walter Reed after just six months on the job. Weightman and Kiley, who ran Walter Reed from 2002 to 2004, wore matching Army dress uniforms, but their responses could not have been more divergent. While Kiley deflected blame, Weightman freely admitted failure -- even though the victims of Walter Reed's neglect testified, and the House committee members agreed, that he was not to blame.

"He was, in my perspective, being punished because he caught the tail end of it," testified Annette McLeod, whose ordeal with her wounded soldier-husband, Dell, was one of those chronicled in a Washington Post series on Walter Reed. "Because somebody had to be the fall guy, he was there."

After Annette McLeod's testimony, the couple sat in the first row of the audience, just three feet from Weightman and Kiley as the two generals testified. "The McLeods are right behind you," pointed out Rep. Tom Davis (R-Va). "Do you have anything you want to say to them?"

"I feel terrible for them," said Kiley, keeping his back to the McLeods. "We have got to double our efforts, redouble our efforts, to make these kind of cases disappear in the system."

Weightman, by contrast, turned around to the McLeods and spoke warmly, addressing Annette directly. "I'd just like to apologize for not meeting their expectations, not only in the care provided, but also in having so many bureaucratic processes that just took your fortitude to be an advocate for your husband that you shouldn't have to do," Weightman said, as Kiley finally turned to face the McLeods. "I promise we will do better."

When the two generals were eventually excused, Weightman again turned to the McLeods and shook hands with them; though he spoke quietly, the words "I'm sorry" were clear. Kiley left the room without a glance backward.

Members of the House Oversight and Government Reform Committee shook their heads in amazement as Annette McLeod testified tearfully that she didn't know her husband had been hurt in Iraq "until he called me himself from a hospital in New Jersey."

They reacted similarly when another Walter Reed patient profiled by The Post, Staff Sgt. John Daniel Shannon, spoke about how, while recovering from being shot in the head in Iraq, he was left "extremely disoriented" to wander the Walter Reed campus alone in search of an outpatient facility. The third member of the panel, Spec. Jeremy Duncan, who had two studs where his left ear used to be, described the "unforgivable" squalor of his room at Walter Reed.

But nobody blamed Weightman. "I don't think he should have been fired," said Shannon, wearing a patch over his missing eye.

The lawmakers seemed to agree. "There appears to be a pattern developing here that we've seen before," said Rep. John Tierney (D-Mass.) "First deny, then try to cover up, then designate a fall guy." Rep. Stephen Lynch (D-Mass.) advised Weightman that "you probably have a little more blame being laid at your doorstep than I think is probably appropriate." And Rep. John Duncan (R-Tenn.) shared the view of a colleague's wife that Kiley "skirted this stuff for five years and blamed everyone else."

Weightman was not so easy on himself; he pleaded guilty repeatedly to a "failure of leadership," and said lawmakers were "absolutely right" to question what was "obviously a failure."

Kiley started off in similar fashion, saying he was "personally and professionally sorry" and acknowledging: "I share these failures." But the further he got from his prepared testimony, the less contrite he became. He was blameless after Walter Reed shifted maintenance to a private contractor in 2004. "I was not the commander then."

Shouldn't top officers make sure proper care is being given at every level? "I don't get involved at my level . . . at an individual issue."

Will he find a way to break down privacy obstacles that hampered proper care? "I'm not in charge of it, but I'll take care of it."

Rep. Peter Welch (D-Vt.), like his colleagues, was skeptical about Weightman's guilt and Kiley's self-exoneration; he wondered if Kiley thought the problems at Walter Reed "have been in existence for over six months."

Kiley responded with something about "two 15-6 investigations" and something else about the "MEB/PEB process."

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"The information we have to date is that General Weightman in fact was trying to work through these problems; he's been fired," Welch continued. "Is that an appropriate response to the situation?

"That is a decision for the civilian leadership," Kiley answered.

Whatever the merits of Weightman's dismissal, the problems at Walter Reed have not disappeared with him. Before yesterday's hearing, a patient with a prosthetic arm tried to get in but was stopped by a guard, who asked if the young man was supposed to be in the hearing. "I'd like to be," the soldier said.

"It's preselected, unfortunately," the guard replied. The young amputee walked away. Inside, three rows of seats had been reserved for the Army; almost all were empty.

Testimony At Walter Reed (WP)

The Washington Post, March 6, 2007

IN A DIM auditorium at the Walter Reed Army Medical Center yesterday, Maj. Gen. George W. Weightman, the recently ousted commander of the facility, turned and apologized directly to the maimed soldiers and their families who had assembled for a House subcommittee hearing. Once during the hearing, Lt. Gen. Kevin C. Kiley, Army surgeon general and former Walter Reed commander, tried to frame the situation as a failure of lower-ranking personnel and characterized an article in The Post as "yellow journalism." Gen. Kiley has reason to be defensive -- he is arguably more to blame for the miserable outpatient conditions described in a recent Post series than is Gen. Weightman but still serves as the Army's top doctor. Nevertheless, he, too, apologized, and he acknowledged that he is ultimately responsible for outpatient facilities. And Gen. Kiley, along with Gen. Richard A. Cody, the Army's vice chief of staff, and Maj. Gen. Eric B. Schoomaker, the new head of Walter Reed, assured the subcommittee that thorough reviews of outpatient facilities will lead to significant reform.

Also encouraging was Defense Secretary Robert M. Gates's swift firing of Army Secretary Francis J. Harvey on Friday after Harvey nonsensically removed Gen. Weightman from his position and placed Gen. Kiley temporarily in charge. Mr. Gates seems to be holding upper tiers of Army management to account.

Being sorry is only the first step, however. Since the series was published, Post reporters have received hundreds of accounts of appalling conditions and management practices at both Army outpatient facilities and Department of Veterans Affairs facilities across the country. One mother complained that a room assigned to her son, who had an open wound, was infested with fruit flies and contained overflowing trash and a syringe. A soldier said that wounded veterans had to sign waivers attesting that they understood that their living conditions were below minimum governmental standards. Most disturbing are reports of Army medical review boards trying to pay wounded soldiers as little as possible in disability benefits, sometimes adjudicating veterans' claims while they were heavily medicated and unable to argue their cases effectively.

Fixing veterans' outpatient care will take a lot more than putting a new roof on Walter Reed's Building 18. It means revamping buildings and bureaucracies across the country. The generals who testified yesterday made an excellent point: More injured soldiers survive now than ever before because of the quality of the Army's inpatient medicine, and the nature of their physical and psychological wounds often makes those injuries difficult to diagnose and treat. Since American action began in Afghanistan, this country has taken on a large responsibility to care for its wounded service members, for life if needed. It may be expensive, but these men and women deserve clean accommodations and straightforward assistance -- not adversity -- from administrators. If the accounts The Post has received over the past couple of weeks are true, then the Army and Veterans Affairs are both far from achieving that goal.

Casualties Of The Budget Wars (NYT)

By Paul D. Eaton

The New York Times, March 6, 2007

Fox Island, Wash.

IN his 1997 book “Dereliction of Duty,” Col. H. R. McMaster wrote that “the ‘five silent men’ on the Joint Chiefs made possible the way the United States went to war in Vietnam.” So it is today with the war in Iraq. Regrettably, the silence of our top officers has had a huge impact not just on the battlefield but also on how we have brought our injured warriors home from it. These planning failures led to the situation at Walter Reed Army Medical Center recently reported by The Washington Post, which resulted in the firings of the hospital’s commander and the secretary of the Army.

The sad truth is that The Post’s reports weren’t entirely new: Mark Benjamin, of United Press International and the Web magazine Salon, and Steve Robinson, the director of veterans affairs at Veterans for America, have been reporting on the disgraceful treatment of our war wounded since 2003. More important, the Walter Reed scandal is simply the tip of the iceberg: President Bush, former Defense Secretary Donald Rumsfeld and Congress all pointedly failed to provide the money and

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resources for our returned troops wherever they are, both the obviously wounded and those who may seem healthy but are suffering mentally and physically from their service.

Soldiers have long joked: "If you are really sick or injured, Army medical care is O.K. But if you are hurting only a little, especially if it isn't visible, you're in big trouble." The American soldier still receives the best trauma care in the world, especially at Walter Reed. The problem there has been with deplorable outpatient care management. The military health system is seriously undermanned and underfinanced for the number of casualties coming home. Also, there has been little preparation for identifying and treating post-traumatic stress injuries.

Last year, because of spending in Iraq, the Army had a $530 million shortfall in its budget for posts at home and abroad. This forced the Army's vice chief of staff, Richard Cody, to tighten belts that were already at the last notch.

Hospitals have taken a big part of the financial hit. General Cody has warned Congress that failure to shore up the tottering military health care system could become a "retention issue." David Chu, the Pentagon's under secretary for personnel and readiness, told The Wall Street Journal that veterans' costs "are taking away from the nation's ability to defend itself."

The result is that Walter Reed and every other domestic Army post have struggled to house soldiers properly after their release from the hospital. For the lucky ones, family members pick up the slack, making sure that follow-up care is provided, that prescription drug regimens are followed, that therapists show up for rehabilitation sessions. Those without family help tend to slip between the cracks.

Walter Reed, in particular, has another problem. The Base Realignment and Closure Commission decided in 2005 to shutter this critical hospital. I won't debate that decision now — what's done is done — but when the commission decides you will close within a few years, money dries up real fast. It is no wonder that buildings fell into disrepair and recovering soldiers slipped off the radar screen.

This was the fiscal environment that Maj. Gen. George Weightman stepped into last August when he took command of Walter Reed. I have known George since he was a plebe at West Point. He is bright, honorable and energetic — and always capable. But as another of his admirers told me, "He was the captain of that ship." And now he has gone down with his ship — the victim of Mr. Rumsfeld's wrongheaded cost-cutting and the joint chiefs' failure to stand up to the civilian leadership.

So, what can we do to ensure that good men like General Weightman aren't put in impossible situations and, more important, that our fighting men and women get the care they need? A good first step has been taken: Secretary of Defense Robert Gates fired the secretary of the Army, Francis Harvey, who was a true Rumsfeld man and viewed by many as more loyal to his boss than to the Army. But some other prescriptions seem obvious:

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I would encourage every member of Congress, ever senior Pentagon official and every White House staff member to read the articles Mark Benjamin has written on soldier care, beginning with the 2003 report he did on Fort Stewart in Georgia. The train in this wreck left the station a long time ago.

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The Pentagon must do something it has, amazingly, never tried: develop an official doctrine on how to "redeploy" a soldier from the combat zone to the peaceful zone. This means hiring mental health experts to thoroughly analyze the psychology of the returning soldier, and making a commitment to building a health care network that can meet the needs of a growing population of injured soldiers.

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Congress must increase financing for research into traumatic brain injuries, the signature malady of this war. Unbelievably, in its Pentagon appropriations bill for 2007, Congress cut in half the financing for the Army's main research and treatment program on brain injury (which, no surprise, is at Walter Reed).

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The government should also expand grants to the Fisher House program, a public-private partnership that has "comfort homes" at every major military medical center. These provide families of wounded troops with housing, kitchens, laundry rooms and other support services. The program serves more than 8,500 families a year, but will struggle to keep pace with the growing number of returning wounded.

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Like so many government departments, the military has a medical computer system that is made up of a hodgepodge of antiquated machines with outdated software that often can't communicate with one another. This needs to be replaced with a user-friendly system that can efficiently track the wounded as they make their way through the system.

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The Pentagon must revamp the Medical Evaluation Board process, the system under which a soldier suffering from injury is screened to see if he should be given a discharge and a disability pension. Cases now are handled in a haphazard way and can drag out indefinitely; each should be held to a disciplined timeline.

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The general effort by Mr. Rumsfeld and Mr. Harvey to privatize services at Army bases needs to be reined in. Some of the problems at Walter Reed seem to have been caused by the contracting out of maintenance services and other support jobs.

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While we address the needs of uniformed men and women, we need to assess our civilian employees as well; most are excellent, but some are entrenched and in need of firing.

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The money to care for our soon-to-be-veteran soldiers should not come from the Defense Department budget. The immense costs of medical care are simply too attractive to Pentagon budget-cutters, creating a conflict of interest between the war effort and the health of our troops.

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And, of course, we must move the outpatient soldiers out of Walter Reed immediately. It is a small, old installation with few recreational outlets in a neighborhood of Washington that is unwelcoming to patients' families. Fort Lewis in Washington State, for example, is a large, well-equipped installation in a beautiful area with a good program for recovering soldiers. And the big goal should be to get our wounded troops off bases entirely and back their own homes, with adequate medical care and insurance.

The other day I had a phone conversation with Mr. Robinson, a former Army Ranger whose group aids Persian Gulf war veterans suffering with health disorders. "The problem with Walter Reed and the nation's defense health program is much more than money, mold and mice," he said. "It is about leadership." He's right. And with Secretary Gates, I expect the Joint Chiefs of Staff to be able to resume their rightful role in our nation's defense

Blood Clot Found In Cheney's Leg; Vice President Returns To Work (WSJ)

The Wall Street Journal, March 6, 2007

Doctors found a blood clot in Vice President Dick Cheney's left leg, but he was not admitted to a hospital and will be treated with blood thinning medication "for several months," his office said. Mr. Cheney, 66 years old, went in for tests after experiencing "mild calf discomfort" following a nine-day trip to Asia and the Middle East, his spokeswoman said. The clot, a deep venous thrombosis, may have resulted from spending long periods seated on a plane. "Treated properly, it poses a small threat," said Sean O'Donnell, chief of vascular surgery of Washington Hospital Center.

Supreme Court Declines to Hear Appeal by Ebbers of WorldCom

The Supreme Court declined to hear an appeal by former WorldCom Inc. Chief Executive Bernard Ebbers, who is serving a 25-year sentence in federal prison for his role in an $11 billion accounting fraud at the telephone company. Mr. Ebbers appealed the trial judge's refusal to grant immunity to three defense witnesses and argued that the judge wrongly instructed the jury. The court turned away the appeal without comment. A federal appeals court in New York rejected the same arguments last year.

China Aims to Deter Steel Exports

China will cut tax rebates on steel exports in an effort to curb exports and stabilize local prices. China became a net steel exporter last year as its crude-steel output rose 19%, leading to 27 antidumping or antisubsidy investigations against Chinese steel producers by 11 countries. In September, China cut tax rebates for steel exports to 8% from 11%.

Cheney To Be Treated For Blood Clot (USAT)

By Joan Biskupic

USA Today, March 6, 2007

Vice President Cheney will be treated with blood thinners for several months after tests revealed Monday that he has a blood clot in his left leg, a spokeswoman said. Cheney visited his doctor in Washington after feeling minor discomfort in his calf, spokeswoman Lea Anne McBride said. She said an ultrasound showed the deep venous thrombosis.

Cheney, 66, returned to the White House after the exam and continued his workday. "He'll maintain his regular schedule," McBride said. "He feels fine."

The vice president returned last week from a trip that included stops in Afghanistan and Pakistan.

In 2005, he underwent six hours of surgery on his legs to repair a kind of aneurysm, a ballooning weak spot in an artery that could have burst if left untreated.

White House panel OKstwo surveillance programs

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A White House board has determined that two of the Bush administration's controversial surveillance programs — electronic eavesdropping and financial tracking — do not violate citizens' civil liberties.

After operating mostly in secret for a year, the five-member Privacy and Civil Liberties Board is preparing to release its first report to Congress next week.

The report finds that both the National Security Agency's warrantless eavesdropping program and the Treasury Department's monitoring of international banking transactions have sufficient privacy protections. They have multiple layers of review before sensitive information is accessed.

"We visited NSA and met with the top people all the way down to those doing the hands-on work," said Carol Dinkins, a Houston lawyer and former Reagan administration assistant attorney general who chairs the board. "The program is structured and implemented in a way that is properly protective and attentive to civil liberties."

Lawyers seek hearing soonfor Guantanamo detainees

Former U.S. solicitor general Seth Waxman and other lawyers asked the Supreme Court to quickly hear the appeal of six detainees who have been held for more than five years at the U.S. military prison at Guantanamo Bay, Cuba. The case would test the new Military Commissions Act, part of the Bush administration's strategy for special trials for foreign terrorist suspects held at Guantanamo.

The prisoners are appealing a decision last month by a federal appeals court in Washington that said Guantanamo detainees have no right to challenge their detention in federal court. Their lawyers say the ruling conflicts with decisions by the justices in 2004 and 2006 that said detainees could get a hearing by a federal judge.

The lawyers want the case heard May 7. They say it is urgent because of the important issue of access to U.S. courts and "oppressive conditions" at Guantanamo.

The federal appeals court ruled that the Military Commissions Act barred federal judges from hearing detainees' cases. Congress passed the act at the urging of the Bush administration after the justices' decision in June that struck down Bush's original plan for military tribunals as an alternative to regular U.S. courts.

Waxman, who was the government's top lawyer before the court during the Clinton administration, wrote: "At issue is nothing less than this country's commitment to the rule of law. Hundreds of men are currently facing lifelong imprisonment without any assurance that they will ever be tried on a criminal charge or given any fair opportunity to challenge the purported basis" of their detention.

The military has used Guantanamo since 2002 for foreigners picked up as al-Qaeda suspects in Afghanistan and elsewhere. The prisoners in the new case are Algerians arrested in Bosnia on suspicion of an attempt to commit international terrorism.

Dick Cheney Treated For Blood Clot In Leg (LAT)

By James Gerstenzang

The Los Angeles Times, March 6, 2007

WASHINGTON — Vice President Dick Cheney, who returned to Washington last week from an around-the-world trip, is being treated for a blood clot in his left leg, his office announced today. Such clots, while rare, are sometimes caused by extended air travel.

Cheney is being treated with a blood thinner intended to prevent the clot from breaking loose and reaching his lungs, said his deputy press secretary, Megan McGinn. She said Cheney, 66, had experienced "mild calf discomfort."

Cheney has been treated for multiple cardiology and vascular issues over the past three decades -- most recently undergoing surgery in September, 2005, to treat swelling in blood vessels behind both knees. He has had four heart attacks, quadruple bypass surgery, two artery-clearing angioplasty procedures, and an operation to implant a pacemaker, designed to start automatically to regulate his heartbeat if needed.

He has struggled for years to keep his weight down and has traveled with an exercise cycle stored in the cargo hold of Air Force Two.

The vice president's most recent travel took him to Japan, Australia, Oman, Pakistan and Afghanistan, a roughly 25,000-mile trip over the course of a week.

"In light of his recent prolonged air travel, he visited his doctor's office at the George Washington University Medical Faculty Associates," she said. An ultrasound revealed the clot, a deep venous thrombosis, or DVT, in his left lower leg, she said.

Cheney would be treated with the blood thinner for several months, McGinn said. The vice president's office did not make public the specific medication with which he is being treated.

McGinn said Cheney, who spoke for about 20 minutes during the morning to a convention of the Veterans of Foreign Wars, returned to his White House office after visiting the medical office.

Obesity, immobility and age are among the risk factors for deep venous thrombosis, said Leslie Saxon, chief of cardiology at the Keck School of Medicine at USC.

The factors can be multiplied by air travel, Saxon said, because the lower oxygen levels in airplanes lower the oxygen in the bloodstream, increasing the risk of clots, and the dry air of the airplane increases dehydration, another factor in increasing the likelihood of clotting.

In addition, she said, "people who have heart and circulation problems don't have as vigorous a flow" of blood as healthier people.

She said the common blood thinner treatment carried some risk of promoting internal bleeding but that the risk was "extraordinarily low."

Cheney Is Treated For A Blood Clot After Trip (NYT)

By Sheryl Gay Stolberg And Lawrence K. Altman

The New York Times, March 6, 2007

WASHINGTON, March 5 — Vice President Dick Cheney was treated Monday for a blood clot in his left leg that independent experts said was probably not related to his history of heart disease but rather the result of his recent around-the-world trip, which included 65 hours of plane travel over 9 days.

Mr. Cheney's office said the vice president experienced "mild calf discomfort" sometime after delivering a late-morning speech to the Veterans of Foreign Wars and visited his doctor's office at George Washington University.

An ultrasound revealed a deep venous thrombosis, a blood clot, in the lower part of his left leg. He was treated with anticoagulant medication, which he will take for several months, and he returned to work. Although blood clots in the leg can be dangerous if left untreated, experts say most are successfully treated with the anticoagulant drugs that the White House says Mr. Cheney is now receiving.

A crucial determinant in treating blood clots in the leg is the size of the clot, which a statement Monday from Mr. Cheney's office did not describe. Nor did the statement state the clot's specific anatomical location.

In September 2005, Mr. Cheney underwent surgery to repair aneurysms, bulges in the arteries that can spawn dangerous blood clots, behind both knees. Doctors implanted devices known as stent-grafts in each of his legs.

The blood clot that was discovered in Mr. Cheney's leg on Monday was in a vein, not an artery, and several independent experts said there was most likely no connection between it and the 2005 surgery. Dr. Cameron Akbari, a senior vascular surgeon at Washington Hospital Center in the District of Columbia, said Mr. Cheney's history of heart disease put him at only "a very slightly increased risk" of developing a deep venous thrombosis.

"Reasons No. 1, 2, 3, 4 and 5 why he developed this are he was on a very long plane ride," Dr. Akbari said.

In otherwise healthy people, such clots most often develop among those who are sedentary, bedridden after orthopedic or major surgery, or during pregnancy. Deep venous thrombosis can also develop after long flights or car rides.

The clots form when blood pools; doctors often advise patients to walk the aisles of a plane, or make road stops every few hours to keep blood circulating. Mr. Cheney's plane, Air Force Two, is roomy, but White House officials did not say how much he walked around during his trip.

The danger from deep venous thrombosis is that a piece of the clot can break off, travel with the blood and lodge as an embolus in a lung to damage the organ or cause sudden death. Experts say an individual who experiences one episode is at risk for a recurrence.

Standard therapy is to start treatment with injections of low molecular weight heparin and Coumadin pills. Both are anticoagulant drugs (often misnamed blood thinners). Coumadin is usually continued for at least six months. In its statement, Mr. Cheney's office said he would be treated with "blood thinning medication for several months."

Doctors allow most patients to return to work after therapy starts. At least one expert, Dr. K. Craig Kent, chief of vascular surgery at New York-Presbyterian Hospital, said he would not advise a patient like Mr. Cheney to take a long plane trip in the next few days.

During his speech to veterans Monday morning, the vice president made joking reference to the trip, which covered 25,000 miles and took him to Australia, Pakistan and Afghanistan, where a suicide bomber blew himself up outside the base where Mr. Cheney had spent the night.

"As you may have heard, I've been away from Washington recently," the vice president said, adding, "Some, of course, consider that a positive."

Cheney Treated For Blood Clot In Leg (WP)

By Rob Stein

DOJ_NMG_0140892

The Washington Post, March 6, 2007

Vice President Cheney is being treated for a blood clot that his doctor discovered in his left leg, his office announced yesterday.

Cheney's doctor at George Washington University discovered the clot during an examination yesterday after the vice president experienced mild discomfort in his calf, spokeswoman Megan McGinn said. The doctor prescribed blood-thinning medication, which Cheney is to take for several months, she said.

Cheney, who may have developed the clot during a recent trip to Afghanistan, Pakistan, Australia and elsewhere that involved extensive air travel, saw his doctor after delivering a speech yesterday morning to the national legislative conference of the Veterans of Foreign War. He then returned to the White House and continued to work.

"He's right here now working," McGinn said. "He's fine."

Cheney, 66, has a long history of heart problems. He has suffered four heart attacks and has had quadruple bypass surgery, two artery-clearing angioplasties and an operation to install a pacemaker.

Cheney, who became vice president in 2001, had his last heart attack, which doctors described as slight, in 2000. He was hobbled briefly in late 2005 after having surgery to repair aneurysms behind each of his knees.

The kind of blood clot Cheney developed is known as a deep venous thrombosis, which forms in a vein deep in the body. Most deep vein clots occur in the lower leg or thigh.

Sitting for long periods of time, such as on long plane flights, can increase the risk of such clots. Cheney returned last week from his trip.

"He spent over 60 hours in the air," McGinn said.

A clot that breaks off and travels through the bloodstream can cause a deadly pulmonary embolism by lodging in a lung, a heart attack by lodging in the heart or a stroke by traveling to the brain.

A blood clot in the thigh is usually more likely to break off and cause a pulmonary embolism than a clot in the lower leg or another part of the body, according to the National Heart, Lung, and Blood Institute.

Making Up For Lower Pay (WP)

By Lori Montgomery

The Washington Post, March 6, 2007

When Michael Maynard's company announced it was moving overseas, the 53-year-old machine technician from Massachusetts quickly found a job at another firm. As the sole provider for his wife and two daughters, Maynard jumped at the new opportunity, even though he had to take a pay cut of nearly $8 an hour.

Then Maynard got lucky. He discovered that, unlike most Americans who lose their jobs, he qualified for a little-known federal program that pays up to $10,000 to certain workers dislocated by trade. In addition to his regular paycheck, he gets a government check for $117 a week, he said, a sum that "helps a lot."

Now, congressional leaders want to expand the program, known as wage insurance, with some arguing that it should be available to any worker who loses a job for almost any reason. The proposal is part of a broader effort to ease the anxieties of middle-class Americans who feel threatened by the globalization of business and a churning U.S. labor market that creates and destroys about 30 million jobs a year.

The proposal is also central to the debate in Washington over trade. Democrats warn that it will be difficult for them to extend the Bush administration's authority to negotiate trade agreements unless the social safety net for U.S. workers is significantly expanded. That authority expires in June.

"There's a huge ferment out there. And part of the reason for that ferment is that for the last 12 years we have denied what was happening to people while trade just exploded," said Rep. Jim McDermott (D-Wash.), chairman of the panel on income security and family support of the House Ways and Means Committee, which handles trade legislation.

From 2003 to 2005, 3.8 million workers were laid off from jobs they had held for at least three years because of plant closings, insufficient work or the elimination of their positions, according to data from the Bureau of Labor Statistics. About 70 percent had found new jobs by January 2006. But nearly half took a pay cut, the BLS found, and 29 percent reported earnings losses of 20 percent or more.

Only a fraction of job losses are due to increased competition from imports or the transfer of jobs overseas, economists say. Nonetheless, "people do wrongly associate a lot of job loss with trade," said Rep. Jim McCrery (La.), the ranking Republican on the Ways and Means Committee. "So addressing this in some meaningful way is necessary to keeping us at the forefront of knocking down trade barriers."

Entire Washington think tanks have cropped up to propose solutions, including a "strategic pause" in the approval of new trade agreements, a position backed by labor, and an array of expensive social reforms to ease the pain of job loss and

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reemployment. The Hamilton Project, founded by former Clinton Treasury secretary Robert E. Rubin, urges continued trade liberalization along with the creation of universal health insurance, more portable pensions, more focused job-training programs and wage insurance.

In Congress, leaders from both parties are working with the Bush administration to tackle the issue in hopes of proceeding with pending trade agreements -- while responding to a surge of public anger over free-trade policies, which became evident in last year's election. In recent weeks, wage insurance has emerged as a key part of those discussions.

The concept has been around for years, but no country has tried it on a grand scale, said Lael Brainard, director of the Global Economy and Development program at the Brookings Institution. The goal, she said, is to give displaced workers "a strong incentive to search actively for new employment," even at lower pay, by "smoothing over" the reduction in income.

Unlike unemployment insurance, wage insurance rewards a worker for taking a new job, Brainard said. And unlike general job-training programs, which carry no guarantee of future employment, wage insurance subsidizes on-the-job training and, in theory, helps a worker climb back up the economic ladder.

The nation's existing wage-insurance benefit was tucked into the federal Trade Adjustment Assistance program in 2002. It applies only to manufacturing workers 50 and older who are laid off as a direct result of international trade. They are eligible if they take a new job within six months of the layoff that pays less than $50,000 a year. The program, administered by the Labor Department, will make up half of a worker's lost wages for two years, up to $10,000.

The program is reaching only a fraction of those eligible, however, due to the complicated qualification requirements and a lack of knowledge about the program among front-line job counselors. Last year, a Government Accountability Office report found that no more than 20 percent of older workers at five closed job sites received the wage benefit; at two sites, more than half of older workers were not aware of it. Others had trouble finding a new job before the six-month deadline.

Since the program began in 2003, fewer than 6,800 workers have received wage insurance, with nearly half of them signing up last year.

A bill by Senate Finance Committee Chairman Max Baucus (D-Mont.) and Sen. Norm Coleman (R-Minn.) would expand the entire trade-adjustment program to include service-sector workers whose jobs are lost to trade and would lower the age minimum for wage insurance to 40. McDermott and Sen. Charles E. Schumer (D-N.Y.), the third-ranking Democrat in the Senate, are working to adapt a proposal by Brainard and others that would cover almost any displaced worker of any age who loses a job for almost any reason and takes a new one for lower pay. Workers who make less than $97,500 would be eligible, according to a Schumer aide, and benefits could be increased to a maximum of $20,000.

Such an expansion would cause the cost of the program to increase to roughly $3.5 billion annually from about $20 million. Brainard said the cost could be covered by adding $25 to every worker's annual unemployment tax, an idea Schumer said he is considering.

While there is support in both parties for wage insurance, the idea is also drawing fire. Many labor unions oppose it, saying it encourages workers to accept lower wages and benefits. They also argue that the program amounts to "burial insurance" for workers whose jobs should have been protected in the first place.

At a hearing on wage insurance before the Joint Economic Committee last week, Maurice Emsellem, policy director for the National Employment Law Project, argued that wage insurance doesn't work and is likely to steal resources from the nation's unemployment insurance system and other benefit programs.

Some Republicans are willing to embrace a limited expansion of the program as a trade-off for renewing the president's trade-negotiating authority. But they are reluctant to expand it significantly at a time when the Bush administration and congressional Democrats have promised to balance the federal budget.

"My role is to make sure it's directly related to trade, not used as a subterfuge for another social-benefit program," said Sen. Charles E. Grassley (Iowa), the ranking Republican on the Senate Finance Committee, which handles trade legislation.

With many people in both parties backing at least a limited expansion, more workers seem likely to find themselves eligible for the program that has been a blessing for Michael Maynard.

"I thought I was going to lose a lot of money and that's that," he said. But the extra money he gets from the government "is keeping me alive."

A Stampede Of Lobbyists Heads Toward The Budget (HILL)

By Jessica Holzer

The Hill, March 6, 2007

The farm lobby, higher-education advocates, veterans' organizations and a host of other groups are pressing their cases with budget committee staffers for increased funding as Democratic lawmakers look to release their spending blueprint as early as next week.

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The Veterans of Foreign Wars, for example, wants a $4 billion increase in funding for veterans' healthcare over last year's level. The request is likely to resonate at least somewhat this year in the wake of the Walter Reed scandal.

"If the Congress is going to send men and women into harm's way, it's their obligation to pay for their care," Dennis Cullinan, the group's legislative director, said.

Hospital groups, doctors and other recipients of payments under Medicare and Medicaid are pushing to forestall any program cuts in an environment where Congress is under intense budget pressure.

The HMOs and other insurance plans such as Blue Cross Blue Shield are particularly worried after seeing their funding targeted over the last two years.

With the gaping budget deficit, such lobbying pleas may not work this year. Arguments to spend money on new initiatives are even more difficult with the reinstatement of pay-as-you-go.

Under pay-go rules, which were adopted by the House earlier this year and embraced by several committee chairmen in the Senate, any spending increase or tax cut must be deficit-neutral. So advocacy groups are trying to convince budget staffers that their causes should be exempted from pay-go. Others are coming hat in hand with suggestions for revenue offsets.

"It's tough right now. But we will continue our efforts to ask for an increase," Dana Brooks, who is overseeing the lobbying for the U.S. Farm Bureau on the farm bill, said. She believes any increase in agriculture spending merits waiving the pay-go rules.

In the pay-go environment, groups worry they might be targeted in the hunt for offsets. Companies that provide services under Medicare fear they will bear the brunt of any expansion to the State Children's Health Insurance Program (SCHIP) when it is reauthorized this year.

"We're very supportive of SCHIP and making some sure all the kids that are covered under it get health-insurance services. But that shouldn't be done at the expense of Medicare beneficiaries," Erickson said.

A budget resolution is not binding. It merely suggests rather than dictates the amounts authorizing and appropriating committees can allocate to certain broad goals and programs. But it does cap the total amount of spending and revenue legislators have to work with without running afoul of budget rules.

More and more, groups lobbying on the budget realize that the top-line spending figure is more important than how the budget committee divvies it up, argued James Horney, a budget expert at the Center on Budget and Policy Priorities.

"If the overall level isn't big enough, it's almost impossible for appropriators to make an increase," he said.

Some budget experts predict that the budget committees will try to wield more power over policy this year by creating a "deficit-neutral reserve fund." Used in previous years when Congress adhered to pay-go rules, the fund would provide money for spending increases — but only if legislators spend it on budget committee priorities and if they find a way to pay for it.

Yet all this assumes there will be a budget at all. On four occasions starting in 1998, Congress has failed to pass a budget resolution. Given the narrowly divided House, and especially the Senate, many lobbyists aren't holding their breath for an agreement this year. The Republican House barely passed its version last year, though it didn't come close to becoming law.

This week, lobbyists will also focus on the homeland-security legislation that is moving through the upper chamber. Sponsored by Sen. Joe Lieberman (I-Conn.), the bill would implement many of the recommendations of the 9/11 Commission.

Discover America Partnership, a group that advocates reforms to make the United States more hospitable to tourists to advance foreign-policy goals, is pushing a number of amendments to the legislation. Among them are provisions to increase the number of Customs and Border Control agents in major airports and a "registered traveler program" with biometric and background screening that would allow the registrants to speed through customs and immigrations lines at airports.

"We're leading an aggressive effort to find things that can simultaneously strengthen security as well as fix the travel problems we've created these last five years," said Geoff Freeman, the group's executive director.

But the legislation may hinge on a provision to allow Transportation Security Administration (TSA) workers the right to organize into unions. Several Senate Republicans oppose the measure and Bush has threatened to veto the legislation if it is kept. The unions, led by the American Federation of Government Employees, are fighting tooth and nail to keep it in.

Lobbying Bill Sparks Populist Uprising -- On Both Sides (WP)

By Jeffrey H. Birnbaum

The Washington Post, March 6, 2007

The National Right to Life Committee and Rep. Henry A. Waxman (D-Calif.) are locking horns -- not over abortion, but over whether thousands of top executive branch officials should have to disclose the names of people who lobby them.

Driven by the over-the-top, clandestine lobbying of Bush administration officials by now-convicted lobbyist Jack Abramoff, Waxman's House Committee on Oversight and Government Reform has unanimously approved the Executive Branch Reform

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Act. A spokesman for House Speaker Nancy Pelosi (D-Calif.) said that she backs the measure, which would require senior bureaucrats to report quarterly whom they speak to about government actions, and that she expects it to get a vote in the House.

But Douglas Johnson, legislative director of the National Right to Life Committee, is vowing to stop the bill at all costs. He thinks it would discourage officials from meeting with citizens, including his own members. That makes it downright undemocratic. And he is consistent: He led a coalition that helped kill broad ethics reform legislation last year because it would have imposed a similar type of reporting requirement on grass-roots lobbying.

Grass-roots and executive-branch disclosure "are of a kind," Johnson said. "They both have as a purpose to insulate policymakers from ordinary citizens and citizen groups in order to enhance the influence of certain inside-the-Beltway elites." He points out, for example, that communications from lawmakers and other elected officials would not be disclosed under the Waxman proposal.

Johnson is recruiting activists and has lined up the Family Research Council and Concerned Women for America (CWA) as allies. "We believe this bill poses a tremendous threat to any American who wants to communicate with a member of the executive branch," said Shari Rendall, a lobbyist for the conservative CWA. "The burdens of this bill are onerous on government officials and intimidating to the public."

The legislation's advocates are also preparing to fight and they hope eventually to expand reporting to include lobbyists' meetings with lawmakers. Liberal watchdog groups such as Public Citizen, Common Cause and Democracy 21 yearn to give the public a clearer picture of who asks what from government officials all over the nation's capital.

But for now they are content to start with the executive branch. "It's not a burdensome reporting requirement, and it is important information for the public to know," said Craig Holman, lobbyist for Public Citizen's Congress Watch.

Johnson and his allies are just as determined and are trying to spark protests nationwide with e-mail such as this: "Waxman wants to sell his bill as an expansion of 'government in the sunshine,' [but it's really] a tanning salon: a structure in which executive branch officials would be isolated from the real world and then exposed to intense, artificial and unhealthy radiation generated by privileged inside players such as himself."A Peek Into Corporate America

Not waiting for Congress to impose new disclosure laws, shareholder activists have persuaded some of the nation's largest companies to disclose their political spending on such things as issue campaigns. General Electric, Hewlett-Packard and American Electric Power recently agreed to report how much they give trade associations for politics and lobbying. Home Depot said it would report "soft money" gifts such as corporate donations to political advocacy groups.

The decision was announced by the Center for Political Accountability, Trillium Asset Management and Green Century Capital Management. The four companies join 15 other major corporations that have adopted increased transparency policies since 2005.

Separately, Aegon USA, a financial services firm, has begun to list on its campaign finance reports the events at which it gives money to politicians, a disclosure not required by law. It said its $5,000 donation to the leadership fund of Sen. Thomas R. Carper (D-Del.) was made during a "ski weekend." Anyone see a trend?Government Client? Not So Fast

Qorvis Communications, a fast-growing D.C. PR shop, is still waiting for the $3 million, or 13 percent of its revenue, that Saudi Arabia owes it from last year. But Qorvis managing partner Michael J. Petruzzello said he is confident that the payment will show up soon, now that the Saudis have a new U.S. ambassador, Adel al-Jubeir.

"I'm not at all concerned," Petruzzello said. "It will all be resolved imminently." Then again, delays are common when countries are involved. "This is not the last time that they or any of my government accounts have been late," he added. "That's what happens when you work with governments."Lobby for Money? Not Me

Last week, former attorney general John D . Ashcroft blasted Sirius Satellite Radio's proposed acquisition of XM Satellite Radio Holdings on antitrust grounds. He is a consultant, no surprise, to the merger's main opponent, the National Association of Broadcasters.

Thing is, XM says that Ashcroft's office also approached it to see if it would hire him to help with the merger fight, but the company turned him down. XM accuses Ashcroft of "parroting" NAB's views for money, a charge Ashcroft and NAB deny.

Separately, former senator Alfonse D'Amato (R-N.Y.) says he has acted out of "passion" to accept the chairmanship of the Poker Players Alliance, an organization of 160,000 gambling enthusiasts that wants to reverse a law banning online poker.Ex-Top-Aide Hires of the Week

Dutko Worldwide has hired Judy Lemons, a former chief of staff to House Speaker Nancy Pelosi (D-Calif.), and Andy Wright, former chief of staff to Rep. Rick Boucher (D-Va.). The Watts Consulting Group of former congressman J.C. Watts (R-Okla.) has added Steve Pruitt, once the top Democratic aide at the House Budget Committee.

Public Strategies Inc. has hired Lee Godown, former chief of staff to Rep. Loretta Sanchez (D-Calif.). Joshua F. Hurvitz, former legislative director for Rep. Anthony Weiner (D-N.Y.), has joined American Continental Group. And ML Strategies, the

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consulting affiliate of law firm Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, has hired Jeremy Rabinovitz, former chief of staff to Rep. Lois Capps (D-Calif.).

David E. Yudin, former director of the city of Chicago's Washington office and more recently legislative counsel to Sen. Joseph I. Lieberman (I-Conn.), has joined B&D Consulting as a senior adviser.

Brad Woodhouse, a longtime political operative with strong ties to liberal causes, was named president of Americans United for Change, replacing Karen Olick, a former chief of staff to Sen. Barbara Boxer (D-Calif.). Olick joined the media and communications firm Squier Knapp Dunn.

Apparently thinking ahead, XM Satellite Radio last summer hired as a senior vice president Jeff Blattner, who was chief counsel on the Senate Judiciary Committee staff of Sen. Edward M. Kennedy (D-Mass.) and also helped run the Justice Department's antitrust lawsuit against Microsoft in the 1990s. XM is involved in a huge antitrust effort to win government approval to merge with Sirius Satellite Radio.

And on the GOP side, Dan Meyer of the Duberstein Group, a top aide to former House speaker Newt Gingrich (R-Ga.), will replace Brian Conklin as the White House's chief lobbyist in the House.

Send e-mail tokstreet@washpost.com.

Caucus Embroiled In Leadership Dispute (AP)

By Erica Werner

AP, March 6, 2007

Members of the Congressional Hispanic Caucus scheduled a special meeting Tuesday to try to resolve an embarrassing leadership dispute that led one lawmaker to quit the group.

Among the options is a power-sharing arrangement that would dilute the authority of the caucus' controversial chairman, Rep. Joe Baca, D-Calif.

So far, Baca has resisted any changes to the caucus' power structure, according to caucus members and staff. Baca is under fire from female lawmakers, including fellow California Democratic Rep. Loretta Sanchez, who quit the 21-member, all-Democratic group after accusing Baca of calling her a "whore."

Baca denies that. A meeting last Thursday broke up without resolution or a vote, and afterward Baca insisted that he was still in charge and that he was focusing on the future.

"I'm still the chair. ... I was elected in a Democratic process," Baca said. "We've got a lot of high priorities and we need to stay focused."

Sanchez has said she'll rejoin the group only if Baca is out as chair, and other members haven't ruled out quitting. Baca was supported by only one of six women in the caucus when he was elected chairman in November, and Sanchez, her sister Rep. Linda Sanchez, and two others subsequently contested the election procedure and asked for a new secret-ballot vote.

Female caucus members have complained of being ignored and disrespected.

In another episode a year ago, six caucus members — including Loretta and Linda Sanchez — cut ties to the group's campaign arm after it helped finance the unsuccessful campaigns of Baca's two sons for seats in the California Legislature.

Baca defended the decision to give money to them and other nonfederal candidates, saying the caucus should seek to build a farm team. Opponents said the focus instead should be on electing Latino House members.

McConnell Helps Save GOP's Agenda - But Risks Its Future (POL)

By Carrie Budoff

The Politico, March 6, 2007

Senate Minority Leader Mitch McConnell returned to the Senate in January with a conference slashed in size and chastened by voters. Neither the Republican president nor the Democratic-controlled Congress had much use for him. Colleagues whispered that the senator, with all the pizzazz of plain oatmeal, was terrible on television.

Two months later, though, McConnell has managed to make the Republican stance on Iraq -- oppose a rebuke of the president while pressing for continued war funding -- look downright vogue. In the process, even skeptics have acknowledged that McConnell knows how to work a chamber.

"His stock is very high right now," said Sen. Lindsey Graham (R-S.C.)

Not with everyone.

"McConnell is in fact a combination of the worst of all worlds -- the arrogance of Bush, the social conservatism and lunacy of Rick Santorum, the hypocrisy of Mark Foley, the corruption of Tom DeLay," Matt Stoller, a Washington-based Democratic consultant, wrote on the liberal blog MyDD.

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As the Kentucky Republican defends his party -- and President Bush -- like a Cub Scout den mother, he's threading the needle between a conference in need of an opposition identity and a public mood divided on the position he has staked out. Insiders admire his tactical maneuvers on Iraq, but could he lose the broader public relations battle outside of Washington?

"They have a potential double whammy," said Norm Ornstein, a congressional scholar at the American Enterprise Institute. "They could ultimately be portrayed as obstructionists, and obstructionists in favor of a policy that deteriorates anyhow."

The competing agendas underscore the conflict between his leadership role and his style. He's the face of the Senate GOP, but aides have to nudge him to show it more on television. He's a backroom operator in a need-to-know-everything political age. He's the congressional Republican backstop at a time when voters say they want action.

The source of his highest praise -- and sharpest critiques -- stems from what he's stalled: a resolution opposing Bush's plan to send an additional 21,500 troops into Iraq.

The left issued a call to arms last week against the four-term incumbent, who's up for reelection next year.

"It's time to do to Mitch McConnell what the GOP did to Tom Daschle -- make him the symbol of everything that is wrong and get rid of him in a presidential year," wrote Stoller.

With appraisals like that, this prim politician, whose flashiest attribute might be his pinstriped suits, morphed into the silver lining of an otherwise dark year for Republicans.

The National Republican Senatorial Committee reported a slight swell in fundraising. And on Friday, Bush's appearance with McConnell in Louisville, Ky., raised $2.1 million for GOP candidates.

"For the first time in a long while," William Kristol, editor of the Weekly Standard, wrote in Time magazine, McConnell's performance has "given Republicans a congressional leader worth rooting for."

Kristol's statement could be viewed as a subtle jab at McConnell's predecessor, Sen. Bill Frist, the Tennessee Republican who rose to majority leader after only eight years in the Senate and always had his eye on the presidency. McConnell has no designs on higher office, a departure from several of his recent predecessors in both parties, including Frist, former Sen. Tom Daschle (D-S.D.) and former Sen. Robert Dole (R-Kan.).

Moreover, political observers say McConnell brings a legislative know-how to the job that Frist lacked, earning him loyalty in his conference -- and because of that, greater negotiating power with the Senate majority leader, Harry Reid (D-Nev.).

"The Senate is built for defense. The House is built for offense," McConnell said in a Politico interview. "The minority is never irrelevant in the Senate, particularly at 49" members.

McConnell has handled his minority leadership "exactly as Senator Reid expected," said majority leader's spokesman, Jim Manley.

"Senator McConnell is a fierce partisan," Manley said. "He is someone who knows the rules of the Senate and is prepared to use them."

A month ago, the reviews weren't so glowing.

Republican aides arrived at the Capitol Feb. 6 in a tizzy. The GOP was taking a pounding in the headlines. Voters across the country were hearing one message: Republicans defied the will of the American people. They obstructed a debate on Iraq.

A day earlier, McConnell had won the battle inside the Capitol by lining up his conference against a Democratic Iraq resolution. It was a testament to his tactical skills, but raised concerns about his style.

Was his workmanlike persona better suited for the 7 a.m.-to-11 p.m. media cycle of the 1980s?

Aides quickly regrouped, by conference call and in person. "Do we give up? Do we keep talking about it?" asked McConnell's communications director, Don Stewart.

Within hours, the edict was issued. No more talk about the process. Talk only about funding the troops -- and that's all they did.

"I'm not here to talk about the process," McConnell said at one point, trying to shoo reporters off the procedural maneuverings that aides say he revels in.

Reid balked at side-by-side votes -- one on the Democratic resolution opposing the troop surge and one on the Republican resolution pledging to continue funding the war. But McConnell held firm, insisting that the GOP plan receive a vote.

Eventually, the story line shifted to "Democrats in disarray" as they struggled to craft a resolution that could make it by McConnell's minority.

"His strength is how much he listens to colleagues and is able to develop solutions that benefit them," said Ken Mehlman, the former Republican National Committee chairman who managed Bush's 2004 campaign.

The debate was the first major test of McConnell's commitment at the outset of his term to "a restoration of civility and common purpose" in the Senate -- and of his relationship with Reid.

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Both lawyers and longtime legislators, the two leaders meet every Monday, one week in Reid's office, the next in McConnell's, where a National Gallery portrait of his hero, Henry Clay, watches over the proceedings. In between, they talk on the Senate floor.

"We have an understanding of what the institution is like, the rhythm and flow of the institution," McConnell said. "You tend not to get frustrated because of the little impasses that develop along the way. That is just the way the Senate has operated for 200 years. Snags develop and you sit down later and work it out and go on."

McConnell relies on a kitchen cabinet outside his deputy leaders. Sen. Bob Bennett (R-Utah), an old friend, joins the weekly leadership meetings. Sen. Judd Gregg (R-N.H.) has acted as McConnell's legislative wingman, taking the lead so often on the floor debates that Reid described him last month as the "designated 'see-if-we-can-mess-up-the-legislation' guy this year."

McConnell's performance has inspired a certain level of assuredness in the ranks. By last week, as Reid announced that the Senate would hold off debating Iraq for another two weeks, Republicans were anxious for the showdown.

"My attitude is, 'Bring it on,'" said a senior Republican leadership aide. "Let's keep going here."

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, March 6, 2007

Embattled Abramoff Associate Lobs Charges of His Own at Ex

While he awaits sentencing for his role in the Jack Abramoff scandal, Michael Scanlon is fighting another court battle -- on the home front.

In papers filed in Montgomery County last fall, the former Tom DeLay staffer-turned-mega-lobbyist is suing his ex-wife for $2 million plus all the money in their son's educational trust, claiming she and her new husband spent funds meant for the 8-year-old boy.

In his suit (which he amended last week to include a conspiracy charge), Scanlon claims his ex, Carrie Anne Liipfert Messina, now living in Los Angeles, had him wire money to what was supposed to be a segregated fund but proved to be a joint account with her husband, Matthew Messina. Scanlon claims they withdrew money meant for young John Patrick's education to buy a condo at the Mammoth Lakes ski resort, timeshares in Orlando and Mexico, and concert tickets.

Intriguingly, Scanlon also claims that his ex-wife broke a 2003 "confidential agreement" the two reached on child support by sharing info about Scanlon's finances with unnamed "third parties." But what she allegedly disclosed, and to whom, is unclear: Messina's response and countersuit -- which court records indicate involve "breach of contract" claims, the same as he makes against her -- have been placed under seal.

So it's unclear whether any of this is entangled in the Abramoff fraud/public corruption mess. While an ex-fiancee of Scanlon's reportedly helped federal prosecutors build a case against him, some observers of the case doubt there would have been much incentive for Messina to leak to investigators. Both Scanlon's attorney and Messina's declined comment.HEY, ISN'T THAT . . . ?

Â· Jake Shears, lead singer of Scissor Sisters, dropping by Comet Ping Pong pizza parlor in upper Northwest Sunday evening before his 9:30 club show. The disco revivalist was approached by a couple of brave Georgetown Day students raising money for a health clinic in Kenya; they say he showed interest but not whether he opened his wallet.

Â· Jamie SalÃ© and David Pelletier in the stands as the Caps played Tampa Bay Thursday. Remember them? Cute Canadian figure skaters who won Olympic gold in 2002 after that messy Russian judging controversy? Well, now they're married, and while on a tour break stayed in NoVa for a few days with homegrown ice royalty Michael Weiss.

Â· John Lithgow dining with three others at Asia Nora Friday night, ahead of his Sunday gig narrating some NSO shows at the Ken Cen. The actor appeared to enjoy the fried oyster and duck appetizer.UPDATE

The Courage Cup polo war is heating up. Over the weekend, founder Greg Ball sent an e-mail to thousands of local fans advertising a charity polo match he calls the Courage Cup at Leesburg's Morven Park on May 12. But not so fast! Three directors of the group once allied with Ball quickly responded with an e-mail saying the official Courage Cup is slated for June 16 at Great Meadow Polo Club near Middleburg.

Since Ball left D.C. to become a New York state legislator, he and the new board have fought each other with dueling Web sites and bitter e-mails. Ball now contends that his cup is taking place in conjunction with America's Cup of Polo (England vs. United States). No way, said Charlie Muldoon, director of polo for the May 12 event.

Meanwhile, the chances of a friendly resolution are shrinking by the day. The new directors have washed their hands of Ball, saying in an open letter: "We will have nothing further to do with this person or his imaginary polo activity, either collectively or individually." In a letter on his Web site, Ball shot back, denouncing the "unauthorized and renegade outfit." Remember when polo was civilized?THIS JUST IN . . .

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Â· In a rare foray out of the White House, George and Laura Bush had Sunday night supper at the Palisades home of Karl and Darby Rove. The presidential adviser took pity on the press outside in vans and sent out sausage and . . . quail wings? Sounds like something John Kerry would serve.

Â· A federal judge yesterday sentenced classical oboist H. David Meyers to a year and a day in prison for money laundering and running an illegal sports-betting operation in Montgomery County, a sentence his attorneys warned could be fatal to his musical career. Prison authorities will decide whether he can play and practice in the slammer. With good behavior, the 61-year-old could be out in nine months.

The Right To Organize (NYT)

The New York Times, March 6, 2007

There are many reasons for the long decline in the membership rolls for private sector unions, including powerful changes in the economy and the unions' past corruption scandals. And there is little doubt that federal rules and regulations for union organizing have also become increasingly hostile to labor, helping to drive unions' share of the work force down from a peak of 35 percent in the 1950s to a mere 7.4 percent today.

The House of Representatives passed a bill last week that would strengthen the rights of employees to form unions, and it drew an immediate veto threat from President Bush. But if Mr. Bush were, as he claims, truly concerned about rising income inequality and truly committed to improving the lives of America's middle class, he would support the legislation and urge the Senate to approve it.

The most significant change in the bill is known as a majority signup, which would allow employees at a company to unionize if a majority signed cards expressing their desire to do so. Under current law, an employer can reject the majority's signatures and insist on a secret ballot. But in a disturbingly high number of cases, the employer uses the time before the vote to pressure employees to rethink their decision to unionize.

The bill would also increase the penalty for employers who fired or otherwise discriminated illegally against pro-union employees. An employer currently found guilty of an illegal firing must pay back pay, minus whatever the fired employee might have earned at a new job — a fine so low as to be meaningless. And the bill would require binding arbitration if a newly formed union and company management were unable to agree on a first contract after 120 days. The refusal to bargain is among the most common allegations against employers in filings to the National Labor Relations Board.

Some employers, like Cingular Wireless and the health care provider Kaiser Permanente, have voluntarily embraced the practice of the majority signup. But many others, represented by interest groups like the United States Chamber of Commerce and the National Association of Manufacturers, remain rigidly opposed.

The bill's opponents charge that replacing secret ballots with the majority signup would be undemocratic. But the current system is by no means fair. The law prohibits union advocacy by employees during work hours and allows employers to ban organizers from the work place. But employers can require workers to attend anti-union presentations, and can discipline or fire those who refuse to attend.

In 2005, according to the most recent annual report of the National Labor Relations Board, 31,358 employees were receiving back pay after being discriminated against for their union-related activities. In research for a bipartisan Congressional commission in 2000, Kate Bronfenbrenner, a labor relations professor at Cornell University, reported that 25 percent of employers illegally fired at least one employee during organizing campaigns.

Labor unions have a role to play in helping to fix today's economic ills — most notably, worsening income inequality, a problem that's caused in part by unions' decline and the workers' resulting lack of bargaining power. What's needed is a Congressional drive to help Mr. Bush see this obvious connection. The Senate should take up the House bill promptly and send it to the president for his signature.

Fixing No Child Left Behind (WSJ)

The Wall Street Journal, March 6, 2007

The No Child Left Behind education law is up for renewal this year, and an independent commission recently released some recommendations for improvement. Not to be outdone, the White House has also put out its own "blueprint" for strengthening the law. The legislation could use a serious reworking, but any fixes won't go far enough unless they do more to expand public and private school choice.

NCLB's political bargain was that, in return for a big increase in federal education spending, the government would hold schools more accountable for results in the classroom. Six years later, taxpayers have done their part. Since 2001 overall NCLB funding has risen by 34%, and federal spending on Title I schools serving low-income students has gone up 45%.

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NCLB and the Bush Administration also deserve some credit for shifting the terms of the education debate. The law has focused attention on learning gaps between students of different races and economic backgrounds that persist even at some of the nation's best public schools. The law's requirement that schools test annually in grades 3-8, and report both averages and the results of racial and economic subgroups, has made it much more difficult for administrators to hide the fact that all students aren't learning.

NCLB has been much less successful in bringing pressure to bear on states and school districts that fail to implement the law. That's especially true of the school choice provisions, which are the best way to get the attention of the education bureaucracy. Unfortunately, the Bush Administration abandoned its voucher proposal very early in the 2001 negotiations. What passed was a watered-down version of public school choice, which in theory allows a child in a failing school to transfer to a better public school or get free after-school tutoring from private providers. * * *

In practice, however, the Education Department has too often allowed school districts to skirt even these limited choice provisions, either by granting exemptions or looking the other way. It took a formal complaint from the Alliance for School Choice before Secretary Margaret Spellings did anything about Los Angeles failing to notify parents of their transfer rights as required under the law. So far she's sent the district a sternly worded letter.

And the Chicago public school system, which has been repeatedly labeled "in need of improvement" and thus should be banned under NCLB from offering its own after-school tutoring, has been given a waiver to do exactly that. So while it would be nice if the Bush Administration enforced its own law, the larger lesson is that school choice "lite" turns out to be no substitute for the real thing.

To be fair, some of these problems are structural. Even if more school districts were implementing NCLB's transfer provisions, there often isn't enough room in decent schools to handle all the children who qualify for a transfer. And many of the private after-school tutoring services allowed under the law are simply employing the same teachers from the local public school system who are failing the kids during regular school hours.

There's also the problem of allowing each state to develop its own standards and tests to determine proficiency in reading and math. The Administration was deferring to federalist principles on an issue that's traditionally been handled at the state and local level. But the reality has been a "race to the bottom," with some states constructing easy tests to avoid federal penalties.

"If you're in Oklahoma right now, you're told that 95% or 96% of your schools are doing fine," says Frederick Hess, who follows education at the American Enterprise Institute. "And if you're in Massachusetts, you're told that 40% to 45% of your schools are doing fine. But if you look at the actual achievement data, it suggests that kids in Massachusetts are doing far better than kids in Oklahoma."

Some education reformers are now calling for "national standards" to address this problem. But we tried national history standards in the 1990s, and the politicized results weren't pretty -- unless, of course, you favor a history curriculum that downgrades the Founding Fathers while playing up the working experiences of midwives in 19th-century Nebraska.

Rather than force a national test on states, the best compromise here may be to require them to benchmark their own assessments against the National Assessment of Education Progress (NAEP), a federal standardized test that already exists and that most educators agree is fairly rigorous. "So people at least have a common metric by which to judge the rigor of the state assessment," says Mr. Hess.

It's worth considering, and we wish we could say the same about the Commission on No Child Left Behind, which was funded by private foundations and co-chaired by former Governors Tommy Thompson and Roy Barnes. But the panel's report is more interested in tinkering than fundamental change, and its 75 recommendations don't include the one that would make the biggest difference: school vouchers. * * *

The Administration's proposed fixes are bolder and potentially more consequential. President Bush's 2008 budget sets aside $250 million for "promise scholarships" for low-income students in schools that have consistently underperformed for five years. The scholarships would average about $4,000 and "the money would follow the child to the public, charter or private school of his or her choice."

Them's fightin' words for the Democrats who now control Congress. But Mr. Bush has the bully pulpit, as well as the moral authority from five years of evidence on failing schools. We hope his Administration uses them to explain why real school choice is essential to any reform in K-12 education.

OTHER NEWS:

Stocks Decline As Weakness In Asia Trumps Other News (WSJ)

By Peter A. Mckay

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The Wall Street Journal, March 6, 2007

A big drop in oil prices didn't stanch the bloodletting in the stock market.

As was the case last week, weakness in overseas markets, especially Asia, trumped any shreds of good news elsewhere. Signs of so-so growth in the U.S. service sector didn't help matters.

"All the things that [investors have] been talking about are not going away," said Michael Mainwald, head trader at Lek Securities Inc., a New York brokerage. "If anything, they're just getting bigger and bigger."

The Dow Jones Industrial Average opened lower, seesawed in and out of positive territory throughout the day, then suffered a late round of selling to end lower for the third straight day. It finished off 63.69 points, or 0.5%, at 12050.41, down 3.3% on the year. Since last Tuesday, when the blue-chip average had a headline-grabbing one-day plunge, it is now off 4.6%.

On a day when it celebrated its 50th anniversary, the Standard & Poor's 500-stock index slipped 0.9%, or 13.05 points, to 1374.12, off 3.1% on the year. Still, the broad measure has now risen to nearly 31 times its initial close of 44.42 on March 5, 1957.

The Institute of Supply Management said its nonmanufacturing index, a broad measure of service-sector activity in the U.S., fell to 54.3 last month. That level indicates that the service sector is still growing, but was below both January's reading of 59 and Wall Street's consensus expectation for 57.5.

Concerns that demand could slow pushed crude futures contracts for April delivery sharply lower, off $1.57 to $60.07 a barrel, down 2.5% for the day and 1.6% for the year on the New York Mercantile Exchange.

Such declines usually help stocks, since investors figure that lower energy prices will lead to more consumer spending and boost corporate profits. Yesterday's session was an exception, as economic fears held back both stocks and energy, said Raymond Carbone, president of Paramount Options, a brokerage firm active on Nymex's floor.

"What we're seeing is fear of a global slowdown," which could lead to less robust consumption of fuel in the U.S., said Mr. Carbone.

Technology shares, which most investors believe are riskier during periods of slow economic growth, were especially weak. The Nasdaq Composite Index shed 1.2%, or 27.32 points, to end at 2340.68, off 3.1% on the year.

Outside the U.S., stocks fell in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, fell 2.3%, or 5.64 points, to 237.47. Major stock indexes fell in Tokyo and Hong Kong.

In major U.S. market action:

Stocks declined1 and bond prices fell2. The 10-year note fell 1/32 point, or 31.25 cents for each $1,000 invested, lifting its yield to 4.518%. The 30-year bond fell 2/32 to yield 4.654%.

The dollar was mixed3. The dollar fell to 115.83 yen from 116.85 yen. The euro fell to $1.3093 from $1.3194.

Unsteady U.S. Markets Take Another Hit (USAT)

By Matt Krantz

USA Today, March 6, 2007

Money flowed out of global stock markets again Monday as fears of a coming economic slowdown continued to discourage investors around the world.

Following another brutal showing for Asian markets and a choppy day in Europe, U.S. stocks fluctuated Monday before ending with their eighth loss out of the past nine trading sessions. The Dow Jones industrials fell 64 points to 12,050, which left the blue-chip barometer 736 points below its record close on Feb. 20 and at its lowest level since the beginning of November.

That 5.8% slide in the Dow is shy of the 10% drop that defines an "official" correction and is less than some emerging markets have dropped in a single day. But the damage runs far deeper in some sectors on Wall Street, showing the velocity at which U.S. investors are fleeing riskier asset classes such as:

·Subprime mortgage lenders. Investors are hammering companies that gave loans now proving to be problematic to consumers with questionable credit. New Century Financial collapsed $10.09, or 69%, to $4.56 Monday after the industry leader's warning last week that its losses from bad loans have widened, its accounting is being investigated and its survival depends on the large investment banks that lend it money. Scott Valentin of Friedman Billings Ramsey says it's quite possible some subprime lenders will fail.

Investors are bailing out of all subprime lenders and even some diversified mortgage lenders, says Chris Brendler of Stifel Nicolaus. The worries have bled further in the financial ecosystem, infecting shares of real estate investment trusts and investment banks such as Goldman Sachs and Morgan Stanley, which provide cash to subprime lenders. There are even concerns the subprime industry's problems eventually could hurt the broader financial system.

·Tech and biotech. Suddenly investors want little to do with these traditionally volatile sectors. Networking-gear makers Ciena and PMC-Sierra and biotech Celgene are among the worst performers in the Standard & Poor's 500, down 17%, 15% and

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12% since the market cracked last Tuesday and investors scrambled for safety. "Tech is thought to require a firm economy to do well. That's an open question now," says David Joy at RiverSource Investments.

·Turnaround plays. Circuit City and General Motors, companies in the midst of fixing themselves, have been punished, falling 13% and 10% in the past week. Investors now prefer more stable companies, which in some cases are also less expensive, Joy says.

The flight from risk is likely to continue as long as investors, unlike just a few weeks ago, are skeptical of rosy economic forecasts. "Positive statements by economists do not have credibility with some investors," S&P's Sam Stovall says. "It's total uncertainty."

U.S. Stocks Drop As Investors Avert Risk (LAT)

By Walter Hamilton And Tom Petruno

The Los Angeles Times, March 6, 2007

Done in by another late-day swoon, U.S. stocks dropped again today as investors continued to dump the type of risky issues they had embraced so strongly last year.

Though most broad-market indexes slid, the worst losses occurred in the financial and housing sectors and among small-company stocks.

Shares of some Southern California-based sub-prime mortgage lenders -- including New Century Financial -- were hammered relentlessly as investors bailed out, fearing that the industry's collapse will worsen.

The blue-chip Dow Jones industrial average fell 63.69 points, or 0.5%, to 12,050.41. The Dow had rallied at the outset of trading but couldn't hold its gains.

Still, big-name stocks were a haven relative to the rest of the market.

The Russell 2,000 small-stock index slid 2% to 760.06, bringing its loss for the last five trading sessions to 7.7%.

The Standard & Poor's mid-size stock index fell 1.8%.

The technology-heavy Nasdaq composite dropped 27.32 points, or 1.2%, to 2,340.68.

Losers swamped winners by nearly 5 to 1 on the New York Stock Exchange.

Wall Street's struggle today followed another sharp decline in Asian markets overnight. Japan's Nikkei index fell 3.3%. The Shanghai composite index dropped 1.6%.

Emerging markets in general were broadly lower. The Mexican market gave up 2%.

The market's slump began a week ago with a sharp sell-off in Chinese shares that reverberated worldwide. China's slide caused concerns that had been simmering in the United States to boil over -- specifically, fear that the U.S. economy was at risk of falling into recession this year instead of experiencing a so-called soft landing.

The Dow plummeted 416 points, or 3.3%, on Feb. 27, its worst loss in nearly four years. It has been mostly downhill for markets worldwide since then.

"What we have had is a big change in psychology from [investors] not worrying about anything to looking for things to worry about," said Phil Roth, chief technical market analyst at brokerage Miller Tabak & Co. in New York.

The housing market has figured prominently in those new worries, amid rising defaults by sub-prime borrowers -- those with poor credit histories or no credit histories.

Irvine-based sub-prime lender New Century Financial Corp. dived $10.09 to $4.56 today after its disclosure late Friday of a federal criminal probe into its accounting.

Another sub-prime giant, Countrywide Financial, fell $1.82 to $35.20. Impac Mortgage of Newport Beach dropped $1.91 to $4.05.

Anything real estate-related was targeted by sellers today. The Bloomberg News index of real estate investment trust shares sank 3.7%, its worst one-day loss in the last five sessions.

Despite losses over the last week, key stock indexes are down relatively modestly, by historical standards.

The S&P 500 index, which fell 0.9% today, is down 5.9% from its six-year high reached Feb. 20.

A garden-variety "correction" in a bull market would be a drop of 10% to 15%.

Nonetheless, the selling has amplified fears in financial markets that the economy was weakening more than had been expected under the soft-landing scenario.

"You can say it's just a nasty correction or the start of a bear market," said Hugh Johnson, chief investment officer at Johnson Illington Advisors in Albany, N.Y. "Either way, the stock and bond markets are sending a strong and unambiguous signal that something may have gone wrong for the economy."

In other markets today, the dollar fell further against the yen, to 115.42 from 116.75 on Friday, as speculators continued to unwind their trades of borrowing in Japan to buy high-risk assets elsewhere.

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Yields were little changed in the Treasury bond market.

Stocks Fall Further, Mirroring Europe, Asia (WP)

By Tomoeh Murakami Tse

The Washington Post, March 6, 2007

Stocks faltered again yesterday during a global equities sell-off and as concerns mounted about the health of a high-risk part of the home mortgage industry.

Each of the major indicators added to their losses of last week, the worst in several years. The Dow Jones industrial average shed 63.69, or 0.53 percent, to close at 12,050.41. The tech-heavy Nasdaq dropped 27.32, or 1.15 percent, to 2340.68. The broader S&P 500-stock index fell 13.05, or 0.94 percent, to 1374.12.

"I don't think it's the bottom. You've got earnings growth decelerating and no Fed easing in sight," said Jeff Schappe, chief investment officer at BB&T Asset Management, referring to the Federal Reserve's position on interest rates. "So the market is having trouble hanging its hat on something good."

Overnight selling in Asia and Europe appeared to set the tone for U.S. exchanges. The Dow dropped more than 70 points in early trading. The average bounced in and out of negative territory throughout the day as investors took their profits, shopped for bargains or bought safer equities and bonds.

Japan's Nikkei index lost 3.3 percent of its value yesterday, falling 575 points. It recovered slightly in early trading today. Declines were led by exporters, whose overseas profits are being eaten by the rallying yen. It was the fifth consecutive day of losses for the Nikkei since Chinese stocks fell almost 9 percent Feb. 27. The Shanghai index dropped 1.6 percent yesterday. Hong Kong's Hang Seng index posted a 4 percent loss.

The picture was similar in Europe, where worries about weakness in the U.S. mortgage business and the strong Japanese yen lingered. Britain's FTSE 100 lost 0.9 percent, and Germany's DAX index fell 1 percent.

The yen rose 1 percent to hit a three-month high against the dollar. It was trading at about 115.5 to the dollar yesterday, up more than 4 percent in less than a week. The yen gained 2 percent against the British pound.

Analysts are keeping a sharp eye on the yen because of concerns about an unwinding of what's known as the carry trade, which refers to the process in which people borrow in currencies with low interest rates, such as the yen, and invest those assets elsewhere. The rising yen suggests that investors are pulling out of those investments and putting their money, for safety reasons, back into the Japanese currency. This movement could hurt the availability of capital worldwide.

Fresh signs of trouble surfaced in the part of the U.S. mortgage industry known as subprime, further weighing down the market. New Century Financial, which issues the risky, subprime home loans to borrowers with questionable credit records, said late Friday that it was the subject of a criminal investigation into securities trading and warned it may violate loan agreements with its financial backers. Its shares dropped yesterday by $10.09, or 69 percent, to close at $4.56.

David G. Dietze, president and chief investment strategist of Point View Financial Services, said "carnage" in subprime markets had made investors wary of the financial service stocks, which make up roughly a quarter of the S&P 500.

"People are looking at some of the financial services companies and asking, 'To what extent could they be left holding the bag?' " he said, adding that all major banks have some exposure to subprime loans.Movers

Palm dropped $1.80, or nearly 10 percent, to $16.50, wiping out its rally on Friday after speculation that Nokia might buy it.

Fremont General, a subprime lender, lost $2.82, or 32 percent, to $5.89, after saying it would sell its subprime loan business.

Alcoa dropped 97 cents, almost 3 percent, to $31.73.

Shares Continue To Sink, From Hong Kong To New York (NYT)

By Jeremy W. Peters And Heather Timmons

The New York Times, March 6, 2007

The fallout from last week's global stock dive showed few signs of letting up yesterday, as markets from Hong Kong to New York deepened their losses.

Share prices in the United States fell for the eighth time in the last nine trading days. The combined losses have wiped out more than 5 percent of the American market's value.

Wall Street started the morning in the red, then bobbed in and out of positive territory. At first, investors appeared moved to sell by a report showing that business activity in the service industry fell to the lowest level in almost four years. But those losses were later reversed, and for much of the day it looked as if stock prices would finish the day with some moderate gains.

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But in the final half-hour, prices dropped sharply. The Dow Jones industrial average lost 63.69 points, or about 0.5 percent, to close at 12,050.41. The broader Standard & Poor's 500-stock index fared even worse, losing 13.05 points, or about 1 percent, to close at 1,374.12.

The Nasdaq composite fell 27.32, about 1.2 percent, to 2,340.68. The Russell 2000 index of smaller companies dropped 15.38, or nearly 2 percent, to 760.06.

Another big sell-off in Asia overnight and more modest declines in European markets later in the day preceded the downturn in the United States. The Nikkei fell for the fifth consecutive session to close down 3.3 percent; Hong Kong's Hang Seng index fell 4 percent; and the Shanghai composite index fell 1.6 percent. In Britain, the FTSE 100 dropped 0.94 percent, in Germany the DAX index fell 1.04 percent, and in France the CAC-40 declined 0.73 percent.

Analysts in Europe said that the sell-off of assets considered risky was likely to continue for some days. But they said that the decline was probably not a sign of a recession and that it was unlikely to set one off.

In the United States, analysts said that a government report on productivity and labor costs due out today could accelerate losses. The report is expected to show that productivity did not advance as rapidly as first thought and that businesses spent more on employee compensation than first reported.

Tim Bond, head of asset allocation strategy for Barclays Capital, said in a research report yesterday that news about the strength of the United States economy would weigh on stocks in the coming weeks. "We should expect underperfomance of both U.S. stocks and bonds over the next several months, at least in the absence of a surprising recovery in productivity growth."

Others echoed that sentiment. "There is a genuine fear that the correction will be more than 10 percent globally for the developed markets," said Michael Hughes, chief investment officer at Baring Asset Management in London. "We had such a good run that there is a sense that money has been made too easily."

Still, some analysts say they believe the damage will be limited. "This is the way that corrections work," said Garry Evans, a strategist with HSBC in Hong Kong. "A week ago, everyone was very excited about the markets and now no one wants to buy stocks."

The declines extended a downward trend that began last Tuesday when the Shanghai stock market dropped nearly 9 percent. Many economists and strategists predicted that volatility could increase sharply in Asian markets as investors pull back from speculative investments and redirect assets to more mature markets, and as other investors look for buying opportunities.

This flight from risky assets has become particularly evident in currency markets. The Japanese yen, which rose again yesterday against the dollar, has been strengthening even as other Asian currencies have declined because many investors are unwinding some of their transactions, called "carry trades."

In this trading strategy, hedge funds and other investors have been borrowing yen at low interest rates and then converting them into other currencies to buy stocks in markets with higher returns, like Australia, Malaysia, Indonesia and the Philippines. But they are now reversing many of these trades.

The retreat of investors from carry trades is now accelerating regional declines, analysts said. The more the yen rises, the more expensive it becomes for carry traders to pay off their Japanese debt. As they try to sell their holdings faster, they feed a cycle of rising yen and more selling.

Banking stocks have suffered as profit at financial institutions took a hit on bad loans, especially in the American mortgage market. But bonds have still performed well. "If bond markets stop performing well, then it is more difficult for equity markets to recover," Mr. Hughes said.

The benchmark 10-year Treasury bond rose 1/32 yesterday to 101. The yield, which moves in the opposite direction of the price, fell to 4.49 percent, from 4.50 percent.

Economists in Asia maintain that the outlook for the region's economies remains sound. Many are comparing it with the sell-off in emerging markets last May, a fall that had been mostly reversed by October.

Some countries published positive economic data yesterday, including strong capital expenditure figures in Japan, and positive news about pension funds in Taiwan.

In the United States, investors await this week's employment report from the Labor Department, which will shed some light on the economy's current strength.

Following are the results of yesterday's Treasury auction of three- and six-month bills:

Fed Governor Says Market Discipline Working Well (FT)

By Krishna Guha In Washington

Financial Times, March 6, 2007

Financial markets are "functioning well amid higher volatility" while "overall liquidity does not appear to be in short supply", the Federal Reserve governor Kevin Warsh said on Monday.

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Mr Warsh, who acts informally as a point of contact between the Washington-based Fed governors and Wall Street, said market discipine “appears to be effective, as investors are reviewing their positions”.

He added: “Solid fundamentals may help to ease any changes in liquidity should they occur.”

His comments suggest the Fed is confident that recent market turmoil will not have drastic -consequences, and may even be beneficial in the long run by reminding investors of the need to pay an adequate price for risk.

Mr Warsh’s remarks came in a speech in which he suggested that in the modern financial system, liquidity should be thought of primarily in terms of investor confidence.

He said liquidity conditions “can be assessed through the risk premiums on financial assets and the magnitude of capital flows”. On this basis, he said, “it would be hard to conclude that monetary policy has been restrictive” in recent quarters.

While most of the speech did not refer directly to recent market developments, Mr Warsh noted: “If unmoored from fundamentals, confidence can give way to complacency, complacency can undermine market discipline, and liquidity can falter unexpectedly.”

He said liquidity was “significantly higher than it would otherwise be due to the proliferation of financial products and innovation by financial providers.”

The threefold increase in the amount of interest rate swaps and options outstanding, plus the tenfold increase in the amount of credit default swaps over the past four years “allow investors to hedge and unwind positions easily without having to transact in cash markets”.

But Mr Warsh warned that while risk could be sliced up and distributed in ever more sophisticated ways, “even the most sophisticated financial products are not im-mune to the physical law of conservation of matter: the risk must rest somewhere”.

Liquidity in US markets was also underpinned by confidence in the US economy, and in particular, the reduction in macroeconomic volatility – the ups and downs of the business cycle. Finally, it was supported by international capital flows arising from “excess savings in some emerging market and oil-exporting countries”.

Mr Warsh said the US economy continued to de-mon-strate “extraordinary resilience” and this was “no doubt supported by the ability of financial markets to absorb substantial shocks” – such as the collapse of Amaranth hedge fund with losses of $6bn (€4.6bn, £3.1bn).

But he admitted that it was “hard to know with certainty when investors’ confidence will be stirred but not shaken by these events”.

Mr Warsh said super-abundant liquidity might also be distorting financial asset prices, including the slope of the yield curve, lessening the usefulness of these metrics as a guide to monetary policy.

Market Flux Doesn't Faze Bank Official (WSJ)

By Greg Ip

The Wall Street Journal, March 6, 2007

WASHINGTON -- Liquidity in financial markets isn't "in short supply" despite last week's market turmoil, a Federal Reserve official said.

Fed governor Kevin Warsh yesterday told the Institute of International Bankers in Washington that while "risk premiums"—the additional return an investor demands to hold a risky asset—"rose some last week, markets are functioning well...and overall liquidity does not appear to be in short supply." But he cautioned it is too soon for a "comprehensive" assessment.

Stocks world-wide fell sharply last week and yields on risk debt, such as bonds backed by subprime mortgages, rose sharply. Futures markets priced in a higher probability that the Fed would cut interest rates this year because of the Fed's history of easing monetary policy in response to disorderly market conditions, and because weaker stock prices and higher risk premiums often foreshadow economic weakness.

However, Fed officials have in the last week struck a sanguine tone, even arguing that periods of such volatility are healthy safeguards against investor complacency. That suggests little inclination as yet to cut rates.

Fed governor Randall Kroszner told a community bankers' meeting in Washington that "the outlook for the U.S. economy has not materially changed." Federal Reserve Bank of St. Louis President William Poole said in Santiago, Chile, that it would be wise for the Fed not to respond to the trouble through its monetary policy "until you have a better idea of what's actually happening."

Mr. Warsh said by the standard of liquidity conditions in recent quarters, "it would be hard to conclude that monetary policy has been restrictive." He said liquidity has multiple definitions, but he defined it as investors' confidence in their ability to buy and sell with ease because they can quantify risks. In conditions like those of recent months, when investors believe the economic outlook is "benign" and more damaging possibilities remote or easy to measure, he said, liquidity is "plentiful."

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While Mr. Warsh, a former investment banker, said investor overconfidence couldn't be "ruled out," he cited fundamental explanations for low risk premiums. The economy is less volatile, there are many new financial products for spreading risk and investors such as hedge funds to buy them, and emerging markets are sending excess savings to developed countries, he said. Even if there is a shakeout, risks will remain easier to disperse and hedge, he said.

US Service Sector Growth Slows (FT)

By Daniel Pimlott In New York

Financial Times, March 6, 2007

The US service sector saw a sharp drop off in activity last month, growing at its slowest rate since during the Iraq war in April 2003, according to data released on Monday.

The Institute for Supply Management said that its index of business activity for the services sector stood at 54.3, down 4.7 percentage points from January.

The report badly missed economists' forecasts of a level of 57.

New orders in the service sector were down 0.6 percentage points at 54.8. But figures on employment in service industries put a more positive gloss on the state of the economy as the index for non-manufacturing jobs rose 0.5 percentage points to 52.2.

The figures added to concerns surrounding the state of the US economy, but the markets did not react strongly when the data was released. Alan Greenspan, former chairman of the Fed, warned last week that a recession was "possible".

Other data released last week showing that the US economy grew less quickly than expected last quarter and that industrial investment slowed at the start of the year worried investors and contributed to the chill in global markets.

The service industries covered by the report make up around 80 per cent of the US economy and are the driver of economic growth as manufacturing faces ongoing weakness in housing, and the auto industry continues to ail.

Some analysts said that although the headline figure of the report was probably somewhat misleading, in the current market conditions it was still worrying.

Alan Ruskin, chief currency strategist at RBS Greenwich Capital, called the numbers "disappointing, but the breakdown is not nearly as poor as the headline would suggest. Both the employment index and orders data were fairly close to the prior months numbers."

But he said that the data would "only add to fears that the economy may be losing a little momentum, even allowing for the breakdown."

"The headline index is usually little more than a lagging indicator of the rate of growth of core retail sales," said Ian Sheperdson, chief US economist at High Frequency Economics. "Given the mood of the markets, however, and the uncertainty surrounding the economic outlook, the report does not look good."

Others warned that the data supported the view that the US economy was heading for slower growth this year.

"With the escalation of pressures on the financial services industry connected with problems in the sub-prime mortgage lending market, the services industries are expected to track in the slow to moderate growth range for several more months," said Brian Bethune, US economist at Global Insight. "For the economy as a whole, this points to "slow speed ahead" - with potentially rough seas and headwinds - in the first half of 2007."

Service Sector Likely Feels Housing's Pinch (WSJ)

By Conor Dougherty

The Wall Street Journal, March 6, 2007

Business activity among service companies -- from freight haulers to mortgage bankers -- grew at a slower-than-expected pace in February, suggesting that weakness in housing and manufacturing is filtering into the broader economy.

The Institute for Supply Management, an Arizona-based group of purchasing managers, said its index of nonmanufacturing business activity fell to 54.3 in February from 59.0 in January. Any reading above 50 indicates growth in the sector; below 50 indicates contraction. The service sector makes up 80% of the U.S. economy.

Given the weakness in housing and manufacturing, economists had expected the service index to drop: If companies make fewer goods, that will mean less demand for shipping, and with people buying fewer homes it follows that demand for services such as loans and homeowner's insurance would also slow.

Though economists expected a decline, the drop was steeper than anticipated. "I thought it might take two or three months," for the index to fall as far as it did, said Brian Bethune, U.S. economist for consulting firm Global Insight. A large part of the decline was attributed to the financial-services industry, which fell to 49.5 -- representing a contraction -- from 59 in January.

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Mr. Bethune attributed the sharpness of the decline to the recent pullback in subprime lending, or loans made to customers with shaky credit or high levels of debt.

"The speed with which [subprime lending] has become a major concern in the last month is something that definitely pushed the index down," he said. The nonmanufacturing index was also pulled down by industries that included construction and wholesale trade.

The report showed an easing in prices. In February, the ISM's index of prices paid by nonmanufacturing companies fell to 53.8 compared with 55.2 in January, meaning the cost of services such as commodities, labor and energy is increasing at a slower rate.

"It's a welcome fall. It indicates that there has been a reduction in pipeline inflationary pressures," said Richard Iley, U.S. economist at BNP Paribas.

While the overall index fell, some service sectors continued to chug along. Of the 18 industries that make up the ISM's nonmanufacturing index, nine showed growth as nine showed declines. Industries including education, health care and restaurants remained well in positive territory.

The ISM's nonmanufacturing new-orders index also fell, to 54.8 from 55.4, with the group's members reporting concerns about health-care costs and declines in the housing market. Stability in new orders is the main reason why Anthony Nieves, a supply-management executive at Hilton Hotels Corp. and author of the report, said he doesn't expect business activity to show big losses or gains next month. "This report overall is saying we're stabilizing a bit. We're getting to a level that is more middling."

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Small Firm Tops Bernanke Logs (WSJ)

By Brian Blackstone And Damian Paletta

The Wall Street Journal, March 6, 2007

WASHINGTON -- A Who's Who of economists from Wall Street, academia, consulting and central banking scored coveted meetings with Ben Bernanke during his first months as Federal Reserve chairman.

Topping a list that included Wall Street heavyweights like Bear Stearns Cos. and Morgan Stanley, however, was a small St. Louis-based forecasting firm: Macroeconomic Advisers.

Former Fed Gov. Laurence Meyer and former Fed economist Brian Sack, both now with Macroeconomic Advisers' Washington office, enjoyed the greatest access to Mr. Bernanke among private-sector economists, the Fed chairman's visitor logs show.

The pair met with Mr. Bernanke three times last year, in March, August and September. Mr. Sack met with Mr. Bernanke an additional time in July, the logs showed.

Mr. Meyer co-founded Macroeconomic Advisers in the early 1980s as Laurence H. Meyer & Associates. While it isn't a household name, the firm carries considerable weight in investment and economic circles.

1 · See the list of economists arranging meetings with Bernanke.2

Mr. Bernanke's visits with economists and consultants aren't unusual. His predecessor, Alan Greenspan, met often with private-sector economists, including many of the same ones seeing Mr. Bernanke in recent months. Mr. Greenspan's visitor logs for 2004 and the first half of 2005 showed no meetings with Messrs. Meyer and Sack, however.

"Federal Reserve officials find it beneficial to hear perspectives on markets from a wide range of practitioners, academics, forecasters and other specialists," said Fed spokeswoman Michelle Smith.

Mr. Bernanke's visitor log was obtained by Dow Jones Newswires through a Freedom of Information Act request. It lists only the names of people cleared through security to meet with him specifically. He may have also met with other people who were cleared to meet with other Fed officials.

Since taking the helm at the Fed in February 2006, Mr. Bernanke has sat down with several Wall Street economists, including Richard Berner of Morgan Stanley, David Malpass of Bear Stearns and several members of the American Bankers Association's economic advisory panel.

Top academics on his visitor logs include: Martin Feldstein, head of the National Bureau for Economic Research; Princeton Prof. and former Fed Vice Chairman Alan Blinder, and C. Fred Bergsten of the Peterson Institute for International Economics.

Mr. Bernanke also has met with economic consultants such as Larry Lindsey, head of the Lindsey Group and former economic adviser to President Bush, David Hale of Hale Advisers, and Manuel Johnson and David Smick of Johnson Smick International. Mr. Johnson was vice chairman of the Fed in the late 1980s.

Other firms whose representatives met with Mr. Bernanke included Goldman Sachs Group Inc., J.P. Morgan Chase & Co., Fannie Mae, Freddie Mac, BP PLC and the hedge funds Brevan Howard Asset Management and Tudor Investment Corp.

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Asked about his visits to the Fed chairman, Macroeconomic Advisers' Mr. Sack said, "The Fed is often grappling with the same issues about the outlook that we are. ... We assess the economic outlook using an analytical approach that we believe is similar to that used by the Fed staff."

Under Mr. Bernanke, Fed policy is much less shrouded in secrecy than in the past.

EU Economy Is 20 Years Behind That Of US, Says Study (FT)

By Tobias Buck In Brussels

Financial Times, March 6, 2007

The European Union's economic development is only now reaching the level achieved by the US more than two decades ago, according to a study released yesterday.

The US reached the EU's current level of gross domestic product per capita in 1985, according to the report by Eurochambres, the pan-European business lobby.

The EU's employmentrate and level of investment in research and development were reached by the USin 1978, and its level of productivity (expressed in GDP per employed) was reached by the US in 1989, thereport said.

The conclusions suggest that despite last year's growth spurt and an acceleration of economic reforms, the EU is still far from matching America's economic clout.

It will make uncomfort-able reading for EU leaders at their economic summitin Brussels this week, a gathering that traditionally concludes with a call for further reforms to improve competitiveness.

The study illustrates the development gap between the two blocs by establishing how many years earlier the current set of EU indicators was attained in the US.

Compared with the first such report by Eurochambres published two years ago, it shows the time lag widened between 2003 and 2006.

The most drastic gap appears in R&D spending, where the time lag expanded from 23 to 28 years.

Though the deterioration can be explained in part by EU enlargement in 2004, when 10 less developed countries joined the bloc, it also reflects the fact that the US has extended its lead over Europe in many categories.

The study said: "Europe would need to register monstrous yearly performances to reach the current US levels by 2010."

It pointed out that in order to match the 2005 US level of R&D spending, the EU's expenditure would have to grow by almost 14 per cent every year until 2010.

For the EU to catch up with US GDP per capita by 2010, the bloc would require annual growth rates of more than 8 per cent.

Last year US GDP grew by 3.3 per cent, compared with an average growth rate of 2.9 per cent across the 25 EU member states.

The study warned: "The EU is progressing at an insufficient pace to really compete on the world stage."

From Obama, A Map For A New March (WP)

By Richard Cohen

The Washington Post, March 6, 2007

If you had to pick a winner in last weekend's Selma bake-off between Hillary Clinton and Barack Obama, it would have to be Obama. It is not just that he performed better than Hillary Clinton; it's that he had something very important to say to black America. It has to do, I think, with the extraordinary promise of his candidacy.

This is not an endorsement of Obama. At 45 years of age, questions about his youth, judgment and experience linger. We all have time to assess him on that score and glean -- and it will be no more than that -- whether, like Teddy Roosevelt (42), he is old enough for the presidency or, like Bill Clinton (46), he is still too young. For the moment, though, I wonder about something else: What impact will he have on America's abiding problems with race?

The cynic in me says that the answer is "not much." Yet the speech he gave commemorating the anniversary of the march by civil rights activists from Selma to Montgomery, Ala., is one that could not have been delivered by a white candidate, not even one with impeccable civil rights credentials such as Hillary Clinton has. Her speech was a recitation of Democratic Party cliches.

Not so Obama's. As Clinton did, he voiced the expected obeisance to Democratic Party shibboleths about school funding, health care, pensions and such, some of which matter, some of which don't. But then he turned to what clearly does matter: "discipline and fortitude . . . sometimes I feel like we've lost it a little bit."

There was a whole paragraph of text between the words "discipline and fortitude" and "we've lost it a little bit." Suffice it to say, it was an homage to the incredibly brave and, yes, disciplined civil rights activists of old -- ordinary people, most of them black, who practiced passive resistance. These were the young men and women -- "backs straight, eyes clear, suit and tie,

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sitting down at a lunch counter knowing somebody is going to spill milk on you" -- who subordinated their anger to something bigger: their cause. They made this country a much better place.

"But I'll tell you what," Obama went on. "Even as I fight on behalf of more education funding . . . I have to also say that if parents don't turn off the television set when the child comes home from school and make sure they sit down and do their homework and go talk to the teachers and find out how they're doing . . . I don't know who taught them that reading and writing and conjugating your verbs was something white."

Obama went on to urge blacks to couple their complaints with activism. "Put on your marching shoes," he said. "Go do some politics. Change this country!" That's what we need. And then he said, as he had to, that while there are too many children living in poverty -- and, of course, there are -- "don't tell me that it doesn't have a little to do with the fact that we got too many daddies not acting like daddies. Don't think that fatherhood ends at conception."

There is nothing particularly new about this message. You might call it warmed-over Bill Cosby or even an echo of Jesse Jackson. But Cosby is an entertainer and Jackson never stood any chance of getting to the White House. So the uniqueness is not the message; it is the refreshing combination of this particular man and what he is saying.

Will any of this matter? I can only hope so. After all, the problem no longer is widespread racism but the crushing effect that past racism has had on a particular group: young black men. A disproportionate number of them are in trouble -- and so, on that account, are we all. The statistics are appalling. Young black men are a teeny piece of the population, yet they are implicated in 25 percent of the nation's homicides and comprise 15 percent of all murder victims. Black men are more likely than white men to die of AIDS or, if you will, just plain die. Their life expectancy is more than six years shorter.

Would a black president make a difference? Hard to say. But a black president -- or, for the moment, a black presidential candidate of consequence -- permits others to say what needs to be said, and that is a step in the right direction. It's been 42 years, but maybe a new march is about to begin.

Clinton Opens Door To Gay Activists (AP)

By Devlin Barrett

AP, March 6, 2007

Democrat Hillary Rodham Clinton told the nation's leading gay rights group in an unpublicized speech that she wants a partnership with gays if elected president.

Clinton also said she opposes the "don't ask, don't tell" policy regarding gays in the military that was instituted during her husband's presidency.

"I am proud to stand by your side," Clinton said in a keynote speech Friday to the Human Rights Campaign. Neither Clinton's campaign nor her Senate office made any announcement that she would be making the Friday address.

Asked twice at a Monday campaign stop in Iowa why she did not publicize her speech to the group, Clinton said: "You'll have to ask my campaign."

In the speech, Clinton joked that she shares the same initials as the group, and pledged to maintain the same close working relationship that last year helped defeat the federal amendment which would have banned same-sex marriage.

"I want you to know that this is exactly the kind of partnership we will have when I am president," Clinton told the group. "I want you to know that just as you always have an open door to my Senate office, you will always have an open door to the White House and together we can continue this journey."

Clinton's husband Bill Clinton was president when the Pentagon instituted the "don't ask, don't tell" policy, which says gays may serve in the military only if they keep their sexual orientation private. In 1999, as she prepared to run for the Senate from New York, Clinton publicly opposed that policy.

Previous to Bill Clinton's administration, gays were flatly forbidden from serving in the military.

Sen. Clinton said it would be safer for the nation if openly gay soldiers, sailors, Marines, and airmen could wear the uniform.

"This policy doesn't just hurt gays and lesbians, it hurts all our troops and this to me is a matter of national security and we're going to fix it," Clinton said.

Her chief rivals for the Democratic nomination, John Edwards and Barack Obama, also favor repealing the policy.

She also criticized the Bush administration for making political appeals based on gay rights issues, vowing that her presidency would mark "the end of leadership that has politicized the most personal and intimate issues."

Human Rights Campaign vice president David Smith said Clinton's comments were "very well received," though he added the group is not endorsing any candidate and does not anticipate making an endorsement "anytime soon."

Clinton spokesman Blake Zeff said Monday the candidate "affirmed her desire to have a strong partnership with the community as president," adding they were "delighted" the speech was available on the Internet.

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Clinton aides said no announcement was made because the group's gathering is traditionally closed to the press. Video of the speech was posted on the group's Web site.

Smith said such annual board meetings have always been closed to the press, but it was the first time he could remember that a speech at such a meeting had been made public afterward.

"There's no contradiction," he said. "The event is always closed to the press and we wanted to make (the remarks) available for people to see."

Clinton spent Monday in Iowa, telling workers energy independence is critical to the country's future and similar to the U.S. fight against communism during the Cold War.

"Today we know that we have to move away from our dependence on foreign oil. Everyone says that," she said. "Our problem is figuring out how we would actually do it."

Clinton Plans Major Appeal To Women (NYT)

By Patrick Healy

The New York Times, March 6, 2007

WASHINGTON, March 5 — Senator Hillary Rodham Clinton will begin an ambitious effort on Tuesday to enlist thousands of women to play roles in her presidential campaign, hoping to build on the enthusiasm her candidacy has stirred among female voters at early campaign events.

Mrs. Clinton will announce the drive, which will unfold through March to coincide with Women's History Month, in a speech at the annual luncheon held by Emily's List, a political group favoring Democratic female candidates who support abortion rights that has already endorsed her.

The campaign intends to use social networking tools and other Web technology to develop a thousands-strong Women's Leadership Network, which would promote Mrs. Clinton's candidacy nationwide and, by this fall, hold campaign events and take part in fund-raising.

"When a woman has an important question, like who's a good doctor, they're more likely to talk to another woman," said Ann Lewis, a senior adviser to Mrs. Clinton. "If we can get a discussion going among women about the campaign, and Hillary as a candidate, it would be hugely important."

Clinton advisers are also devising campaign roles for prominent female supporters who made breakthroughs in their own fields, including the tennis champion Billie Jean King; Geraldine Ferraro, the vice-presidential nominee in 1984; and former Secretary of State Madeleine Albright.

Ms. Albright, for instance, recently joined former President Bill Clinton to help raise $1 million in a week for Mrs. Clinton, while Ms. Ferraro, a contributor on Fox News, recently told people there that she or another Clinton surrogate should appear whenever someone known to hold strong views against Mrs. Clinton is invited on air to talk politics.

Another component of the plan would provide a Web platform and networking tool to mothers and daughters to share stories that relate to the theme "I Can Be President." A children's poster contest on the theme is also being planned.

Clinton advisers said their outreach plan had been in the works since Mrs. Clinton's first trip to Iowa in January.

The advisers estimate that 60 percent of voters in the 2008 Democratic primary will be women, and their goal is to win at least twice as many female votes as any of Mrs. Clinton's rivals.

"I've joked that we should put up a big sign on the door that says '54 percent,' since women are 54 percent of the electorate," Ms. Lewis said.

Advisers to Mrs. Clinton say she does particularly well with young women, single women and mothers. At the same time, in interviews, some women in the Democratic Party have expressed concerns about Mrs. Clinton, like her ability to win a general election, her early support for the Iraq war and her proposed legislation to ban flag burning.

Ms. Ferraro said she believed that many women, including Clinton skeptics, would ultimately be impressed with Mrs. Clinton's gutsiness in enduring the scrutiny and attacks that could come along with being a "first."

Listening And Nodding, Clinton Shapes '08 Image (NYT)

By Mark Leibovich

The New York Times, March 6, 2007

BERLIN, N.H. — Senator Hillary Rodham Clinton signs autographs meticulously, drawing out each line and curve of "H-i-l-l-a-r-y," "R-o-d-h-a-m" and "C-l-i-n-t-o-n." She leaves no stray lines or wayward marks.

"Hillary, over here, over here," called out a young woman from the mob that formed outside the Berlin Town Hall when Mrs. Clinton, Democrat of New York, arrived for a "conversation," in the parlance of the made-to-order intimacy of her presidential campaign. "Can you sign my Hillary sign, please?" the woman asked.

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Mrs. Clinton autographed the poster, carefully. It took a full seven or eight seconds, none of the two-second scribbles of other politicians. She is the diligent student who gets an A in penmanship, the woman in a hurry who still takes care to dot her i's.

To watch Mrs. Clinton up close during these "rollout" weeks of her presidential campaign is to see a familiar political figure try to reclaim her name.

"I'm Hillary Clinton, and I'm running for president," she says at campaign appearances. Lamenting that her public image has been distorted by caricature, she often says, "I may be the most famous person you don't really know." In the cliché of contemporary politics, Mrs. Clinton is "reintroducing herself to the American people."

She is, in this latest unveiling, the Nurturing Warrior. She displays a cozy acquaintance ("Let's chat") and leaderly confidence ("I'm in it to win it"). She is a tea-sipping girlfriend who vows to "deck" anyone who attacks her; a giggly mom who invokes old Girl Scout songs and refuses to apologize for voting for the Iraq War Resolution in 2002. Her aim, of course, is to show that she is tough enough to lead Americans in wartime but tender enough to understand their burdens.

Over the years, Mrs. Clinton has evolved through a series of female personas. Her outspoken feminism and perceived putdown of cookie-baking mothers provoked fierce criticism. She became the classic "woman wronged" after the Monica Lewinsky scandal.

As a Senate candidate in 2000, Mrs. Clinton embraced the role of an attentive "listener" as opposed to the power-hungry climber many had suspected. In the Senate, Mrs. Clinton has applied herself to winning over colleagues and becoming one of the boys.

In Mrs. Clinton's campaign now, her operative conceit is "the conversation." It is impossible to attend a Hillary-for-president event and forget you are joining a "conversation," instead of hearing a conventional political speech. Mrs. Clinton relentlessly repeats the catchword, and for those who missed it, there are huge "Let the Conversation Begin" signs on the wall.

After each presentation, Mrs. Clinton engages in a frenzy of 20-second conversations with the rhythmic efficiency of an assembly line.

"What kind of solar panels do you use?" she asked a woman in Berlin, a small city in the mountains of northern New Hampshire. "And do you sell to the grid?" Then she moved to the next person.

She contrasts the give-and-take of her chitchats — even though she does most of the talking — with what she suggests are the pig-headed pronouncements of a male bogeyman, George W. Bush. She rails against what she calls the "one-sided conversation" of Washington during the Bush years, bemoans President Bush's "stubbornness," speaks of her frustration at getting him to hear opposing views. She essentially portrays him as an exasperating husband who is beyond marriage counseling.

It is not easy, though, to humanize a juggernaut, which Mrs. Clinton's well-financed and hyperdisciplined campaign most certainly is. And it is difficult to appear authentic in tightly controlled settings, or conduct intimate conversations amid mobs of people, many wearing press credentials.

But the senator is trying hard. In appearances in Washington and around the country, Mrs. Clinton — Version 08, Nurturing Warrior, Presidential Candidate Model — is speaking more freely of her gender than she has in years. Her campaign knows that Democratic women are her most loyal supporters. Ann Lewis, a senior campaign aide, points out that women made up 54 percent of the electorate in 2004; Mrs. Clinton garnered 73 percent of female voters in her re-election campaign last year, compared with 61 percent of male voters, according to exit polls.

At a Capitol Hill ceremony in February to honor Sojourner Truth, the 19th-century slave turned abolitionist, Mrs. Clinton enveloped a series of women in hugs. She bestowed the "best-dressed and most-stylish" status on one guest and commented that an old, departed friend "has got one of those turbans on, showing that style all over Heaven."

Mrs. Clinton then looked to the ceiling and spread her hand wide over heart, performing a little side-to-side jig with her head.

She invoked Sojourner Truth's iconic quotation, "Ain't I a woman?" and added, "Well, I've been saying that a few times lately, too."

There were whoops, applause and shouts of "you go, girl" for Mrs. Clinton.

As she spoke, a press aide, Philippe Reines, held her purse.

The Listener

Mrs. Clinton is a prodigious nodder. She is always nodding, in an array of distinctive flavors: the stern, deferential nod (at a Senate news conference, when her colleague Evan Bayh described conditions in Afghanistan); the empathetic, lips-pursed nod (when a man in Cedar Rapids, Iowa, tells her about his son's epilepsy); the squinty, disbelieving nod (when a general testifies on Iraq before the Senate Armed Services Committee); the dutiful acknowledgment nod (when being applauded); and the blushing nod (when a veteran in Des Moines tells her "I think you look very nice").

When bored, Mrs. Clinton will occasionally fall into a far-off gaze before catching herself, defaulting to a nod.

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The nodding appears unconscious, but not always. She nodded through a news conference with New York lawmakers discussing medical care for Sept. 11 relief workers.

"Nine-eleven was an act of war," Representative Jerrold Nadler, Democrat of New York, said as Mrs. Clinton stood by, head bobbing.

"The villains aren't the terrorists," Mr. Nadler continued. "The villains live in the White House."

At which point Mrs. Clinton, perhaps sensing that the rhetoric had gotten too hot, stopped nodding.

Bill Clinton was also a great nodder, known for his "I-feel-your-pain" empathy and seeming ability to summon a misty-eyed visage on demand. He will pretty much hug anyone. His wife, who regularly invokes him on the campaign trial — "When Bill had his heart surgery," "Bill used to love Dunkin' Donuts," "Bill always reached out to other people who would be patient and listen" — can suffer by comparison. She keeps a more cautious distance, although when she does hug, she also tends to air-kiss (with a loud "mwwwwwahh").

The former president has a gift for the quick connection, making people feel special. Mrs. Clinton appears more interested in exchanging information. She is quick with questions ("When did you graduate?") and rejoinders ("You're the second person I've met from Park Ridge today!").

Numerous attendees seem to know people who went to college or law school with Mrs. Clinton, or used to live in Arkansas, or the Chicago suburbs, or who have a daughter named Chelsea.

She impresses them and others with her listening prowess.

"She connected with me much better than I expected she would," said Rachel Stuart, in Berlin. "She was right there. There was a real sense of her as a great listener."

Mrs. Clinton clearly likes that portrayal. In face-to-face campaign settings, she brings her head close in, appearing engaged. After the Berlin conversation, Mrs. Clinton stopped in for one of those "spontaneous" campaign drop-bys at a local cafe (thoroughly scoped out by advance-people and Secret Service agents). She sat at a corner table and chatted with a group of local reporters.

When cameras approached, Mrs. Clinton nodded intently and squinted hard, the look of a listener.

The Sister Act

"Conversation" audiences are predominantly female. At her events, Mrs. Clinton is more likely to call on women than men. She gets physically closer to women who approach her. She compliments their clothes and asks about their children.

She is proper and polite, diligent about thanking everybody, including "the janitor who got up at 5 a.m. to open the facility," at Berlin Town Hall, "Tea Birds for the delicious food," and "everyone in Berlin for making me feel so welcome."

In Keene, N.H., in February, Mrs. Clinton said she was so thankful to all of the people "who gave me confidence," not something that male politicians typically say. Nor do they worry aloud about gaining weight.

"I really don't understand why people hate her so much except that they don't like strong women," said the Rev. Eleanor McLaughlin, the rector at St. Barnabas' Episcopal Church in Berlin. "I get a lot of that myself."

Ms. McLaughlin taught at Wellesley College in the 1960s and remembers Mrs. Clinton as a firebrand undergraduate. A few feet away, the senator was between autographs. She popped a red lozenge into her mouth, took a sip of water and shouted out after someone for whom she just signed a copy of her book ("Young man, I have your pen!").

Her eyes bugged out when Ms. McLaughlin introduced herself. "Oh my God," Mrs. Clinton exclaimed.

Afterward, Ms. McLaughlin said: "It's great to be able to talk to her for a few seconds. To be able to say, 'You go, girl.' Wow."

The senator regularly mentions familiar female grievances. "I don't think I'm the only woman here who thinks you have to work harder," Mrs. Clinton said at a high school in Des Moines.

"I expect," she added with a sigh, "there'll be more stories about my clothes and hair than the other people running." That elicits scattered jeers.

The comedian Jon Stewart questions whether her "conversation" conceit will work with men. "I think the typical response would be 'Now?' " he joked recently on "The Daily Show," adding that Mrs. Clinton's new Iraq policy is "America, let's just pull over and ask for directions."

But she tries to connect with women by expressing her frustration with those men now in charge. In Berlin, she waves her hands in the air when discussing Mr. Bush's — and Vice President Dick Cheney's — seeming infatuation with invading Iraq from early on in their administration.

"I'm not a psychiatrist," she declared, "so I don't know all the reasons behind their concern, some would say obsession, with Saddam Hussein."

There is a larger lesson here, girls. "You've got to be willing to talk to bad people," she said. "Sometimes you just have to deal with people you don't agree with."

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She asked, "Have you ever tried to have a conversation with a difficult person?"

She nodded for emphasis, and many in the audience nodded back at her.

Tough Hostess

She cannot appear mushy. She drops in periodic tough-talk, glibly mentions the time "my husband bombed Iraq," or says she is willing to "shoot down" violators of a Darfur no-fly-zone. When asked in Des Moines how her campaign would differ from that of Senator John Kerry, the Massachusetts Democrat and presidential nominee in 2004, she vows, "You can count on me to stand up and hold our ground and fight back."

Everywhere she goes, Mrs. Clinton is invited to apologize for her Iraq vote in 2002, but no dice. "There are no do-overs in life," she says. Tough self-love, in other words, implicitly chiding her girlie-men opponents for running around, saying they had made a mistake.

"I'm in the arena," she said in Concord, quoting Theodore Roosevelt, one of the enduring political alpha-males in American politics. She says so in the high, insistent pitch of a fed-up mom.

Her constant "I'm in to win" affirmations convey a calibrated confidence. She prefers the "when I'm president" construction to the humbler "If you elect me president" qualifier.

"I want to have universal health care by the end of my second term" she announced at an education event in Nevada in February.

She is not above trash talk. In Nashua, Mrs. Clinton boasted that the Republicans Newt Gingrich, the former House speaker; Tom DeLay, the former House majority leader; and Karl Rove, the president's adviser, had "privately" said "I am the one person they are most afraid of."

But there is also a discernible sense of nervousness at the conversations. Her aides are fiercely protective of her, as are many of her supporters.

The crowd booed reflexively, for instance, after Mrs. Clinton called on a man in Keene who promised that he would not ask her whether she wore boxers or briefs — as a young woman once famously asked Bill Clinton on MTV.

The joke fell predictably flat, and Mrs. Clinton smiled tightly amid more boos.

Her staff members hunch visibly and look up from their BlackBerries when audience members unfurl their questions, as if every conversation could be ruined at any moment by an unwelcome remark — about impeachment, Monica, Whitewater or some other unpleasantness. But in an odd way, Mrs. Clinton's unspoken vulnerability also enhances her ability to forge affinities.

"You have to feel bad for her after what she went through with her husband, you know?" said Bruce Bunnell, a forestry worker, in Berlin.

He handed Mrs. Clinton photos of his young son and daughter. She said they were beautiful, asked how old they were, went over the spelling of their names and then signed her own, slowly.

Disinvitation By Obama Is Criticized (NYT)

By Jodi Kantor

The New York Times, March 6, 2007

CHICAGO, March 5 — The Rev. Jeremiah A. Wright Jr., senior pastor of the popular Trinity United Church of Christ in Chicago and spiritual mentor to Senator Barack Obama, thought he knew what he would be doing on Feb. 10, the day of Senator Obama's presidential announcement.

After all, back in January, Mr. Obama had asked Mr. Wright if he would begin the event by delivering a public invocation.

But Mr. Wright said Mr. Obama called him the night before the Feb. 10 announcement and rescinded the invitation to give the invocation.

"Fifteen minutes before Shabbos I get a call from Barack," Mr. Wright said in an interview on Monday, recalling that he was at an interfaith conference at the time. "One of his members had talked him into uninviting me," Mr. Wright said, referring to Mr. Obama's campaign advisers.

Some black leaders are questioning Mr. Obama's decision to distance his campaign from Mr. Wright because of the campaign's apparent fear of criticism over Mr. Wright's teachings, which some say are overly Afrocentric to the point of excluding whites.

Bill Burton, a spokesman for the Obama campaign, said the campaign disinvited Mr. Wright because it did not want the church to face negative attention. Mr. Wright did however, attend the announcement and prayed with Mr. Obama beforehand.

"Senator Obama is proud of his pastor and his church, but because of the type of attention it was receiving on blogs and conservative talk shows, he decided to avoid having statements and beliefs being used out of context and forcing the entire church to defend itself," Mr. Burton said.

Instead, Mr. Obama asked Mr. Wright's successor as pastor at Trinity, the Rev. Otis Moss III, to speak. Mr. Moss declined.

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In recent weeks, word of Mr. Obama's treatment of Mr. Wright has reached black leaders like the Rev. Al Sharpton and given them pause.

"I have not discussed this with Senator Obama in detail, but I can see why callers of mine and other clergymen would be concerned, because the issue is standing by your own pastor," Mr. Sharpton said.

Mr. Wright's church, the 8,000-member Trinity United Church of Christ, is considered mainstream — Oprah Winfrey has attended services, and many members are prominent black professionals. But the church is also more Afrocentric and politically active than standard black congregations.

Mr. Wright helped organize the 1995 Million Man March on Washington and along with other United Church of Christ ministers was one of the first black religious leaders to protest apartheid and welcome gay and lesbian worshippers.

Since Mr. Obama made his presidential ambitions clear, conservatives have drawn attention to his close relationship to Mr. Wright and to the church's emphasis on black empowerment. Tucker Carlson of MSNBC called the precepts "racially exclusive" and "wrong." Last week, on the Fox News program "Hannity & Colmes," Erik Rush, a conservative columnist, called the church "quite cultish, quite separatist."

In Monday's interview, Mr. Wright expressed disappointment but no surprise that Mr. Obama might try to play down their connection.

"When his enemies find out that in 1984 I went to Tripoli" to visit Col. Muammar el-Qaddafi, Mr. Wright recalled, "with Farrakhan, a lot of his Jewish support will dry up quicker than a snowball in hell." Mr. Wright added that his trip implied no endorsement of either Louis Farrakhan's views or Qaddafi's.

Mr. Wright said that in the phone conversation in which Mr. Obama disinvited him from a role in the announcement, Mr. Obama cited an article in Rolling Stone, "The Radical Roots of Barack Obama."

According to the pastor, Mr. Obama then told him, "You can get kind of rough in the sermons, so what we've decided is that it's best for you not to be out there in public."

Obama: Man Of The World (NYT)

By Nicholas D. Kristof

The New York Times, March 6, 2007

WASHINGTON

The conventional wisdom about Barack Obama is that he's smart and charismatic but so inexperienced that we should feel jittery about him in the Oval Office.

But that view is myopic. In some respects, Mr. Obama is far more experienced than other presidential candidates.

His experience as an antipoverty organizer in Chicago, for example, gives him a deep grasp of a crucial 21st-century challenge — poverty in America — that almost all politicians lack. He says that grass-roots experience helps explain why he favors not only government spending programs, like early childhood education, but also cultural initiatives, like efforts to promote responsible fatherhood.

In foreign policy as well, Mr. Obama would bring to the White House an important experience that most other candidates lack: he has actually lived abroad. He spent four years as a child in Indonesia and attended schools in the Indonesian language, which he still speaks.

"I was a little Jakarta street kid," he said in a wide-ranging interview in his office (excerpts are on my blog, www.nytimes.com/ontheground). He once got in trouble for making faces during Koran study classes in his elementary school, but a president is less likely to stereotype Muslims as fanatics — and more likely to be aware of their nationalism — if he once studied the Koran with them.

Mr. Obama recalled the opening lines of the Arabic call to prayer, reciting them with a first-rate accent. In a remark that seemed delightfully uncalculated (it'll give Alabama voters heart attacks), Mr. Obama described the call to prayer as "one of the prettiest sounds on Earth at sunset."

Moreover, Mr. Obama's own grandfather in Kenya was a Muslim. Mr. Obama never met his grandfather and says he isn't sure if his grandfather's two wives were simultaneous or consecutive, or even if he was Sunni or Shiite. (O.K., maybe Mr. Obama should just give up on Alabama.)

Our biggest mistake since World War II has been a lack of sensitivity to other people's nationalism, from Vietnam to Iraq. Perhaps as a result of his background, Mr. Obama has been unusually sensitive to such issues and to the need to project respect rather than arrogance. He has consistently shown great instincts.

Mr. Obama's visit to Africa last year hit just the right diplomatic notes. In Kenya, he warmly greeted the president — but denounced corruption and went out of his way to visit a bold newspaper that government agents had ransacked. In South Africa,

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he respectfully but firmly criticized the government's unscientific bungling of the AIDS epidemic. In Chad, he visited Darfur refugees.

"My experience growing up in Indonesia or having family in small villages in Africa — I think it makes me much more mindful of the importance of issues like personal security or freedom from corruption," he said, adding: "I've witnessed it in much more direct ways than I think the average American has witnessed it."

As a senator, Mr. Obama has not only seized the issue of nuclear proliferation, but also the question of small arms. For a majority of the world's inhabitants, those AK-47s and R.P.G.'s are the weapons of mass destruction.

So how would an Obama administration differ from the Bill Clinton presidency in foreign policy? One way, he said, would be a much greater emphasis on promoting education, health care and development in Africa and other poor regions — not just for humanitarian reasons, but also with an eye to national security.

"If we can't take what, relative to our military hardware and defense budgets, are a pittance, and put some resources into these areas, we will not be secure," he noted, adding: "The Marshall Plan was part of a security strategy; it wasn't simply charity."

Mr. Obama thumps the White House on trade and foreign investments, like the Dubai ports deal — but he isn't demagogic in the way that too many Democrats have been. And three years ago, Mr. Obama was quoted in The Chicago Tribune as making hawkish comments about a military strike on Iran, but in the interview he pirouetted and noted that one of the lessons of Iraq is that "being trigger-happy ... is a recipe for disaster." That's a welcome sign of growth.

So, granted, Mr. Obama lacks the extensive experience at top levels of diplomacy of, say, Dick Cheney or ... oh, never mind.

What sets Mr. Obama apart is the way his training has been at the grass-roots rather than in the treetops. And that may be the richest kind of background of all, yielding not just experience, but also wisdom.

You are invited to comment on this column at Mr. Kristof's blog, www.nytimes.com/ontheground. </NYT_TAGLINE>

Edwards: Jesus Would Be 'Appalled' (AP)

By Mike Baker

AP, March 6, 2007

Democratic presidential hopeful John Edwards says Jesus would be appalled at how the United States has ignored the plight of the suffering, and that he believes children should have private time to pray at school.

Edwards, in an interview with the Web site Beliefnet.com, said Jesus would be most upset with the selfishness of Americans and the country's willingness to go to war "when it's not necessary."

"I think that Jesus would be disappointed in our ignoring the plight of those around us who are suffering and our focus on our own selfish short-term needs," Edwards told the site. "I think he would be appalled, actually."

Edwards also said he was against teacher-led prayers in public schools, but he added that "allowing time for children to pray for themselves, to themselves, I think is not only OK, I think it's a good thing."

In the interview, the former North Carolina senator discussed how he lost touch with his day-to-day faith during college, but that it "came roaring back" after the death of his 16-year-old son, Wade, in 1996.

Edwards has often cited religion as a part of his politics, frequently linking his efforts to fight poverty as a matter of morality.

Edwards was interviewed by David Kuo, a conservative Christian who served as deputy director of President Bush's Office of Faith-Based and Community Initiatives until 2003. Kuo wrote a book, "Tempting Faith, An Inside Story of Political Seduction," that said Bush aides privately called conservative Christians "nuts," "ridiculous" and "goofy."

Edwards told Kuo he stood by a decision to keep two bloggers on his staff despite their provocative writings criticizing the Catholic Church. Edwards said he also found the writing offensive, but "decided to forgive them and stand by them, knowing there would be potential political consequences for that."

The bloggers later quit, saying they didn't want to be a liability to the campaign.

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WASHINGTON (AP) — A video is worth a thousand words. And dollars, too.

Prominently featured on John Edwards' presidential campaign Web site is a video of conservative commentator Ann Coulter insulting him. And with just a mouse click you can hear the invective and get a chance to donate at the same time.

On Friday, Coulter, a writer and columnist known for provocative remarks, told an audience at the Conservative Political Action Conference in Washington: "I was going to have a few comments on the other Democratic presidential candidate John Edwards, but it turns out you have to go into rehab if you use the word 'faggot,' so I — so kind of an impasse, can't really talk about Edwards."

The Edwards camp is now seeking to capitalize on the slur by soliciting $100,000 in "Coulter Cash" to "show that inflaming prejudice to attack progressive leaders will only backfire."

Meanwhile, conservatives were none too pleased with Coulter, either. Rev. Patrick J. Mahoney, Director of the Christian Defense Coalition, said: "Frankly, I would have loved to have heard Ann expose and dissect the radical agenda of Senator Edwards instead of resorting to cheap name calling."

On Fox News Channel's "Hannity & Colmes" Monday night, Coulter said the word "isn't offensive to gays, it has nothing to do with gays. It's a schoolyard taunt."

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ORANGEBURG, S.C. (AP) — Democratic presidential candidate Joe Biden on Monday called Iranian President Mahmoud Ahmadinejad a "madman" and raised the possibility that he could be assassinated by foes within his country.

"Ahmadinejad, the madman, is in competition with mullahs and ayatollahs who think he's overstepped his bounds," Biden told members of a local Kiwanis Club in this early voting state.

Ahmadinejad may be "assassinated, not by the good guys, but by the bad guys," said the chairman of the Senate Foreign Relations Committee.

At a campaign stop Sunday, Biden called Ahmadinejad "that wacko guy, the crazy president," and said he would only be in office for a little more than a year before being "taken out" because he threatened Shia interests.

Last week, Connecticut Democratic Sen. Chris Dodd told a University of South Carolina audience he endorsed the Bush administration's recent willingness to hold joint talks on Iraq with Syria and Iran. But Dodd, also a presidential hopeful, said the United States needs to avoid talking with Ahmadinejad and called him "a thug."

Biden's campaign on Monday also announced he was endorsed by state Sen. Gerald Malloy and state Rep. Jerry Govan, both members of the Legislative Black Caucus.

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NEW YORK (AP) — New York Mayor Michael Bloomberg had a slightly different answer on Monday for that same old question he's dismissed over and over: Are you going to run for president?

"I don't think so — and if I was going to do it, I don't think I'd announce it right here," he said during a brief appearance Monday morning on Fox News.

The host noted that the billionaire businessman had a similar answer when asked, years ago, if he planned to run for mayor.

"And then fast forward, here you are," she said.

"You never know," he said.

For the record, just days ago Bloomberg told an audience at Harvard University that he was not, in fact, a presidential candidate.

Ever since the Democrat-turned-Republican won re-election in 2005, there has been some talk of a Bloomberg presidential bid. Most of the talk has been fueled by one of his aides, Kevin Sheekey, who has publicly acknowledged his efforts to cajole his boss into the race.

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CHAPEL HILL, N.C. (AP) — Democratic presidential contender John Edwards is mailing Iowa caucus voters some 70,000 DVDs that argue he is the only candidate with a health care plan for all Americans.

The Edwards campaign hoped to reach a significant number of Iowa's Democratic caucus voters with the DVD. Slightly more than 100,000 participated in the 2004 caucus.

"What America really wants in their next president is to be able to trust their president," Edwards says in the six-minute video. "In order for that to be true, they want to feel like ... the president is a good and decent and honest human being who's trying to do what's right."

The video and pamphlet specifically address health care problems and statistics in Iowa, where the state's leadoff caucuses will begin the nomination process.

Sen. John Kerry won Iowa in 2004 and went on to earn the party's nomination. Edwards placed second in Iowa and later earned a spot as Kerry's vice presidential nominee.

Edwards has proposed a tax increase to fund a universal health care plan that would cover the estimated 47 million Americans who do not have insurance. The plan would create "health markets," including a government-run plan like Medicare, to create competitive prices. It would also subsidize insurance for low-income Americans and require businesses to help cover the insurance costs of their employees.

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WASHINGTON (AP) — Judicial Watch, a conservative investigative group that dogged the Clinton presidency, is asking for an investigation of Sen. Hillary Rodham Clinton for filing an incomplete financial disclosure report.

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The group filed a complaint with the Senate Ethics Committee and the Justice Department, noting that Clinton had failed to report that she was secretary-treasurer of the Clinton Family Foundation in documents that must be filed annually with the Senate. In the face of an official complaint, Senate rules require the ethics committee to begin a preliminary inquiry.

Clinton amended her disclosure report on Feb. 26 to include her foundation affiliation after The Washington Post reported the omission. Data about the foundation, and Clinton's role in it, also is available from other public records. According to Internal Revenue Service records, the foundation had nearly $1.8 million in income in 2005.

"This was an inadvertent omission that was immediately corrected," said Clinton spokesman Philippe Reines.

Giuliani Seeks Privacy On Family Issues (AP)

By Michael R. Blood

AP, March 6, 2007

Republican presidential candidate Rudy Giuliani asked for privacy on Monday to deal with strained relationships within his family, including the estrangement between his son and his third wife.

Campaigning in Southern California, Giuliani faced questions about his family after his son, Andrew, publicly said their relationship had become distant after Giuliani's messy divorce from Andrew's mother, Donna Hanover, and his later marriage to Judith Nathan.

"My wife Judith is a very loving and caring ... mother and stepmother. She has done everything she can. The responsibility is mine," the former New York mayor told reporters gathered outside the Los Angeles County Sheriff's headquarters.

"I believe that these problems with blended families, you know, are challenges — sometimes they are," he said. "The more privacy I can have for my family, the better we are going to be able to deal with all these difficulties."

The New York Times reported Saturday that Andrew Giuliani and his father have recently tried to reconcile after not speaking "for a decent amount of time." In the Times article, Andrew said, "There's obviously a little problem that exists between me and his wife."

He told the newspaper he would not participate in his father's campaign, saying he intended to concentrate on becoming a professional golfer. The 21-year-old Duke University student told ABC News' "Good Morning America," "I got my values from my mother. She's a strong influence in my life. She's a strong woman. I have problems with my father, but that doesn't mean he won't make a good president."

The dispute with his son sidetracked a Giuliani event that was intended to highlight his crime-fighting credentials. He met privately with sheriffs from Southern California and Gov. Arnold Schwarzenegger, who later introduced him at a brief news conference.

The Republican governor, who had not endorsed a 2008 candidate, called the former mayor "very successful," but his praise was more restrained compared to the compliments he lavished on rival candidate John McCain last week.

Schwarzenegger called the Arizona Republican a "great national leader" and "very good friend."

Giuliani's personal life was a staple of New York tabloid headlines during his later years at City Hall. Hanover accused Giuliani of having an affair with a former staffer, which he denied. At one point, the mayor began staying away from the official mayoral residence, Gracie Mansion, and sleeping at a co-op owned by friend and fundraiser Howard Koeppel. Giuliani and Hanover reached a divorce settlement in 2002.

The couple had two children, Andrew and Caroline, now 17.

Giuliani's first marriage was annulled.

Andrew Giuliani is probably best remembered as the bumptious kid who bounded across the stage and parroted his father's gestures at his 1994 mayoral inauguration. He often was seen at his father's side at Yankees baseball games.

Hizzoner The Curmudgeon (WP)

By Jonathan Capehart

The Washington Post, March 6, 2007

Forget about whether Rudy Giuliani is too moderate to win over the conservatives who dominate the nomination process in the Republican Party. The real story is whether the opera buff's nascent presidential bid will be crushed under the weight of the Pucciniesque life of the 107th mayor of New York.

We all know about the first wife who was his second cousin, the second wife who found out she was being divorced while watching television and the third wife who was barred by court order from the mayor's residence or from meeting Giuliani's children, Andrew and Caroline, there before the divorce was final.

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Now come the public comments from Andrew that he won't be stumping for pops in Iowa, New Hampshire or anywhere else. Not only did he say "I have problems with my father," but he also added, "There's obviously a little problem that exists between me and his wife."

If past is prologue, the younger Giuliani's phone must have crackled with Rudy rage once his comments came to light. See, when Giuliani was mayor, he brooked no criticism -- no matter how minor, no matter how constructive. Having been on the receiving end of one of Giuliani's withering verbal assaults, I know of what I speak.

The phone rang around 9 a.m. on Jan. 7, 1999. It was Giuliani's personal assistant, Beth Patrone. "Please hold for the mayor." He had never called me before. His skin-peeling tirades against reporters, politicians, community leaders, perceived enemies and those deemed too weak to fight City Hall were legendary. Now it was my turn.

Giuliani was spitting fire over my column in that morning's New York Daily News, in which I likened his second term to the sitcom "Seinfeld." The thesis was summed up in the first paragraph: "The show has been reincarnated as Mayor Giuliani's second term, which has turned into a term about nothing."

"Jonathan," he said.

"Good morning, Mr. Mayor," I said, "How . . ."

For the next 10 minutes, Giuliani ripped me apart, calling my column "intellectually dishonest," among other things. He hung up when he couldn't find a favorable editorial that I'd written on his State of the City speech the previous year. But he called back, spouting off the headline and launching into another 10-minute monologue.

His press secretary, Sunny Mindel, called me afterward. "Consider yourself flattered," she said. "You're important enough to warrant a phone call. You got under his skin." I knew that I had accomplished no great feat. The mayor's skin is as thin as America's Next Top Model.

People disagreed with me all the time. I encouraged discussion and accepted that others had different viewpoints. But Giuliani's reaction was over the top. I tell this story because it points to other aspects of hizzoner's personality that were more troublesome.

Giuliani could be vindictive. He had no qualms about using government to settle a score. When the City Council overrode his veto of a bill to change the operations of homeless shelters in December 1998, Giuliani sought to evict five community service programs, including one that served 500 mentally ill people, in the district of the bill's chief sponsor, and to replace them with a homeless shelter.

What's more, he released a list of sites for other shelters that would be housed in the districts of council members who voted in favor of the override. (He backed down two months later, after much public outrage.)

Rather than take the high road earlier that year, Giuliani erupted when the Rev. Calvin O. Butts, a prominent Harlem minister who had endorsed Giuliani for reelection, said, "I don't believe he likes black people." In fact, Giuliani put a lockdown on city funding for projects affiliated with the politically connected cleric.

But it was his reaction to racially charged incidents involving the police that highlighted Giuliani's other affliction: tone-deafness.

Amadou Diallo was reaching for his wallet when undercover police officers gunned him down in a hail of 41 bullets in the vestibule of his apartment building in 1999. New Yorkers of all colors and political stripes trouped to police headquarters to be arrested in protest of not only the officers' actions but also of Giuliani's inability to grasp why everyone was appalled by what happened.

The visionary mayor who brought law and order to the ungovernable city and who became the face of a bloodied but unbowed nation on Sept. 11, 2001, was a difficult mayor. Many wonder whether the trauma of that day has mellowed Giuliani. We'll soon know. There's nothing like the stress of a presidential campaign to find out for sure.

The writer is a member of the editorial page staff. His e-mail address iscapehartj@washpost.com.

Giuliani Is Selling Investment Firm; Spokeswoman Calls Step Part Of Focusing On Campaign (NYT)

By Russ Buettner And Randal C. Archibold

The New York Times, March 6, 2007

Rudolph W. Giuliani announced yesterday the planned sale of his boutique investment bank to an Australian company, a transaction that a company official said was part of Mr. Giuliani's increasing focus on his presidential campaign.

The firm, Giuliani Capital Advisors, is being sold to the Macquarie Group, a financial services business based in Sydney, Australia, with more than 9,600 employees worldwide. Terms of the sale, which is expected to be final in June, were not released.

"It's indicative of his gearing up and focusing on his candidacy," said Sunny Mindel, a spokeswoman for Giuliani Partners, Mr. Giuliani's core consulting business.

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Giuliani Capital Advisors, a subsidiary of Giuliani Partners, advises parties in bankruptcy proceedings and has a practice in mergers and acquisitions. It has about 100 employees and reported revenues of $47.8 million in 2005, its most recent filing, and the firm's officials have described Mr. Giuliani's role as very limited.

The firm would be the easiest of Mr. Giuliani's business interests to break off for sale. Giuliani Partners, the parent company, relies to a far greater extent on the name value and expertise of Mr. Giuliani and his closest advisers, many of whom are expected to join his campaign.

Another division, Giuliani Safety and Security, suffered a setback in 2004 with the unexpected departure of Bernard B. Kerik, who faced ethical and legal problems after his withdrawal from consideration to be President Bush's secretary of homeland security. The division has since grown under the leadership of a respected former F.B.I. official, but it still had only about 10 clients as of January.

Company officials have previously said that Giuliani Capital's client list could pose problems for the Giuliani campaign. So, too, could his other businesses and affiliations. Giuliani Partners has advised companies facing accusations of financial improprieties. And Bracewell & Giuliani, a law firm based in Houston, represents many companies often accused by environmentalists of being excessive polluters.

Similar companies have been selling for about 1.6 times their annual revenue, but that multiple assumes that key personnel sign on with the new owner, said Tobey Sommer, an analyst with SunTrust Robinson Humphrey Capital Markets who covers leaders in the sector. Such a multiple for Giuliani Capital Advisors would generate a price of about $76 million, based on the 2005 revenue figure.

That would mark a substantial gain. Giuliani Partners bought a majority interest in the firm from Ernst & Young in 2004 for $9.8 million.

Eight of Giuliani Capital's original 22 managing directors left last year, which can be indicative that a firm is not paying its top executives competitively, said Mr. Sommer, the analyst.

"Turnover is the bugaboo you've got to manage against," said Mr. Sommer, who is based in Nashville.

The transaction is contingent upon regulatory approval and the signing of Giuliani Capital's employees by Macquarie, which currently has 350 investment banking professionals in North America, a Macquarie spokesman said.

During an appearance yesterday in Monterey Park, Calif., Mr. Giuliani for the first time addressed remarks by his son, Andrew, in The New York Times in which he said he felt estranged from his father because of his marriage to Judith Nathan, Mr. Giuliani's third wife.

"My wife, Judith, is a very loving and caring and good mother and grandmother, good mother and stepmother," Mr. Giuliani replied to a barrage of questions from dozens of journalists about his relationship with his children. "She has done everything she can. The responsibility is mine.

"And I believe that these problems with blended families are challenges. Sometimes they are. And the challenges are best worked on privately. In other words, the more privacy I can have for my family the better we are going to be able to deal with all these difficulties, and the best way to kind of handle that is to make as little comment about this as possible."

Giuliani Sells Bank In Campaign Move (FT)

By Caroline Daniel In Washington And James Politi In New York

Financial Times, March 6, 2007

Rudy Giuliani, the former mayor of New York, on Monday provided further evidence that he is stepping up his presidential campaign for 2008 when he sold his boutique investment bank, Giuliani Capital Partners, addressing concerns about potential conflicts of interest and adding to his warchest of campaign financing.

The terms of the sale to Macquarie Group, an Australian financial group, were not disclosed but analysts said that Giuliani Capital Advisors could be worth as much as $100m. It represents a large chunk of Mr Giuliani's business interests, which he began building in early 2002, shortly after leaving his post as mayor.

GCA advises on mergers and acquisitions and restructurings in sectors such as infrastructure, energy, and property. Although largely US-based, it has advised on several international deals, particularly in Germany and the UK. It came under Mr Giuliani's umbrella in 2004, trebling the size of his business interests, which were mostly confined to Giuliani Partners, a management consultancy. A spokesman for GP declined to comment on whether it would also be sold.

After months of being coy about his intentions Mr Giuliani has emerged as the Republican frontrunner, benefiting from strong name recognition, celebrity status from 9/11 and doubts about Senator John McCain and his advocacy of the unpopular troop surge in Iraq.

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A Newsweek poll at the weekend showed that in a head-to-head contest with Mr McCain, he jumped into a 25-point lead, with 59 per cent to 34 per cent for McCain. That compared with just a 4 per cent edge in a January poll. Mr Giuliani came second this weekend in a straw poll of conservative activists at the Conservative Political Action conference.

On Tuesday Mr Giuliani will add to his resources with a fundraiser in Palo Alto hosted by Floyd Kvamme, a leading technology veteran from Silicon Valley who served on the National Finance Committee for President George W Bush.

Although he is a social conservative, Mr Kvamme is willing to overlook Mr Giuliani's liberal positions. "You can't help but be impressed by his leadership on 9/11. He was the bright shining star that day," he said, adding: "Rudy Giuliani is a strict constructionist and wants judges who don't make laws from the bench. I'm comfortable with that."

Charlie Cook, editor of the Cook Political Report, warned that three-quarters of those surveyed in a recent Gallup poll were unaware of Mr Giuliani's views on abortion and gay marriage.

"His backers are mostly conservatives and evangelicals drawn by his 9/11 strong leadership. That support will melt like an ice cream cone in August once abortion, guns, gay rights, Vietnam draft, marriage to his second cousin, and infidelities come out."

In a hint of those potential problems, Andrew Giuliani, his son from his second marriage, told ABC this weekend that he "got his values from his mother" and had "problems with my father", but added that he would still make "a great President".

Giuliani Sale May Portend A Presidential Campaign (WSJ)

By Christopher Cooper And Robert Block

The Wall Street Journal, March 6, 2007

Former New York City Mayor Rudolph Giuliani has sold the investment-banking arm of his consulting firm to an Australian banking company, a move that may help clear the decks for his 2008 presidential campaign.

Giuliani Capital Advisors LLC and Macquarie Group, of Sydney, announced the deal yesterday without disclosing terms. The sale is expected to close in June, the companies said.

Giuliani Capital, which does investment-banking work for small companies and restructurings for larger ones, is one of a handful of businesses Mr. Giuliani has run since leaving office in 2002. Although leading the Republican field in many early polls, he hasn't formally entered the race, which appeared to be the catalyst for the sale.

REACTION FROM DEAL JOURNAL

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A person at the New York company said the former mayor indicated some time ago that he wanted to concentrate on the campaign, in which he has set up an exploratory committee and is traveling to key primary states.

Giuliani Capital and Giuliani Safety and Security are units of Giuliani Partners LLC. Mr. Giuliani also is a partner in the Houston-based law firm Bracewell and Giuliani, and he has been a fixture on the lucrative speaking circuit, which his campaign says he would suspend during his presidential run.

Although not a major player in the investment-banking world, Giuliani Capital has maintained a steady list of clients, particularly for its restructuring work. Its clients include Delta Air Lines Inc., which sought bankruptcy protection in 2005. It handled similar work recently for US Airways Group Inc. and Aloha Airgroup Inc., a regional carrier.

Mr. Giuliani bought the firm, formerly Ernst & Young Corporate Finance LLC, from the Big Three accounting firm in December 2004 for $9.8 million. Of the two units of Giuliani Partners, it is thought to have the greater value.

It also may be the most problematic politically for a potential presidential candidate. Analysts say the nature of the firm's client list may make Mr. Giuliani politically vulnerable. It remains to be seen whether a sale of the company will quiet such criticism.

The Democratic Party said in a memorandum sent to some reporters that Giuliani Capital Advisors had displayed "greed" when it sought millions of dollars in fees from troubled airlines.

"Rudy Giuliani is very proud of his business endeavors," said Sunny Mindel, a Giuliani Partners spokeswoman.

Macquarie Group is perhaps best-known in the U.S. for operating public infrastructure such as toll roads and bridges under long-term government leases. Macquarie also has an investment-banking operation in North America that employs about 350. Macquarie said the acquisition of Giuliani Capital would have no effect on the company's balance sheet, and it suggested it planned to absorb all 100 of the smaller company's employees.

The purchase "is a significant strategic step forward for Macquarie and a highly complementary addition to our North American investment-banking business," said Murray Bleach, head of Macquarie's Investment Banking Group in North America and co-CEO of Macquarie Securities (USA) Inc. "GCA provides Macquarie with an opportunity to build upon and expand our existing U.S. capabilities, particularly in corporate-restructuring transactions."

Giuliani's Firm Sells Investment Business (WP)

By Matthew Mosk And Michael D. Shear

The Washington Post, March 6, 2007

Rudolph W. Giuliani's consulting firm sold its multimillion-dollar investment banking component yesterday in a move intended to free him to concentrate on his presidential bid, even as the former New York mayor was confronting some of the campaign season's first scrutiny of his personal life.

Campaigning in California, the Republican asked reporters to keep out of his private life after they quizzed him about the strained relationship between his college-age son, Andrew, and Giuliani's third wife, Judith Nathan.

The sale of the investment banking business offered a rare glimpse into the complex financial enterprise that Giuliani helped create after leaving the mayor's office in 2001.

An Australian-based firm bought Giuliani Capital Advisors LLC for an undisclosed amount. A source close to the Republican candidate who spoke on condition of anonymity said the sale is intended to free Giuliani from distractions as he pursues the White House.

"This enables him to sustain his intense focus on his candidacy," the source said.

Others viewed the sale as Giuliani's first step away from the lucrative private-sector career he built during the years he spent outside the public spotlight. Eric Abrahamson, a Columbia Business School professor, said he thinks Giuliani will have little choice but to start building a higher wall between his campaign and his business activities.

"The organization has dealt with all varieties of clients over time, some of whom would expose his image to certain perception problems," Abrahamson said yesterday. "I would imagine that, fairly soon, he would have to completely distance himself from the business."

Giuliani has held sizable leads in several independent polls and has tried to frame his campaign for the Republican nomination around the image of strength he built after the attacks of Sept. 11, 2001.

His multifaceted consulting firm, Giuliani Partners, primarily advises security companies and promotes their products, many of which have been marketed to federal agencies. That proved problematic for one of Giuliani's early business partners, Bernard B. Kerik, a former New York police commissioner who withdrew as President Bush's nominee for Homeland Security secretary after potential conflicts were exposed.

The 100-member banking outfit that Giuliani sold to the Macquarie Group yesterday specialized in helping companies restructure after bankruptcy. Giuliani Partners bought the boutique investment firm from accounting giant Ernst & Young in 2004 for $9.8 million.

Since then, the company has had tepid earnings, according to Jennifer Payne, an industry analyst with SNL Financial. In 2005, the company's federal filings show it took in $47.8 million in revenue, but its net income showed a loss of $1.4 million, she said. The parties involved declined to provide financial details of the sale.

Giuliani is also a partner in a Texas law firm and has maintained a lucrative public speaking career.

As a candidate, he will be required to reveal only broad information about his business relationships on personal financial statements that he will be asked to provide to federal elections regulators by May 31.

Shortly after he announced the sale of his investment firm, Giuliani faced reporters in Southern California and took responsibility for what he called a strained relationship between his son, Andrew, and Nathan.

"I believe that these problems with blended families, you know, are challenges," he said. "The more privacy I can have for my family, the better we are going to be able to deal with all these difficulties."

Giuliani's bitter and messy divorce from his second wife, Donna Hanover, produced headlines for months, as did his courtship of Nathan, his longtime companion. Giuliani's first marriage, to a second cousin, was annulled after a little more than a year.

In the New York Times last weekend, Andrew Giuliani, 21, said that he and his father had resumed speaking after "a decent period of time." He added that "there's obviously a little problem that exists between me and his wife."

Rudy Giuliani Sells Financial Arm Of Consulting Firm (NSDY)

By Amy Westfeldt

Long Island Newsday, March 6, 2007

NEW YORK -- Republican presidential hopeful Rudy Giuliani is selling off the investment banking arm of his consulting firm to an Australian company, his company said Monday.

Giuliani Capital Advisors LLC, a 2{-year-old firm offering advice on business and investment banking, will be acquired by Macquarie Group of Sydney, Australia. Financial terms of the deal weren't disclosed.

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Giuliani's business interests have come under closer scrutiny lately as his presidential campaign progresses. The former New York City mayor, who led the city through the aftermath of Sept. 11, has emerged as the front-runner for the 2008 GOP nomination in most national polls.

Doug Muzzio, a politics professor at Baruch College, said Giuliani is trying to head off any future conflicts in the campaign.

"Doing it now signals that they consider what they're doing for the clients will be politically problematic for a run for president, so they're getting rid of it early so that even if a story emerges, they will be politically inoculated from it," said Muzzio. He added that it's hard to know how much Giuliani's personal financial considerations played a part in the sale.

Giuliani Partners spokeswoman Sunny Mindel said the sale had nothing to do with potential client conflicts.

"This is so Rudy can continue to focus his efforts on his candidacy," Mindel said.

Giuliani has earned millions through his consulting firm, other business interests and his high-priced speaking appearances since leaving office in 2001. He recently said he will stop accepting invitations to give paid speeches.

It is largely through his post-Sept. 11 popularity that he built up Giuliani Partners LLP, which focuses on emergency preparedness, public safety and corporate governance. He is also a partner at Bracewell & Giuliani, a well-established law firm best known for its energy company clients.

Giuliani Capital Advisors, formerly the investment banking arm of accounting firm Ernst & Young LLP, was acquired by Giuliani Partners in 2004. It has over 100 employees in Chicago, New York, Los Angeles, Atlanta and Michigan.

Mindel wouldn't disclose the extent of Giuliani's ownership in the subsidiary.

"Joining the Macquarie team will allow the professionals of GCA to benefit from the vast resources of a leading global investment bank," Giuliani said in a statement.

Murray Bleach, head of Macquarie's investment banking group in North America, said Giuliani's firm will provide the company "with an opportunity to build upon and expand our existing U.S. capabilities, particularly in corporate restructuring transactions."

The Romney Rehab Plan (POL)

By Roger Simon

The Politico, March 6, 2007

Mitt Romney may be low in the polls right now, but he is a man with a plan, a plan to make him the Republican nominee for president.

Though he is at only 4 percent in national polls, The Politico has learned that in the coming weeks and months, he will:

--- Game the system. Romney intends to take advantage of the various and complicated rules governing the primaries.

The prime example is the change in the way California will conduct its Republican primary on Feb. 5.

Unlike Democratic primaries, Republican primaries are winner-take-all. Whoever wins statewide gets all the delegates at stake. This favors front-runners, who, with their early money and early support, can wrap up the nomination quickly.

But, in a barely noticed move, California Republicans have changed the system. Now it is winner-take-all by congressional district.

That means a candidate no longer needs to win the whole state to get delegates. It also means a candidate does not need a $25 million TV budget to do a serious statewide media buy.

Romney not only will target his TV ads to certain congressional districts, but he intends to treat California as if it were a "retail" political state instead of a tarmac state. (Because California is so large geographically, candidates spend most of their time flying from airport to airport, standing on the tarmac, doing a sound bite for local TV and then flying on.)

Romney intends to emphasize more intensive, face-to-face campaigning in select congressional districts in which he has the best chance of winning delegates.

--- Feel the burn. While Romney expects to raise significant amounts of money, his "burn rate," or expenses, will be high. (Howard Dean impressed the media by raising tens of millions of dollars on the Internet in 2003, but his campaign burned through it so fast that he had almost nothing left by the time he faced the New Hampshire primary in early 2004.)

Romney says he'll spend his money wisely -- but spend it. Although it is early, he's already putting TV commercials on the air. He has to raise his poll numbers, which are in the single digits.

True, early polls measure little but name recognition. But contributors read polls, and nobody wants to back a loser. Romney must raise his profile to make his poll numbers bounce and compete seriously for money and support.

For More Info Visit Our Candidates Page

Further, he is not buying the commercials willy-nilly but in states that may be key for him in the early contests: Florida, Iowa, Michigan, New Hampshire and South Carolina.

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--- Make clear both explicitly and implicitly the differences between himself, Rudy Giuliani and John McCain, whether on issues or on lifestyle.

Unlike the Democratic top tier, in which the candidates agree on virtually all issues, there are significant differences among the candidates of the Republican top tier.

Romney intends to exploit what he perceives as two of McCain's great vulnerabilities in the Republican primaries: the McCain-Feingold law, which restricts campaign contributions, and the McCain-Kennedy bill, which would change immigration laws and allow for a guest-worker program. And while Romney disagrees explicitly with Giuliani on issues such as abortion, gun control and gay rights, he implicitly draws distinctions between Giuliani's rather turbulent personal life -- he has been married three times -- and Romney's own marriage of nearly 38 years.

"There are issues on a social basis that I think are critical for the future of America," Romney told The Politico. "One of them relates to the family. I really fundamentally believe the strength of America derives from the American family."

"The breakdown of the family," Romney continued, "is an issue that needs to be spoken about."

When I asked Romney if it was legitimate to ask people to vote for him because of his stable family life, his wife, Ann, who was sitting next to him, interjected: "We'll take that! I'll take it!"

Romney also drew implicit differences between himself and McCain, who has been a U.S. senator for more than 20 years.

"I don't think America wants another lifetime politician leading the country," Romney said.

Also, when I asked about whether, in a post-Sept. 11 world, Americans might want a president with national security experience, Romney replied: "Well, just because someone gets elected senator doesn't make them a foreign policy expert."

--- Make a splash. Romney intends to make a big effort at the splashiest event on the primary calendar: the straw poll in Ames, Iowa, on Aug. 11. The straw poll is the "American Idol" of political events. The hoopla and spectacle, which includes fireworks, bands, barbecue and body-painting, is unlike any event except the nominating conventions themselves.

But unlike the nominating conventions, the winner at Ames is not known in advance.

And the media coverage will be enormous. Failure at Ames can end candidacies, because campaign contributions can dry up for those who do not do well.

In 1999, George W. Bush decisively won the Ames straw poll with about 24,000 votes. In the next 10 weeks, Lamar Alexander, Dan Quayle and Elizabeth Dole dropped out of the race and Pat Buchanan left the Republican Party.

Top-tier Republicans (Democrats ban straw polls) could spend in excess of $2 million each at Ames to bus supporters in and entertain them, while the bottom-tier candidates will depend on speaking skills and message to win support. Romney intends to makes Ames a summer showdown.

--- Encourage the media to look into the background of his opponents. In his interview with The Politico, Romney decried opposition research directed against him.

"There is going to be a lot of opposition research folks on other campaigns trying to put up things that aren't accurate (about me)," Romney said. But his campaign is already predicting reporters will find plenty to write about when it comes to Giuliani's ex-police chief, Bernard Kerik, and Giuliani's complex business associations.

--- Minimize his own negatives. Romney is vulnerable to accusations of being a flip-flopper -- he admits he was not pro-life until just a few years ago, and he joined the National Rifle Association just last August -- but his biggest negative, according to the polls, is his Mormon religion.

Two recent Gallup Polls found that 46 percent of Americans have an unfavorable opinion of Mormonism and 24 percent would not vote for a well-qualified candidate who was a Mormon.

Romney intends to recast the issue by emphasizing that he is a person of faith and that that is more important to voters than what faith he is. Second, his Mormon faith has been fundamental to his commitment to family, which he believes people of all faiths can respect.

--- Mend a fence. Romney formally announced for president last month in Dearborn, Mich., at the Henry Ford Museum. Aside from being an inventor and a highly successful businessman, however, Ford was a notorious anti-Semite.

That is not the message Romney wanted to send, and in the interview, he said, "Catholics, evangelical Christians, Mormons, Jews will find me to be an attractive candidate. I've gotten great support financially from members of the Jewish faith. I am a strong supporter of Israel and feel the need to defend Israel."

--- Be funny, even if he has to borrow the jokes. Romney quoted Sen. Orrin Hatch of Utah, a Mormon, telling other senators the difficulty he has raising money among members of his own faith.

"You'd have had trouble raising money, too, if all the people you were asking money from were sober," Hatch said.

Health Care Already A Key Issue In 2008 Race (WP)

By Christopher Lee

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The Washington Post, March 6, 2007

Former senator John Edwards (D-N.C.) says providing health coverage to the 47 million Americans who lack it is so important that he is willing to raise taxes to do it.

Sen. Barack Obama (D-Ill.) says he is determined to enact universal health care by the end of his first presidential term.

Sen. Hillary Rodham Clinton (D-N.Y.), no novice on the subject, calls universal coverage "not only a moral and health imperative, but an economic and jobs imperative as well."

Although health care is usually a bigger factor in Democratic primaries than in Republican contests, at least two GOP contenders -- former governors Mitt Romney of Massachusetts and Tommy G. Thompson of Wisconsin -- are expected to use their extensive track records on the issue as campaign selling points, especially if either emerges as the party's nominee.

All of which illuminates the reality that no White House hopeful can be taken seriously in the rapidly evolving 2008 race without confronting what many Americans have long said is one of their biggest concerns: the availability and affordability of health care.

"Every candidate is going to have to have a health-care plan, because it is the number one domestic policy issue on the minds of voters," said Karen Ignagni, president of America's Health Insurance Plans, an industry group whose "Harry and Louise" television ads in the early 1990s helped torpedo the last big push to overhaul health care.

Although fixing health care is back in vogue, some analysts worry that the prescriptions of the presidential candidates miss the heart of the problem. All the talk about creating universal coverage has obscured the fact that most voters already have insurance, some analysts say, and what they are most concerned about is curbing costs.

"They want some more active government effort to change the way the insurance system works, and to put some more pressure on doctors and pharmaceuticals and hospitals to give a better deal to working people," said Robert Blendon, a professor and public opinion expert at the Harvard School of Public Health. "The cost issue is a very important driving issue, and politicians haven't figured out how to touch that nerve yet."

Taking on costs is more difficult politically because it generally involves challenging powerful interests with a financial stake in the current system, including hospitals, doctors, and drug and insurance companies, said John Rother, policy director for AARP, the seniors lobby.

"The heavy lifting from a candidate's point of view is what they would do to control costs," Rother said. "Getting everybody covered is significant, but it doesn't take you right up against the power of the $2 trillion-a-year medical lobby the way that cost containment does. That's what's missing in the debate."

Since 1999, health insurance premiums have risen faster than wages and inflation. U.S. spending on health care, already the highest per person in the world, is expected by 2016 to nearly double, to $4.1 trillion. One in six Americans has no health insurance, and a shrinking share of those who do can get coverage through their jobs, census figures show.

The burden of rising costs on employers has led to calls for major change, even from some business groups that opposed earlier efforts to revamp the system. Pressure is also bubbling up from states, most notably California, Massachusetts and a few others that have begun, or are considering, statewide experiments to make health insurance affordable for everyone, through state subsidies and new fees on businesses if necessary.

"We're at the beginning of the next great debate about health reform," said Drew Altman, president of the Henry J. Kaiser Family Foundation, a nonpartisan source of health-care information. "This is an issue which was very much on the minds of the American people as an economic worry for quite some time, but was just nowhere as a national political priority even six months ago. Now it's front and center again, and the words 'universal coverage' are back at the center of the debate."

Indeed, analysts say national politicians are approaching the subject with a zeal not seen since the Clinton administration's health plan collapsed in 1994, amid concerns that it would give big government too much control over the health-care system.

Edwards has so far staked out the most detailed position. His plan would require employers to provide health coverage for workers or pay a portion of their payroll into a fund that would help individuals buy private insurance through new regional health-care purchasing pools. He would also expand Medicaid and the state-federal Children's Health Insurance Program, and would provide tax credits to help make insurance more affordable for lower-income families.

Most of the $90 billion to $120 billion annual cost could be paid for by eliminating President Bush's tax cuts for households earning more than $200,000 and by increasing Internal Revenue Service efforts to collect unpaid capital gains taxes, Edwards has said.

"I want to start putting universal health care in place as soon as I am sworn into office in January of 2009, which is what America needs," he said at a Feb. 22 candidate forum in Carson City, Nev. "We can't wait."

His campaign sent a mailing yesterday touting the plan to more than 70,000 Iowa households, the first such large-scale voter contact effort by a Democratic presidential candidate.

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The 12-page booklet notes that 265,000 Iowans have no health coverage and argues that only Edwards has a plan "that will cover all of them and lower healthcare costs for everyone." It does not mention the program's cost.

Obama has not released a detailed plan, but in announcing his candidacy last month he said he would deliver universal health care by 2012. "Let's be the generation that finally tackles our health-care crisis," he said. "We can control costs by focusing on prevention, by providing better treatment to the chronically ill, and using technology to cut the bureaucracy."

Clinton said last month that she wants universal health-care coverage by the end of her second term, but she has not offered a plan to achieve it. She has said that she "learned from experience" that no comprehensive proposal will work unless employers, government and labor organizations support it, and that simply throwing money at the problem will not solve it.

"I am looking for answers that will not have us spend more money," Clinton said while campaigning in New Hampshire last month. "I am convinced we can do that."

Rep. Dennis J. Kucinich (D-Ohio) has proposed expanding Medicare to cover everyone, a plan he says would eliminate any role for for-profit insurance companies. Their certain opposition would be a major political obstacle.

Polls by Gallup and other organizations routinely show that Democrats are more likely than Republicans to rate health care as an extremely important issue for Congress and the president. Still, some Republican presidential hopefuls have considerable bona fides on the issue. In 2006, Romney signed legislation requiring that all Massachusetts residents have health insurance by July of this year. Thompson served as President Bush's health and human services secretary at a time when the administration successfully sought to create a drug benefit under Medicare.

Whoever wins the presidency will have trouble converting voters' desire for change into politically viable legislation, analysts say. There is broad agreement on health-care problems, but a consensus on how to fix them remains elusive -- a reality Bush encountered when his recent proposal to overhaul the tax treatment of health insurance fell flat in the Democratic Congress.

"One thing that history really shows us is that the enthusiasm at the beginning of these debates often wanes when you get to the details at the end," said Altman, the Kaiser president.

GOP Protectionists (WSJ)

By Jack Kemp

The Wall Street Journal, March 6, 2007

As the GOP stumbles around Washington trying to be the party of Herbert Hoover, it's sad to see so many Republicans drifting so far and so fast from the Reagan model that helped pave the way for the great, non-inflationary economic and jobs expansion of the past 25 years.

Sen. Lindsey Graham, (R., S.C.) threatens China with a 28% tariff for daring to tie the yuan to the dollar. Rep. Tom Tancredo, running for president, is miffed at President Bush for trying to design comprehensive immigration-reform legislation. The president wants a guest-worker program that could help alleviate border problems in the Southwest.

But Mr. Tancredo is a sissy compared to my old pal Duncan Hunter, the congressman from San Diego. He's also running in the GOP primaries as an unambiguous Hoover-like protectionist and anti-globalization candidate. Then there's my other old friend Pat Buchanan, railing against Japan and Toyota for having the chutzpah to sell so many cars in the U.S., even going so far as to build manufacturing plants right here under our noses.

Mr. Buchanan resigned from the GOP a few years ago because Republicans weren't tough enough on trade, tariffs and immigration for his so-called "economic nationalism" model. His answer to the competition faced by U.S. automakers from abroad is to bash Japan, and to accuse those of us who believe in classical free-trade policies of being "fanatics" who cause U.S. manufacturing to move offshore. Adam Smith and David Ricardo are spinning in their graves!

In the interest of full disclosure, I'm on the advisory board of Toyota North America and now drive a hybrid Lexus. But I also believe that the real answer for U.S. auto companies is a decrease in tax rates, lower costs of labor and greater flexibility in future union contracts. The attack on a trading partner like Japan is misguided when the real enemy of American jobs and auto production comes from Washington and Detroit. Having driven American automobiles for 50 of my 71 years, my long-term, (and short-term) solution to the profound challenges faced by U.S. manufacturers is to reform the complex, confusing and confiscatory U.S. tax code, and to ease the onerous regulatory burden that undermines our ability to compete in the global economy.

The suggestion that Japan manipulates its currency for trade advantages -- even though the yen has appreciated against the dollar by 75% since 1985 -- is misleading. The same attack could have been made against the U.S. when the Fed lowered the federal-funds rate to 1% in 2003 in order to boost the economy. Every central bank manipulates its currency to some degree in that they control the printing of the supply of money that determines the value of their currency.

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Protectionists claim that the trade deficit threatens the dollar and causes it to fall, further de-industrializing America and diminishing our freedoms. In reality, the trade deficit is just the other side of what President Reagan correctly called the capital account surplus, which reflects foreign investment leading to increased production, output and job creation in the U.S.

As a case in point, since coming to America 50 years ago Toyota has invested more than $14 billion in our domestic economy and set up 10 manufacturing plants. It has "insourced" more than 380,000 jobs since 1981, and just announced an 11th plant, with more U.S. jobs. Toyota pays close to $15 billion in wages to American workers.

Overall, since the 2001 recession, according to David Malpass of Bear Stearns, the U.S. economy has created 9.3 million jobs; Japan only 350,000. As for the legacy health costs and pension costs for U.S. auto workers, protectionists would better spend their time lobbying for Detroit to move to health-savings accounts and defined pension-contribution plans. Defined-benefits pension plans are far too costly for auto makers, as economist Arthur Laffer has written and lectured about for years.

Protectionist views on trade resemble Al Gore on global warming: Pessimism permeates their arguments and they misuse statistics to drive their propaganda on these very important issues. Mr. Buchanan, for example, argues that the U.S is witnessing the passing of our nation as the greatest industrial power the world has ever seen. Nonsense: Half the wealth our nation has ever produced was generated in the last 25 years or so.

With the recent passing of Milton Friedman and Ronald Reagan, we've lost two great champions of the free-enterprise and free-trade policies that helped lay the groundwork for the last two decades of low unemployment and low inflation, fostering the growing class of working families who own stocks, bonds and property.

The answers to our challenges in today's global marketplace can be found in sound money, lower tax rates on capital and labor, an easing of regulatory burdens, and the welcoming of foreign investment and trade with nations like Japan. Isolationism and protectionism are not worthy of 21st century America.

Mr. Kemp is founder and chairman of Kemp Partners and former Secretary of Housing and Urban Development.

Jenna Bush Embarks On Book 'Journey' (USAT)

By Bob Minzesheimer

USA Today, March 6, 2007

Jenna Bush, in a rare interview, says her forthcoming book for teens — about a 17-year-old single mother in Panama who is living with HIV — will end with a "call to action."

HarperCollins announces today that it's publishing Bush's Ana's Story: A Journey of Hope this fall. It will be illustrated with photographs by Mia Baxter, a former classmate of Bush's at the University of Texas.

The president's daughter, 25, says the book is not political. It's aimed at "getting kids thinking and involved," Bush said Monday by phone from Panama, where she has worked since September as an unpaid intern for UNICEF.

Bush, a former public school teacher in Washington, D.C., says: "I'm aware that not all kids can pick up and fly to Panama. I'm very lucky."

But, Bush says, "there's so much they can do" to deal with issues of "exclusion" — from research on HIV discrimination to "inviting new kids to sit with them in the cafeteria."

The book grew out of her UNICEF job to "put a face on statistics" and document the lives of children in Central and South America who live in extreme poverty.

Jenna and her sister, Barbara (who works at a New York museum), have tried to avoid publicity and have been protected by the White House. But, she says, "I'm willing to give up some of my anonymity" to promote the book and "start a dialogue with kids."

A book tour is planned in schools, libraries and bookstores. "This is not about me," she adds, "but the kids I met here."

The Bush twins have been fodder for tabloids and gossip columnists for their partying and underage drinking. Jenna Bush, who campaigned for her father in 2004, says she doesn't worry about her media image: "I care what people who know me think of me. I think they would disagree (with her image). I like to go to bed early."

Kate Jackson, editor of HarperCollins Children's Books, says she was impressed by Bush's "intellect, drive and passion." A first printing of about 500,000 copies is expected.

Bush says she will donate her earnings to UNICEF. She says she "very, very modestly" hopes her book will have some of the influence of two books about girls caught up in the Holocaust: Lois Lowry's novel Number the Stars and Anne Frank's The Diary of Anne Frank.

Historian Carl Sferrezza Anthony says 23 presidential children are authors, most of them after their fathers left office. Patti Davis' 1986 novel, Homefront, caused a stir because of characters who resembled her father, Ronald Reagan, and stepmother, Nancy Reagan.

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Bush Reaches Out To Latin America (USAT)

By David Jackson

USA Today, March 6, 2007

WASHINGTON — President Bush said Monday that the United States will help the working poor of Latin America as part of a plan meant to show the region it has not been forgotten by the United States.

Preparing for a seven-day, five-nation swing, Bush outlined past efforts to help the region while offering new plans for health care, education and business development.

"The working poor of Latin America need change," Bush told members of the United States Hispanic Chamber of Commerce.

During a Monday briefing, national security adviser Stephen Hadley said the trip will emphasize the continuing U.S. efforts to bolster Latin American democracies and economies.

Those efforts, Hadley said, have not received the attention they deserve. "That's one of the reasons we're doing this trip."

Bush leaves Thursday for São Paulo, Brazil, the first stop on a trip that includes Uruguay, Colombia, Guatemala and Mexico.

Latin Americans believe that the Bush administration has ignored the region since the Sept. 11 terrorist attacks, said pollster John Zogby, who recently conducted a survey in seven Latin American nations.

"There is a sense that the United States is so focused on other parts of the world that Latin America is just not on the radar screen," he said.

Zogby, whose respondents included government and business leaders, said most also believe the United States benefits more from one of its key Latin American policies — free trade.

In his speech, Bush said expanded trade, democracy and educational exchanges have improved conditions in Latin America.

"Despite the advances," he added, "tens of millions in our hemisphere remain stuck in poverty and shut off from the promises of the new century." Almost 25% of Latin Americans live on less than $2 a day, he said.

Bush said he was sending a Navy medical ship to 12 Latin American and Caribbean nations to treat an estimated 85,000 patients and perform up to 1,500 surgeries.

He also touted a $75 million program to allow Latin American youths to study English in the USA and a $100 million effort to provide mortgages to working families.

The proposals seem aimed at countering the appeal of Venezuelan President Hugo Chávez, said Peter Hakim, president of the Inter-American Dialogue. Chávez has blamed U.S.-style economic policies for the persistence of poverty.

Hakim said Central and South Americans will be skeptical until they see results and that the United States "is there for the longer term."

Hadley said the trip wasn't an anti-Chávez trip. Instead, the region has long been one of the president's top priorities.

Much of Bush's work in Latin America, he said, was overshadowed by the continuing war on terror.

Bush Outlines Agenda For Latin America Trip (WSJ)

By Henry J. Pulizzi

The Wall Street Journal, March 6, 2007

WASHINGTON -- Ahead of a six-day swing through Latin America, President Bush unveiled plans to send a Navy vessel to dispense medical care throughout Latin America, spend $75 million over three years on English-language training for the poor and develop a new small-business loan initiative.

Mr. Bush's trip to Brazil, Uruguay, Colombia, Guatemala, and Mexico is officially designed to tout the benefits of democracy and open markets in fighting poverty and improving health care and education. But the tour is also designed to let the White House provide a counterweight to Venezuela's popular Bush-bashing President Hugo Chavez.

During a speech to the Hispanic Chamber of Commerce Monday, Mr. Bush never mentioned Mr. Chavez Monday's speech, but the Venezuelan leader is expected to cast a shadow over the president's trip. Mr. Chavez has been discussing confrontation with Mr. Bush and is expected to appear at a public demonstration in Buenos Aires while Mr. Bush is in Uruguay. Mr. Bush is viewed with skepticism in many Latin American countries, particularly those with close ties to Mr. Chavez.

Mr. Bush also didn't touch on energy issues, expected to be high on the agenda during his meeting with Brazilian President Luiz Inacio Lula da Silva. National Security Adviser Stephen Hadley said earlier Monday that Messrs. Bush and Lula will agree to cooperate on the development of ethanol, encourage greater cooperation on local biofuels production in Central America and the Caribbean, and participate in the International Biofuels Forum, an attempt to standardize the industry.

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During his speech, the president said an important priority for the U.S. is "helping our neighbors to the south of us build a better and productive life." The region "has made great strides toward freedom and prosperity," he said. "Despite the advances, tens of millions in our hemisphere remain stuck in poverty."

To help alleviate the situation, Mr. Bush said he's sending the USNS Comfort to make medical stops in 12 countries, including Panama, Nicaragua, Colombia and Haiti. The mission is expected to provide care to 85,000 patients and result in 1,500 surgeries. Another initiative will provide training for nurses, technicians and health-care workers in Panama.

"It is in our national interest ... to help the people and democracies in our neighborhood succeed," Mr. Bush said. "When our neighbors are prosperous and peaceful, it means better opportunities and more security for our people. When there are jobs in our neighborhood, people are able to find work at home and not have to migrate to our country."

Since taking office, Mr. Bush has doubled U.S. foreign assistance to Latin America to about $1.6 billion a year. The money includes development assistance, military assistance and counter-narcotic assistance. Colombia is the largest recipient of U.S. aide outside the Middle East and Afghanistan, with most of the money earmarked for anti-drug efforts.

Bush OKs Aid Programs For Latin America (AP)

By Terence Hunt

AP, March 6, 2007

President Bush, facing criticism he has ignored Latin America, said Monday the region's grinding poverty is a scandal that has caused some to question the value of democracy. He said the United States will spend tens of millions of dollars to improve education, housing and health care across the region.

"The United States of America is committed to helping people rise out of poverty," the president said.

Many children in Latin America do not finish grade school and many mothers never see a doctor, Bush said in a speech at the Ronald Reagan Building to about 400 invited guests, most of them members of the U.S. Hispanic Chamber of Commerce.

"In an age of growing prosperity and abundance, this is a scandal and it is a challenge," Bush said.

The speech came three days before the president leaves on a weeklong trip to Brazil, Uruguay, Colombia, Guatemala and Mexico.

National Security Adviser Stephen Hadley said Bush's efforts in Latin America have been overshadowed by the global war on terror, the fight against illegal drug trafficking and trade issues.

"It's something we have not done well enough, getting out the full scope of the president's message," Hadley said at a briefing before the president's address.

Since taking office, Bush has doubled U.S. foreign assistance to Latin America to about $1.6 billion a year. The money includes development assistance, military assistance and counter-narcotic assistance. Colombia is the largest recipient of U.S. aide outside the Middle East and Afghanistan, with most of the money earmarked for anti-drug efforts.

Bush announced a series of steps to help the region:

_A Navy medical ship, the Comfort, will make port calls in Belize, Guatemala, Panama, Nicaragua, El Salvador, Peru, Ecuador, Colombia, Haiti, Trinidad and Tobago, Guyana and Suriname. Its staff will treat 85,000 patients and conduct up to 1,500 surgeries. Other military medical teams will provide medical care through 62 medical readiness training exercises in 14 countries.

_A health care professional training center will be established in Panama to serve all of Central America, training students to be nurses, technicians and health care workers.

_The United States will commit $75 million over three years to help thousands of young people improve their English and study in the United States. Over the past three years, the United States has provided $150 million on education programs throughout the region.

_A program to make housing more affordable will be expanded with an additional $385 million. The United States already has provided more than $100 million through the Overseas Private Investment Corp. to help underwrite mortgages to working families in Mexico, Brazil, Chile and the countries of Central America.

Later this year, the administration will convene a White House conference on the Western Hemisphere, bringing together representatives from the private sector, non-governmental organizations, faith-based groups and volunteer associations, to explore more effective ways to deliver aid.

Peter DeShazo, who oversaw Western Hemisphere affairs for the State Department until last year, said Bush's trip is intended to offset "the widespread perception that the U.S. has shown little attention" to the region.

DeShazo, speaking at a briefing of the Center for International and Strategic Studies, said Bush's visit "underscores that the administration is willing to work with democratic governments" whether they are on the left, like Brazil's Lula da Silva or on the right, like Mexico's Felipe Calderon.

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DeShazo currently is CSIS' Americas program director.

Bush To Set Out Shift In Agenda On Latin Trip (NYT)

By Larry Rohter

The New York Times, March 6, 2007

SÃO PAULO, Brazil, March 5 — President Bush arrives here on Thursday with an energy partnership plan to create jobs and decrease poverty and inequality, a marked shift in Washington's priorities for Latin America aimed at countering the challenge posed by President Hugo Chávez of Venezuela.

Since 1990, when Mr. Bush's father was in the White House, United States policy toward the region has focused on free-trade agreements and related economic measures, with a secondary emphasis on drug interdiction.

But the growing leftward and anti-American trend in regional politics, led by Mr. Chávez — who plans a countertour to coincide with Mr. Bush's trip — has led to a modified agenda and a renewed effort to rebut complaints by Latin Americans that the president has ignored their concerns in favor of the campaign against terrorism.

"When something isn't working after 15 years, that's a sign there are insurmountable obstacles and it's time to change direction," said Rubens Ricupero, a Brazilian diplomat and former secretary general of the United Nations Conference on Trade and Development, in an interview here. "This is a very intelligent initiative on the part of the U.S., because there's no point in tying the whole relationship to something that has only produced frustration and stagnation."

The Bush administration has also signaled a new willingness to consider including workers' rights guarantees in trade accords. [Page C1.]

Mr. Bush's trip will be his longest to the region. But his promises of American support and assistance are likely to fall short of what Mr. Chávez, with his oil wealth, has been delivering recently.

On Monday, in a speech in Washington to the United States Hispanic Chamber of Commerce, Mr. Bush said ties between the United States and Latin America had helped advance peace and prosperity in the Western Hemisphere. But he also appeared to acknowledge the need to reach out more to America's southern neighbors. "The fact is that tens of millions of our brothers and sisters to the south have seen little improvement in their daily lives," Mr. Bush said, "and this has led some to question the value of democracy."

Mr. Bush's first stop will be here in Brazil's industrial capital. He and the president of Brazil, Luiz Inácio Lula da Silva, are expected to sign a memorandum of understanding for a recently negotiated program that calls for the countries to promote the production and use of ethanol, a renewable fuel that Brazil manufactures from sugar cane. Mr. da Silva, a former labor leader who controls the leftist Workers Party, is also scheduled to visit Mr. Bush at Camp David at the end of the month.

But the convergence of strategic interests of the Western Hemisphere's two most populous countries clearly goes beyond energy. Brazil fancies itself, not Venezuela, as South America's natural leader. It has also recently shown signs of alarm at Mr. Chávez's substantial arms purchases and irritation with his involvement in neighboring Bolivia, including providing military assistance and support for the nationalization of Brazilian-held energy assets there.

"I don't think Brazil will accept the idea of being any type of American surrogate in the region, or to moderate or contain Chávez," said Felipe Lampreia, Brazil's foreign minister from 1995 to 2001. "But the United States wants to bolster Lula as a counterweight, to show that you can have a leftist government with a strong focus on social issues, income distribution and poverty reduction, without being radical."

Mr. Bush will be sending much the same message at his second stop, Uruguay, which signed a trade and investment framework agreement with the United States in January. There, he and President Tabaré Vázquez, a physician who leads a leftist coalition called the Broad Front, plan to meet at the presidential ranch to commemorate Uruguay's emergence, with American help, from a fiscal crisis in 2002 and to discuss how to expand commercial ties.

Dr. Vázquez's government includes former Tupamaro guerrillas; the guerrilla group kidnapped and killed an American official in Montevideo in 1970. But Dr. Vázquez, like Mr. da Silva, has migrated toward the center and largely abandoned the kind of fiery rhetoric that is Mr. Chávez's specialty.

"One must be pragmatic," Dr. Vázquez said in an interview last year. "Uruguayans want jobs that provide dignity, an adequate salary, and security. To have that, you must have economic growth, which is achieved only through production and investment."

Mr. Bush's itinerary also includes stops in Colombia and Guatemala, two countries where political scandals have recently erupted, weakening the pro-American governments there. He will end his trip next week in Mexico, where the agenda is sure to include immigration, a constant source of tension in relations between the two neighbors.

As a candidate in 2000, Mr. Bush vowed that "should I become president, I will look south, not as an afterthought but as a fundamental commitment." But after the Sept. 11 terrorist attacks, the United States quickly relegated Latin America to the

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ancillary role it played during most of the cold war, creating openings that Mr. Chávez, China and even, more recently, Iran have moved to exploit.

Now, however, "there is a sense that things are not going well for the U.S. in the region," said Peter Hakim, president of Inter-American Dialogue, a Washington-based policy research and advocacy group. "There has probably never been so much anti-Americanism and so little confidence in U.S. leadership since the cold war."

That trend has been aggravated, he said, by the emergence of "such a vehement and reasonably effective adversary" in the form of Mr. Chávez.

An overwhelming majority of government officials and academic analysts in Latin America take it as a given that the United States has been jolted into action by the inroads Mr. Chávez has made. But American officials dispute that notion.

"We are aware of the shortcomings of the Venezuelan government and the kind of unhelpful role it has played in certain countries in the region," Deputy Secretary of State John D. Negroponte said in a recent interview. "I think the president's intent is to accent the positive, and talk about the positive, things we want to get done in the relationships with the countries that he is visiting rather than to call undue attention to this issue, which is Venezuela."

And when asked at a press briefing Monday if Mr. Bush's trip was "an anti-Chávez tour," Stephen J. Hadley, the national security adviser, said, "It's really not."

But Mr. Chávez is acting as if the trip, which he mocks as doomed to failure, is aimed solely at combating his influence, and has responded with a maneuver of his own. While Mr. Bush is in Uruguay on Friday and Saturday, Mr. Chávez plans to be leading anti-Bush demonstrations just across the River Plate in Buenos Aires, Argentina, where he has cultivated an increasingly friendly relationship with that country's Peronist president, Néstor Kirchner.

There, as elsewhere in the hemisphere, Mr. Chávez has used Venezuela's oil riches to win friends and influence. He has bought more than $1.5 billion in Argentine bonds, flown poor slum residents to receive medical care abroad and proposed a new regional development bank to make low-interest loans.

In contrast, American assistance for the region has lagged far behind. Mr. Hadley said that the United States has nearly doubled aid to the region since President Bush took office to $1.6 billion annually, although he acknowledged that figure was slated to drop next fiscal year. But recent research by the Washington Office on Latin America, a group that is often critical of American policy in the region, found that the largest portion of money has gone to Colombia for military and counterdrug assistance, that Congress has consistently trimmed aid requests, and that not all funds authorized have been disbursed.

On Monday, Mr. Bush announced several relatively small new initiatives that he would ask Congress to finance. They included $75 million for a new education program promoting study in the United States, $385 million for programs promoting home ownership for low income families, and the development of a health care training facility in Panama to serve all of Central America.

"In the short term, Chávez has more to offer because our aid is peanuts," said Riordan Roett, director of the Latin American studies program at the Johns Hopkins School of Advanced International Studies in Washington. "We're talking hundreds of thousands of dollars, and he's tossing around a billion here and a billion there."

Mr. Bush's shift away from an almost exclusive focus on free trade, with its calls for austerity and sacrifice in return for access to the American market, also reflects domestic political realities. His trade promotion authority expires in July, and there are doubts about Congress's willingness to approve free trade agreements that have been signed with Colombia, Peru and Panama.

"It would not be realistic to expect much" from Mr. Bush's visit, said Mr. Lampreia, the former Brazilian foreign minister. "But there is a fresh look at Latin America, very much derived from the fact Chávez is there, and a new approach that is positive, which is a good thing."

Bush Prepares For Trip To Latin America (WP)

By Peter Baker

The Washington Post, March 6, 2007

He talked of grinding poverty and called it "a scandal" that democracy and capitalism have not delivered more to Latin Americans. The working poor need change, he declared. He invoked Simon Bolivar, the "great liberator," and vowed to "complete the revolution" and bring true "social justice" to the region

Hugo Chavez? No, George W. Bush.

As he prepares to embark on a six-day trip to Latin America this week, the president is launching a new campaign to compete with Chavez for the region's hearts and minds, employing language mirroring the Venezuelan leader's leftist populism but rooted in traditional American conservatism. After six years of focusing elsewhere in the world, Bush in his final two years wants to convince the nation's neighbors that, as he put it yesterday, "we care."

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But he faces an enormous gulf between ambition and reality, analysts say. While Bush cited John F. Kennedy's effort to help lift up the region through the Alliance for Progress, the president has limited tools at this point. He offered some modest initiatives on education, housing and health care yesterday; but the new Democratic Congress has shown no eagerness to ratify three new free-trade pacts he has brokered with the region. And many in Latin America have already rendered their judgments about Bush and are awaiting his successor.

"It's a visit after six-plus years of neglect," Sidney Weintraub, a longtime U.S. diplomat and specialist in the region, said at a forum sponsored by the Inter-American Dialogue center yesterday. "There's little that the Latin Americans expect from him anymore."

Bush wants to counter that perception with a message of empathy for Latin Americans who have not seen much benefit from free markets and elections -- the core constituency that has fueled the rise of Chavez and other leftists in the region, such as Evo Morales in Bolivia and Daniel Ortega in Nicaragua. One in four Latin Americans lives on $2 a day or less.

"In an age of growing prosperity and abundance, this is a scandal -- and it's a challenge," Bush said yesterday in a speech previewing his trip to the U.S. Hispanic Chamber of Commerce. "The fact is that tens of millions of our brothers and sisters to the south have seen little improvement in their daily lives. And this has led some to question the value of democracy."

Bush never used Cha¡vez's name but cited his hero, Bolivar, and implicitly seemed to offer an alternative in an address spiced with Spanish phrases. "The millions across our hemisphere who every day suffer the degradations of poverty and hunger have a right to be impatient," he said. "And I'm going to make them this pledge: The goal of this great country, the goal of a country full of generous people, is an Americas where the dignity of every person is respected, where all find room at the table and where opportunity reaches into every village and every home."

Bush announced an additional $75 million over three years to teach more Latin Americans to speak English and help them study in the United States, and an additional $385 million to help underwrite mortgages for working families in Mexico, Brazil, Chile and Central America. He also said he will order the USNS Comfort, a U.S. Navy hospital ship, to make port calls in 12 Caribbean and Latin American countries to treat 85,000 patients and perform 1,500 operations.

"The president wants to show a rededication to Latin America," said Peter DeShazo, who was deputy assistant secretary of state for the Western Hemisphere in Bush's first term and is now a scholar at the Center for Strategic and International Studies. "This comes at a time when there's a widespread sense that the administration hasn't paid a lot of attention to Latin America, which is understandable because of Iraq. . . . This is a signal. They're trying to show they're committed to the region."

National security adviser Stephen J. Hadley disputed the premise that the administration has neglected Latin America, but he agreed that the government's efforts have been overshadowed by the Middle East and other issues. "It's not gotten the attention it deserves," he said. "That's one of the reasons we're doing this trip."

Hadley and other White House officials said it is not an anti-Chavez tour, but the Venezuelan leader may yet haunt the president along the way. Chavez, who called Bush "the devil" during a U.N. speech last year, has suggested that he would send sulfur to Brazil and plans to lead a protest in Argentina when the president arrives in neighboring Uruguay.

Bush will leave for Brazil on Thursday and will then travel to Uruguay, Colombia, Guatemala and Mexico before returning March 14. In Sao Paulo, he will seal a deal with Brazilian President Luiz Inacio Lula da Silva to help Central American and Caribbean nations develop ethanol, an alternative to oil that has become a big focus of Bush's energy plan. Although Bush has been to Colombia before, he will be the first U.S. president since Ronald Reagan in 1982 to visit Bogota, a decision intended to showcase improvements in security in a country torn by civil war and cocaine trafficking -- although he will not spend the night.

When he visits Mexico, he will bypass Mexico City, where his presence would surely generate large protests, and instead meet with President Felipe Calderon in the Yucatan city of Merida. It will be the first meeting between the two since Calderon was inaugurated, and the session is bound to be marked by tension over the U.S. political debate on immigration. Bush has pushed for easing rules for illegal immigrants but has also signed legislation calling for more barriers along the border.

The itinerary will put Bush in the same room with both leftist and rightist leaders, a schedule intended to show that he can work with any "right-thinking governments," as Hadley put it, that support democracy and reasonable economic policies. To further make that point, Bush plans to host Lula at Camp David at the end of the month, making him the first Latin American leader at the presidential retreat in 16 years.

In some ways, the trip will bring Bush full circle from his days as a candidate in 2000, when he cited his experience as governor of Texas and vowed a robust engagement with the region. "Latin America was going to be more than just an afterthought -- remember those days?" said Michael Shifter, a vice president of Inter-American Dialogue. "I think he's going to try to repair some of the damage. . . . There has been a lot of damage in terms of distrust with the region over the last couple years, and I think he wants to keep that in check."

Bush To Visit Latin America, Chavez's Backyard (LAT)

By Maura Reynolds, Patrick J. Mcdonnell And Chris Kraul

The Los Angeles Times, March 6, 2007

WASHINGTON — President Bush, eager to counter the growing influence of Venezuelan President Hugo Chavez, declared Monday that he was heading to Latin America this week as a social reformer committed to alleviating poverty and social injustice.

The emphasis on addressing inequality marks a shift for the president, who has been assailed for stressing free trade and democracy south of the border and ignoring the social ills that continue to stymie the region.

"For too long and in too many places, opportunity in Latin America has been determined by the accident of birth rather than by the application of talents and initiative," Bush said in a speech to the U.S. Hispanic Chamber of Commerce.

Bush is set to leave Thursday on a weeklong hemispheric trek that is to include stops in Brazil, Colombia, Uruguay, Guatemala and Mexico.

Bush's itinerary doesn't include Venezuela, but the pugnacious Chavez, who has used his oil riches to take up the mantle of Fidel Castro and generations of Yanqui-bashers, looms large in a region Washington has historically considered its "backyard."

With no major trade deal or political breakthrough imminent, Bush in effect has signaled his intention to present a counter-version of Chavez's well-crafted image of a social crusader standing up to U.S. "imperialism" at every opportunity.

However, Bush, whose poll numbers are at least as bad in Latin America as at home, is likely to meet skepticism and protests as he tries to portray a kinder, gentler face of U.S. policy.

"Evidently the principal reason for Bush's trip to the region is to try and put back together the United States' network of alliances in Latin America, where Chavez's influence is stronger each day," said Atilio Boron, an Argentine political analyst.

A top Bush administration official rejected the widely held notion in Latin America that the president's longest trip to the region is aimed at checking the influence of Chavez.

"We want to remind people that there is another side to U.S. policy," said the senior U.S. official, speaking on condition of anonymity.

While the Bush administration has been tied down in the Middle East, Chavez has helped redraw Latin America's political map, in large part by doling out billions of dollars' worth of oil subsidies for allied nations and re-energizing socialist strategies consigned to the scrap heap a decade ago. Critics call his influence overblown, but Chavez has befriended a new generation of populist and leftist leaders and inspired political allies from Panama City to Santiago, Chile.

Chavez has also reached out to U.S. archenemy Iran, embarked on a buying spree of Russian arms and cemented an oil deal with China, at a time when Chinese trade in the region is surging and Asia is seen as an alternative to U.S. markets.

Chavez's voluble followers have vowed to take to the streets during Bush's trip, just as tens of thousands applauded Chavez's tirades against "Mr. Danger" during the U.S. president's 2005 trip, in which a disappointed Bush failed to persuade South America's major economic powers to join a hemispheric trade zone.

Unlike most of the president's previous trips to the region, this one is not built around a large multinational conference. Instead, Bush will meet one-on-one with the leader of each nation and take time to visit cultural sites and engage long-marginalized minority and indigenous populations.

Bush's first stop, Brazil, holds significance on several fronts, beyond that nation's position as Latin America's largest and most populous nation, and the world's ninth-largest economy.

Washington and Brasilia are launching a biofuels partnership that could lessen the sway of Venezuela and its vast oil and gas reserves and heighten the regional standing of President Luiz Inacio Lula da Silva. Despite his left-wing roots as a labor leader, the Brazilian leader has embraced free-market policies and is viewed in the White House as a Bush ally who is a moderate alternative to Chavez.

The prospective U.S.-Brazilian biofuels pact, with possible accords on future markets and technology sharing, constitutes the White House's first major foray into the raging Latin American energy debate. It also signals a shift, or at least a detour, from Washington's dominant post-Cold War concerns: drug interdiction, free trade and immigration.

But despite the buzz about an "ethanol OPEC" composed of the two countries that produce about 70% of the world's ethanol, the administration faces a daunting task in countering Chavez's standing as a major supplier of crude oil in a world that still runs on petroleum.

Even temperate leftist regimes, such as those in Brazil, Argentina, Uruguay and Chile, have maintained cordial relations with Chavez while pursuing a more measured path.

Paying lip service to Chavez's anti-globalization rhetoric also provides regional leaders with "ideological cover" to appease their own leftist blocs, said Bruce Bagley, a political scientist at the University of Miami. Thus, Argentine President Nestor Kirchner's broadsides against the "dictatorship" of the International Monetary Fund draw no public rebuke from Washington.

State Department officials have boasted of a Kennedy-esque "Pan-Americanism" for the 21st century, and Bush on Monday outlined a program offering tens of millions of dollars in scholarship aid and mortgage assistance, and a regional health initiative.

But that promise is no match for Chavez's tangible largesse, be it cheap oil for Cubans, doctors and teachers for Bolivians or a $3-billion bond purchase to help prop up Argentina. Chavez also has promised subsidies to newly elected leftist governments in Ecuador and Nicaragua.

In return, he has gained some measure of the international legitimacy he craves.

He has embraced Iran and championed a political and economic bloc aligned against U.S. supremacy, and even his failed effort last year to win a seat on the United Nations Security Council provided him with a bully pulpit. In the meantime, the State Department denounced Venezuela last week as soft on drug trafficking.

The Chavez-sponsored trip of Iranian President Mahmoud Ahmadinejad to Latin America in January stunned many U.S. officials, whose view of Chavez's global evangelization quickly shifted from disparaging bemusement to alarm about a potential security threat.

"That caught our attention," said U.S. Rep. Eliot L. Engel (D-N.Y.), chairman of the House Foreign Affairs Western Hemisphere subcommittee.

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(INFOBOX BELOW)

The diplomacy of largesse

Venezuela's Hugo Chavez has helped redraw Latin America's political map, in large part by doling out billions of dollars in oil subsidies for allied nations and re-energizing socialist strategies.

Refineries

Chavez has promised to build or finance refineries in more than half a dozen countries, including Panama, India, Brazil and Jamaica. None is under construction.

Gas pipeline of the south

Chavez has promised to invest in a $25-billion, 6,000-mile pipeline to send Venezuelan natural gas to Argentina. Venezuela does not have the proven gas reserves to keep the pipeline full.

Cut-rate petroleum

Chavez is sending or has promised to send discounted oil or refined products to Ecuador, as well as Cuba and more than a dozen other Caribbean nations. He also is sending subsidized fuel oil to the poor in New York and Massachusetts.

Bonds

Chavez has purchased more than $3 billion in Argentine bonds.

Medical care

Chavez is underwriting the cost of sending Cuban doctors to Venezuela and Bolivia, and is paying for eye operations in Cuba for hundreds of poor patients from countries including Panama and Bolivia.

Bush Says Aid Boost To Go With Latin America Trip (WT)

By Jon Ward

The Washington Times, March 6, 2007

President Bush yesterday announced that his five-country trip to Latin America will be accompanied by an increase in U.S. aid to the region, to promote "social justice," democracy and increased economic opportunity.

"Tens of millions of our brothers and sisters to the South have seen little improvement in their daily lives. This has led some to question the value of democracy," Mr. Bush said. "It is in our national interests ... to help the people in democracies in our neighborhood succeed."

Mr. Bush, during a speech to the U.S. Hispanic Chamber of Commerce at the Ronald Reagan Building, said that ongoing poverty in Latin America, despite overall economic growth, is "a scandal" brought about by corrupt leadership.

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"In too many places ... a government official is seen as somebody who serves himself, or serves only the rich and the well-connected," Mr. Bush said. "We're working with our partners to change old patterns and ensure that government serves all its citizens."

Mr. Bush, who leaves for Brazil Thursday and returns March 14, announced he is sending a U.S. Navy hospital ship -- the USNS Comfort -- to 13 South and Central American countries, to treat an expected 85,000 patients and perform an estimated 1,500 surgeries. Mr. Bush also will visit Colombia, Guatemala, Mexico and Uruguay.

In addition, the United States will spend $75 million over three years to teach English to young Latin Americans, and bring students to the United States on scholarships. The United States will also spend $385 million to increase homeownership and is working with Latin American banks to increase loans to small businesses.

Bush administration officials denied that the president's weeklong trip has been prompted by concerns about anti-American leaders such as Venezuelan President Hugo Chavez, or by resentment that the United States has not paid enough attention to the region.

"[The president] has been involved and committed to Latin America throughout his presidency," said National Security Adviser Stephen J. Hadley, who said Mr. Bush's focus on the region "has not gotten the attention it deserves."

But regional analysts said both Mr. Chavez and weak U.S. relations with the region are driving the president's trip.

Eric Farnsworth, vice president of the Council of Americas, an advocacy group for businesses with interests in Latin America, said "the specter of Chavez [is] overhanging the region right now," and that "the standing of the United States in the region has decreased."

Mr. Farnsworth, however, applauded Mr. Bush's speech, which he said pushes back against Mr. Chavez's populism in the right way.

Dan Restrepo, Latin America analyst at the Center for American Progress, a left-leaning think tank, was not impressed.

"You can't have a year of engagement every six or seven years and think it's going to answer the mail," Mr. Restrepo said.

Mr. Bush's policies, Mr. Restrepo said, "aren't particularly bold given the holes that we've dug over the last few years."

Mr. Bush made no mention of his plans to encourage Brazil to increase ethanol production for alternative fuels, and made only passing mention of the need for immigration reform.

"I think that was a very important statement, because it shows that at least for this trip there really does seem to be an emphasis on social development in the hemisphere, and that's something that is new and positive," Mr. Farnsworth said.

G.O.P. Shift Is Seen On Trade (NYT)

By Steven R. Weisman

The New York Times, March 6, 2007

WASHINGTON, March 5 — When the Democrats swept to victory last fall, after a campaign fueled partly by attacks on President Bush's trade policies, trade deals promoted by the administration seemed doomed in the new Congress. But that was then.

In the last week, the administration and its Republican allies on Capitol Hill have signaled a new willingness to work with Democrats to try to secure their support for three pending trade deals — with Panama, Peru and Colombia. The focus of their talks has been guarantees for the rights of workers in countries with which the United States has negotiated trade accords, including a ban on child labor and forced labor.

"There's no question that there's been a change on the Republican side," Representative Charles B. Rangel, the New York Democrat who is chairman of the House Ways and Means Committee, said Monday. "They refused to talk about these things before, and now they're talking."

But it is still not clear how Democrats will respond. Mr. Rangel said that they remained highly skeptical about signs of Republican flexibility on trade and that he had not seen anything "acceptable to a broad number of members" on his side.

"The question will be whether, at the end of the day, things really have changed," he added. "So far the answer would be no."

Mr. Rangel's Republican counterpart on the Ways and Means panel, Representative Jim McCrery of Louisiana, was more hopeful.

"We've made a lot of progress, but we certainly have not concluded our efforts," he said Monday. "I'm very encouraged by what's happened so far."

The talks over labor standards were due to accelerate this week, with Susan C. Schwab, the United States trade representative, on one side, and Mr. Rangel and Mr. McCrery on the other. Another crucial negotiator is Representative Sander M. Levin, a Michigan Democrat who is chairman of the trade subcommittee of Ways and Means.

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The negotiators are trying to complete a broad agreement leading to passage of the Panama, Peru and Colombia deals before the end of March.

They are striving for language that would guarantee the right to organize and would ban child labor and forced labor for American trading partners. Such rights were incorporated into trade deals negotiated by President Bill Clinton in the 1990s, and upward of 90 Democrats in the House voted to approve them.

But for the last six years, the Bush administration and the Republican Congressional leadership refused to include any such guarantees in trade deals, and few Democrats voted for them. An accord lowering tariff barriers between the United States and Caribbean countries passed by only two votes in the Republican-led House in 2005.

Administration officials say they recognize that without flexibility on labor, trade deals are dead. But if language on labor rights is negotiated that is acceptable to Democrats and the administration, it could become a "template" for future deals, including a possible global trade accord that is still being negotiated.

There would even be a chance, administration officials say, for incorporating such language into approval of Mr. Bush's request to renew his authority to negotiate trade deals and get an expedited vote for them. That authority expires June 30, and Democrats say they would not support it right now.

An administration official, asking not to be identified while discussing the talks, also insisted that some progress had been made. "They're not there yet, but both sides are trying to look at the options available to make it happen," he said.

But Democrats assert that there has not been as much progress as Republicans are saying, and that they do not want to be stampeded.

Both sides say that there is a fundamental impasse over insistence by Democrats that the trade deals be amended to incorporate a requirement that a trading-partner country adhere to International Labor Organization standards, including the right to organize, and the ban on slave labor, child labor and employment discrimination.

The administration responded first by offering language requiring a country to adhere to its own labor laws, a concession rejected by Democrats. The administration now is offering to require that countries adhere to the "equivalent" of American laws.

Representative Levin, the Democratic chairman of the trade subcommittee, said Monday that the equivalency requirement would open a huge loophole. "They continue to resist addressing the basic issue," he said of the administration.

But the administration, backed by industry groups, charges that organized labor is working with Democrats to adopt standards that are really aimed at loosening American restrictions on labor at home. A generous labor amendment could lead to challenges against American laws that bar strikes by American government employees, they say.

"They don't want this to be a boomerang that rewrites U.S. labor laws," the administration official said.

Another issue is whether any guarantees on labor rights would be incorporated in the body of the three pending trade agreements, requiring them to be renegotiated, or adopted as a side letter as Republicans want. Democrats say only embodying them in the negotiated accords would make them enforceable.

Democrats caution. meanwhile, that even if a breakthrough occurs on labor issues, the Colombia, Panama and Peru deals must also be amended in other ways, particularly by adding a requirement respecting environmental regulations in the trading-partner countries.

Other concerns of the Democrats and of organized labor include clauses in the trade deals that critics say would permit lawsuits in the United States that could undermine American laws, like those requiring prevailing wages for contracts on which foreign countries might bid.

"If the Democrats fix the labor piece, they have to start talking about the other things that are also extremely important to us," said Thea M. Lee, chief international economist for the A.F.L.-C.I.O.

That organization, which has long charged that labor deals have led to a loss of American jobs, is scheduled to reiterate its criticism of the administration's approach on trade at a convention on Tuesday, and to warn Democrats not to take its support for granted, especially with a presidential election heating up.

Democrats say they doubt that the administration would be prepared to let Ms. Schwab, who has been in the job for only eight months, negotiate a deal that would be so politically sensitive.

The administration has been adamantly opposed to Democratic attempts to push for the agenda of organized labor. Vice President Dick Cheney, for example, has asserted that President Bush will veto a bill recently approved in the House that would make it easier for workers to form unions without holding a secret ballot.

In addition, the administration has opposed Democratic attempts to expand the rights of workers to organize and keep control over their work rules in the new Homeland Security Department. The White House political strategy has long seen organized labor as the Democrats' most loyal constituency.

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Some Democrats say they do not think the White House will agree to any of the changes they are pushing until there is involvement in the negotiations by Treasury Secretary Henry M. Paulson Jr., a leading advocate of trade deals in many speeches, or by the advisers around President Bush like Karl Rove.

Administration officials, on the other hand, say they do not trust the Democrats and worry that if they give in on organized labor, the leadership under Nancy Pelosi, the House speaker, and Harry Reid, the Senate majority leader, will find other reasons to oppose trade deals for fear of antagonizing organized labor.

Freshmen To Meet With Rangel, Who Is Pressured To Win Concessions From Bush Administration (HILL)

By Ian Swanson

The Hill, March 6, 2007

Freshman Democrats seeking a direct role in congressional trade policy have won a meeting this week with Ways and Means Committee Chairman Charles Rangel (D-N.Y.).

No freshmen sit on the prestigious Ways and Means Committee, which oversees trade policy, but class members pressed for a role in trade in a Jan. 17 letter to Rangel that said opposition to the Bush administration's trade policies had been "vital to our electoral successes."

A spokesman for freshman Rep. Betty Sutton (D-Ohio), a former labor lawyer who has led the freshman efforts, said the meeting was scheduled with the hope that all 39 Democrats who signed the Jan. 17 letter would be able to attend. Spokesman Linden Zakula described the meeting as a positive step and said Sutton was optimistic it would be constructive.

The meeting with the freshmen is the latest sign of the pressure Rangel is under from members of his own caucus to win concessions from the Bush administration on trade that go beyond talks on the labor provisions of pending trade deals, which have dominated the debate.

For example, House Oversight and Government Reform Committee Chairman Henry Waxman (D-Calif.) is preparing a letter to U.S. Trade Representative (USTR) Susan Schwab demanding changes to provisions affecting generic drugs in the pending Colombia and Peru free-trade deals. He sees the pending free-trade agreements (FTAs) as setting up hurdles to poor countries accessing generic drugs.

Several House aides described the labor talks as only a starting point if the administration wants to move any free-trade deals through Congress. "If they want to be able to pass FTAs in this Congress, USTR will have to open their eyes to other issues," one House aide said.

Reps. Hilda Solis (D-Calif.), Mike Michaud (D-Maine) and Tom Allen (D-Maine) are also circulating a letter to Rangel and trade subcommittee Chairman Sandy Levin (D-Mich.) asking for changes to the environmental chapter of the Peru deal. They say safeguards must be included in the agreement to prevent oil exploration, logging and other activities from threatening endangered plant and animal species in Peru.

Separately, Rep. John Murtha (D-Pa.), a leading Democratic voice on Iraq and a close ally of House Speaker Nancy Pelosi (D-Calif.), has called for changes to the Peru FTA intended to prevent enterprises there from investing in U.S. landside port activities.

Privately, representatives of organized labor, environmental organizations and advocacy groups have been wary that Rangel may be cornering himself by emphasizing the labor talks with the administration. If a deal on labor is reached, the administration could charge that Democrats are moving the goalposts if they demand other changes.

Partly because of the activity from other members, some activists are feeling confident that trade deals will have to include more than changes to labor to pass muster with Rangel.

"I would say we're cautiously optimistic that he's ready to take on the environmental issues," David Waskow of Friends of the Earth said of Rangel. At the same time, Waskow added, "It would be helpful for those issues to be addressed in a more public way by Rangel."

The pressure comes at a critical time for the Bush administration, which has been negotiating with Rangel over the labor standards that should be included in pending FTAs with Peru and Colombia. The administration, with some input from Ways and Means ranking member Jim McCrery (R-La.), came forward with a proposal last week, but Democrats initially indicated it was insufficient.

If the administration cannot reach an agreement with Rangel by the end of this month, it also could make it more difficult for USTR to conclude negotiations with Korea on a deal that could be submitted to Congress under fast track. The Korean FTA talks must be concluded by the end of the month to be submitted under fast track.

U.N. Official Discusses Brazil Biofuel (AP)

By Michael Astor
AP, March 6, 2007

A proposed ethanol alliance that President Luiz Inacio Lula da Silva is expected to forge with President Bush later this week poses both opportunities and risks for the environment, a top U.N. environmental official said Monday.

Achim Steiner, executive director of the U.N. Environment Program, said growing international demands for ethanol and other biofuels can threaten the Amazon rain forest if safeguards are not put in place because the world's largest remaining tropical wilderness is a target area for agriculture.

Brazil's main biofuel is ethanol made from sugarcane. While sugarcane cultivation is minimal now in the Amazon, some environmentalists fear that growing demands for the fuel could push cane growers into the rainforest.

"I think at the end of the day ... it's a question of whether the Amazon is sufficiently protected and whether the expansion of the ethanol production happens in the context of government policies that try and direct that growth potential in a sustainable base," Steiner told The Associated Press after meeting with Brazil's ministers of environment, energy and foreign relations in the capital of Brasilia.

Bush and Silva are expected to forge an "ethanol alliance" Friday aimed at creating quality standards for the alternative fuel, while joining forces to promote production of ethanol in nations lying between Brazil and the United States.

Brazil is the world's second-biggest producer of ethanol after the United States, and is the biggest exporter. The country has also taken the lead in producing soybean-based biodiesel.

Steiner praised Brazil for reducing Amazon deforestation by 11 percent last year. But many environmentalists say much of the reduction in deforestation was due to an overvalued currency and stagnant prices for soybeans on the international market, which made it far less lucrative to cut down remote forest plots to grow soy beans.

In the near term, soybean growers likely will continue to expand into the Amazon as farmland in Brazil's south and central regions move to sugarcane, which requires greater infrastructure.

"While the whole process of alcohol fuel is less damaging to the climate than fuel from gasoline or oil, what can be positive for the environment can turn negative depending on the extension of the plantations," said Paulo Adario, director of the Greenpeace's Amazon Campaign.

The Amazon region, which covers nearly 60 percent of Brazil, has lost 20 percent of its forest — 1.6 million square miles — to development, logging and farming.

Guatemala To Ask Bush For Drug Fight Aid (AP)

By Juan Carlos Llorca
AP, March 6, 2007

Guatemala knows it is losing the battle against drug trafficking — its police, military and justice system are beholden to traffickers who use the country as a way station for Colombian drug shipments to the U.S.

In a case that has laid bare the extent of corruption in the Central American nation, FBI agents are trying to help discover who ordered the murders of three Salvadoran politicians and the Guatemalan police officers who said they were told to kill them.

The killings and apparent cover-up has exposed the seemingly insurmountable challenges President Oscar Berger faces as he tries to regain control of a defiant and even criminal police force.

"We were shocked by the brutality of the killings, but it was really no surprise to us that organized crime has infiltrated the government," Vice President Eduardo Stein said.

FBI officials met with Guatemalan and Salvadoran authorities last week to discuss the case of the three slain politicians and to offer the help of six forensic scientists, who are to arrive this week. They "will help us in every aspect of the investigation, from crime scene evidence collection to the tests that we need to run," lead prosecutor Alvaro Matus said.

Many suspect the nation's powerful drug gangs are behind the Feb. 19 killings of three Salvadoran members of the Central American Parliament and their driver, whose charred bodies were dumped just outside the capital.

Four police officers, including the head of the Guatemalan National Police, confessed to the killings after a satellite transponder in their unmarked squad car put them at the scene of the crime. But before they could testify against anyone else, they were killed inside their cells.

Witnesses said masked gunmen from outside the prison stormed the high-security facility; another theory is that imprisoned gang members carried out the slayings using weapons hidden inside their cells.

Guatemalan officials have detained two dozen guards and the prison's director for questioning, fired the head of the criminal investigations unit and forced the country's second-highest police official to resign. But they appear no closer to identifying who ordered the string of killings.

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Berger says he needs more help in fighting organized crime and will ask President Bush when he visits March 12 to provide U.S. helicopters, planes and radar equipment.

The U.S. government complains that three-quarters of the cocaine reaching U.S. consumers moves through Guatemala. Traffickers use speed boats and planes to carry tons of drugs along the narrow Central American isthmus, dropping off shipments in the Guatemalan jungle before sneaking them into Mexico and up across the U.S. border.

Guatemala relies on a U.S. system of radar-equipped planes to track these drug shipments, but much of those resources have been redirected to support the wars in Iraq and Afghanistan. And even when radar does detect traffickers, Guatemala lacks planes and helicopters to intercept the drugs.

Berger took office three years ago promising to reverse the drug policies of his predecessor, Alfonso Portillo, whose lack of action against smuggling prompted Washington to drop Guatemala from its list of anti-narcotics allies. But interdictions fell sharply last year to 620 pounds of cocaine, compared with more than nine tons in 2003 and four tons in 2004.

Guatemalan authorities argue that seizures are not a good measure of their anti-drug efforts because in the past, traffickers have offered corrupt authorities huge amounts of cocaine to stage busts.

Guatemala has tried to change that by purging police forces — including its elite anti-narcotics unit. In 2005, the group's director, Adan Castillo, was arrested in Virginia for conspiring to import cocaine to the U.S. and his 401 agents were given drug and lie detectors tests. Only 50 passed.

Part of the problem is a culture of violence, fueled in part by youth gangs that flourished here after their members were deported from Los Angeles, and a brutal civil war that ended 10 years ago and claimed more than 200,000 lives, mostly civilian. Many allege the death squads during the nearly four-decade conflict live on, inside the nation's police forces.

National Police director Erwin Sperissen says anti-corruption efforts are further complicated because judges often reinstate police officers who have been fired, creating a revolving door of impunity.

In an attempt to counteract that, Guatemala and the United Nations are working to create an International Commission Against Impunity in Guatemala, an independent office that would use foreign investigators to investigate organized crime and police agencies corrupted by criminal organizations. Guatamala's Congress must still approve the U.S.-backed proposal.

At the U.S. government's request, the Guatemalan Congress has passed laws to strengthen law enforcement's investigative abilities, such as allowing undercover agents and phone taps. Guatemala's Interior Ministry has yet to implement the measures, however.

The Short Road From Hostage To Envoy (WP)

By Juan Forero

The Washington Post, March 6, 2007

BOGOTA, Colombia, March 5 -- Just weeks ago, Fernando Araújo's only connection to the outside world was his shortwave radio. In six years as a hostage of Marxist rebels, his life had been reduced to a grim routine of forced marches, a diet of soggy beans and rice and the realization that freedom might never come.

Now, after a confused and miraculous dash to freedom that has captivated Colombians, Araújo has become foreign minister, a critical post in a country highly dependent on foreign aid, especially from Washington. When President Bush arrives here on Sunday to meet with President Ãlvaro Uribe, he will also meet a man who is a potent symbol for the hundreds of hostages, including three Americans, still in rebel hands.

"I'm not a symbol of kidnapping," Araújo explained. "I'm a symbol of liberty."

In the two months since his escape, Araújo has scrambled to catch up with a world of new technology and shifting geopolitics. He has learned about iPods, and that cellphones take pictures. He has marveled that Google Earth displays the mountains where he was held. He has also gone through emotional lows.

"There are things that hurt, and things that surprise," said Araújo, who was sworn in last week. "What's hurt me? The people who died, the friends and acquaintances I had. For me, they all died in one month because I learned about them all in a short period of time."

He also had to face what he long feared -- that his wife had left him, a revelation he called his first painful blow since emerging from the bush haggard and dehydrated on Jan. 5.

In a relaxed meeting last week with a group of foreign correspondents, Araújo, 51, bespectacled and trim in a blue pinstripe suit, was affable and frank, often answering questions with panache. When an attractive female reporter asked him if he expected to fall in love again, a reference to the loss of his wife, he quipped: "Of course. Are you single?"

But Araújo also talked of having to undergo physical and psychological exams while adjusting to his newfound freedom. "Sometimes I dream about my kidnappers, and I have nightmares," he acknowledged.

Araújo was 45, a successful businessman and former minister of development in President Andres Pastrana's administration when two men forced him into a car on a street in Cartagena on Dec. 4, 2000. For most of the next six years, he was transported from one camp to another in the Maria Mountains, a heavily forested coastal range laden with land mines.

His only contact with those he left behind were the radio programs in which the families of kidnapping victims talk to their loved ones, filling them with hope. He exercised religiously. He also listened to the news programs of Caracol Radio, Colombia's main network, the BBC, Radio Netherlands and others.

"It was a way to stay busy, to carry out mental exercises, to follow those themes," he said. "For me, it was very important."

In December, Uribe contacted Araújo's family to inform them that military intelligence had located the camp where he was being held. Army commanders wanted to attempt a rescue but needed the family's permission, because rebels have killed captives in the past when the military has approached. The family approved, and on Dec. 31, helicopters carrying troops descended on the camp.

"When the helicopters attacked, I felt it was the chance I had been waiting for," Araújo said.

With the guerrillas momentarily distracted, Araújo dashed into the bush, where he spent the next five days wandering, eventually reaching the hamlet of San Agustin. He approached a farmer, who led him to the outside world. None of his captors was ever arrested.

As foreign minister, Araújo is expected to speak passionately about a crime that the largest rebel group here, the Revolutionary Armed Forces of Colombia, has long used to generate ransom money and wield leverage to win the release of jailed guerrillas.

Two rebel groups and assorted criminal organizations hold hundreds of people against their will, most for ransom. But the FARC, as the main rebel group is known, is also holding about 60 big-name captives as bargaining chips.

Araújo was among them. The rebels' most valuable hostage is Ingrid Betancourt, a senator with Colombian and French citizenship, who has been held for five years; at time of her abduction, she was a presidential candidate. Also in FARC hands are three Americans -- Marc Gonsalves, Keith Stansell and Thomas Howes -- who were working for the Pentagon when their plane went down in rebel territory in 2003.

Yolanda Pulecio, Betancourt's mother, said she does not know Araújo personally and is unclear whether his appointment will benefit the families of kidnapping victims, who have clashed with Uribe over the government's inability to reach a deal with rebels.

"He knows what kidnapping is, what families suffer, what this signifies, and also the great danger that a rescue can mean for the victims," said Pulecio. "I can't say if he'll help us or not help us. For the government, his appointment helps its image."

Araújo said one of his most important tasks will be to explain the difficult challenges the Uribe government faces in reaching a deal with the rebels. "The important thing is to change the perception and show the world that those who are responsible for these people not being freed are the kidnappers themselves," said Araújo.

Araújo will also be the international face of a government that has been whipsawed by a widening scandal that has linked several members of Congress, the head of the intelligence service and other officials with right-wing paramilitary groups. Indeed, Araújo was named foreign minister because the brother of the former foreign minister, MarÃ-a Consuelo Araújo, who is not related, has been charged with collaborating with paramilitary groups.

Araújo might seem an odd choice for the post. He's missed key events in recent world history, from the terrorist attacks on the World Trade Center and the Pentagon to the invasions of Afghanistan and Iraq. He was in guerrilla hands as President Hugo Chavez consolidated power in neighboring Venezuela and when Uribe rose to power. Araújo also does not speak English fluently, usually imperative for an official who will make frequent trips to Washington.

He did not play down the shortcomings but said he is scrambling to prepare by reading books on diplomacy and talking to former foreign ministers. And he noted that, over the past few years, the radio programs he listened to helped him keep up with at least some current events.

"Maybe the six years as a captive prepared me to be foreign minister," Araújo said.

Bolivia's Rural Women Are Remaking Cities, Lives (WP)

By Monte Reel

The Washington Post, March 6, 2007

EL ALTO, Bolivia -- The women attending Esperanza Mitta's community meetings moved here from tiny mountain villages and worn-out mining towns, and now they are fashioning a modern metropolis out of whatever they have in hand.

Toilet paper serves as decorative bunting on the walls of their meeting hall. A rocky vacant lot, surrounded by several leafless trees, serves as their "central plaza." A nearby soccer goal, recently used by neighborhood vigilantes to hang a thief, is considered a local law enforcement tool.

For all the ways they have changed this city, though, the women have altered their own lives even more.

"We don't have educations, so we get together and talk about how we can teach ourselves skills," said Mitta, 51. "A lot of the women just need to work out some of the fears that they have about living in a city, and they all do it, little by little."

For the first time in the world's history, more people next year will live in cities than in rural areas, according to U.N. population experts. Women are leading the urban push, leaving the countryside at higher rates than men, lured in large part by domestic service jobs. They tend to gravitate to places like this: a sprawling expanse in a developing nation struggling to provide basic infrastructure.

Because of people like Mitta, this former hamlet is now larger than the neighboring city of La Paz. El Alto had a population of about 11,000 in 1950, exploded to about 400,000 people by the 1990s and could surpass the 1 million mark next year, according to city officials. The majority of houses lack indoor plumbing and sewer service. Collecting local taxes to pay for services is difficult because about 70 percent of the economy is off-the-books.

It was in those conditions that Mitta started organizing women's meetings several years ago. About 30 of her neighbors get together to talk, many of them dressed in the same shawls and pleated skirts they wore in the indigenous communities where they were born. Newcomers are often shy; the lifestyle changes they are going through can be so overwhelming that they don't know where to start. Unlike some of the men, who had held jobs that exposed them to broader social systems, many of the women had rarely strayed from immediate family and neighbors before moving here.

"The women have to make a lot more changes than the men when they move to a city like this," acknowledged David Apaza, whose family is part of the migration wave to El Alto. "In the countryside, they've lived the same way for hundreds of years, but everything is different here."

The process of change can send women's personal relationships into dizzying spins, but it also can give them collective opportunities previously unknown. One of the most important things they have found in these unpaved streets, many said, is something unimaginable in the countryside: a voice.Social Transformation

El Alto stretches across a plateau more than 13,000 feet above sea level. In the early evening, one's gaze is drawn to the distance -- snow-covered peaks, the lights of La Paz flickering in a bowl-shaped valley below. The immediate surroundings are less inviting: an imprecise grid of dirt streets, block after block of low-slung adobe and brick houses, abandoned tires, stray dogs nosing through trash piles.

Mitta's neighborhood is known as Villa Mercedes G, and she lives there with about 10,000 other people. She commutes each day in a series of minibuses to a housekeeping job in La Paz. The trip -- an hour and a half each way -- consumes nearly a third of her monthly salary of about $50.

One recent evening, she arrived at her simple two-bedroom brick home as the sun disappeared behind the mountains. In the electric light of the kitchen, her husband, Celadonio, stood before a stove spreading dough to make fritters for their dinner. His sun-browned hands were gloved in white flour. His left hand was missing a finger, the result of an accident when he worked in a copper mine.

"He cooks," Mitta said, and behind the frame of her glasses her eyebrow arched playfully. "He also washes clothes. We do things together because we both have to work so much."

Times have changed since Mitta became one of El Alto's urban pioneers, seeking opportunity after the mine where Celadonio worked closed in the mid-1980s. Her evolution -- replicated thousands of times over by the multitudes who follow the same route -- started as soon as she reached El Alto's point of entry and main commercial drag, La Ceja.

Then, as now, it was a sensory riot: Minibuses loaded beyond capacity nudge bumpers while jockeying for space. Street vendors hawk tea, watches, T-shirts, chickens and just about everything else. At night, men and women spill out of dance halls, the dark mud underfoot sucking at their heels. Witnessing a spontaneous street fight is the norm, not the exception.

It's a heady gateway for newcomers from mines or subsistence farms who never carried a coin in their pocket. The transition into a monetary society -- which usually occurred over generations in most developed nations -- happens immediately here.

"When a woman moves here, she can't be a housewife and take care of her family like she used to -- she has to work to survive," Mitta said.

Celadonio couldn't find a job at first after they arrived. But Mitta agreed to clean the offices of a nongovernmental organization, in exchange for a room where the couple and their four children could sleep and a little bit of food. She worked from 5 a.m. to 10 p.m. seven days a week for three years. Eventually, Celadonio found work at a minibus station, and Mitta landed her housecleaning job in La Paz.

"The men at first don't want the women to work," Mitta said. "There's a lot of chauvinism, and they often treat the women badly. I have seen so many separations. I almost split with my husband -- twice. The kids always suffer, because they are alone so much. This isn't just my family that I'm talking about -- the majority of families go through this."

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Her women's group meets about once a week. The variety of topics is wide: nutrition, cooking with the different types of foods available in the city, the challenges of raising children in an urban environment. Delinquency is a problem, they say. Some blame it on the hours they have to work away from home.

Conversations like theirs could probably be overheard in any city, because the women here increasingly conform to universal urban prototypes. Their personal transformations -- particularly the shift in emphasis away from complete dedication to family -- have become visible in national statistics. The Bolivian fertility rate, for example, has dropped from about 6.5 children for each woman to about 3.9 over the past 30 years. In the same period, the country's population has gone from mostly rural to about 65 percent urban.

Mitta said one of the most visible barometers of change in her neighborhood is the appearance of day-care centers.

About six blocks from her house, two men struggled with a heavy wooden pole at the side of a dirt road. They were helping a woman install electricity in a day-care center -- all on their own, with no help from city or utility officials.A Growing Influence

The dean of Mitta's group is Bertha Vargas, who has lived in the neighborhood for nearly 30 years and claims to know everyone in it. Ask her, and she'll guess that the ratio of women to men in El Alto is 5 to 1. Ask Mitta, and she'll guess 3 to 1. Ask Mitta's husband, and he'll guess 6 to 1.

Census figures say the ratio is almost even, which is one reason many here don't put much faith in census figures.

"It seems like if there's any kind of public gathering or meeting here -- it doesn't matter what kind -- there are always more women than men," Mitta said. "I'm not sure why, but there are."

The members of the women's group say they came together out of a simple desire to share one another's burdens. When faced with such elemental changes in their personal lives, people naturally seek comfort in the community, Vargas said.

"If you have a group of women in one place, they'll always get together and make plans," she said.

Those plans are getting more political as the women expand their connections. The day before a recent group meeting, Mitta and several other women spent the morning sitting at a roadblock outside their neighborhood in a protest against the local governor.

Although La Paz is Bolivia's seat of government, El Alto is its capital of political activism. Unrest among El Alto's residents -- more than 80 percent of whom describe themselves as indigenous -- has led to massive protests and strikes that forced the resignations of successive presidents in 2003 and 2005.

The migration of rural families to El Alto has sparked the unrest, said Mayor Fanor Nava Santiesteban. Thousands come here from the countryside each year carrying little but high expectations.

"They come directly from rural areas, and when they get here, they have a lot of needs and demands," said Santiesteban, who moved to the city 23 years ago from the mining community of Llallagua. "They arrive, get together, form groups and make their demands known."

The women have been part of that, in many cases becoming far more active in civic life than they had been in the countryside. Over the past several years, the number of women helping to lead the neighborhood federations, which serve as entryways to civic activism, has increased to about 20 percent of the total.

It might not sound like much, but Mitta and the other women have definitely noticed the change.

"It feels like we are starting to get some power," she said. "That's new."

US, N. Korea Discuss Relations In N.Y. (AP)

By Edith M. Lederer

AP, March 6, 2007

More than 50 years after the end of the Korean War, the United States and North Korea opened historic talks Monday on steps to establish diplomatic relations following Pyongyang's agreement to dismantle its nuclear program.

North Korean Vice Foreign Minister Kim Kye Gwan and U.S. Assistant Secretary of State Christopher Hill met for four hours Monday for talks and dinner at the Waldorf Astoria Hotel in New York. They left without making any comments to reporters.

Kim and Hill are to meet again Tuesday amid rising expectations of improved U.S. relations with a country President Bush called part of an "axis of evil" five years ago, along with Iran and prewar Iraq.

This is the first U.S. visit by Kim, North Korea's top nuclear negotiator, since the international standoff over the North's nuclear ambitions flared in late 2002.

Under an agreement reached at six-nation talks in Beijing last month on the North's nuclear program, the U.S. and North Korea are supposed to open bilateral talks on establishing diplomatic ties. The North, which tested a nuclear weapon last October, agreed to shut down its main nuclear reactor by mid-April as a step toward abandoning its nuclear program in exchange for aid.

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U.S. State Department spokesman Sean McCormack cautioned that this week's initial meetings would focus on setting the agenda for the U.S.-North Korea working group led by Kim and Hill, the top American nuclear negotiator.

"I think that he (Hill) will talk to them about how the process might proceed regarding normalization," McCormack said, including taking North Korea off the U.S. list of state sponsors of terrorism and opening the way for a normal trading relationship with the U.S. for the first time.

Kim's first stop Monday was the Korea Society, a nonprofit organization that promotes greater understanding and cooperation between Americans and Koreans. He spent 4 1/2 hours with an array of academics and VIPs including former secretaries of state Henry Kissinger and Madeleine Albright.

"We had a very good and fruitful and friendly meeting," Albright told reporters.

A statement issued afterward said participants at the meeting, sponsored by the Korea Society and the National Committee on American Foreign Policy, discussed a range of U.S.-North Korean issues including normalization of relations "in a friendly and forthcoming atmosphere."

Kim arrived in New York late Friday and met over the weekend with South Korea's chief nuclear negotiator Chun Yung-woo. Chun told reporters afterward that "without a doubt, the North is committed to taking initial steps" to implementing its recent agreement to start dismantling its nuclear weapons program, South Korea's Yonhap news agency reported Sunday.

A senior aide to South Korea's president will visit North Korea this week, an official said Tuesday, amid media speculation the trip may be aimed at setting up a summit with North Korean leader Kim Jong Il.

Lee Hae-chan, a former prime minister and current member of parliament, will travel to Pyongyang on Wednesday, said Seo Hye-seok, a Uri Party spokeswoman.

"The trip is aimed at discussing establishing a peace regime on the Korean peninsula with regard to implementing the Feb. 13 agreement," Seo said, referring to the six-nation deal that was reached last month on North Korea's nuclear program.

The announcement spurred speculation that Lee, one of South Korean President Roh Moo-hyun's closest confidants, may discuss setting up a meeting between Roh and Kim Jong Il. Yonhap said the trip is apparently aimed at arranging a summit but Seo denied the media speculation.

In Vietnam, meanwhile, envoys from Japan and North Korea met Tuesday ahead of two-day talks aimed at establishing relations and fulfilling pledges made in Beijing.

Japan has refused to give energy aid to North Korea until Pyongyang clears up its abduction of Japanese citizens, an emotional dispute that has served a major stumbling block between the two nations.

Japan's chief envoy Koichi Haraguchi said Japan wants to spend ample time discussing the abduction issue. North Korea wants Japan to atone for the 1910-1945 colonization of the Korean Peninsula and wartime atrocities, including sex slavery of tens of thousands of Korean women.

Japan and North Korea have never had formal diplomatic ties.

The first phase of North Korea's disarmament process under the Feb. 13 six-party deal calls on North Korea to shut down its main nuclear reactor and allow U.N. inspectors back into the country within 60 days.

In return, it would receive aid equal to 50,000 tons of heavy fuel oil from the other countries participating in the nuclear talks — the United States, South Korea, Russia, China and Japan.

McCormack stressed that the process of normalization must proceed "step by step."

"It is going to have to be a process by which good faith actions are met in turn by good faith actions," he said. "We, of course, intend to abide by our commitments under the agreement. We'll see how the North Korean side lives up to its responsibilities."

The United States has had no diplomatic relations with North Korea since the country was created after World War II, when Korea was split into a communist-dominated North and a U.S.-backed capitalist South.

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Associated Press Writer Sarah DiLorenzo contributed to this report.

U.S. Discusses New Relations With N. Korea (USAT)

By Barbara Slavin

USA Today, March 6, 2007

The United States and North Korea, enemies for more than half a century, began talks Monday on establishing formal diplomatic relations.

State Department spokesman Sean McCormack downplayed expectations for quick progress. He called the meeting in New York between North Korean Vice Foreign Minister Kim Kye Gwan and Assistant Secretary of State Christopher Hill "just an initial discussion."

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McCormack said it will take "some time" to build trust and for North Korea to prove that it is scrapping its nuclear program.

The talks were made possible by a deal last month in which North Korea agreed to freeze nuclear development and allow international inspections in return for fuel and economic aid.

Before meeting Hill on Monday, Kim met with a group of former U.S. diplomats and foreign policy experts. Some of them said they were optimistic the United States and North Korea would agree to formal relations before President Bush leaves office in January 2009.

"Both sides see an opportunity," said Donald Zagoria, president of the National Committee on American Foreign Policy, which seeks to resolve conflicts that threaten U.S. interests. "They understand that time is important and a new administration is chancy."

Zagoria's group co-hosted the meeting along with the Korea Society, a group that promotes U.S.-Korean cooperation.

Other participants were Victor Cha, an official on the National Security Council, and former secretaries of State Henry Kissinger and Madeleine Albright.

"There have been a lot of lost opportunities on both sides," said Evans Revere, head of the Korea Society and a former U.S. negotiator on Korea. "The stars may never be aligned as well as they are now to put the whole process back on track."

The United States and North Korea fought each other in the 1950-53 Korean War and have never had formal diplomatic relations. They came close to establishing such ties toward the end of the Clinton administration. The United States reversed course when Bush took office and began a lengthy review of a 1994 nuclear agreement between North Korea and the United States.

That deal collapsed in 2002 over U.S. accusations that North Korea had started a secret program to enrich uranium. North Korea then resumed production of plutonium, another bomb fuel. It tested a nuclear weapon in October.

Bush dubbed North Korea, Iran and Iraq the "axis of evil" in 2002. Last month, though, he endorsed a deal with North Korea that resembles the 1994 accord. China, Russia, Japan and South Korea also are part of the new agreement, which calls for economic and diplomatic benefits for North Korea.

"The tone and language today was light-years away from where we were a year ago," said Jim Walsh, a Korea expert from the Massachusetts Institute of Technology who also took part in Monday's meeting. "Both sides were talking about momentum and wanting to move faster."

The meetings took place on the same day the United Nations Development Program said it had suspended operations in North Korea. Spokesman David Morrison said the suspension affects $4.4 million in projects. He said the decision was made because of U.S. allegations that aid money has been diverted to the regime of North Korean leader Kim Jong Il.

Nuclear Dialogue Opens On U.S. Soil (WT)

By David R. Sands

The Washington Times, March 6, 2007

U.S. and North Korean negotiators began two days of groundbreaking talks yesterday in New York as part of a deal to end the North's nuclear-weapons programs in exchange for aid and normalization of relations.

Bush administration officials were trying to tamp down expectations of a major breakthrough, saying difficult issues such as U.S. financial sanctions and designation of Pyongyang as an official sponsor of terrorism will require many negotiating sessions.

"I would caution that this is a first meeting and that it is more about setting the norms on how this working group will proceed," said State Department spokesman Sean McCormack yesterday.

Still, the meeting of North Korea's top nuclear envoy, Kim Kye-gwan, with U.S. Assistant Secretary of State Christopher Hill represents the highest-level negotiation between the two countries on U.S. soil since 2000, and a sharp change in relations with a country President Bush once included in his "axis of evil."

The meeting occurs three weeks after a breakthrough in the "six-party talks" in Beijing, which established a schedule for the North to scrap its nuclear programs in exchange for economic and diplomatic concessions from the United States and its allies. Also taking part in the talks were South Korea, China, Russia and Japan.

The North enters the U.S. talks under fresh economic pressure as the United Nations Development Program (UNDP) announced yesterday it was suspending all work in the country because of concerns Pyongyang was diverting aid money to other purposes.

The highly unusual suspension affects some 20 projects with a budget of more than $4 million dealing with food security, biodiversity and economic management, UNDP officials said. Eight UNDP staff members in the country may be withdrawn if the North fails to answer the charges of misuse, the agency said.

Mr. Kim and Mr. Hill had a working dinner last night, and the two delegations will have a full day of talks today, U.S. officials said.

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The U.S. and North Korean delegations make up one of five "working groups" created by last month's deal. Under a timeline of step-by-step concessions, the talks are supposed to lead in the end to full diplomatic ties between Pyongyang and Washington.

The first deadline in the deal, set for April 13, calls for the North to shut down its nuclear-reactor plant at Yongbyon and allow U.N. inspectors expelled from the country four years ago to return. Mohamed ElBaradei, the top U.N. nuclear-nonproliferation official, plans to visit Pyongyang next week.

In exchange, the United States and its allies will provide the strapped North Korean economy with 50,000 tons of fuel oil, with pledges of up to 1 million tons on tap if the North follows through on all its disarmament promises.

Mr. Kim met with U.S. specialists on Korea in San Francisco and again in New York in private sessions before his meetings with Mr. Hill. He also met with South Korea's top nuclear negotiator, Chun Yung-woo, in New York over the weekend.

A second working group involving North Korea and Japan begins two days of talks tomorrow in Hanoi, [a wire service] news agency reported. Japanese officials said they will press the North to resolve the emotional issue of Japanese nationals abducted by Pyongyang in the 1970s and 1980s, saying there can be no full normalization of ties until the question is resolved.

Japan has urged the United States to hold off on removing North Korea from its list of terrorism-sponsoring countries until the abduction issue is resolved.

Mr. McCormack said there have been "initial bureaucratic discussions" within the U.S. government on removing North Korea from that list, a necessary step before normalization can occur. The Bush administration has also promised to resolve financial sanctions imposed on the North.

Former U.S. ambassador to the United Nations, John R. Bolton, who has emerged as a leading critic of the six-party deal, said in a Wall Street Journal opinion piece yesterday that the North's "aggressive mendacity" in violating past arms deals made it vital that any deal struck now be closely monitored and verified.

Without strong oversight, "what is already a bad deal will become a dangerous deal," he warned.

U.N. Development Agency Suspends Its Work In North Korea (NYT)

By Warren Hoge

The New York Times, March 6, 2007

UNITED NATIONS, March 5 — The United Nations Development Program announced Monday that it was suspending work in North Korea because the country had failed to meet conditions set up in response to American complaints that United Nations money was being diverted to the government of Kim Jong-il.

“We have decided to suspend our operations, and the ball is really now in the court of the D.P.R. Korean authorities,” said David Morrison, director of communications for the agency, referring to the Democratic People’s Republic of Korea, the country’s official name.

The decision, which curtails 20 programs with a budget of $4.4 million, was made Friday, a day after Pak Gil-yon, the North Korean ambassador to the United Nations, met with Ad Melkert, the development program’s associate director, to say that his country would not agree to new conditions for assistance.

Those conditions were that the United Nations would stop furnishing payments in hard currency to the government, local vendors and individuals, and stop making in-country hirings subject to government approval.

The demands, with a March 1 deadline, were imposed by the development program’s executive board on Jan. 25 after the United States mission charged that the United Nations program had been “systematically perverted for the benefit of the Kim Jong-il regime rather than the people of North Korea.”

Mr. Morrison said there was no connection between the announcement and the beginning on Monday, at the Waldorf-Astoria hotel in New York, of two days of talks between North Korea, represented by Kim Kye-gwan, and the United States, represented by Christopher R. Hill, the assistant secretary of state for East Asian and Pacific Affairs, on the North Korean nuclear program.

“The timing was driven by our undertaking as made explicit in the board decision of the 25th of January to only continue our operations in the D.P.R.K. if certain conditions were met by March 1, which was Thursday,” he said.

The development program also said in January that it was narrowing its program to what Mr. Morrison said were “activities designed more directly to benefit the North Korean people rather than to build capacity of the North Korean government.”

Mr. Morrison said the North Koreans responded that this action “represented a politicization of the foreign assistance process.”

He added that a decision on whether to end the work of the eight international staff members and 15 Koreans involved would be made within two or three days.

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In a letter to Ambassador Pak on Friday, the program's administrator, Kemal Dervis, said, "Should circumstances change at a later date, we would be willing to reconsider this position."

The program's Web site lists agricultural recovery, productivity and rural energy as developmental activities in North Korea.

Mr. Morrison said aid would continue under two other United Nations organs, the World Food Program and Unicef, the children's agency.

In the aftermath of the American charges in January, Secretary General Ban Ki-moon ordered a full external audit of United Nations operations in North Korea, beginning with the development program.

"As far as I know, this will not affect the investigation," Michelle Montas, Mr. Ban's spokeswoman, said Monday.

Kim The Kidnapper (WSJ)

By Melanie Kirkpatrick

The Wall Street Journal, March 6, 2007

When Japanese negotiators sit down tomorrow in Hanoi for bilateral talks with their North Korean counterparts, here's the question at the top of their agenda: Where is Megumi?

Megumi Yokota is among the Japanese citizens kidnapped by North Korea in the 1970s and '80s and still missing today. "There will be no normalization of ties if the abductee issue is not resolved," Japan's lead negotiator, Koichi Haraguchi, told reporters in Hanoi yesterday. Japanese diplomats aren't known for their bluntness, yet Mr. Haraguchi's direct statement echoes the words of virtually every other senior Japanese official on this subject. North Korea says the matter is closed.

This week's meetings are part of the elaborate six-party agreement reached in Beijing last month under which North Korea promises to give up its nuclear program in return for aid. Tokyo signed on to the accord, reportedly under U.S. pressure, but refuses to participate in the energy assistance that is part of the deal unless progress is made on the abduction issue.

Japan's firmness comes directly from Prime Minister Shinzo Abe. He became aware of the abductees' plight in the 1980s, when he was private secretary to his father, Shintaro, then Secretary-General of the Liberal Democratic Party, and family members went through the younger Mr. Abe to request a meeting. When he won his own election to the Diet, in 1993, he became the first politician to fight for return of the abductees. He feels their suffering and the pain of their families "in his heart," says a politician who is close to him.

Megumi, who was abducted in 1977, has become the symbol of the movement to free the abductees. She was 13 years old and on her way home from school when she was snatched off the streets of the western Japanese city of Niigata by North Korean agents. Imprisoned in the hold of a ship and taken to Pyongyang, she was forced to teach spies how to pass as Japanese. In 2002, North Korean dictator Kim Jong Il admitted to kidnapping Megumi and 11 other Japanese citizens.

Their stories are equally heart-rending: A young couple disappear in Kagoshima Prefecture while on a date at a beach, where they had gone to watch the sunset. A 23-year-old woman vanishes in Europe; the last her parents hear from her is a postcard from Copenhagen. A mother and daughter go missing during a shopping trip in Niigata Prefecture. At the time, police who investigated these and other disappearances had no notion of North Korean involvement. In recent years, Japan has reopened many of the missing-persons files from the era but the scent has grown cold. There are only 17 people on the official list of abductees -- the most recent was added in November -- but officials say privately that the victims may number in the "hundreds." South Korea, whose appeasement-minded government prefers not to talk about the kidnappings of its citizens, has 485 people on its list of abductees.

Pyongyang allowed five of the Japanese abductees to return home in 2002. (They were required to leave behind their Korean spouses and children as guarantees that they wouldn't badmouth their captors.) It claimed the rest of the abductees had all died, but the causes of death they cited were so absurd as to be unbelievable -- a 20-something young woman who dropped dead of a heart attack; a man who drowned while swimming in the ocean during a typhoon; and so forth. Megumi was reported to have hanged herself. But the DNA evidence provided by Pyongyang in her case and others proved to be fraudulent.

"Megumi" is a household name in Japan, thanks largely to the efforts of her parents to keep her story alive. Her mother, Sakie, met with President Bush in the White House last year. At the World Economic Forum meeting in Davos in January, the Japanese government hosted a sushi reception and screening of "Abduction," a documentary about her disappearance. Last month, in Tokyo, Mr. Abe attended a press conference at which American folk singer Noel Paul Stookey, of Peter, Paul and Mary fame, debuted his plaintive "Song for Megumi." Meanwhile, a Japanese advocacy group last week announced it would use balloons to scatter 100,000 waterproof leaflets over North Korea offering a $10,000 reward for information on the abductees.

Among the promises the U.S. made to North Korea as part of the Feb. 13 nuclear disarmament deal is a pledge to begin the process of removing it from the list of terror-sponsoring states. When Vice President Dick Cheney visited Tokyo last month, Mr. Abe urged the U.S. not to do so until the abduction issue is resolved. While President Bush has spoken eloquently in the past about human-rights violations in North Korea, that issue appears not to be high on the U.S. agenda these days. Chief U.S.

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negotiator Christopher Hill is holding talks in New York with his North Korean counterpart this week. A good question for him to ask is, Where is Megumi?

Ms. Kirkpatrick is a deputy editor of the Journal's editorial page.

Israeli Says Iran Is Training Hamas Men (NYT)

By Steven Erlanger

The New York Times, March 6, 2007

TEL AVIV, March 5 — The chief of Shin Bet, the Israeli internal security service, said Monday that the Islamic movement Hamas had sent dozens of men from Gaza to Iran for military training.

"We know that Hamas has started to dispatch people to Iran, tens, and a promise of hundreds," the intelligence chief, Yuval Diskin, told a small group of correspondents here in a rare on-the-record briefing.

The training would last months, perhaps years, he said, adding, "I see this as the strategic danger, more than any weapons smuggled into Gaza."

Ahmed Youssef, an adviser to Ismail Haniya, the Hamas-backed Palestinian prime minister, responded from Gaza by telephone that Hamas "has not sent anyone to Iran," and that Mr. Diskin's comment was "propaganda, to hurt a new government."

Mr. Youssef said there "are attempts to send some men from the Executive Force," a Hamas-led parallel paramilitary police force, "to Arab countries for police training."

Mr. Diskin said that his comments were based on hard intelligence, but Mr. Youssef insisted that Egypt, which shares a border with Gaza, is very strict about Gazans traveling to Iran.

Mr. Diskin's agency is charged in part with understanding Palestinian views. In his assessment, the main Palestinian secular party, Fatah, is continuing to fragment under weak leadership from the Palestinian president, Mahmoud Abbas, and would lose another election, if it were held now, to the radical Hamas movement.

Hamas, which rejects Israel's right to exist, won legislative elections more than a year ago and formed a government. "I'm not optimistic about Fatah," Mr. Diskin said. "Fatah is disintegrated and nearly destroyed, with no strong leadership."

He had harsh words for Mr. Abbas, known as Abu Mazen. "Abu Mazen is a good negotiator but doesn't know how to deal with internal party affairs," he said. "He has done nothing to revive Fatah, either its institutions or its military power. He wanted to become the national leader of the Palestinian people, but he forgot that he needs a strong Fatah to do it."

The international isolation of Hamas and an embargo on direct financial aid to the Palestinian Authority it runs has convinced Hamas that it cannot rule alone without any international legitimacy, Mr. Diskin said. "But it also drove Hamas toward Iran," he said, adding, "One of the bad fruits of the isolation of Hamas is the influence of Iran and its money."

He predicted that despite their current difficulties, Fatah and Hamas would agree on a unity government as laid out in principle on Feb. 8 in an agreement in Mecca, Saudi Arabia. But he noted that they were rivals for power and wanted different things from such a government, which might not last.

"This is the ticking bomb inside the unity government," said Mr. Diskin, 50, a former army commando and Shin Bet field operative. But he also predicted that the unity of Western and other nations in boycotting a Hamas-led government would crack.

Hamas, part of the larger Muslim Brotherhood, would never change its fundamental beliefs, he said, and he contended that Hamas's offer of a long-term truce with Israel had been intended to allow the movement to consolidate its control over the Palestinians and to mask a buildup of military armaments and power that would eventually be aimed at Israel.

He predicted a long struggle, arguing that Israel and Hamas would not reach "even a temporary political agreement," but "maybe temporary cooling-down periods."

The Palestinians say Israel, and Shin Bet, have aided the chaos by waging war against the Palestinian security forces in 2002, after a spate of suicide bombings, and by the continuing Israeli occupation of the West Bank. Hamas officials have said they will never recognize Israel's right to exist.

But Hamas says that if Israel returns to 1967 boundaries, allows Palestinian refugees and their families to return to their pre-1948 homes and recognizes Palestine, it will offer a 15-to-20-year truce.

Some suggest that Hamas has shifted position enough that the West should begin to talk to the movement or to finance the government again.

Mr. Abbas has said that he wants to bring Hamas into Palestinian politics and the Palestine Liberation Organization, and that as head of the P.L.O., he would negotiate a settlement with Israel then bring it to the judgment of the Palestinian people.

Mr. Diskin said Hamas and Islamic Jihad were building an "internal military industry" in Gaza to manufacture rockets and antitank weapons, sending men to Lebanon and Iran for training and strengthening their forces.

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They are also smuggling in weapons and explosives from Egypt, Mr. Diskin said, and the Egyptians, themselves now worried about terrorist cells in the Sinai, are only now beginning to work hard to stop it.

Elements of what he called “global jihad” are creating “ties” and “connections” to local Gaza groups, especially to Mumtaz Dagmush of the powerful Dagmush clan, Mr. Diskin said, refusing to elaborate. “We don’t say Al Qaeda in Shin Bet,” he said.

But he said Shin Bet had no evidence that Al Qaeda or its followers were present and active in Gaza.

Asked if, given his analysis of Hamas and Gaza, a large Israeli military operation was inevitable in Gaza, he said a lot depended on what action Egypt took to stop smuggling. “I don’t want to say inevitable,” Mr. Diskin said. “But if the buildup continues, and if rockets and tunnels continue, at the end of the day we will have to do something about it.”

There are others in Israel’s security services with more extreme views than Mr. Diskin’s, and he has been among those to caution against a large Israeli operation in Gaza now.

Even Amir Peretz, the Labor Party leader and defense minister, says that he would prefer to negotiate peace with Palestinians, but that Hamas’s strong position in the Palestinian leadership makes negotiations highly unlikely. Mr. Peretz has pushed for easing travel and access restrictions on Palestinians.

Shin Bet can deal only with the abilities of Israel’s adversaries, Mr. Diskin said, pointing to a decrease in Israeli deaths from suicide bombings and terrorism. “Dealing with their motivations,” he said, “is up to the politicians.”

Spy Chief Sees Hamas Driven To Tehran (WT)

By Joshua Mitnick

The Washington Times, March 6, 2007

TEL AVIV -- The international community's decision to cut off financial aid to the Hamas-led Palestinian government has helped drive Hamas into the embrace of Iran, the chief of Israel's domestic spy agency said yesterday.

"One of the bad fruits of the international siege on Hamas is that once all the doors were closed, the only window open was to Iran," said Yuval Diskin, head of the Shin Bet security agency.

Mr. Diskin's analysis of the Palestinian political and military scene painted a bleak prognosis for peace negotiations with Israel and included a warning about a possible Israeli offensive in the Gaza Strip.

Yesterday's press briefing came amid renewed fighting between Palestinian factions on the streets of Gaza City and another day of failed negotiations between Palestinian Authority President Mahmoud Abbas and Prime Minister Ismail Haniyeh on the makeup of a unity government.

In the eyes of the Shin Bet, Hamas emerged as "the great winner" from a power-sharing deal with the rival Fatah party, Mr. Diskin said. He was referring to a unity agreement signed in Mecca, Saudi Arabia, last month.

The Mecca agreement on a Palestinian unity government could help the Islamic militants break the international aid boycott without requiring it to concede its ideological rejection of the Jewish state, Mr. Diskin said.

At the same time, Hamas would retain control over key ministries to deepen the hold of militant Islam in Palestinian society.

Mr. Diskin said that the bad blood between Hamas and Fatah after weeks of gunbattles in Gaza leaves the probability at 1 in 3 that the Mecca agreement will collapse before a unity government is formed.

He said Mr. Abbas has failed to rebuild his Fatah party into a cohesive political or military force capable of challenging Hamas or providing the backing Mr. Abbas needs for peace negotiations with Israel.

Fatah has become a political party without a clear leader, divided between ex-security chief Mohammed Dahlan in Gaza and Marwan Barghouti, the legislator serving five life sentences in Israeli prison.

"I don't think Abbas knows where he is headed," Mr. Diskin said. "Abbas is a good negotiator, but he doesn't know how to deal with the internal affairs of his political party."

Mr. Diskin, who dressed in a knit black pullover shirt with jeans, heads the security branch responsible for locating and interrogating Palestinian as well as Jewish militants.

When questioned by reporters about the impact of the international aid boycott on the Hamas government's ties to Iran, Mr. Diskin declined to criticize the aid embargo. Hamas' ties to Iran existed independently of the boycott, he said.

At the same time, it was the economic pressure and instability from the boycott that convinced Hamas leaders that the party was incapable of ruling alone.

Strengthened ties with Iran have reportedly produced tens of millions of dollars in financial aid for the Palestinian Authority.

Mr. Diskin also said that Hamas militants have left Gaza for training in Iran. Though Israeli officials have consistently sounded alarm bells that Hamas is exploiting the Gaza Sinai border to smuggle in weapons, Mr. Diskin said the training activity worries him more.

The intelligence chief said the Sinai Peninsula has moved from being a haven for tourists to a terrorist haven for global jihadists, who are likely in the future to link up with Palestinian militants inside of Gaza.

"If the Egyptians stop the smuggling activity in the Sinai desert," Israel will not need another major operation in Gaza, he said.

Israeli Intelligence Chief: Iran Training Hamas (LAT)

By Richard Boudreaux

The Los Angeles Times, March 6, 2007

TEL AVIV — The head of Israel's domestic intelligence agency said Monday that Iran was giving advanced military training to members of Hamas, a move he called a "strategic danger" to the Jewish state.

Yuval Diskin, the director of Shin Bet, said that the militant movement had dispatched "tens" of fighters from the Gaza Strip to Iran for "months, maybe years" of instruction, and that Iran had promised to train hundreds more.

A Hamas spokesman denied the assertion. The training, if confirmed, would mean that Iran is expanding its alliance with Hamas, which Israel and the United States list as a terrorist organization and which has controlled the Palestinian Authority government for nearly a year.

Since Western nations cut off funding to the Palestinian government last spring because of Hamas' ascendance, Iran has given it at least $120 million in aid.

Reports of Iran training Hamas militants, previously attributed to unnamed Israeli and Palestinian officials, have been circulating for weeks. Diskin's remark at a rare briefing for foreign reporters was the first such official claim and echoed a drumbeat of charges by the Bush administration that Iran exports terrorism.

The intelligence chief, a burly man with a shaved head, said Hamas was continuing to stockpile weapons smuggled into the Gaza Strip through Egypt. But he said Hamas' development of arms factories in Gaza and its alleged training in Iran were greater long-term threats to Israel.

Mushir Masri, a Hamas member of the Palestinian parliament, said Diskin was spreading a false allegation about training to undermine Hamas and build a case for renewed attacks in Gaza.

Israel fought a five-month offensive in Gaza last year after Hamas-linked militants captured an Israeli soldier in a cross-border raid. Diskin said Hamas was taking advantage of a cease-fire accord reached with Israel last November to prepare for a future military confrontation. The soldier is still being held.

Whether Israel continues to abide by the cease-fire depends on Egypt's ability to stop weapons smuggling into Gaza, Diskin said.

With support from the Bush administration, Israel has tried for months to isolate Hamas politically by strengthening Palestinian Authority President Mahmoud Abbas of the rival Fatah movement and engaging him in peace talks.

That strategy hit a roadblock last month when Fatah, seeking to end months of armed clashes with Hamas, agreed at a meeting in Mecca, Saudi Arabia, to join the Palestinian government as a minority partner, despite having failed to persuade Hamas to recognize Israel and forswear violence against the Jewish state.

"Hamas is the big winner in the Mecca agreement," Diskin said in one of the starkest official Israeli assessments to date.

The accord, he noted, keeps the prime minister's job in the hands of Hamas, along with ministries involved in education and social welfare, which are crucial to spreading the movement's influence. Diskin predicted that Saudi Arabia's role in the accord and its pledge of financial support would not shake Iran's influence over Hamas, which he said would happily take aid from rival Middle East powers.

The intelligence chief offered an unusually blunt public assessment of Abbas. Israel's Palestinian ally "doesn't have a clear strategy … doesn't know how to run a political movement," he said, and has allowed Fatah to "disintegrate" rather than building its military prowess to gain the upper hand over Hamas.

Diskin said it was still possible that the power-sharing accord would collapse amid lingering factional bloodshed and disagreements over who will control Hamas' and Fatah's various security services and militias. He said the rival factions were amassing forces against each other — a "ticking time bomb inside this unity government."

On Monday, the two sides waged a gun battle for control of a police training compound in Gaza City. Meanwhile, Ismail Haniyeh, who has retained his job as prime minister, said negotiations on the makeup of a new Cabinet would take at least another two weeks.

U.S. Aid To Palestine Hinges On Hamas (AP)

AP, March 6, 2007

The State Department said Monday full funding of a proposed $86 million in security assistance for the Palestinian Authority hinges on whether U.S. officials receive assurances that none of the funds can benefit Hamas.

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Spokesman Sean McCormack commented after four House Foreign Affairs Committee members, including Chairman Tom Lantos, D-Calif., urged Secretary of State Condoleezza Rice to reconsider the plan in light of the recent agreement between Fatah and Hamas to form a national unity government.

Hamas, which controls most of the Palestinian government, is considered a terrorist organization by the United States, European countries and Israel. Fatah is led by moderate Palestinian President Mahmoud Abbas.

The two groups agreed to form a government after weeks of street fighting left scores dead.

McCormack said the administration is asking the same questions as members of Congress about whether Hamas would benefit from the program.

"Our intention is to move forward with the program," McCormack said. "Whether or not that includes the full $86 million will depend upon the answers to the questions we have and obviously the answers to the questions that the Congress has," he said.

The intent is to assist with training in non-lethal equipment of forces under Abbas' control.

In calling for reconsideration of the plan, the House members said, "This agreement has immensely complicated the search for peace."

They said they were "deeply disappointed" Abbas had committed his Fatah party to forming a government with Hamas without insisting that the group recognize Israel, renounce violence, and accept all previous agreements with Israel.

France Calls For Closer EU-Palestinian Ties (FT)

By Daniel Dombey And Harvey Morris

Financial Times, March 6, 2007

France pushed on Monday for the European Union to step up preparations for deeper ties with a Palestinian government of national unity – despite misgivings from countries such as Germany and the Netherlands.

The move came as Mahmoud Abbas, Palestinian Authority president, called for a “more even-handed” approach from the EU and accused Israel of “provocative and illegal actions”.

The question of whether to resume contacts with and direct funding for the Palestinian Authority is set to race up the EU’s agenda as the rival Fatah and Hamas factions move closer to working together.

While France argues that the momentum of last month’s Mecca agreement to set up a unity government cannot be wasted, other countries give greater emphasis to making sure the administration fully meets international demands that it recognises Israel.

The US and Israel have much less patience for arguments that some sort of “implicit recognition” of Israel – by, for example abiding by past agreements – would be good enough for resuming ties.

“We have thought about what the EU’s attitude should be towards this new government once it is formed,” said Catherine Colonna, France’s Europe minister, at an EU foreign ministers meeting. “From the start we should take account of elements such as contacts and funding ... We should be prepared to fine-tune this position depending on the acts of the government.”

She added that she was not calling for the EU to hurry but to return to the issue in the future.

Diplomats at Monday’s meeting said that the Netherlands had given greater emphasis to the importance of the Palestinians meeting the demand to recognise Israel, while Germany is traditionally reluctant to upset its close relationship with Israel.

In unusually strong language for the PA president, a letter written on Mr Abbas’s behalf by Rafiq Husseini, his chief of staff, demanded that conditions placed on the PA be matched by reciprocal demands on Israel.

“Despite flagrant Israeli violations of previous agreements and commitments ... Israel continues to benefit from close political and trade relations with the EU, while the Palestinian people suffer the consequences of a crippling international boycott,” said the letter, to Frank-Walter Steinmeier, German foreign minister.

It said recent Israeli military incursions into the West Bank, the continuing expansion of illegal settlement in occupied territory and construction work near Jerusalem’s al-Aqsa mosque demonstrated the “sheer disregard with which the state of Israel views its commitments, both under previous agreements and toward the international community.”

The issue of funding is less pressing than that of contacts, since the EU was able to deliver €700m in aid to the Palestinians last year, despite the election of a Hamas government, largely through constructing other means of providing humanitarian assistance.

Monday also saw a delay in the announcement of the government of national unity itself. The parties had planned to reach agreement at the weekend. However, Ismail Haniya, Hamas prime minister, said Monday a deal was now not expected until the end of next week.

Although the two parties reached agreement in principle in Mecca on February 8, there are differences on the allocation of cabinet posts.

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Yuval Diskin, head of Israel's Shin Bet domestic intelligence agency, said Monday he thought there was a 70 per cent chance a Palestinian unity government would be established.

"Hamas is the great winner [from the Mecca agreement]," he told foreign journalists. "Fatah accepted the agreement but I'm not sure Abu Mazen [Mr Abbas] knows exactly where he is headed ... Abu Mazen is not a real leader these days."

Webb Bill Limits Iran Fight (WT)

By Christina Bellantoni

The Washington Times, March 6, 2007

Freshman Sen. James H. Webb Jr. yesterday introduced legislation to force President Bush to seek congressional authorization before using force against Iran.

Democratic leaders, who indicated general support for the Virginia Democrat's plan last week, are still deciding whether they will attach it to an upcoming spending bill.

"This presidency has shot from the hip too many times for us to be able to trust it to act on its own," said Mr. Webb, a decorated Vietnam veteran who won a hotly contested Senate race last fall in part because of his opposition to the Iraq war. "We need the Congress to be involved in any decision to commence military activities absent an attack from the other side or a direct threat."

The backdrop of the discussion is the continuing Capitol Hill debate over the Iraq war. Democrats are still negotiating details of what legislative proposals they will offer to try to block Mr. Bush's plan to send 21,500 more troops to Iraq.

Mr. Webb's proposal comes in the form of an amendment to the Bush administration's $100 billion supplemental war-spending request, which Congress will consider in the coming month.

He said the measure is meant to restore a system of legislative checks on executive power that he thinks Mr. Bush has skirted since Congress approved the Iraq war in October 2002. Though Mr. Webb wants troops to come home from Iraq as soon as possible, he noted Congress' inability to block funding U.S. forces in that conflict.

"Unlike the current situation in Iraq, where cutting off funds might impede or interrupt ongoing operations, this legislation denies funding that would be necessary to begin such operations against Iran in the first place," Mr. Webb said.

Senate Majority Leader Harry Reid of Nevada said on Thursday before the bill was drafted that he would be "very, very confident" that he can support Mr. Webb's plan "in real generalities."

"The reason we have to look at Iran every day of our legislative lives is there are many out there much smarter than I am who believe that the administration is ramping up to have the same thing happen in Iran that happened in Iraq," he said, noting intelligence suggesting Iranian involvement with Iraqi insurgents.

A Reid spokesman yesterday said the leader's position has not changed but declined to say whether the amendment would be attached to the supplemental-spending bill. Democratic leaders in the House are discussing similar language and are generally supportive of Mr. Webb's efforts, according to a senior aide in that chamber.

Aides for Senate Minority Leader Mitch McConnell of Kentucky did not respond to calls for comment, but House Minority Leader John A. Boehner labeled Mr. Webb's measure as "a solution in search of a problem."

"We should continue to work with responsible members of the international community to put pressure on the Iranians to dismantle their nuclear-weapons programs and to halt their support for terrorism," the Ohio Republican said. "I don't think it is productive or responsible to place arbitrary restrictions on what is now a hypothetical national security scenario, especially since the language -- if not carefully worked -- could hamstring our efforts against insurgents and terrorists in Iraq."

The Webb amendment as drafted outlines that no funds may be "obligated or expended for military operations or activities within or above the territory of Iran, or within the territorial waters of Iran, except pursuant to a specific authorization of Congress."

Mr. Webb also noted he worked carefully to craft a bill that wouldn't impede any ongoing tactical missions or intelligence gathering and so it would allow the U.S. to "directly repel an attack" initiated from or about to be launched from Iran. It also includes an exception for when troops are led into Iran in "hot pursuit" of forces outside that country.

Gen. Peter Pace, chairman of the Joint Chiefs of Staff, last week told senators the U.S. is not planning to attack Iran, but Mr. Webb and others worry the 2002 Iraq resolution is viewed by the president as broad authorization for military action against other nations.

Mr. Webb, a former Republican who served in the Reagan administration as Navy secretary, declined to name supporters at this early stage, but he said it should not be a "party" issue, noting a measure sponsored in the House by anti-war Rep. Walter B. Jones, North Carolina Republican.

Mr. Jones said his bill makes it "crystal clear that no previous resolution passed by Congress authorizes such a use of force."

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"If the president is contemplating committing our blood and treasure in another war, then he and his administration must come to Congress and make their case," Mr. Jones said.

In 1999, Mr. Jones was one of two dozen lawmakers who went to the Supreme Court to block President Clinton's military action in Yugoslavia, arguing Congress must grant him such authority.

Still, because of potential nuclear capability and the possibility Iran is providing weapons to terrorists in Iraq, Congress "should never underestimate the potential that Iran might act irresponsibly," Mr. Webb said.

"My hope is we can calm this issue down a bit," he said. "[A]nd hopefully over a period of time bring Iran into the world community. That should be our goal."

IAEA: Iran May Have Halted Nuke Program (AP)

By George Jahn

AP, March 6, 2007

Iran seems to have at least temporarily halted the uranium-enrichment program at the heart of its standoff with the U.N. Security Council, the head of the International Atomic Energy Agency said Monday.

The pause could represent an attempt to de-escalate Iran's conflict with the Security Council, which is deliberating a new set of harsher sanctions on the Islamic Republic.

Iran has enriched small quantities of uranium to the low level suitable for nuclear fuel generation. The U.S. and its allies fear that Iran could build nuclear weapons with larger amounts of more highly enriched uranium.

Hard-line President Mahmoud Ahmadinejad had been expected to announce last month that Iran had started installing 3,000 uranium-enriching centrifuges at a facility in the desert outside the central city of Natanz, where it has about 500 centrifuges above and below ground. But the announcement never materialized, an apparent step back that IAEA chief Mohamed ElBaradei appeared to confirm Monday.

"I do not believe that the number of centrifuges has increased, nor do I believe that (new) nuclear material has been introduced to the centrifuges at Natanz," he said.

ElBaradei, whose agency has spent more than four years probing Tehran's nuclear activities, warned that, despite the new bit of positive news, lack of Iranian cooperation left the IAEA unable to establish that Tehran's nuclear activities were purely peaceful.

Unless Tehran takes "the long overdue decision" to cooperate with the IAEA, it "will have no option but to reserve its judgment about Iran's nuclear program," he told reporters.

And a senior Iranian official dashed hopes that any short-term pause could translate into Tehran accepting a U.N. Security Council demand to freeze its enrichment activities. Ali Ashgar Soltanieh, Iran's chief IAEA delegate, said his country would "never give up its inalienable right" to enrich uranium, a refrain repeated almost daily by Iranian representatives in the standoff.

Diplomats familiar with the agency's Iran file said Tehran continues to refuse IAEA requests to install cameras that would give agency monitors a full view of its underground hall at Natanz, which Iran says will ultimately house 54,000 enriching centrifuges — enough to produce dozens of nuclear weapons a year.

Iran has produced and stored 250 tons of the gas used as the feedstock for enrichment. That would be enough to produce more than 40 nuclear bombs.

Lack of full remote monitoring means the agency cannot keep tabs on all activities at the bunker, said one diplomat, who demanded anonymity because he was not allowed to discuss the issue. Iran continues to assemble individual centrifuges without connecting them into the cascade needed to enrich uranium in the hall, he said.

Up for review as early as Tuesday will be a Feb. 22 report from ElBaradei finding that Tehran has set up hundreds of centrifuges.

The board was expected to approve last month's decision by ElBaradei to suspend nearly half the technical aid his agency provides to Iran. Only North Korea and Saddam Hussein's Iraq have faced such punishment in the past.

The United States, its key allies and most European nations have in the past been opposed by nonaligned board members who were against harsh punishment.

But the diplomats said that even nations normally backing Tehran — including key U.S. critics such as Cuba and Venezuela — would likely agree to the suspensions because they were backed by the U.N. Security Council.

The European Union, in a statement made available in advance to The Associated Press, said it backed the suspensions, saying it "supports the (IAEA) ... views" on the 18 projects that could be suspended.

The board will also be reviewing North Korea's apparent willingness to ultimately dismantle its nuclear arms-making capabilities.

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ElBaradei plans to go to Pyongyang on March 13 as part of the six-nation agreement under which North Korea agreed to allow a return of his agency's experts after more than four years under its commitment to eventually scrap its nuclear program in exchange for economic aid and security assurances.

IAEA Unsure Of Iran's Nuclear Program Goal (USAT)

USA Today, March 6, 2007

Iran's lack of cooperation with the International Atomic Energy Agency means the United Nations nuclear watchdog agency can't determine whether the Islamic state's nuclear activities are purely peaceful, IAEA chief Mohamed ElBaradei said Monday. "Quite a few uncertainties still remain," he said. ElBaradei said Iran seems to have put its uranium-enrichment program on hold as it awaits U.N Security Council deliberations on whether to impose harsher sanctions. He reported Feb. 22 that Iran had expanded enrichment.

Ali Ashgar Soltanieh, Iran's chief delegate, said his country would never give up its right to enrich uranium, which can be used in weapons or as fuel for power plants. Iran says its program is to produce electricity.

Palestinian unity government delayed

A Palestinian unity government will not be formed before the end of next week, Prime Minister Ismail Haniyeh of the Islamist Hamas group said after meeting in Gaza City with President Mahmoud Abbas of the more moderate Fatah Party. Government spokesman Ghazi Hamad said the two leaders would meet again today to discuss who would be Interior minister, a position that controls security forces. The parties agreed to a division of most Cabinet posts last month.

Most terror suspects in Britain not charged

More than half of the 1,166 people held under security laws in Britain between the 9/11 attacks in 2001 and the end of 2006 were released without being charged, Home Office figures show. Forty of the 221 charged with terrorist offenses were convicted, and all but six of the 186 charged with other offenses were found guilty. Muslims say they are targeted disproportionately for surveillance and arrest. "This is alienating a very large section of the community," said Massoud Shadjareh of the Islamic Human Rights Commission.

Coalition airstrike kills 9 in Afghanistan

A coalition airstrike hit a home in Afghanistan's Kapisa province, killing nine members of a family, Deputy Gov. Sayad Mohammad Dawood Hashimmi said.

The military said two bombs hit a compound that armed militants were seen moving into after a rocket attack on a U.S. base. "These men knowingly endangered civilians by retreating into a populated area," said Army Lt. Col. David Accetta, a military spokesman.

Quake felt from Indonesia to Singapore

A powerful earthquake rattled western Indonesia today, damaging buildings, cutting electricity and forcing patients to flee a hospital on Sumatra island, officials said. It was felt hundreds of miles away in Singapore and Malaysia. The U.S. Geological Survey said the quake had a preliminary magnitude of 6.3.

There were no initial reports of injuries, said Sgt. Gunawaman, a police spokesman who uses one name, and the extent of damage was not known.

U.N. Ambassadors Discuss Iran Sanctions (AP)

By Paul Burkhardt

AP, March 6, 2007

Ambassadors from the world's major powers met Monday to discuss possible new sanctions against Iran for refusing to suspend uranium enrichment, but differences emerged and an agreement did not appear to be close, diplomats said.

The U.S., Britain and France would almost certainly favor tough new sanctions, but they know they will have to settle for less to ensure that Russia and China, which have close ties to Iran, will not use their veto power in the U.N. Security Council to block a new resolution.

Diplomats from the five permanent Security Council nations and Germany held three rounds of talks over the past week on strengthening sanctions against Iran following a report earlier this month by the U.N.'s International Atomic Energy Agency that Iran was expanding enrichment instead of suspending it.

During a conference call on Saturday, the diplomats decided that Security Council ambassadors should take over the discussion of elements for a new resolution — and the ambassadors held their first meeting late Monday at Britain's U.N. Mission.

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China's U.N. Ambassador Wang Guangya, asked afterward by reporters how the meeting went, said there are "some different views here, so we will continue to work." He said the ambassadors would meet again on Tuesday afternoon and then consult with officials in their respective capitals.

Iran's refusal to freeze all its enrichment-related activities prompted the Security Council on Dec. 23 to impose sanctions targeting the country's nuclear and missile programs and the individuals, companies and organizations involved in them. The council gave Tehran 60 days to halt enrichment or face additional nonmilitary measures.

Iran insists its nuclear program is peaceful and aimed solely at producing nuclear energy, but the United States and its European allies believe Tehran's real goal is to produce nuclear weapons.

Tehran says it has the right to enrich uranium under the Nuclear Nonproliferation Treaty and has vowed not to stop — which has led the council to consider additional sanctions.

Some diplomats said the new measures may include travel bans, expanding the list of technology and materials countries are banned from making available to Iran, and creating stiffer economic sanctions including a ban on export guarantees to Iran.

The diplomats spoke on condition of anonymity because the negotiations are private.

Acting U.S. ambassador Alejandro Wolff, said that the elements of the new resolution being discussed build on the resolution passed in December and include "travel issues, financial issues, arms issues."

"I'm pleased that we're all committed to the timely pursuit of a resolution, so we hope it will be soon," he said.

Referring to Monday's meeting, Wolff said, "It was a good spirit. We'll see eventually when we get into more detail. But at this point in discussing the elements we've had a productive discussion."

Wang said there was no draft resolution yet, only "ideas and elements," but he thought it would involve another 60-day deadline.

Britain's U.N. Ambassador Emyr Jones Parry said recently that the new resolution would be looking at an "incremental" strengthening of sanctions. The word "incremental" has also been used by other council diplomats.

After Monday's meeting, France's U.N. Ambassador Jean-Marc de La Sabliere said the six ambassadors focused on measures "that could be adopted to convince Iran to suspend its dangerous activities and to come back to negotiation."

"The meeting confirmed an agreement on an incremental approach," he said.

U.S. Undersecretary of State Nicholas Burns, who represented the United States in the earlier talks, told reporters after meeting Secretary-General Ban Ki-moon on Monday afternoon that all six countries want to see a new resolution adopted "in the shortest time possible."

"We just now need to agree with all the other members of the council on what those measures, what those sanctions should be," Burns said. "We hope those deliberations can be conducted in the shortest possible time so that the Iranian government will know that it is really quite isolated on this issue."

Momentum Builds For More Sanctions Against Iran (CSM)

By Howard Lafranchi

The Christian Science Monitor, March 6, 2007

WASHINGTON

It once scoffed at the viability of international sanctions as a diplomatic tool. But the Bush administration, convinced that punitive financial measures played a role in moving North Korea to accept a deal designed to shut down its nuclear operations, is now spearheading a multilateral effort to use sanctions to turn the screws on Iran and its nuclear program.

Representatives of the five permanent members of the UN Security Council plus Germany are expected to begin work in New York this week on a second resolution of sanctions against Iran. The idea is to preserve Security Council unity – keeping Tehran's friends China and Russia on board – while ratcheting up the pressure on Iran.

"The administration is following a two-track approach on Iran – the threat of force [and] the pursuit of diplomacy – and the sanctions route does double duty within that approach," says Raymond Tanter, a former National Security Council official now at Georgetown University in Washington. "[The sanctions] are part of the coercive diplomacy side, but they are also part of the effort to maintain consensus among" the five permanent members of the UN Security Council and Germany.

The Bush administration says it's looking for a diplomatic solution but says it won't rule out any options to keep Iran from getting a nuclear weapon.

The new resolution, which officials say could reach a Security Council vote as early as the middle of the month, is expected to expand on and strengthen steps taken in a first resolution passed against Iran in late December. Senior officials from the six key countries discussed the contents of a second resolution in teleconference calls last Thursday and again Saturday, but they didn't come to agreement on all the points of a final text.

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"This is going to be an incremental resolution," State Department spokesman Sean McCormack said Friday, referring to the ratcheting up of sanctions already in place.

Among the measures being considered, according to US and European officials, are expansion of the list of Iranian officials whose assets would be frozen, a travel ban on more Iranians who are involved in the country's nuclear research and development, and additions to the list of parts, material, and technology that would be banned from Iranian trade.

The United States also hopes to see further restrictions on export credits, or financial measures that encourage trade. European governments, among others, have provided these credits to companies trading with Iran. Moreover, the US wants to limit access that Iran's largest banks have to international markets.

But a proposal for an embargo on all arms trading with Tehran was dropped last week on Russian objections, officials said. Also scuttled was a ban on student visas for Iranians studying subjects such as nuclear physics.

Revived US interest in sanctions reflects two factors. First, the Bush administration, originally frustrated by the four months of wrangling it took to get the first resolution, which was regarded as relatively weak, took note of an almost immediate political impact in Tehran.

The resolution "has generally been a very effective mechanism by which to pressure the Iranian regime," added Mr. McCormack. The resolution has had an impact with financial and business institutions that don't like the uncertainty of dealing with a country under sanctions, he says.

Second, Washington has viewed sanctions against North Korea and UN condemnation of Pyongyang after it tested a nuclear weapon in October as having played a key role in bringing North Korea back to the negotiating table.

The Bush administration appears to have concluded that sanctions can play a part in modifying a country's actions, especially if they come in the context of a united international community that includes the country's key friends: China in the case of North Korea, China and Russia in the case of Iran.

Yet the case of Iran is complicated by the war in Iraq and the interests both the US and Iran have in Iraq. And analysts are divided on what international talks on Iraq, including both Iranian and American officials, might have on the nuclear issue. Some say the talks, which are set to commence this Saturday, are likely to deflate international pressure on Iran, while others believe progress on Iraq could move Iran toward a more accommodating position on its nuclear program.

The administration may have adopted a diplomacy-with-threats approach to Iran, but some analysts say the strategy confuses US partners and encourages the Iranians to focus on ways to exploit it.

"The Bush administration thinking seems to be that every successive resolution will be stronger and that combining that with the increased pressure of measures like a second aircraft carrier in the Gulf, you can pressure Iran into acquiescing," says Ray Takeyh, an Iran expert at the Council on Foreign Relations here.

"On the surface it's not an unintelligent blueprint," he adds, "but it doesn't seem to include an understanding of its impact on the Iranians. They can't comprehend the contradictions." To back up his point, Mr. Takeyh says Secretary of State Condoleezza Rice has been talking about conditions for opening up trade with Tehran, while Treasury officials have been pressing the international community to cut off trade with Iran.

"You have the State Department saying maybe bilateral talks with Iran will occur as part of the international talks just announced on Iraq," he says, "and you have [White House spokesman] Tony Snow saying, 'No way will there be bilateral talks' " on the margins of Saturday's conference.

The first resolution on Iran "had an impact in Tehran," Takeyh agrees, but it yielded "more of a change in tone than a change in substance. They haven't changed their core policy of pursuing uranium enrichment and expanding their influence in the region."

Others agree that the US is demonstrating that it does not have a clear policy on Iran. Mr. Tanter, who is also founder of the Iran Policy Committee, a group in Washington that promotes regime change in Iran through action by Iranian dissidents, says the "two-pronged approach" should not be confused with a clear policy.

"The strategy is pretty clear, but the policy is vague," he says. "Is regime change on the table? The State Department says it's not, but the vice president [Dick Cheney] in so many words is saying it is."

The departure of hard-liner John Bolton as US ambassador to the United Nations, and the arrival in New York of President Bush's nominee, current US Ambassador in Baghdad Zalmay Khalilzad, will "move regime change further off the table," Tanter says.

Meanwhile, in Vienna Monday, where the International Atomic Energy Agency was meeting, a 35-nation board of governors was expected to approve cuts to 22 of 55 IAEA technical-aid projects in Iran. That would follow the agency's review of Iran's compliance with the first resolution.

Iranian Women Are Arrested After Protests Outside Court (NYT)

By Nazila Fathi

The New York Times, March 6, 2007

TEHRAN, March 5 — Iranian authorities arrested 33 women on Sunday after protests outside a court where five of them were being tried for leading a campaign to gain more legal rights for women, newspapers reported Monday.

The five women were put on trial after they organized a demonstration for women's rights last June, the ILNA news agency reported. The agency said the women had been charged with endangering national security, agitating against the government and taking part in illegal gatherings.

The arrests on Sunday were part of a crackdown against political activity by women and protests in general since President Mahmoud Ahmadinejad' came to power in 2005.

Authorities broke up last June's demonstration and arrested 70 people. The five organizers now on trial are Noushin Ahmadi Khorassani, Parvin Aradalan, Shahla Entesari, Soosan Tahmassebi and Fariba Davoudi Mohajer.

The five, who have not been in custody, were arrested Sunday after they left the court. The daily newspaper Etemad Melli reported Monday that all 33 of the women were taken to the notorious Evin prison, which has the largest number of political prisoners in the country and where many prisoners say they have been tortured.

Women have been pursuing two major campaigns since last year. One calls for authorities to change a law that permits stoning women to death if they are convicted of adultery. The other is an ambitious project to collect a million signatures for a petition that calls on authorities to change laws that discriminate against women.

Iran's laws codify traditions that place little value on a woman's life and give only slight credence to women's opinions. For instance, a woman's testimony in court is worth half that of a man and, if a woman is killed, the compensation due her family is also half that required for a man's death. The laws also deny women equal rights in divorce, custody and inheritance.

Both campaigns have been publicized worldwide and have drawn support from some well-known Iranians. Shirin Ebadi, the Iranian Nobel Peace Prize winner, has supported the campaigns. Zahra Eshraghi, the granddaughter of the founder of Iran's revolution, Ayatollah Ruhollah Khomeini, has signed the petition on discriminatory laws, the daily newspaper Kayhan wrote Monday.

Human Rights Watch condemned the arrests and called for the women's immediate release.

"By targeting peaceful advocates, the government is demonstrating its intolerance for civil action," said Sarah Leah Whitson, the head of the group's Middle East and North Africa division. "The authorities should listen to women's rights advocates and work with them to reform discriminatory laws, instead of persecuting them and perpetuating a system of discrimination."

Interpol Recommends Arrest Warrants For Former Iranian Officials (MCT)

By Pablo Bachelet

McClatchy Newspapers, March 6, 2007

WASHINGTON - Interpol's legal department has recommended issuing capture notices for five former Iranian officials in connection with the 1994 bombing of a Jewish community center in Argentina, which killed 85 people, a U.S. lawmaker said Monday.

Argentina's government requested the capture notices - similar to arrest warrants - triggering anger in the Iranian government, which has denied any involvement in the bombing.

In a 16-page decision, the legal department of the international law-enforcement group recommended issuing the notices for five suspects but not for former Iranian President Akbar Hashemi Rafsanjani.

"The decision by Interpol to issue capture notices for those implicated in the `94 bombing upholds the integrity of the Argentine judicial inquiry which found sufficient evidence to bring criminal charges against these Iranian officials and their Hezbollah proxies," Florida Rep. Ileana Ros-Lehtinen, the ranking Republican on the House Foreign Affairs Committee, said in a statement.

Iran can appeal the decision before Interpol's general secretariat.

Ros-Lehtinen urged Interpol to act expeditiously to implement its decision, so that "these fugitives will be compelled to answer for their alleged role in this terrorist attack."

The legal affairs department of Interpol recommended capture applications for these top former Iranian officials: Ali Fallahijan, the former minister of intelligence and security; Ahmad Vahidi, the former commander of the al-Quds Force, a special operations unit of the Iranian Revolutionary Guard Corps; Mohsen Rezai, the former commander of the Revolutionary Guard; Mohsen Rabbani, the former cultural attache in the Iranian embassy in Buenos Aires; and Ahmad Reza Asghari, a former third secretary in the Buenos Aires embassy.

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The bombing of the community center in Buenos Aires followed a bombing of the Israeli embassy in the Argentine capital, which left 29 dead, two years earlier.

US Rice, Jordan King Discuss Iraq Refugees, Arab Peace Plan (AFP)

AFP, March 6, 2007

Talks between US Secretary of State Condoleezza Rice and Jordan's King Abdullah II on Monday focused on Iraqi refugees and an Arab peace plan for the Middle East, diplomats said.

The top US diplomat and the Jordanian monarch issued no statement after a meeting and a working lunch at the State Department in Washington.

Providing assistance to Iraqi refugees, an issue that will be addressed at a regional conference on Iraq this weekend in Baghdad, was an issue of serious concern for the Jordanian monarch, State Department spokesman Sean McCormack said.

"I know that there is a lot of concern about the pressures on the support network within Jordan and the ability of the NGOs working in Jordan to meet those humanitarian needs" of some 600,000 Iraqi refugees in the country, McCormack said.

The two also were expected to discuss the regional conference on Iraq scheduled for Saturday in Baghdad, which is due to be attended by the US ambassador to Iraq, Zalmay Khalilzad, as well as Iranian and Syrian representatives.

"I am sure that she will talk about it, encourage a full Jordanian participation," McCormack said before Rice and the Jordanian monarch had their working lunch.

King Abdullah II has described the conference as an "important development" and that Arab states stood ready to contribute to peace and stability in Iraq, his delegation said in a statement released earlier.

The Jordanian king also "urged the US administration ... to help advance Middle East peace by lending its support to the Arab Peace Initiative," the statement said.

The initiative calls for a comprehensive Israeli-Arab peace, with full security guarantees for Israel from Arab states in exchange for a viable, independent Palestinian state, Israeli withdrawal from all Arab territory occupied since 1967 and an settlement of the refugee question, the statement said.

The Saudi-authored initiative, adopted by the Arab League during a summit in Beirut in 2002, "is drawing increasing interest from Muslim states from outside the region that want to make a constructive contribution to regional peace-making," the Jordanian statement said.

The Islamic countries outside the region expressing an interest were Pakistan, Indonesia and Malaysia, according to the Jordanian ambassador to the United States.

"The king told Rice that growing international interest in regional peace-making is an opportunity that the United States could capitalize on to bring Palestinians and Israelis back to the negotiating table with the aim of brokering a final settlement that would meet the needs of both sides," the statement said.

As part of a five-day working visit to the United States, King Abdullah II was due to meet President George W. Bush, Vice President Dick Cheney and Defense Secretary Robert Gates before delivering an address to to a joint session of Congress -- an honor reserved for close US allies.

Agreement Seen In Schism Between Governing Factions (WT)

By Krystal Knapp

The Washington Times, March 6, 2007

BEIRUT -- A deal to end the standoff between Lebanon's U.S.-backed government and Hezbollah, the nation's worst political crisis since its 1975-1990 civil war, is expected to be finalized within the next few days, key political figures say.

Optimism about an agreement follows a meeting between Iranian President Mahmoud Ahmadinejad and Saudi King Abdullah on Saturday, when Mr. Ahmadinejad made his first official visit to the Saudi capital.

"The chances of success this time are greater than at any previous time," opposition leader Nabih Berri told the pan-Arab daily Asharq Al-Awsat.

Mr. Berri, who is parliament speaker and head of the Shi'ite Muslim political party Amal, added that a settlement "might appear within 48 hours."

His optimism was echoed by Samir Geagea, a Maronite Christian and a strong critic of the opposition, who told the Lebanese Broadcasting Corp. Sunday that "indeed an effective solution" has been found to the crisis.

The opposition, which includes Hezbollah and Amal, has been locked in a power struggle for months with the anti-Syrian governing coalition.

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So far Mr. Berri has not elaborated on the details of an agreement, which would end an impasse over plans for an international tribunal to try suspects in the February 2005 assassination of former Prime Minister Rafik Hariri. The assassination created international pressure on Syria to withdraw its troops from Lebanon.

Leaders from both sides have provided conflicting information about the details of the agreement.

Mr. Geagea said the solution is based on the formation of a joint committee that would oversee changes to the international tribunal and the creation of a national unity government that would expand the Cabinet, giving the governing majority 19 seats.

The opposition, he said, would be allocated 10 seats and another seat would be allocated to a figure not affiliated with either side.

Hezbollah officials told the press that the deal being negotiated by Iran and Saudi Arabia would provide the opposition with 11 seats in the new Cabinet, giving it veto power.

Opposition leaders threatened as recently as yesterday to escalate their campaign to oust the government if the ruling majority does not respond positively to the proposed settlement.

Pro-Hezbollah demonstrators have held a sit-in in front of the government offices downtown for more than three months in an attempt to topple the pro-Western government of Prime Minister Fouad Siniora.

They have been demanding a larger say in the government, including veto power in the Cabinet. They have also called for early parliamentary elections.

The ruling coalition has accused Hezbollah of trying to gain veto power to block the international tribunal in order to protect Syria, which denies any involvement in Mr. Hariri's killing.

Fatal street clashes between pro-government Sunnis and the mainly Shi'ite opposition have stoked fears that the country could see another sectarian civil war.

Christian political factions are divided between the two camps.

Iran supports Hezbollah, while Saudi Arabia has close ties with Sunni parliament member Saad Hariri, a leader in the ruling coalition.

'Peacemaker' King (WT)

By S. Rob Sobhani

The Washington Times, March 6, 2007

There is an Arab proverb that says: "The people of Mecca know their ravines better than anybody else." No one knows the "ravines" of Mecca better than its visionary custodian, King Abdullah of Saudi Arabia. While the United States and Europe stood by powerless for months as Palestinian factions killed one another and jeopardized America's plans for peace between Israelis and Palestinians, King Abdullah brought together the leaders of Hamas and Fatah in Mecca and got them to agree to bury their differences. Hosting the Mecca conference showed courage, vision and a desire for peace.

From Washington's perspective, the Mecca summit should be viewed through the prism of history as a watershed moment. It averted a potentially disastrous situation for Palestinians: a civil war that threatened to push back their hopes for an independent homeland. The success of the Mecca summit solidified Abdullah's growing reputation as the wise elder statesman of the Arab world, who's always able to douse the flames of extremism and come up with practical compromises.

Unlike Iran's rulers, who continue to fund terrorism, call for the elimination of Israel, promote extremism and act as the regions leading peace-breakers, Abdullah is striving to bring peace to the region. As his longtime aide, Abdulrahman Al-Saeed, points out, "King Abdullah is a genuine peace-maker. He believes profoundly in the importance of Palestinian justice and Arab unity and he is always searching for practical and peaceful solutions toward that goal." There is another important aspect to Saudi Arabia's deft diplomacy that the United States should appreciate. When the king is involved in conflict resolution, he is not seen as meddling into the affairs of others. Rather, as custodian of the two holiest sites in Islam, his role as mediator is seen as an obligation. In short, his intervention will almost always be welcomed by a majority within the Arab-Muslim world.

Beyond his role as the "Arabian peacemaker," King Abdullah has shown a commitment to bringing about internal reforms evidenced by the fresh faces appointed to leadership positions. The recent selection of Adel al-Jubeir as Saudi Arabia's new ambassador to Washington signals King Abdullah's commitment to promoting the younger generation and infusing fresh blood into the political system. By choosing this young, able, Georgetown-educated diplomat to represent Saudi Arabia, Abdullah has also signaled a renewed dedication to strengthening U.S.-Saudi ties. Adel al-Jubeir is an astute observer of the U.S. political system and the first non-royal to serve as his country's ambassador to Washington.

In addition to his role as wise elder monarch and promoter of young visionaries, the king has exhibited all the hallmarks of a world statesman by being a silent force behind stability in global energy markets. As the world's largest producer of petroleum and home to more than 25 percent of the world's remaining oil reserves, King Abdullah is very much aware of the enormous

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responsibility Saudi Arabia bears in maintaining stability in the global economy. Accordingly, every time the virulent anti-American rhetoric of Iranian President Mahmoud Ahmadinejad sends oil prices skyrocketing, Saudi Arabia's oil minister, Mr. Naimi, calms the oil markets by emphasizing the stable supply of oil from OPEC producers.

It is in America's interest for Washington to recognize the important role of Saudi Arabia's wise monarch and make him an equal partner in bringing about peace and stability in the combustible Middle East. King Abdullah has the moral authority, religious credentials, personal dignity, generous soul and vision to lead an effort at a lasting peace between Israelis and Palestinians.

Under the leadership of Saudi Arabia, King Abdullah can announce a Marshall Plan — or emaar-al-amal in Arabic, literally meaning the hope of rebuilding) for the West Bank and Gaza Strip that could become the prelude to the two-state solution envisioned by President Bush. By calling upon the Arab world to invest surplus petrodollars into the Gaza Strip (high-rise buildings overlooking the blue waters of the Mediterranean) and West Bank (a "chunnel" from the West Bank to Gaza employing tens of thousands of Palestinians), Saudi Arabia would have given Palestinian President Mahmoud Abbas what he has been denied to-date — economic viability and a chance to negotiate a lasting peace with Israel with a mandate from all Palestinians.

If Washington does not empower King Abdullah, the negative force and path of extremism exemplified by Mr. Ahmadinejad, Lebanon's Hassan Nassrallah and Iran's Ali Khamenei will fill the current power vacuum in the Middle East with hate and destruction. By listening to this wise Meccan, the United States can chart history and help bring peace and stability to the Middle East.

Islam's Other Radicals (WSJ)

By Bret Stephens

The Wall Street Journal, March 6, 2007

ST. PETERSBURG, Fla. -- At this landmark Summit on Secular Islam, there are no "moderate" Muslims.

There are ex-Muslims: People like Ibn Warraq, author of "Why I Am Not a Muslim," who doesn't want an Islamic Reformation so much as he does a Muslim Enlightenment. There are ex-jihadists: people like Tawfik Hamid, who, as a young medical student in Cairo, briefly enlisted in the Gamaa Islamiya terrorist group and who remembers being preached to by a mesmerizing doctor named Ayman al-Zawahiri.

There are Muslim runaways: People like Afshin Ellian, who in 1983 fled Iran -- and the threat of execution -- on camelback and is now a professor of law at the University of Leiden in Holland. (Now threatened by European jihadists, he lives with round-the-clock police protection.) There are experts on Islamic law: People like Hasan Mahmoud, a native Bangladeshi who, as director of Shariah at the Muslim Canadian Congress, was instrumental in overturning Ontario's once-legal Shariah court last year.

There are even a few practicing Muslims here, such as Canadian author Irshad Manji. Ms. Manji, whose documentary "Faith Without Fear" airs on PBS next month, describes herself as a "radical traditionalist" and draws a sharp distinction between Muslim moderates and reformers: "Moderate Muslims denounce terror that's committed in the name of Islam but they deny that religion has anything to do with it," she says. "Reform-minded Muslims denounce terror that's committed in the name of Islam and acknowledge that our religion is used to inspire it."

The difference is not trivial. For more than five years, the Bush administration has been attempting to enlist the support of the so-called moderates in the war on terror -- its definition of "moderate" being remarkably elastic, to put it charitably. To take one example, administration emissary Karen Hughes has "reached out" to such figures as Sheikh Mohammed Sayed Tantawi, head of al-Azhar theological university in Cairo, with whom she had a "wonderful meeting" in September 2005.

Sheikh Tantawi, adept at talking out of both sides of his mouth, had earlier approved a fatwa calling on the Iraqi people to "defend itself, its land, and its homeland [against the U.S. invasion] with all means of defense at its disposal, because it is a jihad that is permitted by Islamic law. . . . The gates of jihad are open until the Day of Judgment, and he who denies this is an infidel or one who abandons his religion."

Undersecretary Hughes is not at this summit, of course, nor is anyone else from the State Department, nor is the U.S.-funded al-Hurra Arabic TV station -- facts archly noted by the conferees. In the quasi-official U.S. view, the speakers at this conference amount to an exotic, publicity-seeking fringe group, with whom close association is politically unwise.

Al-Jazeera, however, is here, suggesting that the real Arab mainstream better appreciates the broad interest the conference's speakers attract in the Muslim world, as well as their latent power. Perhaps this is the flip side of the appeal of extremist Islam, an indication that what Muslims are mainly looking for are radical alternatives to the unpalatable mush of unpopular autocratic governments, state-approved clerics like Sheikh Tantawi, and Saudi-funded "mainstream" organizations such as the Council on American-Islamic Relations.

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Radicalism, at least of a kind, is certainly what this summit provides via Wafa Sultan. Dr. Sultan, a Syrian-born psychiatrist now living in the U.S., came to widespread public attention last year after she debated a Sunni cleric on al-Jazeera. "Only Muslims defend their beliefs by burning down churches," she observed. The televised clip, translated by Memri, has been downloaded on YouTube more than a million times.

Dr. Sultan, whose outspokenness has forced her and her family into hiding, is here to receive an award from the Center for Inquiry, the summit's organizer and lead funder. She accepts it by saying: "I don't believe there is any difference between radical Islam and regular Islam."

The view is shared by some, though by no means all, of the conferees. "Salafists cannot imagine Islam without the killing of apostates," says Dr. Hamid, who also now lives in hiding. "To them, the religion is a house of cards: Remove one element, and the whole structure collapses." Another conferee subscribes to the Salafist logic, though he dissents from the religion as a whole. "Truth is," he admits, "to be a Muslim democrat you have to be a bad Muslim."

In this view, the baggage of Shariah and hadith -- the traditions in which some of the most violent Islamic injunctions are to be found -- are as central to Islam as the Quran itself. Hasan Mahmoud disagrees. "Most Muslims don't even know what the Shariah laws are," he says. "The moment you actually show them what the laws are, they can understand they're unjust." Mr. Mahmoud illustrates the point by observing that, under Shariah, a husband does not require a witness to divorce his wife. "But the Quran says that if you want to divorce your wife, you need two witnesses. With Muslims, this kind of thing works magic."

Mr. Mahmoud spreads his gospel partly by way of cheaply produced DVDs, which seems pretty crude until one recalls that Ayatollah Khomeini, during his exile in Paris, spread the gospel of Islamic revolution by way of audiocassettes. Other conferees also have their Web sites: Alamgir Hussain, from Singapore, has islam-watch.org; Banafsheh Zand-Bonazzi, the conference's moving spirit, puts out IranPressNews.com; other conferees write for MiddleEastTransparent.com and so on. These are the "frugal chariots," to borrow a phrase from Emily Dickinson, that bear the Muslim reformer's soul.

A fair bit of U.S. government money is being spent on conference security, including from the FBI. Still, it's remarkable that the government, given the huge resources available from places like the National Endowment for Democracy, provides no funding or support for this conference or its various participants.

Here are two questions for the government: If Mr. Warraq, Dr. Sultan et al. are really irrelevant to the larger Muslim debate, why are the jihadists so eager to kill them? And if the jihadists want to kill them, don't they deserve support as well as security?

Russia Revises Stance On US Missile Plans (FT)

By Neil Buckley, Daniel Dombey And Hugh Williamson

Financial Times, March 6, 2007

Russia said it was revising its military doctrine to reflect other powers' growing use of military force, while a Russian general warned again that Moscow could knock out elements of the US missile defence system planned for eastern Europe.

The comments came as Angela Merkel, German chancellor, added her voice to the heated international debate over the missile defence system by calling for Nato to be given responsibility for defusing concerns over the plan.

"Nato is the best place for discussion of this issue," she told the Financial Times in an interview, arguing that Washington should step up consultation with its western allies and Russia.

Her statement reflects concerns over increasing east-west tensions since Vladimir Putin, Russian president, delivered a speech in Munich sharply criticising US unilateralism, and the US formally asked Poland and the Czech Republic to host parts of the anti-missile system.

Russia disputes Washington's claims that the system is not aimed at Russia but designed to intercept missiles from "rogue" states such as Iran or North Korea.

Russia has said that it might withdraw from the 1987 Intermediate-Range Nuclear Forces treaty, which outlawed an entire class of medium-range weapons, unless the US drops plans to site the system in eastern Europe.

In the latest warning, Gen Igor Khvorov, head of Russia's strategic bomber force, said Russian bombers could easily knock out the installations. "Since missile defence elements are weakly protected, all types of our aircraft are capable of applying electronic counter measures against them or physically destroying them."

At the same time, Russia's presidential security council said it was developing a new military doctrine to take account of the growing role of force in the foreign policy of "leading states".

Without naming the US, it echoed the language of Mr Putin's complaints about Washington's unrestrained use of force.

"Leading states are paying increasing attention in military policy to modernising their military forces and improving their weaponry," the statement added. "Modern forms of armed conflict are being actively implemented, technologies for use of force are being reviewed, the configuration of military presence is being changed, and military alliances are being strengthened – particularly Nato."

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But Mrs Merkel said that Nato should be the forum for greater consultation by Washington of both its western allies and Russia on the issue of missile defence. "It is better to have more discussion on this issue rather than less," she said.

Condoleezza Rice, US secretary of state, used a visit to Berlin last month to stress that Washington had held 10 rounds of talks with Russia on the defence system since spring 2006.

Mirek Topolanek, Czech prime minister, also brushed aside European objections to the missile defence plan. "As for the 18 EU member states who host US military bases, it is not up to them to comment on the existence of such a presence in the Czech Republic," he said after talks with Jaap de Hoop Scheffer, Nato secretary general, in Brussels.

German officials said Berlin was concerned that while the defence system was not targeted at Russia, there was a danger its creation could mark a departure from the international trend since the early 1990s towards disarmament.

At an EU meeting yesterday, Jean Asselborn, Luxembourg's foreign minister, was more outspoken, calling the US plans "incomprehensible".

"We will have no stability in Europe if we push the Russians into a corner," he said.

U.S. Moves To Soothe Growing Russian Resentment (NYT)

By Thom Shanker And Helene Cooper

The New York Times, March 6, 2007

WASHINGTON, March 5 — The Bush administration has decided to reach out more often and more intensively to Russia at a time when the leadership in Moscow is harshly criticizing American policy and some scholars say the United States has not sufficiently tended to an important relationship.

Plans by the United States to base elements of a missile defense system in Eastern Europe, as well as Washington's support for expanding NATO, have compounded a sense of resentment within a Russian leadership emboldened by a flood of petrodollars.

In the wake of criticism from President Vladimir V. Putin and his inner circle of political advisers and generals, there is a growing acknowledgment among officials in Washington that the United States has not responded as rapidly or eloquently as it might have to a widespread sense of grievance in Russia.

This frustration grows from a view, broadly held in the Kremlin and among the Russian people, that the Russian leadership has accommodated many of Washington's interests in the years since the Soviet Union fell but that Washington has not reciprocated.

Senior administration officials said their initiative called for engaging Russian leaders in private discussions to illustrate that the United States was putting extra effort into nurturing the relationship and that Russia deserved a more thorough dialogue on American foreign policy and national security plans.

A senior administration official involved in developing the strategy said that under the program, "we'll have more consultation and we'll do it more extensively and more intensively, so that there is a good understanding of each other's views."

"That is not to say that every objection and concern has to be accommodated or that they have some kind of veto over our program," the official said. "What it does say is that we should be willing to sit down, both Russia and the United States, in a real dialogue, and have a real dialogue where we try and address the interests and concerns of both sides."

Those mutual interests, administration officials said, include halting the nuclear ambitions of Iran and North Korea, cooperating on counterterrorism and counternarcotics efforts and on building missile defense, which American officials argue should interest Russia, which is within striking distance of both Iran and North Korea.

Senior administration officials said the initiative would also involve a more intensive dialogue between the Russian and American militaries, a forum that might lend itself to fuller technical exchanges about Washington's plans for missile defense.

Administration officials have said they will stand their ground in defending the United States against the substance of the Russian critique. In particular, the officials say, Russian threats will not halt Washington's plans to place elements of a missile defense system in Poland and the Czech Republic, nor diminish Washington's support of NATO expansion.

The stunning directness of Moscow's recent public complaints is viewed as undermining United States-Russia relations. Equally worrisome to the administration is that the harsh tone of the Kremlin's comments has greatly troubled European allies caught in between, especially in former Soviet client states in Eastern Europe that later joined NATO.

The new round of verbal attacks from Russia began Feb. 10 in Munich, when Mr. Putin used a keynote address at a security conference to accuse the United States of overstepping its borders to impose its will on the world through the unilateral application of military power. He criticized the American policies on missile defense and NATO expansion.

Some analysts said initially that the speech had been intended for a Russian domestic audience. But there now is a growing sense among Russia experts that the tough language was specifically aimed at the United States and the NATO allies.

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"We weren't paying attention. We were distracted, busy, with other problems in the world, in particular Iraq," said Michael A. McFaul, a professor at Stanford University who is a Russia scholar. "The administration is now put in a position of playing defense, as we are finally seeing the international consequences of the rather dramatic internal transformation inside Russia with the erosion of democracy, a new ruling class, a massive transfer of property rights from so-called oligarchs to, basically, friends of Putin, most of whom are from the old K.G.B."

Senior administration officials said the new effort to reach out to Russia already had been put into action, and included Secretary of State Condoleezza Rice's consultation with her Russian counterpart, Foreign Minister Sergey V. Lavrov, during meetings in Berlin on Feb. 21 and 22 about whether Russia had the appetite to pursue a second Security Council resolution for sanctions against Iran.

The Berlin meetings were intended in large part to show Russia that the Bush administration was consulting with Moscow before its diplomatic initiatives.

Ms. Rice and Mr. Lavrov have a peppery relationship. While the two have met often to discuss Iran, most of the sessions have been in official formats including the five permanent members of the Security Council and Germany, in contrast to the more ad hoc Berlin session with Mr. Lavrov and counterparts from Germany and the European Union.

Ms. Rice's meetings with Mr. Lavrov were followed in the same week by a visit to Moscow by Stephen J. Hadley, the national security adviser. Although Mr. Hadley's trip was organized before the remarks by Russian officials, he used his visit to offer great detail about the administration's agenda, including plans for missile defense.

Mr. Hadley also gave a full description of a pending decision by the United States to build a new generation of nuclear warheads, according to American and Russian officials. Mr. Hadley offered those comments even before the Russians asked about the warhead program in that meeting.

NATO diplomats have also expressed frustration at Russia's words of shock over proposals for basing missile interceptors in Poland and radar in the Czech Republic, and they produced lists of sessions in which officials from Moscow were briefed on the antimissile effort in NATO-Russia Council sessions and in bilateral talks.

Russian officials complain that those meetings were not two-way consultations about American plans but one-way notifications at which their concerns were not weighed.

The United States needs Russia if it is to succeed in its quest of ratcheting up the pressure at the Security Council to block Iran's nuclear ambitions.

The first Security Council resolution — passed Dec. 23 — took four months to complete, partly because Russia balked at the much tougher package of economic sanctions that the Bush administration sought.

Moscow also balked over sanctions against a nuclear power plant that Russia is building in Bushehr, in southern Iran.

Russia, U.S. To Discuss START (WT)

By Nicholas Kralev

The Washington Times, March 6, 2007

The Bush administration has rebuffed Russian overtures to negotiate a legally binding replacement of the 1991 START I treaty that reduced the two countries' strategic nuclear forces but is set to expire in 2009, U.S. and Russian officials said yesterday.

An expert-level meeting between the former enemies to discuss options after the treaty's expiration is expected to take place as soon as this month, but their differences are not likely to be resolved, the officials said.

While the Russians insist on a legally binding agreement, the Americans have focused on "transparency and confidence-building measures" that would still allow both sides to verify each others' arsenals and capabilities.

"We are not going to engage in Cold War-style arms control," said Robert Joseph, former undersecretary of state for arms control and international security. "We don't want to make nuclear warheads the currency of our relationship with Russia. Issues like cooperation on combating nuclear terrorism are much more important today."

Nuclear and arms control experts said the significance of the Strategic Arms Reduction Treaty (START) goes beyond its disarmament goals. It provides the only mutual verification mechanism, which is also relied upon by the 2002 Strategic Offensive Reductions Treaty (SORT).

"Without a verification regime, we'd be dependent on satellites and human intelligence to assess the Russian arsenal," said Daryl Kimball, executive director of the Arms Control Association. "That would lead to further mistrust and mutual suspicion."

Mr. Joseph said the United States is not opposed to copying from START measures such as site visits in any new agreement, but the way they are implemented should be different from the treaty's verification regime, which reflects the realities of the 1980s.

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Russian President Vladimir Putin complained last year about what he called a "stagnation in the area of disarmament," blaming the Bush administration, which has been accused of walking away from international treaties.

"We propose to our American partners that we launch negotiations to replace the START I," Mr. Putin said in June.

Russian Foreign Minister Sergey Lavrov said last month that President Bush and Mr. Putin agreed during the Group of Eight summit in St. Petersburg in July to "start a specific discussion about the fate of our strategic stability treaties."

"We need a subject-specific discussion about how these lethal weapons can be contained on the basis of mutual trust and a balance of forces and interests," Mr. Lavrov told the newspaper Rossiiskaya Gazeta.

"We don't want a discussion reduced to the idea that, since we are no longer opponents, there is no need for us to restrain each other," he said. "That's not the right approach. Actually, it carries the risk of generating the same old arms race, since neither of us is likely to want to lag behind too much."

Russian officials said that Mr. Joseph resisted expert-level talks and preferred "strategic political discussions."

Mr. Joseph, who resigned last month, said he wanted to "get the policy framework right" so the experts know the objective of their negotiations. He noted that there was little contention as those decisions were being made within the Bush administration and expressed certainty that the U.S. position on the issue will not change.

U.S. and Russian officials said that Mr. Joseph and Russian Deputy Foreign Minister Sergey Kislyak decided to hold an expert-level session this month during their last meetings in late January and early February.

START I, signed by President George Bush in 1991, obliged Moscow and Washington to cut their deployed strategic nuclear forces of about 10,000 warheads apiece down to 6,000 each. The treaty can be extended, but either side must notify the other one year before it expires on Dec. 5, 2009.

START II, which was negotiated in 1993, never entered into force because the U.S. Senate and the Russian parliament ratified two different versions. Moscow repudiated the accord a day after the June 13, 2002, U.S. withdrawal from the 1972 Anti-Ballistic Missile Treaty (ABM) that banned strategic missile defense systems.

To replace the ABM, the current Bush administration negotiated SORT, which obligated the United States and Russia to reduce their deployed offensive nuclear forces to 1,700 to 2,200 strategic warheads each by Dec. 31, 2012, when the accord expires.

Mr. Kimball said 2,200 warheads are "well beyond our defense requirements."

Putin Critic Dies In Fall From 5th-floor Window (WT)

The Washington Times, March 6, 2007

LONDON DAILY TELEGRAPH

A journalist who had criticized Russian President Vladimir Putin and frequently irritated Russia's powerful intelligence services has died after falling from a fifth-floor window of an apartment building.

Friends and colleagues demanded an investigation yesterday into the death of Ivan Safronov, the military-affairs columnist at the Kommersant newspaper.

Russian investigators said they believed that Mr. Safronov, 51, had committed suicide -- an interpretation that was challenged by colleagues.

Editors at Kommersant, widely regarded as the country's most authoritative newspaper, said the manner in which Mr. Safronov died pointed to foul play.

The reporter had been to a clinic, where he was being treated for an ulcer, on Friday afternoon and then stopped on the way back to buy a bag of oranges, according to witnesses.

Although he lived on the third floor, the former army colonel fell from the fifth and landed on the portico above the main entrance.

"I am sure it was murder," said Ilya Bulavinov, Kommersant's deputy chief editor. "People don't commit suicide in this manner."

Two female students heard Mr. Safronov's body land and reported that he was still alive. They rang emergency services and were told to call back in 30 minutes if the journalist were still moving. By that time, he was dead.

Russian security services have been implicated in the deaths of a number of Mr. Putin's critics, including journalist Anna Politkovskaya, who was fatally shot in Moscow in October, and the poisoning death of former KGB agent Alexander Litvenenko in London the following month.

China's Spies 'Very Aggressive' Threat To U.S. (WT)

By Bill Gertz

The Washington Times, March 6, 2007

DOJ_NMG_0140963

China's intelligence services are among the most aggressive at spying on the United States, followed by Cuban, Russian and Iranian spy agencies, according to the U.S. government's top counterintelligence coordinator.

"These services are eating our lunch," Joel F. Brenner, the new head of the Office of the National Counterintelligence Executive, said in his first interview since being named to the counterspy post in August.

Mr. Brenner, a former inspector general at the National Security Agency, told The Washington Times that the U.S. remains the No. 1 target of "virtually every significant espionage service on the face of the Earth."

China's intelligence activities have been "very aggressive" at acquiring U.S. advanced technology, often before it is fully developed here. "The technology bleed to China, among others, is a very serious problem," he said, noting that the FBI is improving its efforts to identify and protect sensitive technology.

Beijing also succeeded in penetrating, and thus frustrating, U.S. intelligence against China through Katrina Leung, a Los Angeles businesswoman who was a long-time FBI informant secretly loyal to Beijing, Mr. Brenner said.

Mr. Brenner's office, known as NCIX, is working on a new presidential strategy for counterintelligence. The goal of the office is to provide strategic direction aimed at bolstering counterintelligence agencies, including the FBI, CIA and Pentagon counterspy units.

Another key priority is using counterintelligence techniques, such as turning foreign agents or recruiting supporters, against terrorist groups.

"Hezbollah or al Qaeda don't do a terrorist operation without doing an intelligence operation first," Mr. Brenner said. "They are very thorough and capable in the way they do their advance surveillance and reconnoitering. We've got to get better at that aspect of supporting counterterrorism, and that is one of our core missions here in this office."

Additionally, the NCIX is pressing counterspies to do more to stop computer-based intelligence-gathering, something he called a growing threat.

"You can now, from the comfort of your own home or office, exfiltrate information electronically from somebody else's computer around the world without the expense and risk of trying to grow a spy," Mr. Brenner said.

"We've got to start addressing that in a big way," he said. "Network vulnerability is a huge issue, and it's an issue in the private as well as a public sector."

Mr. Brenner also said he is trying to recruit more-capable people to join counterintelligence services.

"You can't leave counterintelligence to the fanatics and paranoiacs," he said. "We really need our best people, and so training and education and supporting national security studies is something we're paying a lot of attention to."

He also plans to speed up damage assessments, or lessons learned, after spy cases and to conduct aggressive follow-up to make sure recommended changes are implemented.

Currently, the NCIX is conducting a damage assessment of the Leung spy case, examining how Leung secretly spied for China by sexually entrapping two of the FBI's most senior counterspies, FBI agents James J. Smith and Bill Cleveland.

The Leung case was a "very serious espionage case," Mr. Brenner said, a view that contrasts with that of FBI officials who have sought to play down the spy case, saying it was mainly about improper sexual relations between the FBI informant and her handlers. Leung, through her lawyers, has denied spying for China.

Mr. Brenner said China, however, was in fact running Leung as their agent. "That was an intelligence operation, and it was a very successful intelligence operation," he said. "It was a classic honey trap" -- spy jargon for sexual entrapment.

Leung was initially charged in 2003 with spying for China, but the charges were dropped and she eventually pleaded guilty in 2005 to minor charges: making false statements and filing a false tax return. Smith also pleaded guilty to lying to investigators.

In addition to China, Cuba's intelligence services continue to pose a major intelligence threat, as do spies from Russia and Iran, Mr. Brenner said, noting that Cuban intelligence remains a "a very professional service."

"They were trained by the KGB, and now they're training the Venezuelans," he said.

Russia's intelligence service remains "very aggressive" against the United States, and "the Iranians also have a mature and capable service," he said. All "are running significant operations against us."

Overall, the problem of stopping foreign spies is daunting, both due to the number of spies and as a result of problems among U.S. agencies charged with stopping them, namely the FBI, domestically, and the CIA, overseas. Mr. Brenner said he is trying to reform counterintelligence as the mission manager within the office of the director of national intelligence.

Various counterspy agencies, from the Defense Department to the FBI and CIA, have regarded counterintelligence "as an intramural sport."

"We're trying to turn the [counterintelligence] community into a community in reality as well as in name," he said.

"Americans are going to wake up one day and realize that the place in the world we have come to take for granted isn't ours by some God-given right. We have to defend it," he said.

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US Warns China On Military Build-up (AFP)

By Olivier Knox

AFP, March 6, 2007

The United States warned China Monday that its announced military spending boost was "inconsistent" with peaceful growth and hinted that Beijing was understating its defense expenditures.

"This kind of spending not only concerns us but raises concerns among China's neighbors. This is inconsistent with China's policy of peaceful development," said White House national security spokesman Gordon Johndroe.

"We hope they will demonstrate more transparency in the future," Johndroe told AFP by telephone.

He declined to elaborate, but US officials in the past have used such language to mean that they do not believe that China's declared military budget accurately represents their actual defense spending.

Johndroe's comments came after Beijing announced a nearly 20 percent increase in defense expenditures in 2007.

And Chinese Premier Wen Jiabao said Monday that China would continue to strengthen its armed forces, remarks applauded by military leaders who want to counter new threats and take back Taiwan.

"Building a solid national defense system and a powerful people's army is a strategic task in socialist modernization," Wen told the opening of the annual session of the National People's Congress, or legislature.

Wen made the pledge while addressing nearly 3,000 lawmakers a day after the Chinese government announced the biggest increase in its military budget in recent years.

Spending in 2007 will rise 17.8 percent from last year to 350.9 billion yuan (about 45 billion dollars), it said.

Reunification with Taiwan is one of China's long-term objectives, and analysts have said Beijing is beefing up its military partly to enable it to take the island back by force if necessary.

China and Taiwan have been separated since the end of a civil war in 1949, but Beijing considers the island a renegade province.

"Taiwan is our territory. Just look at history. Why can't we take Taiwan back?" said Tan Naida, a delegate from the National Defense University.

Since the beginning of the decade, Taiwan has been ruled by independence-leaning President Chen Shui-bian, exacerbating fears in Beijing that the island could break away for good.

At the US State Department, spokesman Sean McCormack coupled a warning against any steps that would "destabilize the status quo" with strong criticism of Chen's recent pledge to push for Taiwan independence as "unhelpful."

"We believe that any action that would destabilize the status quo or threaten that status quo are not helpful and we would like the parties to refrain from such activities," he said.

"As it is well-established, the US does not support independence for Taiwan," he said.

On Sunday Chen told a group of Taiwan independence advocates that "Taiwan wants independence, Taiwan wants to change its name, Taiwan wants a new constitution, Taiwan wants development."

Such rhetoric in the past has angered Beijing, and raised concerns in the United States, which has pledged to protect Taiwan from Chinese military aggression.

The comments from Washington came nearly two weeks after US Vice President Dick Cheney said that China's military build-up and recent test of a satellite-killing weapon were "not consistent with China's stated goal of a 'peaceful rise.'"

And US Defense Secretary Robert Gates has also recently expressed concern, saying late last month that he suspected that "the Chinese are spending more on their military than what will be reflected in the state budget."

Taking Stock In China (WSJ)

By Fang Xinghai

The Wall Street Journal, March 6, 2007

Last week the Shanghai Stock Exchange's Composite Index unexpectedly dropped 8.84%, the largest one-day decline in 10 years. Surprisingly, to those of us inside China, leading stock markets around the world followed the drop. In same-day trading in New York, the Dow Jones Industrial Average tumbled 3.29% and the NASDAQ 3.86% -- their sharpest falls since 9/11. While China's trade and production have a big global impact, the sell-off in the SSECI is a watershed event that marks the beginning of the integration of China's financial markets into the wider world.

The sell-off itself was most likely just a natural burst of volatility in a richly valued market, not a sign of the Chinese economy's direction, and the global markets perhaps overreacted. Still, the event demonstrates how interconnected the world has become, and why every country should manage its affairs to avoid unnecessary disturbances to the rest of the world.

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So how can China avoid excessive stock-market swings? In an earlier era, the government would cool an overheated stock market by issuing warnings and taking administrative measures such as forbidding certain funds from investing in stocks. But China now boasts a trillion-dollar-plus market with a market capitalization equal to 45% of Chinese GDP.

Were the government to intervene now as it did before, it would likely cause unnecessarily large volatilities, with serious results for the economy. And in an era of rapid change, it is far more difficult now to know whether the market is actually "overheating." Government intervention will most likely either stunt an otherwise healthy, growing market or come so late that the damage is already unavoidable.

A better alternative than government intervention to ensure the smooth functioning of China's stock market is to build in a self-adjusting mechanism. The first step is to continue to strengthen China's institutional investor base.

According to the latest figures from the Shanghai Stock Exchange, institutional investors already own close to 40% of its floating market capitalization. But that's not enough. Since most individual investors have little idea how to value stocks, they tend to bid up prices too high in a bull market and drive them down too low in a bear market. Institutions can value stocks far better and can, over the medium- to long-term, align prices much more closely with the fundamentals.

That's why China should approve more new mutual funds, increase quotas under the Qualified Foreign Institutional Investor scheme so more overseas institutions can enter the market, and allow more insurance and pension money to be invested in stocks. And yes, hedge funds should be legalized.

The second step is to introduce short-selling and stock-index futures. Without a short-selling mechanism investors can only make money when the market goes up. That puts a huge bias on bullish comments and trading behavior. It would help to create more balanced views and trading patterns if investors could make money even in a declining market.

The technical preparations for both steps are already done. But their implementation has been delayed repeatedly for the sake of waiting for the "proper time." When the market was rising last fall, it was feared that allowing stock shorting would kill a nascent bull market. So reforms were delayed until January 2007. After entering the new year, the market rose further and the SSECI quickly closed in on the 3000 level -- and it was feared this time that introducing short-selling would cause big drops in the market. This is another classical example of how opportunities are lost when government is put in charge of making this kind of market decision.

A third step is to loosen government control on initial public offerings. It has long been the practice in China to pace IPOs carefully in order to drive up the market. But this often leads to a supply shortage of new shares and elevates IPO prices, which tends to enhance the overall market price-to-earnings ratio. Already, many IPOs are priced at more than 30 times earnings. The natural stock price adjustment through supply and demand is thus hindered. It's time to introduce an IPO process where the pace is set by the market, not dictated by the government.

Lastly, China's Qualified Domestic Institutional Investor program -- the primary vehicle for Chinese investors to invest overseas via mutual funds -- should be expanded. So far a total of $14 billion in international investing quotas have been distributed among participating institutions, but less than half that amount has been taken up by investors. That's because under current regulations QDII funds largely can only invest in overseas fixed-income products. The lower returns on these investments, and the appreciating Chinese currency, encourage people to keep their money at home.

If the investment scope of the QDII program is expanded to include stocks, investors surely will be more enthusiastic, given the increasingly large price gap between domestic and overseas shares. For example, securities firms are trading at 40 times earnings in China, whereas in overseas markets the best international securities firms are trading at less than 15 times earnings. Given a free choice, many domestic investors would opt for international firms. Some argue that Chinese institutions don't yet know how to invest in overseas stocks. But this can be solved by linking up with international money managers.

Compared with the last bull market from 1999 to 2001, China's institutional investors are far stronger, and this gives us some hope that the current bull run can last longer. However, the majority of investors are still individuals -- and more and more first-time stock investors are getting into the market. Given the huge amount of savings and low interest rates (among other factors) in China, there is good reason to believe that the market can still go too high unless steps are taken to increase market flexibility.

The market is now too big and complex for any able government agency to fine-tune and engineer a soft landing. The government is better advised to improve the market and rely more on its inner mechanisms than on its own ability to intervene.

Mr. Fang is deputy director for financial services in the Shanghai Metropolitan Government, and was deputy chief executive of the Shanghai Stock Exchange from 2001 to 2005. The views expressed here are his own.

Mixed Ruling On Genocide Still Puts Pressure On Serbia (NYT)

By Marlise Simons

The New York Times, March 6, 2007

DOJ_NMG_0140966

THE HAGUE, March 2 — The recent ruling by the United Nations' highest court that found fault with Serbia under the Genocide Convention complicates Serbia's diplomatic rehabilitation, several legal experts said.

They said the decision by the International Court of Justice would bind diplomats of the European Union and NATO, whose ties with Serbia have been growing. That is so, the experts said, even though the court did not find that Serbia was directly responsible for the genocide of close to 8,000 Bosnian Muslims in 1995, but found that it "could and should" have prevented the killings as the Genocide Convention requires.

"Holding Serbia in violation of the Genocide Convention creates new pressures," said Antonio Cassese, a former president of the war crimes tribunal in The Hague and now a law professor in Italy. "There is great moral weight attached to this. It can pose all sorts of obstacles for Belgrade, unless it acts quickly and makes arrests" of the key war crimes suspects who have long been at large, though they are charged with genocide.

The judges ordered Serbia to hand over not only "individuals accused of genocide," but also those accused of other crimes whose trials are pending at the United Nations tribunal for the former Yugoslavia, in The Hague.

The tribunal's chief prosecutor, Carla Del Ponte, immediately sent a letter to the 27-nation European Union about the decision.

In their ruling on Feb. 26, the 15 judges of what is often called the World Court said that by failing to hand over individuals accused of genocide, notably the Bosnian Serb leaders Ratko Mladic and Radovan Karadzic, Serbia was violating the 1948 Genocide Convention, which requires the arrest and punishment of perpetrators.

Legal experts said the ruling had important effects reaching beyond Serbia, because any country sheltering Mr. Mladic or Mr. Karadzic would now be considered in violation of the convention.

"This is a huge issue with other international repercussions," said David Scheffer, a law professor at Northwestern University in Chicago. "It confirms that all states have an obligation" to take action against people accused of genocide, he said, "and part of that is apprehending them."

The decision will affect other fugitives, he said, such as those accused in the Rwanda genocide who are in hiding or on the run from the United Nations Rwanda tribunal. Other lawyers said it may have an application in the violence in Darfur, which the United States has called genocide.

The ruling came in response to a civil lawsuit that Bosnia had brought against Serbia, the first time one nation sued another over claims of genocide. It was the most complex case in the 60-year history of the court, which the United Nations set up to rule on disputes between nations. The tribunals for Yugoslavia and Rwanda, in contrast, are criminal courts trying individuals.

The judges ruled that Bosnian Serb troops committed genocide against Muslims in 1995 in Srebrenica. Serbia's links with the Bosnian Serb troops were close and firmly established, the court said, but it ruled 13 to 2 that it did not have proof to justify finding Serbia directly liable for genocide.

A minority of four judges found Serbia guilty of complicity in the genocide.

The majority nonetheless faulted Serbia for not using its considerable influence to prevent the genocide.

The findings, variously described by international law experts as timid, ambiguous or a tactful compromise, have caused anger in Bosnia and relief in Serbia, which was absolved of having to pay the war reparations that Bosnia had demanded. Bosnian Muslims, who were a majority of the victims of the 1992-1995 war driven by Serbia, called the ruling a disgrace. Serbs in Bosnia expressed anguish at seeing their forces explicitly accused of genocide.

At the same time, the court strengthened the hand of Ms. Del Ponte, the chief prosecutor of the Yugoslavia war crimes tribunal, who has unceasingly called for the arrest of Mr. Mladic, Mr. Karadzic and three other Bosnian Serb leaders.

On Thursday, the prosecutor sent a letter to Angela Merkel, the German chancellor, who currently holds the rotating presidency of the European Union, referring to the court decisions. She asked Germany to ensured that the union did not resume talks about closer ties with Belgrade.

"I have strong evidence that Ratko Mladic and Radovan Karadzic remain in Serbia, under protection," the letter said. It was the task of the European Union "to keep up the pressure" on Serbia to deliver its five remaining fugitives, she wrote.

In the past, the European Union has been firm in saying it could not start membership talks with Serbia until it hands over the fugitives, but recently a number of countries, including Britain, Italy and Spain, have favored a more flexible attitude. They say membership talks would support the moderates in the Belgrade government and that Serbia's cooperation is needed to resolve the future status of its province, Kosovo. Last year, NATO invited Serbia to join its Partnership for Peace venture.

The prosecutor is known to fear that the tribunal, whose mandate ends in 2010, may close down before trying the fugitives.

Joël Hubrecht, a researcher at the Institute for Advanced Legal Studies in Paris, said Serbia, having ignored calls from the Security Council for the fugitives, may also ignore the World Court.

Still, the ruling associates Serbia's present government with the scourge of genocide, even if it happened under the past government of Slobodan Milosevic.

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"It is not just the Milosevic regime that was held in violation; the new Serbia is now held in violation as well," said Phon van den Biesen, a Dutch lawyer and a leader of the Bosnian legal team. "Until it corrects this by making arrests, this is bound to have an adverse effect on decisions around Europe, and in the European Parliament."

Mr. Scheffer of Northwestern agreed. "There is no question Serbia has been stigmatized," he said. "It's going to be a challenge for the government to deal with that."

No Comfort (NYT)

The New York Times, March 6, 2007

What part of "Japanese Army sex slaves" does Japan's prime minister, Shinzo Abe, have so much trouble understanding and apologizing for?

The underlying facts have long been beyond serious dispute. During World War II, Japan's Army set up sites where women rounded up from Japanese colonies like Korea were expected to deliver sexual services to Japan's soldiers.

These were not commercial brothels. Force, explicit and implicit, was used in recruiting these women. What went on in them was serial rape, not prostitution. The Japanese Army's involvement is documented in the government's own defense files. A senior Tokyo official more or less apologized for this horrific crime in 1993. The unofficial fund set up to compensate victims is set to close down this month.

And Mr. Abe wants the issue to end there. Last week, he claimed that there was no evidence that the victims had been coerced. Yesterday, he grudgingly acknowledged the 1993 quasi apology, but only as part of a pre-emptive declaration that his government would reject the call, now pending in the United States Congress, for an official apology. America isn't the only country interested in seeing Japan belatedly accept full responsibility. Korea and China are also infuriated by years of Japanese equivocations over the issue.

Mr. Abe seems less concerned with repairing Japan's sullied international reputation than with appealing to a large right-wing faction within his Liberal Democratic Party that insists that the whole shameful episode was a case of healthy private enterprise. One ruling party lawmaker, in his misplaced zeal to exculpate the Army, even suggested the offensive analogy of a college that outsourced its cafeteria to a private firm.

Japan is only dishonored by such efforts to contort the truth.

The 1993 statement needs to be expanded upon, not whittled down. Parliament should issue a frank apology and provide generous official compensation to the surviving victims. It is time for Japan's politicians — starting with Mr. Abe — to recognize that the first step toward overcoming a shameful past is acknowledging it.

DOJ_NMG_0140968

Miller, Charles S

From: Miller, Charles S
Sent: Tuesday, March 06, 2007 11:40 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M.; Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Dupree, Thomas (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 3/6/07 Civil Division News

Berlin, CIA agents strain U.S.-German ties

Guantanamo inmates appeal detention to top court

Democrats renew Arar fight First step in bid to ban `repugnant' practice of sending suspects to other lands for torture

Wash state suing feds over immigrant kids' health coverage

Air Force must clean asbestos at Lowry

Clinic owner pleads guilty in Medicare fraud

UPI

March 6, 2007

Berlin, CIA agents strain U.S.-German ties

BERLIN, March 6 (UPI) -- The fact that a Munich prosecution office has issued arrest warrants against 13 Central Intelligence Agency officers has strained U.S.-German ties.

German news magazine Der Spiegel said in its latest issue that "high-ranking U.S. diplomats" last week tried to convince the German government to overturn the prosecution office's decision to issue arrest warrants on suspicion of abduction and grievous bodily harm.

The 13 agents are accused of having orchestrated the kidnapping of German-Lebanese Khaled el-Masri, the first prominent extraordinary rendition victim.

Masri, on Dec. 31, 2003, was hauled off a bus while in the Macedonian capital of Skopje. Twenty-three days later, the CIA transferred him to Kabul, Afghanistan, where he was held for five months in a secret prison and repeatedly abused. The CIA released him when they found Masri was not the terrorist suspect they were looking for; he simply had a similar name.

The German Justice Ministry, which has monitored the case, has forwarded the arrest warrants of ten of the 13 CIA agents to Interpol; the men are now wanted in 186 countries, including the United States, for extradition to Germany, making their further CIA service virtually impossible.

Der Spiegel said U.S. diplomats had approached German Chancellor Angela Merkel's foreign policy advisers, and a high-ranking official of the U.S. Embassy in Berlin approached the German Justice Ministry with an official demarche that was fruitless.

Merkel has just managed to revive ties with Washington, after an icy period between Germany and the United States during the reign of Chancellor Gerhard Schroeder, a stark opponent to the U.S.-led war in Iraq.

END

Reuters

March 5, 2007

Guantanamo inmates appeal detention to top court

By James Vicini

WASHINGTON (Reuters) - Some of the Guantanamo prisoners have been unlawfully detained for more than five years and deserve at least a hearing on their challenge to their confinement, their attorneys said on Monday in an appeal to the U.S. Supreme Court.

The lawyers argued a U.S. appeals court was wrong in its ruling last month that upheld a key part of an anti-terrorism law sought by President George W. Bush that took away the rights of the prisoners to challenge their detention before U.S. federal judges.

They urged the country's high court to decide the issue quickly because the prisoners remain in an unprecedented "legal limbo" with no meaningful way to challenge the lawfulness of their indefinite detention.

The indefinite detention and allegations of prisoner mistreatment at Guantanamo, which the U.S. military denies, have tarnished the United States' image abroad and a chorus of allies have urged Bush to shut down the camp for foreign terrorism suspects.

There currently are about 385 detainees at the U.S. naval base at Guantanamo Bay in Cuba. The first prisoners arrived more than five years ago after the United States launched its war on terrorism in response to the September 11 attacks.

"At issue in this case is nothing less than this country's commitment to the rule of law," the main attorney, Seth Waxman, a former top U.S. Justice Department lawyer in the Clinton administration, wrote in the appeal filed on Monday.

"Hundreds of men are currently facing lifelong imprisonment without any assurance that they will ever be tried on a criminal charge or given any fair opportunity to challenge the purported basis of their apprehension and detention," he said.

'WORSENING PLIGHT' OF DETAINEES

Attorneys for the prisoners -- six Algerians captured in Bosnia and held at Guantanamo since January 2002 -- cited the deteriorating physical and mental health of those held at Guantanamo.

"Not only are these questions of paramount legal importance, but the extreme and worsening plight of the Guantanamo detainees make them questions of great humanitarian urgency as well," Waxman said.

One issue in the appeal is whether the law adopted last year was valid in stripping U.S. courts of jurisdiction over the challenges by those imprisoned indefinitely at Guantanamo.

The lawyers said the appeals court was wrong to rule that Congress could abolish the writ of habeas corpus -- historic legal rights allowing somebody being held to challenge their detention -- for the Guantanamo prisoners.

They said the Supreme Court should grant the appeal and rule the prisoners have been unlawfully detained by the U.S. government. A second appeal by another group of Guantanamo prisoners is also being filed on Monday.

The Bush administration plans to file its opposition to both appeals on March 21. The Supreme Court is expected to decide whether it will hear the appeals on March 30.

Arguments then could be held on May 7, with a ruling expected by the end of June.

The Supreme Court has twice before slapped down the Bush administration in rulings on Guantanamo.

In 2004 the court ruled that Guantanamo prisoners can sue in U.S. courts and in 2006 struck down the system Bush initially created to try the prisoners.

After the second ruling, Bush went to the then Republican-controlled Congress, which adopted the law that allows tough interrogation and prosecution of terrorism suspects and takes away their right to challenge their detention before U.S. federal judges.

END

Toronto Star

March 6, 2007

Democrats renew Arar fight First step in bid to ban `repugnant' practice of sending suspects to other lands for torture

Tim Harper - WASHINGTON BUREAU

WASHINGTON–A Massachusetts Democrat, citing the "travesty" of Maher Arar, will rekindle a bid today to outlaw the Bush administration practice of outsourcing torture.

Representative Ed Markey says he is optimistic a Democratic-controlled Congress can end the practice known as "extraordinary rendition" in which detainees are transferred to countries where there are substantial grounds to believe they could be tortured.

The first step to ending the "repugnant and counterproductive" rendition practice, Markey says, is a tough congressional investigation of the case of the B.C. software engineer.

Markey, under his bill in the House of Representatives, would compel the administration to compile a list of countries known to abuse and torture prisoners and prevent the deportation of anyone to any of them unless the secretary of state certified that the country in question no longer practised abuse.

A "diplomatic assurance" from a country would no longer suffice.

Attorney-General Alberto Gonzales has cited such an assurance from Syria in attempting to justify Arar's 2002 rendition to Syria from New York's JFK airport, even though that country had been on a state department list of human rights abusers.

"It is simply shocking that today, the United States still refuses to apologize to Maher Arar," Markey said yesterday.

Canada issued a formal apology to Arar in January and awarded him $11.5 million in compensation.

Markey said despite the Canadian apology and compensation paid to Arar and his family, the Bush administration is keeping him on a "no-fly list" without any justification.

The 16-term congressman is leading the effort to force action on Arar in the House of Representatives, while Democrat Patrick Leahy of Vermont and Republican Arlen Specter of Pennsylvania are leading efforts in the Senate.

Markey introduced his Outsourcing of Torture bill in the last Congress, but since then two countries, Germany and Italy, have started proceedings which would end with charges laid against CIA agents for the kidnappings of citizens.

And the European Parliament has since identified more than 1,000 CIA-operated "ghost flights" that used European airspace and airports between 2001 and 2005.

U.S. President George W. Bush has also acknowledged the existence of secret CIA prisons and asserted his right to continue to use them.

Rendition victims are finding no satisfaction in U.S. courts.

Last Friday, a federal appeals court in Virginia ruled that American state secrets trumped the rights of a German rendition victim, in a decision that could forebode the difficulty faced by Arar as his case winds its way through the U.S. court system.

Khaled el-Masri, who says he was beaten and sodomized in a so-called "salt pit" prison in Afghanistan after being kidnapped by CIA agents in Macedonia on New Year's Eve 2003, was again denied the opportunity to proceed with a lawsuit against former CIA chief George Tenet and other administration officials.

Ben Wizner, the American Civil Liberties Union lawyer who argued el-Masri's case, said the court's decision that such a lawsuit would expose "state secrets" gives virtual immunity to the CIA.

But it does not necessarily sink the hopes of Arar, who is appealing a lower court ruling dismissing his lawsuit in New York.

Arar should get his day in court some time this summer, but legal analysts say he still has hope because his case is being heard in a more liberal circuit and because the judge who dismissed his earlier bid did not invoke the state secrets argument.

Wizner said the ACLU is strongly leaning toward an appeal of the el-Masri case to the U.S. Supreme Court.

"The question is where will this edifice of secrecy and unaccountability crack?" Wizner said.

"I think it will be Khaled el-Masri and Maher Arar on Capitol Hill, testifying to Congressional committees, telling them that if innocent people cannot be vindicated in a court of law, there is something wrong in this system.

"I think el-Masri and Arar will be eventually seen as trailblazers and I think the day will come that we will see Maher Arar in Washington, D.C."

El-Masri, unlike Arar, is allowed to travel to the U.S., apparently because he was never rendered from this country.

He was in the court last November to hear his case argued, and in an emotional piece he wrote in *The Los Angeles Times* last weekend, he said he hoped Americans would one day "see me as a human being – not a state secret."

END

AP

March 6, 2007

Wash state suing feds over immigrant kids' health coverage

DAVID AMMONS

AP Political Writer

OLYMPIA, Wash._Washington is suing the federal government over a new rule that makes it tougher to get medical coverage for infants born in the U.S. to illegal immigrants.

Gov. Chris Gregoire, a Democrat, said the policy is immoral, adds to the cost of medical care and clearly violates the infants' constitutional rights.

The state sued the Department of Health and Human Services in U.S. District Court in Tacoma on Monday. The government has 60 days to respond.

The government declined comment on pending litigation, but defended the new policy.

Gregoire said the agency got advance notice last week and that her social and health services director, Robin Arnold-Williams, was in Washington, D.C., Monday to brief federal officials.

Gregoire, a former three-term Washington attorney general, said the state has a very strong case.

A new federal regulation, recently imposed on an emergency basis and soon to be permanent, requires the state to withhold Medicaid coverage of the newborns until proof of citizenship is processed and approved. A similar requirement exists for adult and child immigrants who seek medical coverage.

Medicaid is a joint federal-state program that covers low-income U.S. citizens. Washington also operates a state-financed program for children of undocumented immigrants.

Gregoire said the rule on newborns makes no sense, because everyone born in the United States is automatically a citizen and the Constitution guarantees them the same services that all other Americans are eligible for.

In the case of the 8,000 infants who are born in Washington every year to poor illegal immigrant parents, the state picks up the delivery cost and can attest that the children are, indeed, U.S.-born and thus citizens, she said.

The state pays an average of $120 a month to cover the infants.

The task of going through a maze of paperwork to determine citizenship and eligibility does nothing but discriminate against the baby and adds to health care costs if their parents are forced to use free care at a hospital emergency room, Gregoire said.

"It's a bureaucratic morass, legally wrong and, I absolutely believe from a moral perspective, it's wrong, fundamentally wrong," she told a news conference.

"How in the world can a state discriminate against United States citizens simply because of something their parent is or is not? Let's do the right thing by these children."

Gregoire said the state will ask the court to block the rule in Washington until the issue is resolved at trial. She said she isn't expecting sanctions or penalties because the state is suing.

The state objected to the new rule as it was being developed. Gregoire said the new policy has nothing to do with the broader debate over immigration. She said she and the Bush White House are on the same page with support of a "balanced immigration" plan that includes a guest worker program and a route for illegal aliens to seek citizenship.

"This is not about immigration," she said. "We're talking about babies, babies born in Washington, babies who are U.S. citizens and babies who need the routine checkups and regular care that every baby deserves. Delay in health care coverage _ or no coverage at all _ will ultimately cost more."

Jeff Nelligan, spokesman for the federal agency's Centers for Medicare & Medicaid Services in Washington, D.C., said in an e-mail to The Associated Press: "The guidelines for citizenship documentation were developed with extensive input from the states, experts, and an advisory group sponsored by the National Association of State Medicaid Directors and mirror those already being used by other federal agencies.

"As well, they also reflect methods being used states such as New York, Montana, and New Hampshire. The guidance will ensure that the states have maximum help in carrying out their objectives for our Medicaid recipients with the least possible burden on beneficiaries."

END

Rocky Mountain News

March 6, 2007

Air Force must clean asbestos at Lowry

The U.S. Court of Federal Claims this week held that the U.S.Air Force was liable to homebuilders who had cleaned up asbestos contamination at the former Lowry Air Force Base in Denver, the Denver law firm of Brownstein Hyatt Farber Schreck said today.

The firm described the victory as one of national importance, because it said it was the first judicial decision in the country interpreting Section 330 of the National Defense Authorization Act. The court held

that this section provides a broad indemnity from the military to parties who purchase former military properties for all costs incurred as a result of environmental contamination caused by the military's historic activities on the property.

Because this decision is the first ruling by any federal court addressing the federal government's indemnification obligations under Section 330, it has significance to any party who has any connection to development on former military property, according to the law firm. With the 2005 decision by the Defense Base Closure and Realignment Commission to close 22 major military bases by Sept. 15, 2011, more and more lenders, corporations and real estate developers will be involved in military base redevelopment. This decision is a first — but also a critical — step towards protecting these parties from the often exorbitant costs of cleaning up contamination on former military bases, according to Brownstein. The homebuilders who brought the lawsuit — Richmond American Homes of Colorado, Inc., Metropolitan Development IV LLC, Metropolitan Builders Inc., Standard Pacific of Colorado Inc., and Touchstone Homes LLC — purchased the former base property from the Lowry Redevelopment Authority, a quasi-governmental entity charged with facilitating redevelopment of the former base property.

During the course of developing the property, the homebuilders discovered asbestos in the soil.

After the Air Force refused to clean up the asbestos, the Colorado Department of Public Health and Environment required each of the homebuilders to undertake the clean up at a total cost of about $9 million.
The homebuilders brought suit after the Air Force again refused to pay for any of the cleanup costs.

After a two year legal battle, the Court of Federal Claims found that the Air Force had caused the asbestos contamination by demolishing a number of asbestos-contaminated buildings prior to transferring the property, and held that the broad indemnity language of Section 330 required the Air Force to fully compensate the homebuilders for costs arising out of the contamination.

END

AP

March 6, 2007

Clinic owner pleads guilty in Medicare fraud

TRENTON, N.J._The owner of two physical therapy clinics pleaded guilty to defrauding Medicare of approximately $3.8 million, the U.S. Attorney's Office said Monday.

Chidi Ikeh, 44, of Houston, Texas, entered his plea shortly before his trial was to begin in U.S. District Court in Trenton. Judge Garrett E. Brown Jr. scheduled sentencing for June 11.

Authorities said Ikeh submitted claims to Medicare falsely stating that physical therapy services were provided under the supervision of a licensed physician when in fact the services were either never performed or performed by unqualified individuals at his Vital Health Care Services clinic in Ewing and U.S. Vital Health Care Services clinic in Cherry Hill.

The bills in question were submitted from February 2002 to August 2005, prosecutors said. Ikeh was arrested in Houston on Sept. 15, 2006.

Ikeh pleaded guilty to one count of health care fraud, which carries a maximum penalty of 10 years in prison and a fine of $250,000 or twice the amount of any monetary gain from the offense, whichever is greatest. He also pleaded guilty to one count of wire fraud, which carries a maximum penalty of 20 years in prison and a fine of $250,000 or twice the amount of any monetary gain, whichever is greatest.

The actual sentence will be determined by the judge in accordance with federal sentencing guidelines that take into account the severity of the offenses and the defendant's criminal history.

Brown ordered Ikeh's detention continued until sentencing.

END

USDOJ- Office of Public Affairs

From:	USDOJ- Office of Public Affairs
Sent:	Wednesday, March 7, 2007 8:12 AM
To:	USDOJ- Office of Public Affairs
Subject:	Attorney General's News Briefing for Wednesday, March 07, 2007
Attachments:	agnb070307.pdf; agnb070307.doc

THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE BY BULLETIN NEWS WWW.BULLETINNEWS.COM/JUSTICE

TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, MARCH 7, 2007 7:45 AM EST

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TERRORISM NEWS:

"High-Value" Gitmo Detainees Face Secret Hearings Starting Friday. McClatchy (3/7, Strobel) reports the Defense Department "said Tuesday that hearings for 14 'high-value detainees,' including the alleged mastermind of the 9-11 terrorist attacks, will start Friday at Guantanamo Bay, Cuba, but that reporters would be barred from the procedures." Pentagon spokesman Bryan Whitman "said at a news briefing that the hearings will be closed 'based on national security concerns.' He promised to release censored transcripts 'as expeditiously as we can,' but said officials had decided not to provide the names of the suspects, even after the transcripts have been released." McClatchy notes that reporters "have been allowed to observe previous hearings of so-called Combatant Status Review Tribunals for Guantanamo detainees." The hearings "are likely to be the prelude to a decision by President Bush to try the 14 men before military commissions that Congress established last year."

The Washington Post (3/7, A3, White, 690K) reports the detainees "will face separate three-officer panels out of view and without a lawyer. They will each have a government-provided personal representative and the opportunity to address the tribunals. None of the men has seen anyone other than his captors, except for representatives of the International Committee of the Red Cross who visited shortly after their arrival in September. Though President Bush has determined that the detainees are enemy combatants, new U.S. laws require the tribunals. If the detainees are found to be enemy combatants, they will be entitled to annual reviews of their status until they face trial."

According to the New York Times (3/7, Cloud, 1.16M), "Current plans call for withholding the names of the prisoners in the transcripts." Defense Department officials "said the secrecy was necessary to avoid disclosing the circumstances of their capture and other sensitive information. It was unclear whether any accusations by the prisoners that they have been mistreated while in custody would be made public."

Terror Financing Suspect Ordered Held In Jail. The AP (3/7) reports, "A San Joaquin Valley businessman of Yemeni descent must stay in jail while prosecutors decide whether to charge him with financing a terrorist organization, a federal judge ruled Tuesday. Abdulla Qassem Ahmed Muthana, 43, a Yemeni national who lives in Corcoran, was indicted last year on four counts of money laundering after undercover officers built a case against him for allegedly laundering unemployment checks through his two grocery stores. He pleaded not guilty. Last week, he was arrested after a second sting, in which undercover federal Customs and Immigration Enforcement agents asked him to help them wire funds to Hezbollah, which the U.S. State Department classifies as a terrorist organization. Muthana allegedly obliged, and sent about $55,000 to a bank account in Bahrain, which was controlled by ICE, according to federal documents. Agents told him they had ties to Hezbollah and would use the money to buy weapons, uniforms and to rebuild schools and bases in Lebanon, the documents said." The AP notes, "The FBI's Fresno office first began investigating Muthana in May 2004. According to federal grand jury indictment unsealed last week, undercover officers would offer Muthana unemployment checks and tell him they obtained them fraudulently. Muthana would give the agents cash for the checks, which he deposited into his business bank account, keeping nearly $17,000 as a commission, the indictment said. … The second sting operation began after the FBI's Buffalo, N.Y. office told officials in California Muthana had been identified in a local case as someone who 'could move $100,000 overseas without problems,' federal documents said."

HOMELAND RESPONSE:

Florida Man Charged With Bringing Weapons Onto Flight To Puerto Rico. The Orlando Sentinel (3/7, Rivera-Lyles, Gutierrez, Kassab) reports, "An airline employee at Orlando International Airport used his security privileges on Monday to sneak a duffle bag containing 13 handguns, an assault rifle and eight pounds of marijuana aboard a Delta flight to San Juan." The Sentinel continues, "Puerto Rico Police arrested Thomas Anthony Muñoz, 22, of Kissimmee, and confiscated the weapons after he walked off Delta Airlines flight 933 Monday afternoon. … It was unclear Tuesday night precisely who notified Puerto Rico authorities at San Juan's Luis Muñoz Marín International

DOJ_NMG_0140980

Airport, but it's possible that Muñoz's arrest was part of a larger gun-running and drug investigation." The Sentinel adds, "A sworn affidavit by an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Puerto Rico states that police on the island were tipped by authorities in Orlando. … According to ATF agent Marco Carrillo's affidavit, Muñoz used his Comair Airlines identification card to sneak the weapons on board. … Muñoz told Carrillo that another employee at the Orlando airport recruited him to smuggle the drugs and guns on board after learning that he was having money problems. … That employee, identified in the affidavit only as ZAB, told Muñoz he had smuggled guns and drugs to Puerto Rico before. He then offered Muñoz about $4,000 to $5,000 to do the same, Carrillo wrote in the affidavit."

The AP (3/7, Leitsinger) reports, "Kevin Farrington, an FBI spokesman based in Miami, said an anonymous tip to the Orlando Police Department generated interest in Munoz's flight. More arrests could be made, he said. … 'I can tell you there were weapons and drugs but we're not getting into specifics right now,' he said. 'We're still following up. It is an ongoing matter.' … Passengers were never in danger, said Christopher White, a spokesman for the Transportation Security Administration Agency in Washington."

Iraqi National Causes Bomb Scare At LAX. The Los Angeles Times (3/7, Blankstein, 850K) reports Fadhel Maliki, an Iraqi national living in Atlantic City, NJ was detained at Los Angeles International airport as he was "carrying a suspicious object." Airport security agents "discovered at 5:40 a.m. that he was carrying a metal object, officials said. A preliminary investigation of the man's bags…found nothing hazardous or dangerous, authorities said. The man has been turned over to Immigration and Customs authorities for additional questioning, officials said at an afternoon news conference." Larry Fetters, federal security director at LAX, said Maliki "was concealing objects connected to wires from his body."

The AP (3/7, Jablon) reports Al-Maliki, "had flown to Los Angeles from Philadelphia on Monday and was booked for a return flight early Tuesday. He triggered an alert during a security screening, FBI spokeswoman Laura Eimiller said. 'He initially said (the device) was therapeutic,' she said. The device had a wire and what may have been a magnet concealed in his rectum, federal officials said. It did not contain any explosives. Al-Maliki said he had flown to Los Angeles for a visit, Eimiller said."

FBI Urged To Brief Members Of Congress On Anthrax Attacks Investigation. The Trenton Times (NJ) (3/7), in an editorial, writes, "Only about a month after the horror of 9/11, Mercer County residents awoke to news that letters containing deadly anthrax had been mailed from the Trenton regional mail facility in Hamilton Township. The anthrax attack ended up killing five people and left more than a dozen others ill, including five area postal workers. … But now, five and a half years later, the killer or killers have not been found and federal investigators have been less than forthcoming in reporting progress or the lack thereof to the public or to elected officials. Early on in the investigation there was a 'person of interest' whom the FBI identified, but no charges ever were brought against the man, a former government scientist. Fortunately, Rep. Rush Holt, D-Hopewell Township, whose office had to be shut down when traces of anthrax were found there, is pushing to have Congress hold hearings on the investigation. He's sent letters to the chairmen of four committees and the chairman of one subcommittee, requesting them to begin airing testimony on the status of the probe. This after Rep. Holt's request last fall for a congressional briefing by the FBI was denied. And when Rep. Holt and 31 other members of the House and Senate made another briefing request in December, U.S. Attorney General Alberto R. Gonzales refused them." According to the Times, "It's time to lift the veil of secrecy. After five-and-a-half years, Attorney General Gon zales and the head of the FBI should share, within bounds, what they know about the investigation. … Federal investigators owe the public an update on the anthrax investigation. And they owe it now."

New Data Mining Project Concerns Some In Congress. USA Today/Gannett News Service(3/7, Yaukey) reports, "Lawmakers and privacy advocates are concerned that a powerful new data searching tool being tested by the Department of Homeland Security could pose a threat to Americans' privacy as it sifts through mountains of information for patterns that might reveal terrorists. Called ADVISE — for Analysis, Dissemination, Visualization, Insight and Semantic Enhancement — the program is capable of linking and cross-matching material from websites and blogs to government records and personal data." The GAO "just completed an analysis of ADVISE at the request of lawmakers, who could release the report as soon as this week. 'Congress is overdue in taking stock of the proliferation of these databases that increasingly are collecting and sifting

more and more information about each and every American,' said Sen. Patrick Leahy, D-Vt., who chairs the Judiciary Committee." USA today notes that "concern over government data mining prompted Leahy…to introduce the Federal Agency Data Mining Reporting Act of 2007 in January. The act would require that all federal agencies report their data mining activities to Congress."

Senate Votes To Keep Union Rights For TSA Screeners In Antiterrorism Bill. The New York Times/AP (3/7, Press) reports in a 51 to 46 vote, the Senate moved Tuesday "to give 45,000 airport screeners the same union rights as border patrol, customs and immigration agents, despite a White House threat to veto it. The vote…rejected an amendment by Senator Jim DeMint, Republican of South Carolina, which would have removed the union rights from a broad antiterrorism bill to carry out recommendations of the Sept. 11 commission previously rejected by Congress." However, "Republicans vowed to remove the provision when negotiators sit down to merge the House and Senate bills." Sen. Mitch McConnell "said there were not enough votes in either the House or Senate to override a veto by President Bush."

A longer AP (3/6, Miller) article added, "The House last month passed a similar anti-terrorism bill that had the same union provision for airport screeners, an indication of organized labor's strength with Democrats now running Congress." Following his amendment's defeat, "DeMint said Democrats had turned the anti-terrorism bill into a reward for organized labor, which had helped elect them in November." The senator "said strengthening airport screeners' rights would hinder the government's flexibility to move them around in response to terrorist threats. 'That is completely untrue and every other Department of Homeland Security employee should take personal offense,' said John Gage, president of the American Federation of Government Employees."

The Washington Times (3/7, Lengell, 88K) reports, "Organized labor has reported declining membership in recent decades, but has gained significant political influence since Democrats took control of the House and Senate in the November elections. … Republicans say Democrats' efforts amount to political payback to organized labor."

WAR NEWS:

Bush Cites "Encouraging Signs" In Iraq. The CBS Evening News (3/6, story 5, :30, Couric, 7.66M) reported that in a speech to the American Legion, President Bush "said it's too early to assess the security crackdown in Baghdad, though he said there are some 'encouraging signs.'" The Washington Post (3/7, A13, Abramowitz, Weisman, 690K) notes "advisers said Bush's comments were based on briefings from commanders on the ground and were designed to counter the argument from many Democrats on Capitol Hill that his Iraq strategy is destined to fail." Bush "said the Iraqi government has completed the deployment of three additional Iraqi army brigades to Baghdad and has lifted restrictions on U.S. forces going into certain neighborhoods in the capital. He said the government of Prime Minister Nouri al-Maliki has also started delivering on promises to meet political benchmarks, such as a new law to distribute oil revenues throughout the country." The Post adds, "Bush's comments seemed calculated to exploit divisions among Democrats who were swept into power by opposition to the war but have not agreed how to oppose it effectively."

The AP (3/7, Ben Feller) says Bush argued "his decision to send more troops to Baghdad is yielding 'gradual but important' progress in Iraq. He portrayed himself as steadfast while Democrats squabble over strategy. … 'Other members of Congress seem to believe that we can have it all: that we can fight al-Qaida, pursue national reconciliation, initiate aggressive diplomacy and deter Iran's ambitions in Iraq -- all while withdrawing from Baghdad and reducing our force levels,' Bush said in a speech to the American Legion. 'That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for. There are no shortcuts in Iraq,' the president said." The President added "Democrats have a right to express their opinions. Then he methodically criticized several of their ideas: adding unrelated items to a war spending bill; narrowing the mission in Iraq; or placing conditions on money for the war."

The Washington Times (3/7, Ward, 88K) reports, "The crowd of several hundred mostly-older veterans laughed at the president's jokes and cheered him on, but their largest applause a standing ovation came when the president said Congress should not restrict or cut off funding for the war." Still, "administration officials say they know that America's

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patience with the Iraq war has grown thin. But they think the plan to send 21,500 additional troops to Iraq has bought them a short window of time. 'I think right now there's a wait-and-see attitude by the public, which is what we were hoping for,' said a senior Bush administration official. 'While there hasn't been a spike in support for it, it's almost a pay-as-you-go approach, and as they see a little bit of progress, they'll buy you a little more time.'"

Meanwhile, AFP (3/7, Knox) says "Bush challenged Iran and Syria Tuesday to prove at a pair of upcoming international conferences on Iraq that they are serious about helping to quell deadly violence there. 'These meetings will be an important test. They'll be a test of whether Iran and Syria are truly interested in being constructive forces in Iraq,' he said" in his speech. The two conferences, he added, will also "be a test for the international community to express its support for this young democracy, to support a nation that will be at peace with its neighbors." The President "was referring to Iraq's call for a March 10 conference in Baghdad grouping officials from Iraq's neighbors as well as the five permanent members of the UN Security Council -- Britain, China, France, Russia, and the United States -- and the Arab League and the Organization of the Islamic Conference." Bush also "noted that there would be a subsequent meeting in April of foreign ministers from around the world, including US Secretary of State Condoleezza Rice, to discuss Iraq's future."

Brutal Attacks Kill At Least 130 Shiite Pilgrims. USA Today (3/7, 9A, Jervis, 2.27M) reports, "Suicide bombers and gunmen attacked religious processions of Shiite pilgrims Tuesday, killing at least 130 people in one of the deadliest days of the four-year war. … The massacre of pilgrims may test the patience of Shiite militias that have tentatively put down their arms in recent weeks as US troops flood into the capital under a new security initiative."

The New York Times (3/7, Oppel, 1.16M) says "at least 109 Shiite pilgrims were killed and more than 200 wounded with the death toll continuing to rise." The US military also "announced an unusually high death toll for American soldiers: nine killed on Monday, including six soldiers riding in two vehicles who died from the same huge bomb blast north of Baghdad." The attacks "demonstrated that Sunni militants could still inflict grave damage inside or outside the capital even as the American-backed Baghdad security plan entered its fourth week. The attacks immediately drew Shiite calls for reprisals." The Los Angeles Times (3/7, Serrano, Berthelsen, 850K), Washington Times/AP (3/7, Murphy) and Washington Post (3/7, A1, Londoño, Raghavan, 690K) also report the story, with the Washington Post (3/7, A12, Raghavan, Sarhan, 690K) running an additional piece describing the carnage and scenes of panic after the massacre.

ABC World News (3/5, story 4, 2:25, McCarthy, 8.78M) reported, "Despite today's deadly attacks outside Baghdad, many people we speak to inside the city tell us they do sense things have started to change since the US surge began. Commerce is making a comeback. Markets are more crowded. Some stores that had closed have reopened. And death squad killings are down. 'We still see some militias,' says this man, 'but I think their activities have decreased.' For US troops, this has been a pleasant surprise." Another somewhat positive story appears in USA Today (3/7, 9A, Jervis, 2.27M), which reports "about 1,000 Iraqi families who fled their violent neighborhoods have returned home under a fledgling initiative of the new Iraq security plan. A government program offers each returning family about $750, along with fuel, food and promises of improved security, said Brig. Gen. Qassim al-Mousawi, spokesman for the security operation, which began last month."

But the CBS Evening News (3/6, story 6, 1:20, Pizzey, 7.66M) reported, "After a fall in body counts and bombings brought a statement from the government that the new plan is a shining success, the past two days are an horrific reminder that full-scale sectarian war is as close as security is a distant hope." Likewise, NBC Nightly News (3/6, story 3, 3:00, Engel, 9.87M) said, "It's probably too early to tell if this new security plan is making a difference but on the ground, the situation does look very dire. I was out today in western Baghdad on a street they call phone card and all the shops were closed. There were burned out cars in the middle of the road and the situation is very severe. US commanders have said we're in a turning point in the past, and unfortunately it hasn't been the case."

House Democratic Leaders Plead For Party Unity On Iraq. The New York Times (3/7, Zeleny, Toner, 1.16M) reports, "House Democratic leaders on Tuesday implored their rank and file to stick together as the debate intensified over the financing and direction of the Iraq war, saying a fractured party would impede the overarching goal of bringing the conflict to a close." As Congress "considers President Bush's $93.4 billion spending request for military operations in Iraq and Afghanistan," Democrats

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"are struggling to reach agreement over what conditions should be placed on war financing. Among the sticking points is whether the legislation should include a specific date for a withdrawal from Iraq." The Out of Iraq Caucus, "a group of 75 lawmakers who oppose the war, is pressing Democratic leaders to schedule a vote on a proposal to pull troops from Iraq. Even though that would almost certainly fail, some representatives say they are inclined to only support the larger spending measure if there is a House debate on troop withdrawal."

Meanwhile, Roll Call (3/7, Pierce, Yachnin) reports that House Democratic leaders "were still tinkering with a $100 billion-plus Iraq War spending bill Tuesday," but "largely" they "have settled on a measure that puts several conditions on the president's use of the money while seeking to draw support from wavering Democrats and Republicans by allowing votes on multiple amendments and including money for veterans' care." Rep. Mike Capuano, "a member of the Progressive Caucus opposed to further funding the war, said Democratic leaders presented 'nuanced changes' to Democrats at their regular full Caucus meeting, but that "no firm language" has been shown to the Members yet."

The Politico (3/7, Hearn, Bresnahan) reports "House Democratic leaders, seeking a compromise with several dozen anti-war lawmakers in their own caucus, are considering a vote on a timetable for withdrawing U.S. troops from Iraq before taking up $98 billion in new military spending. In return for the vote, the leaders want the 50 to 75 anti-war Democrats to support the wartime funding, if their proposal fails." Speaker Nancy Pelosi faces "an uprising from liberal Democrats opposed to the wartime supplemental. If they allow a House floor vote to set a withdrawal date, it would be the first such vote in either the House or the Senate since the Democrats took control of Congress in January. And it would mark a new phase in the political struggle over the conflict." Pelosi "is trying to balance demands from anti-war liberal Democrats for dramatic moves to scale down -- or end -- the war against calls from more moderate and conservative Democrats to avoid votes that would undoubtedly jeopardize their own political futures."

The Washington Times (3/7, Miller, 88K) says the Democratic caucus' "left wing could nix the administration's request for more than $100 billion of added funds for the war -- which Defense Department officials say they need by April to keep fighting -- if it is joined in a 'no' vote by Republicans opposed to other restrictions Democrats want on the spending. 'The supplemental could sink,' a senior Republican aide said. 'House Republicans will oppose any supplemental that cuts funds or tries to attach specific conditions for our troops in harm's way.'"

Further endangering the spending bill, says the Wall Street Journal (3/7, A6, Rogers, 2.04M), is the White House's "defensive stance," which is such that "it risks further alienating the Democrats who will write the measure." Bush "hosted a Republicans-only strategy dinner in the White House family quarters last week on the war appropriations. At the same time, the administration has resisted giving Democratic staff even technical advice on funding that the new majority wants to add for veterans' health programs. Rep. Chet Edwards (D., Texas) broke the impasse in the House last week by personally going to a senior health official in the Department of Veterans Affairs. In the Senate, the VA reversed itself only yesterday, hours after the White House budget office was asked if there was an order to resist giving advice." The Journal adds, "The skirmishes illustrate the growing partisanship surrounding the war issue. Democrats are plainly torn about approving Mr. Bush's nearly $100 billion request without adding some conditions to try to influence policy."

The AP (3/7, Taylor) reports House Democrats "are pushing to add billions of dollars to…Bush's $93.4 billion request for military operations in Iraq and Afghanistan, including $900 million for troops suffering from brain injuries and post-traumatic stress disorder. An additional $2.5 billion would go to strengthen training and readiness for forces not deployed in war zones, and $1.4 billion would go to address housing allowance shortfalls." Meanwhile, "the Pentagon said Tuesday it needs about $1 billion more to support Bush's decision to send 21,500 additional combat troops to Iraq. It also said it has decided against using the pending supplemental bill to procure combat and cargo aircraft, few if any of which could have been built in time to affect the war."

The Hill (3/7, Soraghan) says Democrats "have pushed back consideration of the budget resolution and the Iraq supplemental spending bill because they haven't been able to resolve differences between those who want to mandate a clear date for withdrawal from Iraq and those who don't." But "leaders are still saying they expect a floor vote before the Easter recess begins April 2, and they are stressing that they have reached consensus in some key areas. 'What we're trying to do is make policy, not just points,' said House Majority Leader Steny Hoyer (D-Md.)." Meanwhile, "House

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Democratic Caucus Chairman Rahm Emanuel (D-Ill.) disputed reports that liberal Democratic members will vote against a Democratic plan if it doesn't set a concrete date for withdrawal. 'I don't believe it, and I'll put money on that,' Emanuel told The Hill. 'Even people who have been quoted saying that have told me, "That is not my position."'" Emanuel "spoke passionately about a 'unity approach' in Tuesday's Democratic Caucus meeting."

Iraqi's Request For Asylum In US Chronicled. The Washington Post (3/7, B1, Schulte, 690K) profiles Iraqi Hussein Hayal al Zaidi, who is awaiting an appeal in Northern Virginia on his petition for asylum. Al Zaidi "says he spent nearly four years in jail in Saddam Hussein's Iraq," where he says he was tortured. However, US Immigration Judge Joan Churchill "received an anonymous note" that said that while al Zaidi was in Iraq, he was "working as secret service" for Saddam Hussein and that he was sent to the US "to kill high-level officials." The judge then denied al Zaidi's request.

NATO Troops Launch Offensive Against Taliban. The New York Times (3/7, Gall, 1.16M) reports, "In its largest offensive since taking command of southern Afghanistan last year, NATO mounted an attack against hundreds of Taliban and foreign insurgents in Helmand Province on Tuesday, military officials said." NATO "said the offensive was aimed at countering the Taliban insurgency, which has joined forces with drug traffickers to make Helmand the most lawless province in Afghanistan. Some 4,500 NATO troops are taking part in the operation, including an American airborne force, as well as 1,000 Afghans."

The Christian Science Monitor (3/7, Sappenfield, 59K) says the offensive is part of "Operation Achilles," NATO's "largest offensive ever in the country." It is "a clear escalation of the stakes, with both sides seeing this as a year that could determine the future of Afghanistan's Western-backed government. And it is here in the Afghan south that the hammer blow is expected to fall hardest." USA Today (3/7, 8A, 2.27M), Los Angeles Times (3/7, Azimi, King, 850K), Washington Post (3/7, A10, Witte, 690K) and Washington Times/AP (3/7, Abrashi) also report the story.

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Dismissed US Attorneys Tell Lawmakers They Felt Pressure, Threats From Main Justice. The Washington Post (3/7, A1, Eggen, Kane) reports, "Six fired U.S. attorneys testified on Capitol Hill yesterday that they had separately been the target of complaints, improper telephone calls and thinly veiled threats from a high-ranking Justice Department official or members of Congress, both before and after they were abruptly removed from their jobs." The Post continues, "In back-to-back hearings in the Senate and House, former U.S. attorney David C. Iglesias of New Mexico and five other former prosecutors recounted specific instances in which some said they felt pressured by Republicans on corruption cases and one said a Justice Department official warned him to keep quiet or face retaliation. … Iglesias's allegations of congressional interference have prompted a Senate ethics committee inquiry. Yesterday he offered new details about telephone calls he received in October from Sen. Pete V. Domenici (R-N.M.) and Rep. Heather A. Wilson (R-N.M.), saying he felt "leaned on" and "sickened" by the contacts seeking information about an investigation of a local Democrat. … Another former prosecutor, John McKay of Seattle, alleged for the first time that he received a call from the chief of staff to Rep. Doc Hastings (R-Wash.), asking about an inquiry into vote-fraud charges in the state's hotly contested 2004 gubernatorial election. McKay said he cut the call short. … Ed Cassidy, a former Hastings aide who now works for House Minority Leader John A. Boehner (R-Ohio), said yesterday that the call was routine and did not violate 'permissible limits' on contact with federal prosecutors. Hastings, the ranking Republican on the House ethics committee, also said that the exchange was 'entirely appropriate.'" The Post notes, "Yesterday's testimony featured new allegations of threatened overt retaliation against the prosecutors, as former U.S. attorney Bud Cummins of Little Rock said a senior Justice Department official warned him on Feb. 20 that the fired prosecutors should remain quiet about their dismissals. Cummins recounted in an e-mail made public yesterday that the official cautioned that administration officials would 'pull their gloves off and offer public criticisms to defend their actions more fully.' … 'It seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation,'

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Cummins wrote in the e-mail, which he sent as a cautionary note to fellow prosecutors."

The Wall Street Journal (3/7, Perez) reports, "A top Justice Department official, reacting to public criticism of the department over the firings of eight U.S. attorneys, called one of the ousted prosecutors and said the department may have to 'pull their gloves off and offer public criticisms' against the prosecutors if the prosecutors continued to talk publicly about the dismissals, one of the prosecutors said." The Journal continues, "Bud Cummins, who was fired last June from his job as U.S. attorney for the Arkansas Eastern District, based in Little Rock, told other dismissed U.S. attorneys in a Feb. 20 email that he thought the call from Mike Elston, an aide to Deputy Attorney General Paul McNulty, was 'amiable enough.' Mr. Cummins told the former prosecutors that he didn't want to 'overstate the threatening undercurrent in the call, but the message was clearly there and you should be aware before you speak to the press again if you choose to do that.'" The Journal adds, "Mr. Cummins's email was made public as several attorneys testified before the House and the Senate. Justice Department officials came under withering fire from lawmakers in both chambers over the recent dismissal of at least eight U.S. attorneys. … Mr. Cummins's firing is what started the uproar. His interim replacement, Timothy Griffin, is a former political official in the Bush White House and the Republican National Committee. Mr. Cummins, in an interview, said a top Justice official asked for his resignation in June, saying the White House wanted to give another person the opportunity to serve. Since the controversy arose, Mr. Griffin has announced he doesn't plan to seek Senate confirmation. … The Justice Department said Mr. Elston didn't threaten Mr. Cummins. 'We stand by our statement that Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure, and any suggestion that such a conversation took place is ridiculous and not based on fact, ' Brian Roehrkasse, a Justice Department spokesman said."

The New York Times (3/7, Johnston) reports, "Democrats said the testimony raised more questions about the Justice Department's motives for the removal of eight prosecutors. 'Federal prosecutors are supposed to be bedrock neutral servants of the law, not temporary tools in the service of some political end,' said Senator Charles E. Schumer, Democrat of New York and a member of the Judiciary Committee." The Times continues, "In an e-mail message to several dismissed prosecutors that was disclosed at the hearing, Mr. Cummins wrote of senior Justice Department officials, 'They feel like they are taking unnecessary flak to avoid trashing each of us specifically or further, but if they feel like any of us intend to continue to offer quotes to the press, or to organize behind the scenes Congressional pressure, then they would feel forced to somehow pull their gloves off.'" The Times adds, "In a letter on Tuesday addressed to Mr. Schumer, Mr. Elston responded that he was 'shocked and baffled' by Mr. Cummins's portrayal of their past discussions. … 'I do not understand how anything that I said to him in our last conversation in mid-February could be construed as a threat of any kind,' Mr. Elston wrote, 'and I certainly had no intention of leaving with that impression. At no time did I try to suggest to him what he or any other former U.S. attorney should or should not say about their resignations.' … Under questioning by Senator Arlen Specter, Republican of Pennsylvania, Mr. Cummins said it was possible Mr. Elston had not intended to threaten anyone and had been offering friendly advice." The Times notes, "A Justice Department official acknowledged to the House Judiciary Committee that the dismissals could have been handled better. The official, William E. Moschella, a top aide in the deputy attorney general's office, told the committee: 'These U.S. attorneys could have been informed at the time that they were asked to resign about the reasons for the decision. Unfortunately, our failure to provide reasons to these individual U.S. attorneys has only served to fuel wild and inaccurate speculation about our motives, and that is unfortunate because faith and confidence in our justice system is more important than any one individual.'"

The AP (3/7, Kellman) reports, "A Justice Department official, invited to one of the two hearings, denied that any of the eight fired U.S. attorneys was improperly pressured or that they were ousted to make room for Republican political allies. Most of the firings were inspired by performance-related issues, he said. … California's Carol Lam, for example, was let go because her prosecution rate for violent crime and border violations was insufficient, William Moschella, an associate deputy attorney general, told a House subcommittee. Iglesias was fired because he had delegated too much to a deputy. … His accounting conflicts with performance reviews obtained by The Associated Press that give those ousted positive assessments. … 'This administration has never removed a United States attorney to retaliate against them. Not once,' Moschella said. 'The

department stands by its decision to ask these U.S. attorneys to resign.' … A White House spokeswoman, Dana Perino, said administration officials were aware of the impending firings and offered no objections. Presidential adviser Karl Rove 'wasn't involved in who was going to be fired or hired.' … A former Rove aide, Tim Griffin, took over in Arkansas on an interim basis in December. Griffin said last month he would not seek Senate confirmation, saying a 'partisan circus' had formed around his appointment."

The Washington Times (3/7, Pfeiffer) reports, "The Justice Department firings of Mr. Iglesias and seven other U.S. prosecutors are shaping up to be the first major investigation by the Democrat-led Congress. … 'They were fired for no reason -- or worse, a political agenda,' Chairman Charles E. Schumer, New York Democrat, said at the opening of the Senate Judiciary Committee hearing." The Times continues, "Justice Department officials say the prosecutors were fired for performance-related issues. … 'This may take a lot of time and a lot of hearings,' said Sen. Arlen Specter of Pennsylvania, the committee's ranking Republican."

McClatchy (3/7, Taylor, Talev, Blumenthal) reports, "David Iglesias, the former U.S. attorney in New Mexico, described separate phone calls from Republicans Sen. Pete Domenici and Rep. Heather Wilson about a corruption probe that involved at least one Democrat a month before the November elections and weeks before he was fired. At the time, Wilson was in a re-election race that she later won by 875 votes out of nearly 211,000 cast." McClatchy adds, "The prosecutors' testimony provoked a new round of accusations that Republicans tried to interfere with U.S. attorneys, who are appointed by the president but are supposed to refrain from partisan politics. … Rep. Linda Sanchez, D-Calif., the chairwoman of the House subcommittee, said in an interview that she expected the House to hold more hearings, and she left open the possibility of calling White House and Republican Party figures, as well high-level Justice Department officials."

The Los Angeles Times (3/7, Serrano) reports, "Iglesias, told congressional committees investigating the firing of him and seven other U.S. attorneys that in mid-October, Rep. Heather Wilson grilled him over the phone for information about possible sealed indictments in a call to his hotel room in Washington. … Two weeks later, Iglesias said, Sen. Pete Domenici called him at home, expressed disgust that there would be no indictments against Democrats in New Mexico before the November election, and slammed down the phone. … 'I felt sick afterwards,' Iglesias said. 'I felt leaned on. I felt pressured to get these cases moving.'"

The Chicago Tribune (3/7, Demirjian) reports, "McKay and Cummins were joined in their testimony by former U.S. Attorneys Carol Lam of San Diego, best known for her successful prosecution of former Rep. Randy 'Duke' Cunningham (R-Calif.), and David Iglesias of New Mexico, a former Navy prosecutor who was the inspiration for Tom Cruise's character in 'A Few Good Men.' All four also testified before the House Judiciary Committee and were joined there by former U.S. Attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona. … Their complaints about feeling pressured by the Bush administration to keep quiet about their dismissals are the latest chapter in what has incrementally grown into a serious political problem for the White House. … 'There is so much evidence of the political interest of justice officials carrying weight over the career lawyers,' said Thomas Mann, a political analyst with the Brookings Institution. 'My view is that will potentially be quite harmful to the administration.'" The Tribune adds, "Iglesias' story comes only weeks after Attorney General Alberto Gonzales told the Senate Judiciary Committee that he would 'never, ever make a change in the United States attorney position for political reasons.' … But shifting details in the administration's official explanations have convinced some Democrats that the attorneys in question were basically fired for political reasons. … 'With virtually no documentary evidence on performance problems on the part of the fired U.S. Attorneys…what are we to think?' asked Sen. Charles Schumer (D-N.Y.), who chaired the Senate committee meeting."

The Financial Times (3/7, Washington) reports, "A top official at the Justice Department warned one of the eight US attorneys ousted last year that the Bush administration would 'take the gloves off' and retaliate if the fired prosecutors continued to talk publicly about the issue, Bud Cummins, the former US attorney from Arkansas, testified yesterday. … 'It might have been a threat. It might have been a warning. It might have been a prediction,' Mr Cummins told the Senate judiciary committee of his February 20 conversation with Mike Elston, the chief of staff to Paul McNulty, the deputy attorney-general. Mr Cummins immediately e-mailed the warning to five fellow ousted prosecutors."

Bloomberg (3/7, Schmidt) reports, "Democrats demanded to know whether the Bush administration forced out the prosecutors to influence politically sensitive criminal

investigations. Most of the ex- U.S. attorneys were supervising at least one high-profile corruption probe." Bloomberg continues, "Democrats on both the Senate Judiciary Committee and the House Judiciary subcommittee said they will continue to press for an explanation from Justice Department officials. … 'We will not rest until we get the answers we seek,' said… Schumer. … Senator Arlen Specter of Pennsylvania, the senior Republican on the committee, agreed. … 'It is very important to withhold judgment on the allegations until we have worked through this very complex' matter, said Specter. " Bloomberg notes, "On the House side, Republicans likened the hearing to a political show trial, pointing out that President George W. Bush has the authority to fire prosecutors at will. … Representative Christopher Cannon, a Utah Republican, chastised Democrats for trying to 'stir up a groundless partisan controversy.' The prosecutors 'are not entitled to their jobs,' he said."

USA Today (3/7, Johnson) reports, "The Justice Department's Brian Roehrkasse said Elston did not try to silence the fired prosecutors or prevent them from cooperating with Congress."

The Albuquerque Tribune (3/7, Brosnan, Nash) reports, "Iglesias, the U.S. attorney for New Mexico, also testified about an October phone call from U.S. Rep. Heather Wilson, who was locked in a re-election battle with then-state Attorney General Patricia Madrid. Iglesias said Wilson asked him about 'sealed indictments' in the case. … Iglesias told the committee that he believed the brief phone calls from the two Albuquerque Republicans in the weeks prior to the Nov. 7 elections were an attempt to involve his office in the 1st Congressional District battle. … Iglesias also revealed in the first of two high-profile congressional hearings today that he had been warned by a fellow fired U.S. attorney that the Justice Department might retaliate if he testified before Congress." The Tribune adds, "Iglesias said Wilson called him about Oct. 16 and said 'she had been hearing about sealed indictments. What can you tell me about sealed indictments?' … 'Red flags went up,' Iglesias said. 'We cannot talk about sealed indictments.' … Iglesias said he responded that prosecutors occasionally seal indictments in national security cases, 'and she was not happy with that answer.' … Domenici called Iglesias at his home about two weeks later and also asked about the investigation into kickbacks in a courthouse construction contract purportedly involving high-profile Democrats. … The Justice Department asked for Iglesias' resignation six weeks later." The Tribune notes, "Sen. Arlen Specter, a Pennsylvania Republican, asked Iglesias why he did not report the calls to the Justice Department, as he was required, noting that the immediacy of a complaint adds to a witness's credibility. … Iglesias responded that he did not do so because he felt loyalty to Domenici as a mentor and Wilson as a 'friend and ally.' … But he changed his mind about going public in mid-January, he said. … 'Loyalty is a two-way street,' he said. 'I think they (Domenici and Wilson) were behind me being asked to resign.'"

The AP (3/7, Sherman) distributed a Q & A on the hiring and dismissal of US Attorneys. The AP (3/7) also distributed an explanation of the reasons given by DOJ for the dismissals.

Gonzales Says Dismissals Were Related To Performance, Not Politics. In an op-ed in USA Today (3/7, 10A), Attorney General Gonzales writes, "As any employer or manager knows, the handling of personnel matters — especially the termination of employees — is one of the most challenging tasks in any business. Personnel matters in the federal government are no exception. … To be clear, it was for reasons related to policy, priorities and management — what have been referred to broadly as 'performance-related' reasons — that seven U.S. attorneys were asked to resign last December." Gonzales continues, "The Justice Department, out of respect for these individuals, would have preferred not to talk publicly about those reasons, but disclosures in the press and requests for information from Congress altered those best-laid plans. Although our reasons for their dismissal were appropriate, our failure to provide those reasons to these individual U.S. attorneys at the time they were asked to resign has only served to fuel wild and inaccurate speculation about our motives. That is very unfortunate because faith and confidence in our justice system are more important than any one individual. … We have never asked a U.S. attorney to resign in an effort to retaliate against him or her or to inappropriately interfere with a public corruption case (or any other type of case, for that matter). Indeed, during the last six years, the department has established an extremely strong record of rooting out public corruption, including prosecuting a number of very high-profile cases." Gonzales concludes, "Like me, U.S. attorneys are political appointees, and we all serve at the pleasure of the president. If U.S. attorneys are not executing their responsibilities in a manner that furthers the management and policy goals of departmental leadership, it is appropriate that they be replaced. After all, the responsibility

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of the Department of Justice, and of the Congress, is to serve the people of the United States. While I am grateful for the public service of these seven U.S. attorneys, they simply lost my confidence. I hope that this episode ultimately will be recognized for what it is: an overblown personnel matter."

Iglesias Takes Center Stage At Hearings. The Los Angeles Times (3/7, Riccardi) reports, "Until recently, David C. Iglesias was best known in New Mexico as one of the role models for the military lawyer Tom Cruise played in 'A Few Good Men.' … A trim, straight-backed former Navy lawyer, Iglesias rode that all-American reputation to high levels in Republican politics: He nearly became the state attorney general and was appointed U.S. attorney." The Times continues, "Now Iglesias has a new role: star witness. The Bush administration fired him in December and contended it was for poor job performance. On Tuesday, Iglesias, 49, told the Senate Judiciary Committee that two prominent Republican politicians had called him to ask whether indictments would be filed before the November election against Democratic politicians in an ongoing criminal investigation. In the weeks that followed, Iglesias and seven other federal prosecutors were forced to resign. … To friends and observers in New Mexico, the only surprise is the speed at which the GOP establishment has turned on one of its rising stars. … 'You'd be hard pressed to find a more ethical, straight-shooter type than David Iglesias,' said Jerry Walz, an Albuquerque lawyer and longtime friend for whom Iglesias briefly worked. 'Here you have this dramatic rise to a very prominent position. He has movie-star good looks in his own right. He has everything going for him, and this is why this is such a dramatic event.'"

Senior Aide To Hastings Implicated. The Hill (3/7, Crabtree) reports, "A Democratic probe into the firings of eight U.S. attorneys implicated yesterday a senior staffer for Rep. Doc Hastings (R-Wash.), the third GOP congressional office to become caught in the quickly escalating controversy in as many days." The Hill continues, "During testimony before the Senate Judiciary Committee, former U.S. Attorney John McKay said that Ed Cassidy, then-chief of staff to Hastings, called him in 2004 to ask whether he was investigating allegations of voter fraud after a Democrat won the Washington state governor's race in a third recount. At the time, McKay was serving as the chief federal law enforcement officer in Seattle. … McKay said he responded to Cassidy's initial questions with publicly available information and then tried to stop the line of questioning when pressed. McKay said he thought that Cassidy's questions were related to internal U.S. attorney decisions about an investigation and were therefore improper under Justice Department ethics rules." The Hill adds, "McKay said he stopped the conversation by asking Cassidy whether the aide was truly asking on behalf of his boss about an internal investigation or whether he was trying to lobby McKay to launch one, which would have been improper. Cassidy agreed that such questioning would be unethical and finished the conversation 'in a most expeditious fashion,' McKay said. … McKay said he was so alarmed afterwards that he called a meeting with two top officials in his office to discuss the matter and determine if he had responded appropriately." The Hill notes, "Cassidy characterized his call to McKay as "routine" and said that he was well aware of the 'permissible limits' on such a conversation and that both he and McKay respected those boundaries. … 'My conversation with John McKay was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities,' Cassidy said in the statement. 'As the top aide to the chairman of the House Ethics Committee, I understood the permissible limits on any such conversation. Mr. McKay understood and respected those boundaries as well. I am pleased that Mr. McKay recalls both our agreement to respect these boundaries and my subsequent decision to end the conversation promptly.' … The charges surrounding Cassidy's call have implications on many levels. Hastings went on to become chairman of the House ethics committee after then-Majority Leader Tom DeLay (R-Texas) purged the panel of its chairman, and at one point DeLay tried to make Cassidy its lead counsel. That move further intensified partisan divisions within the committee and rendered it largely inactive for months. Cassidy has since gone on to become a senior aide and floor assistant to Minority Leader John Boehner (R-Ohio), whom he also will advise on ethics matters."

The Seattle Times (3/7, Bowermaster, Carter, Mundy) reports, "During the recount of the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Wash., called former U.S. Attorney John McKay to inquire about the status of any federal investigations into voter fraud, McKay told a Senate committee today. … McKay told the Senate Judiciary Committee that Ed Cassidy, who now works for Republican Minority Leader John Boehner, called him 'some weeks' following the 2004 election, and after a third re-count had determined that

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Democrat Christine Gregoire had narrowly defeated Republican Dino Rossi. … 'I was told the purpose of the call was to inquire on behalf of congressman Hastings' about the status of ongoing investigations of voter fraud, McKay said in response to a question from Sen. Dianne Feinstein." The Times continues, "McKay said that he informed Cassidy that the office of the U.S. Attorney for the Western District of Washington had already asked the public to contact the Federal Bureau of Investigation with any evidence of voter fraud, so it could be investigated. … Cassidy then began to ask McKay whether any future action would be taken by the U.S. Attorney's office with regard to the governor's race. … 'When Mr. Cassidy called me on future action I stopped him and I told him I was sure that he wasn't asking me on behalf of Congressman Hastings, McKay told the committee, 'because we both knew that would be improper. [Cassidy] agreed it would be improper and he ended the conversation in a most expeditious manner.' … Under further questioning from the Senate Judiciary Committee, McKay said that after he received the phone call from Cassidy, he quickly alerted Jeffrey Sullivan, who was then the head of the criminal division in McKay's office, and Mark Bartlett, the first assistant U.S. Attorney for the Western District of Washington. … McKay told Sullivan and Bartlett about the call, but he said the three of them collectively decided to take no further action because he felt he had stopped Cassidy short of making any improper requests."

The Seattle Times (3/7, Bowermaster, Mundy) reports, "John McKay insists he did not want to talk publicly about his abrupt dismissal as U.S. Attorney for the Western District of Washington in December. … But when he testified before two congressional committees on Tuesday, McKay delivered a vigorous defense of his work and the performance of his office. He challenged the Justice Department's shifting explanations about why he was asked to resign." The Times continues, "He revealed that soon after the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Pasco, called him to ask about the status of any federal investigations into voter fraud. … He even suggested after Tuesday's hearings that bitterness over his refusal to pursue the fraud allegations played a part in his failure to win a federal judgeship. … Yet once the TV lights were off and the drama had ended for the day, it was still hard to identify exactly why the Department of Justice had fired McKay and seven other U.S. attorneys in December, let alone to determine whether the firings were justified. … The prosecutors said they could see no clear reason why they were let go other than political motives, noting that supervisors in Washington, D.C., had praised their work and given them glowing performance evaluations since President Bush took office in 2001. … Brian Roehrkasse, a Justice Department official, strongly denied that McKay's handling of the 2004 governor's race had anything to do with his dismissal. … 'Absolutely not,' Roehrkasse said. 'Any suggestion to that effect is flatly false.'"

Domenici, Wilson Could Face Ethics Probes. Roll Call (3/7, Van Dongen) reports, "The accusations were leveled at a sensational Senate Judiciary Committee hearing Tuesday morning, during which four ousted U.S. attorneys testified that they did not know why they were summarily fired by the Justice Department. At the hearing, fired New Mexico U.S. Attorney David Iglesias accused Sen. Pete Domenici (R-N.M.) and Rep. Heather Wilson (R-N.M.) of pressuring him into wrapping up a corruption probe into local Democrats. … The House and Senate ethics committees could open probes into the lawmakers' behavior. … 'I believe the House ought to take it under consideration,' said House Majority Leader Steny Hoyer (D-Md.). 'Am I going to file a complaint? The answer is no. It has been my consistent position that the ethics committee has a responsibility ... when issues are raised in the public sphere ... I would hope they would do that.'"

The Politico (3/7, By:, Kraushaar, O'Connor) reports, "Rep. Heather Wilson has long been among the most vulnerable Republicans in Congress, eking out wins in a Democratic-leaning New Mexico district because of her independent reputation and persistent campaigning. … She now faces a new challenge to her future as well as her reputation: involvement in a growing political tempest over the firings of eight U.S. attorneys by the Justice Department." The Politico continues, "Wilson acknowledged Monday night that last October she contacted then-New Mexico U.S. Attorney David Iglesias to inquire about the pace of a corruption probe against the state treasurer, a Democrat. But she firmly denied calling to pressure Iglesias to speed the indictment process. … 'There are serious discrepancies that exist between Heather Wilson's statement today and Mr. Iglesias' testimony delivered under oath,' said Doug Thornell, spokesman for the Democratic Congressional Campaign Committee. 'Ms. Wilson needs to fully explain those discrepancies.'" The Politico adds, "House Minority Leader John Boehner (R-Ohio) dodged a question about whether the House should conduct

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an ethics investigation into Wilson's contact with the U.S. attorney, deferring to Iglesias and a statement released by Wilson's office on Tuesday morning. … 'I'm not sure what the facts are in this case,' Boehner said."

The Legal Times (3/7, McLure, Goldman) reports, "Justice Department guidelines strictly limit what prosecutors can say about ongoing investigations. Nonetheless, two weeks after Wilson's call, Iglesias testified that he received an unusual call from Domenici at his home in late October, just days before the November elections. The senator also wanted to know about the prospect of charges in the public-corruption case. … 'Are these going to be unsealed by November?' Iglesias said Domenici told him. … Iglesias says that after he told Domenici it was unlikely charges would be brought before November, Domenici told him, 'I'm very sorry to hear that,' and the line went dead. … Iglesias suggested that his firing, given his office's high marks in internal Justice Department performance reviews, may have come as a result of Domenici or Wilson pressuring the White House or Justice to ask for his resignation. … 'I suspect they felt I was not a help to them during the campaign,' Iglesias said. After he was fired, he said, he 'began to put the dots together.' … In response to questions about her call with Iglesias, a spokeswoman for Wilson's office forwarded a statement saying she had contacted Iglesias' office after a constituent complained about the pace of ongoing corruption investigations. 'I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way,' Wilson says in the statement. 'If the purpose of my call has somehow been misperceived, I am sorry for any confusion.' … Domenici's office did not return a call for this article. But earlier this week, The Washington Post reported that Domenici had complained about Iglesias to Attorney General Alberto Gonzales on three occasions in 2005 and 2006, and had spoken with Gonzales' top deputy last October."

DOJ Concedes Maryland US Attorney Was Forced Out. The Washington Post (3/7, B1, Rich) reports, "The Justice Department acknowledged yesterday that Thomas M. DiBiagio, the Maryland U.S. attorney who stepped down early in 2005, was forced from office and did not, as he said at the time, decide on his own to leave for personal reasons. … But the department official who asked for his resignation dismissed DiBiagio's claim in a New York Times article yesterday that he was ousted because of political pressure over public corruption investigations into the administration of then-Gov. Robert L. Ehrlich Jr. … In fact, the Republican governor's chief legal counsel, Jervis Finney, twice contacted the Justice Department to argue in DiBiagio's behalf, said David Margolis, an associate deputy attorney general. Finney contacted the department in fall 2004, not long after DiBiagio drew a rebuke for ordering his subordinates to produce 'front-page' indictments, Margolis said. … Finney, he said, 'called me during this process, claiming that I was being too harsh on Tom and that Tom was being railroaded by a bunch of Democrats in the U.S. attorney's office.'" The Post notes, "Margolis said that he asked DiBiagio for his resignation because he had 'lost confidence in his abilities' and that he was not aware at the time of any investigations involving the Ehrlich administration. 'There were absolutely no political shenanigans,' said Margolis, a 42-year department employee who oversees ethics matters."

The Baltimore Sun (3/7, Dolan, Green, Brown) reports, "Margolis said Finney called Justice Department officials in 2004 - once to request that DiBiagio's job be spared and again to prolong his tenure. Margolis noted that those would be odd requests from an administration that DiBiagio portrayed as worried about a looming federal investigation into its ties to gambling interests. … 'I'm 150 percent sure that we made the right decision with Tom,' Margolis said. 'I'm a million percent sure ... that it was done on the merits, whether you agree with it or not.'" The Sun adds, "Sen. Benjamin L. Cardin, a Maryland Democrat and member of the Senate Judiciary Committee, called yesterday for an investigation into DiBiagio's firing. … 'Anytime allegations arise that politics may have interfered in the prosecution of federal cases, we must take it seriously,' Cardin said in a statement. He said he was 'not familiar with the specific conditions surrounding' DiBiagio's departure. "

Arizona US Attorney Dismissed For Policy Reasons. The Arizona Republic (3/7, Madden) reports, "The Bush administration forced out Arizona's top federal prosecutor because of policy disputes over taping FBI interviews and when to seek the death penalty, a U.S. Justice Department official told Congress on Tuesday." The Republic continues, "Former U.S. Attorney Paul Charlton was one of eight federal prosecutors forced to resign in January, sparking a controversy over how and why they were ordered to leave office. … 'I would put Mr. Charlton more in the policy category,' William Moschella, principal deputy associate attorney general, told the House Judiciary subcommittee on Commercial and Administrative Law." The Republic adds,

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"Charlton had served in Arizona from November 2001 until January. Officials told him in December that he had to resign. … He told the House panel that he had offered his resignation in 2006 over his insistence that the FBI tape interviews with suspects, which he called crucial to convicting child molesters. Justice officials instead persuaded him to request permission to make the taping part of a pilot program. They never responded to his request before he was told to resign. … 'There is, in my mind, no small amount of irony in the Department of Justice having chosen that as the reason for asking me to resign,' Charlton said."

Charlton's Taping Of FBI Interviews Noted. The Arizona Republic (3/6, Madden) reports, "In Arizona, Charlton had insisted on taping FBI interviews that might be used in prosecutions, a policy that hadn't been cleared with officials in Washington who feared it would affect other federal law enforcement agencies and other states. He also wanted to decide whether to seek the death penalty on a case by case basis, clashing with administration officials who wanted a national policy to govern when to push for executions. … Charlton only appeared before the House panel Tuesday in response to a subpoena, declining to testify voluntarily at a Senate hearing on the matter earlier in the day. … 'In most of our cases, we were given little or no information about the reason for the request for our resignations,' Charlton and his former colleagues said in prepared testimony. 'This hearing is not a forum to engage in speculation, and we decline to speculate about the reasons.'"

Cummins Tells Of His Dismissal. The Memphis Commercial Appeal (3/7, Sullivan) reports, "The former U.S. attorney for eastern Arkansas, H.E. 'Bud' Cummins, told a House Judiciary subcommittee Tuesday that he told no one he didn't plan to serve out President Bush's term -- until after he'd been asked to resign last summer. … 'When I started hinting that I might be moving on ... (that) was my attempt to be discreet and try to conceal the fact that they had handled it like they had handled it,' Cummins said." The Appeal continues, "Cummins, who left office in December, was the chief federal prosecutor who handled the undercover investigation that led to corruption charges against West Memphis police officers and Crittenden County Sheriff's deputies in 2002. … Under questioning by U.S. Rep. Steve Cohen, D-Tenn., Cummins said he might have stayed silent after his ouster but couldn't after the Justice Department began citing performance deficiencies for the removal of other high-performing federal prosecutors. Moschella cited differences over policies and priorities for some of the firings in his testimony." The Appeal adds, "Like Cummins, former U.S. attorney Daniel Bogden of Nevada testified he had been told by a senior Justice official that he was being moved out to give another Republican nominee a resume-enhancing position. … Cummins was replaced by interim U.S. Atty. J. Timothy Griffin, an Iraqi war veteran and military prosecutor who had served briefly as an assistant U.S. attorney in Cummins' Little Rock office. … Griffin, 38, a protege of presidential adviser Karl Rove and a former Republican Party opposition researcher, has not been nominated by the president and has therefore not been subject to the Senate's advise-and-consent oversight. He has said he will not be a nominee for the permanent job."

Sessions Says US Attorney Dismissals Are Not Unusual. The Montgomery (AL) Advertiser (3/7, Radelat) reports, "Sen. Jeff Sessions, a former U.S. attorney, said Tuesday there's nothing extraordinary about the firing of eight U.S. attorneys who clashed with Republican lawmakers or GOP policies. … 'They're changed on a regular basis,' Sessions, a Republican from Mobile, said of federal prosecutors. 'And for the most part there was some disagreement between those United States attorneys and the policies of the president of the United States. … Sometimes United States attorneys who are not in sync with the goals of the Department of Justice need to be counseled and, at some point, (Justice officials) ought to find someone else who will follow those goals,' Sessions said." The Advertiser adds, "Sessions, a member of the Senate Judiciary Committee, said he's never discussed a case with a U.S. attorney. He was a U.S. attorney himself in Alabama for 12 years before he was elected to the Senate. … Sessions conceded that Domenici's call to Iglesias was 'an unwise thing to do' and said it was 'a good learning experience' for all senators."

More Commentary. USA Today (3/7, 10A) editorializes, "Though the nation's federal prosecutors are political appointees named by presidents, they've long been known for their independence. Their job is to bring civil and criminal cases for the federal government, without regard to politics. And many have done just that. … The recent firings undermine that image of independence." USA continues, "It's possible, of course, that some of the eight deserved to be replaced, but the shifting explanations raise serious doubts about the whole process. High-level appointments can't be completely insulated from politics, but one good step would

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be to return to a system, in place for many years, that gave the president the power to appoint U.S. attorneys and the Senate the power to confirm them. Last year, the Bush administration won a change that would give the attorney general more authority to appoint interim prosecutors to serve for unlimited periods without Senate confirmation. That's an invitation to trouble. … Historically, few U.S. attorneys have been dismissed by a president in the middle of their terms. That's a worthy precedent, one that inspires public confidence that the justice system is working properly and ensures that a few good men and women don't become victims of political vendettas."

In a piece posted on Slate.com (3/7), Emily Bazelon writes, "The Department of Justice can fire a U.S. attorney and expect him or her to go quietly. The federal prosecutors are appointed by the president, after all, and serve at his pleasure. But fire a bunch of them at once and start shredding their reputations—that's dangerous. Today, four of the Bush administration's formerly loyal U.S. attorneys showed up to testify before Congress and raised the lid on DOJ and Republicans in office. All sorts of things crawled out. And after years of living in one-party Washington—and logging hours at snoozer Republican-controlled committee hearings—I confess, it was a thrill to watch. Hooray for divided government!" Bazelon continues, "Iglesias and the three other U.S. attorneys who appeared with him have taken pains to make clear that they didn't ask to testify. They waited to be subpoenaed by a subcommittee in the House of Representatives, which also heard their testimony today. … The former USAs acknowledged that they served 'at the pleasure of the president' and could be fired 'at any time and for any reason.' Except that, as far as they knew, no president had ever before fired a group of U.S. attorneys in the middle of his term. And 'any reason' isn't supposed to include what felt to some of them like retaliation, after attempts to meddle with ongoing investigations. … Nor did the ex-U.S. attorneys cotton to being threatened by DOJ—as they apparently were. H.E. 'Bud' Cummins III, ex-U.S. attorney of the eastern district of Arkansas, brought to the hearing an e-mail he'd written to five of his fired compatriots on Feb. 20, two days after receiving a call from Mike Elston in the deputy attorney general's office. … 'I was tempted to challenge him and say something movie-like such as "are you threatening ME????"' Cummins wrote. Also, he wrote that Elston 'reacted quite a bit to the idea of anyone voluntarily testifying [before Congress] and it seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation.' … This e-mail, which Schumer read gleefully into the record, did not sit well with the senators. At the start of the hearing, Specter had floated the idea that any effort to 'threaten someone and stop them testifying' raised the specter of 'obstruction of justice.' As a basis for criminal charges, that's probably a stretch. Still, it all made for great theater."

CORPORATE SCANDALS:

Backdating Executives Said To Benefit From Post-9/11 Market Slump. In a front-page story, the Wall Street Journal (3/7, A1, Maremont, Forelle, Bandler) reports on the executives of several companies -- KLA-Tencor Corp., Affiliated Computer Services Inc., Take-Two Interactive Software Inc., Progress Software Corp. and Corinthian Colleges Inc. -- who used backdating to profit from the post-9/11 market plunge. Backdating happens when a company looks for past low points in its stock and then pretends options were granted on those favorable days, a process that inflated insider KLA profit by more than $12 million after 9/11. Joel Bernstein, an attorney at Labaton Sucharow & Rudoff LLP, "says that taking advantage of a national tragedy 'is an emotional issue,' but one that will 'resonate very well with the judge and the jury.' Mr. Bernstein's firm is involved in suing executives and directors at two of the companies that issued post-Sept. 11 options grants. … Post-Sept. 11 backdating also figured in two separate criminal cases filed last month in New York, in which a pair of former executives pleaded guilty to backdating-related offenses."

UnitedHealth Cuts Profits By $1.5 Billion Over 12 Years. On Tuesday, UnitedHealth Group announced a $1.5 billion adjustment to its profits in the wake of an options backdating scandal. Media coverage notes positive reaction from Wall street analysts, who, according ton the Minneapolis Star-Tribune (3/6, 11:20 a.m., Phelps), believe the announcement "removed a cloud over UnitedHealth." The Wall Street Journal (3/7, A8, Fuhrmans) notes, "Shares in UnitedHealth rose as much as 3% before closing up 1.9%, or $1.02, at $53.98 in 4 p.m. New York Stock Exchange composite trading." Despite this reaction from Wall Street, the company may still face legal obstacles; In its article, the Journal reports, "The company also faces several shareholder lawsuits and is still assessing whether

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UnitedHealth itself has claims against Dr. McGuire or any board members in connection to the options scandal."

The AP (3/6, Freed) reported that UnitedHealth Group "lopped as much as $1.5 billion off its historical earnings as it finished its accounting for backdated stock options on Tuesday. The AP continued, "The restatement, which was in line with the company's earlier estimates, removed much of the uncertainty that has hung over the nation's second-largest health insurer over the past year. But other questions remained, including whether the Internal Revenue Service would agree with UnitedHealth about the tax bill, and whether it would owe penalties." The company "said it will make cash payments for additional corporate income taxes of about $100 million, and will record a charge of $55 million, or 4 cents per share, in the first quarter of 2007 for a settlement relating to some employees who exercised options in 2006."

SEC Fines Former Monsanto Official For Indonesian Bribe. Bloomberg (3/7, Scheer) reports, "A former executive at Monsanto Co., the world's biggest developer of genetically modified crops, was fined $30,000 for bribing an Indonesian official in an unsuccessful bid to repeal an environmental rule, the U.S. Securities and Exchange Commission said." Bloomberg continues, "Charles M. Martin, Monsanto's former government affairs director in Asia, violated the Foreign Corrupt Practices Act in 2002 when he told a consultant to pay a senior Indonesian environmental official $50,000, the SEC said today. Martin arranged to book the bribe as part of the consultant's fee." Bloomberg adds, "Monsanto paid $1.5 million in settlements with the SEC and the U.S. Department of Justice in 2005 for the bribe and other questionable payments in Indonesia. The St. Louis-based company sought repeal of a rule requiring it to assess environmental impact before planting genetically modified cottonseed, the SEC said. Even after the bribe, the official didn't change the law. … 'The Foreign Corrupt Practices Act remains a significant part of our enforcement program, and we certainly intend to pursue not only entities but individuals,' Christopher Conte, an SEC official overseeing the case, said in an interview. … In fining Monsanto in 2005, the SEC said the company's Indonesian affiliates also made at least $700,000 in illicit payments to at least 140 current and former Indonesian officials and their families. The payments were partially financed through unauthorized, improperly documented, and inflated sales of Monsanto's pesticide products in the country."

Reliant Energy Reaches Deal With DOJ Over Electricity Prices. The California Recorder (3/7, Scheck) reports, "There's a group of very happy defense lawyers in San Francisco right now. … On Tuesday, nearly three years after then-U.S. Attorney General John Ashcroft announced on TV that an energy company had been charged with conspiring to jack up electricity prices during California's 2001 power crisis, the case ended with a set of deferred prosecution agreements." The Recorder continues, "The deals will dismiss charges against Reliant Energy and four of its traders, provided they stay out of trouble for the next two years. The company will also have to pay a $22.2 million fine. … 'Obviously, we're extremely pleased with the result,' said William Goodman, a partner at Topel & Goodman in San Francisco, who represents the company." The Recorder adds, "While the energy defendants won't get the penalties the government had sought, including prison time for the traders, freeing up four prosecutors will allow the San Francisco U.S. Attorney's Office to focus more attention on probes of tech companies like Apple Computer, which have been cooperating in options investigations for months. … Reached late Tuesday, defense lawyers and a spokesman for the prosecutors said they wouldn't comment until Northern District of California Chief Judge Vaughn Walker finalized the deal, nor would they discuss details of the arrangement. In general, non-prosecution agreements involving a company require that it pay a fine, but do not make it admit to criminal liability." The Recorder notes, "When it was first charged, the case was widely assumed to be something of a slam dunk, since prosecutors had audio tapes of Reliant traders talking about how they had shut down four of the company's five California plants to limit supply and boost their profits. … But the case also had obvious peculiarities, most notably the fact that the defendants were the first people to face criminal charges under a 70-year-old commodities regulation statute."

Wal-Mart Distances Itself From Technician Who Recorded Calls. The Los Angeles Times (3/7, Goldman, Quinn) reports Wal-Mart Stores Inc. "said Monday it had fired an employee for recording phone calls between its public-relations staff and a newspaper reporter and for intercepting text messages. Wal-Mart said the employee was acting alone. … In this case, the retailer said an unnamed computer-systems technician was not authorized by the company to seek or obtain the information. The company also said it fired one manager and disciplined another for

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'failure to carry out their management duties.'" Wal-Mart "said it does not believe any laws were broken by the recordings, since Wal-Mart notifies employees that it may monitor and record communications on company devices. Under federal and Arkansas law, only one party to a recording -- in this case, Wal-Mart -- needs to consent. Wal-Mart declined to release the names of employees involved. The company said it began in internal investigation Jan. 11, after an employee expressed concerns about the recordings."

CRIMINAL LAW:

Libby Found Guilty Of Perjury, Lying To FBI.

Media coverage of Lewis "Scooter" Libby's conviction on charges of perjury and lying to the FBI is being portrayed as a severe blow to an already weakened White House. Some stories are particularly harsh in their assessment of what the verdict says about the Bush Administration. The AP (3/7, Raum) reports that in 2000, President Bush "promised he would swear on the Bible to restore honor and dignity to a sullied White House and give it 'one heck of a scrubbing.'" Libby's conviction "gave the White House a scrubbing -- but not the one Bush had in mind." The case "laid bare the inner workings of a presidency under siege and the secretive world of Vice President Dick Cheney."

The Washington Post (3/7, A1, Baker, 690K), for example, reports, "Shortly before he was inaugurated for his second term…Bush was asked why no one was held responsible for the mistakes of the first. 'We had an accountability moment,' he replied, 'and that's called the 2004 elections.'" But "two years and a stinging midterm election later, Bush is having another accountability moment, but this one isn't working out as well." The New York Times (3/7, Rutenberg, 1.16M) reports, "Deep into his second term, Mr. Bush faces an array of political and policy problems that seem to be growing by the day," and with Libby's conviction, Bush was again "put on the defensive." On CNN's "The Situation Room" (3/6), correspondent Candy Crowley said, "It's hard to see how a terrifically weakened president is any more weakened by this. Nonetheless, remember, the Democrats are in charge now. The Democrats have more fodder now for their investigations. You already have the Intelligence Committees looking into whether intelligence was manipulated in order to bolster the cause in Iraq for the US going in. So certainly this gives more ammunition to them. The culture of corruption -- we heard a lot about that going into the 2006 election."

McClatchy (3/7, Hutcheson) reports this morning that if Bush "ever thought things couldn't get any worse, he might want to reconsider." He "is losing control of events in Washington. The new reality hit home Tuesday on multiple fronts. … With Bush's job-approval ratings already so low they threaten his political viability, the latest eruptions of bad news could weaken him further with 22 months left to go in his term."

The Los Angeles Times (3/7, Reynolds, Gerstenzang, 850K), under the headline "Verdict Seen As Stain On White House Too," says the "Libby trial was more than a judgment against one of the Bush administration's most senior aides: It was also seen as an indictment of the White House political operation he helped design and direct." The verdict also "undermined the administration's credibility at a time when the president is trying to build support for his Iraq war policy in the face of increasingly outspoken opposition from Democrats and deepening skepticism among voters." Moreover, "Libby's conviction…raises another difficult issue, one the White House may find it hard to shake off as the 2008 political campaign gathers speed: the possibility of a pardon."

The Chicago Tribune (3/7, Silva, 617K) reports the White House "maintains that the conviction of a former senior official should not undermine its credibility on the war. 'Let me just remind everybody of how the president took responsibility and has completely revamped the intelligence community,' spokeswoman Dana Perino said."

Dana Milbank in his "Washington Sketch" column in the Washington Post (3/7, A2, 690K), writes that "as a political matter, Libby's trial had long ago ceased to be about one man's guilt or innocence. Witnesses made it plain that at least three other administration officials had joined Libby in leaking the identity of undercover CIA officer Valerie Plame, including top Bush strategist Karl Rove and former White House press secretary Ari Fleischer (whom jurors dubbed 'Slick Willie')." Libby's conviction "only increased the determination of congressional Democrats to spread the blame throughout the White House."

The verdict is being described as particularly damaging to Vice President Cheney's standing. The New York Times (3/7, Stolberg, 1.16M) reports, "In legal terms, the jury has spoken in the Libby case. In political terms…Cheney is still awaiting a judgment. … Cheney's critics, and even some of his supporters, said the vice president had been diminished.

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'The trial has been death by 1,000 cuts for Cheney,' said Scott Reed, a Republican strategist. 'It's hurt him inside the administration. It's hurt him with the Congress, and it's hurt his stature around the world because it has shown a lot of the inner workings of the White House. It peeled the bark right off the way they operate.'"

ABC World News (3/5, story 2, 1:35, Vargas, 8.78M) reported Cheney "said he was disappointed in the verdict today. We had a different statement from the President." ABC (Stephanopoulos) added, "The President's staff came out and said he respected the jury's verdict. It is really unusual for someone like the Vice President to actually criticize a jury's verdict. But a senior White House official told me they recognize the Vice President was very close to Scooter Libby, and he felt strongly about it." ABC asked whether "the verdict and the reactions today" were "another sign of a schism between the President and the Vice President." But George Stephanopoulos said, "It sure is. It does show a little daylight between them. But a White House official told me there are absolutely no plans, no plan at all, for the Vice President to leave."

On the CBS Evening News (3/6, story 2, 1:40, Couric, 7.66M) asked, "How badly does this reflect on Mr. Cheney in your view?" Bob Schieffer replied, "Well, I think very badly. It's hard to conclude otherwise. The prosecutor did not prove any underlying crime here, but he convinced this jury that Scooter Libby lied. Well, you have to ask why would he lie? Clearly because he did not want what was going on in his office and the Vice President's office where he worked to come out."

All three networks led with the story. ABC World News (3/5, lead story, 3:25, Vargas, 8.78M) reported, "A man who was once in the Bush administration's circle of most trusted advisers is, tonight, a convicted felon." ABC (Thomas) added, "At its heart, the prosecution said, the Libby trial was about a Vice President and his staff obsessed with pushing back against critics." NBC Nightly News (3/6, lead story, 3:25, O'Donnell, 9.87M) said, "To give this some perspective, what happened here today makes Lewis Libby the highest-ranking White House official convicted of a felony since the Reagan era and the Iran-Contra scandal."

The CBS Evening News (3/6, lead story, 3:30, Borger, 7.66M) reported, "Like most things in Washington, the heart of this case involves a political dispute. Libby was at the center of the White House's case for war in Iraq. His boss, the Vice President, was rattled by…an article in July, 2003, attacking the Administration's rationale for war that Iraq had weapons of mass destruction. It was written by Ambassador Joe Wilson, who was sent to Africa by the CIA to look into whether Saddam was buying ingredients there to make a nuclear weapon. Wilson said he was not. Cheney wanted Wilson discredited. He knew that his wife, Valerie Plame, worked at the CIA. On a clipping of Wilson's column, he wrote, 'Did his wife send him on a junket?' To undermine the importance of the mission, Cheney wanted to spread the word that Wilson's wife sent him and he asked Libby to do it."

The New York Times (3/7, Lewis, 1.16M), Los Angeles Times (3/7, Schmitt, 850K), AP (3/7, Sniffen, Apuzzo), Financial Times (3/7, Daniel), Washington Post (3/7, A1, Leonnig, Goldstein, 690K), Washington Times (3/7, Seper, 88K) and Christian Science Monitor (3/7, Feldmann, 59K) and Wall Street Journal (3/7, Perez, Bravin, Scannell, 2.04M) all run similar accounts of the case and of yesterday's verdict.

Democrats See Vindication As Partisan Debate Shifts To Possible Pardon. As the verdict became public, Democrats attacked the Administration, and called on Bush not to pardon Libby. The Politico (3/7, Allen, Cummings) reports, "As soon as the verdict was announced, Democrats began demanding a commitment from Bush not to issue a pardon for Libby, who theoretically could face 30 years in prison, but is likely to get a lesser sentence." The White House "won't give such a commitment, of course, and Bush has said he won't even talk about it." Democrats "are trying to start a drumbeat about the question, with the aim of painting Republicans as tainted by cronyism and raising voters' doubts about the GOP's trustworthiness."

The Wall Street Journal (3/7, A3, McKinnon, Perez, Fields, 2.04M) reports the verdict "threatened to spark a new political battle, with some conservatives pushing for a presidential pardon based on what they claim is prosecutorial excess. … Within hours of the verdict, the conservative National Review published an online editorial calling for a pardon and stating that the verdict 'conclusively proved only one thing: A White House aide became the target of a politicized prosecution set in motion by bureaucratic infighting and political cowardice.'" Former Sen. Fred Thompson, "a Tennessee Republican who has helped lead an effort to raise money for Mr. Libby's defense," also called for a pardon.

In an editorial titled "The Libby Travesty," the Wall Street Journal (3/7, 2.04M) also urges the President to pardon Libby: "Bush will no doubt be advised to wait for the outcome of an

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appeal and the end of his Administration to pardon Mr. Libby. We believe he bears some personal responsibility for this conviction, especially for not policing the disputes and insubordination in his Administration that made this travesty possible. The time for a pardon is now."

Ronald D. Rotunda, a professor at George Mason University School of Law who was assistant majority counsel to the Senate Watergate Committee, writing in the Wall Street Journal (3/7, A17, 2.04M), also urges Bush to pardon Libby. He writes, "One wonders if Mr. Libby must go to prison for years to protect the principle that the classified status of a former CIA employee is sacrosanct, even if that employee appears to covet publicity."

USA Today (3/7, Willing, 2.27M) reports "Democrats, including House Speaker Nancy Pelosi, said the verdict was about more than Libby. It showed the White House's 'callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq,' Pelosi said." Fox News' "Special Report" (3/6, Baier) noted "Senate Majority Leader Harry Reid said the Bush Administration has been , quote, manipulator intelligence for far too long, adding that it was time a current Administration official was held accountable." Reid also urged Bush not to pardon the former White House aide.

The Hill (3/7, Schor) reports Senate Majority Whip Dick Durbin "echoed Reid, urging Bush not to consider sparing Libby from the likely three-year prison sentence he faces. 'It sends a terrible message at a time when we are demanding accountability from the generals at Walter Reed…to suggest anyone in our government is above the law,' Durbin said."

On NBC Nightly News (3/6, story 2, 2:10, Williams, 9.87M), Tim Russert noted "the special prosecutor, Patrick Fitzgerald, says as far as he's concerned, unless there's new evidence, the case is inactive. The Democrats, on the other hand, pounced on this. They did two things. They suggested the war in Iraq was on trial and the Bush management of the war and selling of the war was on trial. Then they also demanded that the President pledge not to pardon Mr. Libby."

On MSNBC's "Hardball" (3/6), Democratic strategist Bob Shrum said, "This may be a case where the cover-up does pay. … I don't think Scooter Libby will spend one day in jail. I think George W. Bush will pardon him on the way out the door, just the way Bush 41 pardoned Caspar Weinberger, the former Defense Secretary in the Iran-Contra scandal, on the way out the door. I think the deal has already been made implicitly, probably not explicitly, and I don't think we will get to the bottom of this."

On CNN's "The Situation Room" (3/6), Democratic National Committee Chairman Howard Dean said, "Scooter Libby now has a -- a great incentive to tell what else was going on in the Vice President's office. Don't forget, this is the tip of the iceberg. This is about the President and the Vice President trying to discredit people who turned out to be right about the war in Iraq. Scooter Libby didn't do this all by himself. The best way that the president has to shut Scooter Libby up before sentencing is to pardon him. I hope that -- that will not happen. I think we need to find out what really did happen when the CIA gave the President reports that said that -- not to trust some of their sources in Iraq." On CNN's "The Situation Room" (3/6), Democratic commentator Paul Begala also said Libby "was lying to the grand jury to cover up for his boss, Dick Cheney."

The Washington Post's "In the Loop" column (3/7, A15, Kamen), under the headline "Guess Libby's Pardon Date, Win A T-Shirt," urges readers to "simply pick the date that...Bush will pardon…Libby, who, according to federal sentencing guidelines, is looking at 18 months to three years in the slammer. … Send your entries -- one date only: month, day and year -- to: intheloop@washpost.com. Ten people closest to the pardon date will receive a coveted In the Loop T-shirt."

Jurors Question Why Others Were Not Charged Alongside Libby. USA Today (3/7, 4A, Willing, 2.27M) reports, "A question occupied the jurors…as they sat through 14 days of testimony and deliberated for 10 more days: Why is Libby the only person on trial? 'There was a tremendous amount of sympathy for Mr. Libby on the jury. It was said a number of times." Juror Denis Collins, a former Washington Post reporter, is quoted as saying that the jurors asked themselves, "What are we doing with this guy here? Where's (White House adviser Karl) Rove? Where are these other guys?" Collins added, "I'm not saying we didn't think Mr. Libby was guilty of the things we found him guilty of. It seemed like he was, as (Libby attorney Theodore) Wells put it, he was the fall guy."

The Washington Post (3/7, A8, Goldstein, Williamson, 690K) reports the jurors believed Libby "had been 'pilloried' for a CIA leak that other top White House aides had committed along with him, according to one member of the panel. … Collins's detailed description of the jury's deliberations, in public comments and interviews yesterday, suggests that Libby's attorneys made headway with one of the

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themes they emphasized throughout the case: that the defendant…was made a scapegoat by the White House to protect other presidential aides who were complicit in disclosing Plame's identity to reporters."

The New York Times (3/7, Lipton, 1.16M) reports juror Rosemary Russo, a government lawyer, "described it as an 'emotional' decision that left some jurors in tears. 'I don't think it was an easy decision for any of us,' Ms. Russo said. 'I think anyone who was in the room when the decision was made saw that the jury was teared up.'" But Collins "said that after 10 days of meticulous examination of the evidence, the verdict was inevitable. 'There was no big hammer that came down,' Mr. Collins said. 'It was just the arithmetic of it became obvious.'"

The New York Times (3/7, Shane, 1.16M) reports, "Legal experts said the prosecution team's methodical, unemotional approach had proved especially effective with the unusually well-educated jury. … Courtroom observers questioned whether Mr. Wells might have overshot the mark in that plea to a jury that even during the trial appeared to be quite analytical. Through long and sometimes tedious testimony, the jurors proved attentive, taking notes and passing insightful questions to the judge."

The Wall Street Journal (3/7, A6, Bravin, Jones, 2.04M) reports Libby "joins a line of individuals stretching from Alger Hiss to Martha Stewart whose mistake wasn't committing an underlying crime, but lying to investigators. In pursuing such well-known figures, prosecutors hope to send a message to the meek and mighty alike: Don't lie. But some lawyers predict Mr. Libby's conviction may send another message: Say nothing at all, invoke the Fifth Amendment privilege against self-incrimination."

The Los Angeles Times (3/7, Savage, 850K) reports, "What puzzled some of the experts were the statements Libby made to investigators about when and how he learned that Valerie Plame was a CIA agent. … 'I do not understand why he did that, or what advice of counsel he had. It is a real question in this case. And it defies explanation,' said Washington attorney Robert S. Bennett." Libby's defense "argued that he had simply forgotten about those earlier conversations and had not meant to lie to the FBI. But Wilson and Plame were not minor figures to White House insiders, nor were they easy to forget. … Why did Libby tell an implausible story to FBI agents and later to the grand jury veteran defense lawyers wondered Tuesday."

The Legal Times (3/7, Schwartz) reports, "The Libby verdict was a blow to the Bush administration, which had tried to distance itself of wrongdoing from the start of the federal investigation. Indeed, a juror who spoke to the media after the verdict was delivered said the panel came to believe that Libby was a 'fall guy' working at the behest of Vice President Dick Cheney. 'The jurors said: "What are we doing with Libby? Where's [Karl] Rove?"' said the juror, Denis Collins. … Collins, 57, a former Washington Post reporter, was the sole juror to give an account of the deliberations. The other 10 jurors declined to speak to the media, but Collins said, after years as a journalist, 'I just figured it would be kind of hypocritical for me to walk away.'" The Times adds, "By his account, jurors gathered each day on the 6th floor of the courthouse, in a room overlooking the D.C. Department of Motor Vehicles. The room had two long tables and a few cushioned seats. When they arrived the first Wednesday afternoon, everyone looked at each other without knowing what to do. 'They don't give you a field manual on how to be a juror,' he said. … But the jury was a resourceful one, full of methodical panelists who knew how to take charge and break down complicated material into digestible bits. And that is what they did for the first week, gathering large Post-it notes (2 1/2 by 2 feet) with quotes and information concerning the evidence presented. The jury had some meticulous note-takers, Collins said, including one who calculated how many objections had been sustained during Russert's testimony (25 out of 36). For the first week of deliberations, the jury made no decisions, took no straw polls, but systematically went through the evidence. They asked: Who told the truth? Who lied? Who do we believe? … The debate was not about the war. It was not about politics. Collins said he didn't even know the politics of most jurors during deliberations. (Although he said he learned this morning that at least three were registered independents.) There were 'differences of opinion, but no fistfights,' Collins said. … But in the end, Collins said, it simply came down to the facts, which pointed to a single answer: guilty."

On Fox News' "Special Report" roundtable (3/6, Hume), Morton Kondracke said, "I was surprised. I thought there was a possibility that the jury might buy the busy man, bad memory defense, but they obviously didn't."

On Fox News' "Special Report" roundtable (3/6, Hume), Mara Liasson of NPR said, "The prosecutor did a good job of showing how many times he had been informed about [Valerie Plame's opponent]. And also, the other thing that I

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thought was interesting about [juror Dennis] Collins' press conference is he said at one point, 'We all looked at each other and wondered why are we here? Why are we doing this with this guy?'"

On Fox News' "Special Report" roundtable (3/6, Hume), Fred Barnes of the Weekly Standard said, "[Jurors] thought it was a minor case, a peripheral case, the one against Scooter Libby. And I, frankly, don't think the prosecutor would have brought that case at all, if the larger case involving whether the White House had mounted a conspiracy to leak the name of an undercover CIA agent. Of course, that collapsed, there was no evidence for that."

On CNN's "The Situation Room" (3/6), former prosecutor Victoria Toensing says, "You usually have to have something else, like Martha Stewart, there was witnesses there that she asked me to lie. You have none of that in this case." Toensing added, "I'm not alone in questioning his judgment in pursuing a case where you don't have evidence more than just some other witnesses."

Fitzgerald Said To Have Regarded Libby As "Stand-In" For Cheney. The Washington Post (3/7, A6, Smith, 690K) reports that "in his summation at Libby's trial" Fitzgerald said "Libby's lies had effectively prevented him from learning about all of Cheney's actions in the administration's campaign to undermine" Wilson. According to the Post, "More than he had previously, Fitzgerald made clear in those remarks that his search for the truth about Cheney was a key ambition in his probe and that his inability to get it was a key provocation for Libby's indictment. Although Cheney was the target, Fitzgerald's investigation could not reach him because of Libby's duplicity. … The notion that Libby was merely a courtroom stand-in for Cheney infuriated Libby's lawyers, who sought in their courtroom statement to defend both men."

Conviction Allow Plame And Wilson To Move Ahead With Civil Suit. The Washington Times (3/7, Waterman, 88K) reports Libby's conviction "clears the way for a civil suit against him by former CIA agent Valerie Plame and her husband. … Mrs. Plame and her husband, Joseph C. Wilson IV, sued Libby; his boss, Vice President Dick Cheney; and senior presidential adviser Karl Rove in July, saying the officials had violated their constitutional rights as part of a plot to retaliate against Mr. Wilson and discredit his criticism." The Times adds, "The lawsuit has been on hold during the Libby prosecution, but legal scholars say the conviction clears the way for it to be heard."

Wilson Calls On Bush To Fire Rove. The Washington Post (3/7, C4, Montgomery, 690K) reports the conviction "was a vicarious victory for the couple, the close of a chapter in their 3 1/2 -year struggle to hold government officials to account for what they say was a smear campaign against them and a coverup of bogus reasons for taking the nation to war. … Hearing that President Bush had expressed sympathy for Libby, Wilson called on the president to 'express his sorrow to my wife, whose career was destroyed.' He also said, 'The president ought to live up to his word and fire Mr. Rove.'"

WPost Blasts Fitzgerald, Says Trial Proved There Was No Conspiracy. The Washington Post (3/7, A16, 690K) editorializes that "after two years of investigation, Mr. Fitzgerald charged no one with a crime for leaking Ms. Plame's name. In fact, he learned early on that Mr. Novak's primary source was former deputy secretary of state Richard L. Armitage, an unlikely tool of the White House. The trial has provided convincing evidence that there was no conspiracy to punish Mr. Wilson by leaking Ms. Plame's identity -- and no evidence that she was, in fact, covert." The Post adds, "It would have been sensible for Mr. Fitzgerald to end his investigation after learning about Mr. Armitage. Instead, like many Washington special prosecutors before him, he pressed on, pursuing every tangent in the case. In so doing he unnecessarily subjected numerous journalists to the ordeal of having to disclose confidential sources or face imprisonment. … Mr. Fitzgerald was, at least, right about one thing: The Wilson-Plame case, and Mr. Libby's conviction, tell us nothing about the war in Iraq."

NYTimes Celebrates Libby's Conviction. The New York Times (3/7, 1.16M) editorializes, "It was another reminder of how precious the American judicial system is, at a time when it is under serious attack from the same administration Mr. Libby served. That administration is systematically denying the right of counsel, the right to evidence and even the right to be tried to scores of prisoners who may have committed no crimes at all." The Times adds that "it was still a breath of fresh air to see someone in this administration, which specializes in secrecy, prevarication and evading blame, finally called to account."

More Commentary. Anthony Lewis writes in the New York Times (3/7, 1.16M) that Libby's conviction "leaves a legacy of intensified concern about legal proceedings that force journalists to disclose confidential sources. It is a legitimate and urgent concern. Without the ability to promise

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confidentiality, the press would have been unable to report notorious abuses of government power from Watergate through the Bush administration's violations of fundamental rights in the 'war on terror.'" But "it is much easier to see the danger than to agree on a way to stop it. That is because there are compelling interests on both sides of the problem, as many in the press are loath to admit." In the wake of the Libby case, Congress "should pass legislation that makes clear the public interest in journalists' confidentiality but leaves it to judges to weigh that against other social necessities."

Howard Kurtz, in his Washington Post column (3/7, C1), writes that few journalists "would dispute that the proceedings, which ended with Libby's conviction on four of five counts yesterday, gave their profession a black eye. … The searing spotlight on how reporters do their jobs was less than flattering."

Computer Professors Seek Independent Probe Of Teacher Porn Case. The AP (3/7) reports from Hartford, CT, "Nearly 30 Connecticut computer science professors have signed a letter urging an independent investigation in the case of a Norwich substitute teacher convicted of exposing her students to pornography on a classroom computer." The AP continues, "The professors, from eight Connecticut colleges and universities, took out an ad in Tuesday's Hartford Courant on behalf of Julie Amero, a 40-year-old Windham resident with no prior criminal record. … Amero was convicted in January of four counts of risk of injury to a minor and faces up to 40 years in prison when she is sentenced March 29." The AP adds, "While prosecutors insist she is guilty, some experts believe that the lewd images were caused by unseen spyware and adware programs, which critics call one of the top scourges of the Internet. … Amero, who claims to have little experience with computers, has become a cause celebre for technology experts around the country who say she is the victim of a miscarriage of justice that could happen to anyone. … 'The Julie Amero case has created outrage in Internet forums and among computer experts all over the country,' the professors wrote in their ad, which was titled 'An Open Letter to Chief State's Attorney Kevin T. Kane.' … The 28 professors who signed the letter advocate a suggestion from Mark Rasch, former chief of the U.S. Department of Justice cyber crime unit, that an independent investigator be brought in to look at the case."

Target Of FBI Investigation Tied To Obama Investments. The New York Times (3/7, Mcintire, Drew) reports, "Less than two months after ascending to the United States Senate, Barack Obama bought more than $50,000 worth of stock in two speculative companies whose major investors included some of his biggest political donors. One of the companies was a biotech concern that was starting to develop a drug to treat avian flu. In March 2005, two weeks after buying about $5,000 of its shares, Mr. Obama took the lead in a legislative push for more federal spending to battle the disease. The most recent financial disclosure form for Mr. Obama, an Illinois Democrat, also shows that he bought more than $50,000 in stock in a satellite communications business whose principal backers include four friends and donors who had raised more than $150,000 for his political committees. A spokesman for Mr. Obama, who is seeking his party's presidential nomination in 2008, said yesterday that the senator did not know that he had invested in either company until fall 2005, when he learned of it and decided to sell the stocks. He sold them at a net loss of $13,000. … Even so, the stock purchases raise questions about how he could unwittingly come to invest in two relatively obscure companies, whose backers happen to include generous contributors to his political committees. Among those donors was Jared Abbruzzese, a New York businessman now at the center of an F.B.I. inquiry into public corruption in Albany, who had also contributed to Swift Boat Veterans for Truth, a group that sought to undermine John Kerry's Democratic presidential campaign in 2004." Abbruzzese "emerged as a central figure in the federal investigation of the New York State Senate majority leader, Joseph L. Bruno. The inquiry is examining Mr. Bruno's personal business dealings, including whether he accepted money from Mr. Abbruzzese in return for Senate approval of grants for one of Mr. Abbruzzese's companies."

Gibbons Discloses Contributors To His Legal Defense Fund. The AP (3/7, Riley) reports, "About four months after a defense fund was set up for Nevada Gov. Jim Gibbons to help cover costs of brewing legal cases - including a woman's claim he assaulted her - Gibbons on Tuesday disclosed the fund's 2006 contributors and the $169,100 they gave. The money went into a fund that wasn't sanctioned by a House committee even though Gibbons was still a congressman. But Gibbons stated 'it is not clear what rules govern that fund.' He also stated that he

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wanted to 'make sure there is as much disclosure as possible.' The newly elected Republican governor now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor. The contribution report covers a time period prior to confirmation of the FBI investigation."

FBI Probing Favors Granted To Indicted Doyle Supporter. The Milwaukee Journal Sentinel (3/7, Spivak, Marley) reports Wisconsin Transportation Secretary Frank Busalacchi "met with a now-indicted contributor to Gov. Jim Doyle in 2004 and directed two state employees to lend a hand in settling nearly $1 million in out-of-state tax bills to the donor's trucking companies. The move by Busalacchi, who serves at Doyle's pleasure, provided Dennis Troha's companies with virtually unprecedented state help in Troha's bid to whittle down the tax bill. The five-year-old case is still pending before the state Tax Appeals Commission. Busalacchi met with Troha in April 2004 and later dispatched an attorney and auditor to Illinois as Troha tried to lessen his companies' fuel tax liabilities, according to about 100 pages of e-mails obtained by the Journal Sentinel this week. The meeting occurred about 1 1/2 years after the DOT lawyer concluded that there was no reason to dismiss the tax assessed against the Troha firms. In addition, Busalacchi sent the lawyer to Harrisburg, Pa., even though the attorney's superior complained that there was no funding in the budget for the trip. The unusual effort has caught the interest of the FBI, which talked to a department auditor Tuesday about the matter and arranged a more thorough interview for today. … Troha and family members have given $200,000 to Doyle's campaigns since 2002. And connections between the Doyle administration and Troha have long been controversial in some political circles. The spotlight fell on those connections last week when Troha was indicted by a federal grand jury. He is accused of exceeding state contribution limits in funneling money through relatives to Doyle and lying to the FBI about it."

The St. Paul Pioneer-Press (3/7, Bauer) reports, "As more questions are being raised about political donations tied to former casino developer Dennis Troha, Republicans in the state Assembly are reviving a bill that would give state lawmakers the authority to grant or deny new casinos. Troha was indicted last week on charges that he committed fraud and lied to the FBI in relation to more than $100,000 in donations he and family members made to Gov. Jim Doyle and others. The indictment alleges Troha made the donations in an attempt to win approval of a casino he had been developing in Kenosha. Troha backed out of the deal just six days before the indictment from U.S. Attorney Steve Biskupic was released Thursday.

Ohio Bill Would Identify Sex Offenders With Green License Plates. The New York Times (3/7, Driehaus) reports from Cincinnati, "A bipartisan effort in Ohio's legislature could make the state the first to require convicted violent sex offenders and child predators to place fluorescent green license plates on their cars." The Times continues, "The legislation stems from a three-year effort by the friends and family of Kristen Jackson, 14, who was raped and killed in 2002 by a convicted sex offender who abducted her as she walked home from the Wayne County Fair in Wooster. … A 2005 bill that called for pink license plates for all sex offenders failed after critics deemed it too harsh and Mary Kay Cosmetics and advocates for breast cancer research objected to the color." The Times adds, "The revised bill would focus on convicted sex offenders who used violence or preyed on minors and would exclude other offenses like public exposure or consensual sex between an adult and a teenager. … A spokesman for Gov. Ted Strickland, a Democrat, said the governor would sign the measure if it was approved by the General Assembly. … Critics say the bill would wrongly punish the offenders' family members who use the cars with the special license plates and expose occupants of the car to vigilante justice."

DOJ Offers Immunity To Mississippi Attorney In Bribery Trial. The Biloxi (MS) Sun Herald (3/7) reports from Jackson, MS, "The U.S. Justice Department has offered immunity from prosecution to attorney Richard 'Dickie' Scruggs in exchange for his testimony in a judicial bribery trial involving his former colleague, Paul Minor." The Herald continues, "Assistant U.S. Attorney Ruth Morgan, who is prosecuting Minor and two former state court judges on bribery charges, told U.S. District Court Judge Henry T. Wingate about the immunity deal Tuesday afternoon outside the jury's presence. Morgan said the prosecution expects to call Scruggs as one of the next four prosecution witnesses. … Scruggs also is currently at the center of negotiations on behalf of policyholders to settle Katrina claims with State Farm. He has been featured in local and national news stories about the proposed settlement,

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pending in U.S. District Court in Gulfport." The Herald adds, "The judicial bribery trial is under way in Jackson, where Minor is accused of bribing former Circuit Judge John Whitfield and former Chancery Judge Wes Teel. Morgan said Scruggs has been granted immunity for testimony about a loan he paid off for Teel at Minor's request and about a loan guarantee for state Supreme Court Justice Oliver Diaz and his wife. … Oliver Diaz was acquitted at the end of the first judicial bribery trial in 2005. The jury was unable to reach a verdict on charges against Minor, Teel and Whitfield. … Minor later repaid Scruggs for his $27,500 payment on the Teel loan." The Herald notes, "Morgan asked Wingate to limit any cross-examination of Scruggs. She fears attorneys for Minor and the judges will try to imply Scruggs was not prosecuted because he is U.S. Sen. Trent Lott's brother-in-law. They have raised those allegations in the past, but Wingate has not allowed selective prosecution to be raised as an issue before the jury. … Morgan told the judge, in response to his questions, that defense attorneys had just been notified of the Scruggs immunity offer. She said the Justice Department produced an immunity letter Monday, but Scruggs had not gotten a chance to sign it yet."

Pelicano Attorneys Ask Judge To Probe Leak To New York Times Reporters. The Los Angeles Times (3/7, Krikorian, Philips) reports, "Nearly a year after confidential FBI documents in the wiretap and racketeering case of Anthony Pellicano were disclosed, defense attorneys have stepped up their push for a federal judge to independently investigate who leaked the evidence to the New York Times." The Times continues, "Times reporters David M. Halbfinger and Allison Hope Weiner used the reports to write several stories about Hollywood bigwigs, including attorney Bert Fields, former agent Michael Ovitz and others, who have not been charged in the case. Pellicano, once known as the private eye to the stars, and several of his legal and Hollywood clients are accused of eavesdropping on opponents to win advantage in courtroom battles." The Times adds, "The leak investigation has been handled by the U.S. attorney's office and the FBI in San Diego because prosecutors and FBI agents in Los Angeles are among those with access to the compromised evidence. … But in recent weeks, defense lawyers have urged U.S. District Judge Dale S. Fischer, who is hearing the Pellicano criminal case in Los Angeles, to intervene. Defense attorney Terree Bowers, who represents entertainment attorney Terry Christensen, one of Pellicano's co-defendants, has been particularly aggressive, accusing the government of involvement in the leaks." The Times notes, "In recent court papers, Bowers said the New York Times reporters told an unnamed witness that they had received the confidential information from the government before it was turned over to defense attorneys. … Bowers also asserted that lead FBI agent Stan Ornellas told another witness that he had lost some of his notes on the case. If true, Bowers argued, the missing documents could be the source of the leaks. Or Ornellas could have made up the story to set up an alibi against charges that he was the leaker. … Ornellas and prosecutors Daniel Saunders and Kevin Lally have denied responsibility for the leak. Other FBI and Justice Department officials note that anyone who worked on the career-making case for years would be loath to risk it by turning over sealed documents to journalists."

DOJ Case Against Bio-Artist In Limbo. The Pittsburgh Post-Gazette (3/7, Thomas) reports, "The legal battle with the Department of Justice that artist Steve Kurtz is embroiled in has implications not only for artists but, by extension, for anyone engaged in outside-the-box public discourse that challenges established convention." The Post-Gazette continues, "Kurtz is a founding member of the widely acclaimed art collective Critical Art Ensemble (CAE, established in 1987), which exhibits internationally and was included in the 2006 Whitney Biennial. The group examines the impact of science and technology on consumer culture through works that are activist, performative and conceptual. … An associate professor of art at State University of New York, Buffalo, who formerly taught at Carnegie Mellon University, Kurtz lectured at The Andy Warhol Museum Saturday on 'Second Wave Eugenics and Critical Art Practice,' in conjunction with the exhibition 'Deadly Medicine: Creating the Master Race.' … With him was Lucia Sommer, a CAE member and defense committee coordinator, who later answered questions about his case, which is moving sluggishly through a series of pre-trial motions." The Post-Gazette adds, "In May 2004, Kurtz's wife died in their Buffalo home. Police who responded to his 911 call noticed scientific materials, including petri dishes, in the house and notified the FBI, who confiscated Kurtz's computer, books and components of CAE projects under the Patriot Act. … Analysis showed that his wife died of natural causes, and that the microorganisms impounded were harmless and readily available from biological supply houses. Lacking bioterrorism

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evidence, the FBI charged Kurtz with mail fraud and wire fraud -- based on his alleged receipt of the bacteria from University of Pittsburgh scientist Robert Ferrell -- and each of them faces a possible 20-year sentence. … The CAE sees the case as having the precedent-setting possibility to blur the division between civil and criminal law, should the Department of Justice win." The Post-Gazette notes, "Sommer says that it 'seems almost certain' that the case will go to trial, though a date has not yet been set and lawyers estimate it could be one-and-a-half to two years away. A motion to dismiss it is among about a dozen the defense has filed during the pre-trial process. … Contesting the terms laid down by the prosecutor has slowed the case momentum, and Sommer is concerned that public interest, which she believes will be particularly important during the trial, be maintained. To that end, the CAE Defense Fund, which was established after Kurtz's arrest, has initiated a separate education fund for use at trial time."

DOJ Probing Accusations Of False Wine Labels. The New York Times (3/7, Barron, Asimov) reports, "Federal investigators in New York are looking into allegations of counterfeiting in high-end wine sales, issuing subpoenas to auction houses that handled what were billed as rare bottles with distinguished provenances, according to people in the wine trade." The Times continues, "Agents from the F.B.I.'s art-fraud squad have collected a large amount of data on wine sales, according to one person with direct knowledge of the investigation. … The inquiry, reported yesterday by The Wall Street Journal, is centered on whether auction houses, collectors or importers sold wines they knew could not be from the vintages listed on the labels." The Times adds, "A spokesman for Christie's, which sold $58.5 million worth of wine last year, more than half of it in the United States, said that they had received a subpoena. 'We have been cooperating with officials and will continue to do so,' Christie's said in a statement. … In 1985, Christie's accepted a consignment of what it described as the oldest authenticated-vintage Bordeaux it had ever sold, a Château Lafite dated 1787 and carried the initials "Th.J.," for Thomas Jefferson. The shipment was consigned by Hardy Rodenstock, a German music publisher and wine merchant." The Times notes, "William I. Koch, a billionaire wine collector, is suing Mr. Rodenstock over four bottles of the wine that he concluded could not have been Jefferson's. … Mr. Koch said yesterday that he found 500 other bottles in his 35,000-bottle collection that he believes are fake, some traceable to Mr. Rodenstock. He said he was considering expanding his lawsuit to include those bottles and the resellers who sold them to him. … In keeping with Justice Department policy, Yusill Scribner, a spokeswoman for federal prosecutors, said she would not confirm or deny that there was an investigation."

Defense Attorneys Question FBI's Chemistry Expert's Murder Trial Testimony. The AP (3/7) reports, " Prosecution witnesses on Tuesday rebutted claims that deputies planted Steven Avery's blood to frame him for the murder of Teresa Halbach. Marc LeBeau, chief of the chemistry unit at the FBI lab in Virginia, testified Tuesday that he did testing on a vial and on three of Avery's bloodstains in Halbach's vehicle. He said the blood vial contained a chemical that prevents blood from clotting, or EDTA. But he said the stains from the vehicle did not contain the chemical. … 'It is my opinion that the bloodstains that were collected from the RAV4 could not have come from the EDTA tube that was provided to us in this case,' LeBeau said. On cross-examination by Avery attorney Jerome Buting, LeBeau admitted that the FBI created a new protocol for this case and validated it in about two weeks. He also admitted his study didn't determine how much EDTA was in the vial, and he knew of no study on the breakdown rate of EDTA in an 11-year-old vial of blood. But he said the lab could detect EDTA in a 33-month-old bloodstain. Avery claims that his blood, stored in an unsecured vial at the Manitowoc County courthouse, was planted by investigators at the scene of the Halloween 2005 killing. The blood in the vial was drawn in 1996 as part of the appeals process in a rape case for which Avery served 18 years in prison. DNA analysis showed he was innocent."

CIVIL RIGHTS:

Mississippi Jail Official Accused Of Civil Rights Violations Released Pending Trial. The Biloxi Sun Herald (3/7, Fitzgerald) reports, "Former Harrison County jailer Ryan Teel, granted bond this afternoon, will be released and at home under electronic monitoring by tonight or in the morning. U.S. Chief Magistrate Judge John M. Roper ordered his release before a packed federal courtroom. On one side, friends and family of Jessie Lee Williams Jr. responded with audible gasps. On the

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opposite side, Teel's mother leaned forward and patted a shoulder of Teel's wife, who wept in relief. Teel has been in custody for more than six months since his arrest by the FBI. He has pleaded not guilty to a two-count indictment of depriving Williams' rights and obstructing justice to conceal Williams' assault in the jail booking room on Feb. 4, 2006. Williams, 40, died two days later. … Two former jailers have admitted their roles in Williams' assault. Three other ex-jailers also have pleaded guilty to conspiring to deprive inmates of their rights in a federal investigation of alleged civil-rights violations at the Harrison County jail. Teel's trial is set for May 28. He faces a life prison sentence if convicted on the civil-rights allegation involving Williams' assault and subsequent death. Sentencings in the five plea agreements of the other ex-jailers have been placed on hold pending resolution of Teel's case. They remain free on unsecured bonds of $25,000 each."

FBI Conducting Preliminary Inquiry Into Jail Beating Allegations. The Joliet (Il) Herald News (3/7, Hosey) reports, "A Crest Hill man claiming he was brutally beaten by guards at the Will County jail says the feds have launched a probe into the incident at his request. 'I have complete faith in the U.S. Attorney's Office and the Federal Bureau of Investigation to end these types of actions before someone else is seriously hurt,' local businessman Robert Darin said earlier this week. The Herald News obtained letters sent by Darin to state Attorney General Lisa Madigan's office and the Chicago office of the U.S. attorney detailing his alleged attack at the hands of guards at the county jail. In the letters, Darin says he was the victim of an 'unprovoked severe beating by two Will County deputies' while he was waiting to bond out on a traffic charge nearly a year ago. … Kim Nerheim, a spokeswoman for the U.S. attorney's Chicago branch, would provide no information about the letters sent to David Glockner, the chief of the office's criminal division. But Special Agent Ross Rice of the FBI confirmed Darin filed a complaint, but said the investigation is still in its initial stages. 'We are conducting what we call a preliminary inquiry,' Rice said. 'He just alleged his civil rights were violated in the Will County jail,' he said."

US Pursuing Civil Rights Cold Cases. AFP (3/7) reports, "The US government is probing hundreds of unsolved hate crimes committed during its tumultuous civil rights movement era, hoping to try at least a dozen suspects who escaped justice for half a century." AFP continues, "The Federal Bureau of Investigation (FBI) urged its bureaus last year to reopen botched cases from the 1950s and 1960s, and apply modern forensic techniques to try to uncover new evidence and possible witnesses. … Their analysis produced tangible results in hundreds of lynchings and murders allegedly committed by white supremacists, but only a dozen prosecutions are likely to be pursued. … 'In too many instances, the truth has been hidden for too long,' FBI director Robert Mueller said at a recent press conference." AFP adds, "Many of the killers are deceased, witnesses have disappeared, several of the crimes were committed too long ago to prosecute under existing statutes, or local attorneys refused to cede jurisdiction to federal prosecutors. … 'Many individuals have, quite literally, gotten away with murder. We cannot turn back the clock. We cannot right these wrongs. But we can try to bring a measure of justice to those who remain,' Mueller said. … 'To those individuals who committed these crimes, who have lived with their guilty consciences for these many years, our message should be clear: You have not gotten away with anything. We are still on your trail,' added US Attorney General Alberto Gonzales."

Fayetteville, NC, To Offer Voting Maps For Public Vote. The Fayetteville Observer (3/7, Worthington) reports, "Residents attending a March 29 public hearing on Fayetteville's new election districts will get to choose between two plans — or they can bring their own." The Observer continues, "The council voted Tuesday to take two maps to the public after failing to choose one map. … The 6-3 council format and maps will be submitted to the U.S. Department of Justice for review under the Voting Rights Act of 1965. Any changes to Fayetteville's election practices cannot dilute minority voting." The Observer adds, "The Department of Justice could approve the changes, approve the format but ask for a different map, or decide the 6-3 format is a step backward. … The city hired Michael Crowell, a lawyer with redistricting experience, to draw the new election districts. Tuesday was the third public meeting the council has held with Crowell. … Under Department of Justice guidelines, the city should have three districts where minorities are the majority."

DOJ Approves Oxford, MS, Annexation Plan. The AP (3/7) reports from Oxford, MS, "The Justice Department has informed Oxford officials that it has approved

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the city's annexation proposal that adds 4.3 square miles and some 5,000 new residents." The AP continues, "The annexation expands the city's area from 12.2 square miles to 16.5 square miles and the population from 14,000 to 19,000." The AP adds, "Officials said city ordinances took effect immediately, but full enforcement will take time. … 'Everyone knows all this change won't occur overnight,' Mayor Richard Howorth said Monday."

Maryland Senate Passes Bill Expanding Hate Crimes To Include Homeless. The Washington Times/AP (3/7, Wyatt) reports from Annapolis, MD, "The state Senate adopted a first-in-the-nation hate crime classification for homeless people yesterday, despite concern that the measure would dilute hate-crime protections." The AP continues, "Under the bill, homeless people would join ethnic and racial minorities as protected classes in Maryland hate-crimes laws. Sexual orientation and religion are also included. … A Senate committee considering the bill watched videos of homeless people being beating before adopting the idea." The AP adds, "Homeless advocates praised the passage of the bill, which now heads to the House. … However, the bill sparked a sharp debate and brought opponents from both parties. Most of the sponsors of the bill are Republicans, and some worried the bill was an attempt to water down hate-crimes laws. The Senate defeated attempts to add disabled people and 'economic class' to the bill."

Road Rage Incident Sparks Racial Tension In Hawaii. USA Today (3/7, 1A, Kasindorf) reports from Honolulu, HI, "A violent road-rage altercation between Native Hawaiians and a white couple near Pearl Harbor two weeks ago is provoking questions about whether Hawaii's harmonious 'aloha spirit' is real or just a greeting for tourists." USA continues, "The Feb. 19 attack, in which a Hawaiian father and son were arrested and charged with beating a soldier and his wife unconscious, was unusual here for its brutality. It sparked a public debate over race relations that is filling blogs and newspaper websites with impassioned comments along stark ethnic lines. … These divisive exchanges come as the U.S. Supreme Court and Congress are being asked to tackle another inflammatory racial issue in a state where no race is a majority: special benefits for Native Hawaiians, ranging from preference at an elite private school to free houses on government land. One side says the long-established perks compensate Hawaiians for past wrongs and preserve their valuable culture for the islands. The other side says the benefits discriminate against other racial groups." USA adds, "The current controversies are exposing racial tensions below the surface of a tropical paradise that Gov. Linda Lingle says is 'a model for the world' in diversity and peaceful integration. Simmering divisions pit Hawaiians against other groups, and 'locals' of all races against newcomers including immigrants and military members. … At issue now is whether Hawaii will acknowledge and overcome these threats to its friendly reputation. … Last month's road-rage incident began when an SUV driven by Army Staff Sgt. Andrew Dussell, 26, who has served two tours in Iraq, struck the parked car of Gerald Paakaula, 44, at a shopping center, according to a police affidavit filed in court. Paakaula and his 16-year-old son allegedly assaulted Dussell and his wife, Dawn, 23. … In another incident Jan. 27, nine white campers in a beach park on the Big Island of Hawaii were beaten by men in their 20s who told the campers to leave the island, the police report says. Hawaii County Police Maj. John Dawrs describes the assailants as 'Pacific Islanders.' … Racial troubles in the islands usually don't get much public discussion. In a tourism-dependent state, talk about tensions is 'like news about shark attacks,' says Jon Van Dyke, a University of Hawaii law professor. 'People are afraid they might lose customers.'"

ACLU Sues Over Detention Of Migrant Children At Former Texas Jail. The Los Angeles Times (3/7, Hart) reports from Houston, "Children are being illegally detained at a converted Texas prison while they wait for their parents' immigration appeals to be heard, the American Civil Liberties Union charged in lawsuits filed Tuesday." The Times continues, "The suits allege that the immigrant children being held at the T. Don Hutto detention center in Taylor, Texas, are living in substandard conditions and should be released under supervision to religious groups or charities. … 'There is simply no justification for imprisoning innocent children who pose no threat to anyone,' said Vanita Gupta, a staff attorney with the ACLU's Racial Justice Program." The Times adds, "A spokeswoman for U.S. Immigration and Customs Enforcement declined to comment on the lawsuit but said in a statement that the facility was 'modern' and 'designed to humanely accommodate families with children who are detained as a result of ICE enforcing the immigration laws of the United States.' … The Hutto

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center holds 400 people — half of them children. Built as a so-called family residential center, it was the Bush administration's solution to keeping families together while their immigration status was under review. Corrections Corp. of America — the nation's largest private prison firm — operates the 512-bed former state prison." The Times adds, "Immigrant rights groups have staged protests at the Hutto center for months, objecting to its jail-like conditions and long lines for medical care. … But the suits filed Tuesday focus on 10 children living there. In the filings, the ACLU alleges that for 11 to 12 hours a day, children are kept in small cells where toys are not allowed. A light is on at all times. The children must wear government-issued garments and are sometimes disciplined by guards who threaten to permanently separate them from their parents. … The Justice Department signed off on a 1997 settlement agreement that established minimum standards for the care of minors in federal custody, according to the lawsuit. One provision called for the 'least restrictive setting possible' for detained children. … 'That's not happening at Hutto,' Gupta said."

ANTITRUST:

FCC Head Has Concerns About XM-Sirius Merger. The New York Times (3/7, Labaton) reports, "Kevin J. Martin, the chairman of the Federal Communications Commission, has privately questioned recent Congressional testimony by the architect of a proposed merger of the nation's two satellite radio companies that subscribers would both pay the same monthly rate and receive significantly more programming." The Times continues, "As he sought to sell the proposed merger of Sirius Satellite Radio and XM Satellite Radio to Congress, and by extension to regulators like Mr. Martin, Mel Karmazin, the chief executive of Sirius, vowed last Wednesday that prices would not be raised and that listeners would benefit enormously by getting the best programming from both companies. … But in separate conversations with two people after Mr. Karmazin's testimony to a House committee, Mr. Martin said that subscribers may be surprised to learn they may actually have to pay more than the current monthly rate of $12.95 if, for example, they want to receive all the games of Major League Baseball (now available only on XM) as well as all the professional football games (now only on Sirius)." The Times adds, "Mr. Karmazin, reached on Tuesday, said his testimony was not misleading and that he meant to say two things: subscribers wanting to keep their existing service would not face a price increase, and listeners who wanted the best of both services would pay less than the combined rate of $25.90. … Mr. Martin, in an interview on Tuesday, suggested that the details had not been clear from the testimony. He emphasized that he was not questioning the motives or candor of Mr. Karmazin but that there was 'a need for greater clarity' over what was being proposed for fees and programming. … The two people who talked to Mr. Martin — one working to get the deal done and the other a critic — said they understood his comments to reflect his skepticism about both the deal and the way it was being sold in Washington as more beneficial to consumers than it might actually be. … Mr. Martin said that the proposed deal had 'not even been filed with the commission yet,' and that he would carefully consider the arguments of both the supporters and the opponents before reaching a decision. … The $13 billion proposed deal cannot be completed without the permission of antitrust lawyers at the Justice Department and a majority of the five commissioners at the F.C.C."

Ashcroft Group Defends Actions In Radio Merger. The Hill (3/7, Swanson) reports, "The Ashcroft Group's decision to lobby both sides in the merger between the country's only two satellite-radio companies is nothing unusual, lobbyists unconnected to the issue said this week. … They described the Ashcroft Group's decision to contact XM Satellite Radio and the National Association of Broadcasters (NAB), which opposes the merger, to see if either was interested in hiring the former attorney general is a standard business practice in the world of Washington lobbying. … 'People do it every day,' one of these lobbyists, who asked to speak anonymously, said. 'You see a merger going on, and you contact both sides.'" The Hill continues, "XM Satellite Radio, which spurned Ashcroft's advances, publicly has criticized the Ashcroft Group and said it raises questions about the Ashcroft Group's credibility on the issue. 'It looks like he was prepared to be for the merger until he was against it,' a spokesman for XM, Nathaniel Brown, said. … A lobbyist looking in from the outside, however, described the move as one other lobbying firms, along with law firms and investment banks, also would make unless they had a commitment or a historic relationship with one of the parties. 'The real deal is, they went after business and they went after the one that went ahead,' he said. … A second lobbying source contrasted a lobbying firm that approaches two sides in a business deal about representation with a lobbying firm that historically has

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taken a certain philosophic side on a policy issue. … 'I think there are two types of lobbyists here,' the source said of Washington, 'those invested with an issue who are on one side, and those who say they can open doors and … don't care about the substance.' … In the case of the XM merger with Sirius Satellite Radio, it is fair game for Ashcroft to try to sell his services, the source said." The Hill notes, "A spokeswoman for Ashcroft, Juliana Glover Weiss, explained how the Ashcroft Group went from contacting XM about representing it in the merger announced on Feb. 19 to publicly opposing the deal a little more than a week later. … The Ashcroft Group's representative in charge of bringing in new business had friends at the NAB and XM, and contacted both within five minutes, asking them if they believed their team was 'strong enough' for the upcoming fight in Washington, according to Glover Weiss. … 'We had a very good idea where we would be most useful within two and a half hours,' she said."

Weirton Steel No Longer On The Block. The Pittsburgh Tribune-Review (3/6, Mortimer) reports, "Weirton Steel will remain a component of Mittal Steel USA, and is no longer for sale, the leader of the Independent Steelworkers Union, which represents 1,250 members at the West Virginia plant, said Tuesday." The Tribune-Review continues, "Mittal Steel also wants to make Weirton the 'premiere' producer of tinplate in the United States, said Mark Glyptis, president of the Independent Steelworkers Union. He said union leaders were encouraged and optimistic following a meeting with senior Mittal USA officials in Chicago on Monday. … Glyptis said in a statement today that the Weirton steel operations will remain 'status quo,' with a mutual agreement to look for ways to improve the performance of the steel mill. … 'The future of Weirton is in the hands of the employees ... and we are prepared to lead the way in making Weirton a stronger partner with the Mittal corporation,' Glyptis said. 'Weirton is no longer for sale. We will remain part of Mittal Steel USA,' he said."

Mittal, Mill Reshape Relationship. The AP (3/7, Smith) reports from Morgantown, WV, "Two weeks after learning Mittal Steel Co. would not sell its West Virginia mill, the Independent Steelworkers Union is feeling 'part of the family' again, President Mark Glyptis said Tuesday." The AP continues, "Glyptis and other union leaders met Monday with Mittal officials in Chicago to discuss the fate of the former Weirton Steel, and left feeling encouraged. … 'We walked away feeling much more part of the family,' Glyptis said." The AP adds, "The U.S. Department of Justice initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. … That left Mittal with the prospect of selling one of its two U.S. assets in the tin market, Sparrows Point or Weirton. … Weirton workers, who had failed to flourish under Mittal's ownership, were disappointed by the government's decision that Sparrows Point be sold. But Justice officials said that was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel. … Since then, Glyptis said, Mittal has taken a fresh look at Weirton and been 'willing to listen' to the union's ideas."

Microsoft Blasts Google's Book Search Service. The Washington Post (3/7, D1, Sipress) reports, "Microsoft launched an unusually caustic public broadside yesterday against Google, accusing its archrival of running roughshod over copyrights as it creates an online service for searching books." The Post continues, "Speaking at the annual meeting of the American Association of Publishers in New York, Thomas C. Rubin, Microsoft's associate general counsel, devoted much of his remarks to an attack on Google's practice of copying entire books into its database, often without the permission of copyright holders. … 'It systematically violates copyright and deprives authors and publishers of an important avenue for monetizing their works,' Rubin said, according to prepared remarks. 'In doing so, it undermines critical incentives to create.'" The Post adds, "Microsoft's salvo came as the software giant faces mounting pressure from Google, which is increasingly extending its reach beyond the Web search that made it the darling of the technology industry. … Last month, Google began selling an online productivity suite, including e-mail, calendar and Web services, that competes with Microsoft's Office software. Google also continues to extend its substantial lead over Microsoft in Web searching, an area where Microsoft has struggled and that remains the main way users navigate the Internet. … Whitney Burk, a Microsoft spokesman, said Rubin decided to offer his blunt critique because he felt it was time to begin engaging publishers in the debate over how to move book content to the Web. Like Google, Microsoft is developing a database of digitized books. … 'Google takes the position that everything may be freely copied unless the copyright owner notifies Google and tells it to stop,' Rubin

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said. 'Microsoft and most other companies, by contrast, take the position that they should get the copyright owner's consent before they copy.' … His remarks found a sympathetic audience in the publishers association, which has filed a federal lawsuit against Google for allegedly infringing copyright laws by scanning millions of books for online searching. Google typically displays short snippets of the publications in its book-search results."

Experts Scoff At Microsoft's Accusations Of Google Copyright Violations. The California Recorder (3/7, Seyfer) reports, "Copyright experts scoffed Tuesday at attempts by a top Microsoft lawyer to discredit Google's approach to copyrighted material." The Recorder continues, "Most believed Associate General Counsel Thomas Rubin's speech before a book conference -- as well as his opinion piece in the Financial Times -- had a lot more to do with Microsoft's vicious competition with Google than about solid legal arguments. … 'Clearly they're in a pitched battle,' said Mark Flagel, a partner with Latham & Watkins in Los Angeles. 'Microsoft is doing everything it can to pick its fights. This is a popular one.'" The Recorder adds, "In a speech before the Association of American Publishers, Rubin accused Google of systematically violating copyright law. Google's Book Search and YouTube video sites are the perpetrators of these injustices, according to Rubin. … Google disputes that it violates any copyright laws. Its book search site allows people to search texts of many copyrighted books, the company maintains, but if a copyright owner has not consented, the searcher will only see a snippet of the copyrighted book. … That's a critical distinction for legal analysts. It's one thing, they say, to offer a search of a book's text and quite another to make an entire copyrighted book available, without permission, for copying -- which Google maintains it does not do. Google also claims it removes copyrighted songs and video from YouTube any time it is notified of infringement."

Terms Of Microsoft Settlement To Be Released April 18. The Des Moines Register (3/7) reports, "Terms of the settlement of Iowa's class action lawsuit against Microsoft Corp. will be announced on April 18, two days earlier than previously announced." The Register continues, "The date for the court hearing at which the terms are to be presented to Polk County District Court Judge Scott Rosenberg was moved up because of a conflict on the original date of April 20, Rosenberg said today. … The anti-trust law suit was nearly three months into a jury trial in Des Moines, and well behind schedule, when lawyers for both sides announced a settlement on Feb. 14." The Register adds, "The annoucement ended the trial, which had been expected to last well into the summer months. … Lawyers representing Iowans who purchased Microsoft's Windows, Office, Word and Excel software between 1994 and 2006 had sought damages of up to $330 million based on allegations of illegal anti-competitive actions by Microsoft. … Settlements of similar cases in other states have resulted in distribution of discount coupons for future purchases of Microsoft equipment with half of the unclaimed settlements going to public education agencies."

Documents Detail Battle Over Macintosh Office. CNET News.com (3/7, Kawamoto) reports, "In 1997, Apple wasn't the only place to house Mac evangelists--try Microsoft." CNET continues, "Ben Waldman, a then-Microsoft executive who founded the company's Macintosh Business Unit, fought a hard battle to keep Mac Office 97 a viable project, according to court documents in the recently settled Iowa class action antitrust suit against Microsoft. … In an e-mail to Microsoft co-founder Bill Gates, Waldman makes a passionate case for finishing Mac Office 97 and ramping up marketing and sales support for Microsoft's Mac products, according to a copy of the e-mail submitted in the antitrust case." CNET adds, "Waldman's pleas came just six months after Microsoft touted its plans to launch a business unit devoted to Mac, as well as release new versions of its FrontPage and Office software for the Mac. … His e-mail called for finishing Mac Office 97, despite difficulties and frustrations between the software giant and Apple in negotiations over an undisclosed issue. Approximately six weeks after Waldman sent his e-mail, Microsoft announced a $150 million investment in Apple that called for developing and shipping future versions of Microsoft Office, Internet Explorer and development tools for the Macintosh. … Prior to that investment, however, Mac Office 97 was in a tenuous position. … 'The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately,' Waldman noted. 'Regardless of the outcome of these discussions, though, I believe we should ship Mac Office 97.' … He added: 'Furthermore, I believe we need to decide this immediately--our indecision so far has caused quite a bit of harm, and this will become far worse very shortly, as we are not only close to shipping code externally, but need to finally start press and customer communications, especially with Macworld a month away.'" CNET notes, "In laying out his arguments,

Waldman cited the high motivation of his team and the effect on their morale if Microsoft were to pull out, a desire to keep the software giant's integrity intact after promising new versions of Office to users and Wall Street, the proximity to an external beta ship date of August 27, as well as the quality of the product. … He also cited the ability to use Mac Office 97 as a means to test products and marketing concepts before rolling them out in Windows Office."

EU Reconsiders Plans To Split Energy Groups. The Financial Times (3/7, Laitner, Benoit) reports, "Brussels is considering a fresh approach to opening European Union energy markets amid indications that national leaders will this week signal their opposition to a forced break-up of big electricity and natural gas companies." The Times continues, "The European Commission is looking at a compromise plan under which regional grid operators could be established to help spur -competition and investment in the sector. … Such a move might prove more acceptable to heavyweight opponents in Paris and Berlin. They lead opposition to the Commission's proposal to force ownership separation of companies such as EdF of France and Eon of Germany, which generate power and own the grids through which it is supplied." The Times adds, "Officially, Brussels says the forced break-up of large, integrated energy groups through 'ownership unbundling' is the best way to overhaul the sector, allow new companies to enter and give consumers more choice. … However, privately, EU officials acknowledge the opposition of some countries to that plan. They hope that EU leaders will call for further legislative action at their meeting tomorrow and on Friday."

Bloomberg (3/7, Neuger) reports, "European Union regulators are determined to break up big utilities like Electricite de France SA and E.ON AG -- and they won't let governments stand in the way." Bloomberg continues, "France, in the midst of a presidential campaign, will spearhead the charge at an EU summit starting tomorrow against a proposal to split power producers from transmission businesses in the 250 billion-euro ($328 billion) gas and electricity market. … The European Commission, the EU's central regulator, is pursuing an untested strategy to defeat the politicians: it plans to investigate utilities for abusing their dominant market positions and slap fines on companies it finds guilty. … 'There will be no doubts about our determination to go on with the continuation of the competition rules regarding the energy market,' European Commission President Jose Barroso said March 5. 'Not all the member states agree.' … With oil prices above $60 a barrel, EU leaders are targeting cheaper gas and electricity as the key to spurring an economy that has lagged behind the U.S. for most of the past decade. The squabble will be over how to get there during discussions at the two-day summit in Brussels. … Countries like Britain -- where Prime Minister Tony Blair's office gets its electricity from a French company and its water from a German one -- are pushing for less state control and less regulation."

LATimes Criticizes Kerry, Martin For Scrutiny Of DirecTV Baseball Deal. The Los Angeles Times (3/7, 850K) says in an editorial, "Memo to Sen. John F. Kerry (D-Mass.) and Federal Communications Commission Chairman Kevin J. Martin: Baseball is the national pastime, not the nationalized one. Kerry and Martin are crying foul over a deal being negotiated by Major League Baseball and DirecTV, the leading satellite service in the country. The agreement would sell the TV rights to 'out of market' games — the ones played by non-hometown teams — exclusively to DirecTV. The same package is available today to an estimated 75 million subscribers to the various cable TV and satellite systems; the pending deal would cut that number to DirecTV's universe of 15 million customers." Kerry, "playing the populist card like the presidential candidate he used to be, has ginned up a Senate hearing to determine whether Congress should step in." Kerry and Martin "should stay in the bleachers and let the business of baseball operate like a business."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ Subpoenas BP Over Fatal Texas Blast. The Houston Chronicle (3/7, Hays) reports, "BP disclosed today that the Justice Department has issued grand jury subpoenas for documents and testimony to determine whether any criminal conduct was involved in the March 2005 explosion at the company's Texas City refinery that killed 15 people and injured scores more." The Chronicle continues, "The London-based oil giant disclosed that subpoenas had been issued in its 2006 annual report, which was released today. … The company acknowledged a year ago that the Justice Department had opened an investigation after the U.S. Occupational Safety and Health Administration

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issued citations alleging more than 300 violations of OSHA standards, imposed a $21.3 million fine and ordered a series of actions intended to improve safety at the plant. … OSHA referred the matter to the Justice Department after concluding its probe into the blast. … 'We've acknowledged before that DOJ is carrying out an investigation,' BP spokesman Neil Chapman said today." The Chronicle adds, "BP said in the report issued today that the company is cooperating with the Justice Department's investigation. … The company also is cooperating with investigations by the Environmental Protection Agency and the U.S. Chemical Safety and Hazard Investigation Board. The CSB is expected to issue its final report on the blast later this month."

Yucca Waste Site Delays Costing US Billions, DOE Says. The New York Times (3/7, Wald, 1.16M) reports, "The federal government will owe $7 billion in damages for delays in opening a nuclear waste dump if the repository opens in 2017 — the earliest date now possible — and any further delay will raise the price half a billion dollars a year, the head of the radioactive waste program said Tuesday. The money would reimburse current and former nuclear plant operators who signed contracts under which the federal government agreed to begin accepting their wastes in 1998." The Times adds that DOE's Edward F. Sproat III, director of the Office of Civilian Radioactive Waste Management, "said progress" on the Yucca Mountain project "had been slowed by lack of money, despite a $19.5 billion fund financed by a fee on each kilowatt-hour of electricity generated by reactors. He said the administration would ask Congress on Wednesday for easier access to the money. But he also acknowledged that the schedule had been hurt by problems in his office and with its contractors; 60 percent of the work his office is doing this year involves reanalyzing data that was rejected earlier because of signs of fraud."

California Subsidizes Solar Panels In Effort To Fight Global Warming. The CBS Evening News (3/6, story 7, 3:30, Couric, 7.66M) reported California is "trying to lead the way in reducing greenhouse gases. It's getting people to think green by giving them some green." CBS (Blackstone) added, "The builders at that California subdivision aren't just putting up homes, they're building little power plants. Solar panels are standard on every roof." It is "part of California's campaign to fight global warming by building a million solar roofs within ten years." The state is helping the builders "by offering various rebates and tax credits and things of that nature." Blackstone: "The panels add about $25,000 to the cost of a new home, but a state rebate and federal tax credits bring the price down almost a third. The million solar roofs will cut demand for conventional power, reducing greenhouse gas emissions, now a priority in California." And "[b]y pushing energy conservation, California uses less electricity per person than any other state."

US Proposes $7 Billion Settlement In Indian Lands Case. The AP (3/7, Jalonick) reports, "The U.S. government has proposed paying $7 billion partly to settle lawsuits over the management of Indian trust lands — an offer met with immediate objections from Indian plaintiffs." The AP continues, "At issue is a decade-old lawsuit by Indians against the government claiming that the government has mismanaged more than $100 billion in oil, gas, timber and other royalties held in trust from their lands dating back to 1887. … The litigation, filed in 1996 by Blackfeet Indian Elouise Cobell, deals with individual Indians' lands. Several tribes have also sued, claiming mismanagement of their lands." The AP adds, "Senate Indian Affairs Committee Chairman Byron Dorgan, D-N.D., said he will hold hearings on the proposal and said the settlement offer is the first time the federal government has acknowledged a multibillion dollar liability for mismanagement of the trust funds over the past century. … 'That is a significant admission,' Dorgan said, adding that he believes the conditions attached to the settlement offer will be controversial." The AP notes, "Associate Deputy Interior Secretary James Cason, who has overseen Indian issues in past years, took issue with Dorgan's words. He said the proposal is not an admission but a 'recognition that where we are right now is not very productive.' … Cobell and one of her attorneys, Keith Harper, said the Interior Department is asking for too much. … Under the terms of the offer, the government would pay $7 billion over ten years, without interest. In exchange for the money, all tribal and individual mismanagement claims against the government would be dropped and the government would be relieved of future liability. … The proposal would also end, over a period of 10 years, most of the government's responsibilities to manage Indian trust lands and would consolidate ownership of Indian lands, which are now often held by many people." The AP Notes, "Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales sent the proposal to Dorgan last week, saying they strongly support

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comprehensive legislation that would help the parties move 'from a litigation-oriented relationship to one of economic prosperity, empowerment and self-reliance for tribes and individual Indians.' … Harper said the proposal is an insult. … 'There's no sum specific for how much is going to be used for Cobell,' he said. 'It's pennies on the dollar.'"

US Recruiting Indian Trackers To Help Catch Smugglers. The New York Times (3/7, Archibold) reports from Tohono O'Odham Nation, AZ, "A fresh footprint in the dirt, fibers in the mesquite. Harold Thompson reads the signs like a map. … They point to drug smugglers, 10 or 11, crossing from Mexico. The deep impressions and spacing are a giveaway to the heavy loads on their backs. With no insect tracks or paw prints of nocturnal creatures marking the steps, Mr. Thompson determines the smugglers probably crossed a few hours ago." The Times continues, "At a time when all manner of high technology is arriving to help beef up security at the Mexican border — infrared cameras, sensors, unmanned drones — there is a growing appreciation among the federal authorities for the American Indian art of tracking, honed over generations by ancestors hunting animals. … Mr. Thompson belongs to the Shadow Wolves, a federal law enforcement unit of Indian officers that has operated since the early 1970s on this vast Indian nation straddling the Mexican border." The Times adds, "Tracking skills are in such demand that the Departments of State and Defense have arranged for the Shadow Wolves to train border guards in other countries, including some central to the fight against terrorism. Several officers are going to train border police in Tajikistan and Uzbekistan, which border Afghanistan, and in several other countries. … In the renewed push to secure the border with Mexico, the curbing of narcotics trafficking often gets less public attention than the capturing of illegal immigrants. … But the 15-member Shadow Wolves unit, part of Immigration and Customs Enforcement, is recruiting members to reach the congressionally authorized complement of 21. And the immigration agency is considering forming a sister unit to patrol part of the Canadian border at the Blackfeet reservation in Montana, where concern about drug trafficking is growing."

FBI/DEA/ATF/USMS:

Villaraigosa Enlists FBI To Assist In Crackdown On Gangs. CNN (3/7) reports Los Angeles Mayor Antonio Villaraigosa "introduced in February an aggressive initiative to combat the surge of gang-related violence in his city. The plan includes publicly identifying several of the most violent gangs and gang members and includes calls for international help. … Previously, law enforcement agencies did not identify individuals or gangs for fear of boosting their street reputation, according to the Los Angeles Police Department's Web site. But a 14 percent spike in gang-related crime over the last year and a 160 percent increase in some San Fernando neighborhoods, according to Villaraigosa, had the mayor and law officials scrambling for solutions. The new plan includes a coordinated effort among local and state agencies, as well as federal agencies, such as the FBI and the DEA. But for Villaraigosa, enforcement is only half of the solution. The root causes of gang violence must also be addressed, he said."

Los Angeles Copes With Rising Gang Violence. The Christian Science Monitor (3/7, Wood) reports, "A wave of gang violence, one that some say is the most vicious in city history, has engulfed Los Angeles, and the city's police are mounting an equally historic response. It is Commissioner (Anthony) Pacheco's job to assess how effectively the LAPD is confronting the gangs – whether it has the tools and personnel it needs, whether police tactics stay within the law. He sees the response as a huge and necessary undertaking. No less than 'the future safety of L.A. is at stake,' Pacheco says." The Monitor continues, "The latest crime report came as something of a shock to many Los Angelenos. Crime rates had dropped citywide for five straight years, mirroring the trend in other major metropolises. But last year L.A. as a whole saw a 14 percent jump in gang-related violent crime. Police say there are 39,000 gang members in Los Angeles … It's the apparent spread of gang violence to additional parts of L.A. that has set in motion a kind of 'Marshall Plan' attack on the problem, of which the LAPD response is one part. So far, police department action includes unprecedented collaboration with the feds: the FBI, the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). It includes injunctions that restrict the activities of certain gang members and nuisance-abatement crackdowns that target gang hangouts. It includes formal lists of 'most wanted' members and 'most wanted' gangs and better-coordinated ways to track and prosecute them. … But there's also plain old enforcement, meaning a bigger show of force and more arrests." The Monitor notes, "In recent months, altercations between black and Hispanic

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gang members have spilled from L.A. streets into the county jail and back to the streets, a vicious cycle of revenge and competition that has bred more violence. Even among law-abiding residents here, black-Latino relations have soured, as some feel they are losing out on jobs, affordable housing, and public spaces such as parks."

Alleged LA Gang Member Arrested. The Los Angeles Times (3/7, Mcgreevy) reports, "Police Chief William J. Bratton today announced details of the arrest of a second member of the Los Angeles Police Department's list of the 10 most-wanted gang members -- the takedown of a murder suspect after he bought ice cream in Rosarito Beach, Mexico." The Times continues, "Steve 'Loco' Garcia, 43, was taken into custody Friday after a four-day surveillance operation by Mexican authorities. They took him to the U.S. border and handed him over to representatives of the U.S. Marshal's Office, who then delivered him to the state prison in Chino, where he is being held on a parole violation. … Bratton said Garcia had been sought by police since the Feb. 12, 2001, slaying of a gang associate, Kenneth Landon, at a Sylmar motel." The Times adds, "The details of Garcia's capture came just days after police announced the arrest of another member of the LAPD list, Angel Zevallos, who is accused of attempted murder and was detained in Guatemala. … 'Two down, eight to go,' Mayor Antonio Villaraigosa said at a City Hall news conference with Bratton. 'The capture and arrest of two of the most violent offenders in two weeks sends a clear message that violent offenders will be held accountable to the fullest extent of the law no matter where they run, no matter where they hide.' … The mayor said targeting the most violent gang members is part of a strategy to reduce gang crime, which increased 15.7% last year in Los Angeles. Gang members were responsible for 56% of the homicides in Los Angeles last year. … L.A. officials conceded that Garcia had been he focus of a fugitive task force in Mexico for the last 18 months -- well before Bratton and Villaraigosa released the Top 10 list in February -- and that the reward offered by the city was not a factor in his arrest. But, Bratton said, publicizing the list of fugitives and a $50,000 reward for those on the list has generated information from the public on others."

Two More Arraigned In Nationwide Investigation Of Illegal Steroid Sales. In Albany, New York, the Journal News (3/7) reports Steven and Karen Lampert, who "ran the Anti-Aging Centers…pleaded not guilty in Albany County Court and were released without bail. The indictment charges the Lamperts with forging a Nanuet doctor's signature to prescriptions and submitting them to a Florida pharmacy for drugs totaling more than $50,000."

More Athletes Implicated. The AP (3/7, Hill) reports two more people "linked to a nationwide investigation into the illegal sale of steroids were arraigned Tuesday on drug-related charges as published reports implicated more athletes, including former star relief pitcher John Rocker. SI.com reported that Rocker, 1996 Olympic wrestling gold-medalist Kurt Angle, major leaguer David Bell and Victor Martinez, winner of the latest Ohio bodybuilding competition named for Gov. Arnold Schwarzenegger, all showed up on a client list of Applied Pharmacy, a Mobile, Ala., company raided in connection with the investigation. Rocker's publicist told the Daily News that he admitted taking HGH, now banned by Major League Baseball, but said it was for medical reasons."

The New York Daily News (3/7) writes, "With his career fading fast in 2003, loudmouth pitcher John Rocker of Atlanta Braves and 7-train fame turned to human growth hormone. His name emerged yesterday in a wide-ranging investigation originating in the Albany County District Attorney's office into a nationwide prescription drug ring in which more than a dozen people have been indicted. … 'That was a growth hormone that was prescribed by a doctor in relation to his rotator cuff surgery in 2003, so I don't really think there is anything to the story,' said Debi Curzio, Rocker's publicist."

According to SI.com (3/6), David Bell "received six packages of HCG at a Philadelphia address last April, when he played for the Phillies. The cost was $128.80, and the drug was prescribed in conjunction with an Arizona antiaging facility. Bell acknowledges receiving the shipment but tells SI the drug was prescribed to him 'for a medical condition,' which he declined to disclose, citing his right to privacy."

USA Today (3/7) reports free agent infielder David Bell "became the latest son of a major league player to allegedly receive performance-enhancing drugs in the mail, according to documents obtained by SI.com. Bell, the son of Kansas City Royals manager Buddy Bell, received six packages of a human growth hormone at his Philadelphia home last April when playing for the Phillies, SI.com reported, citing a 37-page classified intelligence report as part of a federal, state and local investigation into the illegal sale of steroids. Bell confirmed he received the shipment but told SI.com it was prescribed for a 'medical condition.'"

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Booster Under Investigation. In Jupiter, Florida, the New York Times (3/7, Wilson, Kovaleski) reports a businessman and wrestling booster who "has sponsored Olympic and school-age athletes is under investigation by state and federal authorities examining the distribution of steroids and human growth hormone, according to a law enforcement official familiar with the case. The booster, Joseph L. Raich, is the vice president of Palm Beach Rejuvenation Center, a business…offering hormone and antiaging treatments. The center was described as a nexus of illegal drug activity in charges filed Monday against the company's president and medical director." The Times says authorities "seized steroids, growth hormone, syringes and business records, including Mr. Raich's tax records, during the search of the rejuvenation center offices, according to a receipt of the items seized in the search that was filed with the court."

"Operation Click 4 Drugs" Nets 9 Arrests. The New York Daily News (3/6, Marzulli, Martinez) reported a "TV aerobics guru and her wealthy boyfriend have been busted for pushing more than pushups on the Internet." The Daily News says Sonia Barrantes Molina and Miami businessman Anthony Quiñones "were portrayed by federal prosecutors as Internet prescription drug dealers. The couple and seven Puerto Rican doctors were rounded up by Drug Enforcement Administration agents in a ring-crushing sting called Operation Click 4 Drugs. Molina pleaded not guilty…in Brooklyn Federal Court to charges of money laundering and distributing prescription drugs on the Internet. Prosecutors claim the ring made millions of dollars between January 2004 and December 2006."

Colorado Cocaine Investigation Leads To Guilty Plea From Accused "Kingpin." The Summit Daily News (3/6) reported the alleged drug kingpin of the Aspen Business Center car wash "pleaded guilty Monday to distribution of cocaine. Federal and local agents arrested Jose Jesus 'Chuy' Sanchez-Ceja in late September after a 10-month undercover operation. … Sanchez-Ceja was arrested in a series of valleywide drug raids, which led to the arrests of six suspected cocaine dealers and the seizure of $14,000 worth of cocaine and $64,000 in cash."

Surgeon General Calls Alcohol "Drug Of Choice" Among Teens. In a widely reported story, the AP (3/6) says acting Surgeon General Kenneth Moritsugu "issued a report that he said was designed to get all sectors of society involved in solving a major health problem. He described alcohol as the drug of choice for teens. The 2005 National Survey on Drug Use and Health estimates there are 11 million underage drinkers in the United States. … Although there has been a significant decline in tobacco and illicit drug use among teens, underage drinking has remained at consistently high levels, he said."

NBC Nightly News (3/6, story 5, 2:00, Brown) aired, "Each day, 7,000 children under the age of 16 take their first drink and nearly 20% of 14-year-olds claim to have been drunk at least once. Georgetown University researcher David Jernigan thinks he knows why." David Jernigan: "On TV in 2005, kids saw 41% more alcohol advertising than they did in 2001. The trend is up, up, up." The National Academies of Science "has already called for a tax hike on alcohol to stem underage drinking, but the administration today said that would unfairly penalize everyone who buys alcohol."

TAX:

Former West Palm Beach, FL Commissioner To Plead Guilty To Tax Evasion. The South Florida Sun-Sentinel (3/7, Apgar) reports, "Former City Commissioner James Exline is expected to plead guilty this morning in U.S. District Court to knowingly filing a false federal tax return. Prosecutors said Exline, 42, took a $50,000 payment from a developer in 2004 and did not report it on his return. According to the charging document, the unnamed developer retained Exline in October 2004 for 'land planning services' on property that the developer wanted to develop. The payment was 'for past and future real estate commissions and for land planning services.' To hide the money trail, prosecutors said, Exline directed the developer to write a personal check for $50,000 to a West Palm Beach jewelry store owner who gave him the money. Exline faces three years in prison and fines of up to $250,000. Exline, reached at his business, Urban Land Consulting, declined to comment. … Prosecutors said that after the developer hired Exline, the commissioner met with city staff 'to assist the land developer with the land use and planning issues pending' with the city. On May 11, 2005, city staff, after talks with Exline, approved a subdivision that allowed Sansbury to build a restaurant overlooking a retention pond. Acosta said yesterday that while Exline met with city planners from October 2004 through May 2005 to discuss land issues, he

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never disclosed his financial relationship with Sansbury. 'We expect the politicians we vote into office to abide by the same rules as ordinary citizens,' said Jonathan Solomon, FBI special agent in charge of the case. He added: 'Exline made up his own rules, for his own benefit and with that decision, his integrity vanished.'"

States Move To Close Tax Shelter Exploited By Wal-Mart. The Wall Street Journal (3/7, A2, Drucker, 2.04M) reports state officials "in Maryland and Connecticut said they would take measures to close a popular state corporate income-tax shelter used by companies including Wal-Mart Stores Inc." Maryland State Comptroller Peter Franchot "announced that the state would no longer let payments to so-called captive real-estate investment trusts be deducted from state corporate taxable income. Meanwhile, Connecticut Attorney General Richard Blumenthal said in an interview that his office has begun investigating the use of captive REITs for tax avoidance purposes." In both states, "officials said the moves were prompted by a page-one article1 in The Wall Street Journal last month that detailed how Wal-Mart and others have used the structure to lower their state tax burdens." Through the shelter, Wal-Mart "turned rental payments to itself into state-deductible expenses, even though the money never left the company."

Barbour Rejects Cutting Grocery Tax For Higher Tobacco Taxes. The New York Times (3/7, Nossiter, 1.16M) reports, "Studies, polls, protests at the Capitol, legislative sentiment and America's highest cardiovascular disease rate notwithstanding," Mississippi Gov. Haley Barbour, "a former tobacco lobbyist," the "governor of the poorest state is not budging, for the second year in a row: no cut in the 7 percent grocery tax and no increase in the 18-cents-a-pack third-lowest-in-the-nation, cigarette tax." Barbour, "lawmakers say, is getting used to getting his way and is likely to do so on the doomed groceries-for-cigarettes tax swap."

WSJ Columnist Gives Tips On Choosing Tax Preparer. In his "Tax Report" column for the Wall Street Journal (3/7, D1), Tom Herman writes, "Finding a good tax preparer has never been easy. But the growing complexity of the tax code has made it even trickier." Herman continues, "More than 60% of all taxpayers used paid preparers last year, up from 46% in the mid-1980s. Many more are likely to need professional help next year unless Congress does something to curb the rapid growth of the alternative minimum tax, a highly complex parallel tax system that ensnared about 3.5 million people last year. … Nobody knows for sure how many paid preparers there are. Cono Namorato, a former Internal Revenue Service official who now is a partner at Caplin & Drysdale in Washington, estimates there are 1.2 million to 1.6 million. Among them are highly trained tax lawyers, certified public accountants and enrolled agents -- who are private-sector specialists licensed to practice before the IRS. The list also includes seasonal workers at national tax-preparation companies, as well as small storefront and shopping-mall operations. … Yet relying on even the most experienced tax pro is no guarantee of getting a bulletproof return -- or even saving money. Indeed, armed with a good software program, you may well be able to do your taxes on your own." Herman adds, "In some cases, preparers make very basic errors that can cost their clients money. For example, the IRS says millions of people who hired someone else this year to do their returns for 2006 neglected to claim a special new telephone excise-tax refund. … Lawmakers are considering legislation to expand regulation of the tax-preparation industry. Some senators have proposed requiring paid preparers to meet training and competency standards. They also want to make it easier for the IRS to crack down on wrongdoers. … Concern about paid preparers escalated last year after the U.S. Government Accountability Office found significant mistakes -- and even some cheating -- by workers at a few major tax-preparation firms. (The firms weren't identified.) Adding to those concerns, earlier this year the IRS discovered large numbers of bogus claims for the phone-tax refund. Many of those were on returns filed by paid preparers. … The IRS also recently warned taxpayers to beware of dishonest preparers. Among the most obvious red flags: Preparers who refuse to sign your return, who assure you that they will get you a higher refund than anyone else, or who calculate their fees as a percentage of your refund amount."

CONGRESS-ADMINISTRATION:

Bush Taps Dole, Shalala To Investigate Walter Reed Hospital. ABC World News (3/5, story 3, 3:25, Vargas, 8.78M) reported, "President Bush, today, announced former Senator Bob Dole, and former Secretary of Health and Human Services, Donna Shalala, will both head up the investigation of the problems at Walter Reed Army

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Medical Center. The President says the nation has a moral obligation to make sure troops get better treatment." President Bush: "Some of our troops have met delays and living conditions that are less than they deserve. It's unacceptable to me. It's unacceptable to you. It's unacceptable to our country. And it's not going to continue." The CBS Evening News (3/6, story 4, 2:00, Martin, 7.66M) showed Bush saying, "It's unacceptable to me, it's unacceptable to you, it's unacceptable to our country and it won't continue." NBC Nightly News (3/6, story 4, 2:30, Williams, 9.87M) also reported Bush called "treatment of some of the soldiers wounded here in Iraq at" the Walter Reed "unacceptable," and he "announced he is appointing former Senator Bob Dole and Bill Clinton's former Secretary of Health, Donna Shalala, as co-chairs of a Presidential commission that will look at problems at military and VA Hospitals across the country."

Bush's statement that the situation was "unacceptable" received extensive local TV coverage. For example, TXCN-TV Dallas (3/6, 9:22 pm) reported, "President Bush pledged today to fix the broken medical system provided care for wounded troops. Leading the investigation, two high-profile Washington insiders," Donna Shalala and Bob Dole. The newscast then showed the President saying "It's unacceptable to me, it's unacceptable to you, it's unacceptable to our country, and it's not going to continue." NECN-TV Boston (3/6, 6:14 pm) and KHOU-TV Houston (3/6, 5:12 pm), among many other stations, ran stories featuring that Bush snippet.

The New York Times (3/7, Luo, 1.16M) reports Bush said Dole, "who lost the use of his right arm in World War II, and Ms. Shalala, health secretary in the Clinton administration and now president of the University of Miami, will head 'a comprehensive review' of the care of wounded troops, from the point at which they return from the battlefield to the restarting of their lives as civilians, and assess just how pervasive the problems are."

The AP (3/7, Flaherty) reports Bush "also directed Veterans Affairs Secretary Jim Nicholson to set up a task force of officials from various agencies to identify problems in treating wounded troops. To underscore the message that he cares about the troops, Bush referred to the group as a task force on 'returning global war on terror heroes.'" The Financial Times (3/7, Remtulla, Luce), McClatchy (3/7, Douglas, Rosen), the Washington Post (3/7, A5, White, 690K), and the Los Angeles Times (3/7, Gerstenzang, Simon, 850K) run similar stories on the appointment of Dole and Shalala.

Democrats Use Hospital Scandal To Attack Bush Iraq Policy. The AP (3/7, Flaherty) reports Democrats "are using the uproar over Walter Reed Army Medical Center as their latest cudgel to batter President Bush for his Iraq war policies as the administration shows signs it fears political damage from the revelations." Democrats are "stepping up their anti-war rhetoric and casting Walter Reed as the latest Bush administration failure in planning for the war and other contingencies." Sen. Chuck Schumer said, "This is the Katrina of 2007."

In his New York Times column (3/7), Thomas Friedman says, "The squalid living conditions and red tape that have been inflicted on some recovering Iraq war veterans at Walter Reed hospital and elsewhere — which have been spotlighted by The Washington Post — are shocking in their detail, but not surprising. They are one more manifestation — like insufficient troops, postwar planning and armor — of a war that was really important to get right but really hard, which the Bush team thought was really important and would be really easy."

Kiley: Problems Exist At Other Army Hospitals. The CBS Evening News (3/6, story 4, 2:00, Martin, 7.66M) reported, "The general at the center of the scandal over the treatment of wounded soldiers today confirmed everybody's worst fears: The problems at Walter Reed exist at other Army hospitals. Army Surgeon General Kevin Kiley once commanded Walter Reed and is now responsible for all Army hospitals." Gen. Kiley: "What's going on at Walter Reed in terms of the frustration of the staffs and the patients is probably mirrored to some extent in most of our other facilities as I hear commanders talk to us about these issues." Sen. Claire McCaskill: "And I must respectfully say, General Kiley, I think that belongs at your doorstep." Martin: "Senator McCaskill read an e-mail from a soldier at Walter Reed who lost both his legs, accusing Kiley of knowing about the problems and doing nothing to fix them."

NBC Nightly News (3/6, story 4, 2:30, Myers, 9.87M) reported, "Even the military's best friends in Congress dressed down Army leaders over conditions at Walter Reed." Sen. John McCain: "It was a failure in the most basic tenets of command responsibility, to take care of our troops."

USA Today/AP (3/7, 6A) reports Senators "pledged on Tuesday to consider all options to fix a broken system of caring for wounded troops." Senate Armed Forces

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Committee Chairman Carl Levin said, "The war in Iraq has divided our nation but the cause of supporting our troops unites us. We will do everything we can possibly do - not as Democrats or Republicans, but as grateful Americans - to care for those who have served our nation with such honor and distinction." USA added that as "his committee questioned top Defense officials, Levin also used the revelations of poor conditions and outpatient care at Walter Reed to take a swipe at Bush's war polices."

The New York Times (3/7, Luo, 1.16M) reports, "Although they offered no specifics, Senate Democrats said they would pursue legislation addressing what they described as failure by the Bush administration to deal with longstanding concerns about the treatment of wounded troops and veterans and to properly plan for the onslaught of casualties of the Iraq war." Citing "complaints they said they had heard firsthand on visits to the hospital last week, committee members bore down on General Kiley and other top military officials over why they had failed to act earlier to address the problems there."

The Washington Post (3/7, A5, White, 690K) reports, "As Bush was speaking yesterday morning, members of the Senate Armed Services Committee were expressing dismay on Capitol Hill as they opened hearings on Walter Reed, with senators from both political parties criticizing Army and Defense Department leaders who apparently were unaware of systemic problems in outpatient care, despite multiple warnings." Kiley, "who at times has been dismissive of the problems, appeared more contrite yesterday: 'Simply put, I'm in command, I'm accountable and I share in the failures, and I also accept the responsibility and the challenges for rapid corrective action.'"

McClatchy (3/7, Douglas, Rosen) reports "members of both parties continued to hammer the administration and the military for the problems at Walter Reed and at veterans' hospitals across the country at hearings on Tuesday." Sen. Claire McCaskill, D-Mo., "renewed her call at the hearing for Army Medical Commander Lt. Gen. Kevin Kiley to resign."

The Los Angeles Times (3/7, Gerstenzang, Simon, 850K) reports Sen. Joe Lieberman (I-Conn.) "said that, while the Army was moving to address the problems at Walter Reed, he thought Congress would find that the departments of Defense and Veterans Affairs have 'a system that simply shortchanges those who have served us.'"

ABC Investigation Finds Thousands Of Complaints About Local VA Hospitals. ABC World News (3/5, story 3, 3:25, Woodruff, 8.78M) reported on the conditions at other military and VA hospitals around the country: "What's remarkable is how so many of them agree about how badly the smaller VAs around the country are dealing with the injured. A persistent problem for so many injured vets, one they cited time and again in their emails, is the bureaucracy in the VA system." Tens of "thousands of soldiers and Marines injured in Iraq and Afghanistan have come through the system. Many of them describe their initial care as first-rate. Life-saving. It's after that, they say, the problems begin." VA doctors "we talked to say that at the beginning of the war, the VA did not predict the new types of injuries it would have to treat. And even the best in the VA, were overwhelmed by the sheer numbers of injured soldiers and Marines. And that has to begin to change."

Privatization Of Walter Reed Maintenance Contract Criticized. NBC Nightly News (3/6, story 4, 2:30, Williams, 9.87M) reported, "Some of the problems at Walter Reed may be traced to the Bush Administration's effort to turn what was the job of government at one time over to a private company. The same company that had some real problems managing its own role in the Hurricane Katrina relief." NBC (Myers) added, "Critics say part of the problem may be an Army decision last year to contract out maintenance and support at Walter Reed to a private company, even though government workers argued they could do it better and for less." John Gage, Government Workers Union President: "They were moving, come hell or high water, to contract these jobs out." Myers: "Congressional investigators say that last month, about 100 private workers took over jobs previously performed by 350 government employees. The contract went to a company -- International American Products or IAP -- which played a major role in the ice fiasco during Hurricane Katrina when trucks roamed the country delivering little and running up costs to taxpayers." Rep. Henry Waxman: "They didn't seem to be doing a very good job even delivering the ice and from what we now see, they didn't do a very good job at Walter Reed either."

Hearings Raise Doubts About Closure Of Walter Reed. The Christian Science Monitor (3/7, Lubold, 59K) reports lawmakers "probing the scandal at Walter Reed Army Medical Center are saying it wasn't just a failure of leadership. Constrained resources during a war lasting longer and costing more than anyone in the administration had expected, along with a controversial privatization initiative at the hospital, also played a role. But beyond these

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circumstances, one key factor has come up during congressional testimony this week: The facility was due to be shuttered in coming years, raising the possibility that officials were reluctant to make large financial commitments to it."

The Washington Post (3/7, A5, Vogel, 690K) reports, "The furor surrounding the treatment of wounded soldiers has prompted some lawmakers, veterans and Army officials to ask: Why is the Defense Department closing Walter Reed -- where more than 6,000 soldiers injured in Iraq and Afghanistan have been treated since 2002 -- in the middle of a war with mounting casualties?" Congress "approved and President Bush signed into law the recommendation of the federal Base Realignment and Closure (BRAC) Commission in 2005 that Walter Reed be closed and consolidated with the National Naval Medical Center in Bethesda, where a $2 billion expansion is being planned."

NYTimes Blames Rumsfeld. The New York Times (3/7, 1.16M) editorializes, "There is plenty of blame to go around. Officials at Walter Reed were egregiously negligent. The Army's high command, and the Joint Chiefs above them, were too weak-kneed or obtuse to demand adequate resources for medical care — just as they were too fearful for their own careers to demand adequate troops to fight the Iraq war to begin with. But the fundamental responsibility rests with the president and his former defense secretary, Donald Rumsfeld, who stubbornly insisted on going to war without sufficient resources — and then sought to hide the costs of their disastrous mistakes from the American public."

Waxman Accuses GSA Head Of Conflict Of Interest. The Wall Street Journal (3/7, A14, Paltrow, 2.04M) reports the "head of the General Services Administration, which annually awards billions of dollars in contracts for many federal agencies, drew new accusations of wrongdoing and conflict of interest" from House Oversight and Government Reform Committee Chairman Henry Waxman. The Chairman "included records he said support his allegations in a March 6 letter to GSA chief Lurita Doan. Among other items, he wrote, the records detail Ms. Doan's business relationship with a contractor that predated her GSA appointment in May 2006." Waxman also "said the records suggest Ms. Doan intervened to assure the renewal of a contract to Sun Microsystems Inc., of Santa Clara, Calif., despite staff concerns the computer-hardware maker had overcharged the government by millions of dollars."

The Washington Post (3/7, A4, O'Harrow, Higham, 690K) reports Waxman "said his investigators had obtained information that raises 'further questions' about GSA Administrator Lurita Alexis Doan's efforts to give a no-bid job to a longtime friend and professional associate." Waxman also "revealed new allegations that Doan 'asked GSA officials in a January teleconference how the agency could be used to help Republican candidates,' in possible violation of federal law. He invited Doan to testify before his panel on March 20."

Bush Administration Agrees To Release Report On NASA Inspector General. The Houston Chronicle (3/7, Dale, 530K) reports, "The Bush administration agreed Tuesday to release to Congress by April 2 the results of a probe into alleged wrongdoing by NASA Inspector General Robert Cobb. Democratic members of the House Committee on Science and Technology had threatened to issue subpoenas to force the White House to turn over the documents. Rep. Brad Miller, the North Carolina Democrat who chairs the committee's Investigations and Oversight Subcommittee, said representatives had tried without success to secure the release of the documents since November."

The Orlando Sentinel (3/7, Matthews, 230K) reports, "The decision comes after more than two months of wrangling between Congress and an oversight group on whether federal lawmakers could have access to the longstanding Cobb probe." The inquiry was completed "by the end of last summer." The allegations against Cobb include "stifling investigations, mistreating employees and maintaining more than the traditional arms-length relationship he was supposed to have with top officials of the agency he was supposed to independently monitor. Cobb has denied any wrongdoing. A spokeswoman for his office would not comment."

Roberts Court Seen As Work In Progress. The New York Times (3/7, Greenhouse, 1.16M) reports that "for anyone tempted by the joys of punditry to proclaim that the Roberts court is clearly one thing or another, this is a time to sit back, wait and see." It is "not only that the term's most challenging decisions lie ahead, rulings on abortion and school integration that will almost certainly reveal fissures too deep to paper over. It is that the Roberts court's record so far is being asked to carry more weight than it usefully can for those trying to take the new chief justice's measure." Much

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was "made of the court's unanimity during the last term, which was the first for the Roberts court. About half the decisions were unanimous (49 percent by one count, 53 percent by another: the difference is over whether to ascribe unanimity to justices who disagree on the reasoning behind a 9-to-0 outcome). So far this term, the record is about the same, 8 out of 18." But one "factoid that may actually prove significant: of the four 5-to-4 decisions so far this term, the only justice in the majority in every case was Anthony M. Kennedy, powerful ammunition for the view that in a crunch, this is Justice Kennedy's court."

Education Department Headquarters To Be Named For LBJ. McClatchy (3/7, Recio) reports former President Lyndon Johnson, "whose only official memorial in Washington is a hard-to-find grove on an island in the Potomac River near the Pentagon, soon will have more suitable recognition - the Department of Education headquarters." By voice vote, the House "agreed Tuesday to name the Education Department building near the Capitol the Lyndon Baines Johnson Federal Building. Sen. Kay Bailey Hutchison, R-Texas, has introduced a similar bill in the Senate."

Federal Employee Unions Press For Changes In Workforce Rules. The Washington Post's (3/7, D4, Barr) "Federal Diary" column reports, "The House Armed Services readiness subcommittee debated the new National Security Personnel System that the Pentagon has started rolling out to Defense Department civilians, the first oversight hearing since the NSPS was created in 2003, subcommittee chairman Solomon P. Ortiz (D-Tex.) noted." Also, the "House Appropriations financial services and general government subcommittee, a new panel, held a hearing on 'issues in the federal workforce,'" in which Rep. José E. Serrano (D-NY), the chairman and other "panel members questioned the Bush administration's outsourcing initiative" and criticized Bush's budget, for as the Post quotes Serrano, not "'preparing government agencies for the future of the federal workforce.'" At both hearings, "union leaders did not miss the opportunity to press their points. John Gage, president of the American Federation of Government Employees, called for a repeal of the new Defense Department personnel system, arguing that the Pentagon went too far in trying to curb collective-bargaining rights," while at "the appropriations hearing, union representatives said they were concerned that the salaries of many federal employees keep falling behind those in the private sector."

Hughes, Lieberman's Wife Had Lunch Together. The Washington Post (3/7, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column that Karen Hughes and Hadassah Lieberman were seen "lunching together yesterday at the Four Seasons, which we like to imagine was the White House's secret back-channel attempt to get Sen. Joe Lieberman to switch parties but may well have been perfectly innocent. The senator's wife had her arm in a cast -- no details about that from the senator's office."

Jenna Bush's Book Deal Noted. NBC Nightly News (3/6, story 7, 0:30, Brown, 9.87M) reported, "There is news tonight about one of the First Twins we haven't heard about for a while, Jenna Bush. She's got a book deal. Jenna is now 25 years old. … Her book will be the true story of a 17-year-old single mother in Panama who is living with HIV and she told USA Today she hopes her story will have some of the influence, 'very modestly of the diary of Anne Frank.'" The Washington Times (3/7, Harper, 88K) and the Washington Post's "Reliable Source" column (3/7, C3, Argetsinger, Roberts) also report the story.

Law Forbidding Foreign Ownership Of Airlines Criticized. In a Wall Street Journal op-ed (3/7, A17), Michael Levine, a former airline executive, says, "You can buy a ticket on a foreign airline between the U.S. and virtually everyplace in the world that gets air service, and foreigners can rent you cars and sell you a bus ticket. But no foreigner offers you a ticket for air travel within the U.S." This is "not because no one wants to. In the latest example, Virgin Airways of Britain, a company that controls airlines in the U.K., continental Europe, Australia and the South Pacific, has been trying since 2004 to start a domestic airline based in San Francisco. It has assembled a management, cleared the Federal Aviation Administration's safety hurdles and bought new planes, half a dozen of which are now sitting wastefully on the ground, waiting for permission to fly." But the "law that supposedly deregulated the airline industry still contains provisions dating from the 1930s forbidding foreign ownership and control of domestic airlines. Over the years, ingenious lawyers have devised investment and governance formulas that would allow de facto foreign investment in domestic airlines with enough control to protect it from management incompetence or treachery. Not one has ever been allowed

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to succeed. Egged on by airline pilot unions and the biggest U.S. airlines, Washington has forbidden them to do so."

WSJournal Criticizes Kerry For Blocking Ambassadorial Nominee. The Wall Street Journal (3/7, 2.04M) says in an editorial that Sen. John Kerry's "throbbing grievances jeopardize President Bush's nominee for U.S. Ambassador to Belgium." Last week, Sam Fox, "a 77-year-old St. Louis businessman, sat before the Senate Foreign Relations Committee for a confirmation hearing widely expected to be uncontroversial. But in the 2004 campaign, Mr. Fox gave $50,000 to the Kerry opposition group Swift Boat Veterans for Truth." After some "desultory questioning about 'the image of America in Europe,' Mr. Kerry solicited Mr. Fox's opinions as to 'the politics of personal destruction' -- to which Mr. Fox replied, 'Senator, you're a hero.' Not good enough. Mr. Kerry launched into a harangue about 527 committees (the Swift Boaters were one of those) and other affronts to his station in life, none of which were germane to Mr. Fox's qualifications to serve." Fox, "a major donor to Republican campaigns, says he gives generously to a variety of causes, most of them philanthropic, and doesn't recall the reasoning behind his Swift Boat donation. We can assume it was to defeat Mr. Kerry, though Mr. Fox also pointed out, sensibly enough, that 527s are creatures of contemporary politics: 'That's the world we live in.'"

OTHER NEWS:

Greenspan Sees "One-Third Probability" Of Recession This Year. USA Today (3/7, 5B, 2.27M) and The Washington Post (3/7, D1, 690K) run a Bloomberg story this morning reporting, "Former Federal Reserve chairman Alan Greenspan said there's a 'one-third probability' of a US recession this year, and the current expansion won't have the staying power of its decade-long predecessor. 'We are in the sixth year of a recovery; imbalances can emerge as a result,' Greenspan, 81, said in an interview Monday at his office in downtown Washington. 'Ten-year recoveries have been part of a much broader global phenomenon. The historically normal business cycle is much shorter' and is likely to be this time, he added." Greenspan's outlook "contrasts with the prediction of his successor, Ben Bernanke, who told Congress last week that the economy may strengthen this year."

The Financial Times (3/7, Guha) says Greenspan risked stirring renewed controversy on Tuesday when he told the Bloomberg news agency that there was a 'one-third probability' of a US recession this year." Greenspan's "latest remarks come barely a week after he told investors in Hong Kong that he thought a US recession this year was 'possible.'" The earlier comments "spread quickly through the investment community, spooking investors and contributing to turmoil in financial markets."

Reports Shows Slowdown In Productivity. The Wall Street Journal (3/7, A8, Dougherty, 2.04M) reports, "US productivity grew more slowly at the end of last year while labor costs shot up, a combination that could raise inflation fears. Nonfarm business productivity -- a measure of the average worker's output per hour -- rose at a seasonally adjusted annual rate of 1.6% in the 2006 fourth quarter." That "was down from a previous estimate of 3% growth, the Labor Department reported. Moreover, third-quarter productivity was also revised downward to a 0.5% decline, compared with the 0.1% drop previously reported." The Journal adds, "More startling was the growth in unit labor costs, which was revised to 6.6% growth in the fourth quarter, compared with a previous estimate of 1.7% growth." The New York Times (3/7, Peters, 1.16M) says "slowing productivity is the latest sign that the economic outlook for businesses is less than inviting. As a result, businesses appear to be cutting their spending."

US Stocks Bounce Back. ABC World News (3/5, story 7, , Vargas, 8.78M) reported, "It was a strong day on Wall Street, as US stocks followed overseas markets in rebounding from nearly a week of steep declines. The Dow shot up more than 150 points [to close at 12,207.59], recovering about a quarter of its recent losses. And the NASDAQ gained 44 points [to close at 2,385.14], almost 2%." The Washington Post (3/7, D1, Tse, 690K) says "despite the gains, the three market indicators were still down for the year," while the Wall Street Journal (3/7, C1, McKay, 2.04M) reports "the market's gains came despite lackluster economic data, which analysts said could portend further disappointments and a bout of selling." The Journal also notes "the Standard & Poor's 500-stock index gained 1.5%, or 21.29 points, to 1395.41, off 1.6% on the year." And under the headline "Dow's Bounce May Not Signal Recovery," USA Today (3/7, 1B, Shell, 2.27M) says "a 157-point Dow gain is normally a sign of a healthy stock market. But when a big up day like Tuesday follows a 736-point drop in the previous nine sessions, the rally comes with

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its fair share of caveats and question marks." Wall Street "has historically viewed large one-day rebounds after steep, scary declines with suspicion and trepidation. And traders' reaction to Tuesday's stock surge fit the age-old profile to a T."

Bernanke Calls For Limiting GSEs' Holdings. The Wall Street Journal (3/7, A8, lp, 2.04M) reports, "Federal Reserve Chairman Ben Bernanke said Fannie Mae and Freddie Mac should be restricted 'almost exclusively' to holding home loans or securities that promote affordable housing. If implemented, Mr. Bernanke's recommendation could require drastic reductions in the companies' portfolios, which are dominated by regular mortgages and mortgage-backed securities." But "prospects appear dim for any such restriction given opposition from the Democratic majority in Congress."

The Washington Post (3/7, D2, Hilzenrath, 690K) says "congressional efforts to overhaul regulation of Fannie Mae and Freddie Mac have been moving in a different direction" than the one advocated by Bernanke. Rep. Barney Frank, chairman of the House Financial Services Committee, "thinks a new regulator should be empowered to control the size of the companies' investment portfolios as needed to ensure their financial safety and soundness, said Steve Adamske, a spokesman for Frank. The House passed legislation along those lines last year, but the Senate took no action."

In an editorial, the Wall Street Journal (3/7, 2.04M) says "it's good news that…Bernanke stepped up yesterday and put himself on record as favoring limits on Fannie Mae and Freddie Mac. Maybe his intervention will help prod Congress to stop protecting the two mortgage giants from regulatory discipline." But this "is all so eminently sensible that it probably won't happen. Democrats in Congress claim to want to help poor homeowners, but they seem only too happy to let Fannie and Freddie grow rich by investing in the higher-income mortgage market that is already liquid enough. They could better serve taxpayers and the poor if they took Mr. Bernanke's counsel."

More Corporate Defense Firms Taking Contingency Fee Work. The Wall Street Journal (3/7, B1, Koppel) reports, "Minneapolis law firm Faegre & Benson LLP may soon face a problem most firms would be happy to have: how to split a $100 million-plus fee." The Journal continues, "The firm of around 475 lawyers mainly makes its living representing corporations that pay an hourly rate for work. But in 1989 it agreed to take on a contingency-fee case, representing more than 3,000 Alaskan fishermen claiming damages from the Exxon Valdez oil spill. That meant Faegre would pay the legal costs upfront. If its clients won, the firm would get a percentage of the potentially huge judgment. If not, it could lose the money it had sunk into the case." The Journal adds, "The bet appears to have paid off. Late last year, a federal appeals court awarded the Valdez plaintiffs $2.5 billion in punitive damages, which could yield nearly $900 million for Faegre and other firms representing plaintiffs in the case. In January Exxon Mobil Corp. asked for a rehearing, but those are granted sparingly. … Now the firm, which factors in annual productivity when paying partners, may have to wrestle with how to compensate those who produce one whopping sum after years of work." The Journal notes, "Traditionally, the nation's top corporate law firms have shunned contingency-fee work -- often cases that target big corporations for punitive damages -- for fear of alienating their core clients. But driven by pressure to boost profits, more such firms are crossing over to what some lawyers call the 'dark side.' … The shift is sparking tensions within big corporate firms. Besides the financial risks, there's a philosophical issue in the debate. While it hasn't come up at his own firm, David Oesting, a partner at Davis Wright Tremaine LLP, which also represented plaintiffs in the Exxon Valdez case, says, 'You can understand that senior counsel would say, "Punitive damages are sins and the work of the devil, so how in the hell could you have been arguing that you should get them?"' … A rise in patent litigation is fueling the trend. Because such cases can result in particularly huge awards, law firms are more willing to handle them on a contingency basis."

Law Students Worry About Career Problems From Online Forum Comments. The Washington Post (3/7, A1, Nakashima) reports, "She graduated Phi Beta Kappa, has published in top legal journals and completed internships at leading institutions in her field. So when the Yale law student interviewed with 16 firms for a job this summer, she was concerned that she had only four call-backs. She was stunned when she had zero offers. … Though it is difficult to prove a direct link, the woman thinks she is a victim of a new form of reputation-maligning: online postings with offensive content and personal attacks that can be stored forever and are easily accessible through a Google search." The Post continues, "The woman and two others

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interviewed by The Washington Post learned from friends that they were the subject of derogatory chats on a widely read message board on AutoAdmit, run by a third-year law student at the University of Pennsylvania and a 23-year-old insurance agent. The women spoke on the condition of anonymity because they feared retribution online." The Post adds, "The law-school board, one of several message boards on AutoAdmit, bills itself as 'the most prestigious law school admissions discussion board in the world.' It contains many useful insights on schools and firms. But there are also hundreds of chats posted by anonymous users that feature derisive statements about women, gays, blacks, Asians and Jews. In scores of messages, the users disparage individuals by name or other personally identifying information. Some of the messages included false claims about sexual activity and diseases. To the targets' dismay, the comments bubble up through the Internet into the public domain via Google's powerful search engine. … The site's founder, Jarret Cohen, the insurance agent, said the site merely provides a forum for free speech. … The students' tales reflect the pitfalls of popular social-networking sites and highlight how social and technological changes lead to new clashes between free speech and privacy. The chats are also a window into the character of a segment of students at leading law schools. Penn officials said they have known about the site and the complaints for two years but have no legal grounds to act against it. The site is not operated with school resources. … Nor is it the only forum for such discussions, but it may be the largest 'and is certainly the highest profile,' said David A. Hoffman, a Temple University law professor who has conducted research on AutoAdmit."

Attorneys General Of Seven States Set To Endorse McCain. The Hill (3/7, Bolton) reports, "The attorneys general of seven states, including the host of a pivotal presidential primary, will announce their support for Sen. John McCain (R-Ariz.) today, adding to the number of state leaders endorsing him over former district attorney Rudy Giuliani and the other Republican hopefuls in the race. The top law enforcement officials from South Carolina, Michigan, Washington state, Utah, Alabama, Indiana, and North Dakota privately revealed their support of McCain during a meeting of the National Association of Attorneys General this week. Three of the attorneys general endorsing McCain said the Arizona lawmaker is winning over the majority of Republican officials and former Bush campaign supporters in their home states. Five of the states represented are expected to hold early primaries next year. South Carolina will host one on Feb. 2 or earlier; Alabama and Utah have set elections for Feb. 5., and Michigan and North Dakota are expected to move up their primaries to join perhaps more than 20 other states on that date. … 'Most of the establishment is for McCain. Most of the establishment last time was for Bush,' said South Carolina Attorney General Henry McMaster, who pledged neutrality in 2000 when he served as state party chairman."

McCain, Lott Now Close Allies. Roll Call (3/7, Billings) reports, "Following crushing setbacks that could have sidelined their respective careers, Republican Sens. Trent Lott (Miss.) and John McCain (Ariz.) have put aside long-standing differences and become leading architects of each other's political resurrections. In the process, Lott and McCain have created an influential network of Senate Republican allies who by circumstance or design are loyal to them both. In fact, many of Lott's strongest devotees also are backers of McCain's 2008 presidential bid, and vice versa. When Lott plotted a return to the GOP leadership as Minority Whip in the fall, McCain served as one of his most eager promoters and helped count votes in the Mississippian's campaign. And it was Lott who more than a year ago became one of the first Senators to back McCain's bid for the presidential nomination and has since become one of the Arizonan's top Senate surrogates." However, "it wasn't always that way. … The two parted ways for a time after Lott successfully campaigned for GOP Whip in 1994 and moved for the first time into the Senate leadership. And in 2000, Lott opted to back then-Texas Gov. George W. Bush for the presidency over his Arizona Senate colleague. 'I didn't think the time was right for John then,' Lott explained recently. 'I thought that George W. Bush was the right man for the job at that time. But [McCain] has come back, better and stronger.'"

McCain Camp Pushing To Allow Independents To Vote In California Primary. The Washington Times (3/7, Hallow, 88K) reports that Sen. McCain's "campaign is mounting a stealth effort to change Republican presidential nomination rules in California to allow independents to vote in the Feb. 5 primary, party and campaign officials in the state have told The Washington Times. The impact could be huge -- and potentially damaging to former Massachusetts Gov. Mitt Romney, currently the most acceptable to traditional-values voters among the three top-tier Republican presidential candidates. 'If California changes its delegate

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selection rules to allow independent voters to participate in the Republican primary, it would be very helpful for McCain and for Rudy Giuliani, who historically have done very well among independent voters,' Federal Election Commissioner Michael E. Toner said. An official with the Romney organization in California said McCain supporter Duff Sundheim, the former state Republican Party chairman and an ally of Gov. Arnold Schwarzenegger, has been trying to line up votes for the rules change. Several other state officials and campaign operatives independently reported receiving phone calls from Mr. Sundheim seeking support for the change."

"Uninspired" Giuliani Address Said To Not Bode Well For His '08 Hopes. In her column in the Washington Post (3/7, A17, 690K), Ruth Marcus writes, "Poll after poll suggests that Rudy Giuliani has a serious shot at winning his party's nomination, and therefore the presidency, despite his abortion rights/gay rights/gun control baggage. But listening to Giuliani's lackluster speech to" the Conservative Political Action Conference "last week, I was not convinced that he craves the job -- or that he has a particular vision of what he'd do if he got it." Marcus says Giuliani "neither tossed the crowd red meat (conservative judges, maybe?) nor took on his vulnerabilities (the closest he came was to quote Ronald Reagan, 'My 80 percent ally is not my 20 percent enemy') nor offered them much in the way of substance. … Instead, he served up a pedestrian address padded with Reagan references (15, by my count) and platitudes." Marcus adds, "In the end, one mediocre speech to one crowd 10 months before the first vote is cast will not matter much -- unless it presages more uninspired Giuliani performances."

Baptist Leader Says Evangelicals Turned Off By Giuliani's "Divorce On Steroids." The AP (3/7, French) reports, "A Southern Baptist leader said Tuesday that evangelical voters might tolerate a divorced presidential candidate, but they have deep doubts about GOP hopeful Rudy Giuliani, who has been married three times. Richard Land, head of public policy for the Southern Baptist Convention, told The Associated Press that evangelicals believe" Giuliani "showed a lack of character during his divorce from second wife, television personality Donna Hanover. 'I mean, this is divorce on steroids,' Land said. 'To publicly humiliate your wife in that way, and your children. That's rough. I think that's going to be an awfully hard sell, even if he weren't pro-choice and pro-gun control.' Giuliani married his longtime companion, Judith Nathan, in 2003. They had dated publicly while Giuliani was married to Hanover. … Land noted that Republican presidential candidate John McCain has been married twice, but said the Arizona senator has acknowledged his part in the failure of his first marriage. 'It's a molehill compared to Giuliani's mountain,' Land said. 'When you're a war hero [like McCain], you have less to prove on the character front.'"

Gallup Poll Shows Clinton, Giuliani Maintaining Leads. USA Today (3/7, Lawrence, 2.27M) reports, "Nearly half the country has given 'quite a lot' of thought to a presidential election still 20 months away, according to a new USA TODAY/Gallup Poll that suggests high interest in a wide-open race already in full swing. Among registered voters, one in five said they had 'a good idea' whom they will support in 2008; an additional 55% said they have thought about the candidates but don't yet have a good idea. Asked about the early start to the campaign, 48% of poll respondents called it a good thing; 44% said it was a bad thing." New York Sen. Hillary Clinton (D) and ex-New York City Mayor Rudy Giuliani (R) "still lead their respective nomination races, the poll found." Clinton "leads Illinois Sen. Barack Obama 36%-22%. Last month, she led 40%-21%." On the GOP side, Giuliani "led Arizona Sen. John McCain 44%-20%, up from 40%-24% last month."

Morris Says Obama May Ride Speech At Selma Event To Top Of The Polls. In his column in The Hill (3/7), Dick Morris writes, "Will March 4, 2007, the 42nd anniversary of the Selma, Ala., march for voting rights, propel Sen. Barack Obama's (D-Ill.) presidential candidacy with the same force that Sept. 11, 2004 energized George W. Bush's pursuit of a second term? The day clearly belonged to Obama, despite the efforts of both Hillary and Bill to turn it into Clinton Day. Obama's speech was inspirational, challenging African-Americans to assume responsibility and participate in the political process. By contrast, Hillary's speech, replete with a phony Southern drawl — the same one she used to effect in Arkansas — smacked of pandering." Morris says that "Obama's speech seared right through to the root of the American conscience. The spectacle of an African-American running for president and speaking on the site of a 42-year-old battlefield where the very right of blacks to vote was at issue could not but inspire everyone who watched

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it. The effect on the polls may be significant. … It might be enough to permit Obama to challenge Hillary for first place."

Obama's Short Time As US Senator Could Play To His Advantage. The Washington Times (3/7, DeBose, 88K) reports, "The 2008 road to the White House is filled with pitfalls for senators; specifically, their voting records -- a particularly acute problem for Democrats who approved the Iraq war. But Sen. Barack Obama has served in the Senate for only two years, and some analysts say the Illinois Democrat's lack of a voting record may uniquely benefit his presidential campaign. 'Everyone thinks that he agrees with them or that they agree with him because he does not have an extensive record to play against, and he is a really good listener,' said Stephen Hess, professor of political science at George Washington University and senior fellow in governance studies at the Brookings Institution." Obama, however, served eight years in the Illinois state Senate, where he "co-authored bills extending tax benefits to low-income families, making health insurance more affordable, and increasing funding for AIDS prevention and care programs." The Times goes on to note that as a state senator, Obama "once voted against a state Senate bill to provide medical care to unborn babies who survive an abortion, saying it would create a loophole to make abortion illegal," and he also "voted against a bill that would have allowed self-defense to be used as a mitigating argument against charges of illegal firearms possession in cases where a person shot a home intruder using a banned handgun."

Coulter's Slur Of Edwards Seen As "Sheer Idiocy." In a New York Times column (3/7), Judith Warner says, "Ann Coulter's use of the epithet 'faggot' to slur Democratic presidential candidate John Edwards last week took me back to the schoolyards of the 1970s, when Coulter and I were both young." The "world of playground insults hasn't altered much since Coulter's schooldays, but the larger world has changed a bit. She made her remarks during a major gathering of conservatives in Washington that drew most of the major Republican presidential candidates, and commentators of the left, right and center soundly denounced her." But "what I found particularly shocking in Coulter's comments was their studied juvenility, the sheer idiocy of their language."

Financial Experts Say Workers Overcharged For 401(k) Plans. The Washington Post (3/7, D2, Day, 690K) reports, "Workers are being overcharged tens of billions of dollars a year in unnecessary and often hidden fees imposed on popular, company-sponsored retirement savings plans known as 401(k)s, financial experts told a congressional committee yesterday." Mutual funds and "other professional investment firms often charge fees totaling 3 percent to 5 percent of the assets they manage, when 1.5 percent would be more appropriate, Matthew D. Hutcheson, an independent consultant on pension fees, told the House Education and Labor Committee." The hearing "comes as the new Congress, now controlled by Democrats, is applying greater scrutiny to the financial services industry, especially to how it charges and discloses fees on a variety of products, including credit cards and home loans." The hearing "was the first of two planned this year by the committee's chairman, Rep. George Miller (D-Calif.), to determine if the Labor Department is adequately overseeing the 401(k) industry and to help craft legislation requiring money managers to fully disclose what they charge and to manage 401(k) plans to maximize returns for retirees."

US, Hispanic Chambers Of Commerce Clash. The Hill (3/7, Bolton, Snyder) reports, "Two well-known business trade associations are embroiled in a legal battle that could affect which will represent Hispanic businesses, a rising political and economic force, in Washington." The US Hispanic Chamber of Commerce is "accusing its one-time ally, the much larger U.S. Chamber of Commerce, of trying to diminish its influence with Latino business leaders through a trademark fight over the right to use the words 'United States' and 'chamber of commerce.' The U.S. Hispanic Chamber of Commerce is also claiming that the other Chamber has tried to poach its members by offering them free memberships." The US Chamber, "the nation's leading business trade group, is an ardent advocate for competition and a liberal immigration policy. But critics contend that in its fight with the rival chamber, it is motivated by fear both of competition and a Hispanic invasion of its turf."

Protectionism Seen As Wrong Response To Global Economic Changes. In a USA Today op-ed (3/7, 11A), Antoine van Agtmael, chairman and CEO of Emerging Markets Management, LLC., says, "We're no longer the economic center of the universe, as the global landscape has shifted to former Third World countries. What to do? Remain competitive through innovation, not protectionism."

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We are "in the midst of the greatest shift in the global economy since the Industrial Revolution. This time, the economic epicenter is shifting away from the developed world to emerging markets in Asia, Eastern Europe, the Middle East and Latin America." One thing the US "(but also Europe and Japan) will need to get used to the idea that we are no longer the center of the economic and political universe. Even more important, we should resist the knee-jerk reaction of protectionism that would likely stifle innovation."

Conservatism Blamed For Decline Of Working Class Family. In his Washington Post column (3/7, A17), Harold Meyerson says, "American conservatism is a house divided against itself. It applauds the radicalism of the economic changes of the past four decades -- the dismantling, say, of the American steel industry (and the job and income security that it once provided) in the cause of greater efficiency. It decries the decline of social and familial stability over that time -- the traditional, married working-class families, say, that once filled all those churches in the hills and hollows in what is now the smaller, post-working-class Pittsburgh. Problem is, disperse a vibrant working-class community in America and you disperse the vibrant working-class family."

Ethanol Pact Would Boost US "Significance" In South America. The Financial Times (3/7, Wheatley) says US officials, "seeking a way to reach out to the dominant economy of South America and undercut the regional impact of Venezuela's oil diplomacy, think they have found it in biofuels." Establishing a partnership with Brazil now "would give the US the significance in the region it has gradually lost since talk of a US-led Free Trade Area of the Americas fizzled out a few years ago."

The Wall Street Journal (3/7, A2, Regalado, 2.04M) reports President Bush is scheduled to arrive in Brazil tomorrow to discuss a possible alliance on ethanol fuel, "but investors aren't waiting for a pact: They are already pouring money into" the ethanol industry. While the US market remains "largely off-limits to Brazil because of tariffs and quotas that protect the US ethanol industry," Japan and "other energy-poor nations in Europe are already looking to" Brazil for ethanol. Interest in the ethanol export market "began to grow rapidly last year, as Mr. Bush began putting political weight behind ethanol." Now officials from both countries "say the contemplated US-Brazil deal on biofuel is likely to include the creation of a body to set technical standards and support for sugar-cane production elsewhere in Latin America."

Hutchinson Urges Closer Ties With Friends In Region. Sen. Kay Bailey Hutchison of Texas writes in the Washington Times (3/7, 88K) that "when President Bush leaves tomorrow on a five-nation tour of Latin America, he will be entering a region that has become more important to our national security than at any point since the Cold War" where "a fresh wave of authoritarianism -- fueled by petrodollars, populism and anti-Americanism -- has cast a dark cloud over the future of freedom in our hemisphere." Hutchinson urges the US to "face reality and confront this threat head-on" by "pressing forward on free trade, development aid, military cooperation and exchange programs."

More Commentary. In an editorial, the Washington Post (3/7, A16, 690K) writes, "President Bush's tour of Latin America beginning tomorrow will be shadowed by Hugo Chávez, in more ways than one." But Bush "seems to understand that to confront Mr. Chávez, in words or otherwise, would be to provide him with the US enemy he craves." While Bush "will never win a war of rhetoric with Mr. Chávez," the Post says the US "ought to be able to offer far more than Venezuela can to Latin Americans hoping for social and economic improvement. Six years after Mr. Bush promised to make the region a priority of his presidency, it's not too late to deliver."

On its editorial page, the New York Times (3/7, 1.16M) writes, "In recent years, Washington has looked at Latin America with tunnel vision" and has "selectively concerned itself with issues that have important political constituencies in the United States, like drug trafficking, immigration, military cooperation and trade and investment liberalization." President Bush, it says, "should use this" week's trip "to start a new version of the alliance, one intended to reinforce democracy across the region" and "commit himself to ensuring that the benefits of expanded trade and investment reach the millions of Latin America's urban and rural poor, not just the usual narrow elites."

Jorge G. Castaneda, former Mexican foreign minister, writes in the Washington Post (3/7, A17, 690K) that the "balance of forces in" Latin America "has shifted" and Hugo Chavez's "influence has expanded." Castaneda says "it is time" to "undertake the necessary ideological and political struggle to check Chavez and Havana." However, he says,

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"George W. Bush is the least appropriate person on Earth for this mission; he is immensely unpopular in Latin America…and since Sept. 11, 2001, he has neglected the hemisphere. Many snicker that if he defends democracy in Latin America as well as he has in Iraq, only God can help Latin American democrats."

Ohio Investment Group Sues Venezuela Over Bonds. The New York Times (3/7, C1, Gould, 1.16M) reports on "an international financial dispute that is playing out in Federal District Court for Southern Ohio" where Skye Ventures "is suing Venezuela for its refusal to honor" $100 million in bonds purchased from a Venezuelan bank. The dispute over the bonds, issued by the now bankrupt Banco de Desarrollo Agropecuario, or Bandagro, "has not recently been discussed in public by the government of Venezuela, where President Hugo Chávez rarely lets any issue involving the United States pass. But it could well become a cautionary tale, whether for investors in emerging markets or for Venezuela -- which, Skye says, may be liable for up to $6 billion if all the bondholders press their claims."

To Head Off New Sanctions, Iran Offers To Negotiate With UN. The AP (3/7, Jahn) reports Iran "demanded an end to Security Council 'interference' in an offer made public Tuesday in exchange for clearing up suspicions about its disputed nuclear activities," in what was seen as "an apparent attempt to head off new U.N sanctions over its refusal to stop uranium enrichment." In documents made available to the AP, Iran said it was ready to "negotiate...for the resolution of outstanding issues with the IAEA...without the interference" of the U.N. Security Council. Signed by Ali Ashgar Soltanieh, Iran's chief representative to the agency, the letter also said the country was ready to "enter a constructive...negotiation." Separately, Soltanieh told the AP that "no country welcomes sanctions" because they mean "more problems for the people and the country," but added: "This does not mean we will be afraid." His comments were "unusually subdued" compared to recent remarks made by Iranian President Mahmoud Ahmadinejad.

Pension Funds Urged To Cut Investments In Iran. On its front page, USA Today (3/7, 1A, Slavin, 2.27M) reports, "Federal lawmakers and officials in at least four states are pushing government-employee pension funds to dump shares of foreign companies that do business in Iran." On Tuesday, Rep. Ileana Ros-Lehtinen (R) proposed legislation "that would require federal pension funds to unload shares of any company with more than $20 million invested in Iran's energy sector." Funds would also be "barred from future purchases of shares of companies investing in Iran." Similar restrictions have already be imposed on state-employee pension funds in Missouri, while Georgia, California and Florida are considering similar measures.

The Dow Jones Newswire (3/7, Talley) reports Rep. Tom Lantos (D-CA) said Tuesday he plans to introduce a similar measure "that would strengthen the Iran Sanctions Act and would require the Bush administration to sanction any companies with deals worth more than $20 million with Iran."

German Firm Seeks Iran Gas Contract. The Financial Times (3/7, Hoyos, Dombey, Simensen) reports Germany's biggest importer of natural gas, Eon, confirmed Tuesday it "is pursuing its first gas supply contract with Iran in an effort to reduce its dependence on Russia." Both Germany and the UK "are at the centre of international efforts to persuade Iran to curb its nuclear programme and are seeking to frame a new [U.N.] resolution that would add to limited sanctions on Tehran." However, "The fact that companies are looking to do long-term LNG deals with Iran despite the hostile political climate indicates just how difficult it has become to secure gas supplies."

Disappearance Of Former Iranian Official Prompts Kidnapping Allegations. The AP (3/7, Dareini) reports Iran said Tuesday former deputy defense minister, Ali Reza Asghari, "was missing while on a private trip to neighboring Turkey, and its top police chief accused Western intelligence services of possibly kidnapping the official." Iran's top police chief, Gen. Esmaeil Ahmadi Moghaddam, said, "It is likely that Asghari has been abducted by the Western intelligence services," but did not elaborate. In Turkey, the Interior Ministry said Tuesday it was investigating the matter, "but would not confirm or deny that Asghari had disappeared or been kidnapped."

Boot Says Attack On Iran Would Be Justified. The Los Angeles Times' (3/7) Max Boot writes that by reading media reports of supposed US plans to attack Iran, "You would think that the United States was Nazi Germany preparing to launch a war of aggression on Poland based on a fabricated provocation. In reality, it is the United States and our allies that are the victims in the confrontation with Iran." Boot says that "faced with such a flagrant casus belli, not to mention President Mahmoud Ahmadinejad's blood-curdling threats against our ally, Israel, the US would be perfectly justified in hitting Iran now, before it acquires nuclear

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weapons. But that doesn't necessarily mean that such an attack is the best strategy at the moment or the one that the administration is pursuing." He warns that "only if the Iranians fear the US are they likely to make major concessions. The Bush haters are thus doing Bush a big favor with all their talk of an imminent American strike. The more alarmism, the better -- justified or not."

US Presses Pyongyang On Nuclear Program As Talks End. The AP (3/7, Lederer) reports the US and North Korea "wrapped up historic talks on establishing diplomatic ties on an optimistic note Tuesday," but the US wants Pyongyang to "come clean" about any uranium enrichment program and eliminate all nuclear weapons before normalizing relations. Assistant Secretary of State Christopher Hill told reporters at the end of two days of meetings, "These were very good, very businesslike, very comprehensive discussions. For now, I think we feel we're on the right track." His North Korean counterpart, Vice Foreign Minister Kim Kye Gwan, was "also upbeat," telling reporters "the atmosphere was very good, constructive and serious."

The New York Times (3/7, A9, Hoge, 1.16M) notes, "While the accord" reached last month "specified that North Korea was required to make a full 'declaration' of all of its nuclear activities, the question of the uranium enrichment program in particular arose yesterday because of recent suggestions that the Bush administration may have overstated the reliability of intelligence" on North Korea.

Echoing Hill's remarks, the Financial Times (3/7, Turner, Jung-a) reports Deputy Secretary of State Negroponte told a news conference in Seoul: "I have no doubt that North Korea has had a highly enriched uranium programme, and that has been, and continues to be, the judgment of our intelligence community.'' He said the US "would expect that when North Korea makes its declaration of nuclear facilities, that would be one of the issues that would be addressed." Both statements "appeared to be a response to mounting debate in Washington over the existence of such a programme" and "also play to criticism that the recent six-party agreement might have let Pyongyang off the hook."

The Washington Times (3/7, A1, Kralev, 88K) reports Hill also "predicted yesterday that the North will meet its obligations under the first phase of last month's agreement to shut down its nuclear programs, but warned that the next stage will be much more difficult." Therefore, he urged the North Koreans, as well as the other four participants in the six-party talks, to "immediately get into the next phase" in mid-April and "not lose any momentum."

Israel, Syria May Be Near Peace Deal. The Washington Times (3/7, Sands, 88K) reports, "Israel could convert a privately negotiated blueprint into a lasting peace deal with Syria within months if Prime Minister Ehud Olmert is willing to take the political risk," a key Israeli drafter of the plan said yesterday. Alon Liel, former director general of the Israeli Foreign Ministry, "said he thinks Syria remains interested in the outlines of the unofficial deal," which would allow Syria to recover the Golan Heights from Israel in exchange for a "strategic reorientation" of its foreign policy.

Syria Seeks To Gain From Regional Conflict. The Christian Science Monitor (3/7, Blanford, 59K) reports Syria is "seeking to trade on the impression it can provide at least partial solutions to some of the region's most pressing problems." Though the US has refused to talk directly to Syria, its relations with neighboring Iraq "have improved with the formal restoration of diplomatic ties in December and the signing of a joint security agreement." Meanwhile, several US lawmakers "have recently traveled to Damascus and a State Department official is planning a visit to discuss the plight of Iraqi refugees."

Olmert, Abbas To Meet Next Week. The AP (3/7, Weizman) reports Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas "will meet next week for their second summit in a month, but this one will focus on humanitarian matters rather than the core issues of the Mideast dispute," an Olmert aide said Tuesday. The meeting is expected to be held "before Abbas' Fatah Party and the militant Hamas group form a unity government, which likely will complicate relations between the two sides."

Palestinians See Growing Food Shortages. The Christian Science Monitor (3/7, Mitnick, 59K) reports as a "sign of economic deterioration in the West Bank and Gaza," food "insecurity" now "affects one-third of all Palestinians and threatens another 12 percent, according to a study by a division of the United Nations World Food Programme (WFP)." While the WFP says that food insecurity "has remained steady at 34 percent, the organization has had to increase the number of beneficiaries of its food aid program by 25 percent to 600,000 Palestinians to stave off a broader crisis."

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EU, Egypt Sign €558 Million Aid Package. The Financial Times (3/7, England, Dombey) reports, "Egypt and the European Union on Tuesday launched a reform package that Brussels hopes will push the country towards democratisation -- despite a recent crackdown by Egyptian authorities on opposition members and concerns about the government's will to carry out political changes." The plan, "which includes a four-year €558 million assistance package, was agreed after months of negotiations during which the EU sought to convince Egypt to accept a new forum in which to discuss democracy and human rights." But despite the agreement, Egyptian Foreign Minister Aboul Gheit "made clear on Tuesday that it would move forward only at its own rhythm."

State Department Releases Annual Human Rights Report. The New York Times (3/7, A6, Cooper, 1.16M) reports, "The Bush administration acknowledged Tuesday that its treatment of terrorism suspects was being questioned, even as it used an annual report to criticize the human rights records of Iraq, Afghanistan and a long list of other countries." In releasing the report, Secretary of State Condoleezza Rice said, "Our democratic system of governance is accountable, but it is not infallible," but "did not specifically cite any American violations." But Assistant Secretary of State Barry Lowenkron said the Department was "issuing this report at a time when our own record, and actions we have taken to respond to terrorist attacks against us, have been questioned." Elsewhere, the report "described serious problems in countries with close ties to the United States, and cited worsening sectarian violence in Iraq." It also "found that respect for human rights had deteriorated in China, Russia, Venezuela and Egypt."

The Washington Post (3/7, A10, Boustany, 690K) notes, "China is at the top of a list of countries blocking Internet access, and Russia and Venezuela have shown serious regression in several areas, mainly in centralizing power in the executive branch." In Sudan, the report "outlined evidence that genocide continues to ravage" Darfur, and said Khartoum was "responsible for it." This year's report also addressed Internet freedom and the issue of nongovernmental organizations (NGOs) "that are being harassed while carrying out their missions."

Obering Says Russia "Right To Fear UK-Based Missiles." In an interview with the Financial Times (3/7, Sevastopulo, Cienski), Lt. Gen. Trey Obering, head of the US Missile Defense Agency, said Russia "would have legitimate cause for concern if the Pentagon placed missile interceptors in Britain as part of its missile defense shield." While the Pentagon is negotiating with Poland and the Czech Republic over hosting the system, UK officials recently said Prime Minister Tony Blair "had lobbied the US to have his country host the interceptors." Obering told the Times, "If they [the Russians] are concerned about us targeting their intercontinental ballistic missiles, I think that would be problematic from the UK, because I believe we probably could catch them from a UK launch site." However, he stressed that the US "would not have chosen Poland or the Czech Republic if our criteria were to try to somehow offset the Russian…advantage."

In a separate 1,900-word analysis, the Financial Times (3/7, Sevastopulo) writes, "Despite enduring doubts about the scale of both the threat facing the US and the efficacy of missile defence, Washington's wish to place interceptors for the system in Poland and radars in the Czech Republic has provoked a furious response from Russia and signs of cracks within Nato." As a result, Obering has been "propelled back into the spotlight" to "reassure Moscow" that the system is "aimed at threats in the Middle East such as Iran."

Former NATO Official Urges Russia To Back Missile System. Marshall Billingslea, a former assistant secretary general of NATO, writes in the Wall Street Journal (3/7, A17, 2.04M) that "Russian reactions" to the proposed missile system "have been disconcerting" as "some of the rhetoric in past days -- such as Monday's blunt threats by Lt. Gen. Igor Khvorov to target European missile defense sites with bombers….is a throwback to a bygone era that needs to stay gone." Rather than "squaring off over the issue," Billingslea says "policy makers should take a hard look at the real security threat: the behavior of rogue regimes such as Iran and North Korea."

Two Americans Fall Ill From Poison In Russia. The New York Times (3/7, A3, Chivers, 1.16M) reports, "An American doctor and her daughter were being treated in a Moscow hospital on Tuesday after showing signs of thallium poisoning." While the "circumstances of the poisonings are unclear," it appears that Dr. Marina Kovalevsky and her daughter "ingested the poison while in Moscow." The "mystery" of the poisonings "has attracted immediate attention and speculation in the Russian news media."

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Peacekeepers Attacked On Arrival In Somalia. The New York Times (3/7, A11, Gettleman, 1.16M) reports, "The first group of African Union peacekeepers arrived Tuesday in Mogadishu" where they were met with shells and gunfire from insurgents. The "episode was the latest burst of violence in Somalia, and a sign that the situation the new peacekeepers are stepping into is dangerously reminiscent of the chaos that haunted the last such mission to Somalia in the 1990s."

Separately, the New York Times (3/7, A11, Gettleman, 1.16M) reports on a part of Somalia, known as Somaliland, that "seem[s] so peaceful and functional -- so normal, in fact -- while the rest continues to be such a violent, chaotic mess." This "tale of two Somalias is especially striking now, as thousands of African Union peacekeepers prepare to rescue Mogadishu."

US Prepares For Post-Castro Cuban Exodus. On its front page, the Washington Times (3/7, A1, Gentile, 88K) reports, "Fearing a potential mass exodus of Cubans when Fidel Castro dies, dozens of federal, state and local agencies, along with the military, will participate in a massive two-day training exercise beginning today to hone migrant-interdiction skills." The exercise, which involve representatives from the State Department, the Pentagon and the Justice and Homeland Security departments, "will also test readiness to intercept vessels heading to Cuba."

Former Ambassador Says Kosovo's Fate Is In Serbia's Hands. Morton Abramowitz, former US ambassador to Turkey, writes in the Wall Street Journal (3/7, A16, 2.04M), "Kosovo, still trying to emerge from Belgrade's long and difficult rule and more recently from international control, has a long way to go to establish a viable, stable state. But its slow, halting progress is being impeded by its former Serb masters, backed in the United Nations by Russia." However, Abramowitz says it is up to Serbia's leaders "to decide whether they want to accept the verdict of the West, to cooperate in shaping a new Balkans, including an independent Kosovo, and to pursue seriously membership in the EU."

Ignatius Says Administration's Shift In Foreign Policy "Long Overdue." The Washington Post's (3/7) David Ignatius writes that the Bush administration's foreign policy "seems to be bending toward the subtler…approach. This conversion is long overdue. But it will require the administration to do what it has sometimes found hardest, which is to prioritize its foreign policy goals and go all-out on the ones it decides are most important." The "clearest example" of the administration's "new outreach," he says, is its "turnabout on discussions with Iran and Syria about how to stabilize Iraq." However, Ignatius says the Administration "shouldn't go into these talks holding its nose." Instead, if is "serious, it should use the initial meeting to set up regular US-Iranian discussions about Iraq" and to "start a real dialogue with Syria." However, he says "the Russia diplomacy may prove the most delicate of all," but "after a slow start, the Russians are indeed becoming a reliable partner on Iran."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:

"Libby's Conviction In CIA Leak Case A Setback For White House."
"Las Vegas Looks North To Slake Its Thirst."
"Wine Czar Ernest Gallo Dies."
"Atkins Diet Wins For Losing."
"Iraq Attacks Kill 110 Shiite Pilgrims."
"Fired U.S. Attorneys Testify Before Congress."
"Talk Floats Of A Possible Pardon By Bush."

USA Today:

"Funds Told To Cut Ties To Iran."
"The Verdict."
"GOP: Verdict About Libby; Democrats Say It's Bigger."
"Racial Tensions Are Simmering In Hawaii's Melting Pot."

New York Times:

"Libby Guilty Of Lying In C.I.A. Leak Case."
"In '05 Investing, Obama Took Same Path As Donors."
"Makers Of Sodas Try A New Pitch: They're Healthy."
"In Arizona Desert, Indian Trackers Vs. Smugglers."

Washington Post:

"Libby Found Guilty In CIA Leak Case."
"For An Opaque White House, A Reflection Of New Scrutiny."
"Harsh Words Die Hard On The Web."
"118 Shiite Pilgrims Killed In Iraq Attacks."
"Prosecutors Say They Felt Threatened."
"Montgomery Starts Sex-Ed Pilot Program."

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Washington Times:
"Bush Lauds 'Surge' Results."
"Libby Found Guilty On 4 Counts."
"College Returns Cross To Chapel."
"Big Things Planned For East Of Anacostia."
"US Tells N. Korea To 'Come Clean.'"
"US Prepares For Thousands To Flee Cuba."
"McCain Seeks Independents' Primary Votes."

Detroit Free Press:
"Comerica Withdraws."
"His Sister: I Want Him To be Punished."
"'Idol' Fever."
"Zetsche Not Sold On Selling Chrysler."

Atlanta Journal-Constitution:
"Libby Convicted."
"Red Tape Entangels Veterans' Heath Care."
"Rich Athletes Complete For Hottest Wheels."

Houston Chronicle:
"Jury: Libby Lied In CIA Leak Probe."
"Officers Descend On TYC Sites In Sex Probe."
"Emissions Plan Has Mayors Miffed At White."
"A Mid Holy Pilgrimage, A Scene Of Carnage."
"Handing Over The Judge's Gavel."
"Fates Of Oefelein, Nowak Up In The Air."

Story Lineup From Last Night's Network News:
ABC: Libby Found Guilty; Libby Found Guilty; VA Hospitals; Iraq Sectarian Violence; Earth Quakes-Indonesia; Purity Dances; Stock Market; Housing Mortgages; Wikipedia Fraud.
CBS: Libby Conviction; Libby-White House Reaction; Fired US Attorneys; Walter Reed Hearing; Iraq Surge; Iraq Violence; California-Global Warming; Lung Cancer Test; Sleepless Women.
NBC: Libby Found Guilty; Libby Found Guilty-Analysis; Iraq Sectarian Violence; Walter Reed Scandal; Under Age Drinking; Being Happy-Good Health; Jenna Bush-Book Deal; Camp Victory-Iraq.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Committee For Wounded Veterans; Walter Reed-Senate Hearing; Iraq-Shiite Pilgrims Killed; Libby Convicted; Bilateral Talks Between Japan And North Korea Cancelled; Indonesia-Plane Crash.
CBS: Indonesia-Plane Crash; Libby Convicted; Bush-Committee For Wounded Veterans; Congress-Fired US Attorneys; Mega Millions Lottery; Nowak Investigation; Al Gore-PETA.
NPR: Indonesia-Plane Crash; Libby Convicted; Polls-US's International Image Down; Iraq-Shiite Pilgrims Killed; Walter Reed-Senate Hearing; Jefferson City, MO-Suspected Illegal Aliens Working For Janitorial Contractor Detained; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks to political appointees and Senior Executive Service employees, DAR Constitution Hall, closed press.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in the Kuwait-America Foundation's Project Hope Benefit Dinner, Kuwaiti Ambassador's Residence, 2940 Tilden St. NW.

US Senate: 8:45 a.m. SELECT INTELLIGENCE _ Full Committee. Closed. Briefing on world issues. Location: Room H-405, Capitol.

9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on the nation's future and agricultural research. Undersecretary of Agriculture Gale Buchanan; Alan Leshner, American Association for the Advancement of Science; Jeff Armstrong, Michigan State University; William Danforth, Washington University; Francis Thicke, Radiance Dair Farm, Fairfield, Iowa. Location: Room 328A, Russell.

9:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Interstate Commerce, Trade and Tourism Subcommittee. Hearing on policy implications of drug importations for U.S. consumers. Randall Lutter, acting deputy commissioner for policy, FDA; Billy Tauzin, CEO, PhRMA; Stephen Schondelmeyer, University of Minnesota College of Pharmacy; William Schultz, partner, Zuckerman Spaeder; Nelda Barnett, AARP; John Vernon, University of Connecticut School of Business. Location: Room 253, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on large investments in advanced energy technologies and ways to stimulate more private sector investment. Dan Reicher, Google; Elon Musk, chairman, Tesla Motor Co.; Michael Liebreich, co-founder

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and CEO, New Energy Finance; Jerome Peters, TD Banknorth Project Finance; John Denniston, Kleiner Perkins Caufield and Byers. Location: Room 366, Dirksen.

9:30 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on American competitiveness in the 21st century. Bill Gates, chairman of Microsoft Corp. Location: Room 216, Hart.

02:15 p.m. JUDICIARY _ full Committee. Hearing on the McCarran-Ferguson Act and antitrust immunity. Homeowner Michael Homan, New Orleans; Robert Hunter, Consumer Federation of America; Marc Racicot, American Insurance Association; Illinois Insurance Director Michael McRaith. Location: Room 226, Dirksen.

9:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the VA adjudication process. Location: Room 418, Russell.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. hearing on Department of Defense medical programs. Air Force Surgeon General Lt. Gen. James Roudebush; Assistant Air Force Surgeon General M. Gen. Melissa Rank; Navy Surgeon General Vice Adm. Donald Arthur; Navy Nurse Corps Director Rear Adm. Christine Bruzek-Kohler; Army Surgeon General Lt. Gen. Kevin Kiley; Army Nurse Corps Chief Maj. Gen. Gale Pollock. Location: Room 192, Dirksen.

10 a.m. HOMELAND SECURITY _ Permanent Investigations Subcommittee. Hearing on credit card practices. Bank representatives; consumers. Location: Room 342, Dirksen.

2 p.m. APPROPRIATIONS _ Energy and Water Development Subcommittee. Hearing on the Energy Department budget. Assistant Secretary James Rispoli; Edward Sproat III, Director, Office of Civilian Waste Legacy Management. Location: Room 138, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on oversight of the enforcement of antitrust laws. FTC Chairman Deborah Platt Majoras; Assistant Attorney General Thomas Barnett. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Space, Aeronautics and Related Sciences Subcommittee. Hearing on earth science programs, including satellites. Berrien Moore III, University of New Hampshire; Otis D. Brown, dean, Rosenstiel School of Marine and Atmospheric Science, University of Miami; Michael Freilich, director, Earth Science Division, Science Mission Directorate, NASA; Nancy Colleton, president, Institute for Global Environment Strategies and executive director, Alliance for Earth Observations. Location: Room 253, Russell.

3 p.m. ENVIONRMENT AND PUBLIC WORKS _ Full Committee. Hearing on the FY08 EPA budget. Administrator Stephen Johnson. Location: Room 406, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets and then recesses immediately. Recovenes at about 10:45 a.m. in a Joint Meeting with the Senate to receive King Abdullah of Jordan. Highlights: 1) H.R. 569 - Water Quality Investment Act of 2007 (Rep. Pascrell - Transportation and Infrastructure). 2) Postponed Suspension Vote (1 bill). H.R. 710 - Living Kidney Organ Donation Act.

8:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 budget for the Pacific Command and forces in Korea. Location: Room 2118, Rayburn.

9 a.m. SMALL BUSINESS _ Full Committee. Hearing on the Innovation Agenda from the perspective of the technology and telecommunications industry. Location: Room 2360, Rayburn.

9 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways and Transit Subcommittee and Railroads, Pipelines and Hazardous Materials Subcommittee. Hearing on transit and rail security. Location: Room 2167, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on climate change and energy security. Michael Oppenheimer, Princeton University; James W. Hurrell, National Center for Atmospheric Research, Boulder, Colo.; John R. Christy, University of Alabama in Huntsville; Roni Avissar, Duke University; Gabriele Hegerl, Duke University. Location: Room 2322, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Energy and Environment Subcommittee. Hearing on the Energy Department's FY08 research and development budget. Dr. Ray Orbach, Under Secretary for Science, Department of Energy; Andrew Karsner, Assistant Secretary for Energy Efficiency and Renewable Energy, Department of Energy; Jeffrey Jarrett, Assistant Secretary for Fossil Energy, Department of Energy; Dennis Spurgeon, Assistant Secretary for Nuclear Energy, Department of Energy; Kevin Kolevar, Director, Office of Electricity Delivery and Energy Reliability, Department of Energy. Location: Room 2318, Rayburn.

1 p.m. AGRICULTURE _ Conservation, Credit, Energy and Research Subcommittee. Hearing on the financing structure of renewable energy resources. Location: Room 1302, Longworth.

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1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Walter Reed Army Medical Center. Army Surgeon General Lt. Gen. Kevin Kiley, Army Chief of Staff Gen. Peter Schoomaker, Vice Chief of Staff Gen. Richard Cody. Location: Room 2359, Rayburn.

1:30 p.m. NATURAL RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

2 p.m. APPROPRIATIONS _ Financial Services and General Government Subcommittee. Hearing on maintaining the integrity of elections. Donetta L. Davidson, chairwoman, Election Assistance Commission; Ray Martinez III, former commissioner, Election Assistance Commission; Randolph C. Hite, GAO; Aviel D. Rubin, director, A Center for Correct, Usable, Reliable, Auditable, and Transparent Elections 1/8ACCURATE 3/8. Location: Room 2220, Rayburn.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the Economic Development Administration and Minority Business Development Agency. Location: Room H-309, Capitol.

2 p.m. APPROPRIATIONS _ Military Construction, VA, and Related Agencies Subcommittee. Hearing on the FY08 budget for the Pacific Command. Location: Room H-143, Capitol.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on remittances in leveraging sustainable development in Latin America. Location: Room 2128, Rayburn.

2 p.m. RULES _ Full Committee. Meets to set rules for floor debate. Location: Room H-313, Capitol.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on a the pact of aquatic invasive species on the Great Lakes. Location: Room 2167, Rayburn.

2 p.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Performance review of services. Location: Room 340, Cannon.

2 p.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Hearing on the alternative minimum tax. Location: Room 1100, Longworth.

2:30 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on the future of digital radio in the U.S. Location: Room 2123, Rayburn.

2:30 p.m. FOREIGN AFFAIRS _ Middle East and South Asia Subcommittee. Hearing on South Asia. Assistant Secretary of State Richard Boucher. Location: Room 2172, Rayburn.

3 p.m. ARMED SERVICES _ Air and Land Forces Subcommittee. Hearing on Air Force and Army fixed-wing air refueling programs. William Solis, GAO; Michael Sullivan, GAO; Christopher Bolkcom, Congressional Research Service; Lt. Gen. C.H. 'Howie' Chandler, deputy chief of staff for operations, plans and requirements, Air Force; Lt. Gen. Donald J. Hoffman, military deputy, Office of the Assistant Secretary of the Air Force for Acquisition; Lt. Gen. Mark Curran, deputy commander, Training and Doctrine Command, Army; Maj. Gen. (Select) Jeffrey Sorenson, deputy for systems management, Secretary of the Army (Acquisition, Logistics and Technology); Maj. Gen. Thomas P. Kane, director, Strategic Plans, Requirements and Programs, Air Mobility Command, Air Force. Location: Room 2118, Rayburn.

3 p.m. JUDICIARY _ Full Committee. Hearing on election deception and irregularities. Location: Room 2141, Rayburn.

Other: KING ABDULLAH OF JORDAN _ Highlights: 11 a.m. Addresses a Joint Meeting of Congress.

COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AMERICAN LEGION-NATIONAL DC CONFERENCE _ The American Legion 47th National Washington Conference. Highlights: 9:15 a.m. Charles Ciccolella, Assistant Secretary, veterans Employment and Training, U.S. Department of Labor. 9:45 a.m. Bill Brown, Deputy Director, Veterans Rehabilitation and Employment Program, Department of Veterans Affairs. 10:15 a.m. Anita Hanson, Outreach Group Manager, OPM. 10:50 a.m. Matt Murphy, Vice President, Business Development, Recruit Military LLC. 11:20 a.m. Louis Celli, Jr., President and CEO, Northeast Veterans Business Resource Center. 1:50 p.m. Karen Radermacher, Research Analyst, Senator John Kerry; 2:05 p.m. Scott Denniston, director, Office of Small and Disadvantaged Business Utilization, Dept. of Veterans Affairs; 3:50 p.m. William Elmore, Associate Administrator, Office of Veterans Business Development, U.S. Small Business Administration; Shaunta Johnson, Director, Small Business Utilization Center, GSA; James Blanco, LTC, Assistant to the Director OSDBU, Office of the Secretary of the Army; Walter Blackwell,

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President and CEO, The Veterans Corporation (TVC). Location: Renaissance Washington Hotel, 999 9th St. NW.

ATTORNEYS GENERAL _ The National Association of Attorneys General holds its spring meeting. Location: Fairmont Hotel, 2401 M St. NW.

HISPANIC CHAMBER _ The United States Hispanic Chamber of Commerce holds its 17th annual legislative conference, ``Advancing Latino Entrerpreneurship -- It's Just Good Business." Highlights: 8 a.m. - 9:30 a.m. Breakfast session with Rep. Charles Rangel. Russell Caucus Room. 9:30 a.m. Plenary on Reauthorization of the Small Business Act U.S. Senate Speaker: Senator John Kerry. Panelists: Steve Denlinger, President and CEO of Latino American Management Association (LAMA); C.E. Rowe, Associate Administrator for Congressional Affairs for the Small Business Admnistration; Karen Kerrigan, President and CEO of the Small Business & Entrepreneurship Council; and Max Trujillo, Senior Advisor to the House Small Business Committee Chair. Note: This event in the Russell Senate Caucus Room. 6 p.m. Legislative reception with House Majority Leader Steny Hoyer. Mayflower Hotel. 7:30 p.m. Awards dinner with Sen. Mel Martinez and Rep. Silvestre Reyes. Mayflower Hotel. Location: Ronald Reagan Building & International Trade Center 1300 Pennsylvania Ave. NW.

HOSPITALS _ The Federation of American Hospitals holds its 2007 Public Policy Conference and Business Exposition. Highlights: 8:50 a.m. Introduction for speech by Acting Centers for Medicare and Medicaid Services (CMS) Administrator Leslie Norwalk. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

STATE HOUSING AGENCIES _ The National Council of State Housing Agencies holds its Washington Legislative Conference. Highlights: 8 a.m. - 11:30 a.m. Presentation of Legislative Campaign Awards, during which NCSHA recognizes outstanding federal and state legislative efforts. The View From HUD. at which senior HUD officials outline the Administration's legislative and policy agenda for the programs HFAs administer and utilize. Address by pollster Charlie Cook, who will assess the current political environment and give his outlook on the 2008 election. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

FOOD SAFETY SUMMIT _ Food Safety and Security Summit. Highlights: 9:15 a.m. ``Food Safety in an Era of Globalization," with Robert E. Brackett, Center for Food Safety and Applied Nutrition (CFSAN), FDA. Location: Washington Convention Center.

COMMMUNITY ACTION-POVERTY _ About 600 community action professionals, who provide local, coordinated services in 99 percent of the nation's counties, will participate in the National Community Action Foundation Legislative Conference to address the issue of poverty in America. Highlights: 4 a.m. Rep. John Tierney, D-Mass. 12 p.m. - 1:30 p.m. Pollster Frank Luntz of Maslansky Strategic Research. 3 p.m. Rep. Robert ``Bob" Goodlatte, R-Va. 4:45 p.m. Sen. Bernard Sanders, I-Vt. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

TRANSPORTATION-BORDER SECURITY _ 8:15 a.m. Customs and Border Protection Deputy Commissioner Deborah Spero and Secure Borders Initiative Director Gregory Giddens address the Transportation and Border Security Conference. Location: National Rural Electric Cooperative Association conference center, 4301 Wilson Blvd., Arlington.

CHILDREN'S HEALTH _ 8:30 a.m. Several hundred clergy and parents of uninsured children from the faith-based PICO National Network meet with members of Congress to discuss childrens health funding in the 2008 budget and PICOs Road Map to Covering all Children by 2012 as part of SCHIP reauthorization. Location: Room G-50, Dirksen.

HEALTH CARE-FUTURE _ 8:30 a.m. AARP holds a discussion on what Americans are saying about the future of health care and financial security. Location: Horizons Ballroom, Reagan Trade Center.

IMMIGRATION REFORM _ 8:30 a.m. NDN holds an event with Sens. Edward Kennedy, Harry Reid and Robert Menendez, and Reps. Zoe Lofgren and Luis Gutierrez, others, on immigration reform. Location: Room S-211, Capitol.

TAXES _ 8:45 a.m. Panel discussion on ways to address the ``tax gap." Participants include NTEU President Colleen Kelley. Location: Room 4121, main Treasury.

FEDERAL EDUCATION POLICY _ 9 a.m. - 12 p.m. The Cato Institute invites hosts a conference, ``NCLB (No Child Left Behind) and the Future of Federal Education Policy." Highlights: Panel 1: ``What Should Happen with the NCLB Reauthorization? Participants: David Cleary, Staff Director, Subcommittee on Children and Families, Senate Committee on Health, Education, Labor, and Pensions; Dan Lips, Education Analyst in Domestic Policy Studies, Heritage Foundation; Andrew J. Rotherham, Co-Director, Education Sector; Andrew J. Coulson - Director, Center for Educational

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Freedom, Cato Institute; Panel 2: ``Can Any Reform Survive Politics? (Or Does Politics Destroy All?). Participants: Dick Armey, Chairman, FreedomWorks; former House Majority Leader; Neal McCluskey, Policy Analyst, Center for Educational Freedom, Cato Institute; and Susan B. Neuman, Professor in Educational Studies, University of Michigan, Former Assistant Secretary for Elementary and Secondary Education. Location: Cato Institute, 1000 Massachusetts Ave. NW.

BUSH TRIP _ 9:30 a.m. The Council on Foreign Relations holds a telephone briefing on President Bush's Latin American trip. Notes: RSVP required to NYPressRSVPcfr.org. Callin number: 800-351-4892; passscode: Latin Am.

CULTURAL VALUES _ 9:30 a.m. The Media Research Center holds a briefing to release the results of its ``National Cultural Values Survey." Location: National Press Club.

FARM BILL-FOOD SECURITY FACTS _ 10 a.m. Oxfam America holds panel ``Farm Bill, Food Prices and National Food Security: Facts and Fiction." Participants include Bruce Gardner, University of Maryland, College Park. Location: Room 304, Cannon.

DEMOCRAT-IRAQ _ 10:30 a.m. A group of Senators led by Assistant Senate Majority Leader Richard Durbin will release a new Third Way report that they says offers ``a dramatic departure from the failing policies of President Bushs anti-terrorism strategy." Location: LBJ Room, Capitol Building, Senate Side.

CONGRESSIONAL PIG BOOK _ 11 a.m. Citizens Against Government Waste releases 2007 Congressional Pig Book. Participants include CAGW President Tom Schatz, Sens. Jim DeMint and John McCain and Rep. Jeff Flake. Location: Phoenix Park Hotel, 520 N. Capitol St.

PRO-IMMIGRATION _ 11:15 a.m. Senator Barack Obama joins Representative Luis Gutierrez and leaders from NALEO, NCLR, MALDEF, AILA, and other immigration organizations for a press conference announcing the Citizenship Promotion Act. Location: Room S-115, Capitol.

CURRENCY MANIPULATION _ 11:30 a.m. Sens. Stabenow and Bunning hold a news conference to introduce a bill to stop foreign currency manipulation and protect American manufacturers. Location: Senate Radio-TV Gallery.

STEM CELL RESEARCH _ 12 p.m. Reps. Chris Smith, Arthur Davis, others, hold a briefing on the use of cord blood to treat disease and disability and to call for full funding of the National Cord Blood Inventory program. Location: Room 304, Cannon.

SURFACE TRANSPORTATION _ 12 p.m. Rep. James Oberstar joins officials of the National Surface Transportation Policy and Revenue Study Commission and the American Association of State Highway and Transportation Officials regarding a new AASHTO report on the needs and future of the nation's surface-transportation systems. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

WIRELESS NEUTRALITY _ 12 p.m. The New America Foundation holds a panel discussion on ``Wireless Net Neutrality: Should Carterfone and broadband nondiscrimination rules apply to cellular?" with Tim Wu of Columbia University Law School, Michael Altschul of CITA, Christopher Libertelli of Skype, Jeannine Kenney of Consumers Union, Blair Levin of Stifel Nicolaus, others. Location: 7th floor, 1630 Connecticut Ave. NW.

LAVIN-FOREIGN INVESTMENT _ 12 p.m. - 2 p.m. The Peter G. Peterson Institute for International Economics hosts a luncheon address by Undersecretary of Commerce for International Trade Franklin Lavin, who will discuss the role of foreign investment in economic growth broadly, and focus specifically on how such policy affects the attractiveness of the United States as a destination for foreign investment. Location: Peter G. Peterson Institute for International Economics, 1750 Massachusetts Ave. NW.

HISPANICS-US CHAMBER _ 12:30 p.m. The United States Hispanic Chamber of Commerce and its Foundation, joined by the U.S. Pan Asian American Chamber of Commerce, the U.S. Indian-American Chamber of Commerce, USHAA, Inc., the Ibero-American Chamber of Commerce of Washington, D.C. and allied business organizations, will hold a press conference to call attention to the U.S. Chambers legal actions toward the Latino and minority business community. Sponsors say the U.S. Chamber of Commerce is using unfair business tactics to reach the two-million Hispanic-owned businesses represented by the U.S. Hispanic Chamber of Commerce and its Foundation. Location: Room 2456, Rayburn House Office Building.

IRAQ-AFTER THE SURGE _ 12:30 p.m. Council on Foreign Relations forum on ``Iraq: After the Surge," with Steven Simon, Sabbagh senior fellow, and Walter Slocombe, Caplin and Drysdale. Location: 1779 Massachusetts Ave. NW.

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TRADE _ 12:30 p.m. Sens. Sherrod Brown and Byron Dorgan and Reps. Mike Michaud, Walter Jones and Linda Sanchez, others, hold a news conference to call for ``a new direction for trade." Location: Room SC-4, Capitol.

GREAT LAKES _ 1 p.m. Rep. Vernon Ehlers holds a news conference to announce reintroduction of comprehensive legislation aimed at cleaning up the Great Lakes. Location: Room 202A, Cannon.

TIGER WOODS _ 1:30 p.m. Speaker Nancy Pelosi, professional golfer Tiger Woods, Majority Leader Steny Hoyer, and Minority Leader John Boehner will hold a photo opportunity. Location: Room H-230, Capitol.

HOUSE REPUBLICANS _ 1:45 p.m. House Republican Whip Roy Blunt and House Republican Conference Chairman Adam Putnam hold a pen and pad only briefing. Location: Room H-307, Capitol.

PUTNAM/BLUNT AVAILABILITY _ 1:45 p.m. - 2:15 p.m. House Republican Conference Chairman Adam Putnam and Republican Whip Roy Blunt will hold a weekly pen-and-pad session with reporters. Location: Room H-307, Capitol.

IRISH-IMMIGRATION LOBBY _ 2 p.m. The Irish Lobby for Immigration Reform says it's bringing up to 4,000 Irish-Americans from across the country to Capitol Hill today to support comprehensive immigration reform. Speakers also expected from National Council of La Raza and other groups. Location: Holiday Inn on the Hill, 415 New Jersey Ave. NW.

DEMOCRATS-VOTING _ 2:15 p.m. Sen. Hillary Rodham Clinton, D-N.Y., and Rep. Stephanie Tubbs Jones, D-Ohio, hold a press conference with voting rights advocates to announce that they are reintroducing in both chambers of Congress comprehensive voting reform legislation to ensure that every American is able to vote and every vote is counted. Location: Room 418, Russell Senate Office Building.

PAKISTAN _ 3 p.m. - 5 p.m. The Carnegie Endowment South Asia project hosts a forum, ``Changing Orientations of the Military and Problems of Governance in Pakistan." Participants: Hasan-Askari Rizvi, The John Hopkins University, School of Advanced International Studies (presenter); and Frederic Grare, Carnegie Endowment for International Peace (moderator). Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

FINANCIAL INDUSTRY _ 6 p.m. The Center for American Progress holds a screening of Maxed Out, which deals with the working of the modern financial industry, with speaker Rep. Jim Cooper. Location: Room HC-5, Capitol.

GATES-ONLINE PRIVACY _ 6 p.m. Microsoft Chairman Bill Gates will give a keynote address at the Center for Democracy and Technology's 2007 Gala Dinner. Gates will discuss online privacy, security, Internet safety and related issues in a speech titled, ``A Vision for the New Digital Paradigm." Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., also will also deliver a keynote at the gala. Location: Ritz Carlton at 1150 22nd St. NW.

YMCA-MARINES _ 7:30 p.m. Marine Corps Commandant Gen. James T. Conway will speak at Armed Services YMCA event, honoring military medical personnel on the front lines. Coast Guard Commandant Adm. Thad Allen also is scheduled to attend. Location: Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

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THE ATTORNEY GENERAL'S NEWS BRIEFING

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TO: THE ATTORNEY GENERAL AND SENIOR STAFF

DATE: WEDNESDAY, MARCH 7, 2007 7:45 AM EST

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TERRORISM NEWS:

"High-Value" Gitmo Detainees Face Secret Hearings Starting Friday. McClatchy (3/7, Strobel) reports the Defense Department "said Tuesday that hearings for 14 'high-value detainees,' including the alleged mastermind of the 9-11 terrorist attacks, will start Friday at Guantanamo Bay, Cuba, but that reporters would be barred from the procedures." Pentagon spokesman Bryan Whitman "said at a news briefing that the hearings will be closed 'based on national security concerns.' He promised to release censored transcripts 'as expeditiously as we can,' but said officials had decided not to provide the names of the suspects, even after the transcripts have been released." McClatchy notes that reporters "have been allowed to observe previous hearings of so-called Combatant Status Review Tribunals for Guantanamo detainees." The hearings "are likely to be the prelude to a decision by President Bush to try the 14 men before military commissions that Congress established last year."

The Washington Post (3/7, A3, White, 690K) reports the detainees "will face separate three-officer panels out of view and without a lawyer. They will each have a government-provided personal representative and the opportunity to address the tribunals. None of the men has seen anyone other than his captors, except for representatives of the International Committee of the Red Cross who visited shortly after their arrival in September. Though President Bush has determined that the detainees are enemy combatants, new U.S. laws require the tribunals. If the detainees are found to be enemy combatants, they will be entitled to annual reviews of their status until they face trial."

According to the New York Times (3/7, Cloud, 1.16M), "Current plans call for withholding the names of the prisoners in the transcripts." Defense Department officials "said the secrecy was necessary to avoid disclosing the circumstances of their capture and other sensitive information. It was unclear whether any accusations by the prisoners that they have been mistreated while in custody would be made public."

Terror Financing Suspect Ordered Held In Jail. The AP (3/7) reports, "A San Joaquin Valley businessman of Yemeni descent must stay in jail while prosecutors decide whether to charge him with financing a terrorist organization, a federal judge ruled Tuesday. Abdulla Qassem Ahmed Muthana, 43, a Yemeni national who lives in Corcoran, was indicted last year on four counts of money laundering after undercover officers built a case against him for allegedly laundering unemployment checks through his two grocery stores. He pleaded not guilty. Last week, he was arrested after a second sting, in which undercover federal Customs and Immigration Enforcement agents asked him to help them wire funds to Hezbollah, which the U.S. State Department classifies as a terrorist organization. Muthana allegedly obliged, and sent about $55,000 to a bank account in Bahrain, which was controlled by ICE, according to federal documents. Agents told him they had ties to Hezbollah and would use the money to buy weapons, uniforms and to rebuild schools and bases in Lebanon, the documents said." The AP notes, "The FBI's Fresno office first began investigating Muthana in May 2004. According to federal grand jury indictment unsealed last week, undercover officers would offer Muthana unemployment checks and tell him they obtained them fraudulently. Muthana would give the agents cash for the checks, which he deposited into his business bank account, keeping nearly $17,000 as a commission, the indictment said. … The second sting operation began after the FBI's Buffalo, N.Y. office told officials in California Muthana had been identified in a local case as someone who 'could move $100,000 overseas without problems,' federal documents said."

HOMELAND RESPONSE:

Florida Man Charged With Bringing Weapons Onto Flight To Puerto Rico. The Orlando Sentinel (3/7, Rivera-Lyles, Gutierrez, Kassab) reports, "An airline employee at Orlando International Airport used his security privileges on Monday to sneak a duffle bag containing 13 handguns, an assault rifle and eight pounds of marijuana aboard a Delta flight to San Juan." The Sentinel continues, "Puerto Rico Police arrested Thomas Anthony Muñoz, 22, of Kissimmee, and confiscated the weapons after he walked off Delta Airlines flight 933 Monday afternoon. … It was unclear Tuesday night precisely who notified Puerto Rico authorities at San Juan's Luis Muñoz Marín International Airport, but it's possible that Muñoz's arrest was part of a larger gun-running and drug investigation." The Sentinel adds, "A sworn affidavit by an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Puerto Rico states that police on the island were tipped by authorities in Orlando. … According to ATF agent Marco Carrillo's affidavit, Muñoz used his Comair Airlines identification card to sneak the weapons on board. … Muñoz told Carrillo that another employee at the Orlando airport recruited him to smuggle the drugs and guns on board after learning that he was having money problems. … That employee, identified in the affidavit only as ZAB, told Muñoz he had smuggled guns and drugs to

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Puerto Rico before. He then offered Muñoz about $4,000 to $5,000 to do the same, Carrillo wrote in the affidavit."

The AP (3/7, Leitsinger) reports, "Kevin Farrington, an FBI spokesman based in Miami, said an anonymous tip to the Orlando Police Department generated interest in Munoz's flight. More arrests could be made, he said. … 'I can tell you there were weapons and drugs but we're not getting into specifics right now,' he said. 'We're still following up. It is an ongoing matter.' … Passengers were never in danger, said Christopher White, a spokesman for the Transportation Security Administration Agency in Washington."

Iraqi National Causes Bomb Scare At LAX. The Los Angeles Times (3/7, Blankstein, 850K) reports Fadhel Maliki, an Iraqi national living in Atlantic City, NJ was detained at Los Angeles International airport as he was "carrying a suspicious object." Airport security agents "discovered at 5:40 a.m. that he was carrying a metal object, officials said. A preliminary investigation of the man's bags…found nothing hazardous or dangerous, authorities said. The man has been turned over to Immigration and Customs authorities for additional questioning, officials said at an afternoon news conference." Larry Fetters, federal security director at LAX, said Maliki "was concealing objects connected to wires from his body."

The AP (3/7, Jablon) reports Al-Maliki, "had flown to Los Angeles from Philadelphia on Monday and was booked for a return flight early Tuesday. He triggered an alert during a security screening, FBI spokeswoman Laura Eimiller said. 'He initially said (the device) was therapeutic,' she said. The device had a wire and what may have been a magnet concealed in his rectum, federal officials said. It did not contain any explosives. Al-Maliki said he had flown to Los Angeles for a visit, Eimiller said."

FBI Urged To Brief Members Of Congress On Anthrax Attacks Investigation. The Trenton Times (NJ) (3/7), in an editorial, writes, "Only about a month after the horror of 9/11, Mercer County residents awoke to news that letters containing deadly anthrax had been mailed from the Trenton regional mail facility in Hamilton Township. The anthrax attack ended up killing five people and left more than a dozen others ill, including five area postal workers. … But now, five and a half years later, the killer or killers have not been found and federal investigators have been less than forthcoming in reporting progress or the lack thereof to the public or to elected officials. Early on in the investigation there was a 'person of interest' whom the FBI identified, but no charges ever were brought against the man, a former government scientist. Fortunately, Rep. Rush Holt, D-Hopewell Township, whose office had to be shut down when traces of anthrax were found there, is pushing to have Congress hold hearings on the investigation. He's sent letters to the chairmen of four committees and the chairman of one subcommittee, requesting them to begin airing testimony on the status of the probe. This after Rep. Holt's request last fall for a congressional briefing by the FBI was denied. And when Rep. Holt and 31 other members of the House and Senate made another briefing request in December, U.S. Attorney General Alberto R. Gonzales refused them." According to the Times, "It's time to lift the veil of secrecy. After five-and-a-half years, Attorney General Gon zales and the head of the FBI should share, within bounds, what they know about the investigation. … Federal investigators owe the public an update on the anthrax investigation. And they owe it now."

New Data Mining Project Concerns Some In Congress. USA Today/Gannett News Service(3/7, Yaukey) reports, "Lawmakers and privacy advocates are concerned that a powerful new data searching tool being tested by the Department of Homeland Security could pose a threat to Americans' privacy as it sifts through mountains of information for patterns that might reveal terrorists. Called ADVISE — for Analysis, Dissemination, Visualization, Insight and Semantic Enhancement — the program is capable of linking and cross-matching material from websites and blogs to government records and personal data." The GAO "just completed an analysis of ADVISE at the request of lawmakers, who could release the report as soon as this week. 'Congress is overdue in taking stock of the proliferation of these databases that increasingly are collecting and sifting more and more information about each and every American,' said Sen. Patrick Leahy, D-Vt., who chairs the Judiciary Committee." USA today notes that "concern over government data mining prompted Leahy…to introduce the Federal Agency Data Mining Reporting Act of 2007 in January. The act would require that all federal agencies report their data mining activities to Congress."

Senate Votes To Keep Union Rights For TSA Screeners In Antiterrorism Bill. The New York Times/AP (3/7, Press) reports in a 51 to 46 vote, the Senate moved Tuesday "to give 45,000 airport screeners the same union rights as border patrol, customs and immigration agents, despite a White House threat to veto it. The vote…rejected an amendment by Senator Jim DeMint, Republican of South Carolina, which would have removed the union rights from a broad antiterrorism bill to carry out recommendations of the Sept. 11 commission previously rejected by Congress." However, "Republicans vowed to remove the provision when negotiators sit down to merge the House and Senate bills." Sen. Mitch McConnell "said there were not enough votes in either the House or Senate to override a veto by President Bush."

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A longer AP (3/6, Miller) article added, "The House last month passed a similar anti-terrorism bill that had the same union provision for airport screeners, an indication of organized labor's strength with Democrats now running Congress." Following his amendment's defeat, "DeMint said Democrats had turned the anti-terrorism bill into a reward for organized labor, which had helped elect them in November." The senator "said strengthening airport screeners' rights would hinder the government's flexibility to move them around in response to terrorist threats. 'That is completely untrue and every other Department of Homeland Security employee should take personal offense,' said John Gage, president of the American Federation of Government Employees."

The Washington Times (3/7, Lengell, 88K) reports, "Organized labor has reported declining membership in recent decades, but has gained significant political influence since Democrats took control of the House and Senate in the November elections. … Republicans say Democrats' efforts amount to political payback to organized labor."

WAR NEWS:

Bush Cites "Encouraging Signs" In Iraq. The CBS Evening News (3/6, story 5, :30, Couric, 7.66M) reported that in a speech to the American Legion, President Bush "said it's too early to assess the security crackdown in Baghdad, though he said there are some 'encouraging signs.'" The Washington Post (3/7, A13, Abramowitz, Weisman, 690K) notes "advisers said Bush's comments were based on briefings from commanders on the ground and were designed to counter the argument from many Democrats on Capitol Hill that his Iraq strategy is destined to fail." Bush "said the Iraqi government has completed the deployment of three additional Iraqi army brigades to Baghdad and has lifted restrictions on U.S. forces going into certain neighborhoods in the capital. He said the government of Prime Minister Nouri al-Maliki has also started delivering on promises to meet political benchmarks, such as a new law to distribute oil revenues throughout the country." The Post adds, "Bush's comments seemed calculated to exploit divisions among Democrats who were swept into power by opposition to the war but have not agreed how to oppose it effectively."

The AP (3/7, Ben Feller) says Bush argued "his decision to send more troops to Baghdad is yielding 'gradual but important' progress in Iraq. He portrayed himself as steadfast while Democrats squabble over strategy. … 'Other members of Congress seem to believe that we can have it all: that we can fight al-Qaida, pursue national reconciliation, initiate aggressive diplomacy and deter Iran's ambitions in Iraq -- all while withdrawing from Baghdad and reducing our force levels,' Bush said in a speech to the American Legion. 'That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for. There are no shortcuts in Iraq,' the president said." The President added "Democrats have a right to express their opinions. Then he methodically criticized several of their ideas: adding unrelated items to a war spending bill; narrowing the mission in Iraq; or placing conditions on money for the war."

The Washington Times (3/7, Ward, 88K) reports, "The crowd of several hundred mostly-older veterans laughed at the president's jokes and cheered him on, but their largest applause a standing ovation came when the president said Congress should not restrict or cut off funding for the war." Still, "administration officials say they know that America's patience with the Iraq war has grown thin. But they think the plan to send 21,500 additional troops to Iraq has bought them a short window of time. 'I think right now there's a wait-and-see attitude by the public, which is what we were hoping for,' said a senior Bush administration official. 'While there hasn't been a spike in support for it, it's almost a pay-as-you-go approach, and as they see a little bit of progress, they'll buy you a little more time.'"

Meanwhile, AFP (3/7, Knox) says "Bush challenged Iran and Syria Tuesday to prove at a pair of upcoming international conferences on Iraq that they are serious about helping to quell deadly violence there. 'These meetings will be an important test. They'll be a test of whether Iran and Syria are truly interested in being constructive forces in Iraq,' he said" in his speech. The two conferences, he added, will also "be a test for the international community to express its support for this young democracy, to support a nation that will be at peace with its neighbors." The President "was referring to Iraq's call for a March 10 conference in Baghdad grouping officials from Iraq's neighbors as well as the five permanent members of the UN Security Council -- Britain, China, France, Russia, and the United States -- and the Arab League and the Organization of the Islamic Conference." Bush also "noted that there would be a subsequent meeting in April of foreign ministers from around the world, including US Secretary of State Condoleezza Rice, to discuss Iraq's future."

Brutal Attacks Kill At Least 130 Shiite Pilgrims. USA Today (3/7, 9A, Jervis, 2.27M) reports, "Suicide bombers and gunmen attacked religious processions of Shiite pilgrims Tuesday, killing at least 130 people in one of the deadliest days of the four-year war. … The massacre of pilgrims may test the patience of Shiite militias that have tentatively put down their arms in recent weeks as US troops flood into the capital under a new security initiative."

The New York Times (3/7, Oppel, 1.16M) says "at least 109 Shiite pilgrims were killed and more than 200 wounded with the death toll continuing to rise." The US military also

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"announced an unusually high death toll for American soldiers: nine killed on Monday, including six soldiers riding in two vehicles who died from the same huge bomb blast north of Baghdad." The attacks "demonstrated that Sunni militants could still inflict grave damage inside or outside the capital even as the American-backed Baghdad security plan entered its fourth week. The attacks immediately drew Shiite calls for reprisals." The Los Angeles Times (3/7, Serrano, Berthelsen, 850K), Washington Times/AP (3/7, Murphy) and Washington Post (3/7, A1, Londoño, Raghavan, 690K) also report the story, with the Washington Post (3/7, A12, Raghavan, Sarhan, 690K) running an additional piece describing the carnage and scenes of panic after the massacre.

ABC World News (3/5, story 4, 2:25, McCarthy, 8.78M) reported, "Despite today's deadly attacks outside Baghdad, many people we speak to inside the city tell us they do sense things have started to change since the US surge began. Commerce is making a comeback. Markets are more crowded. Some stores that had closed have reopened. And death squad killings are down. 'We still see some militias,' says this man, 'but I think their activities have decreased.' For US troops, this has been a pleasant surprise." Another somewhat positive story appears in USA Today (3/7, 9A, Jervis, 2.27M), which reports "about 1,000 Iraqi families who fled their violent neighborhoods have returned home under a fledgling initiative of the new Iraq security plan. A government program offers each returning family about $750, along with fuel, food and promises of improved security, said Brig. Gen. Qassim al-Mousawi, spokesman for the security operation, which began last month."

But the CBS Evening News (3/6, story 6, 1:20, Pizzey, 7.66M) reported, "After a fall in body counts and bombings brought a statement from the government that the new plan is a shining success, the past two days are an horrific reminder that full-scale sectarian war is as close as security is a distant hope." Likewise, NBC Nightly News (3/6, story 3, 3:00, Engel, 9.87M) said, "It's probably too early to tell if this new security plan is making a difference but on the ground, the situation does look very dire. I was out today in western Baghdad on a street they call phone card and all the shops were closed. There were burned out cars in the middle of the road and the situation is very severe. US commanders have said we're in a turning point in the past, and unfortunately it hasn't been the case."

House Democratic Leaders Plead For Party Unity On Iraq. The New York Times (3/7, Zeleny, Toner, 1.16M) reports, "House Democratic leaders on Tuesday implored their rank and file to stick together as the debate intensified over the financing and direction of the Iraq war, saying a fractured party would impede the overarching goal of bringing the conflict to a close." As Congress "considers President Bush's $93.4 billion spending request for military operations in Iraq and Afghanistan," Democrats "are struggling to reach agreement over what conditions should be placed on war financing. Among the sticking points is whether the legislation should include a specific date for a withdrawal from Iraq." The Out of Iraq Caucus, "a group of 75 lawmakers who oppose the war, is pressing Democratic leaders to schedule a vote on a proposal to pull troops from Iraq. Even though that would almost certainly fail, some representatives say they are inclined to only support the larger spending measure if there is a House debate on troop withdrawal."

Meanwhile, Roll Call (3/7, Pierce, Yachnin) reports that House Democratic leaders "were still tinkering with a $100 billion-plus Iraq War spending bill Tuesday," but "largely" they "have settled on a measure that puts several conditions on the president's use of the money while seeking to draw support from wavering Democrats and Republicans by allowing votes on multiple amendments and including money for veterans' care." Rep. Mike Capuano, "a member of the Progressive Caucus opposed to further funding the war, said Democratic leaders presented 'nuanced changes' to Democrats at their regular full Caucus meeting, but that "no firm language" has been shown to the Members yet."

The Politico (3/7, Hearn, Bresnahan) reports "House Democratic leaders, seeking a compromise with several dozen anti-war lawmakers in their own caucus, are considering a vote on a timetable for withdrawing U.S. troops from Iraq before taking up $98 billion in new military spending. In return for the vote, the leaders want the 50 to 75 anti-war Democrats to support the wartime funding, if their proposal fails." Speaker Nancy Pelosi faces "an uprising from liberal Democrats opposed to the wartime supplemental. If they allow a House floor vote to set a withdrawal date, it would be the first such vote in either the House or the Senate since the Democrats took control of Congress in January. And it would mark a new phase in the political struggle over the conflict." Pelosi "is trying to balance demands from anti-war liberal Democrats for dramatic moves to scale down -- or end -- the war against calls from more moderate and conservative Democrats to avoid votes that would undoubtedly jeopardize their own political futures."

The Washington Times (3/7, Miller, 88K) says the Democratic caucus' "left wing could nix the administration's request for more than $100 billion of added funds for the war -- which Defense Department officials say they need by April to keep fighting -- if it is joined in a 'no' vote by Republicans opposed to other restrictions Democrats want on the spending. 'The supplemental could sink,' a senior Republican aide said. 'House Republicans will oppose any supplemental that cuts funds or tries to attach specific conditions for our troops in harm's way.'"

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Further endangering the spending bill, says the Wall Street Journal (3/7, A6, Rogers, 2.04M), is the White House's "defensive stance," which is such that "it risks further alienating the Democrats who will write the measure." Bush "hosted a Republicans-only strategy dinner in the White House family quarters last week on the war appropriations. At the same time, the administration has resisted giving Democratic staff even technical advice on funding that the new majority wants to add for veterans' health programs. Rep. Chet Edwards (D., Texas) broke the impasse in the House last week by personally going to a senior health official in the Department of Veterans Affairs. In the Senate, the VA reversed itself only yesterday, hours after the White House budget office was asked if there was an order to resist giving advice." The Journal adds, "The skirmishes illustrate the growing partisanship surrounding the war issue. Democrats are plainly torn about approving Mr. Bush's nearly $100 billion request without adding some conditions to try to influence policy."

The AP (3/7, Taylor) reports House Democrats "are pushing to add billions of dollars to…Bush's $93.4 billion request for military operations in Iraq and Afghanistan, including $900 million for troops suffering from brain injuries and post-traumatic stress disorder. An additional $2.5 billion would go to strengthen training and readiness for forces not deployed in war zones, and $1.4 billion would go to address housing allowance shortfalls." Meanwhile, "the Pentagon said Tuesday it needs about $1 billion more to support Bush's decision to send 21,500 additional combat troops to Iraq. It also said it has decided against using the pending supplemental bill to procure combat and cargo aircraft, few if any of which could have been built in time to affect the war."

The Hill (3/7, Soraghan) says Democrats "have pushed back consideration of the budget resolution and the Iraq supplemental spending bill because they haven't been able to resolve differences between those who want to mandate a clear date for withdrawal from Iraq and those who don't." But "leaders are still saying they expect a floor vote before the Easter recess begins April 2, and they are stressing that they have reached consensus in some key areas. 'What we're trying to do is make policy, not just points,' said House Majority Leader Steny Hoyer (D-Md.)." Meanwhile, "House Democratic Caucus Chairman Rahm Emanuel (D-Ill.) disputed reports that liberal Democratic members will vote against a Democratic plan if it doesn't set a concrete date for withdrawal. 'I don't believe it, and I'll put money on that,' Emanuel told The Hill. 'Even people who have been quoted saying that have told me, "That is not my position."'" Emanuel "spoke passionately about a 'unity approach' in Tuesday's Democratic Caucus meeting."

Iraqi's Request For Asylum In US Chronicled. The Washington Post (3/7, B1, Schulte, 690K) profiles Iraqi Hussein Hayal al Zaidi, who is awaiting an appeal in Northern Virginia on his petition for asylum. Al Zaidi "says he spent nearly four years in jail in Saddam Hussein's Iraq," where he says he was tortured. However, US Immigration Judge Joan Churchill "received an anonymous note" that said that while al Zaidi was in Iraq, he was "working as secret service" for Saddam Hussein and that he was sent to the US "to kill high-level officials." The judge then denied al Zaidi's request.

NATO Troops Launch Offensive Against Taliban. The New York Times (3/7, Gall, 1.16M) reports, "In its largest offensive since taking command of southern Afghanistan last year, NATO mounted an attack against hundreds of Taliban and foreign insurgents in Helmand Province on Tuesday, military officials said." NATO "said the offensive was aimed at countering the Taliban insurgency, which has joined forces with drug traffickers to make Helmand the most lawless province in Afghanistan. Some 4,500 NATO troops are taking part in the operation, including an American airborne force, as well as 1,000 Afghans."

The Christian Science Monitor (3/7, Sappenfield, 59K) says the offensive is part of "Operation Achilles," NATO's "largest offensive ever in the country." It is "a clear escalation of the stakes, with both sides seeing this as a year that could determine the future of Afghanistan's Western-backed government. And it is here in the Afghan south that the hammer blow is expected to fall hardest." USA Today (3/7, 8A, 2.27M), Los Angeles Times (3/7, Azimi, King, 850K), Washington Post (3/7, A10, Witte, 690K) and Washington Times/AP (3/7, Abrashi) also report the story.

DOJ:

Dismissed US Attorneys Tell Lawmakers They Felt Pressure, Threats From Main Justice. The Washington Post (3/7, A1, Eggen, Kane) reports, "Six fired U.S. attorneys testified on Capitol Hill yesterday that they had separately been the target of complaints, improper telephone calls and thinly veiled threats from a high-ranking Justice Department official or members of Congress, both before and after they were abruptly removed from their jobs." The Post continues, "In back-to-back hearings in the Senate and House, former U.S. attorney David C. Iglesias of New Mexico and five other former prosecutors recounted specific instances in which some said they felt pressured by Republicans on corruption cases and one said a Justice Department official warned him to keep quiet or face retaliation. … Iglesias's allegations of congressional interference have prompted a Senate ethics committee inquiry. Yesterday he offered new details about telephone calls he received in October from Sen. Pete V. Domenici (R-N.M.) and Rep. Heather A. Wilson (R-N.M.), saying he felt

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"leaned on" and "sickened" by the contacts seeking information about an investigation of a local Democrat. … Another former prosecutor, John McKay of Seattle, alleged for the first time that he received a call from the chief of staff to Rep. Doc Hastings (R-Wash.), asking about an inquiry into vote-fraud charges in the state's hotly contested 2004 gubernatorial election. McKay said he cut the call short. … Ed Cassidy, a former Hastings aide who now works for House Minority Leader John A. Boehner (R-Ohio), said yesterday that the call was routine and did not violate 'permissible limits' on contact with federal prosecutors. Hastings, the ranking Republican on the House ethics committee, also said that the exchange was 'entirely appropriate.'" The Post notes, "Yesterday's testimony featured new allegations of threatened overt retaliation against the prosecutors, as former U.S. attorney Bud Cummins of Little Rock said a senior Justice Department official warned him on Feb. 20 that the fired prosecutors should remain quiet about their dismissals. Cummins recounted in an e-mail made public yesterday that the official cautioned that administration officials would 'pull their gloves off and offer public criticisms to defend their actions more fully.' … 'It seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation,' Cummins wrote in the e-mail, which he sent as a cautionary note to fellow prosecutors."

The Wall Street Journal (3/7, Perez) reports, "A top Justice Department official, reacting to public criticism of the department over the firings of eight U.S. attorneys, called one of the ousted prosecutors and said the department may have to 'pull their gloves off and offer public criticisms' against the prosecutors if the prosecutors continued to talk publicly about the dismissals, one of the prosecutors said." The Journal continues, "Bud Cummins, who was fired last June from his job as U.S. attorney for the Arkansas Eastern District, based in Little Rock, told other dismissed U.S. attorneys in a Feb. 20 email that he thought the call from Mike Elston, an aide to Deputy Attorney General Paul McNulty, was 'amiable enough.' Mr. Cummins told the former prosecutors that he didn't want to 'overstate the threatening undercurrent in the call, but the message was clearly there and you should be aware before you speak to the press again if you choose to do that.'" The Journal adds, "Mr. Cummins's email was made public as several attorneys testified before the House and the Senate. Justice Department officials came under withering fire from lawmakers in both chambers over the recent dismissal of at least eight U.S. attorneys. … Mr. Cummins's firing is what started the uproar. His interim replacement, Timothy Griffin, is a former political official in the Bush White House and the Republican National Committee. Mr. Cummins, in an interview, said a top Justice official asked for his resignation in June, saying the White House wanted to give another person the opportunity to serve. Since the controversy arose, Mr. Griffin has announced he doesn't plan to seek Senate confirmation. … The Justice Department said Mr. Elston didn't threaten Mr. Cummins. 'We stand by our statement that Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure, and any suggestion that such a conversation took place is ridiculous and not based on fact, ' Brian Roehrkasse, a Justice Department spokesman said."

The New York Times (3/7, Johnston) reports, "Democrats said the testimony raised more questions about the Justice Department's motives for the removal of eight prosecutors. 'Federal prosecutors are supposed to be bedrock neutral servants of the law, not temporary tools in the service of some political end,' said Senator Charles E. Schumer, Democrat of New York and a member of the Judiciary Committee." The Times continues, "In an e-mail message to several dismissed prosecutors that was disclosed at the hearing, Mr. Cummins wrote of senior Justice Department officials, 'They feel like they are taking unnecessary flak to avoid trashing each of us specifically or further, but if they feel like any of us intend to continue to offer quotes to the press, or to organize behind the scenes Congressional pressure, then they would feel forced to somehow pull their gloves off.'" The Times adds, "In a letter on Tuesday addressed to Mr. Schumer, Mr. Elston responded that he was 'shocked and baffled' by Mr. Cummins's portrayal of their past discussions. … 'I do not understand how anything that I said to him in our last conversation in mid-February could be construed as a threat of any kind,' Mr. Elston wrote, 'and I certainly had no intention of leaving with that impression. At no time did I try to suggest to him what he or any other former U.S. attorney should or should not say about their resignations.' … Under questioning by Senator Arlen Specter, Republican of Pennsylvania, Mr. Cummins said it was possible Mr. Elston had not intended to threaten anyone and had been offering friendly advice." The Times notes, "A Justice Department official acknowledged to the House Judiciary Committee that the dismissals could have been handled better. The official, William E. Moschella, a top aide in the deputy attorney general's office, told the committee: 'These U.S. attorneys could have been informed at the time that they were asked to resign about the reasons for the decision. Unfortunately, our failure to provide reasons to these individual U.S. attorneys has only served to fuel wild and inaccurate speculation about our motives, and that is unfortunate because faith and confidence in our justice system is more important than any one individual.'"

The AP (3/7, Kellman) reports, "A Justice Department official, invited to one of the two hearings, denied that any of the eight fired U.S. attorneys was improperly pressured or that they were ousted to make room for Republican political allies. Most of the firings were inspired by performance-

related issues, he said. … California's Carol Lam, for example, was let go because her prosecution rate for violent crime and border violations was insufficient, William Moschella, an associate deputy attorney general, told a House subcommittee. Iglesias was fired because he had delegated too much to a deputy. … His accounting conflicts with performance reviews obtained by The Associated Press that give those ousted positive assessments. … 'This administration has never removed a United States attorney to retaliate against them. Not once,' Moschella said. 'The department stands by its decision to ask these U.S. attorneys to resign.' … A White House spokeswoman, Dana Perino, said administration officials were aware of the impending firings and offered no objections. Presidential adviser Karl Rove 'wasn't involved in who was going to be fired or hired.' … A former Rove aide, Tim Griffin, took over in Arkansas on an interim basis in December. Griffin said last month he would not seek Senate confirmation, saying a 'partisan circus' had formed around his appointment."

The Washington Times (3/7, Pfeiffer) reports, "The Justice Department firings of Mr. Iglesias and seven other U.S. prosecutors are shaping up to be the first major investigation by the Democrat-led Congress. … 'They were fired for no reason -- or worse, a political agenda,' Chairman Charles E. Schumer, New York Democrat, said at the opening of the Senate Judiciary Committee hearing." The Times continues, "Justice Department officials say the prosecutors were fired for performance-related issues. … 'This may take a lot of time and a lot of hearings,' said Sen. Arlen Specter of Pennsylvania, the committee's ranking Republican."

McClatchy (3/7, Taylor, Talev, Blumenthal) reports, "David Iglesias, the former U.S. attorney in New Mexico, described separate phone calls from Republicans Sen. Pete Domenici and Rep. Heather Wilson about a corruption probe that involved at least one Democrat a month before the November elections and weeks before he was fired. At the time, Wilson was in a re-election race that she later won by 875 votes out of nearly 211,000 cast." McClatchy adds, "The prosecutors' testimony provoked a new round of accusations that Republicans tried to interfere with U.S. attorneys, who are appointed by the president but are supposed to refrain from partisan politics. … Rep. Linda Sanchez, D-Calif., the chairwoman of the House subcommittee, said in an interview that she expected the House to hold more hearings, and she left open the possibility of calling White House and Republican Party figures, as well high-level Justice Department officials."

The Los Angeles Times (3/7, Serrano) reports, "Iglesias, told congressional committees investigating the firing of him and seven other U.S. attorneys that in mid-October, Rep. Heather Wilson grilled him over the phone for information about possible sealed indictments in a call to his hotel room in Washington. … Two weeks later, Iglesias said, Sen. Pete Domenici called him at home, expressed disgust that there would be no indictments against Democrats in New Mexico before the November election, and slammed down the phone. … 'I felt sick afterwards,' Iglesias said. 'I felt leaned on. I felt pressured to get these cases moving.'"

The Chicago Tribune (3/7, Demirjian) reports, "McKay and Cummins were joined in their testimony by former U.S. Attorneys Carol Lam of San Diego, best known for her successful prosecution of former Rep. Randy 'Duke' Cunningham (R-Calif.), and David Iglesias of New Mexico, a former Navy prosecutor who was the inspiration for Tom Cruise's character in 'A Few Good Men.' All four also testified before the House Judiciary Committee and were joined there by former U.S. Attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona. … Their complaints about feeling pressured by the Bush administration to keep quiet about their dismissals are the latest chapter in what has incrementally grown into a serious political problem for the White House. … 'There is so much evidence of the political interest of justice officials carrying weight over the career lawyers,' said Thomas Mann, a political analyst with the Brookings Institution. 'My view is that will potentially be quite harmful to the administration.'" The Tribune adds, "Iglesias' story comes only weeks after Attorney General Alberto Gonzales told the Senate Judiciary Committee that he would 'never, ever make a change in the United States attorney position for political reasons.' … But shifting details in the administration's official explanations have convinced some Democrats that the attorneys in question were basically fired for political reasons. … 'With virtually no documentary evidence on performance problems on the part of the fired U.S. Attorneys…what are we to think?' asked Sen. Charles Schumer (D-N.Y.), who chaired the Senate committee meeting."

The Financial Times (3/7, Washington) reports, "A top official at the Justice Department warned one of the eight US attorneys ousted last year that the Bush administration would 'take the gloves off' and retaliate if the fired prosecutors continued to talk publicly about the issue, Bud Cummins, the former US attorney from Arkansas, testified yesterday. … 'It might have been a threat. It might have been a warning. It might have been a prediction,' Mr Cummins told the Senate judiciary committee of his February 20 conversation with Mike Elston, the chief of staff to Paul McNulty, the deputy attorney-general. Mr Cummins immediately e-mailed the warning to five fellow ousted prosecutors."

Bloomberg (3/7, Schmidt) reports, "Democrats demanded to know whether the Bush administration forced out the prosecutors to influence politically sensitive criminal investigations. Most of the ex- U.S. attorneys were supervising at least one high-profile corruption probe." Bloomberg continues, "Democrats on both the Senate

Judiciary Committee and the House Judiciary subcommittee said they will continue to press for an explanation from Justice Department officials. … 'We will not rest until we get the answers we seek,' said… Schumer. … Senator Arlen Specter of Pennsylvania, the senior Republican on the committee, agreed. … 'It is very important to withhold judgment on the allegations until we have worked through this very complex' matter, said Specter. " Bloomberg notes, "On the House side, Republicans likened the hearing to a political show trial, pointing out that President George W. Bush has the authority to fire prosecutors at will. … Representative Christopher Cannon, a Utah Republican, chastised Democrats for trying to 'stir up a groundless partisan controversy.' The prosecutors 'are not entitled to their jobs,' he said."

USA Today (3/7, Johnson) reports, "The Justice Department's Brian Roehrkasse said Elston did not try to silence the fired prosecutors or prevent them from cooperating with Congress."

The Albuquerque Tribune (3/7, Brosnan, Nash) reports, "Iglesias, the U.S. attorney for New Mexico, also testified about an October phone call from U.S. Rep. Heather Wilson, who was locked in a re-election battle with then-state Attorney General Patricia Madrid. Iglesias said Wilson asked him about 'sealed indictments' in the case. … Iglesias told the committee that he believed the brief phone calls from the two Albuquerque Republicans in the weeks prior to the Nov. 7 elections were an attempt to involve his office in the 1st Congressional District battle. … Iglesias also revealed in the first of two high-profile congressional hearings today that he had been warned by a fellow fired U.S. attorney that the Justice Department might retaliate if he testified before Congress." The Tribune adds, "Iglesias said Wilson called him about Oct. 16 and said 'she had been hearing about sealed indictments. What can you tell me about sealed indictments?' … 'Red flags went up,' Iglesias said. 'We cannot talk about sealed indictments.' … Iglesias said he responded that prosecutors occasionally seal indictments in national security cases, 'and she was not happy with that answer.' … Domenici called Iglesias at his home about two weeks later and also asked about the investigation into kickbacks in a courthouse construction contract purportedly involving high-profile Democrats. … The Justice Department asked for Iglesias' resignation six weeks later." The Tribune notes, "Sen. Arlen Specter, a Pennsylvania Republican, asked Iglesias why he did not report the calls to the Justice Department, as he was required, noting that the immediacy of a complaint adds to a witness's credibility. … Iglesias responded that he did not do so because he felt loyalty to Domenici as a mentor and Wilson as a 'friend and ally.' … But he changed his mind about going public in mid-January, he said. … 'Loyalty is a two-way street,' he said. 'I think they (Domenici and Wilson) were behind me being asked to resign.'"

The AP (3/7, Sherman) distributed a Q & A on the hiring and dismissal of US Attorneys. The AP (3/7) also distributed an explanation of the reasons given by DOJ for the dismissals.

Gonzales Says Dismissals Were Related To Performance, Not Politics. In an op-ed in USA Today (3/7, 10A), Attorney General Gonzales writes, "As any employer or manager knows, the handling of personnel matters — especially the termination of employees — is one of the most challenging tasks in any business. Personnel matters in the federal government are no exception. … To be clear, it was for reasons related to policy, priorities and management — what have been referred to broadly as 'performance-related' reasons — that seven U.S. attorneys were asked to resign last December." Gonzales continues, "The Justice Department, out of respect for these individuals, would have preferred not to talk publicly about those reasons, but disclosures in the press and requests for information from Congress altered those best-laid plans. Although our reasons for their dismissal were appropriate, our failure to provide those reasons to these individual U.S. attorneys at the time they were asked to resign has only served to fuel wild and inaccurate speculation about our motives. That is very unfortunate because faith and confidence in our justice system are more important than any one individual. … We have never asked a U.S. attorney to resign in an effort to retaliate against him or her or to inappropriately interfere with a public corruption case (or any other type of case, for that matter). Indeed, during the last six years, the department has established an extremely strong record of rooting out public corruption, including prosecuting a number of very high-profile cases." Gonzales concludes, "Like me, U.S. attorneys are political appointees, and we all serve at the pleasure of the president. If U.S. attorneys are not executing their responsibilities in a manner that furthers the management and policy goals of departmental leadership, it is appropriate that they be replaced. After all, the responsibility of the Department of Justice, and of the Congress, is to serve the people of the United States. While I am grateful for the public service of these seven U.S. attorneys, they simply lost my confidence. I hope that this episode ultimately will be recognized for what it is: an overblown personnel matter."

Iglesias Takes Center Stage At Hearings. The Los Angeles Times (3/7, Riccardi) reports, "Until recently, David C. Iglesias was best known in New Mexico as one of the role models for the military lawyer Tom Cruise played in 'A Few Good Men.' … A trim, straight-backed former Navy lawyer, Iglesias rode that all-American reputation to high levels in Republican politics: He nearly became the state attorney general and was appointed U.S. attorney." The Times continues, "Now Iglesias has a new role: star witness. The

Bush administration fired him in December and contended it was for poor job performance. On Tuesday, Iglesias, 49, told the Senate Judiciary Committee that two prominent Republican politicians had called him to ask whether indictments would be filed before the November election against Democratic politicians in an ongoing criminal investigation. In the weeks that followed, Iglesias and seven other federal prosecutors were forced to resign. … To friends and observers in New Mexico, the only surprise is the speed at which the GOP establishment has turned on one of its rising stars. … 'You'd be hard pressed to find a more ethical, straight-shooter type than David Iglesias,' said Jerry Walz, an Albuquerque lawyer and longtime friend for whom Iglesias briefly worked. 'Here you have this dramatic rise to a very prominent position. He has movie-star good looks in his own right. He has everything going for him, and this is why this is such a dramatic event.'"

Senior Aide To Hastings Implicated. The Hill (3/7, Crabtree) reports, "A Democratic probe into the firings of eight U.S. attorneys implicated yesterday a senior staffer for Rep. Doc Hastings (R-Wash.), the third GOP congressional office to become caught in the quickly escalating controversy in as many days." The Hill continues, "During testimony before the Senate Judiciary Committee, former U.S. Attorney John McKay said that Ed Cassidy, then-chief of staff to Hastings, called him in 2004 to ask whether he was investigating allegations of voter fraud after a Democrat won the Washington state governor's race in a third recount. At the time, McKay was serving as the chief federal law enforcement officer in Seattle. … McKay said he responded to Cassidy's initial questions with publicly available information and then tried to stop the line of questioning when pressed. McKay said he thought that Cassidy's questions were related to internal U.S. attorney decisions about an investigation and were therefore improper under Justice Department ethics rules." The Hill adds, "McKay said he stopped the conversation by asking Cassidy whether the aide was truly asking on behalf of his boss about an internal investigation or whether he was trying to lobby McKay to launch one, which would have been improper. Cassidy agreed that such questioning would be unethical and finished the conversation 'in a most expeditious fashion,' McKay said. … McKay said he was so alarmed afterwards that he called a meeting with two top officials in his office to discuss the matter and determine if he had responded appropriately." The Hill notes, "Cassidy characterized his call to McKay as "routine" and said that he was well aware of the 'permissible limits' on such a conversation and that both he and McKay respected those boundaries. … 'My conversation with John McKay was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities,' Cassidy said in the statement. 'As the top aide to the chairman of the House Ethics Committee, I understood the permissible limits on any such conversation. Mr. McKay understood and respected those boundaries as well. I am pleased that Mr. McKay recalls both our agreement to respect these boundaries and my subsequent decision to end the conversation promptly.' … The charges surrounding Cassidy's call have implications on many levels. Hastings went on to become chairman of the House ethics committee after then-Majority Leader Tom DeLay (R-Texas) purged the panel of its chairman, and at one point DeLay tried to make Cassidy its lead counsel. That move further intensified partisan divisions within the committee and rendered it largely inactive for months. Cassidy has since gone on to become a senior aide and floor assistant to Minority Leader John Boehner (R-Ohio), whom he also will advise on ethics matters."

The Seattle Times (3/7, Bowermaster, Carter, Mundy) reports, "During the recount of the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Wash., called former U.S. Attorney John McKay to inquire about the status of any federal investigations into voter fraud, McKay told a Senate committee today. … McKay told the Senate Judiciary Committee that Ed Cassidy, who now works for Republican Minority Leader John Boehner, called him 'some weeks' following the 2004 election, and after a third re-count had determined that Democrat Christine Gregoire had narrowly defeated Republican Dino Rossi. … 'I was told the purpose of the call was to inquire on behalf of congressman Hastings' about the status of ongoing investigations of voter fraud, McKay said in response to a question from Sen. Dianne Feinstein." The Times continues, "McKay said that he informed Cassidy that the office of the U.S. Attorney for the Western District of Washington had already asked the public to contact the Federal Bureau of Investigation with any evidence of voter fraud, so it could be investigated. … Cassidy then began to ask McKay whether any future action would be taken by the U.S. Attorney's office with regard to the governor's race. … 'When Mr. Cassidy called me on future action I stopped him and I told him I was sure that he wasn't asking me on behalf' of Congressman Hastings, McKay told the committee, 'because we both knew that would be improper. [Cassidy] agreed it would be improper and he ended the conversation in a most expeditious manner.' … Under further questioning from the Senate Judiciary Committee, McKay said that after he received the phone call from Cassidy, he quickly alerted Jeffrey Sullivan, who was then the head of the criminal division in McKay's office, and Mark Bartlett, the first assistant U.S. Attorney for the Western District of Washington. … McKay told Sullivan and Bartlett about the call, but he said the three of them collectively decided to take no further action because he felt he had stopped Cassidy short of making any improper requests."

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The Seattle Times (3/7, Bowermaster, Mundy) reports, "John McKay insists he did not want to talk publicly about his abrupt dismissal as U.S. Attorney for the Western District of Washington in December. … But when he testified before two congressional committees on Tuesday, McKay delivered a vigorous defense of his work and the performance of his office. He challenged the Justice Department's shifting explanations about why he was asked to resign." The Times continues, "He revealed that soon after the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Pasco, called him to ask about the status of any federal investigations into voter fraud. … He even suggested after Tuesday's hearings that bitterness over his refusal to pursue the fraud allegations played a part in his failure to win a federal judgeship. … Yet once the TV lights were off and the drama had ended for the day, it was still hard to identify exactly why the Department of Justice had fired McKay and seven other U.S. attorneys in December, let alone to determine whether the firings were justified. … The prosecutors said they could see no clear reason why they were let go other than political motives, noting that supervisors in Washington, D.C., had praised their work and given them glowing performance evaluations since President Bush took office in 2001. … Brian Roehrkasse, a Justice Department official, strongly denied that McKay's handling of the 2004 governor's race had anything to do with his dismissal. … 'Absolutely not,' Roehrkasse said. 'Any suggestion to that effect is flatly false.'"

Domenici, Wilson Could Face Ethics Probes. Roll Call (3/7, Van Dongen) reports, "The accusations were leveled at a sensational Senate Judiciary Committee hearing Tuesday morning, during which four ousted U.S. attorneys testified that they did not know why they were summarily fired by the Justice Department. At the hearing, fired New Mexico U.S. Attorney David Iglesias accused Sen. Pete Domenici (R-N.M.) and Rep. Heather Wilson (R-N.M.) of pressuring him into wrapping up a corruption probe into local Democrats. … The House and Senate ethics committees could open probes into the lawmakers' behavior. … 'I believe the House ought to take it under consideration,' said House Majority Leader Steny Hoyer (D-Md.). 'Am I going to file a complaint? The answer is no. It has been my consistent position that the ethics committee has a responsibility ... when issues are raised in the public sphere ... I would hope they would do that.'"

The Politico (3/7, By:, Kraushaar, O'Connor) reports, "Rep. Heather Wilson has long been among the most vulnerable Republicans in Congress, eking out wins in a Democratic-leaning New Mexico district because of her independent reputation and persistent campaigning. … She now faces a new challenge to her future as well as her reputation: involvement in a growing political tempest over the firings of eight U.S. attorneys by the Justice Department." The Politico continues, "Wilson acknowledged Monday night that last October she contacted then-New Mexico U.S. Attorney David Iglesias to inquire about the pace of a corruption probe against the state treasurer, a Democrat. But she firmly denied calling to pressure Iglesias to speed the indictment process. … 'There are serious discrepancies that exist between Heather Wilson's statement today and Mr. Iglesias' testimony delivered under oath,' said Doug Thornell, spokesman for the Democratic Congressional Campaign Committee. 'Ms. Wilson needs to fully explain those discrepancies.'" The Politico adds, "House Minority Leader John Boehner (R-Ohio) dodged a question about whether the House should conduct an ethics investigation into Wilson's contact with the U.S. attorney, deferring to Iglesias and a statement released by Wilson's office on Tuesday morning. … 'I'm not sure what the facts are in this case,' Boehner said."

The Legal Times (3/7, McLure, Goldman) reports, "Justice Department guidelines strictly limit what prosecutors can say about ongoing investigations. Nonetheless, two weeks after Wilson's call, Iglesias testified that he received an unusual call from Domenici at his home in late October, just days before the November elections. The senator also wanted to know about the prospect of charges in the public-corruption case. … 'Are these going to be unsealed by November?' Iglesias said Domenici told him. … Iglesias says that after he told Domenici it was unlikely charges would be brought before November, Domenici told him, 'I'm very sorry to hear that,' and the line went dead. … Iglesias suggested that his firing, given his office's high marks in internal Justice Department performance reviews, may have come as a result of Domenici or Wilson pressuring the White House or Justice to ask for his resignation. … 'I suspect they felt I was not a help to them during the campaign,' Iglesias said. After he was fired, he said, he 'began to put the dots together.' … In response to questions about her call with Iglesias, a spokeswoman for Wilson's office forwarded a statement saying she had contacted Iglesias' office after a constituent complained about the pace of ongoing corruption investigations. 'I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way,' Wilson says in the statement. 'If the purpose of my call has somehow been misperceived, I am sorry for any confusion.' … Domenici's office did not return a call for this article. But earlier this week, The Washington Post reported that Domenici had complained about Iglesias to Attorney General Alberto Gonzales on three occasions in 2005 and 2006, and had spoken with Gonzales' top deputy last October."

DOJ Concedes Maryland US Attorney Was Forced Out. The Washington Post (3/7, B1, Rich) reports, "The Justice Department acknowledged yesterday that Thomas M. DiBiagio, the Maryland U.S. attorney who stepped down early in 2005, was forced from office and did not, as he said at the

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time, decide on his own to leave for personal reasons. … But the department official who asked for his resignation dismissed DiBiagio's claim in a New York Times article yesterday that he was ousted because of political pressure over public corruption investigations into the administration of then-Gov. Robert L. Ehrlich Jr. … In fact, the Republican governor's chief legal counsel, Jervis Finney, twice contacted the Justice Department to argue in DiBiagio's behalf, said David Margolis, an associate deputy attorney general. Finney contacted the department in fall 2004, not long after DiBiagio drew a rebuke for ordering his subordinates to produce 'front-page' indictments, Margolis said. … Finney, he said, 'called me during this process, claiming that I was being too harsh on Tom and that Tom was being railroaded by a bunch of Democrats in the U.S. attorney's office.'" The Post notes, "Margolis said that he asked DiBiagio for his resignation because he had 'lost confidence in his abilities' and that he was not aware at the time of any investigations involving the Ehrlich administration. 'There were absolutely no political shenanigans,' said Margolis, a 42-year department employee who oversees ethics matters."

The Baltimore Sun (3/7, Dolan, Green, Brown) reports, "Margolis said Finney called Justice Department officials in 2004 - once to request that DiBiagio's job be spared and again to prolong his tenure. Margolis noted that those would be odd requests from an administration that DiBiagio portrayed as worried about a looming federal investigation into its ties to gambling interests. … 'I'm 150 percent sure that we made the right decision with Tom,' Margolis said. 'I'm a million percent sure ... that it was done on the merits, whether you agree with it or not.'" The Sun adds, "Sen. Benjamin L. Cardin, a Maryland Democrat and member of the Senate Judiciary Committee, called yesterday for an investigation into DiBiagio's firing. … 'Anytime allegations arise that politics may have interfered in the prosecution of federal cases, we must take it seriously,' Cardin said in a statement. He said he was 'not familiar with the specific conditions surrounding' DiBiagio's departure. "

Arizona US Attorney Dismissed For Policy Reasons. The Arizona Republic (3/7, Madden) reports, "The Bush administration forced out Arizona's top federal prosecutor because of policy disputes over taping FBI interviews and when to seek the death penalty, a U.S. Justice Department official told Congress on Tuesday." The Republic continues, "Former U.S. Attorney Paul Charlton was one of eight federal prosecutors forced to resign in January, sparking a controversy over how and why they were ordered to leave office. … 'I would put Mr. Charlton more in the policy category,' William Moschella, principal deputy associate attorney general, told the House Judiciary subcommittee on Commercial and Administrative Law." The Republic adds, "Charlton had served in Arizona from November 2001 until January. Officials told him in December that he had to resign. … He told the House panel that he had offered his resignation in 2006 over his insistence that the FBI tape interviews with suspects, which he called crucial to convicting child molesters. Justice officials instead persuaded him to request permission to make the taping part of a pilot program. They never responded to his request before he was told to resign. … 'There is, in my mind, no small amount of irony in the Department of Justice having chosen that as the reason for asking me to resign,' Charlton said."

Charlton's Taping Of FBI Interviews Noted. The Arizona Republic (3/6, Madden) reports, "In Arizona, Charlton had insisted on taping FBI interviews that might be used in prosecutions, a policy that hadn't been cleared with officials in Washington who feared it would affect other federal law enforcement agencies and other states. He also wanted to decide whether to seek the death penalty on a case by case basis, clashing with administration officials who wanted a national policy to govern when to push for executions. … Charlton only appeared before the House panel Tuesday in response to a subpoena, declining to testify voluntarily at a Senate hearing on the matter earlier in the day. … 'In most of our cases, we were given little or no information about the reason for the request for our resignations,' Charlton and his former colleagues said in prepared testimony. 'This hearing is not a forum to engage in speculation, and we decline to speculate about the reasons.'"

Cummins Tells Of His Dismissal. The Memphis Commercial Appeal (3/7, Sullivan) reports, "The former U.S. attorney for eastern Arkansas, H.E. 'Bud' Cummins, told a House Judiciary subcommittee Tuesday that he told no one he didn't plan to serve out President Bush's term -- until after he'd been asked to resign last summer. … 'When I started hinting that I might be moving on ... (that) was my attempt to be discreet and try to conceal the fact that they had handled it like they had handled it,' Cummins said." The Appeal continues, "Cummins, who left office in December, was the chief federal prosecutor who handled the undercover investigation that led to corruption charges against West Memphis police officers and Crittenden County Sheriff's deputies in 2002. … Under questioning by U.S. Rep. Steve Cohen, D-Tenn., Cummins said he might have stayed silent after his ouster but couldn't after the Justice Department began citing performance deficiencies for the removal of other high-performing federal prosecutors. Moschella cited differences over policies and priorities for some of the firings in his testimony." The Appeal adds, "Like Cummins, former U.S. attorney Daniel Bogden of Nevada testified he had been told by a senior Justice official that he was being moved out to give another Republican nominee a resume-enhancing position. … Cummins was replaced by interim U.S. Atty. J. Timothy Griffin, an Iraqi war veteran and military prosecutor who had served briefly as an assistant U.S. attorney in Cummins' Little Rock office. … Griffin, 38, a protege of

presidential adviser Karl Rove and a former Republican Party opposition researcher, has not been nominated by the president and has therefore not been subject to the Senate's advise-and-consent oversight. He has said he will not be a nominee for the permanent job."

Sessions Says US Attorney Dismissals Are Not Unusual. The Montgomery (AL) Advertiser (3/7, Radelat) reports, "Sen. Jeff Sessions, a former U.S. attorney, said Tuesday there's nothing extraordinary about the firing of eight U.S. attorneys who clashed with Republican lawmakers or GOP policies. … 'They're changed on a regular basis,' Sessions, a Republican from Mobile, said of federal prosecutors. 'And for the most part there was some disagreement between those United States attorneys and the policies of the president of the United States. … Sometimes United States attorneys who are not in sync with the goals of the Department of Justice need to be counseled and, at some point, (Justice officials) ought to find someone else who will follow those goals,' Sessions said." The Advertiser adds, "Sessions, a member of the Senate Judiciary Committee, said he's never discussed a case with a U.S. attorney. He was a U.S. attorney himself in Alabama for 12 years before he was elected to the Senate. … Sessions conceded that Domenici's call to Iglesias was 'an unwise thing to do' and said it was 'a good learning experience' for all senators."

More Commentary. USA Today (3/7, 10A) editorializes, "Though the nation's federal prosecutors are political appointees named by presidents, they've long been known for their independence. Their job is to bring civil and criminal cases for the federal government, without regard to politics. And many have done just that. … The recent firings undermine that image of independence." USA continues, "It's possible, of course, that some of the eight deserved to be replaced, but the shifting explanations raise serious doubts about the whole process. High-level appointments can't be completely insulated from politics, but one good step would be to return to a system, in place for many years, that gave the president the power to appoint U.S. attorneys and the Senate the power to confirm them. Last year, the Bush administration won a change that would give the attorney general more authority to appoint interim prosecutors to serve for unlimited periods without Senate confirmation. That's an invitation to trouble. … Historically, few U.S. attorneys have been dismissed by a president in the middle of their terms. That's a worthy precedent, one that inspires public confidence that the justice system is working properly and ensures that a few good men and women don't become victims of political vendettas."

In a piece posted on Slate.com (3/7), Emily Bazelon writes, "The Department of Justice can fire a U.S. attorney and expect him or her to go quietly. The federal prosecutors are appointed by the president, after all, and serve at his pleasure. But fire a bunch of them at once and start shredding their reputations—that's dangerous. Today, four of the Bush administration's formerly loyal U.S. attorneys showed up to testify before Congress and raised the lid on DOJ and Republicans in office. All sorts of things crawled out. And after years of living in one-party Washington—and logging hours at snoozer Republican-controlled committee hearings—I confess, it was a thrill to watch. Hooray for divided government!" Bazelon continues, "Iglesias and the three other U.S. attorneys who appeared with him have taken pains to make clear that they didn't ask to testify. They waited to be subpoenaed by a subcommittee in the House of Representatives, which also heard their testimony today. … The former USAs acknowledged that they served 'at the pleasure of the president' and could be fired 'at any time and for any reason.' Except that, as far as they knew, no president had ever before fired a group of U.S. attorneys in the middle of his term. And 'any reason' isn't supposed to include what felt to some of them like retaliation, after attempts to meddle with ongoing investigations. … Nor did the ex-U.S. attorneys cotton to being threatened by DOJ—as they apparently were. H.E. 'Bud' Cummins III, ex-U.S. attorney of the eastern district of Arkansas, brought to the hearing an e-mail he'd written to five of his fired compatriots on Feb. 20, two days after receiving a call from Mike Elston in the deputy attorney general's office. … 'I was tempted to challenge him and say something movie-like such as "are you threatening ME????"' Cummins wrote. Also, he wrote that Elston 'reacted quite a bit to the idea of anyone voluntarily testifying [before Congress] and it seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation.' … This e-mail, which Schumer read gleefully into the record, did not sit well with the senators. At the start of the hearing, Specter had floated the idea that any effort to 'threaten someone and stop them testifying' raised the specter of 'obstruction of justice.' As a basis for criminal charges, that's probably a stretch. Still, it all made for great theater."

CORPORATE SCANDALS:

Backdating Executives Said To Benefit From Post-9/11 Market Slump. In a front-page story, the Wall Street Journal (3/7, A1, Maremont, Forelle, Bandler) reports on the executives of several companies -- KLA-Tencor Corp., Affiliated Computer Services Inc., Take-Two Interactive Software Inc., Progress Software Corp. and Corinthian Colleges Inc. -- who used backdating to profit from the post-9/11 market plunge. Backdating happens when a company looks for past low points in its stock and then pretends options were granted on those favorable days, a process that inflated insider KLA profit by more than $12 million after 9/11. Joel Bernstein, an attorney at Labaton

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Sucharow & Rudoff LLP, "says that taking advantage of a national tragedy 'is an emotional issue,' but one that will 'resonate very well with the judge and the jury.' Mr. Bernstein's firm is involved in suing executives and directors at two of the companies that issued post-Sept. 11 options grants. … Post-Sept. 11 backdating also figured in two separate criminal cases filed last month in New York, in which a pair of former executives pleaded guilty to backdating-related offenses."

UnitedHealth Cuts Profits By $1.5 Billion Over 12 Years. On Tuesday, UnitedHealth Group announced a $1.5 billion adjustment to its profits in the wake of an options backdating scandal. Media coverage notes positive reaction from Wall street analysts, who, according ton the Minneapolis Star-Tribune (3/6, 11:20 a.m., Phelps), believe the announcement "removed a cloud over UnitedHealth." The Wall Street Journal (3/7, A8, Fuhrmans) notes, "Shares in UnitedHealth rose as much as 3% before closing up 1.9%, or $1.02, at $53.98 in 4 p.m. New York Stock Exchange composite trading." Despite this reaction from Wall Street, the company may still face legal obstacles; In its article, the Journal reports, "The company also faces several shareholder lawsuits and is still assessing whether UnitedHealth itself has claims against Dr. McGuire or any board members in connection to the options scandal."

The AP (3/6, Freed) reported that UnitedHealth Group "lopped as much as $1.5 billion off its historical earnings as it finished its accounting for backdated stock options on Tuesday. The AP continued, "The restatement, which was in line with the company's earlier estimates, removed much of the uncertainty that has hung over the nation's second-largest health insurer over the past year. But other questions remained, including whether the Internal Revenue Service would agree with UnitedHealth about the tax bill, and whether it would owe penalties." The company "said it will make cash payments for additional corporate income taxes of about $100 million, and will record a charge of $55 million, or 4 cents per share, in the first quarter of 2007 for a settlement relating to some employees who exercised options in 2006."

SEC Fines Former Monsanto Official For Indonesian Bribe. Bloomberg (3/7, Scheer) reports, "A former executive at Monsanto Co., the world's biggest developer of genetically modified crops, was fined $30,000 for bribing an Indonesian official in an unsuccessful bid to repeal an environmental rule, the U.S. Securities and Exchange Commission said." Bloomberg continues, "Charles M. Martin, Monsanto's former government affairs director in Asia, violated the Foreign Corrupt Practices Act in 2002 when he told a consultant to pay a senior Indonesian environmental official $50,000, the SEC said today. Martin arranged to book the bribe as part of the consultant's fee." Bloomberg adds, "Monsanto paid $1.5 million in settlements with the SEC and the U.S. Department of Justice in 2005 for the bribe and other questionable payments in Indonesia. The St. Louis-based company sought repeal of a rule requiring it to assess environmental impact before planting genetically modified cottonseed, the SEC said. Even after the bribe, the official didn't change the law. … 'The Foreign Corrupt Practices Act remains a significant part of our enforcement program, and we certainly intend to pursue not only entities but individuals,' Christopher Conte, an SEC official overseeing the case, said in an interview. … In fining Monsanto in 2005, the SEC said the company's Indonesian affiliates also made at least $700,000 in illicit payments to at least 140 current and former Indonesian officials and their families. The payments were partially financed through unauthorized, improperly documented, and inflated sales of Monsanto's pesticide products in the country."

Reliant Energy Reaches Deal With DOJ Over Electricity Prices. The California Recorder (3/7, Scheck) reports, "There's a group of very happy defense lawyers in San Francisco right now. … On Tuesday, nearly three years after then-U.S. Attorney General John Ashcroft announced on TV that an energy company had been charged with conspiring to jack up electricity prices during California's 2001 power crisis, the case ended with a set of deferred prosecution agreements." The Recorder continues, "The deals will dismiss charges against Reliant Energy and four of its traders, provided they stay out of trouble for the next two years. The company will also have to pay a $22.2 million fine. … 'Obviously, we're extremely pleased with the result,' said William Goodman, a partner at Topel & Goodman in San Francisco, who represents the company." The Recorder adds, "While the energy defendants won't get the penalties the government had sought, including prison time for the traders, freeing up four prosecutors will allow the San Francisco U.S. Attorney's Office to focus more attention on probes of tech companies like Apple Computer, which have been cooperating in options investigations for months. … Reached late Tuesday, defense lawyers and a spokesman for the prosecutors said they wouldn't comment until Northern District of California Chief Judge Vaughn Walker finalized the deal, nor would they discuss details of the arrangement. In general, non-prosecution agreements involving a company require that it pay a fine, but do not make it admit to criminal liability." The Recorder notes, "When it was first charged, the case was widely assumed to be something of a slam dunk, since prosecutors had audio tapes of Reliant traders talking about how they had shut down four of the company's five California plants to limit supply and boost their profits. … But the case also had obvious peculiarities, most notably the fact

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that the defendants were the first people to face criminal charges under a 70-year-old commodities regulation statute."

Wal-Mart Distances Itself From Technician Who Recorded Calls. The Los Angeles Times (3/7, Goldman, Quinn) reports Wal-Mart Stores Inc. "said Monday it had fired an employee for recording phone calls between its public-relations staff and a newspaper reporter and for intercepting text messages. Wal-Mart said the employee was acting alone. … In this case, the retailer said an unnamed computer-systems technician was not authorized by the company to seek or obtain the information. The company also said it fired one manager and disciplined another for 'failure to carry out their management duties.'" Wal-Mart "said it does not believe any laws were broken by the recordings, since Wal-Mart notifies employees that it may monitor and record communications on company devices. Under federal and Arkansas law, only one party to a recording -- in this case, Wal-Mart -- needs to consent. Wal-Mart declined to release the names of employees involved. The company said it began in internal investigation Jan. 11, after an employee expressed concerns about the recordings."

CRIMINAL LAW:

Libby Found Guilty Of Perjury, Lying To FBI. Media coverage of Lewis "Scooter" Libby's conviction on charges of perjury and lying to the FBI is being portrayed as a severe blow to an already weakened White House. Some stories are particularly harsh in their assessment of what the verdict says about the Bush Administration. The AP (3/7, Raum) reports that in 2000, President Bush "promised he would swear on the Bible to restore honor and dignity to a sullied White House and give it 'one heck of a scrubbing.'" Libby's conviction "gave the White House a scrubbing -- but not the one Bush had in mind." The case "laid bare the inner workings of a presidency under siege and the secretive world of Vice President Dick Cheney."

The Washington Post (3/7, A1, Baker, 690K), for example, reports, "Shortly before he was inaugurated for his second term…Bush was asked why no one was held responsible for the mistakes of the first. 'We had an accountability moment,' he replied, 'and that's called the 2004 elections.'" But "two years and a stinging midterm election later, Bush is having another accountability moment, but this one isn't working out as well." The New York Times (3/7, Rutenberg, 1.16M) reports, "Deep into his second term, Mr. Bush faces an array of political and policy problems that seem to be growing by the day," and with Libby's conviction, Bush was again "put on the defensive." On CNN's "The Situation Room" (3/6), correspondent Candy Crowley said, "It's hard to see how a terrifically weakened president is any more weakened by this. Nonetheless, remember, the Democrats are in charge now. The Democrats have more fodder now for their investigations. You already have the Intelligence Committees looking into whether intelligence was manipulated in order to bolster the cause in Iraq for the US going in. So certainly this gives more ammunition to them. The culture of corruption -- we heard a lot about that going into the 2006 election."

McClatchy (3/7, Hutcheson) reports this morning that if Bush "ever thought things couldn't get any worse, he might want to reconsider." He "is losing control of events in Washington. The new reality hit home Tuesday on multiple fronts. … With Bush's job-approval ratings already so low they threaten his political viability, the latest eruptions of bad news could weaken him further with 22 months left to go in his term."

The Los Angeles Times (3/7, Reynolds, Gerstenzang, 850K), under the headline "Verdict Seen As Stain On White House Too," says the "Libby trial was more than a judgment against one of the Bush administration's most senior aides: It was also seen as an indictment of the White House political operation he helped design and direct." The verdict also "undermined the administration's credibility at a time when the president is trying to build support for his Iraq war policy in the face of increasingly outspoken opposition from Democrats and deepening skepticism among voters." Moreover, "Libby's conviction…raises another difficult issue, one the White House may find it hard to shake off as the 2008 political campaign gathers speed: the possibility of a pardon."

The Chicago Tribune (3/7, Silva, 617K) reports the White House "maintains that the conviction of a former senior official should not undermine its credibility on the war. 'Let me just remind everybody of how the president took responsibility and has completely revamped the intelligence community,' spokeswoman Dana Perino said."

Dana Milbank in his "Washington Sketch" column in the Washington Post (3/7, A2, 690K), writes that "as a political matter, Libby's trial had long ago ceased to be about one man's guilt or innocence. Witnesses made it plain that at least three other administration officials had joined Libby in leaking the identity of undercover CIA officer Valerie Plame, including top Bush strategist Karl Rove and former White House press secretary Ari Fleischer (whom jurors dubbed 'Slick Willie')." Libby's conviction "only increased the determination of congressional Democrats to spread the blame throughout the White House."

The verdict is being described as particularly damaging to Vice President Cheney's standing. The New York Times (3/7, Stolberg, 1.16M) reports, "In legal terms, the jury has spoken in the Libby case. In political terms…Cheney is still awaiting a judgment. … Cheney's critics, and even some of his supporters, said the vice president had been diminished. 'The trial has been death by 1,000 cuts for Cheney,' said

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Scott Reed, a Republican strategist. 'It's hurt him inside the administration. It's hurt him with the Congress, and it's hurt his stature around the world because it has shown a lot of the inner workings of the White House. It peeled the bark right off the way they operate.'"

ABC World News (3/5, story 2, 1:35, Vargas, 8.78M) reported Cheney "said he was disappointed in the verdict today. We had a different statement from the President." ABC (Stephanopoulos) added, "The President's staff came out and said he respected the jury's verdict. It is really unusual for someone like the Vice President to actually criticize a jury's verdict. But a senior White House official told me they recognize the Vice President was very close to Scooter Libby, and he felt strongly about it." ABC asked whether "the verdict and the reactions today" were "another sign of a schism between the President and the Vice President." But George Stephanopoulos said, "It sure is. It does show a little daylight between them. But a White House official told me there are absolutely no plans, no plan at all, for the Vice President to leave."

On the CBS Evening News (3/6, story 2, 1:40, Couric, 7.66M) asked, "How badly does this reflect on Mr. Cheney in your view?" Bob Schieffer replied, "Well, I think very badly. It's hard to conclude otherwise. The prosecutor did not prove any underlying crime here, but he convinced this jury that Scooter Libby lied. Well, you have to ask why would he lie? Clearly because he did not want what was going on in his office and the Vice President's office where he worked to come out."

All three networks led with the story. ABC World News (3/5, lead story, 3:25, Vargas, 8.78M) reported, "A man who was once in the Bush administration's circle of most trusted advisers is, tonight, a convicted felon." ABC (Thomas) added, "At its heart, the prosecution said, the Libby trial was about a Vice President and his staff obsessed with pushing back against critics." NBC Nightly News (3/6, lead story, 3:25, O'Donnell, 9.87M) said, "To give this some perspective, what happened here today makes Lewis Libby the highest-ranking White House official convicted of a felony since the Reagan era and the Iran-Contra scandal."

The CBS Evening News (3/6, lead story, 3:30, Borger, 7.66M) reported, "Like most things in Washington, the heart of this case involves a political dispute. Libby was at the center of the White House's case for war in Iraq. His boss, the Vice President, was rattled by…an article in July, 2003, attacking the Administration's rationale for war that Iraq had weapons of mass destruction. It was written by Ambassador Joe Wilson, who was sent to Africa by the CIA to look into whether Saddam was buying ingredients there to make a nuclear weapon. Wilson said he was not. Cheney wanted Wilson discredited. He knew that his wife, Valerie Plame, worked at the CIA. On a clipping of Wilson's column, he wrote, 'Did his wife send him on a junket?' To undermine the importance of the mission, Cheney wanted to spread the word that Wilson's wife sent him and he asked Libby to do it."

The New York Times (3/7, Lewis, 1.16M), Los Angeles Times (3/7, Schmitt, 850K), AP (3/7, Sniffen, Apuzzo), Financial Times (3/7, Daniel), Washington Post (3/7, A1, Leonnig, Goldstein, 690K), Washington Times (3/7, Seper, 88K) and Christian Science Monitor (3/7, Feldmann, 59K) and Wall Street Journal (3/7, Perez, Bravin, Scannell, 2.04M) all run similar accounts of the case and of yesterday's verdict.

Democrats See Vindication As Partisan Debate Shifts To Possible Pardon. As the verdict became public, Democrats attacked the Administration, and called on Bush not to pardon Libby. The Politico (3/7, Allen, Cummings) reports, "As soon as the verdict was announced, Democrats began demanding a commitment from Bush not to issue a pardon for Libby, who theoretically could face 30 years in prison, but is likely to get a lesser sentence." The White House "won't give such a commitment, of course, and Bush has said he won't even talk about it." Democrats "are trying to start a drumbeat about the question, with the aim of painting Republicans as tainted by cronyism and raising voters' doubts about the GOP's trustworthiness."

The Wall Street Journal (3/7, A3, McKinnon, Perez, Fields, 2.04M) reports the verdict "threatened to spark a new political battle, with some conservatives pushing for a presidential pardon based on what they claim is prosecutorial excess. … Within hours of the verdict, the conservative National Review published an online editorial calling for a pardon and stating that the verdict 'conclusively proved only one thing: A White House aide became the target of a politicized prosecution set in motion by bureaucratic infighting and political cowardice.'" Former Sen. Fred Thompson, "a Tennessee Republican who has helped lead an effort to raise money for Mr. Libby's defense," also called for a pardon.

In an editorial titled "The Libby Travesty," the Wall Street Journal (3/7, 2.04M) also urges the President to pardon Libby: "Bush will no doubt be advised to wait for the outcome of an appeal and the end of his Administration to pardon Mr. Libby. We believe he bears some personal responsibility for this conviction, especially for not policing the disputes and insubordination in his Administration that made this travesty possible. The time for a pardon is now."

Ronald D. Rotunda, a professor at George Mason University School of Law who was assistant majority counsel to the Senate Watergate Committee, writing in the Wall Street Journal (3/7, A17, 2.04M), also urges Bush to pardon Libby. He writes, "One wonders if Mr. Libby must go to prison for years to protect the principle that the classified status of a former CIA employee is sacrosanct, even if that employee appears to covet publicity."

USA Today (3/7, Willing, 2.27M) reports "Democrats, including House Speaker Nancy Pelosi, said the verdict was about more than Libby. It showed the White House's 'callous

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disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq,' Pelosi said." Fox News' "Special Report" (3/6, Baier) noted "Senate Majority Leader Harry Reid said the Bush Administration has been , quote, manipulator intelligence for far too long, adding that it was time a current Administration official was held accountable." Reid also urged Bush not to pardon the former White House aide.

The Hill (3/7, Schor) reports Senate Majority Whip Dick Durbin "echoed Reid, urging Bush not to consider sparing Libby from the likely three-year prison sentence he faces. 'It sends a terrible message at a time when we are demanding accountability from the generals at Walter Reed…to suggest anyone in our government is above the law,' Durbin said."

On NBC Nightly News (3/6, story 2, 2:10, Williams, 9.87M), Tim Russert noted "the special prosecutor, Patrick Fitzgerald, says as far as he's concerned, unless there's new evidence, the case is inactive. The Democrats, on the other hand, pounced on this. They did two things. They suggested the war in Iraq was on trial and the Bush management of the war and selling of the war was on trial. Then they also demanded that the President pledge not to pardon Mr. Libby."

On MSNBC's "Hardball" (3/6), Democratic strategist Bob Shrum said, "This may be a case where the cover-up does pay. … I don't think Scooter Libby will spend one day in jail. I think George W. Bush will pardon him on the way out the door, just the way Bush 41 pardoned Caspar Weinberger, the former Defense Secretary in the Iran-Contra scandal, on the way out the door. I think the deal has already been made implicitly, probably not explicitly, and I don't think we will get to the bottom of this."

On CNN's "The Situation Room" (3/6), Democratic National Committee Chairman Howard Dean said, "Scooter Libby now has a -- a great incentive to tell what else was going on in the Vice President's office. Don't forget, this is the tip of the iceberg. This is about the President and the Vice President trying to discredit people who turned out to be right about the war in Iraq. Scooter Libby didn't do this all by himself. The best way that the president has to shut Scooter Libby up before sentencing is to pardon him. I hope that -- that will not happen. I think we need to find out what really did happen when the CIA gave the President reports that said that -- not to trust some of their sources in Iraq." On CNN's "The Situation Room" (3/6), Democratic commentator Paul Begala also said Libby "was lying to the grand jury to cover up for his boss, Dick Cheney."

The Washington Post's "In the Loop" column (3/7, A15, Kamen), under the headline "Guess Libby's Pardon Date, Win A T-Shirt," urges readers to "simply pick the date that...Bush will pardon…Libby, who, according to federal sentencing guidelines, is looking at 18 months to three years in the slammer. … Send your entries -- one date only: month, day and year -- to: intheloop@washpost.com. Ten people closest to the pardon date will receive a coveted In the Loop T-shirt."

Jurors Question Why Others Were Not Charged Alongside Libby. USA Today (3/7, 4A, Willing, 2.27M) reports, "A question occupied the jurors…as they sat through 14 days of testimony and deliberated for 10 more days: Why is Libby the only person on trial? 'There was a tremendous amount of sympathy for Mr. Libby on the jury. It was said a number of times." Juror Denis Collins, a former Washington Post reporter, is quoted as saying that the jurors asked themselves, "What are we doing with this guy here? Where's (White House adviser Karl) Rove? Where are these other guys?" Collins added, "I'm not saying we didn't think Mr. Libby was guilty of the things we found him guilty of. It seemed like he was, as (Libby attorney Theodore) Wells put it, he was the fall guy."

The Washington Post (3/7, A8, Goldstein, Williamson, 690K) reports the jurors believed Libby "had been 'pilloried' for a CIA leak that other top White House aides had committed along with him, according to one member of the panel. … Collins's detailed description of the jury's deliberations, in public comments and interviews yesterday, suggests that Libby's attorneys made headway with one of the themes they emphasized throughout the case: that the defendant…was made a scapegoat by the White House to protect other presidential aides who were complicit in disclosing Plame's identity to reporters."

The New York Times (3/7, Lipton, 1.16M) reports juror Rosemary Russo, a government lawyer, "described it as an 'emotional' decision that left some jurors in tears. 'I don't think it was an easy decision for any of us,' Ms. Russo said. 'I think anyone who was in the room when the decision was made saw that the jury was teared up.'" But Collins "said that after 10 days of meticulous examination of the evidence, the verdict was inevitable. 'There was no big hammer that came down,' Mr. Collins said. 'It was just the arithmetic of it became obvious.'"

The New York Times (3/7, Shane, 1.16M) reports, "Legal experts said the prosecution team's methodical, unemotional approach had proved especially effective with the unusually well-educated jury. … Courtroom observers questioned whether Mr. Wells might have overshot the mark in that plea to a jury that even during the trial appeared to be quite analytical. Through long and sometimes tedious testimony, the jurors proved attentive, taking notes and passing insightful questions to the judge."

The Wall Street Journal (3/7, A6, Bravin, Jones, 2.04M) reports Libby "joins a line of individuals stretching from Alger Hiss to Martha Stewart whose mistake wasn't committing an underlying crime, but lying to investigators. In pursuing such well-known figures, prosecutors hope to send a message to the meek and mighty alike: Don't lie. But some lawyers predict Mr. Libby's conviction may send another message:

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Say nothing at all, invoke the Fifth Amendment privilege against self-incrimination."

The Los Angeles Times (3/7, Savage, 850K) reports, "What puzzled some of the experts were the statements Libby made to investigators about when and how he learned that Valerie Plame was a CIA agent. … 'I do not understand why he did that, or what advice of counsel he had. It is a real question in this case. And it defies explanation,' said Washington attorney Robert S. Bennett." Libby's defense "argued that he had simply forgotten about those earlier conversations and had not meant to lie to the FBI. But Wilson and Plame were not minor figures to White House insiders, nor were they easy to forget. … Why did Libby tell an implausible story to FBI agents and later to the grand jury veteran defense lawyers wondered Tuesday."

The Legal Times (3/7, Schwartz) reports, "The Libby verdict was a blow to the Bush administration, which had tried to distance itself of wrongdoing from the start of the federal investigation. Indeed, a juror who spoke to the media after the verdict was delivered said the panel came to believe that Libby was a 'fall guy' working at the behest of Vice President Dick Cheney. 'The jurors said: "What are we doing with Libby? Where's [Karl] Rove?"' said the juror, Denis Collins. … Collins, 57, a former Washington Post reporter, was the sole juror to give an account of the deliberations. The other 10 jurors declined to speak to the media, but Collins said, after years as a journalist, 'I just figured it would be kind of hypocritical for me to walk away.'" The Times adds, "By his account, jurors gathered each day on the 6th floor of the courthouse, in a room overlooking the D.C. Department of Motor Vehicles. The room had two long tables and a few cushioned seats. When they arrived the first Wednesday afternoon, everyone looked at each other without knowing what to do. 'They don't give you a field manual on how to be a juror,' he said. … But the jury was a resourceful one, full of methodical panelists who knew how to take charge and break down complicated material into digestible bits. And that is what they did for the first week, gathering large Post-it notes (2 1/2 by 2 feet) with quotes and information concerning the evidence presented. The jury had some meticulous note-takers, Collins said, including one who calculated how many objections had been sustained during Russert's testimony (25 out of 36). For the first week of deliberations, the jury made no decisions, took no straw polls, but systematically went through the evidence. They asked: Who told the truth? Who lied? Who do we believe? … The debate was not about the war. It was not about politics. Collins said he didn't even know the politics of most jurors during deliberations. (Although he said he learned this morning that at least three were registered independents.) There were 'differences of opinion, but no fistfights,' Collins said. … But in the end, Collins said, it simply came down to the facts, which pointed to a single answer: guilty."

On Fox News' "Special Report" roundtable (3/6, Hume), Morton Kondracke said, "I was surprised. I thought there was a possibility that the jury might buy the busy man, bad memory defense, but they obviously didn't."

On Fox News' "Special Report" roundtable (3/6, Hume), Mara Liasson of NPR said, "The prosecutor did a good job of showing how many times he had been informed about [Valerie Plame's opponent]. And also, the other thing that I thought was interesting about [juror Dennis] Collins' press conference is he said at one point, 'We all looked at each other and wondered why are we here? Why are we doing this with this guy?'"

On Fox News' "Special Report" roundtable (3/6, Hume), Fred Barnes of the Weekly Standard said, "[Jurors] thought it was a minor case, a peripheral case, the one against Scooter Libby. And I, frankly, don't think the prosecutor would have brought that case at all, if the larger case involving whether the White House had mounted a conspiracy to leak the name of an undercover CIA agent. Of course, that collapsed, there was no evidence for that."

On CNN's "The Situation Room" (3/6), former prosecutor Victoria Toensing says, "You usually have to have something else, like Martha Stewart, there was witnesses there that she asked me to lie. You have none of that in this case." Toensing added, "I'm not alone in questioning his judgment in pursuing a case where you don't have evidence more than just some other witnesses."

Fitzgerald Said To Have Regarded Libby As "Stand-In" For Cheney. The Washington Post (3/7, A6, Smith, 690K) reports that "in his summation at Libby's trial" Fitzgerald said "Libby's lies had effectively prevented him from learning about all of Cheney's actions in the administration's campaign to undermine" Wilson. According to the Post, "More than he had previously, Fitzgerald made clear in those remarks that his search for the truth about Cheney was a key ambition in his probe and that his inability to get it was a key provocation for Libby's indictment. Although Cheney was the target, Fitzgerald's investigation could not reach him because of Libby's duplicity. … The notion that Libby was merely a courtroom stand-in for Cheney infuriated Libby's lawyers, who sought in their courtroom statement to defend both men."

Conviction Allow Plame And Wilson To Move Ahead With Civil Suit. The Washington Times (3/7, Waterman, 88K) reports Libby's conviction "clears the way for a civil suit against him by former CIA agent Valerie Plame and her husband. … Mrs. Plame and her husband, Joseph C. Wilson IV, sued Libby; his boss, Vice President Dick Cheney; and senior presidential adviser Karl Rove in July, saying the officials had violated their constitutional rights as part of a plot to retaliate against Mr. Wilson and discredit his criticism." The Times adds, "The lawsuit has been on hold

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during the Libby prosecution, but legal scholars say the conviction clears the way for it to be heard."

Wilson Calls On Bush To Fire Rove. The Washington Post (3/7, C4, Montgomery, 690K) reports the conviction "was a vicarious victory for the couple, the close of a chapter in their 3 1/2 -year struggle to hold government officials to account for what they say was a smear campaign against them and a coverup of bogus reasons for taking the nation to war. … Hearing that President Bush had expressed sympathy for Libby, Wilson called on the president to 'express his sorrow to my wife, whose career was destroyed.' He also said, 'The president ought to live up to his word and fire Mr. Rove.'"

WPost Blasts Fitzgerald, Says Trial Proved There Was No Conspiracy. The Washington Post (3/7, A16, 690K) editorializes that "after two years of investigation, Mr. Fitzgerald charged no one with a crime for leaking Ms. Plame's name. In fact, he learned early on that Mr. Novak's primary source was former deputy secretary of state Richard L. Armitage, an unlikely tool of the White House. The trial has provided convincing evidence that there was no conspiracy to punish Mr. Wilson by leaking Ms. Plame's identity -- and no evidence that she was, in fact, covert." The Post adds, "It would have been sensible for Mr. Fitzgerald to end his investigation after learning about Mr. Armitage. Instead, like many Washington special prosecutors before him, he pressed on, pursuing every tangent in the case. In so doing he unnecessarily subjected numerous journalists to the ordeal of having to disclose confidential sources or face imprisonment. … Mr. Fitzgerald was, at least, right about one thing: The Wilson-Plame case, and Mr. Libby's conviction, tell us nothing about the war in Iraq."

NYTimes Celebrates Libby's Conviction. The New York Times (3/7, 1.16M) editorializes, "It was another reminder of how precious the American judicial system is, at a time when it is under serious attack from the same administration Mr. Libby served. That administration is systematically denying the right of counsel, the right to evidence and even the right to be tried to scores of prisoners who may have committed no crimes at all." The Times adds that "it was still a breath of fresh air to see someone in this administration, which specializes in secrecy, prevarication and evading blame, finally called to account."

More Commentary. Anthony Lewis writes in the New York Times (3/7, 1.16M) that Libby's conviction "leaves a legacy of intensified concern about legal proceedings that force journalists to disclose confidential sources. It is a legitimate and urgent concern. Without the ability to promise confidentiality, the press would have been unable to report notorious abuses of government power from Watergate through the Bush administration's violations of fundamental rights in the 'war on terror.'" But "it is much easier to see the danger than to agree on a way to stop it. That is because there are compelling interests on both sides of the problem, as many in the press are loath to admit." In the wake of the Libby case, Congress "should pass legislation that makes clear the public interest in journalists' confidentiality but leaves it to judges to weigh that against other social necessities."

Howard Kurtz, in his Washington Post column (3/7, C1), writes that few journalists "would dispute that the proceedings, which ended with Libby's conviction on four of five counts yesterday, gave their profession a black eye. … The searing spotlight on how reporters do their jobs was less than flattering."

Computer Professors Seek Independent Probe Of Teacher Porn Case. The AP (3/7) reports from Hartford, CT, "Nearly 30 Connecticut computer science professors have signed a letter urging an independent investigation in the case of a Norwich substitute teacher convicted of exposing her students to pornography on a classroom computer." The AP continues, "The professors, from eight Connecticut colleges and universities, took out an ad in Tuesday's Hartford Courant on behalf of Julie Amero, a 40-year-old Windham resident with no prior criminal record. … Amero was convicted in January of four counts of risk of injury to a minor and faces up to 40 years in prison when she is sentenced March 29." The AP adds, "While prosecutors insist she is guilty, some experts believe that the lewd images were caused by unseen spyware and adware programs, which critics call one of the top scourges of the Internet. … Amero, who claims to have little experience with computers, has become a cause celebre for technology experts around the country who say she is the victim of a miscarriage of justice that could happen to anyone. … 'The Julie Amero case has created outrage in Internet forums and among computer experts all over the country,' the professors wrote in their ad, which was titled 'An Open Letter to Chief State's Attorney Kevin T. Kane.' … The 28 professors who signed the letter advocate a suggestion from Mark Rasch, former chief of the U.S. Department of Justice cyber crime unit, that an independent investigator be brought in to look at the case."

Target Of FBI Investigation Tied To Obama Investments. The New York Times (3/7, Mcintire, Drew) reports, "Less than two months after ascending to the United States Senate, Barack Obama bought more than $50,000 worth of stock in two speculative companies whose major investors included some of his biggest political donors. One of the companies was a biotech concern that was starting to develop a drug to treat avian flu. In March 2005, two weeks after buying about $5,000 of its shares, Mr. Obama took the lead in a legislative push for more federal spending to battle

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the disease. The most recent financial disclosure form for Mr. Obama, an Illinois Democrat, also shows that he bought more than $50,000 in stock in a satellite communications business whose principal backers include four friends and donors who had raised more than $150,000 for his political committees. A spokesman for Mr. Obama, who is seeking his party's presidential nomination in 2008, said yesterday that the senator did not know that he had invested in either company until fall 2005, when he learned of it and decided to sell the stocks. He sold them at a net loss of $13,000. … Even so, the stock purchases raise questions about how he could unwittingly come to invest in two relatively obscure companies, whose backers happen to include generous contributors to his political committees. Among those donors was Jared Abbruzzese, a New York businessman now at the center of an F.B.I. inquiry into public corruption in Albany, who had also contributed to Swift Boat Veterans for Truth, a group that sought to undermine John Kerry's Democratic presidential campaign in 2004." Abbruzzese "emerged as a central figure in the federal investigation of the New York State Senate majority leader, Joseph L. Bruno. The inquiry is examining Mr. Bruno's personal business dealings, including whether he accepted money from Mr. Abbruzzese in return for Senate approval of grants for one of Mr. Abbruzzese's companies."

Gibbons Discloses Contributors To His Legal Defense Fund. The AP (3/7, Riley) reports, "About four months after a defense fund was set up for Nevada Gov. Jim Gibbons to help cover costs of brewing legal cases - including a woman's claim he assaulted her - Gibbons on Tuesday disclosed the fund's 2006 contributors and the $169,100 they gave. The money went into a fund that wasn't sanctioned by a House committee even though Gibbons was still a congressman. But Gibbons stated 'it is not clear what rules govern that fund.' He also stated that he wanted to 'make sure there is as much disclosure as possible.' The newly elected Republican governor now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor. The contribution report covers a time period prior to confirmation of the FBI investigation."

FBI Probing Favors Granted To Indicted Doyle Supporter. The Milwaukee Journal Sentinel (3/7, Spivak, Marley) reports Wisconsin Transportation Secretary Frank Busalacchi "met with a now-indicted contributor to Gov. Jim Doyle in 2004 and directed two state employees to lend a hand in settling nearly $1 million in out-of-state tax bills to the donor's trucking companies. The move by Busalacchi, who serves at Doyle's pleasure, provided Dennis Troha's companies with virtually unprecedented state help in Troha's bid to whittle down the tax bill. The five-year-old case is still pending before the state Tax Appeals Commission. Busalacchi met with Troha in April 2004 and later dispatched an attorney and auditor to Illinois as Troha tried to lessen his companies' fuel tax liabilities, according to about 100 pages of e-mails obtained by the Journal Sentinel this week. The meeting occurred about 1 1/2 years after the DOT lawyer concluded that there was no reason to dismiss the tax assessed against the Troha firms. In addition, Busalacchi sent the lawyer to Harrisburg, Pa., even though the attorney's superior complained that there was no funding in the budget for the trip. The unusual effort has caught the interest of the FBI, which talked to a department auditor Tuesday about the matter and arranged a more thorough interview for today. … Troha and family members have given $200,000 to Doyle's campaigns since 2002. And connections between the Doyle administration and Troha have long been controversial in some political circles. The spotlight fell on those connections last week when Troha was indicted by a federal grand jury. He is accused of exceeding state contribution limits in funneling money through relatives to Doyle and lying to the FBI about it."

The St. Paul Pioneer-Press (3/7, Bauer) reports, "As more questions are being raised about political donations tied to former casino developer Dennis Troha, Republicans in the state Assembly are reviving a bill that would give state lawmakers the authority to grant or deny new casinos. Troha was indicted last week on charges that he committed fraud and lied to the FBI in relation to more than $100,000 in donations he and family members made to Gov. Jim Doyle and others. The indictment alleges Troha made the donations in an attempt to win approval of a casino he had been developing in Kenosha. Troha backed out of the deal just six days before the indictment from U.S. Attorney Steve Biskupic was released Thursday.

Ohio Bill Would Identify Sex Offenders With Green License Plates. The New York Times (3/7, Driehaus) reports from Cincinnati, "A bipartisan effort in Ohio's legislature could make the state the first to require convicted violent sex offenders and child predators to place fluorescent green license plates on their cars." The Times continues, "The legislation stems from a three-year effort by the friends and family of Kristen Jackson, 14, who was raped and killed in 2002 by a convicted sex offender who abducted her as she walked home from the Wayne County Fair in Wooster. … A 2005 bill that called for pink license plates for all sex offenders failed after critics deemed it too harsh and Mary Kay Cosmetics and advocates for breast cancer research objected to the color." The Times adds, "The revised bill would focus on convicted sex offenders who used violence or preyed on minors and would exclude other

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offenses like public exposure or consensual sex between an adult and a teenager. … A spokesman for Gov. Ted Strickland, a Democrat, said the governor would sign the measure if it was approved by the General Assembly. … Critics say the bill would wrongly punish the offenders' family members who use the cars with the special license plates and expose occupants of the car to vigilante justice."

DOJ Offers Immunity To Mississippi Attorney In Bribery Trial. The Biloxi (MS) Sun Herald (3/7) reports from Jackson, MS, "The U.S. Justice Department has offered immunity from prosecution to attorney Richard 'Dickie' Scruggs in exchange for his testimony in a judicial bribery trial involving his former colleague, Paul Minor." The Herald continues, "Assistant U.S. Attorney Ruth Morgan, who is prosecuting Minor and two former state court judges on bribery charges, told U.S. District Court Judge Henry T. Wingate about the immunity deal Tuesday afternoon outside the jury's presence. Morgan said the prosecution expects to call Scruggs as one of the next four prosecution witnesses. … Scruggs also is currently at the center of negotiations on behalf of policyholders to settle Katrina claims with State Farm. He has been featured in local and national news stories about the proposed settlement, pending in U.S. District Court in Gulfport." The Herald adds, "The judicial bribery trial is under way in Jackson, where Minor is accused of bribing former Circuit Judge John Whitfield and former Chancery Judge Wes Teel. Morgan said Scruggs has been granted immunity for testimony about a loan he paid off for Teel at Minor's request and about a loan guarantee for state Supreme Court Justice Oliver Diaz and his wife. … Oliver Diaz was acquitted at the end of the first judicial bribery trial in 2005. The jury was unable to reach a verdict on charges against Minor, Teel and Whitfield. … Minor later repaid Scruggs for his $27,500 payment on the Teel loan." The Herald notes, "Morgan asked Wingate to limit any cross-examination of Scruggs. She fears attorneys for Minor and the judges will try to imply Scruggs was not prosecuted because he is U.S. Sen. Trent Lott's brother-in-law. They have raised those allegations in the past, but Wingate has not allowed selective prosecution to be raised as an issue before the jury. … Morgan told the judge, in response to his questions, that defense attorneys had just been notified of the Scruggs immunity offer. She said the Justice Department produced an immunity letter Monday, but Scruggs had not gotten a chance to sign it yet."

Pelicano Attorneys Ask Judge To Probe Leak To New York Times Reporters. The Los Angeles Times (3/7, Krikorian, Philips) reports, "Nearly a year after confidential FBI documents in the wiretap and racketeering case of Anthony Pellicano were disclosed, defense attorneys have stepped up their push for a federal judge to independently investigate who leaked the evidence to the New York Times." The Times continues, "Times reporters David M. Halbfinger and Allison Hope Weiner used the reports to write several stories about Hollywood bigwigs, including attorney Bert Fields, former agent Michael Ovitz and others, who have not been charged in the case. Pellicano, once known as the private eye to the stars, and several of his legal and Hollywood clients are accused of eavesdropping on opponents to win advantage in courtroom battles." The Times adds, "The leak investigation has been handled by the U.S. attorney's office and the FBI in San Diego because prosecutors and FBI agents in Los Angeles are among those with access to the compromised evidence. … But in recent weeks, defense lawyers have urged U.S. District Judge Dale S. Fischer, who is hearing the Pellicano criminal case in Los Angeles, to intervene. Defense attorney Terree Bowers, who represents entertainment attorney Terry Christensen, one of Pellicano's co-defendants, has been particularly aggressive, accusing the government of involvement in the leaks." The Times notes, "In recent court papers, Bowers said the New York Times reporters told an unnamed witness that they had received the confidential information from the government before it was turned over to defense attorneys. … Bowers also asserted that lead FBI agent Stan Ornellas told another witness that he had lost some of his notes on the case. If true, Bowers argued, the missing documents could be the source of the leaks. Or Ornellas could have made up the story to set up an alibi against charges that he was the leaker. … Ornellas and prosecutors Daniel Saunders and Kevin Lally have denied responsibility for the leak. Other FBI and Justice Department officials note that anyone who worked on the career-making case for years would be loath to risk it by turning over sealed documents to journalists."

DOJ Case Against Bio-Artist In Limbo. The Pittsburgh Post-Gazette (3/7, Thomas) reports, "The legal battle with the Department of Justice that artist Steve Kurtz is embroiled in has implications not only for artists but, by extension, for anyone engaged in outside-the-box public discourse that challenges established convention." The Post-Gazette continues, "Kurtz is a founding member of the widely acclaimed art collective Critical Art Ensemble (CAE, established in 1987), which exhibits internationally and was included in the 2006 Whitney Biennial. The group examines the impact of science and technology on consumer culture through works that are activist, performative and conceptual. … An associate professor of art at State University of New York, Buffalo, who formerly taught at Carnegie Mellon University, Kurtz lectured at The Andy Warhol Museum Saturday on 'Second Wave Eugenics and Critical Art Practice,' in conjunction with the exhibition 'Deadly Medicine: Creating the Master Race.' … With him was Lucia Sommer,

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a CAE member and defense committee coordinator, who later answered questions about his case, which is moving sluggishly through a series of pre-trial motions." The Post-Gazette adds, "In May 2004, Kurtz's wife died in their Buffalo home. Police who responded to his 911 call noticed scientific materials, including petri dishes, in the house and notified the FBI, who confiscated Kurtz's computer, books and components of CAE projects under the Patriot Act. … Analysis showed that his wife died of natural causes, and that the microorganisms impounded were harmless and readily available from biological supply houses. Lacking bioterrorism evidence, the FBI charged Kurtz with mail fraud and wire fraud -- based on his alleged receipt of the bacteria from University of Pittsburgh scientist Robert Ferrell -- and each of them faces a possible 20-year sentence. … The CAE sees the case as having the precedent-setting possibility to blur the division between civil and criminal law, should the Department of Justice win." The Post-Gazette notes, "Sommer says that it 'seems almost certain' that the case will go to trial, though a date has not yet been set and lawyers estimate it could be one-and-a-half to two years away. A motion to dismiss it is among about a dozen the defense has filed during the pre-trial process. … Contesting the terms laid down by the prosecutor has slowed the case momentum, and Sommer is concerned that public interest, which she believes will be particularly important during the trial, be maintained. To that end, the CAE Defense Fund, which was established after Kurtz's arrest, has initiated a separate education fund for use at trial time."

DOJ Probing Accusations Of False Wine Labels. The New York Times (3/7, Barron, Asimov) reports, "Federal investigators in New York are looking into allegations of counterfeiting in high-end wine sales, issuing subpoenas to auction houses that handled what were billed as rare bottles with distinguished provenances, according to people in the wine trade." The Times continues, "Agents from the F.B.I.'s art-fraud squad have collected a large amount of data on wine sales, according to one person with direct knowledge of the investigation. … The inquiry, reported yesterday by The Wall Street Journal, is centered on whether auction houses, collectors or importers sold wines they knew could not be from the vintages listed on the labels." The Times adds, "A spokesman for Christie's, which sold $58.5 million worth of wine last year, more than half of it in the United States, said that they had received a subpoena. 'We have been cooperating with officials and will continue to do so,' Christie's said in a statement. … In 1985, Christie's accepted a consignment of what it described as the oldest authenticated-vintage Bordeaux it had ever sold, a Château Lafite dated 1787 and carried the initials "Th.J.," for Thomas Jefferson. The shipment was consigned by Hardy Rodenstock, a German music publisher and wine merchant." The Times notes, "William I. Koch, a billionaire wine collector, is suing Mr. Rodenstock over four bottles of the wine that he concluded could not have been Jefferson's. … Mr. Koch said yesterday that he found 500 other bottles in his 35,000-bottle collection that he believes are fake, some traceable to Mr. Rodenstock. He said he was considering expanding his lawsuit to include those bottles and the resellers who sold them to him. … In keeping with Justice Department policy, Yusill Scribner, a spokeswoman for federal prosecutors, said she would not confirm or deny that there was an investigation."

Defense Attorneys Question FBI's Chemistry Expert's Murder Trial Testimony. The AP (3/7) reports, " Prosecution witnesses on Tuesday rebutted claims that deputies planted Steven Avery's blood to frame him for the murder of Teresa Halbach. Marc LeBeau, chief of the chemistry unit at the FBI lab in Virginia, testified Tuesday that he did testing on a vial and on three of Avery's bloodstains in Halbach's vehicle. He said the blood vial contained a chemical that prevents blood from clotting, or EDTA. But he said the stains from the vehicle did not contain the chemical. … 'It is my opinion that the bloodstains that were collected from the RAV4 could not have come from the EDTA tube that was provided to us in this case,' LeBeau said. On cross-examination by Avery attorney Jerome Buting, LeBeau admitted that the FBI created a new protocol for this case and validated it in about two weeks. He also admitted his study didn't determine how much EDTA was in the vial, and he knew of no study on the breakdown rate of EDTA in an 11-year-old vial of blood. But he said the lab could detect EDTA in a 33-month-old bloodstain. Avery claims that his blood, stored in an unsecured vial at the Manitowoc County courthouse, was planted by investigators at the scene of the Halloween 2005 killing. The blood in the vial was drawn in 1996 as part of the appeals process in a rape case for which Avery served 18 years in prison. DNA analysis showed he was innocent."

CIVIL RIGHTS:

Mississippi Jail Official Accused Of Civil Rights Violations Released Pending Trial. The Biloxi Sun Herald (3/7, Fitzgerald) reports, "Former Harrison County jailer Ryan Teel, granted bond this afternoon, will be released and at home under electronic monitoring by tonight or in the morning. U.S. Chief Magistrate Judge John M. Roper ordered his release before a packed federal courtroom. On one side, friends and family of Jessie Lee Williams Jr. responded with audible gasps. On the opposite side, Teel's mother leaned forward and patted a shoulder of Teel's wife,

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who wept in relief. Teel has been in custody for more than six months since his arrest by the FBI. He has pleaded not guilty to a two-count indictment of depriving Williams' rights and obstructing justice to conceal Williams' assault in the jail booking room on Feb. 4, 2006. Williams, 40, died two days later. … Two former jailers have admitted their roles in Williams' assault. Three other ex-jailers also have pleaded guilty to conspiring to deprive inmates of their rights in a federal investigation of alleged civil-rights violations at the Harrison County jail. Teel's trial is set for May 28. He faces a life prison sentence if convicted on the civil-rights allegation involving Williams' assault and subsequent death. Sentencings in the five plea agreements of the other ex-jailers have been placed on hold pending resolution of Teel's case. They remain free on unsecured bonds of $25,000 each."

FBI Conducting Preliminary Inquiry Into Jail Beating Allegations. The Joliet (Il) Herald News (3/7, Hosey) reports, "A Crest Hill man claiming he was brutally beaten by guards at the Will County jail says the feds have launched a probe into the incident at his request. 'I have complete faith in the U.S. Attorney's Office and the Federal Bureau of Investigation to end these types of actions before someone else is seriously hurt,' local businessman Robert Darin said earlier this week. The Herald News obtained letters sent by Darin to state Attorney General Lisa Madigan's office and the Chicago office of the U.S. attorney detailing his alleged attack at the hands of guards at the county jail. In the letters, Darin says he was the victim of an 'unprovoked severe beating by two Will County deputies' while he was waiting to bond out on a traffic charge nearly a year ago. … Kim Nerheim, a spokeswoman for the U.S. attorney's Chicago branch, would provide no information about the letters sent to David Glockner, the chief of the office's criminal division. But Special Agent Ross Rice of the FBI confirmed Darin filed a complaint, but said the investigation is still in its initial stages. 'We are conducting what we call a preliminary inquiry,' Rice said. 'He just alleged his civil rights were violated in the Will County jail,' he said."

US Pursuing Civil Rights Cold Cases. AFP (3/7) reports, "The US government is probing hundreds of unsolved hate crimes committed during its tumultuous civil rights movement era, hoping to try at least a dozen suspects who escaped justice for half a century." AFP continues, "The Federal Bureau of Investigation (FBI) urged its bureaus last year to reopen botched cases from the 1950s and 1960s, and apply modern forensic techniques to try to uncover new evidence and possible witnesses. … Their analysis produced tangible results in hundreds of lynchings and murders allegedly committed by white supremacists, but only a dozen prosecutions are likely to be pursued. … 'In too many instances, the truth has been hidden for too long,' FBI director Robert Mueller said at a recent press conference." AFP adds, "Many of the killers are deceased, witnesses have disappeared, several of the crimes were committed too long ago to prosecute under existing statutes, or local attorneys refused to cede jurisdiction to federal prosecutors. … 'Many individuals have, quite literally, gotten away with murder. We cannot turn back the clock. We cannot right these wrongs. But we can try to bring a measure of justice to those who remain,' Mueller said. … 'To those individuals who committed these crimes, who have lived with their guilty consciences for these many years, our message should be clear: You have not gotten away with anything. We are still on your trail,' added US Attorney General Alberto Gonzales."

Fayetteville, NC, To Offer Voting Maps For Public Vote. The Fayetteville Observer (3/7, Worthington) reports, "Residents attending a March 29 public hearing on Fayetteville's new election districts will get to choose between two plans — or they can bring their own." The Observer continues, "The council voted Tuesday to take two maps to the public after failing to choose one map. … The 6-3 council format and maps will be submitted to the U.S. Department of Justice for review under the Voting Rights Act of 1965. Any changes to Fayetteville's election practices cannot dilute minority voting." The Observer adds, "The Department of Justice could approve the changes, approve the format but ask for a different map, or decide the 6-3 format is a step backward. … The city hired Michael Crowell, a lawyer with redistricting experience, to draw the new election districts. Tuesday was the third public meeting the council has held with Crowell. … Under Department of Justice guidelines, the city should have three districts where minorities are the majority."

DOJ Approves Oxford, MS, Annexation Plan. The AP (3/7) reports from Oxford, MS, "The Justice Department has informed Oxford officials that it has approved the city's annexation proposal that adds 4.3 square miles and some 5,000 new residents." The AP continues, "The annexation expands the city's area from 12.2 square miles to 16.5 square miles and the population from 14,000 to 19,000." The AP adds, "Officials said city ordinances took effect immediately, but full enforcement will take time. … 'Everyone knows all this change won't occur overnight,' Mayor Richard Howorth said Monday."

Maryland Senate Passes Bill Expanding Hate Crimes To Include Homeless. The Washington Times/AP (3/7, Wyatt) reports from Annapolis, MD, "The state Senate adopted a first-in-the-nation hate crime classification for homeless people yesterday, despite concern that the measure would dilute hate-crime protections." The AP

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continues, "Under the bill, homeless people would join ethnic and racial minorities as protected classes in Maryland hate-crimes laws. Sexual orientation and religion are also included. … A Senate committee considering the bill watched videos of homeless people being beating before adopting the idea." The AP adds, "Homeless advocates praised the passage of the bill, which now heads to the House. … However, the bill sparked a sharp debate and brought opponents from both parties. Most of the sponsors of the bill are Republicans, and some worried the bill was an attempt to water down hate-crimes laws. The Senate defeated attempts to add disabled people and 'economic class' to the bill."

Road Rage Incident Sparks Racial Tension In Hawaii. USA Today (3/7, 1A, Kasindorf) reports from Honolulu, HI, "A violent road-rage altercation between Native Hawaiians and a white couple near Pearl Harbor two weeks ago is provoking questions about whether Hawaii's harmonious 'aloha spirit' is real or just a greeting for tourists." USA continues, "The Feb. 19 attack, in which a Hawaiian father and son were arrested and charged with beating a soldier and his wife unconscious, was unusual here for its brutality. It sparked a public debate over race relations that is filling blogs and newspaper websites with impassioned comments along stark ethnic lines. … These divisive exchanges come as the U.S. Supreme Court and Congress are being asked to tackle another inflammatory racial issue in a state where no race is a majority: special benefits for Native Hawaiians, ranging from preference at an elite private school to free houses on government land. One side says the long-established perks compensate Hawaiians for past wrongs and preserve their valuable culture for the islands. The other side says the benefits discriminate against other racial groups." USA adds, "The current controversies are exposing racial tensions below the surface of a tropical paradise that Gov. Linda Lingle says is 'a model for the world' in diversity and peaceful integration. Simmering divisions pit Hawaiians against other groups, and 'locals' of all races against newcomers including immigrants and military members. … At issue now is whether Hawaii will acknowledge and overcome these threats to its friendly reputation. … Last month's road-rage incident began when an SUV driven by Army Staff Sgt. Andrew Dussell, 26, who has served two tours in Iraq, struck the parked car of Gerald Paakaula, 44, at a shopping center, according to a police affidavit filed in court. Paakaula and his 16-year-old son allegedly assaulted Dussell and his wife, Dawn, 23. … In another incident Jan. 27, nine white campers in a beach park on the Big Island of Hawaii were beaten by men in their 20s who told the campers to leave the island, the police report says. Hawaii County Police Maj. John Dawrs describes the assailants as 'Pacific Islanders.' … Racial troubles in the islands usually don't get much public discussion. In a tourism-dependent state, talk about tensions is 'like news about shark attacks,' says Jon Van Dyke, a University of Hawaii law professor. 'People are afraid they might lose customers.'"

ACLU Sues Over Detention Of Migrant Children At Former Texas Jail. The Los Angeles Times (3/7, Hart) reports from Houston, "Children are being illegally detained at a converted Texas prison while they wait for their parents' immigration appeals to be heard, the American Civil Liberties Union charged in lawsuits filed Tuesday." The Times continues, "The suits allege that the immigrant children being held at the T. Don Hutto detention center in Taylor, Texas, are living in substandard conditions and should be released under supervision to religious groups or charities. … 'There is simply no justification for imprisoning innocent children who pose no threat to anyone,' said Vanita Gupta, a staff attorney with the ACLU's Racial Justice Program." The Times adds, "A spokeswoman for U.S. Immigration and Customs Enforcement declined to comment on the lawsuit but said in a statement that the facility was 'modern' and 'designed to humanely accommodate families with children who are detained as a result of ICE enforcing the immigration laws of the United States.' … The Hutto center holds 400 people — half of them children. Built as a so-called family residential center, it was the Bush administration's solution to keeping families together while their immigration status was under review. Corrections Corp. of America — the nation's largest private prison firm — operates the 512-bed former state prison." The Times adds, "Immigrant rights groups have staged protests at the Hutto center for months, objecting to its jail-like conditions and long lines for medical care. … But the suits filed Tuesday focus on 10 children living there. In the filings, the ACLU alleges that for 11 to 12 hours a day, children are kept in small cells where toys are not allowed. A light is on at all times. The children must wear government-issued garments and are sometimes disciplined by guards who threaten to permanently separate them from their parents. … The Justice Department signed off on a 1997 settlement agreement that established minimum standards for the care of minors in federal custody, according to the lawsuit. One provision called for the 'least restrictive setting possible' for detained children. … 'That's not happening at Hutto,' Gupta said."

ANTITRUST:

FCC Head Has Concerns About XM-Sirius Merger. The New York Times (3/7, Labaton) reports, "Kevin J. Martin, the chairman of the Federal Communications Commission, has privately questioned recent Congressional testimony by the architect of a

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proposed merger of the nation's two satellite radio companies that subscribers would both pay the same monthly rate and receive significantly more programming." The Times continues, "As he sought to sell the proposed merger of Sirius Satellite Radio and XM Satellite Radio to Congress, and by extension to regulators like Mr. Martin, Mel Karmazin, the chief executive of Sirius, vowed last Wednesday that prices would not be raised and that listeners would benefit enormously by getting the best programming from both companies. … But in separate conversations with two people after Mr. Karmazin's testimony to a House committee, Mr. Martin said that subscribers may be surprised to learn they may actually have to pay more than the current monthly rate of $12.95 if, for example, they want to receive all the games of Major League Baseball (now available only on XM) as well as all the professional football games (now only on Sirius)." The Times adds, "Mr. Karmazin, reached on Tuesday, said his testimony was not misleading and that he meant to say two things: subscribers wanting to keep their existing service would not face a price increase, and listeners who wanted the best of both services would pay less than the combined rate of $25.90. … Mr. Martin, in an interview on Tuesday, suggested that the details had not been clear from the testimony. He emphasized that he was not questioning the motives or candor of Mr. Karmazin but that there was 'a need for greater clarity' over what was being proposed for fees and programming. … The two people who talked to Mr. Martin — one working to get the deal done and the other a critic — said they understood his comments to reflect his skepticism about both the deal and the way it was being sold in Washington as more beneficial to consumers than it might actually be. … Mr. Martin said that the proposed deal had 'not even been filed with the commission yet,' and that he would carefully consider the arguments of both the supporters and the opponents before reaching a decision. … The $13 billion proposed deal cannot be completed without the permission of antitrust lawyers at the Justice Department and a majority of the five commissioners at the F.C.C."

Ashcroft Group Defends Actions In Radio Merger. The Hill (3/7, Swanson) reports, "The Ashcroft Group's decision to lobby both sides in the merger between the country's only two satellite-radio companies is nothing unusual, lobbyists unconnected to the issue said this week. … They described the Ashcroft Group's decision to contact XM Satellite Radio and the National Association of Broadcasters (NAB), which opposes the merger, to see if either was interested in hiring the former attorney general is a standard business practice in the world of Washington lobbying. … 'People do it every day,' one of these lobbyists, who asked to speak anonymously, said. 'You see a merger going on, and you contact both sides.'" The Hill continues, "XM Satellite Radio, which spurned Ashcroft's advances, publicly has criticized the Ashcroft Group and said it raises questions about the Ashcroft Group's credibility on the issue. 'It looks like he was prepared to be for the merger until he was against it,' a spokesman for XM, Nathaniel Brown, said. … A lobbyist looking in from the outside, however, described the move as one other lobbying firms, along with law firms and investment banks, also would make unless they had a commitment or a historic relationship with one of the parties. 'The real deal is, they went after business and they went after the one that went ahead,' he said. … A second lobbying source contrasted a lobbying firm that approaches two sides in a business deal about representation with a lobbying firm that historically has taken a certain philosophic side on a policy issue. … 'I think there are two types of lobbyists here,' the source said of Washington, 'those invested with an issue who are on one side, and those who say they can open doors and … don't care about the substance.' … In the case of the XM merger with Sirius Satellite Radio, it is fair game for Ashcroft to try to sell his services, the source said." The Hill notes, "A spokeswoman for Ashcroft, Juliana Glover Weiss, explained how the Ashcroft Group went from contacting XM about representing it in the merger announced on Feb. 19 to publicly opposing the deal a little more than a week later. … The Ashcroft Group's representative in charge of bringing in new business had friends at the NAB and XM, and contacted both within five minutes, asking them if they believed their team was 'strong enough' for the upcoming fight in Washington, according to Glover Weiss. … 'We had a very good idea where we would be most useful within two and a half hours,' she said."

Weirton Steel No Longer On The Block. The Pittsburgh Tribune-Review (3/6, Mortimer) reports, "Weirton Steel will remain a component of Mittal Steel USA, and is no longer for sale, the leader of the Independent Steelworkers Union, which represents 1,250 members at the West Virginia plant, said Tuesday." The Tribune-Review continues, "Mittal Steel also wants to make Weirton the 'premiere' producer of tinplate in the United States, said Mark Glyptis, president of the Independent Steelworkers Union. He said union leaders were encouraged and optimistic following a meeting with senior Mittal USA officials in Chicago on Monday. … Glyptis said in a statement today that the Weirton steel operations will remain 'status quo,' with a mutual agreement to look for ways to improve the performance of the steel mill. … 'The future of Weirton is in the hands of the employees ... and we are prepared to lead the way in making Weirton a stronger partner with the Mittal corporation,' Glyptis said. 'Weirton is no longer for sale. We will remain part of Mittal Steel USA,' he said."

Mittal, Mill Reshape Relationship. The AP (3/7, Smith) reports from Morgantown, WV, "Two weeks after learning Mittal Steel Co. would not sell its West Virginia mill, the Independent Steelworkers Union is feeling 'part of the

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family' again, President Mark Glyptis said Tuesday." The AP continues, "Glyptis and other union leaders met Monday with Mittal officials in Chicago to discuss the fate of the former Weirton Steel, and left feeling encouraged. … 'We walked away feeling much more part of the family,' Glyptis said." The AP adds, "The U.S. Department of Justice initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany. … That left Mittal with the prospect of selling one of its two U.S. assets in the tin market, Sparrows Point or Weirton. … Weirton workers, who had failed to flourish under Mittal's ownership, were disappointed by the government's decision that Sparrows Point be sold. But Justice officials said that was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel. … Since then, Glyptis said, Mittal has taken a fresh look at Weirton and been 'willing to listen' to the union's ideas."

Microsoft Blasts Google's Book Search Service. The Washington Post (3/7, D1, Sipress) reports, "Microsoft launched an unusually caustic public broadside yesterday against Google, accusing its archrival of running roughshod over copyrights as it creates an online service for searching books." The Post continues, "Speaking at the annual meeting of the American Association of Publishers in New York, Thomas C. Rubin, Microsoft's associate general counsel, devoted much of his remarks to an attack on Google's practice of copying entire books into its database, often without the permission of copyright holders. … 'It systematically violates copyright and deprives authors and publishers of an important avenue for monetizing their works,' Rubin said, according to prepared remarks. 'In doing so, it undermines critical incentives to create.'" The Post adds, "Microsoft's salvo came as the software giant faces mounting pressure from Google, which is increasingly extending its reach beyond the Web search that made it the darling of the technology industry. … Last month, Google began selling an online productivity suite, including e-mail, calendar and Web services, that competes with Microsoft's Office software. Google also continues to extend its substantial lead over Microsoft in Web searching, an area where Microsoft has struggled and that remains the main way users navigate the Internet. … Whitney Burk, a Microsoft spokesman, said Rubin decided to offer his blunt critique because he felt it was time to begin engaging publishers in the debate over how to move book content to the Web. Like Google, Microsoft is developing a database of digitized books. … 'Google takes the position that everything may be freely copied unless the copyright owner notifies Google and tells it to stop,' Rubin said. 'Microsoft and most other companies, by contrast, take the position that they should get the copyright owner's consent before they copy.' … His remarks found a sympathetic audience in the publishers association, which has filed a federal lawsuit against Google for allegedly infringing copyright laws by scanning millions of books for online searching. Google typically displays short snippets of the publications in its book-search results."

Experts Scoff At Microsoft's Accusations Of Google Copyright Violations. The California Recorder (3/7, Seyfer) reports, "Copyright experts scoffed Tuesday at attempts by a top Microsoft lawyer to discredit Google's approach to copyrighted material." The Recorder continues, "Most believed Associate General Counsel Thomas Rubin's speech before a book conference -- as well as his opinion piece in the Financial Times -- had a lot more to do with Microsoft's vicious competition with Google than about solid legal arguments. … 'Clearly they're in a pitched battle,' said Mark Flagel, a partner with Latham & Watkins in Los Angeles. 'Microsoft is doing everything it can to pick its fights. This is a popular one.'" The Recorder adds, "In a speech before the Association of American Publishers, Rubin accused Google of systematically violating copyright law. Google's Book Search and YouTube video sites are the perpetrators of these injustices, according to Rubin. … Google disputes that it violates any copyright laws. Its book search site allows people to search texts of many copyrighted books, the company maintains, but if a copyright owner has not consented, the searcher will only see a snippet of the copyrighted book. … That's a critical distinction for legal analysts. It's one thing, they say, to offer a search of a book's text and quite another to make an entire copyrighted book available, without permission, for copying -- which Google maintains it does not do. Google also claims it removes copyrighted songs and video from YouTube any time it is notified of infringement."

Terms Of Microsoft Settlement To Be Released April 18. The Des Moines Register (3/7) reports, "Terms of the settlement of Iowa's class action lawsuit against Microsoft Corp. will be announced on April 18, two days earlier than previously announced." The Register continues, "The date for the court hearing at which the terms are to be presented to Polk County District Court Judge Scott Rosenberg was moved up because of a conflict on the original date of April 20, Rosenberg said today. … The anti-trust law suit was nearly three months into a jury trial in Des Moines, and well behind schedule, when lawyers for both sides announced a settlement on Feb. 14." The Register adds, "The annoucement ended the trial, which had been expected to last well into the summer months. … Lawyers representing Iowans who purchased Microsoft's Windows, Office, Word and Excel software between 1994 and 2006 had sought damages of up to $330 million based on allegations of illegal anti-competitive actions by Microsoft. … Settlements of

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similar cases in other states have resulted in distribution of discount coupons for future purchases of Microsoft equipment with half of the unclaimed settlements going to public education agencies."

Documents Detail Battle Over Macintosh Office. CNET News.com (3/7, Kawamoto) reports, "In 1997, Apple wasn't the only place to house Mac evangelists--try Microsoft." CNET continues, "Ben Waldman, a then-Microsoft executive who founded the company's Macintosh Business Unit, fought a hard battle to keep Mac Office 97 a viable project, according to court documents in the recently settled Iowa class action antitrust suit against Microsoft. … In an e-mail to Microsoft co-founder Bill Gates, Waldman makes a passionate case for finishing Mac Office 97 and ramping up marketing and sales support for Microsoft's Mac products, according to a copy of the e-mail submitted in the antitrust case." CNET adds, "Waldman's pleas came just six months after Microsoft touted its plans to launch a business unit devoted to Mac, as well as release new versions of its FrontPage and Office software for the Mac. … His e-mail called for finishing Mac Office 97, despite difficulties and frustrations between the software giant and Apple in negotiations over an undisclosed issue. Approximately six weeks after Waldman sent his e-mail, Microsoft announced a $150 million investment in Apple that called for developing and shipping future versions of Microsoft Office, Internet Explorer and development tools for the Macintosh. … Prior to that investment, however, Mac Office 97 was in a tenuous position. … 'The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately,' Waldman noted. 'Regardless of the outcome of these discussions, though, I believe we should ship Mac Office 97.' … He added: 'Furthermore, I believe we need to decide this immediately--our indecision so far has caused quite a bit of harm, and this will become far worse very shortly, as we are not only close to shipping code externally, but need to finally start press and customer communications, especially with Macworld a month away.'" CNET notes, "In laying out his arguments, Waldman cited the high motivation of his team and the effect on their morale if Microsoft were to pull out, a desire to keep the software giant's integrity intact after promising new versions of Office to users and Wall Street, the proximity to an external beta ship date of August 27, as well as the quality of the product. … He also cited the ability to use Mac Office 97 as a means to test products and marketing concepts before rolling them out in Windows Office."

EU Reconsiders Plans To Split Energy Groups. The Financial Times (3/7, Laitner, Benoit) reports, "Brussels is considering a fresh approach to opening European Union energy markets amid indications that national leaders will this week signal their opposition to a forced break-up of big electricity and natural gas companies." The Times continues, "The European Commission is looking at a compromise plan under which regional grid operators could be established to help spur -competition and investment in the sector. … Such a move might prove more acceptable to heavyweight opponents in Paris and Berlin. They lead opposition to the Commission's proposal to force ownership separation of companies such as EdF of France and Eon of Germany, which generate power and own the grids through which it is supplied." The Times adds, "Officially, Brussels says the forced break-up of large, integrated energy groups through 'ownership unbundling' is the best way to overhaul the sector, allow new companies to enter and give consumers more choice. … However, privately, EU officials acknowledge the opposition of some countries to that plan. They hope that EU leaders will call for further legislative action at their meeting tomorrow and on Friday."

Bloomberg (3/7, Neuger) reports, "European Union regulators are determined to break up big utilities like Electricite de France SA and E.ON AG -- and they won't let governments stand in the way." Bloomberg continues, "France, in the midst of a presidential campaign, will spearhead the charge at an EU summit starting tomorrow against a proposal to split power producers from transmission businesses in the 250 billion-euro ($328 billion) gas and electricity market. … The European Commission, the EU's central regulator, is pursuing an untested strategy to defeat the politicians: it plans to investigate utilities for abusing their dominant market positions and slap fines on companies it finds guilty. … 'There will be no doubts about our determination to go on with the continuation of the competition rules regarding the energy market,' European Commission President Jose Barroso said March 5. 'Not all the member states agree.' … With oil prices above $60 a barrel, EU leaders are targeting cheaper gas and electricity as the key to spurring an economy that has lagged behind the U.S. for most of the past decade. The squabble will be over how to get there during discussions at the two-day summit in Brussels. … Countries like Britain -- where Prime Minister Tony Blair's office gets its electricity from a French company and its water from a German one -- are pushing for less state control and less regulation."

LATimes Criticizes Kerry, Martin For Scrutiny Of DirecTV Baseball Deal. The Los Angeles Times (3/7, 850K) says in an editorial, "Memo to Sen. John F. Kerry (D-Mass.) and Federal Communications Commission Chairman Kevin J. Martin: Baseball is the national pastime, not the nationalized one. Kerry and Martin are crying foul over a deal being negotiated by Major League Baseball and DirecTV, the leading satellite service in the country. The agreement would sell the TV rights to 'out of market' games

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— the ones played by non-hometown teams — exclusively to DirecTV. The same package is available today to an estimated 75 million subscribers to the various cable TV and satellite systems; the pending deal would cut that number to DirecTV's universe of 15 million customers." Kerry, "playing the populist card like the presidential candidate he used to be, has ginned up a Senate hearing to determine whether Congress should step in." Kerry and Martin "should stay in the bleachers and let the business of baseball operate like a business."

ENVIRONMENT/INDIAN AFFAIRS:

DOJ Subpoenas BP Over Fatal Texas Blast. The Houston Chronicle (3/7, Hays) reports, "BP disclosed today that the Justice Department has issued grand jury subpoenas for documents and testimony to determine whether any criminal conduct was involved in the March 2005 explosion at the company's Texas City refinery that killed 15 people and injured scores more." The Chronicle continues, "The London-based oil giant disclosed that subpoenas had been issued in its 2006 annual report, which was released today. … The company acknowledged a year ago that the Justice Department had opened an investigation after the U.S. Occupational Safety and Health Administration issued citations alleging more than 300 violations of OSHA standards, imposed a $21.3 million fine and ordered a series of actions intended to improve safety at the plant. … OSHA referred the matter to the Justice Department after concluding its probe into the blast. … 'We've acknowledged before that DOJ is carrying out an investigation,' BP spokesman Neil Chapman said today." The Chronicle adds, "BP said in the report issued today that the company is cooperating with the Justice Department's investigation. … The company also is cooperating with investigations by the Environmental Protection Agency and the U.S. Chemical Safety and Hazard Investigation Board. The CSB is expected to issue its final report on the blast later this month."

Yucca Waste Site Delays Costing US Billions, DOE Says. The New York Times (3/7, Wald, 1.16M) reports, "The federal government will owe $7 billion in damages for delays in opening a nuclear waste dump if the repository opens in 2017 — the earliest date now possible — and any further delay will raise the price half a billion dollars a year, the head of the radioactive waste program said Tuesday. The money would reimburse current and former nuclear plant operators who signed contracts under which the federal government agreed to begin accepting their wastes in 1998." The Times adds that DOE's Edward F. Sproat III, director of the Office of Civilian Radioactive Waste Management, "said progress" on the Yucca Mountain project "had been slowed by lack of money, despite a $19.5 billion fund financed by a fee on each kilowatt-hour of electricity generated by reactors. He said the administration would ask Congress on Wednesday for easier access to the money. But he also acknowledged that the schedule had been hurt by problems in his office and with its contractors; 60 percent of the work his office is doing this year involves reanalyzing data that was rejected earlier because of signs of fraud."

California Subsidizes Solar Panels In Effort To Fight Global Warming. The CBS Evening News (3/6, story 7, 3:30, Couric, 7.66M) reported California is "trying to lead the way in reducing greenhouse gases. It's getting people to think green by giving them some green." CBS (Blackstone) added, "The builders at that California subdivision aren't just putting up homes, they're building little power plants. Solar panels are standard on every roof." It is "part of California's campaign to fight global warming by building a million solar roofs within ten years." The state is helping the builders "by offering various rebates and tax credits and things of that nature." Blackstone: "The panels add about $25,000 to the cost of a new home, but a state rebate and federal tax credits bring the price down almost a third. The million solar roofs will cut demand for conventional power, reducing greenhouse gas emissions, now a priority in California." And "[b]y pushing energy conservation, California uses less electricity per person than any other state."

US Proposes $7 Billion Settlement In Indian Lands Case. The AP (3/7, Jalonick) reports, "The U.S. government has proposed paying $7 billion partly to settle lawsuits over the management of Indian trust lands — an offer met with immediate objections from Indian plaintiffs." The AP continues, "At issue is a decade-old lawsuit by Indians against the government claiming that the government has mismanaged more than $100 billion in oil, gas, timber and other royalties held in trust from their lands dating back to 1887. … The litigation, filed in 1996 by Blackfeet Indian Elouise Cobell, deals with individual Indians' lands. Several tribes have also sued, claiming mismanagement of their lands." The AP adds, "Senate Indian Affairs Committee Chairman Byron Dorgan, D-N.D., said he will hold hearings on the proposal and said the settlement offer is the first time the federal government has acknowledged a multibillion dollar liability for mismanagement of the trust funds over the past century. … 'That is a significant admission,' Dorgan said, adding that he believes the conditions attached to the settlement offer will be controversial." The AP notes, "Associate Deputy Interior Secretary James Cason, who has overseen Indian issues in past years, took issue with Dorgan's words. He said the proposal is not an admission but a 'recognition that where we are right now is not very

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productive.' … Cobell and one of her attorneys, Keith Harper, said the Interior Department is asking for too much. … Under the terms of the offer, the government would pay $7 billion over ten years, without interest. In exchange for the money, all tribal and individual mismanagement claims against the government would be dropped and the government would be relieved of future liability. … The proposal would also end, over a period of 10 years, most of the government's responsibilities to manage Indian trust lands and would consolidate ownership of Indian lands, which are now often held by many people." The AP Notes, "Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales sent the proposal to Dorgan last week, saying they strongly support comprehensive legislation that would help the parties move 'from a litigation-oriented relationship to one of economic prosperity, empowerment and self-reliance for tribes and individual Indians.' … Harper said the proposal is an insult. … 'There's no sum specific for how much is going to be used for Cobell,' he said. 'It's pennies on the dollar.'"

US Recruiting Indian Trackers To Help Catch Smugglers. The New York Times (3/7, Archibold) reports from Tohono O'Odham Nation, AZ, "A fresh footprint in the dirt, fibers in the mesquite. Harold Thompson reads the signs like a map. … They point to drug smugglers, 10 or 11, crossing from Mexico. The deep impressions and spacing are a giveaway to the heavy loads on their backs. With no insect tracks or paw prints of nocturnal creatures marking the steps, Mr. Thompson determines the smugglers probably crossed a few hours ago." The Times continues, "At a time when all manner of high technology is arriving to help beef up security at the Mexican border — infrared cameras, sensors, unmanned drones — there is a growing appreciation among the federal authorities for the American Indian art of tracking, honed over generations by ancestors hunting animals. … Mr. Thompson belongs to the Shadow Wolves, a federal law enforcement unit of Indian officers that has operated since the early 1970s on this vast Indian nation straddling the Mexican border." The Times adds, "Tracking skills are in such demand that the Departments of State and Defense have arranged for the Shadow Wolves to train border guards in other countries, including some central to the fight against terrorism. Several officers are going to train border police in Tajikistan and Uzbekistan, which border Afghanistan, and in several other countries. … In the renewed push to secure the border with Mexico, the curbing of narcotics trafficking often gets less public attention than the capturing of illegal immigrants. … But the 15-member Shadow Wolves unit, part of Immigration and Customs Enforcement, is recruiting members to reach the congressionally authorized complement of 21. And the immigration agency is considering forming a sister unit to patrol part of the Canadian border at the Blackfeet reservation in Montana, where concern about drug trafficking is growing."

FBI/DEA/ATF/USMS:

Villaraigosa Enlists FBI To Assist In Crackdown On Gangs. CNN (3/7) reports Los Angeles Mayor Antonio Villaraigosa "introduced in February an aggressive initiative to combat the surge of gang-related violence in his city. The plan includes publicly identifying several of the most violent gangs and gang members and includes calls for international help. … Previously, law enforcement agencies did not identify individuals or gangs for fear of boosting their street reputation, according to the Los Angeles Police Department's Web site. But a 14 percent spike in gang-related crime over the last year and a 160 percent increase in some San Fernando neighborhoods, according to Villaraigosa, had the mayor and law officials scrambling for solutions. The new plan includes a coordinated effort among local and state agencies, as well as federal agencies, such as the FBI and the DEA. But for Villaraigosa, enforcement is only half of the solution. The root causes of gang violence must also be addressed, he said."

Los Angeles Copes With Rising Gang Violence. The Christian Science Monitor (3/7, Wood) reports, "A wave of gang violence, one that some say is the most vicious in city history, has engulfed Los Angeles, and the city's police are mounting an equally historic response. It is Commissioner (Anthony) Pacheco's job to assess how effectively the LAPD is confronting the gangs – whether it has the tools and personnel it needs, whether police tactics stay within the law. He sees the response as a huge and necessary undertaking. No less than 'the future safety of L.A. is at stake,' Pacheco says." The Monitor continues, "The latest crime report came as something of a shock to many Los Angelenos. Crime rates had dropped citywide for five straight years, mirroring the trend in other major metropolises. But last year L.A. as a whole saw a 14 percent jump in gang-related violent crime. Police say there are 39,000 gang members in Los Angeles … It's the apparent spread of gang violence to additional parts of L.A. that has set in motion a kind of 'Marshall Plan' attack on the problem, of which the LAPD response is one part. So far, police department action includes unprecedented collaboration with the feds: the FBI, the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). It includes injunctions that restrict the activities of certain gang members and nuisance-abatement crackdowns that target gang hangouts. It includes formal lists of 'most wanted' members and 'most wanted' gangs and better-coordinated ways to track and prosecute them. … But there's also plain old enforcement, meaning a bigger show of force and more arrests." The Monitor notes,

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"In recent months, altercations between black and Hispanic gang members have spilled from L.A. streets into the county jail and back to the streets, a vicious cycle of revenge and competition that has bred more violence. Even among law-abiding residents here, black-Latino relations have soured, as some feel they are losing out on jobs, affordable housing, and public spaces such as parks."

Alleged LA Gang Member Arrested. The Los Angeles Times (3/7, Mcgreevy) reports, "Police Chief William J. Bratton today announced details of the arrest of a second member of the Los Angeles Police Department's list of the 10 most-wanted gang members -- the takedown of a murder suspect after he bought ice cream in Rosarito Beach, Mexico." The Times continues, "Steve 'Loco' Garcia, 43, was taken into custody Friday after a four-day surveillance operation by Mexican authorities. They took him to the U.S. border and handed him over to representatives of the U.S. Marshal's Office, who then delivered him to the state prison in Chino, where he is being held on a parole violation. … Bratton said Garcia had been sought by police since the Feb. 12, 2001, slaying of a gang associate, Kenneth Landon, at a Sylmar motel." The Times adds, "The details of Garcia's capture came just days after police announced the arrest of another member of the LAPD list, Angel Zevallos, who is accused of attempted murder and was detained in Guatemala. … 'Two down, eight to go,' Mayor Antonio Villaraigosa said at a City Hall news conference with Bratton. 'The capture and arrest of two of the most violent offenders in two weeks sends a clear message that violent offenders will be held accountable to the fullest extent of the law no matter where they run, no matter where they hide.' … The mayor said targeting the most violent gang members is part of a strategy to reduce gang crime, which increased 15.7% last year in Los Angeles. Gang members were responsible for 56% of the homicides in Los Angeles last year. … L.A. officials conceded that Garcia had been he focus of a fugitive task force in Mexico for the last 18 months -- well before Bratton and Villaraigosa released the Top 10 list in February -- and that the reward offered by the city was not a factor in his arrest. But, Bratton said, publicizing the list of fugitives and a $50,000 reward for those on the list has generated information from the public on others."

Two More Arraigned In Nationwide Investigation Of Illegal Steroid Sales. In Albany, New York, the Journal News (3/7) reports Steven and Karen Lampert, who "ran the Anti-Aging Centers…pleaded not guilty in Albany County Court and were released without bail. The indictment charges the Lamperts with forging a Nanuet doctor's signature to prescriptions and submitting them to a Florida pharmacy for drugs totaling more than $50,000."

More Athletes Implicated. The AP (3/7, Hill) reports two more people "linked to a nationwide investigation into the illegal sale of steroids were arraigned Tuesday on drug-related charges as published reports implicated more athletes, including former star relief pitcher John Rocker. SI.com reported that Rocker, 1996 Olympic wrestling gold-medalist Kurt Angle, major leaguer David Bell and Victor Martinez, winner of the latest Ohio bodybuilding competition named for Gov. Arnold Schwarzenegger, all showed up on a client list of Applied Pharmacy, a Mobile, Ala., company raided in connection with the investigation. Rocker's publicist told the Daily News that he admitted taking HGH, now banned by Major League Baseball, but said it was for medical reasons."

The New York Daily News (3/7) writes, "With his career fading fast in 2003, loudmouth pitcher John Rocker of Atlanta Braves and 7-train fame turned to human growth hormone. His name emerged yesterday in a wide-ranging investigation originating in the Albany County District Attorney's office into a nationwide prescription drug ring in which more than a dozen people have been indicted. … 'That was a growth hormone that was prescribed by a doctor in relation to his rotator cuff surgery in 2003, so I don't really think there is anything to the story,' said Debi Curzio, Rocker's publicist."

According to SI.com (3/6), David Bell "received six packages of HCG at a Philadelphia address last April, when he played for the Phillies. The cost was $128.80, and the drug was prescribed in conjunction with an Arizona antiaging facility. Bell acknowledges receiving the shipment but tells SI the drug was prescribed to him 'for a medical condition,' which he declined to disclose, citing his right to privacy."

USA Today (3/7) reports free agent infielder David Bell "became the latest son of a major league player to allegedly receive performance-enhancing drugs in the mail, according to documents obtained by SI.com. Bell, the son of Kansas City Royals manager Buddy Bell, received six packages of a human growth hormone at his Philadelphia home last April when playing for the Phillies, SI.com reported, citing a 37-page classified intelligence report as part of a federal, state and local investigation into the illegal sale of steroids. Bell confirmed he received the shipment but told SI.com it was prescribed for a 'medical condition.'"

Booster Under Investigation. In Jupiter, Florida, the New York Times (3/7, Wilson, Kovaleski) reports a businessman and wrestling booster who "has sponsored Olympic and school-age athletes is under investigation by state and federal authorities examining the distribution of steroids and human growth hormone, according to a law enforcement official familiar with the case. The booster, Joseph L. Raich, is the vice president of Palm Beach Rejuvenation Center, a business…offering hormone and antiaging treatments. The center was described as a nexus of illegal drug activity in charges filed Monday against the

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company's president and medical director." The Times says authorities "seized steroids, growth hormone, syringes and business records, including Mr. Raich's tax records, during the search of the rejuvenation center offices, according to a receipt of the items seized in the search that was filed with the court."

"Operation Click 4 Drugs" Nets 9 Arrests. The New York Daily News (3/6, Marzulli, Martinez) reported a "TV aerobics guru and her wealthy boyfriend have been busted for pushing more than pushups on the Internet." The Daily News says Sonia Barrantes Molina and Miami businessman Anthony Quiñones "were portrayed by federal prosecutors as Internet prescription drug dealers. The couple and seven Puerto Rican doctors were rounded up by Drug Enforcement Administration agents in a ring-crushing sting called Operation Click 4 Drugs. Molina pleaded not guilty…in Brooklyn Federal Court to charges of money laundering and distributing prescription drugs on the Internet. Prosecutors claim the ring made millions of dollars between January 2004 and December 2006."

Colorado Cocaine Investigation Leads To Guilty Plea From Accused "Kingpin." The Summit Daily News (3/6) reported the alleged drug kingpin of the Aspen Business Center car wash "pleaded guilty Monday to distribution of cocaine. Federal and local agents arrested Jose Jesus 'Chuy' Sanchez-Ceja in late September after a 10-month undercover operation. … Sanchez-Ceja was arrested in a series of valleywide drug raids, which led to the arrests of six suspected cocaine dealers and the seizure of $14,000 worth of cocaine and $64,000 in cash."

Surgeon General Calls Alcohol "Drug Of Choice" Among Teens. In a widely reported story, the AP (3/6) says acting Surgeon General Kenneth Moritsugu "issued a report that he said was designed to get all sectors of society involved in solving a major health problem. He described alcohol as the drug of choice for teens. The 2005 National Survey on Drug Use and Health estimates there are 11 million underage drinkers in the United States. … Although there has been a significant decline in tobacco and illicit drug use among teens, underage drinking has remained at consistently high levels, he said."

NBC Nightly News (3/6, story 5, 2:00, Brown) aired, "Each day, 7,000 children under the age of 16 take their first drink and nearly 20% of 14-year-olds claim to have been drunk at least once. Georgetown University researcher David Jernigan thinks he knows why." David Jernigan: "On TV in 2005, kids saw 41% more alcohol advertising than they did in 2001. The trend is up, up, up." The National Academies of Science "has already called for a tax hike on alcohol to stem underage drinking, but the administration today said that would unfairly penalize everyone who buys alcohol."

TAX:

Former West Palm Beach, FL Commissioner To Plead Guilty To Tax Evasion. The South Florida Sun-Sentinel (3/7, Apgar) reports, "Former City Commissioner James Exline is expected to plead guilty this morning in U.S. District Court to knowingly filing a false federal tax return. Prosecutors said Exline, 42, took a $50,000 payment from a developer in 2004 and did not report it on his return. According to the charging document, the unnamed developer retained Exline in October 2004 for 'land planning services' on property that the developer wanted to develop. The payment was 'for past and future real estate commissions and for land planning services.' To hide the money trail, prosecutors said, Exline directed the developer to write a personal check for $50,000 to a West Palm Beach jewelry store owner who gave him the money. Exline faces three years in prison and fines of up to $250,000. Exline, reached at his business, Urban Land Consulting, declined to comment. … Prosecutors said that after the developer hired Exline, the commissioner met with city staff 'to assist the land developer with the land use and planning issues pending' with the city. On May 11, 2005, city staff, after talks with Exline, approved a subdivision that allowed Sansbury to build a restaurant overlooking a retention pond. Acosta said yesterday that while Exline met with city planners from October 2004 through May 2005 to discuss land issues, he never disclosed his financial relationship with Sansbury. 'We expect the politicians we vote into office to abide by the same rules as ordinary citizens,' said Jonathan Solomon, FBI special agent in charge of the case. He added: 'Exline made up his own rules, for his own benefit and with that decision, his integrity vanished.'"

States Move To Close Tax Shelter Exploited By Wal-Mart. The Wall Street Journal (3/7, A2, Drucker, 2.04M) reports state officials "in Maryland and Connecticut said they would take measures to close a popular state corporate income-tax shelter used by companies including Wal-Mart Stores Inc." Maryland State Comptroller Peter Franchot "announced that the state would no longer let payments to so-called captive real-estate investment trusts be deducted from state corporate taxable income. Meanwhile, Connecticut Attorney General Richard Blumenthal said in an interview that his office has begun investigating the use of captive REITs for tax avoidance purposes." In both states, "officials said the moves were prompted by a page-one article1 in The Wall Street Journal last month that detailed how Wal-Mart and others have used

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the structure to lower their state tax burdens." Through the shelter, Wal-Mart "turned rental payments to itself into state-deductible expenses, even though the money never left the company."

Barbour Rejects Cutting Grocery Tax For Higher Tobacco Taxes. The New York Times (3/7, Nossiter, 1.16M) reports, "Studies, polls, protests at the Capitol, legislative sentiment and America's highest cardiovascular disease rate notwithstanding," Mississippi Gov. Haley Barbour, "a former tobacco lobbyist," the "governor of the poorest state is not budging, for the second year in a row: no cut in the 7 percent grocery tax and no increase in the 18-cents-a-pack third-lowest-in-the-nation, cigarette tax." Barbour, "lawmakers say, is getting used to getting his way and is likely to do so on the doomed groceries-for-cigarettes tax swap."

WSJ Columnist Gives Tips On Choosing Tax Preparer. In his "Tax Report" column for the Wall Street Journal (3/7, D1), Tom Herman writes, "Finding a good tax preparer has never been easy. But the growing complexity of the tax code has made it even trickier." Herman continues, "More than 60% of all taxpayers used paid preparers last year, up from 46% in the mid-1980s. Many more are likely to need professional help next year unless Congress does something to curb the rapid growth of the alternative minimum tax, a highly complex parallel tax system that ensnared about 3.5 million people last year. … Nobody knows for sure how many paid preparers there are. Cono Namorato, a former Internal Revenue Service official who now is a partner at Caplin & Drysdale in Washington, estimates there are 1.2 million to 1.6 million. Among them are highly trained tax lawyers, certified public accountants and enrolled agents -- who are private-sector specialists licensed to practice before the IRS. The list also includes seasonal workers at national tax-preparation companies, as well as small storefront and shopping-mall operations. … Yet relying on even the most experienced tax pro is no guarantee of getting a bulletproof return -- or even saving money. Indeed, armed with a good software program, you may well be able to do your taxes on your own." Herman adds, "In some cases, preparers make very basic errors that can cost their clients money. For example, the IRS says millions of people who hired someone else this year to do their returns for 2006 neglected to claim a special new telephone excise-tax refund. … Lawmakers are considering legislation to expand regulation of the tax-preparation industry. Some senators have proposed requiring paid preparers to meet training and competency standards. They also want to make it easier for the IRS to crack down on wrongdoers. … Concern about paid preparers escalated last year after the U.S. Government Accountability Office found significant mistakes -- and even some cheating -- by workers at a few major tax-preparation firms. (The firms weren't identified.) Adding to those concerns, earlier this year the IRS discovered large numbers of bogus claims for the phone-tax refund. Many of those were on returns filed by paid preparers. … The IRS also recently warned taxpayers to beware of dishonest preparers. Among the most obvious red flags: Preparers who refuse to sign your return, who assure you that they will get you a higher refund than anyone else, or who calculate their fees as a percentage of your refund amount."

CONGRESS-ADMINISTRATION:

Bush Taps Dole, Shalala To Investigate Walter Reed Hospital. ABC World News (3/5, story 3, 3:25, Vargas, 8.78M) reported, "President Bush, today, announced former Senator Bob Dole, and former Secretary of Health and Human Services, Donna Shalala, will both head up the investigation of the problems at Walter Reed Army Medical Center. The President says the nation has a moral obligation to make sure troops get better treatment." President Bush: "Some of our troops have met delays and living conditions that are less than they deserve. It's unacceptable to me. It's unacceptable to you. It's unacceptable to our country. And it's not going to continue." The CBS Evening News (3/6, story 4, 2:00, Martin, 7.66M) showed Bush saying, "It's unacceptable to me, it's unacceptable to you, it's unacceptable to our country and it won't continue." NBC Nightly News (3/6, story 4, 2:30, Williams, 9.87M) also reported Bush called "treatment of some of the soldiers wounded here in Iraq at" the Walter Reed "unacceptable," and he "announced he is appointing former Senator Bob Dole and Bill Clinton's former Secretary of Health, Donna Shalala, as co-chairs of a Presidential commission that will look at problems at military and VA Hospitals across the country."

Bush's statement that the situation was "unacceptable" received extensive local TV coverage. For example, TXCN-TV Dallas (3/6, 9:22 pm) reported, "President Bush pledged today to fix the broken medical system provided care for wounded troops. Leading the investigation, two high-profile Washington insiders," Donna Shalala and Bob Dole. The newscast then showed the President saying "It's unacceptable to me, it's unacceptable to you, it's unacceptable to our country, and it's not going to continue." NECN-TV Boston (3/6, 6:14 pm) and KHOU-TV Houston (3/6, 5:12 pm), among many other stations, ran stories featuring that Bush snippet.

The New York Times (3/7, Luo, 1.16M) reports Bush said Dole, "who lost the use of his right arm in World War II, and Ms. Shalala, health secretary in the Clinton administration and now president of the University of Miami,

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will head 'a comprehensive review' of the care of wounded troops, from the point at which they return from the battlefield to the restarting of their lives as civilians, and assess just how pervasive the problems are."

The AP (3/7, Flaherty) reports Bush "also directed Veterans Affairs Secretary Jim Nicholson to set up a task force of officials from various agencies to identify problems in treating wounded troops. To underscore the message that he cares about the troops, Bush referred to the group as a task force on 'returning global war on terror heroes.'" The Financial Times (3/7, Remtulla, Luce), McClatchy (3/7, Douglas, Rosen), the Washington Post (3/7, A5, White, 690K), and the Los Angeles Times (3/7, Gerstenzang, Simon, 850K) run similar stories on the appointment of Dole and Shalala.

Democrats Use Hospital Scandal To Attack Bush Iraq Policy. The AP (3/7, Flaherty) reports Democrats "are using the uproar over Walter Reed Army Medical Center as their latest cudgel to batter President Bush for his Iraq war policies as the administration shows signs it fears political damage from the revelations." Democrats are "stepping up their anti-war rhetoric and casting Walter Reed as the latest Bush administration failure in planning for the war and other contingencies." Sen. Chuck Schumer said, "This is the Katrina of 2007."

In his New York Times column (3/7), Thomas Friedman says, "The squalid living conditions and red tape that have been inflicted on some recovering Iraq war veterans at Walter Reed hospital and elsewhere — which have been spotlighted by The Washington Post — are shocking in their detail, but not surprising. They are one more manifestation — like insufficient troops, postwar planning and armor — of a war that was really important to get right but really hard, which the Bush team thought was really important and would be really easy."

Kiley: Problems Exist At Other Army Hospitals. The CBS Evening News (3/6, story 4, 2:00, Martin, 7.66M) reported, "The general at the center of the scandal over the treatment of wounded soldiers today confirmed everybody's worst fears: The problems at Walter Reed exist at other Army hospitals. Army Surgeon General Kevin Kiley once commanded Walter Reed and is now responsible for all Army hospitals." Gen. Kiley: "What's going on at Walter Reed in terms of the frustration of the staffs and the patients is probably mirrored to some extent in most of our other facilities as I hear commanders talk to us about these issues." Sen. Claire McCaskill: "And I must respectfully say, General Kiley, I think that belongs at your doorstep." Martin: "Senator McCaskill read an e-mail from a soldier at Walter Reed who lost both his legs, accusing Kiley of knowing about the problems and doing nothing to fix them."

NBC Nightly News (3/6, story 4, 2:30, Myers, 9.87M) reported, "Even the military's best friends in Congress dressed down Army leaders over conditions at Walter Reed." Sen. John McCain: "It was a failure in the most basic tenets of command responsibility, to take care of our troops."

USA Today/AP (3/7, 6A) reports Senators "pledged on Tuesday to consider all options to fix a broken system of caring for wounded troops." Senate Armed Forces Committee Chairman Carl Levin said, "The war in Iraq has divided our nation but the cause of supporting our troops unites us. We will do everything we can possibly do - not as Democrats or Republicans, but as grateful Americans - to care for those who have served our nation with such honor and distinction." USA added that as "his committee questioned top Defense officials, Levin also used the revelations of poor conditions and outpatient care at Walter Reed to take a swipe at Bush's war polices."

The New York Times (3/7, Luo, 1.16M) reports, "Although they offered no specifics, Senate Democrats said they would pursue legislation addressing what they described as failure by the Bush administration to deal with longstanding concerns about the treatment of wounded troops and veterans and to properly plan for the onslaught of casualties of the Iraq war." Citing "complaints they said they had heard firsthand on visits to the hospital last week, committee members bore down on General Kiley and other top military officials over why they had failed to act earlier to address the problems there."

The Washington Post (3/7, A5, White, 690K) reports, "As Bush was speaking yesterday morning, members of the Senate Armed Services Committee were expressing dismay on Capitol Hill as they opened hearings on Walter Reed, with senators from both political parties criticizing Army and Defense Department leaders who apparently were unaware of systemic problems in outpatient care, despite multiple warnings." Kiley, "who at times has been dismissive of the problems, appeared more contrite yesterday: 'Simply put, I'm in command, I'm accountable and I share in the failures, and I also accept the responsibility and the challenges for rapid corrective action.'"

McClatchy (3/7, Douglas, Rosen) reports "members of both parties continued to hammer the administration and the military for the problems at Walter Reed and at veterans' hospitals across the country at hearings on Tuesday." Sen. Claire McCaskill, D-Mo., "renewed her call at the hearing for Army Medical Commander Lt. Gen. Kevin Kiley to resign."

The Los Angeles Times (3/7, Gerstenzang, Simon, 850K) reports Sen. Joe Lieberman (I-Conn.) "said that, while the Army was moving to address the problems at Walter Reed, he thought Congress would find that the departments of Defense and Veterans Affairs have 'a system that simply shortchanges those who have served us.'"

ABC Investigation Finds Thousands Of Complaints About Local VA Hospitals. ABC World News (3/5, story 3, 3:25, Woodruff, 8.78M) reported on the conditions at other

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military and VA hospitals around the country: "What's remarkable is how so many of them agree about how badly the smaller VAs around the country are dealing with the injured. A persistent problem for so many injured vets, one they cited time and again in their emails, is the bureaucracy in the VA system." Tens of "thousands of soldiers and Marines injured in Iraq and Afghanistan have come through the system. Many of them describe their initial care as first-rate. Life-saving. It's after that, they say, the problems begin." VA doctors "we talked to say that at the beginning of the war, the VA did not predict the new types of injuries it would have to treat. And even the best in the VA, were overwhelmed by the sheer numbers of injured soldiers and Marines. And that has to begin to change."

Privatization Of Walter Reed Maintenance Contract Criticized. NBC Nightly News (3/6, story 4, 2:30, Williams, 9.87M) reported, "Some of the problems at Walter Reed may be traced to the Bush Administration's effort to turn what was the job of government at one time over to a private company. The same company that had some real problems managing its own role in the Hurricane Katrina relief." NBC (Myers) added, "Critics say part of the problem may be an Army decision last year to contract out maintenance and support at Walter Reed to a private company, even though government workers argued they could do it better and for less." John Gage, Government Workers Union President: "They were moving, come hell or high water, to contract these jobs out." Myers: "Congressional investigators say that last month, about 100 private workers took over jobs previously performed by 350 government employees. The contract went to a company -- International American Products or IAP -- which played a major role in the ice fiasco during Hurricane Katrina when trucks roamed the country delivering little and running up costs to taxpayers." Rep. Henry Waxman: "They didn't seem to be doing a very good job even delivering the ice and from what we now see, they didn't do a very good job at Walter Reed either."

Hearings Raise Doubts About Closure Of Walter Reed. The Christian Science Monitor (3/7, Lubold, 59K) reports lawmakers "probing the scandal at Walter Reed Army Medical Center are saying it wasn't just a failure of leadership. Constrained resources during a war lasting longer and costing more than anyone in the administration had expected, along with a controversial privatization initiative at the hospital, also played a role. But beyond these circumstances, one key factor has come up during congressional testimony this week: The facility was due to be shuttered in coming years, raising the possibility that officials were reluctant to make large financial commitments to it."

The Washington Post (3/7, A5, Vogel, 690K) reports, "The furor surrounding the treatment of wounded soldiers has prompted some lawmakers, veterans and Army officials to ask: Why is the Defense Department closing Walter Reed -- where more than 6,000 soldiers injured in Iraq and Afghanistan have been treated since 2002 -- in the middle of a war with mounting casualties?" Congress "approved and President Bush signed into law the recommendation of the federal Base Realignment and Closure (BRAC) Commission in 2005 that Walter Reed be closed and consolidated with the National Naval Medical Center in Bethesda, where a $2 billion expansion is being planned."

NYTimes Blames Rumsfeld. The New York Times (3/7, 1.16M) editorializes, "There is plenty of blame to go around. Officials at Walter Reed were egregiously negligent. The Army's high command, and the Joint Chiefs above them, were too weak-kneed or obtuse to demand adequate resources for medical care — just as they were too fearful for their own careers to demand adequate troops to fight the Iraq war to begin with. But the fundamental responsibility rests with the president and his former defense secretary, Donald Rumsfeld, who stubbornly insisted on going to war without sufficient resources — and then sought to hide the costs of their disastrous mistakes from the American public."

Waxman Accuses GSA Head Of Conflict Of Interest. The Wall Street Journal (3/7, A14, Paltrow, 2.04M) reports the "head of the General Services Administration, which annually awards billions of dollars in contracts for many federal agencies, drew new accusations of wrongdoing and conflict of interest" from House Oversight and Government Reform Committee Chairman Henry Waxman. The Chairman "included records he said support his allegations in a March 6 letter to GSA chief Lurita Doan. Among other items, he wrote, the records detail Ms. Doan's business relationship with a contractor that predated her GSA appointment in May 2006." Waxman also "said the records suggest Ms. Doan intervened to assure the renewal of a contract to Sun Microsystems Inc., of Santa Clara, Calif., despite staff concerns the computer-hardware maker had overcharged the government by millions of dollars."

The Washington Post (3/7, A4, O'Harrow, Higham, 690K) reports Waxman "said his investigators had obtained information that raises 'further questions' about GSA Administrator Lurita Alexis Doan's efforts to give a no-bid job to a longtime friend and professional associate." Waxman also "revealed new allegations that Doan 'asked GSA officials in a January teleconference how the agency could be used to help Republican candidates,' in possible violation of federal law. He invited Doan to testify before his panel on March 20."

Bush Administration Agrees To Release Report On NASA Inspector General. The Houston Chronicle (3/7, Dale, 530K) reports, "The Bush administration agreed Tuesday to release to Congress by April 2 the results of a probe into alleged wrongdoing by NASA Inspector General

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Robert Cobb. Democratic members of the House Committee on Science and Technology had threatened to issue subpoenas to force the White House to turn over the documents. Rep. Brad Miller, the North Carolina Democrat who chairs the committee's Investigations and Oversight Subcommittee, said representatives had tried without success to secure the release of the documents since November."

The Orlando Sentinel (3/7, Matthews, 230K) reports, "The decision comes after more than two months of wrangling between Congress and an oversight group on whether federal lawmakers could have access to the longstanding Cobb probe." The inquiry was completed "by the end of last summer." The allegations against Cobb include "stifling investigations, mistreating employees and maintaining more than the traditional arms-length relationship he was supposed to have with top officials of the agency he was supposed to independently monitor. Cobb has denied any wrongdoing. A spokeswoman for his office would not comment."

Roberts Court Seen As Work In Progress. The New York Times (3/7, Greenhouse, 1.16M) reports that "for anyone tempted by the joys of punditry to proclaim that the Roberts court is clearly one thing or another, this is a time to sit back, wait and see." It is "not only that the term's most challenging decisions lie ahead, rulings on abortion and school integration that will almost certainly reveal fissures too deep to paper over. It is that the Roberts court's record so far is being asked to carry more weight than it usefully can for those trying to take the new chief justice's measure." Much was "made of the court's unanimity during the last term, which was the first for the Roberts court. About half the decisions were unanimous (49 percent by one count, 53 percent by another: the difference is over whether to ascribe unanimity to justices who disagree on the reasoning behind a 9-to-0 outcome). So far this term, the record is about the same, 8 out of 18." But one "factoid that may actually prove significant: of the four 5-to-4 decisions so far this term, the only justice in the majority in every case was Anthony M. Kennedy, powerful ammunition for the view that in a crunch, this is Justice Kennedy's court."

Education Department Headquarters To Be Named For LBJ. McClatchy (3/7, Recio) reports former President Lyndon Johnson, "whose only official memorial in Washington is a hard-to-find grove on an island in the Potomac River near the Pentagon, soon will have more suitable recognition - the Department of Education headquarters." By voice vote, the House "agreed Tuesday to name the Education Department building near the Capitol the Lyndon Baines Johnson Federal Building. Sen. Kay Bailey Hutchison, R-Texas, has introduced a similar bill in the Senate."

Federal Employee Unions Press For Changes In Workforce Rules. The Washington Post's (3/7, D4, Barr) "Federal Diary" column reports, "The House Armed Services readiness subcommittee debated the new National Security Personnel System that the Pentagon has started rolling out to Defense Department civilians, the first oversight hearing since the NSPS was created in 2003, subcommittee chairman Solomon P. Ortiz (D-Tex.) noted." Also, the "House Appropriations financial services and general government subcommittee, a new panel, held a hearing on 'issues in the federal workforce,'" in which Rep. José E. Serrano (D-NY), the chairman and other "panel members questioned the Bush administration's outsourcing initiative" and criticized Bush's budget, for as the Post quotes Serrano, not "'preparing government agencies for the future of the federal workforce.'" At both hearings, "union leaders did not miss the opportunity to press their points. John Gage, president of the American Federation of Government Employees, called for a repeal of the new Defense Department personnel system, arguing that the Pentagon went too far in trying to curb collective-bargaining rights," while at "the appropriations hearing, union representatives said they were concerned that the salaries of many federal employees keep falling behind those in the private sector."

Hughes, Lieberman's Wife Had Lunch Together. The Washington Post (3/7, C3, Argetsinger, Roberts, 690K) reports in its "Reliable Source" column that Karen Hughes and Hadassah Lieberman were seen "lunching together yesterday at the Four Seasons, which we like to imagine was the White House's secret back-channel attempt to get Sen. Joe Lieberman to switch parties but may well have been perfectly innocent. The senator's wife had her arm in a cast -- no details about that from the senator's office."

Jenna Bush's Book Deal Noted. NBC Nightly News (3/6, story 7, 0:30, Brown, 9.87M) reported, "There is news tonight about one of the First Twins we haven't heard about for a while, Jenna Bush. She's got a book deal. Jenna is now 25 years old. … Her book will be the true story of a 17-year-old single mother in Panama who is living with HIV and she told USA Today she hopes her story will have some of the influence, 'very modestly of the diary of Anne Frank.'" The Washington Times (3/7, Harper, 88K) and the Washington Post's "Reliable Source" column (3/7, C3, Argetsinger, Roberts) also report the story.

Law Forbidding Foreign Ownership Of Airlines Criticized. In a Wall Street Journal op-ed (3/7, A17),

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Michael Levine, a former airline executive, says, "You can buy a ticket on a foreign airline between the U.S. and virtually everyplace in the world that gets air service, and foreigners can rent you cars and sell you a bus ticket. But no foreigner offers you a ticket for air travel within the U.S." This is "not because no one wants to. In the latest example, Virgin Airways of Britain, a company that controls airlines in the U.K., continental Europe, Australia and the South Pacific, has been trying since 2004 to start a domestic airline based in San Francisco. It has assembled a management, cleared the Federal Aviation Administration's safety hurdles and bought new planes, half a dozen of which are now sitting wastefully on the ground, waiting for permission to fly." But the "law that supposedly deregulated the airline industry still contains provisions dating from the 1930s forbidding foreign ownership and control of domestic airlines. Over the years, ingenious lawyers have devised investment and governance formulas that would allow de facto foreign investment in domestic airlines with enough control to protect it from management incompetence or treachery. Not one has ever been allowed to succeed. Egged on by airline pilot unions and the biggest U.S. airlines, Washington has forbidden them to do so."

WSJournal Criticizes Kerry For Blocking Ambassadorial Nominee. The Wall Street Journal (3/7, 2.04M) says in an editorial that Sen. John Kerry's "throbbing grievances jeopardize President Bush's nominee for U.S. Ambassador to Belgium." Last week, Sam Fox, "a 77-year-old St. Louis businessman, sat before the Senate Foreign Relations Committee for a confirmation hearing widely expected to be uncontroversial. But in the 2004 campaign, Mr. Fox gave $50,000 to the Kerry opposition group Swift Boat Veterans for Truth." After some "desultory questioning about 'the image of America in Europe,' Mr. Kerry solicited Mr. Fox's opinions as to 'the politics of personal destruction' -- to which Mr. Fox replied, 'Senator, you're a hero.' Not good enough. Mr. Kerry launched into a harangue about 527 committees (the Swift Boaters were one of those) and other affronts to his station in life, none of which were germane to Mr. Fox's qualifications to serve." Fox, "a major donor to Republican campaigns, says he gives generously to a variety of causes, most of them philanthropic, and doesn't recall the reasoning behind his Swift Boat donation. We can assume it was to defeat Mr. Kerry, though Mr. Fox also pointed out, sensibly enough, that 527s are creatures of contemporary politics: 'That's the world we live in.'"

OTHER NEWS:

Greenspan Sees "One-Third Probability" Of Recession This Year. USA Today (3/7, 5B, 2.27M) and The Washington Post (3/7, D1, 690K) run a Bloomberg story this morning reporting, "Former Federal Reserve chairman Alan Greenspan said there's a 'one-third probability' of a US recession this year, and the current expansion won't have the staying power of its decade-long predecessor. 'We are in the sixth year of a recovery; imbalances can emerge as a result,' Greenspan, 81, said in an interview Monday at his office in downtown Washington. 'Ten-year recoveries have been part of a much broader global phenomenon. The historically normal business cycle is much shorter' and is likely to be this time, he added." Greenspan's outlook "contrasts with the prediction of his successor, Ben Bernanke, who told Congress last week that the economy may strengthen this year."

The Financial Times (3/7, Guha) says Greenspan risked stirring renewed controversy on Tuesday when he told the Bloomberg news agency that there was a 'one-third probability' of a US recession this year." Greenspan's "latest remarks come barely a week after he told investors in Hong Kong that he thought a US recession this year was 'possible.'" The earlier comments "spread quickly through the investment community, spooking investors and contributing to turmoil in financial markets."

Reports Shows Slowdown In Productivity. The Wall Street Journal (3/7, A8, Dougherty, 2.04M) reports, "US productivity grew more slowly at the end of last year while labor costs shot up, a combination that could raise inflation fears. Nonfarm business productivity -- a measure of the average worker's output per hour -- rose at a seasonally adjusted annual rate of 1.6% in the 2006 fourth quarter." That "was down from a previous estimate of 3% growth, the Labor Department reported. Moreover, third-quarter productivity was also revised downward to a 0.5% decline, compared with the 0.1% drop previously reported." The Journal adds, "More startling was the growth in unit labor costs, which was revised to 6.6% growth in the fourth quarter, compared with a previous estimate of 1.7% growth." The New York Times (3/7, Peters, 1.16M) says "slowing productivity is the latest sign that the economic outlook for businesses is less than inviting. As a result, businesses appear to be cutting their spending."

US Stocks Bounce Back. ABC World News (3/5, story 7, , Vargas, 8.78M) reported, "It was a strong day on Wall Street, as US stocks followed overseas markets in rebounding from nearly a week of steep declines. The Dow shot up more than 150 points [to close at 12,207.59], recovering about a quarter of its recent losses. And the NASDAQ gained 44 points [to close at 2,385.14], almost 2%." The Washington Post (3/7, D1, Tse, 690K) says "despite the gains, the three market indicators were still down for the year," while the Wall Street Journal (3/7, C1, McKay, 2.04M) reports "the market's gains came despite lackluster economic data, which analysts said could portend further disappointments and a bout of selling." The Journal also

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notes "the Standard & Poor's 500-stock index gained 1.5%, or 21.29 points, to 1395.41, off 1.6% on the year." And under the headline "Dow's Bounce May Not Signal Recovery," USA Today (3/7, 1B, Shell, 2.27M) says "a 157-point Dow gain is normally a sign of a healthy stock market. But when a big up day like Tuesday follows a 736-point drop in the previous nine sessions, the rally comes with its fair share of caveats and question marks." Wall Street "has historically viewed large one-day rebounds after steep, scary declines with suspicion and trepidation. And traders' reaction to Tuesday's stock surge fit the age-old profile to a T."

Bernanke Calls For Limiting GSEs' Holdings. The Wall Street Journal (3/7, A8, lp, 2.04M) reports, "Federal Reserve Chairman Ben Bernanke said Fannie Mae and Freddie Mac should be restricted 'almost exclusively' to holding home loans or securities that promote affordable housing. If implemented, Mr. Bernanke's recommendation could require drastic reductions in the companies' portfolios, which are dominated by regular mortgages and mortgage-backed securities." But "prospects appear dim for any such restriction given opposition from the Democratic majority in Congress."

The Washington Post (3/7, D2, Hilzenrath, 690K) says "congressional efforts to overhaul regulation of Fannie Mae and Freddie Mac have been moving in a different direction" than the one advocated by Bernanke. Rep. Barney Frank, chairman of the House Financial Services Committee, "thinks a new regulator should be empowered to control the size of the companies' investment portfolios as needed to ensure their financial safety and soundness, said Steve Adamske, a spokesman for Frank. The House passed legislation along those lines last year, but the Senate took no action."

In an editorial, the Wall Street Journal (3/7, 2.04M) says "it's good news that…Bernanke stepped up yesterday and put himself on record as favoring limits on Fannie Mae and Freddie Mac. Maybe his intervention will help prod Congress to stop protecting the two mortgage giants from regulatory discipline." But this "is all so eminently sensible that it probably won't happen. Democrats in Congress claim to want to help poor homeowners, but they seem only too happy to let Fannie and Freddie grow rich by investing in the higher-income mortgage market that is already liquid enough. They could better serve taxpayers and the poor if they took Mr. Bernanke's counsel."

More Corporate Defense Firms Taking Contingency Fee Work. The Wall Street Journal (3/7, B1, Koppel) reports, "Minneapolis law firm Faegre & Benson LLP may soon face a problem most firms would be happy to have: how to split a $100 million-plus fee." The Journal continues, "The firm of around 475 lawyers mainly makes its living representing corporations that pay an hourly rate for work. But in 1989 it agreed to take on a contingency-fee case, representing more than 3,000 Alaskan fishermen claiming damages from the Exxon Valdez oil spill. That meant Faegre would pay the legal costs upfront. If its clients won, the firm would get a percentage of the potentially huge judgment. If not, it could lose the money it had sunk into the case." The Journal adds, "The bet appears to have paid off. Late last year, a federal appeals court awarded the Valdez plaintiffs $2.5 billion in punitive damages, which could yield nearly $900 million for Faegre and other firms representing plaintiffs in the case. In January Exxon Mobil Corp. asked for a rehearing, but those are granted sparingly. … Now the firm, which factors in annual productivity when paying partners, may have to wrestle with how to compensate those who produce one whopping sum after years of work." The Journal notes, "Traditionally, the nation's top corporate law firms have shunned contingency-fee work -- often cases that target big corporations for punitive damages -- for fear of alienating their core clients. But driven by pressure to boost profits, more such firms are crossing over to what some lawyers call the 'dark side.' … The shift is sparking tensions within big corporate firms. Besides the financial risks, there's a philosophical issue in the debate. While it hasn't come up at his own firm, David Oesting, a partner at Davis Wright Tremaine LLP, which also represented plaintiffs in the Exxon Valdez case, says, 'You can understand that senior counsel would say, "Punitive damages are sins and the work of the devil, so how in the hell could you have been arguing that you should get them?"' … A rise in patent litigation is fueling the trend. Because such cases can result in particularly huge awards, law firms are more willing to handle them on a contingency basis."

Law Students Worry About Career Problems From Online Forum Comments. The Washington Post (3/7, A1, Nakashima) reports, "She graduated Phi Beta Kappa, has published in top legal journals and completed internships at leading institutions in her field. So when the Yale law student interviewed with 16 firms for a job this summer, she was concerned that she had only four call-backs. She was stunned when she had zero offers. … Though it is difficult to prove a direct link, the woman thinks she is a victim of a new form of reputation-maligning: online postings with offensive content and personal attacks that can be stored forever and are easily accessible through a Google search." The Post continues, "The woman and two others interviewed by The Washington Post learned from friends that they were the subject of derogatory chats on a widely read message board on AutoAdmit, run by a third-year law student at the University of Pennsylvania and a 23-year-old insurance agent. The women spoke on the condition of anonymity because they feared retribution online." The Post

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adds, "The law-school board, one of several message boards on AutoAdmit, bills itself as 'the most prestigious law school admissions discussion board in the world.' It contains many useful insights on schools and firms. But there are also hundreds of chats posted by anonymous users that feature derisive statements about women, gays, blacks, Asians and Jews. In scores of messages, the users disparage individuals by name or other personally identifying information. Some of the messages included false claims about sexual activity and diseases. To the targets' dismay, the comments bubble up through the Internet into the public domain via Google's powerful search engine. … The site's founder, Jarret Cohen, the insurance agent, said the site merely provides a forum for free speech. … The students' tales reflect the pitfalls of popular social-networking sites and highlight how social and technological changes lead to new clashes between free speech and privacy. The chats are also a window into the character of a segment of students at leading law schools. Penn officials said they have known about the site and the complaints for two years but have no legal grounds to act against it. The site is not operated with school resources. … Nor is it the only forum for such discussions, but it may be the largest 'and is certainly the highest profile,' said David A. Hoffman, a Temple University law professor who has conducted research on AutoAdmit."

Attorneys General Of Seven States Set To Endorse McCain. The Hill (3/7, Bolton) reports, "The attorneys general of seven states, including the host of a pivotal presidential primary, will announce their support for Sen. John McCain (R-Ariz.) today, adding to the number of state leaders endorsing him over former district attorney Rudy Giuliani and the other Republican hopefuls in the race. The top law enforcement officials from South Carolina, Michigan, Washington state, Utah, Alabama, Indiana, and North Dakota privately revealed their support of McCain during a meeting of the National Association of Attorneys General this week. Three of the attorneys general endorsing McCain said the Arizona lawmaker is winning over the majority of Republican officials and former Bush campaign supporters in their home states. Five of the states represented are expected to hold early primaries next year. South Carolina will host one on Feb. 2 or earlier; Alabama and Utah have set elections for Feb. 5., and Michigan and North Dakota are expected to move up their primaries to join perhaps more than 20 other states on that date. … 'Most of the establishment is for McCain. Most of the establishment last time was for Bush,' said South Carolina Attorney General Henry McMaster, who pledged neutrality in 2000 when he served as state party chairman."

McCain, Lott Now Close Allies. Roll Call (3/7, Billings) reports, "Following crushing setbacks that could have sidelined their respective careers, Republican Sens. Trent Lott (Miss.) and John McCain (Ariz.) have put aside long-standing differences and become leading architects of each other's political resurrections. In the process, Lott and McCain have created an influential network of Senate Republican allies who by circumstance or design are loyal to them both. In fact, many of Lott's strongest devotees also are backers of McCain's 2008 presidential bid, and vice versa. When Lott plotted a return to the GOP leadership as Minority Whip in the fall, McCain served as one of his most eager promoters and helped count votes in the Mississippian's campaign. And it was Lott who more than a year ago became one of the first Senators to back McCain's bid for the presidential nomination and has since become one of the Arizonan's top Senate surrogates." However, "it wasn't always that way. … The two parted ways for a time after Lott successfully campaigned for GOP Whip in 1994 and moved for the first time into the Senate leadership. And in 2000, Lott opted to back then-Texas Gov. George W. Bush for the presidency over his Arizona Senate colleague. 'I didn't think the time was right for John then,' Lott explained recently. 'I thought that George W. Bush was the right man for the job at that time. But [McCain] has come back, better and stronger.'"

McCain Camp Pushing To Allow Independents To Vote In California Primary. The Washington Times (3/7, Hallow, 88K) reports that Sen. McCain's "campaign is mounting a stealth effort to change Republican presidential nomination rules in California to allow independents to vote in the Feb. 5 primary, party and campaign officials in the state have told The Washington Times. The impact could be huge -- and potentially damaging to former Massachusetts Gov. Mitt Romney, currently the most acceptable to traditional-values voters among the three top-tier Republican presidential candidates. 'If California changes its delegate selection rules to allow independent voters to participate in the Republican primary, it would be very helpful for McCain and for Rudy Giuliani, who historically have done very well among independent voters,' Federal Election Commissioner Michael E. Toner said. An official with the Romney organization in California said McCain supporter Duff Sundheim, the former state Republican Party chairman and an ally of Gov. Arnold Schwarzenegger, has been trying to line up votes for the rules change. Several other state officials and campaign operatives independently reported receiving phone calls from Mr. Sundheim seeking support for the change."

"Uninspired" Giuliani Address Said To Not Bode Well For His '08 Hopes. In her column in the Washington Post (3/7, A17, 690K), Ruth Marcus writes, "Poll after poll suggests that Rudy Giuliani has a serious shot at winning his party's nomination, and therefore the presidency,

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despite his abortion rights/gay rights/gun control baggage. But listening to Giuliani's lackluster speech to" the Conservative Political Action Conference "last week, I was not convinced that he craves the job -- or that he has a particular vision of what he'd do if he got it." Marcus says Giuliani "neither tossed the crowd red meat (conservative judges, maybe?) nor took on his vulnerabilities (the closest he came was to quote Ronald Reagan, 'My 80 percent ally is not my 20 percent enemy') nor offered them much in the way of substance. … Instead, he served up a pedestrian address padded with Reagan references (15, by my count) and platitudes." Marcus adds, "In the end, one mediocre speech to one crowd 10 months before the first vote is cast will not matter much -- unless it presages more uninspired Giuliani performances."

Baptist Leader Says Evangelicals Turned Off By Giuliani's "Divorce On Steroids." The AP (3/7, French) reports, "A Southern Baptist leader said Tuesday that evangelical voters might tolerate a divorced presidential candidate, but they have deep doubts about GOP hopeful Rudy Giuliani, who has been married three times. Richard Land, head of public policy for the Southern Baptist Convention, told The Associated Press that evangelicals believe" Giuliani "showed a lack of character during his divorce from second wife, television personality Donna Hanover. 'I mean, this is divorce on steroids,' Land said. 'To publicly humiliate your wife in that way, and your children. That's rough. I think that's going to be an awfully hard sell, even if he weren't pro-choice and pro-gun control.' Giuliani married his longtime companion, Judith Nathan, in 2003. They had dated publicly while Giuliani was married to Hanover. … Land noted that Republican presidential candidate John McCain has been married twice, but said the Arizona senator has acknowledged his part in the failure of his first marriage. 'It's a molehill compared to Giuliani's mountain,' Land said. 'When you're a war hero [like McCain], you have less to prove on the character front.'"

Gallup Poll Shows Clinton, Giuliani Maintaining Leads. USA Today (3/7, Lawrence, 2.27M) reports, "Nearly half the country has given 'quite a lot' of thought to a presidential election still 20 months away, according to a new USA TODAY/Gallup Poll that suggests high interest in a wide-open race already in full swing. Among registered voters, one in five said they had 'a good idea' whom they will support in 2008; an additional 55% said they have thought about the candidates but don't yet have a good idea. Asked about the early start to the campaign, 48% of poll respondents called it a good thing; 44% said it was a bad thing." New York Sen. Hillary Clinton (D) and ex-New York City Mayor Rudy Giuliani (R) "still lead their respective nomination races, the poll found." Clinton "leads Illinois Sen. Barack Obama 36%-22%. Last month, she led 40%-21%." On the GOP side, Giuliani "led Arizona Sen. John McCain 44%-20%, up from 40%-24% last month."

Morris Says Obama May Ride Speech At Selma Event To Top Of The Polls. In his column in The Hill (3/7), Dick Morris writes, "Will March 4, 2007, the 42nd anniversary of the Selma, Ala., march for voting rights, propel Sen. Barack Obama's (D-Ill.) presidential candidacy with the same force that Sept. 11, 2004 energized George W. Bush's pursuit of a second term? The day clearly belonged to Obama, despite the efforts of both Hillary and Bill to turn it into Clinton Day. Obama's speech was inspirational, challenging African-Americans to assume responsibility and participate in the political process. By contrast, Hillary's speech, replete with a phony Southern drawl — the same one she used to effect in Arkansas — smacked of pandering." Morris says that "Obama's speech seared right through to the root of the American conscience. The spectacle of an African-American running for president and speaking on the site of a 42-year-old battlefield where the very right of blacks to vote was at issue could not but inspire everyone who watched it. The effect on the polls may be significant. … It might be enough to permit Obama to challenge Hillary for first place."

Obama's Short Time As US Senator Could Play To His Advantage. The Washington Times (3/7, DeBose, 88K) reports, "The 2008 road to the White House is filled with pitfalls for senators; specifically, their voting records -- a particularly acute problem for Democrats who approved the Iraq war. But Sen. Barack Obama has served in the Senate for only two years, and some analysts say the Illinois Democrat's lack of a voting record may uniquely benefit his presidential campaign. 'Everyone thinks that he agrees with them or that they agree with him because he does not have an extensive record to play against, and he is a really good listener,' said Stephen Hess, professor of political science at George Washington University and senior fellow in governance studies at the Brookings Institution." Obama, however, served eight years in the Illinois state Senate, where he "co-authored bills extending tax benefits to low-income families, making health insurance more affordable, and increasing funding for AIDS prevention and care programs." The Times goes on to note that as a state senator, Obama "once voted against a state Senate bill to provide medical care to unborn babies who survive an abortion, saying it would create a loophole to make abortion illegal," and he also "voted against a bill that would have allowed self-defense to be used as a mitigating argument against charges of illegal firearms possession in cases where a person shot a home intruder using a banned handgun."

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Coulter's Slur Of Edwards Seen As "Sheer Idiocy." In a New York Times column (3/7), Judith Warner says, "Ann Coulter's use of the epithet 'faggot' to slur Democratic presidential candidate John Edwards last week took me back to the schoolyards of the 1970s, when Coulter and I were both young." The "world of playground insults hasn't altered much since Coulter's schooldays, but the larger world has changed a bit. She made her remarks during a major gathering of conservatives in Washington that drew most of the major Republican presidential candidates, and commentators of the left, right and center soundly denounced her." But "what I found particularly shocking in Coulter's comments was their studied juvenility, the sheer idiocy of their language."

Financial Experts Say Workers Overcharged For 401(k) Plans. The Washington Post (3/7, D2, Day, 690K) reports, "Workers are being overcharged tens of billions of dollars a year in unnecessary and often hidden fees imposed on popular, company-sponsored retirement savings plans known as 401(k)s, financial experts told a congressional committee yesterday." Mutual funds and "other professional investment firms often charge fees totaling 3 percent to 5 percent of the assets they manage, when 1.5 percent would be more appropriate, Matthew D. Hutcheson, an independent consultant on pension fees, told the House Education and Labor Committee." The hearing "comes as the new Congress, now controlled by Democrats, is applying greater scrutiny to the financial services industry, especially to how it charges and discloses fees on a variety of products, including credit cards and home loans." The hearing "was the first of two planned this year by the committee's chairman, Rep. George Miller (D-Calif.), to determine if the Labor Department is adequately overseeing the 401(k) industry and to help craft legislation requiring money managers to fully disclose what they charge and to manage 401(k) plans to maximize returns for retirees."

US, Hispanic Chambers Of Commerce Clash. The Hill (3/7, Bolton, Snyder) reports, "Two well-known business trade associations are embroiled in a legal battle that could affect which will represent Hispanic businesses, a rising political and economic force, in Washington." The US Hispanic Chamber of Commerce is "accusing its one-time ally, the much larger U.S. Chamber of Commerce, of trying to diminish its influence with Latino business leaders through a trademark fight over the right to use the words 'United States' and 'chamber of commerce.' The U.S. Hispanic Chamber of Commerce is also claiming that the other Chamber has tried to poach its members by offering them free memberships." The US Chamber, "the nation's leading business trade group, is an ardent advocate for competition and a liberal immigration policy. But critics contend that in its fight with the rival chamber, it is motivated by fear both of competition and a Hispanic invasion of its turf."

Protectionism Seen As Wrong Response To Global Economic Changes. In a USA Today op-ed (3/7, 11A), Antoine van Agtmael, chairman and CEO of Emerging Markets Management, LLC., says, "We're no longer the economic center of the universe, as the global landscape has shifted to former Third World countries. What to do? Remain competitive through innovation, not protectionism." We are "in the midst of the greatest shift in the global economy since the Industrial Revolution. This time, the economic epicenter is shifting away from the developed world to emerging markets in Asia, Eastern Europe, the Middle East and Latin America." One thing the US "(but also Europe and Japan) will need to get used to the idea that we are no longer the center of the economic and political universe. Even more important, we should resist the knee-jerk reaction of protectionism that would likely stifle innovation."

Conservatism Blamed For Decline Of Working Class Family. In his Washington Post column (3/7, A17), Harold Meyerson says, "American conservatism is a house divided against itself. It applauds the radicalism of the economic changes of the past four decades -- the dismantling, say, of the American steel industry (and the job and income security that it once provided) in the cause of greater efficiency. It decries the decline of social and familial stability over that time -- the traditional, married working-class families, say, that once filled all those churches in the hills and hollows in what is now the smaller, post-working-class Pittsburgh. Problem is, disperse a vibrant working-class community in America and you disperse the vibrant working-class family."

Ethanol Pact Would Boost US "Significance" In South America. The Financial Times (3/7, Wheatley) says US officials, "seeking a way to reach out to the dominant economy of South America and undercut the regional impact of Venezuela's oil diplomacy, think they have found it in biofuels." Establishing a partnership with Brazil now "would give the US the significance in the region it has gradually lost since talk of a US-led Free Trade Area of the Americas fizzled out a few years ago."

The Wall Street Journal (3/7, A2, Regalado, 2.04M) reports President Bush is scheduled to arrive in Brazil tomorrow to discuss a possible alliance on ethanol fuel, "but investors aren't waiting for a pact: They are already pouring money into" the ethanol industry. While the US market remains "largely off-limits to Brazil because of tariffs and

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quotas that protect the US ethanol industry," Japan and "other energy-poor nations in Europe are already looking to" Brazil for ethanol. Interest in the ethanol export market "began to grow rapidly last year, as Mr. Bush began putting political weight behind ethanol." Now officials from both countries "say the contemplated US-Brazil deal on biofuel is likely to include the creation of a body to set technical standards and support for sugar-cane production elsewhere in Latin America."

Hutchinson Urges Closer Ties With Friends In Region. Sen. Kay Bailey Hutchison of Texas writes in the Washington Times (3/7, 88K) that "when President Bush leaves tomorrow on a five-nation tour of Latin America, he will be entering a region that has become more important to our national security than at any point since the Cold War" where "a fresh wave of authoritarianism -- fueled by petrodollars, populism and anti-Americanism -- has cast a dark cloud over the future of freedom in our hemisphere." Hutchinson urges the US to "face reality and confront this threat head-on" by "pressing forward on free trade, development aid, military cooperation and exchange programs."

More Commentary. In an editorial, the Washington Post (3/7, A16, 690K) writes, "President Bush's tour of Latin America beginning tomorrow will be shadowed by Hugo Chávez, in more ways than one." But Bush "seems to understand that to confront Mr. Chávez, in words or otherwise, would be to provide him with the US enemy he craves." While Bush "will never win a war of rhetoric with Mr. Chávez," the Post says the US "ought to be able to offer far more than Venezuela can to Latin Americans hoping for social and economic improvement. Six years after Mr. Bush promised to make the region a priority of his presidency, it's not too late to deliver."

On its editorial page, the New York Times (3/7, 1.16M) writes, "In recent years, Washington has looked at Latin America with tunnel vision" and has "selectively concerned itself with issues that have important political constituencies in the United States, like drug trafficking, immigration, military cooperation and trade and investment liberalization." President Bush, it says, "should use this" week's trip "to start a new version of the alliance, one intended to reinforce democracy across the region" and "commit himself to ensuring that the benefits of expanded trade and investment reach the millions of Latin America's urban and rural poor, not just the usual narrow elites."

Jorge G. Castaneda, former Mexican foreign minister, writes in the Washington Post (3/7, A17, 690K) that the "balance of forces in" Latin America "has shifted" and Hugo Chavez's "influence has expanded." Castaneda says "it is time" to "undertake the necessary ideological and political struggle to check Chavez and Havana." However, he says, "George W. Bush is the least appropriate person on Earth for this mission; he is immensely unpopular in Latin America…and since Sept. 11, 2001, he has neglected the hemisphere. Many snicker that if he defends democracy in Latin America as well as he has in Iraq, only God can help Latin American democrats."

Ohio Investment Group Sues Venezuela Over Bonds. The New York Times (3/7, C1, Gould, 1.16M) reports on "an international financial dispute that is playing out in Federal District Court for Southern Ohio" where Skye Ventures "is suing Venezuela for its refusal to honor" $100 million in bonds purchased from a Venezuelan bank. The dispute over the bonds, issued by the now bankrupt Banco de Desarrollo Agropecuario, or Bandagro, "has not recently been discussed in public by the government of Venezuela, where President Hugo Chávez rarely lets any issue involving the United States pass. But it could well become a cautionary tale, whether for investors in emerging markets or for Venezuela -- which, Skye says, may be liable for up to $6 billion if all the bondholders press their claims."

To Head Off New Sanctions, Iran Offers To Negotiate With UN. The AP (3/7, Jahn) reports Iran "demanded an end to Security Council 'interference' in an offer made public Tuesday in exchange for clearing up suspicions about its disputed nuclear activities," in what was seen as "an apparent attempt to head off new U.N sanctions over its refusal to stop uranium enrichment." In documents made available to the AP, Iran said it was ready to "negotiate...for the resolution of outstanding issues with the IAEA...without the interference" of the U.N. Security Council. Signed by Ali Ashgar Soltanieh, Iran's chief representative to the agency, the letter also said the country was ready to "enter a constructive...negotiation." Separately, Soltanieh told the AP that "no country welcomes sanctions" because they mean "more problems for the people and the country," but added: "This does not mean we will be afraid." His comments were "unusually subdued" compared to recent remarks made by Iranian President Mahmoud Ahmadinejad.

Pension Funds Urged To Cut Investments In Iran. On its front page, USA Today (3/7, 1A, Slavin, 2.27M) reports, "Federal lawmakers and officials in at least four states are pushing government-employee pension funds to dump shares of foreign companies that do business in Iran." On Tuesday, Rep. Ileana Ros-Lehtinen (R) proposed legislation "that would require federal pension funds to unload shares of any company with more than $20 million invested in Iran's energy sector." Funds would also be "barred from future purchases of shares of companies investing in Iran." Similar restrictions have already be imposed on state-employee pension funds in Missouri, while Georgia, California and Florida are considering similar measures.

The Dow Jones Newswire (3/7, Talley) reports Rep. Tom Lantos (D-CA) said Tuesday he plans to introduce a similar measure "that would strengthen the Iran Sanctions Act

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and would require the Bush administration to sanction any companies with deals worth more than $20 million with Iran."

German Firm Seeks Iran Gas Contract. The Financial Times (3/7, Hoyos, Dombey, Simensen) reports Germany's biggest importer of natural gas, Eon, confirmed Tuesday it "is pursuing its first gas supply contract with Iran in an effort to reduce its dependence on Russia." Both Germany and the UK "are at the centre of international efforts to persuade Iran to curb its nuclear programme and are seeking to frame a new [U.N.] resolution that would add to limited sanctions on Tehran." However, "The fact that companies are looking to do long-term LNG deals with Iran despite the hostile political climate indicates just how difficult it has become to secure gas supplies."

Disappearance Of Former Iranian Official Prompts Kidnapping Allegations. The AP (3/7, Dareini) reports Iran said Tuesday former deputy defense minister, Ali Reza Asghari, "was missing while on a private trip to neighboring Turkey, and its top police chief accused Western intelligence services of possibly kidnapping the official." Iran's top police chief, Gen. Esmaeil Ahmadi Moghaddam, said, "It is likely that Asghari has been abducted by the Western intelligence services," but did not elaborate. In Turkey, the Interior Ministry said Tuesday it was investigating the matter, "but would not confirm or deny that Asghari had disappeared or been kidnapped."

Boot Says Attack On Iran Would Be Justified. The Los Angeles Times' (3/7) Max Boot writes that by reading media reports of supposed US plans to attack Iran, "You would think that the United States was Nazi Germany preparing to launch a war of aggression on Poland based on a fabricated provocation. In reality, it is the United States and our allies that are the victims in the confrontation with Iran." Boot says that "faced with such a flagrant casus belli, not to mention President Mahmoud Ahmadinejad's blood-curdling threats against our ally, Israel, the US would be perfectly justified in hitting Iran now, before it acquires nuclear weapons. But that doesn't necessarily mean that such an attack is the best strategy at the moment or the one that the administration is pursuing." He warns that "only if the Iranians fear the US are they likely to make major concessions. The Bush haters are thus doing Bush a big favor with all their talk of an imminent American strike. The more alarmism, the better -- justified or not."

US Presses Pyongyang On Nuclear Program As Talks End. The AP (3/7, Lederer) reports the US and North Korea "wrapped up historic talks on establishing diplomatic ties on an optimistic note Tuesday," but the US wants Pyongyang to "come clean" about any uranium enrichment program and eliminate all nuclear weapons before normalizing relations. Assistant Secretary of State Christopher Hill told reporters at the end of two days of meetings, "These were very good, very businesslike, very comprehensive discussions. For now, I think we feel we're on the right track." His North Korean counterpart, Vice Foreign Minister Kim Kye Gwan, was "also upbeat," telling reporters "the atmosphere was very good, constructive and serious."

The New York Times (3/7, A9, Hoge, 1.16M) notes, "While the accord" reached last month "specified that North Korea was required to make a full 'declaration' of all of its nuclear activities, the question of the uranium enrichment program in particular arose yesterday because of recent suggestions that the Bush administration may have overstated the reliability of intelligence" on North Korea.

Echoing Hill's remarks, the Financial Times (3/7, Turner, Jung-a) reports Deputy Secretary of State Negroponte told a news conference in Seoul: "I have no doubt that North Korea has had a highly enriched uranium programme, and that has been, and continues to be, the judgment of our intelligence community.'' He said the US "would expect that when North Korea makes its declaration of nuclear facilities, that would be one of the issues that would be addressed." Both statements "appeared to be a response to mounting debate in Washington over the existence of such a programme" and "also play to criticism that the recent six-party agreement might have let Pyongyang off the hook."

The Washington Times (3/7, A1, Kralev, 88K) reports Hill also "predicted yesterday that the North will meet its obligations under the first phase of last month's agreement to shut down its nuclear programs, but warned that the next stage will be much more difficult." Therefore, he urged the North Koreans, as well as the other four participants in the six-party talks, to "immediately get into the next phase" in mid-April and "not lose any momentum."

Israel, Syria May Be Near Peace Deal. The Washington Times (3/7, Sands, 88K) reports, "Israel could convert a privately negotiated blueprint into a lasting peace deal with Syria within months if Prime Minister Ehud Olmert is willing to take the political risk," a key Israeli drafter of the plan said yesterday. Alon Liel, former director general of the Israeli Foreign Ministry, "said he thinks Syria remains interested in the outlines of the unofficial deal," which would allow Syria to recover the Golan Heights from Israel in exchange for a "strategic reorientation" of its foreign policy.

Syria Seeks To Gain From Regional Conflict. The Christian Science Monitor (3/7, Blanford, 59K) reports Syria is "seeking to trade on the impression it can provide at least partial solutions to some of the region's most pressing problems." Though the US has refused to talk directly to Syria, its relations with neighboring Iraq "have improved with the formal restoration of diplomatic ties in December and the signing of a joint security agreement." Meanwhile, several

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US lawmakers "have recently traveled to Damascus and a State Department official is planning a visit to discuss the plight of Iraqi refugees."

Olmert, Abbas To Meet Next Week. The AP (3/7, Weizman) reports Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas "will meet next week for their second summit in a month, but this one will focus on humanitarian matters rather than the core issues of the Mideast dispute," an Olmert aide said Tuesday. The meeting is expected to be held "before Abbas' Fatah Party and the militant Hamas group form a unity government, which likely will complicate relations between the two sides."

Palestinians See Growing Food Shortages. The Christian Science Monitor (3/7, Mitnick, 59K) reports as a "sign of economic deterioration in the West Bank and Gaza," food "insecurity" now "affects one-third of all Palestinians and threatens another 12 percent, according to a study by a division of the United Nations World Food Programme (WFP)." While the WFP says that food insecurity "has remained steady at 34 percent, the organization has had to increase the number of beneficiaries of its food aid program by 25 percent to 600,000 Palestinians to stave off a broader crisis."

EU, Egypt Sign €558 Million Aid Package. The Financial Times (3/7, England, Dombey) reports, "Egypt and the European Union on Tuesday launched a reform package that Brussels hopes will push the country towards democratisation -- despite a recent crackdown by Egyptian authorities on opposition members and concerns about the government's will to carry out political changes." The plan, "which includes a four-year €558 million assistance package, was agreed after months of negotiations during which the EU sought to convince Egypt to accept a new forum in which to discuss democracy and human rights." But despite the agreement, Egyptian Foreign Minister Aboul Gheit "made clear on Tuesday that it would move forward only at its own rhythm."

State Department Releases Annual Human Rights Report. The New York Times (3/7, A6, Cooper, 1.16M) reports, "The Bush administration acknowledged Tuesday that its treatment of terrorism suspects was being questioned, even as it used an annual report to criticize the human rights records of Iraq, Afghanistan and a long list of other countries." In releasing the report, Secretary of State Condoleezza Rice said, "Our democratic system of governance is accountable, but it is not infallible," but "did not specifically cite any American violations." But Assistant Secretary of State Barry Lowenkron said the Department was "issuing this report at a time when our own record, and actions we have taken to respond to terrorist attacks against us, have been questioned." Elsewhere, the report "described serious problems in countries with close ties to the United States, and cited worsening sectarian violence in Iraq." It also "found that respect for human rights had deteriorated in China, Russia, Venezuela and Egypt."

The Washington Post (3/7, A10, Boustany, 690K) notes, "China is at the top of a list of countries blocking Internet access, and Russia and Venezuela have shown serious regression in several areas, mainly in centralizing power in the executive branch." In Sudan, the report "outlined evidence that genocide continues to ravage" Darfur, and said Khartoum was "responsible for it." This year's report also addressed Internet freedom and the issue of nongovernmental organizations (NGOs) "that are being harassed while carrying out their missions."

Obering Says Russia "Right To Fear UK-Based Missiles." In an interview with the Financial Times (3/7, Sevastopulo, Cienski), Lt. Gen. Trey Obering, head of the US Missile Defense Agency, said Russia "would have legitimate cause for concern if the Pentagon placed missile interceptors in Britain as part of its missile defense shield." While the Pentagon is negotiating with Poland and the Czech Republic over hosting the system, UK officials recently said Prime Minister Tony Blair "had lobbied the US to have his country host the interceptors." Obering told the Times, "If they [the Russians] are concerned about us targeting their intercontinental ballistic missiles, I think that would be problematic from the UK, because I believe we probably could catch them from a UK launch site." However, he stressed that the US "would not have chosen Poland or the Czech Republic if our criteria were to try to somehow offset the Russian…advantage."

In a separate 1,900-word analysis, the Financial Times (3/7, Sevastopulo) writes, "Despite enduring doubts about the scale of both the threat facing the US and the efficacy of missile defence, Washington's wish to place interceptors for the system in Poland and radars in the Czech Republic has provoked a furious response from Russia and signs of cracks within Nato." As a result, Obering has been "propelled back into the spotlight" to "reassure Moscow" that the system is "aimed at threats in the Middle East such as Iran."

Former NATO Official Urges Russia To Back Missile System. Marshall Billingslea, a former assistant secretary general of NATO, writes in the Wall Street Journal (3/7, A17, 2.04M) that "Russian reactions" to the proposed missile system "have been disconcerting" as "some of the rhetoric in past days -- such as Monday's blunt threats by Lt. Gen. Igor Khvorov to target European missile defense sites with bombers….is a throwback to a bygone era that needs to stay gone." Rather than "squaring off over the issue," Billingslea says "policy makers should take a hard look at the real

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security threat: the behavior of rogue regimes such as Iran and North Korea."

Two Americans Fall Ill From Poison In Russia. The New York Times (3/7, A3, Chivers, 1.16M) reports, "An American doctor and her daughter were being treated in a Moscow hospital on Tuesday after showing signs of thallium poisoning." While the "circumstances of the poisonings are unclear," it appears that Dr. Marina Kovalevsky and her daughter "ingested the poison while in Moscow." The "mystery" of the poisonings "has attracted immediate attention and speculation in the Russian news media."

Peacekeepers Attacked On Arrival In Somalia. The New York Times (3/7, A11, Gettleman, 1.16M) reports, "The first group of African Union peacekeepers arrived Tuesday in Mogadishu" where they were met with shells and gunfire from insurgents. The "episode was the latest burst of violence in Somalia, and a sign that the situation the new peacekeepers are stepping into is dangerously reminiscent of the chaos that haunted the last such mission to Somalia in the 1990s."

Separately, the New York Times (3/7, A11, Gettleman, 1.16M) reports on a part of Somalia, known as Somaliland, that "seem[s] so peaceful and functional -- so normal, in fact -- while the rest continues to be such a violent, chaotic mess." This "tale of two Somalias is especially striking now, as thousands of African Union peacekeepers prepare to rescue Mogadishu."

US Prepares For Post-Castro Cuban Exodus. On its front page, the Washington Times (3/7, A1, Gentile, 88K) reports, "Fearing a potential mass exodus of Cubans when Fidel Castro dies, dozens of federal, state and local agencies, along with the military, will participate in a massive two-day training exercise beginning today to hone migrant-interdiction skills." The exercise, which involve representatives from the State Department, the Pentagon and the Justice and Homeland Security departments, "will also test readiness to intercept vessels heading to Cuba."

Former Ambassador Says Kosovo's Fate Is In Serbia's Hands. Morton Abramowitz, former US ambassador to Turkey, writes in the Wall Street Journal (3/7, A16, 2.04M), "Kosovo, still trying to emerge from Belgrade's long and difficult rule and more recently from international control, has a long way to go to establish a viable, stable state. But its slow, halting progress is being impeded by its former Serb masters, backed in the United Nations by Russia." However, Abramowitz says it is up to Serbia's leaders "to decide whether they want to accept the verdict of the West, to cooperate in shaping a new Balkans, including an independent Kosovo, and to pursue seriously membership in the EU."

Ignatius Says Administration's Shift In Foreign Policy "Long Overdue." The Washington Post's (3/7) David Ignatius writes that the Bush administration's foreign policy "seems to be bending toward the subtler…approach. This conversion is long overdue. But it will require the administration to do what it has sometimes found hardest, which is to prioritize its foreign policy goals and go all-out on the ones it decides are most important." The "clearest example" of the administration's "new outreach," he says, is its "turnabout on discussions with Iran and Syria about how to stabilize Iraq." However, Ignatius says the Administration "shouldn't go into these talks holding its nose." Instead, if is "serious, it should use the initial meeting to set up regular US-Iranian discussions about Iraq" and to "start a real dialogue with Syria." However, he says "the Russia diplomacy may prove the most delicate of all," but "after a slow start, the Russians are indeed becoming a reliable partner on Iran."

THE BIG PICTURE:

Headlines From Today's Front Pages.

Los Angeles Times:
"Libby's Conviction In CIA Leak Case A Setback For White House."
"Las Vegas Looks North To Slake Its Thirst."
"Wine Czar Ernest Gallo Dies."
"Atkins Diet Wins For Losing."
"Iraq Attacks Kill 110 Shiite Pilgrims."
"Fired U.S. Attorneys Testify Before Congress."
"Talk Floats Of A Possible Pardon By Bush."

USA Today:
"Funds Told To Cut Ties To Iran."
"The Verdict."
"GOP: Verdict About Libby; Democrats Say It's Bigger."
"Racial Tensions Are Simmering In Hawaii's Melting Pot."

New York Times:
"Libby Guilty Of Lying In C.I.A. Leak Case."
"In '05 Investing, Obama Took Same Path As Donors."
"Makers Of Sodas Try A New Pitch: They're Healthy."
"In Arizona Desert, Indian Trackers Vs. Smugglers."

Washington Post:
"Libby Found Guilty In CIA Leak Case."
"For An Opaque White House, A Reflection Of New Scrutiny."
"Harsh Words Die Hard On The Web."
"118 Shiite Pilgrims Killed In Iraq Attacks."
"Prosecutors Say They Felt Threatened."
"Montgomery Starts Sex-Ed Pilot Program."

Washington Times:
"Bush Lauds 'Surge' Results."

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"Libby Found Guilty On 4 Counts."
"College Returns Cross To Chapel."
"Big Things Planned For East Of Anacostia."
"US Tells N. Korea To 'Come Clean.'"
"US Prepares For Thousands To Flee Cuba."
"McCain Seeks Independents' Primary Votes."

Detroit Free Press:
"Comerica Withdraws."
"His Sister: I Want Him To be Punished."
"'Idol' Fever."
"Zetsche Not Sold On Selling Chrysler."

Atlanta Journal-Constitution:
"Libby Convicted."
"Red Tape Entangels Veterans' Heath Care."
"Rich Athletes Complete For Hottest Wheels."

Houston Chronicle:
"Jury: Libby Lied In CIA Leak Probe."
"Officers Descend On TYC Sites In Sex Probe."
"Emissions Plan Has Mayors Miffed At White."
"A Mid Holy Pilgrimage, A Scene Of Carnage."
"Handing Over The Judge's Gavel."
"Fates Of Oefelein, Nowak Up In The Air."

Story Lineup From Last Night's Network News:
ABC: Libby Found Guilty; Libby Found Guilty; VA Hospitals; Iraq Sectarian Violence; Earth Quakes-Indonesia; Purity Dances; Stock Market; Housing Mortgages; Wikipedia Fraud.
CBS: Libby Conviction; Libby-White House Reaction; Fired US Attorneys; Walter Reed Hearing; Iraq Surge; Iraq Violence; California-Global Warming; Lung Cancer Test; Sleepless Women.
NBC: Libby Found Guilty; Libby Found Guilty-Analysis; Iraq Sectarian Violence; Walter Reed Scandal; Under Age Drinking; Being Happy-Good Health; Jenna Bush-Book Deal; Camp Victory-Iraq.

Story Lineup From This Morning's Radio News Broadcasts:
ABC: Bush-Committee For Wounded Veterans; Walter Reed-Senate Hearing; Iraq-Shiite Pilgrims Killed; Libby Convicted; Bilateral Talks Between Japan And North Korea Cancelled; Indonesia-Plane Crash.
CBS: Indonesia-Plane Crash; Libby Convicted; Bush-Committee For Wounded Veterans; Congress-Fired US Attorneys; Mega Millions Lottery; Nowak Investigation; Al Gore-PETA.
NPR: Indonesia-Plane Crash; Libby Convicted; Polls-US's International Image Down; Iraq-Shiite Pilgrims Killed; Walter Reed-Senate Hearing; Jefferson City, MO-Suspected Illegal Aliens Working For Janitorial Contractor Detained; Tokyo Stock Exchange.

WASHINGTON'S SCHEDULE:

Today's Events In Washington.

White House:

PRESIDENT BUSH — Speaks to political appointees and Senior Executive Service employees, DAR Constitution Hall, closed press.

VICE PRESIDENT CHENEY — No public schedule.

LAURA BUSH — Participates in the Kuwait-America Foundation's Project Hope Benefit Dinner, Kuwaiti Ambassador's Residence, 2940 Tilden St. NW.

US Senate: 8:45 a.m. SELECT INTELLIGENCE _ Full Committee. Closed. Briefing on world issues. Location: Room H-405, Capitol.

9:30 a.m. AGRICULTURE, NUTRITION AND FORESTRY _ Full Committee. Hearing on the nation's future and agricultural research. Undersecretary of Agriculture Gale Buchanan; Alan Leshner, American Association for the Advancement of Science; Jeff Armstrong, Michigan State University; William Danforth, Washington University; Francis Thicke, Radiance Dair Farm, Fairfield, Iowa. Location: Room 328A, Russell.

9:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Interstate Commerce, Trade and Tourism Subcommittee. Hearing on policy implications of drug importations for U.S. consumers. Randall Lutter, acting deputy commissioner for policy, FDA; Billy Tauzin, CEO, PhRMA; Stephen Schondelmeyer, University of Minnesota College of Pharmacy; William Schultz, partner, Zuckerman Spaeder; Nelda Barnett, AARP; John Vernon, University of Connecticut School of Business. Location: Room 253, Russell.

9:30 a.m. ENERGY AND NATURAL RESOURCES _ Full Committee. Hearing on large investments in advanced energy technologies and ways to stimulate more private sector investment. Dan Reicher, Google; Elon Musk, chairman, Tesla Motor Co.; Michael Liebreich, co-founder and CEO, New Energy Finance; Jerome Peters, TD Banknorth Project Finance; John Denniston, Kleiner Perkins Caufield and Byers. Location: Room 366, Dirksen.

9:30 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS _ Full Committee. Hearing on American competitiveness in the 21st century. Bill Gates, chairman of Microsoft Corp. Location: Room 216, Hart.

02:15 p.m. JUDICIARY _ full Committee. Hearing on the McCarran-Ferguson Act and antitrust immunity. Homeowner Michael Homan, New Orleans; Robert Hunter, Consumer Federation of America; Marc Racicot, American Insurance Association; Illinois Insurance Director Michael McRaith. Location: Room 226, Dirksen.

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9:30 a.m. VETERANS AFFAIRS _ Full Committee. Hearing on the VA adjudication process. Location: Room 418, Russell.

10 a.m. APPROPRIATIONS _ Defense Subcommittee. hearing on Department of Defense medical programs. Air Force Surgeon General Lt. Gen. James Roudebush; Assistant Air Force Surgeon General M. Gen. Melissa Rank; Navy Surgeon General Vice Adm. Donald Arthur; Navy Nurse Corps Director Rear Adm. Christine Bruzek-Kohler; Army Surgeon General Lt. Gen. Kevin Kiley; Army Nurse Corps Chief Maj. Gen. Gale Pollock. Location: Room 192, Dirksen.

10 a.m. HOMELAND SECURITY _ Permanent Investigations Subcommittee. Hearing on credit card practices. Bank representatives; consumers. Location: Room 342, Dirksen.

2 p.m. APPROPRIATIONS _ Energy and Water Development Subcommittee. Hearing on the Energy Department budget. Assistant Secretary James Rispoli; Edward Sproat III, Director, Office of Civilian Waste Legacy Management. Location: Room 138, Dirksen.

2 p.m. JUDICIARY _ Full Committee. Hearing on oversight of the enforcement of antitrust laws. FTC Chairman Deborah Platt Majoras; Assistant Attorney General Thomas Barnett. Location: Room 226, Dirksen.

2:30 p.m. COMMERCE, SCIENCE AND TRANSPORTATION _ Space, Aeronautics and Related Sciences Subcommittee. Hearing on earth science programs, including satellites. Berrien Moore III, University of New Hampshire; Otis D. Brown, dean, Rosenstiel School of Marine and Atmospheric Science, University of Miami; Michael Freilich, director, Earth Science Division, Science Mission Directorate, NASA; Nancy Colleton, president, Institute for Global Environment Strategies and executive director, Alliance for Earth Observations. Location: Room 253, Russell.

3 p.m. ENVIONRMENT AND PUBLIC WORKS _ Full Committee. Hearing on the FY08 EPA budget. Administrator Stephen Johnson. Location: Room 406, Dirksen.

US House: FLOOR SCHEDULE _ 10 a.m. Meets and then recesses immediately. Recovenes at about 10:45 a.m. in a Joint Meeting with the Senate to receive King Abdullah of Jordan. Highlights: 1) H.R. 569 - Water Quality Investment Act of 2007 (Rep. Pascrell - Transportation and Infrastructure). 2) Postponed Suspension Vote (1 bill). H.R. 710 - Living Kidney Organ Donation Act.

8:30 a.m. ARMED SERVICES _ Full Committee. Hearing on the FY08 budget for the Pacific Command and forces in Korea. Location: Room 2118, Rayburn.

9 a.m. SMALL BUSINESS _ Full Committee. Hearing on the Innovation Agenda from the perspective of the technology and telecommunications industry. Location: Room 2360, Rayburn.

9 a.m. TRANSPORTATION AND INFRASTRUCTURE _ Highways and Transit Subcommittee and Railroads, Pipelines and Hazardous Materials Subcommittee. Hearing on transit and rail security. Location: Room 2167, Rayburn.

10 a.m. ENERGY AND COMMERCE _ Energy and Air Quality Subcommittee. Hearing on climate change and energy security. Michael Oppenheimer, Princeton University; James W. Hurrell, National Center for Atmospheric Research, Boulder, Colo.; John R. Christy, University of Alabama in Huntsville; Roni Avissar, Duke University; Gabriele Hegerl, Duke University. Location: Room 2322, Rayburn.

10 a.m. SCIENCE AND TECHNOLOGY _ Energy and Environment Subcommittee. Hearing on the Energy Department's FY08 research and development budget. Dr. Ray Orbach, Under Secretary for Science, Department of Energy; Andrew Karsner, Assistant Secretary for Energy Efficiency and Renewable Energy, Department of Energy; Jeffrey Jarrett, Assistant Secretary for Fossil Energy, Department of Energy; Dennis Spurgeon, Assistant Secretary for Nuclear Energy, Department of Energy; Kevin Kolevar, Director, Office of Electricity Delivery and Energy Reliability, Department of Energy. Location: Room 2318, Rayburn.

1 p.m. AGRICULTURE _ Conservation, Credit, Energy and Research Subcommittee. Hearing on the financing structure of renewable energy resources. Location: Room 1302, Longworth.

1:30 p.m. APPROPRIATIONS _ Defense Subcommittee. Hearing on Walter Reed Army Medical Center. Army Surgeon General Lt. Gen. Kevin Kiley, Army Chief of Staff Gen. Peter Schoomaker, Vice Chief of Staff Gen. Richard Cody. Location: Room 2359, Rayburn.

1:30 p.m. NATURAL RESOURCES _ Full Committee. Markup of pending legislation. Location: Room 1324, Longworth.

2 p.m. APPROPRIATIONS _ Financial Services and General Government Subcommittee. Hearing on maintaining the integrity of elections. Donetta L. Davidson, chairwoman, Election Assistance Commission; Ray Martinez III, former commissioner, Election Assistance Commission; Randolph C. Hite, GAO; Aviel D. Rubin, director, A Center for Correct, Usable, Reliable, Auditable, and Transparent Elections 1/8ACCURATE 3/8. Location: Room 2220, Rayburn.

2 p.m. APPROPRIATIONS _ Commerce, Justice and Science Subcommittee. Hearing on the Economic Development Administration and Minority Business Development Agency. Location: Room H-309, Capitol.

2 p.m. APPROPRIATIONS _ Military Construction, VA, and Related Agencies Subcommittee. Hearing on the FY08 budget for the Pacific Command. Location: Room H-143, Capitol.

2 p.m. FINANCIAL SERVICES _ Domestic and International Monetary Policy, Trade and Technology Subcommittee. Hearing on remittances in leveraging

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sustainable development in Latin America. Location: Room 2128, Rayburn.

2 p.m. RULES _ Full Committee. Meets to set rules for floor debate. Location: Room H-313, Capitol.

2 p.m. TRANSPORTATION AND INFRASTRUCTURE _ Water Resources and Environment Subcommittee. Hearing on a the pact of aquatic invasive species on the Great Lakes. Location: Room 2167, Rayburn.

2 p.m. VETERANS AFFAIRS _ Economic Opportunity Subcommittee. Performance review of services. Location: Room 340, Cannon.

2 p.m. WAYS AND MEANS _ Select Revenue Measures Subcommittee. Hearing on the alternative minimum tax. Location: Room 1100, Longworth.

2:30 p.m. ENERGY AND COMMERCE _ Telecommunications and the Internet Subcommittee. Hearing on the future of digital radio in the U.S. Location: Room 2123, Rayburn.

2:30 p.m. FOREIGN AFFAIRS _ Middle East and South Asia Subcommittee. Hearing on South Asia. Assistant Secretary of State Richard Boucher. Location: Room 2172, Rayburn.

3 p.m. ARMED SERVICES _ Air and Land Forces Subcommittee. Hearing on Air Force and Army fixed-wing air refueling programs. William Solis, GAO; Michael Sullivan, GAO; Christopher Bolkcom, Congressional Research Service; Lt. Gen. C.H. 'Howie' Chandler, deputy chief of staff for operations, plans and requirements, Air Force; Lt. Gen. Donald J. Hoffman, military deputy, Office of the Assistant Secretary of the Air Force for Acquisition; Lt. Gen. Mark Curran, deputy commander, Training and Doctrine Command, Army; Maj. Gen. (Select) Jeffrey Sorenson, deputy for systems management, Secretary of the Army (Acquisition, Logistics and Technology); Maj. Gen. Thomas P. Kane, director, Strategic Plans, Requirements and Programs, Air Mobility Command, Air Force. Location: Room 2118, Rayburn.

3 p.m. JUDICIARY _ Full Committee. Hearing on election deception and irregularities. Location: Room 2141, Rayburn.

Other: KING ABDULLAH OF JORDAN _ Highlights: 11 a.m. Addresses a Joint Meeting of Congress.

COUNTIES _ The National Association of Counties (NACo) holds its 2007 Legislative Conference. Location: Washington Hilton & Towers, 1919 Connecticut Ave. NW.

AMERICAN LEGION-NATIONAL DC CONFERENCE _ The American Legion 47th National Washington Conference. Highlights: 9:15 a.m. Charles Ciccolella, Assistant Secretary, veterans Employment and Training, U.S. Department of Labor. 9:45 a.m. Bill Brown, Deputy Director, Veterans Rehabilitation and Employment Program, Department of Veterans Affairs. 10:15 a.m. Anita Hanson, Outreach Group Manager, OPM. 10:50 a.m. Matt Murphy, Vice President, Business Development, Recruit Military LLC. 11:20 a.m. Louis Celli, Jr., President and CEO, Northeast Veterans Business Resource Center. 1:50 p.m. Karen Radermacher, Research Analyst, Senator John Kerry; 2:05 p.m. Scott Denniston, director, Office of Small and Disadvantaged Business Utilization, Dept. of Veterans Affairs; 3:50 p.m. William Elmore, Associate Administrator, Office of Veterans Business Development, U.S. Small Business Administration; Shaunta Johnson, Director, Small Business Utilization Center, GSA; James Blanco, LTC, Assistant to the Director OSDBU, Office of the Secretary of the Army; Walter Blackwell, President and CEO, The Veterans Corporation (TVC). Location: Renaissance Washington Hotel, 999 9th St. NW.

ATTORNEYS GENERAL _ The National Association of Attorneys General holds its spring meeting. Location: Fairmont Hotel, 2401 M St. NW.

HISPANIC CHAMBER _ The United States Hispanic Chamber of Commerce holds its 17th annual legislative conference, ``Advancing Latino Entrerpreneurship -- It's Just Good Business." Highlights: 8 a.m. - 9:30 a.m. Breakfast session with Rep. Charles Rangel. Russell Caucus Room. 9:30 a.m. Plenary on Reauthorization of the Small Business Act U.S. Senate Speaker: Senator John Kerry. Panelists: Steve Denlinger, President and CEO of Latino American Management Association (LAMA); C.E. Rowe, Associate Administrator for Congressional Affairs for the Small Business Admnistration; Karen Kerrigan, President and CEO of the Small Business & Entrepreneurship Council; and Max Trujillo, Senior Advisor to the House Small Business Committee Chair. Note: This event in the Russell Senate Caucus Room. 6 p.m. Legislative reception with House Majority Leader Steny Hoyer. Mayflower Hotel. 7:30 p.m. Awards dinner with Sen. Mel Martinez and Rep. Silvestre Reyes. Mayflower Hotel. Location: Ronald Reagan Building & International Trade Center 1300 Pennsylvania Ave. NW.

HOSPITALS _ The Federation of American Hospitals holds its 2007 Public Policy Conference and Business Exposition. Highlights: 8:50 a.m. Introduction for speech by Acting Centers for Medicare and Medicaid Services (CMS) Administrator Leslie Norwalk. Location: Marriott Wardman Park Hotel, 2660 Woodley Road NW.

STATE HOUSING AGENCIES _ The National Council of State Housing Agencies holds its Washington Legislative Conference. Highlights: 8 a.m. - 11:30 a.m. Presentation of Legislative Campaign Awards, during which NCSHA recognizes outstanding federal and state legislative efforts. The View From HUD. at which senior HUD officials outline the Administration's legislative and policy agenda for the programs HFAs administer and utilize. Address by pollster Charlie Cook, who will assess the current political environment and give his outlook on the 2008 election.

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Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

FOOD SAFETY SUMMIT _ Food Safety and Security Summit. Highlights: 9:15 a.m. ``Food Safety in an Era of Globalization," with Robert E. Brackett, Center for Food Safety and Applied Nutrition (CFSAN), FDA. Location: Washington Convention Center.

COMMMUNITY ACTION-POVERTY _ About 600 community action professionals, who provide local, coordinated services in 99 percent of the nation's counties, will participate in the National Community Action Foundation Legislative Conference to address the issue of poverty in America. Highlights: 4 a.m. Rep. John Tierney, D-Mass. 12 p.m. - 1:30 p.m. Pollster Frank Luntz of Maslansky Strategic Research. 3 p.m. Rep. Robert ``Bob" Goodlatte, R-Va. 4:45 p.m. Sen. Bernard Sanders, I-Vt. Location: Hyatt Regency on Capitol Hill, 400 New Jersey Ave. NW.

TRANSPORTATION-BORDER SECURITY _ 8:15 a.m. Customs and Border Protection Deputy Commissioner Deborah Spero and Secure Borders Initiative Director Gregory Giddens address the Transportation and Border Security Conference. Location: National Rural Electric Cooperative Association conference center, 4301 Wilson Blvd., Arlington.

CHILDREN'S HEALTH _ 8:30 a.m. Several hundred clergy and parents of uninsured children from the faith-based PICO National Network meet with members of Congress to discuss childrens health funding in the 2008 budget and PICOs Road Map to Covering all Children by 2012 as part of SCHIP reauthorization. Location: Room G-50, Dirksen.

HEALTH CARE-FUTURE _ 8:30 a.m. AARP holds a discussion on what Americans are saying about the future of health care and financial security. Location: Horizons Ballroom, Reagan Trade Center.

IMMIGRATION REFORM _ 8:30 a.m. NDN holds an event with Sens. Edward Kennedy, Harry Reid and Robert Menendez, and Reps. Zoe Lofgren and Luis Gutierrez, others, on immigration reform. Location: Room S-211, Capitol.

TAXES _ 8:45 a.m. Panel discussion on ways to address the ``tax gap." Participants include NTEU President Colleen Kelley. Location: Room 4121, main Treasury.

FEDERAL EDUCATION POLICY _ 9 a.m. - 12 p.m. The Cato Institute invites hosts a conference, ``NCLB (No Child Left Behind) and the Future of Federal Education Policy." Highlights: Panel 1: ``What Should Happen with the NCLB Reauthorization? Participants: David Cleary, Staff Director, Subcommittee on Children and Families, Senate Committee on Health, Education, Labor, and Pensions; Dan Lips, Education Analyst in Domestic Policy Studies, Heritage Foundation; Andrew J. Rotherham, Co-Director, Education Sector; Andrew J. Coulson - Director, Center for Educational Freedom, Cato Institute; Panel 2: ``Can Any Reform Survive Politics? (Or Does Politics Destroy All?). Participants: Dick Armey, Chairman, FreedomWorks; former House Majority Leader; Neal McCluskey, Policy Analyst, Center for Educational Freedom, Cato Institute; and Susan B. Neuman, Professor in Educational Studies, University of Michigan, Former Assistant Secretary for Elementary and Secondary Education. Location: Cato Institute, 1000 Massachusetts Ave. NW.

BUSH TRIP _ 9:30 a.m. The Council on Foreign Relations holds a telephone briefing on President Bush's Latin American trip. Notes: RSVP required to NYPressRSVPcfr.org. Callin number: 800-351-4892; passscode: Latin Am.

CULTURAL VALUES _ 9:30 a.m. The Media Research Center holds a briefing to release the results of its ``National Cultural Values Survey." Location: National Press Club.

FARM BILL-FOOD SECURITY FACTS _ 10 a.m. Oxfam America holds panel ``Farm Bill, Food Prices and National Food Security: Facts and Fiction." Participants include Bruce Gardner, University of Maryland, College Park. Location: Room 304, Cannon.

DEMOCRAT-IRAQ _ 10:30 a.m. A group of Senators led by Assistant Senate Majority Leader Richard Durbin will release a new Third Way report that they says offers ``a dramatic departure from the failing policies of President Bushs anti-terrorism strategy." Location: LBJ Room, Capitol Building, Senate Side.

CONGRESSIONAL PIG BOOK _ 11 a.m. Citizens Against Government Waste releases 2007 Congressional Pig Book. Participants include CAGW President Tom Schatz, Sens. Jim DeMint and John McCain and Rep. Jeff Flake. Location: Phoenix Park Hotel, 520 N. Capitol St.

PRO-IMMIGRATION _ 11:15 a.m. Senator Barack Obama joins Representative Luis Gutierrez and leaders from NALEO, NCLR, MALDEF, AILA, and other immigration organizations for a press conference announcing the Citizenship Promotion Act. Location: Room S-115, Capitol.

CURRENCY MANIPULATION _ 11:30 a.m. Sens. Stabenow and Bunning hold a news conference to introduce a bill to stop foreign currency manipulation and protect American manufacturers. Location: Senate Radio-TV Gallery.

STEM CELL RESEARCH _ 12 p.m. Reps. Chris Smith, Arthur Davis, others, hold a briefing on the use of cord blood to treat disease and disability and to call for full funding of the National Cord Blood Inventory program. Location: Room 304, Cannon.

SURFACE TRANSPORTATION _ 12 p.m. Rep. James Oberstar joins officials of the National Surface Transportation Policy and Revenue Study Commission and the American Association of State Highway and Transportation Officials regarding a new AASHTO report on the needs and future of

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the nation's surface-transportation systems. Location: L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW.

WIRELESS NEUTRALITY _ 12 p.m. The New America Foundation holds a panel discussion on ``Wireless Net Neutrality: Should Carterfone and broadband nondiscrimination rules apply to cellular?" with Tim Wu of Columbia University Law School, Michael Altschul of CITA, Christopher Libertelli of Skype, Jeannine Kenney of Consumers Union, Blair Levin of Stifel Nicolaus, others. Location: 7th floor, 1630 Connecticut Ave. NW.

LAVIN-FOREIGN INVESTMENT _ 12 p.m. - 2 p.m. The Peter G. Peterson Institute for International Economics hosts a luncheon address by Undersecretary of Commerce for International Trade Franklin Lavin, who will discuss the role of foreign investment in economic growth broadly, and focus specifically on how such policy affects the attractiveness of the United States as a destination for foreign investment. Location: Peter G. Peterson Institute for International Economics, 1750 Massachusetts Ave. NW.

HISPANICS-US CHAMBER _ 12:30 p.m. The United States Hispanic Chamber of Commerce and its Foundation, joined by the U.S. Pan Asian American Chamber of Commerce, the U.S. Indian-American Chamber of Commerce, USHAA, Inc., the Ibero-American Chamber of Commerce of Washington, D.C. and allied business organizations, will hold a press conference to call attention to the U.S. Chambers legal actions toward the Latino and minority business community. Sponsors say the U.S. Chamber of Commerce is using unfair business tactics to reach the two-million Hispanic-owned businesses represented by the U.S. Hispanic Chamber of Commerce and its Foundation. Location: Room 2456, Rayburn House Office Building.

IRAQ-AFTER THE SURGE _ 12:30 p.m. Council on Foreign Relations forum on ``Iraq: After the Surge," with Steven Simon, Sabbagh senior fellow, and Walter Slocombe, Caplin and Drysdale. Location: 1779 Massachusetts Ave. NW.

TRADE _ 12:30 p.m. Sens. Sherrod Brown and Byron Dorgan and Reps. Mike Michaud, Walter Jones and Linda Sanchez, others, hold a news conference to call for ``a new direction for trade." Location: Room SC-4, Capitol.

GREAT LAKES _ 1 p.m. Rep. Vernon Ehlers holds a news conference to announce reintroduction of comprehensive legislation aimed at cleaning up the Great Lakes. Location: Room 202A, Cannon.

TIGER WOODS _ 1:30 p.m. Speaker Nancy Pelosi, professional golfer Tiger Woods, Majority Leader Steny Hoyer, and Minority Leader John Boehner will hold a photo opportunity. Location: Room H-230, Capitol.

HOUSE REPUBLICANS _ 1:45 p.m. House Republican Whip Roy Blunt and House Republican Conference Chairman Adam Putnam hold a pen and pad only briefing. Location: Room H-307, Capitol.

PUTNAM/BLUNT AVAILABILITY _ 1:45 p.m. - 2:15 p.m. House Republican Conference Chairman Adam Putnam and Republican Whip Roy Blunt will hold a weekly pen-and-pad session with reporters. Location: Room H-307, Capitol.

IRISH-IMMIGRATION LOBBY _ 2 p.m. The Irish Lobby for Immigration Reform says it's bringing up to 4,000 Irish-Americans from across the country to Capitol Hill today to support comprehensive immigration reform. Speakers also expected from National Council of La Raza and other groups. Location: Holiday Inn on the Hill, 415 New Jersey Ave. NW.

DEMOCRATS-VOTING _ 2:15 p.m. Sen. Hillary Rodham Clinton, D-N.Y., and Rep. Stephanie Tubbs Jones, D-Ohio, hold a press conference with voting rights advocates to announce that they are reintroducing in both chambers of Congress comprehensive voting reform legislation to ensure that every American is able to vote and every vote is counted. Location: Room 418, Russell Senate Office Building.

PAKISTAN _ 3 p.m. - 5 p.m. The Carnegie Endowment South Asia project hosts a forum, ``Changing Orientations of the Military and Problems of Governance in Pakistan." Participants: Hasan-Askari Rizvi, The John Hopkins University, School of Advanced International Studies (presenter); and Frederic Grare, Carnegie Endowment for International Peace (moderator). Location: Carnegie Endowment for International Peace, 1779 Massachusetts Ave. NW.

FINANCIAL INDUSTRY _ 6 p.m. The Center for American Progress holds a screening of Maxed Out, which deals with the working of the modern financial industry, with speaker Rep. Jim Cooper. Location: Room HC-5, Capitol.

GATES-ONLINE PRIVACY _ 6 p.m. Microsoft Chairman Bill Gates will give a keynote address at the Center for Democracy and Technology's 2007 Gala Dinner. Gates will discuss online privacy, security, Internet safety and related issues in a speech titled, ``A Vision for the New Digital Paradigm." Senate Judiciary Committee Chairman Patrick Leahy, D-Vt., also will also deliver a keynote at the gala. Location: Ritz Carlton at 1150 22nd St. NW.

YMCA-MARINES _ 7:30 p.m. Marine Corps Commandant Gen. James T. Conway will speak at Armed Services YMCA event, honoring military medical personnel on the front lines. Coast Guard Commandant Adm. Thad Allen also is scheduled to attend. Location: Reagan Building and International Trade Center; 1300 Pennsylvania Ave., NW.

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TERRORISM NEWS:

DOJ_NMG_0141090

Pentagon Set To Begin Hearings For 14 Detainees (MCT)

By Warren P. Strobel

McClatchy Newspapers, March 7, 2007

WASHINGTON - The Defense Department said Tuesday that hearings for 14 "high-value detainees," including the alleged mastermind of the 9-11 terrorist attacks, will start Friday at Guantanamo Bay, Cuba, but that reporters would be barred from the procedures.

The 14 were held in secret CIA prisons for up to four years, and none is known to have appeared before a hearing of any sort before the group was transferred to Guantanamo in September. Questions have repeatedly been raised about whether the 14 were tortured while in CIA detention.

Pentagon spokesman Bryan Whitman said at a news briefing that the hearings will be closed "based on national security concerns." He promised to release censored transcripts "as expeditiously as we can," but said officials had decided not to provide the names of the suspects, even after the transcripts have been released.

Reporters have been allowed to observe previous hearings of so-called Combatant Status Review Tribunals for Guantanamo detainees, the aim of which is to determine whether a detainee is an "enemy combatant."

The New York-based Center for Constitutional Rights, a detainee advocate group which represents one of the 14, Majid Khan, denounced the hearings.

"Any suggestion that Khan's CSRT proceedings would comport with our values and traditional notions of justice is demeaning to all Americans. ... We might expect this in Libya or China, but not America, " it said. The hearings "routinely" rely on information derived by torture or other coercion, the group said.

The U.S. government charges that Khan, who grew up in Baltimore, Md., was an operative for alleged 9-11 mastermind Khalid Sheikh Mohammed and explored ways to blow up gas stations and poison reservoirs in the United States.

The hearings, which also exclude attorneys, are likely to be the prelude to a decision by President Bush to try the 14 men before military commissions that Congress established last year.

Defense officials said the hearings for the 14 must be closed and the transcripts reviewed because the detainees could reveal sensitive intelligence information.

"It is not a safe assumption that simply because detainees have been in detention for some time, their information is stale," said a senior defense official who could not be identified under Pentagon-imposed ground rules.

But administration critics charge that its real motivation for secrecy is to blot out claims by the men that they were mistreated, or information about the covert CIA sites where they were first held.

Pressed to promise that such information would not be redacted from transcripts of the sessions, the defense officials declined to do so - but said national security would be the only reason for censorship.

"The goal ... is to be as transparent as we can be," Whitman said. "These individuals are unique."

The officials also declined to say which detainee will appear at Friday's hearing.

The group includes Khalid Sheikh Mohammed and Ramzi Binalshibh, who allegedly was to have been the 20th hijacker but was refused a U.S. visa.

When Combatant Status Review Tribunals were first introduced in the summer of 2004, the Pentagon went out of its way to airlift reporters to Guantanamo. Under ground rules in effect then, the reporters could not name the captives.

The cramped trailer where the hearings took place held a table for the panel of three military officers; a table for the service member recording the events; and two shackle points beside plastic chairs for the captive and any fellow captive he may bring as a witness.

Hearings For 14 Guantanamo Detainees To Be Held In Secret, Officials Say (WP)

By Josh White

The Washington Post, March 7, 2007

DOJ_NMG_0141091

Military tribunals are scheduled to begin Friday for 14 high-value foreign terrorism suspects held at Guantanamo Bay, Cuba, but the hearings to determine whether they are enemy combatants will take place behind closed doors because of the risk that top-secret information could surface, defense officials said yesterday.

The hearings will be the first secret Combatant Status Review Tribunals at Guantanamo; similar proceedings for hundreds of other detainees have been open to news media.

The hearings were to be the first time men such as Khalid Sheik Mohammed -- the alleged architect of the Sept. 11, 2001, attacks -- made public appearances since their arrests and years-long detention in secret CIA facilities.

Instead, the 14 detainees will face separate three-officer panels out of view and without a lawyer. They will each have a government-provided personal representative and the opportunity to address the tribunals. None of the men has seen anyone other than his captors, except for representatives of the International Committee of the Red Cross who visited shortly after their arrival in September.

Though President Bush has determined that the detainees are enemy combatants, new U.S. laws require the tribunals. If the detainees are found to be enemy combatants, they will be entitled to annual reviews of their status until they face trial.

Defense officials also announced that a second round of annual reviews for 328 detainees had been completed, with 55 getting recommendations for transfer to their home nations and 273 being referred for continued detention at Guantanamo.

There are 385 detainees at the facility; about 80 have been cleared for transfer to other countries. It is unclear what will happen to detainees who are not cleared for transfer but have not been charged with crimes, although Bush has expressed a desire to close the detention facility.

Hearings Set On Status Of Detainees (NYT)

By David S. Cloud

The New York Times, March 7, 2007

WASHINGTON, March 6 — The Pentagon said on Tuesday that it planned to begin hearings this week on the status of 14 prisoners who were transferred from secret prisons to the military prison at Guantánamo Bay, Cuba.

The reviews are to determine formally if the prisoners, who include the accused mastermind of the attacks of Sept. 11, 2001, Khalid Shaikh Mohammed, and 13 others, are properly held as enemy combatants and may be tried by special military courts.

The first hearing will begin on Friday, a Pentagon spokesman, Bryan Whitman, said.

Mr. Mohammed and the other suspects, all considered leaders of Al Qaeda's network, were transferred from secret prisons around the world to the military detention center at Guantánamo last September, where Bush administration officials said they would be held pending trial.

No reporters or other outside observers, like defense lawyers, will be allowed to attend the status hearings, officials said. Mr. Whitman said transcripts would be made public "with redactions for national security."

Current plans call for withholding the names of the prisoners in the transcripts, Defense Department officials who briefed reporters said.

The officials said the secrecy was necessary to avoid disclosing the circumstances of their capture and other sensitive information.

It was unclear whether any accusations by the prisoners that they have been mistreated while in custody would be made public.

"I can't answer the hypothetical because I don't know the context in which that information might be raised," a Defense Department official said.

A summary of the evidence against the unidentified prisoners will be released after each hearing is concluded, officials said.

San Joaquin Valley Man To Stay In Jail, Could Face Terror Charge (AP)

AP, March 7, 2007

DOJ_NMG_0141092

FRESNO -- A San Joaquin Valley businessman of Yemeni descent must stay in jail while prosecutors decide whether to charge him with financing a terrorist organization, a federal judge ruled Tuesday.

Abdulla Qassem Ahmed Muthana, 43, a Yemeni national who lives in Corcoran, was indicted last year on four counts of money laundering after undercover officers built a case against him for allegedly laundering unemployment checks through his two grocery stores.

He pleaded not guilty.

Last week, he was arrested after a second sting, in which undercover federal Customs and Immigration Enforcement agents asked him to help them wire funds to Hezbollah, which the U.S. State Department classifies as a terrorist organization.

Muthana allegedly obliged, and sent about $55,000 to a bank account in Bahrain, which was controlled by ICE, according to federal documents. Agents told him they had ties to Hezbollah and would use the money to buy weapons, uniforms and to rebuild schools and bases in Lebanon, the documents said.

"He sent money overseas thinking that it was money for Hezbollah," said Assistant U.S. Attorney Stanley Boone.

Tuesday, U.S. District Court Judge Oliver W. Wanger ruled Muthana was a flight risk, so should remain in custody in the Fresno County Jail.

Muthana could also face additional charges of financing terrorism, unlicensed money transmitting and purchasing contraband cigarettes, according to an affidavit issued in support of a search warrant request for his Ranchito Market stores in Corcoran and rural Tulare County.

His lawyer, Assistant Federal Defender Marc C. Ament, said he could not comment on the details of the case.

The FBI's Fresno office first began investigating Muthana in May 2004.

According to federal grand jury indictment unsealed last week, undercover officers would offer Muthana unemployment checks and tell him they obtained them fraudulently. Muthana would give the agents cash for the checks, which he deposited into his business bank account, keeping nearly $17,000 as a commission, the indictment said.

Between September 2005 and January 2006, Muthana received 324 state Unemployment Development Department checks with a face value of more than $209,000, according to the affidavit.

The second sting operation began after the FBI's Buffalo, N.Y. office told officials in California Muthana had been identified in a local case as someone who "could move $100,000 overseas without problems," federal documents said.

Undercover federal agents met with Muthana twice at Fresno's Piccadilly Inn Airport Hotel, where he pledged to wire transfer money to the bank account in Bahrain.

After the first meeting in November, Muthana wired about $55,000 to the account and kept $5,000 as his cut. Last month, the agents gave him an additional $80,000 to transfer overseas, the affidavit states.

His next scheduled court appearance is March 19, Boone said.

HOMELAND RESPONSE:

SENTINEL EXCLUSIVE Man Smuggled Guns, Marijuana On Flight From Orlando To Puerto Rico (ORS)

By Jeannette Rivera-Lyles, Pedro Ruz Gutierrez And Beth Kassab, Sentinel Staff Writers

The Orlando Sentinel, March 7, 2007

The man packed 13 handguns, a M-16-type automatic weapon and eight pounds of marijuana in a suitcase.

An airline employee at Orlando International Airport used his security privileges on Monday to sneak a duffle bag containing 13 handguns, an assault rifle and eight pounds of marijuana aboard a Delta flight to San Juan.

Puerto Rico Police arrested Thomas Anthony Muñoz, 22, of Kissimmee, and confiscated the weapons after he walked off Delta Airlines flight 933 Monday afternoon.

It was unclear Tuesday night precisely who notified Puerto Rico authorities at San Juan's Luis Muñoz Marín International Airport, but it's possible that Muñoz's arrest was part of a larger gun-running and drug investigation.

A sworn affidavit by an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Puerto Rico states that police on the island were tipped by authorities in Orlando.

According to ATF agent Marco Carrillo's affidavit, Muñoz used his Comair Airlines identification card to sneak the weapons on board.

Muñoz told Carrillo that another employee at the Orlando airport recruited him to smuggle the drugs and guns on board after learning that he was having money problems.

That employee, identified in the affidavit only as ZAB, told Muñoz he had smuggled guns and drugs to Puerto Rico before. He then offered Muñoz about $4,000 to $5,000 to do the same, Carrillo wrote in the affidavit.

Carrillo went on to describe how the two men planned the deal:

On Friday, March 2, they met at a convenience store in Kissimmee where ZAB received two wire transfers for $1,800 from a contact in Puerto Rico.

The next day, they returned to the same store and received another wire transfer of an undetermined amount of money.

Then, on Sunday, Muñoz went to ZAB's house in Kissimmee where he watched the man pack the duffle bag with marijuana and weapons that he had bought at a gun show in Tampa.

At about 2 a.m. Monday, Muñoz returned to ZAB's house where the two men plotted how Munoz would skirt the security network at the airport.

They arrived at the airport an hour later and gained access to restricted areas by using their identification cards, Carrillo stated.

That's how Muñoz was able to sneak the bag past the airport check points manned by the Transportation Security Agency.

He placed the guns and drugs at a secure area near a departure gate, and by 11:04 a.m. he was boarding the plane with the duffle bag.

Puerto Rico police superintendent Pedro Toledo said Tuesday that gun running from the mainland -- especially Central Florida -- is a major problem on the island that fuels a black market and a high murder rate.

"I don't know when TSA agents in Orlando learned what was going on, or why they didn't stop this person in Orlando, but it could've been that they learned about afterwards," Toledo said.

A TSA spokesman in Washington would not say when or how the agency's Orlando personnel found out about the drugs and guns in the commercial airliner.

"We can't discuss the details of an ongoing criminal investigation," said TSA spokesman Christopher White. "What we can say is that no weapons were brought through the security checkpoints and that at no time were passengers in danger."

Muñoz, 22, is a Kissimmee resident. He has been a Comair employee for three years and worked at the Orlando International Airport, said Kate Marx, a spokeswoman for the airline.

Muñoz, who has been suspended, is a customer service agent at Comair ? a job that allows him to work both the check-in counter and the area where planes are loaded and unloaded, Marx said.

Charles Slepian, an aviation security expert, said Muñoz's easy access to secure areas underscores a serious security problem. Airport workers, he said, are not subject to the same searches that airline passengers go through.

At Orlando International Airport workers are not routinely searched at the beginning of their shifts or any other time.

It would not be difficult for an employee "to take drugs or guns or a bomb or a biological weapon or anything else into the airport," said Slepian, chief executive officer of the New York-based Foreseeable Risk Analysis Center, a firm that consults with airlines and airports.

While TSA agents examine all passengers and airline crew along with their carry-on luggage and, separately, checked bags, workers come and go from the airport freely.

Only in September did TSA begin random checks of airport employees.

"Access to the back of the airport still has not been zipped up," Slepian said. "Nobody should be permitted to have access to the airplane, to baggage, to supplies or to cargo without going through the same screening that you or I go through."

Toledo pointed out what he sees as another major flaw in the system. People on the mainland, he said, are allowed to transport weapons aboard commercial airlines as long as they follow TSA rules.

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Among other restrictions, people must declare that they have a gun or guns prior to boarding. They must show permits for guns they are transporting. They must place the guns in secure containers with locks. The guns may not contain any ammunition.

But TSA does not limit the number of weapons that can be transported.

Puerto Rico's gun laws are much more restrictive than those in many states on the mainland, Toledo said. So in many cases, once the guns arrive on the island, they are no longer legal unless the carrier has a permit from authorities there.

"What is being happening is that people would buy guns in Orlando and other places to sell them in the black market," Toledo said.

Puerto Rico has one of the toughest gun laws in the nation, which make buying, selling and bearing weapons difficult. Consequently, guns that sell at under $200 at a U.S. Wal-Mart, can command more than $1,000 on the island's black market.

Jim Leusner of the Sentinel staff contributed to this report. Jeannette Rivera-Lyles can be reached at jrivera@orlandosentinel.com or 407 420-5471.

Fla. Man Charged With Bringing Weapons On Flight To Puerto Rico (AP)

By Miranda Leitsinger

AP, March 7, 2007

SAN JUAN, Puerto Rico - A Florida man has been arrested for allegedly bringing 14 weapons and drugs aboard a flight from Orlando to Puerto Rico, authorities said Tuesday.

Thomas Anthony Munoz, 22, of Kissimmee, Fla., was arrested after he was found with 13 handguns, one assault rifle and eight clear bags containing marijuana on Monday, said Carlos Baixauli, a Miami-based special agent with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

Munoz boarded a Delta flight from Orlando International Airport to Luis Munoz Marin International Airport in San Juan, Delta spokeswoman Chris Kelly said.

Munoz was arrested in San Juan on U.S. weapons violations and turned over to federal authorities, Puerto Rico Police Superintendent Pedro Toledo said.

"We have information to the effect that this individual had apparently done this before," Toledo told the Orlando Sentinel.

Kevin Farrington, an FBI spokesman based in Miami, said an anonymous tip to the Orlando Police Department generated interest in Munoz's flight. More arrests could be made, he said.

"I can tell you there were weapons and drugs but we're not getting into specifics right now," he said. "We're still following up. It is an ongoing matter."

Passengers were never in danger, said Christopher White, a spokesman for the Transportation Security Administration Agency in Washington.

"While we cannot discuss details of an ongoing criminal matter, no weapons were brought through the passenger security checkpoint and at no time were passengers in any danger," White said.

Munoz was a three-year employee of the Cincinnati, Ohio-based Comair, a subsidiary of Delta, company spokeswoman Kate Marx said. He has been suspended pending an investigation.

Munoz, who was not on duty at the time, was a customer service agent. His duties would include loading and unloading luggage on the ramp outside the airplane, but "he would not have performed those duties for this particular flight," Marx said.

Iraqi National Carrying Suspicious Object Detained At LAX (LAT)

By Andrew Blankstein, Times Staff Writer

The Los Angeles Times, March 7, 2007

Authorities today detained an Iraqi national who was carrying a suspicious object at Los Angeles International's Terminal One.

Los Angeles airport police held the man in a passenger screening area after security agents discovered at 5:40 a.m. that he was carrying a metal object, officials said. FOR THE RECORD:

An earlier version of this story misspelled the last name of an FBI spokeswoman. Her name is Laura Eimiller. Also, an earlier version incorrectly identified the name of the federal security director at LAX. His name is Larry Fetters. A preliminary investigation of the man's bags -- which were taken off a flight that was scheduled to go to Philadelphia but diverted to Las Vegas -- found nothing hazardous or dangerous, authorities said.

The man has been turned over to Immigration and Customs authorities for additional questioning, officials said at an afternoon news conference.

The man was identified as Fadhel Maliki, 35, of Atlantic City, N.J., an Iraqi national who has been in the United States since 1994, according to Ethel McGuire, the FBI assistant special agent assigned to the Joint Terrorism Task Force.

Maliki was going through preflight screening when he was pulled aside after acting suspicious, officials said. He had been previously flagged based on a travel profile, but officials refused to discuss details.

According to Larry Fetters, federal security director at LAX, Maliki was concealing objects connected to wires from his body.

The Los Angeles Police Department dispatched a bomb squad and hazardous material unit, and the FBI also sent personnel to the airport. But airport officials said the terminal remained open and no flights at LAX were disrupted.

"Based on our investigation, there was no threat to Los Angeles International Airport or the airports in Las Vegas or Philadelphia," McGuire said.

Maliki had been scheduled to fly to Philadelphia aboard U.S. Airways Flight 1422, and the aircraft was diverted to Las Vegas, according to Laura Eimiller, an FBI spokeswoman.

Airport officials said that federal authorities pulled his two bags from the plane in Las Vegas and examined the list of passengers on the flight.

Passengers were taken off the plane, which was parked away from the terminal. Passengers had to leave their carry-on bags on the plane, and the plane and the luggage were searched, according to Liz Landau, a spokeswoman for U.S. Airways.

Flight 1422, with 143 passengers and six crew members, left Las Vegas just before 2 p.m. and is headed to Philadelphia, she said.

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Philly-bound Flight Diverted To Vegas After Scare At LA Airport (AP)

By Robert Jablon, The Associated Press

AP, March 7, 2007

LOS ANGELES (AP) — An Iraqi immigrant with a suspicious device lodged in a body cavity was detained Tuesday at Los Angeles International Airport, authorities said.

A jetliner bound for Philadelphia, meanwhile, was diverted to Las Vegas because the man's luggage was aboard.

Officials said the device and the luggage were cleared by bomb squads in Los Angeles and Las Vegas.

"There never was a threat," said Larry Fetters, a security director for the federal Transportation Security Administration.

Fadhel Al-Maliki, 35, was held for a mental evaluation and for a possible immigration violation, federal officials said.

Al-Maliki, of Atlantic City, N.J., is a permanent legal resident who came to the U.S. in 1994.

He had flown to Los Angeles from Philadelphia on Monday and was booked for a return flight early Tuesday. He triggered an alert during a security screening, FBI spokeswoman Laura Eimiller said.

"He initially said (the device) was therapeutic," she said.

The device had a wire and what may have been a magnet concealed in his rectum, federal officials said. It did not contain any explosives.

Al-Maliki said he had flown to Los Angeles for a visit, Eimiller said.

No takeoffs or landings were affected at the LA airport. But a US Airways jet en route to Philadelphia was diverted because Al-Maliki's checked luggage already had been screened and put aboard.

Flight 1422, carrying 143 passengers and six crew, landed at McCarran International Airport in Las Vegas about 8:30 a.m. The plane was searched and later cleared to continue on to Philadelphia, an airport spokesman said.

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Associated Press Writer Ken Ritter in Las Vegas contributed to this report.

Unfinished Business (TTNJ)

Trenton Times (NJ), March 7, 2007

Only about a month after the horror of 9/11, Mercer County residents awoke to news that letters containing deadly anthrax had been mailed from the Trenton regional mail facility in Hamilton Township. The anthrax attack ended up killing five people and left more than a dozen others ill, including five area postal workers. Fortunately, all five have recovered.

But now, five and a half years later, the killer or killers have not been found and federal investigators have been less than forthcoming in reporting progress or the lack thereof to the public or to elected officials.

Early on in the investigation there was a "person of interest" whom the FBI identified, but no charges ever were brought against the man, a former government scientist.

Fortunately, Rep. Rush Holt, D-Hopewell Township, whose office had to be shut down when traces of anthrax were found there, is pushing to have Congress hold hearings on the investigation. He's sent letters to the chairmen of four committees and the chairman of one subcommittee, requesting them to begin airing testimony on the status of the probe. This after Rep. Holt's request last fall for a congressional briefing by the FBI was denied. And when Rep. Holt and 31 other members of the House and Senate made another briefing request in December, U.S. Attorney General Alberto R. Gonzales refused them.

"The Department of Justice and Federal Bureau of Investigation have openly asserted their belief that Congress should be kept in the dark on this vital national security issue," Rep. Holt wrote in his letter to the chairmen.

It's time to lift the veil of secrecy. After five-and-a-half years, Attorney General Gonzales and the head of the FBI should share, within bounds, what they know about the investigation: Is it ongoing? And if it is, how do the resources in the investigation compare to five years ago when the trail, presumably, was fresher? Are there new leads or is the trail cold? Is there evidence to suggest this was an attack from terrorists outside the U.S. or the work of a domestic killer?

The deadly attack shut down the Hamilton mail facility on Route 130 for more than three years. After the building was fumigated and monitored, it reopened in February 2005. It is believed that four anthrax-laced letters were processed at the center, which has to raise a question in the minds of workers there and workers at every other mail distribution center: Could it happen again?

Federal investigators owe the public an update on the anthrax investigation. And they owe it now.

Feds Test New Data Mining Program (USAT)

By John Yaukey

USA Today, March 7, 2007

WASHINGTON — Lawmakers and privacy advocates are concerned that a powerful new data searching tool being tested by the Department of Homeland Security could pose a threat to Americans' privacy as it sifts through mountains of information for patterns that might reveal terrorists.

Called ADVISE — for Analysis, Dissemination, Visualization, Insight and Semantic Enhancement — the program is capable of linking and cross-matching material from websites and blogs to government records and personal data.

Homeland Security has quietly been developing the ADVISE program since 2003, the same year another powerful data mining program at the Pentagon called Total Information Awareness was scuttled over privacy concerns.

Some leading lawmakers believe Congress needs to scrutinize these programs carefully, fearing data analysis capability is advancing so quickly that government oversight can't keep pace with it.

The Government Accountability Office (GAO) just completed an analysis of ADVISE at the request of lawmakers, who could release the report as soon as this week.

"Congress is overdue in taking stock of the proliferation of these databases that increasingly are collecting and sifting more and more information about each and every American," said Sen. Patrick Leahy, D-Vt., who chairs the Judiciary Committee.

Concern over government data mining prompted Leahy and several other senators to introduce the Federal Agency Data Mining Reporting Act of 2007 in January. The act would require that all federal agencies report their data mining activities to Congress.

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Homeland Security officials said ADVISE complies with all privacy regulations. "We have not used any data that was not legally obtained," Homeland Security spokesman Chris Kelly said.

"There is not enough information about these (data mining) programs to meaningfully evaluate the benefits," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a Washington, D.C.-based public interest research center that focuses on civil liberty and privacy issues.

In December 2005, the Bush administration acknowledged warrantless surveillance of terrorism suspects' phone calls coming into and leaving the USA. That program has since been put under the supervision of a secret federal court.

Data mining is a powerful technology used across the government and in business. Credit card companies routinely use it to look for suspicious patterns in customer spending. The GAO used data mining technology to uncover an estimated $1 billion in improper federal relief payments after Hurricanes Katrina and Rita.

At least 52 different federal agencies use data mining technology, and there are at least 199 different data mining programs in use, according to the GAO. Eventual deployment of ADVISE would depend on demand for it, Kelly said.

Senate Backs Union Rights For Airport Screeners (NYT/AP)

By The Associated Press

The New York Times, March 7, 2007

WASHINGTON, March 6 (AP) — The Senate voted Tuesday to give 45,000 airport screeners the same union rights as border patrol, customs and immigration agents, despite a White House threat to veto it.

The vote, 51 to 46, rejected an amendment by Senator Jim DeMint, Republican of South Carolina, which would have removed the union rights from a broad antiterrorism bill to carry out recommendations of the Sept. 11 commission previously rejected by Congress.

The House passed a similar bill with the same union provision for airport screeners in an indication of organized labor's strength with Democrats now running Congress.

Republicans vowed to remove the provision when negotiators sit down to merge the House and Senate bills.

"We're not going to let big labor compromise national security," said Senator Mitch McConnell, Republican of Kentucky.

Mr. McConnell, the minority leader, said there were not enough votes in either the House or Senate to override a veto by President Bush.

White House officials released a statement last week saying President Bush's senior advisers would recommend that he veto the bill if it included the provision for screeners.

"It's absolutely absurd," said Senator Richard M. Burr, Republican of North Carolina. "Terrorists don't go on strike. Terrorists don't call their union to negotiate before they attack."

Senator Sherrod Brown, Democrat of Ohio, said collective bargaining rights would not allow screeners to strike and would grant them basic protections from overwork, dangerous conditions and retaliation if they report security breaches.

Senate Moves Toward Allowing Airport Screeners To Unionize (AP)

By Leslie Miller

The AP, March 6, 2007

WASHINGTON -- The Senate voted Tuesday to give 45,000 airport screeners the same union rights as other public safety officers, despite vigorous opposition by Republicans and a veto threat from the White House.

A broad anti-terrorism bill that would implement the remaining recommendations of the Sept. 11 commission includes a provision that would give airport screeners the right to bargain collectively. An amendment by Sen. Jim DeMint, R-S.C., would have removed that right, but was defeated by a vote of 51-46.

The Senate expects to complete work on the bill by the end of the week.

The House last month passed a similar anti-terrorism bill that had the same union provision for airport screeners, an indication of organized labor's strength with Democrats now running Congress.

Republicans pledged to eliminate the union provision when negotiators sit down to merge the two versions of the legislation that aims to tighten security for airlines and railroads. The White House issued a statement last week threatening a veto if the labor provision is left in the bill.

"We're not going to let big labor compromise national security," said Senate Minority Leader Mitch McConnell, R-Ky., noting there are not enough votes in either the House or the Senate to override a veto by President Bush.

The conflict over labor rights is a reprise of the debate in 2002 over creating the Homeland Security Department. Sen. Max Cleland, D-Ga., voted against the bill because it didn't guarantee union bargaining rights. That same year, Cleland was defeated for re-election by Republican Saxby Chambliss, who accused him of being soft on terrorism.

Sens. Susan Collins, R-Maine, and Claire McCaskill, D-Mo., are trying to compromise with amendments that would give screeners some rights. Collins' amendment would give them whistleblower protection and the right to appeal management decisions, but not the right to bargain collectively.

McCaskill's amendment would give screeners the right to bargain collectively but not for pay, and would give the Transportation Security Administration the power to "take whatever actions may be necessary" during emergencies.

Labor scored an earlier victory last month when the House passed The Employee Free Choice Act, also known as the card check bill, which would make it easier to organize unions by eliminating secret-ballot elections demanded by employers.

After his amendment was defeated, DeMint said Democrats had turned the anti-terrorism bill into a reward for organized labor, which had helped elect them in November.

"Collective bargaining will not work for our airports," DeMint said. He said strengthening airport screeners' rights would hinder the government's flexibility to move them around in response to terrorist threats.

"That is completely untrue and every other Department of Homeland Security employee should take personal offense," said John Gage, president of the American Federation of Government Employees.

According to AFGE, there are 53,000 workers with collective bargaining rights employed at the Homeland Security Department, including customs, immigration and border patrol agents.

A stumbling block to Senate passage of the anti-terrorism bill was removed Thursday when the Homeland Security Department agreed to grant states an extra 1.5 years to comply with new driver's license standards passed in the 2005 REAL-ID Act.

The Senate bill would upgrade security on passenger and freight railroads and require all cargo carried on commercial passenger aircraft to be screened for bombs.

It would provide funds for state and local emergency communications systems, expand a visa waiver benefit for favored countries and improve intelligence sharing among federal, state and local officials.

Senate OKs Airport Screener Unions (WT)

By Sean Lengell

The Washington Times, March 7, 2007

The Democrat-led Senate yesterday voted to give 45,000 airport screeners the right to unionize, ignoring a veto threat by President Bush and giving organized labor its second victory on Capitol Hill in as many weeks.

Republicans failed to remove the union measure from a counterterrorism bill in a 51-46 vote, but vowed to strike it from the legislation when House and Senate negotiators iron out differences in the bill, which the Senate is expected to pass this week.

"We know how this charade is going to end. Republicans won't let security be used as a bargaining chip," said Senate Minority Leader Mitch McConnell of Kentucky. "It's just too bad Americans will have to wait even longer for this bill to be signed into law because of the efforts to satisfy organized labor."

On Monday, Transportation Security Administration chief Kip Hawley told senators that allowing airport screeners to unionize would hinder the agency's flexibility to respond to terrorist threats.

"A system that adds bargaining, barriers and bureaucracy to an agency on whom travelers depend for their security can be characterized as many things, but it does not improve security," Mr. Hawley told the Homeland Security and Governmental Affairs subcommittee on oversight of government management, the federal workforce, and the District of Columbia.

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Democrats say the right to unionize has nothing to do with national security.

"This bill preserves ample flexibility for the TSA administrator to promptly redeploy [screeners], change their assignments, train them in new technologies or screening methods, and otherwise respond to whatever problems or needs may arise to keep air travel safe," said Sen. Joe Lieberman, Connecticut independent.

The Bush administration has threatened a veto of the bill, which contains several measures recommended by the National Commission on Terrorist Attacks Upon the United States, if it includes the union provision for screeners. Republicans say there aren't enough votes in either chamber to override a veto.

Sen. Susan Collins, Maine Republican, introduced a compromise amendment Monday that would prohibit screeners from unionizing but would give them additional workplace protections.

Organized labor has reported declining membership in recent decades, but has gained significant political influence since Democrats took control of the House and Senate in the November elections.

The House passed a similar counterterrorism bill with a union provision for airport screeners last month and voted in favor of a bill last week to make it easier for unions to organize.

Republicans say Democrats' efforts amount to political payback to organized labor.

"It's outrageous that some politicians want to protect union bosses more than they want to protect Americans from terrorist attacks," said Sen. Jim DeMint, South Carolina Republican and the main sponsor of the failed amendment to bar screeners from unionizing.

"This provision was not recommended by the 9/11 commission. It was recommended by labor unions."

Democrats counter that members of U.S. Capitol Police, the U.S. Border Patrol and other federal security agencies can join unions.

"This will help foster a more stable and professional work force and in turn increase public safety and national security," Mr. Lieberman said.

Republicans say airport screening cannot be compared to other security or law-enforcement duties.

"I think it's hard for [Democrats] to make a case that our border security has worked effectively," Mr. DeMint said. "And while [Capitol Police] sometimes need flexibility, seldom do they need the kind of flexibility we need at airports."

Congress has withheld collective-bargaining privileges for airport screeners since they became federal employees under the TSA after the September 11 attacks.

WAR NEWS:

President Cites 'Encouraging Signs' From New Iraq Plan (WP)

By Michael Abramowitz And Jonathan Weisman

The Washington Post, March 7, 2007

President Bush said yesterday that there are "encouraging signs" that his new strategy in Iraq is working and bluntly challenged a divided Congress to provide funding for the war with no restrictions on commanders.

The president's appraisal, his first detailed assessment of the war since unveiling his new plan for Iraq on Jan. 10, was immediately attacked by congressional Democrats as a new attempt to raise false hopes about a deteriorating situation in Iraq. Advisers said Bush's comments were based on briefings from commanders on the ground and were designed to counter the argument from many Democrats on Capitol Hill that his Iraq strategy is destined to fail.

Bush said the Iraqi government has completed the deployment of three additional Iraqi army brigades to Baghdad and has lifted restrictions on U.S. forces going into certain neighborhoods in the capital. He said the government of Prime Minister Nouri al-Maliki has also started delivering on promises to meet political benchmarks, such as a new law to distribute oil revenues throughout the country.

"It is too early to judge the success of this operation. . . . This strategy is going to take time," Bush told hundreds of veterans gathered at the American Legion conference in Washington. "Yet even at this early hour, there are some encouraging signs."

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Bush's comments seemed calculated to exploit divisions among Democrats who were swept into power by opposition to the war but have not agreed how to oppose it effectively. Congressional leaders are struggling to reconcile lawmakers who want to cut off funding and quickly end U.S. involvement in Iraq with others wary of interfering with the war.

Appearing before a friendly audience, the president said that some lawmakers think the mission in Iraq can succeed without the additional 21,500 troops he has ordered to the theater.

Other lawmakers, Bush added, "seem to believe that we can have it all: that we can fight al-Qaeda, pursue national reconciliation, initiate aggressive diplomacy and deter Iran's ambitions in Iraq -- all while withdrawing from Baghdad and reducing our troop levels. That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for."

Congressional Democrats gave little credence to Bush's assessment of the situation in Iraq or of their legislative plans. Rep. Patrick J. Murphy (D-Pa.), whose combat tour in Iraq propelled him into politics, was in Baghdad last week and said yesterday that he saw little change. Iraqis "are still sitting on the sidelines," he said, watching idly as their countrymen thwart progress toward reconciliation and tear down the electrical grid, while they wait for U.S. troops and money to intervene.

"At some point, you have raise the BS flag," the gruff former Army paratrooper said. "Every single Iraqi home has an AK-47 with 50 rounds of ammunition. It's the will of the people that's the problem."

Rep. Nancy Boyda (D-Kan.), who returned from Iraq Monday night, said U.S. commanders were cautiously optimistic as they described efforts to protect marketplaces and allow life in Baghdad to regain a semblance of normalcy. The Baghdad morgue's nightly body count had dropped to 10 from 100, but the officers, including Gen. David H. Petraeus, were not ready to draw conclusions, she said.

"They were really downplaying expectations" and for good reason, Boyda said. A recent bombing in a Baghdad book market filled the morgue again and set back the commanders' efforts to allow residents some measure of security.

The president had offered relatively little public assessment of the situation on the ground in Iraq since his Jan. 10 speech outlining a new strategy including the additional troops and a greater emphasis on Iraqi forces taking the lead in securing Baghdad. The White House has been clearly cognizant of the damage done to its credibility by its repeated promises of improvements being undone by rising sectarian violence in Iraq.

Indeed, the president's remarks came on a day when at least 118 Shiite pilgrims were killed in bombings and shootings across central Iraq -- attacks immediately claimed by Sunni insurgents.

White House aides have said that a full assessment of the new strategy will not be possible until summer. But in recent days, senior officials have sounded a more guardedly optimistic tone in private settings, and Bush went public with it yesterday -- though some in his own party cringed at even the modest horn-tooting. "We don't have the credibility to make that observation," said prominent GOP lobbyist Ed Rogers. "For the president to make that observation instantly makes people want to challenge that and wave the bloody shirt."

Some experts who follow Iraq closely said some of Bush's statements will surely be challenged. For example, Bush said it is a positive sign that the Iraqi government recently budgeted $10 billion for economic reconstruction and capital investment. But budgeting that money has not been the problem -- it has been the ability of the Iraqi government to spend it, according to many experts.

"I am really cautious on this," said one senior U.S. official involved with Iraq policy, referring to signs of improved governance by the Maliki government. "This is something to keep an eye on as an emerging trend -- I don't think its more than that."

Retired Gen. Barry McCaffrey, who has traveled frequently to Iraq, said he was encouraged by the presence of the new U.S. commander, Petraeus, and new ambassador, Ryan Crocker. "My head tells me we are in a very dangerous situation -- and in a general sense it is moving in the wrong direction," he said. "My heart tells me that Petraeus and Crocker may be able to talk 100 key Shia and Sunni leaders into moving back from the precipice."

While Bush spoke yesterday, House Democrats closed in on an agreement over supplemental war-funding legislation that they hope would force the president to live up to his promises and begin bringing troops home next year. The compromise would

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restrict the deployment of troops to only those deemed properly rested, trained and equipped. However, the president could waive those restrictions, provided he offers a justification for why they cannot be met.

The centerpiece of the compromise is implementation of the same benchmarks that Bush laid out in January to measure the Iraqi government's progress on stabilizing the country. If Maliki cannot meet those benchmarks, Bush would have to submit a plan to Congress next year to start withdrawing troops from combat areas, beginning in mid-2008 and concluding no later than Dec. 31 of that year.

But Democratic divisions remain stark, especially among the most liberal members of the Out of Iraq Caucus. The group's co-chairman, Rep. Lynn Woolsey (D-Calif.), said a deadline of Dec. 31, 2008, is unacceptably distant and promised that "a very respectable group of members" would not vote to fund the war unless Democratic leaders take a more aggressive stand to bring troops home much sooner.

Bush: U.S. Making Progress In Iraq (AP)

By Ben Feller

AP, March 7, 2007

President Bush said Tuesday his decision to send more troops to Baghdad is yielding "gradual but important" progress in Iraq. He portrayed himself as steadfast while Democrats squabble over strategy.

War-weary voters put Democrats in charge of Congress, but lawmakers have not decided how or whether to restrict Bush on Iraq through legislation. Bush seized on that divide and cautioned Democrats not to interfere with military missions.

"Other members of Congress seem to believe that we can have it all: that we can fight al-Qaida, pursue national reconciliation, initiate aggressive diplomacy and deter Iran's ambitions in Iraq — all while withdrawing from Baghdad and reducing our force levels," Bush said in a speech to the American Legion.

"That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for. There are no shortcuts in Iraq," the president said.

House Speaker Nancy Pelosi, D-Calif., said Democrats are determined to lead a new direction on Iraq policy. That includes getting troops home and shifting the U.S. mission from combat to training, troop protection and counterterrorism.

"The war in Iraq is not making our country safer, our military stronger or the region more stable," Pelosi said Tuesday. "In fact, the war in Iraq is the greatest ethical challenge facing our nation."

The war is deeply unpopular. The White House also has been rocked by revelations of shoddy care for wounded soldiers at a premier Army hospital in Washington, angering lawmakers in both parties.

Bush said Democrats have a right to express their opinions. Then he methodically criticized several of their ideas: adding unrelated items to a war spending bill; narrowing the mission in Iraq; or placing conditions on money for the war.

The House has approved a symbolic measure disapproving of Bush's troop buildup. The proposal has stalled in the Senate. The White House is preparing for what it sees as the real political fight — the upcoming vote on a $100 billion war spending bill.

Bush said Congress should approve the war money without strings or delay. Military commanders, he said, should have "the flexibility to carry out their missions without undue interference from politicians in Washington."

Meanwhile, Bush said a security crackdown in Baghdad is showing "encouraging signs." The White House sees stability in the Iraqi capital as the centerpiece of a political, military and diplomatic plan to winning the war.

"Iraqi and U.S. forces are making gradual but important progress almost every day," Bush said. "We will remain steadfast until our objectives are achieved."

Iraq's government has kept its pledge to deploy three additional Iraqi army brigades to Baghdad and has lifted restrictions that prevented coalition and Iraqi forces from going into certain areas, the president said.

Yet bursts of violence continue as insurgents move elsewhere.

Two suicide bombers blew themselves up Tuesday in a crowd of Shiite pilgrims streaming toward the holy city of Karbala. The blasts killed 93 people in one of several attacks targeting the faithful ahead of a weekend holiday.

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The attack came a day after U.S. forces suffered their deadliest day in nearly a month — nine American soldiers were killed in explosions north of Baghdad, the military said.

Bush announced in January he was sending an additional 21,500 U.S. troops to Iraq despite widespread opposition to the war and opposition to his plan in the Democratic-controlled Congress.

In the fight for public opinion, the White House has characterized Democrats as being against the troop increase without clearly articulating what they support.

Bush Lauds 'Surge' Results (WT)

By Jon Ward

The Washington Times, March 7, 2007

President Bush yesterday touted positive early results of his troop "surge" in Iraq and urged patience with the plan, though the administration says privately it knows it has only a short time to produce substantive results.

"It's too early to judge the success of this operation. The strategy is going to take time," said Mr. Bush in a speech to the American Legion's national convention in the District. "Yet even at this early hour, there are some encouraging signs."

Mr. Bush told his audience that while "the struggle in Iraq may be hard this should not be a time for despair."

The crowd of several hundred mostly-older veterans laughed at the president's jokes and cheered him on, but their largest applause a standing ovation came when the president said Congress should not restrict or cut off funding for the war.

Still, administration officials say they know that America's patience with the Iraq war has grown thin. But they think the plan to send 21,500 additional troops to Iraq has bought them a short window of time.

"I think right now there's a wait-and-see attitude by the public, which is what we were hoping for," said a senior Bush administration official. "While there hasn't been a spike in support for it, it's almost a pay-as-you-go approach, and as they see a little bit of progress, they'll buy you a little more time."

Polls continue to show substantial opposition to the president's surge.

Those polls, the senior White House official said, are "all depending on how you frame the questions." The public is "more inclined to wait and see how this new strategy works more so than many of our friends on Capitol Hill."

Mr. Bush said in his speech that Iraqis are delivering, militarily and politically, on promises they made at the president's request, as a condition for his sending more troops.

He cited the proposal of a law to share oil revenue equitably among all three principal Iraqi groups, and the government's agreement to spend $10 billion on reconstruction within the country, as two positive political signs.

"Now Iraq's leaders must meet the other pledges they have made," Mr. Bush said.

Those pledges include allowing members of Saddam Hussein's Ba'ath Party who are barred from many jobs to be employed by the government, working on a constitutional review process, and setting a date for provincial elections.

The president also said that U.S. and Iraqi forces have had success in capturing and killing al Qaeda terrorists during recent operations, and have captured more than 700 people "affiliated with Shia extremists." U.S. and Iraqi forces have also recovered large weapon- and bomb-making caches, Mr. Bush said.

The news out of Iraq yesterday, however, was bad. Two suicide bombers killed 93 persons when they blew themselves up in the midst of a crowd of Shi'ite pilgrims near the holy city of Karbala. On Monday, nine U.S. soldiers were killed in attacks.

"You see some signs of success, but you also see horrible suicide bombings, and you also see our soldiers dying. And so we have got a long way to go," said White House spokeswoman Dana Perino.

In his speech, Mr. Bush said congressional Democrats have a right to criticize his conduct of the war and its course but he criticized several of their ideas: adding unrelated items to a war spending bill, narrowing the mission in Iraq, or placing conditions on money for the war.

Mr. Bush told the gathered veterans that military commanders should have "the flexibility to carry out their missions without undue interference from politicians in Washington."

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The White House also has had to deal with a series of embarrassing revelations about wounded Iraq war veterans getting poor care at Walter Reed Army Medical Center in the District. Mr. Bush used yesterday's speech to the friendly audience of Legionnaires to announce the appointment of a bipartisan panel to investigate the mistreatment charges.

Bush Sees 'Test' For Iran, Syria, On Iraq (AFP)

By Olivier Knox

AFP, March 7, 2007

US President George W. Bush challenged Iran and Syria Tuesday to prove at a pair of upcoming international conferences on Iraq that they are serious about helping to quell deadly violence there.

"These meetings will be an important test. They'll be a test of whether Iran and Syria are truly interested in being constructive forces in Iraq," he said in a speech to the American Legion US veterans organization.

The two conferences will also "will be a test for the international community to express its support for this young democracy, to support a nation that will be at peace with its neighbors," said the president.

Bush was referring to Iraq's call for a March 10 conference in Baghdad grouping officials from Iraq's neighbors as well as the five permanent members of the UN Security Council -- Britain, China, France, Russia, and the United States -- and the Arab League and the Organization of the Islamic Conference.

The US president also noted that there would be a subsequent meeting in April of foreign ministers from around the world, including US Secretary of State Condoleezza Rice, to discuss Iraq's future.

Tehran said on Monday it was "not hostile" to joining its arch enemy Washington and other permanent UN Security Council members at the March 10 talks.

Iran's foreign ministry had stressed on Sunday that no direct talks were planned between Iran and the United States at the Baghdad conference, while the US ambassador in Baghdad said no decision had been made on the matter.

Iran and the United States have not had normal diplomatic relations since Washington severed ties in 1980 in the wake of the seizure of its embassy in Tehran by Islamist students.

Any direct contacts between the two sides would mark a major break in the frozen relations, which have been marked by mutual recriminations and enmity over almost three decades.

Washington has repeatedly accused Tehran of fomenting the violence in Iraq and arming Shiite extremists who have carried out deadly attacks on Iraqis and US troops. Iran vehemently denies the charges.

In his speech, Bush also took aim at opposition Democrats now in control of the US Congress over their efforts to curb the war in Iraq and even in some cases threaten to cut off funds for US military operations there.

Bush said lawmakers have "a responsibility" to pay for the war and warned against "undue interference from politicians in Washington" in the way US military commanders in Iraq "carry out their missions."

And he assailed lawmakers calling for a withdrawal of US troops from Iraq.

They "seem to believe that we can have it all: That we can fight Al-Qaeda, pursue national reconciliation, initiate aggressive diplomacy, and deter Iran's ambitions in Iraq -- all while withdrawing from Baghdad and reducing our force levels," he said.

"That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for," he charged.

Bush said it was "too early to judge" the impact of the US-led crackdown in Baghdad and the increase in US troops it required and warned of future "spectacular attacks" as extremists try to derail the strategy.

"Yet even at this early hour, there are some encouraging signs," he said, pointing to Iraqi military deployments in Baghdad, a loosening of restrictions on US military action there, the discovery of weapons caches and capture of extremists.

Insurgents Target Shiite Pilgrims (USAT)

By Rick Jervis

USA Today, March 7, 2007

DOJ_NMG_0141104

BAGHDAD — Suicide bombers and gunmen attacked religious processions of Shiite pilgrims Tuesday, killing at least 130 people in one of the deadliest days of the four-year war.

Also Tuesday, the U.S. military announced the deaths of nine troops a day earlier in two separate explosions north of Baghdad.

The massacre of pilgrims may test the patience of Shiite militias that have tentatively put down their arms in recent weeks as U.S. troops flood into the capital under a new security initiative.

"The insurgents are trying to show that the U.S. plan is not working and that they can attack at will," said Kenneth Katzman, an Iraq expert at the Congressional Research Service.

A suicide bomber killed dozens and touched off a mad dash of pilgrims away from a bridge on the outskirts of Hillah, witness Salim Mohammed Ali Abbas told the Associated Press. As the fleeing crowd grew thicker, another suicide bomber detonated explosives.

The twin suicide bombs left at least 106 people dead, the AP reported. Elsewhere, gunmen and bombers hit group after group of pilgrims who also were making the annual trek to the holy city of Karbala, about 50 miles south of the capital. Some of the victims were on buses, while others were walking from Baghdad.

"The government bears some responsibility for this," said a Shiite parliament member, Bahaa al-Araji. "It has not provided enough security to protect the pilgrims."

In the past two years, the Mahdi Army, a powerful Shiite militia loyal to cleric Muqtada al-Sadr, stood guard over pilgrimages to Karbala. The group recently has scaled down operations as American troops flood into Baghdad and conduct house-to-house searches in the militia stronghold of Sadr City.

"While the Shia militias have basically disappeared, the Sunnis are stepping into the breach," said Vali Nasr, a professor of national security affairs at the Naval Postgraduate School in Monterey, Calif.

Brig. Gen. Abdul Kareem Khalaf al-Kenani, an Iraqi Interior Ministry spokesman, defended the security plan, saying the attacks occurred outside the control of the capital's security forces. Such large gatherings are usually easy targets for suicide attacks, he said.

"It's not surprising for us that such an incident would occur," al-Kenani said. "These are suicide bombers. How can you stop suicide bombers?"

Mohammed al-Temimi, a doctor at Hillah's main hospital, said some injuries were critical and the death toll could rise.

Also:

•Nine American soldiers were killed Monday in two separate explosions north of Baghdad, the U.S. military said. It was the deadliest single-day loss for U.S. forces in Iraq in nearly a month. Six soldiers from the 82nd Airborne Division died in a single blast in Salahuddin province. Three other soldiers were killed in a bombing in Diyala province.

•Gunmen stormed a prison in northern Iraq and freed about 140 inmates, but most were recaptured soon afterward, police said.

Attacks Across Iraq Kill At Least 109 Shiite Pilgrims (NYT)

By Richard A. Oppel Jr.

The New York Times, March 7, 2007

BAGHDAD, Wednesday, March 7 — Suicide bombers who lured unsuspecting pilgrims with cakes, and gunmen firing out of passing cars, turned preparations for a Shiite Muslim religious celebration into a day of carnage on Tuesday. At least 109 Shiite pilgrims were killed and more than 200 wounded with the death toll continuing to rise.

The American military also announced an unusually high death toll for American soldiers: nine killed on Monday, including six soldiers riding in two vehicles who died from the same huge bomb blast north of Baghdad.

The attacks demonstrated that Sunni militants could still inflict grave damage inside or outside the capital even as the American-backed Baghdad security plan entered its fourth week. The attacks immediately drew Shiite calls for reprisals.

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In Hilla, a southern city on the road that Shiite pilgrims from the south travel on the way to the holy city of Karbala, the first suicide bomber drew people in by handing them food, an age-old custom during the annual Arbaeen religious festival, which ends 40 days of mourning the death of the revered Shiite martyr Imam Hussein, the grandson of the Prophet Muhammad.

"The first bomber with the explosive belt was giving cakes to the pilgrims," said one survivor, Ali Hussain. A second bomber waited a few minutes for relatives and friends to rush to the wounded. Mr. Hussain, 30, survived that blast, too.

"I was thrown up into the air and landed on my back behind a concrete wall," he said. "I saw women and children getting blown up and torn to pieces. I got up and started removing the banners and religious symbols, so they wouldn't get covered with blood."

The back-to-back attacks killed at least 77 people and wounded 127 more, the Iraqi authorities said. State-run television reported a death toll closer to 100, with twice as many wounded.

The late afternoon attacks in Hilla followed a dozen attacks around Baghdad that killed at least 32 Shiite pilgrims heading south to Karbala. Most were killed by hidden bombs or by gunmen firing on pedestrians in drive-by shootings. The Shiites made easy targets, waving flags as they marched through the western half of the capital near the Tigris River or walked along the highway leading south out of Dora, one of Baghdad's most violent districts.

Together, the attacks represented the deadliest spate of violence since a huge truck bomb destroyed the Sadriya market in central Baghdad one month ago.

About 200 feet from the blast site in Hilla, local residents had set up chairs and tents as a rest stop for the pilgrims streaming up from southern Iraq, who had 25 miles to go to reach Karbala.

But the explosion left blood and hunks of human flesh covering the ground and stuck to the facade of the shops and the textile factory that surround the bomb site, a wide avenue divided by a foot-and-a-half-tall concrete barrier. Most victims were from Kut, Diwaniya, Nasiriya and Samawa, many of them women and children, the Iraqi police said.

In less than half an hour, local drivers and ambulances had removed the bodies and taken the wounded to hospitals, with one exception: the torso of the first bomber lay on the ground, frayed wires still draping his chest. He appeared to have been a heavyset man.

By early Wednesday morning no groups had taken credit for the attacks. In the chaotic aftermath of the Hilla blasts, survivors not only accused Sunni terrorists of carrying out the attacks but also blamed the Iraqi police and American forces for allowing them too happen.

Enraged, they said Iraqi policemen had stopped the Shiite marchers from searching unfamiliar people nearby.

"We hold the police responsible," said Khudair Abbas, 67, a survivor. "We were searching the pilgrims to look for terrorists, and a police force came and prevented us from searching, saying that it is their job to do. A few minutes after the police left, the explosion happened!"

Ahmad Hassan, 22, told a similar story. "The police told us that we have no right to search the pilgrims and that it is only the police who have the right to do so," he said.

Mr. Hussain said it appeared the police were intent on breaking up any effort by the Mahdi Army, the large militia controlled by anti-American Shiite cleric Moktada al-Sadr, to impose its own security on the march, as in past years.

"But there was no Mahdi Army among us," Mr. Hussain said. "We were all locals from the same area."

Hilla hospitals struggled to deal with all the casualties. "We have a shortage of space because Babylon hospital can not take all these wounded," said Dr. Ahmad Ugrish, deputy manager of the provincial health department. "We asked for help from Najaf and Karbala to send us more ambulances, and we asked people to give blood."

The turnout for this year's celebration of Arbaeen, which will commemorate this Saturday the 40th day after the defeat and death of Imam Hussein at Karbala in 680 A.D., is expected to be immense. About a million Shiites are expected to converge on Karbala on Saturday, several Shiite government officials said. The large turnout appears to be testimony to a widespread feeling among Shiites that they must stand firm against those who attack them and their faith.

Not long after the Hilla blasts, defiant survivors on the scene chanted, "We will keep our promise to you, Zahra, in spite of America and terrorists," a reference to the daughter of the prophet Muhammad.

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In the past few days, Shiites waving flags and chanting have flooded the highways to Karbala. Some travel on foot for as many as five days from Basra in the south of Iraq and others make shorter treks from Baghdad and Diyala. Fellow Shiites offer them water, meals or a place to sleep for the night during the march.

"This march toward the holy city is a big challenge to terrorism," said Haitham al-Husseini, a senior adviser to one of Iraq's most powerful leaders, Abdul Aziz al-Hakim, head of the Supreme Council for the Islamic Revolution in Iraq, a Shiite political party.

"In some of the crowds today they were chanting, 'Even if we are faced by a million terrorists on the road, we will not stop our march to the holy city,' " he said. "They were saying that today before the bombs, but I am sure that they will say it again tomorrow."

Prime Minister Nuri Kamal al-Maliki, a Shiite, vowed that "this terrible crime against harmless people will not pass without punishment, and those who are calling for division, which they started through their twisted fatwas, carry the responsibility of this massacre."

Near the northern city of Mosul, insurgents overran the Badoosh prison and staged a large jailbreak on Tuesday afternoon. A police commander in Mosul, Gen. Muhammad al-Waga, said 47 inmates were still at large. A suicide car bomb in western Mosul also killed five people, the police said.

At least 30 bodies were discovered scattered around Baghdad on Tuesday, all but one on the west side of the Tigris, according to an Interior Ministry official.

The American military command released few details of the deaths of the nine American servicemen on Monday.

Six soldiers were killed and three others wounded by a blast that struck two vehicles during combat in Salahuddin Province, the vast Sunni area that stretches north from the capital through Samarra and Saddam Hussein's home region to northern Iraq.

"It was a large I.E.D.," said Lt. Col. Christopher Garver, a military spokesman in Baghdad, using the military's abbreviation for an improvised explosive device, or roadside bomb. The six soldiers who died were in two vehicles, both struck by the one large bomb, Colonel Garver said. He declined to say what type of vehicle it was, where the attack happened, or what kind of roadside bomb it was.

Iraq Attacks Kill 110 Shiite Pilgrims (LAT)

By Julian E. Barnes And Christian Berthelsen,

The Los Angeles Times, March 7, 2007

Military officials warn that Sunnis may be trying to rekindle the civil war.

BAGHDAD — Bombings and shootings that killed more than 110 Shiite Muslim pilgrims observing a religious ritual Tuesday appear to be part of a Sunni insurgent strategy to rekindle sectarian warfare to levels that could derail the latest U.S.-led effort to stabilize Iraq.

U.S. military planners have been warning of spectacular attacks as Sunnis try to goad Shiite militias back into battle and destabilize Iraq's Shiite-led government. Shiite militants have reined in their campaign of execution-style revenge killings since a joint U.S.-Iraqi security crackdown began in Baghdad last month.

A senior Pentagon official said insurgent groups might attempt attacks as devastating as last year's bombing of the Golden Mosque in Samarra. The attack on the revered Shiite shrine has been blamed for setting off Iraq's civil war.

"They are trying to provoke the Shia," said the Pentagon official, who spoke on condition of anonymity when discussing internal planning. "My guess is they are going to try a repeat of Samarra. They may go back to Samarra and say, 'We didn't really level the place.' Imagine that, perception-wise — to go back to Samarra and finish the job."

The attacks on Shiite civilians came on a day when the U.S. announced the deaths of nine American troops Monday in roadside bomb attacks on their convoys in northern Iraq.

Six soldiers were killed in one bombing and three in another. It was the deadliest day for U.S. troops in Iraq in nearly a month, the military said.

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The soldiers were based in Tikrit, the birthplace of Saddam Hussein, north of Baghdad. The area is a Sunni insurgent stronghold. Further details were not available.

The U.S. military death toll stands at 3,185, according to icasualties.org, which tracks war-related deaths in Iraq.

More than 110 Shiites were reported killed in attacks in Hillah, Baghdad and Mosul.

Some were on their way to Karbala to participate in an annual celebration related to Ashura, one of the most important holidays on the Shiite calendar.

Shiite religious celebrations were largely suppressed under Hussein. Since his fall in 2003, public celebrations have become an important symbol of Shiite pride, but they also have become Sunni targets.

In the worst incident Tuesday, two suicide bombers walking among pilgrims in Hillah, south of Baghdad, detonated their explosive belts within two minutes of each other, killing at least 77 and injuring 127, local police said.

Witnesses said the first bomber walked near a large group of pilgrims and chanted prayers in an apparent effort to blend in with the crowd before detonating his bomb. The second blew himself up about 50 yards away.

Prime Minister Nouri Maliki, a Shiite, issued a statement condemning the attacks and extending condolences to the families of the victims, calling the bloodshed "horrendous."

In Baghdad, officials said at least 35 people, believed to be Shiites, were killed by gunmen, car bombs and roadside bombs. An estimated 137 were injured.

Although the number of killings attributed to Shiite militias has begun to creep back up after a decline, U.S. military officials believe the joint security plan has so far dissuaded some Shiite militias from conducting reprisal attacks for the bombings carried out by Sunni groups.

Yet that very success has Pentagon planners worried that Sunni insurgents and members of the group Al Qaeda in Iraq will launch more sensational attacks in an attempt to intensify the civil war.

Such fears are not based on specific intelligence but on the belief that the militants are intent on drawing the majority Shiite population, which controls Iraq's government, back into battle, officials said.

The senior Pentagon official said that new targets could include the Shiite mosques in Najaf or Karbala and that some fear the insurgents will try to assassinate Grand Ayatollah Ali Sistani, the preeminent Shiite religious leader in Iraq.

In Hillah, Ali Khadum, a 26-year-old member of the Iraqi national guard, said people froze in shock after the first explosion, and then stampeded.

"Women and men were running in all directions screaming," said Najiha Mohammed, 53, a homemaker who feeds and cares for the pilgrims. "Some of them were falling down. I think they were injured but they didn't feel it because of the shock."

Since the security crackdown in Baghdad began Feb. 13, the number of Iraqi killings has fallen slightly. According to the website icasualties.org, 1,531 Iraqi civilians and security forces were killed in February, compared with 1,802 in January.

In Washington, military officials describe a particularly complex situation in Baghdad as U.S. forces, the Shiite militias led by radical anti-American cleric Muqtada Sadr, and the Sunni insurgents, including foreign militants, adjust their strategies.

"This is a bit of a chess game," said the senior Pentagon official. "We made a move, we are surging. He [Sadr] made a move, he is laying low. Meanwhile, Al Qaeda is moving."

A military official in Baghdad said U.S. planners predicted both the Shiite militia strategy of curbing death squad executions and a Sunni strategy of attempting ever more spectacular bombings.

"Something that is truly going to attract public attention," said the military official, who also spoke on condition of anonymity. "I don't know what form it will take, but the intent is the media draw."

As sectarian attacks have escalated in recent days, Iraqi security officials have continued to say the crackdown will be effective.

"Nothing is difficult or impossible," said Quassim Mousawi, a spokesman for Iraqi officials carrying out the security plan. Once political and law enforcement efforts are fully underway, he said, "such attacks will be reduced."

U.S. military officials say Shiite militias have reduced their attacks in the face of the new security operations and troop buildup.

Sadr's Al Mahdi militia has ceded security outposts in Sadr City, its Baghdad stronghold, to the joint forces.

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"When you see a downturn [in executions], you wonder if our operations are having an effect. You have got to think so," said a senior defense official in Baghdad.

Publicly, Shiites say they will continue to comply with the plan even amid Sunni bombings.

"The Shiites have been used to having swords pointed at their necks," said Fatah Sheik, a journalist and Sadr supporter. "The more ordeals they see, the more patience they show."

Shiite patience could wither in the face of bombings on the scale of the Samarra attack or the assassination of a major Shiite religious figure. And some U.S. military officials believe there is little they can do to prevent a Sunni bombing campaign.

"Despite all our efforts," said the senior Pentagon official, "we have not gotten to the point we can suppress those car bombs."

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106 Dead In Attacks On Pilgrims (WT/AP)

By Brian Murphy

The Washington Times, March 7, 2007

BAGHDAD -- Two suicide bombers turned a procession of Shi'ite pilgrims into a blood-drenched stampede yesterday in Hillah, killing scores with a first blast and then claiming more lives among the fleeing crowds.

At least 106 were killed in Hillah after gunmen and bombers hit group after group of Shi'ite pilgrims elsewhere -- some in buses and others making the traditional trek on foot to the shrine city of Karbala, about 50 miles south of Baghdad.

At least 24 additional persons were killed in those attacks, including four relatives of a prominent Shi'ite lawmaker, Mohammed Mahdi al-Bayati.

U.S. forces also continued to tally losses at the hands of extremists despite signs of more successful raids against bases and weapons stockpiles. The military said nine soldiers were killed Monday in two separate roadside bombings north of Baghdad, making it the deadliest day for U.S. troops in Iraq in nearly a month.

"A brutal massacre against people who are only practicing their faith" was how Shi'ite lawmaker Sami al-Askari described the Hillah attacks, which wounded at least 151 persons.

Dr. Mohammed al-Temimi, at Hillah's main hospital, said some of the injuries were critical and the death toll of 106 could rise.

This weekend, huge crowds of Shi'ite worshippers will gather for rites marking the end of a 40-day mourning period for the death of Imam Hussein, the grandson of the prophet Muhammad. Hussein died near Karbala in a 7th-century battle.

In Hillah, southeast of Karbala, a long line of pilgrims marched toward a bridge checkpoint on the edge of the city. Food and cool drinks were distributed at nearby tents.

The first suicide bomber killed dozens and touched off a mad dash away from the bridge, said witness Salim Mohammed Ali Abbas. As the fleeing crowd grew thicker, another suicide bomber among them blew himself apart.

A police commander, Brig. Gen. Othman al-Ghanemi, said the attackers joined the procession outside Hillah and waited until it reached the checkpoint bottleneck to try to maximize the damage.

"The government bears some responsibility for this," complained a Shi'ite parliament member, Bahaa al-Araji. "It has not provided enough security to protect the pilgrims."

In the past two years, the powerful Mahdi's Army militia watched over pilgrimages to Karbala. But the group agreed to put down its arms under intense pressure from the government, which wanted to avoid any confrontations with U.S.-led forces during a Baghdad security crackdown launched last month.

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U.S. forces suffered their deadliest day since Feb. 7, when 11 troops were killed -- seven when their helicopter was shot down north of Fallujah and four others in combat operations.

The military said six soldiers of the 82nd Airborne Division were killed Monday in a bombing in Salahuddin province. It was the single largest loss of life in the past three years of combat for the Fort Bragg, N.C.-based unit, said spokesman Maj. Tom Earnhardt.

Three other soldiers died the same day in a roadside bomb attack in Diyala province northeast of Baghdad.

118 Shiite Pilgrims Killed In Iraq Attacks (WP)

By Ernesto Londoño And Sudarsan Raghavan

The Washington Post, March 7, 2007

BAGHDAD, March 6 -- At least 118 Shiite pilgrims were killed in a series of attacks across central Iraq on Tuesday, a wave of violence on the eve of one of Shiite Islam's most sacred holidays that appeared intended to widen Iraq's sectarian divide.

A Sunni insurgent group asserted responsibility for the carnage, which occurred three weeks into a U.S. and Iraqi effort to bring security to Baghdad and other parts of the country.

The attacks came a day after nine U.S. soldiers were killed in two roadside bombings, one of which was the deadliest single strike against U.S. ground troops this year. The U.S. military is deploying 21,500 additional troops, mainly in Baghdad, to enforce the security plan.

The roadside bombings, in Diyala and Salahuddin provinces, illustrated the continuing vulnerability of U.S. soldiers, who have been attacked in recent weeks by antiaircraft weapons, powerful armor-piercing roadside bombs and sniper fire.

In the northern Iraqi city of Mosul on Tuesday, armed men broke into a prison and freed 140 inmates, many of whom were suspected Sunni insurgents, said Husham al-Hamdani, head of the security committee in Nineveh province.

The worst attack against Shiites happened shortly after 4 p.m. on a major road in the central city of Hilla when two male suicide bombers detonated vests packed with explosives near a tent set up for pilgrims. The pilgrims were headed to Karbala to mark Arbaeen, the end of the 40-day commemorative period of mourning for one of Shiite Islam's holiest figures.

"We ran away because suddenly dust went up in the air from the middle of the crowd, and there were people flying with it," said Muhammad Hassan, 29, a pilgrim who was wounded in the back. "We were seeing corpses, heads, limbs flying around, dead children and women. Women were screaming and weeping. Children were crying."

The bombings in Hilla killed at least 77 people and injured more than 125. Nine other attacks targeting pilgrims elsewhere in the country left at least 41 people dead, according to Lt. Col. Abdullah Salman, a spokesman for the Interior Ministry.

Thousands of Iraqis embark on a pilgrimage to Karbala this time of year to mourn Imam Hussein, the prophet Muhammad's grandson. Many travel dozens of miles on foot in an act of penitential homage to Hussein.

A spokesman for the Islamic State of Iraq, a Sunni insurgent group, called the attacks "more successful than we had expected." The spokesman, Abdul Rahman al-Ghrairy, said the attacks were part of a campaign to avenge the alleged rape of a Sunni woman by Shiite policemen in late February.

Ghrairy said in a telephone interview that two Saudi volunteers had carried out the Hilla bombings and that the target was a son of Shiite politician Abdul Aziz al-Hakim. Ghrairy's claim could not be independently confirmed, and there were no reports that Hakim's son was at the scene of the blasts.

Hakim is the leader of the Supreme Council for the Islamic Revolution in Iraq, the country's largest political party.

Anwar Shammary, a Supreme Council officer, blamed Sunni militants and former loyalists of Saddam Hussein for the attack, saying they wanted to "scuttle the political process and the Baghdad security operation."

Other Shiite leaders condemned the attacks, with some expressing concern that Shiites are increasingly vulnerable as Sunni insurgents step up attacks while Shiite militias keep a low profile.

"The blood of those who love the ancestors of the prophet was dropped today on the soil of Iraq," Iraqi Prime Minister Nouri al-Maliki said in a statement. "This angry crime against unarmed citizens won't pass without punishment."

Hilla is the capital of Babil, one of the three provinces where U.S. officials last year handed over control of security operations to Iraqi officials.

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"This certainly is not an indication that the province is not working under Iraqi control," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. "We have a very determined enemy in this country. They're out to conduct spectacular attacks to restart the cycle of violence. We know they are going to be successful at times."

Most of the large-scale attacks against U.S. troops and Iraqi civilians since the Feb. 14 inception of the Baghdad security plan appear to have been committed by Sunni insurgents. Shiite militias, meanwhile, including the powerful Mahdi Army, led by anti-American cleric Moqtada al-Sadr, appear to have scaled down their violence.

Abdul Razak al-Nadawi, a spokesman for Sadr, denounced the attacks as "a criminal act" and blamed the government for not protecting the pilgrims. Sadr representatives, he added, had asked the government to allow the Mahdi Army to help provide security along the route from Baghdad to Karbala, but the government did not take them up on the offer.

"Last year, when the Mahdi army was involved in securing the road, no attacks occurred, but this year we have seen the breaches that happened," Nadawi said in a telephone interview from the southern city of Najaf. "The government should have been more alert and better prepared to deal with the situation."

Nadawi said that the Sadrists would not be pressured to retaliate against the Sunni insurgents. "We are still committed and comply with the words of our leader, Moqtada Sadr, which call for calm and self-restraint," he said.

Other Sadr officials said the attacks suggested that the Sunni insurgents were trying to capitalize on Sadr's orders to his men to lay down their arms. "I don't think there's a single Iraqi who doesn't want the Mahdi Army to get into the streets," said Ayad al-Khaby, a Sadr official in Baghdad's Kadhimiyah neighborhood.

A Mahdi Army commander in Baghdad, Mohammad Abu Haider, said he was upset that people he called Sunni criminals were not being brought to justice. But he said he and his fighters would obey Sadr's orders and refrain from seeking revenge. "We want to show we have a clean hand," he said. "The Sadrists have the ability to retaliate to avenge the innocent blood that was shed today."

In the Dora neighborhood of Baghdad, Mustafa Malik Thiyab, 22, was walking with his father and five brothers toward Karbala, a pilgrimage his father has vowed to make every year, when the group was caught in cross fire between insurgents and police. Thiyab and his relatives hid in a tent along with other pilgrims as the gunfight unfolded outside for more than half an hour. Then a bomb blew up next to the tent, he said.

"I lost track of my brothers," said Thiyab, who later found the body of his 15-year-old brother. "I then realized I was hit in the chest, abdomen and leg."

Another injured pilgrim interviewed at Yarmouk Hospital in Baghdad said he still intends to make it to Karbala.

"This explosion targets our will and determination to keep us from observing Arbaeen," said Jassem Hussein, 20. "We say to the terrorists, 'We shall continue, no matter what happens and regardless of whoever may push you to carry out such cowardly attacks.' "

The attacks on U.S. soldiers made Monday the third-deadliest day for American troops in Iraq this year, after incidents in January and February involving downed U.S. helicopters.

Six Task Force Lightning soldiers were killed in Salahuddin province when a large roadside bomb detonated near two of their vehicles, according to Garver, the U.S. military spokesman. Three Task Force Lightning soldiers were killed in Diyala province, in northeastern Iraq, in another roadside bombing, he said. The growing sophistication of weapons used against military aircraft and armored Humvees has made nearly all modes of transportation in Iraq treacherous for U.S. soldiers.

In Mosul, the Badoosh prison was attacked at approximately 5:30 p.m. by armed men who drove up to the building in pickup trucks, according to Hamdani, the provincial security official. U.S. helicopters were called in to help track down some of the inmates, and at least six were gunned down, Hamdani said.

Pilgrims Ask, 'What Is Our Guilt?' (WP)

By Sudarsan Raghavan And Saad Sarhan

The Washington Post, March 7, 2007

BAGHDAD, March 6 -- Inside the tent of Ali Abbas in the central city of Hilla, Shiite men beat their chests in a feverish rhythm on Tuesday. The pilgrims were mourning the death of Imam Hussein, the prophet Muhammad's grandson who was slain with

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his family in 681. They had walked dozens of miles, praying and chanting, embracing the ritual of sacrifice. Many solemnly carried black flags of mourning and red flags symbolizing the blood of Hussein.

Abbas, 38, a tire shop worker, had erected the tent in front of his store on Nadir Street to give the crowds of pilgrims food and water. It was still 50 miles to the holy city of Karbala.

About 4 p.m., the first suicide bomber approached his tent.

"Suddenly we heard an explosion and there was a big blast," recalled Abbas, who was cooking kebab sandwiches for the pilgrims in the back of the tent.

The second bomber blew himself up shortly afterward. He was standing 300 yards away from his companion, said Capt. Muthana Ahmed, a police spokesman.

Two of Abbas's cousins were among the 77 dead.

Muhammad Hassan, 29, was walking near the tent when he heard the blasts. He and other pilgrims escaped onto the main road, past corpses, heads, limbs and screaming women and children, he recalled. Women picked up dust and threw it over their heads in a sign of mourning, he said.

Others cursed the Baathists, the members of the late Saddam Hussein's party. "They were asking, 'What is our guilt, what have we done?' " he recalled. "People also started to curse the government."

Hassan, his back bleeding, was determined to reach Karbala. "Today I'll get my treatment and complete my walk tomorrow or the day after tomorrow," he said.

Iraqis Trickle Back To Homes Under Security Initiative (USAT)

By Rick Jervis

USA Today, March 7, 2007

BAGHDAD — About 1,000 Iraqi families who fled their violent neighborhoods have returned home under a fledgling initiative of the new Iraq security plan.

A government program offers each returning family about $750, along with fuel, food and promises of improved security, said Brig. Gen. Qassim al-Mousawi, spokesman for the security operation, which began last month.

"The main goal of the Baghdad security plan is to provide security, stability and prepare the atmosphere for displaced families to go back home," he said. "The return of these families will encourage other families to go back home."

More than 540,000 Iraqis left their homes in the past year as violence raged between Sunnis and Shiites, according to a report by the International Medical Corps, a Santa Monica, Calif.-based relief organization operating in Iraq.

About 80% of the displaced came from the Baghdad area, the report said.

Despite the government's efforts, about 5,000 Iraqis continue to flee their homes each day, said Anita Raman, an official based in Amman, Jordan, who monitors Iraqi trends for the Office of the United Nations High Commissioner for Refugees.

"We're witnessing the largest displacement in the region since the movement of the Palestinian population in 1948," Raman said.

The U.S. military supports the resettlement initiative but is wary of moving people back into volatile neighborhoods too early, said Lt. Col. Christopher Garver, a spokesman for the U.S. military in Iraq.

"We know it's a priority of the Iraqi government," Garver said. "But we want to make sure we're not rushing to do something. We need to make sure the security is in place so that you're not going to come back to the same problems that forced you to leave."

Some families, especially in the al-Adel district, have returned home only to receive threats and leave again, Raman said.

Prime Minister Nouri al-Maliki has placed a high priority on resettling displaced families, said Ahmed Shames, a spokesman in al-Maliki's office.

Mixed Sunni-Shiite neighborhoods promote long-term reconciliation between groups, Shames said.

"If we lose these mixed neighborhoods, we will actually be feeding extremist ideas and sectarian motives," he said.

The sectarian violence has separated neighborhoods into distinct Sunni and Shiite sectors. Threats are often handwritten and slipped under doors, warning families to move out or be killed.

The resettlement project may hinge on whether the Iraqi army and police, backed by U.S. troops, can clear out sectarian gunmen and make neighborhoods safe.

Though it is mainly an Iraqi initiative, U.S. troops work to encourage families back, Garver said.

"We think people should be able to live where they want to live in safety," he said. "That's why securing the population is such an important part of the security plan."

Some families have moved back long enough to collect their incentives from the government and then return to their displaced homes, said Dana Graber, an Amman-based officer with the International Organization for Migration. Others have returned to pick up personal belongings and left again, she said.

Still, the early results of the security plan are encouraging, said Ali Shalan Mohan, a director general at Iraq's Ministry of Displacement and Migration. The plan will increase U.S. troop levels in Baghdad by 17,500.

Mohan's neighborhood around Haifa Street in central Baghdad was the site of fierce clashes between U.S. forces and insurgents, and many residents fled the area, he said.

As an influx of U.S. and Iraqi troops calmed the area, residents returned, he said. Stores have reopened and streets are again busy with cars and people, Mohan said. Four families who fled the violence have moved back into his apartment building.

"People have hope," Mohan said. "The situation could start to get better."

Leaders Try To Get House Democrats Together On Measures To End Iraq War (NYT)

By Jeff Zeleny And Robin Toner

The New York Times, March 7, 2007

WASHINGTON, March 6 — House Democratic leaders on Tuesday implored their rank and file to stick together as the debate intensified over the financing and direction of the Iraq war, saying a fractured party would impede the overarching goal of bringing the conflict to a close.

As Congress considers President Bush's $93.4 billion spending request for military operations in Iraq and Afghanistan, Democrats are struggling to reach agreement over what conditions should be placed on war financing. Among the sticking points is whether the legislation should include a specific date for a withdrawal from Iraq.

"To some degree we are focused on the doughnut hole here rather than the doughnut itself," Representative Steny H. Hoyer of Maryland, the majority leader, said after presiding over a 90-minute session with members of the Democratic caucus.

Last month House Democrats passed a symbolic resolution opposing the administration's plan to send more than 20,000 additional troops to Iraq. While Democrats voted in near unanimity to rebuke Mr. Bush, leaders are still trying to reconcile diverging views of liberal, moderate and conservative lawmakers on the larger question of financing the war.

The proposal put forward by Democratic leaders calls for granting Mr. Bush's spending request, but establishing guidelines for troops to be sent to Iraq. If the standards were not met, the president would be allowed to waive the restrictions if he justified doing so.

"There's no real plan on the table," Representative Jane Harman, a California Democrat, said as she walked away from the meeting. "There's a lot of conversation. We have a very big tent in our caucus, and there are a lot of different viewpoints to consider."

Representative Rahm Emanuel of Illinois, the Democratic conference chairman, said they had agreed on several areas, including increasing spending to combat terrorism in Afghanistan, imposing benchmarks to measure performance of the Iraqi government and enforcing standards for training and equipping troops. He said the rest of the differences would be resolved within two weeks.

The Out of Iraq Caucus, a group of 75 lawmakers who oppose the war, is pressing Democratic leaders to schedule a vote on a proposal to pull troops from Iraq. Even though that would almost certainly fail, some representatives say they are inclined to only support the larger spending measure if there is a House debate on troop withdrawal.

"The Out of Iraq Caucus is not happy," said Representative Pete Stark, a California Democrat. "And Rahm is trying to importune them to stay together and show we have a plan."

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The White House and House Republicans sought to exploit the diverging Democratic views. In a speech to leaders of the American Legion on Tuesday, the president said strict conditions on war spending "would undermine everything our troops have worked for."

"There are no shortcuts in Iraq," Mr. Bush said.

Representative John A. Boehner of Ohio, the Republican leader, said members of his party were likely to vote against the military spending bill if it included provisions to interfere with on-the-ground military decisions. "If we think there is language that will inhibit their ability to win, we're not going to support it," Mr. Boehner said.

In the Senate, Democratic leaders said Tuesday that they had abandoned plans seeking to repeal the 2002 authorization of the Iraq war. The proposal faced considerable opposition, particularly from Democratic senators who opposed the war in the first place and objected to reauthorizing military action there.

Senator Carl E. Levin, a Michigan Democrat and the chairman of the Armed Services Committee, said he was working on a compromise to call for a "limited mission" in Iraq.

The plan is expected to be made public by week's end, he said.

Deal Near On Iraq Funding (RC)

By Emily Pierce And Jennifer Yachnin

Roll Call, March 7, 2007

House Democratic leaders were still tinkering with a $100 billion-plus Iraq War spending bill Tuesday, but largely have settled on a measure that puts several conditions on the president's use of the money while seeking to draw support from wavering Democrats and Republicans by allowing votes on multiple amendments and including money for veterans' care.

Rep. Mike Capuano (D-Mass.), a member of the Progressive Caucus opposed to further funding the war, said Democratic leaders presented "nuanced changes" to Democrats at their regular full Caucus meeting, but that "no firm language" has been shown to the Members yet.

Indeed, one House Democratic leadership aide said that while broad principles in the measure are largely settled, "This bill is like being pregnant — you either are or aren't. It is either done or not. And it's not yet done."

House Majority Leader Steny Hoyer (D-Md.) met with leaders of the Out of Iraq Caucus on Tuesday to discuss the possibility of letting them have a vote on an amendment to fund only the withdrawal of U.S. troops from Iraq, but not further combat missions.

Hoyer did not propose a quid pro quo that would have progressives voting for the final bill once their amendment fails, as is likely, said Democratic Reps. Maxine Waters (Calif.) and Lynn Woolsey (Calif.), who attended the meeting.

Instead, Woolsey said Hoyer simply asked, "'How many Members do you think could vote [for] the amendment and then for the supplemental?' and we said there would be some. ... There are many that are going to vote 'yes' and 'no.'"

Indeed, Capuano said he and other progressives might be more inclined to vote for the war funding bill if they were first allowed to vote for the withdrawal amendment.

"It certainly would make my life easier," he said.

But Woolsey and Rep. Jerrold Nadler (D-N.Y.) said they would not vote for the war supplemental no matter what amendments were allowed.

"It's the president's responsibility to pass his [war] budget. Let him make the concessions that will get him the votes," said a defiant Nadler.

Not all Democrats want to have a vote on the progressives' amendment, however. Rep. Jim Moran (D-Va.) indicated that voting on the amendment would present a problem for himself and others in the Caucus.

"I would hope we would not" have a vote on the amendment, Moran said.

Capuano said some Democrats have complained that a vote on the amendment would send mixed messages and expose the fractures between those who support continuing to fund the war with conditions and those who want to pull out now.

"It's a legitimate concern that you don't want to chop up the Caucus too much," Capuano said.

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Still, Moran predicted that by today or Thursday Democrats would have "one bill with one clear message" that will demand accountability from the Bush administration on how it is conducting the war.

He said the principles laid out in Rep. John Murtha's (D-Pa.) plan to require the president to certify that troops have the equipment and training they need before deployment would be included, along with the ability for the president to waive such requirements and language intended to make sure that the Iraqi government meets the benchmarks for taking over that Bush laid out in January.

"We have a bill. It's just a matter of explaining it" to wavering Democrats, Moran said. "When Members fully understand it, I think we'll have substantial support in the Caucus."

Hoyer also acknowledged that Democrats are inclined to include language regarding the possible expansion of military actions into Iran.

"I expect language on Iran in the bill," Hoyer said, noting that the president must seek Congressional approval to declare war. "I think it's the only constitutional position that Congress ought to take."

But Hoyer, who acknowledged in a separate press briefing that the schedule for the supplemental bill had been pushed back, said he now expects to complete work this month.

"We want to take action before we leave here for the Easter work period," Hoyer said.

While continuing to court fence-sitting liberal and conservative Democrats, Democratic leaders also were beginning to put pressure on Republicans, saying the bill had been slightly refocused on providing troops with equipment and training as well as on veterans' medical care — including money to shore up Walter Reed Army Medical Hospital, whose alleged substandard outpatient care has caused an uproar on Capitol Hill.

"Republicans are starting to feel the pressure on the supplemental and after all the posturing, they'll have a decision to make — support the troops or support the president," said one well-placed House Democratic aide. "There are some things in there that are going to be very, very tough for Republicans to vote against."

Meanwhile, centrist Republicans said they also are split on how to approach the vote and are anxiously awaiting the Democrats' proposal.

Rep. Mark Kirk (R-Ill.) said members of the centrist Tuesday Group were "talking about it," but that it would be "incredibly important how Congressman Bill Young (R-Fla.) goes ... because he has extraordinary influence among Republicans across the ideological spectrum." Young is the former chairman of the House Appropriations Committee and current ranking member on the panel's subcommittee on Defense.

Talking to reporters Tuesday, Young declined to say how he would vote on the supplemental because he had not seen final language. However, Young has not ruled out voting against the bill, and he has said he expects the GOP leadership to oppose the bill if any restrictions are placed on the White House.

Like Kirk, moderate Rep. Mike Castle (R-Del.) said he also was undecided about whether to support the supplemental, and said he wants to see what Democrats produce.

But Castle said he assumes that Democrats "will work it out so that they have the votes in [their] Caucus" to pass the bill, so that they are not forced to rely on GOP votes.

Even House Minority Leader John Boehner (R-Ohio) made some noises Tuesday that suggested Republicans are reluctant to vote against the supplemental, while also taking some partisan shots.

"We want to work with Democrats to find a way to support troops on the ground," Boehner said at a Tuesday morning press conference. But even as the Minority Leader called for bipartisanship, he asserted that the Democrats' "goal is to defund the war in Iraq. ... We are not going to put handcuffs on our soldiers and our generals in the field."

While Democrats believe that most Republicans will be hard-pressed to vote against the supplemental, not all moderate Members who supported the Democratic resolution on the Iraq War in February have indicated they are ready to join Democrats again.

"Let's see what it says, but my instinct is we're not going to let [Democrats] micro-manage the war," said Rep. Tom Davis (R-Va.). "Democrats will have to look to their own Caucus to pass this."

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Despite ongoing negotiations, however, Democratic Caucus Chairman Rahm Emanuel (Ill.) — who made an "impassioned" plea for unity during the weekly meeting, according to one lawmaker in attendance — asserted Tuesday that the majority does largely agree on the basic structure of the supplemental bill.

"There is consensus in the Caucus on these three building blocks," Emanuel said.

Capuano similarly sought to emphasize harmony on the overall proposal, stating: "Everyone understands that this is a situation that is fluid. ... I think [our leaders] are actually doing a pretty good job in a very difficult situation."

Susan Davis contributed to this report.

Democrats Weigh Timetable Vote As Iraq Compromise (POL)

By Josephine Hearn And John Bresnahan

The Politico, March 7, 2007

House Democratic leaders, seeking a compromise with several dozen anti-war lawmakers in their own caucus, are considering a vote on a timetable for withdrawing U.S. troops from Iraq before taking up $98 billion in new military spending.

In return for the vote, the leaders want the 50 to 75 anti-war Democrats to support the wartime funding, if their proposal fails.

Speaker Nancy Pelosi (D-Calif.) and her leaders face an uprising from liberal Democrats opposed to the wartime supplemental. If they allow a House floor vote to set a withdrawal date, it would be the first such vote in either the House or the Senate since the Democrats took control of Congress in January. And it would mark a new phase in the political struggle over the conflict.

Pelosi is trying to balance demands from anti-war liberal Democrats for dramatic moves to scale down -- or end -- the war against calls from more moderate and conservative Democrats to avoid votes that would undoubtedly jeopardize their own political futures. That includes a vote on a proposal by Rep. Jack P. Murtha (D-Pa.) to restrict the Pentagon in deploying the additional 21,500 combat troops that President Bush plans to send to Iraq.

At the same time, Republican leaders are railing against Democrats, accusing them of undermining the U.S. military campaign.

For Pelosi, it represents the most difficult challenge of her short, historic speakership, just entering its third month. And the division within her caucus reflects the larger split within the country over the war.

House Majority Leader Steny H. Hoyer (D-Md.) told reporters on Tuesday that top Democrats "are trying to create a consensus" within their own party before bringing the wartime funding bill up for a floor vote.

The bill, however, will not be on the floor until next week at the earliest, he predicted.

"We're discussing whether or not members will feel the necessity to offer such an amendment," Hoyer added.

During a closed-door meeting of House Democrats, Democratic Caucus Chairman Rahm Emanuel of Illinois made "an impassioned plea" for unity on the war, said Democrats who attended the session.

"People have to remember that you can't put it all in one bill," noted a Democratic leadership aide. "This one bill is not going to end the war and solve all our problems."

But Emanuel's appeal, as well as the lobbying by Pelosi and other party leaders, has yet to win over the anti-war Democrats, led by Reps. Barbara Lee and Maxine Waters, both of California.

"We have made no deals with anyone about anything," Waters said.

These Democrats opposed the war since its start and, despite the new Democratic majority in the House, are not at all eager to vote for the new war funds. Supporting the money, they argue, would give them "ownership" of the war along with Bush and the Republicans in Congress.

"I have instructions from my constituents to get us out of Iraq now,'' said Rep. Diane E. Watson, (D-Calif.). "I have the Hollywood community…Not a day goes by that I'm not contacted to get out of Iraq now."

And she said she couldn't support any the additional wartime money, if it isn't coupled with a withdrawal timetable.

A "span of time'' for withdrawing might be amenable, she said. "But it has to be while President Bush is in office. This is his war. He is responsible for it."

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Democratic leaders prefer to "have one vote," said Rep. Peter DeFazio (D-Ore.) "Whether there will be other votes has not yet been determined ... I would like to see an alternative that would set a timeline, but right now I'm hoping to get something meaningful incorporated into the bill."

"Leadership has to say to people that they may not get everything they want," added Rep. Henry A. Waxman (D-Calif.). "It's sensitive."

House Republicans, for their part, continue to paint the Democratic maneuvering on the supplemental as an effort to de-fund the war and withdraw troops from Iraq.

Republican leaders in the House have vowed not to support any wartime spending bill that either limits military commanders' ability to prosecute the war and complete reconstruction projects or becomes a "big green light" for spending unrelated to the war. In general, the more time members spend negotiating the particulars of a spending bill, the more unrelated projects are added as sweeteners for wavering lawmakers.

House Minority Leader John A. Boehner (R-Ohio) said Tuesday that leaders have been reaching out to Republicans to gauge their support for Democratic proposals, even though details had not been released. And he said his members would stand with their leaders when the eventual bill comes to the floor.

But Rep. Wayne Gilchrest (R-Md.), who voted with Democratic leaders to reject Bush's troop surge in a symbolic vote last month, told fellow moderate Republicans that they should consider whatever plan Murtha unveils.

"We really better objectively look at what Murtha is trying to do," Gilchrest said. "It is a conversation we need to have."

The Vietnam veteran said he and other veterans "were craving someone who knew what was going on." And he suggested that Murtha, a former decorated Marine, was the man.

On the other side of the Capitol, Senate Majority Leader Harry Reid (D-Nev.) said he wants to begin a floor debate on Iraq next week, although he has not yet reached an agreement with Minority Leader Mitch McConnell (R-Ky.) on what would be debated and for how long.

Sens. Joseph R. Biden Jr. (D-Del.) and Carl Levin (D-Mich.), the chairmen of the Foreign Relations and Armed Services committees, respectively, are drafting a revised version of the 2002 resolution authorizing the U.S. invasion of Iraq, but as with their House counterparts, Senate Democrats have yet to approve that plan. And McConnell is still pushing a proposal by Sen. Judd Gregg (R-N.H.) stating that Congress will not cut funding for U.S. troops in the field.

Patrick O'Connor contributed to this report.

House's Left Wing Threatens War Funds (WT)

By S.a. Miller

The Washington Times, March 7, 2007

Anti-war Democrats in the House said yesterday they would help deny supplemental funding for U.S. forces in Iraq and Afghanistan if the leadership refuses amendments that would limit spending to the current deployment and to a troop withdrawal.

"Some people want out of the war. That's how they got elected, man," said Rep. Lynn Woolsey, California Democrat and co-founder of the 76-member Out of Iraq Caucus. "The supplemental pays for the escalation."

The party's left wing could nix the administration's request for more than $100 billion of added funds for the war -- which Defense Department officials say they need by April to keep fighting -- if it is joined in a "no" vote by Republicans opposed to other restrictions Democrats want on the spending.

"The supplemental could sink," a senior Republican aide said. "House Republicans will oppose any supplemental that cuts funds or tries to attach specific conditions for our troops in harm's way."

Democrats have struggled to appease their anti-war base while not alienating the party's Blue Dogs, who don't want to cut funds for troops in the field.

House Speaker Nancy Pelosi, California Democrat, and other leaders have worked behind the scenes for at least a week to mend fissures in the party.

But war critics say the leadership now has gone too far to give President Bush authority to proceed with plans to send 21,500 more troops to Iraq.

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At a caucus meeting yesterday, Democratic leaders angered anti-war members by threatening to block them out of the Iraq debate.

They told the members, according to participants, that no amendments would be accepted on the supplemental appropriations bill, which likely will include measures to make deployments contingent on troops meeting readiness standards and Iraqis meeting benchmarks for self-governance.

"I'm not upset; I'm voting 'no,' " said Rep. Diane Watson, California Democrat and Out of Iraq Caucus member. "I cannot go back to my district and say I gave a waiver to the president to keep troops in Iraq."

House Majority Leader Steny H. Hoyer said he wasn't ready to guarantee a vote on an amendment that would require funds to pay for a troop withdrawal, even if it would bring anti-war representatives onboard.

"We're not talking about guarantees at this point in time," the Maryland Democrat said. "We are discussing whether or not members will feel the necessity to offer such an amendment."

He said the aim of the Iraq debate was to "make policy, not just make points."

Minority Whip Roy Blunt, Missouri Republican, said the back-and-forth among Democrats was delaying consideration of critical funding for troops in combat.

"House Democrats find themselves in a tough political spot right now, but that hardly gives them license to further delay the delivery of these vital funds for our troops in Iraq and Afghanistan," he said. "There's a reason the supplemental bill is filed under 'emergency spending,' and it's not so that we can sit around and wait for Democrats to think through their political challenges instead of actively engaging the logistical ones."

White House's Tactics Threaten War-Funds Bill (WSJ)

By David Rogers

The Wall Street Journal, March 7, 2007

WASHINGTON -- The White House is adopting such a defensive stance on the Iraq-war-funding bill that it risks further alienating the Democrats who will write the measure.

President Bush hosted a Republicans-only strategy dinner in the White House family quarters last week on the war appropriations. At the same time, the administration has resisted giving Democratic staff even technical advice on funding that the new majority wants to add for veterans' health programs.

Rep. Chet Edwards (D., Texas) broke the impasse in the House last week by personally going to a senior health official in the Department of Veterans Affairs. In the Senate, the VA reversed itself only yesterday, hours after the White House budget office was asked if there was an order to resist giving advice.

The skirmishes illustrate the growing partisanship surrounding the war issue. Democrats are plainly torn about approving Mr. Bush's nearly $100 billion request without adding some conditions to try to influence policy. Republicans are threatening to vote against the bill if it is too restrictive on the war effort, even if it means bringing the package down.

House Majority Leader Steny Hoyer (D., Md.) said floor debate on war funding will be delayed until the week of March 19. That dims prospects for Congress to complete action by mid-April as the Pentagon had hoped.

Outright defeat on the House floor -- inconceivable weeks ago -- would be an embarrassment for Democrats. But at a Republican caucus, former Speaker Dennis Hastert (R., Ill.) warned his colleagues they should be prepared with a backup strategy to ensure uninterrupted funding for the war.

In a speech, Mr. Bush said his decision to increase U.S. troop levels in Baghdad was yielding "gradual but important" progress. Still, the administration is making revisions to reflect Vice President Cheney's recent trip to Pakistan and consultations with Army Gen. David Petraeus, the new Iraq commander.

The White House has asked for a total of $99.6 billion for military operations and related foreign aid and State Department functions. Of this, about $3 billion is expected to be redirected to help pay for an estimated $110 million in economic aid for Pakistan and the addition of possibly 4700 soldiers sought by Gen. Petraeus in Iraq.

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The administration's initial request provided $5.6 billion to cover the commitment of 21,500 soldiers through Sept. 30. The changes would help pay for support troops as well as an estimated 2,100 soldiers to help Gen. Petraeus guard what are expected to be an increasing number of Iraqi prisoners or detainees apprehended during sweeps of Baghdad neighborhoods.

The White House has consulted with Democrats, including a meeting last week that included Mr. Cheney and Rep. John Murtha (D., Pa.), one of Mr. Bush's critics on the war and a senior member of the House Appropriations Committee. But only four of the most senior Republicans on the House and Senate Appropriations Committees were included at last Wednesday's White House dinner, which included Mr. Cheney and National Security Adviser Stephen Hadley.

"It's so unnecessary," said Sen. Daniel Inouye (D., Hawaii), who will help manage the Iraq bill in the Senate.

Dems To Add Billions To Iraq War Bill (AP)

By Andrew Taylor

AP, March 7, 2007

House Democrats are pushing to add billions of dollars to President Bush's $93.4 billion request for military operations in Iraq and Afghanistan, including $900 million for troops suffering from brain injuries and post-traumatic stress disorder.

An additional $2.5 billion would go to strengthen training and readiness for forces not deployed in war zones, and $1.4 billion would go to address housing allowance shortfalls.

At the same time, the Pentagon said Tuesday it needs about $1 billion more to support Bush's decision to send 21,500 additional combat troops to Iraq. It also said it has decided against using the pending supplemental bill to procure combat and cargo aircraft, few if any of which could have been built in time to affect the war.

The $1 billion would support at least 4,000 additional support troops, Deputy Secretary of Defense Gordon England told the House Budget Committee. Up to a total of 7,000 support troops might needed, England said.

The Democratic add-ons for military health care, readiness and mine-resistant vehicles are aimed in part at making the bill more attractive to lawmakers, including Republicans who might be considering voting against the measure over language that would curb deployments of troops to Iraq who have had insufficient rest or training or who already had served there for more than a year.

Democrats would permit Bush to get around those restrictions, but only by issuing potentially embarrassing waivers of troop readiness standards.

The Democratic plan would also set benchmarks for the Iraqi government to meet for U.S. troop deployments to continue.

Party factions remain at odds over what restrictions to place on the president. One option discussed among Democrats would be to give anti-war Democrats a vote to cut off war funding altogether — based on the assumption it would be defeated.

But many rank-and-file Democrats don't want to cast such a politically nettlesome vote, leadership aides said.

Reflecting continuing divisions among Democrats over Iraq, the House Appropriations Committee postponed a vote on the measure until next week. House Majority Leader Steny Hoyer, D-Md., also said party leaders are still debating what domestic Democratic priorities to add to the bill, such as farm disaster aid and additional funding for the State Children's Health Insurance Program.

Veterans Committee Chairman Bob Filner, D-Calif., weighed in Tuesday with a request for $5 billion for veterans, while demands also are growing for money to combat bird flu and provide additional heating subsidies.

"It's getting awfully close to the point where it collapses of its own weight," said a Democratic leadership aide, noting that more than $10 billion worth of domestic add-ons had been tentatively approved.

Hoyer acknowledged that "on every (war funding) supplemental you run the risk of a Christmas tree."

House Democrats Say Consensus Is Forming On U.S. Troop Withdrawal (HILL)

By Mike Soraghan

The Hill, March 7, 2007

House Democrats have pushed back consideration of the budget resolution and the Iraq supplemental spending bill because they haven't been able to resolve differences between those who want to mandate a clear date for withdrawal from Iraq and those who don't.

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But leaders are still saying they expect a floor vote before the Easter recess begins April 2, and they are stressing that they have reached consensus in some key areas.

"What we're trying to do is make policy, not just points," said House Majority Leader Steny Hoyer (D-Md.).

Hoyer admitted that leaders are "backfilling" their floor agenda with environmental bills because of the delays. Republicans have begun chiding Democrats for stretching out debates to fill floor time with non-controversial bills, such as the Transportation and Infrastructure Committee's dispensing environmental aid to local governments.

"I wonder if we're using the Transportation and Infrastructure Committee to extend one day's work into three," Rep. John Mica (R-Fla.) told the Rules Committee as it prepared the bills for the floor. "We're going to spend the week on three bills that should be done in three hours."

Meanwhile, House Democratic Caucus Chairman Rahm Emanuel (D-Ill.) disputed reports that liberal Democratic members will vote against a Democratic plan if it doesn't set a concrete date for withdrawal.

"I don't believe it, and I'll put money on that," Emanuel told The Hill. "Even people who have been quoted saying that have told me, 'That is not my position.'"

Emanuel spoke passionately about a "unity approach" in Tuesday's Democratic Caucus meeting.

"This is the second bill. There is consensus on three important parts," Emanuel said, namely more money for Afghanistan than President Bush had requested, more demands placed on the Iraqi government, and fully training and equipping troops. "That's the building blocks."

About 10 members spoke at the meeting, including Emanuel, House Appropriations Chairman David Obey (D-Wis.), Rep. Alcee Hastings (D-Fla.) and Rep. Barbara Lee (D-Calif.).

Speaking for the liberal wing, Lee said that the "Out of Iraq" caucus is not seeking to cut funding to the troops. But the meeting failed to reach the consensus that leaders are seeking.

Hoyer has said members are discussing a way to allow members of the Progressive and "Out of Iraq" caucuses to offer an amendment on the floor during the Iraq debate for a full withdrawal of troops. But members said that approach was not discussed during Tuesday's caucus meeting.

But one thing is clear. The size of the supplemental spending has grown well past what the administration proposed. Bill writers have begun adding in items such as agricultural disaster aid and money for children's health insurance.

"We're [at] a substantial figure higher than the president's plan," Hastings said, "which causes some heartburn."

Escaping A Painful Past To Find A Shaky Future (WP)

By Brigid Schulte

The Washington Post, March 7, 2007

Hussein Hayal al Zaidi says he spent nearly four years in jail in Saddam Hussein's Iraq, once in a 13-by-13-foot cell with 20 other men. His captors blindfolded him and pummeled his eyes, detaching one of his retinas. He has scars on his ankles, feet and hands from where they strung him up with ropes and beat him. His genitalia bear the marks of electric shock burns.

He was sentenced to death in 1999 for participating in an anti-Hussein riot, al Zaidi said. An uncle paid $7,000 to smuggle him out of jail and out of Iraq. He was flown from Syria to Moscow to Cuba to Ecuador before arriving at an airport in Newark, disoriented and ill. He asked for asylum.

An immigration officer in Newark believed his story and let him stay. But an immigration judge in Arlington County, who heard final arguments on his case 10 days after Sept. 11, 2001, did not believe him.

She ordered him deported.

But, like 165 others, the Northern Virginia man cannot be deported. Since the war in Iraq began in 2003, the United States has followed a United Nations directive not to forcibly return Iraqis to their country because it is too dangerous.

Al Zaidi's fate was decided at a time when places such as Anbar province, Nasiriyah and Ramallah had yet to become almost household words. Trial transcripts show that U.S. immigration prosecutors and judges had little idea what a Sunni or a Shiite was or why they would want to kill one another.

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Since then, al Zaidi has become part of the largest refugee crisis unfolding in the Middle East in decades, with one in eight Iraqis having fled their homes or the country. In the process, he has become one more story of the fallout of war.

When al Zaidi's appeal of the deportation order was denied in September 2005, immigration officials picked him up at his job at a laundromat and put him in jail, where he stayed until June. He was released, because detainees who can't be deported but pose no threat can't be held for more than six months.

So al Zaidi, 39, lives like a dangling man, in limbo between the hell of his past and fears of a hellish future. In the United States, government officials had suspected he might be an agent of Hussein. In Iraq, he fears that his countrymen, suspicious of his long absence, will think he works for the CIA.

"Of course they're going to kill me," he said in accented English. If not the Shiite militia already asking about him, then the Sunnis or Hussein loyalists. "But I am already dead."

Before he was detained, when he still had hope of staying in the United States, al Zaidi saved money. He thought about buying a house and having a family. He listened to English-language tapes. But now, nothing matters. He started smoking unfiltered Marlboros again. He spends his days watching television, not really paying attention. On a whim, he bought a new car.

"I don't know what I'm doing," he said. "Before, I was careful. But now, for what? Let me enjoy."

Except that he doesn't.

Since his release, he has lived with a friend in a bare townhouse in Vienna, furnished with two white plastic chairs and a TV. The laundromat doesn't want him anymore. Because of his immigration status, the community college he had hoped to attend will not take him. He doesn't eat, except for coffee and nibbles of junk food, such as the packets of Oreos and Mentos strewn on the floor of his room among piles of legal papers. His bed is a sheet on the floor, his pillow a rolled-up winter jacket.

Sometimes, in the middle of the night, he is seized with the notion that he must see the ocean. He goes to Atlantic City. He watches the waves. He doesn't understand what is happening to him.

"It's like I destroy my life."A Setback in a U.S. Court

Some people have believed al Zaidi. A doctor at George Washington University concluded that al Zaidi "did indeed suffer the torture and abuse that he claims." And a psychoanalyst diagnosed him with post-traumatic stress disorder, writing that "he has suffered a process of brutal human degradation."

In February 2001, he told his story on the stand in U.S. immigration court in Arlington. Al Zaidi said he had been drafted into the Army, like all other Iraqi men, and served as a mail clerk during the Iran-Iraq war.

His first arrest, he said through a translator, came in 1991 for participating in an uprising against Hussein after the Persian Gulf War. When his mother tried to bar police officers from their home, they hit her in the head, he said, and killed her.

He said he was arrested in 1996 for having writings of a Shiite cleric in his house. In 1999, he said he was arrested after he and other Shiites shouted anti-Hussein slogans after their leader, cleric Mohammed Sadeq al Sader, was assassinated.

Prosecutors had relatively minor questions about the case. "You still hopeful you can reach agreement in this case?" Judge Joan Churchill asked prosecutors, according to a court transcript -- meaning that they would agree to asylum.

"Yes," the prosecutor answered.

Then, in March, Churchill received an anonymous note that said that while al Zaidi was in Iraq, he was "working as secret service" for Hussein and that he was sent to the United States to kill high-level officials.

A new prosecutor submitted pages from "Saddam's Bombmaker," a book by Iraqi exile Khidhir Hamza, who claimed to have run Hussein's nuclear weapons program. Hamza wrote that during the Iran-Iraq war, Hussein used Shiite soldiers as human mine detonators. Therefore, prosecutors said, al Zaidi must have had special ties to get a desk job.

Assertions in the book were later questioned by a number of former U.N. weapons inspectors, Iraqi scientists and Iraqi military officers.

The author of the letter, determined to be al Zaidi's roommate in Arlington at the time, Khalid Houmadi, testified that al Zaidi's trip to the United States was financed by Hussein, but he admitted to regularly loaning al Zaidi money.

Churchill sided against al Zaidi. She said she thought his escape through Russia and Cuba was "suspicious," her written decision says. She dismissed the GWU doctor's exam and physical evidence of al Zaidi's torture, saying that it might "be consistent with other causes."

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And she said Houmadi "cast considerable doubt upon the credibility of crucial aspects of [al Zaidi's] claim."

Al Zaidi went into a rage. Houmadi was just out to get him, he said. Before writing the letter, Houmadi had threatened to attack a man, and al Zaidi had said that he would report him.

Months later, Houmadi attacked the man. And, as promised, al Zaidi testified against him. Elliot Casey, an assistant commonwealth's attorney in Alexandria, wrote a letter to Churchill, saying that the court found al Zaidi's testimony "completely credible." Houmadi was sentenced to 10 months.

Karla Harr, an attorney for al Zaidi, appealed his case in 2002. It was denied in a one-sentence opinion by one judge, a product of the Department of Justice's new policy of "streamlining" asylum cases. Before, a three-judge panel had reviewed asylum appeals. Under streamlining, the amount of overturned decisions dropped from 25 percent to less than 5 percent, according to studies by the American Bar Association and the Lawyers Committee for Human Rights.

"The complexity of the issues involved in this case demanded a three-panel review, " Harr said.

Al Zaidi was in the process of filing an appeal when he was detained in late 2005. In May 2006, in detention and on a one-month hunger strike, al Zaidi asked for his appeal to be dropped because he thought it would get him out. His attorney assured him that it wouldn't and that he would be released soon because of the rule that says that detainees who pose no threat can't be held for more than six months. But al Zaidi said he had to get out. He dropped his appeal.

"They punish me too much." He was released in June.'I'm Really, Really Tired'

Al Zaidi sat in front of the TV in the spare townhouse. The announcer mentioned Nasiriyah, where he was born. "It's very beautiful there," he said absently.

He is officially under an order of supervision and is waiting for the U.S. government to send him back to Iraq. Once a month, he must check in with his supervisor at the Department of Homeland Security.

He goes to a Panera Bread restaurant where other Arabs and Iraqis hang out. He even sees Houmadi there from time to time. "He apologized to me," al Zaidi said, shrugging.

"I'm really, really tired," he said. And the nightmares come if he tries to sleep. He no longer prays. "It's like I can't find myself."

And so the dangling man with the story that was not believed went out for cigarettes.

NATO Mounts Largest Attack On Taliban In The South (NYT)

By Carlotta Gall

The New York Times, March 7, 2007

KABUL, Afghanistan, March 6 — In its largest offensive since taking command of southern Afghanistan last year, NATO mounted an attack against hundreds of Taliban and foreign insurgents in Helmand Province on Tuesday, military officials said.

NATO said the offensive was aimed at countering the Taliban insurgency, which has joined forces with drug traffickers to make Helmand the most lawless province in Afghanistan. Some 4,500 NATO troops are taking part in the operation, including an American airborne force, as well as 1,000 Afghans.

Four NATO soldiers have been killed in the past eight days, at least two of whom died as troops began moving into northern Helmand Province ahead of the operation, said Col. Tom Collins, a NATO spokesman in Kabul.

Heavy fighting has also raged for the past few days in the town of Sangin, one of the main opium trading centers in northern Helmand Province and on the road to the Kajaki dam, an important United States aid project. Residents have reported that up to 1,000 Taliban were in the town trading artillery and rocket fire with British troops, forcing residents and shopkeepers to flee.

Two British soldiers were killed in a rocket attack in the Sangin area on Sunday, and another NATO soldier was killed Tuesday during combat operations in southern Afghanistan.

“We know there are hundreds of foreign fighters” in southern Afghanistan, Colonel Collins said. “They are from Central Asia, the Middle East and Africa.” He said hard-core Taliban, who number in the “high hundreds,” are able to recruit young men in the districts and are supported by militias trafficking in narcotics.

Asadullah Wafa, the governor of Helmand, warned Tuesday that 700 foreign fighters had infiltrated his province in recent weeks from Waziristan, in Pakistan, under the leadership of the Pakistani Taliban commander Abdullah Mehsud, the independent television channel Tolo TV reported.

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Waziristan, in Pakistan's tribal areas, has since 2001 become a base for Taliban and foreign fighters who have been accused of training and sending insurgents and suicide bombers into Afghanistan.

"There are areas where they have very significant enemy activity," Colonel Collins said of Helmand Province. "We know this will not be easy, but we are dedicated to this mission and we will not fail."

Troops from Britain — which has command in Helmand — Canada, the Netherlands and the United States, with a mobile airborne force of 1,500 soldiers from the 82nd Airborne Infantry Division, are taking part in the operation.

The 82nd Airborne force was "highly mobile, highly capable" and would provide an extra capability that American and NATO troops lacked last year, Colonel Collins said. Last spring, United States troops mounted an operation into the same area to clear the way for NATO, but NATO forces quickly lost the initiative and were besieged in several northern towns.

The departing commander of NATO forces, Gen. David Richards, said last month that NATO operations would concentrate on gaining control of Helmand Province.

Another aim of the current offensive is to open Helmand to reconstruction and development plans, Gen. Ton van Loon, the NATO commander in southern Afghanistan, said Tuesday at a news conference at the Kandahar air base.

"The operation will improve security and set the conditions for meaningful reconstruction that fundamentally improves the quality of life for all Afghans living in these areas," he said.

The biggest development project in the area is a multimillion-dollar United States government plan to repair and expand the Kajaki dam, which supplies electricity and irrigation to much of the southern region. Progress has been delayed because Taliban attacks have prevented engineers from working there or transporting equipment to the dam.

Afghans Caught In War's Rising Tide (CSM)

By Mark Sappenfield

The Christian Science Monitor, March 7, 2007

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Along Afghanistan's long southern frontier, the guns of spring have begun. For months, the Taliban has warned that when the highland snows melt, they will unleash their largest offensive since falling from power in 2001.

In recent weeks, the tempo of Taliban attacks has increased, hinting at the opening of the spring campaign. Last weekend alone, insurgents detonated a bomb in the western city of Herat and performed what US officials called a "complex ambush" near the eastern city of Jalalabad.

Tuesday, NATO responded in kind, launching Operation Achilles, its largest offensive ever in the country, at the Afghan government's request. With some 4,500 NATO troops and 1,000 Afghan soldiers, the operation is a bold attempt to preempt the Taliban's first blows and take the initiative.

It is also a clear escalation of the stakes, with both sides seeing this as a year that could determine the future of Afghanistan's Western-backed government. And it is here in the Afghan south that the hammer blow is expected to fall hardest.

Operation Achilles is focused on the southern province of Helmand, where NATO troops are attempting to clear Taliban from the area around the Kajaki Dam so that it can be upgraded and repaired. When fully operational, the dam can provide power for some 2 million Afghans in the south.

Moreover, Helmand has emerged as the Taliban's leading front in recent months. The Taliban claim that they control three rural districts in the province, including Musa Qala, which was the subject of a controversial peace deal between British forces and insurgents before the Taliban captured it on Feb. 1.

Tuesday, the Taliban in Helmand said that they captured an Italian journalist who confessed to spying for British forces, according to a Taliban spokesman. The Italian newspaper La Repubblica says it lost contact with reporter Daniele Mastrogiacomo Sunday.

In many respects, the developments in Helmand are an echo of what happened last year in neighboring Kandahar Province, which, as the home of leader Mullah Omar, has long been the Taliban's heartland. In the past few years, Kandahar has suffered 73 suicide bombings, by one local newspaper's count, and last summer, the Taliban pushed to within 10 miles of the city.

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Now, on the eve of what could be a crucial spring, Afghanistan's second-largest city, less than 50 miles from the front lines, is in a state of suspension, uncertain whether to remain faithful to the government that initially promised so much or to resign itself to the return of the Taliban.

"If I shave my beard and take off my turban, I will be killed by the Taliban. If I grow my beard, I will be killed by [NATO forces]," says Kandahar resident Dost Mohammed, standing on a street corner. "It is a place with two governments – we don't know who we should surrender to."

Like most Afghans both here and elsewhere, Mr. Mohammed speaks not from fear but from an oppressive fatigue born of the mounting sense that his country is once again descending into the cycle of revolution and civil war that has consumed it for a generation. Along with a lingering hope, there remains a deep fatalism that no matter what Afghans do, they will be swept into the whirlwind of war – ever the victims of forces beyond their control.

Caught in the middle

The events of recent weeks have helped strengthen this perception.

On one side, Afghans see the Taliban, which they almost universally consider a Pakistani-equipped army designed to destabilize Afghanistan and who spawn suicide bombers so despicable that they will target the opening of an Afghan medical clinic, as was the case in Khost late last month.

On the other, Afghans see foreign forces who, according to common perception here, usurp the authority of local elders, happily let their male soldiers search Afghan women, and are inclined to shoot first and ask questions later.

In the space of 24 hours last weekend, US forces bombed a family home in a village 50 miles north of Kabul killing nine and engaged in a firefight near Jalalabad that left 10 Afghan civilians dead. In both cases, US forces say that they were attacked first and that insurgents sought to create civilian casualties in the chaos.

But the incident outside Jalalabad in particular has focused on what is perceived as a disproportionate and incautious response by NATO forces to the initial threat from the Taliban, leading Afghan President Hamid Karzai to call for an investigation.

Western forces deny these characterizations. "We are here to protect the people of Afghanistan," says Lt. Col. Angela Billings, a spokeswoman for the International Security Assistance Force (ISAF), NATO's force in Afghanistan.

Operation Achilles is an example of this, ISAF officers say. "It signifies the beginning of a planned offensive to bring security to northern Helmand and set the conditions for meaningful development that will fundamentally improve the quality of life for Afghans in the area," Maj. Gen. Ton van Loon, commander of ISAF's southern forces, said in a statement.

Last year, similar military sweeps, such as Operation Medusa, had a significant effect. When the Taliban seized large swaths of territory and tried to hold onto them, the militants sustained heavy losses. But the Taliban's strategic advantage lies in their ability to sow confusion and draw Western forces into attacks that cause civilian deaths.

This year, the Taliban may be more inclined to harry and harass, experts say, stretching NATO as thin as possible by kindling dozens of flash points across the country simultaneously.

"You're not going to see a mass attack – you're going to see a more spread-out offensive," says Ahmed Rashid, author of "Taliban." "They would like to see more crises in European capitals and countries being forced to pull out" of the ISAF alliance.

This has already happened in Italy, where questions of the country's commitment to Afghanistan almost toppled the prime minister recently.

But it also has a clear impact here, where some Afghans protested the deaths in Jalalabad not only with chants of "Death to America!" but also "Death to Karzai!"

Indeed, on the streets of Kandahar, some see the local Canadian ISAF contingent as a greater menace than the Taliban.

Among a clutch of rickshaw drivers assembled by a dusty curbside recently, one says that the Canadians shot his nephew; and another claims that they shot two of his cousins, who were only riding their bicycles.

It was not possible for The Monitor to verify or discredit these claims, but they are indicative of a prejudice among some sections of the population here. "As soon as we see troops on the road, we pull off," says driver Sardar Mohammad, whose weathered face crinkles in lines of grandfatherly concern. "We are afraid of them."

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For these men, the concern about the Taliban is something different. No one wants to kneel to perceived Pakistani imperialism. But at least the Taliban are of their same Pashtun stock. They do not fear every bearded face, and they understand the customs of Afghanistan – as well as the importance of Islam.

"There is a reason the fighting is not stopping in Afghanistan: [Foreign troops] don't know our culture," says Dost Mohammad, whose voice seems to be pleading as much as condemning. "They come with their boots into our mosques. This is why everyone is fighting against them."

Nearby, the corpulent figure of Neda Mohammad stands amid the crowd, his hands folded regally, his large frame cloaked in many folds of fine brown fabric. He is from the neighboring province of Oruzgan, but he says that he fled here because Western jets bombed his village. "If there is less persecution on us, then we would prefer the Taliban," he says matter-of-factly.

'If I don't do it, who will?'

Alima, however, would not.

She ghosts through the muddy back-alleys of Kandahar, the fringes of her silvery-blue burqa fluttering behind. To some, her job of walking door-to-door to give children a free polio vaccination would be seen as humane. But even now, it is enough to get her killed here.

Not only is she a woman doing work – something forbidden in the most conservative interpretations of Islam – but zealous mullahs have also claimed that the immunization program is part of a covert campaign by foreign powers to sterilize Muslims.

If the Taliban were to come back, things would only get worse. "Of course I am scared of the work I am doing during the day – I have nightmares," she says, offering only her first name. "I am afraid that someone will come and shoot me in the head."

But she attempts to steady herself. She needs work to feed her family and buy them clothes, and she wants to serve her people. "If I don't do it, who will?"

To be sure, the potential return of the Taliban offers a far different prospect for the women of Kandahar than it does for the men. "See, I am working!" says Zahra Suliemani, another volunteer in the vaccination campaign, whose bony hands sway beneath her back veil, gripping her medicine box tightly. "I can go out and work as much as a man can work."

"No one wants the Taliban to come back," she says firmly.

But here, amid the ebb and flow of war, lives are already changing. Among the crumbling earthen houses and green spinach fields of her neighborhood, 9-year-old Nazeka chases her friends down dirt paths, shrieking with delight. But when she walks to school, her shoulders cautiously brush the walls by the side of the road. She tries to stay as far from the road – and the car bombs – as possible.

Sometimes, when she has to cross the road, she will ask a Canadian soldier to help her. Sometimes, she says, they do.

"I am afraid of the Taliban, because they are the ones making explosives," says Nazeka. "And I am afraid of the foreign soldiers because wherever they go, there are explosions."

At 9, Nazeka has already seen enough suffering. Unconsciously, she grasps a friend's hand as she explains, in an unwavering voice, how one night in the past "some people took my grandfather and tore him in pieces and then brought him back."

She does not know who did it or why they did it. Nor does she seem to care. "People should be so happy in this country," she says, smiling. "I do not like this war."

Along the city's main thoroughfare, however, those old enough to have seen many such wars merely shrug.

Abdul Bashir, for one, does not seem to be an overly worried sort of person. With a roguish grin, he somewhat curiously attributes his good business this month to the successful lettuce crop.

This from a man who sells used boom-boxes, stacked to the ceiling of his small stall. He polishes one, attempting to make it look presentable amid the dust, while recounting 30 years of violence – from the "holy war" against the Soviets to four years of civil war to the rise and fall of the Taliban.

"The security situation is a concern," he says, the sparkle in his eyes undimmed. "But we're used to it."

NATO Targets Taliban In Afghanistan (USAT)

USA Today, March 7, 2007

DOJ_NMG_0141125

NATO-led troops launched their biggest offensive yet in Afghanistan, targeting militants in Helmand province, the military said Tuesday. Operation Achilles involves 4,500 NATO troops and 1,000 Afghan soldiers in an area where hundreds of Taliban insurgents from Asia, the Middle East and North Africa have massed, U.S. Army Col. Tom Collins said.

The militants overran Musa Qala, in the northern part of the province, on Feb. 1 after defying a peace deal between the government and tribal elders reached last fall. The Taliban still controls the town.

Jetliner catches fire while landing in Indonesia

A jetliner carrying 140 people burst into flames as it landed at an airport on Indonesia's Java island today, killing at least 20 people, officials said. Bambang Sugito, general manager of the airport, told el-Shinta radio that 20 bodies had been pulled from the wreckage.

Garuda Indonesia airline said 140 passengers and crew were on board. Ari Sapari, operations director of Garuda, said some passengers escaped and authorities were trying to rescue others. The Boeing 737-400 also was carrying 10 Australians, including journalists and diplomatic staff, Australian Prime Minister John Howard said.

Medic guilty of desertion for refusing Iraq duty

A U.S. military court in Wuerzburg, Germany, on Tuesday found Army Spc. Agustin Aguayo, 35, guilty of desertion for refusing to return to Iraq. The medic was sentenced to eight months in prison. He also will receive a bad-conduct discharge. Aguayo enlisted in 2002, when military operations in Afghanistan were underway and there was talk of a possible Iraq invasion. He served a year as a medic in Iraq in 2004 after the military rejected his request to be a conscientious objector. Aguayo said he enlisted to earn money for his education and never considered he would have to fight.

Afghanistan Operation Targets Insurgents (LAT)

By Shafiqullah Azimi And Laura King,

The Los Angeles Times, March 7, 2007

Four Taliban fighters are reported killed in the initial round of the NATO-led offensive.

KABUL, AFGHANISTAN — NATO forces on Tuesday launched the alliance's largest offensive yet against insurgents in southern Afghanistan, marking the start of what both sides predict will be an intense round of fighting over the spring and summer.

The operation, centered in volatile Helmand province, will eventually involve 4,500 NATO troops and about 1,000 soldiers from the Afghan national army, military spokesmen said. Commanders declined to specify how many troops took part in the initial push, or elaborate on the fighting that had taken place so far.

Four Taliban militants were killed in the initial round of combat, Afghan defense officials reported. A British soldier also died Tuesday in southern Afghanistan, but British defense officials later said the soldier had not been part of the offensive.

The North Atlantic Treaty Organization has been vowing for months to root out thousands of Taliban fighters, who together with foreign militants have ensconced themselves in Helmand, the world's largest grower of opium poppies.

Taliban and other militants have for some time been able to move freely in and out of the rugged province, which borders Pakistan. Alliance troops, however, lately have managed to kill several important insurgent figures in pinpoint raids in Helmand, including Mullah Akhtar Mohammed Osmani, slain in an American airstrike in December.

A resurgence

Drug revenues are believed to be funding the resurgence of the Taliban militia, which had been left scattered and demoralized after the Islamist movement was toppled in 2001 by U.S.-led forces. The coalition offensive in part was aimed at disrupting the drug trade, Western military officials said.

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said the offensive was centered on "improving security in areas where Taliban extremists, narco-traffickers and foreign terrorists are currently operating." NATO spokesmen said securing the area would pave the way for the resumption of reconstruction projects, which have been largely paralyzed in much of the south by rising rviolence.

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Helmand province has proved a particularly difficult venue for the alliance. Last spring, the United States poured nearly 11,000 troops into the province's north, an engagement that ended with a declaration of victory, followed in subsequent months by a steady re-infiltration by militants.

The province is now thought to contain the greatest number of insurgents in Afghanistan.

In early February, Taliban fighters overran the town of Musa Qala, where a British-brokered accord had halted fighting. Many townspeople fled when the insurgents arrived, but those who stayed reported being terrorized by the militants, particularly if they were suspected of having ties to the Afghan government or friendly contacts with NATO forces.

The allied offensive is open-ended, coalition commanders said. American, British, Canadian and Dutch troops were taking part in the fighting.

The U.S. contingent eventually will total about 1,500 troops, spokesmen said, but the number taking part in the offensive's initial phase was not specified.

Until now, British troops have borne the brunt of fighting in Helmand. For months, they have tried to secure a major hydroelectric dam in the district of Kajiki but have been unable to keep insurgents out of the area.

Threat of suicide attacks

Both sides say they are ready to seize the offensive this spring. Taliban commanders have boasted of having thousands of suicide bombers and other fighters at the ready.

NATO, for its part, has vowed to take the fight to insurgent strongholds. "I do not think you would be wrong if you were to characterize it as the start of ISAF's major operations for 2007," Collins told journalists in Kabul, the capital.

Senior Western commanders sought to put the spotlight on the Afghan troops involved in the operation, even though nearly five times as many NATO soldiers will take part. The alliance's southern commander, Maj. Gen. Ton van Loon, said, "We need to make sure the government of Afghanistan, with our support … secures the area."

Afghan defense officials took a decidedly lower-key approach, confirming only that the operation had begun and Afghan troops were involved.

Taliban commanders predicted that the NATO offensive would quickly founder.

Afghan officials said Monday that nine civilians died in a U.S. airstrike north of Kabul. The strike obliterated a compound where U.S. officials said insurgents who attacked an American firebase had taken shelter.

Afghan officials said a Taliban fighter lived in the compound but had apparently escaped.

Analysts have suggested that insurgents may rely heavily on suicide attacks and roadside bombings rather than seeking a conventional military confrontation with NATO troops.

Bombing, kidnappings

Afghan officials said a policeman was killed Tuesday by a roadside bomb in Helmand province.

Further underscoring the area's lawlessness, an Italian journalist and two Afghan colleagues were reported to have been seized by insurgents in Helmand. The Italian newspaper La Repubblica said on its website that it had lost contact on Sunday with reporter Daniele Mastrogiacomo, who last checked in from neighboring Kandahar province.

A Taliban spokesman had earlier identified the captured Westerner as a British national.

king@latimes.com

Special correspondent Azimi reported from Kabul and Times staff writer King from Istanbul, Turkey.

NATO Offensive Targets Taliban In S. Afghanistan (WP)

By Griff Witte

The Washington Post, March 7, 2007

ISLAMABAD, Pakistan, March 6 -- NATO and Afghan forces on Tuesday launched what commanders described as a major operation in a key province of southern Afghanistan, part of a bid to win back territory that has become a haven for insurgents.

The operation, the international force's largest to date in the country, was centered in the northern part of Helmand province, where Afghan government authorities have little control and insurgents move with relative impunity. The province's

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governor said Tuesday that 700 al-Qaeda fighters had moved into the region, and were believed to be planning more of the suicide bombings and other attacks that have besieged Afghanistan for the past year and a half.

Both sides have said this is likely to be a bloody spring, and Tuesday's operation seemed to mark a significant escalation. NATO forces said that they began the operation at 5 a.m. and that it would ultimately involve 4,500 NATO troops from several nations, including the United States, Britain, Canada and the Netherlands, plus 1,000 Afghan soldiers.

More than 1,000 U.S. troops from the 82nd Airborne Division were part of the offensive, which was dubbed Operation Achilles. The United States has 27,000 troops in Afghanistan, 15,000 of whom are under NATO command.

The U.S. airborne unit had only recently moved into southern Afghanistan and was able to slip into position in Helmand beginning Monday evening and continuing overnight, according to Col. Tom Collins, a spokesman for NATO forces. "We think we have achieved some tactical surprise by moving into the area in the way that we did," Collins said.

Despite the scale of the operation, NATO forces had not publicly reported any heavy fighting by late Tuesday night, and Afghan officials in Helmand said they had not heard of any major combat. Officials did say that a British soldier had been killed during fighting in Helmand; four suspected insurgents were also reported killed in the south.

It was unclear how the Taliban and other insurgent groups would respond to an offensive. In the past, insurgents have conducted strategic retreats in the face of major operations and waited until the threat died down.

The start of Operation Achilles follows by nine months another operation in the same part of the country that involved 11,000 U.S.-led troops. Since then, insurgents have intensified their hold in northern Helmand. Last month they even took control of one district, Musa Qala, in defiance of a peace deal signed with local elders. Poppy production has also soared in the province, which is Afghanistan's largest producer of opium.

Lt. Col. Angela Billings, a spokeswoman for NATO forces, said the time is right to try to break the insurgents' grip on the area.

"Afghanistan is a different place than it was nine months ago. The local population is tired of the unrest," Billings said. "They're definitely behind [NATO forces] and the Afghan national security forces. They believe in the government, and they want to be supportive."

The immediate goal of the operation was to secure a highway that leads to a dam where international aid organizations are supposed to be working on a hydroelectric project. Instability has kept them out, however, and NATO military officials said the hope is that the operation will allow them to come back. The operation could take weeks, or more.

The governor of Helmand, Asadullah Wafa, indicated at a news conference in Kabul on Tuesday that he welcomed the NATO offensive. Wafa said that over the past year insurgents had driven away Afghan security forces in four districts of his province and that more foreign troops were needed to regain control.

Wafa said that recently a key insurgent leader had massed 700 fighters in the province. He identified the leader as a Pakistani al-Qaeda member named Abdullah Massoud and said that Massoud's fighters include al-Qaeda members from Pakistan, Chechnya, Uzbekistan, Tajikistan and the Persian Gulf.

"Afghanistan's neighbor, Pakistan, and al-Qaeda want to turn Helmand into a terrorist center," Wafa said.

Afghan authorities have long said Pakistan is enabling the Taliban movement to thrive by giving insurgents a sanctuary in the relatively lawless tribal areas near the two countries' border. Pakistani officials counter that they are doing their best to crack down on Taliban and al-Qaeda activity and are supportive of NATO's mission in Afghanistan.

Also in Afghanistan on Tuesday, members of the Taliban told [a] news agency that they had abducted an Italian newspaper reporter in Helmand and accused him of being a spy for British troops. At the same time, the Italian newspaper La Repubblica said that it had not been able to contact one of its reporters since Sunday and that he had been in the volatile southern province of Kandahar when the paper last heard from him.

NATO Troops Launch Offensive Against Taliban (WT/AP)

By Fisnik Abrashi

The Washington Times, March 7, 2007

DOJ_NMG_0141128

KABUL, Afghanistan -- In its largest offensive yet, thousands of NATO troops moved yesterday into the mountains of southern Afghanistan where hundreds of hard-core Taliban insurgents hold sway -- an operation in the world's biggest opium-producing region aimed at winning over a population long supportive of militants.

Comprising 4,500 NATO and 1,000 Afghan troops, Operation Achilles marks the start of NATO's major spring military action, said Col. Tom Collins, spokesman for NATO's International Security Assistance Force.

NATO hopes it can establish security among a population now harboring Taliban militants, foreign fighters and drug traffickers, and rid the region of its shadow Taliban government. That would allow President Hamid Karzai's administration to make its first move into a lawless region overflowing with the poppies funding the Taliban insurgency.

"What you are going to see in the coming weeks is the enemy reacting to the strategic initiative of the government of Afghanistan and the [NATO] forces it's partnered with," Col. Collins said. "It is us moving into [Taliban] areas, not the other way around."

The offensive is NATO's largest ever in the country. But it involves only half the number of troops that fought in a U.S. offensive in the same region just nine months ago, when 11,000 U.S.-led troops attacked fighters in northern Helmand province during Operation Mountain Thrust.

Although 1,500 U.S. troops along with British, Canadian and Dutch soldiers were returning to the region, the situation was "fundamentally different" this year, and NATO had a much better opportunity to establish a permanent presence because more troops were in the country.

The offensive "is focused on improving security in areas where Taliban extremists, narco-traffickers and foreign terrorists are currently operating," Col. Collins said. "Once the security situation is improved, we will begin short- and long-term reconstruction projects."

Officials estimate there are hundreds of hard-core Taliban insurgents in the area, as well as hundreds -- or perhaps thousands -- of foot soldiers hired to fight for the group.

Col. Collins said NATO was working closely with the government to prevent civilian casualties, which have dogged military operations here and resulted in strong protests from Mr. Karzai and other Afghans. Up to 20 civilian deaths in three incidents Sunday and Monday can be attributed to U.S. or NATO military action, Afghan officials and witnesses say.

Afghan defense officials said four Taliban insurgents were killed in the first day of the offensive. Britain's Ministry of Defense said a British soldier was also killed in Helmand, but not as part of the operation.

Helmand is the world's biggest producer of opium, and a new U.N. drug assessment indicates this year's poppy harvest could be higher than last year's record output. The U.N. says Taliban fighters protect poppy farmers and tax the crop, deriving money for their insurgency -- perhaps as much as hundreds of millions of dollars.

Aside from offering protection, the Taliban also derives its strong local support from ethnic and tribal ties.

The government has little control over many parts of northern Helmand, and the British troops stationed there battle almost daily with militants. U.S. intelligence officials say Taliban fighters have flooded into Helmand over the past several months, and there are now more fighters there than anywhere else in the country.

"We cannot allow extremists, criminals and Taliban to decide what happens in this country," Maj. Gen. Ton van Loon, the NATO force's southern commander, told reporters. "We need to make sure the government of Afghanistan with our support ... secures the area."

British troops have been battling for several weeks with militants in the district of Kajaki -- the thrust of yesterday's operation -- to enable repairs on a hydroelectric dam there, which can supply close to 2 million Afghans with electricity.

Militants also overran Musa Qala, another district in northern Helmand province, on Feb. 1 after defying a peace deal between the government and elders reached last fall. The Taliban still controls the town, and Col. Collins said NATO forces would not move in until the government approves.

Meanwhile, a remote-controlled bomb targeting a police vehicle yesterday killed one policeman and wounded another in Murja district, also in Helmand, said Ghulam Nabi Mulakhail, the province's police chief.

In Rome, the Italian newspaper La Repubblica said it has lost contact with its reporter in Afghanistan, and a spokesman for the Taliban said yesterday the group had captured a person posing as a journalist who previously worked for the paper.

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La Repubblica has had no contact with Daniele Mastrogiacomo since Sunday. It was not clear whether the person captured by the Taliban was the missing La Repubblica reporter.

"Taliban higher authorities" will decide what to do with them, Qari Yousef Ahmadi, who claims to speak for the Taliban, told the Associated Press by satellite phone from an undisclosed location. "We are investigating whether they are British spies."

DOJ:

Prosecutors Say They Felt Pressured, Threatened (WP)

By Dan Eggen And Paul Kane, Washington Post Staff Writers

The Washington Post, March 7, 2007

Hill Republicans, Justice Dept. Cited

Six fired U.S. attorneys testified on Capitol Hill yesterday that they had separately been the target of complaints, improper telephone calls and thinly veiled threats from a high-ranking Justice Department official or members of Congress, both before and after they were abruptly removed from their jobs.

In back-to-back hearings in the Senate and House, former U.S. attorney David C. Iglesias of New Mexico and five other former prosecutors recounted specific instances in which some said they felt pressured by Republicans on corruption cases and one said a Justice Department official warned him to keep quiet or face retaliation.

Iglesias's allegations of congressional interference have prompted a Senate ethics committee inquiry. Yesterday he offered new details about telephone calls he received in October from Sen. Pete V. Domenici (R-N.M.) and Rep. Heather A. Wilson (R-N.M.), saying he felt "leaned on" and "sickened" by the contacts seeking information about an investigation of a local Democrat.

Another former prosecutor, John McKay of Seattle, alleged for the first time that he received a call from the chief of staff to Rep. Doc Hastings (R-Wash.), asking about an inquiry into vote-fraud charges in the state's hotly contested 2004 gubernatorial election. McKay said he cut the call short.

Ed Cassidy, a former Hastings aide who now works for House Minority Leader John A. Boehner (R-Ohio), said yesterday that the call was routine and did not violate "permissible limits" on contact with federal prosecutors. Hastings, the ranking Republican on the House ethics committee, also said that the exchange was "entirely appropriate."

In remarks after the hearings, McKay said that officials in the White House counsel's office, including then-counsel Harriet E. Miers, asked him to explain why he had "mishandled" the governor's race during an interview for a federal judgeship in September 2006. McKay was informed after his dismissal that he also was not a finalist for the federal bench.

White House spokesman Scott Stanzel declined last night to respond to McKay's comments.

Yesterday's testimony featured new allegations of threatened overt retaliation against the prosecutors, as former U.S. attorney Bud Cummins of Little Rock said a senior Justice Department official warned him on Feb. 20 that the fired prosecutors should remain quiet about their dismissals. Cummins recounted in an e-mail made public yesterday that the official cautioned that administration officials would "pull their gloves off and offer public criticisms to defend their actions more fully."

"It seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation," Cummins wrote in the e-mail, which he sent as a cautionary note to fellow prosecutors.

The senior official, Michael J. Elston, chief of staff to Deputy Attorney General Paul J. McNulty, wrote in a letter to the Senate that he never intended to send a threatening message in his talks with Cummins. Justice Department spokesman Brian Roehrkasse said that "a private and collegial conversation" was "being twisted into a perceived threat by former disgruntled employees grandstanding before Congress."

The six U.S. attorneys who appeared yesterday had declined to testify voluntarily. They were subpoenaed by a House Judiciary subcommittee and threatened with subpoenas in the Senate. Their testimony marked the latest twist in the U.S. attorneys saga, which began quietly on Dec. 7 with a spate of firings, but has prompted concern among current and former federal prosecutors that the firings -- and the Justice Department's evasive and shifting explanations -- threaten to permanently damage the credibility of U.S. attorney's offices nationwide.

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"The whole series of events has been remarkable and unprecedented," said Mary Jo White, who served for nine years as the U.S. attorney for the Southern District of New York during the Clinton and Bush administrations. "It's not a matter of whether they have the power to do it; it's a matter of the wisdom of the actions taken. It shows a total disregard for the institution of the U.S. attorney's offices and what they stand for."

Arlen Specter (Pa.), the ranking Republican on the Senate Judiciary Committee, said during the testimony that "if the allegations are correct, there has been serious misconduct in what has occurred."

The Justice Department said initially that the prosecutors had "performance-related" problems, but more recently it asserted that they had not adequately carried out Bush administration priorities on immigration, the death penalty and other issues. The department has also acknowledged that Cummins, the Little Rock prosecutor, was asked to resign solely to provide a job for a former aide to presidential adviser Karl Rove.

"In hindsight, perhaps this situation could have been handled better," Assistant Attorney General William E. Moschella said in prepared testimony yesterday in the House. " . . . That said, the department stands by the decisions."

Moschella said Justice did not intend to evade Senate oversight of U.S. attorneys, who under a new law can be appointed on an interim basis indefinitely by Attorney General Alberto R. Gonzales.

For the first time, Moschella detailed in public the department's rationale for each of the dismissals (although most of the claims had previously been aired through anonymous comments and documents leaked to reporters). All but one of the fired prosecutors had received positive job evaluations, but Justice officials say those reports do not include all possible performance problems.

Moschella also said it is "dangerous, baseless and irresponsible" to allege that the firings were linked to unhappiness over public corruption probes, as Iglesias and some Democrats have alleged.

In addition to Iglesias, four other fired prosecutors were conducting political corruption investigations of Republicans when they were dismissed. Carol S. Lam of San Diego, for example, oversaw the guilty plea of former Republican representative Randy "Duke" Cunningham, and brought related indictments against a former CIA official and a defense contractor.

Iglesias testified that Wilson called him while he was visiting Washington on Oct. 16 to quiz him about an investigation of a state Democrat related to kickbacks in a courthouse construction project.

"What can you tell me about sealed indictments?" Iglesias said Wilson asked him.

Iglesias said "red flags" immediately went up in his mind because it was unethical for him to talk about an ongoing criminal investigation, particularly on the timing of indictments.

"I was evasive and unresponsive," he said of his conversation with Wilson. She became upset, Iglesias testified, and ended the conversation.

"Well, I guess I'll have to take your word for it," she said, according to Iglesias.

About 10 days later, Iglesias said, Domenici's chief of staff, Steve Bell, called Iglesias at his home in New Mexico and "indicated there were some complaints by constituents." Domenici then got on the phone for a conversation that lasted "one to two minutes," Iglesias recalled.

"Are these going to be filed before November?" Domenici asked, Iglesias testified, referring to the kickback case. Unnerved by the call, Iglesias said he responded that they were not.

"I'm sorry to hear that," Domenici replied, according to Iglesias, who added that the senator then hung up.

"I felt sick afterward," Iglesias said, acknowledging that he did not report the calls to Washington as required under Justice rules. "I felt leaned on. I felt pressured to get these matters moving."

Domenici stressed in a statement issued yesterday that Iglesias "confirmed" that the senator never mentioned the November election and that he had no idea why the prosecutor felt "violated." In a separate statement, Wilson said she was only passing on complaints from unidentified constituents and apologized for any "confusion" about the call.

In the e-mail released yesterday, Cummins wrote that Elston called him after a Feb. 18 Washington Post article, which quoted Cummins as criticizing Justice officials for blaming the firings on performance problems. He said that he defended his remarks, and that he made a point of noting that the prosecutors had declined invitations to testify before Congress.

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"He reacted quite a bit to the idea of anyone voluntarily testifying," Cummins wrote, adding later: "I don't want to stir you up . . . or overstate the threatening undercurrent in the call, but the message was clearly there and you should be aware before you speak to the press again if you choose to do that."

Cummins testified that he did not feel threatened by the conversation, but others, including Iglesias and McKay, said they took it as such.

Former U.S. attorneys Daniel Bogden of Las Vegas and Paul Charlton of Phoenix also testified.

Ex-U.S. Attorney's Email Warns Of Retaliation (WSJ)

By Evan Perez

The Wall Street Journal, March 7, 2007

A top Justice Department official, reacting to public criticism of the department over the firings of eight U.S. attorneys, called one of the ousted prosecutors and said the department may have to "pull their gloves off and offer public criticisms" against the prosecutors if the prosecutors continued to talk publicly about the dismissals, one of the prosecutors said.

Bud Cummins, who was fired last June from his job as U.S. attorney for the Arkansas Eastern District, based in Little Rock, told other dismissed U.S. attorneys in a Feb. 20 email that he thought the call from Mike Elston, an aide to Deputy Attorney General Paul McNulty, was "amiable enough." Mr. Cummins told the former prosecutors that he didn't want to "overstate the threatening undercurrent in the call, but the message was clearly there and you should be aware before you speak to the press again if you choose to do that."

Mr. Cummins's email was made public as several attorneys testified before the House and the Senate. Justice Department officials came under withering fire from lawmakers in both chambers over the recent dismissal of at least eight U.S. attorneys. (Read the email.7)

Mr. Cummins's firing is what started the uproar. His interim replacement, Timothy Griffin, is a former political official in the Bush White House and the Republican National Committee. Mr. Cummins, in an interview, said a top Justice official asked for his resignation in June, saying the White House wanted to give another person the opportunity to serve. Since the controversy arose, Mr. Griffin has announced he doesn't plan to seek Senate confirmation.

The Justice Department said Mr. Elston didn't threaten Mr. Cummins. "We stand by our statement that Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure, and any suggestion that such a conversation took place is ridiculous and not based on fact, " Brian Roehrkasse, a Justice Department spokesman said.

Mr. Cummins sent his email to Daniel Bogden, Paul K. Charlton, David Iglesias, Carol Lam and John McKay. Justice Department officials have said the Dec. 7 dismissals were performance-related. The department's performance claims has prompted protests from some of those let go—some of whom have taken to referring to the firings at the "Pearl Harbor Day Massacre." Some of the prosecutors have said they would not have protested the moves otherwise.

Democrats cited the firings as proof that under Attorney General Alberto Gonzales, the Justice Department has devolved into a political arm of the White House, especially in light of statements from Republican Sen. Pete Domenici, of New Mexico, that he sought the removal of Mr. Iglesias, the U.S. attorney in his home state, and called him to inquire about the status of a corruption investigation involving local Democrats.

Prosecutors Describe Contacts From Higher Up (NYT)

By David Johnston

The New York Times, March 7, 2007

WASHINGTON, March 6 — Six ousted United States attorneys told Congressional panels Tuesday new details about lawmakers' intrusions in sensitive investigations and possible efforts by the Justice Department to squelch their public protests over their firings.

In testimony at hearings in the Senate and House, the prosecutors spoke of intrigue over their dismissals and their surprise last December that they had been asked to resign but were given no explanation.

Democrats said the testimony raised more questions about the Justice Department's motives for the removal of eight prosecutors. "Federal prosecutors are supposed to be bedrock neutral servants of the law, not temporary tools in the service of some political end," said Senator Charles E. Schumer, Democrat of New York and a member of the Judiciary Committee.

H. E. Cummins III, who was removed last summer as a United States attorney in Arkansas, said that in late February, Michael Elston, chief of staff to the deputy attorney general, Paul J. McNulty, told him by telephone that any prosecutor who spoke to reporters could face retaliation.

In an e-mail message to several dismissed prosecutors that was disclosed at the hearing, Mr. Cummins wrote of senior Justice Department officials, "They feel like they are taking unnecessary flak to avoid trashing each of us specifically or further, but if they feel like any of us intend to continue to offer quotes to the press, or to organize behind the scenes Congressional pressure, then they would feel forced to somehow pull their gloves off."

In a letter on Tuesday addressed to Mr. Schumer, Mr. Elston responded that he was "shocked and baffled" by Mr. Cummins's portrayal of their past discussions.

"I do not understand how anything that I said to him in our last conversation in mid-February could be construed as a threat of any kind," Mr. Elston wrote, "and I certainly had no intention of leaving with that impression. At no time did I try to suggest to him what he or any other former U.S. attorney should or should not say about their resignations."

Under questioning by Senator Arlen Specter, Republican of Pennsylvania, Mr. Cummins said it was possible Mr. Elston had not intended to threaten anyone and had been offering friendly advice.

A Justice Department official acknowledged to the House Judiciary Committee that the dismissals could have been handled better. The official, William E. Moschella, a top aide in the deputy attorney general's office, told the committee: "These U.S. attorneys could have been informed at the time that they were asked to resign about the reasons for the decision. Unfortunately, our failure to provide reasons to these individual U.S. attorneys has only served to fuel wild and inaccurate speculation about our motives, and that is unfortunate because faith and confidence in our justice system is more important than any one individual."

The department said recently that the prosecutors had been fired for performance problems or for failure to carry out department policies. But some Democrats have charged that the dismissals were intended to squelch corruption investigations or replace independent-minded prosecutors.

Much of the testimony on Tuesday focused on what the prosecutors said were disconcerting calls they received in prominent inquiries.

David C. Iglesias, who was removed as the United States attorney in Albuquerque, provided new details about phone calls he received from Senator Pete V. Domenici and Representative Heather A. Wilson, two Republicans from New Mexico.

Mr. Iglesias said he felt "sick" after a phone call from Mr. Domenici and his chief of staff several days before the 2006 elections. He said it was the first time he had received a call at home from Mr. Domenici, whom Mr. Iglesias described as a one-time political mentor.

He said that Mr. Domenici had inquired about a corruption case involving a courthouse construction contract and Democrats in the state. Mr. Domenici asked whether charges were "going to be filed before the election," Mr. Iglesias said.

Mr. Iglesias said he had replied, "I don't think so." In response, he said, Mr. Domenici hung up. "I had a sick feeling in the pit of my stomach that something bad had just happened," Mr. Iglesias said. "I felt leaned on, I felt pressured to get these matters moving."

After the testimony Mr. Domenici said in a statement that he still regarded the call as nonthreatening.

Two weeks earlier, Mr. Iglesias said, he had received a brief phone call from Ms. Wilson, who was locked in a tight race in which the corruption inquiry was a hotly debated topic.

Mr. Iglesias said he was surprised when she asked him about the inquiry and whether there had been sealed indictments filed in the case. When he responded that he could not discuss the subject, he testified, she was "not happy about it" and told him, "I guess I'll have to take your word for it."

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Ms. Wilson said Tuesday in a statement that her call had been an effort to alert Mr. Iglesias about rumors that he was intentionally delaying indictments. “I did not ask about the timing of any indictments,” she said, “and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way.”

Another prosecutor, John McKay of Seattle, said he received a call in late 2004 from Ed Cassidy, a former chief of staff to Representative Doc Hastings, Republican of Washington.

At the time, Mr. McKay was weighing whether to convene a grand jury to investigate accusations of voter fraud in a close election for governor. He said Mr. Cassidy called to inquire about the status of the investigation.

Mr. McKay said he cut off the conversation, telling Mr. Cassidy that he was certain he would not want to ask about confidential prosecution matters. “I was concerned and disconcerted by the call,” Mr. McKay said.

In a statement, Mr. Hastings said that the call was appropriate. “It was a simple inquiry and nothing more — and it was the only call to any federal official from my office on this subject either during or after the recount ordeal,” he said.

Fired U.S. Attorneys Felt 'Leaned On' (AP)

By Laurie Kellman, Associated Press Writer

AP, March 7, 2007

WASHINGTON (AP) - Alleging heavy-handed political pressure, fired U.S. prosecutors testified Tuesday they felt ``leaned on'' by Republican lawmakers to seek indictments and hushed by a Justice Department official who did not want them talking about their dismissals.

Testifying before Democratic-controlled congressional committees, six of eight recently ousted prosecutors said they were fired without explanation. Several described what they said was improper pressure by Republicans on pending cases.

New Mexico's David Iglesias told lawmakers he felt pressed by Sen. Pete Domenici, R-N.M., last October to rush indictments against Democrats before Election Day in November.

Arkansas' Bud Cummins wrote other fired prosecutors in an e-mail last month of a ``message'' conveyed by a Justice Department official that if they continued to talk with news reporters, the agency ``would feel forced to somehow pull their gloves off'' and fight back.

John McKay, the fired U.S. attorney in Seattle, said he stopped a top aide to Rep. Doc Hastings, R-Wash., from asking him detailed questions about an investigation into the disputed election of Washington state's Democratic Gov. Christine Gregoire in 2004.

A Justice Department official, invited to one of the two hearings, denied that any of the eight fired U.S. attorneys was improperly pressured or that they were ousted to make room for Republican political allies. Most of the firings were inspired by performance-related issues, he said.

California's Carol Lam, for example, was let go because her prosecution rate for violent crime and border violations was insufficient, William Moschella, an associate deputy attorney general, told a House subcommittee. Iglesias was fired because he had delegated too much to a deputy.

His accounting conflicts with performance reviews obtained by The Associated Press that give those ousted positive assessments.

``This administration has never removed a United States attorney to retaliate against them. Not once,'' Moschella said. ``The department stands by its decision to ask these U.S. attorneys to resign.''

A White House spokeswoman, Dana Perino, said administration officials were aware of the impending firings and offered no objections. Presidential adviser Karl Rove ``wasn't involved in who was going to be fired or hired.''

A former Rove aide, Tim Griffin, took over in Arkansas on an interim basis in December. Griffin said last month he would not seek Senate confirmation, saying a ``partisan circus'' had formed around his appointment.

The administration's defense took up only a few moments in the daylong parade of fired federal prosecutors across Capitol Hill, where they recounted being kicked out of their jobs, first to the Senate Judiciary Committee and then to the House Judiciary subcommittee on commercial and administrative law.

Their stories spanned states and legal issues, but they insisted they were not fired for poor performance. The department's claim to the contrary, several fired prosecutors said, inspired them to speak publicly.

In perhaps the day's most dramatic testimony, Iglesias told senators he felt sickened when Domenici hung up on him after being told that indictments in a corruption case against Democrats would not be handed down before the November elections.

``He said, 'Are these going to be filed before November?'" Iglesias recalled. ``I said I didn't think so. And to which he replied, 'I'm very sorry to hear that.' And then the line went dead."

Iglesias said he received the call from Domenici at home on Oct. 26 or 27 and that it lasted two minutes, ``tops."

``I felt leaned on. I felt pressured to get these matters moving," Iglesias testified. Asked by Sen. Chuck Schumer, D-N.Y., whether such a call was unusual in Iglesias' experience, the former prosecutor answered, ``Unprecedented."

In a statement late Tuesday, Domenici said, ``Neither I nor those who overheard my side of the brief conversation recall my mentioning the November election to him. I did not pressure him."

Democrats tried to assemble the anecdotes into a pattern of intimidation and obstruction by the Bush administration and two Republican lawmakers.

``For over 150 years the process of appointing interim U.S. attorneys has worked well with virtually no problems," said Sen. Dianne Feinstein, D-Calif. ``We need to assure that this kind of politicization of the U.S. attorney's offices does not happen again."

Democrats contend the administration fired the prosecutors without cause in an effort to make way for and reward GOP allies with the plum appointments - without Senate confirmation.

A Republican joined the criticism to some extent, saying he was not convinced that the department acted properly.

``If the allegations are correct, then there has been serious misconduct in what has occurred in the terminations of these United States attorneys," Sen. Arlen Specter of Pennsylvania said.

Domenici and Rep. Heather Wilson, R-N.M., have acknowledged making the calls. They have denied placing political pressure on Iglesias. Neither responded to requests for reaction to Iglesias' testimony.

The two lawmakers may face additional questions over the matter. House Majority Leader Steny Hoyer, D-Md., said the House ethics committee ``has a responsibility" to investigate Wilson's conduct. A watchdog group, Citizens for Responsibility and Ethics in Washington, has called for investigations of both Wilson and Domenici.

In the Arkansas firing, the Senate committee released an e-mail written by Cummins regarding a phone call he says he received Feb. 20 from a department official.

Mike Elston, chief of staff to Deputy Attorney General Paul McNulty, expressed displeasure that the fired prosecutors had talked to reporters about their dismissals, according to the text.

``If they feel like any of us intend to continue to offer quotes to the press, or organize behind the scenes congressional pressure, then they feel forced to somehow pull their gloves off and offer public criticisms to defend their actions more fully," Cummins said in the e-mail to five other fired prosecutors.

``I don't want to overstate the threatening undercurrent in the call, but the message was clearly there," he added.

Asked by Specter whether he felt he was being threatened, Cummins said, ``Some people would want to interpret that as a threat, but it could also be, 'Hey, here's some friendly advice.'"

The department denied making any threat, implied or otherwise.

``A private and collegial conversation between Mike Elston and Bud Cummins is now somehow being twisted into a perceived threat by former disgruntled employees grandstanding before Congress," department spokesman Brian Roehrkasse said.

``Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure and any suggestion that such a conversation took place is ridiculous and not based on fact," Roehrkasse said.

As for the call to McKay by Hastings' aide, the congressman, who is ranking Republican on the House ethics committee, said, ``It was a simple inquiry and nothing more." Ed Cassidy, Hastings' former chief of staff, is now senior adviser to Republican leader John Boehner of Ohio.

Iglesias told the panel he received a call from Wilson in mid-October in which she asked him about sealed indictments - a topic prosecutors cannot discuss. Wilson's question ``raised red flags in my head," Iglesias said.

``I was evasive and nonresponsive to her question," Iglesias told the panel, saying he talked generally about why some indictments are sealed. ``She was not happy with that answer. And she said, 'Well I guess I'll have to take your word for it." The call ended almost immediately, Iglesias said.

Asked by Schumer if he felt pressured by that call, Iglesias replied: ``Yes sir, I did."

Associated Press writers Jennifer Talhelm, Hope Yen and Larry Margasak contributed to this report.

Fired Prosecutor Felt Lawmakers' 'Pressure' (WT)

By Eric Pfeiffer

The Washington Times, March 7, 2007

A former federal prosecutor yesterday told a Senate panel that he was fired after Republican lawmakers called him and voiced concern about the sluggish pace of a corruption probe of New Mexico Democrats last year.

David C. Iglesias told committee members he felt "leaned on" by Sen. Pete V. Domenici and Rep. Heather A. Wilson of New Mexico.

Mrs. Wilson "wanted to talk about sealed indictments," said Mr. Iglesias, an appointee of President Bush. "I felt leaned on. I felt pressure to get these things moving."

Mr. Iglesias said Mr. Domenici hung up on him when told not to expect any indictments before the November elections.

While campaigning for re-election, Mrs. Wilson cast her Democratic opponent, Attorney General Patricia Madrid, as soft on corruption.

The Justice Department firings of Mr. Iglesias and seven other U.S. prosecutors are shaping up to be the first major investigation by the Democrat-led Congress.

"They were fired for no reason -- or worse, a political agenda," Chairman Charles E. Schumer, New York Democrat, said at the opening of the Senate Judiciary Committee hearing.

Justice Department officials say the prosecutors were fired for performance-related issues.

"This may take a lot of time and a lot of hearings," said Sen. Arlen Specter of Pennsylvania, the committee's ranking Republican.

Mr. Domenici and Mrs. Wilson said they did not intend to pressure Mr. Iglesias about his case.

"In the fall of last year, I was told by a constituent with knowledge of ongoing investigations that U.S. Attorney David Iglesias was intentionally delaying corruption prosecutions," Mrs. Wilson said yesterday.

"My call was not about any particular case or person, nor was it motivated by politics or partisanship. I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way."

Federal law-enforcement sources said some lawmakers were concerned about Mr. Iglesias' failure to convict David Hudak on arms dealing charges and his ability to convict former state Treasurer Robert Vigil on only one of 23 counts of extortion.

The House's ethics manual says the House and Senate recognize that a request for background information or a status report "may in effect be an indirect or subtle effort to influence the substantive outcome of the proceedings."

Carol Lam, a 2002 Bush appointee who oversaw the successful bribery prosecution of former Rep. Randy "Duke" Cunningham, California Republican, told the panel that she felt her termination was connected to complaints by a Republican legislator.

The Justice Department issued a request for her dismissal in January for not aggressively pursuing the prosecution of border crimes.

"I don't think anything we've done has been inconsistent with the mandates of the department," Mrs. Lam said. She said Rep. Darrell Issa, California Republican, called the Justice Department to question her efforts.

c Jerry Seper contributed to this story, which is based in part on wire service reports.

Ousted U.S. Attorneys Blast Bush Administration (MCT)

By Marisa Taylor, Margaret Talev And Les Blumenthal, McClatchy Newspapers

McClatchy, March 7, 2007

DOJ_NMG_0141136

WASHINGTON - Six former U.S. attorneys told two congressional committees Tuesday that Republican lawmakers and a congressional aide inquired about politically sensitive investigations, and their testimony raised new questions about whether the Bush administration removed the attorneys for political rather than professional reasons.

The U.S. attorneys, all of whom were appointed by President Bush, contradicted the administration's version of their sudden firings. Justice Department officials have downplayed the firings of eight U.S. attorneys as administrative decisions that were based on concerns about the attorneys' performance.

The U.S. attorneys testified before a House of Representatives subcommittee and the Senate Judiciary Committee that they were never given any specific reasons for their ousters. Two of them described interactions with Congress about criminal cases that Democrats have said could demonstrate that their removals were motivated by political considerations.

William E. Moschella, the principal associate deputy attorney general, called the charges of political interference "dangerous, baseless and irresponsible."

"This office has never removed a U.S. attorney to retaliate against them or prevent a public corruption investigation," he said. "Not once."

John McKay, the ousted U.S. attorney for western Washington state, revealed that the former chief of staff to Rep. Doc Hastings, R-Wash., called him in the weeks after the hotly contested 2004 Washington governor's race to ask about the status of an investigation into voter fraud by the Democrats. McKay's office looked into the allegations but never filed any charges. Christine Gregoire, a Democrat, eventually was declared the winner by 129 votes.

McKay said outside the hearing that top Bush aides were critical of his handling of the case when they interviewed him at the White House about becoming a federal judge.

David Iglesias, the former U.S. attorney in New Mexico, described separate phone calls from Republicans Sen. Pete Domenici and Rep. Heather Wilson about a corruption probe that involved at least one Democrat a month before the November elections and weeks before he was fired. At the time, Wilson was in a re-election race that she later won by 875 votes out of nearly 211,000 cast.

The prosecutors' testimony provoked a new round of accusations that Republicans tried to interfere with U.S. attorneys, who are appointed by the president but are supposed to refrain from partisan politics.

Rep. Linda Sanchez, D-Calif., the chairwoman of the House subcommittee, said in an interview that she expected the House to hold more hearings, and she left open the possibility of calling White House and Republican Party figures, as well high-level Justice Department officials.

Also Tuesday, an e-mail describing a conversation between one of the prosecutors and a high-ranking Justice Department official was made public.

In an e-mail sent to five of the ousted prosecutors, former U.S. Attorney Bud Cummins of Arkansas said a Justice Department official told him that department officials feel "like they are taking unnecessary flak to avoid trashing each of us," he wrote. "I was tempted to challenge him and say something movie-like such as `are you threatening ME???'"

In his testimony Tuesday, Cummins described the call as "advice" rather than a threat.

Brian Roehrkasse, a Justice Department spokesman, said Cummins "twisted" a collegial conversation with Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, "into a perceived threat by former disgruntled employees grandstanding before Congress."

"Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure, and any suggestion that such a conversation took place is ridiculous and not based on fact," he said.

Most of the prosecutors voiced frustration about not knowing why they were removed.

Daniel Bogden, the former U.S. attorney in Nevada, said he asked William Mercer, the acting assistant attorney general, why he was removed. Bogden quoted Mercer as saying that the administration had a "very short two-year window of opportunity, and this would be an opportunity to put others into these positions so they could build their resumes."

In a shift from the administration's previous explanation, Moschella of the Justice Department said the U.S. attorneys were removed "for reasons related to policy priorities and management," rather than solely "performance-related" reasons.

"In hindsight, perhaps the situation could have been handled better," he said. "Our failure to provide reasons has only served to fuel . . . wild and inaccurate speculation about our motives. That said, the department stands by its decisions."

Cummins' departure "was not for performance reasons," Moschella said, but because Justice officials thought Cummins didn't plan to serve out the rest of his term, and they wanted to find a spot for a former aide to Karl Rove, President Bush's top political strategist.

Democrats seized on the prosecutors' testimony to question whether the White House may have been more actively involved in the effort to oust certain prosecutors and replace them with partisan loyalists.

In an interview, McKay said his handling of the 2004 Washington governor's race came back to haunt him when he was interviewed about a federal judgeship by then-White House Counsel Harriet Miers and others in her office.

McKay said he was asked in the late summer or early fall of 2006 to explain the criticism of how he'd "mishandled" the governor's race investigation. McKay didn't reveal who asked the question, but he said it wasn't Miers.

McKay didn't get the nomination.

Most Republicans have maintained that the administration appeared to have valid reasons to fire the presidential appointees, and they accused the Democrats of grandstanding in their first use of their subpoena power since they took over the House and Senate in January.

The House panel's ranking Republican, Rep. Chris Cannon of Utah, called the hearing a "show trial," accused the former U.S. attorneys of behaving "disingenuously" and said there was "not a shred of hard evidence" that their removals were coordinated politically.

Iglesias' allegations have prompted a liberal public-interest group to file ethics complaints against Domenici and Wilson. The two New Mexico lawmakers have acknowledged making the calls to inquire about the corruption case, but they have insisted they didn't try to pressure Iglesias.

Former Hastings aide Ed Cassidy's telephone call also could raise ethics questions, even though McKay testified that he stopped Cassidy before the conversation "crossed the line." McKay also said the FBI hadn't launched a formal investigation at the time, although the allegations of voter fraud had been widely publicized.

Cassidy, who appeared briefly to listen to the testimony, described the conversation as a "routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities."

"As the top aide to the chairman of the House Ethics Committee, I understood the permissible limits on any such conversation," he said. "Mr. McKay understood and respected those boundaries as well."

Cassidy is now a senior adviser to House Minority Leader John Boehner, R-Ohio, and, among other things, advises Boehner on congressional ethics. Hastings chaired the House Ethics Committee from February 2005 until Democrats took control of the House earlier this year. He's now the ranking Republican on the committee, known as the Committee on Standards of Official Conduct.

Dismissed Federal Prosecutors Testify In Congress (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, March 7, 2007

WASHINGTON — A fired federal prosecutor described Tuesday how two Republican lawmakers from New Mexico made him feel "sick" after they called him -- in one case at his home -- to ask about criminal charges against Democrats last fall, just as one of the officeholders faced a tight re-election race.

The former prosecutor, David C. Iglesias, told congressional committees investigating the firing of him and seven other U.S. attorneys that in mid-October, Rep. Heather Wilson grilled him over the phone for information about possible sealed indictments in a call to his hotel room in Washington.

Two weeks later, Iglesias said, Sen. Pete Domenici called him at home, expressed disgust that there would be no indictments against Democrats in New Mexico before the November election, and slammed down the phone.

"I felt sick afterwards," Iglesias said. "I felt leaned on. I felt pressured to get these cases moving."

Iglesias joined five other former U.S. attorneys in a pair of hearings on Capitol Hill, all of them responding to subpoenas and sharing their disbelief and frustration over how they were abruptly terminated by Department of Justice officials.

The prosecutors said they could see no clear reason why they were let go other than political motives, noting that supervisors in Washington had praised their work and given them glowing performance evaluations since President Bush took office in 2001.

One of them, Carol Lam of San Diego, successfully prosecuted former Rep. Randy "Duke" Cunningham, R-Calif., and yet was dismissed shortly after indicting two of his partners in a sweeping bribery case.

"In most of our cases," Lam said, speaking for the group of dismissed prosecutors, "we were given little or no information" about why they were terminated.

Attorney General Alberto Gonzales and Justice Department officials have stoutly defended the firings, saying they were done because expectations were not being met or simply to make room for other individuals to have a shot at the traditionally plum jobs.

Administration officials also have stressed that U.S. attorneys are political appointees -- a fact clearly understood by the fired prosecutors -- who serve at the pleasure of the president and can be removed at any time for any reason.

"The department stands by the decisions" to fire the eight prosecutors, William E. Moschella, principal associate deputy attorney general, told the House Judiciary Subcommittee on Commercial and Administrative Law.

"To be clear," he said, "it was for reasons related to policy, priorities and management that these U.S. attorneys were asked to resign."

He said the Justice Department "would have preferred" that the dismissals not become such a hot political issue. "In hindsight," he said, "perhaps this situation could have been handled better."

The firings have left most of the eight prosecutors angry. At Tuesday's hearings, H. E. "Bud" Cummins III, the former U.S. attorney in Little Rock, Ark., complained that he was pushed aside to make room for Timothy Griffin, a Republican operative for chief White House political adviser Karl Rove.

Cummins also charged that the administration has continued to hound the prosecutors. He said a top Justice Department official warned him last month against talking to the media or Congress about the firings -- a "threat" he passed on to his other former colleagues.

John McKay, the fired prosecutor in Seattle, said he was unnerved by requests not to go public.

Looking around the open hearing room on Capitol Hill, he told a large group of reporters and members of the Senate Judiciary Committee: "I did not feel at all intimidated. Instead, it made me angry. Hence my presence here."

McKay revealed a new allegation of political pressure. He said that in 2004, during a series of vote recounts in which a Democrat was narrowly elected governor in Washington state, the then-chief of staff for Rep. Doc Hastings, R-Wash., called him and started inquiring about the status of a federal investigation into vote fraud.

McKay said he quickly cut off the caller, whom he identified as Ed Cassidy, because McKay felt the conversation might constitute obstruction of justice. "I was concerned and dismayed by the call," McKay said.

Hastings, who in 2005 and '06 chaired the House ethics committee and remains its ranking GOP member, said Cassidy's call and the phone conversation were "entirely appropriate."

He added, "It was a simple inquiry and nothing more." He said of McKay, "I simply cannot understand why he didn't just pick up the phone to make me aware of his concern about my aide's call."

Iglesias admitted that he also did not report the phone calls from Wilson and Domenici, and said he came forward about them only after he was fired.

He said he was hesitant at first because Wilson, a House member since 1998, had been a "friend and ally" in New Mexico politics, and because he considered Domenici, a 34-year veteran of the Senate, to be a "mentor."

"I felt a conflict between my loyalty to them and my duty to report," Iglesias said.

But he said he felt he was betrayed when he was fired, adding, "I've always been trained that loyalty is a two-way street. So upon further reflection I thought the right thing to do was to go public."

(Optional add end)

Iglesias offered the most riveting testimony at Tuesday's hearings in describing the two phone calls, which Wilson and Domenici have acknowledged they made but have denied were aimed at putting any pressure on the prosecutor.

Last fall, Iglesias said, his office was investigating allegations of Democratic corruption in New Mexico at a time when Wilson and Patricia Madrid, the Democratic state attorney general, were battling each other for Wilson's House seat. Wilson eventually won in a squeaker.

He said Wilson called him at his Washington hotel room on Oct. 16. They first joked about his being in Washington, he said, and then she changed the subject. She said she had been hearing about sealed indictments.

"Red flags went up in my head," Iglesias said. "We cannot talk about sealed indictments."

He said he responded evasively to her and ended the call. "She was not happy," Iglesias recalled.

The call to him two weeks later was placed by Domenici's chief of staff, Steve Bell, and Iglesias said he took it in his bedroom at his home as his wife was nearby. Bell told Iglesias that their office was getting complaints from citizens, and Bell then handed the phone over to the senator.

Iglesias said Domenici wanted to know if any indictments would be filed before the Nov. 7 election. The prosector said, "I don't think so." The senator, Iglesias said, responded, "I'm very sorry to hear that."

And then, Iglesias said, "the line went dead."

Fired U.S. Attorneys Allege Improper Contacts (CHIT)

By Karoun Demirjian

Chicago Tribune, March 7, 2007

WASHINGTON -- Several former U.S. attorneys told two congressional committees Tuesday that they felt political pressure from the Bush administration to remain silent about the circumstances of their firings.

H.E. "Bud" Cummins, ousted from his East Arkansas post last summer —and replaced by a former aide to White House political operative Karl Rove — told the Senate Judiciary Committee that in late February he received a troubling phone call from Mike Elston, chief of staff to deputy Attorney General Paul McNulty.

"He indicated that if the controversy continued to be stirred up, more damaging information might come out," said Cummins, who passed on the conversation to the other dismissed U.S. attorneys in an email he presented to the committee. "It might have been a threat, observation, or prediction. But I was very concerned for my colleagues."

John McKay, a former U.S. Attorney in western Washington state and one of seven federal prosecutors told to resign on Dec. 7, said, "I took it to mean that any work with Congress or testimony would be seen as an escalation from the Department of Justice, and they would respond accordingly. I felt that was a threat and hugely inappropriate. But while it was a threat, I'm not intimidated and I don't think my colleagues are either."

McKay and Cummins were joined in their testimony by former U.S. Attorneys Carol Lam of San Diego, best known for her successful prosecution of former Rep. Randy "Duke" Cunningham (R-Calif.), and David Iglesias of New Mexico, a former Navy prosecutor who was the inspiration for Tom Cruise's character in "A Few Good Men." All four also testified before the House Judiciary Committee and were joined there by former U.S. Attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona.

Their complaints about feeling pressured by the Bush administration to keep quiet about their dismissals are the latest chapter in what has incrementally grown into a serious political problem for the White House.

"There is so much evidence of the political interest of justice officials carrying weight over the career lawyers," said Thomas Mann, a political analyst with the Brookings Institution. "My view is that will potentially be quite harmful to the administration."

Over the weekend, Iglesias said he had received phone calls from his one-time mentor, Sen. Pete Domenici (R-N.M.), and Rep. Heather Wilson (R-N.M.), asking if indictments in a high-profile political corruption case would be handed down before the November elections.

"Red flags went up," Iglesias said. "I felt sick."

The Justice Department confirmed that Domenici later contacted high-level department officials with complaints about Iglesias.

Iglesias' story comes only weeks after Attorney General Alberto Gonzales told the Senate Judiciary Committee that he would "never, ever make a change in the United States attorney position for political reasons."

But shifting details in the administration's official explanations have convinced some Democrats that the attorneys in question were basically fired for political reasons.

"With virtually no documentary evidence on performance problems on the part of the fired U.S. Attorneys…what are we to think?" asked Sen. Charles Schumer (D-N.Y.), who chaired the Senate committee meeting.

U.S. Attorneys serve at the pleasure of the President, who is legally entitled to terminate an appointee's tenure for any or no reason.

"The Democrats are on the offensive against this president, who is a deeply politically vulnerable president," said Mark Moeller of the Cato Institute, a libertarian think tank. "This is a good way for the Democrats to portray the president as a lawless president."

The White House continues to insist that in all cases apart from Cummins's, the firings were based on their poor job performance. Associate Deputy Attorney General William Moschella told the House Judiciary Committee Tuesday that several attorneys had not been diligent in pursuing Justice Department policies, such as Lam, whose gun prosecution numbers, he said, were simply too low.

"She only beat out Guam and the Virgin Islands in that area," he said.

Lam defended her record. "It's a balancing act, and it does concern me that lack of pursuit of one of 20 or 30 priorities would be used as a reason to dismiss a U.S. Attorney," she said.

When asked, all the former U.S. Attorneys rejected the notion that job-performance related issues could have precipitated their dismissals. Sen. Dianne Feinstein (D-Calif.) suggested that the prosecutors may have been removed so the administration could appoint more political supporters, as was the case with Cummins's dismissal, by taking advantage of a little-known provision of the Patriot Act Reauthorization that allows the president to make indefinite interim U.S. Attorney appointments.

She and Sen. Arlen Specter (R-Pa.) have drafted a bill, currently facing Republican opposition on the Senate floor, to reinstitute a 120-day time limit for presidential appointees to receive Senate confirmation.

"It would be helpful if the Department of Justice would be a little more sensitive about what they're doing," Specter said. "To replace seven U.S. attorneys all at once is not exactly a discreet thing to do."

Ousted US Attorney Warned 'Gloves Will Come Off' (FT)

By Brooke Mastersin Washington

Financial Times, March 7, 2007

A top official at the Justice Department warned one of the eight US attorneys ousted last year that the Bush administration would "take the gloves off" and retaliate if the fired prosecutors continued to talk publicly about the issue, Bud Cummins, the former US attorney from Arkansas, testified yesterday.

"It might have been a threat. It might have been a warning. It might have been a prediction," Mr Cummins told the Senate judiciary committee of his February 20 conversation with Mike Elston, the chief of staff to Paul McNulty, the deputy attorney-general. Mr Cummins immediately e-mailed the warning to five fellow ousted prosecutors.

Mr Cummins' testimony came as the committee investigated the unprecedented midterm removal of at least eight attorneys, including seven who were called on a single day in December and told to resign.

"It seems all too likely that some in the administration were seeking to turn US attorneys into political -operatives," said Chuck Schumer, who chaired the hearing.

US attorneys, who supervise most federal criminal cases, are appointed by the president and confirmed by the Senate. The Justice Department said that most of the eight had performance problems. Brian Roehrkasse, a department spokesman, also took issue with Mr Cummins' testimony, saying, "A private and collegial conversation . . . is now somehow being twisted into a perceived threat by former disgruntled employees grandstanding before Congress."

Another former US attorney, David Iglesias of New Mexico, testified he believed he was fired because he had failed to yield to political pressure to speed up corruption cases involving Democrats. Senator Pete Domenici and Representative Heather

Wilson, both Republicans, have acknowledged contacting Mr Iglesias in October, just before a close election, but have denied they intended to put pressure on the prosecutor.

Mr Iglesias testified that he "felt sick" and "leaned on" after a phone call in which he said Mr Domenici asked if the investigation would result in indictments before election day.

Democrats also asked whether Carol Lam, the San Diego US attorney, was fired because she directed the -corruption prosecution of Randy "Duke" Cunningham, a former Republican congressman. Ms Lam said that, when she asked why she was being fired, "I was told they didn't see why that information would be helpful to me".

Fired Prosecutor Says He Was Warned To Keep Quiet (Update2) (BLOOM)

By Robert Schmidt

Bloomberg, March 7, 2007

March 6 (Bloomberg) -- A prosecutor dismissed by the Bush administration last year said he and other former U.S. attorneys were warned to keep quiet about their firings by a senior Justice Department official.

H.E. ``Bud" Cummins told the Senate Judiciary Committee that Mike Elston, the deputy attorney general's top aide, threatened him with retaliation in a phone call last month if he went public. Cummins said he passed the warning on to five U.S. attorneys who were ousted last December, believing that was what Elston wanted.

``They feel like they are taking unnecessary flak to avoid trashing each of us specifically or further, but if they feel like any of us intend to continue to offer quotes to the press, or to organize behind-the-scenes congressional pressure, then they would feel forced to somehow pull their gloves off," Cummins wrote in an e-mail to the other fired prosecutors that was released by the committee today.

Cummins, of Little Rock, Arkansas, testified today along with former U.S. Attorneys Carol Lam of San Diego, David Iglesias of Albuquerque, New Mexico, and John McKay of Seattle.

Iglesias said that Republican Senator Pete Domenici hung up on him in anger after the prosecutor said he wasn't going to bring indictments before the November elections in a local corruption case involving Democrats. ``I felt leaned on," Iglesia s said.

A Firestorm

The four ex-U.S. attorneys were among eight prosecutors, all Republican appointees, notified by the Justice Department last year that they were being let go. Two of the remaining four, Daniel Bogden of Nevada and Paul Charlton of Arizona, added their views this afternoon in testimony before a House Judiciary subcommittee.

The dismissals prompted Democrats to compare the firings to the so-called Saturday Night Massacre in 1973 when President Richard M. Nixon dismissed Watergate special prosecutor Archibald Cox.

Today, Democrats demanded to know whether the Bush administration forced out the prosecutors to influence politically sensitive criminal investigations. Most of the ex- U.S. attorneys were supervising at least one high-profile corruption probe.

William Moschella, a Justice Department official, told the House panel the prosecutors were ousted for legitimate reasons, including poor management, differences over death penalty policies and failure to crack down on illegal immigration. Cummins was asked to leave to create an opening for a former aide to Karl Rove, Moschella said.

Poor Handling

``In hindsight, perhaps this situation could have been handled better," Moschella said. The agency's failure to explain the firings to the U.S. attorneys ``only served to fuel wild and inaccurate speculation about our motives."

Democrats on both the Senate Judiciary Committee and the House Judiciary subcommittee said they will continue to press for an explanation from Justice Department officials.

``We will not rest until we get the answers we seek," said New York Democratic Senator Charles Schumer.

Senator Arlen Specter of Pennsylvania, the senior Republican on the committee, agreed.

``It is very important to withhold judgment on the allegations until we have worked through this very complex" matter, said Specter. ``This may take a lot of time and a lot of hearings."

Show Trial

On the House side, Republicans likened the hearing to a political show trial, pointing out that President George W. Bush has the authority to fire prosecutors at will.

Representative Christopher Cannon, a Utah Republican, chastised Democrats for trying to ``stir up a groundless partisan controversy.'' The prosecutors ``are not entitled to their jobs,'' he said.

In his e-mail to the other fired prosecutors, Cummins said Elston ``reacted quite a bit to the idea of anyone voluntarily testifying'' before Congress. ``It seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation.''

Questioned by Specter, Cummins said he couldn't say for sure Elston was passing along a threat.

`Friendly Advice'

``Some people would want to interpret it as a threat, but it could also be, `hey, there's some friendly advice,'" Cummins said. ``I've attempted to not characterize the call, I just tried to pass the substance on to my colleagues.''

Brian Roehrkasse, a Justice Department spokesman, said Elston never told the fired prosecutors what to say in public.

``A private and collegial conversation between Mike Elston and Bud Cummins is now somehow being twisted into a perceived threat by former disgruntled employees grandstanding before Congress,'' Roehrkasse said.

Iglesias testified today that Domenici and Republican Representative Heather Wilson, both of New Mexico, pressured him in phone calls last October to move forward on the corruption case.

Iglesias said Wilson asked him about sealed indictments and he provided ``evasive and non-responsive answers.''

When Domenici called him about the probe at home two weeks later, Iglesias said he ``felt sick afterwards.''

Both lawmakers have acknowledged making the calls but said they didn't seek to influence any case or to pressure Iglesias.

The 93 U.S. attorneys are appointed by the president and serve at his discretion. The positions require Senate confirmation.

Ousted U.S. Attorney Says He Felt 'leaned On' By Senator's Call (USAT)

By Kevin Johnson

USA Today, March 7, 2007

WASHINGTON — A former federal prosecutor who was fired by the Bush administration said Tuesday that he "felt sick" and "leaned on" after New Mexico's Republican senator called him last fall and asked whether a corruption probe of local Democrats would result in charges by Election Day.

David Iglesias, the former U.S. attorney in Albuquerque, described the late October call to his home by Sen. Pete Domenici as an "unprecedented" and inappropriate effort to influence an active investigation. Iglesias said that when he told Domenici the probe would not be resolved before the elections, the senator said he was "sorry to hear that" and abruptly hung up.

"I felt sick afterward," Iglesias told the Senate Judiciary Committee, adding that "red flags went up. It's like calling a scientist" at the government-owned Sandia National Laboratories in New Mexico "and talking about (secret nuclear) launch codes." Congressional ethics rules prohibit lawmakers from trying to influence authorities involved in criminal investigations.

Six weeks after the call, Iglesias said, he was asked to resign.

Iglesias' account of his conversation with Domenici, and a similar one with Rep. Heather Wilson, R-N.M., was part of a cascade of fresh allegations heard Tuesday by House and Senate lawmakers who are examining the Bush administration's firing of eight U.S. attorneys. The Senate and House Judiciary committees are looking into whether the firings of the prosecutors — who served at the pleasure of the president — went beyond politics to involve ethics violations by members of Congress, or worse.

Another ousted prosecutor, H.E. "Bud" Cummins of Little Rock, told the Senate panel that a Justice Department official suggested to him last month that the administration would "retaliate" if the prosecutors spoke publicly about their firings or cooperated with congressional panels investigating the dismissals.

Cummins later described last month's call from Mike Elston, chief of staff to Deputy Attorney General Paul McNulty, as "friendly advice." However, three other ousted prosecutors who were informed of Elston's message told the senators that such action could be interpreted as a threat, potential witness intimidation or obstruction of justice.

The Justice Department's Brian Roehrkasse said Elston did not try to silence the fired prosecutors or prevent them from cooperating with Congress.

In separate statements, Domenici and Wilson acknowledged calling Iglesias but said they did not try to pressure or threaten him. Domenici said he merely was checking on the "time-frame" of a corruption probe involving alleged kickbacks to public officials in the construction of a courthouse.

Testifying before the House panel, William Moschella, principal associate deputy attorney general, defended the firings. He said seven of the prosecutors were ousted because of poor job performance. McNulty said in February that Cummins had been cleared out to make way for Tim Griffin, a former aide to White House adviser Karl Rove. Griffin has since said he will not seek the post permanently.

Iglesias Speaks To Senate Committee (ALBTRIB)

By James W. Brosnan, Kate Nash

Albuquerque Tribune, March 7, 2007

Iglesias says Domenici, Wilson pressured him on corruption case

WASHINGTON — Fired U.S. Attorney David Iglesias testified today that he "felt sick" after an October phone call from his onetime mentor, U.S. Sen. Pete Domenici, asking whether indictments in an Albuquerque corruption case would be issued before the November elections.

"He asked, `Are those going to be filed before November?' " Iglesias told the Senate Judiciary Committee. "I said I didn't think so. He said, `I'm very sorry to hear that.' And then the line went dead.

"I felt sick afterwards," Iglesias said. "I felt leaned on to get this moving."

Iglesias, the U.S. attorney for New Mexico, also testified about an October phone call from U.S. Rep. Heather Wilson, who was locked in a re-election battle with then-state Attorney General Patricia Madrid. Iglesias said Wilson asked him about "sealed indictments" in the case.

Iglesias told the committee that he believed the brief phone calls from the two Albuquerque Republicans in the weeks prior to the Nov. 7 elections were an attempt to involve his office in the 1st Congressional District battle.

Iglesias also revealed in the first of two high-profile congressional hearings today that he had been warned by a fellow fired U.S. attorney that the Justice Department might retaliate if he testified before Congress.

Iglesias said Wilson called him about Oct. 16 and said "she had been hearing about sealed indictments. What can you tell me about sealed indictments?"

"Red flags went up," Iglesias said. "We cannot talk about sealed indictments."

Iglesias said he responded that prosecutors occasionally seal indictments in national security cases, "and she was not happy with that answer."

Domenici called Iglesias at his home about two weeks later and also asked about the investigation into kickbacks in a courthouse construction contract purportedly involving high-profile Democrats.

The Justice Department asked for Iglesias' resignation six weeks later.

Sen. Arlen Specter, a Pennsylvania Republican, asked Iglesias why he did not report the calls to the Justice Department, as he was required, noting that the immediacy of a complaint adds to a witness's credibility.

Iglesias responded that he did not do so because he felt loyalty to Domenici as a mentor and Wilson as a "friend and ally."

But he changed his mind about going public in mid-January, he said.

"Loyalty is a two-way street," he said. "I think they (Domenici and Wilson) were behind me being asked to resign."

Conflicting stories

Today was the first time Iglesias named the two members of Congress who he said in interviews with the media last week had contacted him.

Iglesias' testimony today contradicted the public statements of Domenici and Wilson on some points. Domenici, who initially told reporters last week that "I have no idea what he (Iglesias) is talking about," this weekend acknowledged making the

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phone call. But he denied pressuring Iglesias and made no mention of asking Iglesias specifically about indictments "before November."

Wilson, who last week declined to comment on Iglesias' statement by saying it was a personnel matter, on Monday released a written statement saying she had made the phone call on behalf of a constituent. Her statement said she called to discuss an allegation that Iglesias was moving slowly on the indictments and that he told her he had very few people to deal with corruption cases.

Iglesias today denied they discussed resource issues in the call.

Today's hearing also resulted in the release of a Feb. 20 e-mail from H.E. Cummins, another fired U.S. attorney from Little Rock, in which he told Iglesias and four other fired U.S. attorneys that a senior Justice Department official had told him if they persisted in talking to the media the department "would feel forced to somehow pull their gloves off and offer public criticisms to defend their actions more fully."

Cummins said he personally believed the warning from Mike Elston was a "big deal," but he felt obliged to tell his fired colleagues before they gave any more interviews.

Iglesias said he took the e-mail "as a warning shot across the bow."

"It didn't intimidate me. It made me angry," said Iglesias, who has noted that he had received positive job evaluations prior to his firing.

A Justice Department official was scheduled to testify this afternoon at a hearing of a House Judiciary subcommittee where Iglesias and three other fired U.S. attorneys were also scheduled to testify.

Pressure rising

Today's testimony is likely to step up pressure on the House and Senate ethics committees to investigate the phone calls by Domenici and Wilson.

Wilson ended six days of silence about the firing Monday. Both Domenici and Wilson contend they were calling Iglesias on behalf of constituents, which members of Congress are allowed to do under congressional ethics rules. However, calling to put pressure on a federal officer is not permitted.

"I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way," Wilson wrote in her statement.

"The conversation was brief and professional."

Wilson has repeatedly declined to talk to New Mexico news media about the situation.

She released the statement amid heat from Democrats to talk and queries from political wags wondering why she refused to break her silence. At the time of her call, she was neck-and-neck with Madrid, whom Wilson had accused of being soft on government corruption.

The Democratic Congressional Campaign Committee on Monday called on Wilson to address the issue, and a citizens' group filed an ethics complaint against her today.

"Heather Wilson's silence is deafening," said Jennifer Crider of the Democratic Congressional Campaign Committee in a statement Monday. "If she didn't do anything wrong, why won't she say so?"

In her initial statement, Wilson said a constituent, whom she did not identify, said, "Iglesias was intentionally delaying corruption investigations." She also said she wanted to help Iglesias.

In a statement released today, Wilson said the constituent was someone "with knowledge of ongoing investigations." She called the allegation against Iglesias "deeply troubling."

During her phone call to Iglesias, Wilson said, he denied any intentional delay.

"If the purpose of my call has somehow been misperceived, I am sorry for any confusion. I thought it was important for Mr. Iglesias to receive this information and if necessary, have the opportunity to clear his name," she said.

A political tempest

The firings of Iglesias and seven other U.S. attorneys have created a political tempest in Washington. On Monday, Citizens for Responsibility and Ethics in Washington filed an ethics complaint against Domenici and a similar complaint against Wilson today.

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But CREW Executive Director Melanie Sloan said, "I'm not holding my breath" that either the House or the Senate will act on the complaints.

In the House, CREW would first have to find a member willing to sponsor the complaint against Wilson, because the ethics committee is not required to consider complaints by outside groups. The ethics committee could investigate on its own initiative, but rarely does so.

Domenici would not respond to questions Monday about the ethics complaint. But Steve Bell, Domenici's chief of staff, told The Tribune that it's "probably 50-50" whether the ethics committee will consider the complaint.

CREW contends Domenici violated Senate rules by interfering in an investigation.

"You don't call right before an election about a pending corruption investigation," Sloan said.

But Bell said the call in mid-October was not a violation of ethics rules because it had been publicly reported that the FBI had turned over its information to Iglesias, and constituents were asking Domenici what was going on.

CREW is known for filing complaints against Republicans, but its complaint drew support Monday from a more conservative group.

Judicial Watch President Tom Fitton said politics should be kept out of corruption investigations, and if Domenici had a question about the investigation he should have contacted Justice Department officials in Washington, not the U.S. attorney in charge of the case.

Carl Tobias, a professor of law at the University of Richmond who has studied ethics law, said there may need to be an investigation to determine what was said to Iglesias and whether the timing was politically motivated.

"It isn't clear to me there is a violation, but sometimes the appearance is just as bad as the reality," Tobias said.

If found guilty of ethics violations, Domenici or Wilson, theoretically, could face penalties ranging from a private admonishment to expulsion, but Tobias predicted at most it would be "a slap on the wrist."

Justice Department spokeswoman Tasia Scolinos confirmed that Domenici called U.S. Attorney General Alberto Gonzales three times - in September 2005 and January and April 2006 - to urge him to replace Iglesias. He also called Deputy Attorney General Paul McNulty with the same message in October. Scolinos said Domenici raised several "general concerns" about Iglesias but did not refer to any specific case in any of the calls.

Domenici had recommended President Bush appoint Iglesias in 2001. Bell said the disenchantment with Iglesias began in 2003 with the failure to convict David Hudak, a Canadian accused of gun violations while running an anti-terrorism school near Roswell.

Bell said Domenici's displeasure grew with Iglesias' handling of other, bigger cases and the deployment of resources to deal with crimes involving illegal immigration and border security.

Sen. Jeff Bingaman, a Silver City Democrat, told reporters he thought Iglesias was doing a good job, although he shared Domenici's concerns about whether the office had enough resources to deal with illegal immigration.

Meanwhile, Domenici found out Monday just how big a media sensation the case has become.

Nine camera crews and dozens of reporters showed up for a news conference at the Capitol, where Domenici and several other senators announced the re-introduction of legislation to increase spending on science and engineering education and research by $16 billion over four years.

When asked about the Iglesias affair, Domenici referred a reporter to his previous statement.

Iglesias' firing has fired up Democrats in New Mexico, as well.

Gov. Bill Richardson - who is seeking the Democratic presidential nomination - said the calls Iglesias received should be investigated.

"I'm very troubled by it. I think David Iglesias was a good law enforcement official, and it was inappropriate for political leaders to call and pressure him, totally inappropriate. And it should be thoroughly investigated," the governor said.

Q&A: Hiring And Firing Of U.S. Attorneys (AP)

By Mark Sherman

AP, March 7, 2007

WASHINGTON - The recent firing of eight U.S. attorneys has raised questions about how they are appointed and the circumstances under which they may be dismissed. Here are some questions and answers:

Q: What do U.S. attorneys do and how many are there?

A: U.S. attorneys are the federal government's equivalent of local district attorneys. They are charged with prosecuting federal crimes in the judicial district in which they serve. There are 93 U.S. attorneys, one for each U.S. district court (except that Guam and the Northern Mariana Islands share a federal prosecutor).

Q: Who gets these positions?

A: The highly prized jobs typically are given to politically well-connected lawyers, and often serve as a stepping stone to elective office or a judgeship. Supreme Court Justice Samuel Alito was the U.S. attorney in Newark when he was tapped to be a federal appeals court judge. Former Massachusetts Gov. William Weld had previously been the U.S. attorney in Boston. FBI Director Robert Mueller was the top federal prosecutor in San Francisco.

Q: How do they get the job?

A: The president nominates them, usually based on recommendations from senators of his own party in that state. The Senate confirms them for a term of four years, but they may continue serving beyond that time until a successor is chosen. A U.S. attorney may be dismissed sooner by the president for any reason at all, under federal law. When a U.S. attorney's position is vacant, the attorney general is empowered to choose an interim prosecutor, who can continue in office until the president nominates and the Senate confirms a permanent replacement.

Q: Has the process always worked this way?

A: No. Last year's renewal of the USA Patriot Act, the Bush administration's prime anti-terror law, contained a provision that abolished limits on how long interim prosecutors may serve. For 20 years, the attorney general could choose someone to serve as U.S. attorney for 120 days, after which a federal judge could pick a prosecutor who would serve until the confirmation of a permanent replacement. Democrats have accused the Justice Department of seeking to use the new law to install new U.S. attorneys without going through the Senate confirmation process. Attorney General Alberto Gonzales has said his interim choices all would be submitted to the Senate.

Legislation has been introduced to revert to the old process for filling the jobs on a temporary basis.

Q: How often are U.S. attorneys fired?

A: Excluding the current controversy, the Congressional Research Service found just five instances over 25 years in which U.S. attorneys were fired by the president or resigned following reports of questionable conduct. A Reagan-era prosecutor was fired and later convicted in federal court in connection with charges that he leaked confidential information. A Clinton appointee resigned over allegations he bit a topless dancer on the arm during a visit to an adult club following a loss in a big drug case. The CRS study did not include departures that followed a change in presidential administration, when turnover is common.

Reasons Given For Prosecutors Firings (AP)

AP, March 7, 2007

What the Justice Department has said about six U.S. attorneys who were asked to resign. Under each prosecutor are comments from previous department-issued performances reviews and then statements Tuesday by William Moschella, an associate deputy attorney general, about the reasons given that the prosecutors were asked to step down. He testified before a House Judiciary subcommittee.

CAROL LAM, U.S. attorney in San Diego

JUSTICE DEPARTMENT TESTIMONY: "Her gun prosecution numbers are at the bottom of the list. ... (On immigration cases), her numbers for a border district just didn't stack up."

2005 PERFORMANCE REVIEW: "An effective manager and respected leader ... respected by the judiciary, law enforcement agencies, and (U.S. attorney's office) staff."

JOHN McKAY, U.S. attorney in Seattle

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JUSTICE DEPARTMENT TESTIMONY: "The department really had policy differences and were concerned with the manner in which he went about advocating the particular policies ... on information sharing. He spent quite a considerable amount of time advocating for a particular system."

2006 PERFORMANCE REVIEW: "An effective, well-regarded and capable leader ... (who) established strategic goals that were appropriate to meet the priorities of the department."

BUD CUMMINS, U.S. attorney in Little Rock, Ark.

JUSTICE DEPARTMENT TESTIMONY: "His was not for performance-based reasons. ... The administration asked Mr. Cummins to move on only after we knew that he had indicated he was not going to serve out the remainder of his term."

2006 PERFORMANCE REVIEW: "Very competent and highly regarded by the federal judiciary, law enforcement and civil client agencies. ... Established strategic goals that were appropriate to meet the priorities of the department."

DANIEL BOGDEN, U.S. attorney for Nevada

JUSTICE DEPARTMENT TESTIMONY: "There was no particular deficiency. There was an interest in seeing renewed energy and renewed vigor in that office, really taking it to the next level."

2003 PERFORMANCE REVIEW: "Highly regarded by the federal judiciary, the law enforcement and civil client agencies, and the staff of the (U.S. attorney's office). He was a capable leader."

DAVID IGLESIAS, U.S. attorney for New Mexico

JUSTICE DEPARTMENT TESTIMONY: "The district was in need of greater leadership. ... Mr. Iglesias had delegated to his first assistant the overall running of his office. U.S. attorneys are hired to run the office."

2005 PERFORMANCE REVIEW: "Experienced in legal, management and community relations work and was respected by the judiciary, agencies and staff. ... Had a well conceived strategic plan that complied with department priorities."

PAUL CHARLTON, U.S. attorney in Arizona

JUSTICE DEPARTMENT TESTIMONY: "Mr. Charlton had undertaken in his district a policy with regard to the taping of FBI interviews and set a policy in place there that had national ramifications. It did not go through the whole policy process. ... On the death penalty, we have a process in the Department of Justice. It is the one area that is nondelegable by the attorney general which (Mr. Charlton), in a particular case was told and authorized to seek in a particular case. He chose instead to continue to litigate after that long and exhaustive process."

2003 PERFORMANCE REVIEW: "Well respected by the (U.S. attorney's office) staff, investigative and civil client agencies, local law enforcement community, Native American nations, and judiciary regarding his integrity, professionalism and competence."

They Lost My Confidence (USAT)

By Alberto R. Gonzales

USA Today, March 7, 2007

As any employer or manager knows, the handling of personnel matters — especially the termination of employees — is one of the most challenging tasks in any business. Personnel matters in the federal government are no exception.

To be clear, it was for reasons related to policy, priorities and management — what have been referred to broadly as "performance-related" reasons — that seven U.S. attorneys were asked to resign last December.

The Justice Department, out of respect for these individuals, would have preferred not to talk publicly about those reasons, but disclosures in the press and requests for information from Congress altered those best-laid plans. Although our reasons for their dismissal were appropriate, our failure to provide those reasons to these individual U.S. attorneys at the time they were asked to resign has only served to fuel wild and inaccurate speculation about our motives. That is very unfortunate because faith and confidence in our justice system are more important than any one individual.

We have never asked a U.S. attorney to resign in an effort to retaliate against him or her or to inappropriately interfere with a public corruption case (or any other type of case, for that matter). Indeed, during the last six years, the department has established an extremely strong record of rooting out public corruption, including prosecuting a number of very high-profile cases.

Like me, U.S. attorneys are political appointees, and we all serve at the pleasure of the president. If U.S. attorneys are not executing their responsibilities in a manner that furthers the management and policy goals of departmental leadership, it is appropriate that they be replaced. After all, the responsibility of the Department of Justice, and of the Congress, is to serve the people of the United States. While I am grateful for the public service of these seven U.S. attorneys, they simply lost my confidence. I hope that this episode ultimately will be recognized for what it is: an overblown personnel matter.

Alberto R. Gonzales is attorney general of the United States.

Fired U.S. Attorney Was Going Places (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, March 7, 2007

Observers had David C. Iglesias pegged as a rising GOP star.

Until recently, David C. Iglesias was best known in New Mexico as one of the role models for the military lawyer Tom Cruise played in "A Few Good Men."

A trim, straight-backed former Navy lawyer, Iglesias rode that all-American reputation to high levels in Republican politics: He nearly became the state attorney general and was appointed U.S. attorney.

Now Iglesias has a new role: star witness. The Bush administration fired him in December and contended it was for poor job performance. On Tuesday, Iglesias, 49, told the Senate Judiciary Committee that two prominent Republican politicians had called him to ask whether indictments would be filed before the November election against Democratic politicians in an ongoing criminal investigation. In the weeks that followed, Iglesias and seven other federal prosecutors were forced to resign.

"I felt sick afterwards," Iglesias said of his response to the second call, which was made by Sen. Pete V. Domenici (R-N.M.).

To friends and observers in New Mexico, the only surprise is the speed at which the GOP establishment has turned on one of its rising stars.

"You'd be hard pressed to find a more ethical, straight-shooter type than David Iglesias," said Jerry Walz, an Albuquerque lawyer and longtime friend for whom Iglesias briefly worked. "Here you have this dramatic rise to a very prominent position. He has movie-star good looks in his own right. He has everything going for him, and this is why this is such a dramatic event."

Iglesias, an evangelical Christian, was born in Panama, where his father was a missionary. His family moved to New Mexico when he was 12. After graduating from the University of New Mexico's law school, Iglesias became a Navy judge advocate general.

In 1986, he was one of three JAGs who represented Marines accused of attempted murder for a hazing incident that their lawyers argued was encouraged by commanders at Guantanamo Bay. The successful defense helped the Marines avoid serious penalties, and the case inspired the hit Broadway play "A Few Good Men" and the later film. Iglesias was not consulted during the production of the play or movie.

He left the Navy but remains a captain in the reserves. He returned to New Mexico to start a family. Iglesias left a job in the Albuquerque city attorney's office to become a White House fellow in the Clinton administration. He then returned to New Mexico and ran for state attorney general in 1998, narrowly losing.

After George W. Bush was elected president in 2000, New Mexico Republicans, led by Domenici, lobbied for Iglesias' appointment as U.S. attorney. The expectation was that he would follow up his tenure with another run for public office.

"They felt they were grooming him for a political career," said Joe Monahan, a New Mexico political blogger.

Iglesias didn't make an initial splash. "He was very quiet," Monahan said. He earned the ire of the state GOP by refusing to prosecute anyone for voter fraud after the 2004 elections, despite some Republicans' contention that 15-year-olds voted. Iglesias said he could find no federal crimes.

The highlight of his term was the prosecution of state Treasurer Robert Vigil for extortion. Though Vigil is a Democrat from a prominent New Mexico political family, Iglesias' prosecution was seen as nonpartisan and was supported by Democratic Gov. Bill Richardson. The first trial ended in a mistrial, but Vigil was convicted last year.

At the same time, New Mexico media were full of speculation about Iglesias' investigation of local Democratic politicians' involvement in the construction of an Albuquerque courthouse. That was the case that Domenici and Republican Rep. Heather A. Wilson had inquired about. The two politicians have denied they were trying to influence Iglesias.

David Campbell, a Democrat who was Albuquerque's city attorney when Iglesias worked in the office, said his friend's actions showed his character.

"As a Bush appointee he's a stellar appointment, a right-wing evangelical Christian but somebody who plays his professional life with a lot of integrity," Campbell said. "You couldn't say a bad word about the guy."

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Senior Aide Implicated (HILL)

By Susan Crabtree

The Hill, March 7, 2007

A Democratic probe into the firings of eight U.S. attorneys implicated yesterday a senior staffer for Rep. Doc Hastings (R-Wash.), the third GOP congressional office to become caught in the quickly escalating controversy in as many days.

During testimony before the Senate Judiciary Committee, former U.S. Attorney John McKay said that Ed Cassidy, then-chief of staff to Hastings, called him in 2004 to ask whether he was investigating allegations of voter fraud after a Democrat won the Washington state governor's race in a third recount. At the time, McKay was serving as the chief federal law enforcement officer in Seattle.

McKay was one of seven U.S. attorneys fired by the administration in early December; another, H.E. "Bud" Cummins III, was relieved of his post last June. Democrats have demanded to know whether politics or the politically charged investigations that several of the U.S. attorneys had pusued had anything to do with their departures.

McKay said he responded to Cassidy's initial questions with publicly available information and then tried to stop the line of questioning when pressed. McKay said he thought that Cassidy's questions were related to internal U.S. attorney decisions about an investigation and were therefore improper under Justice Department ethics rules.

McKay said he stopped the conversation by asking Cassidy whether the aide was truly asking on behalf of his boss about an internal investigation or whether he was trying to lobby McKay to launch one, which would have been improper. Cassidy agreed that such questioning would be unethical and finished the conversation "in a most expeditious fashion," McKay said.

McKay said he was so alarmed afterwards that he called a meeting with two top officials in his office to discuss the matter and determine if he had responded appropriately.

Cassidy characterized his call to McKay as "routine" and said that he was well aware of the "permissible limits" on such a conversation and that both he and McKay respected those boundaries.

"My conversation with John McKay was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities," Cassidy said in the statement. "As the top aide to the chairman of the House Ethics Committee, I understood the permissible limits on any such conversation. Mr. McKay understood and respected those boundaries as well. I am pleased that Mr. McKay recalls both our agreement to respect these boundaries and my subsequent decision to end the conversation promptly."

The charges surrounding Cassidy's call have implications on many levels. Hastings went on to become chairman of the House ethics committee after then-Majority Leader Tom DeLay (R-Texas) purged the panel of its chairman, and at one point DeLay tried to make Cassidy its lead counsel. That move further intensified partisan divisions within the committee and rendered it largely inactive for months. Cassidy has since gone on to become a senior aide and floor assistant to Minority Leader John Boehner (R-Ohio), whom he also will advise on ethics matters.

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Hastings remains the ranking member on the ethics panel following the Democratic takeover in November and he may be forced to consider if the panel should launch an investigation into whether Rep. Heather Wilson (R-N.M.) broke House ethics rules for her own call to a different U.S. attorney, David Iglesias, last year. Iglesias was among the seven fired in December.

Just weeks before last year's critical midterm election, Wilson called Iglesias to inquire about the progress of a public corruption case against a Democratic lawmaker. At the time, Wilson was running a close race and eventually won reelection by fewer than 1,000 votes. If Iglesias had handed down indictments before the election, they could have helped boost Republican prospects at the polls.

Sen. Pete Domenici (R-N.M.), who has close ties to Wilson, also recently admitted to calling Iglesias. Both Wilson and Domenici have denied that they said anything that would pressure Iglesias. The watchdog group Citizens for Responsibility and Ethics in Washington has called for House and Senate investigations into the calls that Wilson and Domenici made.

Yesterday Hastings waved off a question from a reporter, referring all inquiries into the matter to his office. Later, he issued a statement that there was nothing wrong with Cassidy's call to Iglesias.

"Ed Cassidy's call and the conversation that took place were entirely appropriate," Hastings's statement said. "It was a simple inquiry and nothing more — and it was the only call to any federal official from my office on this subject either during or after the recount ordeal."

Hastings also said he didn't understand why McKay didn't contact him if he was "truly dismayed" after the call.

"Tom McCabe of the Building Industry Association of Washington did contact my office in July of 2005 to ask that I urge the White House to replace Mr. McKay and I flat out refused to do so, which Ed Cassidy told him in the bluntest of terms," Hastings said.

Cassidy had worked for Hastings for 12 years. When he left for Boehner's office earlier this year, Cassidy praised Hastings as his "most trusted adviser and one of my closest friends."

Boehner also issued a statement yesterday evening.

"It is improper for anyone to attempt to unduly influence the initiation or outcome of an investigation," the statement said. "Given their backgrounds, both Mr. Cassidy and U.S. Attorney McKay were acutely aware of this fact. Accordingly, both have made it abundantly clear that no such impropriety took place during their conversation and, more importantly, that neither had any intention of pursuing a discourse that could be construed to be inappropriate."

Iglesias also testified yesterday, reiterating the charges that Domenici and Wilson tried to pressure him to move ahead with his investigation.

Meanwhile, a few GOP senators, such as Jon Kyl (Ariz.) and Jeff Sessions (Ala.), came to the administration's defense and charged that Democrats were politicizing the issue.

"Maybe the law should not have been changed, but these cases … are not Exhibits A through G that it should be changed," Kyl said. He said that the main Democratic argument concerning politicization "is probably untrue."

Kyl said he has talked to U.S. attorneys in Arizona many times, but never about any ongoing case.

At one point during the Senate hearing, another witness, Cummins of Arkansas, discussed a call he received from Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, about a comment that Cummins had given the Washington Post about the firings. Cummins later sent an e-mail warning the other fired U.S. attorneys that he believed Elston was hinting that the White House would retaliate if they continued to talk to the press, and especially if they agreed to testify before Congress about that matter.

During the Senate hearing, Sen. Sheldon Whitehouse (D-R.I.) asked all of the U.S. attorneys what they would have done if one of their witnesses in a big case had received a similar call. All four said they would inquire further to see if they should bring obstruction of justice or witness tampering charges.

In response to questions from Sen. Arlen Specter (R-Pa.), Cummins later said he believed one way to characterize Elston's call was "friendly advice." He added that an obstruction of justice charge would be a hard case to win if the call was the only evidence, because it dealt mainly with publicity surrounding the firings and did not speak directly to whether he or the other fired U.S. attorneys should testify in a court of law about the matter.

For their part, House Democratic leaders indicated that the ethics committee should launch an investigation into the U.S. attorneys matter, but said they do not plan to file a complaint.

“Am I going to file an ethics complaint? The answer is no,” House Majority Leader Steny Hoyer (D-Md.) said. “When issues are raised in the public sphere, the ethics committee has an obligation to look at them and I hope they will do that.”

The House ethics committee said yesterday it cannot comment on any possible investigation.

But Boehner came to his former staffer’s defense. “Ed is a veteran congressional staffer and an authority on government ethics as well as House policies and procedures — we’re fortunate to have him on our team,” said Boehner, who noted that he has known Cassidy for more than a decade.

Jackie Kucinich, Elana Schor and Michael Soraghan contributed to this report.

Hearing On U.S. Attorney's Ouster Reveals Hastings' Office Contacted McKay (SEATIMES)

By David Bowermaster, Mike Carter And Alicia Mundy

The Seattle Times, March 7, 2007

During the recount of the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Wash., called former U.S. Attorney John McKay to inquire about the status of any federal investigations into voter fraud, McKay told a Senate committee today.

McKay told the Senate Judiciary Committee that Ed Cassidy, who now works for Republican Minority Leader John Boehner, called him "some weeks" following the 2004 election, and after a third re-count had determined that Democrat Christine Gregoire had narrowly defeated Republican Dino Rossi.

"I was told the purpose of the call was to inquire on behalf of congressman Hastings" about the status of ongoing investigations of voter fraud, McKay said in response to a question from Sen. Dianne Feinstein.

McKay said that he informed Cassidy that the office of the U.S. Attorney for the Western District of Washington had already asked the public to contact the Federal Bureau of Investigation with any evidence of voter fraud, so it could be investigated.

Cassidy then began to ask McKay whether any future action would be taken by the U.S. Attorney's office with regard to the governor's race.

"When Mr. Cassidy called me on future action I stopped him and I told him I was sure that he wasn't asking me on behalf" of Congressman Hastings, McKay told the committee, "because we both knew that would be improper. [Cassidy] agreed it would be improper and he ended the conversation in a most expeditious manner."

McKay and six other former U.S. Attorneys were called on Dec. 7 and asked to resign within six weeks. They were not given a reason for the firing at the time.

The firings have raised concerns among Democrats in Congress that the firings were politically motivated.

On Monday, prior to the hearing, Todd Young, Rep. Hastings' current chief of staff, said that "to the best of my knowledge," Cassidy, never called McKay to ask the former U.S. Attorney to investigate the 2004 governor's race.

Cassidy stopped working for Hastings in mid-2005, when he left to join the House Ethics Committee -- which Hastings then chaired.

Young said he has never spoken to McKay, on any subject.

Young also said that Rep. Hastings did not call McKay himself about the 2004 election.

Cassidy said in a statement Tuesday afternoon that his conversation with McKay "was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities."

He said he understood the ethical boundaries of such a conversation and didn't violate them. Congressional rules prohibit House and Senate members from discussing ongoing investigations with federal prosecutors.

Hastings, in a statement also issued Tuesday, called Cassidy's conversation with McKay "entirely appropriate."

"It was a simple inquiry and nothing more -- and it was the only call to any federal official from my office on this subject either during or after the recount ordeal," Hastings said.

He said Tom McCabe, the executive vice president of the Building Industry Association of Washington, which backed Rossi, did contact his office in July 2005 to ask that Hastings urge the White House to fire McKay.

"I flat out refused to do so, which Ed Cassidy told him in the bluntest of terms," Hastings said."

Under further questioning from the Senate Judiciary Committee, McKay said that after he received the phone call from Cassidy, he quickly alerted Jeffrey Sullivan, who was then the head of the criminal division in McKay's office, and Mark Bartlett, the first assistant U.S. Attorney for the Western District of Washington.

McKay told Sullivan and Bartlett about the call, but he said the three of them collectively decided to take no further action because he felt he had stopped Cassidy short of making any improper requests.

Cassidy joined the office of Republican Minority Majority Leader John Boehner in February, as his senior advisor and floor assistant.

He advises Boehner on congressional ethics, election law, campaign finance reform and issues related to the rules and organization of Congress.

In early 2005, Republican leaders changed the chamber's rules in response to an admonishment of former Republican Majority Leader Tom DeLay by the ethics committee. They made it more difficult to initiate and complete ethics investigations, and punish suspected offenders.

They also ousted the Chairman, Joel Hefley of Colo., who had led the ethics panel to admonish DeLay three times.

House Speaker Dennis Hastert gave the chairmanship of the Ethics Committee to one of his loyalists, Rep. Hastings.

But Hastings, who was not used to public attention, and had not held a news conference during 10 years in office in D.C., immediately created further controversy: He fired the panel's staff director and attempted to replace him with Ed Cassidy, a longtime partisan political player, who had been chief of staff in his office for 10 years.

That caused a three-month standoff in the Ethics Committee. Democrats objected to Cassidy because of his role as a GOP activist, and because he was not an attorney like all the key investigators in Ethics.

Because of the Ethics Committee's unique bipartisan structure, the Democrats refused to allow the committee to organize. Hastings eventually relented and hired William O'Reilly, an anti-trust lawyer, to manage the panel's lawyers.

But he added Cassidy to the Ethics Committee's staff in a different role.

Later, Hefley himself criticized his party in this episode.

"If I had been the ranking member and the majority party tried to put a partisan chief of staff in as the staff director for the Ethics Committee, in contradiction to the standards of a nonpartisan staff, I would have had to react, just as (the Democratic leader) did," Hefley told The Hill newspaper, which covers Congress and its members.

The Senate Judiciary hearing is ongoing. When McKay and three other former U.S. Attorneys complete their testimony before the panel, they will testify this afternoon before the House Judiciary Committee.

McKay Goes Down Fighting (SEATIMES)

By David Bowermaster And Alicia Mundy, Seattle Times staff reporters

The Seattle Times, March 7, 2007

WASHINGTON — John McKay insists he did not want to talk publicly about his abrupt dismissal as U.S. Attorney for the Western District of Washington in December.

But when he testified before two congressional committees on Tuesday, McKay delivered a vigorous defense of his work and the performance of his office. He challenged the Justice Department's shifting explanations about why he was asked to resign.

He revealed that soon after the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Pasco, called him to ask about the status of any federal investigations into voter fraud.

He even suggested after Tuesday's hearings that bitterness over his refusal to pursue the fraud allegations played a part in his failure to win a federal judgeship.

Yet once the TV lights were off and the drama had ended for the day, it was still hard to identify exactly why the Department of Justice had fired McKay and seven other U.S. attorneys in December, let alone to determine whether the firings were justified.

McKay joined five other former U.S. attorneys testifying under subpoena in a pair of hearings on Capitol Hill, all of them sharing their disbelief and frustration over how their government careers were abruptly ended.

The prosecutors said they could see no clear reason why they were let go other than political motives, noting that supervisors in Washington, D.C., had praised their work and given them glowing performance evaluations since President Bush took office in 2001.

One of them, Carol Lam of San Diego, successfully prosecuted former U.S. Rep. Randy "Duke" Cunningham, R-Calif., and yet was dismissed shortly after indicting two of his partners in a sweeping bribery case.

New Mexico's David Iglesias told lawmakers he felt pressed by Sen. Pete Domenici, R-N.M., last October to rush indictments against Democrats before Election Day in November.

Arkansas' Bud Cummins wrote other fired prosecutors in an e-mail last month of a "message" conveyed by a Justice Department official that if they continued to talk with news reporters, the agency "would feel forced to somehow pull their gloves off" and fight back.

"The department stands by the decisions" to fire the eight prosecutors, William E. Moschella, principal associate deputy attorney general, told the House Judiciary Subcommittee on Commercial and Administrative Law.

"To be clear," he said, "it was for reasons related to policy, priorities and management that these U.S. attorneys were asked to resign."

Senate and House Democrats were not satisfied and pledged to continue to investigate the firings.

Call from Hastings aide

The spotlight fell on McKay early in the day, during the Senate Judiciary Committee hearing, when Sen. Dianne Feinstein, D-Calif., asked him if he had ever been contacted by any members of Congress about ongoing investigations.

McKay responded that "some weeks" after the 2004 election, after a third recount had determined that Democrat Christine Gregoire had narrowly defeated Republican Dino Rossi in the governor's race, Ed Cassidy, Rep. Hastings' then-chief of staff, called McKay.

"I was told the purpose of the call was to inquire on behalf of Congressman Hastings" about the status of ongoing investigations of voter fraud, McKay said.

McKay said he was "concerned and dismayed by the call," given Cassidy's job and the sensitivity of the election.

McKay said he informed Cassidy that his office had already asked the public to contact the FBI with any evidence of voter fraud, so it could be investigated.

Cassidy then began to ask McKay whether any future action would be taken by the U.S. Attorney's Office with regard to the governor's race.

"When Mr. Cassidy called me on future action, I stopped him and I told him I was sure that he wasn't asking me on behalf" of Hastings, McKay told the Senate committee, "because we both knew that would be improper. [Cassidy] agreed it would be improper, and he ended the conversation in a most expeditious manner."

McKay said he didn't pursue the fraud allegations because there was no evidence to support them.

Cassidy is now a senior adviser to House Minority Leader John Boehner, R-Ohio, and, among other things, advises Boehner on congressional ethics.

Hastings chaired the House Ethics Committee from February 2005 until Democrats took control of the House earlier this year. He's now the ranking Republican on the committee.

Cassidy said in a statement Tuesday that his conversation with McKay "was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities."

He said he understood the ethical boundaries of such a conversation and didn't violate them. Congressional rules prohibit House and Senate members from discussing ongoing investigations with federal prosecutors.

Hastings, in a statement also issued Tuesday, called Cassidy's conversation with McKay "entirely appropriate."

"It was a simple inquiry and nothing more — and it was the only call to any federal official from my office on this subject either during or after the recount ordeal," Hastings said.

Hastings said Tom McCabe, executive vice president of the Building Industry Association of Washington, which backed Rossi, contacted his office in July 2005 to ask that Hastings urge the White House to fire McKay.

"I flat-out refused to do so, which Ed Cassidy told him in the bluntest of terms," Hastings said.

Brian Roehrkasse, a Justice Department official, strongly denied that McKay's handling of the 2004 governor's race had anything to do with his dismissal.

"Absolutely not," Roehrkasse said. "Any suggestion to that effect is flatly false."

Nonetheless, while talking to reporters after the hearing, McKay implied that Republican unhappiness with the 2004 election might also have scuttled his chances to become a federal judge.

Pursuit of judgeship

When U.S. District Judge John Coughenour took senior status in July, it opened a seat on the bench in the Western District of Washington.

McKay said at the time that he was interested in the job and had applied.

He said Tuesday that during interviews with Harriet Miers, former White House counsel, and William Kelley, deputy counsel, he was asked to explain "criticism that I mishandled the 2004 governor's election."

McKay further implied that Hastings was the source of the criticisms to the White House.

"I think that you should ask Congressman Hastings if he contacted the White House in connection with my application to be district judge or contacted the justice department," McKay said.

Todd Young, Hastings' chief of staff, said that as the senior Republican in Congress from Washington state, Hastings and Democratic Sen. Patty Murray jointly oversaw a panel that picked candidates to fill recent judicial vacancies in Tacoma and Seattle. Consequently, Young said, Hastings had regular contact with the White House about judgeships.

But, Hastings said in a statement: "Neither I nor any member of my staff — past or present — ever contacted anyone at the White House or the Department of Justice about whether John McKay should be removed as U.S. attorney or whether he was qualified to be a federal judge."

Moschella, the associate deputy attorney general, appeared before the House Judiciary Committee to explain the Justice Department's reasons for the dismissals.

Discussing McKay, Moschella noted that sentences meted out in the Western District of Washington were among the lightest in the nation.

"We need to do our part to ensure we get the maximum number within the sentencing guidelines," Moschella said. "That was certainly a consideration."

McKay countered at the hearing that federal judges, not prosecutors, are responsible for sentencing defendants.

A Justice Department official added after the hearing that the agency also felt McKay's office too rarely appealed light sentences.

Moschella also noted that McKay was a "vigorous and strong proponent of a particular information-sharing system called LINX."

Though many local law-enforcement officials and the U.S. Navy praised McKay's work on LINX, Moschella said Justice Department headquarters "had a difference" with McKay about the program.

Moschella did not clarify the exact nature of the difference between headquarters and McKay over LINX, but a Justice Department official said after the hearing that Deputy Attorney General John McNulty in late 2006 was pushing for an alternative communications system known as OneDOJ.

"You can't have multiple information-sharing systems," the official said.

McKay said he had never heard previously that LINX or sentencing concerns were the reasons for his dismissal.

"I accept what they said today," McKay said after the hearings. "I wonder what they're going to say tomorrow."

Mundy reported from Washington, D.C.; Bowermaster reported from Seattle. Reporter Mike Carter and the Los Angeles Times and Associated Press contributed to this report.

Charge Hits Ex-Ethics Aide (RC)

By Rachel Van Dongen

Roll Call, March 7, 2007

Accusations against a former top aide to Rep. Doc Hastings (R-Wash.) throw a new wrinkle into any investigation flowing from the dramatic testimony of a former U.S. attorney that implicates two sitting lawmakers — and could force Hastings, the top Republican on the ethics committee, to recuse himself from such a probe.

John McKay, the fired U.S. attorney for Washington state, on Tuesday accused former ethics panel aide Ed Cassidy of calling him to ask about the status of a potential federal probe into the long-contested 2004 Washington gubernatorial race.

At the time of the inquiry, Cassidy was Hastings' chief of staff in his personal office, but he went on to become Hastings' top aide on the ethics panel in February 2005.

The accusations were leveled at a sensational Senate Judiciary Committee hearing Tuesday morning, during which four ousted U.S. attorneys testified that they did not know why they were summarily fired by the Justice Department. At the hearing, fired New Mexico U.S. Attorney David Iglesias accused Sen. Pete Domenici (R-N.M.) and Rep. Heather Wilson (R-N.M.) of pressuring him into wrapping up a corruption probe into local Democrats.

The House and Senate ethics committees could open probes into the lawmakers' behavior.

"I believe the House ought to take it under consideration," said House Majority Leader Steny Hoyer (D-Md.). "Am I going to file a complaint? The answer is no. It has been my consistent position that the ethics committee has a responsibility ... when issues are raised in the public sphere ... I would hope they would do that."

A Hastings spokeswoman would not comment Tuesday on whether the Republican would recuse himself from any probe into the U.S. attorneys' allegations.

"Ed Cassidy's call and the conversation that took place were entirely appropriate," Hastings said in a written response to questions from Roll Call. "It was simply an inquiry and nothing more — and it was the only call to any federal official from this office on this subject either during or after the recount ordeal."

"If McKay was truly dismayed at the time about Ed Cassidy's call, I simply cannot understand why he didn't just pick up the phone to make me aware of his concern about my aide's call," Hastings continued.

In his testimony before the Judiciary Committee, McKay said he was "concerned" and "dismayed" by a call from Cassidy a few weeks after the November 2004 elections.

McKay testified that Cassidy called him to "inquire on behalf of the Congressman" about the status of any federal probe into voter fraud. McKay said he reminded Cassidy that he was certain he was not asking him to "reveal information" about the status of a probe or "lobby me on one."

"He agreed that it would be improper and ended the conversation in a most expeditious fashion," McKay said, explaining that he then summoned his top staffers to discuss the troublesome phone call. "We all agreed that I stopped Mr. Cassidy before he entered clearly inappropriate territory and that it was not necessary to take the matter any further."

Now a top aide to House Minority Leader John Boehner (R-Ohio), Cassidy released a statement Tuesday in which he agreed that he contacted McKay, but denied that anything improper was said.

"My conversation with John McKay was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities," Cassidy stated. "I am pleased that Mr. McKay recalls both our agreement to respect these boundaries and my subsequent decision to end the conversation promptly."

In a statement released late Tuesday, Boehner said that both Cassidy and McKay had made it "abundantly clear" that no "impropriety" took place during their conversation.

The dustup involving the top Congressional staffer was just one subplot in the complicated drama surrounding the ousted U.S. attorneys.

Iglesias, McKay, Bud Cummins III, the former U.S. attorney for Eastern Arkansas, and Carol Lam, the ousted U.S. attorney for the Southern district of California, all testified before the House and Senate Judiciary Committee on Tuesday.

The most charged allegations stemmed from Iglesias, who claimed that he felt "pressured" and "leaned on" during an "unprecedented" call to his home by Domenici at the end of October 2006.

Iglesias said that Domenici asked him whether specific indictments in the corruption probe would be "filed before November." When Iglesias replied in the negative, he testified that the Senator said, "I'm very sorry to hear that" and that the phone line abruptly went dead.

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"I felt sick afterwards. I felt that he was upset at hearing the answer that he received," Iglesias testified. "I felt leaned-on, I felt pressure to get these matters moving."

Iglesias also detailed a similar phone call from Wilson on about Oct. 16, 2006, in which Wilson, he testified, inquired about "sealed indictments."

"Red flags went up in my head ... we cannot talk about a sealed indictment," Iglesias said. "I was evasive and nonresponsive to her question."

"She was not happy with that answer," Iglesias added.

Iglesias' testimony conflicts with statements released Sunday and Monday, respectively, by Domenici and Wilson.

In her statement, Wilson said that a constituent "with knowledge of ongoing investigations" told her in the fall that Iglesias was "intentionally delaying corruption prosecutions."

Wilson called that allegation "deeply troubling" and said she called Iglesias directly to clarify the situation.

"My call was not about any particular case or person, nor was it motivated by politics or partisanship," Wilson said. "I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way.

"If the purpose of my call has somehow been misperceived, I am sorry for any confusion," she added. "I thought it was important for Mr. Iglesias to receive this information and, if necessary, have the opportunity to clear his name."

In his statement, Domenici apologized for contacting Iglesias, but maintained he did nothing improper.

"At no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter," Domenici said. "I have never pressured him nor threatened him in any way."

Jennifer Yachnin contributed to this report.

Attorneys Scandal Endangers Wilson (POLITICO)

By By: Josh Kraushaar And Patrick O'Connor

Politico, March 7, 2007

Rep. Heather Wilson has long been among the most vulnerable Republicans in Congress, eking out wins in a Democratic-leaning New Mexico district because of her independent reputation and persistent campaigning.

She now faces a new challenge to her future as well as her reputation: involvement in a growing political tempest over the firings of eight U.S. attorneys by the Justice Department.

Wilson acknowledged Monday night that last October she contacted then-New Mexico U.S. Attorney David Iglesias to inquire about the pace of a corruption probe against the state treasurer, a Democrat. But she firmly denied calling to pressure Iglesias to speed the indictment process.

"My call was not about any particular case or person, nor was it motivated by politics or partisanship," Wilson said in a statement. "I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way. The conversation was brief and professional."

Also in the statement, Wilson reiterated she had nothing to do with Iglesias' dismissal.

Iglesias testified in front of the Senate Judiciary Committee on Tuesday that in the Oct. 16 phone call, Wilson pressured him for details about sealed indictments.

"The second she said any question about sealed indictments, red flags went up in my head," Iglesias said. "We cannot talk about indictments until they're made public. We specifically cannot talk about a sealed indictment."

Democrats accuse the Bush administration of firing the prosecutors to make room for Republican allies and using a new provision of the Patriot Act to install new U.S. attorneys without going through the Senate confirmation process.

Attorney General Alberto Gonzales has denied that charge and said he intends to submit all of the names of his appointees to the Senate confirmation process. The potential political repercussions for Wilson are clear. Ethical miscues brought down several Republican incumbents last election and were a significant reason for the party's poor performance in the 2006 midterms. The liberal ethics watchdog Citizens for Responsibility and Ethics called on the House Ethics Committee to

investigate whether Wilson's contact with Iglesias violated House rules. Federal law prohibits members of Congress from intervening in an active investigation.

"There are serious discrepancies that exist between Heather Wilson's statement today and Mr. Iglesias' testimony delivered under oath," said Doug Thornell, spokesman for the Democratic Congressional Campaign Committee. "Ms. Wilson needs to fully explain those discrepancies."

House Minority Leader John Boehner (R-Ohio) dodged a question about whether the House should conduct an ethics investigation into Wilson's contact with the U.S. attorney, deferring to Iglesias and a statement released by Wilson's office on Tuesday morning.

"I'm not sure what the facts are in this case," Boehner said.

The allegations against Wilson represent a change of political circumstances for the nine-year congresswoman. During Wilson's 2006 reelection campaign, she attacked her Democratic opponent, Patricia Madrid, who was state attorney general at the time, for what she described as tolerating corruption in the state treasurer's office.

The homegrown scandal in many ways overshadowed Democratic charges that Wilson accepted money from former House Majority Leader Tom DeLay (R-Texas) and imprisoned former Rep. Randy "Duke" Cunningham (R-Calif.).

But that same scandal is now providing Democrats with ammunition that Wilson overstepped her bounds.

"Call it luck, call it savvy, she has avoided accountability thus far, and this could be the straw that broke the camel's back," said New Mexico Democratic Party Executive Director Matt Farrauto.

It also is once again making Wilson's reelection bid one of the more closely watched House campaigns for 2008. National Democrats have unsuccessfully targeted her in every cycle since her first election. She never has won more than 55 percent of the vote. In 2006, Wilson won reelection by fewer than 900 votes. But after her victory over Madrid in an otherwise tough year for Republicans, there was talk that she might earn an easier race in 2008.

The latest scandal, however, is only quickening the campaign process. State Democrats have named a handful of potential candidates against Wilson in 2008, including state Rep. Al Park, state Auditor Hector Balderas, Bernalillo County District Attorney Kari Brandenburg and Albuquerque mayoral candidate Eric Griego.

Wilson was also considered the Republicans' strongest candidate to run to succeed GOP Sen. Pete Domenici, if he retired. Domenici also acknowledged he contacted Iglesias during the investigation.

Iglesias told the Senate panel Tuesday that he felt "leaned on" and sickened as Domenici hung up on him in disgust last fall when told that indictments in the corruption case would not be issued before the fall elections.

With both Domenici and Wilson tainted from the allegations, Democrats may also have a newfound opportunity to compete for both a House and a Senate seat.

Wilson is one of only nine Republicans representing districts that Democrat John F. Kerry carried in the 2004 presidential election. During an interview last week, National Republican Congressional Committee (NRCC) Chairman Tom Cole of Oklahoma called her an "exceptional candidate" and said she "does everything right."

"The NRCC has every confidence in Heather Wilson as a candidate and a person. She has impeccable character," NRCC spokeswoman Julie Shutley said Tuesday.

Fired U.S. Attorney Accuses Republicans Of Exerting Political Pressure (LAW)

By Jason McLure And T. R. Goldman, Legal Times

Legal Times, March 7, 2007

New Mexico's former U.S. Attorney accused Sen. Pete Domenici, R-N.M., and Rep. Heather Wilson, R-N.M., Tuesday of exerting political pressure on him about an ongoing public-corruption investigation just before Election Day last fall.

David Iglesias, who was asked to resign from the Justice Department with at least six other U.S. Attorneys on Dec. 7, told members of the Senate Judiciary Committee that Wilson had telephoned him on Oct. 16, about three weeks before the elections, to inquire about the status of "sealed indictments" in a probe involving a Democratic state legislator.

When Iglesias told Wilson that he couldn't speak about the existence of sealed indictments, "She was not happy with that answer," he said, and their call ended a short time later.

Wilson was then in the middle of a heated re-election campaign against former New Mexico Attorney General Patricia Madrid. Wilson won the election over Madrid by fewer than 900 votes.

Justice Department guidelines strictly limit what prosecutors can say about ongoing investigations. Nonetheless, two weeks after Wilson's call, Iglesias testified that he received an unusual call from Domenici at his home in late October, just days before the November elections. The senator also wanted to know about the prospect of charges in the public-corruption case.

"Are these going to be unsealed by November?" Iglesias said Domenici told him.

Iglesias says that after he told Domenici it was unlikely charges would be brought before November, Domenici told him, "I'm very sorry to hear that," and the line went dead.

"I felt sick afterwards," Iglesias said. "I felt leaned on."

Asked why he did not immediately report the calls from Wilson and Domenici to his superiors at the Justice Department -- as mandated by internal Justice rules -- Iglesias said he felt torn between his loyalties to Domenici, whom he described as a mentor, and to Wilson, whom he said had been a friend. Domenici had supported Iglesias' nomination to become U.S. Attorney in 2001.

Iglesias suggested that his firing, given his office's high marks in internal Justice Department performance reviews, may have come as a result of Domenici or Wilson pressuring the White House or Justice to ask for his resignation.

"I suspect they felt I was not a help to them during the campaign," Iglesias said. After he was fired, he said, he "began to put the dots together."

In response to questions about her call with Iglesias, a spokeswoman for Wilson's office forwarded a statement saying she had contacted Iglesias' office after a constituent complained about the pace of ongoing corruption investigations. "I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way," Wilson says in the statement. "If the purpose of my call has somehow been misperceived, I am sorry for any confusion."

Domenici's office did not return a call for this article. But earlier this week, The Washington Post reported that Domenici had complained about Iglesias to Attorney General Alberto Gonzales on three occasions in 2005 and 2006, and had spoken with Gonzales' top deputy last October.

The contacts by Domenici and Wilson could prove problematic. Ethics rules prohibit members of Congress from contacting federal officials involved in ongoing investigations. This week, a left-leaning public interest group asked the Senate Ethics Committee to investigate Domenici's contacts with Iglesias.

HOUSE CALL

Iglesias recounted his story during morning testimony before the Senate Judiciary Committee, flanked by three other of the fired U.S. attorneys. All of them said that the Justice Department had not informed them why they had been fired. During the afternoon, the same four former prosecutors, as well as two others that had been asked to resign, were called before a House Judiciary subcommittee.

There, they were joined William Moschella, a top Justice Department official, who laid out the department's case for the firings.

Moschella, the Justice Department's principal deputy associate attorney general, acknowledged the dismissals were poorly executed. "In hindsight, it could have been handled better," Moschella said. "It would have been much better to address the relevant issues [with each U.S. Attorney] upfront."

Moschella said the firings for seven of the U.S. Attorneys were for reasons related to "policy, priorities and management -- what has been broadly stated as performance-related reasons."

He also called speculation that the firings were related to political pressure over various public-corruption investigations "dangerous, baseless and irresponsible."

After the subcommittee chairwoman, Rep. Linda Sanchez, D-Calif., asked the six testifying former U.S. Attorneys to waive any privacy concerns over the reasons for their firings, Moschella laid out the case against each one.

With respect to Carol Lam, the former U.S. Attorney for the Southern District of California, whose office had won a guilty plea from former Rep. Randy "Duke" Cunningham, R-Calif., in a major public-corruption case, Moschella noted a relatively low

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number of gun and immigration prosecutions. "On immigration, her numbers in a border district just didn't stack up," Moschella said. He added that Lam's office ranked 91 out of 93 districts in gun prosecutions. "These are high administration priorities, and we expect these priorities to be filled," he said.

John McKay, the former U.S. Attorney for the Western District of Washington, was criticized for "policy differences." Moschella said McKay spent a considerable amount of time pushing Justice to approve an unspecified system in his office.

Moschella told the committee that Daniel Bogden, former U.S. Attorney for Nevada, was simply not doing a good enough job. "There was a general sense in the department about Mr. Bogden, that given the importance of the district in Las Vegas ... we were interested in seeing a new vigor and new energy in the office to take it to a new level," Moschella said.

Moschella essentially delivered the same pronouncement about New Mexico's Iglesias, adding that Iglesias had delegated too much authority to his top assistant. "There was a general sense that the district was in need of greater leadership," Moschella said.

As for Paul Charlton, former U.S. Attorney for Arizona, had been fired for "policy reasons." Moschella cited Charlton's policy of taping interviews with FBI agents and an ongoing dispute over pursuing the death penalty in a case, an issue Moschella described as "non-delegable."

Those five attorneys were all asked to resign Dec. 7, along with two other prosecutors. Despite Moschella's criticisms, all five had received positive evaluations from the Justice Department during periodic performance reviews.

H.E. "Bud" Cummins III, U.S. Attorney for Arkansas, also testified at the hearing. Cummins had been asked to resign last summer, and Justice Department officials have said that Cummins' firing was not done for performance reasons, but to clear the position for J. Timothy Griffith, a former political aide to White House adviser Karl Rove.

Justice Admits U.S. Attorney Was Forced Out (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, March 7, 2007

The Justice Department acknowledged yesterday that Thomas M. DiBiagio, the Maryland U.S. attorney who stepped down early in 2005, was forced from office and did not, as he said at the time, decide on his own to leave for personal reasons.

But the department official who asked for his resignation dismissed DiBiagio's claim in a New York Times article yesterday that he was ousted because of political pressure over public corruption investigations into the administration of then-Gov. Robert L. Ehrlich Jr.

In fact, the Republican governor's chief legal counsel, Jervis Finney, twice contacted the Justice Department to argue in DiBiagio's behalf, said David Margolis, an associate deputy attorney general. Finney contacted the department in fall 2004, not long after DiBiagio drew a rebuke for ordering his subordinates to produce "front-page" indictments, Margolis said.

Finney, he said, "called me during this process, claiming that I was being too harsh on Tom and that Tom was being railroaded by a bunch of Democrats in the U.S. attorney's office."

Margolis said that he asked DiBiagio for his resignation because he had "lost confidence in his abilities" and that he was not aware at the time of any investigations involving the Ehrlich administration. "There were absolutely no political shenanigans," said Margolis, a 42-year department employee who oversees ethics matters.

DiBiagio, who did not return repeated calls for comment yesterday, said in 2004 that his decision to leave was driven by financial and family considerations. He told the Times that he was speaking out now because he saw similarities between his departure and the recent firings of eight U.S. attorneys.

The Bush administration has said the eight prosecutors were told to leave, all but one for performance-related reasons. However, Democrats and others have suggested evermore pointedly that politics was behind many of the dismissals.

DiBiagio said several prominent Maryland Republicans -- the Times did not name them -- had pressed him to back away from inquiries on whether associates of the governor were improperly using money from gambling interests to promote the legalization of slot machines. He said he had reported one of those conversations to an FBI official as a threat.

DiBiagio said the Justice Department offered so little support that it became "impossible for me to stay."

"I believe it was that investigation that played an integral role in what was done to me," DiBiagio told the newspaper. "I clearly got the message that I had alienated my political sponsor and I would not have any political support to stay another term. Clearly, they wanted me to leave."

The claim is extraordinary in part because of the friendship that DiBiagio and Ehrlich once shared and because Ehrlich, while he was a Republican congressman, had played a key role in securing the prosecutor's post for him. In an interview yesterday, Ehrlich said DiBiagio's comments "really came out of left field."

The former governor denied trying to influence DiBiagio's investigations or seeking his removal. "To try to tie this to slots is just crazy," Ehrlich said, and he expressed amusement over the idea that he would have held enough sway with officials in Washington to have the federal prosecutor removed.

Ehrlich also noted that he was nearly alone in publicly defending DiBiagio in summer 2004, when Democrats were calling for his resignation and editorial boards were questioning his fitness for office. "I've known him for a long time, and I think he should be given the benefit of the doubt," Ehrlich told the Baltimore Sun at the time.

Yesterday, Ehrlich acknowledged that he was dissatisfied with DiBiagio's handling, before that, of a corruption case involving Edward Norris, who was then Ehrlich's state police superintendent. But, he added, "there was nothing we could or would do about it."

Of the gambling investigation, which was closed without producing charges, Ehrlich said he recalled that one of his aides received two federal grand jury subpoenas in summer 2004. Ehrlich said he was not concerned about the investigation, and that Finney produced documents in response. "Jervy handled it, and we literally never heard anything more about it -- that was it," he said.

The public confirmation that DiBiagio was forced out adds an important coda to a turbulent period for the office. Although DiBiagio frequently declared his credo to be "justice without fear or favor," critics accused him of partisanship. Democrats, in particular, cited an investigation by DiBiagio's office that focused on then-Lt. Gov. Kathleen Kennedy Townsend (D) at the height of a tight 2002 gubernatorial contest that she lost to Ehrlich, and a federal probe of the Baltimore City Council, whose members are Democrats.

He was rebuked in July 2004 for sending a memo urging his prosecutors to obtain "Three 'Front-Page' White Collar/Public Corruption Indictments" before Nov. 6, four days after the presidential election. Although DiBiagio has said the memo was taken out of context, he was told after it was publicized that he could bring no public corruption cases without high-level approval.

Yesterday, Margolis said the memo was damaging. "A reasonable person could have concluded that he was trying to affect the outcome of an election, and we just can't have that," he said.

Margolis said DiBiagio was asked to resign after a performance evaluation of his office conducted late that year. He said the review concluded that there were "management and morale issues" in the U.S attorney's office that were related to DiBiagio's "judgment and candor" as well as his temperament.

Ex-boss Disputes DiBiagio's Story (BSUN)

By Matthew Dolan, Andrew A. Green And Matthew Hay Brown, Sun reporters

The Baltimore Sun, March 7, 2007

Justice official who forced resignation says U.S. attorney for Md. was ousted on merits

The top Justice Department official who forced the resignation of then-U.S. Attorney for Maryland Thomas M. DiBiagio more than two years ago said yesterday that serious problems with the prosecutor's judgment and candor prompted the dismissal.

David Margolis, an associate deputy U.S. attorney general, rejected DiBiagio's assertions this week that his probe of corruption in the Ehrlich administration led to his dismissal. In fact, Margolis said, Jervis S. Finney, the top legal adviser to then-Gov. Robert L. Ehrlich Jr., had long defended DiBiagio's work.

Margolis said Finney called Justice Department officials in 2004 - once to request that DiBiagio's job be spared and again to prolong his tenure. Margolis noted that those would be odd requests from an administration that DiBiagio portrayed as worried about a looming federal investigation into its ties to gambling interests.

Finney could not be reached for comment last night.

"I'm 150 percent sure that we made the right decision with Tom," Margolis said. "I'm a million percent sure ... that it was done on the merits, whether you agree with it or not."

Margolis said DiBiagio's ouster was prompted in large measure by internal e-mail messages published by The Sun in July 2004, in which the prosecutor called for three "front-page" corruption indictments before Election Day. The gambling investigation never came up, according to Margolis.

In an interview published yesterday in The New York Times, DiBiagio compared his fate to that of eight U.S. attorneys from around the country who have been fired more recently.

DiBiagio did not return calls seeking comment yesterday.

Still, members of Congress, some who have criticized the recent dismissals as unwarranted and politically motivated, are now seeking answers about DiBiagio's departure in 2004.

"It is a story which may show inappropriate political pressure on the Baltimore attorney for pursuing an investigation related to gaming, which implicated subordinates of the governor," Sen. Arlen Spector, a Pennsylvania Republican, said yesterday at a hearing in Washington. "Or it may be explained in what the story refers to as his pressure tactics and performance rating. So there are a lot of nuances."

Sen. Benjamin L. Cardin, a Maryland Democrat and member of the Senate Judiciary Committee, called yesterday for an investigation into DiBiagio's firing.

"Anytime allegations arise that politics may have interfered in the prosecution of federal cases, we must take it seriously," Cardin said in a statement. He said he was "not familiar with the specific conditions surrounding" DiBiagio's departure.

When DiBiagio announced his resignation two years ago, he insisted that the departure was long planned, citing personal reasons. But in an opinion piece in The Sun a little more than a year later, DiBiagio wrote that he had been under constant pressure to aim low and look the other way from potentially corrupt officials.

"The pressure finally culminated in a threat that I would be 'hurt' if I continued," he wrote in January 2006.

In the first half of 2004, DiBiagio's office had subpoenaed records from top Ehrlich aides while pursuing allegations of improper influence by gambling interests.

Lawyers familiar with the investigation said it centered on Richard E. Hug, Ehrlich's chief campaign fundraiser, who solicited donations from horse racing and gambling interests for a nonprofit group, Citizens for Maryland's Future. The group planned to run ads supporting Ehrlich's initiative to legalize slot machines in Maryland. Hug has denied any wrongdoing.

But after the federal investigators began their probe, the donation effort was abandoned and the investigation was closed, according to prosecutors and attorneys involved.

In the Times article, DiBiagio added details, alleging a direct threat from Ehrlich's associates. If he pursued the investigations, he told the Times, "the practical impact was to intimidate my office and shut down the investigations."

He also told the FBI of the "threat" against him, the article said. Officials at the Justice Department said yesterday that they had no information about any formal complaint by DiBiagio.

In the end, hobbled by the political pressure, he decided to resign, DiBiagio said.

Ehrlich confirmed last year that the federal prosecutor had subpoenaed records from his communications director, Paul Schurick, and said that his office had cooperated. But there was no basis for the investigation, Ehrlich said in an interview yesterday.

"It was basically just a fishing expedition, I think," Ehrlich said.

Ehrlich's influence was largely responsible for the selection of DiBiagio, whom the governor had known since they were young lawyers. But the former governor said he tried to keep an arms-length relationship with him to avoid any appearance of impropriety.

That became increasingly difficult as DiBiagio began to alienate much of the state's political community, Ehrlich said. During DiBiagio's tenure, the Justice Department "was not exactly friendly to us," Ehrlich said, particularly in the prosecution of state police Superintendent Edward Norris for his actions while Baltimore police chief.

At the same time, Ehrlich said, he felt the need to defend the man he had recommended for the job.

"I was put in a very interesting position here," Ehrlich said. "He was doing things I didn't necessarily like, but I had a very high-stakes issue going on because I had to support him. He was my guy."

DiBiagio, who was nominated as U.S. Attorney for Maryland by President Bush in 2001, is now an attorney in the Washington and Baltimore offices of the law firm Beveridge & Diamond.

DiBiagio's supporters have long pointed to his office's prosecution of Norris and investment banker Nathan A. Chapman Jr. - issues first raised in articles by The Sun - as evidence of his success in rooting out public corruption.

Ehrlich said yesterday that he understands DiBiagio's desire to defend his legacy. By the time he left office, DiBiagio's staff was undermining him in the press, and officials around the state were "calling for his head," the former governor said.

But that doesn't make DiBiagio's allegations true, Ehrlich added. "Just putting two and two together, I think he's feeling a sense of frustration," Ehrlich said. "This was an opportunity to vent that when the Times called him."

Despite providing more details about the slots investigation, DiBiagio has never publicly identified the Ehrlich associates who allegedly pressured him.

Local defense attorney David B. Irwin, an Ehrlich ally who served on one of his judicial nominating committees, expressed empathy for DiBiagio's situation. Irwin said he had discussed the prosecutor's future before he left, suggesting the possibly of working for law firms in Baltimore or Washington.

But Irwin rejected the idea that political pressure from Ehrlich's camp forced DiBiagio out.

"He was an equal-opportunity subpoena-er," Irwin said, noting that DiBiagio's prosecutors had demanded documents in cases affecting both political parties.

Irwin said never talked to DiBiagio on behalf of Ehrlich about taking a judgeship - a carrot that DiBiagio told the Times that a lawyer close to the former governor had offered.

According to Margolis, the decision to remove DiBiagio came after prosecutors in his office told Justice Department investigators that DiBiagio's intemperate leadership made their lives unbearable.

Another controversial episode that raised questions about DiBiagio's candor focused on a statement DiBiagio made to the news media after the mysterious death in 2003 of one of his former assistant prosecutors, Jonathan P. Luna, who was found stabbed and drowned in a Pennsylvania creek.

Before she resigned, then-Assistant U.S. Attorney Lisa M. Griffin wrote in an e-mail to DiBiagio and other members of the staff that she was "deeply embarrassed to hear that you led the press to believe that Jonathan was not in jeopardy of losing his job. That wasn't so."

His most controversial move came in a series of internal e-mails published by The Sun in July 2004, in which DiBiagio called for three "front-page" corruption indictments before Election Day.

DiBiagio said at the time that he was simply pushing his staff to work harder, and said that his references to "front page" and November were not politically motivated, as some critics suggested.

But after the e-mail became public, the Justice Department issued a rare public reprimand to DiBiagio, saying that from then on, Washington would have to approve all Maryland corruption cases.

Margolis acknowledged the memo's role in DiBiagio's firing but declined yesterday to specify other reasons why DiBiagio was let go.

After DiBiagio's ouster, his replacement shut down some of his most prominent cases. Interim U.S. Attorney Allen F. Loucks dismissed the indictment against the former director of the governor's crime office, Stephen P. Amos, and ended the federal investigation of the Baltimore City Council's financial practices without charges.

Yesterday, William E. Moschella, the principal associate deputy attorney general, told a House Judiciary subcommittee that it was DiBiagio's attempts to time prosecutions to the election cycle that concerned his superiors.

"There were inappropriate e-mails and a staff meeting initiated by Mr. DiBiagio in which he specifically called for public corruption cases within a specific time frame," Moschella said. "It was so egregious that the deputy attorney general at the time ... had to write him a letter saying, 'You will not turn any more corruption cases without running it by me first."

Rep. Melvin Watt, a North Carolina Democrat and committee member, challenged Moschella.

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"Wasn't it before the election of Governor Ehrlich, and he was trying to get a prosecution done ... before that election and you are saying that an instruction from the Department of Justice to him not to pursue an investigation and charges before the election is not related?" Watt asked.

"We didn't tell him not to pursue any specific case," Moschella responded. He said a subsequent review showed that DiBiagio's office "was in disarray, poorly managed," and that his staff "had extremely poor morale."

Justice Official: Policy Rifts Ousted Arizona U.S. Attorney (AZREP)

By Mike Madden, Washington Bureau

Arizona Republic, March 7, 2007

WASHINGTON - The Bush administration forced out Arizona's top federal prosecutor because of policy disputes over taping FBI interviews and when to seek the death penalty, a U.S. Justice Department official told Congress on Tuesday.

Former U.S. Attorney Paul Charlton was one of eight federal prosecutors forced to resign in January, sparking a controversy over how and why they were ordered to leave office. Six of them testified Tuesday on Capitol Hill.

The administration at first said all were forced out because of "performance-related issues." Democrats have alleged political reasons for the moves. Several of the U.S. attorneys involved, including Charlton, had been investigating corruption cases against Republican lawmakers in their states. Justice officials deny any political motivation.

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"I would put Mr. Charlton more in the policy category," William Moschella, principal deputy associate attorney general, told the House Judiciary subcommittee on Commercial and Administrative Law.

U.S. attorneys are the top federal prosecutors in 94 court districts around the country. They serve at the pleasure of the president and can be hired or fired for any reason. But Congress is still conducting several inquiries into the circumstances surrounding January's moves.

All the prosecutors forced out were appointed by President Bush. Moschella acknowledged Tuesday that the administration hadn't told the prosecutors why they were forced out and conceded that may have helped stir the controversy.

"Although the department stands by the decision to ask these U.S. attorneys to resign, it would have been much better to have addressed the relevant issues up front with each of them," he said.

Charlton had served in Arizona from November 2001 until January. Officials told him in December that he had to resign.

He told the House panel that he had offered his resignation in 2006 over his insistence that the FBI tape interviews with suspects, which he called crucial to convicting child molesters. Justice officials instead persuaded him to request permission to make the taping part of a pilot program. They never responded to his request before he was told to resign.

"There is, in my mind, no small amount of irony in the Department of Justice having chosen that as the reason for asking me to resign," Charlton said.

Both Charlton and Moschella said officials in Washington objected to the taping policy because it might affect other federal law enforcement agencies and other U.S. attorneys offices. Charlton also wanted to decide whether to seek the death penalty on a case-by-case basis, clashing with administration officials who wanted the final say on when to push for executions.

As with several of the other prosecutors, Charlton was investigating politically sensitive issues just before last fall's elections. Prosecutors were investigating a land deal by Rep. Rick Renzi, R-Ariz., and a 1996 camping trip led by former Rep. Jim Kolbe, R-Ariz., that included teenage House pages. Both Renzi and Kolbe have denied wrongdoing, and officials haven't filed charges against either.

Charlton appeared before the House panel in response to a subpoena. He had declined to testify voluntarily at a Senate hearing on the matter earlier in the day.

Top Ariz. Prosecutor Fired Over Policy Clashes? (AZREP)

By Mike Madden, Republic Washington Bureau

The Arizona Republic, March 7, 2007

WASHINGTON - The Bush administration forced out Arizona's former top federal prosecutor because of policy disputes over taping FBI interviews and when to seek the death penalty, a Justice Department official told Congress Tuesday.

Former U.S. Attorney Paul Charlton was one of eight federal prosecutors made to resign in January, sparking a controversy over how and why they were ordered to leave office. The administration at first said all were forced out due to "performance-related issues."

Democrats have alleged political motivations for the moves - several of the U.S. attorneys involved, including Charlton, had been investigating corruption charges against Republican lawmakers in their states.

"One troubling allegation is that certain of these U.S. attorneys were asked to resign because of actions they took or didn't take relating to public corruption cases," William Moschella, principal deputy associate attorney general, told the House Judiciary Subcommittee on Commercial and Administrative Law. "These charges are dangerous, baseless and irresponsible . . . I would put Mr. Charlton more in the policy category."

In Arizona, Charlton had insisted on taping FBI interviews that might be used in prosecutions, a policy that hadn't been cleared with officials in Washington who feared it would affect other federal law enforcement agencies and other states. He also wanted to decide whether to seek the death penalty on a case by case basis, clashing with administration officials who wanted a national policy to govern when to push for executions.

Charlton only appeared before the House panel Tuesday in response to a subpoena, declining to testify voluntarily at a Senate hearing on the matter earlier in the day.

"In most of our cases, we were given little or no information about the reason for the request for our resignations," Charlton and his former colleagues said in prepared testimony. "This hearing is not a forum to engage in speculation, and we decline to speculate about the reasons."

Cummins Testifies On His Firing (MCA)

By Bartholomew Sullivan Sullivanb@shns.com

Memphis Commercial Appeal, March 7, 2007

WASHINGTON -- The former U.S. attorney for eastern Arkansas, H.E. "Bud" Cummins, told a House Judiciary subcommittee Tuesday that he told no one he didn't plan to serve out President Bush's term -- until after he'd been asked to resign last summer.

"When I started hinting that I might be moving on ... (that) was my attempt to be discreet and try to conceal the fact that they had handled it like they had handled it," Cummins said.

He was one of six former U.S. attorneys abruptly removed from office last year and subpoenaed Tuesday to address a growing perception that their firings were politically motivated.

Principal associate deputy Atty. Gen. William Moschella acknowledged Tuesday the terminations, which were made without explanation, "could have been handled better."

Cummins, who left office in December, was the chief federal prosecutor who handled the undercover investigation that led to corruption charges against West Memphis police officers and Crittenden County Sheriff's deputies in 2002.

Under questioning by U.S. Rep. Steve Cohen, D-Tenn., Cummins said he might have stayed silent after his ouster but couldn't after the Justice Department began citing performance deficiencies for the removal of other high-performing federal prosecutors. Moschella cited differences over policies and priorities for some of the firings in his testimony.

Like Cummins, former U.S. attorney Daniel Bogden of Nevada testified he had been told by a senior Justice official that he was being moved out to give another Republican nominee a resume-enhancing position.

Cummins was replaced by interim U.S. Atty. J. Timothy Griffin, an Iraqi war veteran and military prosecutor who had served briefly as an assistant U.S. attorney in Cummins' Little Rock office.

Griffin, 38, a protege of presidential adviser Karl Rove and a former Republican Party opposition researcher, has not been nominated by the president and has therefore not been subject to the Senate's advise-and-consent oversight. He has said he will not be a nominee for the permanent job.

The hearing was held to gather testimony from the fired prosecutors and to hear testimony on restoring provisions of the law regarding the installation of U.S. attorneys that now permits indefinite temporary appointments without Senate confirmation.

The law was a last-minute Justice Department insertion into the reauthorization of the U.S.A. Patriot Act.

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Also testifying were Carol C. Lam of San Diego, who won the conviction of former GOP congressman Randy "Duke" Cunningham on corruption charges; David C. Iglesias of New Mexico; Paul K. Charlton of Arizona, and John McKay of the western district of Washington state.

While under questioning by Cohen, Cummins described a Feb. 20 conversation he'd had with Michael Elston, chief of staff to Deputy Atty. Gen. Paul McNulty, which Cummins said he shared with the former prosecutors.

Cummins suggested that Elston indicated some in the department were "irritated that some of us were responding to media inquiries." Cummins said he told him the issue was a matter between the Congress and the Justice Department.

"What I was trying to convince him of was that nobody at this (witness) table was driving this," Cummins said.

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Why were they fired?

Reasons given for asking some of the U.S. attorneys to resign, according to William Moschella, an associate deputy attorney general:

Carol Lam of San Diego: "Her gun prosecution numbers are at the bottom of the list."

John McKay of Seattle: "The department really had policy differences and were concerned with the manner in which he went about advocating the particular policies ..."

Daniel Bogden of Nevada: "There was no particular deficiency. There was an interest in seeing renewed energy and renewed vigor in that office, really taking it to the next level."

David Iglesias of New Mexico: " Mr. Iglesias had delegated to his first assistant the overall running of his office. U.S. attorneys are hired to run the office."

Sessions Says Firings Of Prosecutors Not Unusual (MONTADV)

By Ana Radelat, Montgomery Advertiser

Montgomery (AL) Advertiser, March 7, 2007

Sen. Jeff Sessions, a former U.S. attorney, said Tuesday there's nothing extraordinary about the firing of eight U.S. attorneys who clashed with Republican lawmakers or GOP policies.

"They're changed on a regular basis," Sessions, a Republican from Mobile, said of federal prosecutors. "And for the most part there was some disagreement between those United States attorneys and the policies of the president of the United States."

Six of the eight fired U.S. prosecutors testified Tuesday at House and Senate hearings that they were pressured by the Justice Department or Republican lawmakers -- including Sen. Pete Domenici, R-N.M.

"Sometimes United States attorneys who are not in sync with the goals of the Department of Justice need to be counseled and, at some point, (Justice officials) ought to find someone else who will follow those goals," Sessions said.

Sessions, a member of the Senate Judiciary Committee, said he's never discussed a case with a U.S. attorney. He was a U.S. attorney himself in Alabama for 12 years before he was elected to the Senate.

Former New Mexico U.S. Attorney David Iglesias told members of the Senate Judiciary Committee on Tuesday that Domenici called him to ask whether indictments against local Democrats in a corruption investigation would be ready before Election Day. He said that when he told Domenici no, he was chilled to hear the senator say, "I'm very sorry to hear that" before hanging up.

Sessions conceded that Domenici's call to Iglesias was "an unwise thing to do" and said it was "a good learning experience" for all senators.

Domenici denied that he improperly pressured Iglesias.

Justice Department officials repeated their denials Tuesday that any of the prosecutors were improperly pressured or fired to make room for GOP political allies. They say most of the firings were performance-related.

Democrats say the firings prove the Bush administration has politicized the Justice Department.

Political Pressure Taints Firing Of Top Prosecutors (USAT)

USA Today, March 7, 2007

DOJ_NMG_0141166

David Iglesias, until recently the top federal prosecutor in New Mexico, served as a model for the smart, fearless Navy defense lawyer played by Tom Cruise in the 1992 courtroom drama A Few Good Men.

On Tuesday, Iglesias starred in another drama, this one a real-life political saga that is threatening the reputation for independence of the nation's 93 U.S. attorneys.

Iglesias — one of seven U.S. attorneys fired Dec. 7 by the Justice Department — told a Senate panel that he was ousted after he refused to succumb to pressure from Sen. Pete Domenici and Rep. Heather Wilson, both New Mexico Republicans, to speed up a federal probe of local Democrats. Iglesias testified that Domenici called him at home last October and asked whether there would be indictments before the Nov. 7 elections. When Iglesias said no, Domenici said he was "sorry to hear that" and "the line went dead," according to Iglesias.

"I felt sick afterwards," Iglesias told the panel.

Queasiness is a justified reaction to congressional meddling with federal prosecutors and to the Bush administration's clumsy, unusual firings. Both deserve the close scrutiny they are beginning to get in Congress and the news media.

Though the nation's federal prosecutors are political appointees named by presidents, they've long been known for their independence. Their job is to bring civil and criminal cases for the federal government, without regard to politics. And many have done just that. In the early 1970s, a Richard Nixon appointee supervised the investigation that led to the resignation of Nixon's vice president, Spiro Agnew. Just two years ago, Bush appointee Carol Lam brought the case that sent former GOP congressman Randy "Duke" Cunningham to prison.

The recent firings undermine that image of independence. Lam, in fact, was one of the seven fired on Pearl Harbor Day. An eighth, Bud Cummins, of Arkansas, was let go last June.

Justice officials grudgingly acknowledged that Cummins was terminated to make way for Tim Griffin, a former aide to Bush adviser Karl Rove. As for the others, officials have gone from denying in January that the dismissals were political, to saying in February that six were "performance-related," to admitting last week that the White House approved the firings after Justice officials identified prosecutors who weren't carrying out administration law enforcement policies.

It's possible, of course, that some of the eight deserved to be replaced, but the shifting explanations raise serious doubts about the whole process. High-level appointments can't be completely insulated from politics, but one good step would be to return to a system, in place for many years, that gave the president the power to appoint U.S. attorneys and the Senate the power to confirm them. Last year, the Bush administration won a change that would give the attorney general more authority to appoint interim prosecutors to serve for unlimited periods without Senate confirmation. That's an invitation to trouble.

Historically, few U.S. attorneys have been dismissed by a president in the middle of their terms. That's a worthy precedent, one that inspires public confidence that the justice system is working properly and ensures that a few good men and women don't become victims of political vendettas.

A Few Angry Lawyers (SLATE)

By .Emily Bazelon

Slate.com, March 7, 2007

On Capitol Hill, the fired U.S. attorneys dish, and dish some more

The Department of Justice can fire a U.S. attorney and expect him or her to go quietly. The federal prosecutors are appointed by the president, after all, and serve at his pleasure. But fire a bunch of them at once and start shredding their reputations—that's dangerous. Today, four of the Bush administration's formerly loyal U.S. attorneys showed up to testify before Congress and raised the lid on DOJ and Republicans in office. All sorts of things crawled out. And after years of living in one-party Washington—and logging hours at snoozer Republican-controlled committee hearings—I confess, it was a thrill to watch. Hooray for divided government!

David Iglesias, a former U.S. attorney from New Mexico, was the star witness at this morning's Senate hearing about the firing of eight—or now maybe nine—U.S. attorneys. Iglesias was square-jawed and resolute, so much so that Sen. Chuck Schumer, D-N.Y., didn't really need to mention that the former prosecutor and U.S. Navy lawyer is a partial model for the Tom

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Cruise character in A Few Good Men (though, of course, Schumer did). Iglesias gave an account of a phone call he received from Sen. Pete Domenici, Republican of New Mexico, before the November election:

1) Domenici called Iglesias in late October, at his house—the first time in 10 years as a prosecutor that he'd taken a call from a member of Congress on his home line.

2) The senator wanted to talk about a pending corruption investigation of government officials who just happened to be Democrats—an investigation that, Iglesias said, was a "huge battle" in Republican Rep. Heather Wilson's tight race for re-election. Domenici asked Iglesias, "Are these charges going to be filed before November?" Iglesias said he didn't think so.

3) Domenici responded, "I'm very sorry to hear that." And then the line went dead. Domenici had hung up on Iglesias. "I felt sick afterward," the former prosecutor said. "I felt leaned on. I felt pressure to get these matters moving."

Domenici has denied pressuring Iglesias. As for Wilson, she had called Iglesias two weeks earlier. She said this week that she asked Iglesias about allegations from a constituent that he "was intentionally delaying corruption prosecutions." Iglesias remembers otherwise. The phone call wasn't about allegations of a delay, he testified. Wilson "wanted to talk about sealed indictments" he might have had in the corruption case. Iglesias listened to her questions, and "red flags went up inside my head." It was as if Wilson had asked a government nuclear scientist "about secret launch codes."

If the calls from Domenici and Wilson were so alarming, why didn't Iglesias report them to DOJ? Sen. Arlen Specter, R-Pa., wanted to know. Ethical rules bar members of Congress from asking prosecutors about pending investigations, and DOJ guidelines apparently instruct prosecutors to report such contacts. Iglesias said he knew that but at the time felt "conflicted" about his competing loyalties. Pete Domenici was his longtime mentor. Heather Wilson was his longtime ally. He didn't want to turn on them.

"What made you change your mind?" Specter asked. It was the senator's least effective moment as the Bush administration's defender. "I've always been trained that loyalty is a two-way street," Iglesias answered. "I started thinking: Why am I protecting these people who not only did me wrong but did wrong to the system for appointing U.S. attorneys?"

Iglesias and the three other U.S. attorneys who appeared with him have taken pains to make clear that they didn't ask to testify. They waited to be subpoenaed by a subcommittee in the House of Representatives, which also heard their testimony today. The former USAs acknowledged that they served "at the pleasure of the president" and could be fired "at any time and for any reason." Except that, as far as they knew, no president had ever before fired a group of U.S. attorneys in the middle of his term. And "any reason" isn't supposed to include what felt to some of them like retaliation, after attempts to meddle with on going investigations. (John McKay, a former U.S. attorney from the western district of Washington, told a story like Iglesias's of a phone call from the former chief of staff of a Washington elected official, about a pending investigation relating to voter fraud.)

Nor did the ex-U.S. attorneys cotton to being threatened by DOJ—as they apparently were. H.E. "Bud" Cummins III, ex-U.S. attorney of the eastern district of Arkansas, brought to the hearing an e-mail he'd written to five of his fired compatriots on Feb. 20, two days after receiving a call from Mike Elston in the deputy attorney general's office. Cummins wrote that the essence of Elston's message was that DOJ "would feel forced to somehow pull their gloves off," if the fired U.S. attorneys continued to talk to the press or fuel a congressional investigation. "I was tempted to challenge him and say something movie-like such as 'are you threatening ME????'" Cummins wrote. Also, he wrote that Elston "reacted quite a bit to the idea of anyone voluntarily testifying [before Congress] and it seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation."

This e-mail, which Schumer read gleefully into the record, did not sit well with the senators. At the start of the hearing, Specter had floated the idea that any effort to "threaten someone and stop them testifying" raised the specter of "obstruction of justice." As a basis for criminal charges, that's probably a stretch. Still, it all made for great theater.

CORPORATE SCANDALS:

Companies Say Backdating Used In Days After 9/11 (WSJ)

By Mark Maremont, Charles Forelle And James Bandler

The Wall Street Journal, March 7, 2007

Amid the stock-market swoon that followed the Sept. 11, 2001, terrorist attacks, dozens of companies granted stock options to top executives or other employees. Now, some of those companies are saying the grants were in fact made weeks later -- and backdated.

The disclosures are the latest wrinkle in a backdating scandal that involves more than 140 companies and has resulted in more than 70 firings or resignations of corporate officials. (See related article1.) The new information suggests some executives profited from the market's plunge following Sept. 11 by manipulating options grant dates.

Stock options give the recipient the right to buy shares at a set price, typically the stock's closing price on the day the options were granted. If the stock later rises, the recipient can cash in the option for a profit. The lower the exercise price, the greater the potential gain.

Backdating options involves looking for past low points for a stock, then pretending the options were granted on those favorable dates. The post-Sept. 11 period was an attractive time for backdaters. The market had its worst week in more than 60 years, then rebounded sharply in the fourth quarter.

At KLA-Tencor Corp., at least 11 top executives purportedly were awarded options on Oct. 2, 2001, at the very bottom of a sharp dip in the semiconductor-equipment maker's stock. But in a recent filing KLA said those options were among some that were improperly backdated, suggesting in a securities filing they weren't actually awarded until weeks later. The post-9/11 backdating increased KLA insiders' potential profit on the options by more than $12 million.

Affiliated Computer Services Inc., Take-Two Interactive Software Inc., Progress Software Corp. and Corinthian Colleges Inc. similarly have admitted they put erroneous dates on options that made it appear they were granted at post-9/11 low points.

Former officials at Monster Worldwide Inc. and Brocade Communications Systems Inc. have been accused by the Securities and Exchange Commission of backdating options to that period. The former Brocade official denies the allegations, and the ex-Monster executive has been in talks to settle the charges.

A number of other companies that have admitted to widespread backdating, including UnitedHealth Group Inc. and Broadcom Corp., also granted options dated in the post-Sept. 11 period. They haven't indicated whether those awards were backdated.

Harvey Pitt, who was chairman of the SEC at the time of the attacks, said it was "offensive" for companies to capitalize on the market panic caused by 9/11. The terror attacks "created many pressures, difficulties and dislocations," said Mr. Pitt. "The one thing it cannot be used to justify is the fraudulent backdating of documents."

In the wake of the attacks, the nation's stock markets were closed from Sept. 11 to Sept. 14. When they reopened the following week, the Dow Jones Industrial Average skidded more than 14%, in the worst full week for the blue-chip average since Germany invaded France in May 1940.

Scores of companies rushed to grant options during the market's trough; a Wall Street Journal analysis published in July found that among a set of 1,800 leading companies the frequency of option grants more than doubled in late September 2001, compared with other years.

When previously asked about their reasons for granting options in the wake of the terrorist attacks, some companies said it was pure happenstance, while others said it was intended to help motivate executives through the difficult period. But until recently none had admitted the award dates reflected improper backdating.

The post-Sept. 11 backdating has caught the attention of plaintiffs' lawyers. Some of them have already mentioned it in backdating-related lawsuits or say they plan to highlight the issue.

Joel H. Bernstein, an attorney at Labaton Sucharow & Rudoff LLP in New York, says that taking advantage of a national tragedy "is an emotional issue," but one that will "resonate very well with the judge and the jury." Mr. Bernstein's firm is involved in suing executives and directors at two of the companies that issued post-Sept. 11 options grants.

Post-Sept. 11 backdating also figured in two separate criminal cases filed last month in New York, in which a pair of former executives pleaded guilty to backdating-related offenses.

In one case, the former top lawyer for Monster admitted he helped orchestrate a years-long backdating scheme at the New York company, operator of the Monster.com job-search Web site. In a related civil complaint, the SEC charged that the ex-lawyer,

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Myron Olesnyckyj, helped award employees in one division a bunch of options that were backdated to Oct. 2, 2001, when the stock hit its lowest level in nearly two years.

That also was the day Monster announced it would have to scale back its earnings projections as a result of the terrorist attacks. Monster's then-CEO told investors that business activity had almost halted as companies "responded to help those in need" and "reflected on the tragedy." According to the SEC complaint, senior Monster executives didn't begin discussing the Oct. 2 grants until mid-October, when the company's stock was already recovering.

Andrew Levander, an outside lawyer for Monster, said the company has informed the government of any improprieties it has discovered.

At Take-Two, a New York-based videogame maker, former CEO Ryan A. Brant last month pleaded guilty to New York criminal charges and admitted to backdating numerous option grants to himself and subordinates to take advantage of prior stock dips. Although it wasn't specifically mentioned in the charges, one of the well-timed grants was originally dated Oct. 1, 2001, at the nadir of the stock's post-Sept. 11 plunge.

A spokesman for Take-Two says the company recently repriced the Oct. 1 grants along with a number of others as it corrected its books due to the widespread backdating. The spokesman says the company doesn't have sufficient information to know whether the wrongly dated Oct. 1 options were related to the Sept. 11 attacks, but he notes that Take-Two in October 2001 released a major new product, Grand Theft Auto III, the type of event for which it typically awards extra compensation.

KLA-Tencor, based in San Jose, Calif., was among the many that saw its stock battered by the terrorist attacks. On Sept. 10, KLA shares closed at $44.20. They began falling as soon as the markets reopened, and bottomed out on Oct. 2 at $29.31. By late October, the shares had rebounded to preattack levels.

The dip provided a tempting opportunity to backdate. KLA did so, issuing at least hundreds of thousands of options the company now says in securities filings were backdated. KLA recently repriced those options to $45.25, implying that they were really granted in late October when the shares next hit that level. KLA's chief executive at the time, Kenneth Schroeder, was by far the biggest beneficiary. He received a grant of 341,100 shares. The backdating added $5.4 million to his potential profit.

A KLA spokeswoman declined to comment, other than to note the Oct. 2 grant was given to a broad group of employees.

Mr. Schroeder stepped down as CEO in 2005 to take an advisory role with the company. He was fired last October in connection with the options scandal. A spokesman says Mr. Schroeder hasn't cashed out the post-9/11 grant for profit, and KLA says it has canceled the grant -- along with other backdated options Mr. Schroeder received -- outright. A spokesman for Mr. Schroeder said the company "rashly and unilaterally breached its contract with Ken."

Mr. Schroeder is fighting to get back the options, which would yield more than $2 million today, after the company's repricing.

Brocade, a data-storage networking firm based in San Jose, awarded employees a total of 8.9 million options dated Oct. 1, 2001. All six top executives of Brocade were given options with the favorable Oct. 1 date, including the then-CEO, Gregory L. Reyes, who himself received 1.3 million options. The stock quickly rebounded after the supposed grant date, rising to preattack levels by Oct. 5.

Last year, Mr. Reyes and another former top Brocade executive were charged by federal prosecutors in San Francisco with criminal offenses related to options backdating. In a related civil complaint, the SEC mentioned the post-Sept. 11 grant, charging Mr. Reyes with backdating options to employees to give them the beneficial Oct. 1, 2001 date, and also with having received backdated options bearing that same date.

In a separate civil complaint filed in San Francisco by shareholders suing Brocade, Mr. Reyes and four others, the plaintiffs noted that the depressed Oct. 1 stock price "resulted, in part, from the tragedy of Sept. 11th."

Richard Marmaro, an attorney for Mr. Reyes, said his client "never backdated any options," and any insinuation that he did so to take advantage of the post-Sept. 11 trough is "outrageous." After the attacks, Mr. Marmaro said, Mr. Reyes anonymously donated $1 million to a fund for the benefit of the New York City Fire Department. He also said that Mr. Reyes didn't set the dates of his own stock-option grants, which were the responsibility of a committee of board.

A Brocade spokeswoman declined to comment, except to note Brocade has offered to settle with the SEC.

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Joseph W. Alsop, chief executive at another admitted backdater, Progress Software Corp., received options dated Oct. 10, 2001, to buy 125,000 shares of stock. Several other Progress executives also received hefty grants dated that Wednesday, when shares were down 16% from their pre-Sept. 11 levels. Two weeks later, shares of Progress were back up 25%.

A board-led investigation concluded late last year that Progress "generally selected the dates used as the grant dates retrospectively," often choosing the lowest closing price of the company's stock for the quarter. The Bedford, Mass., software concern said that the Oct. 10, 2001, grant was misdated, and should have been priced one-third higher, at $17.42. The stock next closed at that price on Dec. 4, suggesting that was the real award date. Mr. Alsop agreed to forfeit more than $5 million in options value for all of his misdated grants. He declined to comment.

UnitedHealth Earnings Cut By $1.5 Billion For Past 12 Years (MINNST)

Minneapolis Star Tribune, March 7, 2007

Ending nearly a year of speculation about the long-term costs of a disputed stock-option program for senior executives, UnitedHealth Group announced Tuesday that it has reduced earnings by nearly $1.53 billion for the past 12 years.

By David Phelps, Star Tribune Ending nearly a year of speculation about the long-term costs of a disputed stock-option program for senior executives, UnitedHealth Group announced Tuesday that it has reduced earnings by nearly $1.53 billion for the past 12 years.

In addition, the company said it is making a $100 million payment to the Internal Revenue Service for back taxes on options that were backdated to give holders an advantageously low strike price that enabled them to profit handsomely when the options were cashed out.

The company also said it will take a $55 million cash charge for another set of options exercised in 2006 by non-officer employees.

"UnitedHealth is making a lot of progress by putting this behind them," said Rajesh Aggarwal, an associate professor of finance at the University of Minnesota's Carlson School of Management. "What was going on before was bad but they have the right strategy now."

The backdating controversy, which began last March, dogged the company throughout 2006 and eventually led to the resignation of CEO and Chairman William McGuire. The number two executive at the Minnetonka-based company, Stephen Hemsley, became CEO in December.

Wall Street reacted favorably to the financial restatement in part because it removed a cloud over UnitedHealth and because it signaled the start of a stock repurchase program by the company to increase shareholder valued.

In late morning trading, UnitedHealth's stock was up 84 cents a share to $53.80.

In its filing with the Securities and Exchange Commission, the company reported net earnings of $4.16 billion for 2006, an increase of 35 percent over 2005. Revenues rose from $46.43 billion to $71.54 billion reflecting, in part, the acquisition of PacifiCare in late 2005.

The company still faces a handful of shareholder lawsuits and investigations by the SEC, Justice Department and Minnesota Attorney General's office.

UnitedHealth Books Take Options Hit (WSJ)

By Vanessa Fuhrmans

The Wall Street Journal, March 7, 2007

UnitedHealth Group Inc. took a big step toward cleaning up its accounting mess by announcing a $1.13 billion reduction in previous earnings over a 12-year period. But the health-care giant still faces a thicket of legal uncertainty stemming from irregularities in how it granted and accounted for employee stock options.

The company's restatement, filed with the Securities and Exchange Commission yesterday, was in line with its earlier estimates and marks a major milestone in its efforts to resolve the options-backdating scandal that last fall claimed its longtime chief executive, William McGuire.

UnitedHealth still faces regulatory and criminal investigations into its past options-granting practices, as well as a number of shareholder lawsuits. But after months of delays, the SEC filing signaled that the health insurer's new management team finally

has a firm idea of what taxes, fines and accounting costs will emerge from those probes. The SEC wouldn't comment on the matter, but the company has said that it has been cooperating with the agency.

"It's not exactly the end of the road," said Matthew Borsch, analyst at Goldman Sachs, "but we can virtually rule out a worst-case scenario."

The health insurer, based in Minnetonka, Minn., is one of the largest of more than 140 companies that have come under scrutiny in the past year for the possible backdating of stock options. The practice involves retroactively dating stock options to days with low share prices, potentially increasing their value. While doing so isn't illegal in itself, companies are required to disclose it and account for it as compensation. Dr. McGuire was forced to leave the company after a board-commissioned review concluded that options were likely backdated on his watch.

In its SEC filing yesterday, UnitedHealth stated that it had "used incorrect measurement dates and made other errors...in accounting for stock option grants." The company said it had found incorrect dates for grants involving roughly 80 million shares given to top company officers, about 260 million shares granted to senior and middle management and another 50 million shares tied to hiring or promoting other employees.

Based on UnitedHealth's historical accounting method -- in effect until the start of 2006 -- the resulting changes in stock-based compensation lowered earnings by a total $1.13 billion.

UnitedHealth added it would make cash payments for additional corporate income taxes of roughly $100 million. It also will record an after-tax charge of $55 million, or four cents a share, in the first quarter of this year for a tax settlement related to some nonofficer employees who exercised options in 2006.

According to the restatement, the company's 2006 net income rose 35% to $4.16 billion from $3.08 billion. Revenue jumped 54% -- largely because of its recent acquisition of PacifiCare Health Systems Inc. -- to $71.54 billion.

Shares in UnitedHealth rose as much as 3% before closing up 1.9%, or $1.02, at $53.98 in 4 p.m. New York Stock Exchange composite trading.

The company also faces several shareholder lawsuits and is still assessing whether UnitedHealth itself has claims against Dr. McGuire or any board members in connection to the options scandal.

Write to Vanessa Fuhrmans at vanessa.fuhrmans@wsj.com3

UnitedHealth Cuts $1.5B From Profits (AP)

By Joshua Freed

AP, March 7, 2007

MINNEAPOLIS - Insurer UnitedHealth Group lopped as much as $1.5 billion off its historical earnings as it finished its accounting for backdated stock options on Tuesday.

The restatement, which was in line with the company's earlier estimates, removed much of the uncertainty that has hung over the nation's second-largest health insurer over the past year. But other questions remained, including whether the Internal Revenue Service would agree with UnitedHealth about the tax bill, and whether it would owe penalties.

The company also faces a formal investigation by the Securities and Exchange Commission and a review by the U.S. Attorney for the Southern District of New York.

UnitedHealth Group Inc. said it will make cash payments for additional corporate income taxes of about $100 million, and will record a charge of $55 million, or 4 cents per share, in the first quarter of 2007 for a settlement relating to some employees who exercised options in 2006.

But there's no guarantee the tax agency will agree with UnitedHealth's accounting, said CRT Capital analyst Sheryl R. Skolnick, and "I have to think that they probably will assess fines and interest."

Still, she said investors had good reason to believe some of the worst was over.

"From a company operating perspective, I think most of the extremely disruptive issues are done," she said.

An external report paid for by UnitedHealth had already found that many of the stock options it issued during the 1990s were probably backdated - giving the recipient an instant profit and creating the tax and accounting problems that the company is only

now sorting out. On Tuesday the company acknowledged that it "used incorrect measurement dates and made other errors . . . in accounting for stock option grants."

The scandal led former Chairman and Chief Executive William McGuire to step down late last year. More than 200 companies have disclosed SEC, Department of Justice, or internal probes into stock options granting practices, according to an Associated Press review.

On Tuesday, UnitedHealth said correcting the stock options accounting would cut $1.53 billion off its earnings from 1994 to the end of 2005 under the method of accounting it used at that time. (After taxes, the cost would drop to $1.13 billion.) Under its current method of accounting, the options expense would hurt historical earnings by $502 million before taxes, or $414 million after taxes.

The restatement included after-tax charges of $238 million for 2005, $158 million for 2004, and $738 million for 2003 and prior years under the method of accounting the company used at the time.

The company said it would resume share repurchases. It had more than $1.9 billion in cash at the end of 2006 and it has board authorization to repurchase up to 137 million shares.

"Most investors will be relieved to see the company done with this," Bank of America analyst Joseph France said in a note to investors.

UnitedHealth shares rose $1.02, or 1.9 percent, to close at $53.98 on the New York Stock Exchange. That brings them nearly back where they were before the options problems surfaced, after dipping as low as $42 in late May.

In the future, France wrote, "Success will be increasingly determined by sales to individuals and smaller groups, rather than the large groups that have been key to the company's growth in the past."

UnitedHealth held back on acquisitions during the past year. Skolnick said it wasn't necessarily by choice.

"The company never stopped being in the acquisition business, it's just that I don't know anyone who would have taken their stock as currency until the re-filing was done," she said.

SEC Fines Ex-Monsanto Executive For Indonesian Bribe (Update3) (BLOOM)

By David Scheer

Bloomberg, March 7, 2007

March 6 (Bloomberg) -- A former executive at Monsanto Co., the world's biggest developer of genetically modified crops, was fined $30,000 for bribing an Indonesian official in an unsuccessful bid to repeal an environmental rule, the U.S. Securities and Exchange Commission said.

Charles M. Martin, Monsanto's former government affairs director in Asia, violated the Foreign Corrupt Practices Act in 2002 when he told a consultant to pay a senior Indonesian environmental official $50,000, the SEC said today. Martin arranged to book the bribe as part of the consultant's fee.

Monsanto paid $1.5 million in settlements with the SEC and the U.S. Department of Justice in 2005 for the bribe and other questionable payments in Indonesia. The St. Louis-based company sought repeal of a rule requiring it to assess environmental impact before planting genetically modified cottonseed, the SEC said. Even after the bribe, the official didn't change the law.

``The Foreign Corrupt Practices Act remains a significant part of our enforcement program, and we certainly intend to pursue not only entities but individuals," Christopher Conte, an SEC official overseeing the case, said in an interview.

In fining Monsanto in 2005, the SEC said the company's Indonesian affiliates also made at least $700,000 in illicit payments to at least 140 current and former Indonesian officials and their families. The payments were partially financed through unauthorized, improperly documented, and inflated sales of Monsanto's pesticide products in the country.

Martin neither admitted nor denied the accusations in agreeing to settle the SEC's civil lawsuit, filed at U.S. District Court in Washington today, the SEC said. His attorney, Richard Scheff in Philadelphia, didn't return a phone message seeking comment.

Monsanto resolved its part of the case more than two years ago, and today's action ``is strictly between the individual and the SEC," company spokeswoman Lori Fisher said.

The case is SEC v. Martin, No. 07-CV-434, U.S. District Court, Washington D.C.

Deal For Reliant Energy Admits No Guilt In Fraud Case (LAW)

By Justin Scheck, The Recorder

California Recorder, March 7, 2007

There's a group of very happy defense lawyers in San Francisco right now.

On Tuesday, nearly three years after then-U.S. Attorney General John Ashcroft announced on TV that an energy company had been charged with conspiring to jack up electricity prices during California's 2001 power crisis, the case ended with a set of deferred prosecution agreements.

The deals will dismiss charges against Reliant Energy and four of its traders, provided they stay out of trouble for the next two years. The company will also have to pay a $22.2 million fine.

"Obviously, we're extremely pleased with the result," said William Goodman, a partner at Topel & Goodman in San Francisco, who represents the company.

While the energy defendants won't get the penalties the government had sought, including prison time for the traders, freeing up four prosecutors will allow the San Francisco U.S. Attorney's Office to focus more attention on probes of tech companies like Apple Computer, which have been cooperating in options investigations for months.

Reached late Tuesday, defense lawyers and a spokesman for the prosecutors said they wouldn't comment until Northern District of California Chief Judge Vaughn Walker finalized the deal, nor would they discuss details of the arrangement. In general, non-prosecution agreements involving a company require that it pay a fine, but do not make it admit to criminal liability.

When it was first charged, the case was widely assumed to be something of a slam dunk, since prosecutors had audio tapes of Reliant traders talking about how they had shut down four of the company's five California plants to limit supply and boost their profits.

But the case also had obvious peculiarities, most notably the fact that the defendants were the first people to face criminal charges under a 70-year-old commodities regulation statute.

Once defense lawyers were able to persuade Walker to take the case from another judge -- which he was able to do because he had related energy crisis litigation -- things really started heading downhill for the government.

In 2005, Walker, excluded a key piece of the government's regulatory evidence from the case and issued a set of proposed jury instructions that created a high bar for the government to prove fraud.

By then the prosecutors who charged the case had already left for private practice, and then-U.S. Attorney Kevin Ryan was forced to assemble a new team.

They appealed Walker's pretrial rulings to the 9th Circuit on the eve of trial in late 2005, upsetting the judge, who already had requested that a jury pool be assembled.

But the appeal didn't work in the prosecutors' favor. A three-judge panel didn't get to the substance of their claims, and it remanded the case back to Walker.

Since then, four prosecutors -- including two section chiefs, Michael Wang and Jonathan Schmidt -- have been occupied with preparing the case for trial.

That's sent ripples across an office where the white-collar corps is already stretched thin by dozens of high-profile stock option investigations and other already indicted fraud cases.

In addition to Goodman, Reliant was represented by William Jeffress Jr. of Baker Botts in Washington, D.C. George Cotsirilos Jr. of Cotsirilos & Campisano in San Francisco represented trader Jackie Thomas; and Mary McNamara of the San Francisco firm Swanson & McNamara represented another trader, V. Reginald Howard II.

Trader Lisa Flowers was represented by Nanci Clarence of San Francisco's Clarence & Dyer. John Williams, of Manchester, Williams & Seibert in San Jose, represented trader J. Kevin Frankeny.

Wal-Mart Fires Employee For Electronic Snooping (LAT)

By Abigail Goldman And Michelle Quinn

The Los Angeles Times, March 7, 2007

Wal-Mart Stores Inc. said Monday it had fired an employee for recording phone calls between its public-relations staff and a newspaper reporter and for intercepting text messages.

Wal-Mart said the employee was acting alone. It was the latest incident involving snooping on reporters by employees of companies they cover.

In this case, the retailer said an unnamed computer-systems technician was not authorized by the company to seek or obtain the information. The company also said it fired one manager and disciplined another for "failure to carry out their management duties."

Wal-Mart said that between September 2006 and January 2007, the technician recorded calls with Michael Barbaro, who writes about Wal-Mart for The New York Times. Over the previous year, The Times was printing stories of the company's personnel policies, based on leaked employee memos.

The company said the same employee also intercepted text messages using equipment that searched for key words in messages sent within a several-mile radius of Wal-Mart's Bentonville, Ark., headquarters.

"The company believes that these pager intercepts and the recordings of these telephone calls were wrong and has taken a number of actions to further strengthen our policies and controls," Wal-Mart spokeswoman Mona Williams said in a statement.

A spokeswoman for the U.S. Attorney's office for the Western District of Arkansas confirmed an investigation. Wal-Mart said it had notified federal investigators in January.

Last fall, Hewlett-Packard found itself in the center of a scandal about the increasingly aggressive tactics for investigating information leaks from the company to the media. Patricia Dunn, HP's board chairwoman, resigned following reports that the company hired investigators who illegally obtained telephone records of board members and reporters by misrepresenting themselves to telephone companies.

Five people associated with the investigation, including Dunn, later were indicted by the state and face trial.

Wal-Mart went to great lengths Monday to distance itself from its employee's actions.

The company said it does not believe any laws were broken by the recordings, since Wal-Mart notifies employees that it may monitor and record communications on company devices.

Under federal and Arkansas law, only one party to a recording -- in this case, Wal-Mart -- needs to consent. Wal-Mart declined to release the names of employees involved.

The company said it began in internal investigation Jan. 11, after an employee expressed concerns about the recordings.

The technician programmed in certain phone numbers and then recorded those conversations without the knowledge of the PR staff involved, the company said.

Text messages were electronically grabbed from pagers and other hand-held devices using the technician's personal equipment, Williams said. She declined to specify the key words or the equipment used.

The New York Times helped fuel a firestorm against Wal-Mart in the fall of 2005 when it published an internal memo detailing the company's recommendations for reining in health-care costs. The suggestions included making jobs more physically rigorous to discourage unhealthy workers and using more part-time workers.

CRIMINAL LAW:

Analysis: Verdict Puts Focus On Cheney (AP)

By Tom Raum

AP, March 7, 2007

Campaigning in 2000, George Bush promised he would swear on the Bible to restore honor and dignity to a sullied White House and give it "one heck of a scrubbing." The conviction of I. Lewis "Scooter" Libby gave the White House a scrubbing — but not the one Bush had in mind.

The case laid bare the inner workings of a presidency under siege and the secretive world of Vice President Dick Cheney.

It showed the lengths to which Cheney went in early summer 2003 to discredit administration critic Joseph Wilson. The former ambassador's assertions had cast doubt on the administration's justification for having taken the country to war in Iraq. And the Libby case showed the president assisting Cheney in the leaked attacks on Wilson.

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Libby, who was Cheney's chief of staff, was found guilty on Tuesday of four of five counts of obstructing justice, lying and perjury during an investigation into the administration's disclosure of the identity of undercover CIA official Valerie Plame, Wilson's wife.

The verdict "does great damage to the Bush administration," said Paul C. Light, professor of public service at New York University. "It undermines the president's pledge of ethical conduct. But the most serious consequence is that it will raise questions about Cheney's durability in office. It may be time for Cheney to submit his resignation."

But don't count on it. Bush in the past has repeatedly come to the defense of his vice president.

The trial, which included a month of testimony, is also relevant as the U.S. seeks to build a case that Iran is providing sophisticated munitions to Shiite insurgents in Iraq who are using them against U.S. troops. Administration critics have suggested the administration is trying to lay the groundwork for isolating or even attacking Iran — using flawed intelligence, like in Iraq.

Wilson, a retired career diplomat, had accused the administration of manipulating intelligence to build its case to invade Iraq.

The trial leaves a trail of unanswered questions leading to the doorsteps of Bush and Cheney.

Testimony and evidence did not clear up whether they directed the leaking of Plame's identity to the news media.

But the trial did show Bush declassified prewar intelligence that Libby leaked to New York Times reporter Judith Miller, a plan carried out in such secrecy that no one in the government except Bush, Cheney and Libby even knew about it.

Testimony showed the vice president was aware early on that Wilson's wife worked at the CIA and told Libby about it. Cheney even scribbled a note to himself a week before Wilson's wife was exposed asking whether she had sent her husband on the CIA mission to Africa that triggered the controversy.

Cheney also directed Libby to speak with selected reporters to counter Wilson's accusations. Cheney developed talking points on the matter for the White House press office. He helped draft a statement by then-CIA Director George Tenet. And he moved to declassify some intelligence material to bolster the case against Wilson.

Lanny Davis, a lawyer who worked in the Clinton White House during several investigations, said Tuesday that, while Libby was the defendant, "it was Vice President Cheney who was on trial today and who has the responsibility for what Libby did. The vice president has a personal and moral responsibility to take responsibility for what Mr. Libby did at his instruction — and to apologize to Valerie Plame."

Cheney said in a statement that he was "very disappointed with the verdict" and that Libby had "served our nation tirelessly and with great distinction." Cheney said he would withhold further comment because Libby was seeking a new trial or, if necessary, an appeal.

Prosecutors said Libby concocted a story to avoid losing his job for disclosing classified information to reporters without authorization. Libby's attorneys said any errors resulted from memory flaws.

The White House refused to comment on the possibility that Bush would pardon Libby. He was the only one charged in the case, and he was not charged with deliberately disclosing Plame's identity, which can be a federal crime, but with lying to investigators and a grand jury. Testimony showed there were other leakers, including adviser Karl Rove, former White House press secretary Ari Fleischer and former Deputy Secretary of State Richard Armitage.

The White House has never corrected the denials it issued in the fall of 2003 saying neither Rove nor Libby was involved in the leak of Plame's CIA identity. Political observers doubt any correction will be made.

"What's really focused people's attention is the loss of American troops in Iraq and it's allowed Bush, Cheney and Rove — once he wasn't indicted — to kind of be pushed off the radar screen" regarding the Plame affair, said presidential historian Robert Dallek.

Democrats used the verdicts to attack Cheney. "Lewis Libby has been convicted of perjury, but his trial revealed deeper truths about Vice President Cheney's role in this sordid affair. Now President Bush must pledge not to pardon Libby for his criminal conduct," said Senate Majority Leader Harry Reid, D-Nev.

White House spokeswoman Dana Perino would not characterize the verdict as embarrassing for the White House. "I think that we have been able to continue on in moving forward on all sorts of different fronts," she said.

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It's not the administration's first ethics-related conviction. Two former Bush administration officials have been convicted in investigations related to jailed Republican lobbyist Jack Abramoff.

Last June, a former White House aide, David H. Safavian, was convicted of lying to government investigators about his ties to Abramoff. He faces an 180-month prison sentence. Roger Stillwell, a former Interior Department official, pleaded guilty in August to a misdemeanor charge for not reporting tickets he received from Abramoff.

For An Opaque White House, A Reflection Of New Scrutiny (WP)

By Peter Baker

The Washington Post, March 7, 2007

Shortly before he was inaugurated for his second term, President Bush was asked why no one was held responsible for the mistakes of the first. "We had an accountability moment," he replied, "and that's called the 2004 elections."

Two years and a stinging midterm election later, Bush is having another accountability moment, but this one isn't working out as well. The conviction of former White House aide I. Lewis "Scooter" Libby has coincided with a string of investigations into the mistreatment of injured soldiers and the purge of federal prosecutors, putting the operations of his administration into harsh relief.

The timing may be coincidental, but the confluence of events has revived a pattern largely missing through the six years of Bush's presidency, in which high-level officials accused of wrongdoing are grilled, fired and sometimes even jailed. For an administration that has been unusually opaque and mostly insulated from aggressive congressional oversight and prosecutorial investigation, it may seem like a gut-churning harbinger.

While the president's aides watch uncomfortably as one hearing after another plays out on Capitol Hill, the Libby conviction hit a nerve inside the White House. The onetime chief of staff to Vice President Cheney was well liked in the West Wing, and the notion of him going to prison dispirited the colleagues glued to televisions as the verdict was announced. Bush watched in the Oval Office with aides Joshua B. Bolten and Dan Bartlett, then instructed Bartlett to put out a statement expressing sadness for Libby.

"This has been a huge cloud over the White House," said Ed Rogers, a Republican lobbyist close to the Bush team. "It caused a lot of intellectual, emotional and political energy to be expended when it should have been expended on the agenda. They're never going to fully recover from this. If you're looking at legacy, this episode gets prominently mentioned in every recap of the Bush administration, much like Iran-contra and Monica Lewinsky."

The Libby case never reached the level of those scandals, of course, but it became a proxy for many in Washington eager to re-litigate the origins of the Iraq war. If Libby lied about his role in the CIA leak case, critics eagerly used that to reinforce their argument that Bush led the nation to war on false pretenses, in effect attacking the centerpiece of his presidency.

"This verdict brings accountability at last for official deception and the politics of smear and fear," said Sen. John F. Kerry (Mass.), Bush's Democratic challenger in 2004.

While the White House publicly withheld comment, some Bush advisers expressed outrage, seeing a double standard and citing the documents-smuggling case of former Clinton national security adviser Samuel R. Berger. "Scooter didn't do anything," said former Cheney counselor Mary Matalin. "And his personal record and service are impeccable. How do you make sense of a system where a security principal admits to stuffing classified docs in his pants and says, 'I'm sorry,' and a guy who is rebutting a demonstrable partisan liar is going through this madness?"

A senior official, who spoke on the condition of anonymity because the president ordered aides not to comment publicly, disputed the idea that Bush has escaped scrutiny in the past. "I don't buy the conventional wisdom that we haven't had accountability in the past," he said. "Is it different because Democrats are in charge? Of course. . . . But that's fine, that's a reality that we're prepared to deal with."

No one has been quicker to declare the return of accountability than Democrats, who are using their newfound subpoena power to sharp effect in hauling up Pentagon officials to answer for poor conditions at Walter Reed Army Medical Center and in giving fired U.S. attorneys a venue to blame their dismissals on administration politics. In two months, Democrats have held 81

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hearings on Iraq. "This is just the beginning," said Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus. "What a difference a year makes."

But accountability politics can also be dangerous to the touch. Washington became consumed during the presidency of Emanuel's onetime boss, Bill Clinton, whose administration came under scrutiny of at least seven independent counsels and even more Republican congressional committees. The atmosphere was so toxic that Clinton adviser Paul Begala put an attorney on retainer before even joining the White House staff.

The Republican-led impeachment of Clinton for lying under oath about his affair with Lewinsky backfired politically, and Washington grew so leery that it let the independent-counsel law lapse. When Bush was elected along with a Congress controlled by the same party, a new era was ushered in. With occasional exceptions, such as the commission that looked into the Sept. 11, 2001, attacks, Bush largely escaped the klieg-light atmosphere. No senior officials were fired for the missing weapons in Iraq or the Abu Ghraib abuse. Three officials blamed by some for mishandling Iraq were given Medals of Freedom.

That began changing after Hurricane Katrina ravaged New Orleans in 2005 and congressional Republicans investigated the administration's slow response. The change accelerated with the Democratic victory in the November elections. The next day, Bush fired Defense Secretary Donald H. Rumsfeld after months of deteriorating conditions in Iraq. Rumsfeld's successor, Robert M. Gates, has proved willing to fire others for mismanaging Walter Reed.

The risk for Democrats would be overplaying the accountability hand. Their attempts to impose limits on Bush's ability to fight the war have collapsed repeatedly and left them unable to fashion a coherent approach to the most serious issue in the country. Some Republicans suggested that the public could tire of repeated hearings such as those held this week and write them off to partisanship.

"They bring up sort of old Washington," said former Bush aide Nicolle Wallace. "The Democrats have to walk a fine line and be careful. People don't want to turn on the TV and see every story being about the obstruction of people trying to do things. . . . The people who will stand out in Washington are the ones who will look forward."

Two people looking forward with choices to make are Bush and Libby. The president came under instant pressure from conservatives to pardon his former aide. "Justice demands that Bush issue a pardon and lower the curtain on an embarrassing drama that shouldn't have lasted beyond its opening act," National Review said within hours of the verdict.

And Libby may have to decide if he has anything else to tell authorities. John Q. Barrett, an Iran-contra prosecutor who teaches at St. John's University, recalled James W. McCord Jr. in Watergate and Alan Fiers in Iran-contra, who under threat of prison recanted past versions of events. If the jury was right that Libby lied, Barrett said, "he's now sitting wherever he is with cold sweat and troubled stomach and truth that he hasn't told. . . . Whatever the chips, if he held them and didn't lay them down, this may be the moment to decide."

White House Already On The Defensive Takes Another Hit With Guilty Verdict (NYT)

By Jim Rutenberg

The New York Times, March 7, 2007

WASHINGTON, March 6 — At midday on Tuesday, President Bush ushered two top aides into the Oval Office to watch an unhappy moment for his administration play out on live television: the first felony conviction of a member of his inner circle.

Deep into his second term, Mr. Bush faces an array of political and policy problems that seem to be growing by the day. His once-powerful standing with the public has been leached away by the war in Iraq. His party, dogged by corruption charges, has lost power on Capitol Hill, leaving him exposed to a Democratic opposition that is now armed with subpoena power and the energy that comes from a good shot at recapturing the White House in 2008. His domestic agenda is stalled, and his foreign policy is constrained.

The conviction on Tuesday of I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney and assistant to the president, came in a week when Mr. Bush was already dealing with Congressional hearings into the administration's handling of health care for members of the military injured in the war and its removal of federal prosecutors from their jobs under circumstances that Democrats suggest could be politically motivated.

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Once again, Mr. Bush was put on the defensive about the underlying issue in the case, the administration's use of intelligence to justify the invasion of Iraq. And suddenly the White House was parrying questions about the possibility of a pardon for Mr. Libby.

Current and former officials said in interviews that the trial was primarily a Washington fascination that had left the public confused as the investigation veered from accusations that officials had leaked the name of a confidential C.I.A. operative to rebut a war critic — her husband — to charges that Mr. Libby had lied to officials investigating them.

But several acknowledged that the word "guilty" could greatly change the dynamic.

"It does change things in the public's perception to some extent when a former high-level administration official is found guilty of a crime," said Scott McClellan, the former Bush press secretary. "It raises more questions in people's minds and increases their suspicions."

Mr. McClellan said he would advise the White House to address the verdict directly, but Dana Perino, the deputy press secretary, said it would not, adding that the president was "saddened" for Mr. Libby and his family and that Mr. Bush had watched the verdict's announcement with his chief of staff, Joshua B. Bolten, and Dan Bartlett, the White House counselor. And another official said it seemed the president had been relatively isolated from the case, with testimony largely focusing on Mr. Cheney's office.

Yet while the case never quite got into the Oval Office, it seemed to go right to the door.

In his grand jury testimony, Mr. Libby said the president had secretly declassified crucial intelligence on Iraq for Mr. Libby's use, at the request of the vice president and without the knowledge of other ranking officials. White House officials have said Mr. Bush never knew exactly how Mr. Libby planned to use the information.

The testimony also detailed how Karl Rove, the president's top political strategist, also discussed the C.I.A. operative, Valerie Wilson, with reporters, though the initial leak was tracked to Richard L. Armitage, the former deputy secretary of state.

Much of the White House staff at the time was questioned by investigators in the case or testified to the grand jury or both. Mr. Bush was himself interviewed.

And several of Mr. Bush's associates, including former Commerce Secretary Donald L. Evans and former Energy Secretary Spencer Abraham, served on the advisory committee of Mr. Libby's legal defense fund. That group said Tuesday that it was planning another fund-raising event for Mr. Libby.

The trial has also pointed up divisions within Mr. Bush's administration, with Mr. Libby testifying how he on more than one occasion had not clued in other officials to what he was doing. Among the latter was Stephen J. Hadley, then the top deputy to Condoleezza Rice when she was national security adviser, the title he now holds.

Sympathy for Mr. Libby among those with deep ties to the White House is widespread. "This is sickening" said Mary Matalin, Mr. Cheney's longtime counselor. "The system is broken."

John R. Bolton, until two months ago the United States ambassador to the United Nations and a close associate of Mr. Cheney and Mr. Libby, said in an interview, "This is just not the way justice should be followed."

The verdict contributed to the sense of a White House under siege, with good news scarce and Mr. Bush struggling to wield the presidential megaphone with the same success he did in his first term. Mr. Bush has just over 22 months left in office to regain his political footing.

Kenneth M. Duberstein, a former chief of staff to President Ronald Reagan in his second term, said: "This is a day consumed by nine G.I.'s killed in Iraq, 100 Iraqis dying, the continuing Walter Reed investigation into the mistreatment of our returning heroes, and the Libby verdict — four out of five counts guilty. No matter how you spin it, this was a bad, bad, bad news day for this White House."

Bush Administration Loses Some Spin Control In Washington (MCT)

By Ron Hutcheson

McClatchy Newspapers, March 7, 2007

WASHINGTON - If President Bush ever thought things couldn't get any worse, he might want to reconsider.

After six years of setting the national agenda, with help from a compliant Congress, Bush is losing control of events in Washington. The new reality hit home Tuesday on multiple fronts.

At the federal courthouse, a jury convicted former White House aide I. Lewis "Scooter" Libby for perjury and obstruction of justice. On Capitol Hill, congressional committees demanded answers in separate investigations into the shoddy treatment of wounded soldiers and allegations of politically motivated firings at the Justice Department.

With Bush's job-approval ratings already so low they threaten his political viability, the latest eruptions of bad news could weaken him further with 22 months left to go in his term.

"When each story comes out, it adds to perceptions of an administration that is potentially incompetent and potentially corrupt," said Julian Zelizer, a political historian at Boston University. "Second-term presidents always have trouble. On a scale of bad to worse for second-term presidents, he's at worse."

In a speech to the American Legion, always a friendly audience for Bush, the president was on the defensive Tuesday over the shoddy treatment of war veterans at Walter Reed Army Medical Center.

"It's unacceptable to me, it is unacceptable to you, it's unacceptable to our country - and it's not going to continue," he said.

Bush announced the appointment of former Sen. Bob Dole, a Republican, and former Health and Human Services Secretary Donna Shalala, a Democrat, to head a bipartisan commission that will recommend improvements in health-care services for veterans and active-duty personnel.

Even as Bush spoke, members of the Senate Armed Services Committee were holding other administration officials to account for putting wounded soldiers in moldy, rat-infested facilities.

In contrast to the loose oversight Republicans exercised when they controlled Congress, Democrats started issuing subpoenas for congressional investigations soon after The Washington Post highlighted the lousy conditions.

"Is Walter Reed just the tip of the iceberg?" Sen. John McCain, R-Ariz., asked top Pentagon officials at the hearing. "These kinds of problems are viewed as unacceptable by everyone. Apparently, they exist in other bases around the nation as well."

Congressional committees also moved aggressively after McClatchy Newspapers raised questions about dismissals of eight federal prosecutors across the country. In testimony before two separate committees Tuesday, some of the prosecutors complained of political interference. Several alleged that they were forced to resign as part of a political purge with possible White House links.

Bush hasn't addressed those allegations, but his Justice Department officials insisted that the prosecutors were dismissed because of poor performance, even though they'd received positive job reviews shortly before their dismissals.

Bush also had nothing to say about the Libby verdict after he watched its announcement on television, but spokeswoman Dana Perino said the president "respected" the jury's decision and was "saddened" for Libby and his family.

Democrats demanded that Bush rule out the possibility of a pardon.

"I don't think that speculating on a wildly hypothetical situation at this time is appropriate," Perino said, without ruling out a presidential pardon. One influential conservative publication, National Review, wrote an on-line editorial urging Bush to pardon Libby.

Libby's trial exposed White House infighting and showed how determined Bush and his advisers were to shut down dissenting voices in the run-up to the Iraq invasion. Even though the jury convicted Libby, a spokesman for the panel gave credence to Libby's claim that he was a scapegoat for higher-ranking White House officials.

Libby was convicted of lying to investigators who were trying to determine the source of a news leak that exposed the identity of CIA employee Valerie Plame, the wife of White House critic Joe Wilson. Testimony showed that Libby was directed to talk with reporters by Vice President Dick Cheney.

Denis Collins, a former reporter who was selected by jurors to represent them before news cameras, said the panel concluded that Libby was "the fall guy" for the White House. He said jurors wondered why they never heard from presidential adviser Karl Rove, who has admitted talking to reporters about Plame, or other White House officials involved in the case.

"It was said a number of times, `What are we doing with this guy here? Where's Rove? Where are these other guys?'" Collins told reporters after the verdict.

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Stephen Hess, a presidential scholar at the Brookings Institution, said the trial "showed a lot of things about the administration that were dysfunctional" and added to the president's pile of woes.

"You have a fair number of unconnected things. What unites them is that none of them is good news for the president of the United States," said Hess, who worked in the White House during the Eisenhower and Nixon administrations. "It's part of the natural history of a presidency - the longer they go on, the more problems they accumulate."

Verdict Seen As Stain On White House Too (LAT)

By Maura Reynolds And James Gerstenzang

The Los Angeles Times, March 7, 2007

WASHINGTON — — The verdict in the I. Lewis "Scooter" Libby trial was more than a judgment against one of the Bush administration's most senior aides: It was also seen as an indictment of the White House political operation he helped design and direct.

And it undermined the administration's credibility at a time when the president is trying to build support for his Iraq war policy in the face of increasingly outspoken opposition from Democrats and deepening skepticism among voters.

Libby's conviction on charges of lying to federal investigators raises another difficult issue, one the White House may find it hard to shake off as the 2008 political campaign gathers speed: the possibility of a pardon.

Libby's conviction on four counts of lying to federal investigators about the Valerie Plame leak case hits the administration on several levels: In addition to eroding its already weak credibility on Iraq, it sullies the integrity of an administration that came into office with pledges of moral rectitude.

Getting past those problems will be harder because the question of whether Bush should or would use his pardon power on Libby's behalf probably will dog the White House through the 2008 presidential campaign and into the last days of his administration. Senate Majority Leader Harry Reid (D-Nev.) threw down the gauntlet just minutes after the verdict was read.

"Lewis Libby has been convicted of perjury, but his trial revealed deeper truths about Vice President Cheney's role in this sordid affair. Now President Bush must pledge not to pardon Libby for his criminal conduct," Reid said in a statement.

Libby's appeals will also keep the case in the spotlight.

Though many outside Washington saw the long trial as a kind of political circus, the charges were some of the most serious to be prosecuted in Washington in many years. As a result, the conviction may turn out to be a more serious blow to the administration than many may have foreseen.

"This administration was very scandal-free in its early years," said David Gergen, a Republican political strategist and expert in damage control. "Now for the first time they have a criminal taint at the highest reaches of the president's circle. That's something they are not going to be able to erase."

The verdict came amid a seeming torrent of bad news for the White House.

"Another red-letter day for the administration," said Kenneth M. Duberstein, who was President Reagan's final White House chief of staff, noting other news on Tuesday — the deaths from a bomb attack in Iraq, congressional hearings on neglect of veterans at Walter Reed Army Medical Center and a "happy-talk speech" on Iraq by Bush to the Veterans of Foreign Wars.

"This cascade of bad news doesn't stop, and it's catching up to them," Duberstein said, referring to Bush and Cheney.

The rough road ahead for the White House was signaled by the aggressive reactions of Democrats to news of the verdict — and by the effort of many prominent Republicans to sidestep the development, rather than rush to the administration's defense.

Democrats have long complained that Bush's political aides have manipulated information and policy decisions — both at home and overseas — to a degree unprecedented in the recent past. They have blamed Cheney and his aides, as well as political strategist Karl Rove, for their highly political approach to the decision to depose Saddam Hussein and occupy Iraq, as well as such issues as the abortive campaign to overhaul Social Security.

"The jury's verdict confirms the lengths to which the White House — particularly the office of the vice president — was willing to go to conceal their effort to vilify anyone who spoke the truth about the flaws in their justification for war," said Sen. Edward M. Kennedy (D-Mass.).

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"Today's guilty verdicts are not solely about the acts of one individual," said House Speaker Nancy Pelosi (D-San Francisco). "This trial provided a troubling picture of the inner workings of the Bush administration. The testimony unmistakably revealed — at the highest levels of the Bush administration — a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

For the most part, Republicans tried to dodge questions about the verdict.

"I'm not going to comment," said Sen. Jon Kyl (R-Ariz.), when confronted with a question during a news conference, "except I will say I know Scooter Libby and I've always considered him to be a fine man and a dedicated public servant."

Tom Griscom, who as White House communications director during the final two years of the Reagan administration was at the center of efforts to rebuild the president's image and political standing after the Iran-Contra scandal, said that Bush, Cheney and their neoconservative advisors may not pay a huge price for Libby's conviction.

That's because their credibility was already damaged, he said.

The administration's integrity had been successfully challenged some time ago, he said, as the reasons it cited for going to war in Iraq began to crumble. "It's almost like this is just one more piece on ... that pile of lost credibility," he said.

Griscom said that because Libby worked directly for Cheney, his conviction "taints the administration, but it doesn't go directly into the Oval Office."

"This is clearly aimed at the vice president's office, not the Oval Office," he said.

Kenneth Khachigian, a California Republican political consultant who has known Cheney since they both worked in the Nixon administration, said the verdict would have little political impact because "whatever negative elements there were played out at the time of the investigation and indictment. It's not going to get any worse."

One of the few Republicans who sounded a defiant note was Mary Matalin, a former aide to the vice president who serves as an outside advisor. She said she did not think there would be any "political fallout" for Cheney.

"Everyone is really sad," Matalin said, adding that there was "lots of respect and affection for Scooter" among Cheney associates.

Presidents often suffer politically for issuing pardons, which helps explain why they usually wait until their final days in office to do so. And in the most high-profile cases, it can be up to the president's successor to issue the pardon.

For instance, it was Bush's father who pardoned six former Reagan administration officials, including former Defense Secretary Caspar W. Weinberger in 1992.

Gergen said that Bush was unlikely to consider a pardon until after the 2008 presidential campaign. Even then it would be politically difficult, unless Libby's expected appeal was past and he was already serving his sentence.

Libby Falls But Cheney, Rove Emerge Untouched (CHIT)

By Mark Silva

Chicago Tribune, March 7, 2007

WASHINGTON -- The former chief of staff for Vice President Dick Cheney now stands convicted of obstruction of justice and perjury in an investigation of the naming of a CIA agent whose husband had accused the Bush administration of manipulating intelligence used to make the case for the invasion of Iraq.

Yet Cheney, perhaps the administration's most ardent supporter of the war, remains largely untouched by the investigation and trial of Lewis "Scooter" Libby that painted the powerful vice president as one keenly interested in discrediting the critic of the administration's pre-war intelligence.

And Cheney isn't the only pivotal member of the administration who has survived the probe of the leak of CIA agent Valerie Plame's identity in the summer of 2003 after her husband, ex-Ambassador Joseph Wilson, publicly challenged the administration's claims that Iraq had sought to obtain nuclear fuel in Africa. Karl Rove, President Bush's confidant, deputy chief of staff and architect of two presidential campaigns, had served as a source for reporters covering the Wilson affair.

More than three years after a White House spokesman maintained that "if anyone in this administration was involved in it, they would no longer be in this administration," Cheney and Rove steadfastly refuse to comment on the investigation.

But both hold as much sway as ever in an administration facing increasing challenges over the war in Iraq.

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Cheney recently completed a globe-encircling journey to press the administration's case for the U.S.-led wars in Iraq and Afghanistan, while Rove and his wife hosted the president and First Lady Laura Bush for dinner Sunday night.

"In terms of accountability, I think it speaks volumes," Carl Tobias, professor of law at the University of Richmond, said of Libby's conviction and the fact that Cheney and Rover remain pivotal figures in President Bush's White House.

The conclusion of the trial—after a two-year investigation of the CIA leak that led to Libby's indictment in October 2005 on charges of lying to a federal grand jury and U.S. Attorney Patrick Fitzgerald's prosecutors—comes at a crucial time for the Bush administration. With Congress challenging Bush's escalation of military force in Iraq, Tobias suggested, the Libby case underscores the lack of credibility in the original case for war.

"It comes at a critical time in terms of the administration trying to escalate the number of troops," Tobias said. "It just plays back on all the credibility questions of why the U.S. is there in the first place."

The White House maintains that the conviction of a former senior official should not undermine its credibility on the war.

"Let me just remind everybody of how the president took responsibility and has completely revamped the intelligence community," spokeswoman Dana Perino said.

Bush, who voiced "sadness" over the conviction of a loyal aide, watched the announcement of the verdict on an Oval Office television set with his own chief of staff. But the president also is avoiding comment on the case while Libby appeals his conviction, with Perino calling congressional speculation of a presidential pardon for Libby "wildly hypothetical."

Cheney echoed the note of disappointment for Libby, but declined to "comment on the merits of this matter until these proceedings are concluded."

Bush, in October 2003, said, "This is a very serious matter, and our administration takes it seriously. I have, at times, complained about leaks of security information… And I take those leaks very seriously."

The White House initially asserted that Rove had played no role in the leak. But columnist Robert Novak—who first identified Plame in July 2003 in one of his columns after Wilson published his critique on the Op-Ed page of The New York Times—testified that Rove confirmed Plame's identity for him after then-Deputy Secretary of State Richard Armitage named her. Armitage has since left the administration.

According to Libby's notes of a staff meeting at the time, Rove was among those actively seeking to discredit Wilson's opinion. "We're a day late in getting responses to the story," Rove said at a staff meeting.

But it was the vice president, according to his then-chief of staff's grand jury testimony, who told aides: "Get the full story out."

Libby, who identified Plame in meetings with a Times reporter, was not indicted for leaking her name, but rather for lying to prosecutors about when and from whom he had learned it. He had not learned of her name from NBC News' Tim Russert, as he first told investigators, but rather from Cheney.

In the post-trial aftermath, Sen. Edward Kennedy (D-Mass.) claimed: "The jury's verdict confirms the lengths to which the White House—particularly the office of the vice president—was willing to go to conceal their effort to vilify anyone who spoke the truth about the flaws in their justification for war. This administration misled the American people in the rush to go to war, then exposed a CIA operative in an effort to hide their own mistakes."

Cheney had expected to be called as a witness in Libby's defense, to support his contention that he was so consumed with work that he had forgotten how he first learned of Plame's identity. But, neither Libby nor Cheney took the witness stand.

"They must have thought that the prosecution's case was not strong enough for them to have to call Libby or Cheney," Tobias said of Libby's defense lawyers. "And there also was the serious threat that Fitzgerald would rip them apart when he had them on the stand, and that would open up everything."

Free-Fall For The Fall Guy (WP)

By Dana Milbank

The Washington Post, March 7, 2007

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Minutes after Scooter Libby's guilty verdict was read, Pat Fitzgerald did his best Eliot Ness impression as his prosecution team marched, Untouchables-style, across the federal courthouse plaza under a perfect blue sky. But it didn't take long for the clouds to roll in.

A reporter asked Fitzgerald if he still believed, as he had said in court, that there is a "cloud over the White House." The sunny victor turned slightly overcast at this memory and declined to say whether the gloom had lifted. "By Mr. Libby obstructing justice and lying about what happened, he had failed to remove the cloud," Fitzgerald said. "And sometimes when people tell the truth, clouds disappear."

The cloud over the White House grew darker a few minutes later, when juror Denis Collins, standing in front of the same microphone, spoke of the "tremendous amount of sympathy" jurors had for the man they convicted. "It was said a number of times, 'What are we doing with this guy here? Where's Rove, where's -- you know, where are these other guys?' " Collins said. "We're not saying that we didn't think Mr. Libby was guilty of the things we found him guilty of, but that it seemed like he was . . . the fall guy."

As a political matter, Libby's trial had long ago ceased to be about one man's guilt or innocence. Witnesses made it plain that at least three other administration officials had joined Libby in leaking the identity of undercover CIA officer Valerie Plame, including top Bush strategist Karl Rove and former White House press secretary Ari Fleischer (whom jurors dubbed "Slick Willie"). Libby's conviction, and Collins's "fall guy" remark, only increased the determination of congressional Democrats to spread the blame throughout the White House.

Harry Reid, the Senate Democratic leader, issued a press release titled, "The Fall Guy."

"Scooter Libby ended up being the fall guy," Sen. Chuck Schumer (D-N.Y.) said in his statement.

Plame's husband, former ambassador Joe Wilson, gave a quick news conference to assert that "the president and the vice president owe the country a much broader explanation of their own actions at this time."

Vice President Cheney, the ex-boss for whom Libby allegedly took the fall, respectfully disagreed. "I plan to have no further comment on the merits of this matter until these proceedings are concluded," he said in a statement. With Libby planning an appeal, that could keep Cheney silent for the rest of his term.

The fall guy himself was equally quiet. Just after noon in the sixth-floor courtroom, when the jury forewoman read the first guilty verdict, Libby briefly closed his eyes. While she read the other counts -- he was guilty on four of five -- Libby looked at his lawyer Ted Wells, who rubbed his chin. Libby's other lawyer, Bill Jeffress, exhaled deeply.

Libby's wife, Harriet Grant, was not as composed. In the first row of spectators, she hunched over and shook. A young member of Libby's defense team put his arm around her shoulders. After judge and jury left, Grant went over to hug her husband with a furious look on her face. Three reporters heard her say what sounded like, "We're gonna [expletive] 'em."

Libby maintained his stoic look as he walked out to the cameras with Grant and his lawyers. Wells uttered a mere 119 words and took no questions, prompting about 25 photographers, 15 camera crews and dozens of reporters to chase Libby back into the courthouse.

"Are you willing to go to prison to protect Vice President Cheney?" shouted NBC's David Shuster.

"Do you expect a pardon?" another reporter called out.

"Come on, now!" Wells shouted at the photographers. "Come on. Watch that camera!" One cameraman fell on the courthouse steps directly in front of Libby. The fallen cameraman got a hand up -- from the fall guy himself.

The crews' exuberance was understandable; after a month-long trial and two weeks of jury deliberations, the journalists became giddy when e-mails summoned them to the courthouse for a verdict. Slate.com's John Dickerson abandoned his car on 19th Street. Others fled a Senate hearing on Capitol Hill. At the courthouse, Neil Lewis of the New York Times accepted congratulations for winning $40 in a betting pool on when the verdict would be reached.

Collins, the only juror willing to face the cameras after the verdict was read, was similarly energetic as he recounted the deliberations. "I was thinking, 'Wow, maybe we'll get to see President Bush here," he recalled, his hand in a pocket of his green ski jacket. He went on to regale the reporters with jurors' "lust" for the "hot-dog, half-smoke guy across the street in front of the DMV." Collins continued, unbidden: "My father, when he came from Ireland, he worked right across the street. . . . He made sandwiches across from the courthouse."

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But Fitzgerald, even in victory, declined to join in the carnival. "The results are actually sad," he posited. "It's sad that we had a situation where a high-level official . . . obstructed justice and lied under oath."

Did he feel vindicated? "It's not the verdict that justifies the investigation, it's the facts," he demurred.

Any further charges? "I would not expect to see any," he said. "We're all going back to our day jobs."

All, except for the fall guy.

A Judgment On Cheney Is Still To Come (NYT)

By Sheryl Gay Stolberg

The New York Times, March 7, 2007

WASHINGTON, March 6 — In legal terms, the jury has spoken in the Libby case. In political terms, Dick Cheney is still awaiting a judgment.

For weeks, Washington watched, mesmerized, as the trial of I. Lewis Libby Jr. cast Vice President Cheney, his former boss, in the role of puppeteer, pulling the strings in a covert public relations campaign to defend the Bush administration's case for war in Iraq and discredit a critic.

"There is a cloud over the vice president," the prosecutor, Patrick J. Fitzgerald, told the jury in summing up the case last month.

Mr. Cheney was not charged in the case, cooperated with the investigation and expressed a willingness to testify if called, though he never was. Yet he was a central figure throughout, fighting back against suggestions that he and President Bush had taken the country to war on the basis of flawed intelligence, showing himself to be keenly sensitive to how he was portrayed in the news media and backing Mr. Libby to the end.

With Tuesday's verdict on Mr. Libby — guilty on four of five counts, including perjury and obstruction of justice — Mr. Cheney's critics, and even some of his supporters, said the vice president had been diminished.

"The trial has been death by 1,000 cuts for Cheney," said Scott Reed, a Republican strategist. "It's hurt him inside the administration. It's hurt him with the Congress, and it's hurt his stature around the world because it has shown a lot of the inner workings of the White House. It peeled the bark right off the way they operate."

The legal question in the case was whether Mr. Libby lied to investigators and prosecutors looking into the leak of the name of a C.I.A. operative, Valerie Wilson, whose husband, the former ambassador Joseph C. Wilson IV, wrote an Op-Ed article in The New York Times accusing the White House of distorting pre-war intelligence. Mr. Cheney scrawled notes on a copy of the article, asking "did his wife send him on a junket?"

Now, Mr. Cheney faces a civil suit from Mr. Wilson.

The political question was whether Mr. Libby, the vice president's former chief of staff, was "the fall guy" for his boss, in the words of Senator Charles E. Schumer, Democrat of New York. Though the defense introduced a note from Mr. Cheney worrying that Mr. Libby was being sacrificed to protect other White House officials, some say the vice president bears responsibility for the fate of his former aide, known as Scooter.

"It was clear that what Scooter was doing in the Wilson case was at Dick's behest," said Kenneth L. Adelman, a former Reagan administration official who has been close with both men but has broken with Mr. Cheney over the Iraq war. "That was clear. It was clear from Dick's notes on the Op-Ed piece that he wanted to go get Wilson. And Scooter's not that type. He's not a vindictive person."

Mr. Cheney is arguably the most powerful vice president in American history, and perhaps the most secretive. The trial painted a portrait of a man immersed in the kind of political pushback that is common to all White Houses, yet often presumed to be the province of low-level political operatives, not the vice president of the United States.

Prosecutors played a tape of Mr. Libby testifying to a grand jury that Mr. Cheney had asked Mr. Bush to declassify an intelligence report selectively so he, Mr. Libby, could leak it to sympathetic reporters. Mr. Cheney's hand-written scribbles were introduced into evidence at the trial, including the one that hinted Mr. Cheney believed that his own staffer, Mr. Libby, was being sacrificed.

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"'Not going to protect one staffer + sacrifice the guy who was asked to stick his neck in the meat-grinder because of the incompetence of others," the note read.

Mr. Cheney's defenders insisted the vice president was not out to smear Mr. Wilson or even clear his own name, but simply to defend a policy he fiercely believed in.

"There wasn't some Cheney strategy or Wilson strategy," said Mary Matalin, Mr. Cheney's former political director. "There was only one strategy: to convey the nature of the intelligence and the nature of the threat."

Ms. Matalin said Mr. Cheney remained as influential as ever where it counts — with Mr. Bush.

Still, liberal critics of the administration had a field day with the trial. They are hoping the Democrats who now control Congress will use the case to investigate Mr. Cheney's role further. Mr. Schumer, who was among the first to call for a special prosecutor in the case, suggested in an interview that they might.

"I think there is a view in the public that Libby was the fall guy," Mr. Schumer said, "and I do think we will look at how the case shows the misuse of intelligence both before and after the war in Iraq."

Such issues are already of intense interest to scholars, who say the Libby case will invariably shape Mr. Cheney's legacy.

Historians typically pay scant attention to vice presidents, unless they become president. Mr. Cheney, though, is an exception. The historian Robert Dallek, who has written about presidents including Lyndon B. Johnson, Franklin D. Roosevelt, Ronald Reagan and John F. Kennedy, predicts scholars will "be racing for vice-presidential records in a way that we've never seen before" to answer questions raised by the Libby trial.

"It will deepen the impressions of someone who was a tremendous manipulator and was very defensive about mistakes," Mr. Dallek said, "and I think it will greatly deepen the impression of a political operator who knew the ins and outs of Washington hardball politics. He's going to be, I think, the most interesting vice president in history to study."

On a personal level, friends of the vice president say the trial has been deeply painful for him. Mr. Libby and Mr. Cheney were all but inseparable — Ms. Matalin has called the former aide "Cheney's Cheney" — and often started their days by riding to work together. Mr. Libby accompanied the vice president almost everywhere he went, and Mr. Cheney made clear his high professional and personal regard for his aide, even playing host to a book party for him in 2002 at his official residence. Alan K. Simpson, a Republican former senator from Mr. Cheney's home state, Wyoming, said he saw Mr. Cheney over Christmas and asked how he was doing. He took the answer as a kind of oblique reference to the Libby case.

"He said, 'I'm fine, I'm O.K., I have people I trust around me — it's the same old stuff, Al,' " Mr. Simpson recalled.

Another friend of Mr. Cheney's, Vin Weber, a Republican former congressman, said the verdict had "got to be heartbreaking for the vice president." But Mr. Weber said he wished Mr. Cheney would explain himself.

"I don't think he has to do a long apologia," Mr. Weber said, "but I think he should say something, just to pierce the boil a little bit."

Instead, Mr. Cheney maintained his silence Tuesday. As the verdicts were being read, he went to the Capitol for the Republicans' regular weekly policy luncheon. Later, he issued a two-paragraph statement saying only that he was disappointed with the verdict, "saddened for Scooter and his family" and would have no further comment while an appeal is pending.

With a career in politics that goes back to the Nixon White House, Mr. Cheney is no stranger to Washington scandal and how to weather it. Senator Lindsey Graham, Republican of South Carolina, said he went hunting with the vice president late last year and did not sense that the trial was bothering him.

Libby Guilty Of Lying In C.I.A. Leak Case (NYT)

By Neil A. Lewis

The New York Times, March 7, 2007

WASHINGTON, March 6 — I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, was convicted on Tuesday of lying to a grand jury and to F.B.I. agents investigating the leak of the identity of a C.I.A. operative in the summer of 2003 amid a fierce public dispute over the war in Iraq.

Mr. Libby, 56, who once wielded great authority at the top levels of government, is the highest-ranking White House official to be convicted of a felony since the Iran-contra scandals of the 1980s.

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The jury rejected Mr. Libby's claims of memory lapses, convicting him of four felony counts, obstruction of justice, giving false statements to the Federal Bureau of Investigation and committing perjury twice before the grand jury. The 11-member jury acquitted Mr. Libby on an additional count of making false statements to the F.B.I.

As the verdict was read aloud by the jury forewoman after nearly 10 days of deliberations, Mr. Libby grimaced briefly before resuming his expressionless demeanor. His wife, Harriet Grant, sitting a few feet away in the spectator section, began shaking visibly and wept briefly before composing herself.

Dana Perino, the deputy White House press secretary, said President Bush watched the news of the verdict on television in the Oval Office. She said Mr. Bush respected the jury's verdict but "was saddened for Scooter Libby and his family," using Mr. Libby's nickname.

Mr. Cheney had a similar reaction. "As I have said before, Scooter has served our nation tirelessly and with great distinction through many years of public service," he said.

The verdict meant the end of a nearly four-year investigation into the leak of the identity of the Central Intelligence Agency officer, Valerie Wilson. The inquiry raised fundamental questions about the reasons for invading Iraq, exposed some of the unseen influence of Mr. Cheney's office and changed the landscape of relations between journalists and official sources, as many of Washington's prominent political reporters were forced to testify in a criminal trial.

Mr. Libby's chief lawyer, Theodore V. Wells Jr., said he would file papers asking the judge to grant a new trial. If that fails, Mr. Wells told reporters, he will appeal the verdict to the federal appeals court. He said Mr. Libby was "totally innocent and that he did not do anything wrong."

Mr. Libby, standing at his side, made no comment. Prosecutors had charged that Mr. Libby had lied when he swore that he had not discussed the identity of Ms. Wilson in the summer of 2003 with two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine.

The prosecution also said Mr. Libby concocted a story that he learned of Ms. Wilson's identity in a conversation with Tim Russert of NBC News on July 10 or 11 in 2003 to hide the fact that he had already learned about her identity from several fellow administration officials.

One of the 11 jurors who spoke publicly after the verdict said that there was great sympathy for Mr. Libby in the jury room, but that the case presented by the prosecution was overwhelming.

Judge Reggie B. Walton, who presided over the four weeks of testimony and presentation of evidence, set sentencing for June 5. Under complicated sentencing guidelines that are no longer mandatory, Judge Walton has wide discretion in setting a prison term.

But lawyers not involved in the case who are experienced in the issue of sentencing calculated that under the guidelines, Mr. Libby might be sentenced to 20 to 27 months.

Judge Walton allowed Mr. Libby to remain free on bail. The defense's plans to ask for a retrial and then appeal the verdict mean that it would be many months before Mr. Libby would be required to go to prison. It also would provide a window for Mr. Bush to pardon Mr. Libby, an issue about which the White House has been silent but one that quickly became a topic of speculation.

Senator Harry Reid of Nevada, the Democratic leader, issued a statement calling on Mr. Bush to promise that he would not "pardon Libby for his criminal conduct."

Patrick J. Fitzgerald, the prosecutor, said that while gratified by the verdict, "it's sad that we had a situation where a high-level official, a person who worked in the Office of Vice President, obstructed justice and lied under oath."

In remarks to reporters outside the courthouse, Mr. Fitzgerald also addressed at length the criticism of his decision to prosecute Mr. Libby on charges of lying to investigators while not charging anybody with leaking Ms. Wilson's name to reporters.

Ms. Wilson's name first appeared in a column by Robert Novak on July 14, 2003, just days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV.

In his article, Mr. Wilson asserted that the Bush White House had willfully distorted intelligence about Iraq's efforts to acquire uranium in Africa to bolster the case for going to war.

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Testimony at the trial showed that Mr. Wilson's criticisms had alarmed and angered Bush administration officials because they amounted to a direct attack on what had been the principal reason for invading Iraq: the claim that Saddam Hussein had an active program of developing unconventional weapons.

Critics said Ms. Wilson's identity as a C.I.A. officer was leaked to punish her husband for his criticisms.

At the time Mr. Fitzgerald was named special prosecutor in the leak inquiry, investigators had already learned that Mr. Novak's sources were Richard L. Armitage, the deputy secretary of state, and Karl Rove, the president's chief political adviser.

In remarks to reporters on Tuesday, Mr. Fitzgerald said he nonetheless had no choice but to seek an indictment when he took over the investigation in December 2003, because he also had information that Mr. Libby had told a false story to the F.B.I. and to the grand jury about his conversation with Mr. Russert.

"It's inconceivable that any responsible prosecutor would walk away from the facts that we saw in December 2003 and say, 'There's nothing here, move on,' " Mr. Fitzgerald said.

"We cannot tolerate perjury," he said. "The truth is what drives our judicial system. If people don't come forward and tell the truth, we have no hope of making the judicial system work."

Mr. Fitzgerald also faced criticism for forcing several reporters to testify about their confidential conversations with officials by threatening to have them jailed for contempt.

In the case of Ms. Miller, then of The Times, he had her jailed for 85 days until she agreed to testify before the grand jury.

Previous leak investigations had ended in failure after reporters refused to cooperate with officials, saying they needed to protect sources to do their work.

But Mr. Fitzgerald's tactics, with the support of the courts, changed the landscape of reporter-source relations in the capital and elsewhere.

"You could not bring this case without talking to reporters," Mr. Fitzgerald said. He said any prosecutors should regard the act of forcing reporters to discuss their conversations with sources as "a last resort in unusual circumstances."

This case fit that description he said because the reporters were witnesses to Mr. Libby's crimes, and "we do not think that what Mr. Libby was telling reporters was whistle-blowing."

Mr. Wilson, who has frequently expressed outrage over the leak of the identity of his wife, who is also known as Valerie Plame, said Tuesday that he thought the news media had behaved badly in the whole episode.

"I think one of the subplots in this whole trial was how the press was used and abused by this administration," Mr. Wilson said in a conference call with reporters.

He said reporters had been used to deceive people about the reasons for going to war and then to harm his wife's career by blowing her cover.

The convictions were based on Mr. Libby's statements to the grand jury about his conversations with Mr. Russert and Mr. Cooper, as well as Mr. Libby's statements to the F.B.I. about Mr. Russert.

The jury acquitted Mr. Libby on one count charging him with making a false statement to the bureau about his conversation with Mr. Cooper.

Kirby D. Behre, a Washington lawyer and sentencing expert, said the sentencing guidelines suggested a term of about two years, whether Mr. Libby had been convicted on one or all five counts.

Libby's Conviction In CIA Leak Case A Setback For White House (LAT)

By Richard B. Schmitt And Greg Miller, Times Staff Writers

The Los Angeles Times, March 7, 2007

The former aide to Cheney is found guilty of lying about his role in discrediting a war critic.

WASHINGTON — The guilty verdicts Tuesday against former vice presidential aide I. Lewis "Scooter" Libby made him the first high-level White House official convicted of a crime since the Iran-Contra scandal 20 years ago, and marked the latest fallout from the administration's handling of the run-up to the war in Iraq.

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Libby, former chief of staff to Vice President Dick Cheney, was found guilty by a jury on four of five counts of perjury and obstruction of justice and faces a maximum of 25 years in prison. But because of federal sentencing guidelines, he is expected to get much less — perhaps two years. In addition, Libby could be fined as much as $250,000 for each guilty count.

Sentencing is set for June 5.

Libby remains free on a personal recognizance bond, and his lawyer said he would appeal. "We have every confidence that ultimately Mr. Libby will be vindicated," said Theodore V. Wells Jr. "We believe that he is totally innocent, and we intend to keep fighting."

Special Prosecutor Patrick J. Fitzgerald said he was gratified by the jury's verdict. "Any lie under oath is serious," he said. "It's obviously a serious matter in a case where there's a national security investigation."

Libby was charged with lying to investigators about his role in a White House campaign to discredit a critic of the administration — an effort that led to the exposure of the critic's wife, CIA operative Valerie Plame.

One juror said the panel did not believe Libby's claim that he learned of Plame's identity from a journalist, when evidence showed he had discussed her in several White House meetings before that.

"The primary thing that convinced us was his conversation with [NBC newsman Tim] Russert," said Denis Collins, speaking for the 11-person panel. Collins said Libby was told nine times about Plame before he talked to Russert.

The verdicts Tuesday appeared to close the book on the CIA leak case, in which no one was ever charged with the crime of exposing Plame. Fitzgerald said he did not expect to file additional charges.

"We're all going back to our day jobs," he said.

The conviction of such a high-ranking White House official was one more setback for the Bush administration, already laboring under low approval ratings, public impatience with the war in Iraq and a new Democratic majority in Congress.

Democrats immediately used the verdicts to lambaste the White House.

"It's about time someone in the Bush administration has been held accountable for the campaign to manipulate intelligence and discredit war critics," said Senate Majority Leader Harry Reid (D-Nev.).

Reid and other Democrats also issued preemptive warnings against the possibility of a presidential pardon for Libby. "President Bush should now pledge that he will not pardon Scooter Libby," said Sen. Edward M. Kennedy (D-Mass.).

At the White House, Deputy Press Secretary Dana Perino said President Bush "respected the jury's verdict and was saddened for Scooter Libby and his family." Vice President Dick Cheney said he was "very disappointed" with the verdict, and lauded Libby's "many years of public service."

The verdict is bound to fuel further debate over the wisdom of prosecuting government officials for leaking information to reporters.

Such investigations have failed in the past because prosecutors have been unable to get the cooperation of the journalists receiving the leaks. Fitzgerald subpoenaed reporters for their testimony, putting one of them, then-New York Times correspondent Judith Miller, in jail for 85 days until she agreed to talk about Libby.

Fitzgerald justified the tactics because of the gravity of the potential crime and the possibility that the unmasking of a CIA operative would lead to a breach in national security.

The judgment of the 11-member Libby jury — reduced from 12 after a retired museum curator was dismissed last week for having unauthorized contacts about the case — came on the 10th day of deliberations and after a month of testimony.

Stoic reaction

Seated at the defense table between his two primary attorneys, Libby displayed little emotion as the verdict was read just after noon. When the first "guilty" was uttered by the jury forewoman, Libby blinked rapidly but otherwise maintained a blank face. After the full verdict was rendered, Libby turned toward his wife, Harriet Grant, with a stoic smile.

Grant, who sat in the front row throughout the trial, had a more visible reaction, bowing her head as her husband was declared guilty on multiple counts, and dabbing at her eyes with a tissue. Later, she embraced several of the lawyers on Libby's team.

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The trial was the first of a senior White House official in more than a decade, and the first conviction since national security advisor John M. Poindexter and former Marine Lt. Col. Oliver L. North were convicted for their involvement in the Iran-Contra arms-for-hostages affair in the 1980s. Both verdicts were later thrown out on appeal.

"A conviction at that high level within the White House is almost unheard of in our history," said Guy Singer, a former Justice Department prosecutor who specialized in public corruption cases, including the conviction of Republican lobbyist Jack Abramoff. "It is exceedingly rare that a prosecution is initiated, let alone concluded, at this level. For such a high-ranking member to be convicted of obstructing justice is really astounding."

The verdict was a measure of vindication for Fitzgerald, whose three-year probe into the unmasking of Plame drew complaints that he was straying far from his charge of finding out who leaked her identity to the public.

Libby was neither the first nor the only administration official who discussed Plame with reporters; Collins, the jury spokesman, said that for a time during the deliberations, there was a concern that Libby was being made a "fall guy."

Fitzgerald said the seriousness of the lies more than justified the prosecution of Libby. "We could not walk away from that," Fitzgerald said to reporters on the courthouse steps. "It's inconceivable that any responsible prosecutor could walk away and say, 'There's nothing there.' "

The lone count on which the jury acquitted Libby dealt with whether he had lied to the FBI about a conversation he had with then-Time magazine correspondent Matthew Cooper. Cooper testified that Libby had been a confirming source for a story he had written about Plame and Wilson for the magazine's website.

Collins, himself a former Washington Post reporter, said the jury had doubts about that charge because Cooper did not have any notes about the conversation and because there was no evidence that he had shared the information with his editors.

The guilty verdicts could have lasting political implications. An appeal will probably take a year to 18 months, remaining in the news during the 2008 presidential campaign.

Some observers expect that Libby's supporters, who have raised more than $3.5 million in a legal defense fund, will turn their efforts to securing a presidential pardon.

Legal experts said that under federal sentencing guidelines, Libby faced a sentence in the range of 21 to 27 months in prison, which could go higher depending on whether the prosecution urges a stiffer penalty.

"If the government wants to go full-court press, they could argue … in the range of five to seven years, and maybe more," said Douglas Berman, a sentencing expert and professor at Ohio State University's law school. The guidelines, he said, allow for a sentence to be augmented when a defendant is convicted of covering up a serious crime, which in the case of Libby involved the possible disclosure of classified information.

He said that a new federal law gave victims the right to be involved in the sentencing process. That could mean that Plame, who retired from the CIA after her cover was blown, could be a witness at sentencing proceedings.

Civil suit awaits

Plame and her husband, former envoy Joseph C. Wilson IV, have filed a civil lawsuit against Libby, Cheney and others, alleging they violated the couple's constitutional rights by publicly disclosing her identity. In a prepared statement issued by their lawyers Tuesday, they said they believed the verdict and findings of the criminal trial would bolster the private suit.

"What happened today just reaffirmed that nobody is above the law," Wilson said in a phone interview. "In addition to everything else — destroying her career and the personal inconvenience of being maligned — this was a case of somebody betraying American national security secrets."

Wilson said that he was informed of the verdict in a phone call from his wife, who said simply: "Four counts guilty." She was not available for comment

Tuesday's verdict capped off an intrigue that began with a single sentence, which Bush uttered in his January 2003 State of the Union address, declaring that Saddam Hussein had recently sought nuclear material in Africa.

The statement drew the attention of Wilson, who had been sent by the CIA to Africa in February 2002 to assess the claim about Iraq; he had found it baseless.

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Wilson began speaking to reporters, and went public on July 6, 2003, accusing the administration in a New York Times op-ed piece of twisting the prewar intelligence. Eight days later, his wife, and her connection to the CIA, were disclosed by syndicated columnist Robert Novak.

Libby, the only person charged in the ensuing investigation, was indicted in October 2005, accused of covering up his participation in the pushback against Wilson. His lawyers argued that he did not lie but may have misspoken to investigators because he was immersed in his work.

But the trial exposed how both Libby and Cheney were intensely focused on Wilson and his criticism, and how Wilson's wife became an important part of the administration story line.

Top CIA and State Department officials testified that they had told Libby that Plame worked for the CIA. Former White House Press Secretary Ari Fleischer testified that Libby had shared the information with him in hushed tones at a private lunch in the White House mess. NBC's Russert also took the stand, and denied that he ever spoke with Libby about Plame.

According to Fitzgerald, Libby panicked when he realized he may have broken the law by talking to reporters about Plame. So he invented a story that he was simply passing along information he had heard from other reporters, which would not be a crime.

"The sad truth is when people lie," Fitzgerald said during his closing argument, "it looks dumb when they are caught."

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(INFOBOX BELOW)

Timeline

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The Libby jurors focused on evidence and testimony about events that began unfolding during the opening months of the U.S.-led war in Iraq:

*

2003

Jan. 28: President Bush says in his State of the Union address: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

May 6: New York Times columnist Nicholas D. Kristof reports that a former ambassador, whom he does not name, was sent to Niger in 2002 and had reported to the CIA and State Department well before Bush's speech that the uranium story was unequivocally wrong.

May 29: Libby asks Marc Grossman, an undersecretary of State, for information about the ambassador's trip to Niger. Grossman later tells Libby that Joseph C. Wilson IV was the former ambassador.

June 11 or 12: Grossman tells Libby that Wilson's wife works at the CIA.

June 12: Vice President Dick Cheney advises Libby that Wilson's wife works at the CIA.

June 23: Libby meets with New York Times reporter Judith Miller. During the meeting, Miller says, Libby tells her that Wilson's wife may work at a bureau of the CIA. Libby denies saying that.

July 6: The New York Times publishes an opinion piece by Wilson under the headline "What I Didn't Find in Africa."

July 8: Columnist Robert Novak interviews Deputy Secretary of State Richard L. Armitage, who tells him that Wilson's wife works for the CIA.

July 10: Libby calls NBC newsman Tim Russert to complain about a colleague's news coverage. At the end of the conversation, Libby says, Russert tells him that "all the reporters know" that Wilson's wife works at the CIA. Libby says he was surprised to hear that. Russert denies saying it.

July 14: Novak reports that Wilson's wife is a CIA operative and that two senior administration officials, whom Novak does not name, said she suggested sending her husband to Niger.

Sept. 26: A criminal investigation is authorized to determine who leaked Valerie Plame's identity to reporters. A short time later, Armitage tells investigators he may have inadvertently leaked her identity to Bob Woodward of the Washington Post.

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Oct. 14 and Nov. 26: Libby is interviewed by FBI agents.

2004

January: A grand jury begins investigating possible violations of federal criminal laws.

March 5 and March 24: Libby testifies before the grand jury. Libby tells jurors that he forgot the information about Plame working for the CIA until he heard it from Russert.

2005

Oct. 28: Libby is indicted on five counts: obstruction of justice and two counts each of false statement and perjury.

2006

Sept. 7: Armitage admits he leaked Plame's identity to Novak and Woodward, saying he did not realize Plame was a covert operative.

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Source: Associated Press

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I. Lewis `Scooter' Libby

Age: 56

Birthplace: New Haven, Conn.

Education: B.A., Yale University, 1972; J.D., Columbia University, 1975

Career: Entered government in 1981 with the State Department as a member of the policy planning staff. During the George H.W. Bush administration, he was confirmed by the Senate as deputy undersecretary of Defense for policy.

He was chief of staff to Vice President Dick Cheney and assistant to the vice president for national security affairs from 2001 until resigning in October 2005 after he was indicted on charges related to the investigation into the leak of Valerie Plame's identity to the media. Libby is also a senior advisor at the Washington-based Hudson Institute.

Family: Wife, Harriet Grant; two children

*

Source: Marquis Who's Who

Graphics reporting by Scott Wilson

*

Guilty on four of five counts

I. Lewis "Scooter" Libby was found guilty on four of five charges:

Perjury: For lying about his conversation with NBC journalist Tim Russert. | Perjury: For lying about conversations with other reporters.| Making a false statement: To the FBI about a conversation with Russert. | Obstruction of justice: For intentionally deceiving a grand jury investigating the

exposure of Valerie Plame as a CIA operative. | Making false statements: To the FBI about conversations with then-Time magazine reporter Matthew Cooper.

Libby Found Guilty In CIA Leak Trial (AP)

By Michael J. Sniffen And Matt Apuzzo

AP, March 7, 2007

Once the closest adviser to Vice President Dick Cheney, I. Lewis "Scooter" Libby was convicted Tuesday of lying and obstructing a leak investigation that shook the top levels of the Bush administration.

Four guilty verdicts ended a seven-week CIA leak trial that focused new attention on the Bush administration's much-criticized handling of intelligence reports about weapons of mass destruction in the run-up to the Iraq war.

In the end, jurors said they did not believe Libby's main defense: that he hadn't lied but merely had a bad memory.

Their decisions made Libby the highest-ranking White House official convicted in a government scandal since National Security Adviser John Poindexter in the Iran-Contra affair two decades ago.

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The case cost Cheney his most trusted adviser, and the trial revealed Cheney's personal obsession with criticism of the war's justification.

Trial testimony made clear that President Bush secretly declassified a portion of the prewar intelligence estimate that Cheney quietly sent Libby to leak to Judith Miller of The New York Times in 2003 to rebut criticism by ex-ambassador Joseph Wilson. Bush, Cheney and Libby were the only three people in the government aware of the effort.

More top reporters were ordered into court — including Miller after 85 days of resistance in jail — to testify about their confidential sources among the nation's highest-ranking officials than in any other trial in recent memory.

Special Prosecutor Patrick Fitzgerald said the verdict closed the nearly four-year investigation into how the name of Wilson's wife, Valerie Plame, and her classified job at the CIA were leaked to reporters in 2003 — just days after Wilson publicly accused the administration of doctoring prewar intelligence. No one will be charged with the leak itself, which the trial confirmed came first from then-Deputy Secretary of State Richard Armitage.

"The results are actually sad," Fitzgerald told reporters after the verdict. "It's sad that we had a situation where a high-level official person who worked in the office of the vice president obstructed justice and lied under oath. We wish that it had not happened, but it did."

One juror, former Washington Post reporter Denis Collins, said the jury did not believe Libby's main defense: that he never lied but just had a faulty memory. Juror Jeff Comer agreed.

Collins said the jurors spent a week charting the testimony and evidence on 34 poster-size pages. "There were good managerial type people on this jury who took everything apart and put it in the right place," Collins said. "After that, it wasn't a matter of opinion. It was just there."

Libby, not only Cheney's chief of staff but also an assistant to Bush, was expressionless as the verdict was announced on the 10th day of deliberations. In the front row, his wife, Harriet Grant, choked out a sob and her head sank.

Libby could face up to 25 years in prison when sentenced June 5, but federal sentencing guidelines will probably prescribe far less, perhaps one to three years. Defense attorneys said they would ask for a retrial and if that fails, appeal the conviction.

"We have every confidence Mr. Libby ultimately will be vindicated," defense attorney Theodore Wells told reporters. He said that Libby was "totally innocent and that he did not do anything wrong."

Libby did not speak to reporters.

The president watched news of the verdict on television at the White House. Deputy press secretary Dana Perino said Bush respected the jury's verdict but "was saddened for Scooter Libby and his family."

In a written statement, Cheney called the verdict disappointing and said he was saddened for Libby and his family, too. "As I have said before, Scooter has served our nation tirelessly and with great distinction through many years of public service."

Wilson, whose wife left the CIA after she was exposed, said, "Convicting him of perjury was like convicting Al Capone of tax evasion or Alger Hiss of perjury. It doesn't mean they were not guilty of other crimes."

Libby was convicted of one count of obstruction of justice, two counts of perjury to the grand jury and one count of lying to the FBI about how he learned Plame's identity and whom he told.

Libby learned about Plame from Cheney in June 2003 about a month after Wilson's allegations were first published, without his name, by New York Times columnist Nicholas Kristof.

Prosecutors said Libby relayed the Plame information to other government officials and told reporters, Miller of the Times and Matt Cooper of Time magazine, that she worked at the CIA.

On July 6, 2003, Wilson publicly wrote that he had gone to Niger in 2002 and debunked a report that Iraq was seeking uranium there for nuclear weapons and that Cheney, who had asked about the report, should have known his findings long before Bush cited the report in 2003 as a justification for the war. On July 14, columnist Robert Novak reported that Wilson's wife worked at the CIA and she, not Cheney, had suggested he go on the trip.

When an investigation of the leak began, prosecutors said, Libby feared prosecution for disclosing classified information so he lied to investigators to make his discussions appear innocent.

Libby swore that he was so busy he forgot Cheney had told him about Plame, and was surprised to learn it a month later from NBC reporter Tim Russert. He swore he told reporters only that he learned it from other reporters and could not confirm it.

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Russert, however, testified he and Libby never even discussed Plame.

Libby blamed any misstatements in his account on flaws in his memory.

He was acquitted of one count of lying to the FBI about his conversation with Cooper.

Collins said jurors agreed that on nine occasions during a short period of 2003, Libby was either told about Plame or told others about her.

"If I'm told something once, I'm likely to forget it," Collins recalled one juror saying. "If I'm told it many times, I'm less likely to forget it. If I myself tell it to someone else, I'm even less likely to forget it."

Libby is free pending sentencing. His lawyers will ask that he remain so through any appeal.

The prospects of a presidential pardon remain unclear. Top Democrats called on Bush to pledge not to pardon Libby; the White House did not say what the president would do.

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Associated Press writer Natasha T. Metzler contributed to this report.

Libby Found Guilty In CIA Leak Case (FT)

By Caroline Daniel

Financial Times, March 7, 2007

Lewis "Scooter" Libby, the former chief of staff to Dick Cheney, the US vice-president, was convicted on Tuesday on four of five counts of perjury and obstruction of justice.

Mr Libby, 56, looking ashen but resolute, showed no emotion as the jurors each solemnly spoke the single word "guilty" over and over again on the four separate counts. They related to lies Mr Libby told a grand jury about his role in revealing the identity of a CIA agent. The jury, who had deliberated for 10 days, acquitted him on one charge of making false statements to the FBI.

Patrick Fitzgerald, the special prosecutor, speaking from the courtroom steps after the verdict, said: "Any lie under oath is serious. The truth is what drives the justice system." He called it "sad that there was a situation where someone in the vice-president's office lied under oath".

The verdict – and the evidence that emerged during the trial – is a blow to the reputation of the Bush administration. The trial heard evidence that White House officials and the vice-president's office leaked the name of Valerie Plame, a CIA agent.

Prosecutors claimed that they did so in retaliation for remarks by her husband, Joseph Wilson, a former ambassador, who disputed intelligence about Iraq's nuclear ambitions in a New York Times opinion piece.

Mr Fitzgerald was appointed to investigate the leaking of the name of Ms Plame to reporters. He did not charge anyone with that initial crime and her covert status was not an issue during the trial. However, Mr Fitzgerald said on Tuesday that he was "100 per cent confident that she was classified".

Theodore Wells, Mr Libby's defence lawyer, said he would file a motion for a new trial. "We have every confidence he will be vindicated. He is totally innocent," said Mr Wells.

Mr Libby could face up to 20 years in prison. However, his conviction raises the prospect that President George W. Bush might decide to grant a pardon to save the man who Mr Cheney called "one of the more honest men I know". Senator Edward Kennedy called on Mr Bush to pledge that he would not issue a pardon.

Democrats moved swiftly to place the verdict as part of a wider narrative about how the administration had smeared war critics, rather than the actions of one individual. Nancy Pelosi, the House speaker, said officials had shown a "callous disregard" for national security information and a "disposition to smear critics of the war in Iraq", while Mr Kennedy said officials concealed efforts to "vilify anyone who spoke the truth about the flaws in their justification for war".

Although during the trial Mr Fitzgerald said that there was "a cloud" over Mr Cheney, he said on Tuesday he did not intend to file any further charges.

The trial confirmed that officials, including Richard Armitage, the former deputy secretary of state, and Karl Rove, the chief political adviser to Mr Bush, also leaked the name.

Mr Libby's lawyers said he had been made the scapegoat by the White House.

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Denis Collins, a juror, said: “There was tremendous sympathy for Mr Libby. We spent a lot of our time saying, ‘What are we doing here with Mr Libby? Where’s Rove?’ ”

Libby Found Guilty In CIA Leak Case (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, March 7, 2007

A federal jury convicted I. Lewis "Scooter" Libby yesterday of lying about his role in the leak of an undercover CIA officer's identity, culminating a four-year legal saga that transfixed official Washington and revealed the inner workings of the White House and the media.

After 10 days of deliberations, the 11 jurors found Vice President Cheney's former chief of staff guilty of four felony counts of making false statements to the FBI, lying to a grand jury and obstructing a probe into the leak of Valerie Plame's identity. The jury acquitted him of one count of lying to the FBI about his conversation with a Time magazine reporter. Libby is the highest-ranking White House official to be convicted of a felony since the Iran-contra scandal nearly two decades ago.

Under federal sentencing guidelines, Libby faces a possible prison term of 1 1/2 to three years, but U.S. District Judge Reggie B. Walton will have wide latitude when he imposes his sentence on June 5. Defense attorneys said they will ask the presiding judge for a new trial or appeal the conviction. The White House declined to comment on the possibility of a pardon.

"We believe, as we said at the time of his indictment, that he is totally innocent, totally innocent, and that he did not do anything wrong," said attorney Theodore Wells Jr. "And we intend to keep fighting to establish his innocence."

Special Counsel Patrick J. Fitzgerald said on the courthouse steps that he felt "gratified" that the jury agreed with the government's case.

"The results are actually sad," he said. "It's sad that we had a situation where a high-level official, a person who worked in the office of the vice president, obstructed justice and lied under oath. We wish that it had not happened, but it did."

One juror, Denis Collins, said he and fellow jurors had little doubt after reviewing the evidence that Libby could not have forgotten how he learned Plame's identity -- the core of the defense's argument.

"It just seemed very unlikely he would have forgotten that. There were just so many things," said Collins, a writer who worked as a Washington Post reporter in the 1980s. "That he could remember that fact on a Tuesday and forget it on a Thursday . . . didn't make sense."

Libby, 56, was the only person charged in an unprecedented leak investigation that led to the questioning of Cheney and President Bush, though neither testified at the trial. Fitzgerald set out in December 2003 to answer a central question: Did anyone in the administration intentionally and illegally disclose Plame's classified status during the late spring and early summer of that year? At that time, several top officials were speaking to reporters, trying to rebut potent accusations from Plame's husband that the administration had twisted intelligence to justify war in Iraq.

Libby was not charged with the leak but with lying repeatedly to the FBI and a grand jury about how he learned about Plame's identity, and what he told reporters about her that spring and summer.

Libby has said that he forgot he learned about Plame from Cheney in June 2003, and that he believed he heard of her for the first time a month later from NBC's Tim Russert. He said he then shared the information with other reporters.

Fitzgerald said he does not expect to bring any more charges unless new information comes to light.

Plame's husband, former ambassador Joseph C. Wilson IV, publicly accused the White House of using flawed intelligence to justify the war and cited a CIA mission he took to Niger in 2002, which found no merit to claims that Iraq was trying to buy weapons-grade uranium. Plame's CIA identity was revealed in a syndicated column eight days later, with senior officials anonymously implying that Wilson's findings were not considered important because nepotism played a role in his assignment.

The trial highlighted the nation's divisions over the war, the Bush White House's intolerance of critics and the uneasy symbiosis between an elite tier of Washington journalists and their confidential sources inside the government.

It also portrayed Cheney as more intimately involved in the details of orchestrating the campaign to disparage Wilson than was previously known. At the grand jury, Libby testified that Cheney was "disturbed" by Wilson's assertions that he was sent on the

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mission as a result of a question from Cheney about an assessment that suggested Iraq was trying to purchase buy from Niger. The clear implication of Wilson's argument was that Cheney would have been told of his findings.

Indeed, according to evidence at trial, the CIA notified Cheney in early 2002 that it was launching a mission with an unnamed envoy to better answer his question about the Iraq-Niger connection. It is unclear whether the CIA later flagged Wilson's findings for the vice president.

Defense attorneys repeatedly indicated that they planned to call Libby and Cheney as witnesses in the trial. But the two never took the stand; defense lawyers said it was not wise for Libby to testify, and they did not call Cheney.

Cheney said in a statement yesterday that he is "very disappointed with the verdict."

"I am saddened for Scooter and his family," he said. "As I have said before, Scooter has served our nation tirelessly and with great distinction through many years of public service."

As the jury forewoman read each guilty count in a clear, solemn voice, Libby was impassive, remaining seated at the defense table, gazing straight ahead with hands crossed. He furrowed his brow after a second guilty count was read, then smiled frozenly as jurors individually affirmed the decision.

Libby's wife, Harriet Grant, sat in the front row with tears in her eyes and held tightly to a member of Libby's defense team . Later, she hugged each of Libby's lawyers and exchanged a few words with her husband.

Bush watched the verdict announcement on television in the Oval Office along with his chief of staff, Joshua B. Bolten, and counselor, Dan Bartlett.

"He said that he respected the jury's verdict, that he was saddened for Scooter Libby and his family," spokeswoman Dana M. Perino said later. She declined to discuss a possible pardon for Libby as a "wildly hypothetical situation" and said the White House would not comment further because of Libby's efforts to seek a new trial.

Wilson, who with his wife has filed a civil lawsuit against Libby and several top administration officials alleging that they disclosed her identity, said yesterday the conviction shows that even a top White House official is subject to the American justice system.

"We're relieved that justice has been done," he said. "We see this as a reaffirmation that we are a nation of laws, we live in a democracy. The verdict shows no man is above the law."

Democratic leaders said Libby's conviction affirmed their concerns that the Bush administration had not told the truth about Iraq's potential threat to the United States and that it engaged in an unethical, no-holds-barred campaign against one man who questioned its assertions.

"Today's guilty verdicts are not solely about the acts of one individual," said House Speaker Nancy Pelosi (Calif.). "This trial provided a troubling picture of the inner workings of the Bush administration. The testimony unmistakably revealed -- at the highest levels of the Bush administration -- a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

Legal experts said Fitzgerald had a powerful, narrowly drawn perjury case based on the facts unearthed in his investigation, while Libby's attorneys struggled from the start with a defense theory that statements he made repeatedly and in great detail to the FBI and the grand jury might not have been accurate.

"The indictment laid out a theory of deliberate lies that Fitzgerald was able to deliver almost flawlessly at trial," said Bill Lawler, a defense lawyer at Vinson & Elkins and a former federal prosecutor in Washington. But the defense, he said, "had to play the cards they were dealt."

"The biggest problem they had was their client was on the record repeatedly saying what the government thought were lies. There wasn't a lot of wiggle room," Lawler said.

The count that accused Libby of lying to the FBI about his conversation with then-Time magazine reporter Matthew Cooper troubled jurors for days. They asked the judge five questions about it as they deliberated, and they ultimately acquitted Libby of the charge.

Richard Sauber, Cooper's attorney, said he thinks jurors believed Cooper's testimony that Libby told him about Plame's CIA role in a July 12, 2003, phone call. Sauber cited the jury's decision to convict Libby on the charge of lying to the grand jury about that conversation.

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But Sauber attributed the acquittal on the other false-statement charge to the jury's doubts about whether the FBI accurately described Libby's statements about his conversation with Cooper, something defense attorneys effectively called into question.

Staff writers Elizabeth Williamson, Peter Baker and Christopher Lee contributed to this report.

Libby Found Guilty On 4 Counts (WT)

By Jerry Seper

The Washington Times, March 7, 2007

A federal jury yesterday found former White House aide I. Lewis "Scooter" Libby Jr. guilty on four counts of perjury, obstruction of justice and lying to the FBI in an investigation into the leak of a CIA operative's identity.

After 10 days of deliberations, the former chief of staff to Vice President Dick Cheney was acquitted by a jury of seven women and four men on one count of lying to the FBI.

Libby, 56, is the only person charged in a case brought by Special Prosecutor Patrick J. Fitzgerald after a four-year investigation into the 2003 leak of CIA operative Valerie Plame's identity. Mrs. Plame is married to former Ambassador Joseph C. Wilson IV, who emerged in mid-2003 as an outspoken critic of the Bush administration's case for the war in Iraq.

U.S. District Judge Reggie B. Walton ordered a pre-sentencing report by May 15, which will be used to determine Libby's sentence. At sentencing on June 5, Libby faces up to 30 years in prison, although under federal sentencing guidelines he is expected to receive much less time.

Libby showed little reaction as the verdict was read and stood expressionless as the jury left the courtroom. His wife, Harriet Grant, sobbed as the verdict was read.

"We believe, as we said at the time of his indictment, that he is totally innocent, totally innocent, and that he did not do anything wrong," said Libby's attorney, Theodore Wells. "And we intend to keep fighting to establish his innocence."

Mr. Wells said he will ask for a new trial and, failing that, will appeal the verdict. The defense team had said Libby recalled his conversations to the best of his ability and that any inaccurate statements he made to the FBI or the federal grand jury were the result of a faulty memory.

But Mr. Fitzgerald, who said no additional charges would be filed in the case, argued in court that Libby learned about Mrs. Plame from Mr. Cheney and other officials in June 2003 and relayed her name and CIA role to reporters.

"The results are actually sad," Mr. Fitzgerald said. "It's sad that we had a situation where a high-level official person who worked in the office of the vice president obstructed justice and lied under oath. We wish that it had not happened, but it did."

One of the jurors, Denis Collins, a former reporter for The Washington Post, said the jury felt "a tremendous amount of sympathy for Mr. Libby," adding that jurors asked each other on a number of occasions whether others should have been charged.

"What are we doing with this guy here? Where's Rove? Where are these other guys? I'm not saying we didn't think Mr. Libby was guilty of the things we found him guilty of. It seemed like he was, as Mr. Wells put it, he was the fall guy," Mr. Collins said.

He said jurors wanted to hear testimony from others involved in the case, including Bush political adviser Karl Rove, described as one of two sources for the original leak.

At the White House, Deputy Press Secretary Dana Perino said President Bush "respected the verdict" but was not going to comment on it. She said the president learned of the verdict from television and the White House rejected any characterization of it as embarrassing to the administration.

"I think that any administration that has to go through a prolonged news story that is unpleasant and one that is difficult when you're under the constraints and the policy of not commenting on an ongoing criminal matter that can be very frustrating," she said.

Mr. Cheney said he was "very disappointed" in the verdict and "saddened for Scooter and his family," adding that Libby "served our nation tirelessly and with great distinction through many years of public service." Because of continued litigation in the case, he said he would have "no further comment on the merits of this matter."

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On Capitol Hill, House Speaker Nancy Pelosi, California Democrat, said testimony during the trial "unmistakably revealed at the highest levels of the Bush administration a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

She said the guilty verdicts were "not solely about the acts of one individual."

Senate Majority Leader Harry Reid, Nevada Democrat, said the trial "revealed deeper truths" about Mr. Cheney's role in the leak and called on Mr. Bush for a pledge "not to pardon Libby for his criminal conduct." He said it was "about time" someone in the Bush administration was held accountable "for the campaign to manipulate intelligence and discredit war critics."

A grand jury indictment named Libby on two counts of perjury, two counts of lying to the FBI and one count of obstruction of justice. He was accused of leaking Mrs. Plame's CIA role to reporters after Mr. Wilson disputed Mr. Bush's 2003 State of the Union address justifying the war in Iraq.

Mr. Wilson took two trips to the Republic of Niger to investigate accusations that Iraq had purchased or was in the process of buying uranium yellowcake, reporting that he found no evidence to support the claims.

But questions have since been raised on Mr. Wilson's statements that Mr. Cheney's office had requested he be sent to Niger, whether Mr. Cheney and other senior White House aides were briefed on his report, whether the report was conclusive and significant, and who suggested he travel to Niger.

Mrs. Plame's CIA role was revealed in a July 14, 2003, article by syndicated columnist Robert Novak eight days after Mr. Wilson wrote an article for the New York Times saying the Bush administration ignored intelligence on Iraq to justify the war.

S.A. Miller and Jon Ward contributed to this report.

In CIA Leak Trial, Libby Found Guilty (CSM)

By Linda Feldmann

The Christian Science Monitor, March 7, 2007

At an already difficult time for the Bush administration, the felony conviction of a former top aide to Vice President Cheney has cast a pall over the White House.

I. Lewis "Scooter" Libby, Mr. Cheney's onetime chief of staff, was convicted Tuesday on four of the five counts he faced involving perjury, obstruction of justice, and lying to the FBI during a federal investigation into the suspected leak of a covert CIA agent's identity.

Whether that CIA employee, Valerie Plame, was in fact a covert operative at the time her identity was publicly revealed in a 2003 column by Robert Novak remains a matter of dispute. Ms. Plame and her husband, former Ambassador Joseph Wilson, believe it was and are suing Libby, Cheney, and presidential aide Karl Rove in civil court.

On the criminal counts, Mr. Libby faces up to 25 years in prison, and will be sentenced on June 5. However, the former official is expected to receive a shorter sentence, under federal sentencing guidelines, and will not be required to report to prison pending further legal action. Libby's legal team is requesting a new trial by April 13, and if denied, will appeal Tuesday's verdict.

The guilty verdicts, which were announced in the 10th day of jury deliberations, came as yet another blow to a White House struggling to turn around the central project of its six-year tenure, the Iraq war. On news websites Tuesday afternoon, the headline on Libby appeared near other stories on dozens of Shiite pilgrims killed Tuesday in Iraq.

Though the Libby trial centered on whether the aide had committed perjury and obstruction of justice during a federal investigation, the Iraq war – and the role of the vice president's office in defending the Bush administration's actions in it – provided the backdrop.

The Plame investigation sprang from a 16-word sentence in President Bush's 2003 State of the Union address, in which he stated that Iraq was attempting to purchase uranium from Africa. In July 2003, Ambassador Wilson wrote a column stating that he had found no evidence of such Iraqi attempts and accused the Bush administration of twisting intelligence to justify going to war in Iraq.

According to the argument laid out against Libby by special prosecutor Patrick Fitzgerald, Cheney's office – and Libby in particular – swung into action to discredit Wilson. Libby's defense team argued that the senior aide did not deliberately make

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false statements under oath, but rather was a very busy man who could not be expected to remember everything he had said and to whom and when.

After the trial, jurors speaking for the cameras made clear that they believed the Wilson matter and his harsh criticism of the Iraq war were a central concern in Cheney's office and that Libby's claims of memory problems were not credible. Still, one juror said he and his fellow jurors agreed with the defense argument that Libby had been hung out to dry by Mr. Rove and other more senior officials.

"It seemed like ... he was the fall guy," juror Denis Collins said in an ad hoc press conference after the verdict. But, he added, that point did not negate Libby's actions.

Libby's criminal conviction represents a rare moment in American history, the conviction of someone for actions taken during their time as a White House official. Over the years, top administration officials have been indicted, and most of them acquitted, but the last time a White House official was found guilty was during the Iran-contra scandal of the Reagan administration.

"This is just another blow to the Bush administration," says Cal Jillson, a political analyst at Southern Methodist University in Dallas. "If it were alone, it wouldn't amount to that much. But it comes with circumstances in Iraq, and the Walter Reed [scandal on treatment of Iraq and Afghan war veterans] feeding into the Katrina sense of an administration not caring."

The Libby news also comes amid new polling data showing Bush's job approval ratings down in the low 30s, Dr. Jillson notes. In the latest Gallup poll, 59 percent of Americans called sending US troops to Iraq a mistake, the highest such figure since September 2005.

Before the Libby verdict, public speculation had centered on the possibility that a conviction might embolden Mr. Fitzgerald to pursue legal action against Cheney himself. During his closing arguments, Fitzgerald spoke of a "cloud over the vice president" and about how "they" – alluding to Libby and Cheney – were using the fact of Plame's CIA employment to try to discredit Wilson.

But Tuesday, speaking to reporters after the verdict, Fitzgerald called the investigation finished and said he had no plans to pursue any other officials, unless new facts came to light.

Another key institution embroiled in the Libby trial was the press, and in fact, it was testimony from NBC newsman Tim Russert that seemed to dig Libby's legal grave. Libby had claimed he learned of Plame's identity from Mr. Russert, but Russert testified that the two had never discussed Plame. Jurors later said they found Russert's testimony credible.

But Washington journalists are not cheering that Russert appeared the victor in head-to-head legal combat with Libby. For all the journalists involved in the case – including former New York Times reporter Judith Miller and former Time magazine correspondent Matthew Cooper – appearing on a witness stand, under oath, discussing conversations with usually confidential sources is not a welcome circumstance.

Democratic politicians, meanwhile, sought to turn the Libby verdict to political advantage.

"It's appalling to think that while President Bush had a high level team in place to sell the Iraq War and viciously smear its critics, it has not given that same attention to plan for postwar Iraq, providing the proper equipment for our troops or ensuring that our troops and veterans receive the care they deserve," said Democratic National Committee chairman Howard Dean in a statement.

Former White House Aide Libby Found Guilty On 4 Of 5 Charges (WSJ)

By Evan Perez, Jess Bravin And Kara Scannell

The Wall Street Journal, March 7, 2007

WASHINGTON -- A federal jury convicted I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, of obstruction of justice, perjury and lying to the FBI in an investigation that began with the leak into a CIA operative's identity but came to symbolize the fraught origin of the nation's entanglement in Iraq.

The jury, cut to 11 members after one juror was dismissed after being exposed to case-related information, found Mr. Libby guilty of four of the five counts he faced. He was acquitted of one charge of false statements. Sentencing for Mr. Libby was set for June 5. Immediately after the verdicts, Mr. Libby's lawyer declared plans to seek a new trial and, failing that, appeal the

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conviction. Should Mr. Libby remain free while such moves play out, he may be able to avoid jail while his advocates press the president for a pardon in the Bush administration's final weeks. (See related story1.)

White House spokeswoman Dana Perino said the president, who watched the verdict announced on television, "respected" the jury's decision and was "saddened for Scooter Libby and his family," but declined to comment on any aspect of the case. (See more reactions to the verdict3.)

But beyond any impact on Mr. Libby, the verdict represents another painful blow to a lame-duck White House struggling to marshal public support for an Iraq policy under assault from all angles.

President Bush's plan to add more than 20,000 soldiers to the force in Iraq has already been condemned by a House resolution and undercut by a troop drawdown announced by America's only major ally in the war, Britain. At home, revelations of substandard care for wounded soldiers at Walter Reed Army Medical Center, the nation's premier military hospital, has stoked public and congressional outrage.

Now, with a jury finding criminality at the highest levels of White House efforts to justify the war, the administration faced an almost insurmountable task in regaining support for the president's signature policy from a majority of the public.

In comments to journalists after the verdict, juror Denis Collins, a former newspaper reporter, said that jurors considered Mr. Libby a "fall guy," and were disappointed that others implicated in the scandal -- such as the president's political mentor, Karl Rove -- weren't held to answer.

Mr. Collins said that the least convincing argument made at the trial was that "Mr. Libby was working so hard that he could just forget everything. Our conclusion was, yeah, he worked hard and had some memory problems… But you don't forget what you know." He also said the war in Iraq was peripheral to the trial. "This wasn't about the war. It was about a trip to Niger to see if there was uranium."

In the end, he said, jurors felt sympathy for Mr. Libby and his family. "It's not like I would vote for Mr. Libby if he ran for office," Mr. Collins said, "but we all felt for him...the unpleasantness of passing judgment was palpable."

Asked about a pardon, the 57-year-old Washington resident, who identified himself as a Democrat, said, "Personally, I wouldn't be upset a bit."

The verdict caps a five-week trial that enthralled the nation's capital as current and former administration officials and famous journalists testified about a key period in the summer of 2003, when criticism began mounting over the Iraq invasion and the search for weapons of mass destruction that were never found.

Mr. Libby was indicted on five counts of perjury and obstruction of justice stemming from statements he made to Federal Bureau of Investigation agents and a grand jury looking into the public disclosure of the name of a Valerie Plame, a former Central Intelligence Agency operative who is married to a critic of the Bush administration, former U.S. Ambassador Joseph Wilson.

Although the Libby indictment described Ms. Plame's relationship with the CIA as classified, Special Prosecutor Patrick Fitzgerald never charged anyone with leaking her identity despite the fact that early into his three-year investigation, he knew the original source was Richard Armitage, the former deputy secretary of state.

Instead, Mr. Fitzgerald pursued perjury-related charges after concluding that some officials may have lied to him to cover up their role in outing Ms. Plame. Provoking criticism from various power centers in Washington, from allies of the Bush White House to major media organizations, Mr. Fitzgerald proceeded to interview Messrs. Bush and Cheney and summoned reporters before a grand jury to testify about conversations with confidential sources. That effort landed former New York Times reporter Judith Miller for 85 days in jail until she relented. Ms. Miller left the paper under withering criticism for dealings with Mr. Libby and for coverage some said had credulously hyped the administration's case for war.

Once he indicted Mr. Libby, right-leaning activists and Mr. Libby's supporters portrayed Mr. Fitzgerald, who also is the Bush-appointed U.S. attorney in Chicago, as a prosecutor run amok.

In an unusual twist, the prosecution case depended heavily on the credibility of journalists who had fought tooth and nail, if ultimately unsuccessfully, to avoid revealing their sources and notes. Ms. Miller bolstered Mr. Fitzgerald's argument that Mr. Libby lied about learning about Ms. Plame during a phone call with Mr. Russert, the NBC television host, on July 10, 2003. Ms. Miller said Mr. Libby told her about Ms. Plame twice, well before the Russert phone call. Similarly, former White House Press Secretary

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Ari Fleischer, testifying under an immunity deal with prosecutors, said that Mr. Libby told him about Ms. Plame during a lunch meeting three days before the call with the NBC newsman. Mr. Russert himself testified he couldn't have told Mr. Libby about Ms. Plame because he didn't learn about it until he read a July 14 article by syndicated columnist Robert Novak.

Mr. Libby's defense, as put forth by a team of top-notch defense lawyers led by Theodore V. Wells Jr. and William Jeffress, was that he didn't intentionally lie, but rather had "mis-recollections" that he blamed on faulty memory. Indeed, Messrs. Wells and Jeffress fiercely questioned the memory of reporters and managed to shake at least some of them, most notably Ms. Miller, who finally acknowledged that she couldn't be certain she didn't learn about Ms. Plame from someone other than Mr. Libby.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, Mr. Wilson, complained privately to reporters and later in his own newspaper op-ed that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain materials for weapons of mass destruction from Africa.

In July 2003, Mr. Wilson went public with his story of taking a CIA-sponsored trip to the African nation of Niger to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of intelligence related to Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place. Mr. Libby, in grand jury testimony played in court, argued that the trip to impoverished, landlocked Niger was a "boondoggle" akin to a lawyer going to Hawaii for a seminar that he could easily attend in his hometown.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complained that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

With the Democrats now the majority party in Congress, the verdict is likely to prompt further hearings likely to embarrass the administration. In particular, it raises the visibility of a long-delayed Senate Intelligence Committee report -- expected to be released within a month or so -- that will highlight the administration's supposed efforts to manipulate information about Iraq's nuclear weapon ambitions, among other issues. A Senate aide said the committee also will continue to examine "the manipulation of pre-war intelligence," including White House efforts like Mr. Libby's to discredit critics. The Senate Armed Services Committee also is seeking further interviews with Mr. Libby, among other administration officials.

The House Judiciary Committee has been beefing up its investigative staff, with an eye to exploring a range of possible abuses of executive authority by the White House. A congressional aide said recently that "it's going to snowball into bigger issues" such as the conduct of the war.

The focus of much of the attention likely will be Mr. Cheney himself, whose manipulation of classified information and of White House reporters alike during 2003 became perhaps the biggest revelation of Mr. Libby's trial.

In a statement, Senate Majority Leader Harry Reid, a Nevada Democrat, said, Lewis Libby has been convicted of perjury, but his trial revealed deeper truths about Vice President Cheney's role in this sordid affair."

--John D. McKinnon and John McCary contributed to this article.

Libby Verdict Will Echo For 2008 Republicans (POL)

By Mike Allen And Jeanne Cummings

Politico.com, March 7, 2007

Mary Matalin, a friend and former colleague of Lewis "Scooter" Libby, said she felt sick as she waited through 10 days of jury deliberations. And when he was declared guilty of four of five federal charges in the CIA leak case Tuesday, she had a one-word reaction: "Unspeakable."

Even an acquittal would have left deep scars on the George W. Bush presidency because of the immense publicity surrounding the case and its political fallout. But the guilty verdicts -- on one count of obstruction, two counts of perjury and one count of lying -- mean that the case remains an ugly and enduring part of the politics of President Bush's last two years in office.

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Ever since President Gerald R. Ford pardoned former President Richard M. Nixon for Watergate crimes, executive branch grants of immunity have become hot political footballs in presidential campaigns. And Libby's conviction seems destined to continue the trend, even if Bush ultimately doesn't pardon him.

As soon as the verdict was announced, Democrats began demanding a commitment from Bush not to issue a pardon for Libby, who theoretically could face 30 years in prison, but is likely to get a lesser sentence. The White House won't give such a commitment, of course, and Bush has said he won't even talk about it.

Democrats, nonetheless, are trying to start a drumbeat about the question, with the aim of painting Republicans as tainted by cronyism and raising voters' doubts about the GOP's trustworthiness.

Libby's fall raises three key questions that could play a material role in who succeeds the 43rd president, and how history treats him:

1. Will Bush pardon Libby?

Catching coverage of the verdict on a television in a small dining room off the Oval Office with Chief of Staff Joshua Bolten and Counselor Dan Bartlett, Bush said that he respected the jury's verdict and that he was saddened for Libby and his family, according to aides.

Libby's lawyers plan to ask for a new trial. So, the president and his spokesmen plan to cite an ongoing legal investigation as they refuse to comment on the possibility of a pardon. But that won't stop reporters from asking.

2. Was Libby the tip of the iceberg?

Denis Collins, the only juror who spoke outside the federal courthouse near the Capitol, said Libby struck him as a "fall guy," and testimony suggested he saw himself as the scapegoat for Cheney or senior Bush adviser Karl Rove.

"There was a tremendous amount of sympathy for Mr. Libby on the jury," Collins said as he described the jury's methodical approach. "It was said a number of times: What are we doing with this guy here? Where's Rove? Where's -- you know, where are these other guys?"

The Democrats who control Congress now can use their subpoena power to try to find out.

3. Does this make Bush more radioactive for the Republicans seeking the presidential nomination?

Democrats are already working to ensure that the Libby case, which dates to a Robert Novak column in July 2003, naming Valerie Plame as a CIA operative, resounds through November 2008.

House Speaker Nancy Pelosi (D-Calif.), looking ahead to congressional elections, said the Libby trial was "not solely about the acts of one individual," but produced evidence of "callous disregard" in handling sensitive national security information.

It's tough enough for the same party to win a third term in the White House, but almost impossible to do so if the nation has soured on the incumbent. While none of the top Republican contenders will face any direct fallout from the Libby guilty verdict, the decision is yet another blow against an already-wounded president and his Republican Party.

Combined with the devastating, and still unfolding, indictment about the treatment of wounded troops at Walter Reed Army Medical Center, the specter of the vice president's top aide facing a prison sentence will only worsen Bush's already historically low standing in the public opinion polls.

Aides to the leading Republican presidential contenders declined comment after the verdict was announced. But the Democratic hopefuls pounced. Sen. Barack Obama of Illinois said in a quick e-mailed statement that the conviction "underscores what happens when our foreign and national security policies are subverted by politics and ideology."

Former Sen. John Edwards of North Carolina called the outcome "an important step in holding the administration accountable for its consistent misuse and manipulation of intelligence to further its ideological agenda." He then posed a question that is likely to bedevil the administration and the GOP for the foreseeable future.

"There are serious questions about whether the buck actually stopped with Scooter Libby," he said. "The American people deserve to know if Mr. Libby has been made a scapegoat in order to protect anyone else."

John Bresnahan, Carrie Budoff and Jonathan Martin contributed to this report.

Libby's Backers Push For Pardon (WSJ)

By John D. Mckinnon, Evan Perez And Gary Fields

The Wall Street Journal, March 7, 2007

Conviction of Cheney Aide Sparks Conservative Calls, But Raises Stakes for 2008

The conviction of Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, threatened to spark a new political battle, with some conservatives pushing for a presidential pardon based on what they claim is prosecutorial excess.

A Washington, D.C., federal jury spent nearly 10 days sifting a month of testimony before convicting Mr. Libby yesterday on four of the five counts he faced, in a case that started as an investigation into the leaking of the identity of a CIA official. (See related article.1)

Mr. Libby wasn't charged with leaking, but with perjury and obstruction of justice for comments he made to FBI investigators and a federal grand jury. His supporters have long argued he shouldn't have been tried since he wasn't the original leaker and say his inaccurate comments to investigators were misstatements based on a faulty memory. With the conviction, these backers are turning their efforts toward seeking a pardon.

Within hours of the verdict, the conservative National Review published an online editorial calling for a pardon and stating that the verdict "conclusively proved only one thing: A White House aide became the target of a politicized prosecution set in motion by bureaucratic infighting and political cowardice." The Wall Street Journal editorial page also called for a pardon2.

Other prominent Republicans also voiced support. "I would be more than happy to lend my name to the effort for a pardon if it came down to that -- I think it would be justified," said former Sen. Fred Thompson, a Tennessee Republican who has helped lead an effort to raise money for Mr. Libby's defense, including plans to host a new fund-raiser announced after yesterday's verdict.

Dana Perino, a White House spokeswoman, left the door open, saying "there's a process in place for all Americans if they want to receive a pardon from a president." She said she wasn't characterizing Mr. Libby's prospects for clemency if he does apply.

Anticipating the pardon push, Senate Majority Leader Harry Reid, a Nevada Democrat, urged President Bush to "pledge not to pardon Libby for his criminal conduct."

The vice president released only a short statement, saying, "I am very disappointed with the verdict."

Besides being a political risk for the president, a pardon could be a big headache for the Republican presidential nominee in 2008. But some Republicans predicted that the post-trial and appeals processes could drag on for some time, postponing any pardon of Mr. Libby by Mr. Bush until after the 2008 election. Mr. Libby's lawyers said yesterday they would seek a new trial, and pursue appeals if that fails.

Despite strongly believing Mr. Libby lied when he claimed faulty memory, some jurors felt bad about their decision, said Denis Collins, a former journalist who sat on the jury. Some were in tears afterward.

"There was a tremendous amount of sympathy on the jury for Mr. Libby," Mr. Collins said outside the courthouse afterward. "We said a number of times, 'What are we doing with this guy? Where's [presidential aide Karl] Rove? Where are the other guys?' He was the fall guy."

Asked about a pardon, the 57-year-old Washington resident, who identified himself as a registered Democrat, said, "Personally, I wouldn't be upset a bit."

The case began in the summer of 2003 amid mounting criticism over the Iraq invasion and the search for weapons of mass destruction that were never found. Government prosecutors argued that Mr. Libby was at the center of an administration campaign to discredit former Ambassador Joseph Wilson, a vocal war critic, leaking information to reporters, including the fact that Mr. Wilson's wife, Valerie Plame, worked at the Central Intelligence Agency. Prosecutors said Mr. Libby tried to cover up his involvement by lying to the Federal Bureau of Investigation and a grand jury about his actions.

"The results are actually sad," Special Prosecutor Patrick Fitzgerald told reporters after the verdict. "It's sad that we had a situation where a high-level official person who worked in the office of the vice president obstructed justice and lied under oath. We wish that it had not happened, but it did."

In making their case for a pardon, supporters of Mr. Libby note that several other administration officials were involved in the leak as well. Richard Armitage, the former deputy secretary of state, has admitted being the original leaker, while political strategist Rove and Ari Fleischer, the former press secretary, also gave information about Ms. Plame to reporters.

"It's a case that never should have been brought," said Victoria Toensing, a former Justice Department official in the Reagan administration. "Politics should not be criminalized."

The prosecution aroused sympathy from prominent conservatives including former Bush adviser Mary Matalin, former Secretary of Education William Bennett and former CIA director R. James Woolsey. All lent their names to a private fund-raising trust that has so far has brought in more than $3 million to help pay for his defense.

Mr. Libby's handling of himself also is sure to score points with conservatives, as well as the White House. He could have done much more during the trial to embarrass the White House. At one point in his opening argument, Ted Wells, one of Mr. Libby's attorneys, suggested the defense would focus on how the White House had tried to make Mr. Libby a scapegoat in the case in order to spare Mr. Rove.

In the end, however, the defense rested without calling Mr. Libby or his former boss Mr. Cheney, and no more was said about White House scapegoating. That led some trial watchers to suggest Mr. Libby was being careful to preserve the pardon option.

Some presidential pardons have been deeply controversial. President Clinton came under fierce criticism for pardoning fugitive financier Marc Rich, whose ex-wife was a major Democratic campaign contributor, just before leaving office in 2001. Ironically, Mr. Rich was represented at one point by Mr. Libby, then a high-powered Washington lawyer in private practice.

President Bush came into office amid congressional hearings and a federal investigation of Mr. Clinton's last-minute pardons and commutations. At an early news conference, Mr. Bush said he would be different. Of pardons, he said: "I'll have the highest of high standards."

President Bush has rarely exercised his pardoning authority, using it mostly on non-controversial cases. With less than two years left in office, he has pardoned 113 people. Among the seven presidents who have held the office at least seven years since 1897, Mr. Bush ranks last in his use of the pardon power in the first six years of his administration.

Of all 19 presidents who have held the office since 1897, only Mr. Bush's father, George H.W. Bush, pardoned fewer people overall, and he served just one term. Even Warren G. Harding, who died after 27 months in office, pardoned 300 people and Gerald Ford, who served 29 months, granted 382 pardons.

Some conservatives compare the Libby case to the Iran-Contra affair. The first President Bush pardoned former Defense Secretary Caspar Weinberger and five others convicted in that case, arguing they had acted out of service to the country.

"That was really a vindication of his political people. They were doing their job to protect the presidency," said Margaret Colgate Love, a former pardon attorney with the Justice Department. "This case is not as serious, but there is a similar premise for issuing a pardon."

--John McCary and Kara Scannell contributed to this article.

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President Bush Should Pardon I. Lewis "Scooter" Libby (NR)

National Review, March 7, 2007

The trial that concluded in a guilty verdict on four of five counts conclusively proved only one thing: A White House aide became the target of a politicized prosecution set in motion by bureaucratic infighting and political cowardice.

When partisans pounced on Bob Novak's July 14, 2003, revelation that the wife of administration critic Joe Wilson worked at the CIA, they adopted Wilson's paranoid persecution theory. Then a scandal-hungry media joined in. Novak's unidentified administration sources were widely accused of criminal wrongdoing: having "outed" a covert agent.

The alleged motive for the leak was to punish Joe Wilson, whose account of his mission to Niger supposedly unmasked the administration's manufactured case for the war in Iraq. The victim in this set piece was Valerie Plame Wilson, and the villains were Vice President Cheney, Karl Rove, and Scooter Libby.

From the very beginning of the ensuing spectacle, petty agendas subverted justice. The CIA, at war with the White House, and in particular with the vice president's office, referred the leak to the Justice Department, even though the agency certainly knew that there had been no criminal violation since Plame wasn't "covert." (According to the relevant statute, only the leak of a

covert agent's identity is a criminal act.) The CIA's spokesman had also confirmed Plame's employment to Novak, without sounding any alarms over the revelation of classified information. The referral to Justice—leaked to the media—was the act of an agency more concerned with shifting the blame for faulty Iraq intelligence than with protecting a supposedly vulnerable agent.

With the matter in the Justice Department's lap, such critics as New York senator Charles Schumer demanded the appointment of a special prosecutor, claiming that then–attorney general John Ashcroft couldn't oversee the probe because he had a conflict of interest. Even though there was no evidence that the department's career prosecutors were unable to handle the case, Ashcroft and his top deputy, James Comey, quickly gave in to Schumer's demands. Comey appointed his friend in Chicago, Patrick Fitzgerald, as the special prosecutor, and gave him even more powers than the old independent counsels had.

None of this was a profile in courage on the administration's part, but the true insanity of the situation was withheld from the public until years later, when we learned that, long before the Justice Department had appointed Fitzgerald, it knew who had leaked to Novak. Early in the investigation, deputy secretary of state Richard Armitage informed investigators that he had told Novak about Mrs. Wilson (although he left out the fact that he had also leaked to the Washington Post's Bob Woodward). But like the savvy bureaucratic infighter that he is, Armitage kept quiet publicly, allowing the vice president's office to take the heat for something he had done.

So why did Fitzgerald go forward? Maybe someday he'll tell us, but we're not betting on it. Reasonable people can conclude that it was only Scooter Libby's imperfect memory—not willful deception—that gave rise to the charges of lying under oath and obstruction of justice. Among the supporting players—including CIA officials, Bob Novak, Woodward and Walter Pincus of the Washington Post, and Time's Matthew Cooper—no two participants in any conversation about Valerie Plame had the same recollection.

Whatever his motivations, Fitzgerald adopted the discredited Wilson's script and focused his three-year investigation on Cheney, Libby, and Rove—and not, inexplicably, on others. Not on Armitage. Not on Ari Fleischer, either. The recent trial revealed that the former White House press secretary was granted immunity from prosecution, and that he admitted to telling two reporters about Plame's employment. Those reporters were never even questioned. Nor did any charges arise from Fleischer's faulty memory, even though a third reporter (Pincus) testified that Fleischer had told him too about Plame—something that Fleischer denied under oath.

There should have been no referral, no special counsel, no indictments, and no trial. The "CIA-leak case" has been a travesty. A good man has paid a very heavy price for the Left's fevers, the media's scandal-mongering, and President Bush's failure to unify his own administration. Justice demands that Bush issue a pardon and lower the curtain on an embarrassing drama that shouldn't have lasted beyond its opening act.

The Libby Travesty (WSJ)

The Wall Street Journal, March 7, 2007

The word "guilty" had barely crossed the airwaves yesterday in the perjury case of Scooter Libby before critics were calling it proof that President Bush "lied us into war" and demanding that Dick Cheney be strung up next. Maybe now Mr. Bush will realize that this case was always a political fight over Iraq and do the right thing by pardoning Mr. Libby.

The conviction is certainly a travesty of justice, though that is not the jury's fault. The 11 men and women were faced with confusing evidence of conflicting memories in a case that never should have been brought. In the end, they were persuaded more by prosecutor Patrick Fitzgerald's story line that Mr. Libby, a former aide to Mr. Cheney, had lied to a grand jury about what he knew when about the status of CIA official Valerie Plame, the wife of Bush critic Joseph Wilson.

In hindsight, the defense seems to have blundered by portraying Mr. Libby as the "fall guy" for others in the White House. That didn't do enough to rebut Mr. Fitzgerald's theory of the case, and so the jury seems to have decided that Mr. Libby must have been lying to protect something. The defense might have been better off taking on Mr. Fitzgerald for criminalizing political differences.

For that, in essence, is what this case is really all about. We learned long ago -- and Mr. Fitzgerald knew from the start of his probe in 2003 -- that Mr. Libby was not the source of the leak to columnist Robert Novak that started all this. Mr. Libby thus had no

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real motive to cover up this non-crime. What he did have strong cause to do was rebut the lies that Mr. Wilson was telling about the Administration and Mr. Cheney -- lies confirmed as lies by a bipartisan report of the Senate Intelligence Committee in 2004.

Mr. Libby did talk to some reporters about the Administration's case for war in 2003, and he did mention Ms. Plame in some cases. So the jury apparently decided that, when asked about those conversations by the FBI and grand jury, he had lied about his own sources of information about Joe Wilson and his wife. In other words, he has not been convicted of lying to anyone about the case for war in Iraq, or about Mr. Wilson or his wife.

Rather, he has been convicted of telling the truth about Mr. Wilson and Ms. Plame to some reporters but then not owning up to it. One tragic irony is that if Mr. Libby had only taken the Harold Ickes grand-jury strategy and said "I don't recall," he probably never would have been indicted. But our guess is that he tried to cooperate with the grand jury because he never really believed he had anything to hide. This may also explain why Mr. Libby never retained an experienced Beltway attorney until he was indicted.

None of this has stopped critics of the war from trying to blow this entire case into something far larger. Senate Majority Leader Harry Reid hailed the conviction as proof that the White House tried to "manipulate intelligence and discredit war critics." But the charges against Mr. Libby had nothing to do with intelligence, and Mr. Wilson was himself so discredited by summer 2004 that the John Kerry campaign dropped him as a spokesman once the Senate exposed his deceit.

What Mr. Reid and others are doing is showing how much all this really has been about a policy dispute over Iraq. The fact that they are now demanding Mr. Cheney's head is further evidence of the political nature of this entire episode. But it should also be a warning to Mr. Bush and his advisers that they too bear much responsibility for Mr. Libby's conviction.

Rather than confront Mr. Wilson's lies head on, they became defensive and allowed a trivial matter to become a threat to the Administration itself. They allowed Attorney General John Ashcroft to recuse himself and Mr. Fitzgerald to be appointed even though Justice officials knew that Deputy Secretary of State Richard Armitage had been the first official to leak Ms. Plame's name to reporters. Mr. Libby got caught in the eddy not because he was dishonest but because he was a rare official who actually had the temerity to defend the President's Iraq policy against Mr. Wilson's lies.

As for the media, most of our brethren were celebrating the conviction yesterday because it damaged the Bush Administration they loathe. But they too will pay a price for holding Mr. Fitzgerald's coat. The Bush Administration will soon be history, but the damage Mr. Fitzgerald has done to the ability to protect media sources and to the willingness of government officials to speak openly to reporters will last far longer.

Mr. Bush will no doubt be advised to wait for the outcome of an appeal and the end of his Administration to pardon Mr. Libby. We believe he bears some personal responsibility for this conviction, especially for not policing the disputes and insubordination in his Administration that made this travesty possible. The time for a pardon is now.

The Case For A Libby Pardon (WSJ)

By Ronald D. Rotunda

The Wall Street Journal, March 7, 2007

Yesterday, a Washington, D.C. jury found former White House aide I. Lewis "Scooter" Libby guilty on four out of five counts in his trial for perjury and obstruction of justice.

This case began when the White House decided to launch a criminal investigation of who told reporter Robert Novak that Valerie Plame worked for the CIA, where she once held non-official cover status. The Constitution gives the president (according to the Supreme Court in U.S. v. Nixon) the "exclusive authority and absolute discretion to decide whether to prosecute a case."

But there is another power that the Constitution also commits to the president's unreviewable discretion. That is the pardon power, and it is just as important an exercise of executive authority. While post-trial motions or inevitable appeals may eventually overturn the jury verdict, there is no need for the president to wait. In the unusual circumstances of this case, a presidential pardon is appropriate.

That's because, as most people know by now, special prosecutor Patrick Fitzgerald never charged anyone with violating the Intelligence Identities Protection Act of 1982 -- the job for which the Department of Justice appointed him -- after he quickly

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determined that there was no violation of that law. And it is all but certain that, knowing what he knows now, the president would never have even started the process.

After Robert Novak wrote that Valerie Plame worked for the CIA, CIA Director George Tenet requested that the Justice Department start a criminal probe into the leak of Ms. Plame's identity. The CIA insisted that it was vital to discover the source, although Robert Novak said at the time that the CIA "never indicated it would endanger her or anybody else" if he revealed her connection.

What's more, Ms. Plame and her husband reacted to their "outing" in an unusual way. They appeared to revel in the publicity. I have worked with undercover FBI agents and Department of Defense officials whose jobs are classified. They do not pose for photo spreads in Vanity Fair. Unlike Ms. Plame, they do not have pictures of themselves in pajamas published in Time magazine.

The final nail in this case should have come when, right about the time of Mr. Fitzgerald's appointment, former Deputy Secretary of State Richard L. Armitage told the FBI that he was the primary source who revealed Ms. Plame's identity. Mystery solved! The circumstances did not show any violation of the Intelligence Identities Protection Act, so there could be no indictment. But rather than going home, Mr. Fitzgerald asked Messrs. Armitage and Novak to keep that information quiet. He also asked for and received approval to expand his investigation and he kept going -- like the Energizer Bunny.

The whole court case was about memories, not about the importance of classified information, or whether the government properly classified information in the first place. That is because Mr. Fitzgerald never charged anyone with the leak itself.

When the press asked him if Mr. Libby had "outed" Ms. Plame, he said, "I am not speaking to whether or not Valerie Wilson was covert." The original "crime," we now know, did not occur. Mr. Fitzgerald never even introduced any testimony that Ms. Plame's employment was classified.

The trial featured a parade of different memories. What did people say? Should Mr. Libby have remembered a conversation the same way NBC's Tim Russert did? For the crucial conversation, Mr. Russert kept no notes, and was not even sure what time of day the conversation took place. An F.B.I. report said that Mr. Russert said that he could not rule out discussing Ms. Plame with Mr. Libby, but he had no recollection of that. On the stand, Mr. Russert testified that he did not believe he had said that.

He was not alone. Other reporters had confused notes, had lost their notes, or could not remember all that well. Former New York Times reporter Judith Miller, who suffered jail for nearly three months until she disclosed her sources and notes, admitted that she had a weak memory, and testified that she had heard of Valerie Plame's CIA connection from sources other than Mr. Libby.

But if testimony differs, the law allows the jury to look witnesses in the eye and believe one and not the other, even if there is no documentary evidence. That is why perjury is a powerful prosecution tool -- one that was abused here.

Among the unhappy precedents if the Libby verdict stands: Executive branch officials will hide from the press, which is unfortunate because "leaks" can be an important check on all three branches of government. And even innocent officials will not be forthcoming when it comes to cooperation with future prosecutors. ("I don't recall . . .")

Perhaps the worst precedent would be normalizing the criminalization of policy differences. Many of those who loudly demanded Mr. Fitzgerald's appointment -- and who applauded yesterday's verdict -- offered no more compelling reason than that somebody should pay for the Bush administration's decision to go to war in Iraq.

The late Supreme Court Justice Robert Jackson, when he was attorney general, warned that if the "prosecutor is obliged to choose his case, it follows that he can choose his defendants. Therein is the most dangerous power of the prosecutor: that he will pick people that he thinks he should get, rather than the cases that need to be prosecuted."

One wonders if Mr. Libby must go to prison for years to protect the principle that the classified status of a former CIA employee is sacrosanct, even if that employee appears to covet publicity.

Mr. Rotunda, a professor at George Mason University School of Law, was assistant majority counsel to the Senate Watergate Committee.

GOP: Verdict About Libby; Democrats Say It's Bigger (USAT)

DOJ_NMG_0141207

By Richard Willing

USA Today, March 7, 2007

WASHINGTON — Former vice presidential aide Lewis "Scooter" Libby became the highest-ranking Bush administration official to be convicted of a crime Tuesday when a jury found him guilty of perjury and obstruction.

The federal jury convicted Libby, 56, of four of five counts of lying to FBI agents and grand jurors during a probe into how the identity of a CIA officer, Valerie Plame, was leaked to reporters in 2003.

The conviction of Libby, Vice President Cheney's chief of staff until he resigned in 2005, could further burden a White House struggling with a 4-year-old war in Iraq and low poll ratings.

"Most Americans will see (the case) as something bigger, but when you get down to it, it was one case involving one guy," said Ed Gillespie, a former Republican Party chairman.

Democrats, including House Speaker Nancy Pelosi, said the verdict was about more than Libby. It showed the White House's "callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq," Pelosi said.

Libby faces up to 25 years in prison and a possible fine of $1 million. Federal sentencing guidelines permit a judge to sentence Libby to far less time. Sentencing is set for June 5.

Theodore Wells, Libby's chief defense attorney, said he will seek a new trial.

Special prosecutor Patrick Fitzgerald said he was pleased by the verdict. However, "it's sad that we had a situation where a high-level official … obstructed justice and lied under oath."

Libby was the only person charged after Fitzgerald's 22-month investigation.

AUDIO: Defense will seek new trial

The jury of seven women and four men reached their verdict after 10 days of deliberations. They heard 19 witnesses during 14 days of testimony. Libby's claims that he had forgotten many of his conversations about Plame and her CIA affiliation "were just hard to believe," juror Denis Collins said.

White House spokeswoman Dana Perino said President Bush "respected the jury's decision" but was "saddened" for Libby and his family.

Cheney, Libby's former boss, said he was disappointed by the verdict. "Scooter has served our nation tirelessly and with great distinction through many years of public service."

The saga that lead to Libby's conviction started with a July 14, 2003, column by Robert Novak. It named Plame as a "CIA operative" who helped send her husband, former ambassador Joseph Wilson, to the African nation of Niger to investigate claims Iraq had sought uranium there. Wilson had concluded the reports were likely baseless after a February 2002 trip to Niger.

On July 6, 2003, in a newspaper column and a television appearance, Wilson had accused the White House of misleading the nation about Iraq's nuclear program to justify the March 2003 U.S. invasion.

Dems To Bush: Don't Pardon Libby (HILL)

By Elana Schor

The Hill, March 7, 2007

Democratic leaders yesterday called on President Bush to guarantee no pardon for Lewis "Scooter" Libby, hours after the former senior White House aide was convicted on four felony counts for lying to federal investigators who were looking into the leak of an undercover CIA officer's identity.

Vice President Dick Cheney, Libby's former boss, appeared before GOP senators at their weekly policy luncheon without addressing the jury's guilty verdict on four out of five counts of perjury, obstruction of justice and making false statements, according to several lawmakers present. Libby's legal team vowed to appeal, but Senate Majority Leader Harry Reid (D-Nev.) wasted no time in hailing the verdict and challenging the White House.

"It's about time someone in the Bush administration has been held accountable for the campaign to manipulate intelligence and discredit war critics," Reid said, adding that the trial "revealed deeper truths about Vice President Cheney's role in this sordid affair. Now President Bush must pledge not to pardon Libby for his criminal conduct."

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The trial of Cheney's former chief of staff has provided much fuel for Democratic condemnation of the White House's conduct during the early days of the war in Iraq. The new congressional majority squared that circle yesterday, pushing Bush to hold Libby accountable by forgoing a pardon while depicting Libby as "the fall guy," in the words of one juror who spoke publicly after the verdict.

Senate Majority Whip Dick Durbin (D-Ill.) echoed Reid, urging Bush not to consider sparing Libby from the likely three-year prison sentence he faces.

"It sends a terrible message at a time when we are demanding accountability from the generals at Walter Reed … to suggest anyone in our government is above the law," Durbin said.

Democratic National Committee Chairman Howard Dean lent his voice to the chorus of demands for a presidential pledge not to pardon, citing Bush's 2003 vow to "take the appropriate action" against any White House employee found to be involved in the leak of an undercover agent's classified identity.

"While he failed to keep his promise to fire the leaker, he should pledge not to pardon Scooter Libby," Dean said in a statement.

Sen. Mary Landrieu (D-La.) also recalled Bush's 2003 comments, comparing the questions raised by the administration's revealing of undercover CIA officer Valerie Plame Wilson to the questions raised by the administration's response to Hurricane Katrina.

"It would be a serious mistake for the president" to pardon Libby, Landrieu said, "given the pattern of corruption and incompetence that have unfortunately become a hallmark of this administration."

Speaker Nancy Pelosi (D-Calif.) spoke on the verdict, agreeing with Reid on the need for a presidential pardon pledge. Pelosi remarked that testimony by former White House officials at the trial "unmistakably revealed … a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

Sen. Charles Schumer (D-N.Y.), Democratic Caucus vice chairman, was the among the first lawmakers to ask for the appointment of a special prosecutor to investigate how the leak of Plame Wilson's name was tied to comments made by her husband, former ambassador Joseph Wilson IV, a critic of the Bush administration's original rationale for invading Iraq.

"The evidence in the trial made clear that there were many others involved in manipulating intelligence and leaking classified information to intimidate those who were telling the truth," Schumer said in a statement yesterday that made no mention of a pardon. "Yet those others remain unpunished, many staying in their current jobs — that is the real tragedy of this."

Though unnamed by Schumer, Cheney is the principal figure whose involvement in the internal pushback against Wilson was revealed by the seven-weeks-long trial. Cheney offered no public comment yesterday, and White House spokeswoman Dana Perino said the administration policy to withhold comment on ongoing investigations would continue in light of Libby's appeal.

Perino also told reporters that a pardon was "a hypothetical situation" that she had not addressed with the president, declining to rule it out.

When asked about a possible Libby pardon, most Republicans described the current speculation as premature. Sens. Arlen Specter (Pa.), Jeff Sessions (Ala.) and Sam Brownback (Kan.) were among those expressing such a sentiment.

Sen. John McCain (R-Ariz.) had no comment on the meaning or impact of the verdict.

Yet McCain questioned Reid and other Democrats seeking assurances of no amnesty for Libby: "Did any Republicans call on [former President] Clinton not to pardon the aptly named Mr. Rich?"

McCain referred to Marc Rich, a financier who fled to Switzerland in 1983 to escape U.S. imprisonment. Clinton pardoned Rich just before leaving office in 2001.

Sen. Barack Obama (D-Ill.), who shares the brighter spotlight of a presidential run with McCain, released his own statement on the verdict. "Leaks and innuendo in pursuit of a flawed policy lead to shameful episodes such as this. It should never happen again," Obama said.

Sen. Chris Dodd (D-Conn.), another White House hopeful, called the verdict "appalling" in a statement.

Senate Republican Conference Chairman Jon Kyl (R-Ariz.) declined to offer a reaction to the verdict, noting that he considers Libby a friend. Kyl said Democratic demands for Bush to rule out a pardon were attempts to score political points off of Libby's predicament.

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"It speaks for itself," Kyl said. "There's a great Latin phrase: res ipsa loquitur."

Pardoning Libby would be "a Nixonian-caliber mistake" by Bush, said Brent Budowsky, a former aide to the late Sen. Lloyd Bentsen (D-Texas), who was an original author of the law that prohibits disclosure of classified agents' identities.

As the administration begins to assert a case for military action against Iran, Budowsky said, excusing the only official prosecuted in the Plame affair further would compromise the credibility of White House intelligence assertions. Of the political liability for Republicans, he added: "You've got 21 Republican senators up for reelection. Would any of them want to defend a pardon?"

Guess Libby's Pardon Date, Win A T-Shirt (WP)

By Al Kamen

The Washington Post, March 7, 2007

The verdict is in! Now it's time for the In the Loop Pardon Scooter Contest! Yes, simply pick the date that President Bush will pardon Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, who, according to federal sentencing guidelines, is looking at 18 months to three years in the slammer.

U.S. District Judge Reggie B. Walton has set June 5 for sentencing. He has discretion to order Libby immediately to prison or let him stay out until his appeals are exhausted. So, assuming that Bush -- who could pardon immediately if he wanted -- won't allow Libby to spend time behind bars, he might need to act then.

If not, the next likely pardon time would be when the U.S. Appeals Court for the D.C. Circuit announces its decision on Libby's appeal. That can take many months. The court recently has been averaging about 15 months from appeal to decision. By that schedule, it could rule on Libby's appeal in September 2008, right before the election.

If Libby loses the appeal, Walton may decide then to order him to prison. This would make it decision time again for Bush. It's not a squeeze the White House wants to be in.

The best hope for the White House would be if Libby stays out pending appeal and the appeals court doesn't rule until after the election. Then a pardon might come along with the Thanksgiving turkey or around Christmas.

Send your entries -- one date only: month, day and year -- to: intheloop@washpost.com. Ten people closest to the pardon date will receive a coveted In the Loop T-shirt. You must include your name and telephone numbers to be eligible. Deadline is March 14, assuming Bush doesn't act before then.Affirmative Action? Moi?

Maybe it's not Tom Cruise jumping the couch, but Justice Clarence Thomas, in a most unusual interview in the current Business Week, angrily denounces "the media" and the idea that he benefited from what some might call "affirmative action."

The magazine's senior writer, Diane Brady, had barely said "hello" in the justice's chambers in January when Thomas launched into a tirade. "One of the reasons I don't do media interviews is, in the past, the media often has its own script. . . . The media, unfortunately, have been universally untrustworthy" -- no exceptions, it seems -- "because they have their own notions of what I should think or I should do."

Brady, after much effort, got the rare interview because she was writing an article about Thomas's beloved college mentor, the Rev. John E. Brooks, the former president of Holy Cross College, who set out in 1968 to recruit African Americans to the Massachusetts school. Brooks had asked Thomas to see her.

Thomas, despite his view of reporters, talked on and on, unburdening at length about his life, his days at Holy Cross and at Yale Law School and his current job. (See a redacted transcript at http://www.businessweek.com/print/magazine/content/07_11/b4025080.htm?chan=g1)

Brooks, then a dean at the college, went to inner-city Catholic schools, offering scholarships and even driving some kids from Philadelphia to the Worcester campus to have a look. He saw the number of blacks go up from about two per class of 650 a couple years earlier, to 28 entering in 1968.

The extraordinary group, in addition to Thomas, included Ted Wells, I. Lewis "Scooter" Libby's attorney who was named 2006 Lawyer of the Year by the National Law Journal; former New York City deputy mayor and investment banker Stanley E. Grayson; and Eddie J. Jenkins, a former pro football player and now chair of the Massachusetts Alcoholic Beverages Control Commission.

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So this recruitment drive, which in no way amounted to affirmative action but miraculously boosted black enrollment, maybe helped Thomas? Brady asked.

"Oh, no," he said. "I was going to go home to Savannah," after he left a Missouri seminary, "when a nun suggested Holy Cross. That's how I wound up there. Your industry has suggested that we were all recruited. That's a lie. Really, it's a lie. I don't mean a mistake. It's a lie," Thomas said.

Had to be intentional. After all, no reporter would have thought everyone had been recruited when only 27 of 28 were. "I was never recruited," Thomas said. "The others were recruited." Thomas said he got there by "total serendipity. I just showed up. But somebody had to recognize it was a good place to be, and it was a Franciscan nun."

Others in Thomas's group don't seem as bothered by the notion that Holy Cross finally reached out to minority students. Noting his unimpressive SAT scores and unexciting high school grades, Edward P. Jones told BusinessWeek: "Five years earlier, Holy Cross would not have chosen me." Jones, of course, is the Washington native and Pulitzer Prize-winning author of the bestseller: "The Known World."

Thomas said he is working on his memoirs -- he got a $1.5 million advance from HarperCollins a while back, but it doesn't appear he'll be finishing any time soon.

Loop Fans will be able to read "Supreme Discomfort: The Divided Soul of Clarence Thomas," by our colleagues Kevin Merida and Michael A. Fletcher, coming out April 24. Former Baltimore mayor and now Howard University law school Dean Kurt Schmoke says the book "is not a collection of preconceived notions in search of supporting facts."

Thomas, who now sits atop the legal world, also complained of "the exhaustion."

What sort of exhaustion? Brady asked.

"Everything," Thomas said. "Mental. Physical. Spiritual. Just constant change. You just want to slow down. You see people take a walk and you want to, too."

Imagine how he'd feel if he'd been on the court in the 1980s, when they had twice as many opinions to write and arguments to hear as they do now. Then there are those exhausting summers off.Moving On . . .

James Glassman, television pundit, American Enterprise Institute scholar, former editor of Roll Call, former Washington Post columnist and author of books including our favorite -- "Dow 36,000: The New Strategy for Profiting From the Coming Rise in the Stock Market" -- is said to be getting the job of chairman of the Broadcasting Board of Governors, a part-time -- but time-consuming -- gig overseeing the Voice of America, Radio Free Europe, Radio Free Asia, the Middle East Broadcasting Networks and the Cuba broadcasting operation.Exiting the FEC?

Word spread yesterday that Federal Election Commission member Michael Toner will announce his departure today to start an election law practice in town. Toner came to the FEC in 2002 after a stint as chief counsel to the Republican National Committee and as general counsel to the Bush 2000 campaign.

Jurors Wonder Why Others Weren't Also On Trial (USAT)

By Richard Willing

USA Today, March 7, 2007

WASHINGTON — A question occupied the jurors in the trial of Lewis "Scooter" Libby as they sat through 14 days of testimony and deliberated for 10 more days: Why is Libby the only person on trial?

"There was a tremendous amount of sympathy for Mr. Libby on the jury. It was said a number of times: 'What are we doing with this guy here? Where's (White House adviser Karl) Rove? Where are these other guys?' " juror Denis Collins said Tuesday.

"I'm not saying we didn't think Mr. Libby was guilty of the things we found him guilty of. It seemed like he was, as (Libby attorney Theodore) Wells put it, he was the fall guy."

In the end, however, only Libby was charged by special prosecutor Patrick Fitzgerald after an investigation to find out who leaked the identity of a covert CIA officer to reporters in the spring and summer of 2003.

Libby's conviction on charges of "perjury and obstruction of justice is like convicting (mobster) Al Capone of tax evasion," said former State Department official Joseph Wilson. "It doesn't mean no other crimes occurred."

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By the time jurors started deliberating Feb. 21, they and others knew that Libby was far from alone in discussing the undercover CIA role of Wilson's wife, Valerie Plame.

There was former White House spokesman Ari Fleischer, who told reporters that Plame worked for the agency. So did Rove, President Bush's top political adviser. And so did Deputy Secretary of State Richard Armitage.

All were part of Bush administration efforts to defend the White House against Wilson's criticisms. Starting in May 2003 and culminating two months later, Wilson claimed the administration trumped up reports that Iraq had sought uranium from the African nation of Niger.

Wilson was sent by the CIA to Niger in February 2002 to investigate the reports. He concluded that they were likely baseless.

Cheney, jurors were told throughout the trial, was angered by Wilson's claims that Cheney himself had dispatched Wilson and then disregarded his report. Wilson claimed Libby and others disclosed his wife's CIA job as a way of discrediting Wilson.

Deliberately divulging the identity of an undercover CIA officer can be a federal crime. The Justice Department started investigating in fall 2003. Fitzgerald was appointed as a special prosecutor that December because Libby and other top officials were targets.

After 22 months of investigating, Fitzgerald couldn't determine whether anyone had leaked Plame's identity on purpose. What he did find, however, he couldn't ignore, he said Tuesday. He had evidence that Libby, the vice president's top aide and troubleshooter, had lied to investigators. Fitzgerald said he had to bring that case.

Collins said jurors knew of the case's larger stakes, but they focused only on the specific charges.

"This wasn't about the war," said Collins, a former Washington Post reporter. "I don't think anybody really knew what (Libby) did in this administration. He was sort of under everybody's radar."

Instead, Collins said, the jurors had to determine the case's specifics. Did Libby intentionally mislead FBI investigators and a grand jury?

They believed he did.

They didn't believe Libby's claim of faulty memory. In the jury lounge on the federal courthouse's sixth floor, they posted photos of witnesses and 34 pages of summarized testimony that led them to conclude that Libby discussed Plame's identity often during the time he said he had forgotten it, Collins said.

Because so many of the jurors believed Libby was the fall guy, Collins said, he would have "no problem" if Bush decided to pardon Libby.

Bush's Democratic opponents didn't see it that way Tuesday. Senate Majority Leader Harry Reid, D-Nev., said the president "must pledge not to pardon Libby for his criminal conduct."

In a statement released within minutes of the verdict, Reid said, "It's about time someone in the Bush administration has been held accountable for the campaign to manipulate intelligence and discredit war critics." The trial "revealed deeper truths about Vice President Cheney's role in this sordid affair."

Libby 'Pilloried' For Leak, Panel Members Believed (WP)

By Amy Goldstein And Elizabeth Williamson

The Washington Post, March 7, 2007

The jurors who huddled around two pushed-together conference tables for 10 days, meticulously filling 34 pages of facts from the trial on a large flip chart, believed that Vice President Cheney's former chief of staff had been "pilloried" for a CIA leak that other top White House aides had committed along with him, according to one member of the panel.

Still, the juror said yesterday, the jury concluded that I. Lewis "Scooter" Libby had lied to FBI agents and a federal grand jury that investigated the leak. Sifting through mounds of evidence convinced the panel that Libby's memory of conversations with colleagues and journalists was not as faulty as the defense contended.

"We're not saying that we didn't think Mr. Libby was guilty of the things we found him guilty of," said the juror, Denis Collins. "But it seemed like he was . . . the fall guy."

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Collins, an author and ex-Washington Post reporter, was the only one of the seven women and four men on the jury to provide an inside glimpse into the method and thought process that the panel used to find Cheney's former top aide guilty of four felony counts.

Libby's conviction on two counts of perjury, one count of making false statements and one count of obstructing justice stemmed from what he told investigators about his role in disclosing the identity of undercover CIA officer Valerie Plame. Her husband, Joseph C. Wilson IV, a retired ambassador, was sent by the CIA to Africa to assess reports that Iraq had sought to buy nuclear material there.

In the spring and early summer of 2003, Wilson infuriated Cheney and other White House officials by accusing President Bush of twisting his findings to justify the Iraq war. The prosecution contended Libby told reporters that Plame worked at the agency to insinuate that her husband was chosen for the CIA mission because of nepotism.

Collins's detailed description of the jury's deliberations, in public comments and interviews yesterday, suggests that Libby's attorneys made headway with one of the themes they emphasized throughout the case: that the defendant, as lead defense attorney Theodore V. Wells Jr. described it, was made a scapegoat by the White House to protect other presidential aides who were complicit in disclosing Plame's identity to reporters.

During the jury's days of methodical deliberations, "it was said a number of times, 'What are we doing with this guy here?' " Collins told reporters on the steps outside the federal courthouse. "Where's Rove, where's -- you know, where are these other guys?" Collins said, referring to Karl Rove, Bush's top political adviser, and Richard L. Armitage, a former deputy chief of staff who testimony showed had been the first person to leak Plame's name.

Moreover, Collins said, jurors believed that Libby had been carrying out a directive by his immediate boss, Cheney, to "go out and talk to reporters" to tarnish Wilson's reputation. But Collins said jurors stopped short of discussing whether the vice president specifically urged Libby to tell journalists about Plame's CIA job.

Nevertheless, the jury, by Collins's telling, was more strongly persuaded by the prosecution's central contention: It was implausible that Libby could have forgotten his role in finding out and telling reporters about Plame when he met with federal investigators. In particular, Collins said, jurors were struck by the juxtaposition of testimony from former White House press secretary Ari Fleischer and eight hours of audiotapes they heard of Libby's grand jury testimony.

A prosecution witness, Fleischer testified that Libby had told him "hush hush" about Plame over lunch on July 8, 2003 -- a Tuesday. In his grand jury testimony from March 2004, Libby said that Tim Russert, Washington bureau chief of NBC News, told him about Plame during a conversation two or three days later, and that Libby had the impression he was learning about her for the first time. "It was just very hard not to believe how he could remember it on a Tuesday and then forget it on a Thursday," Collins said.

He said jurors thought it was especially implausible that Libby forgot when and how he learned about Plame, given that he repeated that information to other people. "If I tell it to someone else, it's even more unlikely that I would forget it," Collins said.

The 11 jurors who convicted Libby on all but one count were, in several respects, atypical of the District's population. In a city that is heavily Democratic and where attention to politics runs high, the jurors were a largely apolitical group. Under careful questioning during jury selection, Libby's attorneys weeded out members of the large initial jury panel who said they held strong negative views of the Bush administration -- and even ones who said they followed news and politics closely.

In a city that is majority African American, all but two members of the jury -- both women -- were white. In addition, the jury was highly educated, including three members with PhDs.

The jury began its deliberations Feb. 21 with 12 members. But a woman in her 70s who holds a doctorate in art history was dismissed by U.S. District Judge Reggie B. Walton last week after telling fellow jurors that she had been exposed to outside information about Libby -- a violation of the judge's instructions.

The jury chose as its forewoman an accountant who works at the law firm Hogan & Hartson.

According to Collins, the tenor of deliberations was cool. Sitting in armchairs around the conference tables, with an adjacent office for phone calls to home and work, he said: "We were in a cocoon." To begin, the jury members used the large Post-it pages they had procured from the court to detail each witness's testimony, motivation to tell the truth, believability and state of mind.

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"We took about a week just to get all these little building blocks there . . . We reached no decision quickly."

"In the end," Collins said, "what we came up with was that Mr. Libby either was told by or told to people about Mrs. Wilson at least nine times."

After reaching the verdict on the last charge at 11:15 yesterday morning, Collins said the jurors displayed little emotion. But after they filed out of the courtroom slightly more than an hour later, their verdict rendered, several wept as they walked through a corridor toward Walton's chambers for a final meeting with the judge.

Collins said he interpreted the tears as the release of pent-up tension from the long, celebrated trial. "It was not," he said, because jurors were thinking, " 'Oh, we're sorry to see Libby convicted.' "

Members Of A Sympathetic Jury Describe An Emotional But Inevitable Conclusion (NYT)

By Eric Lipton

The New York Times, March 7, 2007

WASHINGTON, March 6 — One juror, Rosemary Russo, a government lawyer, described it as an "emotional" decision that left some jurors in tears.

"I don't think it was an easy decision for any of us," Ms. Russo said. "I think anyone who was in the room when the decision was made saw that the jury was teared up."

But another juror, Denis Collins, a former Washington Post reporter, said that after 10 days of meticulous examination of the evidence, the verdict was inevitable.

"There was no big hammer that came down," Mr. Collins said. "It was just the arithmetic of it became obvious."

As the days passed, the brown-paneled walls of the deliberation room where I. Lewis Libby Jr.'s fate would be decided filled up with photographs of the witnesses and 34 large Post-it notes summarizing every critical piece of their testimony.

Those pieces of evidence became the building blocks leading to the jury's conclusion: that Mr. Libby was guilty of perjury and obstruction of justice.

The two jurors who talked after the verdict described how they came almost reluctantly to the decision, with Mr. Collins saying Mr. Libby had been "the fall guy" for the administration.

But they said it was just too much of a leap for them to think that Mr. Libby's contradictory accounts were the result of a bad memory.

"There was no wiggle room about it, unless you think all these people who work for the administration were lying," said Mr. Collins, who emerged as a de facto spokesman for the 11-member jury and later discussed the verdict in a phone interview.

From early on, he said, he considered Mr. Libby a decent person, worthy of their sympathy. And he wondered why other senior Bush administration officials were not facing trial in the disclosure of a C.I.A. operative's identity.

"Where is Rove? Where are these other guys?" Mr. Collins said, referring to President Bush's senior adviser, Karl Rove. "I wish we weren't judging Libby."

The jury that convicted Mr. Libby was a well-educated group, including an investment banker with a doctorate in economics from the Massachusetts Institute of Technology and the financial manager of a Washington law firm, and their detailed-oriented, collaborative journey through the evidence reflected that.

Inside the deliberation room, two long tables were pushed together and the blinds closed to block the sun, with the jurors only occasionally peeking outside to dream about running out and picking up a hot dog from a cart in the nearby plaza.

The jury agreed not to try to take initial votes of their disposition toward convicting Mr. Libby. Instead, they undertook a laborious review of all the testimony, even grading the witnesses and marking down reasons whether or not to believe what each one said.

"Motivation to tell the truth? Motivation to lie?" Mr. Collins said, recalling the list of questions they went through for each witness. "Believability? State of mind?"

Ari Fleischer, the former press secretary for President Bush, was deemed "credible," Mr. Collins said, given how "brutally honest" he was, since he testified that reporters would not listen to him when he tried to pitch an article that might support the administration's views.

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"Why would he make himself look bad on purpose?" Mr. Collins said of Mr. Fleischer's testimony.

One particularly important focus, Mr. Collins said, was testimony about a conversation Mr. Libby had with Tim Russert, the Washington bureau chief of NBC News. Mr. Libby had said Mr. Russert told him about Valerie Wilson's job with the Central Intelligence Agency around July 10 or July 11, 2003.

Although Mr. Libby acknowledged that he had heard earlier about Ms. Wilson from his boss, Vice President Dick Cheney, he said he had forgotten about it until the July exchange with Mr. Russert, when "it was like hearing it for the first time."

The jury considered carefully the testimony that Mr. Libby's memory was faulty, Mr. Collins said, especially the suggestion from his aide, John Hannah, that he often could not recall, in a single day, who had told him what.

But the nine separate conversations involving eight people who claimed that Mr. Libby had talked about or participated in an exchange about Ms. Wilson with them — at least some before the conversation with Mr. Russert — were just too convincing, Mr. Collins said.

"One of the jurors said, 'If I am told something once, I am likely to forget it,' " Mr. Collins recalled. " 'But if I am told it many times, it is much less likely I will forget it. And if I tell it to someone else, that is even more unlikely.' "

The deliberations progressed with almost no political undertones, Mr. Collins said. In fact, he said, he did not know the party affiliation of any of the other jurors until after they reached their verdict, when three jurors volunteered that they were registered as independents.

There also was no discussion about the subtext of the trial — the decision to go to war against Iraq.

"This was not a question about who can we punish for going to Iraq," said Mr. Collins, 57, a registered Democrat. "We just never allowed ourselves to go there, and I am not going to go there now."

Even though Mr. Libby never testified at the trial, the jury had access to eight hours of his grand jury testimony, which earned him a fair amount of sympathy as they listened to him politely answer questions.

"We are not saying that we did not think that Mr. Libby was not guilty of these things," Mr. Collins said. But he then added, "He was the fall guy. He made bad judgments."

The two main lawyers in the case, Patrick J. Fitzgerald, the prosecutor, and Theodore V. Wells Jr., for the defense, had radically different styles, but both were effective in their own ways, Mr. Collins said.

"They were each just working with what they were given," he said, "and the way it came out we just thought that Fitzgerald was given a lot more, he had a lot more to work with."

Prosecution By Logic Defeats A Defense In Shades Of Gray (NYT)

By Scott Shane

The New York Times, March 7, 2007

WASHINGTON, March 6 — The trial of I. Lewis Libby Jr. played out as a left-brain, right-brain contest, posing the prosecution's just-the-facts appeal to logic against the defense's far more emotional argument about human frailty.

In the end, after a painstaking, 10-day dissection of the evidence, the 11 jurors found the case presented by the prosecutor Patrick J. Fitzgerald inescapable: The well-documented misstatements of Mr. Libby were not those of an innocently forgetful man but of a calculating serial perjurer.

"It got to the point," said Denis Collins, one of the jurors, where "opinion had very little to do with it. You just came to this conclusion that, 'Wow, O.K., here it is right before us.' "

The charges against Mr. Libby, Vice President Dick Cheney's former top aide and alter ego, have unfolded over the last two years as an overwrought Washington opera, rich with White House intrigue, insider journalism and the polarized politics of the Iraq war. But Mr. Fitzgerald successfully persuaded the jury to sweep all that aside and focus narrowly on what he repeatedly called Mr. Libby's lies.

Legal experts said the prosecution team's methodical, unemotional approach had proved especially effective with the unusually well-educated jury.

"This verdict is a remarkable endorsement of the no-nonsense case the independent counsel presented," said Lanny A. Breuer, a veteran Washington trial lawyer who represented President Bill Clinton during impeachment proceedings.

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A jury that deliberates for more than a week often finds itself in a "quagmire," Mr. Breuer said. But that did not happen this time, as the prosecution's repeated emphasis on the nine conversations that Mr. Libby claimed not to recall proved an effective guide for the jurors.

"The government's case was very simple, very matter-of-fact," said E. Lawrence Barcella Jr., a Washington defense lawyer and former prosecutor. "The government argued, 'How could anyone forget all this?' They presented witness after witness, boom, boom, boom, boom."

If the trial never quite rivaled such Washington legal landmarks as the Watergate and Iran-contra cases, it was because in the end neither Mr. Libby nor Mr. Cheney took the stand.

The decision by the defense team, led by Theodore V. Wells Jr., not to call Mr. Libby as a witness may be debated in legal circles for years. The jury heard the defendant's own explanation for his memory problems only on the tape of his 2004 grand jury testimony, where he stressed his huge workload and declared, "I can't possibly recall all the stuff that I think is important, let alone other stuff that I don't think is as important."

But Stanley M. Brand, a defense lawyer in Washington for 25 years, said he would not second-guess the decision not to have Mr. Libby testify. "I think his lawyers believed that whatever thin reed of reasonable doubt they'd created could be dashed on cross-examination if he took the stand," Mr. Brand said.

The prosecution and the defense could hardly have offered a sharper contrast in style. For Mr. Fitzgerald, the evidence was a yes-or-no affair: Mr. Libby lied under oath about his knowledge of Valerie Wilson, an undercover C.I.A. officer whose husband, Joseph C. Wilson IV, had accused the Bush administration of distorting prewar intelligence. Mr. Libby lied, Mr. Fitzgerald said, to avoid any hint that he had broken the law by revealing her secret employment as a spy to reporters while rebutting Mr. Wilson's criticism.

"He had a motive to lie, and the motive to lie matched up exactly with the lie," Mr. Fitzgerald told the jury. "That's where your common sense kicks in."

Mr. Fitzgerald kept his questioning of each witness brief and focused, zeroing in on one or two main points that he wished to highlight for the jury. His Joe Friday manner itself carried a message — that the evidence of Mr. Libby's guilt was strong enough not to need embellishment or protracted explanation.

"Fitzgerald brought a very stripped-down case," said Mr. Brand, the defense lawyer. "He stuck very tightly to his script."

Reviewing the testimony of Tim Russert, the host of "Meet the Press" on NBC and the most important prosecution witness, Mr. Fitzgerald told the jury, "Don't let arguments, don't let distractions take away from your judgment of the witness you saw."

In his summation, Mr. Fitzgerald's associate Peter Zeidenberg repeatedly boiled the case down to mathematics: "Let's add it up. Nine conversations about Wilson's wife with eight different people. Mr. Libby claims to remember none of them."

In place of the black-and-white clarity of the prosecution's presentation, Mr. Wells painted in lavish shades of gray. He stressed nuance and uncertainty, pursuing seeming tangents with inexhaustible curiosity until Judge Reggie B. Walton decided to cut him off.

The defense surprised many, including the judge, by failing to put Mr. Libby on the stand to attest to his own memory lapses. But Mr. Wells, together with his colleague William H. Jeffress Jr., had some success in turning the prosecution's witnesses to their own use, as even a senior C.I.A. officer and a veteran F.B.I. agent admitted to striking lapses of memory.

The defense team tried to bolster the faulty-memory issue with its most important witness, John Hannah, Mr. Libby's former deputy. Describing at length the crucial issues of war and terrorism that consumed Mr. Libby's schedule, Mr. Hannah said his boss had an "awful" memory for who told him what — though Mr. Hannah later conceded that Mr. Libby had an excellent recall for ideas.

Mr. Wells, in his closing argument, made a theatrical appeal to emotion. Mr. Libby "is a good person," Mr. Wells said with a choking sob. "He has been under my protection for the last month. I give him to you."

Courtroom observers questioned whether Mr. Wells might have overshot the mark in that plea to a jury that even during the trial appeared to be quite analytical. Through long and sometimes tedious testimony, the jurors proved attentive, taking notes and passing insightful questions to the judge.

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As much as the spectators, the jury seemed to appreciate the extraordinary window the trial opened on the hidden world where high-level officials interact with reporters, bringing scrutiny that neither group welcomed.

"From the standpoint of how Washington works and the relations between journalists and sources," said Mr. Barcella, who has practiced law in Washington for more than 30 years, "it's been incredibly revealing and incredibly uncomfortable for a lot of people."

Trial's Lesson: Just Take The Fifth (WSJ)

By Jess Bravin And Ashby Jones

The Wall Street Journal, March 7, 2007

WASHINGTON -- With yesterday's conviction, Lewis "Scooter" Libby joins a line of individuals stretching from Alger Hiss to Martha Stewart whose mistake wasn't committing an underlying crime, but lying to investigators.

In pursuing such well-known figures, prosecutors hope to send a message to the meek and mighty alike: Don't lie.

But some lawyers predict Mr. Libby's conviction may send another message: Say nothing at all, invoke the Fifth Amendment privilege against self-incrimination. Ari Fleischer, for instance, the former White House press secretary, took the Fifth and then testified for the prosecution in the Libby case in exchange for immunity.

"Unless your client is in a situation where not testifying will cause them to lose their livelihood, and unless you're certain of what the facts are," there's no reason people under suspicion should talk with authorities, says Marvin Pickholz, a former Securities and Exchange Commission enforcement chief, now at Akerman Senterfitt in New York. "Your best hope is to say nothing," he says.

Prosecutors see high-profile perjury convictions as a significant deterrent, says Alejandro Mayorkas, the former U.S. attorney in Los Angeles. "When you prosecute high-profile individuals like Scooter Libby for false statements, that resonates in the community of potential future witnesses in the sophisticated white-collar arena," making them more likely to heed an attorney's advice to be entirely truthful, says Mr. Mayorkas, now with O'Melveny & Myers. "A lawyer has to be extremely careful to ensure the accuracy of his client's statements before" bringing him to the government or grand jury, he adds.

Still, many under investigation consider it unpalatable to admit wrongdoing or to invite suspicion by pleading the Fifth -- and end up testifying.

David Seide, a former assistant U.S. attorney who has both prosecuted and defended people accused of perjury, says most statements that trip the perjury trap aren't made with calculation, but on the fly. Witnesses who lie often fail to consider potential long-term consequences of trying to put investigators off the scent. Witnesses aren't thinking about how their words will sound two years later, says Mr. Seide, now with WilmerHale in Washington. "You are looking at what you do in real time. What kind of statement do you make? Are you going to confess or not?"

Mr. Seide represented former Bronx, N.Y., borough President Stanley Simon, who was summoned before a grand jury in a 1980s corruption scandal surrounding defense contractor Wedtech Corp. Faced with the choice of testifying or "taking five" -- as attorneys call invoking the Fifth Amendment privilege against self-incrimination -- and seeing that fact become public, Mr. Simon decided to testify. That led to a perjury conviction and a five-year sentence.

Prosecutors have favored perjury charges for philosophical and practical reasons. Many prosecutors find noncooperation or, even worse, outright deception, deeply offensive.

As special prosecutor Patrick Fitzgerald, who is also U.S. attorney for the Northern District of Illinois, said yesterday: "Any prosecutor would tell you -- in my days in New York, in my current days in Chicago -- that we cannot tolerate perjury. ... If people don't come forward and tell the truth, we have no hope of making the judicial system work."

Prosecutors tend to use the threat of a perjury charge to persuade a witness to cooperate with the government against a bigger target. For that reason, the prosecution of a well-known figure such as Mr. Libby stands out; few bigger targets, other than the vice president or president, remain.

Perjury charges are also attractive to prosecutors because it can be easier to nail a suspect for lying than for an underlying crime, as seen in the case of Alger Hiss. An influential aide in President Franklin D. Roosevelt's administration, Mr. Hiss advised FDR at the 1945 Yalta Conference and presided over the San Francisco Conference that created the United Nations.

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In 1948, journalist and former Communist Party member Whittaker Chambers accused Mr. Hiss of belonging to a secret Communist "apparatus" functioning within the U.S. government. Mr. Hiss never was charged with espionage (for which the statute of limitations had passed) or treason, but with perjury after testifying that he hadn't spoken with Mr. Chambers in more than a decade or given him documents. A hung jury failed to convict Mr. Hiss. On retrial, he was found guilty and spent more than three years in prison.

More recently, authorities never developed enough evidence to charge Martha Stewart, founder of Martha Stewart Living Omnimedia Inc., with insider trading after she ordered a questionably timed sale of ImClone Systems Inc. stock. She was convicted instead in 2004 for lying to investigators about the sale's circumstances, bringing her five months in prison.

Such a relatively light penalty shows that while it may be easier to convict a defendant for lying to authorities than for the underlying allegations themselves, perjury isn't taken as seriously as the substantive crime.

And for politically prominent perjurers, redemption by their patrons is always a possibility. After losing his bid for re-election in 1992, President George H.W. Bush pardoned six former Reagan-Bush administration officials facing obstruction or related charges in the Iran-Contra scandal, including Elliott Abrams, who pleaded guilty to withholding information from Congress.

The current President Bush hired Mr. Abrams to serve as deputy national security adviser.

Legal Observers Puzzled By 'Scooter' Libby's Version Of Events (LAT)

By David G. Savage

The Los Angeles Times, March 7, 2007

WASHINGTON — Most legal experts were not surprised Tuesday when jurors convicted I. Lewis "Scooter" Libby on four of five counts of lying to federal investigators.

What puzzled some of the experts were the statements Libby made to investigators about when and how he learned that Valerie Plame was a CIA agent. Libby said NBC reporter Tim Russert told him during a July 2003 phone conversation. At trial, Libby's claim was contradicted by nine witnesses, including government officials, who said he had talked to them about Plame weeks earlier.

"I do not understand why he did that, or what advice of counsel he had. It is a real question in this case. And it defies explanation," said Washington attorney Robert S. Bennett.

From the outset, as legal experts saw it, the case against Libby was simple and straightforward — and hard to defend against.

The problem with Libby's statements to investigators was that he had held meetings and telephone conversations with other reporters, as well as with various government officials, to talk about Plame and her husband, former envoy and Iraq war critic Joseph C. Wilson IV, during the previous month. Two CIA officials, a former State Department official, two former White House spokespersons and several journalists who testified reluctantly about their confidential conversations with Libby told the jury they heard Libby talking about Plame well before he spoke to Russert.

Libby's defense argued that he had simply forgotten about those earlier conversations and had not meant to lie to the FBI.

But Wilson and Plame were not minor figures to White House insiders, nor were they easy to forget. Vice President Dick Cheney and others were furious at Wilson for saying President Bush had falsely claimed in his State of the Union message that Iraqi leader Saddam Hussein had tried to buy uranium in Niger. Wilson based his accusation — which undercut Bush's claim that Iraq was seeking nuclear weapons — on a fact-finding trip he had made to Africa, a trip sponsored by the CIA and arranged in part by his wife.

Moreover, with their client facing charges of deliberately lying to investigators who were probing the leaking of Plame's identity, Libby's lawyers claimed that Cheney's former chief of staff had a faulty memory. At the same time, they said he remembered well that it was Russert who first told him that Wilson's wife worked for the CIA.

Jurors were not persuaded.

"If someone knowingly tells a lie under oath, it is every prosecutor's duty to bring charges," Special Prosecutor Patrick J. Fitzgerald said after the verdict. "We knew Mr. Libby had told a story, and we could not walk away from that."

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Why did Libby tell an implausible story to FBI agents and later to the grand jury? veteran defense lawyers wondered Tuesday.

He may have felt trapped. In July 2003, when the issue of the Plame leak boiled up, Bush said firmly that he wanted to know whether anyone in the White House had leaked classified information. Plame's identity as an undercover agent was classified and secret, Fitzgerald said again Tuesday.

That October, an FBI agent interviewed Libby. At that time, the investigation was an internal matter within the Bush administration. But under pressure from Congress, Atty. Gen. John Ashcroft stepped aside and had his deputy appoint a special prosecutor. He chose Fitzgerald, a U.S. attorney from Chicago with a reputation for doggedness.

By March 2004, when Libby was called before the grand jury, Fitzgerald had witnesses within the White House who could contradict the chief of staff's account.

Since the Watergate scandal of the 1970s, one of Washington's favored cliches has been that it's not the crime but the cover-up that gets officials into trouble.

"This is emblematic of these cases," said Stanley Brand, a longtime defense lawyer. "Smart people go before an investigator and they don't have their facts straight. Maybe he [Libby] believed he could get away with it because the reporters would not talk."

Prosecutor Fitzgerald surprised some in Washington by insisting that journalists who had spoken to Libby would have to talk to him and the grand jury.

Then-New York Times reporter Judith Miller went to jail to protect the confidentiality of her conversations with Libby, and she eventually relented and testified against him.

George Washington University law professor Stephen Saltzburg wondered whether the culture of Washington and the Bush White House might have led to Libby's downfall.

"This administration seems to have had a very difficult time being candid with the American people. Maybe if you get into the habit of saying what you wish things to be — like Iraq's weapons of mass destruction are a 'slam dunk,' or 'We're making good progress in Iraq' — you have a hard time speaking candidly. They may spin the press and the public. Maybe he tried to spin the FBI too," said Saltzburg, a prosecutor during the Iran-Contra probe of the 1980s.

Libby was himself a prominent lawyer, a graduate of Yale University and Columbia Law School. In the 1990s, he represented fugitive financier Marc Rich and helped win for him a pardon from President Clinton.

Now his hopes rest with a successful appeal in the federal courts in Washington or with a pardon from President Bush. There, he has some precedents on his side.

After the Iran-Contra scandal in the Reagan administration, two White House officials — National Security Advisor John Poindexter and his aide Oliver North — were found guilty on several criminal charges. But the U.S. appeals court here overturned their convictions.

And just before leaving office, President George H.W. Bush handed down pardons for several others, including President Reagan's Defense Secretary Caspar Weinberger.

Juror Describes Deliberations That Led To Libby Conviction (LAW)

By Emma Schwartz, Legal Times

Legal Times, March 7, 2007

After nearly 10 days of deliberations, a federal jury Tuesday convicted I. Lewis "Scooter" Libby of four counts of obstruction of justice, perjury and making false statements.

The jury of 11 men and women found the former Bush administration official guilty of obstructing a federal investigation, lying to a grand jury about his July 2003 conversations with NBC's Tim Russert and former Time magazine reporter Matthew Cooper and lying to the FBI about his conversation with Russert. They acquitted him on one other charge of false statements in connection with what he told the FBI about his conversation with Cooper.

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Sentencing is scheduled for June 5. While Libby, 56, faces 25 years in prison, it's more likely he will receive something close to what former White House official David Safavian received after being convicted on four counts of obstruction of justice and making false statements. Safavian received an 18-month sentence.

The Libby verdict was a blow to the Bush administration, which had tried to distance itself of wrongdoing from the start of the federal investigation. Indeed, a juror who spoke to the media after the verdict was delivered said the panel came to believe that Libby was a "fall guy" working at the behest of Vice President Dick Cheney. "The jurors said: 'What are we doing with Libby? Where's [Karl] Rove?'" said the juror, Denis Collins.

At 11:15 Tuesday morning, the jury sent Judge Reggie Walton a note informing him that it had come to a decision. Court was convened 45 minutes later.

In a packed courtroom, the foreperson, an accountant at Hogan & Hartson, took the microphone and, while seated, read the verdict. Most jurors were dressed for the occasion -- the retired math teacher on the jury was wearing a suit -- indicating that they were close to a consensus Monday evening. When the verdict was read, one juror wept. Libby, however, remained impassive. At one point, one of his lawyers, William Jeffress Jr., put his hands on Libby's shoulders.

"We are very disappointed in the verdict of the jurors," Libby attorney Theodore Wells Jr. said in a press conference outside the federal courthouse in Washington. Wells said the defense team will file a motion for a new trial and, if that motion is denied, it would appeal. Wells and Libby took no questions and were swarmed by cameramen as they tried to re-enter the courthouse. "Let us by," Wells said. "We've been good to you."

The investigation stems from claims by former Ambassador Joseph Wilson, who charged in a 2003 op-ed in The New York Times that the Bush administration misled the country into war. He claimed to know that certain intelligence that Iraq sought uranium from Niger was false because he had been sent there to investigate by the CIA. Less than two weeks later, syndicated columnist Robert Novak published an article disclosing that Wilson's wife, Valerie Plame, worked at the CIA and had sent him on the mission. Libby was the only person charged as a result of Special Counsel Patrick Fitzgerald's 2 1/2-year investigation into whether classified information about Plame's CIA employment was illegally leaked to the media.

The four-plus weeks of testimony brought a parade of high-profile witnesses, including Cheney's chief of staff and his national security adviser, CIA officials, former White House press secretaries and Pulitzer Prize-winning journalists. The prosecution took about three weeks to make its case, which pitted Libby's grand jury testimony and FBI statements directly against those of three reporters -- Russert, Cooper and former New York Times reporter Judith Miller. The defense rested after barely three days of testimony without calling two promised witnesses: Libby and Cheney.

In a press conference after the verdict, Fitzgerald said that his investigation was essentially over, and that he didn't expect to seek further charges against anyone in the matter.

He emphasized that when he took over the investigation he had full knowledge that Libby's account conflicted with Russert's.

"We couldn't walk away from that," he said. He added that what Libby did was "harmful to the system, and that was something serious."

ONE JUROR'S ACCOUNT

Collins, 57, a former Washington Post reporter, was the sole juror to give an account of the deliberations. The other 10 jurors declined to speak to the media, but Collins said, after years as a journalist, "I just figured it would be kind of hypocritical for me to walk away."

By his account, jurors gathered each day on the 6th floor of the courthouse, in a room overlooking the D.C. Department of Motor Vehicles. The room had two long tables and a few cushioned seats. When they arrived the first Wednesday afternoon, everyone looked at each other without knowing what to do. "They don't give you a field manual on how to be a juror," he said.

But the jury was a resourceful one, full of methodical panelists who knew how to take charge and break down complicated material into digestible bits. And that is what they did for the first week, gathering large Post-it notes (2 1/2 by 2 feet) with quotes and information concerning the evidence presented. The jury had some meticulous note-takers, Collins said, including one who calculated how many objections had been sustained during Russert's testimony (25 out of 36). For the first week of deliberations,

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the jury made no decisions, took no straw polls, but systematically went through the evidence. They asked: Who told the truth? Who lied? Who do we believe?

The debate was not about the war. It was not about politics. Collins said he didn't even know the politics of most jurors during deliberations. (Although he said he learned this morning that at least three were registered independents.) There were "differences of opinion, but no fistfights," Collins said. (For instance, he said one person thought former White House press secretary Ari Fleischer was a "slick willy," while Collins didn't think Fleischer had any motive to lie.)

At times, of course, the jury grew restless and would occasionally glance outside at a small stand with hot dogs and half-smokes. "It was like we were in a cocoon. I would forget what day it was," he said.

But in the end, Collins said, it simply came down to the facts, which pointed to a single answer: guilty. "Opinion had very little to do with it," he said.

What stood out most to the jury was Libby's account that he was "surprised" when he first learned that Valerie Plame worked at the CIA. "The least convincing thing was that Libby was working so hard that he could forget everything," Collins said.

Looking at the Post-its they had amassed, the jury found that in a short period of time Libby had either been told about Plame's employment, read about it, or told someone else at least nine times. "It seemed very unlikely that he would not have remembered about Mrs. Wilson," he said.

There was, he said, just too much evidence. He singled out the testimony from Marc Grossman, former undersecretary of state, who noted that the information about Wilson's wife was an "interesting tidbit." And Collins said that Cheney's handwritten notes on Wilson's op-ed questioning whether Plame sent her husband on a "junket" stood out.

"It was just very hard not to believe that he could remember on Tuesday and forget on Thursday and then remember two days later," Collins said, echoing the rhetoric Fitzgerald used during trial.

While the jury was inclined to believe that Libby had a bad memory, Collins said John Hannah, Libby's former national security adviser who testified for the defense, seemed to hurt Libby. Hannah testified that Libby had an "awful memory," but jurors found that didn't mesh with his comments that Libby had a strong memory for conceptual issues, Collins said.

But when it came to the count about Libby's statements to the FBI about Cooper, jurors were more skeptical. Their eventual decision to acquit on that charge stemmed from the lack of documentation on Cooper's part. Cooper had no notes to back up that Libby confirmed Plame's identity and there was a passage in Cooper's notes that the defense tried to suggest represented Libby's explanation of the conversation. While jurors weren't absolutely convinced about that passage, those questioned "weighed six ounces" and were enough to create "reasonable doubt," Collins said.

On the whole, though, jurors found the key reporters testifying for the prosecution to be credible, he said. Some even thought the defense attorney's badgering of Miller worked against Libby. "Some said I think she seems nice," Collins recounted.

Jurors put little weight in the parade of journalists that testified for the defense. And even though Libby didn't testify at trial, Collins said the jury felt very good about having eight hours of his grand jury testimony.

Despite their decision, Collins said, "We had tremendous sympathy" for Libby. One juror said he didn't want to be judging Libby. "This sucks," Collins quoted the juror as saying. "The belief of the jury was that he was tasked by the vice president to talk to reporters," he said.

Yet, Collins emphasized, "This wasn't about the war ... This wasn't a question of who can we punish for going into Iraq."

Cheney's Suspected Role In Security Breach Drove Fitzgerald (WP)

By R. Jeffrey Smith

The Washington Post, March 7, 2007

In a small room on the third floor of the D.C. federal courthouse in late March 2004, Special Counsel Patrick J. Fitzgerald stood before I. Lewis "Scooter" Libby and asked him three separate times whether his boss, Vice President Cheney, had discussed telling reporters that Valerie Plame worked for the CIA.

The question was not insignificant for Fitzgerald, who saw his mission as revealing the full chain of events behind the security breach involving Plame's work as an undercover CIA officer. Fitzgerald was unconvinced by Libby's response that even

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though he "may have" had such a conversation with Cheney, it probably occurred after Plame's identity had been revealed in a newspaper column.

Fitzgerald would respond with great frustration in his summation at Libby's trial almost three years later, saying that Libby's lies had effectively prevented him from learning about all of Cheney's actions in the administration's campaign to undermine Plame's husband, Joseph C. Wilson IV, a critic of the U.S. invasion of Iraq.

More than he had previously, Fitzgerald made clear in those remarks that his search for the truth about Cheney was a key ambition in his probe and that his inability to get it was a key provocation for Libby's indictment. Although Cheney was the target, Fitzgerald's investigation could not reach him because of Libby's duplicity.

Fitzgerald's summation explained, in part, why he brought charges based on imperfect evidence against Libby, even though Libby was not a source for Robert D. Novak, the author of the July 14, 2003, newspaper column that outed Plame as a CIA employee.

The jury's verdict addresses Fitzgerald's first conclusion -- that Libby lied deliberately and did not misspeak from faulty memory. But the trial showed that the prosecutor finished his investigation with his mind made up that Libby's account was meant to hide his own involvement as well as to conceal the potential involvement of the vice president.

At the trial's close, Fitzgerald expressed his concern in unusually blunt terms. After Libby's lawyers complained that he was trying to put a "cloud" over Cheney without evidence to back it up, Fitzgerald told the jury on Feb. 20, "We'll talk straight."

There was, he said, "a cloud over what the vice president did" during the period before Novak's column was published, and it was created by testimony about Cheney directing Libby and others at the White House to disseminate information on Wilson and Wilson's criticisms.

"We didn't put that cloud there. That cloud remains because the defendant obstructed justice and lied about what happened," Fitzgerald added.

The notion that Libby was merely a courtroom stand-in for Cheney infuriated Libby's lawyers, who sought in their courtroom statement to defend both men. "Nobody in the office of the vice president is concerned about" Plame, Libby attorney William Jeffress Jr. said in his closing argument. "She never was part of the story they were trying to put out."

Fitzgerald disagreed. He twice used a baseball metaphor to describe what he believes went on in the vice president's office -- at his announcement of Libby's indictment on Oct. 28, 2005, and again during his trial summation. Suppose, Fitzgerald said, you were looking into whether a pitcher had purposely beaned a batter, and if so, why.

"As you sit back, you want to learn why was this information going out. Why were people taking this information about Valerie Wilson and giving it to reporters?" Fitzgerald asked at the 2005 news conference. "What we have when someone charges obstruction of justice is the umpire gets sand thrown in his eyes. He's trying to figure out what happened, and somebody blocked their view."

Randall D. Eliason, a former chief prosecutor of public corruption and fraud in the U.S. attorney's office in Washington, said Fitzgerald "would not have been doing his job" if he had not brought the charges. If "witnesses believe they can lie to the FBI and lie in the grand jury and there will be no consequences, then it becomes impossible to investigate any criminal activity, from terrorism to shoplifting."

Witnesses in the case never presented evidence of illegal actions by Cheney, nor did they ever pin direct responsibility for the leak on him. They presented what some lawyers considered an imperfect picture of Libby's duplicity in pretrial and trial testimony marked by bouts of forgetfulness and hazy recollections of events.

Former New York Times reporter Judith Miller, former CIA official Robert Grenier, NBC News Washington bureau chief Tim Russert and former White House press secretary Ari Fleischer each gave accounts of their interactions with Libby or other journalists that conflicted with their earlier statements or with the recollections of others besides Libby.

"Almost every witness would misspeak on direct [questioning] or left something out of grand jury testimony or got a date wrong," said Ty Cobb, a former assistant U.S. attorney who heads the white-collar criminal defense group at Hogan & Hartson. He expressed skepticism that the case against Libby should have been presented to a jury.

But Fitzgerald's decision to do so may have stemmed from his pique at his inability to get to the truth about Cheney, who appeared in testimony and in White House documents disclosed to the jury as the man behind the screen, pulling the switches

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and levers in what one of Fitzgerald's aides described as an orchestrated "political public relations" campaign to undermine Wilson.

Cheney, Fitzgerald suggested, had both motive and opportunity to run the show: He was deeply angered, even preoccupied, by Wilson's claim that Cheney deliberately exaggerated the threat posed by Iraq's nuclear research. He was the first to tell Libby about Plame's job, and he scrawled a disparaging note about Plame's alleged responsibility for a CIA-sponsored "junket" to Niger that her husband took.

And finally, Cheney was convinced that if "everything" about the Wilson trip was disclosed to reporters, Wilson's credibility would be in tatters.

Libby's grand jury testimony addressed each point. "I'm not sure I would use the word 'ticked off,' but [Cheney] was frustrated" by the public impact of Wilson's critique, a topic that Cheney raised in multiple conversations, Libby said. Cheney directed Libby to interrogate Grenier on the reasons for the Wilson trip; he repeatedly "made comments" about Wilson's wife and mused about her role in arranging a junket; he dictated a set of talking points for journalists that opened with what Fitzgerald portrayed as a proverbial leading question about "who authorized Joe Wilson's trip to Niger."

"The question of who sent Wilson is important," Fitzgerald said. "It is a number one question on the vice president's mind."

Fitzgerald's presentation also called attention to two occasions in which Libby said Cheney instructed him to deal directly with reporters and spelled out what to say -- his meeting on July 8, 2003, with Miller and his telephone conversation four days later with Time magazine correspondent Matt Cooper. In both, Libby mentioned Plame's employment at the CIA.

Fitzgerald's concerns were heightened by Libby's reply to a question about when he and Cheney first discussed Plame's CIA employment. "I think it was after the [July 6] Wilson column," which accused the White House of lying about the justification for the Iraq war, Libby told the grand jury.

But then he added: "I'm sorry, I don't mean the Wilson column, I'm sorry. I misspoke. I think, I think it was after the [July 14] Novak column," which disclosed Plame's name. He and Cheney had discussed other Wilson-related matters in the intervening period, Libby said, but not "that part about the wife."

Fitzgerald, in his summation, said he found this explanation incredible. He said Cheney referred to Plame in a note he inscribed on Wilson's column and noted that over the next two days, Libby raised the issue of her CIA employment with three others: Miller, Fleischer and Cheney aide David Addington. "If you think that's a coincidence, well, that makes no sense," Fitzgerald said.

He also called the jury's attention to the fact that Libby disclosed to Cheney his statement to the FBI that he learned about Plame's employment from Russert, which Russert later disputed. "The only person he told was the vice president. Think about that," Fitzgerald said.

Libby's false account of events, he added, was meant to serve as a "blocker . . . to cut off all those conversations with people, including the vice president." There is, Fitzgerald said, "a cloud over the White House as to what happened. Don't you think the FBI, the grand jury, the American people are entitled to a straight answer?"

Fitzgerald said at a news conference yesterday that Libby, "by lying and obstructing justice, harmed the system. And that was something serious. And that's the point we made to the jury, and obviously the jury agreed."

Libby Conviction Clears Way For Plame, Wilson Civil Suit (WT)

By Shaun Waterman

The Washington Times, March 7, 2007

The perjury conviction yesterday of former White House official I. Lewis "Scooter" Libby Jr. clears the way for a civil suit against him by former CIA agent Valerie Plame and her husband.

Libby was convicted of lying to investigators probing the leak of Mrs. Plame's identity in the wake of her husband's criticism of White House handling of pre-Iraq war intelligence, although Libby neither committed nor was charged with committing the leak.

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Mrs. Plame and her husband, Joseph C. Wilson IV, sued Libby; his boss, Vice President Dick Cheney; and senior presidential adviser Karl Rove in July, saying the officials had violated their constitutional rights as part of a plot to retaliate against Mr. Wilson and discredit his criticism.

According to the lawsuit, the three officials, along with others not named, "reached an agreement to discredit, punish and seek revenge against the plaintiffs that included, among other things, disclosing to members of the press plaintiff Valerie Plame Wilson's classified CIA employment."

The lawsuit has been on hold during the Libby prosecution, but legal scholars say the conviction clears the way for it to be heard.

"Certainly if Libby had been acquitted, it would have been very damaging to the civil case," said Jonathon Turley, professor of law at George Washington University Law School.

Some of the facts that emerged from the criminal trial are relevant to the civil case, attorneys said. Officials testified to the close involvement of Mr. Cheney in the White House effort to respond to Mr. Wilson's criticism and his enlistment of other officials, including fellow defendant Mr. Rove, in the effort.

Testimony in the case also confirmed that Libby spoke with several reporters about Mrs. Plame's CIA employment.

On the other hand, it also became clear that contrary to what the lawsuit charges, neither Libby nor anyone else in the White House had been the source of the original leak to columnist Robert Novak, which came from State Department official Richard L. Armitage.

Melanie Sloan, Mrs. Plame's attorney and executive director of the nonprofit Citizens for Responsibility and Ethics in Washington, said the civil case would "provide the American public with its only opportunity to hear directly from Cheney, Libby, Rove and Armitage about what really took place behind the scenes after Joe Wilson exposed the truth about the administration's justification for the Iraq war."

The three defendants have argued that, as government officials, they are immune from being sued. It is the same grounds on which President Clinton sought unsuccessfully to quash Paula Jones' lawsuit.

Mr. Turley said Mr. Cheney and the others have a much better case than Mr. Clinton did. "Clinton's argument verged on the frivolous," he said, because the president was "clearly using his official immunity in a personal matter."

Mr. Cheney, Mr. Rove and Libby can argue that they were carrying out government policy and therefore deserve civil immunity, Mr. Turley said.

Trying Times For Wilsons, Too (WP)

By David Montgomery

The Washington Post, March 7, 2007

Joe Wilson was at the Bombay Club, two blocks from the White House, waiting to have lunch shortly after noon yesterday with a friend and former National Security Council staffer, when his BlackBerry rang. It was his wife. She skipped right over "Hello."

"Four out of five. Guilty," Valerie Plame Wilson said evenly.

"There you go," Wilson recalls responding, with the same understatement.

He did not, he says, let out a whoop and dash around the swank Indian restaurant exchanging high-fives. But the conviction of I. Lewis "Scooter" Libby was a vicarious victory for the couple, the close of a chapter in their 3 1/2 -year struggle to hold government officials to account for what they say was a smear campaign against them and a coverup of bogus reasons for taking the nation to war.

And it was the beginning of a busy, blurry day for Joe Wilson, the former acting ambassador to Iraq, whose 2002 report debunking claims that Saddam Hussein sought nuclear materials from Niger started the whole drama.

"I don't take any satisfaction in other people's trials and tribulations," Wilson said. "I would hope that the administration would learn from this that the abuse of the public trust to engage in personal political vendettas is inappropriate."

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And yet he was definitely in a good mood. As he told NBC during an afternoon round-robin marathon of interviews in the offices of his lawyers, "I think we will sleep better tonight, knowing the jury has done its job and knowing Mr. Libby is a convicted felon." And his wife? "She wept," Wilson said later.

That BlackBerry call cut short his lunch, and Wilson went home to change into a double-breasted gray suit, raspberry tie and black ankle-high boots. Then he reported to the spare office suite at the corner of 14th and I streets NW that is home to Citizens for Responsibility and Ethics in Washington, the legal watchdog group handling the Wilsons' civil suit against Libby, Vice President Cheney, presidential aide Karl Rove and former deputy secretary of state Richard Armitage.

If this trial has provided evidence of just how expertly the administration could command the press's attention, it also has offered new media ops for this administration archnemesis.

First came the teleconference with print and radio reporters, then three offices in the suite were cleared for TV crews to set up. The space filled with filtered lights, cables snaking under doors, equipment dollies and a rotating cast from various networks.

Wilson drifted between the rooms, his suit coat open, holding a cup of water, giving an interview in one room while crews were setting up in the other two. There was a smile on his face. It was not a gloating smile, but it was a smile of great contentment.

As for who might play him and his wife in the Hollywood movie that's reportedly in the works, he said, "I only ask that Jack Black be cast in a role other than that of Joe Wilson."

With his affect of courtly cheer and his silver hair swept long in back, he looked every bit the cosmopolitan free spirit who at the height of the flap appeared in a Vanity Fair photo spread with his wife, all glammed up. But sitting down to answer the same questions again and again, now professorial in his spectacles and his prim white pocket square, he stuck to a solemn, almost melodramatically constitutional message.

"We really see this as a reaffirmation that this is a nation of laws," he said. "We live in a great democracy. That was demonstrated by this trial and the verdict, that no man is above the law.

"If you take the time to look at the testimony, it makes very clear the extent to which senior officials within this administration embarked on a disinformation campaign, the justification of which was to cover up the lies they said in the first place. And the methodology used was to engage in an unprecedented smear campaign, which would have succeeded had it not been illegal to divulge the name of a covert officer."

But Libby was convicted only of lying, and no one was convicted of that other stuff.

"Al Capone was convicted of tax evasion," came the practiced argument. "That doesn't mean he wasn't a racketeer."

The formerly classified woman, Valerie Plame Wilson, was nowhere to be seen. She was at their home in the Foxhall neighborhood, Wilson said, putting the finishing touches on her book and taking care of their 7-year-old twins. The family plans to move shortly to New Mexico.

Arguments on the Wilsons' civil suit are scheduled for May in U.S. District Court. The couple are seeking unspecified monetary damages from the four officials for violating their constitutional rights by allegedly retaliating against them. Wilson and Melanie Sloan, executive director of the legal group, said they want to hold officials accountable and use the discovery process to expose government actions in the run-up to war.

The couple, as Joe Wilson pointed out, "served our country for a combination of 45 years." He was acting ambassador to Iraq when Saddam Hussein invaded Kuwait; his lunch partner yesterday was the one who notified him of the invasion. Wilson was later named ambassador to two small African nations by George H.W. Bush, who had hailed his courage in sheltering and helping to free U.S. citizens in Baghdad before the Gulf War started. He also served as senior director for African affairs in the Clinton White House.

Hearing that President Bush had expressed sympathy for Libby, Wilson called on the president to "express his sorrow to my wife, whose career was destroyed."

He also said, "The president ought to live up to his word and fire Mr. Rove."

One part of Wilson's message evolved over the day, his attitude toward a possible presidential pardon for Libby. In the teleconference he said, "I'm a firm believer in the Constitution, which accords the president the power of pardon."

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In later interviews he said, "On reflection," Bush had a conflict of interest, and so "there's no place in a case like this for the use of a presidential pardon."

Last night he was scheduled for three more network appearances, with Keith Olbermann, Larry King and Anderson Cooper.

As the afternoon was winding down, a law-firm staffer said a radio producer had called seeking a morning interview. Not possible.

"I'm supposed to be doing something with Diane Rehm tomorrow," Wilson said.

But for now, he was going back home to take an aspirin.

The conviction of Scooter Libby was giving Joe Wilson a headache.

The Libby Verdict (WP)

The Washington Post, March 7, 2007

The serious consequences of a pointless Washington scandal

THE CONVICTION of I. Lewis Libby on charges of perjury, making false statements and obstruction of justice was grounded in strong evidence and what appeared to be careful deliberation by a jury. The former chief of staff to Vice President Cheney told the FBI and a grand jury that he had not leaked the identity of CIA employee Valerie Plame to journalists but rather had learned it from them. But abundant testimony at his trial showed that he had found out about Ms. Plame from official sources and was dedicated to discrediting her husband, former ambassador Joseph C. Wilson IV. Particularly for a senior government official, lying under oath is a serious offense. Mr. Libby's conviction should send a message to this and future administrations about the dangers of attempting to block official investigations.

The fall of this skilled and long-respected public servant is particularly sobering because it arose from a Washington scandal remarkable for its lack of substance. It was propelled not by actual wrongdoing but by inflated and frequently false claims, and by the aggressive and occasionally reckless response of senior Bush administration officials -- culminating in Mr. Libby's perjury.

Mr. Wilson was embraced by many because he was early in publicly charging that the Bush administration had "twisted," if not invented, facts in making the case for war against Iraq. In conversations with journalists or in a July 6, 2003, op-ed, he claimed to have debunked evidence that Iraq was seeking uranium from Niger; suggested that he had been dispatched by Mr. Cheney to look into the matter; and alleged that his report had circulated at the highest levels of the administration.

A bipartisan investigation by the Senate intelligence committee subsequently established that all of these claims were false -- and that Mr. Wilson was recommended for the Niger trip by Ms. Plame, his wife. When this fact, along with Ms. Plame's name, was disclosed in a column by Robert D. Novak, Mr. Wilson advanced yet another sensational charge: that his wife was a covert CIA operative and that senior White House officials had orchestrated the leak of her name to destroy her career and thus punish Mr. Wilson.

The partisan furor over this allegation led to the appointment of special prosecutor Patrick J. Fitzgerald. Yet after two years of investigation, Mr. Fitzgerald charged no one with a crime for leaking Ms. Plame's name. In fact, he learned early on that Mr. Novak's primary source was former deputy secretary of state Richard L. Armitage, an unlikely tool of the White House. The trial has provided convincing evidence that there was no conspiracy to punish Mr. Wilson by leaking Ms. Plame's identity -- and no evidence that she was, in fact, covert.

It would have been sensible for Mr. Fitzgerald to end his investigation after learning about Mr. Armitage. Instead, like many Washington special prosecutors before him, he pressed on, pursuing every tangent in the case. In so doing he unnecessarily subjected numerous journalists to the ordeal of having to disclose confidential sources or face imprisonment. One, Judith Miller of the New York Times, lost several court appeals and spent 85 days in jail before agreeing to testify. The damage done to journalists' ability to obtain information from confidential government sources has yet to be measured.

Mr. Wilson's case has besmirched nearly everyone it touched. The former ambassador will be remembered as a blowhard. Mr. Cheney and Mr. Libby were overbearing in their zeal to rebut Mr. Wilson and careless in their handling of classified

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information. Mr. Libby's subsequent false statements were reprehensible. And Mr. Fitzgerald has shown again why handing a Washington political case to a federal special prosecutor is a prescription for excess.

Mr. Fitzgerald was, at least, right about one thing: The Wilson-Plame case, and Mr. Libby's conviction, tell us nothing about the war in Iraq.

A Libby Verdict (NYT)

The New York Times, March 7, 2007

There will be a great deal written and said in coming days about the frustrations of the Scooter Libby verdict — that it did not tell us whether someone deliberately blew Valerie Plame Wilson's cover or erase serious concerns about the prosecutor's abuse of the First Amendment. Let's focus first on what the verdict does say.

One of the most senior officials in the White House, Lewis Libby, the chief of staff for Vice President Dick Cheney, was caught lying to the F.B.I. He appears to have been trying to cover up a smear campaign that was orchestrated by his boss against the first person to unmask one of the many untruths that President Bush used to justify invading Iraq. He was charged with those crimes, defended by the best lawyers he could get, tried in an open courtroom and convicted of serious felonies. Mr. Libby walked freely out of the court, had his say in public and will be allowed to appeal.

It was another reminder of how precious the American judicial system is, at a time when it is under serious attack from the same administration Mr. Libby served. That administration is systematically denying the right of counsel, the right to evidence and even the right to be tried to scores of prisoners who may have committed no crimes at all.

And although we still do not know the answer to the original mystery, the case provided a look at the methodical way that Mr. Cheney, Mr. Libby, Karl Rove and others in the Bush inner circle set out to discredit Ms. Wilson's husband, Joseph Wilson IV. Mr. Wilson, a career diplomat, was sent by the State Department in 2002 to check out a British intelligence report that Iraq had tried to buy uranium from the government of Niger for a secret nuclear weapons program. In his 2003 State of the Union address, Mr. Bush said: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

In July 2003, Mr. Wilson wrote in an Op-Ed article in The Times that what he had found did not support that claim. The specter of a nuclear-armed Iraq was central to Mr. Bush's case for rushing to war. So, the trial testimony showed, Mr. Cheney orchestrated an assault on Mr. Wilson's credibility with the help of Mr. Libby and others. They whispered to journalists that Mr. Wilson's wife worked at the C.I.A. and that nepotism was the reason he had been chosen for the trip.

That is what we know from the Libby trial, and it is some of the clearest evidence yet that this administration did not get duped by faulty intelligence; at the very least, it cherry-picked and hyped intelligence to justify the war. What Mr. Wilson found, and subsequent investigations confirmed, was that there was one trip in 1999 — not "recently," but four years before Mr. Bush's statement — by an Iraqi official to Niger and that during that trip, uranium was never discussed.

What we still do not know is whether a government official used Ms. Wilson's name despite knowing that she worked undercover. That is a serious offense, which could have put her and all those who had worked with her in danger. We also do not understand why the federal prosecutor, Patrick Fitzgerald, chose to wage war with the news media in assembling his case, going so far as to jail a Times reporter, Judith Miller, for refusing to reveal the name of a confidential source.

The potential damage from that decision remains of real concern. But it was still a breath of fresh air to see someone in this administration, which specializes in secrecy, prevarication and evading blame, finally called to account.

Not All Sources Are Equal (NYT)

By Anthony Lewis

The New York Times, March 7, 2007

THE conviction yesterday of I. Lewis Libby Jr. on perjury and other charges, after a trial with a parade of press witnesses, leaves a legacy of intensified concern about legal proceedings that force journalists to disclose confidential sources. It is a legitimate and urgent concern. Without the ability to promise confidentiality, the press would have been unable to report notorious abuses of government power from Watergate through the Bush administration's violations of fundamental rights in the "war on terror."

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But it is much easier to see the danger than to agree on a way to stop it. That is because there are compelling interests on both sides of the problem, as many in the press are loath to admit.

Consider libel. In its 1964 decision, New York Times v. Sullivan, the Supreme Court held that public officials (and, by a later decision, public figures) could not recover damages in a libel suit unless they proved that someone had published a falsehood about them knowingly or recklessly. The court defined recklessly to mean that the author of the falsehood was aware of its probable untruth. That gave the press enormous protection.

Suppose that a federal shield law — the kind of statute that many in the press have been urging Congress to enact — gave journalists an absolute right not to disclose confidential sources. Then a reckless journalist could write that according to a confidential source, a cabinet member had taken a bribe or a Hollywood star had sexually abused a child actor — and the victim of the article would be unable to show that the source was biased or that the reporter had misused the information. The victim would effectively be barred from recovering damages for the grave injury to his or her reputation.

These are not fanciful possibilities. Think about the case of Wen Ho Lee, the government scientist who was described in various press reports as a spy for China. He was arrested, charged with 59 felony counts and held in solitary confinement for nine months. Eventually the government dropped all the counts but one, a charge that he had mishandled information retroactively classified as "secret" after he was fired, and he pleaded guilty to that. The judge who accepted the plea apologized to Mr. Lee and said officials had "embarrassed our entire nation."

Wen Ho Lee sued the government for violation of his privacy in leaks to the press. The Boston Globe said in an editorial that the leaks came from an official "with a reputation for right-wing zealotry and racist behavior." But when reporters were subpoenaed and asked to name their sources, they understandably resisted.

In that situation, would it have been right for the journalists to have an absolute privilege against having to testify? Then Mr. Lee would have had no recourse. I do not think a decent society should give that answer.

The remedy in such a civil case is not to put reporters in jail in order to force them to testify. It is, rather, to make the press pay for the injury it caused. And that is what actually happened in the Lee case. Five news organizations, including The Times, agreed to pay Wen Ho Lee $750,000 altogether — which they said was not to compensate him for his injury but to protect their journalists and the right to confidential sources. And the government contributed $895,000 toward Mr. Lee's legal fees.

I do not think the press can have both the Sullivan decision and a privilege not to testify in civil cases. Otherwise the decision would be a license for reckless or even deliberate falsification, which the author of the Sullivan opinion, Justice William J. Brennan Jr., certainly did not favor.

Criminal prosecutions raise different problems. Prosecutors used to shy away, generally, from pressing journalists to name sources. But lately they are doing so with increasing frequency. Why? Perhaps because the press does not have as much support in public opinion as it used to. Whatever the reason, the danger of crippling the investigative function of journalism is increasing.

Congress seems unlikely to give the press what it wants, an absolute shield against having to testify in federal cases. To increase the chance of passage, it has been suggested that shield legislation include an exception allowing journalists to be subpoenaed when there is an imminent threat to national security.

That exception seems to me to invite trouble. The most important press disclosures in our time have had to do with what the government claims is national security: The New York Times's disclosure of President Bush's order to wiretap without warrants in violation of law, for example, and The Washington Post's reports about secret Central Intelligence Agency prisons.

The government is always quick to claim that the national security sky will fall if a story is published. It did so, notoriously, in the Pentagon Papers case. And judges are too often overawed by such claims. A recent example was the shameful decision by the United States Court of Appeals for the Fourth Circuit that the doctrine of "state secrets" barred a man who showed convincingly that he was kidnapped and abused by the C.I.A. from suing.

There is also the possibility that a criminal defendant, rather than the prosecution, will ask for a journalist's testimony. If that testimony might in fact be helpful, should the law allow the journalist to be silent and the defendant to be convicted? Even if the press had an absolute privilege, I think the courts would free the defendant because he was denied a fair opportunity to make his defense.

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Or consider the recent case of two San Francisco Chronicle reporters who quoted documents from a grand jury investigating drug use by major league baseball players. The reporters refused to disclose their source for the documents, but were saved from jail when federal prosecutors unearthed the source themselves. He was a lawyer who had represented defendants indicted by the grand jury — and who had then demanded that the charges against his clients be dismissed when the story based on his leak appeared. Do we want to protect that kind of trickery? Surely, many journalists would not.

THOSE are some of the conflicting interests at stake on the issue of a testimonial privilege for the press. Can Congress figure them all out in a qualified privilege statute specifying in detail when journalists should have a privilege? I doubt it. I think a statute will have to leave the balancing of interests to be done by judges, case by case.

One respected judge, David Tatel of the United States Court of Appeals for the District of Columbia Circuit, has made a wise proposal. It is that the courts use their power to define privileges — a power affirmed by statute — to give a qualified privilege to journalists.

Judge Tatel's proposal is aimed at the typical leak case: when a federal prosecutor is trying to find the source of a leak and subpoenas journalists. Judge Tatel suggests that a judge in this situation should weigh the public interest in the leaked material against the damage alleged by the government. If the leak were, say, the fact of the government's lawless wiretapping, it is easy for me to see that the public interest should prevail.

Judges are not always wise. But in our system they are the ones we trust to weigh acutely conflicting interests. In the wake of the Libby case, Congress should pass legislation that makes clear the public interest in journalists' confidentiality but leaves it to judges to weigh that against other social necessities.

A Case Of Bad Ink: Portrait Of Media Is Not So Flattering (WP)

By Howard Kurtz

The Washington Post, March 7, 2007

The parade of high-profile Washington journalists who took the stand in the Lewis "Scooter" Libby perjury case were not on trial. But few would dispute that the proceedings, which ended with Libby's conviction on four of five counts yesterday, gave their profession a black eye.

When Vice President Cheney's chief of staff and other top administration officials wanted to neutralize a critic by disclosing his wife's role at the CIA, they turned to some of the capital's most prominent chroniclers, who -- under longstanding local custom -- promised the leakers anonymity.

"There is an all-too-unsettling nexus between the political and media elite," says Jim Warren, a Chicago Tribune managing editor. "This was a nice little window into the mutual obsession with one another. There's the infatuation with power which we all have and which was vividly underscored, especially those of us at elite institutions."

Jackie Judd, who covered the Monica Lewinsky investigation for ABC News, says the tight relationship between journalists and their sources seems to survive each passing scandal.

"We're always used," says Judd, now with the Kaiser Family Foundation. "Someone always has a motivation for talking to a reporter. . . . This was an obvious case of the administration trying to use reporters to do a smear job on Joe Wilson and his wife."

The case, in which special prosecutor Patrick Fitzgerald forced journalists to testify by using the threat of prison, was also a setback for media arguments that such testimony jeopardizes important newsgathering. "We do not think that what Libby was telling reporters was whistle-blowing," Fitzgerald said yesterday, adding that subpoenaing journalists "should be a last resort."

In their dealings with journalists, top administration officials were shielded by a curtain of anonymity so opaque that Libby asked Judith Miller, then a New York Times reporter, to identify him only as a "former Hill staffer," then was disappointed when she failed to write a story. Such pledges of anonymity helped mask efforts, orchestrated by Cheney, to neutralize Wilson's criticism of the administration's claims that Saddam Hussein was pursuing illicit weapons.

The one plus for the media in Libby's conviction involved Tim Russert, NBC's Washington bureau chief, since the case turned on his credibility. The Libby defense was built around his contention that he learned about CIA operative Valerie Plame from Russert and, therefore, believed it was widely known, but the "Meet the Press" host insisted that it never came up in their conversation. The jury believed Russert.

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The searing spotlight on how reporters do their jobs was less than flattering. Miller said she lost one of her notebooks and couldn't remember the names of the other sources she said had told her about Plame. Former Time correspondent Matt Cooper, who wrote a piece questioning whether the administration had "declared war" on Wilson, had trouble deciphering his own notes. Bob Woodward, the Washington Post editor and author, apologized to his boss for failing to disclose for more than two years that former deputy secretary of state Richard Armitage had told him about Plame.

Russert was pressed on why he was willing to tell an FBI agent about his conversation with Libby but balked at a prosecutor's subpoena. And syndicated columnist Robert Novak, the man who outed Plame, refused to say for three years whether he had even testified in the case, before it emerged that he had talked to Fitzgerald.

"We all saw how sloppy reporters can be in their note-taking," says Jeralyn Merritt, an attorney and blogger who covered the trial for her Web site TalkLeft. "When you hear them say, 'I don't recall, I don't recall' when asked about their notes for an article, you wonder about their accuracy."

There was considerable sympathy for Miller when she went to jail for 85 days. But when Miller, like other journalists in the case, later testified under a waiver of confidentiality granted by Libby, many analysts wondered just what the First Amendment battle had been about.

"Fitzgerald has created a terrible precedent here with his use of waivers to force [journalists] to testify," says Byron York, who covered the trial for National Review. "That's got to have a chilling effect." He says an "air of coercion" surrounded the ostensibly voluntary waivers from administration officials.

Russert said on NBC last night that he is "concerned we not create a pattern" of journalists being compelled to testify, "but when you are called, you tell the truth."

Bob Zelnick, a Boston University journalism professor, sees "a self-inflicted wound by the mainstream media," which greeted the 2003 Novak column that disclosed Plame's secret CIA connection with "howls of outrage" and demands for investigation. The uproar led to Fitzgerald's appointment.

"Fitzgerald was overzealous," Zelnick says, and "the effect is serious and adverse. It's going to take a long time for reporters and their sources to figure out how to deal with each other in a way that doesn't risk contempt citations and imprisonment." At the same time, Zelnick says he couldn't have broken the stories he did as a Pentagon reporter without relying on unnamed sources.

The administration's selection of reporters to leak to was carefully choreographed. Washington Post reporter Walter Pincus, who covers national security, testified that then-press secretary Ari Fleischer "swerved off" during a conversation and told him about Plame. Libby testified that Cheney "instructed me to go and talk to Judith Miller and lay this out for her," using previously secret information that Cheney had President Bush declassify.

"It's very troubling that there's this cabal," says Merritt, who criticized Miller's 2002 and 2003 reports on whether Iraq had weapons of mass destruction, some of which turned out to be wrong. "It's not so much that administration officials share information with reporters. It's that they pick reporters who they think are going to spin it their way."

Although the controversy involved the White House and the case for war, reporters at every city hall and statehouse in the country face a similar dilemma: How can they cultivate the right people to get scoops without compromising their independence?

"Editors so prize access and the fruits of that access that we don't stop often enough to think 'Is so-and-so getting too close to the people he covers?' " says the Tribune's Warren. "It could be the person at the cop shop in town."

If there's one saving grace for the news business, it's that much of the public long ago tuned out the intricate case. "My guess," Judd says, "is there's not a huge amount of interest in this story outside the Beltway."

Computer Profs Urge Independent Investigator In Teacher Porn Case (AP)

AP, March 7, 2007

HARTFORD, Conn. --Nearly 30 Connecticut computer science professors have signed a letter urging an independent investigation in the case of a Norwich substitute teacher convicted of exposing her students to pornography on a classroom computer.

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The professors, from eight Connecticut colleges and universities, took out an ad in Tuesday's Hartford Courant on behalf of Julie Amero, a 40-year-old Windham resident with no prior criminal record.

Amero was convicted in January of four counts of risk of injury to a minor and faces up to 40 years in prison when she is sentenced March 29.

While prosecutors insist she is guilty, some experts believe that the lewd images were caused by unseen spyware and adware programs, which critics call one of the top scourges of the Internet.

Amero, who claims to have little experience with computers, has become a cause celebre for technology experts around the country who say she is the victim of a miscarriage of justice that could happen to anyone.

"The Julie Amero case has created outrage in Internet forums and among computer experts all over the country," the professors wrote in their ad, which was titled "An Open Letter to Chief State's Attorney Kevin T. Kane."

The 28 professors who signed the letter advocate a suggestion from Mark Rasch, former chief of the U.S. Department of Justice cyber crime unit, that an independent investigator be brought in to look at the case.

Kane's office declined comment Tuesday.

The case started in October 2004, when Amero was assigned to a class of seventh-graders, a few of whom had been looking at a Web site on hair styles. Amero says that after class started, pornographic images started popping up on the computer screen by themselves and she could not stop them. She says she was under strict orders to leave the computer on.

Prosecutors say Amero clicked on to graphic Web sites and failed to prevent children from seeing pornography. Amero says she did not click on the Web pages and that inappropriate images were from adware, which can generate pop-up ads.

Amero and her supporters say the old computer lacked firewall or antispyware protections to prevent inappropriate pop-ups.

In '05 Investing, Obama Took Same Path As Donors (NYT)

By Mike Mcintire And Christopher Drew

The New York Times, March 7, 2007

Less than two months after ascending to the United States Senate, Barack Obama bought more than $50,000 worth of stock in two speculative companies whose major investors included some of his biggest political donors.

One of the companies was a biotech concern that was starting to develop a drug to treat avian flu. In March 2005, two weeks after buying about $5,000 of its shares, Mr. Obama took the lead in a legislative push for more federal spending to battle the disease.

The most recent financial disclosure form for Mr. Obama, an Illinois Democrat, also shows that he bought more than $50,000 in stock in a satellite communications business whose principal backers include four friends and donors who had raised more than $150,000 for his political committees.

A spokesman for Mr. Obama, who is seeking his party's presidential nomination in 2008, said yesterday that the senator did not know that he had invested in either company until fall 2005, when he learned of it and decided to sell the stocks. He sold them at a net loss of $13,000.

The spokesman, Bill Burton, said Mr. Obama's broker bought the stocks without consulting the senator, under the terms of a blind trust that was being set up for the senator at that time but was not finalized until several months after the investments were made.

"He went about this process to avoid an actual or apparent conflict of interest, and he had no knowledge of the stocks he owned," Mr. Burton said. "And when he realized that he didn't have the level of blindness that he expected, he moved to terminate the trust."

Mr. Obama has made ethics a signature issue, and his quest for the presidency has benefited from the perception that he is unlike politicians who blend public and private interests. There is no evidence that any of his actions ended up benefiting either company during the roughly eight months that he owned the stocks.

Even so, the stock purchases raise questions about how he could unwittingly come to invest in two relatively obscure companies, whose backers happen to include generous contributors to his political committees. Among those donors was Jared

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Abbruzzese, a New York businessman now at the center of an F.B.I. inquiry into public corruption in Albany, who had also contributed to Swift Boat Veterans for Truth, a group that sought to undermine John Kerry's Democratic presidential campaign in 2004.

Mr. Obama, who declined to be interviewed about the stock deals, has already had to contend with a controversy that arose out of his reliance on a major campaign contributor in Chicago to help him in a personal financial transaction. In that earlier case, he acknowledged last year that it had been a mistake to involve the contributor, a developer who has since been indicted in an unrelated political scandal, in deals related to the Obamas' purchase of a home.

Senate ethics rules do not prohibit lawmakers from owning stocks — even in companies that do business with the federal government or could benefit from legislation they advance — and indeed other members of Congress have investments in government contractors. The rules say only that lawmakers should not take legislative actions whose primary purpose is to benefit themselves.

Mr. Obama's sale of his shares in the two companies ended what appears to have been a brief foray into highly speculative investing that stood out amid an otherwise conservative portfolio of mutual funds and cash accounts, a review of his Senate disclosure statements shows. He earned $2,000 on the biotech company, AVI BioPharma, and lost $15,000 on the satellite communications concern, Skyterra, according to Mr. Burton of the Obama campaign.

Mr. Burton said the trust was different from qualified blind trusts that other senators commonly used, because it was intended to allow him greater flexibility to address any accusations of conflicts that might arise from its assets. He said Mr. Obama had decided to sell the stocks after receiving a communication that made him concerned about how the trust was set up.

The investments came at a time when Mr. Obama was enjoying sudden financial success, following his victory at the polls in November 2004. He had signed a $1.9 million book deal, and his ethics disclosure reports show that he received $1.2 million of book money in 2005.

His wife, Michelle, a hospital vice president in Chicago, received a promotion that March, nearly tripling her salary to $317,000, and they bought a $1.6 million house in June. The house sat on a large property that was subdivided to make it more affordable, and one of Mr. Obama's political donors bought the adjacent lot.

The disclosure forms show that the Obamas also placed several hundred thousand dollars in a new private-client account at JPMorgan Chase, a bond fund and a checking account at a Chicago bank.

But he put $50,000 to $100,000 into an account at UBS, which his aides say was recommended to him by a wealthy friend, George W. Haywood, who was also a major investor in both Skyterra and AVI BioPharma, public securities filings show.

Mr. Haywood and his wife, Cheryl, have contributed close to $50,000 to Mr. Obama's campaigns and to his political action committee, the Hopefund. Mr. Haywood declined to comment.

Within two weeks of his purchase of the biotech stock that Feb. 22, Mr. Obama initiated what he has called "one of my top priorities since arriving in the Senate," a push to increase federal financing to fight avian flu.

Several dozen people had already died from the disease in Southeast Asia, and experts were warning that a worldwide pandemic could kill tens of millions of people. Mr. Obama was one of the first political leaders to call for more money to head off the danger, which he described as an urgent public health threat.

His first step came on March 4, 2005, when the Senate Foreign Relations Committee approved his request for $25 million to help contain the disease in Asia; the full Senate later approved that measure. And in April 2005, he introduced a bill calling for more research on avian flu drugs and urging the government to increase its stockpiles of antiviral medicines.

Mr. Obama repeated this call in a letter that Aug. 9 to Michael O. Levitt, the health and human services secretary. And in September 2005, Mr. Obama and Senator Tom Harkin, Democrat of Iowa, succeeded in amending another bill to provide $3.8 billion for battling the flu.

Meanwhile, the drug company in which he invested, AVI BioPharma, had been working to develop its own medicine to treat avian flu victims. In a conference call with Wall Street analysts on March 8, 2005, the company's chairman, Denis R. Burger, said the firm was "aggressively going forward" with its avian flu research and hoped to work with federal agencies on it.

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The company, which is also developing medicines in a number of other areas, provided several updates on its avian flu research in 2005, including one on Oct. 21 saying the company was likely to develop a treatment for avian flu "in a relatively short time."

Mr. Obama sold what appears to have been about 2,000 shares of the company's stock a week later, when it traded at about $3.50 a share, or about $1 a share more than when he bought it. Company officials said they never talked to the senator about his work on avian flu. And while the company has received millions of dollars in federal money to develop drugs for treating ebola and other serious diseases, it still has not received any federal money for its avian flu research.

The company's stock briefly surged to nearly $9 a share in January 2006 when it announced promising research findings on the flu drug. But the company still has not applied for federal approvals to test and market the drug.

Unlike his investment in AVI, which yielded a small profit, Mr. Obama's stake in Skyterra Communications went in the opposite direction, despite a promising start.

He bought his Skyterra shares the same day the Federal Communications Commission ruled in favor of the company's effort to create a nationwide wireless network by combining satellites and land-based communications systems. Immediately after that morning ruling, Tejas Securities, a regional brokerage in Texas that handled investment banking for Skyterra, issued a research report speculating that Skyterra stock could triple in value.

Tejas and people associated with it were major donors to Mr. Obama's political committees, having raised more than $150,000 since 2004. The company's chairman, John J. Gorman, has held fund-raisers for the senator in Austin, Tex., and arranged for him to use a private plane for several political events in 2005. Mr. Gorman declined to comment.

In May 2005, Mr. Abbruzzese, who was vice chairman of Tejas and a principal investor in Skyterra, contributed $10,000 along with his wife to Mr. Obama's political action committee — a departure from his almost exclusive support of Republicans. Eight months earlier, for instance, he had contributed $5,000 to the Swift Boat group, and he has given $100,000 to the Republican National Committee since 2004.

Last year, Mr. Abbruzzese, a major investor in several high-tech companies in New York and elsewhere, emerged as a central figure in the federal investigation of the New York State Senate majority leader, Joseph L. Bruno. The inquiry is examining Mr. Bruno's personal business dealings, including whether he accepted money from Mr. Abbruzzese in return for Senate approval of grants for one of Mr. Abbruzzese's companies. Both men have denied any wrongdoing. Mr. Abbruzzese did not return phone calls seeking comment.

Skyterra's share price was lifted into the $40 range for a time on the strength of the F.C.C. ruling, but eventually drifted down into the low 30s, and was at $31 when Mr. Obama sold his shares for a $15,000 loss on Nov. 1, 2005. A few months later, it plunged into the $20 range, and today trades below $10 a share. A spokesman for Skyterra said the company's top officials had not been aware of Mr. Obama's investment.

Nevada Governor Discloses Legal Defense Fund Contributors (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, March 7, 2007

CARSON CITY, Nev. (AP) - About four months after a defense fund was set up for Nevada Gov. Jim Gibbons to help cover costs of brewing legal cases - including a woman's claim he assaulted her - Gibbons on Tuesday disclosed the fund's 2006 contributors and the $169,100 they gave.

The money went into a fund that wasn't sanctioned by a House committee even though Gibbons was still a congressman. But Gibbons stated "it is not clear what rules govern that fund." He also stated that he wanted to "make sure there is as much disclosure as possible."

The newly elected Republican governor now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor. The contribution report covers a time period prior to confirmation of the FBI investigation.

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The big donors in 2006 include prominent several doctors in the Nevada Heart and Vascular Center in Las Vegas for $35,000; Nevada attorney and developer Harvey Whittemore, for $30,000 through companies he controls; and Las Vegas businessman Shawn Lampman for $20,000.

Sig Rogich, Gibbons' campaign adviser, kicked in $10,000. So did lobbyist and former casino lobbyist Jay Brown.

The report filed with the secretary of state's office also shows that the defense fund paid $92,561 to lawyers in 2006, leaving the fund with $76,539 at the end of the year.

Gibbons spokeswoman Melissa Subbotin said Monday that a U.S. House committee's approval of the defense fund wasn't sought in November because Gibbons, a Republican who served five terms in the House, was seeking election to a state office and not a federal office.

Subbotin also said any leftover money would be donated to the Nevada Patriot Fund, set up to help families who lost a soldier in the Iraq war.

Attorney Michael Pagni, who helped to set up the defense fund, said the federal rules didn't come up for discussion at the time. He added that such rules generally "don't apply to a candidate for state office even if he's a federal officeholder at the time."

The U.S. House rules state that legal expense funds can be set up to handle expenses stemming from campaigns for federal office or from a House member's official duties, but must be authorized by the House Ethics Committee.

The rules also state that the funds can be used to defray "a criminal prosecution; or a civil matter bearing on the individual's reputation or fitness for office."

If the legal defense fund had been set up under House rules, quarterly reports on contributions would have been required, and the first report would have been due Jan. 30. There are no state laws requiring such disclosures.

While Gibbons maintains the defense fund was set up properly, there may be some practical problems created by the state law barring political contributions a month before, during and a month after Nevada's legislative sessions. It covers a period from early January to early July this year.

But Pagni said his reading of the state law is that it wouldn't conflict with the purpose of the legal defense fund, which "would come under personal use."

Attorneys Don Campbell of Las Vegas and Abbe Lowell of Washington, D.C., currently are helping Gibbons deal with FBI questions about his associations with Warren Trepp. Gibbons has denied that he accepted payments or gifts from Trepp in exchange for helping the wealthy Reno software contractor get defense contracts while Gibbons was a member of Congress.

Trepp, a former chief trader for convicted junk-bond dealer Michael Milken, also has denied any wrongdoing.

Lowell has defended many high-profile clients, including now-imprisoned lobbyist Jack Abramoff. Campbell, a well-known Nevada criminal defense lawyer, helped Gibbons when he was accused just before the November elections by Chrissy Mazzeo of assaulting her. Authorities decided against filing charges in that case.

Troha Tax Bills Got Special Attention From State (MJS)

By Cary Spivak And Patrick Marley

Milwaukee Journal Sentinel, March 7, 2007

Transportation office put 2 workers on case of indicted donor's $1 million in charges

Madison - Wisconsin Transportation Secretary Frank Busalacchi met with a now-indicted contributor to Gov. Jim Doyle in 2004 and directed two state employees to lend a hand in settling nearly $1 million in out-of-state tax bills to the donor's trucking companies.

The move by Busalacchi, who serves at Doyle's pleasure, provided Dennis Troha's companies with virtually unprecedented state help in Troha's bid to whittle down the tax bill. The five-year-old case is still pending before the state Tax Appeals Commission.

Busalacchi met with Troha in April 2004 and later dispatched an attorney and auditor to Illinois as Troha tried to lessen his companies' fuel tax liabilities, according to about 100 pages of e-mails obtained by the Journal Sentinel this week. The meeting occurred about 1 1/2 years after the DOT lawyer concluded that there was no reason to dismiss the tax assessed against the Troha firms.

In addition, Busalacchi sent the lawyer to Harrisburg, Pa., even though the attorney's superior complained that there was no funding in the budget for the trip.

The unusual effort has caught the interest of the FBI, which talked to a department auditor Tuesday about the matter and arranged a more thorough interview for today.

Top DOT officials and a Doyle spokesman vigorously defended the efforts as proper.

"It is completely appropriate for the Department of Transportation to help settle disputes on behalf of other states, and that's what happened here," said Matt Canter, a spokesman for the Democratic governor.

Robert Jambois, the department's chief counsel, said staff attorney Paul Nilsen was sent to Illinois and Pennsylvania so he could have a better understanding of the issues at hand.

But in a Sept. 14, 2004, e-mail, then-chief counsel Jim Thiel said Nilsen went there because Busalacchi promised Troha's attorney, Bill Jennaro, he would do so. Jennaro was hired by Doyle in 2003 to help negotiate casino compacts with Indian tribes, some of which opposed Troha's efforts to open a mega-casino in Kenosha.

In saying the handling of the case was not unusual, Jambois noted that DOT employees went to Georgia in 2001 when Schneider National, a giant Green Bay trucking firm, was involved in a dispute with that state. He did not know whether then-Republican Transportation Secretary Terry Mulcahy met with Schneider executives.

Two retired Department of Transportation officials said Tuesday they could not remember officials giving similar treatment to other firms that challenged their tax bills. Close connections

Troha and family members have given $200,000 to Doyle's campaigns since 2002. And connections between the Doyle administration and Troha have long been controversial in some political circles.

The spotlight fell on those connections last week when Troha was indicted by a federal grand jury. He is accused of exceeding state contribution limits in funneling money through relatives to Doyle and lying to the FBI about it. Troha gave the money at the same time he was trying to win approval of a proposed Menominee tribal casino at Dairyland Greyhound Park in Kenosha, the indictment charges.

Troha abruptly pulled out of the casino deal a week before he was indicted.

He sold all his trucking company interests last year so he could focus his time and money on the $808 million casino project.

In 2002, the Department of Transportation determined that three firms then owned by Troha - John Houston Corp. & Transport Venture, Auto Truck Transport Corp. and Unimark Services Inc. - owed close to $1 million in fuel taxes to other states. Under an international agreement, each of the 48 contiguous states collects fuel taxes for each other for trucking companies headquartered in their home states.

Reached on his cell phone Tuesday, Troha declined to discuss the matter.

"It's inappropriate for me to comment," Troha said before hanging up on reporters.

Thom Rabaglia, a DOT auditor for fuel taxes, said the companies were trying to exploit loopholes in other states' laws to get out of paying all their taxes.

Rabaglia, the chief auditor who accompanied Nilsen to Springfield, Ill., said he was briefly interviewed Tuesday by the FBI and was set for a more in-depth interview today.

Records obtained this week detail for the first time the efforts of Transportation Department staffers to assist Troha's companies, even though a department attorney initially said there was "no legal basis for dismissing the tax."

The e-mails show:

¦ Busalacchi met with Troha and Jennaro at the Amtrak station in Milwaukee in April 2004. The secretary demanded that his chief counsel, not just a lower-ranking attorney, attend the meeting.

¦ Busalacchi insisted that Nilsen go to Harrisburg even though Thiel said there was no money to do so.

"I think this is Frank's call - he made the commitment to Bill Jennaro," Thiel wrote in one e-mail.

The next day, the e-mails show, Busalacchi approved the trip for Nilsen and an auditor, though only Nilsen went to Harrisburg. Officials estimated the cost at less than $500.

DOT officials said Busalacchi was in budget meetings and unavailable Tuesday. Thiel declined comment. Nilsen did not return calls.

• Nilsen's role in Pennsylvania was to "facilitate a settlement" between the state and Troha's companies, Nilsen wrote.

Thomas Cantwell, who oversaw Wisconsin's fuel tax auditors until he retired in 2003, said few cases were appealed to the secretary's office during his 15-year tenure.

Alice Morehouse, the DOT's retired finance director, concurred, saying she could think of "no contest that elevated itself to this level."

Morehouse said Busalacchi, a former Teamsters leader, knew Troha well. She said Nilsen felt uncomfortable about the case but never said why.

"I would say Paul Nilsen is one of the straightest arrows on God's green earth, and I think he just felt uncomfortable," she said.

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More Questions Raised Over Casino Developer's Donations (STPPP)

By Scott Bauer

The St. Paul Pioneer-Press, March 7, 2007

MADISON, Wis. - As more questions are being raised about political donations tied to former casino developer Dennis Troha, Republicans in the state Assembly are reviving a bill that would give state lawmakers the authority to grant or deny new casinos.

Troha was indicted last week on charges that he committed fraud and lied to the FBI in relation to more than $100,000 in donations he and family members made to Gov. Jim Doyle and others. The indictment alleges Troha made the donations in an attempt to win approval of a casino he had been developing in Kenosha. Troha backed out of the deal just six days before the indictment from U.S. Attorney Steve Biskupic was released Thursday.

Troha's arraignment on the charges is set for March 14.

Troha's attorney, Frank Gimbel, has said his client has done nothing wrong. Doyle said he would return any money found to have been given illegally.

Doyle received $200,000 in campaign donations from Troha and his family members between 2002 and 2006. Under current law, Doyle has the authority to grant or deny new casinos once they win federal approval. The governor has repeatedly said his decision would not be influenced by any donations he has received.

In a separate development, WKOW-TV in Madison has reported that Doyle received campaign contributions from employees of two Troha trucking firms three months after Wisconsin Department of Transportation officials traveled to Pennsylvania to try to help the firms settle a tax debt in that state.

A review of campaign finance records maintained by the Wisconsin Democracy Campaign showed that Doyle received $14,890 in January 2005 from seven donors - including three Troha relatives - who listed their employer as one of two Troha companies, JHT Holdings or ATC Leasing.

WKOW reported that the meeting in Pennsylvania was between Wisconsin officials, representatives of Troha's trucking firms, and officials with the Pennsylvania Revenue Department and attorney general's office.

"I'm unaware of any connection between an action on the part of state officials and any donation," said Troha's spokesman Jeff Fleming.

State DOT general counsel Bob Jambois said the October 2004 meeting was beneficial for the state to understand Pennsylvania's position in the tax case. Wisconsin officials also traveled to Georgia in 2001 in a similar case involving another trucking company, Jambois said. There have only been six such multistate tax cases since 2001, he said.

In the case involving Troha's trucking companies, Pennsylvania and Nevada both settled around December, Jambois said, leaving Illinois, Michigan and New Mexico. State officials also traveled to Illinois in April 2004, he said.

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Jambois said the existing disputed taxes owed to those three states is about $500,000. The Wisconsin Tax Appeals Commission is currently considering a petition from the trucking firms challenging the amount owed. Under a multistate compact, the state in which a trucking firm is based is responsible for collecting motor fuel taxes and distributing amounts owed to other states.

Troha, 60, joined the former Kenosha Auto Transport in 1974 and later became a principal owner of its successor firm, ATC Leasing. That company later became a subsidiary of Troha's JHT Holdings Inc. He sold off a majority of that company to a private equity firm in February 2005. He severed all ties with JHT last year.

Also on Tuesday, Assembly Speaker Mike Huebsch, R-West Salem, said that a bill will be introduced again identical to one Doyle vetoed in May that would require the Legislature to sign off on new casinos, in addition to the governor. Huebsch predicted it would be debated by the Republican-controlled Assembly in April.

Doyle has been criticized by Republicans and others for changing positions on the governor's role in approving casinos. During the 2002 campaign, Doyle said he supported having the Legislature, and not the governor, determine whether a casino can be located in the state.

But once elected, Doyle changed his position and in May vetoed the legislative oversight bill. In his veto message, Doyle cited concerns about "inherent practical difficulties in involving multiple parties in the concurrence process."

Spokesmen for both Doyle and Senate Majority Leader Judy Robson, D-Beloit, did not immediately return messages seeking comment on the bill.

Green License Plates Proposed To Identify Ohio Sex Offenders (NYT)

By Bob Driehaus

The New York Times, March 7, 2007

CINCINNATI, March 6 — A bipartisan effort in Ohio's legislature could make the state the first to require convicted violent sex offenders and child predators to place fluorescent green license plates on their cars.

The legislation stems from a three-year effort by the friends and family of Kristen Jackson, 14, who was raped and killed in 2002 by a convicted sex offender who abducted her as she walked home from the Wayne County Fair in Wooster.

A 2005 bill that called for pink license plates for all sex offenders failed after critics deemed it too harsh and Mary Kay Cosmetics and advocates for breast cancer research objected to the color.

The revised bill would focus on convicted sex offenders who used violence or preyed on minors and would exclude other offenses like public exposure or consensual sex between an adult and a teenager.

"It's about giving people the tools they need to make informed decisions for themselves and for their children," said State Senator Kevin Coughlin, a Cuyahoga Falls Republican, who joined with Representative Michael DeBose, a Cleveland Democrat, to introduce in each house a bill they call Kristen's Law.

A spokesman for Gov. Ted Strickland, a Democrat, said the governor would sign the measure if it was approved by the General Assembly.

Critics say the bill would wrongly punish the offenders' family members who use the cars with the special license plates and expose occupants of the car to vigilante justice.

"I certainly want to keep our children safe from sexual predators, but I worry about casting the scarlet A, instead of on Hester Prynne, around Hester Prynne's family," said Representative Bill Seitz, a suburban Cincinnati Republican and the majority whip. Mr. Seitz sponsored a law enacted in 2003 that barred sex offenders from living within 1,000 feet of a school.

Another opponent of the bill, Conrad Goode, who has worked with sex offenders as a parole officer and is now a coordinator at a Salvation Army halfway house in Dayton, said: "They've done their time. They've done their after-care. They have to register where they live. That's enough."

David Finkelhor, director of the Crimes against Children Research Center in Durham, N.H., said the debate about such proposals should focus on results rather than intentions.

"Before we really go a lot further with it, we have to see if it has the desired effect," Mr. Finkelhor said. "And these legislators are getting involved in implementing these ideas without any research to test their efficacy."

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A better course, he said, would be experimenting with one county.

Sheryl Rusher, a Wooster resident and friend of Kristen Jackson's parents, has pushed for the bill for peace of mind for parents, arguing that Ohio already places special yellow license plates with red lettering on the cars of convicted drunken drivers.

"If we can put those plates on a D.U.I. driver's car," Ms. Rusher said, "then we should be able to put them on a sex offender's car."

Scruggs Offered Immunity In Bribery Trial (BSH)

Biloxi Sun Herald, March 7, 2007

STAFF AND WIRE REPORTS

JACKSON - The U.S. Justice Department has offered immunity from prosecution to attorney Richard "Dickie" Scruggs in exchange for his testimony in a judicial bribery trial involving his former colleague, Paul Minor.

Assistant U.S. Attorney Ruth Morgan, who is prosecuting Minor and two former state court judges on bribery charges, told U.S. District Court Judge Henry T. Wingate about the immunity deal Tuesday afternoon outside the jury's presence. Morgan said the prosecution expects to call Scruggs as one of the next four prosecution witnesses.

Scruggs also is currently at the center of negotiations on behalf of policyholders to settle Katrina claims with State Farm. He has been featured in local and national news stories about the proposed settlement, pending in U.S. District Court in Gulfport.

The judicial bribery trial is under way in Jackson, where Minor is accused of bribing former Circuit Judge John Whitfield and former Chancery Judge Wes Teel. Morgan said Scruggs has been granted immunity for testimony about a loan he paid off for Teel at Minor's request and about a loan guarantee for state Supreme Court Justice Oliver Diaz and his wife.

Oliver Diaz was acquitted at the end of the first judicial bribery trial in 2005. The jury was unable to reach a verdict on charges against Minor, Teel and Whitfield.

Minor later repaid Scruggs for his $27,500 payment on the Teel loan.

Morgan asked Wingate to limit any cross-examination of Scruggs. She fears attorneys for Minor and the judges will try to imply Scruggs was not prosecuted because he is U.S. Sen. Trent Lott's brother-in-law. They have raised those allegations in the past, but Wingate has not allowed selective prosecution to be raised as an issue before the jury.

Morgan told the judge, in response to his questions, that defense attorneys had just been notified of the Scruggs immunity offer. She said the Justice Department produced an immunity letter Monday, but Scruggs had not gotten a chance to sign it yet.

Wingate did not rule on Morgan's request to limit defense attorneys' questions of Scruggs.

"Selective prosecution is an issue that the court takes up," Wingate said. "But in this instance, I don't know what motivation the Justice Department had to give him immunity. So I don't know whether he was given any preferential treatment."

Also Tuesday, Minor's attorneys attempted to show a 2001 court settlement benefitting his client, The Peoples Bank, was legally sound and not influenced by his relationship with Teel.

Minor in 1998 guaranteed the bank loan for Teel and another for Whitfield at The People's Bank. After Minor filed suit for People's Bank against its insurer, USF&G, the case ended up in Teel's court.

Teel oversaw the settlement in which USF&G agreed to pay the bank about $1 million. The government alleges Teel was essentially being employed by Minor to inflate the settlement amount in favor of his client.

Attorney Wayne Drinkwater, who represented USF&G, testified that the case was settled after he expressed pessimism about his client's chances of prevailing at trial.

Defense Attorneys In Pellicano Case Urge Judge To Investigate Leak To N.Y. Times Reporters (LAT)

By Greg Krikorian And Chuck Philips, Times Staff Writers

The Los Angeles Times, March 7, 2007

Lawyer says the federal government could be involved in the release of sealed evidence to N.Y. Times reporters

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Nearly a year after confidential FBI documents in the wiretap and racketeering case of Anthony Pellicano were disclosed, defense attorneys have stepped up their push for a federal judge to independently investigate who leaked the evidence to the New York Times.

Times reporters David M. Halbfinger and Allison Hope Weiner used the reports to write several stories about Hollywood bigwigs, including attorney Bert Fields, former agent Michael Ovitz and others, who have not been charged in the case. Pellicano, once known as the private eye to the stars, and several of his legal and Hollywood clients are accused of eavesdropping on opponents to win advantage in courtroom battles.

The leak investigation has been handled by the U.S. attorney's office and the FBI in San Diego because prosecutors and FBI agents in Los Angeles are among those with access to the compromised evidence.

But in recent weeks, defense lawyers have urged U.S. District Judge Dale S. Fischer, who is hearing the Pellicano criminal case in Los Angeles, to intervene. Defense attorney Terree Bowers, who represents entertainment attorney Terry Christensen, one of Pellicano's co-defendants, has been particularly aggressive, accusing the government of involvement in the leaks.

In recent court papers, Bowers said the New York Times reporters told an unnamed witness that they had received the confidential information from the government before it was turned over to defense attorneys.

Bowers also asserted that lead FBI agent Stan Ornellas told another witness that he had lost some of his notes on the case. If true, Bowers argued, the missing documents could be the source of the leaks. Or Ornellas could have made up the story to set up an alibi against charges that he was the leaker.

Ornellas and prosecutors Daniel Saunders and Kevin Lally have denied responsibility for the leak. Other FBI and Justice Department officials note that anyone who worked on the career-making case for years would be loath to risk it by turning over sealed documents to journalists.

Recent court papers state that federal authorities involved in the case have executed waivers releasing Weiner and Halbfinger from any promises they might have made to remain silent about their contacts with government agents.

In their latest filing, prosecutors also made a not-so-subtle reference to the BALCO case, in which a defense attorney who had accused the government of leaking turned out to be the source for incendiary reports about steroid use by major league baseball players.

"The government notes only that recent events have demonstrated that a defense counsel's unsupported accusations of government misconduct … should be accorded little if any weight," Saunders and Lally wrote in a footnote to a 26-page motion.

The Pellicano leak investigation is not as well known as the BALCO case or the disclosure of CIA operative Valerie Plame's identity, which resulted in perjury convictions against former vice presidential aide I. Lewis "Scooter" Libby. But it has its own interesting twists, including a separate federal investigation into accusations that Weiner misidentified herself to get in to see Pellicano in prison.

Weiner was permanently barred from any federal prison facility last summer after authorities concluded that she had misrepresented herself as an attorney to see Pellicano.

Weiner, who received a USC law degree 20 years ago, is registered with the California bar but has never done legal work for Pellicano. It is against the law to enter a federal detention center under false pretenses.

Weiner told her superiors at the New York Times that she had informed several jail guards that she was a New York Times reporter. But in December, the San Diego prosecutor and two FBI agents showed prison officials and other witnesses at the detention center a form on which Weiner had written "legal" to describe the purpose of a June 14 visit, sources said.

The prosecution team also played a videotape of Weiner's entry attempt for the officials, sources close to the investigation said.

The New York Times declined to comment on the specifics of either investigation.

"We believe it is critically important for reporters to be able to protect their confidential sources of information," New York Times spokeswoman Diane McNulty said. "And [we] will continue to advocate their ability to do so."

The leak investigation is expected to be discussed at a court hearing in the Pellicano case later this month.

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Kurtz Case, Activist Art In Limbo (PPG)

By Mary Thomas, Pittsburgh Post-gazette

Pittsburgh Post-Gazette, March 7, 2007

The legal battle with the Department of Justice that artist Steve Kurtz is embroiled in has implications not only for artists but, by extension, for anyone engaged in outside-the-box public discourse that challenges established convention.

Kurtz is a founding member of the widely acclaimed art collective Critical Art Ensemble (CAE, established in 1987), which exhibits internationally and was included in the 2006 Whitney Biennial. The group examines the impact of science and technology on consumer culture through works that are activist, performative and conceptual.

An associate professor of art at State University of New York, Buffalo, who formerly taught at Carnegie Mellon University, Kurtz lectured at The Andy Warhol Museum Saturday on "Second Wave Eugenics and Critical Art Practice," in conjunction with the exhibition "Deadly Medicine: Creating the Master Race."

With him was Lucia Sommer, a CAE member and defense committee coordinator, who later answered questions about his case, which is moving sluggishly through a series of pre-trial motions.

In May 2004, Kurtz's wife died in their Buffalo home. Police who responded to his 911 call noticed scientific materials, including petri dishes, in the house and notified the FBI, who confiscated Kurtz's computer, books and components of CAE projects under the Patriot Act.

Analysis showed that his wife died of natural causes, and that the microorganisms impounded were harmless and readily available from biological supply houses. Lacking bioterrorism evidence, the FBI charged Kurtz with mail fraud and wire fraud -- based on his alleged receipt of the bacteria from University of Pittsburgh scientist Robert Ferrell -- and each of them faces a possible 20-year sentence.

The CAE sees the case as having the precedent-setting possibility to blur the division between civil and criminal law, should the Department of Justice win.

Sommer says that it "seems almost certain" that the case will go to trial, though a date has not yet been set and lawyers estimate it could be one-and-a-half to two years away. A motion to dismiss it is among about a dozen the defense has filed during the pre-trial process.

Contesting the terms laid down by the prosecutor has slowed the case momentum, and Sommer is concerned that public interest, which she believes will be particularly important during the trial, be maintained. To that end, the CAE Defense Fund, which was established after Kurtz's arrest, has initiated a separate education fund for use at trial time.

In the year following his arrest, Sommer says, Kurtz attended 32 fund-raisers held on his behalf on several continents, to pay his $7,000 to $10,000 a month legal fees. An auction of artworks donated by prominent global artists at the Paula Cooper Gallery, New York, alone raised $167,700.

The new fund will be used to encourage an international presence in Buffalo during the trial, Sommer says, including persons to conduct consciousness-raising activities as well as expert witnesses from the disciplines of art, science and technology to attest to the worth of CAE work.

"Political trials like this are won as much in the court of public opinion as in the court of law," Sommer says.

Some who've weighed in on the arrest feel that it's the result of a cultural disjunct; that the government doesn't realize that it's commonplace, and that there is historic precedent, for artists to employ contemporary technology and scientific discoveries, not to mention social issues, in their expression. Others more cynically conclude that the government knew exactly what the collective had been up to.

If it didn't, it does now.

Among the things taken from Kurtz's house were components of the CAE work "Free Range Grain," which was to have been part of the exhibition "The Interventionists: Art in the Social Sphere" that opened later in the month at the Massachusetts Museum of Contemporary Art, North Adams. The work, which had been shown earlier in Europe, addresses genetic modification of food.

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Also confiscated were elements of the CAE's most recent project "Marching Plague," described on the CAE Defense Fund Web site (caedefensefund.org.) as "dedicated to demystifying the issues surrounding germ warfare." Although none of his research materials has been returned, Kurtz managed to rewrite and publish "Marching Plague: Germ Warfare and Global Public Health." It was the companion film to this work that premiered at last year's Whitney Biennial.

The Warhol exhibition Kurtz's lecture supplemented originated at the United States Holocaust Memorial Museum in Washington, D.C., and addresses the role eugenics played in the Nazi racist ideology that led to the murder of 6 million Jews. His lecture was co-sponsored by the University of Pittsburgh Schools of the Health Sciences, Center for Bioethics & Health Law, Department of the History of Art & Architecture and The Graduate Program for Cultural Studies.

Kurtz illustrated his Warhol talk with other CAE projects, including "Flesh Machine" of 1996-97, which incorporated an actual gene donor profile form to make a point about how ingrained and myopic social values are, and how they can be manipulated.

CAE, in short, provokes the kinds of questions that an informed citizenry must consider to control its destiny. One could imagine how that may interfere with the information flow delivered by a consumer marketplace fattened by complacency.

Asked if anyone else is doing the work of the CAE regarding genetic applications, Sommer answers no, certainly not on such a comprehensive scale. When weighing what to make of this "Kafkaesque," as Kurtz has dubbed it, series of events, that's a significant point to consider.

Inquiry Looks At Accusations That Wines Had False Labels (NYT)

By James Barron And Eric Asimov

The New York Times, March 7, 2007

Federal investigators in New York are looking into allegations of counterfeiting in high-end wine sales, issuing subpoenas to auction houses that handled what were billed as rare bottles with distinguished provenances, according to people in the wine trade.

Agents from the F.B.I.'s art-fraud squad have collected a large amount of data on wine sales, according to one person with direct knowledge of the investigation.

The inquiry, reported yesterday by The Wall Street Journal, is centered on whether auction houses, collectors or importers sold wines they knew could not be from the vintages listed on the labels.

A spokesman for Christie's, which sold $58.5 million worth of wine last year, more than half of it in the United States, said that they had received a subpoena. "We have been cooperating with officials and will continue to do so," Christie's said in a statement.

In 1985, Christie's accepted a consignment of what it described as the oldest authenticated-vintage Bordeaux it had ever sold, a Château Lafite dated 1787 and carried the initials "Th.J.," for Thomas Jefferson. The shipment was consigned by Hardy Rodenstock, a German music publisher and wine merchant.

William I. Koch, a billionaire wine collector, is suing Mr. Rodenstock over four bottles of the wine that he concluded could not have been Jefferson's. Mr. Rodenstock's lawyer, Birgit Kurtz, did not return a call seeking comment.

Mr. Koch said yesterday that he found 500 other bottles in his 35,000-bottle collection that he believes are fake, some traceable to Mr. Rodenstock. He said he was considering expanding his lawsuit to include those bottles and the resellers who sold them to him.

In keeping with Justice Department policy, Yusill Scribner, a spokeswoman for federal prosecutors, said she would not confirm or deny that there was an investigation.

The labeling of wine has long been a problem, but in recent years fraud has become widespread in the world of the high-end collector.

"It's a major concern over the last 10 years easily," said Tim Kopec, the wine director of Veritas, a New York restaurant known for the breadth and depth of its wine list, "and more people with large amounts of money who come into the wine world are fueling the issue."

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"Once I started to see bottles of wine selling in excess of $1,000 a bottle, it really started to become a problem," Mr. Kopec added. "The first bottle I remember breaking $1,000 was the '61 Pétrus back in the early '90s. Today it's quite commonplace at the retail level, at the auction level, at restaurants. It's even common to see people spending $5,000 or $10,000 for magnums of old Pomerol or for aged Burgundies, even $15,000 or $20,000."

To protect themselves, collectors often employ consultants experienced with old wines, people like Mr. Kopec, or Robert Bohr, the wine director at Cru, another New York restaurant with a spectacular wine list.

These consultants assist them in their quest for valuable bottles, whether investigating wines to be sold at auction or evaluating the contents of a cellar or an estate. They try to trace the provenance of the wines. If a bottle's history leads directly and clearly to the producer, it may be a safer bet than a bottle with a murky history.

And they carefully inspect the bottles. "We know how clear or fuzzy the labels should be, what the font size should be, what the cork should look like," Mr. Bohr said.

While a fraudulent bottle can sometimes be easy to spot, sometimes it can be exceedingly difficult. Today, with the extent of the problem evident, producers take steps to prevent counterfeiting, like etching the bottle with the vintage or other identifying mark. Corks are generally marked with the name of the producer and the vintage.

Counterfeiters have an easier time with older bottles. Thirty years ago frugal Burgundy producers like Henri Jayer would pay for a generic label that could be used year after year, differentiating vintages with a tag placed at the neck. The tag of a bottle from a poor vintage could easily be steamed off and replaced with one from a great vintage.

Thus, a bottle of Jayer Cros Parantoux '79, considered to be a lesser vintage in Burgundy, could easily be transformed into a Cros Parantoux from the legendary 1978 vintage, a bottle that can be found for sale on the Internet for $5,500.

"When we were buying a lot of Jayer, we sprung the cork on an '85 Échezeaux and it didn't taste like '85," Mr. Bohr said. "We looked at the cork and it was an '82."

Oftentimes, though, even experts have little more to go on than their instincts. They may sense something amiss without being able to put their finger on anything specific. "It's not like you can say, 'This is a fake,' " Mr. Kopec said. "You just get a bad vibe and you say, 'Even if this might be good, it's not worth the risk.' "

FBI Chemist Rebuts Frame-up Theory (MJS)

Milwaukee Journal Sentinel, March 7, 2007

Chilton - Prosecution witnesses on Tuesday rebutted claims that deputies planted Steven Avery's blood to frame him for the murder of Teresa Halbach.

Marc LeBeau, chief of the chemistry unit at the FBI lab in Virginia, testified Tuesday that he did testing on a vial and on three of Avery's bloodstains in Halbach's vehicle. He said the blood vial contained a chemical that prevents blood from clotting, or EDTA. But he said the stains from the vehicle did not contain the chemical.

EDTA can survive temperatures of up to 300 degrees Fahrenheit, he testified.

"It is my opinion that the bloodstains that were collected from the RAV4 could not have come from the EDTA tube that was provided to us in this case," LeBeau said.

On cross-examination by Avery attorney Jerome Buting, LeBeau admitted that the FBI created a new protocol for this case and validated it in about two weeks. He also admitted his study didn't determine how much EDTA was in the vial, and he knew of no study on the breakdown rate of EDTA in an 11-year-old vial of blood. But he said the lab could detect EDTA in a 33-month-old bloodstain.

Avery claims that his blood, stored in an unsecured vial at the Manitowoc County courthouse, was planted by investigators at the scene of the Halloween 2005 killing.

The blood in the vial was drawn in 1996 as part of the appeals process in a rape case for which Avery served 18 years in prison. DNA analysis showed he was innocent.

CIVIL RIGHTS:

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Ex-jailer Teel Will Be Released By Wednesday (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, March 7, 2007

GULFPORT - Former Harrison County jailer Ryan Teel, granted bond this afternoon, will be released and at home under electronic monitoring by tonight or in the morning.

U.S. Chief Magistrate Judge John M. Roper ordered his release before a packed federal courtroom. On one side, friends and family of Jessie Lee Williams Jr. responded with audible gasps. On the opposite side, Teel's mother leaned forward and patted a shoulder of Teel's wife, who wept in relief.

Teel has been in custody for more than six months since his arrest by the FBI. He has pleaded not guilty to a two-count indictment of depriving Williams' rights and obstructing justice to conceal Williams' assault in the jail booking room on Feb. 4, 2006. Williams, 40, died two days later.

Roper agreed to allow home incarceration for Teel in spite of federal trial attorney John Richmond's argument that nothing had changed in Teel's indictment. Teel's trial is set for May 28.

Teel was denied bond on Aug. 31, 2006, in an order that stated he was a flight risk and a possible danger to others in the community. Two psychological reports submitted in court on Tuesday conclude that Teel is not a danger to others, according to defense attorney Jim Davis.

Copies of the reports obtained by the Sun Herald show neither psychologist addressed whether Teel is a flight risk. One report, from Dr. Beverly Smallwood, said Teel is suffering from post-traumatic stress disorder because of "incidents he experienced as a corrections officer."

Roper set a $250,000 unsecured bond, which doesn't have to be paid unless Teel fails to make a court appearance or violates any condition of release. The electronic monitoring will limit him to 150 feet from the monitoring device. Roper said Teel is allowed to go nowhere except court appearances or pre-approved medical visits.

He also is prohibited from having contact with any past or present jail or Sheriff's Department employee, potential witnesses or victims.

Teel's attorney requested the bond hearing, in part, on the grounds that bond was denied before the federal government decided it wouldn't seek the death penalty.

Richmond told Roper that bond shouldn't be considered on that basis because a possible death penalty was not listed as a reason for his initial denial of bond.

"The court was aware of it," Roper replied.

"God help us all," Williams' brother, Terry, later told the Sun Herald. "Pray for justice and for the right thing to happen."

Two former jailers have admitted their roles in Williams' assault. Three other ex-jailers also have pleaded guilty to conspiring to deprive inmates of their rights in a federal investigation of alleged civil-rights violations at the Harrison County jail.

Teel's trial is set for May 28. He faces a life prison sentence if convicted on the civil-rights allegation involving Williams' assault and subsequent death. Sentencings in the five plea agreements of the other ex-jailers have been placed on hold pending resolution of Teel's case. They remain free on unsecured bonds of $25,000 each.

The Sun Herald gives more coverage on this story on sunherald.com and in Wednesday's editions.

Local Man: Feds Probe Jail Beating (JOJHN)

By Joe Hosey, Staff Writer

Joliet (IL) Herald News, March 7, 2007

A Crest Hill man claiming he was brutally beaten by guards at the Will County jail says the feds have launched a probe into the incident at his request.

"I have complete faith in the U.S. Attorney's Office and the Federal Bureau of Investigation to end these types of actions before someone else is seriously hurt," local businessman Robert Darin said earlier this week.

The Herald News obtained letters sent by Darin to state Attorney General Lisa Madigan's office and the Chicago office of the U.S. attorney detailing his alleged attack at the hands of guards at the county jail.

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In the letters, Darin says he was the victim of an "unprovoked severe beating by two Will County deputies" while he was waiting to bond out on a traffic charge nearly a year ago.

Robyn Ziegler, a spokeswoman for Madigan's office, would not discuss the letter or Darin's allegations.

"There's nothing public we can say about this right now," Ziegler said.

Kim Nerheim, a spokeswoman for the U.S. attorney's Chicago branch, would provide no information about the letters sent to David Glockner, the chief of the office's criminal division.

But Special Agent Ross Rice of the FBI confirmed Darin filed a complaint, but said the investigation is still in its initial stages.

"We are conducting what we call a preliminary inquiry," Rice said.

"He just alleged his civil rights were violated in the Will County jail," he said.

Darin contends this violation of his civil rights nearly cost him his life.

Darin's experience in the county jail began after a Joliet police officer ran his license after pulling him over for improper lane usage in April. The officer -- and Darin -- discovered he was wanted in Grundy Country for a misdemeanor warrant and that his license was suspended.

Darin says in his letter that "the misdemeanor charge arose out of a misunderstanding pertaining to a bill for services to an animal that I rescued. The day after I was released from custody, I met with the Grundy County state's attorney and the charge was dismissed. As for my license, it turns out that it was suspended for an emission violation on a vehicle that I no longer owned."

Darin said Joliet police gave him the option of posting $100 cash for his release from the station, but he did not have the money on him and was taken to the county jail where he would be able to use his credit card to make bond.

"While at the Will County Adult Detention Facility, a deputy apparently said something to me which I did not hear because I am deaf in one ear," Darin wrote in his letter. "I was then taken into a cell where I was severely beaten; I was kicked in the face, ribs and legs over 30 times. I sustained a laceration above my right eye requiring 10 stitches; I also sustained an uptake (fracture) in the right and left lower anterior rib cage. I also had problems associated with a collapsed lung and severe pains in the thoracic region."

Nearly five hours after he was taken into custody, Darin called the office of his attorney, Chuck Bretz.

"My attorneys immediately called the detention facility and asked that I be released and that I receive medical attention," Darin wrote in the letters. "They were also informed that there was videotape of the holding area and the video of the incident would be reviewed."

Darin was charged with obstructing a peace officer in connection with the incident at the jail. This charge later was dropped.

Darin received hospital treatment the day he was released from jail and returned to the emergency room the following day for additional care.

In the subsequent hearings on the obstruction charge, Darin's attorneys subpoenaed videos of the incident in the jail. The tape eventually was provided by State's Attorney James Glasgow's office, Darin says in his letter, and, "It was later determined by an expert I retained that the video that was tendered was intentionally altered and had been manipulated to exclude the footage of the beating that I had received."

The expert was to review the jail's surveillance system, Darin says in his letter, but prosecutors dropped the charges without allowing him to do so.

"A comment was made that the full videotape was no longer available," he wrote in his letter. "I believe they stalled the court proceedings for that purpose."

Bretz, one of Darin's attorneys, was similarly chagrined.

"We were disappointed in the failure to provide a prompt response to our request for the video footage," Bretz said last week. "At this point, we are working with Mr. Darin to explore his options as far as legal action against the specific deputies involved and the county. If there is anyone who has information pertaining to Mr. Darin's incident, or any similar incidents which have occurred in the Will County Adult Detention Facility, we would appreciate if those persons would contact either myself or (attorney) Cosmo Tedone."

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Glasgow's spokesman, Charles B. Pelkie, declined to comment on the allegations contained in the letters. Likewise, sheriff's department spokesman Pat Barry declined to comment.

Darin, who is in the real estate business, also volunteers as a state-licensed investigator of animal crimes and has had prior contact with Glasgow's office. He says he thought prosecutors would be more responsive to his request that they probe his alleged beating.

"They (prosecutors) have contacted me over a dozen times concerning several ongoing animal abuse cases, but not once have they questioned me about this incident," Darin said.

Rice said the bureau would forward the findings of its investigation to the U.S. Attorney's Office, and from there it would go to the Department of Justice in Washington, D.C.

Contact Joe Hosey at (815) 729-6054 or e-mail him at jhosey@scn1.com

US Hate Crimes Being Prosecuted After Half A Century (AFP)

AFP, March 7, 2007

The US government is probing hundreds of unsolved hate crimes committed during its tumultuous civil rights movement era, hoping to try at least a dozen suspects who escaped justice for half a century.

The Federal Bureau of Investigation (FBI) urged its bureaus last year to reopen botched cases from the 1950s and 1960s, and apply modern forensic techniques to try to uncover new evidence and possible witnesses.

Their analysis produced tangible results in hundreds of lynchings and murders allegedly committed by white supremacists, but only a dozen prosecutions are likely to be pursued.

"In too many instances, the truth has been hidden for too long," FBI director Robert Mueller said at a recent press conference.

Many of the killers are deceased, witnesses have disappeared, several of the crimes were committed too long ago to prosecute under existing statutes, or local attorneys refused to cede jurisdiction to federal prosecutors.

"Many individuals have, quite literally, gotten away with murder. We cannot turn back the clock. We cannot right these wrongs. But we can try to bring a measure of justice to those who remain," Mueller said.

"To those individuals who committed these crimes, who have lived with their guilty consciences for these many years, our message should be clear: You have not gotten away with anything. We are still on your trail," added US Attorney General Alberto Gonzales.

In late January, authorities caught up with former Ku Klux Klan (KKK) member, James Seale, 71, suspected of beating two young black men to death 42 years ago because one of them was a civil rights activist.

Accused of kidnapping, he faces possible life in prison.

Thanks to continued pressure by civil rights groups and victims' families for action, several criminal trials were launched since the late 1980s in southern states, resulting in convictions of two dozen former KKK members who had made little effort to hide their crimes.

Among the old fossils who generally expressed no regret, Edgar Ray, 80, was convicted in June 2005 of murdering three young activists in 1964, a crime that shocked the nation and inspired Alan Parker's 1988 film "Mississippi Burning."

Most of the witnesses in the case had died long ago, so the jury relied on their posthumous accounts of Ray's crime.

Two weeks ago, however, another jury refused to consider similar testimony in the assassination of Emmett Till, a black adolescent killed in August 1955 in the Mississippi delta after he had whistled at a young Caucasian woman who crossed his path.

The woman's husband and brother-in-law, acquitted soon afterwards by an all-white jury, later described what they had done in great detail to a journalist, convinced that their actions were not criminal.

In 2004, the government re-opened the case, exhumed the adolescents remains to search for new evidence. The two murderers were deceased, so prosecutors accused the woman of inciting her husband to kill the boy who allegedly had shown her a lack of respect.

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Federal authorities, however, were forced to hand over the investigation to local officials and a local jury refused to indict the woman for lack of evidence.

Council Offers 2 Maps For Hearing (FAYOBS)

By Don Worthington, Staff writer

The Fayetteville Observer, March 7, 2007

Residents will get their say March 29 on the boundaries for six election districts.

Residents attending a March 29 public hearing on Fayetteville's new election districts will get to choose between two plans — or they can bring their own.

The council voted Tuesday to take two maps to the public after failing to choose one map.

Also on the agenda will be a public hearing on whether the mayor should have a vote under the 6-3 format approved by voters Feb. 6.

Six council members would be elected from districts and three elected citywide. When the city previously used that format, the mayor voted only to break ties.

The 6-3 council format and maps will be submitted to the U.S. Department of Justice for review under the Voting Rights Act of 1965. Any changes to Fayetteville's election practices cannot dilute minority voting.

The Department of Justice could approve the changes, approve the format but ask for a different map, or decide the 6-3 format is a step backward.

The city hired Michael Crowell, a lawyer with redistricting experience, to draw the new election districts. Tuesday was the third public meeting the council has held with Crowell.

The most asked question was which map would be approved by the Department of Justice.

Crowell sidestepped the question, noting that each might pass. He said that one version, labeled "G," had a better balance of whites to blacks in the districts than the map labeled "C-1." He said if the council voted for C-1 it should list why that map is a better alternative than G.

All of the maps Crowell has presented to the council will become part of the city's submission to the Department of Justice.

Under Department of Justice guidelines, the city should have three districts where minorities are the majority.

Black council member Curtis Worthy and Mayor Pro Tem Robert Massey questioned Crowell about the percentages of whites and blacks in the various districts.

Under the current nine single-member districts, the black majority is as high as 65percent in some districts.

Crowell said the percentage of blacks in the current districts is higher than it needs to be. The result reduces minority voting influence in other areas of the city, he said.

Under Crowell's maps, the highest minority percentage would be 55 percent.

In previous meetings, the council looked at possible maps showing where incumbents live.

The district that Councilman D.J. Haire would be assigned to has generated some controversy. Haire lives on Seabrook Road, but he lists a Filter Plant Road address as a point of contact on the City Council's Web site.

Map G would place Haire in a district by himself and put Massey, Charles Evans and Keith Bates in the same district. Map C-1 would place Massey, Bates and Haire in the same district.

Both maps put incumbents Lois Kirby, Wesley Meredith and Paul Williams in the same district. In both cases, there is no incumbent living in District 5, the annexed neighborhoods south of Raeford Road.

Residences of incumbents were not shown on the maps reviewed Tuesday.

The maps attempt to keep neighborhoods and precincts intact. The biggest difference between the two maps is the boundaries of District 1, District 2 and District 4.

Under map G, District 1 extends from north Fayetteville along Ramsey Street to downtown and then across the Cape Fear River. Under map C-1, District 1 stops at Rowan Street. District 2 is extended eastward to include downtown. District 4, which includes Haymount, VanStory and the Bordeaux areas, is stretched to include areas east of the Cape Fear River.

City Council comment was kept to a minimum Tuesday.

Williams, who did not attend earlier meetings on redistricting, said the assumption behind drawing the maps sickened him.

"The assumption is whites won't vote for blacks. It's sad we are still in these days," he said.

Staff writer Don Worthington can be reached at worthingtond@fayobserver.com or 486-3511.

Oxford Annexation OK'd By Justice Dept. (AP)

AP, March 7, 2007

OXFORD — The Justice Department has informed Oxford officials that it has approved the city's annexation proposal that adds 4.3 square miles and some 5,000 new residents.

The annexation expands the city's area from 12.2 square miles to 16.5 square miles and the population from 14,000 to 19,000.

Officials said city ordinances took effect immediately, but full enforcement will take time.

"Everyone knows all this change won't occur overnight," Mayor Richard Howorth said Monday.

Bill Expands Hate Crimes To Homeless (WT/AP)

By Kristen Wyatt

The Washington Times, March 7, 2007

ANNAPOLIS -- The state Senate adopted a first-in-the-nation hate crime classification for homeless people yesterday, despite concern that the measure would dilute hate-crime protections.

Under the bill, homeless people would join ethnic and racial minorities as protected classes in Maryland hate-crimes laws. Sexual orientation and religion are also included.

A Senate committee considering the bill watched videos of homeless people being beating before adopting the idea.

"Some people beat up on the homeless for sport," said Sen. Lisa A. Gladden, Baltimore Democrat.

Homeless advocates praised the passage of the bill, which now heads to the House.

"This is a growing problem," said Jessica Schuler, a policy analyst for the Washington-based National Coalition for the Homeless. "These crimes are occurring out of the same ignorance other hate crimes come out of."

However, the bill sparked a sharp debate and brought opponents from both parties. Most of the sponsors of the bill are Republicans, and some worried the bill was an attempt to water down hate-crimes laws. The Senate defeated attempts to add disabled people and "economic class" to the bill.

"I believe every crime is a hate crime," said Sen. E.J. Pipkin, Eastern Shore Republican, who voted against the measure. "It begins to undermine why we have a special class for hate crimes."

Miss Gladden said, "We should get to a point in America where we don't need hate crimes and special classes. But we're not there yet."

Other Democrats worried the action would open up more proposals to expand hate crimes laws until they mean little.

"I'm not confident it was well thought out," said Sen. Edward J. Kasemeyer, Baltimore /Howard Democrat who voted against the bill.

Senate President Thomas V. Mike Miller Jr., a Democrat, ultimately voted for the bill but acknowledged the delicate nature of its contents.

Racial Tensions Are Simmering In Hawaii's Melting Pot (USAT)

By Martin Kasindorf

USA Today, March 7, 2007

HONOLULU — A violent road-rage altercation between Native Hawaiians and a white couple near Pearl Harbor two weeks ago is provoking questions about whether Hawaii's harmonious "aloha spirit" is real or just a greeting for tourists.

The Feb. 19 attack, in which a Hawaiian father and son were arrested and charged with beating a soldier and his wife unconscious, was unusual here for its brutality. It sparked a public debate over race relations that is filling blogs and newspaper websites with impassioned comments along stark ethnic lines.

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These divisive exchanges come as the U.S. Supreme Court and Congress are being asked to tackle another inflammatory racial issue in a state where no race is a majority: special benefits for Native Hawaiians, ranging from preference at an elite private school to free houses on government land. One side says the long-established perks compensate Hawaiians for past wrongs and preserve their valuable culture for the islands. The other side says the benefits discriminate against other racial groups.

The current controversies are exposing racial tensions below the surface of a tropical paradise that Gov. Linda Lingle says is "a model for the world" in diversity and peaceful integration. Simmering divisions pit Hawaiians against other groups, and "locals" of all races against newcomers including immigrants and military members.

At issue now is whether Hawaii will acknowledge and overcome these threats to its friendly reputation.

Last month's road-rage incident began when an SUV driven by Army Staff Sgt. Andrew Dussell, 26, who has served two tours in Iraq, struck the parked car of Gerald Paakaula, 44, at a shopping center, according to a police affidavit filed in court. Paakaula and his 16-year-old son allegedly assaulted Dussell and his wife, Dawn, 23.

The teenager allegedly shouted an obscenity along with the Hawaiian term for a white person, haole (pronounced "howl-ee"), while attacking the soldier.

The court document says the father, a truck driver, picked up the woman and slammed her to the asphalt. The teenager allegedly kicked the husband's face as he convulsed on the ground from a punch to the throat. The couple suffered broken noses, facial fractures and concussions.

In another incident Jan. 27, nine white campers in a beach park on the Big Island of Hawaii were beaten by men in their 20s who told the campers to leave the island, the police report says. Hawaii County Police Maj. John Dawrs describes the assailants as "Pacific Islanders."

Racial troubles in the islands usually don't get much public discussion. In a tourism-dependent state, talk about tensions is "like news about shark attacks," says Jon Van Dyke, a University of Hawaii law professor. "People are afraid they might lose customers."

Now, people are speaking out. Honolulu Prosecuting Attorney Peter Carlisle says he's getting public pressure to add a "hate crime" charge to the felony assault charge against Paakaula. The maximum sentence for assault is five years, but that would double to 10 years if the defendant is convicted of a hate crime. Carlisle says this case doesn't fit Hawaii's hate-crime law requiring intentional "selection" of a victim because of ethnicity, gender or sexual orientation.

Hawaii recorded six hate crimes last year, up from one or two in each previous year since recordkeeping began in 2003, according to the state.

"There is a notion that we have this kind of rainbow society and we all get along really swell," says Jon Matsuoka, dean of the university's School of Social Work. "The reality is that there are racial tensions. They are deep-seated and historical, and that history didn't abruptly stop."

Hawaii, annexed by the United States as a territory in 1898 and a state since 1959, promotes a picture of aloha. Hawaiians have lavished this "love" greeting on visitors since the first missionaries came from New England in 1820. "In the host culture, tolerance is paramount," says former governor Ben Cayetano, a Democrat. "That is the greatness of Hawaii."

By many measures, Hawaii is a paragon of racial accord. One in two marriages are across ethnic lines, says Lingle, a Missouri-born haole. Most neighborhoods are integrated. In a 2005 Census survey, 21% of residents listed themselves as being of more than one race — the highest percentage of any state.

Hawaii's governors have included Caucasians, the Japanese-American George Ariyoshi, the Native Hawaiian John Waihee and the Filipino-American Cayetano. Honolulu Mayor Mufi Hannemann is Samoan-German. The state's five-member Supreme Court includes a Filipino, a Japanese-American and a Korean-American.

One irritant in this tolerant atmosphere is a string of federal civil rights lawsuits filed since 1996, alleging that special rights for Native Hawaiians illegally discriminate against non-Hawaiians.

Lawyers petitioned the Supreme Court last week to order the private Kamehameha Schools to admit a white student. The school trustees accept few non-Hawaiians, saying they are honoring the will of the Hawaiian princess who established the school in 1883 with an endowment now worth $7.7 billion.

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The attack on the Dussells could be "a random, isolated act," Matsuoka says, "but on the other hand there have been all these encroachments on Hawaiian entitlements. I've thought for a long time that there would be growing anger and frustration on the part of the Hawaiian populace."

An estimated 246,000 Native Hawaiians live in the islands, 20% of the state's population, according to a Census survey last year. Another 140,000 live in mainland states. All but about 10,000 are of mixed races, state surveys indicate.

Hawaiians are consistently on the bottom rungs statewide in income and school test scores. At Waianae on Oahu's Leeward shore, dozens of homeless Hawaiian families camp in tents on the beach.

Census studies show Native Hawaiian numbers are slowly shrinking. The islands' low-paying service jobs in tourism and the high cost of living — 27% above the national average — have driven so many to migrate to casino jobs in Las Vegas that Hawaiians now call the Nevada city "the ninth island," says Ronald Becker, chairman of the criminal justice program at Honolulu's Chaminade University.

"If all the Native Hawaiians leave, will there be any Hawaii left?" says Dave Young of the state Department of Business, Economic Development and Tourism. "That's what people come here for — the Hawaiian culture."

The court battles over Native Hawaiians' status are stirring emotion. When the phone rings at the home of lawyer John Goemans on the Big Island, he picks up the call in Beverly Hills. He quietly moved a year ago, saying he fears for his safety in Hawaii. He won a federal appeals court ruling in 2005 that struck down the Kamehameha Schools' Hawaiian-preference policy.

In protest, 15,000 marchers rallied at Iolani Palace, seat of the Hawaiian kingdom that white sugar planters overthrew in 1893 with help from U.S. Marines. Signs at the rally said "Hawaiians only" and "stop stealing from Hawaiians." Lingle, the Republican governor, spoke in support of the rights of Native Hawaiians.

"Well, 15,000 people marching — and I'm the guy they're looking for — is alarming," Goemans says, explaining his flight. "Hawaiians are wonderful people, but there are some extreme firebrands." The appeals court reheard the case and reversed its ruling in December. Now, Goemans is asking the Supreme Court to review the case.

"Don't they understand the pain that they're putting everybody through?" says Dee Jay Mailer, CEO of the Kamehameha Schools, an academic powerhouse.

"It's really less about an admissions policy than about the loss of one of the last treasures of the Hawaiian people," Mailer says.

Haunani Apoliona, chairwoman of the state Office of Hawaiian Affairs (OHA), says sympathy for her people is widespread.

Jeanne Larsen, 56, a hotel sous-chef who moved here from Tahiti in 1975, says: "We feel sad for them because of what was done to them years ago."

To compensate for the U.S. role in the royal overthrow, Congress in 1920 authorized free houses for 99 years to people who can prove they have at least 50% Hawaiian blood. The state manages the program on 200,000 acres of government land; 8,000 families occupy houses, with 20,000 on a waiting list. The state created OHA in 1978 to run other exclusive benefit programs.

Sen. Daniel Akaka, D-Hawaii, who is of Hawaiian and Chinese ancestry, spearheaded through Congress a 1993 resolution declaring the overthrow illegal and apologizing to Hawaiians for the U.S. role in the coup. President Clinton signed the apology.

Hawaiians are having mixed success defending their privileges. In 2000, the Supreme Court ruled that Hawaii had set up an illegal "racial classification" when it limited elections for OHA trustees to Native Hawaiian voters. A lawsuit brought by a taxpayer group attacking OHA and the home-lease program soon will be dismissed on procedural grounds, but similar suits are sure to be filed, state Attorney General Mark Bennett says.

If Hawaiians lose their favored status in the courts, they could regain it in Congress. Akaka filed a Senate bill that would allow Hawaiians to form a separate government like those of American Indian tribes.

Federal recognition of such an entity would put Hawaiians in a position to keep their perks and demand more.

Last June, a Republican filibuster stopped the controversial Akaka bill from reaching the Senate floor for a vote. Akaka reintroduced it in January. "With a Democratic majority, the prospects are better in this Congress," says Akaka, 82.

Hawaiians are split over how to improve their group's status. Sandra Puanani Burgess, 55, the part-Hawaiian co-founder of the group Aloha for All, says Hawaiians should have no special rights.

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The most radical want to secede from the United States. Ikaika Hussey, 28, of Hui Pu ("to unite"), a group opposing the Akaka bill, says it fails to offer "the option of independence."

Some Hawaiians say independence is desirable but impracticable. "Secede? Oh, God, we would love to," says Haunani-Kay Trask, 57, a Hawaiian studies professor at the University of Hawaii. "As a nationalist, I hate the United States of America. But (independence) doesn't live in the political-military world we live in, with 26 military bases in Hawaii and 7 million tourists a year."

Booming tourism is bringing some new social stresses. Hawaii's unemployment rate was 2% in December, the USA's lowest. The hot economy is attracting poorly educated immigrants who can have problems fitting in. Groups of young Micronesians from Western Pacific islands such as Chuk sometimes fight with other groups in low-income Honolulu neighborhoods, police reports say.

Public schools hire Frank De Lima, a popular local comedian who specializes in ethnic jokes, to warn kids that slang racial descriptions can be explosive insults to immigrants or children whose parents are in the military.

Some in Hawaii's 24.9% minority of whites say they sense discrimination.

David Bell, 50, a Honolulu teacher, is white and Canadian Indian. Even after 26 years here, he says, he feels snubbed for looking white. "There's not that much acceptance," he says. "It bothered me, but after a while you learn to deal with it. You have to earn their acceptance."

Karen Knudsen, chairwoman of the state Board of Education, says, "You will hear people say 'dumb haole,' and it's not a big deal. But you would never say 'dumb' any other group. That's considered offensive."

Military personnel say they can feel like outsiders. "At our first-day briefing, we are told to avoid certain places after dark," says Army Pfc. Jennifer Olsen, 29, of Redding, Calif., based at Oahu's Schofield Barracks.

"Sometimes, being white, we go to a store and some people are first more willing to help their own. They're very much against the military people being here. I don't understand it."

For all the problems, Hawaii is a safe place. Rates of murder and other violent crimes are low, prosecutor Carlisle says.

"The race thing isn't perfect here," he adds. "But there is a lot that people can learn about race relationships from Hawaii."

ACLU Sues Over Migrant Children At Former Jail In Texas (LAT)

By Lianne Hart, Times Staff Writer

The Los Angeles Times, March 7, 2007

The group says they are living in substandard conditions. A federal spokesman says the facility is designed humanely.

HOUSTON — Children are being illegally detained at a converted Texas prison while they wait for their parents' immigration appeals to be heard, the American Civil Liberties Union charged in lawsuits filed Tuesday.

The suits allege that the immigrant children being held at the T. Don Hutto detention center in Taylor, Texas, are living in substandard conditions and should be released under supervision to religious groups or charities.

"There is simply no justification for imprisoning innocent children who pose no threat to anyone," said Vanita Gupta, a staff attorney with the ACLU's Racial Justice Program.

A spokeswoman for U.S. Immigration and Customs Enforcement declined to comment on the lawsuit but said in a statement that the facility was "modern" and "designed to humanely accommodate families with children who are detained as a result of ICE enforcing the immigration laws of the United States."

The Hutto center holds 400 people — half of them children. Built as a so-called family residential center, it was the Bush administration's solution to keeping families together while their immigration status was under review. Corrections Corp. of America — the nation's largest private prison firm — operates the 512-bed former state prison.

Immigrant rights groups have staged protests at the Hutto center for months, objecting to its jail-like conditions and long lines for medical care.

But the suits filed Tuesday focus on 10 children living there. In the filings, the ACLU alleges that for 11 to 12 hours a day, children are kept in small cells where toys are not allowed. A light is on at all times. The children must wear government-issued garments and are sometimes disciplined by guards who threaten to permanently separate them from their parents.

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ICE is working with the Women's Commission for Refugee Women and Children and Lutheran Immigration and Refugee Services, among other private organizations, to "identify family-specific detention standards," according to the statement.

The Justice Department signed off on a 1997 settlement agreement that established minimum standards for the care of minors in federal custody, according to the lawsuit. One provision called for the "least restrictive setting possible" for detained children.

"That's not happening at Hutto," Gupta said. "We're not questioning ICE's right to enforce immigration law. But why are they resorting to draconian methods when more humane alternatives are available?"

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ANTITRUST:

F.C.C. Chief Questioning Radio Deal (NYT)

By Stephen Labaton

The New York Times, March 7, 2007

WASHINGTON, March 6 — Kevin J. Martin, the chairman of the Federal Communications Commission, has privately questioned recent Congressional testimony by the architect of a proposed merger of the nation's two satellite radio companies that subscribers would both pay the same monthly rate and receive significantly more programming.

As he sought to sell the proposed merger of Sirius Satellite Radio and XM Satellite Radio to Congress, and by extension to regulators like Mr. Martin, Mel Karmazin, the chief executive of Sirius, vowed last Wednesday that prices would not be raised and that listeners would benefit enormously by getting the best programming from both companies.

But in separate conversations with two people after Mr. Karmazin's testimony to a House committee, Mr. Martin said that subscribers may be surprised to learn they may actually have to pay more than the current monthly rate of $12.95 if, for example, they want to receive all the games of Major League Baseball (now available only on XM) as well as all the professional football games (now only on Sirius).

Mr. Karmazin, reached on Tuesday, said his testimony was not misleading and that he meant to say two things: subscribers wanting to keep their existing service would not face a price increase, and listeners who wanted the best of both services would pay less than the combined rate of $25.90.

Mr. Martin, in an interview on Tuesday, suggested that the details had not been clear from the testimony. He emphasized that he was not questioning the motives or candor of Mr. Karmazin but that there was "a need for greater clarity" over what was being proposed for fees and programming.

"The commission will need to determine the benefits to consumers of this deal, and in doing that, we will need to carefully look at what price will be frozen and what consumers will be getting for that price," Mr. Martin said, adding that the hearing left those issues unclear. "When they talk about freezing rates and lowering rates, are they talking about it in terms of the current rate of $12.95 for each service, or are they referring to the combined rate of $25.90?"

The two people who talked to Mr. Martin — one working to get the deal done and the other a critic — said they understood his comments to reflect his skepticism about both the deal and the way it was being sold in Washington as more beneficial to consumers than it might actually be. The two did not want to be identified because they said these were private conversations.

Mr. Martin said that the proposed deal had "not even been filed with the commission yet," and that he would carefully consider the arguments of both the supporters and the opponents before reaching a decision.

The $13 billion proposed deal cannot be completed without the permission of antitrust lawyers at the Justice Department and a majority of the five commissioners at the F.C.C.

The commission gave the two companies spectrum licenses for the satellite radio services in the 1990s on the condition that they not merge, and it would have to waive that condition for the deal to go forward.

Mr. Martin has said that the companies have a high hurdle to conquer in persuading the commission that the deal would be in the public interest.

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At last week's hearing before the antitrust task force of the House Judiciary Committee, Mr. Karmazin insisted that subscribers could count on a significantly greater offering of programs and no increase in prices. That juxtaposition led some lawmakers to conclude that consumers who pay the same monthly fee for one service would be getting the benefits of the other.

"This merger will give people more choice than they have before and lower prices and, very importantly, less confusion," Mr. Karmazin testified. "Our vision of the way it works is that if you are an XM subscriber, you have the Major League Baseball, you have whatever number of channels available to you now. But what we contemplate is that we would take some other content, and again we have to work with our content partners. But the hope would be that we would get Nascar to agree to be on XM as well. We'll get the N.F.L. to agree to be on XM as well."

At another point in the hearing, he said, "We are saying we are not going to raise our price, and we're going to offer the consumer something that they have not had before."

Critics said that the companies had not been candid about their intentions to offer more services for more than $12.95.

"It's a sleight of hand going on here," said Gene Kimmelman, vice president for federal affairs at Consumers Union, which opposes the merger. "They highlight the price freeze for the old package. They're leaving the consumer with the impression of a price freeze. They say you will get the best of both services. But they never tell you what the rate will be for that.

"Regardless of what Mr. Karmazin intended," Mr. Kimmelman went on, "he has left many consumers with the impression they will receive a combined package of Sirius and XM channels for $12.95, when in reality the price will probably be much higher."

Mr. Karmazin is scheduled to appear before a second Congressional panel on Wednesday.

In the interview on Tuesday afternoon, he said he thought he had been clear that to get the best of both XM and Sirius, consumers would have to pay more than the monthly rate of $12.95, but less than the combined rate of $25.90. Consumers who just want to stay with their existing lineup would be guaranteed the same price, he said.

"If the merger is approved there will be lower prices and more choice," Mr. Karmazin said. "If the merger is not approved, there is no discussion on price and there is no discussion about more choices."

Ashcroft Group Defends Contacting Opposing Sides (HILL)

By Ian Swanson

The Hill, March 7, 2007

The Ashcroft Group's decision to lobby both sides in the merger between the country's only two satellite-radio companies is nothing unusual, lobbyists unconnected to the issue said this week.

They described the Ashcroft Group's decision to contact XM Satellite Radio and the National Association of Broadcasters (NAB), which opposes the merger, to see if either was interested in hiring the former attorney general is a standard business practice in the world of Washington lobbying.

"People do it every day," one of these lobbyists, who asked to speak anonymously, said. "You see a merger going on, and you contact both sides."

XM Satellite Radio, which spurned Ashcroft's advances, publicly has criticized the Ashcroft Group and said it raises questions about the Ashcroft Group's credibility on the issue. "It looks like he was prepared to be for the merger until he was against it," a spokesman for XM, Nathaniel Brown, said.

A lobbyist looking in from the outside, however, described the move as one other lobbying firms, along with law firms and investment banks, also would make unless they had a commitment or a historic relationship with one of the parties. "The real deal is, they went after business and they went after the one that went ahead," he said.

A second lobbying source contrasted a lobbying firm that approaches two sides in a business deal about representation with a lobbying firm that historically has taken a certain philosophic side on a policy issue.

"I think there are two types of lobbyists here," the source said of Washington, "those invested with an issue who are on one side, and those who say they can open doors and … don't care about the substance."

In the case of the XM merger with Sirius Satellite Radio, it is fair game for Ashcroft to try to sell his services, the source said.

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A spokeswoman for Ashcroft, Juliana Glover Weiss, explained how the Ashcroft Group went from contacting XM about representing it in the merger announced on Feb. 19 to publicly opposing the deal a little more than a week later.

The Ashcroft Group's representative in charge of bringing in new business had friends at the NAB and XM, and contacted both within five minutes, asking them if they believed their team was "strong enough" for the upcoming fight in Washington, according to Glover Weiss.

"We had a very good idea where we would be most useful within two and a half hours," she said.

She described this as a standard practice of the Ashcroft Group, which typically is in contact with several potential clients when a major corporate announcement is made. If XM and the Ashcroft Group had reached a mutual agreement to work together, Glover Weiss said the group hypothetically would have been able to "pick up the pieces" if the deal had fallen apart. Another lobbyist put it differently, saying the Ashcroft group would have done what other lobbying firms hired by Sirius and XM will now try to do: Put the deal together in a way that will pass regulatory muster.

After NAB retained the services of the Ashcroft Group, Ashcroft sent a letter to his successor, Attorney General Alberto Gonzales, criticizing the deal as raising serious competitive concerns.

Both the Department of Justice and the Federal Communications Commission must sign on to the deal before it may be approved. Congress has no direct role to play, although sources said lobbyists on both sides of the issue will be active in pushing members to take public positions on the deal, which is likely to turn on how the administration defines the market of satellite radio.

If the market includes satellite and terrestrial radio as well as other devices, such as iPods, that play music, the government might allow the merger to go forward, sources said. If they determine the satellite-radio market consists of the two companies offering satellite-radio services, they are unlikely to give the merger the go-ahead.

"Our examination of this deal will consider whether emerging technologies such as the iPod and Internet radio are competitors to satellite radio, or whether it represents a merger to monopoly which will injure customers," Sen. Herb Kohl (D-Wis.) said in a statement shortly after the merger. Kohl has signaled that his Senate Judiciary subcommittee on antitrust, competition policy and consumer rights will hold a hearing on the subject.

The House Energy and Commerce subcommittee on telecommunications is set to hold a hearing on the merger today. This follows last week's hearing by a antitrust task force set up by House Judiciary Committee Chairman John Conyers Jr. (D-Mich.).

Union: Weirton Steel No Longer For Sale (PTR)

By C.M. Mortimer, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, March 6, 2007

Weirton Steel will remain a component of Mittal Steel USA, and is no longer for sale, the leader of the Independent Steelworkers Union, which represents 1,250 members at the West Virginia plant, said Tuesday.

Mittal Steel also wants to make Weirton the "premiere" producer of tinplate in the United States, said Mark Glyptis, president of the Independent Steelworkers Union. He said union leaders were encouraged and optimistic following a meeting with senior Mittal USA officials in Chicago on Monday.

Glyptis said in a statement today that the Weirton steel operations will remain "status quo," with a mutual agreement to look for ways to improve the performance of the steel mill.

"The future of Weirton is in the hands of the employees ... and we are prepared to lead the way in making Weirton a stronger partner with the Mittal corporation," Glyptis said. "Weirton is no longer for sale. We will remain part of Mittal Steel USA," he said.

Last month, the U.S. Department of Justice said Mittal Steel must sell its Sparrows Point tin mill plant near Baltimore, instead of the Weirton mill to settle antitrust issues over the pending merger with Arcelor SA. The decision clouded the fate of the former Weirton Steel Corp.

The government said selling the mill near Baltimore was the best way to prevent a monopoly in the eastern U.S. market for tin-plated steel.

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In January, Esmark Inc., a Chicago-based steel services company, signed a letter-of-intent with Mittal to buy parts of Weirton Steel, particularly its finishing facilities. The government's decision caused Mittal and Esmark to back off those plans.

The independent union at Weirton wanted their mill to be sold, instead of Sparrows Point, saying that it hadfailed to thrive under Mittal's ownership.

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Mittal, W.Va. Mill Reshape Relationship (AP)

By Vicki Smith, Associated Press Writer

AP, March 7, 2007

MORGANTOWN, W.Va. --Two weeks after learning Mittal Steel Co. would not sell its West Virginia mill, the Independent Steelworkers Union is feeling "part of the family" again, President Mark Glyptis said Tuesday.

Glyptis and other union leaders met Monday with Mittal officials in Chicago to discuss the fate of the former Weirton Steel, and left feeling encouraged.

"We walked away feeling much more part of the family," Glyptis said.

The U.S. Department of Justice initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany.

That left Mittal with the prospect of selling one of its two U.S. assets in the tin market, Sparrows Point or Weirton.

Weirton workers, who had failed to flourish under Mittal's ownership, were disappointed by the government's decision that Sparrows Point be sold. But Justice officials said that was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel.

Since then, Glyptis said, Mittal has taken a fresh look at Weirton and been "willing to listen" to the union's ideas.

"But we have to translate ideas into results," he said.

Mittal has committed to maintaining the current operations at Weirton and making it the premier producer of tinplate in the United States, Glyptis said. The union, in turn, will have to improve the mill's performance.

"There are goals -- goals that are being refined," he said. "They've committed to giving us the resources to achieve those goals, and I think that's all positive."

Those resources may be more than monetary, Glyptis said. They could include tapping into Mittal's global expertise to improve Weirton's operations.

After years of deep losses, Weirton Steel filed for Chapter 11 bankruptcy in May 2003 and was sold twice in 18 months, first to International Steel Group, then to Mittal. Almost immediately, Mittal shut down the blast furnace, stopping the production of raw steel and cutting more than 800 jobs.

With a sale now off the table, Glyptis said he will try to refocus his 1,250 members on remaining part of Mittal for the long haul. Two membership meetings are planned for Wednesday.

Microsoft Attacks Google Over Book Search (WP)

By Alan Sipress

The Washington Post, March 7, 2007

Microsoft launched an unusually caustic public broadside yesterday against Google, accusing its archrival of running roughshod over copyrights as it creates an online service for searching books.

Speaking at the annual meeting of the American Association of Publishers in New York, Thomas C. Rubin, Microsoft's associate general counsel, devoted much of his remarks to an attack on Google's practice of copying entire books into its database, often without the permission of copyright holders.

"It systematically violates copyright and deprives authors and publishers of an important avenue for monetizing their works," Rubin said, according to prepared remarks. "In doing so, it undermines critical incentives to create."

Microsoft's salvo came as the software giant faces mounting pressure from Google, which is increasingly extending its reach beyond the Web search that made it the darling of the technology industry.

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Last month, Google began selling an online productivity suite, including e-mail, calendar and Web services, that competes with Microsoft's Office software. Google also continues to extend its substantial lead over Microsoft in Web searching, an area where Microsoft has struggled and that remains the main way users navigate the Internet.

Whitney Burk, a Microsoft spokesman, said Rubin decided to offer his blunt critique because he felt it was time to begin engaging publishers in the debate over how to move book content to the Web. Like Google, Microsoft is developing a database of digitized books.

"Google takes the position that everything may be freely copied unless the copyright owner notifies Google and tells it to stop," Rubin said. "Microsoft and most other companies, by contrast, take the position that they should get the copyright owner's consent before they copy."

His remarks found a sympathetic audience in the publishers association, which has filed a federal lawsuit against Google for allegedly infringing copyright laws by scanning millions of books for online searching. Google typically displays short snippets of the publications in its book-search results.

Rubin accused Google of demonstrating a "similar cavalier approach to copyright" in its management of YouTube, the online video site it bought last year. He said Google had refused to address the complaints of broadcasters, movie studios and record companies that YouTube engages in piracy by featuring copyrighted material. He further alleged that Google was earning money by featuring advertisements linked to online searches for pirated software.

In a short, written response Google Senior Vice President David C. Drummond said his company was cooperating with more than 10,000 publishers to put content on the Internet.

"The goal of search engines, and of products like Google Book Search and YouTube, is to help users find information from content producers of every size," Drummond said. "We do this by complying with international copyright laws and the result has been more exposure and in many cases more revenue for authors, publishers and producers of content."

Though executives at Google and Microsoft often criticize each other's business practices and products in private, they have rarely allowed their differences to bubble over in public. Two years ago, Microsoft went to court to prevent one of its former executives, Kai-Fu Lee, from opening a Google research center in China, arguing that he had broken a no-compete contract. But while that legal fight was nasty at times, it never included the kind of public tongue lashing offered by Rubin yesterday.

Edward J. Black, president of the Computer and Communications Industry Association, came to Google's defense, saying Microsoft wrongly characterized copyright law. Both companies are members of the Washington-based association.

"Contrary to Microsoft's suggestion, every unauthorized use of a copyrighted work is not infringement," Black said. As an example of these "fair use" exceptions, he pointed to how search engines developed by both Google and Microsoft are legally permitted to make copies of Web sites as part of the search process. "Microsoft would do well to consider that its own business depends on fair use before brushing aside that important doctrine," he said.

Microsoft's Accusations Against Google Don't Impress Copyright Gurus (LAW)

By Jessie Seyfer, The Recorder

California Recorder, March 7, 2007

Copyright experts scoffed Tuesday at attempts by a top Microsoft lawyer to discredit Google's approach to copyrighted material.

Most believed Associate General Counsel Thomas Rubin's speech before a book conference -- as well as his opinion piece in the Financial Times -- had a lot more to do with Microsoft's vicious competition with Google than about solid legal arguments.

"Clearly they're in a pitched battle," said Mark Flagel, a partner with Latham & Watkins in Los Angeles. "Microsoft is doing everything it can to pick its fights. This is a popular one."

In a speech before the Association of American Publishers, Rubin accused Google of systematically violating copyright law. Google's Book Search and YouTube video sites are the perpetrators of these injustices, according to Rubin.

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"Concocting a novel 'fair use' theory, Google bestowed upon itself the unilateral right to make entire copies of copyrighted books not covered by these publisher agreements without first obtaining the copyright holder's permission," Rubin's speech read. "Anyone who visits YouTube ... will immediately recognize that it follows a similar cavalier approach to copyright."

Google disputes that it violates any copyright laws. Its book search site allows people to search texts of many copyrighted books, the company maintains, but if a copyright owner has not consented, the searcher will only see a snippet of the copyrighted book.

That's a critical distinction for legal analysts. It's one thing, they say, to offer a search of a book's text and quite another to make an entire copyrighted book available, without permission, for copying -- which Google maintains it does not do. Google also claims it removes copyrighted songs and video from YouTube any time it is notified of infringement.

"The goal of search engines, and of products like Google Book Search and YouTube, is to help users find information from content producers of every size," David Drummond, Google's chief legal officer, said in a statement in response to Rubin's speech. "We do this by complying with international copyright laws, and the result has been more exposure and in many cases more revenue for authors, publishers and producers of content."

Rubin cast Microsoft's own book search as superior on copyright treatment. Experts didn't find this a surprising move given that Google, with its recent online word processing and spreadsheet offerings, has begun to encroach on Microsoft's core software businesses.

Microsoft has reacted to Google's success in recent years by beefing up its search capabilities, but may wind up harming itself with Rubin's arguments. After all, a lot of the law is unsettled when it comes to copyright protection in the digital age, said Eric Goldman, director of Santa Clara University School of Law's High Tech Law Institute.

"It's a very dangerous game for Microsoft to go out and push a major player in this space on copyright issues," Goldman said. "It's entirely possible that if they succeed in painting Google into a box, they may have inflicted a wound on themselves."

Courts are still grappling with whether Google's approach to books constitutes "fair use" under copyright law, Flagel said. Judges are also weighing whether Google should be held responsible for providing information, in search results for instance, about businesses that infringe on other people's copyrights.

The 9th Circuit U.S. Court of Appeals is expected to rule on three related cases on that subject by the end of the summer, said Fred Von Lohmann, a staff attorney for the Electronic Frontier Foundation in San Francisco.

Von Lohmann said Rubin's speech, which played up the fact that Microsoft asks copyright holders' permission before using their works, highlighted a way of thinking that he finds highly disturbing. Seeking permission from movie studios and publishing houses before using their material for a new innovation might be something Microsoft -- with its resources -- can do easily, but small-time innovators can't, Von Lohmann said.

"If you're a startup in a garage, is Hollywood going to return your calls if you're trying to develop something like YouTube?" he said. "Do you think they would have been able to launch a company if they had to negotiate permission?"

He continued: "The question here is not about do you like Google better or Microsoft. The question is, do you want a world where you can innovate first, or you have to hire lawyers and ask Hollywood's permission."

Terms Of Microsoft Settlement Be Told April 18 (DMR)

Des Moines Register, March 7, 2007

Terms of the settlement of Iowa's class action lawsuit against Microsoft Corp. will be announced on April 18, two days earlier than previously announced.

The date for the court hearing at which the terms are to be presented to Polk County District Court Judge Scott Rosenberg was moved up because of a conflict on the original date of April 20, Rosenberg said today.

The anti-trust law suit was nearly three months into a jury trial in Des Moines, and well behind schedule, when lawyers for both sides announced a settlement on Feb. 14.

The annoucement ended the trial, which had been expected to last well into the summer months.

Lawyers representing Iowans who purchased Microsoft's Windows, Office, Word and Excel software between 1994 and 2006 had sought damages of up to $330 million based on allegations of illegal anti-competitive actions by Microsoft.

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Settlements of similar cases in other states have resulted in distribution of discount coupons for future purchases of Microsoft equipment with half of the unclaimed settlements going to public education agencies.

Officials have said the Iowa Department of Education will receive half of the unclaimed settlement here, but they have not said how large the settlement will be or if coupons will be used.

Terms of the settlement, as well as claiming instructions for Iowa purchasers, will be disclosed at the April 18 hearing.

Microsoft's Rocky Road To Mac Office 97 (CNET)

By Dawn Kawamoto, Staff Writer, CNET News.com

CNET News.com, March 7, 2007

According to court documents, the founder of Microsoft's Macintosh Business Unit fought a hard battle to keep Mac Office 97 alive.

In 1997, Apple wasn't the only place to house Mac evangelists--try Microsoft.

Ben Waldman, a then-Microsoft executive who founded the company's Macintosh Business Unit, fought a hard battle to keep Mac Office 97 a viable project, according to court documents in the recently settled Iowa class action antitrust suit against Microsoft.

In an e-mail to Microsoft co-founder Bill Gates, Waldman makes a passionate case for finishing Mac Office 97 and ramping up marketing and sales support for Microsoft's Mac products, according to a copy of the e-mail submitted in the antitrust case.

Waldman's pleas came just six months after Microsoft touted its plans to launch a business unit devoted to Mac, as well as release new versions of its FrontPage and Office software for the Mac.

His e-mail called for finishing Mac Office 97, despite difficulties and frustrations between the software giant and Apple in negotiations over an undisclosed issue. Approximately six weeks after Waldman sent his e-mail, Microsoft announced a $150 million investment in Apple that called for developing and shipping future versions of Microsoft Office, Internet Explorer and development tools for the Macintosh.

Prior to that investment, however, Mac Office 97 was in a tenuous position.

"The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately," Waldman noted. "Regardless of the outcome of these discussions, though, I believe we should ship Mac Office 97."

He added: "Furthermore, I believe we need to decide this immediately--our indecision so far has caused quite a bit of harm, and this will become far worse very shortly, as we are not only close to shipping code externally, but need to finally start press and customer communications, especially with Macworld a month away."

In laying out his arguments, Waldman cited the high motivation of his team and the effect on their morale if Microsoft were to pull out, a desire to keep the software giant's integrity intact after promising new versions of Office to users and Wall Street, the proximity to an external beta ship date of August 27, as well as the quality of the product.

"We are creating a good product, perhaps the last one. I really believe that we are creating the right product, a product that we can feel good about, and that will be well-received by customers, press and analysts," Waldman said. "Our focus has been to build on the base of Win Office 97 and create a great Macintosh product for Macintosh users, which is 100 percent interoperable with the Windows product."

He also cited the ability to use Mac Office 97 as a means to test products and marketing concepts before rolling them out in Windows Office.

"Because Mac Office is so much less critical to our business than Windows, we have the flexibility to test out new things in the product and in its marketing before we try them on Windows," Waldman said, adding, "I've personally also found the Mac market interesting because I've seen so many trends appear there first, and eventually become important on Windows."

Concerns over hard disk size, memory utilization and too many unnecessary features, or "bloatware," became a real issue in Office 97--complaints that were similar to ones heard years earlier when Mac Office 4 hit the market, Waldman noted.

"We heard exactly the same thing for Mac Office 4 three years ago, when we weren't really hearing it on Windows," he noted.

Waldman also lamented the lack of marketing and sales support for the company's Mac products. He cited cases where Microsoft sales representatives would try to sell its Mac customers on the notion of switching products, rather than addressing their interest in Microsoft's Mac software.

He also pointed to the effect that marketing had on Microsoft's Mac sales, especially in markets where Apple had seen a decline.

"Despite Apple's 20 percent drop in units in France, Mac Office sales were up 7 percent...How did we do so well? We actually did some marketing!" Waldman said.

Gates, in response to Waldman's e-mail, replied: "I appreciate your mail. It shows the kind of passion about great products that has made Microsoft successful. I admit we have neglected the Mac business."

Microsoft's Macintosh Business Unit issued a statement on Tuesday saying that the company has been developing native Mac software for more than 22 years and those products include compatibility with Office for Windows.

"We're committed to the ongoing development of our products, and are excited to deliver the first Universal version of Office--Office 2008 for Mac--in the second half of this year," Microsoft said. "Apple recognizes our commitment and contributions to the Mac market, and supports our efforts."

Microsoft noted that at Macworld 2006, the software giant announced a five-year agreement to produce Office specifically for the Mac.

"We are proud of our longstanding history of developing first-class productivity software on the Mac platform and will continue to do so," Microsoft said.

EU Rethinks Plans To Split Energy Groups (FT)

By Sarah Laitner And Bertrand Benoit

Financial Times, March 7, 2007

Brussels is considering a fresh approach to opening European Union energy markets amid indications that national leaders will this week signal their opposition to a forced break-up of big electricity and natural gas companies.

The European Commission is looking at a compromise plan under which regional grid operators could be established to help spur -competition and investment in the sector.

Such a move might prove more acceptable to heavyweight opponents in Paris and Berlin. They lead opposition to the Commission's proposal to force ownership separation of companies such as EdF of France and Eon of Germany, which generate power and own the grids through which it is supplied.

Officially, Brussels says the forced break-up of large, integrated energy groups through "ownership unbundling" is the best way to overhaul the sector, allow new companies to enter and give consumers more choice.

However, privately, EU officials acknowledge the opposition of some countries to that plan. They hope that EU leaders will call for further legislative action at their meeting tomorrow and on Friday.

The Commission has suggested a second, less radical option that would allow energy groups to hand over management of grids to independent operators while retaining ownership.

At the heart of the latest revised suggestion are cross-border versions of these independent operators. They would run networks on behalf of the companies, working in regional groups across the EU.

Angela Merkel, the chancellor of Germany, which holds the EU's rotating -presidency, will chair the Brussels summit of national leaders.

In an interview with the Financial Times, Ms Merkel said: "I'm in favour of competition. It is a precondition for an efficient European energy policy.

"We have many traditions in Europe. Fourteen member states already have unbundling. Others, like Germany, have a different tradition. I do not think the issue of competition can be reduced to the unbundling question."

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She added: "Stripping the energy producers of their networks is no guarantee that they won't build cartels. What you need is a strong regulatory system and the right incentives to invest."

EU officials have cautioned that the revised idea is far from a fait accompli within the Commission.

EU Regulators Plot Breakup Of Utilities As Politicians Waver (BLOOM)

By James G. Neuger

Bloomberg, March 7, 2007

March 7 (Bloomberg) -- European Union regulators are determined to break up big utilities like Electricite de France SA and E.ON AG -- and they won't let governments stand in the way.

France, in the midst of a presidential campaign, will spearhead the charge at an EU summit starting tomorrow against a proposal to split power producers from transmission businesses in the 250 billion-euro ($328 billion) gas and electricity market.

The European Commission, the EU's central regulator, is pursuing an untested strategy to defeat the politicians: it plans to investigate utilities for abusing their dominant market positions and slap fines on companies it finds guilty.

``There will be no doubts about our determination to go on with the continuation of the competition rules regarding the energy market," European Commission President Jose Barroso said March 5. ``Not all the member states agree."

With oil prices above $60 a barrel, EU leaders are targeting cheaper gas and electricity as the key to spurring an economy that has lagged behind the U.S. for most of the past decade. The squabble will be over how to get there during discussions at the two-day summit in Brussels.

Countries like Britain -- where Prime Minister Tony Blair's office gets its electricity from a French company and its water from a German one -- are pushing for less state control and less regulation.

Fiercest Pushback

Forcing power producers to sell off transmission grids is ``urgent," EU Competition Commissioner Neelie Kroes said last month. ``It is simply not the case that waiting for the implementation of existing legislation across member states will be enough."

Following the template for cross-Channel arguments over economic management, the fiercest pushback is coming from France, home to state-owned EDF, Europe's biggest power generator and the pride of French trade unions.

Keeping EDF in state hands and abandoning the current government's planned merger of Suez SA and Gaz de France SA is the economic rallying cry of Segolene Royal, the Socialist candidate for president in elections in April and May. Royal has vowed to renationalize EDF and merge it with GDF if elected.

Winning over France ``will be very difficult," Danish Foreign Minister Per Stig Moeller told reporters March 1. ``You see for instance in the French presidential campaign what role that plays."

President Jacques Chirac, making his second-to-last EU summit appearance of his 12 years in office, will pitch France's alternative plan to require power producers to provide fair access to networks -- and leave regulation at the national level.

French Allies

France has found close to a dozen allies like Austria, which warned that the forced sale of power-transmission businesses could put key national assets under foreign ownership.

``The big money is in Russia with the energy monopolies, with the Chinese foreign capital and with the American pension funds," Austrian Chancellor Alfred Gusenbauer said in a Feb. 26 interview in Vienna. ``I don't think it would be good to hand control over grids outside of Europe."

A summit stalemate would shine the spotlight on Kroes, who is already probing utilities including E.ON, Gaz de France and Eni SpA for possible collusion. The companies have said they are cooperating with investigators.

Whether the commission could wield the antitrust ax to split up Europe's energy giants is an open question. Its powers in this area are in question and, as last year's squabbles over cross- border energy mergers showed, are sure to run into national obstacles.

France, for example, stage-managed the Suez-Gaz de France merger -- now held up by dissident investors and unions -- to thwart a possible bid for Suez by Italy's Enel SpA. Spain imposed curbs on E.ON's takeover of Endesa SA. Now Kroes may have to go to court to force Spain to drop the restrictions.

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Freedom of Choice

Sixteen countries -- including Germany, France, the U.K., Italy, Spain and Poland -- are ignoring parts of existing EU legislation that gives customers freedom of choice when picking power and gas suppliers.

Energy was catapulted to the top of the European political agenda by the rise in prices and moves by President Vladimir Putin of Russia, the source of a quarter of the EU's natural gas, to assert control over Russian oil and gas resources.

Russia, the world's largest gas producer, agreed in January to cooperate with Algeria on natural gas exploration and marketing, leading Putin to muse about a ``gas OPEC'' and stirring concerns in Europe.

Putin is exploiting the EU's internal divisions by lining up former German Chancellor Gerhard Schroeder to manage a 5 billion- euro natural gas pipeline from Russia to Germany -- a project that is getting flak from Poland and Sweden.

``Poland is afraid that Russia could cut it off from energy supplies,'' European Parliament President Hans-Gert Poettering said in a Feb. 28 interview in Berlin. ``And that's why it's important for us to show solidarity with Poland.''

Binding Targets

EU leaders are also split over a commission call to set a binding target for renewable energy to make up 20 percent of European power consumption by 2020. The costs would be too high, poorer eastern countries say.

There is more unity on a commission call for a 30 percent cut in greenhouse gas emissions by 2020, as long as other industrial countries join the fight against climate change.

A Swing And A Miss (LAT)

The Los Angeles Times, March 7, 2007

MEMO TO SEN. John F. Kerry (D-Mass.) and Federal Communications Commission Chairman Kevin J. Martin: Baseball is the national pastime, not the nationalized one.

Kerry and Martin are crying foul over a deal being negotiated by Major League Baseball and DirecTV, the leading satellite service in the country. The agreement would sell the TV rights to "out of market" games — the ones played by non-hometown teams — exclusively to DirecTV. The same package is available today to an estimated 75 million subscribers to the various cable TV and satellite systems; the pending deal would cut that number to DirecTV's universe of 15 million customers. At the same time, the deal would create a new, 24-hour baseball channel on DirecTV.

Kerry, playing the populist card like the presidential candidate he used to be, has ginned up a Senate hearing to determine whether Congress should step in. "I have serious problems with any mega-deal that makes it harder for people across the country to follow their favorite baseball team," he said last month. At Kerry's request, Martin launched an inquiry to determine whether new laws were needed to protect fans.

Evidently, we've come quite a long way since 1992, when Congress ordered the FCC to make sure cable operators such as Comcast and Time Warner Cable didn't withhold the programs and networks they owned (e.g., a regional sports network or Time Warner's HBO) from the fledgling satellite industry. Now it's DirecTV, which still has a fraction of the customers that cable does, with too much power? Although the service is controlled by media giant News Corp., there's no unholy combination here of content provider and distributor. Instead, the proposed deal involves a copyright owner — Major League Baseball — and its ability to sell the rights to its programs to whomever it wishes. It's no different from the National Football League moving "Monday Night Football" from free TV (ABC) to cable (ESPN).

Nor is there any public entitlement to televised baseball. Yes, fans who want to watch out-of-market games but who aren't DirecTV subscribers would be inconvenienced by the pending deal. Those who won't or can't switch to the satellite service can sign up for Major League Baseball's online broadcasts, which the league says will have the same picture quality as conventional TV. Of course, the webcasts wouldn't deliver the same experience unless viewers had a high-speed Internet line and a PC connected to their TV. Everyone else would have to settle for watching games on their computers or not watching them at all.

Is this a bad thing for fans? Probably. Is it a bad thing for the game? That's for the league to decide, not Congress or the FCC. The proposed deal is similar to the exclusive ones DirecTV has struck with the NFL and NASCAR, neither of which brought down Washington's regulatory fist. Kerry and Martin should stay in the bleachers and let the business of baseball operate like a business.

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ENVIRONMENT/INDIAN AFFAIRS:

Feds Issue Subpoenas In Fatal BP Blast (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, March 7, 2007

BP disclosed today that the Justice Department has issued grand jury subpoenas for documents and testimony to determine whether any criminal conduct was involved in the March 2005 explosion at the company's Texas City refinery that killed 15 people and injured scores more.

The London-based oil giant disclosed that subpoenas had been issued in its 2006 annual report, which was released today.

The company acknowledged a year ago that the Justice Department had opened an investigation after the U.S. Occupational Safety and Health Administration issued citations alleging more than 300 violations of OSHA standards, imposed a $21.3 million fine and ordered a series of actions intended to improve safety at the plant.

OSHA referred the matter to the Justice Department after concluding its probe into the blast.

"We've acknowledged before that DOJ is carrying out an investigation," BP spokesman Neil Chapman said today.

BP said in the report issued today that the company is cooperating with the Justice Department's investigation.

The company also is cooperating with investigations by the Environmental Protection Agency and the U.S. Chemical Safety and Hazard Investigation Board. The CSB is expected to issue its final report on the blast later this month.

Last October federal prosecutors issued a wide-ranging subpoena to Brent Coon, a Beaumont lawyer whose clients have included a woman whose parents died in the blast. He also represents workers who were injured and nearby residents who claim their property was damaged.

Coon said today that he had already shared documents gathered in explosion-related civil litigation with the investigating agencies.

Once he received the subpoena, he said he gave the Justice Department a passcode that investigators could use to access an electronic document database so they could examine everything with no need of a middleman.

"We've been in full cooperation, actually keeping them up to date. Of course, they don't tell us what they're doing," Coon said.

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U.S. To Owe Billions For Delays In Nuclear Dump, Official Says (NYT)

By Matthew L. Wald

New York Times, March 7, 2007

WASHINGTON, March 6 — The federal government will owe $7 billion in damages for delays in opening a nuclear waste dump if the repository opens in 2017 — the earliest date now possible — and any further delay will raise the price half a billion dollars a year, the head of the radioactive waste program said Tuesday.

The money would reimburse current and former nuclear plant operators who signed contracts under which the federal government agreed to begin accepting their wastes in 1998.

The official, Edward F. Sproat III, director of the Office of Civilian Radioactive Waste Management, said progress toward opening a waste repository at Yucca Mountain, Nev., near Las Vegas, had been slowed by lack of money, despite a $19.5 billion fund financed by a fee on each kilowatt-hour of electricity generated by reactors.

He said the administration would ask Congress on Wednesday for easier access to the money. But he also acknowledged that the schedule had been hurt by problems in his office and with its contractors; 60 percent of the work his office is doing this year involves reanalyzing data that was rejected earlier because of signs of fraud.

The administration will also request that the site be permitted to store more than the 70,000 metric tons originally set by Congress. That limit was set with the idea that the Energy Department would look for a second site, but it has made small progress toward opening the first one.

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Mr. Sproat spoke at a breakfast sponsored by The Energy Daily, a trade publication, and Areva, a reactor vendor.

The nuclear waste issue has become more acute because for the first time since the 1970s, companies want to build new reactors, according to Mr. Sproat and others. But Mr. Sproat said investors would not lend money for construction unless the Energy Department resumed offering contracts to the utilities for waste disposal.

$7B Settlement Proposed In Indian Case (AP)

By Mary Clare Jalonick, Associated Press Writer

AP, March 7, 2007

The U.S. government has proposed paying $7 billion partly to settle lawsuits over the management of Indian trust lands — an offer met with immediate objections from Indian plaintiffs.

At issue is a decade-old lawsuit by Indians against the government claiming that the government has mismanaged more than $100 billion in oil, gas, timber and other royalties held in trust from their lands dating back to 1887.

The litigation, filed in 1996 by Blackfeet Indian Elouise Cobell, deals with individual Indians' lands. Several tribes have also sued, claiming mismanagement of their lands.

Senate Indian Affairs Committee Chairman Byron Dorgan, D-N.D., said he will hold hearings on the proposal and said the settlement offer is the first time the federal government has acknowledged a multibillion dollar liability for mismanagement of the trust funds over the past century.

"That is a significant admission," Dorgan said, adding that he believes the conditions attached to the settlement offer will be controversial.

Associate Deputy Interior Secretary James Cason, who has overseen Indian issues in past years, took issue with Dorgan's words. He said the proposal is not an admission but a "recognition that where we are right now is not very productive."

Cobell and one of her attorneys, Keith Harper, said the Interior Department is asking for too much.

Under the terms of the offer, the government would pay $7 billion over ten years, without interest. In exchange for the money, all tribal and individual mismanagement claims against the government would be dropped and the government would be relieved of future liability.

The proposal would also end, over a period of 10 years, most of the government's responsibilities to manage Indian trust lands and would consolidate ownership of Indian lands, which are now often held by many people.

Cason said roughly half of the $7 billion would go toward settling individual and tribal claims, with the remainder covering other parts of the proposal.

Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales sent the proposal to Dorgan last week, saying they strongly support comprehensive legislation that would help the parties move "from a litigation-oriented relationship to one of economic prosperity, empowerment and self-reliance for tribes and individual Indians."

Harper said the proposal is an insult.

"There's no sum specific for how much is going to be used for Cobell," he said. "It's pennies on the dollar."

He said the plaintiffs estimate the government's liability could exceed $100 billion, though they have in the past considered settling for less.

Cobell said the government is trying to do too much at once.

"It's not fair to throw every problem that exists in Indian country that has been created by the Department of Interior into our lawsuit," she said. "This lawsuit is about individual Indians and accounting."

Interior Department spokesman Shane Wolfe said the department looks forward to working with Congress on the proposal. Congress has attempted to wade into the dispute in recent years, but has yet to find resolution.

"We believe this proposal looks to the future," he said.

In Arizona Desert, Indian Trackers Vs. Smugglers (NYT)

By Randal C. Archibold

The New York Times, March 7, 2007

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TOHONO O'ODHAM NATION, Ariz. — A fresh footprint in the dirt, fibers in the mesquite. Harold Thompson reads the signs like a map.

They point to drug smugglers, 10 or 11, crossing from Mexico. The deep impressions and spacing are a giveaway to the heavy loads on their backs. With no insect tracks or paw prints of nocturnal creatures marking the steps, Mr. Thompson determines the smugglers probably crossed a few hours ago.

"These guys are not far ahead; we'll get them," said Mr. Thompson, 50, a strapping Navajo who follows the trail like a bloodhound.

At a time when all manner of high technology is arriving to help beef up security at the Mexican border — infrared cameras, sensors, unmanned drones — there is a growing appreciation among the federal authorities for the American Indian art of tracking, honed over generations by ancestors hunting animals.

Mr. Thompson belongs to the Shadow Wolves, a federal law enforcement unit of Indian officers that has operated since the early 1970s on this vast Indian nation straddling the Mexican border.

Tracking skills are in such demand that the Departments of State and Defense have arranged for the Shadow Wolves to train border guards in other countries, including some central to the fight against terrorism. Several officers are going to train border police in Tajikistan and Uzbekistan, which border Afghanistan, and in several other countries.

In the renewed push to secure the border with Mexico, the curbing of narcotics trafficking often gets less public attention than the capturing of illegal immigrants.

But the 15-member Shadow Wolves unit, part of Immigration and Customs Enforcement, is recruiting members to reach the congressionally authorized complement of 21. And the immigration agency is considering forming a sister unit to patrol part of the Canadian border at the Blackfeet reservation in Montana, where concern about drug trafficking is growing.

"Detecting is one thing, and apprehending is something entirely different," said Rodney Irby, a special agent in Tucson for the immigration agency who helps supervise the Shadow Wolves. "I applaud the technology; it will only make the border more secure. But there are still going to be groups of people who penetrate the most modern technology, and we need a cadre of agents and officers to apprehend them."

The Shadow Wolves have seized nearly 30,000 pounds of illegal drugs since October, putting them on pace to meet or exceed previous annual seizure amounts. They routinely seize some 100,000 pounds of illegal drugs a year, Mr. Irby said.

They home in on drug smugglers, who use less-traveled cattle tracks, old wagon-wheel trails and barely formed footpaths to ferry their loads to roads and highways about 40 miles from the border.

The Tohono land, which is the size of Connecticut and the third-largest reservation in area in the country, has long vexed law enforcement. Scores of people die crossing here every year in the searing, dry heat of summer or the frigid cold of winter. And its 76-mile-long border with Mexico, marked in most places with a three- or four-strand barbed-wire fence that is easy to breach, is a major transshipment point for marijuana, Mexico's largest illicit crop.

Adding to the challenge is that drug smugglers have enlisted tribal members or forced them into cooperation, sometimes stashing their loads in the ramshackle houses dotting the landscape or paying the young to act as guides. Several tribal members live on the Mexican side, and those on the American side have long freely crossed the border, which they usually do through a few informal entry points that drug traffickers, too, have picked up on.

How much the Shadow Wolves disrupt the criminal organizations is debated. Officials said they believed the group's work at least complicated drug smuggling operations — the Shadow Wolves have received death threats over the years — but they said they could not estimate the amount of drugs making it through.

Marvin Eleando, a Tohono who retired from the unit in 2004, said he believed the Shadow Wolves got just a small fraction of the drugs moving through the Tohono lands. Mr. Eleando estimated it would take about 100 Shadow Wolves to truly foil the smugglers, who employ spotters on mountaintops who watch for officers and then shift routes accordingly.

Still, he said, the unit must keep up the effort because the drugs, and the gun violence often associated with trafficking, imperil tribal members.

"The kids get mixed up in this and then don't want to work anymore," Mr. Eleando said.

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Lately, according to the Border Patrol and Immigration and Customs Enforcement, drug seizures in Arizona, and especially around the reservation and the Tucson area, have surged, and the size of the loads found has increased.

Officials said it was too soon to tell whether the uptick signaled a long-term pattern. But they believed it could be partly explained by the additional staffing on the border. Law enforcement officials said that there also appeared to be a bumper crop of marijuana in Mexico and that smugglers seemed to be trying to ship tons of it ahead of government crackdowns there.

"We never know how much is being pushed in our direction," said David V. Aguilar, the chief of the Border Patrol, though he added that it seemed the amount was "higher at this point."

Alonzo Peña, the agent in charge of Immigration and Customs Enforcement in Arizona, said investigators had many theories but little concrete information to explain the increase in trafficking.

"Is this marijuana that has been sitting in warehouses, and they are trying to get rid of it now that there is a strong hand in Mexico?" Mr. Peña said. "We just don't know other than that we are seeing more loads and bigger loads in many areas."

The Shadow Wolves, established with a handful of officers in 1972 as part of what was then the United States Customs Service, were the first federal law enforcement officers allowed on Tohono land.

The federal government agreed to the Tohono O'odham Nation's demand that the officers have American Indian ancestry, a requirement still in place. Members are at least one-quarter Indian, and the current group represents seven tribes, including the Tohono.

While other law enforcement agencies, including the Border Patrol, use tracking, the Shadow Wolves believe that their experience and their Indian ancestry give them an edge, particularly here.

"I speak the language, so when we are dealing with elderly members in particular I can make them more comfortable," said Gary Ortega, a Tohono who has been in the Shadow Wolves for nine years. "They are willing to tell us things they know or see that they may not tell another federal agent or officer."

There is also, of course, the thrill of the hunt.

On a recent day, Mr. Thompson picked up the track around 3 a.m. and, with Mr. Ortega, stayed on it for nearly 12 hours through thorny thickets and wide-open desert. As the terrain grew craggy, Mr. Thompson kept a brisk pace, with Mr. Ortega and other officers leapfrogging ahead to help find the trail.

"Every chase is just a little different," Mr. Ortega said, barely pausing as he followed the prints in the sand.

It grew easier as the sun rose and the smugglers kept bumping into thorny bushes and stopping to rest, leaving their food wrappers behind and coat fibers in the cat-claw brush. By midafternoon, Mr. Ortega and Mr. Thompson were tiring, too. But the scent of the men's burlap sacks perked up Mr. Ortega, and he quickened his pace, finally catching sight of the smugglers and prompting them to bolt from their resting spot.

Left behind were 10 bales of marijuana, 630 pounds in total, a fairly typical bust, with a street value of more than $315,000.

With the weight off their backs, the smugglers showed new speed dashing to hiding places and easily outmatched their pursuers. Other Shadow Wolves drove out to pick up the load, finding their colleagues resting on the bales and grinning in satisfaction.

"When we get the dope or the guys," Mr. Thompson said, "that's when it ends."

FBI/DEA/ATF/USMS:

A Mayor Cracks Down On Gangs (CNN)

CNN, March 6, 2007

(CNN) -- Los Angeles, California, Mayor Antonio Villaraigosa introduced in February an aggressive initiative to combat the surge of gang-related violence in his city.

The plan includes publicly identifying several of the most violent gangs and gang members and includes calls for international help.

"We have had tremendous success in reducing overall crime, crime is down for the fifth straight year," the mayor told reporters at a February news conference.

"But as crime continues to drop overall, we begin to see a glaring exception to the trend with the rise in gang crime. Street gangs are responsible for the majority of all murders in Los Angeles, and nearly 70 percent of all the shootings."

He added, "We tend to think about gangs as problems plaguing individual neighborhoods and individual communities, but as we all know, the world is flat. Gang violence is now a problem of international scope; we must face it on an international scale."

Previously, law enforcement agencies did not identify individuals or gangs for fear of boosting their street reputation, according to the Los Angeles Police Department's Web site. But a 14 percent spike in gang-related crime over the last year and a 160 percent increase in some San Fernando neighborhoods, according to Villaraigosa, had the mayor and law officials scrambling for solutions.

The new plan includes a coordinated effort among local and state agencies, as well as federal agencies, such as the FBI and the DEA.

But for Villaraigosa, enforcement is only half of the solution. The root causes of gang violence must also be addressed, he said. (Listen to Villaraigosa talk about his city's problem with gangs)

Those causes include "the break up of the families, ... poverty, lack of education, lack of skills, job skills, the lack of hope in communities," Villaraigosa told CNN in a recent interview.

Villaraigosa may as well have been describing his early life. The 54-year-old mayor grew up poor and fatherless in the City Terrace neighborhood of East Los Angeles. "I grew up in a part of the city that was one of the poor areas ... and was in trouble from time to time, kicked out of school, dropped out of another," he said.

The mayor says these experiences gives him a unique understanding of the gang crisis. "As someone whose life is a poster child for redemption, I believe strongly that we have to believe in people," he said. "We can't just give up on people ."

Villaraigosa, who took office in July 2005, is the first Los Angeles mayor of Mexican descent in more than a century. He is married to Corina Villaraigosa, and has four children.

A Friday Night On The Front Lines Of L.A.'s Gang Wars (CSM)

By Daniel B. Wood, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, March 7, 2007

Los Angeles saw a 14 percent jump in gang-related violent crime last year.

LOS ANGELES

Sgt. Sean Colomey patrols the most gang-ridden neighborhood in the gang capital of America. It is his job to lead 28 specially trained police through an area where assault weapons seem as common as grass, graffiti "tags" define the turf, and 7 of every 100 residents are members of one gang or another.

He is just the man Police Commissioner Anthony Pacheco wants to know.

A wave of gang violence, one that some say is the most vicious in city history, has engulfed Los Angeles, and the city's police are mounting an equally historic response. It is Commissioner Pacheco's job to assess how effectively the LAPD is confronting the gangs – whether it has the tools and personnel it needs, whether police tactics stay within the law. He sees the response as a huge and necessary undertaking. No less than "the future safety of L.A. is at stake," Pacheco says.

So it is that on a recent Friday night Sergeant Colomey, the gang expert, and Pacheco, a civilian appointed to serve as one of five LAPD commissioners, meet in the parking lot of the Southeast Division headquarters at the corner of 108th and Main Streets. Pacheco will ride along on this shift – it's a chance to pick Colomey's brain about gang rivalries, to catch the cop's-eye view of the action. This ride-along, like others he's been on over the past 18 months, will help the commissioner decide for himself whether the police crackdown is having an effect.

It's just one night and just one lens on the gang problem, but Pacheco feels it's a vital perspective to gain.

Colomey slides on a bulletproof vest, and hands one to the commissioner. Velcro closes them tight, but it's small comfort. The vests can stop bullets from handguns, but not from AK47s. A Chinese-made copy of the notorious Russian assault rifle can be had on the streets for about $100.

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"It's all over the place," Colomey says of the gun. "It's a military weapon that will send a bullet through you and the next guy and the house next door and keep on going."

* * *

The latest crime report came as something of a shock to many Los Angelenos. Crime rates had dropped citywide for five straight years, mirroring the trend in other major metropolises. But last year L.A. as a whole saw a 14 percent jump in gang-related violent crime. Police say there are 39,000 gang members in Los Angeles – and 15,000 of them are active in the compact area where Colomey and Pacheco will be on patrol.

Colomey, though, was not shocked. His division, which encompasses Watts and South Central L.A., has logged roughly 500 shootings a year for the past few years.

On their ride together through this 9.3-square-mile community – 200,000 people boxed in by four freeways – Pacheco and Colomey are taking a kind of inventory of 65 gangs who police say rule these streets like terrorists. "They do everything that terrorist groups do ... rule by fear and intimidation, the threat of violence and murder in every area of these neighborhoods," says Colomey, a 17-year veteran.

It's the apparent spread of gang violence to additional parts of L.A. that has set in motion a kind of "Marshall Plan" attack on the problem, of which the LAPD response is one part. So far, police department action includes unprecedented collaboration with the feds: the FBI, the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). It includes injunctions that restrict the activities of certain gang members and nuisance-abatement crackdowns that target gang hangouts. It includes formal lists of "most wanted" members and "most wanted" gangs and better-coordinated ways to track and prosecute them.

But there's also plain old enforcement, meaning a bigger show of force and more arrests. This night would make that clear.

* * *

About half of Colomey's gang enforcement detail is on duty at any given time, so the sergeant is set for a casual tour of "non-frontline" duty with the commissioner.

That plan changes in the first minute of his shift.

They set off first for the scene of an earlier shooting. But the parking lot is still visible in the rearview mirror when Colomey and five other cruisers are summoned for backup in a cocaine bust just blocks in the other direction. That's a sizable backup squad, but Colomey says the extra hands will be needed for crowd control – local residents who often press the perimeter of an arrest scene.

At least 100 locals have gathered in front yards, in fact. Some are taunting the cops and videotaping the onslaught of cruisers. A suspect is already in handcuffs, after an officer felled him with pepper spray. Police say the man is a gang member who was selling rock cocaine in plain view as a cruiser drove by, and that he had ignored police orders to "show your hands." "People from outside the area ask us, is it really that blatant ... the disregard for authority and police?" says Colomey. "I tell them, yes, they are not deterred by us at all."

As Colomey walks between officers at the scene, a woman with a video camera to her eye says, "You don't have no business here. You can't come in here without a warrant. Go ahead, just try to come in here. I've got my eye on you...."

The antagonism is a testament to a long and tense history between the LAPD and Watts, a patchwork neighborhood of single-story, single-family homes, most with manicured front yards but barred windows, too. This is one of the places where riots erupted after police were acquitted in the 1994 Rodney King beating case, and again in 1995 and 1996 after the O.J. Simpson trials.

Now relations are taut again as police try to clamp down on violence they say is rooted in bitter rivalries between black and Hispanic gangs.

"There are four major wars going on right now [within the Southeast Division]," Colomey tells Pacheco, ticking off pairs of combatants.

The Southeast Division is not the only part of Los Angeles that appears to be spiraling closer toward race war. In recent months, altercations between black and Hispanic gang members have spilled from L.A. streets into the county jail and back to the streets, a vicious cycle of revenge and competition that has bred more violence. Even among law-abiding residents here,

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black-Latino relations have soured, as some feel they are losing out on jobs, affordable housing, and public spaces such as parks.

The result is a thick layer of fear that, some neighborhood activists say, has descended on this city like a pot lid. In all his years of duty, says Colomey, he's never seen the climate so foreboding in so many pockets of L.A., including Watts.

In such a climate, a kind of siege mentality can set in. Driving past a liquor store at 87th Street and Compton Avenue, Colomey points out groups of girls outside and in cars across the street, and he notes that police don't have the luxury of assuming they are as innocent as they look.

"Many, many times we find that it is the women who hold the guns for their gang members, do the shootings, and aid in the escapes," he says.

The shootings, he adds, are always about three things: "drugs, money, guns."

Later, he adds a fourth: respect.

"Some guys might go to a dance and hit on a girl who's a girlfriend of an opposing gang [member], and her boyfriend shoots them. It can be as simple as that," says Colomey. "Then you got a retaliation war going on."

* * *

From behind the wheel, Colomey offers his assessment of how well the LAPD's antigang measures are working. Chief William Bratton's new emphasis on coordinating with the ATF, FBI, and DEA is a dramatic change that is helping to gather evidence and prosecute gang members in ways that were impossible before, says the sergeant. "It used to be .... we didn't play well in the sandbox together. That's all over now."

Increased police backup from nongang units, another new initiative, is also creating a bigger show of force, he says. Several federal operations are in progress – attempts to disrupt and eventually dismantle gangs deemed to be the most troublesome and vicious.

By taking frequent ride-alongs, Pacheco says he can take note of mundane problems such as broken radios, an insufficient number of cruiser-based computers that connect police with databases and precinct dispatchers, and the need for cruiser-mounted video cameras. The videocams were called for after the Rodney King beating, but the LAPD is only now getting around to funding them. The Southeast Division is slated to get its first cruiser cams in coming months.

Another new tack is increased coordination with parole and probation officers. More of them have set up office in district headquarters, and the closer proximity to police is resulting in a better ability to give tipoffs about who is back on the streets from jail or prison.

Colomey drives Pacheco past three of his roughest neighborhoods: Nickerson Gardens, Imperial Heights, and Jordan Downs – housing projects with numbered buildings and bars on windows. A year ago, video surveillance cameras were installed on streetlight poles at Jordan Downs, enough to cover every inch of a six-block development. Since then, violent crime in the area dropped 41 percent, Colomey says.

"You are looking at what was one of the most violent and dangerous areas for violent crime in the entire US," says Colomey. "We think we are onto something that really works."

Pacheco says he has been distressed, on other ride-alongs, to see young children out and about at 11:30 p.m. or later. To him, it points to a culture of permissiveness, of parental absence and drug use. But it also yields more deaths of innocents, children killed by sprays of gang bullets aimed at someone else.

But this Friday night ride-along will end abruptly, well before 11:30.

* * *

Not long after leaving the cocaine bust, three separate radio frequencies crackle to life. It's bad: Shots have been fired at an officer, and the officer has returned fire. The dispatch continues, adding detail: Two suspects, alleged gang members, are fleeing in a black Thunderbird, apparently after having shot a man on the sidewalk.

Colomey flips on the siren and speeds down back streets, looking for the getaway car. He's on the radio, directing the response. A high-speed chase ensues, ending in a crash between the Thunderbird and another vehicle.

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Arriving seconds later at the crash scene, Colomey and Pacheco see an overturned car, its driver lying on the sidewalk, and the Thunderbird, minus its front end ... and its occupants. The "perps," said to be carrying guns, have escaped into the neighborhood.

The next 90 minutes see the arrival of two helicopters, at least a dozen squad cars, three canine units (complete with assault rifles and Belgian dogs), several SWAT units, and three armored vehicles. Because an officer fired his weapon during the incident, and because two perpetrators with guns are at large, the megawatt response also includes the arrivals of Assistant Chief James McDonnell and South Bureau Chief Charlie Beck.

While copters overhead shine spotlights a half-mile from the scene, canine units begin going house to house looking for the suspects, a search that will last until morning.

* * *

Later, Pacheco sums up the Friday-night ride-along, in the context of dozens of others he has made as commissioner. For all the hoopla of the high-speed pursuit, multiple shootings, 'copters and canine units, the evening was also typically revealing in many respects, he says. Foremost, it showed "how thin the 'thin blue line' is," he says, how outgunned law officers are compared with the number of gangs and gang members.

It showed how exposed the police are to danger, leaving their cruisers to cuff gang members in hostile places. It showed, he says, the dedication and continued resolve of veteran officers amid a situation that has gone from bad to worse.

And, Pacheco adds, it underscored the conventional wisdom of those who've watched the gang crisis in L.A. for decades: "You can't arrest your self out of a gang problem."

Gov. Arnold Schwarzenegger (R) is in line with that thinking, too. On Monday, he called for a statewide summit to forge a counterattack on street gangs – one that would involve both law-enforcement and gang-prevention measures.

It remains to seen whether L.A.'s extensive plan for facing down gangs – including job and community development, after-school programs, and other investments – can work.

But Pacheco, for one, is determined to see that the gangs' grip on Los Angeles – which he characterizes as "wildly out of control" is diminished. His part of the answer, law enforcement, "is moving forward to confront gangs," he says.

At the same time, he is unwavering that "robust crime suppression must not violate laws." And he has taken a place on the front lines to help make sure that is the case.

Ice Cream Purchase Leads To Alleged Gang-member Arrest (LAT)

By Patrick Mcgreevy

The Los Angeles Times, March 7, 2007

Police Chief William J. Bratton today announced details of the arrest of a second member of the Los Angeles Police Department's list of the 10 most-wanted gang members -- the takedown of a murder suspect after he bought ice cream in Rosarito Beach, Mexico.

Steve "Loco" Garcia, 43, was taken into custody Friday after a four-day surveillance operation by Mexican authorities. They took him to the U.S. border and handed him over to representatives of the U.S. Marshal's Office, who then delivered him to the state prison in Chino, where he is being held on a parole violation.

Bratton said Garcia had been sought by police since the Feb. 12, 2001, slaying of a gang associate, Kenneth Landon, at a Sylmar motel.

The details of Garcia's capture came just days after police announced the arrest of another member of the LAPD list, Angel Zevallos, who is accused of attempted murder and was detained in Guatemala.

"Two down, eight to go," Mayor Antonio Villaraigosa said at a City Hall news conference with Bratton. "The capture and arrest of two of the most violent offenders in two weeks sends a clear message that violent offenders will be held accountable to the fullest extent of the law no matter where they run, no matter where they hide."

The mayor said targeting the most violent gang members is part of a strategy to reduce gang crime, which increased 15.7% last year in Los Angeles. Gang members were responsible for 56% of the homicides in Los Angeles last year.

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L.A. officials conceded that Garcia had been he focus of a fugitive task force in Mexico for the last 18 months -- well before Bratton and Villaraigosa released the Top 10 list in February -- and that the reward offered by the city was not a factor in his arrest. But, Bratton said, publicizing the list of fugitives and a $50,000 reward for those on the list has generated information from the public on others.

"The purpose of the list is to refocus attention on these people that we have not been able to apprehend. In many instances they have fled the country," Bratton said.

Villaraigosa announced a replacement for Garcia on the list.

Arash Semerome Safaie, 32, is a member of the Hardtimes gang in the Santa Ana area and is wanted for shooting three people, one of them fatally, at a party on East 57th Street in the Newton area on Sept. 28, 2003. The shooting with a 9-mm semi-automatic handgun resulted in the death of 17-year-old Anna Vasquez.

Bratton said Safaie, who was born in Nayarit, Mexico, is believed to be on the run south of the border.

Villaraigosa said the arrests should silence naysayers who had warned that publicizing the names of targeted gang members would be counterproductive.

patrick.mcgreevy@latimes.com

Nanuet Couple Indicted In Nationwide Steroids Investigation (JN)

Journal News, March 6, 2007

ALBANY - Two people who ran a Nanuet medical business were indicted today in connection with a nationwide investigation into the illegal sale of steroids to prominent athletes and others.

Steven and Karen Lampert, who ran the Anti-Aging Centers at 259 N. Middletown Road, pleaded not guilty in Albany County Court and were released without bail.

The indictment charges the Lamperts with forging a Nanuet doctor's signature to prescriptions and submitting them to a Florida pharmacy for drugs totaling more than $50,000.

Steven Lampert is charged with 20 felony counts - nine counts each of fifth-degree criminal sale of a controlled substance and of second-degree forgery.

He and his wife are charged with a single counts of fourth-degree conspiracy and first-degree criminal diversion of prescription medications and prescriptions

A woman answering the phone at the medical building at 259 N. Middletown Road said today the Lamperts no longer were affiliated with the business.

Albany County District Attorney P. David Soares called Signature Pharmacy one of the five largest steroid distributors in the country, his spokeswoman, Heather Orth said.

Today's arraignments come a day after not guilty pleas were entered in Albany by 11 other defendants, including four Signature Pharmacy officials.

Report: Rocker Admits Taking HGH (AP)

By Michael Hill, The Associated Press

AP, March 6, 2007

ALBANY, N.Y. -- Two more people linked to a nationwide investigation into the illegal sale of steroids were arraigned Tuesday on drug-related charges as published reports implicated more athletes, including former star relief pitcher John Rocker.

SI.com reported that Rocker, 1996 Olympic wrestling gold-medalist Kurt Angle, major leaguer David Bell and Victor Martinez, winner of the latest Ohio bodybuilding competition named for Gov. Arnold Schwarzenegger, all showed up on a client list of Applied Pharmacy, a Mobile, Ala., company raided in connection with the investigation.

Rocker's publicist told the Daily News that he admitted taking HGH, now banned by Major League Baseball, but said it was for medical reasons.

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"That was a growth hormone that was prescribed by a doctor in relation to his rotator cuff surgery in 2003, so I don't really think there is anything to the story," Debi Curzio, Rocker's publicist, told the Daily News for a story on the newspaper's Web site Tuesday night.

SI.com reported that Rocker received two prescriptions for somatropin between April and July 2003.

Steven and Karen Lampert of Anti-Aging Centers in Nanuet pleaded not guilty in an Albany County, N.Y., courtroom and were released without bail. They are charged with submitting prescriptions to a Florida pharmacy _ some "obviously forged" according to the district attorney _ for drugs totaling more than $50,000 for people without a medical need.

Steven Lampert is charged with 20 counts, his wife with two.

"It seems as though our clients have much less involvement than the others," said Jay Golland, a lawyer for Karen Lampert.

Prosecutors describe the Lamperts as "criminal associates" of Signature Pharmacy in Orlando, Fla. Albany County District Attorney David Soares says Signature was at the center of a web of businesses and doctors that illegally wrote prescriptions for steroids.

The arraignments come a day after not guilty pleas were entered in Albany by 11 other defendants, including four Signature Pharmacy officials.

Soares acknowledged that Martinez was an "unindicted co-conspirator" in the case and is linked to the Lamperts' Anti-Aging Centers. Martinez won the Arnold Classic bodybuilding competition Saturday in Ohio.

A spokesman for Schwarzenegger said he wants bodybuilders to stop using steroids.

"He's clearly opposed to these steroids," said Aaron McLear. "And he's working with top officials in the bodybuilding community to come up with a system where they rid the sport of steroids."

Martinez told The New York Times he bought testosterone from the Lamperts after their clinic told him he had low levels of the hormone. He also said the company asked him to become a partner, but he declined.

"I didn't trust them, and other people were warning me not to do business with them," he told the Times.

Calls placed by The Associated Press to Jim Lorimer, a bodybuilding promoter and co-creator of the Arnold Classic, were not immediately returned.

Bell told SI.com he received the shipment of human chorionic gonadotropin (HCG) last April but said the drug was prescribed "for a medical condition," which he declined to disclose.

More Rocker Dope (NYDN)

By Michael O'keeffe And T.j. Quinn, Daily News Sports Writers

New York Daily News, March 7, 2007

With his career fading fast in 2003, loudmouth pitcher John Rocker of Atlanta Braves and 7-train fame turned to human growth hormone.

His name emerged yesterday in a wide-ranging investigation originating in the Albany County District Attorney's office into a nationwide prescription drug ring in which more than a dozen people have been indicted. His publicist said Rocker admitted taking HGH, now prohibited by Major League Baseball, but insisted he needed the controversial substance for medical reasons.

"That was a growth hormone that was prescribed by a doctor in relation to his rotator cuff surgery in 2003, so I don't really think there is anything to the story," said Debi Curzio, Rocker's publicist.

Human growth hormone, however, is not normally used as post-surgical therapy, numerous medical experts have said.

A Food and Drug Administration spokeswoman told the Daily News that federal rules allow doctors to prescribe growth hormone to treat AIDS wasting, dwarfism and other growth-related issues - but not rotator cuff injuries.

"There are very specific guidelines regarding the use of growth hormones, and tendon healing is not one of them," said Gary Wadler, an adviser to the World Anti-Doping Agency. "The rules are exquisitely specific, and I'm not aware that the Secretary of Health and Human Services has approved the use of growth hormone for tendons."

If Rocker needed the drug, it is unclear why he would have turned to Allied Pharmacy of Mobile, Ala., one of five pharmacies caught up in the alleged Internet steroid and HGH scandal over the last week. Curzio said Rocker's shoulder surgery was performed by Dr. James Andrews, the famed orthopedic surgeon based in Birmingham.

According to a report in Sports Illustrated, Rocker's name was listed among clients of Allied, whose offices were searched by DEA agents in August. According to the report, Rocker received the drug somatropin, a form of growth hormone, in April and July 2003, the same time period in which he was trying to get a job with the Devil Rays.

The names of several athletes, including major leaguers Gary Matthews Jr., David Bell and Jerry Hairston Jr., 1996 Olympic wrestling gold medalist and former WWE star Kurt Angle and boxer Evander Holyfield, have been linked to clinics in Florida, Texas and Alabama that have been raided by authorities. Customers allegedly paid doctors to sign blank prescriptions, which were then submitted over the Internet to pharmacies that provided steroids and human growth hormone. Albany County district attorney David Soares' office led raids on several Florida locations last week, notably Signature Compounding Pharmacy of Orlando.

Meanwhile, two more people were arraigned yesterday in Albany County Court. Steven and Karen Lampert of the Anti-Aging Centers in upstate Nanuet pleaded not guilty and were released without bail. They were charged with submitting prescriptions to a Florida pharmacy for people without medical need. Steven Lampert is charged with 20 counts while his wife was charged with two.

Their indictments also mention Zev Cohen, a Nanuet physician who was apparently a victim in the scheme. Cohen has not been named as a target of the investigation, and in several of the counts against Steven Lampert prosecutors say Lampert forged Cohen's name on prescriptions. A woman at Cohen's office who did not identify herself said, "We're not commenting," and hung up on a reporter.

Rocker earned fame as a fearsome closer with the Atlanta Braves in 1999, and became the player Mets fans loved to hate, but he skyrocketed to infamy with a rant in a January 2000 issue of Sports Illustrated on why he hates New York: "Imagine having to take the 7 Train to the ballpark, looking like you're riding through Beirut next to some kid with purple hair, next to some queer with AIDS, right next to some dude who just got out of jail for the fourth time, right next to some 20-year-old mom with four kids. It's depressing."

He was also quoted making unflattering comments about Asian woman and African Americans, and dismissed the writer of the SI article, Jeff Pearlman, as a "liberal Jew from New York."

Baseball did not specifically ban growth hormone until 2005, and in the absence of a universally accepted test, still does not screen players for it. Rocker would not have been violating any of baseball's rules and is unlikely to face prosecution.

Rocker made two appearances with Tampa Bay in 2003, and then tried one last unsuccessful comeback with the independent Long Island Ducks in 2005. He was last seen on the cable TV circuit hawking shirts that said "Speak English," saying it was his effort to preserve American culture.

Curzio said Rocker did not take growth hormone long enough to enhance his performance.

"John is not worried about this at all," she said.

Inside The Steroid Sting (SI)

SI.com, March 7, 2007

The Palm Beach Rejuvenation Center is decidedly less exotic than its name might suggest. Wedged between a lawyer's office and a brokerage firm on the third floor of a dreary Jupiter, Fla., office building, it is a glorified boiler room, "basically a call center," as one employee explains. Yet investigators contend that the Palm Beach Rejuvenation Center (PBRC) -- and dozens of so-called antiaging or wellness centers like it -- is a vital component in a massive illegal distribution network that enabled customers to place orders over the Internet for performance-enhancing drugs, including steroids and human growth hormone (HGH).

"This is the newest frontier," says Christopher Baynes, a prosecutor in New York's Albany County, whose office initiated the investigation three years ago. "The guy with the black bag at the gym now has his own website."

On Feb. 27, SI accompanied investigators from multiple law-enforcement agencies (box right) on a raid of PBRC. Simultaneously, agents in Orlando were raiding Signature Pharmacy, a compounding pharmacy that last year did more than $40 million in sales, much of it with PBRC. On Monday, PBRC co-owner Glen Stefano and 10 others pleaded not guilty to multiple charges during arraignment proceedings in Albany. Stefano was charged with illegally selling steroids and hormones. Earlier,

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Signature owners Robert Loomis and his wife, Naomi, were charged with criminal diversion of prescription medications, criminal sale of a controlled substance and insurance fraud.

It will take weeks, months perhaps, for authorities to sift through the client lists, hard drives, invoices and trash from Dumpsters that were seized in the raids -- more than a ton of documents was confiscated. And when they're through, investigators believe they'll unearth the names of hundreds, even thousands of clients who have received a wide array of drugs; and that list is likely to include prominent athletes.

Just consider the fruits of a similar Drug Enforcement Administration (DEA) raid last year, code-named Operation Netroids. On Aug. 29, agents converged on Applied Pharmacy Services, a compounding pharmacy in Mobile. (A compounding pharmacy makes its own drugs generically.) Seized client records revealed the names of more than 20 athletes in a variety of sports who received drugs from Applied Pharmacy. A 37-page classified intelligence report reviewed by SI alleges that, among athletes:

• Outfielder Gary Matthews Jr., whose career year with the Texas Rangers in 2006 earned him a five-year, $50 million free-agent deal with the Los Angeles Angels, was sent Genotropin in 2004. The prescription was written by a doctor at a now-defunct antiaging clinic in Florida. (Through his agent, Matthews declined comment, but the lawyer who represents the outfielder said last Saturday that Matthews has not broken any laws and would cooperate with the investigation.)

Kurt Angle, a 1996 Olympic gold-medal-winning freestyle wrestler and now a star professional wrestler, received two prescriptions for trenbolone and one for nandrolone between October 2004 and February '05. (Angle did not return messages left with his spokesman.)

• Rangers outfielder Jerry Hairston Jr. received Genotropin, human chorionic gonadotropin (HCG) and Clomiphene Citrate in 2004. One of Hairston's prescriptions was written by "A. Almarashi." Investigators believe Almarashi is an alias for a Queens, N.Y., doctor stripped of her medical license in 1999. She is awaiting trial on multiple charges after allegedly writing bogus prescriptions for thousands of online customers she never examined. (Hairston, a third-generation major leaguer, emphatically denied any connection. "Not one time have I taken steroids or anything like that," he said last Thursday. "I would never do anything like that to jeopardize my career or my family's name.")

• In June 2004 a patient named Evan Fields picked up three vials of testosterone and related injection supplies from a Columbus, Ga., doctor, traced through Applied. Later that month Fields also obtained five vials of Saizen and three months later returned for treatment of hypogonadism, a condition whereby sex glands produce little or no hormones. Investigators noted that Fields shares both the birth date and home address of former heavyweight champion Evander Holyfield. What's more, when SI called a phone number on a Post-It note attached to the Fields patient file, Holyfield answered. (Holyfield, who at 44 continues to fight professionally, told SI that he knew nothing of the drugs. Through Main Events, the promotional company that represents him, he released a statement denying any steroid use.)

• David Bell, a veteran of a dozen major league seasons, received six packages of HCG at a Philadelphia address last April, when he played for the Phillies. The cost was $128.80, and the drug was prescribed in conjunction with an Arizona antiaging facility. Bell acknowledges receiving the shipment but tells SI the drug was prescribed to him "for a medical condition," which he declined to disclose, citing his right to privacy.

• Jose Canseco, the retired major leaguer and an admitted steroid user, received somatropin, testosterone, stanozolol and HCG, as well as 340 syringes, in 2004. The shipment to his California residence was arranged through the same defunct antiaging clinic that Matthews allegedly patronized. (Canseco did not return calls seeking comment.)

No birth date was indicated on the prescriptions, but according to the Applied database, former Atlanta Braves reliever John Rocker received two prescriptions for somatropin between April and July 2003. (Through his spokeswoman, Rocker denied any knowledge of the prescription and denied ever receiving a banned substance.)

Sources tell SI that the clients appearing on invoices and customer lists are unlikely to face prosecution, because the targets of the raids and investigations are the members of the network of suppliers. "Our focus here is to shut down distribution channels," says Albany County district attorney David Soares, one of the leaders of the investigation. And because the reports only allege receipt (and in some cases, purchase) of the banned drugs -- not usage -- the athletes are unlikely to face disciplinary action from their respective leagues or governing bodies. (Major League Baseball didn't add HGH to its list of banned substances

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until 2005.) Still, the information offers a clear and chilling glimpse into just how easily banned substances, including steroids and HGH, can be obtained by anyone, of any age, who possesses Internet access and a credit card.

The origins of this wide-scale, multi-agency investigation can be traced to upstate New York. In the fall of 2004 state narcotics investigators based in Albany noticed that a local doctor, David Stephenson, was running a website, docstat.com, and was purchasing massive quantities of a variety of drugs, including narcotics and steroids. According to authorities, Applied was his chief supplier. After receiving the drugs at his residence, Stephenson repackaged them and resold them to "patients" who had visited his website. One investigator placed an order through docstat.com, claiming to be an overweight pilot with a heroin addiction and a drinking problem. As part of a questionnaire offered when registering on the site, clients were asked the reason they were seeking particular drugs. The investigator responded that he needed prescriptions for hydrocodone, methadone, nandrolone, Ritalin and testosterone because "I want to get high to fly." Within days the drugs arrived by way of express mail.

In the summer of 2005 Stephenson pleaded guilty to felony criminal sale of a controlled substance; he is serving a six-year jail sentence. The Stephenson case, however, stood for much more than a rogue doctor abusing his license. Studying the chain of supply, agents from Albany County were able to lay bare a drug pipeline that marries the power of the Internet with spurious antiaging centers, board-certified compounding pharmacies and venal doctors. Soon, the agents shared their findings with federal and state authorities across the country.

As Mark Haskins, a senior investigator for New York State's Bureau of Narcotic Enforcement, explains it, "Basically you have an antiaging clinic with an Internet presence. [Clinic operators] put the product on the Internet. The customer finds them online, fills out a brief questionnaire and requests steroids, hormone therapy, whatever. Someone from the clinic contacts the customer and then develops a prescription for the steroid treatment or hormone treatment. Then [the clinic] sends or e-mails the prescription to a doctor, who is often not even in the same state. He'll sign it [because] he's being paid by the clinic, usually $20 to $50 for every signature. The signed prescriptions get faxed to the compounding pharmacies, which know from the very beginning that there is no doctor-patient relationship. The pharmacy then sends the product to the customer."

Last spring, during a raid on his Scottsdale, Ariz., home, Jason Grimsley, then a pitcher for the Arizona Diamondbacks, admitted to using HGH, steroids and amphetamines. In an affidavit he explained to investigators that another major leaguer, later identified as former first baseman David Segui, "told [me] of a doctor in Florida that he was using at a 'wellness center' to obtain human growth hormone."

"It makes total sense for athletes to do it this way," says agent Alex Wright of Florida's Metropolitan Bureau of Investigation. "If they get caught, they can say, 'I sent my blood work to the clinic like [it] asked me, and the doctor said my [testosterone] levels are low.' This is the best way they can get stuff. They have the comfort of anonymity because there is no face-to-face. They are just a name and a credit card."

In addition to exposing the architecture of the distribution ring, the ongoing investigations appear to confirm what doping experts have suspected for years: HGH is a popular drug among athletes. A synthetic hormone, HGH is thought by some to accelerate recovery times, speed healing, decrease body fat and, particularly when combined with steroids, increase muscle mass and therefore strength.

HGH can be prescribed by doctors for legitimate medical purposes. Historically, this has meant combating rare pituitary disease and treating patients with progressively debilitating conditions resulting from AIDS and some forms of cancer. Yet lately some doctors have ascribed a liberal definition to "legitimate medical purposes," contending that aging is, in effect, a progressively debilitating disease and that any patients with diminishing hormone levels are eligible for the drug. The American Academy of Anti-Aging Medicine, a Chicago-based group that supports using HGH to replace growth hormone as its levels decline with age, counts more than 10,000 health-care practitioners among its members. This "off-label," or unorthodox, use of HGH is the source of significant controversy in the medical community. "It's a ruse," says Dr. Thomas Perls, an associate professor at Boston University School of Medicine, who maintains the website antiagingquackery.com. "The public has equated hormones with youth, and HGH is the drug of choice for these hucksters to push." (Through a spokesman the academy said in a statement to SI that Perls's comment "is on the level of that of a 'flat earth society' uninformed person.")

The risks of HGH use are abundant, including diabetes, muscle and joint pain, hypertension, carpal tunnel syndrome, abnormal enlargement of organs and advancement of cardiovascular diseases. Some researchers believe HGH can accelerate

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cancer. "The issue is pretty straightforward," says Mark Schutta, a University of Pennsylvania endocrinologist. "You're giving people a hormone that can potentially increase the growth of abnormal cells." Schutta also notes that the American College of Endocrinology does not recommend using HGH to treat adults except in the exceedingly rare instance that a patient produces no growth hormone naturally.

Regardless, HGH has found favor among athletes. "Of all the things out there, certainly synthetic human growth hormone is way at the top of the list," says Dr. Gary Wadler, a New York University associate professor of medicine and a World Anti-Doping Agency member. "What athletes have [tried to do] is make muscles bigger with HGH and then make those big muscles stronger by adding steroids to the mix."

Another factor contributing to HGH's popularity: Leagues that ban it don't test for it. There is only one effective test for HGH detection, and it involves a blood sample. Unions in most major sports have been unwilling to subject their players to blood work, deeming it a physical intrusion. As NFL Players Association executive director Gene Upshaw recently put it, "I'm still not willing to have our players stuck like a pin cushion."

In perhaps the biggest doping scandal in NFL history, a South Carolina doctor, James Shortt, distributed HGH and steroids to members of the Carolina Panthers' 2003 Super Bowl team, including three of the five starting offensive linemen. (Shortt admitted guilt and is serving a 366-day sentence.) Last fall, on the HBO show Costas Now, former NFL defensive tackle Dana Stubblefield said he believes 30% of the league's players use HGH. NFL officials have often expressed concern about HGH, and the league recently pledged $500,000 to help develop a reliable HGH test.

That is why investigators were particularly curious when they noticed that a University of Pittsburgh Medical Center-affiliated internist, Richard Rydze, had used a credit card from his private practice to purchase more than $150,000 worth of HGH from Signature Pharmacy. Since the mid-1980s Rydze has been an associate team physician for the Pittsburgh Steelers. Questioned by SI, Rydze did not deny making the purchases, but he asserted that he uses the HGH to treat elderly patients who are "deficient in growth hormone" and require tendon repair. "[It's] not for athletes -- never," says Rydze. "I don't give it to people who want to come in here and look pretty and look young and build up their muscles. I will not do that."

According to Rydze, he dispenses HGH to "35 or 40" patients referred to him by other physicians, including the Steelers' orthopedist. (The orthopedist declined comment.) Rydze says that he treats these patients, including retired football players, early in the morning -- "mainly in my spare time" -- and that these patients tend to "cycle through" every three or four months. "We monitor their levels, and then they're gone, back to their own doctors," says Rydze, 56, who won the silver medal in platform diving at the 1972 Olympics. He also says that he ordered the HGH through Signature to save money. (In the wake of this revelation, the University of Pittsburgh Medical Center says it is conducting an internal investigation of Rydze.)

One might assert that at the very least, it shows questionable judgment for an NFL team doctor to purchase $150,000 of HGH -- approximate street value: as much as $1 million -- at a time when drug issues are in the league's crosshairs and the Shortt scandal remains a public relations scar. Rydze, however, asserts he has his team's full support. "The Rooneys [the Steelers' owners] are aware that I do this," he says. "I mean, they have my trust that I would never do this with an athlete." (Steelers president Art Rooney II declined to address Rydze's specific characterization, but he released a statement that read in part, "There is no evidence Dr. Rydze prescribed or provided any hormone treatments to any of our players [and he] has assured me that this has never happened and will never happen.")

If the list of implicated sports stars and teams has already turned the investigation into a cause célèbre, investigators are haunted by how many "nonfamous" athletes have been implicated in the sweeps. In the coming weeks authorities will seek answers to why, for instance, Signature sold performance-enhancing drugs to a teenage in-line skating champion. Or why facilities offering antiaging treatment are servicing so many clients born in the 1990s, some of them still in puberty. "Kids are watching ESPN or reading Sports Illustrated and making every effort to gain a competitive edge," says Soares, the Albany County DA. "That we have steroids and human growth hormone so readily available presents a clear and present danger."

At last week's raid of the Palm Beach Rejuvenation Center, a string of strikingly muscular, strikingly young employees filed out, somber expressions etched on their faces. Inside, authorities questioned executives, including Joseph Raich, listed on a government document as a company director. Raich, 44, is well-known in the South Florida youth wrestling community. He has provided financial assistance to aspiring Olympians, and before the Athens Games in the summer of 2004, he sponsored a

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training camp in South Florida for the U.S. Olympic wrestling team. The Florida Amateur Wrestling Association website even lists Raich (who did not return repeated messages seeking comment) as the contact for the Wrestling Club of the Palm Beaches. The listing also provides his e-mail address: Joehghtest.com.

More Names Surface As Steroid Story Widens (USAT)

By Bob Nightengale, USA TODAY

USA Today, March 7, 2007

SCOTTSDALE, Ariz. — Free agent infielder David Bell, who played 12 seasons, became the latest son of a major league player to allegedly receive performance-enhancing drugs in the mail, according to documents obtained by SI.com.

Bell, the son of Kansas City Royals manager Buddy Bell, received six packages of a human growth hormone at his Philadelphia home last April when playing for the Phillies, SI.com reported, citing a 37-page classified intelligence report as part of a federal, state and local investigation into the illegal sale of steroids.

Bell confirmed he received the shipment but told SI.com it was prescribed for a "medical condition."

Former reliever John Rocker was also named in the SI.com report, alleging he received steroids from an Alabama pharmacy. Rocker denied knowledge of the prescription and said he never received any banned substances.

However, Rocker's publicist, Debi Curzio, told the New York Daily News that Rocker admitted taking HGH, now banned by Major League Baseball, but said it was prescribed by a doctor in relation to his rotator cuff surgery in 2003.

In addition, SI.com reported wrestler Kurt Angle, who won a gold medal in the 1996 Olympics, appeared on a client list of Applied Pharmacy, a Mobile, Ala., company raided in the investigation into the illegal sale of steroids.

Bell joins Los Angeles Angels center fielder Gary Matthews Jr. (the son of former major leaguer Gary "Sarge" Matthews) and Texas Rangers infielder Jerry Hairston (the son of former major leaguer Jerry Hairston) as receiving illegal performance-enhancing drugs, according to SI.com.

Hairston has emphatically denied taking steroids or illegal performance-enhancing drugs, telling reporters last week, "I have never in my life — never — used steroids or illegal substances."

While Matthews has refused to comment directly on the allegations, Angels owner Arte Moreno wants answers. "My expectations were that he would make a statement," Moreno told The Arizona Republic. "I'm very disappointed."

Robert Shapiro, Matthews' attorney, issued a statement that said Matthews has not broken any laws or baseball rules and advised him not to speak on the matter.

Olympic Booster Tied To Clinic In Drug Inquiry (NYT)

By Duff Wilson And Serge F. Kovaleski

The New York Times, March 7, 2007

JUPITER, Fla., — A businessman and wrestling booster who has sponsored Olympic and school-age athletes is under investigation by state and federal authorities examining the distribution of steroids and human growth hormone, according to a law enforcement official familiar with the case.

The booster, Joseph L. Raich, is the vice president of Palm Beach Rejuvenation Center, a business here offering hormone and antiaging treatments. The center was described as a nexus of illegal drug activity in charges filed Monday against the company's president and medical director.

Mr. Raich was not charged, but the authorities seized steroid and human growth hormone supplies from his desk last week, according to a Florida Department of Law Enforcement document. And he continues to be under investigation over possible involvement with bogus prescriptions or illegal distribution, the law enforcement official said Tuesday.

He added that Mr. Raich had been talking with investigators.

Mr. Raich, 44, is well known here for having sponsored the 2004 United States Olympic freestyle wrestling team, allowing members to stay at his home and to use local training facilities during a week that June, two months before the Athens Olympics. The 9,000-square-foot home has a pool and personal chef.

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Mr. Raich is also active in youth wrestling. Last year, Jupiter Christian School became the smallest school in Florida history to win a state team championship in the sport. Three members of the team, including two individual state champions, came from the Raich family. The Raiches also sponsor an annual wrestling tournament at the school.

Mr. Raich and Jupiter Christian school officials declined to comment Tuesday. No one has accused any of the wrestlers for the school or the Olympic squad of using performance-enhancing drugs.

Kevin Jackson, the national freestyle wrestling coach, said in a telephone interview that the team's trip to Florida, including its placement in Mr. Raich's home, was arranged by the Palm Beach County Community Olympic Development Program. That program was recognized by the United States Olympic Committee but is now defunct.

"We knew that he was involved in some kind of medical center or rehabilitation center," Mr. Jackson said. "But we had no idea that he may have been doing some of the things that have just been made public."

Darryl Seibel, a spokesman for the U.S.O.C., said, "Without prejudging anyone's guilt or innocence, we had no knowledge at all about any business activities Mr. Raich may have been involved in."

In a telephone interview, Gary Abbott, the director of communications for USA Wrestling, which is partly financed and affiliated with the U.S.O.C., said of Mr. Raich, "To be honest with you, I think we only know him as a wrestling leader in Florida, and we are not aware of his business dealings."

The Olympic practice sessions were held in the John Raich Wrestling Room at Cardinal Newman High School. The room was named after Joseph Raich's brother John, a 1983 Florida state wrestling champion who, according to USA Wrestling's Web site, was killed in a boating accident after his senior year of high school.

Joseph Raich is also a real estate developer and an investor in addition to working at the center. He had offices there until it closed after a raid by law enforcement authorities Feb. 27. (A satellite clinic in Palm Beach Gardens remained open.) The investigation, led in part by the Albany County district attorney because of tough drug laws in New York, is focusing on distributors of the drugs and the doctors who falsify prescriptions, not on users. So far, 13 people have been charged.

Authorities, acting under a sealed search warrant, seized steroids, growth hormone, syringes and business records, including Mr. Raich's tax records, during the search of the rejuvenation center offices, according to a receipt of the items seized in the search that was filed with the court.

From Mr. Raich's desk specifically, they reported seizing 13 Genotropin MiniQuicks, a growth hormone in a cartridge designed for easy attachment to needles to inject; one Norditropin growth hormone product made by Norvo Nordisk that advertises the ability to remain potent without being refrigerated; and one full bottle of Ultratest 250, a combination of anabolic steroids.

Mr. Raich's office had also been used as headquarters of the Wrestling Club of the Palm Beaches Inc., a nonprofit group that promotes youth wrestling. Mr. Raich was a co-founder of the club with high school coaches and others in March 2003. It is listed on the Florida Amateur Wrestling Association's Web site as a chartered club of USA Wrestling. The wrestling association describes itself as the official organization representing USA Wrestling in Florida.

Robert Kamperman, an association board member, said that Mr. Raich had not been involved with the group for more than two years.

"There were differences in opinions between Raich and the board over the direction of the association," he said. "Raich and a group of others put forward a proposal to assume total responsibility for all our Florida national teams. But the offer was turned down by the board."

Mr. Raich listed his e-mail address as joe@hghtest.com in a listing for the Wrestling Club of the Palm Beaches on a Web directory kept by the Florida Amateur Wrestling Association. He identified himself as the head coach of the wrestling club.

Also part of the same complex of offices is a company called RXHGH Inc., which was founded in April 2003 by Mr. Raich along with Glen Stefanos, who is also the president of the rejuvenation center. (His name was spelled Stefanos in criminal filings but Stephanos in business filings.)

Mr. Stefanos; his brother George Stefanos; and the center's medical director, Dr. Robert Carlson, were charged Monday in Albany County with seven counts of criminal sale of prescriptions and controlled substances. They all pleaded not guilty.

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Dr. Carlson's criminal defense lawyer, Charles R. Holloman of Ocala, Fla., said Dr. Carlson did nothing intentionally wrong and had been advised that his prescribing practices were legal.

Other tenants in the office building said the rejuvenation center was raided by federal agents about one year ago, but reopened the next day.

Steroids and human growth hormone are widely used by body builders and other athletes seeking a chemical boost in strength and power. Their side effects may include joint pain, diabetes and increased risk of cancer. They are illegal without a prescription. The drugs are also increasingly promoted as a cure for a host of age-related ills, although distributing or prescribing them that way is illegal.

A posting on Craigslist in Miami on Feb. 16 had a title of "Human Growth Hormone — The Fountain of Youth Is Available to You," and a listing of Brianna Raich. She included her e-mail address and identified herself as an assistant sales representative for Palm Beach Rejuvenation Center. It is unclear what her relationship is to Joseph Raich.

"We are one of the leading suppliers of Human Growth Hormone, which has been called 'The Fountain of Youth,' " Brianna Raich wrote. "The effects of using HGH are remarkable and unfortunately I cannot list them all on this page. A few to name are increased muscle mass, decrease in fat percentage, women say bye to cellulite, increased energy, stamina, improvement in skin, etc. etc."

Brianna Raich, 20, did not respond to e-mail and telephone messages.

TV Exercise Beauty Caught In Drug 'Net (NYDN)

By John Marzulli, Jose Martinez, And Bill Hutchinson Daily News Staff Writers

New York Daily News, March 6, 2007

A sexy TV aerobics guru and her wealthy boyfriend have been busted for pushing more than pushups on the Internet, authorities charged yesterday.

Blond beauty Sonia Barrantes Molina, 29, and Miami businessman Anthony Quiñones, 46, were portrayed by federal prosecutors as Internet prescription drug dealers.

The couple and seven Puerto Rican doctors were rounded up by Drug Enforcement Administration agents in a ring-crushing sting called Operation Click 4 Drugs.

Molina pleaded not guilty yesterday in Brooklyn Federal Court to charges of money laundering and distributing prescription drugs on the Internet.

Prosecutors claim the ring made millions of dollars between January 2004 and December 2006, and laundered the ill-gotten gains by buying real estate and fancy cars.

The feds are seeking to seize $4.2million in assets belonging to Quiñones, including a Florida condo, a 2007 Mercedes and a Ferrari Spyder.

Customers would complete a questionnaire on the ring's Web site, Doctorsonline.com, and one of the Puerto Rican doctors would write the prescription without ever consulting with the patient, officials said.

The customers would then pick up their prescriptions, including powerful painkillers like hydrocodone, at pharmacies, including some in the New York area, officials said.

Federal officials smashed the ring after learning Molina was allegedly scouting out property in Costa Rica to move their base of operations.

Molina was being held without bail last night. She faces five years in prison if convicted. Quiñones remained jailed in Florida.

Defense attorney Humberto Dominguez of Florida said Molina is upset, shocked and eager to fight the charges.

"She never thought she'd get arrested because she's only tangentially involved, if anything," Dominguez said.

Molina started out as an 18-year-old TV news reporter in Costa Rica before transforming herself into a workout wonder woman.

Besides her TV career, Molina owns three beauty salons and a tattoo and body-piercing parlor in Costa Rica.

In a 2003 interview, she boasted that she "admires with pride every centimeter of her toned body."

Surgeon General Calls On U.S. To Tackle Underage Drinking (AP)

AP, March 7, 2007

WASHINGTON — Americans need a wake-up call about the widespread use of alcohol by millions of underage drinkers, acting Surgeon General Kenneth Moritsugu said Tuesday.

Moritsugu issued a report that he said was designed to get all sectors of society involved in solving a major health problem. He described alcohol as the drug of choice for teens.

The 2005 National Survey on Drug Use and Health estimates there are 11 million underage drinkers in the United States. Nearly 7.2 million are considered binge drinkers, typically meaning they drank more than five drinks on occasion.

"Alcohol remains the most heavily abused substance by America's youth," Moritsugu said. He said the report calls for a "change in the culture and attitudes toward drinking in America. We can no longer ignore what alcohol is doing to our children."

Moritsugu urged more research on adolescent alcohol use and its relationship to physical and mental development. He said there is new research that indicates alcohol may harm the development of the brain in adolescents.

Although there has been a significant decline in tobacco and illicit drug use among teens, underage drinking has remained at consistently high levels, he said. In part, that high use stems from tolerance by adults.

"Too many Americans consider underage drinking a rite of passage to adulthood," said Moritsugu. "Research shows that young people who start drinking before the age of 15 are five times more likely to have alcohol-related problems later in life."

TAX:

Former West Palm Beach Official To Plead Guilty To Tax Charge (FLSUNSEN)

By Sally Apgar, South Florida Sun-Sentinel

South Florida Sun-Sentinel, March 7, 2007

Former City Commissioner James Exline is expected to plead guilty this morning in U.S. District Court to knowingly filing a false federal tax return.

Prosecutors said Exline, 42, took a $50,000 payment from a developer in 2004 and did not report it on his return.

According to the charging document, the unnamed developer retained Exline in October 2004 for "land planning services" on property that the developer wanted to develop. The payment was "for past and future real estate commissions and for land planning services."

To hide the money trail, prosecutors said, Exline directed the developer to write a personal check for $50,000 to a West Palm Beach jewelry store owner who gave him the money.

Exline faces three years in prison and fines of up to $250,000.

Exline, reached at his business, Urban Land Consulting, declined to comment.

At a news conference Tuesday afternoon to announce the charges, U. S. Attorney Alexander Acosta said: "County and city commissioners are not above the law. Commissioner Exline had an obligation to report all his income and to pay his fair share of taxes, just like those individuals he represented.

"We cannot tolerate misconduct or corruption from our public officials, and we in the U.S. Attorney's Office will continue to pursue those matters aggressively."

According to city records, Exline and the rest of the commission voted unanimously on March 29, 2004, to annex 9 acres of land owned by developer John Sansbury, a former county administrator, on the south side of Okeechobee Boulevard near Golden Lakes Boulevard just west of Florida's Turnpike.

The charging document said Exline was not in the develx oper's hire until seven months later, in October 2004. As a result, his vote on the annexation was not considered in making any criminal charges.

Exline's attorney, Robert Gershman, said the relationship with Sansbury "did not affect or influence any of his [Exline's] votes on the commission."

"Jim is not wealthy and did not make any great wealth off this. His only assets are a home and car. It's not like he's got offshore bank accounts," Gershman said.

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Sansbury could not be reached for comment despite phone calls to his home and real estate office.

Prosecutors said that after the developer hired Exline, the commissioner met with city staff "to assist the land developer with the land use and planning issues pending" with the city. On May 11, 2005, city staff, after talks with Exline, approved a subdivision that allowed Sansbury to build a restaurant overlooking a retention pond.

Acosta said yesterday that while Exline met with city planners from October 2004 through May 2005 to discuss land issues, he never disclosed his financial relationship with Sansbury.

"We expect the politicians we vote into office to abide by the same rules as ordinary citizens," said Jonathan Solomon, FBI special agent in charge of the case. He added: "Exline made up his own rules, for his own benefit and with that decision, his integrity vanished."

Exline, a former city planner who was first appointed to his seat in 1999, has been cooperating since June with state and federal prosecutors, according to Gershman.

Gershman has said his client will plead guilty today.

He said Exline paid about $16,000 in taxes on the $50,000 to the IRS last May. Exline then hired Gershman and together they approached prosecutors with "the intent to resign" from the city commission. Instead, federal and state prosecutors wanted the commissioner to keep his job for seven more months.

Gershman would not confirm that Exline wore wires for prosecutors when he attended certain meetings. Gershman did say that information from Exline is feeding ongoing federal and state investigations of "other individuals."

Exline resigned from the commission, at the instruction of prosecutors, on Jan. 19.

Gershman said that at Exline's sentencing he expects "the IRS to say that they are whole so he won't need to pay any kind of restitution or debt."

The federal tax charge against Exline stems from a state grand jury investigation into possible "pay-to-play" corruption within city government and conflicts of interest among city officials. Earlier this month, the grand jury released a report that found no criminal charges but said there was a "perception" of a pay-to-play culture in which developers make campaign contributions believing it will move their projects forward.

Exline is the second city commissioner forced to resign and face federal charges. In May, former Commissioner Ray Liberti, 60, pleaded guilty to federal charges of mail fraud and obstruction of justice in a case that triggered the grand jury's wider corruption investigation.

Prosecutors accused Liberti of using his city position to cite the West Palm Beach owners of a nightclub and massage parlor for code violations as a way to intimidate them into selling their businesses at a discount to buyers he had chosen.

Sally Apgar can be reached at sapgar@sun-sentinel.com or 561-228-5506

States Move To Close Tax Shelter That Benefits Wal-Mart, Others (WSJ)

By Jesse Drucker

The Wall Street Journal, March 7, 2007

State officials in Maryland and Connecticut said they would take measures to close a popular state corporate income-tax shelter used by companies including Wal-Mart Stores Inc.

Maryland State Comptroller Peter Franchot announced that the state would no longer let payments to so-called captive real-estate investment trusts be deducted from state corporate taxable income. Meanwhile, Connecticut Attorney General Richard Blumenthal said in an interview that his office has begun investigating the use of captive REITs for tax avoidance purposes.

In both states, officials said the moves were prompted by a page-one article1 in The Wall Street Journal last month that detailed how Wal-Mart and others have used the structure to lower their state tax burdens.

"It is our policy to comply with all the laws in every state in which Wal-Mart does business and these are lawful structures," said John Simley, a Wal-Mart spokesman. "Even without the tax benefits, there are compelling reasons to use this type of structure creating a separate vehicle solely to manage real estate and administer capital requirements."

The complicated structure takes advantage of a state tax loophole that works as follows: Wal-Mart transferred hundreds of its stores to a real-estate investment trust, or REIT, of which it owned 99%. It then paid tax-deductible rent to the REIT to use those stores. By effectively funneling those rental payments through a Delaware subsidiary that owned the REIT, Wal-Mart was able to recoup the rent money.

The result: Wal-Mart turned rental payments to itself into state-deductible expenses, even though the money never left the company.

Over one four-year period, the Journal estimated, the structure led to a net tax savings of about $230 million for the giant retailer. Wal-Mart is in litigation over its use of the REIT with the state of North Carolina over approximately $33 million in disputed back taxes, interest and penalties.

Other companies that have used such captive REITs to cut their taxes include AutoZone Inc., two units of Bank of America Corp. and a unit of Regions Financial Corp.

Maryland's Mr. Franchot said his office would begin auditing companies that it suspected of using this arrangement and would disallow the deduction if it found such payments. In Maryland, the comptroller's office performs regular state tax audits of corporations. Mr. Franchot said the agency would be able to examine three years of past returns, and he estimated that the move would bring the state "tens of millions of dollars" a year in added tax payments.

In Connecticut, the attorney general's office represents the state in major tax litigation but can't perform tax audits. However, Mr. Blumenthal said his office has "reached out to our Department of Revenue Services to work with us."

Write to Jesse Drucker at jesse.drucker@wsj.com2

Powerful Governor Stands His Ground, Again, On Food Tax (NYT)

By Adam Nossiter

The New York Times, March 7, 2007

JACKSON, Miss., March 1 — The shoppers at the no-frills Brookshire's supermarket — plate lunches $4.49, food stamps gladly accepted — have no doubt: swapping the nation's highest state grocery tax for one of its lowest cigarette taxes is an excellent idea, and fie on the governor who opposes it.

"Oh, yeah, no doubt about it, they need to put it off the food," said Reggie Funchess, a worker at the BASF plant. "It's something that will help the people. Politicians, they must have a treasure chest somewhere."

Up at the stately domed Mississippi Capitol, Gov. Haley Barbour, a former tobacco lobbyist, has other ideas. Studies, polls, protests at the Capitol, legislative sentiment and America's highest cardiovascular disease rate notwithstanding, the governor of the poorest state is not budging, for the second year in a row: no cut in the 7 percent grocery tax and no increase in the 18-cents-a-pack third-lowest-in-the-nation, cigarette tax.

Mr. Barbour, the former Republican National Committee chairman and big-time Washington lobbyist whose clients included the five major tobacco companies, is a busy man these days, and a powerful governor.

Basking at home in the reflection of his national image as the post-Hurricane Katrina success story among governors, having last week scored a giant automobile plant for his state and considered a shoo-in for re-election this year, Mr. Barbour faces few opponents, legislators say. He pushed through the Legislature hundreds of millions in subsidies for the plant, for Toyota S.U.V.s, three days after announcing it.

Mr. Barbour, the lawmakers say, is getting used to getting his way and is likely to do so on the doomed groceries-for-cigarettes tax swap.

"Can we talk about it some other time?" the governor asked as he bustled down a marble corridor to an appointment and as an aide cut in that "the governor wasn't going to be able to talk about this today."

And so it is that a bill to increase the cigarette tax to $1 a pack and cut the grocery tax in half overwhelmingly passed in the Mississippi House last month, remains bottled up in the State Senate Finance Committee, which is friendly to Mr. Barbour. Other poor states — Arkansas, South Carolina and Utah — have moved to cut their sales taxes on groceries. Not Mississippi.

"There's no doubt he would veto this bill," said the committee chairman, State Senator Tommy Robertson, a Republican. And he could do so without fearing an override, Mr. Robertson said.

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That, to some, is a true measure of Mr. Barbour's power. He need not worry about political fallout from rejecting what is, in most reckonings, a popular initiative.

"It's an indication of how much influence he has, because he can take something we know is good — the best bill passed in the Legislature in the last 30 years — and he can say it's bad," said State Representative Percy W. Watson, the chairman of the Ways and Means Committee and a Democrat. "Politics has entered the process, and there is some effort to protect the tobacco companies."

Another Democrat, State Senator Hob Bryan, added, "It would have been the law already were it not for the governor's absolute determination not to raise the tax on tobacco."

The governor's aides and allies say Mr. Barbour is simply sticking to his no-new-taxes promise. "The governor ran four years ago on, 'I'm not going to raise anybody's taxes,' and he hasn't," Mr. Robertson said.

But others, including health officials, say the dichotomy is false. The governor's no-tax pledge, they insist, is at odds with the public good, since most studies show that increasing the cost of cigarettes sharply diminishes the number of smokers.

"We have the worst health indices in almost every category of any state in the country," said Dr. J. Edward Hill, the immediate past president of the American Medical Association and a physician in Tupelo. "Reducing the percentage of citizens who smoke and increasing funding from cigarettes would have tremendous advantages."

Dr. Hill said the issue had become entangled in political ideology. "It's political so-called principle — 'I'm never going to raise taxes on anything' — which is actually also relatively stupid," Dr. Hill said.

Mississippi is the fourth-highest state in deaths attributed to smoking. And it is one of three states that give no grocery-tax break to lower-income families, according to a study by the John C. Stennis Institute of Government at the Mississippi State University.

In the Brookshire's parking lot, in working-class southern Jackson, shoppers toting their few bags had no trouble coming up with uses for the extra hundreds of dollars from a tax cut. Most of the buying around here is done on the first of the month — payday, explained a store official, and expenditures are made frugally.

"My children's needs, household stuff," said Shameka Bouie, a mother of four whose truck driver cigarette-smoking husband is "always complaining" that his habit is more expensive outside Mississippi.

Howard McBound, a police officer with the Veterans Affairs Department, said: "Groceries are what we live on. My light bill is going up. My gas bill is going up. You can raise the price of cigarettes, people will still smoke."

Even some conservative Republicans disagree with Mr. Barbour. "The cigarette tax and the grocery tax are both public health issues," said one, State Senator Alan Nunnelee. And the tax on groceries, Mr. Nunnelee said, "is just the most cruel tax any government can impose."

What To Know When Choosing A Tax Preparer (WSJ)

The Wall Street Journal, March 7, 2007

Finding a good tax preparer has never been easy. But the growing complexity of the tax code has made it even trickier.

More than 60% of all taxpayers used paid preparers last year, up from 46% in the mid-1980s. Many more are likely to need professional help next year unless Congress does something to curb the rapid growth of the alternative minimum tax, a highly complex parallel tax system that ensnared about 3.5 million people last year.

Nobody knows for sure how many paid preparers there are. Cono Namorato, a former Internal Revenue Service official who now is a partner at Caplin & Drysdale in Washington, estimates there are 1.2 million to 1.6 million. Among them are highly trained tax lawyers, certified public accountants and enrolled agents -- who are private-sector specialists licensed to practice before the IRS. The list also includes seasonal workers at national tax-preparation companies, as well as small storefront and shopping-mall operations.

Yet relying on even the most experienced tax pro is no guarantee of getting a bulletproof return -- or even saving money. Indeed, armed with a good software program, you may well be able to do your taxes on your own.

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In some cases, preparers make very basic errors that can cost their clients money. For example, the IRS says millions of people who hired someone else this year to do their returns for 2006 neglected to claim a special new telephone excise-tax refund.

Lawmakers are considering legislation to expand regulation of the tax-preparation industry. Some senators have proposed requiring paid preparers to meet training and competency standards. They also want to make it easier for the IRS to crack down on wrongdoers.

Concern about paid preparers escalated last year after the U.S. Government Accountability Office found significant mistakes -- and even some cheating -- by workers at a few major tax-preparation firms. (The firms weren't identified.) Adding to those concerns, earlier this year the IRS discovered large numbers of bogus claims for the phone-tax refund. Many of those were on returns filed by paid preparers.

The IRS also recently warned taxpayers to beware of dishonest preparers. Among the most obvious red flags: Preparers who refuse to sign your return, who assure you that they will get you a higher refund than anyone else, or who calculate their fees as a percentage of your refund amount.

So how do you find the right preparer, should you decide you need one? The answer depends on many factors, such as how complex your tax situation is and how much tax-planning advice you want.

To be sure, millions of people with relatively straightforward returns probably can handle their own returns, either on their own or with the help of software such as Intuit Inc.'s TurboTax and H&R Block Inc.'s TaxCut.

Many other taxpayers comfortable with tax issues probably could do the job themselves even if they itemize -- as long as they're patient, willing to wade through dense IRS instructions and have relatively routine situations. But it doesn't take much to drag taxpayers into surprisingly deep water. That's particularly true for people whose personal situation has changed -- such as someone who is going through a divorce or has sold a business. It's also true for many investors. Even seemingly simple issues can have twists.

If your income is $52,000 or less, consider using free federal tax-preparation and electronic-filing services through the Free File Alliance, a partnership between a group of software companies and the IRS. Check out the IRS Web site (www.irs.gov1; click on "2007 Free File"). Separately, many people can also get free help from such places as the IRS's Volunteer Income Tax Assistance program or the Tax Counseling for the Elderly program.

If you have a fairly simple situation and don't want the headache of doing it yourself, the major tax-preparation companies generally should be able to handle the job.

Sometimes, tax chains aren't entirely reliable, as indicated by last year's GAO investigation. Undercover investigators found "serious errors" at 19 outlets of several commercial tax-preparation chains. In some cases, preparers didn't report taxable income supplied by investigators. In other cases, preparers didn't take advantage of tax breaks.

Higher-income taxpayers with far more complex tax questions should consider looking for an enrolled agent, an accountant or another expert with extensive training. Among others who may need more sophisticated help: Investors with large numbers of trades; executives who receive large amounts of stock-related compensation; professional securities traders; someone who invests in numerous partnerships, or needs to file returns in many states; or a business consultant who serves on several boards of directors and has an office at home.

Don't hesitate to ask tough questions before hiring someone. For example, inquire about the preparer's credentials, including his or her educational background and training.

Find out how much your return is likely to cost. Ask what, if any, written guarantees the preparer offers in case he or she makes a mistake. Will the preparer represent you at the IRS if you're audited? And has he or she ever been sued or disciplined?

How tax preparers set their fees can vary, depending on such factors as the type of preparer, the relationship with the client and the complexity of the job.

For the "vast majority" of its clients, H&R Block charges "based on the number of forms required to complete the return," says Dan Smith, a company spokesman. "However, for tax issues that require extensive research, Block does charge based on time." He says the average fee per client last year was about $161, up from $151 in 2005.

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Some pros, such as Alan Straus, a New York City lawyer and CPA, say they typically charge based on the amount of time involved. At one extreme, he has a few clients who pay as much as $15,000. At the other, he says he sometimes gets requests from clients to do a relative's return for a nominal amount.

Thomas Ochsenschlager of the American Institute of Certified Public Accountants says numerous CPAs send out an estimate to clients at the start of the year -- with the proviso that the fee could change if the job turns out to involve a different amount of work than expected.

Keep in mind, though, that even the pros can make mistakes. That's what Sen. John Kerry discovered when he ran for president in 2004. The Massachusetts Democrat filed an amended return for 2003, signed by him and a representative of a Boston-based firm, to fix a mistake on his original return. The problem: The tax on the sale of the senator's interest in a painting was calculated at the wrong rate. * * *

MANY PROCRASTINATORS will lose refunds unless they file by mid-April.

The IRS said it is holding unclaimed refunds totaling more than $2.2 billion for about 1.8 million people who still haven't filed a federal income-tax return for 2003. To collect, they have to file with an IRS office no later than April 17 this year. The reason: When a return isn't filed, the law gives most people "a three-year window of opportunity" to claim a refund, the IRS says.

If you don't file within the prescribed period, the refund belongs to the U.S. Treasury.

CONGRESS-ADMINISTRATION:

Bush Appoints Dole And Shalala To Head Inquiry On Military Health Care (NYT)

By Michael Luo

The New York Times, March 7, 2007

WASHINGTON, March 6 — President Bush on Tuesday named the onetime Senate majority leader Bob Dole and Donna E. Shalala, former secretary of health and human services, to lead a bipartisan commission that will be charged with investigating problems at Walter Reed Army Medical Center and throughout the military's health care system.

Addressing veterans here at a meeting of the American Legion, Mr. Bush assured them that he was taking seriously the disclosure of dilapidated housing and frustrating red tape encountered by wounded soldiers at Walter Reed, the Army's premier hospital.

"My decisions have put our kids in harm's way," the president said, "and I'm concerned about the fact that when they come back they don't get the full treatment they deserve."

Mr. Dole, the 1996 Republican presidential nominee, who lost the use of his right arm in World War II, and Ms. Shalala, health secretary in the Clinton administration and now president of the University of Miami, will head "a comprehensive review" of the care of wounded troops, from the point at which they return from the battlefield to the restarting of their lives as civilians, and assess just how pervasive the problems are, Mr. Bush said.

The president said that in addition to the appointment of the commission, he had asked the secretary of veterans affairs, Jim Nicholson, to lead a group of seven cabinet members who will "focus and respond to immediate needs" of veterans and of troops returning from combat.

The steps come as an increasingly restive Congress seizes on the recent accounts of problems encountered by wounded soldiers. A second day of Congressional hearings was held Tuesday on the troubles at Walter Reed, and lawmakers promised more to come. Although they offered no specifics, Senate Democrats said they would pursue legislation addressing what they described as failure by the Bush administration to deal with longstanding concerns about the treatment of wounded troops and veterans and to properly plan for the onslaught of casualties of the Iraq war.

"This is the Katrina of 2007," Senator Charles E. Schumer of New York said at a news conference of Democratic leaders.

Since a series of articles on the shortcomings at Walter Reed appeared in The Washington Post last month, dealing especially with the problems faced by troops engaged in long recoveries and receiving outpatient care, the issue has escalated into a crisis for an administration already struggling to shore up public support for its strategy to send 21,500 more combat troops into Iraq.

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The secretary of the Army and the hospital's commander were dismissed last week as a result of the problems. And at a hearing on Tuesday, some members of the Senate Armed Services Committee challenged Lt. Gen. Kevin C. Kiley, the Army's surgeon general, who himself commanded Walter Reed until 2004, on whether he should be ousted as well.

Citing complaints they said they had heard firsthand on visits to the hospital last week, committee members bore down on General Kiley and other top military officials over why they had failed to act earlier to address the problems there. Several lawmakers told of complaints they had received from constituents about troubles at other military-run health care facilities.

"It was a failure in the most basic tenets of command responsibility: to take care of our troops," said Senator John McCain of Arizona, the committee's ranking Republican, who spent more than five years as a prisoner of war in North Vietnam. "We must right the wrongs that our wounded have endured."

Repeating a new Democratic refrain, the committee chairman, Senator Carl Levin of Michigan, sought to lump the problems at Walter Reed with what he described as other examples of poor planning for the war in Iraq.

"Today's hearing," Mr. Levin said, "is about another example of the lack of planning for a war that was premised on the assumption that combat operations would be swift, casualties would be minimal and that we would be welcomed as liberators instead of being attacked by the people we liberated."

Military officials testifying at the hearing outlined steps they were taking to improve conditions at Walter Reed and streamline a daunting bureaucratic process faced by wounded soldiers getting outpatient treatment.

Gen. Peter J. Schoomaker, the Army chief of staff, said a team of health care workers had been assigned to visit other facilities in the military medical system and determine whether the problems extended beyond Walter Reed. A hot line is also being established to field complaints, General Schoomaker said. In addition, a family assistance center has been set up at Walter Reed, and the Army is considering appointing an ombudsman to act as an advocate for patients.

"No service members should have to work through a maze or a gantlet or be on his own or her own to figure things out," said Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs. "It's just unacceptable."

Dr. Winkenwerder hastened to add that Walter Reed's problems did not result from lack of financing, testimony that several committee members disputed. He also dismissed any connection to plans to close the hospital in the next few years as part of a nationwide base reorganization, a proposal that some lawmakers are also beginning to question.

In terms of immediate priorities, attention has coalesced on the cumbersome process for evaluating whether wounded troops are fit to continue in the military, or whether they should be medically retired and, if so, the level of disability benefits they should receive.

There is a focus, too, on problems in patients' transitioning from care at military hospitals to dealing with facilities run by the Department of Veterans Affairs.

David S. C. Chu, under secretary of defense for personnel and readiness, said he hoped the debate resulting from the furor over Walter Reed would address what he called a fundamental issue: "the adequacy, the structure, the nature of the nation's disability programs for injured service members."

With a patchwork of different departments involved, Mr. Chu said, it is not surprising that those caught up in the system "find it frustrating and difficult to navigate."

Walter Reed Uproar Refuels Iraq Debate (AP)

By Anne Flaherty

AP, March 7, 2007

Democrats are using the uproar over Walter Reed Army Medical Center as their latest cudgel to batter President Bush for his Iraq war policies as the administration shows signs it fears political damage from the revelations.

Reports of patient neglect and shoddy outpatient rooms at the hospital have brought Army brass to Capitol Hill to explain and apologize. Bush's handling of the war has been widely unpopular with voters, and reports about Walter Reed come on the heels of his decision to send more troops to Iraq — which has also met a negative response from the public.

Democrats are stepping up their anti-war rhetoric and casting Walter Reed as the latest Bush administration failure in planning for the war and other contingencies.

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"This is the Katrina of 2007," said Sen. Chuck Schumer, D-N.Y., comparing the hospital scandal to the 2005 hurricane that left Gulf Coast residents stranded for days without federal assistance.

For its part, the Bush administration has moved quickly to try to contain the political damage. Defense Secretary Robert Gates forced Army Secretary Francis Harvey to resign last Friday, and Maj. Gen. George W. Weightman, who was in charge of Walter Reed since August 2006, was ousted from his post a day earlier.

The rapid removal of the two officials was followed by a promise by Vice President Dick Cheney and the president himself that the problems would be fixed, and the creation of high-profile panels to unearth gaps in the system.

In a speech at the American Legion on Tuesday, Bush announced he had asked former Senate Majority Leader Bob Dole, R-Kan., and former Health and Human Services Secretary Donna Shalala, a Democrat, to lead a bipartisan probe into the mistreatment of wounded troops.

Bush also directed Veterans Affairs Secretary Jim Nicholson to set up a task force of officials from various agencies to identify problems in treating wounded troops. To underscore the message that he cares about the troops, Bush referred to the group as a task force on "returning global war on terror heroes."

To further make that point, the administration invited journalists to a naturalization ceremony next Monday at Walter Reed, when Homeland Security Secretary Michael Chertoff and Emilio Gonzalez, director of U.S. Citizenship and Immigration, will swear in five wounded soldiers as new American citizens.

Bush administration officials also headed to Capitol Hill on Tuesday and apologized profusely, one by one saying they were at fault for not delving deeper into reports of staffing problems and a maintenance backlog at Walter Reed.

"I'm deeply chagrined by the events that bring us to this hearing," said David Chu, the Pentagon's personnel chief.

A White House statement released Tuesday said the president's 2008 request for $38.7 billion for military health care was double what it was when he took office.

The rhetoric failed to placate Democrats, who said the Walter Reed problems were shining a spotlight on the administration's failed war policies.

"There is a pattern here that we're just not focused on what needs to be done to help these young men and women," said Sen. Hillary Rodham Clinton, D-N.Y., a 2008 presidential contender.

Sen. Edward Kennedy, D-Mass., said the Bush administration failed to plan adequately for the long and bloody war.

"And now they're failing those who have sacrificed so much," said Kennedy.

Focusing the Iraq debate on the treatment of troops could help protect Democrats from GOP charges that proposals by some Democratic lawmakers to cut money for the war would hurt troops in the war zone. The Walter Reed story is also helping Democrats by providing a distraction — if only for now — from the party's internal disagreements over how and when to force the president's hand.

Looking to insulate themselves from any fallout, congressional Republicans have quickly jumped on board with Democrats in denouncing the mistreatment of wounded troops and hurling tough questions at Pentagon officials.

"I am dismayed this ever occurred," said Sen. John McCain, R-Ariz., top Republican on the Senate Armed Services Committee, who was captured and wounded during the Vietnam War. "It was a failure in the most basic tenets of command responsibility to take care of our troops."

Army officials on Tuesday repeated assertions that they accept responsibility but denied knowing about most of the problems.

"We have failed to meet our own standards at Walter Reed. For that, I'm both personally and professionally sorry," said Lt. Gen. Kevin C. Kiley, in charge of Walter Reed from 2002 until 2004, when he became Army surgeon general.

Kiley has said he had been aware of some issues, but told the Senate panel he was not aware of specific problems, including a backlog of maintenance orders and a lack of staff to conduct room inspections.

Sen. Joseph Lieberman, I-Conn., said Congress might need to revisit an earlier decision to close Walter Reed in light of the increasing number of wounded troops from Iraq. Sen. John Warner, R-Va., said lawmakers should examine its own oversight process, which failed to unearth problems.

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Dole Will Head Inquiry Into Veterans Treatment (FT)

By Alim Remtulla And Edward Luce In Washington

Financial Times, March 7, 2007

George W. Bush on Tuesday appointed Bob Dole, the former Republican presidential candidate, to head a commission of inquiry into the treatment of injured veterans in US military hospitals following revelations of appalling conditions at Walter Reed – the leading US army medical centre.

The president's announcement came on the second consecutive day of tough congressional questioning of generals, with senators alleging that America's soldiers in Iraq and Afghanistan were being "short-changed".

The hearings coincided with one of the bloodiest days in Iraq in recent months; 112 Shia pilgrims were killed in sectarian suicide bombs and nine US soldiers died in separate attacks in Baghdad. Almost 3,200 US soldiers have been killed in Iraq and more than 25,000 injured – most of them severely.

According to the Washington Post, soldiers recuperating at Walter Reed in Washington have been housed in rodent-infested quarters and have had to jump through bureaucratic hoops to obtain subsistence-level disability benefits. Similar allegations have surfaced at other army medical centres.

In a speech to veterans on Tuesday, Mr Bush said the conditions were unacceptable. "I am as concerned as you are about conditions at the Walter Reed army medical centre," he said. "We have a moral obligation to provide the best possible care and treatment to the men and women who serve our country."

Mr Bush announced that Mr Dole would lead the nine-member commission with Donna Shalala, a Democratic former secretary for Health and Human Services. Several other inquiries have been launched in the past few days, including an internal army investigation into conditions at Walter Reed.

Senior generals yesterday told the Senate armed services committee that the cause of the problem had been bureaucratic. "We all run in a bureaucratic morass," said Peter Schoomaker, the army chief of staff.

John McCain, the presidential candidate and senior Republican on the committee, said: "Senior army leaders were defensive in the face of these revelations at Walter Reed and were quick to lay blame for these failures on noncommissioned officers. I find that appalling."

Mr McCain and other senators yesterday praised Bob Gates, the new defence secretary, for removing Francis Harvey, the army secretary, and George Weightman, the general in charge of Walter Reed, last weekend. But senators said the pressure on the army medical system was likely to get worse with the "surge" of more than 20,000 new troops in Iraq.

On Tuesday a Gallup poll revealed the lowest US public support for the war since it began four years ago with 59 per cent calling it a mistake. Only 28 per cent believed the US would probably or definitely win the war in Iraq.

Dole, Shalala Will Lead Committee To Investigate Veteran Care (MCT)

By William Douglas And James Rosen

McClatchy Newspapers, March 7, 2007

WASHINGTON - Calling conditions at the Walter Reed Army Medical Center "unacceptable," President Bush on Tuesday tapped former Sen. Bob Dole and former Health and Human Services Secretary Donna Shalala to head a bipartisan commission to examine problems at veterans-care facilities across the country.

Bush made the announcement during a speech to the American Legion in Washington as Congress continued hearings into Walter Reed's outpatient facility and care given to soldiers injured in Iraq and Afghanistan.

"Listen, I am as concerned as you are about the conditions at Walter Reed Army Medical Center," Bush told the Legionnaires. "My decisions have put our kids in harm's way. And I'm concerned about the fact that when they come back they don't get the full treatment they deserve. . . . It's unacceptable to me - and it's not going to continue."

In Congress, members of both parties continued to hammer the administration and the military for the problems at Walter Reed and at veterans' hospitals across the country at hearings on Tuesday.

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"Today's hearing is about another example of the lack of planning for a war that was premised on the assumption that combat operations would be swift, casualties would be minimal and that we would be welcomed as liberators instead of being attacked by the people we liberated," said Sen. Carl Levin, D-Mich., the chairman of the Senate Armed Services Committee.

Sen. Claire McCaskill, D-Mo., renewed her call at the hearing for Army Medical Commander Lt. Gen. Kevin Kiley to resign. She read a letter from a Missouri soldier and double amputee who said that the "bureaucratic red tape" he encountered at Walter Reed was attributable to Kiley's poor leadership.

"Lieutenant General Kiley had the opportunity during his time as Walter Reed commander to identify and begin correcting the issues that were evident," McCaskill read. "Rather than addressing those issues, Lieutenant General Kiley simply swept them under the rug. We as injured veterans and those family members who depend on military medical facilities deserve nothing less than the resignation of Lieutenant General Kiley."

By choosing Dole, a Republican, and Shalala, a Democrat, to lead the new commission on veterans' care, Bush selected two veteran Washington hands to address the issue after two weeks of bad publicity followed Washington Post reports that Walter Reed housed some outpatients in a moldy, insect- and rodent-infested facility. The online magazine Salon first reported problems at Walter Reed more than a year ago.

Dole represented Kansas in the Senate from 1968 to 1996 and was majority leader. He quit in 1996 and won the Republican presidential nomination, but failed to unseat incumbent President Bill Clinton. He served in the Army in World War II and was wounded by German gunfire in 1945, which left his right arm paralyzed. He was awarded two Purple Hearts and a Bronze Star during the war.

Shalala was the longest-serving Health and Human Services secretary in history, staying on the job through Clinton's eight years in the White House. She's now president of the University of Miami.

Lawmakers from both parties also hammered Deputy Defense Secretary Gordon England and Adm. Edmund Giambastiani, vice chairman of the Joint Chiefs of Staff, at a House Budget Committee hearing Tuesday.

"That is unacceptable and will be fixed," England said of the Walter Reed problems. "We want absolutely the best care for the men and women who serve in our forces."

Rep. Jim McGovern, D-Mass., reacted with disbelief when England said he'd been unaware of mold, rats and other problems at Walter Reed.

"To fix that (problem) is going to require millions and millions - if not billions - of dollars," McGovern said. "I can't believe that the problems haven't trickled up. It just takes my breath away when you say you didn't know about this. This is not just at Walter Reed. This is all across this country."

England said he and other Pentagon leaders hope to use money from a $100 billion war supplemental bill now before Congress to improve conditions at Walter Reed. Under questioning, England said some of the money will probably come from funds originally tabbed to buy two F-35 Joint Strike Fighter planes.

Dole, Shalala To Lead Troop-Care Panel (WP)

By Josh White

The Washington Post, March 7, 2007

President Bush yesterday named former senator Robert J. Dole and former secretary of health and human services Donna E. Shalala to co-chair a bipartisan commission that will examine the care that wounded U.S. troops receive after they return from the battlefield, one more among several high-level investigations spawned by recent revelations of squalor and bureaucratic woes facing veterans at Walter Reed Army Medical Center.

The review will encompass troops' reintegration into civilian life back home. Bush also announced that he has asked the secretary of veterans affairs to lead a Cabinet-level interagency task force to deal with immediate shortcomings in helping veterans of the wars in Iraq and Afghanistan.

"We have a moral obligation to provide the best possible care and treatment to the men and women who have served our country," Bush told an audience of war veterans with the American Legion in Washington. "They deserve it, and they're going to get it."

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He again said that the conditions at Walter Reed that were described in a series of Washington Post reports are troubling and unacceptable. "My decisions have put our kids in harm's way, and I'm concerned about the fact that when they come back they don't get the full treatment they deserve."

As Bush was speaking yesterday morning, members of the Senate Armed Services Committee were expressing dismay on Capitol Hill as they opened hearings on Walter Reed, with senators from both political parties criticizing Army and Defense Department leaders who apparently were unaware of systemic problems in outpatient care, despite multiple warnings.

Echoing what members of a House committee said on Monday at a hearing at Walter Reed, senators said that they believe problems such as mold and rodents at the medical center's Building 18 indicate larger issues with leadership and a stifling bureaucracy.

"Good leadership should have taken these steps long ago, without prompting by a series of embarrassing news articles," said Sen. Carl M. Levin (D-Mich.), the committee's chairman, railing against what he sees as an overly complex system that shortchanges U.S. troops. "The American people are deeply angry about the shortfalls in care. The war in Iraq has divided our nation, but the cause of supporting our troops unites us."

Walter Reed's commander, Maj. Gen. George W. Weightman, and Army Secretary Francis J. Harvey both lost their jobs last week after the revelations.

Yesterday's hearing again put top Army officials in the line of fire. Lt. Gen. Kevin C. Kiley -- the Army's surgeon general, and Walter Reed commander from 2002 to 2004 -- was criticized for not addressing numerous problems with services for the wounded. A few lawmakers, including Sen. Lindsey O. Graham (R-S.C.), questioned whether Kiley should resign. Kiley replied, "I still think I've got the right skill sets and the right experience to fix these problems."

Sen. John McCain (R-Ariz.), a presidential hopeful and former prisoner of war, said that he was "appalled" by the lack of immediate accountability and that he was "dismayed this ever occurred."

Kiley, who at times has been dismissive of the problems, appeared more contrite yesterday: "Simply put, I'm in command, I'm accountable and I share in the failures, and I also accept the responsibility and the challenges for rapid corrective action."

Bush's new commission and Veterans Affairs task force come as the House and Senate have begun hearings about the problems at Walter Reed and as Defense Secretary Robert M. Gates awaits the results from an independent review group that has 45 days to assess outpatient treatment. After senior officials had minimized the reports about dilapidated facilities and devastating delays at Walter Reed, Army officers dispatched soldiers to evaluate nearly a dozen hospital facilities nationwide in an attempt to locate similar problems.

Bush's executive order yesterday created the President's Commission on Care for Returning Wounded Warriors, a nine-member group that Dole and Shalala will lead. Its mission will be to examine how wounded forces transition from the battlefield to civilian society and to evaluate "the coordination, management and adequacy of the delivery of health care, disability, traumatic injury, education, employment, and other benefits and services."

The decision to pair Dole and Shalala is a nod to bipartisanship. Both are Washington insiders and popular within their own political bases. They are respected leaders who can approach the issue with the perspectives of the service member, the veteran and the health-care provider -- all with the difficulties of government bureaucracy in mind. Dole is a disabled veteran of World War II with 28 years of experience as a Republican senator from Kansas. President Bill Clinton appointed Shalala as HHS secretary in 1993, and the liberal political science professor served eight years in the position -- the longest tenure in history.

"I am truly honored that President Bush has asked senator Bob Dole and me to co-chair the commission that will review the care and services provided to our returning wounded service members," Shalala said in a statement. "We all owe a tremendous debt of gratitude to our fellow Americans who are serving our country in some of the most dangerous parts of the world. They deserve access to high quality health care and other benefits and services as they transition from deployment to other military service or civilian life."

Dole could not be reached for a comment yesterday. Dole and Shalala are scheduled to meet with Bush in Washington this morning to hear his priorities for the group. The commission has a June 30 deadline for its final report.

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Sen. Patty Murray (D-Wash.), a senior member of the Senate Committee on Veterans Affairs, praised Bush for "finally putting an emphasis on this crisis," but said that she is worried that the Dole-Shalala commission's findings will be ignored by a president that has pushed aside the recommendations of previous bipartisan panels, such as the Iraq Study Group.

"So we're right, I believe, to be wary of this new step from the president," Murray said on the Senate floor. "We need decisive action, not commission after commission and report after report that the president can choose to ignore."

Bush Appoints Dole, Shalala To Investigate Veterans' Care (LAT)

By James Gerstenzang And Richard Simon,

The Los Angeles Times, March 7, 2007

Congressional Democrats consider a $5-billion healthcare funding increase.

WASHINGTON — Struggling with political fallout over shabby treatment of wounded soldiers, President Bush on Tuesday named ex-Sen. Bob Dole and former Health and Human Services Secretary Donna Shalala to lead an investigation into care provided at military and veterans' facilities.

Democratic leaders in Congress, meanwhile, launched an effort to increase funding for veterans' care.

The moves came as lawmakers, holding a second day of hearings on reports of substandard housing and poor outpatient treatment at Walter Reed Army Medical Center in Washington, pondered whether the problems are more widespread.

Sen. Joe Lieberman (I-Conn.) said that, while the Army was moving to address the problems at Walter Reed, he thought Congress would find that the departments of Defense and Veterans Affairs have "a system that simply shortchanges those who have served us."

Defense Department witnesses who appeared Tuesday at a Senate Armed Services Committee hearing — David Chu, the Defense undersecretary for personnel and readiness; William Winkenwerder Jr., the assistant Defense secretary for health affairs; Army Chief of Staff Peter J. Schoomaker; and Lt. Gen. Kevin C. Kiley, the Army's chief medical officer — displayed varying degrees of contrition.

One senator after another challenged the ability and readiness of the Army to meet the medical care demands brought on by the fighting in Iraq and Afghanistan. A number of senators shared personal stories about their efforts to help wounded soldiers navigate the bureaucracy.

Sen. Ben Nelson (D-Neb.), recalling his efforts to aid a soldier from his home state, said he called a nurse who was assigned to the patient. "This nurse was apparently very overworked and asked me why I was butting in," he said. "I got to thinking, you know, if a United States senator has trouble trying to cut through the bureaucracy, why wouldn't you expect the average family might have a very serious problem?"

The committee chairman, Sen. Carl Levin (D-Mich.), said that after the injured were well enough to be treated as outpatients, the system failed them. "This system places these soldiers in the position of having to fight for a disability rating that entitles them to medical treatment. After all they've been through, these injured soldiers should not feel that they have to fight for what we, as a nation, have a moral obligation to provide," he said.

Sen. John McCain (R-Ariz.), a Vietnam veteran, said there had been "a failure in the most basic tenets of command responsibility to take care of our troops."

Schoomaker apologized and took responsibility for the conditions at Walter Reed and the failure to correct them. "I can't tell you how disappointed and how absolutely angry I am to have to sit before you today, and to stand accountable for what has occurred in the United States Army," he said.

Decrying the red tape that has tangled soldiers seeking care and decisions about whether they will remain in the service — and what support they will receive if they leave — the general added: "I will tell you that we all run in a bureaucratic morass.

"Life every day in this system is like running in hip boots in a swamp," he said. "And it sucks the energy out of you every day, not just in the medical system but in everything else that we do."

Chu, too, expressed regret, saying, "I'm deeply chagrined."

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Congressional Democrats are looking at providing an additional $5 billion, perhaps more, for veterans' care — including increases for treatment of veterans with post-traumatic stress disorder or traumatic brain injuries. They are considering making the increase part of a nearly $100-billion war-spending measure now moving through Congress.

Democrats also seized on the problems at Walter Reed to ratchet up their criticism of Bush's execution of the war as they consider attaching conditions to his war-funding request. But Bush said it was critical for battlefield commanders to have the flexibility to carry out their missions "without undue interference from politicians."

Bush announced his appointment of Dole, a disabled World War II veteran who was the Republican candidate for the presidency in 1996, and Shalala, who is president of the University of Miami, in an appearance before the American Legion in Washington. He asked the nine-member President's Commission on Care for America's Returning Wounded Warriors to issue its findings by the end of June.

"I am as concerned as you are about the conditions at Walter Reed Army Medical Center," Bush said, calling the problems at what is considered one of the top military hospitals "unacceptable."

"We have a moral obligation to provide the best possible care and treatment to the men and women who served our country," Bush said. "They deserve it and they're going to get it."

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Don't Ask, Don't Know, Don't Help (NYT)

By Thomas L. Friedman

The New York Times, March 7, 2007

I haven't kept count, but it seems to me that the number of times I've seen President Bush and Vice President Dick Cheney give speeches about the Iraq war using smiling soldiers as their backdrops have been, well, countless. You'd think that an administration that has been so quick to exploit soldiers as props — whether it was to declare "Mission Accomplished" on an naval vessel or to silence critics by saying their words might endanger soldiers in battle — would have been equally quick to spare no expense in caring for those injured in the fight.

The squalid living conditions and red tape that have been inflicted on some recovering Iraq war veterans at Walter Reed hospital and elsewhere — which have been spotlighted by The Washington Post — are shocking in their detail, but not surprising. They are one more manifestation — like insufficient troops, postwar planning and armor — of a war that was really important to get right but really hard, which the Bush team thought was really important and would be really easy.

Mr. Bush summoned the country to D-Day and prepared the Army, the military health system, military industries and the American people for the invasion of Grenada.

From the start, the Bush team has tried to keep the Iraq war "off the books" both financially and emotionally. As Larry Diamond of Stanford's Hoover Institution said to me: "America is not at war. The U.S. Army is at war." The rest of us are just watching, or just ignoring, while the whole fight is carried on by 150,000 soldiers and their families.

In an interview last Jan. 16, Jim Lehrer asked President Bush why, if the war on terrorism was so overwhelmingly important, he had never asked more Americans "to sacrifice something." Mr. Bush gave the most unbelievable answer: "Well, you know, I think a lot of people are in this fight. I mean, they sacrifice peace of mind when they see the terrible images of violence on TV every night."

Sacrifice peace of mind watching TV? What kind of crazy thing is that to say? Leadership is about enabling and inspiring people to contribute in time of war so the enemy has to fight all of us — not insulating the public so the enemy has to fight only a few of us.

If you want to compare President Bush in this regard with Presidents Roosevelt or Wilson, pick up a copy of Robert Hormats's soon-to-be-published book: "The Price of Liberty: Paying for America's Wars."

"In every major war that we have fought, with the exception of Vietnam, there was an effort prior to the war or just after the inception to re-evaluate tax and spending policies and to shift resources from less vital national pursuits to the strategic objective of fighting and winning the war," said Mr. Hormats, a vice chairman of Goldman Sachs (International). He quotes Roosevelt's

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1942 State of the Union address, when F.D.R. looked Americans in the eye and said: "War costs money. ... That means taxes and bonds and bonds and taxes. It means cutting luxuries and other nonessentials. In a word, it means an 'all-out' war by individual effort and family effort in a united country."

Ever heard Mr. Bush talk that way? After Pearl Harbor, Mr. Hormats noted, Roosevelt vowed to mobilize U.S. industry to produce enough weapons so we would have a "crushing superiority" in arms over our enemies. Four years after the start of the Iraq war, this administration has still not equipped all our soldiers with the armor they need.

As retired Army Maj. Gen. Paul Eaton pointed out, last year, because of spending in Iraq, the Army had a $530 million budget shortfall for posts, so facilities got squeezed. If Americans had been asked to pay a small tax to fill that gap, they would have overwhelmingly checked that box. They would have also paid a "Patriot Tax" of 50 cents a gallon to raise the money and diminish our dependence on oil. But no one asked them to do anything other than "sacrifice peace of mind."

If you want to help and don't want to wait for the White House bugle, here are some places to start: (1) Coalition to Salute America's Heroes (www.saluteheroes.org), (2) the Intrepid Fallen Heroes Fund (www.fallenheroesfund.org), (3) the Fisher Houses (www.fisherhouse.org) and (4) the Walter Reed Society (www.walterreedsociety.org). And one I know personally from my hometown, Minnesotans' Military Appreciation Fund (www.thankmntroops.org).

We can get just about everything wrong in Iraq, and pretty much have, but we've got to take first-class care of those who've carried the burden of this war. It's that simple.

Senators Vow To Overhaul System At Walter Reed (USAT/AP)

USA Today, March 7, 2007

WASHINGTON — Senators pledged on Tuesday to consider all options to fix a broken system of caring for wounded troops as President Bush said former senator Bob Dole and former health secretary Donna Shalala will lead the administration's investigation into problems at Walter Reed Army Medical Center.

"The war in Iraq has divided our nation but the cause of supporting our troops unites us," said Sen. Carl Levin, chairman of the Senate Armed Services Committee. "We will do everything we can possibly do - not as Democrats or Republicans, but as grateful Americans - to care for those who have served our nation with such honor and distinction."

As his committee questioned top Defense officials, Levin also used the revelations of poor conditions and outpatient care at Walter Reed to take a swipe at Bush's war polices.

"Today's hearing is about another example of the lack of planning for a war that was premised on the assumption that combat operations would be swift, casualties would be minimal, and that we would be welcomed as liberators, instead of being attacked by the people we liberated," said Levin, D-Mich.

The hearing was Congress' second in two days on Walter Reed. Reports of wounded troops battling excessive red tape and dilapidated living conditions have concerned Republicans and Democrats. They are worried that problems there point to a broader pattern of neglect at military hospitals.

Bush told the American Legion that he had chosen a bipartisan leadership — Dole and Shalala — for the White House's investigation. "We have a moral obligation to provide the best possible care and treatment to the men and women who served our country," Bush said. "They deserve it, and they're going to get it."

Dole, a World War II veteran, was a longtime Republican senator from Kansas and a presidential nominee. Shalala headed the Health and Human Services Department during the Clinton administration.

At Tuesday's hearing, the Pentagon's personnel chief promised action.

"I'm deeply chagrined by the events that bring us to this hearing this morning," David Chu said.

Arizona Sen. John McCain said Congress will consider whether legislation or additional resources are needed.

"I am dismayed this ever occurred," said McCain, the committee's top Republican, who was captured and wounded during the Vietnam War. "It was a failure in the most basic tenets of command responsibility to take care of our troops."

Connecticut Sen. Joe Lieberman, an independent who caucuses with the Democrats, said Congress might need to revisit an earlier decision to close Walter Reed in light of the increasing number of wounded troops from Iraq. Sen. John Warner, R-Va., said Congress should examine its own oversight process.

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During a House hearing Monday, two soldiers wounded in combat and a spouse of a wounded soldier recounted nightmarish stories of frustration as they tried to get medical attention and disability compensation. Army officials said they accept responsibility but denied knowing about most of the problems.

How Decay Overtook Walter Reed (CSM)

By Gordon Lubold

The Christian Science Monitor, March 7, 2007

WASHINGTON

Lawmakers probing the scandal at Walter Reed Army Medical Center are saying it wasn't just a failure of leadership.

Constrained resources during a war lasting longer and costing more than anyone in the administration had expected, along with a controversial privatization initiative at the hospital, also played a role. But beyond these circumstances, one key factor has come up during congressional testimony this week: The facility was due to be shuttered in coming years, raising the possibility that officials were reluctant to make large financial commitments to it.

This combination of challenges illustrates just how strained military resources have become as the US grapples with its longest conflict since the Vietnam War. And as the current center of attention, Walter Reed has emerged as a symbol of the difficult decisions confronting the Pentagon. A core question: How can the Defense Department maintain facilities that are to be closed, including its premier Army hospital, without essentially throwing money away?

"You've got to pay the money, and the reason is simple: Up until the moment you cease operations, and you pull down the flag, it's a US military installation, and it has vital services it has to provide," says Christopher Hellman, a former congressional staffer who has followed the base-closure process closely. (Walter Reed is part of the 2005 Base Realignment and Closure (BRAC) process.) "The reality is you don't have the luxury of canceling contracts and delaying maintenance work at what is still an operational facility," says Mr. Hellman, now a military policy analyst at the Center for Arms Control and Non-Proliferation in Washington.

Still, some experts don't necessarily see that the Army made a conscious decision to stop paying maintenance bills on the facilities at Walter Reed just because it was closing.

"Buildings don't fall apart in the year and a half since the base closure commission issued its recommendations," says Jeremiah Gertler, a senior analyst on the 1995 base closure commission.

Merging operations

Under a decision made by former Defense Secretary Donald Rumsfeld, Walter Reed was to be shuttered completely. Its medical and other operations were to merge with other military installations in the area. Much of the operation was to be folded into the existing National Naval Medical Center in Bethesda, Md., and the result was to become a new-and-improved facility called the Walter Reed National Military Medical Center.

"The [BRAC] commission acknowledged Walter Reed Army Medical Center's rich heritage and earned reputation as a world-class medical center," the commission recommended. "However, the commission found that service members deserve a state-of-the-art 21st century medical center and that [Mr. Rumsfeld]'s proposal would increase military value."

The plan has a one-time cost of $989 million, but would save $145 million each year.

Funding for the overall BRAC initiative had been threatened considerably this year to the tune of $3.1 billion under the Joint Resolution for fiscal 2007, according to defense officials. A lower funding level would "jeopardize our ability to complete BRAC actions ... and stymie our efforts to construct facilities and move equipment and people to receiver locations," according to an internal Pentagon memo dated Feb. 15.

The Joint Resolution that cut the funding for BRAC initiatives was passed by Congress and signed by Bush on Feb. 15, but defense analysts like Hellman believe Congress will still fund BRAC at some point in the future under regular appropriations.

However, Lt. Gen. Kevin Kiley, a former commander at the hospital who is now the Army's surgeon general, testified Monday before members of an Oversight and Government Reform subcommittee to say that he had all the resources he needed.

Rep. Christopher Shays (R) of Connecticut became angry when General Kiley maintained that the Army had all the money it needed for the facility.

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Failure to air dirty laundry publicly – or maintain you have enough funding when you don't, is disingenuous, Representative Shays said. "Frankly, that's almost – it's being dishonest," he said. "It's being dishonest to yourself, and it's being dishonest to us. And I will look forward to the day when someone who's in uniform comes to us and says, under oath, 'I'm not given the resources I need to do my job.' "

One comptroller's experience

But finding the money necessary to keep a crucial facility up and running should not have been a problem even if it were to be closed, says a former Pentagon official who held the purse strings.

When he was the chief comptroller of the Pentagon up until 2004, Dov Zakheim remembers visiting Walter Reed, but, he says, he was always "escorted," and therefore never had an opportunity to see the conditions in which Iraq and Afghanistan veterans were living.

But money would have been made available to fix the problems at Walter Reed, despite the fact that the facility is slated to close. "Had this situation been brought to my attention, we could have moved money. No one on the Hill would have opposed a reprogramming to improve facilities for those who were injured, wounded and/or disabled," he says.

The hospital had also begun to privatize a portion of its workforce in a controversial move that local lawmakers had decried. More than 350 support jobs at the hospital are to be outsourced.

Legislation Would Repeal Walter Reed Closure (WP)

By Steve Vogel

The Washington Post, March 7, 2007

Revelations of shoddy facilities and bureaucratic nightmares at Walter Reed Army Medical Center have tarnished the reputation of the renowned military hospital. But they may also have given the 98-year-old facility a second life.

The furor surrounding the treatment of wounded soldiers has prompted some lawmakers, veterans and Army officials to ask: Why is the Defense Department closing Walter Reed -- where more than 6,000 soldiers injured in Iraq and Afghanistan have been treated since 2002 -- in the middle of a war with mounting casualties?

Congress approved and President Bush signed into law the recommendation of the federal Base Realignment and Closure (BRAC) Commission in 2005 that Walter Reed be closed and consolidated with the National Naval Medical Center in Bethesda, where a $2 billion expansion is being planned.

The debate has been fueled by testimony from Army officials that the problems in outpatient care have been exacerbated, in part, by the planned closure in 2011. Commanders said this has created "instability" at the hospital and made it difficult to keep a good work force, which is two-thirds civilian.

"The BRAC pressure is clear," agreed Del. Eleanor Holmes Norton (D-D.C.). "What it does is send the signal to everybody: Go look for another job because we think it's going to close down." Norton said she will introduce legislation seeking to repeal the planned closure of Walter Reed.

The issue also arose at a hearing yesterday before the Senate Armed Services Committee. "I have concerns, as we go through this long war, about taking down capacity that may be needed," testified Gen. Peter J. Schoomaker, the Army chief of staff.

"I think we should take a second look at that decision about Walter Reed," Sen. Joseph I. Lieberman (I-Conn.) responded.

Appearing on the same panel, William Winkenwerder, assistant secretary of defense for health affairs, defended the plan to close the Army hospital, arguing that the problems there were not "in any way related" to the decision.

The BRAC commission recommendation to close Walter Reed was part of a package of base closings nationwide that was adopted by Congress. New legislation would be required to overturn the decision, an unprecedented move that could reopen debate over recommendations to close other bases.

Some area lawmakers say the climate of national outrage surrounding the disclosures at Walter Reed might persuade Congress to overturn or at least delay the closure.

"You can always overturn the law," said Rep. Thomas M. Davis III (R-Va.). "I think on this BRAC in particular, you might see some things. If you're Eleanor, you've got to seize the moment."

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"This is something we should be looking at, and looking at right away," Rep. Chris Van Hollen (D-Md.), who represents Bethesda in Congress, said yesterday. "I think everyone would agree that the priority has to be that the soldiers at Walter Reed get the best possible care."

But Sen. John W. Warner (R-Va.), the ranking minority member on the Senate Armed Services Committee, cautioned during yesterday's hearing that it would be expensive to reverse the decision. He urged that the committee instead expedite spending on the planned expansion at Bethesda and a new regional Army hospital at Fort Belvoir.

The BRAC process, establishing independent commissions to decide what military bases should be closed to save money, was created by Congress to prevent political interference. Reversing the Walter Reed decision would be complex and unprecedented.

"Congress would have to invalidate the existing regulation and create a whole new law, and once they did that, there would be enormous pressure to include other facilities," said Jeremiah Gertler, a senior analyst for the 1995 BRAC commission.

In reaching the decision to close Walter Reed, the 2005 commission concluded that it was wasteful to operate two major medical centers less than 10 miles apart. The planned consolidation of the Army and Navy facilities into the Walter Reed National Military Medical Center is aimed at creating what would perhaps be the nation's premier military facility for treating wounded troops, research and education.

The Navy is moving forward with preliminary plans to expand the Bethesda campus, including the construction of a new hospital building adjacent to the existing facility.

A draft environmental impact study is to be completed in June. Last month, the Navy awarded an $8 million contract to a Virginia-based joint venture firm for architectural and engineering services.

"We have been given a mandate to move forward with the BRAC and we're doing that, because there has been no change that we know of," medical center spokesman Brian Badura said yesterday.

The Wider Shame Of Walter Reed (NYT)

The New York Times, March 7, 2007

It is impossible not to feel fury at the shameful neglect of wounded soldiers at Walter Reed's outpatient facilities, just a few miles from an oblivious and neglectful White House. Many have been housed in rooms coated with mold and infested with cockroaches and mice. They have been swamped with confusing paperwork and forced to take responsibility for managing their own medical care. And when they or their family members have complained, their pleas for help have been callously ignored.

In a desperate scramble to mute public outrage, President Bush yesterday named two political veterans to lead a commission charged with investigating conditions throughout the entire system of military and veterans' hospitals. The choices seem to be good ones: Bob Dole, a veteran wounded in World War II and a former Republican Party candidate for president, and Donna Shalala, who ran the Health and Human Services Department for President Bill Clinton.

There is plenty of blame to go around. Officials at Walter Reed were egregiously negligent. The Army's high command, and the Joint Chiefs above them, were too weak-kneed or obtuse to demand adequate resources for medical care — just as they were too fearful for their own careers to demand adequate troops to fight the Iraq war to begin with.

But the fundamental responsibility rests with the president and his former defense secretary, Donald Rumsfeld, who stubbornly insisted on going to war without sufficient resources — and then sought to hide the costs of their disastrous mistakes from the American public.

Is it any surprise that the war's wounded have been hidden away in the shadows of moldy buildings by an administration that refused to let photographers take pictures of returning coffins? Or a White House that keeps claiming that victory in this failed and ever more costly war is always just a few more months away?

The Walter Reed revelations once again put the lie to the president's claim that everything is being done to support America's troops. Just as the administration has been shockingly slow to provide the necessary body armor for troops in Iraq and notably complacent about rotating exhausted troops back into the war, so, too, has it been reluctant to confront the large casualty toll from Iraq and Afghanistan. Military doctors have been amazingly proficient about saving lives that would have been lost in earlier wars. But as we now know, the injured survivors too often fall through the cracks.

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The new commission's investigation, supplemented by the military's own inquiries and by oversight hearings in Congress, must explore all aspects of this scandal. The revelations have flushed out disturbing complaints about shoddy treatment throughout the military and the veterans' medical system and about a hostile process for determining disability benefits. None of this can be tolerated. The soldiers who have sacrificed their health and limbs to a misguided and mismanaged war deserve the best possible care when they return — for a lifetime, if necessary. And the president needs to learn that the horrors of this war can no longer be denied or hidden away.

Lawmaker Alleges Wrongdoing, Conflict Of Interest By GSA Head (WSJ)

By Scot J. Paltrow

The Wall Street Journal, March 7, 2007

The head of the General Services Administration, which annually awards billions of dollars in contracts for many federal agencies, drew new accusations of wrongdoing and conflict of interest from a high-ranking Democratic lawmaker.

Rep. Henry Waxman, the California Democrat who chairs the House Oversight and Government Reform Committee, included records he said support his allegations in a March 6 letter to GSA chief Lurita Doan. Among other items, he wrote, the records detail Ms. Doan's business relationship with a contractor that predated her GSA appointment in May 2006.

Mr. Waxman also said the records suggest Ms. Doan intervened to assure the renewal of a contract to Sun Microsystems Inc., of Santa Clara, Calif., despite staff concerns the computer-hardware maker had overcharged the government by millions of dollars.

A Sun spokeswoman said, "Our current contract with GSA represents the culmination of two years of very active negotiations. Any suggestion that anyone at GSA gave Sun special treatment during the negotiation process simply does not fit the facts."

The GSA could become the target of a wider congressional inquiry into recent contracting practices. Mr. Waxman asked Ms. Doan to turn over additional documents and to testify at a March 20 committee hearing.

In a statement, the GSA said Ms. Doan "looks forward to meeting with Chairman Waxman and his committee on the 20th to discuss GSA. As always, GSA will cooperate fully with the committee." It declined to comment further, citing the upcoming hearing.

In August 2006, Sun Microsystems was in the midst of a contract-renewal dispute with GSA. An agency audit indicated the company had failed to offer discounts for equipment and services that it routinely awarded to some commercial customers, according to the Waxman letter. But Ms. Doan allegedly pressed the staff to renew the contract anyway, the letter said.

According to the Waxman letter, a GSA contracting officer who refused to do so was replaced by another official who renewed the contract at terms less favorable to the government than an offer on the table.

In January, the Washington Post reported that Ms. Doan personally had awarded a no-bid, $20,000 contract to a public-relations company owned by a friend, Edie Fraser.

Mr. Waxman said newly obtained records show Ms. Doan also had a longstanding business relationship with Ms. Fraser, dating back to when Ms. Doan owned a surveillance-technology company, New Technology Management Inc. It paid at least $417,500 to companies affiliated with Ms. Fraser, Mr. Waxman's letter said.

Ms. Doan had said publicly that she supported terminating the $20,000 contract with Ms. Fraser's company when questions were raised about it. But Mr. Waxman said evidence shows that she had tried to keep it in place.

Ms. Fraser wasn't available for comment.

Write to Scot J. Paltrow at scot.paltrow@wsj.com1

Waxman Seeks GSA Chief's Testimony (WP)

By Robert O'Harrow Jr. And Scott Higham

The Washington Post, March 7, 2007

A powerful House committee chairman released new details yesterday about a widening investigation into allegations of "improper conduct" by the chief of the U.S. General Services Administration.

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Rep. Henry A. Waxman (D-Calif.), head of the Committee on Oversight and Government Reform, said his investigators had obtained information that raises "further questions" about GSA Administrator Lurita Alexis Doan's efforts to give a no-bid job to a longtime friend and professional associate.

Waxman also revealed new allegations that Doan "asked GSA officials in a January teleconference how the agency could be used to help Republican candidates," in possible violation of federal law.

He invited Doan to testify before his panel on March 20.

"You should be a model for integrity in contracting," Waxman said in his 10-page letter to Doan. "For this reason, I want to give you a chance to respond to allegations of improper conduct that have surfaced recently."

The GSA released a statement yesterday on Doan's behalf:

"The Administrator looks forward to meeting with Chairman Waxman and his committee on the 20th to discuss GSA. As always, GSA will cooperate fully with the committee. It is inappropriate, however, for GSA to comment further on the upcoming Congressional hearing."

In the letter, Waxman said his investigators learned that the GSA's former chief counsel "was alarmed" that the $20,000 job Doan had given on July 25 to companies run by her friend Edie Fraser had not been put out for bidding. The job was to produce a 24-page report on the GSA's use of minority-owned and women-owned businesses.

Alan R. Swendiman, now a special assistant to President Bush, stated to committee investigators "that he had never seen any GSA administrator personally award a contract, that it was highly irregular, and that he had serious concerns about its propriety and legality."

Waxman's letter follows a January report in The Washington Post that described the no-bid arrangement and Doan's ongoing disputes with her agency's inspector general's office. As GSA head, Doan presides over the government's largest broker of goods and services, which manages $56 billion in contracts.

The no-bid arrangement was terminated on Aug. 4 after GSA lawyers and other agency officials noted that it violated procurement rules.

Waxman's committee launched its investigation in January. Investigators obtained documents showing that the relationship between Doan and Fraser was more involved than previously known.

In an earlier interview with The Post, Doan described her authorization of the no-bid job with the companies run by Fraser as a simple mistake. The GSA last month sent a letter to Waxman's committee strongly defending Doan and saying that her actions were not improper.

Doan has been embroiled for months in disputes over her leadership of the agency. Soon after taking office last May, she clashed with the inspector general's office over its budget.

Last summer, the inspector general began examining the no-bid arrangement between Doan and the companies run by Fraser, Diversity Best Practices and Business Women's Network.

Doan said the allegations against her stem from her budget dispute with the inspector general's office. She maintained in the interview that she signed paperwork approving the no-bid job and "handed this off and then that was the last that I worried about it."

But Waxman's investigators found that Doan "persisted in efforts to award the contract to Ms. Fraser after questions were raised about its validity." Swendiman, then the GSA's general counsel, told committee investigators that as soon as he saw the paperwork, "he immediately and repeatedly advised that the contract be terminated, but he was unable to convince" Doan to do so, Waxman's letter said.

Swendiman told committee investigators that he gave Doan a letter terminating the arrangement, but that Doan did not sign it. "Ultimately, Mr. Swendiman said he had to take matters into his own hands . . . he directed the appropriate contracting officer to sign the termination letter without waiting for your approval," Waxman's letter to Doan said.

The letter said committee investigators had found e-mails providing evidence that Doan continued to "encourage" her staff to "devise a mechanism for awarding a contract" to companies run by Fraser after the arrangement was terminated on Aug. 4.

That same day, Doan requested a "point person to move this forward," in discussions with her chief of staff, John F. Phelps, according to an e-mail cited by the committee.

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"Contrary to your public assertions that no further action was taken on this matter, you joked to Mr. Phelps about your staff's continuing efforts to advance Ms. Fraser's interests: 'I think we have quite a few cooks now stirring this broth,' " Waxman said in his letter.

Doan's relationship with Fraser began when Doan was the president of New Technology Management Inc., a Reston-based company that sold surveillance gear and had government contracts worth more than $200 million. In 2003, Doan retained Fraser to promote her and her company.

From 2003 to 2005, Doan paid "at least $417,500 to companies affiliated with Ms. Fraser before you became GSA Administrator, including approximately $320,000 in management consulting fees and $97,500 in corporate and personal sponsorship of events produced by Ms. Fraser's firm," Waxman's letter said.

Fraser continued working closely with Doan before and after Doan assumed office last May, records cited by the committee show. Two weeks after her confirmation, Fraser wrote Doan an e-mail with the subject line: "Checklist for GSA and Lurita," according to a document obtained by the committee and The Post.

In that e-mail, Fraser suggested the names of corporate executives that Doan should meet. She also offered Doan advice about the GSA's Web site and indicated that she was already in talks with GSA officials about the diversity report, even though the agreement for the work would not be signed until nearly two months later, on July 25.

After the no-bid arrangement was terminated, Fraser sent another e-mail to Doan:

"Lurita, I will do anything for you and will do for the rest of my life," Fraser wrote to Doan on Sept. 6. "Bottom line, want relationship with GSA and will keep delivering as you know. But I have spent so much time at GSA from the report planning to these sessions with ZERO $$ How do we solve . . ."

Through an attorney, Fraser said she did nothing wrong in her work with Doan. "She is outraged by the suggestion that she has done anything unlawful or unethical in dealing with the GSA or Lurita Doan," her attorney, Jonathan N. Rosen, said in a previous statement. "Any such suggestion is not supported by any facts and is contradicted by her lifetime of advocacy in the service of others."

Fraser has stepped down as chief executive of the firms, according to a statement issued on Monday by Working Mother Media Inc., their parent company.

Waxman said he also wants to question Doan about a Jan. 26 teleconference she had with her senior staff and 40 of the agency's political appointees stationed around the country. During the call, Doan allegedly asked "how the agency could help 'our candidates' in the next elections," Waxman's letter said, citing "multiple sources." Committee investigators said one regional GSA administrator described "an effort to exclude House Speaker Nancy Pelosi from an upcoming opening of an environmentally efficient 'green' courthouse in San Francisco."

Regarding a different courthouse opening in Florida, Doan "noted that former President Bill Clinton had expressed interest in attending," and "stated that an effort should be made to get Senator Mel Martinez, the General Chairman of the Republican National Committee, to attend," the letter said.

Under the federal Hatch Act, executive branch officials are prohibited from "engaging in partisan politics while on duty, in official government work space, or with government equipment," Waxman said in the letter.

"It would be an obvious abuse if you suggested to agency officials that the activities of the agency be manipulated to provide political advantages to Republican candidates," he wrote.

Subpoena Threat May Have Unlocked NASA Probe (HC)

By Daniel Dale

Houston Chronicle, March 7, 2007

WASHINGTON — The Bush administration agreed Tuesday to release to Congress by April 2 the results of a probe into alleged wrongdoing by NASA Inspector General Robert Cobb.

Democratic members of the House Committee on Science and Technology had threatened to issue subpoenas to force the White House to turn over the documents. Rep. Brad Miller, the North Carolina Democrat who chairs the committee's

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Investigations and Oversight Subcommittee, said representatives had tried without success to secure the release of the documents since November.

Some of Cobb's staffers have accused him of suppressing investigations into safety concerns — including some on the readiness of space shuttle Columbia — and the theft of valuable shuttle data. President Bush appointed Cobb in 2002 to monitor NASA's activities.

Housing and Urban Development Inspector General Kenneth Donohue completed an investigation into the allegations in August. But as of Monday, Miller said, officials from the administration's Office of Management and Budget refused to set a deadline for the release of Donohue's report or NASA's eventual response to it.

A spokesman for the OMB would not say why the administration changed course.

A subcommittee meeting set for today to consider subpoenas "may have clarified the situation for them," Miller said.

"Unfortunately, I don't see this administration responding to gestures of goodwill to Congress," said subcommittee member Dana Rohrabacher, R-Calif. "They generally need a kick in the butt. That's what this subpoena (threat) was, and they deserved it."

Investigation Report On NASA Inspector To Be Released (ORS)

The Orlando Sentinel, March 7, 2007

WASHINGTON -- White House officials have agreed to release a confidential report by April 2 that details a federal investigation of NASA Inspector General Robert Cobb, congressional sources said.

The decision comes after more than two months of wrangling between Congress and an oversight group on whether federal lawmakers could have access to the longstanding Cobb probe.

Launched last year following complaints to the office of U.S. Sen. Bill Nelson, D-Fla., the inquiry reportedly was completed by the end of last summer and examines dozens of allegations against Cobb in his role as inspector general.

However, a White House oversight group still has not decided what, if any, action to recommend.

Cobb, a White House political appointee, has been NASA's inspector general since April 2002. Investigators from the Department of Housing and Urban Development were told to conduct the inquiry and then forward their findings to the President's Council on Integrity and Efficiency.

NASA Administrator Michael Griffin also is reviewing the findings.

Some of the complaints accuse Cobb of stifling investigations, mistreating employees and maintaining more than the traditional arms-length relationship he was supposed to have with top officials of the agency he was supposed to independently monitor.

Cobb has denied any wrongdoing. A spokeswoman for his office would not comment.

In recent months, the investigation has drawn the attention of House and Senate Democrats, who have pressed administration officials for more information since winning control of Congress.

"All the parties involved, including the NASA IG [inspector general], deserve a rapid and fair disposition of the case," Rep. Bart Gordon, D-Tenn., wrote on Jan. 31 to James Burrus, among those on the White House committee reviewing the accusations against Cobb.

"A [congressional] Committee of jurisdiction has a right to learn the nature of the allegations against an Inspector General and to learn of the findings of that effort."

A science subcommittee had scheduled a meeting Wednesday to consider getting the report by subpoenaing Griffin, HUD and the special White House council overseeing the investigation.

But the chairman of the oversight subcommittee with the House Committee on Science and Technology said he reached an "oral agreement" with administration officials Monday night to release the documents by April 2 -- without the need for subpoenas.

"They are trying to avoid a confrontation with Congress," said Rep. Brad Miller, a North Carolina Democrat. He had planned a meeting of the subcommittee today but canceled after reaching the records agreement.

A spokeswoman for the Office of Management and Budget, which oversees the President's Council on Integrity and Efficiency, said today that OMB would not comment.

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Michael Cabbage of the Sentinel staff contributed to this story. Mark Matthews can be reached at mmatthews@orlandosentinel.com or 202 824-8222. Michael Cabbage can be reached at mcabbage@orlandosentinel.com or 321 264-2392.

As To The Direction Of The Roberts Court: The Jury Is Still Out (NYT)

By Linda Greenhouse

The New York Times, March 7, 2007

WASHINGTON, March 6 — Over the Presidents' Day weekend, Douglas W. Kmiec went to a popular legal Web site, Findlaw.com, to post his thoughts on the Supreme Court at midterm.

Mr. Kmiec, a law professor at Pepperdine University, had nothing but praise for Chief Justice John G. Roberts Jr., his onetime government colleague from the Reagan administration days. The chief justice was "splendidly" on course toward his professed goal of getting the court to "speak with one voice," Professor Kmiec wrote, noting that 11 of 14 cases decided so far had been 9 to 0.

Unanimity "adds both credibility and stability to the law," he wrote, adding that under its new chief justice, it was evident that "the court is more likely to reach" that desirable measure of agreement.

The day after Professor Kmiec offered that assessment, the court came back from a four-week recess and issued two 5-to-4 decisions.

"I have the same effect on the stock market," Professor Kmiec said in rueful conversation a few days later.

His follow-up essay, posted on Slate and titled "Up in Smoke," went directly to the point. "The Roberts honeymoon may be over," he wrote.

The cautionary tale was clear: for anyone tempted by the joys of punditry to proclaim that the Roberts court is clearly one thing or another, this is a time to sit back, wait and see.

It is not only that the term's most challenging decisions lie ahead, rulings on abortion and school integration that will almost certainly reveal fissures too deep to paper over. It is that the Roberts court's record so far is being asked to carry more weight than it usefully can for those trying to take the new chief justice's measure.

Numbers do not lie, but out of context, they can easily mislead. For example, much was made of the court's unanimity during the last term, which was the first for the Roberts court. About half the decisions were unanimous (49 percent by one count, 53 percent by another: the difference is over whether to ascribe unanimity to justices who disagree on the reasoning behind a 9-to-0 outcome). So far this term, the record is about the same, 8 out of 18.

One factoid that may actually prove significant: of the four 5-to-4 decisions so far this term, the only justice in the majority in every case was Anthony M. Kennedy, powerful ammunition for the view that in a crunch, this is Justice Kennedy's court.

Filling the Docket

The justices were so mortified at finding themselves without enough cases to fill their December calendar that they used the most obvious means to avoid a repetition: they stepped on the gas.

After granting only two new cases in November and eight in December, they lowered the bar in January and somehow found 20 cases worthy of their attention. This led to a crowded April calendar reminiscent of the time 20 years ago when the court routinely sat for afternoon arguments as well as morning ones and turned out 150 decisions a year, more than twice the current number.

The result is a see-saw argument schedule, with only one case a day for much of February and March, but three for most of the days the court will sit in April.

The problem for the justices is that April is the final argument month, presenting a substantial challenge if cases are to be decided by late June, when the court breaks for the summer.

The time pressure could be even more acute if the court agrees to an expedited schedule for deciding the cases on the rights of the detainees at Guantánamo Bay, appeals that were filed at the court on Monday with a proposed argument date of May 7.

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The justices might plausibly have held some of the April cases over for argument when the new term begins in October, easing some of the pressure they often feel then to get a fast start on filling the calendar. But that idea, championed by some at the court, was rejected because it would have guaranteed that the total number of decisions for the current term, now hovering at about 70, would have fallen into the mid-60s. Life tenure, evidently, is no insulation from concern with one's image.

Alarmism in the Blogosphere

Jan Crawford Greenburg, an ABC News correspondent who covers the court, posted a startling item last week on her blog, Legalities. Under the heading "Faith and Frailty," she wrote that the "real drama" of an argument concerning the Bush administration's religion-based initiative came when the argument ended.

Justice Ruth Bader Ginsburg's delay in getting to her feet and leaving the bench, Ms. Greenburg wrote, seemed a sign of possible ill health and "made me think I'd better start pulling those possible retirement files together."

The alarming item quickly made its way around the blogosphere, puzzling court insiders who know that Justice Ginsburg, 73, is in fine health and keeps to a schedule that would exhaust most people who are decades younger. When the term ends this summer, for example, she is scheduled to go to Paris with Chief Justice Roberts, Justice Kennedy and Justice Stephen G. Breyer for meetings with judges of French and other European courts.

The explanation is, quite literally, pedestrian. According to her chambers, Justice Ginsburg had kicked off her shoes during the argument and could not find one of them.

Federal Education Building To Be Named For LBJ (MCT)

By Maria Recio

McClatchy Newspapers, March 7, 2007

WASHINGTON - Lyndon Baines Johnson, a Democratic president from Texas whose only official memorial in Washington is a hard-to-find grove on an island in the Potomac River near the Pentagon, soon will have more suitable recognition - the Department of Education headquarters.

By voice vote, the House of Representatives agreed Tuesday to name the Education Department building near the Capitol the Lyndon Baines Johnson Federal Building. Sen. Kay Bailey Hutchison, R-Texas, has introduced a similar bill in the Senate.

The lack of a prominent Washington memorial to the 36th president has galled Democrats, especially Rep. Gene Green, D-Texas, for years. But Green couldn't get past former House Majority Leader Tom DeLay, R-Texas, whose conservative views couldn't stomach Johnson's "big government" philosophy. DeLay, said Green, told him, "Not on my watch."

"Of course a conservative like Tom DeLay would block naming anything after the guy who opened the door for the federal government to destroy our education system," said DeLay spokesperson Shannon Flaherty. "The only bill Mr. DeLay would have brought to the floor wouldn't rename the Department of Education - it would de-federalize it."

But the new Democratic majority looks at things differently. Call it "No Democrat left behind."

"LBJ passed away over 30 years ago, but to this day has no federal buildings bearing his name in the Capitol area," Green said. President Reagan is honored with the International Trade Center building, and former President George H.W. Bush has the Central Intelligence Agency headquarters named for him.

Some Democrats complain that Johnson's only tribute in Washington is a rock. Indeed, the prominent feature of the Lyndon Baines Johnson Memorial Grove on the Potomac River is a pink granite monolith from the Texas Hill Country, according to Dana Dierkes, a public relations specialist with the National Park Service's George Washington Memorial Parkway.

Johnson has numerous sites honoring him in Texas, including NASA's Johnson Space Center, a state historical park near his hometown of Stonewall and a presidential library and museum at the University of Texas in Austin.

Green, joined by most Texas Democrats and Republicans, led the effort on the House floor to recognize Johnson, a former schoolteacher who was a member of the House and Senate and served as Senate majority leader, vice president and president.

"The Vietnam War soured President Johnson's legacy," Green said in an interview. "We still have to recognize his domestic legacy."

Johnson signed more than 60 education bills into law, including the Economic Opportunity Act of 1964, which established Head Start; the Elementary and Secondary Education Act of 1965; and the Higher Education Act of 1965.

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House Majority Whip James Clyburn, D-S.C., the highest-ranking African-American in Congress, cited Johnson's support for civil rights and education.

"He made his name as the first education president," Clyburn said. "He was the first president to recognize the strong federal investment in education."

Lawmakers hope to move quickly to pass the bill because former first lady Lady Bird Johnson, 94, is ailing.

Personnel Issues Find An Audience On Capitol Hill (WP)

By Stephen Barr

The Washington Post, March 7, 2007

The civil service system got a little oversight from Congress yesterday, signaling that federal-employee issues may receive more attention as Democrats wrangle with the White House over budget and policy priorities.

The House Armed Services readiness subcommittee debated the new National Security Personnel System that the Pentagon has started rolling out to Defense Department civilians, the first oversight hearing since the NSPS was created in 2003, subcommittee chairman Solomon P. Ortiz (D-Tex.) noted.

But that wasn't all. The House Appropriations financial services and general government subcommittee, a new panel, held a hearing on "issues in the federal workforce."

Rep. JosÃ© E. Serrano (D-N.Y.), the chairman, and other panel members questioned the Bush administration's outsourcing initiative and asked what can be done to improve federal hiring practices. President Bush's budget, Serrano said, "leaves a lot to be desired for preparing government agencies for the future of the federal workforce."

The hearings featured Bush administration officials, labor leaders, outside experts and a few House members who candidly acknowledged that they don't have a handle on federal personnel issues. Union leaders did not miss the opportunity to press their points.

John Gage, president of the American Federation of Government Employees, called for a repeal of the new Defense Department personnel system, arguing that the Pentagon went too far in trying to curb collective-bargaining rights. The union has stopped parts of the NSPS through a federal lawsuit, and the case is pending before a U.S. appeals court.

At the appropriations hearing, union representatives said they were concerned that the salaries of many federal employees keep falling behind those in the private sector. Colleen M. Kelley, president of the National Treasury Employees Union, said the administration's plan to raise federal pay by 3 percent next year was inadequate and recommended a 3.5 percent increase. J. David Cox, the AFGE secretary-treasurer, told the panel that federal workers should get a 4 percent raise next year.

Serrano made no commitments on federal pay but noted that recent raises have lagged behind what a 1990 law required. He joined the union leaders in opposition to outsourcing of federal work and invited suggestions from the unions on how to revamp rules on contracting out.

At the hearing on the new Defense Department civil service system, some House members urged Pentagon and union leaders to "find a way to work together," as Ortiz put it.

The Pentagon got off on the wrong foot with unions at the start of the NSPS four years ago with a plan that unions claimed would gut their rights.

Although Pentagon officials recast the personnel system in response to employee feedback, the AFGE and other unions filed a lawsuit in federal court that blocked changes in labor-management rules. The government employees union has gone on to fault other parts of the NSPS, which has been designed to bring more rigorous standards to how Defense Department employees are paid, promoted and disciplined.

Rep. Walter B. Jones (R-N.C.) lamented that the NSPS reflects the "shadow of Donald Rumsfeld" and may be "another failed policy" caused by arrogance at the top of the Pentagon. Employee support for the NSPS is vital, Jones said, adding that "if you can't bring the players together, you can't have a victory."

Michael L. Dominguez, one of the Pentagon's point people on the personnel system, agreed that "we need employee buy-in" but stressed that the first wave of Defense Department civilians to migrate to the new system are excited to be part of an effort that enhances improved communication between employees and their supervisors.

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By the end of the month, more than 114,000 Defense Department employees will be covered by the NSPS, he said. "Fundamental organizational and cultural change takes time -- it can't be achieved overnight. We are taking the time to do it right," said Dominguez, principal deputy undersecretary of defense for personnel and readiness.

Max Stier, president of the nonpartisan, nonprofit Partnership for Public Service, urged the House committee to arrange for regular assessments of the system by an outside evaluator and to obtain other data that would show whether it is helping the Pentagon to compete for top talent and to reward the best workers.

"The key is ongoing oversight," Stier said.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, March 7, 2007

Jenna's Next Venture: A Book & a Tour

Jenna Bush has landed a big-deal book deal -- and with it the requisite media tour, which means the 25-year-old super-private first twin will be venturing out into the public eye this fall like never before.

HarperCollins Publishers announced yesterday it has acquired Bush's first book, a nonfiction account of an impoverished 17-year-old single mother in Panama with HIV, whom the president's daughter met while interning there with UNICEF.

Aimed at a teen/young adult market, "Ana's Story: A Journey of Hope" will have a first printing of 500,000 copies.

"She's trying to share information about children and young adults who are living with poverty and disease, and trying to reach out to young adult readers to inspire them to get involved," said Kate Jackson, editor of the children's book division of HarperCollins. "We were really impressed by her vision."

Bush's college pal Mia Baxter took the photos that will illustrate the book. The deal was negotiated by Bob Barnett, the D.C. attorney-to-the-stars who has lined up book contracts for the Clintons, Mary Cheney and Alan Greenspan. He wouldn't disclose any amounts other than to say that it's a "very, very good deal." However, Bush does not stand to profit -- all her proceeds, after expenses, have been pledged to UNICEF charities.

Jackson said Bush has completed several drafts: "It's almost done." And yes, she's signed on for a publicity blitz. "She believes in this from the bottom of her heart," Jackson said. "She knows she is going to get a lot of attention, and she wants to direct it to the cause."

Oh, but we always get distracted! Take the author photo, provided by HarperCollins. Gotta ask: What's that on her left ring finger?"It's not an engagement ring, definitely not," said Laura Bush's spokeswoman Susan Whitson. "She's not engaged."

The Man Who's Ann: How to Play Her Now?

Another Ann Coulter outrage! While conservatives and liberals alike howl about the implications of her latest shock-mock rhetoric, we step back and ask the big question: What's the impact on Washington's preeminent Ann Coulter impersonator?

"I play her very tongue- in-cheek," says Bill Pietrucha, who dons a blond wig, leggings and sheath dress to become the right-wing pundit. "She's just so over the top that she's the gift that keeps on giving to a comedian." For the past five years, the 58-year-old actor-writer has been portraying Coulter at fundraisers, comedy clubs and college campuses: "Obviously, my audiences are not neoconservatives."

Professionally, Pietrucha is trying to figure out how to incorporate Coulter's recent anti-gay slur into the act. But personally, he thinks she just needs to chill:"Boy, that girl needs Prozac in her oatmeal."

HEY, ISN'T THAT . . . ?

Â· Scooter Libby looking forlorn and nervous Monday night at what proved to be a last supper of sorts at Chef Geoff's downtown. The former Cheney aide sat with a large group, including attorney Ted Wells , but while the others dug into dinner entrees and cocktails, Libby just picked at a small endive salad. He did have his share of the table's three bottles of red, though.

Â· Karen Hughes and Hadassah Lieberman lunching together yesterday at the Four Seasons, which we like to imagine was the White House's secret back-channel attempt to get Sen. Joe Lieberman to switch parties but may well have been perfectly innocent. The senator's wife had her arm in a cast -- no details about that from the senator's office.

QUOTE:

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"I've
been
teased
about it relentlessly. . . . The cameras lie. It's a fraud."

Jenna Bush Embarks On Book 'Journey' (USAT)

By Bob Minzesheimer, Usa Today

USA Today, March 6, 2007

Hopes to inspire kids to tackle poverty, HIV and 'exclusion'

Jenna Bush, in a rare interview, says her forthcoming book for teens — about a 17-year-old single mother in Panama who is living with HIV — will end with a "call to action."

HarperCollins announces today that it's publishing Bush's Ana's Story: A Journey of Hope this fall. It will be illustrated with photographs by Mia Baxter, a former classmate of Bush's at the University of Texas.

The president's daughter, 25, says the book is not political. It's aimed at "getting kids thinking and involved," Bush said Monday by phone from Panama, where she has worked since September as an unpaid intern for UNICEF.

Bush, a former public school teacher in Washington, D.C., says: "I'm aware that not all kids can pick up and fly to Panama. I'm very lucky."

But, Bush says, "there's so much they can do" to deal with issues of "exclusion" — from research on HIV discrimination to "inviting new kids to sit with them in the cafeteria."

The book grew out of her UNICEF job to "put a face on statistics" and document the lives of children in Central and South America who live in extreme poverty.

Jenna and her sister, Barbara (who works at a New York museum), have tried to avoid publicity and have been protected by the White House. But, she says, "I'm willing to give up some of my anonymity" to promote the book and "start a dialogue with kids."

A book tour is planned in schools, libraries and bookstores. "This is not about me," she adds, "but the kids I met here."

The Bush twins have been fodder for tabloids and gossip columnists for their partying and underage drinking. Jenna Bush, who campaigned for her father in 2004, says she doesn't worry about her media image: "I care what people who know me think of me. I think they would disagree (with her image). I like to go to bed early."

Kate Jackson, editor of HarperCollins Children's Books, says she was impressed by Bush's "intellect, drive and passion." A first printing of about 500,000 copies is expected.

Bush says she will donate her earnings to UNICEF. She says she "very, very modestly" hopes her book will have some of the influence of two books about girls caught up in the Holocaust: Lois Lowry's novel Number the Stars and Anne Frank's The Diary of Anne Frank.

Historian Carl Sferrezza Anthony says 23 presidential children are authors, most of them after their fathers left office. Patti Davis' 1986 novel, Homefront, caused a stir because of characters who resembled her father, Ronald Reagan, and stepmother, Nancy Reagan.

Bush Twin Set To Become An Author (WT)

By Jennifer Harper

The Washington Times, March 7, 2007

Jenna Bush could be a best-selling author by autumn: The first daughter has written a nonfiction account of her experiences during the last five months as a UNICEF volunteer in Central America. Realities of life have resonated with the 25-year-old daughter of President Bush and first lady Laura Bush.

"Ana's Story: A Journey of Hope" will be published by HarperCollins in September, chronicling the challenges faced by a teenage single mother in Panama who is an orphan herself and HIV positive.

"I have been inspired by my work with adolescents in Central and South America. These young people have faced extreme hardships and exclusion, but are strong in spirit and have an incredible will to succeed," said Miss Bush, who currently teaches several days a week in a Panamanian homeless shelter.

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She's witnessed the hardships personally, traveling through the countryside of Paraguay and Argentina and recording the personal narratives of youngsters with considerable inner mettle.

"It's my hope to motivate young Americans to increase their awareness of other young people around the world, to learn about the challenges they face, how they triumph over adversity and to become involved in helping them," Miss Bush said.

"I think there will be enormous interest in this book. In many ways, it is a real call to action," said Robert Barnett, the Washington-based lawyer who brokered the deal between publisher and author.

His list of literary clients include such high-powered luminaries as former President Bill Clinton; Democratic Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois; Vice President Dick Cheney's wife, Lynne; former Federal Reserve Chairman Alan Greenspan; former White House press secretary Ari Fleischer; Queen Noor of Jordan; and former Pakistani Prime Minister Benazir Bhutto -- among others.

"I was very taken by how articulate and compassionate Jenna Bush was, and how well she had done with the writing," Mr. Barnett said. "She's committed to the issues and causes she has written about."

HarperCollins will offer an initial printing of 500,000 copies of the book, which also includes color photography from Mia Baxter, a classmate of Miss Bush from her days at the University of Texas.

"We were very moved by Jenna's passion for this project. Her message in this book is about hope, involvement and inclusion," said Susan Katz, president of HarperCollins Children's Books.

The intended audience is young adults, and yes, there will be a book tour. However, profit is not on the mind of Miss Bush, who will donate her earnings to UNICEF, an international charitable group with immunization, educational and sanitation outreaches in 191 countries. HarperCollins also has agreed to donate a portion of the profits to the charity.

Miss Bush will complete her UNICEF internship in June; her twin sister, Barbara, continues to work at Cooper-Hewitt National Design Museum in Manhattan.

News of the book attracted substantial world press coverage. "Jenna Bush writes book about single mom," heralded an Associated Press account. The White House declined to comment on the book yesterday.

America's Unfriendly Skies (WSJ)

By Michael E. Levine

The Wall Street Journal, March 7, 2007

In the U.S. you can buy or rent the basics -- food, shelter and clothing -- from foreigners. Foreign-owned and controlled firms participate freely, many very successfully, in such critical industries as automobile manufacturing and sales, electronics, municipal water supply, oil exploration and production, pharmaceuticals, power generation and almost everything else we use. You can buy a ticket on a foreign airline between the U.S. and virtually everyplace in the world that gets air service, and foreigners can rent you cars and sell you a bus ticket. But no foreigner offers you a ticket for air travel within the U.S.

This is not because no one wants to. In the latest example, Virgin Airways of Britain, a company that controls airlines in the U.K., continental Europe, Australia and the South Pacific, has been trying since 2004 to start a domestic airline based in San Francisco. It has assembled a management, cleared the Federal Aviation Administration's safety hurdles and bought new planes, half a dozen of which are now sitting wastefully on the ground, waiting for permission to fly.

The problem is that the law that supposedly deregulated the airline industry still contains provisions dating from the 1930s forbidding foreign ownership and control of domestic airlines. Over the years, ingenious lawyers have devised investment and governance formulas that would allow de facto foreign investment in domestic airlines with enough control to protect it from management incompetence or treachery. Not one has ever been allowed to succeed. Egged on by airline pilot unions and the biggest U.S. airlines, Washington has forbidden them to do so.

In the current case, Virgin has turned itself inside out trying to construct a governance and financial structure that would satisfy a liberal interpretation of existing law. Although inclined as a matter of current policy to find a way to approve its application, the Department of Transportation has bowed to congressional grandstanding at the behest of unions and large airlines that don't want the competition. Some also want to hold Virgin hostage to get entry to London's Heathrow airport. As recently as December, the DOT once again shied away from interpreting its rules to allow Virgin America to start flying.

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In response to the previous set of DOT objections, Virgin America now has an entirely U.S. management and an elaborate financial arrangement which at least nominally cedes financial control to U.S. citizens. It meets the letter, if not the spirit, of the protectionist requirements of current law. But that's apparently not good enough to allow Virgin to offer traveling Americans the chance to accept or reject its particular mix of service and prices in a supposedly free marketplace.

Now the last excuse for government intransigence has been taken away. On Friday, the DOT announced that the U.S. and European Union have initialed an agreement that creates an entirely open-entry single-market regime between the U.S. and the whole EU, including London's Heathrow Airport. In return, the Europeans insist that the U.S. allow cross-border investment in U.S. airlines. But the Europeans, having had the DOT dash its expectations regarding investment before, are insisting that Congress agree explicitly to liberalize EU investment in U.S. airlines.

For U.S. travelers, this is a good deal. The prospect of more competition may make existing managements and workers nervous, but travelers get to try Virgin's flashy brand of service while the new competition holds prices down. For many airline shareholders and workers, it will allow a troubled U.S. airline to be bailed out and rebuilt, if necessary, by the likes of Air France, British Airways or Lufthansa.

The U.S. has no monopoly on protectionists. Washington should make clear that its approvals depend on the British government's resisting British Airways' efforts to kill the Heathrow access part of the deal. In addition, there are many technical ins and outs to defining "ownership" and "control." We can expect protectionist opponents to try to block the deal by defining these terms in a way that effectively prevents investment by leaving so little control that the investor is at the mercy of its management or banks. Congress must avoid this and hurry to approve this deal in a way that allows Virgin and others to go forward. The DOT should help put them on the spot by approving Virgin's application now.

Mr. Levine, distinguished research scholar and senior lecturer at NYU School of Law, was one of the architects of airline deregulation and has been a senior executive at three airlines.

Kerry's Swift Retribution (WSJ)

The Wall Street Journal, March 7, 2007

The country long ago moved beyond John Kerry's Presidential ambitions, but the Senator, as he seems never to tire of reminding us, has not. Now Mr. Kerry's throbbing grievances jeopardize President Bush's nominee for U.S. Ambassador to Belgium.

Last week Sam Fox, a 77-year-old St. Louis businessman, sat before the Senate Foreign Relations Committee for a confirmation hearing widely expected to be uncontroversial. But in the 2004 campaign, Mr. Fox gave $50,000 to the Kerry opposition group Swift Boat Veterans for Truth.

After some desultory questioning about "the image of America in Europe," Mr. Kerry solicited Mr. Fox's opinions as to "the politics of personal destruction" -- to which Mr. Fox replied, "Senator, you're a hero." Not good enough. Mr. Kerry launched into a harangue about 527 committees (the Swift Boaters were one of those) and other affronts to his station in life, none of which were germane to Mr. Fox's qualifications to serve.

Mr. Kerry: "Do you think this should matter to me?" Mr. Fox: "I'm sorry?" Mr. Kerry: "Do you think this should matter to me?" Mr. Fox: "Yes, I do, I do." Mr. Kerry: "Do you think it should matter to everybody here, as a Senator?"

Mr. Fox, a major donor to Republican campaigns, says he gives generously to a variety of causes, most of them philanthropic, and doesn't recall the reasoning behind his Swift Boat donation. We can assume it was to defeat Mr. Kerry, though Mr. Fox also pointed out, sensibly enough, that 527s are creatures of contemporary politics: "That's the world we live in."

That's an insight Mr. Kerry's Democratic colleagues, who in solidarity may block Mr. Fox's appointment in a vote on Friday, would do well to remember. The Democrats are not without their own free-range advocacy groups, such as MoveOn.org. Before they build the gallows, they might consider what will constitute a hanging offense when the political composition of the government shifts.

The Senate confirmation process is already congested by Democratic intransigence, from Bush appellate judges to U.N. ambassadors. But at least these conflicts came with some veneer of substantive objection, not merely the desire for political retribution.

DOJ_NMG_0141305

OTHER NEWS:

Greenspan Rates Chance Of Recession (USAT/BLOOM)

By Craig Torres

USA Today, March 7, 2007

Former Federal Reserve chairman Alan Greenspan said there's a "one-third probability" of a U.S. recession this year, and the current expansion won't have the staying power of its decade-long predecessor.

"We are in the sixth year of a recovery; imbalances can emerge as a result," Greenspan, 81, said in an interview Monday at his office in downtown Washington. "Ten-year recoveries have been part of a much broader global phenomenon. The historically normal business cycle is much shorter" and is likely to be this time, he added.

Greenspan's outlook contrasts with the prediction of his successor, Ben Bernanke, who told Congress last week that the economy may strengthen this year.

Bernanke's upbeat assessment helped steady stock markets on Feb. 28 after a plunge the day before that some traders attribute partly to Greenspan's musing that a recession couldn't be ruled out.

"It is possible that we can have a recession at the end of this year," said Greenspan, who ran the central bank for 18 years until January 2006. Bernanke, 53, declined to comment.

Little more than a year after leaving the central bank, Greenspan is returning to economic forecasting, a role he enjoyed before entering government service in 1974, during the administration of President Gerald Ford.

He isn't trying to predict a number for gross domestic product or inflation: He's trying to capture the trend and when it might be about to change.

Private-sector economists and policymakers are calling for the expansion, which began in 2001, to continue. The Fed expects the economy to grow from 2.5% to 3% this year, and 2.75% to 3% next year, according to forecasts presented to Congress last month.

Greenspan said that he has been careful to avoid making life difficult for his successor.

His contracts with clients stipulate that there will be no reporters present and no recordings. He said he tries to have an exchange with an audience, where he often learns something that helps him hone skills he has worked on for 50 years.

"I was aware of the problem that if I stayed public, I could make it difficult for Ben," he said. "For the most part it has worked. I was beginning to feel quite comfortable that I was fully back to the anonymity I was seeking.

"I was surprised at this recent episode," he added.

Investors said financial markets are playing down Greenspan's recession risk messages.

"It's not the message we're getting from the Fed," said Bernd Wuebben, senior bond market strategist at BNP Paribas New York. "All Fed speakers have tried to assuage the market."

Greenspan Lays Odds On U.S. Recession (WP/BLOOM)

By Craig Torres

The Washington Post, March 7, 2007

Former Federal Reserve Chairman Alan Greenspan said yesterday that there is a "one-third probability" of a U.S. recession this year and that the current economic expansion won't have the staying power of its decade-long predecessor.

"We are in the sixth year of a recovery; imbalances can emerge as a result," Greenspan said in an interview at his District office. "The historically normal business cycle is much shorter" than a decade and is likely to be this time, he said.

Greenspan's outlook contrasts with the prediction of his successor, Ben S. Bernanke, who told Congress last week that the economy might strengthen this year. Bernanke's upbeat assessment helped steady stock markets on Feb. 28 after a plunge the day before that some traders attributed partly to Greenspan's musing that a recession could not be ruled out.

"It is possible that we can have a recession at the end of this year," said Greenspan, who ran the central bank for 18 years until January 2006. Bernanke declined comment.

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Little more than a year after leaving the central bank, Greenspan, 81, is returning to economic forecasting, which he did before entering the government in 1974. He isn't trying to predict a number for gross domestic product or inflation; instead, he's trying to capture trends and when they might change.

Private-sector economists and policymakers are predicting that the expansion, which began in 2001, will continue. The Fed expects the economy to grow 2.5 to 3 percent this year, and 2.75 to 3 percent next year, according to forecasts presented to Congress last month.

Greenspan said he had been careful to avoid making life difficult for his successor.

In appearances he makes for clients, his contracts stipulate that no reporters may be admitted and no recordings made. He said he tries to have an exchange with an audience, in which he often learns something that helps him hone skills he has worked on for 50 years.

"I was aware of the problem that if I stayed public, I could make it difficult for Ben," he said. "For the most part it has worked. I was beginning to feel quite comfortable that I was fully back to the anonymity I was seeking.

"I was surprised at this recent episode," he said.

Investors may have taken notice of his comments on Feb. 26 in Hong Kong because they considered them prescient. The day after he mentioned the risk of a recession, a Commerce Department report showed sales of nonmilitary capital goods, excluding aircraft, dropped 2.7 percent in January, the biggest decline since September 2001. Orders slumped by the most in three years.

Broader capital spending is also weakening. Corporate purchases of equipment and software declined at an annual rate of 3.2 percent last quarter, the biggest decline since the final three months of 2002, according to Commerce Department figures.

Greenspan said he did not think that so-called point forecasts, in which economists refine their projections down to decimal points, could be accurate in the near term. "We really can't forecast" the economy over the next two years, he said.

Greenspan worked for what is now the Conference Board, a New York business group, as an industrial-metals analyst from 1950 to 1953. Tracking inventories, he was able to come up with a model of final demand. He expanded that model to textiles, aluminum and oil.

He found that large-scale models that used aggregate data averaged out the nuances and changes he could pick up at an industry level. Finally, some of the assumptions of firms' pricing power didn't hold up.

"I realized I was trying to see how the world works in the context of individual entities," Greenspan said.

Under his chairmanship, the Fed staff began surveying companies directly on how their businesses were doing.

"We certainly devoted some resources to our own gathering of anecdotal information," said Michael J. Prell, former head of the Division of Research and Statistics, the Fed's central forecasting unit. "Every other week, we would contact some subset of a sizable group of firms."

Greenspan's unique discipline both frustrated and amazed Fed colleagues, especially those trained in sophisticated economic modeling.

"His great value is that he has an idiosyncratic approach," said Laurence H. Meyer, a Fed governor from 1996 to 2002 who often sparred with the chairman over the outlook. "The reason why Greenspan gets and deserves disproportionate weight is that he doesn't get caught up in all the themes that tie together in a consensus forecast. He is looking at all the different strands of data."

Once, Meyer said, he was sitting in a meeting with the Fed staff discussing the inflation implications of import prices. Out of nowhere, Greenspan asked about steel-ingot prices. Meyer said he wasn't even sure what an ingot was.

"Why would I ever even ask that?" Meyer, a founder and vice chairman of the model-based forecasting firm Macroeconomic Advisers in St. Louis, said in an interview.

Macroeconomic Advisers isn't forecasting a recession this year, and Meyer said markets "over-responded" to what Greenspan said.

"Who wouldn't agree that it is possible we could have a recession?" Meyer said. "I think we are closer to the middle of an expansion than the end of an expansion."

DOJ_NMG_0141307

Greenspan Risks New Row With Fed (FT)

By Krishna Guha In Washington

Financial Times, March 7, 2007

Alan Greenspan risked stirring renewed controversy on Tuesday when he told the Bloomberg news agency that there was a "one-third probability" of a US recession this year.

The former Federal Reserve chairman's comments are starkly at odds with the relatively upbeat assessment made by Ben Bernanke, his successor, in testimony to Congress last week.

Mr Greenspan's latest remarks come barely a week after he told investors in Hong Kong that he thought a US recession this year was "possible". The earlier comments spread quickly through the investment community, spooking investors and contributing to turmoil in financial markets.

Following a global sell-off in equities and other assets, Mr Greenspan was forced to clarify his statement, declaring he had said that a recession this year was "possible" but not "probable".

The markets appeared to take Mr Greenspan's latest comments in their stride but the remarks show he has decided not to keep quiet in the light of the past week's experience, highlighting a dilemma for Mr Bernanke.

The Fed chairman is inclined to think it is not Mr Greenspan's fault the market takes his comments so seriously. Moreover, such is the respect and goodwill towards Mr Greenspan within the Fed, as well as in markets globally, that there would be little benefit for Mr Bernanke in being seen to clash publicly with him.

However, the apparent second-guessing of the Bernanke Fed's economic view by its former chief risks adding to the volatility and undermining the current chairman's efforts to establish his authority in the markets.

Mr Greenspan on Tuesday told Bloomberg he was "surprised at this recent episode". He said: "I was aware of the problem that if I stayed public I could make it difficult for Ben. For the most part it has worked. I was beginning to feel quite comfortable that I was fully back to the anonymity I was seeking."

He said there were signs that the US's economic expansion was ageing. "We are in the sixth year of a recovery. Imbalances can emerge as a result," he said.

Mr Bernanke has not put any figure on the likelihood of a US recession this year. However, his public remarks suggest that, while he feels there may be some chance of a hard landing so painful that it results in negative growth this year, the likelihood of that is much less than one in three.

Mr Greenspan's interview overshadowed a speech by Mr Bernanke later in the day, in which he called for new legislation to tighten controls on Fannie Mae and Freddie Mac, the government-sponsored mortgage finance institutions.

Mr Bernanke said their portfolios "represent a potentially significant source of systemic risk". He suggested that the two institutions should only keep on their books loans that promoted low-cost housing.

Slowing Productivity Growth, Higher Labor Costs Spur Fears (WSJ)

By Conor Dougherty

The Wall Street Journal, March 7, 2007

U.S. productivity grew more slowly at the end of last year while labor costs shot up, a combination that could raise inflation fears.

Nonfarm business productivity -- a measure of the average worker's output per hour -- rose at a seasonally adjusted annual rate of 1.6% in the 2006 fourth quarter. That was down from a previous estimate of 3% growth, the Labor Department reported. Moreover, third-quarter productivity was also revised downward to a 0.5% decline, compared with the 0.1% drop previously reported.

More startling was the growth in unit labor costs, which was revised to 6.6% growth in the fourth quarter, compared with a previous estimate of 1.7% growth. Labor represents about two-thirds of the cost in the production of goods and services, and the combination of higher wages and slower growth in productivity raises the possibility that companies will boost prices to cover the increased cost of labor, creating inflationary pressure.

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Economists cautioned, however, that wages may not be increasing as fast as the data might imply. First, productivity reports are notoriously volatile quarter-to-quarter. Also, for the first time in several years, last year's fourth-quarter unit-labor-cost figures included an adjustment for the unusually large bonuses paid to Wall Street executives at the end of last year. Such bonuses help to lift sales of sports cars and yachts, but they don't play a large role in inflation, because so few people get them. The 6.6% increase in unit labor costs compares with a 3.0% increase in the fourth quarter of 2005, when there was no adjustment for large bonuses.

Economists also noted that fourth-quarter labor-cost data might be revised after the government incorporates more complete wage data.

Still, the numbers were regarded as bad news. "The headline numbers exaggerate the problem, but I still think there is a problem in that wage costs are accelerating a little bit," says Nariman Behravesh, chief economist at consulting firm Global Insight.

Since 2000, productivity growth had been running at historically high levels, peaking at a 4.1% rate in 2002 and marking 3.7% in 2003, which economists attributed to technological advances that make it easier for fewer employees to do more work. Last year, growth in nonfarm business productivity fell to 2.1%. On average, productivity was up 1.6% for 2006, the slowest growth rate in nine years.

Gains in productivity typically slow at the end of an expansion cycle. "You've stretched your work force, gotten that last ounce of blood out of them, and you have to bite the bullet and hire some new people," says Joshua Shapiro, chief U.S. economist for MFR Inc.

Separately, the Commerce Department reported factory orders fell 5.6% in January.

Write to Conor Dougherty at conor.dougherty@wsj.com1

Revised Figures Show Sharper Slowdown In Productivity In The Fourth Quarter Of 2006 (NYT)

By Jeremy W. Peters

The New York Times, March 7, 2007

In business cycles, productivity slowdowns can be a difficult time for workers because employers typically respond by letting employees go. New labor statistics released yesterday showed that productivity is indeed slowing faster than first thought, raising the question of whether layoffs are soon to follow.

A report yesterday by the Labor Department said productivity in the final three months of 2006 was about half the rate first reported. And for the year, it grew at the slowest pace since 1997. The government also said that companies compensated employees at a much higher rate than first calculated, which could add to pressure on businesses.

The combination of rising labor costs and wilting productivity is potentially troublesome for the nation's economic outlook and for the Federal Reserve, which is trying to temper inflation while maintaining a healthy rate of growth.

Productivity among nonfarm businesses in the fourth quarter was 1.6 percent, compared with the initial reading last month of 3 percent, the Labor Department said. Unit labor costs, a measure of compensation that factors in worker productivity, jumped 6.6 percent, compared with an initial estimate of 1.7 percent. For the year, unit labor costs rose 3.2 percent, the most in six years.

"If unit labor costs are rising you have a choice as a company," said Robert J. Barbera, chief economist at the advisory firm ITG. "You can raise prices to recoup those losses, or you can cut back on employment. The Fed is fearful of A. My assertion is that we're much more likely to get B."

Economists attributed a considerable chunk of the rise in labor costs in the fourth quarter to year-end bonuses but said that the overall rate of inflation was still high enough to give the Fed pause. Many economists said the new statistics reduced the chances the Fed would lower rates this year, as investors have been expecting.

Productivity growth is a necessary force to maintain the momentum of an economic expansion, and without it, the economy is more vulnerable to stalling. The annual rate of productivity increase for 2006, 1.6 percent, was the lowest since 1997. By comparison, productivity advanced 2.1 percent in 2005 and 2.9 percent in 2004.

In a research note yesterday, Goldman Sachs economists said the lower productivity reading could foreshadow a "lower speed limit for the economy."

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Slowing productivity is the latest sign that the economic outlook for businesses is less than inviting. As a result, businesses appear to be cutting their spending. The Commerce Department reported yesterday that orders placed with manufacturers fell last month at the fastest pace in six years. Last week, a steep slide in orders for durable goods — heavy-duty items like generators, aircraft and computers — added to fears that the economy was weaker than previously thought and helped set off a deep plunge in stock prices.

While many economists see unemployment rising slightly, few are predicting a sharp contraction in the labor market.

U.S. Stocks Rally As Markets Rise In Asia, Europe (WP)

By Tomoeh Murakami Tse

The Washington Post, March 7, 2007

U.S. stocks rallied yesterday following a recovery in Asian and European markets. The surge in all major U.S. indicators occurred despite disappointing manufacturing figures and was stronger than the 50-point bounce-back Feb. 28, a day after the Dow Jones industrial average shed 416 points.

The Dow jumped 157.18, or 1.3 percent, to close at 12,207.59. The tech-heavy Nasdaq composite index rose 44.46 points, or 1.9 percent, to 2385.14. And the broader Standard & Poor's 500-stock index rose 21.29 points, or 1.6 percent, to 1395.41.

Despite the gains, the three market indicators were still down for the year.

"It was the first nice rally in the wake of last week's air pocket," said Stephen Stanley, chief economist at RBS Greenwich Capital Markets. "People are starting to feel increasingly comfortable that the damage is going to be contained."

Stanley and others cautioned that there was still room for another downturn, with lingering concerns about subprime mortgages in the United States and the availability of credit worldwide. "I wouldn't say we're out of the woods yet," he said.

U.S. stocks, buoyed by gains in overseas markets, opened higher and remained on solid footing throughout the day. After a sharp sell-off Monday, Hong Kong's Hang Seng index rose 2.1 percent. In Japan, where Treasury Secretary Henry M. Paulson said the global economy was as strong as he had ever seen, the Nikkei gained 1.2 percent.

European markets were higher, too. Britain's FTSE 100 rose 1.3 percent, France's CAC 40 was up 1 percent, as was Germany's DAX index.

The markets largely shrugged off U.S. government reports indicating worker productivity was down, labor costs were up, and that factory orders fell almost 5.6 percent in January, the largest monthly decline since July 2000.

The Labor Department said labor costs increased by 6.6. percent in the fourth quarter of 2006, not 1.7 percent as originally estimated. The agency also revised worker productivity numbers; it grew at an annualized rate of 1.6 percent, not 3 percent. Productivity measures the value of worker output per hour; when it falls, it costs businesses more to produce the same amount of goods and services.

Meanwhile, the yen fell against all major currencies. Analysts have been monitoring the yen, whose recent ascent suggested that a major source of capital in the global market may be drying up. This would happen if investors, who have been borrowing the low-yielding yen to buy higher-returning assets elsewhere, reversed their bets to get out of risky positions. The yen traded at 116.67 against the dollar yesterday, compared with 116.37 the day before.

The U.S. rally was broad. On the New York Stock Exchange, advancing issues outnumbered declining issues by 5 to 1. Market movers included IBM, General Motors, Alcoa and American Express, all up more than 2 percent.

Some financial firms that had taken a beating on concerns about subprime mortgages also rose. Countrywide Financial, the nation's biggest mortgage lender, was up $1.65, or 4.69 percent, to close at $36.85.

"People went after the stocks that have been hammered," said Andrew Brooks, the head equity trader at T. Rowe Price.Movers

Advanced Micro Devices rose 14 cents, to $14.09. The chipmaker said it would probably miss its first-quarter sales forecast.

Citigroup rose $1.33, to $50.58, after offering $10.8 billion to buy Nikko Cordial, a Japanese investment bank.

Blue Chips Lead The Charge As Stocks Halt 3-Day Skid (WSJ)

DOJ_NMG_0141310

By Peter A. Mckay

The Wall Street Journal, March 7, 2007

The stock market's dreary mood gave way to a nonstop rally, but some Wall Street pros caution stocks may yet hit a new bottom.

Overseas trading continued to be a focus for U.S. investors. For a change, that worked in their favor, as they awoke to find solid stock rallies in Hong Kong and Tokyo, followed by similar gains in London.

The Dow Jones Industrial Average opened higher and rose steadily. It finished up 157.18 points, or 1.3%, to 12207.59, off 2.1% on the year, ending a three-day skid.

Twenty-nine of the blue-chip average's 30 components rose. Johnson & Johnson slipped just 0.2%.

The market's gains came despite lackluster economic data, which analysts said could portend further disappointments and a bout of selling. The Labor Department revised its tally of fourth-quarter productivity downward and its tally of labor costs upward, a trend that could result in greater inflation if it continues.

"That's just about the worst combination of data that you could see in this report," said strategist Stephen Wood of the asset-management firm Russell Investment Group. But he said he doesn't think the economy will sustain labor-cost increases through the summer.

Analysts said the unwinding of bearish bets known as short sales also appeared to help the market, as the Standard & Poor's 500-stock index gained 1.5%, or 21.29 points, to 1395.41, off 1.6% on the year. The tech-stock-led Nasdaq Composite Index rallied 1.9%, or 44.46 points, to 2385.14, off 1.2% on the year. Short sales involve selling borrowed stock in the hope the share price will fall before the loan has to be repaid. Buying shares to repay those loans can temporarily drive up stock prices.

Many investors will pay close attention to employment data due out Friday, looking for clearer signs of the economy's direction.

Duncan Richardson, chief investment officer at Eaton Vance Corp., said the market could make another move down in the short term. Eventually, he thinks investors' appetite for less-risky stocks will help big-name companies like those in the Dow and S&P 500 to post solid gains for 2007.

"You can't really extrapolate too much from any near-term market move," Mr. Richardson said. "But given the level of earnings and valuations, the market certainly has gotten to very attractive levels."

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 1.4%, or 3.35 points, to 240.82.

In major U.S. market action:

Stocks rose1, and bond prices fell2. The 10-year note shed 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.528%.

The dollar was mixed3. Against the Japanese currency, the dollar rose to 116.62 yen, compared with 115.83 yen Monday. The euro rose to $1.3123, compared with $1.3093.

Write to Peter A. McKay at peter.mckay@wsj.com4

Dow's Bounce May Not Signal Recovery (USAT)

By Adam Shell

USA Today, March 7, 2007

NEW YORK — A 157-point Dow gain is normally a sign of a healthy stock market. But when a big up day like Tuesday follows a 736-point drop in the previous nine sessions, the rally comes with its fair share of caveats and question marks.

Wall Street has historically viewed large one-day rebounds after steep, scary declines with suspicion and trepidation. And traders' reaction to Tuesday's stock surge fit the age-old profile to a T.

Jittery investors still reeling from Wall Street's worst slide since 2001 welcomed the Dow's explosive gain. But the short-term boost was not enough to warrant an all-clear sign that the worst bout of selling since last summer had run its course. It also didn't serve as proof that the bull market, which peaked two weeks ago, was back on — at least, not yet.

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"It's too soon to tell," says Hugh Johnson, chief investment officer at Johnson Illington Advisors. "I'm always skeptical. I'd love to see three to five days of stable markets to rebuild lost investor confidence."

That's not to say that there weren't positives to take away from Tuesday's breakout. The day began with stock gains in Asia, which spread to Europe and eventually to the USA. It was the best day for the Dow since July 24, 2006. And unlike last Tuesday, when the Dow plunged 416 points and all 30 of its components finished in the red, only one Dow stock fell Tuesday.

Reversals like that often signal a change in trend.

"We got a nice bounce," says Todd Leone, head of listed trading at Cowen & Co. "We are seeing some strong buying. It is real." But even Leone acknowledges that the psychology of the market has changed. Risk-taking, he says, is down. "People are a little more nervous," he says, nervous enough that another down leg can't be ruled out.

Janna Sampson, portfolio manager at OakBrook Investments, says the market could be turbulent through midyear until investors get a clearer picture of how the economy is holding up amid a housing slowdown and credit crunch.

"I'm not expecting a 20% decline, but I'm not expecting a big rebound, either," she says, adding that investors should ignore the volatility and remain invested for the long term.

But Rich Suttmeier, chief market strategist at financial website RightSide.com, is predicting a bigger decline. The fact that most of the stock market indexes around the world peaked at the same time last month was a sign of a market top, he says.

"We are in a transition from a bull market to a bear market," he says. "The new bear market started on Feb. 20 when the Dow peaked."

The fact that so few people are predicting a dire outcome could be cause for alarm, notes Michael Farr, chief investment officer at Farr Miller & Washington. "Denial is not a good investment philosophy," he says. "To deny there are any real worries is a risk of its own."

Fed Chief Says Fannie And Freddie Should Stick To Affordable Housing (WSJ)

By Greg Ip

The Wall Street Journal, March 7, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke said Fannie Mae and Freddie Mac should be restricted "almost exclusively" to holding home loans or securities that promote affordable housing.

If implemented, Mr. Bernanke's recommendation could require drastic reductions in the companies' portfolios, which are dominated by regular mortgages and mortgage-backed securities. But prospects appear dim for any such restriction given opposition from the Democratic majority in Congress.

Fannie and Freddie are known as government-sponsored enterprises, or GSEs, because they were originally chartered by Congress. Although they are now private, shareholder-owned companies, investors still perceive them as being backed by the federal government, which enables them to borrow significant sums at rates barely more than the U.S. Treasury pays, and invest the proceeds in higher-yielding mortgages and mortgage-backed securities.

"The size and the potentially rapid growth of GSE portfolios … raise substantial systemic risk concerns," Mr. Bernanke told the Independent Community Bankers of America via satellite from Washington. The group is meeting in Hawaii. "A straightforward means of anchoring the GSE portfolios to a clear public mission would be to require Fannie and Freddie to focus their portfolios almost exclusively on holdings of mortgages or mortgage-backed securities that support affordable housing." (Read the full speech1)

Meeting such a standard could potentially require huge sales by Fannie and Freddie of their holdings of mortgages and mortgage-backed securities, since less than 30% of those portfolios -- currently about $1.5 trillion in total -- are oriented towards affordable housing, according to its regulator, the Office of Federal Housing Enterprise Oversight. Mr. Bernanke didn't explicitly call for sales of regular mortgages. In theory, the companies could instead allow current holdings of such mortgages to mature.

In negotiations, Treasury and House Financial Services Committee Chairman Barney Frank (D., Mass.) had proposed giving a new regulator power to control the size of their companies' portfolios. Mr. Bernanke went further by calling for a mandatory limitation to affordable-housing mortgages.

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Mr. Bernanke said GSE purchases do little to improve the efficiency of the regular mortgage market or make such mortgages cheaper. By contrast, concentrating their purchases on affordable homes could significantly improve the depth of that market, "reducing costs and increasing credit availability to prospective home purchasers."

Nor should such purchases entail greater risk for the companies, such as by buying subprime mortgages, Mr. Bernanke said, "so long as the GSEs continue to adhere to sound underwriting practices."

Senate Banking Committee Chairman Christopher Dodd (D., Conn.) said the Fed chairman's remarks support his concerns that the GSEs have tougher new oversight.

"In my view, there is broad agreement that we should create a new regulator to oversee Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. This new regulator must have a number of core powers in order to do its job effectively, and to be considered credible in the eyes of the public. These powers include: the ability to set both minimum and risk-based capital levels for the Enterprises; enhanced enforcement and prompt corrective action powers, including the authority to set and enforce prudential management and internal control standards; the ability to put a GSE into receivership; and authority over both safety and soundness and mission," Mr. Dodd said.

"The goal in giving the new regulator this broad responsibility is to ensure a more coherent regulatory framework, better enforcement, and a more consistent, deeper, and more aggressive effort on affordable housing at all the GSEs. In addition, I believe that the new regulator must be politically independent and funded outside of the appropriations process. It is my hope that this shared consensus can be the basis for moving strong and effective legislation forward."

--Damian Paletta contributed to this article.

Write to Greg Ip at greg.ip@wsj.com2

Bernanke Calls For Stronger Regulation Of Fannie, Freddie (WP)

By David S. Hilzenrath

The Washington Post, March 7, 2007

Federal Reserve Chairman Ben S. Bernanke said yesterday that the scale of Fannie Mae's and Freddie Mac's mortgage investments could pose risks to the financial system, and he called for them to limit their holdings almost exclusively to loans for affordable housing.

Bernanke's proposal would sharply curtail the growth and profits of the government-chartered mortgage-funding companies, and it would force them to focus on investments that have, as he described it, "a clear and measurable public benefit."

Congressional efforts to overhaul regulation of Fannie Mae and Freddie Mac have been moving in a different direction.

Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee, thinks a new regulator should be empowered to control the size of the companies' investment portfolios as needed to ensure their financial safety and soundness, said Steve Adamske, a spokesman for Frank. The House passed legislation along those lines last year, but the Senate took no action.

Fannie Mae and Freddie Mac have $1.4 trillion of mortgage-related investments, which are sensitive to movements in interest rates and require extensive hedging to reduce risk. The companies have debts and outstanding-credit guarantees of $5.2 trillion, exceeding the U.S. government's $4.9 trillion of publicly held debt, Bernanke said.

Chartered by the government to promote home ownership, Fannie Mae and Freddie Mac have two main lines of business: They package mortgages into securities for sale to investors, guaranteeing that the investors will be paid; and they make investments of their own. They are required to devote a portion of their funding to mortgages on affordable housing, such as loans for homes in poorer neighborhoods.

According to the Fed, the perception that the government stands behind Fannie Mae and Freddie Mac enables them to borrow at low interest rates and buy assets with higher returns in a kind of perpetual-profit machine. That gives them an incentive to expand their holdings, Bernanke said.

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In his first speech on Fannie Mae and Freddie Mac, Bernanke echoed longstanding Fed concerns. Although the Fed has concluded that they do not seem to pose an immediate threat, "their portfolios represent a potentially significant source of systemic risk," Bernanke said.

His solution: "Tying the portfolios to a purpose that provides measurable benefits to the public would help to ensure that society in general -- not just GSE shareholders -- receives a meaningful return in exchange for accepting the risks inherent in the portfolios," Bernanke said in the text of remarks prepared for delivery by satellite to a gathering of community bankers in Hawaii.

Less than a third of the companies' mortgage holdings advance the government's affordable-housing goals, according to an estimate by the Office of Federal Housing Enterprise Oversight, a regulatory agency.

Freddie Mac spokeswoman Sharon McHale said all of the loans in Freddie Mac's portfolio promote affordable housing in one way or another. "Our entire portfolio is critical to us achieving our housing mission," McHale said.

A Fannie Mae spokesman declined to comment.

How, if at all, to limit the companies' investments has been one of sticking points in long-stalled but recently renewed legislative efforts. A proposal supported by the Treasury Department last year would have made affordable housing one of the factors for a government regulator to consider when setting portfolio standards.

Howard Glaser, a mortgage industry consultant, said Bernanke's proposal is "not going to fly." That approach "is not a new idea, but it's one that's been implicitly abandoned as the legislative debate has moved on," Glaser said.

EDITORIAL: Bernanke Hits Fannie (WSJ)

The Wall Street Journal, March 7, 2007

One duty of the Federal Reserve Chairman is steward of the U.S. financial system, so it's good news that Ben Bernanke stepped up yesterday and put himself on record as favoring limits on Fannie Mae and Freddie Mac. Maybe his intervention will help prod Congress to stop protecting the two mortgage giants from regulatory discipline.

Readers of these columns know the incredible tale of Fan and Fred, the "government-sponsored enterprises" that have grown like Topsy thanks to an implicit government subsidy and now pose a systemic risk to the entire financial system. Mr. Bernanke put it this way: "The perception of government backing allows Fannie and Freddie to borrow in open capital markets at an interest rate only slightly above that paid by the U.S. Treasury and below that paid by other private participants in mortgage markets."

The companies use this subsidized pricing advantage to buy huge amounts of mortgage-based securities, or MBSs, and thus "can enjoy profits of an effectively unlimited scale." Socialism can be a great business for the lucky few who game the political system.

Congress lets the duo play this game because the companies claim that their vast MBS portfolios help promote "affordable housing," and who doesn't like that? But Mr. Bernanke also blew away that smokescreen by noting Fed research showing that these portfolios "appear to have no material effect on the cost or availability of residential mortgages." In order to buy those MBSs, the companies issue roughly equal amounts of debt, so the net result is a wash in supplying capital for mortgage finance.

However, the companies keep piling up debt to buy those MBSs, growing them tenfold from 1990 through 2003. Today, the two have a combined total of $5.2 trillion in debt and MBS obligations, which exceeds the entire $4.9 trillion in publicly held U.S. government debt. We can hear our readers wondering why they can't get in on a similar "business model."

Mr. Bernanke's sensible recommendation is that Congress give Fan and Fred's regulator the power to limit those MBS portfolios. He has other useful ideas, but his key point is that these MBS portfolios should be limited to a role that actually does promote affordable housing -- that is, providing liquidity for "mortgages extended to households with below-median-income." This would mean less profit for Fannie and Fred but also less danger to taxpayers in case the duo guess wrong in the market and get into financial trouble.

This is all so eminently sensible that it probably won't happen. Democrats in Congress claim to want to help poor homeowners, but they seem only too happy to let Fannie and Freddie grow rich by investing in the higher-income mortgage market that is already liquid enough. They could better serve taxpayers and the poor if they took Mr. Bernanke's counsel.

Knives Out? Law Firms In New Era (WSJ)

DOJ_NMG_0141314

By Nathan Koppel

The Wall Street Journal, March 7, 2007

As More Corporate Defenders Take Contingency-Fee Work, Payouts, Risks Bring Conflict

Minneapolis law firm Faegre & Benson LLP may soon face a problem most firms would be happy to have: how to split a $100 million-plus fee.

The firm of around 475 lawyers mainly makes its living representing corporations that pay an hourly rate for work. But in 1989 it agreed to take on a contingency-fee case, representing more than 3,000 Alaskan fishermen claiming damages from the Exxon Valdez oil spill. That meant Faegre would pay the legal costs upfront. If its clients won, the firm would get a percentage of the potentially huge judgment. If not, it could lose the money it had sunk into the case.

The bet appears to have paid off. Late last year, a federal appeals court awarded the Valdez plaintiffs $2.5 billion in punitive damages, which could yield nearly $900 million for Faegre and other firms representing plaintiffs in the case. In January Exxon Mobil Corp. asked for a rehearing, but those are granted sparingly.

Now the firm, which factors in annual productivity when paying partners, may have to wrestle with how to compensate those who produce one whopping sum after years of work.

Traditionally, the nation's top corporate law firms have shunned contingency-fee work -- often cases that target big corporations for punitive damages -- for fear of alienating their core clients. But driven by pressure to boost profits, more such firms are crossing over to what some lawyers call the "dark side."

The shift is sparking tensions within big corporate firms. Besides the financial risks, there's a philosophical issue in the debate. While it hasn't come up at his own firm, David Oesting, a partner at Davis Wright Tremaine LLP, which also represented plaintiffs in the Exxon Valdez case, says, "You can understand that senior counsel would say, 'Punitive damages are sins and the work of the devil, so how in the hell could you have been arguing that you should get them?' "

Howrey LLP in Washington sank $20 million into representing farmers in an antitrust suit against tobacco companies before the case was settled in 2004, generating about $80 million in fees for the firm. "A partner was going around the firm questioning my sanity at the same time that, unbeknownst to him, I was negotiating a settlement," partner Alan Wiseman says. "It is hard. You are not only dealing with adversaries across the table, but you have to manage your partners' expectations."

A rise in patent litigation is fueling the trend. Because such cases can result in particularly huge awards, law firms are more willing to handle them on a contingency basis.

"Expenses are increasing for firms, while at the same time their clients increasingly seek discounts" on lawyers' hourly rates, says legal consultant Ward Bower of Altman Weil Inc. "The opportunity for upside at many firms is limited, and these plaintiffs cases provide enormous upside opportunity."

Last year, Wiley Rein LLP, a Washington law firm that generally defends large companies, earned more than $200 million suing Research In Motion Ltd., maker of the BlackBerry, for patent infringement on behalf of the small company NTP Inc. But partner Richard Wiley says the firm doesn't want to make a "cottage industry" out of these cases. "We want to make sure people work on all cases, contingent or not, and not have associates say, 'I want to work only on contingent cases, so I can strike it rich.' "

Much of the tension comes from the partnership structure of large law firms. Lawyers typically bill for their time. During economic cycles, partners often carry each other financially as downturns affect various practice groups. But contingency-fee cases bring a new twist. The "agrarian plodders" who grind out steady hourly revenues can become distrustful -- and envious -- of "riverboat gamblers" within the firm who want to score oversize plaintiffs fees, says Mr. Bower, especially given that if the case goes for the defense, the firm ends up eating costs.

"If lawyers do really well [on a plaintiff's case] you can reward them in part, but they need to remember that the whole firm accepted the risk," says Robert Walters, a partner at Vinson & Elkins LLP in Dallas, which has a committee charged with vetting prospective contingency cases. "And if those lawyers strike out, you can't decimate them, either. You have to spread the risk out across the institution."

Losses happen. Last year, the Kansas City, Mo., firm Shook, Hardy & Bacon LLP lost a contingency-fee case after investing five years representing plaintiffs who sued Novartis AG's Gerber Products Co. and Playtex Products Inc., claiming they infringed a

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patent. B. Trent Webb, head of the firm's intellectual-property litigation group, says the loss wasn't a big financial blow, because the firm "ran [the case] extremely economically."

Divvying up winnings -- and dealing with the losses -- is less of an issue at firms that specialize in plaintiffs work. They tend to be smaller, with less overhead and fewer mouths to feed than defense firms. And they are more apt to let lawyers reap the big payoffs from their own cases.

Bryan Cave LLP of St. Louis formed a committee to vet contingency-fee cases in 2000. Some partners were leery, considering these cases too "anti-establishment," says partner Craig S. O'Dear. But resistance tapered off the next year, he says, when Bryan Cave won a $75 million plaintiffs verdict in a case on behalf of Biomedical Systems Corp. of St. Louis.

Gerard Carmody, the lead Bryan Cave lawyer in the case, says he sometimes felt like a marked man. "You had people in the corporate department and the banking group who said, 'I don't want to take a chance on Carmody spending a year on a case and coming up with a goose egg,' " he says.

Mr. Carmody, now at Carmody MacDonald P.C., a firm co-founded by his brother, says he thought he was entitled to a big bonus, but got only a "little bit of a bump." Many partners favored an "all for one and one for all" approach to the fee split, he says.

Before Exxon Valdez, Faegre & Benson had done some contingency-fee work, but nothing comparable in size, says Gerard Nolting, one of two Faegre partners who has worked on the case since the beginning. The firm got involved partly out of deference to partner Brian O'Neill, who had a "fire in his belly" to represent the plaintiffs, says firm Chairman Thomas Morgan.

In 1994, as the lead lawyer at trial in Alaska, Mr. O'Neill won a verdict that included $5 billion in punitive damages. After several appeals, the 9th U.S. Circuit Court of Appeals in San Francisco in December ruled Exxon Mobil must pay $2.5 billion in punitive damages, saying, "It is time for this protracted litigation to end." An Exxon Mobil spokesman says the company is hopeful the 9th Circuit will rehear the case.

So far, Faegre has collected about $1.5 million in Valdez fees -- due to a partial settlement in 1993 -- on an investment of around $28 million, says Mr. O'Neill.

That low level of return, he says, has strained his relationship with some partners. Mr. O'Neill says his in-laws once sat behind two of his colleagues at the symphony who "were complaining about how I'm wasting money in Alaska."

If the latest ruling holds, Mr. O'Neill estimates that Faegre could command about $110 million in fees. Firm chairman Mr. Morgan says some lawyers who worked on the case will get a bonus, but he won't say how much.

Mr. O'Neill hopes he'll get "a big hunk of cash at the end." But he also notes many people may benefit, including partners who have never worked on the case. "They haven't disrupted their lives and missed birthday after birthday. They haven't been on a plane to Alaska on Easter Sunday," Mr. O'Neill says.

Most of the firm's partners don't expect a big windfall from the case, Faegre partner John Hinderaker says. "I'm hoping to remodel my kitchen. That is the level of expectation I have."

Write to Nathan Koppel at nathan.koppel@wsj.com1

Harsh Words Die Hard On The Web (WP)

By Ellen Nakashima

The Washington Post, March 7, 2007

She graduated Phi Beta Kappa, has published in top legal journals and completed internships at leading institutions in her field. So when the Yale law student interviewed with 16 firms for a job this summer, she was concerned that she had only four call-backs. She was stunned when she had zero offers.

Though it is difficult to prove a direct link, the woman thinks she is a victim of a new form of reputation-maligning: online postings with offensive content and personal attacks that can be stored forever and are easily accessible through a Google search.

The woman and two others interviewed by The Washington Post learned from friends that they were the subject of derogatory chats on a widely read message board on AutoAdmit, run by a third-year law student at the University of Pennsylvania and a 23-year-old insurance agent. The women spoke on the condition of anonymity because they feared retribution online.

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The law-school board, one of several message boards on AutoAdmit, bills itself as "the most prestigious law school admissions discussion board in the world." It contains many useful insights on schools and firms. But there are also hundreds of chats posted by anonymous users that feature derisive statements about women, gays, blacks, Asians and Jews. In scores of messages, the users disparage individuals by name or other personally identifying information. Some of the messages included false claims about sexual activity and diseases. To the targets' dismay, the comments bubble up through the Internet into the public domain via Google's powerful search engine.

The site's founder, Jarret Cohen, the insurance agent, said the site merely provides a forum for free speech. "I want it to be a place where people can express themselves freely, just as if they were to go to a town square and say whatever brilliant or foolish thoughts they have," Cohen said.

The students' tales reflect the pitfalls of popular social-networking sites and highlight how social and technological changes lead to new clashes between free speech and privacy. The chats are also a window into the character of a segment of students at leading law schools. Penn officials said they have known about the site and the complaints for two years but have no legal grounds to act against it. The site is not operated with school resources.

Nor is it the only forum for such discussions, but it may be the largest "and is certainly the highest profile," said David A. Hoffman, a Temple University law professor who has conducted research on AutoAdmit.

Employers, including law firms, frequently do Google searches as part of due diligence checks on prospective employees. According to a December survey by the Ponemon Institute, a privacy research organization, roughly half of U.S. hiring officials use the Internet in vetting job applications. About one-third of the searches yielded content used to deny a job, the survey said. The legal hiring market is very competitive. What could tip the balance is the appearance that a candidate is a lightning rod for controversy, said Mark Rasch, a Washington lawyer and consultant who specializes in Internet issues.

The trend has even spawned a new service, ReputationDefender, whose mission is to search for damaging content online and destroy it on behalf of clients. Generally, the law exempts site operators from liability for the content posted by others, though it does not prevent them from removing offensive items.

"For many people the Internet has become a scarlet letter, an albatross," said Michael Fertik, ReputationDefender's chief executive. The company is launching a campaign to get AutoAdmit to cleanse its site and encourage law schools to adopt a professional conduct code for students.

Kurt Opsahl, a staff attorney at the Electronic Frontier Foundation, a privacy and free speech advocacy group, said anonymous cyber-writers can be sued for defamation. A judge can require a Web site host or operator to disclose a user's identifying information. Also, he said, the Internet allows those who feel slandered to put forth their own point of view. "The cure to bad speech is more speech," he said.

The chats sometimes include photos taken from women's Facebook pages, and in the Yale student's case, one person threatened to sexually violate her. Another participant claimed to be the student, making it appear that she was taking part in the discussion.

"I didn't understand what I'd done to deserve it," said the student. "I also felt kind of scared because it was someone in my community who was threatening physical and sexual violence and I didn't know who."

The woman e-mailed the site's administrators and asked them to remove the material. She said she received no response. Then she tried contacting Google, which simply cited its policy that the Web site's administrator must remove the material to clear out the search results.

AutoAdmit.com, which also uses the domain name xoxohth.com and which hosts Google-served ads, was launched in 2004. Cohen and his partner, Anthony Ciolli, cite First Amendment ideals. "We are very strong believers in the freedom of expression and the marketplace of ideas . . . and almost never censor content, no matter how abhorrent it may be," they wrote in a posting on someone else's blog. The vast majority of chat threads, they wrote, are school-related. "The only time you'll see 20 or so racist threads on the site is if you proactively search for them."

They said the success of the site's message boards -- they claim 800,000 to 1 million unique visitors a month -- owes to its free, anonymous exchange of ideas. "In fact, one finds overall a much deeper and much more mature level of insight in a community where the ugliest depths of human opinion are confronted, rather than ignored," they wrote.

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One chat thread included a sexual joke about a female Holocaust victim.

In another comment, a user said a particular woman had no right to ask that the threads be removed. "If we want to objectify, criticize and [expletive] on [expletive] like her, we should be able to."

In another posting, a participant rejected the idea that photos be removed on moral grounds: "We're lawyers and lawyers-in-training, dude. Of course we follow the law, not morals."

"I definitely don't agree with a lot of the conduct on the board," Ciolli said in an interview. But, he said, only Cohen, who created the message board, has authority to have the comments removed. Cohen, in a separate interview, said he will not "selectively remove" offensive comments, and that when he has attempted to do so, he was threatened with litigation for "perceived inconsistencies."

Another Yale law student learned a month ago that her photographs were posted in an AutoAdmit chat that included her name and graphic discussion about her breasts. She was also featured in a separate contest site -- with links posted on AutoAdmit chats -- to select the "hottest" female law student at "Top 14" law schools, which nearly crashed because of heavy traffic. Eventually her photos and comments about her and other contestants were posted on more than a dozen chat threads, many of which were accessible through Google searches.

"I felt completely objectified," that woman said. It was, she said, "as if they're stealing part of my character from me." The woman, a Fulbright scholar who graduated summa cum laude, said she now fears going to the gym because people on the site encouraged classmates to take cellphone pictures of her.

Ciolli persuaded the contest site owner to let him shut down the "Top 14" for privacy concerns, Cohen said. "I think we deserve a golden star for what we did," Cohen said.

The two men said that some of the women who complain of being ridiculed on AutoAdmit invite attention by, for example, posting their photographs on other social networking sites, such as Facebook or MySpace.

Cohen said he no longer keeps identifying information on users because he does not want to encourage lawsuits and drive traffic away. Asked why posters could not use their real names, he said, "People would not have as much fun, frankly, if they had to worry about employers pulling up information on them."

One woman e-mailed the University of Pennsylvania Law School associate dean, Gary Clinton, in February to ask for his help in persuading Ciolli remove the offensive threads. Clinton told her that since he became aware of AutoAdmit two years ago, he has had "numerous conversations about it" with Penn officials. "I've learned that there appears to be little legal recourse that we have as an institution," he wrote. He said he has had several conversations with Ciolli and has "pointed out time and again how hurtful these ad hominem attacks can be to individuals, and have asked him to delete threads." The effort, he noted, "has been largely unsuccessful."

In a telephone interview, Clinton said the university's position has not changed. "We believe we don't have grounds under the university's code of conduct to proceed," he said.

Law Officers To Endorse Sen. McCain (HILL)

By Alexander Bolton

The Hill, March 7, 2007

The attorneys general of seven states, including the host of a pivotal presidential primary, will announce their support for Sen. John McCain (R-Ariz.) today, adding to the number of state leaders endorsing him over former district attorney Rudy Giuliani and the other Republican hopefuls in the race.

The top law enforcement officials from South Carolina, Michigan, Washington state, Utah, Alabama, Indiana, and North Dakota privately revealed their support of McCain during a meeting of the National Association of Attorneys General this week.

Three of the attorneys general endorsing McCain said the Arizona lawmaker is winning over the majority of Republican officials and former Bush campaign supporters in their home states.

Five of the states represented are expected to hold early primaries next year. South Carolina will host one on Feb. 2 or earlier; Alabama and Utah have set elections for Feb. 5., and Michigan and North Dakota are expected to move up their primaries to join perhaps more than 20 other states on that date.

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Two of the states, South Carolina and Michigan, are shaping up as pivotal contests between McCain and former Massachusetts Gov. Mitt Romney.

"Most of the establishment is for McCain. Most of the establishment last time was for Bush," said South Carolina Attorney General Henry McMaster, who pledged neutrality in 2000 when he served as state party chairman.

"It's the old Bush and McCain teams combined," said McMaster, who said that the senator has been able to consolidate the influential party members who split their allegiances six years ago. "The people who used to sit around the table and decide how much money would be raised for Bush in 2000 and those that sat around the McCain table, which was a smaller table in 2000, are all sitting around this table."

South Carolina is expected to play an important role next year as it did in 2000, when Bush captured the state's Republican establishment and social conservatives to beat McCain by 11 points, sapping the momentum McCain had generated by winning the New Hampshire primary.

Political analysts have described the South Carolina primary as a "conservative firewall" that could give a candidate a decisive edge over rivals. All three Republican frontrunners have drawn criticism for adopting centrist political positions in the past.

McMaster added that over half the members of the state House are supporting McCain, including state House Speaker Bobby Harrell.

He said the campaign has also attracted Bush fundraisers from the state, such as Edward Floyd, the president of Floyd Medical Associates, and attorney John Rainey.

Floyd and Rainey ranked among Bush's top national fundraisers in 2000, according to the Center for Responsive Politics, a non-partisan group that tracks campaign financing. Floyd was one of Bush's top money men in 2004.

Perhaps surprisingly, South Carolina Gov. Mark Sanford has held off from endorsing anyone, even though he lined up behind McCain in 2000. Conservative leaders have pushed Sanford to enter the race himself but so far he has declined, prompting speculation that he may be angling for the No. 2 spot on the GOP ticket.

Supporters will hold a "big fundraiser" for McCain in the state on Friday, said McMaster.

Attorney General Mike Cox, the highest-ranking Republican in Michigan, is also throwing his weight behind McCain. He said he will work to organize grassroots supporters and raise money for the campaign.

Michigan is the site of another expected showdown between Romney and McCain. It is considered friendly turf for McCain because he defeated Bush there in 2000. But Romney launched his campaign in Dearborn, Mich., on the strength of his family roots in the state. He was born in Detroit and his father served as governor in the 1960s.

Cox, who backed Bush in 2000, said that most of Bush's network is now aligned with McCain. He added that McCain won despite having fewer allies in the state.

"He didn't have that many," he said. "Most of the McCain people in 2007 that are there on the ground were strong George Bush people. It's a different year, it's a different cycle."

For example, Ronald Weiser, CEO of McKinley Associates, and Jim Nicholson, president of PVS Chemicals, two of Bush's "pioneer" fundraisers in 2000, are now on McCain's team, said Cox and an aide.

Cox described himself as the most identifiable conservative in Michigan.

"One of my missions is to point out how conservative [McCain] is compared to the other candidates in the race," he said. "McCain has turned out to be the most enduring conservative in the group, and he can win."

Attorney General Rob McKenna is the highest-ranking Republican in Washington state. He said the state's voters have a strong independent streak and would be attracted to McCain's reputation as an independent Republican.

He said the state will likely have its primary in early March and said it could play an important role if the Republican nomination is still contested after Feb. 5, which is on the verge of becoming the date of a de facto national primary.

McKenna said that the concentration of high-tech industry in Washington makes it a political fundraising destination and that Bush raised much money there for the 2000 election.

"He has a lot of key people from the Bush team in 2000," said McKenna, who added that McCain will soon make a fundraising trip to Washington.

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Other attorneys general who are supporting McCain are Troy King of Alabama, Steve Carter of Indiana, Wayne Stenehjem of North Dakota and Mark Shurtleff of Utah.

For Whip Or 2008, It's A Lott/McCain Ticket (RC)

By Erin P. Billings

Roll Call, March 7, 2007

Following crushing setbacks that could have sidelined their respective careers, Republican Sens. Trent Lott (Miss.) and John McCain (Ariz.) have put aside long-standing differences and become leading architects of each other's political resurrections.

In the process, Lott and McCain have created an influential network of Senate Republican allies who by circumstance or design are loyal to them both. In fact, many of Lott's strongest devotees also are backers of McCain's 2008 presidential bid, and vice versa.

When Lott plotted a return to the GOP leadership as Minority Whip in the fall, McCain served as one of his most eager promoters and helped count votes in the Mississippian's campaign. And it was Lott who more than a year ago became one of the first Senators to back McCain's bid for the presidential nomination and has since become one of the Arizonan's top Senate surrogates.

"They are sort of like ham and eggs," observed Sen. Lindsey Graham (R-S.C.).

But it wasn't always that way. Lott, the consummate leadership deal-maker, and McCain, long the meddlesome maverick, have engaged in bitter legislative battles over the years about high-profile issues such as campaign finance and earmark reform.

The two parted ways for a time after Lott successfully campaigned for GOP Whip in 1994 and moved for the first time into the Senate leadership. And in 2000, Lott opted to back then-Texas Gov. George W. Bush for the presidency over his Arizona Senate colleague.

"I didn't think the time was right for John then," Lott explained recently. "I thought that George W. Bush was the right man for the job at that time. But [McCain] has come back, better and stronger."

McCain doesn't dispute Lott's assessment, admitting he may not have been the best candidate during his earlier White House run: "First, I certainly didn't have the experience that I have now. And secondly, America was at peace in the 2000 campaign. [The Sept. 11, 2001, terrorist attacks] changed everything."

Certainly, times have changed. Lott has spent months helping court Congressional and build national support for McCain's 2008 White House bid. He has advised McCain, spoken on his behalf and helped him set his campaign priorities.

Similarly, it was McCain who helped persuade Lott to not only run for a fourth term in 2006, but to make another play for the Republican leadership by seeking the No. 2 Whip job. McCain was a key whip in that race for Lott, who eked out a one-vote win over Sen. Lamar Alexander (R-Tenn.).

"We understand each other," McCain said. "When you know somebody for such a long period of time, you either grow closer or more distant. We've become closer and closer over the years."

Lott said both men share conservative ideological backgrounds and have been tested "warriors" under the glaring spotlight of the political stage. Lott said he's so fervently behind McCain's White House bid because he "wants to win the presidency" and believes the veteran Arizonan "is a very thoughtful leader possessing the kind of leadership qualities and character you need to be president."

"There's no quid pro quo there," Lott said.

McCain's and Lott's backgrounds have much in common. They share a Scottish heritage, and both families' genealogy and political connections trace back to the 1800s in Carroll County, Miss.

They are both creatures of Congress — Lott began in the House in 1973 and moved to the Senate in 1989, while McCain started his brief House tenure in 1983 and was elected to the Senate in 1986.

"Even when we've fought like cats and dogs, we've always kept our relationship — and let me tell you, it was testy at times," Lott said.

"We've had some of the best fights in the United States Senate," McCain offered.

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Friends of the two men say both Lott and McCain have matured somewhat in recent years and developed a better understanding of one another following McCain's unsuccessful first bid for the White House and Lott's fall from leadership in 2002. Lott was forced out as Majority Leader on the heels of remarks that were perceived as racially insensitive at the 100th birthday of the late Sen. Strom Thurmond (R-S.C.).

Sources say it was then that Lott shared a common experience with the oft-rebellious McCain — understanding what it's like to be isolated from and ostracized by your colleagues.

"Trent Lott's wilderness years made him appreciate John McCain because he stayed with him during difficult times and Trent Lott saw a side of political life that he didn't see before," Graham said. "They've grown to really enjoy each other's company."

In his four years as a rank-and-file Senator, Lott returned to legislative deal-making, and had the freedom outside of the confines of leadership to speak his mind and even take on President Bush and members of his own party. Lott and McCain, meanwhile, found some areas of agreement, from their support for the Iraq War to certain aspects of lobby reform to fiscal discipline.

"They both learned a lot," noted a former Lott staffer. "People who are competitive or who have a drive don't like to lose. You can do one of two things: You can learn from your mistakes, or you can sulk and walk away. They both learned from their mistakes."

"There's something about people who were dealt a bad hand and overcome adversity and come back from that," added Sen. John Thune (R-S.D.). "It's quite a bond that's been built."

Thune counts himself among those Senators in both the Lott and McCain political camps. The conservative South Dakotan is not only Lott's chief deputy whip, he also is a newly announced backer of McCain for President.

McCain has yet to announce all of his Republican Senate endorsements, but among those already publicly in his camp are several GOP Members who aided Lott's quest for the Minority Whip post. They include Thune, Maine Sens. Olympia Snowe and Susan Collins, and Virginia Sen. John Warner.

More close Lott allies are expected to declare their support for McCain in the coming weeks.

"There is a natural overlap in these two groups," said one Republican Senator, speaking on the condition of anonymity.

This Senator said Lott and McCain have cultivated their influence in part by paying special attention to nurturing relationships with more junior Senators. Lott served as a mentor to those his junior over Senate rules and procedures, while McCain carried a policy portfolio of fiscal restraint that appealed to the up-and-comers, the Republican Senator said.

"There were a number of areas where those alliances proved to be mutually beneficial," the Senator said.

Warner, who also has had his friction with Lott at times over the years, said his shared support for both Lott and McCain is simple: "There's a common chemistry in both of them, and that's strong leadership. Without being presumptuous, I assume that's one of the reasons they admire each other. There's a common desire of Senators to form strong leadership."

Warner was one of the leading Senators who, along with McCain, helped form the "Gang of 14" that came together in 2005 to try to avert a showdown over Bush's judicial nominations. Lott was an original leader in the group but later stepped aside, leaving McCain and Warner to take the helm.

Snowe, who has known both Senators since the trio served in the House, said it is no accident that Lott and McCain have forged such a bond given their long track record together. After two-plus decades in the House and Senate, the duo has developed a level of trust that's all but unmatched on Capitol Hill these days, she said.

"That foundation is so crucial, and it's what gave impetus for Trent supporting John McCain for the presidency and for John to help Trent in his bid for Minority Whip," she said.

"There's a mutual bond there that supercedes any disagreements they've had over the years."

McCain Seeks Independents' Primary Votes (WT)

By Ralph Z. Hallow

The Washington Times, March 7, 2007

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Sen. John McCain's campaign is mounting a stealth effort to change Republican presidential nomination rules in California to allow independents to vote in the Feb. 5 primary, party and campaign officials in the state have told The Washington Times.

The impact could be huge -- and potentially damaging to former Massachusetts Gov. Mitt Romney, currently the most acceptable to traditional-values voters among the three top-tier Republican presidential candidates.

"If California changes its delegate selection rules to allow independent voters to participate in the Republican primary, it would be very helpful for McCain and for Rudy Giuliani, who historically have done very well among independent voters," Federal Election Commissioner Michael E. Toner said.

An official with the Romney organization in California said McCain supporter Duff Sundheim, the former state Republican Party chairman and an ally of Gov. Arnold Schwarzenegger, has been trying to line up votes for the rules change.

Several other state officials and campaign operatives independently reported receiving phone calls from Mr. Sundheim seeking support for the change.

Mr. Sundheim late last night denied that he is affiliated with or backing Mr. McCain but refused to answer when asked whether he was lining up support for a rules change. He did admit he was having discussions with state party Chairman Ron Nehring.

Officials from all three campaigns declined to discuss whether their candidates are working to change the rules.

"This is a state issue, and we will abide by whatever is decided," McCain spokesman Danny Diaz said. "Reading anything more into it is simply inaccurate."

A spokeswoman for Mr. Giuliani's campaign agreed that it is a state issue.

"This ultimately is an issue for Californians to decide, and we will play by whatever rules the people of California decide upon," Maria Comella said.

A senior party official in California said a top McCain backer in the state told supporters the change would benefit the Arizona senator, who won the 2000 New Hampshire primary by drawing huge numbers of independents.

But other senior Republican officials maintain it also would help Mr. Giuliani, whose more liberal policy views most closely match the California independent voter profile.

California Republicans will select about 175 delegates on Feb. 5. Current rules do not allow voters who decline to state their party affiliation to participate in the selection of the presidential nominee.

California is a "winner-take-all" state when it comes to the Republican presidential nomination. This means the state awards three delegates for each of its congressional districts -- plus a bonus for the overall winner.

Therefore, a candidate could campaign heavily in districts with only a few hundred Republicans and win three delegates, the same number as another candidate who spends millions of dollars in a district with thousands of Republicans, noted Tim Morgan, Republican National Committee (RNC) treasurer and California RNC member.

If the rules change, Mr. McCain or Mr. Giuliani could go after even an independent-poor district and still win all three delegates from that district.

"Because of California's size and number of delegates to the national convention, this change could play the most significant role in determining who wins enough votes on Feb. 5 to be the Republican presidential nominee for 2008," said Jon Fleishman, Republican Party vice chairman for Southern California.

However, Mr. Fleishman thinks only voters who "bother to register as Republicans should have the right to select their party's presidential nominee."

In Washington, Mr. Morgan told The Times he thinks the changes now being pushed in his state could be accomplished simply enough, by a vote at the state party convention in September.

The RNC would not penalize California for the late change by reducing the number of eligible delegates, Mr. Morgan said, adding that the subject is under further legal review at national party headquarters.

A former top-ranking California Republican official now working for Mr. Romney said the McCain campaign is trying to change the rules because "it benefits McCain more than Giuliani because McCain is in the best position to go after independents. His whole campaign [is] built on that. Something that brings independents helps McCain more than Giuliani."

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Mr. McCain has an impressive list of endorsements, according to a senior campaign official. Mr. Schwarzenegger is expected to announce his endorsement, as is Florida Gov. Charlie Crist and Texas Gov. Rick Perry -- representing three of the four most populous, delegate-rich states -- along with Oklahoma Sen. Tom Coburn, who is revered by many conservatives.

Can Rudy Get Past The First Date? (WP)

By Ruth Marcus

The Washington Post, March 7, 2007

Does America's Mayor want to be America's President?

Poll after poll suggests that Rudy Giuliani has a serious shot at winning his party's nomination, and therefore the presidency, despite his abortion rights/gay rights/gun control baggage.

But listening to Giuliani's lackluster speech to a conservative group last week, I was not convinced that he craves the job -- or that he has a particular vision of what he'd do if he got it.

For the party of orderly succession, this is an odd presidential season. Not only is there no Republican heir apparent, none of the three leading contenders presents anywhere near a perfect fit with his party's base voters.

They are a political Goldilocks story, except that for many Republican voters, none of these three bears feels just right: Mitt Romney is too flip-floppy; Giuliani too liberal; John McCain too much of a maverick, simultaneously mistrusted for his previous deviations (campaign finance, immigration) and saddled with his embrace of an unpopular war.

As former Arkansas governor and long-shot presidential wannabe Mike Huckabee told the Conservative Political Action Conference about the 2008 campaign, "The theme might be 'Dude, Where's My Candidate?' "

Given the unsettled nature of the race, given his recent surge in the polls, given the suspicion with which many conservatives view him -- given all of that, you might have thought that Giuliani would have viewed the CPAC event as an important marketing opportunity. You might have thought he'd have put some effort into his speech -- maybe, even, have written a new one.

Indeed, the crowd packed into the Omni Shoreham ballroom and gathered around the television monitors outside seemed to be waiting to be wowed. But Giuliani didn't so much seize the opportunity as amble through it. He neither tossed the crowd red meat (conservative judges, maybe?) nor took on his vulnerabilities (the closest he came was to quote Ronald Reagan, "My 80 percent ally is not my 20 percent enemy") nor offered them much in the way of substance.

"Americans want to sell you something," Giuliani told the crowd. "That's what we want to do. We want to sell you a product." If so, Giuliani is no Ron Popeil.

Instead, he served up a pedestrian address padded with Reagan references (15, by my count) and platitudes. "The most important lesson that I learned from Ronald Reagan was the importance of optimistic leadership. I believe Ronald Reagan was able to achieve the things he was able to achieve because Ronald Reagan was a leader, which is a combination of being a visionary and a practical person who can achieve results."

Or, "We're not a country of one ethnic group. . . . We're all different religions. And we're all different races. Since we're not identified that way, what identifies us as Americans? The thing that identifies us as American are our ideas. And our ideas are wonderful ideas. And they're ideas that the world is moving toward."

And that was in just the first five minutes. Read the whole thing for yourself, at http://www.cpac.org/speeches/Giuliani.doc, and decide if I'm being unfair.

Even when discussing the issue on which he has every reason to shine -- the war on terrorism -- Giuliani was unimpressive, spouting tired Reaganisms ("peace through strength") and arguing a proposition that no one except the straw Democrats of Republican imaginings seems to debate much: that America must "remain on offense" against terrorists.

"We need an American president that understands the necessity of being on offense; needs to explain it to the rest of the world," he said. "And then, finally, what we all need to do is to understand that America has the right ideas. We should not be embarrassed about ourselves. We shouldn't have our heads down."

About Iraq -- nothing, other than to lampoon congressional Democrats for pushing a nonbinding resolution ("I understand that next week they're going to debate the entire week to see if they can make the World Series a nonbinding result.")

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As to Giuliani's competition, McCain skipped CPAC; Romney gave a much meatier and more rousing speech -- and he started by bringing up on stage "my sweetheart," his first and only wife. (Take that, Mr. Thrice Married-Once Annulled-Once Divorced-Mayor.)

In the end, one mediocre speech to one crowd 10 months before the first vote is cast will not matter much -- unless it presages more uninspired Giuliani performances.

Time magazine, in one of the more peculiar poll questions ever asked, reported this week that Giuliani is the candidate voters think would do best at speed-dating (16 percent, to Barack Obama's 13 percent).

The 2008 campaign, though, will be more like an overly prolonged engagement -- and it's far from clear whether voters will still want to date the mayor once the getting-to-know-you stage is over.

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Baptist: Evangelicals Doubt Giuliani (BOS/AP)

By Rose French

The Boston Globe, March 7, 2007

NASHVILLE, Tenn. --A Southern Baptist leader said Tuesday that evangelical voters might tolerate a divorced presidential candidate, but they have deep doubts about GOP hopeful Rudy Giuliani, who has been married three times.

Richard Land, head of public policy for the Southern Baptist Convention, told The Associated Press that evangelicals believe the former New York City mayor showed a lack of character during his divorce from second wife, television personality Donna Hanover.

"I mean, this is divorce on steroids," Land said. "To publicly humiliate your wife in that way, and your children. That's rough. I think that's going to be an awfully hard sell, even if he weren't pro-choice and pro-gun control."

Giuliani married his longtime companion, Judith Nathan, in 2003. They had dated publicly while Giuliani was married to Hanover. His first marriage ended in an annulment.

A Giuliani staff member referred calls on Land's statement to Giuliani's exploratory committee, which did not have an immediate response Tuesday night.

Giuliani already has a challenge in winning over conservative who make up the GOP's base and view him with skepticism because of his moderate views on social issues such as gays, guns and abortion have been viewed as too liberal.

Land noted that Republican presidential candidate John McCain has been married twice, but said the Arizona senator has acknowledged his part in the failure of his first marriage.

"It's a molehill compared to Giuliani's mountain," Land said. "When you're a war hero (like McCain), you have less to prove on the character front."

Many polls identify Giuliani as the front-runner in the Republican presidential primary, followed by McCain and former Massachusetts Gov. Mitt Romney.

Southern Baptists have been among the most vocal of conservative Christian groups in support of the Bush administration. But they and other evangelicals are struggling to find a consensus presidential candidate who embraces their stands against gay marriage and abortion.

Early Presidential Campaign Gains Considerable Interest (USAT)

By Jill Lawrence

USA Today, March 7, 2007

WASHINGTON — Nearly half the country has given "quite a lot" of thought to a presidential election still 20 months away, according to a new USA TODAY/Gallup Poll that suggests high interest in a wide-open race already in full swing.

Among registered voters, one in five said they had "a good idea" whom they will support in 2008; an additional 55% said they have thought about the candidates but don't yet have a good idea. Asked about the early start to the campaign, 48% of poll respondents called it a good thing; 44% said it was a bad thing.

POLL RESULTS:Clinton, Giuliani still lead

Democrat Hillary Rodham Clinton and Republican Rudy Giuliani still lead their respective nomination races, the poll found.

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Clinton, the New York senator, leads Illinois Sen. Barack Obama 36%-22%. Last month, she led 40%-21%. On the Republican side, former New York City mayor Giuliani led Arizona Sen. John McCain 44%-20%, up from 40%-24% last month.

Presidential hopefuls are campaigning and raising money at an accelerated pace this year to prepare for a front-loaded primary season. The first debates are scheduled for April 4-5 in Manchester, N.H. That's a month earlier than the first debate of the 2004 campaign, an event in South Carolina in May 2003. That was the earliest debate in presidential campaign history.

"Presidential campaigns are too long," newspaper columnist Lee Bandy wrote this week in The State of Columbia, S.C., under the headline "Voters Tune Out Campaigns."

South Carolina's Democratic primary is Jan. 29, and state Republicans are planning for Feb. 2. "You'd think the election is next week, judging by the number of candidates who've trekked through South Carolina since the beginning of the year," Bandy wrote.

Andrew Kohut, director of the non-partisan Pew Research Center, said the frenetic campaign activity is one reason for high public interest. He said it may also be fueled by concern about Iraq and "an appetite for change" in the White House. Another possible reason is a diverse field of candidates that includes a woman (Clinton), an African-American (Obama), a Hispanic (New Mexico Gov. Bill Richardson, a Democrat) and a Mormon (Republican Mitt Romney, former governor of Massachusetts).

In a Pew poll last month, 55% said they were following news about candidates for the 2008 election very or fairly closely. That compares with 42% in January 2003.

The USA TODAY/Gallup Poll, conducted the weekend after the Academy Awards, showed a mini-resurgence for Al Gore after An Inconvenient Truth won the Oscar for best documentary. The honor for Gore's global-warming slide show put him in the news and solidified his spot in the top tier of a contest he says he has no plans to enter.

The former vice president trailed Clinton and Obama but drew twice as much support as fourth-place finisher John Edwards, the former North Carolina senator.

The poll showed that 58% of registered voters had a favorable opinion of Obama. That put him higher than Clinton (54%), Edwards (51%) and Gore (55%). Giuliani was highest of all the major candidates at 64%. Former House speaker Newt Gingrich and Romney were in a virtual tie for third among Republicans. Gingrich, who says he'll decide whether to run this fall, would face a challenge: 29% viewed him favorably, 49% unfavorably.

Romney was viewed favorably by 23% and has room to improve. Although he has been campaigning for months, four in 10 people said they had never heard of him.

Obama's Selma Bounce (HILL)

By Dick Morris

The Hill, March 7, 2007

Will March 4, 2007, the 42nd anniversary of the Selma, Ala., march for voting rights, propel Sen. Barack Obama's (D-Ill.) presidential candidacy with the same force that Sept. 11, 2004 energized George W. Bush's pursuit of a second term? The day clearly belonged to Obama, despite the efforts of both Hillary and Bill to turn it into Clinton Day. Obama's speech was inspirational, challenging African-Americans to assume responsibility and participate in the political process. By contrast, Hillary's speech, replete with a phony Southern drawl — the same one she used to effect in Arkansas — smacked of pandering. But Hillary's attempt to paint the events in Selma as seminal in her ability to run for president seemed forced, artificial, and contrived. She appeared to have confused the efforts of Dr. Martin Luther King Jr. with those of Susan B. Anthony and Elizabeth Cady Stanton and to have mixed up the 15th and 19th amendments to the Constitution.

But Obama's speech seared right through to the root of the American conscience. The spectacle of an African-American running for president and speaking on the site of a 42-year-old battlefield where the very right of blacks to vote was at issue could not but inspire everyone who watched it. The effect on the polls may be significant.

At the back of the minds of every voter lurks the idea that beyond parties and candidates and issues, the election of 2008 is destined to be about making history. Whether it results in the nomination and election of the first woman or the first black, and regardless of the ultimate fate of the president it elects, it will be a watershed. Watching the events in Selma, one cannot escape the conclusion that if Obama were to be elected president of the United States, it would put a period on the sorriest chapter in

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American history — the one that began when the first slaves were offloaded at Jamestown. The very fact of a black president would suddenly provide tens of millions of African-American children with a role model and a guide. No longer would they look to athletes or rappers or actors for inspiration. They could behold a president.

Even those of us who still believe that Obama is too inexperienced to serve successfully as president have to be impressed nevertheless by his eloquence, poise, charisma, and stage presence. And we all must concede that the very fact of his election would do much to end racial division in America. The historic nature of the Obama quest for the White House was clear to anyone watching Sunday's ceremonies at Selma.

So what will be the political impact of this anniversary?

It might be enough to permit Obama to challenge Hillary for first place. Previous polling has shown a real elasticity in the Democratic race that is not apparent in the Republican contest. Lacking any real opponent — with Gingrich out, Romney hobbled, and McCain fading — Giuliani may just hold onto his lead until a real right-wing challenger emerges. But Obama's move up in the polls last week suggests a volatility in the Democratic contest that is bad news for Hillary. It may well be that the lead will change hands several times as the emotional significance of a first woman duels with that of a first black and captures the imagination of each constituency.

Left behind is, of course, John Edwards. His anti-war positioning advantage has eroded as Obama has moved wisely to preempt his turf. His healthcare proposal, while sweeping and likely popular among Democrats, seems to offer a pale comparison to the emotional epiphany of breaking down gender or racial barriers.

But, ultimately, the challenge remains for Obama and for Hillary to flesh out their uniqueness with issue positions that distinguish them. Neither of these two Democrats, nor Giuliani for that matter, can cruise to the nomination on the strength of gender, race, past heroism, or biography. Their success will hinge on their ability to translate who they are into what they are for. How does being African-American help Obama to address the problems of poverty that plague us? How does Hillary's gender make her sensitive to the feminization of poverty? And how is Giuliani's heroism relevant to the policy choices of our times? These three candidates — likely one of whom will be president — must answer these questions or watch their candidacies and the boomlets that they have ignited flare out and go cold over time.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race. To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Obama's Short Tenure Seen As Plus (WT)

By Brian Debose

The Washington Times, March 7, 2007

The 2008 road to the White House is filled with pitfalls for senators; specifically, their voting records -- a particularly acute problem for Democrats who approved the Iraq war.

But Sen. Barack Obama has served in the Senate for only two years, and some analysts say the Illinois Democrat's lack of a voting record may uniquely benefit his presidential campaign.

"Everyone thinks that he agrees with them or that they agree with him because he does not have an extensive record to play against, and he is a really good listener," said Stephen Hess, professor of political science at George Washington University and senior fellow in governance studies at the Brookings Institution.

But Mr. Obama's record is longer in the Illinois state Senate, where he served for eight years. There, he co-authored bills extending tax benefits to low-income families, making health insurance more affordable, and increasing funding for AIDS prevention and care programs.

"He inspires hope that we can get past the days of bickering and fighting that [have] controlled the debate in Washington, and I think he has proven he can work across party lines," said Seth Tobey, a University of Iowa law student who founded Independents for Obama.

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However, Mr. Obama has little hope of swaying pro-life advocates because he has made his pro-choice views very clear and voted accordingly. For example, he once voted against a state Senate bill to provide medical care to unborn babies who survive an abortion, saying it would create a loophole to make abortion illegal.

Likewise, gun rights advocates view Mr. Obama as a threat, but concede there are some things in his voting record that make him less unattractive than the other Democrats in the race.

"He was consistently an F rating when he ran for [the U.S.] Senate and when he was in the state Senate," said Chris W. Cox, chief lobbyist for the National Rifle Association. "Basically, after all the talk recently about Obama and Hillary [Rodham Clinton], they do have one thing in common and that is the zeal with which they have supported the gun-control movement."

While in the state Senate, Mr. Obama voted against a bill that would have allowed self-defense to be used as a mitigating argument against charges of illegal firearms possession in cases where a person shot a home intruder using a banned handgun. Mr. Obama said it would effectively override the local government's authority -- particularly Chicago, portions of which he represented -- to limit guns in its jurisdiction.

Mr. Cox said Mr. Obama also will need to explain his opposition to the Lawful Commerce in Arms Act, which protected gun manufacturers and dealers from frivolous lawsuits, and his vote in support of a ban on certain types of deer-hunting ammunition.

Mr. Cox did soften his tone somewhat when asked to compare Mr. Obama to his chief rival, Mrs. Clinton, as well as other Democratic presidential candidates, noting his vote in favor of allowing retired police and military officers to carry concealed weapons.

"He did support the bill to stop the post-[Hurricane] Katrina gun-confiscation legislation, which passed 84-16, but Hillary Clinton voted against it as one of the 16," he said.

But the biggest issue dogging the leading candidates from both parties is the vote authorizing what Mr. Obama has called the "stupid war" in Iraq.

Former New York Mayor Rudolph W. Giuliani has nearly doubled his lead in the past month over his chief Republican rival, Sen. John McCain of Arizona, a supporter of the war, and Mrs. Clinton has lost some momentum in the polls as voters on the campaign trail have repeatedly asked her to explain her vote authorizing the war.

All the while, Mr. Obama has been able to call himself the first to oppose the war, with little retort from his rivals.

"He is a natural candidate, and he is a lot like John F. Kennedy in that he was a lightweight politically, but ended up winning the presidency, and I think Barack can do the same thing," said Morris L. Reid, managing director of Westin Rinehart, a political communications firm. "He will put the time in and roll up his sleeves and, I think, will prove the naysayers wrong."

Think Naughty, Think Small, Think Not (NYT)

By Judith Warner

The New York Times, March 7, 2007

Ann Coulter's use of the epithet "faggot" to slur Democratic presidential candidate John Edwards last week took me back to the schoolyards of the 1970s, when Coulter and I were both young.

There were plenty of words like "faggot" being thrown around back then. There was "faggoty," for example. "Retard." And "spaz" — or "total spaz," the rhythm of which rang through her words last year, when Coulter dismissed Al Gore on MSNBC as a "total fag."

The world of playground insults hasn't altered much since Coulter's schooldays, but the larger world has changed a bit. She made her remarks during a major gathering of conservatives in Washington that drew most of the major Republican presidential candidates, and commentators of the left, right and center soundly denounced her.

Even Michelle Malkin, Coulter's fellow pinup girl on the Clare Booth Luce Policy Institute's 2007 "Great American Conservative Women" calendar, blasted her words as "rhetorical fragging" and a "tired old schtick."

We shouldn't be content, though, to let it go at that.

Leaving the issue of not-so-latent homophobia aside — dwelling upon it, in this context, is a matter of shooting ducks in a barrel — what I found particularly shocking in Coulter's comments was their studied juvenility, the sheer idiocy of their language. "Faggot" and "total fag," like other political pearls of our time — such as "bring it on" and "girlie men" — are just epoch-making in

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their stupidity. In fact, they sound like lines out of Mike Judge's 2006 film "Idiocracy," a political satire that I rented a few months ago and can't seem to get out of my mind.

In "Idiocracy," a man the Pentagon has chosen for his perfectly average intelligence is sent into the future and finds the America of 500 years hence inhabited by people so grotesquely moronic that they can barely grunt utterances greater than "Man, whatever!"

Those future Americans have, however, held on to a full arsenal of obscenities and repeatedly tell the hero, who speaks in full sentences, "You talk like a fag." As the film plays out, it's the People vs. the Fag — the very dynamic that Coulter establishes when she connects to her audience via their inner 13-year-olds.

All this led me this week to think of Frank Luntz, the hot political consultant and wordsmith who wrote the lyrics for the 1994 Republican revolution. In his new book, "Words That Work: It's Not What You Say, It's What People Hear," Luntz puts forth the argument that using the "uplifting, ennobling tone" of famed political scribes like Ted Sorenson and Peggy Noonan is not the best way to capture the attention of Americans today. Instead, to communicate with the people — the real people of "small town, middle America" — and to speak straight to their hearts, minds and entrails, you've got to put "yourself right into your listener's shoes."

In other words, think small. "Use Small Words" is Rule 1 of his strategy for successful communication. Rule 2: "Use Short Sentences."

Luntz has a doctorate from Oxford; Coulter has degrees from Cornell and the University of Michigan Law School. Conservatives generally like to run with the idea that liberals are elitists, living "in a world of only Malibu and East Hampton," as Coulter's recent blog posting on the "crock" of global warming put it. But isn't there something elitist, if not wrong, I wondered aloud to Luntz, about condescending to — or coddling or enabling — the imagined verbal limitations of the less-educated "other"?

Luntz did not much appreciate the question.

"It's not condescending — it's pandering," he said of Coulter's most recent performance. "Everything about the book says what she did was not just wrong but reprehensible. Those aren't words that work. She broke every rule."

"God, I really hate it every time she speaks," he fumed. And, he added, if I were to even think of mentioning him in the same breath as her, "I will really, seriously raise hell."

At a Conservative Women's Network lunch at the Heritage Foundation last week, a question was raised, over dessert, about how conservative women should deal, "as women," if Hillary Clinton wins the Democratic nomination for president. The guest speaker, Cleta Mitchell, a lawyer in Washington, hemmed and hawed, shared some thoughts about Wellesley College and Barbara Bush, blushed, then concluded, "We'll let the redneck guys who just aren't ready to vote for a female commander in chief take care of the woman thing."

Sounds like a plan. Sounds to me, too, like the Republican noise machine may just have a monkey wrench in its machinery.

Lawmakers Scrutinize Fees For 401(k) Plans (WP)

By Kathleen Day

The Washington Post, March 7, 2007

Workers are being overcharged tens of billions of dollars a year in unnecessary and often hidden fees imposed on popular, company-sponsored retirement savings plans known as 401(k)s, financial experts told a congressional committee yesterday.

Mutual funds and other professional investment firms often charge fees totaling 3 percent to 5 percent of the assets they manage, when 1.5 percent would be more appropriate, Matthew D. Hutcheson, an independent consultant on pension fees, told the House Education and Labor Committee.

An excess charge of just 1 percent can seriously erode retirement money, retirement planner Stephen J. Butler testified. A couple investing $10,000 a year over 30 years and earning 10 percent, for example, would have more than $1.9 million for retirement at the end of that time. But that sum would be reduced by $355,395 -- to just under $1.6 million -- if that money earned one percentage point less, or 9 percent a year.

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Fees often are scattered across written materials, or sometimes not reported at all, making it difficult for employers and consumers to comparison shop, according to testimony from Hutcheson and others, including an official from the Government Accountability Office, the research arm of Congress.

The hearing comes as the new Congress, now controlled by Democrats, is applying greater scrutiny to the financial services industry, especially to how it charges and discloses fees on a variety of products, including credit cards and home loans.

The hearing was the first of two planned this year by the committee's chairman, Rep. George Miller (D-Calif.), to determine if the Labor Department is adequately overseeing the 401(k) industry and to help craft legislation requiring money managers to fully disclose what they charge and to manage 401(k) plans to maximize returns for retirees.

"We have to ask whether all these fees are necessary, and we have to examine whether they are undermining workers' retirement security," Miller said.

The mutual fund industry, which manages half of all 401(k) money, and the bank and insurance industries, which manage most of the rest, disagree with those who say their fees are too high, hard to find or hidden.

"We have looked at fees for mutual funds in 401(k)s, and those fees are falling," said Mike McNamee, spokesman for the Investment Company Institute, the lobby group for mutual fund managers. He said that fees typically are "on the order of 1 percent," including commissions. He said all fees are disclosed in each fund's prospectus -- management fees in what is called a fee table, and brokers commissions and trading costs in a separate section.

The hearing follows a GAO report last November that concluded that workers often can't understand, or in some cases can't find out, what fees they pay to have their 401(k) money managed.

The GAO said the Labor Department, which regulates company-sponsored retirement plans, has some power to make the financial industry disclose more and to do so in simpler, easy-to-understand language. But it recommended that Congress amend current law to require the industry to disclose all fees and charges and also potential conflicts of interest.

The issue has become more important as more Americans have come to rely on 401(k)s as a primary nest egg. In the mid-1980s fewer than 8 million workers participated in such plans, which totaled $100 billion. Today more than 47 million workers have more than $2 trillion invested in these plans. To encourage Americans to save more for retirement, Congress passed legislation last year to allow employers to automatically enroll workers in 401(k) plans, a change financial planners say already has accelerated workers' participation.

Acting Assistant Secretary of Labor Bradford P. Campbell said in an interview this week that he thinks the agency has all the legal authority it needs to make investment companies provide fuller and more understandable disclosures about fees.

The department, working closely with industry, last year announced a three-pronged plan he said is intended to lead to full fee disclosure by investment firms in their annual reports filed with the government, in their contracts with employers and in publications given to workers. But the first phase of the plan won't begin for several months, and the final phase might not become effective for several years.

It's Chamber Vs. Chamber In Lawsuit Over Trademark (HILL)

By Alexander Bolton And Jim Snyder

The Hill, March 7, 2007

Two well-known business trade associations are embroiled in a legal battle that could affect which will represent Hispanic businesses, a rising political and economic force, in Washington.

The U.S. Hispanic Chamber of Commerce is accusing its one-time ally, the much larger U.S. Chamber of Commerce, of trying to diminish its influence with Latino business leaders through a trademark fight over the right to use the words "United States" and "chamber of commerce." The U.S. Hispanic Chamber of Commerce is also claiming that the other Chamber has tried to poach its members by offering them free memberships.

The U.S. Chamber, the nation's leading business trade group, is an ardent advocate for competition and a liberal immigration policy. But critics contend that in its fight with the rival chamber, it is motivated by fear both of competition and a Hispanic invasion of its turf.

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"We believe that like any other business, they see the opportunity there may be to extend their membership in the Latino community; that's fair game," said David Lizarraga, chairman of the U.S. Hispanic chamber. "But they see us as an obstacle. If they remove us from the playing field, then it is completely open."

The U.S. Chamber has filed two lawsuits against the U.S. Hispanic chamber and the U.S. Hispanic Chamber of Commerce Foundation for trademark infringement. The suits claim that the U.S. Chamber owns the words "United States" and "Chamber of Commerce" exclusively, according to a U.S. Hispanic chamber lawyer who summarized the cases.

If successful, the litigation would force the U.S. Hispanic chamber to drop "United States" and "Chamber of Commerce" from its name.

But Stephen Bokat, senior vice president and general counsel at the U.S. Chamber, denies the suggestion that it is trying to squash a competitor.

"That's simply untrue," he said. "We're just trying to protect our name because we're worried that if too many people use our name we will lose the right [to protect against] others from encroaching on the use of U.S. Chamber of Commerce."

Bokat said his association offered to license its name to the U.S. Hispanic chamber for a nominal sum and "they refused."

"We had no intention of taking their name, their members or anything else," said Bokat.

In the last three years, the Hispanic chamber has more than doubled its membership, from 110 member groups to nearly 250.

Its $15 million budget is a fraction of what the U.S. Chamber has. The latter spent more than $30 million just lobbying in the second half of 2006.

The Hispanic chamber is also growing in visibility. This week President Bush addressed a three-day gathering it organized for Hispanic business leaders in Washington.

"We're seeing membership growing all over the United States," said Lizarraga. "Maybe we're being seen for the first time as posing a threat."

Hispanic chamber officials have decided to use the occasion of this week's national legislative conference to go public with their trademark fight. They will hold a press conference this afternoon in the Rayburn House office building with members of the Congressional Hispanic Caucus to protest their rival's litigation.

The winner could claim to be the main Washington representative of a community projected to reach $1 trillion in total buying power within two years.

"They want to remove us from the table. … This is about power and influence and money," said Melinda Guzman, the Hispanic chamber's general counsel. "This is about eliminating potential competition in a huge and … significant population."

The two chambers share political philosophies on a variety of issues such as immigration reform that includes a guest worker program. But they are not formally affiliated with one another.

For years, the two groups peacefully coexisted. The Hispanic Chamber of Commerce is 27 years old, and its affiliated foundation has been around for 14 years.

But in 2002, the U.S. Chamber accused the United States Hispanic Chamber of Commerce from trademark infringement.

A year earlier the Hispanic chamber had filed to register its logo, which includes the group's full name, with the U.S. Patent and Trademark Office.

That dispute is expected to go to trial next year.

Hispanic officials insist the larger Chamber sees the economic writing on the wall, and doesn't want competition to represent Hispanic businesses.

Pew Hispanic Center projects the total U.S. Hispanic market to reach $1 trillion by the end of 2008. Lizarraga said that Hispanic small businesses are growing twice as fast as other small businesses.

"It's obvious that our influence is growing," said Lizarraga.

Despite the legal battle, Hispanic chamber officials say they have attempted to open up a dialogue with the U.S. Chamber. The Hispanic chamber has, for example, called on the U.S. Chamber to put more Hispanic executives on its board.

But so far, they say Chamber President and CEO Thomas Donohue has rebuffed their efforts to create a dialogue.

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Bokat said he knew of no outreach efforts by the Hispanic chamber. He added that Harry Alford, the president of the National Black Chamber of Commerce, was a member of his association's board of directors and it made no sense that Hispanic leaders would be excluded.

Both the growing economic power and the sheer size of the Hispanic population has attracted more than lobbyists, of course. Politicians are increasingly interested in reaching out to the Hispanic community.

"We are getting more attention from everybody," said Lizarraga. "Any corporation that doesn't target this $1 trillion market that will emerge in the next two years as an opportunity for growth isn't going to grow."

Particularly enticing to businesses, Lizarraga said, is that Latino market is largely untapped, whereas other ethic–based markets are mature.

How Can U.S. Stay On Top Of The World? (USAT)

By Antoine Van Agtmael

USA Today, March 7, 2007

South Korean car maker Hyundai recently had to deny newspaper reports that it is a leading candidate to take over Chrysler. True or not, it already has a $1.1 billion plant in Alabama and now beats Toyota in performance quality, according to the J.D. Power survey. Less than five years ago it was the joke of a Jay Leno show.

Hyundai is just one of the many profitable firms in emerging markets that produce just about everything consumers consume. Within hours of Apple CEO Steve Jobs' recent unveiling of the stylish new iPhone, shares in Taiwanese electronics giant Hon Hai Precision Industry shot up. Founded in 1974 as a marginal manufacturer of TV-set-tuning knobs, Hon Hai today produces PCs for Hewlett-Packard and Dell, PlayStation game consoles for Sony, motherboards for Intel, cellphone handsets for Nokia and Motorola, and now Apple's new iPhone. Other examples can be found everywhere.

While our attention was focused on the "new economy" a few years ago, "new economies" quietly stole the show. We are in the midst of the greatest shift in the global economy since the Industrial Revolution. This time, the economic epicenter is shifting away from the developed world to emerging markets in Asia, Eastern Europe, the Middle East and Latin America.

Sharp moves in the Dow Jones used to scare or exhilarate investors worldwide. Last week's 416-point drop in the U.S. stock market, together with a sudden reversal in markets around the globe, was the first time that a sell-off in China triggered such a major loss in market values — one that was far larger than the entire Chinese market. It was not only an overdue reminder that investors get scared from time to time — usually after periods of over-enthusiasm — but also demonstrated the dramatic and growing impact of what I call the "Emerging Markets Century."

What are we in the USA and the rest of the developed world to make of the fact that so much of what we consume is produced in the former Third World? One thing is that America (but also Europe and Japan) will need to get used to the idea that we are no longer the center of the economic and political universe. Even more important, we should resist the knee-jerk reaction of protectionism that would likely stifle innovation.

Yet, in the USA, we have been slow to accept this new reality. Countries such as Mexico, South Korea and Russia are no longer basket cases in need of rescue. Emerging markets now own three-quarters of the world's foreign exchange reserves, and their purchases influence U.S. mortgage rates. The brain drain is reversing just as budget and current account deficits (the broadest measure of a nation's trade gap) have crossed over into the developed world.

The world is not flat; it is tilting, with the USA rapidly moving from unquestioned dominance to greater dependence. And this is only the beginning. Twenty-five years from now, emerging markets will make up more than half of the global economy (up from 21% today) as the General Electrics and Microsofts of the future will increasingly hail from these new economies.

More than ever, the global economy is not a zero-sum game. More handsets, refrigerators and beer are sold in emerging markets than in mature markets. U.S. exports to emerging markets have increased 338% over the past 20 years, much faster than domestic demand. One billion new consumers and investors will turn many emerging markets into middle-class economies. Smart American corporations are already seeking their growth in emerging markets. GE plans to double its sales in emerging markets from 15% to 30% by 2010. Goldman Sachs built an important franchise in China. Dell and GM increasingly produce in India and China for the local markets.

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But that is clearly not enough to keep our competitive edge. Many more corporations should develop a clear emerging-markets strategy, embed their young managers with local families (as Procter & Gamble already does), build crucial local relationships, establish international focus groups to tailor products to local tastes, and form business alliances with this new breed of companies. And our universities should focus more on creative problem solving and integrate study and work experience abroad if we want students to be comfortable with foreign languages and cultures.

When we look at history, a creative response has often succeeded where protectionism has failed. President Kennedy's inspiring call to put a man on the moon when Russia seemed to be "winning" provided the United States decades of technological superiority. Today, leading U.S. universities remain the best, while creative companies such as Google and Apple are more than competitive.

As a nation, we need a "National Competitiveness" campaign that sets ambitious goals such as developing a successor to the internal-combustion engine, but also tackles legacy issues (high cost of health and pension benefits for current, older and retired workers), places more emphasis on creativity in education and gives infrastructure a much-needed face lift. The choice between protectionism and a creative response to the tectonic shift in the global economy (and global power) could well become one of the key issues in the next presidential campaign. Instead of complaining and agonizing about this new competitive threat, our focus should be on turning it into an exciting opportunity.

Antoine van Agtmael is chairman and CEO of Emerging Markets Management, LLC. He recently published The Emerging Markets Century: How A New Breed of World-Class Companies is Overtaking the World.

'Family Values' Chutzpah (WP)

By Harold Meyerson

The Washington Post, March 7, 2007

As conservatives tell the tale, the decline of the American family, the rise in divorce rates, the number of children born out of wedlock all can be traced to the pernicious influence of one decade in American history: the '60s.

The conservatives are right that one decade, at least in its metaphoric significance, can encapsulate the causes for the family's decline. But they've misidentified the decade. It's not the permissive '60s. It's the Reagan '80s.

In Saturday's Post, reporter Blaine Harden took a hard look at the erosion of what we have long taken to be the model American family -- married couples with children -- and discovered that while this decline hasn't really afflicted college-educated professionals, it is the curse of the working class. The percentage of households that are married couples with children has hit an all-time low (at least, the lowest since the Census Bureau started measuring such things): 23.7 percent. That's about half the level that marrieds-with-children constituted at the end of the Ozzie-and-Harriet '50s.

Now, I'm not a scholar of the sitcom, but I did watch "The Adventures of Ozzie and Harriet" as a child, marveling that anything labeled "Adventures" could be so dull. And I don't recall a single episode in which the family had to do without because Ozzie had lost his job or missed taking David or Ricky to the doctor for fear he couldn't pay for it.

Which may explain why the Ozzie and Harriet family -- modified by feminism, since Harriet now holds down a job, too -- still rolls along within the upper-middle class but has become much harder to find in working-class America, where cohabitation without marriage has increasingly become the norm. Taking into account all households, married couples with children are twice as likely to be in the top 20 percent of incomes, Harden reported. Their incomes have increased 59 percent over the past 30 years, while households overall have experienced just a 44 percent increase.

To be sure, the '60s, with its assaults on traditional authority, played some role in weakening the traditional family.

But its message was sounded loudest and clearest on elite college campuses, whose graduates were nonetheless the group most likely to have stable marriages. Then again, they were also the group most likely to have stable careers.

They enjoyed financial stability; they could plan for the future.

Such was not the case for working-class Americans. Over the past 35 years, the massive changes in the U.S. economy have largely condemned American workers to lives of economic insecurity. No longer can the worker count on a steady job for a single employer who provides a paycheck and health and retirement benefits, too. Over the past three decades, workers' individual annual income fluctuations have consistently increased, while their aggregate income has stagnated. In the brave new

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economy of outsourced jobs and short-term gigs and on-again, off-again health coverage, American workers cannot rationally plan their economic futures. And with each passing year, as their level of economic security declines, so does their entry into marriage.

Yet the very conservatives who marvel at the efficiency of our new, more mobile economy and extol the "flexibility" of our workforce decry the flexibility of the personal lives of American workers. The right-wing ideologues who have championed outsourcing, offshoring and union-busting, who have celebrated the same changes that have condemned American workers to lives of financial instability, piously lament the decline of family stability that has followed these economic changes as the night the day.

American conservatism is a house divided against itself. It applauds the radicalism of the economic changes of the past four decades -- the dismantling, say, of the American steel industry (and the job and income security that it once provided) in the cause of greater efficiency. It decries the decline of social and familial stability over that time -- the traditional, married working-class families, say, that once filled all those churches in the hills and hollows in what is now the smaller, post-working-class Pittsburgh.

Problem is, disperse a vibrant working-class community in America and you disperse the vibrant working-class family.

Which is how American conservatism became the primary author of the very social disorder that it routinely rails against, and that Republicans have the gall to run against.

The party of family values? Please. If that's the banner that Republicans continue to wave, then they should certainly make Rudy Giuliani, who couldn't bestir himself to attend his son's high school graduation or his daughter's high school plays, their presidential nominee. No candidate could better personify the sham that is Republicans' and conservatives' concern for the American family.

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US Looks To Brazil To Fuel Energy Revolution (FT)

By Jonathan Wheatley

Financial Times, March 7, 2007

When George W. Bush arrives in Brazil on Thursday, he will bring with him an offer to promote biofuels in oil-dependant countries just as Brazil is gripped by green energy fever.

Over the next six years, Brazil expects 77 new sugar or alcohol (both are raw ingredients for biofuels) plants to be built – a rate of more than one a month. According to Unica, the industry association, investments already under way amount to $14.6bn. Throughout its rich agricultural heartland, soya and other crops are being torn out and replaced by sugar cane.

Most investment is by local companies but foreigners are also arriving. Sempra Energy of the US has agreed, with local partners, to build 12 alcohol refineries in northern Brazil for $4.2bn. Others already committed include Cargill of the US, Louis Dreyfus of France, the Noble group of Singapore and Infinity Bio-Energy of the UK.

US officials, seeking a way to reach out to the dominant economy of South America and undercut the regional impact of Venezuela's oil diplomacy, think they have found it in biofuels.

Brazil has the potential to be the world's leading producer. Establishing a partnership now would give the US the significance in the region it has gradually lost since talk of a US-led Free Trade Area of the Americas fizzled out a few years ago.

In spite of the widespread optimism, the outlook for Brazil's ethanol industry seems uncertain. "It's euphoria," says Roberto Giannetti da Fonseca of Ethanol Trading, which represents more than 200 Brazilian producers. "People seem to be investing without really studying what's going on."

The US and Brazil in equal measure between them produce about 72 per cent of the world's ethanol. However, Brazil is much more efficient than the US, where ethanol is made exclusively from maize. Production per hectare is twice that in the US and, per unit of energy used from planting to processing, it is more than five times more efficient.

Yet it is unclear what Brazil will do with its expected increase in production. Its own market is by far the world's most biofueled: ethanol is added to gasoline at 23 per cent of volume and pure ethanol is universally available as an alternative. Some 80 per cent of all new cars in Brazil can run on gasoline or ethanol or any mixture of the two.

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If other countries were to follow Brazil's lead, its exporters' futures would be secure. But the refusal of governments in Europe and the US to expose their much less efficient producers to Brazilian competition means an export boom cannot be expected.

Last year, Brazil exported more than 430m gallons of ethanol to the US – a six-fold leap over 2005 – in spite of an import tariff of 54 cents per gallon and subsidies to US producers of 51 cents per gallon. But last year's surge was due to a shortage in the US that local producers will fill this year. Brazilian exports are due to slump.

The US has made it clear that discussing import tariffs is not on Mr Bush's agenda, and the European Union is no less intransigent, but Washington will be able to offer co-operation on research into ethanol and cellulose-based fuels made from a more diverse range of materials.

That development is still 10 to 15 years from commercial reality but will yield much more environmentally-friendly fuels and will also offer Brazil huge natural advantages.

The two will also discuss setting international standards to develop ethanol as a commodity, and joint initiatives to develop the industry in Peru, Colombia, Central America and the Caribbean.

But as Marcos Jank of Icone, a trade think-tank in São Paulo, points out, any move on tariffs is a matter for Congress and the short-term outcome of Mr Bush's visit is likely to be limited. "But we think tariffs have to be on the agenda and in a couple of years we can try to advance," he says.

Mr Jank and many others in Brazil believe consolidation of the global market is inevitable. In that process, the US will be the most significant single interest. In that context, each side has every reason to reach out to the other.

U.S., Brazil Weigh Ethanol Pact (WSJ)

By Antonio Regalado

Wall Street Journal, March 7, 2007

SÃO PAULO, Brazil -- President Bush is scheduled to arrive in Brazil tomorrow to discuss a possible alliance on ethanol fuel, but investors aren't waiting for a pact: They are already pouring money into new ethanol mills and sugar-cane fields here to meet growing domestic demand for the biofuel and in the hopes that exports will boom, too.

The U.S. market remains largely off-limits to Brazil because of tariffs and quotas that protect the U.S. ethanol industry, which is based on corn rather than sugar. But Japan and other energy-poor nations in Europe are already looking to Latin America's largest country for ethanol.

A spate of deals is bringing new names and big money to what has traditionally been a family-run industry in Brazil, sparking a wave of acquisitions and new projects. For instance, a company controlled by George Soros and U.S. hedge fund HBK Investments recently acquired a sugar-cane mill and is planning to invest more than $700 million on new capacity to produce ethanol.

Other actors include agricultural-trading firms such as Cargill Inc., which acquired a mill last summer. And Brazil's state-owned oil titan Petroleo Brasileiro, or Petrobras, is negotiating with Japan's Mitsui & Co. to buy and construct mills as part of a long-term agreement to supply Japan with ethanol. Japan's government is planning to require a mix of as much as 10% ethanol in gasoline.

As the price of oil has risen in recent years, along with fears about how fast existing oil supplies can grow, ethanol has gained more attention as a potentially cheaper option, and as a renewable fuel that won't ever run out. President Bush wants to sharply increase U.S. production. Ethanol can be added to gasoline to help extend supplies, or used in so-called flex-fuel cars that run on either fuel.

While the U.S. produces slightly more ethanol than Brazil, the South American nation is seen as the world's leader. Sugar-cane ethanol, which is basically fermented sugar that gets distilled into alcohol, is cheaper than ethanol made from corn, and Brazilian government policies mean ethanol now makes up more than 40% of fuel used in automobiles here.

Brazil is proof that "the economics of a renewable fuel is very competitive," said Neil Koehler, chief executive officer of Pacific Ethanol, a U.S.-based corn-ethanol producer. Pacific is focused on supplying the U.S. market, but because Brazilian

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ethanol is less expensive, Mr. Koehler says it is likely the country will be first to conquer new markets such as Japan, which don't make their own ethanol and don't have import tariffs.

After weathering an ethanol crisis in the late 1990s, Brazil's market started to heat up with the introduction of flex-fuel cars in 2003. Last month, more than 80% of new cars sold in Brazil were flex-fuel models, and companies including General Motors Corp. have stopped building gas-only autos here.

Interest in the export market began to grow rapidly last year, as Mr. Bush began putting political weight behind ethanol. "There are a huge number of investors, funds, traders, oil companies, commodities companies, all considering entering the market," said José Luiz Olivério, senior technology and development vice president at Dedini SA, a major Brazilian supplier of crushers and distillers used in making ethanol from sugar cane.

Officials from both countries say the contemplated U.S.-Brazil deal on biofuel is likely to include the creation of a body to set technical standards and support for sugar-cane production elsewhere in Latin America. Such steps are needed to create a robust international market for ethanol, which isn't yet traded easily like soy or other commodities.

The emergence of a global trade in ethanol is changing a Brazilian industry dominated by family-run operations focused on sugar, not on ethanol. Alfred Szwarc, an executive with Unica, the São Paulo state sugar-cane association, says momentum is building for companies that can acquire and professionalize such operations.

According to Dedini, Brazil has 357 sugar mills in operation, 43 under construction and a further 244 in the planning stages. While the majority of actual investments are from established families, foreign investors are involved in about 20% to 35% of the newer projects.

While the fragmented market is an opening for investors, making acquisitions has proved challenging. Many family-owned operations don't have audited financials, others have unpaid taxes or worker liabilities stretching back years. "The history of sugar cane is good and bad families," said Marcelo Vieira, sugar-cane and coffee manager of Adecoagro, an operating company of International Farmland Holding LLC, a Delaware agricultural holding company that is backed by Mr. Soros and his family. That means some investors have left Brazil empty-handed.

Other companies are now looking to build new plantations from scratch outside traditional sugar-cane areas near São Paulo, says Mr. Vieira, who joined Adecoagro after the company purchased his family's mill in the state of Minas Gerais. For its next project, Adecoagro is spending $150 million on a new mill in Mato Grosso do Sul state, with plans for further expansions.

Other groups are also launching ambitious efforts, aimed primarily at the export market. Samir Kaul, a partner with Khosla Ventures, says the U.S. venture-capital firm is involved in a pending deal to produce ethanol in Brazil. Already a leading investor in renewables in the U.S., Mr. Kaul says Brazil is "the most experienced in doing it, and they are the cheapest right now."

Land is not expected to be a limitation. Brazil has hundreds of millions of acres for grazing cattle that could be converted to sugar-cane production.

For such investors, the U.S. market remains a major draw, despite a tariff of more than 50 cents a gallon on imported ethanol. If Mr. Bush's call for the U.S. to use 35 billion gallons of renewable fuels by 2017 plays out, corn ethanol is expected to supply only half of that. Investors believe that imports will fill a significant niche, and the only country positioned to be a major exporter is Brazil.

Losing Latin America (WT)

By Kay Bailey Hutchison

The Washington Times, March 7, 2007

When President Bush leaves tomorrow on a five-nation tour of Latin America, he will be entering a region that has become more important to our national security than at any point since the Cold War.

Not too long ago, Latin America was a vital front in the fight against communism, and if recent events are any guide, it could become equally important in the war on terror.

A fresh wave of authoritarianism -- fueled by petrodollars, populism and anti-Americanism -- has cast a dark cloud over the future of freedom in our hemisphere. In order to deal with this emerging threat, we need to dust off the Cold War playbook and become increasingly active in helping our friends to the south.

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The problem starts (but doesn't end) in Venezuela, a nation that once enjoyed a 50-year democratic tradition, but is now in the early stages of a dictatorship. Venezuela's messianic president, Hugo Chavez, has basically become a power unto himself. Last month, elected representatives abdicated their responsibility and gave the Venezuelan leader the sweeping power to rule by decree for 18 months so he can impose sweeping economic, social and political change.

These dictatorial powers would be alarming in anyone's hands, but they're particularly dangerous in the hands of Mr. Chavez. The strongman rules an oil-rich nation that exports 1.1 million barrels of oil to the United States per day, which amounts to 14 percent of our total oil imports. Mr. Chavez has already colluded with other OPEC nations to raise oil prices, and if he's successful in nationalizing multibillion-dollar crude projects in the Orinoco Belt, there's a risk that prices could jump again.

This could have a severe impact on the pocketbooks of American families and small businesses. According to some economists, every time oil prices rise by 10 percent, on average 150,000 Americans lose their jobs. Mr. Chavez has used his nation's windfall oil profits to buy political support at home and stir trouble abroad. He has said that Venezuela has a "strong oil card to play on the geopolitical stage" and "it is a card that we are going to play with toughness against the toughest country in the world, the United States."

In his struggle against U.S. "imperialism," Mr. Chavez has found a useful ally in the world's largest state sponsor of terrorism -- the government of Iran. He is one of the few leaders to publicly support Iran's nuclear weapons program, and the Iranian mullahs have rewarded Mr. Chavez's friendship with lucrative contracts, including the transfer of Iranian professionals and technologies to Venezuela. Last month, Mr. Chavez and Iranian President Mahmoud Ahmadinejad revealed plans for a $2 billion joint fund, part of which will be used as a "mechanism for liberation" against American allies. This could help achieve Mr. Chavez's vision, shared in an earlier meeting with Mr. Ahmadinejad, when he said, "Let's save the human race; let's finish off the U.S. empire."

Mr. Chavez has grown bolder by interfering in the elections of several Latin American countries, and his brand of revolutionary politics has made gains in some of them. Bolivia's newly elected president, Evo Morales, has nationalized the energy industry, rewritten the constitution and promised to work with Mr. Chavez and Cuban dictator Fidel Castro to form an "Axis of Good" to oppose the United States.

Perhaps most ominously, the former Soviet client Daniel Ortega has returned to the presidency of Nicaragua. During the 1980s, Mr. Ortega ruled his country with an iron fist until U.S.-backed freedom fighters ousted him from power. Nicaragua's democracy prospered for the next 16 years, but now he is back. In response to the Ortega victory, Mr. Chavez chanted "long live the Sandinista revolution!" Then, in his first week as president, Mr. Ortega met with Iran's Mr. Ahmadinejad, and told the press that Nicaragua and Iran "share common interests and [have common] enemies."

Left unchecked, Messrs. Ahmadinejad and Chavez could be the Khrushchev-Castro tandem of the early 21st century, funneling arms, money and propaganda to Latin America, and endangering that region's fragile democracies and volatile economies. If these two pariahs succeed, the next terrorist training camp could shift from the Middle East to America's doorstep.

We need to face reality and confront this threat head-on. At the pinnacle of the Cold War, Ronald Reagan seized the initiative and repulsed Soviet efforts to set up camp in our hemisphere. The Gipper's leadership should serve as a model in thwarting the advance of tyranny and terrorism in our times.

We should build new bridges to our friends in the region -- pressing forward on free trade, development aid, military cooperation and exchange programs. Let's take the necessary steps today, so tomorrow we won't have to ask: "Who lost Latin America?"

Sen. Kay Bailey Hutchison of Texas is chairman of the Senate Republican Policy Committee.

Latin America's Turn (WP)

The Washington Post, March 7, 2007

PRESIDENT BUSH'S tour of Latin America beginning tomorrow will be shadowed by Hugo Chávez, in more ways than one. On Friday, when Mr. Bush is to visit Uruguay, the Venezuelan president will appear at a mass rally across the Plate River in Argentina, where he will try to drown out his American rival. Mr. Chávez has paid well for his Buenos Aires soapbox: He has used

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Venezuela's petrodollars to buy $1.5 billion in Argentine debt, allowing leftist president Néstor Kirchner to steer clear of the International Monetary Fund.

Mr. Bush seems to understand that to confront Mr. Chávez, in words or otherwise, would be to provide him with the U.S. enemy he craves. When it goes unanswered, the Venezuelan's rhetoric tends to boomerang: Polls show that Mr. Chávez's popularity rating in Latin America is just as low as Mr. Bush's. Mr. Bush's duty is to demonstrate that those who choose alliance with the United States and the democratic world benefit more than Venezuela's motley collection of allies, headed by Cuba and Iran.

The president took a step in that direction on Monday by delivering a speech in which he announced several new aid initiatives on top of the $1.7 billion already budgeted for the region. A military hospital ship will tour the Caribbean, countering the Cuban doctors who shuttle around the region at Venezuela's expense. More scholarships will be offered to needy students to study in the United States, and housing assistance programs will be beefed up. Those are positive but modest steps. What's also needed are major U.S. initiatives to strengthen relations with the largest and most important Latin American countries: Brazil, Mexico and Colombia.

Mr. Bush still isn't doing enough to deliver what those countries most want from Washington. Brazil, for instance, would like a lowering of U.S. trade barriers. Yet while Mr. Bush will join with President Luiz Inacio Lula da Silva in unveiling an interesting joint initiative to develop biofuels, what he won't do is support the removal of the senseless tariff now imposed on U.S. imports of Brazil's sugar cane-based ethanol. The administration is negotiating with Democrats in Congress on passage of important free-trade agreements with Colombia, Peru and Panama, but more presidential involvement is needed to push the treaties through. Similarly, good relations with Mexico hinge on rational and humane U.S. immigration reform; the White House has endorsed the right elements but never worked for their enactment.

Mr. Bush will never win a war of rhetoric with Mr. Chávez. But the United States ought to be able to offer far more than Venezuela can to Latin Americans hoping for social and economic improvement. Six years after Mr. Bush promised to make the region a priority of his presidency, it's not too late to deliver.

Thanks To Mr. Chávez (NYT)

The New York Times, March 7, 2007

Venezuela and its demagogic president, Hugo Chávez, won't get a visit from President Bush. But Mr. Chávez's appeal will be very much on Mr. Bush's mind when he visits Latin America over the next week.

That's actually a healthy development.

If your taste runs to three-hour speeches, chiseling away at democracy and a world-class personality cult, Mr. Chávez is your man. But if the goal is to lift millions of people out of grinding poverty, only a major effort by the United States — the hemisphere's biggest economy and strongest democracy — can make a serious difference. And if it takes Mr. Chávez's demagogy to spur Washington toward more enlightened policies in the Americas, so be it.

Concern over the popularity of Fidel Castro inspired the pro-democracy, pro-development policies of the Alliance for Progress during the Kennedy and Johnson administrations, one of the happier periods of inter-American relations.

In recent years, Washington has looked at Latin America with tunnel vision. It has selectively concerned itself with issues that have important political constituencies in the United States, like drug trafficking, immigration, military cooperation and trade and investment liberalization. And it has shortchanged many of the issues that matter most to Latin Americans, like development, poverty reduction, access to credit, education and health care.

Mr. Bush should use this trip, which will take him to Brazil, Uruguay, Guatemala, Colombia and Mexico, to start a new version of the alliance, one intended to reinforce democracy across the region. He should commit himself to ensuring that the benefits of expanded trade and investment reach the millions of Latin America's urban and rural poor, not just the usual narrow elites.

He needs to challenge the uneven human rights performance of allies like Colombia and Guatemala. Washington's double standard on human rights undercuts its credibility when pointing to Mr. Chávez's intimidation and prosecution of critics.

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The White House is promoting this tour as part of a new push to promote social justice in the hemisphere, and it cites a raft of what it calls new administration initiatives to that end. But a close examination reveals that many of these consist of little more than a repackaging of existing programs, including H.I.V./AIDS spending, debt relief, the Millennium Challenge program and trade agreements.

Still, the list includes some new and potentially useful ideas, like additional help for financing affordable mortgages, small business loans and health care training. These need to be significantly expanded. Mr. Bush deserves praise for doubling the assistance to Latin America, to $1.6 billion a year. But much of this has been for security programs in Colombia. A lot more will be needed if promoting social justice is to be more than a sound bite.

When Mr. Bush first ran for president seven years ago, he said that as governor of Texas, he had a special understanding of, and empathy for, Latin America. With Washington's reputation in the hemisphere nearing its modern nadir, there could hardly be a better time to put that understanding and empathy to work.

An Answer For Hugo ChÃ¡vez (WP)

By Jorge G. Castaã±eda

The Washington Post, March 7, 2007

MEXICO CITY -- Each stop on President Bush's upcoming swing through Latin America has its own mini-agenda: ethanol and the Doha round with Brazil; a Trade Framework Agreement in Uruguay; Plan Colombia and drug enforcement in BogotÃ¡; immigration and security with Mexico and Guatemala. But there is an overall agenda for which this trip may well represent too little, too late: ChÃ¡vez containment.

The balance of forces in the region has shifted. Not only has the leftward tilt persisted -- with electoral victories in Nicaragua and Ecuador, unprecedented near-misses in Mexico and Peru, unexpected advances in Colombia -- but the Venezuelan president's influence has expanded. Hugo ChÃ¡vez has found his sea legs and assembled an impressive array of tools to seduce the region. His "21st-century socialism" is a strange blend of a state-run economy, blanket social subsidies, a perpetual presidency, government by decree, and authoritarian theory and practices, as well as endless quarrels with Washington.

Thanks to unlimited oil revenue (for now) and an endless stream of Cuban doctors, educators and security personnel -- and soon, bountiful supplies of Russian arms made in Venezuela -- the new Caribbean caudillo is on a roll. ChÃ¡vez has skillfully exploited the disappointment of the region's poor with the economic reforms of the past two decades; he is (for now) delivering the goods: bare-bones health care, literacy campaigns, price controls on food staples. ChÃ¡vez has extended his reach to Bolivia, where Evo Morales worships him; to Argentina, where he and his populist colleague NÃ©stor Kirchner are preparing a massive anti-Bush rally to coincide with the American president's arrival across the bay in Montevideo; and increasingly to Ecuador and Nicaragua, through generous handouts. Guatemala and Paraguay could be next.

While much of ChÃ¡vez's socialism is either rhetorical or rooted in economic policy, it entails serious backsliding on human rights and representative democracy. Ultimately, if ChÃ¡vez wants to wreck Venezuela's economy, that is the Venezuelan people's business; but if he seeks to extend his concentration of power in Venezuela or elsewhere, that is everybody's business. It is time for others to say so and to undertake the necessary ideological and political struggle to check ChÃ¡vez and Havana, both rebutting their populist fallacies and failures and vaunting the merits of the democratic alternative, a globalized market economy, imperfect as it may be.

George W. Bush is the least appropriate person on Earth for this mission; he is immensely unpopular in Latin America -- not since Richard Nixon's trip to Caracas in 1959 have so many protests been likely -- and since Sept. 11, 2001, he has neglected the hemisphere. Many snicker that if he defends democracy in Latin America as well as he has in Iraq, only God can help Latin American democrats.

The good news is that there is someone who can do the job, if he receives political cover and international financial support for the task. Mexico's Felipe CalderÃ³n is ideally suited to engage ChÃ¡vez and the Castro brothers in the inevitable ideological fisticuffs. He believes in human rights and democracy, and he understands macroeconomic policy and the need for effective anti-poverty programs. He also knows he has to get along with his northern neighbor.

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CalderÃ³n, young and a forceful debater, is a better option than Alvaro Uribe of Colombia, which shares a border with Venezuela. Brazil's left wing would not allow Luiz Inacio Lula da Silva to take on ChÃ¡vez, even if Lula wanted to. Chile is a splendid example of the success of sensible, socially minded policies, but President Michele Bachelet has proved unwilling to sing their praises. And while Oscar Arias of Costa Rica has the personal prestige and experience, his country does not.

Yet, even CalderÃ³n has a problem. His predecessors' public debates with Castro, ChÃ¡vez and Kirchner played well with some Mexicans but went down terribly with the country's traditional establishment: the pro-Cuban PRD and the nationalist PRI old guard. Declared an illegitimate leader by his rival for the presidency and elected with only 35 percent of the vote, CalderÃ³n is understandably reluctant to brave the chattering classes without some guarantee that Bush will not leave him hanging on immigration, as he did Vicente Fox. Some believe that CalderÃ³n is thinking of throwing in the towel on the ideological debate and mending fences with Caracas, Havana and Buenos Aires, democracy and human rights violations notwithstanding.

But if Bush finally brings with him to Mexico a firm commitment to comprehensive immigration reform, and the bipartisan backing of House and Senate leaders to approve it promptly, CalderÃ³n would enjoy the necessary leeway to wage the battle of ideas with the region's populist tide. That would be the best way to contain it: with the ideas of Mexico and its friends, not with Washington's attempts at force.

The writer was Mexico's foreign minister from 2000 to 2003, under President Vicente Fox, and is now a professor of politics and Latin American and Caribbean studies at New York University.

Venezuela Disavows 1980s-Era Bonds (NYT)

By Jens Erik Gould

The New York Times, March 7, 2007

CARACAS, Venezuela, March 6 — The plot would seem to come right out of a novel in which the reader does not know whom to believe.

A group of investors from Columbus, Ohio, spends $100 million in 2004 to buy zero-coupon bonds — debt that pays interest at maturity — from a Venezuelan state bank that went bankrupt in the 1980s. A few months earlier, in October 2003, Venezuela's solicitor general ruled that the bonds were valid. But when the investor group tried to redeem the debt, it could not, and learned only later that the solicitor general had reversed herself in December 2003.

That is the basic storyline in an international financial dispute that is playing out in Federal District Court for Southern Ohio. The investor group, Skye Ventures, is suing Venezuela for its refusal to honor the bonds, which it says are now worth as much as $1 billion.

The dispute over the bonds, which bear the name of an extinct state agricultural development bank, the Banco de Desarrollo Agropecuario, or Bandagro, has not recently been discussed in public by the government of Venezuela, where President Hugo Chávez rarely lets any issue involving the United States pass.

But it could well become a cautionary tale, whether for investors in emerging markets or for Venezuela — which, Skye says, may be liable for up to $6 billion if all the bondholders press their claims.

There are signs that Venezuela has taken the case seriously. Its chief lawyer in the case, Esther Bigott de Loaiza, has close ties to top government officials. But she was ousted late last year after she was named in a lawsuit, now dismissed, that said Venezuela had paid her $18 million in the case. Ms. Bigott de Loaiza declined several requests for an interview, saying only that she had left the case "in the ninth inning, with Venezuela winning 9 to 0."

Last week, Venezuela fired its American lawyers, the Florida-based firm of Ruden McClosky. Armando E. Lacasa, a lawyer in the Miami office who was assigned to the case, said this week that Venezuela had not given him an explanation for its action. He did say Venezuela had not yet paid Ruden for the two years of work it did on the case.

Waldemar Cordero Vale, who was president of the bank when the bonds were supposed to have been issued in 1981, said in an interview that he never signed them. He asserts that a Panamanian investment group that sold the paper to Skye participated in a scheme with Venezuelan officials to share the payment. "It's the biggest fraud in the history of Venezuela," said Mr. Cordero Vale, who now takes care of a farm on the Venezuelan plains.

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Lawyers at Ruden McClosky had also raised questions about the Panamanian group, which they say was managed by James Pavanelli and had unsuccessfully sought payment on the bonds since the late 1980s. They pointed to documents bearing the letterheads of Interpol and various Italian courts that said Mr. Pavanelli was suspected of trying to transport fake Bandagro bonds in 1988 and was convicted of fraud in connection with the bonds in Italy in 2003.

An Interpol spokesman declined to comment. The F.B.I. said it had no information about Mr. Pavanelli.

Skye disputes the Venezuelan assertions. Its president, David Richards, said, "If you consider the idea that their theory is that a U.S. firm with prominent investors has a method of creating investments by bribing foreign officials and buying their bonds, then suing in U.S. courts, well it is fairly preposterous, isn't it?"

Skye contends that when Bandagro went bankrupt in 1981, Venezuela assured investors that it would assume and pay the bank's debts.

The Federal District Court ruled last year that Skye's ability to sue Venezuela in the United States would hinge more on whether the first opinion by the solicitor general, Marisol Plaza, was valid than on the authenticity of the notes. The ruling gave Skye an advantage in the case because it turned attention away from evidence suggesting that the bonds were fake. Depositions in the case had been set for later this month, though Mr. Lacasa of Ruden said Venezuela had asked the court for a 90-day delay so it would have time to hire new lawyers.

The Finance Ministry did not respond to interview requests. Ms. Plaza told a local newspaper, El Nacional, that her first opinion was merely an internal document never meant to be made public and that bondholders had stolen a copy.

Mr. Richards, who would not disclose the names of his partners, said his investor group included a billionaire principal of a private equity firm and a Fortune 500 executive. He said he expected that the verdict would reinforce the power of the American courts to protect American investors. And he warned that Skye could go after Venezuelan assets in the United States, like the Citgo oil company, if Venezuela lost and still refused to pay. Legal experts said, though, that taking aim at state-owned companies could present obstacles for creditors.

Skye paints the case as a litmus test for the Chávez government's willingness to pay its obligations, arguing that a refusal may damage its creditworthiness in international markets.

"If he doesn't pay these bonds that I bought on the basis of a decision of his highest legal officer," Mr. Richards said, "what's to say he doesn't have to pay every bond?"

But the group's investment in Venezuela is far from representative of most investor activity in Venezuelan debt.

In fact, credit-rating agencies have a stable outlook for Venezuela's debt, mainly because the Chávez government has benefited from high oil prices and has foreign reserves and other funds totaling some $50 billion. That has helped the government maintain a solid record of making payments.

"On a numbers basis, Venezuela is doing much better than its peers," said Richard Francis, a credit analyst at Standard & Poor's.

Still, Mr. Chávez has generated concern in much of private industry here since January, when he announced the nationalization of the electricity and telecommunications industries, whose flagship companies were partly owned by American businesses. The president is tightening state control over the economy and says he is driving Venezuela toward socialism.

"These nationalizations affect the private sector working in Venezuela, but the government's capacity to pay is still the same," said Hilario Ramírez, associate director for Fitch Ratings in Venezuela.

Legal experts say the Bandagro case is unusual because the underlying validity of the bonds is in question, while most cases seek to enforce bonds whose legality is not being contested.

The case could increase the due diligence burden on investors if there is persuasive evidence that the notes are authentic, and Venezuela wins anyway, said Anna Gelpern, an associate professor of law at Rutgers University, Newark, and an expert on emerging markets debt. The verdict will not have much effect on investors, she said, if the paper is proved to be false.

Whether a government legal officer's "opinion is sufficient to turn a fake into a real bond is a serious question mark," Ms. Gelpern said.

Brokerage firms, former lawmakers and local economists interviewed for this article — many of them sharply critical of the government — agree that the bonds are indeed fake and that Venezuela should not pay.

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A 2003 National Assembly investigation of the case supplied by Francisco Rodríguez, a lawmaker at the time who is now on the faculty of economics at Wesleyan University in Connecticut, found no record of the debt issue in any government institution.

And before Skye bought the bonds, previous finance ministers issued statements warning of the circulation of fraudulent Bandagro debt. Mr. Cordero Vale said Skye never contacted him about the bonds' authenticity before buying them.

Skye responds that it conducted five months of exhaustive due diligence before purchasing the bonds. It says it learned at that point of the solicitor general's first finding but was never told of her reversal.

Skye has hired a Los Angeles public relations firm specializing in crisis management, Sitrick & Company, whose clients include Rush Limbaugh and Halle Berry, in an effort to galvanize favorable public opinion.

Robert R. Bottome, editor of a Caracas economic magazine, Veneconomía, who has followed the Bandagro bond case since the notes appeared in the 1980s, is among the critics here who accuse Venezuela's legal team of mishandling the case. "They couldn't have handled it worse if they had really wanted to lose the case," he said.

Analysts like Mr. Ramírez of Fitch contend that the Venezuelan government wants to prevent the case from affecting its standing in the international markets, and would therefore be likely to settle if it stands to lose the case and any subsequent appeals. Others, like Miguel Octavio of BBO Servicios Financieros, a Caracas brokerage firm, say that Venezuela's willingness to honor its foreign obligations ultimately depends on whether oil prices remain high enough to keep government coffers full.

"Chávez has paid off debt because he can," Mr. Octavio said. "The day he needs money, we'll see if he changes his mind."

Iran Offers To Negotiate With U.N. (AP)

By George Jahn

AP, March 7, 2007

Iran demanded an end to Security Council "interference" in an offer made public Tuesday in exchange for clearing up suspicions about its disputed nuclear activities — an apparent attempt to head off new U.N sanctions over its refusal to stop uranium enrichment.

The overture, contained in a document made available to The Associated Press, came as the five permanent council members deliberated a new resolution aiming to tighten up sanctions against Iran for its nuclear defiance.

Iran has made similar offers before, but renewing it now seemed to be linked to those moves in New York, even though diplomats involved in working on a new draft resolution cautioned any agreement was some time off.

Such deliberations usually pit Russia and China — which seek more lenience — against the United States, Britain and France. The initial set of sanctions agreed upon Dec. 23 were milder than the West had wanted and took Russian and Chinese reservations into account.

The document said Iran was ready to "negotiate ... for the resolution of outstanding issues with the IAEA ... without the interference of the United Nation(s) Security Council."

Signed by Ali Ashgar Soltanieh, Iran's chief representative to the agency, the letter also said the country was ready to "enter a constructive ... negotiation."

The document was dated Feb. 19 but Soltanieh, in a cover letter dated March 2, asked it to be presented in full to the 35 board members of the IAEA, and diplomats from board member nations said it was being circulated Tuesday at a meeting of the IAEA's 35-nation board.

The offer to negotiate has repeatedly been rejected by the five Security Council permanent members and Germany — Iran's key interlocutors on its nuclear program — because the Islamic republic refuses their precondition that it first halt enrichment. Iranian opposition to freezing first and talking later has doomed previous talks.

Soltanieh told The Associated Press that "no country welcomes sanctions" because they mean "more problems for the people and the country," but added: "This does not mean we will be afraid."

His comments were unsually subdued compared to the usual defiance of Iran's hardline president, Mahmoud Ahmadinejad.

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Enrichment is key because it can be used to make the fissile core of nuclear warheads, although Iran insists it wants to enrich only to low levels used to generate power. The U.S. and its allies fear that Iran could build nuclear weapons with larger amounts of more highly enriched uranium.

Mohamed ElBaradei, chief of the IAEA, also has made an issue of Iran's spotty record of cooperation with his inspectors.

ElBaradei, whose agency has spent more than four years probing Iran's nuclear activities, told a 35-nation IAEA board meeting on its opening day Monday that IAEA is "unable to provide the required assurance about the peaceful nature of Iran's nuclear program."

ElBaradei on Monday said that Iran appeared to have at least temporarily paused in expanding its uranium-enrichment program, a possible indication that the country hopes to blunt fresh Security Council action.

But underlining that any pause was informal and temporary, ElBaradei, in separate comments, repeated the main finding of his recent report on Iran, saying that "Iran has not suspended its enrichment-related activities" as demanded by the Security Council. That report was up for review Wednesday by the board.

And on Tuesday Iranian Foreign Minister Manouchehr Mottaki said Iran's "legitimate activities with the aim of producing fuel is continuing."

The board was expected to approve last month's decision by ElBaradei to partially or fully suspend nearly half the technical aid his agency provides to Iran — 23 projects in all. Only North Korea and Saddam Hussein's Iraq have faced such punishment in the past.

The board will also be reviewing North Korea's apparent willingness to ultimately dismantle its nuclear arms-making capabilities and a planned visit to Pyongyang by ElBaradei after the end of the Vienna meeting.

Funds Told To Cut Ties To Iran (USAT)

By Barbara Slavin

USA Today, March 7, 2007

WASHINGTON — Federal lawmakers and officials in at least four states are pushing government-employee pension funds to dump shares of foreign companies that do business in Iran.

On Tuesday, Rep. Ileana Ros-Lehtinen, R-Fla., proposed legislation that would require federal pension funds to unload shares of any company with more than $20 million invested in Iran's energy sector.

Government and private pension funds operating in the USA would be barred from future purchases of shares of companies investing in Iran, under Ros-Lehtinen's bill.

In June, Missouri ordered state-employee pension funds to sell shares of companies with commercial interests in Iran, North Korea, Syria and Sudan. All four countries are accused by the State Department of sponsoring terrorism.

Georgia, California and Florida are considering similar measures.

U.S. companies are already prohibited from most trade with and investment in Iran.

The proposed restrictions would ban government pension funds from owning shares of foreign companies that are working to overhaul Iran's oil infrastructure and develop its natural gas assets. Most are energy and engineering companies based in Europe and Asia.

Among the targets: Anglo-Dutch giant Shell, France's Total, Italy's ENI, Russia's Gazprom, Germany's Siemens and China's Sinopec and China National Petroleum (CNPC).

By denying Iran foreign capital, "we hamper the deadly ambitions of a regime heavily dependent on income earned from oil and natural gas," Ros-Lehtinen said in a statement.

The United Nations Security Council imposed trade sanctions on Iran in December after it refused to suspend efforts to make nuclear fuel. The United States and other members are mulling stiffer sanctions in response to a report by the U.N. nuclear watchdog, which says Iran is accelerating its program.

The U.S. Treasury has pressured European banks to halt or restrict transactions with Iranian banks. It says the Iranian banks move money for Iran's nuclear program and help fund Islamic terror groups.

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The pension moves come as inflation and unemployment are rising in Iran. Ali Khamenei, Iran's supreme leader, has accused President Mahmoud Ahmadinejad of mishandling the economy.

"Can this be costly to Iran? Absolutely," says Trita Parsi, president of the National Iranian American Council in Washington. "Can it be enough to cause a change in policy? That I'm doubtful of."

Hu Yi, senior economist at CNPC, said U.S. pension fund restrictions would not affect CNPC.

Shell spokesman Adam Newton said Shell's decision on a $10 billion gas deal in Iran "is a year or so away, so it would be premature to speculate" about the impact.

In April, Nationwide Financial will add a "terror-free" mutual fund to options for 25,000 401(k) plans it administers. The Roosevelt Anti-Terror Multi-Cap Fund will screen out companies with ties to Iran and others on the U.S. terrorism list.

Pro-Israel groups are considering formal Iran-divestment campaigns: the American Israel Public Affairs Committee, a pro-Israel lobbying group, and the Jewish Council for Public Affairs, which represents national and local Jewish groups.

2nd UPDATE: US House Panel: To Strengthen Iran Sanctions Act (DJ)

By Ian Talley

Dow Jones, March 7, 2007

(Updates with background and comments throughout)

WASHINGTON (Dow Jones)--The chairman of the U.S. House Foreign Affairs Committee said Tuesday he was introducing legislation that would strengthen the Iran Sanctions Act and would require the Bush administration to sanction any companies with deals worth more than $20 million with Iran.

If passed, the bill could mean sanctions on several oil companies planning major billion-dollar projects in Iran if they moved ahead with their projects.

The Bush administration has used its authority to waive implementation of the sanctions act for 20 years, but new legislation would prevent the administration from "abusing its waiver authority," Tom Lantos, D-Calif., said. While the U.S. has imposed various sanctions against U.S. companies doing business with Iran since the 1979 Iranian revolution, the 1996 Iran-Libya Sanctions Act was the first to attempt to penalize foreign companies.

Critics say the U.S. hasn't adequately enforced the law or closed loopholes used by companies to maintain business relationships with Iran.

The law was renamed the Iran Sanctions Act after the U.S. restored diplomatic relations with Libya.

The U.S. is using various tactics to pressure Iran into halting its alleged nuclear weapons program. As the Organization of Petroleum Exporting Countries second-largest producer, almost 60% of the state's revenues are derived from oil and undermining development of its energy sector is seen as one way of putting pressure on the regime to stop its nuclear weapons program.

If passed, Lantos' legislation would sanction companies - such as Royal Dutch Shell (RDSA), Repsol (REP), Statoil (STO), Norsk Hydro ASA (NHY), Australia LNG, and China's National Offshore Oil Corp. (CEO) - that are preparing to sign several major oil and gas deals.

Shell and Spain's Repsol signed in January a preliminary $10 billion agreement with the Iranian government to develop two phases of the huge South Pars gas field. Many other companies are mulling Iran's offers of onshore and offshore blocks for development of hydrocarbons.

"Those halcyon days for the oil industry are over," Lantos said in his opening statement in a hearing entitled "The Iranian Challenge." Lantos accused the State Department of "systematically undermining our desire to use economic sanctions."

In response to lawmakers' criticism, U.S. Undersecretary of State for Political Affairs Nicholas Burns said the Bush administration was in talks with oil company chief executives and heads of states who were considering signing project deals with Iran. The White House is trying keep these projects from progressing, Burns said.

Burns said he has told CEOs and prime ministers that the U.S. was "vigorously opposed" to the deals and that any agreements would "undermine international efforts to resolve the nuclear issue."

"Our discussions are intended to diminish the likelihood of seeing them finalized," Burns said in his submitted testimony.

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"We don't think countries should exercise a business-as-usual practice with Iran...and we'll continue to use our diplomatic influence to convince them not to go forward," Burns said.

Supporting Lantos' call, ranking member Ileana Ros-Lehtinen, R-Fla., said: "It is imperative that we implement all sanctions already available to us under current U.S. law."

Ros-Lehtinen later told Dow Jones Newswires that although she did want the administration to use its powers to sanction violators, she wouldn't sign up to the law if it included requiring the administration to negotiate with the Iranian regime.

Ros-Lehtinen, cosponsored by Lantos, also introduced the Iran Divestiture Legislation that would require U.S. government pension funds, including the Thrift Savings Plan with more than $210 billion in assets, to divest in companies doing business with Iran. The bill would prohibit future investments in Iran by pension plans and mutual funds doing business in Iran.

Burns said the administration wasn't in favor of using the Iran Sanctions act because it might erode the international consensus developing at the Security Council and because it would create difficult trade relationships with allies. Russia and China - both of which have national companies examining multi-billion dollar oil and gas projects in Iran - are two key votes that are needed in the council for tougher U.N. sanctions against Iran.

"All of our allies are trading with Iran," Burns said, "What we are trying to do is to convince them that they need to act in their national interest to stop that business-as-usual approach."

Leveraging the Iran Sanctions Act against companies operating in Iran such as China's CNOOC, "may not be the best way to maintain this very broad international coalition that we have built up," he said.

The Bush administration instead has been focusing its economic-sanction efforts against the financial sector.

The U.S. Treasury recently created the terrorism financial intelligence team, which has been able to persuade major banks such as Credit Suisse (CS) and HSBC (HBC) to stop their financial interactions with Iranian banks because of the reputational risk involved. Furthermore, the Treasury has prohibited U.S. dollar interactions with two Iranian banks it linked to terrorism and supporting the regime attempting to build a nuclear bomb.

Asked why Iran's other banks weren't also penalized, Burns said the administration would "press forward" with those types of sanctions, "and I'd be very surprised if we didn't see us move forward with similar actions in the future."

Burns said he believed the U.N. and banking sanctions were working against Iran, though a second set of Security Council sanctions was needed and likely to be agreed. "Iran is now off-balanced, more isolated and under more international scrutiny," Burns said.

In February, the Foreign Affairs Committee passed an amendment to the Iran Sanctions Act that would include petrochemical and liquefied natural gas companies, and cover subsidiaries of U.S. companies.

German Group Seeks Iran Gas Contract (FT)

By Carola Hoyos, Daniel Dombey And Ivar Simensen

Financial Times, March 7, 2007

Eon, Germany's biggest importer of natural gas, is pursuing its first gas supply contract with Iran in an effort to reduce its dependence on Russia.

The company on Tuesday confirmed it was in talks with liquefied natural gas producers over a supply contract. "One of the producer countries is, of course, Iran. The country has the world's second largest natural gas reserves," said a company official.

Both Germany and the UK are at the centre of international efforts to persuade Iran to curb its nuclear programme and are seeking to frame a new United Nations resolution that would add to limited sanctions on Tehran, by tightening restrictions on the financing of Iran's nuclear and missile programmes and introducing a travel ban.

Centrica, the UK's biggest residential energy supplier, also has said it was looking at Iran as a potential source of gas supplies. The decline in North Sea gas production has been a big impetus for it to broaden its search.

"No one is discussing full-blown trade and economic sanctions at this stage," said a British official.

"All we can do is to suggest to companies that when they are looking at the Iranian market that they want to bear in mind that Iran is essentially in the international dock," the official said. "Is it a good investment prospect at this particular point in time?"

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The fact that companies are looking to do long-term LNG deals with Iran despite the hostile political climate indicates just how difficult it has become to secure gas supplies, particularly for delivery dates from 2010-2011, by which time Eon hopes its Wilhelmshaven LNG facility will be ready.

Frank Harris, of Wood Mackenzie, the energy consultants, said: "Lots of people are desperate to buy volumes," adding that Algeria and Nigeria were attracting a lot of interest as Russia's supplies were being called into question and projects, including those in gas-rich Qatar, were being delayed because of the capacity crunch in contractors.

He said Iran was a risky place to do business, not only because of international politics. Three Indian buyers found their 2005 LNG deal for 5m tonnes a year disintegrated as the gas price rose. "The real issue is: If you do a deal with Iran, will they deliver on time?" he said.

Iran has four LNG projects on the books, which have yet to receive investment approval. The completion dates are still uncertain because of fears of an international embargo, war and the lack of US technology available due to sanctions.

In spite of the odds, Iran has attracted AngloDutch Royal Dutch Shell and Spain's Repsol as potential foreign partners in its Persian LNG project, and Total of France and Malaysia's Petronas for its Pars LNG project. For those two projects and the two others for which Iran has yet to attract foreign partners to go ahead, the country will need to secure several 15–20-year supply agreements.

Iran: Retired Defense Minister Missing (AP)

By Ali Akbar Dareini

AP, March 7, 2007

Iran said Tuesday its former deputy defense minister was missing while on a private trip to neighboring Turkey, and its top police chief accused Western intelligence services of possibly kidnapping the official.

Ali Reza Asghari, a retired general in the elite Revolutionary Guards and a former deputy defense minister, had arrived in Turkey on a private visit from Damascus, Syria, the official Islamic Republic News Agency reported Tuesday.

Iran's top police chief, Gen. Esmaeil Ahmadi Moghaddam, said Iran was investigating the fate of Asghari through the Turkish police.

"It is likely that Asghari has been abducted by the Western intelligence services," IRNA quoted the Iranian police general as saying. The general did not elaborate.

In Turkey, the Interior Ministry said Tuesday it was investigating the matter, but would not confirm or deny that Asghari had disappeared or been kidnapped.

The Turkish Foreign Ministry had asked the Interior Ministry to investigate following a report from the Iranian Embassy in Ankara.

In Israel, security officials said the country's embassies and consulates had been alerted to possible attacks or kidnappings following media speculation that Israel was behind the Iranian general's disappearance. The security officials spoke on condition of anonymity because such security measures are classified.

The Shin Bet, Israel's security service, would not confirm that embassy security had been ratcheted up, saying only that such decisions were made "in keeping with the developments in intelligence and on the ground."

Alarm Over Iran Helps Bush (LAT)

Max Boot

The Los Angeles Times, March 7, 2007

The U.S. has plenty of reasons to strike, but the administration pushes diplomacy.

IS THAT trigger-happy gunslinger in the White House about to take aim at Iran?

You would think so if you read the Guardian newspaper in Britain, which has written, "Pentagon plans for possible attack on nuclear sites are well advanced."

Not to be outdone, the competing Sunday Times has reported, based on a "source with close ties to British intelligence," that "up to five [U.S.] generals and admirals are willing to resign rather than approve what they consider would be a reckless attack."

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Or try the homegrown media, where foreign policy experts of an anti-Bush hue compete to offer elaborate scenarios of how the U.S. could spark a conflagration. American policymakers "intend to be as provocative as possible and make the Iranians do something [the U.S.] would be forced to retaliate for," former National Security Council official Hillary Mann told Newsweek. Another former NSC aide, Flynt Leverett, told the New Yorker, "The idea is that at some point the Iranians will respond, and then the administration will have an open door to strike them." In Senate testimony, former national security advisor Zbigniew Brzezinski conjured up a "plausible scenario for a military collision with Iran," which would be provoked by a "terrorist act" that would be "blamed on Iran," "culminating in a 'defensive' U.S. military action against Iran that plunges a lonely America into a spreading and deepening quagmire."

You would think that the United States was Nazi Germany preparing to launch a war of aggression on Poland based on a fabricated provocation. (Adolf Hitler's Sept. 1, 1939, blitzkrieg was preceded by SS troops in Polish uniforms pretending to attack a German radio station on the border.) In reality, it is the United States and our allies that are the victims in the confrontation with Iran.

Recall that the trouble began with the outrageous Iranian seizure of 52 U.S. Embassy hostages in 1979. Since then, the mullahs have continued to wage war by proxy. Iranian-sponsored terrorists bombed the U.S. Embassy and Marine barracks in Beirut in 1983, killing 258 Americans. They kidnapped numerous Americans in Lebanon. They are suspected of bombing the Khobar Towers complex in Saudi Arabia in 1996, killing 19 Americans. More recently, they have been providing arms and training to anti-American militants in Iraq. Iranian-made EFPs (explosively formed projectiles), a particularly potent type of landmine, have been responsible for more than 170 American combat deaths.

Attempts by numerous naysayers to deny the evidence of Iranian involvement in Iraq are almost comical. American troops at several bases in Iraq have laid out mortars, rockets and bomb components with serial numbers betraying their Iranian origins. They have even detained senior officials of the Iranian Revolutionary Guard's Quds Force, which is responsible for supplying munitions to Iraqi militias.

Yet critics profess to remain unconvinced that all these actions were approved by the Iranian leadership. As if it's common in a dictatorship for the security forces to act contrary to the orders of the dictator. In fact, there is no evidence that the Quds Force has gone renegade and much evidence that it is doing the bidding of Iran's supreme leader, Ayatollah Ali Khamenei, to whom it directly reports.

Faced with such a flagrant casus belli, not to mention President Mahmoud Ahmadinejad's blood-curdling threats against our ally, Israel, the U.S. would be perfectly justified in hitting Iran now, before it acquires nuclear weapons. But that doesn't necessarily mean that such an attack is the best strategy at the moment or the one that the administration is pursuing.

There is, in fact, little reason to think that we're about to go bombs away. With the U.S. already mired in two major conflicts, the last thing the administration needs is another one. President Bush is trying to ratchet up the pressure on Iran precisely in order to reach a diplomatic settlement and avoid a military confrontation.

As part of this process, the U.S. has won approval from the U.N. for sanctions, and it has also pursued its own unilateral sanctions on Iranian financial networks. There is evidence that these measures are hurting the Iranian leadership and that key elements of the regime are uneasy with Ahmadinejad's bellicose course. But to be effective, the policy of coercion needs to have a military component, which is why the U.S. has moved a second aircraft carrier battle group into the region and rounded up some Iranian agents in Iraq.

Only if the Iranians fear the U.S. are they likely to make major concessions. The Bush haters are thus doing Bush a big favor with all their talk of an imminent American strike. The more alarmism, the better — justified or not.

US, North Korea Optimistic After Talks (AP)

By Edith M. Lederer

AP, March 7, 2007

The United States and North Korea wrapped up historic talks on establishing diplomatic ties on an optimistic note Tuesday but the U.S. wants Pyongyang to "come clean" about any uranium enrichment program and eliminate all nuclear weapons before normalizing relations.

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"These were very good, very businesslike, very comprehensive discussions," U.S. Assistant Secretary of State Christopher Hill told reporters at the end of two days of meetings that lasted more than eight hours. "For now, I think we feel we're on the right track."

His North Korean counterpart, Vice Foreign Minister Kim Kye Gwan, was also upbeat, telling reporters "the atmosphere was very good, constructive and serious."

Under a Feb. 13 agreement reached at six-nation talks in Beijing, North Korea must shut down its main nuclear reactor and allow U.N. inspectors back into the country within 60 days. In return, the North would receive aid equal to 50,000 tons of heavy fuel oil from the other countries in the talks — the United States, South Korea, Russia, China and Japan.

Hill said "there was a sense of optimism on both sides that we will get through this 60-day period and we will achieve all of our objectives."

The Feb. 13 timetable is the first step toward implementing a September 2005 agreement in which North Korea agreed to abandon its nuclear programs in exchange for energy aid and security guarantees.

Hill said he was encouraged by Kim's willingness to look ahead to the next stage, which calls for the country's plutonium-producing reactor to be disabled and then dismantled — and for North Korea to make a full disclosure of its entire nuclear program.

Experts estimate North Korea's reactor at Yongbyon, north of the capital, has produced about 110 pounds of plutonium, that "we have reason to believe has been weaponized," Hill said.

U.S. Deputy Secretary of State John Negroponte said Washington also has "no doubt" that North Korea has a uranium enrichment program, an allegation that brought on the nuclear crisis with the North in 2002. Pyongyang has never publicly acknowledged having such a program.

Hill said North Korea spent a lot of money buying centrifuges, manuals, aluminum tubes and other equipment for what appears to be a Pakistani-designed program to enrich uranium, and "they need to come clean on it" and ultimately abandon it.

He told a news conference he "made the point forcefully today" that North Korea cannot denuclearize if highly enriched uranium — which can be used to produce nuclear weapons — "is still out there."

Hill said he and Kim agreed to resolve the matter before North Korea makes its final nuclear declaration and decided that U.S. and North Korean experts will meet in order "to get to the bottom of this matter."

The primary focus of the first meeting of the U.S.-North Korea Working Group, one of five established under the Feb. 13 agreement, was steps toward establishing diplomatic relations.

Hill said Washington looks forward not only to eventual normalization of relations but to creating peace on the Korean peninsula and ensuring security in northeast Asia.

The United States has never had diplomatic relations with North Korea, which was created after World War II when Korea was split into a communist-dominated North and a U.S.-backed capitalist South.

In Tuesday's talks, Hill said one issue that was discussed was North Korea's desire to get off the U.S. list of state sponsors of terrorism. Another issue was North Korea's desire to get off the list of countries subject to the U.S. Trading with the Enemy Act, which would open the way for a normal trading relationship with the U.S. for the first time.

Speaking of North Korea, Hill said, "I think they would like to move to diplomatic relations, but I must say this is very much linked to denuclearization."

Hill wouldn't predict when the last piece of nuclear material will be taken out of North Korea, but said: "We believe that the faster we go the steadier we'll be."

"Let us do this step-by-step — get through 60 days and take the next thing, which I think is measured in months, and not years, and then go on from there," he said.

Hill said the six parties will meet March 19 in Beijing to make sure that all the required 30-day actions were met, including initial meetings of working groups on five issues.

Japan's chief envoy said Wednesday at the start of two-day working group talks with North Korea that normalizing ties between the two countries will not be possible until the North resolves the issue of its abductions of Japanese citizens — an emotional dispute that has divided the two nations.

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"We'll convey that message to the other side and urge them to fully face the problem and take positive steps," Japan's chief envoy Koichi Haraguchi said in Hanoi as he headed for the opening session with his North Korean counterpart, Song Il Ho.

North Korea wants Japan to atone for the 1910-45 colonization of the Korean Peninsula and wartime atrocities, including sex slavery of tens of thousands of Korean women.

Hill said he had a long discussion with Kim about the Japanese abductions and made "a strong pitch" that it was "very important" for North Korea "to reach out and develop relations with Japan."

"I was pleased to see there was a positive understanding," he said.

South Korea's Yonhap news agency reported Tuesday that a senior aide to South Korea's president will visit North Korea this week and speculated his goal was to set up a summit with North Korean leader Kim Jong Il. But officials in Seoul denied a summit was in the works.

U.S. Presses North Korea Over Uranium (NYT)

By Warren Hoge

The New York Times, March 7, 2007

The United States said yesterday that North Korea must fully disclose its efforts to produce highly enriched uranium as part of the negotiations now under way that are aimed at ending North Korea's nuclear weapons program and normalizing relations between the two countries.

"They need to come clean on it, explain what they have been doing, why they have been doing it, and ultimately they would need to abandon it," said Christopher R. Hill, the chief United States negotiator.

Mr. Hill made the remarks to a morning gathering at the Japan Society in New York prior to entering his second day of talks with Kim Kye-gwan, his North Korean counterpart. In a late afternoon briefing after the talks concluded, Mr. Hill said they had been "very good, very businesslike, very comprehensive."

The talks are the first product of a Feb. 13 agreement reached in Beijing in which the government of Kim Jong-il said it would stop, seal and ultimately disable its nuclear facilities in exchange for fuel and other assistance.

While the accord specified that North Korea was required to make a full "declaration" of all of its nuclear activities, the question of the uranium enrichment program in particular arose yesterday because of recent suggestions that the Bush administration may have overstated the reliability of intelligence on the progress that North Korea might have made in enriching uranium.

Last October, North Korea tested its first nuclear device, a weapon made with plutonium. The United States says it believes that North Korea has also been working to develop a device using highly enriched uranium, and it points to the purchase of expensive equipment designed for that purpose that North Korea has made from Pakistan. But recently, government officials said they were no longer as confident that the North built on that purchase and had a uranium program.

Despite the recent doubts about the progress of the program, Mr. Hill said the United States was "owed a pretty clear answer" on why the purchase from Pakistan were made. "It is not unusual for a country going nuclear to go nuclear on two tracks."

The Feb. 13 accord has come under criticism from American conservatives like John R. Bolton, a former United Nations ambassador, who argue that it rewards North Korea by promising the delivery of fuel and assistance before the country's nuclear capacity is dismantled.

In defending the agreement, Mr. Hill noted that it had been criticized from both the right and the left in the United States for the same reason — that it was no improvement over a 1994 accord known as the Agreed Framework, which was struck by President Clinton, broken by North Korea and later dismissed by President Bush as a mistake.

But Mr. Hill said the new agreement was not just a bilateral accord but one that was endorsed by China and other major countries in Asia. He also noted that it set up working groups with strict deadlines that are to take up issues that go beyond energy.

The working groups, which are meeting in New York and in Beijing this month, will also explore economic assistance for North Korea and a security agreement to cover all of Northeast Asia, Mr. Hill said.

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The Feb. 13 accord specifies a 60-day deadline for shutting down Yongbyon, North Korea's main nuclear complex north of the capital, Pyongyang, and allowing inspectors from the International Atomic Energy Agency, the United Nations' nuclear watchdog, back into the country.

Steps to be taken after the 60 days focus on the challenge of getting North Korea to agree to disabling nuclear facilities and verifying the amount of plutonium remaining in the country. "We want to make sure that when the North Koreans give us a declaration, there are no surprises and no omissions," he said.

A meeting was set for March 19 of the six parties that participated in hammering out the recent agreement — North and South Korea, Japan, China, Russia and the United States — to review progress. A mid-April gathering of the countries' foreign ministers will assess progress after 60 days.

Mr. Hill said that in a visit to Washington last week he met with Republican and Democratic senators about the agreement and had received "a great deal of support, enormous support."

But he added, "If we start missing deadlines and things start going badly, some of that support will peel off."

Asked if he feared that North Korea was playing for time and waiting for a more hospitable government in Washington after the next election, he said, "They understand that things aren't going to get better in the next two years." No administration, he said, could ignore the spread of nuclear weapons.

He said he had assured North Korea that the United States was committed to negotiations that would eventually lead to diplomatic relations between the two countries. "I also reaffirmed to them the need for them to fulfill their part of the bargain, which is complete denuclearization," he said.

"To me it makes a lot of sense," he said. "I look at the road that North Korea is on today, and I don't see much future for it on this road."

US Expects N Korea To Come Clean (FT)

By Mark Turner And Song Jung-a

Financial Times, March 7, 2007

Two senior US officials warned on Tuesday that they expected North Korea to give a full explanation of its suspected efforts to highly enrich uranium, suggesting that the evidence remained compelling, in spite of doubts recently aired in Washington.

Christopher Hill, the US negotiator who was meeting in New York with North Korean envoy Kim Kye-gwan, said that while questions remained over how far Pyonyang had progressed, a string of equipment purchases over the years had been consistent with such a programme.

"If they don't have a highly enriched uranium programme, why do they buy all this?" Mr Hill asked, referring to centrifuges and aluminium tubes. "I think we are owed a pretty complete answer as to why these purchases have been made."

John Negroponte, US deputy secretary of state, similarly told a news conference in Seoul: "I have no doubt that North Korea has had a highly enriched uranium programme, and that has been, and continues to be, the judgment of our intelligence community.''

He said the US "would expect that when North Korea makes its declaration of nuclear facilities, that would be one of the issues that would be addressed".

Both statements appeared to be a response to mounting debate in Washington over the existence of such a programme, which North Korea has denied. They also play to criticism that the recent six-party agreement might have let Pyongyang off the hook.

The capacity to highly enrich uranium is important, as it would offer North Korea an alternative route to make nuclear weapons, as opposed to reprocessing plutonium from its Yongbyon reactor – the focus of the latest agreement.

Joseph DeTrani, an intelligence official, recently told the Senate Armed Services Committee, that "we still have confidence that the [HEU] programme is in existence", but "at the mid-confidence level", prompting questions as to the reliability of intelligence on the matter.

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Some analysts suggested such toning down of the rhetoric might be part of a strategy to help North Korea save face, to ensure its compliance with its commitment under the deal to abandon its nuclear programme in return for energy aid. But the apparent shift has also sparked counter-criticism that the Bush administration has gone soft on the issue.

In an editorial in the Wall Street Journal, John Bolton, the former US ambassador to the UN and a hawk on disarmament matters, suggested Mr DeTrani's statement reflected a lack of new information rather than discrediting of earlier intelligence. "There has been no suggestion that the intelligence from 2002 and earlier has been contradicted," he wrote. "There is nothing here to allow anyone to conclude that the 2002 intelligence conclusions were flawed or hyped."

Mr Bolton warned that it was crucial not to let up the pressure. "North Korea's aggressive mendacity puts it near the top of the list, perhaps tied with Iran for the lead, of countries that need the most transparent, most intrusive, most pervasive verification mechanisms," he said. "For America to agree to anything less would be to make our national security . . . dependent on North Korea's word."

U.S. Tells N. Korea To 'Come Clean' (WT)

By Nicholas Kralev

The Washington Times, March 7, 2007

The chief U.S. negotiator with North Korea predicted yesterday that the North will meet its obligations under the first phase of last month's agreement to shut down its nuclear programs, but warned that the next stage will be much more difficult.

Christopher Hill said after two days of talks in New York with his North Korean counterpart, Kim Kye-gwan, that Pyongyang must "come clean" on its suspected uranium-enrichment efforts before any final disarmament declaration is adopted.

"There was a sense of optimism on both sides that we will get through this 60-day period and will achieve all of our objectives that are set out in the Feb. 13 agreement," said Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs.

The North Koreans "are prepared to live up to all their obligations in the 60-day period," he said. The Feb. 13 accord requires the North to shut down its Yongbyon nuclear reactor and allow U.N. inspectors to verify the closure within that time frame.

On a parallel track, Japan and North Korea started their first formal bilateral talks in more than a year today, aiming to end an emotional row over Pyongyang's abductions of Japanese citizens and to normalize relations.

Diplomats meeting in the Vietnamese capital Hanoi agreed to spend today on the issue of the kidnappings in the 1970s and '80s and to work tomorrow toward normalizing ties in talks at both the Japanese and North Korean embassies.

Tokyo has refused, due to the kidnapping row, to help fund the landmark Feb. 13 deal struck in Beijing.

Mr. Hill urged the North Koreans, as well as the other four participants in the six-party talks that produced the February agreement -- China, South Korea, Japan and Russia -- to "immediately get into the next phase" in mid-April and "not lose any momentum."

He warned that the second stage will be more difficult because it deals with disabling the North's facilities so that they cannot be turned back on again.

The New York talks marked the beginning of work on normalizing U.S.-North Korean diplomatic relations, one of five working groups set up by the Feb. 13 deal. All five must meet by mid-March and Mr. Hill said some of them may be pushing the deadline.

Other groups dealing with denuclearization, energy and economic assistance, and Northeast Asian security will convene in Beijing next week.

The foreign ministers of all six countries are expected to meet in Beijing in mid-April.

Mr. Hill said he and Mr. Kim had held an "in-depth discussion" of the historical and legal aspects of establishing diplomatic relations and taking the North off the U.S. list of state sponsors of terrorism.

"I wanted to understand better what happened in the 1990s from their perspective, when there was discussion of opening liaison offices" in both capitals, he said.

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He added that Mr. Kim had raised a possible visit to Pyongyang by Mr. Hill "in general terms," but they made no plans. In July, Mr. Hill told The Washington Times that he would not go to North Korea while the Yongbyon reactor is still operating.

Yesterday, he echoed a call by Deputy Secretary of State John D. Negroponte for North Korea to declare its uranium program during the second phase of the Feb. 13 deal in order to maintain trust.

"If, for some reason, it were to conceal its nuclear facilities or not declare facilities, and if they were then discovered at some later date, it would have the effect of undermining confidence in this entire arrangement," Mr. Negroponte said during a visit to Seoul.

The Bush administration accused the North in 2002 of secretly developing a program to enrich uranium, but recently it has expressed reduced confidence that the program is still operational. The North Koreans have never publicly admitted to having the program, although the administration says they acknowledged it in a private meeting.

In a further sign of thawing relations between Washington and Pyongyang, American tourists have been invited to visit North Korea.

The Beijing-based, British-run agency Koryo Tours announced that, from April 15 to May 15, it has been given permission to take U.S. tourists into the secretive state. This will be only the fourth time U.S. tourists have been allowed to visit North Korea since 1993, the agency said.

The company has privileged access to North Korea. Its contacts have allowed it to make several documentary films in the North, including last year's "Crossing the Line," about the last U.S. defector still alive in Pyongyang.

•Andrew Salmon contributed to this report from Seoul.

Unofficial Deal Offers Peace (WT)

By David R. Sands

The Washington Times, March 7, 2007

Israel could convert a privately negotiated blueprint into a lasting peace deal with Syria within months if Prime Minister Ehud Olmert is willing to take the political risk, a key Israeli drafter of the plan said yesterday.

Alon Liel, director general of the Israeli Foreign Ministry under former Prime Minister Ehud Barak, said he thinks Syria remains interested in the outlines of the unofficial deal, the product of two years of secret, unofficial contacts monitored closely by both the Jewish state and Damascus.

Under the accord, Syria would recover the Golan Heights from Israel in exchange for a "strategic reorientation" of its foreign policy that would include breaking its links with Iran and radical anti-Israel Islamist groups.

"If Israel wanted, they could finalize an agreement with Syria in four to six months, but it would take courage and decisiveness at the top," Mr. Liel said in a teleconference with U.S. reporters. "I'm not sure is prepared to do it."

Both Syria and Israel have vehemently denied that private talks had any official status and played down speculation that a new round of negotiations was in the offing. The Jerusalem daily Ha'aretz first reported the back-channel talks in January.

"We have never sanctioned anybody to speak to the Syrians, and the prime minister first learned of these conversations through the newspaper report," Olmert spokeswoman Miri Eisen said.

But Mr. Liel said he and his negotiating counterpart, Syrian-American Ibrahim Suleiman, regularly briefed top officials in their respective governments on the progress of the talks, which took place first in Turkey and then under Swiss government auspices between 2004 and mid-2006.

Mr. Liel said the plan has had an enthusiastic reception in Israel, especially among pro-peace leftist groups. He and Mr. Suleiman have been invited to brief a Knesset committee next month on the substance of the agreement.

Mr. Liel said the secret contacts broke off last summer when Israel rejected a Syrian offer to upgrade the talks by sending official government representatives.

Under the blueprint, Syria would regain the entire Golan Heights area lost to Israel in the 1967 Six-Day War, with the Israeli withdrawal to be completed within five to 15 years.

But Syria would then create a demilitarized "nature park" in the Golan, guaranteeing access for Israeli workers and tourists and promising not to cut vital water rights for Israel.

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More important, Mr. Liel said, Syria is prepared to drop its alliance with Iran and end its support for radical movements such as Hezbollah in Lebanon and Hamas in the Palestinian territories. Khalid Mashaal, political leader of Hamas, would be asked to leave Damascus, where he is based.

Israel, in turn, would work to improve ties between Syria and the United States. The Bush administration has clashed repeatedly with Syrian President Bashar Assad, accusing Damascus of trying to undermine U.S.-backed governments in Iraq and Lebanon and aiding Iran's push to dominate the region.

Mr. Liel said a deal with Syria would be a tough sell politically in Israel right now, but said Israeli officials told him a bigger obstacle during the secret talks was opposition from Washington.

"Their excuse was always, 'We don't want to embarrass the United States at this stage,'" he said.

Syria Seeks To Gain From Regional Tumult (CSM)

By Nicholas Blanford

The Christian Science Monitor, March 7, 2007

BEIRUT, LEBANON

Iraq is where the war is. Iran is where the disputed nuclear program is. And Lebanon is where America's friends in the Middle East are going head-to-head with its enemies.

Yet it's in Syria where the threads of these conflicts come together.

The country that the Bush administration says helps terrorists, and which has been treated with barely disguised irritation by fellow Arab states in recent years, is seeking to trade on the impression it can provide at least partial solutions to some of the region's most pressing problems. Though weaker than Iran or Saudi Arabia, the country represents a crucial element in a triangle of interlocking regional powers.

"The [Syrian] state always calls Syria the 'beating heart of Arabism,' and it's true in the sense that Syria, by geography and sectarian makeup, is key to what's going on in the region, especially the concerns over spreading Iranian influence," says Andrew Tabler, a Damascus-based fellow with the Institute of Current World Affairs.

Though the US has refused to talk directly to Syria, demanding that Damascus cease meddling in Iraq, Lebanon, and the Palestinian territories first, the regime's isolation appears to be crumbling.

Relations with neighboring Iraq have improved with the formal restoration of diplomatic ties in December and the signing of a joint security agreement. American senators have recently traveled to Damascus and a State Department official is planning a visit to discuss the plight of Iraqi refugees.

Syrian interests also were high on the agenda of a meeting last weekend between Iranian President Mahmoud Ahmadinejad and Saudi King Abdullah.

Syria looking for a Hariri deal

In recent days, there were hopes among Lebanese government officials and opposition figures that Iran – which uses Damascus as its strategic linchpin to Hizbullah in Lebanon – had worked out a deal with Saudi Arabia – a political and financial backer of Lebanon's government – to end a three-month old political deadlock.

But local media report that Saudi officials have since played down hopes of a quick resolution. Both sides recognize that any deal would have to ease pressure on Syria over its suspected involvement in the murder of former Lebanese Prime Minister Rafik Hariri two years ago. That could mean Lebanese approval for a watered-down international tribunal on Hariri's murder, sparing top Syrian officials from indictment. In exchange, Syria would lean on Hizbullah and other Lebanese opposition members to call off their bid to topple the governing coalition.

Syria's ability to potentially scuttle unfavorable deals brokered by the regional powerhouses of Saudi Arabia and Iran underlines Riyadh's irritation with Damascus – as well as the risks of ignoring the Syrians.

"The Saudis continue to be annoyed with Damascus.... All the same, the Saudis understand that for Middle Eastern tensions to be reduced, Syria must be brought into negotiations," says Joshua Landis, a codirector of the University of Oklahoma's Center of Peace Studies and a specialist on Syria.

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Last month, Saudi Arabia hosted a meeting between Palestinian President Mahmoud Abbas and Hamas leader Khaled Meshaal, who lives in Damascus. The meeting produced an agreement on a Palestinian national unity government, and served as a calculated swipe at Damascus by undercutting Syria's influence on Palestinian affairs. It was a reminder, analysts say, that Syria's neighbors expect much in return for any concessions, and that if they don't get it, they'll turn on Syria again. Saudi Arabia is hoping Syria will return to the Arab fold – or at least move away from the orbit of Persian Iran – at the annual meeting of the 22-member Arab League later this month.

Iran and Syria's surprising relationship

"If Syria does not take steps to fix the causes of its problems with Saudi Arabia, then the Arab summit will not save Syria from a dark future.... Syria is responsible for its own encirclement," wrote Abdul Rahman al-Rashed, in the Saudi Al-Sharq Al-Awsat newspaper.

The 27-year relationship between secular Syria and Islamic Iran is one of the most enduring – and surprising – in the Middle East. The bilateral bond is the core of an anti-Western alliance which includes Hizbullah, Hamas and a collection of smaller Palestinian groups.

"The relationship between Iran and Syria has evolved from a pragmatic one into a ... strategic and ideological one," says Amal Saad-Ghorayeb of the Carnegie Middle East Center in Beirut. It's "ideological because they resist politically or militarily US hegemony in the region and the threat from Israel."

Iran, aware that a rapprochement between Syria and the West would isolate it from Hizbullah and undermine Tehran's ability to influence the Arab-Israeli conflict, is working hard to prevent that from happening. Iran has recently proposed $1-3 billion in Syria investments.

"If those investments are implemented over the next two to three years, it will allow Iran to replace or offset a lot of the influence Saudi Arabia traditionally has had in Syria," says Mr. Tabler of the Institute of Current World Affairs.

The relationship with Iran has divided expert opinion in the US and Israel. Some advocate a full reengagement with Syria and peace talks which could see the Israeli-occupied Golan Heights returned to Syria. "Peace with Israel and the return of the Golan are the only prizes which might make Damascus reconsider the advantages of its close relationship with Iran," says Mr. Landis.

Others insist such efforts won't succeed in prying Syria away from Iran. "It makes no sense for Syria to split from Iran," says Ms. Saad- Ghorayeb. "It appears much more in Syria's strategic interests to remain allied with an ascendant power in the region rather than an alliance with a waning power [in the region] like the US."

Official: Olmert, Abbas To Meet Next Week (AP)

By Steve Weizman

AP, March 7, 2007

Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas will meet next week for their second summit in a month, but this one will focus on humanitarian matters rather than the core issues of the Mideast dispute, an Olmert aide said Tuesday.

The meeting is expected to be held before Abbas' Fatah Party and the militant Hamas group form a unity government, which likely will complicate relations between the two sides.

"We expect them to meet next week, although an exact date has yet to be set," Olmert spokeswoman Miri Eisin said. "It's important to keep up with these meetings in order to keep open the channel of communication."

The two leaders met Feb. 19 along with Secretary of State Condoleezza Rice. The Israeli daily Maariv said the coming meeting would be one-on-one, with Rice possibly coming later in March for separate meetings with the leaders.

Maariv said Olmert would try to strengthen personal ties with Abbas, while seeking to persuade him to back off his newly forged alliance with the militant Hamas.

Palestinian negotiator Saeb Erekat said the two sides had not completed preparations and no final date had been set for an Abbas-Olmert meeting. He said he hoped the two leaders could meet "in the near future."

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Last month's summit produced few results amid Israeli and U.S. concerns over the planned Fatah-Hamas unity government. Rice reported no progress in restarting talks on a final peace deal, the ostensible purpose of the meeting when it was announced.

The power sharing deal between Fatah and Hamas, which controls the Palestinian parliament, appeared to fall short of international demands that the government recognize Israel, accept previous peace deals and renounce violence. The deal only says the government will "respect" past peace agreements.

Despite the accord, Abbas and Palestinian Prime Minister Ismail Haniyeh, of Hamas, have so far failed to agree on the composition of a unity government, and street fighting between the two sides has flared up again.

After an inconclusive session Monday, Abbas and Haniyeh were expected to meet again Tuesday to discuss the crucial issue of who would be interior minister, who controls security forces.

Olmert's own ability to maneuver is tenuous. After an inconclusive war last summer in Lebanon, his approval rating has plummeted below 20 percent, leaving him politically unable to carry out far-reaching concessions that would be needed for a peace deal.

He is also under constant public pressure to end continuing rocket attacks by Palestinian militants from Gaza into southern Israel. Four Israeli civilians were injured Tuesday by rocket fire, the military said.

The attacks, which have triggered extensive Israeli army raids into Gaza in the past, killed four Israelis in southern Israel last year.

Palestinians See Growing Food Shortages (CSM)

By Joshua Mitnick

The Christian Science Monitor, March 7, 2007

KALANDIA REFUGEE CAMP, WEST BANK

The refrigerator in the Shiham household is bare save for a container of cheese, a bucket of tomatoes, and some wrinkled cucumbers. The meat in the freezer is rationed as the family of eight lives on handouts and intermittent welfare stipends.

"Every two weeks, we eat meat. When the children miss it, we have it," says Douaa Shiham, a widowed mother of seven who often sends her children to school with no lunch. "I have no say in what we eat. I wait for the charity to come."

A sign of economic deterioration in the West Bank and Gaza, the growing pressure on the Shiham family reflects a crisis that affects one-third of all Palestinians and threatens another 12 percent, according to a study by a division of the United Nations World Food Programme (WFP).

Families like the Shihams in this Palestinian refugee camp have coped with poverty even before Hamas took power in January 2006. But human rights workers and the families themselves say that conditions have grown much worse in the aftermath of the international economic boycott of the government led by the Islamist militants.

Humanitarian groups call it "food insecurity," a predicament in which a family lacks the money to purchase the food necessary to meet basic needs.

While the WFP says that food insecurity has remained steady at 34 percent, the organization has had to increase the number of beneficiaries of its food aid program by 25 percent to 600,000 Palestinians to stave off a broader crisis.

The problem is most acute in Gaza, where Israeli security clampdowns at commercial and civilian crossings have pushed unemployment to 39 percent and exposed 54 percent of 1.4 million Gazans to food insecurity, according to the WFP.

Once a month, WFP food aid recipients get a shipment of flour, sugar, oil, chickpeas, beans, salt, and canned meat, though it is often insufficient because families of 10 often get rations based on a family of seven.

Since her husband died nearly a year and a half ago, Mrs. Shiham and her children have become dependent on payouts of 500 shekels ($120) every three months. When the donors to the Palestinian Authority (PA) initiated an aid boycott last spring because of Hamas's refusal to recognize Israel, the stipends from the social welfare ministry became more infrequent, coming just every six months.

Shiham also made the round of local Islamic charities, but some were shut down by the Israeli army on suspicion they had served as a financial conduit for Hamas.

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Breakfast for the family consists of tea, bread, and olive oil. Lunch is often rice and lentils. Though Shiham can afford vegetables if she buys leftover produce at discount prices, she rarely has money for fruit.

"My kids love apples and they love bananas," she says. "Today, my son asked for apples, and I said, 'I don't have the money.' I started thinking, 'How am I going to get money for apples?' "

Though the international sanctions were aimed at the Hamas-led government, because the Palestinian economy is so dependent on public spending, per capita growth declined as much as 10 percent in 2006, according to a preliminary estimate by the World Bank. The reversal of three consecutive years of growth was also affected by a rise in security closures around Gaza and West Bank cities.

Israel argues that despite the security measures to protect its citizens against terrorist attacks, it is doing everything it can to ease the suffering of the Palestinian population.

"We are committed to working with the international community to ensure there are no food shortages in the territories," says Mark Regev, a spokesman for the Israeli Foreign Ministry. "No one wants to see innocent Palestinians pay the price of an extremist and shortsighted Palestinian government."

But Daphna Golan, a researcher at Hebrew University's Minerva Center for Human Rights, argued that Israel needs to loosen restrictions of Palestinian movement to allow the Palestinian economy to grow. "If we want a normal future here," she says, "we don't want neighbors who are hungry."

In Ramallah, signs of the desperation can be seen at traffic intersections and in automobile queues at Israeli checkpoints, where there has been an increase in the number of children hawking merchandise like gum and plastic toys to earn pocket change.

"People want their kids to start bringing in income," says Jamil Rabah, an independent pollster who studies food insecurity for the WFP. "It's close to begging."

The food distress is reflected by cutbacks in the quantity and quality of food purchased. It has also prompted Palestinians to cut corners on items normally considered essential, like education and medical services.

"They keep their bellies full at the expense of not going to the doctor," Mr. Rabah says. "Food remains the last resort because food is living."

The WFP defines the Palestinian poverty line at a total expenditure of $2 per person per day. Those who suffer from food insecurity only have $1.60 per day to spend.

In the Kalandia Refugee Camp, Rubin Hussein flipped through ledgers that list the debts of his customers. They owe him nearly $20,000. Consumption has plummeted, and those who still buy are forced to purchase frozen meat.

"People don't eat high-quality meat," he says. "They go for the cheaper meat."

With a 500-shekel debt of her own at the butcher, Shiham says she hasn't been to the shop in two months. All of the meat in the refrigerator was donated by relatives during a recent holiday.

When her children ask her why classmates eat chicken schnitzel and bologna for lunch while they make do with bread and hyssop, there is not much to say: "I tell them, 'I can't give you.' "

EU, Egypt Sign €558m Reform Package (FT)

By Andrew England And Daniel Dombey

Financial Times, March 7, 2007

Egypt and the European Union on Tuesday launched a reform package that Brussels hopes will push the country towards democratisation – despite a recent crackdown by Egyptian authorities on opposition members and concerns about the government's will to carry out political changes.

The plan, which includes a four-year €558m assistance package, was agreed after months of negotiations during which the EU sought to convince Egypt to accept a new forum in which to discuss democracy and human rights.

But despite the agreement to establish a regular "dialogue" on such issues, Egypt made clear on Tuesday that it would move forward only at its own rhythm.

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"These are issues related to Egypt and Egypt will do them according to its own pace," said Aboul Gheit, Egypt's foreign minister, referring to subjects such as judicial reform and constitutional changes.

"The Europeans are encouraging such commitment on our part but it is an Egyptian decision."

Included among the agreed "priorities for joint co-operation" between Egypt and the EU are support for political reform, promoting the protection of human rights and ensuring judicial independence and expanding "participation in political life." The EU is Egypt's biggest trading partner and second-biggest donor.

But human rights activists say recent events in Egypt have highlighted the government's lack of will to move forward with genuine political reform, as well as serious human rights issues.

Since December, authorities have launched a series of raids against members of the Muslim Brotherhood, which is the country's strongest and most organised opposition group in spite of being legally banned.

Some 170 Brotherhood members are currently being detained, brotherhood officials say. Last month, an Egyptian blogger was sentenced to four years in prison on charges of insulting Islam, defaming Hosni Mubarak, the president, and "spreading information disruptive of the public order".

Some activists argue that draft proposals of amendments to the constitution - which have appeared in the local press - will weaken the judiciary's role in monitoring elections and further hinder the Muslim Brotherhood's ability to compete in polls.

The government, however, has insisted the changes are intended to foster greater democracy.

"There's no progress. Most observers see there is no will for real political or constitutional reform," said Hafez Abu Seada, secretary general of the Egyptian Organisation for Human Rights.

Examples of police abuse and the torture of detainees – which critics say is endemic in Egypt - have also surfaced this year.

The EU argues that its longstanding policy towards the region contrasts with the US's more dramatic endorsement of Middle East democratisation in the aftermath of the Iraq war, but largely anticipated Washington's current, more incrementalist approach.

"It's by deepening our relationship with our neighbours that we create the framework and the kind of partnership in which we can discuss these issues and support each country's own reform programme," said a spokeswoman for Benita Ferrero-Waldner, EU external relations commissioner.

The EU's neighbourhood policy is designed to strengthen trade and political relations with nearby countries and enhance cooperation in areas including counter-terrorism, energy and democratic rights.

U.S. Releases Rights Report, With An Acknowledgment (NYT)

By Helene Cooper

The New York Times, March 7, 2007

WASHINGTON, March 6 — The Bush administration acknowledged Tuesday that its treatment of terrorism suspects was being questioned, even as it used an annual report to criticize the human rights records of Iraq, Afghanistan and a long list of other countries.

"Our democratic system of governance is accountable, but it is not infallible," Secretary of State Condoleezza Rice said in releasing the Congressionally mandated report. It weighs the human rights situation in 193 countries — but not the United States, and Ms. Rice did not specifically cite any American violations.

But Barry Lowenkron, an assistant secretary of state, said the State Department was "issuing this report at a time when our own record, and actions we have taken to respond to terrorist attacks against us, have been questioned." He referred to American laws "governing the detention, treatment and trial of terrorist suspects."

Officials from countries that are often cited in the report have complained that the United States is quick to criticize others for violations that sometimes occur in America, and the remarks on Tuesday, one White House official said, were an attempt to answer those charges. In particular, the administration has come under fire from human rights groups for its treatment of prisoners at Guantánamo Bay, Cuba.

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The report described serious problems in countries with close ties to the United States, and cited worsening sectarian violence in Iraq. “On one side, predominantly Sunni Arab groups such as Al Qaeda in Iraq, irreconcilable remnants of the Baathist regime, and insurgents waging guerrilla warfare violently opposed the government and targeted Shi’a communities,” the report said. But on “the other, predominantly Shi’a militias with some ties to the Iraqi Security Forces (ISF) targeted Sunnis in large-scale death squad and kidnapping activities,” it added.

The report also found that respect for human rights had deteriorated in China, Russia, Venezuela and Egypt. It said the Chinese government had “tightened restrictions on freedom of speech and the press, including stricter control and censorship of the Internet.” China also continued to detain members of the banned Falun Gong spiritual group, as well as other political activists, the report said.

“There was an increased number of high-profile cases involving the monitoring, harassment, detention and imprisonment of political and religious activists, journalists and writers as well as defense lawyers seeking to exercise their rights under the law,” the report said. “Some of their family members also were harassed and detained.”

China had the dubious distinction of being lumped in one section of the report alongside a number of governments that are in disfavor with the United States. That group included North Korea, Myanmar, Iran, Zimbabwe and Cuba, all herded together under a heading that read, in part, “Countries in which power remained concentrated in the hands of unaccountable rulers — whether totalitarian or authoritarian.”

North Korea was criticized for controlling citizens’ lives and for denying freedom of speech, the press, assembly and association. The military government of Myanmar, formerly known as Burma, the report said, “extensively used executions, rape, torture, arbitrary detention and forced relocation of entire villages, particularly of ethnic minorities, to maintain its grip on power.

Iran violated freedom of speech and assembly, Zimbabwe “continued across-the-board violations of human rights,” and Cuba “continued to violate virtually all the rights of its citizens, including the fundamental right to change their government peacefully or criticize the revolution or its leaders.”

State Dept. Human Rights Report Faults China's Curbs On Internet (WP)

By Nora Boustany

The Washington Post, March 7, 2007

China is at the top of a list of countries blocking Internet access, and Russia and Venezuela have shown serious regression in several areas, mainly in centralizing power in the executive branch, according to State Department officials who released the department's annual human rights report yesterday.

On Sudan, the report outlined evidence that genocide continues to ravage the western region of Darfur, and said the Khartoum government and its militias were responsible for it, despite violations of humanitarian law by all sides in that conflict. "It is inconceivable to me to say we've moved away from the issue of genocide," said Barry F. Lowenkron, assistant secretary of state for democracy, human rights and labor, speaking at a State Department briefing. He is heading to Darfur and Khartoum tomorrow.

In addition to its traditional focus on the repression of political liberties around the world, this year's report addressed Internet freedom and the issue of nongovernmental organizations (NGOs) that are being harassed while carrying out their missions.

"Today, people are imprisoned in a number of countries simply for expressing their peaceful views online," said Paula Dobriansky, undersecretary for democracy and global rights. She said numerous repressive regimes were threatening the Internet's ability to empower individuals and obstructing its "transformational power."

Lowenkron called 2006 "the year of the pushback" because a surprising number of countries selectively applied regulations against NGOs and the mass media as the drive for personal and political freedoms grew stronger.

He put China at the top of the list of countries putting restrictions on the Internet. Human rights in China have "deteriorated on a number of areas," with no action on promised legal reforms or changes in courtroom proceedings, and a continued "system of reeducation through labor." Thousands of demonstrations in the countryside showed that people were seeking redress and that accountability was still lacking, he added.

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Russia continued to centralize power in the executive branch through changes in election and political party laws as it was tightening restrictions on NGOs and limiting freedom of expression, the report said. In Venezuela, the government of President Hugo Chavez continued to harass the opposition and NGOs, and to weaken judicial independence by packing the courts, while consolidating power in the executive, the report said.

Human rights groups such as Amnesty International, the Washington Office on Latin America and New York-based Human Rights First took issue with the administration for failing to address its own failings in well-documented cases of detainee abuse, extrajudicial renditions, secret prisons and torture.

Larry Cox, Amnesty International's executive director, said that although the report correctly points out that Egypt, for example, continues to use torture, "how can the U.S. have any credibility in trying to stop torture in Egypt when the whole world and we know what it does not mention -- our role in sending people to be tortured, extradited and jailed. . . . How can we criticize regimes for holding people in indefinite detention while we ourselves are holding people in indefinite detention?"

These were "striking and disturbing omissions," he said, accusing the United States of "hypocrisy." While documenting the practices of allies such as Turkey, Egypt, Ethiopia, Saudi Arabia, Pakistan, Colombia and others, "we have done very little and we have not spoken out publicly about disappearances, for example," he said. In Iraq, he said, the United States neither talks about its role in certain abuses nor criticizes the judicial process there, although the report noted that certain institutions in Iraq remain weak. While the State Department monitors abuses that would cast a bad light on others, "we hope the U.S. will begin to cast the same light on itself."

Secretary of State Condoleezza Rice noted in brief remarks to reporters yesterday that the United States was not beyond reproach, but did not provide details.

"We do not issue these reports because we think ourselves perfect, but rather because we know ourselves to be deeply imperfect, like all human beings and the endeavors that they make," she said.

"Our democratic system of governance is accountable, but it is not infallible," she said, adding, "We are nonetheless guided by enduring ideals."

Liberia, with a democratically elected government led by Ellen Johnson Sirleaf, Africa's first elected female head of state, was commended for taking significant steps to correct past human rights deficiencies, though challenges remain.

On Indonesia, the report noted a reduction in killings by armed forces, but said the government and the courts were unable to confront past human rights abuses and atrocities at home and in East Timor.

Though problems persisted in Morocco, its record showed notable progress with the enactment of new laws, the report said. Sexual exploitation and child labor remain issues of concern.

The congressionally mandated report -- 1,800 pages distributed electronically -- detailed violations and improvements in 196 countries.

Russia 'right To Fear UK-based Missiles' (FT)

By Demetri Sevastopulo And Jan Cienski

Financial Times, March 7, 2007

Russia would have legitimate cause for concern if the Pentagon placed missile interceptors in Britain as part of its missile defence shield, the head of the US Missile Defence Agency has told the FT.

The Pentagon is negotiating with Poland over the possibility of installing 10 missile interceptors as part of its ground-based missile defence system. But UK officials recently said Tony Blair, the British prime minister, had lobbied the US to have his country host the interceptors.

"If they [the Russians] are concerned about us targeting their intercontinental ballistic missiles, I think that would be problematic from the UK because I believe we probably could catch them from a UK launch site," said Lieutenant General Trey Obering.

Gen Obering said the missile defence system in Europe was aimed at protecting the US and Europe from Iranian missiles. He said the fact that the Pentagon wanted to place the interceptors in Poland reinforced the argument that the US was not trying to build a shield against Russian missiles.

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"We would not have chosen Poland or the Czech Republic if our criteria were to try to somehow offset the Russian ICBM advantage," Gen Obering said.

"We would have moved it farther west so that we could again give us more time to do that tracking and targeting."

Moscow has raised alarms about the plans to place interceptors in Poland and a radar in the Czech Republic. Two senior Russian generals have suggested that Russia could target any missile defence facilities in the former Soviet bloc countries.

The Polish government has responded positively to the US request to begin negotiating towards hosting the interceptors. Recent reports that Britain is also interested in hosting the base have been widely discounted in Warsaw, where they are seen as a negotiating tactic by Washington to encourage the Poles to approve the base.

Gen Obering himself admits that the UK would not be the "optimum" location for interceptors if the idea is to defend against Iranian missiles.

Riki Ellison, the president of the Missile Defense Advocacy Alliance, says the fact that the UK would not be a "feasible" location suggests London was helping Washington put pressure on the Polish government.

While the Polish government favours the base, a recent survey found that only 28 per cent of the public supports the base, while 55 per cent are opposed. The country's political elite feels that a US base, complete with American soldiers, would provide more security to Poland than its current Nato membership.

Asked about the recent successful Chinese test of an anti-satellite missile, Gen Obering said Beijing did not have the capability at present to threaten the US missile defence system, which relies heavily on satellites, but he said that could change in the future.

Gen Obering added that the US was developing programmes that could be used to tackle the growing Chinese threat. But he dec-lined to provide details, saying: "Most of that stuff is classified".

How Missile Defence Pits The Pentagon Against Allies (FT)

By Demetri Sevastopulo

Financial Times, March 7, 2007

As Americans enjoyed their Independence Day fireworks last year, Lieutenant General Trey Obering, the Pentagon's Missile Defence Agency chief, was watching the pyrotechnics display that Kim Jong-il was providing thousands of miles away in North Korea.

The air force general thought the launch by Pyongyang of its previously untested Taepodong-2, an intercontinental ballistic missile with the potential to reach the US, could even provide the first live use of America's ballistic missile defence system.

"We had turned the system on before but it was the first time that there was a credible threat," says Gen Obering. The North Korean authorities "had put a missile out there that we felt was capable of reaching the US, and they were not telling us what was on top of that missile".

The Taepodong-2 failed just seconds into flight. But eight months on, what refuses to die down is the controversy over the Pentagon programme itself, in particular its roll-out to eastern Europe. Despite enduring doubts about the scale of both the threat facing the US and the efficacy of missile defence, Washington's wish to place interceptors for the system in Poland and radars in the Czech Republic has provoked a furious response from Russia and signs of cracks within Nato.

While the US argues that missile defence is essential to deal with the 21st century prospect of rogue states – such as North Korea or Iran – becoming armed with weapons of mass destruction, Moscow protests that the Pentagon's scheme amounts to a remilitarisation of Europe.

The governments of much of central and eastern Europe are sympathetic to Washington plans, as is Tony Blair: Britain's prime minister has sought to lobby for the UK to be included in the scheme (it already hosts a radar site). But continental western Europe is much more nervous about the tensions that missile defence has inflamed.

Last month, at a gathering of the transatlantic elite in Munich, Russian President Vladimir Putin lashed out in a polemical speech that resurrected images of the shoe-banging days of Nikita Khrushchev, the former Soviet leader. "Plans to expand certain elements of the anti-missile defence system to Europe cannot help but disturb us," he said as Robert Gates, US defence secretary, sat just metres away. "Who needs the next step of what would be, in this case, an inevitable arms race?"

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Two senior Russian generals subsequently said Moscow might target the two former east bloc countries and withdraw from the Intermediate-range Nuclear Forces Treaty, a landmark arms control agreement. Germany has plunged into the debate too, calling for the US to consult Russia more over the missile defence programme, principally in the Nato Russia Council, a forum made up of Moscow and the 26 Nato member states. "Nato is the best place for discussion of this issue," Angela Merkel, German chancellor, told the Financial Times this week.

Jean Asselborn, Luxembourg foreign minister, went further by labelling the US plans "incomprehensible". He told a European Union foreign ministers' meeting: "We'll have no stability in Europe if we force Russia into a corner." Such comments met an icy response from Mirek Topolanek, Czech prime minister. "As for the 18 EU member states who host US military bases, it is not up to them to comment on the existence of such a presence in the Czech Republic," he observed during a visit to Nato headquarters in Brussels.

Propelled back into the spotlight, Gen Obering has been attempting to reassure Moscow that the European-based missile defence system was aimed at threats in the Middle East such as Iran. In an interview, he says Russia has no reason for alarm. Russia's large fleet of ICBMs could easily overwhelm the 10 missile interceptors the US hopes to place in Poland. In any event, that would be the wrong location to defend against Russian missiles, because of a lack of "battle space" – the time needed to detect a missile launch, point a radar towards the incoming missile, lock on to it and pass the target information to the interceptor missile for launch. "We would not have chosen Poland or the Czech Republic if our criterion was to try to somehow offset the Russian ICBM advantage," says the general.

The Pentagon has justified missile defence in Europe on the basis that Iranian missiles may pose a threat to Europe and the US. Some argue that Iran is years away from fielding long-range missiles capable of reaching the US. Gen Obering says merely that the US has to prepare for that day, adding that North Korea surprised many experts when it fired a Taepodong-1 rocket over Japan in 1998.

He says the growing number of countries with long-range missiles means that the notion of mutually assured destruction that helped the US and Soviet Union avoid nuclear war may not always apply. "There may be countries where [deterrence] does not work because they are not operating from the same set of criteria that you are . . . what I would call the nation-state equivalent of a suicide bomber."

Some non-proliferation advocates agree that the US should proceed with missile defence, while also undertaking stronger efforts to curb missile proliferation. "Even the crude terminal defences we are thinking of placing in Europe should prove to be of some value against the first-generation missiles Iran is developing and this sort of defence will help keep Nato glued together as it faces a series of Middle Eastern and Gulf security challenges in the coming decades," says Henry Sokolski, executive director of the Nonproliferation Policy Education Center.

In addition to questions about the potency of threats, the Pentagon has also had to rebut charges that the rudimentary system would be incapable of destroying missiles that use counter-measures, such as decoy balloons or multiple warheads. Gen Obering says it is "true to a degree" that the current system is incapable of protecting against complex threats. But he says critics need to recognise that technology has "caught up with the vision".

He is referring to a 1983 speech by the late Ronald Reagan where the then president launched his Strategic Defence Initiative – more commonly known as "Star Wars" – with the question: "What if free people could live secure in the knowledge...that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies?"

Since the Reagan "call for a bold defence", Congress has provided more than $100bn (£52bn, €76bn) in funding. But as the Pentagon realised the almost impossible task of neutralising any Russian threat with missile defence, the aims of missile defence have been scaled back from the level of sophistication or scale of deployment envisaged by Reagan.

President George W. Bush acted to accelerate missile defence in 2002 when he withdrew the US from the Anti-Ballistic Missile treaty, which had prevented the Pentagon from developing a comprehensive missile defence system. What the Pentagon is now trying to create is a layered missile defence system, deployed across the globe and capable of destroying ballistic missiles in the boost, mid-course and terminal phases of flight.

Some aspects are more ambitious than others. The Missile Defence Agency is pushing Congress to fund an airborne laser and a kinetic energy interceptor that would target missiles in the boost phase – the optimum time to intercept an incoming

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missile before it is capable of releasing multiple warheads or decoys. To target short- and medium range missiles in the terminal phase, the Pentagon has deployed Patriot Advanced Capability-3 missiles in the US and Japan. It is also developing a Terminal High-Altitude Area Defense missile to intercept all but long-range missiles.

However, most of the funding has been funnelled into missile defence systems that would target incoming missiles in mid-course – the longest phase of flight. A ground-based system, which has already been deployed in California and Alaska and may be set up in Poland and the Czech Republic, is the core part of layered defence.

Critics attack the programme on various fronts, including effectiveness, cost – the Pentagon has asked Congress for about $11bn in funding for missile defence in the 2008 fiscal year – and the possibility that it could cause an arms race. Some observe that the systems under development are no defence against short-range rockets, of the sort Hizbollah fired into Israel from Lebanon last year, and cannot cope with cruise missiles, which have proliferated. Another criticism is that the Pentagon should not spend time and resources deploying the system until it has completed much more testing.

While Gen Obering uses the example of Hizbollah's rocket campaign to underscore the need for preparedness, critics point to the inability of the US and Israel to target these very short-range missiles as evidence that decades of development have come up short.

"Despite the many tens of billions of dollars spent on missile defence and the flagrantly inaccurate claims by proponents of missile defence systems, after 50 years missile defence remains an experimental system that has provided the US with very few tangible results," retired Lieutenant General Robert Gard and John Issacs of the Center for Arms Control on Non-Proliferation wrote last year.

During his recent public campaign to boost support for missile defence, Gen Obering has attempted to win over sceptics by pointing out that 14 of the last 15 tests were successful. "There is a misconception out there that missile defence doesn't work and I'm here to say it does work," he recently told an audience in Washington.

But Ian Davis, co-executive director of the British American Security Information Council, says Gen Obering is conflating the results of tests of different parts of the system, which masks the record of ground-based missile defence, the most important part of the layered system. "GMD...has made intercepts in only six of the 11 attempts," says Mr Davis. "Furthermore, these intercepts were done under highly scripted circumstances that in no way reflect a real-life situation."

Similar warnings have been raised by Pentagon officials with responsibility for evaluating the missile defence testing. Last February, David Duma, then Pentagon director of operational testing and evaluation, told Congress that there was "insufficient evidence to support a confident assessment of limited defensive operations".

Gen Obering says a test last September – the first successful interception in four years – has changed the equation. The Pentagon fired an interceptor from California, which destroyed a missile launched from Alaska in simulation of an attack from North Korea.

Phil Coyle, a former director of operational testing and evaluation during the Clinton administration, dismisses claims by Gen Obering that the test was as realistic as possible – pointing out that the incoming missile did not use decoys or other counter-measures.

"If an enemy uses decoys and counter-measures, missile defence is like trying to shoot a hole-in-one in golf when the hole is going 15,000mph and the green is covered with black circles the same size as the hole," says Mr Coyle. "The golfer can't determine which target to aim for."

Gen Obering says the September test did not use counter-measures because it was intended to ensure that previous problems where interceptors failed to launch had been corrected. Earlier tests dealt fine with decoys, he adds. The next test is expected in May but the MDA has yet to determine parameters. Gen Obering is not swayed. "Just because I cannot handle very, very complex counter-measures, does that mean that I should not deploy a system that can deploy simple ones?"

Moscow's Missile Defense Bluster (WSJ)

By Marshall Billingslea

The Wall Street Journal, March 7, 2007

DOJ_NMG_0141361

Russian reactions to the discussions among Poland, the Czech Republic and the United States on a missile defense system in Europe have been disconcerting. Some of the rhetoric in past days -- such as Monday's blunt threats by Lt. Gen. Igor Khvorov to target European missile defense sites with bombers, or intimations by other Russian officials of scrapping the 1987 INF Treaty (which bans short- and medium-range nuclear missiles) -- is a throwback to a bygone era that needs to stay gone.

Moscow should be well aware that the proposed defense installations are focused on the emerging Iranian threat. Russian defense planners surely understand the physics and geography of the potential deployment, and know that a Czech radar facing south and 10 interceptors in Poland pose no threat to the credibility of the Russian deterrent of thousands of warheads. It would be physically impossible for interceptors in Poland to chase down Russian ICBMs headed toward North America. The Russian ICBMs move too fast, and defensive interceptors cannot win such a "tail chase."

Nor could they get out of their silos fast enough to protect Europe from a Russian missile attack, even if the radar were facing in that direction, which it wouldn't be. The radar would not be able to see incoming Russian missiles in time, and -- again -- the interceptors would be thrown into a losing tail chase. In other words, the system proposed for Poland and the Czech Republic is clearly designed to protect against Iran, and not against Russia. No doubt about it.

Unlike the NATO nations, who are in the early stages of developing missile defenses, Russia has long possessed its own antiballistic missile defense for its capital, making recent Russian protests even more perplexing. What's more, the Kremlin has been deeply engaged in theater missile defense cooperation with NATO.

The NATO alliance and Russia have done complex modeling and simulations, improving one another's understanding of how to defend against short-range missiles. Through the NATO-Russia Council, they have conducted multiple joint exercises and developed the command-and-control mechanisms needed to jointly defend territory from attack -- Russian troops working alongside NATO forces. Moreover, NATO has consistently held open the option for deeper Russian involvement in missile defense work. Recent rhetoric aside, this is not an adversarial relationship; it has been a highly positive, friendly one.

For these reasons, one would think that the missile defense system being discussed by the Czech Republic, Poland and the U.S. would be uncontroversial and widely applauded, including by Russia. Iran's nuclear ambitions and defiance of the United Nations Security Council (of which Russia is a permanent member), combined with its aggressive missile-testing program and plans for a "satellite launch" with a multi-ton rocket, would seem to be compelling reasons for multinational cooperation on such a protection.

Recall that Iran already has a small number of ballistic missiles capable of hitting some NATO members, and that it clearly wants the ability to target all of Europe and North America. Together with its crash nuclear program, Iran's missile ambitions are worrisome enough. But Tehran's aggressive behavior is a source of even greater concern.

This past summer, the terrorist group Hezbollah began firing barrages of Iranian-supplied missiles at Israeli cities. Now there is overwhelming evidence that Iran is supplying terrorists in Iraq with advanced weapons; the proof ranges from seizure of sophisticated Iranian-produced explosives in insurgent stockpiles to the actual capture of Iranian operatives.

We face today a volatile mix: President Mahmoud Ahmadinejad and his hostility toward Israel and the West; material support by elements of the Iranian military to terrorist groups; and spinning nuclear centrifuges and missile tests. What better set of reasons is there for friendly nations to work closely together on building effective defenses for their populations?

The beauty of the system under discussion for Europe lies in its planned capabilities, its small footprint and the speed with which it could be deployed. The technology involved has been proven and tested. In fact, the U.S. has already deployed such a system against North Korea. The same basic approach -- building a radar, deploying a handful of interceptors and linking the system to a communications network that includes several other NATO allies -- will provide a defense of Europe and enhanced protection of North America against long-range missile attacks from the Middle East.

A second advantage is that a missile shield over Europe would further preserve and strengthen Alliance solidarity in the face of real and growing threats. As NATO's secretary general, Jaap de Hoop Scheffer, has repeatedly pointed out, the security of the alliance should be "indivisible." It is a good thing that some allies, such as the U.S., already have a missile shield. But should not all NATO partners be afforded such protection?

While NATO has invested a great deal of time and effort developing an overall plan for protecting the European continent from all types of missile attack, so far it has chosen to focus only on the shorter-range threats. At the recent summit in Riga, Latvia,

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NATO signed its first contract for a robust, mobile defense against shorter-range missiles (such as the ones Iran already has in its inventory). The broader Czech-Polish-U.S. initiative, while not a NATO program per se, will nevertheless fill the remaining capability gap against longer-range threats. When integrated with the NATO missile defense programs, this will provide a truly "layered" defense of Europe.

Rather than squaring off over the issue of missile defense, policy makers should take a hard look at the real security threat: the behavior of rogue regimes such as Iran and North Korea. In the case of Iran, Russia could choose to play a decisive role by terminating the flow of technology into worrisome nuclear programs and continuing to signal resolve through the U.N. Security Council.

All nations have an inherent right to defend themselves. Indeed, it is an obligation for democratic governments. With Russian help, we could ensure that missile defense is not the last and only line of defense against Iran.

Mr. Billingslea is a former assistant secretary general of NATO and former chairman of the NATO-Russia Council's ad hoc working group on theater missile defense.

U.S. Doctor And Daughter Sickened By Poison In Russia (NYT)

By C. J. Chivers

The New York Times, March 7, 2007

MOSCOW, March 6 — An American doctor and her daughter were being treated in a Moscow hospital on Tuesday after showing signs of thallium poisoning. Thallium is a highly toxic element with a history of use in pesticides and in murder.

Both women, who emigrated from the Soviet Union in the 1980s but recently returned to Russia for a vacation, were severely sickened but their lives are not in danger, medical officials here said.

“They have positive dynamics, and their condition is improving,” said Dr. Viktor M. Kaznacheyev, the chief physician at the Sklifosovsky Clinic here, said in a telephone interview. The women have been treated at the clinic since falling ill on Feb. 24.

Dr. Kaznacheyev said the victims, Dr. Marina Kovalevsky, 49, and her daughter, Yana, 26, of Studio City, Calif., were under the supervision of poison specialists. “They were in a serious condition when they were delivered here,” he added.

Citing privacy concerns, he declined to discuss further details beyond saying that their symptoms were consistent with thallium poisoning.

Dr. Kovalevsky is an internal medicine specialist in private practice in West Hollywood, Calif., and has had admitting privileges at the Cedars-Sinai Medical Center since 1999, a spokeswoman for the hospital said. She was educated in the 1970s in Kemerovo, an industrial and coal-mining region in southern Siberia.

She returned to Russia on Feb. 14 for a vacation and was due back at her office to see patients on Feb. 26, Dr. Arkady Stern, a colleague covering for her at her practice on Santa Monica Boulevard, said by telephone.

The circumstances of the poisonings are unclear, but it appears that Dr. Kovalevsky and her daughter ingested the poison while in Moscow. “She left Los Angeles in perfectly good health,” Dr. Stern said.

The mystery of the poisonings, after the fatal poisoning in London last year of Alexander V. Litvinenko, a former K.G.B. officer and outspoken critic of the Kremlin, attracted immediate attention and speculation in the Russian news media.

Mr. Litvinenko’s initial diagnosis was thallium poisoning, but his doctors later determined that he had ingested radioactive polonium. Before dying, he publicly accused President Vladimir V. Putin of having had a hand in the poisoning. The killing remains unsolved.

Thallium, an element with no taste or odor, has been used as an ingredient in insecticides and rat poison, and as well by criminals and intelligence services, including those of the Soviet Union and of Iraq under Saddam Hussein.

Published reports have said that the Central Intelligence Agency chose thallium as a poison to be sprinkled in Fidel Castro’s shoes — a plot that was never carried out.

When ingested, thallium is a slow-acting poison that can cause excruciating abdominal pain, breathing difficulties, damage to the nervous system and extensive hair loss.

Dr. Stern said the two women had been administered Prussian blue, an antidote commonly used to counteract thallium’s effect, and had undergone dialysis to help rid their systems of lingering toxins.

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He said that the women had been cleared to travel from Moscow and that they hoped to return to the United States by the end of the week and receive further treatment there.

There is no indication that either woman would have been of interest to Russian intelligence services, and no clear criminal motive for the poisoning.

"My personal opinion," Dr. Stern said, "is that it could be some mistake. I cannot imagine that anyone in their right mind would want to hurt this person. She is very loved and very respected by her patients, her colleagues and her friends."

The authorities in Moscow said they were trying to determine whom the women had seen since they arrived. The police are retracing the routes of the women in Moscow to try to detect traces of thallium in any places they visited, according to the official Interfax news agency.

Peace Force Is Attacked On Arrival In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, March 7, 2007

KINDU, Congo, March 6 — The first group of African Union peacekeepers arrived Tuesday in Mogadishu, Somalia's capital, and received a patently Mogadishu reception.

Insurgents shelled the airport where peacekeepers from Uganda had landed and peppered the area with gunfire, witnesses said, setting off battles across the city that killed several civilians.

The episode was the latest burst of violence in Somalia, and a sign that the situation the new peacekeepers are stepping into is dangerously reminiscent of the chaos that haunted the last such mission to Somalia in the 1990s. After 18 American soldiers were killed in the infamous "Black Hawk Down" episode in 1993, most troops were withdrawn.

The Ugandan peacekeepers are the vanguard of an African Union force that is intended to expand to 8,000 soldiers, though only 4,000 have been committed, mostly from nations that are close American allies, like Nigeria and Ghana.

The United States government paid to fly the Ugandans, around 400 soldiers and several armored trucks, to Somalia, and American diplomats continue to coax other African nations to contribute troops.

United States military officers have also been working closely with officials from Ethiopia, which in December helped to oust an Islamist movement that controlled much of Somalia. The Ethiopian troops paved the way for Somalia's transitional government to seize control of the capital, but maintaining order has proved elusive.

Each day the insurgent attacks seem to intensify. On Tuesday, dozens of masked gunmen blasted an Ethiopian Army base in a coordinated attack that engulfed several of the more densely packed neighborhoods of Mogadishu.

Residents said Ethiopian troops pursuing the insurgents ordered families out of their homes at gunpoint.

"But we're not going to leave, especially not for any Ethiopians," said Kadijah Warsaame, a resident of a Mogadishu neighborhood called the Black Sea.

Many people suspect that the insurgents are remnants of the ousted Islamist movement, which won wide popular support last year when it pacified Mogadishu for the first time since Somalia's central government collapsed in 1991. Many of Mogadishu's influential clans backed the Islamists and have been lukewarm toward the transitional government, which is controlled by a clan from north of Mogadishu and includes many former warlords.

On Tuesday, elders of the powerful Hawiye clan issued a long statement condemning the Ethiopian occupation and accusing government troops of killing civilians.

The statement also said: "To disarm the armed people in Somalia, the government must come up with a clear policy that all Somalis find fair and just. We will not accept that some particular tribes be disarmed and made to hand over the confiscated arms to other tribes."

The Other Somalia: An Island Of Stability In A Sea Of Armed Chaos (NYT)

By Jeffrey Gettleman

The New York Times, March 7, 2007

HARGEYSA, Somalia, March 1 — When the sun rises over the craggy hills of Hargeysa, it sheds light on a different kind of Somalia.

Ice cream trucks selling bona fide soft serve hit the streets. Money changers, unarmed and unguarded, push cash through the market in wheelbarrows. Politicians from three distinct parties get ready for another day of debate, which recently included an animated discussion on registering nomadic voters.

It's all part of a Somali puzzle: how one area of the country, the northwest, also known as Somaliland, can seem so peaceful and functional — so normal, in fact — while the rest continues to be such a violent, chaotic mess.

This tale of two Somalias is especially striking now, as thousands of African Union peacekeepers prepare to rescue Mogadishu, the nation's bloodstained capital, from itself. The internationally backed transitional government that seized Mogadishu in late December with Ethiopia's help says it cannot survive without foreign aid and foreign peacekeepers to quell clan fighting and an escalating insurgency.

Somalilanders, who have wrestled with their own clan conflicts, find this ridiculous.

"You can't be donated power," said Dahir Rayale Kahin, the president of the Republic of Somaliland, which has long declared itself independent from the rest of Somalia. "We built this state because we saw the problems here as our problems. Our brothers in the south are still waiting — till now — for others."

But Somalilanders are waiting, too: waiting to be recognized. In 1991, as Somalia's government disintegrated and clan fighting in the south spun out of control, Somaliland, traditionally one of the poorest parts of Somalia, claimed its independence. But no country acknowledges it as a separate state and very few even contribute aid — which makes Somaliland's success all the more intriguing.

Its leaders, with no Western experts at their elbow, have devised a political system that minimizes clan rivalries while carving out a special role for clan elders, the traditional pillars of Somali society. They have demobilized thousands of the young gunmen who still plague Somalia and melded them into a national army. They have even held three rounds of multiparty elections, no small feat in a region, the Horn of Africa, where multiparty democracy is mostly a rumor. Somalia, for one, has not had free elections since the 1960s.

Of course, Somaliland has not always been so stable, and Somalia has not always been so chaotic. Even now, critics say the Somaliland government can be repressive and inefficient, and the mental hospital in Hargeysa, the capital of Somaliland, seems to be evidence of both — patients are chained to their beds in dark, smelly rooms.

But Somalilanders are quick to point out that at least they have a mental hospital, which the more populous south does not. And their steady, underdog efforts to create a functioning state from the ruins of war seems to dispel the notion that Somalia is an inherently ungovernable, warlike place.

So, what happened?

"It all goes back to the Brits," according to Hajji Abdi Waraabe, an 89-year-old member of Somaliland's upper house of Parliament.

When the colonial powers sliced up the Horn of Africa in the 19th century, the British got Somaliland and the Italians got Somalia. While the British relied mostly on clan chiefs to govern, the Italians created an entire Italian-speaking administration and imported thousands of people from Italy to farm bananas, build cathedrals and teach the people how to pour espresso.

One result was that Mogadishu, along the southern coast, became a major commercial hub and one of the most beautiful cities in Africa, but its traditional systems of authority were weakened. That is partly why, many Somalia analysts say, warlords were able to outmuscle clan elders and dominate Mogadishu in the vacuum that formed after the central government fell.

The British, on the other hand, never invested much in Somaliland, leaving it poor and dusty but with its traditions more or less intact. The two territories were granted independence in 1960 and quickly merged to form the Somali Republic, but it was never a happy marriage. By the 1980s, the Somali National Movement, a northern rebel group, was blowing up government posts.

In 1988, government fighter bombers, at the orders of President Mohamed Siad Barre, flattened Hargeysa, killing 50,000 civilians.

The Somali National Movement proved indispensable in the fragile years after the Barre government collapsed. It set up the guurti, a council of wise men from every clan, which soon evolved into an official decision-making body.

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Most of the men were illiterate herders but they became the glue that held Somaliland together. In a sparsely populated nomadic society, where many people live far from government services, clan elders are traditionally the ones to reconcile differences and maintain social order.

"They were a cushion," said Ahmed Mohammed Silanyo, the leader of Somaliland's main opposition party. "Whenever there was friction, these old men would step in and say, 'What's wrong with you boys? Stay together.' "

In the 1990s, while clan warlords in Mogadishu were leveling the city's fine Italian architecture, the guurti, along with rebel leaders, were building a government.

Somaliland, like Somalia, was awash with weapons and split by warring clans. Their first step was persuading the militiamen to give up their guns — a goal that still seems remote in the south. They moved slowly, first taking the armed pickups, then the heavy guns and ultimately leaving light weapons in the hands of the people. Again, this stood in contrast to the south, where in the early 1990s thousands of American marines and United Nations peacekeepers failed to put a dent in the clan violence.

"We had a higher purpose," said Abdillahi M. Duale, Somaliland's foreign minister. "Independence. And nobody in the outside world was going to help us get there."

That would prove to be a theme here. The less outside help, the better. Over the years southern Somalia has received tens of millions — if not hundreds of millions — of dollars in aid, and Somaliland almost nothing. The difference is striking, though it is true that Somaliland may be easier to govern with an estimated 2.5 million people, compared with 6 million in the south, and a somewhat less complex clan structure.

Still, for elections in 2002, Somaliland leaders devised a system specifically to check clan power. They limited the number of political parties to three to prevent a repeat of the fragmentation of the 1960s, when nationwide elections spawned more than 60 political parties, essentially one for each subclan. It was an attempt to create parties based on ideology, not tribe, something that has proved very difficult across Africa.

The leaders also turned the guurti, whose 82 elders are appointed by their respective clans, into the upper house of Parliament, "Somaliland's senators," as people here like to say.

In some ways, Somalia's transitional government is now trying to replicate Somaliland's approach by including representatives of all the major clans.

But some experts say the transitional government is missing broad support, partly because Somalia lacks the same strong clan leadership as Somaliland and because many of those selected to serve in the transitional government lack the stature of guurti elders.

The guurti in Somaliland can strike down laws passed by the elected House of Representatives, though the representatives can override the guurti with a two-thirds vote. It is a mix of tradition and modernity, Western-style democracy meets Somali-style politics, though some people feel it is time to renovate the system.

"We need to move on," said Faisal Ali Waraabe, leader of the opposition Justice and Welfare Party. "The guurti helped get us through a crisis, but now we're trying to push our people from tribal loyalty to institutional loyalty, from clan loyalty to national loyalty."

Mr. Silanyo agrees. "It's ridiculous to have an elected body that can be trumped by an unelected body," he said.

For all its progress in clan reconciliation, Somaliland still has its blood feuds. Just this week, a task force of eight guurti members convoyed from Hargeysa to the seaside town of Berbera to work out a truce between two clans fighting over pasture land. Already, four people have been shot.

But the one issue that unites most Somalilanders is recognition. Somaliland has its own money, its own flag, its own national anthem and even its own passport.

"And we have peace, a peace owned by the community," said Zamzam Adan, a women's rights activist. "You'd think in this part of the world, that would count for something."

U.S. Prepares For Thousands To Flee Cuba (WT)

By Carmen Gentile

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The Washington Times, March 7, 2007

MIAMI -- Fearing a potential mass exodus of Cubans when Fidel Castro dies, dozens of federal, state and local agencies, along with the military, will participate in a massive two-day training exercise beginning today to hone migrant-interdiction skills.

The exercise will also test readiness to intercept vessels heading to Cuba. Some Cuban exile groups in South Florida have made clear their desire to set sail for Havana once they receive proof of Mr. Castro's demise.

Last week, 47 migrants from Cuba were intercepted at sea by the Coast Guard and sent back to the communist island. One of those intercepted was allowed to stay because of a medical condition that required immediate attention.

The 50 or more groups participating in Operation Vigilant Sentry -- a Coast Guard-designed drill -- will also involve representatives from the State Department, the Pentagon and the Justice and Homeland Security departments.

Though Coast Guard officials would not specify just how many ships, aircraft and people would participate, they did acknowledge it as the most extensive preparation yet for such a mass-migration scenario.

"By interdicting people at sea, it's putting out the message that it's not safe to travel here that way," said Coast Guard Petty Officer Jennifer Johnson.

One scenario to be practiced during the exercise is the interception of a vessel sailing out of Fort Lauderdale, Fla. for Cuba.

"We're going to simulate several situations to test areas of the plan to see if they are working," said another Coast Guard official.

The ailing Mr. Castro, 80, ceded power in July to his younger brother, Raul. The elder Mr. Castro had abdominal surgery and has not been seen in public since.

This week's exercise comes weeks after Congress approved an $18 million Pentagon plan to prepare U.S. Naval Base Guantanamo Bay, Cuba, to accommodate migrants intercepted at sea.

Bush administration officials told The Washington Times the improvements would create facilities to handle about 10,000 migrants.

Other improvements would include a processing center for those seeking asylum.

Typically, Cubans who reach dry land in the United States are allowed to remain in the country, while those intercepted at sea are returned home.

Officials fear the so-called "wet foot-dry foot" policy would be overwhelmed in the event of a mass migration.

"The capacity to process migrants at Guantanamo is an integral part of our plans to ensure that any attempted mass migration in the Caribbean is not successful," one Bush administration official said.

A new detainment center and stepped-up vigilance along the waters separating Florida and Cuba won't deter thousands from attempting to gain access to the United States after Mr. Castro's death, said Andy Gomez, a senior fellow at the University of Miami's Institute for Cuban and Cuban-American Studies.

Mr. Gomez said he has warned Bush administration officials that up to 500,000 Cubans could flee the island "in all directions," inundating not just the United States, but several Caribbean and Central American nations with asylum seekers.

"We [in South Florida] are very concerned whether we can absorb that kind of migration -- we just don't have that kind of infrastructure," he said, noting likely shortfalls in housing, health care and public services were hundreds of thousands of migrants to arrive on Florida's shores.

Kosovo's Road To Independence (WSJ)

By Morton Abramowitz

The Wall Street Journal, March 7, 2007

PRISTINA, Kosovo -- Kosovo, still trying to emerge from Belgrade's long and difficult rule and more recently from international control, has a long way to go to establish a viable, stable state. But its slow, halting progress is being impeded by its former Serb masters, backed in the United Nations by Russia.

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Once the poorest and mostly forgotten part of the former Yugoslavia, Kosovo still suffers from massive unemployment, weak political institutions, and much corruption. But it is an increasingly vital place, and its energetic people are looking for a new burst of activity when independence finally arrives.

Meanwhile, Serbia's glory has dimmed. It could become a dynamic state, as evidenced by recent market reforms and an uptick in economic activity. But it is no longer a political leader or the hub of the Western Balkans, and it is unlikely to resume its former prominence. For some 15 years its people have endured Slobodan Milosevic, war, international isolation, declining living standards and Belgrade's mismanagement. And if its leaders persist in fighting to the end to hold Kosovo -- and even after defeat to try to undermine an independent Kosovo -- that will not change much. Kosovo independence is very much about Serbia's future.

Persistence seems to be the order of the day in Belgrade. The Serb political class, led by Prime Minister Vojislav Kostunica, is risking the future of their country in a desperate attempt to hold on to a territory they do not control, for a people who want no part of Serbia, and whom Serbia does not want as part of its polity. Indeed Kosovo has already been severed from Serbia.

Mr. Kostunica has spent the past year doing his best to belittle the U.N. secretary-general's special envoy for a Kosovo settlement, former Finnish President Martti Ahtisaari, and to resolutely oppose his proposal for the final status of the territory. That proposal provides for what is commonly called "supervised independence," heavy protection for an understandably frightened Serb population and Orthodox religious sites, and an EU mission with significant power over the new state.

Mr. Kostunica also spent the year trying to delay movement on Mr. Ahtisaari's proposal, hopeful that delay would enable him to generate support for Serbian sovereignty in a wavering Europe and perhaps spark violent behavior from the Kosovo Albanians. In pursuing delay, Mr. Kostunica crafted and won (in a much questioned referendum last October) a new constitution whose preamble proclaims Kosovo an inalienable part of Serbia. He recently threatened dire if unspecified action against any state recognizing Kosovo's independence. And now there is even much talk in Belgrade of partitioning Kosovo, which the West has resolutely opposed.

Mr. Ahtisaari is expected make his recommendations for Kosovo's final status this week, which the U.N. Security Council will take up later this month. The U.S. and EU countries will accept them and support repeal of its resolution 1244 of 1999, that provides for Serbia's sovereignty over Kosovo. This will in effect endorse Kosovo's path to declaring independence. Mr. Kostunica is pinning his hopes on Russia vetoing any such action, thus leaving 1244 intact.

Moscow presently asserts that both parties must agree to any Kosovo settlement, in effect endorsing continued Serbian sovereignty over Kosovo. Russia, which has contributed little to the Balkans the past 20 years, is threatening to upend the settlement long sought by the West, which has invested enormous resources to bring a measure of stability to the area.

Whether in the end Russia vetoes a new U.N. resolution remains to be seen. Much depends on the determination of the West to proceed. If the West can not get the Russians to at least abstain on a new resolution, an essentially regional issue becomes a far messier problem with wider geopolitical concerns. In that event the U.S. and EU countries will have to find the fortitude to recognize Kosovo's independence without the stamp of legitimacy of a new U.N. resolution.

The Security Council faces a dilemma. Breaking up a country is a rare event. A number of countries want a legal basis for Kosovo independence, and may prove unwilling to recognize an independent Kosovo without one. But many countries also realize that Serbia has lost Kosovo, and that Kosovo independence is essential to reduce uncertainty in the Balkans and remove a major cause of instability. Moreover, the chance of both Serbia and Kosovo to prosper and be integrated into the EU requires a resolution of Kosovo's status.

Nor does independence necessarily end the Kosovo problem. Kosovo is not Montenegro, whose separation from Serbia was also fiercely resisted by Mr. Kostunica. Many Serbs have a deep emotional attachment to Kosovo which is easy for foreigners to discount. Serbia's leaders have to decide whether they want to accept the verdict of the West, to cooperate in shaping a new Balkans, including an independent Kosovo, and to pursue seriously membership in the EU. Or do they search for every means to destabilize the new Kosovo and their neighborhood? The answer is not apparent. Serbia's progress lies in its leaders' hands.

Mr. Abramowitz, a former U.S. ambassador to Turkey, is a senior fellow at the Century Foundation.

After The Rock, Diplomacy (WP)

DOJ_NMG_0141368

By David Ignatius

The Washington Post, March 7, 2007

A caustic former U.S. ambassador named Chas Freeman compiled a volume he called "The Diplomat's Dictionary." It included several memorable definitions, including "Diplomacy is the art of saying 'nice doggie' till you can find a rock," and "Diplomacy is letting someone else have your way."

The Bush administration, which has generally favored the "find a rock" strategy, seems to be bending toward the subtler "have your way" approach. This conversion is long overdue. But it will require the administration to do what it has sometimes found hardest, which is to prioritize its foreign policy goals and go all-out on the ones it decides are most important.

The clearest example of the administration's new outreach is its turnabout on discussions with Iran and Syria about how to stabilize Iraq. A year ago, the Iranians (responding to what they thought was an American overture) announced that they were ready for such talks -- whereupon the administration pulled back. That was a mistake that made the Iraq mess even worse.

Now, Bush is altering course slightly, with last week's announcement that the United States will join a regional conference in Baghdad. But the administration shouldn't go into these talks holding its nose. If the administration is serious, it should use the initial meeting to set up regular U.S.-Iranian discussions about Iraq. The administration should also start a real dialogue with Syria -- and in the process shelve any half-baked ideas about regime change that may be lurking in the Eisenhower Executive Office Building. The Syrians pose a deadly threat in Lebanon, which is all the more reason to be talking with them. The obvious person to begin this conversation is James A. Baker III, who knows the Syrians well from his days as secretary of state.

Speaking of Baker, the administration seems to be tacking back toward the recommendations of the Iraq Study Group, which Bush appeared to dismiss back in December. Bush's top aides have concluded that they made a mistake in seeming to reject the Baker-Hamilton report and announcing their troop surge a month later as if it were an alternative. In the process, they set back hopes for a bipartisan policy on Iraq -- something officials now regret.

One senior administration official explained: "We think our Iraq strategy is consistent with Baker-Hamilton. We want to get to the same place, but not on the same timeline. Baker-Hamilton said our strategy is underpowered in terms of diplomacy. What we're saying today is: We heard you. We are picking up the pace on regional and international diplomacy." I can't buy the claim that the administration has supported Baker-Hamilton all along, but this is certainly a welcome change of tone.

Making hard diplomatic choices will be especially necessary if the administration is serious about brokering peace between Israel and the Palestinians. Secretary of State Condoleezza Rice sometimes acts as if she can merely dangle a toe in this whirlpool, but to make progress she will have to jump in. And as a mediator, she is bound to make some Israelis and Palestinians angry.

The final areas in which the administration is rediscovering diplomacy are its dealings with China and Russia. Bush played the China card effectively in the six-party talks with North Korea, and the administration sensibly decided to cut an imperfect deal with Pyongyang, even if it brought brickbats from the right wing.

The Russia diplomacy may prove the most delicate of all. Russian President Vladimir Putin is the essential ally in U.S. efforts to stop the Iranian nuclear program, but Putin made clear in a speech in Munich last month that there will be a price for Russia's help. After the speech, Bush's national security adviser, Stephen Hadley, traveled to Moscow to visit Putin in what one official describes as a "meeting of mutual respect and dialogue." A senior official explains the Russian message this way: "We want to be your partner. We have common interests. You have to treat us with respect -- talk to us early and take us into account."

After a slow start, the Russians are indeed becoming a reliable partner on Iran. They informed State Department officials this week that they will support a quick new U.N. Security Council resolution condemning Iran. And they have even voiced a willingness to halt work on the nuclear reactor they're building for the Iranians at Bushehr.

And what will we offer the Russians, in return for their cooperation on Iran? Well, that's the art of diplomacy.

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TERRORISM NEWS:

Pentagon Set To Begin Hearings For 14 Detainees (MCT)

By Warren P. Strobel

McClatchy Newspapers, March 7, 2007

WASHINGTON - The Defense Department said Tuesday that hearings for 14 "high-value detainees," including the alleged mastermind of the 9-11 terrorist attacks, will start Friday at Guantanamo Bay, Cuba, but that reporters would be barred from the procedures.

The 14 were held in secret CIA prisons for up to four years, and none is known to have appeared before a hearing of any sort before the group was transferred to Guantanamo in September. Questions have repeatedly been raised about whether the 14 were tortured while in CIA detention.

Pentagon spokesman Bryan Whitman said at a news briefing that the hearings will be closed "based on national security concerns." He promised to release censored transcripts "as expeditiously as we can," but said officials had decided not to provide the names of the suspects, even after the transcripts have been released.

Reporters have been allowed to observe previous hearings of so-called Combatant Status Review Tribunals for Guantanamo detainees, the aim of which is to determine whether a detainee is an "enemy combatant."

The New York-based Center for Constitutional Rights, a detainee advocate group which represents one of the 14, Majid Khan, denounced the hearings.

"Any suggestion that Khan's CSRT proceedings would comport with our values and traditional notions of justice is demeaning to all Americans. ... We might expect this in Libya or China, but not America, " it said. The hearings "routinely" rely on information derived by torture or other coercion, the group said.

The U.S. government charges that Khan, who grew up in Baltimore, Md., was an operative for alleged 9-11 mastermind Khalid Sheikh Mohammed and explored ways to blow up gas stations and poison reservoirs in the United States.

The hearings, which also exclude attorneys, are likely to be the prelude to a decision by President Bush to try the 14 men before military commissions that Congress established last year.

Defense officials said the hearings for the 14 must be closed and the transcripts reviewed because the detainees could reveal sensitive intelligence information.

"It is not a safe assumption that simply because detainees have been in detention for some time, their information is stale," said a senior defense official who could not be identified under Pentagon-imposed ground rules.

But administration critics charge that its real motivation for secrecy is to blot out claims by the men that they were mistreated, or information about the covert CIA sites where they were first held.

Pressed to promise that such information would not be redacted from transcripts of the sessions, the defense officials declined to do so - but said national security would be the only reason for censorship.

"The goal ... is to be as transparent as we can be," Whitman said. "These individuals are unique."

The officials also declined to say which detainee will appear at Friday's hearing.

The group includes Khalid Sheikh Mohammed and Ramzi Binalshibh, who allegedly was to have been the 20th hijacker but was refused a U.S. visa.

When Combatant Status Review Tribunals were first introduced in the summer of 2004, the Pentagon went out of its way to airlift reporters to Guantanamo. Under ground rules in effect then, the reporters could not name the captives.

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The cramped trailer where the hearings took place held a table for the panel of three military officers; a table for the service member recording the events; and two shackle points beside plastic chairs for the captive and any fellow captive he may bring as a witness.

Hearings For 14 Guantanamo Detainees To Be Held In Secret, Officials Say (WP)

By Josh White

The Washington Post, March 7, 2007

Military tribunals are scheduled to begin Friday for 14 high-value foreign terrorism suspects held at Guantanamo Bay, Cuba, but the hearings to determine whether they are enemy combatants will take place behind closed doors because of the risk that top-secret information could surface, defense officials said yesterday.

The hearings will be the first secret Combatant Status Review Tribunals at Guantanamo; similar proceedings for hundreds of other detainees have been open to news media.

The hearings were to be the first time men such as Khalid Sheik Mohammed -- the alleged architect of the Sept. 11, 2001, attacks -- made public appearances since their arrests and years-long detention in secret CIA facilities.

Instead, the 14 detainees will face separate three-officer panels out of view and without a lawyer. They will each have a government-provided personal representative and the opportunity to address the tribunals. None of the men has seen anyone other than his captors, except for representatives of the International Committee of the Red Cross who visited shortly after their arrival in September.

Though President Bush has determined that the detainees are enemy combatants, new U.S. laws require the tribunals. If the detainees are found to be enemy combatants, they will be entitled to annual reviews of their status until they face trial.

Defense officials also announced that a second round of annual reviews for 328 detainees had been completed, with 55 getting recommendations for transfer to their home nations and 273 being referred for continued detention at Guantanamo.

There are 385 detainees at the facility; about 80 have been cleared for transfer to other countries. It is unclear what will happen to detainees who are not cleared for transfer but have not been charged with crimes, although Bush has expressed a desire to close the detention facility.

Hearings Set On Status Of Detainees (NYT)

By David S. Cloud

The New York Times, March 7, 2007

WASHINGTON, March 6 — The Pentagon said on Tuesday that it planned to begin hearings this week on the status of 14 prisoners who were transferred from secret prisons to the military prison at Guantánamo Bay, Cuba.

The reviews are to determine formally if the prisoners, who include the accused mastermind of the attacks of Sept. 11, 2001, Khalid Shaikh Mohammed, and 13 others, are properly held as enemy combatants and may be tried by special military courts.

The first hearing will begin on Friday, a Pentagon spokesman, Bryan Whitman, said.

Mr. Mohammed and the other suspects, all considered leaders of Al Qaeda's network, were transferred from secret prisons around the world to the military detention center at Guantánamo last September, where Bush administration officials said they would be held pending trial.

No reporters or other outside observers, like defense lawyers, will be allowed to attend the status hearings, officials said. Mr. Whitman said transcripts would be made public "with redactions for national security."

Current plans call for withholding the names of the prisoners in the transcripts, Defense Department officials who briefed reporters said.

The officials said the secrecy was necessary to avoid disclosing the circumstances of their capture and other sensitive information.

It was unclear whether any accusations by the prisoners that they have been mistreated while in custody would be made public.

"I can't answer the hypothetical because I don't know the context in which that information might be raised," a Defense Department official said.

A summary of the evidence against the unidentified prisoners will be released after each hearing is concluded, officials said.

San Joaquin Valley Man To Stay In Jail, Could Face Terror Charge (AP)

AP, March 7, 2007

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FRESNO -- A San Joaquin Valley businessman of Yemeni descent must stay in jail while prosecutors decide whether to charge him with financing a terrorist organization, a federal judge ruled Tuesday.

Abdulla Qassem Ahmed Muthana, 43, a Yemeni national who lives in Corcoran, was indicted last year on four counts of money laundering after undercover officers built a case against him for allegedly laundering unemployment checks through his two grocery stores.

He pleaded not guilty.

Last week, he was arrested after a second sting, in which undercover federal Customs and Immigration Enforcement agents asked him to help them wire funds to Hezbollah, which the U.S. State Department classifies as a terrorist organization.

Muthana allegedly obliged, and sent about $55,000 to a bank account in Bahrain, which was controlled by ICE, according to federal documents. Agents told him they had ties to Hezbollah and would use the money to buy weapons, uniforms and to rebuild schools and bases in Lebanon, the documents said.

"He sent money overseas thinking that it was money for Hezbollah," said Assistant U.S. Attorney Stanley Boone.

Tuesday, U.S. District Court Judge Oliver W. Wanger ruled Muthana was a flight risk, so should remain in custody in the Fresno County Jail.

Muthana could also face additional charges of financing terrorism, unlicensed money transmitting and purchasing contraband cigarettes, according to an affidavit issued in support of a search warrant request for his Ranchito Market stores in Corcoran and rural Tulare County.

His lawyer, Assistant Federal Defender Marc C. Ament, said he could not comment on the details of the case.

The FBI's Fresno office first began investigating Muthana in May 2004.

According to federal grand jury indictment unsealed last week, undercover officers would offer Muthana unemployment checks and tell him they obtained them fraudulently. Muthana would give the agents cash for the checks, which he deposited into his business bank account, keeping nearly $17,000 as a commission, the indictment said.

Between September 2005 and January 2006, Muthana received 324 state Unemployment Development Department checks with a face value of more than $209,000, according to the affidavit.

The second sting operation began after the FBI's Buffalo, N.Y. office told officials in California Muthana had been identified in a local case as someone who "could move $100,000 overseas without problems," federal documents said.

Undercover federal agents met with Muthana twice at Fresno's Piccadilly Inn Airport Hotel, where he pledged to wire transfer money to the bank account in Bahrain.

After the first meeting in November, Muthana wired about $55,000 to the account and kept $5,000 as his cut. Last month, the agents gave him an additional $80,000 to transfer overseas, the affidavit states.

His next scheduled court appearance is March 19, Boone said.

HOMELAND RESPONSE:

SENTINEL EXCLUSIVE Man Smuggled Guns, Marijuana On Flight From Orlando To Puerto Rico (ORS)

By Jeannette Rivera-Lyles, Pedro Ruz Gutierrez And Beth Kassab, Sentinel Staff Writers

The Orlando Sentinel, March 7, 2007

The man packed 13 handguns, a M-16-type automatic weapon and eight pounds of marijuana in a suitcase.

An airline employee at Orlando International Airport used his security privileges on Monday to sneak a duffle bag containing 13 handguns, an assault rifle and eight pounds of marijuana aboard a Delta flight to San Juan.

Puerto Rico Police arrested Thomas Anthony Muñoz, 22, of Kissimmee, and confiscated the weapons after he walked off Delta Airlines flight 933 Monday afternoon.

It was unclear Tuesday night precisely who notified Puerto Rico authorities at San Juan's Luis Muñoz Marín International Airport, but it's possible that Muñoz's arrest was part of a larger gun-running and drug investigation.

A sworn affidavit by an agent with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Puerto Rico states that police on the island were tipped by authorities in Orlando.

According to ATF agent Marco Carrillo's affidavit, Muñoz used his Comair Airlines identification card to sneak the weapons on board.

Muñoz told Carrillo that another employee at the Orlando airport recruited him to smuggle the drugs and guns on board after learning that he was having money problems.

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That employee, identified in the affidavit only as ZAB, told Muñoz he had smuggled guns and drugs to Puerto Rico before. He then offered Muñoz about $4,000 to $5,000 to do the same, Carrillo wrote in the affidavit.

Carrillo went on to describe how the two men planned the deal:

On Friday, March 2, they met at a convenience store in Kissimmee where ZAB received two wire transfers for $1,800 from a contact in Puerto Rico.

The next day, they returned to the same store and received another wire transfer of an undetermined amount of money.

Then, on Sunday, Muñoz went to ZAB's house in Kissimmee where he watched the man pack the duffle bag with marijuana and weapons that he had bought at a gun show in Tampa.

At about 2 a.m. Monday, Muñoz returned to ZAB's house where the two men plotted how Munoz would skirt the security network at the airport.

They arrived at the airport an hour later and gained access to restricted areas by using their identification cards, Carrillo stated.

That's how Muñoz was able to sneak the bag past the airport check points manned by the Transportation Security Agency.

He placed the guns and drugs at a secure area near a departure gate, and by 11:04 a.m. he was boarding the plane with the duffle bag.

Puerto Rico police superintendent Pedro Toledo said Tuesday that gun running from the mainland -- especially Central Florida -- is a major problem on the island that fuels a black market and a high murder rate.

"I don't know when TSA agents in Orlando learned what was going on, or why they didn't stop this person in Orlando, but it could've been that they learned about afterwards," Toledo said.

A TSA spokesman in Washington would not say when or how the agency's Orlando personnel found out about the drugs and guns in the commercial airliner.

"We can't discuss the details of an ongoing criminal investigation," said TSA spokesman Christopher White. "What we can say is that no weapons were brought through the security checkpoints and that at no time were passengers in danger."

Muñoz, 22, is a Kissimmee resident. He has been a Comair employee for three years and worked at the Orlando International Airport, said Kate Marx, a spokeswoman for the airline.

Muñoz, who has been suspended, is a customer service agent at Comair ? a job that allows him to work both the check-in counter and the area where planes are loaded and unloaded, Marx said.

Charles Slepian, an aviation security expert, said Muñoz's easy access to secure areas underscores a serious security problem. Airport workers, he said, are not subject to the same searches that airline passengers go through.

At Orlando International Airport workers are not routinely searched at the beginning of their shifts or any other time.

It would not be difficult for an employee "to take drugs or guns or a bomb or a biological weapon or anything else into the airport," said Slepian, chief executive officer of the New York-based Foreseeable Risk Analysis Center, a firm that consults with airlines and airports.

While TSA agents examine all passengers and airline crew along with their carry-on luggage and, separately, checked bags, workers come and go from the airport freely.

Only in September did TSA begin random checks of airport employees.

"Access to the back of the airport still has not been zipped up," Slepian said. "Nobody should be permitted to have access to the airplane, to baggage, to supplies or to cargo without going through the same screening that you or I go through."

Toledo pointed out what he sees as another major flaw in the system. People on the mainland, he said, are allowed to transport weapons aboard commercial airlines as long as they follow TSA rules.

Among other restrictions, people must declare that they have a gun or guns prior to boarding. They must show permits for guns they are transporting. They must place the guns in secure containers with locks. The guns may not contain any ammunition.

But TSA does not limit the number of weapons that can be transported.

Puerto Rico's gun laws are much more restrictive than those in many states on the mainland, Toledo said. So in many cases, once the guns arrive on the island, they are no longer legal unless the carrier has a permit from authorities there.

"What is being happening is that people would buy guns in Orlando and other places to sell them in the black market," Toledo said.

Puerto Rico has one of the toughest gun laws in the nation, which make buying, selling and bearing weapons difficult. Consequently, guns that sell at under $200 at a U.S. Wal-Mart, can command more than $1,000 on the island's black market.

Jim Leusner of the Sentinel staff contributed to this report. Jeannette Rivera-Lyles can be reached at jrivera@orlandosentinel.com or 407 420-5471.

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Fla. Man Charged With Bringing Weapons On Flight To Puerto Rico (AP)

By Miranda Leitsinger

AP, March 7, 2007

SAN JUAN, Puerto Rico - A Florida man has been arrested for allegedly bringing 14 weapons and drugs aboard a flight from Orlando to Puerto Rico, authorities said Tuesday.

Thomas Anthony Munoz, 22, of Kissimmee, Fla., was arrested after he was found with 13 handguns, one assault rifle and eight clear bags containing marijuana on Monday, said Carlos Baixauli, a Miami-based special agent with the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

Munoz boarded a Delta flight from Orlando International Airport to Luis Munoz Marin International Airport in San Juan, Delta spokeswoman Chris Kelly said.

Munoz was arrested in San Juan on U.S. weapons violations and turned over to federal authorities, Puerto Rico Police Superintendent Pedro Toledo said.

"We have information to the effect that this individual had apparently done this before," Toledo told the Orlando Sentinel.

Kevin Farrington, an FBI spokesman based in Miami, said an anonymous tip to the Orlando Police Department generated interest in Munoz's flight. More arrests could be made, he said.

"I can tell you there were weapons and drugs but we're not getting into specifics right now," he said. "We're still following up. It is an ongoing matter."

Passengers were never in danger, said Christopher White, a spokesman for the Transportation Security Administration Agency in Washington.

"While we cannot discuss details of an ongoing criminal matter, no weapons were brought through the passenger security checkpoint and at no time were passengers in any danger," White said.

Munoz was a three-year employee of the Cincinnati, Ohio-based Comair, a subsidiary of Delta, company spokeswoman Kate Marx said. He has been suspended pending an investigation.

Munoz, who was not on duty at the time, was a customer service agent. His duties would include loading and unloading luggage on the ramp outside the airplane, but "he would not have performed those duties for this particular flight," Marx said.

Iraqi National Carrying Suspicious Object Detained At LAX (LAT)

By Andrew Blankstein, Times Staff Writer

The Los Angeles Times, March 7, 2007

Authorities today detained an Iraqi national who was carrying a suspicious object at Los Angeles International's Terminal One.

Los Angeles airport police held the man in a passenger screening area after security agents discovered at 5:40 a.m. that he was carrying a metal object, officials said. FOR THE RECORD:

An earlier version of this story misspelled the last name of an FBI spokeswoman. Her name is Laura Eimiller. Also, an earlier version incorrectly identified the name of the federal security director at LAX. His name is Larry Fetters. A preliminary investigation of the man's bags -- which were taken off a flight that was scheduled to go to Philadelphia but diverted to Las Vegas -- found nothing hazardous or dangerous, authorities said.

The man has been turned over to Immigration and Customs authorities for additional questioning, officials said at an afternoon news conference.

The man was identified as Fadhel Maliki, 35, of Atlantic City, N.J., an Iraqi national who has been in the United States since 1994, according to Ethel McGuire, the FBI assistant special agent assigned to the Joint Terrorism Task Force.

Maliki was going through preflight screening when he was pulled aside after acting suspicious, officials said. He had been previously flagged based on a travel profile, but officials refused to discuss details.

According to Larry Fetters, federal security director at LAX, Maliki was concealing objects connected to wires from his body.

The Los Angeles Police Department dispatched a bomb squad and hazardous material unit, and the FBI also sent personnel to the airport. But airport officials said the terminal remained open and no flights at LAX were disrupted.

"Based on our investigation, there was no threat to Los Angeles International Airport or the airports in Las Vegas or Philadelphia," McGuire said.

Maliki had been scheduled to fly to Philadelphia aboard U.S. Airways Flight 1422, and the aircraft was diverted to Las Vegas, according to Laura Eimiller, an FBI spokeswoman.

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Airport officials said that federal authorities pulled his two bags from the plane in Las Vegas and examined the list of passengers on the flight.

Passengers were taken off the plane, which was parked away from the terminal. Passengers had to leave their carry-on bags on the plane, and the plane and the luggage were searched, according to Liz Landau, a spokeswoman for U.S. Airways.

Flight 1422, with 143 passengers and six crew members, left Las Vegas just before 2 p.m. and is headed to Philadelphia, she said.

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Philly-bound Flight Diverted To Vegas After Scare At LA Airport (AP)

By Robert Jablon, The Associated Press

AP, March 7, 2007

LOS ANGELES (AP) — An Iraqi immigrant with a suspicious device lodged in a body cavity was detained Tuesday at Los Angeles International Airport, authorities said.

A jetliner bound for Philadelphia, meanwhile, was diverted to Las Vegas because the man's luggage was aboard.

Officials said the device and the luggage were cleared by bomb squads in Los Angeles and Las Vegas.

"There never was a threat," said Larry Fetters, a security director for the federal Transportation Security Administration.

Fadhel Al-Maliki, 35, was held for a mental evaluation and for a possible immigration violation, federal officials said.

Al-Maliki, of Atlantic City, N.J., is a permanent legal resident who came to the U.S. in 1994.

He had flown to Los Angeles from Philadelphia on Monday and was booked for a return flight early Tuesday. He triggered an alert during a security screening, FBI spokeswoman Laura Eimiller said.

"He initially said (the device) was therapeutic," she said.

The device had a wire and what may have been a magnet concealed in his rectum, federal officials said. It did not contain any explosives.

Al-Maliki said he had flown to Los Angeles for a visit, Eimiller said.

No takeoffs or landings were affected at the LA airport. But a US Airways jet en route to Philadelphia was diverted because Al-Maliki's checked luggage already had been screened and put aboard.

Flight 1422, carrying 143 passengers and six crew, landed at McCarran International Airport in Las Vegas about 8:30 a.m. The plane was searched and later cleared to continue on to Philadelphia, an airport spokesman said.

Associated Press Writer Ken Ritter in Las Vegas contributed to this report.

Unfinished Business (TTNJ)

Trenton Times (NJ), March 7, 2007

Only about a month after the horror of 9/11, Mercer County residents awoke to news that letters containing deadly anthrax had been mailed from the Trenton regional mail facility in Hamilton Township. The anthrax attack ended up killing five people and left more than a dozen others ill, including five area postal workers. Fortunately, all five have recovered.

But now, five and a half years later, the killer or killers have not been found and federal investigators have been less than forthcoming in reporting progress or the lack thereof to the public or to elected officials.

Early on in the investigation there was a "person of interest" whom the FBI identified, but no charges ever were brought against the man, a former government scientist.

Fortunately, Rep. Rush Holt, D-Hopewell Township, whose office had to be shut down when traces of anthrax were found there, is pushing to have Congress hold hearings on the investigation. He's sent letters to the chairmen of four committees and the chairman of one subcommittee, requesting them to begin airing testimony on the status of the probe. This after Rep. Holt's request last fall for a congressional briefing by the FBI was denied. And when Rep. Holt and 31 other members of the House and Senate made another briefing request in December, U.S. At torney General Alberto R. Gon zales refused them.

"The Department of Justice and Federal Bureau of Investigation have openly asserted their belief that Congress should be kept in the dark on this vital national security issue," Rep. Holt wrote in his letter to the chairmen.

It's time to lift the veil of se crecy. After five-and-a-half years, Attorney General Gon zales and the head of the FBI should share, within bounds, what they know about the investigation: Is it ongoing? And if it is, how do the resources in the investigation compare to five years ago when the trail, presumably, was fresher? Are there new leads or is the trail cold? Is there evidence to suggest this was an attack from terrorists outside the U.S. or the work of a domestic killer?

The deadly attack shut down the Hamilton mail facility on Route 130 for more than three years. After the building was fumigated and monitored, it reopened in February 2005. It is believed that four anthrax- laced letters were processed at the

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center, which has to raise a question in the minds of workers there and workers at every other mail distribution center: Could it happen again?

Federal investigators owe the public an update on the anthrax investigation. And they owe it now.

Feds Test New Data Mining Program (USAT)

By John Yaukey

USA Today, March 7, 2007

WASHINGTON — Lawmakers and privacy advocates are concerned that a powerful new data searching tool being tested by the Department of Homeland Security could pose a threat to Americans' privacy as it sifts through mountains of information for patterns that might reveal terrorists.

Called ADVISE — for Analysis, Dissemination, Visualization, Insight and Semantic Enhancement — the program is capable of linking and cross-matching material from websites and blogs to government records and personal data.

Homeland Security has quietly been developing the ADVISE program since 2003, the same year another powerful data mining program at the Pentagon called Total Information Awareness was scuttled over privacy concerns.

Some leading lawmakers believe Congress needs to scrutinize these programs carefully, fearing data analysis capability is advancing so quickly that government oversight can't keep pace with it.

The Government Accountability Office (GAO) just completed an analysis of ADVISE at the request of lawmakers, who could release the report as soon as this week.

"Congress is overdue in taking stock of the proliferation of these databases that increasingly are collecting and sifting more and more information about each and every American," said Sen. Patrick Leahy, D-Vt., who chairs the Judiciary Committee.

Concern over government data mining prompted Leahy and several other senators to introduce the Federal Agency Data Mining Reporting Act of 2007 in January. The act would require that all federal agencies report their data mining activities to Congress.

Homeland Security officials said ADVISE complies with all privacy regulations. "We have not used any data that was not legally obtained," Homeland Security spokesman Chris Kelly said.

"There is not enough information about these (data mining) programs to meaningfully evaluate the benefits," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, a Washington, D.C.-based public interest research center that focuses on civil liberty and privacy issues.

In December 2005, the Bush administration acknowledged warrantless surveillance of terrorism suspects' phone calls coming into and leaving the USA. That program has since been put under the supervision of a secret federal court.

Data mining is a powerful technology used across the government and in business. Credit card companies routinely use it to look for suspicious patterns in customer spending. The GAO used data mining technology to uncover an estimated $1 billion in improper federal relief payments after Hurricanes Katrina and Rita.

At least 52 different federal agencies use data mining technology, and there are at least 199 different data mining programs in use, according to the GAO. Eventual deployment of ADVISE would depend on demand for it, Kelly said.

Senate Backs Union Rights For Airport Screeners (NYT/AP)

By The Associated Press

The New York Times, March 7, 2007

WASHINGTON, March 6 (AP) — The Senate voted Tuesday to give 45,000 airport screeners the same union rights as border patrol, customs and immigration agents, despite a White House threat to veto it.

The vote, 51 to 46, rejected an amendment by Senator Jim DeMint, Republican of South Carolina, which would have removed the union rights from a broad antiterrorism bill to carry out recommendations of the Sept. 11 commission previously rejected by Congress.

The House passed a similar bill with the same union provision for airport screeners in an indication of organized labor's strength with Democrats now running Congress.

Republicans vowed to remove the provision when negotiators sit down to merge the House and Senate bills.

"We're not going to let big labor compromise national security," said Senator Mitch McConnell, Republican of Kentucky.

Mr. McConnell, the minority leader, said there were not enough votes in either the House or Senate to override a veto by President Bush.

White House officials released a statement last week saying President Bush's senior advisers would recommend that he veto the bill if it included the provision for screeners.

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"It's absolutely absurd," said Senator Richard M. Burr, Republican of North Carolina. "Terrorists don't go on strike. Terrorists don't call their union to negotiate before they attack."

Senator Sherrod Brown, Democrat of Ohio, said collective bargaining rights would not allow screeners to strike and would grant them basic protections from overwork, dangerous conditions and retaliation if they report security breaches.

Senate Moves Toward Allowing Airport Screeners To Unionize (AP)

By Leslie Miller

The AP, March 6, 2007

WASHINGTON -- The Senate voted Tuesday to give 45,000 airport screeners the same union rights as other public safety officers, despite vigorous opposition by Republicans and a veto threat from the White House.

A broad anti-terrorism bill that would implement the remaining recommendations of the Sept. 11 commission includes a provision that would give airport screeners the right to bargain collectively. An amendment by Sen. Jim DeMint, R-S.C., would have removed that right, but was defeated by a vote of 51-46.

The Senate expects to complete work on the bill by the end of the week.

The House last month passed a similar anti-terrorism bill that had the same union provision for airport screeners, an indication of organized labor's strength with Democrats now running Congress.

Republicans pledged to eliminate the union provision when negotiators sit down to merge the two versions of the legislation that aims to tighten security for airlines and railroads. The White House issued a statement last week threatening a veto if the labor provision is left in the bill.

"We're not going to let big labor compromise national security," said Senate Minority Leader Mitch McConnell, R-Ky., noting there are not enough votes in either the House or the Senate to override a veto by President Bush.

The conflict over labor rights is a reprise of the debate in 2002 over creating the Homeland Security Department. Sen. Max Cleland, D-Ga., voted against the bill because it didn't guarantee union bargaining rights. That same year, Cleland was defeated for re-election by Republican Saxby Chambliss, who accused him of being soft on terrorism.

Sens. Susan Collins, R-Maine, and Claire McCaskill, D-Mo., are trying to compromise with amendments that would give screeners some rights. Collins' amendment would give them whistleblower protection and the right to appeal management decisions, but not the right to bargain collectively.

McCaskill's amendment would give screeners the right to bargain collectively but not for pay, and would give the Transportation Security Administration the power to "take whatever actions may be necessary" during emergencies.

Labor scored an earlier victory last month when the House passed The Employee Free Choice Act, also known as the card check bill, which would make it easier to organize unions by eliminating secret-ballot elections demanded by employers.

After his amendment was defeated, DeMint said Democrats had turned the anti-terrorism bill into a reward for organized labor, which had helped elect them in November.

"Collective bargaining will not work for our airports," DeMint said. He said strengthening airport screeners' rights would hinder the government's flexibility to move them around in response to terrorist threats.

"That is completely untrue and every other Department of Homeland Security employee should take personal offense," said John Gage, president of the American Federation of Government Employees.

According to AFGE, there are 53,000 workers with collective bargaining rights employed at the Homeland Security Department, including customs, immigration and border patrol agents.

A stumbling block to Senate passage of the anti-terrorism bill was removed Thursday when the Homeland Security Department agreed to grant states an extra 1.5 years to comply with new driver's license standards passed in the 2005 REAL-ID Act.

The Senate bill would upgrade security on passenger and freight railroads and require all cargo carried on commercial passenger aircraft to be screened for bombs.

It would provide funds for state and local emergency communications systems, expand a visa waiver benefit for favored countries and improve intelligence sharing among federal, state and local officials.

Senate OKs Airport Screener Unions (WT)

By Sean Lengell

The Washington Times, March 7, 2007

The Democrat-led Senate yesterday voted to give 45,000 airport screeners the right to unionize, ignoring a veto threat by President Bush and giving organized labor its second victory on Capitol Hill in as many weeks.

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Republicans failed to remove the union measure from a counterterrorism bill in a 51-46 vote, but vowed to strike it from the legislation when House and Senate negotiators iron out differences in the bill, which the Senate is expected to pass this week.

"We know how this charade is going to end. Republicans won't let security be used as a bargaining chip," said Senate Minority Leader Mitch McConnell of Kentucky. "It's just too bad Americans will have to wait even longer for this bill to be signed into law because of the efforts to satisfy organized labor."

On Monday, Transportation Security Administration chief Kip Hawley told senators that allowing airport screeners to unionize would hinder the agency's flexibility to respond to terrorist threats.

"A system that adds bargaining, barriers and bureaucracy to an agency on whom travelers depend for their security can be characterized as many things, but it does not improve security," Mr. Hawley told the Homeland Security and Governmental Affairs subcommittee on oversight of government management, the federal workforce, and the District of Columbia.

Democrats say the right to unionize has nothing to do with national security.

"This bill preserves ample flexibility for the TSA administrator to promptly redeploy [screeners], change their assignments, train them in new technologies or screening methods, and otherwise respond to whatever problems or needs may arise to keep air travel safe," said Sen. Joe Lieberman, Connecticut independent.

The Bush administration has threatened a veto of the bill, which contains several measures recommended by the National Commission on Terrorist Attacks Upon the United States, if it includes the union provision for screeners. Republicans say there aren't enough votes in either chamber to override a veto.

Sen. Susan Collins, Maine Republican, introduced a compromise amendment Monday that would prohibit screeners from unionizing but would give them additional workplace protections.

Organized labor has reported declining membership in recent decades, but has gained significant political influence since Democrats took control of the House and Senate in the November elections.

The House passed a similar counterterrorism bill with a union provision for airport screeners last month and voted in favor of a bill last week to make it easier for unions to organize.

Republicans say Democrats' efforts amount to political payback to organized labor.

"It's outrageous that some politicians want to protect union bosses more than they want to protect Americans from terrorist attacks," said Sen. Jim DeMint, South Carolina Republican and the main sponsor of the failed amendment to bar screeners from unionizing.

"This provision was not recommended by the 9/11 commission. It was recommended by labor unions."

Democrats counter that members of U.S. Capitol Police, the U.S. Border Patrol and other federal security agencies can join unions.

"This will help foster a more stable and professional work force and in turn increase public safety and national security," Mr. Lieberman said.

Republicans say airport screening cannot be compared to other security or law-enforcement duties.

"I think it's hard for [Democrats] to make a case that our border security has worked effectively," Mr. DeMint said. "And while [Capitol Police] sometimes need flexibility, seldom do they need the kind of flexibility we need at airports."

Congress has withheld collective-bargaining privileges for airport screeners since they became federal employees under the TSA after the September 11 attacks.

WAR NEWS:

President Cites 'Encouraging Signs' From New Iraq Plan (WP)

By Michael Abramowitz And Jonathan Weisman

The Washington Post, March 7, 2007

President Bush said yesterday that there are "encouraging signs" that his new strategy in Iraq is working and bluntly challenged a divided Congress to provide funding for the war with no restrictions on commanders.

The president's appraisal, his first detailed assessment of the war since unveiling his new plan for Iraq on Jan. 10, was immediately attacked by congressional Democrats as a new attempt to raise false hopes about a deteriorating situation in Iraq. Advisers said Bush's comments were based on briefings from commanders on the ground and were designed to counter the argument from many Democrats on Capitol Hill that his Iraq strategy is destined to fail.

Bush said the Iraqi government has completed the deployment of three additional Iraqi army brigades to Baghdad and has lifted restrictions on U.S. forces going into certain neighborhoods in the capital. He said the government of Prime Minister Nouri

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al-Maliki has also started delivering on promises to meet political benchmarks, such as a new law to distribute oil revenues throughout the country.

"It is too early to judge the success of this operation. . . . This strategy is going to take time," Bush told hundreds of veterans gathered at the American Legion conference in Washington. "Yet even at this early hour, there are some encouraging signs."

Bush's comments seemed calculated to exploit divisions among Democrats who were swept into power by opposition to the war but have not agreed how to oppose it effectively. Congressional leaders are struggling to reconcile lawmakers who want to cut off funding and quickly end U.S. involvement in Iraq with others wary of interfering with the war.

Appearing before a friendly audience, the president said that some lawmakers think the mission in Iraq can succeed without the additional 21,500 troops he has ordered to the theater.

Other lawmakers, Bush added, "seem to believe that we can have it all: that we can fight al-Qaeda, pursue national reconciliation, initiate aggressive diplomacy and deter Iran's ambitions in Iraq -- all while withdrawing from Baghdad and reducing our troop levels. That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for."

Congressional Democrats gave little credence to Bush's assessment of the situation in Iraq or of their legislative plans. Rep. Patrick J. Murphy (D-Pa.), whose combat tour in Iraq propelled him into politics, was in Baghdad last week and said yesterday that he saw little change. Iraqis "are still sitting on the sidelines," he said, watching idly as their countrymen thwart progress toward reconciliation and tear down the electrical grid, while they wait for U.S. troops and money to intervene.

"At some point, you have raise the BS flag," the gruff former Army paratrooper said. "Every single Iraqi home has an AK-47 with 50 rounds of ammunition. It's the will of the people that's the problem."

Rep. Nancy Boyda (D-Kan.), who returned from Iraq Monday night, said U.S. commanders were cautiously optimistic as they described efforts to protect marketplaces and allow life in Baghdad to regain a semblance of normalcy. The Baghdad morgue's nightly body count had dropped to 10 from 100, but the officers, including Gen. David H. Petraeus, were not ready to draw conclusions, she said.

"They were really downplaying expectations" and for good reason, Boyda said. A recent bombing in a Baghdad book market filled the morgue again and set back the commanders' efforts to allow residents some measure of security.

The president had offered relatively little public assessment of the situation on the ground in Iraq since his Jan. 10 speech outlining a new strategy including the additional troops and a greater emphasis on Iraqi forces taking the lead in securing Baghdad. The White House has been clearly cognizant of the damage done to its credibility by its repeated promises of improvements being undone by rising sectarian violence in Iraq.

Indeed, the president's remarks came on a day when at least 118 Shiite pilgrims were killed in bombings and shootings across central Iraq -- attacks immediately claimed by Sunni insurgents.

White House aides have said that a full assessment of the new strategy will not be possible until summer. But in recent days, senior officials have sounded a more guardedly optimistic tone in private settings, and Bush went public with it yesterday -- though some in his own party cringed at even the modest horn-tooting. "We don't have the credibility to make that observation," said prominent GOP lobbyist Ed Rogers. "For the president to make that observation instantly makes people want to challenge that and wave the bloody shirt."

Some experts who follow Iraq closely said some of Bush's statements will surely be challenged. For example, Bush said it is a positive sign that the Iraqi government recently budgeted $10 billion for economic reconstruction and capital investment. But budgeting that money has not been the problem -- it has been the ability of the Iraqi government to spend it, according to many experts.

"I am really cautious on this," said one senior U.S. official involved with Iraq policy, referring to signs of improved governance by the Maliki government. "This is something to keep an eye on as an emerging trend -- I don't think its more than that."

Retired Gen. Barry McCaffrey, who has traveled frequently to Iraq, said he was encouraged by the presence of the new U.S. commander, Petraeus, and new ambassador, Ryan Crocker. "My head tells me we are in a very dangerous situation -- and in a general sense it is moving in the wrong direction," he said. "My heart tells me that Petraeus and Crocker may be able to talk 100 key Shia and Sunni leaders into moving back from the precipice."

While Bush spoke yesterday, House Democrats closed in on an agreement over supplemental war-funding legislation that they hope would force the president to live up to his promises and begin bringing troops home next year. The compromise would restrict the deployment of troops to only those deemed properly rested, trained and equipped. However, the president could waive those restrictions, provided he offers a justification for why they cannot be met.

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The centerpiece of the compromise is implementation of the same benchmarks that Bush laid out in January to measure the Iraqi government's progress on stabilizing the country. If Maliki cannot meet those benchmarks, Bush would have to submit a plan to Congress next year to start withdrawing troops from combat areas, beginning in mid-2008 and concluding no later than Dec. 31 of that year.

But Democratic divisions remain stark, especially among the most liberal members of the Out of Iraq Caucus. The group's co-chairman, Rep. Lynn Woolsey (D-Calif.), said a deadline of Dec. 31, 2008, is unacceptably distant and promised that "a very respectable group of members" would not vote to fund the war unless Democratic leaders take a more aggressive stand to bring troops home much sooner.

Bush: U.S. Making Progress In Iraq (AP)

By Ben Feller

AP, March 7, 2007

President Bush said Tuesday his decision to send more troops to Baghdad is yielding "gradual but important" progress in Iraq. He portrayed himself as steadfast while Democrats squabble over strategy.

War-weary voters put Democrats in charge of Congress, but lawmakers have not decided how or whether to restrict Bush on Iraq through legislation. Bush seized on that divide and cautioned Democrats not to interfere with military missions.

"Other members of Congress seem to believe that we can have it all: that we can fight al-Qaida, pursue national reconciliation, initiate aggressive diplomacy and deter Iran's ambitions in Iraq — all while withdrawing from Baghdad and reducing our force levels," Bush said in a speech to the American Legion.

"That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for. There are no shortcuts in Iraq," the president said.

House Speaker Nancy Pelosi, D-Calif., said Democrats are determined to lead a new direction on Iraq policy. That includes getting troops home and shifting the U.S. mission from combat to training, troop protection and counterterrorism.

"The war in Iraq is not making our country safer, our military stronger or the region more stable," Pelosi said Tuesday. "In fact, the war in Iraq is the greatest ethical challenge facing our nation."

The war is deeply unpopular. The White House also has been rocked by revelations of shoddy care for wounded soldiers at a premier Army hospital in Washington, angering lawmakers in both parties.

Bush said Democrats have a right to express their opinions. Then he methodically criticized several of their ideas: adding unrelated items to a war spending bill; narrowing the mission in Iraq; or placing conditions on money for the war.

The House has approved a symbolic measure disapproving of Bush's troop buildup. The proposal has stalled in the Senate. The White House is preparing for what it sees as the real political fight — the upcoming vote on a $100 billion war spending bill.

Bush said Congress should approve the war money without strings or delay. Military commanders, he said, should have "the flexibility to carry out their missions without undue interference from politicians in Washington."

Meanwhile, Bush said a security crackdown in Baghdad is showing "encouraging signs." The White House sees stability in the Iraqi capital as the centerpiece of a political, military and diplomatic plan to winning the war.

"Iraqi and U.S. forces are making gradual but important progress almost every day," Bush said. "We will remain steadfast until our objectives are achieved."

Iraq's government has kept its pledge to deploy three additional Iraqi army brigades to Baghdad and has lifted restrictions that prevented coalition and Iraqi forces from going into certain areas, the president said.

Yet bursts of violence continue as insurgents move elsewhere.

Two suicide bombers blew themselves up Tuesday in a crowd of Shiite pilgrims streaming toward the holy city of Karbala. The blasts killed 93 people in one of several attacks targeting the faithful ahead of a weekend holiday.

The attack came a day after U.S. forces suffered their deadliest day in nearly a month — nine American soldiers were killed in explosions north of Baghdad, the military said.

Bush announced in January he was sending an additional 21,500 U.S. troops to Iraq despite widespread opposition to the war and opposition to his plan in the Democratic-controlled Congress.

In the fight for public opinion, the White House has characterized Democrats as being against the troop increase without clearly articulating what they support.

Bush Lauds 'Surge' Results (WT)

By Jon Ward

The Washington Times, March 7, 2007

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President Bush yesterday touted positive early results of his troop "surge" in Iraq and urged patience with the plan, though the administration says privately it knows it has only a short time to produce substantive results.

"It's too early to judge the success of this operation. The strategy is going to take time," said Mr. Bush in a speech to the American Legion's national convention in the District. "Yet even at this early hour, there are some encouraging signs."

Mr. Bush told his audience that while "the struggle in Iraq may be hard this should not be a time for despair."

The crowd of several hundred mostly-older veterans laughed at the president's jokes and cheered him on, but their largest applause a standing ovation came when the president said Congress should not restrict or cut off funding for the war.

Still, administration officials say they know that America's patience with the Iraq war has grown thin. But they think the plan to send 21,500 additional troops to Iraq has bought them a short window of time.

"I think right now there's a wait-and-see attitude by the public, which is what we were hoping for," said a senior Bush administration official. "While there hasn't been a spike in support for it, it's almost a pay-as-you-go approach, and as they see a little bit of progress, they'll buy you a little more time."

Polls continue to show substantial opposition to the president's surge.

Those polls, the senior White House official said, are "all depending on how you frame the questions." The public is "more inclined to wait and see how this new strategy works more so than many of our friends on Capitol Hill."

Mr. Bush said in his speech that Iraqis are delivering, militarily and politically, on promises they made at the president's request, as a condition for his sending more troops.

He cited the proposal of a law to share oil revenue equitably among all three principal Iraqi groups, and the government's agreement to spend $10 billion on reconstruction within the country, as two positive political signs.

"Now Iraq's leaders must meet the other pledges they have made," Mr. Bush said.

Those pledges include allowing members of Saddam Hussein's Ba'ath Party who are barred from many jobs to be employed by the government, working on a constitutional review process, and setting a date for provincial elections.

The president also said that U.S. and Iraqi forces have had success in capturing and killing al Qaeda terrorists during recent operations, and have captured more than 700 people "affiliated with Shia extremists." U.S. and Iraqi forces have also recovered large weapon- and bomb-making caches, Mr. Bush said.

The news out of Iraq yesterday, however, was bad. Two suicide bombers killed 93 persons when they blew themselves up in the midst of a crowd of Shi'ite pilgrims near the holy city of Karbala. On Monday, nine U.S. soldiers were killed in attacks.

"You see some signs of success, but you also see horrible suicide bombings, and you also see our soldiers dying. And so we have got a long way to go," said White House spokeswoman Dana Perino.

In his speech, Mr. Bush said congressional Democrats have a right to criticize his conduct of the war and its course but he criticized several of their ideas: adding unrelated items to a war spending bill, narrowing the mission in Iraq, or placing conditions on money for the war.

Mr. Bush told the gathered veterans that military commanders should have "the flexibility to carry out their missions without undue interference from politicians in Washington."

The White House also has had to deal with a series of embarrassing revelations about wounded Iraq war veterans getting poor care at Walter Reed Army Medical Center in the District. Mr. Bush used yesterday's speech to the friendly audience of Legionnaires to announce the appointment of a bipartisan panel to investigate the mistreatment charges.

Bush Sees 'Test' For Iran, Syria, On Iraq (AFP)

By Olivier Knox

AFP, March 7, 2007

US President George W. Bush challenged Iran and Syria Tuesday to prove at a pair of upcoming international conferences on Iraq that they are serious about helping to quell deadly violence there.

"These meetings will be an important test. They'll be a test of whether Iran and Syria are truly interested in being constructive forces in Iraq," he said in a speech to the American Legion US veterans organization.

The two conferences will also "will be a test for the international community to express its support for this young democracy, to support a nation that will be at peace with its neighbors," said the president.

Bush was referring to Iraq's call for a March 10 conference in Baghdad grouping officials from Iraq's neighbors as well as the five permanent members of the UN Security Council -- Britain, China, France, Russia, and the United States -- and the Arab League and the Organization of the Islamic Conference.

The US president also noted that there would be a subsequent meeting in April of foreign ministers from around the world, including US Secretary of State Condoleezza Rice, to discuss Iraq's future.

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Tehran said on Monday it was "not hostile" to joining its arch enemy Washington and other permanent UN Security Council members at the March 10 talks.

Iran's foreign ministry had stressed on Sunday that no direct talks were planned between Iran and the United States at the Baghdad conference, while the US ambassador in Baghdad said no decision had been made on the matter.

Iran and the United States have not had normal diplomatic relations since Washington severed ties in 1980 in the wake of the seizure of its embassy in Tehran by Islamist students.

Any direct contacts between the two sides would mark a major break in the frozen relations, which have been marked by mutual recriminations and enmity over almost three decades.

Washington has repeatedly accused Tehran of fomenting the violence in Iraq and arming Shiite extremists who have carried out deadly attacks on Iraqis and US troops. Iran vehemently denies the charges.

In his speech, Bush also took aim at opposition Democrats now in control of the US Congress over their efforts to curb the war in Iraq and even in some cases threaten to cut off funds for US military operations there.

Bush said lawmakers have "a responsibility" to pay for the war and warned against "undue interference from politicians in Washington" in the way US military commanders in Iraq "carry out their missions."

And he assailed lawmakers calling for a withdrawal of US troops from Iraq.

They "seem to believe that we can have it all: That we can fight Al-Qaeda, pursue national reconciliation, initiate aggressive diplomacy, and deter Iran's ambitions in Iraq -- all while withdrawing from Baghdad and reducing our force levels," he said.

"That sounds good in theory, but doing so at this moment would undermine everything our troops have worked for," he charged.

Bush said it was "too early to judge" the impact of the US-led crackdown in Baghdad and the increase in US troops it required and warned of future "spectacular attacks" as extremists try to derail the strategy.

"Yet even at this early hour, there are some encouraging signs," he said, pointing to Iraqi military deployments in Baghdad, a loosening of restrictions on US military action there, the discovery of weapons caches and capture of extremists.

Insurgents Target Shiite Pilgrims (USAT)

By Rick Jervis

USA Today, March 7, 2007

BAGHDAD — Suicide bombers and gunmen attacked religious processions of Shiite pilgrims Tuesday, killing at least 130 people in one of the deadliest days of the four-year war.

Also Tuesday, the U.S. military announced the deaths of nine troops a day earlier in two separate explosions north of Baghdad.

The massacre of pilgrims may test the patience of Shiite militias that have tentatively put down their arms in recent weeks as U.S. troops flood into the capital under a new security initiative.

"The insurgents are trying to show that the U.S. plan is not working and that they can attack at will," said Kenneth Katzman, an Iraq expert at the Congressional Research Service.

A suicide bomber killed dozens and touched off a mad dash of pilgrims away from a bridge on the outskirts of Hillah, witness Salim Mohammed Ali Abbas told the Associated Press. As the fleeing crowd grew thicker, another suicide bomber detonated explosives.

The twin suicide bombs left at least 106 people dead, the AP reported. Elsewhere, gunmen and bombers hit group after group of pilgrims who also were making the annual trek to the holy city of Karbala, about 50 miles south of the capital. Some of the victims were on buses, while others were walking from Baghdad.

"The government bears some responsibility for this," said a Shiite parliament member, Bahaa al-Araji. "It has not provided enough security to protect the pilgrims."

In the past two years, the Mahdi Army, a powerful Shiite militia loyal to cleric Muqtada al-Sadr, stood guard over pilgrimages to Karbala. The group recently has scaled down operations as American troops flood into Baghdad and conduct house-to-house searches in the militia stronghold of Sadr City.

"While the Shia militias have basically disappeared, the Sunnis are stepping into the breach," said Vali Nasr, a professor of national security affairs at the Naval Postgraduate School in Monterey, Calif.

Brig. Gen. Abdul Kareem Khalaf al-Kenani, an Iraqi Interior Ministry spokesman, defended the security plan, saying the attacks occurred outside the control of the capital's security forces. Such large gatherings are usually easy targets for suicide attacks, he said.

"It's not surprising for us that such an incident would occur," al-Kenani said. "These are suicide bombers. How can you stop suicide bombers?"

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Mohammed al-Temimi, a doctor at Hillah's main hospital, said some injuries were critical and the death toll could rise.

Also:

·Nine American soldiers were killed Monday in two separate explosions north of Baghdad, the U.S. military said. It was the deadliest single-day loss for U.S. forces in Iraq in nearly a month. Six soldiers from the 82nd Airborne Division died in a single blast in Salahuddin province. Three other soldiers were killed in a bombing in Diyala province.

·Gunmen stormed a prison in northern Iraq and freed about 140 inmates, but most were recaptured soon afterward, police said.

Attacks Across Iraq Kill At Least 109 Shiite Pilgrims (NYT)

By Richard A. Oppel Jr.

The New York Times, March 7, 2007

BAGHDAD, Wednesday, March 7 — Suicide bombers who lured unsuspecting pilgrims with cakes, and gunmen firing out of passing cars, turned preparations for a Shiite Muslim religious celebration into a day of carnage on Tuesday. At least 109 Shiite pilgrims were killed and more than 200 wounded with the death toll continuing to rise.

The American military also announced an unusually high death toll for American soldiers: nine killed on Monday, including six soldiers riding in two vehicles who died from the same huge bomb blast north of Baghdad.

The attacks demonstrated that Sunni militants could still inflict grave damage inside or outside the capital even as the American-backed Baghdad security plan entered its fourth week. The attacks immediately drew Shiite calls for reprisals.

In Hilla, a southern city on the road that Shiite pilgrims from the south travel on the way to the holy city of Karbala, the first suicide bomber drew people in by handing them food, an age-old custom during the annual Arbaeen religious festival, which ends 40 days of mourning the death of the revered Shiite martyr Imam Hussein, the grandson of the Prophet Muhammad.

“The first bomber with the explosive belt was giving cakes to the pilgrims,” said one survivor, Ali Hussain. A second bomber waited a few minutes for relatives and friends to rush to the wounded. Mr. Hussain, 30, survived that blast, too.

“I was thrown up into the air and landed on my back behind a concrete wall,” he said. “I saw women and children getting blown up and torn to pieces. I got up and started removing the banners and religious symbols, so they wouldn’t get covered with blood.”

The back-to-back attacks killed at least 77 people and wounded 127 more, the Iraqi authorities said. State-run television reported a death toll closer to 100, with twice as many wounded.

The late afternoon attacks in Hilla followed a dozen attacks around Baghdad that killed at least 32 Shiite pilgrims heading south to Karbala. Most were killed by hidden bombs or by gunmen firing on pedestrians in drive-by shootings. The Shiites made easy targets, waving flags as they marched through the western half of the capital near the Tigris River or walked along the highway leading south out of Dora, one of Baghdad’s most violent districts.

Together, the attacks represented the deadliest spate of violence since a huge truck bomb destroyed the Sadriya market in central Baghdad one month ago.

About 200 feet from the blast site in Hilla, local residents had set up chairs and tents as a rest stop for the pilgrims streaming up from southern Iraq, who had 25 miles to go to reach Karbala.

But the explosion left blood and hunks of human flesh covering the ground and stuck to the facade of the shops and the textile factory that surround the bomb site, a wide avenue divided by a foot-and-a-half-tall concrete barrier. Most victims were from Kut, Diwaniya, Nasiriya and Samawa, many of them women and children, the Iraqi police said.

In less than half an hour, local drivers and ambulances had removed the bodies and taken the wounded to hospitals, with one exception: the torso of the first bomber lay on the ground, frayed wires still draping his chest. He appeared to have been a heavyset man.

By early Wednesday morning no groups had taken credit for the attacks. In the chaotic aftermath of the Hilla blasts, survivors not only accused Sunni terrorists of carrying out the attacks but also blamed the Iraqi police and American forces for allowing them too happen.

Enraged, they said Iraqi policemen had stopped the Shiite marchers from searching unfamiliar people nearby.

“We hold the police responsible,” said Khudair Abbas, 67, a survivor. “We were searching the pilgrims to look for terrorists, and a police force came and prevented us from searching, saying that it is their job to do. A few minutes after the police left, the explosion happened!”

Ahmad Hassan, 22, told a similar story. “The police told us that we have no right to search the pilgrims and that it is only the police who have the right to do so,” he said.

Mr. Hussain said it appeared the police were intent on breaking up any effort by the Mahdi Army, the large militia controlled by anti-American Shiite cleric Moktada al-Sadr, to impose its own security on the march, as in past years.

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"But there was no Mahdi Army among us," Mr. Hussain said. "We were all locals from the same area."

Hilla hospitals struggled to deal with all the casualties. "We have a shortage of space because Babylon hospital can not take all these wounded," said Dr. Ahmad Ugrish, deputy manager of the provincial health department. "We asked for help from Najaf and Karbala to send us more ambulances, and we asked people to give blood."

The turnout for this year's celebration of Arbaeen, which will commemorate this Saturday the 40th day after the defeat and death of Imam Hussein at Karbala in 680 A.D., is expected to be immense. About a million Shiites are expected to converge on Karbala on Saturday, several Shiite government officials said. The large turnout appears to be testimony to a widespread feeling among Shiites that they must stand firm against those who attack them and their faith.

Not long after the Hilla blasts, defiant survivors on the scene chanted, "We will keep our promise to you, Zahra, in spite of America and terrorists," a reference to the daughter of the prophet Muhammad.

In the past few days, Shiites waving flags and chanting have flooded the highways to Karbala. Some travel on foot for as many as five days from Basra in the south of Iraq and others make shorter treks from Baghdad and Diyala. Fellow Shiites offer them water, meals or a place to sleep for the night during the march.

"This march toward the holy city is a big challenge to terrorism," said Haitham al-Husseini, a senior adviser to one of Iraq's most powerful leaders, Abdul Aziz al-Hakim, head of the Supreme Council for the Islamic Revolution in Iraq, a Shiite political party.

"In some of the crowds today they were chanting, 'Even if we are faced by a million terrorists on the road, we will not stop our march to the holy city,' " he said. "They were saying that today before the bombs, but I am sure that they will say it again tomorrow."

Prime Minister Nuri Kamal al-Maliki, a Shiite, vowed that "this terrible crime against harmless people will not pass without punishment, and those who are calling for division, which they started through their twisted fatwas, carry the responsibility of this massacre."

Near the northern city of Mosul, insurgents overran the Badoosh prison and staged a large jailbreak on Tuesday afternoon. A police commander in Mosul, Gen. Muhammad al-Waga, said 47 inmates were still at large. A suicide car bomb in western Mosul also killed five people, the police said.

At least 30 bodies were discovered scattered around Baghdad on Tuesday, all but one on the west side of the Tigris, according to an Interior Ministry official.

The American military command released few details of the deaths of the nine American servicemen on Monday.

Six soldiers were killed and three others wounded by a blast that struck two vehicles during combat in Salahuddin Province, the vast Sunni area that stretches north from the capital through Samarra and Saddam Hussein's home region to northern Iraq.

"It was a large I.E.D.," said Lt. Col. Christopher Garver, a military spokesman in Baghdad, using the military's abbreviation for an improvised explosive device, or roadside bomb. The six soldiers who died were in two vehicles, both struck by the one large bomb, Colonel Garver said. He declined to say what type of vehicle it was, where the attack happened, or what kind of roadside bomb it was.

Iraq Attacks Kill 110 Shiite Pilgrims (LAT)

By Julian E. Barnes And Christian Berthelsen,

The Los Angeles Times, March 7, 2007

Military officials warn that Sunnis may be trying to rekindle the civil war.

BAGHDAD — Bombings and shootings that killed more than 110 Shiite Muslim pilgrims observing a religious ritual Tuesday appear to be part of a Sunni insurgent strategy to rekindle sectarian warfare to levels that could derail the latest U.S.-led effort to stabilize Iraq.

U.S. military planners have been warning of spectacular attacks as Sunnis try to goad Shiite militias back into battle and destabilize Iraq's Shiite-led government. Shiite militants have reined in their campaign of execution-style revenge killings since a joint U.S.-Iraqi security crackdown began in Baghdad last month.

A senior Pentagon official said insurgent groups might attempt attacks as devastating as last year's bombing of the Golden Mosque in Samarra. The attack on the revered Shiite shrine has been blamed for setting off Iraq's civil war.

"They are trying to provoke the Shia," said the Pentagon official, who spoke on condition of anonymity when discussing internal planning. "My guess is they are going to try a repeat of Samarra. They may go back to Samarra and say, 'We didn't really level the place.' Imagine that, perception-wise — to go back to Samarra and finish the job."

The attacks on Shiite civilians came on a day when the U.S. announced the deaths of nine American troops Monday in roadside bomb attacks on their convoys in northern Iraq.

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Six soldiers were killed in one bombing and three in another. It was the deadliest day for U.S. troops in Iraq in nearly a month, the military said.

The soldiers were based in Tikrit, the birthplace of Saddam Hussein, north of Baghdad. The area is a Sunni insurgent stronghold. Further details were not available.

The U.S. military death toll stands at 3,185, according to icasualties.org, which tracks war-related deaths in Iraq.

More than 110 Shiites were reported killed in attacks in Hillah, Baghdad and Mosul.

Some were on their way to Karbala to participate in an annual celebration related to Ashura, one of the most important holidays on the Shiite calendar.

Shiite religious celebrations were largely suppressed under Hussein. Since his fall in 2003, public celebrations have become an important symbol of Shiite pride, but they also have become Sunni targets.

In the worst incident Tuesday, two suicide bombers walking among pilgrims in Hillah, south of Baghdad, detonated their explosive belts within two minutes of each other, killing at least 77 and injuring 127, local police said.

Witnesses said the first bomber walked near a large group of pilgrims and chanted prayers in an apparent effort to blend in with the crowd before detonating his bomb. The second blew himself up about 50 yards away.

Prime Minister Nouri Maliki, a Shiite, issued a statement condemning the attacks and extending condolences to the families of the victims, calling the bloodshed "horrendous."

In Baghdad, officials said at least 35 people, believed to be Shiites, were killed by gunmen, car bombs and roadside bombs. An estimated 137 were injured.

Although the number of killings attributed to Shiite militias has begun to creep back up after a decline, U.S. military officials believe the joint security plan has so far dissuaded some Shiite militias from conducting reprisal attacks for the bombings carried out by Sunni groups.

Yet that very success has Pentagon planners worried that Sunni insurgents and members of the group Al Qaeda in Iraq will launch more sensational attacks in an attempt to intensify the civil war.

Such fears are not based on specific intelligence but on the belief that the militants are intent on drawing the majority Shiite population, which controls Iraq's government, back into battle, officials said.

The senior Pentagon official said that new targets could include the Shiite mosques in Najaf or Karbala and that some fear the insurgents will try to assassinate Grand Ayatollah Ali Sistani, the preeminent Shiite religious leader in Iraq.

In Hillah, Ali Khadum, a 26-year-old member of the Iraqi national guard, said people froze in shock after the first explosion, and then stampeded.

"Women and men were running in all directions screaming," said Najiha Mohammed, 53, a homemaker who feeds and cares for the pilgrims. "Some of them were falling down. I think they were injured but they didn't feel it because of the shock."

Since the security crackdown in Baghdad began Feb. 13, the number of Iraqi killings has fallen slightly. According to the website icasualties.org, 1,531 Iraqi civilians and security forces were killed in February, compared with 1,802 in January.

In Washington, military officials describe a particularly complex situation in Baghdad as U.S. forces, the Shiite militias led by radical anti-American cleric Muqtada Sadr, and the Sunni insurgents, including foreign militants, adjust their strategies.

"This is a bit of a chess game," said the senior Pentagon official. "We made a move, we are surging. He [Sadr] made a move, he is laying low. Meanwhile, Al Qaeda is moving."

A military official in Baghdad said U.S. planners predicted both the Shiite militia strategy of curbing death squad executions and a Sunni strategy of attempting ever more spectacular bombings.

"Something that is truly going to attract public attention," said the military official, who also spoke on condition of anonymity. "I don't know what form it will take, but the intent is the media draw."

As sectarian attacks have escalated in recent days, Iraqi security officials have continued to say the crackdown will be effective.

"Nothing is difficult or impossible," said Quassim Mousawi, a spokesman for Iraqi officials carrying out the security plan. Once political and law enforcement efforts are fully underway, he said, "such attacks will be reduced."

U.S. military officials say Shiite militias have reduced their attacks in the face of the new security operations and troop buildup.

Sadr's Al Mahdi militia has ceded security outposts in Sadr City, its Baghdad stronghold, to the joint forces.

"When you see a downturn [in executions], you wonder if our operations are having an effect. You have got to think so," said a senior defense official in Baghdad.

Publicly, Shiites say they will continue to comply with the plan even amid Sunni bombings.

"The Shiites have been used to having swords pointed at their necks," said Fatah Sheik, a journalist and Sadr supporter. "The more ordeals they see, the more patience they show."

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Shiite patience could wither in the face of bombings on the scale of the Samarra attack or the assassination of a major Shiite religious figure. And some U.S. military officials believe there is little they can do to prevent a Sunni bombing campaign.

"Despite all our efforts," said the senior Pentagon official, "we have not gotten to the point we can suppress those car bombs."

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106 Dead In Attacks On Pilgrims (WT/AP)

By Brian Murphy
The Washington Times, March 7, 2007

BAGHDAD -- Two suicide bombers turned a procession of Shi'ite pilgrims into a blood-drenched stampede yesterday in Hillah, killing scores with a first blast and then claiming more lives among the fleeing crowds.

At least 106 were killed in Hillah after gunmen and bombers hit group after group of Shi'ite pilgrims elsewhere -- some in buses and others making the traditional trek on foot to the shrine city of Karbala, about 50 miles south of Baghdad.

At least 24 additional persons were killed in those attacks, including four relatives of a prominent Shi'ite lawmaker, Mohammed Mahdi al-Bayati.

U.S. forces also continued to tally losses at the hands of extremists despite signs of more successful raids against bases and weapons stockpiles. The military said nine soldiers were killed Monday in two separate roadside bombings north of Baghdad, making it the deadliest day for U.S. troops in Iraq in nearly a month.

"A brutal massacre against people who are only practicing their faith" was how Shi'ite lawmaker Sami al-Askari described the Hillah attacks, which wounded at least 151 persons.

Dr. Mohammed al-Temimi, at Hillah's main hospital, said some of the injuries were critical and the death toll of 106 could rise.

This weekend, huge crowds of Shi'ite worshippers will gather for rites marking the end of a 40-day mourning period for the death of Imam Hussein, the grandson of the prophet Muhammad. Hussein died near Karbala in a 7th-century battle.

In Hillah, southeast of Karbala, a long line of pilgrims marched toward a bridge checkpoint on the edge of the city. Food and cool drinks were distributed at nearby tents.

The first suicide bomber killed dozens and touched off a mad dash away from the bridge, said witness Salim Mohammed Ali Abbas. As the fleeing crowd grew thicker, another suicide bomber among them blew himself apart.

A police commander, Brig. Gen. Othman al-Ghanemi, said the attackers joined the procession outside Hillah and waited until it reached the checkpoint bottleneck to try to maximize the damage.

"The government bears some responsibility for this," complained a Shi'ite parliament member, Bahaa al-Araji. "It has not provided enough security to protect the pilgrims."

In the past two years, the powerful Mahdi's Army militia watched over pilgrimages to Karbala. But the group agreed to put down its arms under intense pressure from the government, which wanted to avoid any confrontations with U.S.-led forces during a Baghdad security crackdown launched last month.

U.S. forces suffered their deadliest day since Feb. 7, when 11 troops were killed -- seven when their helicopter was shot down north of Fallujah and four others in combat operations.

The military said six soldiers of the 82nd Airborne Division were killed Monday in a bombing in Salahuddin province. It was the single largest loss of life in the past three years of combat for the Fort Bragg, N.C.-based unit, said spokesman Maj. Tom Earnhardt.

Three other soldiers died the same day in a roadside bomb attack in Diyala province northeast of Baghdad.

118 Shiite Pilgrims Killed In Iraq Attacks (WP)

By Ernesto Londoño And Sudarsan Raghavan
The Washington Post, March 7, 2007

BAGHDAD, March 6 -- At least 118 Shiite pilgrims were killed in a series of attacks across central Iraq on Tuesday, a wave of violence on the eve of one of Shiite Islam's most sacred holidays that appeared intended to widen Iraq's sectarian divide.

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A Sunni insurgent group asserted responsibility for the carnage, which occurred three weeks into a U.S. and Iraqi effort to bring security to Baghdad and other parts of the country.

The attacks came a day after nine U.S. soldiers were killed in two roadside bombings, one of which was the deadliest single strike against U.S. ground troops this year. The U.S. military is deploying 21,500 additional troops, mainly in Baghdad, to enforce the security plan.

The roadside bombings, in Diyala and Salahuddin provinces, illustrated the continuing vulnerability of U.S. soldiers, who have been attacked in recent weeks by antiaircraft weapons, powerful armor-piercing roadside bombs and sniper fire.

In the northern Iraqi city of Mosul on Tuesday, armed men broke into a prison and freed 140 inmates, many of whom were suspected Sunni insurgents, said Husham al-Hamdani, head of the security committee in Nineveh province.

The worst attack against Shiites happened shortly after 4 p.m. on a major road in the central city of Hilla when two male suicide bombers detonated vests packed with explosives near a tent set up for pilgrims. The pilgrims were headed to Karbala to mark Arbaeen, the end of the 40-day commemorative period of mourning for one of Shiite Islam's holiest figures.

"We ran away because suddenly dust went up in the air from the middle of the crowd, and there were people flying with it," said Muhammad Hassan, 29, a pilgrim who was wounded in the back. "We were seeing corpses, heads, limbs flying around, dead children and women. Women were screaming and weeping. Children were crying."

The bombings in Hilla killed at least 77 people and injured more than 125. Nine other attacks targeting pilgrims elsewhere in the country left at least 41 people dead, according to Lt. Col. Abdullah Salman, a spokesman for the Interior Ministry.

Thousands of Iraqis embark on a pilgrimage to Karbala this time of year to mourn Imam Hussein, the prophet Muhammad's grandson. Many travel dozens of miles on foot in an act of penitential homage to Hussein.

A spokesman for the Islamic State of Iraq, a Sunni insurgent group, called the attacks "more successful than we had expected." The spokesman, Abdul Rahman al-Ghrairy, said the attacks were part of a campaign to avenge the alleged rape of a Sunni woman by Shiite policemen in late February.

Ghrairy said in a telephone interview that two Saudi volunteers had carried out the Hilla bombings and that the target was a son of Shiite politician Abdul Aziz al-Hakim. Ghrairy's claim could not be independently confirmed, and there were no reports that Hakim's son was at the scene of the blasts.

Hakim is the leader of the Supreme Council for the Islamic Revolution in Iraq, the country's largest political party.

Anwar Shammary, a Supreme Council officer, blamed Sunni militants and former loyalists of Saddam Hussein for the attack, saying they wanted to "scuttle the political process and the Baghdad security operation."

Other Shiite leaders condemned the attacks, with some expressing concern that Shiites are increasingly vulnerable as Sunni insurgents step up attacks while Shiite militias keep a low profile.

"The blood of those who love the ancestors of the prophet was dropped today on the soil of Iraq," Iraqi Prime Minister Nouri al-Maliki said in a statement. "This angry crime against unarmed citizens won't pass without punishment."

Hilla is the capital of Babil, one of the three provinces where U.S. officials last year handed over control of security operations to Iraqi officials.

"This certainly is not an indication that the province is not working under Iraqi control," said Lt. Col. Christopher C. Garver, a U.S. military spokesman. "We have a very determined enemy in this country. They're out to conduct spectacular attacks to restart the cycle of violence. We know they are going to be successful at times."

Most of the large-scale attacks against U.S. troops and Iraqi civilians since the Feb. 14 inception of the Baghdad security plan appear to have been committed by Sunni insurgents. Shiite militias, meanwhile, including the powerful Mahdi Army, led by anti-American cleric Moqtada al-Sadr, appear to have scaled down their violence.

Abdul Razak al-Nadawi, a spokesman for Sadr, denounced the attacks as "a criminal act" and blamed the government for not protecting the pilgrims. Sadr representatives, he added, had asked the government to allow the Mahdi Army to help provide security along the route from Baghdad to Karbala, but the government did not take them up on the offer.

"Last year, when the Mahdi army was involved in securing the road, no attacks occurred, but this year we have seen the breaches that happened," Nadawi said in a telephone interview from the southern city of Najaf. "The government should have been more alert and better prepared to deal with the situation."

Nadawi said that the Sadrists would not be pressured to retaliate against the Sunni insurgents. "We are still committed and comply with the words of our leader, Moqtada Sadr, which call for calm and self-restraint," he said.

Other Sadr officials said the attacks suggested that the Sunni insurgents were trying to capitalize on Sadr's orders to his men to lay down their arms. "I don't think there's a single Iraqi who doesn't want the Mahdi Army to get into the streets," said Ayad al-Khaby, a Sadr official in Baghdad's Kadhimiyah neighborhood.

A Mahdi Army commander in Baghdad, Mohammad Abu Haider, said he was upset that people he called Sunni criminals were not being brought to justice. But he said he and his fighters would obey Sadr's orders and refrain from seeking revenge.

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"We want to show we have a clean hand," he said. "The Sadrists have the ability to retaliate to avenge the innocent blood that was shed today."

In the Dora neighborhood of Baghdad, Mustafa Malik Thiyab, 22, was walking with his father and five brothers toward Karbala, a pilgrimage his father has vowed to make every year, when the group was caught in cross fire between insurgents and police. Thiyab and his relatives hid in a tent along with other pilgrims as the gunfight unfolded outside for more than half an hour. Then a bomb blew up next to the tent, he said.

"I lost track of my brothers," said Thiyab, who later found the body of his 15-year-old brother. "I then realized I was hit in the chest, abdomen and leg."

Another injured pilgrim interviewed at Yarmouk Hospital in Baghdad said he still intends to make it to Karbala.

"This explosion targets our will and determination to keep us from observing Arbaeen," said Jassem Hussein, 20. "We say to the terrorists, 'We shall continue, no matter what happens and regardless of whoever may push you to carry out such cowardly attacks.' "

The attacks on U.S. soldiers made Monday the third-deadliest day for American troops in Iraq this year, after incidents in January and February involving downed U.S. helicopters.

Six Task Force Lightning soldiers were killed in Salahuddin province when a large roadside bomb detonated near two of their vehicles, according to Garver, the U.S. military spokesman. Three Task Force Lightning soldiers were killed in Diyala province, in northeastern Iraq, in another roadside bombing, he said. The growing sophistication of weapons used against military aircraft and armored Humvees has made nearly all modes of transportation in Iraq treacherous for U.S. soldiers.

In Mosul, the Badoosh prison was attacked at approximately 5:30 p.m. by armed men who drove up to the building in pickup trucks, according to Hamdani, the provincial security official. U.S. helicopters were called in to help track down some of the inmates, and at least six were gunned down, Hamdani said.

Pilgrims Ask, 'What Is Our Guilt?' (WP)

By Sudarsan Raghavan And Saad Sarhan

The Washington Post, March 7, 2007

BAGHDAD, March 6 -- Inside the tent of Ali Abbas in the central city of Hilla, Shiite men beat their chests in a feverish rhythm on Tuesday. The pilgrims were mourning the death of Imam Hussein, the prophet Muhammad's grandson who was slain with his family in 681. They had walked dozens of miles, praying and chanting, embracing the ritual of sacrifice. Many solemnly carried black flags of mourning and red flags symbolizing the blood of Hussein.

Abbas, 38, a tire shop worker, had erected the tent in front of his store on Nadir Street to give the crowds of pilgrims food and water. It was still 50 miles to the holy city of Karbala.

About 4 p.m., the first suicide bomber approached his tent.

"Suddenly we heard an explosion and there was a big blast," recalled Abbas, who was cooking kebab sandwiches for the pilgrims in the back of the tent.

The second bomber blew himself up shortly afterward. He was standing 300 yards away from his companion, said Capt. Muthana Ahmed, a police spokesman.

Two of Abbas's cousins were among the 77 dead.

Muhammad Hassan, 29, was walking near the tent when he heard the blasts. He and other pilgrims escaped onto the main road, past corpses, heads, limbs and screaming women and children, he recalled. Women picked up dust and threw it over their heads in a sign of mourning, he said.

Others cursed the Baathists, the members of the late Saddam Hussein's party. "They were asking, 'What is our guilt, what have we done?' " he recalled. "People also started to curse the government."

Hassan, his back bleeding, was determined to reach Karbala. "Today I'll get my treatment and complete my walk tomorrow or the day after tomorrow," he said.

Iraqis Trickle Back To Homes Under Security Initiative (USAT)

By Rick Jervis

USA Today, March 7, 2007

BAGHDAD — About 1,000 Iraqi families who fled their violent neighborhoods have returned home under a fledgling initiative of the new Iraq security plan.

A government program offers each returning family about $750, along with fuel, food and promises of improved security, said Brig. Gen. Qassim al-Mousawi, spokesman for the security operation, which began last month.

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"The main goal of the Baghdad security plan is to provide security, stability and prepare the atmosphere for displaced families to go back home," he said. "The return of these families will encourage other families to go back home."

More than 540,000 Iraqis left their homes in the past year as violence raged between Sunnis and Shiites, according to a report by the International Medical Corps, a Santa Monica, Calif.-based relief organization operating in Iraq.

About 80% of the displaced came from the Baghdad area, the report said.

Despite the government's efforts, about 5,000 Iraqis continue to flee their homes each day, said Anita Raman, an official based in Amman, Jordan, who monitors Iraqi trends for the Office of the United Nations High Commissioner for Refugees.

"We're witnessing the largest displacement in the region since the movement of the Palestinian population in 1948," Raman said.

The U.S. military supports the resettlement initiative but is wary of moving people back into volatile neighborhoods too early, said Lt. Col. Christopher Garver, a spokesman for the U.S. military in Iraq.

"We know it's a priority of the Iraqi government," Garver said. "But we want to make sure we're not rushing to do something. We need to make sure the security is in place so that you're not going to come back to the same problems that forced you to leave."

Some families, especially in the al-Adel district, have returned home only to receive threats and leave again, Raman said.

Prime Minister Nouri al-Maliki has placed a high priority on resettling displaced families, said Ahmed Shames, a spokesman in al-Maliki's office.

Mixed Sunni-Shiite neighborhoods promote long-term reconciliation between groups, Shames said.

"If we lose these mixed neighborhoods, we will actually be feeding extremist ideas and sectarian motives," he said.

The sectarian violence has separated neighborhoods into distinct Sunni and Shiite sectors. Threats are often handwritten and slipped under doors, warning families to move out or be killed.

The resettlement project may hinge on whether the Iraqi army and police, backed by U.S. troops, can clear out sectarian gunmen and make neighborhoods safe.

Though it is mainly an Iraqi initiative, U.S. troops work to encourage families back, Garver said.

"We think people should be able to live where they want to live in safety," he said. "That's why securing the population is such an important part of the security plan."

Some families have moved back long enough to collect their incentives from the government and then return to their displaced homes, said Dana Graber, an Amman-based officer with the International Organization for Migration. Others have returned to pick up personal belongings and left again, she said.

Still, the early results of the security plan are encouraging, said Ali Shalan Mohan, a director general at Iraq's Ministry of Displacement and Migration. The plan will increase U.S. troop levels in Baghdad by 17,500.

Mohan's neighborhood around Haifa Street in central Baghdad was the site of fierce clashes between U.S. forces and insurgents, and many residents fled the area, he said.

As an influx of U.S. and Iraqi troops calmed the area, residents returned, he said. Stores have reopened and streets are again busy with cars and people, Mohan said. Four families who fled the violence have moved back into his apartment building.

"People have hope," Mohan said. "The situation could start to get better."

Leaders Try To Get House Democrats Together On Measures To End Iraq War (NYT)

By Jeff Zeleny And Robin Toner

The New York Times, March 7, 2007

WASHINGTON, March 6 — House Democratic leaders on Tuesday implored their rank and file to stick together as the debate intensified over the financing and direction of the Iraq war, saying a fractured party would impede the overarching goal of bringing the conflict to a close.

As Congress considers President Bush's $93.4 billion spending request for military operations in Iraq and Afghanistan, Democrats are struggling to reach agreement over what conditions should be placed on war financing. Among the sticking points is whether the legislation should include a specific date for a withdrawal from Iraq.

"To some degree we are focused on the doughnut hole here rather than the doughnut itself," Representative Steny H. Hoyer of Maryland, the majority leader, said after presiding over a 90-minute session with members of the Democratic caucus.

Last month House Democrats passed a symbolic resolution opposing the administration's plan to send more than 20,000 additional troops to Iraq. While Democrats voted in near unanimity to rebuke Mr. Bush, leaders are still trying to reconcile diverging views of liberal, moderate and conservative lawmakers on the larger question of financing the war.

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The proposal put forward by Democratic leaders calls for granting Mr. Bush's spending request, but establishing guidelines for troops to be sent to Iraq. If the standards were not met, the president would be allowed to waive the restrictions if he justified doing so.

"There's no real plan on the table," Representative Jane Harman, a California Democrat, said as she walked away from the meeting. "There's a lot of conversation. We have a very big tent in our caucus, and there are a lot of different viewpoints to consider."

Representative Rahm Emanuel of Illinois, the Democratic conference chairman, said they had agreed on several areas, including increasing spending to combat terrorism in Afghanistan, imposing benchmarks to measure performance of the Iraqi government and enforcing standards for training and equipping troops. He said the rest of the differences would be resolved within two weeks.

The Out of Iraq Caucus, a group of 75 lawmakers who oppose the war, is pressing Democratic leaders to schedule a vote on a proposal to pull troops from Iraq. Even though that would almost certainly fail, some representatives say they are inclined to only support the larger spending measure if there is a House debate on troop withdrawal.

"The Out of Iraq Caucus is not happy," said Representative Pete Stark, a California Democrat. "And Rahm is trying to importune them to stay together and show we have a plan."

The White House and House Republicans sought to exploit the diverging Democratic views. In a speech to leaders of the American Legion on Tuesday, the president said strict conditions on war spending "would undermine everything our troops have worked for."

"There are no shortcuts in Iraq," Mr. Bush said.

Representative John A. Boehner of Ohio, the Republican leader, said members of his party were likely to vote against the military spending bill if it included provisions to interfere with on-the-ground military decisions. "If we think there is language that will inhibit their ability to win, we're not going to support it," Mr. Boehner said.

In the Senate, Democratic leaders said Tuesday that they had abandoned plans seeking to repeal the 2002 authorization of the Iraq war. The proposal faced considerable opposition, particularly from Democratic senators who opposed the war in the first place and objected to reauthorizing military action there.

Senator Carl E. Levin, a Michigan Democrat and the chairman of the Armed Services Committee, said he was working on a compromise to call for a "limited mission" in Iraq.

The plan is expected to be made public by week's end, he said.

Deal Near On Iraq Funding (RC)

By Emily Pierce And Jennifer Yachnin

Roll Call, March 7, 2007

House Democratic leaders were still tinkering with a $100 billion-plus Iraq War spending bill Tuesday, but largely have settled on a measure that puts several conditions on the president's use of the money while seeking to draw support from wavering Democrats and Republicans by allowing votes on multiple amendments and including money for veterans' care.

Rep. Mike Capuano (D-Mass.), a member of the Progressive Caucus opposed to further funding the war, said Democratic leaders presented "nuanced changes" to Democrats at their regular full Caucus meeting, but that "no firm language" has been shown to the Members yet.

Indeed, one House Democratic leadership aide said that while broad principles in the measure are largely settled, "This bill is like being pregnant — you either are or aren't. It is either done or not. And it's not yet done."

House Majority Leader Steny Hoyer (D-Md.) met with leaders of the Out of Iraq Caucus on Tuesday to discuss the possibility of letting them have a vote on an amendment to fund only the withdrawal of U.S. troops from Iraq, but not further combat missions.

Hoyer did not propose a quid pro quo that would have progressives voting for the final bill once their amendment fails, as is likely, said Democratic Reps. Maxine Waters (Calif.) and Lynn Woolsey (Calif.), who attended the meeting.

Instead, Woolsey said Hoyer simply asked, "'How many Members do you think could vote [for] the amendment and then for the supplemental?' and we said there would be some. ... There are many that are going to vote 'yes' and 'no.'"

Indeed, Capuano said he and other progressives might be more inclined to vote for the war funding bill if they were first allowed to vote for the withdrawal amendment.

"It certainly would make my life easier," he said.

But Woolsey and Rep. Jerrold Nadler (D-N.Y.) said they would not vote for the war supplemental no matter what amendments were allowed.

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"It's the president's responsibility to pass his [war] budget. Let him make the concessions that will get him the votes," said a defiant Nadler.

Not all Democrats want to have a vote on the progressives' amendment, however. Rep. Jim Moran (D-Va.) indicated that voting on the amendment would present a problem for himself and others in the Caucus.

"I would hope we would not" have a vote on the amendment, Moran said.

Capuano said some Democrats have complained that a vote on the amendment would send mixed messages and expose the fractures between those who support continuing to fund the war with conditions and those who want to pull out now.

"It's a legitimate concern that you don't want to chop up the Caucus too much," Capuano said.

Still, Moran predicted that by today or Thursday Democrats would have "one bill with one clear message" that will demand accountability from the Bush administration on how it is conducting the war.

He said the principles laid out in Rep. John Murtha's (D-Pa.) plan to require the president to certify that troops have the equipment and training they need before deployment would be included, along with the ability for the president to waive such requirements and language intended to make sure that the Iraqi government meets the benchmarks for taking over that Bush laid out in January.

"We have a bill. It's just a matter of explaining it" to wavering Democrats, Moran said. "When Members fully understand it, I think we'll have substantial support in the Caucus."

Hoyer also acknowledged that Democrats are inclined to include language regarding the possible expansion of military actions into Iran.

"I expect language on Iran in the bill," Hoyer said, noting that the president must seek Congressional approval to declare war. "I think it's the only constitutional position that Congress ought to take."

But Hoyer, who acknowledged in a separate press briefing that the schedule for the supplemental bill had been pushed back, said he now expects to complete work this month.

"We want to take action before we leave here for the Easter work period," Hoyer said.

While continuing to court fence-sitting liberal and conservative Democrats, Democratic leaders also were beginning to put pressure on Republicans, saying the bill had been slightly refocused on providing troops with equipment and training as well as on veterans' medical care — including money to shore up Walter Reed Army Medical Hospital, whose alleged substandard outpatient care has caused an uproar on Capitol Hill.

"Republicans are starting to feel the pressure on the supplemental and after all the posturing, they'll have a decision to make — support the troops or support the president," said one well-placed House Democratic aide. "There are some things in there that are going to be very, very tough for Republicans to vote against."

Meanwhile, centrist Republicans said they also are split on how to approach the vote and are anxiously awaiting the Democrats' proposal.

Rep. Mark Kirk (R-Ill.) said members of the centrist Tuesday Group were "talking about it," but that it would be "incredibly important how Congressman Bill Young (R-Fla.) goes ... because he has extraordinary influence among Republicans across the ideological spectrum." Young is the former chairman of the House Appropriations Committee and current ranking member on the panel's subcommittee on Defense.

Talking to reporters Tuesday, Young declined to say how he would vote on the supplemental because he had not seen final language. However, Young has not ruled out voting against the bill, and he has said he expects the GOP leadership to oppose the bill if any restrictions are placed on the White House.

Like Kirk, moderate Rep. Mike Castle (R-Del.) said he also was undecided about whether to support the supplemental, and said he wants to see what Democrats produce.

But Castle said he assumes that Democrats "will work it out so that they have the votes in [their] Caucus" to pass the bill, so that they are not forced to rely on GOP votes.

Even House Minority Leader John Boehner (R-Ohio) made some noises Tuesday that suggested Republicans are reluctant to vote against the supplemental, while also taking some partisan shots.

"We want to work with Democrats to find a way to support troops on the ground," Boehner said at a Tuesday morning press conference. But even as the Minority Leader called for bipartisanship, he asserted that the Democrats' "goal is to defund the war in Iraq. ... We are not going to put handcuffs on our soldiers and our generals in the field."

While Democrats believe that most Republicans will be hard-pressed to vote against the supplemental, not all moderate Members who supported the Democratic resolution on the Iraq War in February have indicated they are ready to join Democrats again.

"Let's see what it says, but my instinct is we're not going to let [Democrats] micro-manage the war," said Rep. Tom Davis (R-Va.). "Democrats will have to look to their own Caucus to pass this."

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Despite ongoing negotiations, however, Democratic Caucus Chairman Rahm Emanuel (Ill.) — who made an "impassioned" plea for unity during the weekly meeting, according to one lawmaker in attendance — asserted Tuesday that the majority does largely agree on the basic structure of the supplemental bill.

"There is consensus in the Caucus on these three building blocks," Emanuel said.

Capuano similarly sought to emphasize harmony on the overall proposal, stating: "Everyone understands that this is a situation that is fluid. ... I think [our leaders] are actually doing a pretty good job in a very difficult situation."

Susan Davis contributed to this report.

Democrats Weigh Timetable Vote As Iraq Compromise (POL)

By Josephine Hearn And John Bresnahan

The Politico, March 7, 2007

House Democratic leaders, seeking a compromise with several dozen anti-war lawmakers in their own caucus, are considering a vote on a timetable for withdrawing U.S. troops from Iraq before taking up $98 billion in new military spending.

In return for the vote, the leaders want the 50 to 75 anti-war Democrats to support the wartime funding, if their proposal fails.

Speaker Nancy Pelosi (D-Calif.) and her leaders face an uprising from liberal Democrats opposed to the wartime supplemental. If they allow a House floor vote to set a withdrawal date, it would be the first such vote in either the House or the Senate since the Democrats took control of Congress in January. And it would mark a new phase in the political struggle over the conflict.

Pelosi is trying to balance demands from anti-war liberal Democrats for dramatic moves to scale down -- or end -- the war against calls from more moderate and conservative Democrats to avoid votes that would undoubtedly jeopardize their own political futures. That includes a vote on a proposal by Rep. Jack P. Murtha (D-Pa.) to restrict the Pentagon in deploying the additional 21,500 combat troops that President Bush plans to send to Iraq.

At the same time, Republican leaders are railing against Democrats, accusing them of undermining the U.S. military campaign.

For Pelosi, it represents the most difficult challenge of her short, historic speakership, just entering its third month. And the division within her caucus reflects the larger split within the country over the war.

House Majority Leader Steny H. Hoyer (D-Md.) told reporters on Tuesday that top Democrats "are trying to create a consensus" within their own party before bringing the wartime funding bill up for a floor vote.

The bill, however, will not be on the floor until next week at the earliest, he predicted.

"We're discussing whether or not members will feel the necessity to offer such an amendment," Hoyer added.

During a closed-door meeting of House Democrats, Democratic Caucus Chairman Rahm Emanuel of Illinois made "an impassioned plea" for unity on the war, said Democrats who attended the session.

"People have to remember that you can't put it all in one bill," noted a Democratic leadership aide. "This one bill is not going to end the war and solve all our problems."

But Emanuel's appeal, as well as the lobbying by Pelosi and other party leaders, has yet to win over the anti-war Democrats, led by Reps. Barbara Lee and Maxine Waters, both of California.

"We have made no deals with anyone about anything," Waters said.

These Democrats opposed the war since its start and, despite the new Democratic majority in the House, are not at all eager to vote for the new war funds. Supporting the money, they argue, would give them "ownership" of the war along with Bush and the Republicans in Congress.

"I have instructions from my constituents to get us out of Iraq now,'' said Rep. Diane E. Watson, (D-Calif.). "I have the Hollywood community…Not a day goes by that I'm not contacted to get out of Iraq now."

And she said she couldn't support any the additional wartime money, if it isn't coupled with a withdrawal timetable.

A "span of time'' for withdrawing might be amenable, she said. "But it has to be while President Bush is in office. This is his war. He is responsible for it."

Democratic leaders prefer to "have one vote," said Rep. Peter DeFazio (D-Ore.) "Whether there will be other votes has not yet been determined ... I would like to see an alternative that would set a timeline, but right now I'm hoping to get something meaningful incorporated into the bill."

"Leadership has to say to people that they may not get everything they want," added Rep. Henry A. Waxman (D-Calif.). "It's sensitive."

House Republicans, for their part, continue to paint the Democratic maneuvering on the supplemental as an effort to de-fund the war and withdraw troops from Iraq.

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Republican leaders in the House have vowed not to support any wartime spending bill that either limits military commanders' ability to prosecute the war and complete reconstruction projects or becomes a "big green light" for spending unrelated to the war. In general, the more time members spend negotiating the particulars of a spending bill, the more unrelated projects are added as sweeteners for wavering lawmakers.

House Minority Leader John A. Boehner (R-Ohio) said Tuesday that leaders have been reaching out to Republicans to gauge their support for Democratic proposals, even though details had not been released. And he said his members would stand with their leaders when the eventual bill comes to the floor.

But Rep. Wayne Gilchrest (R-Md.), who voted with Democratic leaders to reject Bush's troop surge in a symbolic vote last month, told fellow moderate Republicans that they should consider whatever plan Murtha unveils.

"We really better objectively look at what Murtha is trying to do," Gilchrest said. "It is a conversation we need to have."

The Vietnam veteran said he and other veterans "were craving someone who knew what was going on." And he suggested that Murtha, a former decorated Marine, was the man.

On the other side of the Capitol, Senate Majority Leader Harry Reid (D-Nev.) said he wants to begin a floor debate on Iraq next week, although he has not yet reached an agreement with Minority Leader Mitch McConnell (R-Ky.) on what would be debated and for how long.

Sens. Joseph R. Biden Jr. (D-Del.) and Carl Levin (D-Mich.), the chairmen of the Foreign Relations and Armed Services committees, respectively, are drafting a revised version of the 2002 resolution authorizing the U.S. invasion of Iraq, but as with their House counterparts, Senate Democrats have yet to approve that plan. And McConnell is still pushing a proposal by Sen. Judd Gregg (R-N.H.) stating that Congress will not cut funding for U.S. troops in the field.

Patrick O'Connor contributed to this report.

House's Left Wing Threatens War Funds (WT)

By S.a. Miller

The Washington Times, March 7, 2007

Anti-war Democrats in the House said yesterday they would help deny supplemental funding for U.S. forces in Iraq and Afghanistan if the leadership refuses amendments that would limit spending to the current deployment and to a troop withdrawal.

"Some people want out of the war. That's how they got elected, man," said Rep. Lynn Woolsey, California Democrat and co-founder of the 76-member Out of Iraq Caucus. "The supplemental pays for the escalation."

The party's left wing could nix the administration's request for more than $100 billion of added funds for the war -- which Defense Department officials say they need by April to keep fighting -- if it is joined in a "no" vote by Republicans opposed to other restrictions Democrats want on the spending.

"The supplemental could sink," a senior Republican aide said. "House Republicans will oppose any supplemental that cuts funds or tries to attach specific conditions for our troops in harm's way."

Democrats have struggled to appease their anti-war base while not alienating the party's Blue Dogs, who don't want to cut funds for troops in the field.

House Speaker Nancy Pelosi, California Democrat, and other leaders have worked behind the scenes for at least a week to mend fissures in the party.

But war critics say the leadership now has gone too far to give President Bush authority to proceed with plans to send 21,500 more troops to Iraq.

At a caucus meeting yesterday, Democratic leaders angered anti-war members by threatening to block them out of the Iraq debate.

They told the members, according to participants, that no amendments would be accepted on the supplemental appropriations bill, which likely will include measures to make deployments contingent on troops meeting readiness standards and Iraqis meeting benchmarks for self-governance.

"I'm not upset; I'm voting 'no,' " said Rep. Diane Watson, California Democrat and Out of Iraq Caucus member. "I cannot go back to my district and say I gave a waiver to the president to keep troops in Iraq."

House Majority Leader Steny H. Hoyer said he wasn't ready to guarantee a vote on an amendment that would require funds to pay for a troop withdrawal, even if it would bring anti-war representatives onboard.

"We're not talking about guarantees at this point in time," the Maryland Democrat said. "We are discussing whether or not members will feel the necessity to offer such an amendment."

He said the aim of the Iraq debate was to "make policy, not just make points."

Minority Whip Roy Blunt, Missouri Republican, said the back-and-forth among Democrats was delaying consideration of critical funding for troops in combat.

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"House Democrats find themselves in a tough political spot right now, but that hardly gives them license to further delay the delivery of these vital funds for our troops in Iraq and Afghanistan," he said. "There's a reason the supplemental bill is filed under 'emergency spending,' and it's not so that we can sit around and wait for Democrats to think through their political challenges instead of actively engaging the logistical ones."

White House's Tactics Threaten War-Funds Bill (WSJ)

By David Rogers

The Wall Street Journal, March 7, 2007

WASHINGTON -- The White House is adopting such a defensive stance on the Iraq-war-funding bill that it risks further alienating the Democrats who will write the measure.

President Bush hosted a Republicans-only strategy dinner in the White House family quarters last week on the war appropriations. At the same time, the administration has resisted giving Democratic staff even technical advice on funding that the new majority wants to add for veterans' health programs.

Rep. Chet Edwards (D., Texas) broke the impasse in the House last week by personally going to a senior health official in the Department of Veterans Affairs. In the Senate, the VA reversed itself only yesterday, hours after the White House budget office was asked if there was an order to resist giving advice.

The skirmishes illustrate the growing partisanship surrounding the war issue. Democrats are plainly torn about approving Mr. Bush's nearly $100 billion request without adding some conditions to try to influence policy. Republicans are threatening to vote against the bill if it is too restrictive on the war effort, even if it means bringing the package down.

House Majority Leader Steny Hoyer (D., Md.) said floor debate on war funding will be delayed until the week of March 19. That dims prospects for Congress to complete action by mid-April as the Pentagon had hoped.

Outright defeat on the House floor -- inconceivable weeks ago -- would be an embarrassment for Democrats. But at a Republican caucus, former Speaker Dennis Hastert (R., Ill.) warned his colleagues they should be prepared with a backup strategy to ensure uninterrupted funding for the war.

In a speech, Mr. Bush said his decision to increase U.S. troop levels in Baghdad was yielding "gradual but important" progress. Still, the administration is making revisions to reflect Vice President Cheney's recent trip to Pakistan and consultations with Army Gen. David Petraeus, the new Iraq commander.

The White House has asked for a total of $99.6 billion for military operations and related foreign aid and State Department functions. Of this, about $3 billion is expected to be redirected to help pay for an estimated $110 million in economic aid for Pakistan and the addition of possibly 4700 soldiers sought by Gen. Petraeus in Iraq.

The administration's initial request provided $5.6 billion to cover the commitment of 21,500 soldiers through Sept. 30. The changes would help pay for support troops as well as an estimated 2,100 soldiers to help Gen. Petraeus guard what are expected to be an increasing number of Iraqi prisoners or detainees apprehended during sweeps of Baghdad neighborhoods.

The White House has consulted with Democrats, including a meeting last week that included Mr. Cheney and Rep. John Murtha (D., Pa.), one of Mr. Bush's critics on the war and a senior member of the House Appropriations Committee. But only four of the most senior Republicans on the House and Senate Appropriations Committees were included at last Wednesday's White House dinner, which included Mr. Cheney and National Security Adviser Stephen Hadley.

"It's so unnecessary," said Sen. Daniel Inouye (D., Hawaii), who will help manage the Iraq bill in the Senate.

Dems To Add Billions To Iraq War Bill (AP)

By Andrew Taylor

AP, March 7, 2007

House Democrats are pushing to add billions of dollars to President Bush's $93.4 billion request for military operations in Iraq and Afghanistan, including $900 million for troops suffering from brain injuries and post-traumatic stress disorder.

An additional $2.5 billion would go to strengthen training and readiness for forces not deployed in war zones, and $1.4 billion would go to address housing allowance shortfalls.

At the same time, the Pentagon said Tuesday it needs about $1 billion more to support Bush's decision to send 21,500 additional combat troops to Iraq. It also said it has decided against using the pending supplemental bill to procure combat and cargo aircraft, few if any of which could have been built in time to affect the war.

The $1 billion would support at least 4,000 additional support troops, Deputy Secretary of Defense Gordon England told the House Budget Committee. Up to a total of 7,000 support troops might needed, England said.

The Democratic add-ons for military health care, readiness and mine-resistant vehicles are aimed in part at making the bill more attractive to lawmakers, including Republicans who might be considering voting against the measure over language that

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would curb deployments of troops to Iraq who have had insufficient rest or training or who already had served there for more than a year.

Democrats would permit Bush to get around those restrictions, but only by issuing potentially embarrassing waivers of troop readiness standards.

The Democratic plan would also set benchmarks for the Iraqi government to meet for U.S. troop deployments to continue.

Party factions remain at odds over what restrictions to place on the president. One option discussed among Democrats would be to give anti-war Democrats a vote to cut off war funding altogether — based on the assumption it would be defeated.

But many rank-and-file Democrats don't want to cast such a politically nettlesome vote, leadership aides said.

Reflecting continuing divisions among Democrats over Iraq, the House Appropriations Committee postponed a vote on the measure until next week. House Majority Leader Steny Hoyer, D-Md., also said party leaders are still debating what domestic Democratic priorities to add to the bill, such as farm disaster aid and additional funding for the State Children's Health Insurance Program.

Veterans Committee Chairman Bob Filner, D-Calif., weighed in Tuesday with a request for $5 billion for veterans, while demands also are growing for money to combat bird flu and provide additional heating subsidies.

"It's getting awfully close to the point where it collapses of its own weight," said a Democratic leadership aide, noting that more than $10 billion worth of domestic add-ons had been tentatively approved.

Hoyer acknowledged that "on every (war funding) supplemental you run the risk of a Christmas tree."

House Democrats Say Consensus Is Forming On U.S. Troop Withdrawal (HILL)

By Mike Soraghan

The Hill, March 7, 2007

House Democrats have pushed back consideration of the budget resolution and the Iraq supplemental spending bill because they haven't been able to resolve differences between those who want to mandate a clear date for withdrawal from Iraq and those who don't.

But leaders are still saying they expect a floor vote before the Easter recess begins April 2, and they are stressing that they have reached consensus in some key areas.

"What we're trying to do is make policy, not just points," said House Majority Leader Steny Hoyer (D-Md.).

Hoyer admitted that leaders are "backfilling" their floor agenda with environmental bills because of the delays. Republicans have begun chiding Democrats for stretching out debates to fill floor time with non-controversial bills, such as the Transportation and Infrastructure Committee's dispensing environmental aid to local governments.

"I wonder if we're using the Transportation and Infrastructure Committee to extend one day's work into three," Rep. John Mica (R-Fla.) told the Rules Committee as it prepared the bills for the floor. "We're going to spend the week on three bills that should be done in three hours."

Meanwhile, House Democratic Caucus Chairman Rahm Emanuel (D-Ill.) disputed reports that liberal Democratic members will vote against a Democratic plan if it doesn't set a concrete date for withdrawal.

"I don't believe it, and I'll put money on that," Emanuel told The Hill. "Even people who have been quoted saying that have told me, 'That is not my position.'"

Emanuel spoke passionately about a "unity approach" in Tuesday's Democratic Caucus meeting.

"This is the second bill. There is consensus on three important parts," Emanuel said, namely more money for Afghanistan than President Bush had requested, more demands placed on the Iraqi government, and fully training and equipping troops. "That's the building blocks."

About 10 members spoke at the meeting, including Emanuel, House Appropriations Chairman David Obey (D-Wis.), Rep. Alcee Hastings (D-Fla.) and Rep. Barbara Lee (D-Calif.).

Speaking for the liberal wing, Lee said that the "Out of Iraq" caucus is not seeking to cut funding to the troops. But the meeting failed to reach the consensus that leaders are seeking.

Hoyer has said members are discussing a way to allow members of the Progressive and "Out of Iraq" caucuses to offer an amendment on the floor during the Iraq debate for a full withdrawal of troops. But members said that approach was not discussed during Tuesday's caucus meeting.

But one thing is clear. The size of the supplemental spending has grown well past what the administration proposed. Bill writers have begun adding in items such as agricultural disaster aid and money for children's health insurance.

"We're [at] a substantial figure higher than the president's plan," Hastings said, "which causes some heartburn."

Escaping A Painful Past To Find A Shaky Future (WP)

By Brigid Schulte

The Washington Post, March 7, 2007

Hussein Hayal al Zaidi says he spent nearly four years in jail in Saddam Hussein's Iraq, once in a 13-by-13-foot cell with 20 other men. His captors blindfolded him and pummeled his eyes, detaching one of his retinas. He has scars on his ankles, feet and hands from where they strung him up with ropes and beat him. His genitalia bear the marks of electric shock burns.

He was sentenced to death in 1999 for participating in an anti-Hussein riot, al Zaidi said. An uncle paid $7,000 to smuggle him out of jail and out of Iraq. He was flown from Syria to Moscow to Cuba to Ecuador before arriving at an airport in Newark, disoriented and ill. He asked for asylum.

An immigration officer in Newark believed his story and let him stay. But an immigration judge in Arlington County, who heard final arguments on his case 10 days after Sept. 11, 2001, did not believe him.

She ordered him deported.

But, like 165 others, the Northern Virginia man cannot be deported. Since the war in Iraq began in 2003, the United States has followed a United Nations directive not to forcibly return Iraqis to their country because it is too dangerous.

Al Zaidi's fate was decided at a time when places such as Anbar province, Nasiriyah and Ramallah had yet to become almost household words. Trial transcripts show that U.S. immigration prosecutors and judges had little idea what a Sunni or a Shiite was or why they would want to kill one another.

Since then, al Zaidi has become part of the largest refugee crisis unfolding in the Middle East in decades, with one in eight Iraqis having fled their homes or the country. In the process, he has become one more story of the fallout of war.

When al Zaidi's appeal of the deportation order was denied in September 2005, immigration officials picked him up at his job at a laundromat and put him in jail, where he stayed until June. He was released, because detainees who can't be deported but pose no threat can't be held for more than six months.

So al Zaidi, 39, lives like a dangling man, in limbo between the hell of his past and fears of a hellish future. In the United States, government officials had suspected he might be an agent of Hussein. In Iraq, he fears that his countrymen, suspicious of his long absence, will think he works for the CIA.

"Of course they're going to kill me," he said in accented English. If not the Shiite militia already asking about him, then the Sunnis or Hussein loyalists. "But I am already dead."

Before he was detained, when he still had hope of staying in the United States, al Zaidi saved money. He thought about buying a house and having a family. He listened to English-language tapes. But now, nothing matters. He started smoking unfiltered Marlboros again. He spends his days watching television, not really paying attention. On a whim, he bought a new car.

"I don't know what I'm doing," he said. "Before, I was careful. But now, for what? Let me enjoy."

Except that he doesn't.

Since his release, he has lived with a friend in a bare townhouse in Vienna, furnished with two white plastic chairs and a TV. The laundromat doesn't want him anymore. Because of his immigration status, the community college he had hoped to attend will not take him. He doesn't eat, except for coffee and nibbles of junk food, such as the packets of Oreos and Mentos strewn on the floor of his room among piles of legal papers. His bed is a sheet on the floor, his pillow a rolled-up winter jacket.

Sometimes, in the middle of the night, he is seized with the notion that he must see the ocean. He goes to Atlantic City. He watches the waves. He doesn't understand what is happening to him.

"It's like I destroy my life."A Setback in a U.S. Court

Some people have believed al Zaidi. A doctor at George Washington University concluded that al Zaidi "did indeed suffer the torture and abuse that he claims." And a psychoanalyst diagnosed him with post-traumatic stress disorder, writing that "he has suffered a process of brutal human degradation."

In February 2001, he told his story on the stand in U.S. immigration court in Arlington. Al Zaidi said he had been drafted into the Army, like all other Iraqi men, and served as a mail clerk during the Iran-Iraq war.

His first arrest, he said through a translator, came in 1991 for participating in an uprising against Hussein after the Persian Gulf War. When his mother tried to bar police officers from their home, they hit her in the head, he said, and killed her.

He said he was arrested in 1996 for having writings of a Shiite cleric in his house. In 1999, he said he was arrested after he and other Shiites shouted anti-Hussein slogans after their leader, cleric Mohammed Sadeq al Sader, was assassinated.

Prosecutors had relatively minor questions about the case. "You still hopeful you can reach agreement in this case?" Judge Joan Churchill asked prosecutors, according to a court transcript -- meaning that they would agree to asylum.

"Yes," the prosecutor answered.

Then, in March, Churchill received an anonymous note that said that while al Zaidi was in Iraq, he was "working as secret service" for Hussein and that he was sent to the United States to kill high-level officials.

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A new prosecutor submitted pages from "Saddam's Bombmaker," a book by Iraqi exile Khidhir Hamza, who claimed to have run Hussein's nuclear weapons program. Hamza wrote that during the Iran-Iraq war, Hussein used Shiite soldiers as human mine detonators. Therefore, prosecutors said, al Zaidi must have had special ties to get a desk job.

Assertions in the book were later questioned by a number of former U.N. weapons inspectors, Iraqi scientists and Iraqi military officers.

The author of the letter, determined to be al Zaidi's roommate in Arlington at the time, Khalid Houmadi, testified that al Zaidi's trip to the United States was financed by Hussein, but he admitted to regularly loaning al Zaidi money.

Churchill sided against al Zaidi. She said she thought his escape through Russia and Cuba was "suspicious," her written decision says. She dismissed the GWU doctor's exam and physical evidence of al Zaidi's torture, saying that it might "be consistent with other causes."

And she said Houmadi "cast considerable doubt upon the credibility of crucial aspects of [al Zaidi's] claim."

Al Zaidi went into a rage. Houmadi was just out to get him, he said. Before writing the letter, Houmadi had threatened to attack a man, and al Zaidi had said that he would report him.

Months later, Houmadi attacked the man. And, as promised, al Zaidi testified against him. Elliot Casey, an assistant commonwealth's attorney in Alexandria, wrote a letter to Churchill, saying that the court found al Zaidi's testimony "completely credible." Houmadi was sentenced to 10 months.

Karla Harr, an attorney for al Zaidi, appealed his case in 2002. It was denied in a one-sentence opinion by one judge, a product of the Department of Justice's new policy of "streamlining" asylum cases. Before, a three-judge panel had reviewed asylum appeals. Under streamlining, the amount of overturned decisions dropped from 25 percent to less than 5 percent, according to studies by the American Bar Association and the Lawyers Committee for Human Rights.

"The complexity of the issues involved in this case demanded a three-panel review, " Harr said.

Al Zaidi was in the process of filing an appeal when he was detained in late 2005. In May 2006, in detention and on a one-month hunger strike, al Zaidi asked for his appeal to be dropped because he thought it would get him out. His attorney assured him that it wouldn't and that he would be released soon because of the rule that says that detainees who pose no threat can't be held for more than six months. But al Zaidi said he had to get out. He dropped his appeal.

"They punish me too much." He was released in June.'I'm Really, Really Tired'

Al Zaidi sat in front of the TV in the spare townhouse. The announcer mentioned Nasiriyah, where he was born. "It's very beautiful there," he said absently.

He is officially under an order of supervision and is waiting for the U.S. government to send him back to Iraq. Once a month, he must check in with his supervisor at the Department of Homeland Security.

He goes to a Panera Bread restaurant where other Arabs and Iraqis hang out. He even sees Houmadi there from time to time. "He apologized to me," al Zaidi said, shrugging.

"I'm really, really tired," he said. And the nightmares come if he tries to sleep. He no longer prays. "It's like I can't find myself."

And so the dangling man with the story that was not believed went out for cigarettes.

NATO Mounts Largest Attack On Taliban In The South (NYT)

By Carlotta Gall

The New York Times, March 7, 2007

KABUL, Afghanistan, March 6 — In its largest offensive since taking command of southern Afghanistan last year, NATO mounted an attack against hundreds of Taliban and foreign insurgents in Helmand Province on Tuesday, military officials said.

NATO said the offensive was aimed at countering the Taliban insurgency, which has joined forces with drug traffickers to make Helmand the most lawless province in Afghanistan. Some 4,500 NATO troops are taking part in the operation, including an American airborne force, as well as 1,000 Afghans.

Four NATO soldiers have been killed in the past eight days, at least two of whom died as troops began moving into northern Helmand Province ahead of the operation, said Col. Tom Collins, a NATO spokesman in Kabul.

Heavy fighting has also raged for the past few days in the town of Sangin, one of the main opium trading centers in northern Helmand Province and on the road to the Kajaki dam, an important United States aid project. Residents have reported that up to 1,000 Taliban were in the town trading artillery and rocket fire with British troops, forcing residents and shopkeepers to flee.

Two British soldiers were killed in a rocket attack in the Sangin area on Sunday, and another NATO soldier was killed Tuesday during combat operations in southern Afghanistan.

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"We know there are hundreds of foreign fighters" in southern Afghanistan, Colonel Collins said. "They are from Central Asia, the Middle East and Africa." He said hard-core Taliban, who number in the "high hundreds," are able to recruit young men in the districts and are supported by militias trafficking in narcotics.

Asadullah Wafa, the governor of Helmand, warned Tuesday that 700 foreign fighters had infiltrated his province in recent weeks from Waziristan, in Pakistan, under the leadership of the Pakistani Taliban commander Abdullah Mehsud, the independent television channel Tolo TV reported.

Waziristan, in Pakistan's tribal areas, has since 2001 become a base for Taliban and foreign fighters who have been accused of training and sending insurgents and suicide bombers into Afghanistan.

"There are areas where they have very significant enemy activity," Colonel Collins said of Helmand Province. "We know this will not be easy, but we are dedicated to this mission and we will not fail."

Troops from Britain — which has command in Helmand — Canada, the Netherlands and the United States, with a mobile airborne force of 1,500 soldiers from the 82nd Airborne Infantry Division, are taking part in the operation.

The 82nd Airborne force was "highly mobile, highly capable" and would provide an extra capability that American and NATO troops lacked last year, Colonel Collins said. Last spring, United States troops mounted an operation into the same area to clear the way for NATO, but NATO forces quickly lost the initiative and were besieged in several northern towns.

The departing commander of NATO forces, Gen. David Richards, said last month that NATO operations would concentrate on gaining control of Helmand Province.

Another aim of the current offensive is to open Helmand to reconstruction and development plans, Gen. Ton van Loon, the NATO commander in southern Afghanistan, said Tuesday at a news conference at the Kandahar air base.

"The operation will improve security and set the conditions for meaningful reconstruction that fundamentally improves the quality of life for all Afghans living in these areas," he said.

The biggest development project in the area is a multimillion-dollar United States government plan to repair and expand the Kajaki dam, which supplies electricity and irrigation to much of the southern region. Progress has been delayed because Taliban attacks have prevented engineers from working there or transporting equipment to the dam.

Afghans Caught In War's Rising Tide (CSM)

By Mark Sappenfield

The Christian Science Monitor, March 7, 2007

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Along Afghanistan's long southern frontier, the guns of spring have begun. For months, the Taliban has warned that when the highland snows melt, they will unleash their largest offensive since falling from power in 2001.

In recent weeks, the tempo of Taliban attacks has increased, hinting at the opening of the spring campaign. Last weekend alone, insurgents detonated a bomb in the western city of Herat and performed what US officials called a "complex ambush" near the eastern city of Jalalabad.

Tuesday, NATO responded in kind, launching Operation Achilles, its largest offensive ever in the country, at the Afghan government's request. With some 4,500 NATO troops and 1,000 Afghan soldiers, the operation is a bold attempt to preempt the Taliban's first blows and take the initiative.

It is also a clear escalation of the stakes, with both sides seeing this as a year that could determine the future of Afghanistan's Western-backed government. And it is here in the Afghan south that the hammer blow is expected to fall hardest.

Operation Achilles is focused on the southern province of Helmand, where NATO troops are attempting to clear Taliban from the area around the Kajaki Dam so that it can be upgraded and repaired. When fully operational, the dam can provide power for some 2 million Afghans in the south.

Moreover, Helmand has emerged as the Taliban's leading front in recent months. The Taliban claim that they control three rural districts in the province, including Musa Qala, which was the subject of a controversial peace deal between British forces and insurgents before the Taliban captured it on Feb. 1.

Tuesday, the Taliban in Helmand said that they captured an Italian journalist who confessed to spying for British forces, according to a Taliban spokesman. The Italian newspaper La Repubblica says it lost contact with reporter Daniele Mastrogiacomo Sunday.

In many respects, the developments in Helmand are an echo of what happened last year in neighboring Kandahar Province, which, as the home of leader Mullah Omar, has long been the Taliban's heartland. In the past few years, Kandahar has suffered 73 suicide bombings, by one local newspaper's count, and last summer, the Taliban pushed to within 10 miles of the city.

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Now, on the eve of what could be a crucial spring, Afghanistan's second-largest city, less than 50 miles from the front lines, is in a state of suspension, uncertain whether to remain faithful to the government that initially promised so much or to resign itself to the return of the Taliban.

"If I shave my beard and take off my turban, I will be killed by the Taliban. If I grow my beard, I will be killed by [NATO forces]," says Kandahar resident Dost Mohammed, standing on a street corner. "It is a place with two governments – we don't know who we should surrender to."

Like most Afghans both here and elsewhere, Mr. Mohammed speaks not from fear but from an oppressive fatigue born of the mounting sense that his country is once again descending into the cycle of revolution and civil war that has consumed it for a generation. Along with a lingering hope, there remains a deep fatalism that no matter what Afghans do, they will be swept into the whirlwind of war – ever the victims of forces beyond their control.

Caught in the middle

The events of recent weeks have helped strengthen this perception.

On one side, Afghans see the Taliban, which they almost universally consider a Pakistani-equipped army designed to destabilize Afghanistan and who spawn suicide bombers so despicable that they will target the opening of an Afghan medical clinic, as was the case in Khost late last month.

On the other, Afghans see foreign forces who, according to common perception here, usurp the authority of local elders, happily let their male soldiers search Afghan women, and are inclined to shoot first and ask questions later.

In the space of 24 hours last weekend, US forces bombed a family home in a village 50 miles north of Kabul killing nine and engaged in a firefight near Jalalabad that left 10 Afghan civilians dead. In both cases, US forces say that they were attacked first and that insurgents sought to create civilian casualties in the chaos.

But the incident outside Jalalabad in particular has focused on what is perceived as a disproportionate and incautious response by NATO forces to the initial threat from the Taliban, leading Afghan President Hamid Karzai to call for an investigation.

Western forces deny these characterizations. "We are here to protect the people of Afghanistan," says Lt. Col. Angela Billings, a spokeswoman for the International Security Assistance Force (ISAF), NATO's force in Afghanistan.

Operation Achilles is an example of this, ISAF officers say. "It signifies the beginning of a planned offensive to bring security to northern Helmand and set the conditions for meaningful development that will fundamentally improve the quality of life for Afghans in the area," Maj. Gen. Ton van Loon, commander of ISAF's southern forces, said in a statement.

Last year, similar military sweeps, such as Operation Medusa, had a significant effect. When the Taliban seized large swaths of territory and tried to hold onto them, the militants sustained heavy losses. But the Taliban's strategic advantage lies in their ability to sow confusion and draw Western forces into attacks that cause civilian deaths.

This year, the Taliban may be more inclined to harry and harass, experts say, stretching NATO as thin as possible by kindling dozens of flash points across the country simultaneously.

"You're not going to see a mass attack – you're going to see a more spread-out offensive," says Ahmed Rashid, author of "Taliban." "They would like to see more crises in European capitals and countries being forced to pull out" of the ISAF alliance.

This has already happened in Italy, where questions of the country's commitment to Afghanistan almost toppled the prime minister recently.

But it also has a clear impact here, where some Afghans protested the deaths in Jalalabad not only with chants of "Death to America!" but also "Death to Karzai!"

Indeed, on the streets of Kandahar, some see the local Canadian ISAF contingent as a greater menace than the Taliban.

Among a clutch of rickshaw drivers assembled by a dusty curbside recently, one says that the Canadians shot his nephew; and another claims that they shot two of his cousins, who were only riding their bicycles.

It was not possible for The Monitor to verify or discredit these claims, but they are indicative of a prejudice among some sections of the population here. "As soon as we see troops on the road, we pull off," says driver Sardar Mohammad, whose weathered face crinkles in lines of grandfatherly concern. "We are afraid of them."

For these men, the concern about the Taliban is something different. No one wants to kneel to perceived Pakistani imperialism. But at least the Taliban are of their same Pashtun stock. They do not fear every bearded face, and they understand the customs of Afghanistan – as well as the importance of Islam.

"There is a reason the fighting is not stopping in Afghanistan: [Foreign troops] don't know our culture," says Dost Mohammad, whose voice seems to be pleading as much as condemning. "They come with their boots into our mosques. This is why everyone is fighting against them."

Nearby, the corpulent figure of Neda Mohammad stands amid the crowd, his hands folded regally, his large frame cloaked in many folds of fine brown fabric. He is from the neighboring province of Oruzgan, but he says that he fled here because Western jets bombed his village. "If there is less persecution on us, then we would prefer the Taliban," he says matter-of-factly.

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'If I don't do it, who will?'

Alima, however, would not.

She ghosts through the muddy back-alleys of Kandahar, the fringes of her silvery-blue burqa fluttering behind. To some, her job of walking door-to-door to give children a free polio vaccination would be seen as humane. But even now, it is enough to get her killed here.

Not only is she a woman doing work – something forbidden in the most conservative interpretations of Islam – but zealous mullahs have also claimed that the immunization program is part of a covert campaign by foreign powers to sterilize Muslims.

If the Taliban were to come back, things would only get worse. "Of course I am scared of the work I am doing during the day – I have nightmares," she says, offering only her first name. "I am afraid that someone will come and shoot me in the head."

But she attempts to steady herself. She needs work to feed her family and buy them clothes, and she wants to serve her people. "If I don't do it, who will?"

To be sure, the potential return of the Taliban offers a far different prospect for the women of Kandahar than it does for the men. "See, I am working!" says Zahra Suliemani, another volunteer in the vaccination campaign, whose bony hands sway beneath her back veil, gripping her medicine box tightly. "I can go out and work as much as a man can work."

"No one wants the Taliban to come back," she says firmly.

But here, amid the ebb and flow of war, lives are already changing. Among the crumbling earthen houses and green spinach fields of her neighborhood, 9-year-old Nazeka chases her friends down dirt paths, shrieking with delight. But when she walks to school, her shoulders cautiously brush the walls by the side of the road. She tries to stay as far from the road – and the car bombs – as possible.

Sometimes, when she has to cross the road, she will ask a Canadian soldier to help her. Sometimes, she says, they do.

"I am afraid of the Taliban, because they are the ones making explosives," says Nazeka. "And I am afraid of the foreign soldiers because wherever they go, there are explosions."

At 9, Nazeka has already seen enough suffering. Unconsciously, she grasps a friend's hand as she explains, in an unwavering voice, how one night in the past "some people took my grandfather and tore him in pieces and then brought him back."

She does not know who did it or why they did it. Nor does she seem to care. "People should be so happy in this country," she says, smiling. "I do not like this war."

Along the city's main thoroughfare, however, those old enough to have seen many such wars merely shrug.

Abdul Bashir, for one, does not seem to be an overly worried sort of person. With a roguish grin, he somewhat curiously attributes his good business this month to the successful lettuce crop.

This from a man who sells used boom-boxes, stacked to the ceiling of his small stall. He polishes one, attempting to make it look presentable amid the dust, while recounting 30 years of violence – from the "holy war" against the Soviets to four years of civil war to the rise and fall of the Taliban.

"The security situation is a concern," he says, the sparkle in his eyes undimmed. "But we're used to it."

NATO Targets Taliban In Afghanistan (USAT)

USA Today, March 7, 2007

NATO-led troops launched their biggest offensive yet in Afghanistan, targeting militants in Helmand province, the military said Tuesday. Operation Achilles involves 4,500 NATO troops and 1,000 Afghan soldiers in an area where hundreds of Taliban insurgents from Asia, the Middle East and North Africa have massed, U.S. Army Col. Tom Collins said.

The militants overran Musa Qala, in the northern part of the province, on Feb. 1 after defying a peace deal between the government and tribal elders reached last fall. The Taliban still controls the town.

Jetliner catches fire while landing in Indonesia

A jetliner carrying 140 people burst into flames as it landed at an airport on Indonesia's Java island today, killing at least 20 people, officials said. Bambang Sugito, general manager of the airport, told el-Shinta radio that 20 bodies had been pulled from the wreckage.

Garuda Indonesia airline said 140 passengers and crew were on board. Ari Sapari, operations director of Garuda, said some passengers escaped and authorities were trying to rescue others. The Boeing 737-400 also was carrying 10 Australians, including journalists and diplomatic staff, Australian Prime Minister John Howard said.

Medic guilty of desertion for refusing Iraq duty

A U.S. military court in Wuerzburg, Germany, on Tuesday found Army Spc. Agustin Aguayo, 35, guilty of desertion for refusing to return to Iraq. The medic was sentenced to eight months in prison. He also will receive a bad-conduct discharge. Aguayo enlisted in 2002, when military operations in Afghanistan were underway and there was talk of a possible Iraq invasion.

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He served a year as a medic in Iraq in 2004 after the military rejected his request to be a conscientious objector. Aguayo said he enlisted to earn money for his education and never considered he would have to fight.

Afghanistan Operation Targets Insurgents (LAT)

By Shafiqullah Azimi And Laura King,

The Los Angeles Times, March 7, 2007

Four Taliban fighters are reported killed in the initial round of the NATO-led offensive.

KABUL, AFGHANISTAN — NATO forces on Tuesday launched the alliance's largest offensive yet against insurgents in southern Afghanistan, marking the start of what both sides predict will be an intense round of fighting over the spring and summer.

The operation, centered in volatile Helmand province, will eventually involve 4,500 NATO troops and about 1,000 soldiers from the Afghan national army, military spokesmen said. Commanders declined to specify how many troops took part in the initial push, or elaborate on the fighting that had taken place so far.

Four Taliban militants were killed in the initial round of combat, Afghan defense officials reported. A British soldier also died Tuesday in southern Afghanistan, but British defense officials later said the soldier had not been part of the offensive.

The North Atlantic Treaty Organization has been vowing for months to root out thousands of Taliban fighters, who together with foreign militants have ensconced themselves in Helmand, the world's largest grower of opium poppies.

Taliban and other militants have for some time been able to move freely in and out of the rugged province, which borders Pakistan. Alliance troops, however, lately have managed to kill several important insurgent figures in pinpoint raids in Helmand, including Mullah Akhtar Mohammed Osmani, slain in an American airstrike in December.

A resurgence

Drug revenues are believed to be funding the resurgence of the Taliban militia, which had been left scattered and demoralized after the Islamist movement was toppled in 2001 by U.S.-led forces. The coalition offensive in part was aimed at disrupting the drug trade, Western military officials said.

Col. Tom Collins, a spokesman for NATO's International Security Assistance Force, said the offensive was centered on "improving security in areas where Taliban extremists, narco-traffickers and foreign terrorists are currently operating." NATO spokesmen said securing the area would pave the way for the resumption of reconstruction projects, which have been largely paralyzed in much of the south by rising rviolence.

Helmand province has proved a particularly difficult venue for the alliance. Last spring, the United States poured nearly 11,000 troops into the province's north, an engagement that ended with a declaration of victory, followed in subsequent months by a steady re-infiltration by militants.

The province is now thought to contain the greatest number of insurgents in Afghanistan.

In early February, Taliban fighters overran the town of Musa Qala, where a British-brokered accord had halted fighting. Many townspeople fled when the insurgents arrived, but those who stayed reported being terrorized by the militants, particularly if they were suspected of having ties to the Afghan government or friendly contacts with NATO forces.

The allied offensive is open-ended, coalition commanders said. American, British, Canadian and Dutch troops were taking part in the fighting.

The U.S. contingent eventually will total about 1,500 troops, spokesmen said, but the number taking part in the offensive's initial phase was not specified.

Until now, British troops have borne the brunt of fighting in Helmand. For months, they have tried to secure a major hydroelectric dam in the district of Kajiki but have been unable to keep insurgents out of the area.

Threat of suicide attacks

Both sides say they are ready to seize the offensive this spring. Taliban commanders have boasted of having thousands of suicide bombers and other fighters at the ready.

NATO, for its part, has vowed to take the fight to insurgent strongholds. "I do not think you would be wrong if you were to characterize it as the start of ISAF's major operations for 2007," Collins told journalists in Kabul, the capital.

Senior Western commanders sought to put the spotlight on the Afghan troops involved in the operation, even though nearly five times as many NATO soldiers will take part. The alliance's southern commander, Maj. Gen. Ton van Loon, said, "We need to make sure the government of Afghanistan, with our support … secures the area."

Afghan defense officials took a decidedly lower-key approach, confirming only that the operation had begun and Afghan troops were involved.

Taliban commanders predicted that the NATO offensive would quickly founder.

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Afghan officials said Monday that nine civilians died in a U.S. airstrike north of Kabul. The strike obliterated a compound where U.S. officials said insurgents who attacked an American firebase had taken shelter.

Afghan officials said a Taliban fighter lived in the compound but had apparently escaped.

Analysts have suggested that insurgents may rely heavily on suicide attacks and roadside bombings rather than seeking a conventional military confrontation with NATO troops.

Bombing, kidnappings

Afghan officials said a policeman was killed Tuesday by a roadside bomb in Helmand province.

Further underscoring the area's lawlessness, an Italian journalist and two Afghan colleagues were reported to have been seized by insurgents in Helmand. The Italian newspaper La Repubblica said on its website that it had lost contact on Sunday with reporter Daniele Mastrogiacomo, who last checked in from neighboring Kandahar province.

A Taliban spokesman had earlier identified the captured Westerner as a British national.

king@latimes.com

Special correspondent Azimi reported from Kabul and Times staff writer King from Istanbul, Turkey.

NATO Offensive Targets Taliban In S. Afghanistan (WP)

By Griff Witte

The Washington Post, March 7, 2007

ISLAMABAD, Pakistan, March 6 -- NATO and Afghan forces on Tuesday launched what commanders described as a major operation in a key province of southern Afghanistan, part of a bid to win back territory that has become a haven for insurgents.

The operation, the international force's largest to date in the country, was centered in the northern part of Helmand province, where Afghan government authorities have little control and insurgents move with relative impunity. The province's governor said Tuesday that 700 al-Qaeda fighters had moved into the region, and were believed to be planning more of the suicide bombings and other attacks that have besieged Afghanistan for the past year and a half.

Both sides have said this is likely to be a bloody spring, and Tuesday's operation seemed to mark a significant escalation. NATO forces said that they began the operation at 5 a.m. and that it would ultimately involve 4,500 NATO troops from several nations, including the United States, Britain, Canada and the Netherlands, plus 1,000 Afghan soldiers.

More than 1,000 U.S. troops from the 82nd Airborne Division were part of the offensive, which was dubbed Operation Achilles. The United States has 27,000 troops in Afghanistan, 15,000 of whom are under NATO command.

The U.S. airborne unit had only recently moved into southern Afghanistan and was able to slip into position in Helmand beginning Monday evening and continuing overnight, according to Col. Tom Collins, a spokesman for NATO forces. "We think we have achieved some tactical surprise by moving into the area in the way that we did," Collins said.

Despite the scale of the operation, NATO forces had not publicly reported any heavy fighting by late Tuesday night, and Afghan officials in Helmand said they had not heard of any major combat. Officials did say that a British soldier had been killed during fighting in Helmand; four suspected insurgents were also reported killed in the south.

It was unclear how the Taliban and other insurgent groups would respond to an offensive. In the past, insurgents have conducted strategic retreats in the face of major operations and waited until the threat died down.

The start of Operation Achilles follows by nine months another operation in the same part of the country that involved 11,000 U.S.-led troops. Since then, insurgents have intensified their hold in northern Helmand. Last month they even took control of one district, Musa Qala, in defiance of a peace deal signed with local elders. Poppy production has also soared in the province, which is Afghanistan's largest producer of opium.

Lt. Col. Angela Billings, a spokeswoman for NATO forces, said the time is right to try to break the insurgents' grip on the area.

"Afghanistan is a different place than it was nine months ago. The local population is tired of the unrest," Billings said. "They're definitely behind [NATO forces] and the Afghan national security forces. They believe in the government, and they want to be supportive."

The immediate goal of the operation was to secure a highway that leads to a dam where international aid organizations are supposed to be working on a hydroelectric project. Instability has kept them out, however, and NATO military officials said the hope is that the operation will allow them to come back. The operation could take weeks, or more.

The governor of Helmand, Asadullah Wafa, indicated at a news conference in Kabul on Tuesday that he welcomed the NATO offensive. Wafa said that over the past year insurgents had driven away Afghan security forces in four districts of his province and that more foreign troops were needed to regain control.

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Wafa said that recently a key insurgent leader had massed 700 fighters in the province. He identified the leader as a Pakistani al-Qaeda member named Abdullah Massoud and said that Massoud's fighters include al-Qaeda members from Pakistan, Chechnya, Uzbekistan, Tajikistan and the Persian Gulf.

"Afghanistan's neighbor, Pakistan, and al-Qaeda want to turn Helmand into a terrorist center," Wafa said.

Afghan authorities have long said Pakistan is enabling the Taliban movement to thrive by giving insurgents a sanctuary in the relatively lawless tribal areas near the two countries' border. Pakistani officials counter that they are doing their best to crack down on Taliban and al-Qaeda activity and are supportive of NATO's mission in Afghanistan.

Also in Afghanistan on Tuesday, members of the Taliban told [a] news agency that they had abducted an Italian newspaper reporter in Helmand and accused him of being a spy for British troops. At the same time, the Italian newspaper La Repubblica said that it had not been able to contact one of its reporters since Sunday and that he had been in the volatile southern province of Kandahar when the paper last heard from him.

NATO Troops Launch Offensive Against Taliban (WT/AP)

By Fisnik Abrashi

The Washington Times, March 7, 2007

KABUL, Afghanistan -- In its largest offensive yet, thousands of NATO troops moved yesterday into the mountains of southern Afghanistan where hundreds of hard-core Taliban insurgents hold sway -- an operation in the world's biggest opium-producing region aimed at winning over a population long supportive of militants.

Comprising 4,500 NATO and 1,000 Afghan troops, Operation Achilles marks the start of NATO's major spring military action, said Col. Tom Collins, spokesman for NATO's International Security Assistance Force.

NATO hopes it can establish security among a population now harboring Taliban militants, foreign fighters and drug traffickers, and rid the region of its shadow Taliban government. That would allow President Hamid Karzai's administration to make its first move into a lawless region overflowing with the poppies funding the Taliban insurgency.

"What you are going to see in the coming weeks is the enemy reacting to the strategic initiative of the government of Afghanistan and the [NATO] forces it's partnered with," Col. Collins said. "It is us moving into [Taliban] areas, not the other way around."

The offensive is NATO's largest ever in the country. But it involves only half the number of troops that fought in a U.S. offensive in the same region just nine months ago, when 11,000 U.S.-led troops attacked fighters in northern Helmand province during Operation Mountain Thrust.

Although 1,500 U.S. troops along with British, Canadian and Dutch soldiers were returning to the region, the situation was "fundamentally different" this year, and NATO had a much better opportunity to establish a permanent presence because more troops were in the country.

The offensive "is focused on improving security in areas where Taliban extremists, narco-traffickers and foreign terrorists are currently operating," Col. Collins said. "Once the security situation is improved, we will begin short- and long-term reconstruction projects."

Officials estimate there are hundreds of hard-core Taliban insurgents in the area, as well as hundreds -- or perhaps thousands -- of foot soldiers hired to fight for the group.

Col. Collins said NATO was working closely with the government to prevent civilian casualties, which have dogged military operations here and resulted in strong protests from Mr. Karzai and other Afghans. Up to 20 civilian deaths in three incidents Sunday and Monday can be attributed to U.S. or NATO military action, Afghan officials and witnesses say.

Afghan defense officials said four Taliban insurgents were killed in the first day of the offensive. Britain's Ministry of Defense said a British soldier was also killed in Helmand, but not as part of the operation.

Helmand is the world's biggest producer of opium, and a new U.N. drug assessment indicates this year's poppy harvest could be higher than last year's record output. The U.N. says Taliban fighters protect poppy farmers and tax the crop, deriving money for their insurgency -- perhaps as much as hundreds of millions of dollars.

Aside from offering protection, the Taliban also derives its strong local support from ethnic and tribal ties.

The government has little control over many parts of northern Helmand, and the British troops stationed there battle almost daily with militants. U.S. intelligence officials say Taliban fighters have flooded into Helmand over the past several months, and there are now more fighters there than anywhere else in the country.

"We cannot allow extremists, criminals and Taliban to decide what happens in this country," Maj. Gen. Ton van Loon, the NATO force's southern commander, told reporters. "We need to make sure the government of Afghanistan with our support ... secures the area."

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British troops have been battling for several weeks with militants in the district of Kajaki -- the thrust of yesterday's operation -- to enable repairs on a hydroelectric dam there, which can supply close to 2 million Afghans with electricity.

Militants also overran Musa Qala, another district in northern Helmand province, on Feb. 1 after defying a peace deal between the government and elders reached last fall. The Taliban still controls the town, and Col. Collins said NATO forces would not move in until the government approves.

Meanwhile, a remote-controlled bomb targeting a police vehicle yesterday killed one policeman and wounded another in Murja district, also in Helmand, said Ghulam Nabi Mulakhail, the province's police chief.

In Rome, the Italian newspaper La Repubblica said it has lost contact with its reporter in Afghanistan, and a spokesman for the Taliban said yesterday the group had captured a person posing as a journalist who previously worked for the paper.

La Repubblica has had no contact with Daniele Mastrogiacomo since Sunday. It was not clear whether the person captured by the Taliban was the missing La Repubblica reporter.

"Taliban higher authorities" will decide what to do with them, Qari Yousef Ahmadi, who claims to speak for the Taliban, told the Associated Press by satellite phone from an undisclosed location. "We are investigating whether they are British spies."

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Prosecutors Say They Felt Pressured, Threatened (WP)

By Dan Eggen And Paul Kane, Washington Post Staff Writers

The Washington Post, March 7, 2007

Hill Republicans, Justice Dept. Cited

Six fired U.S. attorneys testified on Capitol Hill yesterday that they had separately been the target of complaints, improper telephone calls and thinly veiled threats from a high-ranking Justice Department official or members of Congress, both before and after they were abruptly removed from their jobs.

In back-to-back hearings in the Senate and House, former U.S. attorney David C. Iglesias of New Mexico and five other former prosecutors recounted specific instances in which some said they felt pressured by Republicans on corruption cases and one said a Justice Department official warned him to keep quiet or face retaliation.

Iglesias's allegations of congressional interference have prompted a Senate ethics committee inquiry. Yesterday he offered new details about telephone calls he received in October from Sen. Pete V. Domenici (R-N.M.) and Rep. Heather A. Wilson (R-N.M.), saying he felt "leaned on" and "sickened" by the contacts seeking information about an investigation of a local Democrat.

Another former prosecutor, John McKay of Seattle, alleged for the first time that he received a call from the chief of staff to Rep. Doc Hastings (R-Wash.), asking about an inquiry into vote-fraud charges in the state's hotly contested 2004 gubernatorial election. McKay said he cut the call short.

Ed Cassidy, a former Hastings aide who now works for House Minority Leader John A. Boehner (R-Ohio), said yesterday that the call was routine and did not violate "permissible limits" on contact with federal prosecutors. Hastings, the ranking Republican on the House ethics committee, also said that the exchange was "entirely appropriate."

In remarks after the hearings, McKay said that officials in the White House counsel's office, including then-counsel Harriet E. Miers, asked him to explain why he had "mishandled" the governor's race during an interview for a federal judgeship in September 2006. McKay was informed after his dismissal that he also was not a finalist for the federal bench.

White House spokesman Scott Stanzel declined last night to respond to McKay's comments.

Yesterday's testimony featured new allegations of threatened overt retaliation against the prosecutors, as former U.S. attorney Bud Cummins of Little Rock said a senior Justice Department official warned him on Feb. 20 that the fired prosecutors should remain quiet about their dismissals. Cummins recounted in an e-mail made public yesterday that the official cautioned that administration officials would "pull their gloves off and offer public criticisms to defend their actions more fully."

"It seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation," Cummins wrote in the e-mail, which he sent as a cautionary note to fellow prosecutors.

The senior official, Michael J. Elston, chief of staff to Deputy Attorney General Paul J. McNulty, wrote in a letter to the Senate that he never intended to send a threatening message in his talks with Cummins. Justice Department spokesman Brian Roehrkasse said that "a private and collegial conversation" was "being twisted into a perceived threat by former disgruntled employees grandstanding before Congress."

The six U.S. attorneys who appeared yesterday had declined to testify voluntarily. They were subpoenaed by a House Judiciary subcommittee and threatened with subpoenas in the Senate. Their testimony marked the latest twist in the U.S. attorneys saga, which began quietly on Dec. 7 with a spate of firings, but has prompted concern among current and former

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federal prosecutors that the firings -- and the Justice Department's evasive and shifting explanations -- threaten to permanently damage the credibility of U.S. attorney's offices nationwide.

"The whole series of events has been remarkable and unprecedented," said Mary Jo White, who served for nine years as the U.S. attorney for the Southern District of New York during the Clinton and Bush administrations. "It's not a matter of whether they have the power to do it; it's a matter of the wisdom of the actions taken. It shows a total disregard for the institution of the U.S. attorney's offices and what they stand for."

Arlen Specter (Pa.), the ranking Republican on the Senate Judiciary Committee, said during the testimony that "if the allegations are correct, there has been serious misconduct in what has occurred."

The Justice Department said initially that the prosecutors had "performance-related" problems, but more recently it asserted that they had not adequately carried out Bush administration priorities on immigration, the death penalty and other issues. The department has also acknowledged that Cummins, the Little Rock prosecutor, was asked to resign solely to provide a job for a former aide to presidential adviser Karl Rove.

"In hindsight, perhaps this situation could have been handled better," Assistant Attorney General William E. Moschella said in prepared testimony yesterday in the House. " . . . That said, the department stands by the decisions."

Moschella said Justice did not intend to evade Senate oversight of U.S. attorneys, who under a new law can be appointed on an interim basis indefinitely by Attorney General Alberto R. Gonzales.

For the first time, Moschella detailed in public the department's rationale for each of the dismissals (although most of the claims had previously been aired through anonymous comments and documents leaked to reporters). All but one of the fired prosecutors had received positive job evaluations, but Justice officials say those reports do not include all possible performance problems.

Moschella also said it is "dangerous, baseless and irresponsible" to allege that the firings were linked to unhappiness over public corruption probes, as Iglesias and some Democrats have alleged.

In addition to Iglesias, four other fired prosecutors were conducting political corruption investigations of Republicans when they were dismissed. Carol S. Lam of San Diego, for example, oversaw the guilty plea of former Republican representative Randy "Duke" Cunningham, and brought related indictments against a former CIA official and a defense contractor.

Iglesias testified that Wilson called him while he was visiting Washington on Oct. 16 to quiz him about an investigation of a state Democrat related to kickbacks in a courthouse construction project.

"What can you tell me about sealed indictments?" Iglesias said Wilson asked him.

Iglesias said "red flags" immediately went up in his mind because it was unethical for him to talk about an ongoing criminal investigation, particularly on the timing of indictments.

"I was evasive and unresponsive," he said of his conversation with Wilson. She became upset, Iglesias testified, and ended the conversation.

"Well, I guess I'll have to take your word for it," she said, according to Iglesias.

About 10 days later, Iglesias said, Domenici's chief of staff, Steve Bell, called Iglesias at his home in New Mexico and "indicated there were some complaints by constituents." Domenici then got on the phone for a conversation that lasted "one to two minutes," Iglesias recalled.

"Are these going to be filed before November?" Domenici asked, Iglesias testified, referring to the kickback case. Unnerved by the call, Iglesias said he responded that they were not.

"I'm sorry to hear that," Domenici replied, according to Iglesias, who added that the senator then hung up.

"I felt sick afterward," Iglesias said, acknowledging that he did not report the calls to Washington as required under Justice rules. "I felt leaned on. I felt pressured to get these matters moving."

Domenici stressed in a statement issued yesterday that Iglesias "confirmed" that the senator never mentioned the November election and that he had no idea why the prosecutor felt "violated." In a separate statement, Wilson said she was only passing on complaints from unidentified constituents and apologized for any "confusion" about the call.

In the e-mail released yesterday, Cummins wrote that Elston called him after a Feb. 18 Washington Post article, which quoted Cummins as criticizing Justice officials for blaming the firings on performance problems. He said that he defended his remarks, and that he made a point of noting that the prosecutors had declined invitations to testify before Congress.

"He reacted quite a bit to the idea of anyone voluntarily testifying," Cummins wrote, adding later: "I don't want to stir you up . . . or overstate the threatening undercurrent in the call, but the message was clearly there and you should be aware before you speak to the press again if you choose to do that."

Cummins testified that he did not feel threatened by the conversation, but others, including Iglesias and McKay, said they took it as such.

Former U.S. attorneys Daniel Bogden of Las Vegas and Paul Charlton of Phoenix also testified.

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Ex-U.S. Attorney's Email Warns Of Retaliation (WSJ)

By Evan Perez

The Wall Street Journal, March 7, 2007

A top Justice Department official, reacting to public criticism of the department over the firings of eight U.S. attorneys, called one of the ousted prosecutors and said the department may have to "pull their gloves off and offer public criticisms" against the prosecutors if the prosecutors continued to talk publicly about the dismissals, one of the prosecutors said.

Bud Cummins, who was fired last June from his job as U.S. attorney for the Arkansas Eastern District, based in Little Rock, told other dismissed U.S. attorneys in a Feb. 20 email that he thought the call from Mike Elston, an aide to Deputy Attorney General Paul McNulty, was "amiable enough." Mr. Cummins told the former prosecutors that he didn't want to "overstate the threatening undercurrent in the call, but the message was clearly there and you should be aware before you speak to the press again if you choose to do that."

Mr. Cummins's email was made public as several attorneys testified before the House and the Senate. Justice Department officials came under withering fire from lawmakers in both chambers over the recent dismissal of at least eight U.S. attorneys. (Read the email.7)

Mr. Cummins's firing is what started the uproar. His interim replacement, Timothy Griffin, is a former political official in the Bush White House and the Republican National Committee. Mr. Cummins, in an interview, said a top Justice official asked for his resignation in June, saying the White House wanted to give another person the opportunity to serve. Since the controversy arose, Mr. Griffin has announced he doesn't plan to seek Senate confirmation.

The Justice Department said Mr. Elston didn't threaten Mr. Cummins. "We stand by our statement that Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure, and any suggestion that such a conversation took place is ridiculous and not based on fact, " Brian Roehrkasse, a Justice Department spokesman said.

Mr. Cummins sent his email to Daniel Bogden, Paul K. Charlton, David Iglesias, Carol Lam and John McKay. Justice Department officials have said the Dec. 7 dismissals were performance-related. The department's performance claims has prompted protests from some of those let go—some of whom have taken to referring to the firings at the "Pearl Harbor Day Massacre." Some of the prosecutors have said they would not have protested the moves otherwise.

Democrats cited the firings as proof that under Attorney General Alberto Gonzales, the Justice Department has devolved into a political arm of the White House, especially in light of statements from Republican Sen. Pete Domenici, of New Mexico, that he sought the removal of Mr. Iglesias, the U.S. attorney in his home state, and called him to inquire about the status of a corruption investigation involving local Democrats.

Prosecutors Describe Contacts From Higher Up (NYT)

By David Johnston

The New York Times, March 7, 2007

WASHINGTON, March 6 — Six ousted United States attorneys told Congressional panels Tuesday new details about lawmakers' intrusions in sensitive investigations and possible efforts by the Justice Department to squelch their public protests over their firings.

In testimony at hearings in the Senate and House, the prosecutors spoke of intrigue over their dismissals and their surprise last December that they had been asked to resign but were given no explanation.

Democrats said the testimony raised more questions about the Justice Department's motives for the removal of eight prosecutors. "Federal prosecutors are supposed to be bedrock neutral servants of the law, not temporary tools in the service of some political end," said Senator Charles E. Schumer, Democrat of New York and a member of the Judiciary Committee.

H. E. Cummins III, who was removed last summer as a United States attorney in Arkansas, said that in late February, Michael Elston, chief of staff to the deputy attorney general, Paul J. McNulty, told him by telephone that any prosecutor who spoke to reporters could face retaliation.

In an e-mail message to several dismissed prosecutors that was disclosed at the hearing, Mr. Cummins wrote of senior Justice Department officials, "They feel like they are taking unnecessary flak to avoid trashing each of us specifically or further, but if they feel like any of us intend to continue to offer quotes to the press, or to organize behind the scenes Congressional pressure, then they would feel forced to somehow pull their gloves off."

In a letter on Tuesday addressed to Mr. Schumer, Mr. Elston responded that he was "shocked and baffled" by Mr. Cummins's portrayal of their past discussions.

"I do not understand how anything that I said to him in our last conversation in mid-February could be construed as a threat of any kind," Mr. Elston wrote, "and I certainly had no intention of leaving with that impression. At no time did I try to suggest to him what he or any other former U.S. attorney should or should not say about their resignations."

Under questioning by Senator Arlen Specter, Republican of Pennsylvania, Mr. Cummins said it was possible Mr. Elston had not intended to threaten anyone and had been offering friendly advice.

A Justice Department official acknowledged to the House Judiciary Committee that the dismissals could have been handled better. The official, William E. Moschella, a top aide in the deputy attorney general's office, told the committee: "These U.S. attorneys could have been informed at the time that they were asked to resign about the reasons for the decision. Unfortunately, our failure to provide reasons to these individual U.S. attorneys has only served to fuel wild and inaccurate speculation about our motives, and that is unfortunate because faith and confidence in our justice system is more important than any one individual."

The department said recently that the prosecutors had been fired for performance problems or for failure to carry out department policies. But some Democrats have charged that the dismissals were intended to squelch corruption investigations or replace independent-minded prosecutors.

Much of the testimony on Tuesday focused on what the prosecutors said were disconcerting calls they received in prominent inquiries.

David C. Iglesias, who was removed as the United States attorney in Albuquerque, provided new details about phone calls he received from Senator Pete V. Domenici and Representative Heather A. Wilson, two Republicans from New Mexico.

Mr. Iglesias said he felt "sick" after a phone call from Mr. Domenici and his chief of staff several days before the 2006 elections. He said it was the first time he had received a call at home from Mr. Domenici, whom Mr. Iglesias described as a one-time political mentor.

He said that Mr. Domenici had inquired about a corruption case involving a courthouse construction contract and Democrats in the state. Mr. Domenici asked whether charges were "going to be filed before the election," Mr. Iglesias said.

Mr. Iglesias said he had replied, "I don't think so." In response, he said, Mr. Domenici hung up. "I had a sick feeling in the pit of my stomach that something bad had just happened," Mr. Iglesias said. "I felt leaned on, I felt pressured to get these matters moving."

After the testimony Mr. Domenici said in a statement that he still regarded the call as nonthreatening.

Two weeks earlier, Mr. Iglesias said, he had received a brief phone call from Ms. Wilson, who was locked in a tight race in which the corruption inquiry was a hotly debated topic.

Mr. Iglesias said he was surprised when she asked him about the inquiry and whether there had been sealed indictments filed in the case. When he responded that he could not discuss the subject, he testified, she was "not happy about it" and told him, "I guess I'll have to take your word for it."

Ms. Wilson said Tuesday in a statement that her call had been an effort to alert Mr. Iglesias about rumors that he was intentionally delaying indictments. "I did not ask about the timing of any indictments," she said, "and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way."

Another prosecutor, John McKay of Seattle, said he received a call in late 2004 from Ed Cassidy, a former chief of staff to Representative Doc Hastings, Republican of Washington.

At the time, Mr. McKay was weighing whether to convene a grand jury to investigate accusations of voter fraud in a close election for governor. He said Mr. Cassidy called to inquire about the status of the investigation.

Mr. McKay said he cut off the conversation, telling Mr. Cassidy that he was certain he would not want to ask about confidential prosecution matters. "I was concerned and disconcerted by the call," Mr. McKay said.

In a statement, Mr. Hastings said that the call was appropriate. "It was a simple inquiry and nothing more — and it was the only call to any federal official from my office on this subject either during or after the recount ordeal," he said.

Fired U.S. Attorneys Felt 'Leaned On' (AP)

By Laurie Kellman, Associated Press Writer

AP, March 7, 2007

WASHINGTON (AP) - Alleging heavy-handed political pressure, fired U.S. prosecutors testified Tuesday they felt ``leaned on'' by Republican lawmakers to seek indictments and hushed by a Justice Department official who did not want them talking about their dismissals.

Testifying before Democratic-controlled congressional committees, six of eight recently ousted prosecutors said they were fired without explanation. Several described what they said was improper pressure by Republicans on pending cases.

New Mexico's David Iglesias told lawmakers he felt pressed by Sen. Pete Domenici, R-N.M., last October to rush indictments against Democrats before Election Day in November.

Arkansas' Bud Cummins wrote other fired prosecutors in an e-mail last month of a ``message'' conveyed by a Justice Department official that if they continued to talk with news reporters, the agency ``would feel forced to somehow pull their gloves off'' and fight back.

John McKay, the fired U.S. attorney in Seattle, said he stopped a top aide to Rep. Doc Hastings, R-Wash., from asking him detailed questions about an investigation into the disputed election of Washington state's Democratic Gov. Christine Gregoire in 2004.

A Justice Department official, invited to one of the two hearings, denied that any of the eight fired U.S. attorneys was improperly pressured or that they were ousted to make room for Republican political allies. Most of the firings were inspired by performance-related issues, he said.

California's Carol Lam, for example, was let go because her prosecution rate for violent crime and border violations was insufficient, William Moschella, an associate deputy attorney general, told a House subcommittee. Iglesias was fired because he had delegated too much to a deputy.

His accounting conflicts with performance reviews obtained by The Associated Press that give those ousted positive assessments.

``This administration has never removed a United States attorney to retaliate against them. Not once,'' Moschella said. ``The department stands by its decision to ask these U.S. attorneys to resign.''

A White House spokeswoman, Dana Perino, said administration officials were aware of the impending firings and offered no objections. Presidential adviser Karl Rove ``wasn't involved in who was going to be fired or hired.''

A former Rove aide, Tim Griffin, took over in Arkansas on an interim basis in December. Griffin said last month he would not seek Senate confirmation, saying a ``partisan circus'' had formed around his appointment.

The administration's defense took up only a few moments in the daylong parade of fired federal prosecutors across Capitol Hill, where they recounted being kicked out of their jobs, first to the Senate Judiciary Committee and then to the House Judiciary subcommittee on commercial and administrative law.

Their stories spanned states and legal issues, but they insisted they were not fired for poor performance. The department's claim to the contrary, several fired prosecutors said, inspired them to speak publicly.

In perhaps the day's most dramatic testimony, Iglesias told senators he felt sickened when Domenici hung up on him after being told that indictments in a corruption case against Democrats would not be handed down before the November elections.

``He said, 'Are these going to be filed before November?'" Iglesias recalled. ``I said I didn't think so. And to which he replied, 'I'm very sorry to hear that.' And then the line went dead.''

Iglesias said he received the call from Domenici at home on Oct. 26 or 27 and that it lasted two minutes, ``tops.''

``I felt leaned on. I felt pressured to get these matters moving,'' Iglesias testified. Asked by Sen. Chuck Schumer, D-N.Y., whether such a call was unusual in Iglesias' experience, the former prosecutor answered, ``Unprecedented.''

In a statement late Tuesday, Domenici said, ``Neither I nor those who overheard my side of the brief conversation recall my mentioning the November election to him. I did not pressure him.''

Democrats tried to assemble the anecdotes into a pattern of intimidation and obstruction by the Bush administration and two Republican lawmakers.

``For over 150 years the process of appointing interim U.S. attorneys has worked well with virtually no problems,'' said Sen. Dianne Feinstein, D-Calif. ``We need to assure that this kind of politicization of the U.S. attorney's offices does not happen again.''

Democrats contend the administration fired the prosecutors without cause in an effort to make way for and reward GOP allies with the plum appointments - without Senate confirmation.

A Republican joined the criticism to some extent, saying he was not convinced that the department acted properly.

``If the allegations are correct, then there has been serious misconduct in what has occurred in the terminations of these United States attorneys,'' Sen. Arlen Specter of Pennsylvania said.

Domenici and Rep. Heather Wilson, R-N.M., have acknowledged making the calls. They have denied placing political pressure on Iglesias. Neither responded to requests for reaction to Iglesias' testimony.

The two lawmakers may face additional questions over the matter. House Majority Leader Steny Hoyer, D-Md., said the House ethics committee ``has a responsibility'' to investigate Wilson's conduct. A watchdog group, Citizens for Responsibility and Ethics in Washington, has called for investigations of both Wilson and Domenici.

In the Arkansas firing, the Senate committee released an e-mail written by Cummins regarding a phone call he says he received Feb. 20 from a department official.

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Mike Elston, chief of staff to Deputy Attorney General Paul McNulty, expressed displeasure that the fired prosecutors had talked to reporters about their dismissals, according to the text.

``If they feel like any of us intend to continue to offer quotes to the press, or organize behind the scenes congressional pressure, then they feel forced to somehow pull their gloves off and offer public criticisms to defend their actions more fully," Cummins said in the e-mail to five other fired prosecutors.

``I don't want to overstate the threatening undercurrent in the call, but the message was clearly there," he added.

Asked by Specter whether he felt he was being threatened, Cummins said, ``Some people would want to interpret that as a threat, but it could also be, 'Hey, here's some friendly advice.'"

The department denied making any threat, implied or otherwise.

``A private and collegial conversation between Mike Elston and Bud Cummins is now somehow being twisted into a perceived threat by former disgruntled employees grandstanding before Congress," department spokesman Brian Roehrkasse said.

``Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure and any suggestion that such a conversation took place is ridiculous and not based on fact," Roehrkasse said.

As for the call to McKay by Hastings' aide, the congressman, who is ranking Republican on the House ethics committee, said, ``It was a simple inquiry and nothing more." Ed Cassidy, Hastings' former chief of staff, is now senior adviser to Republican leader John Boehner of Ohio.

Iglesias told the panel he received a call from Wilson in mid-October in which she asked him about sealed indictments - a topic prosecutors cannot discuss. Wilson's question ``raised red flags in my head," Iglesias said.

``I was evasive and nonresponsive to her question," Iglesias told the panel, saying he talked generally about why some indictments are sealed. ``She was not happy with that answer. And she said, 'Well I guess I'll have to take your word for it." The call ended almost immediately, Iglesias said.

Asked by Schumer if he felt pressured by that call, Iglesias replied: ``Yes sir, I did."

Associated Press writers Jennifer Talhelm, Hope Yen and Larry Margasak contributed to this report.

Fired Prosecutor Felt Lawmakers' 'Pressure' (WT)

By Eric Pfeiffer

The Washington Times, March 7, 2007

A former federal prosecutor yesterday told a Senate panel that he was fired after Republican lawmakers called him and voiced concern about the sluggish pace of a corruption probe of New Mexico Democrats last year.

David C. Iglesias told committee members he felt "leaned on" by Sen. Pete V. Domenici and Rep. Heather A. Wilson of New Mexico.

Mrs. Wilson "wanted to talk about sealed indictments," said Mr. Iglesias, an appointee of President Bush. "I felt leaned on. I felt pressure to get these things moving."

Mr. Iglesias said Mr. Domenici hung up on him when told not to expect any indictments before the November elections.

While campaigning for re-election, Mrs. Wilson cast her Democratic opponent, Attorney General Patricia Madrid, as soft on corruption.

The Justice Department firings of Mr. Iglesias and seven other U.S. prosecutors are shaping up to be the first major investigation by the Democrat-led Congress.

"They were fired for no reason -- or worse, a political agenda," Chairman Charles E. Schumer, New York Democrat, said at the opening of the Senate Judiciary Committee hearing.

Justice Department officials say the prosecutors were fired for performance-related issues.

"This may take a lot of time and a lot of hearings," said Sen. Arlen Specter of Pennsylvania, the committee's ranking Republican.

Mr. Domenici and Mrs. Wilson said they did not intend to pressure Mr. Iglesias about his case.

"In the fall of last year, I was told by a constituent with knowledge of ongoing investigations that U.S. Attorney David Iglesias was intentionally delaying corruption prosecutions," Mrs. Wilson said yesterday.

"My call was not about any particular case or person, nor was it motivated by politics or partisanship. I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way."

Federal law-enforcement sources said some lawmakers were concerned about Mr. Iglesias' failure to convict David Hudak on arms dealing charges and his ability to convict former state Treasurer Robert Vigil on only one of 23 counts of extortion.

The House's ethics manual says the House and Senate recognize that a request for background information or a status report "may in effect be an indirect or subtle effort to influence the substantive outcome of the proceedings."

Carol Lam, a 2002 Bush appointee who oversaw the successful bribery prosecution of former Rep. Randy "Duke" Cunningham, California Republican, told the panel that she felt her termination was connected to complaints by a Republican legislator.

The Justice Department issued a request for her dismissal in January for not aggressively pursuing the prosecution of border crimes.

"I don't think anything we've done has been inconsistent with the mandates of the department," Mrs. Lam said. She said Rep. Darrell Issa, California Republican, called the Justice Department to question her efforts.

c Jerry Seper contributed to this story, which is based in part on wire service reports.

Ousted U.S. Attorneys Blast Bush Administration (MCT)

By Marisa Taylor, Margaret Talev And Les Blumenthal, McClatchy Newspapers

McClatchy, March 7, 2007

WASHINGTON - Six former U.S. attorneys told two congressional committees Tuesday that Republican lawmakers and a congressional aide inquired about politically sensitive investigations, and their testimony raised new questions about whether the Bush administration removed the attorneys for political rather than professional reasons.

The U.S. attorneys, all of whom were appointed by President Bush, contradicted the administration's version of their sudden firings. Justice Department officials have downplayed the firings of eight U.S. attorneys as administrative decisions that were based on concerns about the attorneys' performance.

The U.S. attorneys testified before a House of Representatives subcommittee and the Senate Judiciary Committee that they were never given any specific reasons for their ousters. Two of them described interactions with Congress about criminal cases that Democrats have said could demonstrate that their removals were motivated by political considerations.

William E. Moschella, the principal associate deputy attorney general, called the charges of political interference "dangerous, baseless and irresponsible."

"This office has never removed a U.S. attorney to retaliate against them or prevent a public corruption investigation," he said. "Not once."

John McKay, the ousted U.S. attorney for western Washington state, revealed that the former chief of staff to Rep. Doc Hastings, R-Wash., called him in the weeks after the hotly contested 2004 Washington governor's race to ask about the status of an investigation into voter fraud by the Democrats. McKay's office looked into the allegations but never filed any charges. Christine Gregoire, a Democrat, eventually was declared the winner by 129 votes.

McKay said outside the hearing that top Bush aides were critical of his handling of the case when they interviewed him at the White House about becoming a federal judge.

David Iglesias, the former U.S. attorney in New Mexico, described separate phone calls from Republicans Sen. Pete Domenici and Rep. Heather Wilson about a corruption probe that involved at least one Democrat a month before the November elections and weeks before he was fired. At the time, Wilson was in a re-election race that she later won by 875 votes out of nearly 211,000 cast.

The prosecutors' testimony provoked a new round of accusations that Republicans tried to interfere with U.S. attorneys, who are appointed by the president but are supposed to refrain from partisan politics.

Rep. Linda Sanchez, D-Calif., the chairwoman of the House subcommittee, said in an interview that she expected the House to hold more hearings, and she left open the possibility of calling White House and Republican Party figures, as well high-level Justice Department officials.

Also Tuesday, an e-mail describing a conversation between one of the prosecutors and a high-ranking Justice Department official was made public.

In an e-mail sent to five of the ousted prosecutors, former U.S. Attorney Bud Cummins of Arkansas said a Justice Department official told him that department officials feel "like they are taking unnecessary flak to avoid trashing each of us," he wrote. "I was tempted to challenge him and say something movie-like such as `are you threatening ME???'"

In his testimony Tuesday, Cummins described the call as "advice" rather than a threat.

Brian Roehrkasse, a Justice Department spokesman, said Cummins "twisted" a collegial conversation with Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, "into a perceived threat by former disgruntled employees grandstanding before Congress."

"Mike Elston did not tell any U.S. attorney what they should or should not say publicly about their departure, and any suggestion that such a conversation took place is ridiculous and not based on fact," he said.

Most of the prosecutors voiced frustration about not knowing why they were removed.

Daniel Bogden, the former U.S. attorney in Nevada, said he asked William Mercer, the acting assistant attorney general, why he was removed. Bogden quoted Mercer as saying that the administration had a "very short two-year window of opportunity, and this would be an opportunity to put others into these positions so they could build their resumes."

In a shift from the administration's previous explanation, Moschella of the Justice Department said the U.S. attorneys were removed "for reasons related to policy priorities and management," rather than solely "performance-related" reasons.

"In hindsight, perhaps the situation could have been handled better," he said. "Our failure to provide reasons has only served to fuel . . . wild and inaccurate speculation about our motives. That said, the department stands by its decisions."

Cummins' departure "was not for performance reasons," Moschella said, but because Justice officials thought Cummins didn't plan to serve out the rest of his term, and they wanted to find a spot for a former aide to Karl Rove, President Bush's top political strategist.

Democrats seized on the prosecutors' testimony to question whether the White House may have been more actively involved in the effort to oust certain prosecutors and replace them with partisan loyalists.

In an interview, McKay said his handling of the 2004 Washington governor's race came back to haunt him when he was interviewed about a federal judgeship by then-White House Counsel Harriet Miers and others in her office.

McKay said he was asked in the late summer or early fall of 2006 to explain the criticism of how he'd "mishandled" the governor's race investigation. McKay didn't reveal who asked the question, but he said it wasn't Miers.

McKay didn't get the nomination.

Most Republicans have maintained that the administration appeared to have valid reasons to fire the presidential appointees, and they accused the Democrats of grandstanding in their first use of their subpoena power since they took over the House and Senate in January.

The House panel's ranking Republican, Rep. Chris Cannon of Utah, called the hearing a "show trial," accused the former U.S. attorneys of behaving "disingenuously" and said there was "not a shred of hard evidence" that their removals were coordinated politically.

Iglesias' allegations have prompted a liberal public-interest group to file ethics complaints against Domenici and Wilson. The two New Mexico lawmakers have acknowledged making the calls to inquire about the corruption case, but they have insisted they didn't try to pressure Iglesias.

Former Hastings aide Ed Cassidy's telephone call also could raise ethics questions, even though McKay testified that he stopped Cassidy before the conversation "crossed the line." McKay also said the FBI hadn't launched a formal investigation at the time, although the allegations of voter fraud had been widely publicized.

Cassidy, who appeared briefly to listen to the testimony, described the conversation as a "routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities."

"As the top aide to the chairman of the House Ethics Committee, I understood the permissible limits on any such conversation," he said. "Mr. McKay understood and respected those boundaries as well."

Cassidy is now a senior adviser to House Minority Leader John Boehner, R-Ohio, and, among other things, advises Boehner on congressional ethics. Hastings chaired the House Ethics Committee from February 2005 until Democrats took control of the House earlier this year. He's now the ranking Republican on the committee, known as the Committee on Standards of Official Conduct.

Dismissed Federal Prosecutors Testify In Congress (LAT)

By Richard A. Serrano, Times Staff Writer

The Los Angeles Times, March 7, 2007

WASHINGTON — A fired federal prosecutor described Tuesday how two Republican lawmakers from New Mexico made him feel "sick" after they called him -- in one case at his home -- to ask about criminal charges against Democrats last fall, just as one of the officeholders faced a tight re-election race.

The former prosecutor, David C. Iglesias, told congressional committees investigating the firing of him and seven other U.S. attorneys that in mid-October, Rep. Heather Wilson grilled him over the phone for information about possible sealed indictments in a call to his hotel room in Washington.

Two weeks later, Iglesias said, Sen. Pete Domenici called him at home, expressed disgust that there would be no indictments against Democrats in New Mexico before the November election, and slammed down the phone.

"I felt sick afterwards," Iglesias said. "I felt leaned on. I felt pressured to get these cases moving."

Iglesias joined five other former U.S. attorneys in a pair of hearings on Capitol Hill, all of them responding to subpoenas and sharing their disbelief and frustration over how they were abruptly terminated by Department of Justice officials.

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The prosecutors said they could see no clear reason why they were let go other than political motives, noting that supervisors in Washington had praised their work and given them glowing performance evaluations since President Bush took office in 2001.

One of them, Carol Lam of San Diego, successfully prosecuted former Rep. Randy "Duke" Cunningham, R-Calif., and yet was dismissed shortly after indicting two of his partners in a sweeping bribery case.

"In most of our cases," Lam said, speaking for the group of dismissed prosecutors, "we were given little or no information" about why they were terminated.

Attorney General Alberto Gonzales and Justice Department officials have stoutly defended the firings, saying they were done because expectations were not being met or simply to make room for other individuals to have a shot at the traditionally plum jobs.

Administration officials also have stressed that U.S. attorneys are political appointees -- a fact clearly understood by the fired prosecutors -- who serve at the pleasure of the president and can be removed at any time for any reason.

"The department stands by the decisions" to fire the eight prosecutors, William E. Moschella, principal associate deputy attorney general, told the House Judiciary Subcommittee on Commercial and Administrative Law.

"To be clear," he said, "it was for reasons related to policy, priorities and management that these U.S. attorneys were asked to resign."

He said the Justice Department "would have preferred" that the dismissals not become such a hot political issue. "In hindsight," he said, "perhaps this situation could have been handled better."

The firings have left most of the eight prosecutors angry. At Tuesday's hearings, H. E. "Bud" Cummins III, the former U.S. attorney in Little Rock, Ark., complained that he was pushed aside to make room for Timothy Griffin, a Republican operative for chief White House political adviser Karl Rove.

Cummins also charged that the administration has continued to hound the prosecutors. He said a top Justice Department official warned him last month against talking to the media or Congress about the firings -- a "threat" he passed on to his other former colleagues.

John McKay, the fired prosecutor in Seattle, said he was unnerved by requests not to go public.

Looking around the open hearing room on Capitol Hill, he told a large group of reporters and members of the Senate Judiciary Committee: "I did not feel at all intimidated. Instead, it made me angry. Hence my presence here."

McKay revealed a new allegation of political pressure. He said that in 2004, during a series of vote recounts in which a Democrat was narrowly elected governor in Washington state, the then-chief of staff for Rep. Doc Hastings, R-Wash., called him and started inquiring about the status of a federal investigation into vote fraud.

McKay said he quickly cut off the caller, whom he identified as Ed Cassidy, because McKay felt the conversation might constitute obstruction of justice. "I was concerned and dismayed by the call," McKay said.

Hastings, who in 2005 and '06 chaired the House ethics committee and remains its ranking GOP member, said Cassidy's call and the phone conversation were "entirely appropriate."

He added, "It was a simple inquiry and nothing more." He said of McKay, "I simply cannot understand why he didn't just pick up the phone to make me aware of his concern about my aide's call."

Iglesias admitted that he also did not report the phone calls from Wilson and Domenici, and said he came forward about them only after he was fired.

He said he was hesitant at first because Wilson, a House member since 1998, had been a "friend and ally" in New Mexico politics, and because he considered Domenici, a 34-year veteran of the Senate, to be a "mentor."

"I felt a conflict between my loyalty to them and my duty to report," Iglesias said.

But he said he felt he was betrayed when he was fired, adding, "I've always been trained that loyalty is a two-way street. So upon further reflection I thought the right thing to do was to go public."

(Optional add end)

Iglesias offered the most riveting testimony at Tuesday's hearings in describing the two phone calls, which Wilson and Domenici have acknowledged they made but have denied were aimed at putting any pressure on the prosecutor.

Last fall, Iglesias said, his office was investigating allegations of Democratic corruption in New Mexico at a time when Wilson and Patricia Madrid, the Democratic state attorney general, were battling each other for Wilson's House seat. Wilson eventually won in a squeaker.

He said Wilson called him at his Washington hotel room on Oct. 16. They first joked about his being in Washington, he said, and then she changed the subject. She said she had been hearing about sealed indictments.

"Red flags went up in my head," Iglesias said. "We cannot talk about sealed indictments."

He said he responded evasively to her and ended the call. "She was not happy," Iglesias recalled.

The call to him two weeks later was placed by Domenici's chief of staff, Steve Bell, and Iglesias said he took it in his bedroom at his home as his wife was nearby. Bell told Iglesias that their office was getting complaints from citizens, and Bell then handed the phone over to the senator.

Iglesias said Domenici wanted to know if any indictments would be filed before the Nov. 7 election. The prosector said, "I don't think so." The senator, Iglesias said, responded, "I'm very sorry to hear that."

And then, Iglesias said, "the line went dead."

Fired U.S. Attorneys Allege Improper Contacts (CHIT)

By Karoun Demirjian

Chicago Tribune, March 7, 2007

WASHINGTON -- Several former U.S. attorneys told two congressional committees Tuesday that they felt political pressure from the Bush administration to remain silent about the circumstances of their firings.

H.E. "Bud" Cummins, ousted from his East Arkansas post last summer —and replaced by a former aide to White House political operative Karl Rove — told the Senate Judiciary Committee that in late February he received a troubling phone call from Mike Elston, chief of staff to deputy Attorney General Paul McNulty.

"He indicated that if the controversy continued to be stirred up, more damaging information might come out," said Cummins, who passed on the conversation to the other dismissed U.S. attorneys in an email he presented to the committee. "It might have been a threat, observation, or prediction. But I was very concerned for my colleagues."

John McKay, a former U.S. Attorney in western Washington state and one of seven federal prosecutors told to resign on Dec. 7, said, "I took it to mean that any work with Congress or testimony would be seen as an escalation from the Department of Justice, and they would respond accordingly. I felt that was a threat and hugely inappropriate. But while it was a threat, I'm not intimidated and I don't think my colleagues are either."

McKay and Cummins were joined in their testimony by former U.S. Attorneys Carol Lam of San Diego, best known for her successful prosecution of former Rep. Randy "Duke" Cunningham (R-Calif.), and David Iglesias of New Mexico, a former Navy prosecutor who was the inspiration for Tom Cruise's character in "A Few Good Men." All four also testified before the House Judiciary Committee and were joined there by former U.S. Attorneys Daniel Bogden of Nevada and Paul Charlton of Arizona.

Their complaints about feeling pressured by the Bush administration to keep quiet about their dismissals are the latest chapter in what has incrementally grown into a serious political problem for the White House.

"There is so much evidence of the political interest of justice officials carrying weight over the career lawyers," said Thomas Mann, a political analyst with the Brookings Institution. "My view is that will potentially be quite harmful to the administration."

Over the weekend, Iglesias said he had received phone calls from his one-time mentor, Sen. Pete Domenici (R-N.M.), and Rep. Heather Wilson (R-N.M.), asking if indictments in a high-profile political corruption case would be handed down before the November elections.

"Red flags went up," Iglesias said. "I felt sick."

The Justice Department confirmed that Domenici later contacted high-level department officials with complaints about Iglesias.

Iglesias' story comes only weeks after Attorney General Alberto Gonzales told the Senate Judiciary Committee that he would "never, ever make a change in the United States attorney position for political reasons."

But shifting details in the administration's official explanations have convinced some Democrats that the attorneys in question were basically fired for political reasons.

"With virtually no documentary evidence on performance problems on the part of the fired U.S. Attorneys…what are we to think?" asked Sen. Charles Schumer (D-N.Y.), who chaired the Senate committee meeting.

U.S. Attorneys serve at the pleasure of the President, who is legally entitled to terminate an appointee's tenure for any or no reason.

"The Democrats are on the offensive against this president, who is a deeply politically vulnerable president," said Mark Moeller of the Cato Institute, a libertarian think tank. "This is a good way for the Democrats to portray the president as a lawless president."

The White House continues to insist that in all cases apart from Cummins's, the firings were based on their poor job performance. Associate Deputy Attorney General William Moschella told the House Judiciary Committee Tuesday that several attorneys had not been diligent in pursuing Justice Department policies, such as Lam, whose gun prosecution numbers, he said, were simply too low.

"She only beat out Guam and the Virgin Islands in that area," he said.

Lam defended her record. "It's a balancing act, and it does concern me that lack of pursuit of one of 20 or 30 priorities would be used as a reason to dismiss a U.S. Attorney," she said.

When asked, all the former U.S. Attorneys rejected the notion that job-performance related issues could have precipitated their dismissals. Sen. Dianne Feinstein (D-Calif.) suggested that the prosecutors may have been removed so the administration could appoint more political supporters, as was the case with Cummins's dismissal, by taking advantage of a little-known provision of the Patriot Act Reauthorization that allows the president to make indefinite interim U.S. Attorney appointments.

She and Sen. Arlen Specter (R-Pa.) have drafted a bill, currently facing Republican opposition on the Senate floor, to reinstitute a 120-day time limit for presidential appointees to receive Senate confirmation.

"It would be helpful if the Department of Justice would be a little more sensitive about what they're doing," Specter said. "To replace seven U.S. attorneys all at once is not exactly a discreet thing to do."

Ousted US Attorney Warned 'Gloves Will Come Off' (FT)

By Brooke Mastersin Washington

Financial Times, March 7, 2007

A top official at the Justice Department warned one of the eight US attorneys ousted last year that the Bush administration would "take the gloves off" and retaliate if the fired prosecutors continued to talk publicly about the issue, Bud Cummins, the former US attorney from Arkansas, testified yesterday.

"It might have been a threat. It might have been a warning. It might have been a prediction," Mr Cummins told the Senate judiciary committee of his February 20 conversation with Mike Elston, the chief of staff to Paul McNulty, the deputy attorney-general. Mr Cummins immediately e-mailed the warning to five fellow ousted prosecutors.

Mr Cummins' testimony came as the committee investigated the unprecedented midterm removal of at least eight attorneys, including seven who were called on a single day in December and told to resign.

"It seems all too likely that some in the administration were seeking to turn US attorneys into political -operatives," said Chuck Schumer, who chaired the hearing.

US attorneys, who supervise most federal criminal cases, are appointed by the president and confirmed by the Senate. The Justice Department said that most of the eight had performance problems. Brian Roehrkasse, a department spokesman, also took issue with Mr Cummins' testimony, saying, "A private and collegial conversation . . . is now somehow being twisted into a perceived threat by former disgruntled employees grandstanding before Congress."

Another former US attorney, David Iglesias of New Mexico, testified he believed he was fired because he had failed to yield to political pressure to speed up corruption cases involving Democrats. Senator Pete Domenici and Representative Heather Wilson, both Republicans, have acknowledged contacting Mr Iglesias in October, just before a close election, but have denied they intended to put pressure on the prosecutor.

Mr Iglesias testified that he "felt sick" and "leaned on" after a phone call in which he said Mr Domenici asked if the investigation would result in indictments before election day.

Democrats also asked whether Carol Lam, the San Diego US attorney, was fired because she directed the -corruption prosecution of Randy "Duke" Cunningham, a former Republican congressman. Ms Lam said that, when she asked why she was being fired, "I was told they didn't see why that information would be helpful to me".

Fired Prosecutor Says He Was Warned To Keep Quiet (Update2) (BLOOM)

By Robert Schmidt

Bloomberg, March 7, 2007

March 6 (Bloomberg) -- A prosecutor dismissed by the Bush administration last year said he and other former U.S. attorneys were warned to keep quiet about their firings by a senior Justice Department official.

H.E. ``Bud'' Cummins told the Senate Judiciary Committee that Mike Elston, the deputy attorney general's top aide, threatened him with retaliation in a phone call last month if he went public. Cummins said he passed the warning on to five U.S. attorneys who were ousted last December, believing that was what Elston wanted.

``They feel like they are taking unnecessary flak to avoid trashing each of us specifically or further, but if they feel like any of us intend to continue to offer quotes to the press, or to organize behind-the-scenes congressional pressure, then they would feel forced to somehow pull their gloves off,'' Cummins wrote in an e-mail to the other fired prosecutors that was released by the committee today.

Cummins, of Little Rock, Arkansas, testified today along with former U.S. Attorneys Carol Lam of San Diego, David Iglesias of Albuquerque, New Mexico, and John McKay of Seattle.

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Iglesias said that Republican Senator Pete Domenici hung up on him in anger after the prosecutor said he wasn't going to bring indictments before the November elections in a local corruption case involving Democrats. ``I felt leaned on," Iglesias said.

A Firestorm

The four ex-U.S. attorneys were among eight prosecutors, all Republican appointees, notified by the Justice Department last year that they were being let go. Two of the remaining four, Daniel Bogden of Nevada and Paul Charlton of Arizona, added their views this afternoon in testimony before a House Judiciary subcommittee.

The dismissals prompted Democrats to compare the firings to the so-called Saturday Night Massacre in 1973 when President Richard M. Nixon dismissed Watergate special prosecutor Archibald Cox.

Today, Democrats demanded to know whether the Bush administration forced out the prosecutors to influence politically sensitive criminal investigations. Most of the ex- U.S. attorneys were supervising at least one high-profile corruption probe.

William Moschella, a Justice Department official, told the House panel the prosecutors were ousted for legitimate reasons, including poor management, differences over death penalty policies and failure to crack down on illegal immigration. Cummins was asked to leave to create an opening for a former aide to Karl Rove, Moschella said.

Poor Handling

``In hindsight, perhaps this situation could have been handled better," Moschella said. The agency's failure to explain the firings to the U.S. attorneys ``only served to fuel wild and inaccurate speculation about our motives."

Democrats on both the Senate Judiciary Committee and the House Judiciary subcommittee said they will continue to press for an explanation from Justice Department officials.

``We will not rest until we get the answers we seek," said New York Democratic Senator Charles Schumer.

Senator Arlen Specter of Pennsylvania, the senior Republican on the committee, agreed.

``It is very important to withhold judgment on the allegations until we have worked through this very complex" matter, said Specter. ``This may take a lot of time and a lot of hearings."

Show Trial

On the House side, Republicans likened the hearing to a political show trial, pointing out that President George W. Bush has the authority to fire prosecutors at will.

Representative Christopher Cannon, a Utah Republican, chastised Democrats for trying to ``stir up a groundless partisan controversy." The prosecutors ``are not entitled to their jobs," he said.

In his e-mail to the other fired prosecutors, Cummins said Elston ``reacted quite a bit to the idea of anyone voluntarily testifying" before Congress. ``It seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation."

Questioned by Specter, Cummins said he couldn't say for sure Elston was passing along a threat.

`Friendly Advice'

``Some people would want to interpret it as a threat, but it could also be, `hey, there's some friendly advice,'" Cummins said. ``I've attempted to not characterize the call, I just tried to pass the substance on to my colleagues."

Brian Roehrkasse, a Justice Department spokesman, said Elston never told the fired prosecutors what to say in public.

``A private and collegial conversation between Mike Elston and Bud Cummins is now somehow being twisted into a perceived threat by former disgruntled employees grandstanding before Congress," Roehrkasse said.

Iglesias testified today that Domenici and Republican Representative Heather Wilson, both of New Mexico, pressured him in phone calls last October to move forward on the corruption case.

Iglesias said Wilson asked him about sealed indictments and he provided ``evasive and non-responsive answers."

When Domenici called him about the probe at home two weeks later, Iglesias said he ``felt sick afterwards."

Both lawmakers have acknowledged making the calls but said they didn't seek to influence any case or to pressure Iglesias.

The 93 U.S. attorneys are appointed by the president and serve at his discretion. The positions require Senate confirmation.

Ousted U.S. Attorney Says He Felt 'leaned On' By Senator's Call (USAT)

By Kevin Johnson

USA Today, March 7, 2007

WASHINGTON — A former federal prosecutor who was fired by the Bush administration said Tuesday that he "felt sick" and "leaned on" after New Mexico's Republican senator called him last fall and asked whether a corruption probe of local Democrats would result in charges by Election Day.

David Iglesias, the former U.S. attorney in Albuquerque, described the late October call to his home by Sen. Pete Domenici as an "unprecedented" and inappropriate effort to influence an active investigation. Iglesias said that when he told Domenici the probe would not be resolved before the elections, the senator said he was "sorry to hear that" and abruptly hung up.

"I felt sick afterward," Iglesias told the Senate Judiciary Committee, adding that "red flags went up. It's like calling a scientist" at the government-owned Sandia National Laboratories in New Mexico "and talking about (secret nuclear) launch codes." Congressional ethics rules prohibit lawmakers from trying to influence authorities involved in criminal investigations.

Six weeks after the call, Iglesias said, he was asked to resign.

Iglesias' account of his conversation with Domenici, and a similar one with Rep. Heather Wilson, R-N.M., was part of a cascade of fresh allegations heard Tuesday by House and Senate lawmakers who are examining the Bush administration's firing of eight U.S. attorneys. The Senate and House Judiciary committees are looking into whether the firings of the prosecutors — who served at the pleasure of the president — went beyond politics to involve ethics violations by members of Congress, or worse.

Another ousted prosecutor, H.E. "Bud" Cummins of Little Rock, told the Senate panel that a Justice Department official suggested to him last month that the administration would "retaliate" if the prosecutors spoke publicly about their firings or cooperated with congressional panels investigating the dismissals.

Cummins later described last month's call from Mike Elston, chief of staff to Deputy Attorney General Paul McNulty, as "friendly advice." However, three other ousted prosecutors who were informed of Elston's message told the senators that such action could be interpreted as a threat, potential witness intimidation or obstruction of justice.

The Justice Department's Brian Roehrkasse said Elston did not try to silence the fired prosecutors or prevent them from cooperating with Congress.

In separate statements, Domenici and Wilson acknowledged calling Iglesias but said they did not try to pressure or threaten him. Domenici said he merely was checking on the "time-frame" of a corruption probe involving alleged kickbacks to public officials in the construction of a courthouse.

Testifying before the House panel, William Moschella, principal associate deputy attorney general, defended the firings. He said seven of the prosecutors were ousted because of poor job performance. McNulty said in February that Cummins had been cleared out to make way for Tim Griffin, a former aide to White House adviser Karl Rove. Griffin has since said he will not seek the post permanently.

Iglesias Speaks To Senate Committee (ALBTRIB)

By James W. Brosnan, Kate Nash

Albuquerque Tribune, March 7, 2007

Iglesias says Domenici, Wilson pressured him on corruption case

WASHINGTON — Fired U.S. Attorney David Iglesias testified today that he "felt sick" after an October phone call from his onetime mentor, U.S. Sen. Pete Domenici, asking whether indictments in an Albuquerque corruption case would be issued before the November elections.

"He asked, `Are those going to be filed before November?' " Iglesias told the Senate Judiciary Committee. "I said I didn't think so. He said, `I'm very sorry to hear that.' And then the line went dead.

"I felt sick afterwards," Iglesias said. "I felt leaned on to get this moving."

Iglesias, the U.S. attorney for New Mexico, also testified about an October phone call from U.S. Rep. Heather Wilson, who was locked in a re-election battle with then-state Attorney General Patricia Madrid. Iglesias said Wilson asked him about "sealed indictments" in the case.

Iglesias told the committee that he believed the brief phone calls from the two Albuquerque Republicans in the weeks prior to the Nov. 7 elections were an attempt to involve his office in the 1st Congressional District battle.

Iglesias also revealed in the first of two high-profile congressional hearings today that he had been warned by a fellow fired U.S. attorney that the Justice Department might retaliate if he testified before Congress.

Iglesias said Wilson called him about Oct. 16 and said "she had been hearing about sealed indictments. What can you tell me about sealed indictments?"

"Red flags went up," Iglesias said. "We cannot talk about sealed indictments."

Iglesias said he responded that prosecutors occasionally seal indictments in national security cases, "and she was not happy with that answer."

Domenici called Iglesias at his home about two weeks later and also asked about the investigation into kickbacks in a courthouse construction contract purportedly involving high-profile Democrats.

The Justice Department asked for Iglesias' resignation six weeks later.

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Sen. Arlen Specter, a Pennsylvania Republican, asked Iglesias why he did not report the calls to the Justice Department, as he was required, noting that the immediacy of a complaint adds to a witness's credibility.

Iglesias responded that he did not do so because he felt loyalty to Domenici as a mentor and Wilson as a "friend and ally."

But he changed his mind about going public in mid-January, he said.

"Loyalty is a two-way street," he said. "I think they (Domenici and Wilson) were behind me being asked to resign."

Conflicting stories

Today was the first time Iglesias named the two members of Congress who he said in interviews with the media last week had contacted him.

Iglesias' testimony today contradicted the public statements of Domenici and Wilson on some points. Domenici, who initially told reporters last week that "I have no idea what he (Iglesias) is talking about," this weekend acknowledged making the phone call. But he denied pressuring Iglesias and made no mention of asking Iglesias specifically about indictments "before November."

Wilson, who last week declined to comment on Iglesias' statement by saying it was a personnel matter, on Monday released a written statement saying she had made the phone call on behalf of a constituent. Her statement said she called to discuss an allegation that Iglesias was moving slowly on the indictments and that he told her he had very few people to deal with corruption cases.

Iglesias today denied they discussed resource issues in the call.

Today's hearing also resulted in the release of a Feb. 20 e-mail from H.E. Cummins, another fired U.S. attorney from Little Rock, in which he told Iglesias and four other fired U.S. attorneys that a senior Justice Department official had told him if they persisted in talking to the media the department "would feel forced to somehow pull their gloves off and offer public criticisms to defend their actions more fully."

Cummins said he personally believed the warning from Mike Elston was a "big deal," but he felt obliged to tell his fired colleagues before they gave any more interviews.

Iglesias said he took the e-mail "as a warning shot across the bow."

"It didn't intimidate me. It made me angry," said Iglesias, who has noted that he had received positive job evaluations prior to his firing.

A Justice Department official was scheduled to testify this afternoon at a hearing of a House Judiciary subcommittee where Iglesias and three other fired U.S. attorneys were also scheduled to testify.

Pressure rising

Today's testimony is likely to step up pressure on the House and Senate ethics committees to investigate the phone calls by Domenici and Wilson.

Wilson ended six days of silence about the firing Monday. Both Domenici and Wilson contend they were calling Iglesias on behalf of constituents, which members of Congress are allowed to do under congressional ethics rules. However, calling to put pressure on a federal officer is not permitted.

"I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way," Wilson wrote in her statement.

"The conversation was brief and professional."

Wilson has repeatedly declined to talk to New Mexico news media about the situation.

She released the statement amid heat from Democrats to talk and queries from political wags wondering why she refused to break her silence. At the time of her call, she was neck-and-neck with Madrid, whom Wilson had accused of being soft on government corruption.

The Democratic Congressional Campaign Committee on Monday called on Wilson to address the issue, and a citizens' group filed an ethics complaint against her today.

"Heather Wilson's silence is deafening," said Jennifer Crider of the Democratic Congressional Campaign Committee in a statement Monday. "If she didn't do anything wrong, why won't she say so?"

In her initial statement, Wilson said a constituent, whom she did not identify, said, "Iglesias was intentionally delaying corruption investigations." She also said she wanted to help Iglesias.

In a statement released today, Wilson said the constituent was someone "with knowledge of ongoing investigations." She called the allegation against Iglesias "deeply troubling."

During her phone call to Iglesias, Wilson said, he denied any intentional delay.

"If the purpose of my call has somehow been misperceived, I am sorry for any confusion. I thought it was important for Mr. Iglesias to receive this information and if necessary, have the opportunity to clear his name," she said.

A political tempest

The firings of Iglesias and seven other U.S. attorneys have created a political tempest in Washington. On Monday, Citizens for Responsibility and Ethics in Washington filed an ethics complaint against Domenici and a similar complaint against Wilson today.

But CREW Executive Director Melanie Sloan said, "I'm not holding my breath" that either the House or the Senate will act on the complaints.

In the House, CREW would first have to find a member willing to sponsor the complaint against Wilson, because the ethics committee is not required to consider complaints by outside groups. The ethics committee could investigate on its own initiative, but rarely does so.

Domenici would not respond to questions Monday about the ethics complaint. But Steve Bell, Domenici's chief of staff, told The Tribune that it's "probably 50-50" whether the ethics committee will consider the complaint.

CREW contends Domenici violated Senate rules by interfering in an investigation.

"You don't call right before an election about a pending corruption investigation," Sloan said.

But Bell said the call in mid-October was not a violation of ethics rules because it had been publicly reported that the FBI had turned over its information to Iglesias, and constituents were asking Domenici what was going on.

CREW is known for filing complaints against Republicans, but its complaint drew support Monday from a more conservative group.

Judicial Watch President Tom Fitton said politics should be kept out of corruption investigations, and if Domenici had a question about the investigation he should have contacted Justice Department officials in Washington, not the U.S. attorney in charge of the case.

Carl Tobias, a professor of law at the University of Richmond who has studied ethics law, said there may need to be an investigation to determine what was said to Iglesias and whether the timing was politically motivated.

"It isn't clear to me there is a violation, but sometimes the appearance is just as bad as the reality," Tobias said.

If found guilty of ethics violations, Domenici or Wilson, theoretically, could face penalties ranging from a private admonishment to expulsion, but Tobias predicted at most it would be "a slap on the wrist."

Justice Department spokeswoman Tasia Scolinos confirmed that Domenici called U.S. Attorney General Alberto Gonzales three times - in September 2005 and January and April 2006 - to urge him to replace Iglesias. He also called Deputy Attorney General Paul McNulty with the same message in October. Scolinos said Domenici raised several "general concerns" about Iglesias but did not refer to any specific case in any of the calls.

Domenici had recommended President Bush appoint Iglesias in 2001. Bell said the disenchantment with Iglesias began in 2003 with the failure to convict David Hudak, a Canadian accused of gun violations while running an anti-terrorism school near Roswell.

Bell said Domenici's displeasure grew with Iglesias' handling of other, bigger cases and the deployment of resources to deal with crimes involving illegal immigration and border security.

Sen. Jeff Bingaman, a Silver City Democrat, told reporters he thought Iglesias was doing a good job, although he shared Domenici's concerns about whether the office had enough resources to deal with illegal immigration.

Meanwhile, Domenici found out Monday just how big a media sensation the case has become.

Nine camera crews and dozens of reporters showed up for a news conference at the Capitol, where Domenici and several other senators announced the re-introduction of legislation to increase spending on science and engineering education and research by $16 billion over four years.

When asked about the Iglesias affair, Domenici referred a reporter to his previous statement.

Iglesias' firing has fired up Democrats in New Mexico, as well.

Gov. Bill Richardson - who is seeking the Democratic presidential nomination - said the calls Iglesias received should be investigated.

"I'm very troubled by it. I think David Iglesias was a good law enforcement official, and it was inappropriate for political leaders to call and pressure him, totally inappropriate. And it should be thoroughly investigated," the governor said.

Q&A: Hiring And Firing Of U.S. Attorneys (AP)

By Mark Sherman

AP, March 7, 2007

WASHINGTON - The recent firing of eight U.S. attorneys has raised questions about how they are appointed and the circumstances under which they may be dismissed. Here are some questions and answers:

Q: What do U.S. attorneys do and how many are there?

A: U.S. attorneys are the federal government's equivalent of local district attorneys. They are charged with prosecuting federal crimes in the judicial district in which they serve. There are 93 U.S. attorneys, one for each U.S. district court (except that Guam and the Northern Mariana Islands share a federal prosecutor).

Q: Who gets these positions?

A: The highly prized jobs typically are given to politically well-connected lawyers, and often serve as a stepping stone to elective office or a judgeship. Supreme Court Justice Samuel Alito was the U.S. attorney in Newark when he was tapped to be a federal appeals court judge. Former Massachusetts Gov. William Weld had previously been the U.S. attorney in Boston. FBI Director Robert Mueller was the top federal prosecutor in San Francisco.

Q: How do they get the job?

A: The president nominates them, usually based on recommendations from senators of his own party in that state. The Senate confirms them for a term of four years, but they may continue serving beyond that time until a successor is chosen. A U.S. attorney may be dismissed sooner by the president for any reason at all, under federal law. When a U.S. attorney's position is vacant, the attorney general is empowered to choose an interim prosecutor, who can continue in office until the president nominates and the Senate confirms a permanent replacement.

Q: Has the process always worked this way?

A: No. Last year's renewal of the USA Patriot Act, the Bush administration's prime anti-terror law, contained a provision that abolished limits on how long interim prosecutors may serve. For 20 years, the attorney general could choose someone to serve as U.S. attorney for 120 days, after which a federal judge could pick a prosecutor who would serve until the confirmation of a permanent replacement. Democrats have accused the Justice Department of seeking to use the new law to install new U.S. attorneys without going through the Senate confirmation process. Attorney General Alberto Gonzales has said his interim choices all would be submitted to the Senate.

Legislation has been introduced to revert to the old process for filling the jobs on a temporary basis.

Q: How often are U.S. attorneys fired?

A: Excluding the current controversy, the Congressional Research Service found just five instances over 25 years in which U.S. attorneys were fired by the president or resigned following reports of questionable conduct. A Reagan-era prosecutor was fired and later convicted in federal court in connection with charges that he leaked confidential information. A Clinton appointee resigned over allegations he bit a topless dancer on the arm during a visit to an adult club following a loss in a big drug case. The CRS study did not include departures that followed a change in presidential administration, when turnover is common.

Reasons Given For Prosecutors Firings (AP)

AP, March 7, 2007

What the Justice Department has said about six U.S. attorneys who were asked to resign. Under each prosecutor are comments from previous department-issued performances reviews and then statements Tuesday by William Moschella, an associate deputy attorney general, about the reasons given that the prosecutors were asked to step down. He testified before a House Judiciary subcommittee.

CAROL LAM, U.S. attorney in San Diego

JUSTICE DEPARTMENT TESTIMONY: "Her gun prosecution numbers are at the bottom of the list. ... (On immigration cases), her numbers for a border district just didn't stack up."

2005 PERFORMANCE REVIEW: "An effective manager and respected leader ... respected by the judiciary, law enforcement agencies, and (U.S. attorney's office) staff."

JOHN McKAY, U.S. attorney in Seattle

JUSTICE DEPARTMENT TESTIMONY: "The department really had policy differences and were concerned with the manner in which he went about advocating the particular policies ... on information sharing. He spent quite a considerable amount of time advocating for a particular system."

2006 PERFORMANCE REVIEW: "An effective, well-regarded and capable leader ... (who) established strategic goals that were appropriate to meet the priorities of the department."

BUD CUMMINS, U.S. attorney in Little Rock, Ark.

JUSTICE DEPARTMENT TESTIMONY: "His was not for performance-based reasons. ... The administration asked Mr. Cummins to move on only after we knew that he had indicated he was not going to serve out the remainder of his term."

2006 PERFORMANCE REVIEW: "Very competent and highly regarded by the federal judiciary, law enforcement and civil client agencies. ... Established strategic goals that were appropriate to meet the priorities of the department."

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DANIEL BOGDEN, U.S. attorney for Nevada

JUSTICE DEPARTMENT TESTIMONY: "There was no particular deficiency. There was an interest in seeing renewed energy and renewed vigor in that office, really taking it to the next level."

2003 PERFORMANCE REVIEW: "Highly regarded by the federal judiciary, the law enforcement and civil client agencies, and the staff of the (U.S. attorney's office). He was a capable leader."

DAVID IGLESIAS, U.S. attorney for New Mexico

JUSTICE DEPARTMENT TESTIMONY: "The district was in need of greater leadership. ... Mr. Iglesias had delegated to his first assistant the overall running of his office. U.S. attorneys are hired to run the office."

2005 PERFORMANCE REVIEW: "Experienced in legal, management and community relations work and was respected by the judiciary, agencies and staff. ... Had a well conceived strategic plan that complied with department priorities."

PAUL CHARLTON, U.S. attorney in Arizona

JUSTICE DEPARTMENT TESTIMONY: "Mr. Charlton had undertaken in his district a policy with regard to the taping of FBI interviews and set a policy in place there that had national ramifications. It did not go through the whole policy process. ... On the death penalty, we have a process in the Department of Justice. It is the one area that is nondelegable by the attorney general which (Mr. Charlton), in a particular case was told and authorized to seek in a particular case. He chose instead to continue to litigate after that long and exhaustive process."

2003 PERFORMANCE REVIEW: "Well respected by the (U.S. attorney's office) staff, investigative and civil client agencies, local law enforcement community, Native American nations, and judiciary regarding his integrity, professionalism and competence."

They Lost My Confidence (USAT)

By Alberto R. Gonzales

USA Today, March 7, 2007

As any employer or manager knows, the handling of personnel matters — especially the termination of employees — is one of the most challenging tasks in any business. Personnel matters in the federal government are no exception.

To be clear, it was for reasons related to policy, priorities and management — what have been referred to broadly as "performance-related" reasons — that seven U.S. attorneys were asked to resign last December.

The Justice Department, out of respect for these individuals, would have preferred not to talk publicly about those reasons, but disclosures in the press and requests for information from Congress altered those best-laid plans. Although our reasons for their dismissal were appropriate, our failure to provide those reasons to these individual U.S. attorneys at the time they were asked to resign has only served to fuel wild and inaccurate speculation about our motives. That is very unfortunate because faith and confidence in our justice system are more important than any one individual.

We have never asked a U.S. attorney to resign in an effort to retaliate against him or her or to inappropriately interfere with a public corruption case (or any other type of case, for that matter). Indeed, during the last six years, the department has established an extremely strong record of rooting out public corruption, including prosecuting a number of very high-profile cases.

Like me, U.S. attorneys are political appointees, and we all serve at the pleasure of the president. If U.S. attorneys are not executing their responsibilities in a manner that furthers the management and policy goals of departmental leadership, it is appropriate that they be replaced. After all, the responsibility of the Department of Justice, and of the Congress, is to serve the people of the United States. While I am grateful for the public service of these seven U.S. attorneys, they simply lost my confidence. I hope that this episode ultimately will be recognized for what it is: an overblown personnel matter.

Alberto R. Gonzales is attorney general of the United States.

Fired U.S. Attorney Was Going Places (LAT)

By Nicholas Riccardi, Times Staff Writer

The Los Angeles Times, March 7, 2007

Observers had David C. Iglesias pegged as a rising GOP star.

Until recently, David C. Iglesias was best known in New Mexico as one of the role models for the military lawyer Tom Cruise played in "A Few Good Men."

A trim, straight-backed former Navy lawyer, Iglesias rode that all-American reputation to high levels in Republican politics: He nearly became the state attorney general and was appointed U.S. attorney.

Now Iglesias has a new role: star witness. The Bush administration fired him in December and contended it was for poor job performance. On Tuesday, Iglesias, 49, told the Senate Judiciary Committee that two prominent Republican politicians had called him to ask whether indictments would be filed before the November election against Democratic politicians in an ongoing criminal investigation. In the weeks that followed, Iglesias and seven other federal prosecutors were forced to resign.

"I felt sick afterwards," Iglesias said of his response to the second call, which was made by Sen. Pete V. Domenici (R-N.M.).

To friends and observers in New Mexico, the only surprise is the speed at which the GOP establishment has turned on one of its rising stars.

"You'd be hard pressed to find a more ethical, straight-shooter type than David Iglesias," said Jerry Walz, an Albuquerque lawyer and longtime friend for whom Iglesias briefly worked. "Here you have this dramatic rise to a very prominent position. He has movie-star good looks in his own right. He has everything going for him, and this is why this is such a dramatic event."

Iglesias, an evangelical Christian, was born in Panama, where his father was a missionary. His family moved to New Mexico when he was 12. After graduating from the University of New Mexico's law school, Iglesias became a Navy judge advocate general.

In 1986, he was one of three JAGs who represented Marines accused of attempted murder for a hazing incident that their lawyers argued was encouraged by commanders at Guantanamo Bay. The successful defense helped the Marines avoid serious penalties, and the case inspired the hit Broadway play "A Few Good Men" and the later film. Iglesias was not consulted during the production of the play or movie.

He left the Navy but remains a captain in the reserves. He returned to New Mexico to start a family. Iglesias left a job in the Albuquerque city attorney's office to become a White House fellow in the Clinton administration. He then returned to New Mexico and ran for state attorney general in 1998, narrowly losing.

After George W. Bush was elected president in 2000, New Mexico Republicans, led by Domenici, lobbied for Iglesias' appointment as U.S. attorney. The expectation was that he would follow up his tenure with another run for public office.

"They felt they were grooming him for a political career," said Joe Monahan, a New Mexico political blogger.

Iglesias didn't make an initial splash. "He was very quiet," Monahan said. He earned the ire of the state GOP by refusing to prosecute anyone for voter fraud after the 2004 elections, despite some Republicans' contention that 15-year-olds voted. Iglesias said he could find no federal crimes.

The highlight of his term was the prosecution of state Treasurer Robert Vigil for extortion. Though Vigil is a Democrat from a prominent New Mexico political family, Iglesias' prosecution was seen as nonpartisan and was supported by Democratic Gov. Bill Richardson. The first trial ended in a mistrial, but Vigil was convicted last year.

At the same time, New Mexico media were full of speculation about Iglesias' investigation of local Democratic politicians' involvement in the construction of an Albuquerque courthouse. That was the case that Domenici and Republican Rep. Heather A. Wilson had inquired about. The two politicians have denied they were trying to influence Iglesias.

David Campbell, a Democrat who was Albuquerque's city attorney when Iglesias worked in the office, said his friend's actions showed his character.

"As a Bush appointee he's a stellar appointment, a right-wing evangelical Christian but somebody who plays his professional life with a lot of integrity," Campbell said. "You couldn't say a bad word about the guy."

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Senior Aide Implicated (HILL)

By Susan Crabtree

The Hill, March 7, 2007

A Democratic probe into the firings of eight U.S. attorneys implicated yesterday a senior staffer for Rep. Doc Hastings (R-Wash.), the third GOP congressional office to become caught in the quickly escalating controversy in as many days.

During testimony before the Senate Judiciary Committee, former U.S. Attorney John McKay said that Ed Cassidy, then-chief of staff to Hastings, called him in 2004 to ask whether he was investigating allegations of voter fraud after a Democrat won the Washington state governor's race in a third recount. At the time, McKay was serving as the chief federal law enforcement officer in Seattle.

McKay was one of seven U.S. attorneys fired by the administration in early December; another, H.E. "Bud" Cummins III, was relieved of his post last June. Democrats have demanded to know whether politics or the politically charged investigations that several of the U.S. attorneys had pusued had anything to do with their departures.

McKay said he responded to Cassidy's initial questions with publicly available information and then tried to stop the line of questioning when pressed. McKay said he thought that Cassidy's questions were related to internal U.S. attorney decisions about an investigation and were therefore improper under Justice Department ethics rules.

McKay said he stopped the conversation by asking Cassidy whether the aide was truly asking on behalf of his boss about an internal investigation or whether he was trying to lobby McKay to launch one, which would have been improper. Cassidy agreed that such questioning would be unethical and finished the conversation "in a most expeditious fashion," McKay said.

McKay said he was so alarmed afterwards that he called a meeting with two top officials in his office to discuss the matter and determine if he had responded appropriately.

Cassidy characterized his call to McKay as "routine" and said that he was well aware of the "permissible limits" on such a conversation and that both he and McKay respected those boundaries.

"My conversation with John McKay was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities," Cassidy said in the statement. "As the top aide to the chairman of the House Ethics Committee, I understood the permissible limits on any such conversation. Mr. McKay understood and respected those boundaries as well. I am pleased that Mr. McKay recalls both our agreement to respect these boundaries and my subsequent decision to end the conversation promptly."

The charges surrounding Cassidy's call have implications on many levels. Hastings went on to become chairman of the House ethics committee after then-Majority Leader Tom DeLay (R-Texas) purged the panel of its chairman, and at one point DeLay tried to make Cassidy its lead counsel. That move further intensified partisan divisions within the committee and rendered it largely inactive for months. Cassidy has since gone on to become a senior aide and floor assistant to Minority Leader John Boehner (R-Ohio), whom he also will advise on ethics matters.

Hastings remains the ranking member on the ethics panel following the Democratic takeover in November and he may be forced to consider if the panel should launch an investigation into whether Rep. Heather Wilson (R-N.M.) broke House ethics rules for her own call to a different U.S. attorney, David Iglesias, last year. Iglesias was among the seven fired in December.

Just weeks before last year's critical midterm election, Wilson called Iglesias to inquire about the progress of a public corruption case against a Democratic lawmaker. At the time, Wilson was running a close race and eventually won reelection by fewer than 1,000 votes. If Iglesias had handed down indictments before the election, they could have helped boost Republican prospects at the polls.

Sen. Pete Domenici (R-N.M.), who has close ties to Wilson, also recently admitted to calling Iglesias. Both Wilson and Domenici have denied that they said anything that would pressure Iglesias. The watchdog group Citizens for Responsibility and Ethics in Washington has called for House and Senate investigations into the calls that Wilson and Domenici made.

Yesterday Hastings waved off a question from a reporter, referring all inquiries into the matter to his office. Later, he issued a statement that there was nothing wrong with Cassidy's call to Iglesias.

"Ed Cassidy's call and the conversation that took place were entirely appropriate," Hastings's statement said. "It was a simple inquiry and nothing more — and it was the only call to any federal official from my office on this subject either during or after the recount ordeal."

Hastings also said he didn't understand why McKay didn't contact him if he was "truly dismayed" after the call.

"Tom McCabe of the Building Industry Association of Washington did contact my office in July of 2005 to ask that I urge the White House to replace Mr. McKay and I flat out refused to do so, which Ed Cassidy told him in the bluntest of terms," Hastings said.

Cassidy had worked for Hastings for 12 years. When he left for Boehner's office earlier this year, Cassidy praised Hastings as his "most trusted adviser and one of my closest friends."

Boehner also issued a statement yesterday evening.

"It is improper for anyone to attempt to unduly influence the initiation or outcome of an investigation," the statement said. "Given their backgrounds, both Mr. Cassidy and U.S. Attorney McKay were acutely aware of this fact. Accordingly, both have made it abundantly clear that no such impropriety took place during their conversation and, more importantly, that neither had any intention of pursuing a discourse that could be construed to be inappropriate."

Iglesias also testified yesterday, reiterating the charges that Domenici and Wilson tried to pressure him to move ahead with his investigation.

Meanwhile, a few GOP senators, such as Jon Kyl (Ariz.) and Jeff Sessions (Ala.), came to the administration's defense and charged that Democrats were politicizing the issue.

"Maybe the law should not have been changed, but these cases … are not Exhibits A through G that it should be changed," Kyl said. He said that the main Democratic argument concerning politicization "is probably untrue."

Kyl said he has talked to U.S. attorneys in Arizona many times, but never about any ongoing case.

At one point during the Senate hearing, another witness, Cummins of Arkansas, discussed a call he received from Michael Elston, the chief of staff to Deputy Attorney General Paul McNulty, about a comment that Cummins had given the Washington Post about the firings. Cummins later sent an e-mail warning the other fired U.S. attorneys that he believed Elston was hinting that the White House would retaliate if they continued to talk to the press, and especially if they agreed to testify before Congress about that matter.

During the Senate hearing, Sen. Sheldon Whitehouse (D-R.I.) asked all of the U.S. attorneys what they would have done if one of their witnesses in a big case had received a similar call. All four said they would inquire further to see if they should bring obstruction of justice or witness tampering charges.

In response to questions from Sen. Arlen Specter (R-Pa.), Cummins later said he believed one way to characterize Elston's call was "friendly advice." He added that an obstruction of justice charge would be a hard case to win if the call was the only evidence, because it dealt mainly with publicity surrounding the firings and did not speak directly to whether he or the other fired U.S. attorneys should testify in a court of law about the matter.

For their part, House Democratic leaders indicated that the ethics committee should launch an investigation into the U.S. attorneys matter, but said they do not plan to file a complaint.

"Am I going to file an ethics complaint? The answer is no," House Majority Leader Steny Hoyer (D-Md.) said. "When issues are raised in the public sphere, the ethics committee has an obligation to look at them and I hope they will do that."

The House ethics committee said yesterday it cannot comment on any possible investigation.

But Boehner came to his former staffer's defense. "Ed is a veteran congressional staffer and an authority on government ethics as well as House policies and procedures — we're fortunate to have him on our team," said Boehner, who noted that he has known Cassidy for more than a decade.

Jackie Kucinich, Elana Schor and Michael Soraghan contributed to this report.

Hearing On U.S. Attorney's Ouster Reveals Hastings' Office Contacted McKay (SEATIMES)

By David Bowermaster, Mike Carter And Alicia Mundy

The Seattle Times, March 7, 2007

During the recount of the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Wash., called former U.S. Attorney John McKay to inquire about the status of any federal investigations into voter fraud, McKay told a Senate committee today.

McKay told the Senate Judiciary Committee that Ed Cassidy, who now works for Republican Minority Leader John Boehner, called him "some weeks" following the 2004 election, and after a third re-count had determined that Democrat Christine Gregoire had narrowly defeated Republican Dino Rossi.

"I was told the purpose of the call was to inquire on behalf of congressman Hastings" about the status of ongoing investigations of voter fraud, McKay said in response to a question from Sen. Dianne Feinstein.

McKay said that he informed Cassidy that the office of the U.S. Attorney for the Western District of Washington had already asked the public to contact the Federal Bureau of Investigation with any evidence of voter fraud, so it could be investigated.

Cassidy then began to ask McKay whether any future action would be taken by the U.S. Attorney's office with regard to the governor's race.

"When Mr. Cassidy called me on future action I stopped him and I told him I was sure that he wasn't asking me on behalf" of Congressman Hastings, McKay told the committee, "because we both knew that would be improper. [Cassidy] agreed it would be improper and he ended the conversation in a most expeditious manner."

McKay and six other former U.S. Attorneys were called on Dec. 7 and asked to resign within six weeks. They were not given a reason for the firing at the time.

The firings have raised concerns among Democrats in Congress that the firings were politically motivated.

On Monday, prior to the hearing, Todd Young, Rep. Hastings' current chief of staff, said that "to the best of my knowledge," Cassidy, never called McKay to ask the former U.S. Attorney to investigate the 2004 governor's race.

Cassidy stopped working for Hastings in mid-2005, when he left to join the House Ethics Committee -- which Hastings then chaired.

Young said he has never spoken to McKay, on any subject.

Young also said that Rep. Hastings did not call McKay himself about the 2004 election.

Cassidy said in a statement Tuesday afternoon that his conversation with McKay "was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities."

He said he understood the ethical boundaries of such a conversation and didn't violate them. Congressional rules prohibit House and Senate members from discussing ongoing investigations with federal prosecutors.

Hastings, in a statement also issued Tuesday, called Cassidy's conversation with McKay "entirely appropriate."

"It was a simple inquiry and nothing more -- and it was the only call to any federal official from my office on this subject either during or after the recount ordeal," Hastings said.

He said Tom McCabe, the executive vice president of the Building Industry Association of Washington, which backed Rossi, did contact his office in July 2005 to ask that Hastings urge the White House to fire McKay.

"I flat out refused to do so, which Ed Cassidy told him in the bluntest of terms," Hastings said."

Under further questioning from the Senate Judiciary Committee, McKay said that after he received the phone call from Cassidy, he quickly alerted Jeffrey Sullivan, who was then the head of the criminal division in McKay's office, and Mark Bartlett, the first assistant U.S. Attorney for the Western District of Washington.

McKay told Sullivan and Bartlett about the call, but he said the three of them collectively decided to take no further action because he felt he had stopped Cassidy short of making any improper requests.

Cassidy joined the office of Republican Minority Majority Leader John Boehner in February, as his senior advisor and floor assistant.

He advises Boehner on congressional ethics, election law, campaign finance reform and issues related to the rules and organization of Congress.

In early 2005, Republican leaders changed the chamber's rules in response to an admonishment of former Republican Majority Leader Tom DeLay by the ethics committee. They made it more difficult to initiate and complete ethics investigations, and punish suspected offenders.

They also ousted the Chairman, Joel Hefley of Colo., who had led the ethics panel to admonish DeLay three times.

House Speaker Dennis Hastert gave the chairmanship of the Ethics Committee to one of his loyalists, Rep. Hastings.

But Hastings, who was not used to public attention, and had not held a news conference during 10 years in office in D.C., immediately created further controversy: He fired the panel's staff director and attempted to replace him with Ed Cassidy, a longtime partisan political player, who had been chief of staff in his office for 10 years.

That caused a three-month standoff in the Ethics Committee. Democrats objected to Cassidy because of his role as a GOP activist, and because he was not an attorney like all the key investigators in Ethics.

Because of the Ethics Committee's unique bipartisan structure, the Democrats refused to allow the committee to organize. Hastings eventually relented and hired William O'Reilly, an anti-trust lawyer, to manage the panel's lawyers.

But he added Cassidy to the Ethics Committee's staff in a different role.

Later, Hefley himself criticized his party in this episode.

"If I had been the ranking member and the majority party tried to put a partisan chief of staff in as the staff director for the Ethics Committee, in contradiction to the standards of a nonpartisan staff, I would have had to react, just as (the Democratic leader) did," Hefley told The Hill newspaper, which covers Congress and its members.

The Senate Judiciary hearing is ongoing. When McKay and three other former U.S. Attorneys complete their testimony before the panel, they will testify this afternoon before the House Judiciary Committee.

McKay Goes Down Fighting (SEATIMES)

By David Bowermaster And Alicia Mundy, Seattle Times staff reporters

The Seattle Times, March 7, 2007

WASHINGTON — John McKay insists he did not want to talk publicly about his abrupt dismissal as U.S. Attorney for the Western District of Washington in December.

But when he testified before two congressional committees on Tuesday, McKay delivered a vigorous defense of his work and the performance of his office. He challenged the Justice Department's shifting explanations about why he was asked to resign.

He revealed that soon after the hotly contested 2004 governor's race in Washington state, the chief of staff to Rep. Doc Hastings, R-Pasco, called him to ask about the status of any federal investigations into voter fraud.

He even suggested after Tuesday's hearings that bitterness over his refusal to pursue the fraud allegations played a part in his failure to win a federal judgeship.

Yet once the TV lights were off and the drama had ended for the day, it was still hard to identify exactly why the Department of Justice had fired McKay and seven other U.S. attorneys in December, let alone to determine whether the firings were justified.

McKay joined five other former U.S. attorneys testifying under subpoena in a pair of hearings on Capitol Hill, all of them sharing their disbelief and frustration over how their government careers were abruptly ended.

The prosecutors said they could see no clear reason why they were let go other than political motives, noting that supervisors in Washington, D.C., had praised their work and given them glowing performance evaluations since President Bush took office in 2001.

One of them, Carol Lam of San Diego, successfully prosecuted former U.S. Rep. Randy "Duke" Cunningham, R-Calif., and yet was dismissed shortly after indicting two of his partners in a sweeping bribery case.

New Mexico's David Iglesias told lawmakers he felt pressed by Sen. Pete Domenici, R-N.M., last October to rush indictments against Democrats before Election Day in November.

Arkansas' Bud Cummins wrote other fired prosecutors in an e-mail last month of a "message" conveyed by a Justice Department official that if they continued to talk with news reporters, the agency "would feel forced to somehow pull their gloves off" and fight back.

"The department stands by the decisions" to fire the eight prosecutors, William E. Moschella, principal associate deputy attorney general, told the House Judiciary Subcommittee on Commercial and Administrative Law.

"To be clear," he said, "it was for reasons related to policy, priorities and management that these U.S. attorneys were asked to resign."

Senate and House Democrats were not satisfied and pledged to continue to investigate the firings.

Call from Hastings aide

The spotlight fell on McKay early in the day, during the Senate Judiciary Committee hearing, when Sen. Dianne Feinstein, D-Calif., asked him if he had ever been contacted by any members of Congress about ongoing investigations.

McKay responded that "some weeks" after the 2004 election, after a third recount had determined that Democrat Christine Gregoire had narrowly defeated Republican Dino Rossi in the governor's race, Ed Cassidy, Rep. Hastings' then-chief of staff, called McKay.

"I was told the purpose of the call was to inquire on behalf of Congressman Hastings" about the status of ongoing investigations of voter fraud, McKay said.

McKay said he was "concerned and dismayed by the call," given Cassidy's job and the sensitivity of the election.

McKay said he informed Cassidy that his office had already asked the public to contact the FBI with any evidence of voter fraud, so it could be investigated.

Cassidy then began to ask McKay whether any future action would be taken by the U.S. Attorney's Office with regard to the governor's race.

"When Mr. Cassidy called me on future action, I stopped him and I told him I was sure that he wasn't asking me on behalf" of Hastings, McKay told the Senate committee, "because we both knew that would be improper. [Cassidy] agreed it would be improper, and he ended the conversation in a most expeditious manner."

McKay said he didn't pursue the fraud allegations because there was no evidence to support them.

Cassidy is now a senior adviser to House Minority Leader John Boehner, R-Ohio, and, among other things, advises Boehner on congressional ethics.

Hastings chaired the House Ethics Committee from February 2005 until Democrats took control of the House earlier this year. He's now the ranking Republican on the committee.

Cassidy said in a statement Tuesday that his conversation with McKay "was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities."

He said he understood the ethical boundaries of such a conversation and didn't violate them. Congressional rules prohibit House and Senate members from discussing ongoing investigations with federal prosecutors.

Hastings, in a statement also issued Tuesday, called Cassidy's conversation with McKay "entirely appropriate."

"It was a simple inquiry and nothing more — and it was the only call to any federal official from my office on this subject either during or after the recount ordeal," Hastings said.

Hastings said Tom McCabe, executive vice president of the Building Industry Association of Washington, which backed Rossi, contacted his office in July 2005 to ask that Hastings urge the White House to fire McKay.

"I flat-out refused to do so, which Ed Cassidy told him in the bluntest of terms," Hastings said.

Brian Roehrkasse, a Justice Department official, strongly denied that McKay's handling of the 2004 governor's race had anything to do with his dismissal.

"Absolutely not," Roehrkasse said. "Any suggestion to that effect is flatly false."

Nonetheless, while talking to reporters after the hearing, McKay implied that Republican unhappiness with the 2004 election might also have scuttled his chances to become a federal judge.

Pursuit of judgeship

DOJ_NMG_0141428

When U.S. District Judge John Coughenour took senior status in July, it opened a seat on the bench in the Western District of Washington.

McKay said at the time that he was interested in the job and had applied.

He said Tuesday that during interviews with Harriet Miers, former White House counsel, and William Kelley, deputy counsel, he was asked to explain "criticism that I mishandled the 2004 governor's election."

McKay further implied that Hastings was the source of the criticisms to the White House.

"I think that you should ask Congressman Hastings if he contacted the White House in connection with my application to be district judge or contacted the justice department," McKay said.

Todd Young, Hastings' chief of staff, said that as the senior Republican in Congress from Washington state, Hastings and Democratic Sen. Patty Murray jointly oversaw a panel that picked candidates to fill recent judicial vacancies in Tacoma and Seattle. Consequently, Young said, Hastings had regular contact with the White House about judgeships.

But, Hastings said in a statement: "Neither I nor any member of my staff — past or present — ever contacted anyone at the White House or the Department of Justice about whether John McKay should be removed as U.S. attorney or whether he was qualified to be a federal judge."

Moschella, the associate deputy attorney general, appeared before the House Judiciary Committee to explain the Justice Department's reasons for the dismissals.

Discussing McKay, Moschella noted that sentences meted out in the Western District of Washington were among the lightest in the nation.

"We need to do our part to ensure we get the maximum number within the sentencing guidelines," Moschella said. "That was certainly a consideration."

McKay countered at the hearing that federal judges, not prosecutors, are responsible for sentencing defendants.

A Justice Department official added after the hearing that the agency also felt McKay's office too rarely appealed light sentences.

Moschella also noted that McKay was a "vigorous and strong proponent of a particular information-sharing system called LINX."

Though many local law-enforcement officials and the U.S. Navy praised McKay's work on LINX, Moschella said Justice Department headquarters "had a difference" with McKay about the program.

Moschella did not clarify the exact nature of the difference between headquarters and McKay over LINX, but a Justice Department official said after the hearing that Deputy Attorney General John McNulty in late 2006 was pushing for an alternative communications system known as OneDOJ.

"You can't have multiple information-sharing systems," the official said.

McKay said he had never heard previously that LINX or sentencing concerns were the reasons for his dismissal.

"I accept what they said today," McKay said after the hearings. "I wonder what they're going to say tomorrow."

Mundy reported from Washington, D.C.; Bowermaster reported from Seattle. Reporter Mike Carter and the Los Angeles Times and Associated Press contributed to this report.

Charge Hits Ex-Ethics Aide (RC)

By Rachel Van Dongen

Roll Call, March 7, 2007

Accusations against a former top aide to Rep. Doc Hastings (R-Wash.) throw a new wrinkle into any investigation flowing from the dramatic testimony of a former U.S. attorney that implicates two sitting lawmakers — and could force Hastings, the top Republican on the ethics committee, to recuse himself from such a probe.

John McKay, the fired U.S. attorney for Washington state, on Tuesday accused former ethics panel aide Ed Cassidy of calling him to ask about the status of a potential federal probe into the long-contested 2004 Washington gubernatorial race.

At the time of the inquiry, Cassidy was Hastings' chief of staff in his personal office, but he went on to become Hastings' top aide on the ethics panel in February 2005.

The accusations were leveled at a sensational Senate Judiciary Committee hearing Tuesday morning, during which four ousted U.S. attorneys testified that they did not know why they were summarily fired by the Justice Department. At the hearing, fired New Mexico U.S. Attorney David Iglesias accused Sen. Pete Domenici (R-N.M.) and Rep. Heather Wilson (R-N.M.) of pressuring him into wrapping up a corruption probe into local Democrats.

The House and Senate ethics committees could open probes into the lawmakers' behavior.

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"I believe the House ought to take it under consideration," said House Majority Leader Steny Hoyer (D-Md.). "Am I going to file a complaint? The answer is no. It has been my consistent position that the ethics committee has a responsibility ... when issues are raised in the public sphere ... I would hope they would do that."

A Hastings spokeswoman would not comment Tuesday on whether the Republican would recuse himself from any probe into the U.S. attorneys' allegations.

"Ed Cassidy's call and the conversation that took place were entirely appropriate," Hastings said in a written response to questions from Roll Call. "It was simply an inquiry and nothing more — and it was the only call to any federal official from this office on this subject either during or after the recount ordeal."

"If McKay was truly dismayed at the time about Ed Cassidy's call, I simply cannot understand why he didn't just pick up the phone to make me aware of his concern about my aide's call," Hastings continued.

In his testimony before the Judiciary Committee, McKay said he was "concerned" and "dismayed" by a call from Cassidy a few weeks after the November 2004 elections.

McKay testified that Cassidy called him to "inquire on behalf of the Congressman" about the status of any federal probe into voter fraud. McKay said he reminded Cassidy that he was certain he was not asking him to "reveal information" about the status of a probe or "lobby me on one."

"He agreed that it would be improper and ended the conversation in a most expeditious fashion," McKay said, explaining that he then summoned his top staffers to discuss the troublesome phone call. "We all agreed that I stopped Mr. Cassidy before he entered clearly inappropriate territory and that it was not necessary to take the matter any further."

Now a top aide to House Minority Leader John Boehner (R-Ohio), Cassidy released a statement Tuesday in which he agreed that he contacted McKay, but denied that anything improper was said.

"My conversation with John McKay was a routine effort to determine whether allegations of voter fraud in the 2004 gubernatorial election were, or were not, being investigated by federal authorities," Cassidy stated. "I am pleased that Mr. McKay recalls both our agreement to respect these boundaries and my subsequent decision to end the conversation promptly."

In a statement released late Tuesday, Boehner said that both Cassidy and McKay had made it "abundantly clear" that no "impropriety" took place during their conversation.

The dustup involving the top Congressional staffer was just one subplot in the complicated drama surrounding the ousted U.S. attorneys.

Iglesias, McKay, Bud Cummins III, the former U.S. attorney for Eastern Arkansas, and Carol Lam, the ousted U.S. attorney for the Southern district of California, all testified before the House and Senate Judiciary Committee on Tuesday.

The most charged allegations stemmed from Iglesias, who claimed that he felt "pressured" and "leaned on" during an "unprecedented" call to his home by Domenici at the end of October 2006.

Iglesias said that Domenici asked him whether specific indictments in the corruption probe would be "filed before November." When Iglesias replied in the negative, he testified that the Senator said, "I'm very sorry to hear that" and that the phone line abruptly went dead.

"I felt sick afterwards. I felt that he was upset at hearing the answer that he received," Iglesias testified. "I felt leaned-on, I felt pressure to get these matters moving."

Iglesias also detailed a similar phone call from Wilson on about Oct. 16, 2006, in which Wilson, he testified, inquired about "sealed indictments."

"Red flags went up in my head ... we cannot talk about a sealed indictment," Iglesias said. "I was evasive and nonresponsive to her question."

"She was not happy with that answer," Iglesias added.

Iglesias' testimony conflicts with statements released Sunday and Monday, respectively, by Domenici and Wilson.

In her statement, Wilson said that a constituent "with knowledge of ongoing investigations" told her in the fall that Iglesias was "intentionally delaying corruption prosecutions."

Wilson called that allegation "deeply troubling" and said she called Iglesias directly to clarify the situation.

"My call was not about any particular case or person, nor was it motivated by politics or partisanship," Wilson said. "I did not ask about the timing of any indictments and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way.

"If the purpose of my call has somehow been misperceived, I am sorry for any confusion," she added. "I thought it was important for Mr. Iglesias to receive this information and, if necessary, have the opportunity to clear his name."

In his statement, Domenici apologized for contacting Iglesias, but maintained he did nothing improper.

"At no time in that conversation or any other conversation with Mr. Iglesias did I ever tell him what course of action I thought he should take on any legal matter," Domenici said. "I have never pressured him nor threatened him in any way."

Jennifer Yachnin contributed to this report.

Attorneys Scandal Endangers Wilson (POLITICO)

By By: Josh Kraushaar And Patrick O'Connor

Politico, March 7, 2007

Rep. Heather Wilson has long been among the most vulnerable Republicans in Congress, eking out wins in a Democratic-leaning New Mexico district because of her independent reputation and persistent campaigning.

She now faces a new challenge to her future as well as her reputation: involvement in a growing political tempest over the firings of eight U.S. attorneys by the Justice Department.

Wilson acknowledged Monday night that last October she contacted then-New Mexico U.S. Attorney David Iglesias to inquire about the pace of a corruption probe against the state treasurer, a Democrat. But she firmly denied calling to pressure Iglesias to speed the indictment process.

"My call was not about any particular case or person, nor was it motivated by politics or partisanship," Wilson said in a statement. "I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way. The conversation was brief and professional."

Also in the statement, Wilson reiterated she had nothing to do with Iglesias' dismissal.

Iglesias testified in front of the Senate Judiciary Committee on Tuesday that in the Oct. 16 phone call, Wilson pressured him for details about sealed indictments.

"The second she said any question about sealed indictments, red flags went up in my head," Iglesias said. "We cannot talk about indictments until they're made public. We specifically cannot talk about a sealed indictment."

Democrats accuse the Bush administration of firing the prosecutors to make room for Republican allies and using a new provision of the Patriot Act to install new U.S. attorneys without going through the Senate confirmation process.

Attorney General Alberto Gonzales has denied that charge and said he intends to submit all of the names of his appointees to the Senate confirmation process. The potential political repercussions for Wilson are clear. Ethical miscues brought down several Republican incumbents last election and were a significant reason for the party's poor performance in the 2006 midterms. The liberal ethics watchdog Citizens for Responsibility and Ethics called on the House Ethics Committee to investigate whether Wilson's contact with Iglesias violated House rules. Federal law prohibits members of Congress from intervening in an active investigation.

"There are serious discrepancies that exist between Heather Wilson's statement today and Mr. Iglesias' testimony delivered under oath," said Doug Thornell, spokesman for the Democratic Congressional Campaign Committee. "Ms. Wilson needs to fully explain those discrepancies."

House Minority Leader John Boehner (R-Ohio) dodged a question about whether the House should conduct an ethics investigation into Wilson's contact with the U.S. attorney, deferring to Iglesias and a statement released by Wilson's office on Tuesday morning.

"I'm not sure what the facts are in this case," Boehner said.

The allegations against Wilson represent a change of political circumstances for the nine-year congresswoman. During Wilson's 2006 reelection campaign, she attacked her Democratic opponent, Patricia Madrid, who was state attorney general at the time, for what she described as tolerating corruption in the state treasurer's office.

The homegrown scandal in many ways overshadowed Democratic charges that Wilson accepted money from former House Majority Leader Tom DeLay (R-Texas) and imprisoned former Rep. Randy "Duke" Cunningham (R-Calif.).

But that same scandal is now providing Democrats with ammunition that Wilson overstepped her bounds.

"Call it luck, call it savvy, she has avoided accountability thus far, and this could be the straw that broke the camel's back," said New Mexico Democratic Party Executive Director Matt Farrauto.

It also is once again making Wilson's reelection bid one of the more closely watched House campaigns for 2008. National Democrats have unsuccessfully targeted her in every cycle since her first election. She never has won more than 55 percent of the vote. In 2006, Wilson won reelection by fewer than 900 votes. But after her victory over Madrid in an otherwise tough year for Republicans, there was talk that she might earn an easier race in 2008.

The latest scandal, however, is only quickening the campaign process. State Democrats have named a handful of potential candidates against Wilson in 2008, including state Rep. Al Park, state Auditor Hector Balderas, Bernalillo County District Attorney Kari Brandenburg and Albuquerque mayoral candidate Eric Griego.

Wilson was also considered the Republicans' strongest candidate to run to succeed GOP Sen. Pete Domenici, if he retired. Domenici also acknowledged he contacted Iglesias during the investigation.

Iglesias told the Senate panel Tuesday that he felt "leaned on" and sickened as Domenici hung up on him in disgust last fall when told that indictments in the corruption case would not be issued before the fall elections.

With both Domenici and Wilson tainted from the allegations, Democrats may also have a newfound opportunity to compete for both a House and a Senate seat.

Wilson is one of only nine Republicans representing districts that Democrat John F. Kerry carried in the 2004 presidential election. During an interview last week, National Republican Congressional Committee (NRCC) Chairman Tom Cole of Oklahoma called her an "exceptional candidate" and said she "does everything right."

"The NRCC has every confidence in Heather Wilson as a candidate and a person. She has impeccable character," NRCC spokeswoman Julie Shutley said Tuesday.

Fired U.S. Attorney Accuses Republicans Of Exerting Political Pressure (LAW)

By Jason McLure And T. R. Goldman, Legal Times

Legal Times, March 7, 2007

New Mexico's former U.S. Attorney accused Sen. Pete Domenici, R-N.M., and Rep. Heather Wilson, R-N.M., Tuesday of exerting political pressure on him about an ongoing public-corruption investigation just before Election Day last fall.

David Iglesias, who was asked to resign from the Justice Department with at least six other U.S. Attorneys on Dec. 7, told members of the Senate Judiciary Committee that Wilson had telephoned him on Oct. 16, about three weeks before the elections, to inquire about the status of "sealed indictments" in a probe involving a Democratic state legislator.

When Iglesias told Wilson that he couldn't speak about the existence of sealed indictments, "She was not happy with that answer," he said, and their call ended a short time later.

Wilson was then in the middle of a heated re-election campaign against former New Mexico Attorney General Patricia Madrid. Wilson won the election over Madrid by fewer than 900 votes.

Justice Department guidelines strictly limit what prosecutors can say about ongoing investigations. Nonetheless, two weeks after Wilson's call, Iglesias testified that he received an unusual call from Domenici at his home in late October, just days before the November elections. The senator also wanted to know about the prospect of charges in the public-corruption case.

"Are these going to be unsealed by November?" Iglesias said Domenici told him.

Iglesias says that after he told Domenici it was unlikely charges would be brought before November, Domenici told him, "I'm very sorry to hear that," and the line went dead.

"I felt sick afterwards," Iglesias said. "I felt leaned on."

Asked why he did not immediately report the calls from Wilson and Domenici to his superiors at the Justice Department -- as mandated by internal Justice rules -- Iglesias said he felt torn between his loyalties to Domenici, whom he described as a mentor, and to Wilson, whom he said had been a friend. Domenici had supported Iglesias' nomination to become U.S. Attorney in 2001.

Iglesias suggested that his firing, given his office's high marks in internal Justice Department performance reviews, may have come as a result of Domenici or Wilson pressuring the White House or Justice to ask for his resignation.

"I suspect they felt I was not a help to them during the campaign," Iglesias said. After he was fired, he said, he "began to put the dots together."

In response to questions about her call with Iglesias, a spokeswoman for Wilson's office forwarded a statement saying she had contacted Iglesias' office after a constituent complained about the pace of ongoing corruption investigations. "I did not ask about the timing of any indictments, and I did not tell Mr. Iglesias what course of action I thought he should take or pressure him in any way," Wilson says in the statement. "If the purpose of my call has somehow been misperceived, I am sorry for any confusion."

Domenici's office did not return a call for this article. But earlier this week, The Washington Post reported that Domenici had complained about Iglesias to Attorney General Alberto Gonzales on three occasions in 2005 and 2006, and had spoken with Gonzales' top deputy last October.

The contacts by Domenici and Wilson could prove problematic. Ethics rules prohibit members of Congress from contacting federal officials involved in ongoing investigations. This week, a left-leaning public interest group asked the Senate Ethics Committee to investigate Domenici's contacts with Iglesias.

HOUSE CALL

Iglesias recounted his story during morning testimony before the Senate Judiciary Committee, flanked by three other of the fired U.S. attorneys. All of them said that the Justice Department had not informed them why they had been fired. During the afternoon, the same four former prosecutors, as well as two others that had been asked to resign, were called before a House Judiciary subcommittee.

There, they were joined William Moschella, a top Justice Department official, who laid out the department's case for the firings.

Moschella, the Justice Department's principal deputy associate attorney general, acknowledged the dismissals were poorly executed. "In hindsight, it could have been handled better," Moschella said. "It would have been much better to address the relevant issues [with each U.S. Attorney] upfront."

Moschella said the firings for seven of the U.S. Attorneys were for reasons related to "policy, priorities and management -- what has been broadly stated as performance-related reasons."

He also called speculation that the firings were related to political pressure over various public-corruption investigations "dangerous, baseless and irresponsible."

After the subcommittee chairwoman, Rep. Linda Sanchez, D-Calif., asked the six testifying former U.S. Attorneys to waive any privacy concerns over the reasons for their firings, Moschella laid out the case against each one.

With respect to Carol Lam, the former U.S. Attorney for the Southern District of California, whose office had won a guilty plea from former Rep. Randy "Duke" Cunningham, R-Calif., in a major public-corruption case, Moschella noted a relatively low number of gun and immigration prosecutions. "On immigration, her numbers in a border district just didn't stack up," Moschella said. He added that Lam's office ranked 91 out of 93 districts in gun prosecutions. "These are high administration priorities, and we expect these priorities to be filled," he said.

John McKay, the former U.S. Attorney for the Western District of Washington, was criticized for "policy differences." Moschella said McKay spent a considerable amount of time pushing Justice to approve an unspecified system in his office.

Moschella told the committee that Daniel Bogden, former U.S. Attorney for Nevada, was simply not doing a good enough job. "There was a general sense in the department about Mr. Bogden, that given the importance of the district in Las Vegas ... we were interested in seeing a new vigor and new energy in the office to take it to a new level," Moschella said.

Moschella essentially delivered the same pronouncement about New Mexico's Iglesias, adding that Iglesias had delegated too much authority to his top assistant. "There was a general sense that the district was in need of greater leadership," Moschella said.

As for Paul Charlton, former U.S. Attorney for Arizona, had been fired for "policy reasons." Moschella cited Charlton's policy of taping interviews with FBI agents and an ongoing dispute over pursuing the death penalty in a case, an issue Moschella described as "non-delegable."

Those five attorneys were all asked to resign Dec. 7, along with two other prosecutors. Despite Moschella's criticisms, all five had received positive evaluations from the Justice Department during periodic performance reviews.

H.E. "Bud" Cummins III, U.S. Attorney for Arkansas, also testified at the hearing. Cummins had been asked to resign last summer, and Justice Department officials have said that Cummins' firing was not done for performance reasons, but to clear the position for J. Timothy Griffith, a former political aide to White House adviser Karl Rove.

Justice Admits U.S. Attorney Was Forced Out (WP)

By Eric Rich, Washington Post Staff Writer

The Washington Post, March 7, 2007

The Justice Department acknowledged yesterday that Thomas M. DiBiagio, the Maryland U.S. attorney who stepped down early in 2005, was forced from office and did not, as he said at the time, decide on his own to leave for personal reasons.

But the department official who asked for his resignation dismissed DiBiagio's claim in a New York Times article yesterday that he was ousted because of political pressure over public corruption investigations into the administration of then-Gov. Robert L. Ehrlich Jr.

In fact, the Republican governor's chief legal counsel, Jervis Finney, twice contacted the Justice Department to argue in DiBiagio's behalf, said David Margolis, an associate deputy attorney general. Finney contacted the department in fall 2004, not long after DiBiagio drew a rebuke for ordering his subordinates to produce "front-page" indictments, Margolis said.

Finney, he said, "called me during this process, claiming that I was being too harsh on Tom and that Tom was being railroaded by a bunch of Democrats in the U.S. attorney's office."

Margolis said that he asked DiBiagio for his resignation because he had "lost confidence in his abilities" and that he was not aware at the time of any investigations involving the Ehrlich administration. "There were absolutely no political shenanigans," said Margolis, a 42-year department employee who oversees ethics matters.

DiBiagio, who did not return repeated calls for comment yesterday, said in 2004 that his decision to leave was driven by financial and family considerations. He told the Times that he was speaking out now because he saw similarities between his departure and the recent firings of eight U.S. attorneys.

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The Bush administration has said the eight prosecutors were told to leave, all but one for performance-related reasons. However, Democrats and others have suggested evermore pointedly that politics was behind many of the dismissals.

DiBiagio said several prominent Maryland Republicans -- the Times did not name them -- had pressed him to back away from inquiries on whether associates of the governor were improperly using money from gambling interests to promote the legalization of slot machines. He said he had reported one of those conversations to an FBI official as a threat.

DiBiagio said the Justice Department offered so little support that it became "impossible for me to stay."

"I believe it was that investigation that played an integral role in what was done to me," DiBiagio told the newspaper. "I clearly got the message that I had alienated my political sponsor and I would not have any political support to stay another term. Clearly, they wanted me to leave."

The claim is extraordinary in part because of the friendship that DiBiagio and Ehrlich once shared and because Ehrlich, while he was a Republican congressman, had played a key role in securing the prosecutor's post for him. In an interview yesterday, Ehrlich said DiBiagio's comments "really came out of left field."

The former governor denied trying to influence DiBiagio's investigations or seeking his removal. "To try to tie this to slots is just crazy," Ehrlich said, and he expressed amusement over the idea that he would have held enough sway with officials in Washington to have the federal prosecutor removed.

Ehrlich also noted that he was nearly alone in publicly defending DiBiagio in summer 2004, when Democrats were calling for his resignation and editorial boards were questioning his fitness for office. "I've known him for a long time, and I think he should be given the benefit of the doubt," Ehrlich told the Baltimore Sun at the time.

Yesterday, Ehrlich acknowledged that he was dissatisfied with DiBiagio's handling, before that, of a corruption case involving Edward Norris, who was then Ehrlich's state police superintendent. But, he added, "there was nothing we could or would do about it."

Of the gambling investigation, which was closed without producing charges, Ehrlich said he recalled that one of his aides received two federal grand jury subpoenas in summer 2004. Ehrlich said he was not concerned about the investigation, and that Finney produced documents in response. "Jervy handled it, and we literally never heard anything more about it -- that was it," he said.

The public confirmation that DiBiagio was forced out adds an important coda to a turbulent period for the office. Although DiBiagio frequently declared his credo to be "justice without fear or favor," critics accused him of partisanship. Democrats, in particular, cited an investigation by DiBiagio's office that focused on then-Lt. Gov. Kathleen Kennedy Townsend (D) at the height of a tight 2002 gubernatorial contest that she lost to Ehrlich, and a federal probe of the Baltimore City Council, whose members are Democrats.

He was rebuked in July 2004 for sending a memo urging his prosecutors to obtain "Three 'Front-Page' White Collar/Public Corruption Indictments" before Nov. 6, four days after the presidential election. Although DiBiagio has said the memo was taken out of context, he was told after it was publicized that he could bring no public corruption cases without high-level approval.

Yesterday, Margolis said the memo was damaging. "A reasonable person could have concluded that he was trying to affect the outcome of an election, and we just can't have that," he said.

Margolis said DiBiagio was asked to resign after a performance evaluation of his office conducted late that year. He said the review concluded that there were "management and morale issues" in the U.S attorney's office that were related to DiBiagio's "judgment and candor" as well as his temperament.

Ex-boss Disputes DiBiagio's Story (BSUN)

By Matthew Dolan, Andrew A. Green And Matthew Hay Brown, Sun reporters

The Baltimore Sun, March 7, 2007

Justice official who forced resignation says U.S. attorney for Md. was ousted on merits

The top Justice Department official who forced the resignation of then-U.S. Attorney for Maryland Thomas M. DiBiagio more than two years ago said yesterday that serious problems with the prosecutor's judgment and candor prompted the dismissal.

David Margolis, an associate deputy U.S. attorney general, rejected DiBiagio's assertions this week that his probe of corruption in the Ehrlich administration led to his dismissal. In fact, Margolis said, Jervis S. Finney, the top legal adviser to then-Gov. Robert L. Ehrlich Jr., had long defended DiBiagio's work.

Margolis said Finney called Justice Department officials in 2004 - once to request that DiBiagio's job be spared and again to prolong his tenure. Margolis noted that those would be odd requests from an administration that DiBiagio portrayed as worried about a looming federal investigation into its ties to gambling interests.

Finney could not be reached for comment last night.

"I'm 150 percent sure that we made the right decision with Tom," Margolis said. "I'm a million percent sure ... that it was done on the merits, whether you agree with it or not."

Margolis said DiBiagio's ouster was prompted in large measure by internal e-mail messages published by The Sun in July 2004, in which the prosecutor called for three "front-page" corruption indictments before Election Day. The gambling investigation never came up, according to Margolis.

In an interview published yesterday in The New York Times, DiBiagio compared his fate to that of eight U.S. attorneys from around the country who have been fired more recently.

DiBiagio did not return calls seeking comment yesterday.

Still, members of Congress, some who have criticized the recent dismissals as unwarranted and politically motivated, are now seeking answers about DiBiagio's departure in 2004.

"It is a story which may show inappropriate political pressure on the Baltimore attorney for pursuing an investigation related to gaming, which implicated subordinates of the governor," Sen. Arlen Spector, a Pennsylvania Republican, said yesterday at a hearing in Washington. "Or it may be explained in what the story refers to as his pressure tactics and performance rating. So there are a lot of nuances."

Sen. Benjamin L. Cardin, a Maryland Democrat and member of the Senate Judiciary Committee, called yesterday for an investigation into DiBiagio's firing.

"Anytime allegations arise that politics may have interfered in the prosecution of federal cases, we must take it seriously," Cardin said in a statement. He said he was "not familiar with the specific conditions surrounding" DiBiagio's departure.

When DiBiagio announced his resignation two years ago, he insisted that the departure was long planned, citing personal reasons. But in an opinion piece in The Sun a little more than a year later, DiBiagio wrote that he had been under constant pressure to aim low and look the other way from potentially corrupt officials.

"The pressure finally culminated in a threat that I would be 'hurt' if I continued," he wrote in January 2006.

In the first half of 2004, DiBiagio's office had subpoenaed records from top Ehrlich aides while pursuing allegations of improper influence by gambling interests.

Lawyers familiar with the investigation said it centered on Richard E. Hug, Ehrlich's chief campaign fundraiser, who solicited donations from horse racing and gambling interests for a nonprofit group, Citizens for Maryland's Future. The group planned to run ads supporting Ehrlich's initiative to legalize slot machines in Maryland. Hug has denied any wrongdoing.

But after the federal investigators began their probe, the donation effort was abandoned and the investigation was closed, according to prosecutors and attorneys involved.

In the Times article, DiBiagio added details, alleging a direct threat from Ehrlich's associates. If he pursued the investigations, he told the Times, "the practical impact was to intimidate my office and shut down the investigations."

He also told the FBI of the "threat" against him, the article said. Officials at the Justice Department said yesterday that they had no information about any formal complaint by DiBiagio.

In the end, hobbled by the political pressure, he decided to resign, DiBiagio said.

Ehrlich confirmed last year that the federal prosecutor had subpoenaed records from his communications director, Paul Schurick, and said that his office had cooperated. But there was no basis for the investigation, Ehrlich said in an interview yesterday.

"It was basically just a fishing expedition, I think," Ehrlich said.

Ehrlich's influence was largely responsible for the selection of DiBiagio, whom the governor had known since they were young lawyers. But the former governor said he tried to keep an arms-length relationship with him to avoid any appearance of impropriety.

That became increasingly difficult as DiBiagio began to alienate much of the state's political community, Ehrlich said. During DiBiagio's tenure, the Justice Department "was not exactly friendly to us," Ehrlich said, particularly in the prosecution of state police Superintendent Edward Norris for his actions while Baltimore police chief.

At the same time, Ehrlich said, he felt the need to defend the man he had recommended for the job.

"I was put in a very interesting position here," Ehrlich said. "He was doing things I didn't necessarily like, but I had a very high-stakes issue going on because I had to support him. He was my guy."

DiBiagio, who was nominated as U.S. Attorney for Maryland by President Bush in 2001, is now an attorney in the Washington and Baltimore offices of the law firm Beveridge & Diamond.

DiBiagio's supporters have long pointed to his office's prosecution of Norris and investment banker Nathan A. Chapman Jr. - issues first raised in articles by The Sun - as evidence of his success in rooting out public corruption.

Ehrlich said yesterday that he understands DiBiagio's desire to defend his legacy. By the time he left office, DiBiagio's staff was undermining him in the press, and officials around the state were "calling for his head," the former governor said.

But that doesn't make DiBiagio's allegations true, Ehrlich added. "Just putting two and two together, I think he's feeling a sense of frustration," Ehrlich said. "This was an opportunity to vent that when the Times called him."

Despite providing more details about the slots investigation, DiBiagio has never publicly identified the Ehrlich associates who allegedly pressured him.

Local defense attorney David B. Irwin, an Ehrlich ally who served on one of his judicial nominating committees, expressed empathy for DiBiagio's situation. Irwin said he had discussed the prosecutor's future before he left, suggesting the possibly of working for law firms in Baltimore or Washington.

But Irwin rejected the idea that political pressure from Ehrlich's camp forced DiBiagio out.

"He was an equal-opportunity subpoena-er," Irwin said, noting that DiBiagio's prosecutors had demanded documents in cases affecting both political parties.

Irwin said never talked to DiBiagio on behalf of Ehrlich about taking a judgeship - a carrot that DiBiagio told the Times that a lawyer close to the former governor had offered.

According to Margolis, the decision to remove DiBiagio came after prosecutors in his office told Justice Department investigators that DiBiagio's intemperate leadership made their lives unbearable.

Another controversial episode that raised questions about DiBiagio's candor focused on a statement DiBiagio made to the news media after the mysterious death in 2003 of one of his former assistant prosecutors, Jonathan P. Luna, who was found stabbed and drowned in a Pennsylvania creek.

Before she resigned, then-Assistant U.S. Attorney Lisa M. Griffin wrote in an e-mail to DiBiagio and other members of the staff that she was "deeply embarrassed to hear that you led the press to believe that Jonathan was not in jeopardy of losing his job. That wasn't so."

His most controversial move came in a series of internal e-mails published by The Sun in July 2004, in which DiBiagio called for three "front-page" corruption indictments before Election Day.

DiBiagio said at the time that he was simply pushing his staff to work harder, and said that his references to "front page" and November were not politically motivated, as some critics suggested.

But after the e-mail became public, the Justice Department issued a rare public reprimand to DiBiagio, saying that from then on, Washington would have to approve all Maryland corruption cases.

Margolis acknowledged the memo's role in DiBiagio's firing but declined yesterday to specify other reasons why DiBiagio was let go.

After DiBiagio's ouster, his replacement shut down some of his most prominent cases. Interim U.S. Attorney Allen F. Loucks dismissed the indictment against the former director of the governor's crime office, Stephen P. Amos, and ended the federal investigation of the Baltimore City Council's financial practices without charges.

Yesterday, William E. Moschella, the principal associate deputy attorney general, told a House Judiciary subcommittee that it was DiBiagio's attempts to time prosecutions to the election cycle that concerned his superiors.

"There were inappropriate e-mails and a staff meeting initiated by Mr. DiBiagio in which he specifically called for public corruption cases within a specific time frame," Moschella said. "It was so egregious that the deputy attorney general at the time ... had to write him a letter saying, 'You will not turn any more corruption cases without running it by me first."

Rep. Melvin Watt, a North Carolina Democrat and committee member, challenged Moschella.

"Wasn't it before the election of Governor Ehrlich, and he was trying to get a prosecution done ... before that election and you are saying that an instruction from the Department of Justice to him not to pursue an investigation and charges before the election is not related?" Watt asked.

"We didn't tell him not to pursue any specific case," Moschella responded. He said a subsequent review showed that DiBiagio's office "was in disarray, poorly managed," and that his staff "had extremely poor morale."

Justice Official: Policy Rifts Ousted Arizona U.S. Attorney (AZREP)

By Mike Madden, Washington Bureau

Arizona Republic, March 7, 2007

WASHINGTON - The Bush administration forced out Arizona's top federal prosecutor because of policy disputes over taping FBI interviews and when to seek the death penalty, a U.S. Justice Department official told Congress on Tuesday.

Former U.S. Attorney Paul Charlton was one of eight federal prosecutors forced to resign in January, sparking a controversy over how and why they were ordered to leave office. Six of them testified Tuesday on Capitol Hill.

The administration at first said all were forced out because of "performance-related issues." Democrats have alleged political reasons for the moves. Several of the U.S. attorneys involved, including Charlton, had been investigating corruption cases against Republican lawmakers in their states. Justice officials deny any political motivation.

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"I would put Mr. Charlton more in the policy category," William Moschella, principal deputy associate attorney general, told the House Judiciary subcommittee on Commercial and Administrative Law.

U.S. attorneys are the top federal prosecutors in 94 court districts around the country. They serve at the pleasure of the president and can be hired or fired for any reason. But Congress is still conducting several inquiries into the circumstances surrounding January's moves.

All the prosecutors forced out were appointed by President Bush. Moschella acknowledged Tuesday that the administration hadn't told the prosecutors why they were forced out and conceded that may have helped stir the controversy.

"Although the department stands by the decision to ask these U.S. attorneys to resign, it would have been much better to have addressed the relevant issues up front with each of them," he said.

Charlton had served in Arizona from November 2001 until January. Officials told him in December that he had to resign.

He told the House panel that he had offered his resignation in 2006 over his insistence that the FBI tape interviews with suspects, which he called crucial to convicting child molesters. Justice officials instead persuaded him to request permission to make the taping part of a pilot program. They never responded to his request before he was told to resign.

"There is, in my mind, no small amount of irony in the Department of Justice having chosen that as the reason for asking me to resign," Charlton said.

Both Charlton and Moschella said officials in Washington objected to the taping policy because it might affect other federal law enforcement agencies and other U.S. attorneys offices. Charlton also wanted to decide whether to seek the death penalty on a case-by-case basis, clashing with administration officials who wanted the final say on when to push for executions.

As with several of the other prosecutors, Charlton was investigating politically sensitive issues just before last fall's elections. Prosecutors were investigating a land deal by Rep. Rick Renzi, R-Ariz., and a 1996 camping trip led by former Rep. Jim Kolbe, R-Ariz., that included teenage House pages. Both Renzi and Kolbe have denied wrongdoing, and officials haven't filed charges against either.

Charlton appeared before the House panel in response to a subpoena. He had declined to testify voluntarily at a Senate hearing on the matter earlier in the day.

Top Ariz. Prosecutor Fired Over Policy Clashes? (AZREP)

By Mike Madden, Republic Washington Bureau

The Arizona Republic, March 7, 2007

WASHINGTON - The Bush administration forced out Arizona's former top federal prosecutor because of policy disputes over taping FBI interviews and when to seek the death penalty, a Justice Department official told Congress Tuesday.

Former U.S. Attorney Paul Charlton was one of eight federal prosecutors made to resign in January, sparking a controversy over how and why they were ordered to leave office. The administration at first said all were forced out due to "performance-related issues."

Democrats have alleged political motivations for the moves - several of the U.S. attorneys involved, including Charlton, had been investigating corruption charges against Republican lawmakers in their states.

"One troubling allegation is that certain of these U.S. attorneys were asked to resign because of actions they took or didn't take relating to public corruption cases," William Moschella, principal deputy associate attorney general, told the House Judiciary Subcommittee on Commercial and Administrative Law. "These charges are dangerous, baseless and irresponsible . . . I would put Mr. Charlton more in the policy category."

In Arizona, Charlton had insisted on taping FBI interviews that might be used in prosecutions, a policy that hadn't been cleared with officials in Washington who feared it would affect other federal law enforcement agencies and other states. He also wanted to decide whether to seek the death penalty on a case by case basis, clashing with administration officials who wanted a national policy to govern when to push for executions.

Charlton only appeared before the House panel Tuesday in response to a subpoena, declining to testify voluntarily at a Senate hearing on the matter earlier in the day.

"In most of our cases, we were given little or no information about the reason for the request for our resignations," Charlton and his former colleagues said in prepared testimony. "This hearing is not a forum to engage in speculation, and we decline to speculate about the reasons."

Cummins Testifies On His Firing (MCA)

By Bartholomew Sullivan Sullivanb@shns.com

Memphis Commercial Appeal, March 7, 2007

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WASHINGTON -- The former U.S. attorney for eastern Arkansas, H.E. "Bud" Cummins, told a House Judiciary subcommittee Tuesday that he told no one he didn't plan to serve out President Bush's term -- until after he'd been asked to resign last summer.

"When I started hinting that I might be moving on ... (that) was my attempt to be discreet and try to conceal the fact that they had handled it like they had handled it," Cummins said.

He was one of six former U.S. attorneys abruptly removed from office last year and subpoenaed Tuesday to address a growing perception that their firings were politically motivated.

Principal associate deputy Atty. Gen. William Moschella acknowledged Tuesday the terminations, which were made without explanation, "could have been handled better."

Cummins, who left office in December, was the chief federal prosecutor who handled the undercover investigation that led to corruption charges against West Memphis police officers and Crittenden County Sheriff's deputies in 2002.

Under questioning by U.S. Rep. Steve Cohen, D-Tenn., Cummins said he might have stayed silent after his ouster but couldn't after the Justice Department began citing performance deficiencies for the removal of other high-performing federal prosecutors. Moschella cited differences over policies and priorities for some of the firings in his testimony.

Like Cummins, former U.S. attorney Daniel Bogden of Nevada testified he had been told by a senior Justice official that he was being moved out to give another Republican nominee a resume-enhancing position.

Cummins was replaced by interim U.S. Atty. J. Timothy Griffin, an Iraqi war veteran and military prosecutor who had served briefly as an assistant U.S. attorney in Cummins' Little Rock office.

Griffin, 38, a protege of presidential adviser Karl Rove and a former Republican Party opposition researcher, has not been nominated by the president and has therefore not been subject to the Senate's advise-and-consent oversight. He has said he will not be a nominee for the permanent job.

The hearing was held to gather testimony from the fired prosecutors and to hear testimony on restoring provisions of the law regarding the installation of U.S. attorneys that now permits indefinite temporary appointments without Senate confirmation.

The law was a last-minute Justice Department insertion into the reauthorization of the U.S.A. Patriot Act.

Also testifying were Carol C. Lam of San Diego, who won the conviction of former GOP congressman Randy "Duke" Cunningham on corruption charges; David C. Iglesias of New Mexico; Paul K. Charlton of Arizona, and John McKay of the western district of Washington state.

While under questioning by Cohen, Cummins described a Feb. 20 conversation he'd had with Michael Elston, chief of staff to Deputy Atty. Gen. Paul McNulty, which Cummins said he shared with the former prosecutors.

Cummins suggested that Elston indicated some in the department were "irritated that some of us were responding to media inquiries." Cummins said he told him the issue was a matter between the Congress and the Justice Department.

"What I was trying to convince him of was that nobody at this (witness) table was driving this," Cummins said.

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Why were they fired?

Reasons given for asking some of the U.S. attorneys to resign, according to William Moschella, an associate deputy attorney general:

Carol Lam of San Diego: "Her gun prosecution numbers are at the bottom of the list."

John McKay of Seattle: "The department really had policy differences and were concerned with the manner in which he went about advocating the particular policies ..."

Daniel Bogden of Nevada: "There was no particular deficiency. There was an interest in seeing renewed energy and renewed vigor in that office, really taking it to the next level."

David Iglesias of New Mexico: " Mr. Iglesias had delegated to his first assistant the overall running of his office. U.S. attorneys are hired to run the office."

Sessions Says Firings Of Prosecutors Not Unusual (MONTADV)

By Ana Radelat, Montgomery Advertiser

Montgomery (AL) Advertiser, March 7, 2007

Sen. Jeff Sessions, a former U.S. attorney, said Tuesday there's nothing extraordinary about the firing of eight U.S. attorneys who clashed with Republican lawmakers or GOP policies.

"They're changed on a regular basis," Sessions, a Republican from Mobile, said of federal prosecutors. "And for the most part there was some disagreement between those United States attorneys and the policies of the president of the United States."

Six of the eight fired U.S. prosecutors testified Tuesday at House and Senate hearings that they were pressured by the Justice Department or Republican lawmakers -- including Sen. Pete Domenici, R-N.M.

"Sometimes United States attorneys who are not in sync with the goals of the Department of Justice need to be counseled and, at some point, (Justice officials) ought to find someone else who will follow those goals," Sessions said.

Sessions, a member of the Senate Judiciary Committee, said he's never discussed a case with a U.S. attorney. He was a U.S. attorney himself in Alabama for 12 years before he was elected to the Senate.

Former New Mexico U.S. Attorney David Iglesias told members of the Senate Judiciary Committee on Tuesday that Domenici called him to ask whether indictments against local Democrats in a corruption investigation would be ready before Election Day. He said that when he told Domenici no, he was chilled to hear the senator say, "I'm very sorry to hear that" before hanging up.

Sessions conceded that Domenici's call to Iglesias was "an unwise thing to do" and said it was "a good learning experience" for all senators.

Domenici denied that he improperly pressured Iglesias.

Justice Department officials repeated their denials Tuesday that any of the prosecutors were improperly pressured or fired to make room for GOP political allies. They say most of the firings were performance-related.

Democrats say the firings prove the Bush administration has politicized the Justice Department.

Political Pressure Taints Firing Of Top Prosecutors (USAT)

USA Today, March 7, 2007

David Iglesias, until recently the top federal prosecutor in New Mexico, served as a model for the smart, fearless Navy defense lawyer played by Tom Cruise in the 1992 courtroom drama A Few Good Men.

On Tuesday, Iglesias starred in another drama, this one a real-life political saga that is threatening the reputation for independence of the nation's 93 U.S. attorneys.

Iglesias — one of seven U.S. attorneys fired Dec. 7 by the Justice Department — told a Senate panel that he was ousted after he refused to succumb to pressure from Sen. Pete Domenici and Rep. Heather Wilson, both New Mexico Republicans, to speed up a federal probe of local Democrats. Iglesias testified that Domenici called him at home last October and asked whether there would be indictments before the Nov. 7 elections. When Iglesias said no, Domenici said he was "sorry to hear that" and "the line went dead," according to Iglesias.

"I felt sick afterwards," Iglesias told the panel.

Queasiness is a justified reaction to congressional meddling with federal prosecutors and to the Bush administration's clumsy, unusual firings. Both deserve the close scrutiny they are beginning to get in Congress and the news media.

Though the nation's federal prosecutors are political appointees named by presidents, they've long been known for their independence. Their job is to bring civil and criminal cases for the federal government, without regard to politics. And many have done just that. In the early 1970s, a Richard Nixon appointee supervised the investigation that led to the resignation of Nixon's vice president, Spiro Agnew. Just two years ago, Bush appointee Carol Lam brought the case that sent former GOP congressman Randy "Duke" Cunningham to prison.

The recent firings undermine that image of independence. Lam, in fact, was one of the seven fired on Pearl Harbor Day. An eighth, Bud Cummins, of Arkansas, was let go last June.

Justice officials grudgingly acknowledged that Cummins was terminated to make way for Tim Griffin, a former aide to Bush adviser Karl Rove. As for the others, officials have gone from denying in January that the dismissals were political, to saying in February that six were "performance-related," to admitting last week that the White House approved the firings after Justice officials identified prosecutors who weren't carrying out administration law enforcement policies.

It's possible, of course, that some of the eight deserved to be replaced, but the shifting explanations raise serious doubts about the whole process. High-level appointments can't be completely insulated from politics, but one good step would be to return to a system, in place for many years, that gave the president the power to appoint U.S. attorneys and the Senate the power to confirm them. Last year, the Bush administration won a change that would give the attorney general more authority to appoint interim prosecutors to serve for unlimited periods without Senate confirmation. That's an invitation to trouble.

Historically, few U.S. attorneys have been dismissed by a president in the middle of their terms. That's a worthy precedent, one that inspires public confidence that the justice system is working properly and ensures that a few good men and women don't become victims of political vendettas.

A Few Angry Lawyers (SLATE)

By .Emily Bazelon

Slate.com, March 7, 2007

On Capitol Hill, the fired U.S. attorneys dish, and dish some more

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The Department of Justice can fire a U.S. attorney and expect him or her to go quietly. The federal prosecutors are appointed by the president, after all, and serve at his pleasure. But fire a bunch of them at once and start shredding their reputations—that's dangerous. Today, four of the Bush administration's formerly loyal U.S. attorneys showed up to testify before Congress and raised the lid on DOJ and Republicans in office. All sorts of things crawled out. And after years of living in one-party Washington—and logging hours at snoozer Republican-controlled committee hearings—I confess, it was a thrill to watch. Hooray for divided government!

David Iglesias, a former U.S. attorney from New Mexico, was the star witness at this morning's Senate hearing about the firing of eight—or now maybe nine—U.S. attorneys. Iglesias was square-jawed and resolute, so much so that Sen. Chuck Schumer, D-N.Y., didn't really need to mention that the former prosecutor and U.S. Navy lawyer is a partial model for the Tom Cruise character in A Few Good Men (though, of course, Schumer did). Iglesias gave an account of a phone call he received from Sen. Pete Domenici, Republican of New Mexico, before the November election:

1) Domenici called Iglesias in late October, at his house—the first time in 10 years as a prosecutor that he'd taken a call from a member of Congress on his home line.

2) The senator wanted to talk about a pending corruption investigation of government officials who just happened to be Democrats—an investigation that, Iglesias said, was a "huge battle" in Republican Rep. Heather Wilson's tight race for re-election. Domenici asked Iglesias, "Are these charges going to be filed before November?" Iglesias said he didn't think so.

3) Domenici responded, "I'm very sorry to hear that." And then the line went dead. Domenici had hung up on Iglesias. "I felt sick afterward," the former prosecutor said. "I felt leaned on. I felt pressure to get these matters moving."

Domenici has denied pressuring Iglesias. As for Wilson, she had called Iglesias two weeks earlier. She said this week that she asked Iglesias about allegations from a constituent that he "was intentionally delaying corruption prosecutions." Iglesias remembers otherwise. The phone call wasn't about allegations of a delay, he testified. Wilson "wanted to talk about sealed indictments" he might have had in the corruption case. Iglesias listened to her questions, and "red flags went up inside my head." It was as if Wilson had asked a government nuclear scientist "about secret launch codes."

If the calls from Domenici and Wilson were so alarming, why didn't Iglesias report them to DOJ? Sen. Arlen Specter, R-Pa., wanted to know. Ethical rules bar members of Congress from asking prosecutors about pending investigations, and DOJ guidelines apparently instruct prosecutors to report such contacts. Iglesias said he knew that but at the time felt "conflicted" about his competing loyalties. Pete Domenici was his longtime mentor. Heather Wilson was his longtime ally. He didn't want to turn on them.

"What made you change your mind?" Specter asked. It was the senator's least effective moment as the Bush administration's defender. "I've always been trained that loyalty is a two-way street," Iglesias answered. "I started thinking: Why am I protecting these people who not only did me wrong but did wrong to the system for appointing U.S. attorneys?"

Iglesias and the three other U.S. attorneys who appeared with him have taken pains to make clear that they didn't ask to testify. They waited to be subpoenaed by a subcommittee in the House of Representatives, which also heard their testimony today. The former USAs acknowledged that they served "at the pleasure of the president" and could be fired "at any time and for any reason." Except that, as far as they knew, no president had ever before fired a group of U.S. attorneys in the middle of his term. And "any reason" isn't supposed to include what felt to some of them like retaliation, after attempts to meddle with ongoing investigations. (John McKay, a former U.S. attorney from the western district of Washington, told a story like Iglesias's of a phone call from the former chief of staff of a Washington elected official, about a pending investigation relating to voter fraud.)

Nor did the ex-U.S. attorneys cotton to being threatened by DOJ—as they apparently were. H.E. "Bud" Cummins III, ex-U.S. attorney of the eastern district of Arkansas, brought to the hearing an e-mail he'd written to five of his fired compatriots on Feb. 20, two days after receiving a call from Mike Elston in the deputy attorney general's office. Cummins wrote that the essence of Elston's message was that DOJ "would feel forced to somehow pull their gloves off," if the fired U.S. attorneys continued to talk to the press or fuel a congressional investigation. "I was tempted to challenge him and say something movie-like such as 'are you threatening ME????'" Cummins wrote. Also, he wrote that Elston "reacted quite a bit to the idea of anyone voluntarily testifying [before Congress] and it seemed clear that they would see that as a major escalation of the conflict meriting some kind of unspecified form of retaliation."

This e-mail, which Schumer read gleefully into the record, did not sit well with the senators. At the start of the hearing, Specter had floated the idea that any effort to "threaten someone and stop them testifying" raised the specter of "obstruction of justice." As a basis for criminal charges, that's probably a stretch. Still, it all made for great theater.

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CORPORATE SCANDALS:

Companies Say Backdating Used In Days After 9/11 (WSJ)

By Mark Maremont, Charles Forelle And James Bandler

The Wall Street Journal, March 7, 2007

Amid the stock-market swoon that followed the Sept. 11, 2001, terrorist attacks, dozens of companies granted stock options to top executives or other employees. Now, some of those companies are saying the grants were in fact made weeks later -- and backdated.

The disclosures are the latest wrinkle in a backdating scandal that involves more than 140 companies and has resulted in more than 70 firings or resignations of corporate officials. (See related article1.) The new information suggests some executives profited from the market's plunge following Sept. 11 by manipulating options grant dates.

Stock options give the recipient the right to buy shares at a set price, typically the stock's closing price on the day the options were granted. If the stock later rises, the recipient can cash in the option for a profit. The lower the exercise price, the greater the potential gain.

Backdating options involves looking for past low points for a stock, then pretending the options were granted on those favorable dates. The post-Sept. 11 period was an attractive time for backdaters. The market had its worst week in more than 60 years, then rebounded sharply in the fourth quarter.

At KLA-Tencor Corp., at least 11 top executives purportedly were awarded options on Oct. 2, 2001, at the very bottom of a sharp dip in the semiconductor-equipment maker's stock. But in a recent filing KLA said those options were among some that were improperly backdated, suggesting in a securities filing they weren't actually awarded until weeks later. The post-9/11 backdating increased KLA insiders' potential profit on the options by more than $12 million.

Affiliated Computer Services Inc., Take-Two Interactive Software Inc., Progress Software Corp. and Corinthian Colleges Inc. similarly have admitted they put erroneous dates on options that made it appear they were granted at post-9/11 low points.

Former officials at Monster Worldwide Inc. and Brocade Communications Systems Inc. have been accused by the Securities and Exchange Commission of backdating options to that period. The former Brocade official denies the allegations, and the ex-Monster executive has been in talks to settle the charges.

A number of other companies that have admitted to widespread backdating, including UnitedHealth Group Inc. and Broadcom Corp., also granted options dated in the post-Sept. 11 period. They haven't indicated whether those awards were backdated.

Harvey Pitt, who was chairman of the SEC at the time of the attacks, said it was "offensive" for companies to capitalize on the market panic caused by 9/11. The terror attacks "created many pressures, difficulties and dislocations," said Mr. Pitt. "The one thing it cannot be used to justify is the fraudulent backdating of documents."

In the wake of the attacks, the nation's stock markets were closed from Sept. 11 to Sept. 14. When they reopened the following week, the Dow Jones Industrial Average skidded more than 14%, in the worst full week for the blue-chip average since Germany invaded France in May 1940.

Scores of companies rushed to grant options during the market's trough; a Wall Street Journal analysis published in July found that among a set of 1,800 leading companies the frequency of option grants more than doubled in late September 2001, compared with other years.

When previously asked about their reasons for granting options in the wake of the terrorist attacks, some companies said it was pure happenstance, while others said it was intended to help motivate executives through the difficult period. But until recently none had admitted the award dates reflected improper backdating.

The post-Sept. 11 backdating has caught the attention of plaintiffs' lawyers. Some of them have already mentioned it in backdating-related lawsuits or say they plan to highlight the issue.

Joel H. Bernstein, an attorney at Labaton Sucharow & Rudoff LLP in New York, says that taking advantage of a national tragedy "is an emotional issue," but one that will "resonate very well with the judge and the jury." Mr. Bernstein's firm is involved in suing executives and directors at two of the companies that issued post-Sept. 11 options grants.

Post-Sept. 11 backdating also figured in two separate criminal cases filed last month in New York, in which a pair of former executives pleaded guilty to backdating-related offenses.

In one case, the former top lawyer for Monster admitted he helped orchestrate a years-long backdating scheme at the New York company, operator of the Monster.com job-search Web site. In a related civil complaint, the SEC charged that the ex-

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lawyer, Myron Olesnyckyj, helped award employees in one division a bunch of options that were backdated to Oct. 2, 2001, when the stock hit its lowest level in nearly two years.

That also was the day Monster announced it would have to scale back its earnings projections as a result of the terrorist attacks. Monster's then-CEO told investors that business activity had almost halted as companies "responded to help those in need" and "reflected on the tragedy." According to the SEC complaint, senior Monster executives didn't begin discussing the Oct. 2 grants until mid-October, when the company's stock was already recovering.

Andrew Levander, an outside lawyer for Monster, said the company has informed the government of any improprieties it has discovered.

At Take-Two, a New York-based videogame maker, former CEO Ryan A. Brant last month pleaded guilty to New York criminal charges and admitted to backdating numerous option grants to himself and subordinates to take advantage of prior stock dips. Although it wasn't specifically mentioned in the charges, one of the well-timed grants was originally dated Oct. 1, 2001, at the nadir of the stock's post-Sept. 11 plunge.

A spokesman for Take-Two says the company recently repriced the Oct. 1 grants along with a number of others as it corrected its books due to the widespread backdating. The spokesman says the company doesn't have sufficient information to know whether the wrongly dated Oct. 1 options were related to the Sept. 11 attacks, but he notes that Take-Two in October 2001 released a major new product, Grand Theft Auto III, the type of event for which it typically awards extra compensation.

KLA-Tencor, based in San Jose, Calif., was among the many that saw its stock battered by the terrorist attacks. On Sept. 10, KLA shares closed at $44.20. They began falling as soon as the markets reopened, and bottomed out on Oct. 2 at $29.31. By late October, the shares had rebounded to preattack levels.

The dip provided a tempting opportunity to backdate. KLA did so, issuing at least hundreds of thousands of options the company now says in securities filings were backdated. KLA recently repriced those options to $45.25, implying that they were really granted in late October when the shares next hit that level. KLA's chief executive at the time, Kenneth Schroeder, was by far the biggest beneficiary. He received a grant of 341,100 shares. The backdating added $5.4 million to his potential profit.

A KLA spokeswoman declined to comment, other than to note the Oct. 2 grant was given to a broad group of employees.

Mr. Schroeder stepped down as CEO in 2005 to take an advisory role with the company. He was fired last October in connection with the options scandal. A spokesman says Mr. Schroeder hasn't cashed out the post-9/11 grant for profit, and KLA says it has canceled the grant -- along with other backdated options Mr. Schroeder received -- outright. A spokesman for Mr. Schroeder said the company "rashly and unilaterally breached its contract with Ken."

Mr. Schroeder is fighting to get back the options, which would yield more than $2 million today, after the company's repricing.

Brocade, a data-storage networking firm based in San Jose, awarded employees a total of 8.9 million options dated Oct. 1, 2001. All six top executives of Brocade were given options with the favorable Oct. 1 date, including the then-CEO, Gregory L. Reyes, who himself received 1.3 million options. The stock quickly rebounded after the supposed grant date, rising to preattack levels by Oct. 5.

Last year, Mr. Reyes and another former top Brocade executive were charged by federal prosecutors in San Francisco with criminal offenses related to options backdating. In a related civil complaint, the SEC mentioned the post-Sept. 11 grant, charging Mr. Reyes with backdating options to employees to give them the beneficial Oct. 1, 2001 date, and also with having received backdated options bearing that same date.

In a separate civil complaint filed in San Francisco by shareholders suing Brocade, Mr. Reyes and four others, the plaintiffs noted that the depressed Oct. 1 stock price "resulted, in part, from the tragedy of Sept. 11th."

Richard Marmaro, an attorney for Mr. Reyes, said his client "never backdated any options," and any insinuation that he did so to take advantage of the post-Sept. 11 trough is "outrageous." After the attacks, Mr. Marmaro said, Mr. Reyes anonymously donated $1 million to a fund for the benefit of the New York City Fire Department. He also said that Mr. Reyes didn't set the dates of his own stock-option grants, which were the responsibility of a committee of board.

A Brocade spokeswoman declined to comment, except to note Brocade has offered to settle with the SEC.

Joseph W. Alsop, chief executive at another admitted backdater, Progress Software Corp., received options dated Oct. 10, 2001, to buy 125,000 shares of stock. Several other Progress executives also received hefty grants dated that Wednesday, when shares were down 16% from their pre-Sept. 11 levels. Two weeks later, shares of Progress were back up 25%.

A board-led investigation concluded late last year that Progress "generally selected the dates used as the grant dates retrospectively," often choosing the lowest closing price of the company's stock for the quarter. The Bedford, Mass., software concern said that the Oct. 10, 2001, grant was misdated, and should have been priced one-third higher, at $17.42. The stock next closed at that price on Dec. 4, suggesting that was the real award date. Mr. Alsop agreed to forfeit more than $5 million in options value for all of his misdated grants. He declined to comment.

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UnitedHealth Earnings Cut By $1.5 Billion For Past 12 Years (MINNST)

Minneapolis Star Tribune, March 7, 2007

Ending nearly a year of speculation about the long-term costs of a disputed stock-option program for senior executives, UnitedHealth Group announced Tuesday that it has reduced earnings by nearly $1.53 billion for the past 12 years.

By David Phelps, Star Tribune Ending nearly a year of speculation about the long-term costs of a disputed stock-option program for senior executives, UnitedHealth Group announced Tuesday that it has reduced earnings by nearly $1.53 billion for the past 12 years.

In addition, the company said it is making a $100 million payment to the Internal Revenue Service for back taxes on options that were backdated to give holders an advantageously low strike price that enabled them to profit handsomely when the options were cashed out.

The company also said it will take a $55 million cash charge for another set of options exercised in 2006 by non-officer employees.

"UnitedHealth is making a lot of progress by putting this behind them," said Rajesh Aggarwal, an associate professor of finance at the University of Minnesota's Carlson School of Management. "What was going on before was bad but they have the right strategy now."

The backdating controversy, which began last March, dogged the company throughout 2006 and eventually led to the resignation of CEO and Chairman William McGuire. The number two executive at the Minnetonka-based company, Stephen Hemsley, became CEO in December.

Wall Street reacted favorably to the financial restatement in part because it removed a cloud over UnitedHealth and because it signaled the start of a stock repurchase program by the company to increase shareholder valued.

In late morning trading, UnitedHealth's stock was up 84 cents a share to $53.80.

In its filing with the Securities and Exchange Commission, the company reported net earnings of $4.16 billion for 2006, an increase of 35 percent over 2005. Revenues rose from $46.43 billion to $71.54 billion reflecting, in part, the acquisition of PacifiCare in late 2005.

The company still faces a handful of shareholder lawsuits and investigations by the SEC, Justice Department and Minnesota Attorney General's office.

UnitedHealth Books Take Options Hit (WSJ)

By Vanessa Fuhrmans

The Wall Street Journal, March 7, 2007

UnitedHealth Group Inc. took a big step toward cleaning up its accounting mess by announcing a $1.13 billion reduction in previous earnings over a 12-year period. But the health-care giant still faces a thicket of legal uncertainty stemming from irregularities in how it granted and accounted for employee stock options.

The company's restatement, filed with the Securities and Exchange Commission yesterday, was in line with its earlier estimates and marks a major milestone in its efforts to resolve the options-backdating scandal that last fall claimed its longtime chief executive, William McGuire.

UnitedHealth still faces regulatory and criminal investigations into its past options-granting practices, as well as a number of shareholder lawsuits. But after months of delays, the SEC filing signaled that the health insurer's new management team finally has a firm idea of what taxes, fines and accounting costs will emerge from those probes. The SEC wouldn't comment on the matter, but the company has said that it has been cooperating with the agency.

"It's not exactly the end of the road," said Matthew Borsch, analyst at Goldman Sachs, "but we can virtually rule out a worst-case scenario."

The health insurer, based in Minnetonka, Minn., is one of the largest of more than 140 companies that have come under scrutiny in the past year for the possible backdating of stock options. The practice involves retroactively dating stock options to days with low share prices, potentially increasing their value. While doing so isn't illegal in itself, companies are required to disclose it and account for it as compensation. Dr. McGuire was forced to leave the company after a board-commissioned review concluded that options were likely backdated on his watch.

In its SEC filing yesterday, UnitedHealth stated that it had "used incorrect measurement dates and made other errors...in accounting for stock option grants." The company said it had found incorrect dates for grants involving roughly 80 million shares given to top company officers, about 260 million shares granted to senior and middle management and another 50 million shares tied to hiring or promoting other employees.

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Based on UnitedHealth's historical accounting method -- in effect until the start of 2006 -- the resulting changes in stock-based compensation lowered earnings by a total $1.13 billion.

UnitedHealth added it would make cash payments for additional corporate income taxes of roughly $100 million. It also will record an after-tax charge of $55 million, or four cents a share, in the first quarter of this year for a tax settlement related to some nonofficer employees who exercised options in 2006.

According to the restatement, the company's 2006 net income rose 35% to $4.16 billion from $3.08 billion. Revenue jumped 54% -- largely because of its recent acquisition of PacifiCare Health Systems Inc. -- to $71.54 billion.

Shares in UnitedHealth rose as much as 3% before closing up 1.9%, or $1.02, at $53.98 in 4 p.m. New York Stock Exchange composite trading.

The company also faces several shareholder lawsuits and is still assessing whether UnitedHealth itself has claims against Dr. McGuire or any board members in connection to the options scandal.

Write to Vanessa Fuhrmans at vanessa.fuhrmans@wsj.com3

UnitedHealth Cuts $1.5B From Profits (AP)

By Joshua Freed

AP, March 7, 2007

MINNEAPOLIS - Insurer UnitedHealth Group lopped as much as $1.5 billion off its historical earnings as it finished its accounting for backdated stock options on Tuesday.

The restatement, which was in line with the company's earlier estimates, removed much of the uncertainty that has hung over the nation's second-largest health insurer over the past year. But other questions remained, including whether the Internal Revenue Service would agree with UnitedHealth about the tax bill, and whether it would owe penalties.

The company also faces a formal investigation by the Securities and Exchange Commission and a review by the U.S. Attorney for the Southern District of New York.

UnitedHealth Group Inc. said it will make cash payments for additional corporate income taxes of about $100 million, and will record a charge of $55 million, or 4 cents per share, in the first quarter of 2007 for a settlement relating to some employees who exercised options in 2006.

But there's no guarantee the tax agency will agree with UnitedHealth's accounting, said CRT Capital analyst Sheryl R. Skolnick, and "I have to think that they probably will assess fines and interest."

Still, she said investors had good reason to believe some of the worst was over.

"From a company operating perspective, I think most of the extremely disruptive issues are done," she said.

An external report paid for by UnitedHealth had already found that many of the stock options it issued during the 1990s were probably backdated - giving the recipient an instant profit and creating the tax and accounting problems that the company is only now sorting out. On Tuesday the company acknowledged that it "used incorrect measurement dates and made other errors . . . in accounting for stock option grants."

The scandal led former Chairman and Chief Executive William McGuire to step down late last year. More than 200 companies have disclosed SEC, Department of Justice, or internal probes into stock options granting practices, according to an Associated Press review.

On Tuesday, UnitedHealth said correcting the stock options accounting would cut $1.53 billion off its earnings from 1994 to the end of 2005 under the method of accounting it used at that time. (After taxes, the cost would drop to $1.13 billion.) Under its current method of accounting, the options expense would hurt historical earnings by $502 million before taxes, or $414 million after taxes.

The restatement included after-tax charges of $238 million for 2005, $158 million for 2004, and $738 million for 2003 and prior years under the method of accounting the company used at the time.

The company said it would resume share repurchases. It had more than $1.9 billion in cash at the end of 2006 and it has board authorization to repurchase up to 137 million shares.

"Most investors will be relieved to see the company done with this," Bank of America analyst Joseph France said in a note to investors.

UnitedHealth shares rose $1.02, or 1.9 percent, to close at $53.98 on the New York Stock Exchange. That brings them nearly back where they were before the options problems surfaced, after dipping as low as $42 in late May.

In the future, France wrote, "Success will be increasingly determined by sales to individuals and smaller groups, rather than the large groups that have been key to the company's growth in the past."

UnitedHealth held back on acquisitions during the past year. Skolnick said it wasn't necessarily by choice.

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"The company never stopped being in the acquisition business, it's just that I don't know anyone who would have taken their stock as currency until the re-filing was done," she said.

SEC Fines Ex-Monsanto Executive For Indonesian Bribe (Update3) (BLOOM)

By David Scheer

Bloomberg, March 7, 2007

March 6 (Bloomberg) -- A former executive at Monsanto Co., the world's biggest developer of genetically modified crops, was fined $30,000 for bribing an Indonesian official in an unsuccessful bid to repeal an environmental rule, the U.S. Securities and Exchange Commission said.

Charles M. Martin, Monsanto's former government affairs director in Asia, violated the Foreign Corrupt Practices Act in 2002 when he told a consultant to pay a senior Indonesian environmental official $50,000, the SEC said today. Martin arranged to book the bribe as part of the consultant's fee.

Monsanto paid $1.5 million in settlements with the SEC and the U.S. Department of Justice in 2005 for the bribe and other questionable payments in Indonesia. The St. Louis-based company sought repeal of a rule requiring it to assess environmental impact before planting genetically modified cottonseed, the SEC said. Even after the bribe, the official didn't change the law.

``The Foreign Corrupt Practices Act remains a significant part of our enforcement program, and we certainly intend to pursue not only entities but individuals," Christopher Conte, an SEC official overseeing the case, said in an interview.

In fining Monsanto in 2005, the SEC said the company's Indonesian affiliates also made at least $700,000 in illicit payments to at least 140 current and former Indonesian officials and their families. The payments were partially financed through unauthorized, improperly documented, and inflated sales of Monsanto's pesticide products in the country.

Martin neither admitted nor denied the accusations in agreeing to settle the SEC's civil lawsuit, filed at U.S. District Court in Washington today, the SEC said. His attorney, Richard Scheff in Philadelphia, didn't return a phone message seeking comment.

Monsanto resolved its part of the case more than two years ago, and today's action ``is strictly between the individual and the SEC," company spokeswoman Lori Fisher said.

The case is SEC v. Martin, No. 07-CV-434, U.S. District Court, Washington D.C.

Deal For Reliant Energy Admits No Guilt In Fraud Case (LAW)

By Justin Scheck, The Recorder

California Recorder, March 7, 2007

There's a group of very happy defense lawyers in San Francisco right now.

On Tuesday, nearly three years after then-U.S. Attorney General John Ashcroft announced on TV that an energy company had been charged with conspiring to jack up electricity prices during California's 2001 power crisis, the case ended with a set of deferred prosecution agreements.

The deals will dismiss charges against Reliant Energy and four of its traders, provided they stay out of trouble for the next two years. The company will also have to pay a $22.2 million fine.

"Obviously, we're extremely pleased with the result," said William Goodman, a partner at Topel & Goodman in San Francisco, who represents the company.

While the energy defendants won't get the penalties the government had sought, including prison time for the traders, freeing up four prosecutors will allow the San Francisco U.S. Attorney's Office to focus more attention on probes of tech companies like Apple Computer, which have been cooperating in options investigations for months.

Reached late Tuesday, defense lawyers and a spokesman for the prosecutors said they wouldn't comment until Northern District of California Chief Judge Vaughn Walker finalized the deal, nor would they discuss details of the arrangement. In general, non-prosecution agreements involving a company require that it pay a fine, but do not make it admit to criminal liability.

When it was first charged, the case was widely assumed to be something of a slam dunk, since prosecutors had audio tapes of Reliant traders talking about how they had shut down four of the company's five California plants to limit supply and boost their profits.

But the case also had obvious peculiarities, most notably the fact that the defendants were the first people to face criminal charges under a 70-year-old commodities regulation statute.

Once defense lawyers were able to persuade Walker to take the case from another judge -- which he was able to do because he had related energy crisis litigation -- things really started heading downhill for the government.

In 2005, Walker, excluded a key piece of the government's regulatory evidence from the case and issued a set of proposed jury instructions that created a high bar for the government to prove fraud.

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By then the prosecutors who charged the case had already left for private practice, and then-U.S. Attorney Kevin Ryan was forced to assemble a new team.

They appealed Walker's pretrial rulings to the 9th Circuit on the eve of trial in late 2005, upsetting the judge, who already had requested that a jury pool be assembled.

But the appeal didn't work in the prosecutors' favor. A three-judge panel didn't get to the substance of their claims, and it remanded the case back to Walker.

Since then, four prosecutors -- including two section chiefs, Michael Wang and Jonathan Schmidt -- have been occupied with preparing the case for trial.

That's sent ripples across an office where the white-collar corps is already stretched thin by dozens of high-profile stock option investigations and other already indicted fraud cases.

In addition to Goodman, Reliant was represented by William Jeffress Jr. of Baker Botts in Washington, D.C. George Cotsirilos Jr. of Cotsirilos & Campisano in San Francisco represented trader Jackie Thomas; and Mary McNamara of the San Francisco firm Swanson & McNamara represented another trader, V. Reginald Howard II.

Trader Lisa Flowers was represented by Nanci Clarence of San Francisco's Clarence & Dyer. John Williams, of Manchester, Williams & Seibert in San Jose, represented trader J. Kevin Frankeny.

Wal-Mart Fires Employee For Electronic Snooping (LAT)

By Abigail Goldman And Michelle Quinn

The Los Angeles Times, March 7, 2007

Wal-Mart Stores Inc. said Monday it had fired an employee for recording phone calls between its public-relations staff and a newspaper reporter and for intercepting text messages.

Wal-Mart said the employee was acting alone. It was the latest incident involving snooping on reporters by employees of companies they cover.

In this case, the retailer said an unnamed computer-systems technician was not authorized by the company to seek or obtain the information. The company also said it fired one manager and disciplined another for "failure to carry out their management duties."

Wal-Mart said that between September 2006 and January 2007, the technician recorded calls with Michael Barbaro, who writes about Wal-Mart for The New York Times. Over the previous year, The Times was printing stories of the company's personnel policies, based on leaked employee memos.

The company said the same employee also intercepted text messages using equipment that searched for key words in messages sent within a several-mile radius of Wal-Mart's Bentonville, Ark., headquarters.

"The company believes that these pager intercepts and the recordings of these telephone calls were wrong and has taken a number of actions to further strengthen our policies and controls," Wal-Mart spokeswoman Mona Williams said in a statement.

A spokeswoman for the U.S. Attorney's office for the Western District of Arkansas confirmed an investigation. Wal-Mart said it had notified federal investigators in January.

Last fall, Hewlett-Packard found itself in the center of a scandal about the increasingly aggressive tactics for investigating information leaks from the company to the media. Patricia Dunn, HP's board chairwoman, resigned following reports that the company hired investigators who illegally obtained telephone records of board members and reporters by misrepresenting themselves to telephone companies.

Five people associated with the investigation, including Dunn, later were indicted by the state and face trial.

Wal-Mart went to great lengths Monday to distance itself from its employee's actions.

The company said it does not believe any laws were broken by the recordings, since Wal-Mart notifies employees that it may monitor and record communications on company devices.

Under federal and Arkansas law, only one party to a recording -- in this case, Wal-Mart -- needs to consent. Wal-Mart declined to release the names of employees involved.

The company said it began in internal investigation Jan. 11, after an employee expressed concerns about the recordings.

The technician programmed in certain phone numbers and then recorded those conversations without the knowledge of the PR staff involved, the company said.

Text messages were electronically grabbed from pagers and other hand-held devices using the technician's personal equipment, Williams said. She declined to specify the key words or the equipment used.

The New York Times helped fuel a firestorm against Wal-Mart in the fall of 2005 when it published an internal memo detailing the company's recommendations for reining in health-care costs. The suggestions included making jobs more physically rigorous to discourage unhealthy workers and using more part-time workers.

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CRIMINAL LAW:

Analysis: Verdict Puts Focus On Cheney (AP)

By Tom Raum

AP, March 7, 2007

Campaigning in 2000, George Bush promised he would swear on the Bible to restore honor and dignity to a sullied White House and give it "one heck of a scrubbing." The conviction of I. Lewis "Scooter" Libby gave the White House a scrubbing — but not the one Bush had in mind.

The case laid bare the inner workings of a presidency under siege and the secretive world of Vice President Dick Cheney.

It showed the lengths to which Cheney went in early summer 2003 to discredit administration critic Joseph Wilson. The former ambassador's assertions had cast doubt on the administration's justification for having taken the country to war in Iraq. And the Libby case showed the president assisting Cheney in the leaked attacks on Wilson.

Libby, who was Cheney's chief of staff, was found guilty on Tuesday of four of five counts of obstructing justice, lying and perjury during an investigation into the administration's disclosure of the identity of undercover CIA official Valerie Plame, Wilson's wife.

The verdict "does great damage to the Bush administration," said Paul C. Light, professor of public service at New York University. "It undermines the president's pledge of ethical conduct. But the most serious consequence is that it will raise questions about Cheney's durability in office. It may be time for Cheney to submit his resignation."

But don't count on it. Bush in the past has repeatedly come to the defense of his vice president.

The trial, which included a month of testimony, is also relevant as the U.S. seeks to build a case that Iran is providing sophisticated munitions to Shiite insurgents in Iraq who are using them against U.S. troops. Administration critics have suggested the administration is trying to lay the groundwork for isolating or even attacking Iran — using flawed intelligence, like in Iraq.

Wilson, a retired career diplomat, had accused the administration of manipulating intelligence to build its case to invade Iraq.

The trial leaves a trail of unanswered questions leading to the doorsteps of Bush and Cheney.

Testimony and evidence did not clear up whether they directed the leaking of Plame's identity to the news media.

But the trial did show Bush declassified prewar intelligence that Libby leaked to New York Times reporter Judith Miller, a plan carried out in such secrecy that no one in the government except Bush, Cheney and Libby even knew about it.

Testimony showed the vice president was aware early on that Wilson's wife worked at the CIA and told Libby about it. Cheney even scribbled a note to himself a week before Wilson's wife was exposed asking whether she had sent her husband on the CIA mission to Africa that triggered the controversy.

Cheney also directed Libby to speak with selected reporters to counter Wilson's accusations. Cheney developed talking points on the matter for the White House press office. He helped draft a statement by then-CIA Director George Tenet. And he moved to declassify some intelligence material to bolster the case against Wilson.

Lanny Davis, a lawyer who worked in the Clinton White House during several investigations, said Tuesday that, while Libby was the defendant, "it was Vice President Cheney who was on trial today and who has the responsibility for what Libby did. The vice president has a personal and moral responsibility to take responsibility for what Mr. Libby did at his instruction — and to apologize to Valerie Plame."

Cheney said in a statement that he was "very disappointed with the verdict" and that Libby had "served our nation tirelessly and with great distinction." Cheney said he would withhold further comment because Libby was seeking a new trial or, if necessary, an appeal.

Prosecutors said Libby concocted a story to avoid losing his job for disclosing classified information to reporters without authorization. Libby's attorneys said any errors resulted from memory flaws.

The White House refused to comment on the possibility that Bush would pardon Libby. He was the only one charged in the case, and he was not charged with deliberately disclosing Plame's identity, which can be a federal crime, but with lying to investigators and a grand jury. Testimony showed there were other leakers, including adviser Karl Rove, former White House press secretary Ari Fleischer and former Deputy Secretary of State Richard Armitage.

The White House has never corrected the denials it issued in the fall of 2003 saying neither Rove nor Libby was involved in the leak of Plame's CIA identity. Political observers doubt any correction will be made.

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"What's really focused people's attention is the loss of American troops in Iraq and it's allowed Bush, Cheney and Rove — once he wasn't indicted — to kind of be pushed off the radar screen" regarding the Plame affair, said presidential historian Robert Dallek.

Democrats used the verdicts to attack Cheney. "Lewis Libby has been convicted of perjury, but his trial revealed deeper truths about Vice President Cheney's role in this sordid affair. Now President Bush must pledge not to pardon Libby for his criminal conduct," said Senate Majority Leader Harry Reid, D-Nev.

White House spokeswoman Dana Perino would not characterize the verdict as embarrassing for the White House. "I think that we have been able to continue on in moving forward on all sorts of different fronts," she said.

It's not the administration's first ethics-related conviction. Two former Bush administration officials have been convicted in investigations related to jailed Republican lobbyist Jack Abramoff.

Last June, a former White House aide, David H. Safavian, was convicted of lying to government investigators about his ties to Abramoff. He faces an 180-month prison sentence. Roger Stillwell, a former Interior Department official, pleaded guilty in August to a misdemeanor charge for not reporting tickets he received from Abramoff.

For An Opaque White House, A Reflection Of New Scrutiny (WP)

By Peter Baker

The Washington Post, March 7, 2007

Shortly before he was inaugurated for his second term, President Bush was asked why no one was held responsible for the mistakes of the first. "We had an accountability moment," he replied, "and that's called the 2004 elections."

Two years and a stinging midterm election later, Bush is having another accountability moment, but this one isn't working out as well. The conviction of former White House aide I. Lewis "Scooter" Libby has coincided with a string of investigations into the mistreatment of injured soldiers and the purge of federal prosecutors, putting the operations of his administration into harsh relief.

The timing may be coincidental, but the confluence of events has revived a pattern largely missing through the six years of Bush's presidency, in which high-level officials accused of wrongdoing are grilled, fired and sometimes even jailed. For an administration that has been unusually opaque and mostly insulated from aggressive congressional oversight and prosecutorial investigation, it may seem like a gut-churning harbinger.

While the president's aides watch uncomfortably as one hearing after another plays out on Capitol Hill, the Libby conviction hit a nerve inside the White House. The onetime chief of staff to Vice President Cheney was well liked in the West Wing, and the notion of him going to prison dispirited the colleagues glued to televisions as the verdict was announced. Bush watched in the Oval Office with aides Joshua B. Bolten and Dan Bartlett, then instructed Bartlett to put out a statement expressing sadness for Libby.

"This has been a huge cloud over the White House," said Ed Rogers, a Republican lobbyist close to the Bush team. "It caused a lot of intellectual, emotional and political energy to be expended when it should have been expended on the agenda. They're never going to fully recover from this. If you're looking at legacy, this episode gets prominently mentioned in every recap of the Bush administration, much like Iran-contra and Monica Lewinsky."

The Libby case never reached the level of those scandals, of course, but it became a proxy for many in Washington eager to re-litigate the origins of the Iraq war. If Libby lied about his role in the CIA leak case, critics eagerly used that to reinforce their argument that Bush led the nation to war on false pretenses, in effect attacking the centerpiece of his presidency.

"This verdict brings accountability at last for official deception and the politics of smear and fear," said Sen. John F. Kerry (Mass.), Bush's Democratic challenger in 2004.

While the White House publicly withheld comment, some Bush advisers expressed outrage, seeing a double standard and citing the documents-smuggling case of former Clinton national security adviser Samuel R. Berger. "Scooter didn't do anything," said former Cheney counselor Mary Matalin. "And his personal record and service are impeccable. How do you make sense of a system where a security principal admits to stuffing classified docs in his pants and says, 'I'm sorry,' and a guy who is rebutting a demonstrable partisan liar is going through this madness?"

A senior official, who spoke on the condition of anonymity because the president ordered aides not to comment publicly, disputed the idea that Bush has escaped scrutiny in the past. "I don't buy the conventional wisdom that we haven't had accountability in the past," he said. "Is it different because Democrats are in charge? Of course. . . . But that's fine, that's a reality that we're prepared to deal with."

No one has been quicker to declare the return of accountability than Democrats, who are using their newfound subpoena power to sharp effect in hauling up Pentagon officials to answer for poor conditions at Walter Reed Army Medical Center and in giving fired U.S. attorneys a venue to blame their dismissals on administration politics. In two months, Democrats have held 81

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hearings on Iraq. "This is just the beginning," said Rep. Rahm Emanuel (Ill.), chairman of the House Democratic Caucus. "What a difference a year makes."

But accountability politics can also be dangerous to the touch. Washington became consumed during the presidency of Emanuel's onetime boss, Bill Clinton, whose administration came under scrutiny of at least seven independent counsels and even more Republican congressional committees. The atmosphere was so toxic that Clinton adviser Paul Begala put an attorney on retainer before even joining the White House staff.

The Republican-led impeachment of Clinton for lying under oath about his affair with Lewinsky backfired politically, and Washington grew so leery that it let the independent-counsel law lapse. When Bush was elected along with a Congress controlled by the same party, a new era was ushered in. With occasional exceptions, such as the commission that looked into the Sept. 11, 2001, attacks, Bush largely escaped the klieg-light atmosphere. No senior officials were fired for the missing weapons in Iraq or the Abu Ghraib abuse. Three officials blamed by some for mishandling Iraq were given Medals of Freedom.

That began changing after Hurricane Katrina ravaged New Orleans in 2005 and congressional Republicans investigated the administration's slow response. The change accelerated with the Democratic victory in the November elections. The next day, Bush fired Defense Secretary Donald H. Rumsfeld after months of deteriorating conditions in Iraq. Rumsfeld's successor, Robert M. Gates, has proved willing to fire others for mismanaging Walter Reed.

The risk for Democrats would be overplaying the accountability hand. Their attempts to impose limits on Bush's ability to fight the war have collapsed repeatedly and left them unable to fashion a coherent approach to the most serious issue in the country. Some Republicans suggested that the public could tire of repeated hearings such as those held this week and write them off to partisanship.

"They bring up sort of old Washington," said former Bush aide Nicolle Wallace. "The Democrats have to walk a fine line and be careful. People don't want to turn on the TV and see every story being about the obstruction of people trying to do things. . . . The people who will stand out in Washington are the ones who will look forward."

Two people looking forward with choices to make are Bush and Libby. The president came under instant pressure from conservatives to pardon his former aide. "Justice demands that Bush issue a pardon and lower the curtain on an embarrassing drama that shouldn't have lasted beyond its opening act," National Review said within hours of the verdict.

And Libby may have to decide if he has anything else to tell authorities. John Q. Barrett, an Iran-contra prosecutor who teaches at St. John's University, recalled James W. McCord Jr. in Watergate and Alan Fiers in Iran-contra, who under threat of prison recanted past versions of events. If the jury was right that Libby lied, Barrett said, "he's now sitting wherever he is with cold sweat and troubled stomach and truth that he hasn't told. . . . Whatever the chips, if he held them and didn't lay them down, this may be the moment to decide."

White House Already On The Defensive Takes Another Hit With Guilty Verdict (NYT)

By Jim Rutenberg

The New York Times, March 7, 2007

WASHINGTON, March 6 — At midday on Tuesday, President Bush ushered two top aides into the Oval Office to watch an unhappy moment for his administration play out on live television: the first felony conviction of a member of his inner circle.

Deep into his second term, Mr. Bush faces an array of political and policy problems that seem to be growing by the day. His once-powerful standing with the public has been leached away by the war in Iraq. His party, dogged by corruption charges, has lost power on Capitol Hill, leaving him exposed to a Democratic opposition that is now armed with subpoena power and the energy that comes from a good shot at recapturing the White House in 2008. His domestic agenda is stalled, and his foreign policy is constrained.

The conviction on Tuesday of I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney and assistant to the president, came in a week when Mr. Bush was already dealing with Congressional hearings into the administration's handling of health care for members of the military injured in the war and its removal of federal prosecutors from their jobs under circumstances that Democrats suggest could be politically motivated.

Once again, Mr. Bush was put on the defensive about the underlying issue in the case, the administration's use of intelligence to justify the invasion of Iraq. And suddenly the White House was parrying questions about the possibility of a pardon for Mr. Libby.

Current and former officials said in interviews that the trial was primarily a Washington fascination that had left the public confused as the investigation veered from accusations that officials had leaked the name of a confidential C.I.A. operative to rebut a war critic — her husband — to charges that Mr. Libby had lied to officials investigating them.

But several acknowledged that the word "guilty" could greatly change the dynamic.

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"It does change things in the public's perception to some extent when a former high-level administration official is found guilty of a crime," said Scott McClellan, the former Bush press secretary. "It raises more questions in people's minds and increases their suspicions."

Mr. McClellan said he would advise the White House to address the verdict directly, but Dana Perino, the deputy press secretary, said it would not, adding that the president was "saddened" for Mr. Libby and his family and that Mr. Bush had watched the verdict's announcement with his chief of staff, Joshua B. Bolten, and Dan Bartlett, the White House counselor. And another official said it seemed the president had been relatively isolated from the case, with testimony largely focusing on Mr. Cheney's office.

Yet while the case never quite got into the Oval Office, it seemed to go right to the door.

In his grand jury testimony, Mr. Libby said the president had secretly declassified crucial intelligence on Iraq for Mr. Libby's use, at the request of the vice president and without the knowledge of other ranking officials. White House officials have said Mr. Bush never knew exactly how Mr. Libby planned to use the information.

The testimony also detailed how Karl Rove, the president's top political strategist, also discussed the C.I.A. operative, Valerie Wilson, with reporters, though the initial leak was tracked to Richard L. Armitage, the former deputy secretary of state.

Much of the White House staff at the time was questioned by investigators in the case or testified to the grand jury or both. Mr. Bush was himself interviewed.

And several of Mr. Bush's associates, including former Commerce Secretary Donald L. Evans and former Energy Secretary Spencer Abraham, served on the advisory committee of Mr. Libby's legal defense fund. That group said Tuesday that it was planning another fund-raising event for Mr. Libby.

The trial has also pointed up divisions within Mr. Bush's administration, with Mr. Libby testifying how he on more than one occasion had not clued in other officials to what he was doing. Among the latter was Stephen J. Hadley, then the top deputy to Condoleezza Rice when she was national security adviser, the title he now holds.

Sympathy for Mr. Libby among those with deep ties to the White House is widespread. "This is sickening" said Mary Matalin, Mr. Cheney's longtime counselor. "The system is broken."

John R. Bolton, until two months ago the United States ambassador to the United Nations and a close associate of Mr. Cheney and Mr. Libby, said in an interview, "This is just not the way justice should be followed."

The verdict contributed to the sense of a White House under siege, with good news scarce and Mr. Bush struggling to wield the presidential megaphone with the same success he did in his first term. Mr. Bush has just over 22 months left in office to regain his political footing.

Kenneth M. Duberstein, a former chief of staff to President Ronald Reagan in his second term, said: "This is a day consumed by nine G.I.'s killed in Iraq, 100 Iraqis dying, the continuing Walter Reed investigation into the mistreatment of our returning heroes, and the Libby verdict — four out of five counts guilty. No matter how you spin it, this was a bad, bad, bad news day for this White House."

Bush Administration Loses Some Spin Control In Washington (MCT)

By Ron Hutcheson

McClatchy Newspapers, March 7, 2007

WASHINGTON - If President Bush ever thought things couldn't get any worse, he might want to reconsider.

After six years of setting the national agenda, with help from a compliant Congress, Bush is losing control of events in Washington. The new reality hit home Tuesday on multiple fronts.

At the federal courthouse, a jury convicted former White House aide I. Lewis "Scooter" Libby for perjury and obstruction of justice. On Capitol Hill, congressional committees demanded answers in separate investigations into the shoddy treatment of wounded soldiers and allegations of politically motivated firings at the Justice Department.

With Bush's job-approval ratings already so low they threaten his political viability, the latest eruptions of bad news could weaken him further with 22 months left to go in his term.

"When each story comes out, it adds to perceptions of an administration that is potentially incompetent and potentially corrupt," said Julian Zelizer, a political historian at Boston University. "Second-term presidents always have trouble. On a scale of bad to worse for second-term presidents, he's at worse."

In a speech to the American Legion, always a friendly audience for Bush, the president was on the defensive Tuesday over the shoddy treatment of war veterans at Walter Reed Army Medical Center.

"It's unacceptable to me, it is unacceptable to you, it's unacceptable to our country - and it's not going to continue," he said.

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Bush announced the appointment of former Sen. Bob Dole, a Republican, and former Health and Human Services Secretary Donna Shalala, a Democrat, to head a bipartisan commission that will recommend improvements in health-care services for veterans and active-duty personnel.

Even as Bush spoke, members of the Senate Armed Services Committee were holding other administration officials to account for putting wounded soldiers in moldy, rat-infested facilities.

In contrast to the loose oversight Republicans exercised when they controlled Congress, Democrats started issuing subpoenas for congressional investigations soon after The Washington Post highlighted the lousy conditions.

"Is Walter Reed just the tip of the iceberg?" Sen. John McCain, R-Ariz., asked top Pentagon officials at the hearing. "These kinds of problems are viewed as unacceptable by everyone. Apparently, they exist in other bases around the nation as well."

Congressional committees also moved aggressively after McClatchy Newspapers raised questions about dismissals of eight federal prosecutors across the country. In testimony before two separate committees Tuesday, some of the prosecutors complained of political interference. Several alleged that they were forced to resign as part of a political purge with possible White House links.

Bush hasn't addressed those allegations, but his Justice Department officials insisted that the prosecutors were dismissed because of poor performance, even though they'd received positive job reviews shortly before their dismissals.

Bush also had nothing to say about the Libby verdict after he watched its announcement on television, but spokeswoman Dana Perino said the president "respected" the jury's decision and was "saddened" for Libby and his family.

Democrats demanded that Bush rule out the possibility of a pardon.

"I don't think that speculating on a wildly hypothetical situation at this time is appropriate," Perino said, without ruling out a presidential pardon. One influential conservative publication, National Review, wrote an on-line editorial urging Bush to pardon Libby.

Libby's trial exposed White House infighting and showed how determined Bush and his advisers were to shut down dissenting voices in the run-up to the Iraq invasion. Even though the jury convicted Libby, a spokesman for the panel gave credence to Libby's claim that he was a scapegoat for higher-ranking White House officials.

Libby was convicted of lying to investigators who were trying to determine the source of a news leak that exposed the identity of CIA employee Valerie Plame, the wife of White House critic Joe Wilson. Testimony showed that Libby was directed to talk with reporters by Vice President Dick Cheney.

Denis Collins, a former reporter who was selected by jurors to represent them before news cameras, said the panel concluded that Libby was "the fall guy" for the White House. He said jurors wondered why they never heard from presidential adviser Karl Rove, who has admitted talking to reporters about Plame, or other White House officials involved in the case.

"It was said a number of times, `What are we doing with this guy here? Where's Rove? Where are these other guys?'" Collins told reporters after the verdict.

Stephen Hess, a presidential scholar at the Brookings Institution, said the trial "showed a lot of things about the administration that were dysfunctional" and added to the president's pile of woes.

"You have a fair number of unconnected things. What unites them is that none of them is good news for the president of the United States," said Hess, who worked in the White House during the Eisenhower and Nixon administrations. "It's part of the natural history of a presidency - the longer they go on, the more problems they accumulate."

Verdict Seen As Stain On White House Too (LAT)

By Maura Reynolds And James Gerstenzang

The Los Angeles Times, March 7, 2007

WASHINGTON — — The verdict in the I. Lewis "Scooter" Libby trial was more than a judgment against one of the Bush administration's most senior aides: It was also seen as an indictment of the White House political operation he helped design and direct.

And it undermined the administration's credibility at a time when the president is trying to build support for his Iraq war policy in the face of increasingly outspoken opposition from Democrats and deepening skepticism among voters.

Libby's conviction on charges of lying to federal investigators raises another difficult issue, one the White House may find it hard to shake off as the 2008 political campaign gathers speed: the possibility of a pardon.

Libby's conviction on four counts of lying to federal investigators about the Valerie Plame leak case hits the administration on several levels: In addition to eroding its already weak credibility on Iraq, it sullies the integrity of an administration that came into office with pledges of moral rectitude.

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Getting past those problems will be harder because the question of whether Bush should or would use his pardon power on Libby's behalf probably will dog the White House through the 2008 presidential campaign and into the last days of his administration. Senate Majority Leader Harry Reid (D-Nev.) threw down the gauntlet just minutes after the verdict was read.

"Lewis Libby has been convicted of perjury, but his trial revealed deeper truths about Vice President Cheney's role in this sordid affair. Now President Bush must pledge not to pardon Libby for his criminal conduct," Reid said in a statement.

Libby's appeals will also keep the case in the spotlight.

Though many outside Washington saw the long trial as a kind of political circus, the charges were some of the most serious to be prosecuted in Washington in many years. As a result, the conviction may turn out to be a more serious blow to the administration than many may have foreseen.

"This administration was very scandal-free in its early years," said David Gergen, a Republican political strategist and expert in damage control. "Now for the first time they have a criminal taint at the highest reaches of the president's circle. That's something they are not going to be able to erase."

The verdict came amid a seeming torrent of bad news for the White House.

"Another red-letter day for the administration," said Kenneth M. Duberstein, who was President Reagan's final White House chief of staff, noting other news on Tuesday — the deaths from a bomb attack in Iraq, congressional hearings on neglect of veterans at Walter Reed Army Medical Center and a "happy-talk speech" on Iraq by Bush to the Veterans of Foreign Wars.

"This cascade of bad news doesn't stop, and it's catching up to them," Duberstein said, referring to Bush and Cheney.

The rough road ahead for the White House was signaled by the aggressive reactions of Democrats to news of the verdict — and by the effort of many prominent Republicans to sidestep the development, rather than rush to the administration's defense.

Democrats have long complained that Bush's political aides have manipulated information and policy decisions — both at home and overseas — to a degree unprecedented in the recent past. They have blamed Cheney and his aides, as well as political strategist Karl Rove, for their highly political approach to the decision to depose Saddam Hussein and occupy Iraq, as well as such issues as the abortive campaign to overhaul Social Security.

"The jury's verdict confirms the lengths to which the White House — particularly the office of the vice president — was willing to go to conceal their effort to vilify anyone who spoke the truth about the flaws in their justification for war," said Sen. Edward M. Kennedy (D-Mass.).

"Today's guilty verdicts are not solely about the acts of one individual," said House Speaker Nancy Pelosi (D-San Francisco). "This trial provided a troubling picture of the inner workings of the Bush administration. The testimony unmistakably revealed — at the highest levels of the Bush administration — a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

For the most part, Republicans tried to dodge questions about the verdict.

"I'm not going to comment," said Sen. Jon Kyl (R-Ariz.), when confronted with a question during a news conference, "except I will say I know Scooter Libby and I've always considered him to be a fine man and a dedicated public servant."

Tom Griscom, who as White House communications director during the final two years of the Reagan administration was at the center of efforts to rebuild the president's image and political standing after the Iran-Contra scandal, said that Bush, Cheney and their neoconservative advisors may not pay a huge price for Libby's conviction.

That's because their credibility was already damaged, he said.

The administration's integrity had been successfully challenged some time ago, he said, as the reasons it cited for going to war in Iraq began to crumble. "It's almost like this is just one more piece on ... that pile of lost credibility," he said.

Griscom said that because Libby worked directly for Cheney, his conviction "taints the administration, but it doesn't go directly into the Oval Office."

"This is clearly aimed at the vice president's office, not the Oval Office," he said.

Kenneth Khachigian, a California Republican political consultant who has known Cheney since they both worked in the Nixon administration, said the verdict would have little political impact because "whatever negative elements there were played out at the time of the investigation and indictment. It's not going to get any worse."

One of the few Republicans who sounded a defiant note was Mary Matalin, a former aide to the vice president who serves as an outside advisor. She said she did not think there would be any "political fallout" for Cheney.

"Everyone is really sad," Matalin said, adding that there was "lots of respect and affection for Scooter" among Cheney associates.

Presidents often suffer politically for issuing pardons, which helps explain why they usually wait until their final days in office to do so. And in the most high-profile cases, it can be up to the president's successor to issue the pardon.

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For instance, it was Bush's father who pardoned six former Reagan administration officials, including former Defense Secretary Caspar W. Weinberger in 1992.

Gergen said that Bush was unlikely to consider a pardon until after the 2008 presidential campaign. Even then it would be politically difficult, unless Libby's expected appeal was past and he was already serving his sentence.

Libby Falls But Cheney, Rove Emerge Untouched (CHIT)

By Mark Silva

Chicago Tribune, March 7, 2007

WASHINGTON -- The former chief of staff for Vice President Dick Cheney now stands convicted of obstruction of justice and perjury in an investigation of the naming of a CIA agent whose husband had accused the Bush administration of manipulating intelligence used to make the case for the invasion of Iraq.

Yet Cheney, perhaps the administration's most ardent supporter of the war, remains largely untouched by the investigation and trial of Lewis "Scooter" Libby that painted the powerful vice president as one keenly interested in discrediting the critic of the administration's pre-war intelligence.

And Cheney isn't the only pivotal member of the administration who has survived the probe of the leak of CIA agent Valerie Plame's identity in the summer of 2003 after her husband, ex-Ambassador Joseph Wilson, publicly challenged the administration's claims that Iraq had sought to obtain nuclear fuel in Africa. Karl Rove, President Bush's confidant, deputy chief of staff and architect of two presidential campaigns, had served as a source for reporters covering the Wilson affair.

More than three years after a White House spokesman maintained that "if anyone in this administration was involved in it, they would no longer be in this administration," Cheney and Rove steadfastly refuse to comment on the investigation.

But both hold as much sway as ever in an administration facing increasing challenges over the war in Iraq.

Cheney recently completed a globe-encircling journey to press the administration's case for the U.S.-led wars in Iraq and Afghanistan, while Rove and his wife hosted the president and First Lady Laura Bush for dinner Sunday night.

"In terms of accountability, I think it speaks volumes," Carl Tobias, professor of law at the University of Richmond, said of Libby's conviction and the fact that Cheney and Rover remain pivotal figures in President Bush's White House.

The conclusion of the trial—after a two-year investigation of the CIA leak that led to Libby's indictment in October 2005 on charges of lying to a federal grand jury and U.S. Attorney Patrick Fitzgerald's prosecutors—comes at a crucial time for the Bush administration. With Congress challenging Bush's escalation of military force in Iraq, Tobias suggested, the Libby case underscores the lack of credibility in the original case for war.

"It comes at a critical time in terms of the administration trying to escalate the number of troops," Tobias said. "It just plays back on all the credibility questions of why the U.S. is there in the first place."

The White House maintains that the conviction of a former senior official should not undermine its credibility on the war.

"Let me just remind everybody of how the president took responsibility and has completely revamped the intelligence community," spokeswoman Dana Perino said.

Bush, who voiced "sadness" over the conviction of a loyal aide, watched the announcement of the verdict on an Oval Office television set with his own chief of staff. But the president also is avoiding comment on the case while Libby appeals his conviction, with Perino calling congressional speculation of a presidential pardon for Libby "wildly hypothetical."

Cheney echoed the note of disappointment for Libby, but declined to "comment on the merits of this matter until these proceedings are concluded."

Bush, in October 2003, said, "This is a very serious matter, and our administration takes it seriously. I have, at times, complained about leaks of security information… And I take those leaks very seriously."

The White House initially asserted that Rove had played no role in the leak. But columnist Robert Novak—who first identified Plame in July 2003 in one of his columns after Wilson published his critique on the Op-Ed page of The New York Times—testified that Rove confirmed Plame's identity for him after then-Deputy Secretary of State Richard Armitage named her. Armitage has since left the administration.

According to Libby's notes of a staff meeting at the time, Rove was among those actively seeking to discredit Wilson's opinion. "We're a day late in getting responses to the story," Rove said at a staff meeting.

But it was the vice president, according to his then-chief of staff's grand jury testimony, who told aides: "Get the full story out."

Libby, who identified Plame in meetings with a Times reporter, was not indicted for leaking her name, but rather for lying to prosecutors about when and from whom he had learned it. He had not learned of her name from NBC News' Tim Russert, as he first told investigators, but rather from Cheney.

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In the post-trial aftermath, Sen. Edward Kennedy (D-Mass.) claimed: "The jury's verdict confirms the lengths to which the White House—particularly the office of the vice president—was willing to go to conceal their effort to vilify anyone who spoke the truth about the flaws in their justification for war. This administration misled the American people in the rush to go to war, then exposed a CIA operative in an effort to hide their own mistakes."

Cheney had expected to be called as a witness in Libby's defense, to support his contention that he was so consumed with work that he had forgotten how he first learned of Plame's identity. But, neither Libby nor Cheney took the witness stand.

"They must have thought that the prosecution's case was not strong enough for them to have to call Libby or Cheney," Tobias said of Libby's defense lawyers. "And there also was the serious threat that Fitzgerald would rip them apart when he had them on the stand, and that would open up everything."

Free-Fall For The Fall Guy (WP)

By Dana Milbank

The Washington Post, March 7, 2007

Minutes after Scooter Libby's guilty verdict was read, Pat Fitzgerald did his best Eliot Ness impression as his prosecution team marched, Untouchables-style, across the federal courthouse plaza under a perfect blue sky. But it didn't take long for the clouds to roll in.

A reporter asked Fitzgerald if he still believed, as he had said in court, that there is a "cloud over the White House." The sunny victor turned slightly overcast at this memory and declined to say whether the gloom had lifted. "By Mr. Libby obstructing justice and lying about what happened, he had failed to remove the cloud," Fitzgerald said. "And sometimes when people tell the truth, clouds disappear."

The cloud over the White House grew darker a few minutes later, when juror Denis Collins, standing in front of the same microphone, spoke of the "tremendous amount of sympathy" jurors had for the man they convicted. "It was said a number of times, 'What are we doing with this guy here? Where's Rove, where's -- you know, where are these other guys?' " Collins said. "We're not saying that we didn't think Mr. Libby was guilty of the things we found him guilty of, but that it seemed like he was . . . the fall guy."

As a political matter, Libby's trial had long ago ceased to be about one man's guilt or innocence. Witnesses made it plain that at least three other administration officials had joined Libby in leaking the identity of undercover CIA officer Valerie Plame, including top Bush strategist Karl Rove and former White House press secretary Ari Fleischer (whom jurors dubbed "Slick Willie"). Libby's conviction, and Collins's "fall guy" remark, only increased the determination of congressional Democrats to spread the blame throughout the White House.

Harry Reid, the Senate Democratic leader, issued a press release titled, "The Fall Guy."

"Scooter Libby ended up being the fall guy," Sen. Chuck Schumer (D-N.Y.) said in his statement.

Plame's husband, former ambassador Joe Wilson, gave a quick news conference to assert that "the president and the vice president owe the country a much broader explanation of their own actions at this time."

Vice President Cheney, the ex-boss for whom Libby allegedly took the fall, respectfully disagreed. "I plan to have no further comment on the merits of this matter until these proceedings are concluded," he said in a statement. With Libby planning an appeal, that could keep Cheney silent for the rest of his term.

The fall guy himself was equally quiet. Just after noon in the sixth-floor courtroom, when the jury forewoman read the first guilty verdict, Libby briefly closed his eyes. While she read the other counts -- he was guilty on four of five -- Libby looked at his lawyer Ted Wells, who rubbed his chin. Libby's other lawyer, Bill Jeffress, exhaled deeply.

Libby's wife, Harriet Grant, was not as composed. In the first row of spectators, she hunched over and shook. A young member of Libby's defense team put his arm around her shoulders. After judge and jury left, Grant went over to hug her husband with a furious look on her face. Three reporters heard her say what sounded like, "We're gonna [expletive] 'em."

Libby maintained his stoic look as he walked out to the cameras with Grant and his lawyers. Wells uttered a mere 119 words and took no questions, prompting about 25 photographers, 15 camera crews and dozens of reporters to chase Libby back into the courthouse.

"Are you willing to go to prison to protect Vice President Cheney?" shouted NBC's David Shuster.

"Do you expect a pardon?" another reporter called out.

"Come on, now!" Wells shouted at the photographers. "Come on. Watch that camera!" One cameraman fell on the courthouse steps directly in front of Libby. The fallen cameraman got a hand up -- from the fall guy himself.

The crews' exuberance was understandable; after a month-long trial and two weeks of jury deliberations, the journalists became giddy when e-mails summoned them to the courthouse for a verdict. Slate.com's John Dickerson abandoned his car on

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19th Street. Others fled a Senate hearing on Capitol Hill. At the courthouse, Neil Lewis of the New York Times accepted congratulations for winning $40 in a betting pool on when the verdict would be reached.

Collins, the only juror willing to face the cameras after the verdict was read, was similarly energetic as he recounted the deliberations. "I was thinking, 'Wow, maybe we'll get to see President Bush here," he recalled, his hand in a pocket of his green ski jacket. He went on to regale the reporters with jurors' "lust" for the "hot-dog, half-smoke guy across the street in front of the DMV." Collins continued, unbidden: "My father, when he came from Ireland, he worked right across the street. . . . He made sandwiches across from the courthouse."

But Fitzgerald, even in victory, declined to join in the carnival. "The results are actually sad," he posited. "It's sad that we had a situation where a high-level official . . . obstructed justice and lied under oath."

Did he feel vindicated? "It's not the verdict that justifies the investigation, it's the facts," he demurred.

Any further charges? "I would not expect to see any," he said. "We're all going back to our day jobs."

All, except for the fall guy.

A Judgment On Cheney Is Still To Come (NYT)

By Sheryl Gay Stolberg

The New York Times, March 7, 2007

WASHINGTON, March 6 — In legal terms, the jury has spoken in the Libby case. In political terms, Dick Cheney is still awaiting a judgment.

For weeks, Washington watched, mesmerized, as the trial of I. Lewis Libby Jr. cast Vice President Cheney, his former boss, in the role of puppeteer, pulling the strings in a covert public relations campaign to defend the Bush administration's case for war in Iraq and discredit a critic.

"There is a cloud over the vice president," the prosecutor, Patrick J. Fitzgerald, told the jury in summing up the case last month.

Mr. Cheney was not charged in the case, cooperated with the investigation and expressed a willingness to testify if called, though he never was. Yet he was a central figure throughout, fighting back against suggestions that he and President Bush had taken the country to war on the basis of flawed intelligence, showing himself to be keenly sensitive to how he was portrayed in the news media and backing Mr. Libby to the end.

With Tuesday's verdict on Mr. Libby — guilty on four of five counts, including perjury and obstruction of justice — Mr. Cheney's critics, and even some of his supporters, said the vice president had been diminished.

"The trial has been death by 1,000 cuts for Cheney," said Scott Reed, a Republican strategist. "It's hurt him inside the administration. It's hurt him with the Congress, and it's hurt his stature around the world because it has shown a lot of the inner workings of the White House. It peeled the bark right off the way they operate."

The legal question in the case was whether Mr. Libby lied to investigators and prosecutors looking into the leak of the name of a C.I.A. operative, Valerie Wilson, whose husband, the former ambassador Joseph C. Wilson IV, wrote an Op-Ed article in The New York Times accusing the White House of distorting pre-war intelligence. Mr. Cheney scrawled notes on a copy of the article, asking "did his wife send him on a junket?"

Now, Mr. Cheney faces a civil suit from Mr. Wilson.

The political question was whether Mr. Libby, the vice president's former chief of staff, was "the fall guy" for his boss, in the words of Senator Charles E. Schumer, Democrat of New York. Though the defense introduced a note from Mr. Cheney worrying that Mr. Libby was being sacrificed to protect other White House officials, some say the vice president bears responsibility for the fate of his former aide, known as Scooter.

"It was clear that what Scooter was doing in the Wilson case was at Dick's behest," said Kenneth L. Adelman, a former Reagan administration official who has been close with both men but has broken with Mr. Cheney over the Iraq war. "That was clear. It was clear from Dick's notes on the Op-Ed piece that he wanted to go get Wilson. And Scooter's not that type. He's not a vindictive person."

Mr. Cheney is arguably the most powerful vice president in American history, and perhaps the most secretive. The trial painted a portrait of a man immersed in the kind of political pushback that is common to all White Houses, yet often presumed to be the province of low-level political operatives, not the vice president of the United States.

Prosecutors played a tape of Mr. Libby testifying to a grand jury that Mr. Cheney had asked Mr. Bush to declassify an intelligence report selectively so he, Mr. Libby, could leak it to sympathetic reporters. Mr. Cheney's hand-written scribbles were introduced into evidence at the trial, including the one that hinted Mr. Cheney believed that his own staffer, Mr. Libby, was being sacrificed.

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"'Not going to protect one staffer + sacrifice the guy who was asked to stick his neck in the meat-grinder because of the incompetence of others," the note read.

Mr. Cheney's defenders insisted the vice president was not out to smear Mr. Wilson or even clear his own name, but simply to defend a policy he fiercely believed in.

"There wasn't some Cheney strategy or Wilson strategy," said Mary Matalin, Mr. Cheney's former political director. "There was only one strategy: to convey the nature of the intelligence and the nature of the threat."

Ms. Matalin said Mr. Cheney remained as influential as ever where it counts — with Mr. Bush.

Still, liberal critics of the administration had a field day with the trial. They are hoping the Democrats who now control Congress will use the case to investigate Mr. Cheney's role further. Mr. Schumer, who was among the first to call for a special prosecutor in the case, suggested in an interview that they might.

"I think there is a view in the public that Libby was the fall guy," Mr. Schumer said, "and I do think we will look at how the case shows the misuse of intelligence both before and after the war in Iraq."

Such issues are already of intense interest to scholars, who say the Libby case will invariably shape Mr. Cheney's legacy.

Historians typically pay scant attention to vice presidents, unless they become president. Mr. Cheney, though, is an exception. The historian Robert Dallek, who has written about presidents including Lyndon B. Johnson, Franklin D. Roosevelt, Ronald Reagan and John F. Kennedy, predicts scholars will "be racing for vice-presidential records in a way that we've never seen before" to answer questions raised by the Libby trial.

"It will deepen the impressions of someone who was a tremendous manipulator and was very defensive about mistakes," Mr. Dallek said, "and I think it will greatly deepen the impression of a political operator who knew the ins and outs of Washington hardball politics. He's going to be, I think, the most interesting vice president in history to study."

On a personal level, friends of the vice president say the trial has been deeply painful for him. Mr. Libby and Mr. Cheney were all but inseparable — Ms. Matalin has called the former aide "Cheney's Cheney" — and often started their days by riding to work together. Mr. Libby accompanied the vice president almost everywhere he went, and Mr. Cheney made clear his high professional and personal regard for his aide, even playing host to a book party for him in 2002 at his official residence. Alan K. Simpson, a Republican former senator from Mr. Cheney's home state, Wyoming, said he saw Mr. Cheney over Christmas and asked how he was doing. He took the answer as a kind of oblique reference to the Libby case.

"He said, 'I'm fine, I'm O.K., I have people I trust around me — it's the same old stuff, Al,' " Mr. Simpson recalled.

Another friend of Mr. Cheney's, Vin Weber, a Republican former congressman, said the verdict had "got to be heartbreaking for the vice president." But Mr. Weber said he wished Mr. Cheney would explain himself.

"I don't think he has to do a long apologia," Mr. Weber said, "but I think he should say something, just to pierce the boil a little bit."

Instead, Mr. Cheney maintained his silence Tuesday. As the verdicts were being read, he went to the Capitol for the Republicans' regular weekly policy luncheon. Later, he issued a two-paragraph statement saying only that he was disappointed with the verdict, "saddened for Scooter and his family" and would have no further comment while an appeal is pending.

With a career in politics that goes back to the Nixon White House, Mr. Cheney is no stranger to Washington scandal and how to weather it. Senator Lindsey Graham, Republican of South Carolina, said he went hunting with the vice president late last year and did not sense that the trial was bothering him.

Libby Guilty Of Lying In C.I.A. Leak Case (NYT)

By Neil A. Lewis

The New York Times, March 7, 2007

WASHINGTON, March 6 — I. Lewis Libby Jr., the former chief of staff to Vice President Dick Cheney, was convicted on Tuesday of lying to a grand jury and to F.B.I. agents investigating the leak of the identity of a C.I.A. operative in the summer of 2003 amid a fierce public dispute over the war in Iraq.

Mr. Libby, 56, who once wielded great authority at the top levels of government, is the highest-ranking White House official to be convicted of a felony since the Iran-contra scandals of the 1980s.

The jury rejected Mr. Libby's claims of memory lapses, convicting him of four felony counts, obstruction of justice, giving false statements to the Federal Bureau of Investigation and committing perjury twice before the grand jury. The 11-member jury acquitted Mr. Libby on an additional count of making false statements to the F.B.I.

As the verdict was read aloud by the jury forewoman after nearly 10 days of deliberations, Mr. Libby grimaced briefly before resuming his expressionless demeanor. His wife, Harriet Grant, sitting a few feet away in the spectator section, began shaking visibly and wept briefly before composing herself.

Dana Perino, the deputy White House press secretary, said President Bush watched the news of the verdict on television in the Oval Office. She said Mr. Bush respected the jury's verdict but "was saddened for Scooter Libby and his family," using Mr. Libby's nickname.

Mr. Cheney had a similar reaction. "As I have said before, Scooter has served our nation tirelessly and with great distinction through many years of public service," he said.

The verdict meant the end of a nearly four-year investigation into the leak of the identity of the Central Intelligence Agency officer, Valerie Wilson. The inquiry raised fundamental questions about the reasons for invading Iraq, exposed some of the unseen influence of Mr. Cheney's office and changed the landscape of relations between journalists and official sources, as many of Washington's prominent political reporters were forced to testify in a criminal trial.

Mr. Libby's chief lawyer, Theodore V. Wells Jr., said he would file papers asking the judge to grant a new trial. If that fails, Mr. Wells told reporters, he will appeal the verdict to the federal appeals court. He said Mr. Libby was "totally innocent and that he did not do anything wrong."

Mr. Libby, standing at his side, made no comment. Prosecutors had charged that Mr. Libby had lied when he swore that he had not discussed the identity of Ms. Wilson in the summer of 2003 with two reporters, Judith Miller, formerly of The New York Times, and Matthew Cooper, formerly of Time magazine.

The prosecution also said Mr. Libby concocted a story that he learned of Ms. Wilson's identity in a conversation with Tim Russert of NBC News on July 10 or 11 in 2003 to hide the fact that he had already learned about her identity from several fellow administration officials.

One of the 11 jurors who spoke publicly after the verdict said that there was great sympathy for Mr. Libby in the jury room, but that the case presented by the prosecution was overwhelming.

Judge Reggie B. Walton, who presided over the four weeks of testimony and presentation of evidence, set sentencing for June 5. Under complicated sentencing guidelines that are no longer mandatory, Judge Walton has wide discretion in setting a prison term.

But lawyers not involved in the case who are experienced in the issue of sentencing calculated that under the guidelines, Mr. Libby might be sentenced to 20 to 27 months.

Judge Walton allowed Mr. Libby to remain free on bail. The defense's plans to ask for a retrial and then appeal the verdict mean that it would be many months before Mr. Libby would be required to go to prison. It also would provide a window for Mr. Bush to pardon Mr. Libby, an issue about which the White House has been silent but one that quickly became a topic of speculation.

Senator Harry Reid of Nevada, the Democratic leader, issued a statement calling on Mr. Bush to promise that he would not "pardon Libby for his criminal conduct."

Patrick J. Fitzgerald, the prosecutor, said that while gratified by the verdict, "it's sad that we had a situation where a high-level official, a person who worked in the Office of Vice President, obstructed justice and lied under oath."

In remarks to reporters outside the courthouse, Mr. Fitzgerald also addressed at length the criticism of his decision to prosecute Mr. Libby on charges of lying to investigators while not charging anybody with leaking Ms. Wilson's name to reporters.

Ms. Wilson's name first appeared in a column by Robert Novak on July 14, 2003, just days after The New York Times published an Op-Ed article by her husband, Joseph C. Wilson IV.

In his article, Mr. Wilson asserted that the Bush White House had willfully distorted intelligence about Iraq's efforts to acquire uranium in Africa to bolster the case for going to war.

Testimony at the trial showed that Mr. Wilson's criticisms had alarmed and angered Bush administration officials because they amounted to a direct attack on what had been the principal reason for invading Iraq: the claim that Saddam Hussein had an active program of developing unconventional weapons.

Critics said Ms. Wilson's identity as a C.I.A. officer was leaked to punish her husband for his criticisms.

At the time Mr. Fitzgerald was named special prosecutor in the leak inquiry, investigators had already learned that Mr. Novak's sources were Richard L. Armitage, the deputy secretary of state, and Karl Rove, the president's chief political adviser.

In remarks to reporters on Tuesday, Mr. Fitzgerald said he nonetheless had no choice but to seek an indictment when he took over the investigation in December 2003, because he also had information that Mr. Libby had told a false story to the F.B.I. and to the grand jury about his conversation with Mr. Russert.

"It's inconceivable that any responsible prosecutor would walk away from the facts that we saw in December 2003 and say, 'There's nothing here, move on,' " Mr. Fitzgerald said.

"We cannot tolerate perjury," he said. "The truth is what drives our judicial system. If people don't come forward and tell the truth, we have no hope of making the judicial system work."

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Mr. Fitzgerald also faced criticism for forcing several reporters to testify about their confidential conversations with officials by threatening to have them jailed for contempt.

In the case of Ms. Miller, then of The Times, he had her jailed for 85 days until she agreed to testify before the grand jury.

Previous leak investigations had ended in failure after reporters refused to cooperate with officials, saying they needed to protect sources to do their work.

But Mr. Fitzgerald's tactics, with the support of the courts, changed the landscape of reporter-source relations in the capital and elsewhere.

"You could not bring this case without talking to reporters," Mr. Fitzgerald said. He said any prosecutors should regard the act of forcing reporters to discuss their conversations with sources as "a last resort in unusual circumstances."

This case fit that description he said because the reporters were witnesses to Mr. Libby's crimes, and "we do not think that what Mr. Libby was telling reporters was whistle-blowing."

Mr. Wilson, who has frequently expressed outrage over the leak of the identity of his wife, who is also known as Valerie Plame, said Tuesday that he thought the news media had behaved badly in the whole episode.

"I think one of the subplots in this whole trial was how the press was used and abused by this administration," Mr. Wilson said in a conference call with reporters.

He said reporters had been used to deceive people about the reasons for going to war and then to harm his wife's career by blowing her cover.

The convictions were based on Mr. Libby's statements to the grand jury about his conversations with Mr. Russert and Mr. Cooper, as well as Mr. Libby's statements to the F.B.I. about Mr. Russert.

The jury acquitted Mr. Libby on one count charging him with making a false statement to the bureau about his conversation with Mr. Cooper.

Kirby D. Behre, a Washington lawyer and sentencing expert, said the sentencing guidelines suggested a term of about two years, whether Mr. Libby had been convicted on one or all five counts.

Libby's Conviction In CIA Leak Case A Setback For White House (LAT)

By Richard B. Schmitt And Greg Miller, Times Staff Writers

The Los Angeles Times, March 7, 2007

The former aide to Cheney is found guilty of lying about his role in discrediting a war critic.

WASHINGTON — The guilty verdicts Tuesday against former vice presidential aide I. Lewis "Scooter" Libby made him the first high-level White House official convicted of a crime since the Iran-Contra scandal 20 years ago, and marked the latest fallout from the administration's handling of the run-up to the war in Iraq.

Libby, former chief of staff to Vice President Dick Cheney, was found guilty by a jury on four of five counts of perjury and obstruction of justice and faces a maximum of 25 years in prison. But because of federal sentencing guidelines, he is expected to get much less — perhaps two years. In addition, Libby could be fined as much as $250,000 for each guilty count.

Sentencing is set for June 5.

Libby remains free on a personal recognizance bond, and his lawyer said he would appeal. "We have every confidence that ultimately Mr. Libby will be vindicated," said Theodore V. Wells Jr. "We believe that he is totally innocent, and we intend to keep fighting."

Special Prosecutor Patrick J. Fitzgerald said he was gratified by the jury's verdict. "Any lie under oath is serious," he said. "It's obviously a serious matter in a case where there's a national security investigation."

Libby was charged with lying to investigators about his role in a White House campaign to discredit a critic of the administration — an effort that led to the exposure of the critic's wife, CIA operative Valerie Plame.

One juror said the panel did not believe Libby's claim that he learned of Plame's identity from a journalist, when evidence showed he had discussed her in several White House meetings before that.

"The primary thing that convinced us was his conversation with [NBC newsman Tim] Russert," said Denis Collins, speaking for the 11-person panel. Collins said Libby was told nine times about Plame before he talked to Russert.

The verdicts Tuesday appeared to close the book on the CIA leak case, in which no one was ever charged with the crime of exposing Plame. Fitzgerald said he did not expect to file additional charges.

"We're all going back to our day jobs," he said.

The conviction of such a high-ranking White House official was one more setback for the Bush administration, already laboring under low approval ratings, public impatience with the war in Iraq and a new Democratic majority in Congress.

Democrats immediately used the verdicts to lambaste the White House.

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"It's about time someone in the Bush administration has been held accountable for the campaign to manipulate intelligence and discredit war critics," said Senate Majority Leader Harry Reid (D-Nev.).

Reid and other Democrats also issued preemptive warnings against the possibility of a presidential pardon for Libby. "President Bush should now pledge that he will not pardon Scooter Libby," said Sen. Edward M. Kennedy (D-Mass.).

At the White House, Deputy Press Secretary Dana Perino said President Bush "respected the jury's verdict and was saddened for Scooter Libby and his family." Vice President Dick Cheney said he was "very disappointed" with the verdict, and lauded Libby's "many years of public service."

The verdict is bound to fuel further debate over the wisdom of prosecuting government officials for leaking information to reporters.

Such investigations have failed in the past because prosecutors have been unable to get the cooperation of the journalists receiving the leaks. Fitzgerald subpoenaed reporters for their testimony, putting one of them, then-New York Times correspondent Judith Miller, in jail for 85 days until she agreed to talk about Libby.

Fitzgerald justified the tactics because of the gravity of the potential crime and the possibility that the unmasking of a CIA operative would lead to a breach in national security.

The judgment of the 11-member Libby jury — reduced from 12 after a retired museum curator was dismissed last week for having unauthorized contacts about the case — came on the 10th day of deliberations and after a month of testimony.

Stoic reaction

Seated at the defense table between his two primary attorneys, Libby displayed little emotion as the verdict was read just after noon. When the first "guilty" was uttered by the jury forewoman, Libby blinked rapidly but otherwise maintained a blank face. After the full verdict was rendered, Libby turned toward his wife, Harriet Grant, with a stoic smile.

Grant, who sat in the front row throughout the trial, had a more visible reaction, bowing her head as her husband was declared guilty on multiple counts, and dabbing at her eyes with a tissue. Later, she embraced several of the lawyers on Libby's team.

The trial was the first of a senior White House official in more than a decade, and the first conviction since national security advisor John M. Poindexter and former Marine Lt. Col. Oliver L. North were convicted for their involvement in the Iran-Contra arms-for-hostages affair in the 1980s. Both verdicts were later thrown out on appeal.

"A conviction at that high level within the White House is almost unheard of in our history," said Guy Singer, a former Justice Department prosecutor who specialized in public corruption cases, including the conviction of Republican lobbyist Jack Abramoff. "It is exceedingly rare that a prosecution is initiated, let alone concluded, at this level. For such a high-ranking member to be convicted of obstructing justice is really astounding."

The verdict was a measure of vindication for Fitzgerald, whose three-year probe into the unmasking of Plame drew complaints that he was straying far from his charge of finding out who leaked her identity to the public.

Libby was neither the first nor the only administration official who discussed Plame with reporters; Collins, the jury spokesman, said that for a time during the deliberations, there was a concern that Libby was being made a "fall guy."

Fitzgerald said the seriousness of the lies more than justified the prosecution of Libby. "We could not walk away from that," Fitzgerald said to reporters on the courthouse steps. "It's inconceivable that any responsible prosecutor could walk away and say, 'There's nothing there.' "

The lone count on which the jury acquitted Libby dealt with whether he had lied to the FBI about a conversation he had with then-Time magazine correspondent Matthew Cooper. Cooper testified that Libby had been a confirming source for a story he had written about Plame and Wilson for the magazine's website.

Collins, himself a former Washington Post reporter, said the jury had doubts about that charge because Cooper did not have any notes about the conversation and because there was no evidence that he had shared the information with his editors.

The guilty verdicts could have lasting political implications. An appeal will probably take a year to 18 months, remaining in the news during the 2008 presidential campaign.

Some observers expect that Libby's supporters, who have raised more than $3.5 million in a legal defense fund, will turn their efforts to securing a presidential pardon.

Legal experts said that under federal sentencing guidelines, Libby faced a sentence in the range of 21 to 27 months in prison, which could go higher depending on whether the prosecution urges a stiffer penalty.

"If the government wants to go full-court press, they could argue … in the range of five to seven years, and maybe more," said Douglas Berman, a sentencing expert and professor at Ohio State University's law school. The guidelines, he said, allow for a sentence to be augmented when a defendant is convicted of covering up a serious crime, which in the case of Libby involved the possible disclosure of classified information.

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He said that a new federal law gave victims the right to be involved in the sentencing process. That could mean that Plame, who retired from the CIA after her cover was blown, could be a witness at sentencing proceedings.

Civil suit awaits

Plame and her husband, former envoy Joseph C. Wilson IV, have filed a civil lawsuit against Libby, Cheney and others, alleging they violated the couple's constitutional rights by publicly disclosing her identity. In a prepared statement issued by their lawyers Tuesday, they said they believed the verdict and findings of the criminal trial would bolster the private suit.

"What happened today just reaffirmed that nobody is above the law," Wilson said in a phone interview. "In addition to everything else — destroying her career and the personal inconvenience of being maligned — this was a case of somebody betraying American national security secrets."

Wilson said that he was informed of the verdict in a phone call from his wife, who said simply: "Four counts guilty." She was not available for comment

Tuesday's verdict capped off an intrigue that began with a single sentence, which Bush uttered in his January 2003 State of the Union address, declaring that Saddam Hussein had recently sought nuclear material in Africa.

The statement drew the attention of Wilson, who had been sent by the CIA to Africa in February 2002 to assess the claim about Iraq; he had found it baseless.

Wilson began speaking to reporters, and went public on July 6, 2003, accusing the administration in a New York Times op-ed piece of twisting the prewar intelligence. Eight days later, his wife, and her connection to the CIA, were disclosed by syndicated columnist Robert Novak.

Libby, the only person charged in the ensuing investigation, was indicted in October 2005, accused of covering up his participation in the pushback against Wilson. His lawyers argued that he did not lie but may have misspoken to investigators because he was immersed in his work.

But the trial exposed how both Libby and Cheney were intensely focused on Wilson and his criticism, and how Wilson's wife became an important part of the administration story line.

Top CIA and State Department officials testified that they had told Libby that Plame worked for the CIA. Former White House Press Secretary Ari Fleischer testified that Libby had shared the information with him in hushed tones at a private lunch in the White House mess. NBC's Russert also took the stand, and denied that he ever spoke with Libby about Plame.

According to Fitzgerald, Libby panicked when he realized he may have broken the law by talking to reporters about Plame. So he invented a story that he was simply passing along information he had heard from other reporters, which would not be a crime.

"The sad truth is when people lie," Fitzgerald said during his closing argument, "it looks dumb when they are caught."

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(INFOBOX BELOW)

Timeline

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The Libby jurors focused on evidence and testimony about events that began unfolding during the opening months of the U.S.-led war in Iraq:

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2003

Jan. 28: President Bush says in his State of the Union address: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

May 6: New York Times columnist Nicholas D. Kristof reports that a former ambassador, whom he does not name, was sent to Niger in 2002 and had reported to the CIA and State Department well before Bush's speech that the uranium story was unequivocally wrong.

May 29: Libby asks Marc Grossman, an undersecretary of State, for information about the ambassador's trip to Niger. Grossman later tells Libby that Joseph C. Wilson IV was the former ambassador.

June 11 or 12: Grossman tells Libby that Wilson's wife works at the CIA.

June 12: Vice President Dick Cheney advises Libby that Wilson's wife works at the CIA.

June 23: Libby meets with New York Times reporter Judith Miller. During the meeting, Miller says, Libby tells her that Wilson's wife may work at a bureau of the CIA. Libby denies saying that.

July 6: The New York Times publishes an opinion piece by Wilson under the headline "What I Didn't Find in Africa."

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July 8: Columnist Robert Novak interviews Deputy Secretary of State Richard L. Armitage, who tells him that Wilson's wife works for the CIA.

July 10: Libby calls NBC newsman Tim Russert to complain about a colleague's news coverage. At the end of the conversation, Libby says, Russert tells him that "all the reporters know" that Wilson's wife works at the CIA. Libby says he was surprised to hear that. Russert denies saying it.

July 14: Novak reports that Wilson's wife is a CIA operative and that two senior administration officials, whom Novak does not name, said she suggested sending her husband to Niger.

Sept. 26: A criminal investigation is authorized to determine who leaked Valerie Plame's identity to reporters. A short time later, Armitage tells investigators he may have inadvertently leaked her identity to Bob Woodward of the Washington Post.

Oct. 14 and Nov. 26: Libby is interviewed by FBI agents.

2004

January: A grand jury begins investigating possible violations of federal criminal laws.

March 5 and March 24: Libby testifies before the grand jury. Libby tells jurors that he forgot the information about Plame working for the CIA until he heard it from Russert.

2005

Oct. 28: Libby is indicted on five counts: obstruction of justice and two counts each of false statement and perjury.

2006

Sept. 7: Armitage admits he leaked Plame's identity to Novak and Woodward, saying he did not realize Plame was a covert operative.

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Source: Associated Press

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I. Lewis `Scooter' Libby

Age: 56

Birthplace: New Haven, Conn.

Education: B.A., Yale University, 1972; J.D., Columbia University, 1975

Career: Entered government in 1981 with the State Department as a member of the policy planning staff. During the George H.W. Bush administration, he was confirmed by the Senate as deputy undersecretary of Defense for policy.

He was chief of staff to Vice President Dick Cheney and assistant to the vice president for national security affairs from 2001 until resigning in October 2005 after he was indicted on charges related to the investigation into the leak of Valerie Plame's identity to the media. Libby is also a senior advisor at the Washington-based Hudson Institute.

Family: Wife, Harriet Grant; two children

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Source: Marquis Who's Who

Graphics reporting by Scott Wilson

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Guilty on four of five counts

I. Lewis "Scooter" Libby was found guilty on four of five charges:

Perjury: For lying about his conversation with NBC journalist Tim Russert. | Perjury: For lying about conversations with other reporters.| Making a false statement: To the FBI about a conversation with Russert. | Obstruction of justice: For intentionally deceiving a grand jury investigating the

exposure of Valerie Plame as a CIA operative. | Making false statements: To the FBI about conversations with then-Time magazine reporter Matthew Cooper.

Libby Found Guilty In CIA Leak Trial (AP)

By Michael J. Sniffen And Matt Apuzzo

AP, March 7, 2007

Once the closest adviser to Vice President Dick Cheney, I. Lewis "Scooter" Libby was convicted Tuesday of lying and obstructing a leak investigation that shook the top levels of the Bush administration.

Four guilty verdicts ended a seven-week CIA leak trial that focused new attention on the Bush administration's much-criticized handling of intelligence reports about weapons of mass destruction in the run-up to the Iraq war.

In the end, jurors said they did not believe Libby's main defense: that he hadn't lied but merely had a bad memory.

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Their decisions made Libby the highest-ranking White House official convicted in a government scandal since National Security Adviser John Poindexter in the Iran-Contra affair two decades ago.

The case cost Cheney his most trusted adviser, and the trial revealed Cheney's personal obsession with criticism of the war's justification.

Trial testimony made clear that President Bush secretly declassified a portion of the prewar intelligence estimate that Cheney quietly sent Libby to leak to Judith Miller of The New York Times in 2003 to rebut criticism by ex-ambassador Joseph Wilson. Bush, Cheney and Libby were the only three people in the government aware of the effort.

More top reporters were ordered into court — including Miller after 85 days of resistance in jail — to testify about their confidential sources among the nation's highest-ranking officials than in any other trial in recent memory.

Special Prosecutor Patrick Fitzgerald said the verdict closed the nearly four-year investigation into how the name of Wilson's wife, Valerie Plame, and her classified job at the CIA were leaked to reporters in 2003 — just days after Wilson publicly accused the administration of doctoring prewar intelligence. No one will be charged with the leak itself, which the trial confirmed came first from then-Deputy Secretary of State Richard Armitage.

"The results are actually sad," Fitzgerald told reporters after the verdict. "It's sad that we had a situation where a high-level official person who worked in the office of the vice president obstructed justice and lied under oath. We wish that it had not happened, but it did."

One juror, former Washington Post reporter Denis Collins, said the jury did not believe Libby's main defense: that he never lied but just had a faulty memory. Juror Jeff Comer agreed.

Collins said the jurors spent a week charting the testimony and evidence on 34 poster-size pages. "There were good managerial type people on this jury who took everything apart and put it in the right place," Collins said. "After that, it wasn't a matter of opinion. It was just there."

Libby, not only Cheney's chief of staff but also an assistant to Bush, was expressionless as the verdict was announced on the 10th day of deliberations. In the front row, his wife, Harriet Grant, choked out a sob and her head sank.

Libby could face up to 25 years in prison when sentenced June 5, but federal sentencing guidelines will probably prescribe far less, perhaps one to three years. Defense attorneys said they would ask for a retrial and if that fails, appeal the conviction.

"We have every confidence Mr. Libby ultimately will be vindicated," defense attorney Theodore Wells told reporters. He said that Libby was "totally innocent and that he did not do anything wrong."

Libby did not speak to reporters.

The president watched news of the verdict on television at the White House. Deputy press secretary Dana Perino said Bush respected the jury's verdict but "was saddened for Scooter Libby and his family."

In a written statement, Cheney called the verdict disappointing and said he was saddened for Libby and his family, too. "As I have said before, Scooter has served our nation tirelessly and with great distinction through many years of public service."

Wilson, whose wife left the CIA after she was exposed, said, "Convicting him of perjury was like convicting Al Capone of tax evasion or Alger Hiss of perjury. It doesn't mean they were not guilty of other crimes."

Libby was convicted of one count of obstruction of justice, two counts of perjury to the grand jury and one count of lying to the FBI about how he learned Plame's identity and whom he told.

Libby learned about Plame from Cheney in June 2003 about a month after Wilson's allegations were first published, without his name, by New York Times columnist Nicholas Kristof.

Prosecutors said Libby relayed the Plame information to other government officials and told reporters, Miller of the Times and Matt Cooper of Time magazine, that she worked at the CIA.

On July 6, 2003, Wilson publicly wrote that he had gone to Niger in 2002 and debunked a report that Iraq was seeking uranium there for nuclear weapons and that Cheney, who had asked about the report, should have known his findings long before Bush cited the report in 2003 as a justification for the war. On July 14, columnist Robert Novak reported that Wilson's wife worked at the CIA and she, not Cheney, had suggested he go on the trip.

When an investigation of the leak began, prosecutors said, Libby feared prosecution for disclosing classified information so he lied to investigators to make his discussions appear innocent.

Libby swore that he was so busy he forgot Cheney had told him about Plame, and was surprised to learn it a month later from NBC reporter Tim Russert. He swore he told reporters only that he learned it from other reporters and could not confirm it.

Russert, however, testified he and Libby never even discussed Plame.

Libby blamed any misstatements in his account on flaws in his memory.

He was acquitted of one count of lying to the FBI about his conversation with Cooper.

Collins said jurors agreed that on nine occasions during a short period of 2003, Libby was either told about Plame or told others about her.

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"If I'm told something once, I'm likely to forget it," Collins recalled one juror saying. "If I'm told it many times, I'm less likely to forget it. If I myself tell it to someone else, I'm even less likely to forget it."

Libby is free pending sentencing. His lawyers will ask that he remain so through any appeal.

The prospects of a presidential pardon remain unclear. Top Democrats called on Bush to pledge not to pardon Libby; the White House did not say what the president would do.

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Associated Press writer Natasha T. Metzler contributed to this report.

Libby Found Guilty In CIA Leak Case (FT)

By Caroline Daniel

Financial Times, March 7, 2007

Lewis "Scooter" Libby, the former chief of staff to Dick Cheney, the US vice-president, was convicted on Tuesday on four of five counts of perjury and obstruction of justice.

Mr Libby, 56, looking ashen but resolute, showed no emotion as the jurors each solemnly spoke the single word "guilty" over and over again on the four separate counts. They related to lies Mr Libby told a grand jury about his role in revealing the identity of a CIA agent. The jury, who had deliberated for 10 days, acquitted him on one charge of making false statements to the FBI.

Patrick Fitzgerald, the special prosecutor, speaking from the courtroom steps after the verdict, said: "Any lie under oath is serious. The truth is what drives the justice system." He called it "sad that there was a situation where someone in the vice-president's office lied under oath".

The verdict – and the evidence that emerged during the trial – is a blow to the reputation of the Bush administration. The trial heard evidence that White House officials and the vice-president's office leaked the name of Valerie Plame, a CIA agent.

Prosecutors claimed that they did so in retaliation for remarks by her husband, Joseph Wilson, a former ambassador, who disputed intelligence about Iraq's nuclear ambitions in a New York Times opinion piece.

Mr Fitzgerald was appointed to investigate the leaking of the name of Ms Plame to reporters. He did not charge anyone with that initial crime and her covert status was not an issue during the trial. However, Mr Fitzgerald said on Tuesday that he was "100 per cent confident that she was classified".

Theodore Wells, Mr Libby's defence lawyer, said he would file a motion for a new trial. "We have every confidence he will be vindicated. He is totally innocent," said Mr Wells.

Mr Libby could face up to 20 years in prison. However, his conviction raises the prospect that President George W. Bush might decide to grant a pardon to save the man who Mr Cheney called "one of the more honest men I know". Senator Edward Kennedy called on Mr Bush to pledge that he would not issue a pardon.

Democrats moved swiftly to place the verdict as part of a wider narrative about how the administration had smeared war critics, rather than the actions of one individual. Nancy Pelosi, the House speaker, said officials had shown a "callous disregard" for national security information and a "disposition to smear critics of the war in Iraq", while Mr Kennedy said officials concealed efforts to "vilify anyone who spoke the truth about the flaws in their justification for war".

Although during the trial Mr Fitzgerald said that there was "a cloud" over Mr Cheney, he said on Tuesday he did not intend to file any further charges.

The trial confirmed that officials, including Richard Armitage, the former deputy secretary of state, and Karl Rove, the chief political adviser to Mr Bush, also leaked the name.

Mr Libby's lawyers said he had been made the scapegoat by the White House.

Denis Collins, a juror, said: "There was tremendous sympathy for Mr Libby. We spent a lot of our time saying, 'What are we doing here with Mr Libby? Where's Rove?' "

Libby Found Guilty In CIA Leak Case (WP)

By Carol D. Leonnig And Amy Goldstein

The Washington Post, March 7, 2007

A federal jury convicted I. Lewis "Scooter" Libby yesterday of lying about his role in the leak of an undercover CIA officer's identity, culminating a four-year legal saga that transfixed official Washington and revealed the inner workings of the White House and the media.

After 10 days of deliberations, the 11 jurors found Vice President Cheney's former chief of staff guilty of four felony counts of making false statements to the FBI, lying to a grand jury and obstructing a probe into the leak of Valerie Plame's identity. The

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jury acquitted him of one count of lying to the FBI about his conversation with a Time magazine reporter. Libby is the highest-ranking White House official to be convicted of a felony since the Iran-contra scandal nearly two decades ago.

Under federal sentencing guidelines, Libby faces a possible prison term of 1 1/2 to three years, but U.S. District Judge Reggie B. Walton will have wide latitude when he imposes his sentence on June 5. Defense attorneys said they will ask the presiding judge for a new trial or appeal the conviction. The White House declined to comment on the possibility of a pardon.

"We believe, as we said at the time of his indictment, that he is totally innocent, totally innocent, and that he did not do anything wrong," said attorney Theodore Wells Jr. "And we intend to keep fighting to establish his innocence."

Special Counsel Patrick J. Fitzgerald said on the courthouse steps that he felt "gratified" that the jury agreed with the government's case.

"The results are actually sad," he said. "It's sad that we had a situation where a high-level official, a person who worked in the office of the vice president, obstructed justice and lied under oath. We wish that it had not happened, but it did."

One juror, Denis Collins, said he and fellow jurors had little doubt after reviewing the evidence that Libby could not have forgotten how he learned Plame's identity -- the core of the defense's argument.

"It just seemed very unlikely he would have forgotten that. There were just so many things," said Collins, a writer who worked as a Washington Post reporter in the 1980s. "That he could remember that fact on a Tuesday and forget it on a Thursday . . . didn't make sense."

Libby, 56, was the only person charged in an unprecedented leak investigation that led to the questioning of Cheney and President Bush, though neither testified at the trial. Fitzgerald set out in December 2003 to answer a central question: Did anyone in the administration intentionally and illegally disclose Plame's classified status during the late spring and early summer of that year? At that time, several top officials were speaking to reporters, trying to rebut potent accusations from Plame's husband that the administration had twisted intelligence to justify war in Iraq.

Libby was not charged with the leak but with lying repeatedly to the FBI and a grand jury about how he learned about Plame's identity, and what he told reporters about her that spring and summer.

Libby has said that he forgot he learned about Plame from Cheney in June 2003, and that he believed he heard of her for the first time a month later from NBC's Tim Russert. He said he then shared the information with other reporters.

Fitzgerald said he does not expect to bring any more charges unless new information comes to light.

Plame's husband, former ambassador Joseph C. Wilson IV, publicly accused the White House of using flawed intelligence to justify the war and cited a CIA mission he took to Niger in 2002, which found no merit to claims that Iraq was trying to buy weapons-grade uranium. Plame's CIA identity was revealed in a syndicated column eight days later, with senior officials anonymously implying that Wilson's findings were not considered important because nepotism played a role in his assignment.

The trial highlighted the nation's divisions over the war, the Bush White House's intolerance of critics and the uneasy symbiosis between an elite tier of Washington journalists and their confidential sources inside the government.

It also portrayed Cheney as more intimately involved in the details of orchestrating the campaign to disparage Wilson than was previously known. At the grand jury, Libby testified that Cheney was "disturbed" by Wilson's assertions that he was sent on the mission as a result of a question from Cheney about an assessment that suggested Iraq was trying to purchase buy from Niger. The clear implication of Wilson's argument was that Cheney would have been told of his findings.

Indeed, according to evidence at trial, the CIA notified Cheney in early 2002 that it was launching a mission with an unnamed envoy to better answer his question about the Iraq-Niger connection. It is unclear whether the CIA later flagged Wilson's findings for the vice president.

Defense attorneys repeatedly indicated that they planned to call Libby and Cheney as witnesses in the trial. But the two never took the stand; defense lawyers said it was not wise for Libby to testify, and they did not call Cheney.

Cheney said in a statement yesterday that he is "very disappointed with the verdict."

"I am saddened for Scooter and his family," he said. "As I have said before, Scooter has served our nation tirelessly and with great distinction through many years of public service."

As the jury forewoman read each guilty count in a clear, solemn voice, Libby was impassive, remaining seated at the defense table, gazing straight ahead with hands crossed. He furrowed his brow after a second guilty count was read, then smiled frozenly as jurors individually affirmed the decision.

Libby's wife, Harriet Grant, sat in the front row with tears in her eyes and held tightly to a member of Libby's defense team. Later, she hugged each of Libby's lawyers and exchanged a few words with her husband.

Bush watched the verdict announcement on television in the Oval Office along with his chief of staff, Joshua B. Bolten, and counselor, Dan Bartlett.

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"He said that he respected the jury's verdict, that he was saddened for Scooter Libby and his family," spokeswoman Dana M. Perino said later. She declined to discuss a possible pardon for Libby as a "wildly hypothetical situation" and said the White House would not comment further because of Libby's efforts to seek a new trial.

Wilson, who with his wife has filed a civil lawsuit against Libby and several top administration officials alleging that they disclosed her identity, said yesterday the conviction shows that even a top White House official is subject to the American justice system.

"We're relieved that justice has been done," he said. "We see this as a reaffirmation that we are a nation of laws, we live in a democracy. The verdict shows no man is above the law."

Democratic leaders said Libby's conviction affirmed their concerns that the Bush administration had not told the truth about Iraq's potential threat to the United States and that it engaged in an unethical, no-holds-barred campaign against one man who questioned its assertions.

"Today's guilty verdicts are not solely about the acts of one individual," said House Speaker Nancy Pelosi (Calif.). "This trial provided a troubling picture of the inner workings of the Bush administration. The testimony unmistakably revealed -- at the highest levels of the Bush administration -- a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

Legal experts said Fitzgerald had a powerful, narrowly drawn perjury case based on the facts unearthed in his investigation, while Libby's attorneys struggled from the start with a defense theory that statements he made repeatedly and in great detail to the FBI and the grand jury might not have been accurate.

"The indictment laid out a theory of deliberate lies that Fitzgerald was able to deliver almost flawlessly at trial," said Bill Lawler, a defense lawyer at Vinson & Elkins and a former federal prosecutor in Washington. But the defense, he said, "had to play the cards they were dealt."

"The biggest problem they had was their client was on the record repeatedly saying what the government thought were lies. There wasn't a lot of wiggle room," Lawler said.

The count that accused Libby of lying to the FBI about his conversation with then-Time magazine reporter Matthew Cooper troubled jurors for days. They asked the judge five questions about it as they deliberated, and they ultimately acquitted Libby of the charge.

Richard Sauber, Cooper's attorney, said he thinks jurors believed Cooper's testimony that Libby told him about Plame's CIA role in a July 12, 2003, phone call. Sauber cited the jury's decision to convict Libby on the charge of lying to the grand jury about that conversation.

But Sauber attributed the acquittal on the other false-statement charge to the jury's doubts about whether the FBI accurately described Libby's statements about his conversation with Cooper, something defense attorneys effectively called into question.

Staff writers Elizabeth Williamson, Peter Baker and Christopher Lee contributed to this report.

Libby Found Guilty On 4 Counts (WT)

By Jerry Seper

The Washington Times, March 7, 2007

A federal jury yesterday found former White House aide I. Lewis "Scooter" Libby Jr. guilty on four counts of perjury, obstruction of justice and lying to the FBI in an investigation into the leak of a CIA operative's identity.

After 10 days of deliberations, the former chief of staff to Vice President Dick Cheney was acquitted by a jury of seven women and four men on one count of lying to the FBI.

Libby, 56, is the only person charged in a case brought by Special Prosecutor Patrick J. Fitzgerald after a four-year investigation into the 2003 leak of CIA operative Valerie Plame's identity. Mrs. Plame is married to former Ambassador Joseph C. Wilson IV, who emerged in mid-2003 as an outspoken critic of the Bush administration's case for the war in Iraq.

U.S. District Judge Reggie B. Walton ordered a pre-sentencing report by May 15, which will be used to determine Libby's sentence. At sentencing on June 5, Libby faces up to 30 years in prison, although under federal sentencing guidelines he is expected to receive much less time.

Libby showed little reaction as the verdict was read and stood expressionless as the jury left the courtroom. His wife, Harriet Grant, sobbed as the verdict was read.

"We believe, as we said at the time of his indictment, that he is totally innocent, totally innocent, and that he did not do anything wrong," said Libby's attorney, Theodore Wells. "And we intend to keep fighting to establish his innocence."

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Mr. Wells said he will ask for a new trial and, failing that, will appeal the verdict. The defense team had said Libby recalled his conversations to the best of his ability and that any inaccurate statements he made to the FBI or the federal grand jury were the result of a faulty memory.

But Mr. Fitzgerald, who said no additional charges would be filed in the case, argued in court that Libby learned about Mrs. Plame from Mr. Cheney and other officials in June 2003 and relayed her name and CIA role to reporters.

"The results are actually sad," Mr. Fitzgerald said. "It's sad that we had a situation where a high-level official person who worked in the office of the vice president obstructed justice and lied under oath. We wish that it had not happened, but it did."

One of the jurors, Denis Collins, a former reporter for The Washington Post, said the jury felt "a tremendous amount of sympathy for Mr. Libby," adding that jurors asked each other on a number of occasions whether others should have been charged.

"What are we doing with this guy here? Where's Rove? Where are these other guys? I'm not saying we didn't think Mr. Libby was guilty of the things we found him guilty of. It seemed like he was, as Mr. Wells put it, he was the fall guy," Mr. Collins said.

He said jurors wanted to hear testimony from others involved in the case, including Bush political adviser Karl Rove, described as one of two sources for the original leak.

At the White House, Deputy Press Secretary Dana Perino said President Bush "respected the verdict" but was not going to comment on it. She said the president learned of the verdict from television and the White House rejected any characterization of it as embarrassing to the administration.

"I think that any administration that has to go through a prolonged news story that is unpleasant and one that is difficult when you're under the constraints and the policy of not commenting on an ongoing criminal matter that can be very frustrating," she said.

Mr. Cheney said he was "very disappointed" in the verdict and "saddened for Scooter and his family," adding that Libby "served our nation tirelessly and with great distinction through many years of public service." Because of continued litigation in the case, he said he would have "no further comment on the merits of this matter."

On Capitol Hill, House Speaker Nancy Pelosi, California Democrat, said testimony during the trial "unmistakably revealed at the highest levels of the Bush administration a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

She said the guilty verdicts were "not solely about the acts of one individual."

Senate Majority Leader Harry Reid, Nevada Democrat, said the trial "revealed deeper truths" about Mr. Cheney's role in the leak and called on Mr. Bush for a pledge "not to pardon Libby for his criminal conduct." He said it was "about time" someone in the Bush administration was held accountable "for the campaign to manipulate intelligence and discredit war critics."

A grand jury indictment named Libby on two counts of perjury, two counts of lying to the FBI and one count of obstruction of justice. He was accused of leaking Mrs. Plame's CIA role to reporters after Mr. Wilson disputed Mr. Bush's 2003 State of the Union address justifying the war in Iraq.

Mr. Wilson took two trips to the Republic of Niger to investigate accusations that Iraq had purchased or was in the process of buying uranium yellowcake, reporting that he found no evidence to support the claims.

But questions have since been raised on Mr. Wilson's statements that Mr. Cheney's office had requested he be sent to Niger, whether Mr. Cheney and other senior White House aides were briefed on his report, whether the report was conclusive and significant, and who suggested he travel to Niger.

Mrs. Plame's CIA role was revealed in a July 14, 2003, article by syndicated columnist Robert Novak eight days after Mr. Wilson wrote an article for the New York Times saying the Bush administration ignored intelligence on Iraq to justify the war.

S.A. Miller and Jon Ward contributed to this report.

In CIA Leak Trial, Libby Found Guilty (CSM)

By Linda Feldmann

The Christian Science Monitor, March 7, 2007

At an already difficult time for the Bush administration, the felony conviction of a former top aide to Vice President Cheney has cast a pall over the White House.

I. Lewis "Scooter" Libby, Mr. Cheney's onetime chief of staff, was convicted Tuesday on four of the five counts he faced involving perjury, obstruction of justice, and lying to the FBI during a federal investigation into the suspected leak of a covert CIA agent's identity.

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Whether that CIA employee, Valerie Plame, was in fact a covert operative at the time her identity was publicly revealed in a 2003 column by Robert Novak remains a matter of dispute. Ms. Plame and her husband, former Ambassador Joseph Wilson, believe it was and are suing Libby, Cheney, and presidential aide Karl Rove in civil court.

On the criminal counts, Mr. Libby faces up to 25 years in prison, and will be sentenced on June 5. However, the former official is expected to receive a shorter sentence, under federal sentencing guidelines, and will not be required to report to prison pending further legal action. Libby's legal team is requesting a new trial by April 13, and if denied, will appeal Tuesday's verdict.

The guilty verdicts, which were announced in the 10th day of jury deliberations, came as yet another blow to a White House struggling to turn around the central project of its six-year tenure, the Iraq war. On news websites Tuesday afternoon, the headline on Libby appeared near other stories on dozens of Shiite pilgrims killed Tuesday in Iraq.

Though the Libby trial centered on whether the aide had committed perjury and obstruction of justice during a federal investigation, the Iraq war – and the role of the vice president's office in defending the Bush administration's actions in it – provided the backdrop.

The Plame investigation sprang from a 16-word sentence in President Bush's 2003 State of the Union address, in which he stated that Iraq was attempting to purchase uranium from Africa. In July 2003, Ambassador Wilson wrote a column stating that he had found no evidence of such Iraqi attempts and accused the Bush administration of twisting intelligence to justify going to war in Iraq.

According to the argument laid out against Libby by special prosecutor Patrick Fitzgerald, Cheney's office – and Libby in particular – swung into action to discredit Wilson. Libby's defense team argued that the senior aide did not deliberately make false statements under oath, but rather was a very busy man who could not be expected to remember everything he had said and to whom and when.

After the trial, jurors speaking for the cameras made clear that they believed the Wilson matter and his harsh criticism of the Iraq war were a central concern in Cheney's office and that Libby's claims of memory problems were not credible. Still, one juror said he and his fellow jurors agreed with the defense argument that Libby had been hung out to dry by Mr. Rove and other more senior officials.

"It seemed like ... he was the fall guy," juror Denis Collins said in an ad hoc press conference after the verdict. But, he added, that point did not negate Libby's actions.

Libby's criminal conviction represents a rare moment in American history, the conviction of someone for actions taken during their time as a White House official. Over the years, top administration officials have been indicted, and most of them acquitted, but the last time a White House official was found guilty was during the Iran-contra scandal of the Reagan administration.

"This is just another blow to the Bush administration," says Cal Jillson, a political analyst at Southern Methodist University in Dallas. "If it were alone, it wouldn't amount to that much. But it comes with circumstances in Iraq, and the Walter Reed [scandal on treatment of Iraq and Afghan war veterans] feeding into the Katrina sense of an administration not caring."

The Libby news also comes amid new polling data showing Bush's job approval ratings down in the low 30s, Dr. Jillson notes. In the latest Gallup poll, 59 percent of Americans called sending US troops to Iraq a mistake, the highest such figure since September 2005.

Before the Libby verdict, public speculation had centered on the possibility that a conviction might embolden Mr. Fitzgerald to pursue legal action against Cheney himself. During his closing arguments, Fitzgerald spoke of a "cloud over the vice president" and about how "they" – alluding to Libby and Cheney – were using the fact of Plame's CIA employment to try to discredit Wilson.

But Tuesday, speaking to reporters after the verdict, Fitzgerald called the investigation finished and said he had no plans to pursue any other officials, unless new facts came to light.

Another key institution embroiled in the Libby trial was the press, and in fact, it was testimony from NBC newsman Tim Russert that seemed to dig Libby's legal grave. Libby had claimed he learned of Plame's identity from Mr. Russert, but Russert testified that the two had never discussed Plame. Jurors later said they found Russert's testimony credible.

But Washington journalists are not cheering that Russert appeared the victor in head-to-head legal combat with Libby. For all the journalists involved in the case – including former New York Times reporter Judith Miller and former Time magazine correspondent Matthew Cooper – appearing on a witness stand, under oath, discussing conversations with usually confidential sources is not a welcome circumstance.

Democratic politicians, meanwhile, sought to turn the Libby verdict to political advantage.

"It's appalling to think that while President Bush had a high level team in place to sell the Iraq War and viciously smear its critics, it has not given that same attention to plan for postwar Iraq, providing the proper equipment for our troops or ensuring that

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our troops and veterans receive the care they deserve," said Democratic National Committee chairman Howard Dean in a statement.

Former White House Aide Libby Found Guilty On 4 Of 5 Charges (WSJ)

By Evan Perez, Jess Bravin And Kara Scannell

The Wall Street Journal, March 7, 2007

WASHINGTON -- A federal jury convicted I. Lewis "Scooter" Libby, Vice President Cheney's former chief of staff, of obstruction of justice, perjury and lying to the FBI in an investigation that began with the leak into a CIA operative's identity but came to symbolize the fraught origin of the nation's entanglement in Iraq.

The jury, cut to 11 members after one juror was dismissed after being exposed to case-related information, found Mr. Libby guilty of four of the five counts he faced. He was acquitted of one charge of false statements. Sentencing for Mr. Libby was set for June 5. Immediately after the verdicts, Mr. Libby's lawyer declared plans to seek a new trial and, failing that, appeal the conviction. Should Mr. Libby remain free while such moves play out, he may be able to avoid jail while his advocates press the president for a pardon in the Bush administration's final weeks. (See related story1.)

White House spokeswoman Dana Perino said the president, who watched the verdict announced on television, "respected" the jury's decision and was "saddened for Scooter Libby and his family," but declined to comment on any aspect of the case. (See more reactions to the verdict3.)

But beyond any impact on Mr. Libby, the verdict represents another painful blow to a lame-duck White House struggling to marshal public support for an Iraq policy under assault from all angles.

President Bush's plan to add more than 20,000 soldiers to the force in Iraq has already been condemned by a House resolution and undercut by a troop drawdown announced by America's only major ally in the war, Britain. At home, revelations of substandard care for wounded soldiers at Walter Reed Army Medical Center, the nation's premier military hospital, has stoked public and congressional outrage.

Now, with a jury finding criminality at the highest levels of White House efforts to justify the war, the administration faced an almost insurmountable task in regaining support for the president's signature policy from a majority of the public.

In comments to journalists after the verdict, juror Denis Collins, a former newspaper reporter, said that jurors considered Mr. Libby a "fall guy," and were disappointed that others implicated in the scandal -- such as the president's political mentor, Karl Rove -- weren't held to answer.

Mr. Collins said that the least convincing argument made at the trial was that "Mr. Libby was working so hard that he could just forget everything. Our conclusion was, yeah, he worked hard and had some memory problems… But you don't forget what you know." He also said the war in Iraq was peripheral to the trial. "This wasn't about the war. It was about a trip to Niger to see if there was uranium."

In the end, he said, jurors felt sympathy for Mr. Libby and his family. "It's not like I would vote for Mr. Libby if he ran for office," Mr. Collins said, "but we all felt for him...the unpleasantness of passing judgment was palpable."

Asked about a pardon, the 57-year-old Washington resident, who identified himself as a Democrat, said, "Personally, I wouldn't be upset a bit."

The verdict caps a five-week trial that enthralled the nation's capital as current and former administration officials and famous journalists testified about a key period in the summer of 2003, when criticism began mounting over the Iraq invasion and the search for weapons of mass destruction that were never found.

Mr. Libby was indicted on five counts of perjury and obstruction of justice stemming from statements he made to Federal Bureau of Investigation agents and a grand jury looking into the public disclosure of the name of a Valerie Plame, a former Central Intelligence Agency operative who is married to a critic of the Bush administration, former U.S. Ambassador Joseph Wilson.

Although the Libby indictment described Ms. Plame's relationship with the CIA as classified, Special Prosecutor Patrick Fitzgerald never charged anyone with leaking her identity despite the fact that early into his three-year investigation, he knew the original source was Richard Armitage, the former deputy secretary of state.

Instead, Mr. Fitzgerald pursued perjury-related charges after concluding that some officials may have lied to him to cover up their role in outing Ms. Plame. Provoking criticism from various power centers in Washington, from allies of the Bush White House to major media organizations, Mr. Fitzgerald proceeded to interview Messrs. Bush and Cheney and summoned reporters before a grand jury to testify about conversations with confidential sources. That effort landed former New York Times reporter Judith Miller for 85 days in jail until she relented. Ms. Miller left the paper under withering criticism for dealings with Mr. Libby and for coverage some said had credulously hyped the administration's case for war.

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Once he indicted Mr. Libby, right-leaning activists and Mr. Libby's supporters portrayed Mr. Fitzgerald, who also is the Bush-appointed U.S. attorney in Chicago, as a prosecutor run amok.

In an unusual twist, the prosecution case depended heavily on the credibility of journalists who had fought tooth and nail, if ultimately unsuccessfully, to avoid revealing their sources and notes. Ms. Miller bolstered Mr. Fitzgerald's argument that Mr. Libby lied about learning about Ms. Plame during a phone call with Mr. Russert, the NBC television host, on July 10, 2003. Ms. Miller said Mr. Libby told her about Ms. Plame twice, well before the Russert phone call. Similarly, former White House Press Secretary Ari Fleischer, testifying under an immunity deal with prosecutors, said that Mr. Libby told him about Ms. Plame during a lunch meeting three days before the call with the NBC newsman. Mr. Russert himself testified he couldn't have told Mr. Libby about Ms. Plame because he didn't learn about it until he read a July 14 article by syndicated columnist Robert Novak.

Mr. Libby's defense, as put forth by a team of top-notch defense lawyers led by Theodore V. Wells Jr. and William Jeffress, was that he didn't intentionally lie, but rather had "mis-recollections" that he blamed on faulty memory. Indeed, Messrs. Wells and Jeffress fiercely questioned the memory of reporters and managed to shake at least some of them, most notably Ms. Miller, who finally acknowledged that she couldn't be certain she didn't learn about Ms. Plame from someone other than Mr. Libby.

The roots of the Libby case lie in a debate over use of intelligence in the buildup to the Iraq war. It began when Ms. Plame's husband, Mr. Wilson, complained privately to reporters and later in his own newspaper op-ed that the Bush administration had misused or ignored intelligence he gathered that cast doubt on Iraq's alleged efforts to obtain materials for weapons of mass destruction from Africa.

In July 2003, Mr. Wilson went public with his story of taking a CIA-sponsored trip to the African nation of Niger to check out claims of connections to Iraq's weapons program. In interviews and in an opinion article, he called into question Mr. Bush's use of intelligence related to Niger. In retaliation, prosecutors say, Mr. Libby and other officials sought to disclose Ms. Plame's identity to reporters, making the argument that her intelligence job was the only reason Mr. Wilson looked into Iraq's weapons efforts in the first place. Mr. Libby, in grand jury testimony played in court, argued that the trip to impoverished, landlocked Niger was a "boondoggle" akin to a lawyer going to Hawaii for a seminar that he could easily attend in his hometown.

The administration subsequently backed off the Niger claim. However, Mr. Libby told the grand jury in the case that he continued trying to leak selective portions of intelligence reports to journalists in order to portray the Niger-Iraq link as true, under orders from Mr. Cheney. Administration officials complained that Mr. Wilson was the one misusing his role in the intelligence process by talking publicly about his findings.

With the Democrats now the majority party in Congress, the verdict is likely to prompt further hearings likely to embarrass the administration. In particular, it raises the visibility of a long-delayed Senate Intelligence Committee report -- expected to be released within a month or so -- that will highlight the administration's supposed efforts to manipulate information about Iraq's nuclear weapon ambitions, among other issues. A Senate aide said the committee also will continue to examine "the manipulation of pre-war intelligence," including White House efforts like Mr. Libby's to discredit critics. The Senate Armed Services Committee also is seeking further interviews with Mr. Libby, among other administration officials.

The House Judiciary Committee has been beefing up its investigative staff, with an eye to exploring a range of possible abuses of executive authority by the White House. A congressional aide said recently that "it's going to snowball into bigger issues" such as the conduct of the war.

The focus of much of the attention likely will be Mr. Cheney himself, whose manipulation of classified information and of White House reporters alike during 2003 became perhaps the biggest revelation of Mr. Libby's trial.

In a statement, Senate Majority Leader Harry Reid, a Nevada Democrat, said, Lewis Libby has been convicted of perjury, but his trial revealed deeper truths about Vice President Cheney's role in this sordid affair."

--John D. McKinnon and John McCary contributed to this article.

Libby Verdict Will Echo For 2008 Republicans (POL)

By Mike Allen And Jeanne Cummings

Politico.com, March 7, 2007

Mary Matalin, a friend and former colleague of Lewis "Scooter" Libby, said she felt sick as she waited through 10 days of jury deliberations. And when he was declared guilty of four of five federal charges in the CIA leak case Tuesday, she had a one-word reaction: "Unspeakable."

Even an acquittal would have left deep scars on the George W. Bush presidency because of the immense publicity surrounding the case and its political fallout. But the guilty verdicts -- on one count of obstruction, two counts of perjury and one count of lying -- mean that the case remains an ugly and enduring part of the politics of President Bush's last two years in office.

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Ever since President Gerald R. Ford pardoned former President Richard M. Nixon for Watergate crimes, executive branch grants of immunity have become hot political footballs in presidential campaigns. And Libby's conviction seems destined to continue the trend, even if Bush ultimately doesn't pardon him.

As soon as the verdict was announced, Democrats began demanding a commitment from Bush not to issue a pardon for Libby, who theoretically could face 30 years in prison, but is likely to get a lesser sentence. The White House won't give such a commitment, of course, and Bush has said he won't even talk about it.

Democrats, nonetheless, are trying to start a drumbeat about the question, with the aim of painting Republicans as tainted by cronyism and raising voters' doubts about the GOP's trustworthiness.

Libby's fall raises three key questions that could play a material role in who succeeds the 43rd president, and how history treats him:

1. Will Bush pardon Libby?

Catching coverage of the verdict on a television in a small dining room off the Oval Office with Chief of Staff Joshua Bolten and Counselor Dan Bartlett, Bush said that he respected the jury's verdict and that he was saddened for Libby and his family, according to aides.

Libby's lawyers plan to ask for a new trial. So, the president and his spokesmen plan to cite an ongoing legal investigation as they refuse to comment on the possibility of a pardon. But that won't stop reporters from asking.

2. Was Libby the tip of the iceberg?

Denis Collins, the only juror who spoke outside the federal courthouse near the Capitol, said Libby struck him as a "fall guy," and testimony suggested he saw himself as the scapegoat for Cheney or senior Bush adviser Karl Rove.

"There was a tremendous amount of sympathy for Mr. Libby on the jury," Collins said as he described the jury's methodical approach. "It was said a number of times: What are we doing with this guy here? Where's Rove? Where's -- you know, where are these other guys?"

The Democrats who control Congress now can use their subpoena power to try to find out.

3. Does this make Bush more radioactive for the Republicans seeking the presidential nomination?

Democrats are already working to ensure that the Libby case, which dates to a Robert Novak column in July 2003, naming Valerie Plame as a CIA operative, resounds through November 2008.

House Speaker Nancy Pelosi (D-Calif.), looking ahead to congressional elections, said the Libby trial was "not solely about the acts of one individual," but produced evidence of "callous disregard" in handling sensitive national security information.

It's tough enough for the same party to win a third term in the White House, but almost impossible to do so if the nation has soured on the incumbent. While none of the top Republican contenders will face any direct fallout from the Libby guilty verdict, the decision is yet another blow against an already-wounded president and his Republican Party.

Combined with the devastating, and still unfolding, indictment about the treatment of wounded troops at Walter Reed Army Medical Center, the specter of the vice president's top aide facing a prison sentence will only worsen Bush's already historically low standing in the public opinion polls.

Aides to the leading Republican presidential contenders declined comment after the verdict was announced. But the Democratic hopefuls pounced. Sen. Barack Obama of Illinois said in a quick e-mailed statement that the conviction "underscores what happens when our foreign and national security policies are subverted by politics and ideology."

Former Sen. John Edwards of North Carolina called the outcome "an important step in holding the administration accountable for its consistent misuse and manipulation of intelligence to further its ideological agenda." He then posed a question that is likely to bedevil the administration and the GOP for the foreseeable future.

"There are serious questions about whether the buck actually stopped with Scooter Libby," he said. "The American people deserve to know if Mr. Libby has been made a scapegoat in order to protect anyone else."

John Bresnahan, Carrie Budoff and Jonathan Martin contributed to this report.

Libby's Backers Push For Pardon (WSJ)

By John D. Mckinnon, Evan Perez And Gary Fields

The Wall Street Journal, March 7, 2007

Conviction of Cheney Aide Sparks Conservative Calls, But Raises Stakes for 2008

The conviction of Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, threatened to spark a new political battle, with some conservatives pushing for a presidential pardon based on what they claim is prosecutorial excess.

A Washington, D.C., federal jury spent nearly 10 days sifting a month of testimony before convicting Mr. Libby yesterday on four of the five counts he faced, in a case that started as an investigation into the leaking of the identity of a CIA official. (See related article.1)

Mr. Libby wasn't charged with leaking, but with perjury and obstruction of justice for comments he made to FBI investigators and a federal grand jury. His supporters have long argued he shouldn't have been tried since he wasn't the original leaker and say his inaccurate comments to investigators were misstatements based on a faulty memory. With the conviction, these backers are turning their efforts toward seeking a pardon.

Within hours of the verdict, the conservative National Review published an online editorial calling for a pardon and stating that the verdict "conclusively proved only one thing: A White House aide became the target of a politicized prosecution set in motion by bureaucratic infighting and political cowardice." The Wall Street Journal editorial page also called for a pardon2.

Other prominent Republicans also voiced support. "I would be more than happy to lend my name to the effort for a pardon if it came down to that -- I think it would be justified," said former Sen. Fred Thompson, a Tennessee Republican who has helped lead an effort to raise money for Mr. Libby's defense, including plans to host a new fund-raiser announced after yesterday's verdict.

Dana Perino, a White House spokeswoman, left the door open, saying "there's a process in place for all Americans if they want to receive a pardon from a president." She said she wasn't characterizing Mr. Libby's prospects for clemency if he does apply.

Anticipating the pardon push, Senate Majority Leader Harry Reid, a Nevada Democrat, urged President Bush to "pledge not to pardon Libby for his criminal conduct."

The vice president released only a short statement, saying, "I am very disappointed with the verdict."

Besides being a political risk for the president, a pardon could be a big headache for the Republican presidential nominee in 2008. But some Republicans predicted that the post-trial and appeals processes could drag on for some time, postponing any pardon of Mr. Libby by Mr. Bush until after the 2008 election. Mr. Libby's lawyers said yesterday they would seek a new trial, and pursue appeals if that fails.

Despite strongly believing Mr. Libby lied when he claimed faulty memory, some jurors felt bad about their decision, said Denis Collins, a former journalist who sat on the jury. Some were in tears afterward.

"There was a tremendous amount of sympathy on the jury for Mr. Libby," Mr. Collins said outside the courthouse afterward. "We said a number of times, 'What are we doing with this guy? Where's [presidential aide Karl] Rove? Where are the other guys?' He was the fall guy."

Asked about a pardon, the 57-year-old Washington resident, who identified himself as a registered Democrat, said, "Personally, I wouldn't be upset a bit."

The case began in the summer of 2003 amid mounting criticism over the Iraq invasion and the search for weapons of mass destruction that were never found. Government prosecutors argued that Mr. Libby was at the center of an administration campaign to discredit former Ambassador Joseph Wilson, a vocal war critic, leaking information to reporters, including the fact that Mr. Wilson's wife, Valerie Plame, worked at the Central Intelligence Agency. Prosecutors said Mr. Libby tried to cover up his involvement by lying to the Federal Bureau of Investigation and a grand jury about his actions.

"The results are actually sad," Special Prosecutor Patrick Fitzgerald told reporters after the verdict. "It's sad that we had a situation where a high-level official person who worked in the office of the vice president obstructed justice and lied under oath. We wish that it had not happened, but it did."

In making their case for a pardon, supporters of Mr. Libby note that several other administration officials were involved in the leak as well. Richard Armitage, the former deputy secretary of state, has admitted being the original leaker, while political strategist Rove and Ari Fleischer, the former press secretary, also gave information about Ms. Plame to reporters.

"It's a case that never should have been brought," said Victoria Toensing, a former Justice Department official in the Reagan administration. "Politics should not be criminalized."

The prosecution aroused sympathy from prominent conservatives including former Bush adviser Mary Matalin, former Secretary of Education William Bennett and former CIA director R. James Woolsey. All lent their names to a private fund-raising trust that has so far has brought in more than $3 million to help pay for his defense.

Mr. Libby's handling of himself also is sure to score points with conservatives, as well as the White House. He could have done much more during the trial to embarrass the White House. At one point in his opening argument, Ted Wells, one of Mr. Libby's attorneys, suggested the defense would focus on how the White House had tried to make Mr. Libby a scapegoat in the case in order to spare Mr. Rove.

In the end, however, the defense rested without calling Mr. Libby or his former boss Mr. Cheney, and no more was said about White House scapegoating. That led some trial watchers to suggest Mr. Libby was being careful to preserve the pardon option.

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Some presidential pardons have been deeply controversial. President Clinton came under fierce criticism for pardoning fugitive financier Marc Rich, whose ex-wife was a major Democratic campaign contributor, just before leaving office in 2001. Ironically, Mr. Rich was represented at one point by Mr. Libby, then a high-powered Washington lawyer in private practice.

President Bush came into office amid congressional hearings and a federal investigation of Mr. Clinton's last-minute pardons and commutations. At an early news conference, Mr. Bush said he would be different. Of pardons, he said: "I'll have the highest of high standards."

President Bush has rarely exercised his pardoning authority, using it mostly on non-controversial cases. With less than two years left in office, he has pardoned 113 people. Among the seven presidents who have held the office at least seven years since 1897, Mr. Bush ranks last in his use of the pardon power in the first six years of his administration.

Of all 19 presidents who have held the office since 1897, only Mr. Bush's father, George H.W. Bush, pardoned fewer people overall, and he served just one term. Even Warren G. Harding, who died after 27 months in office, pardoned 300 people and Gerald Ford, who served 29 months, granted 382 pardons.

Some conservatives compare the Libby case to the Iran-Contra affair. The first President Bush pardoned former Defense Secretary Caspar Weinberger and five others convicted in that case, arguing they had acted out of service to the country.

"That was really a vindication of his political people. They were doing their job to protect the presidency," said Margaret Colgate Love, a former pardon attorney with the Justice Department. "This case is not as serious, but there is a similar premise for issuing a pardon."

--John McCary and Kara Scannell contributed to this article.

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President Bush Should Pardon I. Lewis "Scooter" Libby (NR)

National Review, March 7, 2007

The trial that concluded in a guilty verdict on four of five counts conclusively proved only one thing: A White House aide became the target of a politicized prosecution set in motion by bureaucratic infighting and political cowardice.

When partisans pounced on Bob Novak's July 14, 2003, revelation that the wife of administration critic Joe Wilson worked at the CIA, they adopted Wilson's paranoid persecution theory. Then a scandal-hungry media joined in. Novak's unidentified administration sources were widely accused of criminal wrongdoing: having "outed" a covert agent.

The alleged motive for the leak was to punish Joe Wilson, whose account of his mission to Niger supposedly unmasked the administration's manufactured case for the war in Iraq. The victim in this set piece was Valerie Plame Wilson, and the villains were Vice President Cheney, Karl Rove, and Scooter Libby.

From the very beginning of the ensuing spectacle, petty agendas subverted justice. The CIA, at war with the White House, and in particular with the vice president's office, referred the leak to the Justice Department, even though the agency certainly knew that there had been no criminal violation since Plame wasn't "covert." (According to the relevant statute, only the leak of a covert agent's identity is a criminal act.) The CIA's spokesman had also confirmed Plame's employment to Novak, without sounding any alarms over the revelation of classified information. The referral to Justice—leaked to the media—was the act of an agency more concerned with shifting the blame for faulty Iraq intelligence than with protecting a supposedly vulnerable agent.

With the matter in the Justice Department's lap, such critics as New York senator Charles Schumer demanded the appointment of a special prosecutor, claiming that then–attorney general John Ashcroft couldn't oversee the probe because he had a conflict of interest. Even though there was no evidence that the department's career prosecutors were unable to handle the case, Ashcroft and his top deputy, James Comey, quickly gave in to Schumer's demands. Comey appointed his friend in Chicago, Patrick Fitzgerald, as the special prosecutor, and gave him even more powers than the old independent counsels had.

None of this was a profile in courage on the administration's part, but the true insanity of the situation was withheld from the public until years later, when we learned that, long before the Justice Department had appointed Fitzgerald, it knew who had leaked to Novak. Early in the investigation, deputy secretary of state Richard Armitage informed investigators that he had told Novak about Mrs. Wilson (although he left out the fact that he had also leaked to the Washington Post's Bob Woodward). But like the savvy bureaucratic infighter that he is, Armitage kept quiet publicly, allowing the vice president's office to take the heat for something he had done.

So why did Fitzgerald go forward? Maybe someday he'll tell us, but we're not betting on it. Reasonable people can conclude that it was only Scooter Libby's imperfect memory—not willful deception—that gave rise to the charges of lying under oath and obstruction of justice. Among the supporting players—including CIA officials, Bob Novak, Woodward and Walter Pincus of the Washington Post, and Time's Matthew Cooper—no two participants in any conversation about Valerie Plame had the same recollection.

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Whatever his motivations, Fitzgerald adopted the discredited Wilson's script and focused his three-year investigation on Cheney, Libby, and Rove—and not, inexplicably, on others. Not on Armitage. Not on Ari Fleischer, either. The recent trial revealed that the former White House press secretary was granted immunity from prosecution, and that he admitted to telling two reporters about Plame's employment. Those reporters were never even questioned. Nor did any charges arise from Fleischer's faulty memory, even though a third reporter (Pincus) testified that Fleischer had told him too about Plame—something that Fleischer denied under oath.

There should have been no referral, no special counsel, no indictments, and no trial. The "CIA-leak case" has been a travesty. A good man has paid a very heavy price for the Left's fevers, the media's scandal-mongering, and President Bush's failure to unify his own administration. Justice demands that Bush issue a pardon and lower the curtain on an embarrassing drama that shouldn't have lasted beyond its opening act.

The Libby Travesty (WSJ)

The Wall Street Journal, March 7, 2007

The word "guilty" had barely crossed the airwaves yesterday in the perjury case of Scooter Libby before critics were calling it proof that President Bush "lied us into war" and demanding that Dick Cheney be strung up next. Maybe now Mr. Bush will realize that this case was always a political fight over Iraq and do the right thing by pardoning Mr. Libby.

The conviction is certainly a travesty of justice, though that is not the jury's fault. The 11 men and women were faced with confusing evidence of conflicting memories in a case that never should have been brought. In the end, they were persuaded more by prosecutor Patrick Fitzgerald's story line that Mr. Libby, a former aide to Mr. Cheney, had lied to a grand jury about what he knew when about the status of CIA official Valerie Plame, the wife of Bush critic Joseph Wilson.

In hindsight, the defense seems to have blundered by portraying Mr. Libby as the "fall guy" for others in the White House. That didn't do enough to rebut Mr. Fitzgerald's theory of the case, and so the jury seems to have decided that Mr. Libby must have been lying to protect something. The defense might have been better off taking on Mr. Fitzgerald for criminalizing political differences.

For that, in essence, is what this case is really all about. We learned long ago -- and Mr. Fitzgerald knew from the start of his probe in 2003 -- that Mr. Libby was not the source of the leak to columnist Robert Novak that started all this. Mr. Libby thus had no real motive to cover up this non-crime. What he did have strong cause to do was rebut the lies that Mr. Wilson was telling about the Administration and Mr. Cheney -- lies confirmed as lies by a bipartisan report of the Senate Intelligence Committee in 2004.

Mr. Libby did talk to some reporters about the Administration's case for war in 2003, and he did mention Ms. Plame in some cases. So the jury apparently decided that, when asked about those conversations by the FBI and grand jury, he had lied about his own sources of information about Joe Wilson and his wife. In other words, he has not been convicted of lying to anyone about the case for war in Iraq, or about Mr. Wilson or his wife.

Rather, he has been convicted of telling the truth about Mr. Wilson and Ms. Plame to some reporters but then not owning up to it. One tragic irony is that if Mr. Libby had only taken the Harold Ickes grand-jury strategy and said "I don't recall," he probably never would have been indicted. But our guess is that he tried to cooperate with the grand jury because he never really believed he had anything to hide. This may also explain why Mr. Libby never retained an experienced Beltway attorney until he was indicted.

None of this has stopped critics of the war from trying to blow this entire case into something far larger. Senate Majority Leader Harry Reid hailed the conviction as proof that the White House tried to "manipulate intelligence and discredit war critics." But the charges against Mr. Libby had nothing to do with intelligence, and Mr. Wilson was himself so discredited by summer 2004 that the John Kerry campaign dropped him as a spokesman once the Senate exposed his deceit.

What Mr. Reid and others are doing is showing how much all this really has been about a policy dispute over Iraq. The fact that they are now demanding Mr. Cheney's head is further evidence of the political nature of this entire episode. But it should also be a warning to Mr. Bush and his advisers that they too bear much responsibility for Mr. Libby's conviction.

Rather than confront Mr. Wilson's lies head on, they became defensive and allowed a trivial matter to become a threat to the Administration itself. They allowed Attorney General John Ashcroft to recuse himself and Mr. Fitzgerald to be appointed even though Justice officials knew that Deputy Secretary of State Richard Armitage had been the first official to leak Ms. Plame's name to reporters. Mr. Libby got caught in the eddy not because he was dishonest but because he was a rare official who actually had the temerity to defend the President's Iraq policy against Mr. Wilson's lies.

As for the media, most of our brethren were celebrating the conviction yesterday because it damaged the Bush Administration they loathe. But they too will pay a price for holding Mr. Fitzgerald's coat. The Bush Administration will soon be

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history, but the damage Mr. Fitzgerald has done to the ability to protect media sources and to the willingness of government officials to speak openly to reporters will last far longer.

Mr. Bush will no doubt be advised to wait for the outcome of an appeal and the end of his Administration to pardon Mr. Libby. We believe he bears some personal responsibility for this conviction, especially for not policing the disputes and insubordination in his Administration that made this travesty possible. The time for a pardon is now.

The Case For A Libby Pardon (WSJ)

By Ronald D. Rotunda

The Wall Street Journal, March 7, 2007

Yesterday, a Washington, D.C. jury found former White House aide I. Lewis "Scooter" Libby guilty on four out of five counts in his trial for perjury and obstruction of justice.

This case began when the White House decided to launch a criminal investigation of who told reporter Robert Novak that Valerie Plame worked for the CIA, where she once held non-official cover status. The Constitution gives the president (according to the Supreme Court in U.S. v. Nixon) the "exclusive authority and absolute discretion to decide whether to prosecute a case."

But there is another power that the Constitution also commits to the president's unreviewable discretion. That is the pardon power, and it is just as important an exercise of executive authority. While post-trial motions or inevitable appeals may eventually overturn the jury verdict, there is no need for the president to wait. In the unusual circumstances of this case, a presidential pardon is appropriate.

That's because, as most people know by now, special prosecutor Patrick Fitzgerald never charged anyone with violating the Intelligence Identities Protection Act of 1982 -- the job for which the Department of Justice appointed him -- after he quickly determined that there was no violation of that law. And it is all but certain that, knowing what he knows now, the president would never have even started the process.

After Robert Novak wrote that Valerie Plame worked for the CIA, CIA Director George Tenet requested that the Justice Department start a criminal probe into the leak of Ms. Plame's identity. The CIA insisted that it was vital to discover the source, although Robert Novak said at the time that the CIA "never indicated it would endanger her or anybody else" if he revealed her connection.

What's more, Ms. Plame and her husband reacted to their "outing" in an unusual way. They appeared to revel in the publicity. I have worked with undercover FBI agents and Department of Defense officials whose jobs are classified. They do not pose for photo spreads in Vanity Fair. Unlike Ms. Plame, they do not have pictures of themselves in pajamas published in Time magazine.

The final nail in this case should have come when, right about the time of Mr. Fitzgerald's appointment, former Deputy Secretary of State Richard L. Armitage told the FBI that he was the primary source who revealed Ms. Plame's identity. Mystery solved! The circumstances did not show any violation of the Intelligence Identities Protection Act, so there could be no indictment. But rather than going home, Mr. Fitzgerald asked Messrs. Armitage and Novak to keep that information quiet. He also asked for and received approval to expand his investigation and he kept going -- like the Energizer Bunny.

The whole court case was about memories, not about the importance of classified information, or whether the government properly classified information in the first place. That is because Mr. Fitzgerald never charged anyone with the leak itself.

When the press asked him if Mr. Libby had "outed" Ms. Plame, he said, "I am not speaking to whether or not Valerie Wilson was covert." The original "crime," we now know, did not occur. Mr. Fitzgerald never even introduced any testimony that Ms. Plame's employment was classified.

The trial featured a parade of different memories. What did people say? Should Mr. Libby have remembered a conversation the same way NBC's Tim Russert did? For the crucial conversation, Mr. Russert kept no notes, and was not even sure what time of day the conversation took place. An F.B.I. report said that Mr. Russert said that he could not rule out discussing Ms. Plame with Mr. Libby, but he had no recollection of that. On the stand, Mr. Russert testified that he did not believe he had said that.

He was not alone. Other reporters had confused notes, had lost their notes, or could not remember all that well. Former New York Times reporter Judith Miller, who suffered jail for nearly three months until she disclosed her sources and notes, admitted that she had a weak memory, and testified that she had heard of Valerie Plame's CIA connection from sources other than Mr. Libby.

But if testimony differs, the law allows the jury to look witnesses in the eye and believe one and not the other, even if there is no documentary evidence. That is why perjury is a powerful prosecution tool -- one that was abused here.

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Among the unhappy precedents if the Libby verdict stands: Executive branch officials will hide from the press, which is unfortunate because "leaks" can be an important check on all three branches of government. And even innocent officials will not be forthcoming when it comes to cooperation with future prosecutors. ("I don't recall . . .")

Perhaps the worst precedent would be normalizing the criminalization of policy differences. Many of those who loudly demanded Mr. Fitzgerald's appointment -- and who applauded yesterday's verdict -- offered no more compelling reason than that somebody should pay for the Bush administration's decision to go to war in Iraq.

The late Supreme Court Justice Robert Jackson, when he was attorney general, warned that if the "prosecutor is obliged to choose his case, it follows that he can choose his defendants. Therein is the most dangerous power of the prosecutor: that he will pick people that he thinks he should get, rather than the cases that need to be prosecuted."

One wonders if Mr. Libby must go to prison for years to protect the principle that the classified status of a former CIA employee is sacrosanct, even if that employee appears to covet publicity.

Mr. Rotunda, a professor at George Mason University School of Law, was assistant majority counsel to the Senate Watergate Committee.

GOP: Verdict About Libby; Democrats Say It's Bigger (USAT)

By Richard Willing

USA Today, March 7, 2007

WASHINGTON — Former vice presidential aide Lewis "Scooter" Libby became the highest-ranking Bush administration official to be convicted of a crime Tuesday when a jury found him guilty of perjury and obstruction.

The federal jury convicted Libby, 56, of four of five counts of lying to FBI agents and grand jurors during a probe into how the identity of a CIA officer, Valerie Plame, was leaked to reporters in 2003.

The conviction of Libby, Vice President Cheney's chief of staff until he resigned in 2005, could further burden a White House struggling with a 4-year-old war in Iraq and low poll ratings.

"Most Americans will see (the case) as something bigger, but when you get down to it, it was one case involving one guy," said Ed Gillespie, a former Republican Party chairman.

Democrats, including House Speaker Nancy Pelosi, said the verdict was about more than Libby. It showed the White House's "callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq," Pelosi said.

Libby faces up to 25 years in prison and a possible fine of $1 million. Federal sentencing guidelines permit a judge to sentence Libby to far less time. Sentencing is set for June 5.

Theodore Wells, Libby's chief defense attorney, said he will seek a new trial.

Special prosecutor Patrick Fitzgerald said he was pleased by the verdict. However, "it's sad that we had a situation where a high-level official … obstructed justice and lied under oath."

Libby was the only person charged after Fitzgerald's 22-month investigation.

AUDIO: Defense will seek new trial

The jury of seven women and four men reached their verdict after 10 days of deliberations. They heard 19 witnesses during 14 days of testimony. Libby's claims that he had forgotten many of his conversations about Plame and her CIA affiliation "were just hard to believe," juror Denis Collins said.

White House spokeswoman Dana Perino said President Bush "respected the jury's decision" but was "saddened" for Libby and his family.

Cheney, Libby's former boss, said he was disappointed by the verdict. "Scooter has served our nation tirelessly and with great distinction through many years of public service."

The saga that lead to Libby's conviction started with a July 14, 2003, column by Robert Novak. It named Plame as a "CIA operative" who helped send her husband, former ambassador Joseph Wilson, to the African nation of Niger to investigate claims Iraq had sought uranium there. Wilson had concluded the reports were likely baseless after a February 2002 trip to Niger.

On July 6, 2003, in a newspaper column and a television appearance, Wilson had accused the White House of misleading the nation about Iraq's nuclear program to justify the March 2003 U.S. invasion.

Dems To Bush: Don't Pardon Libby (HILL)

By Elana Schor

The Hill, March 7, 2007

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Democratic leaders yesterday called on President Bush to guarantee no pardon for Lewis "Scooter" Libby, hours after the former senior White House aide was convicted on four felony counts for lying to federal investigators who were looking into the leak of an undercover CIA officer's identity.

Vice President Dick Cheney, Libby's former boss, appeared before GOP senators at their weekly policy luncheon without addressing the jury's guilty verdict on four out of five counts of perjury, obstruction of justice and making false statements, according to several lawmakers present. Libby's legal team vowed to appeal, but Senate Majority Leader Harry Reid (D-Nev.) wasted no time in hailing the verdict and challenging the White House.

"It's about time someone in the Bush administration has been held accountable for the campaign to manipulate intelligence and discredit war critics," Reid said, adding that the trial "revealed deeper truths about Vice President Cheney's role in this sordid affair. Now President Bush must pledge not to pardon Libby for his criminal conduct."

The trial of Cheney's former chief of staff has provided much fuel for Democratic condemnation of the White House's conduct during the early days of the war in Iraq. The new congressional majority squared that circle yesterday, pushing Bush to hold Libby accountable by forgoing a pardon while depicting Libby as "the fall guy," in the words of one juror who spoke publicly after the verdict.

Senate Majority Whip Dick Durbin (D-Ill.) echoed Reid, urging Bush not to consider sparing Libby from the likely three-year prison sentence he faces.

"It sends a terrible message at a time when we are demanding accountability from the generals at Walter Reed … to suggest anyone in our government is above the law," Durbin said.

Democratic National Committee Chairman Howard Dean lent his voice to the chorus of demands for a presidential pledge not to pardon, citing Bush's 2003 vow to "take the appropriate action" against any White House employee found to be involved in the leak of an undercover agent's classified identity.

"While he failed to keep his promise to fire the leaker, he should pledge not to pardon Scooter Libby," Dean said in a statement.

Sen. Mary Landrieu (D-La.) also recalled Bush's 2003 comments, comparing the questions raised by the administration's revealing of undercover CIA officer Valerie Plame Wilson to the questions raised by the administration's response to Hurricane Katrina.

"It would be a serious mistake for the president" to pardon Libby, Landrieu said, "given the pattern of corruption and incompetence that have unfortunately become a hallmark of this administration."

Speaker Nancy Pelosi (D-Calif.) spoke on the verdict, agreeing with Reid on the need for a presidential pardon pledge. Pelosi remarked that testimony by former White House officials at the trial "unmistakably revealed … a callous disregard in handling sensitive national security information and a disposition to smear critics of the war in Iraq."

Sen. Charles Schumer (D-N.Y.), Democratic Caucus vice chairman, was the among the first lawmakers to ask for the appointment of a special prosecutor to investigate how the leak of Plame Wilson's name was tied to comments made by her husband, former ambassador Joseph Wilson IV, a critic of the Bush administration's original rationale for invading Iraq.

"The evidence in the trial made clear that there were many others involved in manipulating intelligence and leaking classified information to intimidate those who were telling the truth," Schumer said in a statement yesterday that made no mention of a pardon. "Yet those others remain unpunished, many staying in their current jobs — that is the real tragedy of this."

Though unnamed by Schumer, Cheney is the principal figure whose involvement in the internal pushback against Wilson was revealed by the seven-weeks-long trial. Cheney offered no public comment yesterday, and White House spokeswoman Dana Perino said the administration policy to withhold comment on ongoing investigations would continue in light of Libby's appeal.

Perino also told reporters that a pardon was "a hypothetical situation" that she had not addressed with the president, declining to rule it out.

When asked about a possible Libby pardon, most Republicans described the current speculation as premature. Sens. Arlen Specter (Pa.), Jeff Sessions (Ala.) and Sam Brownback (Kan.) were among those expressing such a sentiment.

Sen. John McCain (R-Ariz.) had no comment on the meaning or impact of the verdict.

Yet McCain questioned Reid and other Democrats seeking assurances of no amnesty for Libby: "Did any Republicans call on [former President] Clinton not to pardon the aptly named Mr. Rich?"

McCain referred to Marc Rich, a financier who fled to Switzerland in 1983 to escape U.S. imprisonment. Clinton pardoned Rich just before leaving office in 2001.

Sen. Barack Obama (D-Ill.), who shares the brighter spotlight of a presidential run with McCain, released his own statement on the verdict. "Leaks and innuendo in pursuit of a flawed policy lead to shameful episodes such as this. It should never happen again," Obama said.

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Sen. Chris Dodd (D-Conn.), another White House hopeful, called the verdict “appalling” in a statement.

Senate Republican Conference Chairman Jon Kyl (R-Ariz.) declined to offer a reaction to the verdict, noting that he considers Libby a friend. Kyl said Democratic demands for Bush to rule out a pardon were attempts to score political points off of Libby’s predicament.

“It speaks for itself,” Kyl said. “There’s a great Latin phrase: res ipsa loquitur.”

Pardoning Libby would be “a Nixonian-caliber mistake” by Bush, said Brent Budowsky, a former aide to the late Sen. Lloyd Bentsen (D-Texas), who was an original author of the law that prohibits disclosure of classified agents’ identities.

As the administration begins to assert a case for military action against Iran, Budowsky said, excusing the only official prosecuted in the Plame affair further would compromise the credibility of White House intelligence assertions. Of the political liability for Republicans, he added: “You’ve got 21 Republican senators up for reelection. Would any of them want to defend a pardon?”

Guess Libby's Pardon Date, Win A T-Shirt (WP)

By Al Kamen

The Washington Post, March 7, 2007

The verdict is in! Now it's time for the In the Loop Pardon Scooter Contest! Yes, simply pick the date that President Bush will pardon Vice President Cheney's former chief of staff, I. Lewis "Scooter" Libby, who, according to federal sentencing guidelines, is looking at 18 months to three years in the slammer.

U.S. District Judge Reggie B. Walton has set June 5 for sentencing. He has discretion to order Libby immediately to prison or let him stay out until his appeals are exhausted. So, assuming that Bush -- who could pardon immediately if he wanted -- won't allow Libby to spend time behind bars, he might need to act then.

If not, the next likely pardon time would be when the U.S. Appeals Court for the D.C. Circuit announces its decision on Libby's appeal. That can take many months. The court recently has been averaging about 15 months from appeal to decision. By that schedule, it could rule on Libby's appeal in September 2008, right before the election.

If Libby loses the appeal, Walton may decide then to order him to prison. This would make it decision time again for Bush. It's not a squeeze the White House wants to be in.

The best hope for the White House would be if Libby stays out pending appeal and the appeals court doesn't rule until after the election. Then a pardon might come along with the Thanksgiving turkey or around Christmas.

Send your entries -- one date only: month, day and year -- to: intheloop@washpost.com. Ten people closest to the pardon date will receive a coveted In the Loop T-shirt. You must include your name and telephone numbers to be eligible. Deadline is March 14, assuming Bush doesn't act before then.Affirmative Action? Moi?

Maybe it's not Tom Cruise jumping the couch, but Justice Clarence Thomas, in a most unusual interview in the current Business Week, angrily denounces "the media" and the idea that he benefited from what some might call "affirmative action."

The magazine's senior writer, Diane Brady, had barely said "hello" in the justice's chambers in January when Thomas launched into a tirade. "One of the reasons I don't do media interviews is, in the past, the media often has its own script. . . . The media, unfortunately, have been universally untrustworthy" -- no exceptions, it seems -- "because they have their own notions of what I should think or I should do."

Brady, after much effort, got the rare interview because she was writing an article about Thomas's beloved college mentor, the Rev. John E. Brooks, the former president of Holy Cross College, who set out in 1968 to recruit African Americans to the Massachusetts school. Brooks had asked Thomas to see her.

Thomas, despite his view of reporters, talked on and on, unburdening at length about his life, his days at Holy Cross and at Yale Law School and his current job. (See a redacted transcript at http://www.businessweek.com/print/magazine/content/07_11/b4025080.htm?chan=g1)

Brooks, then a dean at the college, went to inner-city Catholic schools, offering scholarships and even driving some kids from Philadelphia to the Worcester campus to have a look. He saw the number of blacks go up from about two per class of 650 a couple years earlier, to 28 entering in 1968.

The extraordinary group, in addition to Thomas, included Ted Wells, I. Lewis "Scooter" Libby's attorney who was named 2006 Lawyer of the Year by the National Law Journal; former New York City deputy mayor and investment banker Stanley E. Grayson; and Eddie J. Jenkins, a former pro football player and now chair of the Massachusetts Alcoholic Beverages Control Commission.

So this recruitment drive, which in no way amounted to affirmative action but miraculously boosted black enrollment, maybe helped Thomas? Brady asked.

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"Oh, no," he said. "I was going to go home to Savannah," after he left a Missouri seminary, "when a nun suggested Holy Cross. That's how I wound up there. Your industry has suggested that we were all recruited. That's a lie. Really, it's a lie. I don't mean a mistake. It's a lie," Thomas said.

Had to be intentional. After all, no reporter would have thought everyone had been recruited when only 27 of 28 were. "I was never recruited," Thomas said. "The others were recruited." Thomas said he got there by "total serendipity. I just showed up. But somebody had to recognize it was a good place to be, and it was a Franciscan nun."

Others in Thomas's group don't seem as bothered by the notion that Holy Cross finally reached out to minority students. Noting his unimpressive SAT scores and unexciting high school grades, Edward P. Jones told BusinessWeek: "Five years earlier, Holy Cross would not have chosen me." Jones, of course, is the Washington native and Pulitzer Prize-winning author of the bestseller: "The Known World."

Thomas said he is working on his memoirs -- he got a $1.5 million advance from HarperCollins a while back, but it doesn't appear he'll be finishing any time soon.

Loop Fans will be able to read "Supreme Discomfort: The Divided Soul of Clarence Thomas," by our colleagues Kevin Merida and Michael A. Fletcher, coming out April 24. Former Baltimore mayor and now Howard University law school Dean Kurt Schmoke says the book "is not a collection of preconceived notions in search of supporting facts."

Thomas, who now sits atop the legal world, also complained of "the exhaustion."

What sort of exhaustion? Brady asked.

"Everything," Thomas said. "Mental. Physical. Spiritual. Just constant change. You just want to slow down. You see people take a walk and you want to, too."

Imagine how he'd feel if he'd been on the court in the 1980s, when they had twice as many opinions to write and arguments to hear as they do now. Then there are those exhausting summers off.Moving On . . .

James Glassman, television pundit, American Enterprise Institute scholar, former editor of Roll Call, former Washington Post columnist and author of books including our favorite -- "Dow 36,000: The New Strategy for Profiting From the Coming Rise in the Stock Market" -- is said to be getting the job of chairman of the Broadcasting Board of Governors, a part-time -- but time-consuming -- gig overseeing the Voice of America, Radio Free Europe, Radio Free Asia, the Middle East Broadcasting Networks and the Cuba broadcasting operation.Exiting the FEC?

Word spread yesterday that Federal Election Commission member Michael Toner will announce his departure today to start an election law practice in town. Toner came to the FEC in 2002 after a stint as chief counsel to the Republican National Committee and as general counsel to the Bush 2000 campaign.

Jurors Wonder Why Others Weren't Also On Trial (USAT)

By Richard Willing

USA Today, March 7, 2007

WASHINGTON — A question occupied the jurors in the trial of Lewis "Scooter" Libby as they sat through 14 days of testimony and deliberated for 10 more days: Why is Libby the only person on trial?

"There was a tremendous amount of sympathy for Mr. Libby on the jury. It was said a number of times: 'What are we doing with this guy here? Where's (White House adviser Karl) Rove? Where are these other guys?' " juror Denis Collins said Tuesday.

"I'm not saying we didn't think Mr. Libby was guilty of the things we found him guilty of. It seemed like he was, as (Libby attorney Theodore) Wells put it, he was the fall guy."

In the end, however, only Libby was charged by special prosecutor Patrick Fitzgerald after an investigation to find out who leaked the identity of a covert CIA officer to reporters in the spring and summer of 2003.

Libby's conviction on charges of "perjury and obstruction of justice is like convicting (mobster) Al Capone of tax evasion," said former State Department official Joseph Wilson. "It doesn't mean no other crimes occurred."

By the time jurors started deliberating Feb. 21, they and others knew that Libby was far from alone in discussing the undercover CIA role of Wilson's wife, Valerie Plame.

There was former White House spokesman Ari Fleischer, who told reporters that Plame worked for the agency. So did Rove, President Bush's top political adviser. And so did Deputy Secretary of State Richard Armitage.

All were part of Bush administration efforts to defend the White House against Wilson's criticisms. Starting in May 2003 and culminating two months later, Wilson claimed the administration trumped up reports that Iraq had sought uranium from the African nation of Niger.

Wilson was sent by the CIA to Niger in February 2002 to investigate the reports. He concluded that they were likely baseless.

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Cheney, jurors were told throughout the trial, was angered by Wilson's claims that Cheney himself had dispatched Wilson and then disregarded his report. Wilson claimed Libby and others disclosed his wife's CIA job as a way of discrediting Wilson.

Deliberately divulging the identity of an undercover CIA officer can be a federal crime. The Justice Department started investigating in fall 2003. Fitzgerald was appointed as a special prosecutor that December because Libby and other top officials were targets.

After 22 months of investigating, Fitzgerald couldn't determine whether anyone had leaked Plame's identity on purpose. What he did find, however, he couldn't ignore, he said Tuesday. He had evidence that Libby, the vice president's top aide and troubleshooter, had lied to investigators. Fitzgerald said he had to bring that case.

Collins said jurors knew of the case's larger stakes, but they focused only on the specific charges.

"This wasn't about the war," said Collins, a former Washington Post reporter. "I don't think anybody really knew what (Libby) did in this administration. He was sort of under everybody's radar."

Instead, Collins said, the jurors had to determine the case's specifics. Did Libby intentionally mislead FBI investigators and a grand jury?

They believed he did.

They didn't believe Libby's claim of faulty memory. In the jury lounge on the federal courthouse's sixth floor, they posted photos of witnesses and 34 pages of summarized testimony that led them to conclude that Libby discussed Plame's identity often during the time he said he had forgotten it, Collins said.

Because so many of the jurors believed Libby was the fall guy, Collins said, he would have "no problem" if Bush decided to pardon Libby.

Bush's Democratic opponents didn't see it that way Tuesday. Senate Majority Leader Harry Reid, D-Nev., said the president "must pledge not to pardon Libby for his criminal conduct."

In a statement released within minutes of the verdict, Reid said, "It's about time someone in the Bush administration has been held accountable for the campaign to manipulate intelligence and discredit war critics." The trial "revealed deeper truths about Vice President Cheney's role in this sordid affair."

Libby 'Pilloried' For Leak, Panel Members Believed (WP)

By Amy Goldstein And Elizabeth Williamson

The Washington Post, March 7, 2007

The jurors who huddled around two pushed-together conference tables for 10 days, meticulously filling 34 pages of facts from the trial on a large flip chart, believed that Vice President Cheney's former chief of staff had been "pilloried" for a CIA leak that other top White House aides had committed along with him, according to one member of the panel.

Still, the juror said yesterday, the jury concluded that I. Lewis "Scooter" Libby had lied to FBI agents and a federal grand jury that investigated the leak. Sifting through mounds of evidence convinced the panel that Libby's memory of conversations with colleagues and journalists was not as faulty as the defense contended.

"We're not saying that we didn't think Mr. Libby was guilty of the things we found him guilty of," said the juror, Denis Collins. "But it seemed like he was . . . the fall guy."

Collins, an author and ex-Washington Post reporter, was the only one of the seven women and four men on the jury to provide an inside glimpse into the method and thought process that the panel used to find Cheney's former top aide guilty of four felony counts.

Libby's conviction on two counts of perjury, one count of making false statements and one count of obstructing justice stemmed from what he told investigators about his role in disclosing the identity of undercover CIA officer Valerie Plame. Her husband, Joseph C. Wilson IV, a retired ambassador, was sent by the CIA to Africa to assess reports that Iraq had sought to buy nuclear material there.

In the spring and early summer of 2003, Wilson infuriated Cheney and other White House officials by accusing President Bush of twisting his findings to justify the Iraq war. The prosecution contended Libby told reporters that Plame worked at the agency to insinuate that her husband was chosen for the CIA mission because of nepotism.

Collins's detailed description of the jury's deliberations, in public comments and interviews yesterday, suggests that Libby's attorneys made headway with one of the themes they emphasized throughout the case: that the defendant, as lead defense attorney Theodore V. Wells Jr. described it, was made a scapegoat by the White House to protect other presidential aides who were complicit in disclosing Plame's identity to reporters.

During the jury's days of methodical deliberations, "it was said a number of times, 'What are we doing with this guy here?' " Collins told reporters on the steps outside the federal courthouse. "Where's Rove, where's -- you know, where are these other

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guys?" Collins said, referring to Karl Rove, Bush's top political adviser, and Richard L. Armitage, a former deputy chief of staff who testimony showed had been the first person to leak Plame's name.

Moreover, Collins said, jurors believed that Libby had been carrying out a directive by his immediate boss, Cheney, to "go out and talk to reporters" to tarnish Wilson's reputation. But Collins said jurors stopped short of discussing whether the vice president specifically urged Libby to tell journalists about Plame's CIA job.

Nevertheless, the jury, by Collins's telling, was more strongly persuaded by the prosecution's central contention: It was implausible that Libby could have forgotten his role in finding out and telling reporters about Plame when he met with federal investigators. In particular, Collins said, jurors were struck by the juxtaposition of testimony from former White House press secretary Ari Fleischer and eight hours of audiotapes they heard of Libby's grand jury testimony.

A prosecution witness, Fleischer testified that Libby had told him "hush hush" about Plame over lunch on July 8, 2003 -- a Tuesday. In his grand jury testimony from March 2004, Libby said that Tim Russert, Washington bureau chief of NBC News, told him about Plame during a conversation two or three days later, and that Libby had the impression he was learning about her for the first time. "It was just very hard not to believe how he could remember it on a Tuesday and then forget it on a Thursday," Collins said.

He said jurors thought it was especially implausible that Libby forgot when and how he learned about Plame, given that he repeated that information to other people. "If I tell it to someone else, it's even more unlikely that I would forget it," Collins said.

The 11 jurors who convicted Libby on all but one count were, in several respects, atypical of the District's population. In a city that is heavily Democratic and where attention to politics runs high, the jurors were a largely apolitical group. Under careful questioning during jury selection, Libby's attorneys weeded out members of the large initial jury panel who said they held strong negative views of the Bush administration -- and even ones who said they followed news and politics closely.

In a city that is majority African American, all but two members of the jury -- both women -- were white. In addition, the jury was highly educated, including three members with PhDs.

The jury began its deliberations Feb. 21 with 12 members. But a woman in her 70s who holds a doctorate in art history was dismissed by U.S. District Judge Reggie B. Walton last week after telling fellow jurors that she had been exposed to outside information about Libby -- a violation of the judge's instructions.

The jury chose as its forewoman an accountant who works at the law firm Hogan & Hartson.

According to Collins, the tenor of deliberations was cool. Sitting in armchairs around the conference tables, with an adjacent office for phone calls to home and work, he said: "We were in a cocoon." To begin, the jury members used the large Post-it pages they had procured from the court to detail each witness's testimony, motivation to tell the truth, believability and state of mind.

"We took about a week just to get all these little building blocks there . . . We reached no decision quickly."

"In the end," Collins said, "what we came up with was that Mr. Libby either was told by or told to people about Mrs. Wilson at least nine times."

After reaching the verdict on the last charge at 11:15 yesterday morning, Collins said the jurors displayed little emotion. But after they filed out of the courtroom slightly more than an hour later, their verdict rendered, several wept as they walked through a corridor toward Walton's chambers for a final meeting with the judge.

Collins said he interpreted the tears as the release of pent-up tension from the long, celebrated trial. "It was not," he said, because jurors were thinking, " 'Oh, we're sorry to see Libby convicted.' "

Members Of A Sympathetic Jury Describe An Emotional But Inevitable Conclusion (NYT)

By Eric Lipton

The New York Times, March 7, 2007

WASHINGTON, March 6 — One juror, Rosemary Russo, a government lawyer, described it as an “emotional” decision that left some jurors in tears.

“I don’t think it was an easy decision for any of us,” Ms. Russo said. “I think anyone who was in the room when the decision was made saw that the jury was teared up.”

But another juror, Denis Collins, a former Washington Post reporter, said that after 10 days of meticulous examination of the evidence, the verdict was inevitable.

“There was no big hammer that came down,” Mr. Collins said. “It was just the arithmetic of it became obvious.”

As the days passed, the brown-paneled walls of the deliberation room where I. Lewis Libby Jr.’s fate would be decided filled up with photographs of the witnesses and 34 large Post-it notes summarizing every critical piece of their testimony.

Those pieces of evidence became the building blocks leading to the jury’s conclusion: that Mr. Libby was guilty of perjury and obstruction of justice.

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The two jurors who talked after the verdict described how they came almost reluctantly to the decision, with Mr. Collins saying Mr. Libby had been "the fall guy" for the administration.

But they said it was just too much of a leap for them to think that Mr. Libby's contradictory accounts were the result of a bad memory.

"There was no wiggle room about it, unless you think all these people who work for the administration were lying," said Mr. Collins, who emerged as a de facto spokesman for the 11-member jury and later discussed the verdict in a phone interview.

From early on, he said, he considered Mr. Libby a decent person, worthy of their sympathy. And he wondered why other senior Bush administration officials were not facing trial in the disclosure of a C.I.A. operative's identity.

"Where is Rove? Where are these other guys?" Mr. Collins said, referring to President Bush's senior adviser, Karl Rove. "I wish we weren't judging Libby."

The jury that convicted Mr. Libby was a well-educated group, including an investment banker with a doctorate in economics from the Massachusetts Institute of Technology and the financial manager of a Washington law firm, and their detailed-oriented, collaborative journey through the evidence reflected that.

Inside the deliberation room, two long tables were pushed together and the blinds closed to block the sun, with the jurors only occasionally peeking outside to dream about running out and picking up a hot dog from a cart in the nearby plaza.

The jury agreed not to try to take initial votes of their disposition toward convicting Mr. Libby. Instead, they undertook a laborious review of all the testimony, even grading the witnesses and marking down reasons whether or not to believe what each one said.

"Motivation to tell the truth? Motivation to lie?" Mr. Collins said, recalling the list of questions they went through for each witness. "Believability? State of mind?"

Ari Fleischer, the former press secretary for President Bush, was deemed "credible," Mr. Collins said, given how "brutally honest" he was, since he testified that reporters would not listen to him when he tried to pitch an article that might support the administration's views.

"Why would he make himself look bad on purpose?" Mr. Collins said of Mr. Fleischer's testimony.

One particularly important focus, Mr. Collins said, was testimony about a conversation Mr. Libby had with Tim Russert, the Washington bureau chief of NBC News. Mr. Libby had said Mr. Russert told him about Valerie Wilson's job with the Central Intelligence Agency around July 10 or July 11, 2003.

Although Mr. Libby acknowledged that he had heard earlier about Ms. Wilson from his boss, Vice President Dick Cheney, he said he had forgotten about it until the July exchange with Mr. Russert, when "it was like hearing it for the first time."

The jury considered carefully the testimony that Mr. Libby's memory was faulty, Mr. Collins said, especially the suggestion from his aide, John Hannah, that he often could not recall, in a single day, who had told him what.

But the nine separate conversations involving eight people who claimed that Mr. Libby had talked about or participated in an exchange about Ms. Wilson with them — at least some before the conversation with Mr. Russert — were just too convincing, Mr. Collins said.

"One of the jurors said, 'If I am told something once, I am likely to forget it,' " Mr. Collins recalled. " 'But if I am told it many times, it is much less likely I will forget it. And if I tell it to someone else, that is even more unlikely.' "

The deliberations progressed with almost no political undertones, Mr. Collins said. In fact, he said, he did not know the party affiliation of any of the other jurors until after they reached their verdict, when three jurors volunteered that they were registered as independents.

There also was no discussion about the subtext of the trial — the decision to go to war against Iraq.

"This was not a question about who can we punish for going to Iraq," said Mr. Collins, 57, a registered Democrat. "We just never allowed ourselves to go there, and I am not going to go there now."

Even though Mr. Libby never testified at the trial, the jury had access to eight hours of his grand jury testimony, which earned him a fair amount of sympathy as they listened to him politely answer questions.

"We are not saying that we did not think that Mr. Libby was not guilty of these things," Mr. Collins said. But he then added, "He was the fall guy. He made bad judgments."

The two main lawyers in the case, Patrick J. Fitzgerald, the prosecutor, and Theodore V. Wells Jr., for the defense, had radically different styles, but both were effective in their own ways, Mr. Collins said.

"They were each just working with what they were given," he said, "and the way it came out we just thought that Fitzgerald was given a lot more, he had a lot more to work with."

Prosecution By Logic Defeats A Defense In Shades Of Gray (NYT)

By Scott Shane

The New York Times, March 7, 2007

WASHINGTON, March 6 — The trial of I. Lewis Libby Jr. played out as a left-brain, right-brain contest, posing the prosecution's just-the-facts appeal to logic against the defense's far more emotional argument about human frailty.

In the end, after a painstaking, 10-day dissection of the evidence, the 11 jurors found the case presented by the prosecutor Patrick J. Fitzgerald inescapable: The well-documented misstatements of Mr. Libby were not those of an innocently forgetful man but of a calculating serial perjurer.

"It got to the point," said Denis Collins, one of the jurors, where "opinion had very little to do with it. You just came to this conclusion that, 'Wow, O.K., here it is right before us.' "

The charges against Mr. Libby, Vice President Dick Cheney's former top aide and alter ego, have unfolded over the last two years as an overwrought Washington opera, rich with White House intrigue, insider journalism and the polarized politics of the Iraq war. But Mr. Fitzgerald successfully persuaded the jury to sweep all that aside and focus narrowly on what he repeatedly called Mr. Libby's lies.

Legal experts said the prosecution team's methodical, unemotional approach had proved especially effective with the unusually well-educated jury.

"This verdict is a remarkable endorsement of the no-nonsense case the independent counsel presented," said Lanny A. Breuer, a veteran Washington trial lawyer who represented President Bill Clinton during impeachment proceedings.

A jury that deliberates for more than a week often finds itself in a "quagmire," Mr. Breuer said. But that did not happen this time, as the prosecution's repeated emphasis on the nine conversations that Mr. Libby claimed not to recall proved an effective guide for the jurors.

"The government's case was very simple, very matter-of-fact," said E. Lawrence Barcella Jr., a Washington defense lawyer and former prosecutor. "The government argued, 'How could anyone forget all this?' They presented witness after witness, boom, boom, boom, boom."

If the trial never quite rivaled such Washington legal landmarks as the Watergate and Iran-contra cases, it was because in the end neither Mr. Libby nor Mr. Cheney took the stand.

The decision by the defense team, led by Theodore V. Wells Jr., not to call Mr. Libby as a witness may be debated in legal circles for years. The jury heard the defendant's own explanation for his memory problems only on the tape of his 2004 grand jury testimony, where he stressed his huge workload and declared, "I can't possibly recall all the stuff that I think is important, let alone other stuff that I don't think is as important."

But Stanley M. Brand, a defense lawyer in Washington for 25 years, said he would not second-guess the decision not to have Mr. Libby testify. "I think his lawyers believed that whatever thin reed of reasonable doubt they'd created could be dashed on cross-examination if he took the stand," Mr. Brand said.

The prosecution and the defense could hardly have offered a sharper contrast in style. For Mr. Fitzgerald, the evidence was a yes-or-no affair: Mr. Libby lied under oath about his knowledge of Valerie Wilson, an undercover C.I.A. officer whose husband, Joseph C. Wilson IV, had accused the Bush administration of distorting prewar intelligence. Mr. Libby lied, Mr. Fitzgerald said, to avoid any hint that he had broken the law by revealing her secret employment as a spy to reporters while rebutting Mr. Wilson's criticism.

"He had a motive to lie, and the motive to lie matched up exactly with the lie," Mr. Fitzgerald told the jury. "That's where your common sense kicks in."

Mr. Fitzgerald kept his questioning of each witness brief and focused, zeroing in on one or two main points that he wished to highlight for the jury. His Joe Friday manner itself carried a message — that the evidence of Mr. Libby's guilt was strong enough not to need embellishment or protracted explanation.

"Fitzgerald brought a very stripped-down case," said Mr. Brand, the defense lawyer. "He stuck very tightly to his script."

Reviewing the testimony of Tim Russert, the host of "Meet the Press" on NBC and the most important prosecution witness, Mr. Fitzgerald told the jury, "Don't let arguments, don't let distractions take away from your judgment of the witness you saw."

In his summation, Mr. Fitzgerald's associate Peter Zeidenberg repeatedly boiled the case down to mathematics: "Let's add it up. Nine conversations about Wilson's wife with eight different people. Mr. Libby claims to remember none of them."

In place of the black-and-white clarity of the prosecution's presentation, Mr. Wells painted in lavish shades of gray. He stressed nuance and uncertainty, pursuing seeming tangents with inexhaustible curiosity until Judge Reggie B. Walton decided to cut him off.

The defense surprised many, including the judge, by failing to put Mr. Libby on the stand to attest to his own memory lapses. But Mr. Wells, together with his colleague William H. Jeffress Jr., had some success in turning the prosecution's witnesses to their own use, as even a senior C.I.A. officer and a veteran F.B.I. agent admitted to striking lapses of memory.

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The defense team tried to bolster the faulty-memory issue with its most important witness, John Hannah, Mr. Libby's former deputy. Describing at length the crucial issues of war and terrorism that consumed Mr. Libby's schedule, Mr. Hannah said his boss had an "awful" memory for who told him what — though Mr. Hannah later conceded that Mr. Libby had an excellent recall for ideas.

Mr. Wells, in his closing argument, made a theatrical appeal to emotion. Mr. Libby "is a good person," Mr. Wells said with a choking sob. "He has been under my protection for the last month. I give him to you."

Courtroom observers questioned whether Mr. Wells might have overshot the mark in that plea to a jury that even during the trial appeared to be quite analytical. Through long and sometimes tedious testimony, the jurors proved attentive, taking notes and passing insightful questions to the judge.

As much as the spectators, the jury seemed to appreciate the extraordinary window the trial opened on the hidden world where high-level officials interact with reporters, bringing scrutiny that neither group welcomed.

"From the standpoint of how Washington works and the relations between journalists and sources," said Mr. Barcella, who has practiced law in Washington for more than 30 years, "it's been incredibly revealing and incredibly uncomfortable for a lot of people."

Trial's Lesson: Just Take The Fifth (WSJ)

By Jess Bravin And Ashby Jones

The Wall Street Journal, March 7, 2007

WASHINGTON -- With yesterday's conviction, Lewis "Scooter" Libby joins a line of individuals stretching from Alger Hiss to Martha Stewart whose mistake wasn't committing an underlying crime, but lying to investigators.

In pursuing such well-known figures, prosecutors hope to send a message to the meek and mighty alike: Don't lie.

But some lawyers predict Mr. Libby's conviction may send another message: Say nothing at all, invoke the Fifth Amendment privilege against self-incrimination. Ari Fleischer, for instance, the former White House press secretary, took the Fifth and then testified for the prosecution in the Libby case in exchange for immunity.

"Unless your client is in a situation where not testifying will cause them to lose their livelihood, and unless you're certain of what the facts are," there's no reason people under suspicion should talk with authorities, says Marvin Pickholz, a former Securities and Exchange Commission enforcement chief, now at Akerman Senterfitt in New York. "Your best hope is to say nothing," he says.

Prosecutors see high-profile perjury convictions as a significant deterrent, says Alejandro Mayorkas, the former U.S. attorney in Los Angeles. "When you prosecute high-profile individuals like Scooter Libby for false statements, that resonates in the community of potential future witnesses in the sophisticated white-collar arena," making them more likely to heed an attorney's advice to be entirely truthful, says Mr. Mayorkas, now with O'Melveny & Myers. "A lawyer has to be extremely careful to ensure the accuracy of his client's statements before" bringing him to the government or grand jury, he adds.

Still, many under investigation consider it unpalatable to admit wrongdoing or to invite suspicion by pleading the Fifth -- and end up testifying.

David Seide, a former assistant U.S. attorney who has both prosecuted and defended people accused of perjury, says most statements that trip the perjury trap aren't made with calculation, but on the fly. Witnesses who lie often fail to consider potential long-term consequences of trying to put investigators off the scent. Witnesses aren't thinking about how their words will sound two years later, says Mr. Seide, now with WilmerHale in Washington. "You are looking at what you do in real time. What kind of statement do you make? Are you going to confess or not?"

Mr. Seide represented former Bronx, N.Y., borough President Stanley Simon, who was summoned before a grand jury in a 1980s corruption scandal surrounding defense contractor Wedtech Corp. Faced with the choice of testifying or "taking five" -- as attorneys call invoking the Fifth Amendment privilege against self-incrimination -- and seeing that fact become public, Mr. Simon decided to testify. That led to a perjury conviction and a five-year sentence.

Prosecutors have favored perjury charges for philosophical and practical reasons. Many prosecutors find noncooperation or, even worse, outright deception, deeply offensive.

As special prosecutor Patrick Fitzgerald, who is also U.S. attorney for the Northern District of Illinois, said yesterday: "Any prosecutor would tell you -- in my days in New York, in my current days in Chicago -- that we cannot tolerate perjury. ... If people don't come forward and tell the truth, we have no hope of making the judicial system work."

Prosecutors tend to use the threat of a perjury charge to persuade a witness to cooperate with the government against a bigger target. For that reason, the prosecution of a well-known figure such as Mr. Libby stands out; few bigger targets, other than the vice president or president, remain.

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Perjury charges are also attractive to prosecutors because it can be easier to nail a suspect for lying than for an underlying crime, as seen in the case of Alger Hiss. An influential aide in President Franklin D. Roosevelt's administration, Mr. Hiss advised FDR at the 1945 Yalta Conference and presided over the San Francisco Conference that created the United Nations.

In 1948, journalist and former Communist Party member Whittaker Chambers accused Mr. Hiss of belonging to a secret Communist "apparatus" functioning within the U.S. government. Mr. Hiss never was charged with espionage (for which the statute of limitations had passed) or treason, but with perjury after testifying that he hadn't spoken with Mr. Chambers in more than a decade or given him documents. A hung jury failed to convict Mr. Hiss. On retrial, he was found guilty and spent more than three years in prison.

More recently, authorities never developed enough evidence to charge Martha Stewart, founder of Martha Stewart Living Omnimedia Inc., with insider trading after she ordered a questionably timed sale of ImClone Systems Inc. stock. She was convicted instead in 2004 for lying to investigators about the sale's circumstances, bringing her five months in prison.

Such a relatively light penalty shows that while it may be easier to convict a defendant for lying to authorities than for the underlying allegations themselves, perjury isn't taken as seriously as the substantive crime.

And for politically prominent perjurers, redemption by their patrons is always a possibility. After losing his bid for re-election in 1992, President George H.W. Bush pardoned six former Reagan-Bush administration officials facing obstruction or related charges in the Iran-Contra scandal, including Elliott Abrams, who pleaded guilty to withholding information from Congress.

The current President Bush hired Mr. Abrams to serve as deputy national security adviser.

Legal Observers Puzzled By 'Scooter' Libby's Version Of Events (LAT)

By David G. Savage

The Los Angeles Times, March 7, 2007

WASHINGTON — Most legal experts were not surprised Tuesday when jurors convicted I. Lewis "Scooter" Libby on four of five counts of lying to federal investigators.

What puzzled some of the experts were the statements Libby made to investigators about when and how he learned that Valerie Plame was a CIA agent. Libby said NBC reporter Tim Russert told him during a July 2003 phone conversation. At trial, Libby's claim was contradicted by nine witnesses, including government officials, who said he had talked to them about Plame weeks earlier.

"I do not understand why he did that, or what advice of counsel he had. It is a real question in this case. And it defies explanation," said Washington attorney Robert S. Bennett.

From the outset, as legal experts saw it, the case against Libby was simple and straightforward — and hard to defend against.

The problem with Libby's statements to investigators was that he had held meetings and telephone conversations with other reporters, as well as with various government officials, to talk about Plame and her husband, former envoy and Iraq war critic Joseph C. Wilson IV, during the previous month. Two CIA officials, a former State Department official, two former White House spokespersons and several journalists who testified reluctantly about their confidential conversations with Libby told the jury they heard Libby talking about Plame well before he spoke to Russert.

Libby's defense argued that he had simply forgotten about those earlier conversations and had not meant to lie to the FBI.

But Wilson and Plame were not minor figures to White House insiders, nor were they easy to forget. Vice President Dick Cheney and others were furious at Wilson for saying President Bush had falsely claimed in his State of the Union message that Iraqi leader Saddam Hussein had tried to buy uranium in Niger. Wilson based his accusation — which undercut Bush's claim that Iraq was seeking nuclear weapons — on a fact-finding trip he had made to Africa, a trip sponsored by the CIA and arranged in part by his wife.

Moreover, with their client facing charges of deliberately lying to investigators who were probing the leaking of Plame's identity, Libby's lawyers claimed that Cheney's former chief of staff had a faulty memory. At the same time, they said he remembered well that it was Russert who first told him that Wilson's wife worked for the CIA.

Jurors were not persuaded.

"If someone knowingly tells a lie under oath, it is every prosecutor's duty to bring charges," Special Prosecutor Patrick J. Fitzgerald said after the verdict. "We knew Mr. Libby had told a story, and we could not walk away from that."

Why did Libby tell an implausible story to FBI agents and later to the grand jury? veteran defense lawyers wondered Tuesday.

He may have felt trapped. In July 2003, when the issue of the Plame leak boiled up, Bush said firmly that he wanted to know whether anyone in the White House had leaked classified information. Plame's identity as an undercover agent was classified and secret, Fitzgerald said again Tuesday.

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That October, an FBI agent interviewed Libby. At that time, the investigation was an internal matter within the Bush administration. But under pressure from Congress, Atty. Gen. John Ashcroft stepped aside and had his deputy appoint a special prosecutor. He chose Fitzgerald, a U.S. attorney from Chicago with a reputation for doggedness.

By March 2004, when Libby was called before the grand jury, Fitzgerald had witnesses within the White House who could contradict the chief of staff's account.

Since the Watergate scandal of the 1970s, one of Washington's favored cliches has been that it's not the crime but the cover-up that gets officials into trouble.

"This is emblematic of these cases," said Stanley Brand, a longtime defense lawyer. "Smart people go before an investigator and they don't have their facts straight. Maybe he [Libby] believed he could get away with it because the reporters would not talk."

Prosecutor Fitzgerald surprised some in Washington by insisting that journalists who had spoken to Libby would have to talk to him and the grand jury.

Then-New York Times reporter Judith Miller went to jail to protect the confidentiality of her conversations with Libby, and she eventually relented and testified against him.

George Washington University law professor Stephen Saltzburg wondered whether the culture of Washington and the Bush White House might have led to Libby's downfall.

"This administration seems to have had a very difficult time being candid with the American people. Maybe if you get into the habit of saying what you wish things to be — like Iraq's weapons of mass destruction are a 'slam dunk,' or 'We're making good progress in Iraq' — you have a hard time speaking candidly. They may spin the press and the public. Maybe he tried to spin the FBI too," said Saltzburg, a prosecutor during the Iran-Contra probe of the 1980s.

Libby was himself a prominent lawyer, a graduate of Yale University and Columbia Law School. In the 1990s, he represented fugitive financier Marc Rich and helped win for him a pardon from President Clinton.

Now his hopes rest with a successful appeal in the federal courts in Washington or with a pardon from President Bush. There, he has some precedents on his side.

After the Iran-Contra scandal in the Reagan administration, two White House officials — National Security Advisor John Poindexter and his aide Oliver North — were found guilty on several criminal charges. But the U.S. appeals court here overturned their convictions.

And just before leaving office, President George H.W. Bush handed down pardons for several others, including President Reagan's Defense Secretary Caspar Weinberger.

Juror Describes Deliberations That Led To Libby Conviction (LAW)

By Emma Schwartz, Legal Times

Legal Times, March 7, 2007

After nearly 10 days of deliberations, a federal jury Tuesday convicted I. Lewis "Scooter" Libby of four counts of obstruction of justice, perjury and making false statements.

The jury of 11 men and women found the former Bush administration official guilty of obstructing a federal investigation, lying to a grand jury about his July 2003 conversations with NBC's Tim Russert and former Time magazine reporter Matthew Cooper and lying to the FBI about his conversation with Russert. They acquitted him on one other charge of false statements in connection with what he told the FBI about his conversation with Cooper.

Sentencing is scheduled for June 5. While Libby, 56, faces 25 years in prison, it's more likely he will receive something close to what former White House official David Safavian received after being convicted on four counts of obstruction of justice and making false statements. Safavian received an 18-month sentence.

The Libby verdict was a blow to the Bush administration, which had tried to distance itself of wrongdoing from the start of the federal investigation. Indeed, a juror who spoke to the media after the verdict was delivered said the panel came to believe that Libby was a "fall guy" working at the behest of Vice President Dick Cheney. "The jurors said: 'What are we doing with Libby? Where's [Karl] Rove?'" said the juror, Denis Collins.

At 11:15 Tuesday morning, the jury sent Judge Reggie Walton a note informing him that it had come to a decision. Court was convened 45 minutes later.

In a packed courtroom, the foreperson, an accountant at Hogan & Hartson, took the microphone and, while seated, read the verdict. Most jurors were dressed for the occasion -- the retired math teacher on the jury was wearing a suit -- indicating that they were close to a consensus Monday evening. When the verdict was read, one juror wept. Libby, however, remained impassive. At one point, one of his lawyers, William Jeffress Jr., put his hands on Libby's shoulders.

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"We are very disappointed in the verdict of the jurors," Libby attorney Theodore Wells Jr. said in a press conference outside the federal courthouse in Washington. Wells said the defense team will file a motion for a new trial and, if that motion is denied, it would appeal. Wells and Libby took no questions and were swarmed by cameramen as they tried to re-enter the courthouse. "Let us by," Wells said. "We've been good to you."

The investigation stems from claims by former Ambassador Joseph Wilson, who charged in a 2003 op-ed in The New York Times that the Bush administration misled the country into war. He claimed to know that certain intelligence that Iraq sought uranium from Niger was false because he had been sent there to investigate by the CIA. Less than two weeks later, syndicated columnist Robert Novak published an article disclosing that Wilson's wife, Valerie Plame, worked at the CIA and had sent him on the mission. Libby was the only person charged as a result of Special Counsel Patrick Fitzgerald's 2 1/2-year investigation into whether classified information about Plame's CIA employment was illegally leaked to the media.

The four-plus weeks of testimony brought a parade of high-profile witnesses, including Cheney's chief of staff and his national security adviser, CIA officials, former White House press secretaries and Pulitzer Prize-winning journalists. The prosecution took about three weeks to make its case, which pitted Libby's grand jury testimony and FBI statements directly against those of three reporters -- Russert, Cooper and former New York Times reporter Judith Miller. The defense rested after barely three days of testimony without calling two promised witnesses: Libby and Cheney.

In a press conference after the verdict, Fitzgerald said that his investigation was essentially over, and that he didn't expect to seek further charges against anyone in the matter.

He emphasized that when he took over the investigation he had full knowledge that Libby's account conflicted with Russert's.

"We couldn't walk away from that," he said. He added that what Libby did was "harmful to the system, and that was something serious."

ONE JUROR'S ACCOUNT

Collins, 57, a former Washington Post reporter, was the sole juror to give an account of the deliberations. The other 10 jurors declined to speak to the media, but Collins said, after years as a journalist, "I just figured it would be kind of hypocritical for me to walk away."

By his account, jurors gathered each day on the 6th floor of the courthouse, in a room overlooking the D.C. Department of Motor Vehicles. The room had two long tables and a few cushioned seats. When they arrived the first Wednesday afternoon, everyone looked at each other without knowing what to do. "They don't give you a field manual on how to be a juror," he said.

But the jury was a resourceful one, full of methodical panelists who knew how to take charge and break down complicated material into digestible bits. And that is what they did for the first week, gathering large Post-it notes (2 1/2 by 2 feet) with quotes and information concerning the evidence presented. The jury had some meticulous note-takers, Collins said, including one who calculated how many objections had been sustained during Russert's testimony (25 out of 36). For the first week of deliberations, the jury made no decisions, took no straw polls, but systematically went through the evidence. They asked: Who told the truth? Who lied? Who do we believe?

The debate was not about the war. It was not about politics. Collins said he didn't even know the politics of most jurors during deliberations. (Although he said he learned this morning that at least three were registered independents.) There were "differences of opinion, but no fistfights," Collins said. (For instance, he said one person thought former White House press secretary Ari Fleischer was a "slick willy," while Collins didn't think Fleischer had any motive to lie.)

At times, of course, the jury grew restless and would occasionally glance outside at a small stand with hot dogs and half-smokes. "It was like we were in a cocoon. I would forget what day it was," he said.

But in the end, Collins said, it simply came down to the facts, which pointed to a single answer: guilty. "Opinion had very little to do with it," he said.

What stood out most to the jury was Libby's account that he was "surprised" when he first learned that Valerie Plame worked at the CIA. "The least convincing thing was that Libby was working so hard that he could forget everything," Collins said.

Looking at the Post-its they had amassed, the jury found that in a short period of time Libby had either been told about Plame's employment, read about it, or told someone else at least nine times. "It seemed very unlikely that he would not have remembered about Mrs. Wilson," he said.

There was, he said, just too much evidence. He singled out the testimony from Marc Grossman, former undersecretary of state, who noted that the information about Wilson's wife was an "interesting tidbit." And Collins said that Cheney's handwritten notes on Wilson's op-ed questioning whether Plame sent her husband on a "junket" stood out.

"It was just very hard not to believe that he could remember on Tuesday and forget on Thursday and then remember two days later," Collins said, echoing the rhetoric Fitzgerald used during trial.

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While the jury was inclined to believe that Libby had a bad memory, Collins said John Hannah, Libby's former national security adviser who testified for the defense, seemed to hurt Libby. Hannah testified that Libby had an "awful memory," but jurors found that didn't mesh with his comments that Libby had a strong memory for conceptual issues, Collins said.

But when it came to the count about Libby's statements to the FBI about Cooper, jurors were more skeptical. Their eventual decision to acquit on that charge stemmed from the lack of documentation on Cooper's part. Cooper had no notes to back up that Libby confirmed Plame's identity and there was a passage in Cooper's notes that the defense tried to suggest represented Libby's explanation of the conversation. While jurors weren't absolutely convinced about that passage, those questioned "weighed six ounces" and were enough to create "reasonable doubt," Collins said.

On the whole, though, jurors found the key reporters testifying for the prosecution to be credible, he said. Some even thought the defense attorney's badgering of Miller worked against Libby. "Some said I think she seems nice," Collins recounted.

Jurors put little weight in the parade of journalists that testified for the defense. And even though Libby didn't testify at trial, Collins said the jury felt very good about having eight hours of his grand jury testimony.

Despite their decision, Collins said, "We had tremendous sympathy" for Libby. One juror said he didn't want to be judging Libby. "This sucks," Collins quoted the juror as saying. "The belief of the jury was that he was tasked by the vice president to talk to reporters," he said.

Yet, Collins emphasized, "This wasn't about the war ... This wasn't a question of who can we punish for going into Iraq."

Cheney's Suspected Role In Security Breach Drove Fitzgerald (WP)

By R. Jeffrey Smith

The Washington Post, March 7, 2007

In a small room on the third floor of the D.C. federal courthouse in late March 2004, Special Counsel Patrick J. Fitzgerald stood before I. Lewis "Scooter" Libby and asked him three separate times whether his boss, Vice President Cheney, had discussed telling reporters that Valerie Plame worked for the CIA.

The question was not insignificant for Fitzgerald, who saw his mission as revealing the full chain of events behind the security breach involving Plame's work as an undercover CIA officer. Fitzgerald was unconvinced by Libby's response that even though he "may have" had such a conversation with Cheney, it probably occurred after Plame's identity had been revealed in a newspaper column.

Fitzgerald would respond with great frustration in his summation at Libby's trial almost three years later, saying that Libby's lies had effectively prevented him from learning about all of Cheney's actions in the administration's campaign to undermine Plame's husband, Joseph C. Wilson IV, a critic of the U.S. invasion of Iraq.

More than he had previously, Fitzgerald made clear in those remarks that his search for the truth about Cheney was a key ambition in his probe and that his inability to get it was a key provocation for Libby's indictment. Although Cheney was the target, Fitzgerald's investigation could not reach him because of Libby's duplicity.

Fitzgerald's summation explained, in part, why he brought charges based on imperfect evidence against Libby, even though Libby was not a source for Robert D. Novak, the author of the July 14, 2003, newspaper column that outed Plame as a CIA employee.

The jury's verdict addresses Fitzgerald's first conclusion -- that Libby lied deliberately and did not misspeak from faulty memory. But the trial showed that the prosecutor finished his investigation with his mind made up that Libby's account was meant to hide his own involvement as well as to conceal the potential involvement of the vice president.

At the trial's close, Fitzgerald expressed his concern in unusually blunt terms. After Libby's lawyers complained that he was trying to put a "cloud" over Cheney without evidence to back it up, Fitzgerald told the jury on Feb. 20, "We'll talk straight."

There was, he said, "a cloud over what the vice president did" during the period before Novak's column was published, and it was created by testimony about Cheney directing Libby and others at the White House to disseminate information on Wilson and Wilson's criticisms.

"We didn't put that cloud there. That cloud remains because the defendant obstructed justice and lied about what happened," Fitzgerald added.

The notion that Libby was merely a courtroom stand-in for Cheney infuriated Libby's lawyers, who sought in their courtroom statement to defend both men. "Nobody in the office of the vice president is concerned about" Plame, Libby attorney William Jeffress Jr. said in his closing argument. "She never was part of the story they were trying to put out."

Fitzgerald disagreed. He twice used a baseball metaphor to describe what he believes went on in the vice president's office -- at his announcement of Libby's indictment on Oct. 28, 2005, and again during his trial summation. Suppose, Fitzgerald said, you were looking into whether a pitcher had purposely beaned a batter, and if so, why.

"As you sit back, you want to learn why was this information going out. Why were people taking this information about Valerie Wilson and giving it to reporters?" Fitzgerald asked at the 2005 news conference. "What we have when someone charges obstruction of justice is the umpire gets sand thrown in his eyes. He's trying to figure out what happened, and somebody blocked their view."

Randall D. Eliason, a former chief prosecutor of public corruption and fraud in the U.S. attorney's office in Washington, said Fitzgerald "would not have been doing his job" if he had not brought the charges. If "witnesses believe they can lie to the FBI and lie in the grand jury and there will be no consequences, then it becomes impossible to investigate any criminal activity, from terrorism to shoplifting."

Witnesses in the case never presented evidence of illegal actions by Cheney, nor did they ever pin direct responsibility for the leak on him. They presented what some lawyers considered an imperfect picture of Libby's duplicity in pretrial and trial testimony marked by bouts of forgetfulness and hazy recollections of events.

Former New York Times reporter Judith Miller, former CIA official Robert Grenier, NBC News Washington bureau chief Tim Russert and former White House press secretary Ari Fleischer each gave accounts of their interactions with Libby or other journalists that conflicted with their earlier statements or with the recollections of others besides Libby.

"Almost every witness would misspeak on direct [questioning] or left something out of grand jury testimony or got a date wrong," said Ty Cobb, a former assistant U.S. attorney who heads the white-collar criminal defense group at Hogan & Hartson. He expressed skepticism that the case against Libby should have been presented to a jury.

But Fitzgerald's decision to do so may have stemmed from his pique at his inability to get to the truth about Cheney, who appeared in testimony and in White House documents disclosed to the jury as the man behind the screen, pulling the switches and levers in what one of Fitzgerald's aides described as an orchestrated "political public relations" campaign to undermine Wilson.

Cheney, Fitzgerald suggested, had both motive and opportunity to run the show: He was deeply angered, even preoccupied, by Wilson's claim that Cheney deliberately exaggerated the threat posed by Iraq's nuclear research. He was the first to tell Libby about Plame's job, and he scrawled a disparaging note about Plame's alleged responsibility for a CIA-sponsored "junket" to Niger that her husband took.

And finally, Cheney was convinced that if "everything" about the Wilson trip was disclosed to reporters, Wilson's credibility would be in tatters.

Libby's grand jury testimony addressed each point. "I'm not sure I would use the word 'ticked off,' but [Cheney] was frustrated" by the public impact of Wilson's critique, a topic that Cheney raised in multiple conversations, Libby said. Cheney directed Libby to interrogate Grenier on the reasons for the Wilson trip; he repeatedly "made comments" about Wilson's wife and mused about her role in arranging a junket; he dictated a set of talking points for journalists that opened with what Fitzgerald portrayed as a proverbial leading question about "who authorized Joe Wilson's trip to Niger."

"The question of who sent Wilson is important," Fitzgerald said. "It is a number one question on the vice president's mind."

Fitzgerald's presentation also called attention to two occasions in which Libby said Cheney instructed him to deal directly with reporters and spelled out what to say -- his meeting on July 8, 2003, with Miller and his telephone conversation four days later with Time magazine correspondent Matt Cooper. In both, Libby mentioned Plame's employment at the CIA.

Fitzgerald's concerns were heightened by Libby's reply to a question about when he and Cheney first discussed Plame's CIA employment. "I think it was after the [July 6] Wilson column," which accused the White House of lying about the justification for the Iraq war, Libby told the grand jury.

But then he added: "I'm sorry, I don't mean the Wilson column, I'm sorry. I misspoke. I think, I think it was after the [July 14] Novak column," which disclosed Plame's name. He and Cheney had discussed other Wilson-related matters in the intervening period, Libby said, but not "that part about the wife."

Fitzgerald, in his summation, said he found this explanation incredible. He said Cheney referred to Plame in a note he inscribed on Wilson's column and noted that over the next two days, Libby raised the issue of her CIA employment with three others: Miller, Fleischer and Cheney aide David Addington. "If you think that's a coincidence, well, that makes no sense," Fitzgerald said.

He also called the jury's attention to the fact that Libby disclosed to Cheney his statement to the FBI that he learned about Plame's employment from Russert, which Russert later disputed. "The only person he told was the vice president. Think about that," Fitzgerald said.

Libby's false account of events, he added, was meant to serve as a "blocker . . . to cut off all those conversations with people, including the vice president." There is, Fitzgerald said, "a cloud over the White House as to what happened. Don't you think the FBI, the grand jury, the American people are entitled to a straight answer?"

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Fitzgerald said at a news conference yesterday that Libby, "by lying and obstructing justice, harmed the system. And that was something serious. And that's the point we made to the jury, and obviously the jury agreed."

Libby Conviction Clears Way For Plame, Wilson Civil Suit (WT)

By Shaun Waterman

The Washington Times, March 7, 2007

The perjury conviction yesterday of former White House official I. Lewis "Scooter" Libby Jr. clears the way for a civil suit against him by former CIA agent Valerie Plame and her husband.

Libby was convicted of lying to investigators probing the leak of Mrs. Plame's identity in the wake of her husband's criticism of White House handling of pre-Iraq war intelligence, although Libby neither committed nor was charged with committing the leak.

Mrs. Plame and her husband, Joseph C. Wilson IV, sued Libby; his boss, Vice President Dick Cheney; and senior presidential adviser Karl Rove in July, saying the officials had violated their constitutional rights as part of a plot to retaliate against Mr. Wilson and discredit his criticism.

According to the lawsuit, the three officials, along with others not named, "reached an agreement to discredit, punish and seek revenge against the plaintiffs that included, among other things, disclosing to members of the press plaintiff Valerie Plame Wilson's classified CIA employment."

The lawsuit has been on hold during the Libby prosecution, but legal scholars say the conviction clears the way for it to be heard.

"Certainly if Libby had been acquitted, it would have been very damaging to the civil case," said Jonathon Turley, professor of law at George Washington University Law School.

Some of the facts that emerged from the criminal trial are relevant to the civil case, attorneys said. Officials testified to the close involvement of Mr. Cheney in the White House effort to respond to Mr. Wilson's criticism and his enlistment of other officials, including fellow defendant Mr. Rove, in the effort.

Testimony in the case also confirmed that Libby spoke with several reporters about Mrs. Plame's CIA employment.

On the other hand, it also became clear that contrary to what the lawsuit charges, neither Libby nor anyone else in the White House had been the source of the original leak to columnist Robert Novak, which came from State Department official Richard L. Armitage.

Melanie Sloan, Mrs. Plame's attorney and executive director of the nonprofit Citizens for Responsibility and Ethics in Washington, said the civil case would "provide the American public with its only opportunity to hear directly from Cheney, Libby, Rove and Armitage about what really took place behind the scenes after Joe Wilson exposed the truth about the administration's justification for the Iraq war."

The three defendants have argued that, as government officials, they are immune from being sued. It is the same grounds on which President Clinton sought unsuccessfully to quash Paula Jones' lawsuit.

Mr. Turley said Mr. Cheney and the others have a much better case than Mr. Clinton did. "Clinton's argument verged on the frivolous," he said, because the president was "clearly using his official immunity in a personal matter."

Mr. Cheney, Mr. Rove and Libby can argue that they were carrying out government policy and therefore deserve civil immunity, Mr. Turley said.

Trying Times For Wilsons, Too (WP)

By David Montgomery

The Washington Post, March 7, 2007

Joe Wilson was at the Bombay Club, two blocks from the White House, waiting to have lunch shortly after noon yesterday with a friend and former National Security Council staffer, when his BlackBerry rang. It was his wife. She skipped right over "Hello."

"Four out of five. Guilty," Valerie Plame Wilson said evenly.

"There you go," Wilson recalls responding, with the same understatement.

He did not, he says, let out a whoop and dash around the swank Indian restaurant exchanging high-fives. But the conviction of I. Lewis "Scooter" Libby was a vicarious victory for the couple, the close of a chapter in their 3 1/2 -year struggle to hold government officials to account for what they say was a smear campaign against them and a coverup of bogus reasons for taking the nation to war.

And it was the beginning of a busy, blurry day for Joe Wilson, the former acting ambassador to Iraq, whose 2002 report debunking claims that Saddam Hussein sought nuclear materials from Niger started the whole drama.

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"I don't take any satisfaction in other people's trials and tribulations," Wilson said. "I would hope that the administration would learn from this that the abuse of the public trust to engage in personal political vendettas is inappropriate."

And yet he was definitely in a good mood. As he told NBC during an afternoon round-robin marathon of interviews in the offices of his lawyers, "I think we will sleep better tonight, knowing the jury has done its job and knowing Mr. Libby is a convicted felon." And his wife? "She wept," Wilson said later.

That BlackBerry call cut short his lunch, and Wilson went home to change into a double-breasted gray suit, raspberry tie and black ankle-high boots. Then he reported to the spare office suite at the corner of 14th and I streets NW that is home to Citizens for Responsibility and Ethics in Washington, the legal watchdog group handling the Wilsons' civil suit against Libby, Vice President Cheney, presidential aide Karl Rove and former deputy secretary of state Richard Armitage.

If this trial has provided evidence of just how expertly the administration could command the press's attention, it also has offered new media ops for this administration archnemesis.

First came the teleconference with print and radio reporters, then three offices in the suite were cleared for TV crews to set up. The space filled with filtered lights, cables snaking under doors, equipment dollies and a rotating cast from various networks.

Wilson drifted between the rooms, his suit coat open, holding a cup of water, giving an interview in one room while crews were setting up in the other two. There was a smile on his face. It was not a gloating smile, but it was a smile of great contentment.

As for who might play him and his wife in the Hollywood movie that's reportedly in the works, he said, "I only ask that Jack Black be cast in a role other than that of Joe Wilson."

With his affect of courtly cheer and his silver hair swept long in back, he looked every bit the cosmopolitan free spirit who at the height of the flap appeared in a Vanity Fair photo spread with his wife, all glammed up. But sitting down to answer the same questions again and again, now professorial in his spectacles and his prim white pocket square, he stuck to a solemn, almost melodramatically constitutional message.

"We really see this as a reaffirmation that this is a nation of laws," he said. "We live in a great democracy. That was demonstrated by this trial and the verdict, that no man is above the law.

"If you take the time to look at the testimony, it makes very clear the extent to which senior officials within this administration embarked on a disinformation campaign, the justification of which was to cover up the lies they said in the first place. And the methodology used was to engage in an unprecedented smear campaign, which would have succeeded had it not been illegal to divulge the name of a covert officer."

But Libby was convicted only of lying, and no one was convicted of that other stuff.

"Al Capone was convicted of tax evasion," came the practiced argument. "That doesn't mean he wasn't a racketeer."

The formerly classified woman, Valerie Plame Wilson, was nowhere to be seen. She was at their home in the Foxhall neighborhood, Wilson said, putting the finishing touches on her book and taking care of their 7-year-old twins. The family plans to move shortly to New Mexico.

Arguments on the Wilsons' civil suit are scheduled for May in U.S. District Court. The couple are seeking unspecified monetary damages from the four officials for violating their constitutional rights by allegedly retaliating against them. Wilson and Melanie Sloan, executive director of the legal group, said they want to hold officials accountable and use the discovery process to expose government actions in the run-up to war.

The couple, as Joe Wilson pointed out, "served our country for a combination of 45 years." He was acting ambassador to Iraq when Saddam Hussein invaded Kuwait; his lunch partner yesterday was the one who notified him of the invasion. Wilson was later named ambassador to two small African nations by George H.W. Bush, who had hailed his courage in sheltering and helping to free U.S. citizens in Baghdad before the Gulf War started. He also served as senior director for African affairs in the Clinton White House.

Hearing that President Bush had expressed sympathy for Libby, Wilson called on the president to "express his sorrow to my wife, whose career was destroyed."

He also said, "The president ought to live up to his word and fire Mr. Rove."

One part of Wilson's message evolved over the day, his attitude toward a possible presidential pardon for Libby. In the teleconference he said, "I'm a firm believer in the Constitution, which accords the president the power of pardon."

In later interviews he said, "On reflection," Bush had a conflict of interest, and so "there's no place in a case like this for the use of a presidential pardon."

Last night he was scheduled for three more network appearances, with Keith Olbermann, Larry King and Anderson Cooper.

As the afternoon was winding down, a law-firm staffer said a radio producer had called seeking a morning interview. Not possible.

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"I'm supposed to be doing something with Diane Rehm tomorrow," Wilson said.

But for now, he was going back home to take an aspirin.

The conviction of Scooter Libby was giving Joe Wilson a headache.

The Libby Verdict (WP)

The Washington Post, March 7, 2007

The serious consequences of a pointless Washington scandal

THE CONVICTION of I. Lewis Libby on charges of perjury, making false statements and obstruction of justice was grounded in strong evidence and what appeared to be careful deliberation by a jury. The former chief of staff to Vice President Cheney told the FBI and a grand jury that he had not leaked the identity of CIA employee Valerie Plame to journalists but rather had learned it from them. But abundant testimony at his trial showed that he had found out about Ms. Plame from official sources and was dedicated to discrediting her husband, former ambassador Joseph C. Wilson IV. Particularly for a senior government official, lying under oath is a serious offense. Mr. Libby's conviction should send a message to this and future administrations about the dangers of attempting to block official investigations.

The fall of this skilled and long-respected public servant is particularly sobering because it arose from a Washington scandal remarkable for its lack of substance. It was propelled not by actual wrongdoing but by inflated and frequently false claims, and by the aggressive and occasionally reckless response of senior Bush administration officials -- culminating in Mr. Libby's perjury.

Mr. Wilson was embraced by many because he was early in publicly charging that the Bush administration had "twisted," if not invented, facts in making the case for war against Iraq. In conversations with journalists or in a July 6, 2003, op-ed, he claimed to have debunked evidence that Iraq was seeking uranium from Niger; suggested that he had been dispatched by Mr. Cheney to look into the matter; and alleged that his report had circulated at the highest levels of the administration.

A bipartisan investigation by the Senate intelligence committee subsequently established that all of these claims were false -- and that Mr. Wilson was recommended for the Niger trip by Ms. Plame, his wife. When this fact, along with Ms. Plame's name, was disclosed in a column by Robert D. Novak, Mr. Wilson advanced yet another sensational charge: that his wife was a covert CIA operative and that senior White House officials had orchestrated the leak of her name to destroy her career and thus punish Mr. Wilson.

The partisan furor over this allegation led to the appointment of special prosecutor Patrick J. Fitzgerald. Yet after two years of investigation, Mr. Fitzgerald charged no one with a crime for leaking Ms. Plame's name. In fact, he learned early on that Mr. Novak's primary source was former deputy secretary of state Richard L. Armitage, an unlikely tool of the White House. The trial has provided convincing evidence that there was no conspiracy to punish Mr. Wilson by leaking Ms. Plame's identity -- and no evidence that she was, in fact, covert.

It would have been sensible for Mr. Fitzgerald to end his investigation after learning about Mr. Armitage. Instead, like many Washington special prosecutors before him, he pressed on, pursuing every tangent in the case. In so doing he unnecessarily subjected numerous journalists to the ordeal of having to disclose confidential sources or face imprisonment. One, Judith Miller of the New York Times, lost several court appeals and spent 85 days in jail before agreeing to testify. The damage done to journalists' ability to obtain information from confidential government sources has yet to be measured.

Mr. Wilson's case has besmirched nearly everyone it touched. The former ambassador will be remembered as a blowhard. Mr. Cheney and Mr. Libby were overbearing in their zeal to rebut Mr. Wilson and careless in their handling of classified information. Mr. Libby's subsequent false statements were reprehensible. And Mr. Fitzgerald has shown again why handing a Washington political case to a federal special prosecutor is a prescription for excess.

Mr. Fitzgerald was, at least, right about one thing: The Wilson-Plame case, and Mr. Libby's conviction, tell us nothing about the war in Iraq.

A Libby Verdict (NYT)

The New York Times, March 7, 2007

There will be a great deal written and said in coming days about the frustrations of the Scooter Libby verdict — that it did not tell us whether someone deliberately blew Valerie Plame Wilson's cover or erase serious concerns about the prosecutor's abuse of the First Amendment. Let's focus first on what the verdict does say.

One of the most senior officials in the White House, Lewis Libby, the chief of staff for Vice President Dick Cheney, was caught lying to the F.B.I. He appears to have been trying to cover up a smear campaign that was orchestrated by his boss against the first person to unmask one of the many untruths that President Bush used to justify invading Iraq. He was charged

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with those crimes, defended by the best lawyers he could get, tried in an open courtroom and convicted of serious felonies. Mr. Libby walked freely out of the court, had his say in public and will be allowed to appeal.

It was another reminder of how precious the American judicial system is, at a time when it is under serious attack from the same administration Mr. Libby served. That administration is systematically denying the right of counsel, the right to evidence and even the right to be tried to scores of prisoners who may have committed no crimes at all.

And although we still do not know the answer to the original mystery, the case provided a look at the methodical way that Mr. Cheney, Mr. Libby, Karl Rove and others in the Bush inner circle set out to discredit Ms. Wilson's husband, Joseph Wilson IV. Mr. Wilson, a career diplomat, was sent by the State Department in 2002 to check out a British intelligence report that Iraq had tried to buy uranium from the government of Niger for a secret nuclear weapons program. In his 2003 State of the Union address, Mr. Bush said: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa."

In July 2003, Mr. Wilson wrote in an Op-Ed article in The Times that what he had found did not support that claim. The specter of a nuclear-armed Iraq was central to Mr. Bush's case for rushing to war. So, the trial testimony showed, Mr. Cheney orchestrated an assault on Mr. Wilson's credibility with the help of Mr. Libby and others. They whispered to journalists that Mr. Wilson's wife worked at the C.I.A. and that nepotism was the reason he had been chosen for the trip.

That is what we know from the Libby trial, and it is some of the clearest evidence yet that this administration did not get duped by faulty intelligence; at the very least, it cherry-picked and hyped intelligence to justify the war. What Mr. Wilson found, and subsequent investigations confirmed, was that there was one trip in 1999 — not "recently," but four years before Mr. Bush's statement — by an Iraqi official to Niger and that during that trip, uranium was never discussed.

What we still do not know is whether a government official used Ms. Wilson's name despite knowing that she worked undercover. That is a serious offense, which could have put her and all those who had worked with her in danger. We also do not understand why the federal prosecutor, Patrick Fitzgerald, chose to wage war with the news media in assembling his case, going so far as to jail a Times reporter, Judith Miller, for refusing to reveal the name of a confidential source.

The potential damage from that decision remains of real concern. But it was still a breath of fresh air to see someone in this administration, which specializes in secrecy, prevarication and evading blame, finally called to account.

Not All Sources Are Equal (NYT)

By Anthony Lewis

The New York Times, March 7, 2007

THE conviction yesterday of I. Lewis Libby Jr. on perjury and other charges, after a trial with a parade of press witnesses, leaves a legacy of intensified concern about legal proceedings that force journalists to disclose confidential sources. It is a legitimate and urgent concern. Without the ability to promise confidentiality, the press would have been unable to report notorious abuses of government power from Watergate through the Bush administration's violations of fundamental rights in the "war on terror."

But it is much easier to see the danger than to agree on a way to stop it. That is because there are compelling interests on both sides of the problem, as many in the press are loath to admit.

Consider libel. In its 1964 decision, New York Times v. Sullivan, the Supreme Court held that public officials (and, by a later decision, public figures) could not recover damages in a libel suit unless they proved that someone had published a falsehood about them knowingly or recklessly. The court defined recklessly to mean that the author of the falsehood was aware of its probable untruth. That gave the press enormous protection.

Suppose that a federal shield law — the kind of statute that many in the press have been urging Congress to enact — gave journalists an absolute right not to disclose confidential sources. Then a reckless journalist could write that according to a confidential source, a cabinet member had taken a bribe or a Hollywood star had sexually abused a child actor — and the victim of the article would be unable to show that the source was biased or that the reporter had misused the information. The victim would effectively be barred from recovering damages for the grave injury to his or her reputation.

These are not fanciful possibilities. Think about the case of Wen Ho Lee, the government scientist who was described in various press reports as a spy for China. He was arrested, charged with 59 felony counts and held in solitary confinement for nine months. Eventually the government dropped all the counts but one, a charge that he had mishandled information retroactively classified as "secret" after he was fired, and he pleaded guilty to that. The judge who accepted the plea apologized to Mr. Lee and said officials had "embarrassed our entire nation."

Wen Ho Lee sued the government for violation of his privacy in leaks to the press. The Boston Globe said in an editorial that the leaks came from an official "with a reputation for right-wing zealotry and racist behavior." But when reporters were subpoenaed and asked to name their sources, they understandably resisted.

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In that situation, would it have been right for the journalists to have an absolute privilege against having to testify? Then Mr. Lee would have had no recourse. I do not think a decent society should give that answer.

The remedy in such a civil case is not to put reporters in jail in order to force them to testify. It is, rather, to make the press pay for the injury it caused. And that is what actually happened in the Lee case. Five news organizations, including The Times, agreed to pay Wen Ho Lee $750,000 altogether — which they said was not to compensate him for his injury but to protect their journalists and the right to confidential sources. And the government contributed $895,000 toward Mr. Lee's legal fees.

I do not think the press can have both the Sullivan decision and a privilege not to testify in civil cases. Otherwise the decision would be a license for reckless or even deliberate falsification, which the author of the Sullivan opinion, Justice William J. Brennan Jr., certainly did not favor.

Criminal prosecutions raise different problems. Prosecutors used to shy away, generally, from pressing journalists to name sources. But lately they are doing so with increasing frequency. Why? Perhaps because the press does not have as much support in public opinion as it used to. Whatever the reason, the danger of crippling the investigative function of journalism is increasing.

Congress seems unlikely to give the press what it wants, an absolute shield against having to testify in federal cases. To increase the chance of passage, it has been suggested that shield legislation include an exception allowing journalists to be subpoenaed when there is an imminent threat to national security.

That exception seems to me to invite trouble. The most important press disclosures in our time have had to do with what the government claims is national security: The New York Times's disclosure of President Bush's order to wiretap without warrants in violation of law, for example, and The Washington Post's reports about secret Central Intelligence Agency prisons.

The government is always quick to claim that the national security sky will fall if a story is published. It did so, notoriously, in the Pentagon Papers case. And judges are too often overawed by such claims. A recent example was the shameful decision by the United States Court of Appeals for the Fourth Circuit that the doctrine of "state secrets" barred a man who showed convincingly that he was kidnapped and abused by the C.I.A. from suing.

There is also the possibility that a criminal defendant, rather than the prosecution, will ask for a journalist's testimony. If that testimony might in fact be helpful, should the law allow the journalist to be silent and the defendant to be convicted? Even if the press had an absolute privilege, I think the courts would free the defendant because he was denied a fair opportunity to make his defense.

Or consider the recent case of two San Francisco Chronicle reporters who quoted documents from a grand jury investigating drug use by major league baseball players. The reporters refused to disclose their source for the documents, but were saved from jail when federal prosecutors unearthed the source themselves. He was a lawyer who had represented defendants indicted by the grand jury — and who had then demanded that the charges against his clients be dismissed when the story based on his leak appeared. Do we want to protect that kind of trickery? Surely, many journalists would not.

THOSE are some of the conflicting interests at stake on the issue of a testimonial privilege for the press. Can Congress figure them all out in a qualified privilege statute specifying in detail when journalists should have a privilege? I doubt it. I think a statute will have to leave the balancing of interests to be done by judges, case by case.

One respected judge, David Tatel of the United States Court of Appeals for the District of Columbia Circuit, has made a wise proposal. It is that the courts use their power to define privileges — a power affirmed by statute — to give a qualified privilege to journalists.

Judge Tatel's proposal is aimed at the typical leak case: when a federal prosecutor is trying to find the source of a leak and subpoenas journalists. Judge Tatel suggests that a judge in this situation should weigh the public interest in the leaked material against the damage alleged by the government. If the leak were, say, the fact of the government's lawless wiretapping, it is easy for me to see that the public interest should prevail.

Judges are not always wise. But in our system they are the ones we trust to weigh acutely conflicting interests. In the wake of the Libby case, Congress should pass legislation that makes clear the public interest in journalists' confidentiality but leaves it to judges to weigh that against other social necessities.

A Case Of Bad Ink: Portrait Of Media Is Not So Flattering (WP)

By Howard Kurtz

The Washington Post, March 7, 2007

The parade of high-profile Washington journalists who took the stand in the Lewis "Scooter" Libby perjury case were not on trial. But few would dispute that the proceedings, which ended with Libby's conviction on four of five counts yesterday, gave their profession a black eye.

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When Vice President Cheney's chief of staff and other top administration officials wanted to neutralize a critic by disclosing his wife's role at the CIA, they turned to some of the capital's most prominent chroniclers, who -- under longstanding local custom -- promised the leakers anonymity.

"There is an all-too-unsettling nexus between the political and media elite," says Jim Warren, a Chicago Tribune managing editor. "This was a nice little window into the mutual obsession with one another. There's the infatuation with power which we all have and which was vividly underscored, especially those of us at elite institutions."

Jackie Judd, who covered the Monica Lewinsky investigation for ABC News, says the tight relationship between journalists and their sources seems to survive each passing scandal.

"We're always used," says Judd, now with the Kaiser Family Foundation. "Someone always has a motivation for talking to a reporter. . . . This was an obvious case of the administration trying to use reporters to do a smear job on Joe Wilson and his wife."

The case, in which special prosecutor Patrick Fitzgerald forced journalists to testify by using the threat of prison, was also a setback for media arguments that such testimony jeopardizes important newsgathering. "We do not think that what Libby was telling reporters was whistle-blowing," Fitzgerald said yesterday, adding that subpoenaing journalists "should be a last resort."

In their dealings with journalists, top administration officials were shielded by a curtain of anonymity so opaque that Libby asked Judith Miller, then a New York Times reporter, to identify him only as a "former Hill staffer," then was disappointed when she failed to write a story. Such pledges of anonymity helped mask efforts, orchestrated by Cheney, to neutralize Wilson's criticism of the administration's claims that Saddam Hussein was pursuing illicit weapons.

The one plus for the media in Libby's conviction involved Tim Russert, NBC's Washington bureau chief, since the case turned on his credibility. The Libby defense was built around his contention that he learned about CIA operative Valerie Plame from Russert and, therefore, believed it was widely known, but the "Meet the Press" host insisted that it never came up in their conversation. The jury believed Russert.

The searing spotlight on how reporters do their jobs was less than flattering. Miller said she lost one of her notebooks and couldn't remember the names of the other sources she said had told her about Plame. Former Time correspondent Matt Cooper, who wrote a piece questioning whether the administration had "declared war" on Wilson, had trouble deciphering his own notes. Bob Woodward, the Washington Post editor and author, apologized to his boss for failing to disclose for more than two years that former deputy secretary of state Richard Armitage had told him about Plame.

Russert was pressed on why he was willing to tell an FBI agent about his conversation with Libby but balked at a prosecutor's subpoena. And syndicated columnist Robert Novak, the man who outed Plame, refused to say for three years whether he had even testified in the case, before it emerged that he had talked to Fitzgerald.

"We all saw how sloppy reporters can be in their note-taking," says Jeralyn Merritt, an attorney and blogger who covered the trial for her Web site TalkLeft. "When you hear them say, 'I don't recall, I don't recall' when asked about their notes for an article, you wonder about their accuracy."

There was considerable sympathy for Miller when she went to jail for 85 days. But when Miller, like other journalists in the case, later testified under a waiver of confidentiality granted by Libby, many analysts wondered just what the First Amendment battle had been about.

"Fitzgerald has created a terrible precedent here with his use of waivers to force [journalists] to testify," says Byron York, who covered the trial for National Review. "That's got to have a chilling effect." He says an "air of coercion" surrounded the ostensibly voluntary waivers from administration officials.

Russert said on NBC last night that he is "concerned we not create a pattern" of journalists being compelled to testify, "but when you are called, you tell the truth."

Bob Zelnick, a Boston University journalism professor, sees "a self-inflicted wound by the mainstream media," which greeted the 2003 Novak column that disclosed Plame's secret CIA connection with "howls of outrage" and demands for investigation. The uproar led to Fitzgerald's appointment.

"Fitzgerald was overzealous," Zelnick says, and "the effect is serious and adverse. It's going to take a long time for reporters and their sources to figure out how to deal with each other in a way that doesn't risk contempt citations and imprisonment." At the same time, Zelnick says he couldn't have broken the stories he did as a Pentagon reporter without relying on unnamed sources.

The administration's selection of reporters to leak to was carefully choreographed. Washington Post reporter Walter Pincus, who covers national security, testified that then-press secretary Ari Fleischer "swerved off" during a conversation and told him about Plame. Libby testified that Cheney "instructed me to go and talk to Judith Miller and lay this out for her," using previously secret information that Cheney had President Bush declassify.

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"It's very troubling that there's this cabal," says Merritt, who criticized Miller's 2002 and 2003 reports on whether Iraq had weapons of mass destruction, some of which turned out to be wrong. "It's not so much that administration officials share information with reporters. It's that they pick reporters who they think are going to spin it their way."

Although the controversy involved the White House and the case for war, reporters at every city hall and statehouse in the country face a similar dilemma: How can they cultivate the right people to get scoops without compromising their independence?

"Editors so prize access and the fruits of that access that we don't stop often enough to think 'Is so-and-so getting too close to the people he covers?' " says the Tribune's Warren. "It could be the person at the cop shop in town."

If there's one saving grace for the news business, it's that much of the public long ago tuned out the intricate case. "My guess," Judd says, "is there's not a huge amount of interest in this story outside the Beltway."

Computer Profs Urge Independent Investigator In Teacher Porn Case (AP)

AP, March 7, 2007

HARTFORD, Conn. --Nearly 30 Connecticut computer science professors have signed a letter urging an independent investigation in the case of a Norwich substitute teacher convicted of exposing her students to pornography on a classroom computer.

The professors, from eight Connecticut colleges and universities, took out an ad in Tuesday's Hartford Courant on behalf of Julie Amero, a 40-year-old Windham resident with no prior criminal record.

Amero was convicted in January of four counts of risk of injury to a minor and faces up to 40 years in prison when she is sentenced March 29.

While prosecutors insist she is guilty, some experts believe that the lewd images were caused by unseen spyware and adware programs, which critics call one of the top scourges of the Internet.

Amero, who claims to have little experience with computers, has become a cause celebre for technology experts around the country who say she is the victim of a miscarriage of justice that could happen to anyone.

"The Julie Amero case has created outrage in Internet forums and among computer experts all over the country," the professors wrote in their ad, which was titled "An Open Letter to Chief State's Attorney Kevin T. Kane."

The 28 professors who signed the letter advocate a suggestion from Mark Rasch, former chief of the U.S. Department of Justice cyber crime unit, that an independent investigator be brought in to look at the case.

Kane's office declined comment Tuesday.

The case started in October 2004, when Amero was assigned to a class of seventh-graders, a few of whom had been looking at a Web site on hair styles. Amero says that after class started, pornographic images started popping up on the computer screen by themselves and she could not stop them. She says she was under strict orders to leave the computer on.

Prosecutors say Amero clicked on to graphic Web sites and failed to prevent children from seeing pornography. Amero says she did not click on the Web pages and that inappropriate images were from adware, which can generate pop-up ads.

Amero and her supporters say the old computer lacked firewall or antispyware protections to prevent inappropriate pop-ups.

In ’05 Investing, Obama Took Same Path As Donors (NYT)

By Mike Mcintire And Christopher Drew

The New York Times, March 7, 2007

Less than two months after ascending to the United States Senate, Barack Obama bought more than $50,000 worth of stock in two speculative companies whose major investors included some of his biggest political donors.

One of the companies was a biotech concern that was starting to develop a drug to treat avian flu. In March 2005, two weeks after buying about $5,000 of its shares, Mr. Obama took the lead in a legislative push for more federal spending to battle the disease.

The most recent financial disclosure form for Mr. Obama, an Illinois Democrat, also shows that he bought more than $50,000 in stock in a satellite communications business whose principal backers include four friends and donors who had raised more than $150,000 for his political committees.

A spokesman for Mr. Obama, who is seeking his party’s presidential nomination in 2008, said yesterday that the senator did not know that he had invested in either company until fall 2005, when he learned of it and decided to sell the stocks. He sold them at a net loss of $13,000.

The spokesman, Bill Burton, said Mr. Obama’s broker bought the stocks without consulting the senator, under the terms of a blind trust that was being set up for the senator at that time but was not finalized until several months after the investments were made.

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"He went about this process to avoid an actual or apparent conflict of interest, and he had no knowledge of the stocks he owned," Mr. Burton said. "And when he realized that he didn't have the level of blindness that he expected, he moved to terminate the trust."

Mr. Obama has made ethics a signature issue, and his quest for the presidency has benefited from the perception that he is unlike politicians who blend public and private interests. There is no evidence that any of his actions ended up benefiting either company during the roughly eight months that he owned the stocks.

Even so, the stock purchases raise questions about how he could unwittingly come to invest in two relatively obscure companies, whose backers happen to include generous contributors to his political committees. Among those donors was Jared Abbruzzese, a New York businessman now at the center of an F.B.I. inquiry into public corruption in Albany, who had also contributed to Swift Boat Veterans for Truth, a group that sought to undermine John Kerry's Democratic presidential campaign in 2004.

Mr. Obama, who declined to be interviewed about the stock deals, has already had to contend with a controversy that arose out of his reliance on a major campaign contributor in Chicago to help him in a personal financial transaction. In that earlier case, he acknowledged last year that it had been a mistake to involve the contributor, a developer who has since been indicted in an unrelated political scandal, in deals related to the Obamas' purchase of a home.

Senate ethics rules do not prohibit lawmakers from owning stocks — even in companies that do business with the federal government or could benefit from legislation they advance — and indeed other members of Congress have investments in government contractors. The rules say only that lawmakers should not take legislative actions whose primary purpose is to benefit themselves.

Mr. Obama's sale of his shares in the two companies ended what appears to have been a brief foray into highly speculative investing that stood out amid an otherwise conservative portfolio of mutual funds and cash accounts, a review of his Senate disclosure statements shows. He earned $2,000 on the biotech company, AVI BioPharma, and lost $15,000 on the satellite communications concern, Skyterra, according to Mr. Burton of the Obama campaign.

Mr. Burton said the trust was different from qualified blind trusts that other senators commonly used, because it was intended to allow him greater flexibility to address any accusations of conflicts that might arise from its assets. He said Mr. Obama had decided to sell the stocks after receiving a communication that made him concerned about how the trust was set up.

The investments came at a time when Mr. Obama was enjoying sudden financial success, following his victory at the polls in November 2004. He had signed a $1.9 million book deal, and his ethics disclosure reports show that he received $1.2 million of book money in 2005.

His wife, Michelle, a hospital vice president in Chicago, received a promotion that March, nearly tripling her salary to $317,000, and they bought a $1.6 million house in June. The house sat on a large property that was subdivided to make it more affordable, and one of Mr. Obama's political donors bought the adjacent lot.

The disclosure forms show that the Obamas also placed several hundred thousand dollars in a new private-client account at JPMorgan Chase, a bond fund and a checking account at a Chicago bank.

But he put $50,000 to $100,000 into an account at UBS, which his aides say was recommended to him by a wealthy friend, George W. Haywood, who was also a major investor in both Skyterra and AVI BioPharma, public securities filings show.

Mr. Haywood and his wife, Cheryl, have contributed close to $50,000 to Mr. Obama's campaigns and to his political action committee, the Hopefund. Mr. Haywood declined to comment.

Within two weeks of his purchase of the biotech stock that Feb. 22, Mr. Obama initiated what he has called "one of my top priorities since arriving in the Senate," a push to increase federal financing to fight avian flu.

Several dozen people had already died from the disease in Southeast Asia, and experts were warning that a worldwide pandemic could kill tens of millions of people. Mr. Obama was one of the first political leaders to call for more money to head off the danger, which he described as an urgent public health threat.

His first step came on March 4, 2005, when the Senate Foreign Relations Committee approved his request for $25 million to help contain the disease in Asia; the full Senate later approved that measure. And in April 2005, he introduced a bill calling for more research on avian flu drugs and urging the government to increase its stockpiles of antiviral medicines.

Mr. Obama repeated this call in a letter that Aug. 9 to Michael O. Levitt, the health and human services secretary. And in September 2005, Mr. Obama and Senator Tom Harkin, Democrat of Iowa, succeeded in amending another bill to provide $3.8 billion for battling the flu.

Meanwhile, the drug company in which he invested, AVI BioPharma, had been working to develop its own medicine to treat avian flu victims. In a conference call with Wall Street analysts on March 8, 2005, the company's chairman, Denis R. Burger, said the firm was "aggressively going forward" with its avian flu research and hoped to work with federal agencies on it.

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The company, which is also developing medicines in a number of other areas, provided several updates on its avian flu research in 2005, including one on Oct. 21 saying the company was likely to develop a treatment for avian flu "in a relatively short time."

Mr. Obama sold what appears to have been about 2,000 shares of the company's stock a week later, when it traded at about $3.50 a share, or about $1 a share more than when he bought it. Company officials said they never talked to the senator about his work on avian flu. And while the company has received millions of dollars in federal money to develop drugs for treating ebola and other serious diseases, it still has not received any federal money for its avian flu research.

The company's stock briefly surged to nearly $9 a share in January 2006 when it announced promising research findings on the flu drug. But the company still has not applied for federal approvals to test and market the drug.

Unlike his investment in AVI, which yielded a small profit, Mr. Obama's stake in Skyterra Communications went in the opposite direction, despite a promising start.

He bought his Skyterra shares the same day the Federal Communications Commission ruled in favor of the company's effort to create a nationwide wireless network by combining satellites and land-based communications systems. Immediately after that morning ruling, Tejas Securities, a regional brokerage in Texas that handled investment banking for Skyterra, issued a research report speculating that Skyterra stock could triple in value.

Tejas and people associated with it were major donors to Mr. Obama's political committees, having raised more than $150,000 since 2004. The company's chairman, John J. Gorman, has held fund-raisers for the senator in Austin, Tex., and arranged for him to use a private plane for several political events in 2005. Mr. Gorman declined to comment.

In May 2005, Mr. Abbruzzese, who was vice chairman of Tejas and a principal investor in Skyterra, contributed $10,000 along with his wife to Mr. Obama's political action committee — a departure from his almost exclusive support of Republicans. Eight months earlier, for instance, he had contributed $5,000 to the Swift Boat group, and he has given $100,000 to the Republican National Committee since 2004.

Last year, Mr. Abbruzzese, a major investor in several high-tech companies in New York and elsewhere, emerged as a central figure in the federal investigation of the New York State Senate majority leader, Joseph L. Bruno. The inquiry is examining Mr. Bruno's personal business dealings, including whether he accepted money from Mr. Abbruzzese in return for Senate approval of grants for one of Mr. Abbruzzese's companies. Both men have denied any wrongdoing. Mr. Abbruzzese did not return phone calls seeking comment.

Skyterra's share price was lifted into the $40 range for a time on the strength of the F.C.C. ruling, but eventually drifted down into the low 30s, and was at $31 when Mr. Obama sold his shares for a $15,000 loss on Nov. 1, 2005. A few months later, it plunged into the $20 range, and today trades below $10 a share. A spokesman for Skyterra said the company's top officials had not been aware of Mr. Obama's investment.

Nevada Governor Discloses Legal Defense Fund Contributors (AP)

By Brendan Riley, ASSOCIATED PRESS

AP, March 7, 2007

CARSON CITY, Nev. (AP) - About four months after a defense fund was set up for Nevada Gov. Jim Gibbons to help cover costs of brewing legal cases - including a woman's claim he assaulted her - Gibbons on Tuesday disclosed the fund's 2006 contributors and the $169,100 they gave.

The money went into a fund that wasn't sanctioned by a House committee even though Gibbons was still a congressman. But Gibbons stated "it is not clear what rules govern that fund." He also stated that he wanted to "make sure there is as much disclosure as possible."

The newly elected Republican governor now has two high-priced lawyers handling an FBI probe into his associations with a longtime friend who's a wealthy federal contractor. The contribution report covers a time period prior to confirmation of the FBI investigation.

The big donors in 2006 include prominent several doctors in the Nevada Heart and Vascular Center in Las Vegas for $35,000; Nevada attorney and developer Harvey Whittemore, for $30,000 through companies he controls; and Las Vegas businessman Shawn Lampman for $20,000.

Sig Rogich, Gibbons' campaign adviser, kicked in $10,000. So did lobbyist and former casino lobbyist Jay Brown.

The report filed with the secretary of state's office also shows that the defense fund paid $92,561 to lawyers in 2006, leaving the fund with $76,539 at the end of the year.

Gibbons spokeswoman Melissa Subbotin said Monday that a U.S. House committee's approval of the defense fund wasn't sought in November because Gibbons, a Republican who served five terms in the House, was seeking election to a state office and not a federal office.

Subbotin also said any leftover money would be donated to the Nevada Patriot Fund, set up to help families who lost a soldier in the Iraq war.

Attorney Michael Pagni, who helped to set up the defense fund, said the federal rules didn't come up for discussion at the time. He added that such rules generally "don't apply to a candidate for state office even if he's a federal officeholder at the time."

The U.S. House rules state that legal expense funds can be set up to handle expenses stemming from campaigns for federal office or from a House member's official duties, but must be authorized by the House Ethics Committee.

The rules also state that the funds can be used to defray "a criminal prosecution; or a civil matter bearing on the individual's reputation or fitness for office."

If the legal defense fund had been set up under House rules, quarterly reports on contributions would have been required, and the first report would have been due Jan. 30. There are no state laws requiring such disclosures.

While Gibbons maintains the defense fund was set up properly, there may be some practical problems created by the state law barring political contributions a month before, during and a month after Nevada's legislative sessions. It covers a period from early January to early July this year.

But Pagni said his reading of the state law is that it wouldn't conflict with the purpose of the legal defense fund, which "would come under personal use."

Attorneys Don Campbell of Las Vegas and Abbe Lowell of Washington, D.C., currently are helping Gibbons deal with FBI questions about his associations with Warren Trepp. Gibbons has denied that he accepted payments or gifts from Trepp in exchange for helping the wealthy Reno software contractor get defense contracts while Gibbons was a member of Congress.

Trepp, a former chief trader for convicted junk-bond dealer Michael Milken, also has denied any wrongdoing.

Lowell has defended many high-profile clients, including now-imprisoned lobbyist Jack Abramoff. Campbell, a well-known Nevada criminal defense lawyer, helped Gibbons when he was accused just before the November elections by Chrissy Mazzeo of assaulting her. Authorities decided against filing charges in that case.

Troha Tax Bills Got Special Attention From State (MJS)

By Cary Spivak And Patrick Marley

Milwaukee Journal Sentinel, March 7, 2007

Transportation office put 2 workers on case of indicted donor's $1 million in charges

Madison - Wisconsin Transportation Secretary Frank Busalacchi met with a now-indicted contributor to Gov. Jim Doyle in 2004 and directed two state employees to lend a hand in settling nearly $1 million in out-of-state tax bills to the donor's trucking companies.

The move by Busalacchi, who serves at Doyle's pleasure, provided Dennis Troha's companies with virtually unprecedented state help in Troha's bid to whittle down the tax bill. The five-year-old case is still pending before the state Tax Appeals Commission.

Busalacchi met with Troha in April 2004 and later dispatched an attorney and auditor to Illinois as Troha tried to lessen his companies' fuel tax liabilities, according to about 100 pages of e-mails obtained by the Journal Sentinel this week. The meeting occurred about 1 1/2 years after the DOT lawyer concluded that there was no reason to dismiss the tax assessed against the Troha firms.

In addition, Busalacchi sent the lawyer to Harrisburg, Pa., even though the attorney's superior complained that there was no funding in the budget for the trip.

The unusual effort has caught the interest of the FBI, which talked to a department auditor Tuesday about the matter and arranged a more thorough interview for today.

Top DOT officials and a Doyle spokesman vigorously defended the efforts as proper.

"It is completely appropriate for the Department of Transportation to help settle disputes on behalf of other states, and that's what happened here," said Matt Canter, a spokesman for the Democratic governor.

Robert Jambois, the department's chief counsel, said staff attorney Paul Nilsen was sent to Illinois and Pennsylvania so he could have a better understanding of the issues at hand.

But in a Sept. 14, 2004, e-mail, then-chief counsel Jim Thiel said Nilsen went there because Busalacchi promised Troha's attorney, Bill Jennaro, he would do so. Jennaro was hired by Doyle in 2003 to help negotiate casino compacts with Indian tribes, some of which opposed Troha's efforts to open a mega-casino in Kenosha.

In saying the handling of the case was not unusual, Jambois noted that DOT employees went to Georgia in 2001 when Schneider National, a giant Green Bay trucking firm, was involved in a dispute with that state. He did not know whether then-Republican Transportation Secretary Terry Mulcahy met with Schneider executives.

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Two retired Department of Transportation officials said Tuesday they could not remember officials giving similar treatment to other firms that challenged their tax bills. Close connections

Troha and family members have given $200,000 to Doyle's campaigns since 2002. And connections between the Doyle administration and Troha have long been controversial in some political circles.

The spotlight fell on those connections last week when Troha was indicted by a federal grand jury. He is accused of exceeding state contribution limits in funneling money through relatives to Doyle and lying to the FBI about it. Troha gave the money at the same time he was trying to win approval of a proposed Menominee tribal casino at Dairyland Greyhound Park in Kenosha, the indictment charges.

Troha abruptly pulled out of the casino deal a week before he was indicted.

He sold all his trucking company interests last year so he could focus his time and money on the $808 million casino project.

In 2002, the Department of Transportation determined that three firms then owned by Troha - John Houston Corp. & Transport Venture, Auto Truck Transport Corp. and Unimark Services Inc. - owed close to $1 million in fuel taxes to other states. Under an international agreement, each of the 48 contiguous states collects fuel taxes for each other for trucking companies headquartered in their home states.

Reached on his cell phone Tuesday, Troha declined to discuss the matter.

"It's inappropriate for me to comment," Troha said before hanging up on reporters.

Thom Rabaglia, a DOT auditor for fuel taxes, said the companies were trying to exploit loopholes in other states' laws to get out of paying all their taxes.

Rabaglia, the chief auditor who accompanied Nilsen to Springfield, Ill., said he was briefly interviewed Tuesday by the FBI and was set for a more in-depth interview today.

Records obtained this week detail for the first time the efforts of Transportation Department staffers to assist Troha's companies, even though a department attorney initially said there was "no legal basis for dismissing the tax."

The e-mails show:

¦ Busalacchi met with Troha and Jennaro at the Amtrak station in Milwaukee in April 2004. The secretary demanded that his chief counsel, not just a lower-ranking attorney, attend the meeting.

¦ Busalacchi insisted that Nilsen go to Harrisburg even though Thiel said there was no money to do so.

"I think this is Frank's call - he made the commitment to Bill Jennaro," Thiel wrote in one e-mail.

The next day, the e-mails show, Busalacchi approved the trip for Nilsen and an auditor, though only Nilsen went to Harrisburg. Officials estimated the cost at less than $500.

DOT officials said Busalacchi was in budget meetings and unavailable Tuesday. Thiel declined comment. Nilsen did not return calls.

· Nilsen's role in Pennsylvania was to "facilitate a settlement" between the state and Troha's companies, Nilsen wrote.

Thomas Cantwell, who oversaw Wisconsin's fuel tax auditors until he retired in 2003, said few cases were appealed to the secretary's office during his 15-year tenure.

Alice Morehouse, the DOT's retired finance director, concurred, saying she could think of "no contest that elevated itself to this level."

Morehouse said Busalacchi, a former Teamsters leader, knew Troha well. She said Nilsen felt uncomfortable about the case but never said why.

"I would say Paul Nilsen is one of the straightest arrows on God's green earth, and I think he just felt uncomfortable," she said.

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More Questions Raised Over Casino Developer's Donations (STPPP)

By Scott Bauer

The St. Paul Pioneer-Press, March 7, 2007

MADISON, Wis. - As more questions are being raised about political donations tied to former casino developer Dennis Troha, Republicans in the state Assembly are reviving a bill that would give state lawmakers the authority to grant or deny new casinos.

Troha was indicted last week on charges that he committed fraud and lied to the FBI in relation to more than $100,000 in donations he and family members made to Gov. Jim Doyle and others. The indictment alleges Troha made the donations in an

attempt to win approval of a casino he had been developing in Kenosha. Troha backed out of the deal just six days before the indictment from U.S. Attorney Steve Biskupic was released Thursday.

Troha's arraignment on the charges is set for March 14.

Troha's attorney, Frank Gimbel, has said his client has done nothing wrong. Doyle said he would return any money found to have been given illegally.

Doyle received $200,000 in campaign donations from Troha and his family members between 2002 and 2006. Under current law, Doyle has the authority to grant or deny new casinos once they win federal approval. The governor has repeatedly said his decision would not be influenced by any donations he has received.

In a separate development, WKOW-TV in Madison has reported that Doyle received campaign contributions from employees of two Troha trucking firms three months after Wisconsin Department of Transportation officials traveled to Pennsylvania to try to help the firms settle a tax debt in that state.

A review of campaign finance records maintained by the Wisconsin Democracy Campaign showed that Doyle received $14,890 in January 2005 from seven donors - including three Troha relatives - who listed their employer as one of two Troha companies, JHT Holdings or ATC Leasing.

WKOW reported that the meeting in Pennsylvania was between Wisconsin officials, representatives of Troha's trucking firms, and officials with the Pennsylvania Revenue Department and attorney general's office.

"I'm unaware of any connection between an action on the part of state officials and any donation," said Troha's spokesman Jeff Fleming.

State DOT general counsel Bob Jambois said the October 2004 meeting was beneficial for the state to understand Pennsylvania's position in the tax case. Wisconsin officials also traveled to Georgia in 2001 in a similar case involving another trucking company, Jambois said. There have only been six such multistate tax cases since 2001, he said.

In the case involving Troha's trucking companies, Pennsylvania and Nevada both settled around December, Jambois said, leaving Illinois, Michigan and New Mexico. State officials also traveled to Illinois in April 2004, he said.

Jambois said the existing disputed taxes owed to those three states is about $500,000. The Wisconsin Tax Appeals Commission is currently considering a petition from the trucking firms challenging the amount owed. Under a multistate compact, the state in which a trucking firm is based is responsible for collecting motor fuel taxes and distributing amounts owed to other states.

Troha, 60, joined the former Kenosha Auto Transport in 1974 and later became a principal owner of its successor firm, ATC Leasing. That company later became a subsidiary of Troha's JHT Holdings Inc. He sold off a majority of that company to a private equity firm in February 2005. He severed all ties with JHT last year.

Also on Tuesday, Assembly Speaker Mike Huebsch, R-West Salem, said that a bill will be introduced again identical to one Doyle vetoed in May that would require the Legislature to sign off on new casinos, in addition to the governor. Huebsch predicted it would be debated by the Republican-controlled Assembly in April.

Doyle has been criticized by Republicans and others for changing positions on the governor's role in approving casinos. During the 2002 campaign, Doyle said he supported having the Legislature, and not the governor, determine whether a casino can be located in the state.

But once elected, Doyle changed his position and in May vetoed the legislative oversight bill. In his veto message, Doyle cited concerns about "inherent practical difficulties in involving multiple parties in the concurrence process."

Spokesmen for both Doyle and Senate Majority Leader Judy Robson, D-Beloit, did not immediately return messages seeking comment on the bill.

Green License Plates Proposed To Identify Ohio Sex Offenders (NYT)

By Bob Driehaus

The New York Times, March 7, 2007

CINCINNATI, March 6 — A bipartisan effort in Ohio's legislature could make the state the first to require convicted violent sex offenders and child predators to place fluorescent green license plates on their cars.

The legislation stems from a three-year effort by the friends and family of Kristen Jackson, 14, who was raped and killed in 2002 by a convicted sex offender who abducted her as she walked home from the Wayne County Fair in Wooster.

A 2005 bill that called for pink license plates for all sex offenders failed after critics deemed it too harsh and Mary Kay Cosmetics and advocates for breast cancer research objected to the color.

The revised bill would focus on convicted sex offenders who used violence or preyed on minors and would exclude other offenses like public exposure or consensual sex between an adult and a teenager.

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"It's about giving people the tools they need to make informed decisions for themselves and for their children," said State Senator Kevin Coughlin, a Cuyahoga Falls Republican, who joined with Representative Michael DeBose, a Cleveland Democrat, to introduce in each house a bill they call Kristen's Law.

A spokesman for Gov. Ted Strickland, a Democrat, said the governor would sign the measure if it was approved by the General Assembly.

Critics say the bill would wrongly punish the offenders' family members who use the cars with the special license plates and expose occupants of the car to vigilante justice.

"I certainly want to keep our children safe from sexual predators, but I worry about casting the scarlet A, instead of on Hester Prynne, around Hester Prynne's family," said Representative Bill Seitz, a suburban Cincinnati Republican and the majority whip. Mr. Seitz sponsored a law enacted in 2003 that barred sex offenders from living within 1,000 feet of a school.

Another opponent of the bill, Conrad Goode, who has worked with sex offenders as a parole officer and is now a coordinator at a Salvation Army halfway house in Dayton, said: "They've done their time. They've done their after-care. They have to register where they live. That's enough."

David Finkelhor, director of the Crimes against Children Research Center in Durham, N.H., said the debate about such proposals should focus on results rather than intentions.

"Before we really go a lot further with it, we have to see if it has the desired effect," Mr. Finkelhor said. "And these legislators are getting involved in implementing these ideas without any research to test their efficacy."

A better course, he said, would be experimenting with one county.

Sheryl Rusher, a Wooster resident and friend of Kristen Jackson's parents, has pushed for the bill for peace of mind for parents, arguing that Ohio already places special yellow license plates with red lettering on the cars of convicted drunken drivers.

"If we can put those plates on a D.U.I. driver's car," Ms. Rusher said, "then we should be able to put them on a sex offender's car."

Scruggs Offered Immunity In Bribery Trial (BSH)

Biloxi Sun Herald, March 7, 2007

STAFF AND WIRE REPORTS

JACKSON - The U.S. Justice Department has offered immunity from prosecution to attorney Richard "Dickie" Scruggs in exchange for his testimony in a judicial bribery trial involving his former colleague, Paul Minor.

Assistant U.S. Attorney Ruth Morgan, who is prosecuting Minor and two former state court judges on bribery charges, told U.S. District Court Judge Henry T. Wingate about the immunity deal Tuesday afternoon outside the jury's presence. Morgan said the prosecution expects to call Scruggs as one of the next four prosecution witnesses.

Scruggs also is currently at the center of negotiations on behalf of policyholders to settle Katrina claims with State Farm. He has been featured in local and national news stories about the proposed settlement, pending in U.S. District Court in Gulfport.

The judicial bribery trial is under way in Jackson, where Minor is accused of bribing former Circuit Judge John Whitfield and former Chancery Judge Wes Teel. Morgan said Scruggs has been granted immunity for testimony about a loan he paid off for Teel at Minor's request and about a loan guarantee for state Supreme Court Justice Oliver Diaz and his wife.

Oliver Diaz was acquitted at the end of the first judicial bribery trial in 2005. The jury was unable to reach a verdict on charges against Minor, Teel and Whitfield.

Minor later repaid Scruggs for his $27,500 payment on the Teel loan.

Morgan asked Wingate to limit any cross-examination of Scruggs. She fears attorneys for Minor and the judges will try to imply Scruggs was not prosecuted because he is U.S. Sen. Trent Lott's brother-in-law. They have raised those allegations in the past, but Wingate has not allowed selective prosecution to be raised as an issue before the jury.

Morgan told the judge, in response to his questions, that defense attorneys had just been notified of the Scruggs immunity offer. She said the Justice Department produced an immunity letter Monday, but Scruggs had not gotten a chance to sign it yet.

Wingate did not rule on Morgan's request to limit defense attorneys' questions of Scruggs.

"Selective prosecution is an issue that the court takes up," Wingate said. "But in this instance, I don't know what motivation the Justice Department had to give him immunity. So I don't know whether he was given any preferential treatment."

Also Tuesday, Minor's attorneys attempted to show a 2001 court settlement benefitting his client, The Peoples Bank, was legally sound and not influenced by his relationship with Teel.

Minor in 1998 guaranteed the bank loan for Teel and another for Whitfield at The People's Bank. After Minor filed suit for People's Bank against its insurer, USF&G, the case ended up in Teel's court.

Teel oversaw the settlement in which USF&G agreed to pay the bank about $1 million. The government alleges Teel was essentially being employed by Minor to inflate the settlement amount in favor of his client.

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Attorney Wayne Drinkwater, who represented USF&G, testified that the case was settled after he expressed pessimism about his client's chances of prevailing at trial.

Defense Attorneys In Pellicano Case Urge Judge To Investigate Leak To N.Y. Times Reporters (LAT)

By Greg Krikorian And Chuck Philips, Times Staff Writers

The Los Angeles Times, March 7, 2007

Lawyer says the federal government could be involved in the release of sealed evidence to N.Y. Times reporters

Nearly a year after confidential FBI documents in the wiretap and racketeering case of Anthony Pellicano were disclosed, defense attorneys have stepped up their push for a federal judge to independently investigate who leaked the evidence to the New York Times.

Times reporters David M. Halbfinger and Allison Hope Weiner used the reports to write several stories about Hollywood bigwigs, including attorney Bert Fields, former agent Michael Ovitz and others, who have not been charged in the case. Pellicano, once known as the private eye to the stars, and several of his legal and Hollywood clients are accused of eavesdropping on opponents to win advantage in courtroom battles.

The leak investigation has been handled by the U.S. attorney's office and the FBI in San Diego because prosecutors and FBI agents in Los Angeles are among those with access to the compromised evidence.

But in recent weeks, defense lawyers have urged U.S. District Judge Dale S. Fischer, who is hearing the Pellicano criminal case in Los Angeles, to intervene. Defense attorney Terree Bowers, who represents entertainment attorney Terry Christensen, one of Pellicano's co-defendants, has been particularly aggressive, accusing the government of involvement in the leaks.

In recent court papers, Bowers said the New York Times reporters told an unnamed witness that they had received the confidential information from the government before it was turned over to defense attorneys.

Bowers also asserted that lead FBI agent Stan Ornellas told another witness that he had lost some of his notes on the case. If true, Bowers argued, the missing documents could be the source of the leaks. Or Ornellas could have made up the story to set up an alibi against charges that he was the leaker.

Ornellas and prosecutors Daniel Saunders and Kevin Lally have denied responsibility for the leak. Other FBI and Justice Department officials note that anyone who worked on the career-making case for years would be loath to risk it by turning over sealed documents to journalists.

Recent court papers state that federal authorities involved in the case have executed waivers releasing Weiner and Halbfinger from any promises they might have made to remain silent about their contacts with government agents.

In their latest filing, prosecutors also made a not-so-subtle reference to the BALCO case, in which a defense attorney who had accused the government of leaking turned out to be the source for incendiary reports about steroid use by major league baseball players.

"The government notes only that recent events have demonstrated that a defense counsel's unsupported accusations of government misconduct … should be accorded little if any weight," Saunders and Lally wrote in a footnote to a 26-page motion.

The Pellicano leak investigation is not as well known as the BALCO case or the disclosure of CIA operative Valerie Plame's identity, which resulted in perjury convictions against former vice presidential aide I. Lewis "Scooter" Libby. But it has its own interesting twists, including a separate federal investigation into accusations that Weiner misidentified herself to get in to see Pellicano in prison.

Weiner was permanently barred from any federal prison facility last summer after authorities concluded that she had misrepresented herself as an attorney to see Pellicano.

Weiner, who received a USC law degree 20 years ago, is registered with the California bar but has never done legal work for Pellicano. It is against the law to enter a federal detention center under false pretenses.

Weiner told her superiors at the New York Times that she had informed several jail guards that she was a New York Times reporter. But in December, the San Diego prosecutor and two FBI agents showed prison officials and other witnesses at the detention center a form on which Weiner had written "legal" to describe the purpose of a June 14 visit, sources said.

The prosecution team also played a videotape of Weiner's entry attempt for the officials, sources close to the investigation said.

The New York Times declined to comment on the specifics of either investigation.

"We believe it is critically important for reporters to be able to protect their confidential sources of information," New York Times spokeswoman Diane McNulty said. "And [we] will continue to advocate their ability to do so."

The leak investigation is expected to be discussed at a court hearing in the Pellicano case later this month.

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Kurtz Case, Activist Art In Limbo (PPG)

By Mary Thomas, Pittsburgh Post-gazette
Pittsburgh Post-Gazette, March 7, 2007

The legal battle with the Department of Justice that artist Steve Kurtz is embroiled in has implications not only for artists but, by extension, for anyone engaged in outside-the-box public discourse that challenges established convention.

Kurtz is a founding member of the widely acclaimed art collective Critical Art Ensemble (CAE, established in 1987), which exhibits internationally and was included in the 2006 Whitney Biennial. The group examines the impact of science and technology on consumer culture through works that are activist, performative and conceptual.

An associate professor of art at State University of New York, Buffalo, who formerly taught at Carnegie Mellon University, Kurtz lectured at The Andy Warhol Museum Saturday on "Second Wave Eugenics and Critical Art Practice," in conjunction with the exhibition "Deadly Medicine: Creating the Master Race."

With him was Lucia Sommer, a CAE member and defense committee coordinator, who later answered questions about his case, which is moving sluggishly through a series of pre-trial motions.

In May 2004, Kurtz's wife died in their Buffalo home. Police who responded to his 911 call noticed scientific materials, including petri dishes, in the house and notified the FBI, who confiscated Kurtz's computer, books and components of CAE projects under the Patriot Act.

Analysis showed that his wife died of natural causes, and that the microorganisms impounded were harmless and readily available from biological supply houses. Lacking bioterrorism evidence, the FBI charged Kurtz with mail fraud and wire fraud -- based on his alleged receipt of the bacteria from University of Pittsburgh scientist Robert Ferrell -- and each of them faces a possible 20-year sentence.

The CAE sees the case as having the precedent-setting possibility to blur the division between civil and criminal law, should the Department of Justice win.

Sommer says that it "seems almost certain" that the case will go to trial, though a date has not yet been set and lawyers estimate it could be one-and-a-half to two years away. A motion to dismiss it is among about a dozen the defense has filed during the pre-trial process.

Contesting the terms laid down by the prosecutor has slowed the case momentum, and Sommer is concerned that public interest, which she believes will be particularly important during the trial, be maintained. To that end, the CAE Defense Fund, which was established after Kurtz's arrest, has initiated a separate education fund for use at trial time.

In the year following his arrest, Sommer says, Kurtz attended 32 fund-raisers held on his behalf on several continents, to pay his $7,000 to $10,000 a month legal fees. An auction of artworks donated by prominent global artists at the Paula Cooper Gallery, New York, alone raised $167,700.

The new fund will be used to encourage an international presence in Buffalo during the trial, Sommer says, including persons to conduct consciousness-raising activities as well as expert witnesses from the disciplines of art, science and technology to attest to the worth of CAE work.

"Political trials like this are won as much in the court of public opinion as in the court of law," Sommer says.

Some who've weighed in on the arrest feel that it's the result of a cultural disjunct; that the government doesn't realize that it's commonplace, and that there is historic precedent, for artists to employ contemporary technology and scientific discoveries, not to mention social issues, in their expression. Others more cynically conclude that the government knew exactly what the collective had been up to.

If it didn't, it does now.

Among the things taken from Kurtz's house were components of the CAE work "Free Range Grain," which was to have been part of the exhibition "The Interventionists: Art in the Social Sphere" that opened later in the month at the Massachusetts Museum of Contemporary Art, North Adams. The work, which had been shown earlier in Europe, addresses genetic modification of food.

Also confiscated were elements of the CAE's most recent project "Marching Plague," described on the CAE Defense Fund Web site (caedefensefund.org.) as "dedicated to demystifying the issues surrounding germ warfare." Although none of his research materials has been returned, Kurtz managed to rewrite and publish "Marching Plague: Germ Warfare and Global Public Health." It was the companion film to this work that premiered at last year's Whitney Biennial.

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The Warhol exhibition Kurtz's lecture supplemented originated at the United States Holocaust Memorial Museum in Washington, D.C., and addresses the role eugenics played in the Nazi racist ideology that led to the murder of 6 million Jews. His lecture was co-sponsored by the University of Pittsburgh Schools of the Health Sciences, Center for Bioethics & Health Law, Department of the History of Art & Architecture and The Graduate Program for Cultural Studies.

Kurtz illustrated his Warhol talk with other CAE projects, including "Flesh Machine" of 1996-97, which incorporated an actual gene donor profile form to make a point about how ingrained and myopic social values are, and how they can be manipulated.

CAE, in short, provokes the kinds of questions that an informed citizenry must consider to control its destiny. One could imagine how that may interfere with the information flow delivered by a consumer marketplace fattened by complacency.

Asked if anyone else is doing the work of the CAE regarding genetic applications, Sommer answers no, certainly not on such a comprehensive scale. When weighing what to make of this "Kafkaesque," as Kurtz has dubbed it, series of events, that's a significant point to consider.

Inquiry Looks At Accusations That Wines Had False Labels (NYT)

By James Barron And Eric Asimov

The New York Times, March 7, 2007

Federal investigators in New York are looking into allegations of counterfeiting in high-end wine sales, issuing subpoenas to auction houses that handled what were billed as rare bottles with distinguished provenances, according to people in the wine trade.

Agents from the F.B.I.'s art-fraud squad have collected a large amount of data on wine sales, according to one person with direct knowledge of the investigation.

The inquiry, reported yesterday by The Wall Street Journal, is centered on whether auction houses, collectors or importers sold wines they knew could not be from the vintages listed on the labels.

A spokesman for Christie's, which sold $58.5 million worth of wine last year, more than half of it in the United States, said that they had received a subpoena. "We have been cooperating with officials and will continue to do so," Christie's said in a statement.

In 1985, Christie's accepted a consignment of what it described as the oldest authenticated-vintage Bordeaux it had ever sold, a Château Lafite dated 1787 and carried the initials "Th.J.," for Thomas Jefferson. The shipment was consigned by Hardy Rodenstock, a German music publisher and wine merchant.

William I. Koch, a billionaire wine collector, is suing Mr. Rodenstock over four bottles of the wine that he concluded could not have been Jefferson's. Mr. Rodenstock's lawyer, Birgit Kurtz, did not return a call seeking comment.

Mr. Koch said yesterday that he found 500 other bottles in his 35,000-bottle collection that he believes are fake, some traceable to Mr. Rodenstock. He said he was considering expanding his lawsuit to include those bottles and the resellers who sold them to him.

In keeping with Justice Department policy, Yusill Scribner, a spokeswoman for federal prosecutors, said she would not confirm or deny that there was an investigation.

The labeling of wine has long been a problem, but in recent years fraud has become widespread in the world of the high-end collector.

"It's a major concern over the last 10 years easily," said Tim Kopec, the wine director of Veritas, a New York restaurant known for the breadth and depth of its wine list, "and more people with large amounts of money who come into the wine world are fueling the issue."

"Once I started to see bottles of wine selling in excess of $1,000 a bottle, it really started to become a problem," Mr. Kopec added. "The first bottle I remember breaking $1,000 was the '61 Pétrus back in the early '90s. Today it's quite commonplace at the retail level, at the auction level, at restaurants. It's even common to see people spending $5,000 or $10,000 for magnums of old Pomerol or for aged Burgundies, even $15,000 or $20,000."

To protect themselves, collectors often employ consultants experienced with old wines, people like Mr. Kopec, or Robert Bohr, the wine director at Cru, another New York restaurant with a spectacular wine list.

These consultants assist them in their quest for valuable bottles, whether investigating wines to be sold at auction or evaluating the contents of a cellar or an estate. They try to trace the provenance of the wines. If a bottle's history leads directly and clearly to the producer, it may be a safer bet than a bottle with a murky history.

And they carefully inspect the bottles. "We know how clear or fuzzy the labels should be, what the font size should be, what the cork should look like," Mr. Bohr said.

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While a fraudulent bottle can sometimes be easy to spot, sometimes it can be exceedingly difficult. Today, with the extent of the problem evident, producers take steps to prevent counterfeiting, like etching the bottle with the vintage or other identifying mark. Corks are generally marked with the name of the producer and the vintage.

Counterfeiters have an easier time with older bottles. Thirty years ago frugal Burgundy producers like Henri Jayer would pay for a generic label that could be used year after year, differentiating vintages with a tag placed at the neck. The tag of a bottle from a poor vintage could easily be steamed off and replaced with one from a great vintage.

Thus, a bottle of Jayer Cros Parantoux '79, considered to be a lesser vintage in Burgundy, could easily be transformed into a Cros Parantoux from the legendary 1978 vintage, a bottle that can be found for sale on the Internet for $5,500.

"When we were buying a lot of Jayer, we sprung the cork on an '85 Échezeaux and it didn't taste like '85," Mr. Bohr said. "We looked at the cork and it was an '82."

Oftentimes, though, even experts have little more to go on than their instincts. They may sense something amiss without being able to put their finger on anything specific. "It's not like you can say, 'This is a fake,' " Mr. Kopec said. "You just get a bad vibe and you say, 'Even if this might be good, it's not worth the risk.' "

FBI Chemist Rebuts Frame-up Theory (MJS)

Milwaukee Journal Sentinel, March 7, 2007

Chilton - Prosecution witnesses on Tuesday rebutted claims that deputies planted Steven Avery's blood to frame him for the murder of Teresa Halbach.

Marc LeBeau, chief of the chemistry unit at the FBI lab in Virginia, testified Tuesday that he did testing on a vial and on three of Avery's bloodstains in Halbach's vehicle. He said the blood vial contained a chemical that prevents blood from clotting, or EDTA. But he said the stains from the vehicle did not contain the chemical.

EDTA can survive temperatures of up to 300 degrees Fahrenheit, he testified.

"It is my opinion that the bloodstains that were collected from the RAV4 could not have come from the EDTA tube that was provided to us in this case," LeBeau said.

On cross-examination by Avery attorney Jerome Buting, LeBeau admitted that the FBI created a new protocol for this case and validated it in about two weeks. He also admitted his study didn't determine how much EDTA was in the vial, and he knew of no study on the breakdown rate of EDTA in an 11-year-old vial of blood. But he said the lab could detect EDTA in a 33-month-old bloodstain.

Avery claims that his blood, stored in an unsecured vial at the Manitowoc County courthouse, was planted by investigators at the scene of the Halloween 2005 killing.

The blood in the vial was drawn in 1996 as part of the appeals process in a rape case for which Avery served 18 years in prison. DNA analysis showed he was innocent.

CIVIL RIGHTS:

Ex-jailer Teel Will Be Released By Wednesday (BSH)

By Robin Fitzgerald

Biloxi Sun Herald, March 7, 2007

GULFPORT - Former Harrison County jailer Ryan Teel, granted bond this afternoon, will be released and at home under electronic monitoring by tonight or in the morning.

U.S. Chief Magistrate Judge John M. Roper ordered his release before a packed federal courtroom. On one side, friends and family of Jessie Lee Williams Jr. responded with audible gasps. On the opposite side, Teel's mother leaned forward and patted a shoulder of Teel's wife, who wept in relief.

Teel has been in custody for more than six months since his arrest by the FBI. He has pleaded not guilty to a two-count indictment of depriving Williams' rights and obstructing justice to conceal Williams' assault in the jail booking room on Feb. 4, 2006. Williams, 40, died two days later.

Roper agreed to allow home incarceration for Teel in spite of federal trial attorney John Richmond's argument that nothing had changed in Teel's indictment. Teel's trial is set for May 28.

Teel was denied bond on Aug. 31, 2006, in an order that stated he was a flight risk and a possible danger to others in the community. Two psychological reports submitted in court on Tuesday conclude that Teel is not a danger to others, according to defense attorney Jim Davis.

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Copies of the reports obtained by the Sun Herald show neither psychologist addressed whether Teel is a flight risk. One report, from Dr. Beverly Smallwood, said Teel is suffering from post-traumatic stress disorder because of "incidents he experienced as a corrections officer."

Roper set a $250,000 unsecured bond, which doesn't have to be paid unless Teel fails to make a court appearance or violates any condition of release. The electronic monitoring will limit him to 150 feet from the monitoring device. Roper said Teel is allowed to go nowhere except court appearances or pre-approved medical visits.

He also is prohibited from having contact with any past or present jail or Sheriff's Department employee, potential witnesses or victims.

Teel's attorney requested the bond hearing, in part, on the grounds that bond was denied before the federal government decided it wouldn't seek the death penalty.

Richmond told Roper that bond shouldn't be considered on that basis because a possible death penalty was not listed as a reason for his initial denial of bond.

"The court was aware of it," Roper replied.

"God help us all," Williams' brother, Terry, later told the Sun Herald. "Pray for justice and for the right thing to happen."

Two former jailers have admitted their roles in Williams' assault. Three other ex-jailers also have pleaded guilty to conspiring to deprive inmates of their rights in a federal investigation of alleged civil-rights violations at the Harrison County jail.

Teel's trial is set for May 28. He faces a life prison sentence if convicted on the civil-rights allegation involving Williams' assault and subsequent death. Sentencings in the five plea agreements of the other ex-jailers have been placed on hold pending resolution of Teel's case. They remain free on unsecured bonds of $25,000 each.

The Sun Herald gives more coverage on this story on sunherald.com and in Wednesday's editions.

Local Man: Feds Probe Jail Beating (JOJHN)

By Joe Hosey, Staff Writer

Joliet (IL) Herald News, March 7, 2007

A Crest Hill man claiming he was brutally beaten by guards at the Will County jail says the feds have launched a probe into the incident at his request.

"I have complete faith in the U.S. Attorney's Office and the Federal Bureau of Investigation to end these types of actions before someone else is seriously hurt," local businessman Robert Darin said earlier this week.

The Herald News obtained letters sent by Darin to state Attorney General Lisa Madigan's office and the Chicago office of the U.S. attorney detailing his alleged attack at the hands of guards at the county jail.

In the letters, Darin says he was the victim of an "unprovoked severe beating by two Will County deputies" while he was waiting to bond out on a traffic charge nearly a year ago.

Robyn Ziegler, a spokeswoman for Madigan's office, would not discuss the letter or Darin's allegations.

"There's nothing public we can say about this right now," Ziegler said.

Kim Nerheim, a spokeswoman for the U.S. attorney's Chicago branch, would provide no information about the letters sent to David Glockner, the chief of the office's criminal division.

But Special Agent Ross Rice of the FBI confirmed Darin filed a complaint, but said the investigation is still in its initial stages.

"We are conducting what we call a preliminary inquiry," Rice said.

"He just alleged his civil rights were violated in the Will County jail," he said.

Darin contends this violation of his civil rights nearly cost him his life.

Darin's experience in the county jail began after a Joliet police officer ran his license after pulling him over for improper lane usage in April. The officer -- and Darin -- discovered he was wanted in Grundy Country for a misdemeanor warrant and that his license was suspended.

Darin says in his letter that "the misdemeanor charge arose out of a misunderstanding pertaining to a bill for services to an animal that I rescued. The day after I was released from custody, I met with the Grundy County state's attorney and the charge was dismissed. As for my license, it turns out that it was suspended for an emission violation on a vehicle that I no longer owned."

Darin said Joliet police gave him the option of posting $100 cash for his release from the station, but he did not have the money on him and was taken to the county jail where he would be able to use his credit card to make bond.

"While at the Will County Adult Detention Facility, a deputy apparently said something to me which I did not hear because I am deaf in one ear," Darin wrote in his letter. "I was then taken into a cell where I was severely beaten; I was kicked in the face, ribs and legs over 30 times. I sustained a laceration above my right eye requiring 10 stitches; I also sustained an uptake

(fracture) in the right and left lower anterior rib cage. I also had problems associated with a collapsed lung and severe pains in the thoracic region."

Nearly five hours after he was taken into custody, Darin called the office of his attorney, Chuck Bretz.

"My attorneys immediately called the detention facility and asked that I be released and that I receive medical attention," Darin wrote in the letters. "They were also informed that there was videotape of the holding area and the video of the incident would be reviewed."

Darin was charged with obstructing a peace officer in connection with the incident at the jail. This charge later was dropped.

Darin received hospital treatment the day he was released from jail and returned to the emergency room the following day for additional care.

In the subsequent hearings on the obstruction charge, Darin's attorneys subpoenaed videos of the incident in the jail. The tape eventually was provided by State's Attorney James Glasgow's office, Darin says in his letter, and, "It was later determined by an expert I retained that the video that was tendered was intentionally altered and had been manipulated to exclude the footage of the beating that I had received."

The expert was to review the jail's surveillance system, Darin says in his letter, but prosecutors dropped the charges without allowing him to do so.

"A comment was made that the full videotape was no longer available," he wrote in his letter. "I believe they stalled the court proceedings for that purpose."

Bretz, one of Darin's attorneys, was similarly chagrined.

"We were disappointed in the failure to provide a prompt response to our request for the video footage," Bretz said last week. "At this point, we are working with Mr. Darin to explore his options as far as legal action against the specific deputies involved and the county. If there is anyone who has information pertaining to Mr. Darin's incident, or any similar incidents which have occurred in the Will County Adult Detention Facility, we would appreciate if those persons would contact either myself or (attorney) Cosmo Tedone."

Glasgow's spokesman, Charles B. Pelkie, declined to comment on the allegations contained in the letters. Likewise, sheriff's department spokesman Pat Barry declined to comment.

Darin, who is in the real estate business, also volunteers as a state-licensed investigator of animal crimes and has had prior contact with Glasgow's office. He says he thought prosecutors would be more responsive to his request that they probe his alleged beating.

"They (prosecutors) have contacted me over a dozen times concerning several ongoing animal abuse cases, but not once have they questioned me about this incident," Darin said.

Rice said the bureau would forward the findings of its investigation to the U.S. Attorney's Office, and from there it would go to the Department of Justice in Washington, D.C.

Contact Joe Hosey at (815) 729-6054 or e-mail him at jhosey@scn1.com

US Hate Crimes Being Prosecuted After Half A Century (AFP)

AFP, March 7, 2007

The US government is probing hundreds of unsolved hate crimes committed during its tumultuous civil rights movement era, hoping to try at least a dozen suspects who escaped justice for half a century.

The Federal Bureau of Investigation (FBI) urged its bureaus last year to reopen botched cases from the 1950s and 1960s, and apply modern forensic techniques to try to uncover new evidence and possible witnesses.

Their analysis produced tangible results in hundreds of lynchings and murders allegedly committed by white supremacists, but only a dozen prosecutions are likely to be pursued.

"In too many instances, the truth has been hidden for too long," FBI director Robert Mueller said at a recent press conference.

Many of the killers are deceased, witnesses have disappeared, several of the crimes were committed too long ago to prosecute under existing statutes, or local attorneys refused to cede jurisdiction to federal prosecutors.

"Many individuals have, quite literally, gotten away with murder. We cannot turn back the clock. We cannot right these wrongs. But we can try to bring a measure of justice to those who remain," Mueller said.

"To those individuals who committed these crimes, who have lived with their guilty consciences for these many years, our message should be clear: You have not gotten away with anything. We are still on your trail," added US Attorney General Alberto Gonzales.

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In late January, authorities caught up with former Ku Klux Klan (KKK) member, James Seale, 71, suspected of beating two young black men to death 42 years ago because one of them was a civil rights activist.

Accused of kidnapping, he faces possible life in prison.

Thanks to continued pressure by civil rights groups and victims' families for action, several criminal trials were launched since the late 1980s in southern states, resulting in convictions of two dozen former KKK members who had made little effort to hide their crimes.

Among the old fossils who generally expressed no regret, Edgar Ray, 80, was convicted in June 2005 of murdering three young activists in 1964, a crime that shocked the nation and inspired Alan Parker's 1988 film "Mississippi Burning."

Most of the witnesses in the case had died long ago, so the jury relied on their posthumous accounts of Ray's crime.

Two weeks ago, however, another jury refused to consider similar testimony in the assassination of Emmett Till, a black adolescent killed in August 1955 in the Mississippi delta after he had whistled at a young Caucasian woman who crossed his path.

The woman's husband and brother-in-law, acquitted soon afterwards by an all-white jury, later described what they had done in great detail to a journalist, convinced that their actions were not criminal.

In 2004, the government re-opened the case, exhumed the adolescents remains to search for new evidence. The two murderers were deceased, so prosecutors accused the woman of inciting her husband to kill the boy who allegedly had shown her a lack of respect.

Federal authorities, however, were forced to hand over the investigation to local officials and a local jury refused to indict the woman for lack of evidence.

Council Offers 2 Maps For Hearing (FAYOBS)

By Don Worthington, Staff writer

The Fayetteville Observer, March 7, 2007

Residents will get their say March 29 on the boundaries for six election districts.

Residents attending a March 29 public hearing on Fayetteville's new election districts will get to choose between two plans — or they can bring their own.

The council voted Tuesday to take two maps to the public after failing to choose one map.

Also on the agenda will be a public hearing on whether the mayor should have a vote under the 6-3 format approved by voters Feb. 6.

Six council members would be elected from districts and three elected citywide. When the city previously used that format, the mayor voted only to break ties.

The 6-3 council format and maps will be submitted to the U.S. Department of Justice for review under the Voting Rights Act of 1965. Any changes to Fayetteville's election practices cannot dilute minority voting.

The Department of Justice could approve the changes, approve the format but ask for a different map, or decide the 6-3 format is a step backward.

The city hired Michael Crowell, a lawyer with redistricting experience, to draw the new election districts. Tuesday was the third public meeting the council has held with Crowell.

The most asked question was which map would be approved by the Department of Justice.

Crowell sidestepped the question, noting that each might pass. He said that one version, labeled "G," had a better balance of whites to blacks in the districts than the map labeled "C-1." He said if the council voted for C-1 it should list why that map is a better alternative than G.

All of the maps Crowell has presented to the council will become part of the city's submission to the Department of Justice.

Under Department of Justice guidelines, the city should have three districts where minorities are the majority.

Black council member Curtis Worthy and Mayor Pro Tem Robert Massey questioned Crowell about the percentages of whites and blacks in the various districts.

Under the current nine single-member districts, the black majority is as high as 65percent in some districts.

Crowell said the percentage of blacks in the current districts is higher than it needs to be. The result reduces minority voting influence in other areas of the city, he said.

Under Crowell's maps, the highest minority percentage would be 55 percent.

In previous meetings, the council looked at possible maps showing where incumbents live.

The district that Councilman D.J. Haire would be assigned to has generated some controversy. Haire lives on Seabrook Road, but he lists a Filter Plant Road address as a point of contact on the City Council's Web site.

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Map G would place Haire in a district by himself and put Massey, Charles Evans and Keith Bates in the same district. Map C-1 would place Massey, Bates and Haire in the same district.

Both maps put incumbents Lois Kirby, Wesley Meredith and Paul Williams in the same district. In both cases, there is no incumbent living in District 5, the annexed neighborhoods south of Raeford Road.

Residences of incumbents were not shown on the maps reviewed Tuesday.

The maps attempt to keep neighborhoods and precincts intact. The biggest difference between the two maps is the boundaries of District 1, District 2 and District 4.

Under map G, District 1 extends from north Fayetteville along Ramsey Street to downtown and then across the Cape Fear River. Under map C-1, District 1 stops at Rowan Street. District 2 is extended eastward to include downtown. District 4, which includes Haymount, VanStory and the Bordeaux areas, is stretched to include areas east of the Cape Fear River.

City Council comment was kept to a minimum Tuesday.

Williams, who did not attend earlier meetings on redistricting, said the assumption behind drawing the maps sickened him.

"The assumption is whites won't vote for blacks. It's sad we are still in these days," he said.

Staff writer Don Worthington can be reached at worthingtond@fayobserver.com or 486-3511.

Oxford Annexation OK'd By Justice Dept. (AP)

AP, March 7, 2007

OXFORD — The Justice Department has informed Oxford officials that it has approved the city's annexation proposal that adds 4.3 square miles and some 5,000 new residents.

The annexation expands the city's area from 12.2 square miles to 16.5 square miles and the population from 14,000 to 19,000.

Officials said city ordinances took effect immediately, but full enforcement will take time.

"Everyone knows all this change won't occur overnight," Mayor Richard Howorth said Monday.

Bill Expands Hate Crimes To Homeless (WT/AP)

By Kristen Wyatt

The Washington Times, March 7, 2007

ANNAPOLIS -- The state Senate adopted a first-in-the-nation hate crime classification for homeless people yesterday, despite concern that the measure would dilute hate-crime protections.

Under the bill, homeless people would join ethnic and racial minorities as protected classes in Maryland hate-crimes laws. Sexual orientation and religion are also included.

A Senate committee considering the bill watched videos of homeless people being beating before adopting the idea.

"Some people beat up on the homeless for sport," said Sen. Lisa A. Gladden, Baltimore Democrat.

Homeless advocates praised the passage of the bill, which now heads to the House.

"This is a growing problem," said Jessica Schuler, a policy analyst for the Washington-based National Coalition for the Homeless. "These crimes are occurring out of the same ignorance other hate crimes come out of."

However, the bill sparked a sharp debate and brought opponents from both parties. Most of the sponsors of the bill are Republicans, and some worried the bill was an attempt to water down hate-crimes laws. The Senate defeated attempts to add disabled people and "economic class" to the bill.

"I believe every crime is a hate crime," said Sen. E.J. Pipkin, Eastern Shore Republican, who voted against the measure. "It begins to undermine why we have a special class for hate crimes."

Miss Gladden said, "We should get to a point in America where we don't need hate crimes and special classes. But we're not there yet."

Other Democrats worried the action would open up more proposals to expand hate crimes laws until they mean little.

"I'm not confident it was well thought out," said Sen. Edward J. Kasemeyer, Baltimore /Howard Democrat who voted against the bill.

Senate President Thomas V. Mike Miller Jr., a Democrat, ultimately voted for the bill but acknowledged the delicate nature of its contents.

Racial Tensions Are Simmering In Hawaii's Melting Pot (USAT)

By Martin Kasindorf

USA Today, March 7, 2007

DOJ_NMG_0141509

HONOLULU — A violent road-rage altercation between Native Hawaiians and a white couple near Pearl Harbor two weeks ago is provoking questions about whether Hawaii's harmonious "aloha spirit" is real or just a greeting for tourists.

The Feb. 19 attack, in which a Hawaiian father and son were arrested and charged with beating a soldier and his wife unconscious, was unusual here for its brutality. It sparked a public debate over race relations that is filling blogs and newspaper websites with impassioned comments along stark ethnic lines.

These divisive exchanges come as the U.S. Supreme Court and Congress are being asked to tackle another inflammatory racial issue in a state where no race is a majority: special benefits for Native Hawaiians, ranging from preference at an elite private school to free houses on government land. One side says the long-established perks compensate Hawaiians for past wrongs and preserve their valuable culture for the islands. The other side says the benefits discriminate against other racial groups.

The current controversies are exposing racial tensions below the surface of a tropical paradise that Gov. Linda Lingle says is "a model for the world" in diversity and peaceful integration. Simmering divisions pit Hawaiians against other groups, and "locals" of all races against newcomers including immigrants and military members.

At issue now is whether Hawaii will acknowledge and overcome these threats to its friendly reputation.

Last month's road-rage incident began when an SUV driven by Army Staff Sgt. Andrew Dussell, 26, who has served two tours in Iraq, struck the parked car of Gerald Paakaula, 44, at a shopping center, according to a police affidavit filed in court. Paakaula and his 16-year-old son allegedly assaulted Dussell and his wife, Dawn, 23.

The teenager allegedly shouted an obscenity along with the Hawaiian term for a white person, haole (pronounced "howl-ee"), while attacking the soldier.

The court document says the father, a truck driver, picked up the woman and slammed her to the asphalt. The teenager allegedly kicked the husband's face as he convulsed on the ground from a punch to the throat. The couple suffered broken noses, facial fractures and concussions.

In another incident Jan. 27, nine white campers in a beach park on the Big Island of Hawaii were beaten by men in their 20s who told the campers to leave the island, the police report says. Hawaii County Police Maj. John Dawrs describes the assailants as "Pacific Islanders."

Racial troubles in the islands usually don't get much public discussion. In a tourism-dependent state, talk about tensions is "like news about shark attacks," says Jon Van Dyke, a University of Hawaii law professor. "People are afraid they might lose customers."

Now, people are speaking out. Honolulu Prosecuting Attorney Peter Carlisle says he's getting public pressure to add a "hate crime" charge to the felony assault charge against Paakaula. The maximum sentence for assault is five years, but that would double to 10 years if the defendant is convicted of a hate crime. Carlisle says this case doesn't fit Hawaii's hate-crime law requiring intentional "selection" of a victim because of ethnicity, gender or sexual orientation.

Hawaii recorded six hate crimes last year, up from one or two in each previous year since recordkeeping began in 2003, according to the state.

"There is a notion that we have this kind of rainbow society and we all get along really swell," says Jon Matsuoka, dean of the university's School of Social Work. "The reality is that there are racial tensions. They are deep-seated and historical, and that history didn't abruptly stop."

Hawaii, annexed by the United States as a territory in 1898 and a state since 1959, promotes a picture of aloha. Hawaiians have lavished this "love" greeting on visitors since the first missionaries came from New England in 1820. "In the host culture, tolerance is paramount," says former governor Ben Cayetano, a Democrat. "That is the greatness of Hawaii."

By many measures, Hawaii is a paragon of racial accord. One in two marriages are across ethnic lines, says Lingle, a Missouri-born haole. Most neighborhoods are integrated. In a 2005 Census survey, 21% of residents listed themselves as being of more than one race — the highest percentage of any state.

Hawaii's governors have included Caucasians, the Japanese-American George Ariyoshi, the Native Hawaiian John Waihee and the Filipino-American Cayetano. Honolulu Mayor Mufi Hannemann is Samoan-German. The state's five-member Supreme Court includes a Filipino, a Japanese-American and a Korean-American.

One irritant in this tolerant atmosphere is a string of federal civil rights lawsuits filed since 1996, alleging that special rights for Native Hawaiians illegally discriminate against non-Hawaiians.

Lawyers petitioned the Supreme Court last week to order the private Kamehameha Schools to admit a white student. The school trustees accept few non-Hawaiians, saying they are honoring the will of the Hawaiian princess who established the school in 1883 with an endowment now worth $7.7 billion.

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The attack on the Dussells could be "a random, isolated act," Matsuoka says, "but on the other hand there have been all these encroachments on Hawaiian entitlements. I've thought for a long time that there would be growing anger and frustration on the part of the Hawaiian populace."

An estimated 246,000 Native Hawaiians live in the islands, 20% of the state's population, according to a Census survey last year. Another 140,000 live in mainland states. All but about 10,000 are of mixed races, state surveys indicate.

Hawaiians are consistently on the bottom rungs statewide in income and school test scores. At Waianae on Oahu's Leeward shore, dozens of homeless Hawaiian families camp in tents on the beach.

Census studies show Native Hawaiian numbers are slowly shrinking. The islands' low-paying service jobs in tourism and the high cost of living — 27% above the national average — have driven so many to migrate to casino jobs in Las Vegas that Hawaiians now call the Nevada city "the ninth island," says Ronald Becker, chairman of the criminal justice program at Honolulu's Chaminade University.

"If all the Native Hawaiians leave, will there be any Hawaii left?" says Dave Young of the state Department of Business, Economic Development and Tourism. "That's what people come here for — the Hawaiian culture."

The court battles over Native Hawaiians' status are stirring emotion. When the phone rings at the home of lawyer John Goemans on the Big Island, he picks up the call in Beverly Hills. He quietly moved a year ago, saying he fears for his safety in Hawaii. He won a federal appeals court ruling in 2005 that struck down the Kamehameha Schools' Hawaiian-preference policy.

In protest, 15,000 marchers rallied at Iolani Palace, seat of the Hawaiian kingdom that white sugar planters overthrew in 1893 with help from U.S. Marines. Signs at the rally said "Hawaiians only" and "stop stealing from Hawaiians." Lingle, the Republican governor, spoke in support of the rights of Native Hawaiians.

"Well, 15,000 people marching — and I'm the guy they're looking for — is alarming," Goemans says, explaining his flight. "Hawaiians are wonderful people, but there are some extreme firebrands." The appeals court reheard the case and reversed its ruling in December. Now, Goemans is asking the Supreme Court to review the case.

"Don't they understand the pain that they're putting everybody through?" says Dee Jay Mailer, CEO of the Kamehameha Schools, an academic powerhouse.

"It's really less about an admissions policy than about the loss of one of the last treasures of the Hawaiian people," Mailer says.

Haunani Apoliona, chairwoman of the state Office of Hawaiian Affairs (OHA), says sympathy for her people is widespread.

Jeanne Larsen, 56, a hotel sous-chef who moved here from Tahiti in 1975, says: "We feel sad for them because of what was done to them years ago."

To compensate for the U.S. role in the royal overthrow, Congress in 1920 authorized free houses for 99 years to people who can prove they have at least 50% Hawaiian blood. The state manages the program on 200,000 acres of government land; 8,000 families occupy houses, with 20,000 on a waiting list. The state created OHA in 1978 to run other exclusive benefit programs.

Sen. Daniel Akaka, D-Hawaii, who is of Hawaiian and Chinese ancestry, spearheaded through Congress a 1993 resolution declaring the overthrow illegal and apologizing to Hawaiians for the U.S. role in the coup. President Clinton signed the apology.

Hawaiians are having mixed success defending their privileges. In 2000, the Supreme Court ruled that Hawaii had set up an illegal "racial classification" when it limited elections for OHA trustees to Native Hawaiian voters. A lawsuit brought by a taxpayer group attacking OHA and the home-lease program soon will be dismissed on procedural grounds, but similar suits are sure to be filed, state Attorney General Mark Bennett says.

If Hawaiians lose their favored status in the courts, they could regain it in Congress. Akaka filed a Senate bill that would allow Hawaiians to form a separate government like those of American Indian tribes.

Federal recognition of such an entity would put Hawaiians in a position to keep their perks and demand more.

Last June, a Republican filibuster stopped the controversial Akaka bill from reaching the Senate floor for a vote. Akaka reintroduced it in January. "With a Democratic majority, the prospects are better in this Congress," says Akaka, 82.

Hawaiians are split over how to improve their group's status. Sandra Puanani Burgess, 55, the part-Hawaiian co-founder of the group Aloha for All, says Hawaiians should have no special rights.

The most radical want to secede from the United States. Ikaika Hussey, 28, of Hui Pu ("to unite"), a group opposing the Akaka bill, says it fails to offer "the option of independence."

Some Hawaiians say independence is desirable but impracticable. "Secede? Oh, God, we would love to," says Haunani-Kay Trask, 57, a Hawaiian studies professor at the University of Hawaii. "As a nationalist, I hate the United States of America. But (independence) doesn't live in the political-military world we live in, with 26 military bases in Hawaii and 7 million tourists a year."

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Booming tourism is bringing some new social stresses. Hawaii's unemployment rate was 2% in December, the USA's lowest. The hot economy is attracting poorly educated immigrants who can have problems fitting in. Groups of young Micronesians from Western Pacific islands such as Chuk sometimes fight with other groups in low-income Honolulu neighborhoods, police reports say.

Public schools hire Frank De Lima, a popular local comedian who specializes in ethnic jokes, to warn kids that slang racial descriptions can be explosive insults to immigrants or children whose parents are in the military.

Some in Hawaii's 24.9% minority of whites say they sense discrimination.

David Bell, 50, a Honolulu teacher, is white and Canadian Indian. Even after 26 years here, he says, he feels snubbed for looking white. "There's not that much acceptance," he says. "It bothered me, but after a while you learn to deal with it. You have to earn their acceptance."

Karen Knudsen, chairwoman of the state Board of Education, says, "You will hear people say 'dumb haole,' and it's not a big deal. But you would never say 'dumb' any other group. That's considered offensive."

Military personnel say they can feel like outsiders. "At our first-day briefing, we are told to avoid certain places after dark," says Army Pfc. Jennifer Olsen, 29, of Redding, Calif., based at Oahu's Schofield Barracks.

"Sometimes, being white, we go to a store and some people are first more willing to help their own. They're very much against the military people being here. I don't understand it."

For all the problems, Hawaii is a safe place. Rates of murder and other violent crimes are low, prosecutor Carlisle says.

"The race thing isn't perfect here," he adds. "But there is a lot that people can learn about race relationships from Hawaii."

ACLU Sues Over Migrant Children At Former Jail In Texas (LAT)

By Lianne Hart, Times Staff Writer

The Los Angeles Times, March 7, 2007

The group says they are living in substandard conditions. A federal spokesman says the facility is designed humanely.

HOUSTON — Children are being illegally detained at a converted Texas prison while they wait for their parents' immigration appeals to be heard, the American Civil Liberties Union charged in lawsuits filed Tuesday.

The suits allege that the immigrant children being held at the T. Don Hutto detention center in Taylor, Texas, are living in substandard conditions and should be released under supervision to religious groups or charities.

"There is simply no justification for imprisoning innocent children who pose no threat to anyone," said Vanita Gupta, a staff attorney with the ACLU's Racial Justice Program.

A spokeswoman for U.S. Immigration and Customs Enforcement declined to comment on the lawsuit but said in a statement that the facility was "modern" and "designed to humanely accommodate families with children who are detained as a result of ICE enforcing the immigration laws of the United States."

The Hutto center holds 400 people — half of them children. Built as a so-called family residential center, it was the Bush administration's solution to keeping families together while their immigration status was under review. Corrections Corp. of America — the nation's largest private prison firm — operates the 512-bed former state prison.

Immigrant rights groups have staged protests at the Hutto center for months, objecting to its jail-like conditions and long lines for medical care.

But the suits filed Tuesday focus on 10 children living there. In the filings, the ACLU alleges that for 11 to 12 hours a day, children are kept in small cells where toys are not allowed. A light is on at all times. The children must wear government-issued garments and are sometimes disciplined by guards who threaten to permanently separate them from their parents.

ICE is working with the Women's Commission for Refugee Women and Children and Lutheran Immigration and Refugee Services, among other private organizations, to "identify family-specific detention standards," according to the statement.

The Justice Department signed off on a 1997 settlement agreement that established minimum standards for the care of minors in federal custody, according to the lawsuit. One provision called for the "least restrictive setting possible" for detained children.

"That's not happening at Hutto," Gupta said. "We're not questioning ICE's right to enforce immigration law. But why are they resorting to draconian methods when more humane alternatives are available?"

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ANTITRUST:

F.C.C. Chief Questioning Radio Deal (NYT)

DOJ_NMG_0141512

By Stephen Labaton

The New York Times, March 7, 2007

WASHINGTON, March 6 — Kevin J. Martin, the chairman of the Federal Communications Commission, has privately questioned recent Congressional testimony by the architect of a proposed merger of the nation's two satellite radio companies that subscribers would both pay the same monthly rate and receive significantly more programming.

As he sought to sell the proposed merger of Sirius Satellite Radio and XM Satellite Radio to Congress, and by extension to regulators like Mr. Martin, Mel Karmazin, the chief executive of Sirius, vowed last Wednesday that prices would not be raised and that listeners would benefit enormously by getting the best programming from both companies.

But in separate conversations with two people after Mr. Karmazin's testimony to a House committee, Mr. Martin said that subscribers may be surprised to learn they may actually have to pay more than the current monthly rate of $12.95 if, for example, they want to receive all the games of Major League Baseball (now available only on XM) as well as all the professional football games (now only on Sirius).

Mr. Karmazin, reached on Tuesday, said his testimony was not misleading and that he meant to say two things: subscribers wanting to keep their existing service would not face a price increase, and listeners who wanted the best of both services would pay less than the combined rate of $25.90.

Mr. Martin, in an interview on Tuesday, suggested that the details had not been clear from the testimony. He emphasized that he was not questioning the motives or candor of Mr. Karmazin but that there was "a need for greater clarity" over what was being proposed for fees and programming.

"The commission will need to determine the benefits to consumers of this deal, and in doing that, we will need to carefully look at what price will be frozen and what consumers will be getting for that price," Mr. Martin said, adding that the hearing left those issues unclear. "When they talk about freezing rates and lowering rates, are they talking about it in terms of the current rate of $12.95 for each service, or are they referring to the combined rate of $25.90?"

The two people who talked to Mr. Martin — one working to get the deal done and the other a critic — said they understood his comments to reflect his skepticism about both the deal and the way it was being sold in Washington as more beneficial to consumers than it might actually be. The two did not want to be identified because they said these were private conversations.

Mr. Martin said that the proposed deal had "not even been filed with the commission yet," and that he would carefully consider the arguments of both the supporters and the opponents before reaching a decision.

The $13 billion proposed deal cannot be completed without the permission of antitrust lawyers at the Justice Department and a majority of the five commissioners at the F.C.C.

The commission gave the two companies spectrum licenses for the satellite radio services in the 1990s on the condition that they not merge, and it would have to waive that condition for the deal to go forward.

Mr. Martin has said that the companies have a high hurdle to conquer in persuading the commission that the deal would be in the public interest.

At last week's hearing before the antitrust task force of the House Judiciary Committee, Mr. Karmazin insisted that subscribers could count on a significantly greater offering of programs and no increase in prices. That juxtaposition led some lawmakers to conclude that consumers who pay the same monthly fee for one service would be getting the benefits of the other.

"This merger will give people more choice than they have before and lower prices and, very importantly, less confusion," Mr. Karmazin testified. "Our vision of the way it works is that if you are an XM subscriber, you have the Major League Baseball, you have whatever number of channels available to you now. But what we contemplate is that we would take some other content, and again we have to work with our content partners. But the hope would be that we would get Nascar to agree to be on XM as well. We'll get the N.F.L. to agree to be on XM as well."

At another point in the hearing, he said, "We are saying we are not going to raise our price, and we're going to offer the consumer something that they have not had before."

Critics said that the companies had not been candid about their intentions to offer more services for more than $12.95.

"It's a sleight of hand going on here," said Gene Kimmelman, vice president for federal affairs at Consumers Union, which opposes the merger. "They highlight the price freeze for the old package. They're leaving the consumer with the impression of a price freeze. They say you will get the best of both services. But they never tell you what the rate will be for that.

"Regardless of what Mr. Karmazin intended," Mr. Kimmelman went on, "he has left many consumers with the impression they will receive a combined package of Sirius and XM channels for $12.95, when in reality the price will probably be much higher."

Mr. Karmazin is scheduled to appear before a second Congressional panel on Wednesday.

In the interview on Tuesday afternoon, he said he thought he had been clear that to get the best of both XM and Sirius, consumers would have to pay more than the monthly rate of $12.95, but less than the combined rate of $25.90. Consumers who just want to stay with their existing lineup would be guaranteed the same price, he said.

"If the merger is approved there will be lower prices and more choice," Mr. Karmazin said. "If the merger is not approved, there is no discussion on price and there is no discussion about more choices."

Ashcroft Group Defends Contacting Opposing Sides (HILL)

By Ian Swanson

The Hill, March 7, 2007

The Ashcroft Group's decision to lobby both sides in the merger between the country's only two satellite-radio companies is nothing unusual, lobbyists unconnected to the issue said this week.

They described the Ashcroft Group's decision to contact XM Satellite Radio and the National Association of Broadcasters (NAB), which opposes the merger, to see if either was interested in hiring the former attorney general is a standard business practice in the world of Washington lobbying.

"People do it every day," one of these lobbyists, who asked to speak anonymously, said. "You see a merger going on, and you contact both sides."

XM Satellite Radio, which spurned Ashcroft's advances, publicly has criticized the Ashcroft Group and said it raises questions about the Ashcroft Group's credibility on the issue. "It looks like he was prepared to be for the merger until he was against it," a spokesman for XM, Nathaniel Brown, said.

A lobbyist looking in from the outside, however, described the move as one other lobbying firms, along with law firms and investment banks, also would make unless they had a commitment or a historic relationship with one of the parties. "The real deal is, they went after business and they went after the one that went ahead," he said.

A second lobbying source contrasted a lobbying firm that approaches two sides in a business deal about representation with a lobbying firm that historically has taken a certain philosophic side on a policy issue.

"I think there are two types of lobbyists here," the source said of Washington, "those invested with an issue who are on one side, and those who say they can open doors and … don't care about the substance."

In the case of the XM merger with Sirius Satellite Radio, it is fair game for Ashcroft to try to sell his services, the source said.

A spokeswoman for Ashcroft, Juliana Glover Weiss, explained how the Ashcroft Group went from contacting XM about representing it in the merger announced on Feb. 19 to publicly opposing the deal a little more than a week later.

The Ashcroft Group's representative in charge of bringing in new business had friends at the NAB and XM, and contacted both within five minutes, asking them if they believed their team was "strong enough" for the upcoming fight in Washington, according to Glover Weiss.

"We had a very good idea where we would be most useful within two and a half hours," she said.

She described this as a standard practice of the Ashcroft Group, which typically is in contact with several potential clients when a major corporate announcement is made. If XM and the Ashcroft Group had reached a mutual agreement to work together, Glover Weiss said the group hypothetically would have been able to "pick up the pieces" if the deal had fallen apart. Another lobbyist put it differently, saying the Ashcroft group would have done what other lobbying firms hired by Sirius and XM will now try to do: Put the deal together in a way that will pass regulatory muster.

After NAB retained the services of the Ashcroft Group, Ashcroft sent a letter to his successor, Attorney General Alberto Gonzales, criticizing the deal as raising serious competitive concerns.

Both the Department of Justice and the Federal Communications Commission must sign on to the deal before it may be approved. Congress has no direct role to play, although sources said lobbyists on both sides of the issue will be active in pushing members to take public positions on the deal, which is likely to turn on how the administration defines the market of satellite radio.

If the market includes satellite and terrestrial radio as well as other devices, such as iPods, that play music, the government might allow the merger to go forward, sources said. If they determine the satellite-radio market consists of the two companies offering satellite-radio services, they are unlikely to give the merger the go-ahead.

"Our examination of this deal will consider whether emerging technologies such as the iPod and Internet radio are competitors to satellite radio, or whether it represents a merger to monopoly which will injure customers," Sen. Herb Kohl (D-Wis.) said in a statement shortly after the merger. Kohl has signaled that his Senate Judiciary subcommittee on antitrust, competition policy and consumer rights will hold a hearing on the subject.

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The House Energy and Commerce subcommittee on telecommunications is set to hold a hearing on the merger today. This follows last week's hearing by a antitrust task force set up by House Judiciary Committee Chairman John Conyers Jr. (D-Mich.).

Union: Weirton Steel No Longer For Sale (PTR)

By C.M. Mortimer, TRIBUNE-REVIEW

Pittsburgh Tribune-Review, March 6, 2007

Weirton Steel will remain a component of Mittal Steel USA, and is no longer for sale, the leader of the Independent Steelworkers Union, which represents 1,250 members at the West Virginia plant, said Tuesday.

Mittal Steel also wants to make Weirton the "premiere" producer of tinplate in the United States, said Mark Glyptis, president of the Independent Steelworkers Union. He said union leaders were encouraged and optimistic following a meeting with senior Mittal USA officials in Chicago on Monday.

Glyptis said in a statement today that the Weirton steel operations will remain "status quo," with a mutual agreement to look for ways to improve the performance of the steel mill.

"The future of Weirton is in the hands of the employees ... and we are prepared to lead the way in making Weirton a stronger partner with the Mittal corporation," Glyptis said. "Weirton is no longer for sale. We will remain part of Mittal Steel USA," he said.

Last month, the U.S. Department of Justice said Mittal Steel must sell its Sparrows Point tin mill plant near Baltimore, instead of the Weirton mill to settle antitrust issues over the pending merger with Arcelor SA. The decision clouded the fate of the former Weirton Steel Corp.

The government said selling the mill near Baltimore was the best way to prevent a monopoly in the eastern U.S. market for tin-plated steel.

In January, Esmark Inc., a Chicago-based steel services company, signed a letter-of-intent with Mittal to buy parts of Weirton Steel, particularly its finishing facilities. The government's decision caused Mittal and Esmark to back off those plans.

The independent union at Weirton wanted their mill to be sold, instead of Sparrows Point, saying that it hadfailed to thrive under Mittal's ownership.

C.M. Mortimer can be reached at cmortimer@tribweb.com or (724) 836-5252.

Mittal, W.Va. Mill Reshape Relationship (AP)

By Vicki Smith, Associated Press Writer

AP, March 7, 2007

MORGANTOWN, W.Va. --Two weeks after learning Mittal Steel Co. would not sell its West Virginia mill, the Independent Steelworkers Union is feeling "part of the family" again, President Mark Glyptis said Tuesday.

Glyptis and other union leaders met Monday with Mittal officials in Chicago to discuss the fate of the former Weirton Steel, and left feeling encouraged.

"We walked away feeling much more part of the family," Glyptis said.

The U.S. Department of Justice initially ordered Netherlands-based Mittal to try to sell Dofasco Inc. of Canada to settle antitrust issues surrounding its merger with Luxembourg's Arcelor SA. But the Dutch trust that controls Dofasco rejected a plan to sell it to ThyssenKrupp AG of Germany.

That left Mittal with the prospect of selling one of its two U.S. assets in the tin market, Sparrows Point or Weirton.

Weirton workers, who had failed to flourish under Mittal's ownership, were disappointed by the government's decision that Sparrows Point be sold. But Justice officials said that was the best way to prevent a monopoly on the eastern U.S. market for tin-plated steel.

Since then, Glyptis said, Mittal has taken a fresh look at Weirton and been "willing to listen" to the union's ideas.

"But we have to translate ideas into results," he said.

Mittal has committed to maintaining the current operations at Weirton and making it the premier producer of tinplate in the United States, Glyptis said. The union, in turn, will have to improve the mill's performance.

"There are goals -- goals that are being refined," he said. "They've committed to giving us the resources to achieve those goals, and I think that's all positive."

Those resources may be more than monetary, Glyptis said. They could include tapping into Mittal's global expertise to improve Weirton's operations.

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After years of deep losses, Weirton Steel filed for Chapter 11 bankruptcy in May 2003 and was sold twice in 18 months, first to International Steel Group, then to Mittal. Almost immediately, Mittal shut down the blast furnace, stopping the production of raw steel and cutting more than 800 jobs.

With a sale now off the table, Glyptis said he will try to refocus his 1,250 members on remaining part of Mittal for the long haul. Two membership meetings are planned for Wednesday.

Microsoft Attacks Google Over Book Search (WP)

By Alan Sipress

The Washington Post, March 7, 2007

Microsoft launched an unusually caustic public broadside yesterday against Google, accusing its archrival of running roughshod over copyrights as it creates an online service for searching books.

Speaking at the annual meeting of the American Association of Publishers in New York, Thomas C. Rubin, Microsoft's associate general counsel, devoted much of his remarks to an attack on Google's practice of copying entire books into its database, often without the permission of copyright holders.

"It systematically violates copyright and deprives authors and publishers of an important avenue for monetizing their works," Rubin said, according to prepared remarks. "In doing so, it undermines critical incentives to create."

Microsoft's salvo came as the software giant faces mounting pressure from Google, which is increasingly extending its reach beyond the Web search that made it the darling of the technology industry.

Last month, Google began selling an online productivity suite, including e-mail, calendar and Web services, that competes with Microsoft's Office software. Google also continues to extend its substantial lead over Microsoft in Web searching, an area where Microsoft has struggled and that remains the main way users navigate the Internet.

Whitney Burk, a Microsoft spokesman, said Rubin decided to offer his blunt critique because he felt it was time to begin engaging publishers in the debate over how to move book content to the Web. Like Google, Microsoft is developing a database of digitized books.

"Google takes the position that everything may be freely copied unless the copyright owner notifies Google and tells it to stop," Rubin said. "Microsoft and most other companies, by contrast, take the position that they should get the copyright owner's consent before they copy."

His remarks found a sympathetic audience in the publishers association, which has filed a federal lawsuit against Google for allegedly infringing copyright laws by scanning millions of books for online searching. Google typically displays short snippets of the publications in its book-search results.

Rubin accused Google of demonstrating a "similar cavalier approach to copyright" in its management of YouTube, the online video site it bought last year. He said Google had refused to address the complaints of broadcasters, movie studios and record companies that YouTube engages in piracy by featuring copyrighted material. He further alleged that Google was earning money by featuring advertisements linked to online searches for pirated software.

In a short, written response Google Senior Vice President David C. Drummond said his company was cooperating with more than 10,000 publishers to put content on the Internet.

"The goal of search engines, and of products like Google Book Search and YouTube, is to help users find information from content producers of every size," Drummond said. "We do this by complying with international copyright laws and the result has been more exposure and in many cases more revenue for authors, publishers and producers of content."

Though executives at Google and Microsoft often criticize each other's business practices and products in private, they have rarely allowed their differences to bubble over in public. Two years ago, Microsoft went to court to prevent one of its former executives, Kai-Fu Lee, from opening a Google research center in China, arguing that he had broken a no-compete contract. But while that legal fight was nasty at times, it never included the kind of public tongue lashing offered by Rubin yesterday.

Edward J. Black, president of the Computer and Communications Industry Association, came to Google's defense, saying Microsoft wrongly characterized copyright law. Both companies are members of the Washington-based association.

"Contrary to Microsoft's suggestion, every unauthorized use of a copyrighted work is not infringement," Black said. As an example of these "fair use" exceptions, he pointed to how search engines developed by both Google and Microsoft are legally permitted to make copies of Web sites as part of the search process. "Microsoft would do well to consider that its own business depends on fair use before brushing aside that important doctrine," he said.

Microsoft's Accusations Against Google Don't Impress Copyright Gurus (LAW)

By Jessie Seyfer, The Recorder

California Recorder, March 7, 2007

DOJ_NMG_0141516

Copyright experts scoffed Tuesday at attempts by a top Microsoft lawyer to discredit Google's approach to copyrighted material.

Most believed Associate General Counsel Thomas Rubin's speech before a book conference -- as well as his opinion piece in the Financial Times -- had a lot more to do with Microsoft's vicious competition with Google than about solid legal arguments.

"Clearly they're in a pitched battle," said Mark Flagel, a partner with Latham & Watkins in Los Angeles. "Microsoft is doing everything it can to pick its fights. This is a popular one."

In a speech before the Association of American Publishers, Rubin accused Google of systematically violating copyright law. Google's Book Search and YouTube video sites are the perpetrators of these injustices, according to Rubin.

"Concocting a novel 'fair use' theory, Google bestowed upon itself the unilateral right to make entire copies of copyrighted books not covered by these publisher agreements without first obtaining the copyright holder's permission," Rubin's speech read. "Anyone who visits YouTube ... will immediately recognize that it follows a similar cavalier approach to copyright."

Google disputes that it violates any copyright laws. Its book search site allows people to search texts of many copyrighted books, the company maintains, but if a copyright owner has not consented, the searcher will only see a snippet of the copyrighted book.

That's a critical distinction for legal analysts. It's one thing, they say, to offer a search of a book's text and quite another to make an entire copyrighted book available, without permission, for copying -- which Google maintains it does not do. Google also claims it removes copyrighted songs and video from YouTube any time it is notified of infringement.

"The goal of search engines, and of products like Google Book Search and YouTube, is to help users find information from content producers of every size," David Drummond, Google's chief legal officer, said in a statement in response to Rubin's speech. "We do this by complying with international copyright laws, and the result has been more exposure and in many cases more revenue for authors, publishers and producers of content."

Rubin cast Microsoft's own book search as superior on copyright treatment. Experts didn't find this a surprising move given that Google, with its recent online word processing and spreadsheet offerings, has begun to encroach on Microsoft's core software businesses.

Microsoft has reacted to Google's success in recent years by beefing up its search capabilities, but may wind up harming itself with Rubin's arguments. After all, a lot of the law is unsettled when it comes to copyright protection in the digital age, said Eric Goldman, director of Santa Clara University School of Law's High Tech Law Institute.

"It's a very dangerous game for Microsoft to go out and push a major player in this space on copyright issues," Goldman said. "It's entirely possible that if they succeed in painting Google into a box, they may have inflicted a wound on themselves."

Courts are still grappling with whether Google's approach to books constitutes "fair use" under copyright law, Flagel said. Judges are also weighing whether Google should be held responsible for providing information, in search results for instance, about businesses that infringe on other people's copyrights.

The 9th Circuit U.S. Court of Appeals is expected to rule on three related cases on that subject by the end of the summer, said Fred Von Lohmann, a staff attorney for the Electronic Frontier Foundation in San Francisco.

Von Lohmann said Rubin's speech, which played up the fact that Microsoft asks copyright holders' permission before using their works, highlighted a way of thinking that he finds highly disturbing. Seeking permission from movie studios and publishing houses before using their material for a new innovation might be something Microsoft -- with its resources -- can do easily, but small-time innovators can't, Von Lohmann said.

"If you're a startup in a garage, is Hollywood going to return your calls if you're trying to develop something like YouTube?" he said. "Do you think they would have been able to launch a company if they had to negotiate permission?"

He continued: "The question here is not about do you like Google better or Microsoft. The question is, do you want a world where you can innovate first, or you have to hire lawyers and ask Hollywood's permission."

Terms Of Microsoft Settlement Be Told April 18 (DMR)

Des Moines Register, March 7, 2007

Terms of the settlement of Iowa's class action lawsuit against Microsoft Corp. will be announced on April 18, two days earlier than previously announced.

The date for the court hearing at which the terms are to be presented to Polk County District Court Judge Scott Rosenberg was moved up because of a conflict on the original date of April 20, Rosenberg said today.

The anti-trust law suit was nearly three months into a jury trial in Des Moines, and well behind schedule, when lawyers for both sides announced a settlement on Feb. 14.

The annoucement ended the trial, which had been expected to last well into the summer months.

Lawyers representing Iowans who purchased Microsoft's Windows, Office, Word and Excel software between 1994 and 2006 had sought damages of up to $330 million based on allegations of illegal anti-competitive actions by Microsoft.

Settlements of similar cases in other states have resulted in distribution of discount coupons for future purchases of Microsoft equipment with half of the unclaimed settlements going to public education agencies.

Officials have said the Iowa Department of Education will receive half of the unclaimed settlement here, but they have not said how large the settlement will be or if coupons will be used.

Terms of the settlement, as well as claiming instructions for Iowa purchasers, will be disclosed at the April 18 hearing.

Microsoft's Rocky Road To Mac Office 97 (CNET)

By Dawn Kawamoto, Staff Writer, CNET News.com

CNET News.com, March 7, 2007

According to court documents, the founder of Microsoft's Macintosh Business Unit fought a hard battle to keep Mac Office 97 alive.

In 1997, Apple wasn't the only place to house Mac evangelists--try Microsoft.

Ben Waldman, a then-Microsoft executive who founded the company's Macintosh Business Unit, fought a hard battle to keep Mac Office 97 a viable project, according to court documents in the recently settled Iowa class action antitrust suit against Microsoft.

In an e-mail to Microsoft co-founder Bill Gates, Waldman makes a passionate case for finishing Mac Office 97 and ramping up marketing and sales support for Microsoft's Mac products, according to a copy of the e-mail submitted in the antitrust case.

Waldman's pleas came just six months after Microsoft touted its plans to launch a business unit devoted to Mac, as well as release new versions of its FrontPage and Office software for the Mac.

His e-mail called for finishing Mac Office 97, despite difficulties and frustrations between the software giant and Apple in negotiations over an undisclosed issue. Approximately six weeks after Waldman sent his e-mail, Microsoft announced a $150 million investment in Apple that called for developing and shipping future versions of Microsoft Office, Internet Explorer and development tools for the Macintosh.

Prior to that investment, however, Mac Office 97 was in a tenuous position.

"The threat to cancel Mac Office 97 is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately," Waldman noted. "Regardless of the outcome of these discussions, though, I believe we should ship Mac Office 97."

He added: "Furthermore, I believe we need to decide this immediately--our indecision so far has caused quite a bit of harm, and this will become far worse very shortly, as we are not only close to shipping code externally, but need to finally start press and customer communications, especially with Macworld a month away."

In laying out his arguments, Waldman cited the high motivation of his team and the effect on their morale if Microsoft were to pull out, a desire to keep the software giant's integrity intact after promising new versions of Office to users and Wall Street, the proximity to an external beta ship date of August 27, as well as the quality of the product.

"We are creating a good product, perhaps the last one. I really believe that we are creating the right product, a product that we can feel good about, and that will be well-received by customers, press and analysts," Waldman said. "Our focus has been to build on the base of Win Office 97 and create a great Macintosh product for Macintosh users, which is 100 percent interoperable with the Windows product."

He also cited the ability to use Mac Office 97 as a means to test products and marketing concepts before rolling them out in Windows Office.

"Because Mac Office is so much less critical to our business than Windows, we have the flexibility to test out new things in the product and in its marketing before we try them on Windows," Waldman said, adding, "I've personally also found the Mac market interesting because I've seen so many trends appear there first, and eventually become important on Windows."

Concerns over hard disk size, memory utilization and too many unnecessary features, or "bloatware," became a real issue in Office 97--complaints that were similar to ones heard years earlier when Mac Office 4 hit the market, Waldman noted.

"We heard exactly the same thing for Mac Office 4 three years ago, when we weren't really hearing it on Windows," he noted.

Waldman also lamented the lack of marketing and sales support for the company's Mac products. He cited cases where Microsoft sales representatives would try to sell its Mac customers on the notion of switching products, rather than addressing their interest in Microsoft's Mac software.

He also pointed to the effect that marketing had on Microsoft's Mac sales, especially in markets where Apple had seen a decline.

"Despite Apple's 20 percent drop in units in France, Mac Office sales were up 7 percent...How did we do so well? We actually did some marketing!" Waldman said.

Gates, in response to Waldman's e-mail, replied: "I appreciate your mail. It shows the kind of passion about great products that has made Microsoft successful. I admit we have neglected the Mac business."

Microsoft's Macintosh Business Unit issued a statement on Tuesday saying that the company has been developing native Mac software for more than 22 years and those products include compatibility with Office for Windows.

"We're committed to the ongoing development of our products, and are excited to deliver the first Universal version of Office--Office 2008 for Mac--in the second half of this year," Microsoft said. "Apple recognizes our commitment and contributions to the Mac market, and supports our efforts."

Microsoft noted that at Macworld 2006, the software giant announced a five-year agreement to produce Office specifically for the Mac.

"We are proud of our longstanding history of developing first-class productivity software on the Mac platform and will continue to do so," Microsoft said.

EU Rethinks Plans To Split Energy Groups (FT)

By Sarah Laitner And Bertrand Benoit

Financial Times, March 7, 2007

Brussels is considering a fresh approach to opening European Union energy markets amid indications that national leaders will this week signal their opposition to a forced break-up of big electricity and natural gas companies.

The European Commission is looking at a compromise plan under which regional grid operators could be established to help spur -competition and investment in the sector.

Such a move might prove more acceptable to heavyweight opponents in Paris and Berlin. They lead opposition to the Commission's proposal to force ownership separation of companies such as EdF of France and Eon of Germany, which generate power and own the grids through which it is supplied.

Officially, Brussels says the forced break-up of large, integrated energy groups through "ownership unbundling" is the best way to overhaul the sector, allow new companies to enter and give consumers more choice.

However, privately, EU officials acknowledge the opposition of some countries to that plan. They hope that EU leaders will call for further legislative action at their meeting tomorrow and on Friday.

The Commission has suggested a second, less radical option that would allow energy groups to hand over management of grids to independent operators while retaining ownership.

At the heart of the latest revised suggestion are cross-border versions of these independent operators. They would run networks on behalf of the companies, working in regional groups across the EU.

Angela Merkel, the chancellor of Germany, which holds the EU's rotating -presidency, will chair the Brussels summit of national leaders.

In an interview with the Financial Times, Ms Merkel said: "I'm in favour of competition. It is a precondition for an efficient European energy policy.

"We have many traditions in Europe. Fourteen member states already have unbundling. Others, like Germany, have a different tradition. I do not think the issue of competition can be reduced to the unbundling question."

She added: "Stripping the energy producers of their networks is no guarantee that they won't build cartels. What you need is a strong regulatory system and the right incentives to invest."

EU officials have cautioned that the revised idea is far from a fait accompli within the Commission.

EU Regulators Plot Breakup Of Utilities As Politicians Waver (BLOOM)

By James G. Neuger

Bloomberg, March 7, 2007

March 7 (Bloomberg) -- European Union regulators are determined to break up big utilities like Electricite de France SA and E.ON AG -- and they won't let governments stand in the way.

France, in the midst of a presidential campaign, will spearhead the charge at an EU summit starting tomorrow against a proposal to split power producers from transmission businesses in the 250 billion-euro ($328 billion) gas and electricity market.

The European Commission, the EU's central regulator, is pursuing an untested strategy to defeat the politicians: it plans to investigate utilities for abusing their dominant market positions and slap fines on companies it finds guilty.

``There will be no doubts about our determination to go on with the continuation of the competition rules regarding the energy market," European Commission President Jose Barroso said March 5. ``Not all the member states agree."

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With oil prices above $60 a barrel, EU leaders are targeting cheaper gas and electricity as the key to spurring an economy that has lagged behind the U.S. for most of the past decade. The squabble will be over how to get there during discussions at the two-day summit in Brussels.

Countries like Britain -- where Prime Minister Tony Blair's office gets its electricity from a French company and its water from a German one -- are pushing for less state control and less regulation.

Fiercest Pushback

Forcing power producers to sell off transmission grids is ``urgent,'' EU Competition Commissioner Neelie Kroes said last month. ``It is simply not the case that waiting for the implementation of existing legislation across member states will be enough.''

Following the template for cross-Channel arguments over economic management, the fiercest pushback is coming from France, home to state-owned EDF, Europe's biggest power generator and the pride of French trade unions.

Keeping EDF in state hands and abandoning the current government's planned merger of Suez SA and Gaz de France SA is the economic rallying cry of Segolene Royal, the Socialist candidate for president in elections in April and May. Royal has vowed to renationalize EDF and merge it with GDF if elected.

Winning over France ``will be very difficult,'' Danish Foreign Minister Per Stig Moeller told reporters March 1. ``You see for instance in the French presidential campaign what role that plays.''

President Jacques Chirac, making his second-to-last EU summit appearance of his 12 years in office, will pitch France's alternative plan to require power producers to provide fair access to networks -- and leave regulation at the national level.

French Allies

France has found close to a dozen allies like Austria, which warned that the forced sale of power-transmission businesses could put key national assets under foreign ownership.

``The big money is in Russia with the energy monopolies, with the Chinese foreign capital and with the American pension funds,'' Austrian Chancellor Alfred Gusenbauer said in a Feb. 26 interview in Vienna. ``I don't think it would be good to hand control over grids outside of Europe.''

A summit stalemate would shine the spotlight on Kroes, who is already probing utilities including E.ON, Gaz de France and Eni SpA for possible collusion. The companies have said they are cooperating with investigators.

Whether the commission could wield the antitrust ax to split up Europe's energy giants is an open question. Its powers in this area are in question and, as last year's squabbles over cross- border energy mergers showed, are sure to run into national obstacles.

France, for example, stage-managed the Suez-Gaz de France merger -- now held up by dissident investors and unions -- to thwart a possible bid for Suez by Italy's Enel SpA. Spain imposed curbs on E.ON's takeover of Endesa SA. Now Kroes may have to go to court to force Spain to drop the restrictions.

Freedom of Choice

Sixteen countries -- including Germany, France, the U.K., Italy, Spain and Poland -- are ignoring parts of existing EU legislation that gives customers freedom of choice when picking power and gas suppliers.

Energy was catapulted to the top of the European political agenda by the rise in prices and moves by President Vladimir Putin of Russia, the source of a quarter of the EU's natural gas, to assert control over Russian oil and gas resources.

Russia, the world's largest gas producer, agreed in January to cooperate with Algeria on natural gas exploration and marketing, leading Putin to muse about a ``gas OPEC'' and stirring concerns in Europe.

Putin is exploiting the EU's internal divisions by lining up former German Chancellor Gerhard Schroeder to manage a 5 billion- euro natural gas pipeline from Russia to Germany -- a project that is getting flak from Poland and Sweden.

``Poland is afraid that Russia could cut it off from energy supplies,'' European Parliament President Hans-Gert Poettering said in a Feb. 28 interview in Berlin. ``And that's why it's important for us to show solidarity with Poland.''

Binding Targets

EU leaders are also split over a commission call to set a binding target for renewable energy to make up 20 percent of European power consumption by 2020. The costs would be too high, poorer eastern countries say.

There is more unity on a commission call for a 30 percent cut in greenhouse gas emissions by 2020, as long as other industrial countries join the fight against climate change.

A Swing And A Miss (LAT)

The Los Angeles Times, March 7, 2007

MEMO TO SEN. John F. Kerry (D-Mass.) and Federal Communications Commission Chairman Kevin J. Martin: Baseball is the national pastime, not the nationalized one.

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Kerry and Martin are crying foul over a deal being negotiated by Major League Baseball and DirecTV, the leading satellite service in the country. The agreement would sell the TV rights to "out of market" games — the ones played by non-hometown teams — exclusively to DirecTV. The same package is available today to an estimated 75 million subscribers to the various cable TV and satellite systems; the pending deal would cut that number to DirecTV's universe of 15 million customers. At the same time, the deal would create a new, 24-hour baseball channel on DirecTV.

Kerry, playing the populist card like the presidential candidate he used to be, has ginned up a Senate hearing to determine whether Congress should step in. "I have serious problems with any mega-deal that makes it harder for people across the country to follow their favorite baseball team," he said last month. At Kerry's request, Martin launched an inquiry to determine whether new laws were needed to protect fans.

Evidently, we've come quite a long way since 1992, when Congress ordered the FCC to make sure cable operators such as Comcast and Time Warner Cable didn't withhold the programs and networks they owned (e.g., a regional sports network or Time Warner's HBO) from the fledgling satellite industry. Now it's DirecTV, which still has a fraction of the customers that cable does, with too much power? Although the service is controlled by media giant News Corp., there's no unholy combination here of content provider and distributor. Instead, the proposed deal involves a copyright owner — Major League Baseball — and its ability to sell the rights to its programs to whomever it wishes. It's no different from the National Football League moving "Monday Night Football" from free TV (ABC) to cable (ESPN).

Nor is there any public entitlement to televised baseball. Yes, fans who want to watch out-of-market games but who aren't DirecTV subscribers would be inconvenienced by the pending deal. Those who won't or can't switch to the satellite service can sign up for Major League Baseball's online broadcasts, which the league says will have the same picture quality as conventional TV. Of course, the webcasts wouldn't deliver the same experience unless viewers had a high-speed Internet line and a PC connected to their TV. Everyone else would have to settle for watching games on their computers or not watching them at all.

Is this a bad thing for fans? Probably. Is it a bad thing for the game? That's for the league to decide, not Congress or the FCC. The proposed deal is similar to the exclusive ones DirecTV has struck with the NFL and NASCAR, neither of which brought down Washington's regulatory fist. Kerry and Martin should stay in the bleachers and let the business of baseball operate like a business.

ENVIRONMENT/INDIAN AFFAIRS:

Feds Issue Subpoenas In Fatal BP Blast (HC)

By Kristen Hays, Houston Chronicle

Houston Chronicle, March 7, 2007

BP disclosed today that the Justice Department has issued grand jury subpoenas for documents and testimony to determine whether any criminal conduct was involved in the March 2005 explosion at the company's Texas City refinery that killed 15 people and injured scores more.

The London-based oil giant disclosed that subpoenas had been issued in its 2006 annual report, which was released today.

The company acknowledged a year ago that the Justice Department had opened an investigation after the U.S. Occupational Safety and Health Administration issued citations alleging more than 300 violations of OSHA standards, imposed a $21.3 million fine and ordered a series of actions intended to improve safety at the plant.

OSHA referred the matter to the Justice Department after concluding its probe into the blast.

"We've acknowledged before that DOJ is carrying out an investigation," BP spokesman Neil Chapman said today.

BP said in the report issued today that the company is cooperating with the Justice Department's investigation.

The company also is cooperating with investigations by the Environmental Protection Agency and the U.S. Chemical Safety and Hazard Investigation Board. The CSB is expected to issue its final report on the blast later this month.

Last October federal prosecutors issued a wide-ranging subpoena to Brent Coon, a Beaumont lawyer whose clients have included a woman whose parents died in the blast. He also represents workers who were injured and nearby residents who claim their property was damaged.

Coon said today that he had already shared documents gathered in explosion-related civil litigation with the investigating agencies.

Once he received the subpoena, he said he gave the Justice Department a passcode that investigators could use to access an electronic document database so they could examine everything with no need of a middleman.

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"We've been in full cooperation, actually keeping them up to date. Of course, they don't tell us what they're doing," Coon said.

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U.S. To Owe Billions For Delays In Nuclear Dump, Official Says (NYT)

By Matthew L. Wald

New York Times, March 7, 2007

WASHINGTON, March 6 — The federal government will owe $7 billion in damages for delays in opening a nuclear waste dump if the repository opens in 2017 — the earliest date now possible — and any further delay will raise the price half a billion dollars a year, the head of the radioactive waste program said Tuesday.

The money would reimburse current and former nuclear plant operators who signed contracts under which the federal government agreed to begin accepting their wastes in 1998.

The official, Edward F. Sproat III, director of the Office of Civilian Radioactive Waste Management, said progress toward opening a waste repository at Yucca Mountain, Nev., near Las Vegas, had been slowed by lack of money, despite a $19.5 billion fund financed by a fee on each kilowatt-hour of electricity generated by reactors.

He said the administration would ask Congress on Wednesday for easier access to the money. But he also acknowledged that the schedule had been hurt by problems in his office and with its contractors; 60 percent of the work his office is doing this year involves reanalyzing data that was rejected earlier because of signs of fraud.

The administration will also request that the site be permitted to store more than the 70,000 metric tons originally set by Congress. That limit was set with the idea that the Energy Department would look for a second site, but it has made small progress toward opening the first one.

Mr. Sproat spoke at a breakfast sponsored by The Energy Daily, a trade publication, and Areva, a reactor vendor.

The nuclear waste issue has become more acute because for the first time since the 1970s, companies want to build new reactors, according to Mr. Sproat and others. But Mr. Sproat said investors would not lend money for construction unless the Energy Department resumed offering contracts to the utilities for waste disposal.

$7B Settlement Proposed In Indian Case (AP)

By Mary Clare Jalonick, Associated Press Writer

AP, March 7, 2007

The U.S. government has proposed paying $7 billion partly to settle lawsuits over the management of Indian trust lands — an offer met with immediate objections from Indian plaintiffs.

At issue is a decade-old lawsuit by Indians against the government claiming that the government has mismanaged more than $100 billion in oil, gas, timber and other royalties held in trust from their lands dating back to 1887.

The litigation, filed in 1996 by Blackfeet Indian Elouise Cobell, deals with individual Indians' lands. Several tribes have also sued, claiming mismanagement of their lands.

Senate Indian Affairs Committee Chairman Byron Dorgan, D-N.D., said he will hold hearings on the proposal and said the settlement offer is the first time the federal government has acknowledged a multibillion dollar liability for mismanagement of the trust funds over the past century.

"That is a significant admission," Dorgan said, adding that he believes the conditions attached to the settlement offer will be controversial.

Associate Deputy Interior Secretary James Cason, who has overseen Indian issues in past years, took issue with Dorgan's words. He said the proposal is not an admission but a "recognition that where we are right now is not very productive."

Cobell and one of her attorneys, Keith Harper, said the Interior Department is asking for too much.

Under the terms of the offer, the government would pay $7 billion over ten years, without interest. In exchange for the money, all tribal and individual mismanagement claims against the government would be dropped and the government would be relieved of future liability.

The proposal would also end, over a period of 10 years, most of the government's responsibilities to manage Indian trust lands and would consolidate ownership of Indian lands, which are now often held by many people.

Cason said roughly half of the $7 billion would go toward settling individual and tribal claims, with the remainder covering other parts of the proposal.

Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales sent the proposal to Dorgan last week, saying they strongly support comprehensive legislation that would help the parties move "from a litigation-oriented relationship to one of economic prosperity, empowerment and self-reliance for tribes and individual Indians."

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Harper said the proposal is an insult.

"There's no sum specific for how much is going to be used for Cobell," he said. "It's pennies on the dollar."

He said the plaintiffs estimate the government's liability could exceed $100 billion, though they have in the past considered settling for less.

Cobell said the government is trying to do too much at once.

"It's not fair to throw every problem that exists in Indian country that has been created by the Department of Interior into our lawsuit," she said. "This lawsuit is about individual Indians and accounting."

Interior Department spokesman Shane Wolfe said the department looks forward to working with Congress on the proposal. Congress has attempted to wade into the dispute in recent years, but has yet to find resolution.

"We believe this proposal looks to the future," he said.

In Arizona Desert, Indian Trackers Vs. Smugglers (NYT)

By Randal C. Archibold

The New York Times, March 7, 2007

TOHONO O'ODHAM NATION, Ariz. — A fresh footprint in the dirt, fibers in the mesquite. Harold Thompson reads the signs like a map.

They point to drug smugglers, 10 or 11, crossing from Mexico. The deep impressions and spacing are a giveaway to the heavy loads on their backs. With no insect tracks or paw prints of nocturnal creatures marking the steps, Mr. Thompson determines the smugglers probably crossed a few hours ago.

"These guys are not far ahead; we'll get them," said Mr. Thompson, 50, a strapping Navajo who follows the trail like a bloodhound.

At a time when all manner of high technology is arriving to help beef up security at the Mexican border — infrared cameras, sensors, unmanned drones — there is a growing appreciation among the federal authorities for the American Indian art of tracking, honed over generations by ancestors hunting animals.

Mr. Thompson belongs to the Shadow Wolves, a federal law enforcement unit of Indian officers that has operated since the early 1970s on this vast Indian nation straddling the Mexican border.

Tracking skills are in such demand that the Departments of State and Defense have arranged for the Shadow Wolves to train border guards in other countries, including some central to the fight against terrorism. Several officers are going to train border police in Tajikistan and Uzbekistan, which border Afghanistan, and in several other countries.

In the renewed push to secure the border with Mexico, the curbing of narcotics trafficking often gets less public attention than the capturing of illegal immigrants.

But the 15-member Shadow Wolves unit, part of Immigration and Customs Enforcement, is recruiting members to reach the congressionally authorized complement of 21. And the immigration agency is considering forming a sister unit to patrol part of the Canadian border at the Blackfeet reservation in Montana, where concern about drug trafficking is growing.

"Detecting is one thing, and apprehending is something entirely different," said Rodney Irby, a special agent in Tucson for the immigration agency who helps supervise the Shadow Wolves. "I applaud the technology; it will only make the border more secure. But there are still going to be groups of people who penetrate the most modern technology, and we need a cadre of agents and officers to apprehend them."

The Shadow Wolves have seized nearly 30,000 pounds of illegal drugs since October, putting them on pace to meet or exceed previous annual seizure amounts. They routinely seize some 100,000 pounds of illegal drugs a year, Mr. Irby said.

They home in on drug smugglers, who use less-traveled cattle tracks, old wagon-wheel trails and barely formed footpaths to ferry their loads to roads and highways about 40 miles from the border.

The Tohono land, which is the size of Connecticut and the third-largest reservation in area in the country, has long vexed law enforcement. Scores of people die crossing here every year in the searing, dry heat of summer or the frigid cold of winter. And its 76-mile-long border with Mexico, marked in most places with a three- or four-strand barbed-wire fence that is easy to breach, is a major transshipment point for marijuana, Mexico's largest illicit crop.

Adding to the challenge is that drug smugglers have enlisted tribal members or forced them into cooperation, sometimes stashing their loads in the ramshackle houses dotting the landscape or paying the young to act as guides. Several tribal members live on the Mexican side, and those on the American side have long freely crossed the border, which they usually do through a few informal entry points that drug traffickers, too, have picked up on.

How much the Shadow Wolves disrupt the criminal organizations is debated. Officials said they believed the group's work at least complicated drug smuggling operations — the Shadow Wolves have received death threats over the years — but they said they could not estimate the amount of drugs making it through.

Marvin Eleando, a Tohono who retired from the unit in 2004, said he believed the Shadow Wolves got just a small fraction of the drugs moving through the Tohono lands. Mr. Eleando estimated it would take about 100 Shadow Wolves to truly foil the smugglers, who employ spotters on mountaintops who watch for officers and then shift routes accordingly.

Still, he said, the unit must keep up the effort because the drugs, and the gun violence often associated with trafficking, imperil tribal members.

"The kids get mixed up in this and then don't want to work anymore," Mr. Eleando said.

Lately, according to the Border Patrol and Immigration and Customs Enforcement, drug seizures in Arizona, and especially around the reservation and the Tucson area, have surged, and the size of the loads found has increased.

Officials said it was too soon to tell whether the uptick signaled a long-term pattern. But they believed it could be partly explained by the additional staffing on the border. Law enforcement officials said that there also appeared to be a bumper crop of marijuana in Mexico and that smugglers seemed to be trying to ship tons of it ahead of government crackdowns there.

"We never know how much is being pushed in our direction," said David V. Aguilar, the chief of the Border Patrol, though he added that it seemed the amount was "higher at this point."

Alonzo Peña, the agent in charge of Immigration and Customs Enforcement in Arizona, said investigators had many theories but little concrete information to explain the increase in trafficking.

"Is this marijuana that has been sitting in warehouses, and they are trying to get rid of it now that there is a strong hand in Mexico?" Mr. Peña said. "We just don't know other than that we are seeing more loads and bigger loads in many areas."

The Shadow Wolves, established with a handful of officers in 1972 as part of what was then the United States Customs Service, were the first federal law enforcement officers allowed on Tohono land.

The federal government agreed to the Tohono O'odham Nation's demand that the officers have American Indian ancestry, a requirement still in place. Members are at least one-quarter Indian, and the current group represents seven tribes, including the Tohono.

While other law enforcement agencies, including the Border Patrol, use tracking, the Shadow Wolves believe that their experience and their Indian ancestry give them an edge, particularly here.

"I speak the language, so when we are dealing with elderly members in particular I can make them more comfortable," said Gary Ortega, a Tohono who has been in the Shadow Wolves for nine years. "They are willing to tell us things they know or see that they may not tell another federal agent or officer."

There is also, of course, the thrill of the hunt.

On a recent day, Mr. Thompson picked up the track around 3 a.m. and, with Mr. Ortega, stayed on it for nearly 12 hours through thorny thickets and wide-open desert. As the terrain grew craggy, Mr. Thompson kept a brisk pace, with Mr. Ortega and other officers leapfrogging ahead to help find the trail.

"Every chase is just a little different," Mr. Ortega said, barely pausing as he followed the prints in the sand.

It grew easier as the sun rose and the smugglers kept bumping into thorny bushes and stopping to rest, leaving their food wrappers behind and coat fibers in the cat-claw brush. By midafternoon, Mr. Ortega and Mr. Thompson were tiring, too. But the scent of the men's burlap sacks perked up Mr. Ortega, and he quickened his pace, finally catching sight of the smugglers and prompting them to bolt from their resting spot.

Left behind were 10 bales of marijuana, 630 pounds in total, a fairly typical bust, with a street value of more than $315,000.

With the weight off their backs, the smugglers showed new speed dashing to hiding places and easily outmatched their pursuers. Other Shadow Wolves drove out to pick up the load, finding their colleagues resting on the bales and grinning in satisfaction.

"When we get the dope or the guys," Mr. Thompson said, "that's when it ends."

FBI/DEA/ATF/USMS:

A Mayor Cracks Down On Gangs (CNN)

CNN, March 6, 2007

(CNN) -- Los Angeles, California, Mayor Antonio Villaraigosa introduced in February an aggressive initiative to combat the surge of gang-related violence in his city.

The plan includes publicly identifying several of the most violent gangs and gang members and includes calls for international help.

"We have had tremendous success in reducing overall crime, crime is down for the fifth straight year," the mayor told reporters at a February news conference.

"But as crime continues to drop overall, we begin to see a glaring exception to the trend with the rise in gang crime. Street gangs are responsible for the majority of all murders in Los Angeles, and nearly 70 percent of all the shootings."

He added, "We tend to think about gangs as problems plaguing individual neighborhoods and individual communities, but as we all know, the world is flat. Gang violence is now a problem of international scope; we must face it on an international scale."

Previously, law enforcement agencies did not identify individuals or gangs for fear of boosting their street reputation, according to the Los Angeles Police Department's Web site. But a 14 percent spike in gang-related crime over the last year and a 160 percent increase in some San Fernando neighborhoods, according to Villaraigosa, had the mayor and law officials scrambling for solutions.

The new plan includes a coordinated effort among local and state agencies, as well as federal agencies, such as the FBI and the DEA.

But for Villaraigosa, enforcement is only half of the solution. The root causes of gang violence must also be addressed, he said. (Listen to Villaraigosa talk about his city's problem with gangs)

Those causes include "the break up of the families, ... poverty, lack of education, lack of skills, job skills, the lack of hope in communities," Villaraigosa told CNN in a recent interview.

Villaraigosa may as well have been describing his early life. The 54-year-old mayor grew up poor and fatherless in the City Terrace neighborhood of East Los Angeles. "I grew up in a part of the city that was one of the poor areas ... and was in trouble from time to time, kicked out of school, dropped out of another," he said.

The mayor says these experiences gives him a unique understanding of the gang crisis. "As someone whose life is a poster child for redemption, I believe strongly that we have to believe in people," he said. "We can't just give up on people."

Villaraigosa, who took office in July 2005, is the first Los Angeles mayor of Mexican descent in more than a century. He is married to Corina Villaraigosa, and has four children.

A Friday Night On The Front Lines Of L.A.'s Gang Wars (CSM)

By Daniel B. Wood, Staff Writer Of The Christian Science Monitor

The Christian Science Monitor, March 7, 2007

Los Angeles saw a 14 percent jump in gang-related violent crime last year.

LOS ANGELES

Sgt. Sean Colomey patrols the most gang-ridden neighborhood in the gang capital of America. It is his job to lead 28 specially trained police through an area where assault weapons seem as common as grass, graffiti "tags" define the turf, and 7 of every 100 residents are members of one gang or another.

He is just the man Police Commissioner Anthony Pacheco wants to know.

A wave of gang violence, one that some say is the most vicious in city history, has engulfed Los Angeles, and the city's police are mounting an equally historic response. It is Commissioner Pacheco's job to assess how effectively the LAPD is confronting the gangs – whether it has the tools and personnel it needs, whether police tactics stay within the law. He sees the response as a huge and necessary undertaking. No less than "the future safety of L.A. is at stake," Pacheco says.

So it is that on a recent Friday night Sergeant Colomey, the gang expert, and Pacheco, a civilian appointed to serve as one of five LAPD commissioners, meet in the parking lot of the Southeast Division headquarters at the corner of 108th and Main Streets. Pacheco will ride along on this shift – it's a chance to pick Colomey's brain about gang rivalries, to catch the cop's-eye view of the action. This ride-along, like others he's been on over the past 18 months, will help the commissioner decide for himself whether the police crackdown is having an effect.

It's just one night and just one lens on the gang problem, but Pacheco feels it's a vital perspective to gain.

Colomey slides on a bulletproof vest, and hands one to the commissioner. Velcro closes them tight, but it's small comfort. The vests can stop bullets from handguns, but not from AK47s. A Chinese-made copy of the notorious Russian assault rifle can be had on the streets for about $100.

"It's all over the place," Colomey says of the gun. "It's a military weapon that will send a bullet through you and the next guy and the house next door and keep on going."

* * *

The latest crime report came as something of a shock to many Los Angelenos. Crime rates had dropped citywide for five straight years, mirroring the trend in other major metropolises. But last year L.A. as a whole saw a 14 percent jump in gang-related violent crime. Police say there are 39,000 gang members in Los Angeles – and 15,000 of them are active in the compact area where Colomey and Pacheco will be on patrol.

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Colomey, though, was not shocked. His division, which encompasses Watts and South Central L.A., has logged roughly 500 shootings a year for the past few years.

On their ride together through this 9.3-square-mile community – 200,000 people boxed in by four freeways – Pacheco and Colomey are taking a kind of inventory of 65 gangs who police say rule these streets like terrorists. "They do everything that terrorist groups do ... rule by fear and intimidation, the threat of violence and murder in every area of these neighborhoods," says Colomey, a 17-year veteran.

It's the apparent spread of gang violence to additional parts of L.A. that has set in motion a kind of "Marshall Plan" attack on the problem, of which the LAPD response is one part. So far, police department action includes unprecedented collaboration with the feds: the FBI, the Drug Enforcement Administration (DEA), and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). It includes injunctions that restrict the activities of certain gang members and nuisance-abatement crackdowns that target gang hangouts. It includes formal lists of "most wanted" members and "most wanted" gangs and better-coordinated ways to track and prosecute them.

But there's also plain old enforcement, meaning a bigger show of force and more arrests. This night would make that clear.

* * *

About half of Colomey's gang enforcement detail is on duty at any given time, so the sergeant is set for a casual tour of "non-frontline" duty with the commissioner.

That plan changes in the first minute of his shift.

They set off first for the scene of an earlier shooting. But the parking lot is still visible in the rearview mirror when Colomey and five other cruisers are summoned for backup in a cocaine bust just blocks in the other direction. That's a sizable backup squad, but Colomey says the extra hands will be needed for crowd control – local residents who often press the perimeter of an arrest scene.

At least 100 locals have gathered in front yards, in fact. Some are taunting the cops and videotaping the onslaught of cruisers. A suspect is already in handcuffs, after an officer felled him with pepper spray. Police say the man is a gang member who was selling rock cocaine in plain view as a cruiser drove by, and that he had ignored police orders to "show your hands." "People from outside the area ask us, is it really that blatant ... the disregard for authority and police?" says Colomey. "I tell them, yes, they are not deterred by us at all."

As Colomey walks between officers at the scene, a woman with a video camera to her eye says, "You don't have no business here. You can't come in here without a warrant. Go ahead, just try to come in here. I've got my eye on you...."

The antagonism is a testament to a long and tense history between the LAPD and Watts, a patchwork neighborhood of single-story, single-family homes, most with manicured front yards but barred windows, too. This is one of the places where riots erupted after police were acquitted in the 1994 Rodney King beating case, and again in 1995 and 1996 after the O.J. Simpson trials.

Now relations are taut again as police try to clamp down on violence they say is rooted in bitter rivalries between black and Hispanic gangs.

"There are four major wars going on right now [within the Southeast Division]," Colomey tells Pacheco, ticking off pairs of combatants.

The Southeast Division is not the only part of Los Angeles that appears to be spiraling closer toward race war. In recent months, altercations between black and Hispanic gang members have spilled from L.A. streets into the county jail and back to the streets, a vicious cycle of revenge and competition that has bred more violence. Even among law-abiding residents here, black-Latino relations have soured, as some feel they are losing out on jobs, affordable housing, and public spaces such as parks.

The result is a thick layer of fear that, some neighborhood activists say, has descended on this city like a pot lid. In all his years of duty, says Colomey, he's never seen the climate so foreboding in so many pockets of L.A., including Watts.

In such a climate, a kind of siege mentality can set in. Driving past a liquor store at 87th Street and Compton Avenue, Colomey points out groups of girls outside and in cars across the street, and he notes that police don't have the luxury of assuming they are as innocent as they look.

"Many, many times we find that it is the women who hold the guns for their gang members, do the shootings, and aid in the escapes," he says.

The shootings, he adds, are always about three things: "drugs, money, guns."

Later, he adds a fourth: respect.

"Some guys might go to a dance and hit on a girl who's a girlfriend of an opposing gang [member], and her boyfriend shoots them. It can be as simple as that," says Colomey. "Then you got a retaliation war going on."

* * *

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From behind the wheel, Colomey offers his assessment of how well the LAPD's antigang measures are working. Chief William Bratton's new emphasis on coordinating with the ATF, FBI, and DEA is a dramatic change that is helping to gather evidence and prosecute gang members in ways that were impossible before, says the sergeant. "It used to be .... we didn't play well in the sandbox together. That's all over now."

Increased police backup from nongang units, another new initiative, is also creating a bigger show of force, he says. Several federal operations are in progress – attempts to disrupt and eventually dismantle gangs deemed to be the most troublesome and vicious.

By taking frequent ride-alongs, Pacheco says he can take note of mundane problems such as broken radios, an insufficient number of cruiser-based computers that connect police with databases and precinct dispatchers, and the need for cruiser-mounted video cameras. The videocams were called for after the Rodney King beating, but the LAPD is only now getting around to funding them. The Southeast Division is slated to get its first cruiser cams in coming months.

Another new tack is increased coordination with parole and probation officers. More of them have set up office in district headquarters, and the closer proximity to police is resulting in a better ability to give tipoffs about who is back on the streets from jail or prison.

Colomey drives Pacheco past three of his roughest neighborhoods: Nickerson Gardens, Imperial Heights, and Jordan Downs – housing projects with numbered buildings and bars on windows. A year ago, video surveillance cameras were installed on streetlight poles at Jordan Downs, enough to cover every inch of a six-block development. Since then, violent crime in the area dropped 41 percent, Colomey says.

"You are looking at what was one of the most violent and dangerous areas for violent crime in the entire US," says Colomey. "We think we are onto something that really works."

Pacheco says he has been distressed, on other ride-alongs, to see young children out and about at 11:30 p.m. or later. To him, it points to a culture of permissiveness, of parental absence and drug use. But it also yields more deaths of innocents, children killed by sprays of gang bullets aimed at someone else.

But this Friday night ride-along will end abruptly, well before 11:30.

* * *

Not long after leaving the cocaine bust, three separate radio frequencies crackle to life. It's bad: Shots have been fired at an officer, and the officer has returned fire. The dispatch continues, adding detail: Two suspects, alleged gang members, are fleeing in a black Thunderbird, apparently after having shot a man on the sidewalk.

Colomey flips on the siren and speeds down back streets, looking for the getaway car. He's on the radio, directing the response. A high-speed chase ensues, ending in a crash between the Thunderbird and another vehicle.

Arriving seconds later at the crash scene, Colomey and Pacheco see an overturned car, its driver lying on the sidewalk, and the Thunderbird, minus its front end ... and its occupants. The "perps," said to be carrying guns, have escaped into the neighborhood.

The next 90 minutes see the arrival of two helicopters, at least a dozen squad cars, three canine units (complete with assault rifles and Belgian dogs), several SWAT units, and three armored vehicles. Because an officer fired his weapon during the incident, and because two perpetrators with guns are at large, the megawatt response also includes the arrivals of Assistant Chief James McDonnell and South Bureau Chief Charlie Beck.

While copters overhead shine spotlights a half-mile from the scene, canine units begin going house to house looking for the suspects, a search that will last until morning.

* * *

Later, Pacheco sums up the Friday-night ride-along, in the context of dozens of others he has made as commissioner. For all the hoopla of the high-speed pursuit, multiple shootings, 'copters and canine units, the evening was also typically revealing in many respects, he says. Foremost, it showed "how thin the 'thin blue line' is," he says, how outgunned law officers are compared with the number of gangs and gang members.

It showed how exposed the police are to danger, leaving their cruisers to cuff gang members in hostile places. It showed, he says, the dedication and continued resolve of veteran officers amid a situation that has gone from bad to worse.

And, Pacheco adds, it underscored the conventional wisdom of those who've watched the gang crisis in L.A. for decades: "You can't arrest your self out of a gang problem."

Gov. Arnold Schwarzenegger (R) is in line with that thinking, too. On Monday, he called for a statewide summit to forge a counterattack on street gangs – one that would involve both law-enforcement and gang-prevention measures.

It remains to seen whether L.A.'s extensive plan for facing down gangs – including job and community development, after-school programs, and other investments – can work.

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But Pacheco, for one, is determined to see that the gangs' grip on Los Angeles – which he characterizes as "wildly out of control" is diminished. His part of the answer, law enforcement, "is moving forward to confront gangs," he says.

At the same time, he is unwavering that "robust crime suppression must not violate laws." And he has taken a place on the front lines to help make sure that is the case.

Ice Cream Purchase Leads To Alleged Gang-member Arrest (LAT)

By Patrick Mcgreevy

The Los Angeles Times, March 7, 2007

Police Chief William J. Bratton today announced details of the arrest of a second member of the Los Angeles Police Department's list of the 10 most-wanted gang members -- the takedown of a murder suspect after he bought ice cream in Rosarito Beach, Mexico.

Steve "Loco" Garcia, 43, was taken into custody Friday after a four-day surveillance operation by Mexican authorities. They took him to the U.S. border and handed him over to representatives of the U.S. Marshal's Office, who then delivered him to the state prison in Chino, where he is being held on a parole violation.

Bratton said Garcia had been sought by police since the Feb. 12, 2001, slaying of a gang associate, Kenneth Landon, at a Sylmar motel.

The details of Garcia's capture came just days after police announced the arrest of another member of the LAPD list, Angel Zevallos, who is accused of attempted murder and was detained in Guatemala.

"Two down, eight to go," Mayor Antonio Villaraigosa said at a City Hall news conference with Bratton. "The capture and arrest of two of the most violent offenders in two weeks sends a clear message that violent offenders will be held accountable to the fullest extent of the law no matter where they run, no matter where they hide."

The mayor said targeting the most violent gang members is part of a strategy to reduce gang crime, which increased 15.7% last year in Los Angeles. Gang members were responsible for 56% of the homicides in Los Angeles last year.

L.A. officials conceded that Garcia had been he focus of a fugitive task force in Mexico for the last 18 months -- well before Bratton and Villaraigosa released the Top 10 list in February -- and that the reward offered by the city was not a factor in his arrest. But, Bratton said, publicizing the list of fugitives and a $50,000 reward for those on the list has generated information from the public on others.

"The purpose of the list is to refocus attention on these people that we have not been able to apprehend. In many instances they have fled the country," Bratton said.

Villaraigosa announced a replacement for Garcia on the list.

Arash Semerome Safaie, 32, is a member of the Hardtimes gang in the Santa Ana area and is wanted for shooting three people, one of them fatally, at a party on East 57th Street in the Newton area on Sept. 28, 2003. The shooting with a 9-mm semi-automatic handgun resulted in the death of 17-year-old Anna Vasquez.

Bratton said Safaie, who was born in Nayarit, Mexico, is believed to be on the run south of the border.

Villaraigosa said the arrests should silence naysayers who had warned that publicizing the names of targeted gang members would be counterproductive.

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Nanuet Couple Indicted In Nationwide Steroids Investigation (JN)

Journal News, March 6, 2007

ALBANY - Two people who ran a Nanuet medical business were indicted today in connection with a nationwide investigation into the illegal sale of steroids to prominent athletes and others.

Steven and Karen Lampert, who ran the Anti-Aging Centers at 259 N. Middletown Road, pleaded not guilty in Albany County Court and were released without bail.

The indictment charges the Lamperts with forging a Nanuet doctor's signature to prescriptions and submitting them to a Florida pharmacy for drugs totaling more than $50,000.

Steven Lampert is charged with 20 felony counts - nine counts each of fifth-degree criminal sale of a controlled substance and of second-degree forgery.

He and his wife are charged with a single counts of fourth-degree conspiracy and first-degree criminal diversion of prescription medications and prescriptions

A woman answering the phone at the medical building at 259 N. Middletown Road said today the Lamperts no longer were affiliated with the business.

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Albany County District Attorney P. David Soares called Signature Pharmacy one of the five largest steroid distributors in the country, his spokeswoman, Heather Orth said.

Today's arraignments come a day after not guilty pleas were entered in Albany by 11 other defendants, including four Signature Pharmacy officials.

Report: Rocker Admits Taking HGH (AP)

By Michael Hill, The Associated Press

AP, March 6, 2007

ALBANY, N.Y. -- Two more people linked to a nationwide investigation into the illegal sale of steroids were arraigned Tuesday on drug-related charges as published reports implicated more athletes, including former star relief pitcher John Rocker.

SI.com reported that Rocker, 1996 Olympic wrestling gold-medalist Kurt Angle, major leaguer David Bell and Victor Martinez, winner of the latest Ohio bodybuilding competition named for Gov. Arnold Schwarzenegger, all showed up on a client list of Applied Pharmacy, a Mobile, Ala., company raided in connection with the investigation.

Rocker's publicist told the Daily News that he admitted taking HGH, now banned by Major League Baseball, but said it was for medical reasons.

"That was a growth hormone that was prescribed by a doctor in relation to his rotator cuff surgery in 2003, so I don't really think there is anything to the story," Debi Curzio, Rocker's publicist, told the Daily News for a story on the newspaper's Web site Tuesday night.

SI.com reported that Rocker received two prescriptions for somatropin between April and July 2003.

Steven and Karen Lampert of Anti-Aging Centers in Nanuet pleaded not guilty in an Albany County, N.Y., courtroom and were released without bail. They are charged with submitting prescriptions to a Florida pharmacy _ some "obviously forged" according to the district attorney _ for drugs totaling more than $50,000 for people without a medical need.

Steven Lampert is charged with 20 counts, his wife with two.

"It seems as though our clients have much less involvement than the others," said Jay Golland, a lawyer for Karen Lampert.

Prosecutors describe the Lamperts as "criminal associates" of Signature Pharmacy in Orlando, Fla. Albany County District Attorney David Soares says Signature was at the center of a web of businesses and doctors that illegally wrote prescriptions for steroids.

The arraignments come a day after not guilty pleas were entered in Albany by 11 other defendants, including four Signature Pharmacy officials.

Soares acknowledged that Martinez was an "unindicted co-conspirator" in the case and is linked to the Lamperts' Anti-Aging Centers. Martinez won the Arnold Classic bodybuilding competition Saturday in Ohio.

A spokesman for Schwarzenegger said he wants bodybuilders to stop using steroids.

"He's clearly opposed to these steroids," said Aaron McLear. "And he's working with top officials in the bodybuilding community to come up with a system where they rid the sport of steroids."

Martinez told The New York Times he bought testosterone from the Lamperts after their clinic told him he had low levels of the hormone. He also said the company asked him to become a partner, but he declined.

"I didn't trust them, and other people were warning me not to do business with them," he told the Times.

Calls placed by The Associated Press to Jim Lorimer, a bodybuilding promoter and co-creator of the Arnold Classic, were not immediately returned.

Bell told SI.com he received the shipment of human chorionic gonadotropin (HCG) last April but said the drug was prescribed "for a medical condition," which he declined to disclose.

More Rocker Dope (NYDN)

By Michael O'keeffe And T.j. Quinn, Daily News Sports Writers

New York Daily News, March 7, 2007

With his career fading fast in 2003, loudmouth pitcher John Rocker of Atlanta Braves and 7-train fame turned to human growth hormone.

His name emerged yesterday in a wide-ranging investigation originating in the Albany County District Attorney's office into a nationwide prescription drug ring in which more than a dozen people have been indicted. His publicist said Rocker admitted taking HGH, now prohibited by Major League Baseball, but insisted he needed the controversial substance for medical reasons.

"That was a growth hormone that was prescribed by a doctor in relation to his rotator cuff surgery in 2003, so I don't really think there is anything to the story," said Debi Curzio, Rocker's publicist.

Human growth hormone, however, is not normally used as post-surgical therapy, numerous medical experts have said.

A Food and Drug Administration spokeswoman told the Daily News that federal rules allow doctors to prescribe growth hormone to treat AIDS wasting, dwarfism and other growth-related issues - but not rotator cuff injuries.

"There are very specific guidelines regarding the use of growth hormones, and tendon healing is not one of them," said Gary Wadler, an adviser to the World Anti-Doping Agency. "The rules are exquisitely specific, and I'm not aware that the Secretary of Health and Human Services has approved the use of growth hormone for tendons."

If Rocker needed the drug, it is unclear why he would have turned to Allied Pharmacy of Mobile, Ala., one of five pharmacies caught up in the alleged Internet steroid and HGH scandal over the last week. Curzio said Rocker's shoulder surgery was performed by Dr. James Andrews, the famed orthopedic surgeon based in Birmingham.

According to a report in Sports Illustrated, Rocker's name was listed among clients of Allied, whose offices were searched by DEA agents in August. According to the report, Rocker received the drug somatropin, a form of growth hormone, in April and July 2003, the same time period in which he was trying to get a job with the Devil Rays.

The names of several athletes, including major leaguers Gary Matthews Jr., David Bell and Jerry Hairston Jr., 1996 Olympic wrestling gold medalist and former WWE star Kurt Angle and boxer Evander Holyfield, have been linked to clinics in Florida, Texas and Alabama that have been raided by authorities. Customers allegedly paid doctors to sign blank prescriptions, which were then submitted over the Internet to pharmacies that provided steroids and human growth hormone. Albany County district attorney David Soares' office led raids on several Florida locations last week, notably Signature Compounding Pharmacy of Orlando.

Meanwhile, two more people were arraigned yesterday in Albany County Court. Steven and Karen Lampert of the Anti-Aging Centers in upstate Nanuet pleaded not guilty and were released without bail. They were charged with submitting prescriptions to a Florida pharmacy for people without medical need. Steven Lampert is charged with 20 counts while his wife was charged with two.

Their indictments also mention Zev Cohen, a Nanuet physician who was apparently a victim in the scheme. Cohen has not been named as a target of the investigation, and in several of the counts against Steven Lampert prosecutors say Lampert forged Cohen's name on prescriptions. A woman at Cohen's office who did not identify herself said, "We're not commenting," and hung up on a reporter.

Rocker earned fame as a fearsome closer with the Atlanta Braves in 1999, and became the player Mets fans loved to hate, but he skyrocketed to infamy with a rant in a January 2000 issue of Sports Illustrated on why he hates New York: "Imagine having to take the 7 Train to the ballpark, looking like you're riding through Beirut next to some kid with purple hair, next to some queer with AIDS, right next to some dude who just got out of jail for the fourth time, right next to some 20-year-old mom with four kids. It's depressing."

He was also quoted making unflattering comments about Asian woman and African Americans, and dismissed the writer of the SI article, Jeff Pearlman, as a "liberal Jew from New York."

Baseball did not specifically ban growth hormone until 2005, and in the absence of a universally accepted test, still does not screen players for it. Rocker would not have been violating any of baseball's rules and is unlikely to face prosecution.

Rocker made two appearances with Tampa Bay in 2003, and then tried one last unsuccessful comeback with the independent Long Island Ducks in 2005. He was last seen on the cable TV circuit hawking shirts that said "Speak English," saying it was his effort to preserve American culture.

Curzio said Rocker did not take growth hormone long enough to enhance his performance.

"John is not worried about this at all," she said.

Inside The Steroid Sting (SI)

SI.com, March 7, 2007

The Palm Beach Rejuvenation Center is decidedly less exotic than its name might suggest. Wedged between a lawyer's office and a brokerage firm on the third floor of a dreary Jupiter, Fla., office building, it is a glorified boiler room, "basically a call center," as one employee explains. Yet investigators contend that the Palm Beach Rejuvenation Center (PBRC) -- and dozens of so-called antiaging or wellness centers like it -- is a vital component in a massive illegal distribution network that enabled customers to place orders over the Internet for performance-enhancing drugs, including steroids and human growth hormone (HGH).

"This is the newest frontier," says Christopher Baynes, a prosecutor in New York's Albany County, whose office initiated the investigation three years ago. "The guy with the black bag at the gym now has his own website."

On Feb. 27, SI accompanied investigators from multiple law-enforcement agencies (box right) on a raid of PBRC. Simultaneously, agents in Orlando were raiding Signature Pharmacy, a compounding pharmacy that last year did more than $40

million in sales, much of it with PBRC. On Monday, PBRC co-owner Glen Stefano and 10 others pleaded not guilty to multiple charges during arraignment proceedings in Albany. Stefano was charged with illegally selling steroids and hormones. Earlier, Signature owners Robert Loomis and his wife, Naomi, were charged with criminal diversion of prescription medications, criminal sale of a controlled substance and insurance fraud.

It will take weeks, months perhaps, for authorities to sift through the client lists, hard drives, invoices and trash from Dumpsters that were seized in the raids -- more than a ton of documents was confiscated. And when they're through, investigators believe they'll unearth the names of hundreds, even thousands of clients who have received a wide array of drugs; and that list is likely to include prominent athletes.

Just consider the fruits of a similar Drug Enforcement Administration (DEA) raid last year, code-named Operation Netroids. On Aug. 29, agents converged on Applied Pharmacy Services, a compounding pharmacy in Mobile. (A compounding pharmacy makes its own drugs generically.) Seized client records revealed the names of more than 20 athletes in a variety of sports who received drugs from Applied Pharmacy. A 37-page classified intelligence report reviewed by SI alleges that, among athletes:

· Outfielder Gary Matthews Jr., whose career year with the Texas Rangers in 2006 earned him a five-year, $50 million free-agent deal with the Los Angeles Angels, was sent Genotropin in 2004. The prescription was written by a doctor at a now-defunct antiaging clinic in Florida. (Through his agent, Matthews declined comment, but the lawyer who represents the outfielder said last Saturday that Matthews has not broken any laws and would cooperate with the investigation.)

Kurt Angle, a 1996 Olympic gold-medal-winning freestyle wrestler and now a star professional wrestler, received two prescriptions for trenbolone and one for nandrolone between October 2004 and February '05. (Angle did not return messages left with his spokesman.)

· Rangers outfielder Jerry Hairston Jr. received Genotropin, human chorionic gonadotropin (HCG) and Clomiphene Citrate in 2004. One of Hairston's prescriptions was written by "A. Almarashi." Investigators believe Almarashi is an alias for a Queens, N.Y., doctor stripped of her medical license in 1999. She is awaiting trial on multiple charges after allegedly writing bogus prescriptions for thousands of online customers she never examined. (Hairston, a third-generation major leaguer, emphatically denied any connection. "Not one time have I taken steroids or anything like that," he said last Thursday. "I would never do anything like that to jeopardize my career or my family's name.")

· In June 2004 a patient named Evan Fields picked up three vials of testosterone and related injection supplies from a Columbus, Ga., doctor, traced through Applied. Later that month Fields also obtained five vials of Saizen and three months later returned for treatment of hypogonadism, a condition whereby sex glands produce little or no hormones. Investigators noted that Fields shares both the birth date and home address of former heavyweight champion Evander Holyfield. What's more, when SI called a phone number on a Post-It note attached to the Fields patient file, Holyfield answered. (Holyfield, who at 44 continues to fight professionally, told SI that he knew nothing of the drugs. Through Main Events, the promotional company that represents him, he released a statement denying any steroid use.)

· David Bell, a veteran of a dozen major league seasons, received six packages of HCG at a Philadelphia address last April, when he played for the Phillies. The cost was $128.80, and the drug was prescribed in conjunction with an Arizona antiaging facility. Bell acknowledges receiving the shipment but tells SI the drug was prescribed to him "for a medical condition," which he declined to disclose, citing his right to privacy.

· Jose Canseco, the retired major leaguer and an admitted steroid user, received somatropin, testosterone, stanozolol and HCG, as well as 340 syringes, in 2004. The shipment to his California residence was arranged through the same defunct antiaging clinic that Matthews allegedly patronized. (Canseco did not return calls seeking comment.)

No birth date was indicated on the prescriptions, but according to the Applied database, former Atlanta Braves reliever John Rocker received two prescriptions for somatropin between April and July 2003. (Through his spokeswoman, Rocker denied any knowledge of the prescription and denied ever receiving a banned substance.)

Sources tell SI that the clients appearing on invoices and customer lists are unlikely to face prosecution, because the targets of the raids and investigations are the members of the network of suppliers. "Our focus here is to shut down distribution channels," says Albany County district attorney David Soares, one of the leaders of the investigation. And because the reports only allege receipt (and in some cases, purchase) of the banned drugs -- not usage -- the athletes are unlikely to face disciplinary action from their respective leagues or governing bodies. (Major League Baseball didn't add HGH to its list of banned substances until 2005.) Still, the information offers a clear and chilling glimpse into just how easily banned substances, including steroids and HGH, can be obtained by anyone, of any age, who possesses Internet access and a credit card.

The origins of this wide-scale, multi-agency investigation can be traced to upstate New York. In the fall of 2004 state narcotics investigators based in Albany noticed that a local doctor, David Stephenson, was running a website, docstat.com, and was purchasing massive quantities of a variety of drugs, including narcotics and steroids. According to authorities, Applied was his chief supplier. After receiving the drugs at his residence, Stephenson repackaged them and resold them to "patients" who

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had visited his website. One investigator placed an order through docstat.com, claiming to be an overweight pilot with a heroin addiction and a drinking problem. As part of a questionnaire offered when registering on the site, clients were asked the reason they were seeking particular drugs. The investigator responded that he needed prescriptions for hydrocodone, methadone, nandrolone, Ritalin and testosterone because "I want to get high to fly." Within days the drugs arrived by way of express mail.

In the summer of 2005 Stephenson pleaded guilty to felony criminal sale of a controlled substance; he is serving a six-year jail sentence. The Stephenson case, however, stood for much more than a rogue doctor abusing his license. Studying the chain of supply, agents from Albany County were able to lay bare a drug pipeline that marries the power of the Internet with spurious antiaging centers, board-certified compounding pharmacies and venal doctors. Soon, the agents shared their findings with federal and state authorities across the country.

As Mark Haskins, a senior investigator for New York State's Bureau of Narcotic Enforcement, explains it, "Basically you have an antiaging clinic with an Internet presence. [Clinic operators] put the product on the Internet. The customer finds them online, fills out a brief questionnaire and requests steroids, hormone therapy, whatever. Someone from the clinic contacts the customer and then develops a prescription for the steroid treatment or hormone treatment. Then [the clinic] sends or e-mails the prescription to a doctor, who is often not even in the same state. He'll sign it [because] he's being paid by the clinic, usually $20 to $50 for every signature. The signed prescriptions get faxed to the compounding pharmacies, which know from the very beginning that there is no doctor-patient relationship. The pharmacy then sends the product to the customer."

Last spring, during a raid on his Scottsdale, Ariz., home, Jason Grimsley, then a pitcher for the Arizona Diamondbacks, admitted to using HGH, steroids and amphetamines. In an affidavit he explained to investigators that another major leaguer, later identified as former first baseman David Segui, "told [me] of a doctor in Florida that he was using at a 'wellness center' to obtain human growth hormone."

"It makes total sense for athletes to do it this way," says agent Alex Wright of Florida's Metropolitan Bureau of Investigation. "If they get caught, they can say, 'I sent my blood work to the clinic like [it] asked me, and the doctor said my [testosterone] levels are low.' This is the best way they can get stuff. They have the comfort of anonymity because there is no face-to-face. They are just a name and a credit card."

In addition to exposing the architecture of the distribution ring, the ongoing investigations appear to confirm what doping experts have suspected for years: HGH is a popular drug among athletes. A synthetic hormone, HGH is thought by some to accelerate recovery times, speed healing, decrease body fat and, particularly when combined with steroids, increase muscle mass and therefore strength.

HGH can be prescribed by doctors for legitimate medical purposes. Historically, this has meant combating rare pituitary disease and treating patients with progressively debilitating conditions resulting from AIDS and some forms of cancer. Yet lately some doctors have ascribed a liberal definition to "legitimate medical purposes," contending that aging is, in effect, a progressively debilitating disease and that any patients with diminishing hormone levels are eligible for the drug. The American Academy of Anti-Aging Medicine, a Chicago-based group that supports using HGH to replace growth hormone as its levels decline with age, counts more than 10,000 health-care practitioners among its members. This "off-label," or unorthodox, use of HGH is the source of significant controversy in the medical community. "It's a ruse," says Dr. Thomas Perls, an associate professor at Boston University School of Medicine, who maintains the website antiagingquackery.com. "The public has equated hormones with youth, and HGH is the drug of choice for these hucksters to push." (Through a spokesman the academy said in a statement to SI that Perls's comment "is on the level of that of a 'flat earth society' uninformed person.")

The risks of HGH use are abundant, including diabetes, muscle and joint pain, hypertension, carpal tunnel syndrome, abnormal enlargement of organs and advancement of cardiovascular diseases. Some researchers believe HGH can accelerate cancer. "The issue is pretty straightforward," says Mark Schutta, a University of Pennsylvania endocrinologist. "You're giving people a hormone that can potentially increase the growth of abnormal cells." Schutta also notes that the American College of Endocrinology does not recommend using HGH to treat adults except in the exceedingly rare instance that a patient produces no growth hormone naturally.

Regardless, HGH has found favor among athletes. "Of all the things out there, certainly synthetic human growth hormone is way at the top of the list," says Dr. Gary Wadler, a New York University associate professor of medicine and a World Anti-Doping Agency member. "What athletes have [tried to do] is make muscles bigger with HGH and then make those big muscles stronger by adding steroids to the mix."

Another factor contributing to HGH's popularity: Leagues that ban it don't test for it. There is only one effective test for HGH detection, and it involves a blood sample. Unions in most major sports have been unwilling to subject their players to blood work, deeming it a physical intrusion. As NFL Players Association executive director Gene Upshaw recently put it, "I'm still not willing to have our players stuck like a pin cushion."

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In perhaps the biggest doping scandal in NFL history, a South Carolina doctor, James Shortt, distributed HGH and steroids to members of the Carolina Panthers' 2003 Super Bowl team, including three of the five starting offensive linemen. (Shortt admitted guilt and is serving a 366-day sentence.) Last fall, on the HBO show Costas Now, former NFL defensive tackle Dana Stubblefield said he believes 30% of the league's players use HGH. NFL officials have often expressed concern about HGH, and the league recently pledged $500,000 to help develop a reliable HGH test.

That is why investigators were particularly curious when they noticed that a University of Pittsburgh Medical Center-affiliated internist, Richard Rydze, had used a credit card from his private practice to purchase more than $150,000 worth of HGH from Signature Pharmacy. Since the mid-1980s Rydze has been an associate team physician for the Pittsburgh Steelers. Questioned by SI, Rydze did not deny making the purchases, but he asserted that he uses the HGH to treat elderly patients who are "deficient in growth hormone" and require tendon repair. "[It's] not for athletes -- never," says Rydze. "I don't give it to people who want to come in here and look pretty and look young and build up their muscles. I will not do that."

According to Rydze, he dispenses HGH to "35 or 40" patients referred to him by other physicians, including the Steelers' orthopedist. (The orthopedist declined comment.) Rydze says that he treats these patients, including retired football players, early in the morning -- "mainly in my spare time" -- and that these patients tend to "cycle through" every three or four months. "We monitor their levels, and then they're gone, back to their own doctors," says Rydze, 56, who won the silver medal in platform diving at the 1972 Olympics. He also says that he ordered the HGH through Signature to save money. (In the wake of this revelation, the University of Pittsburgh Medical Center says it is conducting an internal investigation of Rydze.)

One might assert that at the very least, it shows questionable judgment for an NFL team doctor to purchase $150,000 of HGH -- approximate street value: as much as $1 million -- at a time when drug issues are in the league's crosshairs and the Shortt scandal remains a public relations scar. Rydze, however, asserts he has his team's full support. "The Rooneys [the Steelers' owners] are aware that I do this," he says. "I mean, they have my trust that I would never do this with an athlete." (Steelers president Art Rooney II declined to address Rydze's specific characterization, but he released a statement that read in part, "There is no evidence Dr. Rydze prescribed or provided any hormone treatments to any of our players [and he] has assured me that this has never happened and will never happen.")

If the list of implicated sports stars and teams has already turned the investigation into a cause célèbre, investigators are haunted by how many "nonfamous" athletes have been implicated in the sweeps. In the coming weeks authorities will seek answers to why, for instance, Signature sold performance-enhancing drugs to a teenage in-line skating champion. Or why facilities offering antiaging treatment are servicing so many clients born in the 1990s, some of them still in puberty. "Kids are watching ESPN or reading Sports Illustrated and making every effort to gain a competitive edge," says Soares, the Albany County DA. "That we have steroids and human growth hormone so readily available presents a clear and present danger."

At last week's raid of the Palm Beach Rejuvenation Center, a string of strikingly muscular, strikingly young employees filed out, somber expressions etched on their faces. Inside, authorities questioned executives, including Joseph Raich, listed on a government document as a company director. Raich, 44, is well-known in the South Florida youth wrestling community. He has provided financial assistance to aspiring Olympians, and before the Athens Games in the summer of 2004, he sponsored a training camp in South Florida for the U.S. Olympic wrestling team. The Florida Amateur Wrestling Association website even lists Raich (who did not return repeated messages seeking comment) as the contact for the Wrestling Club of the Palm Beaches. The listing also provides his e-mail address: Joehghtest.com.

More Names Surface As Steroid Story Widens (USAT)

By Bob Nightengale, USA TODAY

USA Today, March 7, 2007

SCOTTSDALE, Ariz. — Free agent infielder David Bell, who played 12 seasons, became the latest son of a major league player to allegedly receive performance-enhancing drugs in the mail, according to documents obtained by SI.com.

Bell, the son of Kansas City Royals manager Buddy Bell, received six packages of a human growth hormone at his Philadelphia home last April when playing for the Phillies, SI.com reported, citing a 37-page classified intelligence report as part of a federal, state and local investigation into the illegal sale of steroids.

Bell confirmed he received the shipment but told SI.com it was prescribed for a "medical condition."

Former reliever John Rocker was also named in the SI.com report, alleging he received steroids from an Alabama pharmacy. Rocker denied knowledge of the prescription and said he never received any banned substances.

However, Rocker's publicist, Debi Curzio, told the New York Daily News that Rocker admitted taking HGH, now banned by Major League Baseball, but said it was prescribed by a doctor in relation to his rotator cuff surgery in 2003.

In addition, SI.com reported wrestler Kurt Angle, who won a gold medal in the 1996 Olympics, appeared on a client list of Applied Pharmacy, a Mobile, Ala., company raided in the investigation into the illegal sale of steroids.

Bell joins Los Angeles Angels center fielder Gary Matthews Jr. (the son of former major leaguer Gary "Sarge" Matthews) and Texas Rangers infielder Jerry Hairston (the son of former major leaguer Jerry Hairston) as receiving illegal performance-enhancing drugs, according to SI.com.

Hairston has emphatically denied taking steroids or illegal performance-enhancing drugs, telling reporters last week, "I have never in my life — never — used steroids or illegal substances."

While Matthews has refused to comment directly on the allegations, Angels owner Arte Moreno wants answers. "My expectations were that he would make a statement," Moreno told The Arizona Republic. "I'm very disappointed."

Robert Shapiro, Matthews' attorney, issued a statement that said Matthews has not broken any laws or baseball rules and advised him not to speak on the matter.

Olympic Booster Tied To Clinic In Drug Inquiry (NYT)

By Duff Wilson And Serge F. Kovaleski

The New York Times, March 7, 2007

JUPITER, Fla., — A businessman and wrestling booster who has sponsored Olympic and school-age athletes is under investigation by state and federal authorities examining the distribution of steroids and human growth hormone, according to a law enforcement official familiar with the case.

The booster, Joseph L. Raich, is the vice president of Palm Beach Rejuvenation Center, a business here offering hormone and antiaging treatments. The center was described as a nexus of illegal drug activity in charges filed Monday against the company's president and medical director.

Mr. Raich was not charged, but the authorities seized steroid and human growth hormone supplies from his desk last week, according to a Florida Department of Law Enforcement document. And he continues to be under investigation over possible involvement with bogus prescriptions or illegal distribution, the law enforcement official said Tuesday.

He added that Mr. Raich had been talking with investigators.

Mr. Raich, 44, is well known here for having sponsored the 2004 United States Olympic freestyle wrestling team, allowing members to stay at his home and to use local training facilities during a week that June, two months before the Athens Olympics. The 9,000-square-foot home has a pool and personal chef.

Mr. Raich is also active in youth wrestling. Last year, Jupiter Christian School became the smallest school in Florida history to win a state team championship in the sport. Three members of the team, including two individual state champions, came from the Raich family. The Raiches also sponsor an annual wrestling tournament at the school.

Mr. Raich and Jupiter Christian school officials declined to comment Tuesday. No one has accused any of the wrestlers for the school or the Olympic squad of using performance-enhancing drugs.

Kevin Jackson, the national freestyle wrestling coach, said in a telephone interview that the team's trip to Florida, including its placement in Mr. Raich's home, was arranged by the Palm Beach County Community Olympic Development Program. That program was recognized by the United States Olympic Committee but is now defunct.

"We knew that he was involved in some kind of medical center or rehabilitation center," Mr. Jackson said. "But we had no idea that he may have been doing some of the things that have just been made public."

Darryl Seibel, a spokesman for the U.S.O.C., said, "Without prejudging anyone's guilt or innocence, we had no knowledge at all about any business activities Mr. Raich may have been involved in."

In a telephone interview, Gary Abbott, the director of communications for USA Wrestling, which is partly financed and affiliated with the U.S.O.C., said of Mr. Raich, "To be honest with you, I think we only know him as a wrestling leader in Florida, and we are not aware of his business dealings."

The Olympic practice sessions were held in the John Raich Wrestling Room at Cardinal Newman High School. The room was named after Joseph Raich's brother John, a 1983 Florida state wrestling champion who, according to USA Wrestling's Web site, was killed in a boating accident after his senior year of high school.

Joseph Raich is also a real estate developer and an investor in addition to working at the center. He had offices there until it closed after a raid by law enforcement authorities Feb. 27. (A satellite clinic in Palm Beach Gardens remained open.) The investigation, led in part by the Albany County district attorney because of tough drug laws in New York, is focusing on distributors of the drugs and the doctors who falsify prescriptions, not on users. So far, 13 people have been charged.

Authorities, acting under a sealed search warrant, seized steroids, growth hormone, syringes and business records, including Mr. Raich's tax records, during the search of the rejuvenation center offices, according to a receipt of the items seized in the search that was filed with the court.

From Mr. Raich's desk specifically, they reported seizing 13 Genotropin MiniQuicks, a growth hormone in a cartridge designed for easy attachment to needles to inject; one Norditropin growth hormone product made by Norvo Nordisk that

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advertises the ability to remain potent without being refrigerated; and one full bottle of Ultratest 250, a combination of anabolic steroids.

Mr. Raich's office had also been used as headquarters of the Wrestling Club of the Palm Beaches Inc., a nonprofit group that promotes youth wrestling. Mr. Raich was a co-founder of the club with high school coaches and others in March 2003. It is listed on the Florida Amateur Wrestling Association's Web site as a chartered club of USA Wrestling. The wrestling association describes itself as the official organization representing USA Wrestling in Florida.

Robert Kamperman, an association board member, said that Mr. Raich had not been involved with the group for more than two years.

"There were differences in opinions between Raich and the board over the direction of the association," he said. "Raich and a group of others put forward a proposal to assume total responsibility for all our Florida national teams. But the offer was turned down by the board."

Mr. Raich listed his e-mail address as joe@hghtest.com in a listing for the Wrestling Club of the Palm Beaches on a Web directory kept by the Florida Amateur Wrestling Association. He identified himself as the head coach of the wrestling club.

Also part of the same complex of offices is a company called RXHGH Inc., which was founded in April 2003 by Mr. Raich along with Glen Stefanos, who is also the president of the rejuvenation center. (His name was spelled Stefanos in criminal filings but Stephanos in business filings.)

Mr. Stefanos; his brother George Stefanos; and the center's medical director, Dr. Robert Carlson, were charged Monday in Albany County with seven counts of criminal sale of prescriptions and controlled substances. They all pleaded not guilty.

Dr. Carlson's criminal defense lawyer, Charles R. Holloman of Ocala, Fla., said Dr. Carlson did nothing intentionally wrong and had been advised that his prescribing practices were legal.

Other tenants in the office building said the rejuvenation center was raided by federal agents about one year ago, but reopened the next day.

Steroids and human growth hormone are widely used by body builders and other athletes seeking a chemical boost in strength and power. Their side effects may include joint pain, diabetes and increased risk of cancer. They are illegal without a prescription. The drugs are also increasingly promoted as a cure for a host of age-related ills, although distributing or prescribing them that way is illegal.

A posting on Craigslist in Miami on Feb. 16 had a title of "Human Growth Hormone — The Fountain of Youth Is Available to You," and a listing of Brianna Raich. She included her e-mail address and identified herself as an assistant sales representative for Palm Beach Rejuvenation Center. It is unclear what her relationship is to Joseph Raich.

"We are one of the leading suppliers of Human Growth Hormone, which has been called 'The Fountain of Youth,' " Brianna Raich wrote. "The effects of using HGH are remarkable and unfortunately I cannot list them all on this page. A few to name are increased muscle mass, decrease in fat percentage, women say bye to cellulite, increased energy, stamina, improvement in skin, etc. etc."

Brianna Raich, 20, did not respond to e-mail and telephone messages.

TV Exercise Beauty Caught In Drug 'Net (NYDN)

By John Marzulli, Jose Martinez, And Bill Hutchinson Daily News Staff Writers

New York Daily News, March 6, 2007

A sexy TV aerobics guru and her wealthy boyfriend have been busted for pushing more than pushups on the Internet, authorities charged yesterday.

Blond beauty Sonia Barrantes Molina, 29, and Miami businessman Anthony Quiñones, 46, were portrayed by federal prosecutors as Internet prescription drug dealers.

The couple and seven Puerto Rican doctors were rounded up by Drug Enforcement Administration agents in a ring-crushing sting called Operation Click 4 Drugs.

Molina pleaded not guilty yesterday in Brooklyn Federal Court to charges of money laundering and distributing prescription drugs on the Internet.

Prosecutors claim the ring made millions of dollars between January 2004 and December 2006, and laundered the ill-gotten gains by buying real estate and fancy cars.

The feds are seeking to seize $4.2million in assets belonging to Quiñones, including a Florida condo, a 2007 Mercedes and a Ferrari Spyder.

Customers would complete a questionnaire on the ring's Web site, Doctorsonline.com, and one of the Puerto Rican doctors would write the prescription without ever consulting with the patient, officials said.

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The customers would then pick up their prescriptions, including powerful painkillers like hydrocodone, at pharmacies, including some in the New York area, officials said.

Federal officials smashed the ring after learning Molina was allegedly scouting out property in Costa Rica to move their base of operations.

Molina was being held without bail last night. She faces five years in prison if convicted. Quiñones remained jailed in Florida.

Defense attorney Humberto Dominguez of Florida said Molina is upset, shocked and eager to fight the charges.

"She never thought she'd get arrested because she's only tangentially involved, if anything," Dominguez said.

Molina started out as an 18-year-old TV news reporter in Costa Rica before transforming herself into a workout wonder woman.

Besides her TV career, Molina owns three beauty salons and a tattoo and body-piercing parlor in Costa Rica.

In a 2003 interview, she boasted that she "admires with pride every centimeter of her toned body."

Surgeon General Calls On U.S. To Tackle Underage Drinking (AP)

AP, March 7, 2007

WASHINGTON — Americans need a wake-up call about the widespread use of alcohol by millions of underage drinkers, acting Surgeon General Kenneth Moritsugu said Tuesday.

Moritsugu issued a report that he said was designed to get all sectors of society involved in solving a major health problem. He described alcohol as the drug of choice for teens.

The 2005 National Survey on Drug Use and Health estimates there are 11 million underage drinkers in the United States. Nearly 7.2 million are considered binge drinkers, typically meaning they drank more than five drinks on occasion.

"Alcohol remains the most heavily abused substance by America's youth," Moritsugu said. He said the report calls for a "change in the culture and attitudes toward drinking in America. We can no longer ignore what alcohol is doing to our children."

Moritsugu urged more research on adolescent alcohol use and its relationship to physical and mental development. He said there is new research that indicates alcohol may harm the development of the brain in adolescents.

Although there has been a significant decline in tobacco and illicit drug use among teens, underage drinking has remained at consistently high levels, he said. In part, that high use stems from tolerance by adults.

"Too many Americans consider underage drinking a rite of passage to adulthood," said Moritsugu. "Research shows that young people who start drinking before the age of 15 are five times more likely to have alcohol-related problems later in life."

TAX:

Former West Palm Beach Official To Plead Guilty To Tax Charge (FLSUNSEN)

By Sally Apgar, South Florida Sun-Sentinel

South Florida Sun-Sentinel, March 7, 2007

Former City Commissioner James Exline is expected to plead guilty this morning in U.S. District Court to knowingly filing a false federal tax return.

Prosecutors said Exline, 42, took a $50,000 payment from a developer in 2004 and did not report it on his return.

According to the charging document, the unnamed developer retained Exline in October 2004 for "land planning services" on property that the developer wanted to develop. The payment was "for past and future real estate commissions and for land planning services."

To hide the money trail, prosecutors said, Exline directed the developer to write a personal check for $50,000 to a West Palm Beach jewelry store owner who gave him the money.

Exline faces three years in prison and fines of up to $250,000.

Exline, reached at his business, Urban Land Consulting, declined to comment.

At a news conference Tuesday afternoon to announce the charges, U. S. Attorney Alexander Acosta said: "County and city commissioners are not above the law. Commissioner Exline had an obligation to report all his income and to pay his fair share of taxes, just like those individuals he represented.

"We cannot tolerate misconduct or corruption from our public officials, and we in the U.S. Attorney's Office will continue to pursue those matters aggressively."

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According to city records, Exline and the rest of the commission voted unanimously on March 29, 2004, to annex 9 acres of land owned by developer John Sansbury, a former county administrator, on the south side of Okeechobee Boulevard near Golden Lakes Boulevard just west of Florida's Turnpike.

The charging document said Exline was not in the develx oper's hire until seven months later, in October 2004. As a result, his vote on the annexation was not considered in making any criminal charges.

Exline's attorney, Robert Gershman, said the relationship with Sansbury "did not affect or influence any of his [Exline's] votes on the commission."

"Jim is not wealthy and did not make any great wealth off this. His only assets are a home and car. It's not like he's got offshore bank accounts," Gershman said.

Sansbury could not be reached for comment despite phone calls to his home and real estate office.

Prosecutors said that after the developer hired Exline, the commissioner met with city staff "to assist the land developer with the land use and planning issues pending" with the city. On May 11, 2005, city staff, after talks with Exline, approved a subdivision that allowed Sansbury to build a restaurant overlooking a retention pond.

Acosta said yesterday that while Exline met with city planners from October 2004 through May 2005 to discuss land issues, he never disclosed his financial relationship with Sansbury.

"We expect the politicians we vote into office to abide by the same rules as ordinary citizens," said Jonathan Solomon, FBI special agent in charge of the case. He added: "Exline made up his own rules, for his own benefit and with that decision, his integrity vanished."

Exline, a former city planner who was first appointed to his seat in 1999, has been cooperating since June with state and federal prosecutors, according to Gershman.

Gershman has said his client will plead guilty today.

He said Exline paid about $16,000 in taxes on the $50,000 to the IRS last May. Exline then hired Gershman and together they approached prosecutors with "the intent to resign" from the city commission. Instead, federal and state prosecutors wanted the commissioner to keep his job for seven more months.

Gershman would not confirm that Exline wore wires for prosecutors when he attended certain meetings. Gershman did say that information from Exline is feeding ongoing federal and state investigations of "other individuals."

Exline resigned from the commission, at the instruction of prosecutors, on Jan. 19.

Gershman said that at Exline's sentencing he expects "the IRS to say that they are whole so he won't need to pay any kind of restitution or debt."

The federal tax charge against Exline stems from a state grand jury investigation into possible "pay-to-play" corruption within city government and conflicts of interest among city officials. Earlier this month, the grand jury released a report that found no criminal charges but said there was a "perception" of a pay-to-play culture in which developers make campaign contributions believing it will move their projects forward.

Exline is the second city commissioner forced to resign and face federal charges. In May, former Commissioner Ray Liberti, 60, pleaded guilty to federal charges of mail fraud and obstruction of justice in a case that triggered the grand jury's wider corruption investigation.

Prosecutors accused Liberti of using his city position to cite the West Palm Beach owners of a nightclub and massage parlor for code violations as a way to intimidate them into selling their businesses at a discount to buyers he had chosen.

Sally Apgar can be reached at sapgar@sun-sentinel.com or 561-228-5506

States Move To Close Tax Shelter That Benefits Wal-Mart, Others (WSJ)

By Jesse Drucker

The Wall Street Journal, March 7, 2007

State officials in Maryland and Connecticut said they would take measures to close a popular state corporate income-tax shelter used by companies including Wal-Mart Stores Inc.

Maryland State Comptroller Peter Franchot announced that the state would no longer let payments to so-called captive real-estate investment trusts be deducted from state corporate taxable income. Meanwhile, Connecticut Attorney General Richard Blumenthal said in an interview that his office has begun investigating the use of captive REITs for tax avoidance purposes.

In both states, officials said the moves were prompted by a page-one article1 in The Wall Street Journal last month that detailed how Wal-Mart and others have used the structure to lower their state tax burdens.

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"It is our policy to comply with all the laws in every state in which Wal-Mart does business and these are lawful structures," said John Simley, a Wal-Mart spokesman. "Even without the tax benefits, there are compelling reasons to use this type of structure creating a separate vehicle solely to manage real estate and administer capital requirements."

The complicated structure takes advantage of a state tax loophole that works as follows: Wal-Mart transferred hundreds of its stores to a real-estate investment trust, or REIT, of which it owned 99%. It then paid tax-deductible rent to the REIT to use those stores. By effectively funneling those rental payments through a Delaware subsidiary that owned the REIT, Wal-Mart was able to recoup the rent money.

The result: Wal-Mart turned rental payments to itself into state-deductible expenses, even though the money never left the company.

Over one four-year period, the Journal estimated, the structure led to a net tax savings of about $230 million for the giant retailer. Wal-Mart is in litigation over its use of the REIT with the state of North Carolina over approximately $33 million in disputed back taxes, interest and penalties.

Other companies that have used such captive REITs to cut their taxes include AutoZone Inc., two units of Bank of America Corp. and a unit of Regions Financial Corp.

Maryland's Mr. Franchot said his office would begin auditing companies that it suspected of using this arrangement and would disallow the deduction if it found such payments. In Maryland, the comptroller's office performs regular state tax audits of corporations. Mr. Franchot said the agency would be able to examine three years of past returns, and he estimated that the move would bring the state "tens of millions of dollars" a year in added tax payments.

In Connecticut, the attorney general's office represents the state in major tax litigation but can't perform tax audits. However, Mr. Blumenthal said his office has "reached out to our Department of Revenue Services to work with us."

Write to Jesse Drucker at jesse.drucker@wsj.com2

Powerful Governor Stands His Ground, Again, On Food Tax (NYT)

By Adam Nossiter

The New York Times, March 7, 2007

JACKSON, Miss., March 1 — The shoppers at the no-frills Brookshire's supermarket — plate lunches $4.49, food stamps gladly accepted — have no doubt: swapping the nation's highest state grocery tax for one of its lowest cigarette taxes is an excellent idea, and fie on the governor who opposes it.

"Oh, yeah, no doubt about it, they need to put it off the food," said Reggie Funchess, a worker at the BASF plant. "It's something that will help the people. Politicians, they must have a treasure chest somewhere."

Up at the stately domed Mississippi Capitol, Gov. Haley Barbour, a former tobacco lobbyist, has other ideas. Studies, polls, protests at the Capitol, legislative sentiment and America's highest cardiovascular disease rate notwithstanding, the governor of the poorest state is not budging, for the second year in a row: no cut in the 7 percent grocery tax and no increase in the 18-cents-a-pack third-lowest-in-the-nation, cigarette tax.

Mr. Barbour, the former Republican National Committee chairman and big-time Washington lobbyist whose clients included the five major tobacco companies, is a busy man these days, and a powerful governor.

Basking at home in the reflection of his national image as the post-Hurricane Katrina success story among governors, having last week scored a giant automobile plant for his state and considered a shoo-in for re-election this year, Mr. Barbour faces few opponents, legislators say. He pushed through the Legislature hundreds of millions in subsidies for the plant, for Toyota S.U.V.s, three days after announcing it.

Mr. Barbour, the lawmakers say, is getting used to getting his way and is likely to do so on the doomed groceries-for-cigarettes tax swap.

"Can we talk about it some other time?" the governor asked as he bustled down a marble corridor to an appointment and as an aide cut in that "the governor wasn't going to be able to talk about this today."

And so it is that a bill to increase the cigarette tax to $1 a pack and cut the grocery tax in half overwhelmingly passed in the Mississippi House last month, remains bottled up in the State Senate Finance Committee, which is friendly to Mr. Barbour. Other poor states — Arkansas, South Carolina and Utah — have moved to cut their sales taxes on groceries. Not Mississippi.

"There's no doubt he would veto this bill," said the committee chairman, State Senator Tommy Robertson, a Republican. And he could do so without fearing an override, Mr. Robertson said.

That, to some, is a true measure of Mr. Barbour's power. He need not worry about political fallout from rejecting what is, in most reckonings, a popular initiative.

"It's an indication of how much influence he has, because he can take something we know is good — the best bill passed in the Legislature in the last 30 years — and he can say it's bad," said State Representative Percy W. Watson, the chairman of

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the Ways and Means Committee and a Democrat. "Politics has entered the process, and there is some effort to protect the tobacco companies."

Another Democrat, State Senator Hob Bryan, added, "It would have been the law already were it not for the governor's absolute determination not to raise the tax on tobacco."

The governor's aides and allies say Mr. Barbour is simply sticking to his no-new-taxes promise. "The governor ran four years ago on, 'I'm not going to raise anybody's taxes,' and he hasn't," Mr. Robertson said.

But others, including health officials, say the dichotomy is false. The governor's no-tax pledge, they insist, is at odds with the public good, since most studies show that increasing the cost of cigarettes sharply diminishes the number of smokers.

"We have the worst health indices in almost every category of any state in the country," said Dr. J. Edward Hill, the immediate past president of the American Medical Association and a physician in Tupelo. "Reducing the percentage of citizens who smoke and increasing funding from cigarettes would have tremendous advantages."

Dr. Hill said the issue had become entangled in political ideology. "It's political so-called principle — 'I'm never going to raise taxes on anything' — which is actually also relatively stupid," Dr. Hill said.

Mississippi is the fourth-highest state in deaths attributed to smoking. And it is one of three states that give no grocery-tax break to lower-income families, according to a study by the John C. Stennis Institute of Government at the Mississippi State University.

In the Brookshire's parking lot, in working-class southern Jackson, shoppers toting their few bags had no trouble coming up with uses for the extra hundreds of dollars from a tax cut. Most of the buying around here is done on the first of the month — payday, explained a store official, and expenditures are made frugally.

"My children's needs, household stuff," said Shameka Bouie, a mother of four whose truck driver cigarette-smoking husband is "always complaining" that his habit is more expensive outside Mississippi.

Howard McBound, a police officer with the Veterans Affairs Department, said: "Groceries are what we live on. My light bill is going up. My gas bill is going up. You can raise the price of cigarettes, people will still smoke."

Even some conservative Republicans disagree with Mr. Barbour. "The cigarette tax and the grocery tax are both public health issues," said one, State Senator Alan Nunnelee. And the tax on groceries, Mr. Nunnelee said, "is just the most cruel tax any government can impose."

What To Know When Choosing A Tax Preparer (WSJ)

The Wall Street Journal, March 7, 2007

Finding a good tax preparer has never been easy. But the growing complexity of the tax code has made it even trickier.

More than 60% of all taxpayers used paid preparers last year, up from 46% in the mid-1980s. Many more are likely to need professional help next year unless Congress does something to curb the rapid growth of the alternative minimum tax, a highly complex parallel tax system that ensnared about 3.5 million people last year.

Nobody knows for sure how many paid preparers there are. Cono Namorato, a former Internal Revenue Service official who now is a partner at Caplin & Drysdale in Washington, estimates there are 1.2 million to 1.6 million. Among them are highly trained tax lawyers, certified public accountants and enrolled agents -- who are private-sector specialists licensed to practice before the IRS. The list also includes seasonal workers at national tax-preparation companies, as well as small storefront and shopping-mall operations.

Yet relying on even the most experienced tax pro is no guarantee of getting a bulletproof return -- or even saving money. Indeed, armed with a good software program, you may well be able to do your taxes on your own.

In some cases, preparers make very basic errors that can cost their clients money. For example, the IRS says millions of people who hired someone else this year to do their returns for 2006 neglected to claim a special new telephone excise-tax refund.

Lawmakers are considering legislation to expand regulation of the tax-preparation industry. Some senators have proposed requiring paid preparers to meet training and competency standards. They also want to make it easier for the IRS to crack down on wrongdoers.

Concern about paid preparers escalated last year after the U.S. Government Accountability Office found significant mistakes -- and even some cheating -- by workers at a few major tax-preparation firms. (The firms weren't identified.) Adding to those concerns, earlier this year the IRS discovered large numbers of bogus claims for the phone-tax refund. Many of those were on returns filed by paid preparers.

The IRS also recently warned taxpayers to beware of dishonest preparers. Among the most obvious red flags: Preparers who refuse to sign your return, who assure you that they will get you a higher refund than anyone else, or who calculate their fees as a percentage of your refund amount.

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So how do you find the right preparer, should you decide you need one? The answer depends on many factors, such as how complex your tax situation is and how much tax-planning advice you want.

To be sure, millions of people with relatively straightforward returns probably can handle their own returns, either on their own or with the help of software such as Intuit Inc.'s TurboTax and H&R Block Inc.'s TaxCut.

Many other taxpayers comfortable with tax issues probably could do the job themselves even if they itemize -- as long as they're patient, willing to wade through dense IRS instructions and have relatively routine situations. But it doesn't take much to drag taxpayers into surprisingly deep water. That's particularly true for people whose personal situation has changed -- such as someone who is going through a divorce or has sold a business. It's also true for many investors. Even seemingly simple issues can have twists.

If your income is $52,000 or less, consider using free federal tax-preparation and electronic-filing services through the Free File Alliance, a partnership between a group of software companies and the IRS. Check out the IRS Web site (www.irs.gov1; click on "2007 Free File"). Separately, many people can also get free help from such places as the IRS's Volunteer Income Tax Assistance program or the Tax Counseling for the Elderly program.

If you have a fairly simple situation and don't want the headache of doing it yourself, the major tax-preparation companies generally should be able to handle the job.

Sometimes, tax chains aren't entirely reliable, as indicated by last year's GAO investigation. Undercover investigators found "serious errors" at 19 outlets of several commercial tax-preparation chains. In some cases, preparers didn't report taxable income supplied by investigators. In other cases, preparers didn't take advantage of tax breaks.

Higher-income taxpayers with far more complex tax questions should consider looking for an enrolled agent, an accountant or another expert with extensive training. Among others who may need more sophisticated help: Investors with large numbers of trades; executives who receive large amounts of stock-related compensation; professional securities traders; someone who invests in numerous partnerships, or needs to file returns in many states; or a business consultant who serves on several boards of directors and has an office at home.

Don't hesitate to ask tough questions before hiring someone. For example, inquire about the preparer's credentials, including his or her educational background and training.

Find out how much your return is likely to cost. Ask what, if any, written guarantees the preparer offers in case he or she makes a mistake. Will the preparer represent you at the IRS if you're audited? And has he or she ever been sued or disciplined?

How tax preparers set their fees can vary, depending on such factors as the type of preparer, the relationship with the client and the complexity of the job.

For the "vast majority" of its clients, H&R Block charges "based on the number of forms required to complete the return," says Dan Smith, a company spokesman. "However, for tax issues that require extensive research, Block does charge based on time." He says the average fee per client last year was about $161, up from $151 in 2005.

Some pros, such as Alan Straus, a New York City lawyer and CPA, say they typically charge based on the amount of time involved. At one extreme, he has a few clients who pay as much as $15,000. At the other, he says he sometimes gets requests from clients to do a relative's return for a nominal amount.

Thomas Ochsenschlager of the American Institute of Certified Public Accountants says numerous CPAs send out an estimate to clients at the start of the year -- with the proviso that the fee could change if the job turns out to involve a different amount of work than expected.

Keep in mind, though, that even the pros can make mistakes. That's what Sen. John Kerry discovered when he ran for president in 2004. The Massachusetts Democrat filed an amended return for 2003, signed by him and a representative of a Boston-based firm, to fix a mistake on his original return. The problem: The tax on the sale of the senator's interest in a painting was calculated at the wrong rate. * * *

MANY PROCRASTINATORS will lose refunds unless they file by mid-April.

The IRS said it is holding unclaimed refunds totaling more than $2.2 billion for about 1.8 million people who still haven't filed a federal income-tax return for 2003. To collect, they have to file with an IRS office no later than April 17 this year. The reason: When a return isn't filed, the law gives most people "a three-year window of opportunity" to claim a refund, the IRS says.

If you don't file within the prescribed period, the refund belongs to the U.S. Treasury.

CONGRESS-ADMINISTRATION:

Bush Appoints Dole And Shalala To Head Inquiry On Military Health Care (NYT)

By Michael Luo

DOJ_NMG_0141540

The New York Times, March 7, 2007

WASHINGTON, March 6 — President Bush on Tuesday named the onetime Senate majority leader Bob Dole and Donna E. Shalala, former secretary of health and human services, to lead a bipartisan commission that will be charged with investigating problems at Walter Reed Army Medical Center and throughout the military's health care system.

Addressing veterans here at a meeting of the American Legion, Mr. Bush assured them that he was taking seriously the disclosure of dilapidated housing and frustrating red tape encountered by wounded soldiers at Walter Reed, the Army's premier hospital.

"My decisions have put our kids in harm's way," the president said, "and I'm concerned about the fact that when they come back they don't get the full treatment they deserve."

Mr. Dole, the 1996 Republican presidential nominee, who lost the use of his right arm in World War II, and Ms. Shalala, health secretary in the Clinton administration and now president of the University of Miami, will head "a comprehensive review" of the care of wounded troops, from the point at which they return from the battlefield to the restarting of their lives as civilians, and assess just how pervasive the problems are, Mr. Bush said.

The president said that in addition to the appointment of the commission, he had asked the secretary of veterans affairs, Jim Nicholson, to lead a group of seven cabinet members who will "focus and respond to immediate needs" of veterans and of troops returning from combat.

The steps come as an increasingly restive Congress seizes on the recent accounts of problems encountered by wounded soldiers. A second day of Congressional hearings was held Tuesday on the troubles at Walter Reed, and lawmakers promised more to come. Although they offered no specifics, Senate Democrats said they would pursue legislation addressing what they described as failure by the Bush administration to deal with longstanding concerns about the treatment of wounded troops and veterans and to properly plan for the onslaught of casualties of the Iraq war.

"This is the Katrina of 2007," Senator Charles E. Schumer of New York said at a news conference of Democratic leaders.

Since a series of articles on the shortcomings at Walter Reed appeared in The Washington Post last month, dealing especially with the problems faced by troops engaged in long recoveries and receiving outpatient care, the issue has escalated into a crisis for an administration already struggling to shore up public support for its strategy to send 21,500 more combat troops into Iraq.

The secretary of the Army and the hospital's commander were dismissed last week as a result of the problems. And at a hearing on Tuesday, some members of the Senate Armed Services Committee challenged Lt. Gen. Kevin C. Kiley, the Army's surgeon general, who himself commanded Walter Reed until 2004, on whether he should be ousted as well.

Citing complaints they said they had heard firsthand on visits to the hospital last week, committee members bore down on General Kiley and other top military officials over why they had failed to act earlier to address the problems there. Several lawmakers told of complaints they had received from constituents about troubles at other military-run health care facilities.

"It was a failure in the most basic tenets of command responsibility: to take care of our troops," said Senator John McCain of Arizona, the committee's ranking Republican, who spent more than five years as a prisoner of war in North Vietnam. "We must right the wrongs that our wounded have endured."

Repeating a new Democratic refrain, the committee chairman, Senator Carl Levin of Michigan, sought to lump the problems at Walter Reed with what he described as other examples of poor planning for the war in Iraq.

"Today's hearing," Mr. Levin said, "is about another example of the lack of planning for a war that was premised on the assumption that combat operations would be swift, casualties would be minimal and that we would be welcomed as liberators instead of being attacked by the people we liberated."

Military officials testifying at the hearing outlined steps they were taking to improve conditions at Walter Reed and streamline a daunting bureaucratic process faced by wounded soldiers getting outpatient treatment.

Gen. Peter J. Schoomaker, the Army chief of staff, said a team of health care workers had been assigned to visit other facilities in the military medical system and determine whether the problems extended beyond Walter Reed. A hot line is also being established to field complaints, General Schoomaker said. In addition, a family assistance center has been set up at Walter Reed, and the Army is considering appointing an ombudsman to act as an advocate for patients.

"No service members should have to work through a maze or a gantlet or be on his own or her own to figure things out," said Dr. William Winkenwerder Jr., assistant secretary of defense for health affairs. "It's just unacceptable."

Dr. Winkenwerder hastened to add that Walter Reed's problems did not result from lack of financing, testimony that several committee members disputed. He also dismissed any connection to plans to close the hospital in the next few years as part of a nationwide base reorganization, a proposal that some lawmakers are also beginning to question.

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In terms of immediate priorities, attention has coalesced on the cumbersome process for evaluating whether wounded troops are fit to continue in the military, or whether they should be medically retired and, if so, the level of disability benefits they should receive.

There is a focus, too, on problems in patients' transitioning from care at military hospitals to dealing with facilities run by the Department of Veterans Affairs.

David S. C. Chu, under secretary of defense for personnel and readiness, said he hoped the debate resulting from the furor over Walter Reed would address what he called a fundamental issue: "the adequacy, the structure, the nature of the nation's disability programs for injured service members."

With a patchwork of different departments involved, Mr. Chu said, it is not surprising that those caught up in the system "find it frustrating and difficult to navigate."

Walter Reed Uproar Refuels Iraq Debate (AP)

By Anne Flaherty

AP, March 7, 2007

Democrats are using the uproar over Walter Reed Army Medical Center as their latest cudgel to batter President Bush for his Iraq war policies as the administration shows signs it fears political damage from the revelations.

Reports of patient neglect and shoddy outpatient rooms at the hospital have brought Army brass to Capitol Hill to explain and apologize. Bush's handling of the war has been widely unpopular with voters, and reports about Walter Reed come on the heels of his decision to send more troops to Iraq — which has also met a negative response from the public.

Democrats are stepping up their anti-war rhetoric and casting Walter Reed as the latest Bush administration failure in planning for the war and other contingencies.

"This is the Katrina of 2007," said Sen. Chuck Schumer, D-N.Y., comparing the hospital scandal to the 2005 hurricane that left Gulf Coast residents stranded for days without federal assistance.

For its part, the Bush administration has moved quickly to try to contain the political damage. Defense Secretary Robert Gates forced Army Secretary Francis Harvey to resign last Friday, and Maj. Gen. George W. Weightman, who was in charge of Walter Reed since August 2006, was ousted from his post a day earlier.

The rapid removal of the two officials was followed by a promise by Vice President Dick Cheney and the president himself that the problems would be fixed, and the creation of high-profile panels to unearth gaps in the system.

In a speech at the American Legion on Tuesday, Bush announced he had asked former Senate Majority Leader Bob Dole, R-Kan., and former Health and Human Services Secretary Donna Shalala, a Democrat, to lead a bipartisan probe into the mistreatment of wounded troops.

Bush also directed Veterans Affairs Secretary Jim Nicholson to set up a task force of officials from various agencies to identify problems in treating wounded troops. To underscore the message that he cares about the troops, Bush referred to the group as a task force on "returning global war on terror heroes."

To further make that point, the administration invited journalists to a naturalization ceremony next Monday at Walter Reed, when Homeland Security Secretary Michael Chertoff and Emilio Gonzalez, director of U.S. Citizenship and Immigration, will swear in five wounded soldiers as new American citizens.

Bush administration officials also headed to Capitol Hill on Tuesday and apologized profusely, one by one saying they were at fault for not delving deeper into reports of staffing problems and a maintenance backlog at Walter Reed.

"I'm deeply chagrined by the events that bring us to this hearing," said David Chu, the Pentagon's personnel chief.

A White House statement released Tuesday said the president's 2008 request for $38.7 billion for military health care was double what it was when he took office.

The rhetoric failed to placate Democrats, who said the Walter Reed problems were shining a spotlight on the administration's failed war policies.

"There is a pattern here that we're just not focused on what needs to be done to help these young men and women," said Sen. Hillary Rodham Clinton, D-N.Y., a 2008 presidential contender.

Sen. Edward Kennedy, D-Mass., said the Bush administration failed to plan adequately for the long and bloody war.

"And now they're failing those who have sacrificed so much," said Kennedy.

Focusing the Iraq debate on the treatment of troops could help protect Democrats from GOP charges that proposals by some Democratic lawmakers to cut money for the war would hurt troops in the war zone. The Walter Reed story is also helping Democrats by providing a distraction — if only for now — from the party's internal disagreements over how and when to force the president's hand.

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Looking to insulate themselves from any fallout, congressional Republicans have quickly jumped on board with Democrats in denouncing the mistreatment of wounded troops and hurling tough questions at Pentagon officials.

"I am dismayed this ever occurred," said Sen. John McCain, R-Ariz., top Republican on the Senate Armed Services Committee, who was captured and wounded during the Vietnam War. "It was a failure in the most basic tenets of command responsibility to take care of our troops."

Army officials on Tuesday repeated assertions that they accept responsibility but denied knowing about most of the problems.

"We have failed to meet our own standards at Walter Reed. For that, I'm both personally and professionally sorry," said Lt. Gen. Kevin C. Kiley, in charge of Walter Reed from 2002 until 2004, when he became Army surgeon general.

Kiley has said he had been aware of some issues, but told the Senate panel he was not aware of specific problems, including a backlog of maintenance orders and a lack of staff to conduct room inspections.

Sen. Joseph Lieberman, I-Conn., said Congress might need to revisit an earlier decision to close Walter Reed in light of the increasing number of wounded troops from Iraq. Sen. John Warner, R-Va., said lawmakers should examine its own oversight process, which failed to unearth problems.

Dole Will Head Inquiry Into Veterans Treatment (FT)

By Alim Remtulla And Edward Luce In Washington

Financial Times, March 7, 2007

George W. Bush on Tuesday appointed Bob Dole, the former Republican presidential candidate, to head a commission of inquiry into the treatment of injured veterans in US military hospitals following revelations of appalling conditions at Walter Reed – the leading US army medical centre.

The president's announcement came on the second consecutive day of tough congressional questioning of generals, with senators alleging that America's soldiers in Iraq and Afghanistan were being "short-changed".

The hearings coincided with one of the bloodiest days in Iraq in recent months; 112 Shia pilgrims were killed in sectarian suicide bombs and nine US soldiers died in separate attacks in Baghdad. Almost 3,200 US soldiers have been killed in Iraq and more than 25,000 injured – most of them severely.

According to the Washington Post, soldiers recuperating at Walter Reed in Washington have been housed in rodent-infested quarters and have had to jump through bureaucratic hoops to obtain subsistence-level disability benefits. Similar allegations have surfaced at other army medical centres.

In a speech to veterans on Tuesday, Mr Bush said the conditions were unacceptable. "I am as concerned as you are about conditions at the Walter Reed army medical centre," he said. "We have a moral obligation to provide the best possible care and treatment to the men and women who serve our country."

Mr Bush announced that Mr Dole would lead the nine-member commission with Donna Shalala, a Democratic former secretary for Health and Human Services. Several other inquiries have been launched in the past few days, including an internal army investigation into conditions at Walter Reed.

Senior generals yesterday told the Senate armed services committee that the cause of the problem had been bureaucratic. "We all run in a bureaucratic morass," said Peter Schoomaker, the army chief of staff.

John McCain, the presidential candidate and senior Republican on the committee, said: "Senior army leaders were defensive in the face of these revelations at Walter Reed and were quick to lay blame for these failures on noncommissioned officers. I find that appalling."

Mr McCain and other senators yesterday praised Bob Gates, the new defence secretary, for removing Francis Harvey, the army secretary, and George Weightman, the general in charge of Walter Reed, last weekend. But senators said the pressure on the army medical system was likely to get worse with the "surge" of more than 20,000 new troops in Iraq.

On Tuesday a Gallup poll revealed the lowest US public support for the war since it began four years ago with 59 per cent calling it a mistake. Only 28 per cent believed the US would probably or definitely win the war in Iraq.

Dole, Shalala Will Lead Committee To Investigate Veteran Care (MCT)

By William Douglas And James Rosen

McClatchy Newspapers, March 7, 2007

WASHINGTON - Calling conditions at the Walter Reed Army Medical Center "unacceptable," President Bush on Tuesday tapped former Sen. Bob Dole and former Health and Human Services Secretary Donna Shalala to head a bipartisan commission to examine problems at veterans-care facilities across the country.

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Bush made the announcement during a speech to the American Legion in Washington as Congress continued hearings into Walter Reed's outpatient facility and care given to soldiers injured in Iraq and Afghanistan.

"Listen, I am as concerned as you are about the conditions at Walter Reed Army Medical Center," Bush told the Legionnaires. "My decisions have put our kids in harm's way. And I'm concerned about the fact that when they come back they don't get the full treatment they deserve. . . . It's unacceptable to me - and it's not going to continue."

In Congress, members of both parties continued to hammer the administration and the military for the problems at Walter Reed and at veterans' hospitals across the country at hearings on Tuesday.

"Today's hearing is about another example of the lack of planning for a war that was premised on the assumption that combat operations would be swift, casualties would be minimal and that we would be welcomed as liberators instead of being attacked by the people we liberated," said Sen. Carl Levin, D-Mich., the chairman of the Senate Armed Services Committee.

Sen. Claire McCaskill, D-Mo., renewed her call at the hearing for Army Medical Commander Lt. Gen. Kevin Kiley to resign. She read a letter from a Missouri soldier and double amputee who said that the "bureaucratic red tape" he encountered at Walter Reed was attributable to Kiley's poor leadership.

"Lieutenant General Kiley had the opportunity during his time as Walter Reed commander to identify and begin correcting the issues that were evident," McCaskill read. "Rather than addressing those issues, Lieutenant General Kiley simply swept them under the rug. We as injured veterans and those family members who depend on military medical facilities deserve nothing less than the resignation of Lieutenant General Kiley."

By choosing Dole, a Republican, and Shalala, a Democrat, to lead the new commission on veterans' care, Bush selected two veteran Washington hands to address the issue after two weeks of bad publicity followed Washington Post reports that Walter Reed housed some outpatients in a moldy, insect- and rodent-infested facility. The online magazine Salon first reported problems at Walter Reed more than a year ago.

Dole represented Kansas in the Senate from 1968 to 1996 and was majority leader. He quit in 1996 and won the Republican presidential nomination, but failed to unseat incumbent President Bill Clinton. He served in the Army in World War II and was wounded by German gunfire in 1945, which left his right arm paralyzed. He was awarded two Purple Hearts and a Bronze Star during the war.

Shalala was the longest-serving Health and Human Services secretary in history, staying on the job through Clinton's eight years in the White House. She's now president of the University of Miami.

Lawmakers from both parties also hammered Deputy Defense Secretary Gordon England and Adm. Edmund Giambastiani, vice chairman of the Joint Chiefs of Staff, at a House Budget Committee hearing Tuesday.

"That is unacceptable and will be fixed," England said of the Walter Reed problems. "We want absolutely the best care for the men and women who serve in our forces."

Rep. Jim McGovern, D-Mass., reacted with disbelief when England said he'd been unaware of mold, rats and other problems at Walter Reed.

"To fix that (problem) is going to require millions and millions - if not billions - of dollars," McGovern said. "I can't believe that the problems haven't trickled up. It just takes my breath away when you say you didn't know about this. This is not just at Walter Reed. This is all across this country."

England said he and other Pentagon leaders hope to use money from a $100 billion war supplemental bill now before Congress to improve conditions at Walter Reed. Under questioning, England said some of the money will probably come from funds originally tabbed to buy two F-35 Joint Strike Fighter planes.

Dole, Shalala To Lead Troop-Care Panel (WP)

By Josh White

The Washington Post, March 7, 2007

President Bush yesterday named former senator Robert J. Dole and former secretary of health and human services Donna E. Shalala to co-chair a bipartisan commission that will examine the care that wounded U.S. troops receive after they return from the battlefield, one more among several high-level investigations spawned by recent revelations of squalor and bureaucratic woes facing veterans at Walter Reed Army Medical Center.

The review will encompass troops' reintegration into civilian life back home. Bush also announced that he has asked the secretary of veterans affairs to lead a Cabinet-level interagency task force to deal with immediate shortcomings in helping veterans of the wars in Iraq and Afghanistan.

"We have a moral obligation to provide the best possible care and treatment to the men and women who have served our country," Bush told an audience of war veterans with the American Legion in Washington. "They deserve it, and they're going to get it."

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He again said that the conditions at Walter Reed that were described in a series of Washington Post reports are troubling and unacceptable. "My decisions have put our kids in harm's way, and I'm concerned about the fact that when they come back they don't get the full treatment they deserve."

As Bush was speaking yesterday morning, members of the Senate Armed Services Committee were expressing dismay on Capitol Hill as they opened hearings on Walter Reed, with senators from both political parties criticizing Army and Defense Department leaders who apparently were unaware of systemic problems in outpatient care, despite multiple warnings.

Echoing what members of a House committee said on Monday at a hearing at Walter Reed, senators said that they believe problems such as mold and rodents at the medical center's Building 18 indicate larger issues with leadership and a stifling bureaucracy.

"Good leadership should have taken these steps long ago, without prompting by a series of embarrassing news articles," said Sen. Carl M. Levin (D-Mich.), the committee's chairman, railing against what he sees as an overly complex system that shortchanges U.S. troops. "The American people are deeply angry about the shortfalls in care. The war in Iraq has divided our nation, but the cause of supporting our troops unites us."

Walter Reed's commander, Maj. Gen. George W. Weightman, and Army Secretary Francis J. Harvey both lost their jobs last week after the revelations.

Yesterday's hearing again put top Army officials in the line of fire. Lt. Gen. Kevin C. Kiley -- the Army's surgeon general, and Walter Reed commander from 2002 to 2004 -- was criticized for not addressing numerous problems with services for the wounded. A few lawmakers, including Sen. Lindsey O. Graham (R-S.C.), questioned whether Kiley should resign. Kiley replied, "I still think I've got the right skill sets and the right experience to fix these problems."

Sen. John McCain (R-Ariz.), a presidential hopeful and former prisoner of war, said that he was "appalled" by the lack of immediate accountability and that he was "dismayed this ever occurred."

Kiley, who at times has been dismissive of the problems, appeared more contrite yesterday: "Simply put, I'm in command, I'm accountable and I share in the failures, and I also accept the responsibility and the challenges for rapid corrective action."

Bush's new commission and Veterans Affairs task force come as the House and Senate have begun hearings about the problems at Walter Reed and as Defense Secretary Robert M. Gates awaits the results from an independent review group that has 45 days to assess outpatient treatment. After senior officials had minimized the reports about dilapidated facilities and devastating delays at Walter Reed, Army officers dispatched soldiers to evaluate nearly a dozen hospital facilities nationwide in an attempt to locate similar problems.

Bush's executive order yesterday created the President's Commission on Care for Returning Wounded Warriors, a nine-member group that Dole and Shalala will lead. Its mission will be to examine how wounded forces transition from the battlefield to civilian society and to evaluate "the coordination, management and adequacy of the delivery of health care, disability, traumatic injury, education, employment, and other benefits and services."

The decision to pair Dole and Shalala is a nod to bipartisanship. Both are Washington insiders and popular within their own political bases. They are respected leaders who can approach the issue with the perspectives of the service member, the veteran and the health-care provider -- all with the difficulties of government bureaucracy in mind. Dole is a disabled veteran of World War II with 28 years of experience as a Republican senator from Kansas. President Bill Clinton appointed Shalala as HHS secretary in 1993, and the liberal political science professor served eight years in the position -- the longest tenure in history.

"I am truly honored that President Bush has asked senator Bob Dole and me to co-chair the commission that will review the care and services provided to our returning wounded service members," Shalala said in a statement. "We all owe a tremendous debt of gratitude to our fellow Americans who are serving our country in some of the most dangerous parts of the world. They deserve access to high quality health care and other benefits and services as they transition from deployment to other military service or civilian life."

Dole could not be reached for a comment yesterday. Dole and Shalala are scheduled to meet with Bush in Washington this morning to hear his priorities for the group. The commission has a June 30 deadline for its final report.

Sen. Patty Murray (D-Wash.), a senior member of the Senate Committee on Veterans Affairs, praised Bush for "finally putting an emphasis on this crisis," but said that she is worried that the Dole-Shalala commission's findings will be ignored by a president that has pushed aside the recommendations of previous bipartisan panels, such as the Iraq Study Group.

"So we're right, I believe, to be wary of this new step from the president," Murray said on the Senate floor. "We need decisive action, not commission after commission and report after report that the president can choose to ignore."

Bush Appoints Dole, Shalala To Investigate Veterans' Care (LAT)

By James Gerstenzang And Richard Simon,
The Los Angeles Times, March 7, 2007

DOJ_NMG_0141545

Congressional Democrats consider a $5-billion healthcare funding increase.

WASHINGTON — Struggling with political fallout over shabby treatment of wounded soldiers, President Bush on Tuesday named ex-Sen. Bob Dole and former Health and Human Services Secretary Donna Shalala to lead an investigation into care provided at military and veterans' facilities.

Democratic leaders in Congress, meanwhile, launched an effort to increase funding for veterans' care.

The moves came as lawmakers, holding a second day of hearings on reports of substandard housing and poor outpatient treatment at Walter Reed Army Medical Center in Washington, pondered whether the problems are more widespread.

Sen. Joe Lieberman (I-Conn.) said that, while the Army was moving to address the problems at Walter Reed, he thought Congress would find that the departments of Defense and Veterans Affairs have "a system that simply shortchanges those who have served us."

Defense Department witnesses who appeared Tuesday at a Senate Armed Services Committee hearing — David Chu, the Defense undersecretary for personnel and readiness; William Winkenwerder Jr., the assistant Defense secretary for health affairs; Army Chief of Staff Peter J. Schoomaker; and Lt. Gen. Kevin C. Kiley, the Army's chief medical officer — displayed varying degrees of contrition.

One senator after another challenged the ability and readiness of the Army to meet the medical care demands brought on by the fighting in Iraq and Afghanistan. A number of senators shared personal stories about their efforts to help wounded soldiers navigate the bureaucracy.

Sen. Ben Nelson (D-Neb.), recalling his efforts to aid a soldier from his home state, said he called a nurse who was assigned to the patient. "This nurse was apparently very overworked and asked me why I was butting in," he said. "I got to thinking, you know, if a United States senator has trouble trying to cut through the bureaucracy, why wouldn't you expect the average family might have a very serious problem?"

The committee chairman, Sen. Carl Levin (D-Mich.), said that after the injured were well enough to be treated as outpatients, the system failed them. "This system places these soldiers in the position of having to fight for a disability rating that entitles them to medical treatment. After all they've been through, these injured soldiers should not feel that they have to fight for what we, as a nation, have a moral obligation to provide," he said.

Sen. John McCain (R-Ariz.), a Vietnam veteran, said there had been "a failure in the most basic tenets of command responsibility to take care of our troops."

Schoomaker apologized and took responsibility for the conditions at Walter Reed and the failure to correct them. "I can't tell you how disappointed and how absolutely angry I am to have to sit before you today, and to stand accountable for what has occurred in the United States Army," he said.

Decrying the red tape that has tangled soldiers seeking care and decisions about whether they will remain in the service — and what support they will receive if they leave — the general added: "I will tell you that we all run in a bureaucratic morass.

"Life every day in this system is like running in hip boots in a swamp," he said. "And it sucks the energy out of you every day, not just in the medical system but in everything else that we do."

Chu, too, expressed regret, saying, "I'm deeply chagrined."

Congressional Democrats are looking at providing an additional $5 billion, perhaps more, for veterans' care — including increases for treatment of veterans with post-traumatic stress disorder or traumatic brain injuries. They are considering making the increase part of a nearly $100-billion war-spending measure now moving through Congress.

Democrats also seized on the problems at Walter Reed to ratchet up their criticism of Bush's execution of the war as they consider attaching conditions to his war-funding request. But Bush said it was critical for battlefield commanders to have the flexibility to carry out their missions "without undue interference from politicians."

Bush announced his appointment of Dole, a disabled World War II veteran who was the Republican candidate for the presidency in 1996, and Shalala, who is president of the University of Miami, in an appearance before the American Legion in Washington. He asked the nine-member President's Commission on Care for America's Returning Wounded Warriors to issue its findings by the end of June.

"I am as concerned as you are about the conditions at Walter Reed Army Medical Center," Bush said, calling the problems at what is considered one of the top military hospitals "unacceptable."

"We have a moral obligation to provide the best possible care and treatment to the men and women who served our country," Bush said. "They deserve it and they're going to get it."

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Don’t Ask, Don’t Know, Don’t Help (NYT)

By Thomas L. Friedman

The New York Times, March 7, 2007

I haven't kept count, but it seems to me that the number of times I've seen President Bush and Vice President Dick Cheney give speeches about the Iraq war using smiling soldiers as their backdrops have been, well, countless. You'd think that an administration that has been so quick to exploit soldiers as props — whether it was to declare "Mission Accomplished" on an naval vessel or to silence critics by saying their words might endanger soldiers in battle — would have been equally quick to spare no expense in caring for those injured in the fight.

The squalid living conditions and red tape that have been inflicted on some recovering Iraq war veterans at Walter Reed hospital and elsewhere — which have been spotlighted by The Washington Post — are shocking in their detail, but not surprising. They are one more manifestation — like insufficient troops, postwar planning and armor — of a war that was really important to get right but really hard, which the Bush team thought was really important and would be really easy.

Mr. Bush summoned the country to D-Day and prepared the Army, the military health system, military industries and the American people for the invasion of Grenada.

From the start, the Bush team has tried to keep the Iraq war "off the books" both financially and emotionally. As Larry Diamond of Stanford's Hoover Institution said to me: "America is not at war. The U.S. Army is at war." The rest of us are just watching, or just ignoring, while the whole fight is carried on by 150,000 soldiers and their families.

In an interview last Jan. 16, Jim Lehrer asked President Bush why, if the war on terrorism was so overwhelmingly important, he had never asked more Americans "to sacrifice something." Mr. Bush gave the most unbelievable answer: "Well, you know, I think a lot of people are in this fight. I mean, they sacrifice peace of mind when they see the terrible images of violence on TV every night."

Sacrifice peace of mind watching TV? What kind of crazy thing is that to say? Leadership is about enabling and inspiring people to contribute in time of war so the enemy has to fight all of us — not insulating the public so the enemy has to fight only a few of us.

If you want to compare President Bush in this regard with Presidents Roosevelt or Wilson, pick up a copy of Robert Hormats's soon-to-be-published book: "The Price of Liberty: Paying for America's Wars."

"In every major war that we have fought, with the exception of Vietnam, there was an effort prior to the war or just after the inception to re-evaluate tax and spending policies and to shift resources from less vital national pursuits to the strategic objective of fighting and winning the war," said Mr. Hormats, a vice chairman of Goldman Sachs (International). He quotes Roosevelt's 1942 State of the Union address, when F.D.R. looked Americans in the eye and said: "War costs money. ... That means taxes and bonds and bonds and taxes. It means cutting luxuries and other nonessentials. In a word, it means an 'all-out' war by individual effort and family effort in a united country."

Ever heard Mr. Bush talk that way? After Pearl Harbor, Mr. Hormats noted, Roosevelt vowed to mobilize U.S. industry to produce enough weapons so we would have a "crushing superiority" in arms over our enemies. Four years after the start of the Iraq war, this administration has still not equipped all our soldiers with the armor they need.

As retired Army Maj. Gen. Paul Eaton pointed out, last year, because of spending in Iraq, the Army had a $530 million budget shortfall for posts, so facilities got squeezed. If Americans had been asked to pay a small tax to fill that gap, they would have overwhelmingly checked that box. They would have also paid a "Patriot Tax" of 50 cents a gallon to raise the money and diminish our dependence on oil. But no one asked them to do anything other than "sacrifice peace of mind."

If you want to help and don't want to wait for the White House bugle, here are some places to start: (1) Coalition to Salute America's Heroes (www.saluteheroes.org), (2) the Intrepid Fallen Heroes Fund (www.fallenheroesfund.org), (3) the Fisher Houses (www.fisherhouse.org) and (4) the Walter Reed Society (www.walterreedsociety.org). And one I know personally from my hometown, Minnesotans' Military Appreciation Fund (www.thankmntroops.org).

We can get just about everything wrong in Iraq, and pretty much have, but we've got to take first-class care of those who've carried the burden of this war. It's that simple.

Senators Vow To Overhaul System At Walter Reed (USAT/AP)

USA Today, March 7, 2007

WASHINGTON — Senators pledged on Tuesday to consider all options to fix a broken system of caring for wounded troops as President Bush said former senator Bob Dole and former health secretary Donna Shalala will lead the administration's investigation into problems at Walter Reed Army Medical Center.

"The war in Iraq has divided our nation but the cause of supporting our troops unites us," said Sen. Carl Levin, chairman of the Senate Armed Services Committee. "We will do everything we can possibly do - not as Democrats or Republicans, but as grateful Americans - to care for those who have served our nation with such honor and distinction."

As his committee questioned top Defense officials, Levin also used the revelations of poor conditions and outpatient care at Walter Reed to take a swipe at Bush's war polices.

"Today's hearing is about another example of the lack of planning for a war that was premised on the assumption that combat operations would be swift, casualties would be minimal, and that we would be welcomed as liberators, instead of being attacked by the people we liberated," said Levin, D-Mich.

The hearing was Congress' second in two days on Walter Reed. Reports of wounded troops battling excessive red tape and dilapidated living conditions have concerned Republicans and Democrats. They are worried that problems there point to a broader pattern of neglect at military hospitals.

Bush told the American Legion that he had chosen a bipartisan leadership — Dole and Shalala — for the White House's investigation. "We have a moral obligation to provide the best possible care and treatment to the men and women who served our country," Bush said. "They deserve it, and they're going to get it."

Dole, a World War II veteran, was a longtime Republican senator from Kansas and a presidential nominee. Shalala headed the Health and Human Services Department during the Clinton administration.

At Tuesday's hearing, the Pentagon's personnel chief promised action.

"I'm deeply chagrined by the events that bring us to this hearing this morning," David Chu said.

Arizona Sen. John McCain said Congress will consider whether legislation or additional resources are needed.

"I am dismayed this ever occurred," said McCain, the committee's top Republican, who was captured and wounded during the Vietnam War. "It was a failure in the most basic tenets of command responsibility to take care of our troops."

Connecticut Sen. Joe Lieberman, an independent who caucuses with the Democrats, said Congress might need to revisit an earlier decision to close Walter Reed in light of the increasing number of wounded troops from Iraq. Sen. John Warner, R-Va., said Congress should examine its own oversight process.

During a House hearing Monday, two soldiers wounded in combat and a spouse of a wounded soldier recounted nightmarish stories of frustration as they tried to get medical attention and disability compensation. Army officials said they accept responsibility but denied knowing about most of the problems.

How Decay Overtook Walter Reed (CSM)

By Gordon Lubold

The Christian Science Monitor, March 7, 2007

WASHINGTON

Lawmakers probing the scandal at Walter Reed Army Medical Center are saying it wasn't just a failure of leadership.

Constrained resources during a war lasting longer and costing more than anyone in the administration had expected, along with a controversial privatization initiative at the hospital, also played a role. But beyond these circumstances, one key factor has come up during congressional testimony this week: The facility was due to be shuttered in coming years, raising the possibility that officials were reluctant to make large financial commitments to it.

This combination of challenges illustrates just how strained military resources have become as the US grapples with its longest conflict since the Vietnam War. And as the current center of attention, Walter Reed has emerged as a symbol of the difficult decisions confronting the Pentagon. A core question: How can the Defense Department maintain facilities that are to be closed, including its premier Army hospital, without essentially throwing money away?

"You've got to pay the money, and the reason is simple: Up until the moment you cease operations, and you pull down the flag, it's a US military installation, and it has vital services it has to provide," says Christopher Hellman, a former congressional staffer who has followed the base-closure process closely. (Walter Reed is part of the 2005 Base Realignment and Closure (BRAC) process.) "The reality is you don't have the luxury of canceling contracts and delaying maintenance work at what is still an operational facility," says Mr. Hellman, now a military policy analyst at the Center for Arms Control and Non-Proliferation in Washington.

Still, some experts don't necessarily see that the Army made a conscious decision to stop paying maintenance bills on the facilities at Walter Reed just because it was closing.

"Buildings don't fall apart in the year and a half since the base closure commission issued its recommendations," says Jeremiah Gertler, a senior analyst on the 1995 base closure commission.

Merging operations

Under a decision made by former Defense Secretary Donald Rumsfeld, Walter Reed was to be shuttered completely. Its medical and other operations were to merge with other military installations in the area. Much of the operation was to be folded into the existing National Naval Medical Center in Bethesda, Md., and the result was to become a new-and-improved facility called the Walter Reed National Military Medical Center.

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"The [BRAC] commission acknowledged Walter Reed Army Medical Center's rich heritage and earned reputation as a world-class medical center," the commission recommended. "However, the commission found that service members deserve a state-of-the-art 21st century medical center and that [Mr. Rumsfeld]'s proposal would increase military value."

The plan has a one-time cost of $989 million, but would save $145 million each year.

Funding for the overall BRAC initiative had been threatened considerably this year to the tune of $3.1 billion under the Joint Resolution for fiscal 2007, according to defense officials. A lower funding level would "jeopardize our ability to complete BRAC actions ... and stymie our efforts to construct facilities and move equipment and people to receiver locations," according to an internal Pentagon memo dated Feb. 15.

The Joint Resolution that cut the funding for BRAC initiatives was passed by Congress and signed by Bush on Feb. 15, but defense analysts like Hellman believe Congress will still fund BRAC at some point in the future under regular appropriations.

However, Lt. Gen. Kevin Kiley, a former commander at the hospital who is now the Army's surgeon general, testified Monday before members of an Oversight and Government Reform subcommittee to say that he had all the resources he needed.

Rep. Christopher Shays (R) of Connecticut became angry when General Kiley maintained that the Army had all the money it needed for the facility.

Failure to air dirty laundry publicly – or maintain you have enough funding when you don't, is disingenuous, Representative Shays said. "Frankly, that's almost – it's being dishonest," he said. "It's being dishonest to yourself, and it's being dishonest to us. And I will look forward to the day when someone who's in uniform comes to us and says, under oath, 'I'm not given the resources I need to do my job.' "

One comptroller's experience

But finding the money necessary to keep a crucial facility up and running should not have been a problem even if it were to be closed, says a former Pentagon official who held the purse strings.

When he was the chief comptroller of the Pentagon up until 2004, Dov Zakheim remembers visiting Walter Reed, but, he says, he was always "escorted," and therefore never had an opportunity to see the conditions in which Iraq and Afghanistan veterans were living.

But money would have been made available to fix the problems at Walter Reed, despite the fact that the facility is slated to close. "Had this situation been brought to my attention, we could have moved money. No one on the Hill would have opposed a reprogramming to improve facilities for those who were injured, wounded and/or disabled," he says.

The hospital had also begun to privatize a portion of its workforce in a controversial move that local lawmakers had decried. More than 350 support jobs at the hospital are to be outsourced.

Legislation Would Repeal Walter Reed Closure (WP)

By Steve Vogel

The Washington Post, March 7, 2007

Revelations of shoddy facilities and bureaucratic nightmares at Walter Reed Army Medical Center have tarnished the reputation of the renowned military hospital. But they may also have given the 98-year-old facility a second life.

The furor surrounding the treatment of wounded soldiers has prompted some lawmakers, veterans and Army officials to ask: Why is the Defense Department closing Walter Reed -- where more than 6,000 soldiers injured in Iraq and Afghanistan have been treated since 2002 -- in the middle of a war with mounting casualties?

Congress approved and President Bush signed into law the recommendation of the federal Base Realignment and Closure (BRAC) Commission in 2005 that Walter Reed be closed and consolidated with the National Naval Medical Center in Bethesda, where a $2 billion expansion is being planned.

The debate has been fueled by testimony from Army officials that the problems in outpatient care have been exacerbated, in part, by the planned closure in 2011. Commanders said this has created "instability" at the hospital and made it difficult to keep a good work force, which is two-thirds civilian.

"The BRAC pressure is clear," agreed Del. Eleanor Holmes Norton (D-D.C.). "What it does is send the signal to everybody: Go look for another job because we think it's going to close down." Norton said she will introduce legislation seeking to repeal the planned closure of Walter Reed.

The issue also arose at a hearing yesterday before the Senate Armed Services Committee. "I have concerns, as we go through this long war, about taking down capacity that may be needed," testified Gen. Peter J. Schoomaker, the Army chief of staff.

"I think we should take a second look at that decision about Walter Reed," Sen. Joseph I. Lieberman (I-Conn.) responded.

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Appearing on the same panel, William Winkenwerder, assistant secretary of defense for health affairs, defended the plan to close the Army hospital, arguing that the problems there were not "in any way related" to the decision.

The BRAC commission recommendation to close Walter Reed was part of a package of base closings nationwide that was adopted by Congress. New legislation would be required to overturn the decision, an unprecedented move that could reopen debate over recommendations to close other bases.

Some area lawmakers say the climate of national outrage surrounding the disclosures at Walter Reed might persuade Congress to overturn or at least delay the closure.

"You can always overturn the law," said Rep. Thomas M. Davis III (R-Va.). "I think on this BRAC in particular, you might see some things. If you're Eleanor, you've got to seize the moment."

"This is something we should be looking at, and looking at right away," Rep. Chris Van Hollen (D-Md.), who represents Bethesda in Congress, said yesterday. "I think everyone would agree that the priority has to be that the soldiers at Walter Reed get the best possible care."

But Sen. John W. Warner (R-Va.), the ranking minority member on the Senate Armed Services Committee, cautioned during yesterday's hearing that it would be expensive to reverse the decision. He urged that the committee instead expedite spending on the planned expansion at Bethesda and a new regional Army hospital at Fort Belvoir.

The BRAC process, establishing independent commissions to decide what military bases should be closed to save money, was created by Congress to prevent political interference. Reversing the Walter Reed decision would be complex and unprecedented.

"Congress would have to invalidate the existing regulation and create a whole new law, and once they did that, there would be enormous pressure to include other facilities," said Jeremiah Gertler, a senior analyst for the 1995 BRAC commission.

In reaching the decision to close Walter Reed, the 2005 commission concluded that it was wasteful to operate two major medical centers less than 10 miles apart. The planned consolidation of the Army and Navy facilities into the Walter Reed National Military Medical Center is aimed at creating what would perhaps be the nation's premier military facility for treating wounded troops, research and education.

The Navy is moving forward with preliminary plans to expand the Bethesda campus, including the construction of a new hospital building adjacent to the existing facility.

A draft environmental impact study is to be completed in June. Last month, the Navy awarded an $8 million contract to a Virginia-based joint venture firm for architectural and engineering services.

"We have been given a mandate to move forward with the BRAC and we're doing that, because there has been no change that we know of," medical center spokesman Brian Badura said yesterday.

The Wider Shame Of Walter Reed (NYT)

The New York Times, March 7, 2007

It is impossible not to feel fury at the shameful neglect of wounded soldiers at Walter Reed's outpatient facilities, just a few miles from an oblivious and neglectful White House. Many have been housed in rooms coated with mold and infested with cockroaches and mice. They have been swamped with confusing paperwork and forced to take responsibility for managing their own medical care. And when they or their family members have complained, their pleas for help have been callously ignored.

In a desperate scramble to mute public outrage, President Bush yesterday named two political veterans to lead a commission charged with investigating conditions throughout the entire system of military and veterans' hospitals. The choices seem to be good ones: Bob Dole, a veteran wounded in World War II and a former Republican Party candidate for president, and Donna Shalala, who ran the Health and Human Services Department for President Bill Clinton.

There is plenty of blame to go around. Officials at Walter Reed were egregiously negligent. The Army's high command, and the Joint Chiefs above them, were too weak-kneed or obtuse to demand adequate resources for medical care — just as they were too fearful for their own careers to demand adequate troops to fight the Iraq war to begin with.

But the fundamental responsibility rests with the president and his former defense secretary, Donald Rumsfeld, who stubbornly insisted on going to war without sufficient resources — and then sought to hide the costs of their disastrous mistakes from the American public.

Is it any surprise that the war's wounded have been hidden away in the shadows of moldy buildings by an administration that refused to let photographers take pictures of returning coffins? Or a White House that keeps claiming that victory in this failed and ever more costly war is always just a few more months away?

The Walter Reed revelations once again put the lie to the president's claim that everything is being done to support America's troops. Just as the administration has been shockingly slow to provide the necessary body armor for troops in Iraq and notably complacent about rotating exhausted troops back into the war, so, too, has it been reluctant to confront the large casualty

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toll from Iraq and Afghanistan. Military doctors have been amazingly proficient about saving lives that would have been lost in earlier wars. But as we now know, the injured survivors too often fall through the cracks.

The new commission's investigation, supplemented by the military's own inquiries and by oversight hearings in Congress, must explore all aspects of this scandal. The revelations have flushed out disturbing complaints about shoddy treatment throughout the military and the veterans' medical system and about a hostile process for determining disability benefits. None of this can be tolerated. The soldiers who have sacrificed their health and limbs to a misguided and mismanaged war deserve the best possible care when they return — for a lifetime, if necessary. And the president needs to learn that the horrors of this war can no longer be denied or hidden away.

Lawmaker Alleges Wrongdoing, Conflict Of Interest By GSA Head (WSJ)

By Scot J. Paltrow

The Wall Street Journal, March 7, 2007

The head of the General Services Administration, which annually awards billions of dollars in contracts for many federal agencies, drew new accusations of wrongdoing and conflict of interest from a high-ranking Democratic lawmaker.

Rep. Henry Waxman, the California Democrat who chairs the House Oversight and Government Reform Committee, included records he said support his allegations in a March 6 letter to GSA chief Lurita Doan. Among other items, he wrote, the records detail Ms. Doan's business relationship with a contractor that predated her GSA appointment in May 2006.

Mr. Waxman also said the records suggest Ms. Doan intervened to assure the renewal of a contract to Sun Microsystems Inc., of Santa Clara, Calif., despite staff concerns the computer-hardware maker had overcharged the government by millions of dollars.

A Sun spokeswoman said, "Our current contract with GSA represents the culmination of two years of very active negotiations. Any suggestion that anyone at GSA gave Sun special treatment during the negotiation process simply does not fit the facts."

The GSA could become the target of a wider congressional inquiry into recent contracting practices. Mr. Waxman asked Ms. Doan to turn over additional documents and to testify at a March 20 committee hearing.

In a statement, the GSA said Ms. Doan "looks forward to meeting with Chairman Waxman and his committee on the 20th to discuss GSA. As always, GSA will cooperate fully with the committee." It declined to comment further, citing the upcoming hearing.

In August 2006, Sun Microsystems was in the midst of a contract-renewal dispute with GSA. An agency audit indicated the company had failed to offer discounts for equipment and services that it routinely awarded to some commercial customers, according to the Waxman letter. But Ms. Doan allegedly pressed the staff to renew the contract anyway, the letter said.

According to the Waxman letter, a GSA contracting officer who refused to do so was replaced by another official who renewed the contract at terms less favorable to the government than an offer on the table.

In January, the Washington Post reported that Ms. Doan personally had awarded a no-bid, $20,000 contract to a public-relations company owned by a friend, Edie Fraser.

Mr. Waxman said newly obtained records show Ms. Doan also had a longstanding business relationship with Ms. Fraser, dating back to when Ms. Doan owned a surveillance-technology company, New Technology Management Inc. It paid at least $417,500 to companies affiliated with Ms. Fraser, Mr. Waxman's letter said.

Ms. Doan had said publicly that she supported terminating the $20,000 contract with Ms. Fraser's company when questions were raised about it. But Mr. Waxman said evidence shows that she had tried to keep it in place.

Ms. Fraser wasn't available for comment.

Write to Scot J. Paltrow at scot.paltrow@wsj.com1

Waxman Seeks GSA Chief's Testimony (WP)

By Robert O'Harrow Jr. And Scott Higham

The Washington Post, March 7, 2007

A powerful House committee chairman released new details yesterday about a widening investigation into allegations of "improper conduct" by the chief of the U.S. General Services Administration.

Rep. Henry A. Waxman (D-Calif.), head of the Committee on Oversight and Government Reform, said his investigators had obtained information that raises "further questions" about GSA Administrator Lurita Alexis Doan's efforts to give a no-bid job to a longtime friend and professional associate.

Waxman also revealed new allegations that Doan "asked GSA officials in a January teleconference how the agency could be used to help Republican candidates," in possible violation of federal law.

He invited Doan to testify before his panel on March 20.

"You should be a model for integrity in contracting," Waxman said in his 10-page letter to Doan. "For this reason, I want to give you a chance to respond to allegations of improper conduct that have surfaced recently."

The GSA released a statement yesterday on Doan's behalf:

"The Administrator looks forward to meeting with Chairman Waxman and his committee on the 20th to discuss GSA. As always, GSA will cooperate fully with the committee. It is inappropriate, however, for GSA to comment further on the upcoming Congressional hearing."

In the letter, Waxman said his investigators learned that the GSA's former chief counsel "was alarmed" that the $20,000 job Doan had given on July 25 to companies run by her friend Edie Fraser had not been put out for bidding. The job was to produce a 24-page report on the GSA's use of minority-owned and women-owned businesses.

Alan R. Swendiman, now a special assistant to President Bush, stated to committee investigators "that he had never seen any GSA administrator personally award a contract, that it was highly irregular, and that he had serious concerns about its propriety and legality."

Waxman's letter follows a January report in The Washington Post that described the no-bid arrangement and Doan's ongoing disputes with her agency's inspector general's office. As GSA head, Doan presides over the government's largest broker of goods and services, which manages $56 billion in contracts.

The no-bid arrangement was terminated on Aug. 4 after GSA lawyers and other agency officials noted that it violated procurement rules.

Waxman's committee launched its investigation in January. Investigators obtained documents showing that the relationship between Doan and Fraser was more involved than previously known.

In an earlier interview with The Post, Doan described her authorization of the no-bid job with the companies run by Fraser as a simple mistake. The GSA last month sent a letter to Waxman's committee strongly defending Doan and saying that her actions were not improper.

Doan has been embroiled for months in disputes over her leadership of the agency. Soon after taking office last May, she clashed with the inspector general's office over its budget.

Last summer, the inspector general began examining the no-bid arrangement between Doan and the companies run by Fraser, Diversity Best Practices and Business Women's Network.

Doan said the allegations against her stem from her budget dispute with the inspector general's office. She maintained in the interview that she signed paperwork approving the no-bid job and "handed this off and then that was the last that I worried about it."

But Waxman's investigators found that Doan "persisted in efforts to award the contract to Ms. Fraser after questions were raised about its validity." Swendiman, then the GSA's general counsel, told committee investigators that as soon as he saw the paperwork, "he immediately and repeatedly advised that the contract be terminated, but he was unable to convince" Doan to do so, Waxman's letter said.

Swendiman told committee investigators that he gave Doan a letter terminating the arrangement, but that Doan did not sign it. "Ultimately, Mr. Swendiman said he had to take matters into his own hands . . . he directed the appropriate contracting officer to sign the termination letter without waiting for your approval," Waxman's letter to Doan said.

The letter said committee investigators had found e-mails providing evidence that Doan continued to "encourage" her staff to "devise a mechanism for awarding a contract" to companies run by Fraser after the arrangement was terminated on Aug. 4.

That same day, Doan requested a "point person to move this forward," in discussions with her chief of staff, John F. Phelps, according to an e-mail cited by the committee.

"Contrary to your public assertions that no further action was taken on this matter, you joked to Mr. Phelps about your staff's continuing efforts to advance Ms. Fraser's interests: 'I think we have quite a few cooks now stirring this broth,' " Waxman said in his letter.

Doan's relationship with Fraser began when Doan was the president of New Technology Management Inc., a Reston-based company that sold surveillance gear and had government contracts worth more than $200 million. In 2003, Doan retained Fraser to promote her and her company.

From 2003 to 2005, Doan paid "at least $417,500 to companies affiliated with Ms. Fraser before you became GSA Administrator, including approximately $320,000 in management consulting fees and $97,500 in corporate and personal sponsorship of events produced by Ms. Fraser's firm," Waxman's letter said.

Fraser continued working closely with Doan before and after Doan assumed office last May, records cited by the committee show. Two weeks after her confirmation, Fraser wrote Doan an e-mail with the subject line: "Checklist for GSA and Lurita," according to a document obtained by the committee and The Post.

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In that e-mail, Fraser suggested the names of corporate executives that Doan should meet. She also offered Doan advice about the GSA's Web site and indicated that she was already in talks with GSA officials about the diversity report, even though the agreement for the work would not be signed until nearly two months later, on July 25.

After the no-bid arrangement was terminated, Fraser sent another e-mail to Doan:

"Lurita, I will do anything for you and will do for the rest of my life," Fraser wrote to Doan on Sept. 6. "Bottom line, want relationship with GSA and will keep delivering as you know. But I have spent so much time at GSA from the report planning to these sessions with ZERO $$ How do we solve . . ."

Through an attorney, Fraser said she did nothing wrong in her work with Doan. "She is outraged by the suggestion that she has done anything unlawful or unethical in dealing with the GSA or Lurita Doan," her attorney, Jonathan N. Rosen, said in a previous statement. "Any such suggestion is not supported by any facts and is contradicted by her lifetime of advocacy in the service of others."

Fraser has stepped down as chief executive of the firms, according to a statement issued on Monday by Working Mother Media Inc., their parent company.

Waxman said he also wants to question Doan about a Jan. 26 teleconference she had with her senior staff and 40 of the agency's political appointees stationed around the country. During the call, Doan allegedly asked "how the agency could help 'our candidates' in the next elections," Waxman's letter said, citing "multiple sources." Committee investigators said one regional GSA administrator described "an effort to exclude House Speaker Nancy Pelosi from an upcoming opening of an environmentally efficient 'green' courthouse in San Francisco."

Regarding a different courthouse opening in Florida, Doan "noted that former President Bill Clinton had expressed interest in attending," and "stated that an effort should be made to get Senator Mel Martinez, the General Chairman of the Republican National Committee, to attend," the letter said.

Under the federal Hatch Act, executive branch officials are prohibited from "engaging in partisan politics while on duty, in official government work space, or with government equipment," Waxman said in the letter.

"It would be an obvious abuse if you suggested to agency officials that the activities of the agency be manipulated to provide political advantages to Republican candidates," he wrote.

Subpoena Threat May Have Unlocked NASA Probe (HC)

By Daniel Dale

Houston Chronicle, March 7, 2007

WASHINGTON — The Bush administration agreed Tuesday to release to Congress by April 2 the results of a probe into alleged wrongdoing by NASA Inspector General Robert Cobb.

Democratic members of the House Committee on Science and Technology had threatened to issue subpoenas to force the White House to turn over the documents. Rep. Brad Miller, the North Carolina Democrat who chairs the committee's Investigations and Oversight Subcommittee, said representatives had tried without success to secure the release of the documents since November.

Some of Cobb's staffers have accused him of suppressing investigations into safety concerns — including some on the readiness of space shuttle Columbia — and the theft of valuable shuttle data. President Bush appointed Cobb in 2002 to monitor NASA's activities.

Housing and Urban Development Inspector General Kenneth Donohue completed an investigation into the allegations in August. But as of Monday, Miller said, officials from the administration's Office of Management and Budget refused to set a deadline for the release of Donohue's report or NASA's eventual response to it.

A spokesman for the OMB would not say why the administration changed course.

A subcommittee meeting set for today to consider subpoenas "may have clarified the situation for them," Miller said.

"Unfortunately, I don't see this administration responding to gestures of goodwill to Congress," said subcommittee member Dana Rohrabacher, R-Calif. "They generally need a kick in the butt. That's what this subpoena (threat) was, and they deserved it."

Investigation Report On NASA Inspector To Be Released (ORS)

The Orlando Sentinel, March 7, 2007

WASHINGTON -- White House officials have agreed to release a confidential report by April 2 that details a federal investigation of NASA Inspector General Robert Cobb, congressional sources said.

The decision comes after more than two months of wrangling between Congress and an oversight group on whether federal lawmakers could have access to the longstanding Cobb probe.

Launched last year following complaints to the office of U.S. Sen. Bill Nelson, D-Fla., the inquiry reportedly was completed by the end of last summer and examines dozens of allegations against Cobb in his role as inspector general.

However, a White House oversight group still has not decided what, if any, action to recommend.

Cobb, a White House political appointee, has been NASA's inspector general since April 2002. Investigators from the Department of Housing and Urban Development were told to conduct the inquiry and then forward their findings to the President's Council on Integrity and Efficiency.

NASA Administrator Michael Griffin also is reviewing the findings.

Some of the complaints accuse Cobb of stifling investigations, mistreating employees and maintaining more than the traditional arms-length relationship he was supposed to have with top officials of the agency he was supposed to independently monitor.

Cobb has denied any wrongdoing. A spokeswoman for his office would not comment.

In recent months, the investigation has drawn the attention of House and Senate Democrats, who have pressed administration officials for more information since winning control of Congress.

"All the parties involved, including the NASA IG [inspector general], deserve a rapid and fair disposition of the case," Rep. Bart Gordon, D-Tenn., wrote on Jan. 31 to James Burrus, among those on the White House committee reviewing the accusations against Cobb.

"A [congressional] Committee of jurisdiction has a right to learn the nature of the allegations against an Inspector General and to learn of the findings of that effort."

A science subcommittee had scheduled a meeting Wednesday to consider getting the report by subpoenaing Griffin, HUD and the special White House council overseeing the investigation.

But the chairman of the oversight subcommittee with the House Committee on Science and Technology said he reached an "oral agreement" with administration officials Monday night to release the documents by April 2 -- without the need for subpoenas.

"They are trying to avoid a confrontation with Congress," said Rep. Brad Miller, a North Carolina Democrat. He had planned a meeting of the subcommittee today but canceled after reaching the records agreement.

A spokeswoman for the Office of Management and Budget, which oversees the President's Council on Integrity and Efficiency, said today that OMB would not comment.

Michael Cabbage of the Sentinel staff contributed to this story. Mark Matthews can be reached at mmatthews@orlandosentinel.com or 202 824-8222. Michael Cabbage can be reached at mcabbage@orlandosentinel.com or 321 264-2392.

As To The Direction Of The Roberts Court: The Jury Is Still Out (NYT)

By Linda Greenhouse

The New York Times, March 7, 2007

WASHINGTON, March 6 — Over the Presidents' Day weekend, Douglas W. Kmiec went to a popular legal Web site, Findlaw.com, to post his thoughts on the Supreme Court at midterm.

Mr. Kmiec, a law professor at Pepperdine University, had nothing but praise for Chief Justice John G. Roberts Jr., his onetime government colleague from the Reagan administration days. The chief justice was "splendidly" on course toward his professed goal of getting the court to "speak with one voice," Professor Kmiec wrote, noting that 11 of 14 cases decided so far had been 9 to 0.

Unanimity "adds both credibility and stability to the law," he wrote, adding that under its new chief justice, it was evident that "the court is more likely to reach" that desirable measure of agreement.

The day after Professor Kmiec offered that assessment, the court came back from a four-week recess and issued two 5-to-4 decisions.

"I have the same effect on the stock market," Professor Kmiec said in rueful conversation a few days later.

His follow-up essay, posted on Slate and titled "Up in Smoke," went directly to the point. "The Roberts honeymoon may be over," he wrote.

The cautionary tale was clear: for anyone tempted by the joys of punditry to proclaim that the Roberts court is clearly one thing or another, this is a time to sit back, wait and see.

It is not only that the term's most challenging decisions lie ahead, rulings on abortion and school integration that will almost certainly reveal fissures too deep to paper over. It is that the Roberts court's record so far is being asked to carry more weight than it usefully can for those trying to take the new chief justice's measure.

Numbers do not lie, but out of context, they can easily mislead. For example, much was made of the court's unanimity during the last term, which was the first for the Roberts court. About half the decisions were unanimous (49 percent by one count, 53 percent by another: the difference is over whether to ascribe unanimity to justices who disagree on the reasoning behind a 9-to-0 outcome). So far this term, the record is about the same, 8 out of 18.

One factoid that may actually prove significant: of the four 5-to-4 decisions so far this term, the only justice in the majority in every case was Anthony M. Kennedy, powerful ammunition for the view that in a crunch, this is Justice Kennedy's court.

Filling the Docket

The justices were so mortified at finding themselves without enough cases to fill their December calendar that they used the most obvious means to avoid a repetition: they stepped on the gas.

After granting only two new cases in November and eight in December, they lowered the bar in January and somehow found 20 cases worthy of their attention. This led to a crowded April calendar reminiscent of the time 20 years ago when the court routinely sat for afternoon arguments as well as morning ones and turned out 150 decisions a year, more than twice the current number.

The result is a see-saw argument schedule, with only one case a day for much of February and March, but three for most of the days the court will sit in April.

The problem for the justices is that April is the final argument month, presenting a substantial challenge if cases are to be decided by late June, when the court breaks for the summer.

The time pressure could be even more acute if the court agrees to an expedited schedule for deciding the cases on the rights of the detainees at Guantánamo Bay, appeals that were filed at the court on Monday with a proposed argument date of May 7.

The justices might plausibly have held some of the April cases over for argument when the new term begins in October, easing some of the pressure they often feel then to get a fast start on filling the calendar. But that idea, championed by some at the court, was rejected because it would have guaranteed that the total number of decisions for the current term, now hovering at about 70, would have fallen into the mid-60s. Life tenure, evidently, is no insulation from concern with one's image.

Alarmism in the Blogosphere

Jan Crawford Greenburg, an ABC News correspondent who covers the court, posted a startling item last week on her blog, Legalities. Under the heading "Faith and Frailty," she wrote that the "real drama" of an argument concerning the Bush administration's religion-based initiative came when the argument ended.

Justice Ruth Bader Ginsburg's delay in getting to her feet and leaving the bench, Ms. Greenburg wrote, seemed a sign of possible ill health and "made me think I'd better start pulling those possible retirement files together."

The alarming item quickly made its way around the blogosphere, puzzling court insiders who know that Justice Ginsburg, 73, is in fine health and keeps to a schedule that would exhaust most people who are decades younger. When the term ends this summer, for example, she is scheduled to go to Paris with Chief Justice Roberts, Justice Kennedy and Justice Stephen G. Breyer for meetings with judges of French and other European courts.

The explanation is, quite literally, pedestrian. According to her chambers, Justice Ginsburg had kicked off her shoes during the argument and could not find one of them.

Federal Education Building To Be Named For LBJ (MCT)

By Maria Recio

McClatchy Newspapers, March 7, 2007

WASHINGTON - Lyndon Baines Johnson, a Democratic president from Texas whose only official memorial in Washington is a hard-to-find grove on an island in the Potomac River near the Pentagon, soon will have more suitable recognition - the Department of Education headquarters.

By voice vote, the House of Representatives agreed Tuesday to name the Education Department building near the Capitol the Lyndon Baines Johnson Federal Building. Sen. Kay Bailey Hutchison, R-Texas, has introduced a similar bill in the Senate.

The lack of a prominent Washington memorial to the 36th president has galled Democrats, especially Rep. Gene Green, D-Texas, for years. But Green couldn't get past former House Majority Leader Tom DeLay, R-Texas, whose conservative views couldn't stomach Johnson's "big government" philosophy. DeLay, said Green, told him, "Not on my watch."

"Of course a conservative like Tom DeLay would block naming anything after the guy who opened the door for the federal government to destroy our education system," said DeLay spokesperson Shannon Flaherty. "The only bill Mr. DeLay would have brought to the floor wouldn't rename the Department of Education - it would de-federalize it."

But the new Democratic majority looks at things differently. Call it "No Democrat left behind."

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"LBJ passed away over 30 years ago, but to this day has no federal buildings bearing his name in the Capitol area," Green said. President Reagan is honored with the International Trade Center building, and former President George H.W. Bush has the Central Intelligence Agency headquarters named for him.

Some Democrats complain that Johnson's only tribute in Washington is a rock. Indeed, the prominent feature of the Lyndon Baines Johnson Memorial Grove on the Potomac River is a pink granite monolith from the Texas Hill Country, according to Dana Dierkes, a public relations specialist with the National Park Service's George Washington Memorial Parkway.

Johnson has numerous sites honoring him in Texas, including NASA's Johnson Space Center, a state historical park near his hometown of Stonewall and a presidential library and museum at the University of Texas in Austin.

Green, joined by most Texas Democrats and Republicans, led the effort on the House floor to recognize Johnson, a former schoolteacher who was a member of the House and Senate and served as Senate majority leader, vice president and president.

"The Vietnam War soured President Johnson's legacy," Green said in an interview. "We still have to recognize his domestic legacy."

Johnson signed more than 60 education bills into law, including the Economic Opportunity Act of 1964, which established Head Start; the Elementary and Secondary Education Act of 1965; and the Higher Education Act of 1965.

House Majority Whip James Clyburn, D-S.C., the highest-ranking African-American in Congress, cited Johnson's support for civil rights and education.

"He made his name as the first education president," Clyburn said. "He was the first president to recognize the strong federal investment in education."

Lawmakers hope to move quickly to pass the bill because former first lady Lady Bird Johnson, 94, is ailing.

Personnel Issues Find An Audience On Capitol Hill (WP)

By Stephen Barr

The Washington Post, March 7, 2007

The civil service system got a little oversight from Congress yesterday, signaling that federal-employee issues may receive more attention as Democrats wrangle with the White House over budget and policy priorities.

The House Armed Services readiness subcommittee debated the new National Security Personnel System that the Pentagon has started rolling out to Defense Department civilians, the first oversight hearing since the NSPS was created in 2003, subcommittee chairman Solomon P. Ortiz (D-Tex.) noted.

But that wasn't all. The House Appropriations financial services and general government subcommittee, a new panel, held a hearing on "issues in the federal workforce."

Rep. JosÃ© E. Serrano (D-N.Y.), the chairman, and other panel members questioned the Bush administration's outsourcing initiative and asked what can be done to improve federal hiring practices. President Bush's budget, Serrano said, "leaves a lot to be desired for preparing government agencies for the future of the federal workforce."

The hearings featured Bush administration officials, labor leaders, outside experts and a few House members who candidly acknowledged that they don't have a handle on federal personnel issues. Union leaders did not miss the opportunity to press their points.

John Gage, president of the American Federation of Government Employees, called for a repeal of the new Defense Department personnel system, arguing that the Pentagon went too far in trying to curb collective-bargaining rights. The union has stopped parts of the NSPS through a federal lawsuit, and the case is pending before a U.S. appeals court.

At the appropriations hearing, union representatives said they were concerned that the salaries of many federal employees keep falling behind those in the private sector. Colleen M. Kelley, president of the National Treasury Employees Union, said the administration's plan to raise federal pay by 3 percent next year was inadequate and recommended a 3.5 percent increase. J. David Cox, the AFGE secretary-treasurer, told the panel that federal workers should get a 4 percent raise next year.

Serrano made no commitments on federal pay but noted that recent raises have lagged behind what a 1990 law required. He joined the union leaders in opposition to outsourcing of federal work and invited suggestions from the unions on how to revamp rules on contracting out.

At the hearing on the new Defense Department civil service system, some House members urged Pentagon and union leaders to "find a way to work together," as Ortiz put it.

The Pentagon got off on the wrong foot with unions at the start of the NSPS four years ago with a plan that unions claimed would gut their rights.

Although Pentagon officials recast the personnel system in response to employee feedback, the AFGE and other unions filed a lawsuit in federal court that blocked changes in labor-management rules. The government employees union has gone on

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to fault other parts of the NSPS, which has been designed to bring more rigorous standards to how Defense Department employees are paid, promoted and disciplined.

Rep. Walter B. Jones (R-N.C.) lamented that the NSPS reflects the "shadow of Donald Rumsfeld" and may be "another failed policy" caused by arrogance at the top of the Pentagon. Employee support for the NSPS is vital, Jones said, adding that "if you can't bring the players together, you can't have a victory."

Michael L. Dominguez, one of the Pentagon's point people on the personnel system, agreed that "we need employee buy-in" but stressed that the first wave of Defense Department civilians to migrate to the new system are excited to be part of an effort that enhances improved communication between employees and their supervisors.

By the end of the month, more than 114,000 Defense Department employees will be covered by the NSPS, he said. "Fundamental organizational and cultural change takes time -- it can't be achieved overnight. We are taking the time to do it right," said Dominguez, principal deputy undersecretary of defense for personnel and readiness.

Max Stier, president of the nonpartisan, nonprofit Partnership for Public Service, urged the House committee to arrange for regular assessments of the system by an outside evaluator and to obtain other data that would show whether it is helping the Pentagon to compete for top talent and to reward the best workers.

"The key is ongoing oversight," Stier said.

The Reliable Source (WP)

By Amy Argetsinger And Roxanne Roberts

The Washington Post, March 7, 2007

Jenna's Next Venture: A Book & a Tour

Jenna Bush has landed a big-deal book deal -- and with it the requisite media tour, which means the 25-year-old super-private first twin will be venturing out into the public eye this fall like never before.

HarperCollins Publishers announced yesterday it has acquired Bush's first book, a nonfiction account of an impoverished 17-year-old single mother in Panama with HIV, whom the president's daughter met while interning there with UNICEF.

Aimed at a teen/young adult market, "Ana's Story: A Journey of Hope" will have a first printing of 500,000 copies.

"She's trying to share information about children and young adults who are living with poverty and disease, and trying to reach out to young adult readers to inspire them to get involved," said Kate Jackson, editor of the children's book division of HarperCollins. "We were really impressed by her vision."

Bush's college pal Mia Baxter took the photos that will illustrate the book. The deal was negotiated by Bob Barnett, the D.C. attorney-to-the-stars who has lined up book contracts for the Clintons, Mary Cheney and Alan Greenspan. He wouldn't disclose any amounts other than to say that it's a "very, very good deal." However, Bush does not stand to profit -- all her proceeds, after expenses, have been pledged to UNICEF charities.

Jackson said Bush has completed several drafts: "It's almost done." And yes, she's signed on for a publicity blitz. "She believes in this from the bottom of her heart," Jackson said. "She knows she is going to get a lot of attention, and she wants to direct it to the cause."

Oh, but we always get distracted! Take the author photo, provided by HarperCollins. Gotta ask: What's that on her left ring finger?"It's not an engagement ring, definitely not," said Laura Bush's spokeswoman Susan Whitson. "She's not engaged."

The Man W ho's Ann: How to Play Her Now?

Another Ann Coulter outrage! While conservatives and liberals alike howl about the implications of her latest shock-mock rhetoric, we step back and ask the big question: What's the impact on Washington's preeminent Ann Coulter impersonator?

"I play her very tongue- in-cheek," says Bill Pietrucha, who dons a blond wig, leggings and sheath dress to become the right-wing pundit. "She's just so over the top that she's the gift that keeps on giving to a comedian." For the past five years, the 58-year-old actor-writer has been portraying Coulter at fundraisers, comedy clubs and college campuses: "Obviously, my audiences are not neoconservatives."

Professionally, Pietrucha is trying to figure out how to incorporate Coulter's recent anti-gay slur into the act. But personally, he thinks she just needs to chill:"Boy, that girl needs Prozac in her oatmeal."

HEY, ISN'T THAT . . . ?

Â· Scooter Libby looking forlorn and nervous Monday night at what proved to be a last supper of sorts at Chef Geoff's downtown. The former Cheney aide sat with a large group, including attorney Ted Wells , but while the others dug into dinner entrees and cocktails, Libby just picked at a small endive salad. He did have his share of the table's three bottles of red, though.

Â· Karen Hughes and Hadassah Lieberman lunching together yesterday at the Four Seasons, which we like to imagine was the White House's secret back-channel attempt to get Sen. Joe Lieberman to switch parties but may well have been perfectly innocent. The senator's wife had her arm in a cast -- no details about that from the senator's office.

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QUOTE:
"I've
been
teased
about it relentlessly. . . . The cameras lie. It's a fraud."

Jenna Bush Embarks On Book 'Journey' (USAT)

By Bob Minzesheimer, Usa Today
USA Today, March 6, 2007
Hopes to inspire kids to tackle poverty, HIV and 'exclusion'

Jenna Bush, in a rare interview, says her forthcoming book for teens — about a 17-year-old single mother in Panama who is living with HIV — will end with a "call to action."

HarperCollins announces today that it's publishing Bush's Ana's Story: A Journey of Hope this fall. It will be illustrated with photographs by Mia Baxter, a former classmate of Bush's at the University of Texas.

The president's daughter, 25, says the book is not political. It's aimed at "getting kids thinking and involved," Bush said Monday by phone from Panama, where she has worked since September as an unpaid intern for UNICEF.

Bush, a former public school teacher in Washington, D.C., says: "I'm aware that not all kids can pick up and fly to Panama. I'm very lucky."

But, Bush says, "there's so much they can do" to deal with issues of "exclusion" — from research on HIV discrimination to "inviting new kids to sit with them in the cafeteria."

The book grew out of her UNICEF job to "put a face on statistics" and document the lives of children in Central and South America who live in extreme poverty.

Jenna and her sister, Barbara (who works at a New York museum), have tried to avoid publicity and have been protected by the White House. But, she says, "I'm willing to give up some of my anonymity" to promote the book and "start a dialogue with kids."

A book tour is planned in schools, libraries and bookstores. "This is not about me," she adds, "but the kids I met here."

The Bush twins have been fodder for tabloids and gossip columnists for their partying and underage drinking. Jenna Bush, who campaigned for her father in 2004, says she doesn't worry about her media image: "I care what people who know me think of me. I think they would disagree (with her image). I like to go to bed early."

Kate Jackson, editor of HarperCollins Children's Books, says she was impressed by Bush's "intellect, drive and passion." A first printing of about 500,000 copies is expected.

Bush says she will donate her earnings to UNICEF. She says she "very, very modestly" hopes her book will have some of the influence of two books about girls caught up in the Holocaust: Lois Lowry's novel Number the Stars and Anne Frank's The Diary of Anne Frank.

Historian Carl Sferrezza Anthony says 23 presidential children are authors, most of them after their fathers left office. Patti Davis' 1986 novel, Homefront, caused a stir because of characters who resembled her father, Ronald Reagan, and stepmother, Nancy Reagan.

Bush Twin Set To Become An Author (WT)

By Jennifer Harper
The Washington Times, March 7, 2007

Jenna Bush could be a best-selling author by autumn: The first daughter has written a nonfiction account of her experiences during the last five months as a UNICEF volunteer in Central America. Realities of life have resonated with the 25-year-old daughter of President Bush and first lady Laura Bush.

"Ana's Story: A Journey of Hope" will be published by HarperCollins in September, chronicling the challenges faced by a teenage single mother in Panama who is an orphan herself and HIV positive.

"I have been inspired by my work with adolescents in Central and South America. These young people have faced extreme hardships and exclusion, but are strong in spirit and have an incredible will to succeed," said Miss Bush, who currently teaches several days a week in a Panamanian homeless shelter.

She's witnessed the hardships personally, traveling through the countryside of Paraguay and Argentina and recording the personal narratives of youngsters with considerable inner mettle.

"It's my hope to motivate young Americans to increase their awareness of other young people around the world, to learn about the challenges they face, how they triumph over adversity and to become involved in helping them," Miss Bush said.

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"I think there will be enormous interest in this book. In many ways, it is a real call to action," said Robert Barnett, the Washington-based lawyer who brokered the deal between publisher and author.

His list of literary clients include such high-powered luminaries as former President Bill Clinton; Democratic Sens. Hillary Rodham Clinton of New York and Barack Obama of Illinois; Vice President Dick Cheney's wife, Lynne; former Federal Reserve Chairman Alan Greenspan; former White House press secretary Ari Fleischer; Queen Noor of Jordan; and former Pakistani Prime Minister Benazir Bhutto -- among others.

"I was very taken by how articulate and compassionate Jenna Bush was, and how well she had done with the writing," Mr. Barnett said. "She's committed to the issues and causes she has written about."

HarperCollins will offer an initial printing of 500,000 copies of the book, which also includes color photography from Mia Baxter, a classmate of Miss Bush from her days at the University of Texas.

"We were very moved by Jenna's passion for this project. Her message in this book is about hope, involvement and inclusion," said Susan Katz, president of HarperCollins Children's Books.

The intended audience is young adults, and yes, there will be a book tour. However, profit is not on the mind of Miss Bush, who will donate her earnings to UNICEF, an international charitable group with immunization, educational and sanitation outreaches in 191 countries. HarperCollins also has agreed to donate a portion of the profits to the charity.

Miss Bush will complete her UNICEF internship in June; her twin sister, Barbara, continues to work at Cooper-Hewitt National Design Museum in Manhattan.

News of the book attracted substantial world press coverage. "Jenna Bush writes book about single mom," heralded an Associated Press account. The White House declined to comment on the book yesterday.

America's Unfriendly Skies (WSJ)

By Michael E. Levine

The Wall Street Journal, March 7, 2007

In the U.S. you can buy or rent the basics -- food, shelter and clothing -- from foreigners. Foreign-owned and controlled firms participate freely, many very successfully, in such critical industries as automobile manufacturing and sales, electronics, municipal water supply, oil exploration and production, pharmaceuticals, power generation and almost everything else we use. You can buy a ticket on a foreign airline between the U.S. and virtually everyplace in the world that gets air service, and foreigners can rent you cars and sell you a bus ticket. But no foreigner offers you a ticket for air travel within the U.S.

This is not because no one wants to. In the latest example, Virgin Airways of Britain, a company that controls airlines in the U.K., continental Europe, Australia and the South Pacific, has been trying since 2004 to start a domestic airline based in San Francisco. It has assembled a management, cleared the Federal Aviation Administration's safety hurdles and bought new planes, half a dozen of which are now sitting wastefully on the ground, waiting for permission to fly.

The problem is that the law that supposedly deregulated the airline industry still contains provisions dating from the 1930s forbidding foreign ownership and control of domestic airlines. Over the years, ingenious lawyers have devised investment and governance formulas that would allow de facto foreign investment in domestic airlines with enough control to protect it from management incompetence or treachery. Not one has ever been allowed to succeed. Egged on by airline pilot unions and the biggest U.S. airlines, Washington has forbidden them to do so.

In the current case, Virgin has turned itself inside out trying to construct a governance and financial structure that would satisfy a liberal interpretation of existing law. Although inclined as a matter of current policy to find a way to approve its application, the Department of Transportation has bowed to congressional grandstanding at the behest of unions and large airlines that don't want the competition. Some also want to hold Virgin hostage to get entry to London's Heathrow airport. As recently as December, the DOT once again shied away from interpreting its rules to allow Virgin America to start flying.

In response to the previous set of DOT objections, Virgin America now has an entirely U.S. management and an elaborate financial arrangement which at least nominally cedes financial control to U.S. citizens. It meets the letter, if not the spirit, of the protectionist requirements of current law. But that's apparently not good enough to allow Virgin to offer traveling Americans the chance to accept or reject its particular mix of service and prices in a supposedly free marketplace.

Now the last excuse for government intransigence has been taken away. On Friday, the DOT announced that the U.S. and European Union have initialed an agreement that creates an entirely open-entry single-market regime between the U.S. and the whole EU, including London's Heathrow Airport. In return, the Europeans insist that the U.S. allow cross-border investment in U.S. airlines. But the Europeans, having had the DOT dash its expectations regarding investment before, are insisting that Congress agree explicitly to liberalize EU investment in U.S. airlines.

For U.S. travelers, this is a good deal. The prospect of more competition may make existing managements and workers nervous, but travelers get to try Virgin's flashy brand of service while the new competition holds prices down. For many airline

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shareholders and workers, it will allow a troubled U.S. airline to be bailed out and rebuilt, if necessary, by the likes of Air France, British Airways or Lufthansa.

The U.S. has no monopoly on protectionists. Washington should make clear that its approvals depend on the British government's resisting British Airways' efforts to kill the Heathrow access part of the deal. In addition, there are many technical ins and outs to defining "ownership" and "control." We can expect protectionist opponents to try to block the deal by defining these terms in a way that effectively prevents investment by leaving so little control that the investor is at the mercy of its management or banks. Congress must avoid this and hurry to approve this deal in a way that allows Virgin and others to go forward. The DOT should help put them on the spot by approving Virgin's application now.

Mr. Levine, distinguished research scholar and senior lecturer at NYU School of Law, was one of the architects of airline deregulation and has been a senior executive at three airlines.

Kerry's Swift Retribution (WSJ)

The Wall Street Journal, March 7, 2007

The country long ago moved beyond John Kerry's Presidential ambitions, but the Senator, as he seems never to tire of reminding us, has not. Now Mr. Kerry's throbbing grievances jeopardize President Bush's nominee for U.S. Ambassador to Belgium.

Last week Sam Fox, a 77-year-old St. Louis businessman, sat before the Senate Foreign Relations Committee for a confirmation hearing widely expected to be uncontroversial. But in the 2004 campaign, Mr. Fox gave $50,000 to the Kerry opposition group Swift Boat Veterans for Truth.

After some desultory questioning about "the image of America in Europe," Mr. Kerry solicited Mr. Fox's opinions as to "the politics of personal destruction" -- to which Mr. Fox replied, "Senator, you're a hero." Not good enough. Mr. Kerry launched into a harangue about 527 committees (the Swift Boaters were one of those) and other affronts to his station in life, none of which were germane to Mr. Fox's qualifications to serve.

Mr. Kerry: "Do you think this should matter to me?" Mr. Fox: "I'm sorry?" Mr. Kerry: "Do you think this should matter to me?" Mr. Fox: "Yes, I do, I do." Mr. Kerry: "Do you think it should matter to everybody here, as a Senator?"

Mr. Fox, a major donor to Republican campaigns, says he gives generously to a variety of causes, most of them philanthropic, and doesn't recall the reasoning behind his Swift Boat donation. We can assume it was to defeat Mr. Kerry, though Mr. Fox also pointed out, sensibly enough, that 527s are creatures of contemporary politics: "That's the world we live in."

That's an insight Mr. Kerry's Democratic colleagues, who in solidarity may block Mr. Fox's appointment in a vote on Friday, would do well to remember. The Democrats are not without their own free-range advocacy groups, such as MoveOn.org. Before they build the gallows, they might consider what will constitute a hanging offense when the political composition of the government shifts.

The Senate confirmation process is already congested by Democratic intransigence, from Bush appellate judges to U.N. ambassadors. But at least these conflicts came with some veneer of substantive objection, not merely the desire for political retribution.

OTHER NEWS:

Greenspan Rates Chance Of Recession (USAT/BLOOM)

By Craig Torres

USA Today, March 7, 2007

Former Federal Reserve chairman Alan Greenspan said there's a "one-third probability" of a U.S. recession this year, and the current expansion won't have the staying power of its decade-long predecessor.

"We are in the sixth year of a recovery; imbalances can emerge as a result," Greenspan, 81, said in an interview Monday at his office in downtown Washington. "Ten-year recoveries have been part of a much broader global phenomenon. The historically normal business cycle is much shorter" and is likely to be this time, he added.

Greenspan's outlook contrasts with the prediction of his successor, Ben Bernanke, who told Congress last week that the economy may strengthen this year.

Bernanke's upbeat assessment helped steady stock markets on Feb. 28 after a plunge the day before that some traders attribute partly to Greenspan's musing that a recession couldn't be ruled out.

"It is possible that we can have a recession at the end of this year," said Greenspan, who ran the central bank for 18 years until January 2006. Bernanke, 53, declined to comment.

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Little more than a year after leaving the central bank, Greenspan is returning to economic forecasting, a role he enjoyed before entering government service in 1974, during the administration of President Gerald Ford.

He isn't trying to predict a number for gross domestic product or inflation: He's trying to capture the trend and when it might be about to change.

Private-sector economists and policymakers are calling for the expansion, which began in 2001, to continue. The Fed expects the economy to grow from 2.5% to 3% this year, and 2.75% to 3% next year, according to forecasts presented to Congress last month.

Greenspan said that he has been careful to avoid making life difficult for his successor.

His contracts with clients stipulate that there will be no reporters present and no recordings. He said he tries to have an exchange with an audience, where he often learns something that helps him hone skills he has worked on for 50 years.

"I was aware of the problem that if I stayed public, I could make it difficult for Ben," he said. "For the most part it has worked. I was beginning to feel quite comfortable that I was fully back to the anonymity I was seeking.

"I was surprised at this recent episode," he added.

Investors said financial markets are playing down Greenspan's recession risk messages.

"It's not the message we're getting from the Fed," said Bernd Wuebben, senior bond market strategist at BNP Paribas New York. "All Fed speakers have tried to assuage the market."

Greenspan Lays Odds On U.S. Recession (WP/BLOOM)

By Craig Torres

The Washington Post, March 7, 2007

Former Federal Reserve Chairman Alan Greenspan said yesterday that there is a "one-third probability" of a U.S. recession this year and that the current economic expansion won't have the staying power of its decade-long predecessor.

"We are in the sixth year of a recovery; imbalances can emerge as a result," Greenspan said in an interview at his District office. "The historically normal business cycle is much shorter" than a decade and is likely to be this time, he said.

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Private-sector economists and policymakers are predicting that the expansion, which began in 2001, will continue. The Fed expects the economy to grow 2.5 to 3 percent this year, and 2.75 to 3 percent next year, according to forecasts presented to Congress last month.

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"I was surprised at this recent episode," he said.

Investors may have taken notice of his comments on Feb. 26 in Hong Kong because they considered them prescient. The day after he mentioned the risk of a recession, a Commerce Department report showed sales of nonmilitary capital goods, excluding aircraft, dropped 2.7 percent in January, the biggest decline since September 2001. Orders slumped by the most in three years.

Broader capital spending is also weakening. Corporate purchases of equipment and software declined at an annual rate of 3.2 percent last quarter, the biggest decline since the final three months of 2002, according to Commerce Department figures.

Greenspan said he did not think that so-called point forecasts, in which economists refine their projections down to decimal points, could be accurate in the near term. "We really can't forecast" the economy over the next two years, he said.

Greenspan worked for what is now the Conference Board, a New York business group, as an industrial-metals analyst from 1950 to 1953. Tracking inventories, he was able to come up with a model of final demand. He expanded that model to textiles, aluminum and oil.

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He found that large-scale models that used aggregate data averaged out the nuances and changes he could pick up at an industry level. Finally, some of the assumptions of firms' pricing power didn't hold up.

"I realized I was trying to see how the world works in the context of individual entities," Greenspan said.

Under his chairmanship, the Fed staff began surveying companies directly on how their businesses were doing.

"We certainly devoted some resources to our own gathering of anecdotal information," said Michael J. Prell, former head of the Division of Research and Statistics, the Fed's central forecasting unit. "Every other week, we would contact some subset of a sizable group of firms."

Greenspan's unique discipline both frustrated and amazed Fed colleagues, especially those trained in sophisticated economic modeling.

"His great value is that he has an idiosyncratic approach," said Laurence H. Meyer, a Fed governor from 1996 to 2002 who often sparred with the chairman over the outlook. "The reason why Greenspan gets and deserves disproportionate weight is that he doesn't get caught up in all the themes that tie together in a consensus forecast. He is looking at all the different strands of data."

Once, Meyer said, he was sitting in a meeting with the Fed staff discussing the inflation implications of import prices. Out of nowhere, Greenspan asked about steel-ingot prices. Meyer said he wasn't even sure what an ingot was.

"Why would I ever even ask that?" Meyer, a founder and vice chairman of the model-based forecasting firm Macroeconomic Advisers in St. Louis, said in an interview.

Macroeconomic Advisers isn't forecasting a recession this year, and Meyer said markets "over-responded" to what Greenspan said.

"Who wouldn't agree that it is possible we could have a recession?" Meyer said. "I think we are closer to the middle of an expansion than the end of an expansion."

Greenspan Risks New Row With Fed (FT)

By Krishna Guha In Washington

Financial Times, March 7, 2007

Alan Greenspan risked stirring renewed controversy on Tuesday when he told the Bloomberg news agency that there was a “one-third probability” of a US recession this year.

The former Federal Reserve chairman’s comments are starkly at odds with the relatively upbeat assessment made by Ben Bernanke, his successor, in testimony to Congress last week.

Mr Greenspan’s latest remarks come barely a week after he told investors in Hong Kong that he thought a US recession this year was “possible”. The earlier comments spread quickly through the investment community, spooking investors and contributing to turmoil in financial markets.

Following a global sell-off in equities and other assets, Mr Greenspan was forced to clarify his statement, declaring he had said that a recession this year was “possible” but not “probable”.

The markets appeared to take Mr Greenspan’s latest comments in their stride but the remarks show he has decided not to keep quiet in the light of the past week’s experience, highlighting a dilemma for Mr Bernanke.

The Fed chairman is inclined to think it is not Mr Greenspan’s fault the market takes his comments so seriously. Moreover, such is the respect and goodwill towards Mr Greenspan within the Fed, as well as in markets globally, that there would be little benefit for Mr Bernanke in being seen to clash publicly with him.

However, the apparent second-guessing of the Bernanke Fed’s economic view by its former chief risks adding to the volatility and undermining the current chairman’s efforts to establish his authority in the markets.

Mr Greenspan on Tuesday told Bloomberg he was “surprised at this recent episode”. He said: “I was aware of the problem that if I stayed public I could make it difficult for Ben. For the most part it has worked. I was beginning to feel quite comfortable that I was fully back to the anonymity I was seeking.”

He said there were signs that the US’s economic expansion was ageing. “We are in the sixth year of a recovery. Imbalances can emerge as a result,” he said.

Mr Bernanke has not put any figure on the likelihood of a US recession this year. However, his public remarks suggest that, while he feels there may be some chance of a hard landing so painful that it results in negative growth this year, the likelihood of that is much less than one in three.

Mr Greenspan’s interview overshadowed a speech by Mr Bernanke later in the day, in which he called for new legislation to tighten controls on Fannie Mae and Freddie Mac, the government-sponsored mortgage finance institutions.

Mr Bernanke said their portfolios “represent a potentially significant source of systemic risk”. He suggested that the two institutions should only keep on their books loans that promoted low-cost housing.

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Slowing Productivity Growth, Higher Labor Costs Spur Fears (WSJ)

By Conor Dougherty

The Wall Street Journal, March 7, 2007

U.S. productivity grew more slowly at the end of last year while labor costs shot up, a combination that could raise inflation fears.

Nonfarm business productivity -- a measure of the average worker's output per hour -- rose at a seasonally adjusted annual rate of 1.6% in the 2006 fourth quarter. That was down from a previous estimate of 3% growth, the Labor Department reported. Moreover, third-quarter productivity was also revised downward to a 0.5% decline, compared with the 0.1% drop previously reported.

More startling was the growth in unit labor costs, which was revised to 6.6% growth in the fourth quarter, compared with a previous estimate of 1.7% growth. Labor represents about two-thirds of the cost in the production of goods and services, and the combination of higher wages and slower growth in productivity raises the possibility that companies will boost prices to cover the increased cost of labor, creating inflationary pressure.

Economists cautioned, however, that wages may not be increasing as fast as the data might imply. First, productivity reports are notoriously volatile quarter-to-quarter. Also, for the first time in several years, last year's fourth-quarter unit-labor-cost figures included an adjustment for the unusually large bonuses paid to Wall Street executives at the end of last year. Such bonuses help to lift sales of sports cars and yachts, but they don't play a large role in inflation, because so few people get them. The 6.6% increase in unit labor costs compares with a 3.0% increase in the fourth quarter of 2005, when there was no adjustment for large bonuses.

Economists also noted that fourth-quarter labor-cost data might be revised after the government incorporates more complete wage data.

Still, the numbers were regarded as bad news. "The headline numbers exaggerate the problem, but I still think there is a problem in that wage costs are accelerating a little bit," says Nariman Behravesh, chief economist at consulting firm Global Insight.

Since 2000, productivity growth had been running at historically high levels, peaking at a 4.1% rate in 2002 and marking 3.7% in 2003, which economists attributed to technological advances that make it easier for fewer employees to do more work. Last year, growth in nonfarm business productivity fell to 2.1%. On average, productivity was up 1.6% for 2006, the slowest growth rate in nine years.

Gains in productivity typically slow at the end of an expansion cycle. "You've stretched your work force, gotten that last ounce of blood out of them, and you have to bite the bullet and hire some new people," says Joshua Shapiro, chief U.S. economist for MFR Inc.

Separately, the Commerce Department reported factory orders fell 5.6% in January.

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Revised Figures Show Sharper Slowdown In Productivity In The Fourth Quarter Of 2006 (NYT)

By Jeremy W. Peters

The New York Times, March 7, 2007

In business cycles, productivity slowdowns can be a difficult time for workers because employers typically respond by letting employees go. New labor statistics released yesterday showed that productivity is indeed slowing faster than first thought, raising the question of whether layoffs are soon to follow.

A report yesterday by the Labor Department said productivity in the final three months of 2006 was about half the rate first reported. And for the year, it grew at the slowest pace since 1997. The government also said that companies compensated employees at a much higher rate than first calculated, which could add to pressure on businesses.

The combination of rising labor costs and wilting productivity is potentially troublesome for the nation's economic outlook and for the Federal Reserve, which is trying to temper inflation while maintaining a healthy rate of growth.

Productivity among nonfarm businesses in the fourth quarter was 1.6 percent, compared with the initial reading last month of 3 percent, the Labor Department said. Unit labor costs, a measure of compensation that factors in worker productivity, jumped 6.6 percent, compared with an initial estimate of 1.7 percent. For the year, unit labor costs rose 3.2 percent, the most in six years.

"If unit labor costs are rising you have a choice as a company," said Robert J. Barbera, chief economist at the advisory firm ITG. "You can raise prices to recoup those losses, or you can cut back on employment. The Fed is fearful of A. My assertion is that we're much more likely to get B."

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Economists attributed a considerable chunk of the rise in labor costs in the fourth quarter to year-end bonuses but said that the overall rate of inflation was still high enough to give the Fed pause. Many economists said the new statistics reduced the chances the Fed would lower rates this year, as investors have been expecting.

Productivity growth is a necessary force to maintain the momentum of an economic expansion, and without it, the economy is more vulnerable to stalling. The annual rate of productivity increase for 2006, 1.6 percent, was the lowest since 1997. By comparison, productivity advanced 2.1 percent in 2005 and 2.9 percent in 2004.

In a research note yesterday, Goldman Sachs economists said the lower productivity reading could foreshadow a “lower speed limit for the economy.”

Slowing productivity is the latest sign that the economic outlook for businesses is less than inviting. As a result, businesses appear to be cutting their spending. The Commerce Department reported yesterday that orders placed with manufacturers fell last month at the fastest pace in six years. Last week, a steep slide in orders for durable goods — heavy-duty items like generators, aircraft and computers — added to fears that the economy was weaker than previously thought and helped set off a deep plunge in stock prices.

While many economists see unemployment rising slightly, few are predicting a sharp contraction in the labor market.

U.S. Stocks Rally As Markets Rise In Asia, Europe (WP)

By Tomoeh Murakami Tse

The Washington Post, March 7, 2007

U.S. stocks rallied yesterday following a recovery in Asian and European markets. The surge in all major U.S. indicators occurred despite disappointing manufacturing figures and was stronger than the 50-point bounce-back Feb. 28, a day after the Dow Jones industrial average shed 416 points.

The Dow jumped 157.18, or 1.3 percent, to close at 12,207.59. The tech-heavy Nasdaq composite index rose 44.46 points, or 1.9 percent, to 2385.14. And the broader Standard & Poor's 500-stock index rose 21.29 points, or 1.6 percent, to 1395.41.

Despite the gains, the three market indicators were still down for the year.

"It was the first nice rally in the wake of last week's air pocket," said Stephen Stanley, chief economist at RBS Greenwich Capital Markets. "People are starting to feel increasingly comfortable that the damage is going to be contained."

Stanley and others cautioned that there was still room for another downturn, with lingering concerns about subprime mortgages in the United States and the availability of credit worldwide. "I wouldn't say we're out of the woods yet," he said.

U.S. stocks, buoyed by gains in overseas markets, opened higher and remained on solid footing throughout the day. After a sharp sell-off Monday, Hong Kong's Hang Seng index rose 2.1 percent. In Japan, where Treasury Secretary Henry M. Paulson said the global economy was as strong as he had ever seen, the Nikkei gained 1.2 percent.

European markets were higher, too. Britain's FTSE 100 rose 1.3 percent, France's CAC 40 was up 1 percent, as was Germany's DAX index.

The markets largely shrugged off U.S. government reports indicating worker productivity was down, labor costs were up, and that factory orders fell almost 5.6 percent in January, the largest monthly decline since July 2000.

The Labor Department said labor costs increased by 6.6. percent in the fourth quarter of 2006, not 1.7 percent as originally estimated. The agency also revised worker productivity numbers; it grew at an annualized rate of 1.6 percent, not 3 percent. Productivity measures the value of worker output per hour; when it falls, it costs businesses more to produce the same amount of goods and services.

Meanwhile, the yen fell against all major currencies. Analysts have been monitoring the yen, whose recent ascent suggested that a major source of capital in the global market may be drying up. This would happen if investors, who have been borrowing the low-yielding yen to buy higher-returning assets elsewhere, reversed their bets to get out of risky positions. The yen traded at 116.67 against the dollar yesterday, compared with 116.37 the day before.

The U.S. rally was broad. On the New York Stock Exchange, advancing issues outnumbered declining issues by 5 to 1. Market movers included IBM, General Motors, Alcoa and American Express, all up more than 2 percent.

Some financial firms that had taken a beating on concerns about subprime mortgages also rose. Countrywide Financial, the nation's biggest mortgage lender, was up $1.65, or 4.69 percent, to close at $36.85.

"People went after the stocks that have been hammered," said Andrew Brooks, the head equity trader at T. Rowe Price.Movers

Advanced Micro Devices rose 14 cents, to $14.09. The chipmaker said it would probably miss its first-quarter sales forecast.

Citigroup rose $1.33, to $50.58, after offering $10.8 billion to buy Nikko Cordial, a Japanese investment bank.

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Blue Chips Lead The Charge As Stocks Halt 3-Day Skid (WSJ)

By Peter A. Mckay

The Wall Street Journal, March 7, 2007

The stock market's dreary mood gave way to a nonstop rally, but some Wall Street pros caution stocks may yet hit a new bottom.

Overseas trading continued to be a focus for U.S. investors. For a change, that worked in their favor, as they awoke to find solid stock rallies in Hong Kong and Tokyo, followed by similar gains in London.

The Dow Jones Industrial Average opened higher and rose steadily. It finished up 157.18 points, or 1.3%, to 12207.59, off 2.1% on the year, ending a three-day skid.

Twenty-nine of the blue-chip average's 30 components rose. Johnson & Johnson slipped just 0.2%.

The market's gains came despite lackluster economic data, which analysts said could portend further disappointments and a bout of selling. The Labor Department revised its tally of fourth-quarter productivity downward and its tally of labor costs upward, a trend that could result in greater inflation if it continues.

"That's just about the worst combination of data that you could see in this report," said strategist Stephen Wood of the asset-management firm Russell Investment Group. But he said he doesn't think the economy will sustain labor-cost increases through the summer.

Analysts said the unwinding of bearish bets known as short sales also appeared to help the market, as the Standard & Poor's 500-stock index gained 1.5%, or 21.29 points, to 1395.41, off 1.6% on the year. The tech-stock-led Nasdaq Composite Index rallied 1.9%, or 44.46 points, to 2385.14, off 1.2% on the year. Short sales involve selling borrowed stock in the hope the share price will fall before the loan has to be repaid. Buying shares to repay those loans can temporarily drive up stock prices.

Many investors will pay close attention to employment data due out Friday, looking for clearer signs of the economy's direction.

Duncan Richardson, chief investment officer at Eaton Vance Corp., said the market could make another move down in the short term. Eventually, he thinks investors' appetite for less-risky stocks will help big-name companies like those in the Dow and S&P 500 to post solid gains for 2007.

"You can't really extrapolate too much from any near-term market move," Mr. Richardson said. "But given the level of earnings and valuations, the market certainly has gotten to very attractive levels."

Outside the U.S., stocks rose in dollar terms. The Dow Jones World Stock Index, excluding U.S. shares, rose 1.4%, or 3.35 points, to 240.82.

In major U.S. market action:

Stocks rose1, and bond prices fell2. The 10-year note shed 3/32 point, or 93.75 cents for each $1,000 invested, pushing the yield up to 4.528%.

The dollar was mixed3. Against the Japanese currency, the dollar rose to 116.62 yen, compared with 115.83 yen Monday. The euro rose to $1.3123, compared with $1.3093.

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Dow's Bounce May Not Signal Recovery (USAT)

By Adam Shell

USA Today, March 7, 2007

NEW YORK — A 157-point Dow gain is normally a sign of a healthy stock market. But when a big up day like Tuesday follows a 736-point drop in the previous nine sessions, the rally comes with its fair share of caveats and question marks.

Wall Street has historically viewed large one-day rebounds after steep, scary declines with suspicion and trepidation. And traders' reaction to Tuesday's stock surge fit the age-old profile to a T.

Jittery investors still reeling from Wall Street's worst slide since 2001 welcomed the Dow's explosive gain. But the short-term boost was not enough to warrant an all-clear sign that the worst bout of selling since last summer had run its course. It also didn't serve as proof that the bull market, which peaked two weeks ago, was back on — at least, not yet.

"It's too soon to tell," says Hugh Johnson, chief investment officer at Johnson Illington Advisors. "I'm always skeptical. I'd love to see three to five days of stable markets to rebuild lost investor confidence."

That's not to say that there weren't positives to take away from Tuesday's breakout. The day began with stock gains in Asia, which spread to Europe and eventually to the USA. It was the best day for the Dow since July 24, 2006. And unlike last Tuesday, when the Dow plunged 416 points and all 30 of its components finished in the red, only one Dow stock fell Tuesday.

Reversals like that often signal a change in trend.

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"We got a nice bounce," says Todd Leone, head of listed trading at Cowen & Co. "We are seeing some strong buying. It is real." But even Leone acknowledges that the psychology of the market has changed. Risk-taking, he says, is down. "People are a little more nervous," he says, nervous enough that another down leg can't be ruled out.

Janna Sampson, portfolio manager at OakBrook Investments, says the market could be turbulent through midyear until investors get a clearer picture of how the economy is holding up amid a housing slowdown and credit crunch.

"I'm not expecting a 20% decline, but I'm not expecting a big rebound, either," she says, adding that investors should ignore the volatility and remain invested for the long term.

But Rich Suttmeier, chief market strategist at financial website RightSide.com, is predicting a bigger decline. The fact that most of the stock market indexes around the world peaked at the same time last month was a sign of a market top, he says.

"We are in a transition from a bull market to a bear market," he says. "The new bear market started on Feb. 20 when the Dow peaked."

The fact that so few people are predicting a dire outcome could be cause for alarm, notes Michael Farr, chief investment officer at Farr Miller & Washington. "Denial is not a good investment philosophy," he says. "To deny there are any real worries is a risk of its own."

Fed Chief Says Fannie And Freddie Should Stick To Affordable Housing (WSJ)

By Greg Ip

The Wall Street Journal, March 7, 2007

WASHINGTON -- Federal Reserve Chairman Ben Bernanke said Fannie Mae and Freddie Mac should be restricted "almost exclusively" to holding home loans or securities that promote affordable housing.

If implemented, Mr. Bernanke's recommendation could require drastic reductions in the companies' portfolios, which are dominated by regular mortgages and mortgage-backed securities. But prospects appear dim for any such restriction given opposition from the Democratic majority in Congress.

Fannie and Freddie are known as government-sponsored enterprises, or GSEs, because they were originally chartered by Congress. Although they are now private, shareholder-owned companies, investors still perceive them as being backed by the federal government, which enables them to borrow significant sums at rates barely more than the U.S. Treasury pays, and invest the proceeds in higher-yielding mortgages and mortgage-backed securities.

"The size and the potentially rapid growth of GSE portfolios … raise substantial systemic risk concerns," Mr. Bernanke told the Independent Community Bankers of America via satellite from Washington. The group is meeting in Hawaii. "A straightforward means of anchoring the GSE portfolios to a clear public mission would be to require Fannie and Freddie to focus their portfolios almost exclusively on holdings of mortgages or mortgage-backed securities that support affordable housing." (Read the full speech1)

Meeting such a standard could potentially require huge sales by Fannie and Freddie of their holdings of mortgages and mortgage-backed securities, since less than 30% of those portfolios -- currently about $1.5 trillion in total -- are oriented towards affordable housing, according to its regulator, the Office of Federal Housing Enterprise Oversight. Mr. Bernanke didn't explicitly call for sales of regular mortgages. In theory, the companies could instead allow current holdings of such mortgages to mature.

In negotiations, Treasury and House Financial Services Committee Chairman Barney Frank (D., Mass.) had proposed giving a new regulator power to control the size of their companies' portfolios. Mr. Bernanke went further by calling for a mandatory limitation to affordable-housing mortgages.

Mr. Bernanke said GSE purchases do little to improve the efficiency of the regular mortgage market or make such mortgages cheaper. By contrast, concentrating their purchases on affordable homes could significantly improve the depth of that market, "reducing costs and increasing credit availability to prospective home purchasers."

Nor should such purchases entail greater risk for the companies, such as by buying subprime mortgages, Mr. Bernanke said, "so long as the GSEs continue to adhere to sound underwriting practices."

Senate Banking Committee Chairman Christopher Dodd (D., Conn.) said the Fed chairman's remarks support his concerns that the GSEs have tougher new oversight.

"In my view, there is broad agreement that we should create a new regulator to oversee Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. This new regulator must have a number of core powers in order to do its job effectively, and to be considered credible in the eyes of the public. These powers include: the ability to set both minimum and risk-based capital levels for the Enterprises; enhanced enforcement and prompt corrective action powers, including the authority to set and enforce prudential management and internal control standards; the ability to put a GSE into receivership; and authority over both safety and soundness and mission," Mr. Dodd said.

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"The goal in giving the new regulator this broad responsibility is to ensure a more coherent regulatory framework, better enforcement, and a more consistent, deeper, and more aggressive effort on affordable housing at all the GSEs. In addition, I believe that the new regulator must be politically independent and funded outside of the appropriations process. It is my hope that this shared consensus can be the basis for moving strong and effective legislation forward."

--Damian Paletta contributed to this article.

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Bernanke Calls For Stronger Regulation Of Fannie, Freddie (WP)

By David S. Hilzenrath

The Washington Post, March 7, 2007

Federal Reserve Chairman Ben S. Bernanke said yesterday that the scale of Fannie Mae's and Freddie Mac's mortgage investments could pose risks to the financial system, and he called for them to limit their holdings almost exclusively to loans for affordable housing.

Bernanke's proposal would sharply curtail the growth and profits of the government-chartered mortgage-funding companies, and it would force them to focus on investments that have, as he described it, "a clear and measurable public benefit."

Congressional efforts to overhaul regulation of Fannie Mae and Freddie Mac have been moving in a different direction.

Rep. Barney Frank (D-Mass.), chairman of the House Financial Services Committee, thinks a new regulator should be empowered to control the size of the companies' investment portfolios as needed to ensure their financial safety and soundness, said Steve Adamske, a spokesman for Frank. The House passed legislation along those lines last year, but the Senate took no action.

Fannie Mae and Freddie Mac have $1.4 trillion of mortgage-related investments, which are sensitive to movements in interest rates and require extensive hedging to reduce risk. The companies have debts and outstanding-credit guarantees of $5.2 trillion, exceeding the U.S. government's $4.9 trillion of publicly held debt, Bernanke said.

Chartered by the government to promote home ownership, Fannie Mae and Freddie Mac have two main lines of business: They package mortgages into securities for sale to investors, guaranteeing that the investors will be paid; and they make investments of their own. They are required to devote a portion of their funding to mortgages on affordable housing, such as loans for homes in poorer neighborhoods.

According to the Fed, the perception that the government stands behind Fannie Mae and Freddie Mac enables them to borrow at low interest rates and buy assets with higher returns in a kind of perpetual-profit machine. That gives them an incentive to expand their holdings, Bernanke said.

In his first speech on Fannie Mae and Freddie Mac, Bernanke echoed longstanding Fed concerns. Although the Fed has concluded that they do not seem to pose an immediate threat, "their portfolios represent a potentially significant source of systemic risk," Bernanke said.

His solution: "Tying the portfolios to a purpose that provides measurable benefits to the public would help to ensure that society in general -- not just GSE shareholders -- receives a meaningful return in exchange for accepting the risks inherent in the portfolios," Bernanke said in the text of remarks prepared for delivery by satellite to a gathering of community bankers in Hawaii.

Less than a third of the companies' mortgage holdings advance the government's affordable-housing goals, according to an estimate by the Office of Federal Housing Enterprise Oversight, a regulatory agency.

Freddie Mac spokeswoman Sharon McHale said all of the loans in Freddie Mac's portfolio promote affordable housing in one way or another. "Our entire portfolio is critical to us achieving our housing mission," McHale said.

A Fannie Mae spokesman declined to comment.

How, if at all, to limit the companies' investments has been one of sticking points in long-stalled but recently renewed legislative efforts. A proposal supported by the Treasury Department last year would have made affordable housing one of the factors for a government regulator to consider when setting portfolio standards.

Howard Glaser, a mortgage industry consultant, said Bernanke's proposal is "not going to fly." That approach "is not a new idea, but it's one that's been implicitly abandoned as the legislative debate has moved on," Glaser said.

EDITORIAL: Bernanke Hits Fannie (WSJ)

The Wall Street Journal, March 7, 2007

One duty of the Federal Reserve Chairman is steward of the U.S. financial system, so it's good news that Ben Bernanke stepped up yesterday and put himself on record as favoring limits on Fannie Mae and Freddie Mac. Maybe his intervention will help prod Congress to stop protecting the two mortgage giants from regulatory discipline.

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Readers of these columns know the incredible tale of Fan and Fred, the "government-sponsored enterprises" that have grown like Topsy thanks to an implicit government subsidy and now pose a systemic risk to the entire financial system. Mr. Bernanke put it this way: "The perception of government backing allows Fannie and Freddie to borrow in open capital markets at an interest rate only slightly above that paid by the U.S. Treasury and below that paid by other private participants in mortgage markets."

The companies use this subsidized pricing advantage to buy huge amounts of mortgage-based securities, or MBSs, and thus "can enjoy profits of an effectively unlimited scale." Socialism can be a great business for the lucky few who game the political system.

Congress lets the duo play this game because the companies claim that their vast MBS portfolios help promote "affordable housing," and who doesn't like that? But Mr. Bernanke also blew away that smokescreen by noting Fed research showing that these portfolios "appear to have no material effect on the cost or availability of residential mortgages." In order to buy those MBSs, the companies issue roughly equal amounts of debt, so the net result is a wash in supplying capital for mortgage finance.

However, the companies keep piling up debt to buy those MBSs, growing them tenfold from 1990 through 2003. Today, the two have a combined total of $5.2 trillion in debt and MBS obligations, which exceeds the entire $4.9 trillion in publicly held U.S. government debt. We can hear our readers wondering why they can't get in on a similar "business model."

Mr. Bernanke's sensible recommendation is that Congress give Fan and Fred's regulator the power to limit those MBS portfolios. He has other useful ideas, but his key point is that these MBS portfolios should be limited to a role that actually does promote affordable housing -- that is, providing liquidity for "mortgages extended to households with below-median-income." This would mean less profit for Fannie and Fred but also less danger to taxpayers in case the duo guess wrong in the market and get into financial trouble.

This is all so eminently sensible that it probably won't happen. Democrats in Congress claim to want to help poor homeowners, but they seem only too happy to let Fannie and Freddie grow rich by investing in the higher-income mortgage market that is already liquid enough. They could better serve taxpayers and the poor if they took Mr. Bernanke's counsel.

Knives Out? Law Firms In New Era (WSJ)

By Nathan Koppel

The Wall Street Journal, March 7, 2007

As More Corporate Defenders Take Contingency-Fee Work, Payouts, Risks Bring Conflict

Minneapolis law firm Faegre & Benson LLP may soon face a problem most firms would be happy to have: how to split a $100 million-plus fee.

The firm of around 475 lawyers mainly makes its living representing corporations that pay an hourly rate for work. But in 1989 it agreed to take on a contingency-fee case, representing more than 3,000 Alaskan fishermen claiming damages from the Exxon Valdez oil spill. That meant Faegre would pay the legal costs upfront. If its clients won, the firm would get a percentage of the potentially huge judgment. If not, it could lose the money it had sunk into the case.

The bet appears to have paid off. Late last year, a federal appeals court awarded the Valdez plaintiffs $2.5 billion in punitive damages, which could yield nearly $900 million for Faegre and other firms representing plaintiffs in the case. In January Exxon Mobil Corp. asked for a rehearing, but those are granted sparingly.

Now the firm, which factors in annual productivity when paying partners, may have to wrestle with how to compensate those who produce one whopping sum after years of work.

Traditionally, the nation's top corporate law firms have shunned contingency-fee work -- often cases that target big corporations for punitive damages -- for fear of alienating their core clients. But driven by pressure to boost profits, more such firms are crossing over to what some lawyers call the "dark side."

The shift is sparking tensions within big corporate firms. Besides the financial risks, there's a philosophical issue in the debate. While it hasn't come up at his own firm, David Oesting, a partner at Davis Wright Tremaine LLP, which also represented plaintiffs in the Exxon Valdez case, says, "You can understand that senior counsel would say, 'Punitive damages are sins and the work of the devil, so how in the hell could you have been arguing that you should get them?' "

Howrey LLP in Washington sank $20 million into representing farmers in an antitrust suit against tobacco companies before the case was settled in 2004, generating about $80 million in fees for the firm. "A partner was going around the firm questioning my sanity at the same time that, unbeknownst to him, I was negotiating a settlement," partner Alan Wiseman says. "It is hard. You are not only dealing with adversaries across the table, but you have to manage your partners' expectations."

A rise in patent litigation is fueling the trend. Because such cases can result in particularly huge awards, law firms are more willing to handle them on a contingency basis.

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"Expenses are increasing for firms, while at the same time their clients increasingly seek discounts" on lawyers' hourly rates, says legal consultant Ward Bower of Altman Weil Inc. "The opportunity for upside at many firms is limited, and these plaintiffs cases provide enormous upside opportunity."

Last year, Wiley Rein LLP, a Washington law firm that generally defends large companies, earned more than $200 million suing Research In Motion Ltd., maker of the BlackBerry, for patent infringement on behalf of the small company NTP Inc. But partner Richard Wiley says the firm doesn't want to make a "cottage industry" out of these cases. "We want to make sure people work on all cases, contingent or not, and not have associates say, 'I want to work only on contingent cases, so I can strike it rich.' "

Much of the tension comes from the partnership structure of large law firms. Lawyers typically bill for their time. During economic cycles, partners often carry each other financially as downturns affect various practice groups. But contingency-fee cases bring a new twist. The "agrarian plodders" who grind out steady hourly revenues can become distrustful -- and envious -- of "riverboat gamblers" within the firm who want to score oversize plaintiffs fees, says Mr. Bower, especially given that if the case goes for the defense, the firm ends up eating costs.

"If lawyers do really well [on a plaintiff's case] you can reward them in part, but they need to remember that the whole firm accepted the risk," says Robert Walters, a partner at Vinson & Elkins LLP in Dallas, which has a committee charged with vetting prospective contingency cases. "And if those lawyers strike out, you can't decimate them, either. You have to spread the risk out across the institution."

Losses happen. Last year, the Kansas City, Mo., firm Shook, Hardy & Bacon LLP lost a contingency-fee case after investing five years representing plaintiffs who sued Novartis AG's Gerber Products Co. and Playtex Products Inc., claiming they infringed a patent. B. Trent Webb, head of the firm's intellectual-property litigation group, says the loss wasn't a big financial blow, because the firm "ran [the case] extremely economically."

Divvying up winnings -- and dealing with the losses -- is less of an issue at firms that specialize in plaintiffs work. They tend to be smaller, with less overhead and fewer mouths to feed than defense firms. And they are more apt to let lawyers reap the big payoffs from their own cases.

Bryan Cave LLP of St. Louis formed a committee to vet contingency-fee cases in 2000. Some partners were leery, considering these cases too "anti-establishment," says partner Craig S. O'Dear. But resistance tapered off the next year, he says, when Bryan Cave won a $75 million plaintiffs verdict in a case on behalf of Biomedical Systems Corp. of St. Louis.

Gerard Carmody, the lead Bryan Cave lawyer in the case, says he sometimes felt like a marked man. "You had people in the corporate department and the banking group who said, 'I don't want to take a chance on Carmody spending a year on a case and coming up with a goose egg,' " he says.

Mr. Carmody, now at Carmody MacDonald P.C., a firm co-founded by his brother, says he thought he was entitled to a big bonus, but got only a "little bit of a bump." Many partners favored an "all for one and one for all" approach to the fee split, he says.

Before Exxon Valdez, Faegre & Benson had done some contingency-fee work, but nothing comparable in size, says Gerard Nolting, one of two Faegre partners who has worked on the case since the beginning. The firm got involved partly out of deference to partner Brian O'Neill, who had a "fire in his belly" to represent the plaintiffs, says firm Chairman Thomas Morgan.

In 1994, as the lead lawyer at trial in Alaska, Mr. O'Neill won a verdict that included $5 billion in punitive damages. After several appeals, the 9th U.S. Circuit Court of Appeals in San Francisco in December ruled Exxon Mobil must pay $2.5 billion in punitive damages, saying, "It is time for this protracted litigation to end." An Exxon Mobil spokesman says the company is hopeful the 9th Circuit will rehear the case.

So far, Faegre has collected about $1.5 million in Valdez fees -- due to a partial settlement in 1993 -- on an investment of around $28 million, says Mr. O'Neill.

That low level of return, he says, has strained his relationship with some partners. Mr. O'Neill says his in-laws once sat behind two of his colleagues at the symphony who "were complaining about how I'm wasting money in Alaska."

If the latest ruling holds, Mr. O'Neill estimates that Faegre could command about $110 million in fees. Firm chairman Mr. Morgan says some lawyers who worked on the case will get a bonus, but he won't say how much.

Mr. O'Neill hopes he'll get "a big hunk of cash at the end." But he also notes many people may benefit, including partners who have never worked on the case. "They haven't disrupted their lives and missed birthday after birthday. They haven't been on a plane to Alaska on Easter Sunday," Mr. O'Neill says.

Most of the firm's partners don't expect a big windfall from the case, Faegre partner John Hinderaker says. "I'm hoping to remodel my kitchen. That is the level of expectation I have."

Write to Nathan Koppel at nathan.koppel@wsj.com1

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Harsh Words Die Hard On The Web (WP)

By Ellen Nakashima

The Washington Post, March 7, 2007

She graduated Phi Beta Kappa, has published in top legal journals and completed internships at leading institutions in her field. So when the Yale law student interviewed with 16 firms for a job this summer, she was concerned that she had only four call-backs. She was stunned when she had zero offers.

Though it is difficult to prove a direct link, the woman thinks she is a victim of a new form of reputation-maligning: online postings with offensive content and personal attacks that can be stored forever and are easily accessible through a Google search.

The woman and two others interviewed by The Washington Post learned from friends that they were the subject of derogatory chats on a widely read message board on AutoAdmit, run by a third-year law student at the University of Pennsylvania and a 23-year-old insurance agent. The women spoke on the condition of anonymity because they feared retribution online.

The law-school board, one of several message boards on AutoAdmit, bills itself as "the most prestigious law school admissions discussion board in the world." It contains many useful insights on schools and firms. But there are also hundreds of chats posted by anonymous users that feature derisive statements about women, gays, blacks, Asians and Jews. In scores of messages, the users disparage individuals by name or other personally identifying information. Some of the messages included false claims about sexual activity and diseases. To the targets' dismay, the comments bubble up through the Internet into the public domain via Google's powerful search engine.

The site's founder, Jarret Cohen, the insurance agent, said the site merely provides a forum for free speech. "I want it to be a place where people can express themselves freely, just as if they were to go to a town square and say whatever brilliant or foolish thoughts they have," Cohen said.

The students' tales reflect the pitfalls of popular social-networking sites and highlight how social and technological changes lead to new clashes between free speech and privacy. The chats are also a window into the character of a segment of students at leading law schools. Penn officials said they have known about the site and the complaints for two years but have no legal grounds to act against it. The site is not operated with school resources.

Nor is it the only forum for such discussions, but it may be the largest "and is certainly the highest profile," said David A. Hoffman, a Temple University law professor who has conducted research on AutoAdmit.

Employers, including law firms, frequently do Google searches as part of due diligence checks on prospective employees. According to a December survey by the Ponemon Institute, a privacy research organization, roughly half of U.S. hiring officials use the Internet in vetting job applications. About one-third of the searches yielded content used to deny a job, the survey said. The legal hiring market is very competitive. What could tip the balance is the appearance that a candidate is a lightning rod for controversy, said Mark Rasch, a Washington lawyer and consultant who specializes in Internet issues.

The trend has even spawned a new service, ReputationDefender, whose mission is to search for damaging content online and destroy it on behalf of clients. Generally, the law exempts site operators from liability for the content posted by others, though it does not prevent them from removing offensive items.

"For many people the Internet has become a scarlet letter, an albatross," said Michael Fertik, ReputationDefender's chief executive. The company is launching a campaign to get AutoAdmit to cleanse its site and encourage law schools to adopt a professional conduct code for students.

Kurt Opsahl, a staff attorney at the Electronic Frontier Foundation, a privacy and free speech advocacy group, said anonymous cyber-writers can be sued for defamation. A judge can require a Web site host or operator to disclose a user's identifying information. Also, he said, the Internet allows those who feel slandered to put forth their own point of view. "The cure to bad speech is more speech," he said.

The chats sometimes include photos taken from women's Facebook pages, and in the Yale student's case, one person threatened to sexually violate her. Another participant claimed to be the student, making it appear that she was taking part in the discussion.

"I didn't understand what I'd done to deserve it," said the student. "I also felt kind of scared because it was someone in my community who was threatening physical and sexual violence and I didn't know who."

The woman e-mailed the site's administrators and asked them to remove the material. She said she received no response. Then she tried contacting Google, which simply cited its policy that the Web site's administrator must remove the material to clear out the search results.

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AutoAdmit.com, which also uses the domain name xoxohth.com and which hosts Google-served ads, was launched in 2004. Cohen and his partner, Anthony Ciolli, cite First Amendment ideals. "We are very strong believers in the freedom of expression and the marketplace of ideas . . . and almost never censor content, no matter how abhorrent it may be," they wrote in a posting on someone else's blog. The vast majority of chat threads, they wrote, are school-related. "The only time you'll see 20 or so racist threads on the site is if you proactively search for them."

They said the success of the site's message boards -- they claim 800,000 to 1 million unique visitors a month -- owes to its free, anonymous exchange of ideas. "In fact, one finds overall a much deeper and much more mature level of insight in a community where the ugliest depths of human opinion are confronted, rather than ignored," they wrote.

One chat thread included a sexual joke about a female Holocaust victim.

In another comment, a user said a particular woman had no right to ask that the threads be removed. "If we want to objectify, criticize and [expletive] on [expletive] like her, we should be able to."

In another posting, a participant rejected the idea that photos be removed on moral grounds: "We're lawyers and lawyers-in-training, dude. Of course we follow the law, not morals."

"I definitely don't agree with a lot of the conduct on the board," Ciolli said in an interview. But, he said, only Cohen, who created the message board, has authority to have the comments removed. Cohen, in a separate interview, said he will not "selectively remove" offensive comments, and that when he has attempted to do so, he was threatened with litigation for "perceived inconsistencies."

Another Yale law student learned a month ago that her photographs were posted in an AutoAdmit chat that included her name and graphic discussion about her breasts. She was also featured in a separate contest site -- with links posted on AutoAdmit chats -- to select the "hottest" female law student at "Top 14" law schools, which nearly crashed because of heavy traffic. Eventually her photos and comments about her and other contestants were posted on more than a dozen chat threads, many of which were accessible through Google searches.

"I felt completely objectified," that woman said. It was, she said, "as if they're stealing part of my character from me." The woman, a Fulbright scholar who graduated summa cum laude, said she now fears going to the gym because people on the site encouraged classmates to take cellphone pictures of her.

Ciolli persuaded the contest site owner to let him shut down the "Top 14" for privacy concerns, Cohen said. "I think we deserve a golden star for what we did," Cohen said.

The two men said that some of the women who complain of being ridiculed on AutoAdmit invite attention by, for example, posting their photographs on other social networking sites, such as Facebook or MySpace.

Cohen said he no longer keeps identifying information on users because he does not want to encourage lawsuits and drive traffic away. Asked why posters could not use their real names, he said, "People would not have as much fun, frankly, if they had to worry about employers pulling up information on them."

One woman e-mailed the University of Pennsylvania Law School associate dean, Gary Clinton, in February to ask for his help in persuading Ciolli remove the offensive threads. Clinton told her that since he became aware of AutoAdmit two years ago, he has had "numerous conversations about it" with Penn officials. "I've learned that there appears to be little legal recourse that we have as an institution," he wrote. He said he has had several conversations with Ciolli and has "pointed out time and again how hurtful these ad hominem attacks can be to individuals, and have asked him to delete threads." The effort, he noted, "has been largely unsuccessful."

In a telephone interview, Clinton said the university's position has not changed. "We believe we don't have grounds under the university's code of conduct to proceed," he said.

Law Officers To Endorse Sen. McCain (HILL)

By Alexander Bolton

The Hill, March 7, 2007

The attorneys general of seven states, including the host of a pivotal presidential primary, will announce their support for Sen. John McCain (R-Ariz.) today, adding to the number of state leaders endorsing him over former district attorney Rudy Giuliani and the other Republican hopefuls in the race.

The top law enforcement officials from South Carolina, Michigan, Washington state, Utah, Alabama, Indiana, and North Dakota privately revealed their support of McCain during a meeting of the National Association of Attorneys General this week.

Three of the attorneys general endorsing McCain said the Arizona lawmaker is winning over the majority of Republican officials and former Bush campaign supporters in their home states.

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Five of the states represented are expected to hold early primaries next year. South Carolina will host one on Feb. 2 or earlier; Alabama and Utah have set elections for Feb. 5., and Michigan and North Dakota are expected to move up their primaries to join perhaps more than 20 other states on that date.

Two of the states, South Carolina and Michigan, are shaping up as pivotal contests between McCain and former Massachusetts Gov. Mitt Romney.

"Most of the establishment is for McCain. Most of the establishment last time was for Bush," said South Carolina Attorney General Henry McMaster, who pledged neutrality in 2000 when he served as state party chairman.

"It's the old Bush and McCain teams combined," said McMaster, who said that the senator has been able to consolidate the influential party members who split their allegiances six years ago. "The people who used to sit around the table and decide how much money would be raised for Bush in 2000 and those that sat around the McCain table, which was a smaller table in 2000, are all sitting around this table."

South Carolina is expected to play an important role next year as it did in 2000, when Bush captured the state's Republican establishment and social conservatives to beat McCain by 11 points, sapping the momentum McCain had generated by winning the New Hampshire primary.

Political analysts have described the South Carolina primary as a "conservative firewall" that could give a candidate a decisive edge over rivals. All three Republican frontrunners have drawn criticism for adopting centrist political positions in the past.

McMaster added that over half the members of the state House are supporting McCain, including state House Speaker Bobby Harrell.

He said the campaign has also attracted Bush fundraisers from the state, such as Edward Floyd, the president of Floyd Medical Associates, and attorney John Rainey.

Floyd and Rainey ranked among Bush's top national fundraisers in 2000, according to the Center for Responsive Politics, a non-partisan group that tracks campaign financing. Floyd was one of Bush's top money men in 2004.

Perhaps surprisingly, South Carolina Gov. Mark Sanford has held off from endorsing anyone, even though he lined up behind McCain in 2000. Conservative leaders have pushed Sanford to enter the race himself but so far he has declined, prompting speculation that he may be angling for the No. 2 spot on the GOP ticket.

Supporters will hold a "big fundraiser" for McCain in the state on Friday, said McMaster.

Attorney General Mike Cox, the highest-ranking Republican in Michigan, is also throwing his weight behind McCain. He said he will work to organize grassroots supporters and raise money for the campaign.

Michigan is the site of another expected showdown between Romney and McCain. It is considered friendly turf for McCain because he defeated Bush there in 2000. But Romney launched his campaign in Dearborn, Mich., on the strength of his family roots in the state. He was born in Detroit and his father served as governor in the 1960s.

Cox, who backed Bush in 2000, said that most of Bush's network is now aligned with McCain. He added that McCain won despite having fewer allies in the state.

"He didn't have that many," he said. "Most of the McCain people in 2007 that are there on the ground were strong George Bush people. It's a different year, it's a different cycle."

For example, Ronald Weiser, CEO of McKinley Associates, and Jim Nicholson, president of PVS Chemicals, two of Bush's "pioneer" fundraisers in 2000, are now on McCain's team, said Cox and an aide.

Cox described himself as the most identifiable conservative in Michigan.

"One of my missions is to point out how conservative [McCain] is compared to the other candidates in the race," he said. "McCain has turned out to be the most enduring conservative in the group, and he can win."

Attorney General Rob McKenna is the highest-ranking Republican in Washington state. He said the state's voters have a strong independent streak and would be attracted to McCain's reputation as an independent Republican.

He said the state will likely have its primary in early March and said it could play an important role if the Republican nomination is still contested after Feb. 5, which is on the verge of becoming the date of a de facto national primary.

McKenna said that the concentration of high-tech industry in Washington makes it a political fundraising destination and that Bush raised much money there for the 2000 election.

"He has a lot of key people from the Bush team in 2000," said McKenna, who added that McCain will soon make a fundraising trip to Washington.

Other attorneys general who are supporting McCain are Troy King of Alabama, Steve Carter of Indiana, Wayne Stenehjem of North Dakota and Mark Shurtleff of Utah.

For Whip Or 2008, It's A Lott/McCain Ticket (RC)

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By Erin P. Billings
Roll Call, March 7, 2007

Following crushing setbacks that could have sidelined their respective careers, Republican Sens. Trent Lott (Miss.) and John McCain (Ariz.) have put aside long-standing differences and become leading architects of each other's political resurrections.

In the process, Lott and McCain have created an influential network of Senate Republican allies who by circumstance or design are loyal to them both. In fact, many of Lott's strongest devotees also are backers of McCain's 2008 presidential bid, and vice versa.

When Lott plotted a return to the GOP leadership as Minority Whip in the fall, McCain served as one of his most eager promoters and helped count votes in the Mississippian's campaign. And it was Lott who more than a year ago became one of the first Senators to back McCain's bid for the presidential nomination and has since become one of the Arizonan's top Senate surrogates.

"They are sort of like ham and eggs," observed Sen. Lindsey Graham (R-S.C.).

But it wasn't always that way. Lott, the consummate leadership deal-maker, and McCain, long the meddlesome maverick, have engaged in bitter legislative battles over the years about high-profile issues such as campaign finance and earmark reform.

The two parted ways for a time after Lott successfully campaigned for GOP Whip in 1994 and moved for the first time into the Senate leadership. And in 2000, Lott opted to back then-Texas Gov. George W. Bush for the presidency over his Arizona Senate colleague.

"I didn't think the time was right for John then," Lott explained recently. "I thought that George W. Bush was the right man for the job at that time. But [McCain] has come back, better and stronger."

McCain doesn't dispute Lott's assessment, admitting he may not have been the best candidate during his earlier White House run: "First, I certainly didn't have the experience that I have now. And secondly, America was at peace in the 2000 campaign. [The Sept. 11, 2001, terrorist attacks] changed everything."

Certainly, times have changed. Lott has spent months helping court Congressional and build national support for McCain's 2008 White House bid. He has advised McCain, spoken on his behalf and helped him set his campaign priorities.

Similarly, it was McCain who helped persuade Lott to not only run for a fourth term in 2006, but to make another play for the Republican leadership by seeking the No. 2 Whip job. McCain was a key whip in that race for Lott, who eked out a one-vote win over Sen. Lamar Alexander (R-Tenn.).

"We understand each other," McCain said. "When you know somebody for such a long period of time, you either grow closer or more distant. We've become closer and closer over the years."

Lott said both men share conservative ideological backgrounds and have been tested "warriors" under the glaring spotlight of the political stage. Lott said he's so fervently behind McCain's White House bid because he "wants to win the presidency" and believes the veteran Arizonan "is a very thoughtful leader possessing the kind of leadership qualities and character you need to be president."

"There's no quid pro quo there," Lott said.

McCain's and Lott's backgrounds have much in common. They share a Scottish heritage, and both families' genealogy and political connections trace back to the 1800s in Carroll County, Miss.

They are both creatures of Congress — Lott began in the House in 1973 and moved to the Senate in 1989, while McCain started his brief House tenure in 1983 and was elected to the Senate in 1986.

"Even when we've fought like cats and dogs, we've always kept our relationship — and let me tell you, it was testy at times," Lott said.

"We've had some of the best fights in the United States Senate," McCain offered.

Friends of the two men say both Lott and McCain have matured somewhat in recent years and developed a better understanding of one another following McCain's unsuccessful first bid for the White House and Lott's fall from leadership in 2002. Lott was forced out as Majority Leader on the heels of remarks that were perceived as racially insensitive at the 100th birthday of the late Sen. Strom Thurmond (R-S.C.).

Sources say it was then that Lott shared a common experience with the oft-rebellious McCain — understanding what it's like to be isolated from and ostracized by your colleagues.

"Trent Lott's wilderness years made him appreciate John McCain because he stayed with him during difficult times and Trent Lott saw a side of political life that he didn't see before," Graham said. "They've grown to really enjoy each other's company."

In his four years as a rank-and-file Senator, Lott returned to legislative deal-making, and had the freedom outside of the confines of leadership to speak his mind and even take on President Bush and members of his own party. Lott and McCain,

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meanwhile, found some areas of agreement, from their support for the Iraq War to certain aspects of lobby reform to fiscal discipline.

"They both learned a lot," noted a former Lott staffer. "People who are competitive or who have a drive don't like to lose. You can do one of two things: You can learn from your mistakes, or you can sulk and walk away. They both learned from their mistakes."

"There's something about people who were dealt a bad hand and overcome adversity and come back from that," added Sen. John Thune (R-S.D.). "It's quite a bond that's been built."

Thune counts himself among those Senators in both the Lott and McCain political camps. The conservative South Dakotan is not only Lott's chief deputy whip, he also is a newly announced backer of McCain for President.

McCain has yet to announce all of his Republican Senate endorsements, but among those already publicly in his camp are several GOP Members who aided Lott's quest for the Minority Whip post. They include Thune, Maine Sens. Olympia Snowe and Susan Collins, and Virginia Sen. John Warner.

More close Lott allies are expected to declare their support for McCain in the coming weeks.

"There is a natural overlap in these two groups," said one Republican Senator, speaking on the condition of anonymity.

This Senator said Lott and McCain have cultivated their influence in part by paying special attention to nurturing relationships with more junior Senators. Lott served as a mentor to those his junior over Senate rules and procedures, while McCain carried a policy portfolio of fiscal restraint that appealed to the up-and-comers, the Republican Senator said.

"There were a number of areas where those alliances proved to be mutually beneficial," the Senator said.

Warner, who also has had his friction with Lott at times over the years, said his shared support for both Lott and McCain is simple: "There's a common chemistry in both of them, and that's strong leadership. Without being presumptuous, I assume that's one of the reasons they admire each other. There's a common desire of Senators to form strong leadership."

Warner was one of the leading Senators who, along with McCain, helped form the "Gang of 14" that came together in 2005 to try to avert a showdown over Bush's judicial nominations. Lott was an original leader in the group but later stepped aside, leaving McCain and Warner to take the helm.

Snowe, who has known both Senators since the trio served in the House, said it is no accident that Lott and McCain have forged such a bond given their long track record together. After two-plus decades in the House and Senate, the duo has developed a level of trust that's all but unmatched on Capitol Hill these days, she said.

"That foundation is so crucial, and it's what gave impetus for Trent supporting John McCain for the presidency and for John to help Trent in his bid for Minority Whip," she said.

"There's a mutual bond there that supercedes any disagreements they've had over the years."

McCain Seeks Independents' Primary Votes (WT)

By Ralph Z. Hallow

The Washington Times, March 7, 2007

Sen. John McCain's campaign is mounting a stealth effort to change Republican presidential nomination rules in California to allow independents to vote in the Feb. 5 primary, party and campaign officials in the state have told The Washington Times.

The impact could be huge -- and potentially damaging to former Massachusetts Gov. Mitt Romney, currently the most acceptable to traditional-values voters among the three top-tier Republican presidential candidates.

"If California changes its delegate selection rules to allow independent voters to participate in the Republican primary, it would be very helpful for McCain and for Rudy Giuliani, who historically have done very well among independent voters," Federal Election Commissioner Michael E. Toner said.

An official with the Romney organization in California said McCain supporter Duff Sundheim, the former state Republican Party chairman and an ally of Gov. Arnold Schwarzenegger, has been trying to line up votes for the rules change.

Several other state officials and campaign operatives independently reported receiving phone calls from Mr. Sundheim seeking support for the change.

Mr. Sundheim late last night denied that he is affiliated with or backing Mr. McCain but refused to answer when asked whether he was lining up support for a rules change. He did admit he was having discussions with state party Chairman Ron Nehring.

Officials from all three campaigns declined to discuss whether their candidates are working to change the rules.

"This is a state issue, and we will abide by whatever is decided," McCain spokesman Danny Diaz said. "Reading anything more into it is simply inaccurate."

A spokeswoman for Mr. Giuliani's campaign agreed that it is a state issue.

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"This ultimately is an issue for Californians to decide, and we will play by whatever rules the people of California decide upon," Maria Comella said.

A senior party official in California said a top McCain backer in the state told supporters the change would benefit the Arizona senator, who won the 2000 New Hampshire primary by drawing huge numbers of independents.

But other senior Republican officials maintain it also would help Mr. Giuliani, whose more liberal policy views most closely match the California independent voter profile.

California Republicans will select about 175 delegates on Feb. 5. Current rules do not allow voters who decline to state their party affiliation to participate in the selection of the presidential nominee.

California is a "winner-take-all" state when it comes to the Republican presidential nomination. This means the state awards three delegates for each of its congressional districts -- plus a bonus for the overall winner.

Therefore, a candidate could campaign heavily in districts with only a few hundred Republicans and win three delegates, the same number as another candidate who spends millions of dollars in a district with thousands of Republicans, noted Tim Morgan, Republican National Committee (RNC) treasurer and California RNC member.

If the rules change, Mr. McCain or Mr. Giuliani could go after even an independent-poor district and still win all three delegates from that district.

"Because of California's size and number of delegates to the national convention, this change could play the most significant role in determining who wins enough votes on Feb. 5 to be the Republican presidential nominee for 2008," said Jon Fleishman, Republican Party vice chairman for Southern California.

However, Mr. Fleishman thinks only voters who "bother to register as Republicans should have the right to select their party's presidential nominee."

In Washington, Mr. Morgan told The Times he thinks the changes now being pushed in his state could be accomplished simply enough, by a vote at the state party convention in September.

The RNC would not penalize California for the late change by reducing the number of eligible delegates, Mr. Morgan said, adding that the subject is under further legal review at national party headquarters.

A former top-ranking California Republican official now working for Mr. Romney said the McCain campaign is trying to change the rules because "it benefits McCain more than Giuliani because McCain is in the best position to go after independents. His whole campaign [is] built on that. Something that brings independents helps McCain more than Giuliani."

Mr. McCain has an impressive list of endorsements, according to a senior campaign official. Mr. Schwarzenegger is expected to announce his endorsement, as is Florida Gov. Charlie Crist and Texas Gov. Rick Perry -- representing three of the four most populous, delegate-rich states -- along with Oklahoma Sen. Tom Coburn, who is revered by many conservatives.

Can Rudy Get Past The First Date? (WP)

By Ruth Marcus

The Washington Post, March 7, 2007

Does America's Mayor want to be America's President?

Poll after poll suggests that Rudy Giuliani has a serious shot at winning his party's nomination, and therefore the presidency, despite his abortion rights/gay rights/gun control baggage.

But listening to Giuliani's lackluster speech to a conservative group last week, I was not convinced that he craves the job -- or that he has a particular vision of what he'd do if he got it.

For the party of orderly succession, this is an odd presidential season. Not only is there no Republican heir apparent, none of the three leading contenders presents anywhere near a perfect fit with his party's base voters.

They are a political Goldilocks story, except that for many Republican voters, none of these three bears feels just right: Mitt Romney is too flip-floppy; Giuliani too liberal; John McCain too much of a maverick, simultaneously mistrusted for his previous deviations (campaign finance, immigration) and saddled with his embrace of an unpopular war.

As former Arkansas governor and long-shot presidential wannabe Mike Huckabee told the Conservative Political Action Conference about the 2008 campaign, "The theme might be 'Dude, Where's My Candidate?' "

Given the unsettled nature of the race, given his recent surge in the polls, given the suspicion with which many conservatives view him -- given all of that, you might have thought that Giuliani would have viewed the CPAC event as an important marketing opportunity. You might have thought he'd have put some effort into his speech -- maybe, even, have written a new one.

Indeed, the crowd packed into the Omni Shoreham ballroom and gathered around the television monitors outside seemed to be waiting to be wowed. But Giuliani didn't so much seize the opportunity as amble through it. He neither tossed the crowd red

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meat (conservative judges, maybe?) nor took on his vulnerabilities (the closest he came was to quote Ronald Reagan, "My 80 percent ally is not my 20 percent enemy") nor offered them much in the way of substance.

"Americans want to sell you something," Giuliani told the crowd. "That's what we want to do. We want to sell you a product." If so, Giuliani is no Ron Popeil.

Instead, he served up a pedestrian address padded with Reagan references (15, by my count) and platitudes. "The most important lesson that I learned from Ronald Reagan was the importance of optimistic leadership. I believe Ronald Reagan was able to achieve the things he was able to achieve because Ronald Reagan was a leader, which is a combination of being a visionary and a practical person who can achieve results."

Or, "We're not a country of one ethnic group. . . . We're all different religions. And we're all different races. Since we're not identified that way, what identifies us as Americans? The thing that identifies us as American are our ideas. And our ideas are wonderful ideas. And they're ideas that the world is moving toward."

And that was in just the first five minutes. Read the whole thing for yourself, at http://www.cpac.org/speeches/Giuliani.doc, and decide if I'm being unfair.

Even when discussing the issue on which he has every reason to shine -- the war on terrorism -- Giuliani was unimpressive, spouting tired Reaganisms ("peace through strength") and arguing a proposition that no one except the straw Democrats of Republican imaginings seems to debate much: that America must "remain on offense" against terrorists.

"We need an American president that understands the necessity of being on offense; needs to explain it to the rest of the world," he said. "And then, finally, what we all need to do is to understand that America has the right ideas. We should not be embarrassed about ourselves. We shouldn't have our heads down."

About Iraq -- nothing, other than to lampoon congressional Democrats for pushing a nonbinding resolution ("I understand that next week they're going to debate the entire week to see if they can make the World Series a nonbinding result.")

As to Giuliani's competition, McCain skipped CPAC; Romney gave a much meatier and more rousing speech -- and he started by bringing up on stage "my sweetheart," his first and only wife. (Take that, Mr. Thrice Married-Once Annulled-Once Divorced-Mayor.)

In the end, one mediocre speech to one crowd 10 months before the first vote is cast will not matter much -- unless it presages more uninspired Giuliani performances.

Time magazine, in one of the more peculiar poll questions ever asked, reported this week that Giuliani is the candidate voters think would do best at speed-dating (16 percent, to Barack Obama's 13 percent).

The 2008 campaign, though, will be more like an overly prolonged engagement -- and it's far from clear whether voters will still want to date the mayor once the getting-to-know-you stage is over.

marcusr@washpost.com

Baptist: Evangelicals Doubt Giuliani (BOS/AP)

By Rose French

The Boston Globe, March 7, 2007

NASHVILLE, Tenn. --A Southern Baptist leader said Tuesday that evangelical voters might tolerate a divorced presidential candidate, but they have deep doubts about GOP hopeful Rudy Giuliani, who has been married three times.

Richard Land, head of public policy for the Southern Baptist Convention, told The Associated Press that evangelicals believe the former New York City mayor showed a lack of character during his divorce from second wife, television personality Donna Hanover.

"I mean, this is divorce on steroids," Land said. "To publicly humiliate your wife in that way, and your children. That's rough. I think that's going to be an awfully hard sell, even if he weren't pro-choice and pro-gun control."

Giuliani married his longtime companion, Judith Nathan, in 2003. They had dated publicly while Giuliani was married to Hanover. His first marriage ended in an annulment.

A Giuliani staff member referred calls on Land's statement to Giuliani's exploratory committee, which did not have an immediate response Tuesday night.

Giuliani already has a challenge in winning over conservative who make up the GOP's base and view him with skepticism because of his moderate views on social issues such as gays, guns and abortion have been viewed as too liberal.

Land noted that Republican presidential candidate John McCain has been married twice, but said the Arizona senator has acknowledged his part in the failure of his first marriage.

"It's a molehill compared to Giuliani's mountain," Land said. "When you're a war hero (like McCain), you have less to prove on the character front."

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Many polls identify Giuliani as the front-runner in the Republican presidential primary, followed by McCain and former Massachusetts Gov. Mitt Romney.

Southern Baptists have been among the most vocal of conservative Christian groups in support of the Bush administration. But they and other evangelicals are struggling to find a consensus presidential candidate who embraces their stands against gay marriage and abortion.

Early Presidential Campaign Gains Considerable Interest (USAT)

By Jill Lawrence

USA Today, March 7, 2007

WASHINGTON — Nearly half the country has given "quite a lot" of thought to a presidential election still 20 months away, according to a new USA TODAY/Gallup Poll that suggests high interest in a wide-open race already in full swing.

Among registered voters, one in five said they had "a good idea" whom they will support in 2008; an additional 55% said they have thought about the candidates but don't yet have a good idea. Asked about the early start to the campaign, 48% of poll respondents called it a good thing; 44% said it was a bad thing.

POLL RESULTS:Clinton, Giuliani still lead

Democrat Hillary Rodham Clinton and Republican Rudy Giuliani still lead their respective nomination races, the poll found.

Clinton, the New York senator, leads Illinois Sen. Barack Obama 36%-22%. Last month, she led 40%-21%. On the Republican side, former New York City mayor Giuliani led Arizona Sen. John McCain 44%-20%, up from 40%-24% last month.

Presidential hopefuls are campaigning and raising money at an accelerated pace this year to prepare for a front-loaded primary season. The first debates are scheduled for April 4-5 in Manchester, N.H. That's a month earlier than the first debate of the 2004 campaign, an event in South Carolina in May 2003. That was the earliest debate in presidential campaign history.

"Presidential campaigns are too long," newspaper columnist Lee Bandy wrote this week in The State of Columbia, S.C., under the headline "Voters Tune Out Campaigns."

South Carolina's Democratic primary is Jan. 29, and state Republicans are planning for Feb. 2. "You'd think the election is next week, judging by the number of candidates who've trekked through South Carolina since the beginning of the year," Bandy wrote.

Andrew Kohut, director of the non-partisan Pew Research Center, said the frenetic campaign activity is one reason for high public interest. He said it may also be fueled by concern about Iraq and "an appetite for change" in the White House. Another possible reason is a diverse field of candidates that includes a woman (Clinton), an African-American (Obama), a Hispanic (New Mexico Gov. Bill Richardson, a Democrat) and a Mormon (Republican Mitt Romney, former governor of Massachusetts).

In a Pew poll last month, 55% said they were following news about candidates for the 2008 election very or fairly closely. That compares with 42% in January 2003.

The USA TODAY/Gallup Poll, conducted the weekend after the Academy Awards, showed a mini-resurgence for Al Gore after An Inconvenient Truth won the Oscar for best documentary. The honor for Gore's global-warming slide show put him in the news and solidified his spot in the top tier of a contest he says he has no plans to enter.

The former vice president trailed Clinton and Obama but drew twice as much support as fourth-place finisher John Edwards, the former North Carolina senator.

The poll showed that 58% of registered voters had a favorable opinion of Obama. That put him higher than Clinton (54%), Edwards (51%) and Gore (55%). Giuliani was highest of all the major candidates at 64%. Former House speaker Newt Gingrich and Romney were in a virtual tie for third among Republicans. Gingrich, who says he'll decide whether to run this fall, would face a challenge: 29% viewed him favorably, 49% unfavorably.

Romney was viewed favorably by 23% and has room to improve. Although he has been campaigning for months, four in 10 people said they had never heard of him.

Obama's Selma Bounce (HILL)

By Dick Morris

The Hill, March 7, 2007

Will March 4, 2007, the 42nd anniversary of the Selma, Ala., march for voting rights, propel Sen. Barack Obama's (D-Ill.) presidential candidacy with the same force that Sept. 11, 2004 energized George W. Bush's pursuit of a second term? The day clearly belonged to Obama, despite the efforts of both Hillary and Bill to turn it into Clinton Day. Obama's speech was inspirational, challenging African-Americans to assume responsibility and participate in the political process. By contrast, Hillary's speech, replete with a phony Southern drawl — the same one she used to effect in Arkansas — smacked of pandering. But Hillary's attempt to paint the events in Selma as seminal in her ability to run for president seemed forced, artificial, and contrived.

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She appeared to have confused the efforts of Dr. Martin Luther King Jr. with those of Susan B. Anthony and Elizabeth Cady Stanton and to have mixed up the 15th and 19th amendments to the Constitution.

But Obama's speech seared right through to the root of the American conscience. The spectacle of an African-American running for president and speaking on the site of a 42-year-old battlefield where the very right of blacks to vote was at issue could not but inspire everyone who watched it. The effect on the polls may be significant.

At the back of the minds of every voter lurks the idea that beyond parties and candidates and issues, the election of 2008 is destined to be about making history. Whether it results in the nomination and election of the first woman or the first black, and regardless of the ultimate fate of the president it elects, it will be a watershed. Watching the events in Selma, one cannot escape the conclusion that if Obama were to be elected president of the United States, it would put a period on the sorriest chapter in American history — the one that began when the first slaves were offloaded at Jamestown. The very fact of a black president would suddenly provide tens of millions of African-American children with a role model and a guide. No longer would they look to athletes or rappers or actors for inspiration. They could behold a president.

Even those of us who still believe that Obama is too inexperienced to serve successfully as president have to be impressed nevertheless by his eloquence, poise, charisma, and stage presence. And we all must concede that the very fact of his election would do much to end racial division in America. The historic nature of the Obama quest for the White House was clear to anyone watching Sunday's ceremonies at Selma.

So what will be the political impact of this anniversary?

It might be enough to permit Obama to challenge Hillary for first place. Previous polling has shown a real elasticity in the Democratic race that is not apparent in the Republican contest. Lacking any real opponent — with Gingrich out, Romney hobbled, and McCain fading — Giuliani may just hold onto his lead until a real right-wing challenger emerges. But Obama's move up in the polls last week suggests a volatility in the Democratic contest that is bad news for Hillary. It may well be that the lead will change hands several times as the emotional significance of a first woman duels with that of a first black and captures the imagination of each constituency.

Left behind is, of course, John Edwards. His anti-war positioning advantage has eroded as Obama has moved wisely to preempt his turf. His healthcare proposal, while sweeping and likely popular among Democrats, seems to offer a pale comparison to the emotional epiphany of breaking down gender or racial barriers.

But, ultimately, the challenge remains for Obama and for Hillary to flesh out their uniqueness with issue positions that distinguish them. Neither of these two Democrats, nor Giuliani for that matter, can cruise to the nomination on the strength of gender, race, past heroism, or biography. Their success will hinge on their ability to translate who they are into what they are for. How does being African-American help Obama to address the problems of poverty that plague us? How does Hillary's gender make her sensitive to the feminization of poverty? And how is Giuliani's heroism relevant to the policy choices of our times? These three candidates — likely one of whom will be president — must answer these questions or watch their candidacies and the boomlets that they have ignited flare out and go cold over time.

Morris, a former political adviser to Sen. Trent Lott (R-Miss.) and President Bill Clinton, is the author of Condi vs. Hillary: The Next Great Presidential Race. To get all of Dick Morris's and Eileen McGann's columns for free by email, go to www.dickmorris.com.

Obama's Short Tenure Seen As Plus (WT)

By Brian Debose

The Washington Times, March 7, 2007

The 2008 road to the White House is filled with pitfalls for senators; specifically, their voting records -- a particularly acute problem for Democrats who approved the Iraq war.

But Sen. Barack Obama has served in the Senate for only two years, and some analysts say the Illinois Democrat's lack of a voting record may uniquely benefit his presidential campaign.

"Everyone thinks that he agrees with them or that they agree with him because he does not have an extensive record to play against, and he is a really good listener," said Stephen Hess, professor of political science at George Washington University and senior fellow in governance studies at the Brookings Institution.

But Mr. Obama's record is longer in the Illinois state Senate, where he served for eight years. There, he co-authored bills extending tax benefits to low-income families, making health insurance more affordable, and increasing funding for AIDS prevention and care programs.

"He inspires hope that we can get past the days of bickering and fighting that [have] controlled the debate in Washington, and I think he has proven he can work across party lines," said Seth Tobey, a University of Iowa law student who founded Independents for Obama.

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However, Mr. Obama has little hope of swaying pro-life advocates because he has made his pro-choice views very clear and voted accordingly. For example, he once voted against a state Senate bill to provide medical care to unborn babies who survive an abortion, saying it would create a loophole to make abortion illegal.

Likewise, gun rights advocates view Mr. Obama as a threat, but concede there are some things in his voting record that make him less unattractive than the other Democrats in the race.

"He was consistently an F rating when he ran for [the U.S.] Senate and when he was in the state Senate," said Chris W. Cox, chief lobbyist for the National Rifle Association. "Basically, after all the talk recently about Obama and Hillary [Rodham Clinton], they do have one thing in common and that is the zeal with which they have supported the gun-control movement."

While in the state Senate, Mr. Obama voted against a bill that would have allowed self-defense to be used as a mitigating argument against charges of illegal firearms possession in cases where a person shot a home intruder using a banned handgun. Mr. Obama said it would effectively override the local government's authority -- particularly Chicago, portions of which he represented -- to limit guns in its jurisdiction.

Mr. Cox said Mr. Obama also will need to explain his opposition to the Lawful Commerce in Arms Act, which protected gun manufacturers and dealers from frivolous lawsuits, and his vote in support of a ban on certain types of deer-hunting ammunition.

Mr. Cox did soften his tone somewhat when asked to compare Mr. Obama to his chief rival, Mrs. Clinton, as well as other Democratic presidential candidates, noting his vote in favor of allowing retired police and military officers to carry concealed weapons.

"He did support the bill to stop the post-[Hurricane] Katrina gun-confiscation legislation, which passed 84-16, but Hillary Clinton voted against it as one of the 16," he said.

But the biggest issue dogging the leading candidates from both parties is the vote authorizing what Mr. Obama has called the "stupid war" in Iraq.

Former New York Mayor Rudolph W. Giuliani has nearly doubled his lead in the past month over his chief Republican rival, Sen. John McCain of Arizona, a supporter of the war, and Mrs. Clinton has lost some momentum in the polls as voters on the campaign trail have repeatedly asked her to explain her vote authorizing the war.

All the while, Mr. Obama has been able to call himself the first to oppose the war, with little retort from his rivals.

"He is a natural candidate, and he is a lot like John F. Kennedy in that he was a lightweight politically, but ended up winning the presidency, and I think Barack can do the same thing," said Morris L. Reid, managing director of Westin Rinehart, a political communications firm. "He will put the time in and roll up his sleeves and, I think, will prove the naysayers wrong."

Think Naughty, Think Small, Think Not (NYT)

By Judith Warner

The New York Times, March 7, 2007

Ann Coulter's use of the epithet "faggot" to slur Democratic presidential candidate John Edwards last week took me back to the schoolyards of the 1970s, when Coulter and I were both young.

There were plenty of words like "faggot" being thrown around back then. There was "faggoty," for example. "Retard." And "spaz" — or "total spaz," the rhythm of which rang through her words last year, when Coulter dismissed Al Gore on MSNBC as a "total fag."

The world of playground insults hasn't altered much since Coulter's schooldays, but the larger world has changed a bit. She made her remarks during a major gathering of conservatives in Washington that drew most of the major Republican presidential candidates, and commentators of the left, right and center soundly denounced her.

Even Michelle Malkin, Coulter's fellow pinup girl on the Clare Booth Luce Policy Institute's 2007 "Great American Conservative Women" calendar, blasted her words as "rhetorical fragging" and a "tired old schtick."

We shouldn't be content, though, to let it go at that.

Leaving the issue of not-so-latent homophobia aside — dwelling upon it, in this context, is a matter of shooting ducks in a barrel — what I found particularly shocking in Coulter's comments was their studied juvenility, the sheer idiocy of their language. "Faggot" and "total fag," like other political pearls of our time — such as "bring it on" and "girlie men" — are just epoch-making in their stupidity. In fact, they sound like lines out of Mike Judge's 2006 film "Idiocracy," a political satire that I rented a few months ago and can't seem to get out of my mind.

In "Idiocracy," a man the Pentagon has chosen for his perfectly average intelligence is sent into the future and finds the America of 500 years hence inhabited by people so grotesquely moronic that they can barely grunt utterances greater than "Man, whatever!"

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Those future Americans have, however, held on to a full arsenal of obscenities and repeatedly tell the hero, who speaks in full sentences, "You talk like a fag." As the film plays out, it's the People vs. the Fag — the very dynamic that Coulter establishes when she connects to her audience via their inner 13-year-olds.

All this led me this week to think of Frank Luntz, the hot political consultant and wordsmith who wrote the lyrics for the 1994 Republican revolution. In his new book, "Words That Work: It's Not What You Say, It's What People Hear," Luntz puts forth the argument that using the "uplifting, ennobling tone" of famed political scribes like Ted Sorenson and Peggy Noonan is not the best way to capture the attention of Americans today. Instead, to communicate with the people — the real people of "small town, middle America" — and to speak straight to their hearts, minds and entrails, you've got to put "yourself right into your listener's shoes."

In other words, think small. "Use Small Words" is Rule 1 of his strategy for successful communication. Rule 2: "Use Short Sentences."

Luntz has a doctorate from Oxford; Coulter has degrees from Cornell and the University of Michigan Law School. Conservatives generally like to run with the idea that liberals are elitists, living "in a world of only Malibu and East Hampton," as Coulter's recent blog posting on the "crock" of global warming put it. But isn't there something elitist, if not wrong, I wondered aloud to Luntz, about condescending to — or coddling or enabling — the imagined verbal limitations of the less-educated "other"?

Luntz did not much appreciate the question.

"It's not condescending — it's pandering," he said of Coulter's most recent performance. "Everything about the book says what she did was not just wrong but reprehensible. Those aren't words that work. She broke every rule."

"God, I really hate it every time she speaks," he fumed. And, he added, if I were to even think of mentioning him in the same breath as her, "I will really, seriously raise hell."

At a Conservative Women's Network lunch at the Heritage Foundation last week, a question was raised, over dessert, about how conservative women should deal, "as women," if Hillary Clinton wins the Democratic nomination for president. The guest speaker, Cleta Mitchell, a lawyer in Washington, hemmed and hawed, shared some thoughts about Wellesley College and Barbara Bush, blushed, then concluded, "We'll let the redneck guys who just aren't ready to vote for a female commander in chief take care of the woman thing."

Sounds like a plan. Sounds to me, too, like the Republican noise machine may just have a monkey wrench in its machinery.

Lawmakers Scrutinize Fees For 401(k) Plans (WP)

By Kathleen Day

The Washington Post, March 7, 2007

Workers are being overcharged tens of billions of dollars a year in unnecessary and often hidden fees imposed on popular, company-sponsored retirement savings plans known as 401(k)s, financial experts told a congressional committee yesterday.

Mutual funds and other professional investment firms often charge fees totaling 3 percent to 5 percent of the assets they manage, when 1.5 percent would be more appropriate, Matthew D. Hutcheson, an independent consultant on pension fees, told the House Education and Labor Committee.

An excess charge of just 1 percent can seriously erode retirement money, retirement planner Stephen J. Butler testified. A couple investing $10,000 a year over 30 years and earning 10 percent, for example, would have more than $1.9 million for retirement at the end of that time. But that sum would be reduced by $355,395 -- to just under $1.6 million -- if that money earned one percentage point less, or 9 percent a year.

Fees often are scattered across written materials, or sometimes not reported at all, making it difficult for employers and consumers to comparison shop, according to testimony from Hutcheson and others, including an official from the Government Accountability Office, the research arm of Congress.

The hearing comes as the new Congress, now controlled by Democrats, is applying greater scrutiny to the financial services industry, especially to how it charges and discloses fees on a variety of products, including credit cards and home loans.

The hearing was the first of two planned this year by the committee's chairman, Rep. George Miller (D-Calif.), to determine if the Labor Department is adequately overseeing the 401(k) industry and to help craft legislation requiring money managers to fully disclose what they charge and to manage 401(k) plans to maximize returns for retirees.

"We have to ask whether all these fees are necessary, and we have to examine whether they are undermining workers' retirement security," Miller said.

The mutual fund industry, which manages half of all 401(k) money, and the bank and insurance industries, which manage most of the rest, disagree with those who say their fees are too high, hard to find or hidden.

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"We have looked at fees for mutual funds in 401(k)s, and those fees are falling," said Mike McNamee, spokesman for the Investment Company Institute, the lobby group for mutual fund managers. He said that fees typically are "on the order of 1 percent," including commissions. He said all fees are disclosed in each fund's prospectus -- management fees in what is called a fee table, and brokers commissions and trading costs in a separate section.

The hearing follows a GAO report last November that concluded that workers often can't understand, or in some cases can't find out, what fees they pay to have their 401(k) money managed.

The GAO said the Labor Department, which regulates company-sponsored retirement plans, has some power to make the financial industry disclose more and to do so in simpler, easy-to-understand language. But it recommended that Congress amend current law to require the industry to disclose all fees and charges and also potential conflicts of interest.

The issue has become more important as more Americans have come to rely on 401(k)s as a primary nest egg. In the mid-1980s fewer than 8 million workers participated in such plans, which totaled $100 billion. Today more than 47 million workers have more than $2 trillion invested in these plans. To encourage Americans to save more for retirement, Congress passed legislation last year to allow employers to automatically enroll workers in 401(k) plans, a change financial planners say already has accelerated workers' participation.

Acting Assistant Secretary of Labor Bradford P. Campbell said in an interview this week that he thinks the agency has all the legal authority it needs to make investment companies provide fuller and more understandable disclosures about fees.

The department, working closely with industry, last year announced a three-pronged plan he said is intended to lead to full fee disclosure by investment firms in their annual reports filed with the government, in their contracts with employers and in publications given to workers. But the first phase of the plan won't begin for several months, and the final phase might not become effective for several years.

It's Chamber Vs. Chamber In Lawsuit Over Trademark (HILL)

By Alexander Bolton And Jim Snyder

The Hill, March 7, 2007

Two well-known business trade associations are embroiled in a legal battle that could affect which will represent Hispanic businesses, a rising political and economic force, in Washington.

The U.S. Hispanic Chamber of Commerce is accusing its one-time ally, the much larger U.S. Chamber of Commerce, of trying to diminish its influence with Latino business leaders through a trademark fight over the right to use the words "United States" and "chamber of commerce." The U.S. Hispanic Chamber of Commerce is also claiming that the other Chamber has tried to poach its members by offering them free memberships.

The U.S. Chamber, the nation's leading business trade group, is an ardent advocate for competition and a liberal immigration policy. But critics contend that in its fight with the rival chamber, it is motivated by fear both of competition and a Hispanic invasion of its turf.

"We believe that like any other business, they see the opportunity there may be to extend their membership in the Latino community; that's fair game," said David Lizarraga, chairman of the U.S. Hispanic chamber. "But they see us as an obstacle. If they remove us from the playing field, then it is completely open."

The U.S. Chamber has filed two lawsuits against the U.S. Hispanic chamber and the U.S. Hispanic Chamber of Commerce Foundation for trademark infringement. The suits claim that the U.S. Chamber owns the words "United States" and "Chamber of Commerce" exclusively, according to a U.S. Hispanic chamber lawyer who summarized the cases.

If successful, the litigation would force the U.S. Hispanic chamber to drop "United States" and "Chamber of Commerce" from its name.

But Stephen Bokat, senior vice president and general counsel at the U.S. Chamber, denies the suggestion that it is trying to squash a competitor.

"That's simply untrue," he said. "We're just trying to protect our name because we're worried that if too many people use our name we will lose the right [to protect against] others from encroaching on the use of U.S. Chamber of Commerce."

Bokat said his association offered to license its name to the U.S. Hispanic chamber for a nominal sum and "they refused."

"We had no intention of taking their name, their members or anything else," said Bokat.

In the last three years, the Hispanic chamber has more than doubled its membership, from 110 member groups to nearly 250.

Its $15 million budget is a fraction of what the U.S. Chamber has. The latter spent more than $30 million just lobbying in the second half of 2006.

The Hispanic chamber is also growing in visibility. This week President Bush addressed a three-day gathering it organized for Hispanic business leaders in Washington.

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"We're seeing membership growing all over the United States," said Lizarraga. "Maybe we're being seen for the first time as posing a threat."

Hispanic chamber officials have decided to use the occasion of this week's national legislative conference to go public with their trademark fight. They will hold a press conference this afternoon in the Rayburn House office building with members of the Congressional Hispanic Caucus to protest their rival's litigation.

The winner could claim to be the main Washington representative of a community projected to reach $1 trillion in total buying power within two years.

"They want to remove us from the table. … This is about power and influence and money," said Melinda Guzman, the Hispanic chamber's general counsel. "This is about eliminating potential competition in a huge and … significant population."

The two chambers share political philosophies on a variety of issues such as immigration reform that includes a guest worker program. But they are not formally affiliated with one another.

For years, the two groups peacefully coexisted. The Hispanic Chamber of Commerce is 27 years old, and its affiliated foundation has been around for 14 years.

But in 2002, the U.S. Chamber accused the United States Hispanic Chamber of Commerce from trademark infringement.

A year earlier the Hispanic chamber had filed to register its logo, which includes the group's full name, with the U.S. Patent and Trademark Office.

That dispute is expected to go to trial next year.

Hispanic officials insist the larger Chamber sees the economic writing on the wall, and doesn't want competition to represent Hispanic businesses.

Pew Hispanic Center projects the total U.S. Hispanic market to reach $1 trillion by the end of 2008. Lizarraga said that Hispanic small businesses are growing twice as fast as other small businesses.

"It's obvious that our influence is growing," said Lizarraga.

Despite the legal battle, Hispanic chamber officials say they have attempted to open up a dialogue with the U.S. Chamber. The Hispanic chamber has, for example, called on the U.S. Chamber to put more Hispanic executives on its board.

But so far, they say Chamber President and CEO Thomas Donohue has rebuffed their efforts to create a dialogue.

Bokat said he knew of no outreach efforts by the Hispanic chamber. He added that Harry Alford, the president of the National Black Chamber of Commerce, was a member of his association's board of directors and it made no sense that Hispanic leaders would be excluded.

Both the growing economic power and the sheer size of the Hispanic population has attracted more than lobbyists, of course. Politicians are increasingly interested in reaching out to the Hispanic community.

"We are getting more attention from everybody," said Lizarraga. "Any corporation that doesn't target this $1 trillion market that will emerge in the next two years as an opportunity for growth isn't going to grow."

Particularly enticing to businesses, Lizarraga said, is that Latino market is largely untapped, whereas other ethic–based markets are mature.

How Can U.S. Stay On Top Of The World? (USAT)

By Antoine Van Agtmael

USA Today, March 7, 2007

South Korean car maker Hyundai recently had to deny newspaper reports that it is a leading candidate to take over Chrysler. True or not, it already has a $1.1 billion plant in Alabama and now beats Toyota in performance quality, according to the J.D. Power survey. Less than five years ago it was the joke of a Jay Leno show.

Hyundai is just one of the many profitable firms in emerging markets that produce just about everything consumers consume. Within hours of Apple CEO Steve Jobs' recent unveiling of the stylish new iPhone, shares in Taiwanese electronics giant Hon Hai Precision Industry shot up. Founded in 1974 as a marginal manufacturer of TV-set-tuning knobs, Hon Hai today produces PCs for Hewlett-Packard and Dell, PlayStation game consoles for Sony, motherboards for Intel, cellphone handsets for Nokia and Motorola, and now Apple's new iPhone. Other examples can be found everywhere.

While our attention was focused on the "new economy" a few years ago, "new economies" quietly stole the show. We are in the midst of the greatest shift in the global economy since the Industrial Revolution. This time, the economic epicenter is shifting away from the developed world to emerging markets in Asia, Eastern Europe, the Middle East and Latin America.

Sharp moves in the Dow Jones used to scare or exhilarate investors worldwide. Last week's 416-point drop in the U.S. stock market, together with a sudden reversal in markets around the globe, was the first time that a sell-off in China triggered such a major loss in market values — one that was far larger than the entire Chinese market. It was not only an overdue

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reminder that investors get scared from time to time — usually after periods of over-enthusiasm — but also demonstrated the dramatic and growing impact of what I call the "Emerging Markets Century."

What are we in the USA and the rest of the developed world to make of the fact that so much of what we consume is produced in the former Third World? One thing is that America (but also Europe and Japan) will need to get used to the idea that we are no longer the center of the economic and political universe. Even more important, we should resist the knee-jerk reaction of protectionism that would likely stifle innovation.

Yet, in the USA, we have been slow to accept this new reality. Countries such as Mexico, South Korea and Russia are no longer basket cases in need of rescue. Emerging markets now own three-quarters of the world's foreign exchange reserves, and their purchases influence U.S. mortgage rates. The brain drain is reversing just as budget and current account deficits (the broadest measure of a nation's trade gap) have crossed over into the developed world.

The world is not flat; it is tilting, with the USA rapidly moving from unquestioned dominance to greater dependence. And this is only the beginning. Twenty-five years from now, emerging markets will make up more than half of the global economy (up from 21% today) as the General Electrics and Microsofts of the future will increasingly hail from these new economies.

More than ever, the global economy is not a zero-sum game. More handsets, refrigerators and beer are sold in emerging markets than in mature markets. U.S. exports to emerging markets have increased 338% over the past 20 years, much faster than domestic demand. One billion new consumers and investors will turn many emerging markets into middle-class economies. Smart American corporations are already seeking their growth in emerging markets. GE plans to double its sales in emerging markets from 15% to 30% by 2010. Goldman Sachs built an important franchise in China. Dell and GM increasingly produce in India and China for the local markets.

But that is clearly not enough to keep our competitive edge. Many more corporations should develop a clear emerging-markets strategy, embed their young managers with local families (as Procter & Gamble already does), build crucial local relationships, establish international focus groups to tailor products to local tastes, and form business alliances with this new breed of companies. And our universities should focus more on creative problem solving and integrate study and work experience abroad if we want students to be comfortable with foreign languages and cultures.

When we look at history, a creative response has often succeeded where protectionism has failed. President Kennedy's inspiring call to put a man on the moon when Russia seemed to be "winning" provided the United States decades of technological superiority. Today, leading U.S. universities remain the best, while creative companies such as Google and Apple are more than competitive.

As a nation, we need a "National Competitiveness" campaign that sets ambitious goals such as developing a successor to the internal-combustion engine, but also tackles legacy issues (high cost of health and pension benefits for current, older and retired workers), places more emphasis on creativity in education and gives infrastructure a much-needed face lift. The choice between protectionism and a creative response to the tectonic shift in the global economy (and global power) could well become one of the key issues in the next presidential campaign. Instead of complaining and agonizing about this new competitive threat, our focus should be on turning it into an exciting opportunity.

Antoine van Agtmael is chairman and CEO of Emerging Markets Management, LLC. He recently published The Emerging Markets Century: How A New Breed of World-Class Companies is Overtaking the World.

'Family Values' Chutzpah (WP)

By Harold Meyerson

The Washington Post, March 7, 2007

As conservatives tell the tale, the decline of the American family, the rise in divorce rates, the number of children born out of wedlock all can be traced to the pernicious influence of one decade in American history: the '60s.

The conservatives are right that one decade, at least in its metaphoric significance, can encapsulate the causes for the family's decline. But they've misidentified the decade. It's not the permissive '60s. It's the Reagan '80s.

In Saturday's Post, reporter Blaine Harden took a hard look at the erosion of what we have long taken to be the model American family -- married couples with children -- and discovered that while this decline hasn't really afflicted college-educated professionals, it is the curse of the working class. The percentage of households that are married couples with children has hit an all-time low (at least, the lowest since the Census Bureau started measuring such things): 23.7 percent. That's about half the level that marrieds-with-children constituted at the end of the Ozzie-and-Harriet '50s.

Now, I'm not a scholar of the sitcom, but I did watch "The Adventures of Ozzie and Harriet" as a child, marveling that anything labeled "Adventures" could be so dull. And I don't recall a single episode in which the family had to do without because Ozzie had lost his job or missed taking David or Ricky to the doctor for fear he couldn't pay for it.

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Which may explain why the Ozzie and Harriet family -- modified by feminism, since Harriet now holds down a job, too -- still rolls along within the upper-middle class but has become much harder to find in working-class America, where cohabitation without marriage has increasingly become the norm. Taking into account all households, married couples with children are twice as likely to be in the top 20 percent of incomes, Harden reported. Their incomes have increased 59 percent over the past 30 years, while households overall have experienced just a 44 percent increase.

To be sure, the '60s, with its assaults on traditional authority, played some role in weakening the traditional family.

But its message was sounded loudest and clearest on elite college campuses, whose graduates were nonetheless the group most likely to have stable marriages. Then again, they were also the group most likely to have stable careers.

They enjoyed financial stability; they could plan for the future.

Such was not the case for working-class Americans. Over the past 35 years, the massive changes in the U.S. economy have largely condemned American workers to lives of economic insecurity. No longer can the worker count on a steady job for a single employer who provides a paycheck and health and retirement benefits, too. Over the past three decades, workers' individual annual income fluctuations have consistently increased, while their aggregate income has stagnated. In the brave new economy of outsourced jobs and short-term gigs and on-again, off-again health coverage, American workers cannot rationally plan their economic futures. And with each passing year, as their level of economic security declines, so does their entry into marriage.

Yet the very conservatives who marvel at the efficiency of our new, more mobile economy and extol the "flexibility" of our workforce decry the flexibility of the personal lives of American workers. The right-wing ideologues who have championed outsourcing, offshoring and union-busting, who have celebrated the same changes that have condemned American workers to lives of financial instability, piously lament the decline of family stability that has followed these economic changes as the night the day.

American conservatism is a house divided against itself. It applauds the radicalism of the economic changes of the past four decades -- the dismantling, say, of the American steel industry (and the job and income security that it once provided) in the cause of greater efficiency. It decries the decline of social and familial stability over that time -- the traditional, married working-class families, say, that once filled all those churches in the hills and hollows in what is now the smaller, post-working-class Pittsburgh.

Problem is, disperse a vibrant working-class community in America and you disperse the vibrant working-class family.

Which is how American conservatism became the primary author of the very social disorder that it routinely rails against, and that Republicans have the gall to run against.

The party of family values? Please. If that's the banner that Republicans continue to wave, then they should certainly make Rudy Giuliani, who couldn't bestir himself to attend his son's high school graduation or his daughter's high school plays, their presidential nominee. No candidate could better personify the sham that is Republicans' and conservatives' concern for the American family.

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US Looks To Brazil To Fuel Energy Revolution (FT)

By Jonathan Wheatley

Financial Times, March 7, 2007

When George W. Bush arrives in Brazil on Thursday, he will bring with him an offer to promote biofuels in oil-dependant countries just as Brazil is gripped by green energy fever.

Over the next six years, Brazil expects 77 new sugar or alcohol (both are raw ingredients for biofuels) plants to be built – a rate of more than one a month. According to Unica, the industry association, investments already under way amount to $14.6bn. Throughout its rich agricultural heartland, soya and other crops are being torn out and replaced by sugar cane.

Most investment is by local companies but foreigners are also arriving. Sempra Energy of the US has agreed, with local partners, to build 12 alcohol refineries in northern Brazil for $4.2bn. Others already committed include Cargill of the US, Louis Dreyfus of France, the Noble group of Singapore and Infinity Bio-Energy of the UK.

US officials, seeking a way to reach out to the dominant economy of South America and undercut the regional impact of Venezuela's oil diplomacy, think they have found it in biofuels.

Brazil has the potential to be the world's leading producer. Establishing a partnership now would give the US the significance in the region it has gradually lost since talk of a US-led Free Trade Area of the Americas fizzled out a few years ago.

In spite of the widespread optimism, the outlook for Brazil's ethanol industry seems uncertain. "It's euphoria," says Roberto Giannetti da Fonseca of Ethanol Trading, which represents more than 200 Brazilian producers. "People seem to be investing without really studying what's going on."

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The US and Brazil in equal measure between them produce about 72 per cent of the world's ethanol. However, Brazil is much more efficient than the US, where ethanol is made exclusively from maize. Production per hectare is twice that in the US and, per unit of energy used from planting to processing, it is more than five times more efficient.

Yet it is unclear what Brazil will do with its expected increase in production. Its own market is by far the world's most biofueled: ethanol is added to gasoline at 23 per cent of volume and pure ethanol is universally available as an alternative. Some 80 per cent of all new cars in Brazil can run on gasoline or ethanol or any mixture of the two.

If other countries were to follow Brazil's lead, its exporters' futures would be secure. But the refusal of governments in Europe and the US to expose their much less efficient producers to Brazilian competition means an export boom cannot be expected.

Last year, Brazil exported more than 430m gallons of ethanol to the US – a six-fold leap over 2005 – in spite of an import tariff of 54 cents per gallon and subsidies to US producers of 51 cents per gallon. But last year's surge was due to a shortage in the US that local producers will fill this year. Brazilian exports are due to slump.

The US has made it clear that discussing import tariffs is not on Mr Bush's agenda, and the European Union is no less intransigent, but Washington will be able to offer co-operation on research into ethanol and cellulose-based fuels made from a more diverse range of materials.

That development is still 10 to 15 years from commercial reality but will yield much more environmentally-friendly fuels and will also offer Brazil huge natural advantages.

The two will also discuss setting international standards to develop ethanol as a commodity, and joint initiatives to develop the industry in Peru, Colombia, Central America and the Caribbean.

But as Marcos Jank of Icone, a trade think-tank in São Paulo, points out, any move on tariffs is a matter for Congress and the short-term outcome of Mr Bush's visit is likely to be limited. "But we think tariffs have to be on the agenda and in a couple of years we can try to advance," he says.

Mr Jank and many others in Brazil believe consolidation of the global market is inevitable. In that process, the US will be the most significant single interest. In that context, each side has every reason to reach out to the other.

U.S., Brazil Weigh Ethanol Pact (WSJ)

By Antonio Regalado

Wall Street Journal, March 7, 2007

SÃO PAULO, Brazil -- President Bush is scheduled to arrive in Brazil tomorrow to discuss a possible alliance on ethanol fuel, but investors aren't waiting for a pact: They are already pouring money into new ethanol mills and sugar-cane fields here to meet growing domestic demand for the biofuel and in the hopes that exports will boom, too.

The U.S. market remains largely off-limits to Brazil because of tariffs and quotas that protect the U.S. ethanol industry, which is based on corn rather than sugar. But Japan and other energy-poor nations in Europe are already looking to Latin America's largest country for ethanol.

A spate of deals is bringing new names and big money to what has traditionally been a family-run industry in Brazil, sparking a wave of acquisitions and new projects. For instance, a company controlled by George Soros and U.S. hedge fund HBK Investments recently acquired a sugar-cane mill and is planning to invest more than $700 million on new capacity to produce ethanol.

Other actors include agricultural-trading firms such as Cargill Inc., which acquired a mill last summer. And Brazil's state-owned oil titan Petroleo Brasileiro, or Petrobras, is negotiating with Japan's Mitsui & Co. to buy and construct mills as part of a long-term agreement to supply Japan with ethanol. Japan's government is planning to require a mix of as much as 10% ethanol in gasoline.

As the price of oil has risen in recent years, along with fears about how fast existing oil supplies can grow, ethanol has gained more attention as a potentially cheaper option, and as a renewable fuel that won't ever run out. President Bush wants to sharply increase U.S. production. Ethanol can be added to gasoline to help extend supplies, or used in so-called flex-fuel cars that run on either fuel.

While the U.S. produces slightly more ethanol than Brazil, the South American nation is seen as the world's leader. Sugar-cane ethanol, which is basically fermented sugar that gets distilled into alcohol, is cheaper than ethanol made from corn, and Brazilian government policies mean ethanol now makes up more than 40% of fuel used in automobiles here.

Brazil is proof that "the economics of a renewable fuel is very competitive," said Neil Koehler, chief executive officer of Pacific Ethanol, a U.S.-based corn-ethanol producer. Pacific is focused on supplying the U.S. market, but because Brazilian ethanol is less expensive, Mr. Koehler says it is likely the country will be first to conquer new markets such as Japan, which don't make their own ethanol and don't have import tariffs.

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After weathering an ethanol crisis in the late 1990s, Brazil's market started to heat up with the introduction of flex-fuel cars in 2003. Last month, more than 80% of new cars sold in Brazil were flex-fuel models, and companies including General Motors Corp. have stopped building gas-only autos here.

Interest in the export market began to grow rapidly last year, as Mr. Bush began putting political weight behind ethanol. "There are a huge number of investors, funds, traders, oil companies, commodities companies, all considering entering the market," said José Luiz Olivério, senior technology and development vice president at Dedini SA, a major Brazilian supplier of crushers and distillers used in making ethanol from sugar cane.

Officials from both countries say the contemplated U.S.-Brazil deal on biofuel is likely to include the creation of a body to set technical standards and support for sugar-cane production elsewhere in Latin America. Such steps are needed to create a robust international market for ethanol, which isn't yet traded easily like soy or other commodities.

The emergence of a global trade in ethanol is changing a Brazilian industry dominated by family-run operations focused on sugar, not on ethanol. Alfred Szwarc, an executive with Unica, the São Paulo state sugar-cane association, says momentum is building for companies that can acquire and professionalize such operations.

According to Dedini, Brazil has 357 sugar mills in operation, 43 under construction and a further 244 in the planning stages. While the majority of actual investments are from established families, foreign investors are involved in about 20% to 35% of the newer projects.

While the fragmented market is an opening for investors, making acquisitions has proved challenging. Many family-owned operations don't have audited financials, others have unpaid taxes or worker liabilities stretching back years. "The history of sugar cane is good and bad families," said Marcelo Vieira, sugar-cane and coffee manager of Adecoagro, an operating company of International Farmland Holding LLC, a Delaware agricultural holding company that is backed by Mr. Soros and his family. That means some investors have left Brazil empty-handed.

Other companies are now looking to build new plantations from scratch outside traditional sugar-cane areas near São Paulo, says Mr. Vieira, who joined Adecoagro after the company purchased his family's mill in the state of Minas Gerais. For its next project, Adecoagro is spending $150 million on a new mill in Mato Grosso do Sul state, with plans for further expansions.

Other groups are also launching ambitious efforts, aimed primarily at the export market. Samir Kaul, a partner with Khosla Ventures, says the U.S. venture-capital firm is involved in a pending deal to produce ethanol in Brazil. Already a leading investor in renewables in the U.S., Mr. Kaul says Brazil is "the most experienced in doing it, and they are the cheapest right now."

Land is not expected to be a limitation. Brazil has hundreds of millions of acres for grazing cattle that could be converted to sugar-cane production.

For such investors, the U.S. market remains a major draw, despite a tariff of more than 50 cents a gallon on imported ethanol. If Mr. Bush's call for the U.S. to use 35 billion gallons of renewable fuels by 2017 plays out, corn ethanol is expected to supply only half of that. Investors believe that imports will fill a significant niche, and the only country positioned to be a major exporter is Brazil.

Losing Latin America (WT)

By Kay Bailey Hutchison

The Washington Times, March 7, 2007

When President Bush leaves tomorrow on a five-nation tour of Latin America, he will be entering a region that has become more important to our national security than at any point since the Cold War.

Not too long ago, Latin America was a vital front in the fight against communism, and if recent events are any guide, it could become equally important in the war on terror.

A fresh wave of authoritarianism -- fueled by petrodollars, populism and anti-Americanism -- has cast a dark cloud over the future of freedom in our hemisphere. In order to deal with this emerging threat, we need to dust off the Cold War playbook and become increasingly active in helping our friends to the south.

The problem starts (but doesn't end) in Venezuela, a nation that once enjoyed a 50-year democratic tradition, but is now in the early stages of a dictatorship. Venezuela's messianic president, Hugo Chavez, has basically become a power unto himself. Last month, elected representatives abdicated their responsibility and gave the Venezuelan leader the sweeping power to rule by decree for 18 months so he can impose sweeping economic, social and political change.

These dictatorial powers would be alarming in anyone's hands, but they're particularly dangerous in the hands of Mr. Chavez. The strongman rules an oil-rich nation that exports 1.1 million barrels of oil to the United States per day, which amounts to 14 percent of our total oil imports. Mr. Chavez has already colluded with other OPEC nations to raise oil prices, and if he's successful in nationalizing multibillion-dollar crude projects in the Orinoco Belt, there's a risk that prices could jump again.

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This could have a severe impact on the pocketbooks of American families and small businesses. According to some economists, every time oil prices rise by 10 percent, on average 150,000 Americans lose their jobs. Mr. Chavez has used his nation's windfall oil profits to buy political support at home and stir trouble abroad. He has said that Venezuela has a "strong oil card to play on the geopolitical stage" and "it is a card that we are going to play with toughness against the toughest country in the world, the United States."

In his struggle against U.S. "imperialism," Mr. Chavez has found a useful ally in the world's largest state sponsor of terrorism -- the government of Iran. He is one of the few leaders to publicly support Iran's nuclear weapons program, and the Iranian mullahs have rewarded Mr. Chavez's friendship with lucrative contracts, including the transfer of Iranian professionals and technologies to Venezuela. Last month, Mr. Chavez and Iranian President Mahmoud Ahmadinejad revealed plans for a $2 billion joint fund, part of which will be used as a "mechanism for liberation" against American allies. This could help achieve Mr. Chavez's vision, shared in an earlier meeting with Mr. Ahmadinejad, when he said, "Let's save the human race; let's finish off the U.S. empire."

Mr. Chavez has grown bolder by interfering in the elections of several Latin American countries, and his brand of revolutionary politics has made gains in some of them. Bolivia's newly elected president, Evo Morales, has nationalized the energy industry, rewritten the constitution and promised to work with Mr. Chavez and Cuban dictator Fidel Castro to form an "Axis of Good" to oppose the United States.

Perhaps most ominously, the former Soviet client Daniel Ortega has returned to the presidency of Nicaragua. During the 1980s, Mr. Ortega ruled his country with an iron fist until U.S.-backed freedom fighters ousted him from power. Nicaragua's democracy prospered for the next 16 years, but now he is back. In response to the Ortega victory, Mr. Chavez chanted "long live the Sandinista revolution!" Then, in his first week as president, Mr. Ortega met with Iran's Mr. Ahmadinejad, and told the press that Nicaragua and Iran "share common interests and [have common] enemies."

Left unchecked, Messrs. Ahmadinejad and Chavez could be the Khrushchev-Castro tandem of the early 21st century, funneling arms, money and propaganda to Latin America, and endangering that region's fragile democracies and volatile economies. If these two pariahs succeed, the next terrorist training camp could shift from the Middle East to America's doorstep.

We need to face reality and confront this threat head-on. At the pinnacle of the Cold War, Ronald Reagan seized the initiative and repulsed Soviet efforts to set up camp in our hemisphere. The Gipper's leadership should serve as a model in thwarting the advance of tyranny and terrorism in our times.

We should build new bridges to our friends in the region -- pressing forward on free trade, development aid, military cooperation and exchange programs. Let's take the necessary steps today, so tomorrow we won't have to ask: "Who lost Latin America?"

Sen. Kay Bailey Hutchison of Texas is chairman of the Senate Republican Policy Committee.

Latin America's Turn (WP)

The Washington Post, March 7, 2007

PRESIDENT BUSH'S tour of Latin America beginning tomorrow will be shadowed by Hugo Chávez, in more ways than one. On Friday, when Mr. Bush is to visit Uruguay, the Venezuelan president will appear at a mass rally across the Plate River in Argentina, where he will try to drown out his American rival. Mr. Chávez has paid well for his Buenos Aires soapbox: He has used Venezuela's petrodollars to buy $1.5 billion in Argentine debt, allowing leftist president Néstor Kirchner to steer clear of the International Monetary Fund.

Mr. Bush seems to understand that to confront Mr. Chávez, in words or otherwise, would be to provide him with the U.S. enemy he craves. When it goes unanswered, the Venezuelan's rhetoric tends to boomerang: Polls show that Mr. Chávez's popularity rating in Latin America is just as low as Mr. Bush's. Mr. Bush's duty is to demonstrate that those who choose alliance with the United States and the democratic world benefit more than Venezuela's motley collection of allies, headed by Cuba and Iran.

The president took a step in that direction on Monday by delivering a speech in which he announced several new aid initiatives on top of the $1.7 billion already budgeted for the region. A military hospital ship will tour the Caribbean, countering the Cuban doctors who shuttle around the region at Venezuela's expense. More scholarships will be offered to needy students to study in the United States, and housing assistance programs will be beefed up. Those are positive but modest steps. What's also needed are major U.S. initiatives to strengthen relations with the largest and most important Latin American countries: Brazil, Mexico and Colombia.

Mr. Bush still isn't doing enough to deliver what those countries most want from Washington. Brazil, for instance, would like a lowering of U.S. trade barriers. Yet while Mr. Bush will join with President Luiz Inacio Lula da Silva in unveiling an interesting joint initiative to develop biofuels, what he won't do is support the removal of the senseless tariff now imposed on U.S. imports of

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Brazil's sugar cane-based ethanol. The administration is negotiating with Democrats in Congress on passage of important free-trade agreements with Colombia, Peru and Panama, but more presidential involvement is needed to push the treaties through. Similarly, good relations with Mexico hinge on rational and humane U.S. immigration reform; the White House has endorsed the right elements but never worked for their enactment.

Mr. Bush will never win a war of rhetoric with Mr. Chávez. But the United States ought to be able to offer far more than Venezuela can to Latin Americans hoping for social and economic improvement. Six years after Mr. Bush promised to make the region a priority of his presidency, it's not too late to deliver.

Thanks To Mr. Chávez (NYT)

The New York Times, March 7, 2007

Venezuela and its demagogic president, Hugo Chávez, won't get a visit from President Bush. But Mr. Chávez's appeal will be very much on Mr. Bush's mind when he visits Latin America over the next week.

That's actually a healthy development.

If your taste runs to three-hour speeches, chiseling away at democracy and a world-class personality cult, Mr. Chávez is your man. But if the goal is to lift millions of people out of grinding poverty, only a major effort by the United States — the hemisphere's biggest economy and strongest democracy — can make a serious difference. And if it takes Mr. Chávez's demagogy to spur Washington toward more enlightened policies in the Americas, so be it.

Concern over the popularity of Fidel Castro inspired the pro-democracy, pro-development policies of the Alliance for Progress during the Kennedy and Johnson administrations, one of the happier periods of inter-American relations.

In recent years, Washington has looked at Latin America with tunnel vision. It has selectively concerned itself with issues that have important political constituencies in the United States, like drug trafficking, immigration, military cooperation and trade and investment liberalization. And it has shortchanged many of the issues that matter most to Latin Americans, like development, poverty reduction, access to credit, education and health care.

Mr. Bush should use this trip, which will take him to Brazil, Uruguay, Guatemala, Colombia and Mexico, to start a new version of the alliance, one intended to reinforce democracy across the region. He should commit himself to ensuring that the benefits of expanded trade and investment reach the millions of Latin America's urban and rural poor, not just the usual narrow elites.

He needs to challenge the uneven human rights performance of allies like Colombia and Guatemala. Washington's double standard on human rights undercuts its credibility when pointing to Mr. Chávez's intimidation and prosecution of critics.

The White House is promoting this tour as part of a new push to promote social justice in the hemisphere, and it cites a raft of what it calls new administration initiatives to that end. But a close examination reveals that many of these consist of little more than a repackaging of existing programs, including H.I.V./AIDS spending, debt relief, the Millennium Challenge program and trade agreements.

Still, the list includes some new and potentially useful ideas, like additional help for financing affordable mortgages, small business loans and health care training. These need to be significantly expanded. Mr. Bush deserves praise for doubling the assistance to Latin America, to $1.6 billion a year. But much of this has been for security programs in Colombia. A lot more will be needed if promoting social justice is to be more than a sound bite.

When Mr. Bush first ran for president seven years ago, he said that as governor of Texas, he had a special understanding of, and empathy for, Latin America. With Washington's reputation in the hemisphere nearing its modern nadir, there could hardly be a better time to put that understanding and empathy to work.

An Answer For Hugo ChÃ¡vez (WP)

By Jorge G. Castaã±eda

The Washington Post, March 7, 2007

MEXICO CITY -- Each stop on President Bush's upcoming swing through Latin America has its own mini-agenda: ethanol and the Doha round with Brazil; a Trade Framework Agreement in Uruguay; Plan Colombia and drug enforcement in BogotÃ¡; immigration and security with Mexico and Guatemala. But there is an overall agenda for which this trip may well represent too little, too late: ChÃ¡vez containment.

The balance of forces in the region has shifted. Not only has the leftward tilt persisted -- with electoral victories in Nicaragua and Ecuador, unprecedented near-misses in Mexico and Peru, unexpected advances in Colombia -- but the Venezuelan president's influence has expanded. Hugo ChÃ¡vez has found his sea legs and assembled an impressive array of tools to seduce the region. His "21st-century socialism" is a strange blend of a state-run economy, blanket social subsidies, a

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perpetual presidency, government by decree, and authoritarian theory and practices, as well as endless quarrels with Washington.

Thanks to unlimited oil revenue (for now) and an endless stream of Cuban doctors, educators and security personnel -- and soon, bountiful supplies of Russian arms made in Venezuela -- the new Caribbean caudillo is on a roll. ChÃ¡vez has skillfully exploited the disappointment of the region's poor with the economic reforms of the past two decades; he is (for now) delivering the goods: bare-bones health care, literacy campaigns, price controls on food staples. ChÃ¡vez has extended his reach to Bolivia, where Evo Morales worships him; to Argentina, where he and his populist colleague NÃ©stor Kirchner are preparing a massive anti-Bush rally to coincide with the American president's arrival across the bay in Montevideo; and increasingly to Ecuador and Nicaragua, through generous handouts. Guatemala and Paraguay could be next.

While much of ChÃ¡vez's socialism is either rhetorical or rooted in economic policy, it entails serious backsliding on human rights and representative democracy. Ultimately, if ChÃ¡vez wants to wreck Venezuela's economy, that is the Venezuelan people's business; but if he seeks to extend his concentration of power in Venezuela or elsewhere, that is everybody's business. It is time for others to say so and to undertake the necessary ideological and political struggle to check ChÃ¡vez and Havana, both rebutting their populist fallacies and failures and vaunting the merits of the democratic alternative, a globalized market economy, imperfect as it may be.

George W. Bush is the least appropriate person on Earth for this mission; he is immensely unpopular in Latin America -- not since Richard Nixon's trip to Caracas in 1959 have so many protests been likely -- and since Sept. 11, 2001, he has neglected the hemisphere. Many snicker that if he defends democracy in Latin America as well as he has in Iraq, only God can help Latin American democrats.

The good news is that there is someone who can do the job, if he receives political cover and international financial support for the task. Mexico's Felipe CalderÃ³n is ideally suited to engage ChÃ¡vez and the Castro brothers in the inevitable ideological fisticuffs. He believes in human rights and democracy, and he understands macroeconomic policy and the need for effective anti-poverty programs. He also knows he has to get along with his northern neighbor.

CalderÃ³n, young and a forceful debater, is a better option than Alvaro Uribe of Colombia, which shares a border with Venezuela. Brazil's left wing would not allow Luiz Inacio Lula da Silva to take on ChÃ¡vez, even if Lula wanted to. Chile is a splendid example of the success of sensible, socially minded policies, but President Michele Bachelet has proved unwilling to sing their praises. And while Oscar Arias of Costa Rica has the personal prestige and experience, his country does not.

Yet, even CalderÃ³n has a problem. His predecessors' public debates with Castro, ChÃ¡vez and Kirchner played well with some Mexicans but went down terribly with the country's traditional establishment: the pro-Cuban PRD and the nationalist PRI old guard. Declared an illegitimate leader by his rival for the presidency and elected with only 35 percent of the vote, CalderÃ³n is understandably reluctant to brave the chattering classes without some guarantee that Bush will not leave him hanging on immigration, as he did Vicente Fox. Some believe that CalderÃ³n is thinking of throwing in the towel on the ideological debate and mending fences with Caracas, Havana and Buenos Aires, democracy and human rights violations notwithstanding.

But if Bush finally brings with him to Mexico a firm commitment to comprehensive immigration reform, and the bipartisan backing of House and Senate leaders to approve it promptly, CalderÃ³n would enjoy the necessary leeway to wage the battle of ideas with the region's populist tide. That would be the best way to contain it: with the ideas of Mexico and its friends, not with Washington's attempts at force.

The writer was Mexico's foreign minister from 2000 to 2003, under President Vicente Fox, and is now a professor of politics and Latin American and Caribbean studies at New York University.

Venezuela Disavows 1980s-Era Bonds (NYT)

By Jens Erik Gould

The New York Times, March 7, 2007

CARACAS, Venezuela, March 6 — The plot would seem to come right out of a novel in which the reader does not know whom to believe.

A group of investors from Columbus, Ohio, spends $100 million in 2004 to buy zero-coupon bonds — debt that pays interest at maturity — from a Venezuelan state bank that went bankrupt in the 1980s. A few months earlier, in October 2003, Venezuela's solicitor general ruled that the bonds were valid. But when the investor group tried to redeem the debt, it could not, and learned only later that the solicitor general had reversed herself in December 2003.

That is the basic story line in an international financial dispute that is playing out in Federal District Court for Southern Ohio. The investor group, Skye Ventures, is suing Venezuela for its refusal to honor the bonds, which it says are now worth as much as $1 billion.

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The dispute over the bonds, which bear the name of an extinct state agricultural development bank, the Banco de Desarrollo Agropecuario, or Bandagro, has not recently been discussed in public by the government of Venezuela, where President Hugo Chávez rarely lets any issue involving the United States pass.

But it could well become a cautionary tale, whether for investors in emerging markets or for Venezuela — which, Skye says, may be liable for up to $6 billion if all the bondholders press their claims.

There are signs that Venezuela has taken the case seriously. Its chief lawyer in the case, Esther Bigott de Loaiza, has close ties to top government officials. But she was ousted late last year after she was named in a lawsuit, now dismissed, that said Venezuela had paid her $18 million in the case. Ms. Bigott de Loaiza declined several requests for an interview, saying only that she had left the case "in the ninth inning, with Venezuela winning 9 to 0."

Last week, Venezuela fired its American lawyers, the Florida-based firm of Ruden McClosky. Armando E. Lacasa, a lawyer in the Miami office who was assigned to the case, said this week that Venezuela had not given him an explanation for its action. He did say Venezuela had not yet paid Ruden for the two years of work it did on the case.

Waldemar Cordero Vale, who was president of the bank when the bonds were supposed to have been issued in 1981, said in an interview that he never signed them. He asserts that a Panamanian investment group that sold the paper to Skye participated in a scheme with Venezuelan officials to share the payment. "It's the biggest fraud in the history of Venezuela," said Mr. Cordero Vale, who now takes care of a farm on the Venezuelan plains.

Lawyers at Ruden McClosky had also raised questions about the Panamanian group, which they say was managed by James Pavanelli and had unsuccessfully sought payment on the bonds since the late 1980s. They pointed to documents bearing the letterheads of Interpol and various Italian courts that said Mr. Pavanelli was suspected of trying to transport fake Bandagro bonds in 1988 and was convicted of fraud in connection with the bonds in Italy in 2003.

An Interpol spokesman declined to comment. The F.B.I. said it had no information about Mr. Pavanelli.

Skye disputes the Venezuelan assertions. Its president, David Richards, said, "If you consider the idea that their theory is that a U.S. firm with prominent investors has a method of creating investments by bribing foreign officials and buying their bonds, then suing in U.S. courts, well it is fairly preposterous, isn't it?"

Skye contends that when Bandagro went bankrupt in 1981, Venezuela assured investors that it would assume and pay the bank's debts.

The Federal District Court ruled last year that Skye's ability to sue Venezuela in the United States would hinge more on whether the first opinion by the solicitor general, Marisol Plaza, was valid than on the authenticity of the notes. The ruling gave Skye an advantage in the case because it turned attention away from evidence suggesting that the bonds were fake. Depositions in the case had been set for later this month, though Mr. Lacasa of Ruden said Venezuela had asked the court for a 90-day delay so it would have time to hire new lawyers.

The Finance Ministry did not respond to interview requests. Ms. Plaza told a local newspaper, El Nacional, that her first opinion was merely an internal document never meant to be made public and that bondholders had stolen a copy.

Mr. Richards, who would not disclose the names of his partners, said his investor group included a billionaire principal of a private equity firm and a Fortune 500 executive. He said he expected that the verdict would reinforce the power of the American courts to protect American investors. And he warned that Skye could go after Venezuelan assets in the United States, like the Citgo oil company, if Venezuela lost and still refused to pay. Legal experts said, though, that taking aim at state-owned companies could present obstacles for creditors.

Skye paints the case as a litmus test for the Chávez government's willingness to pay its obligations, arguing that a refusal may damage its creditworthiness in international markets.

"If he doesn't pay these bonds that I bought on the basis of a decision of his highest legal officer," Mr. Richards said, "what's to say he doesn't have to pay every bond?"

But the group's investment in Venezuela is far from representative of most investor activity in Venezuelan debt.

In fact, credit-rating agencies have a stable outlook for Venezuela's debt, mainly because the Chávez government has benefited from high oil prices and has foreign reserves and other funds totaling some $50 billion. That has helped the government maintain a solid record of making payments.

"On a numbers basis, Venezuela is doing much better than its peers," said Richard Francis, a credit analyst at Standard & Poor's.

Still, Mr. Chávez has generated concern in much of private industry here since January, when he announced the nationalization of the electricity and telecommunications industries, whose flagship companies were partly owned by American businesses. The president is tightening state control over the economy and says he is driving Venezuela toward socialism.

"These nationalizations affect the private sector working in Venezuela, but the government's capacity to pay is still the same," said Hilario Ramírez, associate director for Fitch Ratings in Venezuela.

Legal experts say the Bandagro case is unusual because the underlying validity of the bonds is in question, while most cases seek to enforce bonds whose legality is not being contested.

The case could increase the due diligence burden on investors if there is persuasive evidence that the notes are authentic, and Venezuela wins anyway, said Anna Gelpern, an associate professor of law at Rutgers University, Newark, and an expert on emerging markets debt. The verdict will not have much effect on investors, she said, if the paper is proved to be false.

Whether a government legal officer's "opinion is sufficient to turn a fake into a real bond is a serious question mark," Ms. Gelpern said.

Brokerage firms, former lawmakers and local economists interviewed for this article — many of them sharply critical of the government — agree that the bonds are indeed fake and that Venezuela should not pay.

A 2003 National Assembly investigation of the case supplied by Francisco Rodríguez, a lawmaker at the time who is now on the faculty of economics at Wesleyan University in Connecticut, found no record of the debt issue in any government institution.

And before Skye bought the bonds, previous finance ministers issued statements warning of the circulation of fraudulent Bandagro debt. Mr. Cordero Vale said Skye never contacted him about the bonds' authenticity before buying them.

Skye responds that it conducted five months of exhaustive due diligence before purchasing the bonds. It says it learned at that point of the solicitor general's first finding but was never told of her reversal.

Skye has hired a Los Angeles public relations firm specializing in crisis management, Sitrick & Company, whose clients include Rush Limbaugh and Halle Berry, in an effort to galvanize favorable public opinion.

Robert R. Bottome, editor of a Caracas economic magazine, Veneconomía, who has followed the Bandagro bond case since the notes appeared in the 1980s, is among the critics here who accuse Venezuela's legal team of mishandling the case. "They couldn't have handled it worse if they had really wanted to lose the case," he said.

Analysts like Mr. Ramírez of Fitch contend that the Venezuelan government wants to prevent the case from affecting its standing in the international markets, and would therefore be likely to settle if it stands to lose the case and any subsequent appeals. Others, like Miguel Octavio of BBO Servicios Financieros, a Caracas brokerage firm, say that Venezuela's willingness to honor its foreign obligations ultimately depends on whether oil prices remain high enough to keep government coffers full.

"Chávez has paid off debt because he can," Mr. Octavio said. "The day he needs money, we'll see if he changes his mind."

Iran Offers To Negotiate With U.N. (AP)

By George Jahn

AP, March 7, 2007

Iran demanded an end to Security Council "interference" in an offer made public Tuesday in exchange for clearing up suspicions about its disputed nuclear activities — an apparent attempt to head off new U.N sanctions over its refusal to stop uranium enrichment.

The overture, contained in a document made available to The Associated Press, came as the five permanent council members deliberated a new resolution aiming to tighten up sanctions against Iran for its nuclear defiance.

Iran has made similar offers before, but renewing it now seemed to be linked to those moves in New York, even though diplomats involved in working on a new draft resolution cautioned any agreement was some time off.

Such deliberations usually pit Russia and China — which seek more lenience — against the United States, Britain and France. The initial set of sanctions agreed upon Dec. 23 were milder than the West had wanted and took Russian and Chinese reservations into account.

The document said Iran was ready to "negotiate ... for the resolution of outstanding issues with the IAEA ... without the interference of the United Nation(s) Security Council."

Signed by Ali Ashgar Soltanieh, Iran's chief representative to the agency, the letter also said the country was ready to "enter a constructive ... negotiation."

The document was dated Feb. 19 but Soltanieh, in a cover letter dated March 2, asked it to be presented in full to the 35 board members of the IAEA, and diplomats from board member nations said it was being circulated Tuesday at a meeting of the IAEA's 35-nation board.

The offer to negotiate has repeatedly been rejected by the five Security Council permanent members and Germany — Iran's key interlocutors on its nuclear program — because the Islamic republic refuses their precondition that it first halt enrichment. Iranian opposition to freezing first and talking later has doomed previous talks.

Soltanieh told The Associated Press that "no country welcomes sanctions" because they mean "more problems for the people and the country," but added: "This does not mean we will be afraid."

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His comments were unsually subdued compared to the usual defiance of Iran's hardline president, Mahmoud Ahmadinejad.

Enrichment is key because it can be used to make the fissile core of nuclear warheads, although Iran insists it wants to enrich only to low levels used to generate power. The U.S. and its allies fear that Iran could build nuclear weapons with larger amounts of more highly enriched uranium.

Mohamed ElBaradei, chief of the IAEA, also has made an issue of Iran's spotty record of cooperation with his inspectors.

ElBaradei, whose agency has spent more than four years probing Iran's nuclear activities, told a 35-nation IAEA board meeting on its opening day Monday that IAEA is "unable to provide the required assurance about the peaceful nature of Iran's nuclear program."

ElBaradei on Monday said that Iran appeared to have at least temporarily paused in expanding its uranium-enrichment program, a possible indication that the country hopes to blunt fresh Security Council action.

But underlining that any pause was informal and temporary, ElBaradei, in separate comments, repeated the main finding of his recent report on Iran, saying that "Iran has not suspended its enrichment-related activities" as demanded by the Security Council. That report was up for review Wednesday by the board.

And on Tuesday Iranian Foreign Minister Manouchehr Mottaki said Iran's "legitimate activities with the aim of producing fuel is continuing."

The board was expected to approve last month's decision by ElBaradei to partially or fully suspend nearly half the technical aid his agency provides to Iran — 23 projects in all. Only North Korea and Saddam Hussein's Iraq have faced such punishment in the past.

The board will also be reviewing North Korea's apparent willingness to ultimately dismantle its nuclear arms-making capabilities and a planned visit to Pyongyang by ElBaradei after the end of the Vienna meeting.

Funds Told To Cut Ties To Iran (USAT)

By Barbara Slavin

USA Today, March 7, 2007

WASHINGTON — Federal lawmakers and officials in at least four states are pushing government-employee pension funds to dump shares of foreign companies that do business in Iran.

On Tuesday, Rep. Ileana Ros-Lehtinen, R-Fla., proposed legislation that would require federal pension funds to unload shares of any company with more than $20 million invested in Iran's energy sector.

Government and private pension funds operating in the USA would be barred from future purchases of shares of companies investing in Iran, under Ros-Lehtinen's bill.

In June, Missouri ordered state-employee pension funds to sell shares of companies with commercial interests in Iran, North Korea, Syria and Sudan. All four countries are accused by the State Department of sponsoring terrorism.

Georgia, California and Florida are considering similar measures.

U.S. companies are already prohibited from most trade with and investment in Iran.

The proposed restrictions would ban government pension funds from owning shares of foreign companies that are working to overhaul Iran's oil infrastructure and develop its natural gas assets. Most are energy and engineering companies based in Europe and Asia.

Among the targets: Anglo-Dutch giant Shell, France's Total, Italy's ENI, Russia's Gazprom, Germany's Siemens and China's Sinopec and China National Petroleum (CNPC).

By denying Iran foreign capital, "we hamper the deadly ambitions of a regime heavily dependent on income earned from oil and natural gas," Ros-Lehtinen said in a statement.

The United Nations Security Council imposed trade sanctions on Iran in December after it refused to suspend efforts to make nuclear fuel. The United States and other members are mulling stiffer sanctions in response to a report by the U.N. nuclear watchdog, which says Iran is accelerating its program.

The U.S. Treasury has pressured European banks to halt or restrict transactions with Iranian banks. It says the Iranian banks move money for Iran's nuclear program and help fund Islamic terror groups.

The pension moves come as inflation and unemployment are rising in Iran. Ali Khamenei, Iran's supreme leader, has accused President Mahmoud Ahmadinejad of mishandling the economy.

"Can this be costly to Iran? Absolutely," says Trita Parsi, president of the National Iranian American Council in Washington. "Can it be enough to cause a change in policy? That I'm doubtful of."

Hu Yi, senior economist at CNPC, said U.S. pension fund restrictions would not affect CNPC.

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Shell spokesman Adam Newton said Shell's decision on a $10 billion gas deal in Iran "is a year or so away, so it would be premature to speculate" about the impact.

In April, Nationwide Financial will add a "terror-free" mutual fund to options for 25,000 401(k) plans it administers. The Roosevelt Anti-Terror Multi-Cap Fund will screen out companies with ties to Iran and others on the U.S. terrorism list.

Pro-Israel groups are considering formal Iran-divestment campaigns: the American Israel Public Affairs Committee, a pro-Israel lobbying group, and the Jewish Council for Public Affairs, which represents national and local Jewish groups.

2nd UPDATE: US House Panel: To Strengthen Iran Sanctions Act (DJ)

By Ian Talley

Dow Jones, March 7, 2007

(Updates with background and comments throughout)

WASHINGTON (Dow Jones)--The chairman of the U.S. House Foreign Affairs Committee said Tuesday he was introducing legislation that would strengthen the Iran Sanctions Act and would require the Bush administration to sanction any companies with deals worth more than $20 million with Iran.

If passed, the bill could mean sanctions on several oil companies planning major billion-dollar projects in Iran if they moved ahead with their projects.

The Bush administration has used its authority to waive implementation of the sanctions act for 20 years, but new legislation would prevent the administration from "abusing its waiver authority," Tom Lantos, D-Calif., said. While the U.S. has imposed various sanctions against U.S. companies doing business with Iran since the 1979 Iranian revolution, the 1996 Iran-Libya Sanctions Act was the first to attempt to penalize foreign companies.

Critics say the U.S. hasn't adequately enforced the law or closed loopholes used by companies to maintain business relationships with Iran.

The law was renamed the Iran Sanctions Act after the U.S. restored diplomatic relations with Libya.

The U.S. is using various tactics to pressure Iran into halting its alleged nuclear weapons program. As the Organization of Petroleum Exporting Countries second-largest producer, almost 60% of the state's revenues are derived from oil and undermining development of its energy sector is seen as one way of putting pressure on the regime to stop its nuclear weapons program.

If passed, Lantos' legislation would sanction companies - such as Royal Dutch Shell (RDSA), Repsol (REP), Statoil (STO), Norsk Hydro ASA (NHY), Australia LNG, and China's National Offshore Oil Corp. (CEO) - that are preparing to sign several major oil and gas deals.

Shell and Spain's Repsol signed in January a preliminary $10 billion agreement with the Iranian government to develop two phases of the huge South Pars gas field. Many other companies are mulling Iran's offers of onshore and offshore blocks for development of hydrocarbons.

"Those halcyon days for the oil industry are over," Lantos said in his opening statement in a hearing entitled "The Iranian Challenge." Lantos accused the State Department of "systematically undermining our desire to use economic sanctions."

In response to lawmakers' criticism, U.S. Undersecretary of State for Political Affairs Nicholas Burns said the Bush administration was in talks with oil company chief executives and heads of states who were considering signing project deals with Iran. The White House is trying keep these projects from progressing, Burns said.

Burns said he has told CEOs and prime ministers that the U.S. was "vigorously opposed" to the deals and that any agreements would "undermine international efforts to resolve the nuclear issue."

"Our discussions are intended to diminish the likelihood of seeing them finalized," Burns said in his submitted testimony.

"We don't think countries should exercise a business-as-usual practice with Iran...and we'll continue to use our diplomatic influence to convince them not to go forward," Burns said.

Supporting Lantos' call, ranking member Ileana Ros-Lehtinen, R-Fla., said: "It is imperative that we implement all sanctions already available to us under current U.S. law."

Ros-Lehtinen later told Dow Jones Newswires that although she did want the administration to use its powers to sanction violators, she wouldn't sign up to the law if it included requiring the administration to negotiate with the Iranian regime.

Ros-Lehtinen, cosponsored by Lantos, also introduced the Iran Divestiture Legislation that would require U.S. government pension funds, including the Thrift Savings Plan with more than $210 billion in assets, to divest in companies doing business with Iran. The bill would prohibit future investments in Iran by pension plans and mutual funds doing business in Iran.

Burns said the administration wasn't in favor of using the Iran Sanctions act because it might erode the international consensus developing at the Security Council and because it would create difficult trade relationships with allies. Russia and

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China - both of which have national companies examining multi-billion dollar oil and gas projects in Iran - are two key votes that are needed in the council for tougher U.N. sanctions against Iran.

"All of our allies are trading with Iran," Burns said, "What we are trying to do is to convince them that they need to act in their national interest to stop that business-as-usual approach."

Leveraging the Iran Sanctions Act against companies operating in Iran such as China's CNOOC, "may not be the best way to maintain this very broad international coalition that we have built up," he said.

The Bush administration instead has been focusing its economic-sanction efforts against the financial sector.

The U.S. Treasury recently created the terrorism financial intelligence team, which has been able to persuade major banks such as Credit Suisse (CS) and HSBC (HBC) to stop their financial interactions with Iranian banks because of the reputational risk involved. Furthermore, the Treasury has prohibited U.S. dollar interactions with two Iranian banks it linked to terrorism and supporting the regime attempting to build a nuclear bomb.

Asked why Iran's other banks weren't also penalized, Burns said the administration would "press forward" with those types of sanctions, "and I'd be very surprised if we didn't see us move forward with similar actions in the future."

Burns said he believed the U.N. and banking sanctions were working against Iran, though a second set of Security Council sanctions was needed and likely to be agreed. "Iran is now off-balanced, more isolated and under more international scrutiny," Burns said.

In February, the Foreign Affairs Committee passed an amendment to the Iran Sanctions Act that would include petrochemical and liquefied natural gas companies, and cover subsidiaries of U.S. companies.

German Group Seeks Iran Gas Contract (FT)

By Carola Hoyos, Daniel Dombey And Ivar Simensen

Financial Times, March 7, 2007

Eon, Germany's biggest importer of natural gas, is pursuing its first gas supply contract with Iran in an effort to reduce its dependence on Russia.

The company on Tuesday confirmed it was in talks with liquefied natural gas producers over a supply contract. "One of the producer countries is, of course, Iran. The country has the world's second largest natural gas reserves," said a company official.

Both Germany and the UK are at the centre of international efforts to persuade Iran to curb its nuclear programme and are seeking to frame a new United Nations resolution that would add to limited sanctions on Tehran, by tightening restrictions on the financing of Iran's nuclear and missile programmes and introducing a travel ban.

Centrica, the UK's biggest residential energy supplier, also has said it was looking at Iran as a potential source of gas supplies. The decline in North Sea gas production has been a big impetus for it to broaden its search.

"No one is discussing full-blown trade and economic sanctions at this stage," said a British official.

"All we can do is to suggest to companies that when they are looking at the Iranian market that they want to bear in mind that Iran is essentially in the international dock," the official said. "Is it a good investment prospect at this particular point in time?"

The fact that companies are looking to do long-term LNG deals with Iran despite the hostile political climate indicates just how difficult it has become to secure gas supplies, particularly for delivery dates from 2010-2011, by which time Eon hopes its Wilhelmshaven LNG facility will be ready.

Frank Harris, of Wood Mackenzie, the energy consultants, said: "Lots of people are desperate to buy volumes," adding that Algeria and Nigeria were attracting a lot of interest as Russia's supplies were being called into question and projects, including those in gas-rich Qatar, were being delayed because of the capacity crunch in contractors.

He said Iran was a risky place to do business, not only because of international politics. Three Indian buyers found their 2005 LNG deal for 5m tonnes a year disintegrated as the gas price rose. "The real issue is: If you do a deal with Iran, will they deliver on time?" he said.

Iran has four LNG projects on the books, which have yet to receive investment approval. The completion dates are still uncertain because of fears of an international embargo, war and the lack of US technology available due to sanctions.

In spite of the odds, Iran has attracted AngloDutch Royal Dutch Shell and Spain's Repsol as potential foreign partners in its Persian LNG project, and Total of France and Malaysia's Petronas for its Pars LNG project. For those two projects and the two others for which Iran has yet to attract foreign partners to go ahead, the country will need to secure several 15–20-year supply agreements.

Iran: Retired Defense Minister Missing (AP)

By Ali Akbar Dareini

AP, March 7, 2007

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Iran said Tuesday its former deputy defense minister was missing while on a private trip to neighboring Turkey, and its top police chief accused Western intelligence services of possibly kidnapping the official.

Ali Reza Asghari, a retired general in the elite Revolutionary Guards and a former deputy defense minister, had arrived in Turkey on a private visit from Damascus, Syria, the official Islamic Republic News Agency reported Tuesday.

Iran's top police chief, Gen. Esmaeil Ahmadi Moghaddam, said Iran was investigating the fate of Asghari through the Turkish police.

"It is likely that Asghari has been abducted by the Western intelligence services," IRNA quoted the Iranian police general as saying. The general did not elaborate.

In Turkey, the Interior Ministry said Tuesday it was investigating the matter, but would not confirm or deny that Asghari had disappeared or been kidnapped.

The Turkish Foreign Ministry had asked the Interior Ministry to investigate following a report from the Iranian Embassy in Ankara.

In Israel, security officials said the country's embassies and consulates had been alerted to possible attacks or kidnappings following media speculation that Israel was behind the Iranian general's disappearance. The security officials spoke on condition of anonymity because such security measures are classified.

The Shin Bet, Israel's security service, would not confirm that embassy security had been ratcheted up, saying only that such decisions were made "in keeping with the developments in intelligence and on the ground."

Alarm Over Iran Helps Bush (LAT)

Max Boot

The Los Angeles Times, March 7, 2007

The U.S. has plenty of reasons to strike, but the administration pushes diplomacy.

IS THAT trigger-happy gunslinger in the White House about to take aim at Iran?

You would think so if you read the Guardian newspaper in Britain, which has written, "Pentagon plans for possible attack on nuclear sites are well advanced."

Not to be outdone, the competing Sunday Times has reported, based on a "source with close ties to British intelligence," that "up to five [U.S.] generals and admirals are willing to resign rather than approve what they consider would be a reckless attack."

Or try the homegrown media, where foreign policy experts of an anti-Bush hue compete to offer elaborate scenarios of how the U.S. could spark a conflagration. American policymakers "intend to be as provocative as possible and make the Iranians do something [the U.S.] would be forced to retaliate for," former National Security Council official Hillary Mann told Newsweek. Another former NSC aide, Flynt Leverett, told the New Yorker, "The idea is that at some point the Iranians will respond, and then the administration will have an open door to strike them." In Senate testimony, former national security advisor Zbigniew Brzezinski conjured up a "plausible scenario for a military collision with Iran," which would be provoked by a "terrorist act" that would be "blamed on Iran," "culminating in a 'defensive' U.S. military action against Iran that plunges a lonely America into a spreading and deepening quagmire."

You would think that the United States was Nazi Germany preparing to launch a war of aggression on Poland based on a fabricated provocation. (Adolf Hitler's Sept. 1, 1939, blitzkrieg was preceded by SS troops in Polish uniforms pretending to attack a German radio station on the border.) In reality, it is the United States and our allies that are the victims in the confrontation with Iran.

Recall that the trouble began with the outrageous Iranian seizure of 52 U.S. Embassy hostages in 1979. Since then, the mullahs have continued to wage war by proxy. Iranian-sponsored terrorists bombed the U.S. Embassy and Marine barracks in Beirut in 1983, killing 258 Americans. They kidnapped numerous Americans in Lebanon. They are suspected of bombing the Khobar Towers complex in Saudi Arabia in 1996, killing 19 Americans. More recently, they have been providing arms and training to anti-American militants in Iraq. Iranian-made EFPs (explosively formed projectiles), a particularly potent type of landmine, have been responsible for more than 170 American combat deaths.

Attempts by numerous naysayers to deny the evidence of Iranian involvement in Iraq are almost comical. American troops at several bases in Iraq have laid out mortars, rockets and bomb components with serial numbers betraying their Iranian origins. They have even detained senior officials of the Iranian Revolutionary Guard's Quds Force, which is responsible for supplying munitions to Iraqi militias.

Yet critics profess to remain unconvinced that all these actions were approved by the Iranian leadership. As if it's common in a dictatorship for the security forces to act contrary to the orders of the dictator. In fact, there is no evidence that the Quds

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Force has gone renegade and much evidence that it is doing the bidding of Iran's supreme leader, Ayatollah Ali Khamenei, to whom it directly reports.

Faced with such a flagrant casus belli, not to mention President Mahmoud Ahmadinejad's blood-curdling threats against our ally, Israel, the U.S. would be perfectly justified in hitting Iran now, before it acquires nuclear weapons. But that doesn't necessarily mean that such an attack is the best strategy at the moment or the one that the administration is pursuing.

There is, in fact, little reason to think that we're about to go bombs away. With the U.S. already mired in two major conflicts, the last thing the administration needs is another one. President Bush is trying to ratchet up the pressure on Iran precisely in order to reach a diplomatic settlement and avoid a military confrontation.

As part of this process, the U.S. has won approval from the U.N. for sanctions, and it has also pursued its own unilateral sanctions on Iranian financial networks. There is evidence that these measures are hurting the Iranian leadership and that key elements of the regime are uneasy with Ahmadinejad's bellicose course. But to be effective, the policy of coercion needs to have a military component, which is why the U.S. has moved a second aircraft carrier battle group into the region and rounded up some Iranian agents in Iraq.

Only if the Iranians fear the U.S. are they likely to make major concessions. The Bush haters are thus doing Bush a big favor with all their talk of an imminent American strike. The more alarmism, the better — justified or not.

US, North Korea Optimistic After Talks (AP)

By Edith M. Lederer

AP, March 7, 2007

The United States and North Korea wrapped up historic talks on establishing diplomatic ties on an optimistic note Tuesday but the U.S. wants Pyongyang to "come clean" about any uranium enrichment program and eliminate all nuclear weapons before normalizing relations.

"These were very good, very businesslike, very comprehensive discussions," U.S. Assistant Secretary of State Christopher Hill told reporters at the end of two days of meetings that lasted more than eight hours. "For now, I think we feel we're on the right track."

His North Korean counterpart, Vice Foreign Minister Kim Kye Gwan, was also upbeat, telling reporters "the atmosphere was very good, constructive and serious."

Under a Feb. 13 agreement reached at six-nation talks in Beijing, North Korea must shut down its main nuclear reactor and allow U.N. inspectors back into the country within 60 days. In return, the North would receive aid equal to 50,000 tons of heavy fuel oil from the other countries in the talks — the United States, South Korea, Russia, China and Japan.

Hill said "there was a sense of optimism on both sides that we will get through this 60-day period and we will achieve all of our objectives."

The Feb. 13 timetable is the first step toward implementing a September 2005 agreement in which North Korea agreed to abandon its nuclear programs in exchange for energy aid and security guarantees.

Hill said he was encouraged by Kim's willingness to look ahead to the next stage, which calls for the country's plutonium-producing reactor to be disabled and then dismantled — and for North Korea to make a full disclosure of its entire nuclear program.

Experts estimate North Korea's reactor at Yongbyon, north of the capital, has produced about 110 pounds of plutonium, that "we have reason to believe has been weaponized," Hill said.

U.S. Deputy Secretary of State John Negroponte said Washington also has "no doubt" that North Korea has a uranium enrichment program, an allegation that brought on the nuclear crisis with the North in 2002. Pyongyang has never publicly acknowledged having such a program.

Hill said North Korea spent a lot of money buying centrifuges, manuals, aluminum tubes and other equipment for what appears to be a Pakistani-designed program to enrich uranium, and "they need to come clean on it" and ultimately abandon it.

He told a news conference he "made the point forcefully today" that North Korea cannot denuclearize if highly enriched uranium — which can be used to produce nuclear weapons — "is still out there."

Hill said he and Kim agreed to resolve the matter before North Korea makes its final nuclear declaration and decided that U.S. and North Korean experts will meet in order "to get to the bottom of this matter."

The primary focus of the first meeting of the U.S.-North Korea Working Group, one of five established under the Feb. 13 agreement, was steps toward establishing diplomatic relations.

Hill said Washington looks forward not only to eventual normalization of relations but to creating peace on the Korean peninsula and ensuring security in northeast Asia.

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The United States has never had diplomatic relations with North Korea, which was created after World War II when Korea was split into a communist-dominated North and a U.S.-backed capitalist South.

In Tuesday's talks, Hill said one issue that was discussed was North Korea's desire to get off the U.S. list of state sponsors of terrorism. Another issue was North Korea's desire to get off the list of countries subject to the U.S. Trading with the Enemy Act, which would open the way for a normal trading relationship with the U.S. for the first time.

Speaking of North Korea, Hill said, "I think they would like to move to diplomatic relations, but I must say this is very much linked to denuclearization."

Hill wouldn't predict when the last piece of nuclear material will be taken out of North Korea, but said: "We believe that the faster we go the steadier we'll be."

"Let us do this step-by-step — get through 60 days and take the next thing, which I think is measured in months, and not years, and then go on from there," he said.

Hill said the six parties will meet March 19 in Beijing to make sure that all the required 30-day actions were met, including initial meetings of working groups on five issues.

Japan's chief envoy said Wednesday at the start of two-day working group talks with North Korea that normalizing ties between the two countries will not be possible until the North resolves the issue of its abductions of Japanese citizens — an emotional dispute that has divided the two nations.

"We'll convey that message to the other side and urge them to fully face the problem and take positive steps," Japan's chief envoy Koichi Haraguchi said in Hanoi as he headed for the opening session with his North Korean counterpart, Song Il Ho.

North Korea wants Japan to atone for the 1910-45 colonization of the Korean Peninsula and wartime atrocities, including sex slavery of tens of thousands of Korean women.

Hill said he had a long discussion with Kim about the Japanese abductions and made "a strong pitch" that it was "very important" for North Korea "to reach out and develop relations with Japan."

"I was pleased to see there was a positive understanding," he said.

South Korea's Yonhap news agency reported Tuesday that a senior aide to South Korea's president will visit North Korea this week and speculated his goal was to set up a summit with North Korean leader Kim Jong Il. But officials in Seoul denied a summit was in the works.

U.S. Presses North Korea Over Uranium (NYT)

By Warren Hoge

The New York Times, March 7, 2007

The United States said yesterday that North Korea must fully disclose its efforts to produce highly enriched uranium as part of the negotiations now under way that are aimed at ending North Korea's nuclear weapons program and normalizing relations between the two countries.

"They need to come clean on it, explain what they have been doing, why they have been doing it, and ultimately they would need to abandon it," said Christopher R. Hill, the chief United States negotiator.

Mr. Hill made the remarks to a morning gathering at the Japan Society in New York prior to entering his second day of talks with Kim Kye-gwan, his North Korean counterpart. In a late afternoon briefing after the talks concluded, Mr. Hill said they had been "very good, very businesslike, very comprehensive."

The talks are the first product of a Feb. 13 agreement reached in Beijing in which the government of Kim Jong-il said it would stop, seal and ultimately disable its nuclear facilities in exchange for fuel and other assistance.

While the accord specified that North Korea was required to make a full "declaration" of all of its nuclear activities, the question of the uranium enrichment program in particular arose yesterday because of recent suggestions that the Bush administration may have overstated the reliability of intelligence on the progress that North Korea might have made in enriching uranium.

Last October, North Korea tested its first nuclear device, a weapon made with plutonium. The United States says it believes that North Korea has also been working to develop a device using highly enriched uranium, and it points to the purchase of expensive equipment designed for that purpose that North Korea has made from Pakistan. But recently, government officials said they were no longer as confident that the North built on that purchase and had a uranium program.

Despite the recent doubts about the progress of the program, Mr. Hill said the United States was "owed a pretty clear answer" on why the purchase from Pakistan were made. "It is not unusual for a country going nuclear to go nuclear on two tracks."

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The Feb. 13 accord has come under criticism from American conservatives like John R. Bolton, a former United Nations ambassador, who argue that it rewards North Korea by promising the delivery of fuel and assistance before the country's nuclear capacity is dismantled.

In defending the agreement, Mr. Hill noted that it had been criticized from both the right and the left in the United States for the same reason — that it was no improvement over a 1994 accord known as the Agreed Framework, which was struck by President Clinton, broken by North Korea and later dismissed by President Bush as a mistake.

But Mr. Hill said the new agreement was not just a bilateral accord but one that was endorsed by China and other major countries in Asia. He also noted that it set up working groups with strict deadlines that are to take up issues that go beyond energy.

The working groups, which are meeting in New York and in Beijing this month, will also explore economic assistance for North Korea and a security agreement to cover all of Northeast Asia, Mr. Hill said.

The Feb. 13 accord specifies a 60-day deadline for shutting down Yongbyon, North Korea's main nuclear complex north of the capital, Pyongyang, and allowing inspectors from the International Atomic Energy Agency, the United Nations' nuclear watchdog, back into the country.

Steps to be taken after the 60 days focus on the challenge of getting North Korea to agree to disabling nuclear facilities and verifying the amount of plutonium remaining in the country. "We want to make sure that when the North Koreans give us a declaration, there are no surprises and no omissions," he said.

A meeting was set for March 19 of the six parties that participated in hammering out the recent agreement — North and South Korea, Japan, China, Russia and the United States — to review progress. A mid-April gathering of the countries' foreign ministers will assess progress after 60 days.

Mr. Hill said that in a visit to Washington last week he met with Republican and Democratic senators about the agreement and had received "a great deal of support, enormous support."

But he added, "If we start missing deadlines and things start going badly, some of that support will peel off."

Asked if he feared that North Korea was playing for time and waiting for a more hospitable government in Washington after the next election, he said, "They understand that things aren't going to get better in the next two years." No administration, he said, could ignore the spread of nuclear weapons.

He said he had assured North Korea that the United States was committed to negotiations that would eventually lead to diplomatic relations between the two countries. "I also reaffirmed to them the need for them to fulfill their part of the bargain, which is complete denuclearization," he said.

"To me it makes a lot of sense," he said. "I look at the road that North Korea is on today, and I don't see much future for it on this road."

US Expects N Korea To Come Clean (FT)

By Mark Turner And Song Jung-a

Financial Times, March 7, 2007

Two senior US officials warned on Tuesday that they expected North Korea to give a full explanation of its suspected efforts to highly enrich uranium, suggesting that the evidence remained compelling, in spite of doubts recently aired in Washington.

Christopher Hill, the US negotiator who was meeting in New York with North Korean envoy Kim Kye-gwan, said that while questions remained over how far Pyonyang had progressed, a string of equipment purchases over the years had been consistent with such a programme.

"If they don't have a highly enriched uranium programme, why do they buy all this?" Mr Hill asked, referring to centrifuges and aluminium tubes. "I think we are owed a pretty complete answer as to why these purchases have been made."

John Negroponte, US deputy secretary of state, similarly told a news conference in Seoul: "I have no doubt that North Korea has had a highly enriched uranium programme, and that has been, and continues to be, the judgment of our intelligence community.''

He said the US "would expect that when North Korea makes its declaration of nuclear facilities, that would be one of the issues that would be addressed".

Both statements appeared to be a response to mounting debate in Washington over the existence of such a programme, which North Korea has denied. They also play to criticism that the recent six-party agreement might have let Pyongyang off the hook.

The capacity to highly enrich uranium is important, as it would offer North Korea an alternative route to make nuclear weapons, as opposed to reprocessing plutonium from its Yongbyon reactor – the focus of the latest agreement.

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Joseph DeTrani, an intelligence official, recently told the Senate Armed Services Committee, that “we still have confidence that the [HEU] programme is in existence”, but “at the mid-confidence level”, prompting questions as to the reliability of intelligence on the matter.

Some analysts suggested such toning down of the rhetoric might be part of a strategy to help North Korea save face, to ensure its compliance with its commitment under the deal to abandon its nuclear programme in return for energy aid. But the apparent shift has also sparked counter-criticism that the Bush administration has gone soft on the issue.

In an editorial in the Wall Street Journal, John Bolton, the former US ambassador to the UN and a hawk on disarmament matters, suggested Mr DeTrani’s statement reflected a lack of new information rather than discrediting of earlier intelligence. “There has been no suggestion that the intelligence from 2002 and earlier has been contradicted,” he wrote. “There is nothing here to allow anyone to conclude that the 2002 intelligence conclusions were flawed or hyped.”

Mr Bolton warned that it was crucial not to let up the pressure. “North Korea’s aggressive mendacity puts it near the top of the list, perhaps tied with Iran for the lead, of countries that need the most transparent, most intrusive, most pervasive verification mechanisms,” he said. “For America to agree to anything less would be to make our national security . . . dependent on North Korea’s word.”

U.S. Tells N. Korea To 'Come Clean' (WT)

By Nicholas Kralev

The Washington Times, March 7, 2007

The chief U.S. negotiator with North Korea predicted yesterday that the North will meet its obligations under the first phase of last month's agreement to shut down its nuclear programs, but warned that the next stage will be much more difficult.

Christopher Hill said after two days of talks in New York with his North Korean counterpart, Kim Kye-gwan, that Pyongyang must "come clean" on its suspected uranium-enrichment efforts before any final disarmament declaration is adopted.

"There was a sense of optimism on both sides that we will get through this 60-day period and will achieve all of our objectives that are set out in the Feb. 13 agreement," said Mr. Hill, the assistant secretary of state for East Asian and Pacific affairs.

The North Koreans "are prepared to live up to all their obligations in the 60-day period," he said. The Feb. 13 accord requires the North to shut down its Yongbyon nuclear reactor and allow U.N. inspectors to verify the closure within that time frame.

On a parallel track, Japan and North Korea started their first formal bilateral talks in more than a year today, aiming to end an emotional row over Pyongyang's abductions of Japanese citizens and to normalize relations.

Diplomats meeting in the Vietnamese capital Hanoi agreed to spend today on the issue of the kidnappings in the 1970s and '80s and to work tomorrow toward normalizing ties in talks at both the Japanese and North Korean embassies.

Tokyo has refused, due to the kidnapping row, to help fund the landmark Feb. 13 deal struck in Beijing.

Mr. Hill urged the North Koreans, as well as the other four participants in the six-party talks that produced the February agreement -- China, South Korea, Japan and Russia -- to "immediately get into the next phase" in mid-April and "not lose any momentum."

He warned that the second stage will be more difficult because it deals with disabling the North's facilities so that they cannot be turned back on again.

The New York talks marked the beginning of work on normalizing U.S.-North Korean diplomatic relations, one of five working groups set up by the Feb. 13 deal. All five must meet by mid-March and Mr. Hill said some of them may be pushing the deadline.

Other groups dealing with denuclearization, energy and economic assistance, and Northeast Asian security will convene in Beijing next week.

The foreign ministers of all six countries are expected to meet in Beijing in mid-April.

Mr. Hill said he and Mr. Kim had held an "in-depth discussion" of the historical and legal aspects of establishing diplomatic relations and taking the North off the U.S. list of state sponsors of terrorism.

"I wanted to understand better what happened in the 1990s from their perspective, when there was discussion of opening liaison offices" in both capitals, he said.

He added that Mr. Kim had raised a possible visit to Pyongyang by Mr. Hill "in general terms," but they made no plans. In July, Mr. Hill told The Washington Times that he would not go to North Korea while the Yongbyon reactor is still operating.

Yesterday, he echoed a call by Deputy Secretary of State John D. Negroponte for North Korea to declare its uranium program during the second phase of the Feb. 13 deal in order to maintain trust.

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"If, for some reason, it were to conceal its nuclear facilities or not declare facilities, and if they were then discovered at some later date, it would have the effect of undermining confidence in this entire arrangement," Mr. Negroponte said during a visit to Seoul.

The Bush administration accused the North in 2002 of secretly developing a program to enrich uranium, but recently it has expressed reduced confidence that the program is still operational. The North Koreans have never publicly admitted to having the program, although the administration says they acknowledged it in a private meeting.

In a further sign of thawing relations between Washington and Pyongyang, American tourists have been invited to visit North Korea.

The Beijing-based, British-run agency Koryo Tours announced that, from April 15 to May 15, it has been given permission to take U.S. tourists into the secretive state. This will be only the fourth time U.S. tourists have been allowed to visit North Korea since 1993, the agency said.

The company has privileged access to North Korea. Its contacts have allowed it to make several documentary films in the North, including last year's "Crossing the Line," about the last U.S. defector still alive in Pyongyang.

·Andrew Salmon contributed to this report from Seoul.

Unofficial Deal Offers Peace (WT)

By David R. Sands

The Washington Times, March 7, 2007

Israel could convert a privately negotiated blueprint into a lasting peace deal with Syria within months if Prime Minister Ehud Olmert is willing to take the political risk, a key Israeli drafter of the plan said yesterday.

Alon Liel, director general of the Israeli Foreign Ministry under former Prime Minister Ehud Barak, said he thinks Syria remains interested in the outlines of the unofficial deal, the product of two years of secret, unofficial contacts monitored closely by both the Jewish state and Damascus.

Under the accord, Syria would recover the Golan Heights from Israel in exchange for a "strategic reorientation" of its foreign policy that would include breaking its links with Iran and radical anti-Israel Islamist groups.

"If Israel wanted, they could finalize an agreement with Syria in four to six months, but it would take courage and decisiveness at the top," Mr. Liel said in a teleconference with U.S. reporters. "I'm not sure is prepared to do it."

Both Syria and Israel have vehemently denied that private talks had any official status and played down speculation that a new round of negotiations was in the offing. The Jerusalem daily Ha'aretz first reported the back-channel talks in January.

"We have never sanctioned anybody to speak to the Syrians, and the prime minister first learned of these conversations through the newspaper report," Olmert spokeswoman Miri Eisen said.

But Mr. Liel said he and his negotiating counterpart, Syrian-American Ibrahim Suleiman, regularly briefed top officials in their respective governments on the progress of the talks, which took place first in Turkey and then under Swiss government auspices between 2004 and mid-2006.

Mr. Liel said the plan has had an enthusiastic reception in Israel, especially among pro-peace leftist groups. He and Mr. Suleiman have been invited to brief a Knesset committee next month on the substance of the agreement.

Mr. Liel said the secret contacts broke off last summer when Israel rejected a Syrian offer to upgrade the talks by sending official government representatives.

Under the blueprint, Syria would regain the entire Golan Heights area lost to Israel in the 1967 Six-Day War, with the Israeli withdrawal to be completed within five to 15 years.

But Syria would then create a demilitarized "nature park" in the Golan, guaranteeing access for Israeli workers and tourists and promising not to cut vital water rights for Israel.

More important, Mr. Liel said, Syria is prepared to drop its alliance with Iran and end its support for radical movements such as Hezbollah in Lebanon and Hamas in the Palestinian territories. Khalid Mashaal, political leader of Hamas, would be asked to leave Damascus, where he is based.

Israel, in turn, would work to improve ties between Syria and the United States. The Bush administration has clashed repeatedly with Syrian President Bashar Assad, accusing Damascus of trying to undermine U.S.-backed governments in Iraq and Lebanon and aiding Iran's push to dominate the region.

Mr. Liel said a deal with Syria would be a tough sell politically in Israel right now, but said Israeli officials told him a bigger obstacle during the secret talks was opposition from Washington.

"Their excuse was always, 'We don't want to embarrass the United States at this stage,'" he said.

Syria Seeks To Gain From Regional Tumult (CSM)

DOJ_NMG_0141600

By Nicholas Blanford

The Christian Science Monitor, March 7, 2007

BEIRUT, LEBANON

Iraq is where the war is. Iran is where the disputed nuclear program is. And Lebanon is where America's friends in the Middle East are going head-to-head with its enemies.

Yet it's in Syria where the threads of these conflicts come together.

The country that the Bush administration says helps terrorists, and which has been treated with barely disguised irritation by fellow Arab states in recent years, is seeking to trade on the impression it can provide at least partial solutions to some of the region's most pressing problems. Though weaker than Iran or Saudi Arabia, the country represents a crucial element in a triangle of interlocking regional powers.

"The [Syrian] state always calls Syria the 'beating heart of Arabism,' and it's true in the sense that Syria, by geography and sectarian makeup, is key to what's going on in the region, especially the concerns over spreading Iranian influence," says Andrew Tabler, a Damascus-based fellow with the Institute of Current World Affairs.

Though the US has refused to talk directly to Syria, demanding that Damascus cease meddling in Iraq, Lebanon, and the Palestinian territories first, the regime's isolation appears to be crumbling.

Relations with neighboring Iraq have improved with the formal restoration of diplomatic ties in December and the signing of a joint security agreement. American senators have recently traveled to Damascus and a State Department official is planning a visit to discuss the plight of Iraqi refugees.

Syrian interests also were high on the agenda of a meeting last weekend between Iranian President Mahmoud Ahmadinejad and Saudi King Abdullah.

Syria looking for a Hariri deal

In recent days, there were hopes among Lebanese government officials and opposition figures that Iran – which uses Damascus as its strategic linchpin to Hizbullah in Lebanon – had worked out a deal with Saudi Arabia – a political and financial backer of Lebanon's government – to end a three-month old political deadlock.

But local media report that Saudi officials have since played down hopes of a quick resolution. Both sides recognize that any deal would have to ease pressure on Syria over its suspected involvement in the murder of former Lebanese Prime Minister Rafik Hariri two years ago. That could mean Lebanese approval for a watered-down international tribunal on Hariri's murder, sparing top Syrian officials from indictment. In exchange, Syria would lean on Hizbullah and other Lebanese opposition members to call off their bid to topple the governing coalition.

Syria's ability to potentially scuttle unfavorable deals brokered by the regional powerhouses of Saudi Arabia and Iran underlines Riyadh's irritation with Damascus – as well as the risks of ignoring the Syrians.

"The Saudis continue to be annoyed with Damascus.... All the same, the Saudis understand that for Middle Eastern tensions to be reduced, Syria must be brought into negotiations," says Joshua Landis, a codirector of the University of Oklahoma's Center of Peace Studies and a specialist on Syria.

Last month, Saudi Arabia hosted a meeting between Palestinian President Mahmoud Abbas and Hamas leader Khaled Meshaal, who lives in Damascus. The meeting produced an agreement on a Palestinian national unity government, and served as a calculated swipe at Damascus by undercutting Syria's influence on Palestinian affairs. It was a reminder, analysts say, that Syria's neighbors expect much in return for any concessions, and that if they don't get it, they'll turn on Syria again. Saudi Arabia is hoping Syria will return to the Arab fold – or at least move away from the orbit of Persian Iran – at the annual meeting of the 22-member Arab League later this month.

Iran and Syria's surprising relationship

"If Syria does not take steps to fix the causes of its problems with Saudi Arabia, then the Arab summit will not save Syria from a dark future.... Syria is responsible for its own encirclement," wrote Abdul Rahman al-Rashed, in the Saudi Al-Sharq Al-Awsat newspaper.

The 27-year relationship between secular Syria and Islamic Iran is one of the most enduring – and surprising – in the Middle East. The bilateral bond is the core of an anti-Western alliance which includes Hizbullah, Hamas and a collection of smaller Palestinian groups.

"The relationship between Iran and Syria has evolved from a pragmatic one into a ... strategic and ideological one," says Amal Saad-Ghorayeb of the Carnegie Middle East Center in Beirut. It's "ideological because they resist politically or militarily US hegemony in the region and the threat from Israel."

Iran, aware that a rapprochement between Syria and the West would isolate it from Hizbullah and undermine Tehran's ability to influence the Arab-Israeli conflict, is working hard to prevent that from happening. Iran has recently proposed $1-3 billion in Syria investments.

"If those investments are implemented over the next two to three years, it will allow Iran to replace or offset a lot of the influence Saudi Arabia traditionally has had in Syria," says Mr. Tabler of the Institute of Current World Affairs.

The relationship with Iran has divided expert opinion in the US and Israel. Some advocate a full reengagement with Syria and peace talks which could see the Israeli-occupied Golan Heights returned to Syria. "Peace with Israel and the return of the Golan are the only prizes which might make Damascus reconsider the advantages of its close relationship with Iran," says Mr. Landis.

Others insist such efforts won't succeed in prying Syria away from Iran. "It makes no sense for Syria to split from Iran," says Ms. Saad- Ghorayeb. "It appears much more in Syria's strategic interests to remain allied with an ascendant power in the region rather than an alliance with a waning power [in the region] like the US."

Official: Olmert, Abbas To Meet Next Week (AP)

By Steve Weizman

AP, March 7, 2007

Israeli Prime Minister Ehud Olmert and Palestinian President Mahmoud Abbas will meet next week for their second summit in a month, but this one will focus on humanitarian matters rather than the core issues of the Mideast dispute, an Olmert aide said Tuesday.

The meeting is expected to be held before Abbas' Fatah Party and the militant Hamas group form a unity government, which likely will complicate relations between the two sides.

"We expect them to meet next week, although an exact date has yet to be set," Olmert spokeswoman Miri Eisin said. "It's important to keep up with these meetings in order to keep open the channel of communication."

The two leaders met Feb. 19 along with Secretary of State Condoleezza Rice. The Israeli daily Maariv said the coming meeting would be one-on-one, with Rice possibly coming later in March for separate meetings with the leaders.

Maariv said Olmert would try to strengthen personal ties with Abbas, while seeking to persuade him to back off his newly forged alliance with the militant Hamas.

Palestinian negotiator Saeb Erekat said the two sides had not completed preparations and no final date had been set for an Abbas-Olmert meeting. He said he hoped the two leaders could meet "in the near future."

Last month's summit produced few results amid Israeli and U.S. concerns over the planned Fatah-Hamas unity government. Rice reported no progress in restarting talks on a final peace deal, the ostensible purpose of the meeting when it was announced.

The power sharing deal between Fatah and Hamas, which controls the Palestinian parliament, appeared to fall short of international demands that the government recognize Israel, accept previous peace deals and renounce violence. The deal only says the government will "respect" past peace agreements.

Despite the accord, Abbas and Palestinian Prime Minister Ismail Haniyeh, of Hamas, have so far failed to agree on the composition of a unity government, and street fighting between the two sides has flared up again.

After an inconclusive session Monday, Abbas and Haniyeh were expected to meet again Tuesday to discuss the crucial issue of who would be interior minister, who controls security forces.

Olmert's own ability to maneuver is tenuous. After an inconclusive war last summer in Lebanon, his approval rating has plummeted below 20 percent, leaving him politically unable to carry out far-reaching concessions that would be needed for a peace deal.

He is also under constant public pressure to end continuing rocket attacks by Palestinian militants from Gaza into southern Israel. Four Israeli civilians were injured Tuesday by rocket fire, the military said.

The attacks, which have triggered extensive Israeli army raids into Gaza in the past, killed four Israelis in southern Israel last year.

Palestinians See Growing Food Shortages (CSM)

By Joshua Mitnick

The Christian Science Monitor, March 7, 2007

KALANDIA REFUGEE CAMP, WEST BANK

The refrigerator in the Shiham household is bare save for a container of cheese, a bucket of tomatoes, and some wrinkled cucumbers. The meat in the freezer is rationed as the family of eight lives on handouts and intermittent welfare stipends.

"Every two weeks, we eat meat. When the children miss it, we have it," says Douaa Shiham, a widowed mother of seven who often sends her children to school with no lunch. "I have no say in what we eat. I wait for the charity to come."

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A sign of economic deterioration in the West Bank and Gaza, the growing pressure on the Shiham family reflects a crisis that affects one-third of all Palestinians and threatens another 12 percent, according to a study by a division of the United Nations World Food Programme (WFP).

Families like the Shihams in this Palestinian refugee camp have coped with poverty even before Hamas took power in January 2006. But human rights workers and the families themselves say that conditions have grown much worse in the aftermath of the international economic boycott of the government led by the Islamist militants.

Humanitarian groups call it "food insecurity," a predicament in which a family lacks the money to purchase the food necessary to meet basic needs.

While the WFP says that food insecurity has remained steady at 34 percent, the organization has had to increase the number of beneficiaries of its food aid program by 25 percent to 600,000 Palestinians to stave off a broader crisis.

The problem is most acute in Gaza, where Israeli security clampdowns at commercial and civilian crossings have pushed unemployment to 39 percent and exposed 54 percent of 1.4 million Gazans to food insecurity, according to the WFP.

Once a month, WFP food aid recipients get a shipment of flour, sugar, oil, chickpeas, beans, salt, and canned meat, though it is often insufficient because families of 10 often get rations based on a family of seven.

Since her husband died nearly a year and a half ago, Mrs. Shiham and her children have become dependent on payouts of 500 shekels ($120) every three months. When the donors to the Palestinian Authority (PA) initiated an aid boycott last spring because of Hamas's refusal to recognize Israel, the stipends from the social welfare ministry became more infrequent, coming just every six months.

Shiham also made the round of local Islamic charities, but some were shut down by the Israeli army on suspicion they had served as a financial conduit for Hamas.

Breakfast for the family consists of tea, bread, and olive oil. Lunch is often rice and lentils. Though Shiham can afford vegetables if she buys leftover produce at discount prices, she rarely has money for fruit.

"My kids love apples and they love bananas," she says. "Today, my son asked for apples, and I said, 'I don't have the money.' I started thinking, 'How am I going to get money for apples?' "

Though the international sanctions were aimed at the Hamas-led government, because the Palestinian economy is so dependent on public spending, per capita growth declined as much as 10 percent in 2006, according to a preliminary estimate by the World Bank. The reversal of three consecutive years of growth was also affected by a rise in security closures around Gaza and West Bank cities.

Israel argues that despite the security measures to protect its citizens against terrorist attacks, it is doing everything it can to ease the suffering of the Palestinian population.

"We are committed to working with the international community to ensure there are no food shortages in the territories," says Mark Regev, a spokesman for the Israeli Foreign Ministry. "No one wants to see innocent Palestinians pay the price of an extremist and shortsighted Palestinian government."

But Daphna Golan, a researcher at Hebrew University's Minerva Center for Human Rights, argued that Israel needs to loosen restrictions of Palestinian movement to allow the Palestinian economy to grow. "If we want a normal future here," she says, "we don't want neighbors who are hungry."

In Ramallah, signs of the desperation can be seen at traffic intersections and in automobile queues at Israeli checkpoints, where there has been an increase in the number of children hawking merchandise like gum and plastic toys to earn pocket change.

"People want their kids to start bringing in income," says Jamil Rabah, an independent pollster who studies food insecurity for the WFP. "It's close to begging."

The food distress is reflected by cutbacks in the quantity and quality of food purchased. It has also prompted Palestinians to cut corners on items normally considered essential, like education and medical services.

"They keep their bellies full at the expense of not going to the doctor," Mr. Rabah says. "Food remains the last resort because food is living."

The WFP defines the Palestinian poverty line at a total expenditure of $2 per person per day. Those who suffer from food insecurity only have $1.60 per day to spend.

In the Kalandia Refugee Camp, Rubin Hussein flipped through ledgers that list the debts of his customers. They owe him nearly $20,000. Consumption has plummeted, and those who still buy are forced to purchase frozen meat.

"People don't eat high-quality meat," he says. "They go for the cheaper meat."

With a 500-shekel debt of her own at the butcher, Shiham says she hasn't been to the shop in two months. All of the meat in the refrigerator was donated by relatives during a recent holiday.

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When her children ask her why classmates eat chicken schnitzel and bologna for lunch while they make do with bread and hyssop, there is not much to say: "I tell them, 'I can't give you.' "

EU, Egypt Sign €558m Reform Package (FT)

By Andrew England And Daniel Dombey

Financial Times, March 7, 2007

Egypt and the European Union on Tuesday launched a reform package that Brussels hopes will push the country towards democratisation – despite a recent crackdown by Egyptian authorities on opposition members and concerns about the government's will to carry out political changes.

The plan, which includes a four-year €558m assistance package, was agreed after months of negotiations during which the EU sought to convince Egypt to accept a new forum in which to discuss democracy and human rights.

But despite the agreement to establish a regular "dialogue" on such issues, Egypt made clear on Tuesday that it would move forward only at its own rhythm.

"These are issues related to Egypt and Egypt will do them according to its own pace," said Aboul Gheit, Egypt's foreign minister, referring to subjects such as judicial reform and constitutional changes.

"The Europeans are encouraging such commitment on our part but it is an Egyptian decision."

Included among the agreed "priorities for joint co-operation" between Egypt and the EU are support for political reform, promoting the protection of human rights and ensuring judicial independence and expanding "participation in political life." The EU is Egypt's biggest trading partner and second-biggest donor.

But human rights activists say recent events in Egypt have highlighted the government's lack of will to move forward with genuine political reform, as well as serious human rights issues.

Since December, authorities have launched a series of raids against members of the Muslim Brotherhood, which is the country's strongest and most organised opposition group in spite of being legally banned.

Some 170 Brotherhood members are currently being detained, brotherhood officials say. Last month, an Egyptian blogger was sentenced to four years in prison on charges of insulting Islam, defaming Hosni Mubarak, the president, and "spreading information disruptive of the public order".

Some activists argue that draft proposals of amendments to the constitution - which have appeared in the local press - will weaken the judiciary's role in monitoring elections and further hinder the Muslim Brotherhood's ability to compete in polls.

The government, however, has insisted the changes are intended to foster greater democracy.

"There's no progress. Most observers see there is no will for real political or constitutional reform," said Hafez Abu Seada, secretary general of the Egyptian Organisation for Human Rights.

Examples of police abuse and the torture of detainees – which critics say is endemic in Egypt - have also surfaced this year.

The EU argues that its longstanding policy towards the region contrasts with the US's more dramatic endorsement of Middle East democratisation in the aftermath of the Iraq war, but largely anticipated Washington's current, more incrementalist approach.

"It's by deepening our relationship with our neighbours that we create the framework and the kind of partnership in which we can discuss these issues and support each country's own reform programme," said a spokeswoman for Benita Ferrero-Waldner, EU external relations commissioner.

The EU's neighbourhood policy is designed to strengthen trade and political relations with nearby countries and enhance cooperation in areas including counter-terrorism, energy and democratic rights.

U.S. Releases Rights Report, With An Acknowledgment (NYT)

By Helene Cooper

The New York Times, March 7, 2007

WASHINGTON, March 6 — The Bush administration acknowledged Tuesday that its treatment of terrorism suspects was being questioned, even as it used an annual report to criticize the human rights records of Iraq, Afghanistan and a long list of other countries.

"Our democratic system of governance is accountable, but it is not infallible," Secretary of State Condoleezza Rice said in releasing the Congressionally mandated report. It weighs the human rights situation in 193 countries — but not the United States, and Ms. Rice did not specifically cite any American violations.

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But Barry Lowenkron, an assistant secretary of state, said the State Department was “issuing this report at a time when our own record, and actions we have taken to respond to terrorist attacks against us, have been questioned.” He referred to American laws “governing the detention, treatment and trial of terrorist suspects.”

Officials from countries that are often cited in the report have complained that the United States is quick to criticize others for violations that sometimes occur in America, and the remarks on Tuesday, one White House official said, were an attempt to answer those charges. In particular, the administration has come under fire from human rights groups for its treatment of prisoners at Guantánamo Bay, Cuba.

The report described serious problems in countries with close ties to the United States, and cited worsening sectarian violence in Iraq. “On one side, predominantly Sunni Arab groups such as Al Qaeda in Iraq, irreconcilable remnants of the Baathist regime, and insurgents waging guerrilla warfare violently opposed the government and targeted Shi’a communities,” the report said. But on “the other, predominantly Shi’a militias with some ties to the Iraqi Security Forces (ISF) targeted Sunnis in large-scale death squad and kidnapping activities,” it added.

The report also found that respect for human rights had deteriorated in China, Russia, Venezuela and Egypt. It said the Chinese government had “tightened restrictions on freedom of speech and the press, including stricter control and censorship of the Internet.” China also continued to detain members of the banned Falun Gong spiritual group, as well as other political activists, the report said.

“There was an increased number of high-profile cases involving the monitoring, harassment, detention and imprisonment of political and religious activists, journalists and writers as well as defense lawyers seeking to exercise their rights under the law,” the report said. “Some of their family members also were harassed and detained.”

China had the dubious distinction of being lumped in one section of the report alongside a number of governments that are in disfavor with the United States. That group included North Korea, Myanmar, Iran, Zimbabwe and Cuba, all herded together under a heading that read, in part, “Countries in which power remained concentrated in the hands of unaccountable rulers — whether totalitarian or authoritarian.”

North Korea was criticized for controlling citizens’ lives and for denying freedom of speech, the press, assembly and association. The military government of Myanmar, formerly known as Burma, the report said, “extensively used executions, rape, torture, arbitrary detention and forced relocation of entire villages, particularly of ethnic minorities, to maintain its grip on power.

Iran violated freedom of speech and assembly, Zimbabwe “continued across-the-board violations of human rights,” and Cuba “continued to violate virtually all the rights of its citizens, including the fundamental right to change their government peacefully or criticize the revolution or its leaders.”

State Dept. Human Rights Report Faults China's Curbs On Internet (WP)

By Nora Boustany

The Washington Post, March 7, 2007

China is at the top of a list of countries blocking Internet access, and Russia and Venezuela have shown serious regression in several areas, mainly in centralizing power in the executive branch, according to State Department officials who released the department's annual human rights report yesterday.

On Sudan, the report outlined evidence that genocide continues to ravage the western region of Darfur, and said the Khartoum government and its militias were responsible for it, despite violations of humanitarian law by all sides in that conflict. "It is inconceivable to me to say we've moved away from the issue of genocide," said Barry F. Lowenkron, assistant secretary of state for democracy, human rights and labor, speaking at a State Department briefing. He is heading to Darfur and Khartoum tomorrow.

In addition to its traditional focus on the repression of political liberties around the world, this year's report addressed Internet freedom and the issue of nongovernmental organizations (NGOs) that are being harassed while carrying out their missions.

"Today, people are imprisoned in a number of countries simply for expressing their peaceful views online," said Paula Dobriansky, undersecretary for democracy and global rights. She said numerous repressive regimes were threatening the Internet's ability to empower individuals and obstructing its "transformational power."

Lowenkron called 2006 "the year of the pushback" because a surprising number of countries selectively applied regulations against NGOs and the mass media as the drive for personal and political freedoms grew stronger.

He put China at the top of the list of countries putting restrictions on the Internet. Human rights in China have "deteriorated on a number of areas," with no action on promised legal reforms or changes in courtroom proceedings, and a continued "system of reeducation through labor." Thousands of demonstrations in the countryside showed that people were seeking redress and that accountability was still lacking, he added.

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Russia continued to centralize power in the executive branch through changes in election and political party laws as it was tightening restrictions on NGOs and limiting freedom of expression, the report said. In Venezuela, the government of President Hugo Chavez continued to harass the opposition and NGOs, and to weaken judicial independence by packing the courts, while consolidating power in the executive, the report said.

Human rights groups such as Amnesty International, the Washington Office on Latin America and New York-based Human Rights First took issue with the administration for failing to address its own failings in well-documented cases of detainee abuse, extrajudicial renditions, secret prisons and torture.

Larry Cox, Amnesty International's executive director, said that although the report correctly points out that Egypt, for example, continues to use torture, "how can the U.S. have any credibility in trying to stop torture in Egypt when the whole world and we know what it does not mention -- our role in sending people to be tortured, extradited and jailed. . . . How can we criticize regimes for holding people in indefinite detention while we ourselves are holding people in indefinite detention?"

These were "striking and disturbing omissions," he said, accusing the United States of "hypocrisy." While documenting the practices of allies such as Turkey, Egypt, Ethiopia, Saudi Arabia, Pakistan, Colombia and others, "we have done very little and we have not spoken out publicly about disappearances, for example," he said. In Iraq, he said, the United States neither talks about its role in certain abuses nor criticizes the judicial process there, although the report noted that certain institutions in Iraq remain weak. While the State Department monitors abuses that would cast a bad light on others, "we hope the U.S. will begin to cast the same light on itself."

Secretary of State Condoleezza Rice noted in brief remarks to reporters yesterday that the United States was not beyond reproach, but did not provide details.

"We do not issue these reports because we think ourselves perfect, but rather because we know ourselves to be deeply imperfect, like all human beings and the endeavors that they make," she said.

"Our democratic system of governance is accountable, but it is not infallible," she said, adding, "We are nonetheless guided by enduring ideals."

Liberia, with a democratically elected government led by Ellen Johnson Sirleaf, Africa's first elected female head of state, was commended for taking significant steps to correct past human rights deficiencies, though challenges remain.

On Indonesia, the report noted a reduction in killings by armed forces, but said the government and the courts were unable to confront past human rights abuses and atrocities at home and in East Timor.

Though problems persisted in Morocco, its record showed notable progress with the enactment of new laws, the report said. Sexual exploitation and child labor remain issues of concern.

The congressionally mandated report -- 1,800 pages distributed electronically -- detailed violations and improvements in 196 countries.

Russia 'right To Fear UK-based Missiles' (FT)

By Demetri Sevastopulo And Jan Cienski

Financial Times, March 7, 2007

Russia would have legitimate cause for concern if the Pentagon placed missile interceptors in Britain as part of its missile defence shield, the head of the US Missile Defence Agency has told the FT.

The Pentagon is negotiating with Poland over the possibility of installing 10 missile interceptors as part of its ground-based missile defence system. But UK officials recently said Tony Blair, the British prime minister, had lobbied the US to have his country host the interceptors.

"If they [the Russians] are concerned about us targeting their intercontinental ballistic missiles, I think that would be problematic from the UK because I believe we probably could catch them from a UK launch site," said Lieutenant General Trey Obering.

Gen Obering said the missile defence system in Europe was aimed at protecting the US and Europe from Iranian missiles. He said the fact that the Pentagon wanted to place the interceptors in Poland reinforced the argument that the US was not trying to build a shield against Russian missiles.

"We would not have chosen Poland or the Czech Republic if our criteria were to try to somehow offset the Russian ICBM advantage," Gen Obering said.

"We would have moved it farther west so that we could again give us more time to do that tracking and targeting."

Moscow has raised alarms about the plans to place interceptors in Poland and a radar in the Czech Republic. Two senior Russian generals have suggested that Russia could target any missile defence facilities in the former Soviet bloc countries.

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The Polish government has responded positively to the US request to begin negotiating towards hosting the interceptors. Recent reports that Britain is also interested in hosting the base have been widely discounted in Warsaw, where they are seen as a negotiating tactic by Washington to encourage the Poles to approve the base.

Gen Obering himself admits that the UK would not be the "optimum" location for interceptors if the idea is to defend against Iranian missiles.

Riki Ellison, the president of the Missile Defense Advocacy Alliance, says the fact that the UK would not be a "feasible" location suggests London was helping Washington put pressure on the Polish government.

While the Polish government favours the base, a recent survey found that only 28 per cent of the public supports the base, while 55 per cent are opposed. The country's political elite feels that a US base, complete with American soldiers, would provide more security to Poland than its current Nato membership.

Asked about the recent successful Chinese test of an anti-satellite missile, Gen Obering said Beijing did not have the capability at present to threaten the US missile defence system, which relies heavily on satellites, but he said that could change in the future.

Gen Obering added that the US was developing programmes that could be used to tackle the growing Chinese threat. But he dec-lined to provide details, saying: "Most of that stuff is classified".

How Missile Defence Pits The Pentagon Against Allies (FT)

By Demetri Sevastopulo

Financial Times, March 7, 2007

As Americans enjoyed their Independence Day fireworks last year, Lieutenant General Trey Obering, the Pentagon's Missile Defence Agency chief, was watching the pyrotechnics display that Kim Jong-il was providing thousands of miles away in North Korea.

The air force general thought the launch by Pyongyang of its previously untested Taepodong-2, an intercontinental ballistic missile with the potential to reach the US, could even provide the first live use of America's ballistic missile defence system.

"We had turned the system on before but it was the first time that there was a credible threat," says Gen Obering. The North Korean authorities "had put a missile out there that we felt was capable of reaching the US, and they were not telling us what was on top of that missile".

The Taepodong-2 failed just seconds into flight. But eight months on, what refuses to die down is the controversy over the Pentagon programme itself, in particular its roll-out to eastern Europe. Despite enduring doubts about the scale of both the threat facing the US and the efficacy of missile defence, Washington's wish to place interceptors for the system in Poland and radars in the Czech Republic has provoked a furious response from Russia and signs of cracks within Nato.

While the US argues that missile defence is essential to deal with the 21st century prospect of rogue states – such as North Korea or Iran – becoming armed with weapons of mass destruction, Moscow protests that the Pentagon's scheme amounts to a remilitarisation of Europe.

The governments of much of central and eastern Europe are sympathetic to Washington plans, as is Tony Blair: Britain's prime minister has sought to lobby for the UK to be included in the scheme (it already hosts a radar site). But continental western Europe is much more nervous about the tensions that missile defence has inflamed.

Last month, at a gathering of the transatlantic elite in Munich, Russian President Vladimir Putin lashed out in a polemical speech that resurrected images of the shoe-banging days of Nikita Khrushchev, the former Soviet leader. "Plans to expand certain elements of the anti-missile defence system to Europe cannot help but disturb us," he said as Robert Gates, US defence secretary, sat just metres away. "Who needs the next step of what would be, in this case, an inevitable arms race?"

Two senior Russian generals subsequently said Moscow might target the two former east bloc countries and withdraw from the Intermediate-range Nuclear Forces Treaty, a landmark arms control agreement. Germany has plunged into the debate too, calling for the US to consult Russia more over the missile defence programme, principally in the Nato Russia Council, a forum made up of Moscow and the 26 Nato member states. "Nato is the best place for discussion of this issue," Angela Merkel, German chancellor, told the Financial Times this week.

Jean Asselborn, Luxembourg foreign minister, went further by labelling the US plans "incomprehensible". He told a European Union foreign ministers' meeting: "We'll have no stability in Europe if we force Russia into a corner." Such comments met an icy response from Mirek Topolanek, Czech prime minister. "As for the 18 EU member states who host US military bases, it is not up to them to comment on the existence of such a presence in the Czech Republic," he observed during a visit to Nato headquarters in Brussels.

Propelled back into the spotlight, Gen Obering has been attempting to reassure Moscow that the European-based missile defence system was aimed at threats in the Middle East such as Iran. In an interview, he says Russia has no reason for alarm.

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Russia's large fleet of ICBMs could easily overwhelm the 10 missile interceptors the US hopes to place in Poland. In any event, that would be the wrong location to defend against Russian missiles, because of a lack of "battle space" – the time needed to detect a missile launch, point a radar towards the incoming missile, lock on to it and pass the target information to the interceptor missile for launch. "We would not have chosen Poland or the Czech Republic if our criterion was to try to somehow offset the Russian ICBM advantage," says the general.

The Pentagon has justified missile defence in Europe on the basis that Iranian missiles may pose a threat to Europe and the US. Some argue that Iran is years away from fielding long-range missiles capable of reaching the US. Gen Obering says merely that the US has to prepare for that day, adding that North Korea surprised many experts when it fired a Taepodong-1 rocket over Japan in 1998.

He says the growing number of countries with long-range missiles means that the notion of mutually assured destruction that helped the US and Soviet Union avoid nuclear war may not always apply. "There may be countries where [deterrence] does not work because they are not operating from the same set of criteria that you are . . . what I would call the nation-state equivalent of a suicide bomber."

Some non-proliferation advocates agree that the US should proceed with missile defence, while also undertaking stronger efforts to curb missile proliferation. "Even the crude terminal defences we are thinking of placing in Europe should prove to be of some value against the first-generation missiles Iran is developing and this sort of defence will help keep Nato glued together as it faces a series of Middle Eastern and Gulf security challenges in the coming decades," says Henry Sokolski, executive director of the Nonproliferation Policy Education Center.

In addition to questions about the potency of threats, the Pentagon has also had to rebut charges that the rudimentary system would be incapable of destroying missiles that use counter-measures, such as decoy balloons or multiple warheads. Gen Obering says it is "true to a degree" that the current system is incapable of protecting against complex threats. But he says critics need to recognise that technology has "caught up with the vision".

He is referring to a 1983 speech by the late Ronald Reagan where the then president launched his Strategic Defence Initiative – more commonly known as "Star Wars" – with the question: "What if free people could live secure in the knowledge...that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies?"

Since the Reagan "call for a bold defence", Congress has provided more than $100bn (£52bn, €76bn) in funding. But as the Pentagon realised the almost impossible task of neutralising any Russian threat with missile defence, the aims of missile defence have been scaled back from the level of sophistication or scale of deployment envisaged by Reagan.

President George W. Bush acted to accelerate missile defence in 2002 when he withdrew the US from the Anti-Ballistic Missile treaty, which had prevented the Pentagon from developing a comprehensive missile defence system. What the Pentagon is now trying to create is a layered missile defence system, deployed across the globe and capable of destroying ballistic missiles in the boost, mid-course and terminal phases of flight.

Some aspects are more ambitious than others. The Missile Defence Agency is pushing Congress to fund an airborne laser and a kinetic energy interceptor that would target missiles in the boost phase – the optimum time to intercept an incoming missile before it is capable of releasing multiple warheads or decoys. To target short- and medium range missiles in the terminal phase, the Pentagon has deployed Patriot Advanced Capability-3 missiles in the US and Japan. It is also developing a Terminal High-Altitude Area Defense missile to intercept all but long-range missiles.

However, most of the funding has been funnelled into missile defence systems that would target incoming missiles in mid-course – the longest phase of flight. A ground-based system, which has already been deployed in California and Alaska and may be set up in Poland and the Czech Republic, is the core part of layered defence.

Critics attack the programme on various fronts, including effectiveness, cost – the Pentagon has asked Congress for about $11bn in funding for missile defence in the 2008 fiscal year – and the possibility that it could cause an arms race. Some observe that the systems under development are no defence against short-range rockets, of the sort Hizbollah fired into Israel from Lebanon last year, and cannot cope with cruise missiles, which have proliferated. Another criticism is that the Pentagon should not spend time and resources deploying the system until it has completed much more testing.

While Gen Obering uses the example of Hizbollah's rocket campaign to underscore the need for preparedness, critics point to the inability of the US and Israel to target these very short-range missiles as evidence that decades of development have come up short.

"Despite the many tens of billions of dollars spent on missile defence and the flagrantly inaccurate claims by proponents of missile defence systems, after 50 years missile defence remains an experimental system that has provided the US with very few tangible results," retired Lieutenant General Robert Gard and John Issacs of the Center for Arms Control on Non-Proliferation wrote last year.

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During his recent public campaign to boost support for missile defence, Gen Obering has attempted to win over sceptics by pointing out that 14 of the last 15 tests were successful. “There is a misconception out there that missile defence doesn’t work and I’m here to say it does work,” he recently told an audience in Washington.

But Ian Davis, co-executive director of the British American Security Information Council, says Gen Obering is conflating the results of tests of different parts of the system, which masks the record of ground-based missile defence, the most important part of the layered system. “GMD...has made intercepts in only six of the 11 attempts,” says Mr Davis. “Furthermore, these intercepts were done under highly scripted circumstances that in no way reflect a real-life situation.”

Similar warnings have been raised by Pentagon officials with responsibility for evaluating the missile defence testing. Last February, David Duma, then Pentagon director of operational testing and evaluation, told Congress that there was “insufficient evidence to support a confident assessment of limited defensive operations”.

Gen Obering says a test last September – the first successful interception in four years – has changed the equation. The Pentagon fired an interceptor from California, which destroyed a missile launched from Alaska in simulation of an attack from North Korea.

Phil Coyle, a former director of operational testing and evaluation during the Clinton administration, dismisses claims by Gen Obering that the test was as realistic as possible – pointing out that the incoming missile did not use decoys or other counter-measures.

“If an enemy uses decoys and counter-measures, missile defence is like trying to shoot a hole-in-one in golf when the hole is going 15,000mph and the green is covered with black circles the same size as the hole,” says Mr Coyle. “The golfer can’t determine which target to aim for.”

Gen Obering says the September test did not use counter-measures because it was intended to ensure that previous problems where interceptors failed to launch had been corrected. Earlier tests dealt fine with decoys, he adds. The next test is expected in May but the MDA has yet to determine parameters. Gen Obering is not swayed. “Just because I cannot handle very, very complex counter-measures, does that mean that I should not deploy a system that can deploy simple ones?”

Moscow's Missile Defense Bluster (WSJ)

By Marshall Billingslea

The Wall Street Journal, March 7, 2007

Russian reactions to the discussions among Poland, the Czech Republic and the United States on a missile defense system in Europe have been disconcerting. Some of the rhetoric in past days -- such as Monday's blunt threats by Lt. Gen. Igor Khvorov to target European missile defense sites with bombers, or intimations by other Russian officials of scrapping the 1987 INF Treaty (which bans short- and medium-range nuclear missiles) -- is a throwback to a bygone era that needs to stay gone.

Moscow should be well aware that the proposed defense installations are focused on the emerging Iranian threat. Russian defense planners surely understand the physics and geography of the potential deployment, and know that a Czech radar facing south and 10 interceptors in Poland pose no threat to the credibility of the Russian deterrent of thousands of warheads. It would be physically impossible for interceptors in Poland to chase down Russian ICBMs headed toward North America. The Russian ICBMs move too fast, and defensive interceptors cannot win such a "tail chase."

Nor could they get out of their silos fast enough to protect Europe from a Russian missile attack, even if the radar were facing in that direction, which it wouldn't be. The radar would not be able to see incoming Russian missiles in time, and -- again -- the interceptors would be thrown into a losing tail chase. In other words, the system proposed for Poland and the Czech Republic is clearly designed to protect against Iran, and not against Russia. No doubt about it.

Unlike the NATO nations, who are in the early stages of developing missile defenses, Russia has long possessed its own antiballistic missile defense for its capital, making recent Russian protests even more perplexing. What's more, the Kremlin has been deeply engaged in theater missile defense cooperation with NATO.

The NATO alliance and Russia have done complex modeling and simulations, improving one another's understanding of how to defend against short-range missiles. Through the NATO-Russia Council, they have conducted multiple joint exercises and developed the command-and-control mechanisms needed to jointly defend territory from attack -- Russian troops working alongside NATO forces. Moreover, NATO has consistently held open the option for deeper Russian involvement in missile defense work. Recent rhetoric aside, this is not an adversarial relationship; it has been a highly positive, friendly one.

For these reasons, one would think that the missile defense system being discussed by the Czech Republic, Poland and the U.S. would be uncontroversial and widely applauded, including by Russia. Iran's nuclear ambitions and defiance of the United Nations Security Council (of which Russia is a permanent member), combined with its aggressive missile-testing program and plans for a "satellite launch" with a multi-ton rocket, would seem to be compelling reasons for multinational cooperation on such a protection.

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Recall that Iran already has a small number of ballistic missiles capable of hitting some NATO members, and that it clearly wants the ability to target all of Europe and North America. Together with its crash nuclear program, Iran's missile ambitions are worrisome enough. But Tehran's aggressive behavior is a source of even greater concern.

This past summer, the terrorist group Hezbollah began firing barrages of Iranian-supplied missiles at Israeli cities. Now there is overwhelming evidence that Iran is supplying terrorists in Iraq with advanced weapons; the proof ranges from seizure of sophisticated Iranian-produced explosives in insurgent stockpiles to the actual capture of Iranian operatives.

We face today a volatile mix: President Mahmoud Ahmadinejad and his hostility toward Israel and the West; material support by elements of the Iranian military to terrorist groups; and spinning nuclear centrifuges and missile tests. What better set of reasons is there for friendly nations to work closely together on building effective defenses for their populations?

The beauty of the system under discussion for Europe lies in its planned capabilities, its small footprint and the speed with which it could be deployed. The technology involved has been proven and tested. In fact, the U.S. has already deployed such a system against North Korea. The same basic approach -- building a radar, deploying a handful of interceptors and linking the system to a communications network that includes several other NATO allies -- will provide a defense of Europe and enhanced protection of North America against long-range missile attacks from the Middle East.

A second advantage is that a missile shield over Europe would further preserve and strengthen Alliance solidarity in the face of real and growing threats. As NATO's secretary general, Jaap de Hoop Scheffer, has repeatedly pointed out, the security of the alliance should be "indivisible." It is a good thing that some allies, such as the U.S., already have a missile shield. But should not all NATO partners be afforded such protection?

While NATO has invested a great deal of time and effort developing an overall plan for protecting the European continent from all types of missile attack, so far it has chosen to focus only on the shorter-range threats. At the recent summit in Riga, Latvia, NATO signed its first contract for a robust, mobile defense against shorter-range missiles (such as the ones Iran already has in its inventory). The broader Czech-Polish-U.S. initiative, while not a NATO program per se, will nevertheless fill the remaining capability gap against longer-range threats. When integrated with the NATO missile defense programs, this will provide a truly "layered" defense of Europe.

Rather than squaring off over the issue of missile defense, policy makers should take a hard look at the real security threat: the behavior of rogue regimes such as Iran and North Korea. In the case of Iran, Russia could choose to play a decisive role by terminating the flow of technology into worrisome nuclear programs and continuing to signal resolve through the U.N. Security Council.

All nations have an inherent right to defend themselves. Indeed, it is an obligation for democratic governments. With Russian help, we could ensure that missile defense is not the last and only line of defense against Iran.

Mr. Billingslea is a former assistant secretary general of NATO and former chairman of the NATO-Russia Council's ad hoc working group on theater missile defense.

U.S. Doctor And Daughter Sickened By Poison In Russia (NYT)

By C. J. Chivers

The New York Times, March 7, 2007

MOSCOW, March 6 — An American doctor and her daughter were being treated in a Moscow hospital on Tuesday after showing signs of thallium poisoning. Thallium is a highly toxic element with a history of use in pesticides and in murder.

Both women, who emigrated from the Soviet Union in the 1980s but recently returned to Russia for a vacation, were severely sickened but their lives are not in danger, medical officials here said.

“They have positive dynamics, and their condition is improving,” said Dr. Viktor M. Kaznacheyev, the chief physician at the Sklifosovsky Clinic here, said in a telephone interview. The women have been treated at the clinic since falling ill on Feb. 24.

Dr. Kaznacheyev said the victims, Dr. Marina Kovalevsky, 49, and her daughter, Yana, 26, of Studio City, Calif., were under the supervision of poison specialists. “They were in a serious condition when they were delivered here,” he added.

Citing privacy concerns, he declined to discuss further details beyond saying that their symptoms were consistent with thallium poisoning.

Dr. Kovalevsky is an internal medicine specialist in private practice in West Hollywood, Calif., and has had admitting privileges at the Cedars-Sinai Medical Center since 1999, a spokeswoman for the hospital said. She was educated in the 1970s in Kemerovo, an industrial and coal-mining region in southern Siberia.

She returned to Russia on Feb. 14 for a vacation and was due back at her office to see patients on Feb. 26, Dr. Arkady Stern, a colleague covering for her at her practice on Santa Monica Boulevard, said by telephone.

The circumstances of the poisonings are unclear, but it appears that Dr. Kovalevsky and her daughter ingested the poison while in Moscow. “She left Los Angeles in perfectly good health,” Dr. Stern said.

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The mystery of the poisonings, after the fatal poisoning in London last year of Alexander V. Litvinenko, a former K.G.B. officer and outspoken critic of the Kremlin, attracted immediate attention and speculation in the Russian news media.

Mr. Litvinenko's initial diagnosis was thallium poisoning, but his doctors later determined that he had ingested radioactive polonium. Before dying, he publicly accused President Vladimir V. Putin of having had a hand in the poisoning. The killing remains unsolved.

Thallium, an element with no taste or odor, has been used as an ingredient in insecticides and rat poison, and as well by criminals and intelligence services, including those of the Soviet Union and of Iraq under Saddam Hussein.

Published reports have said that the Central Intelligence Agency chose thallium as a poison to be sprinkled in Fidel Castro's shoes — a plot that was never carried out.

When ingested, thallium is a slow-acting poison that can cause excruciating abdominal pain, breathing difficulties, damage to the nervous system and extensive hair loss.

Dr. Stern said the two women had been administered Prussian blue, an antidote commonly used to counteract thallium's effect, and had undergone dialysis to help rid their systems of lingering toxins.

He said that the women had been cleared to travel from Moscow and that they hoped to return to the United States by the end of the week and receive further treatment there.

There is no indication that either woman would have been of interest to Russian intelligence services, and no clear criminal motive for the poisoning.

"My personal opinion," Dr. Stern said, "is that it could be some mistake. I cannot imagine that anyone in their right mind would want to hurt this person. She is very loved and very respected by her patients, her colleagues and her friends."

The authorities in Moscow said they were trying to determine whom the women had seen since they arrived. The police are retracing the routes of the women in Moscow to try to detect traces of thallium in any places they visited, according to the official Interfax news agency.

Peace Force Is Attacked On Arrival In Somalia (NYT)

By Jeffrey Gettleman

The New York Times, March 7, 2007

KINDU, Congo, March 6 — The first group of African Union peacekeepers arrived Tuesday in Mogadishu, Somalia's capital, and received a patently Mogadishu reception.

Insurgents shelled the airport where peacekeepers from Uganda had landed and peppered the area with gunfire, witnesses said, setting off battles across the city that killed several civilians.

The episode was the latest burst of violence in Somalia, and a sign that the situation the new peacekeepers are stepping into is dangerously reminiscent of the chaos that haunted the last such mission to Somalia in the 1990s. After 18 American soldiers were killed in the infamous "Black Hawk Down" episode in 1993, most troops were withdrawn.

The Ugandan peacekeepers are the vanguard of an African Union force that is intended to expand to 8,000 soldiers, though only 4,000 have been committed, mostly from nations that are close American allies, like Nigeria and Ghana.

The United States government paid to fly the Ugandans, around 400 soldiers and several armored trucks, to Somalia, and American diplomats continue to coax other African nations to contribute troops.

United States military officers have also been working closely with officials from Ethiopia, which in December helped to oust an Islamist movement that controlled much of Somalia. The Ethiopian troops paved the way for Somalia's transitional government to seize control of the capital, but maintaining order has proved elusive.

Each day the insurgent attacks seem to intensify. On Tuesday, dozens of masked gunmen blasted an Ethiopian Army base in a coordinated attack that engulfed several of the more densely packed neighborhoods of Mogadishu.

Residents said Ethiopian troops pursuing the insurgents ordered families out of their homes at gunpoint.

"But we're not going to leave, especially not for any Ethiopians," said Kadijah Warsaame, a resident of a Mogadishu neighborhood called the Black Sea.

Many people suspect that the insurgents are remnants of the ousted Islamist movement, which won wide popular support last year when it pacified Mogadishu for the first time since Somalia's central government collapsed in 1991. Many of Mogadishu's influential clans backed the Islamists and have been lukewarm toward the transitional government, which is controlled by a clan from north of Mogadishu and includes many former warlords.

On Tuesday, elders of the powerful Hawiye clan issued a long statement condemning the Ethiopian occupation and accusing government troops of killing civilians.

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The statement also said: "To disarm the armed people in Somalia, the government must come up with a clear policy that all Somalis find fair and just. We will not accept that some particular tribes be disarmed and made to hand over the confiscated arms to other tribes."

The Other Somalia: An Island Of Stability In A Sea Of Armed Chaos (NYT)

By Jeffrey Gettleman

The New York Times, March 7, 2007

HARGEYSA, Somalia, March 1 — When the sun rises over the craggy hills of Hargeysa, it sheds light on a different kind of Somalia.

Ice cream trucks selling bona fide soft serve hit the streets. Money changers, unarmed and unguarded, push cash through the market in wheelbarrows. Politicians from three distinct parties get ready for another day of debate, which recently included an animated discussion on registering nomadic voters.

It's all part of a Somali puzzle: how one area of the country, the northwest, also known as Somaliland, can seem so peaceful and functional — so normal, in fact — while the rest continues to be such a violent, chaotic mess.

This tale of two Somalias is especially striking now, as thousands of African Union peacekeepers prepare to rescue Mogadishu, the nation's bloodstained capital, from itself. The internationally backed transitional government that seized Mogadishu in late December with Ethiopia's help says it cannot survive without foreign aid and foreign peacekeepers to quell clan fighting and an escalating insurgency.

Somalilanders, who have wrestled with their own clan conflicts, find this ridiculous.

"You can't be donated power," said Dahir Rayale Kahin, the president of the Republic of Somaliland, which has long declared itself independent from the rest of Somalia. "We built this state because we saw the problems here as our problems. Our brothers in the south are still waiting — till now — for others."

But Somalilanders are waiting, too: waiting to be recognized. In 1991, as Somalia's government disintegrated and clan fighting in the south spun out of control, Somaliland, traditionally one of the poorest parts of Somalia, claimed its independence. But no country acknowledges it as a separate state and very few even contribute aid — which makes Somaliland's success all the more intriguing.

Its leaders, with no Western experts at their elbow, have devised a political system that minimizes clan rivalries while carving out a special role for clan elders, the traditional pillars of Somali society. They have demobilized thousands of the young gunmen who still plague Somalia and melded them into a national army. They have even held three rounds of multiparty elections, no small feat in a region, the Horn of Africa, where multiparty democracy is mostly a rumor. Somalia, for one, has not had free elections since the 1960s.

Of course, Somaliland has not always been so stable, and Somalia has not always been so chaotic. Even now, critics say the Somaliland government can be repressive and inefficient, and the mental hospital in Hargeysa, the capital of Somaliland, seems to be evidence of both — patients are chained to their beds in dark, smelly rooms.

But Somalilanders are quick to point out that at least they have a mental hospital, which the more populous south does not. And their steady, underdog efforts to create a functioning state from the ruins of war seems to dispel the notion that Somalia is an inherently ungovernable, warlike place.

So, what happened?

"It all goes back to the Brits," according to Hajji Abdi Waraabe, an 89-year-old member of Somaliland's upper house of Parliament.

When the colonial powers sliced up the Horn of Africa in the 19th century, the British got Somaliland and the Italians got Somalia. While the British relied mostly on clan chiefs to govern, the Italians created an entire Italian-speaking administration and imported thousands of people from Italy to farm bananas, build cathedrals and teach the people how to pour espresso.

One result was that Mogadishu, along the southern coast, became a major commercial hub and one of the most beautiful cities in Africa, but its traditional systems of authority were weakened. That is partly why, many Somalia analysts say, warlords were able to outmuscle clan elders and dominate Mogadishu in the vacuum that formed after the central government fell.

The British, on the other hand, never invested much in Somaliland, leaving it poor and dusty but with its traditions more or less intact. The two territories were granted independence in 1960 and quickly merged to form the Somali Republic, but it was never a happy marriage. By the 1980s, the Somali National Movement, a northern rebel group, was blowing up government posts.

In 1988, government fighter bombers, at the orders of President Mohamed Siad Barre, flattened Hargeysa, killing 50,000 civilians.

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The Somali National Movement proved indispensable in the fragile years after the Barre government collapsed. It set up the guurti, a council of wise men from every clan, which soon evolved into an official decision-making body.

Most of the men were illiterate herders but they became the glue that held Somaliland together. In a sparsely populated nomadic society, where many people live far from government services, clan elders are traditionally the ones to reconcile differences and maintain social order.

"They were a cushion," said Ahmed Mohammed Silanyo, the leader of Somaliland's main opposition party. "Whenever there was friction, these old men would step in and say, 'What's wrong with you boys? Stay together.' "

In the 1990s, while clan warlords in Mogadishu were leveling the city's fine Italian architecture, the guurti, along with rebel leaders, were building a government.

Somaliland, like Somalia, was awash with weapons and split by warring clans. Their first step was persuading the militiamen to give up their guns — a goal that still seems remote in the south. They moved slowly, first taking the armed pickups, then the heavy guns and ultimately leaving light weapons in the hands of the people. Again, this stood in contrast to the south, where in the early 1990s thousands of American marines and United Nations peacekeepers failed to put a dent in the clan violence.

"We had a higher purpose," said Abdillahi M. Duale, Somaliland's foreign minister. "Independence. And nobody in the outside world was going to help us get there."

That would prove to be a theme here. The less outside help, the better. Over the years southern Somalia has received tens of millions — if not hundreds of millions — of dollars in aid, and Somaliland almost nothing. The difference is striking, though it is true that Somaliland may be easier to govern with an estimated 2.5 million people, compared with 6 million in the south, and a somewhat less complex clan structure.

Still, for elections in 2002, Somaliland leaders devised a system specifically to check clan power. They limited the number of political parties to three to prevent a repeat of the fragmentation of the 1960s, when nationwide elections spawned more than 60 political parties, essentially one for each subclan. It was an attempt to create parties based on ideology, not tribe, something that has proved very difficult across Africa.

The leaders also turned the guurti, whose 82 elders are appointed by their respective clans, into the upper house of Parliament, "Somaliland's senators," as people here like to say.

In some ways, Somalia's transitional government is now trying to replicate Somaliland's approach by including representatives of all the major clans.

But some experts say the transitional government is missing broad support, partly because Somalia lacks the same strong clan leadership as Somaliland and because many of those selected to serve in the transitional government lack the stature of guurti elders.

The guurti in Somaliland can strike down laws passed by the elected House of Representatives, though the representatives can override the guurti with a two-thirds vote. It is a mix of tradition and modernity, Western-style democracy meets Somali-style politics, though some people feel it is time to renovate the system.

"We need to move on," said Faisal Ali Waraabe, leader of the opposition Justice and Welfare Party. "The guurti helped get us through a crisis, but now we're trying to push our people from tribal loyalty to institutional loyalty, from clan loyalty to national loyalty."

Mr. Silanyo agrees. "It's ridiculous to have an elected body that can be trumped by an unelected body," he said.

For all its progress in clan reconciliation, Somaliland still has its blood feuds. Just this week, a task force of eight guurti members convoyed from Hargeysa to the seaside town of Berbera to work out a truce between two clans fighting over pasture land. Already, four people have been shot.

But the one issue that unites most Somalilanders is recognition. Somaliland has its own money, its own flag, its own national anthem and even its own passport.

"And we have peace, a peace owned by the community," said Zamzam Adan, a women's rights activist. "You'd think in this part of the world, that would count for something."

U.S. Prepares For Thousands To Flee Cuba (WT)

By Carmen Gentile

The Washington Times, March 7, 2007

MIAMI -- Fearing a potential mass exodus of Cubans when Fidel Castro dies, dozens of federal, state and local agencies, along with the military, will participate in a massive two-day training exercise beginning today to hone migrant-interdiction skills.

The exercise will also test readiness to intercept vessels heading to Cuba. Some Cuban exile groups in South Florida have made clear their desire to set sail for Havana once they receive proof of Mr. Castro's demise.

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Last week, 47 migrants from Cuba were intercepted at sea by the Coast Guard and sent back to the communist island. One of those intercepted was allowed to stay because of a medical condition that required immediate attention.

The 50 or more groups participating in Operation Vigilant Sentry -- a Coast Guard-designed drill -- will also involve representatives from the State Department, the Pentagon and the Justice and Homeland Security departments.

Though Coast Guard officials would not specify just how many ships, aircraft and people would participate, they did acknowledge it as the most extensive preparation yet for such a mass-migration scenario.

"By interdicting people at sea, it's putting out the message that it's not safe to travel here that way," said Coast Guard Petty Officer Jennifer Johnson.

One scenario to be practiced during the exercise is the interception of a vessel sailing out of Fort Lauderdale, Fla. for Cuba.

"We're going to simulate several situations to test areas of the plan to see if they are working," said another Coast Guard official.

The ailing Mr. Castro, 80, ceded power in July to his younger brother, Raul. The elder Mr. Castro had abdominal surgery and has not been seen in public since.

This week's exercise comes weeks after Congress approved an $18 million Pentagon plan to prepare U.S. Naval Base Guantanamo Bay, Cuba, to accommodate migrants intercepted at sea.

Bush administration officials told The Washington Times the improvements would create facilities to handle about 10,000 migrants.

Other improvements would include a processing center for those seeking asylum.

Typically, Cubans who reach dry land in the United States are allowed to remain in the country, while those intercepted at sea are returned home.

Officials fear the so-called "wet foot-dry foot" policy would be overwhelmed in the event of a mass migration.

"The capacity to process migrants at Guantanamo is an integral part of our plans to ensure that any attempted mass migration in the Caribbean is not successful," one Bush administration official said.

A new detainment center and stepped-up vigilance along the waters separating Florida and Cuba won't deter thousands from attempting to gain access to the United States after Mr. Castro's death, said Andy Gomez, a senior fellow at the University of Miami's Institute for Cuban and Cuban-American Studies.

Mr. Gomez said he has warned Bush administration officials that up to 500,000 Cubans could flee the island "in all directions," inundating not just the United States, but several Caribbean and Central American nations with asylum seekers.

"We [in South Florida] are very concerned whether we can absorb that kind of migration -- we just don't have that kind of infrastructure," he said, noting likely shortfalls in housing, health care and public services were hundreds of thousands of migrants to arrive on Florida's shores.

Kosovo's Road To Independence (WSJ)

By Morton Abramowitz

The Wall Street Journal, March 7, 2007

PRISTINA, Kosovo -- Kosovo, still trying to emerge from Belgrade's long and difficult rule and more recently from international control, has a long way to go to establish a viable, stable state. But its slow, halting progress is being impeded by its former Serb masters, backed in the United Nations by Russia.

Once the poorest and mostly forgotten part of the former Yugoslavia, Kosovo still suffers from massive unemployment, weak political institutions, and much corruption. But it is an increasingly vital place, and its energetic people are looking for a new burst of activity when independence finally arrives.

Meanwhile, Serbia's glory has dimmed. It could become a dynamic state, as evidenced by recent market reforms and an uptick in economic activity. But it is no longer a political leader or the hub of the Western Balkans, and it is unlikely to resume its former prominence. For some 15 years its people have endured Slobodan Milosevic, war, international isolation, declining living standards and Belgrade's mismanagement. And if its leaders persist in fighting to the end to hold Kosovo -- and even after defeat to try to undermine an independent Kosovo -- that will not change much. Kosovo independence is very much about Serbia's future.

Persistence seems to be the order of the day in Belgrade. The Serb political class, led by Prime Minister Vojislav Kostunica, is risking the future of their country in a desperate attempt to hold on to a territory they do not control, for a people who want no part of Serbia, and whom Serbia does not want as part of its polity. Indeed Kosovo has already been severed from Serbia.

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Mr. Kostunica has spent the past year doing his best to belittle the U.N. secretary-general's special envoy for a Kosovo settlement, former Finnish President Martti Ahtisaari, and to resolutely oppose his proposal for the final status of the territory. That proposal provides for what is commonly called "supervised independence," heavy protection for an understandably frightened Serb population and Orthodox religious sites, and an EU mission with significant power over the new state.

Mr. Kostunica also spent the year trying to delay movement on Mr. Ahtisaari's proposal, hopeful that delay would enable him to generate support for Serbian sovereignty in a wavering Europe and perhaps spark violent behavior from the Kosovo Albanians. In pursuing delay, Mr. Kostunica crafted and won (in a much questioned referendum last October) a new constitution whose preamble proclaims Kosovo an inalienable part of Serbia. He recently threatened dire if unspecified action against any state recognizing Kosovo's independence. And now there is even much talk in Belgrade of partitioning Kosovo, which the West has resolutely opposed.

Mr. Ahtisaari is expected make his recommendations for Kosovo's final status this week, which the U.N. Security Council will take up later this month. The U.S. and EU countries will accept them and support repeal of its resolution 1244 of 1999, that provides for Serbia's sovereignty over Kosovo. This will in effect endorse Kosovo's path to declaring independence. Mr. Kostunica is pinning his hopes on Russia vetoing any such action, thus leaving 1244 intact.

Moscow presently asserts that both parties must agree to any Kosovo settlement, in effect endorsing continued Serbian sovereignty over Kosovo. Russia, which has contributed little to the Balkans the past 20 years, is threatening to upend the settlement long sought by the West, which has invested enormous resources to bring a measure of stability to the area.

Whether in the end Russia vetoes a new U.N. resolution remains to be seen. Much depends on the determination of the West to proceed. If the West can not get the Russians to at least abstain on a new resolution, an essentially regional issue becomes a far messier problem with wider geopolitical concerns. In that event the U.S. and EU countries will have to find the fortitude to recognize Kosovo's independence without the stamp of legitimacy of a new U.N. resolution.

The Security Council faces a dilemma. Breaking up a country is a rare event. A number of countries want a legal basis for Kosovo independence, and may prove unwilling to recognize an independent Kosovo without one. But many countries also realize that Serbia has lost Kosovo, and that Kosovo independence is essential to reduce uncertainty in the Balkans and remove a major cause of instability. Moreover, the chance of both Serbia and Kosovo to prosper and be integrated into the EU requires a resolution of Kosovo's status.

Nor does independence necessarily end the Kosovo problem. Kosovo is not Montenegro, whose separation from Serbia was also fiercely resisted by Mr. Kostunica. Many Serbs have a deep emotional attachment to Kosovo which is easy for foreigners to discount. Serbia's leaders have to decide whether they want to accept the verdict of the West, to cooperate in shaping a new Balkans, including an independent Kosovo, and to pursue seriously membership in the EU. Or do they search for every means to destabilize the new Kosovo and their neighborhood? The answer is not apparent. Serbia's progress lies in its leaders' hands.

Mr. Abramowitz, a former U.S. ambassador to Turkey, is a senior fellow at the Century Foundation.

After The Rock, Diplomacy (WP)

By David Ignatius

The Washington Post, March 7, 2007

A caustic former U.S. ambassador named Chas Freeman compiled a volume he called "The Diplomat's Dictionary." It included several memorable definitions, including "Diplomacy is the art of saying 'nice doggie' till you can find a rock," and "Diplomacy is letting someone else have your way."

The Bush administration, which has generally favored the "find a rock" strategy, seems to be bending toward the subtler "have your way" approach. This conversion is long overdue. But it will require the administration to do what it has sometimes found hardest, which is to prioritize its foreign policy goals and go all-out on the ones it decides are most important.

The clearest example of the administration's new outreach is its turnabout on discussions with Iran and Syria about how to stabilize Iraq. A year ago, the Iranians (responding to what they thought was an American overture) announced that they were ready for such talks -- whereupon the administration pulled back. That was a mistake that made the Iraq mess even worse.

Now, Bush is altering course slightly, with last week's announcement that the United States will join a regional conference in Baghdad. But the administration shouldn't go into these talks holding its nose. If the administration is serious, it should use the initial meeting to set up regular U.S.-Iranian discussions about Iraq. The administration should also start a real dialogue with Syria -- and in the process shelve any half-baked ideas about regime change that may be lurking in the Eisenhower Executive Office Building. The Syrians pose a deadly threat in Lebanon, which is all the more reason to be talking with them. The obvious person to begin this conversation is James A. Baker III, who knows the Syrians well from his days as secretary of state.

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Speaking of Baker, the administration seems to be tacking back toward the recommendations of the Iraq Study Group, which Bush appeared to dismiss back in December. Bush's top aides have concluded that they made a mistake in seeming to reject the Baker-Hamilton report and announcing their troop surge a month later as if it were an alternative. In the process, they set back hopes for a bipartisan policy on Iraq -- something officials now regret.

One senior administration official explained: "We think our Iraq strategy is consistent with Baker-Hamilton. We want to get to the same place, but not on the same timeline. Baker-Hamilton said our strategy is underpowered in terms of diplomacy. What we're saying today is: We heard you. We are picking up the pace on regional and international diplomacy." I can't buy the claim that the administration has supported Baker-Hamilton all along, but this is certainly a welcome change of tone.

Making hard diplomatic choices will be especially necessary if the administration is serious about brokering peace between Israel and the Palestinians. Secretary of State Condoleezza Rice sometimes acts as if she can merely dangle a toe in this whirlpool, but to make progress she will have to jump in. And as a mediator, she is bound to make some Israelis and Palestinians angry.

The final areas in which the administration is rediscovering diplomacy are its dealings with China and Russia. Bush played the China card effectively in the six-party talks with North Korea, and the administration sensibly decided to cut an imperfect deal with Pyongyang, even if it brought brickbats from the right wing.

The Russia diplomacy may prove the most delicate of all. Russian President Vladimir Putin is the essential ally in U.S. efforts to stop the Iranian nuclear program, but Putin made clear in a speech in Munich last month that there will be a price for Russia's help. After the speech, Bush's national security adviser, Stephen Hadley, traveled to Moscow to visit Putin in what one official describes as a "meeting of mutual respect and dialogue." A senior official explains the Russian message this way: "We want to be your partner. We have common interests. You have to treat us with respect -- talk to us early and take us into account."

After a slow start, the Russians are indeed becoming a reliable partner on Iran. They informed State Department officials this week that they will support a quick new U.N. Security Council resolution condemning Iran. And they have even voiced a willingness to halt work on the nuclear reactor they're building for the Iranians at Bushehr.

And what will we offer the Russians, in return for their cooperation on Iran? Well, that's the art of diplomacy.

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Miller, Charles S

From: Miller, Charles S
Sent: Wednesday, March 07, 2007 11:24 AM
To: Ablin, Erik; Agarwal, Asheesh (CRT); Ames, Andrew; Battaglia, John T; Baxter, Felix (CIV); Beckner, Rick (CIV); Blomquist, Kathleen M; Branda, Joyce (CIV); Bucholtz, Jeffrey (CIV); Bukvics, Jennifer (CIV); Claterbos, Barbara (CIV); Cohen, David M.; Cohn, Jonathan (CIV); Davidson, Jeanne (CIV); Davis, Dan (CIV); Davis, Deborah J; Dupree, Thomas (CIV); Fargo, John (CIV); Fielding, Gabrielle (CIV); Fischer, Gerard (CIV); Flentje, August (CIV); Frost, Peter (CIV); Garren, Timothy (CIV); Glynn, J.Patrick (CIV); Gorsuch, Neil M; Gunn, Currie (SMO); Hertz, Michael (CIV); Hollis, Robert (CIV); Hunt, Jody (CIV); Hussey, Thom (CIV); Jeweler, James (CIV); Katsas, Gregory; Keisler, Peter D (CIV); Kohn, Chris (CIV); Kopp, Robert (CIV); Letter, Douglas (CIV); Levine, Larry (EOIR); Lindemann, Michael (CIV); Magnuson, Cynthia; McCallum, Robert (SMO); McDonald, Esther Slater; McMahon, Linda M (CIV); Miller, Charles S; Nichols, Carl (CIV); Nowacki, John (USAEO); O'Quinn, John C; Osborn, Tara (CIV); Pyles, Phyllis (CIV); Rivera, Jennifer (CIV); Roehrkasse, Brian; Schiffer, Stuart; Schiffer, Stuart (CIV); Scolinos, Tasia; Seidel, Rebecca; Shaw, Aloma A; Spellberg, Dianne (CIV); Swenson, Lily F; Thirolf, Eugene; Wilson, Karen L; Zwick, Ken (CIV)
Subject: 3/7/07 Civil Division News

ACLU sues U.S. government on behalf of Canadian boy held in Texas; Group seeks family's immediate release

Air Force must pay for Lowry cleanup; U.S. judge rules for home builders in asbestos lawsuit

$7B proposed over Indian trusts suit

Hicks' new U.S. court challenge

Globe and Mail

March 7, 2007

ACLU sues U.S. government on behalf of Canadian boy held in Texas; Group seeks family's immediate release

UNNATI GANDHI - With a report from Karen Howlett

A nine-year-old Canadian boy being held at an immigration detention centre in Texas with his Iranian parents is now involved in a civil lawsuit seeking his release.

The American Civil Liberties Union yesterday filed papers against the secretary of the U.S. Department of Homeland Security and six officials from U.S. Immigration and Customs Enforcement, on behalf of 10 children being held at the T. Don Hutto Family Detention Center in Taylor, Tex.

Canadian-born Kevin Yourdkhani and his parents, Majid Yourdkhani and Masomeh Alibegi, were detained last month after their flight to Toronto made an unscheduled stop on U.S. soil and they were found to be carrying fake passports. They were attempting to return to Canada after being deported to Iran in December, 2005, when their 10-year quest for asylum here failed. Their last names became public record when the lawsuit was filed.

The civil liberties union says the ICE does not meet minimum conditions for housing minors, and many children lack access to adequate medical care and education opportunities.

?Those standards established that children should be released promptly, and if they have to remain in detention, that they are placed in the least restrictive setting available, where they're guaranteed basic educational, health and social benefits,? said Lisa Graybill, legal director of the ACLU of Texas.

?I don't think the Hutto facility has been compliant with any one of those standards.?

The lawsuit asks the government to release the 10 children and their families.

Meanwhile, a formal application for a temporary residency permit for Mr. Yourdkhani and Ms. Alibegi, who have no legal status in Canada, was filed on Monday with Canadian immigration authorities, said Andrew Brouwer, the family's Toronto-based lawyer.

Along with the application, Mr. Brouwer sent Minister of Citizenship and Immigration Diane Finley a letter written by Amnesty International that assesses the risk the family faces if it is returned to Iran.

?As individuals who have claimed that they were detained and tortured by the Iranian authorities; fled Iran by illegally crossing the border into Turkey; obtained fraudulent documents to travel to Canada and whose case has been widely publicized in the media, Amnesty International believes that [they] are at serious risk of grave human rights abuses including detention and torture in Iran, and as such they should not be forcibly removed to that country,? wrote Gloria Nafziger, co-ordinator at Amnesty International.

Mr. Brouwer said immigration authorities began reviewing the family's temporary residency application as early as Monday night.

?If they wanted to, it could be decided by the end of today. They can either decide to grant temporary residence to Majid and Masomeh, or not.?

Prime Minister Stephen Harper told reporters yesterday that whenever Canadians are incarcerated abroad, the federal government contacts consular officials to provide assistance.

END

Denver Rocky Mountain News (CO)

March 7, 2007

Air Force must pay for Lowry cleanup; U.S. judge rules for home builders in asbestos lawsuit

James Paton, Rocky Mountain News

The Air Force is responsible for asbestos cleanup costs borne by home builders at the former Lowry base, according to a court ruling that could have expensive implications for the government.

Richmond American Homes and other companies sued the Air Force after discovering asbestos in the soil and failing to persuade the U.S . government to pay the bill.

The expense totaled about $9 million, parts of which covered construction delays and compensation for homeowners, the builders' lawyers said.

"This case has national importance" because of a decision to close 22 major military bases by 2011, said Michelle Kales, an attorney with Brownstein Hyatt Farber Schreck in Denver.

The ruling late last month by a U.S. Court of Federal Claims judge probably will get the attention of real estate developers, home builders and lenders, the lawyers said. It "provides assurance they won't have to bear the potentially significant cost of environmental contamination," Kales said.

Air Force lawyers could not be reached for comment.

While the home builders put the cost at $9 million, the damages have not been determined by the court.

The home builders, a group that also includes Metropolitan Development, Standard Pacific of Colorado and Touchstone Homes, purchased the property in 2001 and 2002 from the Lowry Redevelopment Authority, a quasi-public entity overseeing the base's conversion from military to civilian use.

After the asbestos was found, the Colorado Department of Public Health and Environment in 2003 temporarily halted construction at part of the site. When the Air Force did not clean up the asbestos, the companies had to undertake the effort themselves, their lawyers said.

The Lowry Redevelopment Authority filed a similar lawsuit against the Air Force a year ago and said it was heartened by the ruling in the home builders' case. Its lawsuit still is pending.

"It is critical for the insurance, finance and development industries to have strong confidence in these projects in order for them to be successfully redeveloped," Tom Markham, the group's executive director, said in a statement. "Essential to that is the Defense Department's acknowledgement of its responsibilities to pay for cleaning up hazardous materials such as asbestos."

The LRA noted it's likely the Air Force will appeal the decision.

END

AFX

March 7, 2007

$7B proposed over Indian trusts suit

WASHINGTON (AP) - The U.S. government has proposed paying $7 billion to settle lawsuits over the management of Indian trust lands -- an offer met with immediate objections from Indian plaintiffs.

At issue is a decade-old lawsuit by Indians against the government claiming that the government has mismanaged more than $100 billion in oil, gas, timber and other royalties held in trust from their lands dating back to 1887.

The litigation, filed in 1996 by Blackfeet Indian Elouise Cobell, deals with individual Indians' lands. Several tribes have also sued, claiming mismanagement of their lands.

Senate Indian Affairs Committee Chairman Byron Dorgan, D-N.D., said he will hold hearings on the proposal and said the settlement offer is the first time the federal government has acknowledged a multibillion dollar liability for mismanagement of the trust funds over the past century.

'That is a significant admission,' Dorgan said, adding that he believes the conditions attached to the settlement offer will be controversial.

Cobell\l "l" and one of her attorneys, Keith Harper, said the Interior Department is asking for too much.

Under the terms of the offer, the government would pay $7 billion over ten years, without interest. In exchange for the money, all tribal and individual mismanagement claims against the government would be dropped and the government would be relieved of future liability.

The proposal would also end, over a period of 10 years, most of the government's responsibilities to manage Indian trust lands and would consolidate ownership of Indian lands, which are now often held by many people.

Interior Secretary Dirk Kempthorne and Attorney General Alberto Gonzales sent the proposal to Dorgan last week, saying they strongly support comprehensive legislation that would help the parties move 'from a litigation-oriented relationship to one of economic prosperity, empowerment and self-reliance for tribes and individual Indians.'

Harper said the proposal is an insult.

'There's no sum specific for how much is going to be used for Cobell\l "l",' he said. 'It's pennies on the dollar.'

He said the plaintiffs estimate the government's liability could exceed $100 billion, though they have in the past considered settling for less.

Cobell\l "l" said the government is trying to do too much at once.

'It's not fair to throw every problem that exists in Indian country that has been created by the Department of Interior into our lawsuit,' she said. 'This lawsuit is about individual Indians and accounting.'

Interior Department spokesman Shane Wolfe said the department looks forward to working with Congress on the proposal. Congress has attempted to wade into the dispute in recent years, but has yet to find resolution.

'We believe this proposal looks to the future,' he said.

END

Advertiser (Australia)

March 8, 2007

Hicks' new U.S. court challenge

STEFANIE BALOGH, NEW YORK

DAVID Hicks is part of a group of Guantanamo Bay detainees attempting to challenge their detention in

the U.S . Supreme Court , in a move that could delay his forthcoming terror trial.

Lawyers for the group of 45 detainees want the U.S . Supreme Court to hear their appeal to end what they see as a legal limbo.

They want to argue that under the Geneva Convention, the terror suspects have Constitutional rights to due process.

They say these have been removed because the detainees have been held for more than five years at the U.S. military base in Cuba. In the petition, lawyers said that what was at stake was ``America's commitment to its core values and the rule of law''.

If the court agrees to hear the case, it could force the suspension of the new U.S. military commission process.

The court will decide at the end of the month whether the case can proceed. Adelaide-born Hicks is the first suspect to go before the new military commission, and is expected to face an arraignment within 30 days.

He was charged last week with providing material support for terrorism. His full trial is due to be held before July.

An Office of Military Commissions spokeswoman said ``at this time the military commissions are proceeding forward''.

Last year, the U.S. Supreme Court ruled the previous U.S. military commissions were unlawful and the Bush Administration was forced to re-draft new rules for the new military commissions.

Hicks' lawyer, Major Michael Mori, had no comment yesterday.

END